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ANNUAL REPORT 2004/05



BANK OF TANZANIA

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2004/05

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BOARD OF DIRECTORS

Mr. D.T.S. Ballali	Governor, Chairman
Mr. J.H. Reli	Deputy Governor, Deputy Chairman
Mr. Gray S. Mgonja	Permanent Secretary to the Treasury - URT
Mr. J.B. Raphael	Principal Secretary to the Treasury - SMZ
Mr. A.M. Rashid	Director
Prof. B.J. Ndunguru	Director
Prof. L.K. Rutashobya	Director
Prof. J.J. Semboja	Director
Mr. M.N. Shirima	Director
Dr. N.E. Mwamba	Director
Mr. B.N. Kimela	Ag. Secretary to the Bank



ABBREVIATIONS AND SYMBOLS

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•	figure not meaningful or not to be published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



September 29, 2005

LETTER OF TRANSMITTAL

Honourable Minister,

In accordance with Section 22 (1) of the Bank of Tanzania Act 1995, I hereby submit a report on:

- (a) the economic situation during the financial year 2004/05 with special reference to financial developments and the policies pursued by the Bank,
- (b) the Bank's operations during 2004/05, together with the Bank's Balance Sheet as at 30th June 2005 and the Profit and Loss Account for the year ended 30th June 2005 certified by the Auditors.

Yours sincerely,

D.T.S. Ballali
Governor

The Hon. Basil P. Mramba (MP)
Minister for Finance
DAR ES SALAAM



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
Director



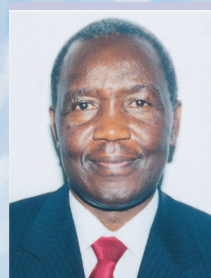
Mr. J. B. Raphael
*Principal Secretary to
the Treasury (SMZ)*



Mr. A. M. Rashid
Director



Prof. B. J. Ndunguru
Director



Mr. M. N. Shirima
Director



Prof. J. Semboja
Director



Dr. N.E Mwamba
Director



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



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BANK OF TANZANIA MISSION

The Bank's mission is:

“To maintain price stability that is conducive to the attainment of financial and macroeconomic stability 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

The economy registered a robust growth of 6.7 percent in 2004 marking an improvement from 5.7 percent growth rate registered in 2003 and partly reflecting the outcomes of continued efforts by the government to create conducive environment for economic expansion. Following this performance, per capita GDP grew by 3.8 percent compared to 2.8 percent in 2003.

Agriculture, manufacturing and hotel and restaurants, transport and communication and financial and business services contributed significantly to the growth in 2004. High growth of agricultural output was a result of good weather conditions experienced in most parts of the country during the 2004 cropping seasons as well as timely availability and distribution of agricultural inputs. As a reflection of increased developments in infrastructural construction activities, the construction industry maintained a growth rate of 11 percent registered in the last two years.

On the basis of the new consumer price index adopted in October 2004, the overall inflation rate increased to an average of 4.2 percent in 2004 from 3.5 percent in 2003. Though food supply in the domestic market was satisfactory for most of 2004/05, food inflation recorded mixed performance during the period mainly due to pass-through effect of increased transport costs following the persistent rise in fuel prices, food supply situation in the neighbouring countries and variations in output in major food crop producing regions in the country. As a result food inflation increased from 4.9 percent in June 2004 to 5.8 percent in June 2005. Despite the hike in fuel prices, non-food inflation declined from 3.1 percent in 2004 to about 2.5 percent in June 2005 mainly on account of decline in prices of other non-food items.

Government budgetary operations during 2004/05 registered a deficit (before grants)

of TZS 1,390.5 billion, equivalent to 12.3 percent of GDP against the initial target of 11.6 percent of GDP. Total expenditure amounted to TZS 3,164.2 billion, which was below the estimated level by TZS 34.0 billion. Recurrent expenditure amounted to TZS 2,093.1 billion, which was slightly higher than the estimated expenditure of TZS 2,089 billion on account of increased allocations to priority sectors in line with government's continued commitment to eradicate poverty.

Liquidity level in the economy during the year was generally high relative to the target mainly due to high inflows of government budgetary support funds. Due to unpredictable demand for financial papers, Bank's efforts to contain liquidity within desirable levels were impaired. Among the outcomes of this development has been an upward movement in interest rates on domestic debt instruments.

Extended broad Money M3 grew by 25.5 percent, which was slightly higher than the target of 24 percent for the year and growth rate of 18 percent in the previous year. The expansion was dominated by expansion of demand deposits as well as other kinds of deposits as result of increased incomes associated with the ongoing economic expansion. The increase in money supply during the years was mainly a result of growth in the net domestic assets (NDA) of the banking system that emanated mainly from increased lending to the private sector and draw down of government deposits. Net foreign assets of the Banking system however grew at a relatively lower rate compared to the previous year due to increase in import bill and government external obligations.

The deficit in the balance of payments narrowed to USD 74 million in 2004/05 compared to USD 105.6 million in the previous year, mainly due to increase in official capital inflows. The



current account deficit, however, remained almost unchanged at USD 460 million due to high inflows of donor funds that cushioned the impact of substantial increase in imports of goods and services. Both value and volume of goods exports increased during 2004/05. The volume and value of traditional exports increased on account of favourable weather condition and timely availability and usage of inputs, whereas non-traditional exports increased due to enhanced performance in manufacturing companies following privatisation, establishment of Export Processing Zones and improvement in world market prices (particularly for minerals). Goods imports went up by 18 percent owing to rise in importation of capital and intermediate consumer goods. The stock of gross international reserves at the Bank of Tanzania stood at USD 1,968 million at the end of June 2005, which was enough to cover 6.6 months of imports compared with previous year's stock of gross international reserves worth USD 1,878 million covering 7.7 months of imports.

National debt stock increased to USD 9,087.5 million as at end June 2005 from USD 8,742 million recorded as at end June 2004. Total relief received from multilateral institutions under the HIPC initiative reached USD 369.6 million

as at end June 2005. Debt service payments during the year amounted to USD 112.9 million representing 31.8 percent of USD 355.1 million scheduled for repayment due to relief from multilateral financial institutions and non servicing of non Paris Club bilateral creditors loans. In 2004 UK agreed to provide more relief to Tanzania through making repayment on loans from multilateral institutions that were outstanding as at the end of December 2003. In June 2005 G8 Finance Ministers announced a proposal for 100 percent cancellation of the HIPC's debt owed to multilateral financial institutions.

Growth performance in Zanzibar rose to 6.4 percent in 2004 from 5.1 percent in 2003 mainly on account of good performance of the services sector. The headline inflation as at the end of 2004 remained at single digit having declined marginally from 9.0 percent registered in 2003 to 8.1 percent during 2004. Due to increased oil prices, the Zanzibar import bill rose thus leading to a widening of the trade balance to USD 49.0 million from USD 40.2 million registered in 2003. Budgetary operations however led to a surplus of TZS 0.7 billion after grants. The overall deficit (on cheques cleared basis) before grants amounted to TZS 8.6 billion accounting for about 3.2 percent of GDP.

PART I: AN OVERVIEW OF ECONOMIC DEVELOPMENTS

Chapter One OUTPUT AND PRICES

Gross Domestic Product

The Tanzanian economy continued with its growth momentum registering a robust Real Gross Domestic Product (GDP) growth of 6.7 percent in 2004, compared with the growth rate of 5.7 percent attained in 2003.

This outstanding achievement is a reflection of major reforms undertaken by the government since mid 1980s that ranged from trade and exchange liberalisation, privatization of most of the formally state owned enterprises, increased competition in the financial sector by allowing foreign banks to operate side by side with local banks and the pursuance of prudent fiscal and monetary policies. The main contributors to this growth was the agricultural sector, followed by manufacturing as well as trade, hotels and restaurants, transport and communication, financial and business services. As a result of this growth, the *per capita* income grew by 3.8 percent in 2004 compared to 2.8 percent

recorded in the previous year. **Chart 1.1** shows what has been the growth for the economy since 1997.

Developments in Selected Economic Activities

During 2004, Agriculture, trade, hotels and restaurants as well as transport and communication registering higher growth rates than the previous year. The growth rate for the manufacturing and construction sectors remained at the same levels as in 2003. The mineral sector however, recorded a slightly lower growth rate than in the previous year.

The robust growth of the agricultural sector in 2004 was attributed to good weather experienced in most parts of the country in 2003/04 cropping season. As a result the crops subsector, which accounted for about 75 percent of the agricultural sector, grew by 6.2 percent in 2004 as compared to 3.6 percent recorded in

**Chart 1.1: Tanzania Mainland: Trend of Real GDP Growth Rate, 1997-2004
(Percent)**





2003. Production of the six major export crops performed relatively better with the exception of cashewnuts whose production declined during the period under review. The increase in production of these crops was attributed to good weather, timely distribution and usage of inputs. Other factors include revival of production in the privatized coffee and sisal estates, subsidy on fertilizers and good producer prices, proper marketing arrangements, expansion of acreage as well as increased productivity. The decline in production of cashewnuts is attributed to cashew diseases and low application of pesticides and insecticides arising from high input costs.

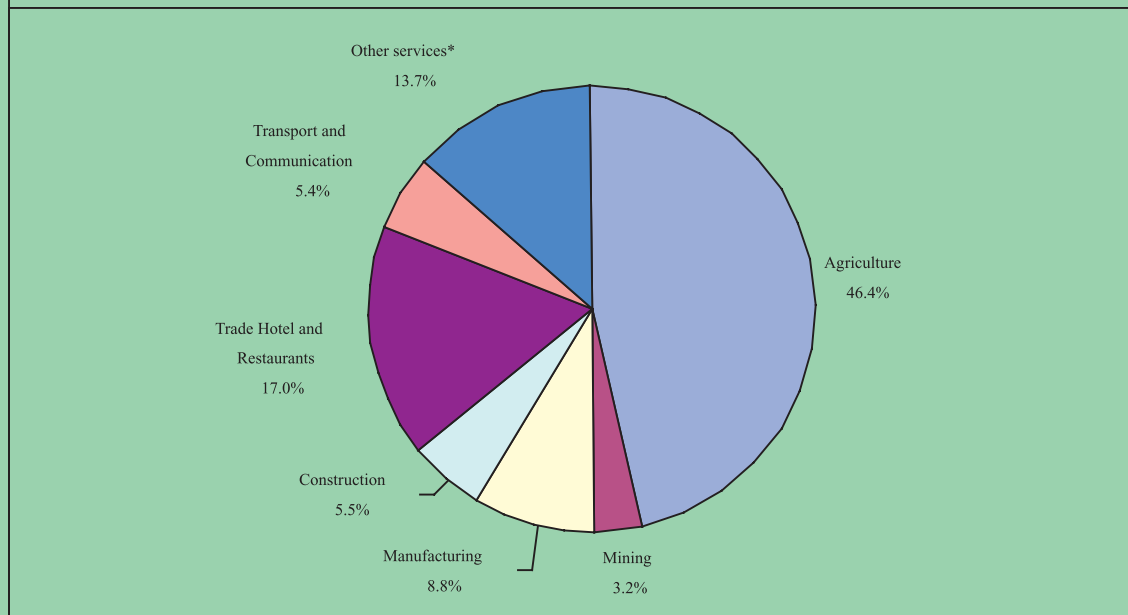
During the same period, production of tea increased to 31,000 tons from 30,000 tons recorded in 2003 mainly on account of the good weather conditions in most of the tea growing areas coupled with the rehabilitation of farms by BOTH large and small-scale farmers. Moreover, privatisation and the rehabilitation of tea factories increased capacity utilisation, which stimulated procurement of the entire produce and thus, provided impetus for small-scale holders to increase production. Prospects for good harvest are appear to be good in the near future as new tea trees mature.

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

Item	1998	1999	2000	2001	2002	2003	2004
Millions of TZS							
GDP (factor cost)	1,505,826	1,577,292	1,653,320	1,749,358	1,857,174	1,962,432	2,094,516
Agriculture	739,942	770,510	796,514	840,275	882,106	917,395	972,026
Mining	30,699	33,488	37,144	43,293	49,787	58,749	67,913
Manufacturing	126,887	131,491	137,809	144,647	156,219	169,653	184,243
Construction	65,187	70,866	76,818	83,494	92,678	102,872	114,188
Trade Hotel and Restaurants	239,830	254,114	270,567	288,718	308,928	329,009	355,329
Transport and Communication	79,755	84,403	89,515	95,154	101,244	106,294	112,839
Other services*	223,526	232,420	244,954	253,777	266,212	278,460	287,978
Annual Growth Rates in Percent							
GDP (factor cost)	4.0	4.7	4.8	5.8	6.2	5.7	6.7
Agriculture	1.9	4.1	3.4	5.5	5.0	4.0	6.0
Mining	27.4	9.1	10.9	16.6	15.0	18.0	15.6
Manufacturing	8.0	3.6	4.8	5.0	8.0	8.6	8.6
Construction	9.9	8.7	8.4	8.7	11.0	11.0	11.0
Trade Hotel and Restaurants	4.7	6.0	6.5	6.7	7.0	6.5	8.0
Transport and Communication	6.2	5.8	6.1	6.3	6.4	5.0	6.2
Other services*	3.0	4.0	5.4	3.6	4.9	4.6	3.4
Percent of GDP							
Agriculture	49.1	48.9	48.2	48.0	47.5	46.7	46.4
Mining	2.0	2.1	2.2	2.5	2.7	3.0	3.2
Manufacturing	8.4	8.3	8.3	8.3	8.4	8.6	8.8
Construction	4.3	4.5	4.6	4.8	5.0	5.2	5.5
Trade Hotel and Restaurants	15.9	16.1	16.4	16.5	16.6	16.8	17.0
Transport and Communication	5.3	5.4	5.4	5.4	5.5	5.4	5.4
Other services*	14.8	14.7	14.8	14.5	14.3	14.2	13.7

Source: National Bureau of Statistics

* Includes electricity and water supply

Chart 1.2: Tanzania Mainland: Activity Distribution of GDP in 2004 (at 1992 prices)


Coffee output also increased mainly following the rehabilitation of coffee growing estates in the northern zone coupled with output from the new farms in the southern highland regions. The use of improved coffee seedlings which are resistant to diseases (such as coffee berries disease and leaf rust) by most farmers has also contributed to increased coffee production in 2004/05 season. On the other hand, production of cashewnuts declined due to infestation of cashew trees (powdery mildew disease)

and inability of farmers to apply adequate insecticides and pesticides as a result of high input costs.

Producer prices for most of traditional export crops, with the exception of cotton, improved considerably during this period. The increase in producer prices for these crops was mainly due to the improvement in their quality, increase in demand as well as low coffee supply in the world market following production cycles

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

Crop	'000' tons								Peak Production	
	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04 Revised	2004/05 Estimates	% Change	Period	Tons
Total Export Crops	339	348	375	330	416	338	573	56.4		
Coffee	47	48	58	38	52	32	54	42.3	1980/81	67
Seed Cotton	106	101	123	149	189	140	342	106.7	1992/93	308
Tea	22	25	26	25	28	30	31	2.5	2002/03	28
Cashew nuts	103	121	122	67	95	79	72	-6.9	1973/74	145
Tobacco	38	32	25	28	28	34	47	49.8	1997/98	52
Sisal	23	21	21	24	24	24	27	12.1	1964	230

Source: Ministry of Agriculture and Food Security & Crop Boards



in Brazil. The decline in producer prices for cotton is attributed to an increase in the world production of the crop.

For the past five years the manufacturing sector has recorded an upward trend although its contribution to Gross Domestic Product (GDP) has remained at an average of about 8.5 percent. During 2004, value added in the manufacturing sector grew by 8.6 percent - similar to its performance in 2003. When expressed in terms of Manufacturing Production Index (MPI) production of manufactured commodities in real terms over time increased by 17.4 percent in that year mainly due to successful implementation of the economic and structural reforms which attracted private (both local and foreign) capital into the sector. The good performance of the sector is also attributed to improvements in the provision of utilities, stabilisation of the inflation rate which made costs of production predictable, as well as improvements in transportation and communication networks. The establishment of Tanzania National Business Council, which negotiates with the Government on better terms, was another factor, which contributed to the improvement in performance of the manufacturing sector.

Manufactured goods, which recorded higher

output during this period, include fish fillets, cigarettes, cement, dry cells and beverages excluding instant coffee. Production of fish fillet increased by 8.1 percent to 43,088 tons from 39,783 tons recorded in 2003 on account of observance of the required international quality standards, which made the product more attractive to foreign markets.

During the period under review, production of cement, timber and plywood increased by 8.0 percent and 11.4 percent, respectively, with production of rolled steel almost stabilising at the same production levels recorded in the previous year. This pattern reflects growing demand for construction materials by the housing sector and the infrastructure works being implemented by the Government.

Despite improvement in the manufacturing sector, at the aggregate level, production of commodities such as sugar, instant coffee and iron sheets declined mainly due to insufficient working capital, unstable exchange rate and competition from cheaper imports.

Performance of the mineral sector continued to improve with its value added increasing albeit at a slightly lower rate of 15.6 percent in 2004 as compared to 18.0 percent recorded in 2003.

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

TZS/kg

Period	Coffee		Seed Cotton	Green Tea	Raw Cashew	Tobacco	Sisal*
	Arabica	Robusta					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

Source: Ministry of Agriculture & Food Security and Crop Boards

Note: * USD/Ton

The contribution of the sector to GDP increased to 3.2 percent from 3.0 percent recorded in 2003 on account of increased gold production. Production of gold, which dominates the country's mining activity increased slightly

to 48.2 tons from 48.0 tons, registered in the preceding year. With the completion of Tulawaka Gold Mines in June 2005, Tanzania may become the third largest producer of gold in Africa after South Africa and Ghana. During

Table 1.4: Tanzania Mainland; Index of Manufacturing Industries by Activity

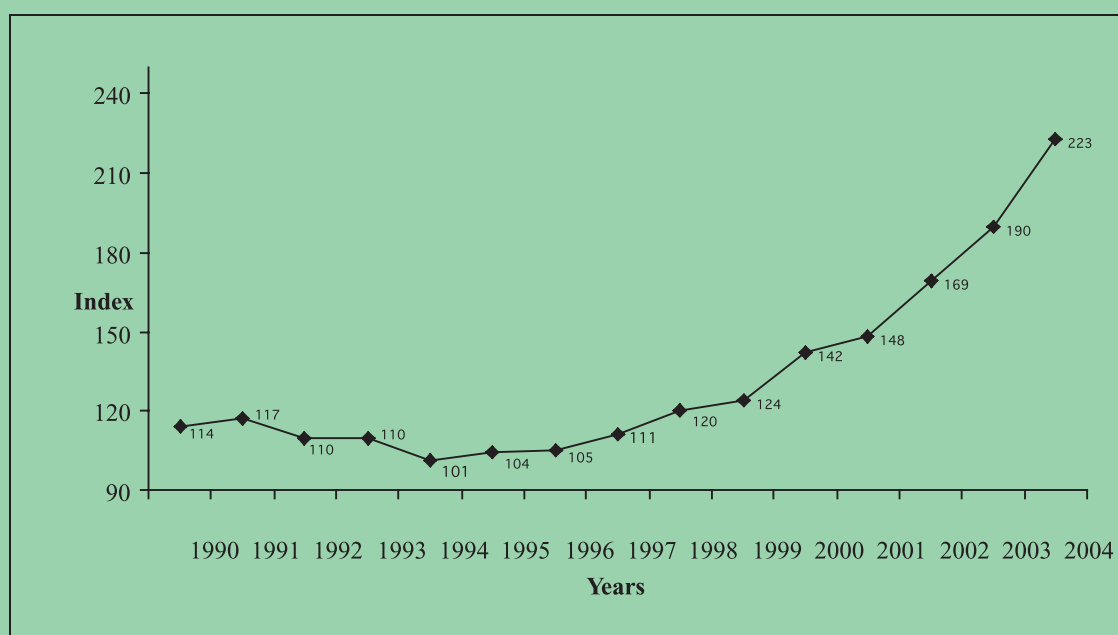
		<i>Index 1985 = 100</i>					
ISIC	Industrial Activity	2000	2001	2002	2003	2004*	% Change
21	Food, beverages and tobacco	181	200	212	227	283	24.9
211/2	Food Products	111	130	138	150	170	13.1
313	Beverages	284	287	296	317	445	40.5
314	Tobacco	143	147	155	172	241	40.5
32	Textiles and leather and footwear	168	185	227	268	282	5.2
321	Textiles (Spinning and Weaving)	189	214	263	311	326	5.0
323	Leather and products except footwear	0	4	6	5	6	20.0
324	Footwear	99	0	0	0	0	0.0
331	Wood and products	51	32	61	122	123	0.8
341	Paper and paper products	60	59	64	53	100	88.7
35	Chemicals, petroleum & plastic products	96	58	95	125	139	11.2
351	Industrial chemicals	35	30	20	56	12	-78.6
352	Other chemicals	277	240	467	596	692	16.2
353	Petroleum refineries	46	0	0	0	0	0
355	Rubber products	73	98	83	66	59	-10.6
356	Plastic products	437	373	335	566	568	0.4
36	Non metallic products	206	220	250	282	288	2.1
36	Pottery, China etc; glass products and non-metallic products n.e.s.	206	220	250	282	290	2.8
37	Basic metal industries	80	85	115	137	136	-0.7
37	Iron, and steel and non-ferrous metals	80	85	115	137	136	-0.7
38	Fabricated metal products, machinery & equipment	53	72	64	75	87	16.8
381	Metal products	17	24	29	35	46	30.5
382	Machinery n.e.s.	14	14	9	4	2	-52.9
383	Electrical machinery	220	174	160	182	160	-12.2
384	Transport equipment	9	29	5	8	7	-12.5
39	Other industries	60	61	53	93	99	6.5
3	Total Manufacturing	142	148	169	190	223	17.4

* Provisional

Source: Bureau of Statistics



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



the period under review, production of gypsum, pozzolana and limestone also increased by 78.4 percent, 44.2 percent and 15.3 percent, respectively, mainly due to increased demand

for raw materials for the production of cement. On the other hand, the increase in the recovery of diamonds was on account of improvements in production of the gemstones by Williamson

Table 1.5: Tanzania: Volume of Selected Manufactured Commodities

Commodity	Unit	2000	2001	2002	2003	% Change	
						2004p	2003-2004
Fish fillets	M.T	33,316	33,074	35,140	39,873	43,088	8.1
Vegetable oils & fats	M.T	83,702	91,643	93,298	89,386	76,056	-14.9
Cigarettes	Mil. Sticks	3,745	3,491	3,778	3,920	4,308	9.9
Textiles	000 m ²	73,566	84,548	106,305	126,486	122,556	-3.1
Sisal ropes & twines	Ton	3,900	4,796	5,901	6,839	6,517	-4.7
Instant coffee	Ton	525	262	306	273	155	-43.2
Blended tea	Ton	3,600	3,813	4,567	4,997	5,338	6.8
Konyagi	Mil. Litre	2.2	2.3	2.9	3.7	4.1	11.9
Beer	000 Litre	183,003	175,649	175,870	194,100	202,628	4.4
Soft drinks	000 Litre	177.4	198.7	208.7	212.5	262.6	23.6
Sugar, refined	Ton	135,280	184,016	189,573	212,908	202,261	-5.0
Cement	000 Ton	833	900	1,026	1,186	1,281	8.0
Aluminium & corrugated iron sheets	Ton	25,046	25,937	35,067	31,018	29,750	-4.1
Rolled steel	Ton	11,182	16,340	25,418	39,630	39,556	-0.2
Dry cells	000 pcs	44,000	39,000	42,000	43,000	65,000	51.2

P= Provisional

Source: National Bureau of Statistics

Table 1.6: Tanzania Mainland: Recoveries of Selected Minerals

Item	Unit	1999	2000	2001	2002	2003	2004p
Diamond	000'Carats	235.0	354.4	254.3	239.8	236.4	303.9
Gold	Tons	4.8	15.1	30.1	43.3	48.0	48.2
Gemstone	000'Tons	95.2	150.8	96.9	216.7	1,531.5	1,613.8
Salt	000'Tons	35.0	70.0	65.0	71.2	59.0	57.1
Gypsum	000'Tons	40.0	60.0	72.0	73.0	33.2	59.2
Limestone	000'Tons	1,241.2	1,500.0	2,269.4	2,856.7	1,206.2	1,390.9
Pozzolana	000' Tons	2.3	57.0	41.5	52.0	105.9	152.7
Coal	000' Tons	45	75	79.1	77.8	79.2	54.6

P = provisional

Source: Ministry of Energy and Minerals

Diamond Mines and the commencement of production by El-Hillal Minerals production.

Trade, Hotels and Restaurants (including tourism) grew at a rate of 8.0 percent in 2004 compared to a rate of 6.5 percent in 2003. This performance is mainly attributed to the increase in the number of tourists coming to Tanzania partly as a result of the country's participation in various international trade fairs and issuance of brochures advertising Tanzanian tourist heritage abroad.

The construction sector maintained a growth rate of 11.0 percent for three consecutive years reflecting increased developments in infrastructural activities such as construction, maintenance, rehabilitation of roads and bridges, construction of residential houses, land development and construction of primary school buildings under Primary Education Development Programme (PEDP). The contribution of the construction sector to GDP increased slightly to 5.5 percent in 2004 from 5.2 percent that was recorded in 2003.

Real growth in transport and communication sector was 6.2 percent in 2004 as compared with 5.0 percent which was recorded in 2003. The contribution of the sector to GDP in 2004 remained at the same level of 5.4 percent

recorded in 2003. The growth is attributed to a large increase of mobile phones, improvement in road transport which simplified cargo freight of agricultural and industrial products, raw materials, as well as improvements in postal services. During the period under review, there was an impressive performance in telecommunication services particularly in the provision of mobile telephone services whose subscribers/customers increased to 1,942,000 as compared with 1,298,000 customers in 2003. Subscribers to TTCL increased slightly by 0.3 percent to 244,536 in 2004. Transportation services improved significantly with town buses increasing in number and in terms of service provision. It is estimated that the number of commuter buses in urban areas increased to 11,279 in 2004 from 9,112 that was recorded in the previous year. Similarly, railway services under TRC, air and marine services performed relatively better in 2004 when compared to 2003.

The growth rate of real value added in electricity and water declined from 4.9 percent recorded in 2003 to 4.7 percent in 2004 due to the persistent droughts which adversely affected hydropower generation. Nevertheless, generation of electricity using natural gas and fuel sustained the level of the generation of electricity during this period. This was made possible by



successful implementation of policy measures to attract private investment in electricity generation as well as the establishment of Rural Electrification Authority (REA) coupled with aligning electricity tariffs close to those in the neighbouring countries especially Kenya and Uganda. Generation of power by Songas commenced in July 2004.

Since 1995 the government has been implementing various policy measures to improve the provision of water services in urban as well as in rural areas. In 2004, the government continued to implement recommendations of the National Water Policy of 2002 by creating enabling environment for sectoral expansion and to empower communities to access safe water. Sustainable programmes to supply sufficient, clean and safe water continued and the population supplied with clean water in the rural areas increased to 54 percent in 2004 as compared with 53 percent a year before. As for urban water services, the Government formed regional water development boards entrusted with among other things, ensuring provision of safe water to their clients.

Gross National Disposable Income

In 2004, Gross National Disposable Income (GNDI) increased by 6.9 percent in real terms. This rate of growth is higher than that of GDP growth by 0.2 percent, reflecting an increased inflow of current transfers to complement domestic resources.

Aggregate Demand

Final consumption increased in real terms by 8.7 percent in 2004 from a growth rate of 7.0 percent in the previous year. Consumption of both household and central government increased at a higher level than that of disposable income leading to a decline in real savings. Despite the decline in savings, investment registered a positive real growth, albeit at a much

slower pace of 6.7 percent compared with the increase of 16.9 percent registered in 2003. The slowdown reflects moderation in the expansion of investment in the government sector after having registered a substantial increase of 44.5 percent in 2002. Private sector investment has remained at an average growth rate of around 14 percent per annum in real terms since 2003. The performance in private sector investment is attributed to increased credit to the private sector. Credit to the private sector increased by about 32 percent in 2004 and was mainly directed towards manufacturing, transportation, trade, and construction of residential houses and commercial buildings. The sustained growth of credit to the private sector is mainly due to increased competition in the banking sector, a rise in the number of creditworthy borrowers and the existence of negotiated lending rates.

The rate of domestic absorption grew at 8.3 percent in real terms while foreign demand grew at 16.4 percent in 2004, up from 16.2 percent in 2003. The growth in foreign demand reflected the continued impressive performance of non-traditional exports, particularly gold. Aggregate demand in 2004, grew by 14 percent which is much higher than the rate of growth of total domestic value added, with the difference being met by substantial increase in imports.

Headline Inflation

Using the new Consumer Price Index adopted in October 2004, the overall inflation rate increased from an average of 3.5 percent in 2003 to an average of 4.2 percent in 2004. For the whole of the year 2003, the inflation rate was below 5 percent attributed mainly to sufficient food supply in the country. However, following the protracted droughts in the 2002/03-crop season, pressure on food prices rose continuously at the beginning of 2004 to April 2004. During this period, the inflation rate experienced an upward trend, rising to 4.7 percent in April 2004. Nevertheless, following a good crop



harvest in 2003/04, pressure on food prices fell and headline inflation eased to 4.2 percent in June 2005.

Food Inflation

For the most part of 2004/05, there was no pressure on food prices as food supply in the market was satisfactory. The annual food inflation rate experienced a mixed performance during the period under review mainly influenced by

the following factors; transportation cost, food supply situation in our neighbouring countries and the level of production/supply of food from the main producing regions. Therefore, annual food inflation increased from 4.9 percent in June 2004 to 5.9 percent in August 2004. After experiencing a mixed trend between September and November 2004, the food inflation rate went down to 5.1 percent in December 2004 before rising to 5.9 percent in January 2005. The annual food inflation rate continuously slowed

Table 1.7: Tanzania Mainland: Analysis of the Savings-Investment Relationship, 1999–2004

(TZS Millions)

Item	1999	2000	2001	2002	2003	2004
Nominal						
National Disposable Income	6,462,232	7,355,019	8,508,486	9,521,272	10,882,254	12,517,523
Total Consumption	6,118,574	6,552,293	7,433,905	8,098,586	9,261,803	10,835,443
Government final consumption	451,137	482,717	516,326	598,939	712,737	855,285
Private final consumption	5,667,437	6,069,576	6,917,579	7,499,647	8,549,066	9,980,158
Total Investment	999,650	1,281,046	1,406,302	1,807,751	2,259,019	2,593,502
Government investment	199,866	438,413	461,693	715,959	896,163	950,077
Private investment	799,784	842,633	944,609	1,091,792	1,362,856	1,643,425
Savings	343,658	802,726	962,111	1,310,680	1,531,466	1,597,753
Saving - Investment Gap	-655,992	-478,320	-321,642	-497,071	-727,553	-995,749
GDP (at market price)	6,432,911	7,277,800	8,274,607	9,431,964	10,686,332	12,321,183
Deflator	379	406	436	468	501	539
GDP (f.c) nominal	5,977,699	6,715,301	7,624,616	8,699,888	9,824,779	11,287,318
GDP (f.c) real	1,577,292	1,654,319	1,749,358	1,857,174	1,962,432	2,094,516
Absorption	7,118,224	7,833,339	8,840,207	9,906,337	11,520,822	13,428,945
At Constant 1992 prices						
National Disposable Income	1,705,074	1,811,581	1,951,488	2,032,516	2,173,655	2,322,797
Total Consumption	1,614,399	1,613,865	1,705,024	1,728,813	1,849,981	2,010,664
Government final consumption	119,034	118,896	118,423	127,856	142,364	158,710
Private final consumption	1,495,366	1,494,969	1,586,601	1,600,957	1,707,617	1,851,955
Total Investment	263,760	315,529	322,546	385,902	451,224	481,260
Government investment	52,735	107,983	105,893	152,837	179,002	176,300
Private investment	211,025	207,545	216,653	233,066	272,221	304,960
Savings	90,675	197,716	220,668	279,792	305,900	296,485
Saving - Investment Gap	-173,085	-117,813	-73,771	-106,110	-145,324	-184,775
GDP (at market price)	1,697,338	1,792,562	1,897,846	2,013,451	2,134,521	2,286,364
Annual Change						
	Percent					
National Disposable Income	2.7	6.2	7.7	4.2	6.9	6.9
Total Consumption	2.7	0.0	5.6	1.4	7.0	8.7
Government final consumption	-6.7	-0.1	-0.4	8.0	11.3	11.5
Private final consumption	3.6	0.0	6.1	0.9	6.7	8.5
Total Investment	-0.6	19.6	2.2	19.6	16.9	6.7



down to 4.3 percent in April 2005. Despite the beginning of the harvest season in May, the annual food inflation rate started to increase to 5.0 percent in May 2005 and further to 5.8 percent in June 2005 mainly due to increased consumption of the major food items compared to the year before.

Non-Food Inflation

During the period under review, non-food inflation exhibited a mixed trend. The annual

non-food inflation declined from 3.1 percent in June 2004 to 1.5 percent in January 2005. It rose continuously in February 2005 through April 2005 where it reached 3.9 percent. The pressure on non-food inflation is mainly attributed to the escalating world crude oil prices pushing up retail prices of petrol, diesel and kerosene. However, the rate dropped to 3.0 percent in May and further to 2.5 percent in June 2005. This decline was partly explained by a fall in average prices of rent.

Chapter Two PUBLIC FINANCE

Overview

The Government's short and medium term policy objectives aimed at achieving enhanced domestic revenue collection, lower aid dependency, allocate higher expenditure for poverty reduction, and ensure that debt remains sustainable. To facilitate the achievement of these objectives, the fiscal thrust of the budget for 2004/05 was to raise domestic revenue to reach TZS 1,739.3 billion equivalent to 13.8 percent of Gross Domestic Product. Further measures included reducing aid dependency ratio to 41 percent of government budget of TZS 3,021.4 billion. In addition, the Government continued with the enforcement of fiscal discipline through cash budget system and increased coverage of spending units into the Integrated Financial Management System. Additional expenditure tracking method included expansion of the computerization system to Local Government levels.

The overall fiscal performance during the financial year 2004/05 was a deficit of TZS 568.6 billion, equivalent to 4.5 percent of GDP against the budget estimates of 4.4 percent of GDP. Total resource envelope for the year was

TZS 2,766.7 billion, against total expenditure¹ amounting to TZS 3,335.3 billion. The budget deficit was financed through borrowing of TZS 423.6 billion and TZS 145 billion from foreign and domestic sources, respectively.

Government Revenue

Broad revenue measure in 2004/05 aimed at expanding the tax base and improving the tax administration. Specifically, efforts were directed to expand the Large Tax Payers Department of the Tanzania Revenue Authority, implement the new Income Tax Act of 2004, and to review various tax laws, including the VAT Act of 1997 in order to rationalize them; and implement the East African Community Customs Union Protocol, which started its operations in January, 2005.

These revenue measures resulted into revenue collection in 2004/05 of TZS 1,773.7 billion, exceeding the target by TZS 34.4 billion. The amount represented 14.1 percent of GDP as compared with the target of 13.8 percent. Most of the increase in revenue is on account of VAT and income tax (**Chart 2.1**). VAT collection increased following the decision to raise the

threshold for VAT registered companies from TZS 20 million to TZS 40 million in annual turnover. The result of this is the reduction of the number of VAT taxpayers making collection more efficient and cost effective. The increase in Income Tax is due to Pay As You Earn (PAYE) and Corporate Tax, following

**Chart 2.1: Tanzania: Government Resources in 2004/05
(TZS billion)**





increased efficiency in tax collection and the elimination of loopholes for tax evasion in line with the effective implementation of the new Income Tax Act of 2004. Further, introduction of a one-stop centre for taxpayers in districts and the expansion of the Large Tax Payers Department to include more than one hundred new clients improved service delivery system, tax administration and revenue performance.

Performance in grants was impressive. Donors adhered to their commitment to disburse foreign program assistance according to schedule. A total of TZS 993 billion in grants was received against the estimated TZS 908.8 billion.

Government expenditure

The government's strict observance of cash budget, Public Procurement Act of 2004, and effective roll-out of the Integrated Financial Management System (IFMS) to monitor expenditures in Ministries, Districts and Agencies, resulted into strengthened control and accountability in the use of public resources. The IFMS restricts all payments to budgeted levels approved by Parliament and enables quick and accurate detection of any fraud or theft of public funds. Total expenditure outturn in 2004/05² amounted to TZS 3,046.3 billion above the estimated level by TZS 25.0 billion. The more than estimated

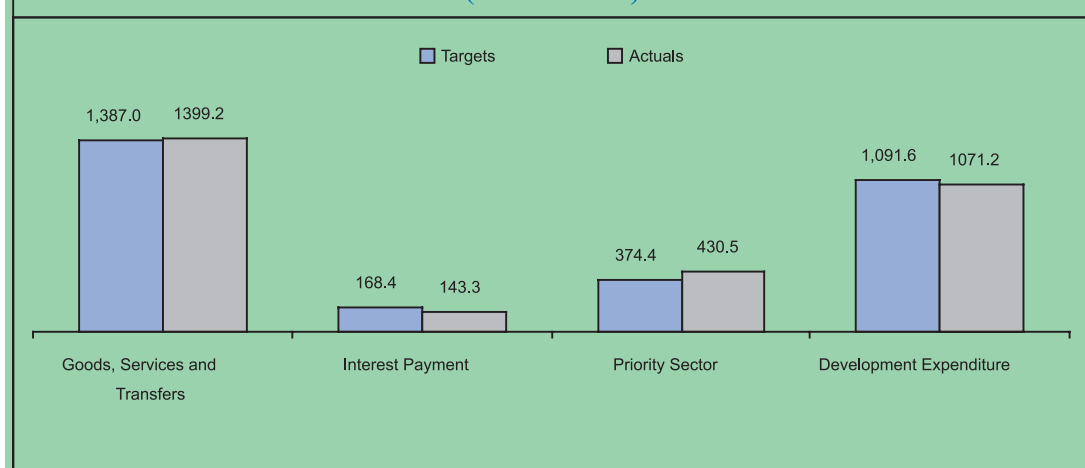
expenditures were possible due to good performance in grants and concessional loans for financing development expenditures.

Total recurrent expenditures amounted to TZS 2,017.5 billion, which was TZS 89.1 billion below the estimates. The underperformance in recurrent expenditure was mainly on account of additional HIPC relief granted that resulted into a saving in external interest payments. Also, out of funds allocated to the government to meet import taxes in the Treasury Voucher system, there was a saving of TZS 16 billion. The savings made it possible increased allocations to Priority Sectors in line with Government's continued commitment to poverty reduction strategy. Such sectors received TZS 432.6 billion, against the budget of TZS 374.4 billion (**Chart 2.2**). For instance education received 30.5 percent of the total allocations to priority sectors, followed by health (27 percent), roads (22.7 percent) and agriculture (10.1 percent). Justice and legal services absorbed 2.6 percent, while water received 4.5 percent.

Development expenditure amounted to TZS 1,146.8 billion, above the target by TZS 55.2 billion. Local component of the development expenditure was TZS 239.7 billion which was above the target of TZS 233.7 billion. The foreign component of development expenditure over

performed. Total foreign grants and concessional loans received amounted to TZS 907.1 billion compared to the estimate of TZS 857.9 billion.

Chart 2.2: Tanzania: Government Expenditure in 2004/05 (TZS billion)



Chapter Three

MONETARY AND FINANCIAL DEVELOPMENTS

Implementation of the Monetary Policy

During 2004/05, the conduct of monetary policy was geared towards maintaining the appropriate level of money supply to ensure low and stable prices. Apart from this overriding objective, monetary policy aimed at ensuring the country has adequate foreign reserves of at least seven months of imports and supporting broader macroeconomic objectives of the government for the year: a real GDP growth target of 6.3 percent in 2004 and 6.5 percent in 2005; an inflation rate of 4.0 percent by end-June 2005; domestic recurrent revenue equivalent to 13.8 percent of GDP; overall fiscal deficit of 5.2 percent of GDP and government domestic bank borrowing of 1.8 percent of GDP.

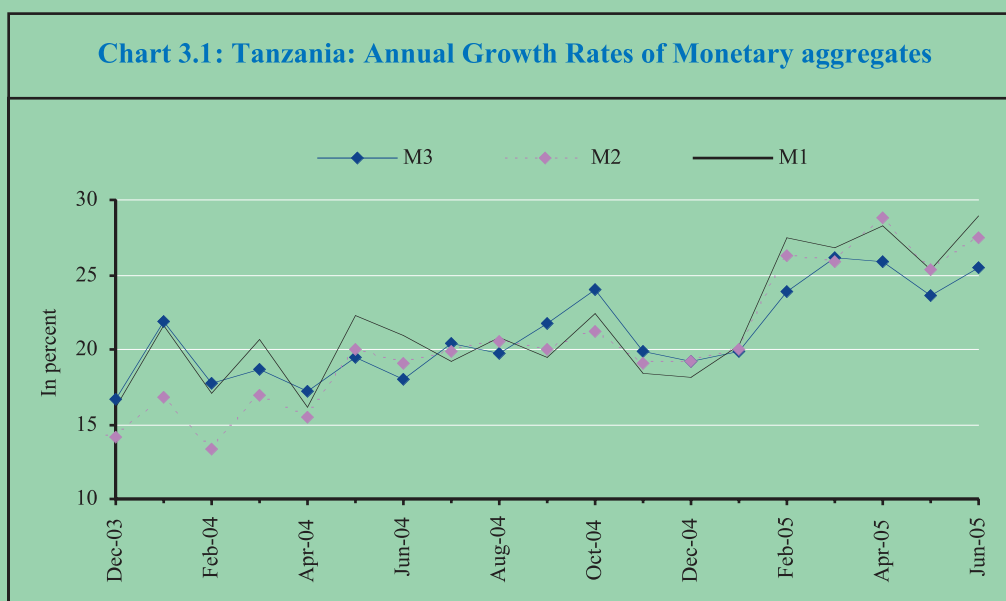
During the year, the level of liquidity in the economy was generally high relative to the target for most parts of 2005, mainly due to high government budget support inflows. The Bank's efforts to contain high liquidity to desirable level were impaired by unpredictable demand for the main open market instruments, as main investors increased private sector

lending and investment in real estates. One of the outcomes of these developments has been upward pressure in interest rates on domestic debt instruments.

The growth of money supply was slightly higher than the anticipated level of 24 percent during the year ending June 2005. Extended broad money supply (M3) grew by 25.5 percent compared with 18 percent registered in the year ending June 2004, while broad money supply (M2) recorded a growth rate of 27.5 percent compared with 19 percent in the same period last year (**Chart 3.1**). This development was mainly due to increased demand for credit to finance the expanding economic activities - particularly building and construction, agriculture, manufacturing, and poverty reduction related government expenditures.

The expansion in money supply was dominated by demand deposits that grew by 33 percent during the year ending June 2005 compared with a growth rate of 17 percent in the previous year reflecting largely improvements in the intermediation process. Similarly, other deposits

Chart 3.1: Tanzania: Annual Growth Rates of Monetary aggregates





registered higher growth rates as a result of rising incomes from the expanding economic activities (**Table 3.1**). The annual rate of expansion of currency in circulation remained roughly unchanged at 25 percent, as it was in the preceding year.

On the sources side, the increase in money supply during the year ending June 2005 is largely attributed to the growth in net domestic assets (NDA) of the banking system which grew by about 57 percent, compared to 36 percent recorded in the year ending June, 2004. This outturn was on account of a substantial increase in domestic credit to private sector, coupled with a drawdown in government deposits at the

Bank of Tanzania. Net foreign assets (NFA) of the banking system grew moderately by about 6.8 percent compared with 14 percent a year earlier. The relatively lower increase in NFA is explained by the increase in the import bill during the year and increases in government external obligations.

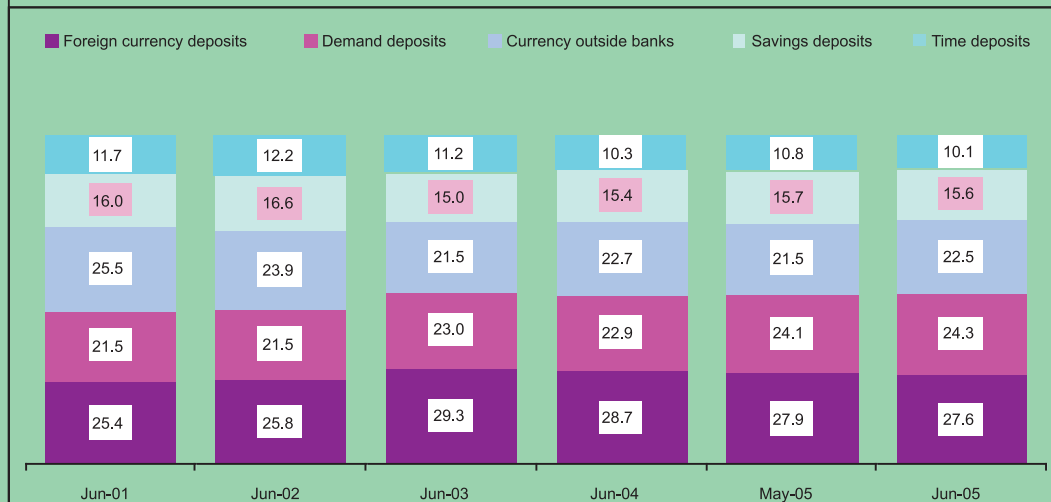
Domestic Credit

Growth rate of the commercial bank credit to the private sector averaged 33 percent during the year ending June, 2005, with some months recording growth rates as high as 45 percent growth. The proportion of bank credit to the private sector to GDP also improved, from 8.6

Table 3.1: Tanzania: Selected Money Supply Components

Item	Billions of TZS						
	June			Annual Change		Annual % Change	
	2003	2004	2005	Jun-04	Jun-05	Jun-04	Jun-05
Extended broad money supply (M3)	2205.9	2602.9	3266.5	397.0	663.6	18.0	25.5
Broad money supply (M2)	1558.8	1856.3	2366.5	297.5	510.2	19.1	27.5
Currency in circulation	473.7	590.4	734.9	116.7	144.5	24.6	24.5
Demand deposits	507.4	595.6	793.9	88.2	198.3	17.4	33.3
Time deposits	246.7	269.1	328.7	22.4	59.6	9.1	22.1
Savings deposits	330.9	401.1	509.0	70.2	107.8	21.2	26.9
Foreign currency deposits	647.1	746.6	900.0	99.5	153.4	15.4	20.5
<i>In millions of US dollar</i>	<i>618.3</i>	<i>674.2</i>	<i>799.1</i>	<i>55.9</i>	<i>124.8</i>	<i>9.0</i>	<i>18.5</i>
Total non-government deposits	1732.2	2012.5	2531.6	280.3	519.1	16.2	25.8
Net foreign assets	1871.3	2134.2	2279.3	262.9	145.1	14.0	6.8
Bank of Tanzania	1215.0	1468.9	1666.0	253.8	197.1	20.9	13.4
Commercial banks	656.2	665.3	613.3	9.1	-52.0	1.4	-7.8
Net domestic assets	710.3	962.9	1511.1	252.6	548.2	35.6	56.9
Domestic Credit	858.2	1123.6	1504.1	265.4	380.5	30.9	33.9
Net claims on government	199.7	157.6	284.7	-42.1	127.1	-21.1	80.6
Claims on government	489.9	515.2	551.1	25.4	35.9	5.2	7.0
Government deposits	290.2	357.6	266.4	67.4	-91.2	23.2	-25.5
Claims on the private sector	658.5	966.0	1219.4	307.5	253.4	46.7	26.2

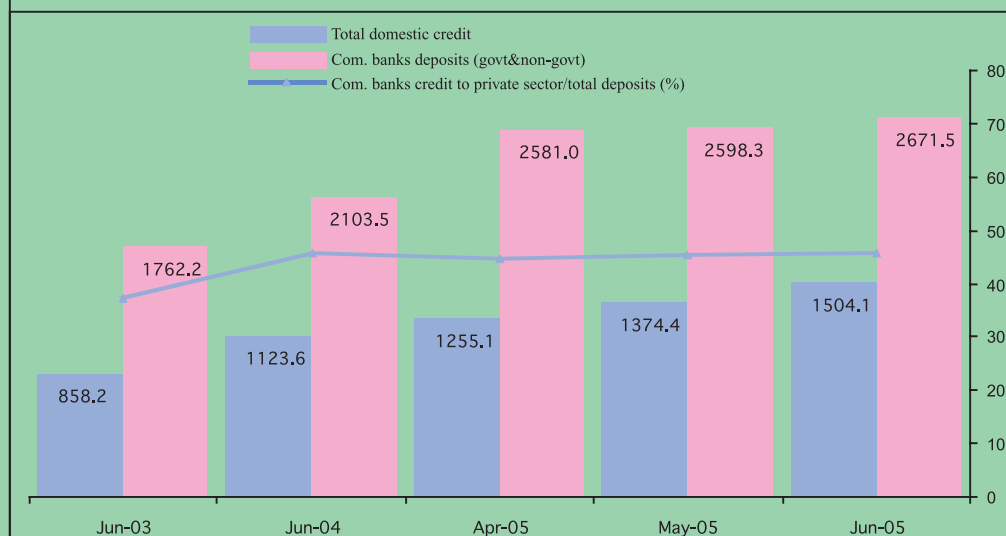
Source: Bank of Tanzania

Chart 3.2: Tanzania: Components of Money Supply as Percentage of M3


percent in June, 2004 to 9.8 percent in June, 2005.

In nominal terms, banks' lending to private sector rose by TZS 253.4 billion during the year to a stock of TZS 1,219.4 billion at the end of June 2005. This level accounted for about 81 percent of total domestic credit of the banking system and was equivalent to 48 percent of total private deposits in the commercial banking system.

Credit extended to the private sector was mostly directly to economic activities such as agriculture, construction, manufacturing, trade, tourism and communications. To a large extent this development reflects the ongoing government efforts to remove impediments to bank lending, improved business environment, as well as increased competition among banks. These factors were supported by strong economic growth and increased creditworthiness of borrowers.

Chart 3.3: Total Deposits and Credit of the Banking System (Billions of TZS)




Commercial Banks Interest Rates

Developments in interest rates offered by commercial banks on deposits were mixed during the year ending June 2005. Interest rates on savings deposits evolved around 2.6 percent, although some banks offered interest rates of up to 5 percent. The average interest rate on time deposits rose to around 4.5 percent from 3.8 percent in the previous year, with some banks offering rates as high as 8 to 10 percent to prime customers. The increase in deposit rates reflects the initiative taken by commercial banks in mobilizing deposits to cater for money demand by the economic agents following the expansion of economic activities during the year. Average negotiated deposit rate rose to 7.96 percent in the year under review from 6.62 percent a year earlier.

In line with the increase in demand for credit in the private sector during the period under review, interest rates on local currency denominated loans exhibited an increasing trend, with the overall lending rate rising from an average of 14.02 percent in 2003/04 to 14.98 percent in 2004/05. Similarly, the average negotiated lending rate to prime customers rose from an

average of 8.79 percent to 10.78 percent in the same period.

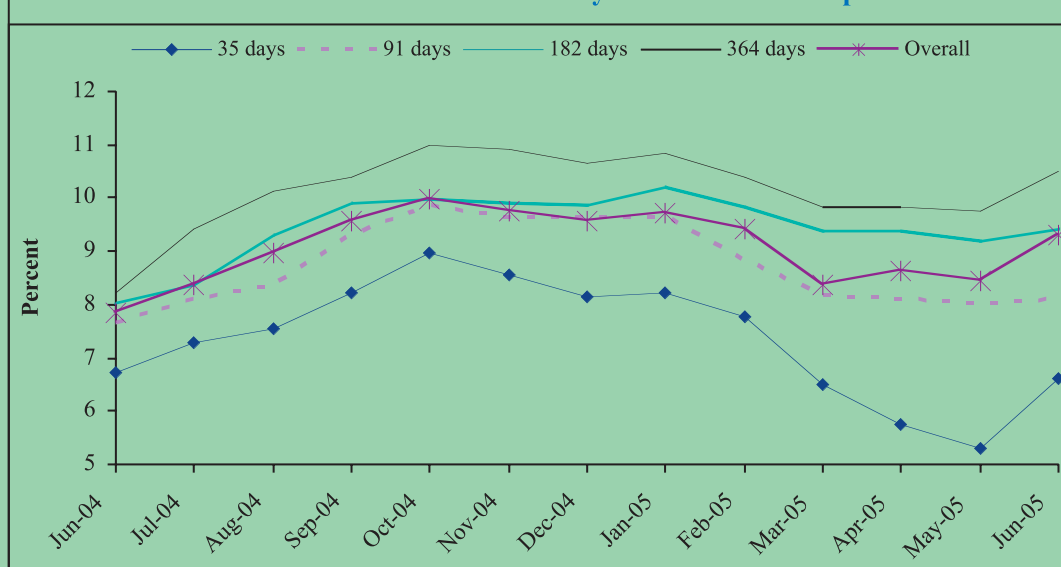
These developments translated to an increase in the margin between the average overall time deposit rate and the overall lending rate from 10.18 percentage points in 2003/04 to 10.46 percentage points in the year under review. Wide interest rate spread remains a challenge in the country, which the Bank has endeavoured to tackle through the ongoing second-generation financial sector reform initiatives that are expected to contribute to reduction of the various risks associated with lending to the private sector.

Financial Markets

Market Performance of Government Securities

During the year ending June 2005, the amount offered for Treasury bills was TZS 1,680.1 billion, which is 31.6 percent lower, than the amount offered during the previous year. Annual figures show the market was over-subscribed despite under-subscriptions in some individual auctions particularly during the last quarter of the

Chart 3.4: Tanzania: Treasury Bills Yields Development



year. Demand increased by 29.1 percent when compared with TZS 1,710.4 billion demanded in the previous year. The amount sold was TZS 1,687.1 billion slightly higher than the amount offered by 0.4 percent following intervention by the Bank to mop up excess liquidity from the banking system. The monetary policy actions however led to increase in average interest rate of Treasury bills of all maturities (**Chart 3.4**).

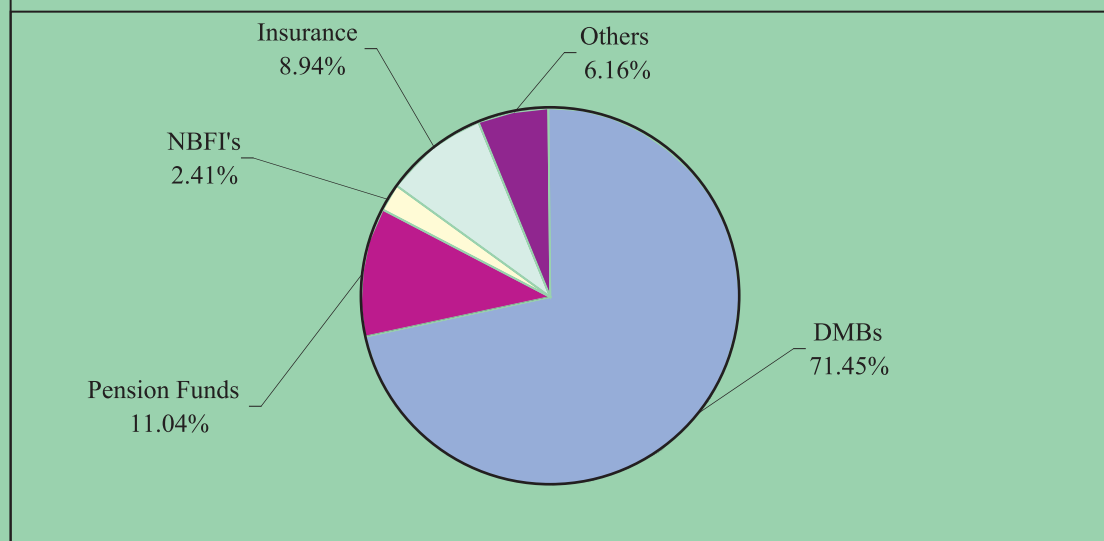
In terms of participation in the Treasury bill market, DMBs increased their share by 2.9 percent compared with position previous year. Pension Funds and Non-Bank Financial Institutions decreased their market share by 23.3 percent and 44.7 percent, respectively. This shift may be attributed to a wider participation of the Insurance Companies in abiding to the introduced Government Notice number 14 of holding 50 percent of their core capital in Government securities. Hence Insurance Companies' share increased by 23.7 percent from the previous year and others increased their market share by 33.3 percent. The latter may be associated with increased participation of official entities, especially the Unit Trust of Tanzania (UTT).

In the treasury bonds market, TZS 151.3 billion were offered. However, the market experienced under-subscription by 53.1 percent. The Bank intervened in some auctions and rejected unrealistic quotes so that only treasury bonds worth TZS 97.4 billion were sold. The Bank bought TZS 9.0 billion at the weighted average price off tender. The Bank's purchase aimed at compensating for the under-subscriptions and building a portfolio of treasury bonds for the Bank. During the year, treasury bonds worth TZS 58.7 billion were redeemed and interest paid amounted to TZS 29.2 billion.

Pension Funds were the main dominant participant in the treasury bonds market with 81.5 percent despite the reduction in their share from the previous year by 4.0 percent. Deposit Money Banks increased their share from 8.3 percent recorded in the previous year to 15.0 percent.

Treasury bonds yields rose across all maturities reflecting low demand experienced during the year. The yields on 2-year and 5-year treasury bond rose from an average of 8.0 percent and 8.8 percent in the year to June 2004 to 12.3 percent and 11.7 percent in the year to June

Chart 3.5: Successful Participants in the Treasury Bills Market



* Note: Others include Official Entities and individuals.



2005, respectively. Similarly, the yields of 7-year and 10-year bonds rose from an average of 10.0 percent and 11.1 percent to 11.4 percent and 13.1 percent in the same period, respectively.

Repurchase Agreements (Repos)

In the year to June 2005, the Bank employed repo with commercial banks amounting to TZS 500.4 billion to fine tune liquidity in the commercial banks. Total amount repurchased was TZS 352.1 billion. Comparatively, at the end of the previous financial year, total repos sold were TZS 225.5 billion whereas the repurchased repo amounted to TZS 231.8 billion. The rise of 121.9 percent in repo transactions indicates an increase in liquidity mop-up requirements during the year under review. During the year under review, weighted average repo rates ranged from 4.7 percent to

6.9 percent, compared with the range of 3.5 percent to 7.0 percent during the previous year.

Interbank cash market

Total inter-bank cash market transactions during the year under review amounted to TZS 2,198.4 billion as compared with TZS 6,489.5 billion transacted in the previous year. Total overnight transactions amounted to TZS 1,273.1 billion accounting for 58.1 percent of total transactions and lower by 76.9 percent when compared to overnight transactions during the previous year. Interest rates on overnight transactions rose slightly from an average of 5.6 percent in 2003/04 to 5.7 percent in 2004/05, while the overall rate increased from 5.8 percent to 6.1 percent in the same period.

Table 3.2: General Performance of Government Securities Market

A: TREASURY BILLS:

(in TZS mill)

Description	2003/2004	2004/2005	% Change
Amount Offered	1,149,000.00	1,680,100.00	46.22
Amount Tendered	1,710,407.56	2,207,308.43	29.05
Successful Amount	1,211,148.00	1,733,401.37	43.12
Sales (Cost Value)	1,165,750.01	1,687,082.56	44.72
Redemption	1,141,099.5	1,602,491.20	40.43

B: TREASURY BONDS

Description	2003/2004	2004/2005	% Change
Amount Offered	219,730.00	151,300.00	31.14
Amount Tendered	167,400.90	98,839.60	(40.96)
Successful Amount	136,048.30	97,426.60	(28.69)
Sales (Cost Value)	133,624.48	91,240.54	(31.72)
Redemption	74,861.30	58,731.40	(21.55)
Interest	9,536.86	29,239.25	206.62

**Table 3.4: Repo Rates Range**

Tenure	Repo rates in %	
	2003/04	2004/05
1 – day	4.50	4.69 – 5.50
2 - days	-	5.50
3 - days	3.95 – 7.00	5.00 – 6.50
4 - days	4.00 – 4.75	-
5 - days	3.50 – 4.75	-
6 - days	5.00 – 5.50	-
7 - days	4.00 – 7.00	5.00 – 6.50
9 - days	4.00 – 5.50	-
14 - days	5.00 – 6.00	5.00 – 6.90

Inter-bank Foreign Exchange Market

Inter-bank Transactions Decline

The total volume traded at the Inter-Bank Foreign Exchange Market (IFEM) declined by 17.0 percent to US\$ 792.18 million in 2004/05, from the level recorded in the previous year (Table 3.5). The decline in volume traded was partly attributed to low demand for US dollars particularly from corporate clients to meet foreign exchange obligations. On net basis, commercial banks purchased US\$ 199.66 million, while the Bank of Tanzania and non-bank financial institutions sold US\$ 148.98 million and US\$ 50.68 million, respectively.

The Tanzanian Shilling Slightly Weakens

The shilling depreciated against the US dollar by 1.2 percent to an average of TZS 1,090.8 in June 2005 from the level recorded during July 2004.

Transactions in Bureau de Change Operations Surge

The total volume of transactions conducted by Bureau de change system went up by 32.9 percent to US\$ 748.55 million, mainly due to the rise in both foreign exchange outflows and inflows. The notable increase in the outflows emanating from the surge in foreign exchange payments for medical and education expenses, the increase in inflows was partly due to the rise in foreign exchange receipts from tourism.

Table 3.5: Foreign Exchange Market Developments

Item	2003/04	2004/05	% Change
IFEM			
Amount offered*	953.97	792.18	-16.96
Amount sold*	953.97	792.18	-16.96
Exchange rate**	1,077.74	1,090.75	1.21
Bureau de Change			
Sales*	290.60	369.77	27.24
Purchases*	272.60	378.78	38.95
Volume of Transactions*	563.20	748.55	32.91
Buying rate**	1,070.89	1083.89	1.21
Selling rate**	1,088.92	1,102.17	1.22

Source: Bank of Tanzania

Note: * Millions of US Dollar, ** Tanzania Shilling (TZS) per US dollar



Bureau Buying and Selling Rates Depreciated

The buying and selling rates both depreciated slightly against the US dollar to an average of TZS 1,083.89 and TZS 1,102.2, respectively, as depicted in Table 3.3.

