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BANK OF TANZANIA



ANNUAL REPORT 2005/06





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ANNUAL REPORT

2005/06

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ABBREVIATIONS AND SYMBOLS

ATM	Automatic Teller Machine
BIS	Bank for International Settlements
ADF	African Development Fund
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
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
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 Kuondoa Umaskini Tanzania (Swahili version of NSGRP)
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
REPOS	Repurchase Agreements
SAAP	Southern Africa Power Pool
SACCOS	Savings and Credit Cooperative Societies
SADC	Southern African Development Community
SME	Small and Medium Scale Enterprises
SME-CGS	Small and Medium Scale Enterprises
TANESCO	Tanzania Electric Power 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
VAT	Value Added Tax
ZPA	Zanzibar Port Authority
ZIPA	Zanzibar Investment Promotion Authority
ZSSF	Zanzibar Social Security Fund
ZSTC	Zanzibar State Trading Corporation
e	estimated
n.a	not applicable
p	provisional
pe	partly estimated
r	revised
•	figure not meaningful or not to be published
-	no figure available
...	available at a later date
---	change within a time series, causing a break in continuity
R	seasonal factors recalculated



BOARD OF DIRECTORS



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



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



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



Prof. L.K. Rutashobya
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the Treasury (SMZ)*



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Director



Prof. B. J. Ndunguru
Director



Mr. M. N. Shirima
Director



Prof. J. Semboja
Director



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



September 29, 2006

The Hon. Zakia H. Meghji (MP)
Minister for Finance
DAR ES SALAAM

Dear Honourable Minister,

LETTER OF TRANSMITTAL

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

- (a) the economic situation during the financial year 2005/06 with special reference to financial developments and the policies pursued by the Bank,
- (b) the Bank's operations during 2005/06, together with the Bank's Balance Sheet as at 30th June 2006 and the Profit and Loss Account for the year ended 30th June 2006 certified by the Auditors.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Daudi T.S. Ballali'.

Daudi.T.S. Ballali
Governor
Bank of Tanzania



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BANK OF TANZANIA MISSION AND VISION

The Bank's mission is:

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

BANK OF TANZANIA'S INFLATION CONTROL STRATEGY

- The primary objective of the Bank of Tanzania is price stability. The Bank therefore, has the responsibility of ensuring that it establishes monetary conditions that are consistent with low and stable inflation.
- Inflation control is not an end in itself, but rather, the means by which monetary policy contributes to overall economic performance.
- Low inflation allows the economy to function more efficiently, thereby contributing to a better overall economic performance.
- Central Banks control inflation by controlling the growth of money supply. The Bank of Tanzania 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, Central Banks normally control reserve money (base money, or central bank 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 banks and banks' reserves held by the Central Bank.

THE MONETARY POLICY INSTRUMENTS

- The Bank of Tanzania uses indirect instruments of monetary policy to influence the level of money supply.
- The main instrument is Open Market Operations (OMO), which involves the sale or purchase of securities, e.g. treasury bills and bonds, by the Central Bank to withdraw or inject liquidity into the financial system in order to influence the reserve money.
- Other indirect instruments include Foreign Exchange Market Operations (FEMO), the discount rate, 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.
- The Monetary Policy Statement is submitted to the Minister for Finance, 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 of the Board, which is chaired by the Governor closely monitors monetary policy implementation on a monthly basis.
- The Monetary Policy sub-committee 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

Due to the country's diligent pursuit of structural reforms and policies, the Tanzanian economy continued to sustain a high growth path despite the failure of the short rains in the last quarter of 2005 and the increases in world market oil prices. Real Gross Domestic Product (GDP) growth registered a marginal increase up to 6.8 percent in 2005, compared with 6.7 percent in 2004. In line with the improved economic growth, per capita income also rose by 4.2 percent in 2005 compared to the 3.4 percent recorded in the preceding year.

During 2005 all major economic sectors performed fairly well, recording higher growth rates compared with the rates recorded in the preceding year except for agriculture which grew at a slightly reduced rate of 5.2 percent compared to 5.8 percent in 2004. The low growth rate of the agricultural sector was mainly due to the adverse effects of weather during the last quarter of 2005. Higher growth rates were also recorded in mining, manufacturing, hotels and restaurants, transport and communication, financial and business services. Construction activities recorded an 11.9 percent growth rate after maintaining an average growth rate of around 11.0 percent in the past three years.

The drought experienced in the last quarter of 2005 also affected adversely food production and hydropower generation which, coupled with the persistent increase in oil prices, exerted upward pressure on the general price level. After hovering around 4 percent for the past three years, the inflation rate began to increase from 4.2 percent in June 2005 to 5.0 percent at end-December 2005. This trend continued steadily into the first half of 2006, driving annual inflation to 6.5 percent in March 2006 and further to 7.7 percent in May 2006. Food inflation also experienced an upward trend due

to effects of drought and rising transportation costs, which rose from 5.8 percent in June 2005 to 7.2 percent in December 2005. The rate continued to increase in the first half of 2006 reaching 12.3 percent in May 2006. Nevertheless, following the onset of the harvest season, annual food inflation decreased to 9.6 percent in June 2006. The annual non-food inflation increased from 2.5 percent in June 2005 to 3.6 percent in December 2005, and further to 3.8 percent in June 2006, mainly on account of increases in the average prices of fuel.

Fiscal performance during 2005/06 was broadly in line with the target despite the adverse effects of the droughts, additional costs associated with the postponement of the national elections, and higher pension outlays. The droughts experienced towards the end of 2005 led to an acceleration of transfers to the energy sector to help mitigate the increased cost of power generation. Financial support was also provided to procure and distribute food to areas adversely affected by the droughts, while on the revenue side a waiver of import duty on foodstuffs and of VAT on petroleum imports was granted. Despite these measures, the overall deficit stood at TZS 924.4 billion, equivalent to 6.1 percent of GDP compared to the projected deficit of 941.2 billion (6.2 percent of GDP).

The economy experienced high liquidity pressure for the most part of the year, owing to government financing needs and sustained high demand for credit by the private sector. The government financing needs was linked to general elections related expenditure, additional budgetary support to adjust supply shocks related to drought and poverty reduction related expenditure from budgetary support inflows from development partners of about USD 767 million during the year. Expansion of private



sector credit on the other hand is associated with high momentum of economic activities, increase in the number of creditworthy clients and improvement in the business environment.

The Bank worked out strategies to keep liquidity in the economy on track which included scaling up of sale of treasury bills and sterilization through sale of foreign exchange. These measures paid off in containing monetary expansion so that the rates of growth of money supply stayed broadly in line with the revised targets for the year under review. The growth of extended broad money supply, M3, slowed down from 38 percent in December 2005 to 31 percent in June 2006 while M2 grew at the rate of 24 percent by the end of June 2006 having slowed down from a growth rate of 37 percent last December.

During 2005/06, the overall balance of payments deteriorated to a surplus of USD 47.3 million from a surplus of USD 129.0 million in the previous year mainly due to a surge in imports of goods and services that outweighed the impact of the modest increase in exports. Subsequently, the current account balance worsened to a deficit of USD 1222.3 million from a deficit of USD 604.0 million recorded in 2004/05. At the end of June 2006 the stock of gross international reserves stood at USD 1,994.9 million from USD 1,968.6 million recorded at the end of June 2005. The level of reserves was enough to cover about 5 months of imports of goods and services compared with 6.1 months of imports at the end of the previous year.

National debt stock (domestic and external debt) as at the end June 2006 stood at USD 9,635.4 million, having increased by 6 percent from the level recorded as at the end June 2005. However, the ratio of debt-to-GDP decreased from 80.4 percent in 2004/05 to 69.6 percent in 2005/06 reflecting relief arising from various debt relief schemes for the country and the high

GDP growth. Total debt relief received from multilateral institutions under the HIPC debt relief initiative during 2005/06 amounted to USD 68.5 million. Canada also offered additional debt relief during the year through canceling debt worth USD 9 million. On the other hand, the Government concluded bilateral agreements in the framework of HIPC Initiative with the Governments of Libya and Hungary leading to total debt cancellations and restructuring worth USD 112.1 million and USD 112.1 million respectively. The International Monetary Fund (IMF) also cancelled debt worth USD 338 million under the Multilateral Debt Relief Initiative (MDRI) being 100 percent of the debt owed by Tanzania as at the end of December 2004 which had remained outstanding up to the end of December 2005.

During 2005 the Zanzibar economy grew at the rate of 5.6 percent compared to 6.5 percent recorded in 2004. This performance is largely attributed to unfavourable weather, which affected the agricultural sector, the impact of persistent rise of fuel prices that increased production costs and declining world prices of cloves exports. On the fiscal front, the government was faced with a challenge of increasing government expenditure amidst declining revenues. The overall fiscal performance during 2005/06 registered a deficit of TZS 50.3 billion, equivalent to 12.7 percent of GDP. Zanzibar public debt at the end of June 2006 stood at USD 144.9 million, which was a decline of 3.6 percent from the level in June 2005. The debt to GDP ratio also declined to 45.9 percent at the end of June 2006 from 54.6 percent as at the end of June 2005, mainly on account of debt relief from the African Development Bank. The current account balance improved slightly to a deficit of USD 48.0 million from USD 50.1 million registered in the previous year due to increase in exports receipts coupled with a lower imports bill.



PART I

AN OVERVIEW OF ECONOMIC DEVELOPMENTS



CHAPTER ONE

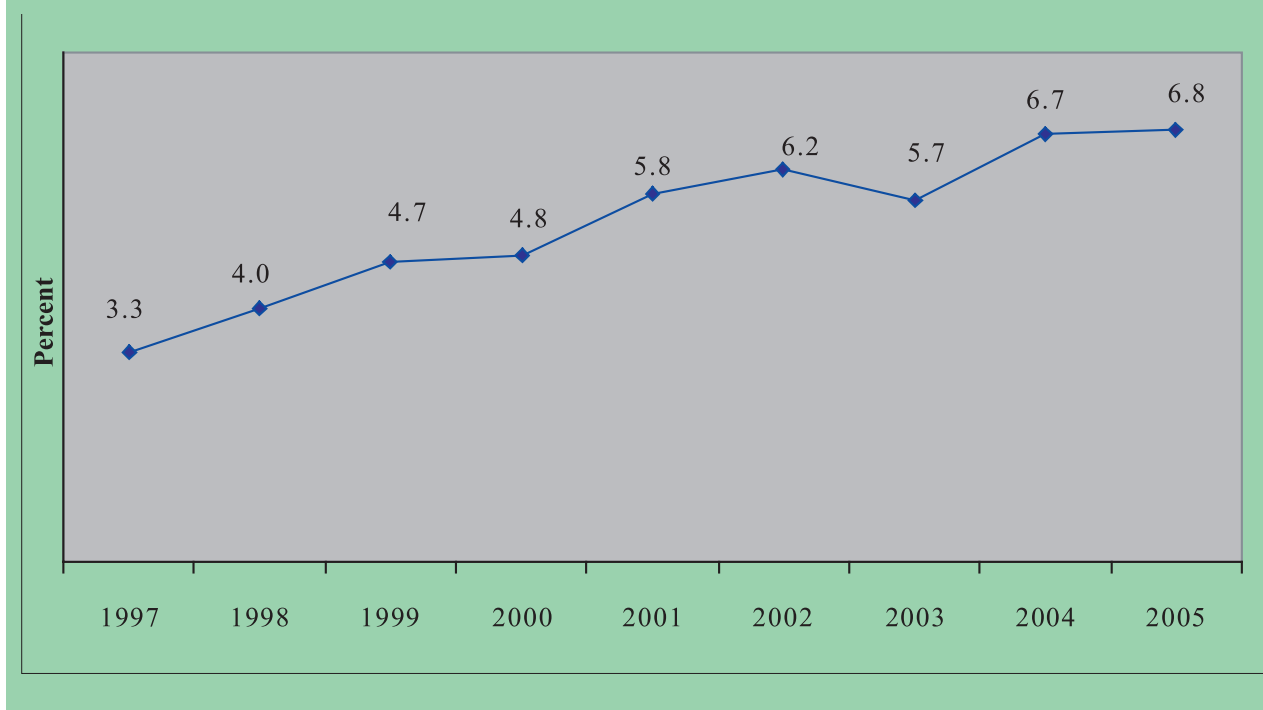
OUTPUT AND PRICES

Gross Domestic Product

Despite the failure of short rains in the last quarter of 2005 and the increases in world market oil prices, the Tanzania economy continued to sustain a high growth path. Real

Gross Domestic Product (GDP) growth stepped up to 6.8 percent in 2005 compared with 6.7 percent attained in 2004. In line with the improved economic growth, per capita income rose by 4.2 percent in 2005 compared to the 3.4 percent recorded in the preceding year (see [Chart 1.1](#)).

Chart 1.1: Tanzania Mainland: Trend of Real GDP Growth Rate, 1997-2005 (Percent)



The good performance is a result of sustained pursuit of structural reforms and policies underpinning major improvements in investment environment, marketing, financial services and trade. High growth rates were recorded in mining, manufacturing, hotels and restaurants, transport and communication, financial and business services. Construction activities recorded a growth rate of 11.9 percent after maintaining an average growth rate of around 11.0 percent in the last three years. The agricultural sector, which was affected by weather in the last quarter of 2005, however

grew at a lower rate of 5.2 percent compared to 5.8 percent a year before, contributing 45.6 percent of total GDP in 2005 compared to 46.3 percent in 2004 (see [Table 1.1](#)).



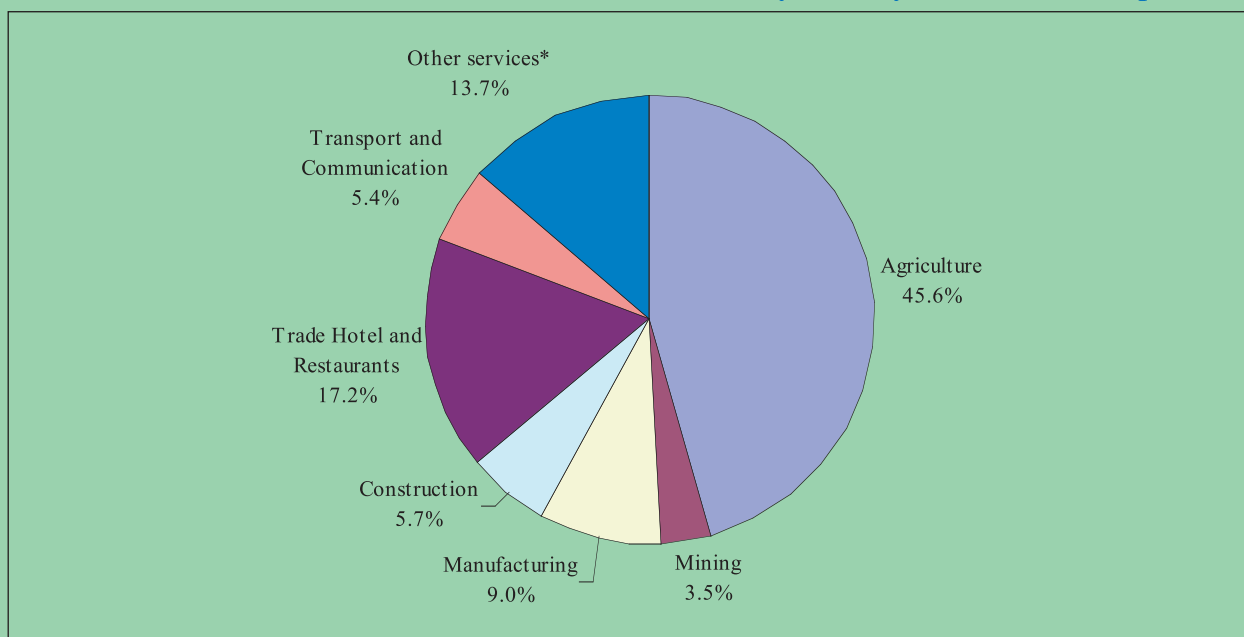
Table 1.1: Tanzania Mainland: Distribution of Gross Domestic Product by Activity, at Constant 1992 Prices

	1998	1999	2000	2001	2002	2003	2004	2005
Millions of TZS								
GDP (factor cost)	1,505,826	1,577,292	1,653,319	1,749,358	1,857,174	1,962,432	2,094,516	2,237,079
Agriculture	739,942	770,510	796,514	840,275	882,106	917,395	970,378	1,020,497
Mining	30,699	33,488	38,144	43,293	49,787	58,749	67,798	78,443
Manufacturing	126,887	131,491	137,809	144,647	156,219	169,653	184,218	200,797
Construction	65,187	70,866	76,818	83,494	92,678	102,872	113,994	127,533
Trade Hotel and Restaurants	239,830	254,114	270,567	288,718	308,928	329,009	354,726	383,814
Transport and Communication	79,755	84,403	89,515	95,154	101,244	106,294	112,648	119,833
Other services*	223,526	232,420	244,954	253,777	266,212	278,460	290,754	306,162
Annual Growth Rates in Percentage								
GDP (factor cost)	4.0	4.7	4.8	5.8	6.2	5.7	6.7	6.8
Agriculture	1.9	4.1	3.4	5.5	5.0	4.0	5.8	5.2
Mining	27.4	9.1	13.9	13.5	15.0	18.0	15.4	15.7
Manufacturing	8.0	3.6	4.8	5.0	8.0	8.6	8.6	9.0
Construction	9.9	8.7	8.4	8.7	11.0	11.0	10.8	11.9
Trade Hotel and Restaurants	4.7	6.0	6.5	6.7	7.0	6.5	7.8	8.2
Transport and Communication	6.2	5.8	6.1	6.3	6.4	5.0	6.0	6.4
Other services*	3.0	4.0	5.4	3.6	4.9	4.6	4.4	5.3
As Percent of GDP								
Agriculture	49.1	48.9	48.2	48.0	47.5	46.7	46.3	45.6
Mining	2.0	2.1	2.3	2.5	2.7	3.0	3.2	3.5
Manufacturing	8.4	8.3	8.3	8.3	8.4	8.6	8.8	9.0
Construction	4.3	4.5	4.6	4.8	5.0	5.2	5.4	5.7
Trade Hotel and Restaurants	15.9	16.1	16.4	16.5	16.6	16.8	16.9	17.2
Transport and Communication	5.3	5.4	5.4	5.4	5.5	5.4	5.4	5.4
Other services*	14.8	14.7	14.8	14.5	14.3	14.2	13.9	13.7

Note: * Includes electricity and water supply

Source: National Bureau of Statistics

Chart 1.2: Tanzania Mainland: Distribution of GDP by Activity in 2005, at 1992 prices



Developments in Selected Economic Activities

During 2005 all major economic sectors performed strongly, recording higher growth rates compared with the rates recorded in the preceding year except for agriculture which grew at a rate of 5.2 percent compared to 5.8 percent recorded in the year before. Reduced growth performance of the agricultural sector was mainly due to drought in the last quarter of 2005 that led to decline in the performance of the crop and livestock sub sectors. The crop and livestock sub sectors, which accounted for about 71 percent and 15 percent of the agricultural sector respectively, grew by 5.2 percent and 4.2 percent in 2005 compared to 6.0 percent and 4.8 percent, respectively, in 2004.

A preliminary field survey conducted by the Ministry of Agriculture, Food Security and Cooperatives in May 2006 indicated that cereal output declined by 4.0 percent to 5.2 million tons when compared with 2004/05 harvests due to failure of short rains and late onset of long rains. Non-cereals output however increased significantly to 5.5 million tons in 2005/06

from 4.4 million tons recorded in 2004/05. As a result total food production for 2005/06 (i.e. cereal and non-cereal crops) increased by 9.6 percent to 10.7 million tons, from 9.8 million tons produced last season. It is expected that the country will be 110 percent self-sufficient in food supply in 2006/07.

During 2005/06, the production of almost all major traditional export crops improved when compared to 2004/05, with the exception of coffee and tea. Production of cotton during 2005/06 increased by 9.5 percent to 374,700 tons surpassing the peak production of 308,000 tons achieved in 1992/93. The increase in production of cashew nuts, tobacco, cotton, and sisal was generally attributed to good producer prices, timely distribution and usage of agrochemicals as well as insecticides. The impressive performance is also attributed to continued implementation of structural reforms that entailed rehabilitation of coffee and sisal estates, introduction of fertilizer subsidy as well as continued recovery of producer prices. Sisal production also increased following the effect of drought, which encouraged farmers in the



lake zone and out growers in Tanga to engage in production of sisal fibre (see Table 1.2). Production of coffee and tea declined during

the period under review on account of drought experienced in most parts of the country, inadequate provision of extension services, low

Table 1.2: Tanzania: Production of Selected Major Crops, 1998/99 – 2004/05

Item	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	%	Peak Production	Tons
					Revised	Estimate	Change	Period	
Total Crop Exports	375.0	331.0	416.0	339.0	572.7	609.5	6.4		
Coffee	58.0	38.0	52.0	32.0	54.0	34.3	-36.4	1980/81	67.0
Seed Cotton	123.0	149.0	189.0	140.0	342.0	374.7	9.5	2004/05	342.0
Tea	26.0	25.0	28.0	30.0	30.7	30.3	-1.1	2004/05	30.7
Cashewnuts	122.0	67.0	95.0	79.0	72.0	90.4	25.5	1973/84	145.0
Tobacco	25.0	28.0	28.0	34.0	47.0	52.0	10.6	1997/98	52.0
Sisal	21.0	24.0	24.0	24.0	27.0	27.8	2.9	1964	230.0

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

coffee production cycles and diseases.

improved during 2005/06 with the exception of raw cashew prices (Table 1.3). Coffee, tobacco and sisal prices improved partly due to improvement in quality of the crops, increase in

Producer prices for the traditional export crops

Table 1.3: Tanzania: Average Producer Prices for Traditional Export Crops

Period	Coffee		Sisal*					
	Arabica	Robusta	Seed Cotton	Green Tea	Raw Cashew	Tobacco	3L	UG
1996/97	577	310	170	55	255	618	951	796
1997/98	1,063	326	180	55	233	593	946	826
1998/99	1,006	450	183	60	345	522	919	803
1999/00	1,404	293	123	60	641	537	791	619
2000/01	470	200	183	60	252	590	650	540
2001/02	400	106	175	65	300	542	650	540
2002/03	430	95	180	85	360	560	731	574
2003/04	500	130	280	86	462	763		786
2004/05	950	250	250	86	650	894		850
2005/06	1,100	300	250	88	550	981		885

Note: * USD/Ton

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

demand as well as low coffee production cycle in the world, while cashewnuts prices declined due to the increase in world production.

The performance of the manufacturing sector, which contributes on average about 8.6 percent of GDP and has grown at an average rate of

7.8 percent in the last five years, continued to improve in 2005. When measured using the Manufacturing Production Index (MPI), production of commodities in real terms grew by 7.6 percent in 2005, (Chart 1.3). The good performance of manufacturing sector started in mid 1990's, with commencement of structural

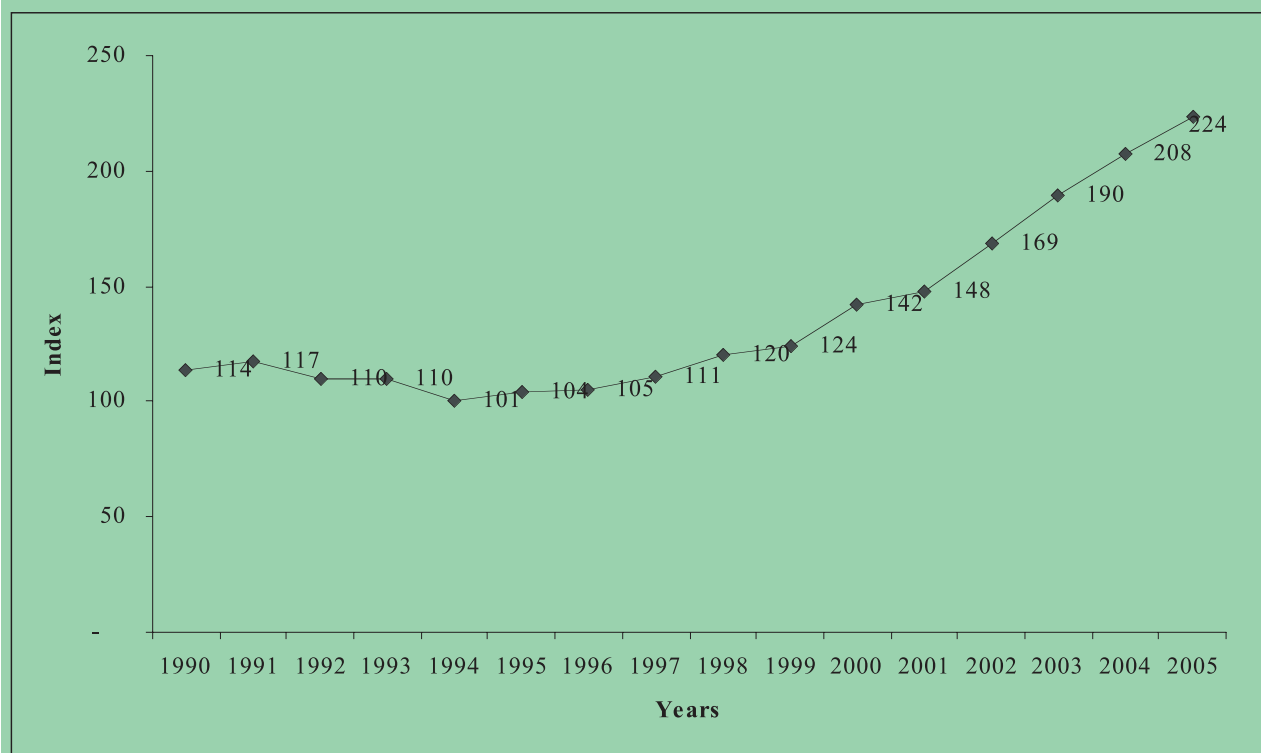
reform measures accompanied by introduction of incentive packages, increase of both local and foreign capital and establishment of new industries under EPZ. Increased demand for locally produced goods, reduction in electricity tariff for big consumers, expansion in provision of financial services and improvements in transportation and communication networking also contributed to good performance of the manufacturing sector. The performance of the manufacturing sector during the period under review also benefited from continued negotiation for better business terms by the Tanzania National Business Council. However, the sector experienced problems arising from increase in industrial oil prices and power shedding in the last quarter of 2005, which impacted negatively on production and product prices. The continued importation of sub standard and second hand goods also posed unfair competition to domestic producers. Weak infrastructure especially bad roads and railway transportation system continued to impair

performance of the sector.

Manufactured commodities that recorded higher output during this period includes vegetable oils and fats, cigarettes, sisal ropes and twines, instant coffee, beer, soft drinks, sugar, cement, rolled steel and dry cells (**Table 1.5**). Production of vegetable oils and fats increased by 32.2 percent to 101,368 metric tons from the level recorded in 2004 on account of increase in production of oil seeds particularly cottonseeds. Demand for construction materials by the housing sector and the infrastructure works being implemented by the Government quite substantially influenced production of cement, rolled steel, timber and plywood.

Production of textiles, aluminium and corrugated iron sheets however declined due to insufficient working capital, unstable exchange rate and unfair competition from imported sub-standard and second hand goods.

**Chart 1.3: Volume of Production in Manufacturing Industry
(Index 1985 = 100)**



**Table 1.4: Tanzania Mainland: Index of Manufacturing Output by Activity***Index 1985 = 100*

ISIC	Industrial Activity	2001	2002	2003	2004	2005 _p	% Change
21	Food, Beverage and Tobacco	200	212	227	258	290	12.6
211/2	Food Products	130	138	150	161	173	7.5
313	Beverages	287	296	317	353	383	8.5
314	Tobacco	147	155	172	255	358	40.8
32	Textiles, Leather and Footwear	185	227	268	288	273	-5.2
321	Textiles (Spinning and Weaving)	214	263	311	326	315	-3.4
323	Leather products excluding footwear	4	6	5	6	5	-25.0
324	Footwear	0	0	0	0	0	0.0
331	Wood and wood products	32	61	127	76	76	0.7
341	Paper and paper products	59	64	53	78	80	1.6
35	Chemicals, petroleum & plastic products	58	95	125	131	138	5.3
351	Industrial chemicals	30	20	56	27	73	166.1
352	Other chemicals	240	467	592	657	659	0.3
353	Petroleum refineries	0	0	0	0	0	0.0
355	Rubber products	98	83	66	47	38	-17.7
356	Plastic products	373	335	566	577	552	-4.3
36	Non metallic products	220	250	283	289	325	12.7
36	Pottery, china etc; glass products and non-metallic products n.e.s.	220	250	283	289	325	12.7
37	Basic metal industries	85	115	137	128	128	0.6
37	Iron, steel and non-ferrous metals	85	115	137	128	128	0.6
38	Fabricated metal products, machinery & equipment	72	64	74	75	64	-14.4
381	Metal products	24	29	35	38	32	-16.0
382	Machinery n.e.s.	14	9	4	2	4	66.7
383	Electrical machinery	174	160	182	160	153	-4.2
384	Transport equipment	29	5	8	7	4	-34.6
39	Other industries	61	53	93	105	107	2.2
3	Total Manufacturing	148	169	190	208	224	7.6

Note: p Provisional**Source :** National Bureau of Statistics

Table 1.5: Tanzania: Volume of Selected Manufactured Commodities

Commodity	Unit	2001	2002	2003	2004	2005 _p	% Change
Fish fillet	M.T	33,074	35,140	39,873	43,119	43,334	0.5
Vegetable oils & fats	M.T	91,643	93,298	88,263	76,658	101,368	32.2
Cigarettes	Mil. Sticks	3,491	3,778	3,920	4,219	4,435	5.1
Textiles	000 M2	84,548	106,305	126,900	127,051	115,716	-8.9
Sisal ropes & twines	Tons	4,796	5,901	6,839	5,161	6,018	16.6
Instant coffee	Tons	262	306	273	325	396	21.8
Blended tea	Tons	3,813	4,567	4,997	5,341	5,823	9.0
Konyagi	Mil. Litre	2.3	2.9	3.7	4.1	4.5	9.4
Beer	000 L itre	175,649	175,870	194,100	202,628	216,604	6.9
Soft drinks	000 L itre	198.7	208.7	212.5	264.1	292.7	10.8
Sugar, refined	Tons	184,016	189,573	212,908	202,261	263,231	30.1
Cement	000 Tons	900	1,026	1,186	1,281	1,375	7.4
Aluminium & corrugated iron sheets	Tons	25,937	35,067	31,018	29,573	25,037	-15.3
Rolled steel	Tons	16,340	25,418	38,794	40,029	47,652	19.0
Dry cells	000 P cs	39,000	42,000	43,000	74,000	83,000	12.2

Note: p= Provisional

Source: National Bureau of Statistics

The mineral sector continued to improve recording a growth rate of 15.7 percent in 2005 compared to 15.4 percent recorded in the previous year, and its share to GDP also increased to 3.5 percent from 3.2 percent in 2004 following the commissioning of Tulawaka Gold Mine in June 2005 and price increase on some minerals like gold and Tanzanite in the world market. However, with the exception of limestone and pozzolana, production of other minerals including gold and diamond declined.

Production of gold, which dominates the country's mining sub-sector declined by 5.8 percent to 45.4 tons from 48.2 tons registered in the previous year. The decline was associated with recovery of ore with lower mineral content. Gemstone production particularly production of low priced minerals such as moonstone, sunstone and opal, decreased by 61 percent due

to unreliable markets. However, total gemstone sales increased to USD 31.4 million from USD 24.8 million sold in 2004 mainly due to increase in the world market price of Tanzanite. Diamonds recovery declined by 27.7 percent as a result of a fall in quality of ore grade at the Williamson Diamonds Ltd, while production of Coal declined by 52.7 due to insufficient markets and the suspension of production at Kiwira mining fields. On the other hand, production of both limestone and pozzolana, which are raw materials for production of cement, recorded a positive growth of 44 percent and 7 percent, respectively due to growing demand for the same in the construction industry (see Table 1.6).

**Table 1.6: Tanzania Mainland: Recoveries of Selected Minerals**

Item	Unit	2000	2001	2002	2003	2004	2005 ^P
Diamond	000'Ca rats	354.4	254.3	239.8	236.4	303.9	219.6
Gold	Tons	15.1	30.1	43.3	48.0	48.2	45.4
Gemstone	000'Tons	150.8	96.9	195.8	1,531.5	1,613.8	627.8
Salt	000'Tons	70.0	65.0	71.2	59.0	57.1	51.2
Gypsum	000'Tons	60.0	72.0	73.0	33.2	59.2	23.1
Limestone	000'Tons	1,500.0	2,269.4	2,856.7	1,206.2	1,390.9	2,006.4
Pozzolana	000' Tons	57.0	41.5	52.0	24.5	152.7	163.5
Coal	000' Tons	79.2	77.8	79.2	54.6	65.0	30.8

Note: P = provisional

Source: Ministry of Energy and Minerals

Trade, Hotels and Restaurant

including tourism grew by 8.2 percent in 2005 compared to 7.8 percent in 2004, and its contribution to GDP increased by 0.3 percentage points to 17.2 percent over the period. The increase is mainly due to improved business environment, opening of new hotels and increase in number of tourists as a result of the country's participation in various international trade fairs and other efforts to promote Tanzanian tourist heritage abroad.

The **construction sector** expanded by 11.9 percent during 2005 after having maintained an average growth rate of 11.0 percent over the last three years and contributed 5.7 percent of GDP compared to 5.4 percent in 2004. Expansion of activities was mostly recorded in maintenance and rehabilitation of roads and bridges, construction of residential houses, water projects, land development and construction of primary school buildings. The number of primary schools increased from 13,689 in 2004 to 14,257 in 2005.

Real growth in **transport and communication** activities during 2005 was 6.4 percent compared with 6.0 percent recorded in 2004. However, its contribution to GDP remained at 5.4 percent, the level recorded for the past three years. Growth of transport and communication activities is largely attributed to improvement of transport infrastructure and increase

in telecommunication services. Telecommunication services recorded an impressive performance particularly in the provision of mobile telephone services whose subscribers/customers more than doubled from 1,666,583 customers in 2004 to 4,000,190 in the period under review. Subscribers to TTCL also increased by 10.6 percent to 297,890 customers in 2005. Transportation services improved with town buses increasing in number and in terms of service provision. In DSM alone the number of commuter buses increased to 7,000 in 2005 from 6,600 recorded in 2004. Similarly, railway services, air services and marine services performed relatively better in 2005 compared to 2004.

The growth of **real value added** in electricity and water, rose from 4.5 percent in 2004 to 5.1 percent, reflecting good performance in electricity and water sub-sectors. Electricity and water subsectors grew by 5.3 and 3.4 percent respectively in 2005 compared to 4.7 and 2.8 percent in 2004. Electricity production reached Gigawatts 3,620.5 in 2005 compared to Gigawatts 2,126.4 in 2004. The increase is attributed to generation of electricity using natural gas following installation of two gas turbines at Ubungu and completion of second phase of 4th Electricity project. During this period, the government continued to implement water policy of 2002 by creating enabling environment for sectoral expansion and to

empower communities to live decent lives and contribute towards poverty reduction. The population supplied with clean water in the rural areas increased marginally to 53.7 percent in 2005 compared with 53.5 percent last year. Also the population supplied with clean water in urban areas increased to 74 percent from 73 percent.

Gross National Disposable Income

Gross National Disposable Income (GNDI) grew by 4.3 percent in 2005 in real terms compared to a growth of 6.9 percent in 2004. This rate of growth is slower than consumption expenditure growth of 6.7 percent, implying a significant decline of savings relative to consumption. The gap between savings and investment widened during the period under review reflecting increased foreign direct investment activities.

Aggregate Demand

Real gross domestic demand (absorption), comprising of household final consumption, government final consumption and gross capital formation increased by 9.0 per cent in 2005 compared to 9.6 percent in 2004. The high domestic demand in the last two-years is

associated with increased spending in the priority sectors and investment activities by the private sector.

Final consumption increased in real terms by 6.7 percent in 2005 compared to a growth rate of 9.7 percent in the previous year. The increase in consumption expenditure of both household and central government sectors led to a decline in real savings. Despite the decline in savings, investment registered a higher positive real growth of 17.7 percent compared with an increase of 9.3 percent registered in 2004. Investment has been growing fast in the private sector at an average of around 19 percent per annum in real terms since 2002. In 2005 private sector investment grew by 23.3 percent in real terms compared with the growth of 14.2 percent in 2004. The increase in private sector investment is attributed to increased credit directed to the private sector. Credit to the private sector increased by about 34 percent in 2005. The major factors behind the high growth include strong economic expansion, a noticeable increase in the number of creditworthy clients, increased competition in the banking sector and improvement in the business environment.



Table 1.7: Tanzania Mainland: Analysis of the Savings-Investment Relationship, 2000–2005

(Millions of TZS)

Item	2000	2001	2002	2003	2004	2005
Nominal:						
National Disposable Income	7,355,019	8,508,486	9,521,272	10,882,254	12,517,523	14,146,221
Total Consumption	6,552,293	7,433,905	8,098,586	9,261,803	10,835,443	12,444,991
Government final consumption	482,717	516,326	598,939	712,737	855,285	1,037,670
Private final consumption	6,069,576	6,917,579	7,499,647	8,549,066	9,980,158	11,407,321
Total Investment	1,281,046	1,406,302	1,807,751	2,259,019	2,593,502	3,149,402
Government investment	438,413	461,693	715,959	896,163	950,077	1,068,172
Private investment	828,265	928,948	1,073,938	1,343,118	1,620,627	2,050,093
Savings	802,726	962,111	1,310,680	1,531,466	1,597,753	1,701,230
Saving - Investment Gap	-478,320	-321,642	-497,071	-727,553	-995,749	-1,448,172
GDP (at market price)	7,277,800	8,274,607	9,431,964	10,686,332	12,321,183	14,209,092
Deflator	406	436	468	501	539	583.95
GDP (f.c.) nominal	6,715,301	7,624,616	8,699,888	9,824,779	11,287,318	13,063,317
GDP (f.c.) real	1,654,319	1,749,358	1,857,174	1,962,432	2,094,516	2,237,079
Absorption	7,833,339	8,840,207	9,906,337	11,520,822	13,428,945	15,594,394
At Constant 1992 prices:						
National Disposable Income	1,811,581	1,951,488	2,032,516	2,173,655	2,322,797	2,422,506
Total Consumption	1,849,576	1,937,242	2,082,818	2,175,026	2,386,443	2,545,945
Government final consumption	320,076	339,281	401,437	434,770	504,618	581,320
Private final consumption	1,529,500	1,597,961	1,681,381	1,740,256	1,881,824	1,964,625
Total Investment	336,589	381,679	454,214	571,275	624,371	735,180
Government investment	107,983	105,893	152,837	179,002	176,300	182,922
Private investment	228,606	275,786	301,377	392,273	448,071	552,258
Savings	197,716	220,668	279,792	305,900	296,485	291,331
Saving - Investment Gap	-138,873	-161,011	-174,422	-265,375	-327,886	-443,848
GDP (at market price)	1,792,562	1,897,846	2,013,451	2,134,521	2,286,364	2,543,819
Annual Change :						
National Disposable Income	6.2	7.7	4.2	6.9	6.9	4.3
Total Consumption	0.0	4.7	7.5	4.4	9.7	6.7
Government final consumption	2.2	6.0	8	8.3	16.1	15.2
Private final consumption	-1.2	4.5	5.2	3.5	8.1	4.4
Total Investment	7.5	13.4	19.0	25.8	9.3	17.7

Source: National Bureau of Statistics

Inflation

The drought, which was experienced during the last quarter of 2005, adversely affected food production and hydropower generation. This coupled with the persistent increase in oil prices exerted upward pressure on inflation. After having successfully kept the inflation

rate around 4 percent for the past three years, it began inching upward from 4.2 percent in June 2005 to 5.0 percent at the end of December 2005. The trend continued into the first quarter of 2006 driving annual inflation to 6.5 percent in March 2006 and further to 7.7 percent in May 2006. The upward trend of inflation necessitated the Bank of Tanzania to adopt a tighter monetary policy stance

in order to safeguard the macroeconomic stability achieved so far. Furthermore, in March 2006 the government took measures aimed at averting food shortage and dampening the impact of drought on inflation. These measures included a temporary import tax waiver on maize and temporary reduction of import tax on rice. Following the increase in the supply of food arising from adoption of these measures and commencement of harvest season in May 2006, inflationary pressures eased in June 2006 to 6.8 percent and is expected to decline further.

Food Inflation

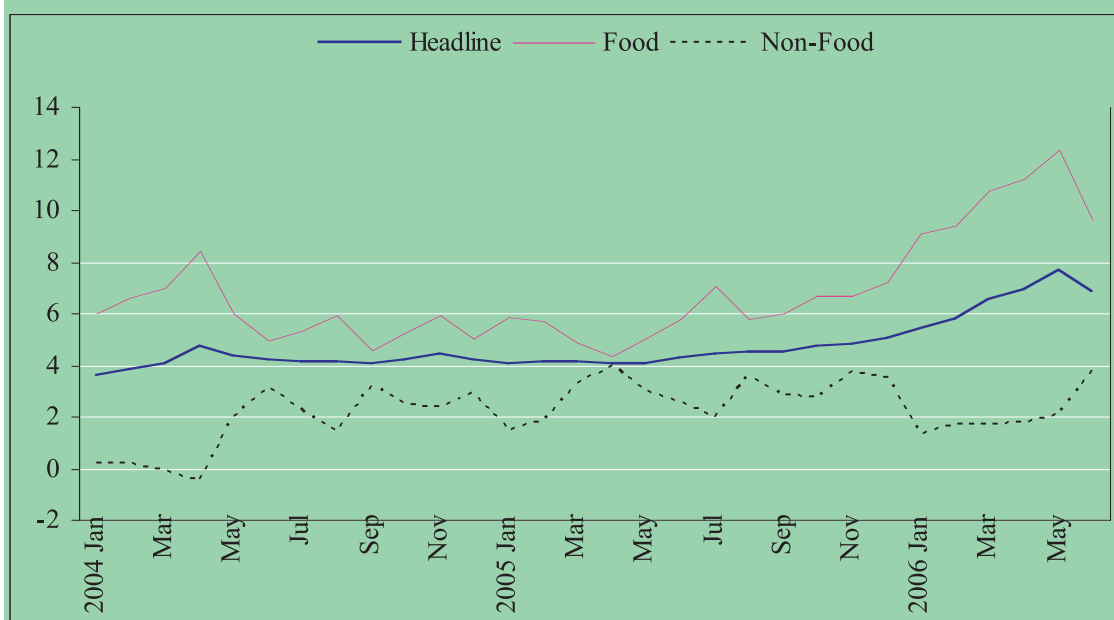
Annual food inflation experienced an upward trend during the period under review, mainly due to effects of drought in the last quarter of 2005 and rise in transportation cost. Consequently, annual

food inflation increased from 5.8 percent in June 2005 to 7.2 percent in December 2005. The rate continued to increase in the first half of 2006 reaching 12.3 percent in May 2006. Nevertheless, following the onset of harvest season, annual food inflation decreased to 9.6 percent in June 2006.

Non-Food Inflation

Developments in non-food inflation exhibited mixed trends during the period under review. The annual non-food inflation increased from 2.5 percent in June 2005 to 3.6 percent in December 2005. The rate dropped to 1.3 percent in January 2006 and started rising continuously from February 2006 through June 2006 when it reached 3.8 percent. The increase in non-food inflation was mainly attributed to increases in the average prices of fuel.

Chart 1.4 Tanzania: Annual Headline, Food, and Non-food inflation





CHAPTER TWO PUBLIC FINANCE

Overview

Fiscal performance during 2005/06 was broadly in line with the targets, despite the adverse effects of the droughts, additional costs associated with the national elections, and higher pension outlays. The droughts experienced towards the end of 2005 led to an acceleration of transfers to the energy sector¹ to help mitigate the increased cost of power generation. Transfers were also provided to procure and distribute food to areas adversely affected by the droughts while on the revenue side a waiver was granted on import duty on foodstuff and of VAT on petroleum imports. Despite these measures, the overall deficit stood at TZS 924.4 billion, equivalent to 6.1 percent of GDP compared to the projected deficit of 941.2 billion (6.2 percent of GDP).

Government Revenue and Grants

Notwithstanding drought related shocks, the government made a reasonable advance during the year towards the achievement of a sustainable fiscal position. Revenue collections amounted to TZS 2,124.8 billion, exceeding the target by 3 percent. The amount represented 14.02 percent of GDP compared with the target of 13.6 percent. The principal factors that contributed to the good performance were improvements in tax administration, particularly in the areas of income tax, VAT and excise taxes that enabled revenue collection beyond projections. Receipts of grants were however below the projection during the year by about 11 percent on account of delays in disbursements of pledged support (Chart 2.1).

Chart 2.1 Government Revenue Performance 2005/06
(Billions of TZS)

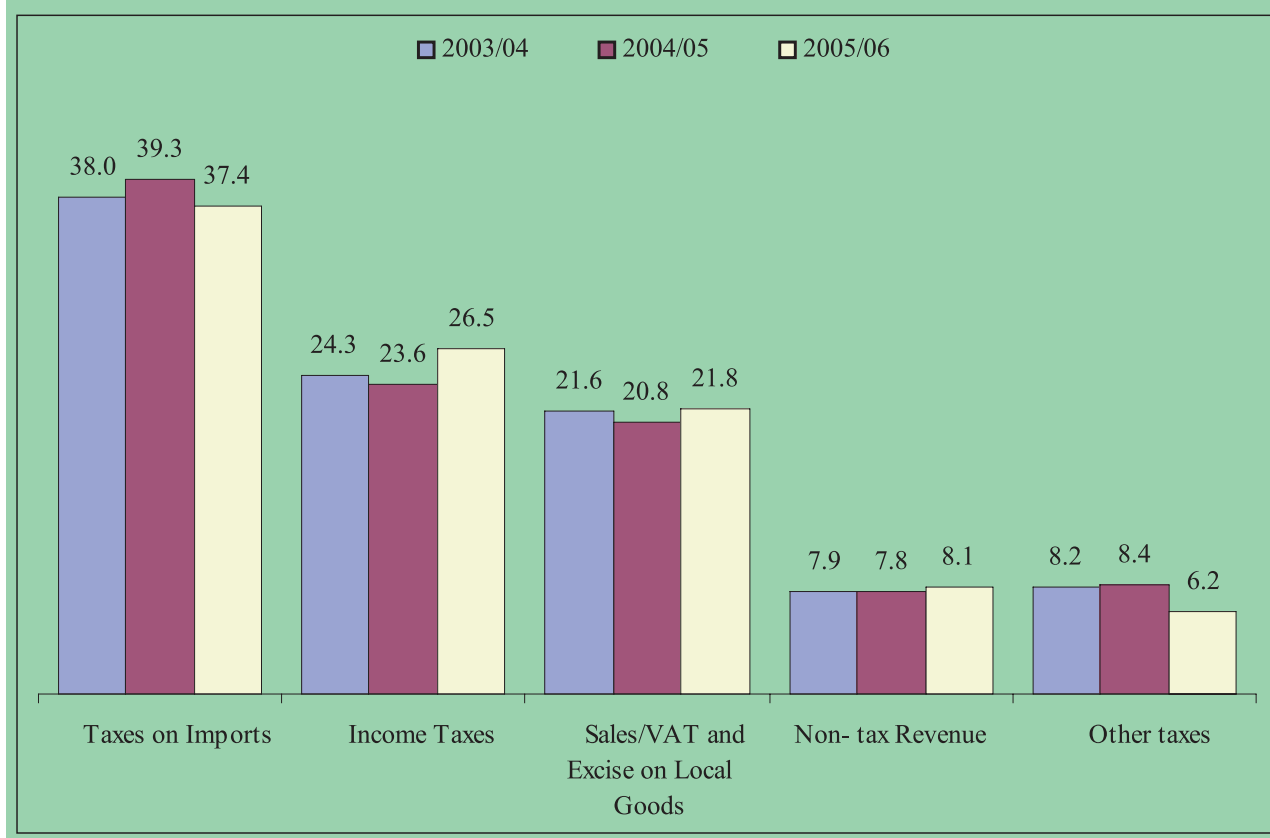


¹ Government provided additional financial support to TANESCO to pay for capacity and energy charges to IPTL and SONGAS, and to procure transformers.

In terms of contribution to recurrent revenue, import tax collections accounted for 37.4 percent, a slight decline from its share in 2004/05, while collections from income taxes contributed 26.5 percent and taxes on local goods 21.8 percent. Import taxes have continued to be the dominant source of government revenue, followed by income taxes (**Chart 2.2**).

of the national elections, accelerated transfers to the energy sector, drought induced procurement and distribution of food, and higher pension outlays. The Government performed various readjustments on allocations to reduce the fiscal impact of drought. As a result, recurrent expenditure amounted to TZS 2,661.9 billion, being 4.5 percent above the projection, while

**Chart 2.2 Contribution to Total Recurrent Revenue
(In Percent)**



The slight decline in share of import duty is mainly attributed to waiver of import duty on food imports and VAT on petroleum imports whereas the increase in income tax and VAT is associated with improvements in tax administration.

Government Expenditure

During 2005/06, government expenditure remained in line with the estimates, despite the additional costs associated with the postponement

development expenditure stood at TZS 1,211.4 billion about 13 percent below the initial projection due mainly to lower than projected receipts of foreign funds and expenditure reallocation. As a proportion of GDP, recurrent expenditure stood at 18 percent compared to 16 percent in 2004/05 while the ratio of development expenditure to GDP remained stable at around 8 percent as in 2004/05.

The annual increase in recurrent expenditure was 27 percent in 2005/06, compared to



an increase of 12 percent in 2004/05, while development expenditure grew by 13 percent during the year having slowed from a growth of 45 percent in 2004/05. The increase in recurrent expenditure was largely on account of increase in purchases of other goods and services mainly to counter drought related shocks, and rise in wages and salaries. **Chart 2.3** shows how government expenditure components have evolved in the last three years.

foreign financing was about 96 percent of the initial projection for the year mainly due to a shortfall in receipts From the World Bank.

Prospects for 2006/07

The government objectives in the medium term continues to be increasing the resource envelope to ensure adequate financing for various poverty reduction initiatives under the National Strategy for Growth and Reduction of Poverty (NSGRP /MKUKUTA), the Millennium Development

**Chart 2.3 Government Expenditure performance
(Billions of TZS)**



Financing of the Budget Deficit

During 2005/06, net foreign financing of the budget deficit amounted to TZS 561.2 billion or 3.7 percent of GDP compared to 3 percent of GDP recorded in 2004/05, while net domestic financing was TZS 363.2 billion, equivalent to 2.4 percent of GDP up from 1.1 percent of GDP in 2004/05. In nominal terms however, net

Goals, and eventually the National Vision 2025. With this regard, the government's plan during 2006/07 is to increase domestic revenue collections by 19.1 percent to TZS 2,461 billion, which will be equivalent to 14.5 percent of GDP. The government will also continue to implement expenditure reduction measures including rolling out the Integrated Financial Management System (IFMS) to more local

governments so as to enhance expenditure management at the local government level as well. Accordingly total expenditure is projected not to exceed 28.3 percent of GDP during 2006/07. In order to limit inflationary pressure emanating from domestic financing of the government deficit, net domestic financing of the government is projected not to exceed 1.0 percent of GDP. During the same period net foreign financing is expected to decline, as the government continues to implement various domestic revenue mobilisation measures so as to reduce dependency of foreign assistance.



CHAPTER THREE

MONETARY AND FINANCIAL DEVELOPMENTS

Monetary Policy Framework

Monetary policy stance is developed in line with the macroeconomic objectives of the Government. During 2005/06, the Bank of Tanzania continued to focus on maintaining low and stable inflation, while remaining supportive of the broader macroeconomic objectives of the Government. To achieve this, the Bank used various indirect instruments with an objective of achieving reserve money annual growth target of 26.6 percent. This was in turn aimed at limiting the annual growth rates of broad money supply, M2 and extended broad money, M3 at 27 percent by end June 2006. The monetary targets were set such that the flow of credit to the private sector by banks would expand at an annual rate of not less than 33 percent during the same period, thus supporting the anticipated economic growth of 6.9 percent. In addition, the Bank of Tanzania aimed at maintaining foreign exchange reserves, sufficient to cover not less than six months of the import bill of goods and services.

Under the plan, the Bank relied mainly on open market operations (OMO), through selling of government securities to banks and non-bank public and repurchase agreements with commercial banks. The open market operations were complemented by foreign exchange market operations. During the period, the Bank also introduced a new system for trading Government securities. Under the new system, the minimum threshold for direct placement with the Bank of Tanzania by investors in Government securities was revised from TZS 50.0 million to TZS 5.0 million. The Bank took this initiative to stimulate demand for Government securities, and hence keep the financial market active.

Implementation of the Monetary Policy

The economy experienced high liquidity pressures for the most part of the year, owing to government financing needs and sustained high demand for credit by the private sector. The government financing needs were linked to general elections related expenditure, the droughts and poverty reduction efforts following foreign budgetary support inflows from development partners of about USD 767 million during the year. On the other hand, the expansion in credit to the private sector, is associated with high momentum of economic activities, increase in the number of creditworthy clients and improvement in the business environment.

In the context of the high liquidity in the economy, coupled with the drought related food shortage and rising oil prices, inflationary pressures were imminent. The Bank of Tanzania worked out strategies to safeguard the monetary policy stance so as to keep liquidity in the economy on track. The Bank scaled up the sale of treasury bills particularly in the first half of 2005/06, which led to achievements of the quarterly monetary and financial indicators outlined in the program supported by the Poverty Reduction and Growth Facility (PRGF) of the IMF. Whenever necessary, the Bank of Tanzania made intervention in the foreign exchange market. The tightening of monetary policy, coupled with high demand for credit in the economy drove up the interest rates on treasury bills, particularly in the second quarter of 2005/06. Deposit rates responded to this drive albeit slightly while lending rates remained roughly unchanged at around 16 percent throughout the year. Inflationary pressures in the country began to build up into September 2005 registering 4.5 percent against 4.2 percent

in June of the same year. The situation was worsened by the poor rainfall which affected food production. As a result, food prices escalated, pushing inflation to 5.0 percent in December 2005—the trend that continued into the subsequent months. Annual inflation reached 7.7 percent in May before declining to 6.8 percent in June 2006.

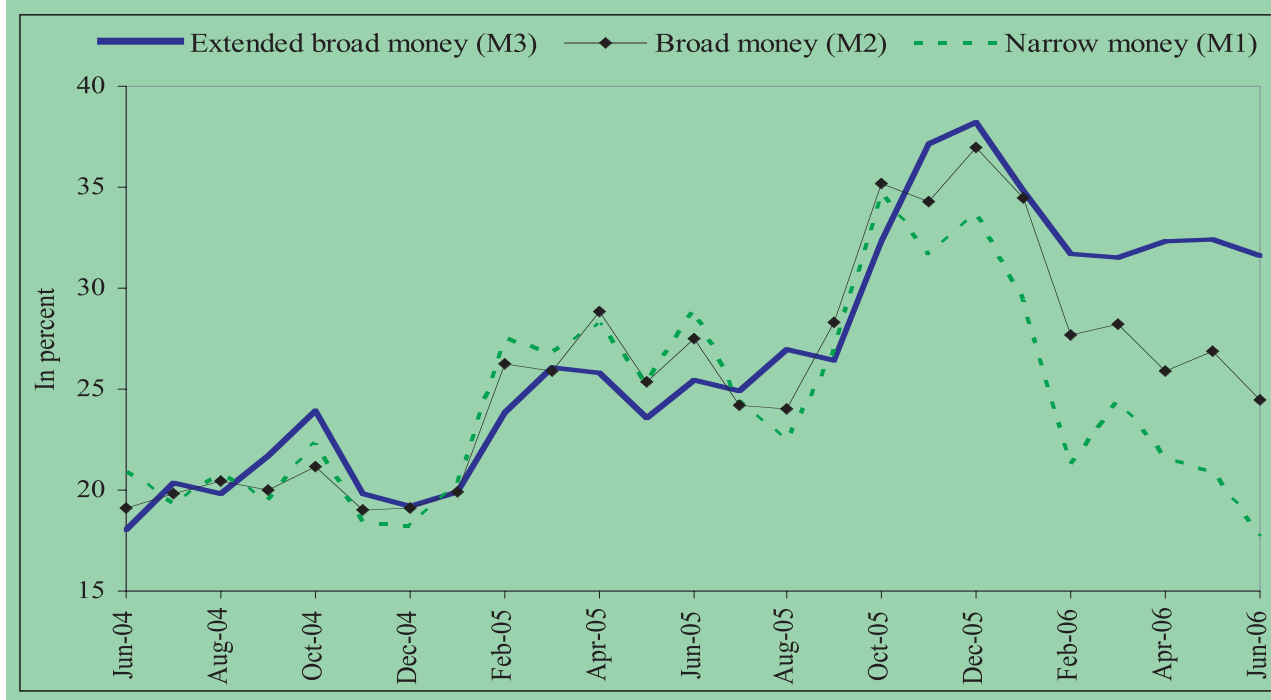
Monetary and Credit Developments

Monetary Developments

Reflecting largely the high liquidity in the economy the annual expansion of extended broad money supply (M3) reached 38 percent in December 2005, while broad money supply (M2) increased by 37 percent during the same period. Thereafter, there was a turnaround in the growth of money supply as the liquidity management measures taken by

the Bank through open market operations and sterilization through sale of foreign exchange paid off in containing monetary expansion. The rate of growth of extended broad money supply (specifically, the growth of M3) slowed down to around 35 percent in January and further down to 31 percent in June 2006, while M2 grew by 34 percent in December and went down to 24 percent in June. The levels were broadly in line with the revised targets for the year under review, which were 30 percent and 28 percent for M3 and M2, respectively. Monetary growth targets were revised following an increase in demand for liquidity due to unexpected outlays associated mainly with the droughts. In absolute terms, M3 increased from a stock of TZS 3,266 billion at end June 2005 to TZS 4,299 at end June 2006, while M2 rose from TZS 2,366.4 billion to TZS 2,946 billion during the same period see [Chart 3.1](#).

Chart 3.1: Tanzania: Annual Growth Rates of Monetary Aggregates



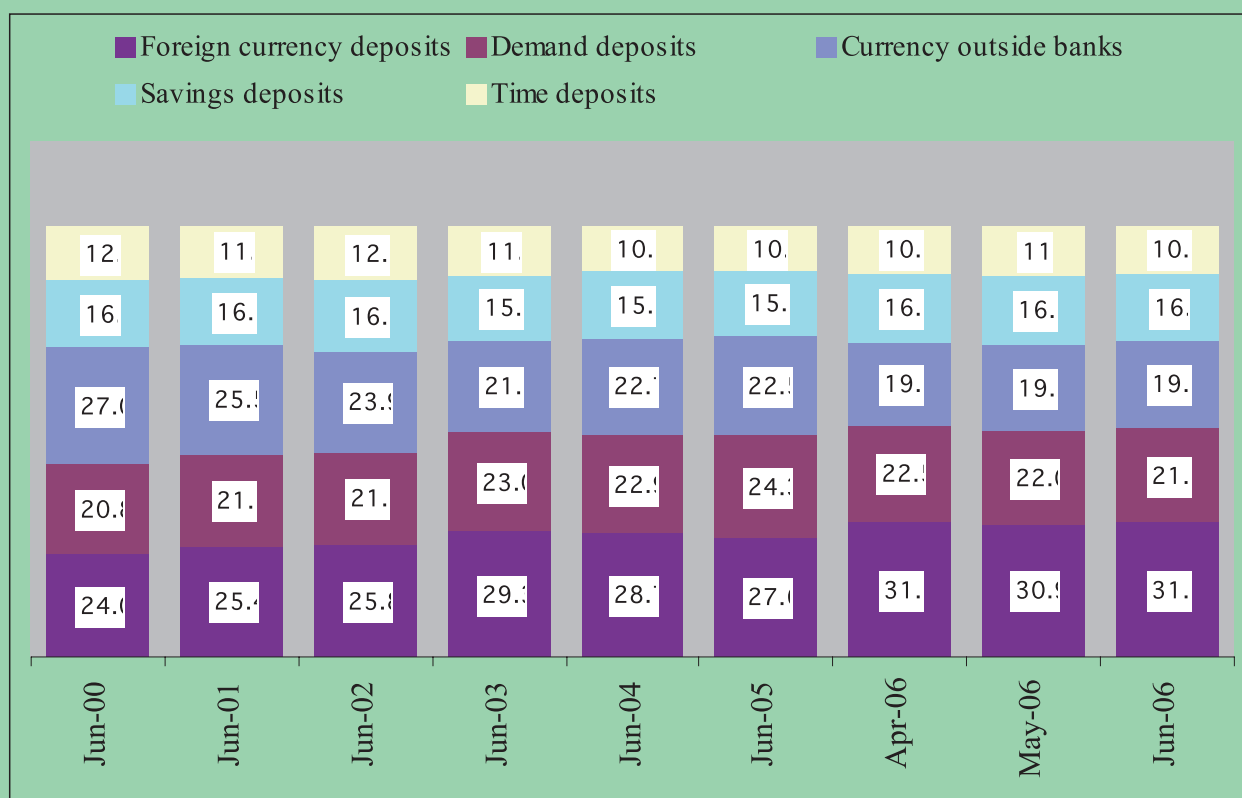


The growth in money supply was manifested strongly in foreign currency deposits (FCD), followed by demand deposits, a pattern similar to what has been observed in recent years (**Chart 3.2**). Specifically, the ratio of FCD to M3, which reflects the degree of dollarization of the economy oscillated around 30 percent in recent months, largely due to receipts from

credit to the private sector would expand at a minimum annual rate of 33 percent by June 2006, from 26.2 percent recorded at end June 2005.

During the period under review, private sector credit grew at an annual rate of about 36 percent to TZS 1,656.8 billion, which is in line with the

Chart 3.2: Percentage Composition of Money Supply (M3)

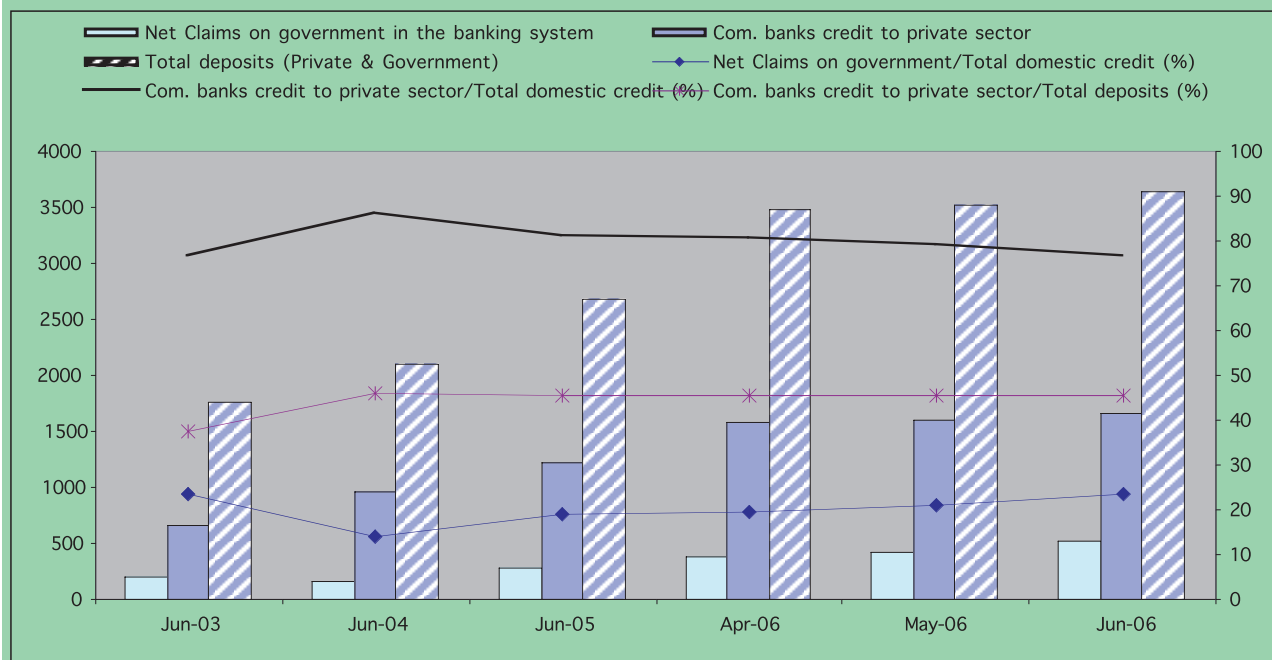


tourism, foreign investment and other inflows, and valuation of FCD following depreciation of the shilling.

Domestic Credit Developments

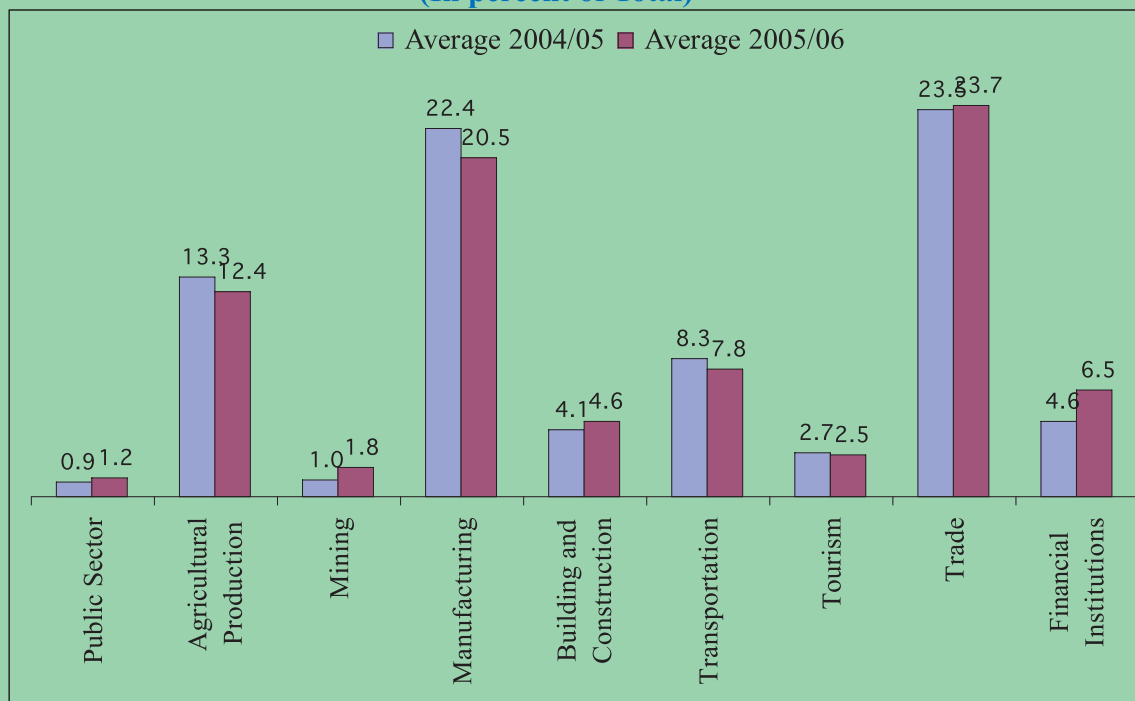
The Bank of Tanzania implemented its monetary policy in a manner consistent with the targeted increase in banks' credit to private sector in order to support the anticipated growth rate of GDP and the inflation target. During 2005/06, the Bank anticipated that commercial banks'

envisaged momentum of economic activities. As a proportion of GDP, credit to private sector increased to 10.9 percent in the year ending June 2006, from 9.2 percent registered in the preceding year. The major factors behind the strong growth include strong economic expansion, a noticeable increase in the number of credit worthy clients, and improvement in the business environment (**Chart 3.3**).

Chart 3.3: Total Deposits and Credit of the Banking System


The trade sector has been the largest borrower holding an average of 23.3 percent of total private sector loans, followed by manufacturing which held 20.3 percent and the agricultural sector 12.0 percent (**Chart 3.4**).

During the period, the Bank continued to implement the Government policy towards guaranteeing bank credits under the Export Credit Guarantee Scheme (ECGS) and Small-Medium Enterprises Credit Guarantee

Chart 3.4: Distribution of Private Credit to Economic Activities (In percent of Total)




Scheme (SME-CGS). The two schemes aimed at enhancing commercial banks' credit to the private sector for financing export business and empower small enterprises in pursuing various pro-poor economic activities.

With the objective of filling the vacuum of medium and long-term financing to production sectors of the economy, including the manufacturing, agriculture and tourism, the Government in collaboration with the Bank, has began the process of transforming the Tanzania Investment Bank (TIB) into a development bank that will be capable of providing term financing for investment and production to all sectors of the economy. As a first step, the Government has already enhanced TIB's capital by TZS 17.5 billion. The development of mortgage finance and lease finance will also be given priority in 2006/07.

Commercial Banks Interest Rates

Interest rates continued to be market determined. The momentum towards narrowing the spread between commercial banks' lending and deposit rates, as well as maintaining positive real interest rates, is however not adequate. The perceived credit risks associated with lending to the private sector is still high, mainly due to remaining structural impediments in the economy, which have impact on banking services. The risks include: weakness in the litigation procedures; enforcement of contracts-which obstruct realization of land based collateral; weakness in title deed issuance and collateral registration, and a culture of not appreciating the importance of paying one's debts. Others are past history of non-performing loans, which has made commercial banks extra cautious in lending activities, lack of credit information bureau, and high utility cost.

During 2005/06, interest rates in the banking system recorded declines. The weighted average interest rate on time deposits improved significantly from 4.41 percent in June 2005

to 7.27 percent in June 2006, while lending rates declined marginally, from 15.51 percent in June 2005 to 15.40 percent in June 2006. Meanwhile, 12-month time deposit rate improved significantly from 5.69 percent to 8.27 percent in the same period, whereas the 1-year lending rate declined slightly from 16.06 percent in June 2005 to 15.59 percent in June 2006. Although the margin between 12-month time deposit rate and 1-year lending rate shrunk from 10.09 percentage points in June 2005 to 7.32 percentage points in June 2006, the gap remains wide.

Narrowing the interest rate margin and realization of positive interest rates, therefore remained a challenge to the Bank of Tanzania. Nevertheless, the ongoing Second Generation Financial Sector Reforms are expected to improve financial services delivery in the country, increase competition in the banking industry and establish information sharing framework on credit worthiness of borrowers among banks. The enactment of a new Bank of Tanzania Act 2006 and a new Banking and Financial Institutions Act 2006, as part of the ongoing reforms, will enhance the autonomy of the Bank of Tanzania and strengthen its capacity to supervise banks to improve financial services at competitive terms. The ongoing reforms are expected to assist in narrowing the spread and improve accessibility of banking services to the majority of Tanzanians.

As noted earlier, the liquidity management measures in the form of Treasury bill sales, and the high demand for credit by the private sector exerted pressure on interest rates in the second half of 2005, pushing up interest rates in the economy. Specifically, interest rates on treasury bills rose from an average of 10.4 percent in July 2005 to 14.8 percent in December 2005. As the liquidity situation eased beginning January 2006, interest rates declined. The average interest rate on treasury bills declined to 13.4 percent in March and dropped further to 8.3 percent in June 2006.

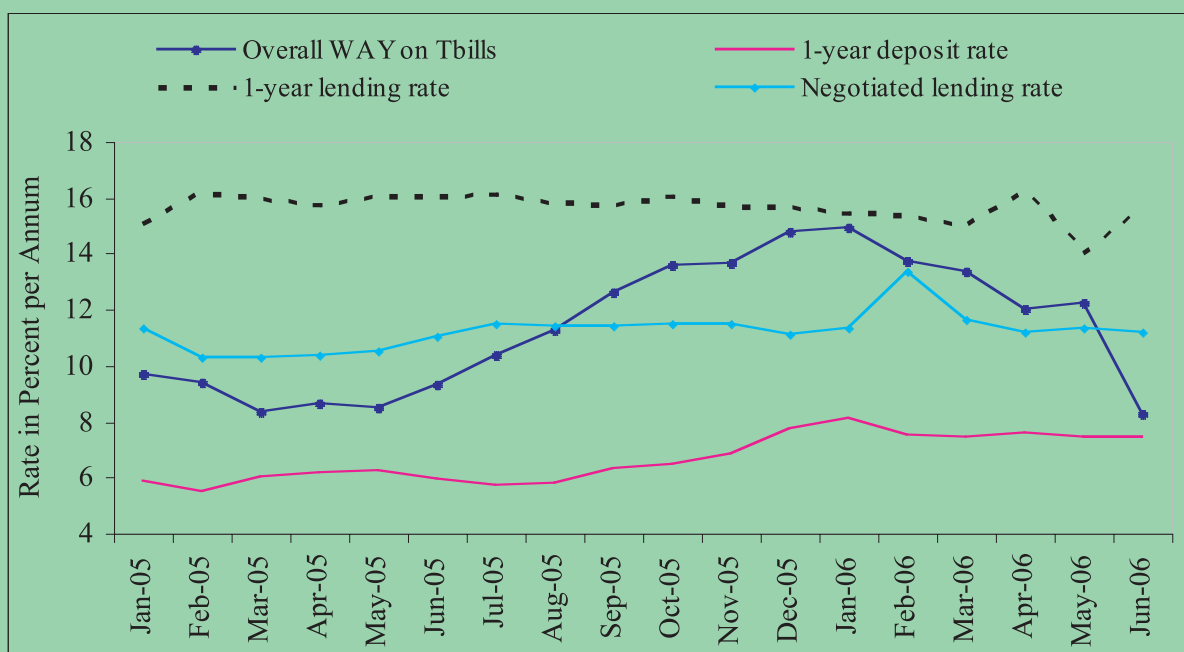
Consistent with the developments in the treasury bills market, average deposit rates on shilling denominated deposits increased, though marginally. Time deposits rate increased to 5.3 percent in December 2005 from 4.5 percent registered during July 2005, while negotiated deposits rates increased to 10.6 percent from 9.3 percent during the same period. Following the downturn in treasury bills rates in the third quarter of 2005/06, deposit rates also tracked, albeit with a slight lag. The average time deposit rate dropped to 5.9 percent in March and then down to 5.6 percent in May and June 2006.

As for the rates on bank loans, average lending rate evolved around 16 percent in the first and second quarters of 2005/06, before declining to 15 percent in the last quarter of the year, consistent with deposit rates. The average negotiated lending rate was maintained at between 11 percent and 11.5 percent during the period under review (Chart 3.5).

Financial Market Developments

The financial market in Tanzania which begun operating in mid 1990s is still underdeveloped with Treasury bills and bonds being the main instruments traded. Major market participants are commercial banks, institutional investors such as pension funds and insurance companies, private business entities and individuals. Secondary market for the government securities is dormant, hence leading to the lack of vibrancy and competitiveness in the financial markets in the country. Although bonds have been registered at the Dar es Salaam Stock exchange Market for secondary trading purposes, transactions in those bonds has been minimal. Most of the Treasury bond holders are Institutional investors (pension funds and insurance companies) that tend to hold them to maturity.

Chart 3.5: Tanzania Selected Interest Rates





Treasury bills Market

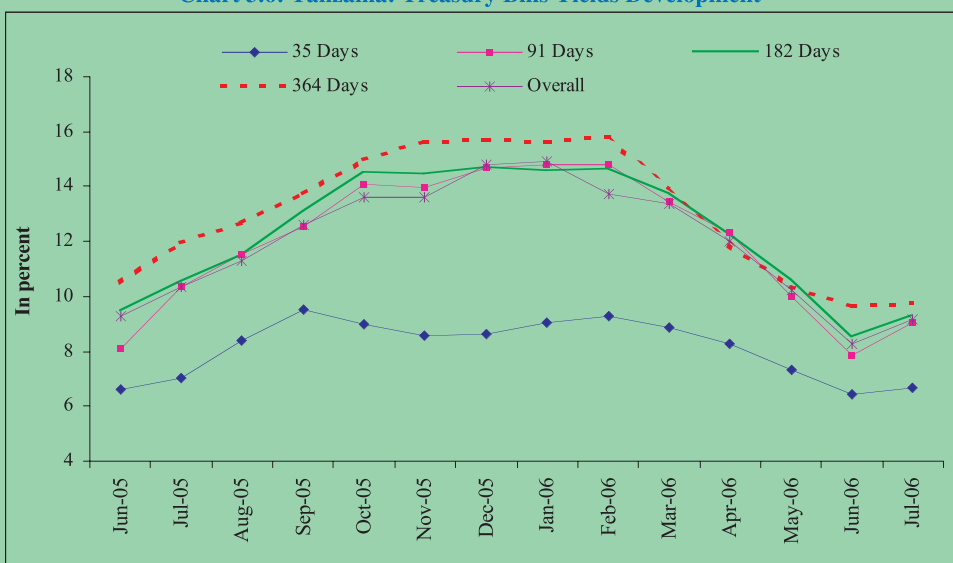
During the year under review, TZS 2,334.7 billion worth of Treasury bills were offered being and increase of 38.9 percent from the amount offered during the previous year. The market was generally over-subscribed during the year, except during the first quarter. Demand for Treasury bills increased by 50.8 percent from TZS 2,208.1 billion in 2004/05. In a bid to remove outlier bids, Treasury bills worth TZS 2,117.5 billion were sold, which is slightly lower than the amount offered by 9.3 percent. Meanwhile, Treasury bills worth TZS 1,874.4

billion that fell due for redemption during the year were honoured, thus providing the market with liquidity for re-investment.

In terms of Treasury bills yields, a general upward trend was observed in the first half of the year following liquidity tightening measures taken by the Bank of Tanzania. However, beginning March 2006, interest rate declined following the Bank of Tanzania policy of reducing the minimum bidding amount for Treasury bills from TZS 50 million to TZS 5 million (Chart 3.6).

The aim has been to encourage wider public

Chart 3.6: Tanzania: Treasury Bills Yields Development



participation, and increase competition.

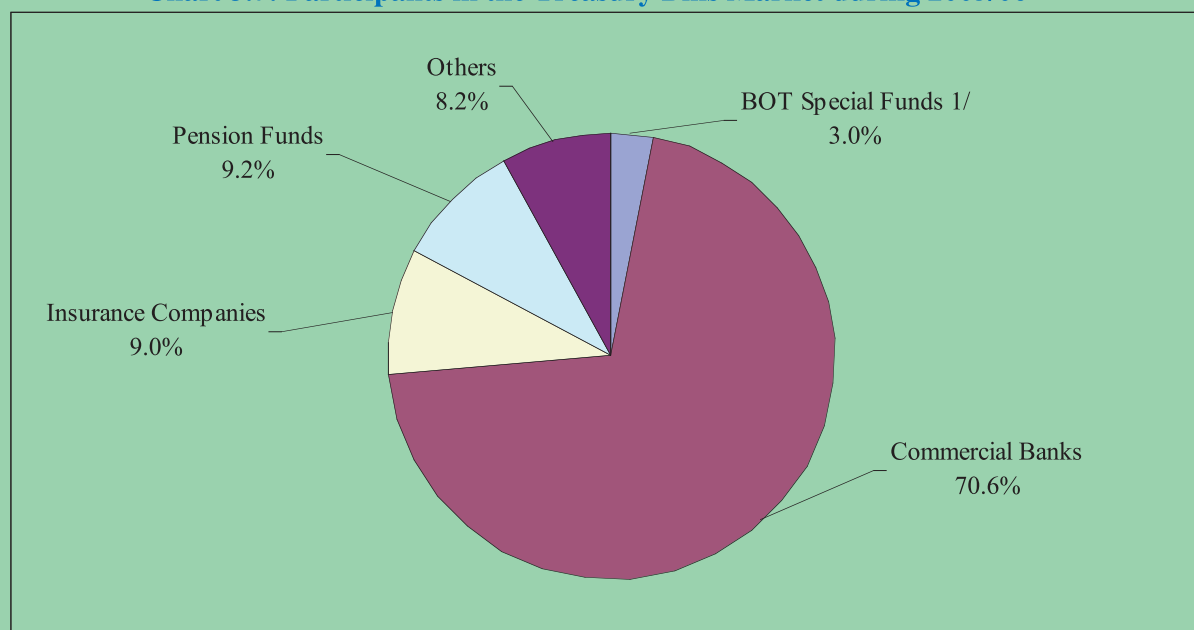
In terms of participation in the Treasury bills market, commercial banks continued to hold the lion's share of the Treasury bills followed by pension funds and insurance companies **(Chart 3.7)**.

However, the commercial banks share in 2005/06 registered a slight decline of 0.45

contrast to the under-subscription of 53.1 percent experienced during 2004/05. The Bank intervened sold Treasury bonds worth TZS 207 billion, and bought about TZS 9.0 billion at the weighted average price off tender.

The share of pension funds in holdings of treasury bonds declined from 47 percent in 2004/05 to 34.5 percent in the year under

Chart 3.7: Participants in the Treasury Bills Market during 2005/06



Note: Others include Official Entities and individuals.

percent when compared with position a year earlier. Likewise, pension funds share decreased by 2.04 percent from previous year level, while insurance companies maintained the previous year position. Other private entities including individuals increased their market participation by 2.5 percent. This shift is associated with the lowering of threshold of minimum direct participation in the market and increased public awareness regarding government securities market.

Treasury bonds Market

Transactions in the Treasury bonds market increased by 24.2 percent from TZS 151.3 billion offered last year. The market experienced over-subscription of about 19.6 percent in

review. The Bank of Tanzania holds the second position accounting for 28.5 percent of total treasury bonds. Meanwhile, deposit money banks increased their share from 15.0 percent recorded in the previous year to 27.8 percent, while insurance companies and other entities held about 0.2 percent and 9.0 percent, respectively.

Treasury bonds yields rose across all maturities reflecting high demand experienced during the year. The yields on 2-year and 5-year Treasury bond rose from an average of 12.3 percent and 11.7 percent in the year to June 2005 to 15.8 percent and 14.9 percent in the year to June 2006, respectively. Similarly, the yields of 7-year and 10-year bonds rose from an average of 11.4 percent and 13.1 percent to 17.0 percent and



18.1 percent in the same period, respectively
Table 3.1.

Repurchase Agreements (Repos)

Between July 2005 and June 2006, the Bank

The rise in repo transactions indicates an increase in liquidity management requirements during 2005/06. During the year under review, weighted average repo rates ranged from 5.0 percent to 8.5 percent compared with the range of 4.7 percent to 6.9 percent, during the previous

Table 3.1: General Performance of Government Securities Market

Billions of TZS

A: Treasury Bills

Description	2004/05	2005/06	% Change
Amount Offered	1,680.1	2,334.7	30.0
Amount Tendered	2,207.3	3,329.8	50.9
Sales (Cost Value)	1,687.1	2,117.5	25.5

B: Treasury Bonds

Description	2004/05	2005/06	% Change
Amount Offered	151.3	1,88.0	24.3
Amount Tendered	98.8	423.0	328.1
Sales (Cost Value)	91.2	207.0	127.0

Source: Bank of Tanzania

conducted repurchase agreement worth TZS 537.1 billion to complement mopping up efforts. This level represents an increase of 7.3 percent over the TZS 500.4 billion traded in 2004/05.

year (**Table 3.2**).

Table 3.2: Repo Rates Range

Tenure	Repo Rate	
	2004/05	2005/06
1 day	4.7 - 5.5	5
2 days	5.5	-
3 days	5.0 - 6.5	5.5 - 7.5
4 days	-	5.5
6 days	-	5.0 - 8.0
7 days	5.0 - 6.5	5.0 - 7.0
8 days	-	7
9 days	5.0 - 6.9	-
10 days	-	8
11 days	-	6.0 - 7.8
13 days	-	7.8
14 days	-	6.0 - 8.5

Source : Bank of Tanzania, 2006



Interbank Cash Market

Total inter-bank cash market transactions during the year under review amounted to TZS 3,206.9 billion compared with TZS 2,198.4 billion transacted in the previous year. Overnight transactions amounted to TZS 2,383.5 billion accounting for 74.3 percent of total transactions and higher by 87.2 percent when compared to overnight transactions conducted during the previous year. Interest rates on overnight transactions rose slightly from an average of 5.7 percent in 2004/05 to 6.0 percent in 2005/06, while the overall rate increased from 6.1 percent to 8.5 percent in the same period reflecting the liquidity needs by some commercial banks.

