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MONETARY POLICY STATEMENT

2020/21

**GOVERNOR
BANK OF TANZANIA**

June 2020



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June 2020



15th June 2020

**Hon. Dr. Philip I. Mpango (MP),
Minister of Finance and Planning,
Government City - Mtumba,
Hazina Street,
P. O. Box 2802,
40468 Dodoma,
TANZANIA**

Honourable Minister,

LETTER OF TRANSMITTAL

Pursuant to Section 21 (3) to (6) of the Bank of Tanzania Act, Cap. 197, I hereby submit the **Monetary Policy Statement** of the Bank of Tanzania for 2020/21 for subsequent submission to the National Assembly.

The Monetary Policy Statement reviews the recent global and domestic macroeconomic developments, and the outcome of implementation of monetary policy during 2019/20 against the targets. It then describes global and domestic macroeconomic outlook and concludes by outlining the monetary policy stance and measures that the Bank of Tanzania intends to pursue in 2020/21 in order to meet its policy objectives.

Yours Sincerely,

Prof. Florens D. A. M. Luoga
GOVERNOR
BANK OF TANZANIA



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EXECUTIVE SUMMARY

Introduction

The Bank of Tanzania, under Section 21 (3) to (6) of the Bank of Tanzania Act, Cap. 197, is mandated to issue *Monetary Policy Statement* at the beginning of fiscal year, followed by a mid-year review that shows progress in the implementation of monetary policy. This Monetary Policy Statement reviews the recent global and domestic macroeconomic developments, and the outcome of implementation of monetary policy in 2019/20 against the targets. In addition, it describes global and domestic macroeconomic outlook and concludes by specifying the monetary policy stance and measures that the Bank intends to pursue in 2020/21 in order to achieve its policy objectives in line with broader macroeconomic objectives of the Governments.

Global Economy

The global economy was stable but subdued in 2019. The economy grew by 2.9 percent from 3.6 percent in the preceding year. This pace of growth, which was the weakest since the global financial crisis in 2008, reflected common influences across countries and country-specific factors. The growth was significantly influenced by escalating trade barriers between the US and China and associated uncertainty which weighed on business sentiment and activity. These amplified cyclical and structural slowdowns that already existed in some countries, mostly in advanced economies as well as China. In addition, there were country-specific weaknesses in large emerging market economies such as Brazil, India, Mexico, and Russia. Furthermore, tighter financial conditions, geopolitical tensions and social unrest in some countries rounded out the challenging global economic landscape.



In 2020, the global economy is projected to be in a recession, due to Coronavirus (COVID-19) pandemic, which affects economies through loss of human life and disrupts supply and demand chain because of measures adopted to limit the spread of the disease. Accordingly, in April 2020, the IMF projected the growth of the global economy to contract to -3 percent in 2020, before rebounding to 5.8 percent in 2021. All advanced economies will navigate through the same distinctive depiction. Growth projections of emerging market and developing economies is mixed; some experiencing negative growth, others positive but slower pace of growth in general. Sub-Saharan Africa (SSA) economy is projected to contract to -1.6 percent in 2020, before bouncing back to 4.1 percent in 2021. Likewise, growth projections by other leading global economic organizations, point to the similar direction. Notably, Organisation for Economic Co-operation and Development (OECD) report of June 2020 projects the global economy to grow by -6.0 percent in 2020 and rebound to a positive growth of 5.2 percent in 2021. For sub-Saharan Africa, the World Bank Pulse Report released in March 2020 projects growth to be between -2.1 percent and -3 percent in 2020.

During 2019/20, Consumer Price Index (CPI) inflation remained subdued in advanced economies due to decline in aggregate demand, while it rose in emerging markets and developing economies on account of increase in food prices. In advanced economies, CPI inflation averaged 1.2 percent, and emerging markets and developing economies averaged 4.5 percent. In East African Community (EAC) countries, inflation was below the benchmark of 8.0 percent, averaging 4.2 percent during July 2019 to April 2020, albeit high compared to 1.9 percent recorded in the corresponding period of 2018/19, largely driven by food prices. In Southern African Development Community



(SADC), inflation was high, averaging 39.3 percent from 9.8 percent, as few countries experienced elements of hyperinflation. The International Monetary Fund (IMF) predicts inflation in the advanced economies to average 0.5 percent, emerging markets and developing economies at 4.6 percent in 2020, due to a decline in energy prices. In sub-Saharan Africa, inflation is projected to rise to 9.3 percent in 2020 from 8.4 percent in 2019, mainly associated with expected rise in food costs in some parts of the continent.

Economic Performance in Tanzania

Tanzania Mainland

Economic growth remained strong in 2019, with real gross domestic product (GDP) growing by 7.0 percent, same as in 2018. The main growth drivers were construction, agriculture, mining and quarrying and transport activities. Activities which grew much faster were mining and quarrying, construction, arts, entertainment and recreation, transport and storage, and administrative and support services. In terms of share to nominal GDP, the dominant activities were agriculture, construction, trade and manufacturing.

The growth of the economy is projected to remain fairly high in 2020, but lower than in the preceding year, reflecting the impact of COVID-19 on some sectors of the economy, such as tourism, hotel, education, international travel and social activities. The economy is projected to grow by 5.5 percent in 2020, contributed mostly by agriculture following adequate rains during the season, mining due to high world market prices and enhanced management of the sector, ongoing public investment and accommodative monetary condition. The growth pattern will also be bolstered by the government policy



decision of not locking down economic activities (except for schools, social activities in March—May 2020) because of the pandemic, subdued impact of COVID-19 due to diversification of the economy, and faster than expected re-opening of economies of trading partners.

Inflation remained low and below the medium-term target of 5.0 percent, EAC convergence criteria of not more than 8.0 percent and SADC benchmarks of between 3.0 and 7.0 percent. Twelve-month headline inflation averaged 3.6 percent during July 2019 to April 2020, compared with 3.2 percent in the corresponding period of 2018/19. The low and stable inflation was mostly on account of adequate domestic food supply, prudent monetary and fiscal policies, stability of power supply, and significant decline in oil prices in the world market. Likewise, core inflation was low, averaging at 2.4 percent compared with 2.7 percent. Inflation is projected to remain around the medium-term target of 5.0 percent, in the range of 3.0 percent to 5.0 percent in 2020/21, supported by adequate domestic food supply, low world oil prices, subdued demand, stable power supply and prudent monetary and fiscal policies.

The level of liquidity in the economy was kept adequate within the desired parameters through 2019/20, in the wake of implementation of accommodative monetary policy. Accordingly, the growth of all measures of money supply remained broadly in line with targets for 2019/20. On average, extended broad money supply (M3) grew by 9.9 percent during July 2019 to April 2020, compared with the target of 10.0 percent, and was higher than 4.9 percent recorded in the corresponding period in 2018/19. Broad money (M2) grew by 11.4 percent compared with 5.2 percent in 2018/19, while average reserve money grew by 7.0 percent compared to a contraction of 0.4 percent.



Growth of credit to the private sector was strong at an average of 8.7 percent compared with 6.5 percent. Much of the share of credit to the private sector was in personal economic activities, trade, manufacturing and agriculture. In 2020/21, growth of credit to the private sector is projected to remain high, at around 11.6 percent. The projection takes into account the accommodative monetary policy and fiscal policy measures implemented to cushion the financial sector and economy from the impact of COVID-19, and normalization of activities that were affected by the pandemic, such as resumption of tourism, sports and entertainment and education.

Government budgetary operations on cash basis was on track during July 2019 to April 2020, despite facing some challenges caused by the outbreak of COVID-19 on supply and demand chains. Government domestic revenue amounted to TZS 16,238.0 billion, which was 95.5 percent of the estimates, and 10.5 percent higher than the outturn in the corresponding period of 2018/19. The good performance was mainly on account of strengthened tax administration. Expenditure on cash basis amounted to TZS 18,281.1 billion, of which TZS 5,284.9 billion was for development projects. In response to economic challenges attributable to the pandemic, the Government, among others, increased spending on health and social protection needs, waived VAT and customs duties on medical equipment supplies, and prioritised the settlement of arrears to the business sector. The public debt, external and domestic, remained at sustainable level, at USD 24,179.5 million at the end of April 2020, up from USD 23,215.4 million at end June 2019. External debt accounted for 73.2 percent of public debt.



The balance of payments recorded a surplus of USD 897.1 million during July 2019 to April 2020 compared to a deficit of USD 1,082.3 million in the corresponding period of 2018/19, owing to narrowing of deficit in the current account. The improvement in current account balance was largely explained by increase in exports, particularly gold and cashew nuts. Foreign exchange reserves remained adequate, amounting to USD 5,334.3 million at the end of April 2020 from USD 4,432.6 million in June 2019. The reserves were sufficient to cover about 6.1 months of projected imports of goods and services, against the benchmark of at least 4.0 months. In 2020/21, export earnings from tourism are projected to decline, largely due to COVID-19-induced impact. World oil prices are projected to remain low, while gold prices are projected to remain high.

The banking sector was generally sound and stable. Banks maintained adequate capital buffer to withstand shocks, as the ratio of core capital to total risk weighted assets and off-balance sheet exposure was 17.4 percent in April 2020, well above the minimum regulatory benchmark of 10.0 percent. In addition, banks remained liquid, evidenced by the ratio of liquid assets to demand liabilities of around 32.7 percent against the minimum regulatory requirement of 20.0 percent. The quality of assets of banks deteriorated as reflected by the ratio of non-performing loans to gross loans that rose to 11.0 percent in April 2020, from 10.7 percent in June 2019. The monetary and fiscal policy measures implemented to cushion the economy from the impact of COVID-19 are expected to significantly reduce the risk of further deterioration of quality of loan portfolios of banks due to slow down of some businesses such as tourism. The measures include flexibility on regulatory requirement for loan restructuring in various forms.



Payment, clearing and settlement systems continued to operate efficiently, in the wake of increased utilization of digital platforms for transactions at a reduced cost. Utilization of interoperability in mobile money services continued to operate smoothly in support of economic activities such as revenue collection. The number of active registered accounts for mobile money was 26.0 million at the end of April 2020 from 22.3 million in June 2019. In order to encourage and enhance use of digital channels in accessing financial services and promote cashless economy in the wake of COVID-19, the Bank in collaboration with mobile money operators increased daily mobile wallets transaction limit to customers from TZS 3.0 million to TZS 5.0 million and daily balance from TZS 5.0 million to TZS 10.0 million. The Bank will continue to spearhead the use of digital payment systems for transactions, including online banking and point of sales.

Zanzibar

The economy of Zanzibar continued to perform strongly, growing by 7.0 percent in 2019 compared with 7.1 in 2018. The strong growth was driven by hotel and accommodation and food services. However, growth of the economy is projected to slow down to 5.0 percent in 2020, attributable to the impact of COVID-19 on the economy. Much of the impact is expected to weigh on hospitality industry, trade and aviation activities. As part of the strategies to diversify the economy, the Government is working on ways of exploiting potentials in 'blue economy' and expanding commercial agriculture.

Inflation remained low, averaging 3.6 percent during July 2019 to April 2020 compared with 3.4 percent in the corresponding period



in 2018/19. Food inflation increased to 4.9 percent from 2.6 percent, reflecting increases in prices of maize flour, banana and sugar. Non-food inflation eased to 2.5 percent from 4.0 percent, largely due to decline in fuel prices. Inflation is projected to remain low in 2020/21.

During the period of July 2019 to April 2020, domestic revenue was TZS 685.7 billion, equivalent to 82.4 percent of the target. Tax revenue was 80.6 percent of the target, while non-tax revenue was 93.6 percent of the target. The performance was attributable to improved tax collection and increase in tax compliance. Revenue performance for the entire period of 2019/20 is projected to be lower than in the preceding year, reflecting the impact of COVID-19 on tourism industry and its supply chain including aviation services. Expenditure was TZS 866.7 billion or 94.1 percent of the estimate, of which TZS 611.7 billion was recurrent expenditure and TZS 255.0 billion was development expenditure. In addressing COVID-19 related economic challenges, the Government increased spending on health and social protection needs and enhanced public awareness, among others. The debt stock increased to TZS 817.5 billion at the end of April 2020 from TZS 806.6 billion at the end of June 2019, due to new domestic borrowing and exchange rate effects.

The current account balance recorded a deficit of USD 21.1 million during July 2019 to April 2020, down from a deficit of USD 38.9 million in the corresponding period of 2018/19. This outturn was largely on account of increase in export earnings from cloves and services. Exports grew by 31.8 percent to USD 213.1 million, while imports increased by 32.6 percent to USD 329.0 million, contributed mostly by increase in imports of wheat, rice, sugar and machinery.



Implementation of Monetary Policy in 2019/20

In 2019/20, monetary policy continued to aim at sustaining low inflation around the medium-term target of 5.0 percent, necessary for supporting sustainable growth of the economy of around 7.0 percent. Accordingly, the thrust of monetary policy was to achieve the following targets: (i) Growth of reserve money of 9.0 percent and extended broad money supply of 10.0 percent; (ii) Growth of private sector credit of 13.5 percent; and (iii) Maintenance of adequate foreign exchange reserves covering at least 4.0 months of projected imports of goods and services.

The implementation of monetary policy was broadly in line with the targets, amidst the challenges induced by the COVID-19 pandemic. From July 2019 to April 2020, monetary policy remained accommodative in order to steer fast private sector credit growth for supporting economic growth. The policy stance was amplified in the second half of 2019/20, in order to cushion the economy from the impact of the pandemic. This manifested in a number of measures during 2019/20, including reduction of the statutory minimum reserves (SMR) requirement ratio from 8.0 percent to 6.0 percent, downward revision of discount rate from 7.0 percent to 5.0 percent. In addition, haircuts on government securities pledged for central bank borrowing windows for banks were reduced, from 10.0 percent to 5.0 percent for securities maturing within one year, and from 40.0 percent to 20.0 percent for securities with remaining maturities exceeding one year. Furthermore, the Bank of Tanzania intensified deployment of instruments for liquidity injection, including reverse repo auctions and standing credit facilities. These measures significantly improved liquidity in the banking sector



and ultimately lowering interbank interest rates. Besides the liquidity enhancing measures which aimed at strengthening balance sheets of banks and increasing lending at low cost, banks were granted regulatory flexibility for loan restructuring. Also, banks and mobile money operators were encouraged to increase initiatives of leveraging digital payment platforms.

The outcome of implementation of monetary policy was almost on targets. During July 2019 to April 2020, M3 grew at a steady pace, averaging at 9.9 percent against the target of 10.0 percent for the year ending June 2020. Meanwhile, average growth of credit to the private sector was 8.7 percent, against the target of 13.5 percent.

Macroeconomic Objectives and Monetary Policy Stance for 2020/21

Macroeconomic framework and monetary policy stance for 2020/21 takes into consideration spillover effects of COVID-19 on the global economy and its implications to the domestic economy. In addition, the framework and policy stance are based on domestic environment, which includes implementation of policies and strategies consistent with Governments' development plans. In this context, the growth of the economy is projected at 5.5 percent in 2020, while inflation is projected to continue to be around 3.0 percent to 5.0 percent in 2020/21. Fiscal deficit, including grants, is projected at 2.6 percent of GDP in 2020/21. The Zanzibar economy is projected to grow by 5.0 percent in 2020, while budget deficit, including grants, is estimated to range from 3.0 percent to 5.0 percent of GDP in 2020/21. Inflation is projected to remain low, at single digit.



In an environment of low oil prices in the world market, stable exchange rate and low inflation expectations, monetary policy will remain accommodative in support of fast recovery of the economy. The policy stance will be implemented in a manner that continues to sustain stability of the financial sector and functioning of the financial markets. Specifically, the thrust of monetary policy is to achieve the following targets in 2020/21: (i) annual growth of reserve money (M0) of 9.5 percent (ii) annual growth of extended broad money (M3) of 10.0 percent (iii) annual growth of private sector credit of 11.6 percent (iv) maintaining adequate official reserves to cover at least 4.0 months of projected imports of goods and services.

In order to realize the monetary policy targets, the Bank of Tanzania will continue to improve the functioning of financial markets, which includes market infrastructure and public awareness. In addition, a mix of monetary policy tools will be deployed to ensure adequate liquidity in the economy and low short-term interest rates.

Conclusion

The performance of the economy was strong in 2019, as in the recent past. The performance of the economy in the first half of 2020 was challenged by spillover effects of COVID-19 from the global economy. However, the shock to the economy was somewhat cushioned by the Government's decision of not imposing lockdown on economic activities, combined with diversified nature of activities and other measures implemented to cushion the impact of COVID-19. These factors, combined with the prospects of other economies re-opening in the second half of 2020, will lead to strong growth of economy in



2020, albeit at a slower pace than in 2019. The economy is projected to grow at 5.5 percent, against the baseline projection of 6.9 percent prior to the outbreak of COVID-19.

Inflation is projected to remain subdued, at less than 5 percent in 2020/21, bolstered by low prices of oil, adequate food supply, exchange rate stability, and re-opening of global economy from lockdown. Monetary policy will remain accommodative to support economic activities, while safeguarding macroeconomic and financial sector stability. The Bank of Tanzania will continue to closely monitor the impact of COVID-19 on various sectors of the economy and take appropriate policy action to minimize the effects. The Bank is optimistic that the monetary policy targets set in this Statement for 2020/21 will be achieved.



PART I

1.0 INTRODUCTION

The Bank of Tanzania, under section 21 (3) to (6) of the Bank of Tanzania Act, Cap. 197, is mandated to issue the *Monetary Policy Statement* at the beginning of fiscal year, followed by a mid-year review that shows progress in the implementation of monetary policy. This Monetary Policy Statement reviews the recent global and domestic macroeconomic developments, and provide the outcome of implementation of monetary policy in 2019/20 against the targets. In addition, it provides the outlook of the global and domestic economy and concludes by specifying the monetary policy stance and measures that the Bank intends to implement in 2020/21 in order to achieve monetary policy objectives in line with broader macroeconomic objectives of the Governments.

The primary objective of the Bank of Tanzania, as provided under Section 7 (1) of the Bank of Tanzania Act, Cap. 197, is “to formulate, define and implement monetary policy directed to the economic objective of maintaining domestic price stability conducive to a balanced and sustainable growth of the national economy”. Section 7(2) of the Act requires, without prejudice to the price stability objective, “to ensure the integrity of the financial system, support the general economic policy of the Government, as well as promote sound monetary, credit and banking conditions.



BOX 1: MONETARY POLICY FRAMEWORK OF THE BANK OF TANZANIA

The monetary policy framework of the Bank of Tanzania focuses on maintaining domestic price stability by targeting growth rate of money supply. The mainstays of the monetary policy framework are as follows:

Objective of the Monetary Policy

The primary objective of the monetary policy is to maintain price stability, which is defined as low and stable inflation rate over time. The medium-term target is set at 5 percent. This target is consistent with EAC and SADC convergence criteria of 8 percent (set as maximum) and 3 - 7.0 percent, respectively. The inflation target is considered appropriate to support a sustainable growth of the economy. To achieve the objective of monetary policy, the Bank focuses on maintaining adequate level of liquidity in the economy and ensuring stability of interest rates and exchange rate.

Intermediate Target

The Bank of Tanzania controls inflation by managing the growth of money supply. Extended broad money supply (M3), which is estimated to have the closest relationship with the rate of inflation, is used as an intermediate target variable. M3 comprises of currency in circulation outside the banking system and deposits of residents with banks, including foreign currency deposits.

Operating Target

In order to influence growth of M3, the Bank of Tanzania controls growth of reserve money, elsewhere referred to as base money or high-powered money. Reserve money is related to money supply through the money multiplier. It basically comprises currency in circulation outside the banking system, cash held in the vaults of banks and deposits of banks kept with the Bank of Tanzania in local currency.

Monetary Policy Instruments

The Bank of Tanzania utilizes a variety of market-based instruments to conduct monetary policy. The monetary policy instruments include open market operations, i.e., selling or buying debt securities, and sale and purchase of foreign currency in the inter-bank foreign exchange market. In addition, repurchase agreements (repo) and reverse repurchase agreements (reverse repo) are used. The statutory minimum reserve requirement ratio (SMR) and discount rate are also part of monetary policy instruments. There are also standby credit facilities—intraday and Lombard loan facilities.

Communication

The Bank of Tanzania exercises a high degree of transparency on its decisions. The decisions of the Monetary Policy Committee (MPC) are communicated to banks through post-MPC engagements with Chief Executive Officers of banks. In addition, the Bank publishes various periodic reports, which highlight monetary policy stance, the outcome of monetary policy implementation, and developments of the economy at large. The reports are available on the Bank of Tanzania website.



BOX 2: MODALITIES FOR MONETARY POLICY IMPLEMENTATION

- At the beginning of every fiscal year, the Bank sets annual monetary policy targets in its Monetary Policy Statement, in accordance with the broader macroeconomic policy objectives of the Government.
- The Monetary Policy Statement is approved by the Bank's Board of Directors and submitted to the Minister for Finance and Planning, who in turn submits it to the National Assembly.
- The same procedure is followed in the mid-year review of the Monetary Policy Statement, which shows progress in the implementation of the monetary policy, outlook for the remaining period of the year and measures to be undertaken in order to achieve the policy objectives.
- The Monetary Policy Committee (MPC) of the Board of Directors of the Bank, which is chaired by the Governor, is responsible for setting the monetary policy direction bi-monthly, in line with the targets set in the Monetary Policy Statement.
- The Surveillance Committee of the Bank's Management meets daily to evaluate daily liquidity developments and decide on the measures to be taken in order to keep liquidity within the desired path.

The Statement is divided into seven parts including this introductory part. Part II presents the macroeconomic policy framework for 2019/20, while Part III presents the review of recent economic developments. Part IV reviews progress in the implementation of monetary policy in 2019/20. Part V outlines the macroeconomic outlook for 2020/21, followed by Part VI, which outlines the monetary policy stance for 2020/21. Part VII concludes the Statement.