Chapter Four

BALANCE OF PAYMENTS DEVELOPMENTS

Overall Balance

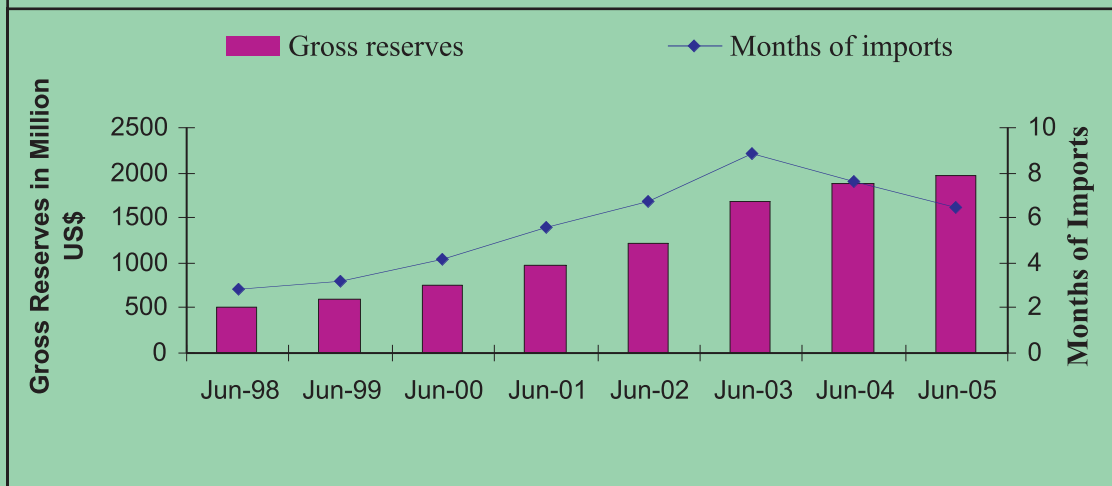
During 2004/05, the Tanzania's overall balance of payments recorded an improvement as the deficit narrowed to US\$ 74.1 million when compared to US\$ 105.6 million in the previous year. This was mainly attributed to the significant increase in official capital inflows following the country's commitment in the implementation of macroeconomic and structural reforms. On the other hand, the current account deficit remained almost unchanged at around US\$ 460 million given that the impact of substantial increase in imports of goods and services was cushioned by the increase in donor inflows and improvements in exports.

During the period under review, the Bank's stock of gross international reserves stood at US\$ 1,968.6 million from US\$ 1,878.0 million recorded in June 2004. The level of reserves was enough to cover for about 6.6 months of imports of goods and services compared with 7.7 month of imports at the end of the previous year.

Goods Exports

During the year ending June 2005, total goods exports increased by 23.6 percent to US\$ 1,458.6 million attributed to the increase in both traditional and non-traditional exports. Traditional exports increased significantly to US\$ 328.7 million in 2005 compared to US\$ 220.5 million of 2004 as most of the commodities registered increases in both exported volumes and unit prices. Impressive performance was registered for cotton and coffee exports following favourable weather conditions coupled with timely usage of agricultural inputs such as pesticides for the crop. On the other hand, the exported volume of cloves plunged during 2004/05 partly due to decreased production due to aging of the clove trees and smuggling of cloves to a neighbouring country. With the exception of tea that recorded a marginal decline in export unit price, other traditional exports recorded unit price improvements. The increase in unit price of coffee is partly attributed to the low coffee production in Brazil and Vietnam, the leading coffee producers in the world. Although the prices of most traditional exports recovered

Chart 4.1: Bank of Tanzania Gross Reserves





in the period under review, the performance of traditional exports remained low compared with the outturn in 1996/97 when US\$ 410 million was realized from traditional exports. This is mainly due to supply constraints such as multiple taxation on agricultural products and poor road infrastructure to market outlets. However in recent years, the Government has taken measures to remove the bottlenecks—for example the removal of nuisance taxes, improvement in the road infrastructure and streamlining functions of crop markets. During the period under review, Europe and Asia continued to be the major markets for traditional crops from Tanzania.

As for non-traditional exports, the improvement was mainly attributed to the surge in exports of manufactured goods, minerals (particularly gold) and other exports. Just like in the previous year, gold exports dominated the non-traditional exports accounting for about 59 percent of total non-traditional exports. The good performance in gold exports was mainly on account of an increase in the world market price for gold. It is worth noting that the rise in gold prices was largely due to the weakening of the US dollar against other major currencies

and global security concerns. Most of the Tanzanian gold was exported to China and Japan. Other mineral that consists of precious stones, including Tanzanites, increased by 60.0 percent to US\$ 30.5 million in 2004/05. Most of the precious stones were exported to United Kingdom, Saudi Arabia and South Africa. Manufactured exports have been growing at an average of around 30 percent in the last three years, mainly as a result of improved performance following privatization of the state owned companies and the establishment of the Export Processing Zones (EPZ). The main manufactured goods exports that recorded substantial improvement were cement, textile apparel, iron and steel. Likewise, other exports that mainly consisting of edible vegetables, oil seeds and cereals performed well during the review period.

Goods Imports

Goods imports (f.o.b.) went up by 18 percent to US\$ 2547.2 million owing to a rise in importation of capital, intermediate and consumer goods. The surge in capital good imports was attributed to a substantial increase in imports of machinery and building and construction equipment which

Chart 4.2: Trend and structure of Tanzania Exports (in Million US\$)

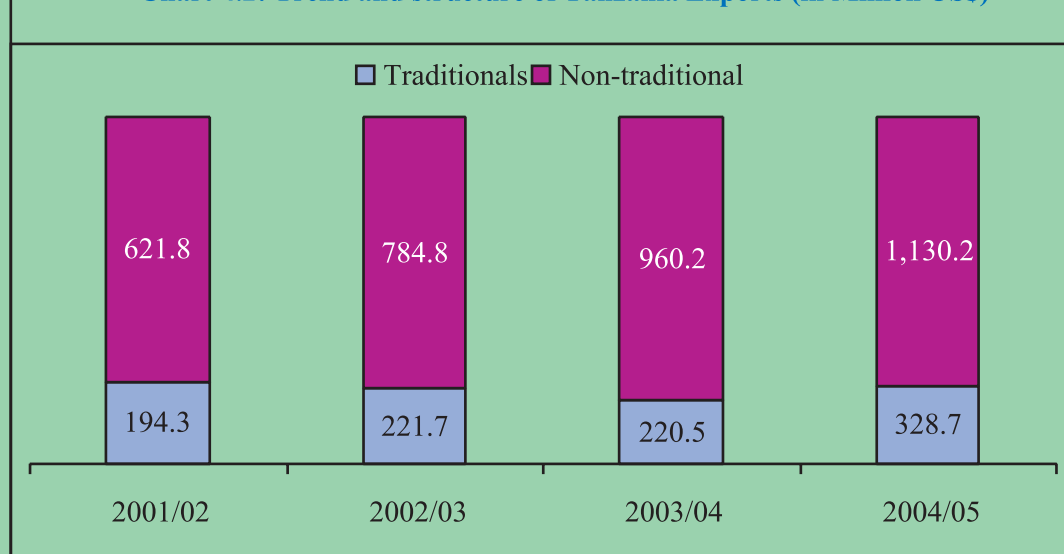
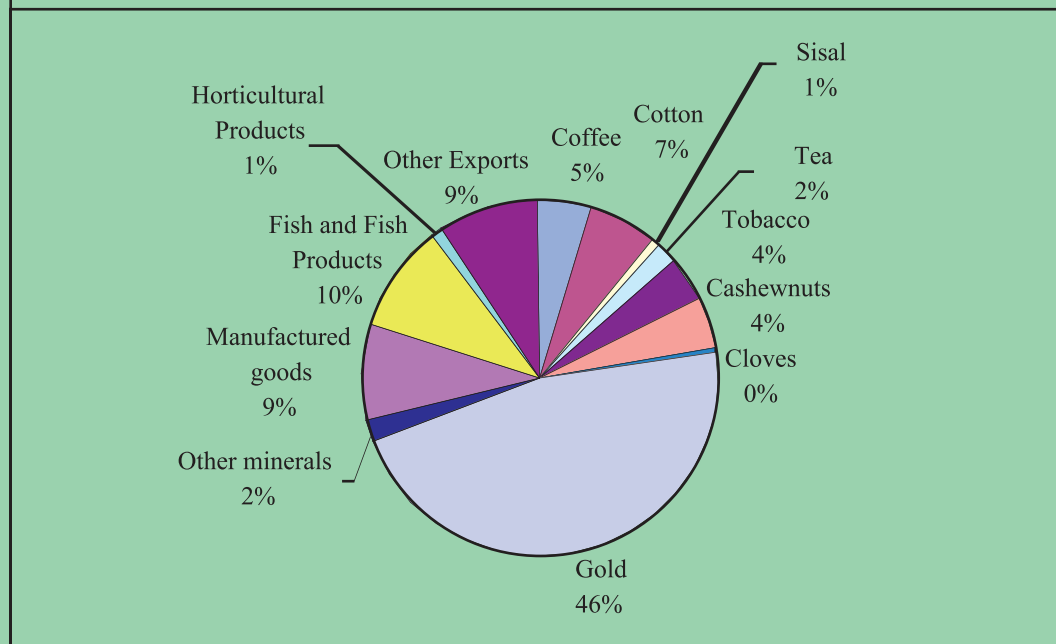


Chart 4.3: Tanzania: Contribution of Commodities to Total Export Earnings 2004/05


were mostly imported from Republic of South Africa, United Kingdoms, India and China. The increase in importation of capital goods was driven by increase in economic activities, particularly in the mining, manufacturing, tourism and communication sectors. Likewise, intermediate goods imports increased by 22.2 percent to US\$ 843.5 million mainly due to the increase in oil imports and fertilizers. While the increase in the value of oil imports was partly due to a surge in oil prices in the world market, the increase in fertilizers was attributed to the Government's policy of subsidizing transport cost of fertilizers.

During this period, consumer goods imports rose slightly following mixed developments in the importation of food and foodstuffs and other consumer goods. Value of food imports declined by 20.8 percent to US\$ 185.2 million in 2004/05 largely on account of improvement in weather conditions that had a positive impact on domestic food supply. Conversely,

other consumer goods imports increased substantially as a result of a rise in importation of pharmaceuticals, educational supplies and other equipment. The development is in line with increased Government's funding to the social sectors.

Services Account

During the year ending June, 2005, the deficit in the service account widened following the increase in service payments that outweighed the impact of the increase in receipts. The surge in payments was mainly recorded in insurance service payments, construction, travel and transportation. While the surge in construction service payments is largely explained by the increase in construction activities in the country, the increase in travel payments is associated with increase in education and medical payments.

On the other hand, the increase in service receipts was mainly attributed to the improved


Chart 4.4: Trends and Structure Tanzania Imports (In million US\$)


performance of travel, insurance, and transportation activities. Travel (tourism) continued to dominate the services sector amid the promotional efforts taken by the Government and other stakeholders of promoting Tanzania as a unique and safe destination. The increase in insurance receipts is consistent with the growth of economic activities coupled with expansion of insurance industry in the country. In addition, the increase in transportation (freight) receipts is attributed to the increased operational efficiency of the Dar-es-Salaam port, which is a gate way for landlocked neighbouring countries like Malawi, Zambia, Rwanda and Burundi.

Income Account

During the year ending June 2005, the deficit in the income account widened following the increase in payments for compensation of employees and a fall in interest receipts from both short-term investments. The decline in interest receipts is in line with a decline in accumulation of BOT's foreign exchange reserves to US\$ 90.6 million in the year under review compared with US\$ 207.6 million accumulated in the previous year. Likewise,

interest payments increased by 4.7 to US\$ 99.4 million during the period under review.

Current and Capital Transfers

During the year under review, the country registered a substantial increase in official transfers following continued Government's commitment in implementing macro-economic policy reforms. Most of the official inflows were disbursed under Poverty Reduction Budget Support (PRBS) directed to the priority sectors (Education, Health, Water and Road) as identified in the Tanzania Poverty Reduction Strategy (TPRS)

Financial Account

During the year under review, the financial account surplus decreased notably to US\$ 35.2 million from US\$ 157.9 million in the previous year mainly due to a substantial decline in contraction of new loans by the Government and an increase in debt service by the private sector. The decline is partly explained by the Government's policy of contracting concessional loans only from the multilateral

financial institutions. Most of the disbursed loans were mainly directed to poverty reductions programmes.

World Commodity Prices

With the exception of cotton and tea (Mombasa), the prices of most of the traditional commodities recovered during 2004/05 (Table 4.3). The prices of **coffee** (Robusta) and (Arabica) surged by 13.6 percent to US\$ 0.92 per kg and 46.8 percent to US\$ 2.29 per kg respectively, largely on account of a drop in the Brazilian coffee supply in the 2003/04 season. The decline in the coffee production was attributed to the effects of coffee biennial cycle which appear after every two years. While the price of **tea** -Mombasa Auction declined, the average price of tea in all Auctions) increased by 6.9 percent on account of the strong demand from Russia, Pakistan and Middle East.

Prices of **sisal** and **cloves** surged by 11.6 percent to US\$ 877.50 per metric ton and 51.9 percent to US\$ 3,290.67 per metric ton, respectively. The increase in the prices of sisal and cloves was mainly due to strong demand from USA and Indonesia, respectively. During the period under review, the prices of **cotton** declined mainly due to a rise in its increased production following favourable weather conditions coupled with the increase in the cultivation acreage in the United States and China.

On the other hand, the prices of both **crude oil** and **gold** rose during the year under review. The rise in crude oil prices was partly due to the surge in demand for oil, in the United States and China and the tensions in the Middle East. As for gold, the rise in price was mainly due to the weakness of the US dollar against other major currencies and security concerns in the Middle East. This attracted buyers to opt for the precious metal as a safe haven investment.

Table 4.1: World Commodity Prices

COMMODITY	UNITS	Annual Averages				% Change 2003/04 - 2004/05
		2001/02	2002/03	2003/04	2004/05	
"Robusta" Coffee	US \$ per KG	0.57	0.78	0.81	0.92	13.58
"Arabica" Coffee	US \$ per KG	1.32	1.39	1.56	2.29	46.79
Tea (Average price)	US \$ per KG	1.48	1.51	1.59	1.70	6.92
Tea (Mombasa Auction)	US \$ per KG	1.45	1.50	1.58	1.50	-5.06
Cotton, "A Index"	US \$ per KG	0.92	1.20	1.53	1.19	-22.22
Cotton, "Memphis"	US \$ per KG	1.00	1.13	1.58	1.23	-22.15
Sisal (UG)	US \$ per metric ton	669.57	656.25	786.25	877.50	11.61
Cloves	US \$ per metric ton	7,533.54	2,509.72	2,166.63	3,290.67	51.88
Crude oil*	US \$ per barrel	22.67	27.86	31.38	45.06	43.59
Crude oil**	US \$ per barrel	21.61	25.88	29.05	40.20	38.38
White products***	US \$ per ton	201.48	251.87	304.32	450.09	47.90
Gold	US \$ per troy ounce	289.00	333.93	389.18	422.43	8.54

Source: Bank of Tanzania

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

** f.o.b. Dubai

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



Chapter Five DEBT DEVELOPMENTS

Overview

National debt stock, as at the end of June 2005, stood at US\$ 9,087.5 million out of which, US\$ 8,134.8 million (or 89.5 percent) was external debt and US\$ 952.6 million (or 10.5 percent) was domestic debt. The total national debt increased by 4.0 percent from US\$ 8,742.1 million recorded as at the end of June 2004.

Total debt relief received from multilateral institutions amounted to US\$ 369.6 million as at the end of June 2005. As at the end of June 2005, Tanzania had concluded bilateral agreements with twelve Paris Club creditors leading to cancellation of debts worth US\$ 858.7 million under Paris Club VII arrangement. At the end of the same period three non-Paris Club Bilateral Creditors had cancelled debt to Tanzania, worth US\$ 72.5 million.

External Debt

Committed External Debt

Committed external debt as at June 30th 2005,

stood at US\$ 8,345.1 million, representing an increase of 3.2 percent from US\$ 8,088.3 million registered at the end of June, 2004. Disbursed Outstanding Debt (DOD) increased by 1.8 percent from US\$ 6,678.3 million registered at the end of June 2004 to US\$ 6,799.5 million by June 2005.

External Debt Stock

Total external debt stock as at the end of June 2005, stood at US\$ 8,134.8 million, having increased by 3.5 percent from US\$ 7,856.9 million-registered at the end of June, 2004. Despite the debt relief initiatives, the debt stock increased due to new borrowings mainly from multilateral institutions that are offering concessional loans. Exchange rate 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 shows that multilateral debt accounted for 68.0 percent; bilateral debt 22.1 percent; commercial debt 6.1 percent and export credit 3.7 percent of DOD. The high proportion of multilateral debt is attributed to government policy of borrowing concessional loans which are mainly offered by multilateral institutions such as IDA and AfDB (**Chart 5.2**).

Analysis of DOD by borrower category shows that the share of Central Government remained high at 85.8 percent

Chart 5.1: National Debt Stock 1999/00-2004/05

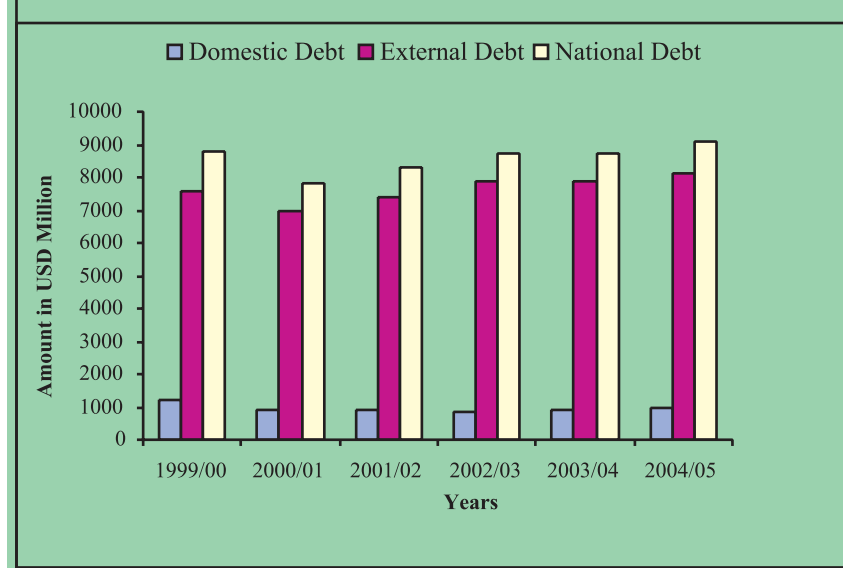
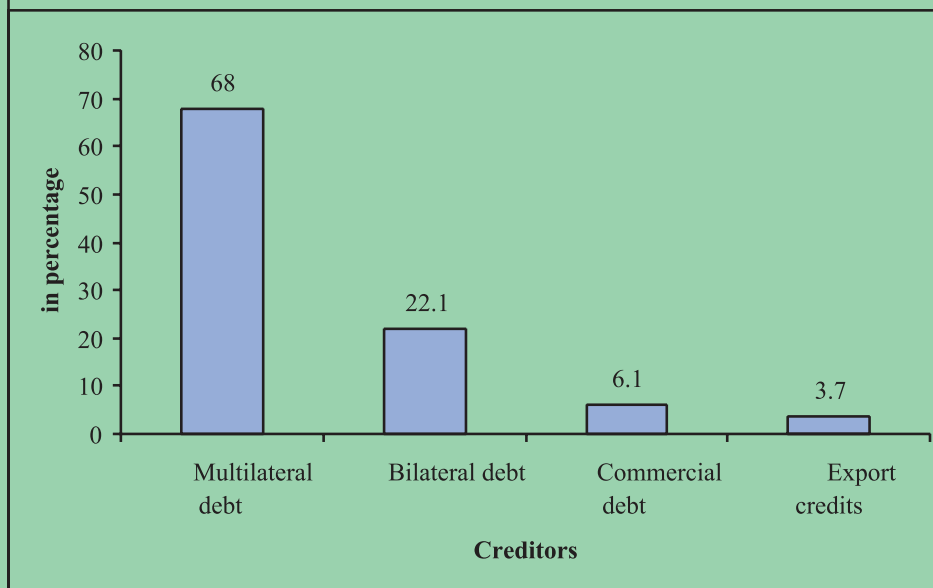



Chart 5.2: Disbursed Outstanding Debt by Creditors Category


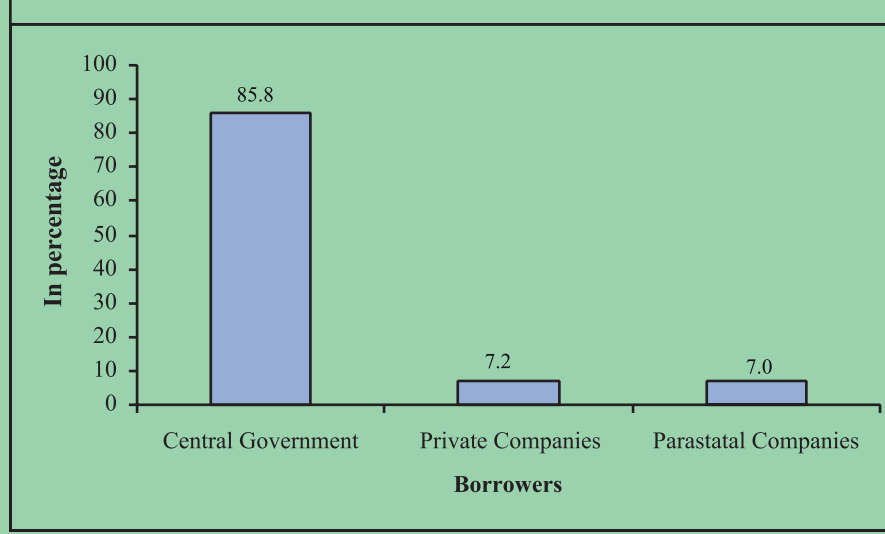
of the total DOD. The share of private companies and parastatal companies were 7.2 percent and 7.0 percent, respectively (**Chart 5.3**).

Analysis of debt by use of funds show that 19.6 percent was utilized for Balance of Payments Support while the Agricultural sector received 15.9 percent. Transport and Telecommunications activities received 15.8 percent followed by

Energy and Mining that received 15.7 percent. Social Welfare & Education, Industries, Finance and Insurance, and Tourism absorbed 9.0 percent, 6.0 percent, 1.4 percent and 1.2 percent, respectively. The remaining 15.4 percent of the debt financed other activities (**Chart 5.4**).

Loans Contracted

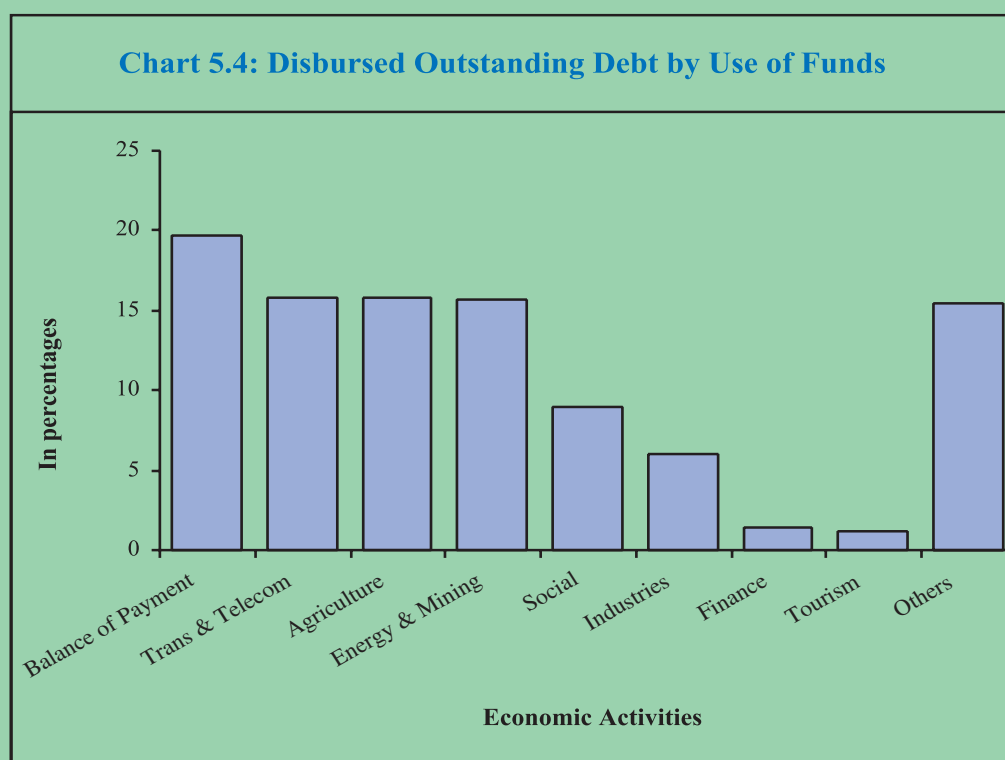
New loans worth US\$ 376.4 million were contracted and recorded during the year under review. Out of this amount, US\$ 335.4 million (89.1 percent) of the new loan was contracted by the Government while the remainder was contracted by private companies. Most of loans contracted by the Government originated from multilateral institutions while those of private companies came from various sources.

Chart 5.3: Disbursed Outstanding Debt by Borrower Category


Disbursements

During the period under review, total disbursements amounted to US\$ 190.2 million out of which US\$ 161.49 million (or 84.9 percent) went to Government. The remaining amount of US\$ 28.8 million (or 15.1 percent) went to private companies.

Chart 5.4: Disbursed Outstanding Debt by Use of Funds



External Debt Service Payments

Debt service payments amounted to US\$ 112.9 million, which represents 31.8 percent of US\$ 355.1 million scheduled for debt service payment. In that year the low debt service payments were attributed to debt relief offered by multilateral institutions and non-servicing of the Non Paris Club bilateral loans.

Enhanced Highly Indebted Poor Countries (HIPC) Initiatives

Multilateral Debt Relief

Multilateral creditors have been offering debt relief in form of debt service reduction since 1999/00. As at the end of June 2005, total relief received had reached US\$ 369.6 million out of which US\$ 83.5 million (22.6 percent) was received during the period under review.

Bilateral Paris Club Debt Relief

By June 2005, Tanzania had concluded bilateral agreements with twelve Paris Club creditors—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 however, remained at the same level of US\$ 858.65 million as recorded at the end of June 2004.

Non - Paris Club Bilateral Debt Relief

Among non-Paris Club Creditors, only Bulgaria, India, and Kuwait had offered debt relief in line with the HIPC framework by June, 2005. Bulgaria and India together offered relief by canceling debts worth US\$ 34.8 million, Kuwait rescheduled its debts amounting to US\$ 31.8 million resulting into a 90 percent debt cancellation in NPV terms. China offered debt relief outside the HIPC Framework by canceling debts worth US\$ 37.7 million. Dialogue was

**Table 5.1: Debt Relief from Non - Paris Club Bilateral Creditors (million US\$)**

Creditor	Amount Cancelled
Bulgaria	15.1
India	19.7
China	37.7
Total	72.5

also initiated with other non Paris Club creditors to offer debt relief under HIPC Initiatives.

UK Initiative

The United Kingdom agreed, during the year under review, to provide more relief by making payments of 10 percent of Tanzania's debt service (after HIPC relief) to IDA and AfDB. The payments will cover the debt service falling due from January 1st 2005, to 31st December 2015, covering loans outstanding as at the end

of December 2003. Cumulative payments from 2005 through 2015 by UK on Tanzania's behalf are expected to sum up to US\$ 74 million.

G8 Initiatives for HIPCs

On June 11th 2005, the G8 Finance Ministers announced a proposal on debt cancellation for Highly Indebted Poor Countries. The proposal envisages a 100 percent debt cancellation of HIPCs outstanding debt to the IMF, World Bank and African Development Bank. If the

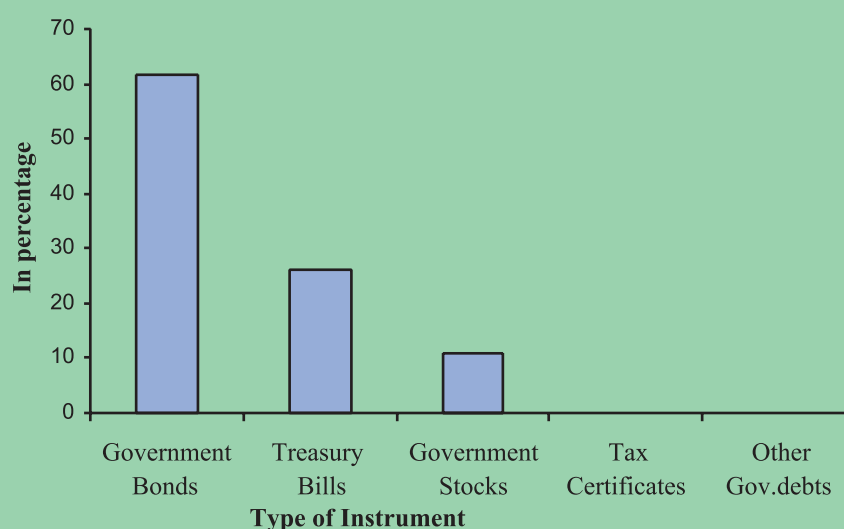
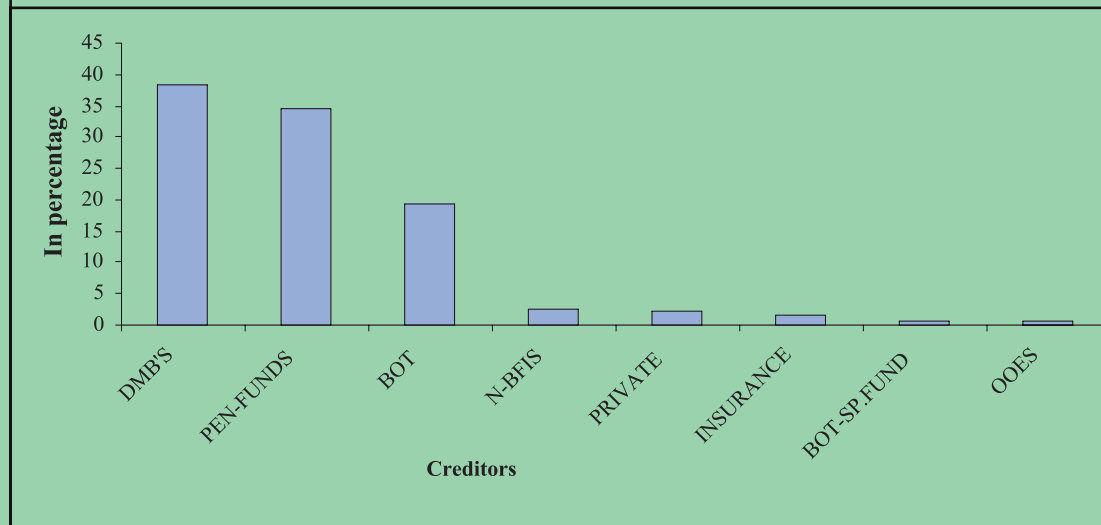
Chart 5.5: Domestic Debt by Instrument as at June 30, 2005

Chart 5. 6: Domestic Debt by Creditor Category as at end June 30, 2005



proposal goes through, Tanzania will be one of the countries which will benefit out of the G8 Initiatives.

Domestic Debt

Domestic debt stock

Domestic debt stock stood at TZS 1,072.9 billion as at the end of June 2005, which represent an increase of 9.5 percent as compared to TZS 980.3 billion recorded at the end of June 2004. Out of total debt stock, government securities (Government bonds, Government stocks, Tax certificates and Treasury bills) constituted 98.5 percent while other Government debts constituted 1.5 percent.

Government Securities

During the period under review, Government securities increased by 9.6 percent from TZS 963.7 billion recorded at the end of June, 2004, to TZS 1,056.5 billion. Government bonds and Treasury bills increased by 13.5 percent and 6.9 percent, respectively. On the other hand Government stocks declined by 3.0 percent. The level of other government debts remained the same at TZS 16.5 billion as recorded at the

end of June, 2004.

Domestic Debt by Instruments

Government securities and tax certificates together accounted for 98.5 percent of the total domestic debt. Government bonds accounted for 61.6 percent, Treasury bills (25.9 percent), Government stocks (11.0 percent) and Tax certificates 0.01 percent of the domestic debt. The remaining 1.5 percent was made up of other Government debts (**Chart 5. 5**).

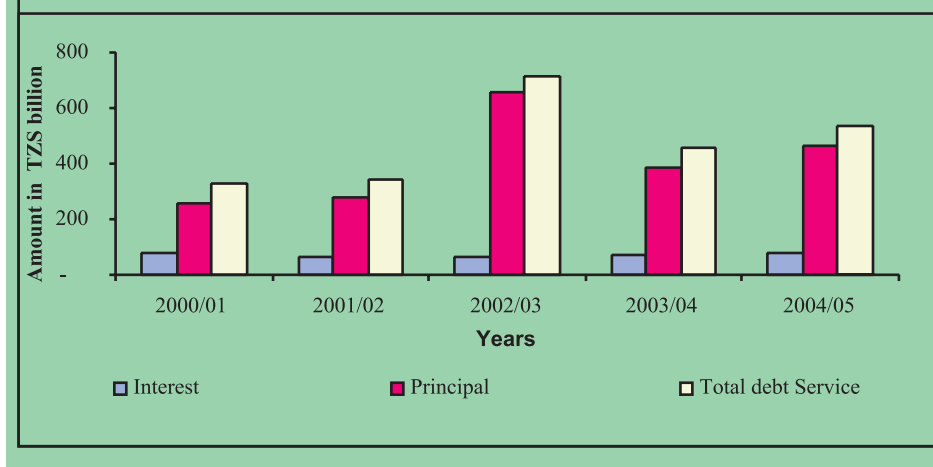
Further analysis of domestic debt by instruments indicates that Treasury bills and Government bonds increased by TZS 18.0 billion (6.9 percent) and TZS 78.5 billion (13.5 percent) respectively, as at the end of June 2005, while Government stocks declined by TZS 3.6 billion (being 3.0 percent of the debt stock).

Domestic Debt by Creditor Category

Analysis of domestic debt by creditor category reveals that Commercial Banks (DMBs) were leading creditors holding 38.5 percent of total debt stock followed by Pension funds, which were holding 34.7 percent of the total debt. The Bank of Tanzania was third holding 19.5



Chart 5.7. Domestic Debt Service (2000/01-2004/05)



percent of the total debt. Non-bank financial institutions, private companies and insurance companies were holding 2.4, 2.1 and 1.7 percent of total debt, respectively. Other official entities and BOT Special Fund altogether were holding 1.1 percent of the total debt stock (**Chart 5. 5**).

Domestic Debt Service Payments

During the year under review, TZS 538.6 billion (being a sum of principal and interest) fell due for payment as compared to TZS 458.5 billion recorded during the year ending 30th June 2004. Out of the total amount due, TZS 75.8 billion (being interest) was paid out of government revenue while TZS 462.8 billion

(being principal) was rolled over. (**Chart 5.7**).

Chapter Six

ZANZIBAR ECONOMIC DEVELOPMENTS

Overview

The Zanzibar's economic growth rebounded to 6.4 percent in 2004 from 5.1 percent registered in 2003 the same surpassed target of 5.6 percent. The achievement was fundamentally driven by services sector; which contributed 51.0 of GDP and also recorded growth of 6.6 percent. The sector was mainly associated with the contribution of tourism related activities, trade, transport and communication and construction. In line with the noted GDP growth, per capita income increased by 16.5 percent from TZS 284,000.0 (US\$ 273.0) recorded in 2003 to TZS 331,000.0 (US\$300.0) in 2004.

Despite having relatively buoyant economy Zanzibar has not attained the desired growth level of between 8.0 – 10.0 percent; so as to make an appreciable impact on reducing poverty as envisaged in the Zanzibar's Poverty Reduction Plan. There is optimism that with the prevailing policy stance the Zanzibar Government is committed to undertake fundamental economic and institutional reforms to attain that objective.

The Zanzibar's headline inflation as at the end of 2004 remained at single digit having declined marginally from 9.0 percent registered in 2003 to 8.1 percent during 2004.

The fiscal performance in 2004 showed that; fiscal balance though increased remained low and stable. The budget deficit increased to TZS 8.5 billion from TZS 7.7 billion registered in 2003 while the fiscal balance to GDP declined to 2.5 percent from 2.7 percent recorded in previous year.

The Zanzibar's public debt surged by 65.0 percent and stood at TZS 188.3 billion (US\$167.2 million) from TZS 114.0 billion (US\$ 109.3 million) registered in previous

year. The debt to GDP ratio increased from 40.3 percent attained in 2003 to 54.7 percent. The debt structure shows that external debt is the dominant component, accounting for 64.0 percent of total debt. The increased trend was attributed mainly to more domestic borrowing geared to finance budget deficits.

The external sector performance showed that trade balance continued to widen: the deficit widened to US\$ 49.0 million from US\$ 40.2 million registered in 2003. This was attributed largely to higher import bill, reflecting impact of persistent world oil prices, coupled with lower export receipts partially due to decline receipts from cloves exports and relative slump in tourism activities. Export receipts amounted to US\$ 68.0 million, out of which services receipts accounted for 86.6 percent of total receipts. Total imports for the year amounted to US\$ 117.0 million and goods accounted for about 67.3 percent of the same.

Review of Sector Developments

The Zanzibar's economic structure and growth continued to be dominated by the size and performance of the services sector. The said sector contributed 51.0 percent of GDP in 2004 and recorded a growth rate of 6.6 percent. The sector is largely dominated by tourism-oriented activities, reflected in corresponding sub sectors hotels, restaurants, transport, communication and trade. Although contribution of agriculture to GDP was relatively small accounting for 23.0 percent of the GDP, its role is paramount given the reality that over **70.0 percent** of people depends on agriculture as the mainstay of their livelihood in terms of employment and as a source of food. The contribution of industrial sector in GDP remained low at the level of 13.0 percent, reflecting reality that the sector is still nascent compared with agriculture and services sectors.

**Table 6.1: Sectoral Distribution of GDP year 2004**

Item	Real GDP Growth					Share in GDP				
	2000	2001	2002	2003	2004	2000	2001	2002	2003	2004
GDP at Constant market prices	3.6	9.3	8.6	5.1	6.4	100.0	100.0	100	100	100
Agriculture, forestry & fishing	-1.3	13.9	-1.5	4.2	2.7	23.0	25.0	24.7	20.7	23.0
Industry	-10.3	7.2	14.0	16.3	12.5	11.0	11.0	11.1	12.3	13.0
Services	10.2	7.5	12.6	4.3	6.6	49.0	48.0	49.8	52.8	51.0
Adjustment to market prices	3.6	9.2	8.6	6.1	6.2	16.0	16.0	14.5	14.1	13.0
Agriculture, forestry & fishing										
Crops	-0.9	17.1	-3.1	5.0	1.8	13.0	16.0	15.5	12.1	14.0
Livestock	3.4	3.4	3.4	3.5	3.5	5.0	4.0	4.2	4.0	4.0
Forestry & hunting	1.9	7.0	2.2	1.3	3.7	0.5	0.5	0.5	0.4	0.3
Fishing	-7.2	14.1	-1.0	2.6	4.8	5.0	5.0	4.5	4.3	5.0
Industry										
Mining & quarrying	-0.4	11.3	26.7	36.0	4.2	1.0	1.0	0.6	0.7	1.0
Manufacturing	-0.9	-8.2	15.4	12.7	-5.1	6.0	5.0	4.8	4.8	5.0
Electricity, gas & water supply	4.9	3.5	4.3	4.4	6	2.0	2.0	1.7	1.7	2.0
Construction	-30.5	39.3	14.7	22.9	37.6	3.0	4.0	4.0	5.2	6.0
Services										
Trade & repairs	2.0	18.1	1.7	0.4	1.7	10.0	11.0	9.7	9.2	8.2
Hotels & restaurants	17.1	-17.9	14.6	-8.1	11.5	8.0	6.0	6.4	5.8	6.0
Transport & communications	14.6	12.4	17.9	20.8	6.9	6.0	6.0	6.3	8.5	8.0
Financial intermediation	20.7	8.7	20.6	8.7	18.3	1.0	1.0	1.5	1.7	2.0
Real estate & business services	4.6	4.6	4.6	4.7	4.7	1.0	1.0	1.0	1.0	1.0
Public administration	13.2	11.8	18.7	4.4	6.8	15.0	15.0	17.2	18.4	17.1
Education	4.7	8.9	9.5	3.5	6.5	6.0	6.0	5.9	6.3	6.0
Health	7.9	7.0	11.2	4.2	5.7	1.0	1.0	1.5	1.6	1.0
Other social & personal services	4.3	4.3	4.3	4.3	4.3	0.4	0.4	0.4	0.4	0.4
less FISIM										
Taxes on products	3.6	9.2	8.6	6.1	6.2	16.0	16.0	14.5	14.1	13.0

Source: Office of the Chief Government Statistician

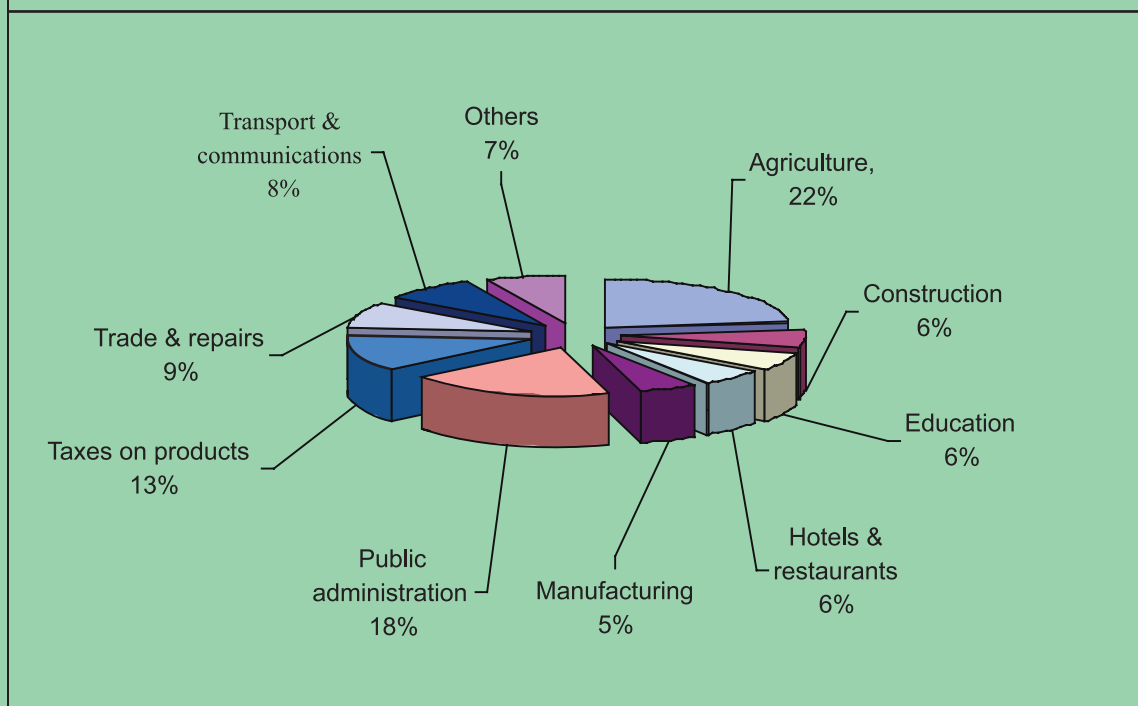
Agriculture Sector

The share of the agricultural sector to GDP increased marginally from 20.5 percent registered in 2003 to 23.0 percent in 2004. The real growth of the sector however, remained considerably low, though it increased from 1.7 percent recorded in 2003 to 2.7 percent in 2004. The unsatisfactory performance of the sector was associated with both internal and external factors. Domestic factors included a fall in agricultural productivity attributed to

insufficient extension services, aged clove trees, low farm gate prices and lack of stable markets. External factors included fluctuating world agricultural prices specifically the declining clove prices.

The procurement of main crops in Zanzibar generally has been showing mixed performance with the exception of seaweed. Cloves production registered dismal performance as procurement declined by 21.5 percent to 4,097.6 tons from 5,218.8 tons obtained in

Chat 6.1 Sectoral Distribution of GDP



Source: Office of the Chief Government Statistician, Zanzibar.

2003. The under performance was attributed to insufficient rainfall, aged trees, smuggling of cloves to neighbouring countries; and the hoarding of cloves by peasants speculating for higher buying prices at a future date.

Procurement of seaweed in 2004 declined by 22.4 percent to 7,184.4 tons from 9,260.8 tons procured in 2003. The underperformance was associated with insufficiency of production input; low quality, low production of superior specie (cottonii) which fetch higher prices,

and partially due to general low buying prices responding to low and fluctuating world seaweed prices. The procurement of clove stems declined marginally to 476.0 tons from 496.6 tons procured in 2003. Production and procurement of other crops (copra and chillies) were substantially low.

The Zanzibar Government is implementing the Zanzibar Poverty Reduction Plan (ZPRP) and the agricultural sector being the largest employer, is considered the priority sector. Based on this

Table: 6.2 Traditional Crops procurement

Crop	Major Export Commodities in Tons					
	2000	2001	2002	2003	2004	Percent change
Cloves	460.0	2,061.9	5,959.7	5,218.8	4,097.6	-21.5
Copra	972.4	254.6	-	-	-	-
Chilies	0.0	0.4	0.0	0.0	-	-
Clove Steam	242.1	323.5	187.3	496.6	476.0	-4.1
Seaweed	4,991.0	8,117.0	9,090.7	9,260.8	7,184.4	-22.4

Source: Office of the Chief Government statistician

**Table 6.3 Main Aggregates of Transport and Communication**

Item	2000	2001	2002	2003	2004
Value Added at current prices (Tshs in million)	11,026.1	13,868.3	15,721.4	23,499.0	27,500.0
Change in value added		25.8	13.4	49.5	17.0
Annual Growth rate (At constant market price)	14.6	12.4	17.9	20.8	6.9
Share of total GDP	5.8	6.3	6.2	8.3	8.0

Source: Office of the Chief Government Statistician

stance, the plan in tandem with agricultural policy is geared to modernize the agricultural sector by adopting new technologies, increase farm inputs and equipment. The government is working closely with JICA to prepare an Irrigation Master Plan, pivotal to fighting drought catastrophes.

Services Sector

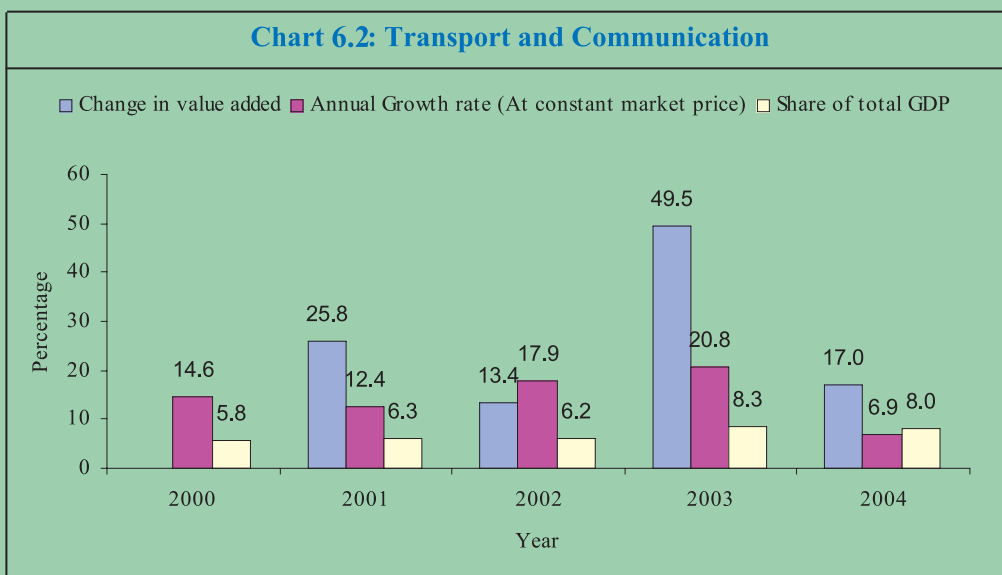
The role of the services sector sustained dominance in contribution to GDP in 2004. It also accounted for 51.0 percent of GDP which is slightly below 52.3 percent registered in 2003. However, the real growth was remarkable as it increased by 6.6 percent from 3.9 percent attained in 2003. Services sector was led and mainly driven by tourism-oriented activities, which included hotels, transport, communication,

trade and public administration.

The performance of tourism sub sector showed tourist inflow increased by 34.8 percent to 92,161 as at end 2004 from 68,365 tourists registered in 2003. The increase was attributed to aggressive promotional drive marketing Zanzibar as an attractive and safe tourist destination. Tourism sector in 2004 fetched US\$ 58.9 million compared with US\$ 39.4 million registered in 2003, in response to increase in tourism oriented investments that created considerable number of employment opportunities.

Zanzibar undertook institutional measures to develop the tourism sector, as a result, the capacity to accommodate tourists increased. There are numerous and attractive opportunities for investment in the tourism

sector. The opportunities range from world class business hotels, conference centres, restaurant/catering facilities, including those providing traditional services, cruise ship transport, diving and game fishing,

Chart 6.2: Transport and Communication

Source: Office of the Chief Government Statistician

Table 6.4 Trade

Item	2000	2001	2002	2003	2004
Value Added at current prices (Tshs in million)	19,452.0	23,652.5	25,237.1	27,171.6	30,000.0
Change in value added	11.4	21.6	6.7	7.7	10.4
Annual Growth rate (At constant market price)	2.0	18.1	1.7	0.4	1.7
Share of total GDP	10.0	11.0	9.7	9.2	8.2

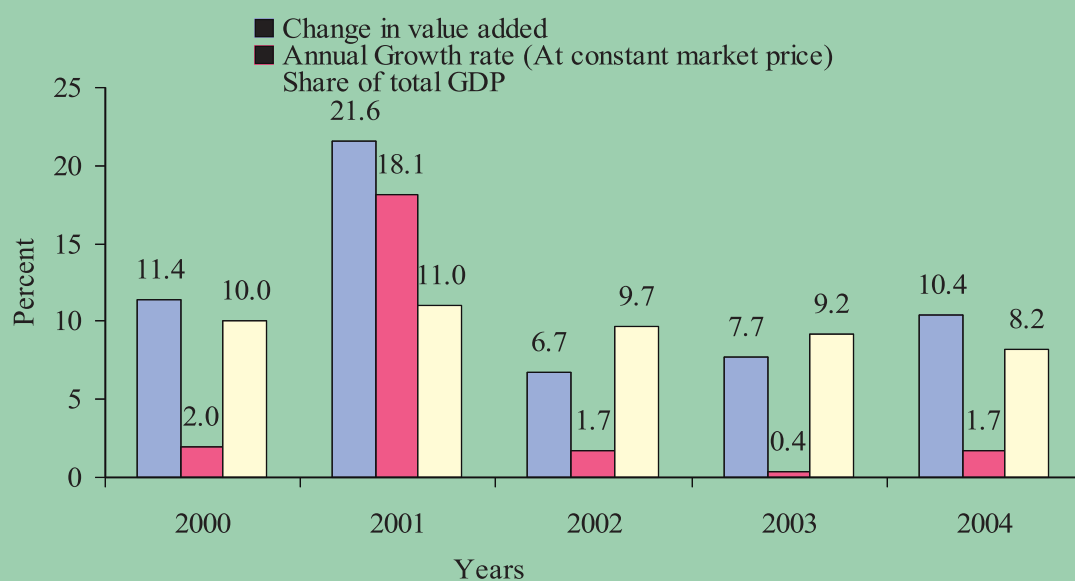
Source: Office of the Chief Government Statistician

publication/printing, tourism and hotel training centres, conservation and site attractions.

The performance of transport and communication sector was modest and its share in GDP declined marginally to 8.0 percent from 8.3 percent registered in 2003. The sector's real growth slumped from 20.8 percent registered in 2003 to 6.9 percent mainly on account of decline in acquisition of new transport vessels compared to previous year.

Trade

The role and contribution of trade in Zanzibar economy is vital and substantial given the structure and geographical position of two islands. The trade pattern and structure is characterized with limited wholesale and largely retailing operations and petty businesses. The share of the trade sector in GDP in 2004 declined to 8.2 percent from 9.6 percent registered in 2003 while the real growth rebounded from negative 1.3 percent to positive 1.7 percent in 2004. The trade performance was generally poor due to the decline in consumer imports through Zanzibar port such as electronics and clothes partially due to import duty harmonization with

Chart 6.3: Trade Developments


**Table 6.5 Manufacturing.**

Item	2000	2001	2002	2003	2004
Value Added at current prices (Tshs in million)	10,735.8	11,274.1	13,708.0	16,845.6	17,200.0
Change in value added		5.0	21.6	22.9	2.1
Annual Growth rate (At constant market price)	-0.9	-8.2	15.4	12.7	-5.1
Share of total GDP	6.3	6.7	7.1	9.1	5.0

Tanzania Mainland rates. The trade sector is constrained by a small local market coupled with low purchasing power.

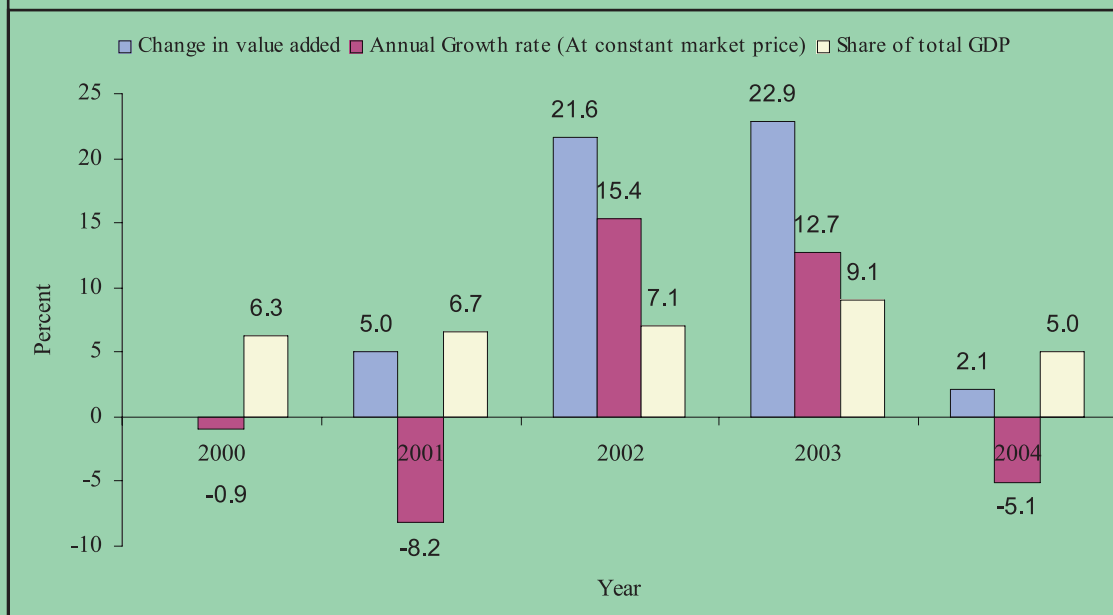
Industry

Manufacturing

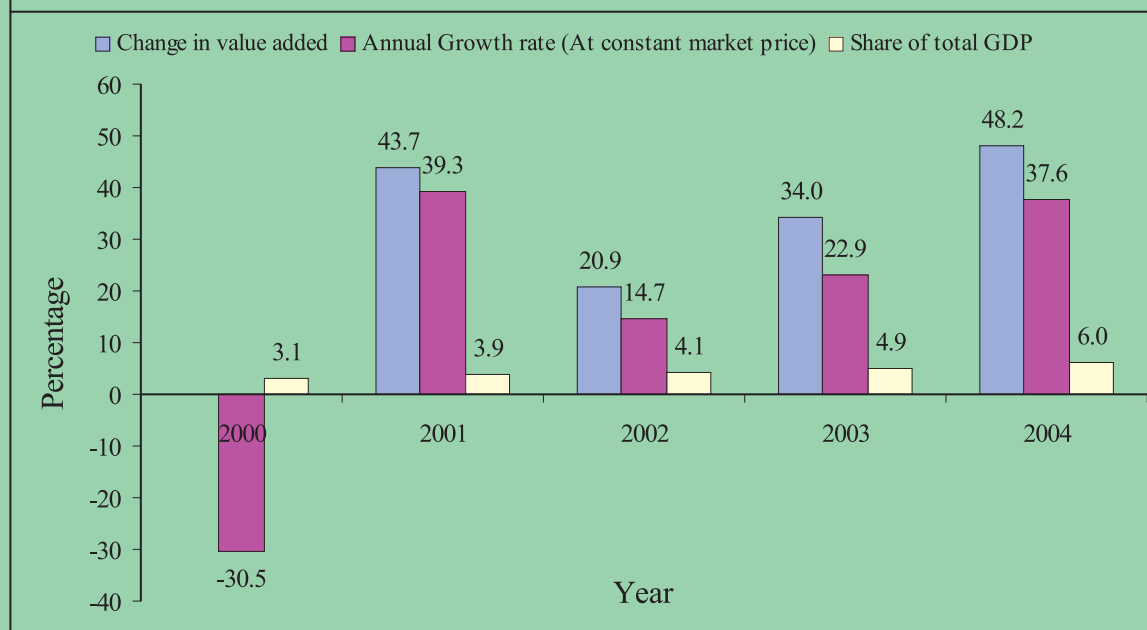
Zanzibar's industry sector is largely dominated by manufacturing, construction, and utilities - electricity and water supply. Manufacturing in Zanzibar is relatively small and is at an infancy stage. The sector is dominated by small and medium enterprises (SMEs). Main industries include clove oil factory, animal feed, bakeries,

soft drinks, mineral water, soap and detergents.

In 2004 the performance of manufacturing was not impressive as its real growth rate slumped substantially to negative 5.1 percent from 12.7 registered in 2003. The unsatisfactory performance was attributed to low industrialization, low quality products, and lack of adequate marketing strategies to develop the sector. Other factors include lack of appropriate expertise in the working force, lack of reliable domestic and external markets, lack of adequate capital and industrial inputs.

Chart 6.4: Manufacturing Developments

Source: Office of the Chief Government Statistician, Zanzibar.

Chart 6.5 Construction industry developments


Source: Office of the Chief Government Statistician, Zanzibar.

Construction

The construction sector registered robust growth and its share in GDP increased as well. The sector's to GDP increased from 4.9 percent in 2003 to 6.0 percent while its real growth rate increased to 37.6 percent from 22.9 percent recorded in 2003. The growth in this sector is attributed to an increase in construction of both physical and social infrastructures – roads, schools, health as well as increase in construction of residential and other non-residential buildings. The good performance was backed up by donor funds for development projects.

Gross Capital Formation

Capital formation increased by 33.1 percent from TZS 42.5 billion registered in 2003 to TZS 56.6 billion. The growth has been largely contributed by transport equipment (especially machinery) and transport vessels which contributed over 36.0 percent of the total capital formation. Works (roads, bridges, land improvements) amounted to TZS 19.3 billion accounting for 34.1 percent of total capital formation while construction (residential and non residential, rural construction) contributed TZS 17.3 billion or 30.5 percent of the total capital formation.

Table 6.6 Construction

	2000	2001	2002	2003	2004
Value Added at current prices (Tshs in million)	5,939.8	8,536.9	10,318.5	13,831.9	20,500.0
Change in value added		43.7	20.9	34.0	48.2
Annual Growth rate (At constant market price)	-30.5	39.3	14.7	22.9	37.6
Share of total GDP	3.1	3.9	4.1	4.9	6.0

Source: Office of the Chief Government Statistician, Zanzibar.

**TABLE 6.7 CAPITAL FORMATION BY TYPE OF ASSET (billion shillings)**

Item	2000	2001	2002	2003	2004*
A. Buildings					
Residential	0.7	1.4	1.7	2.3	3.4
Rural Construction	0.9	1.3	1.5	2.1	3
Non Residential	3.4	4.5	5.5	7.3	10.8
Total Buildings	5	7.2	8.8	11.6	17.3
B. Other Works					
Land Improvements	3.1	4.5	5.5	7.3	10.9
Roads, Bridges etc.	2.4	3.5	4.2	5.7	8.4
Total Others Works	5.6	8	9.7	13	19.3
C. Equipment					
Transport Equipment	4.2	4.5	4.5	12.1	8.8
Other Equipment	10.4	6.4	8.4	10.3	11.6
Total Equipment	14.6	10.9	12.9	22.4	20.4
D. Others					
Change inventory	-0.8	1	3.9	-4.5	-0.3
E. Capital Formation	24.4	27.1	35.3	42.5	56.6
F. Of Which					
Subsistence	0.9	1.3	1.5	2.1	3.0
Monetary	23.6	25.8	33.7	40.5	53.6
Capital Formation	24.4	27.1	35.3	42.5	56.6

Source: Office of the Chief Government Statistician, Zanzibar

Government Budgetary Operations

Overall performance

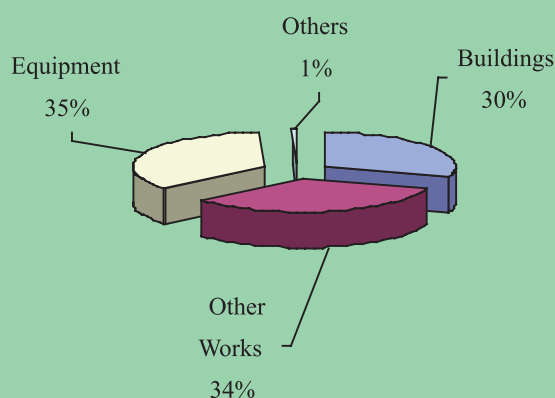
Zanzibar Government budgetary operations on cheques issued basis recorded an overall deficit of TZS 15.9 billion before grants during 2004/05 compared with a deficit of TZS 19.3 billion registered in the previous year. The deficit turned to surplus of TZS 0.7 billion after including grants of TZS 16.6 billion. On cumulative basis, overall deficit on cheques

cleared basis amounted to TZS 8.6 billion, accounting for 3.2 percent of GDP³.