Inter-bank Foreign Exchange Market

The Bank of Tanzania continued to exercise a floating exchange rate policy with limited interventions to align exchange rate movements with economic fundamentals. In addition, the Bank conducted foreign exchange operations in a manner that would facilitate the achievement of the Government objective of attaining official foreign reserve target of not less than six months of imports of goods and services by

market, mainly due to increased importation of oil for thermal power generation, generators, construction and transport equipments and food. The total volume traded at the Inter-Bank Foreign Exchange Market (IFEM) surged to USD 967.61 million in 2005/06, an increase of 22.1 percent from the level recorded in the previous year (**Table 3.3**). The demand was in excess of supply of foreign exchange by the private sector. As a result, the Bank of Tanzania had to meet the demand by selling USD 408 million on net basis, which was more than twice the amount sold in 2004/05. Despite the sale of foreign exchange, gross foreign reserves remained broadly in line with the target. Gross foreign reserves increased from USD 1,967 million at the end of June 2005 to USD 1,995 million at the end of June 2006. This level of reserves is estimated to cover about 5 months of import of goods and services.

As a result of excessive demand for foreign exchange, the Shilling depreciated against the

Table 3.3: Foreign Exchange Market Developments

Millions of USD			
Item	2004/05	2005/06	% Change
IFEM			
Amount offered	792.18	967.608	22.1
Amount sold	792.18	969.608	22.3
Exchange rate (Tanzania Shilling per US dollar)	1,126.3	1,253.1	11.3
Bureau de Change			
Sales	383.10	416.05	8.60
Purchase	378.78	410.40	8.35
Volume of Transactions	761.88	826.45	8.48

Source: Bank of Tanzania

end June 2006.

During 2005/06, a sharp increase was recorded in the demand for foreign exchange in the

US dollar at a faster rate than in the previous year. For the most part of the first half of the year under review, there was a gradual nominal



depreciation, from a period average exchange rate of TZS 1,129.2 per US dollar in June 2005 to TZS 1,168.8 per US dollar in December 2005. From January to June 2006, the Shilling depreciated faster, reaching an average of TZS 1,253.7 per US dollar in June, which is equivalent to a nominal depreciation of about 7.3 percent from December 2005.

To a large extent, the depreciation of the Shilling was due to increased demand for foreign exchange to finance imports of fuel for thermal power generation and food following drought particularly during the second and third quarters of the year under review. Also, the hike in oil prices in the world market pushed up the import bill, thus contributing to the increase in demand for foreign exchange.

Bureau de Change Operations

The total volume of transactions conducted by bureau de change system rose by 8.5 percent to USD 826.5 million, mainly due to rise in both foreign exchange outflows and inflows. The noticeable increase in the outflows resulted from the surge in foreign exchange payments for education, business and medical expenses. On the other hand, the increase in inflows was partly due to the rise in foreign exchange receipts from tourism and merchandize exports.

Policy Direction and Challenges for 2006/07

Substantial progress has been made in maintaining macroeconomic stability. To consolidate these achievements, the Bank of Tanzania will be quite prudent in the conduct of monetary policy so as to achieve the broader macroeconomic objectives set for 2006/07. However, the challenges ahead are significant and call for concerted efforts in the formulation and implementation of prudent fiscal and monetary policies. The expected increase in foreign exchange inflow in the context of a low absorptive capacity of the economy coupled with inflationary pressures emanating mainly

from hiking oil prices in the world market, and an increase in government expenditure, calls for increased vigilance in monetary policy. Similarly, the lagging behind of reforms in legal and judicial infrastructure have hindered access to credit and other competitive financial services to a wider population. As part of efforts to improve access to credit, the causes of the wide interest rate spread are to be addressed under the second-generation financial sector reforms so that financial intermediation is improved and credit flow to the productive sectors of the economy is enhanced.

CHAPTER FOUR

BALANCE OF PAYMENTS DEVELOPMENTS

Overall Balance

During 2005/06, the Tanzania's balance of payments recorded a deterioration as the surplus narrowed to USD 47.3 million from a surplus of USD 129.0 million in the previous year. This was mainly attributed to a surge in imports of goods and services that outweighed the impact of the modest increase in exports. Subsequently, the current account balance worsened to a deficit of USD 1,222.3 million from a deficit of USD 604.0 million recorded in 2004/05.

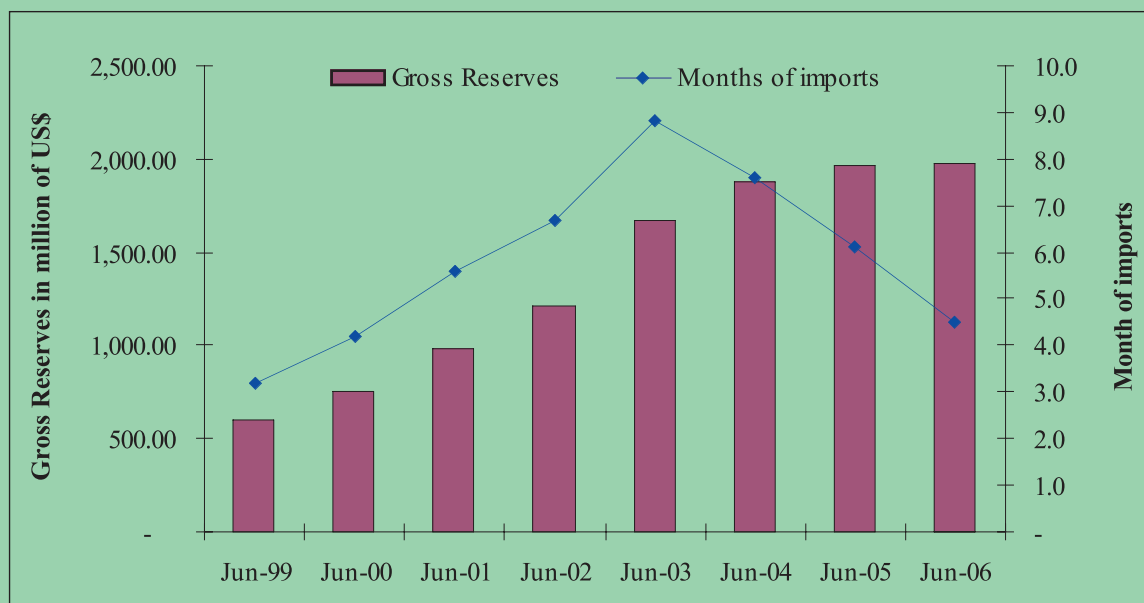
At the end of June 2006 the stock of gross international reserves stood at USD 1,994.9

Goods Exports

During the year ending June 2006, total goods exports went up by 8.9 percent to USD 1,736.1 million due to the increase in both traditional and non-traditional exports. Traditional exports increased to USD 356.3 million compared to USD 327.3 million in the previous year mainly on account of improved export performance of cotton, tobacco and cloves.

This development was largely attributed to the increase in export unit prices and volumes. While the rise in export volume of cotton largely emanated from timely usage of agricultural inputs, improvement in the volume

Chart 4.1 Bank of Tanzania Gross Reserves



million from USD 1.968.6 million recorded at the end of June 2005. The level of reserves was enough to cover about 5 months of imports of goods and services compared with 6.1 months of imports at the end of the previous year.

of cloves was due to cyclical behaviour where every bumper harvest is realized after about two years. The increase in export value of tobacco was mainly attributed to a significant increase in export unit price while the exported volumes recorded a decline during the period under review. Likewise, tea and coffee recorded improvement in export unit prices consistent



with the movement in the world market prices. Both tea and coffee recorded a surge in the prices following a decline in the global supply amid unfavourable weather conditions in East Africa and Vietnam, respectively. On the other hand, the drop in export volumes of coffee and tea was largely attributed to the drought that hit the country in 2005/06, which adversely affected production levels and hence exports volumes of the two crops. It is worth noting that the value of traditional exports remained low compared with a peak of USD 407.8 million realized in 1995/96. As a result, the share of traditional exports to total exports declined from 57.6 percent recorded in 1995/96 to about 20.5 percent in the review period. The deterioration was partly due to low quality of cash crops following liberalization of the agricultural marketing agency responsible for overseeing the quality of crops. In order to improve on quality and quantity of traditional crops, the Government continues to subsidize the cost of transporting fertilizers. Moreover, the Government has also reduced multiple taxes

on the agricultural products. Europe and Asia continued to be the major markets for traditional exports from Tanzania during the period.

Non-traditional exports increased by 8.9 percent to USD 1,379.8 million during the year ending June 2006 owing to an improvement in manufactured exports, minerals, re-exports and other exports category. The improved performance of manufactured goods exports is largely attributed to the growth of the manufacturing sector and successful implementation of the investment policy reforms in Tanzania. In addition, there has been some political stability in the neighbouring countries such as Burundi, Rwanda and the Democratic Republic of Congo (DRC) where to most of the manufactured goods are exported. The manufactured goods that are exported from Tanzania include textile apparels, iron and steel, and plastic articles. Mineral exports, gold in particular continued to dominate the non-traditional exports category by accounting for nearly 50 percent of non-traditional exports.

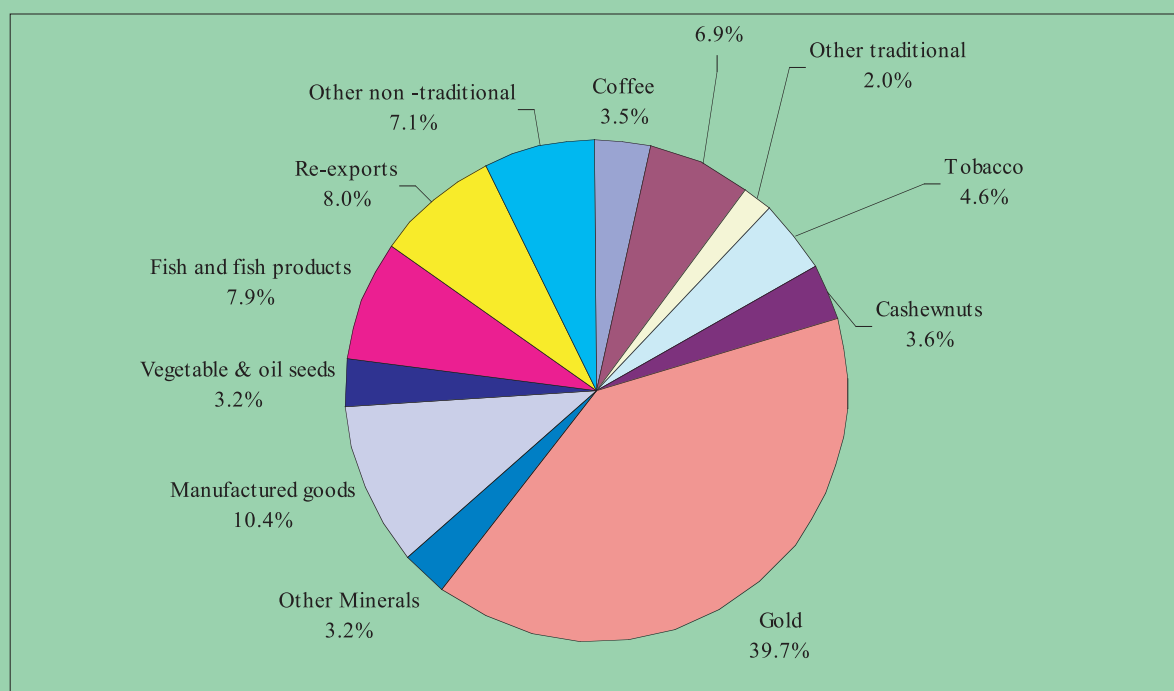
**Chart 4.2: Trend and Structure of Tanzania Exports
(In Millions of USD)**



The increase in gold exports is attributed to increase in the world Market price of gold. The annual average price of gold increased from USD 422.4 per troy ounce in the previous year to USD 539.7 per troy ounce following global security concerns. On the other hand, the volume of exported gold from major mining companies dropped by 8.8 percent to 44.6 tons in 2005/06 as a result of a decline in the volume that is extracted. Gold from Tanzania is mostly exported to the United Kingdom. Other exports that mainly consist of edible vegetable oils and oil seeds increased to USD 163.5 million, in line with increase in production of the commodities during the review period. **Chart 4.3** depicts the performance of merchandise exports for the year ending June 2006.

USD 3,436.6 million following the increase in importation of capital, intermediate and consumer goods. Much of the increase was recorded in the intermediate goods category which went up by 34.3 percent to USD 1,361.2 million largely on account of the increase in importation of oil and industrial raw materials. The fast growth in oil imports is largely explained by the persistent increase in oil prices in the world market. During the period, the price of refined oil (white petroleum products) increased from an average of USD 550.6 per ton in July 2005 to an average of USD 673.7 per ton in June 2006. Likewise, the volume of oil imports increased from 1,553,235 tons imported last year to 1,619,817 tons. While the surge in oil prices in the world largely emanated from the increase in oil demand particularly in USA, India and China coupled with supply disruptions in the Middle East, Nigeria and

Chart 4.3: Tanzania: Contribution of Commodities to Total Exports Earnings 2005/06



Goods Imports

During the year ending June 2006, Tanzania's goods import bill went up by 25.8 percent to

Iran, the increase in imported volumes was for thermal power generation and for running generators to compensate for the decline in hydropower generation caused by drought. On

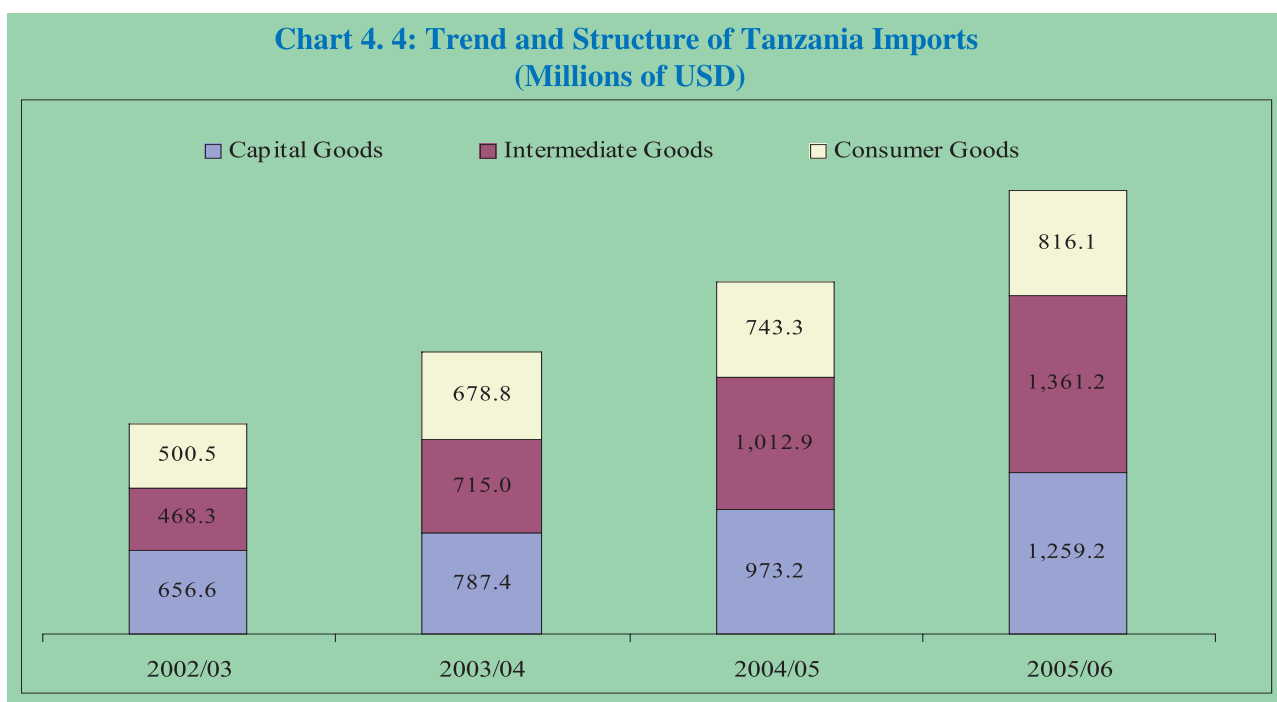


the other hand, the surge in imports of industrial raw materials is partly associated with a growth of the manufacturing sector in the country. The manufacturing sector grew by 9.0 percent in 2005 compared to the rate of 8.6 percent in 2004.

During the year ending June 2006, capital goods imports increased to USD 1,259.2 million from USD 973.2 million in the previous year

the droughts that hit the country in the first half of 2005/06. Much of the increase was registered in importation of maize, where a total of 228,495 tons valued at USD 42.4 million were imported compared to a total of 7,333 tons worth USD 2.3 million imported during the year to June 2005. On the other hand, the increase in other consumer goods was mainly driven by a rise in importation of pharmaceutical products, books and plastic articles (**Chart 4.4**)

**Chart 4. 4: Trend and Structure of Tanzania Imports
(Millions of USD)**



mainly due to a surge in imports of transport equipment, building and construction, and machinery imports. The expansion of activities in the construction sector is largely attributed to the increase in importation of building and construction items such as ceramic products, iron and steel articles. Machinery imports that accounted for about 48.0 percent of total capital goods imports were mainly directed to the mining, communication and manufacturing sectors.

Likewise, consumer goods imports increased by 9.5 percent to USD 816.1 million following a rise in imports of food and foodstuff as well as other consumer goods. The increase in food imports was associated with food deficit amid

Services Account

During the year ending June 2006, the surplus in the services account decreased marginally from USD 115.0 million that was recorded in the previous period to a surplus of USD 111.4 million. The decline in surplus was attributed to a substantial increase in freight payments in line with the increase in merchandise imports during the review period.

The increase in service receipts to USD 1,355.7 million emanated from travel (tourism) and transportation activities. The improvement in travel receipts was largely attributed to efforts by the Government and other stakeholders

in promoting Tanzania as a unique and safe destination. The major source markets for tourists to Tanzania are the United Kingdom, United States of America and Italy. The tourists are mainly attracted by natural and cultural resources. These include the highest freestanding mountain in the world (Mount Kilimanjaro), the famous Ngorongoro Crater, the attractive beaches and the historical sites in Bagamoyo and Zanzibar. However, in order to enhance tourist earnings, improvement in infrastructure (e.g airports and roads) and customer service is necessary. During the period under review, transportation receipts rose significantly from USD 199.2 million in 2004/05 to 283.3 following improved services at the Dar-es-salaam port that has led to increase in transit cargo to and from the neighbouring countries.

On the other hand, services payments increased by 11 percent to USD 1,244.3 million during the review period, largely on account of the increase in payments for construction, freight charges, travel and insurance services. While the increase in freight payments is in line with the increase in merchandise imports, the surge in insurance payments is partly due to the increase in Foreign Direct Investment (FDIs), which resulted into the growth of re-insurance activity. The rise in construction payments is largely associated with the expansion in construction activities in the economy.

Income Account

During the review period, the deficit in the income account narrowed marginally to USD 196.4 million from USD 201.0 million, largely due to a fall in service payments, particularly compensation to employees. On the other hand, income receipts mainly interest receipts from foreign assets abroad declined from USD 82.9 million during 2004/05 to USD 72.2 million partly due to slow down in accumulation of

foreign reserve assets.

Current and Capital Transfers

During the year ending June 2006, the official current transfers declined to USD 504.2 million compared to USD 596.1 million in the previous year largely due to a shortfall in disbursements of program assistance under the Poverty Reduction Budget Support (PRBS). Conversely, project capital transfers recorded an increase of more than two folds reaching USD 364.3 million as development partners increased their support in development projects such as road construction. During the same period, the country received a debt cancellation amounting to USD 338 million under the Multilateral Debt Relief Initiative (MDRI) by the IMF.

Financial Account

The financial account surplus decreased considerably to USD 382.1 million from USD 516.7 million in the previous year. The development is mainly attributed to the increase in commercial bank's currency and deposits assets to the tune of USD 210.2 million compared to a decline of USD 35.5 million that was recorded during the preceding year. The increase is partly associated with new innovation by the commercial banks including having internationally accepted VISA cards that necessitate banks to maintain huge balances with correspondent foreign banks.

World Commodity Prices

During the year ending June 2006, the world market prices for most of the traditional commodities increased except for the price of sisal, which remained unchanged (**Table 4**). The prices of coffee (Robusta) and (Arabica) surged to USD 1.3 per kg and USD 2.4 per kg respectively, largely on account of higher demand for coffee in Spain, Germany,



United States and Japan coupled with supply constraints. The decline in supply was largely attributable to hurricanes that hit the growing regions of Central America. Moreover, there was unfavourable weather condition in Vietnam. Similarly, the prices of tea (Mombasa Auction) and (Average Actions) went up to USD 1.8 per kg, following a decline in supply amid bad weather conditions in East Africa. The increase in tea demand from India also added an upward pressure on the price of tea.

During the review period, the average price of cotton and cloves rose (See Table 4). The rise in cotton prices was on account of unfavourable weather conditions that raised expectations of reduced supply of cotton in the world market. The rise in cloves price largely emanated from strong demand from cigarette industry in Indonesia. In addition, there was unfavourable weather condition in Indonesia, Sri-lanka and Madagascar that raised concern over possibility of decline in future supply. Meanwhile, the

price of sisal remained stable at USD 885.0 per metric ton, as per the recommendations by FAO Committee in 2004 that the indicative prices for the East Africa UG fibre should range between USD 840 and USD 900 per ton.

On the other hand, the price of crude oil Dubai (f.o.b) and (U.K Brent) rose significantly to USD 61.5 per barrel and USD 57.6 per barrel, respectively. Similarly, white products, which mainly consist of jet/kerosine and premium gasoline surged to USD 595.1 per ton. The rise in oil prices was largely due to the

decline in the U.S oil inventories coupled with geopolitical tensions in the Middle East and civil unrest in Nigeria. Regarding gold, the price increased notably to USD 539.7 per troy ounce largely driven by a surge in demand as investors diversified from investing in stocks, bonds and currencies because of global insecurity. As a result, the demand for gold as an alternative investment increased and this pushed up the price of gold.

Table 4: World Commodity Prices

Commodity	UNITS	2002/03	2003/04	2004/05	2005/06	% Change
Robusta Coffee	USD per kg	0.78	0.81	0.92	1.25	35.87
Arabica Coffee	USD per kg	1.39	1.56	2.29	2.43	6.11
Tea (Average price)	USD per kg	1.51	1.59	1.70	1.76	3.53
Tea (Mombasa auction)	USD per kg	1.50	1.58	1.50	1.78	18.67
Cotton, " A Index"	USD per kg	1.20	1.53	1.18	1.25	5.93
Cotton, Memphis"	USD per kg	1.13	1.58	1.23	1.32	7.32
Sisal (UG)	USD per metric ton	656.25	786.25	885.00	885.00	0.00
Cloves	USD per metric ton	2,509.72	2,166.63	3,290.75	3,590.28	9.10
Crude oil*	USD per barrel	27.86	31.37	45.06	61.47	36.42
Crude oil**	USD per barrel	25.88	29.04	40.20	57.64	43.38
White products***	USD per ton	251.87	310.41	450.09	595.12	32.22
Jet/Kerosine	USD per ton				614.75	
Premium Gasoline	USD per ton				613.77	
Heat Oil	USD per ton				560.33	
Gold	USD per troy ounce	333.93	389.21	422.42	539.69	27.76

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

** f.o.b. Dubai

***Average of Premium gasoline, Gas oil and Jet/Kerosine, f.o. b. West Mediterranean

Source: Bank of Tanzania

CHAPTER FIVE

DEBT DEVELOPMENTS

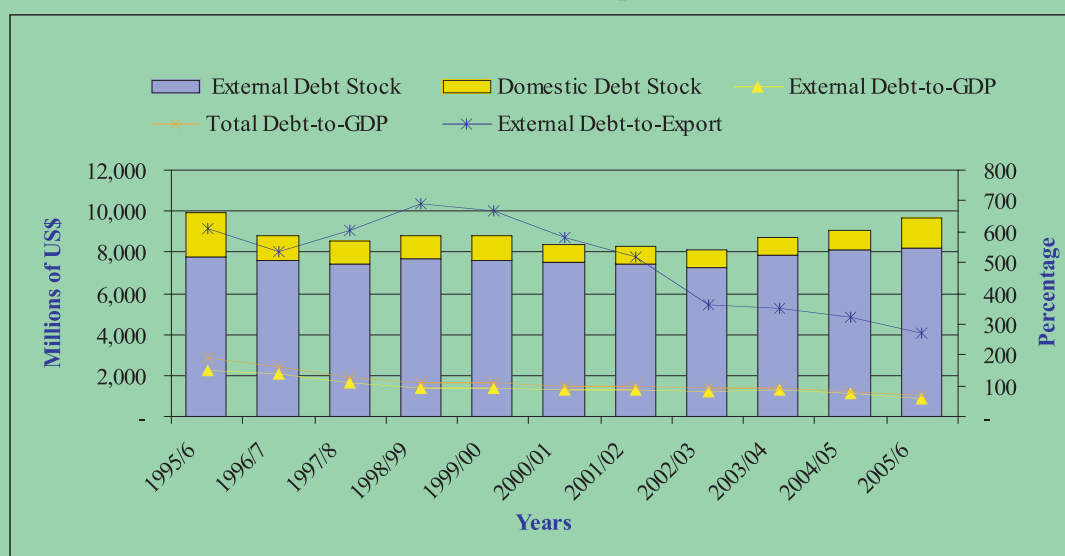
Overview

National debt stock (domestic and external debt) as at the end of June 2006 stood at USD 9,635.4 million out of which USD 8,229.5 million (or 85.4 percent) was external debt and USD 1,405.9 million (or 14.6 percent) was domestic debt. The total national debt increased by 6.0 percent from USD 9,087.5 million recorded as at end June 2005. However, the ratio of debt-to-GDP decreased from 80.4 percent in 2004/05 to 69.6 percent in 2005/06 (**Chart 5.1**).

restructuring worth USD 112.1 million and USD 112.1 million respectively.

During the year under review, the International Monetary Fund (IMF) cancelled debt worth USD 338 million under the Multilateral Debt Relief Initiative (MDRI) being 100 percent of the debt owed by Tanzania as at end of December 2004 and which remained outstanding up to the end of December 2005.

Chart 5.1: National Debt Developments 1995/6 - 2005/06



Total debt relief received from multilateral institutions under the HIPC debt relief initiative during 2005/06 amounted to USD 68.5 million. Canada also offered an additional debt relief by canceling debt worth USD 9 million. On the other hand, the Government concluded bilateral agreements in the framework of HIPC Initiative with the Governments of Libya and Hungary leading to total debt cancellations and

External Debt

Committed External Debt

Committed external debt, as at June 30, 2006 stood at USD 8,638.9 million out of which, disbursed outstanding debt (DOD) was USD 6,971.1 million and committed undisbursed debt was USD 1,667.7 million. The committed external debt increased by 3.5 percent from USD 8,345.1 million registered at the end of



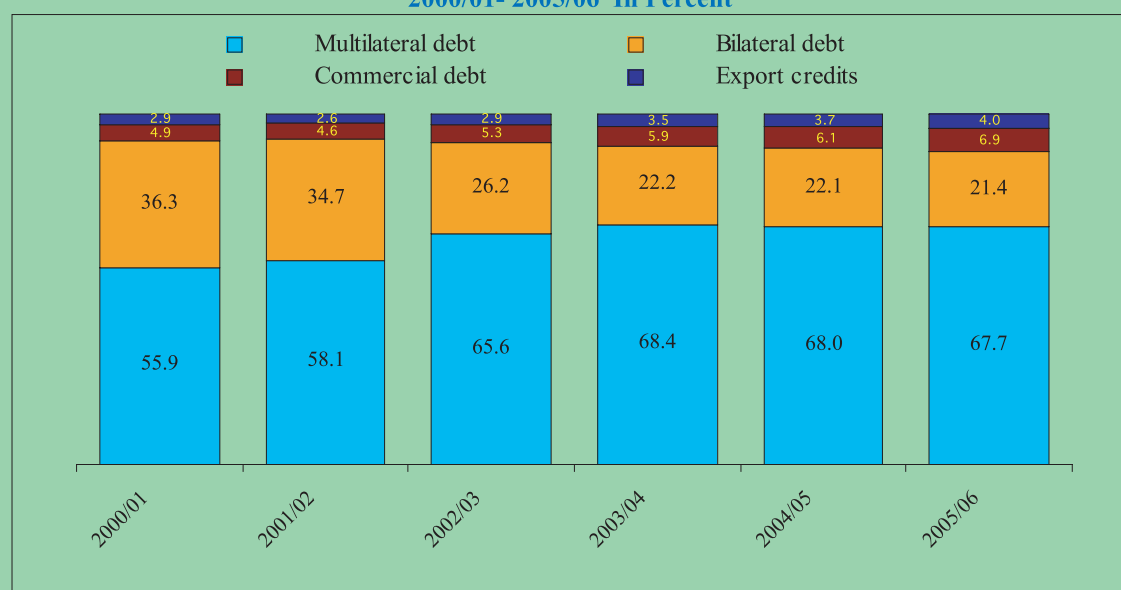
June 2005. The DOD increased by 2.5 percent from USD 6,799.5 million registered at the end of June 2005 to USD 6,971.1 million as at the end of June 2006.

External Debt Stock

External debt stock as at end of June 2006 stood at USD 8,229.5 million, out of which principal and interest arrears were USD 1,116.4

percent, 21.4 percent, 6.9 percent and 4.0 percent respectively. The higher proportional of multilateral debt over time is attributed to government policy of borrowing concessional loans, which are mainly offered by concessional windows of multilateral institutions mainly International Development Association (IDA) and Africa Development Fund (ADF) (Chart 5.2). Meanwhile the share of bilateral debt has declined steadily due to cancellations under

**Chart 5.2: Disbursed Outstanding Debt by Creditor Category
2000/01- 2005/06 In Percent**



million and USD 1,258.3 million, respectively. The debt stock increased by 1.2 percent when compared to USD 8,134.8 million registered at the end of June 2005, despite the debt relief, due to new borrowing mainly from concessional multilateral sources. On the other hand, exchange rates fluctuations and accumulation of interest arrears on non Paris Club Bilateral and Commercial debts has also contributed to the increase in the debt stock.

Disbursed Outstanding Debt

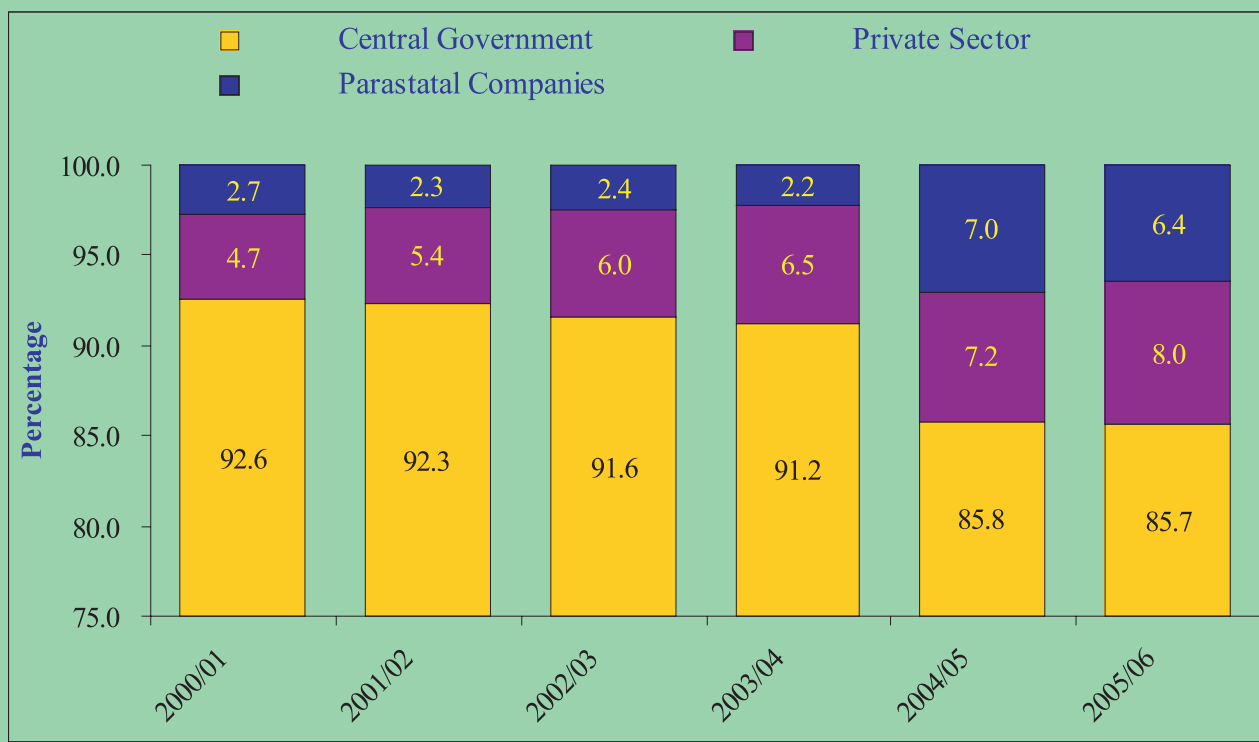
Classification of DOD by creditor category indicates that multilateral, bilateral, commercial debt and export credits accounted for 67.7

various debt relief initiatives.

Analysis of DOD by borrower category shows that the share of Central Government debt remained higher at 85.7 percent. The shares of private and parastatal companies' debts were 8.0 percent and 6.3 percent respectively (Chart 5.3).

Analysis of outstanding debt by use of funds shows that 20 percent was in form of Balance of Payments Support while Transport & Telecommunications accounted for 15.6 percent. Agriculture had 15.1 percent followed by Energy & Mining that accounted for 13.7 percent. Social Welfare & Education, Industries,

**Chart 5.3: Disbursed Outstanding Debt by Borrower
Category 2000/01 - 2005/06 In Percent**

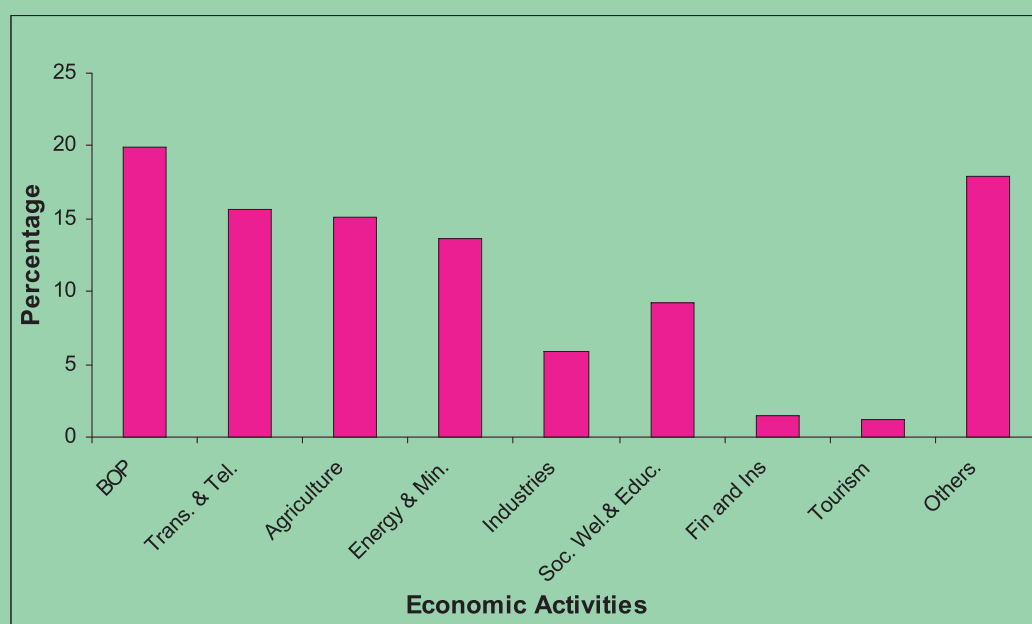


Finance and Insurance and Tourism held 9.3 percent, 5.9 percent, 1.4 percent and 1.2 percent respectively. The remaining 15.4 percent of debt was for other activities (**Chart 5. 4**).

Loans Contracts and Disbursements

New loans contracted and recorded during the year under review amounted to USD 56.3 million, out of which USD 38.5 million (or 68.4

Chart 5.4: Disbursed Outstanding Debt by Use of Funds 2005/06





percent) was contracted by the Government. Private companies contracted the remaining amount, equivalent to 31.6 percent. Most of loans contracted by the Government originated from multilateral institutions while those of the private companies came from various sources. During the period under review total disbursements amounted to USD 142.0 millions, out of which USD 116.4 million went to Government and USD 25.7 million to private companies.

External Debt Service Payments

Actual debt service payment during the year 2005/6 amounted to USD 90.3 million which represents 24.2 percent of USD 373.6 million scheduled for payment. Lower debt service payments were attributed to flow of debt relief offered by multilateral institutions and non-servicing of non Paris Club bilateral loans. The period 1995/96 through 2005/06 witnessed actual debt service payments significantly lower than the scheduled payments due to debt relief and accumulation of arrears. External debt service as a percentage of exports decreased slightly from 4.5 percent recorded in 2004/05 to 3.0 percent in 2005/06 (**Chart 5.5**).

Enhanced Highly Indebted Poor Countries (HIPC) Initiative

Debt Relief from Multilateral Institutions

Multilateral creditors including, the International Development Association (IDA), African Development Fund (ADF), International Monetary Fund (IMF), International Fund for Agricultural Development (IFAD), European Investment Bank (EIB), Nordic Trust Fund (NORTF) and Nordic Development Fund (NODF), have been offering debt relief in form of debt service reduction since 1999/00. As at end June 2006, total relief received had reached USD 438.24 million, out of which USD 68.54 million (or 15.7 percent) was received during the period under review (**Table 5.1**).

Bilateral Paris Club Debt Relief

By June 2006 Tanzania had concluded bilateral agreements with twelve Paris Club creditors,

Chart 5.5: External Debt Service 2000/01- 2005/06

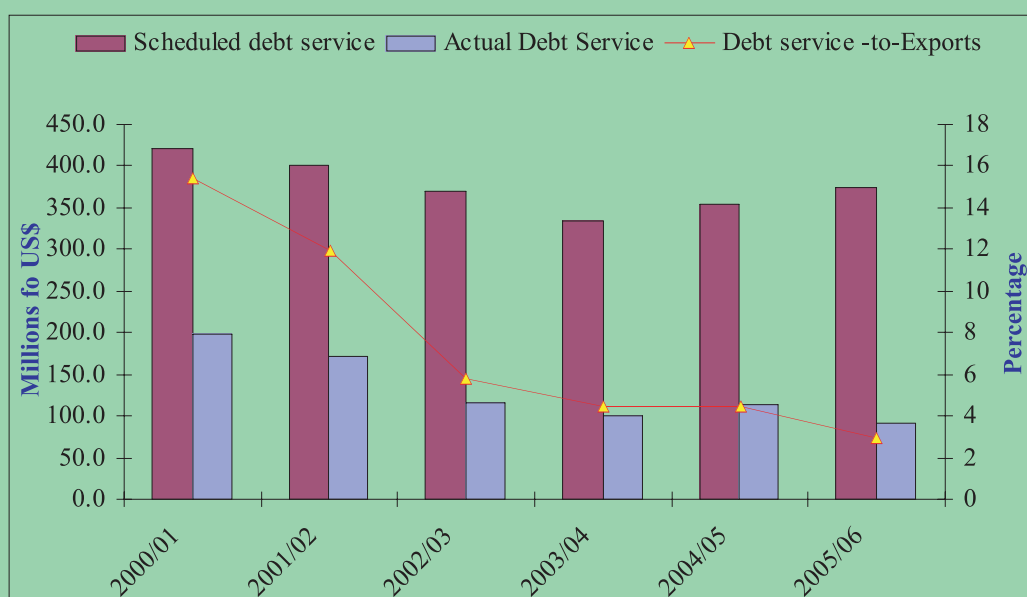


Table 5.1: HIPC Debt Relief from Multilateral Institution

	Millions of USD							
	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	TOTAL
IDA	9.12	39.78	41.24	43.45	47.79	47.74	48.53	277.65
AfDB	4.51	9.63	-	8.02	10.00	9.99	9.87	52.02
IMF	6.33	17.55	23.36	7.23	11.10	10.72	4.44	80.73
IFAD	-	-	0.53	1.34	0.82	1.43	1.47	5.59
NORTF	-	-	-	2.61	1.51	2.83	-	6.95
NODF	-	-	-	-	-	0.24	0.30	0.54
EIB	-	-	-	-	0.24	9.29	3.92	13.45
EADB*	-	-	-	-	-	1.30	-	1.30
TOTAL	19.96	66.96	65.13	62.65	71.46	83.54	68.54	438.24
Source:	Bank of Tanzania	* Stock Debt cancellation						

Source: Bank of Tanzania * Stock Debt cancellation

namely United States of America, United Kingdom, Netherlands, Canada, Austria, Italy, Belgium, France, Norway, Germany, Japan and Russia. The amount of debt relief realized from these creditors reached USD 867.6 million, approximately 86.8 percent of the expected debt relief (USD 1.1 billion) from these creditors (Table 5.2).

Non - Paris Club Bilateral Debt Relief

During the year under review Tanzania concluded bilateral agreements with

Governments of Libya and Hungary leading to cancellation of debt worth USD 101.7 million and USD 10.4 million, respectively. These creditors restructured the same amounts into Treasury bonds. By end of June 2006, the cumulative debt relief received from non-Paris Club bilateral creditors amounted to USD 184.6 million, which represent about 68.5 percent of the expected debt relief from them which amounts to USD 270 million.

The non-Paris Club Creditors namely Bulgaria, India, Kuwait, Libya and Hungary have offered debt relief in line with the HIPC framework

Table 5.2: Status of Paris Club VII Implementation - 2005/06

CREDITOR	AMOUNT CANCELLED	REMARKS
Austria	31,288,564.74	Beyond HIPC
Belgium	74,294,335.05	Up to 9 0% Cancellation
Canada	40,066,028.05	Beyond HIPC
France	89,948,544.76	Beyond HIPC
Germany	60,850,832.07	Beyond HIPC
Italy	132,000,000.00	Beyond HIPC
Norway	11,055,493.09	Beyond HIPC
The Netherlands	99,105,877.39	Beyond HIPC
United Kingdom	129,220,781.49	Beyond HIPC
United States	21,330,000.00	Beyond HIPC
Russia	69,569,474.03	Up to 9 0% Cancellation
Japan	108,900,452.41	Partial Relief
Brazil	-	Not Y et
	867,630,383.08	

Source: Bank of Tanzania



by canceling their debts while Kuwait has rescheduled her debts amounting to USD 31.8 million which translates into 90 percent cancellation of the debt in NPV terms. China offered debt relief outside the HIPC framework by canceling debts worth USD 37.7 million. Dialogue is continuing with the remaining non Paris Club creditors to offer debt relief under HIPC Initiative (**Table 5.3**).

the end of December 2004 and that remained outstanding until end of December 2005.

Though the ADF implementation date under the MDRI was January 2006, actual delivery is expected retroactively in September 2006. Debt relief from ADF will amount to USD 640 million. The IDA fixed its cut-off date on December 31, 2003 and the implementation date to July 1, 2006, which will translate into cancellation of debts worth USD 2,804 million.

Table 5.3: Debt Relief from Non - PC Bilateral Creditors

Creditor	Amount in Millions of USD	
	Cancelled	Rescheduled
Bulgaria	15.1	15.1
India	19.7	0
Kuwait	0	31.8
China	37.7	0
Libya	101.7	101.7
Hungary	10.4	10.4
Total	184.6	159.0

Source: Bank of Tanzania

The Multilateral Debt Relief Initiative (MDRI)

Tanzania is one of the countries benefiting from the Multilateral Debt Relief Initiative, which envisages 100 percent debt cancellation of HIPC's outstanding debt to the International Monetary Fund (IMF), International Development Association (IDA) and African Development Fund (ADF). Total debt relief under the initiative amounts to USD 3,782 million. The IMF cancelled its debt worth USD 338 million (equivalent to USD 297 million) excluding the remaining assistance under the enhanced HIPC Initiative effective January 2006, being 100 percent of debt outstanding at

Domestic Debt

Domestic debt stock

Domestic debt stock stood at TZS 1,761.7 billion as at end June 2006, which represent an increase of 64.2 percent from TZS 1,072.9 billion recorded at end June 2005. Out of total debt stock, government securities accounted for 99.1 percent.

During the period under review, Government securities increased by 65.2 percent from TZS 1,056.5 billion recorded at the end of June 2005 to TZS 1,745.1 billion. Treasury bills and

Government stocks increased by 129.9 percent and 53.0 percent, respectively. Likewise Government bonds increased by 40.1 percent during the year. The level of other government debts remained the same at TZS 16.5 billion as was at the end of June 2005.

Domestic Debt by Instruments

The government securities and tax certificates together accounted for 99.1 percent of total domestic debt out of which; Government bonds, Treasury bills and Government stocks and Tax certificates accounted for 52.5 percent, 36.3 percent and 10.2 percent of total domestic debt, respectively. The remaining 0.9 percent comprised of other Government debts (See Chart 5.6).

Domestic Debt by Creditor Category

Analysis of domestic debt by creditor category indicates that deposit money banks (DMBs) were leading creditors by holding 45.9 percent of total domestic debt stock, followed by pension funds, which were holding 24.5 percent. The Bank of Tanzania was the third holding 18.0 percent followed by other official entities, which held 6.1 percent. Insurance companies, non-bank financial institutions, BoT Special Fund and other private entities were holding 2.6 percent, 1.9 percent, 0.8 percent and 0.2 percent of total domestic debt respectively (Chart 5.7).

Chart 5.6: Domestic Debt by Instrument 1998/9 - 2005/06

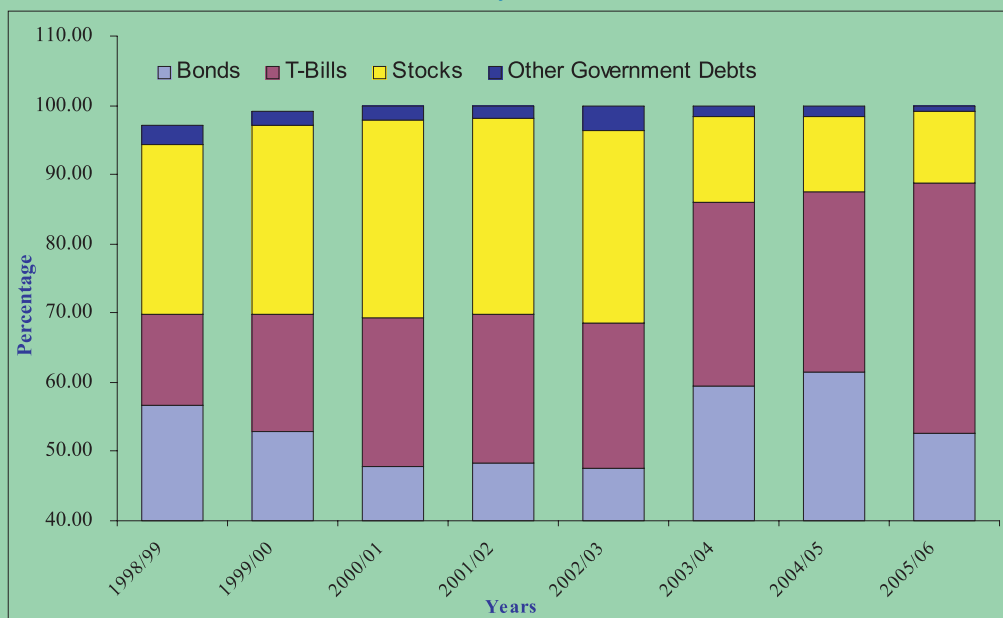
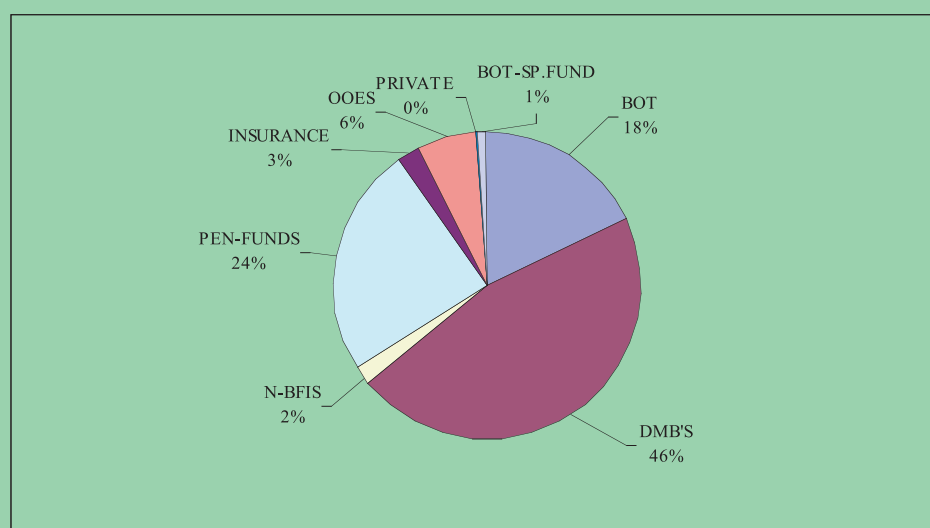




Chart 5.7: Domestic Debt by Creditor Category 2005/06

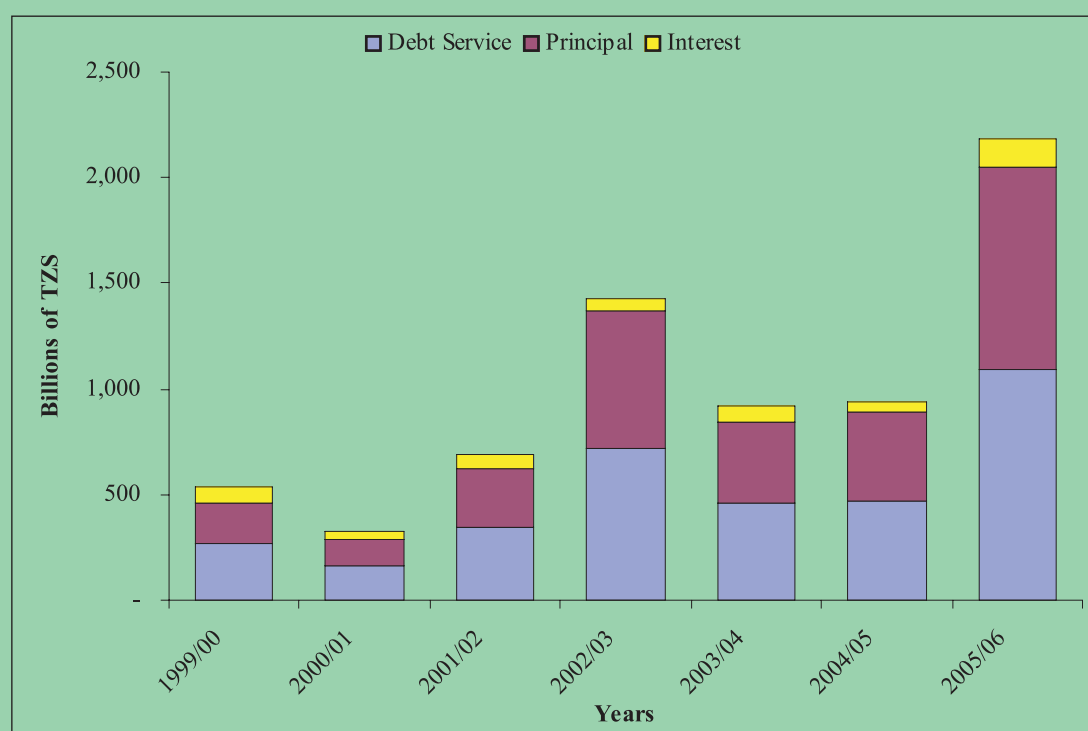


Domestic Debt Service Payments

TZS 1,092.6 billion being a sum of principal and interest fell due for payment and was paid, which represents an increase of 132.4 percent

as compared to TZS 470.2 billion recorded during the year ending June 2005. Out of the total amount that fell due, TZS 137.3 billion were interest payments which was paid out of government revenue while TZS 955.3 billion being principal was rolled over (**Chart 5.8**).

Chart 5.8: Domestic Debt Service 1999/00 - 2005/06



CHAPTER SIX

ZANZIBAR ECONOMIC DEVELOPMENTS

Overview

During 2005 the Zanzibar economy maintained a positive, albeit slightly reduced, growth rate, growing at 5.6 percent compared to 6.5 percent in 2004. This is largely attributed to unfavourable weather, which affected the performance of agricultural sector. The situation was exacerbated by the impact of persistent rise of fuel prices coupled with declining world prices of cloves exports (See Chart 6.1)

the services sector to an average of over 50.0 percent of the GDP between 2001 and 2004. During 2005 the services sector registered the highest growth rate compared to other sectors. The relatively robust growth was mainly attributed to increased business operations and investment in trade, hotels, restaurants and communications that account for 23.8 percent of the total services sector (See Chart 6.2).

Chart 6.1: Zanzibar-Real GDP Growth Rate



Per capita income, recorded an improvement from USD 303 in 2004 to USD 327.0 in 2005 being a 7.9 percent increase.

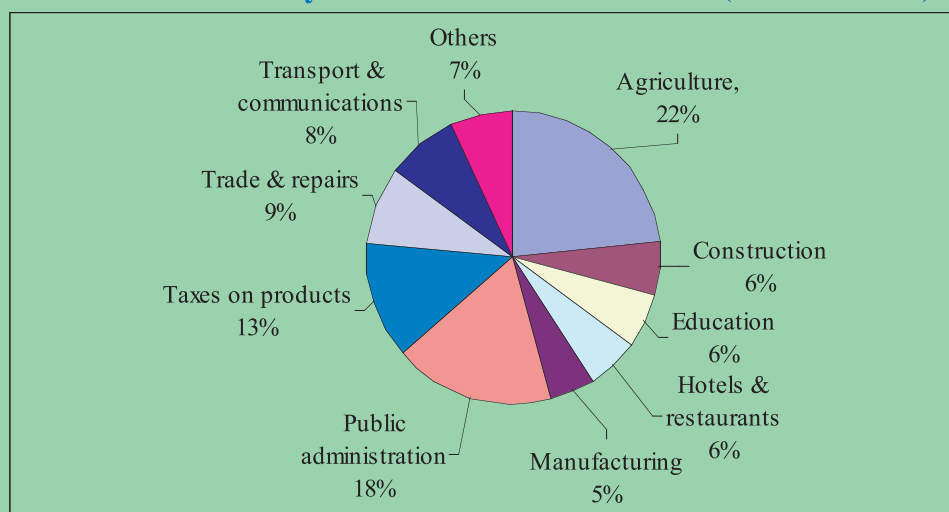
Review of Sectoral Developments

The structure of the Zanzibar economy has been changing in favour of services in the past four years, evidenced by increasing contribution of

Value added in hotels and restaurants, registered a remarkable real growth rate of 40 percent compared with 11.5 percent recorded in 2004, following concerted promotional efforts of the Zanzibar Tourism Commission, coupled with increased investment in tourist hotels. Tourist standard hotels rose from 155 hotels in 2000 to a total of 224 hotels in 2005. The increase was in tandem with improved infrastructures such as road network, utilization of modern



Chart 6.2: Activity Distribution of GDP in 2005 (at 2001 Prices)



communication network especially mobile phones and internet. Number of tourists increased to 125,443 in 2005 compared with 89,695 registered in 2004. Revenue from tourism activities increased by 32.7 percent from TZS 8,270 million collected in 2004 to TZS 10,970 million in 2005.

Transport and communication also registered a high growth of 30.1 percent compared to 6.9 percent in 2004. The good performance in transport and communication is attributed to government's efforts coupled with development partners' support to build infrastructures such as roads and for rehabilitation of Zanzibar port and communication networks. The improved facilities led to an increase in cargo handling at the Zanzibar port from 379,105 tons in 2002 to 504,651 tons in 2005 and at the airport cargo increased from 44 tons in 2002 to 116 tons in 2005.

The contribution of agricultural sector stood at 23.3 percent during 2005, employing over 65.0 percent of the labour force and contributing around 25.0 percent of the total foreign exchange earnings, mainly from cloves and seaweed. During 2005, growth of the agricultural sector, slowed down to 2.4 percent compared to a rate of 2.8 percent achieved in the previous

year. The main reason for the decline was a long spell of drought that persisted during most of 2004/05, which culminated into low food production particularly in the coastal areas of Unguja and Pemba. Crops sub sector, which accounts for about 70 percent of agricultural sector, was most affected due to lack of large-scale irrigation schemes. Another factor for the decline in growth in the sector was low productivity brought about by limited utilization of better and efficient farming methods and equipment, fertilizer, insecticides and pesticides. Despite the low overall performance in the agricultural sector, the fishing sub-sector achieved a higher growth rate of 6.3 percent in 2005 compared to 4.8 percent in 2004 due to increased fishing productivity as a response to government facilitation by providing fishing gears to fishermen.

Clove purchases declined by 20.3 percent to 3,266.7 tons in 2005. Cloves have showed a persistent declining trend since 2002 largely on account of aging of clove trees and insufficient rainfall. Procurement of seaweed increased modestly by 2.5 percent to 7,361.8 tons in 2005 while production and procurement of copra and chilies were substantially low during the year under review (See Table 6.1).

Table 6.1: Zanzibar Traditional Crop Procurement

Crop	Quantity in Tons					% Change
	2001	2002	2003	2004	2005	
Cloves	2,061.9	5,959.7	5,218.8	4,097.6	3,266.7	-20.3
Copra	254.6	-	-	-	711.0	-
Chilies	0.4	0.0	0.0	-	-	-
Clove Stem	323.5	187.3	496.6	476.0	350.6	-26.4
Seaweed	8,117.0	9,090.7	9,260.8	7,184.4	7,361.8	2.5
Total	10,757.4	15,237.7	14,976.2	11,758.0	11,690.0	

Source: Zanzibar State Trading Corporation (ZSTC).

Over the last four years on average manufacturing activity contributed 5.3 percent of the GDP. In 2005 manufacturing improved by registering a modest growth of 2.4 percent from a negative growth of 5.1 percent registered in the previous year. Share of manufacturing to GDP declined slightly from 5.0 percent in 2004 to 4.9 percent in 2005. The dominant activities include beverages (mineral water and juice), bakeries, flour milling, soap and detergents, garments and milk and coconut oil.

The real growth of construction sector slumped from 37.6 percent registered in 2004 down to 8.8 percent during 2005 mainly due to temporary suspension of some of major construction projects such as port rehabilitation. However, the share construction to total GDP increased from 6.0 percent attained in the previous year to 6.2 percent.

Real growth of **electricity and water** supply sub sector increased from 6.0 percent in 2004 to 7.6 percent in 2005 on account of reliable availability of electricity distribution from Tanzania Mainland. During 2005 electricity distribution increased by 19.2 percent to 105.3 million kWh from 88.3 million kWh produced in 2004. The consistent annual increase in electricity distribution is attributed to increasing economic activities which culminated into a rise in demand for more kilowatt hours (kWh) of electricity in all categorizes of users except small industry category. Zanzibar has abundant water resources for industrial and household use on account of government's efforts made to ensure adequate water supply to meet the national demand. Water supply improved due to start up of new projects with support of donors (See Table 6.2).

Table 6.2: Quantity of Electricity Distribution (National Grid) kWh '000'

Industries	2001	2002	2003	2004	2005
Commercial	12,514	17,004	17,778	13,701	16,450
Domestic	39,119	39,888	48,126	48,815	54,083
Large Industry	10,454	15,929	15,326	18,968	27,072
Medium Industry	1,485	1,781	4,518	5,518	6,529
Small Industry	385	219	738	902	733
Street Lights	380	457	379	420	447
Total	64,337	75,278	86,865	88,324	105,314

Note: kWh = kilowatt-hour.

Source: Zanzibar State Fuel and Power Corporation.

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

Region	2001	2002	2003	2004	2005
Urban West	61	60	75	75	72
North Unguja	12	11	75	71	80
South Unguja	27	29	70	78	74
North Pemba	43	72	75	80	75
South Pemba	57	72	75	80	75
Annual average	40	48.8	74	76.8	75.2

Source: Ministry of Water, Construction, Energy and Lands.

The ratio of gross capital formation to GDP increased from 13.8 percent in 2004 to 19.1 percent of GDP in 2005. The surge in capital formation was mainly attributed to increased investment in infrastructure-oriented projects by both private and government sectors.

Private sector investment concentrated in construction of tourist hotels while government with development partners' support confined its investments in both economic and social infrastructures (Table 6.4).

Table 6.4: Capital Formation by Type of Asset

					Millions of TZS
Year	2001	2002	2003	2004	2005p
A. Buildings					
Residential	1,431.0	1,730.0	2,319.0	3,440.0	4,128.0
Rural Construction	1,266.0	1,530.0	2,051.0	3,043.0	3,641.0
Non Residential	4,532.0	5,502.0	7,273.0	10,797.0	12,905.0
Total Buildings	7,229.0	8,762.0	11,643.0	17,280.0	20,674.0
B. Other Works					
Land Improvements	4,521.0	5,465.0	7,326.0	10,867.0	13,039.0
Roads, Bridges etc.	3,494.0	4,223.0	5,661.0	8,397.0	10,075.0
Total Others Works	8,015.0	9,688.0	12,987.0	19,264.0	23,114.0
C. Equipment					
Transport Equipment	4,474.0	4,521.0	12,062.0	8,822.0	10,030.0
Other Equipment	6,402.0	8,357.0	10,345.0	11,580.0	19,948.0
Total Equipment	10,876.0	12,878.0	22,407.0	20,402.0	29,978.0
D. Others:					
Change in inventory	978.0	3,944.0	4,514.0	320.0	1,831.0
E. Capital Formation	27,098.0	35,272.0	51,551.0	57,266.0	75,597.0
Of which:					
Subsistence	1,300.0	1,530.0	2,051.0	3,043.0	3,641.0
Monetary	25,800.0	33,742.0	40,472.0	53,583.0	72,016.0

Note. p = Provisional

Source: Office of the Chief Government Statistician

Government Budgetary Operations

Overall performance

During the year under review the government was faced with a challenge of increasing government expenditure amidst declining revenues. Measures were put in place to enhance revenues by widening tax base and reduce tax exemptions. In the expenditure front, administrative mechanisms were strengthened to ensure prudent expenditure management. The budget management was effected within the medium term expenditure framework (MTEF) coupled with public expenditure reviews (PER) and monthly allocations by the ceiling committee. Revenue collections in 2005/06 were projected to reach TZS 76.6 billion equivalent to 23.3 percent of GDP.

The overall fiscal performance during the financial year 2005/06 registered a deficit of TZS 50.3 billion, equivalent to 12.7 percent of GDP. Total resource envelope amounted to TZS 68.6 billion or 17.3 percent of GDP while total expenditure amounted to TZS 136.7 billion representing 34.5 percent of GDP. The budget deficit was financed from two sources; domestic sources TZS 11.5 billion and foreign TZS 43.7 billion including amortization TZS 4.9 billion.

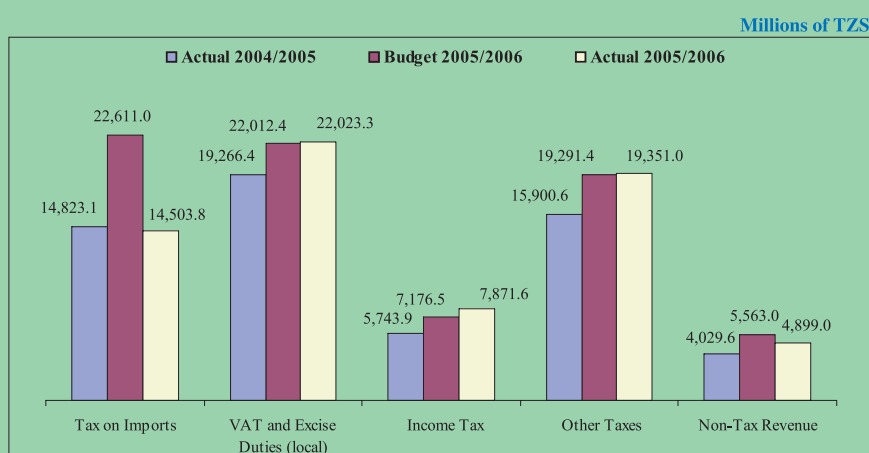
Revenue Performance

In an endeavor to enhance revenue collections the government instituted the following

measures: Value Added Tax (VAT) to tourist hotels was raised from USD 50.0 to USD 70.0; stamping on all imported cigarettes to certify payment of excise duty was introduced; and the government also introduced special levy on liquor and increased licence fees on vehicles. Other measures included tax on second hand consumer imports mainly household domestic items and tax on iron scraps. In addition environmental levy was introduced. However most of these measures were not implemented due to lack of legal facilitation.

Total revenue collection during the year amounted to TZS 68.6 billion, being 89.6 percent of the targeted TZS 76.6 billion. The underperformance was associated with decline in taxable imports and slow down in trading activities caused partly by rehabilitation activities of Zanzibar port. Tax on imports amounted to TZS 14.5 billion, much below the target of TZS 22.6 billion due to decline in taxable imports. VAT and excise duty (local) was TZS 22.0 billion in line with the target. Income tax collections summed to TZS 7.9 billion, slightly surpassing the target of TZS 7.2 billion due to enhanced tax collection efforts. Collections from “other taxes” category amounted to TZS 19.4 billion and were in line with the target. In total, tax revenue accounted for 92.9 percent government revenue in 2005/06. Non-tax collections amounted to TZS 4.9 billion, against the planned TZS 5.6 billion but were above TZS 4.0 billion collected in the previous year (**Chart 6.3**).

Chart 6.3: Zanzibar Government Revenue by Sources





Expenditure

The government expenditures have been on an increasing trend due to expansion of development activities and persistent increase in prices of goods and services. During 2005/06, total government expenditure amounted to TZS 136.7 billion, representing 88.5 percent of the TZS 154.4 billion target. Although the actual expenditure was less than planned it was remarkably higher than the expenditure of TZS 75.6 billion in the preceding year. The shortfall against the planned amount was on account of insufficient resources. The ratio of expenditure to GDP stood at 34.5 percent.

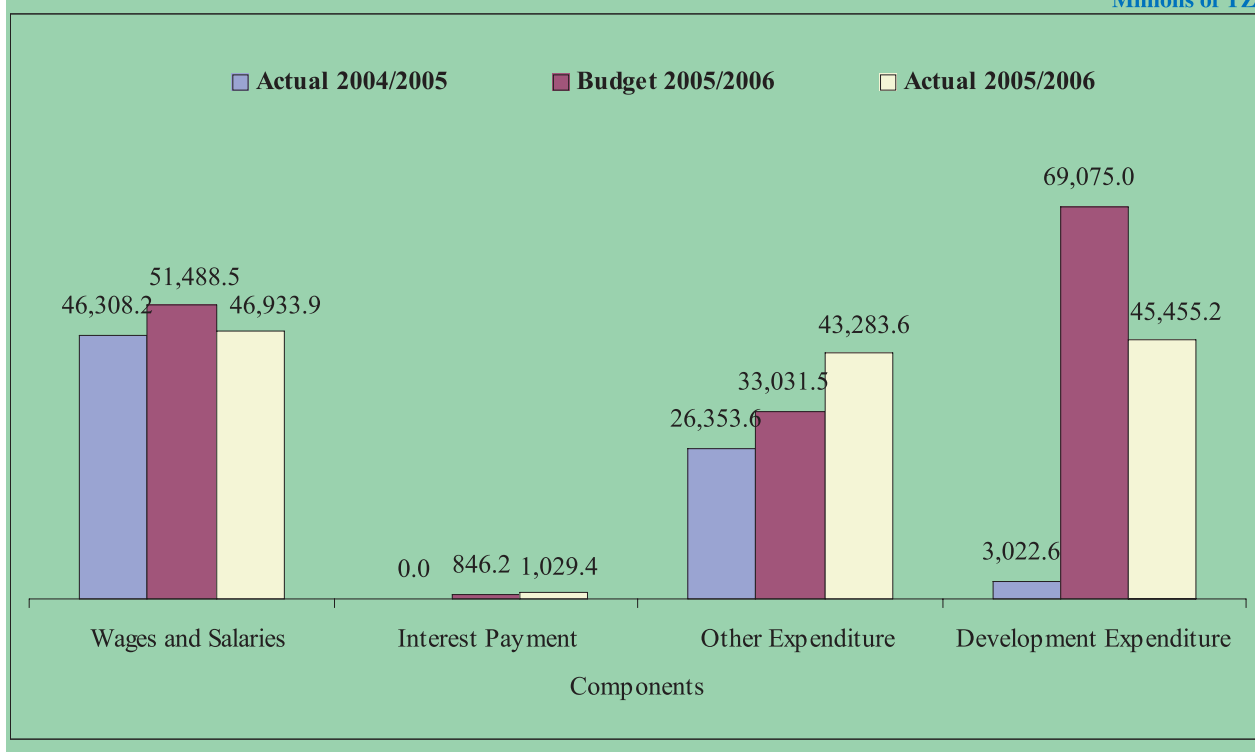
Recurrent expenditure amounted to TZS 91.2 billion accounting for 66.7 percent of

total expenditure. Out of the total recurrent expenditure, 51.4 percent was salary payments while other expenditures amounted to TZS 43.3 billion or 47.5 percent of the recurrent expenditure. Other recurrent expenditures were above the projected TZS 33.0 billion due to increased government commitments. Development expenditure amounted to TZS 45.5 billion accounting for 33.3 percent of total expenditure.

Development expenditure amounted to TZS 45.4 billion, accounting for 69.0 percent of the targeted TZS 65.8 billion. Local component amounted to TZS 1.7 billion or 3.7 percent of total development expenditure, while foreign component amounted to 43.7 billion or 96.3 percent of the total. **(Chart 6.4)**

Chart 6.4: Zanzibar Government Expenditure by Component 2005/06

Millions of TZS



Zanzibar's Macro-economic Objectives for 2006/2007

Box 6a: The 2006/07 Macroeconomic Objectives

- To achieve a GDP growth rate of 6.2 percent in 2006.
- To increase per capita income from TZS 369,000 to TZS 410,000
- To reduce inflation rate to 8.5 percent in 2006 from 9.7 percent in 2005.
- To raise Domestic Revenue to GDP ratio to reach 28.9 percent.

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

- Strengthen operation of the Zanzibar Investment Promotion Authority to attract more credible investors.
- Publicize and promote Zanzibar tourism
- Improve infrastructure developments especially on road construction and maintenance to attract more investment opportunities.

Box 6b: The 2006/07 Budget Estimates

Revenue

During 2006/07, the Government of Zanzibar intends to collect TZS 83.2 billion out of which, TZS 76.7 billion as tax revenue and TZS 6.5 billion from non-tax sources. In order to achieve these targets the Government envisages undertaking below revenue measures:

- Strengthen inspection and valuation on imported goods; especially motor vehicles, petrol and petroleum products.
- Increase control over tax exemption.
- Tax informal small traders basing on estimates.
- Include airport service charge in air tickets.
- Undertake research on revenue from tourism sector
- Improve VAT collection for goods produced in Tanzania Mainland by way of exempting local trade levy.

Expenditure

During 2006/07 the Government will spend TZS 198.2 billion being 25.8 percent higher than the level estimated in the previous year of TZS 157.5 billion and is equivalent to 68.9 percent of GDP. Analysis of the projected expenditure is as follows:

- Recurrent expenditure will amount to TZS 93.8 billion accounting for 47.3 percent of the planned expenditure.
- Development expenditure will amount to TZS 104.4 billion or 52.7 percent of envisaged total expenditure.

Financing

During 2006/07, the Government financing will be sourced from

- External sources - loans and grants amounting to TZS 124.8 billion; out of which TZS 29.2 billion for budgetary support.
- Non-bank borrowing to the tune of TZS 6.8 billion.



Zanzibar Debt Developments

The Zanzibar public debt has been persistently increasing from as low as TZS 99.9 billion (USD 95.4 million) as at end June 2003 to TZS 188.3 billion (USD 167.2 million) as at end June 2005. Debt to GDP increased from 34.8 percent GDP to 54.6 percent in the same period. The external debt has been dominant, accounting for 60.0 percent of the total debt since 2003.

Zanzibar public debt at the end of June 2006 stood at TZS 181.6 billion (USD 144.9 million), registering a decline of 3.6 percent compared with TZS 188.33 billion (USD 167.20 million) recorded at the end of June 2005. The debt to GDP declined to 45.9 percent at the end of June 2006 from 54.6 percent as at end of June 2005. The decline of Zanzibar debt was mainly attributed to debt relief from the African Development Bank. The external debt continued to dominate the debt portfolio, amounting to TZS 110.9 billion (USD 88.5 million), being 61.1 percent of the total debt stock.

Domestic Debt

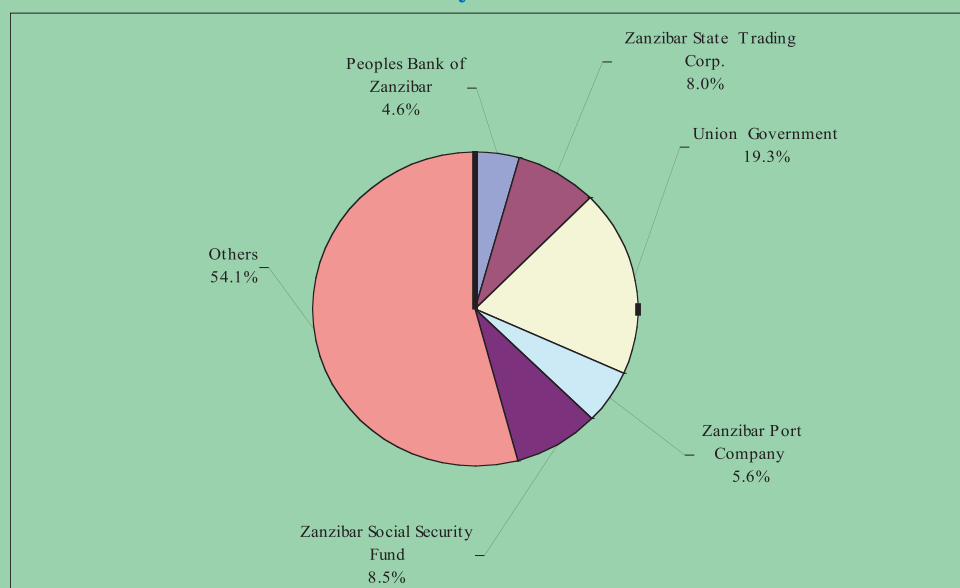
During the year ending June 2006, domestic debt increased to TZS 70.7 billion from TZS 68.1

billion registered in the preceding year. The increase was associated with increase in new borrowing, accumulation domestic suppliers' claims, claims due to gratuity payments, pensioners and new government retirees.

Domestic Debt - By Creditor

Domestic debt by creditor shows that, 'other creditor' category, that is claims from domestic suppliers and pensioners amounted to TZS 38.2 billion accounting for 54.1 percent of the total domestic debt. Union Government debt stood at TZS 13.6 billion, representing 19.3 percent of total domestic debt. Zanzibar Social Security Fund (ZSSF) debt increased to TZS 6.0 billion from TZS 2.2 billion of previous year representing 8.5 percent of total domestic debt. Zanzibar State Trading Corporation (ZSTC) debt amounted to TZS 5.6 billion accounting for 8.0 percent of total domestic debt. Debt due to Zanzibar Port Authority (ZPA) amounted to TZS 3.9 billion representing 5.6 percent of total domestic debt. People's Bank of Zanzibar (PBZ) debt amounted to TZS 3.2 billion, having dropped from TZS 11.2 billion at the end of the previous year due to debt reconciliation. The PBZ debt accounted for 4.6 percent of total domestic debt (**Chart 6.5**).

Chart 6.5: Domestic debt by Creditor as at end – June 2006



Domestic Debt by Instruments

Domestic debt by instruments analysis shows that debt in form of government loans amounted to TZS 21.5 billion, representing 30.4 percent of total domestic debt. Debt in form of other debt instruments (outstanding advances, pensioners' claims and supplier's claims) amounted to TZS 19.1 billion, accounting for 27.0 percent of total domestic debt. Government stocks amounted to TZS 10.0 billion, accounting for 14.2 percent of the total domestic debt. Debt in form of treasury bonds and treasury bills amounted to TZS 12.9 billion and TZS 7.2 billion, accounting for 18.2 percent, and 10.2 percent of total domestic debt, respectively.

Domestic Debt by Maturity

The analysis of domestic debt by maturity indicates that, for the year that ended June 2006, debts with 'undetermined maturity' (pensioner's claims, supplier's credits) continued to be dominant, amounting to TZS 42.3 billion and representing 59.8 percent of the total domestic debt. Debt maturing in less than a year amounted to TZS 18.0 billion accounting for 25.5 percent of the total domestic debt. Debt maturing between 2 to 5 years reached TZS 9.1 billion constituting 12.9 percent of total domestic debt, while debt maturing within

1 to 2 years accounted for 1.8 percent of the total domestic debt, having declined to TZS 1.3 billion from TZS 7.5 billion recorded at the end of June 2005.

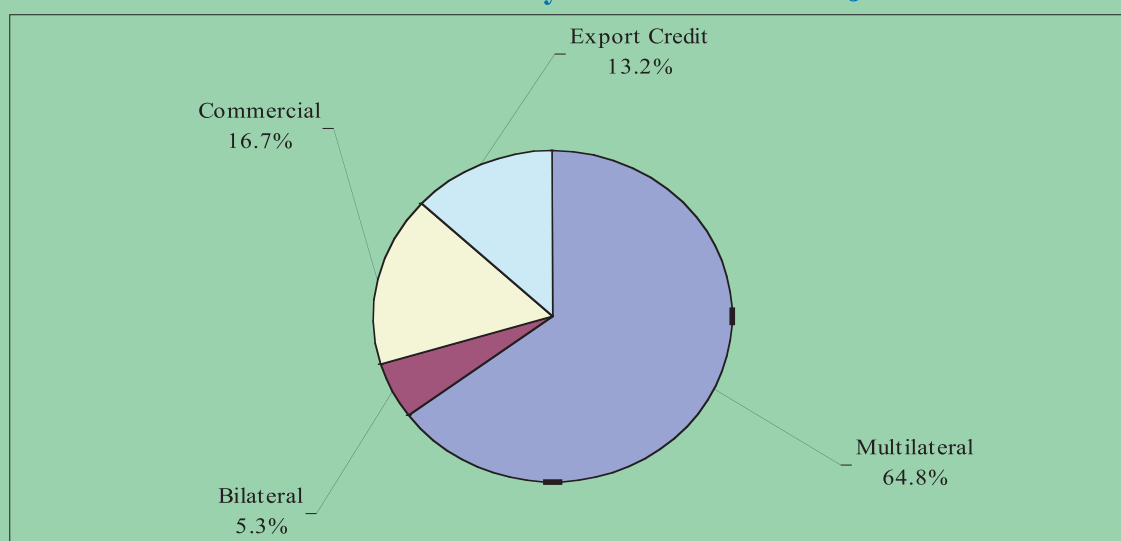
External Debt

During 2005/06 external debt decreased to TZS 110.8 billion or USD 88.5 million from TZS 120.3 billion or USD 106.8 million recorded in the year ending June 2005. The decline was mainly attributed to debt relief from the African Development Bank. The debt accounted for 28 percent of GDP. Out of the total external debt, the sum of USD 71.0 million or 80.2 percent is under Union Government guarantee.

External Debt by Creditor Category

Although the amount of debt owed to foreign multilateral creditors declined from USD 62.6 million at the end of June 2005 due to debt relief by the African Development Bank, the amount remained dominant accounting for 64.8 percent of the total external debt. Claims from bilateral creditors increased to USD 4.7 million from USD 4.5 million due to new loan from Chinese government. Claims due to commercial and export credit accounted for 16.7 percent, and 13.2 percent of total external debt respectively (Chart 6.6).

Chart 6.6: External Debt by Creditor as at end – June 2006



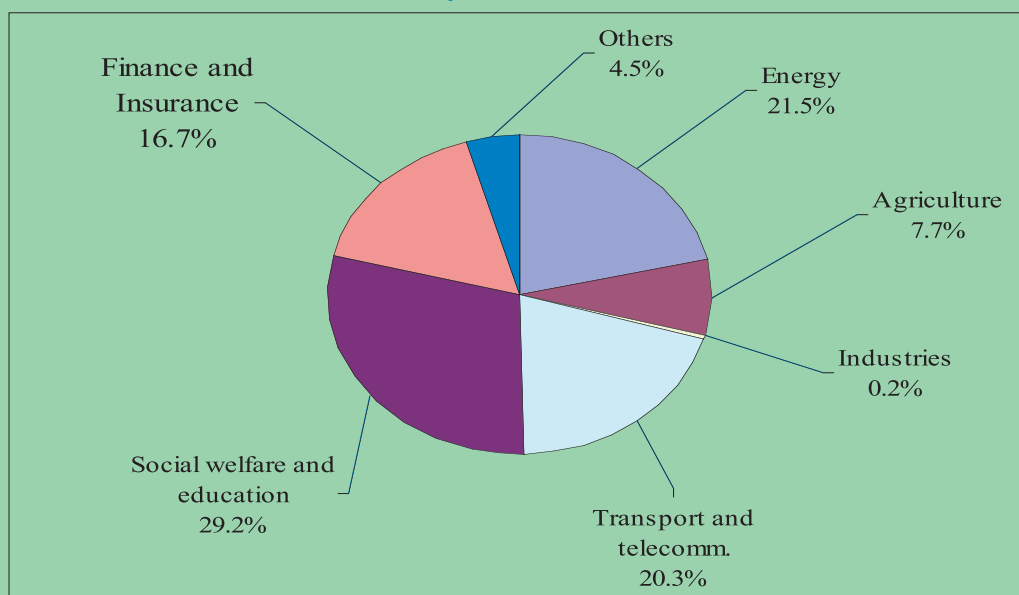


External Debt by Maturity

During the year ending June 2006, the Zanzibar debt was dominated by debts with maturity of above 20 years amounting to USD 51.7 million and accounting for 58.4 percent of total external debt. Debts

USD 6.8 million and USD 0.2 million or 7.7 percent and 0.2 percent respectively. Disbursement to “Other” sectors declined to USD 4.0 million from USD 6.0 million, accounting for 4.5 percent of total external debt (**Chart 6.7**).

Chart 6.7: External Debt by Use of Funds as at end - June 2006



maturing between 5 to 10 years amounted to USD 29.8 million, accounting for 33.7 percent of total external debt while debts with maturity of 10 to 20 years amounted to USD 7.0 million, being 7.9 percent of total external debt.

External Debt by Use of Funds

During the period ending June 2006, Social Welfare and Education sector had the largest share of debt amounting to USD 25.8 million or 29.2 percent of total disbursements. Transport and telecommunications sectors had USD 18.0 million, accounting for 20.3 percent of the total. Energy sector had USD 19.0 million being 21.5 percent of total external debt. Finance and Insurance sector held USD 14.7 million representing 16.7 percent of total external debt. Agriculture and industries held the lowest share, receiving

External Sector Developments

Overall Balance

The Zanzibar's overall external sector position analysis is confined to balance on goods, services and income accounts but excludes capital and financial accounts which are yet to have comprehensive and consistent statistics. The current account (excluding transfers) has been registering widening deficits from as low as USD 21.8 million in 2002 up to USD 50.1 million in 2005. Foreign receipts from services over the same period have, on average, dominated export earnings accounting for 73.6 percent of the total.

During the year ending June 2006, current account deficit improved to USD 48.0 million from USD 50.1 million registered in the previous year. The improvement was



attributed to increase in exports receipts coupled with lower imports bill. Exports receipts rose significantly to USD 85.4 million, from USD 58.9 million recorded in the preceding year; while the import bill rose to USD 133.2 million from USD 109.0 million (**Table 6.6a**).

Exports

During the period under review, Zanzibar exports (fob) rose to USD 11.8 million from USD 9.1 million in 2004/05. Cloves exports increased by 50.4 percent to USD 9.3 million; and accounted for

Table 6.6a: Current Account (Goods, Services and Income)

Millions of USD

Item	Year Ending June					Annual %Change
	2002	2003	2004	2005	2006p	
Exports	53.9	50.1	50.2	58.9	85.4	44.9
Goods	16.0	17.0	13.1	9.1	11.8	30.1
Services	37.7	33.0	37.1	49.8	73.3	47.3
Income	0.2	0.1	0.0	0.0	0.3	
Imports	75.7	80.8	93.1	109.0	133.2	22.2
Goods (fob)	52.0	56.1	64.6	78.9	79.5	0.8
Services	23.6	24.7	28.4	30.0	53.7	79.1
Income	0.1	0.0	0.1	0.1	0.0	-100
Current Account Balance*	-21.8	-30.7	-42.9	-50.1	-47.8	-4.6

GDP (Current prices)

p = Provisional

*Current account balance excludes current transfers

Source: Tanzania Revenue Authority and Bank of Tanzania

Goods Account

Zanzibar goods account for the year ending June 2006 improved marginally to a deficit of USD 67.6 million from USD 69.8 million recorded in the preceding year; mainly on account of clove exports. Cloves exports fetched USD 9.3 million representing 78.4 percent of total goods exports (**Table 6.6b**).