PART II

2.0 MACROECONOMIC POLICY FRAMEWORK FOR 2019/20

2.1 Macroeconomic Policy Objectives

During 2019/20, the Governments continued to implement various projects under the Second Five Year Development Plan (FYDP II 2016/17 – 2020/21) and MKUZA III (2015 – 2020) that aim at improving the business environment, reducing cost of doing business, building the foundation for industrialisation and spurring inclusive economic growth towards transforming the country into a middle-income economy. In particular, the macroeconomic policy objectives of the United Republic of Tanzania for 2019/20 are as follows:

- i. attaining real GDP growth of 7.0 percent in 2019¹;
- ii. maintaining a single digit annual headline inflation rate by end June 2020²; and
- iii. budget deficit including grants of 2.3 percent of GDP in 2019/20.

For Zanzibar, real GDP growth was projected at 7.8 percent in 2019, while budget deficit was estimated at 3.9 percent of GDP in 2019/20.

2.2 Monetary Policy Objectives

In support of the 2019/20 broader macroeconomic objectives of the Governments, the Bank focused on maintaining the targeted single digit headline inflation rate by achieving specific monetary policy targets. This was pursued while ensuring stability in the money market interest rates. In this regard, the Bank aimed at achieving the following monetary policy targets in 2019/20:

¹ GDP projection was revised from initial projection of 7.1 percent mainly due to subdued global growth.

² The medium-term inflation target is 5 percent.



- i. annual growth of reserve money of 9.0 percent;
- ii. annual growth of extended broad money (M3) of 10.0 percent;
- iii. annual growth of private sector credit of 13.5 percent; and
- iv. maintenance of adequate foreign exchange reserves of at least 4.0 months of projected imports of goods and services.



PART III

3.0 MACROECONOMIC DEVELOPMENTS

3.1 Global economy

Global growth was stable, but subdued in 2019 relative to 2018, owing to geopolitical tensions and trade policy uncertainty, which weighed on economic activities in particular trade, investment and manufacturing. The economy grew by 2.9 percent in 2019 from 3.6 percent in 2018³. The growth of real GDP in advanced economies slowed to 1.7 percent in 2019 from 2.2 percent. The US economy grew by 2.3 percent, lower than 2.9 percent in 2018, owing to slowing down of labour supply and labour productivity, amid aging population. The real GDP growth in the Euro Area was 1.2 percent from 1.9 percent, driven by stagnant growth in Germany, which is the biggest economy in the Euro Area economy, as well as growth contraction in Italy and France. The United Kingdom economy expanded slightly by 1.4 percent. In the emerging markets and developing economies, growth was 3.7 percent in 2019, down from 4.5 percent in 2018. The growth in China was 6.1 percent from 6.7 percent in 2018, the lowest growth since 1992. The decline in growth was attributed to debt concerns, coupled with output concerns related to aging population. Sub-Saharan Africa grew by 3.1 percent from 3.3 percent, hampered by persistent uncertainty in the global economy and weak recovery of some economies.

In 2020, global growth is projected to contract, owing to effects of COVID-19 on production, supply and demand chain. Almost all economies are projected to grow at a lower rate than in 2019, some of which experiencing negative growth (recession) (Table 3.1). The IMF in

³ In accordance with the IMF's World Economic Outlook of April 2020.



April 2020 projected the global economy to contract by 3.0 percent in 2020, inflicted by the COVID-19 pandemic. The economy is projected to rebound to 5.8 percent, depending on fading away of the pandemic in the second half of 2020 and measures implemented to cushion the impact of the disease. In advanced economies, real GDP growth is projected to contract to 6.1 percent. Emerging markets and developing economies are projected to contract to 1.0 percent, driven by slow growth in China and India. The growth in sub-Saharan Africa is projected to decline sharply to -1.6 percent, due to anticipated slowdown of growth in trading partners, lower than expected commodity prices, and expected to rebound to 4.1 percent in 2021. Growth projections by other leading global economic organizations, point to the similar direction. Notably, OECD report of June 2020 projects the global economy to contract by 6.0 percent in 2020 and rebound to a positive growth of 5.2 percent in 2021. For sub-Saharan Africa, the World Bank Pulse Report released in March 2020 projects contraction of between -2.1 percent and -3 percent in 2020.

Table 3.1: Global and Regional Real GDP Growth Rates

| Regions | Percent | | | | | | |
|---|---------|------|------|------|-------------|------|--|
| | 2016 | 2017 | 2018 | 2019 | Projections | | |
| | | | | | 2020 | 2021 | |
| World | 3.2 | 3.8 | 3.6 | 2.9 | -3.0 | 5.8 | |
| Advanced economies | 1.7 | 2.4 | 2.2 | 1.7 | -6.1 | 4.5 | |
| United States | 1.5 | 2.3 | 2.9 | 2.3 | -5.9 | 4.7 | |
| Euro area | 1.8 | 2.3 | 1.9 | 1.2 | -7.5 | 4.7 | |
| United Kingdom | 1.9 | 1.8 | 1.3 | 1.4 | -6.5 | 4.0 | |
| Japan | 0.9 | 1.7 | 0.3 | 0.7 | -5.2 | 3.0 | |
| Emerging markets and developing economies | 4.4 | 4.8 | 4.5 | 3.7 | -1.0 | 6.6 | |
| China | 6.7 | 6.8 | 6.7 | 6.1 | 1.2 | 9.2 | |
| India | 7.1 | 7.2 | 6.1 | 4.2 | 1.9 | 7.4 | |
| Sub-saharan Africa | 1.4 | 2.9 | 3.3 | 3.1 | -1.6 | 4.1 | |
| South Africa | 0.6 | 1.4 | 0.8 | 0.2 | -5.8 | 4.0 | |

Source: IMF World Economic Outlook, April 2020



During July 2019 to April 2020, Consumer Price Index (CPI) inflation was subdued in advanced economies, owing to decline in aggregate demand, while it generally increased in emerging markets and developing economies due to increase in food prices. In advanced economies, CPI inflation averaged 1.2 percent, and emerging markets and developing economies averaged at 4.5 percent. In East African Community (EAC) countries, inflation averaged 4.2 percent, up from 1.9 percent in the corresponding period in 2018/19 largely attributed to higher food prices. However, the rate was below the EAC benchmark of 8.0 percent. In the Southern African Development Community (SADC), the rate of inflation was high, averaging 39.3 percent from 9.8 percent, largely contributed by hyperinflation in some countries (Table 3.2). The IMF projects inflation in the advanced economies and emerging markets and developing economies to an average of 0.5 percent and 4.6 percent in 2020, respectively, due to a decline in energy prices. In sub-Saharan Africa, inflation is projected to rise to 9.3 percent in 2020 from 8.4 percent in 2019, mainly associated with expected increase in food costs in some parts of the continent.

Table 3.2: Inflation Rates for Selected Countries

Percent

| Country | 2019 | | | | | | | | | 2020 | | | |
|--------------------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr |
| United States | 2.0 | 1.8 | 1.6 | 1.8 | 1.7 | 1.7 | 1.8 | 2.1 | 2.3 | 2.5 | 2.3 | 1.5 | 0.3 |
| Euro Area | 1.7 | 1.2 | 1.3 | 1.0 | 1.0 | 0.8 | 0.7 | 1.0 | 1.3 | 1.4 | 1.2 | 0.7 | 0.4 |
| Japan | 0.9 | 0.7 | 0.7 | 0.5 | 0.3 | 0.2 | 0.2 | 0.5 | 0.8 | 0.7 | 0.4 | 0.4 | 0.1 |
| United Kingdom | 2.1 | 2.0 | 2.0 | 2.1 | 1.7 | 1.7 | 1.5 | 1.5 | 1.4 | 1.8 | 1.7 | 1.5 | 0.9 |
| China | 2.5 | 2.7 | 2.7 | 2.8 | 2.8 | 3.0 | 3.8 | 4.5 | 4.5 | 5.4 | 5.2 | 4.3 | 3.3 |
| India | 3.0 | 3.1 | 3.2 | 3.2 | 3.3 | 4.0 | 4.6 | 5.5 | 7.4 | 7.6 | 6.6 | 5.9 | 2.9 |
| EAC | 2.3 | 2.0 | 1.9 | 2.4 | 2.5 | 2.8 | 3.9 | 4.6 | 5.0 | 5.1 | 5.6 | 5.1 | 5.0 |
| SADC | 10.0 | 11.3 | 16.5 | 20.1 | 24.1 | 30.0 | 36.0 | 39.0 | 42.2 | 17.6 | 43.9 | 57.5 | 82.7 |
| SADC excl Zimbabwe | 5.3 | 5.2 | 5.1 | 5.1 | 5.2 | 5.1 | 5.0 | 5.0 | 5.3 | 5.5 | 5.7 | 5.9 | 6.8 |

Source: Organisation for Economic Co-operation and Development (OECD) and respective National Statistical Offices

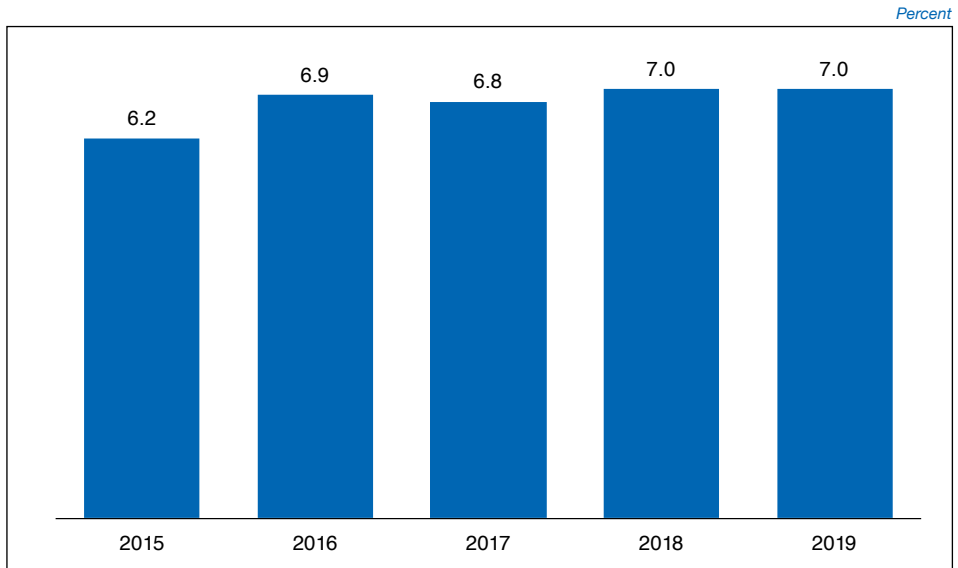


3.2 Domestic Economy

The economy continued to record strong performance, while headline inflation remained subdued. The economy grew by 7.0 percent in 2019, same as in 2018 (Chart 3.1a). The strong growth was driven by construction, agriculture, mining and quarrying, and transport activities. The contribution of construction to GDP growth has been the highest for three years in a row, reflecting substantial public investment in infrastructure. Its contribution was 27.6 percent of GDP in 2019. Other activities that contributed strongly to growth were agriculture (16.2 percent), mining and quarrying (10.3 percent), and transport activities (9.4 percent) (Chart 3.1c). This was associated with enhanced public investment, crop production on account of favourable weather, stability of power supply, and prudent policies. The fastest growth rates were registered in mining and quarrying (17.7 percent), construction (14.8 percent), arts, entertainment and recreation (11.2 percent), transport and storage (8.7 percent), and administrative and support services (8.4 percent) (Chart 3.1b). In terms of share to nominal GDP, the dominant activities were agriculture (26.6 percent), construction (14.3 percent), trade and repairs (8.8 percent), and manufacturing (8.5 percent).



Chart 3.1a: Real GDP Growth

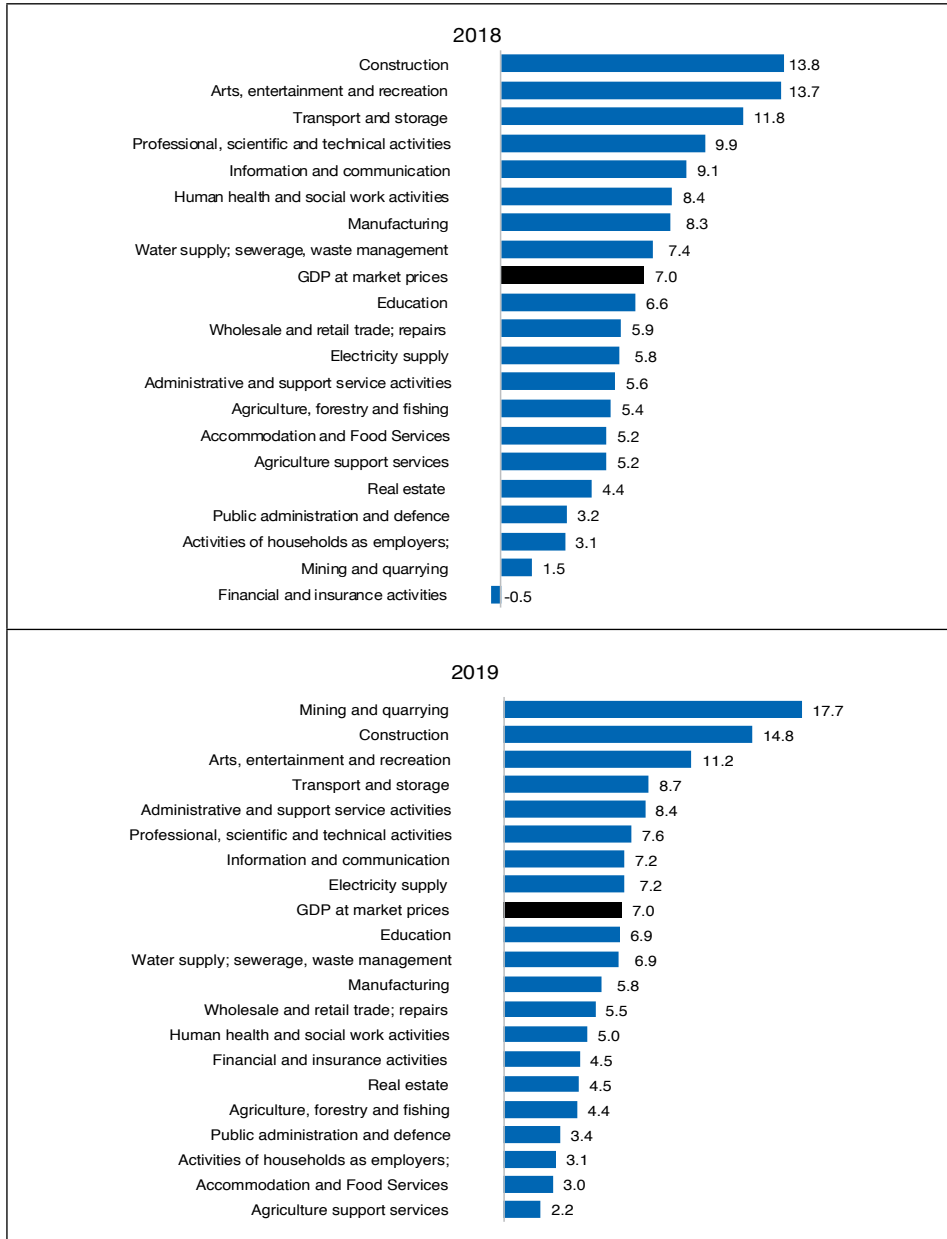


Source: National Bureau of Statistics



Chart 3.1b: Growth of Economic Activities

Percent

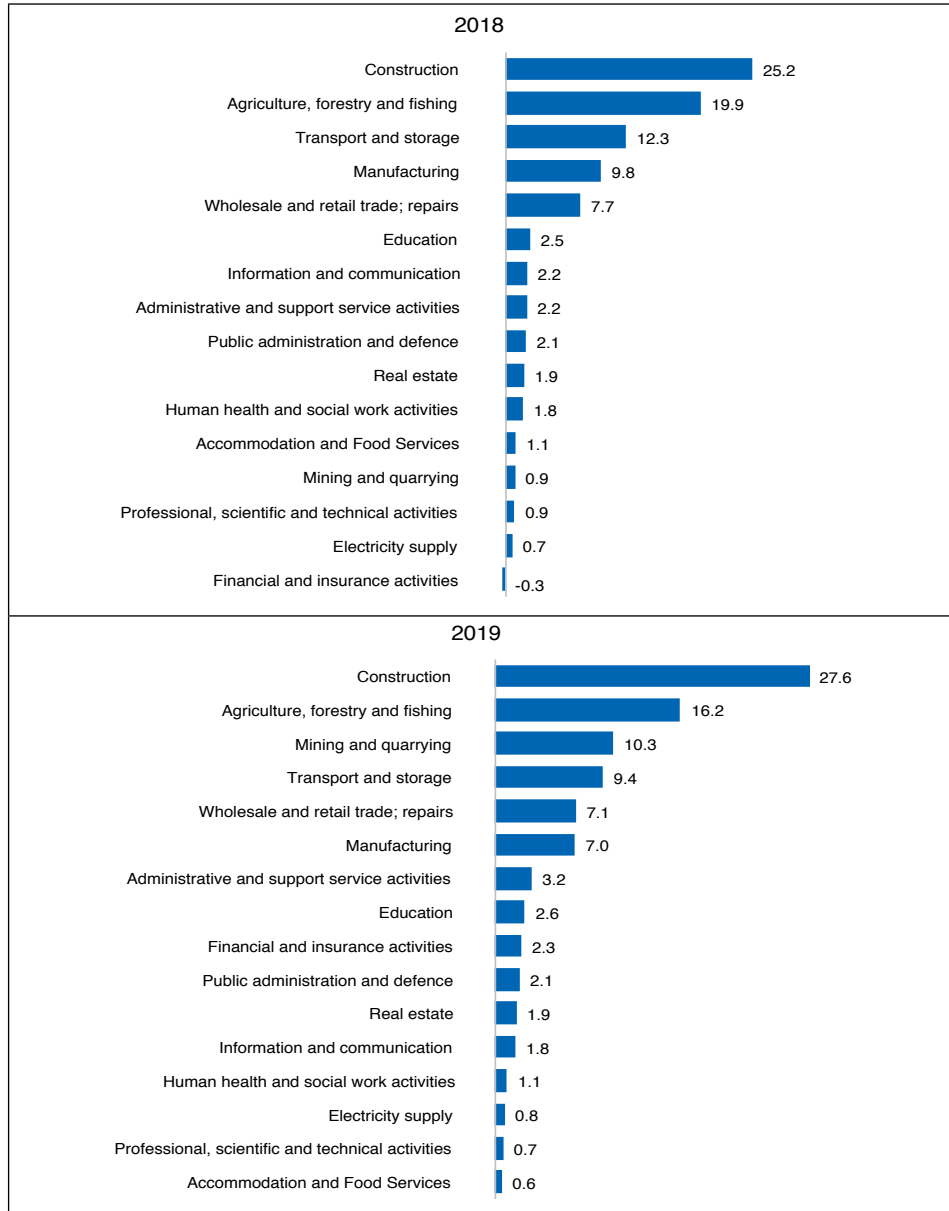


Source: National Bureau of Statistics and Bank of Tanzania



Chart 3.1c: Contribution to Real GDP Growth by Major Economic Activities

Percent



Source: National Bureau of Statistics and Bank of Tanzania



The economy is projected to grow somewhat strongly in 2020, albeit at a slower pace than in the preceding year, owing to spillover impact of COVID-19 on the global economy. The pandemic disrupted production, supply and demand chains, due to containment and mitigation measures adopted by trading partners to limit the spread of the disease. Economic activities that could slow down, particularly in first half of 2020, include hospitality industry (hotel and accommodation, tour operators and travel agents), social activities and sports, education, and exports of horticulture. As a result, growth of the economy is projected to slow down to 5.5 percent in 2020. The growth projection is supported by several factors including: increase in agriculture output due to favourable weather, mining activities due to high world market prices and enhanced management of the sector, ongoing public investment and accommodative monetary policy. In addition, the Government decision of not imposing lockdown on economic activities during the outbreak of COVID-19, diversified nature of the economy and faster than expected re-opening of economies of trading partners will add impetus to growth.

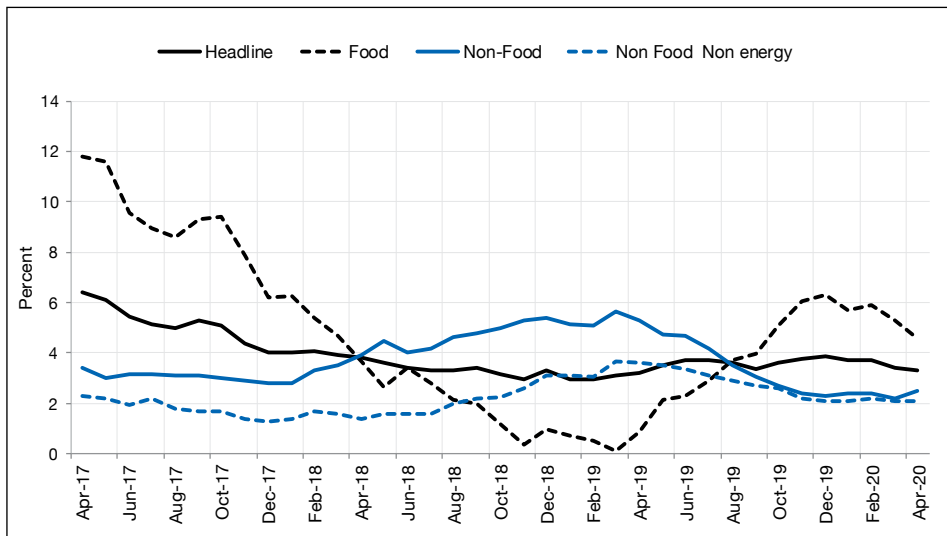
3.2.2 Inflation

Inflation was low and stable throughout July 2019 to April 2020, driven by adequate food supply in most parts of the country, prudent monetary and fiscal policies, low oil prices and adequate power supply. Twelve-month consumer price index (CPI) headline inflation averaged 3.6 percent during July 2019 to April 2020, compared with 3.2 percent in the corresponding period of 2018/19. The lowest inflation rate was 3.3 percent in April 2020, while the highest was 3.8 percent in November and December 2019. Food inflation averaged 5.0 percent compared with 1.2 percent in the corresponding period of 2018/19. Non-food



inflation eased to an average of 2.8 percent from 5.1 percent. Core inflation, inflation that excludes food and energy inflation, was also low and stable, averaging 2.4 percent compared with 2.7 percent. Headline inflation was below the country target of 5.0 percent, and within EAC and SADC benchmarks of not more than 8.0 percent and 3.0 - 7.0 percent, respectively. Inflation is projected to remain below the medium-term target of 5.0 percent in 2020/21, supported by adequate food supply, subdued demand pressure for goods and services, low world oil prices and stable power supply. Prudent implementation of monetary and fiscal policies will add impetus to factors expected to contribute to low inflation.

