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MONETARY POLICY STATEMENT

**GOVERNOR
BANK OF TANZANIA**

June 2014



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MONETARY POLICY STATEMENT 2014/15

**GOVERNOR
BANK OF TANZANIA**

June 2014



10th June, 2014

**Hon. Saada Salum Mkuya (MP),
Minister for Finance,
Dar es Salaam,
TANZANIA.**

Honourable Minister,

LETTER OF TRANSMITTAL

In accordance with Section 21 (3) to (6) of the Bank of Tanzania Act 2006, I hereby submit the **Monetary Policy Statement** of the Bank of Tanzania for the year 2014/15.

The Statement reviews macroeconomic developments and monetary policy implementation during 2013/14. It then outlines the monetary policy stance and measures that the Bank of Tanzania intends to pursue in 2014/15, aimed at maintaining price stability and ensuring stability of the financial system, with a view to promoting high and sustainable economic growth.

Yours Sincerely,

**Prof. Benno J. Ndulu
GOVERNOR
BANK OF TANZANIA**



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EXECUTIVE SUMMARY

Introduction

The annual Monetary Policy Statement is a statutory document of the Bank of Tanzania that specifies monetary policy targets, reasons for adopting those targets, and measures that the Bank intends to take to achieve them. The 2014/15 Statement reviews monetary policy implementation in 2013/14, and outlines the monetary policy stance for 2014/15.

Global Economic Developments

Global growth was modest and uneven in 2013, with advanced economies showing signs of improvement. On the other hand, though significantly higher than advanced economies, growth momentum was subdued in emerging market and developing economies. According to IMF's World Economic Outlook (WEO) of April 2014, the future of the global economy looks promising, mainly on account of lesser fiscal tightening and the continuation of accommodative monetary conditions, which are expected to stimulate aggregate demand. Global inflation rates were elevated in the advanced economies and eased in the emerging market and developing economies. The IMF's WEO projects global inflation to remain modest in 2014 to 2015.

Economic Developments in Tanzania

Tanzania Mainland

In 2013, GDP growth was 7.0 percent compared to 6.9 percent recorded in 2012, driven by strong performance in communication, financial intermediation, construction, wholesale and retail trade, and manufacturing activities. Performance of financial intermediation was supported by innovations in the financial sector, while relatively stable power supply increased industrial production. Growth outlook remains favourable,



backed by on-going investments in infrastructure, projected stability in global oil prices, favourable weather conditions and the projected recovery in global economy, which may increase our exports earnings.

Headline inflation remained at single digits in the first 10 months of 2013/14, supported by sustained tight monetary policy and softening of supply side shocks. Headline inflation eased to 6.3 percent in April 2014, from 7.5 percent in July 2013, while food inflation decelerated to 7.8 percent and core inflation (excluding food and energy) to 4.3 percent compared to 8.0 percent and 6.7 percent recorded in July 2013, respectively. Inflation is forecasted to remain in single digits in the remainder of 2013/14 and 2014/15; however, upside risks associated with forecasted food supply shortage in the EAC region as well as uncertainty in Middle East and North Africa countries, could exert inflationary pressures through food and oil prices.

During July 2013 to April 2014, domestic revenue on cash basis reached 88.0 percent of the target for the period. This development was mainly due to delays in the implementation of some revenue measures, especially taxes on money transfers, coupled with decline in gold prices in the world market and closure of Tulawaka and Resolute gold mines, which contributed to shortfall in corporate income taxes. In addition, failure by private sector to adjust wages and salaries to commensurate with new government minimum wages contributed to the shortfall in Pay As You Earn (PAYE).

Government expenditure on cash basis remained moderate at 72.0 percent of the estimate for the period. Recurrent expenditure was 92.0 percent of the estimate, while development expenditure was 37.9 percent of the estimate. The lower than estimated development expenditure was mainly due to delays in the disbursement of foreign project funds; and non-realization of external non-concessional loans (ENCB).

During July 2013 to April 2014, current account deficit widened by 14.4 percent to USD 3,857.5 million mainly due to significant increase in the



import category of other consumer goods, especially pharmaceutical products, paper products and plastic items; as well as the volume of imported oil, as oil prices in the world market declined. This development partly explains the decline in the overall balance of payments surplus to USD 279.8 million compared to a surplus of 473.9 million, recorded in the corresponding period in 2012/13.

Stock of gross official reserves amounted to USD 4,647.5 million as at end April 2014, sufficient to cover 4.6 months of projected imports of goods and services excluding those financed by foreign direct investment. In the same period, gross foreign assets of banks stood at USD 845.4 million.

The ratio of external debt to GDP was 41.9 percent at the end of April 2014, out of which public debt to GDP was 35.3 percent. Based on the Debt Sustainability Analysis, which was conducted in September 2013 using end June 2013 data, the present value of external debt to GDP was 19.5 percent well below the international threshold of 50.0 percent, keeping Tanzania's debt at sustainable level.

The banking sector remained sound, well capitalised and with adequate liquidity. The quality of assets, as measured by the ratio of gross non-performing loans (NPLs) to gross loans was 8.3 percent in March 2014, compared to 7.7 percent recorded in March 2013. The sector continued to record pre-tax operating profit, which grew by 3.1 percent, mainly due to efforts made by banks to recover written-off loans. During the period, supervision of banks' related business and their compliance with anti-money laundering requirements was strengthened and preparatory work to establish consumer protection framework for financial services is underway. In addition, the Bank has finalised the review of Prudential Regulations for banking institutions, which incorporate the recent developments in the banking sector. The Regulations are expected to be gazetted early 2014/15.

Access to financial services by the under-banked population in Tanzania has been bolstered significantly by innovation in retail payment systems, particularly the mobile phone financial services which are more convenient



and cost effective. This innovation has helped to reduce financial exclusion by half over a period of four years since 2009. Further, agent banking business continues to grow; currently five banks offer their services through this channel with number of agents more than doubling to 840 in April 2014 from 304 in September 2013 when it was launched. The recent launch of M-Pawa avails banking services to small savers and borrowers through the mobile phone, hugely increasing the potential of expanding the reach of banking services to the previously under-banked.