78.4 percent of the total exports. The surge was on account of volume, which increased by 57.6 percent to 3,177 tons from 2,020 tons registered in the previous year. Clove price declined from USD 3,067.9 per ton to USD 2,927.5 per ton in the same period. The increase in volume was associated with availability of sufficient export stocks, due to deterrence measures by the government against clove

Table 6.6b: Goods Account

Millions of USD

Item	Year Ending June					Annual %Change
	2002	2003	2004	2005	2006p	
Exports	16.0	17.0	13.1	9.1	11.8	30.1
Imports (fob)	52.0	56.1	64.6	78.9	79.5	0.8
Trade Balance	-36.0	-39.2	-51.5	-69.8	-67.6	(3.1)

p = provisional

Source: Tanzania Revenue Authority

smuggling Seaweeds exports declined by 23.6 percent to USD 1.4 million due to fall in volume and unit price, associated



with uncompetitive quality.

Export of manufactured goods declined to USD 0.1 million from USD 0.3 million while fish and fish produce rose to USD 0.4 million from USD 0.1 million. Other exports (mainly spices and souvenirs) declined to USD 0.6 million from USD 0.5 million. However, the overall goods export performance remained low, compared to the peak of USD 17.0 million recorded in the year ended June 2003 (**Table 6.6c**).

construction materials to cater for booming construction industry. Import of capital goods accounted for 40.0 percent of the total imports while intermediate goods increased to USD 27.2 million from USD 25.1 million mainly on account of world market oil price increases (**Table 6.6d**).

Table 6.6c: Zanzibar Export by type of Commodity

Millions of USD

	Year Ending June					Annual
Commodity	2002	2003	2004	2005	2006p	%Change
Traditional Exports:						
Cloves						
Value	11.9	12.6	9.5	6.2	9.3	50.4
Volume	2.3	4.4	5.6	2.0	3.2	57.6
Unit Price	5252.2	2847.1	1695.1	3067.9	2927.5	-4.6
Sub Total	11.9	12.6	9.5	6.2	9.3	50.4
Non-Traditional Exports						
Seaweeds						
Value	2.6	2.9	1.6	1.9	1.4	-23.6
Volume	9.9	16.2	7.9	8.7	7.3	-15.4
Unit Price	263.6	177.8	208.0	213.8	193.1	-9.7
Manufactured Goods	1.1	0.7	0.9	0.3	0.1	-56.1
Fish and Fish Produce	0.1	0.1	0.2	0.1	0.4	215.7
Horticultural produce	0.0	0.0	0.0	0.0	0.0	
Others Exports	0.3	0.7	0.9	0.6	0.6	-9.4
Sub Total	4.1	4.3	3.6	2.9	2.5	-12.9
GRAND TOTAL	16.0	17.0	13.1	9.1	11.8	30.1

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

p = Provisional

Source: Tanzania Revenue Authority

Imports

Zanzibar imports averaged USD 72.8 million per annum from 2002 to 2005 out of which consumer goods accounted for 40.0 percent while capital and intermediate goods accounted for 31.8 and 27.8 percent of the total imports, respectively.

During the year ending June 2006 imports increased marginally to USD 87.3 million from USD 86.6 million registered in the year ending June 2005. The increase was attributed to capital and intermediate goods specifically transport equipments, oil imports, building and

Services Account

The services account balance over the past 4 years registered, on average, a surplus amounting to USD 12.7 million per year. During the year ending June 2006 the service account had a lower surplus of USD 19.6 million compared with USD 19.8 million for the year ending-June 2005. The lower balance was mainly associated with substantial increase of foreign payments compared with foreign receipts. Service receipts, which are dominated by travel receipts increased from USD 49.8 million of the previous year to USD 73.3 million and accounted

Table 6.6d: Zanzibar Imports (c.i.f), by Major Categories
Millions of USD

Import Category	Ye ar Ending June					Annual %Change
	2002	2003	2004	2005	2006p	
Capital Goods	13.0	18.9	22.5	33.5	34.9	4.3
Transport Equipments	4.8	5.9	11.5	9.1	10.5	15.7
Building and Constructions	1.5	2.2	2.7	7.9	9.0	13.9
Machinery	6.8	10.8	8.4	16.5	15.4	-6.6
Intermediate Goods	18.4	16.9	16.7	25.2	27.2	8.1
Oil imports	12.3	12.3	12.3	18.6	22.4	20.4
Fertilizers	0.0
Industrial raw materials	6.1	4.6	4.5	6.6	4.8	-26.5
Consumer Goods	25.8	26.0	31.7	28.0	25.2	-10.1
Food and food stuffs	14.3	15.1	21.5	14.6	13.6	-6.8
All other consumer goods	11.5	10.8	10.2	13.4	11.6	-13.7
GRAND TOTAL (CIF)	57.2	61.7	71.0	86.7	87.3	0.8
GRAND TOTAL (FOB)	52.0	56.1	64.6	78.9	79.5	0.8

Note: Value in Millions of USD

p = Provisional

... = Very small value

Source: Tanzania Revenue Authority

for 86.5 percent of total receipts. Major component of foreign payments included travel oriented payments which, increased from USD 30.0 million to USD 53.7 million recorded in the preceding year and accounted for 71.5 percent of total payments (Table 6.6e).

Income Account

The income account balance for the year ending June 2006 registered a surplus of USD 0.2 million from a deficit of USD 0.1 million last year, mainly due to increase in the investment income to USD 0.2 million from USD 0.03 in the year ending June 2005 (Table 6.6e).

Table 6.6e: Services and Income Account
Millions of USD

Item	Ye ar Ending June					Annual %Change
	2002	2003	2004	2005	2006p	
Services & Income Balance	14.3	8.4	8.7	19.8	19.9	0.5
A. Services Account						
Net	14.2	8.3	8.8	19.8	19.6	-0.9
Receipt	37.7	33.0	37.1	49.8	73.3	47.3
Payment	23.6	24.7	28.4	30.0	53.7	79.1
B. Income Account						
Net	0.1	0.1	-0.1	-0.1	0.2	300
Receipt	0.2	0.1	0.0	0.0	0.3	
Payment	0.1	0.0	0.1	0.1	0.0	-86.4

p = Provisional

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



CHAPTER SEVEN

INTERNATIONAL ECONOMIC AND FINANCIAL DEVELOPMENTS

International Economic Developments

Economic Growth

The global economy's growth slowed down slightly from 5.3 percent in 2004 to 4.8 percent in 2005. This resulted from general slow down in growth in most of the advanced economies during 2005 due to continuing rise in the world market prices of crude and refined oil products. Moreover, the effects of Hurricane Katrina in United States and weakening of business confidence further contributed to the slow down. Japan is the only advanced economy, which recorded higher growth rate during 2005 compared to performance in 2004. Developing Asia recorded the strongest performance among all developing regions with 6.5 percent growth. China and India reported outstanding GDP growth in 2005 of 9.9 percent and 7.1 percent respectively. It is worth noting that China has become an increasingly important player in the global economy, especially in Asia. Strong demand for China's exports continues to support its economy [See Table 7.1](#).

The growth of China is important to both advanced and developing economies. In particular, advanced economies benefit from cheaper labour-intensive imports and greater demand for skill-intensive exports, while developing countries benefit from increase in opportunities for exports of primary and manufactured commodities. In addition, the growth has resulted into massive foreign direct investments (FDIs) flows from China to sub-Saharan Africa. To maximize the gains from China's good

performance, countries have to increase flexibility of their economies through structural reforms and speed up their own integration into the global economy.

The growth rate of output in Africa slowed down slightly from 5.5 percent to 5.2 percent in 2005. This was partly ascribed to a fall in agricultural output resulting from prolonged drought in several African countries during the year. However, progress in macroeconomic and structural reforms, including better public expenditure and financial management, and high degree of macroeconomic stability in large number of African countries encouraged economic activity and improved economic welfare. Consequently, the real GDP growth in Africa is projected to be 5.7 percent in 2006.

Higher economic growth rates in 2005 were also achieved in the newly industrialised Asian and ASEAN-4 countries as depicted in [Table 7.1](#). Hong Kong and Singapore grew at 7.3 percent and 6.4 percent, respectively. This development is attributed to a surge in the manufacturing and services sectors, which are driven primarily by robust domestic consumption and strong demand for the countries' exports.

Inflation Rates

During 2005, the global inflation rate rose slightly to 3.8 percent from 3.7 percent recorded during the previous year ([see Table 7.2](#)). Whereas the average inflation rate in advanced economies fell from 3.1

Table 7.1: Rates of Growth of Gross Domestic Product (GDP)

Country	% Change from previous year					
	2001	2002	2003	2004	2005	2006(P)
World	2.4	3.1	4.1	5.3	4.8	4.9
Advanced Economies	0.9	1.6	2.0	3.3	2.7	3.0
Britain	2.1	2.0	2.5	3.1	1.8	2.5
Germany	0.8	0.1	-0.2	1.6	0.9	1.3
Japan	0.4	0.1	1.8	2.3	2.7	2.8
USA	0.5	1.6	2.7	4.2	3.5	3.4
Italy	1.8	0.3	0.1	0.9	0.1	1.2
France	2.1	1.3	0.9	2.1	1.4	2.0
Canada	1.9	3.1	2.0	2.9	2.9	3.1
Euro Zone	1.6	0.9	0.7	2.1	1.3	2.0
European Union	1.7	1.3	1.3	2.5	1.8	2.4
Africa	3.8	3.6	4.6	5.5	5.2	5.7
Sub-Sahara	3.7	3.6	4.2	5.6	5.5	5.8
Developing Asia	5.6	7.0	8.4	8.8	8.6	8.2
China	7.5	9.1	10	10.1	9.9	9.5
India	4.0	4.2	7.2	8.1	8.3	7.3
ASEAN-4	2.6	4.6	5.3	5.8	5.2	5.1
Indonesia	3.5	4.4	4.7	5.1	5.6	5.0
Malaysia	0.3	4.4	5.4	7.1	5.3	5.5
Philippines	3.0	4.4	4.5	6	5.1	5.0
Thailand	2.1	5.3	7.0	6.2	4.4	5.0
Middle East*	4.3	4.3	6.6	5.4	5.9	5.7
Newly Industrialized Asian Economies	1.1	5.3	3.2	5.8	4.6	5.2
Hong Kong	0.5	1.8	3.2	8.6	7.3	5.5
Korea	3.8	7.0	3.1	4.6	4.0	5.5
Singapore	-1.9	4.0	2.9	8.7	6.4	5.5
Taiwan Province of China	-2.2	4.2	3.4	6.1	4.1	4.5

P = Projections

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

Source: IMF World Economic Outlook, April 2006

**Table 7.2: Consumer Price Index**

Country	(% Change)					
	2001	2002	2003	2004	2005	2006(P)
World	4.1	3.4	3.6	3.7	3.8	3.8
Advanced Economies	1.9	1.2	1.9	3.1	2.6	2.8
Britain	1.2	1.3	1.4	1.3	2.1	1.9
Germany	1.9	1.4	1.0	1.8	1.9	1.8
Japan	-0.8	-0.9	-0.3	0.0	-0.3	0.3
USA	2.8	1.6	2.3	2.7	3.4	3.2
Italy	2.3	2.6	2.8	2.3	2.3	2.5
France	1.8	1.9	2.2	2.3	1.9	1.7
Canada	2.5	2.3	2.7	1.8	2.2	1.8
Euro Zone	2.4	2.2	2.1	2.1	2.2	2.1
European Union	2.2	2.2	2.0	2.2	2.2	2.1
Africa	11.8	9.9	10.8	8.1	8.5	9.1
Sub-Sahara	14.8	12.3	13.4	9.7	10.6	10.7
Developing Asia	2.7	2.0	2.5	4.2	3.6	3.9
China	0.7	-0.8	1.2	3.9	1.8	2.0
India	3.8	4.3	3.8	3.8	4.2	4.8
ASEAN-4	6.5	6.0	4.2	4.6	7.5	8.8
Indonesia	11.5	11.8	6.8	6.1	10.5	14.2
Malaysia	1.4	1.8	1.1	1.4	3.0	3.1
Philippines	6.1	2.9	3.5	6.0	7.6	7.4
Thailand	1.7	0.6	1.8	2.8	4.5	3.6
Middle East*	7.1	4.3	6.6	5.4	5.9	5.7
Newly Industrialized Asian Economies	1.9	0.9	1.4	2.4	2.2	2.2
Hong Kong	-1.6	-3.0	-2.6	-0.4	1.1	1.8
Korea	4.1	2.7	3.6	3.6	2.7	2.5
Singapore	1.0	-0.4	0.5	1.7	0.5	2.0
Taiwan Province of China	0.0	-0.2	-0.3	1.6	2.3	1.8

P = Projections

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

Source: IMF World Economic Outlook, April 2006

percent to 2.6 percent in 2005, it recorded a remarkable rise in **ASEAN-4** countries where it rose from 4.6 percent to 7.5 percent during the year. In Euro zone, the rate of inflation rose slightly to 2.2 percent from 2.1 percent while it remained stable at 2.2 percent in the European Union. Inflation rate in African countries rose from 8.1 percent to 8.5 percent during the period. The rise in inflation in Sub-Saharan Africa and South Asia is partly explained by increase in food prices and a surge in the world oil prices, which increased substantially in both regions during the course of 2005. It is however expected that the inflation situation will ease in 2006 as crops supply improve.

As a result of the surge in world oil prices, net oil-importing countries experienced deterioration in their balance of payments

and downward pressure on exchange rates. The adverse economic impact of higher oil prices on oil-importing and poor indebted countries is more severe. The Sub-Saharan countries with more oil-intensive and fragile economies experienced much severe adverse economic impact from high oil prices. For instance, Tanzania spent 7 percent of GDP on oil imports in 2005 up from 5 percent in 2004. As a result the value of oil import to total import bill rose to 20.3 percent in 2005 from 16.7 percent in 2004.

Monetary Policy Developments

The subdued response of inflation allowed monetary and fiscal policy to remain relatively accommodative

in advanced economies as both long-term and short-term interest rates rose slightly during 2005. The US Federal Reserve raised its policy rate by 25 basis points each in thirteen occasions from 1.0 per cent in June 2004 to 4.25 per cent by December 2005. On the other hand, the Bank of England kept its repo rate unchanged at 4.50 per cent since August 2005 in response to slowing domestic growth. The high interest rates in the U.S. adversely affect developing countries with large external debt burden denominated in U.S. dollar since they affect the countries' balance sheets and thus add to their intrinsic macroeconomic volatility and difficulty in servicing and repaying their debts. This is particularly difficult for countries with limited trade openness hence scanty foreign exchange generated through exports.

During 2005, the European Central Bank (ECB) raised its policy rate by 25 basis points in response to rising inflationary expectations, after holding it unchanged at 2.0 percent since June 2003. Monetary policy has been tightened in several economies in emerging Asia, primarily in response to higher fuel prices and to tight monetary stance in the US. Monetary authorities in Singapore and Hong Kong raised their policy rates by 187 basis points and 200 basis points, respectively, during the year to December 2005. In Malaysia, the policy rate was hiked to 3.0 percent in November, 2005. In emerging market economies in general, the direction of policy change has been towards either tightening or withdrawal of the accommodative stance.

World Trade Development

Overall, merchandise trade growth rate slowed in 2005 to 8.9 percent as compared to 11.8 percent in 2004. Most of the slowdown occurred during the first

half of the year and among high-income countries. In 2005, world trade, as measured by merchandise exports, grew by 6 percent in real terms (at constant prices, i.e. volumes adjusted to take account of price changes), after an exceptional 10.5 percent expansion recorded in 2004. The slowdown reflected a weaker world economy, and was observable from mid-2004.

Europe's trade performance was sluggish in 2005, in line with its overall economic performance. Export and import growth were weaker than in all other regions in terms of both goods and services.

Likewise, the rise in North America's merchandise and services exports remained slightly below the global expansion rate.

In contrast, China's export volume expanded by 27.8 percent in 2005, almost exactly as fast as in 2004. Other developing countries maintained their market share with their export volumes increasing by 10.3 percent, only slightly lower than the growth rate recorded a year before.

The rapid increase in the market share of China and other developing countries resulted from the exploitation of pre-existing competitive advantages that have been exposed by market liberalization and domestic policy reforms.

Sectorwise, the share of fuels and other mining products in world merchandise trade rose to 16 percent in 2005, the highest level since 1985. Within the manufacturing sector, iron and steel products and chemicals registered the largest export value increases. However, the share of agricultural products in world merchandise exports decreased to a historic record low of less than 9 percent. This was mostly due to weak and



stagnating prices for food and agricultural raw materials as contrasted with a further sharp rise in metals and fuels prices.

Global Foreign Direct Investment flows grew by nearly 30 percent in 2005 to about USD 900 billion. There were strong increases in flows to Africa and the Middle East. China remained the major destination of FDI to the developing world, securing FDI worth USD 60 billion.

International Foreign Exchange Markets

Bilateral exchange rate fluctuations were significant in 2005. In the course of the year, the Euro, the British pound and the Japanese yen depreciated vis-à-vis the dollar, reversing the appreciation, which had occurred throughout 2004. However, the period average exchange rates of these currencies to the US dollar remained largely unchanged in 2005 when compared to the preceding year level. On the other hand currencies of a number of major natural resource exporting countries such as Australia, Brazil, Canada, Chile and Mexico, appreciated by between 3.5 percent and 17 percent.

Due to high US trade and budget deficits and declining investor confidence in US bonds, stocks and currency, the dollar has been losing value, weakening its status as the world's major currency. The US trade deficit corresponded to slightly less than 6 percent of US gross domestic product (GDP). It was also about 6 percent of world merchandise and commercial services exports. The widening of the deficit in 2005 was due to a strong rise in private consumption and investment and rise in world crude oil price.

Regional Economic Developments

Tanzania continued to integrate her economy with regional blocs. The country maintains its membership with the Indian Ocean Rim – Association for Regional Cooperation (IOR-ARC), the Southern African Development Community (SADC) and the East African Community (EAC). The country continued to implement all programmes under SADC and the EAC during the year 2005. More specifically, it effectively participated in the implementation of the Protocol on the establishment of the EAC Customs Union (EAC-CU) that began effective January 1st 2005 and in the EAC meetings to discuss the application for admission into the bloc submitted by the Republic of Rwanda and Burundi. The Republic of Rwanda is likely to be admitted by end of 2006, but its entry will depend on the outcome of the meeting of the Heads of States of the EAC countries to be convened in November 2006. In addition, the Community started preparation of another Five Year Development Strategy after completion of the 2001-2005 strategy that founded the Joint Customs Protocol and laid down a foundation for creation of the Joint East African Market. The SADC partner states celebrated 25th anniversary and approved a 15-year project of constructing its headquarters in Gaborone, Botswana. The member states also agreed on procedures for resolving commercial disputes with the aim of enhancing the SADC Protocol on Trade. During the same period, the SADC Secretariat completed procedures for connecting Tanzania into the Southern African Power Pool (SAPP).

Southern Africa Development Community (SADC)

Macroeconomic performance Macroeconomic performance in SADC region worsens except for GDP growth

Macroeconomic performance among the SADC member states was characterised by positive GDP growth, high inflation, worsening current account balances, widened fiscal deficits and deterioration of foreign reserve assets. South African economy remained dominant as it enjoyed an elephant share in the regional GDP. Zimbabwe and Seychelles continued to record a negative real GDP growth and the rate of inflation in Zimbabwe skyrocketed simultaneous with the regional trend.

Gross Domestic Product (GDP)

Real GDP growth maintained in most of SADC countries

The GDP growth among the SADC member states during 2005 exhibited a

mixed trend. On average, the GDP growth rate in the region remained at 4.3 percent in 2005 as in 2004. The positive growth of real GDP was influenced by high growth in Angola, Botswana, Mozambique and South Africa. However, the growth achievements were not uniform across the region as Swaziland, Tanzania and Zambia experienced marginal increases in GDP growth. Seychelles and Zimbabwe continued to experience economic decline with Zimbabwe's growth aggravated mostly by persistent drought, political instability and economic sanctions imposed by the Commonwealth countries. Sources of GDP growth for most of the SADC countries during 2005 were secondary sectors including mining, construction and manufacturing as well as better management of the monetary and fiscal policies. It is important to note that good performance of the secondary sectors is due to increased foreign investment inflow into the region following favourable environment including effective macroeconomic policy management and promoting good governance (see Table 7.3). Contribution

Table 7.3: Percentage Growth of Real GDP for SADC Countries, 2000 – 2005

Country	Percent					
	2000	2001	2002	2003	2004	2005
Angola	3.6	5.2	15.5	3.4	11.7	15.5
Botswana	7.3	9.1	1.6	9.5	3.4	8.4
DRC	-6.9	-2.1	3.5	5.8	6.6	6.5
Lesotho	1.3	3.2	3.5	3.3	3.2	1.2
Madagascar	N/A	6.0	-12.7	9.0	5.3	5.1
Malawi	0.8	-4.1	2.1	3.9	5.1	2.1
Mauritius	9.5	5.4	2.1	4.4	4.7	2.7
Mozambique	1.9	13.1	8.2	7.9	7.5	8.1
Namibia	3.5	2.4	2.5	3.7	4.4	3.1
Seychelles	4.2	-2.2	1.3	-6.3	-2.0	-3.0
South Africa	4.2	2.7	3.7	3.0	4.5	5.0
Swaziland	2.0	1.8	2.8	2.4	2.1	2.2
Tanzania	4.9	5.7	6.2	5.7	6.7	6.8
Zambia	4.0	5.0	3.3	4.0	5.0	5.1
Zimbabwe	-7.9	-2.8	-5.7	-8.3	-2.5	-4.2
SADC Average	2.3	3.0	3.6	3.0	4.3	4.3

Source: Statistics for SADC Countries

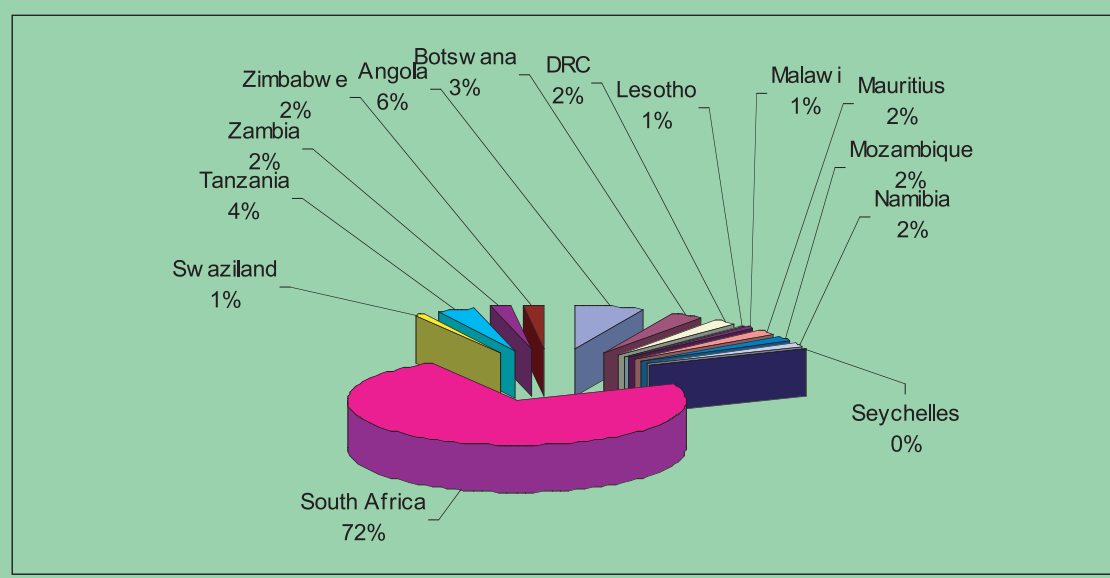


of agriculture however declined due to low agricultural production that brought about food shortage and low supply of raw materials to domestic industries.

Growth of GDP in the SADC region was largely driven by South Africa's growth due to its large share in SADC countries GDP. South Africa accounted for about 72 percent of SADC GDP in 2005. Other strong economies in the region are Angola and Tanzania with 6.0 and 4.0 percentage shares of GDP, respectively (see [Chart 7.1](#)).

GDP declined to 1.1 percent in relation to the deficit of 1.5 percent in 2004. The impressive performance follows surplus current accounts recorded by Zambia, Botswana, Angola, Namibia and Lesotho mainly on account of good performance in mining and tourism sectors. Impressive performance of Zambia's current account was contributed by high growth of cobalt/copper, electricity, tobacco, flowers and cotton exports. Other SADC member states registered widening deficits reflecting weak export capacity,

Chart 7.1: Shares of GDP in SADC Countries in 2005



External Sector

The external sector performance for the SADC region in 2005 was impressive. The current account deficit as a percentage of

unfavourable terms of trade for traditional commodities, low agricultural production, food shortage and high oil prices. Notable decline in the current account balance were recorded in Mozambique, Botswana, Zimbabwe, Malawi and Swaziland (see [Table 7.4](#)).

Table 7.4: Current Account as Percentage of GDP in SADC Countries, 2000-2005

Country	2000	2001	2002	2003	2004	2005
Angola	-9.0	-14.5	-1.3	-5.2	3.5	7.8
Botswana	9.7	10.9	11.6	11.0	31.6	13.3
DRC	1.0	-4.0	-4.0	-1.1	-3.9	-3.5
Lesotho	-18.2	-12.7	-16.1	-14.7	-4.7	1.6
Madagascar	N/A	-1.3	-6.0	-4.9	-10.8	-12.7
Malawi	-10.9	-10.5	-19.4	-24.2	-17.7	-26.8
Mauritius	-0.8	6.1	5.2	1.8	-1.8	-5.0
Mozambique	18.3	17.1	24.7	16.7	10.1	-38.5
Namibia	7.0	2.0	2.2	4.0	4.2	3.5
Seychelles	-8.0	-17.0	-16.3	-2.8	0.7	-2.3
South Africa	-0.1	0.1	0.6	-1.3	-3.4	-4.2
Swaziland	-19.6	-4.5	4.8	1.9	1.7	-1.4
Tanzania	-5.5	-5.1	-2.6	-2.6	-9.9	-10.6
Zambia	30.0	28.0	-32.0	-34.0	-13.8	80.8
Zimbabwe	-2.0	-16.0	-6.0	-6.0	-9.0	-19.0
SADC	-0.6	-1.4	-3.6	-4.1	-1.5	-1.1

Source: SADC and World Economic Outlook Database

The East African Community (EAC)

Macroeconomic performance in EAC Countries

In 2005, the EAC partner states continued to implement programmes that are aimed at strengthening the integration with the objective of attaining a political federation by 2010 and achieve convergence on macroeconomic indicators in the region. Specifically, they have continued with implementation of reform measures such as conduct of prudent monetary and fiscal policies as well as creation of favourable environment for external trade and foreign investments. As a result, they have consistently enjoyed considerable macroeconomic stability. The partner states have entered into a second year of implementation of the EAC-CU that started effective January 01, 2005. Despite the acute drought and rising world oil prices, the countries were able to attain a relatively better macroeconomic

performance especially in areas of GDP growth, regional trade balance, and debt stock position as compared to 2004.

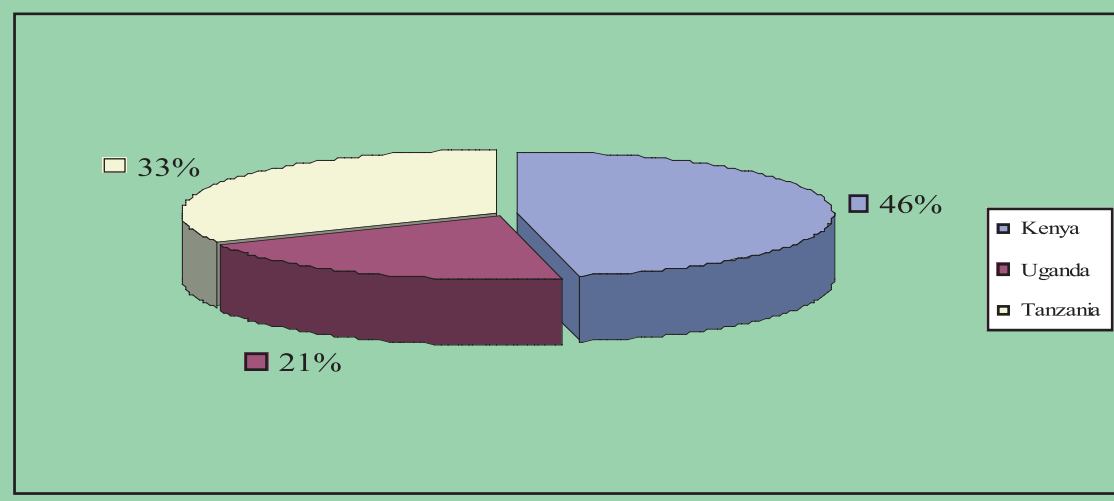
Gross Domestic Product (GDP)

On average, the real GDP for the EAC countries has kept on growing for the past five years. During 2005, real GDP growth was 6.2 percent compare to 5.7 percent in 2004. The Kenyan economy continued to enjoy the largest share of the total GDP over the other economies within the region accounting for about 46 percent of EAC GDP followed by Tanzania that accounted for 33 percent (**Chart 7.2**).

Tanzania continued to maintain the highest real GDP growth rate of 6.8 in the region as compared to its counterparts: Uganda with 6.1 percent and Kenya with 5.8 percent. The good performance was attributed to a remarkable growth in tourism, manufacturing, mining, construction and wholesale and retail trade. Tanzania's Agricultural sector growth declined by



Chart 7.2: Share of GDP for EAC Countries in 2005

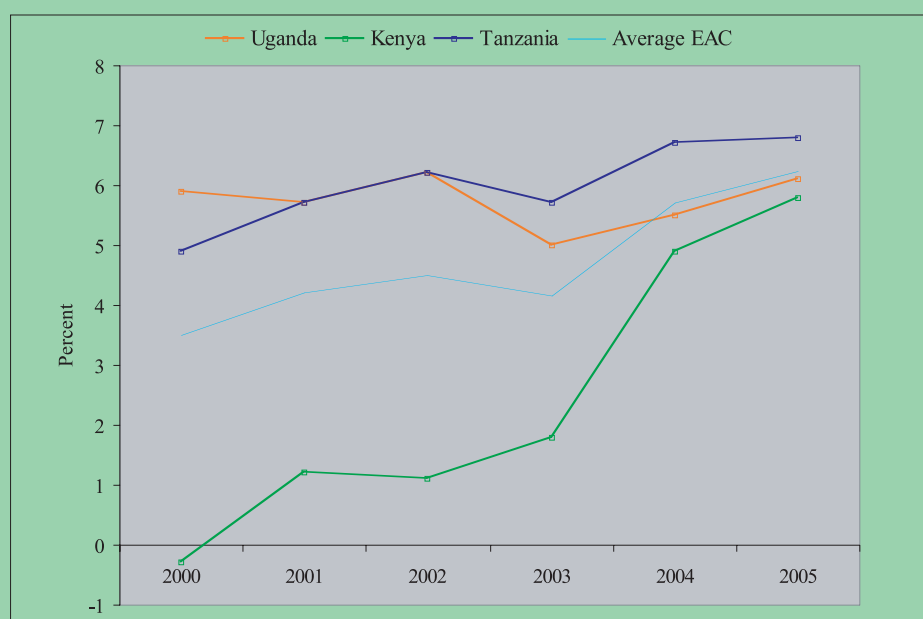


0.6 percent in 2005 compared to growth of 5.8 percent in 2004. Consequently, its contribution to GDP fell by 0.7 percent. During the review period, the real GDP growth for Uganda increased by 0.6 and that of Kenya by 1.0 percent, mainly on account of an impressive performance in the secondary sectors. For the past six years, Kenyan economy has continued to grow although below average while Tanzania consistently grew above the average see [Chart 7.3](#).

Inflation

Inflationary pressures in the EAC region exploded in 2005 mainly on account of persistent drought and rise in oil prices that pushed the average rate of inflation up from 7.1 percent in 2004 to 9.1 percent in 2005. The situation was more critical for prices of food items that account for over 50 percent of the National Consumer Price Index (NCPI), but low inflationary pressures in non-food prices dampened

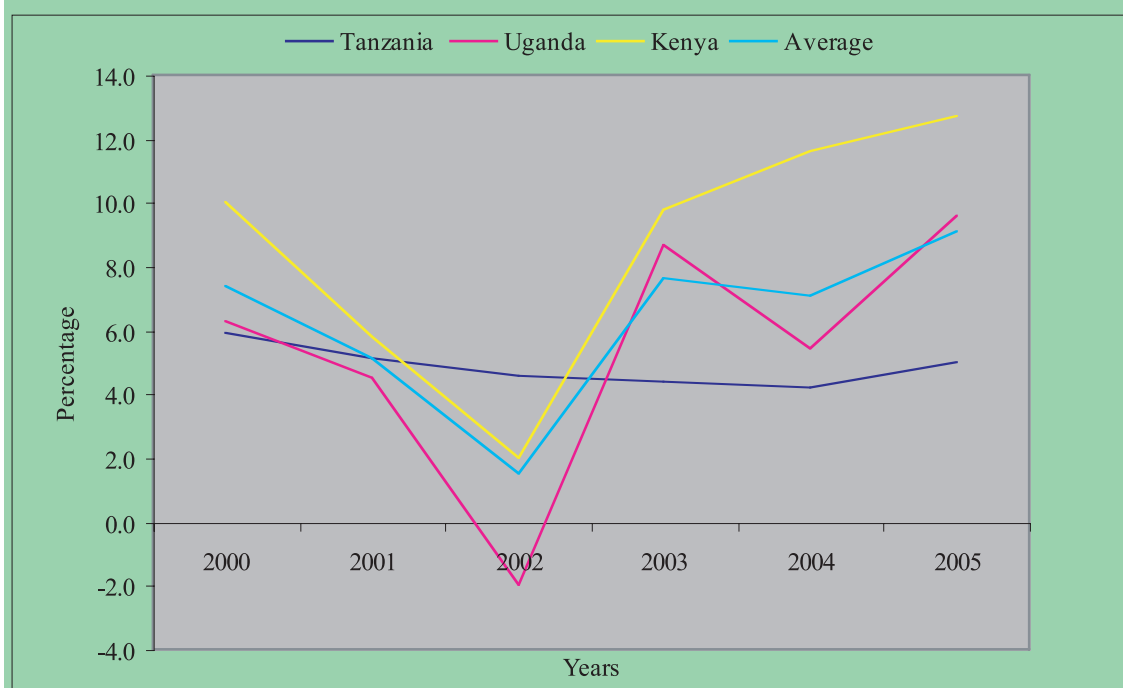
Chart 7.3: Real GDP Growth Rates for EAC Countries, 2000 - 2005



its impact. The EAC countries also continued to pursue sound monetary and fiscal policies that enabled them to reduce inflation pressure. Tanzania recorded a 0.8 percent increase in its inflation in 2005, which was relatively lower than the regional average increase. The rate of inflation in Uganda showed a mixed trend

while that of Kenya kept on increasing and has stayed above the average since 2003 (**Chart 7.4**). The higher inflation in Kenya increases the likelihood that it could be exported to its neighbours through regional trade where Kenya is the net exporter.

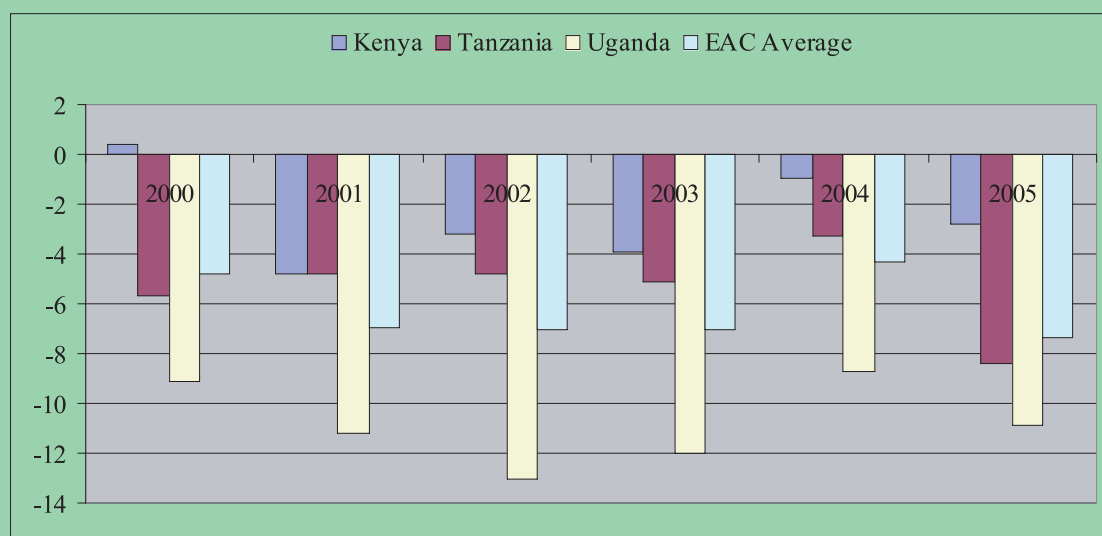
Chart 7.4: Annual Average Rates of Inflation for EAC Countries, 2000 - 2005



Fiscal Performance

During 2005, average fiscal deficit for EAC partner states deteriorated by almost 3.0 percent compared to levels recorded in 2004. While the agreed convergence level of fiscal deficit (excluding grants) for EAC countries is below 5.0 percent of GDP, the average deficit in 2005 was 7.4 percent. All the partner states recorded higher fiscal deficit in 2005 compared to the previous year with Tanzania and Uganda registering levels above average. In the past five years, Uganda's fiscal deficit has been higher than its counterparts (**see Chart 7.5**). The lowest fiscal deficit for 2005 was attained by Kenya reflecting relatively adequate

domestic capacity to finance its budget compared to its counterparts who mostly receive huge foreign grants for budget support. The widened mismatch between revenue and expenditure estimates for the EAC countries in 2005 is explained by high expenditure on food imports and reduced power generation capacity. The countries through their respective revenue authorities increased efforts to collect revenue. Likewise, governments were committed to undertake effective management of fiscal policies. Tanzania, for instance, continued to pursue the Cash Budget system, employ an Integrated Financial Management System (IFMS) and ensure effective management of the public procurement procedures.


Chart 7.5: Fiscal Deficit* as a percentage of GDP, 2000 - 2005


*Excluding grants

External Sector

Current account deficit (excluding grants) as a percentage of GDP in the EAC region continued to rise. On average, the EAC recorded current account deficit that was 0.5 percent of GDP higher than the deficit recorded in 2004 essentially due to increased import bill for oil and food items (Table 7.5).

declined from 12.6 percentage of GDP in 2004 to 12.2 percent in 2005. Kenya registered the lowest deficit of about 3.2 percent of GDP because of its stronger growth in exports hence stable Kenyan shilling over major currencies. Kenya remained a net exporter in the region (Table 7.5)

Table 7.5: Current Account Balance as a Percentage of GDP, 2000 - 2005

Country	2000	2001	2002	2003	2004	2005
Tanzania	-7.4	-6.9	-4.2	-6.3	-7.8	-9.8
Kenya	-3.4	-4.3	-2.5	-1.1	-3.3	-3.2
Uganda	-10.7	-14.3	-13.0	-12.9	-12.6	-12.2
Average EAC	-7.2	-8.5	-6.6	-6.8	-7.9	-8.4

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

While other EAC partner states have recorded some improvement in the current account deficit, the Tanzania's current account worsened. The worsening of the current account led to further depreciation of the Tanzanian shilling against major currencies, particularly the US dollar, Euro and Sterling pound. The Uganda's external position improved as the deficit

Intra-regional trade

In the review period, Kenya continued to dominate in the regional trade exporting more to its neighbour countries than it imports. Trade balance between Kenya and Tanzania remained negative in favour of Kenya. However, between 2001 and 2003, Tanzania's trade balance improved by about 83 percent, but later deteriorated

by almost 93 percent between 2004 and 2005. Tanzania has consistently remained a net exporter to Uganda for the past four years ([Table 7.6](#)).

therefore implementation of the EAC-CU that started effective January 01, 2005 is expected to improve export capacities of the three countries in the region. In

Table 7.6: Tanzania's Trade with Kenya and Uganda, 2000 – 2005
(Millions of USD)

With Kenya						
	2000	2001	2002	2003	2004	2005
A. Exports to Kenya	32.1	38.1	35.3	77.7	78.8	71.82
B. Imports from Kenya	93.1	203.4	95.2	105.1	117.3	146.11
Trade Balance (A-B)	-61.0	-165.3	-59.9	-27.4	-38.5	-74.29
With Uganda						
A. Exports to Uganda	8.5	5.5	5.5	8.5	11.9	18.9
B. Imports from Uganda	5.6	11.4	2.6	7.5	6.9	4.8
Trade Balance (A-B)	2.9	-5.9	2.9	1.0	5.0	14.1

Sources: BOT Economic and Operations Reports (various), IFS and TRA

Kenya enjoys the largest share in the regional trade, followed by Tanzania and then Uganda. This implies that Kenya has a stronger export capacity than the two countries arising from its extensive manufacturing base. More than 95 percent of Tanzania's imports are from Kenya while over 80 percent of Tanzania exports go to Kenya. As compared to Kenya and Tanzania, Uganda features relatively less prominently in regional trade. Nonetheless, the inception and

particular, the EAC-CU agreement allows for a zero tariff on exports from Tanzania and Uganda to Kenya and hence provides an opportunity for growth of their exports over the dominant Kenya and therefore narrowing of their trade deficits. Note that Kenya's exports to the other EAC countries are subjected to an asymmetric 5 percent tariff that is scheduled to decline over a period of five years from the onset of the EAC-CU [see Table 7.7](#).

Table 7.7: Tanzania's Shares of Trade with Kenya and Uganda, 2000 - 2005

Country	2000	2001	2002	2003	2004	2005
Shares of exports to:						
Kenya	79.1	87.4	86.5	90.1	86.9	79.2
Uganda	20.9	12.6	13.5	9.9	13.1	20.8
Total	100.0	100.0	100.0	100.0	100.0	100.0
Shares of imports from						
Kenya	97.9	94.1	94.3	94.7	97.2	96.8
Uganda	2.1	5.9	5.7	5.3	2.8	3.2
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: BOT and Tanzania Revenue Authority (TRA)



Foreign Exchange Reserves

Stock of foreign exchange reserves for the EAC countries during 2005 decreased to an average of USD 1,768.2 million from USD 2,029.3 million in 2004 that represented 5.1 months of imports. In 2005, Tanzania continued to accumulate reserves above average relative to the other EAC partner states with USD 2,180.1 million while Kenya accumulated USD 1,798.82 million and Uganda had USD 1,325.6 million. In terms of months of import cover, all the partner states have recorded a decline. The decrease in reserves is attributed to increased import bills particularly of food items and oil following drought and high oil prices.

Debt Stock

The debt stock as a percentage of GDP for EAC countries has kept on declining since 2003 from 73.9 percent to the average of 58.7 percent in 2005. Between

2004 and 2005, the average EAC debt stock decreased by 8.5 percent of GDP. Uganda recorded a marginal decrease in its debt stock from 50.75 percent in 2004 to 50.45 percent in 2005. Tanzania recorded the highest decline in debt to GDP ratio to approximately 70 percent in 2005 from 88.9 percent in 2004. Kenya registered a 6.4 percent decline in 2005 from the debt stock of 62.0 percent of GDP 2004. The improvement in debt burden is mainly on account of continued debt servicing and debt relief granted under the HIPC initiative and the Non-Paris club bilateral creditors initiatives. The debt relief granted to these countries is in the form of debt cancellation, debt re-scheduling and swapping. The eligibility criteria for debt relief include better management of macroeconomic policies, good governance and sound poverty reduction programmes.



PART II

BANK OF TANZANIA OPERATIONS



FINANCIAL MARKETS DEVELOPMENTS

During the financial year ending June 2006, two key policy developments were undertaken:

- Minimum threshold for participation in the government securities auctions was initially lowered from TZS 100 million to TZS 50 million and later on to TZS 5 million in order to broaden participation by direct investors in the primary market.
- Liquidity management cost sharing arrangement between the government and the Bank was introduced. The Bank's share on liquidity management cost is currently limited to 15 percent of total annual revenue.

Overall Objectives

The Bank set out to meet the following core objectives relating to financial markets during 2005/06:

- Conduct open market operations using liquidity papers and vertical repurchase agreements (Repos).
- Manage government debt by

auctioning Treasury bonds and rolling over financing papers.

- Develop the secondary market trading in government securities, implement monetary policy programmes, and ensure smooth development of the inter-bank foreign exchange market.

Liquidity Management

Treasury bills

During 2005/06, total treasury bills sold as liquidity papers amounted to TZS 1,307,758.4 million (cost value) lower by 4.2 percent when compared with the amount sold during the previous year. The decrease in amount sold is mainly due to under-subscriptions recorded in some of the auctions and a portion of liquidity papers converted into financing papers at the beginning of the financial year see **Table 1**.

Table 1: Liquidity Papers Sales

Millions of TZS

Item	2004/05	2005/06	% Change
35-days	321,169.6	254,211.2	-20.9
91-days	461,617.7	493,384.9	6.9
182-days	320,008.8	192,627.0	-39.8
364-days	261,991.0	367,535.3	40.3
Total	1,364,787.0	1,307,758.4	-4.2

Source: Bank of Tanzania



Debt Management

Treasury Bills

During the period, total treasury bills sold as financing papers for debt management were worth TZS 642,674.5 million

representing a 99.4 percent increase compared with the amount sold during the previous year for the same purpose. The increase is due to liquidity papers converted into financing papers under the cost sharing arrangement between the Bank and the government.

Table 2: Financing Papers Sales

Millions of TZS

Item	2004/05	2005/06	% Change
35-days	0	0	0.0
91-days	0	0	0.0
182-days	160,640.9	328,231.6	104.3
364-days	161,654.6	314,442.9	94.5
Total	322,295.5	642,674.5	99.4

Source: Bank of Tanzania

Treasury Bonds

During the year ending June 2006, total treasury bonds sold amounted to TZS 260,716.3 million, recording an increase

of 167.6 percent when compared to the amount sold in the previous year. Demand increased significantly for all maturities due to high yield to maturity recorded. Treasury bond market performance in terms of tenure is shown in **Table 3**.

Table 3: Treasury Bonds Performance by Tenure

Millions of TZS

Tenure	Description	2004/05	2005/06	% Change
2-years	Offered	59,200.00	54,000.00	-8.78
	Tendered	55,610.00	269,478.5	384.59
	Successful	53,860.50	150,003.60	178.50
	Sales (CV)	50,007.46	128,923.82	157.81
	Interest	4,065.82	6,833.61	68.08
	Redemption	53,731.40	0.00	-100.00
5-years	Offered	45,800.00	52,000.00	13.54
	Tendered	27,176.00	68,754.20	153.00
	Successful	28,676.00	42,128.70	46.91
	Sales (CV)	27,099.28	32,486.74	19.88
	Interest	10,709.48	5,589.19	-47.81
7-years	Offered	25,400.00	44,000.00	73.23
	Tendered	10,507.90	53,919.00	413.13
	Successful	9,350.00	38,309.00	309.72
	Sales (CV)	8,947.21	27,329.34	205.45
	Interest	8,493.58	4,607.91	-45.75
10-years	Offered	20,900.00	32,000.00	53.11
	Tendered	5,545.20	42,983.40	675.15
	Successful	5,540.10	30,275.00	446.47
	Sales (CV)	5,186.59	21,643.73	317.30
	Interest	5,970.38	5,329.59	-10.73

Note: CV = Cost Value

Source: Bank of Tanzania



Outstanding Government Securities

As at end June 2006, the stock of outstanding liquidity papers was TZS 703,603.8 million, which is 14.3 percent above the closing stock position of TZS 615,736.9 million at the end of June 2005. The stock of financing papers by the end of June 2006 was TZS 647,091.0 million, marking an increase of 131.9 percent when compared to the stock of TZS 279,068.1 million at the end of the previous financial year. The increase was mainly due to stock of liquidity papers converted into financing papers in the beginning of financial year 2005/06.

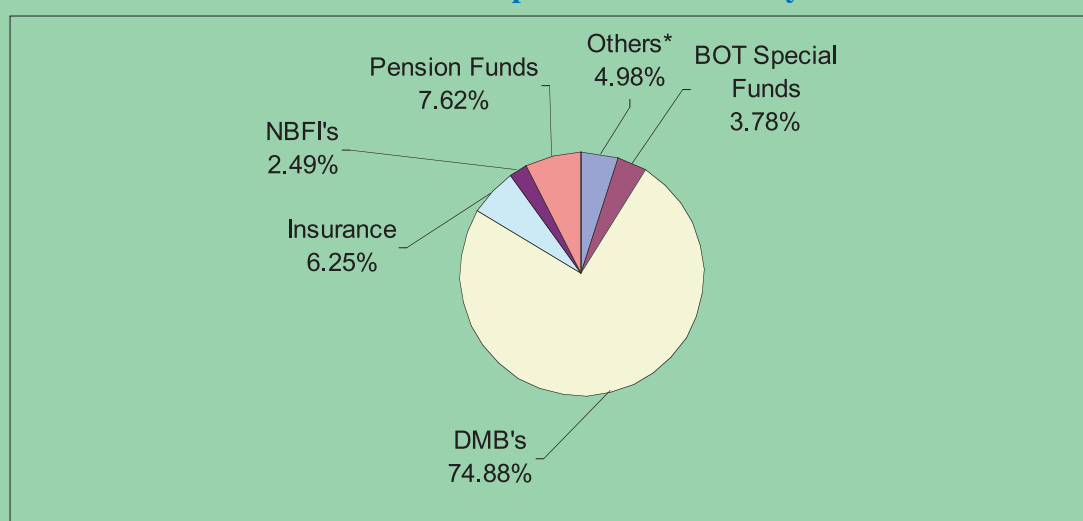
Participation

Treasury Bills Market

A breakdown of successful bids shows that deposit money banks took the largest share by accounting for 74.9 percent of the total successful treasury bills. Pension Funds and Insurance Companies followed this category with 7.6 percent and 6.3 percent, respectively. BoT Special Funds, Non-Bank Financial Institutions and others had 3.8 percent, 2.5 percent and 5.0 percent, respectively, as depicted in (Chart 1).

Government Securities Market

Chart 1: Successful Participants in the Treasury Bills Market



Others include Official Entities and Individuals.

Table 4 below shows the yield spread of treasury bills for the current year in

comparison to the previous year.

Table 4: Treasury Bills Yields Spread

Maturity	2004/05		2005/06	
	Range in %	Spread	Range in %	Spread
35-days	5.24 – 9.06	3.82	7.17-6.44	0.73
91-days	7.40 – 10.22	2.82	10.35-7.83	2.52
182-days	7.92 – 10.40	2.48	10.53-8.49	2.04
364 days	7.99 – 11.91	3.92	11.92-9.63	2.29

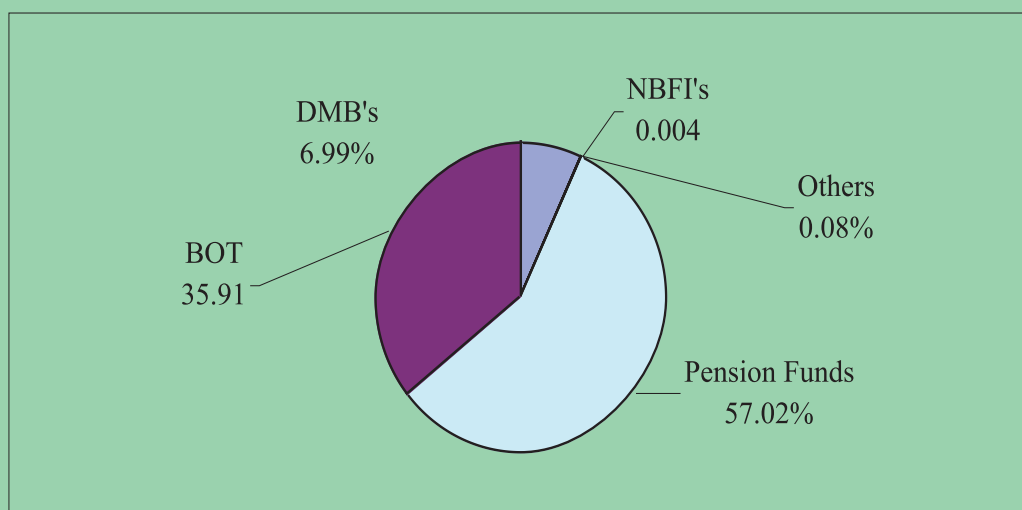
Source: Bank of Tanzania

Treasury Bonds Market

Pension Funds were the dominant participant in the treasury bonds market with 57.2 percent, despite the reduction in their share from the previous year by

4.0 percent. Deposit money banks' share decreased by 2.9 percent to 7.0 percent from 9.8 percent recorded in the previous year while BOT share rose to 36.0 percent due to new bonds acquired in building up its portfolio of securities for open market operations. **(Chart 2).**

Chart 2: Successful Participants in the Treasury Bonds Market



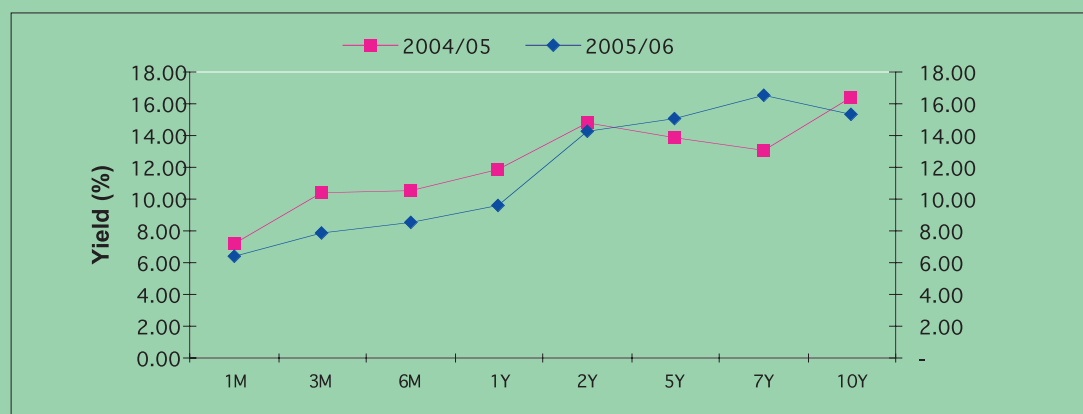
Trend of Yields

Government Securities

The yields for treasury bills rose during the period under review, compared to yields registered during the year ending June 2005 **(see Chart 3)**. Yields for individual maturities increased steadily from 7.2

percent to 9.3 percent for 35-day treasury bills; from 10.4 percent to 14.8 percent for 91-day bills; from 10.4 percent to 14.6 for 182-day bills; and from 11.9 percent to 15.8 percent for 364-day treasury bills between July 2005 and February 2006. The yields declined slightly during the last quarter of the year. **Chart 3** depicts the yield curve of government securities for 2004/05 and 2005/06.

Chart 3: Government Securities Yields Curve





Treasury bonds yields showed an upward trend due to lower prices quoted

(discounted prices) in the weekly auctions as summarized in **Table 5**.

Table 5: Treasury bond Yields Spread

Maturity	2004/05		2005/06	
	Range in %	Spread	Range in %	Spread
2-years	8.30-16.99	8.69	14.82-14.31	-0.51
5-years	9.55-12.11	2.56	13.89-15.05	1.16
7-years	10.44-13.05	2.61	13.05-15.31	-2.26
10-years	11.70-14.10	2.40	16.37-20.60	4.23

Source: Bank of Tanzania

Repo Rates

As at end June 2006, total Repos sold amounted to TZS 281,837.5 million. Total amount repurchased was TZS 282,651.8 million. At the end of the previous financial year, total Repos sold were TZS 500,350.0 million whereas the repurchased amount was TZS 501,761.5

million. The decline of 75.5 percent reflects less use of Repos in fine-tuning particularly during the last quarter of the year. During the period, Repos of 1 to 14 days were transacted. **Table 6** gives the weighted average rates, which ranged from 4.8 percent to 12.5 percent when compared to the previous year that ranged from 4.7 to 6.9 percent.

Table 6: Repo Rates

Tenure	Repo Rates in Percentage	
	2004/05	2005/06
Overnight	4.69 – 5.50	4.75-5.00
7 - days	5.00 – 6.50	4.95-12.45
14 - days	5.00 – 6.90	6.00-12.45

Source: Bank of Tanzania

Lombard Facility

During the year under review eleven Deposit Money Banks' (DMBs) accessed this facility and borrowed TZS 78,860.8 million at rates ranging between 9.93 percent and 17.5 percent. This amount is three times higher than the amount borrowed in the year ending June 2005.

Interbank Foreign Exchange Market

Volume of Trade

The total amount traded during 2005/06 amounted to USD 963.46 million higher by 21.6 percent when compared to the amount traded in the preceding year. The increase in the volume traded during the year largely reflected the increase in the imports bill on account of the rising oil prices and food shortage following the drought that hit most parts of the country.

Exchange Rate Movement

The shilling traded between TZS 1,138.20 and TZS 1,253.72 per US Dollar during the year. The weighted average exchange rate by the end of the year was TZS 1,253 per USD. The exchange rate registered a depreciation of 11.0 percent from TZS 1,129.19 registered in the previous year. The depreciation of the shilling is largely associated with the sharp increase in demand for foreign exchange to meet the growing imports bill.

Participation in the Market

Participation in the Interbank Foreign Exchange Market (IFEM) recorded mismatch between supply and demand

for foreign exchange. The increase in the demand for foreign exchange in the market was associated with the increased importation of oil for thermal power generation, generators, food, as well as construction and transport equipment. The demand exceeded supply of foreign exchange by the private sector. As a result, the Bank had to meet the demand by selling USD 476.71 million on net basis, which is 70.52 percent increase from the amount sold during the preceding year. On net basis, the Deposit Money Banks bought a total of USD 487.34 million while the Non Bank Financial Institutions (NBFIs) sold USD 10.63 million. **Table 7** and **Chart 4** summarize market participation by dealer category.

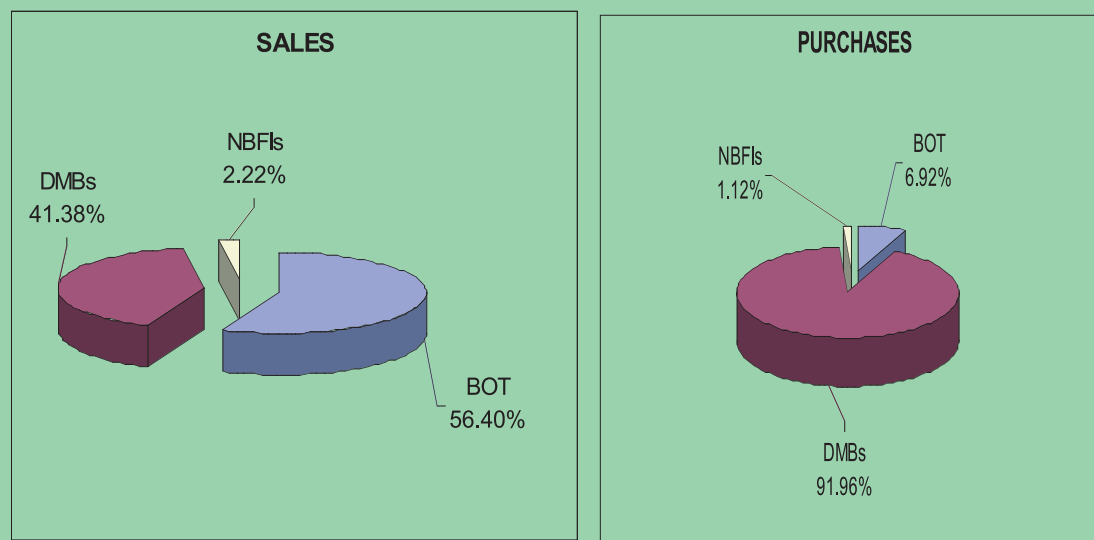
Table 7: IFEM Participation by Dealer Category

Millions of USD

Participants	2004/05			2005/06		
	Sales	Purchases	Net	Sales	Purchases	Net
BoT	218.40	69.42	-148.98	543.35	66.64	-476.71
DMB's	495.66	695.32	199.66	398.68	886.02	487.34
NBFI's	78.12	27.44	-50.68	21.43	10.80	-10.63
Total	792.185	792.18	0.00	963.46	963.46	0.00

Source: Bank of Tanzania

Chart 4: IFEM Sales and Purchases





Interbank Cash Market

During the period under review total amount transacted was TZS 2,266,119.0 million compared to TZS 2,198,400 million transacted in the previous year. Overnight transactions amounted to TZS 1,669,049 million, which is 31.1 percent higher when compared to TZS 1,273,080 million transacted in 2004/05. The weighted average rate on overnight placements ranged between 5.0 percent and 5.8 percent in the period under review compared to a range of 4.2 percent 8.2 percent in 2004/05. The total volume of inter-bank transactions increased due to various reasons including increased demand for the Shilling by commercial banks' corporate customers who were obliged to pay provisional taxes to TRA at the end of the quarters.

Credit Guarantee Schemes

Notwithstanding the successful implementation of the first generation financial sector reforms, the Government observed that long-term and small-scale finance gaps have persisted in the economy. Consequently, the key sectors of the economy particularly agriculture and microenterprises were adversely affected. Cognizant of the importance of SMEs to growth, employment creation and poverty alleviation, the government established Small and Medium Enterprises Credit Guarantee Scheme (SME-CGS) in September 2005. This is in addition to the Export Credit Guarantee Scheme (ECGS), which has been operational since July 2002 and that issues short term credit guarantees to banks that lend to exporters.

Export Credit Guarantee Scheme

The objective of the Scheme is to support financing of viable export projects

lacking adequate collateral to secure bank financing. The scheme, therefore, issues guarantees to facilitate granting of pre-shipment and post-shipment finance to exporters. The Scheme started with a capital of TZS 6.5 billion out of which TZS 5.0 billion was contribution from the government and TZS 1.5 billion was from the Bank of Tanzania. In 2003/04 the government increased the capital of the Scheme by TZS 13.0 billion thereby increasing it to TZS 19.5 billion and until June 2006 the scheme's capital had reached TZS 26.639 billion as a result income from investment and guarantee fees.

The Schemes covers Credit Facilities not exceeding one year, with a maximum guarantee of 85 percent of the value of the loan for export production finance, 80 percent for pre-shipment finance and 75 percent for post-shipment finance.

During 2005/06 guarantees worth TZS 40.079 billion were issued. The largest portion of the guarantee went to the textile and garments sector, which utilized 81.03 percent of the total guarantees, followed by the mining industry and agriculture & livestock sectors, which utilized 11.23 percent and 7.74 percent respectively.

Credit Guarantee Scheme for SME (SME-CGS)

The Scheme is geared towards promotion and support of SMEs, which have a significant role in the economy, by creating an enabling environment for its expansion and facilitating access to financing resources. This initiative is in line with the National Policy on SME Development, 2002.

The Scheme commenced its operations in September 2005 with initial capital of TZS 0.5 billion as contribution from the government. The government has set



aside another TZS 1.5 billion as additional capital for the Scheme.

In a bid to achieve the above objective, the scheme seeks to:

- i. provide credit guarantees to participating financing institutions relating to short and medium term financing to SMEs and
- ii. cooperate with various stakeholders in promoting SMEs entrepreneurial skills.

The take-off of the SME-CGS has been slow, as only three Participating Financial Institutions submitted fifteen guarantee applications with a combined value of TZS 1.1 billion during the year ended June 2006, out of which, only six with a value of TZS 971 million were approved. The sluggish performance has been attributed to a number of factors, including the newness of the Scheme, administrative issues and availability of SMEs bankable projects.

BANKING AND CURRENCY OPERATIONS

During the financial year 2005/06 the Bank of Tanzania continued to provide banking services to the Government, banks and designated financial institutions as well as advice on fiscal issues for both the Union Government and Revolutionary Government of Zanzibar.

Eleven (11) new accounts were opened for ministries and independent government departments while one hundred and nine (109) dormant accounts were closed. Meanwhile, one hundred and fifty eight (158) special and project government accounts were opened in commercial banks during the period.

During the review period, the Tanzania Inter- bank Settlement System (TISS) operated smoothly and efficiently. Three more commercial banks namely, Bank of Baroda, Federal Bank of Middle East and Savings and Finance Bank, and one financial institution namely, Tanzania Investment Bank (TIB) joined the TISS bringing the number of TISS participants to 25.

Clearing operations were also conducted

smoothly during the period. However, no new member banks joined the Dar es Salaam Electronic Clearing House (DECH) during the period under review, though a new bank namely, Uchumi Commercial Bank joined Arusha Clearing House (ACH) and two commercial banks namely, Diamond Trust Bank and Bank of Baroda both opened upcountry branches in Arusha, and thus joined membership in ACH as well.

Further, the Bank witnessed more technological advancements in the clearing operations through implementation of full automated clearing activities whereby there was an enhancement made to the Net Settlement Gateway (NSG) system through development of interface programs for automation of non-TISS banks' net settlement positions from NSG system with CBS system.

The Tanzania National Net Settlement Service (TNNSS) facility was implemented on 11th October 2005 to facilitate processing of VISA member banks' settlements arising from VISA Card payment transactions on automated



tellers machines (ATM) and point of sales (POS) in Tanzania. The VISA facility addresses the barriers that hinder sharing of ATMs and POS among member banks in Tanzania. The Bank of Tanzania is offering settlement agent services to the Visa member bankers through processing in the Dar es Salaam Electronic Clearing House (DECH). Currently there are five

banks that are participating in the VISA clearance transactions namely, NBC Ltd, CRDB Ltd, Standard Chartered Bank, Barclays Bank and Stanbic Bank Ltd.

During 2005/06 the Bank introduced new cheques embedding six styles with enhanced security features that are being issued and used concurrently with the old style cheques.

BANK SUPERVISION

The Bank of Tanzania carried out various activities aimed at strengthening and enhancing safety, soundness and stability of the banking system, in accordance with the Bank of Tanzania Act 1995, Banking and Financial Institutions Act 1991, Foreign Exchange Act 1992 and various regulations governing banking business and bureaux de change operations in Tanzania. This was undertaken through on-site examinations and off-site surveillance.

The Bank finalized review of two legislations governing banking business in Tanzania namely the Bank of Tanzania Act, 1995 and the Banking and Financial Institutions Act, 1991. The Bank of Tanzania Act, 2006 and the Banking and Financial Institutions Act, 2006 were gazetted in June 2006 and became effective on 1st July 2006. The Bank of Tanzania is in the process of reviewing existing regulations including Credit Concentration and Other Exposure Limits, Management of Risk Assets, Capital Adequacy, Liquid Assets and Publication of Financial Statements to match with dynamics in the banking business and challenges posed by contemporary innovations and changes. The Bank is also in the process of formulating new guidelines and regulations in the areas of consolidated and cross-border

supervision, anti-money laundering, credit reference bureau, responsibilities of directors and senior management, outsourcing, risk management and physical security measures.

The Bank of Tanzania is in the process of migrating from traditional compliance based supervision of banks and financial institutions to risk based supervision, which is aimed at placing strong emphasis on understanding and assessing the adequacy of bank's risk management systems used to identify, measure, monitor and control risks in an appropriate and timely manner. All key stakeholders have been sensitised and pilot examinations have been undertaken. The Bank is also following up on various activities related to implementation of Basel II Capital (International convergence of Capital Measurements and Capital Standard) in order to cope with changes in the banking industry.

During the reporting period, Bank of Tanzania in collaboration with other stakeholders developed a regulatory framework for microfinance institutions.

As at 30th June 2006, the banking sector had 32 institutions made up of 22 commercial banks, 3 non-bank financial institutions, 5 regional community banks



and 2 regional financial institutions. During the year, the industry witnessed an entry of a new regional community bank, namely Uchumi Commercial Bank Limited. Thus increasing the number of operating regional community banks from four to five by the end of June 2006. Federal Bank of the Middle East Limited changed its name to FBME Bank Limited. Further, 29 bureau de change were registered during the year.

During the year under review, performance of banks was generally satisfactory. Total assets of the banking sector increased by 36 percent to TZS 4,874.9 billion from the level recorded as at June 2005. In the same period, deposits increased by the same rate as assets to TZS 4,057.9 billion, while allowance for probable losses increased by 126 percent to TZS 55.1 billion. Bureaux de change compliance with laws and regulations was also satisfactory.

The Bank of Tanzania participated in regional groups such as the East and Southern Africa Banking Supervisors Group, SADC subcommittee of Bank Supervisors, and Eastern and Southern Africa Anti Money Laundering Group. The main objectives of the regional groups are to promote the overall standard and quality of banking supervision in line with best international practices, and to harmonize banking supervisory philosophies and practices in the region.

The Bank continued to be actively involved in assisting, supporting and monitoring restructuring and privatisation of government owned banks and non-bank financial institutions. Restructuring/privatisation process of Tanzania Postal Bank (TPB), Tanzania Investment Bank (TIB) and People's Bank of Zanzibar is in progress. During the year under review, the restructuring/privatisation of the National Micro-finance Bank Limited (NMB) was finalized. The government sold 49% of its shares to a consortium led by Rabobank from the Netherlands.

PERSONNEL AND ADMINISTRATION

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

At the end of June 2006 the Bank had 1,314 full time employees. Out of this number 22 graduates were recruited in non-management specialist positions (Economists, Accountants, Supplies, Public Relations, IT and Banking professionals) in the year under review.

During the year, the Bank lost 19 employees through terminations and death.

The Bank continued to observe the principle of equal opportunity and rights for all in operating its human resource processes recruitment, training, rewarding, promotion, etc. This attention to fair practices also guaranteed existence of harmonious management-employee relations as management consulted the local trade union in all matters where employees interest were involved.



The Bank continued to implement its Human Resources policies relating to training and development in order to enhance competencies and quality of performance in key areas. Employees from all functions attended various training programmes organised both in-house and off-site. Many employees were also allowed to undertake part-time long-term undergraduate and postgraduate studies and other programmes of education leading to professional certificates in various fields.

Following a bank-wide survey of existing corporate culture conducted between December 2004 and May 2005, a Corporate Culture Change Programme was adopted by Management. The

Programme is aimed at addressing inadequacies within the institutions so as to enhance corporate culture at the Bank.

The Bank continued with the modernization project for document management, whereby records management policy was developed and implementation of a computerized Document Management System is in progress. Also the Bank continued to implement the integrated financial management system (IFMS) aimed at improving speed and quality of reporting and monitoring in matters of procurement, asset management and inventory management.

MICROFINANCE OPERATIONS

Development of the National Microfinance Policy

In 2005/06 the Bank continued to coordinate and monitor implementation of the National Microfinance Policy (NMP). Between May and July 2005 the Microfinance Institutions (MFIs) Directory of 2002 was updated. The Directory provides basic information on MFIs and programmes, such as registration, gender, target sectors, market outreach, loan offices, branches and contacts. The Directory now provides information about 1899 MFIs compared to 665 MFIs in the 2002 Directory. Variation in figures between the two periods is due to either expansion in coverage or entry of new MFIs.

In order to facilitate understanding of the Policy to a wider range of stakeholders, BOT translated the NMP from English

into Kiswahili, the national language that is understood by majority of Tanzanians.

Legal, Regulatory and Supervisory Framework for Microfinance Sector

The new Microfinance Regulations that were gazetted on 25th March 2005 are now operational. During the period under review, the BOT conducted two workshops on regulations with a purpose of encouraging MFIs to transform into regulated financial institutions that are legally allowed to access and/or lend depositor's funds. The first workshop disseminated Microfinance Companies and Microcredit Activities Regulations 2005, to large MFIs and banks undertaking micro-credit activities, whereas the second one disseminated Financial and Cooperative Societies Regulations 2005 to Rural Financial Services Programme Implementers and Assistant Registrars of Cooperatives.

The Bank also initiated proposals to the Ministry of Finance in respect of legal amendments to be made to accommodate community and member based MFIs within the microfinance legal framework. Draft Community and Member Based Microfinance Institutions Regulations, 2005 were submitted to the Ministry of Finance for their consideration.

In order to monitor the performance of Microfinance Industry, the Bank also carried out institutional and financial performance assessments of one financial NGO and two SACCOS. The aim of this exercise was to promote and encourage these institutions to practice microfinance best principles.

Operational Guidelines for Government and Donor Support to the Microfinance Sector

After development of operational guidelines for Government and donor support to the microfinance sector in 2005, the Bank in collaboration with the Ministry of Finance continued to facilitate adoption and implementation of the guidelines. In order to ensure that Government and donor intervention into microfinance sector is coordinated, based on best practices and consistent with the NMP and other relevant policies and strategies, the Government and donors reviewed the rationale, the methodology, the guiding principles, and the content of the guidelines for effective implementation.

Development of a Microfinance Database and Website

The Bank reviewed the current microfinance database in order to properly monitor the microfinance industry performance in Tanzania. In the process, monitoring indicators to track and analyze

the sector were also developed.

African Rural and Agricultural Credit Association (AFRACA) East Africa Sub Region Workshop

The Bank hosted AFRACA Sub Regional Workshop during the period under review. The theme of the Workshop was “Integrating Financial Services in Poverty Reduction Strategies” which aimed at opening the dialogue between African Governments and Stakeholders in the financial sector in poverty reduction strategies as well as explore policy options on how best they can cooperate in poverty reduction strategies

Challenge and the Way Forward

- Operationalization of NMP remains ineffective due to limited capacity within the microfinance sector in the country;
- Implementation of microfinance regulations and supervisory framework is constrained by limited capacity within the microfinance regulatory agencies;
- Barriers to communication, technology and physical infrastructure.
To address these challenges the Bank will continue to create an enabling environment for microfinance sector in Tanzania mainland and Zanzibar through:
- Translating into Kiswahili the microfinance regulations, operational guidelines for Government and donor support to the microfinance sector, and disseminating the same through microfinance sub web, meetings, seminars and workshops;
- Preparing microfinance supervisory framework;



- Developing microfinance operational standards in collaboration with stakeholders (Microfinance networks);
- Facilitating the development of a credit reference system and providing support to the establishment of private credit reference bureau; and
- Providing technical advice and guidance on various microfinance issues.

NATIONAL PAYMENTS SYSTEM

The Bank continued with the modernization of the National Payments Systems, to enhance efficiency and reduce payment system risks in the clearing and settlement operations in the country. Major tasks undertaken during the period include, coordinating development of the legal and institutional framework for supporting, monitoring and regulating the National Payment Systems, provision of payments clearing and settlement services and facilitation of development of new payment instruments. Activities conducted include but not limited:

Settlement Services Through the Tanzania Inter-bank Settlement System (TISS)

The Bank continued to operate and maintain TISS, including provision of technical assistance to the system users. TISS facilitates settlement of high value, time critical payments and securities settlement of the Government and financial institutions on real time.

During the period further enhancement and upgrades to the system were made to facilitate straight through processing to enhance system's operations. Such enhancements included the automatic conversion of the Intraday Loan Facility to Lombard and interface with the Tanzania Net Settlement Services (TNSS) which facilitates settlement of Visa card domestic transactions.

During the year, 5 more banks joined the system to make a total of 25 participants. The system also continued to operate as an intermediary for Government revenue collections. The revenue collections have been increasing on annual basis thereby implying that the system has proved to be an efficient means of facilitating the collection of government revenue. TISS transactions have been increasing progressively.

Clearing Services under the Electronic Clearing House Systems

The Bank continued to maintain and support system users of the Bank of Tanzania Electronic Clearing House (BOTECH) system at the Dar es Salaam Clearing House. The system facilitates the normal inter-bank electronic debit clearing, has promoted efficiency and minimized errors and acts of fraud in the cheques system. The system also facilitates Inter-bank Electronic Fund Transfer (EFT) which is used to transfer high volume but low value transactions.

Facilitation of implementation of card switch infrastructure

During the period the Bank held various meetings with retail payment service providers and commercial banks that are in the process of developing shared networks.

Legal and Institutional Framework for NPS

Enactment of the Bank of Tanzania Act, 2006, among others confers Payment Systems Oversight powers to the Bank. During the period, the Bank continued with follow-up legislative reforms, which aim at creating legal certainty in the national payment systems operations. The reform includes finalization of drafts legislative proposals for an NPS Law, Electronic Transaction Law and amendments to the Evidence Act, 1967.

Monitoring and regulating the National Payment Systems

The Bank continued with oversight operations to ensure safety and efficiency in payments, clearing and settlement systems. The oversight operations include monitoring risks, evaluating performance and efficiency in the existing systems as well as systems being developed.

During the period the Bank continued to monitor efficiency and assessment of safety trends of the TISS, the Cheques system, the EFT system and the existing retail systems. The Bank also monitored the development of the new non-cash retail payment instruments and service to ensure that they comply with agreed standards and safety guidelines.

Harmonization Initiatives

The Bank continued to implement Directives on harmonization initiatives undertaken by the East African Monetary Affairs Committee (MAC). During the period the Bank adopted the following MAC directives for implementation.

1. Implementation of oversight operations, including formulation of a set of efficiency and risk management

benchmarks and guidelines for payment system oversight.

2. Implementation of modalities to facilitate clearing of cross border instruments,
3. Adoption of the REPO arrangements to secure intraday credit.
4. Adoption of “defaulters pay” as a failure to settle mechanism.
5. Adoption of the BIS guidelines on “Risk Management Principles for e-banking” and “management and supervision of Cross Border e-banking activities” documents as the East African Regulatory Framework for e banking.
6. The regulation of e-banking activities.

Plans for Year 2006/07

During the next financial year the Bank shall continue to improve safety and efficiency in the NPS specifically the development of the legal and institutional framework for NPS to facilitate modernization of payment systems; and development of new payment instruments and infrastructure; and to provide dynamic collateral securities depository payment services, clearing and settlement to the government and financial institutions.



MACROECONOMIC DEVELOPMENTS AND FINANCIAL PROGRAMMES

IMF Lending Facilities

The programme supported by the Poverty Reduction and Growth Facility (PRGF) comes to an end in August 2006. The expiry of this programme will leave Tanzania with options to either sign another PRGF program with the IMF or choose an alternative arrangement with the Fund. During the Sixth review of the PRGF that was conducted from 22nd May to 7th June 2006, initial discussions were held between the IMF Mission Team and Tanzanian authorities on the possibilities of Tanzania adopting the IMF's Policy Support Instrument (PSI). If the government approves the PSI, Tanzania will become the 3rd country in Africa after Nigeria and Uganda to adopt the PSI.

PSI is an instrument that was launched on 15th October, 2005 by the IMF to assist low income member countries that may not need Fund's assistance, but seek for its advice, monitoring and endorsement of their economic policies. The PSI is expected to offer a sound approach for helping low-income countries design effective economic programs and provide signals to donors and multilateral agencies.

World Bank Lending Facilities

In May 2006, the Executive Directors of the Board of the World Bank approved the Fourth phase of the Poverty Reduction Support Credit (PRSC-4) amounting to USD 200 million. The credit will be channelled through the national budget to support the Government in the implementation the Tanzania's National Strategy for Growth and Reduction of

Poverty (NSGRP) or "MKUKUTA" . It will also support policy reforms aimed at improving the environment for private sector investments and strengthening of economic infrastructure. Other approved World Bank credit facilities for Tanzania during 2006/07 include:

- i. The Accountability, Transparency and Integrity Project (ATIP) credit facility of USD 40 million aimed at supporting implementation of legal, judicial and public financial management reforms in the public sector. This is aimed at strengthening capacities of oversight and watchdog institutions that are pre-requisite in good governance.
- ii. USD 98 million credit for the Local Government Support Project aimed at strengthening fiscal decentralisation, improving accountability in the use of local government resources, and improving management of intergovernmental transfers.
- iii. USD 95 million for the Private Sector Competitiveness Project aimed at creating sustainable conditions for enterprise creation and growth. Achievement of the objective of the project will be measured by the increase in the number of formal enterprises, the increase in the value of titled land relative to untitled, and growth in sales and assets of firms participating in the project.
- iv. USD 90 million credit for the Agricultural Sector Development Programme. This facility is expected to ensure farmers have better access

to, and use agricultural knowledge, technologies, marketing systems and infrastructure and will promote agricultural private investment bases on improved regulatory and policy environment.

- v. USD 15 million credit for the Financial Sector Support Project whose objective is to promote increased household and firms access to financial services, facilitate efficient financial intermediation, and support financial stability and integrity. This support will cover six components of the Government's action plan for the Second Generation Financial Sector Reform Program (SGFSR). They include: strengthening the Banking Sector; developing the Financial Markets; reforming the Pension Sector; strengthening the Insurance Industry; Facilitating the Provision of Long Term Development Finance; and strengthening Micro and Rural Finance.
- vi. USD 12 million for the Tax Modernisation Program (TMP) aimed at promoting an effective and efficient tax administration that provides high quality customer services with fairness and integrity. Specifically, the credit will support the five strategic goals of TRA's Corporate Plan namely: improve revenue collection in a cost efficient way; fully integrating TRA operations; providing high quality and responsive customer service; promoting tax compliance through a fair, equitable and transparent application of tax laws; and improving staff competence, motivation, integrity and accountability.
- vii. USD 51 million for the Marine and

Coastal Environment Management project aimed at strengthening the sustainable management and use of the Tanzania's exclusive economic zone, territorial seas, and coastal resources resulting in enhanced revenue collection, reduced threats to the environment, better livelihoods for participating coastal communities and improved institutional arrangements.

IMF and World Bank Missions

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

- In September 2005, the IMF conducted a mission on prudential reporting of the International Financial Reporting System (IFRS). The aim of the mission was to train BOT's staff on analysis of IFRS generated reports. The same mission also conducted feasibility study review for the establishment of credit reference system and data bank at the BOT.
- During October 17-28, 2005 the IMF conducted a technical assistance mission on Balance of Payment statistics. The aim of the mission was to review the coverage of current data sources and the methodologies used to compile balance of payment statistics.
- In December 2005, the IMF conducted a mission on the Fifth Review of the PRGF arrangement. Due to election and change of government in Tanzania, the review was not concluded at that time and therefore was undertaken again in February 2006.



- During January 18–31, 2006 the IMF conducted a technical assistance (TA) mission aimed at enhancing the BOT's effectiveness in its conduct of monetary and foreign exchange operations. It included assisting the BOT in adapting Tanzania's monetary statistics in line with the methodology as described in the Monetary and Financial Statistics Manual (MFSM) 2000.
- During May 2006, the IMF conducted the Sixth Review of the PRGF arrangement that included negotiations for the new 3-year program under the Policy Support Instrument (PSI).
- During April 19-28, 2006 the World Bank conducted a Financial Sector Support Project appraisal mission. The aim of the mission was to identify areas of the financial sector reform program that will be supported by the World Bank and other interested partners. The mission also discussed implementation arrangements under the project with the BOT and the Ministry of Finance.
- During May 10-15, 2006 the World Bank conducted a mission aimed at negotiating the financing of the Financial Sector Support Project. The mission negotiated the project with government officials after which the project was submitted to the World Bank Executive Board for approval.
- In June, 2006, the World Bank conducted a Multi-Sector Development mission. The mission met with various stakeholders to discuss a draft on investment guidelines for the Tanzania

Pension Sector; reviewed progress of the SME Credit Guarantee Scheme with financial institutions, Small Industries Development Organisation (SIDO) as well as other stakeholders; discussed implementation arrangements and operational modalities of the Development Finance Guarantee Facility; and discussed the arrangement for the transformation of Tanzania Investment Bank into a development bank.

Financial Programming

During the 2005/06 the Inter-Institutional Team for Financial Programming continued to develop and track on the Financial Programme for Tanzania. The team held two workshops (one week each) in Dar es Salaam during September 2005 and March 2006. The objectives of the workshops were to share knowledge and experience on Financial Programming among the team members and prepare a three-year Financial Programming projections that would provide inputs for the preparation of the 2006/07 Budget Guidelines, IMF missions for March 2006 and other related government policy documents.

Second Generation Financial Sector Reform Programme (SGFSRP)

During the review period, BOT continued to coordinate the activities related with the Second Generation Financial Sector Reform Program (SGFSP). In June 2005 the Second Generation Financial Sector Reform Program action plan was submitted to the government for approval.

In August 2005, a seminar for Permanent Secretaries of the Revolutionary Government of Zanzibar was conducted.

The aim of the seminar was to sensitize them on activities of the Second Generation Financial Sector Reforms some of which require government financial outlays.