Revenue Performance

Revenue target missed

During 2004/05, Zanzibar's total revenue collection outturn amounted to TZS 59.8 billion representing an increase of 17.3 percent compared with the collection of TZS 51.0 billion recorded in the previous year. The collection was however, below the target and accounted for 93.3

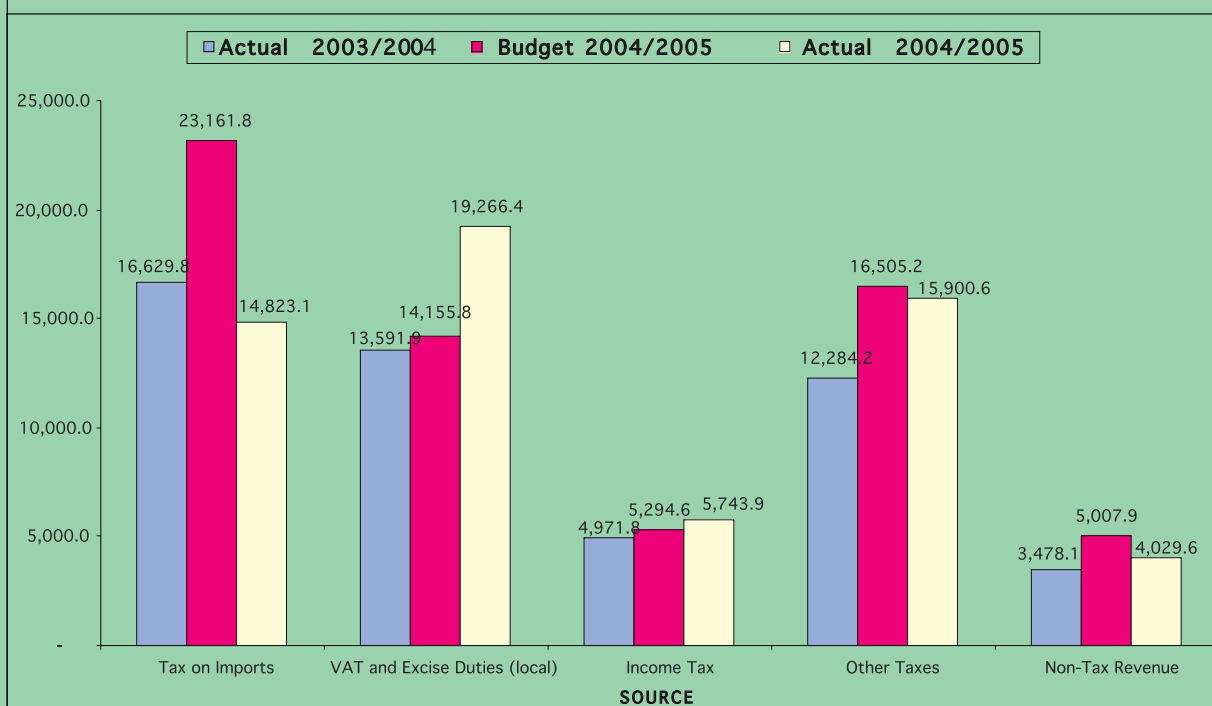
Table 6.6 Capital Formation 2004


to decline of imports and underperformance in the collections of other taxes. Tax revenue amounted to TZS 55.7 billion, accounting for 93.0 percent of total collections while non-tax sources amounted to TZS 4.0 billion or 7.0 percent of total collections.

Revenue by category showed that taxes on imports were TZS 14.8 billion, accounting for 64.0 percent of the target TZS 23.2 billion. VAT and excise duty (local)

percent only of the budgeted TZS 64.1 billion. The actual collection stood at 21.9 percent of GDP compared to estimated 23.5 percent for the year. The under performance was largely on account of decreased imports revenue due

amounted to TZS 19.3 billion, surpassing the target of TZS 14.2 billion. Income tax collection fetched TZS 5.7 billion, slightly surpassing

Chart 6.7: Zanzibar Government Revenue by Sources in TZS millions.




the target of TZS 5.3 billion. Collection from “other taxes” category amounted to TZS 15.9 billion, against the planned TZS 16.5 billion. Non-tax revenue collections amounted to TZS 4.0 billion, below the projected TZS 5.0 billion. (Chart 6.7).

Expenditure

Actual Expenditure Below Target

During 2004/05, total government expenditure amounted to TZS 75.7 billion, representing only 52.9 percent of the target of TZS 143.2 billion. The lower than expected expenditure was on account of insufficient resources to finance planned expenditures due to low revenue collection during the period under review. The actual expenditure as a ratio to GDP stood at 27.8 percent compared to the estimated level of 32.5 percent in 2003. Out of the total expenditure, recurrent expenditure amounted to TZS 72.7 billion accounting for 96.0 percent of the total, while development expenditure amounted to TZS 3.0 billion accounting for a mere 4.0 percent of total expenditure.

Actual recurrent expenditure accounted for 79.4 percent of the target TZS 91.5 billion and was higher than TZS 68.9 billion spent in the previous year. Wages and salaries were dominant accounting for 63.7 percent of the total recurrent expenditure. The expenditure stood at TZS 46.5 billion and was lower than TZS 51.1 billion spent in 2003/04. Other expenditures amounted to TZS 26.4 billion or 36.3 percent of the recurrent expenditure which was below the planned target of TZS 41.4 billion but higher than TZS 17.8 billion spent in the previous year.

The actual development expenditure (excluding donor funds) amounted to TZS 3.0 billion, accounting for 5.8 percent of the targeted TZS 51.7 billion.

Financing

The Zanzibar overall budget deficit during the year ending June, 2005 was exclusively financed by sources other than the central bank through sale of Government securities amounting to TZS 8.6 billion.

Chart 6.8: Zanzibar Government Expenditure by Component 2004/05 in TZS Millions.

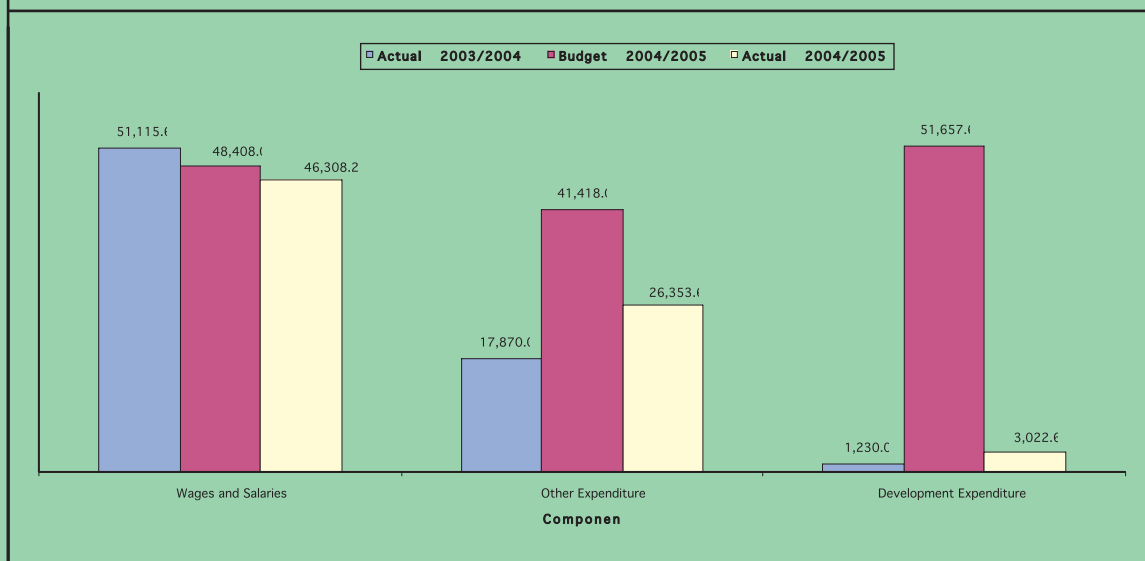



Table 6.8a Zanzibar Central Government Operations (in Millions TZS)

Item	2001/02	2002/03	2003/04	2003/04	2004/05	2004/05	Actual - 2004/05	
	Actual	Actual	Budget	Actual	Budget	Actual	v/s	
							Actual-2003/04	Target-2004/05
Total Revenue	42,396	45,388.7	62,888.1	50,955.7	64,125.3	59,763.6	117.3	93.2
Tax Revenue	39,870	42,595.4	57,807.8	47,477.6	59,117.4	55,734.0	117.4	94.3
Tax on Imports	17,604	17,640.5	25,654.3	16,629.8	23,161.8	14,823.1	89.1	64.0
VAT and Excise Duties (local)	8,919	9,781.2	12,822.0	13,591.9	14,155.8	19,266.4	141.7	136.1
Income Tax	3,763	4,394.3	4,798.5	4,971.8	5,294.6	5,743.9	115.5	108.5
Other Taxes	9,585	10,779.4	14,533.0	12,284.2	16,505.2	15,900.6	129.4	96.3
Non-Tax Revenue	2,526	2,793.3	5,080.3	3,478.1	5,007.9	4,029.6	115.9	80.5
Total Expenditure	47,354	60,123.6	145,407.1	70,215.6	143,158.7	75,684.4	107.8	52.9
Recurrent Expenditure	46,016	57,341.2	92,133.9	68,985.6	91,501.1	72,661.8	105.3	79.4
Wages and Salaries	31,494	40,301.6	43,607.0	51,115.6	48,408.0	46,308.2	90.6	95.7
Interest Payment (Public Debt)	0	14.0	1,861.0	-	1,675.1	0.0		-
Foreign	0	-	-	-	0.0	0.0		
Local	0	14.0	-	-	0.0	0.0		
Other Expenditure	14,522	17,011.6	46,665.9	17,870.0	41,418.0	26,353.6	147.5	63.6
						0.0		
Recurrent Deficit	-3,620	(11,952.5)	(29,245.9)	(18,029.8)	(79,033.4)	(12,898.2)	71.5	16.3
Development Expenditure	1,338	2,782.3	53,273.1	1,230.0	51,657.6	3,022.6	245.7	5.9
Previous float		-		-		0.0		
Overall (surplus) Deficit before grants	-4,958	(14,734.8)	(82,519.0)	(19,259.9)	(79,033.4)	(15,920.8)	82.7	20.1
Grants (cash)	7,797	10,100.0	59,811.5	15,295.4	37,421.3	16,575.5	108.4	44.3
Multilateral Sources (BOP Support)		10,100.0		15,113.0		15,575.5	103.1	
Bilateral sources		-		182.4		1,000.0	548.2	
Overall Deficit after grants	2,839	(4,634.8)	(22,707.5)	(3,964.5)	(41,612.1)	654.7	(16.5)	(1.6)
Adjustment to cash and other items	10,060	(11,941.3)	469.3	3,765.0	(3,239.0)	9,232.7	245.2	(285.1)
Overall Deficit cheques Cleared	-7,221	(7,306.5)	(23,176.8)	(7,729.4)	(38,373.1)	(8,578.0)	111.0	22.4
Financing	7,221	7,306.5	23,176.8	7,729.4	38,373.1	8,578.0	111.0	22.4
Foreign		-	20,880.8	-	35,209.1	0.0		-
Import Support	0	-	-	-	0.0	0.0		
Program Loans		-	20,880.8	-	35,209.1	0.0		-
Amortization (foreign)		-		-		0.0		
Domestic (net)	7,221	7,306.5		7,729.4	6,403.0	8,578.0	111.0	134.0
Bank	7,221	-		-	0.0	0.0		
Non-bank	0	7,306.5	5,535.0	7,729.4	6,403.0	8,578.0	111.0	134.0
Amortization (local)		-	(3,239.0)	1,105.0	(3,239.0)	0.0	-	-

GDP (2001 prices) TZS 272.1 billion

Source: Ministry of Finance and Economic Affairs Zanzibar



Box 6a: The 2005/06 Budget

The Zanzibar's Macro-economic Objectives for 2005/06

- To achieve a GDP growth rate of 6.8 percent in 2005 followed by 7.5 percent growth in 2006.
- To increase per capita income from US\$ 300 to US\$ 320
- To ensure inflation rate is targeted at 6.5 percent in 2005 and further down to 6.0 in 2006.
- To raise Domestic Revenue to GDP ratio to reach 23.3 percent .

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

- To enhance control of tax exemptions through the use of Treasury voucher system
- Abolishment of trade/business monopolies to stimulate competition and widen the tax base.
- Widening the tax base by introducing new levies including taxes on imports of used electric and electronic equipment.
- To improve infrastructure necessary for attracting foreign investments.

Zanzibar's Debt Developments

Zanzibar Debt remained on an upward trend

Zanzibar debt has been on the increase since the end of June 2002 when total debt stood at TZS 87.7 billion (US\$ 90.5 million). The debt increased to TZS 99.9 billion (US\$ 95.4 million) in 2003 and further to TZS 118.5 billion (US\$ 106.1 million) as at the end of June 2004 and finally reached TZS 188.3 billion (US\$ 167.2 million) as at the end June 2005. The Debt to GDP ratio increased to 69.2 from the level of 46.3 percent of 2003.

The persistent increase in the level of indebtedness was mainly due to an up surge in domestic borrowing to finance government budget deficits and external borrowing to cater for development expenditure. Other reasons included accumulation of claims from pensioners and debts due to domestic suppliers of goods and services to the government. As at the end of June 2004, external debt stood at

TZS 120.3 billion or 63.8 percent of total debt and domestic debt stood at TZS 68.1 billion accounting for 36.2 percent of the total debt.

Domestic Debt

The Zanzibar's domestic debt has shown an increasing trend from TZS 30.4 billion as at the end of June 2002 to TZS 50.5 billion as at end of June 2004. During the period under review, Zanzibar domestic debt increased further to TZS 68.1 billion. The surge emanated from further government borrowing from non-bank sources to finance budget deficits, accumulation of unpaid interest arrears, unpaid claims by domestic suppliers, and gratuity payments due to retired civil servants.

Domestic Debt - By Creditor

Analysis of domestic debt profile by creditor indicates that, debt due to Other creditors (pensioners, suppliers of goods and services to government) were dominant and amounted to TZS 31.7 billion, accounting for 46.5



Table 6.8b Zanzibar Budget Frame Estimates 2005/06

Item	2003/04 Actual	2004/05 Estimates	2004/05 Actual	2005/06 Estimates
Total Revenue	50,955.8	64,125.2	59,763.6	73,124.3
Recurrent Revenue	50,955.8	64,125.2	59,763.6	73,124.3
Tax Revenue	47,477.6	59,117.4	55,734.0	67,811.5
Non-Tax revenue	3,478.1	5,007.8	4,029.6	5,312.8
Total Expenditure	70,215.6	143,159.1	75,684.4	157,484.0
Recurrent Expenditure	68,985.6	91,501.1	72,661.8	88,409.0
Recurrent Deficit	-18,029.8	-79,033.4	-12,898.2	-15,284.7
Development Expenditure	1,230.0	51,658.0	3,022.6	69,075.0
Overall Deficit before grants	-19,259.9	-79,033.4	-15,920.8	-84,359.7
Grants (cash)	15,295.4	37,421.3	16,575.5	34,333.0
Overall Deficit after grants	-3,964.5	-41,612.1	654.7	-50,026.7
Adjustment to cash and other items	3,765.0	-8,454.8	9,232.7	0.3
Overall Deficit cheques issued	-7,729.4	-31,824.0	-8,578.0	-50,027.0
Financing	7,729.4	41,612.1	8,578.0	50,027.0
Foreign	0.0	35,209.1	0.0	42,198.0
Domestic (net)	7,729.4	6,403.0	8,578.0	7,829.0
Bank	0.0	0.0	0.0	0.0
Non-Bank	7,729.4	6,403.0	8,578.0	7,829.0
Amortization	1,105.0	3,239.0		
Memorandum Items				
GDP at (2001 Prices) Mn	255,700.0		272,100	

Source: Ministry of Finance and Economic Affairs Zanzibar.

percent of total domestic debt. Debt due to the Union Government stood at TZS 13.6 billion, representing 20.0 percent of total domestic debt. Debt due to the People's Bank of Zanzibar (PBZ) and Zanzibar State Trading Corporation (ZSTC) amounted to TZS 11.2 billion, and TZS 5.4 billion representing 16.5 percent, and 8.0 percent of total domestic debt, respectively. Debt due to Zanzibar Port Company (ZPC) amounted to TZS 3.9 billion or 5.8 percent of total domestic debt. The lowest debt was owed

to the Zanzibar Social Security Fund (ZSSF) amounting to TZS 2.2 billion or 3.2 percent of the total domestic debt. (Chart 6.9).

Domestic Debt by Maturity

Further analysis of domestic debt by maturity as at the end of June, 2005, show that debt with "undetermined maturity" (pensioner's claims, supplier's credits) were dominant having increased to TZS 43.0 billion from TZS



Box 6b: The 2005/06 Budget Estimates

Expenditure

During 2005/06 the Government will spend

- TZS 157.5 billion being 10.0 percent higher than the level estimated in the previous year of TZS 143.2 billion and is equivalent to 57.9 percent of GDP.
- Recurrent expenditure will amount to TZS 88.4 billion accounting for 56.1 percent of the planned expenditure.
- Development will amount to TZS 69.1 billion or 43.9 percent of envisaged total expenditure.

Financing

During 2005/06, the Government projects

- To secure external sources loans and grants amounting to TZS 61.5 billion, out of which TZS 15.0 billion is for budgetary support.
- Non-bank borrowing to the tune of TZS 7.8 billion.
- To introduce environmental levy of US\$ 2.0 per day for every tourist in Zanzibar for environmental protection and rehabilitation.
- Excise duty on cigarettes: implementation of the introduced system of fixing stamp duty on every packet of cigarette sold.
- To introduce special levy on liquor of TZS 5.0 per litre on beer and TZS 10.0 per litre on hard drinks.
- To enhance motor vehicle license fees for private and cargo vehicles as follows:
 - TZS 70,000 for vehicles with cylinder capacity (cc) below 2000
 - TZS 100,000 for vehicles with cc between 2,000 and 2,500
 - TZS 150,000 for vehicles with cc above 2,500
 - TZS 300,000 for cargo vehicles with capacity below 10 tons
 - TZS 500,000 for vehicles with capacity above 10 tons
 A 20% levy on imports of used electric and electronic equipments.
- To impose 10% levy on plastic bag imported in Zanzibar, as measure to raise revenue and environmental protection.
- To increase the minimum hotel levy a proposal threshold for VAT payment to US\$ 70.0 from US\$ 50.0

27.8 billion registered in the previous year and accounted for 63.2 percent of total domestic debt. Debt maturing in less than a year increased from TZS 8.3 billion as at the end of June 2004 to TZS 16.4 billion and accounted for 24.1 percent of total domestic debt. Debt maturing within 1 to 2 years decreased from TZS 14.3 billion recorded in the corresponding period of 2004 to TZS 7.5 billion and accounted for 11.1 percent of the total domestic debt. Debt maturing within 2 to 5 years amounted to TZS

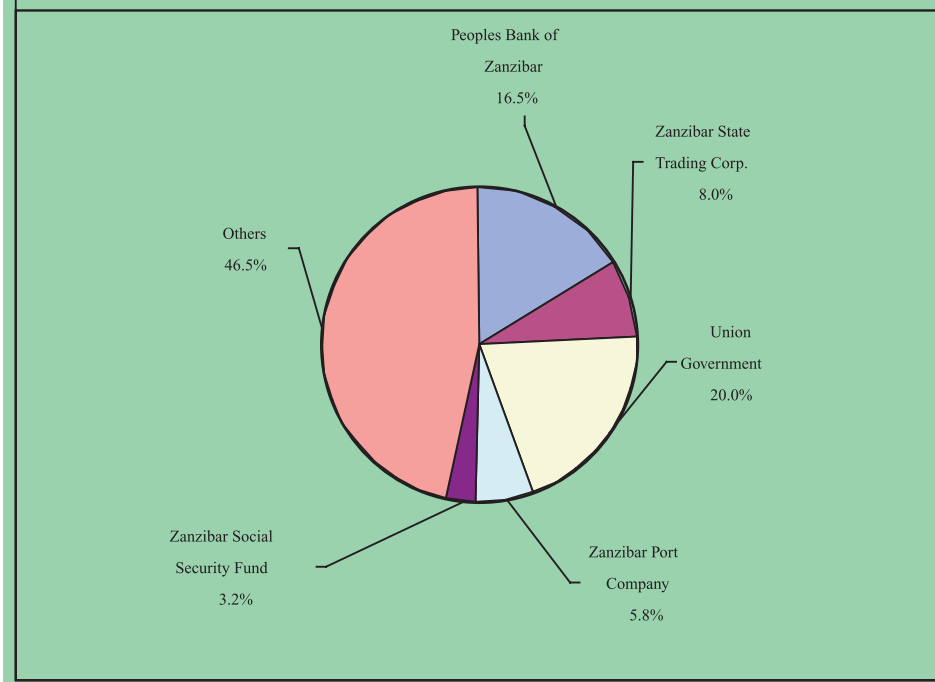
1.1 billion, accounting for 1.6 percent of the total domestic debt.

Domestic Debt by Instruments

Analysis of domestic debt by instruments shows that, a significant portion of the debt emanated from other debt instruments (suppliers credits, pensioners claims, overdue advance). The debt amount from these sources increased from TZS 27.2 billion as at the end of June 2004 to TZS

38.3 billion as at the end of June 2005 and accounted for 56.3 percent of total domestic debt. Borrowing through government securities (government stocks, treasury bills and bonds) amounted to TZS 18.5 billion from TZS 12.6 billion registered in 2003/4 and accounted for 27.2 percent of the total debt. Out of the said instruments, treasury bonds were dominant amounting to TZS 10.8 billion and accounting for 58.2 percent of total government securities. Borrowing through long-term instruments amounted to TZS 11.2 billion accounting for 16.5 percent of the total domestic debt.

Chart 6.9: Domestic debt by Creditor as at end – June 2005



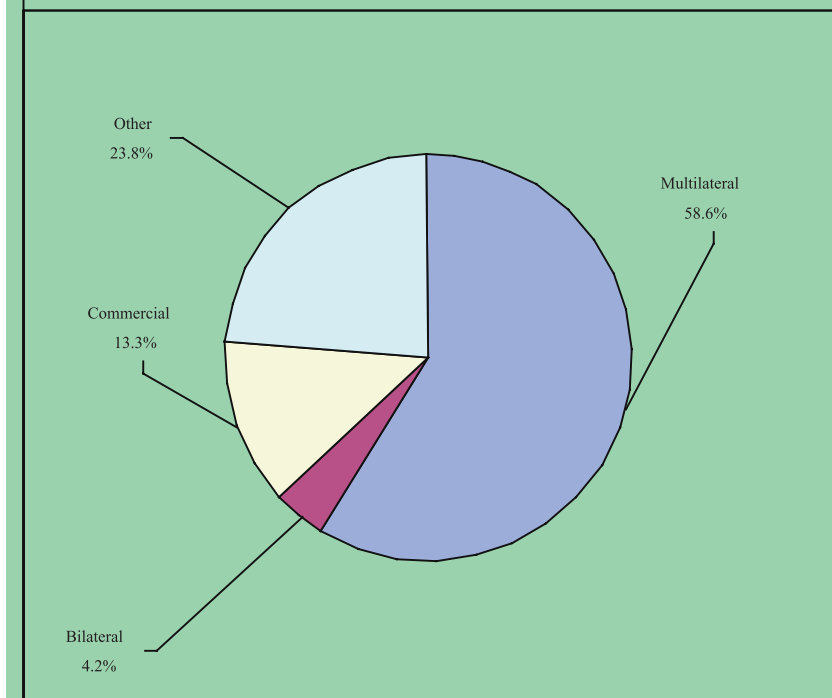
External Debt by Creditor Category

Analysis of external debt by creditor shows that, the debt due to multilateral creditors was

External Debt

External debt surged by 75.0 percent to US\$ 120.2 million as at the end of June 2005 from US\$ 60.9 million recorded at end of June 2004. The increase emanated from new loans from multilateral sources, and partially due to reconciliation of debt data with commercial and private creditors.

Chart 6.10: External Debt by Creditor as at end – June 2005





the highest and stood at US\$ 62.6 million accounting for 58.6 percent of total external debt. Bilateral creditors' claims stood at US\$ 4.5 million, representing 4.2 percent of total external debt. Commercial and export creditors' claims accounted for 13.3 percent and 23.8 percent of the total external debt, respectively.

External Debt by Maturity

During the period under review, most of the Zanzibar government debt was long-term, maturing beyond 20 years, hence avail some space for the government to put in place a prudent debt management strategy. This stems from the fact that a large chunk of the external debt was borrowed at concessionary terms offered by multilateral creditors. Debts with maturities of above 20 years amounted to US\$ 58.5 million, representing 54.8 percent of the total external debt. Debts with maturity between 5 to 10 years amounted to US\$ 42.9 million, accounting for 40.2 percent of total external debt. Debts with maturities between 10 and 20 years were the least, amounting to US\$ 5.3 million, and representing 5.0 percent of the total external debt.

External debt by Use of Funds

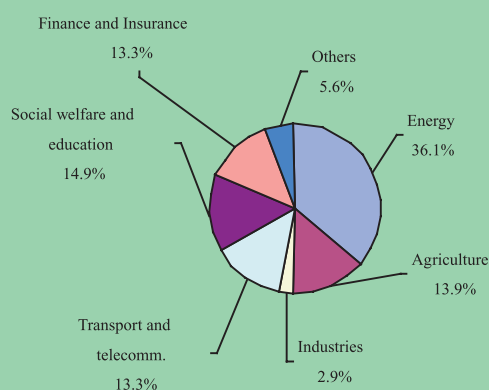
Analysis of the use of funds showed that as at the end of June 2005, the Energy sector had the dominant share of US\$ 38.6 million or 36.2 percent of the total external debt. Agricultural sector received US\$ 14.8 million or 13.9 percent of the total debt, while Social welfare and education received US\$ 15.9 million or 14.9 percent of the total external debt. Transport and telecommunications sector got US\$ 14.2 million representing 13.3 percent of the total external debt. Finance and insurance sector absorbed US\$ 14.2 million accounting for 13.3 percent of the total external debt. Industrial sector absorbed US\$ 3.1 million or 2.9 percent of the total external debt. Other economic sectors received US\$ 6.0 million, accounting for 5.6 percent of the total external debt.

External Sector Developments

Trade Balance

The Zanzibar's trade balance (goods and services) experienced deficits with fluctuating magnitudes since 2002. Trade deficits amounted to US\$ 14.6 million in 2002 declined to US\$ 10.63 million in 2003 and thereafter the deficit widened to US\$ 40.2 million as at the end of June 2004 and further to US\$ 49.0 million as at the end of June 2005. The widening of the

Chart 6.11: External Debt by Use of Funds as at end - June 2005



**Table 6.9a: Trade Account (Goods and services) Millions of USD**

ITEM	Year Ending June				Annual Change
	2002	2003	2004	2005p	
<i>Exports</i>	61.03	63.28	52.48	68.01	29.6
Goods	23.29	30.31	13.06	9.11	(30.2)
Services	37.74	32.97	39.42	58.91	49.4
Imports	75.62	73.91	92.69	117.63	26.9
Goods (f.o.b)	52.04	56.15	64.34	79.45	23.5
Services	23.58	17.76	28.35	38.18	34.7
Trade Balance	-14.60	-10.63	-40.21	-49.62	23.4

P = provisional

Source: Tanzania Revenue Authority and Bank of Tanzania.

deficit was associated with an increase in the import bill responding to persistent increase of world prices of fuel, coupled with relatively lower foreign receipts.

The receipts in 2004 from exports of goods and services increased to US\$ 68.01 million from US\$ 52.48 million registered in the preceding year. However, the increase in exports value was not enough to offset the rise of the import bill, which increased, to US\$ 117.63 million from US\$ 92.69 million registered in the corresponding period in 2004. (Table 6.9a)

Goods Account

During the year ending June 2005, the Zanzibar goods account worsened to a deficit of US\$ 70.35 million from a deficit of US\$ 51.28 million recorded in the preceding period. The unsatisfactory performance was associated with decline in traditional exports of cloves, by 34.9 percent to US\$ 6.19 million from US\$ 9.51 million for the previous period in June 2004. Non-traditional exports also declined from US\$ 3.55 million registered in the corresponding period in 2004 to US\$ 2.92 million during the period under review. Imports edged up by 23.5 percent to US\$ 79.45 million from US\$ 64.34 million recorded in the corresponding period in 2004. (Table 6.9b).

Table 6.9b: Goods Account

ITEM	Year Ending June				Annual Change
	2002	2003	2004	2005p	
Exports	23.29	30.31	13.06	9.11	(30.2)
Imports (f.o.b)	52.04	56.15	64.34	79.45	23.5
Trade Balance	-28.75	-25.83	-51.28	-70.35	37.2

P = provisional

Source: Tanzania Revenue Authority



Exports

The goods exports have been on the decline. During the year under review, Zanzibar total exports (f.o.b) declined to US\$ 9.11 million from US\$ 13.1 million registered in the previous year, mainly due to the decline in cloves exports associated with low stocks for export as a result of seasonal factors and smuggling. Seaweeds exports registered increase of 14.0 percent to US\$ 1.87 million from US\$ 1.64 million recorded in the corresponding period in 2004 on account of a rise in both the volume and unit price.

Exports of manufactured goods declined to US\$ 0.29 million from US\$ 0.86 million due to lack of industrial exports to cater for competitive external market. Exports of fish and fish

Table 6.9c: Zanzibar Exports by type of Commodity

Item	Year ending June				Annual % Change
	2002	2003	2004	2005p	
Traditional Commodities					
Cloves					
Value	11.87	12.63	9.51	6.19	-34.9
Volume	2.26	4.44	5.61	2.02	-64.0
Unit Price	5252.21	2847.08	1695.08	3067.90	81.0
SUB TOTAL	11.87	12.63	9.51	6.19	-34.9
Non-Traditional Exports					
Seaweeds					
Value	2.61	2.89	1.64	1.87	14.0
Volume	9.90	16.25	7.90	8.48	7.3
Unit Price	263.64	177.81	207.98	220.63	6.1
Manufactured Goods	1.14	0.66	0.86	0.29	-66.3
Fish and Fish Produce	0.11	0.10	0.17	0.13	-23.5
Horticultural produce	0.00	0.01	0.00	0.00	
Others Exports	0.27	0.68	0.87	0.63	-27.6
SUB TOTAL	11.42	17.68	3.55	2.92	-17.7
GRAND TOTAL	23.29	30.31	13.06	9.11	-30.2

Source: Tanzania Revenue Authority

NOTE: Volume in Thousands of Tons;

Value, Millions of USD; Unit Price in USD/Ton

*Provisional


Table 6.9d: Zanzibar Imports (c.i.f.), by Major Categories

IMPORT CATEGORY	Year Ending June				Annual
	2002	2003	2004	2005 ^p	Change
CAPITAL GOODS	13.00	18.86	22.51	34.37	52.7
Transport Equipments	4.77	5.91	11.47	9.49	-17.3
Building and Constructions	1.46	2.16	2.65	7.94	199.6
Machinery	6.77	10.78	8.38	16.94	102.1
INTERMEDIATE GOODS	18.41	16.89	16.48	25.71	56.0
Oil imports	12.30	12.26	12.26	19.05	55.4
Fertilizers	0.00
Industrial raw materials	6.11	4.62	4.22	6.66	57.8
CONSUMER GOODS	25.78	25.95	31.72	27.23	-14.2
Food and food stuffs	14.26	15.14	21.51	13.96	-35.1
All other consumer goods	11.52	10.81	10.21	13.27	30.0
GRAND TOTAL (CIF)	57.19	61.70	70.71	87.31	23.5
GRAND TOTAL (FOB)	52.04	56.15	64.34	79.45	23.5

Source: Tanzania Revenue Authority

Note: Value in Millions of USD

*Provisional

... = very small values

products declined to US\$ 0.13 million from US\$ 0.17 million registered in the previous year. Other exports declined by 27.6 percent to US\$ 0.63 million from US\$ 0.87 million recorded in 2004. (Table 6.9c).

Imports

Zanzibar's imports have been modestly

increasing since 2002. During July 2004 – June 2005, Zanzibar imports (c.i.f) rose by 23.5 percent to US\$ 87.31 million from US\$ 70.71 million registered in the preceding year. The increase was attributed to higher importation of capital and intermediate goods to cater for increasing demand of building, construction materials and machinery due to booming of the construction industry. The increase in imports

Table 6.9e: Service, Income and Current Transfers Accounts

Millions of USD						
		Year ending June				Annual
		2002	2003	2004	2005 ^p	Change
Services & Income Accounts		14.29	15.31	10.97	20.90	90.52
A. Services Account	Net	14.16	15.20	11.07	20.73	87.3
	Receipt	37.74	32.97	39.42	58.91	49.4
	Payment	23.58	17.76	28.35	38.18	34.7
B. Income Account	Net	0.13	0.10	(0.10)	0.17	(270.0)
	Receipt	0.20	0.10	0.00	0.19	-
	Payment	0.07	-	0.10	0.02	(80.0)

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

*Provisional



was also associated with a hike in world fuel price which culminated into higher foreign payments for oil imports. Capital goods imports surged by 52.7 percent to US\$ 34.37 million from US\$

22.5 million recorded during the corresponding period in 2004. Intermediate goods on the other hand, increased by 56.0 percent to US\$ 25.71 million. (**Table 6.9d**).

Services Account

The services account balance registered a surplus during the period 2002 up to 2004. During the year under review, a positive net surplus of US\$ 20.90 million was registered. The positive outturn resulted from higher foreign receipts relative to effected foreign payments. Receipts largely emanated from tourism related activities, in response to aggressive marketing of Zanzibar as a safe destination. Foreign receipts increased by 49.4 percent from US\$ 39.42 million recorded in the corresponding period in 2004, while payments rose by 34.7 percent from US\$ 28.35 million effected in the corresponding period in 2004. (**Table 6.9e**).

Chapter Seven

INTERNATIONAL ECONOMIC AND FINANCIAL DEVELOPMENTS

Regional Economic Developments

During the year 2004/05, Tanzania continued to participate effectively in the implementation of all programmes under the Southern Africa Development Community (SADC) and East Africa Community (EAC). During the period under review, the EAC Customs Union protocol was signed in March 2004 and launched simultaneously in Kenya, Uganda and Tanzania on 1st January 2005. The Customs Union is characterised by a gradual elimination of domestic tariff for the period of five years by Tanzania and Uganda against Kenya and setting of a common external tariff (CET) which was immediately effected with three bands i.e., zero (0), ten (10 percent) and twenty-five (25 percent). In the SADC region, the main preoccupation during this period was to develop the finance and investment protocol.

Southern Africa Development Community (SADC)

Macroeconomic performance

During 2004, the macroeconomic performance of the SADC member states was diverse with South Africa continuing to dominate- this was revealed in the growth rate of GDP, inflation rate, fiscal deficits and external current account positions.

Gross Domestic Product (GDP)

In 2004, the average GDP growth rate in the region was about 4.0 percent which is higher by 1.0 percent over what was attained during the previous year. Angola, Mozambique DRC, Namibia and Tanzania consolidated their growth over the achievements of the previous year. Conversely, Seychelles and Zimbabwe

Table 7.1a: Percentage Growth of GDP in SADC Countries, 1997-2004

Item	1997	1998	1999	2000	2001	2002	2003	2004*
Angola	7.7	5.5	2.7	3.9	5.2	14.4	3.4	11.7
Botswana	5.6	8.1	4.1	6.6	8.6	2.3	7.8	5.7
DRC	-5.4	-1.7	-4.3	-6.9	-2.1	3.5	5.8	6.8
Lesotho	8.1	-4.6	0.2	1.3	3.2	3.5	3.3	3.4
Malawi	5.0	3.3	6.7	2.1	1.8	1.8	3.4	4.0
Mauritius	5.6	5.8	6.8	9.3	5.6	1.9	4.6	4.2
Mozambique	11.3	12.1	9.0	1.9	13.1	8.7	7.9	8.2
Namibia	2.6	2.4	2.9	3.5	2.4	2.5	3.7	4.4
Seychelles	4.6	5.5	2.9	4.2	-2.2	1.3	-6.3	-2.0
South Africa	2.7	0.8	2.0	4.2	2.7	3.6	2.8	3.5
Swaziland	3.8	3.3	3.5	2.0	1.8	2.8	2.4	2.1
Tanzania	3.3	4.0	4.7	4.9	5.7	6.2	5.7	6.7
Zambia	3.3	-1.8	2.2	3.6	4.9	3.3	5.1	5.0
Zimbabwe	2.8	3.7	0.1	-7.9	-2.8	-5.7	-8.3	-8.2
SADC	4.4	3.3	3.1	2.3	3.4	3.6	3.0	4.0

Source: Statistics for SADC Countries (April 2004)

*Estimates



recorded negative growths. Although Seychelles recorded a negative growth, it has shown a slight improvement to -2.0 percent from -6.3 percent recorded in the previous year while Zimbabwe economy deteriorated at the same level as the previous year (See table 7.1a).

It is worth noting that higher growth rate of the other SADC member countries, besides South Africa, has less impact on the overall economic growth because of the small size of these economies. The diversity among the SADC member states has characterised the variation in economic performance in the region for the past five years. During the review period, the favourable outturn in GDP growth in the region as a whole was mainly on account of good performance of the agricultural sector in 2004, coupled with positive developments in mining and manufacturing sectors as well as strong performance in the oil industry in the case of Angola.

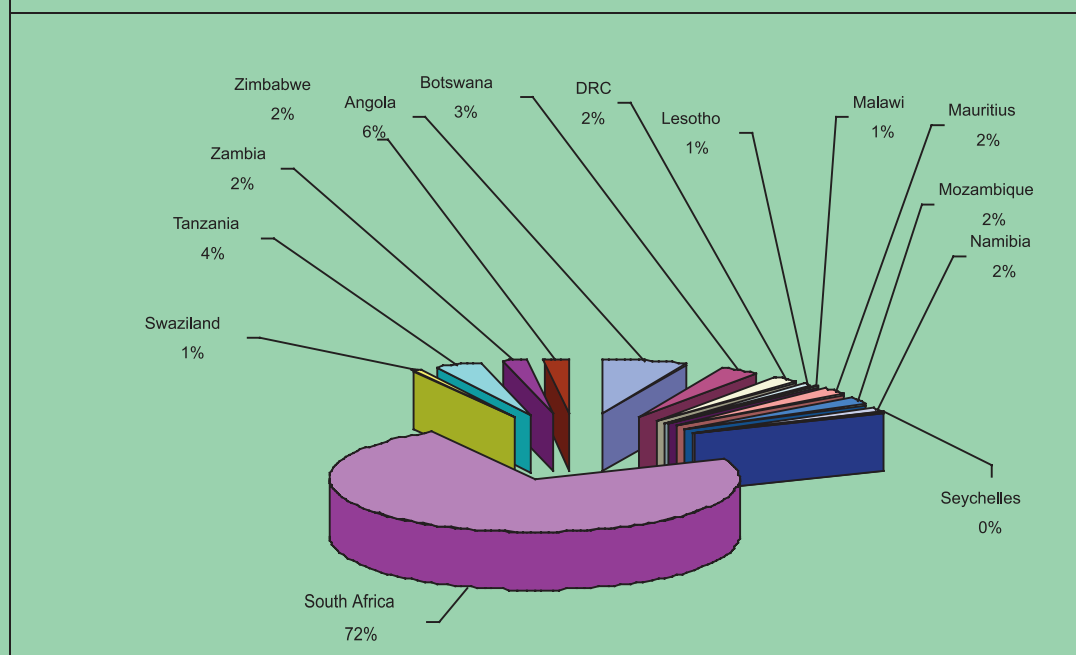
On the other hand, Zimbabwe continued to record negative growth for the fifth consecutive years

due to persistent droughts, domestic political instability, and economic sanctions imposed by the Commonwealth countries that deterred trade and investments from the rest of the world. GDP growth rate for individual countries, as reflected in the Table above, indicates that only four SADC member states attained growth of more than 6.0 percent. The major factors influencing economic performance within the SADC include the overall international economy, domestic economic policies and weather conditions.

Generally, South Africa due to its strong economic power base, was the driving force behind the SADC growth. South Africa alone accounted for about 72 percent of SADC GDP in 2004. Other strong economies in the region are Tanzania and Angola with 4.0 and 6.0 percentage shares of GDP, respectively (See **chart 7.1**).

Average inflation in the SADC region remained high at 33.8 percent largely influenced by the very high rate of inflation in Zimbabwe (Table 7.5b). SADC member countries continued with

Chart 7.1 Shares of GDP in the SADC, 2004



the endeavour to meet the macroeconomic convergence programme of attaining a single digit inflation rate by 2008. Eight countries out of 14 SADC member states attained the inflation target of a single digit in 2004 as more countries have focused their policies towards increased monetary discipline and a reduction of their budget deficits. Tanzania attained below 5.0 percent inflation rate for the third year in a row due to prudent fiscal and monetary policies pursued during the period. Tanzania has since October 2004, revised its basket of goods and services as well as the weights for the National Consumer Price Index (NCPI) to reflect changes in consumption pattern of the people. South Africa has the lowest inflation rate in the region at about 1.4 percent per annum followed by Swaziland with the rate of 3.4 percent. Zimbabwe continued to record the highest level of inflation rate of 381.5 percent in the region due to the surge in domestic credit to the public sector and heavy reliance on monetary financing of the budget deficit as a result of declining revenue collection. Other countries that have continued to maintain two-digit inflation rate include Zambia, Angola, Malawi, Mozambique

and DRC. However, DRC and Zimbabwe seem to move in opposite direction with the former showing improvement from inflation rate of 488.7 percent in 1999 to 14.0 percent in 2004 while the later worsened from 18.8 percent in 1997 to 381.5 percent in 2004. It is worth noting that with the exception of DRC and Zimbabwe, the average rate of inflation in SADC region stands at 9 percent for over the past eight years, the rate which is within the convergence target of a single-digit.

External sector

During the period under review, the current account balance as a percentage of GDP that reflects the performance of the external sector of the SADC countries portrayed a mixed results. Four countries (Botswana, Mauritius, Namibia and Seychelles) out of the 14 SADC member countries recorded surplus current account while the rest recorded current account deficits. The deficit in the current account reflects weak export capacity, unfavourable terms of trade for most of the traditional commodities, and high oil prices. However, a deficit in the current

Table 7.1b: Inflation rates* in SADC Countries, 1997 – 2004

Item	1997	1998	1999	2000	2001	2002	2003	2004*
Angola	7.7	5.5	2.7	3.9	5.2	14.4	3.4	11.7
Botswana	8.9	6.5	6.9	7.9	7.2	5.5	4.7	7.0
DRC	13.8	134.8	488.7	511.2	135.1	15.8	12.8	14.0
Lesotho	8.6	7.8	8.6	6.1	6.9	11.9	7.6	5.0
Malawi	9.2	29.7	44.8	29.6	27.2	14.1	9.6	11.4
Mauritius	6.6	6.8	6.9	4.2	5.4	6.4	5.1	3.9
Mozambique	6.2	-1.0	6.2	11.4	21.9	9.1	13.8	12.7
Namibia	8.3	6.2	8.6	9.3	9.2	11.3	7.3	3.9
Seychelles	0.6	2.6	6.3	6.3	6.0	0.2	3.3	3.9
South Africa	8.6	6.9	5.2	5.4	5.7	9.2	5.8	1.4
Swaziland	7.2	8.0	5.9	7.3	7.5	11.7	7.3	3.4
Tanzania	16	12.8	7.9	5.9	5.1	4.6	4.4	4.1
Zambia	24.4	24.5	26.8	26.1	21.7	22.2	21.5	18.0
Zimbabwe	18.8	31.7	58.5	55.9	76.7	113.2	365.0	381.5
SADC Average	10.4	20.2	48.9	49.3	24.3	18.7	33.9	33.8

Source: Development and Statistics for SADC Countries 2003.

* Estimates



account is not absolutely a bad phenomenon if it is mirrored by a surplus in the capital and financial account that reflects more inflow of foreign investments into the region.

It is also worth noting that three countries out of four have consistently recorded surplus in their current account during the past four years. They are Botswana, Mauritius, and Namibia. Some improvements in the current account deficit were recorded in Angola, Malawi, Mozambique and Zambia while in DRC, South Africa, Swaziland, Tanzania and Zimbabwe experienced worsening of their external position. (See table 7.2). The worsening situation in Tanzania was caused by a significant increase in imports while for the SADC countries in general the decline was associated with poor external trade performance particularly the continued increase in oil price in the world market and the regional loss of competitiveness due to continued strength of the Rand vis a viz major currencies, especially the US dollar.

The East African Community (EAC)

Macroeconomic performance

During the period under review, EAC member countries continued with their efforts to implement policies aimed at attaining greater macroeconomic convergence in the region. The economies of the three countries continued to enjoy considerable macroeconomic stability, largely on account of implementation of various reform programs and the conduct of prudent fiscal and monetary policies. Notwithstanding these efforts however, the region experienced different macroeconomic performance in areas of GDP growth, inflation, fiscal deficit, and external current account positions.

Gross Domestic Product (GDP)

During 2004, Kenyan economy continue to dominate in relation to the economies of the other two EAC member countries by accounting for around 46 percent of the EAC's total GDP with Tanzania accounting for 33 percent. The trend during the past five years also indicates that

Table 7.1c: Current Account as percentage of GDP in SADC Countries, 1997-2004

ITEM	1997	1998	1999	2000	2001	2002	2003	2004
Angola	-12.0	-25.0	-28.0	-9.0	-15.0	-5.8	-6.2	-4.4
Botswana	4.0	11.0	10.0	6.0	4.6	11.6	11.0	6.4
DRC	-9.0	-5.0	-9.0	-1.0	-4.0	-4.0	-0.7	-1.4
Lesotho	-26.0	-31.0	-24.0	-18.00	-14.0	-19.0	-11.8	-15.0
Malawi	-12.2	-14.0	-18.0	-18.0	-11.0	-12.0	-10.2	-7.9
Mauritius	-7.2	-4.4	-3.0	-1.0	5.0	2.2	2.0	0.6
Mozambique	-8.0	-11.0	-17.0	10.0	-23.6	-17.8	-18.9	-13.1
Namibia	1.0	3.0	5.0	7.0	2.0	2.2	4.0	4.2
Seychelles	-12.0	-18.0	-19.0	-8.0	-17.0	-16.3	-2.8	0.7
South Africa	-1.5	-1.7	-0.5	-0.4	-0.3	0.3	-1.2	-1.8
Swaziland	-18.0	-26.1	-17.3	-19.6	-2.1	-1.0	-4.6	-4.8
Tanzania	-5.0	-11.0	-9.6	-5.5	-5.1	-2.6	-2.6	-6.0
Zambia	-6.0	-18.0	-14.0	30.0	28.0	-15.5	-13.7	-13.0
Zimbabwe	-9.0	-5.0	3.0	-2.0	-4.0	-4.0	-4.5	-8.8
SADC	-8.6	-11.2	-10.1	-2.1	-4.0	-5.8	-4.3	-4.6

Source: Statistics for SADC Countries, April 2004, IFS Year Book, July 2004 Issue.

Kenya continues to consolidate its economic strength compared to Tanzania and Uganda.

During the period under review, Tanzania had the highest real GDP growth rate estimated to have increased by 6.7 percent in 2004 from 5.7 percent in 2003 while Kenya grew by 2.6 percent from 1.8 percent recorded in 2003. Except for Tanzania whose growth rate was almost to the convergence level of 7.0 percent, the economies of other two member states grew at a rate far below the convergence target. The good performance by Tanzania was attributed to good performance of agriculture, manufacturing and trade sectors. In Kenya, the impressive performance was attributed to high growth rate of the agricultural sector that accounts for about 34.0 percent of total GDP as a result of good weather experienced during the year. This was in addition to the improved prices in the international market alongside the depreciation of the Kenyan Shilling, which enhanced competitiveness of Kenyan products especially

tea, in the international markets. In Uganda, real GDP growth is estimated to have picked up to 5.8 percent in 2004 from 5.0 percent in 2003, following government's implementation of prudent macroeconomic policies. The Construction and communications sectors led to a broad-based economic expansion, while improved weather conditions contributed to a rebound in agriculture.

Inflation

During the year 2004, all the three EAC member countries fared very well in cutting down the rate of inflation to the rates below the convergence target of below 5.0 percent. This is a result of continued effort on the implementation of the prudent monetary and fiscal policies. Tanzania continued to record a low rate of inflation in 2004 with 4.1 percent, slightly lower than 4.4 percent recorded in 2003. Similarly, Kenya and Uganda experienced significant decreases in inflation rates in year 2004 to 3.9 percent from

Chart 7.2: Shares of GDP in the East African Community in 2004

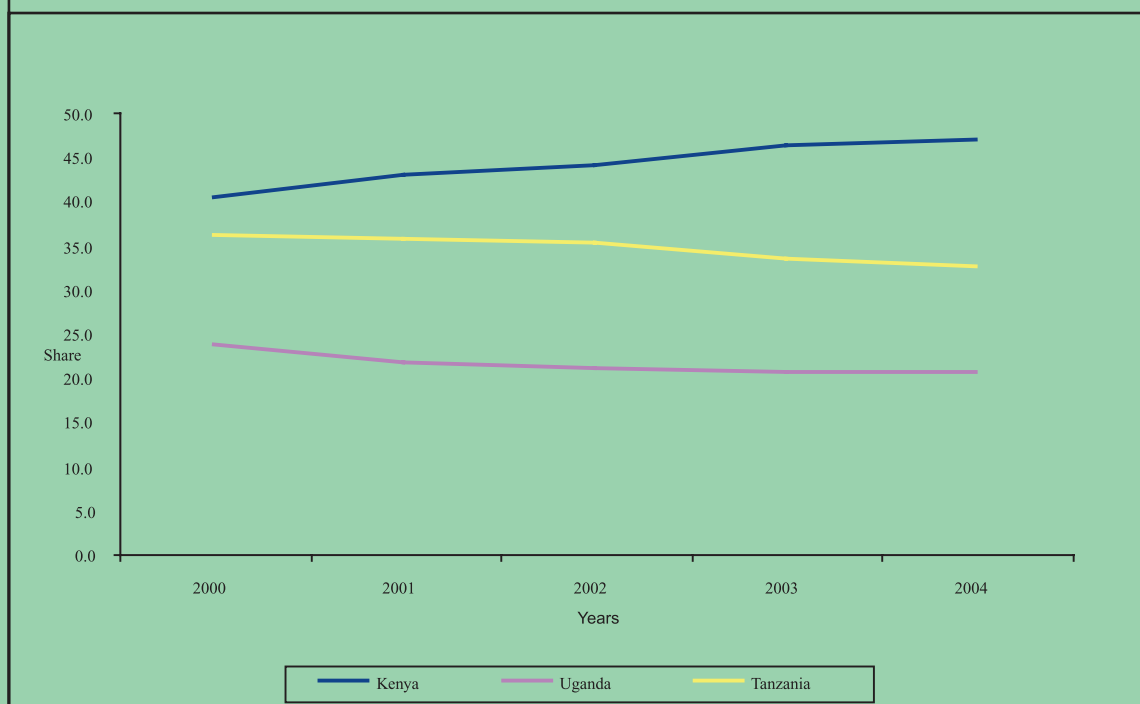
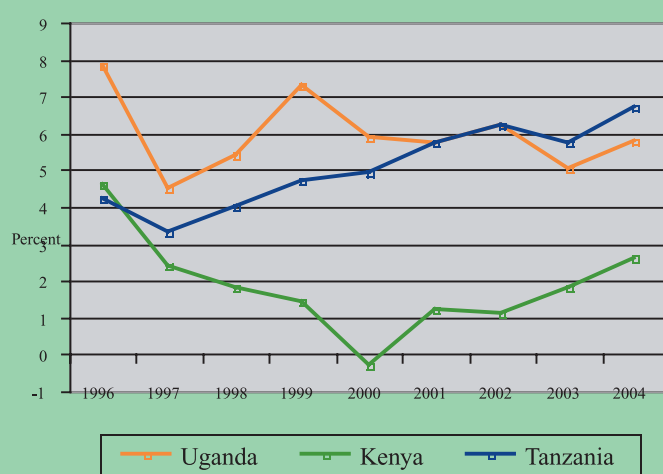




Chart 7.3: GDP Growth in EAC Countries



9.8 percent in 2003 and to 4.1 percent from 8.7 percent in 2003, respectively (**Table 7.1d and Chart 7.4**).

In Kenya, apart from implementation of prudent monetary and fiscal policies, good weather experienced during the year contributed to higher supply of food that lead to stable food prices. Similarly, Tanzania continued with its efforts to pursuing prudent fiscal and monetary policies that enabled the economy to achieve a relatively low inflation rate in the recent years. In Uganda, the improvement was a result of a reduction of the annual rate of inflation of a number of goods such as taxi fares, rent, charcoal, rice and firewood.

It is worth-noting that the observed narrowing of inflation differentials among the three EAC Partner States is partly a reflection

of harmonisation measures undertaken by the three EAC central banks on the implementation of monetary policies in the region under the umbrella of the EAC Monetary Affairs Committee (MAC).

Fiscal performance

One of the convergence criteria for EAC Partner States is to attain fiscal deficit (excluding grants) as a ratio to GDP of less than 5.0 percent. In 2004, Kenya made significant progress in containing the fiscal deficit while for the other two member states

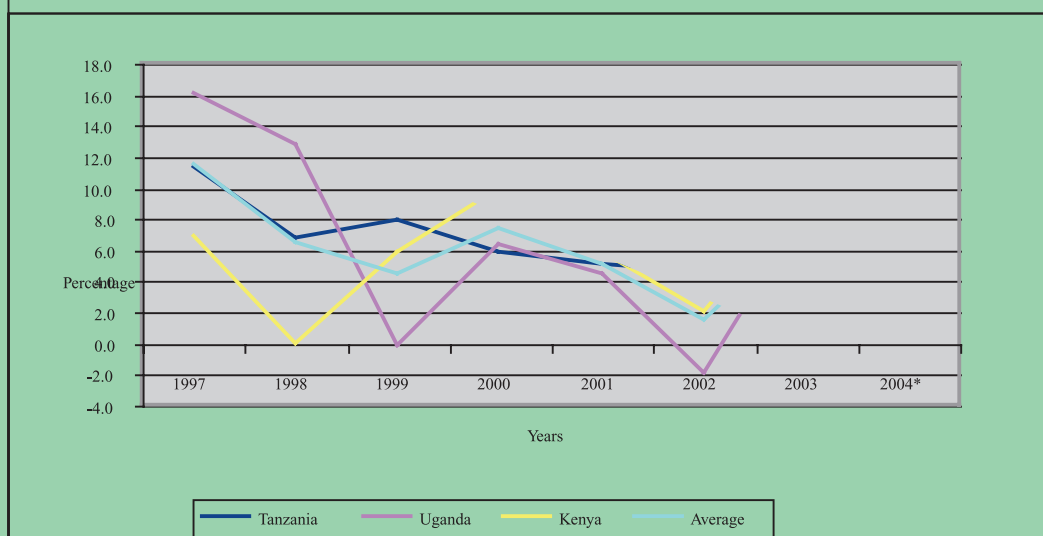
the ratio worsened. The widening of the fiscal deficit, in particular for Tanzania and Uganda, largely reflects relatively large government expenditures in relation to revenue efforts. In general, member states continued to improve revenue collection and control of government expenditures to match the actual revenue collection levels. Tanzania, in particular, continued to pursue measures aimed at strengthening control and accountability in the use of public funds and public properties. This was done through the effective implementation of Public Procurement Act of 2004, the Cash Budget system used in allocating resources such that expenditures are based on resources availability, and the use of Integrated Financial Management System (IFMS) that restricts all payments to budgeted levels approved by the Parliament and enables quick and accurate

Table 7.5d: Rate of Inflation in the EAC, 1997-2004

COUNTRY	1997	1998	1999	2000	2001	2002	2003	2004*
Tanzania	11.3	6.7	7.9	5.9	5.1	4.6	4.4	4.1
Uganda	16.1	12.8	-0.2	6.3	4.5	-2.0	8.7	4.1
Kenya	6.9	0.0	5.8	10.0	5.8	2.0	9.8	3.5

* Estimates

Source: IFS (June 2004), Quarterly Economic Bulletin, Bank of Tanzania December 2004

Chart 7.4: Annual Average Inflation rates in EAC Countries, 1997-2004


Source: IFS (June 2004)

detection of any fraud or theft of public funds.

On the other hand, the Uganda's fiscal deficit was maintained to the levels recorded in 2003 (See **Table 7.1e**). While revenue collections were lower than programmed, reflecting weak VAT and trade tax collections, the higher deficit is primarily explained by excess spending (0.4 percent of GDP). In Kenya, the fiscal deficit narrowed by recording a lower deficit as a percentage of GDP of around 0.4 percent from 3.9 percent recorded in 2003.

External sector

In 2004, the current account deficit (including grants) as a percentage of GDP for the entire three EAC countries worsened. Tanzania recorded a

current account deficit of 6.0 percent of GDP as compared with 2.6 percent recorded in 2003. The deterioration of the external sector was attributed to higher imports, and developments in the world market particularly the hiking of oil prices.

In Uganda, the external position remained relatively stable due to improvement in exports and a recent turn around in the terms of trade in favour of Uganda. The current account deficit is largely driven by the high import bill that was exacerbated by the appreciation of the Ugandan shilling. The Ugandan shilling appreciated on account of the increase inflows of donor funds and the general weakness of the dollar.

Kenya's external position continued to

Table 7.1e: Fiscal Deficit* as a percentage of GDP, 1996-2004

Item	1996	1997	1998	1999	2000	2001	2002	2003	2004
Kenya	-1.2	-1.9	-2.5	-0.1	0.4	-4.8	-3.2	-3.9	-0.4
Tanzania	0.8	1.5	-2.2	-1.9	-5.7	-4.8	-4.8	-5.1	-8.2
Uganda	-6.5	-6.3	-5.9	-6.9	-9.1	-11.2	-13.0	-12.0	-12.5

Source: MAC Reports May 2005

*Excluding grants



deteriorate following stronger growth of imports that offset inflows from the exports of goods and services. In addition, the Kenyan shilling appreciated marginally due to strong donor inflows and improved exports. Current account to GDP ratio worsened from a surplus of 0.5 percent recorded in 2003 to a deficit of 2.3 percent recorded in 2004. The increase in imports was attributed mainly to the increase in prices of petroleum products.

The performance of external sectors of the three partner states demonstrates continued dependence on donor funds in financing external current account obligations. The level of dependence on donor funds is measured by the difference between the current account deficits including grants with the one excluding grants. It is observed that Kenya and Tanzania are less dependent on external financing of their current account. Uganda has the largest dependence ratio of above 7 percent of GDP in the past three years, hence less sustainable.

Intra-regional trade

In 2004, Tanzania and Uganda continued to be net importers of Kenyan goods a signal of strength of the Kenyan economy. During this period, Tanzania exported to Kenya goods worth US\$ 78.8 million compared to US\$ 77.7 million in 2003 while Kenya's exports to Tanzania increased from US\$ 105.1 million in 2003 to US\$ 117.3 million in 2004. This resulted into the widening of the deficit in the Tanzania's trade account with Kenya to the tune of US\$ 38.5 million in 2004, higher than a deficit of US\$ 27.4 million recorded in 2003. The general trend, however, between Tanzania and Kenya is that of narrowing of the trade deficit between the two countries when compared with the situation about five years ago.

The share of Uganda in the East African intra-regional trade continued to shrink compared to the other two partner states, attracting only 13.1 percent of total exports from Tanzania in 2004 implying that trade with Kenya remained strong over the review period. Although the amount of Tanzania exports to Uganda is still small, it has been increasing to US\$ 11.9

Table 7.1f: Current Account Deficit as a % of GDP, 1999-2004

	1999	2000	2001	2002	2003	2004
KENYA						
CAB as a % of GDP	-0.7	-1.9	-2.9	-1.3	0.5	-2.3
CAB (excl. grants) as a % of GDP	-2.0	-3.4	-4.3	-2.5	-1.1	-3.3
Difference	-1.3	-1.5	-1.4	-1.2	-1.6	-1.0
TANZANIA						
CAB as a % of GDP	-9.6	-5.5	-5.1	-2.6	-2.6	-6.0
CAB (excl. grants) as a % of GDP	-13.2	-7.4	-7.0	-3.8	-4.5	-6.5
Difference	-3.6	-1.9	-1.9	-1.2	-1.9	-0.5
UGANDA						
CAB as a % of GDP	-6.0	-5.7	-5.4	-5.4	-5.4	-3.9
CAB (excl. grants) as a % of GDP	-9.1	-10.7	-14.3	-13.0	-12.9	-12.6
Difference	-3.1	-5.0	-8.9	-7.6	-7.5	-8.7

Source: Bank of Tanzania Quarterly Report, December 2004, Bank of Uganda Annual Report 2004, MAC reports.

Table 7.1g: Tanzania's Trade with Kenya and Uganda, 1998 – 2004

<i>With Kenya</i>		<i>Million USD</i>					
Item	1998	1999	2000	2001	2002	2003	2004
Exports to Kenya	25.4	19.6	32.1	38.1	35.3	77.7	78.8
Imports from Kenya	103.3	96.1	93.1	203.4	95.2	105.1	117.3
Trade Balance	-77.9	-75.1	-61.0	-165.3	-59.9	-27.4	-38.5
<i>With Uganda</i>							
Exports to Uganda	6.4	4.7	8.5	5.5	5.5	8.5	11.9
Imports from Uganda	2.2	6.0	5.6	11.4	2.7	7.5	6.9
Trade Balance	4.2	-1.4	2.8	-5.8	2.8	-1.0	-5.0

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

million (13.1 percent) in 2004 from US\$ 8.5 million (9.9 percent) in 2003. On the other hand, Tanzania imports from Uganda decreased from US\$ 7.5 million in 2003 to US\$ 6.9 million in 2004. (Table 7.1g). With EAC Customs

Union agreement, which has set a gradual tariff reduction amongst partner states, it very likely that Tanzania and Uganda will boost their exports to Kenya and therefore narrowing the trade deficit between them.

Table 7.1h: Tanzania's Trade Shares with Kenya and Uganda, 1998-2004

Country	1998	1999	2000	2001	2002	2003	2004
<i>Shares of exports to</i>							
Kenya	79.9	81.7	79.1	87.4	86.5	90.1	86.9
Uganda	20.1	18.3	20.9	12.6	13.5	9.9	13.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<i>Shares of imports from</i>							
Kenya	98.8	98.0	97.9	94.1	94.3	94.7	97.2
Uganda	1.2	2.0	2.1	5.9	5.7	5.3	2.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: International Economics Department (BOT) and Tanzania Revenue Authority (TRA)





PART II: BANK OF TANZANIA OPERATIONS

Financial Markets Developments

Key Developments during the financial year ending June 2005:

- A two-way quote in the IFEM was introduced on January 3rd 2005.
- The Bank started buying under-subscribed treasury bonds on May 11th 2005 in order to build the Bank's portfolio of securities for Open Market Operations.

Overall Objectives

During 2004/05, the Domestic Markets Department set out to meet the following core objectives as outlined in the action plan:

Conduct open market operations using liquidity papers and fine-tuning operations using vertical repurchase agreements (repos) to meet monetary policy targets;

Manage government debt by rolling over financing papers and Treasury bonds; develop a secondary market trading in government securities; implement monetary policy programmes, minimize exchange rate volatilities and ensure smooth development of the interbank foreign exchange market;

Liquidity Management

Treasury bills

During the year 2004/2005, total treasury bills sold as liquidity papers amounted to TZS 1,364.79 million (cost value) higher by 72.27 percent when compared with the amount sold during the previous year. The increase in amount sold was due to the need to mop up excess liquidity.

Performance against the Budget

During the year 2004/05, the liquidity mop up budget for T-bills was TZS 13.78 billion. However, the actual outturn reached TZS 41.16 billion higher by 198.69 percent signifying the Bank's dire need to mop up excess liquidity. The liquidity mop-up budget for Repos was TZS 398.0 million whereas the actual outturn amounted to TZS 384.15 million. The budget for the repo interest expense was due to the need to use repos as an instrument of OMO rather than a fine-tuning instrument. Occasionally, there was no demand for repos, which was a contributing factor for the unspent interest expense.

Debt Management

Treasury Bills

During the year under review, total treasury bills sold as financing papers for debt management

Table 1: Liquidity Papers Sold (In TZS Mill.)