The national payment systems continue to operate efficiently and soundly with Tanzania Interbank Settlement System (TISS) operating time extended to include Saturdays beginning December, 2013. This initiative aims at enhancing government revenue collections and reducing tax float holdings by commercial banks. Beginning November 2013, payment services through TISS have been extended to sub-treasuries located in various regions and municipalities to expedite payment process and minimize fraud incidences related to cheques. Tanzania is a member of the East Africa Payment System since November 2013, which allows cross border payments in real time using member countries' currencies. This facilitates regional trade and financial flows.

Zanzibar

GDP growth was 7.4 percent in 2013 compared to 7.1 percent recorded in 2012, mainly attributed to growth in tourism related activities, and increased agricultural production due to timely supply of subsidized inputs and favourable weather. Other activities that contributed to strong economic growth were communication, construction, financial intermediation and trade.

Annual headline inflation was 5.3 percent in April 2014, compared to 3.9 percent in the corresponding period in 2013. The rise in inflation was mainly explained by the increase in prices of rice, banana and charcoal. However this rate is among the lowest in the East Africa region.





During July 2013 to April 2014, domestic revenue was more than sufficient to cover recurrent spending. Total revenue was 99.7 percent of the target, with shortfall recorded in non-tax category, and tax on imports following decline in imports. Total government expenditure was above the estimate by 2.8 percent. During the period, budgetary operations recorded an overall deficit of TZS 59.0 billion, financed from foreign sources by 83.1 percent, and the balance was locally funded.

In the same period, Zanzibar current account deficit narrowed to USD 9.8 million, from a deficit of USD 34.5 million recorded during July 2012 to April 2013, largely associated with a decline in service payments related to health, education and personal payments abroad.

Implementation of Monetary Policy in 2013/14

Monetary Policy Objectives

In 2013/14, monetary policy continued to support broader macroeconomic objectives of the Government by maintaining appropriate level of liquidity in the economy. In particular, the Bank aimed at achieving the following targets:

- i. Annual growth of average reserve money not exceeding 14.0 percent;
- ii. Annual growth of extended broad money (M3) of 15.0 percent;
- iii. Annual growth of private sector credit not exceeding 19.6 percent, consistent with the growth target of M3; and
- iv. Maintaining gross official reserves at levels adequate to cover at least 4.0 months of projected imports of goods and services, excluding FDI related imports.



Monetary Policy Implementation

During July 2013 to April 2014, the growth in monetary aggregates was kept within the targets, with extended broad money supply (M3) growing at an average of 13.1 percent compared to the target of 15.0 percent for end June 2014. Annual growth of credit to the private sector averaged 16.0 percent, compared to the projected growth limit of 19.6 percent.

During the period under review, liquidity among banks was modest as mirrored in the developments in the money market rates. The Treasury bill rates exhibited a gradual declining trend, while overnight interbank cash market rate remained fairly stable with occasional peaks stemming mostly from seasonal demand for liquidity by banks. During the period, average reserve money hovered within the band with a slight slippage in December 2013. The Shilling depreciated against US dollar by 2.2 percent to an average of TZS 1,612 per US dollar for the period under review. The more recent pressure on the Shilling is on account of low seasonal exports earnings, particularly from traditional exports and tourism, sharp increase in the volume of oil imports and payment of dividends abroad. The situation is expected to stabilize as commodity exports season begins in June 2014.

Based on the performance in the first ten months of 2013/14, the Bank is confident that the outturn in monetary aggregates will be within June 2014 targets.

Macroeconomic Policy Framework and Monetary Policy Stance for 2014/15

In 2014/15, fiscal policy will focus on continued implementation of the Five Year Development Plan, MKUKUTA II and MKUZA II, with particular emphasis on priority programs under the Big Results Now initiative, while observing the limit on budget deficit. This will be facilitated by continued improvement in tax policy and administration, as well as expenditure and debt management. Specifically, the Government intends to attain a real



GDP growth of 7.3 percent based on the projected GDP growth of 7.2 percent for 2014 and 7.4 percent for 2015, while maintaining inflation at single digit level.

In support of the broader macroeconomic policy objectives of the Government, monetary policy will focus on achieving the following targets, while enhancing access to banking services for the under-banked population:

- i. Annual growth of average reserve money not exceeding 14.0 percent;
- ii. Annual growth of M3 not exceeding 15.5 percent;
- iii. Annual growth of private sector credit not exceeding 16.0 percent, consistent with the growth target of M3; and
- iv. Maintaining gross official reserves at levels adequate to cover at least 4.0 months of projected imports of goods and services, excluding Foreign Direct Investments (FDIs) related imports.

Monetary policy formulation and implementation will continue to operate under the average reserve money programming framework, deploying a mix of monetary policy instruments to meet the set targets. Efforts are underway to improve the operations of the financial markets in order to strengthen the transmission mechanism as a step towards adoption of a price based monetary policy framework.

The Treasury bills market will continue to provide an anchor to market determined interest rates; while the Bank continues to promote an efficient money market by providing necessary infrastructure with a view to improving transparency and efficiency in its operations to minimize volatility in yields and continuing to extend maturity profile.

The exchange rate will remain market determined, and the Bank will continue to participate in the foreign exchange market primarily for liquidity management, while taking appropriate actions to dampen excessive



volatility in the exchange rate. This will be implemented while ensuring that adequate level of foreign reserves is maintained, and also mindful of the country's decision to allow free movement of capital within the East African Community as agreed under the Common Market Protocol, with effect from July 2014. Provisions have been made to ensure that this opening does not cause excessive volatility in capital flows.

Conclusion

Monetary policy stance adopted by the Bank in 2013/14 has successfully helped to contain inflation, with fairly stable exchange rate. In 2014/15 the Bank will remain vigilant to risks posed by projected food supply shortages in the EAC region as well as developments in the global economy, which could exert inflationary pressures, and take appropriate measures.