In October 2005 the Emerging Market Economics Limited, which has been appointed to be the Management Unit (MU) of the Financial Sector Reform and Strengthening (FIRST) Initiative, and the BOT negotiated and signed a Memorandum of Understanding (MOU). The MOU sets out the basis on which technical assistance may be awarded to Bank of Tanzania, for the purpose of implementing some aspects of the Second Generation Financial Sector Reform Programme. Specifically the technical assistance projects will cover areas identified for FIRST in support of Tanzania's implementation of its Second Generation Financial Sector Reforms Programme. These include (i) Capital Markets Supervision and Regulation; (ii) Bank Assurance Legislation and Regulation; (iii) Actuarial Capacity Building; and (iv) Housing Finance.

In May 2005, the International Finance Corporation (IFC) launched a 2-year project for Lease Finance in Tanzania. The project aims to deliver a complete package, including addressing legal and regulatory framework for lease finance issues including harmonization with the existing laws, sensitization of stakeholders and the public at large on lease finance and spearheading the establishment of lease finance business in Tanzania. To this end, IFC conducted 2 workshops during February 2006 for senior and high-level government officials. IFC has already

developed a draft legal and regulatory framework, which awaits views from key stakeholders before it is finalised.

During the review period, a Memorandum of Understanding (MOU) was developed which sets out the framework under which the Government of the United Republic of Tanzania (the Government) and the Basket Funding Development Partners (BFDPs) will fund the Financial Sector Reforms Project (FSRP) through the basket funding arrangement. At the moment the Basket Funding Development Partners are the World Bank and DFID.

The FSRP is being funded under basket arrangements whereby the World Bank will contribute USD 15 million in form of a credit, DFID (UK) will provide grant amounting to pound sterling 3 million (equivalent to USD 5 million) and the government of United Republic of Tanzania will contribute USD 2 million.

²The team draws its members from the key institutions involved in data collection and processing namely: Bank of Tanzania (BOT), Ministry of Finance (MOF), Tanzania Revenue Authority (TRA), National Bureau of Statistics (NBS), and Ministry of Planning, Economy and Empowerment. The team has developed a new set of the four major macroeconomic accounts, based on the Bank of Tanzania Financial Programming framework.



DEVELOPMENTS IN TRADE AND INVESTMENT POLICIES

In 2005/06, the Bank of Tanzania in collaboration with Tanzania Investment Centre and the National Bureau of Statistics published Tanzania Investment Report 2004 (TIR04). Similarly, in Zanzibar the Bank of Tanzania - Zanzibar Branch, Zanzibar Investment Promotion Authority and the Office of Chief Government Statistician published Zanzibar Investment Report 2004 (ZIR04).

The two reports were disseminated to public and private sector stakeholders in November 2005.

During the second half of 2005/06, the collaborating institutions embarked on the third circle of the Private Capital Flows Project by conducting a sample survey covering 234 companies. In the Mainland, the sample survey exercise was implemented covering companies in Dar es Salaam (151), Arusha (28), Tanga (4), Coastal (3), Morogoro (7), Mwanza (13), Mara (4), Shinyanga (3), Kilimanjaro (9), Mbeya (4) and Iringa (8) regions.

The fieldwork was conducted in Dar es Salaam between February and April 2006 and in upcountry regions between April and May 2006.

So far, a total of 211 questionnaires have been collected out of 234 distributed representing a 90.2 percent response rate. In Zanzibar, a comprehensive survey covering about 160 companies was conducted for the second time in history. The implementation of the exercise was done concurrently with that of the Tanzania Mainland. Zanzibar has managed to collect a total of 141 questionnaires out of 160 distributed representing a response rate of 88.1 percent.

Beginning the first half of 2006/07, researchers in Tanzania Mainland and Zanzibar will continue with data editing, checking, verification, up-rating and report writing. The preliminary data is to be released in August 2006 and the draft reports by October 2006. Publishing of both the Tanzania and Zanzibar Investment Reports is to be done by December 2006.

MANAGEMENT INFORMATION SYSTEMS

During the year under review, ICT delivery functions continued to be improved and reshaped in order to increase quality of service delivery and improve service levels aimed at fostering the Bank's productivity and development. The improvement and new developments were recorded in areas of ICT infrastructure, Business systems and IT governance. Apart from continued rendering of technical support to ICT systems and users, other notable strides include:

- Redesigning and fine-tuning of payment systems interfaces to facilitate smooth message exchanges

among financial systems of the Bank.

- A new Integrated Financial Management System (IFMS) was acquired customised and is currently in the implementation stage.
- As part of treasury management improvement, acquisition process for a Treasury Management System (TMS) was initiated and evaluation process started.
- Document Management System (DMS) was acquired and implementation of phase one covering document imaging started.

- Auditing Software was acquired to assist internal auditors in monitoring ICT systems at the Bank.
- Bank's network infrastructure was improved in terms of security and performance by deploying load balancing and security check devices.
- Business Continuity Plans (BCP) were developed, and limited Business Continuity Management (BCM) safeguards to address continuity of the Bank's business operations in the event of uncalled for disruptions were implemented.
- Development and enhancement of documentation standards to conform to IT Governance best practices were also undertaken.

INTERNAL AUDIT

During 2005/06, the Bank continued to strengthen measures aimed at enhancing the monitoring and control of the Bank's operations. Reviews of all Banks' operations were conducted in accordance with the Bank's Action Plan with due regard given to evaluation and advise to the management on improving the effectiveness of risk management, control, and governance processes.

Specific attention was given to the critical functions of the Bank namely Financial Markets, Banking Operations, Payment System, Banking Supervision and Finance/Accounts. Following the reviews, recommendations were communicated to Bank's Management for taking appropriate corrective measures.

SECRETARY TO THE BANK

During the period under review, the Government tabled for reading before the National Assembly the Bills for the Bank of Tanzania Act, 2006 and the Banking and Financial Institutions Act, 2006. The National Assembly passed the Bills during its session held in March/April, 2006. Following the enactment of the two legislations, the President assented to the two Bills on 7th June 2006. The two legislations took effect on 1st July 2006 following publication of notices to that effect by the Minister of Finance. The relevant notices are GN No. 84 and 85 published on 30th June, 2006.

The Bank also participated in the Inter-Ministerial initiative to finalize the draft law for anti-money laundering, which was presented to the Cabinet for approval. It is

expected that the Bill will be tabled to the National Assembly for enactment during October, 2006 session.

In addition, the Bank participated in the Inter-Ministerial team to develop a draft Bill for Special Economic Zones. Having gone through the first reading during the June-July 2005 National Assembly session, the Bill was subsequently passed by the National Assembly during its February, 2006 session.

During 2005/06, Mr. A.M. Rashid retired from the Board, having served as a Director for three consecutive terms of three years.



BRANCH ACTIVITIES

Arusha Branch

During 2005/06 the branch performed the following major activities in conformity with the objectives of the Bank of Tanzania branches:

- The branch continued to enhance efforts in monitoring performance of the economic sub sectors in the Northern Zone of Tanzania. Apart from preparation of the regular zonal quarterly economic and annual reports, a comprehensive study of cooperatives and SACCOS performance was carried out. The branch also participated in relevant economic meetings like the THA exporters meetings conducted in Moshi and Arusha and provided information to various stakeholders in the zone through meetings and distribution of BoT publications.
- On Banking and Currency Operations the branch continued with the provision of banking services to Government departments and banks in the zone. Distribution and management of currency continued in line with the clean money policy of ensuring that ATM quality banknotes are issued into circulation. Withdrawal of “old issue banknotes” from circulation continued with small amounts exchanged over the counters. In ensuring the availability of an efficient payment system the branch continued to host the Arusha Bankers Clearing House (ABCH). During the 2005/06 two members namely Uchumi Commercial Bank Ltd. and Diamond Trust Bank (T) Ltd were admitted to the ABCH thereby raising the membership from eleven

to thirteen banks.

- The branch continued to play host to various meetings and conferences held in Arusha. These included regular meetings of the East African Community secretariat like the Monetary Affairs Committee (MAC) technical committee and the E.A. Central Bank Governors. The seminar on Government Securities and workshop on the Small and Medium Enterprises Credit Guarantee Fund were also hosted by the branch.

Mbeya Branch

During the year ended June 2006, Mbeya branch undertook the following activities:-

On Economic issues, the branch through the economics department made the following activities:

- i. Preparation of monthly food commodities prices development reports of Southern Highlands Zone.
- ii. Preparation of quarterly and annual economic performance reports of the Southern Highlands Zone.
- iii. Conducted a study and produced a report titled “Constraints Facing Small Scale Production and Marketing of Agro Processed Products in Southern Highlands Zone”.
- iv. In collaboration with Informal Financial Institutions (SACCOs and SACAs), District and Regional Cooperative Officers, the department conducted investigations on the possibilities of these informal

- Financial Institutions (SACCOs and SACAs) to invest part of their accumulated funds in Government securities in order to reduce over dependence on personal loans as their major means of investment.
- v. Preparation of quarterly and monthly performance reports of the Micro Finance Institutions as well as Cross Border Trade in the Southern Highlands Zone.
 - vi. Participated in the Farmers Agricultural Trade Fair (Nane Nane) in the Southern Highlands Zone and collected some important information through face to face interviews with stakeholders.
 - vii. Participated in the Mbeya and Iringa Regional Consultative Meetings, which deliberated on economic developments taking place in the Regions.
 - viii. In Collaboration with Regional officials of TRA, participated in the investigations aimed at analyzing tax structure applied to small-scale agro processing industries in Southern Highlands Zone.
 - ix. Reviewed sector contributions to the Regional GDP in the Southern Highlands Zone and Dodoma Region.
 - x. In Collaboration with Head Office, the Department participated in sensitization seminar concerning Government Securities and Government Small and Medium Scale Enterprises Credit Guarantee Schemes (SMEs). The seminar was held in Mbeya town, and drew participants from Mbeya, Iringa, Ruvuma and Rukwa Regions.

During the year under review, the Branch continued to implement clean money policy pursuant to the Bank objectives. All Commercial Banks in the Southern Highlands Zone were timely and adequately supplied with clean money (notes and coins) at ATM standard. Deposits from Commercial Banks continued to be received

and were timely processed and the note destruction exercise conducted timely.

The Branch also continued to receive mutilated notes and redemption proceeds were paid to the beneficiaries immediately. Visits to Rukwa, Iringa and Ruvuma regions were made for the purpose of collecting information on the demand of currency and the quality of circulating currency in Southern Highlands Zone and educate the general public on better means of note handling and detection of fake notes. Mbeya Banker's Clearing House (MBCH) was instituted by member banks to facilitate smooth inter-banks exchange and processing of payment of instruments for the purpose of settling Commercial banks intraday financing.

Mwanza Branch

During the year under review the Branch continued to render services to Government Departments and Commercial Banks in the Lake Zone according to the operational plans. Activities of the Mwanza Bankers Clearing House were conducted in accordance with the rules and regulations of the Clearing House. The number of members remained eleven.

Clean notes and coins continued to be issued for circulation through Commercial Banks and Safe Custody Centres. NBC Limited terminated the services of Tabora Safe Custody Centre on 23rd June 2006—the only one remaining in the Lake Zone. Visits were made to Kagera, Mara, Shinyanga and Tabora regions for the purposes of sensitizing the general public on better handling of bank notes and coins and detection of fake notes.



The Branch continued to monitor economic developments and performance in the Lake Zone. The activities mainly focused on agriculture, livestock, fisheries, mining, tourism, and industrial sector and cross border trade. The Branch also attended the cotton sub-sector stakeholders' meeting, which was held in Mwanza in April 2006. Collection of data from various sectors is going on. Data on gold and diamonds production by small-scale mining sub-sector is hampered by lack of established data sources. However, the envisaged project to establish a gold refinery would to some extent help solve this problem.

Zanzibar Branch

During 2005/06, Zanzibar Branch executed its functions as mandated in the Corporate Plan. Banking services were rendered to Governments and Commercial banks based in Zanzibar. The Banking sector in Zanzibar however continue to face challenges including relatively low level of banking services and inadequate lending to productive sectors.

The Branch also undertook economic studies and produced reports, which included draft report on "Problems and Prospects of Fishing Industry in Zanzibar" and periodic reports (monthly, quarterly and annual) on Zanzibar economic performance for Monetary Policy Committee and the BoT Board. Furthermore, the branch took part in the ongoing second phase of survey on foreign private investment in Zanzibar in collaboration with ZIPA and Office of Chief Government Statistician.

The Branch staff attended various government economic fora, including Monthly Expenditure Ceiling Committee meetings. During the year under review the Bank in collaboration with Zanzibar

Ministry of Finance and economic Affairs, conducted a workshop for members of Finance and Economic Affairs Committee of Zanzibar House of Representatives, Ministers, Principal Secretaries and Government Senior Officials. The major objective was to educate participants on BoT role in economic development. Papers presented and discussed were on the concept of Finance in economic development, Contribution of the Bank in Government Budget, International Financial Reporting Standards, BoT Reserves and Internal Controls, Bank of Tanzania Act 2006, and Banks & Financial Institutions Act, 2006. In addition, a sensitisation seminar on HIV/AIDS was conducted for members of staff in collaboration with Zanzibar Aids Commission .

Bank of Tanzania Training Institute

During the year 2005/06, the Institute continued with its mission, of effectively facilitating the development of Central Banking knowledge and skills commensurate with the Bank of Tanzania objectives. This was done through hosting and conducting various short courses to suit both the Bank of Tanzania, and other Banks and Financial Institutions. Courses conducted during the year mainly focused on Banking, Finance, Economics, Information and Communication Technology and Human Resource Management. The Institute also hosted other training-related activities, which were organized by other Institutions using the Institute's facilities.

Training Activities and Facilities

During the period under review, the Institute had planned to conduct 42 courses, of which 15 were for BoT staff and 27 for other Banks and Financial Institutions (clients). In implementation,

a total of 35 courses including 18 BoT and 17 client's courses were conducted. This is equivalent to 83 percent of the plan. Some of the client courses could not be carried out as planned due to non-availability of Resource Persons, while some of BoT courses were postponed to the next financial year.

The Institute also hosted other training-related events such as conferences, seminars and workshops that were conducted by other Institutions including government departments and private sector. During the period under review 108 such events were hosted, compared to 103 events held in the financial year 2004/05.

The Institute also provided facilities for the review programmes of the Tanzania Institute of Bankers (TIOB) and the National Board of Accounts and Auditors examinations.

Training Facilities

During the period under review the Training Institute continued to improve its training facilities through modernizing the Computer Training Room that is used when conducting Information and Communication Technology programmes. During that period twenty (20) "Thin Client" computers, which had become out of date, were replaced by twenty (20) modern and more efficient stand alone computers.



PART III: REPORT OF THE AUDITORS

THE UNITED REPUBLIC OF TANZANIA

NATIONAL AUDIT OFFICE (NAO)

Annual Financial Report For the Year Ended 30th June 2006

REPORT OF THE CONTROLLER AND AUDITOR GENERAL
ON THE FINANCIAL STATEMENTS OF THE BANK OF TANZANIA
FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2006

The Controller and Auditor General,
National Audit Office,
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P.O. Box 9080,
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E-mail ocag@nao.or.tz
Website: www@nao.or.tz
DAR ES SALAAM.

June, 2007.

**Office of the Controller and Auditor General,****National Audit Office,****United Republic of Tanzania.**

(Established under Article 143 of the Constitution of the URT)

The statutory duties and responsibilities of the Controller and Auditor General are given under Article 143 of the Constitution of the United Republic of Tanzania and amplified in the Public Finance Act No. 6 of 2001 (revised in 2004).

Our Vision

To be a centre of excellence in public sector auditing.

Our Mission

To provide efficient audit services to enhance accountability and value for money in the collection and use of public resources.

Therefore, our Core Values are:

- * We strive to achieve and maintain objectivity in providing impartial audit services so as to promote our independence;
- * We pursue excellence in the provision of our audit services;
- * We exercise professional integrity by demonstrating high ethical standards;
- * We focus on people and have great respect to our stakeholders;
- * We encourage and promote innovation amongst our members of staff; and
- * We ensure best resource utilization at national as well as individual public entity level.

We do this by:

Contributing to better stewardship of public funds by ensuring that our clients are accountable for the resources entrusted to them;

Helping to improve the quality of public services by supporting innovation on the use of public resources; providing technical advice to our clients on operational gaps in their operating systems; systematically involve our clients in the audit process and audit cycles, and providing audit staff with adequate working tools and facilities that promote independence.



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DIRECTORS' RESPONSIBILITY AND APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the Bank of Tanzania Act, 1995 as amended.

The directors are also responsible for the systems of internal control. These are designed to provide reasonable but not absolute, assurance as to the reliability of the annual financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material misstatements and loss. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

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

The annual financial statements set out on pages 102 to 159 were approved by the Board of Directors on 21st June 2007.

A handwritten signature in black ink, appearing to read 'S. B. M. M. M.', positioned above a horizontal line.

Chairman

A handwritten signature in black ink, appearing to read 'M. M. M. M.', positioned above a horizontal line.

Director



CORPORATE GOVERNANCE

The Bank through its Board of Directors and management upholds and practices the principles of sound corporate governance. To this end, the Bank's establishment Act, referred to as the Bank of Tanzania Act, 1995, as amended 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:

- 1.1 In terms of the provisions of Section 8 of the Bank of Tanzania Act, 1995, 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.
- 1.2 In the discharge of its functions, three Committees are currently assisting the Bank's Board of Directors.
 - 1.2.1 The first one is a statutory creation and is known as the Standing Committee established by the Bank's establishment Act. Its Membership include the Governor who is the Chairman (or in his absence, the Deputy Governor), the Deputy Governor, the Permanent Secretary to the Treasury of the United Republic, the Principal Secretary to the Ministry of Finance and Economic Affairs of the Revolutionary Government of Zanzibar or their representatives appointed in accordance with Subsection (4) of Section 11 of the Bank of Tanzania (BOT) Act, 1995 and six other directors appointed by the Minister.
 - 1.2.2 In an endeavor 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 Standing Committee in situations where a decision is required in the interval between Board Meetings.
 - (i) Review of operating results of the Bank;
 - (ii) Review of research papers before they are submitted to the relevant authorities;
 - (iii) Review of recommendations of major policy changes in the Bank before they are adopted by the Board
 - (iv) Review of government expenditure pattern and borrowing by commercial Banks;
 - (v) Administration of the various funds that are administered by the Bank;
 - (vi) Management of external reserves, gold and foreign exchange;
 - (vii) Administration of payments agreement entered into by the Governments;
 - (viii) External debt management;
 - (ix) Review of monetary policy targets;
 - (x) Review of the statutory reports of the Bank.



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

1.2.3 The second Committee is the Audit Committee, which is the creation of the Board in the exercise of powers conferred upon it by the provision of Section 13 of the BOT Act. Its Membership include the Governor who is the Chairman (or in his absence, the Deputy Governor), the Deputy Governor and two other Members appointed by the Board.

1.2.4 The Terms of Reference for this Committee are as follows:

- (i) Approval of the overall scope of internal control and systems and their review with a view to strengthening them.
- (ii) Review of activities and recommendations of Internal Auditors and direct on remedial measures.
- (iii) Making final recommendations to the Board on policies and rules to prohibit unethical activities or conduct.
- (iv) Review with the External Auditors procedures and policies for internal audits.
- (v) Review any unusual transactions.
- (vi) Review of Budgetary Reports prior to their submission to the Board of Directors.
- (vii) Review of draft Audit Report of the External Auditors.
- (viii) Review of changes in accounting policies in the light of accounting developments.
- (ix) Consider supplementary budget requests before submission to the Board and advise the Board on expenditure and income patterns.
- (x) Review of internal audit and fraud investigation programmes.

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



1.2.5 The third Committee is the Banking Supervision committee, which is also the creation of the Board in the exercise of powers conferred upon it by the provisions of Section 13 of the BOT Act 1995. Its Membership includes the Governor who is the Chairman (or in his absence, the Deputy Governor), the Deputy Governor, the Permanent Secretary to the Treasury of the United Republic and two other Members appointed by the Board.

1.2.6 The Banking Supervision Committee has the following Terms of Reference.

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

By Order of the Board

CHAIRMAN

Date: 21st June 2007



**To: The Chairman,
Board Of Directors,
Bank of Tanzania.**

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE
FINANCIAL STATEMENTS OF THE BANK OF TANZANIA FOR THE
FINANCIAL YEAR ENDED 30TH JUNE 2006**

Introduction

I have audited the accompanying balance sheet of the Bank of Tanzania for the financial year ended 30th June 2006, and the income statement, statement of changes in equity and cash flow statement for the year then ended set out on pages 9 to 15 of this report.

Responsibilities of the Accounting Officer

Sect. 25(4) of the Public Finance Act 2001 as revised in 2004; places responsibility to the Accounting Officer to prepare the financial statements based on generally accepted accounting principles (GAAP).

In addition, Regs.28-35 of the Public Finance Regulations 2004 require the Accounting Officer and the entity management to establish an Internal Control System, Internal Audit Unit and Audit Committee appropriate to the circumstances of the Bank of Tanzania.

Responsibilities of the Controller and Auditor General

My responsibility is to express a professional opinion on the financial statements, and on procurement procedures based on the audit. According to Sect.30 of the Public Finance Act 2001 my specific responsibilities are to examine, inquire into, audit and report on the financial statements of the Bank of Tanzania.

In addition, Sect.31 of the PFA require me to satisfy myself that the accounts have been kept in accordance with generally accepted accounting principles; all reasonable precautions have been taken to safeguard the collection of revenue, the receipt, custody, disposal, issue and proper use of public property, and that the law, directions and instructions applicable thereto have been duly observed, all expenditures of public money has been properly authorized; and to satisfy myself whether the funds appropriated to the BOT were used exclusively and judiciously to meet eligible expenditures with due regard to economy and efficiency.



standards require that I plan and perform the audit to obtain reasonable but not absolute assurance about whether the financial statements are free of material misstatements.

An audit includes the examining on a test basis, of evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates and judgments made by management in the preparation of the financial statements, assessing whether the internal control system and the accounting policies are appropriate to the circumstances of the Bank of Tanzania consistently applied and adequately disclosed. It also involves, evaluating the overall financial statements presentation, and assessing the extent of compliance with the relevant statutory requirements. I have obtained the information and explanations I considered necessary for my audit and I believe the audit provides a reasonable basis for my opinion.

Unqualified Opinion

In my opinion, the financial statements fairly reflect, in all material respects, the financial position of the Bank of Tanzania as at 30th June, 2006 and the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards, and comply with the Bank of Tanzania Act, 1995.

Further to my opinion, the procedures applied for the procurement of goods, construction works, consultancy and non- consultancy services, were generally done in accordance with the Public Procurement Act 2004 and its related Regulations.

Ludovick S.L. Utouh
CONTROLLER AND AUDITOR GENERAL

Office of the Controller and Auditor General,
The National Audit Office,
DAR ES SALAAM.
June, 2007.



DIRECTOR'S REPORT

INTRODUCTION

In accordance with Section 21 (2) of the Bank of Tanzania Act, 1995 as amended, the Board of Directors of the Bank of Tanzania ("the Bank") are required to prepare financial statements showing the financial position of the Bank and the profit or loss for the year.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Please refer to page 1 on the Directors' Responsibilities.

STATUTE AND PRINCIPAL ACTIVITIES

Bank of Tanzania (BOT) is the central bank of the United Republic of Tanzania and is wholly (100%) owned by the Government. Its operations are governed by the Bank of Tanzania Act, 1995 as amended.

Under the Act, the functions and objectives of the Bank are summarized as follows:

- To formulate, implement and be responsible for monetary policy, to issue currency, to regulate and supervise banks and financial institutions and to manage gold and foreign exchange reserves of Tanzania.
- To promote sound monetary, credit and banking conditions conducive to the development of the economy of Tanzania.
- Without prejudice to its primary objective as stated above, the Bank shall support the general economic policy of the Government.
- Banker to Government and other public authorities, banks and financial institutions.

The main achievements for the current year included:

- Maintenance of price stability through controlling the inflation rate to 6.8% in June 2006.
- Improvement of the effectiveness of market operations, including privatization;
- Maintenance of reserves to cover 5.4 months of imports which is above the statutory requirement of 4 months cover (Bank of Tanzania Act 1995).
- The maintenance of a sound regulatory framework and National Payment System;
- The oversight of the stability of the country's financial system.



DIRECTORS' REPORT (Continued)

ACHIEVEMENT OF OBJECTIVES

FINANCIAL RESULTS

During the year, the Bank made a profit of TZS 210,076 million (2005: TZS 9,177.8 million) and declared dividends of TZS 37,110.8 million for the year (2005: TZS 1,422 million).

FINANCIAL POSITION

The financial position of the Bank is as set out in the Balance sheet shown on page 9. During the year total assets of the Bank increased by TZS 839,481.1 million. This was mainly attributed to the increase in cash and cash equivalent TZS 390,140.9 million, acquisition of government securities and fixed assets amounting to TZS 239,483.7 million and TZS 230,578.4 million respectively. This was mainly funded through an increase in Deposit Banks of TZS 133,425.5 million, Deposit Governments TZS 129,239.2 million, foreign currency financial liabilities TZS 138,576.5 million and Notes and Coins in Circulation of TZS 133,063.6 million.

DIRECTORS

The composition of the Board of Directors was as follows:

	NAME	STATUS	Date of Appointment
1	Mr. Daudi T.S. Ballali (Governor)	Chairman	July 1998
2	Mr. Juma H. Reli (Deputy Governor)	Vice Chairman	February, 2005
3	Mr. Gray S. Mgonja (Permanent Secretary, Treasury (URT)	Director*	December, 2002
4	Mr. Julian B. Raphael Principal Secretary Treasury (GOZ)	Director**	December, 2000 to April 2006
5	Mr. Hamis M. Omar (Principal Secretary, Treasury (GOZ)	Director*	May, 2006
6	Prof. Lettice K. Rutashobya	Director*	October, 1997
7	Prof. Joseph Semboja	Director*	July, 1998
8	Prof. Bruno J. Ndunguru	Director*	April, 2002
9	Mr. Michael N. Shirima	Director*	April, 2002
10	Dr. Natu E. Mwamba	Director*	August, 2004
11	Mr. Bosco N. Kimela	Ag. Secretary to the Board	

*Non-Executive Directors



BANK OF TANZANIA
BALANCE SHEET AS AT 30TH JUNE 2006

PARTICULARS	NOTE	30.06.2006 TZS'000'	30.06.2005 TZS'000'
ASSETS			
Cash and Cash equivalent	3.0	907,550,805	517,409,847
Accommodation to Banks	4.0	3,164,723	8,683,535
Holdings of SDRs	5.0	20,892	58,266
Foreign Currency Marketable Securities	6.0	1,415,546,888	1,688,660,359
Government Securities	7.0	452,314,782	212,831,065
Inventories	8.0	4,277,809	2,009,369
Equity Investments	9.0	1,654,066	1,486,716
Quota in IMF	5.0	365,693,880	326,878,108
Other Assets	10.0	341,543,190	129,291,014
Property, Plant and Equipment	11.0	522,654,995	292,076,533
Intangible Assets	12.0	7,111,049	2,667,166
TOTAL ASSETS		4,021,533,080	3,182,051,977
LIABILITIES			
Deposits - Banks and Non Banks Financial Institutions	13.0	348,870,121	215,444,605
Deposits - Governments	13.1	243,909,894	114,670,724
Deposit - Others	13.2	77,926,739	63,170,097
Foreign Currency Financial Liabilities	14.0	693,853,072	555,276,575
Repurchase Agreements	15.0		70,214,836
BOT Liquidity Papers	16.0	675,356,963	614,425,746
Other Liabilities	17.0	17,402,486	12,985,342
IMF Related Liabilities	5.0	370,105,865	315,928,880
Allocation of SDRs	5.0	57,679,982	51,557,667
Notes and Coins in Circulation	18.0	947,616,520	814,552,994
TOTAL LIABILITIES		3,432,721,642	2,828,227,466
EQUITY			
Authorized and Paid up Capital	19.0	10,000,000	10,000,000
Reserves	19.1	578,811,438	343,824,511
TOTAL EQUITY		588,811,438	353,824,511
TOTAL EQUITY AND LIABILITIES		4,021,533,080	3,182,051,977

Notes 1 to 31 form part of these financial statements.

MR. D. T. S. BALLALI
GOVERNOR

21.06.2007

DATE

MR. G. S. MGONJA
DIRECTOR



BANK OF TANZANIA

INCOME STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2006

PARTICULARS	NOTE	2005/06 TZS'000'	2004/05 TZS'000'
Interest			
Interest Income	20.0	119,642,744	82,720,378
Interest Expense	21.0	(24,257,381)	(41,752,196)
Net Interest Income		95,385,363	40,968,182
Foreign Exchange Gains	22.0	218,035,601	39,852,971
Fees and Commissions	23.0	14,412,370	11,476,697
Other Income	24.0	22,523,854	8,032,905
Sub Total		254,971,825	55,023,121
TOTAL INCOME		350,357,188	95,991,303
Operating Expenses	25.0		
Administration Expenses	25.1	24,271,159	18,569,109
Currency Issue and Related Expenses	25.2	31,720,349	21,468,172
Personnel Expenses	25.3	38,524,626	31,072,846
Depreciation and Amortization Expenses	11.0	5,248,162	7,911,361
Loss on Revaluation of PPE		49,009	
Provision for Impairment of Assets		(18,611)	5,157,513
(Profit)/Loss on Disposal of Property, Plant & Equipment		(11,950)	(23,685)
Other Expenses	25.4	40,498,844	6,997,617
TOTAL OPERATING EXPENSES		140,281,589	86,813,481
Profit for the Year*		210,075,599	9,177,822

*Profit for the year include Net Unrealized Exchange Gains of TZS 3,131.6 million that are not available for distribution in accordance with Section 19(3) of the Bank of Tanzania Act, 1995.

NOTES 1 TO 31 FORM PART OF THESE FINANCIAL STATEMENTS.



 MR. D. T. S. BALLALI
 GOVERNOR

21.06.2007

DATE



 DIRECTOR
 MR. G. S. MGONJA
 DIRECTOR



BANK OF TANZANIA

STATEMENT OF CHANGES IN OWNER'S EQUITY

Details	Share Capital	General Reserve	Profit & Loss Account	Capital Reserve	Exchange Equalisation Reserve	Capital Enhancement Reserve	Reserve for Project	Staff Housing Fund (SHF)	Fixed Assets Revaluation Reserve	Securities Revaluation Reserve	Foreign Currency Revaluation Reserve	Dividend Payable to Governments	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'
Balance at 01.07.2004	10,000,000	30,641,757		53,754,326			12,508,191	20,351,009	35,530,921	(4,896,816)	264,773,939		422,663,327
Restatement of Inventory Balance		1,402,743											1,402,743
Transfer of Dividend Payable from Other Liabilities													
Transfer of Realized Exchange Gains to General Reserve		258,008,785										5,086,848	5,086,848
Write-off of Incirrect Capitalized Property, Plant & Equipment											(258,008,785)		0
Dividend Paid Through IAS 39													
Discounting of Zero coupon EPA Bonds		(626,182)											(626,182)
Transfer of Realized Revaluation to Capital Enhancement Reserve		(3,868,319)											(3,868,319)
Reversal of Loan to Staff Housing Fund				150,000,000				(9,288,000)					0
Correction of Foreign Liabilities in Respect of Stabex 1990/91 account Interest		(4,136,123)											(4,136,123)
Restated Balance as at 30 June 2004	10,000,000	131,422,661	0	53,754,326	0	150,000,000	12,508,191	11,063,009	35,530,921	(4,896,816)	6,765,154	5,086,848	411,234,294
Profit for the Year			9,177,822										9,177,822
Transfers of Unrealized Exchange Gains out of Profit per BOT Act			(3,975,047)								3,975,047		0



Details	Share Capital	General Reserve	Profit & Loss Account	Capital Reserve	Exchange Equalisation Reserve	Capital Enhancement Reserve	Reserve for Project	Staff Housing Fund (SHF)	Fixed Assets Revaluation Reserve	Securities Revaluation Reserve	Foreign Currency Revaluation Reserve	Dividend Payable to Governments	Total
Appropriation of Realized Profit per BOT Act		520,277	(5,202,775)				3,000,000	260,139				1,422,359	0
Dividend Paid Through IAS 39 Discounting of Zero coupon EPA Bonds		(59,921,471)											(59,921,471)
Mark to Market for Assets available for Sale										(6,570,936)			(6,570,936)
Recovery of Loan to Staff Housing Fund		360,000						(360,000)					0
Transfer of Reserve for Project to Capital Reserve				12,508,191			(12,508,191)						0
Net Recoveries Against Staff Housing Fund								(95,197)					(95,197)
RESTATED BALANCE AS AT 30.06.2005	10,000,000	72,381,467	0	66,262,517	0	150,000,000	3,000,000	10,867,951	35,530,921	(11,467,752)	10,740,201	6,509,207	353,824,511
Profit for the Year			210,075,599										210,075,599
Realized Net Gains from Previous years			10,740,201								(10,740,201)		0
Unrealized Net Gains													
Inventories Adjustments		(62,562)											(62,562)
Transfer of Unrealized Exchange Gains out of Profit per BOT Act			(3,131,584)								3,131,584		0
Realized Net Exchange Gains transferred to Exch. Eq. Reserve			(150,429,479)		150,429,479								0
Interest Earned from Investment of SHF			(65,458)					65,458					0
Appropriation of Realized Profit		6,718,928	(67,189,279)				20,000,000	3,359,464				37,110,887	0
Dividend Paid To The Government												(6,509,207)	
Dividend Paid Through IAS 39 Discounting of Zero coupon EPA Bonds													0



Details	Share Capital	General Reserve	Profit & Loss Account	Capital Reserve	Exchange Equalisation Reserve	Capital Enhancement Reserve	Reserve for Project	Staff Housing Fund (SHF)	Fixed Assets Revaluation Reserve	Securities Revaluation Reserve	Foreign Currency Revaluation Reserve	Dividend Payable to Governments	Total
Discounting of Zero coupon EPA Bonds		310,451											310,451
Correction of 2004/05 amortisation of discount and premium and accrued interest computations		1,537,805											1,537,805
Mark to Market for available for Sale Assets										(9,436,247)			(9,436,247)
Fixed Assets Revaluation Net Gain									38,358,980				38,358,980
Transfer to Capital Reserve				3,000,000			(3,000,000)						0
Recovery of Loan to Staff Housing Fund								(360,000)					0
Inventories Adjustments		360,000											925,377
Adjustment on previous year interest purchased		(119,621)											(119,621)
Capital Grant				108,317									108,317
Amortisation of Capital Grant				(21,275)									(21,275)
Transfer from Capital													
Enhancement to General Reserve		60,000,000				(60,000,000)							0
Net Recoveries Against Staff Housing Fund								(180,691)					(180,691)
BALANCE AS AT 30.06.2006	10,000,000	142,051,845	0	69,349,559	150,429,479	90,000,000	20,000,000	13,752,183	73,889,901	(20,904,000)	3,131,584	37,110,887	588,811,438

NOTES 1 TO 31 FORM PART OF THESE FINANCIAL STATEMENTS.




MR. D. T. S. BALLALI
 GOVERNOR

21.06.2007

DATE
 MR. G. S. MGONJA
 DIRECTOR



BANK OF TANZANIA


CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2006

	2005/06	2004/05
Cash flow from Operating Activities		
Cash Generated from Operating Activities	26 23,050,930	20,419,389
Dividends Paid to Government	(6,509,207)	
Net Cash from Operations	16,541,723	20,419,389
Cash flow from Investing Activities		
Purchase of Property, Plant and Equipment	(196,933,649)	(156,147,919)
Disposal of Property, Plant and Equipment	20,101	70,337
Purchase of Intangible Assets	(5,056,315)	(983,444)
Acquisition of Government Bonds/Stocks/Treasury bills	(230,956,404)	(65,225,974)
Increase/Decrease in Marketable Securities	282,422,229	(134,605,864)
Increase/Decrease in Quota in IMF	(38,815,772)	(3,651,765)
Increase/Decrease in Holdings of SDRs	37,374	88,560
Net Cash from Investing Activities	(189,056,980)	(360,456,068)
Cash flow from Financing Activities		
Increase in Notes and Coins Issued	133,063,526	170,543,518
Increase/Decrease in IMF Related Liabilities	54,176,985	10,792,930
Increase/Decrease in Foreign Currency Financial Liabilities	138,576,497	(62,075,374)
Increase/Decrease in Allocation of SDRs	6,122,315	575,984
Increase/Decrease in Deposits	277,421,328	(62,223,318)
Increase/Decrease in Repurchase Agreements (REPOs)	(70,214,836)	45,791,430
Increase/Decrease in BOT Liquidity Papers	23,645,335	225,130,827
Reserves	(134,936)	100,222
Net Cash Flow from Financing Activities	562,656,214	328,636,219
Net Decrease/Increase in Cash and Cash Equivalent	390,140,958	(11,400,460)
Cash and Cash Equivalent at the beginning of the Year	517,409,847	528,810,307
Cash Inflow	390,140,958	(11,400,460)
Cash and Cash Equivalent at the End of the Year	907,550,805	517,409,847

NOTES 1 TO 31 FORM PART OF THESE FINANCIAL STATEMENTS.


 MR. D. T. S. BALLALI
 GOVERNOR

21.06.2007
 DATE


 MR. G. S. MGONJA
 DIRECTOR



NOTES TO THE FINANCIAL STATEMENTS

1.0 STATEMENT OF COMPLIANCE

The Financial Statements for the year ended 30th June 2006 and the comparative figures for the previous financial year have been prepared in accordance with International Financial Reporting Standards (IFRSs) and all applicable interpretations issued by International Accounting Standards Board (IASB). The Bank adopted IFRS in the financial year ended 30 June 2004 with a transition period from 1st July 2002 to 30th June 2003.

The Financial Statements of the Bank are reported in Tanzania Shillings ("TZS"), which is both the functional and reporting currency for the Bank.

The Bank groups assets and liabilities in the balance sheet by their nature and list them in an order that reflects their relative liquidity in accordance with International Accounting Standard (IAS) 30.

Unrealized foreign exchange gains and losses arising from translation of closing balances of assets and liabilities denominated in foreign currencies are included in income for the year and are not made available for distribution pursuant to Section 19 (3) (a) of the BOT Act 1995 which requires that such gains and losses shall be retained in equity.

2.0 ACCOUNTING POLICIES

2.1 Basis of Accounting

The financial statements have been prepared on the basis of historical cost convention, modified to include revaluation of certain assets and liabilities to reflect their fair values.

These financial statements have been prepared in conformity with IFRS that require the use of estimates and assumptions that affect the reported values of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and reported amounts of revenue and expenses during the reporting period.

The IASB has recently published IFRS 7 Financial Instrument: Disclosure (IFRS7). IFRS 7 replaces both IAS 30 Disclosures in Financial Statements of Banks and Similar Financial Institutions (IAS 30) and the disclosure portions of IAS 32 and is effective for financial years beginning on or after 1st January, 2007, with earlier application encouraged. These financial statements do not reflect the requirements of IFRS 7.

2.2 Revenue and Expenses Recognition

Interest income and expenses are recognized on a time proportion basis, taking account of the principal amounts outstanding and the effective rate over the period to maturity. Interest income and expense are recognized in the income statement for all interest-bearing instruments using the effective rate of interest method. Where



financial assets have been impaired, interest income continues to be recognized on the impaired value, based on the original effective interest rate. Interest income and expense include the amortization of any discount or premium or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis. Dividend from equity investments is recognized in Other Income when declared.

2.3 Fees and Commission

Fees and commission income, which arise from financial services provided by the Bank, are recognized when the corresponding services are provided.

2.4 Financial instruments

Classification

Financial instruments as reflected in the balance sheet include all financial assets and financial liabilities, but exclude property, plant and equipment, and intangible assets. Management determines the appropriate classification at initial recognition of the financial instrument. Financial instruments of the Bank are classified as follows:

(i) Financial Assets

(a) Financial Instruments at Fair Value through Profit or Loss

The Bank has classified some of financial assets(existing in form of marketable securities), as financial instruments at fair value through profit or loss.

(b) Held-to-maturity investments

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

(c) Loans and receivables

The Bank has classified the following financial assets as loans and receivables originated by the entity:

- loans and advances;
- amounts due from the Governments;
- accommodation to banks;
- accounts receivable;
- IMF Related Assets
- prepayments
- cash and cash equivalents.

(d) Available-for-Sale

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

(ii) Financial liabilities

Other financial liabilities



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

Recognition

The Bank recognises financial instruments at fair value through profit or loss, held-to-maturity and available-for sale financial assets on the date it settles the liabilities in the case of purchase of financial instruments and receive payments in the case of sale of financial instruments and applies settlement date accounting for “regular way” purchases and sales. From this date any gains or losses arising from changes in fair value through profit or loss and available for sale assets are recognized while held to maturity assets are maintained at amortised cost. Held-to-maturity investments, originated loans, receivables and other financial liabilities are recognised on the day they are transferred to the Bank or the day the funds are advanced.

Measurement:

(i) Initial measurement

Financial instruments are measured initially at cost, including transaction costs.

(ii) Subsequent measurement

(a) At fair value through profit or loss, and available-for-sale financial assets

At fair value through profit or loss, and available-for-sale financial assets are carried at fair value that is established as follows:

- Foreign marketable money-market investments

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

- Foreign marketable securities

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

(b) Held-to-maturity financial assets, loans and receivables and non-trading Liabilities.



Held-to-maturity financial assets, loans and receivables and non-trading liabilities are measured at amortised cost and are re-measured for impairment losses except as set out below:

- (c) Non-interest bearing deposit accounts are accounted for at cost, as these accounts do not have fixed maturity dates.
- (d) Notes and Coins in circulation are measured at cost, as this liability does not have a fixed maturity date.
- (e) Accounts payable are stated at cost due to the short-term nature thereof.

Amortised cost is calculated on the effective interest rate method based on the relevant interest rate on initial recognition date. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

Impairment of financial assets

A review for impairment is carried out at each financial year-end. A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. Where a financial asset which is “available-for-sale” is impaired, and an increase in the fair value of the financial asset was previously recognised in equity, the increase in the fair value of the financial asset recognised in equity is reversed to the income statement to the extent that the asset is impaired beyond its original cost. Any additional impairment loss is recognised in the income statement. If in a subsequent period the amount relating to an impairment loss decreases and the decrease can be

linked objectively to an event after the write-down, the write-down is reversed through the income statement.

Gains and losses on subsequent measurement

Gains and losses arising from a change in the fair value through profit or loss are recognized directly in the income statement. Gains and losses arising from a change in the fair value of available for sale assets are recognized directly in equity. When the financial assets are sold, collected or otherwise disposed of, the cumulative gain or loss recognised in equity is transferred to the income statement of the period in which they arise. Gains and losses on amortisation of premiums or discounts of financial instruments carried at amortised cost are recognised in the income statement of the period in which they arise. Gains and losses due to impairment are recognised as stated in the paragraph dealing with impairment.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported on the balance sheet where 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.

De-recognition

The Bank de-recognises a financial asset when, and only when:

- (a) The contractual rights to the cash flows from the financial asset expires; or
- (b) It transfers the financial asset and the transfer qualifies for de-recognition in accordance with IAS 39.

2.5

Foreign Currencies

Transactions in foreign currencies are recorded at the rates of exchange ruling at the transaction date. Monetary assets and liabilities as well as non-monetary assets and liabilities at fair value, denominated in foreign currencies, are translated at the rates of exchange ruling at the balance sheet date. Differences in exchange rates arising as a result thereof are taken into account in determining net income for the year. The appropriate quoted bid and offer price are used for the translation of assets held or liabilities to be issued respectively. The realised 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

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



2.6 Equity Investments

Investments in shares which do not qualify to be accounted for as subsidiaries as per IAS 27 (or as associates as per IAS 28) are classified as equity investments. They are valued at cost of acquisition and subjected to a revaluation to accommodate exchange rate movements.

2.7 Property, Plant and Equipment

(i) Recognition

Property, Plant and Equipment are initially recorded at cost. Buildings (property) are subsequently shown at their market values, based on valuation by external independent valuers. Increases in the carrying amounts arising on subsequent valuation are credited to a Fixed Assets Revaluation Reserve. Decreases that offset previous increases of the same asset are charged against Fixed Assets Revaluation Reserve while other decreases are charged to the Profit and Loss account.

(ii) Revaluation

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

(iii) Subsequent Expenditure

Expenditure incurred to replace a component of item of property, plant and equipment is accounted for separately and capitalized. Subsequent expenditures are capitalized only when they increase the current economic benefits. All other expenditure items are recognized in the income statement as expenses as they are incurred.

(iv) Capital Grant

The Bank recognises grant using capital approach method. Such assets are recognized at their fair value and accounted for as part of property, plant and equipment and in the equity.

(v) Depreciation

Depreciation is provided for on a straight-line basis to write off the cost of fixed assets to their residual values over their expected useful lives. These residual values and expected useful lives are re-assessed on an annual basis. Annual depreciation rates applied in 2005/06 financial year are as follows:



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

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

(vi) Disposal

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit or loss.

(vii) Impairment of Other Assets

The carrying amount of the assets of the Bank, other than financial assets, is reviewed at every balance sheet date to determine if there is an indication of impairment in which case their recoverable amount are estimated. An impairment loss is charged to income statement when the carrying amount of an asset exceeds the recoverable amount.

(viii) Intangible Assets

Intangible assets comprise computer application software and computer packages. Initially they are recognized at cost and thereafter carried at their cost less any accumulated amortization and impairment losses (cost model). The Bank's intangible assets have finite useful life of five years and amortized on straight-line basis with zero residual value. The useful life of intangible assets is reviewed at every balance sheet date.



2.8 Currency Printing and Minting Expenses

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

2.9 Foreign Currency Swaps

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

2.10 Repurchase Agreements (REPOS)

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

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

2.11 Provision for Impairment on Accounts Receivable

Provision for impairment is established based on expected cashflows.

2.12 Provisions:

Employees' Benefits:

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

Provision for Post Employment Benefits:

The provision for retirement and survivors' benefits are recognized in the income statement when they accrue for payment.



2.13 Taxation

In accordance with Section 25(1) and (2) of the Bank of Tanzania Act, 1995 (as amended), 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.

2.14 Leasehold Property

- (i) The Bank only holds lease properties under operating lease arrangements.
- (ii) Payments under operating lease are recognized as expenses and charged to the Profit and Loss account on straight-line basis over the term of the lease.

2.15 Inventories

- (i) The Bank owns all inventories stated in the Balance Sheet.
- (ii) Valuation

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

2.16 Exchange Equalization Reserve

The Board has with effect from 30th June, 2006 approved establishment of a policy which interalia entail creation of an Exchange Equalization Reserve Account into which 66.7% of the overall net realized exchange gains for the year arising from daily revaluation of foreign assets and liabilities will be credited and form part of the Bank's equity. The balance of 33.3% of the net realized exchange gains will form part of the annual distributable profits. However, If circumstances arise such that the revaluation of foreign assets and liabilities end up with an overall net realized exchange loss, for the year, then the first recourse will be to offset the loss fully against the exchange equalisation reserve. However, if the reserve is insufficient to fully absorb the loss, then any unabsorbed loss will have to be transferred to the income Statement.



The exchange equilisation reserve is therefore, expected to act as a cushion against any significant future exchange losses which may arise from any significant appreciation of the Tanzania shilling compared to other international currencies, a condition which if

it is left unabated may pause a high risk of a significant erosion of the Bank's Networth and financial stability.

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

2.17 Critical Accounting Judgments and Key Sources of Estimation and uncertainty

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board. In the preparation of the financial statements the Bank has assumed certain key sources of estimation in recording various assets and liabilities as set out below: -

(i) Revaluation of Owned Property

The basis of revaluation of buildings for financial reporting followed the requirement of Section 3.1 of the International Valuation Standards, (IVS) 2003. The assets were valued basing on the open market values. To ensure compliance with the above standard, adequate measures were taken to obtain market values from different reliable sources. In view of the situation of the property market and the fact that the recognition of interest in land having value in Tanzania is very recent the practice to separate land and buildings values is yet to gain ground in the valuation practice in Tanzania. Furthermore, the provision under Section 4(1) of the Land Act, 1999 on the ownership of land in Tanzania contributes to the intricacy in deciding whether or not land constitutes an asset of an organization. As such the law leaves it unclear as to whether or not the land parcels on which the valued buildings are built should form part of the BOT assets. In due consideration of the uncertainties surrounding the land ownership and the other stated factors the values stated in valuation report represent building values only.

**(ii) Impairment of Assets**

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

(iii) Useful lives of Property, Plant, Equipment and Intangible Assets

Pursuant to the requirements of IAS 16 (Property, Plant and Equipment) and IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) the Bank has made accounting estimation of the useful lives of assets based on the expected pattern of consumption of the future economic benefits and reviewed its depreciation rates. Such new depreciation rates were approved by the Board and applied effective from 1st July 2005.

3.0 Cash and Cash Equivalent

	30.06.2006 TZS'000'	30.06.2005 TZS'000'
Cash Balances with Central Banks	147,059,564	137,866,099
Demand, Foreign Currency Notes & Coins & Time Deposits with Commercial Banks	758,443,523	379,271,631
Accrued interest on Deposits	2,047,718	272,117
TOTAL	907,550,805	517,409,847

Cash balances with Central Banks consist of Demand Deposit; two-day notes accounts and time deposit with maturities of less than six months and carry interest at market rates. There is no restriction on the use of these funds except for the balances related to Poverty Reduction and Budget Support (PRBS) amounting to USD 215,814 (2005: USD 261,330) and BIS OPEC Funds amounting to USD 9,676,873 (2005: USD 12,806,793.30) which are designated for specific purposes.

Demand and time deposits with commercial banks consist of: -

	30.06.2006 TZS'000'	30.06.2005 TZS'000'
Demand Deposits	29,690,546	58,290,550
Foreign Currency Notes and Coins	929,305	665,231
Time Deposits	727,823,672	320,315,850
TOTAL	758,443,523	379,271,631



4.0 Accommodation to Banks

	30.06.2006 TZS. '000'	30.06.2005 TZS.'000'
BOT Clearing Account	3,179,828	8,698,640
Uncleared Cheques	(15,105)	(15,105)
Deposit		
TOTAL	3,164,723	8,683,535

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

5.0 IMF Related Balances

	30.06.2006		30.06.2005	
	SDRs	Equivalent TZS.'000'	SDRs	Equivalent TZS.'000'
Assets				
Holding of SDRs	11	20,892	35	58,266
Quota in IMF	198,900	365,693,880	198,900	326,878,108
TOTAL	198,911	365,714,772	198,935	326,936,374
Liabilities				
IMF Account No. 1	192,853	354,656,827	192,288	315,928,880
IMF Account No. 2		4,953		
PRGF (IMF Drawings)	8,400	15,444,085	256,990	
Sub Total	201,253	370,105,865	449,278	315,928,880
Allocation of SDRs	31,372	57,679,982	31,372	51,557,667
TOTAL	232,625	427,785,847	480,650	789,836,290

5.1 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.



5.2 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.

5.3 Interest and Charges

Borrowings from the related Tanzania's quota are non interest bearing with no stated maturity, while borrowings from the General Resources Account of the IMF bearing interest at rates set by the IMF on a weekly basis are repayable according to the repayment schedules of the agreement. The interest rate as at 30 June 2006 was 2.8 percent, same rate as prior year. A total of TZS. 365,693.9 million in the Tanzania's quota in the IMF represents the reserve tranche held with the IMF. On a quarterly basis, the IMF pays remuneration (interest) to those members who have a remunerated reserve tranche position at a 1.9 percent to 2.33 percent annual floating rate.

5.4 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 30th June 2006, the facility had a balance of SDR 8,400,000 (2005: SDR 256,990,250). Amount has been disclosed under foreign liabilities.

6.0 Foreign Currency Marketable Securities

Description	2006 TZS.'000'	2005 TZS.'000'
Foreign Currency Marketable Securities	1,399,540,661	1,677,120,403
Accrued interest at 30 June 2006	16,006,227	11,539,956
TOTAL	1,415,546,888	1,688,660,359

Foreign Currency Marketable Securities relate to bonds, which are issued by Organization for Economic Co-operation and Development (OECD) countries with a minimum credit rating of AA, bearing fixed interest and specified maturities. The split for the balance is as follows:



	Sovereign Issues		Supranational Securities		Agency Securities		TOTAL
	FOREX	TZS EQUIVALENT	FOREX	TZS EQUIVALENT	FOREX	TZS EQUIVALENT	
USD	216,316	271,061,131	24,239	30,373,406	520,857	652,674,840	954,109,377
GBP	6,020	13,830,509	26,458	60,781,955			74,612,464
EUR	134,106	213,619,391	35,932	57,236,596	62,755	99,962,833	370,818,820
Total 30/06/2006		498,511,031		148,391,956		752,637,673	1,399,540,661
Total 30/06/2005		574,535,557		317,367,677		785,217,169	1,677,120,403

	30.06.2006 TZS'000'	30.06.2005 TZS'000'
Treasury Bond	245,601,181	
Treasury Special Stocks	104,907,369	106,996,569
LART Bonds	85,189,195	85,189,195
Treasury EPA Stock	6,519,480	6,209,028
Treasury Bills	1,880,696	8,795,110
	444,097,921	207,189,902
Accrued interest at 30 June 2006	8,216,861	5,641,163
TOTAL	452,314,782	212,831,065

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

Treasury Bond

Treasury bonds are fixed coupon instruments purchased at par, at a discount or premium from the under-subscribed auctions. These are held to maturity instruments and are used to build up Bank's portfolio of securities for open market operations. Interest realized and accrued have been included in the Bank's interest income. During the year, two five years Special Government bonds 2005/10 with values of TZS 155,000.0 million and TZS 36,500.0 million were issued by the Bank on behalf of the Government on 28 December, 2005 and 21st April, 2006 respectively. The two bonds each has a

Coupon rate of 14.92 percent and are redeemable on 28th December, 2010 and 7th December, 2010 respectively. Further, BOT Special Treasury Bonds with total

Nominal value of TZS 54.1 billion were acquired by the Bank under the open market operations. All such bonds bear market coupon rates with maturities of two years, five years, seven years and ten years.



Treasury Special Stocks

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

LART Bonds

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

Treasury EPA Stock

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

These zero coupon instruments are reflected in the accounts at discounted value using a market value discount rate, with the fair value adjustment to reflect the redemption in years 2050 and 2055 having been reflected as dividends paid of TZS 59,921.4 million in 2004/05 in the Statement of Changes in Equity. During the year 2005/6 they were reinstated at a value of TZS 310,451.4 million.

Treasury Bills

The Treasury Bills reflected in the accounts were acquired pursuant to Section 42 of the Bank of Tanzania Act, 1995. Once acquired by the Bank, they are not returned to commercial banks or disposed of but held to maturity and reported in the books of accounts at cost. The accrued interest forms part of the interest income of the Bank.



8.0 Inventories

The inventory balance consists of the following:

Description	30.06.2006 TZS.'000'	30.06.2005 TZS.'000'
Currency Machine Spare Parts	2,310,827	1,011,035
Building, Machinery and Maintenance consumables	500,897	485,441
Stationery	728,360	355,956
Drugs and Medicines	57,908	87,354
Copier Parts and Consumables	207,913	69,583
Cheque Books	466,274	—
ICT Accessories and Consumables	5,630	—
TOTAL	4,277,809	2,009,369

9.0 Equity Investments

Description	30.06.2006 TZS.'000'	30.06.2005 TZS.'000'
Investment in Afreximbank	1,503,696	1,351,600
Investment in Mwananchi Gold Company Ltd	150,370	135,116
TOTAL	1,654,066	1,486,716

(i) Afreximbank

The African Export- Import bank was established on 27th October 1993. The principal activity of the bank is to finance and facilitate trade among African countries and between Africa and the rest of the world.

Bank of Tanzania's authorized equity interest in Afreximbank is 300 ordinary shares of par value of USD 10,000 each, with 120 shares called and fully paid up. The proportion of Bank of Tanzania's equity interest to total holding in this bank is 0.4%. The shares are classified as available for sale financial instruments. They are currently reflected at cost as they are not traded in any stock exchange.

(ii) Mwananchi Gold Company Ltd

Mwananchi Gold Company Limited is a locally registered company whose principal activities include to:

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



The Bank holds 20 percent interest in the unquoted shares of the company, which are equivalent to 3,000 ordinary shares of USD\$40 par value each. The company commenced operations on 1st January 2006. The investment has been reported at cost.

10.0 Other Assets

Description	30.06.2006	30.06.2005
	TZS.'000'	TZS.'000'
Deferred Notes Printing and Coins Minting Costs	47,962,816	33,385,394
Prepayments	29,433,819	28,302,859
Staff Loans	28,586,025	26,644,083
Export Credit Guarantee Fund Investments Account.	27,294,062	23,080,462
Development Finance Guarantee Invest. Account	9,762,996	8,170,107
Cash Loss Recoverable from NBC Limited	5,144,000	5,144,000
Accounts Receivable	44,664,877	4,199,240
Purchased Interest Receivable	986,311	2,393,809
Secured Loan to Mwananchi Gold Company Ltd	6,907,477	3,046,054
Staff Imprest	860,314	148,624
Petty Cash Balances	36,500	35,500
Special Fund Investment Accounts Balances	19,836	19,836
Claims on Government on External Payment Arrears NBC-(EPA)	131,950,749	-
Loans for Refinancing Facility	12,896,954	-
Others	850,152	537,612
Sub Total	347,356,888	135,107,580
Less: Provision for Impairment	(5,813,698)	(5,816,566)
TOTAL	341,543,190	129,291,014

- (a) Employees of the Bank are entitled to loans and advances as approved by the Board of Directors. Staff loans are loans granted to Bank of Tanzania employees to assist in the acquisition of residential houses, motor vehicles, computers and furniture. Staff advances are financial accommodations granted to Bank of Tanzania employees to meet short-term financial obligations. These loans and advances are recovered from the employees' salaries on a monthly basis. These facilities are secured against the borrowers' employment and termination benefits.
- (b) Deferred notes printing and coins minting costs relate to costs of printed notes and minting coins that have not yet been released in circulation. During 2006 financial year, the movement on deferred notes printing cost balance was as follows: -

**Opening as at 1st July 2005**

Add: Cost of notes and Coins purchased during the year

Less: Cost of notes and Coins issued in circulation during the year
(Note 25.2)**Closing balance as at 30th June, 2006****TZS.'000'****33,385,394**

44,110,708

(29,533,286)**47,962,816**

- (c) Export Credit Guarantee Investment Account balance represent funds invested in Treasury Bills for the purpose of enhancing the Fund.
- (d) Claims on the Government on External Payment Arrears (NBC- EPA)

This balance represent exchange rate differential between the TZS exchange rate prevailing when the beneficiaries are paid and the rate ruling when the funds were initially deposited to the commercial banks resulted into exchange losses, which are recoverable from the government. However, as the government could not in the short term raise the required levels of TZS to compensate the Bank for the losses, the government has given approval to convert the reported amount of NBC -EPA losses recoverable from the Government into an EPA stock.

- (e) Loan for Refinancing Facility

The Government has taken measures to support development of financing infrastructure in the economy that improve credit environment in order to support exporters with viable export businesses but lacking adequate collateral to secure bank financing. During 2005/06, the Bank, on behalf of the Government, extended a loan of TZS 12,896.9 million to Tanzania Investment Bank (TIB) for refinancing facility for the flower industry through the Export Credit Guarantee Scheme.

11. Property, Plant and Equipment**i). Property, Plant and Equipment – 2005/06**

	Land and Buildings	Machinery and Equipment	Motor Vehicles	Fixtures and Fittings	Computer s, Servers & Printers	Work in Progress	TOTAL
	TZS.'000'	TZS.'000'	TZS.'000'	TZS.'000'	TZS.'000'	TZS.'000'	TZS.'000'
COST/VALUATION							
As at 01.07.2005	52,283,956	28,630,696	5,397,586	1,030,710	5,147,177	238,597,897	331,088,022
Revaluation Adjustment	23,757,414						23,757,414
Additions	382,927	2,458,186	197,683	23,551	1,750,668	192,120,634	196,933,649
Transfers		198,247		29,884	117,733	(225,554)	120,311
Disposals		(21,499)	(56,306)	(3,337)	(23,997)		(105,138)
Impairment							
AS AT 30.06.2006	76,424,297	31,265,630	5,538,963	1,080,809	6,991,582	430,492,978	551,794,258
DEPRECIATION							
AS AT 01.07.2005	14,161,051	17,285,285	3,605,593	621,137	3,338,424	0	39,011,489
Revaluation Adjustment	(14,552,557)						(14,552,557)
Charges for the Year	491,067	2,845,147	550,249	131,916	694,202		4,712,581
Transfers		68,562		(3,916)	90		64,735
Disposals		(9,731)	(53,005)	(3,065)	(31,185)		(96,986)
AS AT 30.06.2006	99,561	20,189,263	4,102,837	746,071	4,001,531	0	29,139,263
NET BOOK VALUE							
AS AT 30.06.2006	76,324,736	11,076,367	1,436,126	334,738	2,990,051	430,492,978	522,654,995
BOOK VALUE AS AT 30.06.2005	38,122,906	11,345,411	1,791,993	409,574	1,808,753	238,597,897	292,076,533



NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. Property, Plant and Equipment – 2005/06 (continued)

ii) Property, Plant and Equipment – 2004/05

	Land and Buildings	Machinery and Equipment	Motor Vehicles	Fixtures and Fittings	Computers, Servers & Printers	Work in Progress	TOTAL
	TZS.'000'	TZS.'000'	TZS.'000'	TZS.'000'	TZS.'000'	TZS.'000'	TZS.'000'
COST/VALUATION							
As at 01.07.2004	52,070,453	23,834,506	5,180,675	1,256,557	10,596,274	88,656,492	181,594,957
Prior Year Adjustment		(453,308)		(52,181)	(976,218)	(22,561)	(1,504,269)
Transfer to Intangible Assets					(2,412,816)		(2,412,816)
Restated Opening Balance							
01.07.2004	52,070,453	23,381,197	5,180,675	1,204,376	7,207,240	88,633,931	177,677,872
Transfer to Intangible Assets					(2,516,172)		(2,516,172)
Additions	213,503	4,828,541	353,531	26,651	757,385	149,968,308	156,147,919
Transfers		452,014		(174,158)	(277,856)		(0)
Disposals		(31,056)	(136,620)	(26,158)	(23,421)		(217,255)
Impairment						(4,342)	(4,342)
AS AT 30.06.2005	52,283,956	28,630,696	5,397,586	1,030,710	5,147,177	238,597,897	331,088,022
DEPRECIATION							
AS AT 01.07.2004	11,846,892	12,675,668	3,194,883	903,127	6,773,514		35,394,084
Prior Year Adjustment		(292,437)		(23,512)	(562,137)		(878,086)
Restated Opening Balance							
01.07.2004	11,846,892	12,383,230	3,194,883	879,615	6,211,377	0	34,515,998
Transfer to Intangible Assets					(2,542,394)		(2,542,394)
Charges for the Year	2,314,159	3,361,731	866,027	106,478	560,094		7,208,488
Transfers		1,562,352	(344,595)	(347,688)	(870,069)		0
Disposals		(22,028)	(110,722)	(17,268)	(20,584)		(170,603)
AS AT 30.06.2005	14,161,051	17,285,285	3,605,593	621,137	3,338,424	0	39,011,489
NET BOOK VALUE							
AS AT							
30.06.2005	38,122,905	11,345,411	1,791,993	409,574	1,808,753	238,597,897	292,076,533
RESTATEd NET BOOK VALUE AS AT							
30.06.2004	40,223,561	10,997,967	1,985,792	324,761	995,863	88,633,931	143,161,874



11.0 Property, Plant and Equipment – 2005/06 (continued)

Bank's immovable properties are stated in the financial statement at revalued amounts, being their fair values at the date of revaluation on 30th June 2006.

Effective from 2005/06 revaluation of the Bank's immovable property is conducted after every three years. The last revaluation was carried on 30th June 2006 by M/S Real Estate Surveyors and Associate Limited, independent and professional valuers.

The basis of revaluation adopted was open market value. The revaluation resulted into a revaluation surplus of TZS 38,358.9 million, which forms part of the Fixed Assets Revaluation Reserve account balance.

Work in Progress relates to capital expenditure incurred in the extension of the head office building as well as the Gulioni office in Zanzibar. Based on the assessment made by the project quantity surveyors, it is anticipated that the two projects will be completed during financial year ending 30th June 2007.

12.0 Intangible Assets

Intangible assets represent the value of computer software.

Intangible assets 2005/06

Intangible Assets

	Intangible Assets	Intangible Assets WIP	Total
	TZS.'000'	TZS.'000'	TZS.'000'
COST/VALUATION			
As at 01.07.2005	5,197,503	714,929	5,912,432
Additions	1,440,448	3,615,867	5,056,315
Transfers to PPE	(120,311)		(120,311)
Disposals			
AS AT 30.06.2006	6,517,640	4,330,796	10,848,436
DEPRECIATION			
AS AT 01.07.2005	3,245,266		3,245,266
Transfers to PPE	(64,735)		(64,735)
Charges for the Year	556,856		556,856
Disposals			
AS AT 30.06.2006	3,737,387		3,737,387
NET BOOK VALUE AS AT 30.06.2006	2,780,253	4,330,796	7,111,049
NET BOOK VALUE AS AT 30.06.2005	2,667,166	2,667,166	2,667,166

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****12.0 Intangible Assets (Continued)****Intangible assets-2004/05**

	TOTAL
	TZS.'000'
COST/VALUATION	
As at 01.07.2004	-
Additions	4,928,988
Transfers from PPE	983,444
Disposals	
AS AT 30.06.2005	5,912,432
DEPRECIATION	
AS AT 01.07.2004	2,542,394
Transfers from PPE	
Charges for the Year	702,872
Disposals	
AS AT 30.06.2005	3,245,266
NET BOOK VALUE AS AT 30.06.2005	2,667,166
NET BOOK VALUE AS AT 30.06.2004	2,412,816

13.0 Deposits - Banks and Non-Banks Financial Institutions

Description	30.06.2006 TZS. '000'	30.06.2005 TZS. '000'
Deposit - Commercial Bank Deposits	348,155,190	214,943,475
Deposits - Non Banks	714,931	501,130
TOTAL	348,870,121	215,444,605

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



13.1 Deposits - Governments

Description	30.06.2006 TZS. '000'	30.06.2005 TZS. '000'
Deposits - Government of Zanzibar	5,121,844	7,675,560
Deposits - Government of the United Republic of Tanzania	238,788,050	106,995,164
TOTAL	243,909,894	114,670,724

These are non-interest earning Government deposits.

13.2 Deposits - Others

Description	30.06.2006 TZS. '000'	30.06.2005 TZS. '000'
Export Credit Guarantee Fund	27,226,920	23,443,637
Redemption of Government Stock/Bonds	6,361,318	12,710,722
Development Finance Guarantee Fund	21,209,912	7,920,224
Debt Service Cash Cover	7,409,177	3,653,805
TIB Structured Financing Facility	6,648,972	-
Other Deposits	1,438,769	3,766,923
Deposit Staff	3,038,076	2,119,915
Debt Conversion Scheme	2,069,195	2,098,961
Bank Drafts Issued	192,298	714,403
Sub Total	75,594,637	56,428,590
External Payment Arrears		225,456
External Payment Arrears - NBC	2,332,102	6,516,051
TOTAL	77,926,739	63,170,097

(a) Export Credit Guarantee Fund

This is a Fund established by the government in the 2001 financial year under the Export Credit Guarantee Scheme, in a bid to promote exports. The Fund provides guarantees to commercial banks to cover risk of default in repaying the loans by their borrowers. As at 30th June 2006 the balance of TZS 27,226.9 million comprised of Government and BOT contribution amounting to TZS 19,500.0 million which form part of the capital of the fund, and TZS 7,726.9 million was in respect of interest earned on treasury bills investments and guarantee fees.

**(b) Development Finance Guarantee Fund**

Development Finance Guarantee Fund is a fund, which was formed by the government of Tanzania with the purpose of financing development projects that manufacture products for exports purposes. The guarantee issued will be for long-term period ranging from five years to twenty years.

(c) Debt Service Cash Cover

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

(d) TIB Structured Financing Facility

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

(e) Debt Conversion Scheme

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

14.0 Foreign Currency Financial Liabilities

Description	30.06.2006 TZS. '000'	30.06.2005 TZS. '000'
IMF Multilateral Debt Relief Initiative Fund	421,034,880	422,345,332
Special Projects	207,986,514	99,685,043
Local Banks' Foreign Deposits	25,247,367	22,023,012
TIB Structured Financing Facility	18,042,345	0
Multilateral Agencies	13,419,006	8,344,703
Poverty Reduction and Budget Support	4,947,759	276,795
Other Foreign Deposits	2,366,272	1,576,356
Foreign Banks	734,727	734,727
Local Non Bank Foreign Deposits	74,202	290,607
TOTAL	693,853,072	555,276,575

(a) IMF Multilateral Debt Relief Initiative Fund

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



(b) Special Projects Funds

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

(c) Poverty Reduction and Budget Support

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

(d) TIB Structured Financing Facility

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

(e) Foreign Banks

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

(f) Local Banks Foreign Deposits

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

15.0 Repurchased Agreements (REPOs)

Description	30.06.2006 TZS.'000'	30.06.2005 TZS.'000'
Repurchase agreements balance		70,200,000
Accrued interest as at 30 th June 2006		14,836
TOTAL		70,214,836

As at 30th June 2006 there was no outstanding REPOs.

16.0 BOT Liquidity Papers

Description	30.06.2006 TZS.'000'	30.06.2005 TZS.'000'
BOT liquidity papers	638,071,081	599,251,527
Accrued interest as at 30 th June 2006	37,285,882	15,174,219
TOTAL	675,356,963	614,425,746



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 30th June, 2006 the maturity split was as follows:

Particulars	30.06.2006 TZS.'000'	30.06.2005 TZS.'000'
35-Day Treasury Bills	14,017,530	17,105,515
91-Day Treasury Bills	143,178,220	128,855,968
182-Day Treasury Bills	117,063,252	191,881,732
364-Day Treasury Bills	363,812,079	261,408,312
TOTAL	638,071,081	599,251,527

17.0 Other Liabilities

Description	30.06.2006 TZS. '000'	30.06.2005 TZS. '000'
Accounts Payable	15,091,365	11,722,528
Provision for Leave Pay	2,268,502	1,225,971
Stale Drafts Payable	38,954	27,057
Employees Tax (PAYE) Payable	3,665	9,786
TOTAL	17,402,486	12,985,342

18.0 Notes and Coins in Circulation

Description	30.06.2006 TZS. '000'	30.06.2005 TZS. '000'
NOTES		
Notes Issued	3,369,576,659	3,116,047,059
Less: Notes in Custody	(2,445,323,752)	(2,322,137,615)
Notes in Circulation (A)	924,252,907	793,909,444
COINS		
Coins Issued	32,827,157	29,977,157
Less: Coins in Custody	(9,463,544)	9,333,607
Coins in Circulation (B)	23,363,613	20,643,550
TOTAL (A+B)	947,616,520	814,552,994

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 947,616.5 million is the face value of TZS 99,540.1 million representing bank notes that were phased out in 2003. These notes represent the liability of the Bank of Tanzania and exchangeable at the central bank counters.

19.0 Authorized and Paid up Capital

Description	30.06.2006 TZS.'000'	30.06.2005 TZS.'000'
Authorized Capital	10,000,000	10,000,000
Issued and Paid-up Capital	10,000,000	10,000,000

The Authorized and paid up capital of the Bank is determined in the Bank of Tanzania Act, 1995 as amended.

19.1 Reserves

Reserves comprise of the following:-

	30.06.2006 TZS.'000'	30.06.2005 TZS.'000'
General Reserve	142,051,845	72,381,466
Capital Reserve	69,349,559	66,262,517
Exchange Equalization Reserve	150,429,479	
Capital Enhancement Reserve	90,000,000	150,000,000
Reserve for Projects	20,000,000	3,000,000
Staff Housing Fund	13,752,183	10,867,951
Fixed Assets Revaluation Reserve	73,889,901	35,530,921
Securities Revaluation Reserve	(20,904,000)	(11,467,752)
Foreign Currency Revaluation Reserve	3,131,584	10,740,201
Dividend Payable to the Governments	37,110,887	6,509,207
TOTAL	578,811,438	343,824,511

i. General Reserve

In accordance with Section 19(1) of the Bank of Tanzania Act 1995, 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 19(2a) 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 percentum 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”.

ii. 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.

iii. Exchange Equalisation Reserve

With effect from 30th June, 2006 an Exchange Equalization Reserve has been established by the Board, into which 66.7% of the total net realized exchange gains arising from revaluation of foreign assets and foreign liabilities during the financial year are aggregated and credited and the balance of 33.3% will form part of the distributable profits. The rationale for establishing the said reserve inter alia, is based on the premise that the said revaluation may result into a gain or loss but the prudence concept of accounting require management to act more conservatively when a decision has to be reached for recognizing income and consequently determining the level of annual distributable profits. The need to keep a greater portion of the net realized exchange gains in the exchange equalisation reserve is therefore, in line with the prudence concept which require an adequate reserve for losses to be maintained in circumstances where there is also an imminent risk of an overall realized net exchange loss occurring, especially at a time when a large net overall exchange gain has already been recognized in the accounts as is the case this financial year. It is therefore expected that the exchange equalisation reserve balance will act as a cushion or buffer against possible future exchange losses, which can result into a significant erosion of the Bank's net worth and cause financial instability if not controlled. As at 30th June, 2006 the total amount standing at the credit of the exchange equalization Reserve amounted to TZS 150,429.5 million.

iv. Reserve for Projects

This reserve was established by resolution of the 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 30th June, 2006 the reserve had a balance of TZS 20,000.0 million

v. Staff Housing Fund

The Staff Housing Fund was established as a revolving fund by a resolution of the Board of Directors in 1989/90. The purpose of this fund is to provide housing loans to staff. The Board of Directors determines the annual



appropriations into the fund out of distributable profits. During the year, the amount appropriated was 5% of the distributable profit. As at 30th June 2006, the fund had a balance of TZS 13,752.18 million that include loans from the Bank and interest on Fund investments.

vi. Fixed Assets Revaluation Reserve

The Bank maintains a Fixed Assets Revaluation Reserve to account for revaluation surpluses or deficits. If an asset carrying amount increases as a result of revaluation, the increase is credited directly to Fixed Asset Revaluation Reserve. However, the increase is recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in income statement. If an asset's carrying amount decreases as a result of revaluation, the decrease is recognized in income statement. However, the decrease is debited directly to Fixed Assets Revaluation Account to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

M/S Real Surveyors and Associate Limited, a professional and Independent valuer, revalued the banks assets, as at 30th June 2006. The basis of valuation adopted was open market value. This revaluation resulted into a revaluation surplus amounting to TZS 38,358.98 million which was directly credited to this account.

vii. Securities Revaluation Reserve

The Bank maintains a Securities Revaluation Reserve to account for unrealized gains and losses arising from fair value valuation (mark to market) of financial instruments classified as available for sale. Gains and losses arising from change in fair value of available-for-sale financial assets are recognized directly to equity. When these financial assets are sold, collected or otherwise disposed of, the cumulative gains or losses recognized in equity are transferred to the income statement.

viii Foreign Currency Revaluation Reserve

In accordance with Section 19(3)(a) of the Bank of Tanzania Act 1995, unrealized gains and losses on foreign exchange are transferred to this reserve Account. However, pursuant to requirements of the International Financial Reporting Standards (IFRS), in particular IAS - 21 all realized and unrealized foreign exchange valuations should be taken to the Profit and Loss account.

Both realized and unrealized gains and losses are therefore taken to income statement for purposes of computation of profit for the year. Until such gains or losses are realized, they are 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".

20.0 Interest Income

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

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

	2006		TOTAL	TOTAL
	RECEIVED TZS'000'	ACCRUED TZS'000'	2006 TZS'000'	2005 TZS'000'
From Foreign Operations				
Interest on Pound Sterling Investments	7,866,904	1,434,259	9,301,163	9,371,208
Interest on USD Investments	40,017,366	10,929,728	50,947,094	33,340,798
Interest on EURO Investments	13,031,200	5,689,959	18,721,159	19,038,885
Other Foreign Interest Income	22,155		22,155	2,828
Sub Total	60,937,625	18,053,946	78,991,571	61,753,719
From Domestic Operations				
Interest on Domestic Investments	31,477,726	8,216,861	39,694,587	20,856,128
Interest on Loans and Advances	630,668		630,668	
Interest on BOT Loans to Staff Housing Fund	60,345		60,345	60,345
Interest on Investment of Staff Housing Fund	65,458		65,458	
Interest on Staff Loans	67,409		67,409	50,186
Interest on REPO	132,707		132,707	
Sub Total	32,434,313	8,216,861	40,651,174	20,966,659
GRAND TOTAL	93,371,938	26,270,806	119,642,744	82,720,378



NOTES TO THE FINANCIAL STATEMENTS (Continued)

21.0 Interest Expenses

	2006		TOTAL	TOTAL
	ACTUAL TZS'000'	ACCRUED TZS'000'	2006 TZS'000'	2005 TZS'000'
Interest on BOT Liquidity Papers	(13,800,151)	37,285,882	23,485,731	41,158,663
REPO Interest Expenses	770,633		770,633	377,741
Interest on Foreign Exchange Deposit	1,017		1,017	215,792
TOTAL	(13,028,501)	37,285,882	24,257,381	41,752,196

The Bank issues 35, 91, 182 and 364 days treasury bills to mop up excess liquidity in the economy. As a result the interest arises there from is met by the Bank as interest on BOT Liquidity Papers.

22.0 Unrealized Net Exchange Gains (in "000")

During the year the realised and unrealised net gains amounted to TZS 218,035,601. This amount has been included in the Income Statement in determining the Bank's profit for the year. An amount of TZS 10,740,201 unrealized from year 2004/05 was realized during year 2005/06. The unrealized part at the end of year 2005/06 was TZS 3,131,584. The realized amount of TZS 225,644,218 is part of the amount available for appropriation while the unrealized amount of TZS 3,131,584 has been transferred to Revaluation Account in accordance to Section 19(b) of BOT Act 1995 as amended.

	2006 TZS '000	2005 TZS '000
Opening Revaluation Account Balance	10,740,201	264,773,939
Add: Foreign Exchange Gains During the Year	218,035,601	39,852,971
Sub total	228,775,802	304,626,910
Less: Realized Exchange Gains	(225,644,218)	(293,886,709)
Closing Revaluation Account Balance	3,131,584	10,740,201



NOTES TO THE FINANCIAL STATEMENTS (Continued)

23.0 Fees and Commissions

	2006 TZS.'000'	2005 TZS.'000'
Commission on Buying and Selling FX	14,147,379	11,280,139
Bureau de Change Application Fees	36,750	34,198
Bureau de Change Registration Fees	12,400	7,200
Banks and Financial Institutions		
Applications/Licensing Fees	6,000	4,550
Bureau de Change Penalty Fees	9,533	17,543
Inter- bank Charges and Fees (TISS)	200,308	133,067
TOTAL	14,412,370	11,476,697

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

24.0 Other Income

(a) Foreign Operations

	2006		TOTAL	TOTAL
	RECEIVED TZS'000'	ACCRUED TZS'000'	2006 TZS'000'	2005 TZS'000'
BOT USD Indexation Inv.	4,001,068		4,001,068	2,632,967
Realized Gains on De- recognition of AFS	17,584,300		17,584,300	2,564,908
Income from Equity Investment	49,641		49,641	40,705
Cross Rate Gain or Loss	347,285		347,285	391,857
Other Income	92,152		92,152	1,944,230
SUB TOTAL	22,074,446		22,074,446	7,574,667



NOTES TO THE FINANCIAL STATEMENTS (Continued)

(b) Domestic Operations

	2006		TOTAL	TOTAL
	RECEIVED TZS'000'	ACCRUED TZS'000'	2006 TZS'000'	2005 TZS'000'
Rental Income Staff Quarters	170,386		170,386	148,149
Income Hostel Accommodation	29,934		29,934	34,510
Income on Cafeteria Operations	18,112		18,112	19,434
Other Income Domestic	230,976		230,976	256,145
SUB TOTAL	449,408		449,408	458,238
GRAND TOTAL	22,342,361		22,523,854	8,032,905

Charges on IMF drawings and foreign currency management fees that were under other income during the preceding year have been reclassified to other expenses.

25.0 Operating Expenses

25.1 Administrative Expenses

	2006 TZS.'000'	2005 TZS.'000'
Board Expenses	509,399	425,813
Transport and Travelling Expenses	3,137,312	2,981,266
Maintenance - Computer, Software and Related Expenses	2,458,073	924,382
Maintenance - Furniture, Machinery and Equipment	848,176	582,780
Maintenance - Bank Premises	996,505	1,228,474
Legal and Investigation expenses	4,854,006	4,085,031
Audit Fees	232,612	264,006
Fees, Rates and Security Expenses	3,120,639	2,380,889
Water and Electricity	873,544	752,062
Telecommunication and Postage	1,303,105	1,313,705
Printing and Stationery	659,209	495,955
Meetings, Conferences and Seminars	2,677,018	1,755,612
Other Expenses	2,601,561	1,379,134
TOTAL	24,271,159	18,569,109



NOTES TO THE FINANCIAL STATEMENTS (Continued)

25.2 Currency Issue and Related Expenses

	2006 TZS.'000'	2005 TZS.'000'
Notes Printing Expenses (see Note 10)	28,396,129	19,760,291
Coins Minting	1,137,157	
Currency Transport, Storage and Handling	182,269	182,349
Maintenance of Currency Machines	1,611,738	1,061,334
Other Currency Expenses	393,056	464,198
TOTAL	31,720,349	21,468,172

The amount of TZS 28,396.1 million and TZS 1,137.2 million in respect of notes printing and coins minting expenses respectively, relates to the proportionately amortized portion of deferred notes printing and coins minting cost for the currency notes and coins that were issued into circulation during the year. The amount of TZS 182.3 million and TZS 393.1 million is in respect of inland currency distribution expenses that include; transportation, handling, storage, and other related expenses incurred and recognized in the Income Statement during the current financial year. A total of TZS 1,611.7 million was incurred during the year in respect of maintenance expenses for currency machines.

25.3 Personnel Expenses

	2006 TZS.'000'	2005 TZS.'000'
Staff Salaries	23,393,441	18,899,116
Contribution to PPF Scheme	3,230,292	2,657,601
Contribution to NSSF	518,809	446,019
Staff Medical Expenses	2,458,584	1,823,699
Staff Training	2,075,609	1,671,587
Staff Uniforms	97,426	79,277
Worker's Council Expenses	563,838	421,896
Course Functions & Field trips Expenses	15,163	15,817
Travel on Leave Expenses	2,742,521	2,643,483
Retirement Expenses	1,379,606	255,133
Condolence, Survivors' Benefits and Related Expenses	502,594	621,157
Car Loan Tax Expenses	592,136	545,760
Long Term Service Award	25,000	40,000
Management Car Maintenance Expenses	546,228	275,009
Furniture Grant Expenses	225,083	500,056
Cafeteria Expenses	158,296	177,236
TOTAL	38,524,626	31,072,846



NOTES TO THE FINANCIAL STATEMENTS (Continued)

25.4 Personnel Expenses (Continued)

Personnel expenses comprise of staff salaries, contributions to pension schemes, medical expenses, leave passage and other employee benefits incurred during the year.

25.4 Other Expenses

(a) Foreign Operations

	2006 TZS.'000'	2005 TZS.'000'
Charges on IMF Drawings	2,687,757	3,156,768
Foreign currency management fees	1,080,418	1,182,684
Gold operations Expenses	1,155	15,021
Financial Markets Development Expenses	17,247	46,082
Commission and Fees on Foreign Operations	33,349	32,381
Realized Losses on de-recognition of AFS	33,729,578	0
TOTAL	37,549,504	4,432,936

(b) Domestic Operations

	2006 TZS.'000'	2005 TZS.'000'
Cheques Printing	263,288	185,254
Sundry expenses	-	19,617
Contributions and Subscriptions	2,686,052	2,359,810
TOTAL	2,949,340	2,564,681
Grand Total	40,498,844	6,997,617

Leased properties

The Bank maintains the following properties under Operating Lease

- a) PPF Tower Annual Rent Payable at TZS 553.4 million per year
- b) NDC Buildings Annual Rent Payable at TZS 331.1 million per year
- c) PBZ building Annual Rent Payable at TZS 60.0 million per year

Lease Rental payments are being effected at the beginning of each quarter, and therefore at the end of financial year, there was no outstanding liability. Lease commitments expire at the end of the financial year ending 30 June 2007 when the new bank premises will be in use. The lease commitments for the financial year ending 30 June 2007 are expected to be the same as the lease expenses disclosed above.