Chart 3.2: Headline, Food and Non-food Inflation



Source: National Bureau of Statistics and Bank of Tanzania



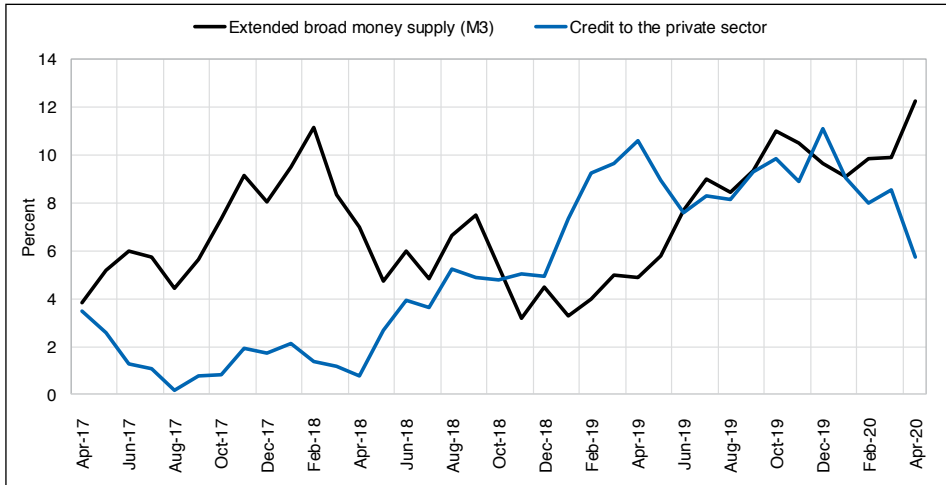
3.2.3 Money Supply and Credit

Monetary policy implementation was broadly in line with targets for 2019/20, despite facing challenges induced by the impact of COVID-19 on the economy. As a result, growth rates of monetary aggregates were broadly within targets for 2019/20, driven by accommodative monetary policy measures. Growth of extended broad money supply (M3) averaged 9.9 percent during July 2019 to April 2020, compared with the target of 10.0 percent for 2019/20 and 4.9 percent recorded in the corresponding period of 2018/19. Broad money (M2) grew by 11.4 percent compared with 5.2 percent in 2018/19, while average reserve money grew by 7.0 percent compared with a contraction of 0.4 percent in 2018/19.

Credit extended by banks to the private sector was strong, averaging at 8.7 percent during July 2019 to April 2020, compared with 6.5 percent recorded in the corresponding period of 2018/19. The strong growth of credit reflects easy monetary policy pursued by the Bank and expansion of investment activities. Much of the share of credit to the private sector was in personal economic activities, trade, manufacturing and agriculture. Credit growth is projected to remain high in 2020/21, despite the challenging environment caused by COVID-19. The high credit growth is projected to be bolstered by monetary and fiscal policy measures implemented to cushion the economy from the impact of COVID-19 and normalization of activities that were affected by the pandemic, such as resumption of tourism, sports and entertainment, education, coupled with faster than expected re-opening of economies of trading partners.



Chart 3.3: Annual Growth of Monetary Aggregates

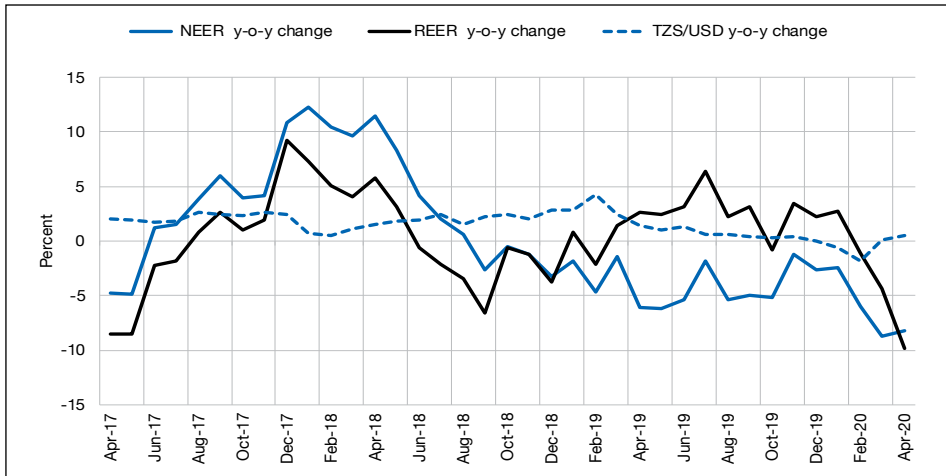


Source: Banks and Bank of Tanzania

The nominal exchange rate was stable throughout July 2019 to April 2020, evolving in narrow ranges of TZS 2,299.3 and TZS 2,302.7 per US dollar, compared with TZS 2,276.4 to TZS 2,300.9 per US dollar in the corresponding period of 2018/19 (Chart 3.4). This stability was due to prudent monetary policy, intervention measures implemented to ensure transparency and orderly market conditions, moderate current account deficit, and subdued oil prices in the world market. The nominal and real effective exchange rates also were stable. The stability of real effective exchange rate was reinforced by low inflation, in addition to the stability of the nominal exchange rate. The exchange rates are expected to remain generally stable in 2020/21.



Chart 3.4: Nominal and Real Effective Exchange Rates



Source: Bank of Tanzania

3.2.4 Government Budgetary Performance on Cash Basis

During the period July 2019 to April 2020, government domestic revenue deposited at the Bank of Tanzania amounted to TZS 16,238.0 billion, equivalent to a monthly average collection of TZS 1,623.8 billion. Domestic revenue was 95.5 percent of the estimates for the period and 10.5 percent higher than the amount deposited at the Bank of Tanzania in the corresponding period of 2018/19. The good performance in revenue collection was largely attributable to strengthened tax administration efforts by Tanzania Revenue Authority, particularly by leveraging technology to enhance compliance. During the period, total expenditure on cash basis amounted to TZS 18,281.1 billion, of which TZS 5,284.9 billion was spent on development projects (Table 3.3 and Chart 3.5). In response to economic challenges attributable to the pandemic, the Government, among others, increased spending on health and social protection needs, waived VAT and customs duties on medical equipment supplies, and prioritised the settlement of arrears to the business sector.



Table 3.3: Government Budgetary Operations on Cash Basis

Billions of TZS

| | July 2018 - April 2019 | | July 2019 - April 2020 | |
|--------------------------------------|------------------------|----------|------------------------|-------------|
| | Actual | Estimate | Actual | Act/Est (%) |
| Revenue | 14,690.8 | 17,000.1 | 16,238.0 | 95.5 |
| Total expenditure | 16,363.6 | 19,385.0 | 18,281.1 | 94.3 |
| Recurrent expenditure ¹ | 11,499.0 | 13,822.0 | 12,996.2 | 94.0 |
| Development expenditure ² | 4,864.6 | 5,563.0 | 5,284.9 | 95.0 |

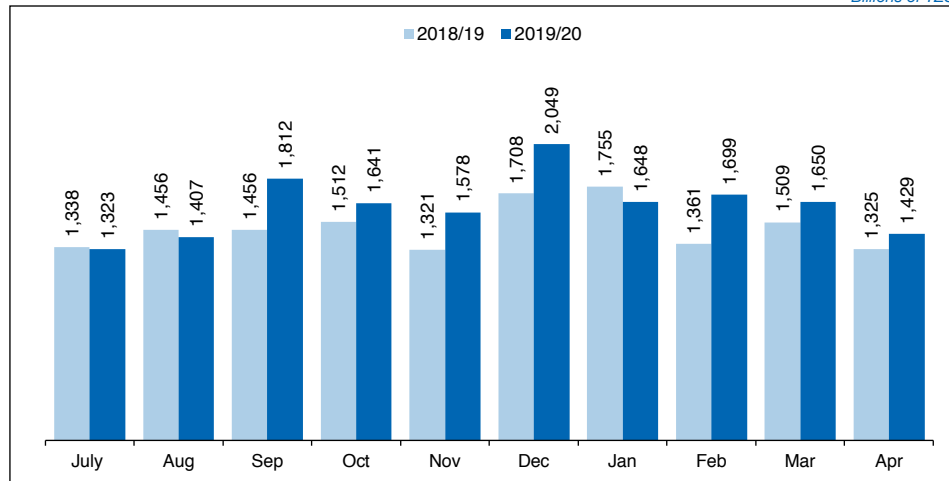
Source: Bank of Tanzania

Note: ¹ Net of rollover and Local Government Authorities' own sources

² Excludes direct to project funds

Chart 3.5: Domestic Revenue Performance

Billions of TZS



Source: Bank of Tanzania

3.2.5 National Debt

The stock of public debt of the United Republic of Tanzania increased to USD 24,179.5 million at the end of April 2020 from USD 23,215.4 million at the end of June 2019, due to new borrowing. Out of the total public debt, 73.2 percent was external debt and the balance was domestic debt.



External debt stock, including private sector external debt, increased by 2.8 percent to USD 22,531.4 million at the end of April 2020 from the amount recorded at the end of June 2019. Out of the total external debt, 78.5 percent was public debt and the balance was private sector debt. During the period July 2019 to April 2020, external debt disbursements amounted to USD 1,985.6 million, out of which USD 1,662.4 million was received by the Government in the form of cash and direct project financing. External debt service during the period amounted to USD 1,737.4 million, out of which USD 1,515.9 million was principal repayment and the balance was interest payments.

The stock of domestic debt was TZS 14,853.3 billion at the end of April 2020, which remained broadly the same as the level recorded at the end of June 2019. Treasury bonds sustained dominance in the composition of the domestic debt stock, accounting for 82.0 percent, compared with 77.4 percent recorded at the end of June 2019. The dominance of Treasury bonds is in line with the Government initiative to lengthen maturity of domestic debt to reduce roll-over risk. Domestic debt service during July 2019 to April 2020 amounted to TZS 4,565.7 billion, out of which TZS 3,376.2 billion was principal repayment and the balance was interest payments. During the period, domestic debt issued for Government budget financing amounted to TZS 4,743.7 billion, out of which TZS 2,106.8 billion were Treasury bills and TZS 2,636.9 billion were Treasury bonds.

3.2.6 External Sector Performance

During the period July 2019 to April 2020, overall balance of payments recorded a surplus of USD 897.1 million, compared with a deficit of USD 1,082.3 million in the corresponding period of 2018/19. This outturn was on account of narrowing of deficit in the current account



to USD 333.3 million from a deficit of USD 1,620.2 million recorded in the corresponding period of 2018/19. The improvement was largely explained by increase in exports (Table 3.4).

Table 3.4: Current Account Balance

Millions of USD

| Items | July - April | | Percentage Change |
|--------------------------------|--------------|----------------------|-------------------|
| | 2018/19 | 2019/20 ^p | |
| Goods account (net) | -3,421.8 | -2,053.9 | -40.0 |
| Exports* | 3,815.7 | 5,113.9 | 34.0 |
| Imports | 7,237.5 | 7,167.9 | -1.0 |
| Services account (net) | 2,064.1 | 2,041.2 | -1.1 |
| Receipts | 3,507.7 | 3,523.3 | 0.4 |
| Payments | 1,443.6 | 1,482.1 | 2.7 |
| Goods and services (net) | -1,357.7 | -12.7 | -99.1 |
| Export of goods and services | 7,323.4 | 8,637.2 | 17.9 |
| Import of goods and services | 8,681.1 | 8,650.0 | -0.4 |
| Primary income account (net) | -586.6 | -757.1 | 29.1 |
| Receipts | 155.1 | 174.3 | --- |
| Payments | 741.7 | 931.3 | 25.6 |
| Secondary income account (net) | 324.1 | 436.5 | 34.7 |
| Inflows | 373.9 | 490.6 | 31.2 |
| o/w General government | 68.2 | 201.7 | --- |
| Outflows | 49.8 | 54.1 | 8.6 |
| Current account balance | -1,620.2 | -333.3 | -79.4 |

Source: Tanzania Revenue Authority and Bank of Tanzania

Note: p - denotes provisional * Include adjustment for unrecorded exports

Foreign exchange reserves remained adequate and above the country and regional benchmarks. The reserves amounted to USD 5,334.3 million at the end of April 2020 from USD 4,432.6 million at the end of June 2019. The reserves were sufficient to cover 6.1 months of projected imports of goods and services, above the country benchmark of at least 4 months, and convergence criteria of EAC and SADC countries of at least 4.5 and 6 months, respectively.

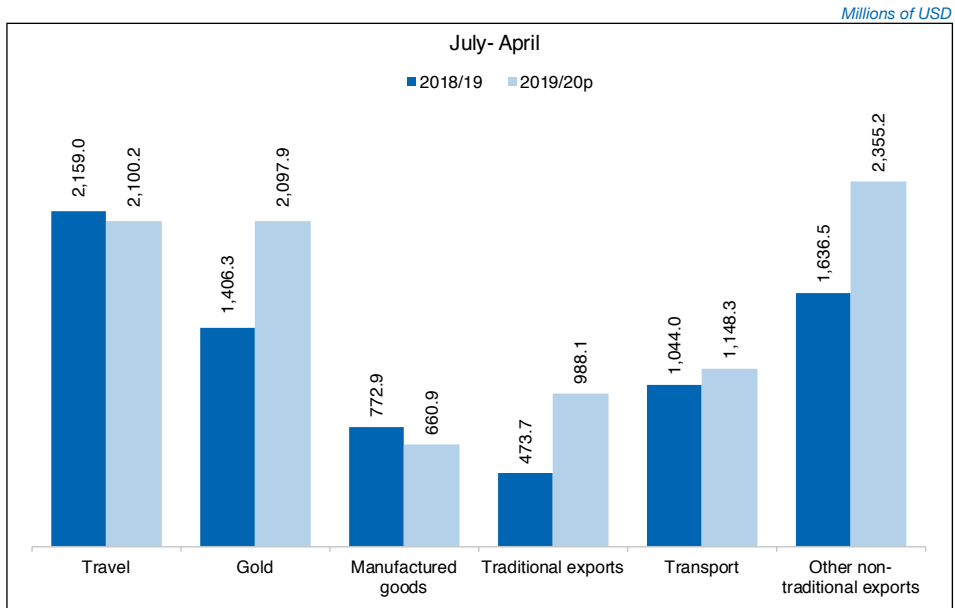


The value of exports of goods and services increased by 18.4 percent to USD 8,667.8 million over the period July 2019 to April 2020 from the level registered in the corresponding period of 2018/19. The good performance was mainly on account of increase in the value of service receipts and export of goods, largely driven by tourism earning, gold and cashew nuts exports. Export of gold, which accounted for 57.3 percent of non-traditional goods exports, increased to USD 2,097.9 million from USD 1,406.3 million registered in the corresponding period, on account of both volume and favourable prices in the world market. The higher volume of gold export corresponds to government initiatives to effectively manage mining activities in the country.

The value of traditional goods exports was USD 989.1 million compared with USD 473.7 million recorded in the corresponding period of 2018/19, mainly explained by recovery in export of cashew nuts, which surged to USD 498.0 million from USD 1.9 million recorded in corresponding period. Services receipts rose by 1.3 percent to USD 3,552.7 million from the amount registered in the corresponding period of 2018/19, largely explained by higher travel and transport receipts (Chart 3.6).



Chart 3.6: Export performance of selected goods and services



Source: Tanzania Revenue Authority and Bank of Tanzania

Note: p - denotes provisional

Imports of goods and services was USD 8,693.9 million compared with USD 8,681.1 million recorded in the corresponding period of 2018/19, driven by intermediate and consumer goods. All goods import increased, with the exception of transport equipment, machinery and fertilizer (Table 3.5). The import of oil, building and constructions materials were dominant consistent with the ongoing implementation of the mega infrastructure projects. Services payment rose by 5.7 percent to USD 1,526.0 million, on account of increase in freight payment.



Table 3.5: Tanzania Imports by Major Category

Millions of USD

| Items | July- April | | | Percentage change |
|---------------------------------------|-------------|---------|----------------------|-------------------|
| | 2017/18 | 2018/19 | 2019/20 ^P | |
| Capital goods | 2,342.9 | 3,279.6 | 2,988.4 | -8.9 |
| Transport Equipment | 698.3 | 1,139.1 | 798.6 | -29.9 |
| Building and Constructions | 548.0 | 754.1 | 901.8 | 19.6 |
| Machinery | 1,096.7 | 1,386.4 | 1,288.1 | -7.1 |
| Intermediate goods | 2,318.7 | 2,184.9 | 2,231.3 | 2.1 |
| Oil imports | 1,561.0 | 1,458.7 | 1,462.9 | 0.3 |
| Fertilizers | 100.7 | 142.9 | 129.4 | -9.5 |
| Industrial raw materials | 657.1 | 583.3 | 639.0 | 9.6 |
| Consumer goods | 1,828.9 | 1,773.0 | 1,948.1 | 9.9 |
| Food and food stuffs | 248.6 | 149.0 | 185.4 | 24.4 |
| All other consumer goods ¹ | 1,580.3 | 1,624.0 | 1,762.7 | 8.5 |
| Grand total | 6,490.6 | 7,237.5 | 7,167.9 | -1.0 |

Source: Tanzania Revenue Authority and Bank of Tanzania

Note: ^P - denotes provisional

¹ - It includes pharmaceutical products, paper products, plastic items, optical/photographic materials, textile apparels

Current account deficit is projected to remain moderate at 2.7 percent of GDP in 2019/20 compared with 3.5 percent of GDP in 2018/19, as the current positive export performance is set to be sustained. In 2020/21, current account deficit is projected to increase to around 5 percent of GDP, as export earnings from tourism may decline largely due to COVID-19 induced impact. This is attributable to lockdowns, travel restrictions and the anticipated economic recessions in major trading partners and tourist source markets. Nevertheless, this downside risk is expected to be partly offset by low oil prices and buoyant gold prices in the world market.

3.2.7 Financial Sector Stability

The banking sector was generally sound and stable with capital and liquidity levels above the regulatory requirements (Table 3.6). The ratio



of core capital to total risk weighted assets and off-balance sheet exposure was 17.4 percent at the end of April 2020, above the minimum regulatory requirement of 10.0 percent, while the ratio of liquid assets to demand liabilities was 32.7 percent, compared with the minimum regulatory requirement of 20.0 percent. The quality of assets of banks deteriorated as reflected by the ratio of non-performing loans to gross loans that rose to 11.0 percent in April 2020 from 10.7 percent in June 2019. The intensified monetary and fiscal policy measures implemented to cushion the economy from the impact of COVID-19, including granting flexibility on regulatory requirement for loan restructuring, will help to reduce the risk of further deterioration of quality of loan portfolio of banks due to slow down of some businesses such as tourism. The Bank will continue to enforce risk based prudential requirements, credit underwriting standards, and use credit information system in order to reduce non-performing loans close to the desired level of not more than 5 percent. Other measures include implementation of consumer protection framework and ensuring that banks' staff adhere to the Tanzania Banker's Association Code of Conduct.

Table 3.6: Banking Sector Financial Soundness Indicators

| <i>Percent</i> | | | | | |
|--|-------------------------|---------------|---------------|---------------|---------------|
| Indicator | Regulatory Limit | Apr-19 | Jun-19 | Dec-19 | Apr-20 |
| Capital adequacy | | | | | |
| Core capital/TRWA+OBSE | Minimum 10 | 17.8 | 17.0 | 16.8 | 17.3 |
| Liquidity | | | | | |
| Liquid assets/demand liabilities | Minimum 20 | 33.6 | 34.8 | 32.4 | 33.0 |
| Total loans/customer deposits | N/A | 88.7 | 84.5 | 88.5 | 86.0 |
| Earnings and profitability | | | | | |
| Return on assets - ROA | N/A | 1.8 | 2.0 | 1.9 | 1.8 |
| Return on equity - ROE | N/A | 7.6 | 8.8 | 8.2 | 7.6 |
| Asset quality | | | | | |
| Gross non-performing loans/gross loans | N/A | 11.1 | 10.7 | 9.8 | 11.0 |

Source: Bank of Tanzania

Note: NA - denotes not applicable

TRWA+OBSE – denotes Total Risk Weighted Assets and Off Balance Sheet Exposure



3.2.8 Payment Systems

The payments, clearing and settlement systems continued to operate efficiently with growing utilization of digital channels in financial services delivery. The enhanced use of digital platforms by both public and private sector has reduced transactions cost and eventually supporting economic activities. The East Africa Payment System (EAPS) operated smoothly and transactions increased, suggesting increased trade activities between Tanzania and other EAC countries. During the period July 2019 to April 2020, transactions between Tanzania and Kenya were 2,358 valued at KES 3.7 billion, an increase of 1.6 percent in volume and 4.7 percent in value. Transactions between Tanzania and Uganda were 362, valued at UGX 12.0 billion, a growth of 29.3 percent in volume and decrease in value by 47.0 percent. Transactions with Rwanda were 5 valued at RWF 2.9 million, a decrease in volume and value by 66.7 percent and 99.2 percent, respectively, when compared with corresponding period of 2018/19. Transactions settled through SADC- Real-Time Gross Settlement (RTGS) were 296,581 with a value of ZAR 1,047.9 billion, of which value of received and paid transactions through SADC-RTGS by Tanzania were ZAR 472.9 million and ZAR 471.2 million, respectively.