Maturity	2003/04	2004/05	% Change
35-days	190,473.88	321,169.55	68.62
91-days	255,485.34	461,617.71	80.68
182-days	180,137.84	320,008.77	77.65
364-days	166,123.00	261,991.00	57.71
Total	792,220.07	1,364,787.03	72.27

**Table 2: Financing Papers Sold (in TZS mill.)**

Maturity	2003/04	2004/05	% Change
35-days	1,260.36	0.00	-
91-days	12,808.98	2,471.44	(80.70)
182-days	162,480.75	160,640.90	(1.13)
364-days	196,949.85	161,654.63	(17.92)
Total	373,499.95	324,766.97	(13.05)

was TZS 324,766.97 million representing 13.05 percent less than the amount sold during the previous year for the same purpose. The decrease emanated from under-subscriptions in the market.

Treasury Bonds

During the year ending June 2005, total treasury bonds sold amounted to TZS 91,240.54 million,

a decrease of 31.72 percent when compared to the amount sold in the previous year. Demand decreased significantly especially for the 5, 7 and 10-year bonds due to a shift in investors appetite for short-term maturities. Treasury bond market performance in terms of tenure is shown in Table 3.

The low demand has resulted in under-subscriptions in the t-bond market, thus the

Table 3: Treasury bond performance by tenure (in TZS mill.)

TENURE	DESCRIPT.	2003/04	2004/05	% Change
2-years	Offered	59,960.00	59,200.00	(1.27)
	Tendered	59,445.00	55,610.00	(6.45)
	Successful	51,950.00	53,860.50	3.68
	Sales (CV)	51,475.77	50,007.46	(2.85)
	Interest	4,357.56	4,065.82	(6.70)
	Redemptio	74,861.30	53,731.40	(28.23)
5-years	Offered	57,490.00	45,800.00	(20.33)
	Tendered	40,642.20	27,176.00	(33.13)
	Successful	32,092.20	28,676.00	(10.64)
	Sales (CV)	31,558.77	27,099.28	(14.13)
	Interest	1,505.44	10,709.48	611.39
7-years	Offered	50,990.00	25,400.00	(50.19)
	Tendered	41,877.60	10,507.90	(74.91)
	Successful	29,630.00	9,350.00	(68.44)
	Sales (CV)	28,713.50	8,947.21	(68.84)
	Interest	1,997.85	8,493.58	325.14
10-years	Offered	51,290.00	20,900.00	(59.25)
	Tendered	25,436.10	5,545.20	(78.20)
	Successful	22,376.10	5,540.10	(75.24)
	Sales (CV)	21,876.44	5,186.59	(76.29)
	Interest	1,676.02	5,970.38	256.22

target for government financing was not met. The concept of price discovery was not met as there was no secondary trading at the stock exchange, which would reflect the true price of the bonds in the market.

Outstanding Government Securities

As at the end of June 2005, the stock of outstanding liquidity papers was TZS 600,560.58 million, which is 51.33 percent above the closing stock position of TZS 396,854.25.0 million at the end of June 2004 on account of the Bank's intervention to increase the tender size for liquidity papers.

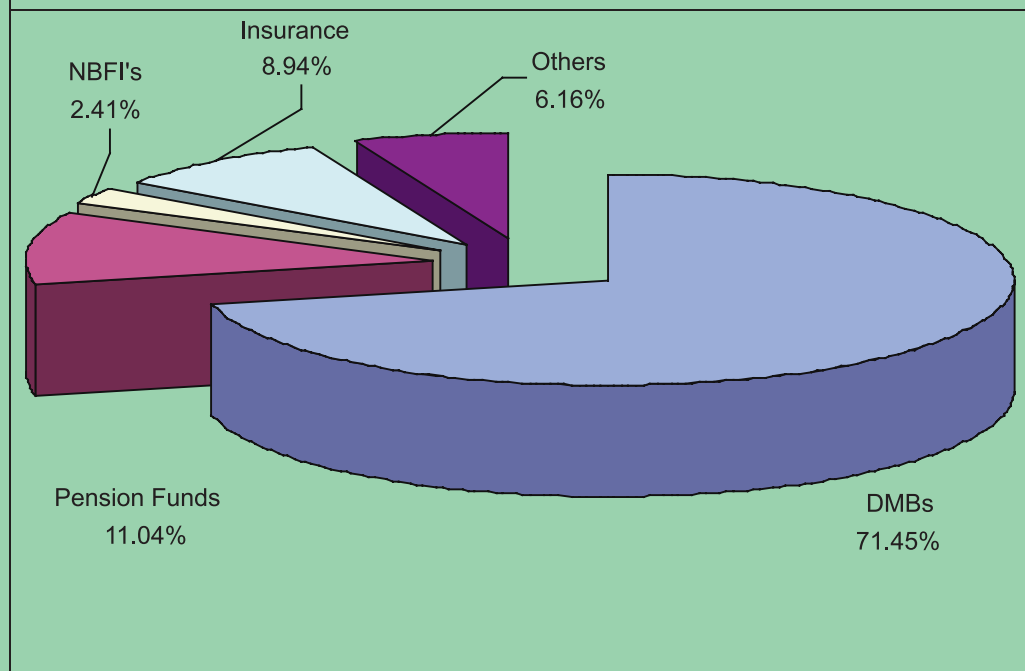
The stock of financing papers by the end of June 2005 was TZS 258,773.03 million, marking a decrease of 52.37 percent when compared to the previous financial year. The decrease was mainly due to a decline in demand.

Government securities Market Participation

Treasury Bills Market

Deposit Money Banks (DMBs) increased their share of the market by about 2.94 percent when compared to their share in 2003/04. Pension Funds and Non-Bank Financial Institutions decreased their market share by 23.28 and 44.72 percent, respectively. This shift may be attributed to a wider participation of the Insurance Companies in abiding to the introduced Government Notice number 14 to hold 50 percent of their core capital in Government securities. Hence Insurance Companies share increased by 23.65 percent from the previous year and Others increased their market share by 33.33 percent from a year ago. The latter may be attributed to increased participation by the official entities, especially the UTT participation which accounted for 20.00 percent of the share.

Chart 1: Successful Participants in the Treasury Bills Market



* Others include Official Entities and individuals.



Table 4: Treasury Bills Yields Spread

Maturity	2003/2004		2004/2005	
	Range in %	Spread	Range in %	Spread
35-days	5.95 – 7.44	1.49	5.24 – 9.06	3.82
91-days	6.03 – 8.11	2.08	7.40 – 10.22	2.82
182-days	6.33 – 8.29	1.96	7.92 – 10.40	2.48
364 days	6.02 – 8.97	2.95	7.99 – 11.91	3.92

Treasury Bonds Market

Pension Funds were the dominant participant in the treasury bonds market with 81.50 percent, despite the reduction in their share from the previous year by 4.03 percent. Deposit Money Banks increased their share of the market by 6.76 percent from 8.25 recorded in the previous year to 15.01 percent. The balance was shared among the other participants.

Trend of Yields

Government Securities

The yields for treasury bills soared during the period under review, (see Chart 2). The overall

weighted average yield rose from 8.04 percent at the beginning of the year to 10.09 percent by the end of the first half. At the end of the year, it reached 10.18 percent. The increase in yields is partly attributed to the Bank's intervention in the market in order to meet the monetary policy target, and partly due to under-subscriptions. Table 5 shows the yield spread of treasury bills for the year in comparison to the previous year.

Treasury bonds yields showed an upward trend due to low demand as summarized in **Table 6** for the year in comparison to the year ago.

Repo Rates

During the year under review, repos of 1 to 14

Chart 2: Government Securities Yields Curve

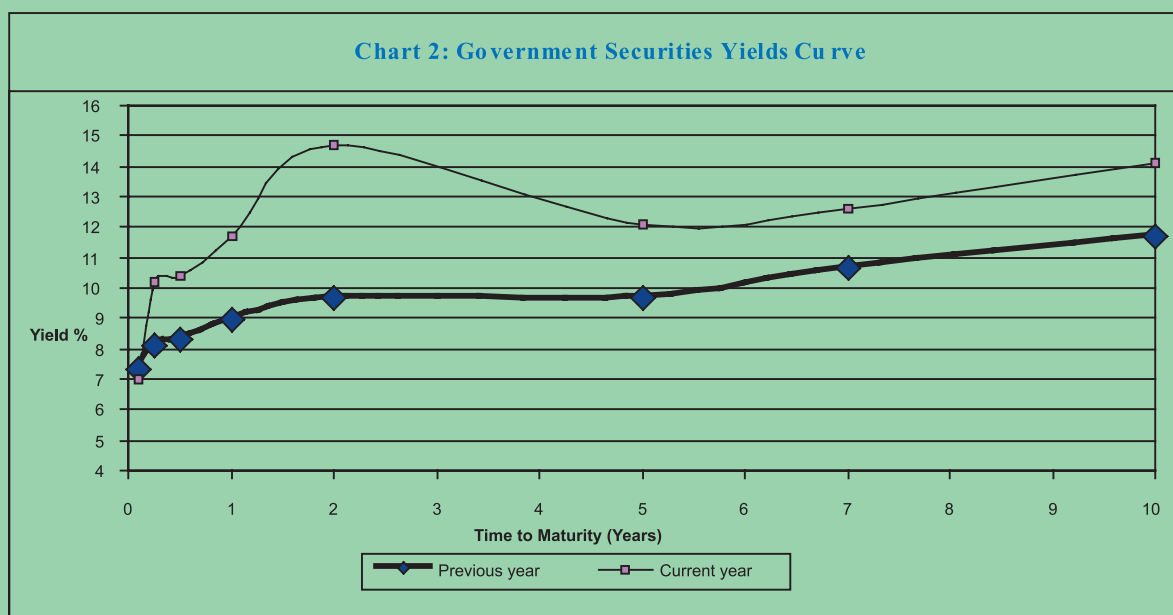


Table 5: Treasury bond Yields Spread

Maturity	2003/04		2004/05	
	Range in %	Spread	Range in %	Spread
2-years	6.6871-9.6527	2.9656	8.2868-16.9918	8.705
5-years	6.6884-10.2420	3.5536	9.5516-12.1072	2.5556
7-years	7.7256-10.8303	3.1047	10.4422-13.0529	2.6107
10-years	8.5357-11.9731	3.4374	11.7000-14.0958	2.3958

days were transacted. Table 6 gives the weighted average rates, which ranged from 4.69 percent to 6.90 percent. The weighted average rates for repos ranged from 3.50 to 7.00 percent during the previous year.

Lombard facility

DMBs accessed this facility and borrowed TZS 21,150.00 million during the year under review less by TZS 24,030.00 million when compared to the amount borrowed by the end of June 2004.

Interbank Foreign Exchange Market

Volume of Trade

The total amount traded during the period under review amounted to US\$ 792.18 million lower by 16.96 percent from the amount traded in the previous year. The introduction of a two-

way quote shows an improvement in the inter-bank foreign exchange market, especially on the speculation side. The volume of trade has declined significantly when compared with the previous year to signify more realistic demand/supply volumes which are based on bid – ask quotes as opposed to speculative bids.

Exchange Rate Movement

The shilling traded between TZS 1,048.08 and TZS 1,129.19 during the year. The weighted average exchange rate by the end of the year was TZS 1,082.14 per US\$ indicating a depreciation of 0.74 percent from TZS 1,074.25 registered in the previous year. In the inter-bank foreign exchange market, supply of foreign exchange was influenced by cyclical trends of the exchange rate reflecting inflow of export proceeds, especially during the last quarter of the year. Another factor was speculative tendencies among IFEM participants in an effort to meet

Table 6: Repo Rates Range

Tenure	Repo rates in %	
	2003/04	2004/05
1 – day	4.50	4.69 – 5.50
2 - days	-	5.50
3 - days	3.95 – 7.00	5.00 – 6.50
4 - days	4.00 – 4.75	-
5 - days	3.50 – 4.75	-
6 - days	5.00 – 5.50	-
7 - days	4.00 – 7.00	5.00 – 6.50
9 - days	4.00 – 5.50	-
14 - days	5.00 – 6.00	5.00 – 6.90

**Table 7: IFEM Participation by Dealer Category (in US D mill.)**

Participants	Sales	2003/04		Sales	2004/05	
		Purchases	Net		Purchases	Net
BOT	322.650	43.100	(279.550)	218.400	69.420	2.470
DMBs	555.410	882.445	327.035	495.655	695.315	197.790
NBFIs	75.605	28.120	(47.485)	78.120	27.440	(50.680)
TOTAL	953.665	953.665	0.00	792.175	792.175	0.00

their own objectives.

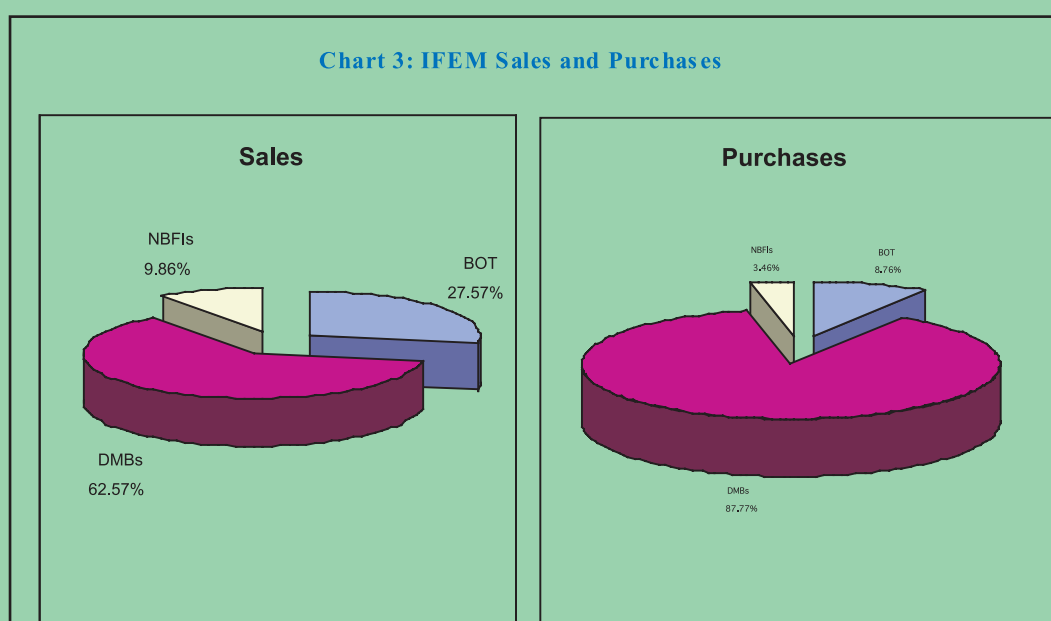
Participation in the Market

Participation in the IFEM reflected the seasonal pattern whereby DMBs accounted for the majority of the total amount sold by selling 62.57 percent of the total amount traded. The Bank accounted for 27.57 percent and NBFIs sold 9.86 percent. On the demand side, DMBs share was 87.77 percent, the Bank had 8.76 percent and NBFIs had the remaining balance of 3.47 percent. The behaviour is a manifestation of the market segmentation whereby some participants remain perpetual sellers while others are on the buying side. This signifies the unequal distribution of export proceeds among participants and the privilege of their

advantageous size and position i.e. big banks versus small banks. **Table 7.1** and **chart 3** summarizes the market participation by dealer category.

Interbank cash market

Total inter-bank cash market transactions during the year under review were TZS 2,198,400.00 million as compared to TZS 6,489,510.00 million transacted in the previous year. Total overnight transactions amounted to TZS 1,273,080.00 million accounting for 58.09 percent of total transactions and lower by 76.92 percent when compared to overnight transactions during the previous year. As result of declined demand for overnight transactions interest rates increased when compared to the previous year, from a

Chart 3: IFEM Sales and Purchases



high of 8.16 percent to a low of 4.15 percent in 2004/05 versus a high of 8.00 percent to a low of 0.50 percent in 2003/04.

Banking and Currency Operations

In performing its role as banker to the Governments and to banks, the Bank of Tanzania opened accounts for newly registered commercial banks, Bank of Baroda and Azania Bancorp Ltd, as well as for new Government units/departments. Subsequently, the new banks joined the Dar es Salaam Electronic Clearing House. In the year under review, two more commercial banks, Peoples Bank of Zanzibar and Azania Bancorp Ltd, joined the Tanzania Inter-bank Settlement System (TISS).

In an effort to facilitate and speed up revenue collection for the Government and reduce the usage of cheques in payment of taxes by the general public, the Tanzania Revenue Authority, which was operating one account in TISS for Large Tax Payers, opened accounts for every government revenue collection centre. This measure is also expected to reduce greatly the problem of float in government operations. The Tanzania Revenue Authority also opened two accounts to accommodate tax refund payments through TISS instead of using cheques, thus centralizing the payment of tax refunds.

In the area of currency issuance, the Bank of Tanzania continued to use its four branches (Mwanza, Arusha, Mbeya and Zanzibar), together with various BOT currency centres and selected commercial banks to ensure the availability and adequacy of notes and coins in the economy.

Banking Supervision

The Bank of Tanzania carried out various activities aimed at strengthening and enhancing safety, soundness and stability of the banking system, in accordance the Bank of Tanzania Act 1995, Banking and Financial Institutions

Act 1991, Foreign Exchange Act 1992 and various regulations governing banking business and bureaux operations in Tanzania. This was undertaken largely through on-site and offsite surveillance.

In addition, the Bank undertook a review of Bank of Tanzania Act, 1995 and Banking and Financial Institutions Act 1991. Regulations such as Credit Concentration and Other Exposure Limits, Management of Risk Assets, Capital Adequacy, Liquid Assets and Publication of Financial Statements were also reviewed to match with economic and technological changes. Also in the list were formulation of new guidelines security Measures Regulations, Credit Reference Data Bank and Credit Reference Bureau, Management of Risks and Minimum Requirement for Effective Internal Audit and Internal Control of banks and financial institutions.

During the year under review, the Bank initiated adoption of Risk Based Supervision Approach. The essence is to place 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. Bank of Tanzania is also following up various activities related to the 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, the Bank, in collaboration with stakeholders engaged in the process of formulating regulatory framework for micro finance institutions.

By the end of June 2005, the banking sector had 31 banks, of which two of them; namely Savings and Finance Limited and Azania Bancorp Ltd were transformed into fully-fledged commercial banks during the year under review. African Banking Corporation



Tanzania Limited merged with Capital Finance Limited while International Bank of Malaysia and National Bureau de Change changed their names to International Commercial Bank (T) Ltd and Twiga Bancorp Ltd, respectively. In addition, Bank of Baroda (Tanzania) Limited and Uchumi Commercial Bank were licensed to operate. Further, twelve bureaux de change were registered.

During the year under review, performance of banks was generally satisfactory. Total assets of the banking sector increased by 21 percent to TZS 3,578.3 billion from the level recorded in June 2004. In the same period, deposits increased nearly by the same rate as assets to TZS 2,989.2 billion, while allowance for probable losses decreased by 28.4 percent TZS 24.3 billion indicating an improvement in asset quality. 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 Directorate of Banking Supervision continued to assist and closely monitor restructuring and/or privatization of the state owned banks namely; National Microfinance Bank, Tanzania Investment Bank, Tanzania Postal Bank and Peoples' Bank of Zanzibar.

Personnel and Administration

During the year under review, the Bank carried out various activities related to development and management of estate, as well as human

resource.

In the area of estate, the Bank continued to implement the expansion project of the Bank of Tanzania headquarters at 10 Mirambo and construction of the Bank's office building at Gulioni Zanzibar.

With regard to human resource development and management, the Bank of Tanzania continued to implement the corporate plan to improve labour productivity and efficiency. Thus, training programmes became focused and geared at developing knowledge and skills required to achieve strategic objectives of the Bank. Along with this, an action plan for a culture management programme were prepared for implementation.

Microfinance Operations

Development of National Microfinance Policy

During the period under review, the Bank continued to coordinate and monitor implementation of the National Microfinance Policy. Among the key outcomes of the NMP has been the establishment of the Financial Sector Deepening Trust (FSDT) Fund in July 2004 to provide greater access for more people to engage in activities within the financial system in Tanzania. The Trust is a joint development venture of four bilateral donors namely; SIDA, CIDA, DFID and the Royal Netherlands Embassy. As a result of a conducive policy environment created through implementation of the policy, there has also been a considerable increase in the number and range of institutions providing microfinance services in the country.

Legal, Regulatory and Supervisory Framework for the Microfinance Sector

The Bank completed the task of formulating the regulatory and supervisory framework for microfinance institutions activities,

which includes Microfinance regulations for Microfinance Companies and Micro credit Activities, Financial Cooperative Societies, as well as Savings and Credit Cooperative Societies. Amendments were also made to the current Regulations in the areas of Internal Control and Internal Audit as well as to the Guidelines for Evaluation of NGOs engaged in Micro credit Activities. The new Microfinance Regulations were gazetted on 25th March 2005. Efforts are also underway to establish a regulatory and supervisory framework for Savings and Credit Association (SACAs) and Community-Based Organizations (CBOs) to ensure that their activities are mainstreamed in the financial system.

Operational Guidelines for Government and Donor Support to the Microfinance Sector

The process for developing operational guidelines for Government and donor support to the microfinance sector started in December 2004 and was finalized in April 2005. The guidelines were developed by the Bank in close collaboration with key stakeholders to ensure that government and donor interventions and/or support in microfinance sector is coordinated, consistent with the National Microfinance Policy (NMP) and other relevant policies and strategies, and is based on internationally accepted best practices.

Development of a Microfinance Database and Web site

In order for the Bank to effectively monitor the performance of the microfinance sector and provide the public with reliable information and data, the Bank established a microfinance database during the period under review. More efforts are underway to improve the database to a more comprehensive system that will enable systematic tracking and analysis of the whole industry. The Bank also undertook a survey

of microfinance institutions in the country and updated the Directory of Microfinance Institutions.

To facilitate timely dissemination of information about the microfinance sector in the country, the Bank started, during the review period, to design a microfinance sub-web. It is anticipated that the sub web site will be finalized and launched in August 2005.

Improving the performance of the SACCOS in Tanzania

SACCOS remain the main financial intermediaries at the grass root level, particularly in the rural areas. Nonetheless they have continued to be generally weak. With the objective to improve the performance of these institutions, the Bank of Tanzania undertook an in-depth study of SACCOS in the country during the period under review. Among expected key outputs of the study will be a set of guidelines and standards for SACCOS in the country based on accepted worldwide monitoring standards for credit unions, as well as policy advice/recommendations to the Ministry of Cooperatives and Marketing regarding setting up of a supervisory framework to monitor SACCOS performance.

Challenge and the way forward Capacity Constraints

Capacity constraints in monitoring and supervision of microfinance activities in the country have continued to limit achievements in the sector. As the bank continues with initiatives to establish necessary requirements to operationalise the regulatory and supervisory framework for microfinance operations, capacity building initiatives will thus feature in as one of the major requirements. The Bank will also undertake to disseminate regulations to agencies regulating activities of microfinance institutions as well as the MFIs.



Weak umbrella organizations

In order for the Bank to play its role in microfinance as coordinator of NMP implementation, strong institutional networks are important. Networks that exist at the moment, that is the Tanzania Association of Micro Finance Institutions (TAMFI) and Savings and Cooperatives Union of Tanzania (SCCULT), are still weak and unable to effectively meet members' demand for their services. To address this problem, the Bank will provide technical, advisory, financial and capacity building support to these networks so that they can effectively promote the development of the microfinance industry.

Financial services in rural areas

Despite good economic potential in most rural areas of the country, the depth and breadth of financial services in these areas remain shaky. Enhancing provision of financial services is therefore key to harnessing the economic potential in these areas for future development. To facilitate achievement of this objective, the Bank, in collaboration with the Ministry of Cooperatives and Marketing, will operationalise the recommendations for improving operational performance of SACCOS as well as facilitating development of microfinance products including agricultural finance in rural areas.

Information and data limitations

For a long time now there has been an information limitation with respect to performance and developments in microfinance activities. To address this constraint, the Bank is in the process of establishing a comprehensive microfinance database, as well as a web page to facilitate dissemination of information about the microfinance industry. The bank is also planning to undertake a demand and supply survey of the microfinance industry in the country and to establish, in collaboration with TAMFI, performance and minimum financial reporting

standards for the microfinance industry.

National Payments Systems

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 under review include facilitation of development of new payment instruments, coordination of development of legal and institutional framework for monitoring, and regulating operations in the National Payment Systems.

Maintenance and Support of Tanzania Inter-bank Settlement System (TISS)

The Bank continued to provide inter-bank settlement services (system maintenance, user support and training to new participant) through The Tanzania Inter-bank Settlement System (TISS). Establishment of the TISS, which facilitates settlement of high value, time critical payments and securities of the Government and financial institutions, has minimized payment system risks and facilitated timely supply and accurate information on flow of funds, hence increased efficiency.

During the year, two more banks joined the one-year-old system to make a total of 20 participants. The government also realized a significant increase in collection of revenue from taxpayers through TISS. Currently large taxpayers are required to channel their tax dues through the system. During this period, Tanzania Revenue Authority (TRA) increased the number of its accounts in TISS from one account to eleven (11) active accounts.

Maintenance and Support of 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 BOTECH system that facilitates the normal inter-bank electronic debit clearing and has also promoted efficiency and minimized errors and acts of fraud in the cheques system.

Inter-bank Electronic Fund Transfer (EFT)

During the period under review, the Bank implemented the Inter-bank Electronic Fund Transfer (EFT). The system is currently used to transfer high volume low value inter bank payments.

Implementation of Tanzania National Net Settlement Services (TNNSS)

The Bank participated in the development of TNNSS, which is being implemented by a Consortium of 5 commercial banks. These banks have joined the VISANet International service in order to facilitate the settlement of Visa, MasterCard and proprietary card domestic transactions. The service will allow member banks within a country to settle domestic transactions in local currency through a settlement agent bank, which is the Bank of Tanzania. The TNNSS is expected to go live in Sept 2005.

NPS Legal Framework

Following amendments made to the Bank of Tanzania Act, 1995 in 2003 by Financial Laws (Miscellaneous Amendments) Act, 2003, the Bank has been able to enhance its oversight functions with the powers conferred it through the said amendments.

During the period, the Bank also continued with review legislative reforms, which aim at creating legal certainty in the national payment systems operations. The review included finalization of drafts legislative proposals for an NPS Law,

Electronic Transaction Law and amendments to the Evidence Act, 1967.

NPS Oversight activities

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 in systems which are 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 and implemented the following MAC directives.

1. Implementation of oversight operations, including formulating a set of efficiency and risk management benchmarks and guidelines for payment system oversight.
2. Coordination of the establishment of a Card Payment Switch in Tanzania
3. Adoption of the correspondent model for effecting cross border payments.

Macroeconomic Developments and Financial Programmes

During 2004/05, Tanzania continued to pursue economic reforms and macroeconomic stabilization policies and received the support



of bilateral and multilateral donors including the IMF and World Bank under the Poverty Reduction and Growth Facility (PRGF) and Poverty Reduction Support Credit (PRSC) arrangements, respectively. This resulted to improved macroeconomic fundamentals that led to the attainment of low inflation of around 4.0 per cent and an accelerated real GDP growth rate of 6.7 per cent during the period under review.

PRGF

The low access three-year PRGF program, which was approved by the IMF Executive Board in August 2003 reached its second year and as of 30th June 2005, Tanzania had already drawn a total amount of SDR 11.2 million equivalent to US\$ 17 million out of the earmarked amount equivalent to SDR 19.6 million or (US\$ 27 million).

PRSC

The World Bank's Board of Executive Directors approved the Second Poverty Reduction Support Credit (PRSC 2) on 29th July 2004 for the total credit and grants amounting to US\$ 150 million. The amount was intended to support/finance the implementation of the government's comprehensive macroeconomic and social policy reforms as spelt out in the country's Poverty Reduction Strategy focussing on four key development areas namely: sustaining and accelerating growth and broadening its impact; supporting results orientation of public service delivery; enhancing public sector performance; and strengthening environmental management. The facility was however, provided in the form of budget support along with other participating donors, to help the government close the fiscal gap between the costs of implementing key elements of Tanzania's poverty reduction strategy and resources available from the government's own domestic revenue.

IMF and World Bank Missions

During 2004/05, several Missions from the IMF and World Bank visited Tanzania for different purposes as follows: The September 2004 Mission from the IMF came to review the activities of East AFRITAC; The November 2004 Mission from IMF carried out the Third Review of the PRGF; The November 2004 joint IMF and World Bank Mission on money remittances in Tanzania; The January 2005 IMF followed up Mission on Report on Observance of Standards and Codes (ROSC); The March 2005 IMF Pre-Budget Review Mission; The March-April 2005 World Bank Technical Assistance Support Mission worked on developing product concepts and operational guidelines for Development Finance Facilities; The May 2005 IMF Post-FSAP Mission was on the Second Generation Financial Sector Reforms; The May 2005 Mission from the IMF carried out the Fourth Review of the PRGF; and the June 2005 World Bank Financial Sector Mission supervised the implementation of the Second Financial Institutions Development Project (FIDP 2).

Financial Programming

During 2004/05, the Bank of Tanzania, (BOT) in collaboration with the Ministry of Finance, (MoF) established an Inter-Institutional Team to develop and track on the Financial Program for Tanzania. The Team drew members from key institutions involved in data collection and processing namely: BOT, MoF, Tanzania Revenue Authority (TRA), National Bureau of Statistics (NBS) and President's Office Planning and Privatization (POPP) and held a two-week workshop in Dar es Salaam during August 2004. The objective of the workshop was to share knowledge and experience on Financial Programming among the team members and to prepare a 3-years Financial Programme solution, that would provided inputs for the preparation of Budget Guidelines, IMF missions and other

related government policy documents.

In February 2005, the Bank in collaboration with East AFRITAC organized a two-week macroeconomic course aimed at enhancing the analytical skills of the BOT, MoF and TRA staffs in understanding the linkages in macroeconomic accounting. Following this training, a Macroeconomic Technical Working Group (MTWG) was formed with a task of checking data consistency, accuracy and reliability across institutions. During the same month, a workshop on Financial Programming was conducted for the BOT staff with technical assistance from Swiss State Secretariat of Economic Affairs (SECO). A draft manual, which will provide guidelines on how to use the Financial Programming Framework was developed after the workshop and the same will be finalized during 2005/06. Two workshops of the BOT Financial Programming Working Group (FPWG) were also held during October 2004 and April 2005 to review macroeconomic projections and undertake data reconciliation among the key institutions.

Second Generation Financial Sector Reform Programme (SGFSRP)

During 2004/05, the Inter-Institutional Committee appointed by the Minister for Finance on 31st March 2004, continued with its work of developing the agenda for the Second Generation Financial Sector Reforms (SGFSRP) as outlined in the July 10, 2003 report of the Joint IMF/World Bank Financial Sector Assessment Program (FSAP) Mission. The Committee chaired by the Governor of the BOT was assisted in its work by several technical teams drawn from stakeholder institutions.

SGFSRP constitutes a set of plans and actions that shall be implemented in order to further develop the financial sector and enable it to contribute towards economic growth. SGFSRP focus is on the following areas of reforms: Legal

and Judicial; Monetary Policy; Banking Sector; Financial Markets; Pension Sector; Insurance Sector; Long Term Finance; Micro and Rural Finance; Land; and Employment Sector. The First Stakeholders Workshop to discuss the draft SGFSRP agenda was held from 7th –8th December 2004 at the Royal Palm Hotel in Dar es Salaam. This was followed by a sensitisation seminar for Permanent Secretaries that was held from 11th –12th March 2005 in Bagamoyo. A series of meetings were also held during the period from March to June 2005 with donors including the IMF and World Bank with a view to identifying key priority areas for the SGFSRP that would need technical assistance. The SGFSRP was finally submitted to government for approval on 30th June 2005.

Data Warehouse Project

During 2004/05, BOT continued to implement measures aimed at improving the quality of data across the BOT. The main initiatives centered on creating a centrally managed data repository, as a measure to resolve problems associated with multiple databases, manual information/data exchange, data redundancy and inconsistency, difficulty in accessing data, and data integrity. The ultimate goal is to have in place a Central Data Base Management System (CDBMS) that is capable of meeting the information requirements of various levels of decision-makers quickly and correctly.

As part of the project preparatory phase, BOT conducted a workshop in May 2004 focussing on situational analysis of the entire set of data flowing within and into the BOT. The workshop drew participants from the key sources and users of data within BOT and was followed by a study visit in June 2004, to the Reserve Bank of India (RBI) by a selected team of staff from the Directorates of Economic Policy and Management Information Systems.



Developments in Trade and Investment Policies

Monitoring Private Capital Flows

During 2004/05, the Bank of Tanzania, in collaboration with the Tanzania Investment Centre (TIC) and National Bureau of Statistics (NBS), finalized the preparation of a draft report following the implementation of a survey on monitoring private capital flows. A similar task was accomplished in collaboration with Zanzibar Investment Promotion Agency (ZIPA) and the Office of Chief Government Statistician – Zanzibar (OCGS). Much concentration was on activities related to data validation, data processing, report writing and preparation of dissemination workshops. During the period, the participating institutions in the implementation of the Private Capital Flows project prepared two separate draft reports namely; Tanzania Investment Report 2004 (TIR04) for Tanzania Mainland and Zanzibar Investment Report 2004 (ZIR04) for Zanzibar. A dissemination Workshop for ZIR04 was held in May 2005 for Zanzibar investors. The two reports are expected to be published during the second half of 2005.

Activities planned for 2005/06 include dissemination of TIR04 to public and private sector stakeholders through holding of a workshop, publication and distribution of both TIR04 and ZIR04, and launching of sample survey exercise to capture private capital flows information for the period between 2002 – and 2005 for both Tanzania Mainland and Zanzibar.

Trade and Investment Promotion Abroad.

During the period the Bank participated in Tanzania's trade and investment promotion missions abroad in form of producing promotional publications and sending participants to the missions. During the year,

Tanzania made three trade and investment promotions abroad - in South Africa (October 2004), United Kingdom (November 2004), and United Arab Emirates (May 2005).

Development of Export Processing Zones (EPZ)

During the period under review, the Bank continued with the monitoring of the implementation of the EPZ programme. One additional company was licensed under the EPZ programme making a total of eight (8) companies licensed as at end - June 2005. The companies that were licensed earlier includes NIDA Textile Mills Ltd (as a Developer and Operator), Millennium Business Park (as a Developer), Reclaimed Appliances (T) Ltd (as Operator), Star Apparel (T) Ltd (as Operator), Hifadhi Industrial Park (as a Developer - formerly known as Quality Industrial Park Ltd), African Pride Textile Mills Ltd (as a Developer and Operator) and Mwananchi Gold Co. Ltd (as a Developer and Operator).

The eighth company that was licensed is Gomba Development (GED) as Operator. This company is in Arumeru district, Arusha region and was licensed in March 2005. It is a stand-alone EPZ operator, which is a joint venture project with local and foreign ownership. The total capital investment of the company stands to the tune of US\$ 10.5 million. It is engaged in agro-processing including processing of vegetables, dehydration of vegetables and herbs, processing and pickling, and preservation of vegetables. According to NDC, plans are underway to expand the existing activities to produce artemisinin, a central element of the next generation of malaria cures to be used in Tanzania. Following these developments, the company has sought to expand and, therefore, requested for part of the plot adjacent to Kilimanjaro Machine Tools Factory in Moshi to undertake their activities and survey is already in the process.

Other Government Consultative meetings

During the year, the Bank continued, as part of its functions, to participate in Government meetings for review and formulation of various economic policies particularly in the areas of trade finance and investment. The Bank sent participants in various meetings seminars and workshops geared towards better formulation and implementation of economic policies.

East African Community (EAC) Customs Union

During the review period, the Bank continued to make follow-ups on the implementation of the EAC Customs Union. The East African Community Customs Union commenced its operations on 1st January 2005 following the official signing of the Customs Union Protocol in March 2004. Officials from the Bank attended various meeting at technical and Ministerial level on the implementation of EAC-CU.

Strengthening of integration of the EAC

The third extraordinary summit was held in Dar-Es-Salaam on the 29th –30th May 2005 where the three EAC countries affirmed their positions on the fast tracking of the federation. However, the Heads of State, in their meeting, observed that a strong federation is only possible when the people in the Community feel ownership through an effective and informed participation from the very beginning of the process to the end. They therefore emphasized the need for each partner state to widen consultations and include all key stakeholders including the general public, Parliaments, civil society, the academia, religious institutions and political parties to obtain more views and comments on a better strategy towards the political federation. In this regard, the Summit directed the Council of Ministers to form national consultative mechanisms and collect views from the people of East Africa and report back to the Summit

the outcome of the consultations in twelve months time. The Heads of State agreed that the outcome of wider country consultations be subjected to serious negotiations by the Council of Ministers as it was done during the establishment of the Community.

Southern Africa Development Community (SADC)

During the review period the Bank of Tanzania continued to play its central role in SADC activities, notable in the Committee of Central Bank Governors (CCBG). Two CCBG meeting were held in South Africa (September 2004) and DRC (April 2005). Apart from coordinating and sharing experiences on the formulation and implementation of monetary policies in the SADC region, CCBG continued to provide inputs in the development of SADC Finance and Investment Protocol. In addition, CCBG continued to monitor closely macroeconomic developments in the region with the view of seeking ways to bring about more convergence of SADC economies as stipulated in the Regional Indicative Strategic Development Program (RISDP).

In addition, the Bank continued to participate alongside government delegation in other SADC committees such as Macroeconomic Convergence, and Investment and provided inputs in the development of the respective MOUs that form part to the Finance and Investment Protocol. Further, the Bank continued to participate, alongside the Government delegation, in meetings of SADC Finance and Investment Ministers and provided technical support to the government on policy issues with regard to regional integration.

Management Information Systems

During the period under review, the Bank sustained its efforts to enhance ICT performance and improve security and resilience of the infrastructure, and support its business



operation. Above all, key ICT developments were on improving straight through processing of data/ message exchanges between financial systems for Banking accounting, Government Securities and the Inter-bank real time gross settlement systems, together with the preparation of detailed departmental business recovery plans.

Among others, developments of the period included the following:

- Deployed meeting of communication link between head office and disaster recovery site as well as branches to ensure continuity of business operations in the event of disaster.
- Implementation of the integrated financial management system.
- Finalization of preparations to procure Treasury and portfolio management system.
- Inter-linking of all business survey systems related to private capital flow and tourism sector.
- Beginning of a shift towards provision of more web-based systems and services.
- Workshops on Business Continuity and IT Security to BOT and some commercial Bank staff

Management Information System Department.

MIS Department is responsible for ensuring that user departments are assisted for effective and efficient functioning of business systems that the Bank's operations depend on and their resilience. For the past year, the MIS department has continued to provide business support to an increasing number of systems and users including conducting training to users, analyzing Systems through System Incident Report and Change Requests forms and participating in Systems development projects. Business Continuity Management phase II implementation, ICT security sensitization to management has been carried out and IT Governance has been

introduced through developing two COBIT processes and introduction of documentation standards.

System Design Administration Department.

Achievements include the following:

- Major improvement on the performance of data and message exchanges between CBS, GSS and TISS interfaces.
- Review and interface of systems related to Private Capital Flow and Tourism Sector Survey.
- Finalization of requirement specifications document for TMS.
- IFMS was procured and its initial implementation work started.

Network and Office Automation Department.

During the year 2004/2005 the following were major achievement in the department:

- Provision of web based development and maintenance services for information dissemination to the Bank's partners and the public.
- Improvement in desktop management and support across the bank through adoption of software tools for remote support, ICT inventory, applications distribution and policy configuration enforcement.
- Overall increase in systems performance and processing speed through deployment of new ICT equipment and upgrades to existing ones.
- Major improvement in infrastructure and network for data communication between HQ and across branches with Disaster Recovery Site through deployment of additional wireless and leased line links.
- Deployment of Internet security appliances, devices and policy configuration for protection of Bank's ICT equipment from various threats
- Preventive maintenance as well as

normal maintenance for the Bank's ICT infrastructure was enhanced

- TISS backup site to facilitate fallback position was established at DRS with connection to the live SWIFT messaging systems.
- Deployment of various ICT equipment at DRS and HQ networks for increased business continuity in the event of disaster.
- Training on various office packages and other ICT skills were conducted.

Internal Audit

During 2004/2005, the Bank continued to strengthen measures aimed at enhancing the monitoring and control of the Bank's operations.

Review of all Banks' operations were conducted in accordance with the Directorate's annual Action Plan. Specific attention was given to the following critical functions of the Bank:-

- *Financial Markets*
- *Banking Operations*
- *Payment System*
- *Banking Supervision*
- *Finance/Accounts*

Following the reviews, recommendations were communicated to Bank's Management for taking appropriate corrective measures.

It is also worth mentioning that, in collaboration with the Directorate of Finance and External Auditors, considerable effort was directed by the Directorate of Internal Audit at ensuring that the Bank's accounts are fully compliant with the International Financial Reporting Standards (IFRS) of which the Bank is one of the early adopters in the country.

Secretary to the Bank

For the year ending 30th June, 2005, the Bank of

Tanzania finalized the legislative framework for micro-finance companies and savings and credit cooperative societies' schemes to be regulated and supervised by the Bank of Tanzania. This follows publication of various regulations in the Government Gazette on 25th March, 2005. The regulations were issued under the Banking and Financial Institutions Act, 1991. The Banking and Financial Institutions (Internal Control and Internal Audit) Regulations, 2005 set out the internal control and audit framework aimed at promoting quality internal audit function within banks and financial institutions. The Banking and Financial Institutions (Microfinance Companies and Microcredit Activities) Regulations, 2005 put in place the licensing and operational framework for microfinance companies based on the best prudential banking practices. The Banking and Financial Institutions (Financial Co-operative Societies) Regulations, 2005 also establishes the applicable regulatory framework under which savings and credit cooperative societies become subject to supervision by the Bank of Tanzania. Under normal circumstances, all saving and credit cooperative societies are subject to supervision by the Registrar of Co-operatives under the Co-operative Societies Act, 2003.

The Bank also finalized approval processes required for the Bills of the revised Bank of Tanzania Act and Banking and Financial Institutions Act to be tabled before the National Assembly during its budget session held in June, 2005. The first reading of the Bills was done during the Budget Parliamentary session in June, 2005. The Bill for enactment of the Bank of Tanzania Act, 2005 provides for much more responsive regulatory role, accountability, transparency and improved governance structure. The proposal to enact the Banking and Financial Institutions Act, 2005 is intended to establish a comprehensive framework for regulation and supervision of banks and financial institutions in the country consistent with the needs of the banking sector



and international best practices.

Furthermore, the Bank participated in the development of the draft Special Economic Zones (SEZ) Act under the coordination of the President's Office, Planning and Privatization. The Bill for the SEZ Act went through the first reading during the Budget Parliamentary session in June, 2005. The main objective of the proposed SEZ Act is to create conducive

environment for attracting increased local and foreign investment in Tanzania.

During 2004/2005, the Minister of Finance, Hon. B.P. Mramba appointed Dr. N.E. Mwamba to the Board of Directors of the Bank, replacing Dr. E.S. Bukuku who was appointed Permanent Secretary to the President's Office, Planning and Privatisation.



BRANCH ACTIVITIES

Arusha Branch

Pursuant to the objectives of Bank of Tanzania Branches, namely to monitor the real sector performance, provision of banking services and distribution and management of currency, the Branch performed the following major activities among others in the year 2004/05.

The Branch strengthened endeavours of monitoring performance of the economic subsectors in the Northern Zone of Tanzania. The Branch prepared the Zonal Annual Economic report as well as the Zonal Quarterly reports. Progress was made in the area of economic database building as well participation in various economic forums held in Arusha.

On the Banking and Currency Operations front, the Branch continued with the provision of banking services to the Governments and commercial Banks in the zone as per the 2004/05, branch operational plans. As regards to distributions and management of currency, these activities were also adequately accomplished. The withdrawal of the old 'issue' banknotes from circulation, which started in February 2003, continued with small amounts exchanged over the counters.

The Branch continued to play host to various meetings and conferences held in Arusha. These included various meetings related to the East African Community Secretariat, particularly the East African Central Banks' Monetary Affairs Technical Committee.

The above functions were supported by efficient administrative services in the areas of transport, dependable security and provision of equipments and facilities including effective procurement and budget management

Mbeya Branch

During the year ended June 2005, Mbeya branch undertook the following activities:-

On Economics issue, the branch through the economic department made the following studies;

- (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 "Review of Production and marketing Fundamentals of Pyrethrum in Tanzania".
- (iv) In collaboration with pyrethrum growers, the Uyolet Agricultural Research Institute and District Agricultural officials in the Southern Highlands Zone, the Department conducted investigations and produced a report that established possibilities of introducing new pyrethrum final products for local consumption in crops and livestock sub sector⁴ so as to reduce problems associated with over dependence on the export market. This emanated from the fact that farmers in the Southern Highlands Zone have been using fresh pyrethrum leaves to control maize stalk borer in their farms for quite a long time. Other farmers for the past four years have been using pyrethrum marcs or grist to control cutworms in vegetable fields, while livestock keepers around the Mafinga Pyrethrum Processing plant have been using pyrethrum marcs for deworming their animals.
- (v) Preparation of quarterly and monthly performance reports of the formal and



informal Micro finance institutions in the Southern Highlands Zone

- (vi) Participated in the Farmers Agricultural Fair (NaneNane) in the Southern Highlands Zone and collected some important information through face to face interviews with stakeholders.
- (vii) Conducted investigations on the production and marketing procedures of the paprika crop in the Southern Highlands Zone.
- (viii) Participated in the Mbeya and Iringa Regional Consultative Meetings which deliberated on economic developments taking place in the Regions.
- (ix) Distributed Bank of Tanzania publications to stakeholders.
- (x) In Collaboration with Regional officials of TRA, the branch officials participated in the investigations aimed at reducing the number of documents used by exporters in the export process.
- (xi) In Collaboration with the Mbeya and Rukwa Regional authorities, we reviewed measures aimed at facilitating the development of Cross Border Trade through establishment of appropriate border trading posts in the Southern Highlands Zone.
- (xii) Reviewed sectoral contributions to the Regional GDP in the Southern Highlands Zone.

The Branch also continued to implement clean money policy in accordance to the Bank's objectives. All commercial banks in the Southern highlands Zone were timely and adequately supplied with clean money (notes and coins) at ATM standard. Deposits from Commercial Banks continued to be received and timely processed by the use of the ISS 300 PS machines and note destruction by the BDS 400 machine. The Branch also continued to receive mutilated notes and redemption proceeds were paid to the beneficiaries immediately.

Mwanza Branch

During the year 2004/2005 the Branch continued to render its regular banking services to government departments and commercial banks in the Lake Zone. Implementation of the clean money policy was successfully achieved whereby clean notes and coins were issued for circulation through Commercial Banks in the Lake Zone as well as the Safe Custody Centres, while at the same time collecting unserviceable currency from the banks. Visits to Kagera and Shinyanga regions were made for the purpose of educating the general public on better means of note handling and detection of fake notes.

On Real Sector issues, the Branch continued to monitor economic developments and performance in the Lake Zone. The activities focused mainly on agricultural, livestock, fisheries, mining, tourism, manufacturing, processing and trade sectors. A special study on mining sector developments in the Zone was conducted during the period. Mineral production and exports from the zone account for about ninety percent of total country mineral exports. The Zone has six gold mines and one diamond mine and potentials for more mineral deposits exist in all six regions, namely, Mwanza, Shinyanga, Mara, Kagera, Tabora and Kigoma. The Branch also participated in Mwanza Region Investment Forum and continues to serve on the Regional Committee dealing with policy issues.

Bank of Tanzania Training Institute

During the year 2004/05, the Bank of Tanzania Training Institute pursued its objective of supporting the mission of the Bank of Tanzania of Price and Financial stability, through capacity building. This is through mounting various relevant short courses to suit the Bank of Tanzania, Banks and Other Financial institutions. Courses which were mounted mainly, focused on Banking, Finance,



Information and Communication Technology and Human Resource Management. The Institute also hosted other training-related activities, which were organized by other institutions using available facilities of the Institute.

Training Activities

During the period under review, the Institute had planned to conduct 39 courses, out of which 19 were for BOT staff and 20 for Banks and Other Financial Institutions (Clients). In implementation, a total of 46 courses, including 25 BOT and 21 Client's courses were conducted. This is equivalent to 117.9% performance. This performance is an increase by 18 courses or

64% when compared to 28 courses, which were conducted in the previous 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 103 such events were hosted compared to 79 during the previous year.

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



REPORT OF THE AUDITORS

Annual Financial Report For the year ended 30 June 2005



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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 7 to 63 were approved by the Board of Directors on 23 September 2005.

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

Governor

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 (hereinafter referred to as "the Act"), 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 of 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 Treasury 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, and no more than two Members of the Board appointed in that behalf by the Board.
 - 1.2.2 In an endeavour to assist the Management in their day to day functions, and to get the Board involved more closely in the affairs of the Bank, the following functions of the Board have been delegated to the Standing Committee in situations where a decision is required in the interval between Board Meetings.
 - (i) Review of operating results of the Bank;
 - (ii) Supervision of implementation of development projects of the Bank;
 - (iii) Review of research papers before they are submitted to the relevant authorities;
 - (iv) Review of recommendations of major policy changes in the Bank before they are adopted by the Board;

CORPORATE GOVERNANCE (Continued)

- (v) Review of government expenditure pattern and borrowing by commercial Banks;
- (vi) Administration of the various funds that are administered by the Bank;
- (vii) Management of external reserves, gold and foreign exchange;
- (viii) Execute imports control and import programmes;
- (ix) Administration of payments agreement entered into by the government;
- (x) External debt management;
- (xi) Review of monetary policy targets;
- (xii) Making final recommendations to the Board on the corporate plan of the Bank;
- (xiii) Administration of the corporate plan of the Bank;
- (xiv) 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 provisions 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.



CORPORATE GOVERNANCE (Continued)

- (iv) Review with the External Auditors of procedures and policies for internal audits.
- (v) Reviewing any unusual transactions.
- (vi) Review of financial statements prior to their submission to the External Auditors.
- (vii) Review of draft Audit Report of the External Auditors.
- (viii) Review of changes in accounting policies in the light of accounting developments.
- (ix) Reviewing and recommending audit adjustments to the Board.
- (x) To consider supplementary budget requests before submission to the Board and to advise the Board on expenditure and income patterns.
- (xi) 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. 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 Department 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 adherence to banking ethics and standards.



CORPORATE GOVERNANCE (Continued)

- (vi) Review of operating performance of banks and Financial Institutions.

By Order of the Board

A handwritten signature in blue ink, appearing to read "D. S. Ballali", written over a horizontal line.

CHAIRMAN

Date: 23 September 2005



REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE BANK OF TANZANIA

We have audited the annual financial statements of Bank of Tanzania set out on pages 3 to 63 for the year ended 30 June 2005. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual financial statements are free of material misstatement. An audit includes:

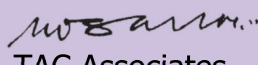
- ❖ examining, on a test basis, evidence supporting the amounts and disclosures in the annual financial statements;
- ❖ assessing the accounting principles used and significant estimates made by management; and
- ❖ evaluating the overall annual financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion the annual financial statements fairly present, in all material respects, the financial position of the Bank as at 30 June 2005 and the results of its operations and cash flows for the year then ended, in accordance with International Financial Reporting Standards and in a manner required by the Bank of Tanzania Act, 1995.


Deloitte & Touche
Registered Auditors and Accountants
Chartered Accountants (SA)
Johannesburg - South Africa
23 September 2005


TAC Associates
Certified Public Accountants
Dar es Salaam
Tanzania
23 September 2005



DIRECTORS' 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 4% target specified by the Government;
- ❖ Improvement of the effectiveness of market operations, including privatization;
- ❖ Strengthening the foreign exchange reserves of the Bank from USD 1,904.0 million at the beginning of the year to USD 2,237.0 million as at 30th June 2005;
- ❖ The maintenance of a sound regulatory framework and National Payment System; and



DIRECTORS' REPORT (Continued)

ACHIEVEMENT OF OBJECTIVES

FINANCIAL RESULTS

During the year, the Bank made a profit of TZS 9,177.8 million (2004: TZS 127,847.5 million) and declared dividends of TZS 1,422 million for the year (2004: TZS 5,080 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 277.6 billion. This was mainly attributed to the increase in foreign currency marketable securities TZS 145.5 billion and acquisition of fixed assets amounting to TZS 156.1 billion. This was mainly funded through an increase in BOT Liquidity Papers of TZS 225.1 billion and Notes and Coins in Circulation of TZS 170.5 billion.

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 to the Treasury (GOZ))	Director*	December, 2000
5	Mr. Abdurahman M. Rashid	Director*	January, 1996
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



BALANCE SHEET AS AT 30TH JUNE 2005

PARTICULARS	NOTE	30.06.2005 TZS'000'	RESTATED 30.06.2004 TZS'000'
ASSETS			
Cash and Cash Equivalents	3.0	519,803,656	528,810,307
Accommodation to Banks	4.0	8,683,535	12,313,762
Holdings of SDRs	5.0	58,266	146,827
Foreign Currency Marketable Securities	6.0	1,688,660,359	1,543,192,135
Government Securities	7.0	212,831,065	201,885,399
Inventories	8.0	2,009,369	1,402,743
Equity Investments	9.0	4,532,770	3,405,009
Quota in IMF	5.0	326,878,108	323,226,343
Other Assets	10.0	123,851,150	144,459,939
Property, Plant and Equipment	11.0	292,076,533	143,161,874
Intangible Assets	12.0	2,667,166	2,412,816
TOTAL ASSETS		3,182,051,977	2,904,417,154
LIABILITIES			
Deposits - Banks and Non Banks Financial Institutions	13.0	215,444,605	156,390,136
Deposits - Governments	13.1	114,670,724	254,779,217
Deposit - Others	13.2	63,170,097	44,339,389
Foreign Currency Financial Liabilities	14.0	555,276,575	617,351,949
Repurchase Agreements (REPOs)	15.0	70,214,836	24,423,406
BOT Liquidity Papers	16.0	614,425,746	389,294,919
Other Liabilities	17.0	12,985,342	6,476,735
IMF Related Liabilities - Account No. 1	5.0	315,928,880	305,135,950
Allocation of SDRs	5.0	51,557,667	50,981,683
Notes and Coins in Circulation	18.0	814,552,994	644,009,476
TOTAL LIABILITIES		2,828,227,466	2,493,182,860
EQUITY			
Authorized and Paid up Capital	19.0	10,000,000	10,000,000
Reserves	19.1	343,824,511	401,234,294
TOTAL EQUITY		353,824,511	411,234,294
TOTAL EQUITY AND LIABILITIES		3,182,051,977	2,904,417,154



INCOME STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2005

PARTICULARS	NOTE	2005 TZS'000'	RESTATED 2004 TZS'000'
Interest			
Interest Income	20.0	82,720,378	82,761,763
Interest Expenses	21.0	(41,752,196)	(23,211,257)
Net Interest Income		40,968,182	59,550,506
Foreign Exchange Gains	22.0	39,852,971	109,791,399
Fees and Commissions	23.0	11,476,697	8,774,887
Other Income	24.0	3,693,453	14,207,996
Sub Total		55,023,121	132,774,282
TOTAL INCOME		95,991,303	192,324,788
Operating Expenses			
Administrative Expenses	25.1	18,569,109	14,224,053
Currency Issue and Related Expenses	25.2	21,468,172	12,998,408
Personnel Expenses	25.3	31,072,846	25,504,766
Depreciation and Amortization Expenses	11 & 12	7,911,361	8,946,608
Provision for Impairment of Assets		5,157,513	19,652
Profit/(Loss) on Disposal of Property, Plant & Equipment		(23,685)	(153,430)
Other Expenses	25	2,658,165	2,937,239
NET OPERATING EXPENSES		86,813,481	64,477,296
Profit for the Year*		9,177,822	127,847,492

*Profit for the year include Net Unrealised Exchange Gains of TZS 3,975,047 (2004: TZS 109,791,399) that are not available for distribution in accordance with Section 19(3) of the Bank of Tanzania Act,1995.



STATEMENT OF CHANGE IN EQUITY (Continued)

	SHARE CAPITAL	GENERAL RESERVES	PROFIT & LOSS ACCOUNT	CAPITAL RESERVE	CAPITAL ENHANC.	RESERVE FOR PROJECTS	STAFF HOUSING FUND	FIXED ASSET REVALUATIO N RESERVE	SECURITIES REV. RESERVE	FOREIGN CURRENCY REV. RESERVE	DIVIDEND PAYABLE TO GOT	TOTAL
	TZS 000	TZS 000		TZS 000	TZS 000	TZS 000	TZS 000	TZS 000	TZS 000	TZS 000	TZS 000	TZS 000
Balance brought forward	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 dividends payable from other liabilities												
Transfer of realised exchange gains to General Reserve		258,008,785										
Write-off of incorrectly capitalised property, plant & equipment		(626,182)										
Dividends paid through IAS 39 discounting of zero rated EPA bonds		(3,868,319)										
Transfer of realised forex revaluation to Capital Enhancement Reserve		(150,000,000)			150,000,000							
Reversal of loan to staff housing fund							(9,288,000)					
Correction of foreign liabilities in respect of Stabex 1990/91 account interest		(4,136,123)										
Restated balance as at 30 June 2004	10,000,000	131,422,661	-	53,754,326	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									9,177,822
Transfer of unrealised exchange gains out of profit per BoT Act.		(3,975,047)	(3,975,047)							3,975,047		
Appropriation of realised profits per BOT Act		520,277	(5,202,775)			3,000,000	260,139				1,422,359	
Dividends paid through IAS 39 discounting of zero rated EPA bonds		(59,921,471)										
Mark to market for available for sale assets												
Recovery of loans to Staff Housing Fund		360,000										
Transfer of reserve for projects to capital reserve				12,508,191		(12,508,191)						
Net recoveries against Staff Housing Fund							(95,197)					
Closing Balance as at 30 June 2005	10,000,000	72,381,467	-	66,262,517	150,000,000	3,000,000	10,867,951	35,530,921	(11,467,752)	10,740,201	6,509,207	353,824,511
												(95,197)



**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2005**

	Notes	2005 TZS'000'	Restated 2004 TZS'000'
Cash flow from Operating Activities			
Cash Generated from/(utilized in)			
Operating Activities	26.0	25,859,252	(64,063,066)
Dividends Paid to Government		-	(5,004,029)
Net Cash from/(used in) Operations		25,859 252	(69,067,095)
Cash flow from Investing Activities			
Purchase of Property, Plant and Equipment		(156,147,918)	(52,433,253)
Disposal of Property, Plant and Equipment		70,337	35,153
Purchase of Intangible Assets		(983,444)	-
Acquisition of Government			
Bonds/Stocks/Treasury bills		(65,225,974)	2,974,367
Increase in Marketable Securities		(137,651,918)	(238,416,044)
Increase in Quota in IMF		(3,651,765)	(31,193,049)
Decrease in Holdings of SDRs		88,560	126,282
Net Cash from Investing Activities		(363,502,122)	(318,906,545)
Cash flow from Financing Activities			
Increase in Notes and Coins Issued		170,543,518	121,447,831
Increase in IMF Related Liabilities		10,792,930	33,181,305
(Decrease)/Increase in Foreign Currency			
Financial Liabilities		(62,075,374)	80,042,882
Increase in Allocation of SDRs		575,984	4,920,001
(Decrease)/Increase in Deposits		(62,223,318)	46,381,038
Increase in Repurchase Agreements			
(REPOs)		45,791,430	4,300,000
Increase in BOT Liquidity Papers		225,130,827	68,088,186
Interest received on Staff Housing Fund		100,222	49,966,369
Net Cash Flow from Financing Activities		328,636,219	408,327,611
Net (Decrease)/Increase in Cash and Cash Equivalent		(9,006,651)	20,353,971
Add: Cash and Cash Equivalent at the beginning of the Year		528,810,307	508,456,336
Cash and Cash Equivalent at the End of the Year	3.0	519,803,656	528,810,307



NOTES TO THE FINANCIAL STATEMENTS

1.0 STATEMENT OF COMPLIANCE

The Financial Statements for the year ended 30th June 2005 and the comparative figures for the previous financial year have been prepared in accordance with International Financial Reporting Standards (IFRS) 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 IAS 30.

Unrealized foreign exchange gains and losses arising from translation of closing balances of assets and liabilities denominated in foreign currencies are accommodated in Equity pursuant to Section 19 (3) (a) of the BOT Act (1995).

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 Bank opted for earlier adoption of IAS 2-Inventories, IAS 16 - Property, Plant and Equipment, IAS 21 - The Effects of Changes in Foreign Exchange Rates, IAS 32-Financial Instruments: Disclosure and Presentation of Financial Statements and IAS 39 - Financial Instruments: Recognition and Measurement that became effective on 1st January, 2005.

There are no known future accounting standards that are expected to have an impact on the Bank's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 did not classify any financial assets 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 by the Governments;
- ❖ accommodation to banks;



NOTES TO THE FINANCIAL STATEMENTS (Continued)

2.4 Financial instruments (continued)

- ❖ prepayments
- ❖ cash and cash equivalents.

(d) Available-for-Sale

The Bank classified foreign 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;
- ❖ local currency financial liabilities; and
- ❖ other liabilities

Recognition

The Bank recognises financial instruments held-to-maturity and available-for sale financial assets on the date it settles the liabilities in case of purchase of financial instruments and receive payments in 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 of the 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) Available-for-sale financial assets

Available-for-sale financial assets are carried at fair value that is established as follows:

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2.4 Financial instruments (continued)

❖ 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 valuation of fair value.

(b) Financial assets held-to-maturity, loans and receivables and non-trading Liabilities.

Financial assets held-to-maturity, 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) Creditors 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. However government securities, which are classified as held-to-maturity instruments were acquired at nominal value, hence disclosed at cost less impairment where applicable.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

2.4 Financial instruments (continued)

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 held "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 of available-for-sale assets are recognised 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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 price is used for the translation of assets held or liabilities to be issued.

2.6 Equity Investments

Investments in shares which do not qualify to be accounted for as subsidiaries per IAS 27 or as associates 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) 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.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

2.7 Property, Plant and Equipment (Continued)

(iii) Revaluation

Revaluation of the Bank's immovable property is conducted after every five years. The revaluation is carried out by an independent firm of valuers on the basis of open market value. Revaluation surplus is directly credited to equity to a Fixed Assets Revaluation Reserve account

(iv) 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.

(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 financial year are as follows:

Asset Classification	Annual Rate
Office Premises	5%
Staff Club Premises	10%
Residential and Rest House Premises	6 2/3%
Computer Servers	25%
Computer Printers	25%
Personal Computers	33 1/3%
Motor Vehicles	25%
Currency Machines	12 _%
Machinery and Equipment	12 _%
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.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

2.7 Property, plant and equipment (continued)

(iv) 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.