26.0 Cash flow

Cash Generated from Operations

	2006 TZS'000'	2005 TZS'000'
Cash Generated from Operations		
Net Profit for the Year	210,075,599	9,177,822
Adjustment for:		
Depreciation and Amortization	5,248,162	7,911,361
Net Loss/(Gain) on Disposal of Fixed Assets	(11,950)	(23,685)
Unrealized Foreign Exchange Gains	(1,131,584)	(3,975,047)
Provision for Impairment of Domestic Financial Assets	-	5,177,130
Accrued Interest	13,062,794	(17,181,119)
Loss on Revaluation of Property	49,009	-
Correction of 2004/05 amortization of discount and premium and accrued interest computations	1,537,805	-
Net Cash Generated from Operating Activities	226,829,835	1,086,462
Changes in Working Capital		
Increase/Decrease in Other Assets	(212,146,342)	9,800,719
Increase/Decrease in Inventories	(1,343,063)	(606,626)
Increase/Decrease in Accommodation to Banks	5,518,812	3,630,227
Increase/Decrease in Other Liabilities	4,417,144	6,508,607
Net Changes in Working Capital	(203,508,740)	19,332,927
Cash Generated from Operations	23,050,930	20,419,389

27.0 RISK MANAGEMENT

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

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



27.0 Risk Management (Continued)

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 a sound internal control system which includes: operational and procedural manuals, ICT security policies, back up facilities, contingency planning and standby arrangements for disaster recovery, and independent internal audit function. Managing operational risk in the Bank is an integral part of day to day operations by the management. This risk is closely monitored by management, internal audit function, Audit Committee and the Board.

Financial Risk

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

Human Resource Risk

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

In order to ensure an adequate knowledge base at all times, the Bank invests significantly in human resource development, and is committed to remunerating its employees in accordance to market rates.

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.



Reputational Risk

The management of the Bank has powers to ensure conduct of the Bank's functions as stipulated under Section 5 of the Bank of Tanzania Act, 1995 as amended.

The management of the Bank follows to the best of its ability in fulfilling its fiduciary responsibilities. The Bank adheres to the best practices and applies principle of sound corporate governance.

Risks associated with relationship with multilateral institutions and sovereign counterparts are managed through holding discussions relating to current developments on regular basis.

Other Risks

In the process of managing Tanzania's foreign currency reserves, the Bank maintains positions in fixed-income securities and term deposits in foreign currency. The Bank manages its portfolios as prescribed in the Reserve Management Policy and Investment guidelines. The major risks associated with trading and investment activities are managed by setting risk parameters and limits as per the investment guidelines, which are approved by the Bank's Investment Committee.

Credit Risk

Credit risk is the risk that the counter party to any financial transaction may not be able to fulfill its obligation on the due date. The Bank being a financial institution is therefore subjected to credit risk through its trading and investment activities. This credit risk is basically associated with the insolvency or bankruptcy of a Bank's counter-party or debt issuer, in which the Bank has invested own funds. The Bank also faces risk stemming from a substantial concentration of funds invested in asset classes issued by supranational financial institutions, government agencies and commercial banks. To minimize this risk the Bank has set limits on exposures to each of those asset classes. The Bank has set in place limits on exposures to individual counter-parties (maximum placement limit in absolute terms) based on the credit rating of the counter-party, which it monitors on a daily basis. To minimize credit risk the Bank deals with financial institutions with at least "AA" credit rating by Fitch IBCA. The Bank has also restricted its investment to Organisation for Economic Co-operation and Development (OECD) countries.

Liquidity Risk

Liquidity risk is the risk of failing to meet obligations when they fall due without incurring unnecessary transaction costs. It arises in the funding of the Banks' core activities and in the management of positions, and is two-dimensional: -



- The risk for the Bank of being unable to meet obligations when they fall due
- The risk of being unable to liquidate an asset at its economic value / at a fair value within an appropriate time frame.

The first dimension of liquidity is managed by maintaining funds in the liquidity tranches sufficient to cover the next month's external payment obligations plus a buffer to take care of unforeseeable payment obligations. The second dimension is managed by limiting investment in financial assets with outstanding issue size of not less than USD 500 million, limiting investment to single financial assets of not more than 10% of the outstanding issue size, limiting the maximum maturity of deposit to three months and Laddering of maturity profile of time deposits.

The Bank also maintains its investments in highly liquid assets most of them "AAA" rated securities and with big issue size. The liquidity profile of the bank as at 30 June 2006 is as follows:

LIQUIDITY RISK – 2006

	Up to 1 Month	From 1 to 3 Months	From 3 Months to 1 year	From 1 Year to 5 Years	Over 5 Years	AS AT 30.06.2006
	TZS.'000'	TZS.'000'	TZS.'000'	TZS.'000'	TZS.'000'	TZS.'000'
ASSETS						
Cash and cash equivalent	907,550,805	-	-	-	-	907,550,805
Accommodation to Bank	3,164,723	-	-	-	-	3,164,723
Holdings of SDRs	-		20,892			20,892
Marketable Securities	23,891,776	23,219,277	185,295,710	922,169,810	260,970,315	1,415,546,888
Government Bonds/Stocks	1,857,000	-	8,240,557	340,728,168	101,489,057	452,314,782
Inventories	-	-	4,277,809	-	-	4,277,809
Equity Investments	-	-	-	-	1,654,066	1,654,066
Quota in IMF	-	-	-	-	365,693,880	365,693,880
Other Assets	1,085,770	-	78,929,846	104,927,691	156,599,884	341,543,190
Property, Plant and Equipment	-	-	-	27,961,262	494,693,733	522,654,995
Intangible Assets	-	-	-	7,111,049	-	7,111,049
TOTAL ASSETS	937,324,618	23,219,277	276,764,814	1,402,897,980	1,381,100,935	4,021,533,080
LIABILITIES						
Deposit Banks and Non Banks Financial Institutions	-	-	348,870,121	-	-	348,870,121
Deposit Governments	-	-	243,909,894	-	-	243,909,894
Deposit Others	-	-	77,926,739	-	-	77,926,739
Foreign Currency Financial Liabilities	256,033,658	25,049,940	104,360,047	308,409,427	-	693,853,072
Repurchase Agreements	-	-	-	-	-	-
BOT Liquidity Papers	109,472,183	193,470,196	372,414,584	-	-	675,356,963
Other Liabilities	13,492,673	-	3,909,813	-	-	17,402,486
IMF Related Liabilities	-	-	-	-	370,105,865	370,105,865
Allocation of SDRs	-	57,679,982	-	-	-	57,679,982
Notes and Coins Issued	-	-	-	-	947,616,520	947,616,520
			-			
	378,998,514	276,200,118	1,151,391,198	308,409,427	1,317,722,385	3,432,721,642
Equity						
Authorized and Paid up Capital	-	-	-	-	10,000,000	10,000,000
Reserves	-	-	-	-	578,811,438	578,811,438
TOTAL EQUITY	-	-	-	-	588,811,438	588,811,438
TOTAL EQUITY AND LIABILITIES	378,998,514	276,200,118	1,151,296,189	308,409,427	1,906,533,823	4,021,533,080



NOTES TO THE FINANCIAL STATEMENTS (Continued)

27.0 RISK MANAGEMENT (Continued)

LIQUIDITY RISK - 2005

	Up to 1 Month	From 1 to 3 Months	From 3 Months to 1 year	From 1 Year to 5 Years	Over 5 Years	AS AT 30.06.2005
	TZS.'000'	TZS.'000'	TZS.'000'	TZS.'000'	TZS.'000'	TZS.'000'
ASSETS						
Cash and cash equivalent	517,409,847	-	-	-	-	517,409,847
Clearing Account Balances	8,683,535	-	-	-	-	8,683,535
Holdings of SDRs					58,266	58,266
Marketable Securities	-	11,346,824	186,515,207	1,237,877,412	252,920,916	1,688,660,359
Government Bonds/Stocks	-	-	14,436,273	55,659,762	142,735,030	212,831,065
Inventories	-	-	2,009,369	-	-	2,009,369
Equity Investments	-	-	-	-	1,486,716	1,486,716
Quota in IMF	-	-	-	-	326,878,108	326,878,108
Other Assets	8,529,803		70,044,915	50,581,180	135,116	129,291,014
Property, Plant and Equipment	-	-	2,085,772	2,675,197	287,315,564	292,076,533
Intangible Assets	-	-	-	2,667,166	-	2,667,166
TOTAL ASSETS	534,623,185	11,346,824	275,091,536	1,349,460,717	1,011,529,716	3,182,051,977
LIABILITIES						
Deposit Banks and Non Banks Financial Institutions	-	-	215,444,605	-	-	215,444,605
Deposit Governments	-	-	114,670,724	-	-	114,670,724
Deposit Others		-	63,170,097	-	-	63,170,097
Foreign Currency Financial Liabilities		22,995,383	109,935,860	-	422,345,332	555,276,575
Repurchase Agreements	70,214,836	-	-	-	-	70,214,836
BOT Liquidity Papers	-	145,961,482	468,464,264	-	-	614,425,746
Other Liabilities	9,517,486	-	3,467,856	-	-	12,985,342
IMF Related Liabilities	-	-	-	-	315,928,880	315,928,880
Allocation of SDRs	-	51,557,667	-	-	-	51,557,667
Notes and Coins Issued	-	-	-	-	814,552,994	814,552,994
	79,732,322	220,514,532	975,153,406		1,552,827,206	2,828,227,466
Equity						
Authorized and Paid up Capital	-	-	-	-	10,000,000	10,000,000
Reserves	-	-	-	-	343,824,511	343,824,511
TOTAL EQUITY	-	-	-	-	353,824,511	353,824,511
TOTAL EQUITY AND LIABILITIES	79,732,322	220,514,532	975,153,406	-	1,906,651,717	3,182,051,977



NOTES TO THE FINANCIAL STATEMENTS (Continued)

27.0 RISK MANAGEMENT (Continued)

Market Risk

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

Interest Rate Risk

The Bank's operations are subject to risk of interest rate fluctuations to the extent that interest-earning assets (including investments) and interest-bearing liabilities mature or re-price at different times or different amounts. The Bank uses modified duration as a key measurement for interest rate risk. Modified duration measures the effect of the change of the market value of an asset (liability) in response to change of the interest rate levels. The policy target duration is 1.5 years with deviation allowance of ± 3 months. As at the end of the year portfolio duration stood at 1.30 years.

The interest rate risk profile of the Bank as at 30 June 2006 is as follows:



NOTES TO THE FINANCIAL STATEMENTS (Continued)

27.0 RISK MANAGEMENT (Continued)

INTEREST RATE RISK – 2006

	Fixed Rate Instruments					AS AT 30.06.2006
	Less than 1 month	Between 1 month and 3 months	Between 3 months and 1 year	Over one year	Non-Interest Bearing	
	TZS.'000'	TZS.'000'	TZS.'000'	TZS.'000'	TZS.'000'	TZS.'000'
ASSETS						
Cash and cash equivalent	907,550,805	-	-	-	-	907,550,805
Clearing Account						
Balances	3,164,723	-	-	-	-	3,164,723
Holdings of SDRs			20,892		-	20,892
Marketable Securities	23,891,776	23,219,277	185,295,710	1,183,140,125	-	1,415,546,888
Government						
Bonds/Stocks	1,857,000	-	8,240,557	435,697,745	6,519,480	452,314,782
Inventories	-	-	-	-	4,277,809	4,277,809
Equity Investments	-	-	-	-	1,654,066	1,654,066
Quota in IMF	-	-	-	-	365,693,880	365,693,880
Other Assets	860,316	225,456	78,929,846	111,684,798	149,842,777	341,543,190
Property, Plant and						
Equipment	-	-	-	27,961,263	494,693,732	522,654,995
Intangible Assets	-	-	-	-	7,111,049	7,111,049
TOTAL ASSETS	937,324,620	23,444,733	272,487,005	1,758,483,930	1,029,792,792	4,021,533,080
LIABILITIES						
Deposit Banks and Non						
Banks Financial						
Institutions	-	-	-	-	348,870,121	348,870,121
Deposit Governments	-	-	-	-	243,909,894	243,909,894
Deposit Others	-	-	-	-	77,926,739	77,926,739
Foreign Currency						
Financial Liabilities	256,033,658	25,049,940	104,360,047	308,409,427	-	693,853,072
Repurchase Agreements	-	-	-	-	-	0
BOT Liquidity Papers	109,472,183	193,470,196	372,414,584	-	-	675,356,963
Other Liabilities	-	-	-	-	17,402,486	17,402,486
IMF Related Liabilities	-	-	-	-	370,105,865	370,105,865
Allocation of SDRs	-	-	-	-	57,679,982	57,679,982
Notes and Coins Issued	-	-	-	-	947,616,520	947,616,520
	365,505,841	218,520,136	476,774,631	308,409,427	2,063,511,607	3,432,721,642
Equity						
Authorized and Paid up						
Capital	-	-	-	-	10,000,000	10,000,000
Reserves	-	-	-	-	578,811,438	578,811,438
TOTAL EQUITY	-	-	-	-	588,811,438	588,811,438
TOTAL EQUITY AND						
LIABILITIES	365,505,841	218,520,136	476,774,631	308,409,427	2,652,323,045	4,021,533,080



NOTES TO THE FINANCIAL STATEMENTS (Continued)

27.0 RISK MANAGEMENT (Continued)

INTEREST RATE RISK – 2005

	Fixed Rate Instruments					
	Less than 1 month	Between 1 month and 3 months	Between 3 months and 1 year	Over one year	Non-Interest Bearing	As at 30.06.2005
	TZS.'000'	TZS.'000'	TZS.'000'	TZS.'000'	TZS.'000'	TZS.'000'
ASSETS						
Cash and cash equivalent	517,409,847	-	-	-	-	517,409,847
Clearing Account Balances	8,683,535	-	-	-	-	8,683,535
Holdings of SDRs			-	58,266		58,266
Marketable Securities	-	11,346,824	186,515,207	1,490,798,328	0	1,688,660,359
Government Bonds/Stocks	-	-	14,436,273	192,185,764	6,209,028	212,831,065
Inventories	-	-	-	-	2,009,369	2,009,369
Equity Investments	-	-	-	-	1,486,716	1,486,716
Quota in IMF	-	-	-	-	326,878,108	326,878,108
Other Assets	-	-	-	20,438,080	108,852,934	129,291,014
Property, Plant and Equipment	-	-	-	-	292,076,533	292,076,533
Intangible Assets	-	-	-	-	2,667,166	2,667,166
	526,093,382	11,346,824	200,951,480	1,703,480,438	740,179,854	3,182,051,977
LIABILITIES						
Deposit Banks and Non Banks Financial Institutions	-	-	-	-	215,444,605	215,444,605
Deposit Governments	-	-	-	-	114,670,724	114,670,724
Deposit Others	-	-	-	-	63,170,097	63,170,097
Foreign Currency Financial Liabilities	-	-	46,459,500	508,817,075	-	555,276,575
Repurchase Agreements	70,214,836					70,214,836
BOT Liquidity Papers		145,961,482	468,464,264			614,425,746
Other Liabilities	-	-	-	-	12,985,342	12,985,342
IMF Related Liabilities	-	-	-	-	315,928,880	315,928,880
Allocation of SDRs	-	-	-	-	51,557,667	51,557,667
Notes and Coins Issued	-	-	-	-	814,552,994	814,552,994
	70,214,836	145,961,482	514,923,764	508,817,075	1,588,310,309	2,828,227,466
Equity						
Authorized and Paid up Capital	0	0	0	0	10,000,000	10,000,000
Reserves	0	0	0	0	343,824,511	343,824,511
TOTAL EQUITY	0	0	0	0	443,824,511	443,824,511
TOTAL EQUITY AND LIABILITIES	70,214,836	145,961,482	514,923,764	508,817,075	2,032,144,820	3,182,051,977



The currency risk is the risk arising from changes in the value of investment currencies. The Bank is exposed to currency risk through transactions in foreign currencies (investment activities and settlement obligations) as well as transactions of foreign currency financial assets and liabilities to the reporting currency (TZS) of the Bank. The Bank managed currency risk by maintaining the currency composition of foreign exchange assets that reflects the currency composition of short-term external obligations and the country's import bill. The Bank also observed closely the investment guidelines on Currency exposure limits and Duration target. The foreign currency exposures for the Bank as at 30 June 2006 are as follows:

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. CURRENCY RISK (continued)

CURRENCY RISK – 2006

ASSETS	GBP	USD	EUR	SDR	JPY	UGX	KES	TZS	SEC	ZAR	TOTAL
Cash and cash equivalent	184,583,205	408,616,074	312,835,581	-	944,411	10	1,531	-	511,688	58,305	907,550,805
Clearing Account Balances	-	-	-	-	-	-	-	3,164,723	-	-	3,164,723
Holdings of SDRs	-	-	-	20,892	-	-	-	-	-	-	20,892
Marketable Securities	74,612,464	954,109,377	370,818,820	-	-	-	-	16,006,227	-	-	1,415,546,888
Government Bonds/Stocks	-	-	-	-	-	-	-	452,314,782	-	-	452,314,782
Inventories	-	-	-	-	-	-	-	4,277,809	-	-	4,277,809
Equity Investments	-	1,654,066	-	-	-	-	-	-	-	-	1,654,066
Quota in IMF	-	-	-	365,693,880	-	-	-	-	-	-	365,693,880
Other Assets	-	-	-	-	-	-	-	341,543,190	-	-	341,543,190
Property, Plant and Equipment	-	-	-	-	-	-	-	522,654,995	-	-	522,654,995
Intangible Assets	-	-	-	-	-	-	-	7,111,049	-	-	7,111,049
TOTAL ASSETS	259,195,669	1,364,379,517	683,654,401	365,714,772	944,411	10	1,531	1,347,072,776	511,688	58,305	4,021,533,080



CURRENCY RISK - 2006

LIABILITIES										
Deposit Banks and Non Banks Financial Institutions	-	-	-	-	-	-	-	348,870,121	-	348,870,121
Deposit Governments	-	-	-	-	-	-	-	243,909,894	-	243,909,894
Deposit Others	-	-	-	-	-	-	-	77,926,739	-	77,926,739
Foreign Currency Financial Liabilities	273,108	651,020,208	26,240,443	15,444,084	-	-	18,971	856,258	-	693,853,072
Repurchase Agreements	-	-	-	-	-	-	-	-	-	-
BOT Liquidity Papers	-	-	-	-	-	-	-	675,356,963	-	675,356,963
Other Liabilities	-	-	-	-	-	-	-	17,402,486	-	17,402,486
IMF Related Liabilities	-	-	-	-	-	-	-	370,105,865	-	370,105,865
Allocation of SDRs	-	-	-	57,679,982	-	-	-	-	-	57,679,982
Notes and Coins Issued	-	-	-	-	-	-	-	947,616,520	-	947,616,520
TOTAL LIABILITIES	273,108	651,020,208	26,240,443	73,124,066	-	-	18,971	2,682,044,486	-	3,432,721,642
Equity										
Authorized and Paid up Capital	-	-	-	-	-	-	-	10,000,000	-	10,000,000
Reserves	-	-	-	-	-	-	-	578,811,438	-	578,811,438
TOTAL EQUITY	-	-	-	-	-	-	-	588,811,438	-	588,811,438
TOTAL EQUITY AND LIABILITIES	273,108	651,020,208	26,240,443	73,124,066	-	-	18,971	3,270,856,284	-	4,021,533,080



NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. CURRENCY RISK (continued)

CURRENCY RISK – 2005

	GBP	USD	EUR	SDR	YEN	KES	TZS	SEK	ZAR	TOTAL
ASSETS										
Cash and cash equivalent	117,417,523	182,185,093	217,762,351	-	1,531	1,496	-	40,896	957	517,409,847
Clearing Account Balances	-	0	-	-	-	-	8,683,535	-	-	8,683,535
Holdings of SDRs	-	0	-	58,266	-	-	-	-	-	58,266
Marketable Securities	182,577,115	939,777,823	566,305,421	-	-	-	-	-	-	1,688,660,359
Government Bonds/Stocks	-	0	-	-	-	-	212,831,065	-	-	212,831,065
Inventories	-	0	-	-	-	-	2,009,369	-	-	2,009,369
Equity Investments	-	1,486,716	-	-	-	-	-	-	-	1,654,066
Quota in IMF	-	0	-	326,878,108	-	-	-	-	-	326,878,108
Other Assets	-	0	-	-	-	-	129,291,014	-	-	129,291,014
Property, Plant and Equipment	-	0	-	-	-	-	292,076,533	-	-	292,076,533
Intangible Assets	-	0-	-	-	-	-	2,667,166	-	-	2,667,166
TOTAL ASSETS	299,994,638	1,123,449,632	784,067,772	326,936,374	1,531	1,496	647,558,682	40,896	957	3,182,051,977



NOTES TO THE FINANCIAL STATEMENTS (Continued)

27.0 CURRENCY RISK (Continued) CURRENCY RISK - 2005

LIABILITIES									TOTAL
Deposit Banks and Non Banks Financial Institutions	-	-	-	-	215,444,605				215,444,605
Deposit Governments	-	-	-	-	114,670,724				114,670,724
Deposit Others	-	-	-	-	63,170,097				63,170,097
Foreign Currency Financial Liabilities	231,594	122,708,314	8,876,948	422,345,332	1,098,571	15,816			555,276,575
Repurchase Agreements	-	-	-	-	70,214,836				70,214,836
BOT Liquidity Papers	-	-	-	-	614,425,746				614,425,746
Other Liabilities	-	-	-	-	12,985,342				12,985,342
IMF Related Liabilities	-	-	-	-	315,928,880				315,928,880
Allocation of SDRs	-	-	-	-	51,557,667				51,557,667
Notes and Coins Issued	-	-	-	-	814,552,994				814,552,994
TOTAL LIABILITIES	231,594	122,708,314	8,876,948	422,345,332	2,274,049,462	15,816			2,828,227,466
Equity									
Authorized and Paid up Capital					0			10,000	10,000,000
Reserves					0			343,824,511	343,824,511
TOTAL EQUITY	0	0	0	0	0	343,834,511			353,824,511
TOTAL EQUITY AND LIABILITIES	231,594	122,708,314	8,763,062	422,345,332	2,274,049,462	343,850,327			3,182,051,977

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****28.0 RELATED PARTY DISCLOSURES**

The Bank is wholly owned by the government and is a banker to the governments.

28.1 Governments' Accounts

Governments' ministries and independent departments have a range of current and deposit accounts with the Bank which do not bear nor attract interest.

28.2 Other Government Related Transactions

The Bank from time to time was involved in financial transactions with the government. Such transactions were effected at arms length basis.

28.3 Directors Remuneration

In accordance with Section 15 of the Bank of Tanzania Act, 1995, the remuneration of the Governor, Deputy Governor and Board members is determined by the Board. In 2005/06, payments to the Governor, Deputy Governor and Board members totaled TZS 382.4 million (2005: TZS 265.4 million).

The remuneration packages for Board Members, measured in terms of cost to the Bank, fell within the following ranges;

Remuneration Range	Number of Directors 2006	Number of Directors 2005
Up to 5.0mil.	0	1
Above 5.0mil. - 10.0 mil	2	2
Above 10.0mil - 15.0 mil	5	3
Above 15.0mil - 20.0 mil	0	2
Above 20.0mil - 25.0 mil	3	2

Remunerations include board sitting allowance and reimbursable expenses for board members; and salaries, BOT contribution to pension schemes, leave pay and health insurance.

The number of Board members whose remuneration packages, measured in terms of expenses to the Bank of Tanzania fell within the following categories.



Directors Benefits - 2006

NAME	SALARIES	DIRECTORSHIP FEES	OUT OF POCKET ALLOWANCE
	TZS '000'	TZS '000'	TZS '000'
Mr.D.T.S. Ballali	121,893.2	1,000	18,700
Mr. J.H. Reli	93,764.0	1,000	13,750
Mr. G.S. Mgonja		1,000	13,200
Mr. J.B. Raphael		1,000	11,550
Mr.Hamis M.Omar		-	0.55
Mr. A.M. Rashid		1,000	6,600
Prof. L.K. Rutashobya		1,000	8,250
Prof. J. Semboja		1,000	12,100
Prof. B.J. Ndunguru		1,000	33,000
Mr. M.N. Shirima		1,000	26,400
Dr. N.E. Mwamba		1,000	13,200
TOTAL	215,657	10,000	156,750.55

Directors Benefits - 2005

NAME	SALARIES	DIRECTORSHIP FEES	OUT OF POCKET ALLOWANCE
	TZS '000'	TZS '000'	TZS '000'
Mr.D.T.S. Ballali	80,591	1,000	21,400
Mr. J.H. Reli	23,193	-	4,950
Mr. G.S. Mgonja		1,000	17,050
Mr. J.B. Raphael		1,000	13,350
Mr. A.M. Rashid		1,000	11,700
Prof. L.K. Rutashobya		1,000	8,050
Prof. J. Semboja		1,000	12,250
Prof. B.J. Ndunguru		1,000	23,950
Mr. M.N. Shirima		1,000	18,550
Dr. N.E. Mwamba		-	7,550
TOTAL	103,784	8,000	138,800

As of 30th June 2006 and 30th June 2005 there were no loans advanced by the Bank to the members of the Board.

There were no other related party transaction with Board members; transaction with director-related entities which occurred in the normal course of the Bank operations were conducted on terms no more favorable than similar transactions with other employees or customers.

28.3 Relationship with Mwananchi Gold Company Ltd (MGCL)

The MGCL started operations on 1st January 2006. The Bank has a 20% equity stake in Mwananchi Gold Company Limited (MGCL) and has significant influence in the company. In 2005/06 the Bank granted loans aggregating to TZS 3,637,590,993.60 (USD 2,902,920) to MGCL to assist it to commence operations, which required high initial capital investment compared to (TZS 3,269,885,381.43) (USD 2,609,478.55) of 2004/05).



Out of the loans granted during year 2005/06:-

- TZS 9,924,393.60 (USD 7,920) is unsecured and does not attract interest
- TZS 119,042,600.00 (USD 95,000) is secured against redeemable preference shares issued by MGCL to the Bank.
- TZS 3,508,624,000.00(USD 2,800,000) is secured against MGCL gold stocks, and it attracts interest at Libor +50 basis points.
- Accordingly 2005/06 interest receivable from MGCL of TZS 78,753,459.06(USD 62,847.91) has been included in the Financial Statements

29.0 Contingent Liabilities and Commitments

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

Contingent Liabilities

There were a number of legal proceedings against the Bank as at 30th June 2006. The Bank is being jointly sued with the government for USD 55 million by Vallambia. The Bank's lawyers are of the opinion that there is no probability of a loss to the Bank and hence no provision has been made in the accounts. There are no other significant legal cases needing disclosure.

Commitments

- a) At 30th June 2006, the Bank had a commitment of USD 1.8 million in respect of uncalled and unpaid capital attached to its shareholding in the Afreximbank.
- b) As at 30th June 2006, the Bank's capital commitments in respect of Property, plant and equipment and major capital projects amounted to TZS 145,340.2 million. The Bank's management is confident that net income and other funding arrangements will be sufficient to meet these commitments.

30.0 RETIREMENT/PENSION FUNDS ARRANGEMENTS

Staff of the Bank contribute 2% of their monthly salaries to Parastatal Pension Fund (PPF) or National Social Security Fund (NSSF), which are, defined contribution funds. The Bank contributes 18% of their salaries. No assets and liabilities of these Funds appear on the Bank's Balance Sheet other than any contribution not yet remitted/paid to the Pension Funds. However, this is not an omission because under the PPF and NSSF law the assets and liabilities of the funds should appear in the books of the respective social security funds.

31.0 EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

There are no events subsequent to the Balance Sheet date of such nature that th would require additional disclosures or adjustments to the financial statements.



PART IV: CALENDAR OF IMPORTANT MONETARY AND ECONOMIC POLICY EVENTS, JANUARY 2000 TO JUNE 2006

2006 June: The Bank of Tanzania Act, 2006 and the Banking and Financial Institutions Act, 2006 were gazetted to become effective on 1st July 2006.

2006 June: The Bank finalized review of two legislations governing banking business in Tanzania namely the Bank of Tanzania Act, 1995 and the Banking and Financial Institutions Act, 1991.

2006 June: On 30th June, Initial Public Offer (IPO) for TPCC commenced and ended on 26th July 2006.

2006 June: On 14th June BoT observed the 40th birth of its operations as a Central Bank.

2006 June: The Bank in collaboration with Zanzibar Ministry of Finance and Economic Affairs; conducted a workshop for members of Finance and Economic Affairs Committee of Zanzibar House of Representatives, and other Senior Officials.

2006 April: The three East African member states held a meeting in which among other things they discussed issues pertaining to oversight benchmarks. The meeting agreed on joint East African harmonization on oversight initiatives and benchmarks.

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 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 to be done retroactively by the end of the 3rd quarter of 2006.

2006 February: The SADC team conducted a Financial Sector Assessment in the region. This was done in collaboration with respective SADC countries. The main criterion used was compliance to BIS core principles for payment systems. Tanzania was in compliance with most of them.

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 October: Tanzania Net Settlement Services System (TNSS) which is 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: The Government of United Republic of Tanzania concluded bilateral agreements with the Governments of Libya and Hungary leading to cancellation of debt worth USD 101.7 million and USD 10.4 million, respectively, being 50 percent of consolidated debt Tanzania owed to the two creditors. The agreements also lead to restructuring of the remaining 50 percent debts into Treasury Bonds.

2005 July: End of sale of units of Umoja Fund

2005 June: The government approved and announced the preferred bidder for National Micro-finance Bank (NMB).

2005 June: The G8 Finance Ministers on June 11th 2005 announced a proposal on debt cancellation for Highly Indebted Poor Countries (HIPC). 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's 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: On 16th May 2005 Initial Public Offer (IPO) for sale of units in the Umoja Fund by UTT commenced with a minimum purchase of 50 units worth TZS 3,500.

2005 May: Office of Chief Government Statistician GOZ completed the Zanzibar Household Budget Survey (HBS).

2005 May: Report on Private Capital Flows was delivered to the Revolutionary Government of Zanzibar.

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: Effective 07th January 2005, TRA commenced operation of the installed Flow Meter Machine.

2005 January: The East African Community Customs Union Protocol that was ratified by the Partner States in December 2004 commenced its operations. Under the protocol, trade on goods originating and traded among the Partner States attracts a zero tariff. A three-band Common External Tariff (CET) structure of 0%, 10%, and 25% is applied to goods imported into EAC. A selected list of sensitive items attracts rates above 25% as an additional protection measure for similar locally produced products.

2004 December: Effective end of December 2005, the government developed and introduced a computerized risk-management system aimed at expanding customs clearance primarily through reducing significantly the number of shipments that are physically inspected.

2004 December: The East African Legislative Assembly enacted the East African Community Customs Management Act, 2004.

2004 November: The National Assembly passed the National Economic Empowerment Act, 2004. Under the act, the government has resolved to take measures designed to promote and facilitate economic initiatives aimed at empowering Tanzanians.

2004 November: Effective 1st November, 2004, National Bureau de Change Limited changed and started using a new name "Twiga Bancorp Limited.

2004 October: The Electronic Fund Transfer (EFT) system, which is used to transfer low value high volume interbank payments, went live.

2004 October: Kenya Airways was listed in the Dar-es-Salaam Stock Exchange



(DSE) with capitalization of TZS. 84.48 billion. This was the first foreign company to be listed at the DSE.

2004 October: Effective 7th October Bank of Tanzania licensed Bank of Baroda (T) Limited to operate as fully-fledged commercial bank.

2004 June: The Government made the following fiscal policy changes:

- Fixing stamp duty on cigarette packets sold in Zanzibar like in Tanzania Mainland.
- Introduced excise duty on locally manufactured products

2004 June: Effective 1st June, Savings and Finance Limited changed its status from a non-bank financial institution to a fully-fledged commercial bank.

2004 May: The implementation of the Tanzania Inter bank Settlement System (TISS) was officially launched on 14th.

2004 April: The Bank introduced the Tanzania Inter-bank Settlement System (TISS) which is an online, real time gross settlement system. It is an inter-bank funds transfer system through which large value and time sensitive credit transfers are made between participants in the system for their own account or on behalf of their customers. It is also extended to TRA (large tax payers and customs accounts) for the purpose of collecting tax.

2004 April: The TISS System successfully went through the implementation stages and went live on 8th of April as scheduled.

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). The completion was expected to improve and provide up to date income levels data for the people of Zanzibar and more realistic poverty indicators and a new CPI for rural and urban areas. This was also expected to reduce weight of food item and hence stabilise the inflation rate.

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 were retired at a price of 12 cents a dollar of the principal amount tendered.

2004 January: President of Zanzibar and Chairman of the Revolutionary Council H.E. Amani Abeid Karume laid down the foundation stone for the construction of the BOT Zanzibar Branch office. Construction began in February 2004.

2003 June: The President of the Union Government of Tanzania as empowered by 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
- Adapted the national account statistics to internationally accepted standards

2003 May: Effective 21st May 2003, the Tanzanian Government opened up the Dar es Salaam Stock Exchange (DSE) to foreign investors.



2003 May: Effective March, the Bank of Tanzania started the process of replacing old notes with the new ones and introduced TZS 2000 denomination into circulation.

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.

2003 January: The Government introduced a Treasury Voucher System for those exempted from paying taxes. This system allows organizations and institutions benefiting from tax exemptions to receive a Treasury Voucher and present it to Tanzania Revenue Authority.

2002 October: The Ministry of Finance issued additional non-marketable stocks into marketable securities worth TZS 90.0 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 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 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: Effective 17th July, the Bank of Tanzania licensed the Kagera Farmers Cooperative Bank Ltd stationed in Bukoba to operate as fully-fledged commercial bank.

2002 June: The Bank of Tanzania licensed African Bank Corporation (former ULC), effective from 3rd June as a commercial bank.

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: Effective 29th May, the Bank of Tanzania reinstated the 35-days Treasury bill to cater for monetary policy implementation in the country.

2002 May: Effective 15th May, the Bank of Tanzania licensed as a non bank, The Dar es Salaam Community Bank, and Tanzanians especially Dar Es Salaam residents were encouraged to acquire shares.

2002 May: Effective 10th May, the Bank of Tanzania licensed United Bank of Africa as a commercial bank.

2002 April: The Bank of Tanzania changed the 2-year Treasury bond auctions from uniform prices to multiple prices.



2002 April: Effective 15th April, the Bank of Tanzania licensed CF Union Bank Ltd (a merger of then Furaha Finance and Crown) as a commercial bank.

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 (CBS) 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 that is traded in the Dar es Salaam Stock Exchange (DSE).

2002 January: The Paris Club Creditors met on January 17th and agreed to offer debt relief under Cologne Stock Terms by canceling 90 percent stock of their debts amounting to USD 737 million in net present value terms or USD 1.0 billion in nominal terms. This was part of HIPC Initiative.

2001 November: Tanzania fulfilled all the conditions and managed to reach HIPC Completion Point, 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) retired, utilizing about USD 7.2 million from the grant. The first closing of the operation represented 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" issued 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 laid 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 October: The Bank of Tanzania licensed Mwanga Community Bank to operate as a community bank.

2000 October: Effective 19th October, the Bank of Tanzania licensed Barclays Bank (T) Ltd.

2000 September: The Publication 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 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 July: Bank of Tanzania shifted from targeting extended broad money (M3) as a monetary policy intermediate target to broad money (M2).

2000 July: Bank of Tanzania shifted from calculation of average interest rates to weighted average interest rates.

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 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.



PART V APPENDICES



APPENDIX 1: SPEECH BY THE GOVERNOR

ADDRESS BY GOVERNOR DAUDI T.S. BALLALI AT THE FORMAL OPENING OF BANK OF TANZANIA HEADQUARTERS EXTENSION BUILDINGS BY THE PRESIDENT, H.E. BENJAMIN WILLIAM MKAPA, AT 10 MIRAMBO STREET DAR ES SALAAM ON 21ST OCTOBER, 2005

- The President of the United Republic of Tanzania, Your Excellency Benjamin William Mkapa
- The First Lady, Mama Anna Mkapa
- The Minister of Finance, Hon. Basil P. Mramba
- Leaders of Religious Bodies in Tanzania
- Honourable Ministers
- Permanent Secretaries
- Members of the Diplomatic Corps
- Fellow Governors of the Bank of Uganda, Mr. Emmanuel Tumusiime-Mutebile, the Central Bank of Kenya, Dr. Andrew Mullei
- Representatives of the Four Consultants Firms and other Consultants of the Project
- Chairman and CEO of Group Five, Mr. Mike Lomas; the Managing Director of Group Five, Mr. Paul L Seur and the Group Five Master Builder of these buildings, Mr. Willie Campbell
- Distinguished Guests
- Ladies and Gentlemen

Your Excellency the President,

It is with great sadness and regret that you are opening these buildings today without the presence of the Chief Architect, Mr. Shah. He passed away 11 days ago on

October 10.

Your Excellency,

On behalf of the Board, the Management and Staff of the Bank of Tanzania, I am privileged to welcome you to the formal opening of Bank of Tanzania Headquarters Extension buildings by H.E. the President. The last time we had the privilege of having the top leaders of Tanzania, from all the sphere of our daily lives, assembled here, was in 1969, thirty six years ago, when the Pink Building in the middle was opened by the Father of the Nation, Mwalimu Nyerere. It was then called the Pink Palace. Last night the founding Governor of the Bank of Tanzania, Mr. Edwin Mtei, who is with us here today, reminded me that it was also October 1969. Tanzania then had 10 million people, today we are 38 million. As the country and the Bank staff grew, the space in the Pink Palace became increasingly inadequate. We are currently housed in five different buildings across town. Now, with Your Excellency opening the buildings, we have the opportunity for all the staff to work together again in these buildings. The same scenario existed in 1969 when the Bank of Tanzania was housed in several buildings before moving in the then new facility.

Your Excellency,

We have distributed a booklet summarizing what we have achieved under your leadership in the past ten years. We could not list all the achievements, even though the booklet outlines only those achievements in our area of competence. As everyone will notice, after reading the booklet, these buildings are the least



important of our achievements at the Bank of Tanzania during the ten years. The staff the Bank of Tanzania (the BoT) recall with great fondness that one of your first function during your Excellency's first thirty days in office was to open the Ninth Financial Institutions Conference in Arusha on the 4th of December 1995. In your opening Address you said and I quote:

"It is the objective of my Government to do whatever it can to create the necessary policy, structural and legal framework that will be conducive to the development of a vibrant, efficient and effective financial services sector."

Your Excellency, true to your promise, ten years later, you leave behind a completely transformed financial sector. I will not dwell to outline how we did it. Suffice it to say that, under your leadership, we did everything you said in that quote. We put in place the appropriate policies to attract investment in the financial sector, we undertook major structural changes, including an orderly privatisation of government owned banks, and we introduced a strong legal and regulatory framework for all financial institutions regulated by the Bank of Tanzania. Today the financial sector is the most transformed of all sectors, followed perhaps by telecom, and the mining sector. In fact, in varying degrees all sectors of the Tanzania economy have experienced major improvements in the past ten years.

To bring about the transformation, appropriate policy measures had to be designed, adopted, and implemented in context of a comprehensive reform program. To succeed, there had to be adequate donor financial resources to support the implementation of the program. The first building block in

the reform effort was the restoration of macroeconomic stability. The success in attaining macroeconomic stability is demonstrated by the fact that ten years ago Tanzania's annual inflation rate was nearly 30 percent; today it is down to 4.5 for the year ended September 2005. The Government budget is in a much better form. The large budget deficits are long gone and the overall budget balance, after grants, has registered either small surpluses, or has been in balance or has registered very small deficits. Where there have been small deficits, they have all been financed from non-bank sources. As a matter of policy, there has been no recourse to the banking system to finance the deficits. Interest rates in the banking system are market determined and the maximum lending rates have fallen from 31 percent in 1995 to about 16 percent now, thus significantly narrowing the interest rate spread. Deposit rates, which were negative in real terms, are now positive in real returns. The foreign exchange reserves held by the Bank of Tanzania have increased from US\$ 267 million at the end of 1995 to US\$ 2.3 billion now, equivalent eight months of imports. And the exchange rate is far more stable now than ten years ago. As a consequence, GDP growth rates have responded, rising steadily from about 3 percent in 1995 to 6.7 percent in 2004 and to an estimate 7.0 percent in 2005. These are the achievements in the area of macroeconomic stability.

There have also been great achievements in the implementation of structural reforms, including privatisation, liberalization of the economy, especially removal of exchange controls, and in the improvement of business environment and promotion of investment. However, all these structural reforms could not have been achieved if macroeconomic stability were not firmly established.

That is why I emphasize the importance of macroeconomic stability, which is central to the Bank of Tanzania's role in the economy. It is the foundation to economic growth and poverty reduction just like the foundation of these buildings. However, while the foundation of these buildings is cast in concrete, the macroeconomic stability foundation is encrusted in policies. It is a nebulous foundation. It is like a foundation on a floating ship. We all have to be vigilant to ensure that the foundation does not float away. This foundation would be more firmly established over the long term if all Tanzanians knew that they have a major state in macroeconomic stability. Tanzanians of all walks of life need to be educated. The leaders gathered here have a great responsibility. But how can a peasant farmer in a remote part of Tanzania be taught to care about macroeconomic stability? Fortunately, he or she will need to understand and ask only three questions! What is the rate of inflation this month, and what was it a month ago? What is our budget deficit this year, and what was it last year? What is the growth rate of the economy this year, and what was it last year. Understanding and appreciating the answers to these three questions by all Tanzanians would create lasting support for macroeconomic stability. For those who might become more interested in the subject, they could also ask about monthly changes in the level of foreign exchange reserves. All this information on the main parameters of macroeconomic stability is published monthly by the Bank of Tanzania in its Monthly Economic Bulletin.

Finally, Tanzania must seize a window of opportunity that has just been presented to us. This window of opportunity consists of three factors. The first factor is the Mkapa Factor. President Mkapa has provided the leadership to achieve

macroeconomic stability and successfully implement a wide range of structural reforms, and all the progress made on roads, other infrastructure, education and health, and indeed a significant reduction in poverty as well as a GDP growth rate of 7 percent this year. He is also responsible for bringing on board the other two factors. The second factor is the current great interest of the donor community on Tanzania. Tanzania is the leading recipient in Africa of donor bilateral assistance from the United Kingdom, Japan and the Scandinavian countries. We receive assistance from the majority of the countries of the O.E.C.D. and from many countries outside the O.E.C.D., and even from other developing countries. We are also receiving substantial assistance from multilateral sources, the World Bank, the IMF, the African Development Bank, and others. In addition to this assistance, we have benefited from substantial debt receive under the HIPC initiative and bilateral debt cancellations. There are new initiatives to provide us further multilateral debt relief and debt cancellations. The third factor is the increased interest on Tanzania, and Africa generally, by foreign investors. Tanzania has been receiving growing amounts of private foreign direct investment (FDI). Our country is among the leading recipients of investment in Sub-Saharan Africa, other than South Africa and the oil producing countries. This is a good sign, but the amount is still small, it is not yet adequate to raise and sustain a GDP growth rate of 8-10 percent, which is our objective in order to reduce poverty significantly over the long term and achieve the MDGs and Vision 2025.

The three factors reinforce each other and they constitute our window of opportunity, which we must seize now to move our economy forward. This window, especially the second factor,



will not last forever. We cannot and should not desire to be a donor dependent country. We should have a long term goal of growing out of donor dependence. We should use the window of opportunity to get out of poverty and become a self sustaining economy.

To push our economy into the next phase we must adhere to the main element of the Mkapa Factor, namely, maintaining macroeconomic stability. Then we must make choices. We must choose where we will direct our investment efforts. We cannot develop all the sectors of the economy at the same time. We have to select carefully the sectors that will pull the others while the window of opportunity lasts. There are two sectors that for Tanzania are a natural. These are tourism and mining. They just require us to improve the business environment and investors will respond. But they are not enough to pull us out of poverty and attain the MDGs and Vision 2025. We need to venture into manufacturing for export as well as to realize our potential in agriculture and export processed agricultural products. With concerted and sustained efforts to push exports, we would be at the same time addressing the weakest point in the structure of the Tanzania economy. Our ratio of exports to GDP is only 10 percent compared to the average of 20 percent for Africa, 25 percent for Kenya, 30 percent for South Africa and 120 percent for Malaysia. These figures should tell us why our conditions have not seen a remarkable improvement despite all the achievements of the past ten years. It is because we have just began the long journey to poverty reduction and prosperity.

Sustained macroeconomic stability over a very long period, much longer than the ten years, and strong and focused efforts in pushing exports in the indicated

sectors would deliver us from poverty to prosperity.

You will notice that I have myself used a window of opportunity provided by presence of the leaders gathered here to plead for macroeconomic stability.

Thank you.



APPENDIX II: SPEECH BY THE PRESIDENT

SPEECH BY THE PRESIDENT OF THE UNITED REPUBLIC OF TANZANIA, HIS EXCELLENCY BENJAMIN WILLIAM MKAPA, AT HIS FORMAL OPENING OF BANK OF TANZANIA HEADQUARTER EXTENSION BUILDINGS AT 10 MIRAMBO STREET, DAR ES SALAAM, 21st OCTOBER 2005

Hon. Minister of Finance;

The Governor of the Bank of Tanzania;
Excellencies Heads of Diplomatic
Missions;
Invited Guests;
Ladies and Gentlemen:

I am deeply honoured and greatly satisfied to have been asked to be the Guest of Honour at this occasion. The Central Bank is an eminent pillar of the sovereignty of a nation. The level of performance of the country's financial sector is in your hands. You are the exclusive banker to the Government. Your frown or your smile can appreciate the value of people's assets and savings or decimate them. Omniscient and omnipotent you may not be, but this institution is the heartbeat of the nation's potency and the people's well-being.

I am therefore pleased that one of my final major acts at the end of my 10 years as President of the United Republic of Tanzania is to open these headquarters buildings of the Bank of Tanzania, an institution we have entrusted with the major role of ensuring macroeconomic stability. For this physical expansion and concentration strengthens your capacity to respond promptly to the challenges of our fast modernising economy. It will also build capacity to discharge your seminal

responsibilities.

Over the past 10 years we have implemented far reaching economic and structural reforms, which have resulted in an unparalleled transformation of our economy. The benefits of our efforts are evident to us as well as the rest of the world. The benefits range from the government being revenue empowered to improve access to social services delivery to the territorial expansion and consolidation of infrastructure backbones.

Reforms however, are successful if they are bold, properly sequenced, and are sustained over a long period. Ours have corresponded stringently to these imperatives. Throughout the 10 years we have listened to advice, taken admonitions and denunciation and braved criticism. But we have not wavered; we have stayed the course.

We have sequenced our reforms well. The first step was to establish macroeconomic stability because this is a necessary, though not sufficient, condition for successful reforms that lead to rapid economic growth and poverty reduction. Given the boldness of the measures that we began implementing in January 1996. We were able to achieve:

- A reduction in the annual inflation rate from nearly 30% in 1995 to 4.9 percent by November 2001, and to 3.5% by July 2003 through an appropriate monetary policy supported by prudent fiscal policies; and we have succeeded to maintain the inflation rate below 5 percent, this despite the adverse impact of sharply rising oil prices.



- We took drastic measures to reduce the large budget deficits by restructuring and targeting expenditure properly and vigorously increasing our revenue collection performance. We increased revenue collections five fold to the present average of 150/= bn per month. As a consequence, we were able to attain not only a balanced budget after grants, but also small budget surpluses in the late 1990's. Since then, we have maintained either a balanced budget, after grants, or financed the deficit from non-bank sources. With no recourse to the banking system to finance the budget deficit, the private sector has been the sole beneficiary of rapidly rising loanable resources from the banking system.
- Our balance of payments were strengthened very quickly. At the end of 1995, Bank of Tanzania foreign exchange reserves were only USD 270 million; today we have slightly over USD 2 billion or about 7 months of imports of goods and services. In tandem with macroeconomic reform measures, we implemented far reaching structural reforms:
- We continued liberalization of trade and payments; removal of exchange controls, import controls, and liberalized dividend payments; adoption of a free market for foreign exchange, and adoption of a floating exchange rate regime.
- We liberalized the banking and financial sector effective 1993 when government monopoly in banking was ended and private banks were facilitated to establish. Today we have 28 commercial banks.
- We implemented a successful privatisation program all around, in the financial sector as well as in all other sectors. Most notable was privatisation of NBC and NMB in the financial sector, TBL in the beverage sector, and the cement factories in construction, in the construction industry.
- We undertook substantial improvement in the environment for the private sector. Most notable was the change in the mining law in 1998, to the effect that Tanzania now is one of the leading producers of gold in Africa. We have improved business environment in other sectors and as a result we have witnessed a very substantial increase in FDI and Tanzania is (one of the leading recipients in Africa of private foreign investment in sub-Saharan Africa, other than South Africa and the oil producers). The establishment of the TIC, change in company laws, simplification of the tax regime, and other reforms have promulgated a climate conducive to domestic and external investment in both production and service sectors. To sustain that environment of inter-active participation we established vehicles for dialogue with the private sector through the Investors' Round Table and the Tanzania Business Council. And we recognised the conditional imperative of tripartism by bringing on board organised labour.
- Such comprehensive reforms required legal authority. We made major changes in the legal framework to liberalize the economy, promote private investment, to speed up growth.
- The transition from a public driven

to a private sector driven economy in turn called for government divestiture of debilitating ownership and management. We have removed direct government control of business activity, and instead, a wide range of independent regulatory bodies have been set up.

- With increased government revenues we have authenticated our national policy of call on self-reliance. Unprecedented we have made major improvement in infrastructure. Thus for example there are **400** miles of the national roads being constructed by own funding.
- And then there are the internationally recognised and commended major improvements in the delivery of social services, especially in education, health and the fight against HIV/AIDS.

These are just the highlights of the outcomes of our reforms. These achievements have all along attracted rising levels of external assistance and debt reduction; namely,

- Debt cancellation under the HIPC Initiative;
- Bilateral debt cancellations;
- Increasing levels of external assistance both bilateral and multilateral virtually all in the form of grants.

The debt reduction on the one hand, and increases in external assistance on the other, have enabled us to increase expenditure on poverty reducing programs, particularly in health, education and rural projects. The available statistics indicate that there has been significant reduction in poverty in the past 10 years, although it is only the beginning of what

will be a long, protracted war to make poverty history. And as the nation lives the current political elections campaigns the reality needs to be stressed that no government puts money directly into its citizen's pockets!

These reforms over the past ten years have enabled us not only to maintain macroeconomic stability, but also to raise our GDP growth rates from the low levels of mid-1990s to 6.7 percent in 2004 and to an estimated 7.0 percent in 2005.

Hon. Ministers, Hon. Governor:

These are not small achievements. They can be seen on the ground and they are attracting international attention. For example, earlier this week on 18th October 2005, there was a comment by the US former Assistant Secretary of State Mr. Herman Cohen recognising five potential African economic lions: South Africa, Tanzania, Uganda, Nigeria and Senegal to rival the Asia tigers by 2015!

I must caution that all these efforts will not succeed and the ground breaking successes will not be sustained unless we stay steadfast on the reform agenda and fast track. To this end:

1. We must continue to maintain macroeconomic stability. To do so we must maintain appropriate fiscal policies and avoid bank financing of the deficit.
2. We must continue with the still tall agenda of structural reforms, in particular, amendment of archaic laws, introduction of new legislation, reform and modernisation of the judiciary and the police.
3. We must enhance good governance and accountability, bearing in mind



that this is not a one time project but an enduring mission and program.

But we must also remember that we are not the first country to make major economic strides in this way. Africa is full of examples of countries that made major strides, only later to falter and lose all the gains. I do not subscribe to name calling and have certainly not been converted to the mantra of failed or rogue states.

What really concerns me and should concern all Tanzanians is the challenge to affirm these achievements, and how to spread the knowledge with which to sustain and enhance them.

To sustain these achievements we should not lose the momentum we have built. We must and we need to increase our efforts and “ring fence” our gains with a focus on:

1. Continuing to maintain macroeconomic stability through prudent fiscal and appropriate monetary policies.
2. Upholding the autonomy and strength of the central bank. I strongly urge the speedy passage of the Bank of Tanzania Act 2005, the passage of which was deliberated through its first reading during my administration.
3. Pursuing an export led growth in order to raise our GDP growth to 8 – 10 percent, needed to reduce poverty and for Tanzania to become a middle-income country by 2025, at the latest.
4. Invigorating the growth potential strength of our agricultural sector and push manufacturing for exports using our abundant labour force. We

have already put in place the building blocks of export led growth.

We have established EPZs to spearhead manufacturing for export. We are facilitating agro-based exports by supporting flowers and other horticultural exports. We have established credit guarantee schemes to provide long term financing in order to speed up efforts in these key areas of growth.

We are also in the process of establishing Special Economic Zones (SEZ) with the assistance of Japan. I have undertaken this brief overview of the origins, rationale and impact of the economic reforms under my Presidency deliberately. For there are those who stridently protest that they have impoverished both the country and its people. But I believe that the majority of our people have witnessed and been touched by the unprecedented impact of the reforms in terms of substantial access to economic and social services for their families. They stand ready to embark on the next stage of formalising their role in the modernising economy by utilising their legalised assets and simplified mechanisms for legal entrepreneurship. Our banks must activate dead capital, and the central banks must be on the frontline of the effort to breathe economic life and give development momentum to the assets of the poor.

In conclusion, I want to pay singular tribute to the Governor, Mr. Ballali. When I asked him to be my Economic Adviser he readily agreed to forego the perks of full term service with the IMF, to be part of our reform process team with an unpredictable political radar. And when I asked him to take the directional and management wheel of the process, he did not demur. In the event he has proven as bold in innovation and execution as the character of the reforms themselves. He



has counselled me; he has fortified my will and mission; he has dynamically influenced the approach of our donors and debtors; he has promoted the spirit of give and take, of our all winners syndrome between our lenders and our public sector borrowers; he has helped show the development partners that cooperation must be fostered in mutual dignity and respect. Thank you Governor!

And thank you all here assembled for your kind attention.



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Table A1.1: Gross Domestic Product (GDP), at Factor Cost by Kind of Economic Activity at Current Prices, 1996 - 2005

Millions of TZS

Economic Activity	1996	1997	1998	1999	2000	2001	2002	2003	2004r	2005 *
A: Monetary										
Agriculture	931,724	1,085,698	1,264,264	1,500,572	1,690,856	1,919,704	2,205,161	2,508,853	2,958,063	3,483,352
Crops	697,047	804,595	927,024	1,096,536	1,240,503	1,427,781	1,649,209	1,877,152	2,252,582	2,686,155
Livestock	113,518	144,338	153,981	187,736	206,042	220,973	248,102	281,408	312,363	348,285
Forestry and hunting	47,539	44,300	67,337	74,831	83,271	95,366	107,764	121,234	139,419	161,726
Fishing	73,620	92,465	115,921	141,468	161,039	175,584	200,086	229,059	253,698	287,187
Mining and quarrying	38,511	53,515	74,386	85,792	99,519	120,454	152,977	210,574	278,262	368,141
Manufacturing	254,326	295,272	382,901	434,544	499,726	564,689	638,663	710,951	791,416	891,135
Electricity and water supply	65,800	74,599	81,751	101,301	112,753	124,789	145,753	156,963	177,614	202,499
Electricity	59,728	67,254	74,035	91,481	101,583	112,279	131,366	140,562	158,835	181,072
Water	6,072	7,345	7,716	9,820	11,170	12,510	14,387	16,401	18,779	21,427
Construction	99,871	149,824	209,754	253,447	282,150	335,924	389,671	454,163	532,017	619,799
Trade, restaurants and hotels	493,572	562,760	635,305	740,181	823,025	926,870	1,038,094	1,153,323	1,319,172	1,513,090
Transport, and communication	193,946	219,393	250,081	294,180	328,259	361,558	404,945	451,281	509,948	580,754
Financial and business services	209,392	248,832	312,847	345,071	382,970	421,511	494,801	564,334	637,127	739,110
Finance and insurance	113,913	137,885	152,697	165,504	187,027	197,989	231,647	257,128	296,691	344,161
Real estate	85,878	99,619	147,575	162,727	177,372	201,535	238,308	279,130	309,835	360,338
Business services	9,600	11,328	12,575	16,840	18,570	21,987	24,845	28,075	30,602	34,611
Public administration and other services	300,876	451,733	559,796	649,553	709,351	796,930	893,083	956,209	1,044,229	1,154,682
Public administration	200,913	340,445	424,278	495,377	535,007	593,858	659,182	708,621	772,397	853,499
Education	41,261	48,956	58,929	67,244	75,313	88,116	103,096	109,282	120,210	134,635
Health	20,411	23,690	27,284	31,350	35,112	41,081	48,065	51,429	56,058	61,327
Other services	38,291	38,642	49,305	55,582	63,919	73,875	82,740	86,877	95,565	105,221
Less financial Services Indirectly Measured	-136,957	-138,244	-140,909	-144,756	-151,359	-157,785	-168,830	-194,155	-204,494	-215,833
Total Monetary GDP	2,451,061	3,003,382	3,630,176	4,259,885	4,777,249	5,414,643	6,194,318	6,972,497	8,043,355	9,336,729
B: Non-Monetary										
Agriculture	726,551	918,065	1,030,764	1,193,801	1,330,302	1,486,442	1,679,360	1,909,002	2,269,394	2,542,496
Crops	591,012	734,697	843,442	974,491	1,086,192	1,216,257	1,374,643	1,564,638	1,872,304	2,098,713
Livestock	54,478	69,268	73,895	90,097	100,351	107,626	120,839	137,061	152,138	172,886
Forestry and hunting	72,515	103,366	101,003	112,984	125,351	143,050	161,646	181,852	215,633	237,707
Fishing	8,546	10,734	13,324	16,230	18,408	19,509	22,232	25,451	29,320	33,190
Construction	32,377	38,299	45,576	52,412	61,205	69,235	80,313	91,958	105,752	122,113
Owner - Occupied Dwellings	242,570	321,854	418,410	471,601	537,625	654,295	745,896	842,863	913,138	1,061,979
Total Non-Monetary GDP	1,001,498	1,278,218	1,494,750	1,717,814	1,929,132	2,209,972	2,505,569	2,843,823	3,288,284	3,726,588
C: Total GDP f.c. : (A+B)	3,452,559	4,281,600	5,124,926	5,977,699	6,706,381	7,624,615	8,699,887	9,816,319	11,331,638	13,063,317
Population (Million)	28.3	29.1	30.0	30.9	31.9	32.9	33.6	34.2	35.2	36.2
D: Per Capita nominal GDP (TZS)	121,999	147,134	170,831	193,453	210,231	231,751	258,925	287,027	321,684	360,742

* Provisional, r = revised

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

Table A1.2: Gross Domestic Product (GDP), at Factor Cost by Kind of Economic Activity, Percentage Share in Total GDP, at Current Prices, 1996 - 2005

Economic Activity	1996	1997	1998	1999	2000	2001	2002	2003	2004r	2005*
A: Monetary										
Agriculture	27.0	25.3	24.7	25.1	25.2	25.2	25.3	25.6	26.1	26.7
Crops	20.2	18.8	18.1	18.3	18.5	18.7	19.0	19.1	19.9	20.6
Livestock	3.3	3.4	3.0	3.1	3.1	2.9	2.9	2.9	2.8	2.7
Forestry and hunting	1.4	1.0	1.3	1.3	1.2	1.3	1.2	1.2	1.2	1.2
Fishing	2.1	2.2	2.3	2.4	2.4	2.3	2.3	2.3	2.2	2.2
Mining and quarrying	1.1	1.2	1.5	1.4	1.5	1.6	1.8	2.1	2.5	2.8
Manufacturing	7.4	6.9	7.5	7.3	7.5	7.4	7.3	7.2	7.0	6.8
Electricity and water supply	1.9	1.7	1.6	1.7	1.7	1.6	1.7	1.6	1.6	1.6
Electricity	1.7	1.6	1.4	1.5	1.5	1.5	1.5	1.4	1.4	1.4
Water	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Construction	2.9	3.5	4.1	4.2	4.2	4.4	4.5	4.6	4.7	4.7
Trade, restaurants and hotels	14.3	13.1	12.4	12.4	12.3	12.2	11.9	11.7	11.6	11.6
Transport, and communication	5.6	5.1	4.9	4.9	4.9	4.7	4.7	4.6	4.5	4.4
Financial and business services	6.1	5.8	6.1	5.8	5.7	5.5	5.7	5.7	5.6	5.7
Finance and insurance	3.3	3.2	3.0	2.8	2.8	2.6	2.7	2.6	2.6	2.6
Real estate	2.5	2.3	2.9	2.7	2.6	2.6	2.7	2.8	2.7	2.8
Business services	0.3	0.3	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Public administration and other services	8.7	10.7	10.9	10.9	10.6	10.5	10.3	9.7	9.2	8.8
Public administration	5.8	7.9	8.3	8.3	8.0	7.8	7.6	7.2	6.8	6.5
Education	1.2	1.1	1.1	1.1	1.1	1.2	1.2	1.1	1.1	1.0
Health	0.6	0.6	0.5	0.5	0.5	0.5	0.6	0.5	0.5	0.5
Other services	1.1	1.0	1.0	0.9	1.0	1.0	1.0	0.9	0.8	0.8
Less financial Services Indirectly Measured	-4.0	-3.2	-2.7	-2.4	-2.3	-2.1	-1.9	-2.0	-1.8	-1.7
Total Monetary GDP	71.0	70.2	70.8	71.3	71.2	71.0	71.2	71.0	71.0	71.5
B: Non-Monetary										
Agriculture	21.0	21.4	20.1	20.0	19.8	19.5	19.3	19.4	20.0	19.5
Crops	17.1	17.1	16.5	16.3	16.2	16.0	15.8	15.9	16.5	16.1
Livestock	1.6	1.6	1.4	1.5	1.5	1.4	1.4	1.4	1.3	1.3
Forestry and hunting	2.1	2.4	2.1	1.9	1.9	1.9	1.9	1.9	1.9	1.8
Fishing	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Construction	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Owner - Occupied Dwellings	7.0	7.5	8.2	7.9	8.0	8.6	8.6	8.6	8.1	8.1
Total Non-Monetary GDP	29.0	29.8	29.2	28.7	28.8	29.0	28.8	29.0	29.0	28.5
C: Total GDP i.e. (A+B)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

* Provisional, r = revised

Source: National Bureau of Statistics



A1.0 Output and Prices

Table A1.3: Gross Domestic Product (GDP) at Factor Cost by Kind of Economic Activity at Constant 1992 Prices, 1996 - 2005

	Millions of TZS									
Economic Activity	1996	1997	1998	1999	2000	2001	2002	2003	2004r	2005*
A: Monetary										
Agriculture	398,117	403,948	413,193	433,311	450,181	479,599	507,250	528,141	562,159	591,677
Crops	279,367	281,431	287,841	304,008	314,901	338,001	359,397	372,373	398,127	418,829
Livestock	63,725	65,423	66,681	68,990	71,342	73,695	76,274	80,088	83,932	87,457
Forestry and hunting	18,074	18,739	18,972	19,353	20,324	21,104	21,738	22,650	23,516	24,575
Fishing	36,951	38,355	39,699	40,960	43,614	46,799	49,841	53,031	56,584	60,816
Mining and quarrying	20,579	24,097	30,699	33,488	38,144	43,293	49,787	58,749	67,798	78,443
Manufacturing	111,894	117,489	126,887	131,491	137,809	144,647	156,219	169,653	184,218	200,797
Electricity and water supply	23,977	24,514	25,870	26,874	28,454	29,297	30,200	31,688	33,123	34,815
Electricity	21,287	21,779	23,086	24,007	25,489	26,229	27,016	28,367	29,708	31,282
Water	2,690	2,735	2,784	2,867	2,965	3,068	3,185	3,321	3,415	3,533
Construction	42,353	46,588	52,179	57,256	62,409	68,365	76,641	85,809	96,106	107,941
Trade, restaurants and hotels	218,105	229,010	239,830	254,114	270,567	288,718	308,928	329,009	354,726	383,814
Transport, and communication	71,597	75,099	79,755	84,403	89,515	95,154	101,244	106,294	112,648	119,833
Financial and business services	75,995	84,743	91,250	94,580	98,353	100,646	105,356	110,094	114,966	121,423
Finance and insurance	47,138	54,894	59,838	62,382	65,063	66,212	68,860	71,064	74,156	78,368
Real estate	24,390	25,329	26,621	27,207	28,023	28,891	30,654	32,866	34,306	36,151
Business services	4,467	4,520	4,791	4,991	5,267	5,543	5,842	6,164	6,504	6,904
Public administration and other services	111,473	115,007	118,114	122,207	126,567	130,987	136,307	141,880	147,950	155,490
Public administration	69,338	70,725	71,786	73,120	74,933	76,401	78,158	80,112	82,376	86,247
Education	15,748	16,337	17,420	18,040	19,054	20,226	21,844	23,373	24,920	26,490
Health	8,982	9,437	9,660	9,969	10,478	11,068	11,732	12,495	13,247	14,002
Other services	17,405	18,508	19,248	21,078	22,102	23,292	24,573	25,900	27,407	28,750
Less financial Services Indirectly Measured	-58,581	-72,327	-78,547	-81,229	-82,359	-84,418	-86,781	-89,819	-93,541	-98,104
Total Monetary GDP	1,015,509	1,048,168	1,099,230	1,156,495	1,219,640	1,296,288	1,385,151	1,471,498	1,580,153	1,696,128
B: Non-Monetary										
Agriculture	310,623	322,150	326,749	337,199	346,332	360,676	374,857	389,253	408,219	428,820
Crops	248,212	258,235	261,729	270,171	276,007	287,926	299,563	310,378	325,740	342,678
Livestock	30,582	31,398	32,000	33,109	34,746	35,893	37,150	39,007	40,906	42,616
Forestry and Hunting	27,540	28,108	28,457	29,220	30,594	31,657	32,606	33,976	35,275	36,862
Fishing	4,289	4,409	4,563	4,699	4,985	5,200	5,538	5,892	6,298	6,663
Construction	12,515	12,753	13,008	13,610	14,409	15,129	16,037	17,063	17,888	19,593
Owner - Occupied Dwellings	63,064	65,019	66,840	69,988	73,938	77,265	81,129	84,617	88,256	92,539
Total Non-Monetary GDP	386,202	399,922	406,597	420,797	434,679	453,071	472,022	490,934	514,363	540,951
Total GDP f.c : (A+B)	1,401,711	1,448,090	1,505,827	1,577,292	1,654,319	1,749,358	1,857,174	1,962,432	2,094,516	2,237,079
Population (Million)	28.3	29.1	30.0	30.9	31.9	32.9	33.6	34.2	35.2	36.2
D: Per Capita real GDP (TZS)	49,530	49,763	50,194	51,045	51,860	53,172	55,273	57,381	59,459	61,777

* Provisional, r = revised

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



Table A1.4: Gross Domestic Product (GDP), at Factor Cost by Kind of Economic Activity, Percentage Share in Total GDP, at 1992 Prices, 1996 - 2005

Economic Activity	1996	1997	1998	1999	2000	2001	2002	2003	2004r	2005*
A: Monetary										
Agriculture	28.4	27.9	27.4	27.5	27.2	27.4	27.3	26.9	26.8	26.4
Crops	19.9	19.4	19.1	19.3	19.0	19.3	19.4	19.0	19.0	18.7
Livestock	4.5	4.5	4.4	4.4	4.3	4.2	4.1	4.1	4.0	3.9
Forestry and hunting	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.1	1.1
Fishing	2.6	2.6	2.6	2.6	2.6	2.7	2.7	2.7	2.7	2.7
Mining and quarrying	1.5	1.7	2.0	2.1	2.3	2.5	2.7	3.0	3.2	3.5
Manufacturing	8.0	8.1	8.4	8.3	8.3	8.3	8.4	8.6	8.8	9.0
Electricity and water supply	1.7	1.7	1.7	1.7	1.7	1.7	1.6	1.6	1.6	1.6
Electricity	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.4	1.4	1.4
Water	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Construction	3.0	3.2	3.5	3.6	3.8	3.9	4.1	4.4	4.6	4.8
Trade, restaurants and hotels	15.6	15.8	15.9	16.1	16.4	16.5	16.6	16.8	16.9	17.2
Transport, and communication	5.1	5.2	5.3	5.4	5.4	5.4	5.5	5.4	5.4	5.4
Financial and business services	5.4	5.9	6.1	6.0	5.9	5.8	5.7	5.6	5.5	5.4
Finance and insurance	3.4	3.8	4.0	4.0	3.9	3.8	3.7	3.6	3.5	3.5
Real estate	1.7	1.7	1.8	1.7	1.7	1.7	1.7	1.7	1.6	1.6
Business services	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Public administration and other services	8.0	7.9	7.8	7.7	7.7	7.5	7.3	7.2	7.1	7.0
Public administration	4.9	4.9	4.8	4.6	4.5	4.4	4.2	4.1	3.9	3.9
Education	1.1	1.1	1.2	1.1	1.2	1.2	1.2	1.2	1.2	1.2
Health	0.6	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Other services	1.2	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Less financial Services Indirectly Measured	-4.2	-5.0	-5.2	-5.1	-5.0	-4.8	-4.7	-4.6	-4.5	-4.4
Total Monetary GDP	72.4	72.4	73.0	73.3	73.7	74.1	74.6	75.0	75.4	75.8
B: Non-Monetary										
Agriculture	22.2	22.2	21.7	21.4	20.9	20.6	20.2	19.8	19.5	19.2
Crops	17.7	17.8	17.4	17.1	16.7	16.5	16.1	15.8	15.6	15.3
Livestock	2.2	2.2	2.1	2.1	2.1	2.1	2.0	2.0	2.0	1.9
Forestry and Hunting	2.0	1.9	1.9	1.9	1.8	1.8	1.8	1.7	1.7	1.6
Fishing	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Construction	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Owner - Occupied Dwellings	4.5	4.5	4.4	4.4	4.5	4.4	4.4	4.3	4.2	4.1
Total Non-Monetary GDP	27.6	27.6	27.0	26.7	26.3	25.9	25.4	25.0	24.6	24.2
Total GDP (A+B)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

* Provisional, r = revised

Source: National Bureau of Statistics



Table A1.5: Gross Domestic Product (GDP), at Factor Cost by Kind of Economic Activity, Percentage Growth Rates, at Constant 1992 Prices, 1996 - 2005

Economic Activity	1996	1997	1998	1999	2000	2001	2002	2003	2004 ^r
A: Monetary									
Agriculture	4.5	1.5	2.3	4.9	3.9	6.5	5.8	4.1	6.4
Crops	5.0	0.7	2.3	5.6	3.6	7.3	6.3	3.6	6.9
Livestock	2.7	2.7	1.9	3.5	3.4	3.3	3.5	5.0	4.8
Forestry and hunting	2.7	3.7	1.2	2.0	5.0	3.8	3.0	4.2	3.8
Fishing	4.1	3.8	3.5	3.2	6.5	7.3	6.5	6.4	6.7
Mining and quarrying	9.6	17.1	27.4	9.1	13.9	13.5	15.0	18.0	15.4
Manufacturing	4.8	5.0	8.0	3.6	4.8	5.0	8.0	8.6	8.6
Electricity and water supply	11.1	2.2	5.5	3.9	5.9	3.0	3.1	4.9	4.5
Electricity	12.4	2.3	6.0	4.0	6.2	2.9	3.0	5.0	4.7
Water	1.6	1.7	1.8	3.0	3.4	3.5	3.8	4.3	2.8
Construction	9.4	10.0	12.0	9.7	9.0	9.5	12.1	12.0	12.0
Trade, restaurants and hotels	3.5	5.1	4.7	6.0	6.5	6.7	7.0	6.5	7.8
Transport, and communication	1.1	4.9	6.2	5.8	6.1	6.3	6.4	5.0	6.0
Financial and business services	-1.7	11.5	7.7	3.6	4.0	2.3	4.7	4.5	4.4
Finance and insurance	-5.4	16.5	9.0	4.3	4.3	1.8	4.0	3.2	4.4
Real estate	4.6	3.8	5.1	2.2	3.0	3.1	6.1	7.2	4.4
Business services	6.0	1.2	6.0	4.2	5.5	5.2	5.4	5.5	5.5
Public administration and other services	1.6	3.2	2.7	3.5	3.6	3.5	4.1	4.1	4.3
Public administration	0.0	2.0	1.5	1.9	2.5	2.0	2.3	2.5	2.8
Education	3.8	3.7	6.6	3.6	5.6	6.2	8.0	7.0	6.6
Health	3.7	5.1	2.4	3.2	5.1	5.6	6.0	6.5	6.0
Other services	4.9	6.3	4.0	9.5	4.9	5.4	5.5	5.4	5.8
Less financial Services Indirectly Measured	-10.0	23.5	8.6	3.4	1.4	2.5	2.8	3.5	4.1
Total Monetary GDP	4.6	3.2	4.9	5.2	5.5	6.3	6.9	6.2	7.4
B: Non-Monetary									
Agriculture	3.1	3.7	1.4	3.2	2.7	4.1	3.9	3.8	4.9
Crops	3.2	4.0	1.4	3.2	2.2	4.3	4.0	3.6	4.9
Livestock	2.7	2.7	1.9	3.5	4.9	3.3	3.5	5.0	4.9
Forestry and Hunting	2.7	2.1	1.2	2.7	4.7	3.5	3.0	4.2	3.8
Fishing	4.1	2.8	3.5	3.0	6.1	4.3	6.5	6.4	6.9
Construction	1.9	1.9	2.0	4.6	5.9	5.0	6.0	6.4	4.8
Owner - Occupied Dwellings	3.1	3.1	2.8	4.7	5.6	4.5	5.0	4.3	4.3
Total Non-Monetary GDP	3.1	3.6	1.7	3.5	3.3	4.2	4.2	4.0	4.8
Total GDP f.c : (A+B)	4.2	3.3	4.0	4.7	4.9	5.7	6.2	5.7	6.7

* Provisional, r = revised

Source: National Bureau of Statistics

Table A1.6 : Production of Major Agricultural Crops, 1996 - 2005

Crop	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
Food crops:											
Maize	2,638.0	1,831.0	2,685.0	2,452.0	2,128.0	2,240.0	2,698.0	2,526.0	3,232.0	3,288.0	3,373.0
Paddy	733.8	550.8	810.8	506.0	476.0	991.7	960.6	562.0	586.0	957.0	784.0
Wheat	61.0	78.0	112.0	82.0	32.0	118.0	72.0	75.0	74.0	115.0	110.0
Pulses	384	374	453.0	528.0	584.0	674.0	683.0	713.0	905.7	1,089.0	1,018.0
Cash crops:											
Coffee	52.0	42.4	38.0	46.6	47.9	58.1	37.5	52.4	32.5	54.0	34.3
Cotton	84.2	84.5	69.9	39.0	35.0	41.4	50.2	63.0	46.8	114.5	100.6
Tea	24.3	24.0	26.2	21.9	24.8	26.7	24.7	27.6	30.1	30.7	30.3
Cashewnuts	82.0	63.0	93.2	103.3	121.2	98.6	67.3	95.0	79.0	72.0	90.4
Tobacco	28.0	35.4	52.0	38.0	31.8	24.8	27.7	33.6	34.0	47.0	52.0
Sisal	32.0	23.0	20.0	24.0	20.6	20.5	23.5	23.6	23.8	27.0	27.8
Pyrethrum	2.0	1.3	1.3	4.0	na	na	na	na	na	na	na

Note:

na = Not available

Source: Ministry of Agriculture and Food Security & Crop Boards



A1.0 Output and Prices

Table A1.7 : Agricultural Production Indices, 1996 - 2005

1980/81=100

Crop	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05 r	2005/06*
Food crops:											
Maize	143.4	99.5	146.0	133.3	115.7	121.8	146.7	137.3	175.7	178.7	183.4
Paddy	210.0	157.6	232.0	144.8	136.2	283.7	274.8	160.8	167.7	273.8	224.3
Wheat	67.4	86.2	123.8	90.6	35.4	130.4	79.6	82.9	81.8	127.1	121.5
Pulses	141.4	137.7	166.8	194.4	215.0	248.2	251.5	262.5	333.5	401.0	374.8
Cash Crops:											
Coffee	94.7	77.2	69.2	84.9	87.2	105.8	68.3	95.5	59.2	98.4	62.5
Cotton	148.5	149.0	123.3	68.8	61.7	73.0	88.5	111.1	82.6	201.9	177.4
Tea	138.1	136.4	148.9	124.2	140.9	152.0	140.3	156.6	171.1	174.4	172.2
Cashewnuts	151.9	116.7	172.6	191.3	224.4	182.7	124.6	175.9	145.5	133.3	167.4
Tobacco	189.2	239.2	351.4	256.4	214.9	167.6	187.2	226.7	316.3	317.6	351.4
Sisal	38.8	27.9	24.2	29.1	25.0	24.8	28.5	28.6	28.8	32.7	33.7
Pyrethrum	74.1	48.1	48.1	148.1	n.a	n.a	n.a	n.a	n.a	n.a	n.a

Note: r = Revised

* Provisional

Source : Ministry of Agriculture and BoT computation

A1.0 Output and Prices

Table A1.8: Production of Selected Commodities, 1996 - 2005

Commodity	Unit	1996	1997	1998	1999	2000	2001	2002	2003	2004r	2005*
Biscuits & pasta	tons	71	288	805	611	891	1,215	2,284	5,906	10,214	10,912
Wheat flour	tons	33,998	77,593	87,669	144,693	162,634	180,098	219,118	334,601	338,076	368,019
Sugar, refined	000' M/Tons	104	81	93	110	135	162	190	213	202	269
Konyagi	000' Lts	1,832	1,849	1,994	1,630	2,214	2,287	2,937	3,670	4,105	4,489
Beer	000' Lts	125,074	148,340	170,700	167,353	183,003	175,649	175,870	194,100	202,628	216,604
Chibuku	000' Lts	14,031	13,680	11,993	12,392	17,041	18,750	19,400	14,825	10,119	11,106
Cigarettes	Mill Pcs	3,733	4,710	3,933	3,371	3,745	3,491	3,778	3,920	4,219	4,445
Textiles	000'Sq. Mt.	33,436	41,706	45,546	49,757	73,566	84,548	106,305	126,900	127,051	110,520
Sisal ropes and twines	tons	10,518	4,919	4,329	3,253	3,900	4,796	5,901	6,839	5,161	5,943
Fishnet & products	tons	125	70	35	24	42	57	30	41	260	274
Plywood	Cubic Mt.	315	115	-	1,953	568	450	304	562	578	918
Pyrethrum extract	000' tons	11	3	9	17	44	71	36	16	23	164
Paints	000'Ltrs	5,205	4,986	4,943	12,903	7,085	9,662	13,564	16,842	16,621	16,222
Cement	000' tons	726	621	778	833	833	900	1,026	1,186	1,281	1,366
Rolled steel	tons	7,733	12,498	9,522	8,982	11,182	16,340	25,418	38,794	40,029	47,652
Iron Sheets	tons	6,422	15,218	14,918	23,028	25,046	25,937	35,067	31,018	29,573	25,037
Aluminium sheets/circles	tons	360	117	180	187	133	137	141	199	171	103
Dry cells	000 Pcs	65,620	43,080	46,490	46,000	44,000	39,000	42,000	43,000	74,000	81,000
Battery, auto	Pieces	1,850	250	7,090	4,000	14,000	11,000	17,000	27,000	29,000	42,000

* Provisional, r = revised

Source: National Bureau of Statistics



A1.0 Output and Prices

Table A1.9: Industrial Production Indices, 1996 - 2005

1985=100

Commodity	1996	1997	1998	1999	2000	2001	2002	2003	2004 ^r	2005*
Biscuits & pasta	7	29	81	62	90	123	231	597	1,033	1,103
Wheat flour	87	199	225	372	418	463	563	910	869	946
Sugar, refined	93	72	83	98	121	145	170	190	181	240
Konyagi	190	192	207	169	230	238	305	377	427	467
Beer	165	196	225	221	242	232	232	256	267	286
Chibuku	128	125	110	113	156	172	177	136	93	102
Cigarattes	140	177	148	126	140	131	142	147	158	167
Textiles	58	72	78	86	127	146	183	217	219	190
Sisal ropes and twines	73	34	30	22	27	33	41	48	36	41
Fishnet & products	130	73	36	25	44	59	31	43	271	285
Plywood	20	7	-	123	36	28	19	44	36	58
Pyrethrum extract	28	8	23	44	113	182	92	41	59	421
Paints	382	366	362	946	519	708	994	1,235	1,219	1,189
Cement	193	165	207	222	222	239	273	315	341	363
Rolled steel	68	111	84	79	99	145	225	351	354	422
Iron Sheets	30	70	69	106	116	120	162	155	136	116
Aluminium sheets/circles	15	5	7	8	6	6	6	8	7	4
Dry cells	149	98	105	104	100	88	95	98	168	184
Battery, auto	12	2	47	26	92	72	112	178	191	276

* Provisional, r = revised

Source: National Bureau of Statistics & BoT computation



A1.0 Output and Prices

Table A1.10 : Mineral Recoveries, 1996 - 2005

Item	Unit	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005*
Diamond	000' Carats	126.7	123.1	97.8	235.0	354.4	254.3	239.8	236.4	303.9	219.6
Gold	Kgs	318.0	232.0	427.0	4,767.0	15,060.0	30,088.0	43,320.0	48,018.0	48,175.7	45,404.9
Gemstone	Kgs	142,160.0	509,489.0	48,518.0	95,200.0	150,800.0	96,866.0	216,683.5	1,531,547.1	1,613,848.5	627,796.2
Salt	000' Tons	86.7	72.5	75.0	35.0	70.0	65.0	71.2	59.0	57.1	51.2
Gypsum	000' Tons	55.4	46.3	59.1	40.0	60.0	72.0	73.0	33.2	59.2	23.1
Limestone	000' Tons	1,200.0	n.a	1,181.2	1,241.2	15,000.0	2,269.4	2,856.7	1,206.2	1,390.9	2,006.4
Pozzolana	Tons	n.a	n.a	n.a	2,274.0	57,014.0	41,468.0	52,000.0	24,460.0	152,678.6	163,499.3

* Provisional

Source : Ministry of Energy and Minerals



A1.0 Output and Prices

Table A1.11: National Consumer Price Index (New CPI), 2002 - 2006

Base: June 2001=100

Period	Food										Non-Food						
	Total Index	Drinks & Tobacco	Clothing & Footwear	Rent	Fuel, Power & Water	Furniture Equip.	Household operations	Personal care & Health	Recreation & Entertain.	Transportation	Education	Miscel. goods & services					
Weight (%)	100.0	55.9	44.1	1.4	8.5	2.1	2.1	2.1	0.8	9.7	2.6	1.5					
2002	101.0	100.9	100.5	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	107.1	104.7	103.1	101.7	103.9	102.8	101.7	102.6	102.9					
2004	108.9	111.8	104.6	109.6	109.7	103.3	102.6	104.4	104.9	102.7	103.2	102.3					
2005	113.6	118.4	107.6	109.2	117.9	102.2	103.0	108.0	103.4	107.6	103.2	100.9					
2003 -Mar	105.4	105.8	104.5	107.5	110.8	103.6	102.7	104.8	101.6	101.7	101.6	104.3					
Jun	104.2	105.6	102.1	110.6	102.8	103.2	101.2	103.1	102.9	101.0	102.2	102.3					
Sep	104.5	105.6	102.9	104.5	103.6	103.2	101.6	104.7	103.3	102.0	103.9	103.2					
Dec	104.0	105.3	102.2	105.8	101.5	102.3	101.3	102.7	103.4	102.0	102.6	101.6					
2004 -Mar	109.4	112.7	104.6	112.7	107.6	102.8	101.8	106.9	106.2	102.4	102.7	103.4					
Jun	108.8	112.4	103.7	115.0	108.1	103.5	101.7	102.3	102.7	101.4	102.0	103.9					
Sep	108.6	111.0	105.0	105.3	111.5	103.5	103.4	104.2	105.4	103.5	104.1	101.0					
Dec.	108.4	110.9	104.8	105.0	109.6	103.6	103.3	104.7	105.6	103.9	103.9	100.8					
2005 -Mar	113.9	118.9	106.9	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	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	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	109.4	120.6	102.5	102.7	108.7	103.4	108.7	102.8	100.4					
2006 Mar	120.6	130.5	108.5	109.6	120.6	102.5	101.8	107.6	103.1	109.7	103.0	100.6					
Jun	121.4	131.0	109.7	109.7	123.7	102.6	102.3	107.5	102.4	112.1	103.6	100.3					

Source: National Bureau of Statistics

Table A1.12: National Consumer Price Index, Percentage Change from the Previous Year, 2002 - 2006

(Base: June 2001=100)

Period	Total Index	Non-Food													Food
		Total	Drinks & Tobacco	Clothing & Footwear	Rent	Fuel, Power & Water	Furniture Equip.	Household operations	Personal care & Health	Recreation & Entertain.	Transportation	Educ-ation	Miscel. goods & services		
Weight (%)	100.0	55.9	44.1	6.9	6.4	1.4	8.5	2.1	2.1	2.1	0.8	9.7	2.6	1.5	
2002	4.6	4.1	5.9	2.7	1.6	14.5	6.4	3.9	1.5	3.5	1.8	2.1	3.6	4.4	
2003	3.5	4.5	2.0	1.5	2.0	5.9	2.5	2.1	1.1	2.9	2.1	1.2	2.2	2.2	
2004	4.1	5.9	1.6	-0.4	2.3	2.3	5.0	0.2	0.9	0.5	2.1	1.0	0.7	-0.5	
2005	4.4	5.9	2.9	2.1	-0.5	-0.4	7.7	-1.1	0.5	3.5	-1.5	4.7	-0.1	-1.4	
2003- Mar	3.4	3.8	2.8	2.2	6.8	6.0	2.0	1.7	1.8	3.5	1.0	1.1	1.3	2.8	
	3.6	5.1	1.4	0.7	9.5	0.4	1.4	3.0	0.6	2.1	2.5	0.9	1.7	2.0	
	3.6	4.5	2.1	2.0	3.3	2.5	2.2	2.0	1.0	3.6	1.9	1.3	3.2	2.8	
	3.6	4.7	1.9	1.2	9.9	1.0	2.5	1.8	0.8	2.4	3.1	1.6	2.4	1.2	
2004 -Mar	3.8	6.5	0.1	-0.9	4.9	-2.9	2.7	-0.8	-0.8	2.0	4.5	0.7	1.2	-0.8	
	4.5	7.2	0.7	0.1	4.3	3.3	0.7	-0.6	-0.3	-1.6	-0.5	0.0	-1.1	1.3	
	4.1	5.3	2.3	-1.4	2.5	7.7	3.0	0.2	1.9	-1.0	1.9	1.1	0.5	-1.8	
	4.3	5.4	2.6	-0.1	2.5	-0.8	8.0	1.3	1.9	2.0	2.2	1.8	1.3	-0.8	
2005- Mar	4.1	5.5	2.2	0.9	-0.4	-3.3	6.9	-0.4	1.7	1.0	-2.4	3.7	0.9	-1.3	
	4.1	5.0	3.2	2.0	1.1	-5.2	7.3	-1.9	1.4	5.1	0.7	5.7	1.1	-2.9	
	4.5	6.3	2.8	2.7	-0.9	3.4	6.5	-1.1	-0.7	4.2	-2.0	4.9	-1.2	-0.8	
	4.8	6.9	3.3	2.9	-1.7	4.2	10.0	-1.1	-0.5	3.9	-2.1	4.7	-1.1	-0.4	
2006 -Mar	5.9	9.7	1.6	2.3	-2.5	0.6	4.9	0.1	-1.7	-0.3	-0.5	3.3	-0.5	-1.4	
	7.1	11.0	2.6	2.8	-2.2	0.7	6.6	1.1	-0.8	0.0	-1.0	4.6	0.5	-0.5	

Source: National Bureau of Statistics.