The Electronic Fund Transfers (EFT) through Tanzania Automated Clearing House (TACH) continued to run smoothly, with growing number of transactions, following increased use of the system by the Government in making payments of salaries to civil servants. During the period July 2019 to April 2020, the volume of EFT transactions grew by 4.7 percent, while the value increased by 10.4 percent when compared to the corresponding period of 2018/19. The increased use of EFT by the Government has improved efficiency, while minimizing

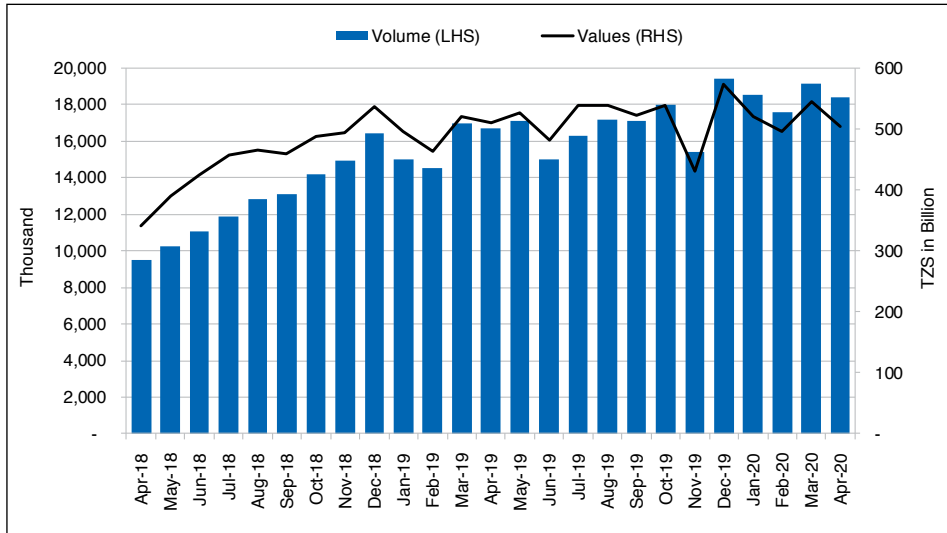


costs associated with the use of cheques. The effect was also reflected in the decline in usage of Tanzanian shilling denominated cheques in TACH, both in terms of volume and value by 23.0 percent and 17.5 percent, respectively.

Utilization of interoperability in mobile money services continued to grow reaching 177.0 million transactions worth TZS 5,209.9 billion. This represents 20.8 percent increase in volume and 6.6 percent in value compared to the corresponding period of 2018/19 (Chart 3.7). The interoperability of mobile financial services has contributed to overall growth of total mobile money transactions by 4.8 percent in volume and 11.5 percent in value, compared to the corresponding period of 2018/19. As at the end of April 2020, the number of active registered accounts for mobile money was 26.0 million, compared with 22.3 million at the end of June 2019. In order to encourage and enhance use of digital channels in accessing financial services and promote cashless economy in the wake of COVID-19, the Bank in collaboration with mobile money operators increased daily mobile wallets transaction limit to customers from TZS 3.0 million to TZS 5.0 million and daily balance from TZS 5.0 million to TZS 10.0 million. The Bank will continue to spearhead the use of digital payment systems for transactions, including online banking and point of sales.



Chart 3.7: Mobile Money Interoperability



Source: Bank of Tanzania

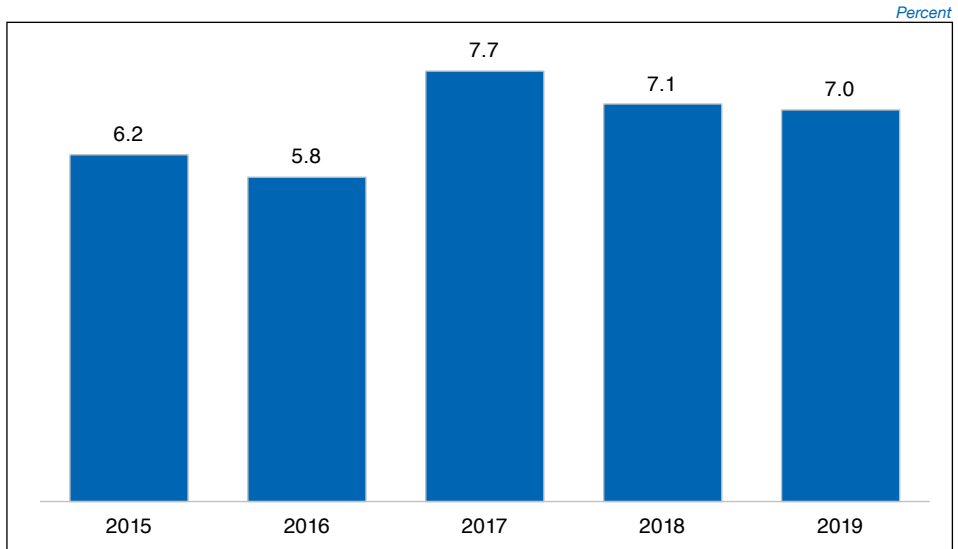
3.2.9 Economic Developments in Zanzibar

Real GDP Performance and Outlook

The economy of Zanzibar continued to register strong performance, growing by 7.0 percent in 2019 compared with 7.1 percent in the preceding year (Chart 3.8). The strong growth was largely driven by hotel and accommodation and food services, whose performance was associated with increase in number of tourists (Chart 3.9). In 2020, growth of Zanzibar economy is projected at 5.0 percent, owing to the impact of Coronavirus pandemic on various economic activities, particularly in hospitality industry (tourism related activities), trade, aviation and maritime. As part of the strategies to diversify the economy, the Government is working on ways of exploiting potentials in ‘blue economy’ and expanding commercial agriculture.



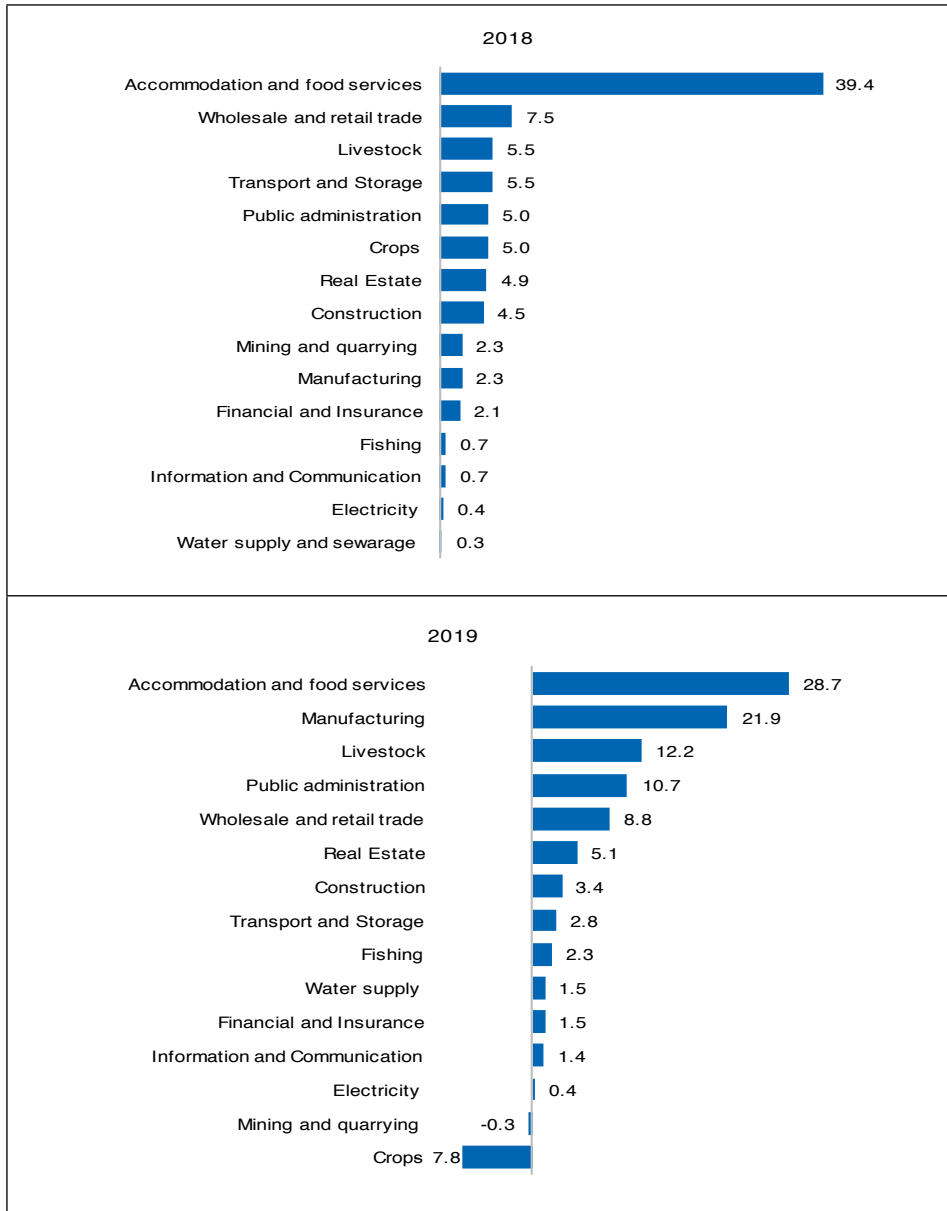
Chart 3.8: Real GDP Growth



Source: Office of the Chief Government Statistician, Zanzibar



Chart 3.9: Contribution to Real GDP Growth by Major Economic Activities



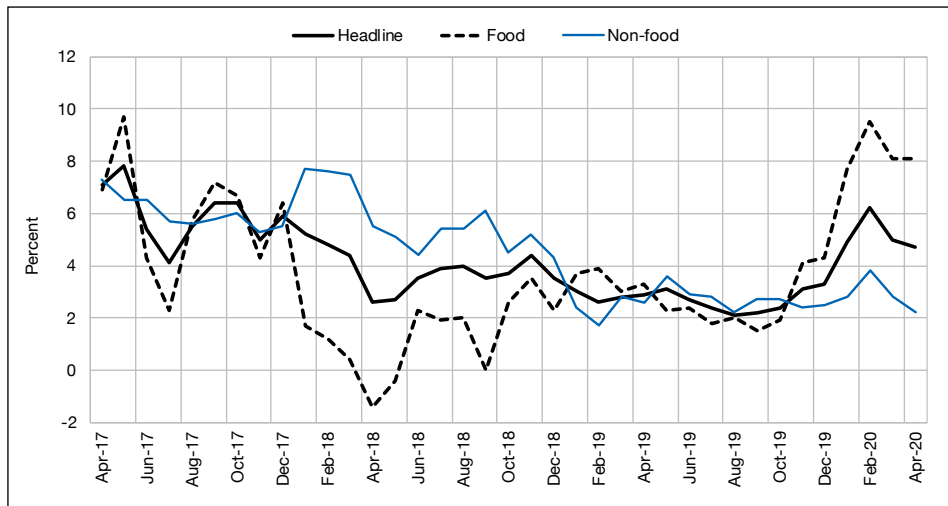
Source: Office of the Chief Government Statistician, Zanzibar



Inflation Developments

Headline inflation remained moderate, averaging at 3.6 percent during July 2019 to April 2020, compared to 3.4 percent registered during the corresponding period of 2018/19. Food inflation was 4.9 percent, up from 2.6 percent, due to increase in prices of maize flour, banana and sugar (Chart 3.10). Non-food inflation eased to 2.5 percent from 4.0 percent, largely due to decline fuel prices. Inflation is expected to remain at single digit in the remainder of 2019/20, despite the devastating effects of Coronavirus pandemic in service and productive sectors of the economy.

Chart 3.10: Annual Headline, Food and Non-food Inflation



Source: Office of Chief Government Statistician, Zanzibar

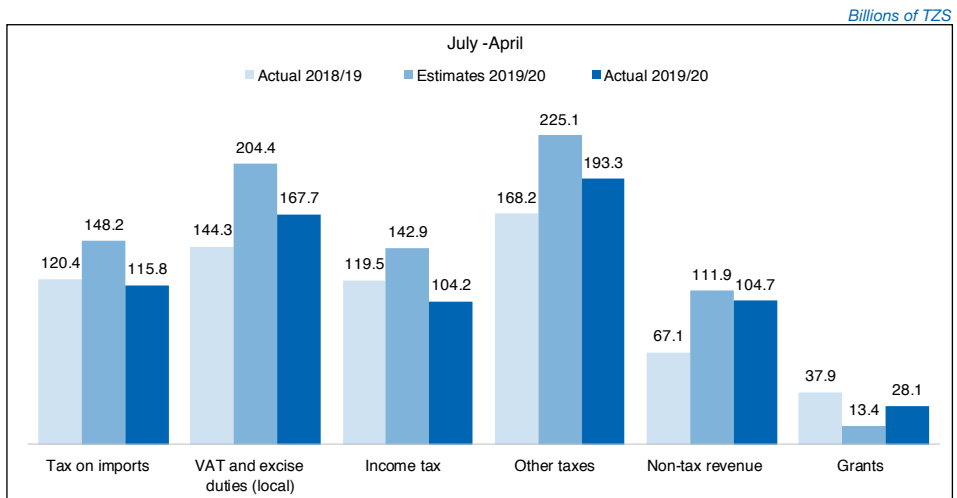
Government Budgetary Operations

During the period July 2019 to April 2020, domestic revenue was TZS 685.7 billion, representing 82.4 percent of the target for the period. Specifically, tax revenue was TZS 581.0 billion or 80.6 percent of



the target, while non-tax revenue was TZS 104.7 billion, equivalent to 93.6 percent of the target (Chart 3.11). This performance was largely attributed to improved tax collection efforts by Tanzania Revenue Authority and Zanzibar Revenue Board, and increase in tax compliance. However, revenue performance in the remainder of 2019/20 and beyond is expected to deteriorate due to closure of hotel and restaurant businesses, owing to lockdowns, restrictions and travel warnings imposed by various countries and slowdown of aviation services following the outbreak of Coronavirus pandemic.

Chart 3.11: Government Resources



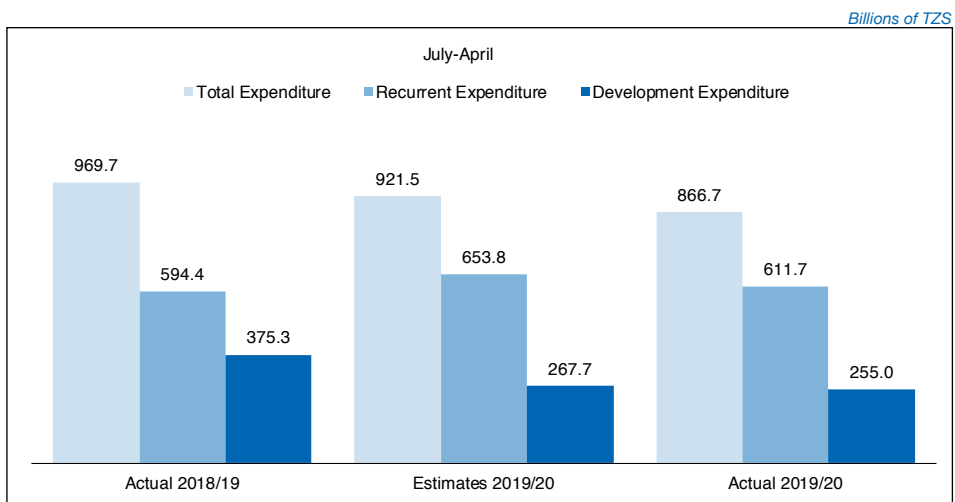
Source: Ministry of Finance and Planning, Zanzibar

Meanwhile, Government expenditure amounted to TZS 866.7 billion, 94.1 percent of the estimate, and 10.6 percent lower than the amount recorded in the corresponding period of 2018/19 (Chart 3.12). Recurrent expenditure was TZS 611.7 billion, about 93.6 percent of the estimate, while development expenditure was TZS 255.0 billion, about 95.2 percent of estimate. The overall budgetary operations



recorded a deficit of TZS 116.7 billion after grants, which was financed by domestic borrowing and program loans. In addressing COVID-19 related economic challenges, the Government increased spending on health and social protection needs and enhanced public awareness, among others.

Chart 3.12: Government Expenditure



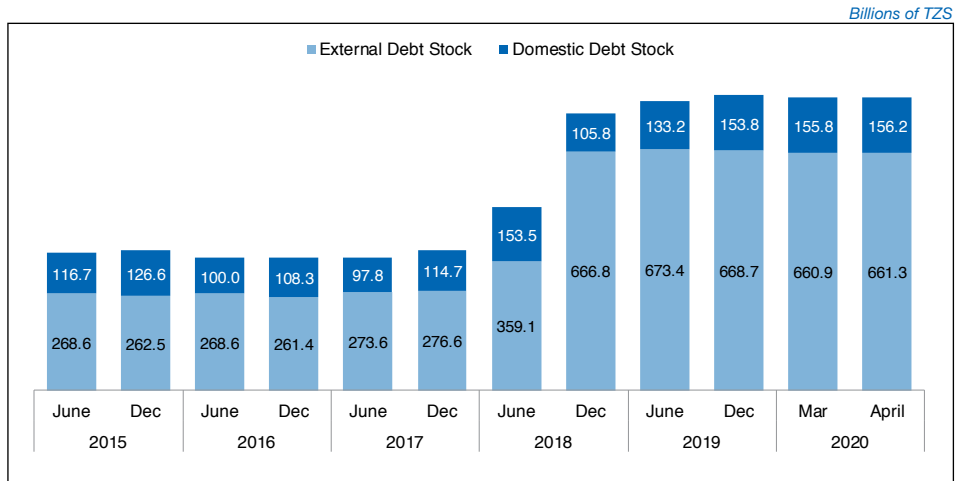
Source: Ministry of Finance and Planning, Zanzibar

Debt Developments

Zanzibar debt stock increased to TZS 817.5 billion at the end of April 2020 from TZS 806.6 billion at the end of June 2019. External debt amounted to USD 288.6 million (TZS 661.3 billion), accounting for 80.9 percent of total debt stock. Domestic debt stock rose to TZS 156.2 billion from TZS 133.2 billion recorded in June 2019, on account of new borrowings (Chart 3.13).



Chart 3.13: Total Debt Stock



Source: Ministry of Finance and Planning, Zanzibar

External Sector Developments

During the period July 2019 to April 2020, deficit in the current account narrowed to USD 21.1 million, compared to a deficit of USD 38.9 million recorded in the corresponding period of 2018/19. The outturn was largely attributable to improved export earnings from cloves and services. The value of exports of goods and services increased by 31.8 percent to USD 213.1 million, while imports grew by 32.6 percent to USD 329.0 million. Much of the increase in imports was registered in food and foodstuffs (wheat, rice and sugar) and machinery (Table 3.7, Chart 3.14 and Chart 3.15).



Table 3.7: Zanzibar Current Account

Millions of USD

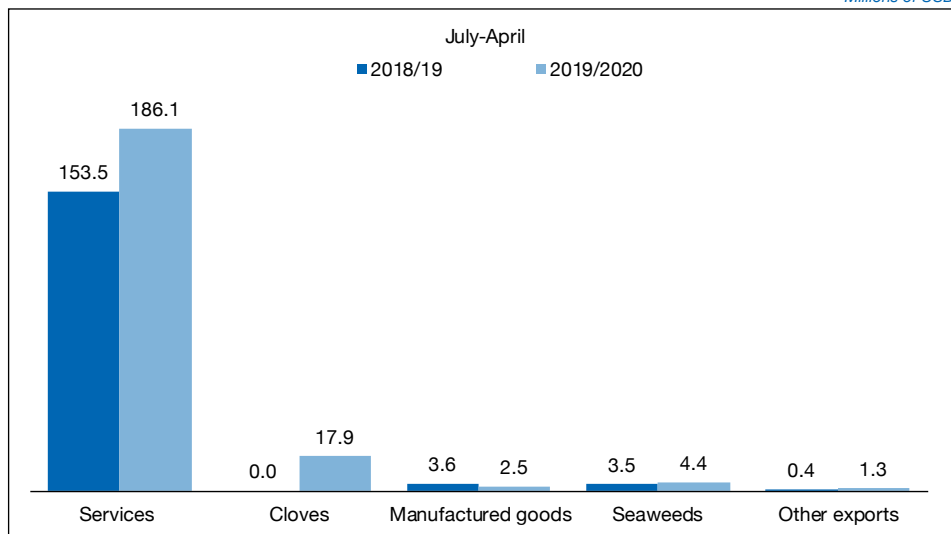
| Item | July - April | | | Percentage change |
|-------------------------------|--------------|-----------|------------------------|-------------------|
| | 2017/2018 | 2018/2019 | 2019/2020 ^p | |
| Goods account net | -86.7 | -179.5 | -207.7 | 15.7 |
| Exports | 70.2 | 8.2 | 27.0 | --- |
| Imports (fob) | 157.0 | 187.7 | 234.7 | 25.1 |
| Services account net | 82.4 | 93.1 | 91.8 | -1.4 |
| Receipts | 138.3 | 153.5 | 186.1 | 21.2 |
| Payments | 55.9 | 60.4 | 94.3 | 56.1 |
| Goods and services net | -4.3 | -86.4 | -115.9 | 34.2 |
| Exports of goods and services | 208.5 | 161.7 | 213.1 | 31.8 |
| Imports of goods and services | 212.8 | 248.1 | 329.0 | 32.6 |
| Income account net | 7.4 | 10.1 | 13.4 | 33.4 |
| Receipts | 11.3 | 15.1 | 21.0 | 38.8 |
| Payments | 4.0 | 5.1 | 7.6 | 49.4 |
| Current transfers net | 28.7 | 37.4 | 81.4 | 117.6 |
| Inflows | 30.6 | 42.8 | 89.0 | 107.8 |
| Outflows | 1.8 | 5.4 | 7.6 | 40.1 |
| Current account balance | 31.8 | -38.9 | -21.1 | -45.9 |

Source: Tanzania Revenue Authority and Bank of Tanzania computations

Note: p denotes provisional data; and "---", change exceeds 100 percent

Chart 3.14: Export Performance of Selected Goods and Services

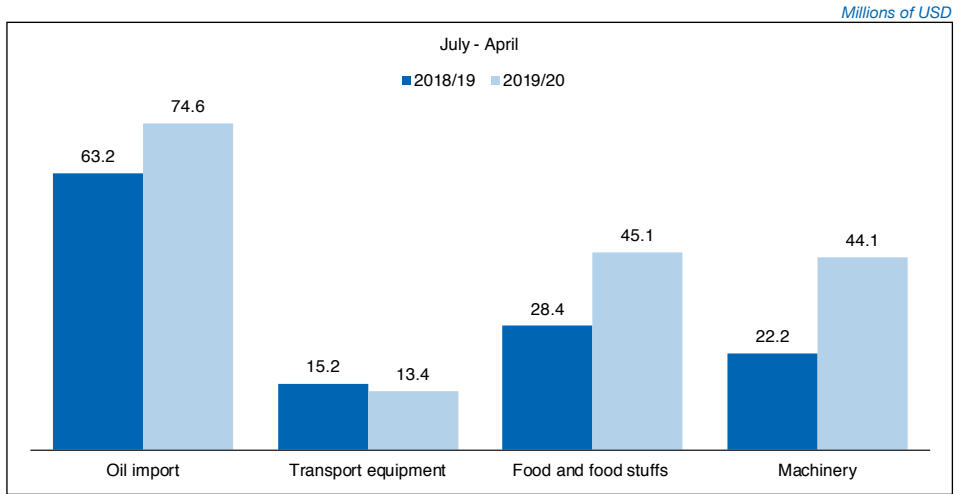
Millions of USD



Source: Tanzania Revenue Authority and Bank of Tanzania computations



Chart 3.15: Performance of Selected Goods Import



Source: Tanzania Revenue Authority and Bank of Tanzania computations



PART IV

4.0 MONETARY POLICY IMPLEMENTATION DURING 2019/20

The implementation of monetary policy in 2019/20 was broadly in line with the targets, amidst the challenges induced by COVID-19 pandemic. From July 2019 to April 2020, monetary policy remained accommodative in order to steer fast private sector credit growth for supporting high economic growth. The policy stance was amplified in the second half of 2019/20, in order to cushion the economy from the impact of COVID-19. This manifested in a number of measures, including reduction of the statutory minimum reserves (SMR) requirement ratio in two stages from 8.0 percent to 7.0 percent and further down to 6.0 percent, downward revision of discount rate from 7.0 percent to 5.0 percent. In addition, haircuts on government securities pledged for central bank borrowing windows for banks were reduced, from 10.0 percent to 5.0 percent for securities maturing within one year, and from 40.0 percent to 20.0 percent for securities with remaining maturities exceeding one year. Furthermore, the Bank of Tanzania intensified deployment of instruments for injection of liquidity, including reverse repo transactions and standing credit facilities.