The economy is projected to sustain a strong growth momentum of above 7 percent in 2014/15, backed by on-going investments in infrastructure particularly roads, railways and related investments in power generation in the country, which will further boost industrial production and provision of services. This growth will further be reinforced by the projected stability in global oil prices, favourable weather condition and the projected recovery of the global economy, which may increase our exports earnings.

In 2014/15, the Bank will continue to improve the operations of the financial markets and enhance transparency and effectiveness of its monetary policy toolkit with the aim of strengthening the transmission mechanism, which is one of the prerequisites towards adopting a price based monetary policy framework. In addition, the Bank will continue to promote and facilitate access to financial services, while taking measures to ensure financial stability. With the sustained coordination between fiscal and monetary policies, the Bank is confident that the monetary policy objectives for 2014/15 will be attained.





PART I

1.0 INTRODUCTION

The annual Monetary Policy Statement is a statutory document of the Bank of Tanzania that specifies monetary policy targets, reasons for adopting those targets, and measures that the Bank intends to take to achieve them. The 2014/15 Statement reviews monetary policy implementation in 2013/14, and outlines the monetary policy stance for 2014/15.

The Statement is divided into seven parts including this introductory part. Part II presents the macroeconomic policy framework for 2013/14, while Part III covers the review of recent economic developments for the period July 2013 to April 2014. Part IV reviews the progress in the implementation of monetary policy in 2013/14. Part V presents the macroeconomic policy framework for 2014/15, and outlines the monetary policy objectives of the Bank of Tanzania, Part VI outlines monetary policy stance for 2014/15, and Part VII concludes.

1.1 MANDATE AND MODALITIES FOR MONETARY POLICY IMPLEMENTATION

1.1.1 Mandate of the Bank of Tanzania

Section 7 (1) of the Bank of Tanzania Act 2006 states that:

“The primary objective of the Bank shall be 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 Bank of Tanzania Act, 2006 further states that:

“Without prejudice to subsection (1), the Bank shall ensure the integrity





of the financial system and support the general economic policy of the Government and promote sound monetary, credit and banking conditions conducive to the development of the national economy”.

1.1.2 Modalities for Monetary Policy Implementation

The Bank employs a variety of indirect instruments of monetary policy to maintain liquidity in the economy within desired levels; this includes the use of Open Market Operations (OMO) in the market for government securities, as well as sale and purchase of foreign currency in the Inter-bank Foreign Exchange Market (IFEM). The liquidity management effort is further complemented by periodic adjustments in the pricing of standby facilities namely; the discount window and the Lombard facility; while intraday loan facility is provided to smooth out payment and settlement operations among banks. Also, the Bank uses repurchase agreements (repos) and reverse repos to manage short-term liquidity fluctuations in the economy.



THE MODALITIES FOR MONETARY POLICY IMPLEMENTATION

- *At the beginning of every fiscal year, the Bank sets the annual monetary policy targets in its Monetary Policy Statement, in accordance with the broader macroeconomic policy objectives of the Government.*
- *The Statement is approved by the Bank's Board of Directors and submitted to the Minister for Finance, who in turn submits it to the Parliament.*
- *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 and the outlook for the remaining period.*
- *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, consistent with the ultimate objective of maintaining domestic price stability.*
- *A Technical Committee reviews liquidity developments on daily basis and advises Surveillance Committee on appropriate daily measures for liquidity management.*
- *The Surveillance Committee, which is Management Committee, meets daily to evaluate progress on monetary policy implementation and approve appropriate measures for liquidity management.*



PART II

2.0 MACROECONOMIC POLICY FRAMEWORK FOR 2013/14

2.1 Macroeconomic Policy Objectives

Government policies during 2013/14 were geared towards maintaining fiscal consolidation through strengthening tax administration, and ensuring appropriate expenditure and debt management. Specifically, the Government intended to attain the following objectives:

- i. A real GDP growth of 7.1 percent for fiscal year 2013/14 based on the projected GDP growth of 7.0 percent for 2013 and 7.2 percent for 2014;
- ii. Maintaining a single digit annual inflation rate by end June 2014;
- iii. Domestic revenue (including Local Government Authorities own sources) equivalent to 19.9 percent of GDP;
- iv. Total expenditure equivalent to 29.1 percent of GDP; and
- v. Government net domestic financing of TZS 552.3 billion and external non-concessional borrowing not exceeding TZS 1,156.4 billion.

2.2 Monetary Policy Objectives

In support of the broader macroeconomic policy objectives of the Government, monetary policy targets were set consistent with the objective of maintaining low and stable inflation, while continuing to enhance access to banking services for the under-banked. Specifically, the Bank aimed at achieving the following targets in 2013/14:

- i. Annual growth of average reserve money not exceeding 14.0 percent;
- ii. Annual growth of M3 of 15.0 percent;
- iii. Annual growth of private sector credit not exceeding 19.6 percent, consistent with the growth target of M3; and
- iv. Maintaining gross official reserves at levels adequate to cover at least 4.0 months of projected imports of goods and services, excluding FDIs related imports.





PART III

3.0 MACROECONOMIC DEVELOPMENTS DURING 2013//14

3.1 Overview of Global Economic Developments

3.1.1 GDP Performance

Global growth was modest and uneven in 2013, with advanced economies showing signs of improvements, while emerging market and developing economies generally experienced a slowdown in growth (**Table 3.1**). Real GDP expanded in the United Kingdom and Japan mainly due to increase in household consumption, exports and investments, while in the United States growth decelerated largely due to slowdown in personal consumption and a fall in exports of goods and services, investment and government spending.

According to IMF's World Economic Outlook (WEO) of April 2014, the global economy is forecasted to recover in 2014 to 2015, mainly on account of lesser fiscal tightening and the continuation of accommodative monetary conditions. Amongst the advanced economies, the US economy is forecasted to be the major contributor due to the expected strong export growth and consumer demand. Real GDP growth in emerging market is expected to be buoyed by external demand from the advanced economies. In Sub-Saharan Africa, growth is expected to remain robust, driven by increased investment, particularly in the extractive industries.