(v) 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 amortised on straight-line basis with zero residual value. The useful life of intangible assets is reviewed at every balance sheet date.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 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. Provisions for impairment are made for slow moving and obsolete stocks.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

2.16 Comparative Information: Fundamental Errors

Pursuant to adoption of IFRS at 30 June 2004, there were a number of errors which were made in the prior year financial statements which have been corrected as fundamental errors in the current financial year per **IAS 8 on Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies**. Comparative figures have been restated as a result of these errors. The effect of these errors on both current year and prior financial statements are as follows:

Effect on 2005:

TZS.'000'

Income Statement

Increase in inventory items previously expensed	2,009,369
Increase in Net Profit for 2005	2,009,369

Equity

Fair value adjustment for zero rated bonds with amount treated as dividends paid in equity	(59,921,471)
Separation of Mark to Market Adjustment on foreign investments	(6,570,936)
Increase in General Reserve from mark to market adjustment	6,570,936
Increase in General Reserve from realized exchange gains	35,877,924
Decrease in Foreign Exchange Gains Reserves	(35,877,924)
Net decrease in reserves	(59,921,471)

Effect on Periods Prior to 2005: Profit

Increase in inventory items previously expensed	1,402,743
Write-off of non-capital expenditure previously capitalized in property, plant & equipment	(626,182)
Reversal of Interest incorrectly recognized on foreign liabilities	(4,136,123)
Net decrease in prior periods' profit	3,359,562

Equity

Fair value adjustment for zero rated bonds with amount treated as dividends paid in equity	(3,868,319)
Separation of Mark to Market Adjustment on foreign investments	(4,896,816)
Increase in General Reserve from mark to market adjustment	4,896,816
Increase in General Reserve from realized exchange gains	258,008,785
Decrease in Foreign Exchange Gains Reserves	(258,008,785)
Reversal of loan incorrectly raised against staff housing fund	(9,288,000)
Net decrease in equity for periods prior to 2005	(13,156,319)

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****3.0 Cash and Cash Equivalent**

	30.06.2005	Restated
	TZS'000'	30.06.2004
		TZS'000'
Demand and Time Deposits with Central Banks	140,259,908	120,297,287
Demand, Foreign Currency Notes & Coins & Time Deposits with Commercial Banks	379,271,631	408,295,737
Accrued interest on Deposits	272,117	217,283
TOTAL	519,803,656	528,810,307

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 restrictions on the use of these funds except for the balances related to Poverty Reduction and Budget Support (PRBS) amounting to USD 261,330 (2004: USD5,508.9) and GBP 120,800, and BIS OPEC Funds amounting to USD 12,806,793.30 (2004: USD nil) which are designated for specific purposes.

Demand and time deposits with commercial banks consist of: -.

	30.06.2005	Restated
	TZS'000'	30.06.2004
		TZS'000'
Demand Deposits	58,290,550	62,934,607
Foreign Currency Notes and Coins	665,231	488,066
Time Deposits	320,315,850	344,873,064
TOTAL	379,271,631	408,295,737



NOTES TO THE FINANCIAL STATEMENTS (Continued)

4.0 Accommodation to Banks

DESCRIPTION	30.06.2005 TZS.'000'	Restated 30.06.2004 TZS.'000'
BOT Clearing Account	8,698,640	12,318,302
Uncleared Cheque Deposit	(15,105)	(4,540)
Total	8,683,535	12,313,762

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

	SDRs	30.06.2005 Equivalent TZS.'000'	SDRs	Restated 30.06.2004 Equivalent TZS.'000'
Assets				
Holding of SDRs	35	58,266	90	146,827
Quota in IMF	198,900	326,878,108	198,900	323,226,343
TOTAL	198,935	326,936,374	198,990	323,373,170
Liabilities				
IMF Account No. 1	192,288	315,928,880	187,768	305,135,950
Allocation of SDRs	31,372	51,557,667	31,372	50,981,683
TOTAL	223,660	367,486,547	219,140	356,117,633

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.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 2005 was 2.8 percent, same rate as prior year. A total of TZS. 323,226.3 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 2005, the facility had a balance of SDR 256,990,250 (2004: SDR 36,250,525).



6.0 Foreign Currency Marketable Securities

Description	2005 TZS.'000'	Restated 2004 TZS.'000'
Foreign Currency Marketable Securities	1,677,120,403	1,530,197,296
Accrued interest at 30 June 2005	11,539,956	12,994,839
TOTAL	1,688,660,359	1,543,192,135

Foreign Currency Marketable Securities relate to bonds, which are issued by Organisation 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	298,916	336,669,456	196,973	221,850,954	591,355	666,315,334	1,224,835,744
GBP	19,995	40,696,140	13,630	27,740,547	5,005	10,185,997	78,622,682
EUR	144,869	197,169,961	49,797	67,776,176	79,878	108,715,838	373,661,971
Total							
30/06/2005		574,535,557		317,367,677		785,217,169	1,677,120,403
Total 30/06/2004		739,252,759		436,263,980		354,680,557	1,530,197,296

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****7.0 Government Securities**

	30.06.2005	Restated 30.06.2004
	TZS'000'	TZS.'000'
Treasury Special Stock	106,996,569	109,669,259
LART Bonds	85,189,195	85,189,195
Treasury Bills	8,795,110	718,743
Treasury EPA Stock	6,209,028	484,447
	207,189,902	196,061,644
Accrued interest at 30 June 2005	5,641,163	5,823,755
TOTAL	212,831,065	201,885,399

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, and are held to maturity.

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 Realisation 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.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

7.0 Government Securities (continued)

Treasury Bills

The treasury bills reflected in the accounts was 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 accruing interest forms part of the interest income of the Bank.

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 when the debtors are paid the funds and the rate prevailing when the funds are being externalized results 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 59.9 billion (2004: TZS 3.9 billion) in the Statement of Changes in Equity.

8.0 Inventories

The inventory balance consists of the following:

Description	30.06.2005 TZS.'000'	Restated 30.06.2004 TZS.'000'
Currency Machine Spare Parts	1,011,035	745,636
Building, Machinery and Maintenance consumables	485,441	346,694
Stationery	355,956	222,912
Drugs and Medicines	87,354	44,849
Copier Parts and Consumables	69,583	42,652
TOTAL	2,009,369	1,402,743

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****8.0 Inventories -continued**

Prior to the 2005 financial year the Bank expensed the inventory cost at acquisition. Effective 1 July 2004 the Bank now expenses only that part of inventories that has been consumed during the year. Accordingly, inventory balances for the 2004 and 2005 financial years have been included in the accounts. The adoption of this policy resulted into a debit of TZS 1,402.7 million on the opening balance of the General Reserve and a credit of TZS 2,009.4 million to the current year Income Statement.

9.0 Equity Investments

Description	30.06.05 TZS.'000'	Restated 30.06.2004 TZS.'000'
Investment in Afreximbank	1,351,600	1,328,784
Investment in Mwananchi Gold Company Limited	135,116	132,878
Unsecured loans to Mwananchi Gold Company Limited	3,046,054	1,943,347
TOTAL	4,532,770	3,405,009

(i) Afreximbank

The African Export-Import Bank (Afreximbank) is a supranational institution, 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.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

9.0 Equity Investments

(ii) Mwananchi Gold Company Limited

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 3000 ordinary shares of USD\$40 par value each.

The company has not yet commenced operations, and the investment has been reported at cost.

The loans advanced to the company are unsecured, do not attract interest and have no fixed repayment period.

10. Other Assets

Description	30.06.2005 TZS.'000'	Restated 30.06.2004 TZS.'000'
Deferred Notes Printing Costs	33,385,394	8,239,154
Prepayments	28,302,859	37,210,384
Staff Loans	26,644,083	24,511,720
Export Credit Guarantee Fund Investments Account.	23,080,462	20,214,974
Development Finance Guarantee Invest. Account	8,170,107	-
Cash Loss Recoverable from NBC Limited	5,144,000	5,144,000
Accounts Receivable	4,199,240	12,044,552
Others	537,612	18,192
Staff Imprest	148,624	165,475
Petty Cash Balances	35,500	35,200
Special Fund Investment Accounts Balances	19,836	7,186,719
EPA Losses in Exchange NBC	-	30,371,183
	129,667,717	145,141,553
Less: Provision for Impairment	(5,816,567)	(681,614)
TOTAL	123,851,150	144,459,939



NOTES TO THE FINANCIAL STATEMENTS

10. Other Assets (continued)

- (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 costs relate to costs of printed notes that have not yet been released in circulation. During 2005 financial year, the movement on deferred notes printing cost balance was as follows: -

	TZS.'000'
Opening as at 1 st July 2004	6,724,710
Add: Cost of notes purchased during the year	46,420,975
Less: Cost of notes issued in circulation during the year (Note 25.2)	<u>(19,760,291)</u>
Closing balance as at 30 th June, 2005	<u><u>33,385,394</u></u>

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



NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. Property, Plant and Equipment

BANK OF TANZANIA PROPERTY, PLANT AND EQUIPMENT

	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	-	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)	-	-
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	-	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
RESTATEMENT 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

During the year, the value of computer software initially classified under mission critical software has been reclassified and transferred to intangible assets.

Revaluation of the Bank's immovable property is conducted after every five years. The last revaluation was carried out by M/S Real Estate Surveyors and Associate Limited, independent valuers, as of 30th June 2002.

The basis of revaluation adopted was open market value. The revaluation resulted into a revaluation surplus of TZS 30,288.6 million, which forms part of the Fixed Assets Revaluation Reserve account balance. Following adoption of IFRS, the Bank shall effective the financial year ending 30 June 2006 be revaluing its immovable properties after every three years, with the first such valuation planned for the same year.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****11. Property, Plant and Equipment (continued)**

Work in Progress relates to capital expenditure incurred in the extension of the head office building as well as the Gullion 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 30 June 2006.

12. Intangible Assets

Intangible assets represent the value of computer software.

	TZS. '000'
COST/VALUATION	
As at 01.07.2004	-
Transfers from PPE	4,928,988
Additions	983,444
Transfers	-
Disposals	-
AS AT 30.06.2005	5,912,432
DEPRECIATION	
AS AT 01.07.2004	-
Transfers from PPE	2,542,394
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
RESTATED NET BOOK VALUE AS AT 30.06.2004	2,412,816

13.0 Deposits - Banks and Non-Banks Financial Institutions

Description	30.06.2005	Restated
	TZS. '000'	30.06.2004
	TZS. '000'	TZS. '000'
Deposit - Commercial Bank Deposits	214,943,475	155,567,025
Deposits - Non Banks	501,130	823,111
TOTAL	215,444,605	156,390,136

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



NOTES TO THE FINANCIAL STATEMENTS (Continued)

13.1 Deposits - Governments

Description	30.06.2005 TZS. '000'	Restated 30.06.2004 TZS. '000'
Deposits - Government of Zanzibar	7,675,560	2,957,040
Deposits - Government of the United Republic of Tanzania	106,995,164	251,822,177
TOTAL	114,670,724	254,779,217

These are non-interest earning Government deposits.

13.2 Deposits - Others

Description	30.06.2005 TZS. '000'	Restated 30.06.2004 TZS. '000'
Export Credit Guarantee Fund	23,443,637	20,381,217
Redemption of Government Stock/Bonds	12,710,722	8,714,804
Development Finance Guarantee Fund	7,920,224	-
Debt Service Cash Cover	3,653,805	688,699
Other Deposits	3,766,923	1,200,635
Deposit Staff	2,119,915	1,884,547
Debt Conversion Scheme	2,098,961	2,178,566
Bank Drafts Issued	714,403	390,947
Sub Total	56,428,590	35,439,415
External Payment Arrears - NBC	6,741,507	8,899,974
TOTAL	63,170,097	44,339,389

(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 2005 the balance of TZS 23,443.6 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 3,943.6 million was in respect of interest earned on treasury bills investments and guarantee fees.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(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) 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. Foreign Currency Financial Liabilities

Description	30.06.2005 TZS. '000'	Restated 30.06.2004 TZS. '000'
Poverty Reduction and Growth Facility (IMF Drawings)	422,345,332	462,771,476
Special Projects	99,685,043	88,817,096
Local Banks' Foreign Deposits	22,023,012	22,667,789
Multilateral Agencies	8,344,703	12,966,859
Foreign Banks	734,727	954,933
Local Non Bank Foreign Deposits	290,607	1,952,587
Poverty Reduction and Budget Support	276,795	5,454
Other Foreign Deposits	1,576,356	27,215,755
TOTAL	555,276,575	617,351,949

(a). 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.

(b) Special Projects Funds
These are Government funds received from donors through the Bank for financing various Government projects.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

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

15. Repurchased Agreements (REPOs)

Description	30.06.2005 TZS.'000'	Restated 30.06.2004 TZS.'000'
Repurchase agreements balance	70,200,000	24,400,000
Accrued interest as at 30 June 2005	14,836	23,406
TOTAL	70,214,836	24,423,406

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. BOT Liquidity Papers

Description	30.06.2005 TZS.'000'	Restated 30.06.2004 TZS.'000'
BOT liquidity papers	599,251,527	380,207,291
Accrued interest as at 30 June 2005	15,174,219	9,087,628
TOTAL	614,425,746	389,294,919

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, 2005 the maturity split was as follows:

Particulars	30.06.2005 TZS.'000'	30.06.2004 TZS.'000'
35-Day Treasury Bills	17,105,515	25,692,954
91-Day Treasury Bills	128,855,968	69,692,406
182-Day Treasury Bills	191,881,732	99,812,135
364-Day Treasury Bills	261,408,312	184,514,543
2 Year Treasury Bond	-	495,253
TOTAL	599,251,527	380,207,291

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****17. Other Liabilities**

Description	30.06.2005 TZS. '000'	Restated 30.06.2004 TZS. '000'
Accounts Payable	11,722,528	6,203,598
Provision for Leave Pay	1,225,971	-
Unclaimed Interest on Government Stocks	-	4,076
Stale Drafts Payable	27,057	262,241
Employees Tax (PAYE) Payable	9,786	6,820
TOTAL	12,985,342	6,476,735

18. Notes and Coins in Circulation

Description	30.06.2005 TZS. '000'	Restated 30.06.2004 TZS. '000'
NOTES		
Notes Issued	3,116,047,059	1,894,847,796
Less: Notes in Custody	2,322,137,615	1,269,326,013
Notes in Circulation (A)	793,909,444	625,521,783
COINS		
Coins Issued	29,977,157	29,977,717
Less: Coins in Custody	9,333,607	11,490,024
Coins in Circulation (B)	20,643,550	18,487,693
TOTAL (A+B)	814,552,994	644,009,476

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, safe custody centers, 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.

19.0 Authorised and Paid up Capital

Description	30.06.2005 TZS.'000'	Restated 30.06.2004 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.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

19.1 Reserves

Reserves comprise of the following:-

Description	30.06.2005 TZS.'000'	Restated 30.06.2004 TZS.'000'
General Reserve	72,381,466	131,422,661
Capital Reserve	66,262,517	53,754,326
Capital Enhancement Reserve	150,000,000	150,000,000
Reserve for Projects	3,000,000	12,508,191
Staff Housing Fund	10,867,951	11,063,009
Fixed Assets Revaluation Reserve	35,530,921	35,530,921
Securities Revaluation Reserve	(11,467,752)	(4,896,816)
Foreign Currency Revaluation Reserve	10,740,201	6,765,154
Dividend Payable to the Governments	6,509,207	5,086,848
TOTAL	343,824,511	401,234,294

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.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****19.1 Reserves (continued)****iii. 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, 2005 the reserve had a balance of TZS 3,000.0 million

iv. 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 2005, the fund had a balance of TZS 9,984.4 million that include loans from the Bank and interest on Fund investments.

v. 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.

vi. 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.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

19.1 Reserves (continued)

vii. 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.

Both realized and unrealized gains and losses are 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 amounts are reflected in the Foreign Currency Revaluation Reserve.

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.

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****20.0 Interest Income (Continued)**

	2005		TOTAL	TOTAL
	RECEIVED	ACCRUED	2005	Restat
	TZS'000'	TZS'000'	TZS'000'	2004
				TZS'000'
From Foreign Operations				
Interest on Pound Sterling Investments	7,835,278	1,535,930	9,371,208	11,05
Interest on USD Investments	26,767,307	6,573,491	33,340,798	32,47
Interest on EURO Investments	16,020,084	3,018,801	19,038,885	17,88
Other Foreign Interest Income	2,828	-	2,828	
Sub Total	49,946,981	11,128,222	61,753,719	61,43
From Domestic Operations				
Interest on Domestic Investments	15,214,965	5,641,163	20,856,128	21,16
Interest on Loans and Advances	-	-	-	4
Interest on BOT Loans to Staff Housing Fund	60,345	-	60,345	6
Interest on Staff Loans	50,186	-	50,186	5
Sub Total	15,325,496	5,641,163	20,966,659	21,32
GRAND TOTAL	64,752,649	17,967,729	82,720,378	82,76



NOTES TO THE FINANCIAL STATEMENTS (Continued)

21.0 Interest Expense

PARTICULARS	2005		TOTAL	TOTAL
	ACTUAL TZS'000'	ACCRUED TZS'000'	2005 TZS'000'	Restated 2004 TZS'000'
Interest on BOT Liquidity Papers	25,984,443	15,174,219	41,158,663	23,034,784
REPO Interest Expenses	362,905	14,836	377,741	176,473
Interest on Foreign Exchange Deposit	215,792	-	215,792	-
TOTAL	26,563,140	15,189,055	41,752,196	23,211,257

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

22.0 Unrealized Net Exchange Gains (in "000")

During the year, accumulated net foreign exchange gains from past years reached TZS 304,626,910. Analysis of the balance resulted into net realized gains amounting to TZS 258,008,785 relating to prior years and TZS 35,877,924 for 2005. Of the TZS 258,008,785 an amount of TZS 150,000,000 has been transferred to a Share Capital Enhancement Reserve pending conversion into share capital. The balance of TZS 108,008,785 has been transferred to General Reserve. The net realized gains of TZS 35,877,924 relating to the financial year 2005 have been recognized in the Income Statement.

Description	2005 TZS '000	Restated 2004 TZS '000
Opening Revaluation Account Balance	264,773,939	154,982,540
Add: Foreign Exchange Gains During the Year	39,852,971	109,791,399
Sub total	304,626,910	264,773,939
Less: Realized Exchange Gains		
- For prior years - 258,008,785	-	(258,008,785)
- During the Year - 35,877,924	293,886,709	-
Closing Revaluation Account Balance	10,740,201	6,765,154

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****23.0 Fees and Commissions**

Description	2005 TZS.'000'	Restated 2004 TZS.'000'
Commission on Buying and Selling FX	11,280,139	8,663,347
Bureau de Change Application Fees	34,198	27,650
Bureau de Change Registration Fees	7,200	7,200
Banks and Financial Institutions		
Applications/Licensing Fees	4,550	2,000
Bureau de Change Penalty Fees	17,543	52,690
Inter- bank Charges and Fees (TISS)	133,067	22,000
TOTAL	11,476,697	8,774,887

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**

PARTICULARS	2005		TOTAL	TOTAL Restated 2004
	RECEIVED TZS.'000'	ACCRUED TZS.'000'	2005 TZS.'000'	2004 TZS.'000'
BOT USD Indexation Inv.	1,949,116	683,851	2,632,967	1,850,190
Realized Gains on Mark to Market Securities	2,564,908	-	2,564,908	733,805
Income from Equity Investment	40,705	-	40,705	-
Cross Rate Gain or Loss	391,857	-	391,857	(898,618)
Other Income	1,944,230	-	1,944,230	16,295,352
Charges on IMF Drawings	(3,156,768)	-	(3,156,768)	(3,283,961)
Foreign currency management fees	(1,182,684)	-	(1,182,684)	(910,949)
SUB TOTAL	2,551,364	683,851	3,235,215	13,785,819



NOTES TO THE FINANCIAL STATEMENTS (Continued)

(b) Domestic Operations

PARTICULARS	2005		TOTAL	TOTAL
	RECEIVED TZS'000'	ACCRUED TZS'000'	2005 TZS'000'	Restated 2004 TZS'000'
Rental Income Staff Quarters	148,149	-	148,149	146,904
Income Hostel Accommodation	34,510	-	34,510	28,611
Income on Cafeteria Operations	19,434	-	19,434	15,314
Other Income Domestic	256,145	-	256,145	231,348
SUB TOTAL	458,238	-	458,238	422,177
GRAND TOTAL	3,009,602	683,851	3,693,453	14,207,996

25.0 Operating Expenses

25.1 Administrative Expenses

PARTICULARS	2005	Restated
	TZS.'000'	2004 TZS.'000'
Board Expenses	425,813	333,636
Transport and Travelling Expenses	2,981,266	2,743,110
Maintenance - Computer, Software and Related Expenses	924,382	622,739
Maintenance - Furniture, Machinery and Equipment	582,780	570,560
Maintenance - Bank Premises	1,228,474	1,088,767
Legal and investigation expenses	4,085,031	1,484,199
Fees, Rates and Security Expenses	2,644,895	2,192,514
Water and Electricity	752,062	707,330
Telecommunication and Postage	1,313,705	1,354,265
Printing and Stationery	495,955	514,828
Meetings, Conferences and Seminars	1,755,612	2,154,957
Other Expenses	1,379,134	457,148
TOTAL	18,569,109	14,224,053

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****25.2 Currency Issue and Related Expenses**

	2005	Restated
	TZS.'000'	2004
		TZS.'000'
Notes Printing Expenses (see Note 10)	19,760,291	11,733,351
Currency Transport, Storage and Handling	182,349	251,645
Maintenance of Currency Machines	1,061,334	457,509
Other Currency Expenses	464,198	555,903
TOTAL	21,468,172	12,998,408

The amount of TZS 19,760.3 million in respect of notes printing expenses relates to the proportionately amortised portion of deferred notes printing cost for the currency notes that were issued into circulation during the year. The amount of TZS 182.3 million and TZS 464.2 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.

25.3 Personnel Expenses

PARTICULARS	2005	Restated
	TZS.'000'	2004
		TZS.'000'
Staff Salaries	18,899,116	16,217,911
Contribution to PPF Scheme	2,657,601	2,198,977
Contribution to NSSF	446,019	417,001
Staff Medical Expenses	1,823,699	1,557,173
Staff Training	1,671,587	2,180,272
Staff Uniforms	79,277	79,867
Worker's Council Expenses	421,896	425,780
Course Functions & Field trips Expenses	15,817	15,502
Travel on Leave Expenses	2,643,483	1,196,791
Retirement Expenses	255,133	280,508
Condolence, Survivors' Benefits and Related Expenses	621,157	313,821
Car Loan Tax Expenses	545,760	209,063
Long Term Service Award	40,000	69,981
Management Car Maintenance Expenses	275,009	195,588
Furniture Grant Expenses	500,056	28,000
Cafeteria Expenses	177,236	118,531
TOTAL	31,072,846	25,504,766

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



NOTES TO THE FINANCIAL STATEMENTS (Continued)

25.4 Other Expenses

	2005 TZS.'000'	Restated 2004 TZS.'000'
Gold Operations Expenses	15,021	13,298
Financial Markets Development Expenses	46,082	27,982
Cheques Printing	185,254	146,929
Commission and fees on Foreign Operations	32,381	37,706
Sundry expenses	19,617	22,033
Contributions and Subscriptions	2,359,810	2,689,291
TOTAL	2,658,165	2,937,239

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 2006 when the new bank premises will be in use. The lease commitments for the financial year ending 30 June 2006 are expected to be the same as the lease expenses disclosed above.

26.0 Cash flow

Cash Generated from/(utilized in) Operating Activities

	2005 TZS.'000'	RESTATED 2004 TZS.'000'
Cash Generated from Operating Activities		
Net Profit for the Year	9,177,822	127,540,632
Adjustment for:		
Depreciation and Amortization	7,911,361	8,946,608
Net (Gain)/loss on Disposal of Fixed Assets	(23,685)	153,430
Unrealized Foreign Exchange Gains	(3,975,047)	(109,791,399)
Provision for Impairment of Domestic Financial Assets	5,177,130	41,685
Accrued Interest	(17,181,119)	(9,707,559)
Net Cash Generated from Operating Activities	1,086,462	17,183,397
Changes in Working Capital		
(Increase)/Decrease in Other Assets	15,240,582	(72,207,017)
(Increase)/Decrease in Inventories	(606,626)	(1,402,743)
(Increase)/Decrease in Accommodation to Banks	3,630,227	1,110,099
Increase/(Decrease) in Other Liabilities	6,508,607	(8,746,802)
Net Changes in Working Capital	24,772,790	(81,246,463)
Cash Generated from Operating Activities	25,829,252	(64,063,066)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Other Risks include:

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.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

27.0 RISK MANAGEMENT (continued)

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 arise 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 follow 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27.0 RISK MANAGEMENT (continued)

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 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 2005 is as follows:



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	519,803,656	-	-	-	-	519,803,656
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	-	-	-	-	4,532,770	4,532,770
Quota in IMF	-	-	-	-	326,878,108	326,878,108
Other Assets	8,529,803		67,651,106	47,670,241	-	123,851,150
Property, Plant and Equipment	-	-	2,085,772	2,675,197	287,315,564	292,076,533
Intangible Assets	-	-	-	2,667,166	-	2,667,166
	537,016,994	11,346,824	272,697,727	1,346,549,778	1,014,440,654	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)

LIQUIDITY RISK - 2004

	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 30.06.2004
	TZS.'000'	TZS.'000'	TZS.'000'	TZS.'000'	TZS.'000'	TZS.'000'
ASSETS						
Cash and cash equivalent	528,810,307	-	-	-	-	528,810,307
Clearing Account Balances	12,313,762	-	-	-	-	12,313,762
Holdings of SDRs					146,827	146,827
Marketable Securities	-	12,994,839	90,225,052	1,439,972,244	-	1,543,192,135
Government Bonds/Stocks	718,743	5,823,755	7,025,457	4,326,030	183,991,414	201,885,399
Inventories	-	-	1,402,743	-	-	1,402,743
Equity Investments	-	-	-	-	3,405,009	3,405,009
Quota in IMF	-	-	-	-	323,226,343	323,226,343
Other Assets	12,313,762	1,252,177	70,302,770	37,166,213	23,425,017	144,459,939
Property, Plant and Equipment	-	-		5,808,552	137,353,322	143,161,874
Intangible Assets	-	-	-	2,412,816	-	2,412,816
	554,156,574	20,070,771	168,956,022	1,489,685,855	671,547,932	2,904,417,154
LIABILITIES						
Deposit Banks and Non Banks Financial Institutions	-	-	156,390,136	-	-	156,390,136
Deposit Governments	-	-	254,779,217	-	-	254,779,217
Deposit Others		-	44,339,391	-	-	44,339,391
Foreign Currency Financial Liabilities		34,481,894	170,489,279	285,414,630	126,966,146	617,351,949
Repurchase Agreements	24,423,406	-	-	-	-	24,423,406
BOT Liquidity Papers	89,070,740	132,859,908	167,364,271			389,294,919
Other Liabilities		-	6,476,735	-	-	6,476,735
IMF Related Liabilities	-	-	-	-	305,135,950	305,135,950
Allocation of SDRs	-	50,981,683	-	-	-	50,981,683
Notes and Coins Issued	-	-	-	-	644,009,476	644,009,476
	113,494,146	218,323,485	799,839,029	285,414,630	1,076,111,572	2,493,182,862
Equity						
Authorized and Paid up Capital	-	-	-	-	10,000,000	10,000,000
Reserves	-	-	-	-	401,234,292	401,234,292
TOTAL EQUITY	-	-	-	-	411,234,292	411,234,292
TOTAL EQUITY AND LIABILITIES	113,494,146	218,323,485	799,839,029	285,414,630	1,487,345,864	2,904,417,154



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 2005 is as follows:



NOTES TO THE FINANCIAL STATEMENTS (Continued)

27.0 RISK MANAGEMENT (Continued)

INTEREST RATE RISK – 2005

	Fixed Rate Instruments					AS AT 30.06.2005
	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'	
ASSETS						
Cash and cash equivalent	519,803,656	-	-	-	-	519,803,656
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	-	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	-	-	-	4,532,770	-	4,532,770
Quota in IMF	-	-	-	-	326,878,108	326,878,108
Other Assets	-	-	-	20,438,080	103,413,070	123,851,150
Property, Plant and Equipment	-	-	-	-	292,076,533	292,076,533
Intangible Assets	-	-	-	-	2,667,166	2,667,166
	528,487,191	11,346,824	200,951,480	1,708,013,208	733,253,274	3,182,051,973
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	-	-	-	-	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	70,214,836	145,961,482	514,923,764	508,817,075	1,942,134,820	3,182,051,973



NOTES TO THE FINANCIAL STATEMENTS (Continued)

27.0 RISK MANAGEMENT (Continued)

INTEREST RATE RISK – 2004

	Fixed Rate Instruments					AS AT
	Less than 1 month	Between 1 month and 3 months	Between 3 months and 1 year	Over one year	Non-Interest Bearing	30.06.20
	TZS.'000'	TZS.'000'	TZS.'000'	TZS.'000'	TZS.'000'	TZS.'00
ASSETS						
Cash and cash equivalent	528,810,307	-	-	-	-	528,810,307
Clearing Account Balances	12,313,762	-	-	-	-	12,313,762
Holdings of SDRs	-	-	-	146,827	-	146,827
Marketable Securities	-	12,994,839	90,225,052	1,439,972,244	-	1,543,192,135
Government Bonds/Stocks	718,743	5,823,755	7,025,457	187,832,997	484,447	201,885,402
Inventories	-	-	-	-	1,402,743	1,402,743
Equity Investments	-	-	-	3,405,009	-	3,405,009
Quota in IMF	-	-	-	-	323,226,343	323,226,343
Other Assets	-	-	-	19,579,739	124,880,200	144,459,939
Property, Plant and Equipment	-	-	-	-	143,161,874	143,161,874
Intangible Assets	-	-	-	-	2,412,816	2,412,816
	541,842,812	18,818,594	97,250,509	1,650,936,816	595,568,423	2,904,411,554
LIABILITIES						
Deposit Banks and Non Banks Financial Institutions	-	-	-	-	156,390,136	156,390,136
Deposit Governments	-	-	-	-	254,779,217	254,779,217
Deposit Others	-	-	-	-	44,339,391	44,339,391
Foreign Currency Financial Liabilities	-	34,481,894	170,489,279	412,380,776	-	617,351,949
Repurchase Agreements	24,423,406	-	-	-	-	24,423,406
BOT Liquidity Papers	89,070,740	132,859,908	167,364,271	-	-	389,294,919
Other Liabilities	-	-	-	-	6,476,735	6,476,735
IMF Related Liabilities	-	-	-	-	305,135,950	305,135,950
Allocation of SDRs	-	-	-	-	50,981,683	50,981,683
Notes and Coins Issued	-	-	-	-	644,009,476	644,009,476
	113,494,146	167,341,802	337,853,550	412,380,776	1,462,112,588	2,493,181,362
Equity						
Authorized and Paid up Capital	-	-	-	-	10,000,000	10,000,000
Reserves	-	-	-	-	401,234,292	401,234,292
TOTAL EQUITY	-	-	-	-	411,234,292	411,234,292
TOTAL EQUITY AND LIABILITIES	113,494,146	167,341,802	337,853,550	412,380,776	1,873,346,880	2,904,411,554

**NOTES TO THE FINANCIAL STATEMENTS (Continued)****27.0 RISK MANAGEMENT (Continued)****Currency Risk**

The currency risk is the risk arising from changes in the value of investment currencies. The Bank is exposed to currency risk through transactions in foreign currencies (investment activities and settlement obligations) as well as transactions of foreign currency financial assets and liabilities to the reporting currency (TZS) of the Bank. The Bank managed currency risk by maintaining the currency composition of foreign exchange assets that reflects the currency composition of short-term external obligations and the country's import bill. The Bank also observed closely the investment guidelines on Currency exposure limits and Duration target. The foreign currency exposures for the Bank as at 30 June 2005 are as follows:



NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. CURRENCY RISK (continued)

CURRENCY RISK – 2005

ASSETS	GBP	USD	EUR	SDR	YEN	KES	TZS	SEC	ZAR	TOTAL
Cash and cash equivalent	117,417,523	184,578,902	217,762,351	-	1,531	1,496	-	40,896	957	519,803,656
Clearing Account Balances	-	-	-	-	-	-	8,683,535	-	-	8,683,535
Holdings of SDRs	-	-	-	58,266	-	-	-	-	-	58,266
Marketable Securities	182,577,115	939,777,823	566,305,421	-	-	-	-	-	-	1,688,660,359
Government Bonds/Stocks	-	-	-	-	-	-	212,831,065	-	-	212,831,065
Inventories	-	-	-	-	-	-	2,009,369	-	-	2,009,369
Equity Investments	-	4,532,770	-	-	-	-	-	-	-	4,532,770
Quota in IMF	-	-	-	326,878,108	-	-	-	-	-	326,878,108
Other Assets	-	-	-	-	-	-	123,851,150	-	-	123,851,150
Property, Plant and Equipment	-	-	-	-	-	-	292,076,533	-	-	292,076,533
Intangible Assets	-	-	-	-	-	-	2,667,166	-	-	2,667,166
TOTAL ASSETS	299,994,638	1,128,889,495	784,067,772	326,936,374	1,531	1,496	642,118,818	40,896	957	3,182,051,977

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. CURRENCY RISK (continued)

CURRENCY RISK – 2004

ASSETS	GBP	USD	EUR	SDR	YEN	KES	TZS	SEC	ZAR	TOTAL
Cash and cash equivalent	56,156,731	386,098,268	86,452,876	0	1,525	613	0	41,691	58,603	528,810,307
Clearing Account Balances	-	-	-	-	-	-	12,313,762	-	-	12,313,762
Holdings of SDRs	-	-	-	146,827	-	-	-	-	-	146,827
Marketable Securities	155,068,936	912,907,850	475,215,349	-	-	-	-	-	-	1,543,192,135
Government Bonds/Stocks	-	-	-	-	-	-	201,885,399	-	-	201,885,399
Inventories	-	-	-	-	-	-	1,402,743	-	-	1,402,743
Equity Investments	-	3,405,009	-	-	-	-	-	-	-	3,405,009
Quota in IMF	-	-	-	323,226,343	-	-	-	-	-	323,226,343
Other Assets	-	-	-	-	-	-	144,459,939	-	-	144,459,939
Property, Plant and Equipment	-	-	-	-	-	-	143,161,874	-	-	143,161,874
Intangible Assets	-	-	-	-	-	-	2,412,816	-	-	2,412,816
TOTAL ASSETS	211,225,667	1,302,411,127	561,668,225	323,373,170	1,525	613	505,636,533	41,691	58,603	2,904,417,154

27.0 CURRENCY RISK (Continued)

LIABILITIES										
Deposit Banks and Non Banks Financial Institutions	-	-	-	-	-	-	156,390,136	-	-	156,390,136
Deposit Governments	-	-	-	-	-	-	254,779,217	-	-	254,779,217
Deposit Others	-	-	-	-	-	-	44,339,391	-	-	44,339,391
Foreign Currency Financial Liabilities	883,905	137,711,963	9,944,268	411,789,793	-	-	57,005,296	16,724	-	617,351,949
Repurchase Agreements	-	-	-	-	-	-	24,423,406	-	-	24,423,406
BOT Liquidity Papers	-	-	-	-	-	-	389,294,919	-	-	389,294,919
Other Liabilities	-	-	-	-	-	-	6,476,735	-	-	6,476,735
IMF Related Liabilities	-	-	-	-	-	-	305,135,950	-	-	305,135,950
Allocation of SDRs	-	-	-	50,981,683	-	-	-	-	-	50,981,683
Notes and Coins Issued	-	-	-	-	-	-	644,009,476	-	-	644,009,476
TOTAL LIABILITIES	883,905	137,711,963	9,944,268	462,771,476	-	-	1,881,854,526	16,724	-	2,493,182,862
Equity										
Authorized and Paid up Capital	-	-	-	-	-	-	10,000,000	-	-	10,000,000
Reserves	-	-	-	-	-	-	401,234,292	-	-	401,234,292
TOTAL EQUITY	-	-	-	-	-	-	411,234,292	-	-	411,234,292
TOTAL EQUITY AND LIABILITIES	883,905	137,711,963	9,944,268	462,771,476	-	-	2,283,088,818	16,724	-	2,904,417,154

**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 2004/05, payments to the Governor, Deputy Governor and Board members totaled TZS 265.4 million (2004: TZS 202.5 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 2005	Number of Directors 2004
Up to 5.0mil.	1	2
Above 5.0mil. - 10.0 mil	2	0
Above 10.0mil - 15.0 mil	3	4
Above 15.0mil - 20.0 mil	2	3
Above 20.0mil - 25.0 mil	2	1

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.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

28.3 Directors Remuneration (continued)

Directors Benefits - 2005

NAME	SALARIES	DIRECTORSHIP FEES	OUT OF POCKET ALLOWANCE	MEDICAL BENEFITS	ANY OTHER (TRAINING/ SEMINAR)
	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'
Mr.D.T.S. Ballali	80,591	1,000	21,400	240	1,100
Mr. J.H. Reli	23,193	-	4,950	240	
Mr. G.S. Mgonja		1,000	17,050	240	1,100
Mr. J.B. Raphael		1,000	13,350	240	1,100
Mr. A.M. Rashid		1,000	11,700	240	1,100
Prof. L.K. Rutashobya		1,000	8,050	240	4,724
Prof. J. Semboja		1,000	12,250	240	1,100
Prof. B.J. Ndunguru		1,000	23,950	240	1,100
Mr. M.N. Shirima		1,000	18,550	240	1,100
Dr. N.E. Mwamba		-	7,550	240	-
TOTAL	103,784	8,000	138,800	2,400	12,424

Directors Benefits - 2004

NAME	SALARIES	DIRECTORSH IP FEES	OUT OF POCKET ALLOWANCE	MEDICAL BENEFITS	ANY OTHER (SEMINAR)
	TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'
D.T.S. Ballali	60,599	1,000	18,400	240	480
Mr. G.S. Mgonja		1,000	17,630	240	
Mr. J.B. Raphael		1,000	13,230	240	
Mr. A.M. Rashid		1,000	10,770	240	
Dr. E.S. Bukuku		1,000	-	240	
Prof. L. Rutashobya		1,000	13,210	240	480
Prof. J. Semboja		1,000	14,690	240	480
Prof. B.J. Ndunguru		1,000	20,630	240	960
Mr. M.N. Shirima		1,000	17,600	240	960
Mr. M.H. Mbaye		1,000	-	240	
TOTAL	60,599	10,000	126,160	2,400	3,360

As of 30th June 2005 and 30th June 2004 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.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 2005. 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 2005, 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 2005, the Bank's capital commitments in respect of Property, plant and equipment and major capital projects amounted to TZS 78,077.6 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 they would require additional disclosures or adjustments to the financial statements.





CALENDAR OF IMPORTANT MONETARY AND ECONOMIC POLICY EVENTS, 2000 TO JUNE 2005

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. The proposal envisages 100 percent cancellation of HIPC's disbursed outstanding debt as at 31st December 2004 due to IMF, World Bank and African Development Bank. The announcement entails cancellation of Tanzania debt worth US\$ 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: 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 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

2005 January: Effective 07th January 2005, TRA commenced operation of the installed Flow Meter Machine.

January 2005: The East African Community Customs Union that was ratified by the Partner

States in December 2004 commenced its operations. Under the protocol, trade on goods originating and traded among the Partner States attracts a zero tariff. A three-band Common External Tariff (CET) structure of 0%, 10%, and 25% is applied to goods imported into EAC. A selected list of sensitive items attracts rates above 25% as an additional protection measure for similar locally produced products.

2004 December: Effective end of December 2005, the government developed and introduced a computerized risk-management system aimed at expanding customs clearance primarily through reducing significantly the number of shipments that are physically inspected.

2004 December: The East African Legislative Assembly enacted the East African Community Customs Management Act, 2004.

2004 November: The National Assembly passed the National Economic Empowerment act, 2004. Under the act, the government has resolved to take measures designed to promote and facilitate economic initiatives aimed at empowering Tanzanians.

2004 November: Effective 1st November 2004, National Bureau de Change Limited changed and started using a new name "Twiga Bancorp Limited.

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 2004, the Bank of Tanzania licensed the 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 2004, Savings and Finance Limited changed its status from a non-bank financial institution to a fully-fledged commercial bank.

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 is expected to improve and provide up to date income levels for the people of Zanzibar and more realistic poverty indicators and a new CPI for rural and urban areas. This is 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 US\$ 43.8 million, made up of BOTH principal and interest was retired at a price of 12 cents on a dollar of principal amount tendered.

2004 January: President Zanzibar and Chairman of the Revolutionary Council H.E. Amani Abeid Karume laid down foundation stone for the construction of the Zanzibar Branch BOT office. Construction began in February 2004 and completion expected in October 2004

2003 June: The President of the Union Government of Tanzania as empowered in section 134 of the Constitution of the Union Republic of Tanzania of 1977 (as amended) established the Joint Finance Commission

(JFC) and Joint Finance Bill No 14 of 1996.

2003 May: The Chief Government Statistician reviewed the basis of National Account Database.

- Changed National Account base year from 1991 to 2001
- Adopted the national account statistics to internationally accepted standards

2003 May: Effective 21st May 2003, the Tanzanian Government opened up the Dar es Salaam Stock Exchange (DSE) to foreign investors.

2003 March: Effective March, the Bank of Tanzania started the process of replacing old notes with the new ones and introduce TZS 2000 denomination into the 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 will allow 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 (CBC) at three sites of Dar es Salaam, Mwanza and Arusha.

2002 February: The Bank of Tanzania on behalf of the Government launched a 5-year Treasury bond with a fixed coupon rate of 7.5 percent, which is traded in the Dar Es Salaam Stock Exchange (DSE).

2002 January: The Paris Club Creditors met on January 17, 2002 and agreed to offer debt relief under Cologne Stock Terms by canceling 90 percent stock of their debts amounting to US\$ 737 million in net present value terms or US\$ 1.0 billion in nominal terms. This was part of HIPC Initiative.

2001 November: Tanzania fulfilled all the conditions and managed to reach HIPC Floating Completion Point in November 2001, that was 15 months ahead of originally scheduled time of 36 months.

2001 June: The first closing of the Tanzania debt



buyback operation took place on 6th June with debt worth about US\$ 155.7 million (principal and interest) being retired, utilizing about US\$ 7.2 million from the grant. The first closing of the operation represents an important step towards the implementation of the Government's debt reduction strategy.

2001 May: The Management of Risk Assets Regulations, 2001 came into effect on 1st May 2001 and repealed "The Guidelines on Management of Risk Assets, Classification of Loans and Other Risk Assets, Provisioning for Losses and Accrual of Interest" issued on 18th October 1991.

2001 May: The Credit Concentration and Other Exposure Limits Regulations, 2001 came into effect on 1st May 2001 and repealed "The Guidelines on Concentration of Credit and Other Exposure Limits" issue on 22nd December 1992.

2001 May: The Capital Adequacy Regulations, 2001 became effective on 1st May 2001 and repealed "Guidelines for Measuring Capital Adequacy" issued on 1st October 1993 and the Addendum to Circular No. 3 on Capital Adequacy issued on 27th March 1996.

2001 February: The Government launched a national micro-finance policy on 2nd February that lays out the principles of upgrading services through efficient and effective micro-finance systems.

2001 January: Effective 1st January the petroleum sector was fully and effectively liberalized and the Government stopped extending subsidies to Tanzania Petroleum Development Corporation (TPDC).

2001 January: On 15th January, the Heads of State of Tanzania, Kenya and Uganda, formally inaugurated the East African Community (EAC) at the Sheikh Amri Abeid Karume 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 on 1st September 2000, the Independent Auditors Regulations, 2000 became operational.

2000 September: Circular No. 8: The Money Laundering Control aimed at guiding banks and financial institutions on uncovering, reporting and controlling money laundering became effective on 1st September, 2000.

2000 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 at end March reached a Decision Point and qualified for consideration of additional debt relief under HIPC Program, after the IMF approved Tanzania's three

year Poverty Reduction and Growth Facility (PRGF).

2000 January: Effective January 15, 2000 the Minimum Reserve Requirement was set at 10 percent of total deposit liabilities (including foreign currency deposits) plus 50 percent of vault cash excluding deposit in the clearing account.

(Footnotes)

¹ Includes last fiscal year expenditures financed from the current fiscal year resources (i.e. expenditure float)

² It does not include expenditure float. It is strictly current year obligations financed from current year resources.

³ GDP (2001 prices) 2004 is TZS 272.1billion.





Appendix I: 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 of you who assembled here for your kind attention.

Appendix III: STATISTICACLE TABLES

A1.0 Output and Prices

Table A1.1: Gross Domestic Product (GDP), at Factor Cost by kind of Economic Activity at Current Prices, 1995 - 2004

Economic Activity	Millions of TZS									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004*
A: Monetary										
Agriculture	746,186	931,724	1,085,698	1,264,264	1,500,572	1,690,856	1,919,704	2,205,161	2,508,853	2,959,247
Crops	551,818	697,047	804,595	927,024	1,096,536	1,240,503	1,427,781	1,649,209	1,877,152	2,342,073
Livestock	98,228	113,518	144,338	153,981	187,736	206,042	220,973	248,102	281,408	263,739
Forestry and hunting	37,180	47,539	44,300	67,337	74,831	83,271	95,366	107,764	121,234	192,740
Fishing	58,959	73,620	92,465	115,921	141,468	161,039	175,584	200,086	229,059	160,695
Mining and quarrying	35,190	38,511	53,515	74,386	85,792	99,519	120,454	152,977	210,574	278,262
Manufacturing	200,525	254,326	295,272	382,901	434,544	499,726	564,689	638,663	710,951	791,416
Electricity and water supply	60,347	65,800	74,599	81,751	101,301	112,753	124,789	145,753	156,963	177,614
Electricity	55,068	59,728	67,254	74,035	91,481	101,583	112,279	131,366	140,562	158,835
Water	5,280	6,072	7,345	7,716	9,820	11,170	12,510	14,387	16,401	18,779
Construction	83,177	99,871	149,824	209,754	253,447	282,150	335,924	389,671	454,163	532,017
Trade, restaurants and hotels	417,626	493,572	562,760	635,305	740,181	823,025	926,870	1,038,094	1,153,323	1,319,172
Transport, and communication	159,771	193,946	219,393	250,081	294,180	328,259	361,558	404,945	454,049	509,948
Financial and business services	170,263	209,392	248,832	312,847	345,071	382,970	421,511	494,801	564,334	637,128
Finance and insurance	98,533	113,913	137,885	152,697	165,504	187,027	197,989	231,647	257,128	296,691
Real estate	63,795	85,878	99,619	147,575	162,727	177,372	201,535	238,308	279,130	309,835
Business services	7,935	9,600	11,328	12,575	16,840	18,570	21,987	24,845	28,075	30,602
Public administration and other services	255,401	300,876	451,733	559,796	649,553	709,351	796,930	893,083	956,209	1,044,230
Public administration	171,551	200,913	340,445	424,278	495,377	535,007	593,858	659,182	708,621	772,397
Education	34,556	41,261	48,956	58,929	67,244	75,313	88,116	103,096	109,282	120,210
Health	17,152	20,411	23,690	27,284	31,350	35,112	41,081	48,065	51,429	56,058
Other services	32,142	38,291	38,642	49,305	55,582	63,919	73,875	82,740	86,877	95,565
Less financial Services Indirectly Measured	-113,187	-136,957	-138,244	-140,909	-144,756	-151,359	-157,785	-168,830	-182,336	-233,218
Total Monetary GDP	2,015,299	2,451,061	3,003,382	3,630,176	4,259,885	4,777,249	5,414,643	6,194,318	6,987,083	8,015,816
B: Non-Monetary										
Agriculture	572,274	726,551	918,065	1,030,764	1,193,801	1,330,302	1,486,442	1,679,360	1,909,002	2,252,613
Crops	461,698	591,012	734,697	843,442	974,491	1,086,192	1,216,257	1,374,643	1,564,638	1,845,149
Livestock	47,140	54,478	69,268	73,895	90,097	100,351	107,626	120,839	137,061	161,898
Forestry and hunting	56,592	72,515	103,366	101,003	112,984	125,351	143,050	161,646	181,852	215,633
Fishing	6,844	8,546	10,734	13,324	16,230	18,408	19,509	22,232	25,451	29,933
Construction	26,252	32,377	38,299	45,576	52,412	61,205	69,235	80,313	91,958	105,752
Owner - Occupied Dwellings	182,817	242,570	321,854	418,410	471,601	537,625	654,295	745,896	842,863	913,138
Total Non-Monetary GDP	781,343	1,001,498	1,278,218	1,494,750	1,717,814	1,929,132	2,209,972	2,505,569	2,843,823	3,271,503
C: Total GDPfc : (A+B)	2,796,642	3,452,559	4,281,600	5,124,926	5,977,699	6,706,381	7,624,615	8,699,887	9,830,906	11,287,319
Population (Million)	27.5	28.3	29.1	30.0	30.9	31.9	32.9	33.6	34.2	35.2
D: Per Capita nominal GDP (TZS)	101,696	121,999	147,134	170,831	193,453	210,231	231,751	258,925	287,453	320,426

* Provisional

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, 1995 - 2004

Economic Activity	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004*
A: Monetary										
Agriculture	26.7	27.0	25.3	24.7	25.1	25.2	25.2	25.3	25.6	26.2
Crops	19.7	20.2	18.8	18.1	18.3	18.5	18.7	19.0	19.1	20.7
Livestock	3.5	3.3	3.4	3.0	3.1	3.1	2.9	2.9	2.9	2.3
Forestry and hunting	1.3	1.4	1.0	1.3	1.3	1.2	1.3	1.2	1.2	1.7
Fishing	2.1	2.1	2.2	2.3	2.4	2.4	2.3	2.3	2.3	1.4
Mining and quarrying	1.3	1.1	1.2	1.5	1.4	1.5	1.6	1.8	2.1	2.5
Manufacturing	7.2	7.4	6.9	7.5	7.3	7.5	7.4	7.3	7.2	7.0
Electricity and water supply	2.2	1.9	1.7	1.6	1.7	1.7	1.6	1.7	1.6	1.6
Electricity	2.0	1.7	1.6	1.4	1.5	1.5	1.5	1.5	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	2.9	3.5	4.1	4.2	4.2	4.4	4.5	4.6	4.7
Trade, restaurants and hotels	14.9	14.3	13.1	12.4	12.4	12.3	12.2	11.9	11.7	11.7
Transport, and communication	5.7	5.6	5.1	4.9	4.9	4.9	4.7	4.7	4.6	4.5
Financial and business services	6.1	6.1	5.8	6.1	5.8	5.7	5.5	5.7	5.7	5.6
Finance and insurance	3.5	3.3	3.2	3.0	2.8	2.8	2.6	2.7	2.6	2.6
Real estate	2.3	2.5	2.3	2.9	2.7	2.6	2.6	2.7	2.8	2.7
Business services	0.3	0.3	0.3	0.2	0.3	0.3	0.3	0.3	0.3	0.3
Public administration and other services	9.1	8.7	10.7	10.9	10.9	10.6	10.5	10.3	9.7	9.3
Public administration	6.1	5.8	7.9	8.3	8.3	8.0	7.8	7.6	7.2	6.8
Education	1.2	1.2	1.1	1.1	1.1	1.1	1.2	1.2	1.1	1.1
Health	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.6	0.5	0.5
Other services	1.1	1.1	1.0	1.0	0.9	1.0	1.0	1.0	0.9	0.8
Less financial Services Indirectly Measured	-4.0	-4.0	-3.2	-2.7	-2.4	-2.3	-2.1	-1.9	-2.0	-2.1
Total Monetary GDP	72.1	71.0	70.2	70.8	71.3	71.2	71.0	71.2	71.0	71.0
B: Non-Monetary										
Agriculture	20.5	21.0	21.4	20.1	20.0	19.8	19.5	19.3	19.4	20.0
Crops	16.5	17.1	17.1	16.5	16.3	16.2	16.0	15.8	15.9	16.3
Livestock	1.7	1.6	1.6	1.4	1.5	1.5	1.4	1.4	1.4	1.4
Forestry and hunting	2.0	2.1	2.4	2.1	1.9	1.9	1.9	1.9	1.9	1.9
Fishing	0.2	0.2	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	6.5	7.0	7.5	8.2	7.9	8.0	8.6	8.6	8.6	8.1
Total Non-Monetary GDP	27.9	29.0	29.8	29.2	28.7	28.8	29.0	28.8	29.0	29.0
C: Total GDPfc : (A+B)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

* Provisional

Source: National Bureau of Statistics



Table A1.3: Gross Domestic Product (GDP) at Factor Cost by Kind of Economic Activity at Constant 1992 Prices, 1995 - 2004

		Millions of TZS									
Economic Activity		1995	1996	1997	1998	1999	2000	2001	2002	2003	2004*
A: Monetary											
Agriculture		381,140	398,117	403,948	413,193	433,311	450,181	479,599	507,250	528,142	559,282
Crops		266,010	279,367	281,431	287,841	304,008	314,901	338,001	359,397	372,373	395,276
Livestock		62,024	63,725	65,423	66,681	68,990	71,342	73,695	76,274	80,088	84,461
Forestry and hunting		17,594	18,074	18,739	18,972	19,353	20,324	21,104	21,738	22,650	23,977
Fishing		35,512	36,951	38,355	39,699	40,960	43,614	46,799	49,841	53,031	55,568
Mining and quarrying		18,768	20,579	24,097	30,699	33,488	38,144	43,293	49,787	58,251	67,913
Manufacturing		106,750	111,894	117,489	126,887	131,491	137,809	144,647	156,219	169,653	184,243
Electricity and water supply		21,578	23,977	24,514	25,870	26,874	28,454	29,297	30,200	31,669	33,179
Electricity		18,931	21,287	21,779	23,086	24,007	25,489	26,229	27,016	28,367	29,758
Water		2,647	2,690	2,735	2,784	2,867	2,965	3,068	3,185	3,302	3,421
Construction		38,708	42,353	46,588	52,179	57,256	62,409	68,365	76,641	85,809	96,118
Trade, restaurants and hotels		210,813	218,105	229,010	239,830	254,114	270,567	288,718	308,928	329,009	355,329
Transport, and communication		70,833	71,597	75,099	79,755	84,403	89,515	95,154	101,244	106,419	112,839
Financial and business services		77,342	75,995	84,743	91,250	94,580	98,353	100,646	105,356	110,094	115,227
Finance and insurance		49,811	47,138	54,894	59,838	62,382	65,063	66,212	68,860	71,064	74,282
Real estate		23,317	24,390	25,329	26,621	27,207	28,023	28,891	30,654	32,866	34,430
Business services		4,214	4,467	4,520	4,791	4,991	5,267	5,543	5,842	6,164	6,515
Public administration and other services		109,763	111,473	115,007	118,114	122,207	126,567	130,987	136,307	141,880	148,202
Public administration		69,338	69,338	70,725	71,786	73,120	74,933	76,401	78,158	80,112	82,516
Education		15,178	15,748	16,337	17,420	18,040	19,054	20,226	21,844	23,373	24,963
Health		8,661	8,982	9,437	9,660	9,969	10,478	11,068	11,732	12,495	13,269
Other services		16,586	17,405	18,508	19,248	21,078	22,102	23,292	24,573	25,900	27,454
Less financial Services Indirectly Measured		-65,090	-58,581	-72,327	-78,547	-81,229	-82,359	-84,418	-86,781	-89,819	-96,970
Total Monetary GDP		970,605	1,015,509	1,048,168	1,099,230	1,156,495	1,219,640	1,296,288	1,385,151	1,471,107	1,575,362
B: Non-Monetary											
Agriculture		301,198	310,623	322,150	326,749	337,199	346,332	360,676	374,857	389,253	412,744
Crops		240,501	248,212	258,235	261,729	270,171	276,007	287,926	299,563	310,378	329,468
Livestock		29,766	30,582	31,398	32,000	33,109	34,746	35,893	37,150	39,007	41,137
Forestry and Hunting		26,809	27,540	28,108	28,457	29,220	30,594	31,657	32,606	33,976	35,965
Fishing		4,122	4,289	4,409	4,563	4,699	4,985	5,200	5,538	5,892	6,174
Construction		12,277	12,515	12,753	13,008	13,610	14,409	15,129	16,037	17,063	18,070
Owner - Occupied Dwellings		61,167	63,064	65,019	66,840	69,988	73,938	77,265	81,129	84,617	88,340
Total Non-Monetary GDP		374,642	386,202	399,922	406,597	420,797	434,679	453,071	472,022	490,933	519,154
Total GDPfc : (A+B)		1,345,247	1,401,711	1,448,090	1,505,827	1,577,292	1,654,319	1,749,358	1,857,174	1,962,040	2,094,516
Population (Million)		27.5	28.3	29.1	30.0	30.9	31.9	32.9	33.6	34.2	35
D: Per Capita real GDP (TZS)		48,918	49,530	49,763	50,194	51,045	51,860	53,172	55,273	57,370	59,459

* Provisional

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, 1995 - 2004

Economic Activity	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
A: Monetary										
Agriculture	28.3	28.4	27.9	27.4	27.5	27.2	27.4	27.3	26.9	26.7
Crops	19.8	19.9	19.4	19.1	19.3	19.0	19.3	19.4	19.0	18.9
Livestock	4.6	4.5	4.5	4.4	4.4	4.3	4.2	4.1	4.1	4.0
Forestry and hunting	1.3	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.1
Fishing	2.6	2.6	2.6	2.6	2.6	2.6	2.7	2.7	2.7	2.7
Mining and quarrying	1.4	1.5	1.7	2.0	2.1	2.3	2.5	2.7	3.0	3.2
Manufacturing	7.9	8.0	8.1	8.4	8.3	8.3	8.3	8.4	8.6	8.8
Electricity and water supply	1.6	1.7	1.7	1.7	1.7	1.7	1.7	1.6	1.6	1.6
Electricity	1.4	1.5	1.5	1.5	1.5	1.5	1.5	1.5	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	3.0	3.2	3.5	3.6	3.8	3.9	4.1	4.4	4.6
Trade, restaurants and hotels	15.7	15.6	15.8	15.9	16.1	16.4	16.5	16.6	16.8	17.0
Transport, and communication	5.3	5.1	5.2	5.3	5.4	5.4	5.4	5.5	5.4	5.4
Financial and business services	5.7	5.4	5.9	6.1	6.0	5.9	5.8	5.7	5.6	5.5
Finance and insurance	3.7	3.4	3.8	4.0	4.0	3.9	3.8	3.7	3.6	3.5
Real estate	1.7	1.7	1.7	1.8	1.7	1.7	1.7	1.7	1.7	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	8.2	8.0	7.9	7.8	7.7	7.7	7.5	7.3	7.2	7.1
Public administration	5.2	4.9	4.9	4.8	4.6	4.5	4.4	4.2	4.1	3.9
Education	1.1	1.1	1.1	1.2	1.1	1.2	1.2	1.2	1.2	1.2
Health	0.6	0.6	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Other services	1.2	1.2	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Less financial Services Indirectly Measured	-4.8	-4.2	-5.0	-5.2	-5.1	-5.0	-4.8	-4.7	-4.6	-4.6
Total Monetary GDP	72.2	72.4	72.4	73.0	73.3	73.7	74.1	74.6	75.0	75.2
B: Non-Monetary										
Agriculture	22.4	22.2	22.2	21.7	21.4	20.9	20.6	20.2	19.8	19.7
Crops	17.9	17.7	17.8	17.4	17.1	16.7	16.5	16.1	15.8	15.7
Livestock	2.2	2.2	2.2	2.1	2.1	2.1	2.1	2.0	2.0	2.0
Forestry and Hunting	2.0	2.0	1.9	1.9	1.9	1.8	1.8	1.8	1.7	1.7
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	4.5	4.4	4.4	4.5	4.4	4.4	4.3	4.2
Total Non-Monetary GDP	27.8	27.6	27.6	27.0	26.7	26.3	25.9	25.4	25.0	24.8
Total GDPfc : (A+B)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: National Bureau of Statistics

Table A1.5: Gross Domestic Product (GDP), at Factor Cost by kind of Economic Activity, Percentage Growth Rates, at Constant 1992 Prices, 1995 - 2004

Economic Activity	Percent									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004*
A: Monetary										
Agriculture	6.6	4.5	1.5	2.3	4.9	3.9	6.5	5.8	4.1	5.9
Crops	8.1	5.0	0.7	2.3	5.6	3.6	7.3	6.3	3.6	6.2
Livestock	2.7	2.7	2.7	1.9	3.5	3.4	3.3	3.5	5.0	5.5
Forestry and hunting	2.7	2.7	3.7	1.2	2.0	5.0	3.8	3.0	4.2	5.9
Fishing	4.0	4.1	3.8	3.5	3.2	6.5	7.3	6.5	6.4	4.8
Mining and quarrying	11.7	9.6	17.1	27.4	9.1	13.9	13.5	15.0	18.0	15.6
Manufacturing	1.6	4.8	5.0	8.0	3.6	4.8	5.0	8.0	8.6	8.6
Electricity and water supply	6.1	11.1	2.2	5.5	3.9	5.9	3.0	3.1	4.9	4.7
Electricity	6.8	12.4	2.3	6.0	4.0	6.2	2.9	3.0	5.0	4.9
Water	1.6	1.6	1.7	1.8	3.0	3.4	3.5	3.8	4.3	3.0
Construction	-18.9	9.4	10.0	12.0	9.7	9.0	9.5	12.1	12.0	12.0
Trade, restaurants and hotels	3.5	3.5	5.1	4.7	6.0	6.5	6.7	7.0	6.5	8.0
Transport, and communication	5.9	1.1	4.9	6.2	5.8	6.1	6.3	6.4	5.0	6.2
Financial and business services	-1.4	-1.7	11.5	7.7	3.6	4.0	2.3	4.7	4.5	4.7
Finance and insurance	-5.2	-5.4	16.5	9.0	4.3	4.3	1.8	4.0	3.2	4.5
Real estate	6.6	4.6	3.8	5.1	2.2	3.0	3.1	6.1	7.2	4.8
Business services	5.0	6.0	1.2	6.0	4.2	5.5	5.2	5.4	5.5	5.7
Public administration and other services	-2.7	1.6	3.2	2.7	3.5	3.6	3.5	4.1	4.1	4.5
Public administration	-6.3	0.0	2.0	1.5	1.9	2.5	2.0	2.3	2.5	3.0
Education	3.6	3.8	3.7	6.6	3.6	5.6	6.2	8.0	7.0	6.8
Health	3.7	3.7	5.1	2.4	3.2	5.1	5.6	6.0	6.5	6.2
Other services	5.1	4.9	6.3	4.0	9.5	4.9	5.4	5.5	5.4	6.0
Less financial Services Indirectly Measured	-5.4	-10.0	23.5	8.6	3.4	1.4	2.5	2.8	3.5	8.0
Total Monetary GDP	3.2	4.6	3.2	4.9	5.2	5.5	6.3	6.9	6.2	7.1
B: Non-Monetary										
Agriculture	4.9	3.1	3.7	1.4	3.2	2.7	4.1	3.9	3.8	6.0
Crops	5.5	3.2	4.0	1.4	3.2	2.2	4.3	4.0	3.6	6.2
Livestock	2.7	2.7	2.7	1.9	3.5	4.9	3.3	3.5	5.0	5.5
Forestry and Hunting	2.7	2.7	2.1	1.2	2.7	4.7	3.5	3.0	4.2	5.9
Fishing	4.0	4.1	2.8	3.5	3.0	6.1	4.3	6.5	6.4	4.8
Construction	2.0	1.9	1.9	2.0	4.6	5.9	5.0	6.0	6.4	5.9
Owner - Occupied Dwellings	3.1	3.1	3.1	2.8	4.7	5.6	4.5	5.0	4.3	4.4
Total Non-Monetary GDP	4.5	3.1	3.6	1.7	3.5	3.3	4.2	4.2	4.0	5.7
Total GDPfc : (A+B)	3.6	4.2	3.3	4.0	4.7	4.9	5.7	6.2	5.6	6.7