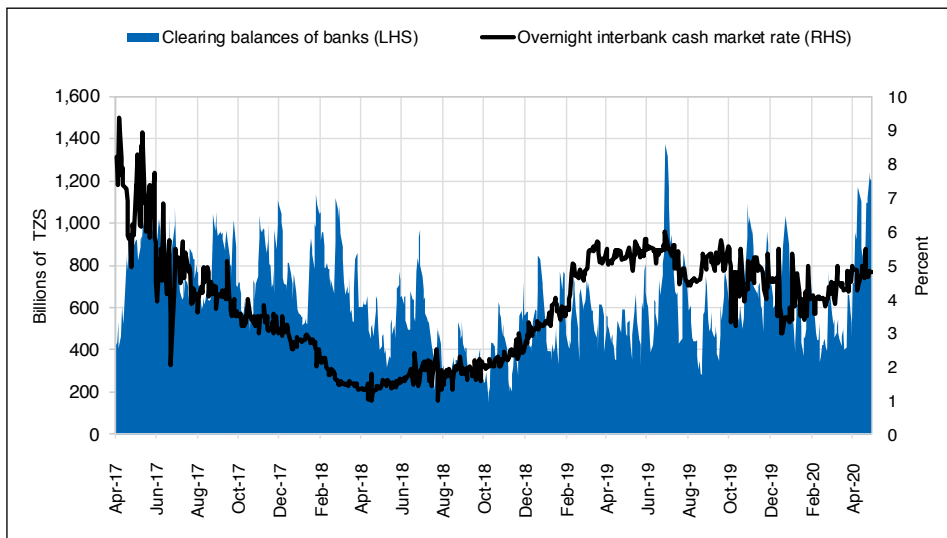
The measures significantly improved liquidity in the banking sector and ultimately lowering interbank interest rates. Specifically, overnight interbank cash market interest rate averaged at 4.83 percent in April 2020, from 5.47 percent in June 2019 and 5.20 percent in April 2019 (Chart 4.1). Likewise, overall weighted average yields of Treasury bills decreased to an average rate of 4.88 percent in April 2020, compared with 8.69 percent and 8.20 percent in June 2019 and April 2019, respectively. Overall interest rates charged by banks on loans also



declined, albeit moderately, to an average of 16.85 percent during the period July 2019 to April 2020 from an average of 17.16 percent in the corresponding period of 2018/19 (Chart 4.2).

Besides the liquidity enhancing measures which aimed at strengthening balance sheets of banks and increasing lending at low cost, banks were granted regulatory flexibility for loan restructuring. Also, banks and mobile money operators were encouraged to increase initiatives of leveraging digital payment platforms.

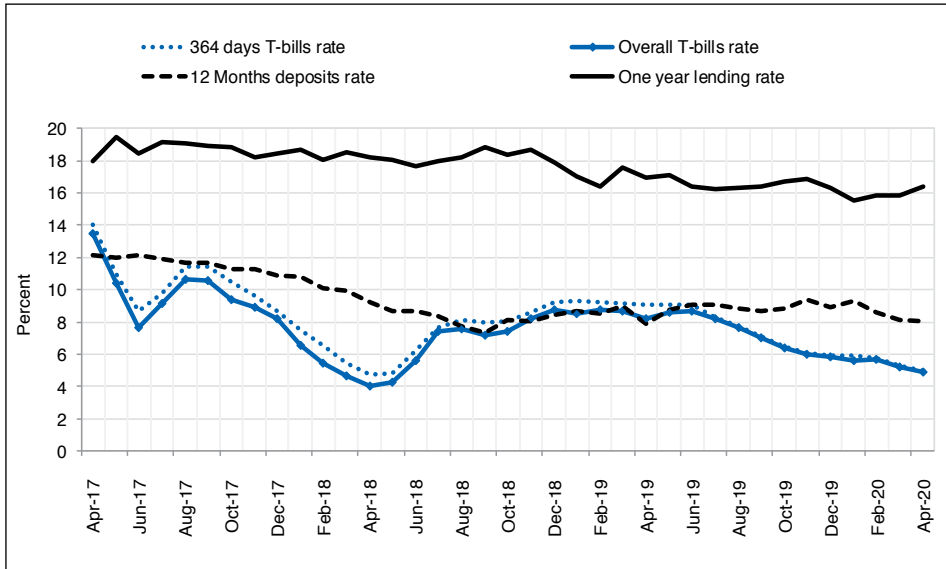
Chart 4.1: Banks' Clearing Balances and Overnight Interbank Cash Market Rate



Source: Bank of Tanzania



Chart 4.2: Selected Interest Rates



Source: Bank of Tanzania

The outcome of implementation of accommodative monetary policy was almost on targets. During July 2019 to April 2020, M3 grew at a steady pace, averaging 9.9 percent, against the target of 10.0 percent for the year ending June 2020. Meanwhile, average growth of credit to the private sector was 8.7 percent, against the target of 13.5 percent.



PART V

5.0 MACROECONOMIC POLICY FRAMEWORK FOR 2020/21

5.1 Macroeconomic Policy Objectives

Macroeconomic framework for 2020/21 take into consideration spillover effects of COVID-19 from the global economy and its implications to the domestic economy. In addition, the framework and policy stance are based on domestic environment, which includes implementation of policies and strategies consistent with Governments' development plans. In the wake of the current economic condition and uncertainty surrounding the impact of COVID-19 on domestic economy, the Government of the United Republic of Tanzania projects the following macroeconomic policy objectives for 2020/21:

- i. real GDP growth of 5.5 percent in 2020;
- ii. maintaining a single digit annual headline inflation rate of between 3.0 percent to 5.0 percent by end June 2021; and
- iii. budget deficit, including grants, of 2.6 percent of GDP in 2020/21.

As for Zanzibar, the Government projects the following macroeconomic policy objectives:

- i. real GDP growth of 5.0 percent in 2020;
- ii. maintaining a single digit annual headline inflation rate by end June 2021; and
- iii. budget deficit including grants to range from 3.0 percent to 5.0 percent of GDP in 2020/21.



5.2 Monetary Policy Objectives

In an environment of low oil prices in the world market, moderate current account pressure, and low inflation expectation, the monetary policy will remain accommodative in order to support the macroeconomic objectives of the Governments and fast recovery of the economy. The policy stance will be implemented in a manner that will ensure adequate supply of liquidity in line with demand of various economic activities, while sustaining stability of the financial sector and functioning of the financial markets. Specifically, the thrust of monetary policy is to achieve the following targets in 2020/21:

- i. annual growth of reserve money of 9.5 percent;
- ii. annual growth of extended broad money (M3) of 10.0 percent;
- iii. annual growth of private sector credit of 11.6 percent; and
- iv. maintaining gross official reserves at levels adequate to cover at least 4.0 months of projected imports of goods and services.



PART VI

6.0 MONETARY POLICY STANCE FOR 2020/21

In 2020/21, the monetary policy will remain accommodative to cushion the economy from the negative effects of COVID-19 and support fast recovery of various activities in the economy. This policy stance bonds well with low inflation expectations, which is forecasted to remain around the medium-term target of 5.0 percent.

6.1 Liquidity Management

In 2020/21, the Bank will enhance liquidity easing monetary policy measures using appropriate mix of instruments to ensure adequate supply of liquidity among banks and general stability of short-term interest rates in order to mitigate the impact of COVID-19 on the economy and support growth. The measures will be implemented while ensuring that inflation remains low within the medium-term target of 5 percent. In pursuit of its mandate, the Bank will continue to improve the functioning of financial markets, which includes infrastructure and general public awareness.

6.2 Interest Rate Policy

Interest rates will continue to be market determined. The Bank will continue to promote development of a more transparent and efficient interbank cash market in order to improve price discovery and reduce interest rate volatility. Sustaining market driven interest rate will continue to enhance monetary policy signalling effect and effectiveness of the monetary policy transmission mechanism.



6.3 Exchange Rate Policy

Exchange rate will continue to be market determined and the Bank of Tanzania will participate in the interbank foreign exchange market (IFEM) solely for liquidity management purposes. The expected widening of the current account deficit on account of COVID-19 pandemic may exert pressure on exchange rate. Therefore, the Bank of Tanzania will monitor closely the developments in the IFEM and intervene occasionally to smooth out short-term volatility in the exchange rate, while allowing the shilling to adjust in an orderly manner. In carrying out these operations, the Bank will remain mindful of the need to maintain adequate level of international reserves within the statutory requirement and maintain an orderly market condition.



PART VII

7.0 CONCLUSION

The performance of the economy was strong in 2019, as in the recent past. The performance of the economy in the first half of 2020 was challenged by spillover effects of COVID-19 from the global economy. However, the shock to the economy was somewhat cushioned by the Government decision of not imposing lockdown on economic activities, combined with diversified nature of activities and other measures implemented to cushion the impact of COVID-19. These factors, combined with the prospects of other economies re-opening in the second half of 2020, will lead to strong growth of economy in 2020, albeit at a slower pace than in 2019. The economy is projected to grow at 5.5 percent, against the baseline projection of 6.9 percent prior to the outbreak of COVID-19.

Inflation is projected to remain subdued, at less than 5 percent in 2020/21, bolstered by low prices of oil, adequate food supply, exchange rate stability, and re-opening of global economy from lockdown. Monetary policy will remain accommodative to support economic activities, while safeguarding macroeconomic and financial sector stability. The Bank of Tanzania will continue to closely monitor the impact of COVID-19 on various sectors of the economy and take appropriate policy action to minimize the effects. The Bank is optimistic that the monetary policy targets set in this Statement for 2020/21 will be achieved.



APPENDICES



Table A1: Selected Economic Indicators

| Items | Unit | Apr-19 | May-19 | Jun-19 | Jul-19 | Aug-19 | Sep-19 | Oct-19 | Nov-19 | Dec-19 | Jan-20 | Feb-20 | Mar-20 | Apr-20 |
|---|-----------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 1. Prices | | | | | | | | | | | | | | |
| 1.1 Annual change in consumer price index | | | | | | | | | | | | | | |
| 1.1.1 Headline inflation | Percent | 3.2 | 3.5 | 3.7 | 3.7 | 3.6 | 3.4 | 3.6 | 3.8 | 3.8 | 3.7 | 3.7 | 3.4 | 3.3 |
| 1.1.2 Food inflation | Percent | 0.9 | 2.2 | 2.3 | 2.9 | 3.7 | 4.0 | 5.1 | 6.1 | 6.3 | 5.7 | 5.9 | 5.3 | 4.6 |
| 1.1.3 Core inflation | Percent | 3.6 | 3.5 | 3.4 | 3.1 | 2.9 | 2.7 | 2.6 | 2.2 | 2.1 | 2.1 | 2.2 | 2.1 | 2.1 |
| 2. Money credit and interest rates | | | | | | | | | | | | | | |
| 2.1 Extended broad money supply (M3) ¹ | Percent | 4.9 | 5.8 | 7.7 | 9.0 | 8.5 | 9.4 | 11.0 | 10.5 | 9.6 | 9.1 | 9.9 | 9.9 | 12.2 |
| 2.2 Reserve money ¹ | Percent | 4.3 | 2.4 | 11.6 | 8.7 | 5.5 | 11.3 | 15.3 | 9.1 | 6.8 | 7.4 | 4.0 | 2.8 | 10.1 |
| 2.3 Average reserve money ¹ | Percent | 1.8 | 4.0 | 3.2 | 7.4 | 5.3 | 8.2 | 10.9 | 11.4 | 8.2 | 5.6 | 3.1 | 1.2 | 8.6 |
| 2.4 Credit to the private sector ¹ | Percent | 10.6 | 9.0 | 7.6 | 8.3 | 8.2 | 9.3 | 9.8 | 8.9 | 11.1 | 9.1 | 8.0 | 8.6 | 5.8 |
| 2.5 364-days Treasury bill rate ² | Percent | 9.1 | 9.1 | 9.0 | 8.3 | 7.7 | 7.1 | 6.5 | 6.1 | 5.9 | 5.9 | 5.8 | 5.3 | 4.9 |
| 2.6 Overnight inter-bank rate ² | Percent | 5.2 | 5.3 | 5.5 | 5.0 | 4.6 | 5.2 | 4.3 | 4.7 | 3.6 | 3.9 | 4.0 | 4.4 | 4.8 |
| 2.7 12-Months deposit rate ² | Percent | 7.9 | 8.7 | 9.1 | 9.1 | 8.9 | 8.7 | 8.8 | 9.4 | 8.9 | 9.3 | 8.6 | 8.1 | 8.0 |
| 2.8 Short-term (up to 1 year) lending rate ² | Percent | 16.9 | 17.1 | 16.4 | 16.2 | 16.3 | 16.4 | 16.7 | 16.9 | 16.3 | 15.5 | 15.8 | 15.8 | 16.4 |
| 3. Balance of payments | | | | | | | | | | | | | | |
| 3.1 Gross official foreign reserves | Millions of USD | 4,395.2 | 4,317.0 | 4,432.6 | 4,791.4 | 5,298.9 | 5,400.8 | 5,496.9 | 5,636.3 | 5,567.6 | 5,532.1 | 5,532.3 | 5,411.3 | 5,334.3 |
| 3.2 Exchange rate | | | | | | | | | | | | | | |
| 3.2.1 Period average | TZS/USD | 2,289.5 | 2,288.1 | 2,289.2 | 2,289.1 | 2,289.1 | 2,289.4 | 2,289.4 | 2,289.2 | 2,288.6 | 2,288.6 | 2,289.5 | 2,289.4 | 2,290.7 |
| 3.2.2 End of period | TZS/USD | 2,289.5 | 2,288.6 | 2,289.5 | 2,289.2 | 2,289.4 | 2,289.4 | 2,288.8 | 2,288.3 | 2,287.9 | 2,288.6 | 2,289.4 | 2,290.0 | 2,291.3 |
| 4. Public finance | | | | | | | | | | | | | | |
| 4.1 Domestic revenue ³ | Billions of TZS | 1,324.8 | 1,247.3 | 1,698.7 | 1,323.5 | 1,407.5 | 1,812.4 | 1,640.6 | 1,578.0 | 2,048.9 | 1,648.0 | 1,699.3 | 1,650.5 | 1,429.5 |
| 4.2 Recurrent expenditure ³ | Billions of TZS | 1,179.1 | 1,393.3 | 2,615.6 | 778.9 | 1,067.0 | 1,470.5 | 1,256.6 | 1,269.7 | 1,551.5 | 1,424.0 | 1,084.9 | 1,726.3 | 1,366.6 |
| 4.3 Development expenditure ³ | Billions of TZS | 1,291.1 | 550.9 | 1,328.4 | 3.6 | 279.3 | 403.0 | 798.0 | 529.8 | 626.1 | 592.5 | 484.7 | 410.3 | 1,157.7 |
| 4.4 Program assistance | Millions of USD | 12.7 | 0.0 | 0.0 | 0.0 | 1.0 | 2.5 | 9.5 | 23.2 | 65.6 | 43.0 | 1.0 | 70.2 | 10.0 |
| 4.4.1 General budget support | Millions of USD | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 17.9 | 40.2 | 1.0 | 68.6 |
| 4.4.2 Basket funds | Millions of USD | 12.7 | 0.0 | 0.0 | 0.0 | 1.0 | 2.5 | 9.5 | 23.2 | 47.7 | 2.8 | 0.0 | 1.6 | 10.0 |

Source: Bank of Tanzania, Ministry of Finance and Planning and National Bureau of Statistics

Notes: ¹ Annual growth

² Monthly averages

³ Domestic revenue and expenditure on cash basis



Table A2 (a): Tanzania Mainland: Gross Domestic Product at Constant 2015 Prices by Economic Activity

| Economic Activity | 2015 | 2016 | 2017 | 2018 | 2019 ^p |
|---|-----------------|-------------|-------------|-------------|-------------------|
| | Millions of TZS | | | | |
| Agriculture, forestry and fishing | 25,234,560 | 26,436,338 | 28,008,976 | 29,504,198 | 30,801,226 |
| Crops | 13,279,392 | 13,996,348 | 14,895,622 | 15,659,175 | 16,351,012 |
| Livestock | 7,158,457 | 7,506,593 | 7,876,592 | 8,266,049 | 8,676,074 |
| Forestry | 2,920,425 | 3,034,569 | 3,180,379 | 3,334,791 | 3,495,187 |
| Fishing | 1,843,401 | 1,864,627 | 2,020,292 | 2,206,242 | 2,240,163 |
| Agriculture support services | 32,886 | 34,201 | 36,091 | 37,941 | 38,790 |
| Industry and Construction | 23,103,647 | 25,817,955 | 28,565,774 | 31,344,128 | 35,042,891 |
| Mining and quarrying | 4,055,619 | 4,356,709 | 4,588,624 | 4,659,195 | 5,486,097 |
| Manufacturing | 7,411,672 | 8,213,364 | 8,889,818 | 9,623,501 | 10,184,558 |
| Electricity supply | 798,801 | 869,262 | 877,667 | 928,174 | 994,820 |
| Water supply; sewerage, waste management | 390,758 | 417,899 | 444,660 | 477,510 | 510,411 |
| Construction | 10,446,797 | 11,960,720 | 13,765,005 | 15,655,747 | 17,867,005 |
| Services | 38,146,529 | 40,549,564 | 42,689,011 | 45,369,789 | 48,118,368 |
| Wholesale and retail trade; repairs | 8,747,862 | 9,260,703 | 9,821,248 | 10,396,691 | 10,963,963 |
| Transport and storage | 6,929,895 | 7,324,856 | 7,815,845 | 8,736,561 | 9,493,191 |
| Accommodation and Food Services | 1,421,916 | 1,480,052 | 1,525,619 | 1,604,391 | 1,651,794 |
| Information and communication | 1,681,098 | 1,718,548 | 1,824,471 | 1,989,717 | 2,133,313 |
| Financial and insurance activities | 4,189,021 | 4,235,515 | 4,115,393 | 4,094,972 | 4,281,167 |
| Real estate | 2,949,598 | 3,077,086 | 3,211,895 | 3,354,518 | 3,505,485 |
| Professional, scientific and technical activities | 518,123 | 606,207 | 694,291 | 763,332 | 821,636 |
| Administrative and support service activities | 2,183,917 | 2,611,498 | 2,892,463 | 3,054,288 | 3,311,753 |
| Public administration and defence | 4,548,604 | 4,793,820 | 4,907,113 | 5,064,968 | 5,236,678 |
| Education | 2,413,306 | 2,665,336 | 2,859,171 | 3,046,789 | 3,257,866 |
| Human health and social work activities | 1,419,090 | 1,497,896 | 1,611,999 | 1,746,731 | 1,834,012 |
| Arts, entertainment and recreation | 248,510 | 280,131 | 307,907 | 350,027 | 389,225 |
| Other service activities | 717,898 | 814,529 | 912,404 | 971,690 | 1,037,083 |
| Activities of households as employers; | 177,691 | 183,387 | 189,193 | 195,113 | 201,203 |
| All economic activities | 86,484,736 | 92,803,857 | 99,263,761 | 106,218,115 | 113,962,485 |
| Taxes on products | 7,864,579 | 8,024,535 | 8,393,644 | 8,934,362 | 9,213,354 |
| GDP at market prices | 94,349,316 | 100,828,393 | 107,657,405 | 115,152,477 | 123,175,839 |