Table A1.13: Dar es Salaam Cost of Living Index - Middle Income Group*, 2001 -2006

(Base: 2001 = 100)

Period	General Index	Food	Non 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
2003-Mar	104.2	103.2	105.6	108.3	107.3	108.5	106.7	100.3	105.0	103.1	103.0	101.4	101.4	120.0
Jun	104.2	102.6	106.4	105.6	108.4	108.5	110.9	101.5	104.2	105.4	103.3	102.1	105.5	122.4
Sep	106.2	106.5	105.8	104.3	107.9	108.5	108.5	102.8	107.5	104.5	103.3	101.9	102.8	125.1
Dec	108.8	110.4	106.7	108.3	109.3	108.5	109.7	102.2	105.6	103.5	103.6	101.5	100.3	124.3
2004-Mar	112.5	113.5	111.1	120.1	105.3	111.9	126.0	103.5	111.0	104.5	102.7	105.5	103.3	116.5
Jun	113.6	114.7	112.2	115.3	107.3	111.9	135.8	104.6	107.4	102.3	103.6	105.4	102.6	117.7
Sep	115.1	116.9	112.7	103.3	106.5	111.9	147.1	104.2	109.7	101.3	107.7	105.1	102.8	123.2
Dec	117.3	120.3	113.4	103.3	107.8	111.9	147.7	102.3	108.5	101.1	110.2	102.3	102.3	120.6
2005-Mar	119.7	123.3	114.9	104.1	104.3	111.9	152.3	107.8	103.4	105.5	113.1	109.4	105.6	120.6
Jun	121.3	124.3	117.3	106.0	104.9	111.9	162.9	109.9	105.0	106.4	113.2	110.5	107.5	121.0
Sep	126.0	130.5	120.0	109.1	105.4	126.7	165.7	112.1	107.2	107.9	115.7	119.2	109.1	122.7
Dec	127.9	133.2	120.8	109.6	105.4	126.5	170.6	112.9	107.7	106.6	115.2	116.7	110.0	127.3
2006-Mar	131.5	134.5	127.6	114.0	109.1	129.9	178.7	126.9	108.4	110.9	127.6	118.7	115.3	123.8
Jun														

Note: * People with monthly incomes TZS 17,500/= up to 40,000/=

Source: National Bureau of Statistics.

A1.0 Output and Prices

Table A1.14: Dar es Salaam Retail Price Index - Wage earners*, 2001 - 2006

(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
Weights	100.0	67.5	32.5	2.5	4.1	0.8	10.4	0.6	1.8	1.3	8.6
2001	103.1	103.6	102.1	100.8	103.7	100.0	103.1	105.4	101.6	101.4	100.3
2002	103.8	104.0	103.5	103.0	103.5	111.9	104.2	103.3	104.7	107.4	100.3
2003	109.8	109.6	110.1	114.0	111.5	111.9	118.5	102.6	102.5	109.3	100.4
2004	116.8	117.1	116.1	123.2	111.9	111.9	133.2	113.0	102.2	118.5	100.9
2005	126.5	125.7	128.0	120.0	108.7	113.6	162.3	115.7	110.0	113.6	109.8
2003-Mar	109.2	109.5	108.7	112.1	108.8	111.9	115.7	102.1	102.9	108.9	100.3
Jun	109.0	108.0	111.0	113.3	111.4	111.9	121.4	102.4	102.2	109.3	100.3
Sep	109.7	109.7	109.8	113.3	111.7	111.9	118.1	102.2	102.4	109.5	100.3
Dec	111.1	111.3	110.7	117.3	114.0	111.9	118.9	103.8	102.3	109.5	100.7
2004-Mar	116.4	118.2	112.7	123.9	113.0	111.9	122.6	108.4	102.3	117.2	100.7
Jun	116.3	116.7	115.4	123.8	113.3	111.9	131.0	112.3	102.1	119.4	100.3
Sep	116.0	114.9	118.2	122.5	111.6	111.9	139.3	113.9	102.1	120.6	101.4
Dec	118.5	118.6	118.3	122.6	109.7	111.9	140.1	117.4	102.3	117.0	101.1
2005-Mar	123.3	124.1	121.8	120.3	107.5	113.6	149.0	119.2	109.3	110.2	103.4
Jun	124.7	123.2	127.9	119.7	109.6	113.6	163.4	115.3	109.4	111.0	108.4
Sep	126.8	125.7	129.0	119.9	108.9	113.6	165.9	114.5	110.2	113.8	110.4
Dec	131.0	129.9	133.3	119.9	108.8	113.6	170.9	113.7	111.3	119.2	116.8
2006-Mar	137.0	135.2	140.7	130.2	107.7	129.9	179.6	114.4	108.4	119.8	133.0
Jun											

Note: * People with Monthly incomes up to TZS 17,500/=

Source: National Bureau of Statistics



Table A2.1: Analysis of Central Government Finance, 1996-2006

Millions of TZS										
Item	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
Total Revenue	572,029.7	619,083.1	689,325.3	777,644.7	929,624.0	1,042,955.1	1,217,517.0	1,459,302.0	1,773,709.4	2,124,433.7
Tax Revenue	505,354.7	566,122.6	616,284.1	685,107.4	827,788.4	939,266.8	1,116,555.5	1,340,139.0	1,615,247.0	1,946,432.6
Taxes on Imports	163,088.9	180,662.1	218,698.1	220,352.4	363,540.6	402,159.1	458,285.6	572,806.2	679,992.4	819,800.5
Sales/VAT and Excise on Local Goods	128,961.8	140,520.0	175,159.3	179,989.4	188,838.6	216,066.8	259,747.2	325,609.6	402,136.1	478,395.4
Refunds	125,726.2	149,787.9	162,894.1	209,713.6	194,012.9	32,552.4	36,105.8	-48,245.5	-64,376.4	-69,961.0
Income Taxes	87,577.8	95,152.6	73,356.4	75,052.0	81,396.3	100,410.1	111,663.5	123,288.2	132,040.2	136,954.8
Other taxes	66,675.0	52,960.5	73,041.2	92,537.3	101,835.6	103,688.3	111,771.1	119,163.0	158,462.4	178,411.1
Non-tax Revenue	515,389.3	730,336.0	816,706.6	1,168,778.8	1,395,035.3	1,466,136.9	1,896,854.1	2,550,308.2	3,164,215.5	3,873,254.8
Total Expenditure	486,493.7	543,751.0	680,182.7	808,865.4	1,018,782.1	1,121,526.0	1,423,665.5	1,872,382.4	2,093,054.9	2,661,862.5
Recurrent expenditure	199,228.0	218,807.0	220,478.0	285,335.8	308,051.5	341,981.4	397,770.0	462,963.5	509,952.2	612,660.2
Road/toll fund	113,647.5	101,181.3	90,828.2	128,178.4	128,149.7	121,081.7	99,780.0	99,465.0	95,055.1	218,861.3
Retention fund	75,567.2	53,214.9	30,345.9	81,329.6	77,788.4	64,605.2	57,009.3	55,085.6	973,808.7	163,694.8
Wages and salaries	38,080.3	47,966.3	60,482.3	46,848.8	50,361.3	56,476.0	42,770.7	44,379.4	68,511.7	55,166.5
Domestic 2/	173,618.2	223,762.7	368,876.5	395,351.2	582,580.9	658,462.0	926,115.4	1,309,953.9	502,573.3	1,786,212.7
Foreign	28,895.6	186,585.0	136,523.9	359,913.4	286,253.2	344,610.9	473,188.6	677,925.8	1,071,160.6	1,211,392.2
Other goods, services and transfers	18,807.5	19,428.8	18,807.5	19,428.8	35,069.1	50,235.9	95,661.7	133,041.3	239,651.1	296,100.0
Dev. Expenditure and net lending	117,716.4	340,484.6	251,184.1	294,375.0	377,526.9	544,884.5	831,509.5	915,292.2	-1,748,411.0	-1,748,411.0
Local	56,640.4	-111,252.9	-127,381.3	-391,134.1	-375,411.3	-423,181.8	-679,337.0	-1,091,006.2	-1,390,506.2	-1,748,411.0
Foreign	81,415.6	119,358.3	169,945.6	280,306.2	286,306.0	379,849.4	622,302.1	655,378.8	724,396.5	1,000,160.2
Grants	33,035.6	1,817.3	21,915.6	2,938.8	114,018.9	183,000.2	293,927.7	278,500.1	364,280.3	331,024.6
Program (CIS/OGL)	48,380.0	117,541.0	100,499.8	207,519.4	123,629.8	140,192.0	255,516.2	235,042.1	131,735.2	416,771.0
Project	47,530.2	69,848.0	0.0	0.0	0.0	0.0	0.0	65,085.7	156,071.6	175,975.3
Basket funds	0.0	0.0	0.0	0.0	48,657.3	56,657.2	72,858.2	76,750.9	72,309.4	76,389.3
HIPC Relief	138,056.0	8,105.4	42,564.3	-110,827.4	-89,105.3	-43,332.4	-57,035.0	-435,627.3	-666,109.6	-748,250.9
Overall deficit (cheque issued) after Grants	-60,916.8	-76,242.7	-25,140.6	-2,444.3	-25,447.4	3,203.8	921.5	190,125.3	-59,596.2	-245,875
Expenditure float	77,139.3	-68,137.3	17,423.7	-113,271.7	-114,552.7	-40,128.6	-135,502.6	-335,050.3	-727,075.2	-924,412.5
Adjustments to cash and other items (net)	-77,139.3	68,137.3	-17,423.7	113,271.7	114,552.7	38,575.0	135,502.6	335,050.3	727,075.2	924,412.5
Overall Balance (cheques issued)	-49,065.3	64,468.1	-18,683.7	105,417.3	90,354.2	121,842.5	172,016.5	374,393.0	582,130.1	561,219.0
Financing:	19,233.1	136,890.0	53,842.8	187,786.3	172,880.4	187,355.5	273,341.8	457,025.1	689,219.7	668,934.5
Foreign Financing (net)	16,543.4	80,069.0	36,626.2	54,821.0	45,326.1	33,171.2	151,331.0	214,170.4	65,395.6	257,677.1
Loans	2,689.7	56,821.0	17,216.6	132,965.3	127,554.3	154,184.3	122,010.8	242,854.7	467,079.3	328,955.7
Program loans	-68,298.4	-72,421.9	-72,526.5	-82,369.0	-82,526.2	-65,514.0	-101,325.3	-84,534.0	-107,089.6	-107,715.5
Development Project loans	-41,926.6	3,669.2	-5,740.0	7,854.4	-2,494.4	-24,159.0	-36,513.9	-39,342.8	144,945.2	363,193.5
Basket Support	-26,072.3	-23,605.1	1,230.0	7,690.6	-18,654.8	-5,557.9	-36,263.0	-44,262.7	97,313.2	348,885.7
Amortization	-15,854.3	27,274.3	-6,970.0	163.8	16,160.4	36,574.3	-30,705.1	-83,681.2	47,632.0	129,644.6
Domestic Financing	-24,696.3	-53,419.5	-38,499.1	-234,092.1	-256,372.9	-1,552.0	-250.9	-4,846.8	0.0	-19,001.4
Bank borrowing	13,852.6	0.0	7,000.0	0.0	26,692.9	0.0	0.0	9,766.8	0.0	33,309.2
Non-Bank (net of amortization)										
Amortization of contingent debt										
Privatization Proceeds										

Note:

/1 Exclude amortization and Expenditure Float, includes Road fund and Retention expenditures.

/2 Domestic Interest payments and amortization include Cash and Non cash

Source: Ministry of Finance

Table A2.2: Central Government Operations (Actual), 1996-2006

Millions of TZS

Item	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
Total Revenue	572,029.7	619,083.1	689,325.3	777,644.7	929,624.0	1,042,954.0	1,217,517.0	1,459,303.3	1,773,709.4	1,773,709.4
Tax Revenue	505,354.7	566,122.6	616,284.1	685,107.4	827,788.4	939,266.0	1,105,746.0	1,391,043.3	1,679,623.4	1,946,432.6
Taxes on Imports	163,088.9	180,662.1	218,698.1	220,352.4	363,540.6	402,159.0	458,285.6	575,408.5	679,992.4	819,800.5
Sales/VAT and Excise on Local Goods	128,961.8	140,520.0	175,159.3	179,989.4	188,838.6	216,066.0	259,747.2	325,483.7	402,136.1	435,630.2
Income Taxes	125,726.2	149,787.9	162,894.1	209,713.6	194,012.9	220,631.0	276,049.7	366,650.9	465,454.7	581,243.8
Other taxes	87,577.8	95,152.6	73,356.4	75,052.0	81,396.3	100,410.0	111,663.5	123,500.2	132,040.2	109,758.2
Non-tax Revenue	66,675.0	52,960.5	73,041.2	92,537.3	101,835.6	103,688.0	111,771.1	116,505.1	158,462.4	178,411.1
Total Expenditure	515,389.3	730,336.0	816,706.6	1,168,778.8	1,305,035.3	1,466,138.0	1,989,537.8	2,516,943.1	3,164,215.5	3,873,254.8
Recurrent expenditure	486,493.7	543,751.0	680,182.7	808,865.4	1,018,782.1	1,121,527.0	1,488,640.8	1,780,115.1	2,093,054.9	2,661,862.5
Wages and salaries	199,228.0	218,807.0	220,478.0	285,335.8	308,051.5	341,982.0	397,770.0	462,963.9	435,780.1	656,788.5
Interest payments	113,647.5	101,181.3	90,828.2	128,178.4	128,149.7	120,389.0	99,780.0	108,533.8	104,290.4	218,861.3
Domestic	75,567.2	53,214.9	30,345.9	81,329.6	77,788.4	64,605.0	57,009.3	70,231.6	189,709.0	163,694.8
Foreign	38,080.3	47,966.3	60,482.3	46,848.8	50,361.3	55,784.0	42,770.7	38,302.3	95,055.1	55,166.5
Other goods, services and transfers	173,618.2	223,762.7	368,876.5	395,351.2	582,580.9	659,156.0	991,090.8	1,208,617.3	973,808.7	1,786,212.7
Roadtoll fund	0.0	0.0	38,395.4	37,511.2	45,285.9	61,278.0	63,155.6	77,125.6	68,511.7	70,252.3
Retention fund	0.0	0.0	19,725.5	22,982.0	25,711.3	27,443.0	47,949.7	47,449.0	502,573.3	61,260.2
Dev. Expenditure and net lending	28,895.6	186,585.0	136,523.9	359,913.4	286,253.2	344,611.0	500,897.0	736,828.1	1,071,160.6	1,211,392.2
Local	48,380.0	117,541.0	100,499.8	19,428.8	35,069.1	50,236.0	95,661.7	133,041.3	239,651.1	296,100.0
Foreign	33,035.6	1,817.3	69,445.7	340,484.6	251,184.1	294,375.0	405,235.3	603,786.8	831,509.5	915,292.2
Overall Deficit (cheques issued) before Grants	56,640.4	-111,252.9	-127,381.3	-391,134.1	-375,411.3	-423,184.0	-772,020.7	-1,057,639.8	-1,390,506.2	-1,748,411.0
Grants	81,415.6	119,358.3	199,217.7	280,306.7	286,306.0	379,849.4	622,302.1	696,672.5	724,396.5	911,448.6
o/w: Project	48,380.0	117,541.0	100,499.8	2,938.8	83,582.5	183,000.2	293,927.7	278,500.1	364,280.3	416,771.0
Program	33,035.6	1,817.3	69,445.7	207,519.4	123,629.8	140,192.0	255,516.2	248,325.9	131,735.2	331,024.6
HIPC relief						56,657.0	72,858.2	77,417.3	77,417.3	76,389.3
Overall deficit (cheques issued) after grants	138,056.0	8,105.4	71,836.4	-110,827.4	-89,105.3	-43,334.6	-149,718.7	-360,967.3	-666,109.6	-836,962.4
Adjustments to cash and other items(net)	-60,916.8	-76,242.6	-25,140.6	-2,444.2	-25,447.4	4,761.0	65,901.3	35,895.5	79,175.9	69,713.1
Expenditure float							-79,393.5	-89,548.0	-140,141.5	-157,163.2
Overall deficit (cheques cleared)	77,139.3	-68,137.2	17,423.7	-113,271.7	-114,552.7	-38,573.6	-163,210.9	-414,619.8	-727,075.2	-924,412.5
Financing:	-77,139.3	68,137.2	-17,423.7	113,271.7	114,552.7	38,575.0	163,210.9	399,739.7	727,075.2	924,412.5
Foreign Financing (net)	-49,065.3	64,468.1	-18,683.6	105,417.2	90,354.2	121,841.0	199,724.8	434,235.4	582,130.1	561,219.0
Loans	19,233.1	136,890.0	53,842.8	187,786.2	172,880.4	187,355.0	301,050.2	479,420.2	689,219.7	668,934.5
Program loans	16,543.4	80,069.0	36,626.2	54,821.0	45,326.1	33,171.0	151,331.0	216,388.5	65,395.6	257,677.1
Development Project loans	2,689.7	56,821.0	17,216.6	132,965.2	127,554.3	154,184.0	149,719.1	261,129.7	467,079.3	328,955.7
Basket Support						0.0	0.0	1,902.0	156,744.7	82,301.8
Amortization	-68,298.4	-72,421.9	-72,526.5	-82,369.0	-82,526.2	-65,514.0	-101,325.3	-45,184.8	-107,089.6	-107,715.5
Domestic (net)	-28,074.0	3,669.2	1,260.0	7,854.4	24,198.5	-83,266.0	-36,513.9	-34,495.7	144,945.2	363,193.5
Bank borrowing	-26,072.3	-23,605.1	1,230.0	7,690.6	-18,654.8	-59,181.0	-5,557.9	-83,681.2	97,313.2	129,644.6
Non-Bank (net of amortization)	-15,854.3	27,274.3	-6,970.0	163.8	16,160.4	36,574.0	-30,705.1	39,418.4	47,632.0	219,241.1
Amortization of contingent debt						-1,552.0	-250.9	0.0	0.0	-19,001.4
Privatization Fund								9,767.0	0.0	33,309.2
Change in arrears								0.0	0.0	0.0
Memorandum items:										
Domestic Amortization	-24,696.3	-53,419.5	-38,499.1	-234,092.1	-256,372.3	-139,396.7	-250.9	0.0	0.0	0.0

Source: Ministry of Finance and Bank of Tanzania



A2.0 Government Finance

Table A2.3: Treasury Bills Auction - Actual Sales by Transactor, 1996-2006

Period	Total		Bank of Tanzania		Deposit Money Banks		Other Banking Institutions		Other Financial Institutions		Official Entities		Private Sector	
	Auction	Cumulative	Auction	Cumulative	Auction	Cumulative	Auction	Cumulative	Auction	Cumulative	Auction	Cumulative	Auction	Cumulative
	Millions of TZS	Millions of TZS	Millions of TZS	Millions of TZS	Millions of TZS	Millions of TZS	Millions of TZS	Millions of TZS	Millions of TZS	Millions of TZS	Millions of TZS	Millions of TZS	Millions of TZS	Millions of TZS
1996	286,360.8	286,360.8	0.0	13,123.7	16,621.4	204,023.5	1,700.0	20,800.5	4,495.4	39,278.4	0.0	13,817.6	371.2	17,278.3
1997	347,488.5	633,849.3	0.0	13,123.7	10,079.9	497,452.4	3,092.7	31,150.5	1,421.5	73,363.1	0.0	13,817.6	3,469.9	26,902.9
1998	255,279.2	889,128.5	0.0	13,123.7	10,803.5	664,563.4	25.0	41,138.1	4,488.8	108,978.2	0.0	13,817.6	1,845.5	38,318.0
1999	295,194.6	1,179,923.2	0.0	13,123.7	14,847.6	876,303.2	2,836.2	54,080.8	8,730.6	157,118.7	0.0	11,617.6	3,356.9	56,289.7
2000	399,324.4	1,579,247.6	0.0	13,123.7	15,642.9	1,130,947.1	2,566.5	84,388.7	13,591.2	276,904.2	0.0	11,617.6	0.0	62,602.8
2001	553,361.4	2,132,608.9	0.0	13,123.7	18,629.5	92,810.9	8,871.8	115,276.5	15,478.8	397,988.6	0.0	11,617.6	20.0	67,459.0
2002	1,024,963.4	3,291,471.9	0.0	13,123.7	68,447.9	835,950.9	700.0	208,504.7	17,915.0	575,855.9	0.0	11,617.6	50.0	78,186.7
2003	1,196,691.8	4,488,163.7	0.0	13,123.7	57,198.8	1,704,588.0	3,998.2	252,461.1	12,662.1	39,388.8	0.0	11,617.6	10,045.9	168,005.4
2004	1,375,212.2	5,863,375.9	0.0	13,123.7	106,179.0	2,611,952.6	2,141.0	304,595.6	27,296.8	282,688.7	0.0	11,617.6	32,618.3	340,418.6
2005	2,301,298.5	8,164,674.4	0.0	13,123.7	1,761,636.6	4,373,589.3	23,997.5	328,593.1	195,038.2	477,726.9	0.0	11,617.6	320,626.2	661,044.7
2005- Jan	137,518.1	6,000,894.0	0.0	13,123.7	115,515.8	2,727,468.4	1,070.0	305,665.6	13,768.1	296,456.8	0.0	11,617.6	7,164.2	347,582.8
Feb	175,911.9	6,176,805.9	0.0	13,123.7	162,465.3	2,889,933.7	842.0	306,507.6	4,203.2	300,660.1	0.0	11,617.6	8,401.4	355,984.1
Mar	167,222.2	6,344,028.1	0.0	13,123.7	149,661.9	3,039,595.6	1,121.0	307,628.6	5,722.8	306,382.9	0.0	11,617.6	10,716.5	366,700.6
Apr	176,991.4	6,521,019.5	0.0	13,123.7	118,364.7	3,157,960.3	1,105.0	308,733.6	27,161.5	333,544.4	0.0	11,617.6	30,360.2	397,060.8
May	174,326.4	6,695,345.8	0.0	13,123.7	114,738.8	3,272,699.2	1,024.5	309,758.1	24,742.5	358,286.8	0.0	11,617.6	33,820.6	430,881.3
Jun	152,841.6	6,848,187.4	0.0	13,123.7	100,101.1	3,372,800.3	1,916.0	311,674.1	10,871.1	369,158.0	0.0	11,617.6	39,953.4	470,834.7
Jul	177,971.9	7,026,159.3	0.0	13,123.7	142,462.1	3,515,262.4	450.0	312,124.1	4,916.1	374,074.1	0.0	11,617.6	30,143.6	500,978.3
Aug	108,248.3	7,134,407.5	0.0	13,123.7	59,676.0	3,574,938.4	1,415.0	313,539.1	8,976.9	383,051.0	0.0	11,617.6	38,180.3	539,158.6
Sep	153,981.2	7,288,388.7	0.0	13,123.7	90,184.5	3,665,122.8	4,183.0	317,722.1	25,660.9	408,711.9	0.0	11,617.6	33,952.8	573,111.5
Oct	305,106.3	7,593,495.0	0.0	13,123.7	251,209.9	3,916,332.8	4,668.0	322,390.1	28,427.4	437,139.3	0.0	11,617.6	20,800.9	593,912.4
Nov	311,312.9	7,904,807.9	0.0	13,123.7	257,426.5	4,173,759.3	3,668.0	326,058.1	32,159.4	469,298.7	0.0	11,617.6	18,059.0	611,971.4
Dec	259,866.5	8,164,674.4	0.0	13,123.7	199,830.0	4,373,589.3	2,535.0	328,593.1	8,428.2	477,726.9	0.0	11,617.6	49,073.3	661,044.7
Total	2,301,298.5		0.0		1,761,636.6		23,997.5		195,038.2		0.0		320,626.2	
2006 Jan	267,874.3	8,432,548.7	0.0	13,123.7	215,089.3	4,588,678.5	1,629.3	330,222.4	4,124.5	481,851.4	0.0	11,617.6	47,031.3	708,076.0
Feb	208,117.9	8,640,666.6	0.0	13,123.7	161,236.1	4,749,914.7	0.0	330,222.4	3,212.0	485,063.4	0.0	11,617.6	43,669.7	751,745.7
Mar	143,926.8	8,784,593.3	0.0	13,123.7	114,699.6	4,864,614.3	2,385.8	332,608.2	2,598.8	487,662.3	0.0	11,617.6	24,242.6	775,988.3
Apr	167,819.2	8,952,412.5	0.0	13,123.7	112,436.4	4,977,050.7	0.0	332,608.2	4,559.7	492,221.9	0.0	11,617.6	50,823.1	826,811.3
May	130,785.5	9,083,198.0	0.0	13,123.7	82,760.0	5,059,810.6	3,356.5	335,964.7	4,817.1	497,039.0	0.0	11,617.6	39,852.0	866,663.3
Jun	169,878.7	9,253,076.7	0.0	13,123.7	61,241.8	5,121,052.4	242.0	336,206.7	7,845.4	504,884.4	0.0	11,617.6	100,549.6	967,212.9
Total	1,088,402.3		0.0		747,463.1		7,613.5		27,157.5		0.0		306,168.2	

Source: Bank of Tanzania

Table A2.4 : Central Government Outstanding Stocks, Bonds and Notes by Holders, 1996-2006

Millions of TZS

End of period	Bank of Tanzania	Deposit Money banks	Other banks	Other Financial Institutions	Official Entities	Private Sector	Others	Total
1996	212,090.5	149,932.1	0.0	0.0	0.0	0.0	36,901.3	398,923.9
1997	269,971.1	159,294.6	0.0	0.0	0.0	0.0	68,252.1	497,517.8
1998	230,516.6	242,465.7	16,430.8	55,969.4	9,036.5	6,740.6	0.0	561,159.6
1999	293,118.4	258,731.0	16,006.6	74,784.2	14,475.2	3,573.8	0.0	660,689.2
2000	296,941.6	289,862.0	14,336.4	67,073.0	35,150.1	3,062.9	0.0	706,426.0
2001	296,941.7	180,539.4	14,892.9	118,228.1	1,406.4	1,844.7	0.0	613,853.2
2002	207,454.4	179,741.5	14,068.9	153,870.2	1,490.6	347.3	0.0	556,972.9
2003	199,455.8	187,368.2	14,795.3	218,956.0	1,640.4	674.4	29,095.8	651,985.9
2004	199,231.0	200,701.6	13,890.3	269,604.3	1,490.4	839.6	500.0	686,257.2
2005	297,335.2	271,334.3	19,769.3	326,364.2	76,899.3	1,467.6	0.0	993,169.9
2004-Mar	199,455.8	211,137.9	14,239.9	255,317.7	1,640.4	819.4	0.0	682,611.1
Jun	199,231.0	201,701.6	13,890.3	265,304.3	1,490.4	839.6	0.0	682,457.2
Sept	199,231.0	201,701.6	13,890.3	265,304.3	1,490.4	839.6	0.0	682,457.2
Dec	199,231.0	200,701.6	13,890.3	269,604.3	1,490.4	839.6	500.0	686,257.2
2005-Mar	199,231.1	200,828.7	15,990.3	303,697.9	1,475.4	3,294.6	0.0	724,518.0
Jun	205,558.3	214,828.7	33,264.3	316,527.9	803.0	6,860.5	0.0	777,842.7
Sept	291,555.2	291,277.8	21,944.3	325,608.0	77,345.3	1,455.6	0.0	1,009,186.2
Dec	297,335.2	271,334.3	19,769.3	326,364.2	76,899.3	1,467.6	0.0	993,169.9
2006-Mar	316,336.2	297,826.3	21,369.3	350,240.4	76,899.3	1,482.0	0.0	1,064,153.5
Jun	316,336.2	308,647.6	21,074.3	384,892.9	76,835.5	1,505.3	0.0	1,109,291.8

* 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: Monetary Survey, 1996 - 2006

Millions of TZS

End of Period	Domestic assets (net)										Memorandum item:									
	Domestic credit (net)																			
	Net		Claims on government		Claims on private sectors*		Other items (net)		Total		M1, Broad Money		Narrow Money		M0, Base Money		of which: Reserves (CBR)**			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
1996	290,319.8	295,822.8	141,341.0	182,976.9	105,716.0	927,068.9	760,353.3	493,868.7	287,877.1	205,991.7	122,436.6	113,340.7	133,072.4	335,768.0	78,105.3					
1997	398,918.6	239,457.5	182,976.9	248,276.2	44,118.1	1,026,984.7	844,929.4	545,517.0	307,798.7	237,718.3	134,401.0	160,215.3	166,715.6	364,940.0	77,062.9					
1998	458,003.6	276,586.7	248,276.2	311,533.0	-82,789.1	1,217,626.9	972,088.6	632,571.2	384,848.0	247,723.2	149,257.1	190,260.3	245,538.3	418,734.0	110,935.3					
1999	622,286.8	366,596.2	311,533.0	340,628.1	-160,840.2	1,397,688.8	1,093,610.9	695,006.5	392,404.2	302,602.3	170,051.6	228,552.8	304,077.9	508,674.0	123,826.0					
2000	842,755.0	375,146.0	340,628.1	340,628.1	-152,919.2	1,636,730.7	1,233,667.0	766,019.9	411,638.9	354,381.0	208,101.4	259,545.7	403,063.7	556,430.9	164,026.7					
2001	1,209,820.4	239,201.4	264,608.6	570,668.3	-346,221.0	2,047,683.1	1,507,386.5	958,786.6	495,445.6	463,340.9	223,898.7	324,701.2	540,296.5	695,701.2	200,255.6					
2002	1,558,627.1	264,608.6	570,668.3	1,293,700.0	-623,818.1	2,388,316.1	1,721,109.9	1,113,379.1	553,045.8	560,333.3	230,958.8	376,771.9	667,206.2	783,309.0	230,263.2					
2003	2,182,072.0	427,719.7	1,060,077.3	1,425,062.3	-309,710.2	3,934,986.6	2,808,247.6	1,758,810.2	843,157.4	915,652.8	422,269.4	627,168.0	1,126,738.9	1,236,080.6	392,923.2					
2004	2,560,852.1	258,782.4	1,425,062.3	1,425,062.3	-309,710.2	3,934,986.6	2,808,247.6	1,758,810.2	843,157.4	915,652.8	422,269.4	627,168.0	1,126,738.9	1,236,080.6	392,923.2					
2004-Mar	2,178,747.4	91,076.2	847,977.4	1,219,374.3	-640,149.8	2,477,651.2	1,757,204.8	1,096,558.7	523,607.8	572,950.9	270,684.3	389,961.8	720,446.4	802,863.9	279,256.1					
Jun	2,134,182.7	157,606.9	965,980.9	1,390,349.6	-654,835.7	2,602,934.8	1,856,326.3	1,186,063.1	590,441.0	595,622.1	269,132.9	401,130.3	746,608.5	800,399.6	209,958.6					
Sep	2,289,760.4	-1,703.5	1,027,300.4	1,425,062.3	-519,405.4	2,795,951.9	1,979,892.9	1,296,585.1	644,921.5	651,663.5	266,479.5	416,828.3	816,059.0	863,635.1	218,713.5					
Dec	2,379,909.3	-47,719.7	1,060,077.3	1,425,062.3	-544,146.8	2,848,120.0	2,050,886.0	1,315,739.4	664,148.0	651,591.3	276,396.4	458,750.2	797,234.1	967,776.0	303,628.0					
2005	2,462,099.7	40,002.0	1,147,110.1	1,219,374.3	-525,244.4	3,123,967.5	2,211,685.5	1,390,703.8	645,241.4	745,462.4	341,842.1	479,139.7	912,281.9	977,283.9	332,042.5					
2005-Mar	2,279,294.3	284,637.9	1,219,374.3	1,390,349.6	-516,881.4	3,266,425.1	2,366,449.0	1,528,773.6	734,912.2	793,861.4	328,711.1	508,964.3	899,976.2	1,029,997.6	295,085.4					
Jun	2,222,906.5	294,886.3	1,390,349.6	1,425,062.3	-309,710.2	3,536,065.4	2,539,977.8	1,644,905.1	790,956.7	853,948.4	344,867.1	520,205.6	996,087.6	1,128,066.9	337,110.2					
Sep	2,560,852.1	258,782.4	1,425,062.3	1,425,062.3	-309,710.2	3,934,986.6	2,808,247.6	1,758,810.2	843,157.4	915,652.8	422,269.4	627,168.0	1,126,738.9	1,236,080.6	392,923.2					
2006	3,113,212.4	435,385.5	1,531,395.1	1,656,837.8	-970,986.8	4,109,006.3	2,836,223.0	1,729,080.2	807,153.5	921,926.7	444,629.8	662,513.0	1,272,783.3	1,303,762.4	496,608.9					
2006-Mar	3,072,799.0	512,629.2	1,656,837.8	1,656,837.8	-943,215.4	4,299,050.7	2,945,528.0	1,798,840.1	856,180.5	942,659.6	455,179.7	691,508.3	1,353,522.6	1,296,486.6	440,306.2					
Jun	2,408,352.9	61,685.6	1,117,110.4	1,132,519.9	-606,557.6	2,980,591.4	2,089,035.9	1,342,836.9	636,932.2	705,904.7	287,300.0	458,898.9	891,555.5	960,140.8	323,208.6					
2005-January	2,482,058.1	79,917.9	1,132,519.9	1,147,110.1	-525,244.4	3,123,967.5	2,200,089.4	1,415,829.4	632,085.7	783,743.7	318,286.0	465,974.0	892,818.9	1,001,798.5	369,712.9					
February	2,462,099.7	40,002.0	1,147,110.1	1,147,110.1	-525,244.4	3,123,967.5	2,211,685.5	1,390,703.8	645,241.4	745,462.4	341,842.1	479,139.7	912,281.9	977,283.9	332,042.5					
March	2,357,490.8	103,980.3	1,151,142.2	1,151,142.2	-528,906.6	3,083,706.7	2,229,239.7	1,402,889.5	650,298.8	752,590.8	341,719.6	484,630.6	854,467.0	993,432.3	343,133.6					
April	2,305,218.6	192,265.0	1,182,122.5	1,182,122.5	-568,246.6	3,111,359.6	2,242,841.3	1,417,403.2	668,271.2	749,132.0	336,585.8	488,852.3	868,518.3	1,012,972.0	344,700.8					
May	2,279,294.3	284,637.9	1,219,374.3	1,219,374.3	-516,881.4	3,266,425.1	2,366,449.0	1,528,773.6	734,912.2	793,861.4	328,711.1	508,964.3	899,976.2	1,029,997.6	295,085.4					
June	2,271,794.7	316,477.6	1,300,730.5	1,300,730.5	-496,058.9	3,392,943.9	2,383,746.1	1,556,217.6	766,285.7	789,931.9	311,839.8	515,688.6	1,009,197.8	1,036,250.2	269,964.5					
July	2,294,107.8	279,759.3	1,331,809.8	1,331,809.8	-464,233.0	3,441,444.0	2,401,810.3	1,532,956.3	764,663.6	768,292.6	348,102.1	520,751.9	1,039,633.7	1,102,883.1	338,219.5					
August	2,222,906.5	294,886.3	1,390,349.6	1,390,349.6	-372,077.0	3,536,065.4	2,539,977.8	1,644,905.1	790,956.7	853,948.4	344,867.1	550,205.6	996,087.6	1,128,066.9	337,110.2					
September	2,460,785.1	258,534.6	1,373,672.4	1,373,672.4	-313,654.6	3,779,337.4	2,735,662.2	1,787,143.2	820,592.6	966,550.6	361,229.4	587,289.6	1,043,675.3	1,299,956.0	479,363.4					
October	2,664,790.8	206,764.5	1,411,085.0	1,411,085.0	-368,316.0	3,914,324.3	2,744,464.9	1,744,522.8	812,532.5	931,990.3	396,447.7	603,494.4	1,169,859.4	1,190,125.0	377,592.6					
November	2,560,852.1	258,782.4	1,425,062.3	1,425,062.3	-309,710.2	3,934,986.6	2,808,247.6	1,758,810.2	843,157.4	915,652.8	422,269.4	627,168.0	1,126,738.9	1,236,080.6	392,923.2					
December	3,028,147.5	410,349.6	1,450,364.7	1,450,364.7	-870,330.5	4,018,531.2	2,807,935.4	1,737,737.0	805,963.9	931,773.1	446,757.0	623,441.5	1,210,595.8	1,247,662.8	441,699.0					
2006-January	3,023,685.9	439,599.8	1,480,714.0	1,480,714.0	-970,443.8	4,073,555.9	2,809,757.6	1,717,045.5	797,537.6	919,507.9	446,517.3	646,194.8	1,263,798.4	1,285,897.7	488,360.1					
February	3,113,212.4	435,385.5	1,531,395.1	1,531,395.1	-970,986.8	4,109,006.3	2,836,223.0	1,729,080.2	807,153.5	921,926.7	444,629.8	662,513.0	1,272,783.3	1,303,762.4	496,608.9					
March	3,091,595.7	376,922.1	1,574,803.0	1,574,803.0	-962,242.9	4,081,077.9	2,806,330.8	1,706,568.0	790,147.8	916,420.3	441,717.2	661,691.5	1,274,747.2	1,299,704.4	509,556.7					
April	3,164,945.7	420,929.5	1,597,836.3	1,597,836.3	-1,064,832.9	4,118,878.7	2,846,416.3	1,713,176.9	807,506.7	905,670.2	458,443.9	674,795.5	1,272,462.3	1,297,229.2	489,722.5					
May	3,072,799.0	512,629.2	1,656,837.8	1,656,837.8	-943,215.4	4,299,050.7	2,945,528.0	1,798,840.1	856,180.5	942,659.6	455,179.7	691,508.3	1,353,522.6	1,296,486.6	440,306.2					
June																				

* former "Claims on Other Domestic sectors"

** Commercial Banks Reserves (CBR)

Source: Bank of Tanzania

Table A3.2: Bank of Tanzania - Assets, 1996 - 2006

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*						
1996	237,246.9	18,845.8	346.0	125,594.7	0.0	0.0	5,454.5	283,212.1	16,235.7	6,651.0	66,834.5	1,059,795.6
1997	362,312.0	19,310.0	67.0	124,504.0	0.0	0.0	4,611.0	81,199.0	23,306.0	7,910.0	82,756.0	975,668.0
1998	376,350.0	21,115.0	240.0	140,534.0	0.0	0.0	5,358.0	71,411.0	22,721.0	6,472.0	86,173.0	964,449.0
1999	582,315.0	25,002.0	104.0	217,803.0	0.0	0.0	4,160.0	36,326.0	22,492.0	63,307.0	31,483.0	1,285,780.0
2000	746,522.8	25,352.6	314.4	208,448.0	0.0	0.0	0.0	59,864.0	27,967.0	24,972.0	53,705.2	1,443,819.3
2001	1,018,903.2	29,013.3	345.2	228,839.3	0.0	0.0	0.0	-15,580.6	37,164.0	41,500.3	61,807.1	1,698,665.1
2002	1,452,491.1	26,926.4	101.6	263,040.6	0.0	0.0	0.0	0.0	82,527.5	41,545.6	110,355.0	2,178,444.8
2003	2,151,412.7	0.0	525.0	307,705.3	0.0	0.0	0.0	0.0	124,562.6	12,419.6	122,364.7	2,921,192.4
2004	2,378,542.2	0.0	73.5	321,091.3	0.0	0.0	0.0	0.0	213,442.4	5,931.0	210,070.7	3,328,362.4
2005	2,523,457.4	0.0	821.8	331,293.9	0.0	0.0	0.5	0.0	390,796.4	1,719.5	283,421.4	3,766,190.0
2004-Mar	2,170,362.2	0.0	352.0	325,215.6	0.0	0.0	0.0	0.0	140,803.1	39,457.3	129,077.9	3,007,470.6
Jun	2,063,152.2	0.0	146.8	323,226.3	0.0	0.0	0.0	0.0	147,061.6	0.0	172,667.2	2,906,184.1
Sep	2,108,557.9	0.0	79.5	309,739.1	0.0	0.0	0.0	0.0	180,945.7	6,438.3	184,939.0	2,989,910.7
Dec	2,378,542.2	0.0	73.5	321,091.3	0.0	0.0	0.0	0.0	213,442.4	5,931.0	210,070.7	3,328,362.4
2005 - Mar	2,330,342.2	0.0	119.3	331,378.0	0.0	0.0	0.0	0.0	243,436.0	2,957.0	219,470.8	3,326,914.6
Jun	2,200,782.5	0.0	58.3	326,878.1	0.0	0.0	0.0	0.0	276,085.5	-15.1	232,033.5	3,241,156.4
Sep	2,282,976.8	0.0	60.8	327,831.3	0.0	0.0	0.0	0.0	337,632.3	2,174.7	176,487.4	3,352,612.2
Dec	2,523,457.4	0.0	821.8	331,293.9	0.0	0.0	0.5	0.0	390,796.4	1,719.5	283,421.4	3,766,190.0
2006 - Mar	2,601,852.5	0.0	449.6	350,672.6	0.0	0.0	0.0	0.0	411,049.8	1,422.4	297,666.3	3,909,272.2
Jun	2,481,316.1	0.0	80.7	365,693.9	0.0	0.0	0.0	0.0	473,241.7	-15.1	340,889.4	3,949,746.4
2005 - January	2,399,504.6	0.0	411.5	333,360.8	0.0	0.0	0.0	0.0	220,751.0	9,069.4	196,896.6	3,359,205.2
February	2,407,423.8	0.0	122.0	338,886.3	0.0	0.0	0.0	0.0	231,422.7	4,329.8	199,437.2	3,380,833.0
March	2,330,342.2	0.0	119.3	331,378.0	0.0	0.0	0.0	0.0	243,436.0	2,957.0	219,470.8	3,326,914.6
April	2,321,290.3	0.0	370.7	332,652.6	0.0	0.0	0.0	0.0	242,132.3	12,248.7	228,805.1	3,336,710.9
May	2,277,447.8	0.0	59.2	331,968.6	0.0	0.0	0.0	0.0	254,815.2	624.6	226,077.4	3,295,062.6
June	2,200,782.5	0.0	58.3	326,878.1	0.0	0.0	0.0	0.0	276,085.5	-15.1	232,033.5	3,241,156.4
July	2,156,817.6	0.0	387.8	327,557.7	0.0	0.0	0.0	0.0	289,748.4	622.3	161,000.3	3,212,984.6
August	2,162,440.4	0.0	61.0	329,215.1	0.0	0.0	0.0	0.0	316,177.7	1,509.7	163,514.6	3,256,247.8
September	2,282,976.8	0.0	60.8	327,831.3	0.0	0.0	0.0	0.0	337,632.3	2,174.7	176,487.4	3,352,612.2
October	2,481,518.3	0.0	558.2	329,548.9	0.0	0.0	0.5	0.0	340,713.1	2,043.1	225,431.7	3,605,262.7
November	2,634,913.3	0.0	209.1	339,085.3	0.0	0.0	0.5	0.0	376,167.2	1,386.8	241,305.6	3,826,516.8
December	2,523,457.4	0.0	821.8	331,293.9	0.0	0.0	0.5	0.0	390,796.4	1,719.5	283,421.4	3,766,190.0
2006 - January	2,594,882.2	0.0	843.8	340,170.6	0.0	0.0	0.0	0.0	394,344.9	1,398.5	282,293.1	3,854,205.2
February	2,588,310.8	0.0	433.5	338,163.1	0.0	0.0	0.0	0.0	399,325.4	1,102.6	280,799.5	3,852,407.0
March	2,601,852.5	0.0	449.6	350,672.6	0.0	0.0	0.0	0.0	411,049.8	1,422.4	297,666.3	3,909,272.2
April	2,662,572.6	0.0	547.0	356,730.7	0.0	0.0	0.0	0.0	428,213.3	475.1	289,607.9	4,020,805.6
May	2,618,983.5	0.0	82.4	373,430.8	0.0	0.0	0.0	0.0	448,644.5	2,508.3	301,680.8	4,027,989.3
June	2,481,316.1	0.0	80.7	365,693.9	0.0	0.0	0.0	0.0	473,241.7	-15.1	340,889.4	3,949,746.4

* Bills valued at purchase price. From July, 1983 total claims on Government differ from the totals given in the statements of assets and liabilities since government securities are in nominal value instead of book value.

** reported on gross level from July 2001

Source: Bank of Tanzania





Table A3.3 : Bank of Tanzania - Liabilities, 1996 - 2006

Millions of TZS

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**
1996	280,575.8	82,657.7	55,192.2	21,920.8	386,341.3	109,275.1	26,822.0		86,420.4	10,590.2	1,059,795.6
1997	314,487.0	87,321.0	50,453.0	47,415.0	219,836.0	112,859.0	26,589.0		70,354.0	46,354.0	975,668.0
1998	337,323.0	83,027.0	81,411.0	8,568.0	214,955.0	122,440.0	30,012.0		34,189.0	52,524.0	964,449.0
1999	427,447.0	84,012.0	81,227.0	24,516.0	285,985.0	180,886.0	34,354.0		115,804.0	51,549.0	1,285,780.0
2000	443,050.9	149,731.9	113,380.0	-9,014.6	346,741.9	200,507.0	32,878.0		102,874.3	63,669.9	1,443,819.3
2001	456,205.6	173,799.6	128,163.5	4,231.4	372,840.3	212,712.4	36,094.3	29,928.9	242,819.4	41,869.7	1,698,665.0
2002	546,615.4	210,474.8	149,085.8	11,709.5	470,501.0	231,438.7	41,488.7	4,438.5	472,823.7	39,868.6	2,178,444.8
2003	606,592.5	369,648.4	176,716.5	18,224.1	663,947.8	271,954.6	48,533.6	2,873.6	697,860.6	64,840.7	2,921,192.4
2004	727,785.3	389,817.9	239,990.7	43,526.0	679,473.3	305,135.9	50,644.9	456.5	796,985.7	94,546.1	3,328,362.4
2005	437,266.5	224,075.0	112,987.1	-9,676.5	373,962.5	212,712.4	38,438.4	31,896.7	302,237.4	41,869.7	1,765,769.3
2004-Mar	576,337.7	324,582.3	226,526.2	17,103.8	681,872.0	271,954.6	51,295.4	3,816.0	788,481.9	65,500.7	3,007,470.6
Jun	644,009.5	266,603.6	156,390.1	15,872.5	610,676.1	305,135.9	50,981.7	-12,313.8	801,207.3	67,621.2	2,906,184.1
Sep	705,101.6	389,499.0	158,533.4	33,084.5	564,227.1	305,135.9	48,854.4	-13,143.7	705,937.3	92,681.2	2,989,910.7
Dec	727,785.3	389,817.9	239,990.7	43,526.0	679,473.3	305,135.9	50,644.9	456.5	796,985.7	94,546.1	3,328,362.4
2005 - Mar	728,358.8	343,533.6	248,925.1	40,358.0	598,706.2	305,135.9	52,267.4	97.6	914,865.9	94,666.1	3,326,914.6
Jun	814,553.0	126,495.1	215,444.6	56,657.5	551,261.9	315,928.9	51,557.7	-8,689.0	1,023,190.6	94,756.1	3,241,156.4
Sep	875,647.2	409,236.9	252,419.6	47,511.7	759,467.7	315,928.9	51,708.0	294.9	492,183.7	148,213.7	3,352,612.2
Dec	932,815.3	441,554.8	303,265.3	60,807.7	760,488.1	315,928.9	52,254.2	-1,198.8	750,751.3	149,523.3	3,766,190.0
2006 - Mar	886,546.0	358,003.9	417,216.4	96,455.8	274,996.6	315,928.9	55,310.7	-439.7	1,355,670.4	149,583.3	3,909,272.2
Jun	947,616.5	255,734.3	348,870.1	75,625.1	287,823.7	338,796.7	57,680.0	-3,209.6	1,430,872.6	209,937.0	3,949,746.4
2005 - January	715,023.4	281,765.2	245,117.4	55,826.9	719,434.0	305,135.9	52,580.2	2,109.0	887,607.2	94,606.1	3,359,205.2
February	711,833.3	288,555.1	289,965.2	37,330.5	629,082.2	305,135.9	53,451.7	-558.4	971,401.2	94,636.1	3,380,833.0
March	728,358.8	343,533.6	248,925.1	40,358.0	598,706.2	305,135.9	52,267.4	97.6	914,865.9	94,666.1	3,326,914.6
April	724,792.7	273,182.9	268,639.6	45,846.1	602,119.4	305,135.9	52,468.5	3,015.9	966,813.8	94,696.1	3,336,710.9
May	742,979.8	181,417.6	269,992.2	40,714.5	600,050.6	315,928.9	52,360.6	239.7	996,652.6	94,726.1	3,295,062.6
June	814,553.0	126,495.1	215,444.6	56,657.5	551,261.9	315,928.9	51,557.7	-8,689.0	1,023,190.6	94,756.1	3,241,156.4
July	849,457.4	501,182.2	186,792.8	44,087.9	551,134.3	315,928.9	51,664.9	-1,904.4	616,840.5	97,800.1	3,212,984.6
August	850,711.7	514,768.4	252,171.5	42,084.7	591,620.4	315,928.9	51,926.3	719.8	543,203.3	93,112.9	3,256,247.8
September	875,647.2	409,236.9	252,419.6	47,511.7	759,467.7	315,928.9	51,708.0	294.9	492,183.7	148,213.7	3,352,612.2
October	913,142.6	432,917.7	386,813.4	43,392.6	715,066.7	315,928.9	51,978.9	1,479.8	595,599.1	148,943.0	3,605,262.7
November	903,512.9	489,006.2	286,612.1	56,689.4	754,605.1	315,928.9	53,483.1	-4,844.0	822,029.9	149,493.3	3,826,516.8
December	932,815.3	441,554.8	303,265.3	60,807.7	760,488.1	315,928.9	52,254.2	-1,198.8	750,751.3	149,523.3	3,766,190.0
2006- January	900,364.3	351,231.0	347,298.5	59,798.3	368,463.0	315,928.9	53,654.3	-1,804.8	1,309,718.4	149,553.3	3,854,205.2
February	883,348.5	327,212.8	402,549.1	60,557.2	340,534.5	315,928.9	53,337.6	-5,826.3	1,325,181.3	149,583.3	3,852,407.0
March	886,546.0	358,003.9	417,216.4	96,455.8	274,996.6	315,928.9	55,310.7	-439.7	1,355,670.4	149,583.3	3,909,272.2
April	870,475.7	417,690.6	429,228.7	104,914.1	300,589.4	315,928.9	56,266.2	-1,133.9	1,377,202.5	149,643.3	4,020,805.6
May	894,078.8	341,373.0	403,150.3	70,058.3	290,298.1	338,796.7	58,900.3	413.2	1,481,247.3	149,673.3	4,027,989.3
June	947,616.5	255,734.3	348,870.1	75,625.1	287,823.7	338,796.7	57,680.0	-3,209.6	1,430,872.6	209,937.0	3,949,746.4

* Included from July 2001 on gross level

** Revised from Jan-02

Source: Bank of Tanzania

Table A3.4 : Tanzania Notes in Circulation, 1996 - 2006

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/-	
1996	100.0	499.8	440.7	1,693.2	6,380.4	22,525.6	64,428.3	57,213.0	121,294.2	274,575.1		0.0	0.2	0.2	0.6	2.3	8.2	23.5		20.8	
1997	99.8	498.9	n/a	n/a	5,121.7	24,811.5	57,947.3	65,829.4	153,141.8	307,450.4		0.0	0.2	n/a	n/a	1.7	8.1	18.8		21.4	
1998	99.9	498.7	n/a	n/a	7,461.0	24,777.6	57,563.0	65,996.2	173,622.7	330,019.1		0.0	0.2	n/a	n/a	2.3	7.5	17.4		20.0	
1999	99.8	498.5	n/a	n/a	8,374.0	40,506.3	42,070.0	92,848.8	234,880.1	419,277.3		0.0	0.1	n/a	n/a	2.0	9.7	10.0		22.1	
2000	99.8	498.3	n/a	n/a	6,671.7	27,412.5	57,732.1	97,177.0	243,507.7	433,099.1		0.0	0.1	n/a	n/a	1.5	6.3	13.3		22.4	
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	
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	
2003	99.7	498.0	-	-	1,978.0	37,760.4	40,775.6	38,542.2	154,817.8	314,648.6	589,120.2		0.0	0.1	-	-	0.3	6.4	6.9	6.5	26.3
2004	99.7	497.8	-	-	1,974.2	36,901.9	54,312.0	60,871.6	132,013.8	421,347.4	708,018.4		0.0	0.1	-	-	0.3	5.2	7.7	8.6	18.6
2005	99.7	497.8	-	-	1,971.0	36,808.7	41,682.9	65,332.1	184,512.8	579,825.7	910,730.7		0.0	0.1	-	-	0.2	4.0	4.6	7.2	20.3
2004-Mar	99.7	497.9	-	-	1,976.5	36,037.2	34,721.2	38,751.8	128,575.3	317,742.8	558,402.5		0.0	0.1	-	-	0.4	6.5	6.2	6.9	23.0
Jun	99.7	497.8	-	-	1,975.9	36,366.4	45,454.7	50,894.9	130,746.2	359,593.1	625,628.6		0.0	0.1	-	-	0.3	5.8	7.3	8.1	20.9
Sep	99.7	497.8	-	-	1,974.7	37,503.7	62,227.7	61,415.3	124,158.7	398,040.2	685,917.8		0.0	0.1	-	-	0.3	5.5	9.1	9.0	18.1
Dec	99.7	497.8	-	-	1,974.2	36,901.9	54,312.0	60,871.6	132,013.8	421,347.4	708,018.4		0.0	0.1	-	-	0.3	5.2	7.7	8.6	18.6
2005-Mar	99.7	497.8	-	-	1,973.6	34,007.0	50,080.6	52,010.7	134,055.8	435,452.3	708,177.5		0.0	0.1	-	-	0.3	4.8	7.1	7.3	18.9
Jun	99.7	497.8	-	-	1,973.3	34,748.4	51,345.2	58,705.5	162,793.9	483,833.5	793,997.5		0.0	0.1	-	-	0.2	4.4	6.5	7.4	20.5
Sep	99.7	497.8	-	-	1,971.7	36,345.9	50,328.9	63,218.3	165,995.5	535,921.3	854,378.9		0.0	0.1	-	-	0.2	4.3	5.9	7.4	19.4
Dec	99.7	497.8	-	-	1,971.0	36,808.7	41,682.9	65,332.1	184,512.8	579,825.7	910,730.7		0.0	0.1	-	-	0.2	4.0	4.6	7.2	20.3
2006-Mar	99.7	497.8	-	-	1,970.2	33,340.9	39,660.2	55,590.9	163,131.8	569,402.6	863,694.1		0.0	0.1	-	-	0.2	3.9	4.6	6.4	18.9
Jun	99.7	497.8	-	-	1,970.3	35,663.4	40,347.8	62,038.6	174,612.4	609,023.0	924,252.9		0.0	0.1	-	-	0.2	3.9	4.4	6.7	18.9
2005-January	99.7	497.4	-	-	1,972.2	35,851.9	52,963.0	56,947.5	129,402.9	417,354.2	695,088.8		0.0	0.1	-	-	0.3	5.2	7.6	8.2	18.6
February	99.7	497.8	-	-	1,973.8	34,792.9	50,043.0	52,604.3	130,309.4	421,441.0	691,761.8		0.0	0.1	-	-	0.3	5.0	7.2	7.6	18.8
March	99.7	497.8	-	-	1,973.6	34,007.0	50,080.6	52,010.7	134,055.8	435,452.3	708,177.5		0.0	0.1	-	-	0.3	4.8	7.1	7.3	18.9
April	99.7	497.8	-	-	1,973.5	34,216.1	47,591.3	49,830.5	138,344.8	431,907.8	704,461.4		0.0	0.1	-	-	0.3	4.9	6.8	7.1	19.6
May	99.7	497.8	-	-	1,973.4	34,725.0	47,868.5	52,382.3	143,117.9	441,913.9	722,578.5		0.0	0.1	-	-	0.3	4.8	6.6	7.2	19.8
June	99.7	497.8	-	-	1,973.3	34,748.4	51,345.2	58,705.5	162,793.9	483,833.5	793,997.5		0.0	0.1	-	-	0.2	4.4	6.5	7.4	20.5
July	99.7	497.8	-	-	1,972.1	35,288.2	50,891.9	61,584.9	167,671.0	510,705.6	828,711.2		0.0	0.1	-	-	0.2	4.3	6.1	7.4	20.2
August	99.7	497.8	-	-	1,971.8	35,313.0	49,603.5	62,147.9	163,715.0	516,313.9	829,662.6		0.0	0.1	-	-	0.2	4.3	6.0	7.5	19.7
September	99.7	497.8	-	-	1,971.7	36,345.9	50,328.9	63,218.3	165,995.5	535,921.3	854,378.9		0.0	0.1	-	-	0.2	4.3	5.9	7.4	19.4
October	99.7	497.8	-	-	1,971.6	35,687.7	48,068.4	64,932.7	179,332.0	561,047.0	891,636.8		0.0	0.1	-	-	0.2	4.0	5.4	7.3	20.1
November	99.7	497.8	-	-	1,971.1	34,799.9	45,436.3	62,743.9	181,515.0	554,647.6	881,711.3		0.0	0.1	-	-	0.2	3.9	5.2	7.1	20.6
December	99.7	497.8	-	-	1,971.0	36,808.7	41,682.9	65,332.1	184,512.8	579,825.7	910,730.7		0.0	0.1	-	-	0.2	4.0	4.6	7.2	20.3
2006-January	99.7	497.8	-	-	1,971.2	36,639.5	38,717.4	60,052.3	171,412.9	568,517.5	877,908.3		0.0	0.1	-	-	0.2	4.2	4.4	6.8	19.5
February	99.7	497.8	-	-	1,971.2	35,265.1	38,825.6	56,916.7	164,699.5	562,438.7	860,714.2		0.0	0.1	-	-	0.2	4.1	4.5	6.6	19.1
March	99.7	497.8	-	-	1,970.2	33,340.9	39,660.2	55,590.9	163,131.8	569,402.6	863,694.1		0.0	0.1	-	-	0.2	3.9	4.6	6.4	18.9
April	99.7	497.8	-	-	1,970.4	33,201.8	39,837.4	54,357.8	158,503.5	559,022.7	847,491.0		0.0	0.1	-	-	0.2	3.9	4.7	6.4	18.7
May	99.7	497.8	-	-	1,970.3	33,489.5	39,643.1	56,850.1	165,006.8	573,422.1	870,979.3		0.0	0.1	-	-	0.2	3.8	4.6	6.5	18.9
June	99.7	497.8	-	-	1,970.3	35,663.4	40,347.8	62,038.6	174,612.4	609,023.0	924,252.9		0.0	0.1	-	-	0.2	3.9	4.4	6.7	18.9

Source: Bank of Tanzania



Table A3.5 :Tanzania Coins in Circulation, 1996 - 2006

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/-
1996	8.8	4.6	38.8	45.8	169.6	415.7	775.4	987.8	11.6	n/a	2,741.8	n/a	5,199.8	0.2	0.1	0.7	0.9	3.3	8.0	14.9	19.0	0.2	n/a	52.7	n/a
1997	8.8	4.5	38.4	45.7	168.6	412.5	774.1	999.1	11.6	580.5	4,001.7	n/a	7,045.4	0.1	0.1	0.5	0.6	2.4	5.9	11.0	14.2	0.2	8.2	56.8	n/a
1998	8.8	4.5	38.4	45.7	168.3	398.2	724.6	905.2	11.6	739.3	4,225.6	n/a	7,270.2	0.1	0.1	0.5	0.6	2.3	5.5	10.0	12.5	0.2	10.2	58.1	n/a
1999	8.8	4.5	38.4	45.7	167.4	388.6	694.9	859.2	11.6	984.6	4,565.0	462.8	8,231.3	0.1	0.1	0.5	0.6	2.0	4.7	8.4	10.4	0.1	12.0	55.5	5.6
2000	8.8	4.5	38.3	45.7	167.5	389.5	711.9	870.5	22.6	1,359.1	5,220.3	1,126.5	9,965.4	0.1	0.0	0.4	0.5	1.7	3.9	7.1	8.7	0.2	13.6	52.4	11.3
2001	8.8	4.6	38.4	45.8	167.4	392.7	737.8	901.3	11.6	1,850.2	6,556.8	3,062.7	13,778.2	0.1	0.0	0.3	0.3	1.2	2.9	5.4	6.5	0.1	13.4	47.6	22.2
2002	8.8	4.6	38.4	45.9	167.5	397.0	753.3	916.1	11.7	2,245.8	7,585.7	3,986.0	16,160.8	0.1	0.0	0.2	0.3	1.0	2.5	4.7	5.7	0.1	13.9	46.9	24.7
2003	8.8	4.4	38.4	45.9	167.6	398.5	770.8	927.4	11.7	2,521.1	8,048.9	4,195.3	17,138.7	0.1	0.0	0.2	0.3	1.0	2.3	4.5	5.4	0.1	14.7	47.0	24.5
2004	8.8	4.4	38.4	45.9	167.6	410.4	790.0	949.2	11.7	3,102.5	8,920.8	5,317.0	19,766.9	0.0	0.0	0.2	0.2	0.8	2.1	4.0	4.8	0.1	15.7	45.1	26.9
2005	8.8	4.4	38.4	46.0	167.7	419.9	822.7	987.8	11.7	3,341.9	9,283.2	6,952.2	22,084.6	0.0	0.0	0.2	0.2	0.8	1.9	3.7	4.5	0.1	15.1	42.0	31.5
2004 - Mar	8.8	4.4	38.4	45.9	167.6	403.6	774.4	932.8	11.7	2,703.4	8,381.0	4,463.3	17,935.2	0.0	0.0	0.2	0.3	0.9	2.3	4.3	5.2	0.1	15.1	46.7	24.9
	Jun	8.8	4.4	38.4	45.9	167.6	779.1	932.3	11.7	2,827.6	8,531.2	4,629.5	18,380.8	0.0	0.0	0.2	0.2	0.9	2.2	4.2	5.1	0.1	15.4	46.4	25.2
	Sep	8.8	4.4	38.4	45.9	167.6	940.8	943.8	11.7	2,985.6	8,774.9	5,014.3	19,183.8	0.0	0.0	0.2	0.2	0.9	2.1	4.1	4.9	0.1	15.6	45.7	26.1
	Dec	8.8	4.4	38.4	45.9	167.6	410.4	900.0	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
2005 - Mar	8.8	4.4	38.4	46.0	167.6	415.3	794.7	955.9	11.7	3,173.7	9,035.8	5,529.0	20,181.4	0.0	0.0	0.2	0.2	0.8	2.1	3.9	4.7	0.1	15.7	44.8	27.4
	Jun	8.8	4.4	38.4	46.0	167.6	799.1	954.8	11.7	3,242.7	9,107.7	5,758.2	20,555.5	0.0	0.0	0.2	0.2	0.8	2.0	3.9	4.6	0.1	15.8	44.3	28.0
	Sep	8.8	4.4	38.4	46.0	167.7	811.4	977.1	11.7	3,266.2	9,100.5	6,418.6	21,268.3	0.0	0.0	0.2	0.2	0.8	2.0	3.8	4.6	0.1	15.4	42.8	30.2
	Dec	8.8	4.4	38.4	46.0	167.7	822.7	987.8	11.7	3,341.9	9,283.2	6,952.2	22,084.6	0.0	0.0	0.2	0.2	0.8	1.9	3.7	4.5	0.1	15.1	42.0	31.5
2006 - Mar	8.8	4.4	38.4	46.0	167.7	422.2	824.6	990.1	11.7	3,479.6	9,548.1	7,310.8	22,852.3	0.0	0.0	0.2	0.2	0.7	1.8	3.6	4.3	0.1	15.2	41.8	32.0
	Jun	8.8	4.4	38.4	46.0	167.7	825.9	990.3	11.7	3,580.3	9,694.4	7,571.2	23,363.6	0.0	0.0	0.2	0.2	0.7	1.8	3.5	4.2	0.1	15.3	41.5	32.4
	2005 - January	8.8	4.3	38.3	45.9	167.5	791.1	951.1	11.7	3,125.0	8,935.5	5,440.5	19,933.9	0.0	0.0	0.2	0.2	0.8	2.1	4.0	4.8	0.1	15.7	44.8	27.3
	February	8.8	4.4	38.4	46.0	167.6	793.1	953.3	11.7	3,150.1	8,973.7	5,509.2	20,071.5	0.0	0.0	0.2	0.2	0.8	2.1	4.0	4.7	0.1	15.7	44.7	27.4
March	8.8	4.4	38.4	46.0	167.6	794.7	955.9	11.7	3,173.7	9,035.8	5,529.0	20,181.4	0.0	0.0	0.2	0.2	0.8	2.1	3.9	4.7	0.1	15.7	44.8	27.4	
April	8.8	4.4	38.4	46.0	167.6	796.3	954.8	11.7	3,199.1	9,069.9	5,618.4	20,331.2	0.0	0.0	0.2	0.2	0.8	2.0	3.9	4.7	0.1	15.7	44.6	27.6	
May	8.8	4.4	38.4	46.0	167.6	796.4	958.0	11.7	3,218.7	9,086.8	5,648.6	20,401.3	0.0	0.0	0.2	0.2	0.8	2.0	3.9	4.7	0.1	15.8	44.5	27.7	
June	8.8	4.4	38.4	46.0	167.6	799.1	954.8	11.7	3,242.7	9,107.7	5,758.2	20,555.5	0.0	0.0	0.2	0.2	0.8	2.0	3.9	4.6	0.1	15.8	44.3	28.0	
July	8.8	4.4	38.4	46.0	167.6	802.7	962.1	11.7	3,255.7	9,102.5	5,929.3	20,746.2	0.0	0.0	0.2	0.2	0.8	2.0	3.9	4.6	0.1	15.7	43.9	28.6	
August	8.8	4.4	38.4	46.0	167.7	806.8	968.5	11.7	3,263.3	9,104.5	6,211.8	21,049.1	0.0	0.0	0.2	0.2	0.8	2.0	3.8	4.6	0.1	15.5	43.3	29.5	
September	8.8	4.4	38.4	46.0	167.7	811.4	977.1	11.7	3,266.2	9,100.5	6,418.6	21,268.3	0.0	0.0	0.2	0.2	0.8	2.0	3.8	4.6	0.1	15.4	42.8	30.2	
October	8.8	4.4	38.4	46.0	167.7	816.8	984.9	11.7	3,267.2	9,101.3	6,640.1	21,505.8	0.0	0.0	0.2	0.2	0.8	1.9	3.8	4.6	0.1	15.2	42.3	30.9	
November	8.8	4.4	38.4	46.0	167.7	820.6	987.1	11.7	3,294.7	9,162.3	6,840.8	21,801.7	0.0	0.0	0.2	0.2	0.8	1.9	3.8	4.5	0.1	15.1	42.0	31.4	
December	8.8	4.4	38.4	46.0	167.7	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 - January	8.8	4.4	38.4	46.0	167.7	823.9	989.6	11.7	3,403.6	9,427.7	7,113.6	22,456.0	0.0	0.0	0.2	0.2	0.7	1.9	3.7	4.4	0.1	15.2	42.0	31.7	
February	8.8	4.4	38.4	46.0	167.7	824.2	989.6	11.7	3,436.6	9,495.6	7,190.6	22,634.8	0.0	0.0	0.2	0.2	0.7	1.9	3.6	4.4	0.1	15.2	42.0	31.8	
March	8.8	4.4	38.4	46.0	167.7	824.6	990.1	11.7	3,479.6	9,548.1	7,310.8	22,852.3	0.0	0.0	0.2	0.2	0.7	1.8	3.6	4.3	0.1	15.2	41.8	32.0	
April	8.8	4.4	38.4	46.0	167.7	825.2	990.3	11.7	3,504.7	9,584.7	7,380.6	22,985.3	0.0	0.0	0.2	0.2	0.7	1.8	3.6	4.3	0.1	15.2	41.7	32.1	
May	8.8	4.4	38.4	46.0	167.7	825.2	989.5	11.7	3,528.9	9,617.0	7,438.5	23,100.1	0.0	0.0	0.2	0.2	0.7	1.8	3.6	4.3	0.1	15.3	41.6	32.2	
June	8.8	4.4	38.4	46.0	167.7	825.9	990.3	11.7	3,580.3	9,694.4	7,571.2	23,363.6	0.0	0.0	0.2	0.2	0.7	1.8	3.5	4.2	0.1	15.3	41.5	32.4	

Source: Bank of Tanzania



A3.0 Money and Banking

Table A3.6 :Commercial Banks— Assets, 1996 - 2006

Millions of TZS

End of period	Domestic assets					Foreign assets			Fixed assets	Total
	Cash	Deposit with Bank of Tanzania	Treasury bills	Other govt. securities	Loans and bills	Other*	Liquid**	Others		
1996	22,913.1	49,883.6	89,455.0	166,530.3	147,297.7	168,476.2	179,548.3	2,002.5	58,031.3	884,138.0
1997	26,609.9	33,100.4	78,623.0	166,906.4	184,839.8	360,643.9	232,162.1	1,393.8	13,959.0	1,098,238.4
1998	29,524.3	83,678.2	58,862.5	251,080.0	251,079.3	619,781.1	243,076.9	24,179.9	45,549.6	1,606,811.7
1999	42,599.0	80,611.1	65,911.8	264,799.3	312,082.0	876,803.0	290,975.1	10,103.8	46,146.2	1,990,031.4
2000	50,646.7	121,449.7	89,620.2	313,339.4	341,428.2	1,085,655.0	398,949.4	12,040.8	46,965.4	2,460,094.8
2001	44,566.7	132,761.9	102,319.0	192,523.1	405,373.1	2,969,481.5	499,433.8	39,628.8	56,673.6	4,442,761.5
2002	51,169.8	143,983.2	192,929.2	171,708.4	570,668.3	6,223,754.6	547,210.4	24,362.2	65,886.9	7,991,673.0
2003	53,546.7	173,323.3	176,360.9	146,046.5	817,125.2	503,445.1	657,754.9	27,733.4	48,086.1	2,603,422.2
2004	63,637.3	246,789.5	147,928.3	190,613.1	1,060,077.3	645,777.0	605,328.2	78,337.4	52,060.0	3,090,548.2
2005	89,657.9	305,767.3	459,030.9	254,019.9	1,425,062.3	700,566.8	760,581.2	75,058.6	60,783.7	4,130,528.5
2004- Mar	52,729.9	231,713.1	197,005.6	164,354.9	847,977.4	500,078.8	634,310.6	41,971.5	49,294.8	2,719,436.5
Jun	53,568.5	161,759.8	205,111.9	170,388.1	965,980.9	526,918.1	617,615.2	51,681.0	49,400.9	2,802,424.3
Sep	60,180.1	180,215.1	164,640.9	186,587.8	1,027,300.4	547,034.0	642,555.0	94,269.6	49,503.7	2,952,286.6
Dec	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- Mar	83,117.4	234,500.5	188,453.4	194,317.5	1,147,110.1	731,007.5	679,678.6	61,705.0	55,357.2	3,375,247.3
Jun	79,640.8	264,486.7	183,632.9	222,357.5	1,219,374.3	785,895.7	568,508.5	72,235.8	56,712.3	3,452,844.4
Sep	84,690.5	260,244.8	421,836.6	272,274.3	1,390,349.6	518,453.6	639,048.0	100,417.3	58,782.2	3,746,096.9
Dec	89,657.9	305,767.3	459,030.9	254,019.9	1,425,062.3	700,566.8	760,581.2	75,058.6	60,783.7	4,130,528.5
2006- Mar	79,392.4	409,975.0	514,454.2	280,711.2	1,531,395.1	777,229.8	800,736.3	67,784.6	62,084.8	4,523,763.4
Jun	91,436.0	362,761.0	440,011.6	297,056.6	1,656,837.8	810,889.8	915,715.8	60,562.1	66,327.2	4,701,598.0
2005 - January	78,091.2	238,558.0	156,546.4	192,888.7	1,117,110.4	690,269.3	649,833.5	76,974.3	52,494.1	3,252,765.9
February	79,747.6	285,553.5	180,850.3	190,751.2	1,132,519.9	716,647.4	629,330.9	70,611.9	52,850.0	3,338,862.7
March	83,117.4	234,500.5	188,453.4	194,317.5	1,147,110.1	731,007.5	679,678.6	61,705.0	55,357.2	3,375,247.3
April	74,493.9	261,812.8	185,414.2	200,340.3	1,151,142.2	755,860.7	582,070.0	60,850.4	55,673.3	3,327,657.8
May	74,708.6	272,334.9	182,432.8	202,539.6	1,182,122.5	757,745.6	573,643.6	59,692.1	55,685.8	3,360,905.6
June	79,640.8	264,486.7	183,632.9	222,357.5	1,219,374.3	785,895.7	568,508.5	72,235.8	56,712.3	3,452,844.4
July	83,171.7	221,773.7	491,756.5	228,384.4	1,300,730.5	520,848.2	606,773.6	62,627.2	56,723.5	3,572,789.5
August	86,048.0	258,347.7	451,330.0	235,008.1	1,331,809.8	424,340.1	678,183.5	73,928.1	56,843.2	3,595,838.6
September	84,690.5	260,244.8	421,836.6	272,274.3	1,390,349.6	518,453.6	639,048.0	100,417.3	58,782.2	3,746,096.9
October	92,550.0	376,031.1	442,197.2	252,011.4	1,373,672.4	642,081.8	649,177.1	87,828.1	59,123.2	3,974,672.5
November	90,980.5	349,150.3	446,456.1	270,935.3	1,411,085.0	693,892.6	751,164.3	58,959.6	59,822.9	4,132,446.4
December	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- January	94,400.5	345,570.4	493,466.9	261,333.3	1,450,364.7	749,849.4	740,897.2	76,482.5	60,400.9	4,272,765.9
February	85,811.0	382,646.6	474,501.4	276,738.5	1,480,714.0	796,160.6	774,861.9	62,794.7	61,744.9	4,395,973.5
March	79,392.4	409,975.0	514,454.2	280,711.2	1,531,395.1	777,229.8	800,736.3	67,784.6	62,084.8	4,523,763.4
April	80,328.0	417,361.1	471,980.3	283,141.0	1,574,803.0	785,924.7	749,676.3	64,682.8	63,013.9	4,490,911.2
May	86,572.1	385,690.3	459,786.7	290,992.5	1,597,836.3	777,721.6	838,814.4	78,585.2	64,487.4	4,580,486.6
June	91,436.0	362,761.0	440,011.6	297,056.6	1,656,837.8	810,889.8	915,715.8	60,562.1	66,327.2	4,701,598.0

* Includes claims on other banks and from January 1995 includes also claims on other financial institutions

**Includes deposits with Foreign Banks and foreign Units

Source: Bank of Tanzania



A3.0 Money and Banking

Table A3.7 :Commercial Banks -- Liabilities, 1996 - 2006

Millions of TZS

End of period	Domestic liabilities				Foreign liabilities		Capital and Reserves	
	Deposits	Due to Bank of Tanzania	Due to other banks	Other	*Foreign banks	Due to other		Total
1996	581,356.7	162.1	9,148.1	214,560.4	1,757.3	1,534.7	75,618.9	884,138.0
1997	667,619.1	12,763.4	49,512.7	320,354.9	3,933.2	945.0	43,110.0	1,098,238.4
1998	744,513.2	0.0	23,040.0	775,669.4	1,873.2	78.3	61,637.6	1,606,811.7
1999	854,339.3	5,429.6	25,079.9	1,076,826.8	927.8	115.7	27,312.3	1,990,031.4
2000	1,031,371.1	1.2	38,137.7	1,273,093.7	4,056.4	106.8	113,327.9	2,460,094.8
2001	1,254,411.9	0.0	47,665.4	2,990,776.7	3,015.1	13,154.6	133,737.9	4,442,761.5
2002	1,583,057.2	83.0	104,532.6	6,126,719.6	5,542.9	29,650.2	142,087.6	7,991,673.0
2003	1,917,103.2	50.0	138,725.9	332,695.1	6,321.9	554.6	207,971.4	2,603,422.2
2004	2,319,435.0	0.0	160,902.3	348,027.8	19,042.1	0.0	243,140.9	3,090,548.2
2005	3,279,030.4	0.0	107,384.8	374,719.9	27,571.8	27,663.2	314,158.6	4,130,528.5
2004-Mar	2,041,756.4	50.0	136,792.9	303,869.9	2,243.1	484.5	234,239.8	2,719,436.5
Jun	2,671,512.4	0.0	141,660.5	317,822.2	22,851.7	4,611.4	294,386.0	3,452,844.4
Sep	2,253,483.4	350.0	157,640.3	298,780.4	6,667.5	379.6	234,985.4	2,952,286.6
Dec	2,319,435.0	0.0	160,902.3	348,027.8	19,042.1	0.0	243,140.9	3,090,548.2
2005-Mar	2,617,009.5	0.0	98,119.8	339,943.7	22,072.4	5,627.4	292,474.5	3,375,247.3
Jun	2,671,512.4	0.0	141,660.5	317,822.2	22,851.7	4,611.4	294,386.0	3,452,844.4
Sep	2,900,354.0	0.0	110,677.4	368,829.5	16,371.6	40,239.3	309,625.1	3,746,096.9
Dec	3,279,030.4	0.0	107,384.8	374,719.9	27,571.8	27,663.2	314,158.6	4,130,528.5
2006-Mar	3,489,596.3	0.0	173,688.1	360,723.2	72,316.5	27,928.0	399,511.2	4,523,763.4
Jun	3,639,923.2	0.0	127,042.1	428,202.5	87,606.3	27,831.5	390,992.4	4,701,598.0
2005-January	2,489,263.2	0.0	125,056.5	323,427.5	14,995.0	702.3	299,321.5	3,252,765.9
February	2,602,999.1	163.8	109,270.0	313,713.2	13,285.8	100.4	299,330.3	3,338,862.7
March	2,617,009.5	0.0	98,119.8	339,943.7	22,072.4	5,627.4	292,474.5	3,375,247.3
April	2,581,047.4	0.0	113,790.1	318,622.5	17,238.0	4,457.8	292,502.0	3,327,657.8
May	2,598,284.8	0.0	119,818.3	327,780.6	16,068.1	6,195.7	292,758.2	3,360,905.6
June	2,671,512.4	0.0	141,660.5	317,822.2	22,851.7	4,611.4	294,386.0	3,452,844.4
July	2,745,798.5	0.0	124,589.7	369,090.6	15,443.9	4,701.8	313,165.0	3,572,789.5
August	2,791,728.5	0.0	115,214.5	332,699.2	20,779.8	24,656.7	310,759.8	3,595,838.6
September	2,900,354.0	0.0	110,677.4	368,829.5	16,371.6	40,239.3	309,625.1	3,746,096.9
October	3,126,758.8	0.0	96,369.4	381,707.3	22,997.8	36,800.7	310,038.6	3,974,672.5
November	3,296,670.0	0.0	108,009.1	373,270.8	11,825.5	31,072.9	311,598.0	4,132,446.4
December	3,279,030.4	0.0	107,384.8	374,719.9	27,571.8	27,663.2	314,158.6	4,130,528.5
2006- January	3,385,867.6	0.0	128,184.5	333,139.8	29,519.8	4,078.0	391,976.1	4,272,765.9
February	3,444,526.2	0.0	108,232.8	375,867.7	51,838.5	27,343.7	388,164.7	4,395,973.5
March	3,489,596.3	0.0	173,688.1	360,723.2	72,316.5	27,928.0	399,511.2	4,523,763.4
April	3,473,906.4	0.0	107,337.5	404,147.0	74,675.8	28,552.9	402,291.5	4,490,911.2
May	3,522,316.2	0.0	129,153.2	429,924.1	72,122.9	27,873.6	399,096.7	4,580,486.6
June	3,639,923.2	0.0	127,042.1	428,202.5	87,606.3	27,831.5	390,992.4	4,701,598.0