* Provisional

Source: National Bureau of Statistics



A1.0 Output and Prices

Table A1.6 : Production of Major Agricultural Crops, 1995 - 2004

Crop	('000' Tons)									
	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
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	4,286.0
Paddy	733.8	550.8	810.8	506.0	476.0	991.7	960.6	562.0	586.0	1,030.0
Wheat	61.0	78.0	112.0	82.0	32.0	118.0	72.0	75.0	74.0	66.0
Pulses	384	374	453.0	528.0	584.0	674.0	683.0	713.0	905.7	603.0
Cash crops:										
Coffee	52.0	42.4	38.0	46.6	47.9	58.1	37.5	52.4	32.5	54.0
Cotton	84.2	84.5	69.9	39.0	35.0	41.4	50.2	63.0	46.8	114.5
Tea	24.3	24.0	26.2	21.9	24.8	26.7	24.7	27.6	30.1	30.7
Cashewnuts	82.0	63.0	93.2	103.3	121.2	98.6	67.3	95.0	79.0	72.0
Tobacco	28.0	35.4	52.0	38.0	31.8	24.8	27.7	33.6	46.8	47.0
Sisal	32.0	23.0	20.0	24.0	20.6	20.5	23.5	23.6	23.8	27.0
Pyrethrum	2.0	1.3	1.3	4.0	na	na	na	na	na	na

Note:

na = Not available

Source: Ministry of Agriculture and Food Security & Crop Boards

Table A1.7 : Agricultural Production Indices, 1995 - 2004

		1980/81=100									
Crop		1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
Food crops:											
Maize		143.4	99.5	146.0	133.3	115.7	121.8	146.7	137.3	175.7	233.0
Paddy		210.0	157.6	232.0	144.8	136.2	283.7	274.8	160.8	167.7	762.7
Wheat		67.4	86.2	123.8	90.6	35.4	130.4	79.6	82.9	81.8	74.2
Pulses		141.4	137.7	166.8	194.4	215.0	248.2	251.5	262.5	333.5	537.3
Cash Crops:											
Coffee		94.7	77.2	69.2	84.9	87.2	105.8	68.3	95.5	59.2	60.5
Cotton		148.5	149.0	123.3	68.8	61.7	73.0	88.5	111.1	82.6	125.1
Tea		138.1	136.4	148.9	124.2	140.9	152.0	140.3	156.6	171.1	174.4
Cashewnuts		151.9	116.7	172.6	191.3	224.4	182.7	124.6	175.9	145.5	82.8
Tobacco		189.2	239.2	351.4	256.4	214.9	167.6	187.2	226.7	316.3	51.9
Sisal		38.8	27.9	24.2	29.1	25.0	24.8	28.5	28.6	28.8	55.4
Pyrethrum		74.1	48.1	48.1	148.1	n.a	n.a	n.a	n.a	n.a	n.a

Source : Ministry of Agriculture and BOT computation

**Table A1.8: Production in Selected Commodities, 1995 - 2004**

Commodity	Unit	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004*
Biscuits & pasta	tons	202	71	288	805	611	891	1,215	2,284	5,906	8,213
Wheat flour	tons	11,551	33,998	77,593	87,669	144,693	162,634	180,098	219,118	355,616	332,648
Sugar, refined	000' M/Tons	114	104	81	93	110	135	162	190	213	202
Konyagi	000' Lts	2,011	1,832	1,849	1,994	1,630	2,214	2,287	2,937	3,670	4,105
Beer	000' Lts	89,301	125,074	148,340	170,700	167,353	183,003	175,649	175,870	194,100	202,628
Chibuku	000' Lts	11,319	14,031	13,680	11,993	12,392	17,041	18,750	19,400	14,825	10,119
Cigarattes	Mill Pes	3,699	3,733	4,710	3,933	3,371	3,745	3,491	3,778	3,920	4,308
Textiles	000'Sq. Mt.	31,201	33,436	41,706	45,546	49,757	73,566	84,548	106,305	126,486	123,556
Sisal ropes and twines	tons	17,713	10,518	4,919	4,329	3,253	3,900	4,796	5,901	6,839	6,517
Fishnet & products	tons	122	125	70	35	24	42	57	30	41	255
Plywood	Cubic Mt.	283	315	115	-	1,953	568	450	304	696	794
Pyrethrum extract	000' tons	21	11	3	9	17	44	71	36	16	21
Paints	000'Ltrs	3,233	5,205	4,986	4,943	12,903	7,085	9,662	13,564	16,842	15,990
Cement	000' tons	739	726	621	778	833	833	900	1,026	1,186	1,281
Rolled steel	tons	2,518	7,733	12,498	9,522	8,982	11,182	16,340	25,418	39,630	39,556
Iron Sheets	tons	18,142	6,422	15,218	14,918	23,028	25,046	25,937	35,067	31,018	29,750
Aluminium sheets/circles	tons	1,158	360	117	180	187	133	137	141	199	171
Dry cells	000 Pcs	58,520	65,620	43,080	46,490	46,000	44,000	39,000	42,000	43,000	65,000
Battery, auto	Pieces	5,210	1,850	250	7,090	4,000	14,000	11,000	17,000	27,000	29,000

* Provisional

Source: National Bureau of Statistics

A1.0 Output and Prices

Table A1.9: Industrial Production Indices, 1995 - 2004

Commodity	1985=100										
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004*	
Biscuits & pasta	20	7	29	81	62	90	123	231	597	830	
Wheat flour	30	87	199	225	372	418	463	563	910	855	
Sugar, refined	102	93	72	83	98	121	145	170	190	181	
Konyagi	209	190	192	207	169	230	238	305	377	427	
Beer	118	165	196	225	221	242	232	232	256	267	
Chibuku	104	128	125	110	113	156	172	177	136	93	
Cigarattes	139	140	177	148	126	140	131	142	147	162	
Textiles	54	58	72	78	86	127	146	183	217	211	
Sisal ropes and twines	122	73	34	30	22	27	33	41	48	45	
Fishnet & products	127	130	73	36	25	44	59	31	43	266	
Plywood	18	20	7	-	123	36	28	19	44	50	
Pyrethrum extract	54	28	8	23	44	113	182	92	41	54	
Paints	237	382	366	362	946	519	708	994	1235	1172	
Cement	197	193	165	207	222	222	239	273	315	341	
Rolled steel	22	68	111	84	79	99	145	225	351	350	
Iron Sheets	84	30	70	69	106	116	120	162	155	137	
Aluminium sheets/circles	48	15	5	7	8	6	6	6	8	7	
Dry cells	133	149	98	105	104	100	88	95	98	147	
Battery, auto	34	12	2	47	26	92	72	112	178	191	

* Provisional

Source: National Bureau of Statistics & BOT computation

**Table A1.10 : Mineral Recoveries, 1995 - 2004**

Item	Unit	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Diamond	000' Carats	49.5	126.7	123.1	97.8	235.0	354.4	254.3	239.8	236.6	303.9
Gold	Kgs	320.0	318.0	232.0	427.0	4,767.0	15,060.0	30,088.0	43,320.0	48,018.0	48175.7
Gemstone	Kgs	111,403.8	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	1613848.5
Salt	000' Tons	105.0	86.7	72.5	75.0	35.0	70.0	65.0	71.2	59.0	57.1
Gypsum	000' Tons	42.0	55.4	46.3	59.1	40.0	60.0	72.0	73.0	33.2	59.2
Limestone	000' Tons	1,062.1	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
Pozzolana	Tons	n.a	n.a	n.a	n.a	2,274.0	57,014.0	41,468.0	52,000.0	105,910.0	152,678.6

Source : Ministry of Energy and Minerals



Table A1.11: National Consumer Price Index (New CPI), 2002 - 2005

		Base: June 2001=100																
		Food					Non-Food											
Period	Index	Total	Drinks & Tobacco		Clothing & Footwear		Rent	Fuel, Power & Water		Furniture & Equip.		Household operations	Personal care & Health		Recreation & Entertain.	Transportation	Education	Miscel. goods & services
			Weight (%)	Index	Weight (%)	Index		Weight (%)	Index	Weight (%)	Index		Weight (%)	Index				
2002	101.0	100.9	55.9	44.1	6.9	6.4	1.4	8.5	2.1	2.1	101.0	100.6	2.1	0.8	9.7	2.6	1.5	
2003	104.5	102.9	105.6	102.0	102.0	102.8	107.1	104.7	103.1	103.1	101.7	103.9	102.8	101.7	102.6	102.9	102.9	
2004	108.9	104.6	111.8	101.5	101.5	105.1	109.6	109.7	103.3	103.3	102.6	104.4	104.9	102.7	103.2	102.3	102.3	
2003 -Mar	105.4	104.5	105.8	103.0	103.0	103.6	107.5	110.8	103.6	103.6	102.7	104.8	101.6	101.7	101.6	104.3	104.3	
	104.2	102.1	105.6	100.7	100.7	102.1	110.6	102.8	103.2	101.2	103.1	102.9	101.0	102.2	102.3	102.3	102.3	
	104.5	102.9	105.6	102.9	102.9	102.5	104.5	103.6	103.2	101.6	104.7	103.3	102.0	103.9	103.2	103.2	103.2	
	104.0	102.2	105.3	101.5	101.5	103.0	105.8	101.5	102.3	101.3	102.7	103.4	102.0	102.6	101.6	101.6	101.6	
2004 -Mar	109.4	104.6	112.7	102.1	102.1	106.4	112.7	107.6	102.8	101.8	106.9	106.2	102.4	102.7	103.4	103.4	103.4	
	108.8	103.7	112.4	101.3	101.3	103.4	115.0	108.1	103.5	101.7	102.3	102.7	101.4	102.0	103.9	103.9	103.9	
	108.6	105.0	111.0	101.4	101.4	105.3	105.3	111.5	103.5	103.4	104.2	105.4	103.5	104.1	101.0	101.0	101.0	
	108.4	104.8	110.9	101.3	101.3	105.6	105.0	109.6	103.6	103.3	104.7	105.6	103.9	103.9	100.8	100.8	100.8	
2005 -Mar	113.9	106.9	118.9	103.0	103.0	106.0	109.0	115.0	102.4	103.5	107.9	103.6	106.2	103.6	102.1	102.1	102.1	
	113.3	107.0	118.0	103.3	103.3	104.5	109.0	116.0	101.6	103.1	107.5	103.4	107.2	103.1	100.9	100.9	100.9	

Source: National Bureau of Statistics.



Table A1.12: National consumer Price Index, Percentage change on the Previous year, 2002 - 2005

Period	Food			Non-Food												(Base: June 2001=100)	
	Total Index	Total	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	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			
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			
Jun	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			
Sep	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			
Dec	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			
Jun	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			
Sep	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			
Dec.	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			
Jun	4.1	5.0	3.2	2.0	1.1	-5.2	7.4	-1.9	1.4	5.1	0.7	5.7	1.2	-2.9			

Source: National Bureau of Statistics.



A1.0 Output and Prices

Table A1.13: Dar es Salaam Cost of Living Index - Middle Income Group*, 1996 - 2004

December 1994=100													
Period	Total Index	Food	Non- Food										
			Drinks and Tobacco	Clothing and footwear	Rent	Fuel light and water	Furniture and utensils	Household operations	Personal care and health	Transportation	Recreation and entertainment	Education	Miscel. goods & services
Weights	100.0	73.8	4.5	3.8	2.1	5.4	1.1	1.9	1.5	1.9	1.3	1.2	1.5
1996	132.8	128.0	150.8	156.9	243.3	127.2	140.2	133.3	145.7	121.4	115.8	146.2	115.9
1997	141.2	134.2	161.8	167.2	263.1	156.6	147.7	133.7	156.3	152.4	133.2	140.2	111.6
1998	148.2	140.1	165.2	169.8	295.8	184.7	154.8	131.2	151.6	162.3	132.8	150.8	102.6
1999	155.6	147.0	161.5	188.3	303.7	211.1	137.1	133.1	174.2	159.1	140.3	155.5	103.3
2000	153.1	137.4	176.7	200.5	348.1	248.0	154.5	131.8	177.6	164.9	143.2	155.7	106.5
2001	160.0	139.5	177.2	224.1	515.5	253.3	171.1	135.1	194.4	153.1	128.4	181.2	122.6
2002	176.0	156.8	186.0	213.8	541.7	268.2	187.0	136.7	234.1	158.2	120.5	243.4	152.1
2003	188.2	166.4	212.4	216.4	541.7	309.1	181.9	144.3	216.1	164.1	120.8	336.1	179.8
2004	203.9	184.4	203.5	218.2	541.7	365.4	189.5	144.8	198.5	174.4	114.1	350.3	144.8
2003-Mar	185.7	162.9	210.5	211.3	541.7	314.1	178.9	145.4	217.9	162.7	124.0	337.6	180.7
Jun	186.9	163.6	211.5	220.9	541.7	310.5	183.7	144.7	225.5	163.3	130.2	349.3	184.8
Sep	187.4	164.9	211.6	223.3	541.7	309.6	181.2	146.3	218.0	164.6	116.5	339.9	180.8
Dec	192.7	174.0	216.1	210.0	541.7	302.1	183.7	140.7	203.1	166.0	112.4	317.7	172.8
2004-Mar	202.2	185.3	218.3	208.9	541.7	314.4	179.7	146.4	211.0	163.6	109.9	356.2	139.0
Jun	203.7	184.0	210.9	222.7	541.7	365.3	183.7	142.0	196.9	171.3	110.2	339.2	141.5
Sep	205.5	187.9	218.3	220.4	541.7	338.5	181.9	143.0	202.2	166.5	109.4	350.2	139.5
Dec	202.1	181.0	196.2	220.6	541.7	388.0	187.8	143.9	193.7	178.0	112.2	338.6	146.1
2003-Jan	182.9	159.5	208.4	209.9	541.7	314.8	178.4	146.3	211.3	161.3	123.4	338.1	180.2
Feb	185.8	162.7	211.5	211.9	541.7	316.7	176.9	146.1	220.7	163.0	123.3	338.1	181.2
Mar	188.5	166.7	211.5	212.2	541.7	310.9	181.5	144.0	221.8	163.7	125.4	336.6	180.6
Apr	189.2	166.2	211.5	225.3	541.7	314.5	183.9	144.7	224.5	164.0	129.1	350.5	184.5
May	186.1	162.2	211.5	221.0	541.7	315.8	184.4	145.6	225.3	163.3	130.3	348.7	180.7
Jun	185.3	162.3	211.5	216.5	541.7	301.1	182.8	143.9	226.8	162.6	131.3	348.7	189.2
Jul	188.1	164.7	211.5	224.5	541.7	311.8	184.5	144.8	237.1	164.1	124.4	348.7	188.1
Aug	186.8	164.1	211.7	228.5	541.7	308.8	179.2	147.2	215.2	165.7	111.0	339.4	176.9
Sep	187.3	165.8	211.5	216.8	541.7	308.2	180.0	147.0	201.7	164.1	114.1	331.7	177.3
Oct	191.3	172.0	212.6	215.7	541.7	301.6	184.0	140.6	201.2	165.3	114.6	317.3	177.0
Nov	191.6	172.5	217.8	207.1	541.7	303.9	183.3	140.2	203.0	165.1	110.8	316.2	173.2
Dec	195.3	177.6	217.8	207.2	541.7	300.9	183.7	141.4	205.0	167.5	111.8	319.6	168.1
2004-Jan	199.0	180.4	218.0	203.2	541.7	320.2	181.4	148.6	211.7	166.1	109.9	356.8	139.4
Feb	202.4	186.2	218.4	208.9	541.7	308.8	177.8	144.6	209.1	163.6	109.9	355.9	138.4
Mar	205.3	189.4	218.4	214.5	541.7	314.1	179.8	146.1	212.2	161.0	109.9	355.9	139.1
Apr	207.6	188.7	218.4	224.6	541.7	362.7	182.9	142.3	197.4	169.2	110.2	347.5	139.7
May	203.7	185.5	218.2	222.1	541.7	338.7	183.1	140.5	197.0	169.2	108.2	347.2	139.7
Jun	200.3	179.6	218.2	223.5	541.7	365.3	183.2	140.7	196.8	172.2	108.2	316.6	139.7
Jul	203.2	182.3	188.9	220.6	541.7	394.4	185.6	144.5	196.3	174.5	114.3	345.6	147.0
Aug	202.1	181.0	188.9	218.1	541.7	394.4	185.1	144.5	191.3	181.6	113.2	337.3	147.0
Sep	202.9	181.2	188.7	220.3	541.7	397.8	197.1	145.9	190.3	183.5	113.1	354.9	150.8
Oct	205.6	184.7	188.7	220.3	541.7	395.1	197.7	145.6	191.1	185.1	128.5	355.6	150.8
Nov	205.3	184.3	188.7	220.8	541.7	395.1	206.4	146.7	191.1	183.4	120.8	355.9	152.7
Dec	209.4	189.0	188.9	221.9	541.7	397.8	213.9	147.6	197.5	183.6	122.9	374.3	152.7

Source: National Bureau of Statistics. * People with monthly incomes TZS 17,500/= up to 40,000/=



A1.0 Output and Prices

Table A1.14: Dar es Salaam Retail Price Index - Wage earners*, 1996 - 2004

December 1994=100														
Period	Total Index	Food	Non Food											
			Total	Drinks and Tobacco	Clothing and footwear	Rent	Fuel, light & water	Furniture and utensils	Household operations	Personal care & health	Transportation	Recreation and entertain.	Education	Miscel. goods & services
Weights	100	73.8	26.2	4.5	3.8	2.1	5.4	1.1	1.9	1.5	1.9	1.3	1.2	1.5
1996	128.7	123.3	144.6	163.0	140.1	242.9	128.8	145.4	127.8	145.4	108.4	120.6	150.9	126.5
1997	137.4	129.3	161.5	175.8	154.7	264.1	159.0	165.3	126.3	160.7	138.7	135.0	139.4	111.4
1998	146.8	137.6	173.9	181.6	156.3	295.8	188.4	174.1	133.5	143.8	138.8	137.3	151.2	103.7
1999	149.8	135.9	191.0	247.9	179.0	303.6	208.6	179.7	132.8	143.0	137.1	137.3	130.5	104.6
2000	150.6	133.2	202.2	205.8	179.7	348.1	238.9	179.9	132.5	144.6	138.8	134.9	158.8	106.9
2001	163.4	140.7	224.9	213.5	205.4	541.7	254.1	194.3	178.9	171.5	135.5	126.7	186.8	117.2
2002	175.6	155.4	229.5	228.8	181.1	541.7	269.9	209.3	131.0	185.8	141.2	130.3	234.7	142.7
2003	184.2	160.6	246.5	256.3	180.9	541.7	312.9	222.7	132.9	123.3	142.0	121.9	336.7	176.1
2004	199.3	173.8	263.2	262.4	199.6	541.7	361.0	267.0	143.9	145.9	141.1	125.9	357.1	144.1
2003-Mar	185.1	161.3	247.8	255.9	179.2	541.7	321.0	215.3	133.6	122.7	141.6	131.5	323.8	182.7
Jun	184.4	159.8	249.6	256.1	183.8	541.7	318.8	214.9	132.7	122.1	141.4	135.2	356.5	183.6
Sep	183.5	160.1	245.3	255.0	183.6	541.7	308.0	224.4	133.8	123.5	142.1	114.0	342.7	170.3
Dec	183.7	161.1	243.1	258.1	176.8	541.7	304.0	236.3	131.4	124.9	143.0	107.0	323.6	167.9
2004-Mar	198.4	176.1	255.3	264.9	205.7	541.7	315.5	274.4	131.7	146.2	140.5	137.4	361.7	143.8
Jun	198.7	173.4	262.1	259.4	199.6	541.7	351.4	281.7	161.5	145.5	137.5	125.9	355.1	141.1
Sep	198.5	171.9	264.4	259.1	199.3	541.7	317.3	297.0	169.3	144.8	136.5	129.6	356.9	137.6
Dec	199.4	171.5	268.1	258.6	198.3	541.7	389.9	270.7	135.9	146.0	142.3	122.8	357.3	148.3
2003-Jan	182.7	159.4	243.8	255.7	171.4	541.7	318.1	214.1	133.7	122.9	140.7	130.4	280.3	182.2
Feb	186.4	162.8	248.4	256.0	180.9	541.7	318.1	214.1	133.7	122.9	141.4	131.3	347.9	182.2
Mar	186.3	161.6	251.1	256.0	185.4	541.7	327.0	217.7	133.4	122.2	142.8	132.7	343.3	183.6
Apr	184.9	159.7	251.5	256.3	184.3	541.7	326.8	214.0	132.9	122.2	142.8	135.7	355.1	184.7
May	183.4	158.0	250.4	256.0	181.2	541.7	326.1	213.1	133.1	121.7	140.8	134.3	353.3	183.1
Jun	184.9	161.6	247.0	256.0	186.0	541.7	303.4	217.7	132.0	122.6	140.6	135.6	361.2	182.9
Jul	183.3	160.2	244.9	254.6	186.2	541.7	301.3	218.5	132.5	124.2	141.1	130.4	343.3	173.6
Aug	183.9	160.5	245.4	254.4	183.7	541.7	311.6	223.1	135.9	121.7	142.3	102.3	345.7	167.0
Sep	183.4	159.7	245.7	256.0	181.0	541.7	311.1	231.5	133.1	124.7	142.8	109.4	339.2	170.3
Oct	183.4	160.5	243.6	257.7	178.5	541.7	303.8	234.0	131.7	124.2	142.8	114.3	323.7	169.6
Nov	183.0	160.2	242.9	258.3	176.7	541.7	305.1	233.6	130.4	124.6	142.3	102.3	322.6	169.6
Dec	184.8	162.6	242.8	258.3	175.2	541.7	303.0	241.2	132.1	125.9	144.0	104.3	324.6	164.6
2004-Jan	195.5	173.1	253.5	264.8	199.7	541.7	311.8	262.2	117.8	148.3	146.7	141.1	362.4	154.2
Feb	199.8	177.9	256.0	265.0	208.9	541.7	317.3	256.8	144.2	144.4	138.2	139.4	361.4	140.0
Mar	199.8	177.4	256.4	265.0	208.6	541.7	317.3	304.3	133.2	145.9	136.5	131.6	361.4	137.3
Apr	200.0	175.9	262.0	265.0	201.3	541.7	317.3	302.9	231.5	144.3	136.5	129.2	354.8	137.7
May	196.8	174.2	254.6	265.0	200.3	541.7	317.3	283.8	143.2	144.3	136.5	127.9	354.4	137.7
Jun	200.0	174.0	264.2	263.5	199.2	541.7	374.4	267.9	135.3	144.0	136.5	117.9	354.0	138.3
Jul	197.9	169.3	267.5	244.1	197.6	541.7	396.7	272.0	136.1	149.4	140.3	128.7	357.2	150.8
Aug	199.3	170.2	271.3	263.7	199.9	541.7	397.3	270.7	136.0	144.3	143.6	128.7	357.7	152.8
Sep	200.2	172.3	269.5	263.2	196.6	541.7	391.2	272.1	136.3	146.3	148.6	115.8	360.4	151.2
Oct	199.9	171.8	269.3	263.2	196.6	541.7	397.0	247.6	139.3	147.1	147.6	116.6	357.2	142.8
Nov	200.2	173.7	265.4	263.2	192.4	541.7	397.0	217.3	139.5	146.7	141.5	115.1	323.5	143.3
Dec	202.3	175.2	269.3	263.2	194.3	541.7	397.0	246.3	134.9	146.2	141.0	118.7	380.4	143.3

Source: National Bureau of Statistics. * People with Monthly incomes up to TZS 17,500/=.



Table A2.1: Analysis of Central Government Finance, 1995-2005

Item	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
1. Total Revenue (A+ B)	389,743.0	495,254.5	653,445.3	738,441.4	859,270.9	1,057,951.4	1,215,930.0	1,422,802.0	1,839,819.1	2,204,221.0	2,498,105.9
A. Recurrent Revenue	331,238.0	448,372.9	572,029.7	619,083.1	689,325.3	777,644.7	929,624.0	1,042,954.0	1,217,517.0	1,507,548.5	1,773,709.4
Tax revenue	299,898.0	383,743.5	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	1,615,247.0
Customs and Excise duties	91,248.0	121,242.7	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
Income taxes	86,644.0	103,870.7	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
Sales taxes/VAT	72,643.0	94,712.2	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
Other taxes	49,363.0	63,917.9	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
Non - tax revenue	31,340.0	64,629.4	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
B. Grants	58,505.0	46,881.6	81,415.6	119,358.3	169,945.6	280,306.7	286,306.0	379,848.0	622,302.1	696,672.5	724,396.5
2. Total expenditure	398,023.8	420,522.1	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	2,550,308.2	3,164,215.5
Recurrent expenditure	366,331.8	415,139.8	486,493.7	543,751.0	680,182.7	808,865.4	1,018,782.1	1,121,527.0	1,488,640.8	1,872,382.4	2,093,054.9
Current payments	316,167.8	355,534.0	372,846.2	442,569.7	589,354.5	680,687.0	890,632.4	1,001,138.0	1,388,860.8	1,772,917.4	1,988,764.5
Debt service	50,164.0	59,605.8	113,647.5	101,181.3	90,828.2	128,178.4	128,149.7	120,389.0	99,780.0	99,465.0	104,290.4
Development expenditure	31,692.0	5,382.3	28,895.6	186,585.0	136,523.9	359,913.4	286,253.2	344,611.0	500,897.0	677,925.8	1,071,160.6
3. Surplus (+) / Deficit (-) [item 1 - 2]	-8,280.8	74,732.4	138,056.0	8,105.4	42,564.2	-110,827.4	-89,105.3	-43,336.0	-149,718.7	-346,087.2	-666,109.6
4. Other Items	-56,278.2	-96,001.9	-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
5. Expenditure float									-79,393.5	-89,548.0	-140,141.5
6. Overall Balance (item 3 to 5)	-64,559.0	21,269.5	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
7. Total Financing	64,559.0	21,269.5	-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
Foreign (net) :	2,956.0	-34,899.5	-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
Loans	42,365.0	15,509.0	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
Program	19,862.0	7,703.4	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
Development project	22,503.0	7,805.6	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
Basket Support										1,902.0	156,744.7
Amortization	-39,409.0	-50,408.5	-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
Domestic (net):	61,603.0	56,169.0	-41,926.6	3,669.2	-5,740.0	7,854.4	-2,494.4	-24,159.0	-36,513.9	-34,495.7	144,945.2
Domestic non-bank borrowing	5,800.0	-6,584.0	-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
Domestic bank borrowing	55,803.0	62,753.0	-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
Amortization of contingent debt								-1,552.0	-250.9	0.0	0.0
Privatization Fund			13,852.6		7,000.0		26,692.9			9,767.0	0.0
Change in arrears								-59,107.0			
Memorandum items:											
Domestic Amortization	-2,117.2	-4,465.3	-24,696.3	-53,419.5	-38,499.1	-234,092.1	-256,372.3	-139,396.7	-250.9	0.0	0.0

Source: Ministry of Finance, Bank of Tanzania



Table A2.2: Central Government Operations (Actual), 1995-2005

Item	Millions of TZS										
	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
Total Revenue	331,238.0	448,372.9	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
Tax Revenue	299,898.0	383,743.5	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
Taxes on Imports	91,248.0	121,242.7	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
Sales/VAT and Excise on Local Goods	72,643.0	94,712.2	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
Income Taxes	86,644.0	103,870.7	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
Other taxes	49,363.0	63,917.9	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
Non-tax Revenue	31,340.0	64,629.4	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
Total Expenditure	398,023.8	420,522.1	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
Recurrent expenditure	366,331.8	415,139.8	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
Wages and salaries	111,494.0	156,086.7	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
Interest payments	50,164.0	59,605.8	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
Domestic	26,703.0	34,159.5	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
Foreign	23,461.0	25,446.3	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
Other goods, services and transfers	204,673.8	199,447.3	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
Roadtoll fund	0.0	0.0	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
Retention fund	0.0	0.0	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
Dev. Expenditure and net lending	31,692.0	5,382.3	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
Local					18,807.5	19,428.8	35,069.1	50,236.0	95,661.7	133,041.3	239,651.1
Foreign					117,716.4	340,484.6	251,184.1	294,375.0	405,235.3	603,786.8	831,509.5
Overall Deficit (cheques issued) before Grants	-66,785.8	27,850.8	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
Grants	58,505.0	46,881.6	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
o/w: Project	51,822.0	16,914.7	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
Program	0.0	29,966.9	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
HIPC relief								56,657.0	72,858.2	77,417.3	77,417.3
Overall deficit (cheques issued) after grants	-8,280.8	74,732.4	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
Adjustments to cash and other items(net)	-56,278.2	-96,001.9	-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
Expenditure float									-79,393.5	-89,548.0	-140,141.5
Overall deficit (cheques cleared)	-64,559.0	-21,269.5	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
Financing:	64,559.0	21,269.5	-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
Foreign Financing (net)	2,956.0	-34,899.5	-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
Loans	42,365.0	15,509.0	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
Program loans	19,862.0	7,703.4	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
Development	22,503.0	7,805.6	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
Basket Support								0.0	0.0	1,902.0	156,744.7
Amortization	-39,409.0	-50,408.5	-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
Domestic (net)	61,603.0	56,169.0	-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
Bank borrowing	55,803.0	62,753.0	-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
Non-Bank (net of amortization)	5,800.0	-6,584.0	-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
Amortization of contingent debt								-1,552.0	-250.9	0.0	0.0
Privatization Fund			13,852.6		7,000.0		26,692.9			9,767.0	0.0
Change in arrears								-59,107.0	0.0	0.0	0.0
Memorandum items:											
Official development assistance (actual) (millions of TZS)	-2,117.2	-4,465.3	-24,696.3	-53,419.5	-38,499.1	6,834,092.0	7,236,808.5	8,489,306.0	-250.9	0.0	0.0

Source: Ministry of Finance and Bank of Tanzania



Table A2.3. Treasury Bills Auction - Actual Sales by Transactor, 1995-2005

Period	Millions of TZS										
	Total			Bank of Tanzania			Deposit Money Banks			Other Banking Institutions	
	Auction	Cumulative	Auction	Cumulative	Auction	Cumulative	Auction	Cumulative	Auction	Cumulative	Auction
1995	217,168.6	307,535.7	10,191.0	13,123.7	91,481.3	121,658.6	28,770.7	44,015.0	51,925.1	74,607.4	3,977.8
1996	286,360.8	593,896.5	0.0	13,123.7	204,023.5	325,682.1	20,800.5	64,815.5	42,058.2	116,665.6	2,200.0
1997	347,488.5	941,385.0	0.0	13,123.7	293,428.9	619,111.0	10,350.0	75,165.5	34,084.7	150,750.3	0.0
1998	255,279.2	1,196,664.2	0.0	13,123.7	167,111.0	786,222.0	41,138.1	116,303.6	35,615.1	186,365.4	0.0
1999	295,194.6	1,491,858.8	0.0	13,123.7	214,756.4	1,000,978.3	12,942.7	129,246.2	49,511.4	235,876.8	0.0
2000	399,324.4	1,891,183.2	0.0	13,123.7	243,818.4	1,244,796.8	29,407.9	158,654.1	119,785.5	355,662.3	0.0
2001	553,361.4	2,444,544.5	0.0	13,123.7	374,220.6	1,619,017.3	30,887.9	189,542.0	131,852.1	487,514.5	0.0
2002	1,024,963.4	1,916,037.5	0.0	0.0	743,140.0	1,405,503.6	93,228.2	170,129.1	177,867.4	317,518.1	0.0
2003	1,196,691.8	7,001,786.7	0.0	0.0	868,637.1	5,096,497.5	43,956.4	237,803.1	194,279.6	1,188,328.1	0.0
2004	1,375,212.2	91,267,953.4	0.0	0.0	907,364.7	63,192,355.2	52,134.5	5,506,290.0	243,300.0	16,399,069.4	0.0
2004- Jan	91,425.0	1,288,116.8	0.0	0.0	71,725.3	940,362.3	582.8	44,539.2	13,870.1	208,149.6	0.0
Feb	118,952.7	1,407,069.4	0.0	0.0	90,869.2	1,031,231.5	7,799.1	52,338.4	9,994.4	218,144.0	0.0
Mar	114,743.5	1,521,813.0	0.0	0.0	82,619.3	1,113,850.8	6,916.5	59,254.9	20,605.4	238,749.4	0.0
Total	325,121.2	4,216,999.2	0.0	0.0	245,213.7	3,085,444.7	15,298.5	156,132.5	44,469.8	665,043.1	0.0
Apr	91,344.1	1,613,157.0	0.0	0.0	57,547.4	1,171,398.3	4,212.9	63,467.8	19,566.9	258,316.3	0.0
May	87,418.2	1,700,575.2	0.0	0.0	55,170.8	1,226,569.1	5,436.5	68,904.3	12,088.9	270,405.2	0.0
Jun	116,729.4	1,817,304.6	0.0	0.0	54,334.8	1,280,903.9	5,271.0	74,175.3	18,847.2	289,252.4	0.0
Total	295,491.7	5,131,036.8	0.0	0.0	167,053.0	3,678,871.2	14,920.4	206,547.4	50,503.0	817,973.8	0.0
Jul	107,546.2	1,924,850.8	0.0	0.0	63,306.0	1,344,209.9	8,705.0	82,880.3	27,260.5	316,512.9	0.0
Aug	80,900.6	2,005,751.4	0.0	0.0	54,343.9	1,398,553.8	1,411.0	84,291.3	14,176.5	330,689.3	0.0
Sep	155,123.9	2,160,875.3	0.0	0.0	106,845.6	1,505,399.4	5,151.0	89,442.3	28,497.4	359,186.7	0.0
Total	343,570.7	6,091,477.5	0.0	0.0	224,495.5	4,248,163.0	15,267.0	256,613.9	69,934.3	1,006,388.9	0.0
Oct	116,971.5	22,739,751.6	0.0	0.0	79,765.0	15,665,263.8	2,422.0	1,492,207.9	27,244.9	4,169,625.4	0.0
Nov	125,822.1	23,283,050.5	0.0	0.0	84,658.4	16,035,323.2	2,085.6	1,504,963.1	23,851.2	4,274,757.3	0.0
Dec	168,235.1	29,805,637.8	0.0	0.0	106,179.0	20,479,289.4	2,141.0	1,889,825.3	27,296.8	5,465,281.0	0.0
Total	411,028.7	75,828,439.9	0.0	0.0	270,602.4	52,179,876.3	6,648.6	4,886,996.2	78,392.9	13,909,663.7	0.0
2005- Jan	137,518.1	24,441,357.9	0.0	0.0	115,515.8	16,840,997.3	1,070.0	1,519,050.2	13,768.1	4,440,861.5	0.0
Feb	175,911.9	25,070,167.6	0.0	0.0	162,465.3	17,400,647.5	842.0	1,522,388.2	4,203.2	4,479,527.6	0.0
Mar	167,222.2	25,776,333.7	0.0	0.0	149,661.9	18,047,823.9	1,121.0	1,526,179.2	5,722.8	4,494,436.1	0.0
Total	480,652.2	75,287,859.2	0.0	0.0	427,643.0	52,289,468.8	3,033.0	4,567,617.7	23,694.2	13,414,825.2	0.0
Apr	176,991.4	33,006,713.7	0.0	0.0	118,364.7	23,118,226.1	1,105.0	1,912,585.3	27,161.5	5,720,179.7	0.0
May	174,326.4	27,167,873.8	0.0	0.0	114,738.8	19,024,504.9	1,024.5	1,535,686.8	24,742.5	4,695,928.6	0.0
Jun	152,841.6	27,875,990.6	0.0	0.0	100,101.1	19,508,789.4	1,916.0	1,542,063.4	10,871.1	4,743,226.8	0.0
Total	504,159.4	88,050,578.1	0.0	0.0	333,204.7	61,651,520.5	4,045.5	4,990,335.5	62,775.1	15,159,335.1	0.0
Private Sector											Cumulative
1995											30,822.7
1996											17,278.3
1997											9,624.7
1998											11,415.0
1999											17,984.2
2000											6,313.1
2001											4,856.2
2002											10,727.8
2003											89,818.7
2004											172,413.1
2004- Jan											5,246.9
Feb											10,290.0
Mar											4,602.3
Total											20,139.1
Apr											10,016.9
May											14,722.0
Jun											38,276.4
Total											63,015.2
Jul											8,274.7
Aug											10,969.3
Sep											14,629.9
Total											33,873.9
Oct											7,539.6
Nov											15,227.0
Dec											32,618.3
Total											55,384.9
2005- Jan											7,164.2
Feb											8,401.4
Mar											10,716.5
Total											26,282.0
Apr											2,164,631.9
May											33,820.6
Jun											39,953.4
Total											104,134.1

Source: Bank of Tanzania

**Table A2.4 : Central Government Outstanding Stocks, Bonds and Notes by Holders, 1995-2005**

End of period	Bank of Tanzania	Deposit Money banks	Other banks	Other Financial Institutions	Official Entities	Private Sector	Others	Total
1995	215,134.3	12,421.5	0.0	0.0	0.0	0.0	32,393.7	259,949.5
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
2001-Mar	296,941:6	192,022.9	12,315:4	70,675.4	35,837:3	2,799.2	0.0	610,591.8
2003-Mar	201,692.7	174,551.4	14,239.9	164,100.2	1,490.6	372.0	0.0	556,446.8
Jun	201,692.7	169,530.6	10,622.9	179,109.2	1,490.6	308.0	0.0	562,754.0
Sept	199,455.8	166,210.6	11,581.9	202,621.8	1,476.3	212.0	0.0	581,558.4
Dec	199,455.8	187,368.2	14,795.3	218,956.0	1,640.4	674.4	29,095.8	651,985.9
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

* 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, 1995 - 2005

Millions of TZS														
End of Period	Domestic assets (net)					M3, Extended	Broad Money					M0, Base Money of which: (CBR)**		
	Domestic credit (net)						M1, Broad Money							
	Foreign assets	Net claims on government	Claims on private sectors*		Other items (net)	sum (2-5) or sum (9-13)	Total sum (9-12)	Currency in circulation			Time deposits	Savings deposits	Foreign currency deposits	Total sum (9,15)
			2	3				4	5	6				
1	165,813.5	279,257.9	247,846.0	59,994.1	752,911.5	613,695.3	428,285.1	244,313.7	183,971.4	91,210.2	94,199.9	139,216.3	314,885.1	70,571.4
1995	290,319.8	295,822.8	141,341.0	90,579.4	818,063.0	684,990.6	449,213.3	257,662.8	191,550.5	122,436.6	113,340.7	133,072.4	335,768.0	78,105.3
1996	398,918.6	239,457.5	182,976.9	105,716.0	927,068.9	760,353.3	493,868.7	287,877.1	205,991.7	126,269.2	140,215.3	166,715.6	364,940.0	77,062.9
1997	458,003.6	276,586.7	248,276.2	44,118.1	1,026,984.7	844,929.4	545,517.0	307,798.7	237,718.3	134,401.0	165,011.4	182,055.2	418,734.0	110,935.3
1998	622,286.8	366,596.2	311,533.0	82,789.1	1,217,626.9	972,088.6	632,571.2	384,848.0	247,723.2	149,257.1	190,260.3	245,538.3	508,674.0	123,826.0
1999	842,755.0	375,114.6	340,628.1	-160,840.2	1,397,688.8	1,093,610.9	695,006.5	392,404.2	302,602.3	170,051.6	228,552.8	304,077.9	556,430.9	164,026.7
2000	1,209,820.4	239,201.4	340,628.1	-152,919.2	1,636,730.7	1,233,667.0	766,019.9	411,638.9	354,381.0	208,101.4	259,545.7	403,063.7	584,369.1	172,730.2
2001	1,538,627.1	264,608.6	570,668.3	-654,221.0	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	2,182,072.0	12,937.0	817,125.2	-623,818.1	2,388,316.1	1,721,109.9	1,113,379.1	553,045.8	560,333.3	230,958.8	376,771.9	667,206.2	783,309.0	230,263.2
2003	2,379,909.3	-47,719.7	1,060,077.3	-544,146.8	2,848,120.0	2,050,886.0	1,315,739.4	664,148.0	651,591.3	276,396.4	458,750.2	797,234.1	967,776.0	303,628.0
2003-Mar	1,707,928.0	272,871.6	598,111.4	-491,261.2	2,087,649.8	1,502,204.6	908,801.8	447,867.7	460,934.1	239,653.3	353,749.5	585,445.2	649,571.0	201,703.3
Jun	1,871,286.0	199,679.4	658,524.6	-523,596.0	2,205,894.0	1,558,784.9	981,147.7	473,703.5	507,444.2	246,719.6	330,917.5	647,109.1	639,661.8	165,958.3
Sep	2,087,692.5	-35,083.4	764,967.9	-244,516.7	2,297,125.8	1,649,505.4	1,085,306.0	504,927.7	580,378.3	226,730.3	337,469.1	647,620.4	687,925.1	182,997.4
Dec	2,182,072.0	12,937.0	817,125.2	-623,818.1	2,388,316.1	1,721,109.9	1,113,379.1	553,045.8	560,333.3	230,958.8	376,771.9	667,206.2	783,309.0	230,263.2
2004-Mar	2,178,747.4	91,076.2	847,977.4	-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	-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	-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	-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 - Mar	2,462,099.7	40,002.0	1,147,110.1	-525,244.4	3,123,967.5	2,211,685.5	1,390,703.8	645,241.4	745,462.4	341,842.1	479,139.7	912,281.9	977,283.9	332,042.5
Jun	2,279,294.3	284,702.9	1,219,374.3	-516,881.4	3,266,490.1	2,366,508.0	1,528,832.6	734,912.2	793,920.4	328,711.1	508,964.3	899,982.2	1,029,997.6	295,085.4
2004-January	2,312,919.5	-126.1	856,793.0	-683,565.0	2,486,021.4	1,741,293.0	1,116,903.1	538,830.7	578,072.4	249,553.6	374,836.3	744,728.5	769,091.2	230,260.5
February	2,318,994.8	34,856.7	844,586.5	-700,965.8	2,497,472.3	1,742,942.7	1,110,654.6	519,962.7	590,691.9	248,995.7	383,292.4	754,529.5	743,811.5	223,848.8
March	2,178,747.4	91,076.2	847,977.4	-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
April	2,141,542.4	129,701.5	859,629.3	-680,463.8	2,450,409.3	1,730,409.3	1,093,912.9	523,110.5	570,802.4	248,346.7	388,234.2	719,915.5	805,102.5	281,992.1
May	2,114,512.7	155,789.2	890,926.8	-644,154.5	2,517,074.1	1,788,489.3	1,131,063.0	532,770.1	598,292.9	266,743.5	390,682.8	728,584.8	794,842.2	262,072.1
June	2,134,182.7	157,606.9	965,980.9	-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
July	2,128,834.6	244,329.6	994,969.8	-652,298.2	2,715,835.9	1,919,971.4	1,250,869.2	612,242.3	638,626.9	264,971.5	404,130.3	795,864.5	893,742.3	281,500.0
August	2,131,384.3	196,074.0	991,955.1	-608,426.0	2,710,987.4	1,936,449.4	1,252,535.2	639,586.9	612,948.3	272,726.8	411,187.5	774,537.9	922,959.0	283,372.1
September	2,289,760.4	-1,703.5	1,027,300.4	-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
October	2,328,838.7	45,108.0	1,029,789.8	-547,703.1	2,856,033.4	1,923,549.3	1,326,121.5	661,921.9	664,499.6	267,067.6	430,360.2	832,484.2	976,377.9	314,756.0
November	2,372,331.9	19,621.9	1,061,773.5	-599,041.3	2,854,686.0	2,044,777.6	1,325,884.4	666,288.9	659,595.6	274,470.5	444,422.7	809,908.4	990,940.6	324,651.7
December	2,379,909.3	-47,719.7	1,060,077.3	-544,146.8	2,848,120.0	2,050,886.0	1,315,739.4	664,148.0	651,591.3	276,396.4	458,750.2	797,234.1	967,776.0	303,628.0
2005- January	2,408,352.9	61,685.6	1,117,110.4	-606,557.6	2,980,591.4	2,089,035.9	1,342,836.9	636,932.2	705,904.7	287,300.0	458,998.9	891,555.5	960,140.8	323,208.6
February	2,482,058.1	79,917.9	1,132,519.9	-601,587.7	3,092,908.2	2,200,089.4	1,415,829.4	632,087.7	783,743.7	318,286.0	465,974.0	892,818.9	1,001,798.5	369,712.9
March	2,462,099.7	40,002.0	1,147,110.1	-525,244.4	3,123,967.5	2,211,685.5	1,390,703.8	645,241.4	745,462.4	341,842.1	479,139.7	912,281.9	977,283.9	332,042.5
April	2,357,490.8	103,980.3	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
May	2,305,218.6	192,265.0	1,182,122.5	-568,246.1	2,242,841.3	1,417,403.2	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
June	2,279,294.3	284,702.9	1,219,374.3	-516,881.4	3,266,490.1	2,366,508.0	1,528,832.6	734,912.2	793,920.4	328,711.1	508,964.3	899,982.2	1,029,997.6	295,085.4



Table A3.2: Bank of Tanzania - Assets, 1995 - 2005

Millions of TZS

End of period	Foreign assets			Claims on government			Lending to banks	Revaluation account	Premises and equipment	Items in process of collection**	Other assets	Total
	Foreign exchange	Gold reserve	SDRs	Quota in IMF	Advances	Treasury bills*	Other securities					
1995	126,895.3	15,549.5	36.2	120,140.8	18,950.0	0.0	307,420.5	326,370.5	15,842.7	7,997.8	51,302.8	970,666.9
1996	237,246.9	18,845.8	346.0	125,594.7	0.0	0.0	299,374.5	299,374.5	16,235.7	6,651.0	82,756.0	1,059,795.6
1997	362,312.0	19,310.0	67.0	124,504.0	0.0	0.0	269,693.0	269,693.0	23,306.0	7,910.0	86,173.0	964,449.0
1998	376,350.0	21,115.0	240.0	140,534.0	0.0	0.0	234,075.0	234,075.0	22,721.0	6,472.0	31,483.0	1,285,780.0
1999	582,315.0	25,002.0	104.0	217,803.0	0.0	0.0	302,788.0	302,788.0	22,492.0	63,307.0	53,705.2	1,443,819.3
2000	746,522.8	25,352.6	314.4	208,448.0	0.0	0.0	296,673.3	296,673.3	27,967.0	24,972.0	61,807.1	1,698,665.1
2001	1,018,903.2	29,013.3	345.2	228,839.3	0.0	0.0	296,673.3	296,673.3	37,164.0	41,500.3	110,355.0	2,178,444.8
2002	1,452,491.1	26,926.4	101.6	263,040.6	0.0	0.0	201,457.1	201,457.1	82,527.5	41,545.6	122,364.7	2,921,192.4
2003	2,151,412.7	0.0	525.0	307,705.3	0.0	0.0	202,202.4	202,202.4	124,562.6	12,419.6	210,070.7	3,328,362.4
2004	2,378,542.2	0.0	73.5	321,091.3	0.0	0.0	199,211.2	199,211.2	213,442.4	5,931.0	111,084.6	2,272,944.0
2003-Mar	1,550,626.1	27,628.1	453.3	279,264.1	0.0	0.0	201,448.1	201,448.1	85,841.8	16,598.0	111,476.4	2,437,302.0
Jun	1,704,205.5	28,920.3	273.1	292,033.3	0.0	0.0	202,904.3	202,904.3	97,530.1	-41.0	110,917.5	2,717,874.3
Sep	1,961,438.4	31,958.0	89.8	293,658.8	0.0	0.0	206,840.4	206,840.4	105,940.5	7,030.8	122,364.7	2,921,192.4
Dec	2,151,412.7	0.0	525.0	307,705.3	0.0	0.0	202,202.4	202,202.4	124,562.6	12,419.6	111,084.6	2,272,944.0
2004-Mar	2,170,362.2	0.0	352.0	325,215.6	0.0	0.0	202,202.4	202,202.4	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	199,930.0	199,930.0	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	199,211.2	199,211.2	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	199,211.2	199,211.2	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	199,211.2	199,211.2	243,436.0	2,957.0	219,470.8	3,326,914.6
Jun	2,200,782.5	0.0	58.3	326,878.1	0.0	0.0	205,332.6	205,332.6	276,085.5	-15.1	232,034.5	3,241,156.4
2004-January	2,186,310.6	0.0	562.0	329,354.8	0.0	0.0	202,202.4	202,202.4	126,906.4	2,350.4	117,104.7	2,964,791.3
February	2,253,730.9	0.0	353.7	326,822.8	0.0	0.0	202,202.4	202,202.4	130,842.7	19,264.5	116,502.9	3,049,720.0
March	2,170,362.2	0.0	352.0	325,215.6	0.0	0.0	202,202.4	202,202.4	140,803.1	39,457.3	129,077.9	3,007,470.6
April	2,117,303.6	0.0	347.8	321,288.5	0.0	0.0	202,202.4	202,202.4	139,881.1	19,212.9	128,332.5	2,928,568.8
May	2,099,845.2	0.0	148.2	326,183.6	0.0	0.0	202,202.4	202,202.4	146,068.8	14,549.4	129,984.1	2,918,981.7
June	2,063,152.2	0.0	146.8	323,226.3	0.0	0.0	199,930.0	199,930.0	147,061.6	0.0	172,667.2	2,906,184.1
July	1,960,014.9	0.0	144.3	317,624.8	0.0	0.0	199,211.2	199,211.2	152,125.3	3,339.7	179,906.6	2,812,366.7
August	1,968,094.5	0.0	80.6	314,119.6	0.0	0.0	199,211.2	199,211.2	163,118.9	4,353.0	159,272.3	2,808,250.7
September	2,108,557.9	0.0	79.5	309,739.1	0.0	0.0	199,211.2	199,211.2	180,945.7	6,438.3	184,939.0	2,989,910.7
October	2,184,886.6	0.0	318.5	315,085.7	0.0	0.0	199,700.6	199,700.6	188,430.5	8,804.7	191,121.4	3,088,347.9
November	2,370,784.3	0.0	74.0	323,224.6	0.0	0.0	199,211.2	199,211.2	202,007.5	3,781.1	196,024.4	3,295,107.0
December	2,378,542.2	0.0	73.5	321,091.3	0.0	0.0	199,211.2	199,211.2	213,442.4	5,931.0	210,070.7	3,328,362.4
2005 - January	2,399,504.6	0.0	411.5	333,360.8	0.0	0.0	199,211.2	199,211.2	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	199,211.2	199,211.2	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	199,211.2	199,211.2	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	199,211.2	199,211.2	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	204,069.7	204,069.7	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	205,332.6	205,332.6	276,085.5	-15.1	232,034.5	3,241,156.4

* 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.

Source: BoT



A3.0: Money and Banking

Table A3.3 : Bank of Tanzania - Liabilities, 1995 - 2005

Millions of TZS											
End of period	Currency in circulation	Central government deposits	Bank,s deposits	Other deposits	Foreign liabilities	International Monetary fund	Allocation of SDRs	Items in process of collection*	Other liabilities	Capital and reserves	Total**
1995	264,208.2	39,673.4	50,676.8	32,718.4	390,540.8	118,602.2	25,657.3		43,715.7	4,874.1	970,666.9
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
2003-Mar	502,614.4	196,556.0	146,956.5	14,717.5	501,511.8	231,423.7	44,047.6	4,933.9	590,314.4	39,868.6	2,272,944.4
Jun	522,561.6	260,206.4	117,100.2	27,638.7	533,023.2	271,954.6	46,061.7	-13,464.9	632,351.9	39,868.6	2,437,302.0
Sep	563,633.8	405,733.2	124,291.3	18,321.1	535,812.7	271,954.6	46,318.1	1,670.3	685,298.5	64,840.7	2,717,874.3
Dec	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-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
2004-January	589,357.8	370,502.3	179,733.4	14,978.5	622,293.6	271,954.6	51,948.3	877.1	798,305.0	64,840.7	2,964,791.3
February	573,434.2	386,129.0	170,377.4	11,917.4	650,695.3	271,954.6	51,548.9	11,611.8	856,550.9	65,500.7	3,049,720.0
March	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
April	574,271.3	260,746.2	230,831.2	11,661.3	667,456.4	271,954.6	50,676.0	1,759.8	793,651.3	65,560.7	2,928,568.8
May	589,945.7	258,484.4	204,896.5	9,057.6	657,484.1	305,135.9	51,448.1	-19,454.6	796,393.2	65,590.7	2,918,981.7
June	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
July	673,759.6	159,108.8	219,982.7	12,674.5	564,339.5	305,135.9	50,098.2	1,290.2	733,356.2	92,621.2	2,812,366.7
August	704,403.4	196,656.7	218,555.5	36,928.3	562,882.1	305,135.9	49,545.3	631.2	640,830.5	92,681.2	2,808,250.2
September	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
October	724,522.8	333,323.6	251,855.1	38,929.7	599,875.1	305,135.9	49,697.7	1,907.6	688,614.3	94,486.1	3,088,347.9
November	734,869.8	346,940.2	256,070.8	37,088.7	693,812.5	305,135.9	50,981.4	352.7	775,308.8	94,546.1	3,295,107.0
December	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 - 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

* Included from July 2001 on gross level

** Revised from Jan-02



Table A3.4 : Tanzania Notes in Circulation, 1995 - 2005

End of Period	Millions of TZS											Percent of Total										
	10/-	20/-	50/-	100/-	200/-	500/-	1,000/-	2,000/-	5,000/-	10,000/-	Total	10/-	20/-	50/-	100/-	200/-	500/-	1,000/-	2,000/-	5,000/-	10,000/-	
1995	100.3	502.1	554.2	2,260.3	6,854.1	34,551.0	89,107.4	49,612.7	77,297.4	260,839.4	0.0	0.2	0.2	0.9	2.6	13.2	34.2			19.0	29.6	
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	44.2	
1997	99.8	498.9	n/a	n/a	5,121.7	24,811.5	57,947.3	65,829.4	153,141.8	307,450.4	0.0	0.2	n/a	n/a	1.7	8.1	18.8			21.4	49.8	
1998	99.9	498.7	n/a	n/a	7,461.0	24,777.6	57,563.0	65,996.2	173,622.7	330,019.1	0.0	0.2	n/a	n/a	2.3	7.5	17.4			20.0	52.6	
1999	99.8	498.5	n/a	n/a	8,374.0	40,506.3	42,070.0	92,848.8	234,880.1	419,277.3	0.0	0.1	n/a	n/a	2.0	9.7	10.0			22.1	56.0	
2000	99.8	498.3	n/a	n/a	6,671.7	27,412.5	57,732.1	97,177.0	243,507.7	433,099.1	0.0	0.1	n/a	n/a	1.5	6.3	13.3			22.4	56.2	
2001	99.8	498.2	n/a	n/a	3,171.3	19,359.7	71,544.1	88,310.2	261,404.8	444,388.2	0.0	0.1	n/a	n/a	0.7	4.4	16.1			19.9	58.8	
2002	99.7	498.1	-	-	2,231.0	37,816.2	68,391.1	112,493.1	308,925.7	530,454.9	0.0	0.1	-	-	0.4	7.1	12.9			21.2	58.2	
2003	99.7	498.0	-	-	1,978.0	37,760.4	40,775.6	38,542.2	154,817.8	314,648.6	589,120.2	0.0	0.1	-	-	0.3	6.4	6.9	6.5	26.3	53.4	
2004	99.7	497.8	-	-	1,974.2	36,901.9	54,312.0	60,871.6	132,013.8	421,347.4	708,018.4	0.0	0.1	-	-	0.3	5.2	7.7	8.6	18.6	59.5	
2003-Mar	99.8	498.1	-	-	2,179.1	46,728.6	69,233.9	16,191.5	16,191.5	107,101.5	261,381.4	503,414.0	0.0	-	-	0.4	9.3	13.8	3.2	21.3	48.8	
Jun	99.7	498.1	-	-	2,051.3	46,762.5	35,233.6	55,332.0	156,560.1	209,306.8	505,844.1	0.0	0.1	-	-	0.4	9.2	7.0	10.9	31.0	41.4	
Sep	99.7	498.0	-	-	2,017.9	43,198.1	43,687.7	37,161.6	171,021.8	249,017.9	546,702.7	0.0	0.1	-	-	0.4	7.9	8.0	6.8	31.3	45.5	
Dec	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	53.4	
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	56.9	
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	57.5	
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	58.0	
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	59.5	
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	61.5	
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	60.9	
2004-January	99.7	498.0	-	-	1,977.6	36,966.7	36,048.0	38,392.3	144,846.4	312,841.3	571,669.8	0.0	0.1	-	-	0.3	6.5	6.3	6.7	25.3	54.7	
February	99.7	497.9	-	-	1,977.0	36,163.5	34,310.3	37,484.1	133,426.9	311,697.0	555,656.5	0.0	0.1	-	-	0.4	6.5	6.2	6.7	24.0	56.1	
March	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	56.9	
April	99.7	497.9	-	-	1,976.3	34,419.8	36,610.0	39,744.7	120,999.7	321,856.9	556,205.1	0.0	0.1	-	-	0.4	6.2	6.6	7.1	21.8	57.9	
May	99.7	497.9	-	-	1,976.1	35,131.9	39,781.2	41,824.5	124,698.3	327,795.7	571,805.4	0.0	0.1	-	-	0.3	6.1	7.0	7.3	21.8	57.3	
June	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	57.5	
July	99.7	497.8	-	-	1,975.2	36,972.6	47,584.0	58,057.8	137,931.7	372,050.2	655,169.0	0.0	0.1	-	-	0.3	5.6	7.3	8.9	21.1	56.8	
August	99.7	497.8	-	-	1,974.9	37,988.3	51,615.6	63,347.2	136,261.2	393,737.2	685,522.0	0.0	0.1	-	-	0.3	5.5	7.5	9.2	19.9	57.4	
September	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	58.0	
October	99.7	497.8	-	-	1,974.5	36,851.5	63,678.5	61,532.7	125,770.1	414,758.6	705,163.4	0.0	0.1	-	-	0.3	5.2	9.0	8.7	17.8	58.8	
November	99.7	497.8	-	-	1,974.3	37,308.9	64,789.2	61,511.4	124,919.6	424,175.3	715,276.1	0.0	0.1	-	-	0.3	5.2	9.1	8.6	17.5	59.3	
December	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	59.5	
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	60.0	
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	60.9	
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	61.5	
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	61.3	
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	61.2	
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	60.9	

Source: BoT



Table A3.5 :Tanzania Coins in Circulation, 1995 - 2005

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/-	
1995	8.8	4.6	38.5	45.8	172.0	388.5	655.2	722.8	12.6	n/a	1,228.0	n/a	3,276.7	0.3	0.1	1.2	1.4	5.2	11.9	20.0	22.1	0.4	n/a	37.5	n/a	
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	
2003-Mar	8.8	4.6	38.4	45.9	167.6	397.3	757.3	916.5	11.7	2,299.7	7,693.1	3,990.9	16,331.7	0.1	0.0	0.2	0.3	1.0	2.4	4.6	5.6	0.1	14.1	47.1	24.4	
Jun	8.8	4.6	38.4	45.9	167.6	397.2	762.1	922.8	11.7	2,424.6	7,881.8	4,051.5	16,717.5	0.1	0.0	0.2	0.3	1.0	2.4	4.6	5.5	0.1	14.5	47.1	24.2	
Sep	8.8	4.4	38.4	45.9	167.6	398.3	768.1	923.4	11.7	2,487.5	7,958.1	4,119.0	16,931.1	0.1	0.0	0.2	0.3	1.0	2.4	4.5	5.5	0.1	14.7	47.0	24.3	
Dec	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-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	404.5	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	406.7	784.6	940.8	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	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 - Mar	8.8	4.4	38.4	46.0	167.6	415.3	794.7	955.9	11.7	3,173.7	9,035.8	5,529.0	20,181.4	0.0	0.0	0.2	0.2	0.8	2.1	3.9	4.7	0.1	15.7	44.8	27.4	
Jun	8.8	4.4	38.4	46.0	167.6	416.2	799.1	954.8	11.7	3,242.7	9,107.7	5,758.2	20,555.5	0.0	0.0	0.2	0.2	0.8	2.0	3.9	4.6	0.1	15.8	44.3	28.0	
2004-January	8.8	4.4	38.4	45.9	167.6	401.2	772.8	930.3	11.7	2,638.1	8,278.6	4,390.2	17,688.0	0.0	0.0	0.2	0.3	0.9	2.3	4.4	5.3	0.1	14.9	46.8	24.8	
February	8.8	4.4	38.4	45.9	167.6	402.2	773.8	932.1	11.7	2,662.9	8,335.1	4,394.8	17,777.6	0.0	0.0	0.2	0.3	0.9	2.3	4.4	5.2	0.1	15.0	46.9	24.7	
March	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	
April	8.8	4.4	38.4	45.9	167.6	404.0	775.7	934.7	11.7	2,744.4	8,419.6	4,511.0	18,066.2	0.0	0.0	0.2	0.3	0.9	2.2	4.3	5.2	0.1	15.2	46.6	25.0	
May	8.8	4.4	38.4	45.9	167.6	404.4	777.3	936.2	11.7	2,780.6	8,430.5	4,534.6	18,140.3	0.0	0.0	0.2	0.3	0.9	2.2	4.3	5.2	0.1	15.3	46.5	25.0	
June	8.8	4.4	38.4	45.9	167.6	404.5	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	
July	8.8	4.4	38.4	45.9	167.6	404.8	780.0	933.7	11.7	2,877.5	8,604.5	4,713.3	18,590.6	0.0	0.0	0.2	0.2	0.9	2.2	4.2	5.0	0.1	15.5	46.3	25.4	
August	8.8	4.4	38.4	45.9	167.6	404.8	782.8	937.4	11.7	2,932.2	8,683.3	4,864.1	18,881.4	0.0	0.0	0.2	0.2	0.9	2.1	4.1	5.0	0.1	15.5	46.0	25.8	
September	8.8	4.4	38.4	45.9	167.6	406.7	784.6	940.8	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	
October	8.8	4.4	38.4	45.9	167.6	407.7	785.8	942.4	11.7	3,031.0	8,834.4	5,081.4	19,359.4	0.0	0.0	0.2	0.2	0.9	2.1	4.1	4.9	0.1	15.7	45.6	26.2	
November	8.8	4.4	38.4	45.9	167.6	410.0	788.9	947.3	11.7	3,075.8	8,894.3	5,200.6	19,593.7	0.0	0.0	0.2	0.2	0.9	2.1	4.0	4.8	0.1	15.7	45.4	26.5	
December	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-January	8.8	4.3	38.3	45.9	167.5	414.2	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	415.1	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	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	
April	8.8	4.4	38.4	46.0	167.6	415.8	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	416.0	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	416.2	799.1	954.8	11.7	3,242.7	9,107.7	5,758.2	20,555.5	0.0	0.0	0.2	0.2	0.8	2.0	3.9	4.6	0.1	15.8	44.3	28.0	