Real Growth by Economic Activities (Percent)

| Economic Activity | 2015 | 2016 | 2017 | 2018 | 2019 ^p |
|---|------|------|------|------|-------------------|
| Agriculture, forestry and fishing | 5.4 | 4.8 | 5.9 | 5.3 | 4.4 |
| Crops | 7.6 | 5.4 | 6.4 | 5.2 | 4.4 |
| Livestock | 4.9 | 4.9 | 4.9 | 4.9 | 5.0 |
| Forestry | 3.4 | 3.9 | 4.8 | 4.9 | 4.8 |
| Fishing | -4.5 | 1.2 | 8.4 | 9.2 | 1.5 |
| Agriculture support services | 4.5 | 4.0 | 5.5 | 5.2 | 2.2 |
| Industry and Construction | 9.7 | 11.7 | 10.6 | 9.7 | 11.8 |
| Mining and quarrying | 10.0 | 7.4 | 5.3 | 1.5 | 17.7 |
| Manufacturing | 7.1 | 10.8 | 8.2 | 8.3 | 5.8 |
| Electricity supply | -2.0 | 8.8 | 1.0 | 5.8 | 7.2 |
| Water supply; sewerage, waste management | 2.4 | 6.9 | 6.4 | 7.4 | 6.9 |
| Construction | 12.9 | 14.5 | 15.1 | 13.8 | 14.8 |
| Services | 6.4 | 6.3 | 5.3 | 6.3 | 6.1 |
| Wholesale and retail trade; repairs | 3.6 | 5.9 | 6.1 | 5.9 | 5.5 |
| Transport and storage | 5.4 | 5.7 | 6.7 | 11.8 | 8.7 |
| Accommodation and Food Services | 1.7 | 4.1 | 3.1 | 5.2 | 3.0 |
| Information and communication | 7.8 | 2.2 | 6.2 | 9.1 | 7.2 |
| Financial and insurance activities | 11.3 | 1.1 | -2.8 | -0.5 | 4.5 |
| Real estate | 4.3 | 4.3 | 4.4 | 4.4 | 4.5 |
| Professional, scientific and technical activities | 15.7 | 17.0 | 14.5 | 9.9 | 7.6 |
| Administrative and support service activities | 10.5 | 19.6 | 10.8 | 5.6 | 8.4 |
| Public administration and defence | 7.2 | 5.4 | 2.4 | 3.2 | 3.4 |
| Education | 10.4 | 10.4 | 7.3 | 6.6 | 6.9 |
| Human health and social work activities | 5.1 | 5.6 | 7.6 | 8.4 | 5.0 |
| Arts, entertainment and recreation | 7.7 | 12.7 | 9.9 | 13.7 | 11.2 |
| Other service activities | 4.7 | 13.5 | 12.0 | 6.5 | 6.7 |
| Activities of households as employers; | 3.2 | 3.2 | 3.2 | 3.1 | 3.1 |
| All economic activities | 6.9 | 7.3 | 7.0 | 6.9 | 7.2 |
| Taxes on products | -1.7 | 2.0 | 4.6 | 6.4 | 3.1 |
| GDP at market prices | 6.2 | 6.9 | 6.8 | 7.0 | 7.0 |

Source: National Bureau of Statistics

Note: p denotes provisional data and FISIM financial intermediation indirectly measured



Table A2 (b): Tanzania Mainland: Gross Domestic Product at Constant 2015 Prices by Economic Activity

| Economic activity | Percent | | | | | |
|---|---|-------|-------|-------|-------|-------------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 ^p |
| | Contribution to real GDP by economic activities | | | | | |
| Agriculture, forestry and fishing | 27.5 | 23.4 | 18.5 | 23.0 | 19.9 | 16.2 |
| Crops | 18.9 | 17.1 | 11.1 | 13.2 | 10.2 | 8.6 |
| Livestock | 5.7 | 6.2 | 5.4 | 5.4 | 5.2 | 5.1 |
| Forestry | 2.3 | 1.7 | 1.8 | 2.1 | 2.1 | 2.0 |
| Fishing | 0.6 | -1.6 | 0.3 | 2.3 | 2.5 | 0.4 |
| Agriculture support services | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Industry and construction | 21.1 | 37.4 | 41.9 | 40.2 | 37.1 | 46.1 |
| Mining and quarrying | 4.0 | 6.7 | 4.6 | 3.4 | 0.9 | 10.3 |
| Manufacturing | 11.2 | 9.0 | 12.4 | 9.9 | 9.8 | 7.0 |
| Electricity supply | 1.6 | -0.3 | 1.1 | 0.1 | 0.7 | 0.8 |
| Water supply; sewerage, waste management | 0.2 | 0.2 | 0.4 | 0.4 | 0.4 | 0.4 |
| Construction | 4.1 | 21.8 | 23.4 | 26.4 | 25.2 | 27.6 |
| Services | 54.5 | 41.7 | 37.1 | 31.3 | 35.8 | 34.3 |
| Wholesale and retail trade; repairs | 13.6 | 5.5 | 7.9 | 8.2 | 7.7 | 7.1 |
| Transport and storage | 9.4 | 6.4 | 6.1 | 7.2 | 12.3 | 9.4 |
| Accommodation and food services | 0.7 | 0.4 | 0.9 | 0.7 | 1.1 | 0.6 |
| Information and communication | 2.6 | 2.2 | 0.6 | 1.6 | 2.2 | 1.8 |
| Financial and insurance activities | 6.4 | 7.8 | 0.7 | -1.8 | -0.3 | 2.3 |
| Real estate | 2.0 | 2.2 | 2.0 | 2.0 | 1.9 | 1.9 |
| Professional, scientific and technical activities | 1.1 | 1.3 | 1.4 | 1.3 | 0.9 | 0.7 |
| Administrative and support service activities | 5.6 | 3.8 | 6.6 | 4.1 | 2.2 | 3.2 |
| Public administration and defence | 4.8 | 5.6 | 3.8 | 1.7 | 2.1 | 2.1 |
| Education | 4.6 | 4.1 | 3.9 | 2.8 | 2.5 | 2.6 |
| Human health and social work activities | 1.9 | 1.3 | 1.2 | 1.7 | 1.8 | 1.1 |
| Arts, entertainment and recreation | 0.3 | 0.3 | 0.5 | 0.4 | 0.6 | 0.5 |
| Other service activities | 1.3 | 0.6 | 1.5 | 1.4 | 0.8 | 0.8 |
| Activities of households as employers; | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Taxes on products | -3.2 | -2.5 | 2.5 | 5.4 | 7.2 | 3.5 |
| GDP at market prices | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

Source: National Bureau of Statistics

Note: p denotes provisional data and FISIM financial intermediation indirectly measured



Table A2 (c): Zanzibar: Gross Domestic Product at Constant 2015 Prices by Economic Activity

| Economic activity | 2015 | 2016 | 2017 | 2018 ^f | 2019 ^p |
|---|---------|---------|---------|-------------------|-------------------|
| | | | | | |
| GDP at market prices | 2,355.7 | 2,491.4 | 2,683.8 | 2,875.5 | 3,077.7 |
| Agriculture, Forestry & Fishing | 519.7 | 539.5 | 582.2 | 603.8 | 619.4 |
| Crops | 227.7 | 235.9 | 261.0 | 270.6 | 254.9 |
| Livestock | 113.5 | 124.6 | 136.2 | 146.7 | 171.7 |
| Forestry & hunting | 41.3 | 42.3 | 44.1 | 44.2 | 45.9 |
| Fishing | 137.2 | 136.6 | 140.8 | 142.2 | 147.0 |
| Industry | 433.5 | 467.0 | 493.1 | 511.8 | 565.8 |
| Mining & quarrying | 23.5 | 27.2 | 32.7 | 37.1 | 36.4 |
| Manufacturing | 180.1 | 194.6 | 211.3 | 215.7 | 259.9 |
| Electricity and gas | 11.7 | 12.6 | 13.1 | 13.8 | 14.5 |
| Water supply and sewerage | 19.6 | 20.9 | 22.4 | 23.1 | 26.1 |
| Construction | 198.7 | 211.7 | 213.4 | 222.1 | 228.9 |
| Services | 1,196.5 | 1,265.2 | 1,360.1 | 1,498.2 | 1,626.7 |
| Trade & repairs | 162.1 | 169.4 | 180.3 | 194.7 | 212.5 |
| Transport & storage | 102.0 | 107.6 | 111.4 | 121.8 | 127.5 |
| Accommodation and food services | 331.0 | 375.5 | 429.2 | 504.7 | 562.7 |
| Accommodation | 268.1 | 305.2 | 350.0 | 409.5 | 457.9 |
| Food and beverage services | 62.9 | 70.3 | 79.2 | 95.3 | 104.8 |
| Information and communication | 52.5 | 44.7 | 51.6 | 53.4 | 56.3 |
| Financial and insurance activities | 78.6 | 83.7 | 91.6 | 95.6 | 98.6 |
| Real estate activities | 128.4 | 136.2 | 144.7 | 154.0 | 164.2 |
| Professional, scientific and technical | 3.6 | 3.9 | 3.8 | 4.0 | 3.9 |
| Administrative and support services | 23.2 | 22.8 | 24.4 | 25.6 | 27.4 |
| Public administration | 181.9 | 180.9 | 175.9 | 185.6 | 207.3 |
| Education | 69.4 | 71.5 | 73.3 | 78.5 | 84.4 |
| Human health and social work | 29.7 | 30.8 | 31.2 | 32.0 | 32.8 |
| Arts, entertainment and recreation | 1.9 | 2.4 | 2.7 | 3.3 | 3.4 |
| Other service activities | 27.0 | 30.4 | 34.4 | 39.3 | 40.1 |
| Domestic services | 5.2 | 5.4 | 5.5 | 5.7 | 5.9 |
| Less FISIM | -23.9 | -27.9 | -27.7 | -24.8 | -25.5 |
| Taxes on products | 229.9 | 247.7 | 276.1 | 286.6 | 291.2 |
| Real Growth by Economic Activities (Percent) | | | | | |
| Agriculture, Forestry & Fishing | 5.3 | 3.8 | 7.9 | 3.7 | 2.6 |
| Crops | 3.9 | 3.6 | 10.6 | 3.7 | -5.8 |
| Livestock | 13.3 | 9.8 | 9.3 | 7.7 | 17.0 |
| Forestry & hunting | 1.6 | 2.5 | 4.2 | 0.3 | 3.8 |
| Fishing | 2.9 | -0.5 | 3.1 | 1.0 | 3.3 |
| Industry | 9.8 | 7.7 | 5.6 | 3.8 | 10.6 |
| Mining & quarrying | 9.8 | 15.9 | 20.3 | 13.3 | -1.7 |
| Manufacturing | 10.9 | 8.0 | 8.6 | 2.1 | 20.5 |
| Electricity and gas | 6.7 | 8.2 | 4.2 | 5.1 | 5.2 |
| Water supply and sewerage | 8.0 | 6.9 | 7.3 | 2.8 | 12.9 |
| Construction | 9.1 | 6.5 | 0.8 | 4.1 | 3.1 |
| Services | 5.7 | 5.7 | 7.5 | 10.2 | 8.6 |
| Trade & repairs | -2.9 | 4.5 | 6.4 | 8.0 | 9.1 |
| Transport & storage | 3.5 | 5.6 | 3.5 | 9.4 | 4.7 |
| Accommodation and food services | 11.1 | 13.5 | 14.3 | 17.6 | 11.5 |
| Accommodation | 11.5 | 13.8 | 14.7 | 17.0 | 11.8 |
| Food and beverage services | 9.8 | 11.8 | 12.6 | 20.3 | 10.0 |
| Information and communication | -9.0 | -14.9 | 15.5 | 3.4 | 5.5 |
| Financial and insurance activities | 21.8 | 6.5 | 9.5 | 4.4 | 3.1 |
| Real estate activities | 5.8 | 6.0 | 6.2 | 6.4 | 6.6 |
| Professional, scientific and technical | 9.2 | 9.6 | -3.2 | 5.2 | -2.9 |
| Administrative and support services | 3.1 | -1.9 | 7.2 | 4.9 | 6.9 |
| Public administration | 7.1 | -0.5 | -2.7 | 5.5 | 11.7 |
| Education | 3.4 | 3.0 | 2.5 | 7.0 | 7.5 |
| Human health and social work | 0.3 | 3.7 | 1.4 | 2.3 | 2.5 |
| Arts, entertainment and recreation | 17.0 | 26.2 | 14.5 | 19.3 | 3.3 |
| Other service activities | 3.6 | 12.5 | 13.4 | 14.2 | 2.0 |
| Domestic services | 3.2 | 3.2 | 3.2 | 3.2 | 3.2 |
| Less FISIM | 12.7 | 16.6 | -0.9 | -10.2 | 2.6 |
| Taxes on products | 5.0 | 7.7 | 11.5 | 3.8 | 1.6 |
| GDP at market prices | 6.2 | 5.8 | 7.7 | 7.1 | 7.0 |

Source: Office of Chief Government Statistician, Zanzibar

Note: p denotes provisional data; and FISIM, financial intermediation indirectly measured



Table A3 (a): National Consumer Price Index (NCPI)

| Main Groups | Weight (%) | Ref period: December 2015=100 | | | | | | | | | | | | |
|---|------------|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | | Apr-19 | May-19 | Jun-19 | Jul-19 | Aug-19 | Sep-19 | Oct-19 | Nov-19 | Dec-19 | Jan-20 | Feb-20 | Mar-20 | Apr-20 |
| Food and non alcoholic beverages | 38.5 | 121.0 | 121.7 | 121.9 | 121.0 | 119.6 | 119.2 | 119.3 | 120.3 | 121.9 | 123.0 | 124.8 | 126.2 | 126.5 |
| Alcoholic, tobacco and narcotics | 3.7 | 111.5 | 111.5 | 111.5 | 111.5 | 110.6 | 110.6 | 110.6 | 110.7 | 110.8 | 110.8 | 110.8 | 110.9 | 111.0 |
| Clothing and footwear | 8.3 | 111.9 | 112.2 | 112.0 | 112.0 | 112.5 | 112.5 | 112.4 | 112.5 | 113.1 | 113.4 | 113.7 | 114.0 | 114.4 |
| Housing, water, electricity, gas and other fuel | 11.6 | 141.8 | 141.9 | 140.0 | 139.5 | 139.5 | 139.7 | 139.3 | 140.1 | 139.3 | 139.4 | 143.6 | 148.5 | 151.0 |
| Furnishing, housing equipment and routine maintenance of the house | 6.3 | 111.3 | 111.8 | 111.7 | 111.8 | 111.9 | 111.9 | 112.1 | 112.2 | 112.4 | 112.6 | 112.7 | 113.0 | 113.3 |
| Health | 2.9 | 109.5 | 109.5 | 109.5 | 109.5 | 109.6 | 109.6 | 109.5 | 109.5 | 109.6 | 109.6 | 109.6 | 109.6 | 109.7 |
| Transport | 12.5 | 105.9 | 106.2 | 106.2 | 106.2 | 105.5 | 105.7 | 105.3 | 105.6 | 106.3 | 106.4 | 106.9 | 108.0 | 107.7 |
| Communication | 5.6 | 97.1 | 97.1 | 96.5 | 96.5 | 96.2 | 96.2 | 96.3 | 96.3 | 96.6 | 96.7 | 96.9 | 96.9 | 97.1 |
| Recreation and culture | 1.6 | 103.8 | 106.0 | 106.0 | 104.2 | 104.6 | 105.0 | 104.0 | 104.0 | 104.3 | 104.4 | 104.4 | 104.5 | 104.5 |
| Education | 1.5 | 107.7 | 107.7 | 107.7 | 107.7 | 107.7 | 107.7 | 107.7 | 107.7 | 107.7 | 108.8 | 109.0 | 109.0 | 109.0 |
| Restaurants and hotels | 4.2 | 110.5 | 110.5 | 110.3 | 110.4 | 110.4 | 110.8 | 110.6 | 110.7 | 110.7 | 110.7 | 111.3 | 111.3 | 111.3 |
| Miscellaneous goods and services | 3.1 | 109.3 | 109.6 | 109.5 | 109.6 | 109.5 | 109.6 | 109.5 | 109.5 | 110.1 | 110.1 | 110.1 | 110.1 | 110.5 |
| Total – All Items Index | 100.0 | 116.8 | 117.2 | 117.0 | 116.6 | 116.0 | 115.9 | 115.8 | 116.4 | 117.1 | 117.6 | 118.9 | 120.2 | 120.7 |
| Other Selected Groups | | | | | | | | | | | | | | |
| Food and non-alcoholic beverages - combining food consumed at home and food consumed in restaurants | 37.1 | 124.5 | 125.3 | 125.7 | 124.7 | 123.3 | 122.8 | 122.9 | 124.0 | 125.7 | 127.0 | 129.0 | 130.5 | 131.0 |
| Energy and fuels - combining electricity and other fuels for use at home with petrol and diesel | 8.7 | 154.9 | 155.5 | 153.3 | 152.6 | 151.5 | 152.1 | 151.0 | 152.6 | 150.5 | 150.1 | 154.0 | 158.9 | 161.3 |
| All items less food | 62.9 | 115.1 | 115.3 | 114.9 | 114.7 | 114.7 | 114.8 | 114.6 | 114.9 | 115.1 | 115.2 | 116.2 | 117.4 | 117.9 |
| All items less food and energy | 54.3 | 108.7 | 108.9 | 108.7 | 108.7 | 108.8 | 108.8 | 108.8 | 108.9 | 109.4 | 109.6 | 110.1 | 110.8 | 111.0 |

Source: National Bureau of Statistics



Table A3 (b): National Consumer Price Index (NCPI), 12 Months Percentage Change

| Main Groups | Weights (%) | Ref period: December 2015=100 | | | | | | | | | | | | |
|---|-------------|-------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | | Apr-19 | May-19 | Jun-19 | Jul-19 | Aug-19 | Sep-19 | Oct-19 | Nov-19 | Dec-19 | Jan-20 | Feb-20 | Mar-20 | Apr-20 |
| Food and non alcoholic beverages | 47.8 | 0.9 | 2.2 | 2.3 | 2.9 | 3.7 | 4.0 | 5.1 | 6.1 | 6.3 | 5.7 | 5.9 | 5.3 | 4.6 |
| Alcoholic, tobacco and narcotics | 3.3 | 3.2 | 3.4 | 4.2 | 3.6 | 2.1 | 1.3 | 1.3 | 0.6 | 0.5 | 0.5 | 0.1 | -0.5 | -0.4 |
| Clothing and footwear | 6.7 | 3.6 | 3.7 | 3.1 | 2.7 | 2.9 | 2.6 | 2.2 | 2.3 | 2.2 | 2.1 | 2.1 | 2.2 | 2.2 |
| Housing, water, electricity, gas and other fuel | 9.2 | 11.4 | 8.8 | 8.9 | 8.1 | 6.3 | 4.3 | 3.3 | 3.7 | 4.4 | 4.9 | 4.5 | 4.9 | 6.5 |
| Furnishing, housing equipment and routine maintenance of the house | 6.7 | 4.2 | 4.3 | 4.1 | 3.9 | 3.7 | 3.7 | 3.9 | 3.9 | 2.7 | 2.5 | 2.2 | 1.7 | 1.7 |
| Health | 0.9 | 2.2 | 2.0 | 1.8 | 2.3 | 1.4 | 1.9 | 1.8 | 1.8 | 1.5 | 1.4 | 0.9 | 0.5 | 0.2 |
| Transport | 9.5 | 3.4 | 4.1 | 4.8 | 4.1 | 2.7 | 3.2 | 2.4 | 0.4 | 0.8 | 1.7 | 2.2 | 2.2 | 1.7 |
| Communication | 2.1 | -1.1 | -1.1 | 1.0 | 1.1 | 0.7 | 0.6 | 0.8 | 0.8 | 1.1 | 1.1 | 0.7 | -0.2 | 0.0 |
| Recreation and culture | 1.3 | 0.6 | 3.2 | 3.4 | 1.6 | 1.8 | 2.0 | 1.7 | 1.4 | 1.4 | 1.1 | 1.1 | 1.1 | 0.7 |
| Education | 1.7 | 2.1 | 2.1 | 1.8 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.6 | 1.3 | 1.5 | 1.4 | 1.3 |
| Restaurants and hotels | 6.4 | 4.9 | 4.9 | 4.8 | 4.7 | 4.6 | 4.2 | 4.1 | 4.0 | 3.2 | 2.8 | 2.1 | 0.7 | 0.7 |
| Miscellaneous goods and services | 4.5 | 2.7 | 2.5 | 2.4 | 2.5 | 2.5 | 2.4 | 2.3 | 2.1 | 1.8 | 1.6 | 1.5 | 1.0 | 1.1 |
| Total – All Items Index | 100.0 | 3.2 | 3.5 | 3.7 | 3.7 | 3.6 | 3.4 | 3.6 | 3.8 | 3.8 | 3.7 | 3.7 | 3.4 | 3.3 |
| Other Selected Groups | | | | | | | | | | | | | | |
| Food and non-alcoholic beverages - combining food consumed at home and food consumed in restaurants | 51.0 | 2.7 | 3.9 | 4.3 | 4.9 | 5.0 | 5.1 | 6.0 | 6.7 | 6.9 | 6.4 | 6.6 | 5.9 | 5.2 |
| Energy and fuels - combining electricity and other fuels for use at home with petrol and diesel | 5.7 | 13.3 | 10.5 | 11.0 | 9.3 | 6.3 | 4.6 | 3.0 | 3.0 | 2.8 | 4.0 | 3.2 | 2.9 | 4.1 |
| All Items less food | 49.0 | 5.3 | 4.7 | 4.7 | 4.2 | 3.5 | 3.1 | 2.7 | 2.4 | 2.3 | 2.4 | 2.4 | 2.2 | 2.5 |
| All Items less food and energy | 43.3 | 3.6 | 3.5 | 3.4 | 3.1 | 2.9 | 2.7 | 2.6 | 2.2 | 2.1 | 2.1 | 2.2 | 2.1 | 2.1 |