* Revised Figures

Source: Bank of Tanzania

Table A3.8 : Analysis of Commercial Bank's Liquidity*, 1996 - 2006

Millions of TZS

End of Period	Govt. net position with Bank of Tanzania	Net foreign liquid assets of banking system	Currency in circulation outside banks	Other transactions net**	Net liquidity effect on commercial banks	Bank of Tanzania lending to commercial banks	Change in commercial banks' liquid assets of which			Treasury bills	Net foreign liquid assets***
							Cash	Bank of Tanzania	Deposits with		
1996	-30,077.4	9,933.9	10,131.6	5,740.3	-4,271.6	0.0	3,629.3	1,719.1	9,068.7	-18,688.7	
1997	-17,911.0	19,443.0	10,138.5	-46,601.2	-34,930.6	0.0	4,305.5	-9,390.9	-14,606.3	-15,238.9	
1998	-2,358.0	22,417.1	-250.8	-3,936.4	15,871.9	-1,000.0	2,212.8	9,979.0	-5,217.4	7,897.5	
1999	-35,276.0	13,829.3	25,719.6	-42,009.8	-37,737.0	0.0	10,675.4	-12,073.4	-19,073.4	-17,265.7	
2000	-38,413.5	61,788.4	20,752.0	-38,856.4	5,270.5	0.0	14,626.0	-6,460.2	1,188.9	-4,084.2	
2001	-1,893.9	13,482.7	2,135.3	-18,266.6	-4,542.6	0.0	10,681.4	-379.6	6,908.0	-21,752.4	
2002	-81,009.3	114,410.7	45,696.4	-12,746.9	66,350.9	0.0	66,350.9	-20,003.9	23,516.9	57,239.0	
2003	-30,334.7	70,731.1	14,379.6	-41,412.7	13,363.4	0.0	13,363.4	13,851.2	9,095.9	-10,618.5	
2004	-42,877.7	-1,096.9	-2,140.8	28,024.8	-18,090.7	0.0	-4,943.6	1,631.1	-307.8	-14,470.4	
2005	48,681.4	-139,142.7	30,625.0	21,376.2	-38,460.1	0.0	-1,322.6	-43,383.0	12,574.9	-6,329.4	
2004-Mar	61,546.7	-128,349.6	3,645.1	107,090.4	43,932.5	0.0	-741.5	65,522.7	-4,815.0	-16,033.7	
Jun	-10,391.7	7,595.6	57,670.9	-85,313.8	-30,438.9	0.0	-3,607.1	-39,427.9	5,048.9	7,547.2	
Sep	-192,842.3	132,241.2	5,334.6	16,228.6	-39,037.9	0.0	-4,636.4	-29,944.5	-3,769.9	-687.1	
Dec	-42,877.7	-1,096.9	-2,140.8	28,024.8	-18,090.7	0.0	-4,943.6	1,631.1	-307.8	-14,470.4	
2005-Mar	-54,978.4	-10,403.8	13,155.8	53,707.5	1,481.0	0.0	3,369.8	-51,053.0	7,603.1	41,561.1	
Jun	56,186.4	-54,877.9	66,641.0	-81,584.2	-13,634.7	0.0	4,932.2	-7,848.2	1,200.0	-11,918.7	
Sep	47,651.3	-83,779.9	26,293.0	-53,845.6	-63,681.1	0.0	-1,357.5	1,897.1	-29,493.4	-34,727.2	
Dec	48,681.4	-139,142.7	30,625.0	21,376.2	-38,460.1	0.0	-1,322.6	-43,383.0	12,574.9	-6,329.4	
2006-Mar	-28,904.1	86,851.0	9,616.0	-1,303.9	66,259.0	0.0	-6,418.5	27,328.4	39,952.8	5,396.3	
Jun	91,519.4	-74,101.7	48,673.8	-42,513.9	23,577.5	0.0	4,863.9	-22,929.3	-19,775.1	61,418.0	
2005-January	108,052.7	46,354.5	-27,215.8	-63,798.5	63,392.9	0.0	14,453.9	-8,231.5	8,618.1	48,552.4	
February	-6,789.9	70,948.0	-4,846.6	-5,149.1	54,162.4	0.0	54,162.4	46,995.4	24,303.9	-18,793.3	
March	-54,978.4	-10,403.8	13,155.8	53,707.5	1,481.0	0.0	1,481.0	-51,053.0	7,603.1	41,561.1	
April	70,350.6	-103,536.5	5,057.3	-48,996.0	-77,124.5	0.0	-8,623.5	27,312.3	-3,039.2	-92,774.1	
May	96,623.8	-58,525.2	17,972.5	-55,572.3	498.8	0.0	214.7	10,522.1	-2,981.4	-7,256.5	
June	56,186.4	-54,877.9	66,641.0	-81,584.2	-13,634.7	0.0	4,932.2	-7,848.2	1,200.0	-11,918.7	
July	-303,170.2	1,949.4	31,373.5	584,461.9	314,614.6	0.0	3,530.9	-42,712.9	308,123.7	45,672.9	
August	-7,107.5	17,021.3	-1,622.0	56,806.0	65,097.7	0.0	2,876.3	36,574.0	-40,426.5	66,073.9	
September	47,651.3	-83,779.9	26,293.0	-53,845.6	-63,681.1	0.0	-1,357.5	1,897.1	-29,493.4	-34,727.2	
October	-23,680.8	245,293.5	29,635.9	-103,739.8	147,508.8	0.5	7,859.5	115,786.3	20,360.6	3,502.9	
November	-48,088.6	230,157.9	-8,060.1	-85,041.3	88,967.9	0.0	-1,569.5	-26,880.9	4,258.8	113,159.4	
December	48,681.4	-139,142.7	30,625.0	21,376.2	-38,460.1	0.0	-1,322.6	-43,383.0	12,574.9	-6,329.4	
2006-January	95,916.8	54,805.3	-37,193.6	-56,178.3	57,350.3	-0.5	4,742.6	39,803.2	34,436.0	-21,632.0	
February	28,018.2	30,151.5	-8,426.3	-28,576.3	21,167.1	0.0	-8,589.5	37,076.2	-18,965.6	11,646.0	
March	-28,904.1	86,851.0	9,616.0	-1,303.9	66,259.0	0.0	-6,418.5	27,328.4	39,952.8	5,396.3	
April	-23,186.8	-6,602.6	-17,005.8	-40,776.3	-87,571.4	0.0	935.5	7,386.2	-42,473.8	-53,419.3	
May	76,317.7	50,826.8	17,358.9	-90,432.6	54,070.8	0.0	6,244.2	-31,670.8	-12,193.6	91,691.1	
June	91,519.4	-74,101.7	48,673.8	-42,513.9	23,577.5	0.0	4,863.9	-22,929.3	-19,775.1	61,418.0	

Note: * Includes corrections for change in commercial banks holding of Treasury bills

** Net position with foreign banks, + supply of liquidity, - withdrawal of liquidity

Source: Bank of Tanzania





A3.0 Money and Banking

Table A3.9 : Commercial Banks -Analysis of Domestic Assets, 1996 - 2006

Millions of TZS

End of period	Bank of Tanzania	Other banks	Other financial Institutions	Central govt.	Official entities	Private sector	Other assets	Total
1996	72,796.6	42,789.5	282.4	261,942.1	24,784.6	116,556.4	183,435.6	702,587.2
1997	59,710.3	61,065.7	0.0	247,392.3	20,676.6	162,300.3	313,537.1	864,682.5
1998	113,202.5	28,442.7	0.0	312,745.6	8,415.3	239,860.9	636,888.1	1,339,555.0
1999	123,210.1	46,283.2	36.7	331,260.2	9,305.7	302,227.2	876,629.3	1,688,952.5
2000	172,096.4	78,490.1	266.6	403,759.8	7,363.8	333,264.3	1,053,863.7	2,049,104.6
2001	177,328.7	105,955.3	0.0	295,702.9	1,018.1	403,494.2	2,920,199.8	3,903,698.9
2002	195,153.0	217,202.4	0.0	364,637.6	0.0	570,668.3	6,072,439.1	7,420,100.4
2003	226,870.1	316,436.6	0.0	322,407.4	0.0	817,125.2	235,094.6	1,917,933.9
2004	310,426.8	428,220.2	0.0	338,541.5	0.0	1,060,077.3	269,616.9	2,406,882.6
2005	395,425.1	451,486.0	0.0	713,050.9	0.0	1,425,062.3	309,864.5	3,294,888.8
2004-Mar	284,443.0	330,586.8	0.0	361,360.5	0.0	847,977.4	218,786.8	2,043,154.5
Jun	215,328.2	344,923.7	0.0	375,500.0	0.0	965,980.9	231,395.3	2,133,128.1
Sep	240,395.2	336,402.9	0.0	351,228.7	0.0	1,027,300.4	313,598.0	2,268,925.2
Dec	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-Mar	317,617.9	483,873.9	0.0	382,770.9	0.0	1,147,110.1	302,490.8	2,633,863.7
Jun	344,127.5	515,246.5	0.0	405,990.3	0.0	1,219,374.3	327,361.5	2,812,100.1
Sep	344,935.3	302,869.6	0.0	694,110.9	0.0	1,390,349.6	274,366.2	3,006,631.5
Dec	395,425.1	451,486.0	0.0	713,050.9	0.0	1,425,062.3	309,864.5	3,294,888.8
2006-Mar	489,367.4	527,302.7	0.0	795,165.4	0.0	1,531,395.1	312,011.9	3,655,242.5
Jun	454,197.0	517,529.9	0.0	737,068.3	0.0	1,656,837.8	359,687.1	3,725,320.1
2005-January	316,649.2	468,886.4	0.0	349,435.1	0.0	1,117,110.4	273,876.9	2,525,958.1
February	365,301.1	499,314.4	0.0	371,601.5	0.0	1,132,519.9	270,183.1	2,638,919.9
March	317,617.9	483,873.9	0.0	382,770.9	0.0	1,147,110.1	302,490.8	2,633,863.7
April	336,306.7	518,615.9	0.0	385,754.5	0.0	1,151,142.2	292,918.1	2,684,737.4
May	347,043.5	535,997.1	0.0	384,972.5	0.0	1,182,122.5	277,434.3	2,727,569.9
June	344,127.5	515,246.5	0.0	405,990.3	0.0	1,219,374.3	327,361.5	2,812,100.1
July	304,945.5	243,523.1	0.0	720,141.0	0.0	1,300,730.5	334,048.6	2,903,388.7
August	344,395.7	215,993.0	0.0	686,338.2	0.0	1,331,809.8	265,190.3	2,843,727.0
September	344,935.3	302,869.6	0.0	694,110.9	0.0	1,390,349.6	274,366.2	3,006,631.5
October	468,581.1	347,734.4	0.0	694,208.6	0.0	1,373,672.4	353,470.6	3,237,667.2
November	440,130.7	451,347.6	0.0	717,391.4	0.0	1,411,085.0	302,367.8	3,322,322.5
December	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-January	439,970.9	523,502.0	0.0	754,800.2	0.0	1,450,364.7	286,748.4	3,455,386.2
February	468,457.6	558,328.5	0.0	751,239.9	0.0	1,480,714.0	299,577.0	3,558,317.0
March	489,367.4	527,302.7	0.0	795,165.4	0.0	1,531,395.1	312,011.9	3,655,242.5
April	497,689.1	533,429.8	0.0	755,121.4	0.0	1,574,803.0	315,508.8	3,676,552.1
May	472,262.5	546,134.5	0.0	750,779.2	0.0	1,597,836.3	296,074.5	3,663,087.0
June	454,197.0	517,529.9	0.0	737,068.3	0.0	1,656,837.8	359,687.1	3,725,320.1

Source: Bank of Tanzania



A3.0. Money and Banking

Table A3.10 :Commercial Banks' - Lending and Holdings of Securities, 1996 - 2006

Millions of TZS

End of period	Domestic lending				Foreign loans and bills	Lending to deposit ratio	Securities		
	Overdraft	Commercial bills	Other loans	Total			Treasury bills	Other govt. securities	Total
1996	115,036.7	8,217.9	24,043.1	147,297.7	800.1	25.3	89,455.0	166,530.3	255,985.3
1997	172,494.7	4,972.1	9,236.0	184,839.9	255.3	27.7	78,623.0	166,906.4	245,529.4
1998	197,413.8	6,693.0	49,775.6	251,079.3	699.0	33.7	58,862.5	251,080.0	309,942.5
1999	160,819.9	12,430.5	150,713.0	323,963.5	102,648.3	37.9	65,911.8	264,799.3	330,711.1
2000	168,347.1	6,454.6	172,281.0	347,082.7	104,490.8	33.6	89,620.2	313,339.4	402,959.6
2001	180,560.6	574.4	223,951.7	405,086.7	133,053.0	32.3	102,319.0	193,383.9	295,702.9
2002	324,038.2	5,911.0	246,630.0	576,579.3	167,468.3	36.4	192,929.2	171,708.4	364,637.6
2003	431,624.1	620.5	333,343.9	765,588.4	246,384.3	39.9	176,360.9	146,046.5	322,407.4
2004	457,049.6	1,223.4	603,027.7	1,061,300.7	374,363.1	45.8	147,928.3	190,613.1	338,541.5
2005	578,308.9	3,896.0	846,753.4	1,428,958.3	528,104.0	43.6	459,030.9	254,019.9	713,050.9
2004-Mar	440,481.0	1,204.9	376,644.2	818,330.1	265,290.2	40.1	197,005.6	164,354.9	361,360.5
Jun	466,516.3	1,241.3	499,464.5	967,222.2	313,606.4	46.0	205,111.9	170,388.1	375,500.0
Sep	458,366.7	1,317.7	568,933.7	1,028,618.0	366,332.3	45.6	164,640.9	186,587.8	351,228.7
Dec	457,049.6	1,223.4	603,027.7	1,061,300.7	374,363.1	45.8	147,928.3	190,613.1	338,541.5
2005-Mar	498,679.8	2,044.7	648,430.3	1,149,154.8	410,862.4	43.9	188,481.8	194,317.5	382,799.2
Jun	511,395.1	1,908.2	707,979.2	1,221,282.5	452,398.1	45.7	183,632.9	222,357.5	405,990.3
Sep	585,629.2	2,645.7	804,720.3	1,392,995.3	447,342.7	48.0	421,836.6	272,274.3	694,110.9
Dec	578,308.9	3,896.0	846,753.4	1,428,958.3	528,104.0	43.6	459,030.9	254,019.9	713,050.9
2006-Mar	652,484.9	3,886.3	878,910.3	1,535,281.5	559,728.2	44.0	514,454.2	280,711.2	795,165.4
Jun	711,294.0	5,286.3	945,217.0	1,662,124.1	577,803.3	45.7	440,011.6	297,056.6	737,068.3
2005-January	478,888.9	1,106.3	638,221.6	1,118,216.8	381,408.5	44.9	157,146.4	192,888.7	350,035.1
February	472,139.5	2,118.8	660,380.4	1,134,638.7	362,131.4	43.6	180,878.7	190,751.2	371,629.9
March	498,679.8	2,044.7	648,430.3	1,149,154.8	410,862.4	43.9	188,481.8	194,317.5	382,799.2
April	442,379.9	2,641.8	708,762.3	1,153,784.0	401,669.1	44.7	185,442.6	200,340.3	385,782.9
May	503,327.3	2,076.5	678,795.1	1,184,199.0	421,995.1	45.6	182,461.2	202,539.6	385,000.8
June	511,395.1	1,908.2	707,979.2	1,221,282.5	452,398.1	45.7	183,632.9	222,357.5	405,990.3
July	534,527.2	2,119.8	766,203.3	1,302,850.3	410,060.8	47.4	491,756.5	228,384.4	720,141.0
August	477,267.7	3,222.7	854,542.1	1,335,032.5	431,031.7	47.8	451,330.0	235,008.1	686,338.2
September	585,629.2	2,645.7	804,720.3	1,392,995.3	447,342.7	48.0	421,836.6	272,274.3	694,110.9
October	563,841.3	2,015.5	809,961.1	1,375,688.0	440,929.1	44.0	442,197.2	252,011.4	694,208.6
November	576,757.7	2,782.5	834,324.3	1,413,867.5	536,240.6	42.9	446,456.1	270,935.3	717,391.4
December	578,308.9	3,896.0	846,753.4	1,428,958.3	528,104.0	43.6	459,030.9	254,019.9	713,050.9
2006-January	594,065.7	3,904.6	856,299.0	1,454,269.3	529,905.8	43.0	493,466.9	261,333.3	754,800.2
February	625,060.6	3,949.0	855,653.4	1,484,663.0	537,650.8	43.1	474,501.4	276,738.5	751,239.9
March	652,484.9	3,886.3	878,910.3	1,535,281.5	559,728.2	44.0	514,454.2	280,711.2	795,165.4
April	685,191.6	4,723.1	889,611.4	1,579,526.2	587,935.8	45.5	471,980.3	283,141.0	755,121.4
May	700,760.9	5,569.3	897,075.5	1,603,405.7	574,613.0	45.5	459,786.7	290,992.5	750,779.2
June	711,294.0	5,286.3	945,217.0	1,662,124.1	577,803.3	45.7	440,011.6	297,056.6	737,068.3

Source: Bank of Tanzania



Table A3.11: Commercial Banks- Domestic Lending by Borrowing Sector, 1996 - 2006

Millions of TZS

End of period	Public Sector*	Agricultural production	Mining	Mining & manuf-cturing**	Building and construction	Transportation	Tourism	Marketing of agricultural produce	Export of agricultural produce	Trade in capital goods	All other trade	Specified financial institutions	Other	Total
1996	7,795.8	17,236.1		37,129.4	4,316.8	8,655.8	1,057.8	8,819.9	3,505.1	8.2	22,058.2	224.4	36,490.2	147,297.7
1997	5,198.0	13,919.7		43,702.7	4,315.9	15,016.2	2,607.7	2,675.3	3,117.0	437.8	43,535.5	656.5	49,657.7	184,839.9
1998	5,123.0	18,826.0		57,913.5	5,748.3	22,777.4	2,314.9	6,419.2	1,953.9	70.5	65,313.9	2,788.1	61,830.5	251,079.3
1999	6,864.4	17,738.9		91,354.1	6,552.4	34,322.2	3,767.1	2,439.4	1,947.9	53.2	78,648.1	2,808.2	65,524.3	312,020.3
2000	7,319.0	21,432.2		106,791.6	11,443.8	45,899.0	3,439.9	1,336.2	201.9	0.0	89,941.4	7,169.0	45,654.6	340,628.1
2001	8,406.0	38,955.3		135,759.5	13,923.3	40,834.5	7,119.4	0.0	0.0	0.0	133,939.2	4,301.4	21,273.7	404,512.3
2002	7,542.3	97,683.1		145,857.9	30,671.8	62,370.2	13,145.7	0.0	0.0	0.0	132,058.9	25,898.0	55,440.4	570,668.3
2003	15,246.0	97,795.0		213,204.2	38,669.1	74,697.3	20,020.4	0.0	0.0	0.0	186,495.9	33,570.4	137,427.0	817,125.2
2004	6,157.8	143,109.6	6,196.1	242,075.5	42,157.1	92,206.1	27,418.2	0.0	0.0	0.0	249,914.2	46,098.7	204,744.0	1,060,077.3
2005	14,314.0	177,320.3	27,091.9	293,812.5	83,074.3	108,426.1	33,897.2	0.0	0.0	0.0	338,352.0	85,743.2	263,029.8	1,425,061.2
2004-Mar	8,511.4	86,446.1	6,437.3	207,067.8	42,584.0	86,886.0	22,770.8	0.0	0.0	0.0	208,721.5	44,453.1	140,536.7	847,977.4
Jun	8,578.7	120,012.6	11,490.4	246,352.6	38,331.5	76,725.0	24,040.5	0.0	0.0	0.0	236,317.3	33,925.3	170,211.9	965,985.9
Sep	8,020.2	145,999.7	6,792.3	246,654.9	38,862.6	79,175.8	24,623.9	0.0	0.0	0.0	243,880.8	43,964.8	189,358.4	1,027,333.5
Dec	6,157.8	143,109.6	6,196.1	242,075.5	42,157.1	92,206.1	27,418.2	0.0	0.0	0.0	249,914.2	46,098.7	204,744.0	1,060,077.3
2005-Mar	15,955.0	149,010.7	14,542.2	249,050.4	41,537.9	98,975.7	31,477.4	0.0	0.0	0.0	270,790.6	59,271.9	216,498.2	1,147,110.1
Jun	17,338.0	156,801.1	20,850.6	258,258.1	54,389.5	104,322.2	35,870.6	0.0	0.0	0.0	293,253.0	63,843.7	214,378.8	1,219,305.6
Sep	19,054.0	192,215.4	20,381.7	308,022.5	54,117.5	108,510.9	24,287.0	0.0	0.0	0.0	320,684.2	95,459.3	247,634.0	1,390,366.6
Dec	14,314.0	177,320.3	27,091.9	293,812.5	83,074.3	108,426.1	33,897.2	0.0	0.0	0.0	338,352.0	85,743.2	263,029.8	1,425,061.2
2006-Mar	20,743.6	179,923.1	30,408.9	293,876.4	78,259.6	113,250.2	7,312.0	0.0	0.0	0.0	372,234.4	101,101.0	2,248.8	1,531,395.1
Jun														

End of period	Public Sector*	Agricultural production	Mining	Mining & manuf-cturing**	Building and construction	Transportation	Tourism	Marketing of agricultural produce	Export of agricultural produce	Trade in capital goods	All other trade	Specified financial institutions	Other	Total
1996	5.3	11.7	-	25.2	2.9	5.9	0.7	6.0	2.4	0.0	15.0	0.2	24.8	100.0
1997	2.8	7.5	-	23.6	2.3	8.1	1.4	1.4	1.7	0.2	23.6	0.4	26.9	100.0
1998	2.0	7.5	-	23.1	2.3	9.1	0.9	2.6	0.8	0.0	26.0	1.1	24.6	100.0
1999	2.2	5.7	-	29.3	2.1	11.0	1.2	0.8	0.6	0.0	25.2	0.9	21.0	100.0
2000	2.1	6.3	-	31.4	3.4	13.5	1.0	0.4	0.1	0.0	26.4	2.1	13.4	100.0
2001	2.1	9.6	-	33.6	3.4	10.1	1.8	0.0	0.0	0.0	33.1	1.1	5.3	100.0
2002	1.3	17.1	-	25.6	5.4	10.9	2.3	0.0	0.0	0.0	23.1	4.5	9.7	100.0
2003	1.9	12.0	-	26.1	4.7	9.1	2.5	0.0	0.0	0.0	22.8	4.1	16.8	100.0
2004	0.6	13.5	0.6	22.8	4.0	8.7	2.6	0.0	0.0	0.0	23.6	4.3	19.3	100.0
2005	1.0	12.4	1.9	20.6	5.8	7.6	2.4	0.0	0.0	0.0	23.7	6.0	18.5	100.0
2004-Mar	1.0	10.2	0.8	23.7	5.0	10.2	2.7	0.0	0.0	0.0	24.6	5.2	16.6	100.0
Jun	0.9	12.4	1.2	25.5	4.0	7.9	2.5	0.0	0.0	0.0	24.5	3.5	17.6	100.0
Sep	0.8	14.2	0.7	24.0	3.8	7.7	2.4	0.0	0.0	0.0	23.7	4.3	18.4	100.0
Dec	0.6	13.5	0.6	22.8	4.0	8.7	2.6	0.0	0.0	0.0	23.6	4.3	19.3	100.0
2005-Mar	1.4	13.0	1.3	21.7	3.6	8.6	2.7	0.0	0.0	0.0	23.6	5.2	18.9	100.0
Jun	1.4	12.9	1.7	21.2	4.5	8.6	2.9	0.0	0.0	0.0	24.1	5.2	17.6	100.0
Sep	1.4	13.8	1.5	22.2	3.9	7.8	1.7	0.0	0.0	0.0	23.1	6.9	17.8	100.0
Dec	1.0	12.4	1.9	20.6	5.8	7.6	2.4	0.0	0.0	0.0	23.7	6.0	18.5	100.0
2006-Mar	1.4	11.7	2.0	19.2	5.1	7.4	0.5	0.0	0.0	0.0	24.3	6.6	0.1	100.0
Jun														

* Formerly known as Public Administration

** Beginning 2004 commercial banks lending to the mining and manufacturing sector exclude lending extended to the mining sector.

Source: Bank of Tanzania

Table A3.12 : Commercial Bank's Deposits*, 1996 - 2006

End of period	of which										Million of TZS
	Central Govt.	Local Govt.	Central Govt. Institutions	Para stats	Other domestic	Foreign	Total	Demand	Time	Savings	Other
1996	20,956.4	7,146.3	16,489.9	46,375.1	490,389.1	926.9	582,283.7	204,448.6	127,063.0	113,340.7	137,431.3
1997	28,427.3	3,682.1	17,789.6	37,128.4	580,591.9	870.4	668,489.6	229,131.7	128,321.5	140,215.3	170,821.0
1998	25,327.3	13,486.3	24,397.7	50,683.2	630,618.7	78.3	744,591.5	255,668.3	138,481.3	165,011.4	185,430.5
1999	21,560.4	20,245.1	28,112.1	39,662.0	744,759.7	115.7	854,455.0	258,828.6	151,510.1	190,260.3	253,856.0
2000	26,086.5	28,612.6	23,110.2	35,545.1	918,016.6	106.8	1,031,477.9	321,537.8	171,671.6	228,552.8	309,715.7
2001	29,320.0	23,285.6	38,112.2	13,404.0	1,150,290.1	34.6	1,254,446.4	382,368.0	208,101.4	259,545.7	404,431.3
2002	30,819.8	56,040.2	46,286.7	243.7	1,449,666.8	0.0	1,583,057.2	492,867.7	223,898.7	324,701.2	541,589.5
2003	81,833.0	73,531.2	31,377.4	0.2	-186,741.7	0.0	0.0	635,774.3	231,417.8	376,771.9	673,139.2
2004	135,463.0	65,672.6	33,171.2	0.3	2,085,127.9	0.0	2,319,435.0	781,303.3	280,146.4	458,750.2	799,235.1
2005	187,201.2	94,951.3	36,069.7	160.7	2,960,647.4	0.0	3,279,030.4	1,056,160.5	427,612.9	627,168.0	1,168,088.9
2004-Mar	87,713.0	48,270.6	28,768.1	266.4	1,876,738.2	0.0	2,041,756.4	655,166.9	271,330.3	389,961.8	725,297.4
Jun	91,028.0	61,229.5	33,869.1	0.3	1,917,394.9	0.0	2,103,521.8	680,233.1	271,732.9	401,130.3	750,425.5
Sep	102,453.0	78,415.9	29,985.4	0.2	2,042,628.9	0.0	2,253,483.4	746,110.5	270,506.5	416,828.3	820,038.0
Dec	135,463.0	65,672.6	33,171.2	0.3	2,085,127.9	0.0	2,319,435.0	781,303.3	280,146.4	458,750.2	799,235.1
2005-Mar	137,670.0	126,760.6	32,090.0	0.2	2,320,488.7	0.0	2,617,009.5	878,365.2	345,584.6	479,139.7	913,919.9
Jun	139,999.5	72,029.2	24,603.5	297.3	2,434,582.9	0.0	2,671,512.4	925,829.3	335,183.6	508,964.3	901,535.2
Sep	155,245.3	86,525.7	31,889.7	164.3	2,626,529.0	0.0	2,900,354.0	968,237.1	350,574.6	550,205.6	1,031,336.6
Dec	187,201.2	94,951.3	36,069.7	160.7	2,960,647.4	0.0	3,279,030.4	1,056,160.5	427,612.9	627,168.0	1,168,088.9
2006-Mar	187,743.6	117,206.4	38,872.3	0.0	3,145,774.0	0.0	3,489,596.3	1,078,671.7	450,098.3	662,513.0	1,298,313.3
Jun	197,053.0	106,439.6	31,199.1	0.0	3,305,231.4	0.0	3,639,923.2	1,104,262.3	463,152.6	691,508.3	1,381,000.0
2005-January	145,604.0	86,212.8	39,337.7	0.2	2,218,108.5	0.0	2,489,263.2	845,771.7	290,987.0	458,898.9	893,605.5
February	141,721.0	157,548.3	39,427.4	0.2	2,264,302.2	0.0	2,602,999.1	920,019.7	322,223.5	465,974.0	894,781.9
March	137,670.0	126,760.6	32,090.0	0.2	2,320,488.7	0.0	2,617,009.5	878,365.2	345,584.6	479,139.7	913,919.9
April	147,639.4	140,941.6	29,202.9	0.2	2,263,263.3	0.0	2,581,047.4	892,453.7	345,530.1	484,630.6	858,433.0
May	155,196.4	99,170.8	29,006.4	0.2	2,314,911.0	0.0	2,598,284.8	896,291.9	343,069.3	488,852.3	870,071.3
June	139,999.5	72,029.2	24,603.5	297.3	2,434,582.9	0.0	2,671,512.4	925,829.3	335,183.6	508,964.3	901,535.2
July	119,140.3	69,138.4	37,545.2	239.6	2,519,735.1	0.0	2,745,798.5	900,945.7	318,318.4	515,688.6	1,010,845.8
August	114,948.2	54,981.5	33,248.6	172.4	2,588,377.8	0.0	2,791,728.5	872,742.3	354,203.6	520,751.9	1,044,030.7
September	155,245.3	86,525.7	31,889.7	164.3	2,626,529.0	0.0	2,900,354.0	968,237.1	350,574.6	550,205.6	1,031,336.6
October	168,014.0	87,974.5	35,614.2	261.9	2,834,894.3	0.0	3,126,758.8	1,089,751.0	366,572.9	587,289.6	1,083,145.3
November	194,878.2	97,704.3	34,995.9	214.8	2,968,876.8	0.0	3,296,670.0	1,082,243.0	401,791.2	603,494.4	1,209,141.4
December	187,201.2	94,951.3	36,069.7	160.7	2,960,647.4	0.0	3,279,030.4	1,056,160.5	427,612.9	627,168.0	1,168,088.9
2006-January	173,300.2	94,951.3	36,069.7	160.7	3,081,385.7	0.0	3,385,867.6	1,074,458.8	452,220.5	623,441.5	1,235,746.8
February	168,507.9	133,119.5	39,077.4	121.3	3,103,700.2	0.0	3,444,526.2	1,058,664.3	450,696.8	646,194.8	1,288,970.4
March	187,743.6	117,206.4	38,872.3	0.0	3,145,774.0	0.0	3,489,596.3	1,078,671.7	450,098.3	662,513.0	1,298,313.3
April	182,976.3	113,864.1	38,914.1	0.0	3,138,151.9	0.0	3,473,906.4	1,068,561.0	443,895.8	661,691.5	1,299,758.2
May	210,944.3	98,831.3	38,006.3	0.0	3,174,534.3	0.0	3,522,316.2	1,086,994.9	464,020.5	674,795.5	1,296,505.3
June	197,053.0	106,439.6	31,199.1	0.0	3,305,231.4	0.0	3,639,923.2	1,104,262.3	463,152.6	691,508.3	1,381,000.0

* Revised Figures

Source: Bank of Tanzania



Table A3.13 Weighted Average Interest Rates Structure of Commercial Banks, 2003- 2006

	2003				2004				2005				2006 *		Percent
Item	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	
A: Domestic Currency															
1. Interbank Cash Market Rates															
Overnight	5.4	4.6	5.5	6.3	3.4	3.2	6.4	4.1	4.5	5.0	6.6	5.8	4.5	8.5	
2 to 7 days	5.6	4.6	6.0	6.5	3.6	3.8	6.8	4.4	4.6	5.1	7.8	5.3	4.9	6.0	
8 to 14 days	4.5	5.1	6.6	7.0	4.5	4.4	8.0	8.1	5.1	5.6	7.6	6.5	6.5	10.7	
15 to 30 days	4.8	6.8	6.6	6.7	6.8	7.7	7.9	6.3	6.3	6.2	9.3	8.2	6.4	7.6	
31 to 60 days	5.7	6.5	7.0	7.4	6.7	7.0	8.2	8.4	6.9	5.6	10.2	9.1	9.2	6.7	
61 to 90 days	3.8	5.5	6.7	8.0	6.5	8.3	8.4	9.4	9.4	7.4	10.6	12.5	12.6	12.6	
91 to 180 days	4.7	5.7	7.1	7.8	7.6	7.5	9.6	9.7	8.5	8.4	11.0	13.5	13.0	12.3	
181 and above	6.9	4.7	7.4	7.4	8.4	7.5	11.0	9.9	9.2	9.2	13.6	14.8	14.5	8.8	
Overall interbank cash market rate	5.4	4.8	5.7	6.4	3.8	3.6	6.7	4.9	4.8	5.1	7.2	6.0	4.9	8.4	
2. Lombard Rate															
				14.3	10.2	11.1	11.0	11.0	11.0	11.0	11.0	11.0	13.3	9.7	
3. REPO Rate															
	0.0	0.0	6.2	6.8	4.0	5.1	5.9	5.5	5.0	5.2	7.7	6.0	5.1	5.1	
4. Treasury Bills Rates															
35 days	5.1	5.8	6.7	5.7	6.8	6.7	8.2	8.1	6.5	6.6	9.5	8.6	8.9	6.4	
91 days	5.8	6.1	7.3	7.6	7.5	7.7	9.3	9.6	8.2	8.1	12.5	14.7	13.4	7.8	
182 days	6.1	5.8	7.3	7.6	6.5	8.0	9.9	9.9	9.4	9.4	13.1	14.7	13.7	8.5	
364 days	6.2	5.9	7.4	7.9	6.4	8.2	10.4	10.7	9.8	10.5	13.7	15.7	13.9	9.6	
5. Treasury bills rate	5.9	5.9	7.2	7.7	7.6	7.8	9.6	9.6	8.4	9.3	12.6	14.8	13.4	8.2	
6. Treasury Bonds:															
2-years	5.0	6.7	7.9	8.4	7.4	8.8	11.0	12.0	14.6	15.1	16.9	16.9	16.1	13.4	
5-years	6.1	7.6	6.7	9.6	10.2	6.7	11.5	11.7	12.6	12.1	15.0	17.0	17.8	15.8	
7-years	6.6	7.7	8.7	10.5	11.1	10.7	10.4	10.4	13.1	13.2	13.1	18.3	18.1	15.3	
10-years	7.6	8.5	10.0	12.0	11.8	11.7	12.6	12.6	14.1	14.1	14.1	17.0	20.3	16.0	
7. Discount Rate															
	10.4	10.6	12.0	12.3	12.5	12.6	14.4	14.4	13.6	13.9	16.1	19.3	17.5	13.4	
8. Savings Deposit Rate															
	2.5	2.5	2.4	2.5	2.4	2.4	2.4	2.6	2.6	2.6	2.6	2.6	2.5	2.5	
9. Time Deposits Rates															
Call Accounts	2.2	0.7	0.7	0.7	0.9	1.7	1.2	2.1	2.4	1.0	1.3	1.6	1.5	1.5	
1 month	2.5	3.9	2.9	2.8	3.0	3.5	3.8	3.2	3.3	3.3	4.4	2.6	5.1	7.9	
2 months	4.0	4.2	3.6	5.0	5.5	5.9	5.9	4.5	4.9	5.2	5.8	7.1	9.8	7.5	
3 months	2.5	2.8	2.9	4.3	3.9	4.0	3.9	5.4	5.0	4.5	4.3	5.5	5.0	6.4	
6 months	4.2	3.7	3.5	4.9	5.1	5.0	5.0	5.0	5.4	5.6	5.3	7.2	6.8	5.6	
12 months	5.8	5.1	5.0	5.0	5.6	5.8	6.1	5.8	6.0	6.0	6.3	7.7	7.4	8.3	
24 months	4.4	4.1	4.7	4.4	4.8	4.6	6.2	4.0	4.9	5.4	5.9	5.3	6.3	7.9	
10. Negotiated Deposit Rates															
	5.9	5.5	5.5	7.7	7.9	6.8	6.4	8.8	8.8	8.5	8.3	10.6	10.4	10.1	
11. Lending rates															
Call Loans	15.0	14.1	14.5	13.8	13.5	14.2	14.9	14.8	15.4	15.6	15.1	15.0	14.8	15.4	
Short-term (up to 1 year)	23.6	23.6	17.6	17.6	17.1	14.0	10.0	19.3	19.3	14.5	19.3	19.3	19.3	19.3	
Medium-term (1-2 years)	16.4	16.4	15.5	15.6	15.6	15.7	15.6	14.2	16.0	16.1	15.7	15.7	15.0	15.6	
Medium-term (2-3 years)	15.8	14.6	15.9	17.2	17.1	17.3	17.2	17.2	17.0	16.8	16.7	16.0	15.9	17.8	
Long-term (3-5 years)	12.3	13.4	11.7	10.5	9.9	11.9	13.8	15.3	15.4	16.2	15.5	14.5	14.9	16.2	
Term Loans (over 5 years)	12.1	10.9	12.3	12.5	12.5	13.1	13.2	12.6	13.3	14.1	13.3	14.1	14.2	15.3	
12. Negotiated Lending Rates															
	8.6	9.4	9.4	8.4	7.5	9.4	12.9	11.1	10.3	11.0	11.4	11.1	11.6	11.2	
B: Foreign Currency															
1. Deposits Rates:															
Call Accounts	1.0	0.8	0.8	0.7	0.8	0.6	0.6	0.6	0.8	0.9	1.1	1.1	1.4	1.5	
Savings Deposits	0.7	0.4	0.4	0.3	0.4	0.2	0.2	0.6	0.5	0.5	0.7	0.5	1.8	1.8	
Time Deposits	0.9	0.9	1.0	0.9	0.7	0.9	0.8	0.6	0.7	0.7	0.7	0.8	0.6	0.5	
1-months	1.4	1.2	1.0	0.9	1.2	0.9	0.8	0.6	1.4	1.7	1.8	1.9	1.7	2.3	
2-months	0.9	0.9	0.7	0.8	0.8	1.1	1.1	1.7	1.3	1.2	1.5	1.6	1.5	1.2	
3-months	2.6	1.4	1.0	0.5	1.1	0.9	0.8	2.7	1.3	1.6	2.7	2.3	1.6	2.4	
6-months	1.1	0.9	0.9	1.1	1.1	1.1	1.1	1.6	1.4	1.7	1.2	1.5	2.2	1.8	
12-months	1.2	1.7	1.3	1.2	1.2	1.0	1.3	1.2	1.5	1.4	1.3	1.9	1.4	2.4	
	1.5	1.2	1.2	1.2	1.7	1.5	1.6	1.7	1.4	2.6	2.4	2.1	2.0	3.7	
2. Lending Rates															
Short-term (up to 1 year)	7.2	7.5	7.4	7.4	7.3	8.4	7.0	7.3	7.9	8.0	7.7	8.0	8.1	8.2	
Medium-term (1-2 years)	7.6	7.0	7.1	6.8	6.7	6.1	6.3	7.5	7.0	6.9	7.4	6.6	7.7	7.5	
Medium-term (2-3 years)	6.0	7.9	7.7	8.4	7.5	7.2	8.1	7.4	8.3	7.7	6.9	7.7	8.2	8.3	
Long-term (3-5 years)	8.2	8.7	7.5	7.2	7.8	8.4	7.7	8.0	8.6	9.3	7.8	9.1	8.8	8.8	
Term Loans (over 5 years)	6.8	6.5	7.3	7.1	7.1	11.8	5.8	6.4	7.0	9.0	8.0	7.6	7.2	8.0	
									8.4	7.4	8.5	9.3	8.8	8.3	


Table A4.1: Tanzania's Balance of Payments, 1999 - 2006

Millions of USD

Item	1999	2000	2001	2002	2003	2004r	2005p
A. Current Account	-846.2	-485.9	-237.4	22.3	-111.0	-442.0	-955.9
Goods: exports f.o.b.	543.3	733.7	851.3	979.6	1,216.1	1,473.1	1,676.3
Traditional	301.2	292.8	231.1	206.1	220.5	297.8	354.5
Non-traditional	242.1	440.9	620.2	773.5	995.7	1,175.3	1,321.8
o/w: Gold	34.8	112.7	254.1	341.1	502.8	629.4	655.5
Goods: imports f.o.b.	-1,415.4	-1,367.6	-1,560.3	-1,511.3	-1,933.5	-2,482.8	-2,997.6
Balance on Goods	-872.1	-633.9	-709.0	-531.8	-717.3	-1,009.8	-1,321.2
Services: Credit	600.3	627.3	914.6	920.1	947.8	1,133.6	1,269.2
Transportation	53.7	56.8	105.9	117.1	138.9	183.0	222.9
Travel	463.7	376.7	615.1	635.0	646.5	746.0	823.6
Other	82.8	193.8	193.6	168.0	162.3	204.6	222.7
Services: Debit	-780.5	-682.4	-649.7	-632.5	-725.7	-974.7	-1,207.3
Transportation	-175.4	-205.7	-194.2	-176.9	-214.7	-267.1	-319.5
Travel	-369.7	-337.3	-327.3	-337.5	-353.2	-445.3	-553.8
Other	-235.4	-139.4	-128.1	-118.1	-157.8	-262.3	-334.0
Balance on Services	-180.2	-55.1	264.9	287.6	222.1	158.9	61.8
Balance on Goods and Services	-860.8	-689.0	-444.1	-244.2	-495.3	-850.9	-1,259.4
Income: Credit	32.4	50.4	55.3	67.9	87.1	81.8	80.9
: Debit	-185.1	-240.9	-243.8	-218.1	-249.7	-259.6	-283.7
Balance on Income	-53.6	-190.6	-188.5	-150.1	-162.6	-177.8	-202.8
Balance on Goods, Services and Income	-1,013.5	-879.5	-632.6	-394.3	-657.9	-1,028.7	-1,462.2
Current transfers (Net)	336.6	393.6	395.3	416.6	546.9	586.7	506.2
Current transfers: Credit	454.1	472.1	474.8	477.9	609.9	651.7	573.8
Government	411.4	427.8	418.4	427.7	543.3	582.0	478.4
o/w Multilateral HIPC relief	0.0	40.6	71.3	68.8	68.2	73.7	75.7
Other sectors	42.7	44.3	56.4	50.2	66.6	69.7	95.4
Current transfer: Debit	-117.5	-78.5	-79.5	-61.3	-63.0	-65.0	-67.5
B. Capital Account	270.6	330.4	361.5	355.4	358.2	293.6	504.9
Capital transfers: Credit	270.6	330.4	361.5	355.4	358.2	293.6	504.9
Government	256.3	314.7	339.2	325.3	320.9	253.7	461.8
Other sectors	14.2	15.7	22.3	30.1	37.3	39.9	43.1
Total, Groups A plus B	-406.3	-155.5	124.1	377.7	247.2	-148.4	-451.1
C. Financial Account, excl. reserves							
and related items	522.4	187.8	-353.7	191.6	256.9	382.8	281.8
Direct investment abroad	0.0	0.0	0.0	0.0	0.0	0.0	
Direct investment in Tanzania	541.7	282.0	467.2	429.8	526.8	469.9	473.4
Portfolio investment	0.0	0.0	0.0	0.0	0.0	0.0	
Other investment	-20.5	-94.2	-829.1	-240.4	-272.6	-89.5	-194.1
Assets	14.8	-134.0	-76.7	2.9	-59.0	-11.0	-61.5
Liabilities	-35.3	39.9	-752.5	-243.3	-213.6	-78.5	-132.6
Total, Groups A through C	116.1	32.4	-229.6	569.3	504.0	234.5	-169.3
D. Net Errors and Omissions	-244.5	-118.7	-580.0	-681.6	-449.6	-194.8	-296.6
Overall balance	-128.4	-86.3	-809.6	-112.4	54.5	39.7	-465.9
E. Reserves and Related Items	128.4	86.3	809.6	112.4	-69.9	98.1	465.9
Reserve assets	-176.5	-198.8	-182.2	-372.4	-508.8	-258.4	247.7
Use of Fund credit and loans	51.3	49.4	15.6	26.0	-2.9	-33.8	-50.5
Exceptional financing:	253.7	235.7	976.2	458.8	457.2	252.5	268.6
Rescheduled debt	129.4	10.1	131.4	9.8	86.9	0.0	0.0
Debt forgiveness	77.2	49.4	642.1	430.3	334.6	166.3	112.1
Interest arrears	33.0	81.2	67.4	18.4	29.5	21.9	55.3
Principal arrears	14.1	95.0	135.2	0.4	6.2	64.3	101.2
Memorandum items							
GDP(mp) Mill.TZS	6,432,910.9	7,277,799.9	8,304,338.6	9,399,085.8	10,707,006.2	12,351,737.7	13,742,568.5
GDP(mp) Mill. USD	8,635.9	9,092.7	9,475.6	9,724.0	10,309.3	11,338.7	12,174.1
CAB/GDP	-7.8	-5.3	-2.5	0.2	-1.1	-3.9	-7.9
CAB/GDP (excl. current official transfers)	-12.6	-10.0	-6.9	-4.2	-6.3	-9.0	-11.8
Gross Official Reserves - Mill. USD	775.6	974.4	1,156.6	1,529.0	2,037.8	2,296.1	2,048.4
Months of Imports	4.5	5.7	6.3	8.6	9.2	8.0	5.8
Net International Reserves- Mill.USD (year end)	405.1	542.7	761.2	1,058.4	1,533.9	1,786.9	1,645.7
Change in Net International Reserves- Mill. USD	-121.4	-137.6	-218.5	-297.2	-475.5	-253.0	141.2
Exchange rate- TZS/USD (end of period)	797.3	803.3	916.3	976.3	1,063.6	1,043.0	1,165.5
Exchange rate- TZS/USD (annual average)	744.9	800.4	876.4	966.6	1,038.6	1,053.3	1,128.8

Note: 1) Imports data (f.o.b) for 2001 have been revised using new ratios for freight and insurance services, following changes in the ratios of freight and insurance services to the total imports (c.i.f), figures for service account have consequently been revised.

2) Export figures have been revised following inclusion of re-exports

3) GDP-Gross Domestic Product, mp-Market price, CAB-Current Account Balance

4) p = provisional data, subject to revision

5) Net capital account has changed following the removal of the debt forgiveness.

The exceptional financing has changed following the inclusion of the rescheduled and forgiven debt.

The changes are according to the requirement of the BPM5.

5) r = revised

6) Net capital account has changed following the removal of the debt forgiveness,

the exceptional financing has changed following the inclusion of the rescheduled and forgiven debt,

the changes are according to the requirement of the BPM5.

Source : Bank of Tanzania



Table A4.2: Tanzania Balance of Payments, 1999 - 2005

Millions of TZS

Item	1999	2000	2001	2002	2003	2004p	2005p
A. Current Account	-501,835.7	-388,435.3	-209,010.7	22,912.5	-103,312.0	-486,869.7	-1,078,005.0
Goods: exports (f.o.b)	455,656.9	587,442.1	746,742.4	948,602.9	1,265,212.5	1,597,578.8	1,896,594.1
Traditional	229,475.2	234,547.9	201,165.1	199,906.8	229,516.2	320,181.2	402,964.4
Non-traditional	226,181.8	352,894.2	545,577.3	748,696.1	1,035,696.2	1,277,397.6	1,493,629.6
o/w: Gold	26,437.4	90,232.9	224,171.9	329,930.5	523,578.2	684,321.2	739,869.0
Goods: imports (f.o.b)	-961,257.1	-1,094,638.2	-1,369,191.0	-1,460,946.6	-2,011,339.1	-2,697,276.6	-3,390,754.3
Balance on Goods	-505,600.1	-507,196.1	-622,448.5	-512,343.6	-746,126.6	-1,099,697.8	-1,494,160.2
Services: Credit	449,304.7	502,170.7	802,816.1	889,335.0	984,865.9	1,232,378.9	1,434,007.9
Transportation	40,563.3	45,473.0	92,701.1	113,211.2	144,089.2	199,140.4	252,288.9
Travel	347,224.5	301,555.6	540,536.2	613,620.8	672,095.5	811,281.3	930,451.6
Other	61,517.0	155,142.1	169,578.7	162,503.1	168,681.2	221,957.2	251,267.4
Services: Debit	-578,528.1	-546,187.9	-568,704.0	-611,200.4	-754,655.7	-1,058,042.2	-1,365,303.3
Transportation	-131,225.2	-164,646.9	-170,330.4	-170,981.7	-223,225.9	-290,125.8	-361,690.5
Travel	-273,759.4	-269,988.1	-286,471.8	-326,029.6	-367,257.2	-483,121.0	-625,910.7
Other	-173,543.5	-111,552.9	-111,901.9	-114,189.1	-164,172.7	-284,795.5	-377,702.1
Balance on Services	-129,223.4	-44,017.2	234,112.0	278,134.6	230,210.2	174,336.7	68,704.6
Balance on Goods and Services	-634,823.5	-551,213.3	-388,336.5	-234,209.0	-515,916.4	-925,361.1	-1,425,455.7
Income: Credit	24,154.6	40,302.6	48,766.9	65,570.0	90,724.5	88,631.0	91,627.3
: Debit	-137,580.7	-192,887.5	-213,925.8	-210,497.6	-259,347.3	-282,588.1	-320,643.6
Balance on Income	-113,426.1	-152,585.0	-165,158.9	-144,927.6	-168,622.8	-193,957.1	-229,016.2
Balance on Goods, Services and Income	-748,249.6	-703,798.2	-553,495.4	-379,136.7	-684,539.1	-1,119,318.2	-1,654,471.9
Current transfers (Net)	246,413.9	315,362.9	344,484.8	402,049.2	581,227.1	632,448.5	576,466.9
Current transfers: Credit	335,321.2	378,139.7	415,024.3	461,300.9	646,655.5	703,311.2	652,712.8
Government	303,543.7	342,659.7	365,608.9	412,778.3	577,500.4	627,401.8	544,566.0
o/w Multilateral HIPC relief	0.0	32,480.3	62,486.8	66,510.8	70,779.1	80,315.3	85,486.8
Other sectors	31,777.5	35,480.0	49,415.3	48,522.6	69,155.1	75,909.5	108,146.8
Current transfer: Debit	-88,907.3	-62,776.8	-70,539.5	-59,251.7	-65,428.3	-70,862.8	-76,245.8
B. Capital Account	333,225.1	338,220.3	353,283.6	372,552.3	392,381.5	403,387.7	415,138.8
Capital transfers: Credit	322,617.0	325,634.1	333,565.8	343,458.1	353,642.5	359,878.4	366,542.4
Government	312,008.9	313,048.0	313,848.0	314,363.9	314,903.5	316,369.1	317,946.0
Other sectors	10,608.1	12,586.2	19,717.8	29,094.2	38,739.0	43,509.3	48,596.4
Total, Groups A plus B	-168,610.6	-50,215.0	144,272.9	395,464.9	289,069.4	-83,482.0	-662,866.1
C. Financial Account, excl. reserves and related items	387,049.9	273,557.5	-310,307.2	185,169.3	264,545.4	413,716.2	311,416.5
Direct investment in Tanzania	403,519.5	225,713.1	409,450.7	415,438.6	547,123.0	511,883.8	534,391.3
Other investment	-17,363.5	47,844.4	-726,944.3	-232,395.7	-285,381.7	-100,782.0	-225,796.9
Assets	10,004.2	-107,268.2	-66,597.3	3,114.2	-61,129.6	-12,010.9	-74,523.1
Liabilities	-27,367.7	155,112.6	-660,346.9	-235,510.0	-224,252.1	-88,771.1	-151,273.8
Total, Groups A through C	218,439.2	223,342.5	-166,034.3	580,634.2	553,614.9	330,234.3	-351,449.6
D. Net Errors and Omissions	-305,381.3	-292,207.4	-541,468.2	-687,937.4	-494,314.2	-330,975.6	28,601.9
Overall balance (Total, Groups A through D)	-86,942.1	-68,864.9	-707,502.5	-107,303.2	59,300.7	-741.3	-322,847.7
E. Reserves and Related Items	86,942.1	68,864.9	707,502.5	107,303.2	-59,300.7	741.3	322,847.7
Reserve assets	-140,240.3	-159,359.2	-161,679.9	-361,263.0	-531,123.4	-266,381.6	276,330.8
Use of Fund credit and loans	38,213.7	39,539.8	13,671.7	25,131.2	-3,011.9	-7,904.8	-256,711.2
Exceptional financing:	188,968.6	188,684.3	855,510.7	443,435.0	474,834.6	275,027.7	303,228.1
Rescheduled debt	96,363.6	8,049.7	115,192.6	9,438.0	90,258.8	0.0	0.0
Debt forgiveness	57,531.1	39,575.9	562,731.2	415,897.7	347,482.0	181,158.8	126,542.6
Interest arrears	24,603.5	64,992.6	59,109.1	17,758.1	30,669.2	23,824.0	62,447.2
Principal arrears	10,470.4	76,066.1	118,477.8	341.2	6,424.6	70,045.0	114,238.3
Memorandum items:							
GDP(mp) Mill.TZS	6,432,910.9	7,277,799.9	8,304,338.6	9,399,085.8	10,707,006.2	12,351,737.7	13,742,568.5
GDP(mp) Mill. USD	8,635.9	9,092.7	9,475.6	9,724.0	10,309.3	11,338.7	12,174.1
CAB/GDP	-7.8	-5.3	-2.5	0.2	-1.0	-3.9	-7.8
CAB/GDP (excl. current official transfers)	-12.5	-10.0	-6.9	-4.1	-6.4	-9.0	-11.8
Gross Official Reserves - Mill. TZS	618,386.3	782,669.9	1,059,766.9	1,492,748.5	2,167,408.1	2,394,759.1	2,387,395.1
Months of Imports	4.8	5.7	6.6	8.6	9.4	7.7	6.0
Net International Reserves - Mill. TZS (year end)	322,976.6	435,928.0	697,531.9	1,033,316.6	1,631,475.6	1,863,686.5	1,918,077.9
Change in Net International Reserves-Mill.TZS	-129,769.7	-112,951.4	-261,603.9	-335,784.7	-598,159.0	-232,210.9	-54,391.4
Exchange rate - TZS/USD (end of period)	797.3	803.3	916.3	976.3	1,063.6	1,043.0	1,165.5
Exchange rate-TZS/USD (annual average)	744.9	800.4	876.4	966.6	1,038.6	1,089.3	1,128.8

Note: 1) Imports data (f.o.b) for 2001 have been revised using new ratios for freight and insurance services, following changes in the ratios of freight and insurance services to the total imports (c.i.f), figures for service account have consequently been revised.

2) Export figures have been revised following inclusion of re-exports

3) Conversion to TZS from US\$ is done using monthly average exchange rate.

4) GDP-Gross Domestic Product, mp-Market price, CAB-Current Account Balance

5) p = provisional data, subject to revision

6) r = revised

7) Net capital account has changed following the removal of the debt forgiveness, the exceptional financing has changed following the inclusion of the rescheduled and forgiven debt, the changes are according to the requirement of the BPM5.

Source: Bank of Tanzania



A4.0 Balance of Payments and Foreign Trade Developments

Table A4.3: Tanzania Exports by Type of Commodity, 1996 - 2006

	January - June										
Commodity	1996	1997	1998	1999	2000	2001	2002	2003	2004 ^r	2005 ^p	2006 ^p
A: Traditional exports :											
COFFEE											
Value	83.8	65.3	51.1	38.7	47.8	38.9	18.8	32.5	23.9	45.7	31.9
Volume	36.9	27.3	17.6	16.0	26.0	30.1	19.0	29.9	18.8	28.7	15.2
Unit Price	2,271.3	2,390.4	2,909.0	2,421.4	1,837.6	1,292.2	986.4	1,086.0	1,271.3	1,591.0	2,107.4
COTTON											
Value	40.6	53.0	19.9	8.7	10.0	6.9	5.1	18.7	10.4	29.4	37.0
Volume	24.2	37.0	15.9	7.3	9.8	6.1	5.2	21.2	14.7	28.8	36.6
Unit Price	1,679.4	1,430.6	1,248.0	1,187.7	1,022.5	1,142.5	986.3	885.4	706.7	1,018.7	1,011.9
SISAL											
Value	2.3	4.6	3.1	3.9	3.1	2.9	3.1	3.7	4.0	4.0	3.1
Volume	3.8	7.3	5.5	7.3	7.4	6.1	5.9	7.3	7.4	5.1	4.1
Unit Price	600.5	627.0	565.0	530.7	410.6	481.1	535.2	500.6	543.3	793.5	767.5
TEA											
Value	13.8	14.9	19.7	12.7	18.7	18.7	16.0	16.0	18.5	16.3	9.7
Volume	13.4	11.2	12.3	10.9	13.4	14.5	12.6	13.8	14.9	14.2	6.0
Unit Price	1,030.6	1,333.2	1,594.6	1,164.0	1,391.6	1,289.8	1,263.5	1,160.1	1,246.8	1,153.1	1,620.4
TOBACCO											
Value	22.7	9.1	33.7	24.9	23.4	16.2	23.5	8.2	16.2	17.4	15.9
Volume	12.9	3.9	16.6	12.9	12.0	10.1	11.7	4.1	10.7	10.4	6.0
Unit Price	1,764.2	2,321.3	2,027.3	1,940.8	1,948.5	1,599.5	2,010.4	1,997.8	1,513.1	1,673.7	2,650.7
CASHEWNUTS											
Value	47.3	37.3	21.1	11.2	29.3	25.6	6.3	3.7	10.5	4.0	19.9
Volume	56.9	58.1	27.0	16.4	30.4	41.1	10.7	5.2	16.7	4.6	26.0
Unit Price	831.6	643.0	780.8	683.9	963.2	621.3	592.2	706.2	626.7	874.7	765.2
CLOVES											
Value				0.1	9.4	0.6	0.2	5.9	5.2	1.4	2.4
Volume				0.0	2.73	0.2	0.0	2.7	2.7	0.5	0.8
Unit Price				3,347.4	3,431.38	2,930.70	5,560.2	2,241.8	1,923.5	2,996.0	3,197.4
Sub Total Traditional	210.4	184.1	148.6	100.3	141.6	109.8	73.0	88.7	88.7	118.3	120.0
B. Non-Traditional:											
Minerals	26.5	28.6	13.7	20.2	80.4	140.8	188.0	240.4	313.4	360.3	392.9
Manufactured Goods	32.1	87.3	17.7	14.7	16.6	21.3	29.3	34.4	44.8	64.5	89.8
Others Exports	84.3	83.1	87.2	90.0	97.2	119.5	138.3	168.0	167.1	205.0	205.0
Sub Total	142.9	199.0	118.6	124.9	194.2	281.6	355.6	442.9	525.4	629.7	687.8
Grand Total	353.3	383.1	267.2	225.2	335.8	391.4	428.6	531.6	614.1	748.0	807.8

Note: 1) Volume in '000' Tons; Value in Millions of USD; Unit Price in USD/Ton

2) Since 1999 onwards clove exports started to be reported separately before they were reported under other exports.

3) Beginning 1998, other exports also include re-exports, consequently total exports have been revised

4) Prior to July 1997 export figures were obtained from CD3 forms processed through Customs

Dept, Crop Boards,

Ministry of minerals, TPDC and staff estimates.

5) p = Provisional

6) r = revised

Source: Bank of Tanzania and Tanzania Revenue Authority



A4.0 Balance of Payments and Foreign Trade Developments

Table A4.4: Tanzania Exports by Type of Commodity, 1996 - 2006

Commodity	January - June										
A: Traditional exports:											
COFFEE											
Value	47,466.4	39,507.2	33,571.1	26,987.9	38,204.1	32,707.3	17,928.5	33,308.6	26,379.4	50,453.6	37,847.7
Volume	36.9	27.3	26.0	30.1	26.0	30.1	19.3	29.9	18.8	28.7	15.2
Unit Price	1,286,352.0	1,447,150.2	1,910,381.5	1,688,749.3	1,470,143.0	1,102,244.3	927,595.8	1,114,301.2	1,402,966.4	1,756,638.3	2,497,734.5
COTTON											
Value	22,988.4	32,077.2	13,054.2	6,057.5	8,022.8	5,771.3	4,843.8	19,153.6	11,402.0	32,566.5	44,449.9
Volume	24.2	37.0	9.8	6.1	9.8	6.1	5.2	21.2	14.7	28.8	36.6
Unit Price	951,114.4	866,074.1	819,582.4	828,304.9	817,881.7	974,590.0	931,054.0	905,170.5	777,918.8	1,129,088.9	1,215,417.9
SISAL											
Value	1,285.6	2,759.8	2,058.7	2,699.6	2,445.5	2,490.5	3,021.2	3,776.6	4,454.9	4,467.1	3,731.7
Volume	3.8	7.3	7.4	6.1	7.4	6.1	6.2	7.3	7.4	5.1	4.1
Unit Price	340,113.9	379,616.3	371,023.8	370,126.2	328,422.3	410,367.6	483,441.1	514,030.1	601,616.4	877,816.7	913,952.9
TEA											
Value	7,810.1	9,018.8	12,912.6	8,871.2	14,963.1	15,795.1	15,437.0	16,499.7	20,528.4	18,078.7	11,592.1
Volume	13.4	11.2	12.3	10.9	13.4	14.5	13.2	13.8	14.9	14.2	6.0
Unit Price	583,711.8	807,124.2	1,047,175.3	811,802.2	1,113,118.7	1,100,213.4	1,169,237.1	1,193,472.5	1,379,760.9	1,276,554.9	1,944,252.6
TOBACCO											
Value	12,839.3	5,506.0	22,150.6	17,400.5	18,724.7	13,419.8	22,434.6	8,394.5	17,838.6	19,122.2	19,115.2
Volume	12.9	3.9	16.6	12.9	12.0	10.1	11.7	4.1	10.7	10.4	6.0
Unit Price	999,168.5	1,405,307.0	1,331,388.5	1,353,534.7	1,558,540.2	1,364,431.9	1,920,627.4	2,052,185.0	1,665,541.4	1,836,415.2	3,179,502.5
RAW CASHEWNTS											
Value	26,794.4	22,609.4	13,842.6	7,834.8	23,435.0	20,856.8	5,961.4	3,728.5	11,393.0	4,353.5	23,481.3
Volume	56.9	58.1	27.0	16.4	30.4	41.1	10.7	5.2	16.7	4.6	26.0
Unit Price	470,985.3	389,280.8	512,786.6	476,964.1	769,965.2	529,973.0	557,148.0	713,923.9	680,540.3	953,214.5	902,255.8
CLOVES											
Value				89.0	7,496.6	492.4	157.7	6,069.3	5,677.3	1,567.4	2,873.0
Volume				0.0	2.7	0.2	0.0	2.7	2.7	0.5	0.8
Unit Price				2,334,539.5	2,746,337.9	2,537,999.5	5,256,937.3	2,289,619.9	2,108,946.6	3,292,833.5	3,779,651.1
Sub/Total Traditional	119,184.2	111,478.5	97,589.8	69,940.5	113,291.7	91,533.1	69,784.1	90,930.9	97,673.7	130,609.0	143,090.8
B: Non traditional:											
Minerals	14,980.1	17,296.4	8,971.8	14,111.4	64,297.1	120,709.2	185,667.1	247,677.2	346,774.7	399,559.5	471,844.0
Manufactured goods	18,202.7	52,859.6	11,632.3	10,217.7	13,280.5	18,089.0	28,255.4	35,510.9	49,660.0	71,683.4	107,524.7
Other exports	47,743.9	50,315.1	57,285.2	64,294.5	77,737.4	101,949.7	133,023.9	172,693.8	185,011.3	227,642.9	246,044.9
Sub Total non-Traditional	80,926.8	120,471.1	77,889.3	88,623.7	155,315.0	240,747.9	346,946.5	455,881.8	581,446.0	698,885.8	825,413.7
Grand Total	200,111.0	231,949.5	175,479.1	158,564.2	268,606.7	332,281.0	416,730.6	546,812.7	679,119.7	829,494.8	968,504.5

Note: 1) Prior to 2002 figures for TZS were converted from USD using quarterly average exchange rates. Beginning 2002 monthly average exchange rates are used to compute figures in TZS.

2) Volume in '000 Tons; Value in Millions of TZS; Unit Price in TZS/Ton

3) Since 1999 onwards clove exports started to be reported separately before they were reported under other exports.

4) Beginning 1998, other exports also include re-exports, consequently total exports have been revised

5) Prior to July 1997 export figures were obtained from CD3 forms processed through Customs Dept, Crop Boards,

ministry of minerals, TPDC and staff estimates.

6) p = Provisional

7) r = revised

Source: Bank of Tanzania and Tanzania Revenue Authority

**Table A4.5: Tanzania Imports (c.i.f) by Major Category, 1996 - 2006**

Category	January - June										Millions of USD
	1996	1997	1998	1999	2000	2001	2002	2003	2004 ^r	2005 ^p	2006 ^p
A. Capital Goods:	237.3	238.9	408.4	353.5	297.1	361.3	364.4	364.8	415.2	539.6	738.7
Transport Equipment	98.8	90.6	117.1	144.4	119.4	85.2	109.4	109.2	122.0	130.8	199.9
Building and Construction	24.1	18.1	77.0	63.1	64.9	73.5	59.6	83.8	92.5	124.4	177.0
Machinery	114.4	130.2	214.3	146.1	112.8	202.7	195.3	171.8	200.7	284.5	361.8
B. Intermediate Goods :	254.3	228.6	115.4	172.5	149.2	184.5	195.7	286.5	392.7	565.1	779.3
Oil	68.2	104.1	60.0	61.3	67.0	89.2	96.9	160.8	246.5	415.2	594.0
O/ W Crude Oil	21.0	20.0	24.1	9.9	0.0	0.0	-	-	0.0	0.0	0.0
White	8.1	48.5	14.7	15.8	67.0	89.2	96.9	160.8	246.5	415.2	594.0
Fertilizers	5.7	9.2	4.9	7.8	5.9	5.0	7.0	8.4	21.5	27.4	7.9
Industrial Raw Material	180.4	115.3	50.5	103.4	76.2	90.3	91.9	117.2	124.6	122.5	177.4
C. Consumer Goods :	160.0	178.0	246.7	266.8	304.3	261.5	244.8	282.8	400.9	377.4	446.4
Food and Food stuffs	22.1	24.8	99.1	72.8	92.2	100.9	80.5	79.4	153.9	84.2	161.0
All Other Consumer Goods	137.9	153.2	147.5	194.0	212.1	160.7	164.3	203.4	246.9	293.2	285.4
TOTAL	651.6	645.6	770.5	792.8	750.6	807.4	804.9	934.1	1,208.7	1,482.1	1,964.3

Note: 1) Prior to July 1997, import statistics were estimated on the basis of issued Import licenses, Import Declaration Forms and PSI Reports, and

2) oil imports were obtained from TPDC

3) p = Provisional

4) r = revised

Source: Bank of Tanzania and Tanzania Revenue Authority



A4.0 Balance of Payments and Foreign Trade Developments

Table A4.6: Tanzania Imports (c.i.f) by Major Category, 1996 - 2006

Millions of TZS

Category	January - June										
	1996	1997	1998	1999	2000	2001	2002	2003	2004 ^r	2005 ^p	2006 ^p
A. Capital Goods:	134,407.9	144,643.5	268,213.5	246,540.7	237,667.7	308,233.1	350,056.3	375,430.0	459,244.6	598,517.8	892,618.6
Transport Equipment	55,944.8	54,837.6	76,878.8	100,674.1	95,523.4	72,639.0	105,096.7	112,322.6	134,977.5	145,071.3	241,022.9
Building and Construction	13,660.5	10,963.9	50,588.1	43,995.9	51,943.6	62,720.8	57,282.0	86,251.2	102,457.8	137,927.4	214,429.4
Machinery	64,802.6	78,842.0	140,746.6	101,870.7	90,200.6	172,873.3	187,677.6	176,856.2	221,809.3	315,519.1	437,166.4
B. Intermediate Goods:	144,030.3	138,413.9	75,784.1	120,294.8	119,302.3	157,390.3	188,043.3	295,309.2	434,491.7	625,753.8	933,949.1
Oil	38,597.2	63,016.7	39,410.2	42,737.9	53,625.5	76,102.1	93,053.0	165,985.7	272,742.1	459,332.3	710,713.1
Fertilizers	3,239.6	5,575.8	3,242.5	5,419.2	4,701.7	4,287.4	6,726.8	8,734.8	23,882.7	30,470.3	9,550.7
Industrial Raw Material	102,193.5	69,821.4	33,131.4	72,137.7	60,975.1	77,000.8	88,263.5	120,588.7	137,866.8	135,951.2	213,685.4
C. Consumer Goods:	90,605.8	107,774.3	161,988.0	186,098.6	243,394.9	223,085.6	235,146.4	290,937.4	443,743.4	418,787.4	537,884.2
Food and Food stuffs	12,522.2	15,032.2	65,106.4	50,779.8	73,733.3	86,031.1	77,310.1	81,720.1	170,361.1	93,434.7	194,292.7
All Other Consumer Goods	78,083.7	92,742.1	96,881.5	135,318.8	169,661.6	137,054.5	157,836.3	209,217.3	273,382.3	325,352.6	343,591.6
Total	369,043.9	390,831.8	505,985.6	552,934.1	600,364.9	688,709.0	773,246.0	961,676.6	1,337,479.6	1,643,059.0	2,364,451.9

Note: 1) Prior to 2002 figures for TZS were converted from USD using quarterly average exchange rates. Beginning 2002 monthly average exchange rates are used to compute figures in TZS.

2) Prior to July 1997, import statistics were estimated on the basis of issued Import licenses, Import Declaration Forms and PSI Reports, and

3) oil imports were obtained from TPDC

4) p = Provisional

5) r = revised

Source: Bank of Tanzania and Tanzania Revenue Authority

**Table A4.7: Official and Forex Bureau Exchange Rates, Mean Selling Rates in TZS, 1996 - 2006**

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
1996	608.2500	595.6434	991.4903	383.7530	448.8424	341.9643	113.6338	18.6332	0.3896	87.2902	5.2268		
1997	631.0000	624.5712	1,035.2299	349.0190	429.5523	309.6989	104.3036	16.9250	0.3550	79.0294	4.8118		
1998	665.5000	681.0000	1,134.6175	405.6457	492.7608	360.0598	120.8999	19.7821	0.4095	83.8510	5.9385		
1999	746.0833	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	
2005-January	1,098.0000	2,007.7400	1,051.9700	474.6600	924.9300	421.2700	141.5300	23.0100	0.4800	157.8400	10.2300	1,414.4300	
February	1,110.5000	2,041.5700	1,078.3200	486.4600	922.8700	431.7500	145.0500	23.5900	0.4900	157.0500	10.2800	1,427.2000	
March	1,118.0000	2,075.4048	1,104.2900	498.2669	921.0084	442.2266	148.5661	24.1580	0.5033	156.2816	10.2906	1,426.5776	
April	1,119.0000	2,112.8738	1,105.0000	498.5873	928.4911	442.5110	148.6616	24.1735	0.5404	155.8535	10.4695	1,427.8274	
May	1,128.0000	2,038.8558	1,123.8000	507.0701	902.1054	450.0397	151.1908	24.5848	0.5122	151.8425	10.3801	1,392.7821	
June	1,134.0000	2,035.2832	1,126.3000	508.1981	879.7150	451.0408	151.5272	24.6395	0.5133	143.9996	10.2085	1,361.0232	
July	1,142.0000	1,992.4779	1,135.6700	512.4259	883.0313	454.7932	152.7878	24.8444	0.5176	146.2541	10.1205	1,376.9500	
August	1,142.0000	2,024.6643	1,133.6300	511.5055	893.8527	453.9762	152.5133	24.7998	0.5167	148.2442	10.1904	1,385.2409	
September	1,146.0000	2,058.8560	1,169.2386	512.6876	879.4154	455.0254	152.8856	24.8571	0.5179	146.8058	10.0566	1,369.2386	
October	1,174.0000	2,025.0612	1,141.5500	515.0790	890.3394	457.1479	153.5758	24.9731	0.5203	144.3679	9.8669	1,375.8548	
November	1,198.0000	2,053.2197	1,195.1200	539.2504	909.3541	478.6006	160.7859	26.1450	0.5447	147.7202	9.9989	1,407.6147	
December	1,182.0000	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-January	1,189.0000	2,096.1110	1,184.7100	534.5533	921.9526	474.4318	159.3854	25.9173	0.5400	155.1071	10.0719	1,433.0264	
February	1,201.0000	2,064.5325	1,186.0000	535.1353	897.6002	474.9484	159.5589	25.9455	0.5405	148.9327	10.1912	1,406.4187	
March	1,225.0000	2,135.6907	1,223.8200	552.2001	942.5953	490.0939	164.6471	26.7728	0.5578	158.2084	10.4226	1,487.4939	
April	1,242.0000	2,207.1823	1,225.7000	553.0484	972.5837	490.8468	164.9000	26.8140	0.5586	165.0546	10.7146	1,535.0085	
May	1,248.0000	2,368.0648	1,257.0000	567.1713	1,037.5127	503.3813	169.1109	27.4987	0.5729	174.8010	11.2132	1,618.4522	
June	1,268.0000	2,297.2741	1,253.0800	565.4025	1,016.6545	501.8114	168.5836	27.4129	0.5711	172.7232	10.9044	1,592.9178	

* Period Average

Source: Bank of Tanzania



A4.0 Balance of Payments and Foreign Trade Developments

Table A4.8: Tanzania's Trade Balance, 1996- 2006

Millions of TZS			
Period	Domestic Exports (f.o.b)	Total Imports (f.o.b)	Trade Balance
1996	455,419.2	702,353.5	-246,934.3
1997	459,548.9	703,106.2	-243,557.3
1998	391,805.0	907,494.3	-515,689.3
1999	455,656.9	1,090,595.9	-634,939.0
2000	531,119.0	1,094,638.2	-563,519.2
2001	746,742.4	1,369,191.0	-622,448.5
2002	874,067.4	1,460,946.6	-586,879.2
2003	1,174,784.1	2,011,339.1	-836,555.0
2004	1,448,589.1	2,697,276.6	-1,248,687.4
2005 ^p	1,753,125.5	3,390,754.3	-1,637,628.8
2002-1st Quarter	181,584.9	355,516.0	-173,931.0
2nd Quarter	196,786.3	349,923.2	-153,136.8
3rd Quarter	186,655.6	380,945.9	-194,290.4
4th Quarter	309,040.5	374,561.5	-65,520.9
2003 - 1st Quarter	243,815.9	383,920.6	-140,104.7
2nd Quarter	268,231.7	491,205.1	-222,973.4
3rd Quarter	245,802.3	555,692.9	-309,890.6
4th Quarter	416,934.2	580,520.5	-163,586.3
2004 ^r -1st Quarter	317,657.6	591,638.3	-273,980.7
2nd Quarter	289,587.9	625,468.2	-335,880.3
3rd Quarter	352,684.7	684,143.4	-331,458.7
4th Quarter	488,658.9	796,026.7	-307,367.8
2005 ^p -1st Quarter	410,193.1	790,453.7	-380,260.6
2nd Quarter	355,591.8	704,729.9	-349,138.2
3rd Quarter	436,817.2	914,335.3	-477,518.1
4th Quarter	550,523.4	981,235.3	-430,711.9
2006 ^p -1st Quarter	452,256.1	967,455.5	-515,199.3
2nd Quarter	433,245.4	1,184,195.8	-750,950.4

- 1) Beginning 2002 monthly average exchange rates are used to compute figures in TZS.
- 2) Prior to July 1997 export figures were obtained from CD3 forms processed through Customs Dept, Crop Boards, Ministry of minerals, TPDC and staff estimates while import statistics were estimated on the basis of issued import licenses, Import Declaration Forms and PSI Reports.
- 3) Figures for 2005 and 2006 are provisional
- 4) Figures for 2004 have been revised

Source: Bank of Tanzania and Tanzania Revenue Authority



Table A4.9 : Tanzania's Exports by Major Commodity Groups, 1996 - 2006

Millions of TZS

Period	Petroleum										Manufactured		Total
	Coffee	Cotton	Sisal	Tea	Tobacco	Cashewnuts	Products	Minerals	Products	Others	Products	Others	
1996	85,603.5	79,571.2	3,054.1	15,004.8	28,008.7	47,446.9	7,713.0	31,450.0	64,892.2	92,674.9	64,892.2	92,674.9	455,419.2
1997	72,743.7	79,623.4	5,591.0	19,498.4	33,060.1	55,513.3	4,336.5	31,302.9	67,716.5	90,163.1	67,716.5	90,163.1	459,548.9
1998	72,280.2	31,647.3	4,507.5	20,091.1	36,671.5	71,806.1	65.5	17,509.2	23,782.3	113,444.0	23,782.3	113,444.0	391,804.7
1999	56,995.0	21,744.7	5,380.8	18,305.6	31,998.6	79,197.2	318.0	56,090.2	22,412.6	119,761.5	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	34,652.5	183,566.8	587,442.4
2001	49,150.4	29,812.2	5,857.7	25,115.6	31,072.6	49,159.2	n.a	265,927.0	49,638.0	241,009.7	49,638.0	241,009.7	746,742.4
2002	34,052.1	27,797.3	6,343.9	28,649.7	53,756.8	45,449.8	n.a	373,241.9	63,951.2	315,360.1	63,951.2	315,360.1	948,602.9
2003	51,707.4	48,322.9	7,558.3	25,660.8	41,752.2	43,892.4	n.a	574,707.1	87,344.6	384,266.6	87,344.6	384,266.6	1,265,212.5
2004 ^f	53,820.7	80,072.4	7,882.7	32,816.6	62,229.6	72,256.9	n.a	739,629.8	119,310.3	429,559.8	119,310.3	429,559.8	1,597,578.8
2005 ^p	83,557.3	127,177.7	8,176.1	28,830.4	91,361.4	54,234.2	n.a	802,824.5	177,271.4	523,161.1	177,271.4	523,161.1	1,896,594.1
2002-1st Quarter	12,098.5	4,138.8	1,541.9	7,751.9	16,951.1	4,875.6	n.a	76,985.0	11,315.3	64,560.9	11,315.3	64,560.9	200,700.0
2nd Quarter	5,830.0	705.0	1,479.3	7,685.1	5,483.5	1,085.8	n.a	103,926.9	16,940.2	72,284.4	16,940.2	72,284.4	215,901.4
3rd Quarter	1,675.1	6,953.9	1,475.6	4,254.7	4,056.1	837.7	n.a	88,166.0	12,851.5	85,018.8	12,851.5	85,018.8	205,770.6
4th Quarter	14,448.5	15,999.6	1,847.1	8,958.0	27,266.1	38,650.7	n.a	102,239.3	22,844.3	95,420.7	22,844.3	95,420.7	326,230.9
2003-1st Quarter	20,416.7	11,881.9	2,190.0	8,413.2	5,974.6	2,748.1	n.a	103,076.4	15,329.8	92,913.3	15,329.8	92,913.3	262,944.1
2nd Quarter	12,891.9	7,271.8	1,586.6	8,086.5	2,419.8	980.4	n.a	144,600.8	20,181.0	85,849.8	20,181.0	85,849.8	283,868.6
3rd Quarter	5,087.7	11,826.6	1,849.6	3,408.6	6,512.5	2,993.1	n.a	126,125.5	20,597.4	93,828.5	20,597.4	93,828.5	272,229.5
4th Quarter	13,311.2	17,342.7	1,932.1	5,752.5	26,845.3	37,170.8	n.a	200,904.5	31,236.3	111,675.0	31,236.3	111,675.0	446,170.3
2004-1st Quarter	17,668.5	8,305.1	2,215.1	10,468.0	15,609.3	11,020.6	n.a	171,689.9	24,009.9	90,329.1	24,009.9	90,329.1	351,315.6
2nd Quarter	8,711.0	3,096.9	2,239.8	10,060.4	2,229.3	372.3	n.a	175,084.8	25,650.2	100,359.5	25,650.2	100,359.5	327,804.1
3rd Quarter	4,080.0	32,346.0	1,882.1	3,022.8	18,911.6	611.6	n.a	182,690.3	29,703.5	116,511.5	29,703.5	116,511.5	389,759.5
4th Quarter	23,361.3	36,324.4	1,545.7	9,265.3	25,479.4	60,252.2	n.a	210,164.8	39,946.7	122,359.7	39,946.7	122,359.7	528,699.6
2005-1st Quarter	38,227.4	20,690.0	2,223.1	10,778.3	17,709.7	3,851.5	n.a	202,336.1	32,728.6	111,629.1	32,728.6	111,629.1	440,173.8
2nd Quarter	12,226.2	11,876.5	2,244.0	7,300.4	1,412.5	502.0	n.a	197,223.4	38,954.8	117,581.2	38,954.8	117,581.2	389,321.1
3rd Quarter	6,286.8	31,909.0	2,025.0	3,471.6	32,685.8	169.7	n.a	207,774.8	42,633.7	157,744.6	42,633.7	157,744.6	484,701.1
4th Quarter	26,816.9	62,702.2	1,684.0	7,280.1	39,553.3	49,710.9	n.a	195,490.3	62,954.2	136,206.2	62,954.2	136,206.2	582,398.2
2006-1st Quarter	27,598.7	24,573.6	2,258.2	4,956.5	12,280.2	22,039.8	n.a	226,811.5	49,897.1	125,684.8	49,897.1	125,684.8	496,100.4
2nd Quarter	10,249.1	19,876.2	1,473.5	6,635.6	6,834.9	1,441.5	n.a	245,032.5	57,627.7	123,233.1	57,627.7	123,233.1	472,404.1

Note: 1) Prior to 2002 figures for TZS were converted from USD using quarterly average exchange rates. Beginning 2002 monthly average exchange rates are used to compute figures in TZS.

2) Since 1999 onwards clove exports started to be reported separately before they were reported under other exports.

3) Beginning 1998, figures have been revised following inclusion of re-exports

4) Prior to July 1997 export figures were obtained from CD3 forms processed through Customs Dept, Crop Boards, Ministry of minerals, TPDC and staff estimates.

5) Figures for 2005 and 2006 are provisional

6) Figures for 2004 have been revised

7) na = Not applicable

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, 1996 - 2006

Millions of TZS

Period	Transport. equipments	Building and construction	Machinery	Oil	Fertilizers	Industrial raw materials	Food and food stuffs	Other consumer goods	Total
1996	117,232.9	24,473.2	148,200.7	92,441.0	13,720.4	202,157.3	30,276.9	178,800.6	807,302.9
1997	155,587.0	52,520.9	137,889.9	105,672.5	13,868.7	114,272.4	59,707.4	168,649.1	808,168.0
1998	160,192.2	87,741.1	258,992.3	68,080.3	7,776.2	102,563.6	150,949.5	206,801.7	1,043,096.9
1999	222,840.1	99,358.7	258,509.6	98,422.4	10,034.8	149,200.0	133,779.7	281,413.1	1,253,558.5
2000	185,195.0	104,455.0	228,492.8	113,789.2	13,583.0	132,275.5	144,993.0	306,895.1	1,229,678.5
2001	166,799.4	126,512.7	356,964.2	192,911.8	13,641.5	179,943.7	147,580.9	320,199.6	1,504,553.8
2002	210,732.8	130,303.2	355,642.3	188,347.6	19,618.4	201,209.3	142,408.6	357,173.6	1,605,435.8
2003	242,650.3	172,680.1	431,840.8	420,218.6	29,803.0	257,364.5	189,915.6	465,789.9	2,210,262.7
2004 ¹	274,058.7	221,417.4	531,532.9	684,762.0	64,593.3	271,303.3	297,986.0	618,386.7	2,964,040.2
2005 ²	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
2002-1st Quarter	65,213.1	28,886.9	95,141.0	44,691.2	1,206.4	43,634.1	34,755.9	77,148.3	390,676.9
2nd Quarter	39,436.1	28,459.0	92,928.8	47,635.3	5,590.5	44,830.5	43,378.7	82,272.2	384,530.9
3rd Quarter	53,194.6	32,659.6	90,269.1	52,238.9	4,780.7	55,108.7	32,062.7	98,307.5	418,621.9
4th Quarter	52,889.0	40,297.7	77,303.4	43,782.2	8,040.9	57,636.0	32,211.2	99,445.6	411,606.0
2003-1st Quarter	57,049.0	34,771.2	81,886.7	53,795.8	1,765.9	57,371.4	34,977.7	100,273.1	421,890.7
2nd Quarter	55,273.7	51,480.0	94,969.5	112,189.9	6,968.9	63,217.3	46,742.4	108,944.2	539,785.9
3rd Quarter	60,141.1	46,145.4	140,199.7	128,010.2	12,749.9	65,488.9	47,078.0	110,838.3	610,651.5
4th Quarter	70,186.6	40,283.5	114,784.8	126,222.8	8,318.4	71,286.9	61,117.4	145,734.3	637,934.6
2004-1st Quarter	64,419.7	45,624.8	122,679.6	133,346.1	3,449.6	69,438.2	88,830.0	122,364.1	650,151.9
2nd Quarter	70,557.8	56,833.0	99,129.8	139,396.0	20,433.2	68,428.7	81,531.1	151,018.2	687,327.7
3rd Quarter	72,379.4	49,741.8	163,243.0	168,747.9	26,531.9	62,539.6	46,741.0	161,881.4	751,805.9
4th Quarter	66,701.7	69,217.8	146,480.7	243,272.0	14,178.7	70,896.9	80,883.9	183,123.0	874,754.6
2005-1st Quarter	78,655.1	73,479.4	161,586.3	258,016.0	15,071.1	71,036.0	46,503.9	164,282.6	868,630.5
2nd Quarter	66,416.2	64,448.0	153,932.9	201,316.2	15,399.2	64,915.2	46,930.8	161,070.0	774,428.5
3rd Quarter	84,801.6	73,806.7	169,158.8	317,312.7	25,379.5	81,390.6	54,541.9	198,372.3	1,004,764.0
4th Quarter	131,366.5	108,555.6	174,911.2	274,934.9	24,655.6	99,231.6	61,581.5	203,043.7	1,078,280.6
2006-1st Quarter	119,184.3	93,473.2	200,963.7	299,819.9	3,477.6	94,754.5	87,449.5	164,015.2	1,063,137.9
2nd Quarter	121,838.5	120,956.2	236,202.6	410,893.1	6,073.1	118,930.8	106,843.2	179,576.4	1,301,314.1

Note: 1) Prior to 2002 figures for TZS were converted from USD using quarterly average exchange rates. Beginning 2002 monthly average exchange rates are used to compute figures in TZS.