Source: BoT



Table A3.6 : Commercial Banks-- Assets, 1995 - 2005

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		
1995	19,894.5	46,138.0	48,658.4	119,446.8	260,829.4	569,401.5	169,390.2	772.5	53,831.5	1,288,362.7
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
2003- Mar	54,746.7	154,365.3	198,159.2	162,355.5	598,111.4	652,109.3	602,793.9	15,729.8	49,374.2	2,487,745.3
Jun	48,858.1	145,189.3	190,446.1	156,719.9	658,524.6	392,724.2	638,738.5	20,508.5	43,775.6	2,295,484.7
Sep	58,706.1	137,138.0	158,433.5	149,630.3	764,967.9	511,334.3	589,333.9	34,690.3	46,705.9	2,450,940.4
Dec	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
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
2004-January	50,527.1	217,628.0	182,789.7	156,526.5	856,793.0	511,495.3	725,730.3	15,915.7	47,840.4	2,765,246.1
February	53,471.5	166,190.3	201,820.6	163,653.1	844,586.5	574,149.0	651,720.6	52,771.5	47,867.9	2,756,231.0
March	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
April	51,160.8	240,968.5	177,365.1	162,900.7	859,629.3	482,851.8	630,359.9	53,244.4	49,023.3	2,707,503.8
May	57,175.6	201,187.7	200,063.0	169,023.6	890,926.8	514,790.3	609,512.4	49,590.9	49,311.8	2,741,582.0
June	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
July	61,517.3	224,597.8	205,345.0	170,175.7	994,969.8	562,808.5	674,879.7	54,455.2	49,511.1	2,998,260.2
August	64,816.5	210,159.6	168,410.8	192,084.1	991,955.1	524,302.0	649,431.3	74,916.3	49,981.2	2,926,056.9
September	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
October	62,900.9	253,214.8	160,466.3	187,102.1	1,029,789.8	560,539.9	652,425.0	81,091.2	50,018.8	3,037,548.8
November	68,580.9	245,158.4	148,236.1	185,670.3	1,061,773.5	603,446.5	614,195.4	78,630.8	50,215.1	3,055,906.9
December	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 - 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

* 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: BoT



A3.0 Money and Banking

Table A3.7 :Commercial Banks -- Liabilities, 1995 - 2005

End of period	Millions of TZS							
	Domestic liabilities			Foreign liabilities		Capital and		
	Deposits	Due to Bank of Tanzania	Due to other banks	Other	*Foreign banks	Due to other	Reserves and Total	
1995	535,245.9	7,585.5	5,091.0	753,435.1	4,170.8	12,747.9	-29,913.5	1,288,362.7
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
2003-Mar	1,672,125.8	50.0	78,712.0	580,312.4	1,533.6	298.1	154,713.3	2,487,745.3
Jun	1,762,183.5	50.0	92,037.7	281,098.2	2,798.3	198.8	157,118.3	2,295,484.7
Sep	1,876,261.1	50.0	113,086.4	300,743.0	8,658.0	111.3	152,030.6	2,450,940.4
Dec	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-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
2004-January	2,058,141.7	157.2	145,399.8	305,342.2	9,071.4	792.8	246,341.0	2,765,246.1
February	2,064,008.6	50.0	139,475.3	301,550.8	3,619.5	1,694.3	245,832.7	2,756,231.0
March	2,041,756.4	50.0	136,792.9	303,869.9	2,243.1	484.5	234,239.8	2,719,436.5
April	2,019,127.8	50.0	131,736.1	313,352.8	8,144.5	265.7	234,826.9	2,707,503.8
May	2,081,128.0	186.5	130,309.1	297,438.1	3,297.7	201.6	229,021.0	2,741,582.0
June	2,103,521.8	50.0	158,920.4	304,350.8	3,853.4	133.7	231,594.2	2,802,424.3
July	2,214,695.6	231.6	214,186.6	321,568.2	11,710.1	579.1	235,289.0	2,998,260.2
August	2,178,184.5	0.0	203,184.3	297,526.8	12,856.7	1,192.3	233,112.4	2,926,056.9
September	2,253,483.4	350.0	157,640.3	298,780.4	6,667.5	379.6	234,985.4	2,952,286.6
October	2,303,057.5	0.0	191,578.3	295,292.6	5,843.2	5.6	241,771.6	3,037,548.8
November	2,294,761.1	312.4	167,454.2	337,327.5	13,438.9	351.7	242,261.0	3,055,906.9
December	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-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

* Revised Figures

Source: BoT



Table A3.8 : Analysis of Commercial Bank's Liquidity*, 1995 - 2005

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	of which				Net foreign assets***	
							Deposits with			Treasury bills		
							Cash	Bank of Tanzania	banks' liquid assets			
1995	7,780.4	17,673.6	8,800.4	-13,517.4	20,737.0	0.0	20,737.0	5,681.2	741.2	-5,674.4	19,989.1	
1996	-30,077.4	9,933.9	10,131.6	5,740.3	-4,271.6	0.0	-4,271.6	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	-34,930.6	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	14,871.9	2,212.8	9,979.0	-5,217.4	7,897.5	
1999	-35,276.0	13,829.3	25,719.6	-42,009.8	-37,737.0	0.0	-37,737.0	10,675.4	-12,073.4	-19,073.4	-17,265.7	
2000	-38,413.5	61,788.4	20,752.0	-38,856.4	5,270.5	0.0	5,270.5	14,626.0	-6,460.2	1,188.9	-4,084.2	
2001	-1,893.9	13,482.7	2,135.3	-18,266.6	-4,542.6	0.0	-4,542.6	10,681.4	-379.6	6,908.0	-21,752.4	
2002	-81,009.3	114,410.7	45,696.4	-12,746.9	66,350.9	0.0	66,350.9	5,599.0	-20,003.9	23,516.9	57,239.0	
2003	-30,334.7	70,731.1	14,379.6	-41,412.7	13,363.4	0.0	13,363.4	1,034.8	13,851.2	9,095.9	-10,618.5	
2004	-42,877.7	-1,096.9	-2,140.8	28,024.8	-18,090.7	0.0	-18,090.7	-4,943.6	1,631.1	-307.8	-14,470.4	
2003-Mar	-37,647.2	27,644.5	-13,455.3	-5,117.3	-28,575.3	0.0	-28,575.3	-1,968.1	-39,317.5	11,230.8	1,479.5	
Jun	-89,695.9	124,226.5	26,860.9	-79,477.5	-18,086.0	0.0	-18,086.0	1,161.5	-49,814.0	-964.1	31,530.6	
Sep	-172,788.0	201,827.3	1,382.4	-117,440.7	-87,019.0	0.0	-87,019.0	6,193.4	-107,930.4	14,977.7	-259.6	
Dec	-30,334.7	70,731.1	14,379.6	-41,412.7	13,363.4	0.0	13,363.4	1,034.8	13,851.2	9,095.9	-10,618.5	
2004-Mar	61,546.7	-128,349.6	3,645.1	107,090.4	43,932.5	0.0	43,932.5	-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	-30,438.9	-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	-39,037.9	-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	-18,090.7	-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	1,481.0	3,369.8	-51,053.0	7,603.1	41,561.1	
Jun	56,186.4	-52,332.3	66,641.0	-84,129.8	-13,634.7	0.0	-13,634.7	4,932.2	-7,848.2	1,200.0	-11,918.7	
2004-January	-853.9	97,253.3	-14,215.1	-98,413.6	-16,229.3	0.0	-16,229.3	-3,648.9	-4,093.3	2,840.0	-11,327.1	
February	-15,626.7	46,537.9	-18,868.0	10,439.7	22,482.9	0.0	22,482.9	3,238.4	-2,782.1	4,894.3	17,132.3	
March	61,546.7	-128,349.6	3,645.1	107,090.4	43,932.5	0.0	43,932.5	-741.5	65,522.7	-4,815.0	-16,033.7	
April	63,836.1	-54,289.7	-497.3	-30,855.3	-21,806.2	0.0	-21,806.2	-1,569.1	9,255.4	-19,640.6	-9,852.0	
May	2,261.8	-27,258.8	9,659.6	-11,731.6	-27,068.9	0.0	-27,068.9	6,014.8	-39,780.8	22,697.9	-16,000.8	
June	-10,391.7	7,595.6	57,670.9	-85,313.8	-30,438.9	0.0	-30,438.9	-3,607.1	-39,427.9	5,048.9	7,547.2	
July	106,776.1	-13,032.7	21,801.3	4,883.1	120,427.8	0.0	120,427.8	7,948.9	62,838.0	233.0	49,407.8	
August	-37,547.9	-27,774.1	27,344.6	-36,691.0	-74,668.3	0.0	-74,668.3	3,299.2	-14,438.2	-36,934.2	-26,595.1	
September	-192,842.3	132,241.2	5,334.6	16,228.6	-39,037.9	0.0	-39,037.9	-4,636.4	-29,944.5	-3,769.9	-687.1	
October	56,664.8	58,930.2	16,700.4	-50,055.2	82,240.2	0.0	82,240.2	2,720.8	72,999.7	-4,174.6	10,694.3	
November	-14,106.1	49,280.6	4,666.9	-100,273.4	-60,431.9	0.0	-60,431.9	5,680.0	-8,056.4	-12,230.2	-45,825.3	
December	-42,877.7	-1,096.9	-2,140.8	28,024.8	-18,090.7	0.0	-18,090.7	-4,943.6	1,631.1	-307.8	-14,470.4	
2005-January	108,052.7	46,354.5	-27,215.8	-63,798.5	63,392.9	0.0	63,392.9	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	1,656.5	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	3,369.8	-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	-77,124.5	-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	498.8	214.7	10,522.1	-2,981.4	-7,256.5	
June	56,186.4	-52,332.3	66,641.0	-84,129.8	-13,634.7	0.0	-13,634.7	4,932.2	-7,848.2	1,200.0	-11,918.7	

* Change during the period, ** Includes corrections for change in commercial banks holding of treasury bills

*** Net position with foreign banks, + supply of liquidity, - withdrawal of liquidity



A3.0 Money and Banking

TableA3.9 : Commercial Banks -Analysis of Domestic Assets, 1995 - 2005

Millions of TZS								
End of period	Bank of Tanzania	Other banks	Other financial Institutions	Central govt.	Official entities	Private sector	Other assets	Total
1995	66,032.5	8,942.4	225.0	176,526.2	84,330.7	163,515.3	499,572.1	1,118,200.0
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
2003 -Mar	209,112.0	216,513.3	0.0	360,514.6	0.0	598,111.4	484,970.2	1,869,221.6
Jun	194,047.4	288,517.4	0.0	347,166.0	0.0	658,524.6	147,982.3	1,636,237.7
Sep	195,844.1	350,671.4	0.0	308,063.9	0.0	764,967.9	207,368.8	1,826,916.2
Dec	226,870.1	316,436.6	0.0	322,407.4	0.0	817,125.2	235,094.6	1,917,933.9
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
2004-January	268,155.1	325,863.3	0.0	339,316.3	0.0	856,793.0	233,472.4	2,023,600.1
February	219,661.8	373,276.3	0.0	365,473.7	0.0	844,586.5	248,740.6	2,051,739.0
March	284,443.0	330,586.8	0.0	361,360.5	0.0	847,977.4	218,786.8	2,043,154.5
April	292,129.3	317,559.8	0.0	340,265.7	0.0	859,629.3	214,315.3	2,023,899.5
May	258,363.3	327,308.6	0.0	369,086.6	0.0	890,926.8	236,793.4	2,082,478.7
June	215,328.2	344,923.7	0.0	375,500.0	0.0	965,980.9	231,395.3	2,133,128.1
July	286,115.1	329,152.8	0.0	375,520.6	0.0	994,969.8	283,166.8	2,268,925.2
August	274,976.1	342,012.4	0.0	360,494.9	0.0	991,955.1	299,486.7	2,268,925.2
September	240,395.2	336,402.9	0.0	351,228.7	0.0	1,027,300.4	313,598.0	2,268,925.2
October	316,115.7	359,175.1	0.0	347,568.4	0.0	1,029,789.8	251,383.6	2,304,032.7
November	313,739.3	390,867.3	0.0	333,906.4	0.0	1,061,773.5	262,794.2	2,363,080.7
December	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-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

* Revised Figures

Source: Bank of Tanzania



A3.0. Money and Banking

Table A3.10 :Commercial Banks' - Lending and Holdings of Securities, 1995 - 2005

Millions of TZS									
End of period	Domestic lending				Foreign loans and bills	Lending to deposit ratio	Securities		Total
	Overdraft	Commer- cial bills	Other loans	Total			Treasury bills	Other govt. securities	
1995	203,275.8	11,993.6	43,757.4	270,355.5	461.5	50.5	48,658.4	119,446.8	168,105.2
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
2003-Mar	337,760.9	445.0	260,350.5	598,556.4	165,339.2	35.8	198,159.2	162,355.5	360,514.6
Jun	361,653.7	706.0	296,870.9	659,230.6	182,982.3	37.4	190,446.1	156,719.9	347,166.0
Sep	412,760.2	329.3	352,207.7	765,297.2	209,782.2	40.8	158,433.5	149,630.3	308,063.9
Dec	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 -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
2004-January	451,884.3	636.9	331,269.7	783,790.8	286,830.7	38.1	182,789.7	156,526.5	339,316.3
February	433,023.1	1,477.9	349,165.1	783,666.0	274,433.6	38.0	201,820.6	163,653.1	365,473.7
March	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
April	372,369.1	1,568.7	484,424.0	858,361.7	280,562.7	42.5	177,365.1	162,900.7	340,265.7
May	447,309.9	1,363.2	397,276.7	845,949.7	286,369.4	40.6	200,063.0	169,023.6	369,086.6
June	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
July	470,634.4	1,380.9	524,335.4	996,350.7	335,845.3	45.0	205,345.0	170,175.7	375,520.6
August	444,036.6	1,335.9	547,918.5	993,291.0	346,742.3	45.6	168,410.8	192,084.1	360,494.9
September	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
October	443,567.0	1,338.1	586,222.9	1,031,127.9	369,462.7	44.8	160,466.3	187,102.1	347,568.4
November	466,329.6	455.0	595,443.9	1,062,228.5	381,544.7	46.3	148,236.1	185,670.3	333,906.4
December	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-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

* Revised

Source: Bank of Tanzania

Table A3.11: Commercial Banks- Domestic Lending by Borrowing Sector, 1995 - 2005

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	Millions of TZS	
													Other	Total
1995	12,983.4	21,085.5		55,345.3	3,384.8	4,774.4	1,989.7	51,294.2	5,130.9	11.6	46,872.9	432.5	57,524.5	260,829.4
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	3,439.5	1,336.2	201.9	0.0	89,941.4	7,169.0	45,654.6	340,628.1
2001	8,406.0	38,955.3		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
2003-Mar	8,004.0	80,364.6		161,761.0	33,614.3	61,253.1	15,705.2	0.0	0.0	0.0	156,651.7	24,669.0	56,088.5	598,111.4
Jun	9,072.0	79,686.4		177,934.9	33,376.9	77,558.9	15,128.3	0.0	0.0	0.0	164,741.6	27,215.3	73,810.3	658,524.5
Sep	8,226.2	100,049.6		195,962.8	36,924.5	74,216.3	17,726.2	0.0	0.0	0.0	187,230.8	29,312.5	115,318.9	764,968.0
Dec	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-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
Percent of Total														
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
1995	5.0	8.1	-	21.2	1.3	1.8	0.8	19.7	2.0	0.0	18.0	0.2	22.1	100.0
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
2003-Mar	1.3	13.4		27.0	5.6	10.2	2.6	0.0	0.0	0.0	26.2	4.1	9.4	100.0
Jun	1.4	12.1		27.0	5.1	11.8	2.3	0.0	0.0	0.0	25.0	4.1	11.2	100.0
Sep	1.1	13.1		25.6	4.8	9.7	2.3	0.0	0.0	0.0	24.5	3.8	15.1	100.0
Dec	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-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

* Formerly known as Public Administration

** Beginning 2004 commercial banks lending to the mining and manufacturing sector exclude lending extended to the mining sector.

Source: BoT



Table A3.12 : Commercial Bank's Deposits*, 1995 - 2005

End of period	Million of TZS										of which
	Central Govt.	Local Govt.	Central Govt. Institutions	Para stats	Other domestic	Foreign	Total	Demand	Time	Savings	Other
1995	26,648.1	6,097.6	53,888.0	30,442.7	418,169.5	454.4	535,700.3	202,992.5	93,942.2	94,199.9	144,565.7
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
2003-Mar	32,343.7	47,111.7	51,210.8	266.4	1,541,193.1	0.0	1,672,125.8	492,069.8	239,653.3	353,749.5	586,653.2
Jun	29,993.0	47,111.7	51,210.8	266.4	1,633,601.4	0.0	1,762,183.5	536,289.2	246,732.6	330,917.5	648,244.1
Sep	84,063.0	108,821.7	23,047.3	0.8	1,660,328.3	0.0	1,876,261.1	660,346.3	229,436.3	337,469.1	649,009.4
Dec	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-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	139,934.5	72,029.2	24,603.5	297.3	2,434,647.9	0.0	2,671,512.4	925,829.3	335,183.6	508,964.3	901,535.2
2004-January	110,951.0	59,880.4	31,798.5	72.9	1,855,438.9	0.0	2,058,141.7	682,460.4	249,809.6	374,836.3	751,035.5
February	86,499.0	81,034.8	31,181.7	0.2	1,865,293.0	0.0	2,064,008.6	670,974.9	249,802.7	383,292.4	759,938.5
March	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
April	91,829.0	81,417.6	31,886.9	0.3	1,813,993.9	0.0	2,019,127.8	656,152.4	249,162.7	388,234.2	725,578.5
May	96,824.0	74,054.3	32,364.0	0.3	1,877,885.4	0.0	2,081,128.0	688,605.9	269,294.5	390,682.8	732,544.8
June	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
July	111,102.0	100,438.9	32,503.3	0.2	1,970,651.2	0.0	2,214,695.6	742,597.9	268,373.5	404,130.8	799,593.5
August	106,784.0	83,113.5	29,728.8	0.6	1,958,557.6	0.0	2,178,184.5	711,995.3	276,734.8	411,187.5	778,266.9
September	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
October	108,646.0	90,654.3	34,364.2	0.3	2,069,392.7	0.0	2,303,057.5	765,666.6	273,145.6	430,360.2	833,885.1
November	106,364.0	84,083.9	35,174.7	0.3	2,069,138.1	0.0	2,294,761.1	755,897.6	283,254.5	444,422.7	811,186.4
December	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-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	139,934.5	72,029.2	24,603.5	297.3	2,434,647.9	0.0	2,671,512.4	925,829.3	335,183.6	508,964.3	901,535.2

* Revised Figures

Source: Bank of Tanzania



Table A3.13 Weighted Average Interest Rates Structure of Commercial Banks, 2002 - 2005

Item	2002				2003				2004				Percent	
	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun
A: Domestic Currency														
1. Interbank Cash Market Rates														
Overnight	1.7	2.2	1.3	3.4	5.4	4.6	5.5	6.3	3.4	3.2	6.4	4.1	4.5	5.0
2 to 7 days	2.2	3.0	1.4	3.7	5.6	4.6	6.0	6.5	3.6	3.8	6.8	4.4	4.6	5.1
8 to 14 days	2.4	2.8	1.5	3.8	4.5	5.1	6.6	7.0	4.5	4.4	8.0	8.1	5.1	5.6
15 to 30 days	2.6	3.4	3.8	4.5	4.8	6.8	6.6	6.7	6.8	7.7	7.9	6.3	6.3	6.2
31 to 60 days	3.0	3.8	3.9	4.4	5.7	6.5	7.0	7.4	6.7	7.0	8.2	8.4	6.9	5.6
61 to 90 days	4.0	5.5	3.3	2.7	3.8	5.5	6.7	8.0	6.5	8.3	8.4	9.4	9.4	7.4
91 to 180 days	3.5	4.4	3.1	4.5	4.7	5.7	7.1	7.8	7.6	7.5	9.6	9.7	8.5	8.4
181 and above	5.0	4.9	4.0	6.0	6.9	4.7	7.4	7.4	8.4	7.5	11.0	9.9	9.2	9.2
Overall interbank cash market rate	1.9	2.4	1.6	3.5	5.4	4.8	5.7	6.4	3.8	3.6	6.7	4.9	4.8	5.1
2. Lombard Rate								14.3	10.2	11.1	11.0	11.0	11.0	11.0
3. REPO Rate	0.0	2.9	2.0	0.0	0.0	0.0	6.2	6.8	4.0	5.1	5.9	5.5	5.0	5.2
4. Treasury Bills Rates														
35 days		3.7	2.0	4.4	5.1	5.8	6.7	5.7	6.8	6.7	8.2	8.1	6.5	6.6
91 days	3.5	4.1	2.5	4.4	5.8	6.1	7.3	7.6	7.5	7.7	9.3	9.6	8.2	8.1
182 days	3.9	4.2	3.0	4.7	6.1	5.8	7.3	7.6	6.5	8.0	9.9	9.9	9.4	9.4
364 days	4.6	4.9	3.3	4.7	6.2	5.9	7.4	7.9	6.4	8.2	10.4	10.7	9.8	10.5
5. Treasury bills rate	3.9	4.2	2.6	4.5	5.9	5.9	7.2	7.7	7.6	7.8	9.6	9.6	8.4	9.3
6. Treasury Bonds:														
2-years	4.4	5.6	3.4	5.3	5.0	6.7	7.9	8.4	7.4	8.8	11.0	12.0	14.6	15.1
5-years	6.4	6.2	5.0	5.6	6.1	7.6	6.7	9.6	10.2	6.7	11.5	11.7	12.6	12.1
7-years			6.8	6.9	6.6	7.7	8.7	10.5	11.1	10.7	10.4	10.4	13.1	13.2
10-years				7.2	7.6	8.5	10.0	12.0	11.8	11.7	12.6	12.6	14.1	14.1
7. Discount Rate	8.8	9.4	8.0	9.2	10.4	10.6	12.0	12.3	12.5	12.6	14.4	14.4	13.6	13.9
8. Savings Deposit Rate	3.3	3.2	2.8	2.7	2.5	2.5	2.4	2.5	2.4	2.4	2.4	2.6	2.6	2.6
9. Time Deposits Rates	3.8	4.0	3.4	3.4	3.7	3.5	3.3	3.9	4.1	4.3	4.6	4.4	4.6	4.4
Call Accounts	1.3	1.1	1.3	0.7	2.2	0.7	0.7	0.7	0.9	1.7	1.2	2.1	2.4	1.0
1 month	2.8	4.1	1.8	2.1	2.5	3.9	2.9	2.8	3.0	3.5	3.8	3.2	3.3	3.3
2 months	3.8	4.1	3.7	3.9	4.0	4.2	3.6	5.0	5.5	5.9	5.9	4.5	4.9	5.2
3 months	3.2	3.4	3.0	3.0	2.5	2.8	2.9	4.3	3.9	4.0	3.9	5.4	5.0	4.5
6 months	4.4	4.7	3.9	4.1	4.2	3.7	3.5	4.9	5.1	5.0				
12 months	5.7	6.2	5.9	5.7	5.8	5.1	5.0	5.0	5.6	5.8	6.1	5.8	6.0	6.0
24 months	5.5	4.4	4.4	4.3	4.4	4.1	4.7	4.4	4.8	4.6	6.2	4.0	4.9	5.4
10. Negotiated Deposit Rates	5.3	5.7	5.6	5.4	5.9	5.5	5.5	7.7	7.9	6.8	6.4	8.8	8.8	8.5
11. Lending rates	16.6	16.4	15.9	15.7	15.0	14.1	14.5	13.8	13.5	14.2	14.9	14.8	15.4	15.6
Call Loans	23.6	23.6	23.6	23.6	23.6	23.6	17.6	17.6	17.1	14.0	10.0	19.3	19.3	14.5
Short-term (up to 1 year)	14.4	14.8	14.8	15.9	16.4	16.4	15.5	15.6	15.6	15.7	15.6	14.2	16.0	16.1
Medium-term (1-2 years)	17.7	16.6	14.5	15.8	15.8	14.6	15.9	17.2	17.1	17.3	17.2	17.2	17.0	16.8
Medium-term (2-3 years)	14.6	15.0	12.6	13.8	12.3	13.4	11.7	10.5	9.9	11.9	13.8	15.3	15.4	16.2
Long-term (3-5 years)	17.1	17.2	17.5	13.2	12.1	10.9	12.3	12.5	12.5	13.1	13.2	12.6	13.3	14.1
Term Loans (over 5 years)	19.5	18.4	20.0	19.8	18.5	15.2	16.9	13.3	12.2	13.2	14.7	14.7	15.4	14.6
12. Negotiated Lending Rates			10.9	9.7	8.6	9.4	9.4	8.4	7.5	9.4	12.9	11.1	10.3	11.0
B: Foreign Currency														
1. Deposits Rates:	1.5	1.4	1.0	0.9	1.0	0.8	0.8	0.7	0.8	0.6	0.6	0.6	0.6	0.6
Call Accounts	0.7	0.7	0.5	0.5	0.7	0.4	0.4	0.3	0.4	0.2	0.2	0.6	0.5	0.5
Savings Deposits	2.3	2.1	1.0	0.8	0.9	0.9	1.0	0.9	0.7	0.9	0.8	0.6	0.7	0.7
Time Deposits	1.6	1.6	1.7	1.3	1.4	1.2	1.0	0.9	1.2	0.9	0.8	0.6	0.7	0.7
1-months	1.1	1.1	1.3	1.2	0.9	0.9	0.7	0.8	0.8	1.1	1.1	1.7	1.4	1.7
2-months	2.3	2.2	2.2	1.8	2.6	1.4	1.0	0.5	1.1	0.9	0.8	2.7	1.3	1.6
3-months	1.4	1.3	1.4	0.8	1.1	0.9	0.9	1.1	1.1	1.1	1.1	1.6	1.4	1.7
6-months	1.6	1.5	1.6	1.4	1.2	1.7	1.3	1.2	1.2	1.0	1.3	1.2	1.5	1.4
12-months	1.7	1.6	1.7	1.5	1.5	1.2	1.2	1.2	1.7	1.5	1.6	1.7	1.4	2.6
2. Lending Rates	7.1	5.6	6.3	7.2	7.2	7.5	7.4	7.4	7.3	8.4	7.0	7.3	6.2	6.6
Short-term (up to 1 year)	7.0	4.9	7.4	7.9	7.6	7.0	7.1	6.8	6.7	6.1	6.3	7.5	7.0	6.9
Medium-term (1-2 years)	5.1	4.5	5.4	5.9	6.0	7.9	7.7	8.4	7.5	7.2	8.1	7.4	8.3	7.7
Medium-term (2-3 years)	8.1	5.1	7.0	7.8	8.2	8.7	7.5	7.2	7.8	8.4	7.7	8.0	8.6	9.3
Long-term (3-5 years)	8.2	7.8	5.3	7.2	6.8	6.5	7.3	7.1	7.1	11.8	5.8	6.4	7.0	9.0
Term Loans (over 5 years)													8.4	7.4

Source: Bank of Tanzania



A4.0 Balance of Payments And Foreign Trade Developments

Table A4.1: Tanzania's Balance of Payments in US \$, 1998 - 2004

Millions of US\$

Item	1998	1999	2000	2001	2002	2003 ^r	2004 ^p
A. Current Account	-901.8	-846.2	-495.8	-436.7	-214.7	-384.2	-456.7
Goods: exports f.o.b.	588.5	543.3	663.3	776.4	902.5	1,129.2	1,334.9
Traditional	356.3	301.2	292.8	231.1	206.1	220.5	292.3
Non-traditional	232.2	242.1	370.5	545.3	696.5	908.7	1,042.6
o/w: Gold	3.0	34.8	112.7	254.1	341.1	502.8	629.5
Goods: imports f.o.b.	-1,382.1	-1,415.4	-1,367.6	-1,560.3	-1,511.3	-1,933.5	-2,281.2
<i>Balance on Goods</i>	<i>-793.6</i>	<i>-872.1</i>	<i>-704.3</i>	<i>-783.9</i>	<i>-608.8</i>	<i>-804.2</i>	<i>-946.3</i>
Services: Credit	521.3	600.3	627.3	679.3	668.6	686.6	885.9
Transportation	41.8	53.7	56.8	68.4	61.1	72.8	80.1
Travel	399.0	463.7	376.7	412.8	439.2	450.3	620.7
Other	80.4	82.8	193.8	198.1	168.3	163.4	185.1
Services: Debit	-955.3	-795.0	-682.4	-642.1	-668.5	-769.5	-1,002.0
Transportation	-224.7	-189.9	-205.7	-194.2	-176.9	-214.7	-250.3
Travel	-493.3	-369.7	-337.3	-327.3	-337.5	-353.2	-432.3
Other	-237.3	-235.4	-139.4	-120.5	-154.1	-201.6	-319.4
<i>Balance on Services</i>	<i>-434.1</i>	<i>-194.8</i>	<i>-55.1</i>	<i>37.2</i>	<i>0.1</i>	<i>-83.0</i>	<i>-116.1</i>
<i>Balance on Goods and Services</i>	<i>-1,227.7</i>	<i>-1,066.9</i>	<i>-759.3</i>	<i>-746.8</i>	<i>-608.7</i>	<i>-887.2</i>	<i>-1,062.5</i>
Income: Credit	44.4	32.4	50.4	55.3	67.9	87.1	81.8
: Debit	-149.4	-148.3	-180.4	-140.5	-90.6	-131.0	-122.1
Balance on Income	-105.0	-115.9	-130.1	-85.2	-22.7	-43.9	-40.3
<i>Balance on Goods, Services and Income</i>	<i>-1,332.7</i>	<i>-1,182.8</i>	<i>-889.4</i>	<i>-832.0</i>	<i>-631.4</i>	<i>-931.1</i>	<i>-1,102.8</i>
<i>Current transfers (Net)</i>	<i>430.9</i>	<i>336.6</i>	<i>393.6</i>	<i>395.3</i>	<i>416.6</i>	<i>546.9</i>	<i>646.1</i>
Current transfers: Credit	462.7	454.1	472.1	474.8	477.9	609.9	711.4
Government	421.0	411.4	427.8	418.4	427.7	543.3	641.7
o/w Multilateral HIPC relief	0.0	0.0	40.6	71.3	68.8	68.2	73.7
Other sectors	41.7	42.7	44.3	56.4	50.2	66.6	69.7
Current transfer: Debit	-31.8	-117.5	-78.5	-79.5	-61.3	-63.0	-65.3
B. Capital Account	252.4	270.6	330.4	361.5	355.4	358.2	293.6
Capital transfers: Credit	252.4	270.6	330.4	361.5	355.4	358.2	293.6
Other sectors	16.5	14.2	15.7	22.3	30.1	37.3	39.9
<i>Total, Groups A plus B</i>	<i>-649.4</i>	<i>-575.6</i>	<i>-165.3</i>	<i>-75.2</i>	<i>140.6</i>	<i>-26.0</i>	<i>-163.1</i>
C. Financial Account, excl. reserves and related items	-258.3	496.2	369.2	-501.9	0.0	-5.6	3.2
Direct investment in Tanzania	172.2	516.7	463.4	327.2	240.4	247.8	260.2
Other investment	-430.5	-20.5	-94.2	-829.1	-240.4	-253.4	-257.0
Assets	-18.5	14.8	-134.0	-76.7	2.9	-59.0	-11.0
Liabilities	-412.0	-35.3	39.9	-752.5	-243.3	-194.4	-245.9
<i>Total, Groups A through C</i>	<i>-907.7</i>	<i>-79.4</i>	<i>203.9</i>	<i>-577.1</i>	<i>140.6</i>	<i>-31.7</i>	<i>-159.9</i>
D. Net Errors and Omissions	340.6	-49.1	-290.3	-232.5	-253.0	101.6	61.8
<i>Overall balance</i>	<i>-567.2</i>	<i>-128.4</i>	<i>-86.3</i>	<i>-809.6</i>	<i>-112.4</i>	<i>69.9</i>	<i>-98.1</i>
E. Reserves and Related Items	567.2	128.4	86.3	809.6	112.4	-69.9	98.1
Reserve assets	24.1	-176.5	-198.8	-182.2	-372.4	-508.8	-258.4
Use of Fund credit and loans	11.0	51.3	49.4	15.6	26.0	-2.9	-33.8
Exceptional financing:	532.1	253.7	235.7	976.2	458.8	441.8	390.2
Rescheduled debt	365.0	129.4	10.1	131.4	9.8	86.6	106.3
Debt forgiveness	93.9	77.2	49.4	642.1	430.3	319.5	265.7
Interest arrears	40.8	33.0	81.2	67.4	18.4	29.5	18.2
Principal arrears	32.3	14.1	95.0	135.2	0.4	6.2	0.0
Memorandum items							
GDP(mp) Mill. TZS	5,571,641.0	6,432,910.9	7,277,799.9	8,304,338.6	9,399,085.8	10,707,006.2	11,876,513.2
GDP(mp) Mill. USD	8,382.4	8,635.9	9,092.7	9,475.6	9,724.0	10,309.3	11,275.6
CAB/GDP	-10.8	-9.8	-5.5	-4.6	-2.2	-3.7	-4.1
CAB/GDP (excl. current official transfers)	-15.8	-14.6	-10.2	-9.0	-6.6	-9.0	-9.7
Gross Official Reserves - Mill. USD	599.0	775.6	974.4	1,156.6	1,529.0	2,037.8	2,296.1
Months of Imports	3.1	4.2	5.7	6.3	8.4	9.0	8.4
Net International Reserves- Mill.USD (year end)	283.7	405.1	542.7	761.2	1,058.4	1,533.9	1,786.9
Change in Net International Reserves- Mill. USD	-11.1	-121.4	-137.6	-218.5	-297.2	-475.5	-253.0
Exchange rate- TZS/USD (end of period)	681.0	797.3	803.3	916.3	976.3	1,063.6	1,043.0
Exchange rate- TZS/USD (annual average)	664.7	744.9	800.4	876.4	966.6	1,038.6	1,053.3

Note: 1) Imports data (f.o.b) for 2001 have been revised using new ratios for freight and insurance services.

2) 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.

3) GDP-Gross Domestic Product, mp-Market price, CAB-Current Account Balance

4) p = provisional data, subject to revision

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



A4.0 Balance of Payments And Foreign Trade Developments

Table A4.2: Tanzania Balance of Payments, 1998 - 2004

Millions of TZS

Item	1998	1999	2000	2001	2002	2003 ^r	2004 ^p
A. Current Account	-599,170.8	-628,695.6	-396,334.2	-385,157.1	-206,144.7	-387,602.1	-514,874.0
Goods: exports (f.o.b)	391,805.0	412,267.3	531,119.0	681,185.9	874,067.4	1,174,784.1	1,447,125.7
Traditional	237,003.9	229,475.2	234,547.9	201,165.1	199,906.8	229,516.2	314,137.7
Non-traditional	154,801.1	182,792.1	296,571.1	480,020.8	674,160.5	945,267.8	1,132,988.0
o/w: Gold	1,979.6	26,437.4	90,232.9	224,171.9	329,930.5	523,578.2	684,411.5
Goods: imports (f.o.b)	-918,375.4	-1,061,251.8	-1,094,638.2	-1,369,191.0	-1,460,946.6	-2,011,339.1	-2,480,169.1
<i>Balance on Goods</i>	<i>-526,570.4</i>	<i>-648,984.5</i>	<i>-563,519.2</i>	<i>-688,005.0</i>	<i>-586,879.2</i>	<i>-836,555.0</i>	<i>-1,033,043.4</i>
Services: Credit	346,656.6	449,304.7	502,170.7	595,144.0	646,454.7	712,888.1	954,217.4
Transportation	27,795.5	40,563.3	45,473.0	59,686.9	59,041.8	75,426.1	77,743.6
Travel	265,425.4	347,224.5	301,555.6	362,206.3	424,646.5	467,656.6	675,001.1
Other	53,435.8	61,517.0	155,142.1	173,250.8	162,766.5	169,805.4	201,472.7
Services: Debit	-635,727.9	-589,416.4	-546,187.9	-562,125.5	-645,981.9	-799,807.6	-1,088,965.6
Transportation	-149,295.9	-142,113.5	-164,646.9	-170,330.4	-170,981.7	-223,225.9	-272,176.9
Travel	-327,930.4	-273,759.4	-269,988.1	-286,471.8	-326,029.6	-367,257.2	-468,970.4
Other	-158,501.6	-173,543.5	-111,552.9	-105,323.3	-148,970.5	-209,324.5	-347,818.3
<i>Balance on Services</i>	<i>-289,071.2</i>	<i>-140,111.7</i>	<i>-44,017.2</i>	<i>33,018.6</i>	<i>472.9</i>	<i>-86,919.5</i>	<i>-134,748.2</i>
<i>Balance on Goods and Services</i>	<i>-815,641.6</i>	<i>-789,096.2</i>	<i>-607,536.4</i>	<i>-654,986.5</i>	<i>-586,406.3</i>	<i>-923,474.4</i>	<i>-1,167,791.6</i>
Income: Credit	29,686.1	24,154.6	40,302.6	48,766.9	65,570.0	90,724.5	88,631.0
: Debit	-99,358.3	-110,167.9	-144,463.3	-123,422.3	-87,357.5	-136,064.9	-132,867.2
<i>Balance on Income</i>	<i>-69,672.2</i>	<i>-86,013.3</i>	<i>-104,160.7</i>	<i>-74,655.4</i>	<i>-21,787.5</i>	<i>-45,340.3</i>	<i>-44,236.2</i>
<i>Balance on Goods, Services and Income</i>	<i>-885,313.8</i>	<i>-875,109.5</i>	<i>-711,697.1</i>	<i>-729,641.9</i>	<i>-608,193.9</i>	<i>-968,814.8</i>	<i>-1,212,027.8</i>
Current transfers (Net)	286,143.0	246,413.9	315,362.9	344,484.8	402,049.2	581,212.7	697,153.8
Current transfers: Credit	307,285.8	335,321.2	378,139.7	415,024.3	461,300.9	646,641.0	768,307.5
Other sectors	27,743.8	31,777.5	35,480.0	49,415.3	48,522.6	69,155.1	75,875.6
Current transfer: Debit	-21,142.8	-88,907.3	-62,776.8	-70,539.5	-59,251.7	-65,428.3	-71,153.7
B. Capital Account	178,699.3	212,154.0	277,076.3	336,703.8	372,552.3	410,757.6	363,361.2
Capital transfers: Credit	178,699.3	212,154.0	277,076.3	336,703.8	372,552.3	410,757.6	363,361.2
Other sectors	10,967.2	10,608.1	12,586.2	19,717.8	29,094.2	38,739.0	43,509.3
Total, Groups A plus B	-420,471.5	-416,541.6	-119,257.9	-48,453.4	166,407.7	23,155.6	-151,512.8
C. Financial Account, excl. reserves and related items	-171,473.9	367,533.1	418,750.3	-440,163.3	-28.5	-12,027.9	-229,824.5
Direct investment in Tanzania	114,526.7	384,896.6	370,905.9	286,780.9	232,367.2	257,359.7	283,437.0
Other investment	-286,000.6	-17,363.5	47,844.4	-726,944.3	-232,395.7	-269,387.6	-513,261.5
Assets	-12,524.4	10,004.2	-107,268.2	-66,597.3	3,114.2	-61,129.6	-12,010.9
Liabilities	-273,476.2	-27,367.7	155,112.6	-660,346.9	-235,510.0	-208,258.0	-501,250.7
<i>Total, Groups A through C</i>	<i>-591,945.4</i>	<i>-49,008.5</i>	<i>299,492.4</i>	<i>-488,616.7</i>	<i>166,379.2</i>	<i>11,127.6</i>	<i>-381,337.3</i>
D. Net Errors and Omissions	216,266.0	-37,933.6	-368,357.3	-218,885.8	-273,682.4	59,485.1	230,681.0
<i>Overall balance (Total, Groups A through D)</i>	<i>-375,679.4</i>	<i>-86,942.1</i>	<i>-68,864.9</i>	<i>-707,502.5</i>	<i>-107,303.2</i>	<i>70,612.7</i>	<i>-150,656.3</i>
E. Reserves and Related Items	375,679.4	86,942.1	68,864.9	707,502.5	107,303.2	-70,612.7	150,656.3
Reserve assets	14,713.1	-140,240.3	-159,359.2	-161,679.9	-361,263.0	-531,123.4	-266,381.6
Use of Fund credit and loans	7,311.5	38,213.7	39,539.8	13,671.7	25,131.2	-3,011.9	-7,904.8
Exceptional financing:	353,654.8	188,968.6	188,684.3	855,510.7	443,435.0	463,522.6	424,942.8
Rescheduled debt	242,640.9	96,363.6	8,049.7	115,192.6	9,438.0	89,947.2	115,810.6
Debt forgiveness	62,425.7	57,531.1	39,575.9	562,731.2	415,897.7	331,799.5	289,477.4
Interest arrears	27,119.0	24,603.5	64,992.6	59,109.1	17,758.1	30,242.7	19,654.8
Principal arrears	21,469.2	10,470.4	76,066.1	118,477.8	341.2	11,533.3	0.0
Memorandum items:							
GDP(mp) Mill. TZS	5,571,641.0	6,432,910.9	7,277,799.9	8,304,338.6	9,399,085.8	10,707,006.2	11,876,513.2
GDP(mp) Mill. USD	7,084.0	7,479.7	8,037.1	8,304.3	8,591.4	9,050.0	10,165.3
CAB/GDP	-12.7	-11.3	-6.2	-5.3	-2.5	-4.1	-4.8
CAB/GDP (excl. current official transfers)	-18.7	-16.7	-11.5	-10.3	-7.5	-10.3	-11.3
Gross Official Reserves - Mill. TZS	407,940.8	618,386.3	782,669.9	1,059,766.9	1,492,748.5	2,167,408.1	2,394,759.1
Months of Imports	3.1	4.5	5.7	6.6	8.5	9.3	8.1
Net International Reserves - Mill. TZS (year end)	193,206.9	322,976.6	435,928.0	697,531.9	1,033,316.6	1,631,475.6	1,863,686.5
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
Exchange rate - TZS/USD (end of period)	681.0	797.3	803.3	916.3	976.3	1,063.6	1,043.0
Exchange rate-TZS/USD (annual average)	664.7	744.9	800.4	876.4	966.6	1,038.6	1,053.3

Note: 1) Imports data (f.o.b) for 2001 have been revised using new ratios for freight and insurance services.

2) 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.

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, 1995 - 2005

Commodity	Millions of USD										
	1995	1996	1997	1998	1999	2000	2001	2002	2003 ^r	2004 ^p	2005 ^p
A: Traditional exports :											
COFFEE											
Value	12.7	83.8	65.3	51.1	38.7	47.8	38.9	18.7	32.5	23.9	45.7
Volume	44.9	36.9	27.3	17.6	16.0	26.0	30.1	19.0	29.9	18.8	28.7
Unit Price	3,538.2	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
COTTON											
Value	19.3	40.6	53.0	19.9	8.7	10.0	6.9	5.1	18.7	10.4	29.4
Volume	28.6	24.2	37.0	15.9	7.3	9.8	6.1	5.2	21.2	14.7	28.8
Unit Price	1,481.8	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
SISAL											
Value	4.8	2.3	4.6	3.1	3.9	3.1	2.9	3.1	3.7	4.0	4.0
Volume	2.8	3.8	7.3	5.5	7.3	7.4	6.1	5.9	7.3	7.4	5.1
Unit Price	592.1	600.5	627.0	565.0	530.7	410.6	481.1	535.2	500.6	543.3	790.9
TEA											
Value	8.6	13.8	14.9	19.7	12.7	18.7	18.7	16.0	16.0	18.5	16.3
Volume	9.3	13.4	11.2	12.3	10.9	13.4	14.5	12.6	13.8	14.9	14.2
Unit Price	1,087.6	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
TOBACCO											
Value	6.2	22.7	9.1	33.7	24.9	23.4	16.2	22.1	8.2	16.2	17.4
Volume	10.0	12.9	3.9	16.6	12.9	12.0	10.1	11.2	4.1	10.7	10.4
Unit Price	1,612.6	1,764.2	2,321.3	2,027.3	1,940.8	1,948.5	1,599.5	1,978.7	1,997.8	1,513.1	1,673.7
CASHEWNUTS											
Value	34.4	47.3	37.3	21.1	11.2	29.3	25.6	6.2	3.7	10.5	5.3
Volume	28.4	56.9	58.1	27.0	16.4	30.4	41.1	10.0	5.2	16.7	6.1
Unit Price	825.0	831.6	643.0	780.8	683.9	963.2	621.3	614.4	706.2	626.7	875.5
CLOVES											
Value					0.1	9.4	1.3	0.2	5.9	5.2	1.4
Volume					0.0	2.73	0.4	0.0	2.7	2.7	0.5
Unit Price					3,347.4	3,431.38	2,975.29	5,560.2	2,241.8	1,923.5	2,996.0
Sub Total Traditional	85.9	210.4	184.1	148.6	100.3	141.6	110.6	71.4	88.7	88.7	119.6
B. Non-Traditional:											
Minerals	14.2	26.5	28.6	13.7	20.2	80.4	137.2	188.0	240.4	313.4	345.0
Manufactured Goods	18.7	32.1	87.3	17.7	14.7	16.6	21.4	29.3	34.4	44.8	62.0
Others Exports	38.0	84.3	83.1	63.2	60.0	64.2	81.3	103.4	134.2	102.2	145.4
Sub Total	70.8	142.9	199.0	94.6	94.9	161.2	239.9	320.7	409.0	460.5	552.3
Grand Total	156.7	353.3	383.1	243.2	195.2	302.8	350.5	392.1	497.7	549.2	672.0

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) Prior to July 1997 export figures were obtained from CD3 forms processed through Customs

Dept, Crop Boards,

4) Ministry of minerals, TPDC and staff estimates.

5) p = Provisional

6) r = revised

Source: Bank of Tanzania and Tanzania Revenue Authority



Table A4.4: Tanzania Exports by Type of Commodity, 1995 - 2005

Commodity	January - June										Millions of TZS
	1995	1996	1997	1998	1999	2000	2001	2002	2003 ^r	2004 ^p	2005 ^p
A: Traditional exports:											
COFFEE											
Value	6,831.0	47,466.4	39,507.2	33,571.1	26,987.9	38,204.1	33,173.0	18,008.5	33,308.6	26,389.1	49,484.5
Volume	44.9	36.9	27.3	26.0	30.1	26.0	30.1	19.0	29.9	18.8	28.7
Unit Price	152,138.7	1,286,352.0	1,447,150.2	1,910,381.5	1,688,749.3	1,470,143.0	1,102,244.3	947,656.7	1,114,301.2	1,406,132.9	1,724,197.4
COTTON											
Value	10,378.4	22,988.4	32,077.2	13,054.2	6,057.5	8,022.8	5,917.5	4,926.9	19,153.6	11,402.0	32,430.2
Volume	28.6	24.2	37.0	9.8	6.1	9.8	6.1	5.2	21.2	8.6	28.8
Unit Price	363,263.0	951,114.4	866,074.1	819,582.4	828,304.9	817,881.7	974,590.0	947,580.9	905,170.5	1,330,951.6	1,126,047.0
SISAL											
Value	2,573.1	1,285.6	2,759.8	2,058.7	2,699.6	2,445.5	2,509.8	3,008.8	3,776.6	4,454.9	4,443.2
Volume	2.8	3.8	7.3	7.4	6.1	7.4	6.1	5.9	7.3	7.4	5.1
Unit Price	909,213.4	340,113.9	379,616.3	371,023.8	370,126.2	328,422.3	410,367.6	514,160.1	514,030.1	602,013.1	871,210.7
TEA											
Value	4,607.8	7,810.1	9,018.8	12,912.6	8,871.2	14,963.1	15,941.2	15,324.7	16,499.7	14,547.9	17,980.8
Volume	9.3	13.4	11.2	12.3	10.9	13.4	14.5	12.6	13.8	10.6	14.2
Unit Price	494,935.3	583,711.8	807,124.2	1,047,175.3	811,802.2	1,113,118.7	1,100,213.4	1,213,928.4	1,193,472.5	1,377,907.6	1,266,256.8
TOBACCO											
Value	3,321.3	12,839.3	5,506.0	22,150.6	17,400.5	18,724.7	13,828.8	21,253.0	8,394.5	17,765.8	19,109.5
Volume	10.0	12.9	3.9	16.6	12.9	12.0	10.1	11.2	4.1	10.7	10.4
Unit Price	333,800.1	999,168.5	1,405,307.0	1,331,388.5	1,353,534.7	1,558,540.2	1,364,431.9	1,900,982.0	2,052,185.0	1,667,840.9	1,837,448.7
RAW CASHEW NUTS											
Value	18,517.5	26,794.4	22,609.4	13,842.6	7,834.8	23,435.0	21,798.6	5,920.5	3,728.5	11,393.0	5,809.4
Volume	28.4	56.9	58.1	27.0	16.4	30.4	41.1	10.0	5.2	16.7	6.1
Unit Price	652,484.8	470,985.3	389,280.8	512,786.6	476,964.1	769,965.2	529,973.0	590,224.9	713,923.9	683,467.8	952,356.0
CLOVES											
Value					89.0	7,496.6	1,140.1	160.3	6,069.3	5,689.6	1,584.4
Volume					0.0	2.7	0.4	0.0	2.7	2.7	0.5
Unit Price					2,334,539.5	2,746,337.9	2,537,999.5	5,341,818.9	2,289,619.9	2,121,396.6	3,168,880.0
SubTotal Traditional	46,229.2	119,184.2	111,478.5	97,589.8	69,940.5	113,291.7	94,309.1	68,602.7	90,930.9	91,642.2	130,841.9
B: Non traditional:											
Minerals	7,633.1	14,980.1	17,296.4	8,971.8	14,111.4	64,297.1	117,017.6	176,394.0	247,677.2	348,345.7	369,076.5
Manufactured goods	10,044.7	18,202.7	52,859.6	11,632.3	10,217.7	13,280.5	18,262.5	25,762.9	35,510.9	49,988.1	66,200.0
Other exports	18,140.7	47,743.9	50,315.1	41,520.0	41,872.8	52,020.4	71,010.1	107,611.5	137,928.7	110,534.8	157,789.4
Sub Total non-Traditional	38,133.2	80,926.8	120,471.1	62,124.1	66,202.0	129,598.0	206,290.1	309,768.5	421,116.7	508,868.6	593,065.9
Grand Total	84,362.4	200,111.0	231,949.5	159,713.9	136,142.5	242,889.7	300,599.2	378,371.3	512,047.6	600,510.8	723,907.9

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) 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) Prior to July 1997 export figures were obtained from CD3 forms processed through Customs Dept. Crop Boards,

6) Ministry of minerals, TPDC and staff estimates.

7) p = Provisional

8) r = revised

9) na = Not applicable

Source: Bank of Tanzania and Tanzania Revenue Authority



Table A4.5: Tanzania Imports (c.i.f) by Major Category (In USD), 1995 - 2005

Category	January - June											Millions of USD
	1995	1996	1997	1998	1999	2000	2001	2002	2003 ^r	2004 ^p	2005 ^p	
A. Capital Goods:	134.1	237.3	238.9	408.4	353.5	297.1	361.3	364.4	364.8	415.2	529.5	
Transport Equipment	42.6	98.8	90.6	117.1	144.4	119.4	85.2	109.4	109.2	122.0	130.2	
Building and Construction	15.9	24.1	18.1	77.0	63.1	64.9	73.5	59.6	83.8	92.5	123.5	
Machinery	75.6	114.4	130.2	214.3	146.1	112.8	202.7	195.3	171.8	200.7	275.8	
B. Intermediate Goods :	120.1	254.3	228.6	115.4	172.5	149.2	184.5	195.7	286.5	365.2	437.9	
Oil	47.7	68.2	104.1	60.0	61.3	67.0	89.2	96.9	160.8	219.1	290.1	
O/ W Crude Oil	23.8	21.0	20.0	24.1	9.9	0.0	0.0	-	-	0.0	0.0	
White	23.9	8.1	48.5	14.7	15.8	22.9	64.1	47.0	52.9	219.1	290.1	
Fertilizers	0.0	5.7	9.2	4.9	7.8	5.9	5.0	7.0	8.4	21.5	27.4	
Industrial Raw Material	72.4	180.4	115.3	50.5	103.4	76.2	90.3	91.9	117.2	124.6	120.4	
C. Consumer Goods :	70.4	160.0	178.0	246.7	266.8	304.3	261.5	244.8	282.8	399.7	369.8	
Food and Food stuffs	2.8	22.1	24.8	99.1	72.8	92.2	100.9	80.5	79.4	153.9	84.1	
All Other Consumer Goods	67.6	137.9	153.2	147.5	194.0	212.1	160.7	164.3	203.4	245.7	285.7	
TOTAL	324.5	651.6	645.6	770.5	792.8	750.6	807.4	804.9	934.1	1,180.0	1,337.2	

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



Table A4.6: Tanzania Imports (c.i.f) by Major Category, 1995 - 2005

Category	January - June										Millions of TZS
	1995	1996	1997	1998	1999	2000	2001	2002	2003 ^r	2004 ^p	2005 ^p
A. Capital Goods:	182,689.6	134,407.9	144,643.5	268,213.5	246,540.7	237,667.7	308,233.1	350,056.3	375,430.0	472,559.4	572,755.8
Transport Equipment	59,760.9	55,944.8	54,837.6	76,878.8	100,674.1	95,523.4	72,639.0	105,096.7	112,322.6	136,461.0	142,432.4
Building and Construction	15,851.4	13,660.5	10,963.9	50,588.1	43,995.9	51,943.6	62,720.8	57,282.0	86,251.2	101,602.1	131,755.6
Machinery	107,077.3	64,802.6	78,842.0	140,746.6	101,870.7	90,200.6	172,873.3	187,677.6	176,856.2	234,496.3	298,567.8
B. Intermediate Goods:	40,474.8	144,030.3	138,413.9	75,784.1	120,294.8	119,302.3	157,390.3	188,043.3	295,309.2	403,311.2	380,248.4
Oil	40,375.2	38,597.2	63,016.7	39,410.2	42,737.9	53,625.5	76,102.1	93,053.0	165,985.7	241,638.8	219,664.9
Fertilizers	99.6	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	30,085.5
Industrial Raw Material	0.0	102,193.5	69,821.4	33,131.4	72,137.7	60,975.1	77,000.8	88,263.5	120,588.7	137,789.7	130,498.1
C. Consumer Goods:	119,366.9	90,605.8	107,774.3	161,988.0	186,098.6	243,394.9	223,085.6	235,146.4	290,937.4	424,356.0	403,012.8
Food and Food stuffs	6,620.4	12,522.2	15,032.2	65,106.4	50,779.8	73,733.3	86,031.1	77,310.1	81,720.1	170,396.6	92,276.7
All Other Consumer Goods	112,746.5	78,083.7	92,742.1	96,881.5	135,318.8	169,661.6	137,054.5	157,836.3	209,217.3	253,959.4	310,736.1
Total	342,531.3	369,043.9	390,831.8	505,985.6	552,934.1	600,364.9	688,709.0	773,246.0	961,676.6	1,300,226.6	1,356,017.1

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

3) oil imports were obtained from TPDC

4) p = Provisional

5) r = revised

Source: Bank of Tanzania and Tanzania Revenue Authority



A4.0: Balance of Payments And Foreign Trade Developments

Table A4.7: Official and Forex Bureau Exchange Rates, Mean Selling Rates in TZS, 1995 - 2005

End of Period	Bureau* (average) U.S. Dollar	Official (End of Period)										
		Pound Sterling	U.S. Dollar	Deutsche Mark	Swiss Francs	Dutch Guilder	French Francs	Belgium Francs	Italian Lire	Swedish Kroner	Japanese Yen	Euro
1995	595.0543	859.8777	550.3608	387.6925	479.7866	346.2386	112.5470	18.8610	0.3504	84.2334	5.4810	
1996	608.2500	991.4903	595.6434	383.7530	448.8424	341.9643	113.6338	18.6332	0.3896	87.2902	5.2268	
1997	631.0000	1,035.2299	624.5712	349.0190	429.5523	309.6989	104.3036	16.9250	0.3550	79.0294	4.8118	
1998	665.5000	1,134.6175	681.0000	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
2004-January	1,094.0000	2,013.7804	1,109.0000	500.3921	880.4715	444.1128	149.1997	24.2610	0.5054	150.0566	10.4696	1,375.5509
February	1,119.0000	2,068.8017	1,109.9600	500.8253	875.9483	444.4973	149.3289	24.2820	0.5059	149.6015	10.1334	1,381.1815
March	1,125.0000	2,032.4388	1,108.4100	500.1259	870.0905	443.8766	149.1203	24.2481	0.5052	146.4152	10.6414	1,356.6961
April	1,115.0000	1,987.1713	1,119.5000	505.1299	867.3236	448.3177	150.6123	24.4907	0.5102	146.7610	10.1648	1,339.7644
May	1,123.0000	2,048.7245	1,116.5000	503.7762	891.7718	447.1163	150.2087	24.4251	0.5089	150.0164	10.1959	1,363.5284
June	1,124.0100	2,001.5938	1,107.3200	499.6341	875.0388	443.4400	148.9737	24.2242	0.5047	146.7417	10.1949	1,338.1425
July	1,109.0000	1,995.0393	1,097.4100	495.1626	857.2495	439.4715	147.6405	24.0074	0.5002	143.2174	9.8040	1,322.1074
August	1,097.0000	1,948.0830	1,083.2300	488.7645	849.2908	433.7929	145.7327	23.6972	0.4937	143.4733	9.8821	1,308.7607
September	1,082.0000	1,907.5406	1,060.4500	478.4859	841.7256	424.6704	142.6680	23.1989	0.4833	144.3487	9.5622	1,307.3259
October	1,077.0000	1,943.2990	1,060.5200	478.5175	883.2864	424.6984	142.6774	23.2004	0.4834	149.5376	9.9912	1,352.0591
November	1,074.0000	2,006.1567	1,060.9800	478.7520	929.0519	424.8826	142.7393	23.2105	0.4836	158.2007	10.2948	1,408.2945
December	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-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	1,116.0000	2,112.8738	1,105.0000	498.5873	928.4911	442.5110	148.6616	24.1735	0.5089	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

* Period Average

Source: Bank of Tanzania



A4.0 Balance of Payments And Foreign Trade Developments

Table A4.8: Tanzania's Trade Balance, 1995 - 2005

Millions of TZS			
Period	Domestic Exports (f.o.b)	Total Imports (f.o.b)	Trade Balance
1995	390,378.1	770,778.7	-380,400.6
1996	455,419.2	702,353.5	-246,934.3
1997	459,548.9	703,106.2	-243,557.3
1998	391,804.7	907,494.3	-515,689.6
1999	412,204.1	1,090,595.9	-678,391.8
2000	531,674.7	1,094,413.9	-562,739.3
2001	681,156.4	1,369,144.0	-687,987.6
2002	874,067.4	1,460,946.6	-586,879.2
2003	1,174,784.1	2,011,339.1	-836,555.0
2004	1,447,125.7	2,480,169.1	-1,033,043.4
2001-1st Quarter	158,638.0	303,756.9	-145,118.9
2nd Quarter	141,961.2	327,544.6	-185,583.4
3rd Quarter	162,924.0	377,516.1	-214,592.1
4th Quarter	217,633.2	360,326.4	-142,693.2
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
2004-1st Quarter	315,674.3	571,018.4	-255,344.1
2nd Quarter	284,836.5	612,187.8	-327,351.3
3rd Quarter	357,956.0	589,425.4	-231,469.4
4th Quarter	488,658.9	707,537.5	-218,878.6
2005-1st Quarter	389,797.7	596,377.8	-206,580.1
2nd Quarter	334,110.1	637,597.8	-303,487.6

Note: 1) Prior to 2002 figures for TZS were converted from USD using quarterly average exchange rates.

Beginning 2002 monthly average exchange rates are used to compute figures in TZS.

2) Prior to July 1997 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 2004 and 2005 are provisional

4) Figures for 2003 have been revised

Source: Bank of Tanzania and Tanzania Revenue Authority

**Table A4.9 : Tanzania's Exports by Major Commodity Groups, 1995 - 2005**

Millions of TZS

Period	Coffee	Cotton	Sisal	Tea	Tobacco	Cashewnuts	Petroleum Products	Minerals	Manufactured Products	Others	Total
1995	81,168.4	69,237.6	3,535.3	13,215.8	15,371.6	36,077.4	6,214.8	25,545.1	63,042.5	76,969.6	390,378.1
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	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	67,716.3	90,163.1	459,548.9
1998	72,280.2	31,647.3	4,507.5	20,091.1	36,671.5	71,806.1	65.5	17,509.2	23,782.3	113,444.0	391,804.7
1999	56,995.0	21,744.7	5,380.8	18,305.6	31,998.6	79,197.2	318.0	56,090.2	22,412.6	119,761.5	412,204.1
2000	67,062.6	30,423.0	4,481.9	26,214.5	30,713.1	68,321.9	n.a	142,661.6	34,652.5	127,143.7	531,674.7
2001	49,603.4	29,173.2	5,864.8	25,275.4	32,292.4	50,940.7	n.a	270,028.3	50,322.4	167,655.8	681,156.4
2002	34,052.1	27,797.3	6,343.9	28,649.7	53,756.8	45,449.8	n.a	371,317.2	63,951.2	242,749.4	874,067.4
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	293,838.2	1,174,784.1
2004	53,830.3	80,072.4	7,882.7	26,836.1	62,156.8	72,256.9	n.a	746,472.5	119,893.9	277,724.1	1,447,125.7
2001-1st Quarter	20,927.8	4,211.3	1,478.8	9,012.1	11,025.6	20,346.4	n.a	51,020.4	9,275.5	31,340.2	158,638.0
2nd Quarter	12,245.2	1,706.2	1,031.0	6,929.1	2,803.2	2,452.2	n.a	73,792.6	8,807.2	32,194.4	141,961.2
3rd Quarter	3,802.5	11,685.8	1,323.4	3,378.2	3,702.7	3,078.8	n.a	73,554.1	12,427.5	49,971.1	162,924.0
4th Quarter	12,627.9	11,569.9	2,031.6	5,955.9	14,760.9	25,063.3	n.a	71,661.3	19,812.2	54,150.1	217,633.2
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	45,927.0	181,584.9
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	53,650.5	196,786.3
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	66,384.9	186,655.6
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	76,786.9	309,040.5
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	73,785.1	243,815.9
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	70,212.8	268,231.7
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	67,401.3	245,802.3
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	82,438.9	416,934.2
2004-1st Quarter	17,678.1	8,305.1	2,215.1	7,018.4	15,609.9	11,020.6	n.a	173,273.1	25,419.0	55,134.9	315,674.3
2nd Quarter	8,711.0	3,096.9	2,239.8	7,529.5	2,155.9	372.3	n.a	175,072.6	24,569.1	61,089.5	284,836.5
3rd Quarter	4,080.0	32,346.0	1,882.1	3,022.9	18,911.6	611.6	n.a	187,962.0	29,959.1	79,180.7	357,956.0
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	82,319.0	488,658.9
2005-1st Quarter	37,311.8	20,690.0	2,198.7	10,729.3	17,709.7	3,851.5	n.a	188,020.4	30,464.1	78,822.3	389,797.7
2nd Quarter	12,172.6	11,740.2	2,244.5	7,251.6	1,399.8	1,957.9	n.a	181,056.1	35,735.9	80,551.6	334,110.1

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) Prior to July 1997 export figures were obtained from CD3 forms processed through Customs Dept, Crop Boards, Ministry of minerals, TPDC and staff estimates.