Whilst global economic growth is expected to strengthen over the medium-term, downside risks remain associated with: global financial market volatility; fiscal consolidation; output gaps in advanced economies; persistent fiscal and current account deficits; and weak domestic demand in emerging economies.





Table 3.1: Global Real GDP Growth

	2008	2009	2010	2011	2012	2013	Percent	
							Projections	
							2014	2015
World	2.7	-0.4	5.2	3.9	3.2	3.0	3.6	3.9
Advanced economies	0.1	-3.4	3.0	1.7	1.4	1.3	2.2	2.3
USA	-0.3	-2.8	2.5	1.8	2.8	1.9	2.8	3.0
Euro area	0.4	-4.4	2.0	1.5	-0.7	-0.5	1.2	1.5
Japan	-1.0	-5.5	4.7	-0.6	1.4	1.5	1.4	1.0
United Kingdom	-0.8	-5.2	1.7	1.1	0.3	1.8	2.9	2.5
Emerging Market and Developing Economies	5.8	3.1	7.5	6.2	5.0	4.7	4.9	5.3
Developing Asia	7.3	7.7	9.7	7.9	6.7	6.5	6.7	6.8
China	9.6	9.2	10.4	9.3	7.7	7.7	7.5	7.3
India	3.9	8.5	10.5	6.3	4.7	4.4	5.4	6.4
Sub-Saharan Africa	5.7	2.6	5.6	5.5	4.9	4.9	5.4	5.5
South Africa	3.6	-1.5	3.1	3.5	2.5	1.9	2.3	2.7
Tanzania	7.4	6.0	7.0	6.4	6.9	7.0	7.2	7.4

Source: IMF WEO, April 2014 and National Bureau of Statistics

3.1.2 Inflation Developments

During April 2014, inflation rates went up in the advanced economies and eased in emerging market and developing economies. In the **Euro Area**, inflation rate went up largely due to an increase in prices of tobacco and electricity, while in the **United States** the increase was attributed to a rise in prices of food and energy particularly natural gas, electricity and gasoline. In the **United Kingdom**, inflation rate went up mainly due to increase in transport costs, notably airfares and motor fuels. However, in **China**, inflation rate decelerated due to decline in prices of food, whereas in **India**, the decrease was largely due to fall in the prices of minerals, fuel and power (**Table 3.2**).





Table 3.2: Inflation Rates for Selected Countries

Country	2013									2014			
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
USA	1.1	1.4	1.8	2.0	1.5	1.2	1.0	1.2	1.5	1.6	1.1	1.5	2.0
Japan													
Euro Area	1.2	1.4	1.6	1.6	1.3	1.1	0.7	0.9	0.8	0.8	0.7	0.5	0.7
Japan	-0.7	-0.3	0.2	0.7	0.9	1.1	1.1	1.5	1.6	1.4	1.5	1.6	n.a
United Kingdom	2.4	2.7	2.9	2.8	2.7	2.7	2.2	2.1	2.0	1.9	1.7	1.6	1.8
Switzerland													
China	2.4	2.1	2.7	2.7	2.6	3.1	3.2	3.0	2.5	2.5	2.0	2.5	1.8
India	4.7	4.6	4.9	5.8	6.1	6.5	7.0	7.5	6.2	5.1	4.7	5.7	5.2

Source: Respective Statistical Offices and Central Banks

According to IMF's WEO of April 2014, inflation in advanced economies is projected to increase to 1.5 percent in 2014, from 1.4 percent registered in 2013. However, inflation in the emerging markets and developing economies is projected to decline to an average of 5.7 percent in 2014 from 6.2 percent recorded in 2013, largely due to weaker demand and the expected fall in commodity prices.

3.2 Domestic Economic Developments

3.2.1 GDP Performance and Outlook

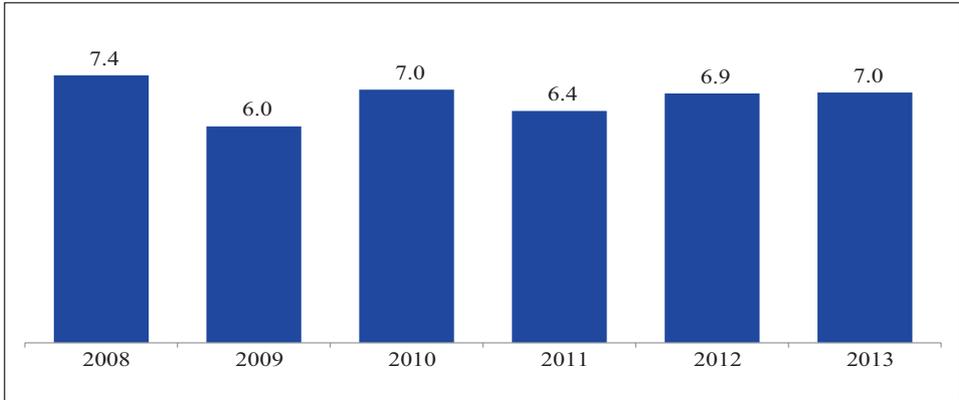
In 2013, GDP grew at 7.0 percent with higher growth momentum recorded in communication, financial intermediation, construction, wholesale and retail trade, and manufacturing. Good performance in financial intermediation was partly aided by recent innovations in the financial sector; while relatively stable power supply increased industrial production (Chart 3.1 and 3.2).