Source: National Bureau of Statistics



Table A3 (c): Zanzibar National Consumer Price Index (NCPI)

| Main Groups | Weights (%) | Apr-19 | May-19 | Jun-19 | Jul-19 | Aug-19 | Sep-19 | Oct-19 | Nov-19 | Dec-19 | Jan-20 | Feb-20 | Mar-20 | Apr-20 |
|---|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Headline | 100.0 | 109.1 | 110.9 | 111.3 | 110.8 | 111.6 | 110.3 | 110.9 | 111.4 | 112.3 | 113.6 | 114.5 | 113.6 | 114.2 |
| Food | 42.7 | 106.3 | 109.4 | 110.5 | 108.3 | 110.5 | 107.2 | 108.6 | 109.3 | 111.2 | 113.7 | 115.4 | 113.0 | 114.9 |
| Non-Food | 57.3 | 111.2 | 112.1 | 111.9 | 112.6 | 112.5 | 112.7 | 112.6 | 113.0 | 113.0 | 113.4 | 113.8 | 114.1 | 113.6 |
| Food and non-alcoholic beverages | 43.6 | 106.3 | 109.3 | 110.5 | 108.3 | 110.4 | 107.2 | 108.6 | 109.3 | 111.2 | 113.7 | 112.9 | 114.9 | 114.9 |
| Alcoholic beverages, tobacco & narcotics | 0.2 | 110.2 | 110.2 | 110.2 | 121.9 | 134.9 | 134.9 | 134.9 | 134.9 | 134.9 | 134.9 | 134.9 | 134.9 | 134.9 |
| Clothing and footwear | 6.9 | 105.6 | 107.2 | 107.0 | 106.6 | 107.0 | 107.1 | 107.4 | 107.3 | 107.1 | 107.1 | 107.0 | 107.3 | 107.6 |
| Housing, water, electricity, gas and other fuels | 18.4 | 112.6 | 114.2 | 113.3 | 113.6 | 113.9 | 113.5 | 114.0 | 114.3 | 114.6 | 114.6 | 115.0 | 115.5 | 114.7 |
| Furnishing, household equipment and routine household maintenance | 5.5 | 116.7 | 117.0 | 117.1 | 117.3 | 117.5 | 118.8 | 118.9 | 119.3 | 119.5 | 119.4 | 119.5 | 120.2 | 120.6 |
| Health | 2.1 | 109.4 | 109.5 | 109.5 | 113.8 | 114.2 | 114.2 | 114.2 | 114.3 | 114.3 | 118.8 | 121.5 | 122.0 | 121.8 |
| Transport | 9.6 | 112.2 | 113.1 | 113.7 | 116.3 | 114.1 | 115.3 | 113.5 | 114.8 | 114.3 | 115.0 | 115.5 | 115.0 | 113.0 |
| Communication | 4.2 | 114.8 | 114.8 | 114.8 | 114.8 | 114.8 | 114.8 | 114.8 | 114.8 | 114.8 | 114.8 | 114.8 | 114.8 | 114.8 |
| Recreation and culture | 1.3 | 107.5 | 108.1 | 109.5 | 110.1 | 110.1 | 110.1 | 110.1 | 110.1 | 110.1 | 110.1 | 110.1 | 112.9 | 112.9 |
| Education | 1.9 | 109.7 | 109.7 | 109.7 | 109.7 | 109.7 | 109.7 | 109.7 | 109.7 | 109.7 | 113.2 | 113.2 | 113.2 | 113.2 |
| Restaurants and hotels | 3.9 | 106.3 | 106.3 | 106.3 | 106.3 | 106.3 | 106.3 | 106.3 | 106.3 | 106.3 | 106.7 | 106.7 | 107.1 | 107.1 |

Source: Office of Chief Government Statistician, Zanzibar



Table A3 (d): Zanzibar National Consumer Price Index (NCPI), 12 Months Percentage Change

| Main Groups | Weights | | | | | | | | | | | | | |
|---|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | (%) | Apr-19 | May-19 | Jun-19 | Jul-19 | Aug-19 | Sep-19 | Oct-19 | Nov-19 | Dec-19 | Jan-20 | Feb-20 | Mar-20 | Apr-20 |
| Headline | 100.0 | 2.9 | 3.1 | 2.7 | 2.4 | 2.1 | 2.2 | 2.4 | 3.1 | 3.3 | 4.9 | 6.2 | 5.0 | 4.7 |
| Food | 42.7 | 3.3 | 2.3 | 2.4 | 1.7 | 2.0 | 1.5 | 1.9 | 4.1 | 4.3 | 7.7 | 9.5 | 8.1 | 8.1 |
| Non-Food | 57.3 | 2.6 | 3.6 | 2.9 | 2.8 | 2.2 | 2.7 | 2.7 | 2.4 | 2.5 | 2.8 | 3.8 | 2.8 | 2.2 |
| Food and non-alcoholic beverages | 43.6 | 3.3 | 2.3 | 2.4 | 1.7 | 2.0 | 1.5 | 1.9 | 4.1 | 4.3 | 7.7 | 9.5 | 8.1 | 8.1 |
| Alcoholic beverages, tobacco & narcotics | 0.2 | 6.6 | 6.6 | 6.6 | 18.0 | 24.5 | 22.4 | 22.5 | 22.4 | 22.4 | 22.2 | 22.4 | 22.4 | 22.4 |
| Clothing and footwear | 6.9 | 0.4 | 1.8 | 1.6 | 1.0 | 1.5 | 1.8 | 1.9 | 0.3 | 0.1 | 0.2 | 0.3 | 2.0 | 1.8 |
| Housing, water, electricity, gas and other fuels | 18.4 | 0.8 | 2.8 | 0.4 | -0.8 | -1.7 | -0.9 | -0.4 | -0.4 | 0.3 | 1.7 | 2.7 | 2.2 | 1.8 |
| Furnishing, household equipment and routine household maintenance | 5.5 | 3.3 | 3.0 | 2.5 | 2.4 | 2.3 | 2.9 | 3.5 | 4.0 | 4.0 | 2.6 | 3.0 | 3.7 | 3.4 |
| Health | 2.1 | 4.7 | 3.4 | 3.1 | 6.9 | 7.3 | 7.3 | 7.3 | 7.6 | 7.6 | 9.1 | 11.7 | 12.0 | 11.3 |
| Transport | 9.6 | 0.5 | 2.2 | 2.7 | 2.6 | 0.9 | 2.1 | 0.5 | 0.7 | -0.3 | 0.9 | 3.7 | 3.2 | 0.7 |
| Communication | 4.2 | 14.5 | 14.2 | 15.8 | 15.8 | 15.8 | 15.8 | 15.8 | 15.8 | 15.8 | 15.8 | 15.8 | 0.0 | 0.0 |
| Recreation and culture | 1.3 | 2.3 | 2.9 | 4.2 | 4.8 | 4.7 | 4.7 | 4.8 | 2.3 | 2.3 | 2.3 | 2.3 | 4.9 | 5.0 |
| Education | 1.9 | 4.2 | 4.2 | 4.2 | 4.2 | 4.0 | 4.0 | 4.1 | 3.1 | 3.1 | 3.2 | 3.2 | 3.2 | 3.2 |
| Restaurants and hotels | 3.9 | 4.1 | 4.1 | 4.1 | 7.7 | 6.0 | 6.0 | 6.0 | 5.4 | 5.4 | 0.4 | 0.4 | 0.8 | 0.8 |
| Miscellaneous goods & services | 2.3 | 4.0 | 4.9 | 4.3 | 4.4 | 4.9 | 5.4 | 5.3 | 4.0 | 4.2 | 3.6 | 3.7 | 3.7 | 3.5 |

Source: Office of Chief Government Statistician, Zanzibar



Table A4: Depository Corporations Survey

Billions of TZS

| Items | Apr-19 | May-19 | Jun-19 | Jul-19 | Aug-19 | Sep-19 | Oct-19 | Nov-19 | Dec-19 | Jan-20 | Feb-20 | Mar-20 | Apr-20 |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Net foreign assets (NFA) of the banking system | 9,598.2 | 9,187.5 | 9,814.9 | 10,392.5 | 11,461.7 | 12,082.3 | 11,889.9 | 12,135.4 | 12,034.5 | 11,811.0 | 11,958.4 | 12,009.1 | 11,724.1 |
| NFA of the Bank of Tanzania | 9,273.6 | 9,090.6 | 9,420.9 | 10,216.7 | 11,445.6 | 11,880.9 | 11,890.2 | 12,207.7 | 12,083.1 | 11,973.5 | 12,009.0 | 11,749.7 | 11,580.4 |
| Net international reserves (Millions of USD) | 4,308.1 | 4,230.2 | 4,375.5 | 4,734.9 | 5,254.0 | 5,356.1 | 5,451.7 | 5,597.2 | 5,505.2 | 5,495.2 | 5,506.8 | 5,386.0 | 5,309.0 |
| NFA of the banks | 324.6 | 96.9 | 394.0 | 175.8 | 16.1 | 401.4 | -0.3 | -72.4 | -28.5 | -162.6 | -50.6 | 259.4 | 143.7 |
| Banks NFA (Millions of USD) | 141.8 | 42.4 | 172.1 | 76.8 | 7.0 | 175.3 | -0.1 | -31.6 | -12.5 | -71.0 | -22.1 | 113.3 | 62.7 |
| Net domestic assets of the banking system | 16,030.9 | 16,755.0 | 17,425.9 | 16,537.5 | 15,701.4 | 15,558.4 | 16,161.0 | 16,029.0 | 16,278.6 | 16,303.2 | 16,458.5 | 16,233.4 | 17,043.7 |
| Domestic claims | 23,355.8 | 24,061.7 | 25,073.9 | 23,797.4 | 22,765.3 | 22,816.2 | 23,302.4 | 23,239.3 | 23,589.3 | 23,692.0 | 23,539.5 | 23,730.2 | 24,379.3 |
| Claims on central government (net) | 4,714.3 | 5,250.3 | 6,212.8 | 4,871.9 | 3,745.7 | 3,610.0 | 3,954.8 | 3,893.9 | 3,882.3 | 3,693.5 | 3,717.4 | 4,664.7 | 4,664.7 |
| Claims on central government | 8,579.8 | 9,212.0 | 9,330.0 | 9,151.0 | 8,721.7 | 7,998.8 | 8,279.3 | 8,739.3 | 8,408.0 | 8,677.7 | 8,989.0 | 9,170.3 | 9,411.8 |
| OW Securities held by banks | 5,105.1 | 5,190.5 | 5,276.9 | 5,226.7 | 5,375.6 | 5,162.2 | 5,164.8 | 5,228.0 | 5,189.3 | 5,323.9 | 5,337.4 | 5,414.5 | 5,328.0 |
| Liabilities to central government | 3,865.5 | 3,961.7 | 3,117.1 | 4,279.1 | 4,976.0 | 4,388.9 | 4,302.2 | 4,884.4 | 4,514.1 | 4,795.4 | 5,353.5 | 5,452.9 | 4,747.1 |
| Claims on the private sector | 18,641.5 | 18,811.4 | 18,861.1 | 18,865.5 | 19,019.7 | 19,206.2 | 19,325.4 | 19,384.5 | 19,695.4 | 19,809.7 | 19,904.0 | 20,012.8 | 19,714.5 |
| OW Extended in Shillings | 45.2 | 47.4 | 61.1 | 43.9 | 40.1 | 42.3 | 49.9 | 45.5 | 42.3 | 44.8 | 45.6 | 42.1 | 53.3 |
| Extended in foreign currency | 12,804.5 | 13,074.4 | 13,185.3 | 13,363.3 | 13,411.9 | 13,716.2 | 13,784.6 | 13,890.4 | 14,072.6 | 14,111.0 | 14,249.5 | 14,331.4 | 14,057.7 |
| Equivalent in millions of USD | 5,592.6 | 5,714.0 | 5,759.7 | 5,837.9 | 5,859.0 | 5,991.3 | 6,012.4 | 6,067.8 | 6,148.9 | 6,165.9 | 6,223.8 | 6,260.0 | 6,136.8 |
| Other items net | -7,325.0 | -7,303.7 | -7,647.9 | -7,220.0 | -7,063.9 | -7,257.8 | -7,141.3 | -7,210.3 | -7,310.7 | -7,386.8 | -7,081.0 | -7,496.8 | -7,335.5 |
| Extended broad money supply (M3) | 25,629.1 | 25,945.6 | 27,240.8 | 26,930.0 | 27,163.2 | 27,640.7 | 28,050.9 | 28,164.3 | 28,313.1 | 28,114.2 | 28,417.0 | 28,242.4 | 28,767.9 |
| Foreign currency deposits (FCD) | 6,293.5 | 6,319.4 | 6,238.7 | 6,531.4 | 6,630.0 | 7,211.1 | 7,279.6 | 7,096.6 | 7,032.9 | 6,982.8 | 7,154.2 | 7,209.9 | 6,741.0 |
| FCD (Millions of USD) | 2,746.8 | 2,761.4 | 2,725.2 | 2,863.3 | 2,896.3 | 3,149.8 | 3,179.7 | 3,100.7 | 3,072.9 | 3,051.2 | 3,124.8 | 3,149.3 | 2,942.7 |
| Broad money supply (M2) | 19,335.6 | 19,627.2 | 21,002.1 | 20,398.6 | 20,533.2 | 20,429.6 | 20,771.3 | 21,067.7 | 21,280.3 | 21,131.3 | 21,262.7 | 21,032.5 | 22,026.9 |
| Other deposits | 7,387.3 | 7,430.1 | 7,480.4 | 7,380.2 | 7,716.1 | 7,752.3 | 7,665.9 | 7,875.2 | 7,955.1 | 7,840.0 | 7,923.2 | 8,051.3 | 8,144.0 |
| Narrow money supply (M1) | 11,948.3 | 12,197.1 | 13,521.1 | 13,018.4 | 12,817.1 | 12,677.4 | 13,105.5 | 13,192.5 | 13,325.1 | 13,291.4 | 13,339.5 | 12,981.2 | 13,882.9 |
| Currency in circulation | 3,772.1 | 3,925.7 | 4,121.0 | 4,115.1 | 4,193.3 | 4,130.7 | 4,147.3 | 4,211.9 | 4,221.8 | 4,030.4 | 4,026.3 | 3,911.9 | 3,943.2 |
| Transferable deposits | 8,176.2 | 8,271.5 | 9,400.7 | 8,903.3 | 8,623.7 | 8,546.6 | 8,958.2 | 8,980.6 | 9,103.3 | 9,261.0 | 9,313.2 | 9,069.3 | 9,939.7 |
| Memorandum items | | | | | | | | | | | | | |
| Reserve money | 6,764.7 | 6,979.9 | 7,963.8 | 7,282.4 | 7,125.6 | 7,218.8 | 7,594.2 | 7,411.2 | 7,486.4 | 7,200.8 | 7,114.5 | 6,876.6 | 7,445.4 |
| Banks' reserves | 2,105.3 | 2,245.0 | 3,019.5 | 2,214.0 | 2,040.2 | 2,145.3 | 2,526.4 | 2,318.5 | 2,218.2 | 2,226.7 | 2,227.7 | 2,036.8 | 2,598.9 |
| Currency outside Bank of Tanzania | 4,659.4 | 4,730.9 | 4,944.3 | 5,048.5 | 5,085.5 | 5,073.5 | 5,067.8 | 5,097.0 | 5,248.2 | 4,974.0 | 4,886.7 | 4,839.8 | 4,856.4 |
| Average reserve money | 6,790.9 | 6,873.2 | 7,186.3 | 7,376.3 | 7,103.4 | 7,175.4 | 7,334.8 | 7,396.0 | 7,489.9 | 7,211.8 | 7,005.2 | 6,958.4 | 7,378.3 |
| Nominal exchange rate (end of period) (TZS/USD) | 2,289.5 | 2,286.1 | 2,289.2 | 2,289.1 | 2,289.4 | 2,289.4 | 2,289.2 | 2,289.6 | 2,289.6 | 2,289.6 | 2,289.5 | 2,289.4 | 2,290.7 |
| Gross official reserves (Millions of USD) | 4,395.2 | 4,317.0 | 4,432.6 | 4,791.4 | 5,298.9 | 5,400.8 | 5,496.9 | 5,636.3 | 5,587.6 | 5,532.1 | 5,532.1 | 5,411.3 | 5,334.3 |
| Foreign assets of banks (Millions of USD) | 1,031.4 | 1,026.3 | 1,119.6 | 1,053.9 | 1,052.4 | 1,177.7 | 1,121.1 | 1,026.1 | 1,066.4 | 1,043.0 | 1,018.6 | 1,022.1 | 978.8 |
| Gross foreign assets of the banking system (Millions of USD) | 5,426.6 | 5,343.2 | 5,552.3 | 5,845.3 | 6,351.4 | 6,578.5 | 6,618.0 | 6,662.4 | 6,634.0 | 6,575.1 | 6,550.9 | 6,433.4 | 6,313.0 |
| Annual growth rates (%) | | | | | | | | | | | | | |
| Stock of reserve money | 4.3 | 2.4 | 11.6 | 8.7 | 5.5 | 11.3 | 15.3 | 9.1 | 6.8 | 7.4 | 4.0 | 2.8 | 10.1 |
| Average reserve money | 1.8 | 4.0 | 3.2 | 7.4 | 5.3 | 8.2 | 10.9 | 11.4 | 8.2 | 5.6 | 3.1 | 1.2 | 8.6 |
| Extended broad money supply (M3) | 4.9 | 5.8 | 7.7 | 9.0 | 8.5 | 9.4 | 11.0 | 10.5 | 9.6 | 9.1 | 9.9 | 9.9 | 12.2 |
| Broad money supply (M2) | 7.0 | 7.2 | 10.8 | 11.7 | 11.4 | 9.8 | 11.9 | 11.5 | 11.8 | 11.4 | 10.3 | 10.8 | 13.9 |
| Credit to the private sector | 10.6 | 9.0 | 7.6 | 8.3 | 8.2 | 9.3 | 9.8 | 8.9 | 11.1 | 9.1 | 8.0 | 8.6 | 5.8 |

Source: Bank of Tanzania

Table A5: Capital and Money Market Interest Rates

| Items | Apr-19 | May-19 | Jun-19 | Jul-19 | Aug-19 | Sep-19 | Oct-19 | Nov-19 | Dec-19 | Jan-20 | Feb-20 | Mar-20 | Apr-20 |
|------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <i>Percent</i> | | | | | | | | | | | | | |
| Interbank cash market rates | | | | | | | | | | | | | |
| Overnight | 5.20 | 5.32 | 5.47 | 5.04 | 4.63 | 5.15 | 4.28 | 4.68 | 3.63 | 3.90 | 3.99 | 4.40 | 4.83 |
| 2 to 7 days | 5.81 | 5.79 | 5.77 | 5.38 | 4.91 | 5.41 | 5.21 | 5.05 | 4.91 | 4.91 | 4.88 | 5.22 | 5.37 |
| 8 to 14 days | 6.42 | 6.24 | 6.21 | 5.56 | 5.38 | 5.58 | 5.43 | 5.23 | 5.02 | 5.41 | 5.59 | 5.62 | 5.34 |
| 15 to 30 days | 7.25 | 7.24 | 6.89 | 5.52 | 5.82 | 5.76 | 5.99 | 5.47 | 5.54 | 5.21 | 5.59 | 5.29 | 5.68 |
| 31 to 60 days | 7.00 | 7.30 | 7.75 | 6.12 | 6.33 | 6.09 | 5.29 | 6.15 | 6.15 | 7.18 | 7.35 | 6.85 | 6.80 |
| 61 to 90 days | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 5.00 | 6.50 | 6.50 | 6.00 | 6.00 | 6.00 |
| 91 to 180 days | 15.00 | 15.00 | 15.00 | 15.00 | 15.00 | 15.00 | 8.50 | 6.34 | 7.25 | 8.70 | 8.70 | 8.70 | 7.71 |
| 181 and above | 12.94 | 12.94 | 12.94 | 11.00 | 11.00 | 11.00 | 10.00 | 7.33 | 7.33 | 7.33 | 7.33 | 7.33 | 7.71 |
| Overall interbank cash market rate | 5.54 | 5.60 | 5.69 | 5.42 | 4.91 | 5.37 | 5.22 | 5.18 | 4.59 | 4.79 | 4.20 | 5.14 | 5.41 |
| Lombard rate | 7.79 | 7.97 | 8.20 | 7.57 | 6.95 | 7.73 | 6.75 | 7.02 | 6.75 | 6.75 | 6.75 | 6.75 | 7.25 |
| REPO rate | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 |
| Treasury bills rates | | | | | | | | | | | | | |
| 35-days | 3.42 | 3.50 | 3.64 | 3.80 | 3.69 | 3.55 | 3.56 | 3.56 | 3.58 | 2.80 | 2.80 | 2.98 | 2.95 |
| 91-days | 4.09 | 4.14 | 4.33 | 4.39 | 4.36 | 4.53 | 4.43 | 4.30 | 4.40 | 3.50 | 3.49 | 3.48 | 3.46 |
| 182-days | 5.26 | 5.14 | 5.16 | 5.24 | 5.18 | 5.19 | 4.82 | 4.57 | 4.53 | 4.23 | 4.28 | 4.26 | 4.06 |
| 364-days | 9.06 | 9.06 | 9.04 | 8.31 | 7.70 | 7.09 | 6.46 | 6.10 | 5.91 | 5.91 | 5.77 | 5.27 | 4.94 |
| Overall Treasury bills rate | 8.20 | 8.58 | 8.69 | 8.18 | 7.65 | 7.05 | 6.40 | 5.98 | 5.81 | 5.64 | 5.72 | 5.25 | 4.88 |
| Treasury bonds rates | | | | | | | | | | | | | |
| 2-years | 11.97 | 11.97 | 11.97 | 11.97 | 11.08 | 11.08 | 11.08 | 11.08 | 11.08 | 10.26 | 10.26 | 8.34 | 8.34 |
| 5-years | 12.71 | 12.96 | 12.96 | 12.96 | 12.96 | 12.96 | 11.95 | 11.95 | 11.95 | 11.95 | 11.95 | 11.95 | 11.95 |
| 7-years | 13.23 | 13.23 | 13.23 | 13.23 | 13.23 | 13.23 | 12.89 | 12.89 | 12.89 | 12.89 | 12.89 | 12.89 | 12.89 |
| 10-years | 15.11 | 15.11 | 15.70 | 15.12 | 15.16 | 15.16 | 15.16 | 14.52 | 14.52 | 14.53 | 14.53 | 12.90 | 12.90 |
| 15-years | 15.62 | 15.62 | 15.74 | 15.67 | 15.67 | 15.37 | 15.37 | 15.37 | 15.24 | 15.19 | 14.54 | 14.54 | 14.19 |
| Discount rate | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 |