2) Prior to July 1997, import statistics were estimated on the basis of issued Import licenses, Import Declaration Forms and PSI Reports, and oil imports were obtained from TPDC

3) Figures for 2005 and 2006 are provisional

4) Figures for 2003 and 2004 have been revised

Source: Bank of Tanzania and Tanzania Revenue Authority

A4.0 Balance of Payments and Foreign Trade Developments

Table A4.11: Tanzania's Exports by Country of Destination, 1996 – 2006

Millions of TZS

Country	1996	1997	1998	1999	2000	2001	2002	2003	2004 ^r	2005 ^p
Australia	2,319.9	2,230.7	1,894.3	1,874.5	949.8	2,064.9	2,899.9	1,837.0	2,285.0	2,784.1
Belgium	5,219.8	5,019.1	17,353.5	12,527.6	14,717.2	9,264.3	20,518.8	36,460.5	28,848.3	34,130.6
Burundi	2,319.9	2,230.7	250.3	2,505.7	3,388.1	5,362.6	6,778.3	4,893.9	8,203.8	8,250.8
Canada	1,080.0	1,038.5	450.0	430.6	421.8	469.2	1,355.5	1,710.1	5,202.8	44,236.8
China	11,019.6	10,595.9	1,320.1	90.6	483.8	620.4	688.3	3,796.8	76,742.7	101,838.0
Democratic Republic of Congo	1,160.0	1,115.4	3,316.8	2,772.7	87.5	4,773.2	15,307.0	12,839.9	11,050.4	14,251.0
Denmark	3,479.9	3,346.1	1,443.7	1,043.2	1,713.7	1,965.6	1,573.3	2,738.4	2,787.9	1,812.1
France	9,119.7	8,769.1	1,885.7	1,672.9	29,056.7	119,342.9	147,180.9	80,728.7	10,393.2	7,369.9
Germany	43,178.5	41,518.3	32,560.0	26,178.0	52,933.9	33,545.6	26,667.9	32,075.0	35,845.2	76,198.8
Hong Kong	11,599.6	11,153.6	3,321.4	5,828.0	7,042.2	7,593.7	10,787.4	10,254.9	13,376.3	10,810.1
India	42,338.4	40,710.6	76,272.7	84,022.3	78,811.1	72,043.8	62,093.9	75,129.7	109,671.9	71,299.6
Indonesia	12,179.5	11,711.3	3,922.9	6,737.9	3,503.0	2,541.5	3,960.2	7,538.4	6,325.6	7,934.2
Italy	7,799.8	7,499.9	4,374.3	4,797.2	7,192.2	6,852.8	23,625.4	24,203.3	30,252.1	41,232.4
Japan	38,198.6	36,729.9	30,276.2	32,702.9	27,370.1	60,068.2	93,075.8	92,164.9	70,065.3	77,602.4
Kenya	8,119.7	7,807.5	17,306.9	15,630.9	25,811.1	33,392.2	34,048.3	81,088.1	91,145.8	86,178.8
Malaysia	3,402.2	3,471.2	3,712.2	1,595.7	2,460.1	2,591.5	2,835.0	1,223.7	2,469.2	18,144.3
Mozambique	1,660.0	1,596.1	81.1	517.4	1,180.3	1,231.4	1,575.2	1,812.0	3,694.3	7,339.1
Netherlands	25,519.0	24,537.9	30,035.6	23,234.5	36,577.7	45,320.9	52,142.7	70,206.3	65,072.5	101,091.7
Norway	1,739.9	1,673.0	112.3	443.7	13.4	51.8	57.1	46.9	146.8	166.8
Pakistan	7,131.3	7,067.9	6,147.6	5,662.3	5,443.1	6,139.7	8,505.8	7,941.1	7,888.4	8,139.7
Portugal	8,384.6	9,207.8	7,988.8	4,678.3	5,132.5	4,371.8	3,856.9	4,105.5	5,112.8	5,401.2
Singapore	9,279.7	8,922.9	7,267.6	18,399.4	5,143.3	5,218.6	3,816.9	13,750.7	16,672.9	21,332.9
Somalia	580.0	557.7	41.2	74.8	365.8	129.6	327.9	166.0	0.0	163.5
South Africa	3,324.1	4,852.0	4,190.1	4,910.6	9,646.3	7,639.0	15,979.4	38,781.2	124,015.6	310,978.1
Spain	8,119.7	7,807.5	3,703.6	2,548.8	3,619.9	6,728.4	6,464.8	10,537.8	12,536.6	10,478.5
St. Helena	0.0	0.6	3,556.7	6,546.0	3,753.1	1,143.9	2,439.1	2,096.9	4,344.0	1,993.9
Sweden	1,739.9	1,673.0	386.8	210.8	336.3	121.8	170.7	1,241.2	833.5	670.3
Switzerland	3,739.9	3,596.1	7,463.0	1,802.0	2,448.5	3,721.1	5,520.7	13,017.0	32,444.7	123,193.2
Taiwan	13,179.5	12,672.8	4,617.5	2,210.7	2,173.4	874.6	1,619.8	1,721.3	2,807.2	2,687.0
Thailand	7,214.9	8,624.1	5,086.1	2,870.0	3,577.5	3,645.8	1,670.5	3,770.9	5,844.0	13,938.7
Uganda	7,379.8	7,096.0	4,336.8	3,467.2	6,770.9	4,858.7	5,305.2	8,764.0	12,752.5	22,672.6
United Arab Emirates	1,562.7	3,031.0	4,546.4	4,969.7	5,017.5	8,374.0	13,916.8	15,926.0	19,093.6	38,060.5
United Kingdom	23,779.1	22,864.8	39,679.4	70,149.9	117,501.5	123,085.5	156,356.9	402,153.1	506,516.3	301,188.3
United States	13,599.6	13,076.7	8,519.9	13,372.8	12,205.4	13,275.0	13,065.4	11,701.5	14,949.0	18,658.6
USSR/Russia	391.3	136.0	132.4	50.1	1,468.8	594.9	2,493.5	2,148.4	3,202.0	2,502.4
Zambia	6,379.8	6,134.5	2,442.0	2,119.5	3,778.5	4,820.9	16,866.8	18,010.7	7,359.2	9,855.9
Others ^r	108,179.4	119,472.9	83,427.7	87,007.7	105,346.3	142,902.9	183,054.9	168,630.8	247,627.3	292,007.1
Grand Total	455,419.0	459,549.0	423,423.7	455,656.9	587,442.1	746,742.4	948,602.9	1,265,212.5	1,597,578.8	1,896,594.1

Note: r = revised following inclusion of re-exports

Source: Bank of Tanzania, and Customs Department (TRA)



A4.0 Balance of Payments and Foreign Trade Developments

Table A4.12: Tanzania's Imports (c.i.f) by Country of Origin, 1996 - 2005

Millions of TZS

Country	1996	1997	1998	1999	2000	2001	2002	2003	2004 ^r	2005 ^p
Argentina	571.3	1,798.4	4,338.4	14,256.2	7,115.7	2,656.2	3,904.6	2,838.0	28,661.1	30,351.9
Australia	1,160.0	1,177.2	18,966.6	60,646.6	75,669.2	123,743.8	70,071.2	56,923.1	81,839.2	47,218.4
Belgium	17,979.3	15,632.2	16,236.8	17,166.0	11,606.9	19,313.1	22,404.1	34,733.3	28,433.0	52,655.6
Brazil	3,602.1	5,258.3	9,685.7	12,936.4	8,185.8	4,065.4	2,942.6	29,425.3	7,408.6	18,272.6
Canada	7,539.7	7,651.9	11,080.2	19,853.0	25,853.8	20,228.9	17,094.5	19,831.9	43,271.7	39,883.8
China	37,118.6	37,671.0	32,401.2	43,213.3	54,455.3	61,830.4	76,335.1	120,836.0	186,806.9	245,399.1
Denmark	8,699.7	5,281.6	17,828.7	17,865.7	18,490.6	15,340.3	15,141.8	20,986.5	23,707.1	26,746.4
Eire/Ireland	3,479.9	1,507.2	2,667.4	1,645.3	3,626.6	4,595.5	7,975.6	9,891.6	14,253.2	13,295.5
Finland	2,420.5	3,562.8	9,358.7	9,811.8	7,538.7	4,197.5	15,770.4	17,304.6	30,375.1	24,374.8
France	13,339.5	12,449.2	10,513.2	15,993.3	20,397.2	36,420.5	37,633.9	42,339.6	44,123.7	101,366.0
Germany, Federal	26,099.0	30,368.5	51,601.1	46,524.0	41,706.1	59,689.6	57,994.5	71,117.2	82,045.5	99,024.1
Hong Kong	14,499.5	4,112.4	2,016.0	2,363.2	3,449.2	6,196.7	7,563.3	10,266.9	7,505.5	8,735.1
India	61,964.7	47,443.7	59,659.7	70,444.1	71,056.7	76,661.7	103,266.3	174,081.9	235,431.2	211,290.9
Indonesia	11,599.6	6,972.3	9,948.9	14,295.6	33,095.1	42,277.2	59,929.8	78,906.7	94,189.1	101,631.7
Italy	37,118.6	23,730.2	45,348.5	36,418.0	28,511.0	44,462.9	43,435.9	40,758.2	44,219.2	45,360.9
Japan	44,658.3	45,322.9	87,044.5	132,711.7	113,872.0	132,075.1	134,051.2	174,790.5	196,765.2	225,925.7
Kenya	93,376.5	58,558.4	70,319.2	70,799.0	74,734.0	84,205.8	90,280.8	120,287.3	141,789.9	175,332.0
Malaysia	14,265.3	10,510.4	23,346.9	17,865.9	11,197.3	15,959.3	12,132.8	18,352.8	21,091.2	23,813.2
Netherlands	19,139.3	17,246.4	62,065.2	27,295.8	23,644.4	27,075.2	26,461.1	33,050.5	46,611.0	75,922.8
Pakistan	3,208.6	6,387.6	11,827.3	11,660.7	6,150.7	8,623.2	20,628.3	13,590.0	8,162.0	7,830.3
Saudi Arabia	28,452.6	15,815.0	21,657.9	20,237.3	43,601.2	51,032.0	45,611.7	53,383.7	60,386.5	46,722.5
Singapore	16,239.4	23,716.2	8,546.5	7,266.9	5,070.6	7,876.9	5,573.1	17,100.1	47,997.5	10,417.2
South Africa	42,343.4	58,757.8	86,885.6	127,231.3	139,577.1	178,292.2	182,473.1	284,591.5	360,025.5	440,090.2
South Korea	6,920.7	8,823.6	12,914.1	13,810.8	17,573.6	13,806.4	17,743.3	29,104.5	28,983.8	37,945.3
Spain	4,639.8	6,283.7	4,460.0	8,100.1	7,364.4	9,002.9	9,917.7	13,969.4	32,021.0	16,051.8
Swaziland	952.0	5,477.2	7,661.1	9,325.7	10,296.2	11,083.9	13,096.2	12,682.5	18,762.2	20,856.4
Sweden	11,019.6	11,183.6	19,466.5	13,299.4	13,814.0	11,083.9	21,233.5	39,983.3	25,822.1	80,804.8
Switzerland	1,739.9	18,209.9	11,917.0	10,918.3	10,865.6	9,262.0	22,074.0	23,814.5	20,481.9	28,593.0
Taiwan	2,899.9	2,377.4	3,827.9	4,489.8	4,627.9	4,425.1	7,656.8	8,903.4	11,083.6	13,441.9
Thailand	16,197.1	11,821.9	16,016.1	13,345.6	22,523.2	32,749.9	34,749.7	21,503.4	32,296.5	28,032.1
Turkey	849.0	2,371.4	4,019.3	5,144.2	2,951.1	1,961.8	3,096.4	4,656.5	5,023.9	9,409.8
Uganda	1,160.0	1,177.2	1,492.9	4,489.9	4,501.0	9,962.5	2,561.4	8,538.5	8,330.5	5,786.3
United Arab Emirate	52,438.5	57,200.3	39,704.7	37,995.7	45,584.9	95,506.8	93,824.8	152,331.1	201,204.2	220,274.8
United Kingdom	74,237.2	75,342.0	81,558.9	95,553.6	85,267.9	96,945.7	91,630.6	111,107.3	120,177.3	135,618.2
United States	28,998.9	32,215.4	54,046.5	73,963.0	47,158.7	57,238.0	88,321.3	72,310.7	85,113.2	112,741.8
Zambia	15,079.4	15,303.8	11,324.2	5,408.4	1,919.8	1,578.2	4,176.7	2,080.4	6,697.1	4,423.9
Others	81,295.6	119,449.0	101,343.7	159,212.9	106,731.6	123,127.4	112,008.4	263,890.0	512,840.3	940,462.7
Grand Total	807,303.0	808,167.9	1,043,096.9	1,253,558.5	1,229,678.5	1,504,553.8	1,605,435.8	2,210,262.7	2,964,040.1	3,726,103.6

Note: p = provisional
r = revised

Source: Bank of Tanzania, and Customs Department (TRA)

A4.0 Balance of Payments and Foreign Trade Developments

Table A4.13: Tanzania's Exports to COMESA Countries, 1996 - 2006

Millions of TZS

Country	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005 ^p
Burundi	2,319.9	2,230.7	250.3	2,505.7	3,388.1	5,362.6	6,778.3	4,893.9	8,203.8	8,250.8
Comoro	0.0	0.0	35.9	6.9	25.8	14.9	347.3	1,334.8	1,275.9	1,568.2
Djibouti	580.0	557.7	98.9	75.5	87.2	24.9	48.8	29.0	66.3	9.1
Ethiopia	0.0	0.0	351.4	235.8	358.7	643.5	359.4	729.7	1,921.7	1,893.4
Kenya	8,119.7	7,807.5	17,306.9	15,630.9	25,811.1	33,392.2	34,048.3	81,088.1	91,145.8	86,178.8
Malawi	2,319.9	2,230.7	2,211.2	6,867.9	4,927.1	4,932.0	17,172.1	8,746.4	13,530.2	916.6
Mauritius	0.0	0.0	37.0	59.8	158.3	288.7	280.7	738.5	583.0	3,713.8
Rwanda	27,259.0	26,210.9	2,678.9	2,136.1	1,457.0	1,992.4	3,742.0	2,644.5	3,177.5	3,376.8
Somalia	580.0	557.7	41.2	74.8	365.8	129.6	327.9	166.0	0.0	163.5
Swaziland	5,799.8	5,576.8	20,497.4	150.1	170.8	0.0	360.3	5.3	3,103.7	626.3
Uganda	7,379.8	7,096.1	4,336.8	3,467.2	6,770.9	4,858.7	5,305.2	8,764.0	12,752.5	22,672.6
Zambia	6,379.8	6,134.5	2,442.4	2,119.5	3,778.5	4,820.9	16,866.8	18,010.7	7,359.2	9,855.9
Zimbabwe	580.0	557.7	9,233.0	1,954.1	2,149.8	369.4	1,356.9	3,966.7	1,347.3	1,750.5
Grand Total	61,317.8	58,960.3	59,521.2	35,284.3	49,449.0	56,829.8	86,993.9	131,117.6	144,466.9	140,976.6

Note: 1) From 1994 the PTA market was succeeded by COMESA

2) 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, 1996 - 2006

Millions of TZS

Country	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005 ^p
Burundi	-	90.7	31.2	8.2	9.3	140.1	7.3	335.2	17.4	292.7
Comoro	-	-	-	-	-	-	0.7	0.3	0.0	28.4
Djibouti	-	-	0.3	20.8	12.5	0.0	2.3	415.7	297.1	1,378.8
Ethiopia	290.0	333.1	550.5	643.4	2,602.8	468.4	633.5	128.8	1,138.1	1,181.1
Kenya	93,376.5	58,558.4	70,319.2	70,799.0	74,734.0	84,205.8	91,630.6	120,287.3	141,789.9	175,332.0
Lesotho	116.0	133.3	253.6	15.2	-	0.0	0.0	0.0	0.0	0.0
Malawi	1,681.9	1,932.2	1,536.2	2,602.1	1,520.9	1,809.1	1,398.4	1,455.3	3,090.3	3,629.4
Mauritius	1,739.9	1,998.9	469.4	2,472.4	2,574.7	3,656.3	1,674.6	1,831.1	4,426.6	5,154.7
Rwanda	290.0	333.1	127.7	6.0	115.8	68.5	41.6	833.1	126.8	32.7
Somalia	0.1	17.8	0.7	56.7	1.5	7.1	5.5	69.7	16.0	242.4
Swaziland	952.0	5,477.2	7,661.1	9,325.7	10,296.2	11,083.9	15,096.2	12,682.5	18,762.2	20,856.4
Uganda	1,160.0	1,177.2	1,492.9	4,489.9	4,501.0	9,962.5	2,561.5	8,538.5	4,989.4	5,786.3
Zambia	15,079.4	15,303.8	11,324.2	5,408.4	1,919.8	1,578.2	4,176.7	2,080.4	6,697.1	4,423.9
Zimbabwe	1,465.8	2,892.7	9,675.7	4,174.0	3,619.6	2,640.8	1,910.7	1,222.3	1,601.0	1,955.3
Grand Total	116,151.6	88,248.4	103,442.7	100,021.8	101,907.9	115,620.6	119,139.6	149,880.2	182,952.0	220,294.1

Note: From 1994 the PTA market was succeeded by COMESA.

p = provisional

Source: Bank of Tanzania, TRA-Customs Dept.



A4.0 Balance of Payments and Foreign Trade Development

Table A4.15: Tanzania: Services, Income and Transfers, 1998 - 2006

Period	Services			Income			Current Transfers		
	Net	Receipts	Payments	Net	Receipts	Payments	Net	Receipts	Payments
1998	-289,071.2	346,656.6	635,727.9	-69,672.2	29,686.1	99,358.3	286,143.0	307,285.8	21,142.8
1999	-140,111.7	449,304.7	589,416.4	-86,013.3	32,263.8	110,167.9	246,413.9	335,321.2	88,907.3
2000	-44,017.2	502,170.7	546,187.9	-152,585.0	40,302.6	192,887.5	315,362.9	378,139.7	62,776.8
2001	234,112.0	802,816.1	568,704.0	-165,158.9	48,766.9	213,925.8	344,484.8	415,024.3	70,539.5
2002	278,134.6	889,335.0	611,200.4	-144,927.6	65,570.0	210,497.6	402,049.2	461,300.9	59,251.7
2003	230,210.2	984,865.9	754,655.7	-168,622.8	90,724.5	259,347.3	581,227.1	646,655.5	65,428.3
2004	174,336.7	1,232,378.9	1,058,042.2	-193,957.1	88,631.0	282,588.1	632,448.5	703,311.2	70,862.8
2005	68,704.6	1,434,007.9	1,365,303.3	-229,016.2	91,627.3	320,643.6	576,466.9	652,712.8	76,245.8
2002: Quarter1	52,186.3	197,428.5	145,242.1	-34,336.8	17,491.3	51,828.1	97,890.0	112,443.0	14,553.0
Quarter2	40,520.9	194,309.2	153,788.3	-37,510.7	15,093.9	52,604.6	63,630.3	78,543.0	14,912.7
Quarter3	77,752.0	247,476.6	169,724.6	-39,173.3	17,977.4	57,150.7	76,971.8	91,729.2	14,757.3
Quarter4	107,675.4	250,120.8	142,445.4	-33,906.8	15,007.4	48,914.2	163,557.1	178,585.8	15,028.7
2003: Quarter1	67,865.5	229,618.9	161,753.4	-42,974.0	18,719.3	61,693.3	72,839.5	89,306.4	16,466.8
Quarter 2	40,384.6	218,826.7	178,442.1	-33,363.3	22,261.5	55,624.8	141,264.3	157,871.3	16,607.0
Quarter3	72,271.7	275,506.5	203,234.7	-46,970.8	22,525.4	69,496.3	198,033.2	214,295.0	16,261.8
Quarter4	49,688.4	260,913.9	211,225.5	-45,314.6	27,218.3	72,533.0	169,090.1	185,182.8	16,092.7
2004: Quarter1	59,551.3	283,115.6	223,564.2	-44,086.8	29,448.6	73,535.4	50,612.7	67,227.7	16,614.9
Quarter2	30,515.7	263,934.0	233,418.3	-46,747.3	16,459.9	63,207.2	43,180.8	61,571.9	18,391.1
Quarter3	81,375.8	357,045.1	275,669.2	-71,080.9	8,772.9	79,853.8	323,569.9	343,016.2	19,446.3
Quarter4	2,893.8	328,284.3	325,390.4	-32,042.1	33,949.6	65,991.7	215,085.1	231,495.5	16,410.4
2005: Quarter1	26,693.6	317,322.1	290,628.4	-55,941.6	21,787.6	77,729.2	70,235.3	88,379.7	18,144.4
Quarter2	15,020.0	345,187.3	330,167.3	-61,081.1	25,658.4	86,739.5	30,935.3	49,490.7	18,555.4
Quarter3	16,482.1	399,971.1	383,489.0	-46,137.1	16,872.7	63,009.9	152,797.3	173,030.9	20,233.5
Quarter4	10,508.8	371,527.4	361,018.6	-65,856.5	27,308.6	93,165.1	322,499.1	341,811.5	19,312.5
2006: Quarter1	63,790.6	406,240.4	342,449.7	-51,226.7	22,307.5	73,534.2	68,024.0	87,229.5	19,205.6
Quarter2	41,537.5	415,464.2	373,926.7	-67,571.6	21,384.6	88,956.2	109,544.7	129,570.8	20,026.1

Note: 1) As from 2001 onwards, the estimation technique for government service payments has been revised leading to the change in service payments

2) p = provisional

3) r = revised

Source: Bank of Tanzania



A4.0 Balance of Payments and Foreign Trade Developments

Table A4.16 : Foreign Reserve Position* (revised), 1996 - 2006

End of Period	Bank of Tanzania		Gold reserves	Other foreign assets	SDRs	RPF	UFC	Total	Net official Position	Commercial banks		Net Liquid foreign	Other foreign Liabilities	Net foreign assets	net position	
	Assets	Liabilities								assets	Liabilities					
June: 1996	121,815.1	41,359.4	17,595.9	266.8	268.4	8,947.7	112,015.8	-4,481.4	-4,481.4	211,751.1	2,857.3	208,893.8	1,438.0	1,703.3	208,628.4	204,147.0
1997	259,292.3	65,663.0	19,186.3	237.5	260.9	8,695.2	96,760.0	125,249.1	125,249.1	243,284.7	2,630.4	240,654.2	7,773.3	800.3	247,027.3	372,876.4
1998	304,521.9	19,809.2	20,617.7	153.8	265.3	8,843.8	148,966.6	164,620.0	164,620.0	226,680.1	1,743.2	224,936.9	20,829.8	121.0	245,645.7	410,265.7
1999	412,222.9	40,169.4	23,002.2	420.7	295.7	9,856.3	205,918.3	199,709.6	199,709.6	267,295.6	417.3	266,878.4	5,842.0	125.8	272,594.6	472,304.2
2000	564,478.7	33,890.3	25,235.2	263.8	320.6	10,685.5	253,140.3	313,953.3	313,953.3	386,836.1	79.8	393,598.9	7,924.8	125.8	393,598.9	707,352.1
2001	833,270.5	71,448.7	28,028.1	179.1	332.3	11,077.8	287,779.6	513,659.5	513,659.5	456,880.1	7,693.4	449,186.7	43,537.2	163.5	492,560.4	1,006,219.9
2002	1,111,165.8	64,896.4	24,076.9	426.7	38.6	12,598.1	352,921.4	730,488.3	730,488.3	547,712.0	3,054.2	544,657.8	42,132.0	11,048.6	575,741.3	1,306,229.6
2003	1,704,048.4	114,331.2	28,920.3	157.0	273.1	14,660.3	418,691.9	1,215,036.0	1,215,036.0	638,738.5	2,988.3	635,940.2	20,508.9	198.8	656,449.9	1,871,286.0
2004	2,062,664.1	150,444.3	0.0	488.1	146.8	16,250.7	460,231.8	1,468,873.6	1,468,873.6	602,793.9	3,853.4	598,940.5	51,681.0	133.7	650,487.8	2,119,361.4
2005	2,200,117.3	128,916.6	0.0	665.2	58.3	16,434.3	422,345.3	1,666,013.2	1,666,013.2	22,851.7	611,458.9	72,235.8	4,611.4	679,083.2	2,345,096.4	2,134,182.7
2006	2,480,386.8	272,379.6	0.0	929.3	80.7	18,385.8	15,444.1	2,211,958.9	2,211,958.9	87,606.3	592,072.4	60,562.1	27,831.5	624,803.0	2,836,761.9	2,279,294.3
2005: Mar	2,329,775.8	156,031.7	-	566.5	119.3	16,660.5	442,674.6	1,748,415.8	1,748,415.8	22,072.4	635,082.5	61,705.0	5,627.4	691,760.2	2,440,176.0	2,178,747.4
Jun	2,200,117.3	128,916.6	-	665.2	58.3	16,434.3	422,345.3	1,666,013.2	1,666,013.2	22,851.7	611,458.9	72,235.8	4,611.4	679,083.2	2,345,096.4	2,134,182.7
Sep	2,282,696.8	346,846.1	-	280.0	60.8	16,482.2	412,621.5	1,540,052.1	1,540,052.1	16,371.6	601,243.6	100,417.3	40,239.3	661,421.6	2,201,473.7	2,289,760.4
Dec	2,523,107.7	361,351.1	-	349.7	821.8	16,656.3	399,137.1	1,780,447.3	1,780,447.3	27,571.8	614,983.2	75,058.6	27,663.2	662,378.6	2,442,826.0	2,379,909.3
2006: Mar	2,601,255.7	263,348.8	-	596.8	449.6	17,630.6	11,647.8	2,344,936.1	2,344,936.1	72,316.5	533,011.7	67,784.6	27,928.0	572,868.3	2,917,804.4	2,462,099.7
Jun	2,480,386.8	272,379.6	-	929.3	80.7	18,385.8	15,444.1	2,211,958.9	2,211,958.9	87,606.3	592,072.4	60,562.1	27,831.5	624,803.0	2,836,761.9	2,279,294.3
2005-January	2,399,004.0	262,970.6	-	500.6	411.5	16,760.2	456,463.4	1,697,242.3	1,697,242.3	14,995.0	646,417.3	76,974.3	702.3	722,689.4	2,419,931.7	2,312,919.5
February	2,407,131.7	181,148.3	-	292.1	122.0	17,038.0	447,933.9	1,795,501.5	1,795,501.5	13,285.8	624,481.3	70,611.9	100.4	694,992.8	2,490,494.3	2,318,994.8
March	2,329,775.8	156,031.7	-	566.5	119.3	16,660.5	442,674.6	1,748,415.8	1,748,415.8	22,072.4	635,082.5	61,705.0	5,627.4	691,760.2	2,440,176.0	2,178,747.4
April	2,320,867.6	157,742.2	-	422.7	370.7	16,724.6	444,377.3	1,736,266.2	1,736,266.2	17,238.0	708,492.3	60,850.4	4,457.8	764,884.9	2,501,151.1	2,141,542.4
May	2,276,894.4	165,168.3	-	553.4	59.2	16,690.2	434,882.2	1,694,146.7	1,694,146.7	16,068.1	618,242.5	59,692.1	6,195.7	671,739.0	2,365,885.6	2,114,512.7
June	2,200,117.3	128,916.6	-	665.2	58.3	16,434.3	422,345.3	1,666,013.2	1,666,013.2	22,851.7	611,458.9	72,235.8	4,611.4	679,083.2	2,345,096.4	2,134,182.7
July	2,156,353.3	127,910.8	-	464.3	387.8	16,468.5	421,223.5	1,622,539.5	1,622,539.5	15,443.9	614,916.0	62,627.2	4,701.8	672,841.5	2,295,381.0	2,128,834.6
August	2,161,993.7	177,257.1	-	446.6	61.0	16,551.8	414,363.4	1,587,432.8	1,587,432.8	20,779.8	588,732.5	73,928.1	24,656.7	638,003.9	2,225,136.7	2,131,384.3
September	2,282,696.8	346,846.1	-	280.0	60.8	16,482.2	412,621.5	1,540,052.1	1,540,052.1	16,371.6	601,243.6	100,417.3	40,239.3	661,421.6	2,201,473.7	2,289,760.4
October	2,481,085.9	303,597.0	-	432.4	558.2	17,568.6	411,469.7	1,783,578.3	1,783,578.3	22,997.8	651,882.0	87,828.1	36,800.7	702,909.4	2,486,487.7	2,328,838.7
November	2,634,387.2	339,993.6	-	526.1	209.1	17,048.0	414,611.5	1,897,565.3	1,897,565.3	11,825.5	637,605.7	58,959.6	31,072.9	665,492.4	2,563,057.7	2,372,331.9
December	2,523,107.7	361,351.1	-	349.7	821.8	16,656.3	399,137.1	1,780,447.3	1,780,447.3	27,571.8	614,983.2	75,058.6	27,663.2	662,378.6	2,442,826.0	2,379,909.3
2006-January	2,594,295.5	356,338.6	-	586.7	843.8	17,102.6	12,124.4	2,244,365.6	2,244,365.6	652,425.0	622,905.1	76,482.5	4,078.0	695,309.7	2,939,075.3	2,408,352.9
February	2,587,942.2	331,261.7	-	368.6	433.5	17,001.7	9,272.8	2,265,211.5	2,265,211.5	51,838.5	562,356.9	62,794.7	27,343.7	597,808.0	2,863,019.5	2,462,058.1
March	2,601,255.7	263,348.8	-	596.8	449.6	17,630.6	11,647.8	2,344,936.1	2,344,936.1	72,316.5	533,011.7	67,784.6	27,928.0	572,868.3	2,917,804.4	2,462,099.7
April	2,662,245.2	277,252.2	-	327.4	547.0	17,935.2	23,337.3	2,380,465.4	2,380,465.4	69,833.5	575,157.6	64,682.8	28,552.9	611,287.5	2,991,752.9	2,357,490.8
May	2,618,584.5	274,527.3	-	399.0	82.4	18,774.8	15,770.8	2,347,542.6	2,347,542.6	72,122.9	557,208.1	78,585.2	27,873.6	607,919.7	2,955,462.3	2,305,218.6
June	2,480,386.8	272,379.6	-	929.3	80.7	18,385.8	15,444.1	2,211,958.9	2,211,958.9	87,606.3	592,072.4	60,562.1	27,831.5	624,803.0	2,836,761.9	2,279,294.3

Source: Bank of Tanzania

Source: Bank of Tanzania



A5.0 External Debt Developments

Table A5.1: External Debt Developments, 1996 - 2006

Millions of US \$

Item	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
1. Overall Total Debt Committed ¹	8,100.8	7,901.7	7,972.9	7,595.7	7,702.3	8,032.8	7,606.6	8,088.3	8,345.1	8,638.9
Disbursed outstanding debt	6,600.3	6,435.8	6,580.3	6,538.3	6,312.2	6,559.7	6,233.0	6,678.3	6,799.5	6,971.1
Undisbursed debt	1,500.5	1,465.9	1,392.6	1,057.4	1,390.1	1,473.1	1,373.6	1,410.0	1,545.6	1,667.7
2. Disbursed Debt by Creditor Category ²	6,600.3	6,435.8	6,580.3	6,538.3	6,312.2	6,559.7	6,233.0	6,678.3	6,799.5	6,971.1
o/w: Bilateral debt	3,044.9	2,785.8	2,791.8	2,514.1	2,289.1	2,277.1	1,633.7	1,483.6	1,502.3	1,492.5
Multilateral debt	3,142.5	3,179.4	3,330.1	3,571.5	3,530.6	3,808.5	4,088.3	4,570.0	4,626.3	4,720.6
Commercial debt	214.9	270.6	251.5	264.9	307.9	302.5	330.6	391.2	416.4	481.7
Export credits	198.0	200.0	206.9	187.8	184.7	171.6	180.5	233.5	254.5	276.4
3. Disbursed Debt by Borrower Category ²	6,600.3	6,435.8	6,580.3	6,538.3	6,312.2	6,559.7	6,233.0	6,678.3	6,799.5	6,971.1
o/w: Central Government	6,233.8	6,017.4	6,168.2	6,092.6	5,844.0	6,054.8	5,708.0	6,092.0	5,830.6	5,971.2
Public Corporations	167.0	171.8	165.1	183.2	172.2	153.8	152.2	149.1	477.5	445.4
Private Sector	199.5	246.6	247.0	262.5	296.0	351.1	372.9	437.2	491.5	554.6
4. Disbursed Debt by Use of Funds ²	6,600.3	6,435.8	6,580.3	6,538.3	6,312.2	6,559.7	6,233.0	6,678.3	6,799.5	6,971.1
o/w: Balance of payment support	1,524.7	1,493.1	1,512.2	1,648.1	1,524.2	1,639.0	1,166.0	1,275.1	1,335.1	1,392.6
Transport & Telecommunication	1,339.9	1,306.5	1,337.8	1,067.4	1,021.1	1,027.9	1,047.8	1,085.1	1,073.5	1,087.9
Agriculture	950.4	913.9	963.8	1,040.2	990.9	1,007.8	1,034.7	967.7	1,077.8	1,050.1
Energy & Mining	745.8	791.6	821.8	869.0	824.3	902.9	895.0	924.3	1,070.3	955.2
Industries	567.6	527.7	504.4	430.0	413.8	402.3	411.2	352.7	405.5	409.0
Social Welfare & Education	257.4	276.7	292.7	426.5	332.0	384.4	421.7	333.3	611.7	647.3
Finance and Insurance	184.8	167.3	215.5	122.8	131.2	77.9	76.9	82.3	96.6	98.7
Tourism	92.4	77.2	80.2	84.1	82.0	83.8	88.2	80.2	80.1	80.8
Others	937.2	881.7	851.9	850.2	992.7	1,033.7	1,091.6	1,577.5	1,048.9	1,249.8
5. Total Amount of Loans Contracted ¹	592.4	318.8	212.5	224.4	417.6	517.9	277.3	229.7	376.4	56.3
Government	475.3	306.3	159.9	220.2	285.7	465.3	259.8	209.4	335.4	38.5
Public Corporations	0.0	3.3	4.6	-	-	0.0	0.0	0.0	0.0	0.0
Private	117.1	9.2	48.0	4.2	131.0	52.6	17.5	20.3	41.0	17.8
6. Disbursements ¹	341.7	307.9	189.2	267.7	169.7	184.8	169.0	234.7	190.2	142.0419
Government	336.6	239.7	187.4	264.5	169.6	160.5	163.7	205.9	161.4	116.4
Public Corporations	0.0	9.8	1.3	-	-	-	0.0	2.0	0.0	0.0
Private	5.1	58.4	0.5	3.2	0.1	24.3	5.3	26.8	28.8	25.7
7. Scheduled Debt Service ¹	434.9	352.8	368.9	428.2	422.0	400.0	369.0	334.4	355.1	373.6
8. Actual Debt Service ¹	218.7	204.6	187.9	190.9	120.9	89.1	112.4	99.3	112.9	90.3
Principal	122.6	138.0	112.2	140.5	100.1	47.9	86.6	68.6	86.0	60.3
Interest	95.5	66.4	75.6	49.6	20.8	41.2	25.8	30.6	26.9	30.0
Others	0.6	0.2	0.1	0.8	-	0.0	0.0	0.1	0.0	0.0
9. Net Transfers	123.0	103.3	1.3	76.8	48.8	95.7	56.6	135.4	77.3	51.8
10. Total Arrears by Creditor Category ²	2,443.2	2,357.6	2,660.5	2,239.0	2,304.9	1,820.2	2,056.5	2,297.8	2,470.5	2,374.7
o/w : Principal	1,465.0	1,408.8	1,571.1	1,152.5	1,135.0	915.9	1,021.4	1,119.1	1,135.2	1,116.4
Bilateral	1,173.1	1,134.1	1,235.4	810.7	803.8	570.5	611.6	658.8	669.4	609.0
Multilateral*	14.6	10.3	23.0	0.0	0.0	39.9	45.1	28.3	5.9	11.9
Commercial	83.5	91.9	132.4	185.0	165.4	152.9	203.7	240.2	249.2	275.0
Other Private Creditors	193.8	172.5	180.3	156.8	165.8	152.6	161.0	191.8	210.7	220.4
Interest	978.2	948.8	1,089.4	1,086.5	1,169.9	904.3	1,035.1	1,178.7	1,335.3	1,258.3
Bilateral	705.0	654.3	740.0	739.5	780.4	522.7	577.7	693.0	818.8	682.2
Multilateral*	4.2	6.0	8.3	0.0	0.0	54.1	68.4	27.3	23.4	22.0
Commercial	156.2	163.9	204.3	261.1	294.5	222.2	268.3	287.1	333.7	372.9
Other Private Creditors	112.8	124.6	136.8	85.9	95.0	105.3	120.7	171.3	159.4	181.2
11. Total Debt Stock	8,841.1	8,574.8	8,807.9	8,773.9	8,401.2	8,328.5	8,109.7	8,742.1	9,087.5	9,635.4
External Debt Stock	7,578.5	7,384.6	7,669.7	7,624.8	7,482.1	7,464.0	7,268.1	7,856.9	8,134.8	8,229.5
Domestic Debt Stock	1,262.6	1,190.2	1,138.2	1,149.1	919.1	864.5	841.6	885.3	952.6	1,405.9
12. Export of Goods and Services	1,419.8	1,226.7	1,109.8	1,143.5	1,290.6	1,436.2	1,996.8	2,221.0	2,521.2	3,034.8
13. External Debt Service	218.7	204.6	187.9	190.9	120.9	89.1	112.4	99.3	112.9	90.3
14. GDP at factor cost	5,394.7	6,908.0	8,203.0	8,082.3	8,502.4	8,579.3	9,089.9	9,224.7	11,303.0	13,853.1
15. External Debt Stock as % of GDP	140.5	106.9	93.5	94.3	88.0	87.0	80.0	85.2	72.0	59.4
16. Total Debt Stock as % of GDP	163.9	124.1	107.4	108.6	98.8	97.1	89.2	94.8	80.4	69.6
17. External debt service as % of exports	17.0	18.1	16.9	16.7	9.4	6.2	5.6	4.5	4.5	3.0
18. External debt as % of Exports	533.8	602.0	691.1	666.8	579.7	519.7	364.0	353.8	322.7	271.2
End of Period Exchange Rate (TZS/US\$)	624.1	665.0	737.0	799.5	888.0	945.9	1,047.4	1,107.3	1,126.3	1,253.1

NB. Multilateral*: multilateral arrears are those owed by the private companies

¹ During the period. ² End of June 2006 cumulative.

Source: Bank of Tanzania



A6.1 Zanzibar Output and Prices

Table A6.1.1: Gross Domestic Product at Factor Cost by Kind of Economic Activity, at Current Prices, 1996-2005

Millions of TZS

Item	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005*
Agriculture, forestry & fishing	24,378	27,340	29,211	35,958	44,086	56,488	63,637	61,312	80,435	92,116
Crops	12,613	14,416	15,609	19,165	24,200	35,943	40,086	35,552	47,282	51,287
Livestock	7,481	7,775	7,709	7,500	9,352	9,421	10,645	12,222	14,786	16,281
Forestry & hunting	367	542	550	560	918	1,060	1,083	1,097	1,182	1,269
Fishing	3,916	4,607	5,343	8,733	9,615	10,064	11,823	12,441	17,186	23,280
Industry	18,162	20,849	20,151	22,173	21,125	24,601	29,783	37,641	45,903	53,581
Mining & quarrying	848	977	963	925	984	1,130	1,508	2,236	2,512	3,190
Manufacturing	6,324	7,811	9,297	10,362	10,736	11,274	13,708	16,846	17,230	19,399
Electricity, gas & water supply	2,226	2,576	2,754	2,889	3,465	3,660	4,249	4,727	5,639	6,436
Construction	8,764	9,484	7,138	7,997	5,940	8,537	10,319	13,832	20,522	24,555
Services	52,323	65,800	71,557	78,174	93,873	106,634	126,138	148,605	173,687	200,453
Trade & repairs	15,226	16,221	14,460	17,885	19,479	23,722	25,408	27,812	30,628	35,597
Hotels & restaurants	7,575	11,228	11,817	12,556	15,710	13,317	16,083	16,129	19,870	30,581
Transport & communications	6,764	7,809	7,616	8,763	11,021	13,868	15,725	23,522	27,005	36,095
Financial intermediation	1,480	1,675	1,592	2,048	2,678	2,939	3,771	4,581	5,569	7,464
Real estate & business services	1,438	1,690	1,775	1,871	2,095	2,266	2,501	2,863	3,240	3,729
Public administration	12,194	17,233	22,488	22,794	28,600	34,046	43,315	50,579	60,138	56,729
Education	5,874	7,632	9,058	9,406	10,914	12,655	14,852	17,356	20,556	22,660
Health	1,325	1,760	2,129	2,175	2,596	2,954	3,514	4,622	5,357	6,091
Other social & personal services	448	552	622	675	780	867	969	1,142	1,324	1,507
Adjustment to market prices										
Taxes on products	16,624	22,399	28,205	29,635	31,432	34,676	36,393	39,073	44,301	49,569
GDP at factor cost	94,862	113,989	120,919	136,305	159,084	187,723	219,559	247,558	300,025	346,150
Population "000"	814	636	864	889	916	944	982	1,011	1,041	1,072
GDP per capita: TZS "000"	137.0	214.4	172.6	186.7	208.0	235.6	260.6	283.5	330.8	369.1
Exchange rate: TZS/USD	597.0	628.0	650.0	773.0	800.0	889.0	946.0	1040.0	1091.0	1127.9

* Provisional

Source: Office of Chief Government Statistician-Zanzibar

A6.1 Zanzibar Output and Prices

Table A6.1.2: Gross Domestic Product at Factor Cost by Kind of Economic Activity, Percentage Share in Total GDP, at Current Prices, 1996-2005

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005*
	Percent									
Agriculture, forestry & fishing	21.9	20.0	19.6	21.7	23.1	25.4	24.9	21.4	23.4	23.3
Crops	11.3	10.6	10.5	11.5	12.7	16.2	15.7	12.4	13.7	13.0
Livestock	6.7	5.7	5.2	4.5	4.9	4.2	4.2	4.3	4.3	4.1
Forestry & hunting	0.3	0.4	0.4	0.3	0.5	0.5	0.4	0.4	0.3	0.3
Fishing	3.5	3.4	3.6	5.3	5.0	4.5	4.6	4.3	5.0	5.9
Industry	16.3	15.3	13.5	13.4	11.1	11.1	11.6	13.1	13.3	13.5
Mining & quarrying	0.8	0.7	0.6	0.6	0.5	0.5	0.6	0.8	0.7	0.8
Manufacturing	5.7	5.7	6.2	6.2	5.6	5.1	5.4	5.9	5.0	4.9
Electricity, gas & water supply	2.0	1.9	1.8	1.7	1.8	1.6	1.7	1.6	1.6	1.6
Construction	7.9	7.0	4.8	4.8	3.1	3.8	4.0	4.8	6.0	6.2
Services	46.9	48.2	48.0	47.1	49.3	47.9	49.3	51.8	50.4	50.7
Trade & repairs	13.7	11.9	9.7	10.8	10.2	10.7	9.9	9.7	8.9	9.0
Hotels & restaurants	6.8	8.2	7.9	7.6	8.2	6.0	6.3	5.6	5.8	7.7
Transport & communications	6.1	5.7	5.1	5.3	5.8	6.2	6.1	8.2	7.8	9.1
Financial intermediation	1.3	1.2	1.1	1.2	1.4	1.3	1.5	1.6	1.6	1.9
Real estate & business services	1.3	1.2	1.2	1.1	1.1	1.0	1.0	1.0	0.9	0.9
Public administration	10.9	12.6	15.1	13.7	15.0	15.3	16.9	17.6	17.5	14.3
Education	5.3	5.6	6.1	5.7	5.7	5.7	5.8	6.1	6.0	5.7
Health	1.2	1.3	1.4	1.3	1.4	1.3	1.4	1.6	1.6	1.5
Other social & personal services	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Adjustment to market prices	14.9	16.4	18.9	17.9	16.5	15.6	14.2	13.6	12.9	12.5
Total GDP at factor cost	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

* Provision

Source: Office of Chief Government Statistician-Zanzibar



A6.1 Zanzibar Output and Prices

Table A6.1.3: Gross Domestic Product (GDP) at Factor Cost by Kind of Economic Activity, at 2001 Constant Prices, 1996 - 2005

Millions of TZS

Item	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005*
Agriculture, forestry & fishing	47,571	45,921	45,718	50,265	49,612	56,488	55,614	57,960	59,579	61,001
Crops	33,265	30,659	29,523	30,983	30,692	35,943	34,823	36,557	37,289	37,622
Livestock	7,965	8,236	8,517	8,808	9,109	9,421	9,744	10,087	10,442	10,810
Forestry & hunting	892	939	954	971	990	1,060	1,083	1,097	1,138	1,179
Fishing	5,449	6,086	6,724	9,504	8,822	10,064	9,964	10,219	10,710	11,390
Industry	26,051	27,483	24,755	25,585	22,956	24,601	28,056	32,634	36,726	39,147
Mining & quarrying	1,056	1,083	1,067	1,020	1,016	1,130	1,432	1,946	2,028	2,342
Manufacturing	11,252	12,894	12,567	12,381	12,275	11,274	13,013	14,663	13,909	14,239
Electricity, gas & water supply	2,834	2,987	3,204	3,370	3,537	3,660	3,815	3,985	4,223	4,542
Construction	10,909	10,519	7,917	8,814	6,129	8,537	9,796	12,040	16,567	18,024
Services	69,987	78,572	83,620	89,955	99,175	106,634	120,095	125,213	133,588	142,702
Trade & repairs	18,962	17,974	16,020	19,696	20,095	23,722	24,130	24,217	24,748	26,169
Hotels & restaurants	9,429	12,452	13,105	13,838	16,211	13,317	15,268	14,039	15,649	21,899
Transport & communications	6,851	8,356	8,653	10,755	12,328	13,868	16,349	19,756	21,123	27,487
Financial intermediation	1,834	1,843	1,749	2,240	2,703	2,939	3,543	3,853	4,587	5,214
Real estate & business services	1,816	1,897	1,983	2,072	2,167	2,266	2,371	2,482	2,598	2,720
Public administration	19,111	22,859	27,611	26,893	30,454	34,046	40,401	41,773	44,657	38,616
Education	9,206	10,124	11,121	11,098	11,622	12,655	13,853	14,334	15,265	15,425
Health	2,077	2,334	2,615	2,566	2,764	2,954	3,277	3,818	3,978	4,146
Other social & personal services	702	732	764	797	831	867	904	943	984	1,026
Adjustment to market prices	0	0	0	0	0	0	0	0	0	0
Taxes on products	26,527	28,072	28,464	30,627	31,724	34,676	37,639	39,863	42,428	44,666
Total GDP at factor cost	143,609	151,975	154,093	165,805	171,744	187,723	203,766	215,807	229,893	242,850

*Provisional

Source: Office of Chief Government Statistician-Zanzibar

A6.1 Zanzibar Output and Prices



A6.1 Zanzibar Output and Prices

Table A6.1.4: Gross Domestic Product at Factor Cost by Kind of Economic Activity, Percentage Share in Total GDP, at 2001 Constant Prices, 1996 - 2005

Item	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005*
Agriculture, forestry & fishing	24.0	-3.5	-0.4	9.9	-1.3	13.9	-1.5	4.2	2.8	2.4
Crops	36.0	-7.8	-3.7	4.9	-0.9	17.1	-3.1	5.0	2.0	0.9
Livestock	3.0	3.4	3.4	3.4	3.4	3.4	3.4	3.5	3.5	3.5
Forestry & hunting	-3.3	5.3	1.6	1.8	1.9	7.0	2.2	1.3	3.7	3.6
Fishing	3.9	11.7	10.5	41.3	-7.2	14.1	-1.0	2.6	4.8	6.3
Industry	15.9	5.5	-9.9	3.4	-10.3	7.2	14.0	16.3	12.5	6.6
Mining & quarrying	7.4	2.6	-1.5	-4.5	-0.4	11.3	26.7	36.0	4.2	15.5
Manufacturing	53.4	14.6	-2.5	-1.5	-0.9	-8.2	15.4	12.7	-5.1	2.4
Electricity, gas & water supply	6.1	5.4	7.2	5.2	4.9	3.5	4.3	4.4	6.0	7.6
Construction	-5.1	-3.6	-24.7	11.3	-30.5	39.3	14.7	22.9	37.6	8.8
Services	11.3	12.3	6.4	7.6	10.2	7.5	12.6	4.3	6.7	6.8
Trade & repairs	22.9	-5.2	-10.9	22.9	2.0	18.1	1.7	0.4	2.2	5.7
Hotels & restaurants	29.9	32.1	5.2	5.6	17.1	-17.9	14.6	-8.1	11.5	39.9
Transport & communications	-1.1	22.0	3.6	24.3	14.6	12.5	17.9	20.8	6.9	30.1
Financial intermediation	21.1	0.5	-5.1	28.1	20.7	8.7	20.6	8.7	19.1	13.7
Real estate & business services	4.4	4.5	4.5	4.5	4.6	4.6	4.6	4.7	4.7	4.7
Public administration	2.1	19.6	20.8	-2.6	13.2	11.8	18.7	3.4	6.9	-13.5
Education	6.0	10.0	9.8	-0.2	4.7	8.9	9.5	3.5	6.5	1.1
Health	6.7	12.4	12.0	-1.8	7.7	6.9	11.0	16.5	4.2	4.2
Other social & personal services	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3
Total GDP at factor cost	16.1	5.8	1.4	7.6	3.6	9.3	8.5	5.9	6.5	5.6

* Provisional

Source: Office of Chief Government Statistician-Zanzibar



A6.1 Zanzibar Output and Prices

Table A6.1.5: Gross Domestic Product (GDP) at Factor Cost by Kind of Economic Activity, Percentage Annual Growth Rates, at 2001 Constant Prices, 1996 - 2005

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005*
Agriculture, forestry & fishing	24.0	-3.5	-0.4	9.9	-1.3	13.9	-1.5	4.2	2.8	2.4
Crops	36.0	-7.8	-3.7	4.9	-0.9	17.1	-3.1	5.0	2.0	0.9
Livestock	3.0	3.4	3.4	3.4	3.4	3.4	3.4	3.5	3.5	3.5
Forestry & hunting	-3.3	5.3	1.6	1.8	1.9	7.0	2.2	1.3	3.7	3.6
Fishing	3.9	11.7	10.5	41.3	-7.2	14.1	-1.0	2.6	4.8	6.3
Industry	15.9	5.5	-9.9	3.4	-10.3	7.2	14.0	16.3	12.5	6.6
Mining & quarrying	7.4	2.6	-1.5	-4.5	-0.4	11.3	26.7	36.0	4.2	15.5
Manufacturing	53.4	14.6	-2.5	-1.5	-0.9	-8.2	15.4	12.7	-5.1	2.4
Electricity, gas & water supply	6.1	5.4	7.2	5.2	4.9	3.5	4.3	4.4	6.0	7.6
Construction	-5.1	-3.6	-24.7	11.3	-30.5	39.3	14.7	22.9	37.6	8.8
Services	11.3	12.3	6.4	7.6	10.2	7.5	12.6	4.3	6.7	6.8
Trade & repairs	22.9	-5.2	-10.9	22.9	2.0	18.1	1.7	0.4	2.2	5.7
Hotels & restaurants	29.9	32.1	5.2	5.6	17.1	-17.9	14.6	-8.1	11.5	39.9
Transport & communications	-1.1	22.0	3.6	24.3	14.6	12.5	17.9	20.8	6.9	30.1
Financial intermediation	21.1	0.5	-5.1	28.1	20.7	8.7	20.6	8.7	19.1	13.7
Real estate & business services	4.4	4.5	4.5	4.5	4.6	4.6	4.6	4.7	4.7	4.7
Public administration	2.1	19.6	20.8	-2.6	13.2	11.8	18.7	3.4	6.9	-13.5
Education	6.0	10.0	9.8	-0.2	4.7	8.9	9.5	3.5	6.5	1.1
Health	6.7	12.4	12.0	-1.8	7.7	6.9	11.0	16.5	4.2	4.2
Other social & personal services	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3
Total GDP at factor cost	16.1	5.8	1.4	7.6	3.6	9.3	8.5	5.9	6.5	5.6

* Provisional

Source: Office of Chief Government Statistician-Zanzibar



A6.1 Zanzibar Output and Prices

Table A6.1.6 Marketed Production of Major Export Commodities, 1996-2005

Crop	Metric tons									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005*
Cloves	10,339.0	2,506.0	204.0	8,027.3	460.0	2,061.9	5,959.8	5,219.0	4,097.6	3,266.7
Copra	2,223.0	1,207.0	93.6	296.4	972.4	254.6	0.0	0.0	0.0	0.0
Chilies	3.5	0.2	0.3	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Clove Stems	1,624.0	771.1	19.9	19.0	242.1	323.5	187.3	497.0	476.0	350.5
Seaweeds	4,861.0	3,667.0	3,394.0	6,607.0	4,990.7	8,117.0	9,090.7	9,261.0	7,184.5	8,512.1

* Provisional

Source: Office of Chief Government Statistician-Zanzibar



A6.1 Zanzibar Output and Prices

Table A6.1.7: Production of Selected Commodities, 1996-2005

Commodity	Units	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005*
Wheat Flour	Ton	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	16,753.0	14,648.5
Sugar	Tons	896.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Beverage	Litres'000'	2,524.0	3,496.0	3,950.0	4,251.0	6,320.0	5,689.0	5,419.0	6,250.0	0.0	0.0
Animal Feed	Tons	3,278.0	3,573.0	3,869.0	2,848.0	2,206.0	1,534.0	1,674.0	1,520.0	1,277.0	985.0
Cigarattes	Cartons	3,456.0	8,398.0	7,908.0	5,697.0	3,600.0	1,281.0	0.0	0.0	0.0	0.0
Soft Drinks	Liters"Mill."	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3,996.2	3,656.6
Soap & Detergent	Tons	141.7	86.6	158.5	127.5	316.1	195.4	330.0	76.9	55.2	85.6
Super Shine Audio	Cartoon	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	54,685.0	47,976.5
Super Shine Video	Cartoon	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	40,577.0	31,038.5
Coconut oil	Tons	3,833.0	3,872.0	335.0	522.0	188.0	233.0	147.0	3.1	66.0	67.0
Clove Oil	Kg	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3,832.0	1,916.0
Steam Oil (Clove)	Kg	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12,074.0	6,037.0
Bread	No.'000'	45,770.0	47,143.0	48,557.0	50,014.0	20,585.0	53,059.0	54,519.0	44,048.0	68,706.0	62,919.5
Diary Products	Litres'000'	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dash Dash Fashion	Pcs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4,929.0	3,904.5
Copra Cakes	Tons	134.0	322.0	124.0	58.0	70.0	61.0	54.0	2.0	59.0	41.0
Gold(Jewellery)	Grams	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,127.0	913.5
Silver(Jewellery)	Grams	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	19,010.0	14,659.5
Noodles	Kg	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	193,656.0	131,950.5
Mineral Water	Liters"Mill."	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3,136.0	2,975.1
Others	Kg	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2,734.8	2,669.1

Source: Office of Chief Government Statistician - Zanzibar.**Note:-**

* Provisional

0 = No Production



A6.1 Zanzibar Output and Prices

Table A6.1.8: Consumer Price Index (CPI), 1993-2003

1991=100

End of Period	Food			Non Food								
	General Index		Total	Drinks and Tobacco		Fuel and light	Clothing and footwear	Furniture and utensils	Household operations	Personal care & health	Recreation- & entertainment	Transport
				Rent								
Weights	100.0	75.9	24.1	1.2	1.4	7.5	5.8	1.2	2.5	0.6	0.5	3.4
1993	152.7	148.8	164.9	166.7	117.9	223.9	106.9	173.7	156.5	106.6	131.2	171.5
1994	187.7	189.6	181.9	238.2	157.1	246.4	101.3	205.2	159.0	118.6	146.8	192.2
1995	241.9	252.9	207.4	278.0	200.0	254.4	128.4	241.8	229.4	127.1	213.7	201.8
1996	285.5	285.0	286.9	319.5	315.5	313.8	159.8	274.0	228.9	166.1	217.2	325.8
1997	321.8	324.0	314.7	332.2	404.7	442.7	163.2	263.1	237.3	182.7	229.8	359.9
1998	324.6	322.9	329.7	328.5	523.8	474.1	154.5	276.6	236.0	191.8	242.0	355.8
1999	n/a	306.7	n/a	336.1	619.0	539.7	155.0	285.8	240.3	196.7	239.1	375.5
2000	306.5	275.1	405.0	321.6	643.2	683.1	136.7	267.1	160.6	183.4	220.7	393.7
2001	356.2	320.6	467.6	462.7	726.2	823.3	166.6	305.0	188.0	203.5	249.4	440.4
2002	374.7	342.6	475.7	463.0	761.9	823.3	177.8	326.7	201.3	207.2	253.4	442.8
2001- Mar	354.0	318.5	465.0	462.7	714.3	823.3	162.9	303.4	186.7	202.0	243.2	438.6
Jun	355.4	320.2	465.8	462.7	714.3	823.3	163.4	303.8	186.7	202.6	245.2	440.3
Sep	357.4	322.5	467.1	462.7	714.3	823.3	166.0	303.9	186.7	203.9	246.2	440.9
Dec	357.8	321.1	472.5	462.7	761.9	823.3	173.9	308.7	192.0	205.3	262.9	442.0
2002 -Mar	370.3	337.5	474.2	463.0	761.9	823.3	175.1	321.9	194.7	205.4	238.7	442.5
Jun	372.8	340.5	474.6	463.0	761.9	823.3	176.7	324.0	200.9	206.0	238.7	442.6
Sep	372.2	339.0	476.7	463.0	761.9	823.3	178.4	328.9	204.7	208.2	265.2	442.8
Dec	383.6	353.5	477.2	463.0	761.9	823.3	180.9	331.9	204.7	209.3	271.1	443.1
2003- Mar	402.9	370.8	503.1	513.0	857.1	846.8	208.3	339.9	211.9	226.5	279.2	465.4
Jun	399.0	363.1	510.7	513.2	857.1	858.5	212.1	344.8	220.2	237.0	285.8	477.6
2002-Jan	364.2	329.6	476.1	463.0	761.9	823.3	174.1	321.9	194.7	205.3	238.7	442.5
Feb	370.1	337.2	473.1	463.0	761.9	823.3	176.2	322.0	194.7	205.4	238.7	442.5
Mar	376.5	345.7	473.4	463.0	761.9	823.3	175.1	322.0	194.7	205.4	238.7	442.5
Apr	378.4	348.1	473.9	463.0	761.9	823.3	176.4	324.0	194.7	205.8	238.7	442.5
May	367.6	333.5	474.9	463.0	761.9	823.3	176.4	324.0	204.1	206.0	238.7	442.5
Jun	372.4	339.8	475.1	463.0	761.9	823.3	177.1	324.0	204.1	206.0	238.7	442.8
Jul	370.5	337.0	476.1	463.0	761.9	823.3	178.1	328.7	204.7	207.5	265.2	442.8
Aug	374.2	341.9	476.1	463.0	761.9	823.3	178.1	328.7	204.7	207.7	265.2	442.8
Sept	371.9	338.2	478.0	463.0	761.9	823.3	179.0	329.2	204.7	209.3	265.2	442.8
Oct	373.8	340.7	476.9	463.0	761.9	823.3	180.0	329.2	204.7	209.3	271.1	443.6
Nov	383.9	353.9	477.0	463.0	761.9	823.3	180.7	329.5	204.7	209.3	271.1	442.9
Dec	393.2	366.0	477.7	463.0	761.9	823.3	181.9	336.9	204.7	209.3	271.1	442.9
2003-Jan	407.1	379.7	492.6	512.6	857.1	823.3	208.3	339.9	211.4	209.5	280.6	444.6
Feb	400.7	366.3	508.3	513.2	857.1	858.5	208.3	339.9	212.1	235.0	271.1	474.7
Mar	401.0	366.5	508.5	513.2	857.1	858.5	208.3	340.0	212.1	235.0	285.8	477.0
Apr	402.1	368.0	508.6	513.2	857.1	858.5	208.4	340.8	212.1	235.0	285.8	477.0
May	398.7	362.7	511.0	513.2	857.1	858.5	213.1	341.9	223.3	235.0	285.8	477.4
Jun	396.0	358.7	512.4	513.2	857.1	858.5	214.8	351.7	225.1	240.9	285.8	478.5

NB: March means 'End of March'....etc

* Data from July-December 1999 and for April & Oct. 2000 not available



A6.1 Zanzibar Output and Prices

Table A6.1.9: Consumer Price Index, Percentage Change from the Previous year, 1993-2003

1991=100

1991=100

End of Period	General Index	Food	Non Food									
			Total	Drinks and Tobacco	Rent	Fuel and light	Clothing and foot wear	Furniture and utensils	House hold operations	Personal care and health	Recreation- and enter- tainment	Trans- port
Weights	100.0	75.8	24.2	1.2	1.4	7.5	5.8	1.2	2.5	0.6	0.5	3.4
1993	23.2	16.7	46.1	31.2	17.9	87.0	8.8	43.9	26.0	6.6	30.6	53.9
1994	22.9	27.4	10.3	42.9	33.3	10.0	-5.2	18.1	1.6	11.2	11.9	12.1
1995	28.8	33.4	14.1	16.7	27.3	3.3	26.7	17.8	44.2	7.2	45.5	5.0
1996	18.0	21.7	38.3	14.9	57.8	23.4	24.5	13.3	13.3	30.6	1.7	61.5
1997	12.7	13.7	9.7	4.0	28.3	41.1	2.1	-2.9	3.7	10.0	5.8	10.5
1998	0.9	-0.3	4.8	-1.1	29.4	7.1	-5.3	5.1	-0.5	5.0	5.3	-1.2
1999	-3.0	-5.2	4.1	-0.2	10.6	7.0	0.0	1.5	2.3	0.8	-1.5	0.2
2000	-5.8	-9.0	2.8	-8.3	2.1	12.2	-9.1	-5.7	-20.0	-7.3	-6.7	1.0
2001	2.1	2.3	1.9	15.7	0.6	1.2	4.7	1.1	3.1	0.9	0.4	0.3
2002	5.2	6.9	-1.2	0.1	5.0	0.0	6.8	7.1	7.1	1.8	1.6	0.5
2001-Mar	3.9	3.5	4.6	37.7	0.0	3.8	7.6	2.0	6.6	1.9	-0.8	0.7
Jun	4.4	5.4	2.4	25.3	0.0	1.1	6.0	1.7	4.3	1.5	0.0	0.2
Sep	-0.1	-0.3	0.4	-0.1	0.0	0.0	3.8	0.0	0.0	0.0	0.4	0.0
Dec	0.4	0.5	0.4	0.0	2.2	0.0	1.5	0.5	1.4	0.2	2.0	0.1
2002-Mar	4.6	6.0	-9.2	0.1	6.7	0.0	7.5	6.1	4.3	1.7	-1.8	0.9
Jun	4.9	6.4	1.7	0.1	6.7	0.0	8.1	6.7	7.6	1.6	-2.6	0.5
Sep	4.1	5.1	1.7	0.1	6.7	0.0	7.4	8.2	9.7	2.1	7.7	0.4
Dec	7.2	10.1	0.8	0.1	0.0	0.0	4.0	7.5	6.6	2.0	3.1	0.3
2003-Mar	8.9	9.9	6.4	10.8	12.5	2.9	18.9	5.6	8.8	10.3	16.9	5.2
Jun	6.9	6.4	7.8	10.9	12.5	4.3	20.0	6.4	9.6	15.1	19.7	7.9
2002-Jan	1.5	1.5	-14.6	0.1	6.7	0.0	6.5	6.1	4.3	1.6	-0.1	0.9
Feb	6.9	9.4	-14.5	0.1	6.7	0.0	8.4	6.1	4.3	1.7	-2.6	0.9
Mar	5.5	7.2	1.5	0.1	6.7	0.0	7.7	6.1	4.3	1.7	-2.6	0.9
Apr	5.5	7.3	1.6	0.1	6.7	0.0	8.5	6.7	4.3	1.9	-2.6	0.8
May	6.5	8.8	1.7	0.1	6.7	0.0	8.5	6.6	9.3	2.0	-2.6	0.4
Jun	2.7	3.2	1.7	0.1	6.7	0.0	7.3	6.7	9.3	1.1	-2.6	0.4
Jul	5.0	6.4	1.9	0.1	6.7	0.0	7.8	8.2	9.7	1.8	8.2	0.4
Aug	3.7	4.5	1.8	0.1	6.7	0.0	7.2	8.2	9.7	1.8	8.2	0.4
Sep	3.8	4.5	1.5	0.1	6.7	0.0	7.2	8.3	9.7	2.7	6.8	0.4
Oct	5.4	7.3	1.3	0.1	0.0	0.0	5.6	6.6	9.7	2.0	3.1	0.6
Nov	8.0	11.4	0.6	0.1	0.0	0.0	2.9	6.7	5.1	2.0	3.1	0.1
Dec	8.3	11.6	0.7	0.1	0.0	0.0	3.6	9.1	5.1	2.0	3.1	0.1
2003-Jan	11.8	15.2	4.2	10.7	12.5	0.0	19.6	5.6	8.6	2.1	17.5	0.5
Feb	8.3	8.6	7.5	10.9	12.5	4.3	18.2	5.6	8.9	14.4	13.5	7.3
Mar	6.5	6.0	7.6	10.9	12.5	4.3	18.9	5.6	8.9	14.4	19.7	7.8
Apr	6.3	5.7	7.5	10.9	12.5	4.3	18.1	5.2	8.9	14.2	19.7	7.8
May	8.0	8.1	7.9	10.9	12.5	4.3	20.8	5.5	9.5	14.1	19.7	7.9
Jun	6.3	5.5	8.1	10.9	12.5	4.3	21.3	8.5	10.3	16.9	19.7	8.1

March means 'End of March'...etc

*Data for July to December 1999 and 2000 not available

** April data not available

Source: Department of Statistics - Zanzibar.



A6.2: Zanzibar Government Finance

Table A6.2.1: Central Government Operations (Actuals), 1996/97 - 2005/06

Item	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
Total Revenue	19,808.0	37,285.7	37,690.9	62,627.5	38,669.0	42,395.9	45,388.7	50,955.7	59,763.6	68,648.8
Tax Revenue	17,155.0	34,556.0	36,036.7	59,931.2	37,462.0	39,870.4	42,595.4	47,477.6	55,734.0	63,749.7
Tax on Imports	12,431.0	22,732.4	22,686.5	37,424.6	20,609.0	17,603.6	17,640.5	16,629.8	14,823.1	14,503.8
Sales tax and excise duties (local)	1,182.0	2,339.6	3,201.8	5,589.0	5,543.0	8,919.2	9,781.2	13,591.9	19,266.4	22,023.3
Income Tax	802.0	1,524.3	1,847.4	2,213.7	2,889.0	3,763.2	4,394.3	4,971.8	5,743.9	7,871.6
Other taxes	2,740.0	7,959.7	8,301.0	14,703.9	8,421.0	9,584.5	10,779.4	12,284.2	15,900.6	19,351.0
Non-Tax revenue	2,653.0	2,729.6	1,654.2	2,696.3	1,207.0	2,525.5	2,793.3	3,478.1	4,029.6	4,899.0
Total Expenditure	19,833.0	38,393.8	38,205.8	63,063.9	43,291.0	47,353.9	59,919.9	70,215.6	75,684.4	136,702.0
Recurrent Expenditure	19,073.0	37,758.6	37,845.5	62,465.3	42,272.0	46,016.4	57,353.6	68,985.6	72,661.8	91,246.8
Wages and Salaries	10,493.0	17,847.9	20,031.1	23,590.0	22,571.0	31,494.5	40,301.6	51,115.6	46,308.2	46,933.9
Interest Payment	0.0	0.0	217.0	1,316.6	591.0	0.0	40.3	0.0	0.0	1,029.4
Foreign	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Local	0.0	0.0	216.0	1,316.6	591.0	0.0	40.3	0.0	0.0	1,029.4
Other expenditure	8,580.0	19,910.7	17,597.4	37,558.7	19,110.0	14,521.9	17,011.6	17,870.0	26,353.6	43,283.6
Recurrent Deficit	735.0	-472.9	-154.6	162.2	-3,603.0	-3,620.5	-11,964.8	-18,029.8	-12,898.2	-22,598.0
Development Expenditure	760.0	635.2	360.3	598.6	1,019.0	1,337.5	2,566.3	1,230.0	3,022.6	45,455.2
Previous year float									0.0	
Overall Deficit before grants	-1,918.0	-1,108.1	-515.0	-438.6	-4,622.0	-4,958.0	-14,571.5	-19,259.9	-15,920.8	-68,053.3
Grants (cash)	0.0	0.0	1.0	5.0	0.0	7,797.0	10,100.0	15,295.4	16,575.5	14,770.0
Overall Deficit after grants	-1,918.0	-1,108.1	-514.0	-433.6	-4,622.0	2,839.0	-3,327.0	-3,964.5	654.7	-53,283.3
Adjustment to cash and other items	-6,183.0	5,887.9	-1,637.0	-6,347.6	-11,843.0	-4,382.4	-9,260.4	3,765.0	9,232.7	-2,959.0
Overall Deficit cheques issued	-8,101.0	6,996.0	-1,123.0	-5,914.0	-7,221.0	-7,221.4	-5,933.4	-7,729.4	-8,578.0	-50,324.3
Financing	8,101.0	-6,996.0	1,123.0	5,914.0	7,221.0	7,221.4	5,933.4	7,729.4	8,578.0	50,324.3
Program loans and I/ Support(cash)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	43,725.7
Domestic (net)	8,101.0	-6,996.0	1,123.0	5,914.0	7,221.0	7,221.4	5,933.4	7,729.4	8,578.0	11,498.6
Bank	387.0	1,823.0	4,498.0	5,914.0	7,221.0	7,221.4	0.0	0.0	0.0	0.0
Non-Bank	7,714.0	-8,819.0	-3,375.0	0.0	0.0	0.0	5,933.4	7,729.4	8,578.0	11,498.6
Amortization							1,373.1	1,105.0		-4,900.0

*Provisional

Source: Office of Chief Government Statistician-Zanzibar



A7.0 International Economic and Financial Developments

Table A7.1: Economic Performance in G-7 Countries and the Euro Area, 1996-2006

G-7		2005										2006			
		1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Q1	Q2		
Canada	Real GDP ¹	1.5	4.4	4.1	5.5	5.3	1.9	3.3	2.0	2.7	2.9	3.2	2.8	2.8	3.4
	Inflation ¹	1.6	1.4	1.0	1.7	2.7	2.5	2.3	2.0	1.8	2.3	2.1	1.9	2.7	2.3
	Interest rates ²	3.0	4.3	5.1	4.8	5.8	2.2	2.5	2.9	2.3	1.9	2.5	2.5	2.5	2.5
France	Real GDP ¹	1.1	2.0	3.6	3.2	4.2	2.1	1.1	0.3	2.2	1.6	1.7	1.8	1.8	1.5
	Inflation ¹	2.0	1.2	0.7	0.6	1.8	1.8	1.9	2.1	2.2	1.9	1.9	1.8	1.8	2.3
	Interest rates ²	3.7	3.2	3.4	4.3	4.6	4.3	4.0	3.5	3.3	2.5	3.3	3.3	3.3	3.3*
											0.0				
Germany	Real GDP ¹	0.8	1.4	2.0	2.0	2.9	0.8	0.1	-0.1	1.6	1.7	1.6	1.9	1.8	1.4
	Inflation ¹	1.5	1.8	0.6	0.6	1.4	1.9	1.3	1.1	1.7	1.9	1.7	1.6	2.1	2.0
	Interest rates ²	3.3	3.2	3.4	2.7	4.1	4.4	3.3	2.3	1.8	2.1	2.1	2.1	2.1	2.1
Italy	Real GDP ¹	1.1	1.8	1.8	1.7	3.1	1.8	0.4	0.4	1.1	0.3	-0.5	0.7	1.0	1.5
	Inflation ¹	3.9	1.7	2.0	1.7	2.6	2.7	2.6	2.7	2.2	2.2	2.0	2.2	2.2	2.3
	Interest rates ²	8.8	6.9	5.0	3.0	4.4	4.3	3.3	2.3	2.1	1.6	2.1	2.1	2.1	2.1*
Japan	Real GDP ¹	5.1	1.6	-1.1	0.2	2.8	0.4	-0.4	2.5	3.4	1.6	0.9	1.2	1.5	3.4
	Inflation ¹	0.1	1.7	0.6	-0.3	-0.9	-0.7	-0.9	-0.2	0.0	0.2	-0.2	0.2	0.3	0.3
	Interest rates ²	0.5	0.5	0.4	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
UK	Real GDP ¹	2.6	3.4	2.9	2.4	3.1	2.1	1.9	2.3	3.2	4.0	3.2	3.7	4.2	4.8
	Inflation ¹	3.0	2.8	2.7	2.3	2.1	2.1	2.2	2.8	1.4	2.3	2.2	2.2	2.4	2.3
	Interest rates ²	5.0	5.5	7.2	5.2	5.3	4.3	3.9	3.6	4.3	3.6	4.8	4.8	4.8	4.8*
USA	Real GDP ¹	3.7	4.5	4.2	4.5	3.7	0.8	1.9	3.0	4.4	3.5	3.5	3.4	3.8	3.6
	Inflation ¹	2.9	2.3	1.5	2.2	3.4	2.8	1.6	2.3	2.7	3.2	3.0	2.9	3.0	3.7
	Interest rates ²	5.3	5.5	5.4	5.0	6.2	3.9	1.7	1.1	1.1	1.7	2.3	2.2	2.2	2.2*
EURO AREA	Real GDP ¹														
	Inflation ¹														
	Interest rates ²														

¹ Annual percent change,² Percent

*Provisional

n.a- figures are not available

Source: IMF World Economic Outlook, April 2004 IFS, *The Economist, Various issues.

Table A7.2: World Market Prices for Selected Commodities, 1996-2006

Commodity	Unit Price	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005				2006	
											Q1	Q2	Q3	Q4	Q1	Q2
Coffee (arabica)	US\$/Kg	2.7	4.1	2.9	2.3	1.9	1.4	1.4	1.4	1.8	2.5	2.7	2.8	2.3	2.6	2.4
Cotton (A index)	US\$/Kg	1.8	1.7	1.4	1.2	1.3	1.1	1.0	1.4	1.4	1.2	1.2	1.2	1.3	1.3	1.2
Sisal (UG grade)	US\$/ton	868.3	777.0	820.5	691.5	631.8	699.2	659.6	697.9	862.1	885.0	885.0	885.0	885.0	885.0	885.0
Tea**	US\$/Kg	1.8	2.4	2.4	1.8	1.9	1.5	1.5	1.5	1.6	1.5	1.5	1.4	1.5	2.0	2.1
Gold	US\$/troy ounce	387.8	331.2	294.3	278.8	279.0	271.0	310.0	363.5	409.2	444.8	427.1	427.3	485.6	554.0	627.4

Note: * Provisional

** Mombasa Auction price replaces London Auction price beginning July 1998.

Source: <http://www.imf.org> and worldbank.org/prospects



A7.0 International Economic and Financial Developments

Table A7.3 : Selected Exchange Rates-Currency Units per US Dollar (period average), 1996-2006

Period	Pound Sterling	Deutsche Marks	Swiss Francs	Dutch Guilders	French Francs	Belgium Francs	Italian Lira	Swedish Kroners	Japanese Yen	In TZS Euro
1996	0.6397	1.5160	1.2468	1.6913	5.1289	31.1337	1,548.6447	6.7032	109.3298	
1997	0.6103	1.7326	1.4497	1.9500	5.8317	35.8915	1,702.2593	7.6377	120.9411	
1998	0.6037	1.7585	1.4488	1.9826	5.8967	36.2587	1,733.6653	7.9568	130.7976	
1999	0.6180	1.8411	1.3737	2.0341	6.1238	37.5167	1,809.3211	8.3045	113.7895	0.9365
2000	0.6607	2.1222	1.6883	2.3913	7.1179	43.7745	2,109.2178	9.1632	107.7258	1.0851
2001	0.6944	2.1840	1.6868	2.4608	7.3249	45.0467	2,162.1880	10.3307	121.4601	1.1167
2002	0.6666	2.2196	1.5572	2.5009	7.4442	45.7801	2,197.3919	9.7207	125.2566	1.0614
2003	0.6124	2.2163	1.3456	2.4971	7.4330	45.7112	2,194.0867	8.0832	115.9469	0.8859
2004	0.5460	2.2163	1.2429	2.4971	7.4385	45.7112	2,194.0867	7.1908	108.1147	0.8050
2005	0.4282	2.2089	1.2462	2.4888	7.4082	45.5618	2,186.9137	7.0983	111.0345	0.8149
2004-Quarter1	0.5440	2.2163	1.2545	2.4971	7.4330	45.7112	2,194.0867	7.3422	107.1633	0.8000
Quarter2	0.5534	2.2163	1.2763	2.4971	7.4330	45.7112	2,194.0867	7.5928	109.6163	0.8299
Quarter3	0.5499	2.2163	1.2568	2.4971	7.4550	45.7112	2,194.0867	7.4930	109.8253	0.8180
Quarter4	0.5366	2.2163	1.1842	2.4971	7.4330	45.7112	2,194.0867	6.3351	105.8540	0.7721
2005-Quarter1	0.5460	2.2163	1.1842	2.4971	7.4330	45.7112	2,194.0867	6.3351	108.1147	0.8050
Quarter2	0.5387	2.2163	1.2260	2.4971	7.4330	45.7233	2,194.6676	6.4050	107.6018	0.7940
Quarter3	0.0560	2.2011	1.2731	2.4801	7.3823	45.3996	2,179.1258	7.6811	111.1872	0.8195
Quarter4	0.5720	2.2018	1.3014	2.4808	7.3845	45.4131	2,179.7746	7.9721	117.2344	0.8411
2006-Quarter1	0.5705	2.2031	1.2961	2.4823	7.3889	45.4400	2,181.0655	7.7696	116.9342	0.8313
Quarter2	0.5370	2.3163	1.2229	2.4971	7.4330	45.7112	2,194.0867	7.3046	112.6559	0.7853

Source: IFS, Bank of Tanzania



A7.0 International Economic and Financial Developments

Table A7.4: Bureau de Change Quarterly Transactions, 1996-2006

End of Period	Volume of Transactions (Millions of US\$)		Exchange Rates (Average TZS/US\$)		Mean Rate TZS/US\$
	Purchases	Sales	Buying	Selling	
1996	674.22	692.88	574.31	598.87	586.59
1997	3,004.65	539.80	602.88	622.71	612.80
1998	509.78	485.67	642.71	665.50	654.11
1999	350.70	334.20	720.29	746.13	733.21
2000	288.19	280.99	796.94	807.73	802.34
2001	282.30	271.97	865.74	877.32	871.53
2002	220.03	211.09	960.68	979.10	969.89
2003	257.08	253.59	1,032.01	1,049.58	1,040.79
2004	310.80	327.60	1,083.13	1,100.93	1,092.03
2005	406.34	409.15	1,122.34	1,139.18	1,130.76
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

Source: Bank of Tanzania



PART VII: LIST OF MANAGEMENT

Name	Title	Telephone Direct
D. T. S. Ballali	Governor	2112879
J. H. Reli	Deputy Governor	2112880
1. DIRECTORATE OF GOVERNOR'S OFFICE		
J. S. Mhando	Director	2119312
G. Rubambey	Director	2138384
L. Chingwile	Director	2127967
P. M. Noni	Director (SPR)	2127954
J. B. Kimaro	Deputy Director, Communications	2135567
M. Mugo	Deputy Director, Special Duties	2138390
A. Haule	Deputy Director (SPR)	2121429
T. Mwakilema	Deputy Director	2134340
2. DIRECTORATE OF PERSONNEL AND ADMINISTRATION		
A. J. Liyumba	Director	2112701
Personnel Management Department		
J. N. Makindi	Deputy	2115058
Training and Development Department		
S. Mahembe	Deputy Director	2110033
Estate Management Department		
P. Mutoni	Deputy Director	2114785
Administrative Service Department		
G. Maganga	Deputy Director	2115612
3. DIRECTORATE OF BANKING		
A. F. Bakari	Director	2112703
Banking Department		
S. E. Balele	Deputy Director	2110750
Currency Department		
K. T. Mkango	Deputy Director	2118491
Systems Operations Department		
S. E. Jengo	Deputy Director	2137484



- 4. DIRECTORATE OF BANKING SUPERVISION**
- | | | |
|---|-----------------|---------|
| L.H. Mkila | Director | 2118021 |
| Banks Supervision Department | | |
| H. B. Kessy | Deputy Director | 2111294 |
| Non- Banks Department | | |
| M. Gasabile | Deputy Director | 2114695 |
| Operation & Policy Review Department | | |
| A. E Kobello | Deputy Director | 2121742 |
- 5. DIRECTORATE OF ECONOMIC POLICY**
- | | | |
|--|--------------------|---------|
| I. H. Kilato | Director | 2116612 |
| A. J. Mengo | Associate Director | 2115614 |
| Dr. Ben Tarimo | Associate Director | 2115087 |
| Monetary & Financial Affairs Department | | |
| C. Kiliaki | Deputy Director | 2114905 |
| International Economics Department | | |
| G. Mwakibolwa | Deputy Director | 2114900 |
| Debt Management Department | | |
| (Vacant) | Deputy Director | 2115087 |
| Macroeconomic & Financial Programs Department | | |
| P. L. Kadesha | Deputy Director | 2114901 |
| Trade, Finance and Investment Policies Department | | |
| S. S. Mrutu | Deputy Director | 2121437 |
| Real Sector Department | | |
| D. D. Thewa | Deputy Director | 2112704 |
- 6. DIRECTORATE OF FINANCE**
- | | | |
|-------------------------------------|-----------------|---------|
| E. P. Issangya | Director | 2114784 |
| Domestic Accounts Department | | |
| J. Angello | Deputy Director | 2110096 |
| Foreign Accounts Department | | |
| E. M. Boaz | Deputy Director | 2121433 |



7. DIRECTORATE OF FINANCIAL MARKETS		
K. S. Mbatia	Director	2118194
Domestic Markets Department		
J. C. Ndissi	Deputy Director	2114770
Foreign Markets Department		
J. Mpelembwa	Deputy Director	2112412
8. DIRECTORATE OF MANAGEMENT INFORMATION SYSTEMS		
E. Makwaia	Director	2115124
Management Information Systems		
G. M. Mahinya	Deputy Director	2114772
Systems Analysis and Administration Department		
C. M. Kitwanga	Deputy Director	2118162
Networks and Office Automation Department		
T. N. Kalinjuna	Deputy Director	2110505
9. DIRECTORATE OF MICROFINANCE		
(Vacant)	Director	2138384
Micro-Finance Analysis and Policy Department		
H. Ndambala	Deputy Director	2128029
Micro-Finance Operations Department		
F. Rutabanzibwa	Deputy Director	2121785
10. DIRECTORATE OF NATIONAL PAYMENTS SYSTEMS		
J. M. B. Massawe	Director	2127470
Payment System Project Magement Department		
(Vacant)	Deputy Director	
Payment System oversight and policy Department		
L. Kinunda	Deputy Director	2128108
11. DIRECTORATE OF INTERNAL AUDIT		
(Vacant)	Director	2127967
Internal Audit I Department		
R. Mwanga	Deputy Director	2127922

**Internal Audit II Department**

O. Kitine	Deputy Director	2127963
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12. OFFICE OF THE SECRETARY TO THE BANK

(Vacant)	Secretary to the Bank	2118163
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Legal & Contracts Department

B. Kimela	Deputy Director	2113444
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Investigation & Internal Security Department

S. T. Mwageni	Deputy Director	2119314
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13. BANK OF TANZANIA TRAINING INSTITUTE MWANZA

W. Mgimwa	Principal	2500352
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J. Mlay	Director of Studies	2500982
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B. A. Mbanga	Deputy Director Administration	2502697
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14. BANK OF TANZANIA BRANCHES**Arusha**

L. Kisarika	Director	2502928
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F. N. Mrosso	Deputy Director, Operations	2508243
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V. Mulebya	Deputy Director, Economics	2508243
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S. I. Ntupwa	Deputy Director, Administration	2508243
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Mbeya

A. H. M. Mtengeti	Director	2504158
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O. Katundu	Deputy Director, Operations	2502055
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F. Rugemalira	Deputy Director, Economics	2502839
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D. Mwakitalu	Deputy Director, Administration	2502700
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Mwanza

E. Semainda	Director	2501015
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S. Ajali	Deputy Director, Operations	2500024
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W. L. Tawe	Deputy Director, Economics	2500622
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A. Ndalawa	Deputy Director, Administration	2500024
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Zanzibar

B. N. Msami	Director	2232140
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K. J. Jurango	Deputy Director, Operations	2231441
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S. Chiguma	Deputy Director, Economics	2232715
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C. Kiponda	Deputy Director, Administration	2232687
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