Chart 3.1: Real GDP Growth

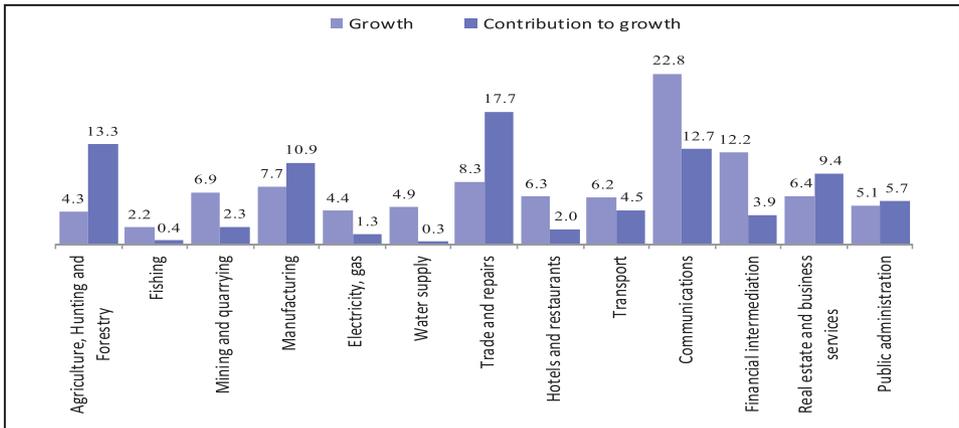
Percent



Source: National Bureau of Statistics and Bank of Tanzania

Chart 3.2: Real GDP Growth and Contribution by Activity during 2013

Percent



Source: National Bureau of Statistics and Bank of Tanzania



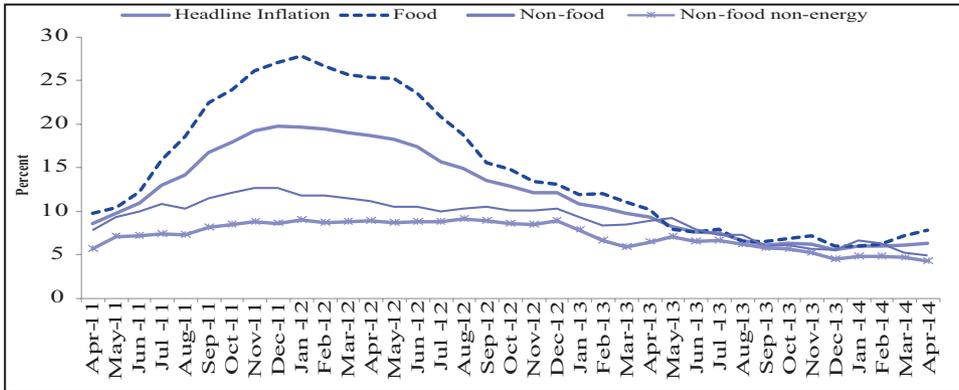
The economy is projected to sustain a strong growth momentum of 7.2 percent in 2014 and 7.4 percent in 2015, backed by on-going investments in infrastructure particularly roads, railways and related investments in power generation in the country, which will further boost industrial production and provision of services. This growth will further be reinforced by the projected stability in global oil prices, favourable weather condition and the projected recovery of the global economy, which may increase our exports earnings.

3.2.2 Inflation Developments and Outlook

Year-on-year headline inflation remained at single digits in the first 10 months of 2013/14 consistent with sustained tight monetary policy and the general decline in global commodity prices, especially oil prices. The increase in domestic power tariffs from January 2014 fed into the electricity and energy component of Consumer Price Index in January 2014, but its impact remained subdued afterwards. In April 2014, headline inflation was 6.3 percent compared to 7.5 percent recorded in July 2013. In the same period, food inflation eased to 7.8 percent from 8.0 percent, while core inflation (excluding food and energy) which hovered above 7 percent throughout 2012/13, remained below 5.0 percent in the recent months (**Chart 3.3**). Inflation is forecasted to remain in single digits in the remainder of 2013/14 and 2014/15; however, upside risks associated with forecasted food supply shortage in the EAC region as well as uncertainty in Middle East and North Africa countries, could exert inflationary pressures through food and oil prices.



Chart 3.3: Annual Inflation Developments



Source: National Bureau of Statistics and Bank of Tanzania

3.2.3 Government Budgetary Performance

During July 2013 to April 2014, domestic revenue on cash basis was TZS 8,118.0 billion, or 88.0 percent of the target for the period, mainly due to delays in the implementation of some revenue measures, especially taxes on money transfers, coupled with decline in gold prices in the world market and closure of Tulawaka and Resolute gold mines, which contributed to shortfall in corporate income taxes. In addition, failure by private sector to adjust wages and salaries to commensurate with new government minimum wages contributed to the shortfall in Pay As You Earn (PAYE).

Government expenditure on cash basis remained moderate at TZS 10,149.4 billion, or 72.0 percent of the estimate for the period. Recurrent expenditure was TZS 8,180.2 billion or 92.0 percent of the estimate; while development expenditure was TZS 1,969.2 billion or 37.9 percent of the estimate. The lower than estimated development expenditure was mainly due to delays in the disbursement of foreign project funds; and non-realization of external non-concessional loans (ENCB).

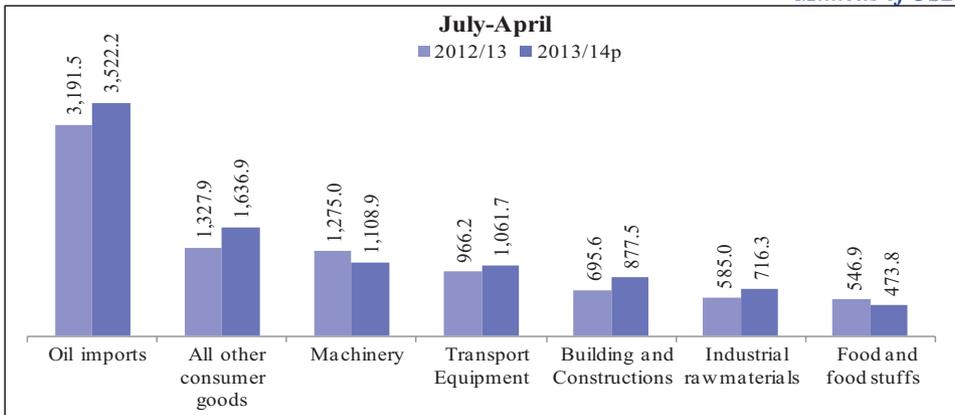


3.2.4 External Sector Developments

During July 2013 to April 2014, current account recorded a deficit of USD 3,857.5 million compared to a deficit of USD 3,371.4 million recorded in the corresponding period in 2012/13 (**Table 3.3**). The widening of current account deficit was mainly due to significant increase in the import category of other consumer goods especially pharmaceutical products, paper products and plastic items; as well as the volume of imported oil, as oil prices in the world market declined (**Chart 3.4**). The volume of imported oil grew by 20.2 percent to 3.9 million metric tons, while the price in the world market went down by 3.7 percent to USD 940.1 per ton (**Chart 3.5**).