4) Figures for 2004 and 2005 are provisional

5) Figures for 2003 have been revised

6) na = Not applicable

Source: Bank of Tanzania and Tanzania Revenue Authority

**Table A4.10: Tanzania's Imports (c.i.f) by Major Commodity Groups, 1995 - 2005**

Period	Millions of TZS									
	Transport. equipments	Building and construction	Machinery	Oil	Fertilizers	Industrial raw materials	Food and food stuffs	Other consumer goods	Total	
1995	120,594.9	28,079.3	168,267.3	111,940.9	7,123.4	232,142.4	26,017.7	191,786.7	885,952.6	
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	275,504.6	220,606.6	544,242.1	452,209.1	64,593.3	272,269.4	298,025.0	598,010.4	2,725,460.5	
2001-1st Quarter	35,749.2	25,550.9	66,446.7	52,492.5	3,247.3	36,589.7	43,603.9	70,118.5	333,798.8	
2nd Quarter	36,814.7	32,054.2	117,547.6	22,268.6	940.0	40,442.2	42,232.2	67,639.7	359,939.1	
3rd Quarter	40,777.9	36,104.7	92,575.0	66,950.9	4,724.4	48,558.7	27,997.1	97,164.2	414,852.8	
4th Quarter	53,457.7	32,802.9	80,394.8	51,199.9	4,729.8	54,353.1	33,747.8	85,277.2	395,963.1	
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	64,868.3	45,631.9	122,695.5	110,202.3	3,449.6	69,409.7	88,835.7	122,399.8	627,492.7	
2nd Quarter	71,592.7	55,970.3	111,800.8	131,436.5	20,433.2	68,379.9	81,561.0	131,559.5	672,733.9	
3rd Quarter	72,382.2	49,786.6	163,260.7	64,545.2	26,531.9	63,570.9	46,744.4	160,898.3	647,720.2	
4th Quarter	66,661.4	69,217.9	146,485.1	146,025.2	14,178.7	70,908.8	80,883.9	183,152.8	777,513.7	
2005-1st Quarter	77,213.2	68,960.0	155,424.2	65,439.7	14,895.4	68,570.8	45,893.7	158,963.3	655,360.2	
2nd Quarter	65,219.2	62,795.6	143,143.6	154,225.2	15,190.1	61,927.3	46,383.1	151,772.8	700,656.9	

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 oil imports were obtained from TPDC

3) Figures for 2004 and 2005 are provisional

4) Figures for 2003 have been revised

5) na = Not applicable

Source: Bank of Tanzania and Tanzania Revenue Authority

**Table A4.11: Tanzania's Exports by Country of Destination, 1995 - 2004**

Country	Millions of TZS										
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004 ^p	2004 ^p
Australia	1,149.5	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	2,285.0
Belgium	5,747.6	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	28,848.3
Burundi	3,448.6	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	8,203.8
Canada	1,724.3	1,080.0	1,038.5	450.0	430.6	421.8	469.2	1,355.5	1,710.1	5,202.8	5,202.8
China	5,747.6	11,019.6	10,595.9	1,320.1	90.6	483.8	620.4	688.3	3,796.8	76,742.7	76,742.7
Democratic Republic of Congo	1,149.5	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	11,050.4
Denmark	3,448.6	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	2,787.9
France	7,471.9	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	10,393.2
Germany	41,457.6	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	35,845.2
Hong Kong	9,770.9	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	13,376.3
India	33,336.2	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	109,671.9
Indonesia	10,920.5	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	6,325.6
Italy	6,897.1	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	30,252.1
Japan	37,359.5	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	70,065.3
Kenya	6,897.1	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	91,145.8
Malaysia	3,908.0	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	2,469.2
Mozambique	1,149.5	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	3,694.3
Netherlands	23,565.2	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	65,072.5
Norway	159.2	1,739.9	1,673.0	112.3	443.7	123.4	130.9	235.3	287.7	198.8	198.8
Pakistan	6,475.5	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	7,888.4
Portugal	16,965.8	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	5,112.8
Singapore	8,621.4	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	16,672.9
Somalia	574.8	580.0	557.7	41.2	74.8	365.8	129.6	327.9	166.0	-	-
South Africa	2,580.7	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	124,015.6
Spain	8,046.7	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	12,536.6
St. Helena	0.0	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	4,344.0
Sweden	1,149.5	1,739.9	1,673.0	386.8	210.8	336.3	121.8	170.7	1,241.2	833.5	833.5
Switzerland	2,299.0	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	32,444.7
Taiwan	13,294.3	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	2,807.2
Thailand	15,984.5	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	5,844.0
Uganda	5,172.9	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	12,752.5
United Arab Emirates	5,819.5	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	19,093.6
United Kingdom	22,915.7	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	506,516.3
United States	13,794.3	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	14,949.0
USSR/Russia	45.5	391.3	136.0	132.4	50.1	1,468.8	594.9	2,493.5	2,148.4	3,202.0	3,202.0
Zambia	5,747.6	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	7,359.2
Others	55,581.9	108,179.4	119,472.9	51,808.4	43,554.8	49,468.8	77,237.7	108,341.2	77,961.6	97,122.2	97,122.2
Grand Total	390,378.1	455,419.0	459,549.0	391,804.4	412,204.0	531,674.7	681,156.4	874,067.4	1,174,784.1	1,447,125.7	1,447,125.7

Note: p= provisional

Source: Bank of Tanzania, and Customs Department (TRA)


Table A4.12: Tanzania's Imports (c.i.f) by Country of Origins, 1995 - 2004

Country	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004 ^p
Argentina	429.3	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
Australia	574.8	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
Belgium	22,415.7	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
Brazil	8,943.0	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
Canada	5,172.9	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
China	42,532.4	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
Denmark	12,070.0	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
Eire/Ireland	4,023.3	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
Finland	2,892.0	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
France	9,196.2	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
Germany, Federal	30,462.4	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
Hong Kong	20,116.7	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
India	40,808.1	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
Indonesia	10,345.7	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
Italy	32,186.7	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
Japan	62,074.3	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
Kenya	78,742.4	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
Malaysia	15,170.6	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
Netherlands	18,967.1	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
Pakistan	1,407.1	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
Saudi Arabia	6,401.5	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
Singapore	25,289.5	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
South Africa	53,724.2	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
South Korea	4,751.8	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
Spain	2,299.0	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
Swaziland	229.0	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
Sweden	15,518.6	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
Switzerland	4,598.1	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
Taiwan	2,873.8	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
Thailand	4,322.9	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
Turkey	1,144.6	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
Uganda	1,149.5	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
United Arab Emirate	53,813.2	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
United Kingdom	83,340.4	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
United States	37,934.3	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
Zambia	12,644.8	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
Others	157,386.6	81,295.6	119,449.0	101,343.7	159,212.9	126,625.0	123,127.4	136,677.7	263,890.0	294,364.4
Grand Total	885,952.5	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	2,725,460.5

Note: p = provisional

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, 1995 - 2004

Country	Millions of TZS									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004 ^p
Burundi	3,448.6	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
Comoro	0.0	0.0	0.0	35.9	6.9	25.8	14.9	347.3	1,334.8	1,275.9
Djibouti	574.8	580.0	557.7	98.9	75.5	87.2	24.9	48.8	29.0	66.3
Ethiopia	0.0	0.0	0.0	351.4	235.8	358.7	643.5	359.4	729.7	1,921.7
Kenya	6,897.1	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
Malawi	1,724.3	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
Mauritius	0.0	0.0	0.0	37.0	59.8	158.3	288.7	280.7	738.5	583.0
Rwanda	22,990.5	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
Somalia	574.8	580.0	557.7	41.2	74.8	365.8	129.6	327.9	166.0	0.0
Swaziland	4,598.1	5,799.8	5,576.8	20,497.4	150.1	170.8	0.0	360.3	5.3	3,103.7
Uganda	5,172.9	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
Zambia	5,747.6	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
Zimbabwe	574.8	580.0	557.7	9,233.0	1,954.1	2,149.8	369.4	1,356.9	3,966.7	1,347.3
Grand Total	52,303.3	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

Note: 1) From 1994 the PTA market was succeeded by COMESA

2) p = provisional

Source: Bank of Tanzania and Tanzania Revenue Authority

**Table A4.14: Tanzania's Direct Imports from COMESA Countries, 1995 - 2004**

Country	Millions of TZS									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004 ^p
Burundi	574.8	-	90.7	31.2	8.2	9.3	140.1	7.3	335.2	17.4
Comoro	-	-	-	-	-	-	-	0.7	0.3	0.0
Djibouti	-	-	-	0.3	20.8	12.5	0.0	2.3	415.7	297.1
Ethiopia	57.5	290.0	333.1	550.5	643.4	2,602.8	468.4	633.5	128.8	1,138.1
Kenya	78,742.4	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
Lesotho	-	116.0	133.3	253.6	15.2	-	0.0	0.0	0.0	0.0
Malawi	1,436.9	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
Mauritius	344.9	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
Rwanda	57.5	290.0	333.1	127.7	6.0	115.8	68.5	41.6	833.1	126.8
Somalia	31.7	0.1	17.8	0.7	56.7	1.5	7.1	5.5	69.7	16.0
Swaziland	229.0	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
Uganda	1,149.5	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
Zambia	12,644.8	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
Zimbabwe	10,189.1	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
Grand Total	105,457.9	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

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, 1997 - 2005

Period	Services				Income				Current Transfers			
	Millions TZS											
	Net	Receipts	Payments	Net	Receipts	Payments	Net	Receipts	Payments	Receipts	Payments	Payments
1997	-194,335.3	295,483.7	489,819.0	-74,975.2	26,250.9	101,226.1	264,254.5	305,724.0	41,469.5			
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	-104,160.7	40,302.6	144,463.3	315,362.9	378,139.7	62,776.8			
2001	33,018.6	595,144.0	562,125.5	-74,655.4	48,766.9	123,422.3	344,484.8	415,024.3	68,907.7			
2002	472.9	643,703.2	641,269.3	-21,787.5	65,352.8	87,357.5	402,070.8	461,322.5	56,250.2			
2003	-93,564.8	692,408.8	802,880.5	-45,093.5	90,571.2	135,818.0	653,468.3	712,452.6	60,443.2			
2004	-15,252.5	1,026,093.8	1,041,346.3	-44,236.2	88,631.0	132,867.2	697,093.0	767,955.7	70,862.8			
2001: Quarter1	5,014.6	141,060.4	136,045.8	-17,200.1	8,997.2	26,197.3	96,210.9	106,024.4	9,813.5			
Quarter2	-3,242.9	137,998.5	141,241.5	-29,872.0	10,825.2	40,697.2	70,081.5	79,421.1	9,339.7			
Quarter3	23,411.3	165,755.0	142,343.7	-9,818.9	14,629.6	24,448.4	70,289.3	92,120.2	21,831.0			
Quarter4	7,835.5	150,330.1	142,494.6	-17,764.4	14,315.0	32,079.4	107,903.1	137,458.5	29,555.3			
2002: Quarter1	-3,323.7	143,379.8	146,703.4	-3,616.4	17,491.3	21,107.6	97,890.0	112,443.0	14,553.0			
Quarter2	-6,697.3	148,127.9	154,825.2	-6,492.8	15,093.9	21,586.8	63,630.3	78,543.0	14,912.7			
Quarter3	-34,755.7	163,537.1	198,292.8	-8,117.8	17,977.4	26,095.2	76,971.8	91,729.2	14,757.3			
Quarter4	45,249.5	191,409.9	146,160.4	-3,560.5	15,007.4	18,567.9	163,557.1	178,585.8	15,028.7			
2003: Quarter1	2,254.8	182,853.4	180,598.6	-15,103.4	18,719.3	33,822.7	91,901.2	108,368.1	16,466.8			
Quarter 2	-13,016.6	170,758.1	183,774.6	-5,502.5	22,261.5	27,764.0	88,473.0	105,080.0	16,607.0			
Quarter3	-34,102.7	179,496.0	213,598.7	-14,906.6	22,525.4	37,432.0	211,913.8	228,175.7	16,261.8			
Quarter4	-42,055.1	179,780.6	221,835.7	-9,827.9	27,218.3	37,046.2	188,924.7	205,017.4	16,092.7			
2004: Quarter1	-7,934.5	228,733.7	260,471.6	-3,957.9	29,448.6	33,406.5	67,087.8	83,993.7	16,905.9			
Quarter2	-6,822.6	216,862.5	223,685.0	-13,274.2	16,459.9	29,734.1	59,797.5	78,188.6	18,391.1			
Quarter3	-47,089.6	225,368.7	272,458.3	-30,072.1	8,772.9	38,845.0	339,598.2	359,044.5	19,446.3			
Quarter4	-49,098.1	283,252.5	332,350.6	3,068.0	33,949.6	30,881.6	230,670.4	247,080.8	16,410.4			
2005 ^p : Quarter1	-18,015.4	272,113.1	290,128.5	-14,391.2	21,787.6	36,178.7	85,799.8	103,948.3	18,148.6			
Quarter2	-27,895.3	307,315.3	335,210.7	-19,993.9	25,730.2	45,724.1	46,878.9	65,515.5	18,636.6			

Note: 1) As from 2001 onwards, the estimation technique for government service payments has been revised leading to the change in service payments

2) p = provisional

3) r = revised

Source: Bank of Tanzania



Table A4.16 : Foreign Reserve Position* (revised), 1995 - 2005

End of Period	Bank of Tanzania										Millions of TZS			
	Foreign exchange					Net					Commercial banks			
	Assets	Liabilities	Net	Gold reserves	Other foreign assets	SDRs	RPF	UFC	Total	Position official	Liquid assets	Liabilities	Net Liquid	Total net position
Jun: 1995	126,021.8	9,736.7	116,285.1	17,928.6	150.2	282.4	9,412.3	133,591.8	10,466.7	10,466.7	145,252.0	6,939.2	138,312.8	128,166.7
1996	121,815.1	41,359.4	80,455.7	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	208,628.4
1997	259,292.3	65,663.0	193,629.3	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	247,627.3
1998	304,521.9	19,809.2	284,712.7	20,617.7	153.8	265.3	8,843.8	148,966.6	164,620.0	164,620.0	226,680.1	1,743.2	224,936.9	245,645.7
1999	412,222.9	40,169.4	372,053.5	23,002.2	420.7	295.7	9,856.3	205,918.7	199,709.6	199,709.6	267,295.6	417.3	266,878.4	272,304.2
2000	564,478.7	33,890.3	530,588.4	25,235.2	263.8	320.6	10,685.5	253,140.3	313,953.3	313,953.3	386,836.1	1,282.2	385,553.9	393,398.9
2001	833,270.5	71,448.7	761,821.7	28,028.1	179.1	332.3	11,077.8	287,779.6	513,659.5	513,659.5	456,880.1	7,693.4	449,186.7	492,560.4
2002	1,111,165.8	64,896.4	1,046,269.4	24,076.9	426.7	38.6	12,598.1	352,921.4	730,488.3	730,488.3	547,712.0	3,054.2	544,657.8	575,741.3
2003	1,704,048.4	114,331.2	1,589,717.2	28,920.3	157.0	273.1	14,660.3	418,691.9	1,215,036.0	1,215,036.0	638,738.5	2,798.3	635,940.2	656,249.9
2004	2,062,664.1	150,444.3	1,912,219.7	0.0	488.1	146.8	16,250.7	460,231.8	1,468,873.6	1,468,873.6	617,615.2	3,853.4	613,761.8	665,309.1
2005	2,200,117.3	128,916.6	2,071,200.7	0.0	665.2	58.3	16,434.3	422,345.3	1,666,013.2	1,666,013.2	568,508.5	22,851.7	545,656.8	613,281.1
2004: Mar	2,169,909.4	202,007.2	1,967,902.2	0.0	452.9	352.0	16,350.7	479,864.7	1,505,193.0	1,505,193.0	634,310.6	2,243.1	632,067.4	673,554.4
Jun	2,062,664.1	150,444.3	1,912,219.7	0.0	488.1	146.8	16,250.7	460,231.8	1,468,873.6	1,468,873.6	617,615.2	3,853.4	613,761.8	665,309.1
Sep	2,108,370.8	126,541.2	1,981,829.5	0.0	187.1	79.5	15,572.6	437,685.9	1,559,982.9	1,559,982.9	642,555.0	6,667.5	635,887.5	729,777.5
Dec	2,377,981.2	239,810.3	2,138,170.9	0.0	561.0	73.5	16,143.4	439,663.0	1,715,285.8	1,715,285.8	605,328.2	19,042.1	586,286.1	664,623.5
2005: Mar	2,329,775.8	156,031.7	2,173,744.1	0.0	566.5	119.3	16,660.5	442,674.6	1,748,415.8	1,748,415.8	679,678.6	22,072.4	657,606.2	713,683.9
Jun	2,200,117.3	128,916.6	2,071,200.7	0.0	665.2	58.3	16,434.3	422,345.3	1,666,013.2	1,666,013.2	568,508.5	22,851.7	545,656.8	613,281.1
2004: January	2,185,867.6	135,045.1	2,050,822.5	0.0	442.9	562.0	16,558.8	487,248.4	1,581,137.8	1,581,137.8	725,730.3	9,071.4	716,658.8	731,781.7
February	2,253,423.3	173,059.9	2,080,363.4	0.0	307.5	353.7	16,427.1	477,635.4	1,619,816.5	1,619,816.5	651,720.6	3,619.5	648,101.1	699,178.3
March	2,169,909.4	202,007.2	1,967,902.2	0.0	452.9	352.0	16,350.7	479,864.7	1,505,193.0	1,505,193.0	634,310.6	2,243.1	632,067.4	673,554.4
April	2,116,909.4	193,386.3	1,923,523.1	0.0	394.2	347.8	16,153.3	474,070.1	1,466,348.2	1,466,348.2	630,359.9	8,144.5	622,215.5	675,194.1
May	2,099,297.2	187,185.8	1,912,111.4	0.0	548.0	148.2	16,399.4	470,298.3	1,458,908.6	1,458,908.6	609,512.4	3,297.7	606,214.7	655,604.0
June	2,062,664.1	150,444.3	1,912,219.7	0.0	488.1	146.8	16,250.7	460,231.8	1,468,873.6	1,468,873.6	617,615.2	3,853.4	613,761.8	665,309.1
July	1,959,640.9	109,747.6	1,849,893.3	0.0	374.0	144.3	15,969.2	454,591.9	1,411,788.8	1,411,788.8	674,879.7	11,710.1	663,169.7	717,045.8
August	1,967,748.5	119,006.1	1,848,742.4	0.0	345.9	80.6	15,792.8	443,876.0	1,421,085.8	1,421,085.8	649,431.3	12,856.7	636,574.5	710,298.5
September	2,108,370.8	126,541.2	1,981,829.5	0.0	187.1	79.5	15,572.6	437,685.9	1,559,982.9	1,559,982.9	642,555.0	6,667.5	635,887.5	729,777.5
October	2,184,488.8	154,634.0	2,029,854.8	0.0	397.8	318.5	15,841.4	445,241.1	1,601,171.4	1,601,171.4	652,425.0	5,843.2	646,381.8	727,667.3
November	2,370,413.4	245,425.8	2,124,987.7	0.0	370.8	74.0	16,250.6	448,386.7	1,693,296.3	1,693,296.3	614,195.4	13,438.9	600,756.5	679,035.6
December	2,377,981.2	239,810.3	2,138,170.9	0.0	561.0	73.5	16,143.4	439,663.0	1,715,285.8	1,715,285.8	605,328.2	19,042.1	586,286.1	664,623.5
2005: January	2,399,004.0	262,970.6	2,136,033.5	0.0	500.6	411.5	16,760.2	456,463.4	1,697,242.3	1,697,242.3	649,833.5	14,995.0	634,838.5	711,110.5
February	2,407,131.7	181,148.3	2,225,983.4	0.0	292.1	122.0	17,038.0	447,933.9	1,795,501.5	1,795,501.5	629,330.9	13,285.8	616,045.1	686,556.6
March	2,329,775.8	156,031.7	2,173,744.1	0.0	566.5	119.3	16,660.5	442,674.6	1,748,415.8	1,748,415.8	679,678.6	22,072.4	657,606.2	713,683.9
April	2,320,867.6	157,742.2	2,163,125.5	0.0	422.7	370.7	16,724.6	444,377.3	1,736,266.2	1,736,266.2	582,070.0	17,238.0	564,832.1	621,224.6
May	2,276,894.4	165,168.3	2,111,726.1	0.0	553.4	59.2	16,690.2	434,882.2	1,694,146.7	1,694,146.7	573,643.6	16,068.1	557,575.5	611,072.0
June	2,200,117.3	128,916.6	2,071,200.7	0.0	665.2	58.3	16,434.3	422,345.3	1,666,013.2	1,666,013.2	568,508.5	22,851.7	545,656.8	613,281.1

Source: Bank of Tanzania



A5.0 External Debt Developments

Table A5.1: External Debt Developments 1995 - 2005

	Millions of US \$										
Item	1994/95	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
1. Overall Total Debt Committed ¹	8,440.7	7,933.0	7,901.7	7,972.9	7,595.7	7,702.3	8,032.8	7,606.6	8,088.3	8,345.1	
Disbursed outstanding debt	6,917.5	6,623.3	6,435.8	6,580.3	6,538.3	6,312.2	6,559.7	6,233.0	6,678.3	6,799.5	
Undisbursed debt	1,523.2	1,309.7	1,465.9	1,392.6	1,057.4	1,390.1	1,473.1	1,373.6	1,410.0	1,545.6	
2. Disbursed Debt by Creditor Category ²	6,917.5	6,623.3	6,435.8	6,580.3	6,538.3	6,312.2	6,559.7	6,233.0	6,678.3	6,799.5	
o/w: Bilateral debt	3,426.3	3,216.3	2,785.8	2,791.8	2,514.1	2,289.1	2,277.1	1,633.7	1,483.6	1,502.3	
Multilateral debt	3,022.4	2,989.5	3,179.4	3,330.1	3,571.5	3,530.6	3,808.5	4,088.3	4,570.0	4,626.3	
Commercial debt	226.7	211.7	270.6	251.5	264.9	307.9	302.5	330.6	391.2	416.4	
Export credits	242.2	205.8	200.0	206.9	187.8	184.7	171.6	180.5	233.5	254.5	
3. Disbursed Debt by Borrower Category ²	6,917.5	6,623.3	6,435.8	6,580.3	6,538.3	6,312.2	6,559.7	6,233.0	6,678.3	6,799.5	
o/w: Central Government	6,523.0	6,264.8	6,017.4	6,168.2	6,092.6	5,844.0	6,054.8	5,708.0	6,092.0	5,830.6	
Public Corporations	220.5	171.5	171.8	165.1	183.2	172.2	153.8	152.2	149.1	477.5	
Private Sector	174.0	187.0	246.6	247.0	262.5	296.0	351.1	372.9	437.2	491.5	
4. Disbursed Debt by Use of Funds ²	6,917.5	6,623.3	6,435.8	6,580.3	6,538.3	6,312.2	6,559.7	6,233.0	6,678.3	6,799.5	
o/w: Balance of payment support	1,889.4	1,688.9	1,493.1	1,512.2	1,648.1	1,524.2	1,639.0	1,166.0	1,275.1	1,335.1	
Transport & Telecommunication	1,325.1	1,291.5	1,306.5	1,337.8	1,067.4	1,021.1	1,027.9	1,047.8	1,085.1	1,073.5	
Agriculture	1,017.3	967.0	913.9	963.8	1,040.2	990.9	1,007.8	1,034.7	967.7	1,077.8	
Energy & Mining	691.8	721.9	791.6	821.8	869.0	824.3	902.9	895.0	924.3	1,070.3	
Industries	654.0	609.3	527.7	504.4	430.0	413.8	402.3	411.2	352.7	405.5	
Social Welfare & Education	219.0	245.1	276.7	292.7	426.5	332.0	384.4	421.7	333.3	611.7	
Finance and Insurance	215.1	192.1	167.3	215.5	122.8	131.2	77.9	76.9	82.3	96.6	
Tourism	89.9	92.7	77.2	80.2	84.1	82.0	83.8	88.2	80.2	80.1	
Others	815.9	814.7	881.7	851.9	850.2	992.7	1,033.7	1,091.6	1,577.5	1,048.9	
5.Total Amount of Loans Contracted ¹	122.5	155.7	318.8	212.5	224.4	417.6	298.1	22.3	230.0	2.9	
Government	77.5	123.7	306.3	159.9	220.2	285.7	291.2	12.9	209.4	0.0	
Public Corporations	32.3	0.0	3.3	4.6	0.0	0.0	0.0	0.0	0.0	0.0	
Private	12.7	32.0	9.2	48.0	4.2	131.0	7.0	9.4	20.6	2.9	
6. Disbursements ¹	241.2	320.3	307.9	189.2	267.7	169.7	184.8	169.0	317.3	3.8	
Government	200.8	282.2	239.7	187.4	264.5	169.6	160.5	163.7	297.8	3.4	
Public Corporations	6.8	6.8	9.8	1.3	0.0	0.0	0.0	0.0	2.0	0.0	
Private	33.6	31.3	58.4	0.5	3.2	0.1	24.3	5.3	18.9	0.4	
7. Scheduled Debt Service ¹	462.6	497.5	352.8	368.9	428.2	422.0	400.0	369.0	334.4	355.1	
8. Actual Debt Service ¹	180.1	212.0	204.6	187.9	190.9	120.9	89.1	112.4	99.3	29.2	
Principal	115.6	140.1	138.0	112.2	140.5	100.1	47.9	86.6	68.6	19.8	
Interest	61.7	71.8	66.4	75.6	49.6	20.8	41.2	25.8	30.6	9.5	
Others	2.8	0.1	0.2	0.1	0.8	0.0	0.0	0.0	0.1	0.0	
9. Net Transfers	61.1	108.3	103.3	1.3	76.8	48.8	95.7	51.3	218.0	-25.4	
10. Total Arrears by Creditor Category ²	2,636.2	2,813.7	2,357.6	2,660.5	2,239.0	2,304.9	1,820.2	2,056.5	2,297.8	2,470.5	
o/w : Principal	1,549.9	1,682.9	1,408.8	1,571.1	1,152.5	1,135.0	915.9	1,021.4	1,119.1	1,135.2	
Bilateral	1,230.5	1,367.2	1,134.1	1,235.4	810.7	803.8	570.5	611.6	658.8	669.4	
Multilateral*	18.4	29.6	10.3	23.0	0.0	0.0	39.9	45.1	28.3	5.9	
Commercial	120.7	100.8	91.9	132.4	185.0	165.4	152.9	203.7	240.2	249.2	
Other Private Creditors	180.3	185.3	172.5	180.3	156.8	165.8	152.6	161.0	191.8	210.7	
Interest	1,086.3	1,130.8	948.8	1,089.4	1,086.5	1,169.9	904.3	1,035.1	1,178.7	1,335.3	
Bilateral	747.7	827.5	654.3	740.0	739.5	780.4	522.7	577.7	693.0	818.8	
Multilateral*	6.7	29.3	6.0	8.3	0.0	0.0	54.1	68.4	27.3	23.4	
Commercial	195.5	155.2	163.9	204.3	261.1	294.5	222.2	268.3	287.1	333.7	
Other Private Creditors	136.4	118.8	124.6	136.8	85.9	95.0	105.3	120.7	171.3	159.4	
11. Total Debt Stock	10,119.4	9,901.8	8,574.8	8,807.9	8,773.9	8,401.2	8,328.5	8,109.7	8,742.2	9,087.4	
External Debt Stock	8,003.8	7,754.1	7,384.6	7,669.7	7,624.8	7,482.1	7,464.0	7,268.1	7,856.9	8,134.8	
Domestic Debt Stock	2,115.6	2,147.7	1,190.2	1,138.2	1,149.1	919.1	864.5	841.6	885.3	952.6	
12. Export of Goods and Services	519.4	1,265.8	1,226.7	1,109.8	1,143.5	1,290.6	1,436.2	1,568.3	8,742.1	9,087.4	
13. External Debt Service	186.3	199.0	222.0	269.6	208.4	198.8	171.3	114.9	1,822.6	592.4	
14. GDP at facto cost	4,201.0	5,243.2	6,908.0	8,203.0	8,082.3	8,502.4	8,579.3	9,089.9	9,311.0		
15. External Debt Stock as % of GDP	190.5	147.9	106.9	93.5	94.3	88.0	87.0	80.0	84.4		
16. Total Debt Stock as % of GDP	240.9	188.9	124.1	107.4	108.6	98.8	97.1	89.2	93.9		
17. External debt service as % of exports	35.9	15.7	18.1	24.3	18.2	15.4	11.9	7.3	5.4	4.9	
18. External debt as % of Exports	1,541.0	612.6	602.0	691.1	666.8	579.7	519.7	463.4	431.1		
End of Period Exchange Rate (TZS/US\$)	595.4	624.2	665.0	737.0	799.5	888.0	946.9	1,047.4	1,107.3	1,126.3	

*Multilateral arrears are those owed by the private sector.

¹ During the period, ² End of June 2005, 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, 1995-2004

Economic Activity	Millions of TZS									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004*
GDP at market prices	85,467.7	111,414.2	136,440.1	149,484.2	165,996.6	189,983.6	221,437.8	254,732.4	282,741.0	344,100.0
Agriculture, forestry & fishing	19,075.8	24,406.4	27,382.7	29,529.2	36,002.0	43,575.5	55,596.9	62,571.3	58,034.2	79,900.0
Crops	9,444.1	12,613.3	14,416.2	15,884.0	19,164.8	23,540.4	34,969.4	38,935.1	33,391.1	46,700.0
Livestock	5,926.3	7,480.9	7,775.3	7,708.7	7,500.3	9,352.4	9,420.7	10,644.8	11,019.1	14,800.0
Forestry & hunting	244.4	396.1	584.0	593.5	603.9	1,067.5	1,142.6	1,168.2	1,183.2	1,200.0
Fishing	3,460.9	3,916.1	4,607.1	5,343.0	8,732.9	9,615.2	10,064.3	11,823.3	12,440.9	17,200.0
Industry	15,355.3	18,162.2	20,848.5	20,150.8	22,173.3	21,125.0	24,600.7	29,783.3	37,640.6	45,800.0
Mining & quarrying	668.5	848.1	976.8	962.5	925.3	984.3	1,130.1	1,507.9	2,236.2	2,500.0
Manufacturing	5,086.2	6,324.4	7,811.1	9,296.5	10,361.7	10,735.8	11,274.1	13,708.0	16,845.6	17,200.0
Electricity, gas & water supply	1,786.1	2,225.5	2,576.2	2,753.6	2,889.2	3,465.1	3,659.6	4,248.9	4,726.9	5,600.0
Construction	7,814.5	8,764.2	9,484.4	7,138.2	7,997.1	5,939.8	8,536.9	10,318.5	13,831.9	20,500.0
Services	37,550.7	52,221.6	65,809.9	71,599.3	78,186.4	93,851.1	106,564.7	125,984.5	147,993.1	173,500.0
Trade & repairs	10,480.2	15,230.4	16,227.9	14,498.5	17,891.8	19,452.0	23,652.5	25,237.1	27,171.6	30,000.0
Hotels & restaurants	4,935.8	7,574.7	11,227.5	11,816.9	12,555.7	15,710.1	13,316.8	16,082.6	16,128.6	19,900.0
Transport & communications	4,824.6	6,658.3	7,812.6	7,619.8	8,768.8	11,026.1	13,868.3	15,721.4	23,499.0	27,500.0
Financial intermediation	1,034.5	1,479.6	1,674.9	1,591.5	2,047.8	2,677.7	2,938.9	3,791.9	4,632.4	5,600.0
Real estate & business services	1,160.5	1,437.6	1,690.4	1,775.0	1,871.1	2,095.1	2,266.4	2,501.2	2,862.9	3,200.0
Public administration	9,396.0	12,155.4	17,175.0	22,411.9	22,722.2	28,509.8	33,941.0	43,180.9	50,908.5	60,400.0
Education	4,372.7	5,873.6	7,632.3	9,057.7	9,406.4	10,914.3	12,655.0	14,852.2	17,355.7	20,600.0
Health	1,007.3	1,364.0	1,817.1	2,205.8	2,247.2	2,685.7	3,059.0	3,648.0	4,292.6	5,000.0
Other social & personal services	339.0	448.1	552.2	622.2	675.3	780.4	866.8	969.3	1,141.7	1,300.0
Adjustment to market prices	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
less FISIM	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Taxes on products	13,486.0	16,624.0	22,399.0	28,205.0	29,635.0	31,432.0	34,675.5	36,393.3	39,073.0	44,300.0
GDP at factor cost	71,981.7	94,790.2	114,041.1	121,279.2	136,361.7	158,551.6	186,762.3	218,339.1	243,667.9	299,200.0
Population ('000)	790.0	814.0	636.0	864.0	889.0	916.0	944.0	982.0	1,011.0	1,041.0
GDP per capita (TZS '000)	108.2	136.9	214.5	173.0	186.7	207.4	234.6	259.4	279.7	331.0
GDP per capita (US\$)	175.3	229.3	341.6	266.2	241.6	259.3	263.9	274.2	268.9	303.0

* Provisional

Source: Office of Chief Government Statistician - Zanzibar



Table A6.1.2: Gross Domestic Product at factor cost by kind of Economic Activity, Percentage Share in Total GDP, at Current Prices, 1995-2004

Economic Activity	Percent									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004*
Agriculture, forestry & fishing	22.3	21.9	20.1	19.8	21.7	22.9	25.1	24.6	20.5	23.3
Crops	11.0	11.3	10.6	10.6	11.5	12.4	15.8	15.3	11.8	14.0
Livestock	6.9	6.7	5.7	5.2	4.5	4.9	4.3	4.2	3.9	4.0
Forestry & hunting	0.3	0.4	0.4	0.4	0.4	0.6	0.5	0.5	0.4	0.3
Fishing	4.0	3.5	3.4	3.6	5.3	5.1	4.5	4.6	4.4	5.0
Industry	18.0	16.3	15.3	13.5	13.4	11.1	11.1	11.7	13.3	14.0
Mining & quarrying	0.8	0.8	0.7	0.6	0.6	0.5	0.5	0.6	0.8	1.0
Manufacturing	6.0	5.7	5.7	6.2	6.2	5.7	5.1	5.4	6.0	5.0
Electricity, gas & water supply	2.1	2.0	1.9	1.8	1.7	1.8	1.7	1.7	1.7	2.0
Construction	9.1	7.9	7.0	4.8	4.8	3.1	3.9	4.1	4.9	6.0
Services	43.9	46.9	48.2	47.9	47.1	49.4	48.1	49.5	52.3	49.7
Trade & repairs	12.3	13.7	11.9	9.7	10.8	10.2	10.7	9.9	9.6	8.2
Hotels & restaurants	5.8	6.8	8.2	7.9	7.6	8.3	6.0	6.3	5.7	6.0
Transport & communications	5.6	6.0	5.7	5.1	5.3	5.8	6.3	6.2	8.3	8.0
Financial intermediation	1.2	1.3	1.2	1.1	1.2	1.4	1.3	1.5	1.6	2.0
Real estate & business services	1.4	1.3	1.2	1.2	1.1	1.1	1.0	1.0	1.0	1.0
Public administration	11.0	10.9	12.6	15.0	13.7	15.0	15.3	17.0	18.0	17.1
Education	5.1	5.3	5.6	6.1	5.7	5.7	5.7	5.8	6.1	6.0
Health	1.2	1.2	1.3	1.5	1.4	1.4	1.4	1.4	1.5	1.0
Other social & personal services	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
GDP at factor cost	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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, 1995 - 2004

Economic Activity	Millions of TZS										
	1992	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004*
GDP at Constant Prices	145,889.7	169,365.7	179,270.1	182,081.8	195,833.0	203,489.0	222,440.8	241,088.0	255,633.6	272,000.0	
Agriculture, forestry & fishing											
Crops	37,663.5	46,793.3	45,121.1	45,136.2	49,601.7	49,003.1	55,596.9	54,698.1	55,647.6	59,400.0	
Livestock	23,691.5	32,417.2	29,785.7	28,866.2	30,243.5	30,004.7	34,969.4	33,822.2	34,159.1	37,200.0	
Forestry & hunting	7,732.5	7,965.4	8,236.3	8,516.8	8,807.5	9,108.6	9,420.7	9,743.9	10,086.5	10,400.0	
Fishing	994.9	961.9	1,012.7	1,029.1	1,047.1	1,067.5	1,142.6	1,168.2	1,183.2	1,100.0	
	5,244.6	5,448.9	6,086.4	6,724.1	9,503.5	8,822.2	10,064.3	9,963.8	10,218.8	10,700.0	
Industry	22,485.6	26,050.8	27,482.7	24,754.8	25,584.5	22,956.1	24,600.7	28,056.1	32,633.6	36,700.0	
Mining & quarrying	983.4	1,055.7	1,083.3	1,067.4	1,019.8	1,015.7	1,130.1	1,431.5	1,946.4	2,000.0	
Manufacturing	7,335.3	11,252.1	12,893.7	12,567.2	12,380.7	12,274.8	11,274.1	13,013.4	14,662.7	13,900.0	
Electricity, gas & water supply	2,671.2	2,833.8	2,987.2	3,203.7	3,369.8	3,536.5	3,659.6	3,815.4	3,985.0	4,200.0	
Construction	11,495.7	10,909.3	10,518.5	7,916.5	8,814.1	6,129.1	8,536.9	9,795.7	12,039.5	16,600.0	
Services	62,895.3	70,000.2	78,594.0	83,678.1	89,980.9	99,161.6	106,564.7	119,949.6	124,687.5	133,400.0	
Trade & repairs	15,432.6	18,967.3	17,981.7	16,063.0	19,703.9	20,067.0	23,652.5	23,967.3	23,660.1	24,600.0	
Hotels & restaurants	7,260.9	9,428.6	12,451.7	13,105.4	13,838.4	16,211.0	13,316.8	15,267.7	14,038.6	15,600.0	
Transport & communications	6,930.4	6,858.3	8,371.0	8,668.5	10,772.8	12,342.1	13,868.3	16,345.3	19,742.7	21,100.0	
Financial intermediation	1,513.9	1,833.5	1,843.1	1,748.8	2,239.5	2,702.9	2,938.9	3,563.1	3,897.1	4,600.0	
Real estate & business services	1,739.1	1,816.2	1,897.3	1,982.6	2,072.4	2,166.9	2,266.4	2,371.2	2,481.5	2,600.0	
Public administration	18,660.5	19,050.8	22,782.4	27,516.8	26,808.0	30,358.7	33,941.0	40,275.4	42,045.3	44,900.0	
Education	8,684.1	9,205.5	10,124.1	11,120.9	11,097.8	11,622.2	12,655.0	13,852.9	14,334.1	15,300.0	
Health	2,000.5	2,137.7	2,410.4	2,708.2	2,651.3	2,859.8	3,059.0	3,402.6	3,545.3	3,700.0	
Other social & personal services	673.3	702.2	732.4	763.9	796.8	831.0	866.8	904.0	942.9	1,000.0	
Adjustment to market prices											
less FISIM											
Taxes on products	22,845.2	26,521.4	28,072.3	28,512.6	30,666.0	31,771.4	34,675.5	37,482.3	39,417.8	42,400.0	
GDP at factor cost	123,044.4	142,844.3	151,197.7	153,569.2	165,167.1	171,717.7	187,765.4	203,605.6	216,215.8	229,600.0	

*Provisional figures for 2004

Source: Office of Chief Government Statistician



Table A6.1.4: Gross Domestic Product at factor cost by kind of Economic Activity, Percentage Share in Total GDP, at 2001 Constant Prices 1995 - 2004

Economic Activity	Percent									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Agriculture, forestry & fishing	30.6	32.8	29.8	29.4	30.0	28.6	29.8	27.0	26.1	25.9
Crops	19.3	22.7	19.7	18.8	18.3	17.5	18.7	16.7	16.0	16.2
Livestock	6.3	5.6	5.4	5.5	5.3	5.3	5.0	4.8	4.7	4.5
Forestry & hunting	0.8	0.7	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.5
Fishing	4.3	3.8	4.0	4.4	5.8	5.2	5.4	4.9	4.8	4.7
Industry	18.3	18.2	18.2	16.1	15.5	13.4	13.2	13.8	15.3	16.0
Mining & quarrying	0.8	0.7	0.7	0.7	0.6	0.6	0.6	0.7	0.9	0.9
Manufacturing	6.0	7.9	8.5	8.2	7.5	7.2	6.0	6.4	6.9	6.1
Electricity, gas & water supply	2.2	2.0	2.0	2.1	2.0	2.1	2.0	1.9	1.9	1.8
Construction	9.3	7.6	7.0	5.2	5.3	3.6	4.6	4.8	5.7	7.2
Services	51.1	49.0	52.0	54.5	54.5	57.9	57.1	59.2	58.5	58.1
Trade & repairs	12.5	13.3	11.9	10.5	11.9	11.7	12.7	11.8	11.1	10.7
Hotels & restaurants	5.9	6.6	8.2	8.5	8.4	9.5	7.1	7.5	6.6	6.8
Transport & communications	5.6	4.8	5.5	5.6	6.5	7.2	7.4	8.1	9.3	9.2
Financial intermediation	1.2	1.3	1.2	1.1	1.4	1.6	1.6	1.8	1.8	2.0
Real estate & business services	1.4	1.3	1.3	1.3	1.3	1.3	1.2	1.2	1.2	1.1
Public administration	15.2	13.3	15.1	17.9	16.2	17.7	18.2	19.9	19.7	19.6
Education	7.1	6.4	6.7	7.2	6.7	6.8	6.8	6.8	6.7	6.7
Health	1.6	1.5	1.6	1.8	1.6	1.7	1.6	1.7	1.7	1.6
Other social & personal services	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4
Total GDP at factor cost	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

*Provisional figures for 2004

Source: Office of Chief Government Statistician

Table A6.1.5: Gross Domestic Product (GDP) at factor cost by kind of Economic Activity, Percentage Annual Growth Rates, at 2001 Constant Prices, 1995 - 2004

Economic Activity	Percent									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Agriculture, forestry & fishing										
Crops	-1.0	24.2	-3.6	0.0	9.9	-1.2	13.5	-1.6	1.7	6.7
Livestock	-3.4	36.8	-8.1	-3.1	4.8	-0.8	16.5	-3.3	1.0	1.8
Forestry & hunting	3.0	3.0	3.4	3.4	3.4	3.4	3.4	3.4	3.5	3.5
Fishing	4.8	-3.3	5.3	1.6	1.8	1.9	7.0	2.2	1.3	3.7
	3.4	3.9	11.7	10.5	41.3	-7.2	14.1	-1.0	2.6	4.8
Industry	6.1	15.9	5.5	-9.9	3.4	-10.3	7.2	14.0	16.3	12.5
Mining & quarrying	4.1	7.4	2.6	-1.5	-4.5	-0.4	11.3	26.7	36.0	4.2
Manufacturing	5.7	53.4	14.6	-2.5	-1.5	-0.9	-8.2	15.4	12.7	-5.1
Electricity, gas & water supply	4.8	6.1	5.4	7.2	5.2	4.9	3.5	4.3	4.4	6.0
Construction	6.7	-5.1	-3.6	-24.7	11.3	-30.5	39.3	14.7	22.9	37.6
Services	5.3	11.3	12.3	6.5	7.5	10.2	7.5	12.6	3.9	7.0
Trade & repairs	0.4	22.9	-5.2	-10.7	22.7	1.8	17.9	1.3	-1.3	1.7
Hotels & restaurants	44.7	29.9	32.1	5.2	5.6	17.1	-17.9	14.6	-8.1	11.5
Transport & communications	8.6	-1.0	22.1	3.6	24.3	14.6	12.4	17.9	20.8	6.9
Financial intermediation	-3.7	21.1	0.5	-5.1	28.1	20.7	8.7	21.2	9.4	18.3
Real estate & business services	4.4	4.4	4.5	4.5	4.5	4.6	4.6	4.6	4.7	4.7
Public administration	0.1	2.1	19.6	20.8	-2.6	13.2	11.8	18.7	4.4	6.8
Education	2.4	6.0	10.0	9.8	-0.2	4.7	8.9	9.5	3.5	6.5
Health	1.5	6.9	12.8	12.4	-2.1	7.9	7.0	11.2	4.2	5.7
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	3.4	16.1	5.8	1.6	7.6	3.6	9.1	8.5	5.1	6.4

**Table A6.1.6: Marketed Production of Major Export Commodities, 1995-2004**

Crop	Metric tons									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Cloves	1,575.6	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
Copra	2,780.0	2,223.0	1,207.0	93.6	296.4	972.4	254.6	0.0	0.0	0.0
Chillies	1.1	3.5	0.2	0.3	0.2	0.0	0.0	0.0	0.0	0.0
Clove Stems Oil*	251.0	1,624.0	771.0	19.9	19.0	242.1	323.5	187.3	497.0	476.0
Seaweeds	4,287.0	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

* Provisional

Source: Office of Chief Government Statistician

Table A6.1.7: Production in Selected Commodities, 1995-2004

Commodity	Units	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004*
Sugar	Tons	672.0	896.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Beverage	Litres '000'	2,300.0	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
Animal feed	Tons	2,650.0	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
Cigarettes	Cartons	5,362.0	3,456.0	8,398.0	7,908.0	5,697.0	3,600.0	1,281.0	0.0	0.0	0.0
Soap & detergent	Kgs	137,585.0	141,713.0	865,564.0	1,585,000.0	1,275,000.0	316,148.0	195,421.0	3,300.0	7,686.0	5,523.0
Coconut	Tons	3,722.0	3,833.0	3,872.0	335.0	522.0	188.0	233.0	147.0	3.1	66.0
Bread	No.'000'	44,437.0	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
Diary products	Litres '000'	200.0	-	-	-	-	-	-	-	-	-
Copra cakes	Tons	66.0	134.0	322.0	124.0	58.0	70.0	61.0	54.0	2.0	59.0

* Provisional

Source: Office of Chief Government Statistician Zanzibar.





A6.1 Zanzibar Output and Prices

Table A6.1.8: Consumer Price Index (CPI), 1993-2003

1991=100

		Food		Non Food								
End of Period	General Index		Drinks and Tobacco			Fuel and light	Clothing and footwear	Furniture and utensils	Household operations	Personal care & health	Recreation- & entertainment	Transport
			Total	Tobacco	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 Jun Sep Dec	354.0	318.5	465.0	462.7	714.3	823.3	162.9	303.4	186.7	202.0	243.2	438.6
	355.4	320.2	465.8	462.7	714.3	823.3	163.4	303.8	186.7	202.6	245.2	440.3
	357.4	322.5	467.1	462.7	714.3	823.3	166.0	303.9	186.7	203.9	246.2	440.9
	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 Jun Sep Dec	370.3	337.5	474.2	463.0	761.9	823.3	175.1	321.9	194.7	205.4	238.7	442.5
	372.8	340.5	474.6	463.0	761.9	823.3	176.7	324.0	200.9	206.0	238.7	442.6
	372.2	339.0	476.7	463.0	761.9	823.3	178.4	328.9	204.7	208.2	265.2	442.8
	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 Jun	402.9	370.8	503.1	513.0	857.1	846.8	208.3	339.9	211.9	226.5	279.2	465.4
	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 Feb Mar Apr May Jun Jul Aug Sept Oct Nov Dec	364.2	329.6	476.1	463.0	761.9	823.3	174.1	321.9	194.7	205.3	238.7	442.5
	370.1	337.2	473.1	463.0	761.9	823.3	176.2	322.0	194.7	205.4	238.7	442.5
	376.5	345.7	473.4	463.0	761.9	823.3	175.1	322.0	194.7	205.4	238.7	442.5
	378.4	348.1	473.9	463.0	761.9	823.3	176.4	324.0	194.7	205.8	238.7	442.5
	367.6	333.5	474.9	463.0	761.9	823.3	176.4	324.0	204.1	206.0	238.7	442.5
	372.4	339.8	475.1	463.0	761.9	823.3	177.1	324.0	204.1	206.0	238.7	442.8
	370.5	337.0	476.1	463.0	761.9	823.3	178.1	328.7	204.7	207.5	265.2	442.8
	374.2	341.9	476.1	463.0	761.9	823.3	178.1	328.7	204.7	207.7	265.2	442.8
	371.9	338.2	478.0	463.0	761.9	823.3	179.0	329.2	204.7	209.3	265.2	442.8
	373.8	340.7	476.9	463.0	761.9	823.3	180.0	329.2	204.7	209.3	271.1	443.6
	383.9	353.9	477.0	463.0	761.9	823.3	180.7	329.5	204.7	209.3	271.1	442.9
	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 Feb Mar Apr May Jun	407.1	379.7	492.6	512.6	857.1	823.3	208.3	339.9	211.4	209.5	280.6	444.6
	400.7	366.3	508.3	513.2	857.1	858.5	208.3	339.9	212.1	235.0	271.1	474.7
	401.0	366.5	508.5	513.2	857.1	858.5	208.3	340.0	212.1	235.0	285.8	477.0
	402.1	368.0	508.6	513.2	857.1	858.5	208.4	340.8	212.1	235.0	285.8	477.0
	398.7	362.7	511.0	513.2	857.1	858.5	213.1	341.9	223.3	235.0	285.8	477.4
	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

Source: Government Statistician Office - Zanzibar



A6.1 Zanzibar Output and Prices

Table A6.1.9: Consumer Price Index, Percentage Change on the Previous year, 1993-2003

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 entertainment	Transport
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.



Table A6.2.1: Central Government Operations (Actuals), 1995/96-2004/05

Item	Millions of TZS									
	1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
Total Revenue	19,147.0	19,808.0	37,286.0	37,690.9	62,627.5	38,669.0	42,395.9	45,388.7	50,955.7	59,763.6
Recurrent Revenue	19,067.0	17,155.0	37,285.7	37,690.9	62,627.5	38,669.0	42,395.9	45,388.7	50,955.7	59,763.6
Tax Revenue	18,166.0	14,415.0	34,556.0	36,036.7	59,931.2	37,462.0	39,870.4	42,595.4	47,477.6	55,734.0
Tax on Imports	14,965.2	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
Sales tax and excise duties (local)	2,157.2	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
Income Tax	821.2	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
Other taxes	222.5	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
Non-Tax revenue	901.0	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
Total Expenditure	13,892.5	19,833.0	38,393.8	38,205.8	63,066.1	43,291.0	47,353.9	60,123.6	70,215.6	75,684.4
Recurrent Expenditure	13,003.8	19,073.0	37,758.6	37,845.5	62,467.5	42,272.0	46,016.4	57,341.2	68,985.6	72,661.8
Wages and Salaries	5,999.9	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
Interest Payment	0.0	0.0	0.0	217.0	1,316.6	591.0	0.0	14.0	0.0	0.0
Foreign	0.0	0.0	0.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0
Local	0.0	0.0	0.0	216.0	1,316.6	591.0	0.0	14.0	0.0	0.0
Other expenditure	7,003.9	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
Recurrent Deficit	6,063.2	-1,918.0	-472.9	-154.6	160.0	-3,603.0	-3,620.5	-11,952.5	-18,029.8	-12,898.2
Development Expenditure	889.0	760.0	635.2	360.3	598.6	1,019.0	1,337.5	2,782.3	1,230.0	3,022.6
Overall surplus/Deficit before grants	5,174.2	-1,918.0	-1,108.1	-515.0	-438.6	-4,622.0	-4,958.0	-14,734.8	-19,259.9	-15,920.8
Grants(cash)	80.0	0.0	0.0	1.0	5.0	0.0	7,797.0	10,100.0	15,295.4	16,575.5
Overall surplus/Deficit after grants	5,254.2	-1,918.0	-1,108.1	-514.0	-433.6	-4,622.0	2,839.0	-4,634.8	-3,964.5	654.7
Adjustment to cash and other items	29,938.8	5,423.0	-8,104.1	609.0	5,480.4	2,599.0	10,060.4	-11,941.3	3,765.0	9,232.7
Overall Deficit cheques Cleared	-24,684.3	-8,101.0	6,996.0	-1,123.0	-5,914.0	-7,221.0	-7,221.4	-7,306.5	-7,729.4	-8,578.0
Financing:	24,684.3	8,101.0	-6,996.0	1,123.0	5,914.0	7,221.0	7,221.4	7,306.5	7,729.4	8,578.0
Foreign	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
'Program loans and I/ Support(cash)	967.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Domestic (net)	23,716.5	8,101.0	-6,996.0	1,123.0	5,914.0	7,221.0	7,221.4	7,306.5	7,729.4	8,578.0
Bank	3,465.4	387.0	1,823.0	4,498.0	5,914.0	7,221.0	7,221.4	0.0	0.0	0.0
Non-Bank	20,251.1	7,714.0	-8,819.0	-3,375.0	0.0	0.0	0.0	7,306.5	7,729.4	8,578.0
Amortization (Local)								0.0	1,105.0	0.0

GDP TZS 272.0 billion.

Source: Ministry of Finance



Table A7.1: Economic Performance in G-7 Countries and the Euro Area, 1995-2005

G-7	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2004Q1	Q1	Q2	Q3	Q4	Q1	Q2*
Canada																	
	Real GDP ¹	2.8	1.5	4.4	4.1	5.5	5.3	1.9	3.3	2.0	2.7	1.7	3.3	3.2	3.3	3.9	4.2
	Inflation ¹	1.7	1.6	1.4	1.0	1.7	2.7	2.5	2.3	2.0	1.8	0.9	2.2	2.0	2.3	2.1	1.9
Interest rates ²	5.7	3.0	4.3	5.1	4.8	5.8	2.2	2.5	2.9	2.3	2.5	2.0	2.0	2.5	2.3	2.5	2.5
France																	
	Real GDP ¹	1.8	1.1	2.0	3.6	3.2	4.2	2.1	1.1	0.3	2.2	1.7	3.0	1.9	2.3	1.7	2.0
	Inflation ¹	1.6	2.0	1.2	0.7	0.6	1.8	1.8	1.9	2.1	2.2	1.8	2.4	2.3	2.1	1.9	1.8
Interest rates ²	6.4	3.7	3.2	3.4	4.3	4.6	4.3	4.0	3.5	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3
Germany																	
	Real GDP ¹	1.7	0.8	1.4	2.0	2.0	2.9	0.8	0.1	-0.1	1.6	1.5	2.0	1.3	1.5	1.6	1.6
	Inflation ¹	1.8	1.5	1.8	0.6	0.6	1.4	1.9	1.3	1.1	1.7	1.1	1.8	1.9	2.0	1.7	1.7
Interest rates ²	4.5	3.3	3.2	3.4	2.7	4.1	4.4	3.3	2.3	1.8	2.0	2.0	2.0	1.5	1.8	2.1	2.1
Italy																	
	Real GDP ¹	2.9	1.1	1.8	1.8	1.7	3.1	1.8	0.4	0.4	1.1	0.8	1.1	1.4	1.0	-0.5	-0.5
	Inflation ¹	5.1	3.9	1.7	2.0	1.7	2.6	2.7	2.6	2.7	2.2	2.3	2.3	2.2	2.0	2.0	2.2
Interest rates ²	10.5	8.8	6.9	5.0	3.0	4.4	4.3	3.3	2.3	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Japan																	
	Real GDP ¹	1.5	5.1	1.6	-1.1	0.2	2.8	0.4	-0.4	2.5	3.4	5.9	4.4	2.4	0.9	0.9	0.9
	Inflation ¹	-0.1	0.1	1.7	0.6	-0.3	-0.9	-0.7	-0.9	-0.2	0.0	-0.1	-0.3	-0.2	0.5	-0.2	-0.3
Interest rates ²	1.2	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	0.0	0.0
UK																	
	Real GDP ¹	2.9	2.6	3.4	2.9	2.4	3.1	2.1	1.9	2.3		3.0	3.5	3.1	2.8	3.2	3.6
	Inflation ¹	2.9	3.0	2.8	2.7	2.3	2.1	2.1	2.2	2.8		2.3	2.2	2.1	2.3	2.2	2.2
Interest rates ²	5.0	5.0	5.5	7.2	5.2	5.3	4.3	3.9	3.6		3.6	4.2	4.5	4.1	4.8	4.8	4.8
USA																	
	Real GDP ¹	2.5	3.7	4.5	4.2	4.5	3.7	0.8	1.9	3.0	4.4	5.0	4.7	4.0	3.7	3.5	3.4
	Inflation ¹	2.8	2.9	2.3	1.5	2.2	3.4	2.8	1.6	2.3	2.7	1.8	2.9	2.7	3.3	3.0	2.9
Interest rates ²	5.8	5.3	5.5	5.4	5.0	6.2	3.9	1.7	1.1	1.1	1.0	1.0	1.4	1.1	2.3	2.3	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, 1995-2005**

Commodity	Unit Price	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2004*				2005	
												Q1	Q2	Q3	Q4	Q1	Q2
Coffee (arabica)	US\$/Kg	3.3	2.7	4.1	2.9	2.3	1.9	1.4	1.4	1.4	1.8	1.7	1.7	1.7	2.0	2.7	2.8
Cotton (A index)	US\$/Kg	2.2	1.8	1.7	1.4	1.2	1.3	1.1	1.0	1.4	1.4	1.6	1.5	1.2	1.1	1.2	1.2
Sisal (UG grade)	US\$/ton	710.4	868.3	777.0	820.5	691.5	631.8	699.2	659.6	697.9	862.1	793.3	885.0	885.0	885.0	885.0	885.0
Tea**	US\$/Kg	1.6	1.8	2.4	2.4	1.8	1.9	1.5	1.5	1.5	1.6	1.6	1.5	1.6	1.5	1.5	1.4
Gold	US\$/troy ounce	384.2	387.8	331.2	294.3	278.8	279.0	271.0	310.0	363.5	409.2	408.4	393.1	401.3	433.9	427.1	427.3

Note: * Provisional

** Mombasa Auction price replaces London Auction price beginning July 1998.

Source: <http://www.imf.org> and worldbank.org/prospects

**Table A7.3 : Selected Exchange Rates-Currency Units per US Dollar (period average), 1995-2005**

Period	In TZS									
	Pound Sterling	Deutsche Marks	Swiss Francs	Dutch Guilders	French Francs	Belgium Francs	Italian Lira	Swedish Kroners	Japanese Yen	Euro
1995	0.6336	1.4384	1.1818	1.6049	4.9889	29.1729	1,628.2531	7.1352	94.0341	
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
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	1.1842	2.4971	7.4330	45.7112	2,194.0867	6.3351	107.6000	0.7940

* provisional

Source: IFS, Bank of Tanzania



A7.0 International Economic And Financial Developments

Table A7.4: Bureau de Change Quarterly Transactions, 1995-2005

End of Period	Volume of Transactions		Exchange Rates		Mean
	(Millions of US\$)		(Average TZS/US\$)		Rate
	Purchases	Sales	Buying	Selling	TZS/US\$
1995	793.28	787.08	579.54	603.76	591.65
1996	674.22	692.88	574.31	598.87	586.59
1997	1,777.59	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
2004: Quarter1	62.70	62.80	1,091.00	1,112.70	1,101.85
Quarter2	63.60	83.60	1,103.90	1,120.70	1,112.30
Quarter3	82.00	82.70	1,083.60	1,096.00	1,089.80
Quarter4	102.50	98.50	1,054.00	1,074.30	1,064.15
2005:Quarter1	78.40	77.90	1,089.70	1,111.33	1,100.52
Quarter2*	108.03	104.21	1,108.30	1,127.40	1,117.85

* provisional

Source: Bank of Tanzania

**Appendix IV: 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
P.M. Noni	Director (SPR)	2116612
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	2127954
A.J. Mengo	Associate Director	2115614
Monetary & Financial Affairs Department		
Mrs. C. Kiliaki	Deputy Director	2114905
International Economics Department		
G.Mwakibolwa	Deputy Director	2114900
Debt Management Department		
Vaccant	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
	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	
	G. Rubambey	Director 2138384



Micro-Finance Analysis and Policy Department		
H.Ndambala	Deputy Director	2128029
Micro-Finance Operations Department		
Mrs. 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		
L.Chingwile	Director	2127967
Internal Audit 1 Department		
R.Mwanga	Deputy Director	2127922
Internal Audit 11 Department		
O. Kitine	Deputy Director	2127963
12. OFFICE OF THE SECRETARY TO THE BANK		
S.P. Mwageni	Secretary to the Bank	2118163
Legal & Contracts Department		
B. Kimela	Deputy Director	2113444
Investigation & Internal Security Department		
Vacant	Deputy Director	2113444
13. BANK OF TANZANIA TRAINING INSTITUTE MWANZA		
W. Mgimwa	Principal	25000352
J.Mlay	Director of Studies	2500982
A. C. Rukoijo	Deputy Director, Estate	
B. A. Mbanga	Deputy Director Administration	2502697



14. BoT BRANCHES

Arusha

L. Kisarika	Director	2502928
F.N. Mrosso	Deputy Director, Operations	2508243
V. Mulebya	Deputy Director, Economics	2508243
S. I. Ntupwa	Deputy Director, Administration	2508243

Mbeya

A.H.M. Mtengeti	Director	2504158
O. Katundu	Deputy Director, Operations	2502055
F. Rugemalira	Deputy Director, Economics	2502839
D. Mwakitalu	Deputy Director, administration	2502700

Mwanza

E. Semainda	Director	2501015
S. Ajali	Deputy Director, Operations	2500024
W.L. Tawe	Deputy Director, Economics	2500622
D. Mwakitalu	Deputy Director, administration	2500024

Zanzibar

B.N. Msami	Director	2232140
K.J. Jurango	Deputy Director, Operations	2231441
S. Chiguma	Deputy Director, Economics	2232715
C. Kiponda	Deputy Director, administration	2232687