Source: Bank of Tanzania





Table A6: Commercial Banks' Interest Rates

| Items | Apr-19 | May-19 | Jun-19 | Jul-19 | Aug-19 | Sep-19 | Oct-19 | Nov-19 | Dec-19 | Jan-20 | Feb-20 | Mar-20 | Apr-20 |
|----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| A: Domestic currency | | | | | | | | | | | | | |
| Savings deposit rate | 2.46 | 2.45 | 2.44 | 2.47 | 2.37 | 2.44 | 2.33 | 2.34 | 2.32 | 2.29 | 2.27 | 2.30 | 2.38 |
| Overall time deposits rate | 7.04 | 7.35 | 7.44 | 7.34 | 7.03 | 7.45 | 7.30 | 6.97 | 6.79 | 6.89 | 6.87 | 6.83 | 6.89 |
| 1 month | 8.12 | 8.64 | 8.58 | 8.28 | 8.19 | 7.46 | 8.24 | 8.59 | 7.97 | 7.27 | 9.09 | 8.73 | 8.15 |
| 2 months | 7.48 | 7.17 | 7.46 | 7.72 | 5.04 | 8.28 | 8.43 | 7.52 | 5.05 | 6.91 | 5.01 | 7.41 | 6.34 |
| 3 months | 6.99 | 7.27 | 7.63 | 6.80 | 7.68 | 8.14 | 6.62 | 4.75 | 7.93 | 5.78 | 6.44 | 6.45 | 5.96 |
| 6 months | 7.70 | 7.99 | 8.31 | 8.46 | 8.04 | 8.35 | 7.91 | 9.28 | 6.73 | 7.54 | 7.96 | 8.06 | 6.54 |
| 12 months | 7.93 | 8.75 | 9.06 | 9.07 | 8.87 | 8.67 | 8.84 | 9.38 | 8.90 | 9.27 | 8.60 | 8.10 | 8.01 |
| 24 months | 9.73 | 9.86 | 9.78 | 9.76 | 9.84 | 9.84 | 9.73 | 9.96 | 9.85 | 10.23 | 9.79 | 7.84 | 10.28 |
| Negotiated deposit rate | 9.15 | 8.65 | 8.84 | 8.69 | 8.98 | 8.83 | 8.92 | 9.06 | 9.08 | 9.51 | 9.50 | 9.41 | 9.66 |
| Overall lending rate | 17.25 | 17.21 | 16.87 | 16.87 | 16.77 | 17.00 | 16.77 | 16.94 | 16.76 | 16.81 | 16.84 | 16.78 | 16.91 |
| Short-term (up to 1 year) | 16.94 | 17.07 | 16.43 | 16.25 | 16.34 | 16.42 | 16.71 | 16.90 | 16.28 | 15.51 | 15.84 | 15.83 | 16.37 |
| Medium-term (1-2 years) | 18.32 | 18.24 | 18.17 | 18.34 | 18.23 | 18.38 | 18.00 | 18.38 | 18.67 | 18.65 | 18.73 | 18.30 | 18.38 |
| Medium-term (2-3 years) | 17.97 | 17.82 | 17.56 | 17.41 | 17.49 | 17.82 | 17.48 | 17.55 | 17.71 | 17.82 | 17.85 | 17.52 | 17.63 |
| Long-term (3-5 years) | 16.73 | 17.16 | 16.61 | 16.69 | 16.60 | 16.62 | 16.31 | 16.58 | 15.85 | 16.51 | 16.39 | 16.30 | 16.28 |
| Term loans (over 5 years) | 16.27 | 15.77 | 15.59 | 15.65 | 15.20 | 15.94 | 15.37 | 15.29 | 15.29 | 15.46 | 15.42 | 15.94 | 15.90 |
| Negotiated lending rate | 14.61 | 15.27 | 14.41 | 14.38 | 14.31 | 14.09 | 14.44 | 13.62 | 14.00 | 13.19 | 13.26 | 13.32 | 13.51 |
| B: Foreign currency | | | | | | | | | | | | | |
| Deposits rates | | | | | | | | | | | | | |
| Savings deposits rate | 1.76 | 1.75 | 2.11 | 2.62 | 2.67 | 2.75 | 2.64 | 2.62 | 2.71 | 2.55 | 2.62 | 2.64 | 2.56 |
| Overall time deposits rate | 3.15 | 2.56 | 2.83 | 1.91 | 2.08 | 1.94 | 2.34 | 2.07 | 2.23 | 2.36 | 1.86 | 1.84 | 2.60 |
| 1-months | 2.80 | 1.63 | 1.92 | 1.53 | 2.00 | 1.84 | 0.89 | 0.97 | 1.26 | 1.31 | 1.46 | 1.01 | 1.06 |
| 2-months | 3.26 | 2.80 | 3.42 | 2.18 | 2.87 | 2.24 | 1.68 | 3.34 | 1.95 | 2.59 | 1.13 | 1.11 | 2.99 |
| 3-months | 3.74 | 2.27 | 2.92 | 2.20 | 1.78 | 1.75 | 3.31 | 1.63 | 3.79 | 2.43 | 1.37 | 1.21 | 3.09 |
| 6-months | 2.85 | 2.76 | 2.41 | 1.40 | 1.64 | 1.83 | 3.32 | 2.06 | 1.67 | 2.28 | 2.23 | 2.74 | 2.96 |
| 12-months | 3.08 | 3.36 | 3.46 | 2.25 | 2.12 | 2.03 | 2.28 | 2.37 | 2.50 | 3.20 | 3.13 | 3.12 | 2.92 |
| Overall lending rate | 7.46 | 8.20 | 8.05 | 8.02 | 7.52 | 7.30 | 7.27 | 7.70 | 6.94 | 6.17 | 6.40 | 6.24 | 6.37 |
| Short-term (up to 1 year) | 8.17 | 8.51 | 7.93 | 7.58 | 7.54 | 7.43 | 7.34 | 7.53 | 7.28 | 6.31 | 7.10 | 7.17 | 7.30 |
| Medium-term (1-2 years) | 5.99 | 8.41 | 8.39 | 8.56 | 8.61 | 8.63 | 8.64 | 7.98 | 7.99 | 5.03 | 5.11 | 5.88 | 5.56 |
| Medium-term (2-3 years) | 7.85 | 7.71 | 7.63 | 8.27 | 8.32 | 8.33 | 7.70 | 7.71 | 7.71 | 5.99 | 5.96 | 5.90 | 6.23 |
| Long-term (3-5 years) | 8.03 | 8.36 | 8.32 | 7.71 | 7.71 | 7.37 | 7.31 | 7.16 | 7.16 | 7.29 | 7.64 | 7.80 | 7.87 |
| Term loans (over 5 years) | 7.87 | 7.99 | 7.99 | 7.99 | 5.41 | 4.76 | 4.76 | 8.00 | 4.58 | 6.23 | 6.18 | 4.95 | 4.88 |

Source: Bank of Tanzania



Table A7: Zanzibar Central Government Operations

Billions of TZS

| | Billions of TZS | | | Percent of estimates |
|--|-------------------|-------------------|---------------------|----------------------|
| | Budget 2019/20 | July - April 2020 | | |
| | | Estimates | Actual ^p | |
| Total Revenue | 976.5 | 832.5 | 685.7 | 82.4 |
| Tax Revenue | 859.7 | 720.6 | 581.0 | 80.6 |
| Tax on Imports | 179.2 | 148.2 | 115.8 | 78.2 |
| VAT and Excise Duties (local) | 195.8 | 204.4 | 167.7 | 82.0 |
| Income Tax | 192.0 | 142.9 | 104.2 | 72.9 |
| Other Taxes | 292.7 | 225.1 | 193.3 | 85.9 |
| Non-Tax Revenue | 116.8 | 111.9 | 104.7 | 93.6 |
| Total Expenditure | 1,419.4 | 921.5 | 866.7 | 94.1 |
| Recurrent Expenditure | 842.4 | 653.8 | 611.7 | 93.6 |
| Wages and Salaries | 362.8 | 304.7 | 304.8 | -- |
| Other Expenditure | 465.5 | 349.2 | 306.9 | 87.9 |
| Development Expenditure | 577.0 | 267.7 | 255.0 | 95.2 |
| Local | 182.4 | 129.1 | 121.2 | 93.8 |
| Foreign | 394.6 | 138.5 | 133.8 | 96.6 |
| Overall Surplus/ Deficit before grants | -442.9 | -89.0 | -181.0 | -- |
| Grants | 103.6 | 13.4 | 28.1 | -- |
| Project grant | 95.3 | 13.4 | 24.0 | -- |
| Overall Surplus/Deficit after grants | -339.3 | -75.7 | -152.9 | -- |
| Adjustment to cash and other items | 190.0 | -47.0 | 36.2 | -77.0 |
| Overall Deficit cheques Cleared | -339.1 | -122.7 | -116.7 | 95.1 |
| Financing | 339.1 | 122.7 | 116.7 | 95.1 |
| Foreign | 299.1 | 113.7 | 103.8 | 91.3 |
| Program Loans | 299.1 | 113.7 | 103.8 | 91.3 |

Source: Ministry of Finance and Planning, Zanzibar

Note: "p" denotes provisional data; "--" denotes change exceeds 100 percent



Table A8: Tanzania's Balance of Payments

Millions of USD

| Item | 2015 | 2016 | 2017 | 2018 ^r | 2019 ^p |
|--|----------|----------|----------|-------------------|-------------------|
| A. Current Account | -4,477.4 | -2,739.3 | -1,827.1 | -1,897.8 | -1,161.1 |
| Goods: exports f.o.b. | 4,826.7 | 4,873.9 | 4,510.8 | 4,445.1 | 5,504.2 |
| Traditional | 699.5 | 932.4 | 1,021.8 | 674.6 | 834.6 |
| Nontraditional | 3,688.5 | 3,498.4 | 3,078.9 | 3,366.4 | 4,169.2 |
| o/w Gold | 1,374.6 | 1,508.8 | 1,541.1 | 1,524.1 | 2,215.1 |
| Unrecorded trade | 438.8 | 443.1 | 410.1 | 404.1 | 500.4 |
| Goods: imports f.o.b. | -9,843.1 | -8,463.6 | -7,551.7 | -8,298.6 | -8,600.0 |
| Balance on Goods | -5,016.3 | -3,589.8 | -3,041.0 | -3,853.5 | -3,095.9 |
| Services: credit | 3,412.4 | 3,599.3 | 3,831.9 | 4,014.7 | 4,280.6 |
| Transport | 1,024.9 | 1,053.6 | 1,141.0 | 1,227.5 | 1,355.5 |
| Travel | 1,902.0 | 2,131.6 | 2,250.3 | 2,449.4 | 2,604.5 |
| Other | 485.5 | 414.1 | 440.5 | 337.8 | 320.6 |
| Services: debit | -2,629.1 | -2,176.4 | -2,039.9 | -1,902.3 | -1,761.7 |
| Transport | -1,047.0 | -893.7 | -800.3 | -592.9 | -662.1 |
| Travel | -1,195.3 | -922.3 | -807.3 | -738.1 | -651.1 |
| Other | -386.8 | -360.4 | -432.3 | -571.3 | -448.5 |
| Balance on Services | 783.3 | 1,422.9 | 1,792.0 | 2,112.3 | 2,518.9 |
| Balance on Goods and Services | -4,233.1 | -2,166.9 | -1,249.0 | -1,741.2 | -577.0 |
| Primary Income: credit | 110.3 | 98.5 | 125.3 | 155.9 | 212.4 |
| o/w Investment income | 87.8 | 67.6 | 86.1 | 108.5 | 150.4 |
| Primary Income: debit | -834.6 | -1,053.6 | -1,105.4 | -781.1 | -1,215.1 |
| o/w Direct investment income | -550.0 | -625.2 | -700.0 | -439.0 | -790.2 |
| Balance on Primary Income | -724.3 | -955.1 | -980.1 | -625.2 | -1,002.6 |
| Balance on Goods, Services and Primary Income | -4,957.4 | -3,122.0 | -2,229.0 | -2,366.4 | -1,579.6 |
| Secondary Income: credit | 560.1 | 452.7 | 485.2 | 535.8 | 474.9 |
| Government | 194.8 | 81.1 | 121.8 | 170.3 | 103.5 |
| Financial corporations, nonfinancial corporations, households and NPISHs | 365.3 | 371.6 | 363.4 | 365.5 | 371.4 |
| Secondary Income: debit | -80.2 | -70.0 | -83.2 | -67.3 | -56.4 |
| Balance on Secondary Income | 479.9 | 382.7 | 402.0 | 468.5 | 418.5 |
| B. Capital Account | 380.1 | 446.2 | 376.8 | 255.0 | 420.5 |
| Capital transfers credit | 380.1 | 446.2 | 376.8 | 255.0 | 420.5 |
| General Government | 316.1 | 383.0 | 313.6 | 191.2 | 356.1 |
| Financial corporations, nonfinancial corporations, households and NPISHs | 64.0 | 63.2 | 63.2 | 63.8 | 64.4 |
| Capital transfers:debit | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Total, Groups A plus B | -4,097.3 | -2,293.1 | -1,450.3 | -1,642.8 | -740.6 |
| C. Financial Account, excl. reserves and related items | -2,586.0 | -1,734.9 | -1,811.1 | -1,668.1 | -2,371.4 |
| Direct Investments | -1,506.0 | -864.0 | -937.7 | -971.6 | -990.6 |
| Direct investment abroad | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Direct investment in Tanzania | 1,506.0 | 864.0 | 937.7 | 971.6 | 990.6 |
| Portfolio investment | -27.6 | 5.0 | -2.9 | 3.7 | -35.2 |
| Other investment | -1,052.3 | -875.8 | -870.5 | -700.3 | -1,345.6 |
| Assets | 331.8 | -129.1 | -117.8 | 149.8 | 31.8 |
| Liabilities | 1,384.1 | 746.7 | 752.6 | 850.1 | 1,377.3 |
| Total, Groups A through C | -1,511.3 | -558.3 | 360.8 | 25.3 | 1,630.8 |
| D. Net Errors and Omissions | 1,286.5 | 838.0 | 1,283.1 | -815.4 | -1,043.8 |
| Overall balance (Total, Groups A through D) | -224.8 | 279.8 | 1,643.9 | -790.0 | 587.0 |
| E. Reserves and Related Items | -224.8 | 279.8 | 1,643.9 | -790.0 | 587.0 |
| Reserve assets | -273.7 | 232.2 | 1,598.7 | -871.9 | 525.0 |
| Use of Fund credit and loans | 74.6 | 73.3 | 70.9 | 87.9 | 62.0 |
| Memorandum items | | | | | |
| CAB/GDP | -9.4 | -5.5 | -3.4 | -3.3 | -1.9 |
| CAB/GDP (excl. current official transfers) | -9.8 | -5.7 | -3.7 | -3.6 | -2.1 |
| Gross Official Reserves | 4,093.7 | 4,325.6 | 5,900.3 | 5,044.6 | 5,567.6 |
| Months of Imports(Excluding FDI related imports) | 4.9 | 5.9 | 7.5 | 6.3 | 6.5 |
| Exchange rate (end of period) | 2,148.5 | 2,172.6 | 2,230.1 | 2,281.2 | 2,287.9 |
| Exchange rate (annual average) | 1,985.4 | 2,177.1 | 2,228.9 | 2,264.1 | 2,288.6 |

Source: Tanzania Revenue Authority, Bank of Tanzania, banks and Bank of Tanzania computations

Notes: r denotes revised data; P, provisional data; f.o.b, free on board; CAB, current account balance; and NPISHs, non-profit institutions serving households



Table A9: Zanzibar: Goods Exports by Major Category

| Export category | Units | July - April | | Percentage change |
|-------------------------|-------------|--------------|------------------------|-------------------|
| | | 2018/2019 | 2019/2020 ^P | |
| Traditional exports | | | | |
| Clove | | | | |
| Value | USD ('000') | - | 17,963.2 | --- |
| Volume | 000 Tonnes | - | 3.7 | --- |
| Unit price | USD/Tonne | - | 4,830.1 | --- |
| Non-traditional exports | | | | |
| Seaweeds | | | | |
| Value | USD ('000') | 3,483.4 | 4,406.1 | 26.5 |
| Volume | 000 Tonnes | 6.8 | 6.4 | -5.6 |
| Unit price | USD/Tonne | 514.6 | 689.3 | 34.0 |
| Manufactured goods | USD ('000') | 3,606.1 | 2,460.9 | -31.8 |
| Fish and fish products | USD ('000') | 632.5 | 876.8 | 38.6 |
| Others exports | USD ('000') | 438.5 | 1,263.5 | --- |
| Sub-total | USD ('000') | 8,160.5 | 9,007.3 | 10.4 |
| Grand-total | USD ('000') | 8,160.5 | 26,970.5 | --- |

Source: Tanzania Revenue Authority and Bank of Tanzania computations

Note: Other exports include mainly souvenirs and spices

"P" denotes provisional data, "----" change exceeds 100 percent, in absolute terms.

Table A10: Zanzibar: Imports by Major Category

Millions of USD

| Import Category | July-April | | Percentage change |
|---------------------------|------------|----------------------|-------------------|
| | 2018/19 | 2019/20 ^P | |
| Capital goods | 49.2 | 78.0 | 58.5 |
| Transport equipment | 15.2 | 13.4 | -11.9 |
| Building and construction | 11.9 | 20.5 | 73.0 |
| Machinery | 22.2 | 44.1 | 98.9 |
| Intermediate goods | 91.3 | 95.2 | 4.3 |
| Oil imports | 63.2 | 74.6 | 18.1 |
| Industrial raw materials | 28.1 | 20.6 | -26.6 |
| Consumer goods | 65.8 | 84.7 | 28.8 |
| Food and food stuffs | 28.4 | 45.1 | 59.0 |
| All other consumer goods | 37.4 | 39.6 | 5.9 |
| Grand total (c.i.f) | 206.2 | 257.9 | 25.1 |
| Grand total (f.o.b) | 187.7 | 234.7 | 25.1 |

Source: Tanzania Revenue Authority and Bank of Tanzania

Note: "----" denotes change exceeds 100 percent; c.i.f, cost insurance and freight; and f.o.b, free on board P= provisional



GLOSSARY

Clearing Balances

These are banks' balances in excess of the reserve requirement set by the Bank of Tanzania.

Core Inflation

This is a measure of price movements caused by factors other than food and energy prices over a specified period of time. It provides a better indication of the effectiveness of monetary policy.

Debt sustainability

Refers to ability of a country to meet its current and future debt obligations without requiring a debt relief or accumulating arrears. Key indicators includes the present value of external debt to GDP ratio.

Disbursed Outstanding Debt (DOD)

This is the amount of debt that has been disbursed but yet to be paid back or forgiven.

Discount Rate

The rate of interest at which the Bank of Tanzania charges on loans it extends to banks and to the Government. It uses Bank rate as a base plus a loaded factor, which can be changed from time to time depending on the liquidity situation in the market.

Exchange Rate

The price at which one currency can be purchased with another currency, for instance TZS per USD.



Financial Soundness indicators (FSIs)

These are indicators of the financial health and soundness of banks and financial institutions and of their corporate and household counterparts. Common ones include indicators on capital adequacy, asset quality, earnings, liquidity and market risk exposures.

Gross Domestic Product (GDP)

GDP is defined as the total value of goods and services that are newly produced in the economy during an accounting period, generated net incomes to the economy and are available for domestic final uses or for exports. It can be measured by three approaches, namely: production approach, expenditure approach and income approach.

Gross Official Reserves or Reserve Assets

Gross official reserves consist of external assets that are readily available to, and controlled by the Bank of Tanzania for direct financing of balance of payments, and for indirectly regulating the magnitude of balance of payments imbalances through intervention in foreign exchange markets. Gross official reserves comprise the Bank of Tanzania's holdings of monetary gold, special drawing rights (SDRs), reserve position in the International Monetary Fund, and foreign exchange resources, available to the Bank of Tanzania for meeting external financing needs.

Inflation

Inflation is defined as the rate at which the average level of domestic prices is increasing over a period of time.



Lombard Facility

An overnight facility established to enable banks to borrow from the Bank of Tanzania at their own discretion, by pledging eligible government securities as collateral.

Minimum Reserve Requirement

These are the legal balances which banks are required to keep with the Bank of Tanzania, determined as a percentage of their total deposit liabilities and short and medium-term borrowing from the public.

Money Supply (M)

The sum of currency in circulation outside the banking system and deposits of residents with banks defined in various levels of aggregation. In Tanzania, three aggregates of money supply are compiled and reported, namely: narrow money (M1), broad money (M2), and extended broad money (M3).

M1 – Currency in circulation outside banking system plus demand deposits (cheque account)

M2 – M1 plus fixed deposits and savings deposits

M3 – M2 plus residents' foreign currency deposits

National debt

National debt is the total national obligations that includes government debt both external and domestic, publicly guaranteed external debt and private sector external debt.

Non-Food Inflation

This is a measure of price movements caused by factors other than food prices.



Non-performing Loan

A non-performing loan means any credit accommodation for which contractual obligation for repayment is past due for more than ninety days, or is classified as substandard, doubtful or loss under the criteria prescribed in the Banking and Financial Institutions (Management of Risk Assets) Regulation, 2014 or in other regulations for development finance institutions or microfinance, as the case may be, and is placed on a non-accrual basis.

Public Debt

Public debt is the debt payable by the government that include domestic, external and external publicly guaranteed debt.

Repo and Reverse Repos

A repurchase agreement, also known as a repo, is a sale of securities together with an agreement for the seller to buy back the securities at a later date.

A reverse repo is simply the same as a repurchase agreement from the buyer's viewpoint. Hence, the seller executing the transaction would describe it as a 'repo', while the buyer in the same transaction would describe it a 'reverse repo'.

Reserve Money (M0)

The Bank of Tanzania's liabilities in the form of currency in circulation outside the banking system, cash held by banks in their vaults and deposits of banks kept with the Bank of Tanzania in national currency. Reserve money is also referred to as Base money, or the monetary base or high-powered money.

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