Chart 3.4: Tanzania Imports for Selected Goods

Millions of USD



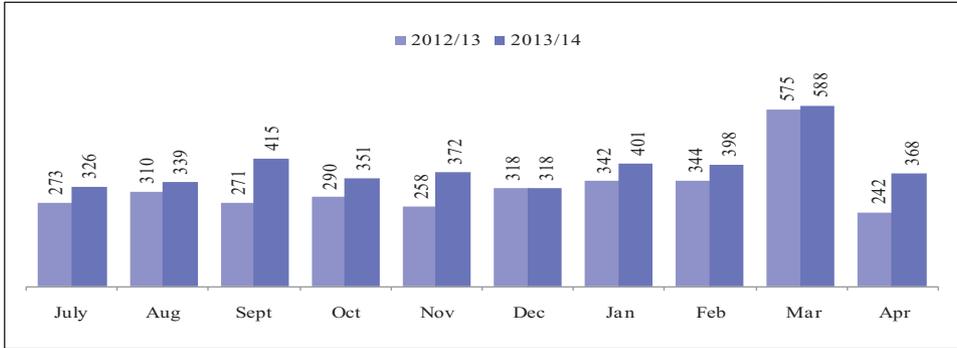
Source: Bank of Tanzania

Note: p= Provisional data



Chart 3.5: Volume of Oil Imports

Thousands of Metric Tons



Source: Bank of Tanzania

Table 3.3: Tanzania: Current Account Balance

Millions of USD

Items	July-April		
	2013	2014 ^p	% Change
Goods Account (net)	-4,122.8	-4,835.6	17.3
Exports*	4,581.1	4,692.1	2.4
Imports	8,703.8	9,527.7	9.5
Services Account (net)	477.5	671.6	40.6
Receipts	2,498.2	2,857.5	14.4
Payments	2,020.8	2,186.0	8.2
Goods and services (net)	-3,645.3	-4,164.1	14.2
Export of goods and services	7,079.3	7,549.6	6.6
Import of goods and services	10,724.6	11,713.7	9.2
Income Account (net)	-461.5	-386.7	-16.2
Receipts	101.1	108.4	7.2
Payments	562.6	495.1	-12.0
Current Transfers (net)	735.3	693.2	-5.7
Inflows	803.4	742.6	-7.6
o/w General Government	521.7	438.8	-15.9
Outflows	68.0	49.4	-27.3
Current Account Balance	-3,371.4	-3,857.5	14.4

Source: Bank of Tanzania

Note: * Include adjustment of unrecorded exports
p= provisional data

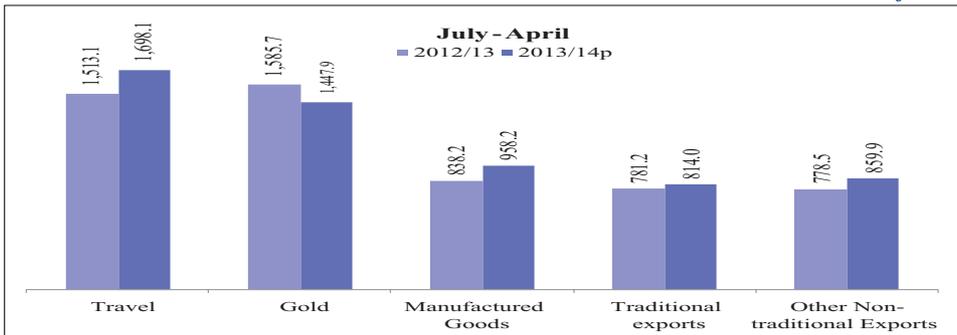


Earnings from exports of goods and services increased when compared with the corresponding period in 2012/13 (**Table 3.3**), owing to good performance in traditional exports, manufactured goods and travel. The performance in traditional exports was largely driven by the increase in export volumes and unit prices, particularly for tobacco, cashewnut and cloves. On the other hand, the increase in travel receipts was associated with the growing number of tourist arrivals in recent years with foreign exchange earnings from tourism accounting for over 60 percent of total services receipt. In the same period, the value of gold exports went down by 8.7 percent due to fall in both volume and unit price.

The volume of gold exports went down by 13.5 percent to 27.0 metric tons, while unit price declined by 21.4 percent to an average of USD 1,297.9 per troy ounce. **Chart 3.6** depicts the performance of selected exports during the review period.

Chart 3.6: Tanzania Exports for Selected Goods

Millions of USD



Source: Bank of Tanzania

During the period under review, the overall balance of payments registered a surplus of USD 279.8 million, compared to a surplus of 473.9 million, recorded in the corresponding period in 2012/13. The decline in the surplus



is partly explained by the widening of the deficit in the current account. The stock of gross official reserves amounted to USD 4,647.5 million at the end of April 2014, sufficient to cover 4.6 months of projected imports of goods and services excluding those financed by foreign direct investment. In the same period, the gross foreign assets of banks stood at USD 845.4 million.

3.2.5 National Debt Developments

At the end of April 2014, external debt stock increased by 19.7 percent to USD 13,938.1 million from the level recorded in the corresponding period of 2013, out of which 84.8 percent was public debt. The increase was on account of new disbursements and accumulation of interest arrears.

Disbursements recorded amounted to USD 2,083.1 million, out of which USD 2,014.8 million was received by the Government. External debt payments during the year amounted to USD 257.4 million, out of which USD 119.2 million was principal repayments and USD 138.2 million were interest and other charges.

In nominal terms, the ratio of external debt to GDP was 41.9 percent at the end of April 2014, out of which public debt to GDP was 35.3 percent. Based on the Debt Sustainability Analysis, which was conducted in September 2013 using end June 2013 data, the present value of external debt to GDP was 19.5 percent well below the international threshold of 50.0 percent, keeping Tanzania's debt at sustainable level.

Domestic debt increased by 19.3 percent to TZS 6,542.0 billion during the year ending April 2014 compared to TZS 5,584.7 billion recorded in the corresponding period of 2013. The increase was mainly on account of issuance of Government securities for budget financing.

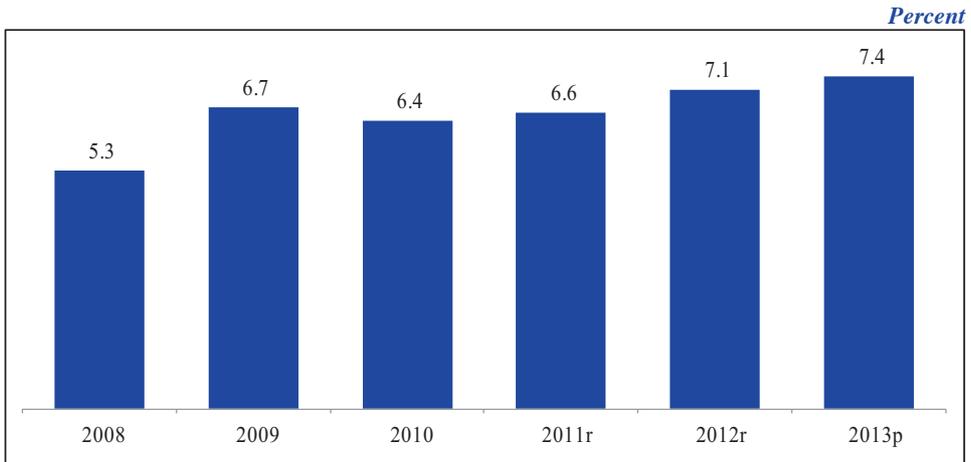


3.2.6 Economic Developments in Zanzibar

GDP Performance

Real GDP grew by 7.4 percent in 2013, compared to 7.1 percent recorded in 2012. This performance was mainly attributed to growth in tourism related activities and increased agricultural production particularly cloves due to timely supply of subsidized inputs, favorable weather and cyclical nature of the crop. Cloves production increased from 1,755.4 tonnes in 2012 to 4,229.2 tonnes in 2013. Other activities that contributed to strong economic growth were communication, construction, financial intermediation and trade (**Chart 3.7, 3.8 and 3.9**).

Chart 3.7: Real GDP Growth



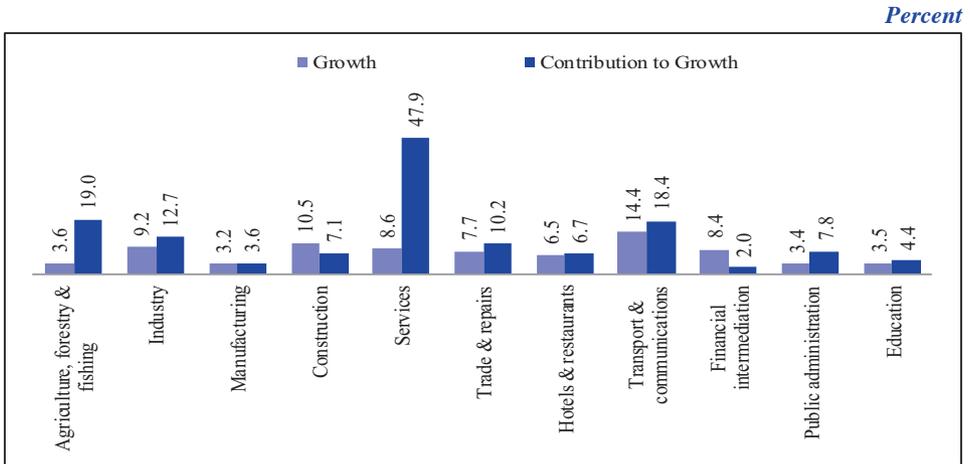
Source: Office of Chief Government Statistician

Note: p = provisional

r = revised

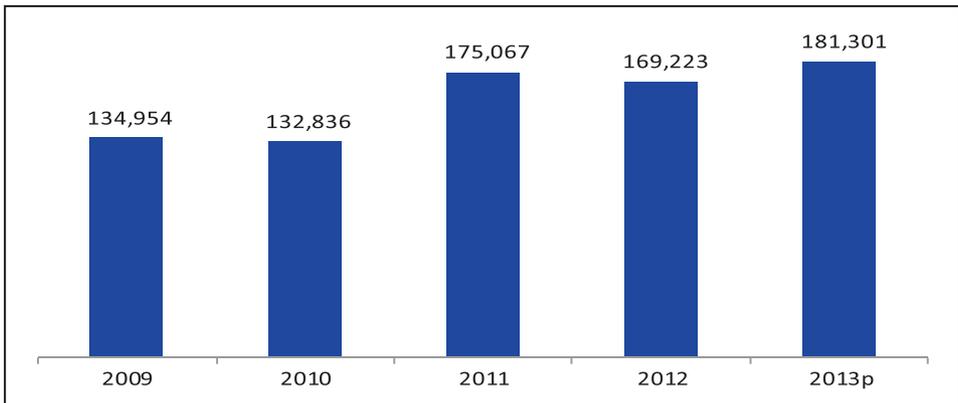


Chart 3.8: Real GDP Growth and Contribution by Activity during 2013



Source: Office of Chief Government Statistician

Chart 3.9: Tourist Arrivals in Zanzibar



Source: Office of Chief Government Statistician

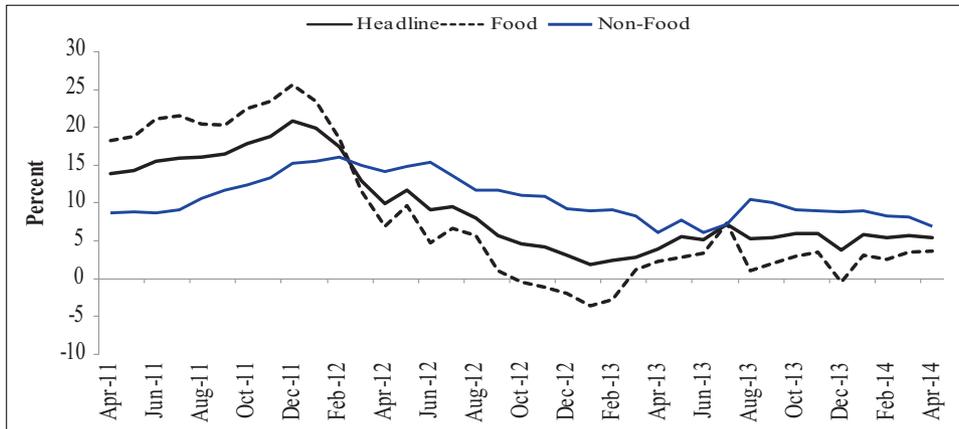
Note: p = Provisional



Inflation Developments

Inflation developments continued to be mostly influenced by movements in world food prices, as Zanzibar is a net importer of rice, wheat flour and sugar. Annual headline inflation rose to 5.3 percent in April 2014 from 3.9 percent recorded in the corresponding period in 2013; mainly on account of increase in prices of rice, banana and charcoal. However, this rate is among the lowest in the East Africa region. Prices of other imported food items notably sugar and wheat flour dropped during the period under review (Chart 3.10).

Chart 3.10: Annual Inflation Developments



Source: Office of Chief Government Statistician

Government Budgetary Performance

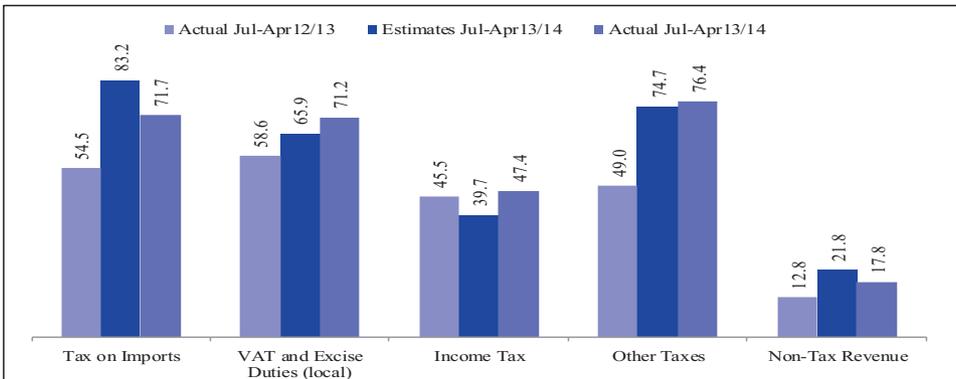
During July 2013 to April 2014, domestic revenue was more than sufficient to cover recurrent spending. Total resources were TZS 347.2 billion, out of which 81.9 percent was from domestic revenue and the balance was grants. Total revenue collection amounted to TZS 284.4 billion being 99.7 percent



of target, with shortfall recorded in non-tax category and tax on imports, following decline in imports (**Chart 3.11**). Total grants during the period amounted to TZS 62.8 billion; out of which General Budget Support (GBS) was TZS 26.8 billion and program grants was TZS 36.0 billion.

Chart 3.11: Government Revenue by Sources

Billions of TZS



Source: Ministry of Finance, Zanzibar

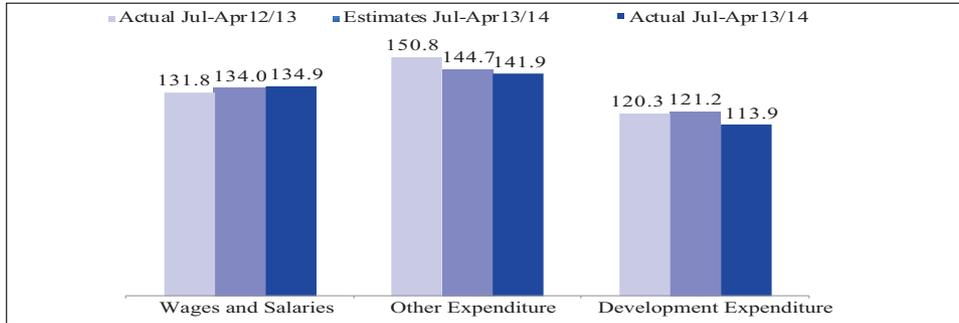
* Other taxes include hotel, restaurant, tour operator, road development fund and petroleum levy; revenue stamps; airport service and seaport service charges

Total government expenditure was TZS 390.6 billion, above the estimate by 2.8 percent. Recurrent expenditure was TZS 276.8 billion, while development expenditure amounted to TZS 113.9 billion, with foreign component accounting for 74.7 percent. During the period, budgetary operations recorded an overall deficit of TZS 59.0 billion, financed from foreign sources by 83.1 percent, and the balance was locally funded (**Chart 3.12**).



Chart 3.12: Government Expenditure by Components

Billions of TZS



Source: Ministry of Finance, Zanzibar

External Sector Developments

During July 2013 to April 2014, current account deficit narrowed to USD 9.8 million, from a deficit of USD 34.5 million recorded during the corresponding period in 2012/13. This development was largely associated with a decline in service payments related to health, education and personal payments abroad (Table 3.4).

Table 3.4: Zanzibar Current Account Balance

Millions of USD

Item	July-April		% Change
	2012/13	2013/14 ^p	
Goods Account (net)	-141.3	-144.6	2.3
Exports	37.5	76.0	102.7
Imports (fob)	178.9	220.7	23.4
Services Account (net)	51.3	75.3	46.8
Receipts	184.4	121.9	-33.9
Payments	133.1	46.6	-67.0
Goods and Services (net)	-90.0	-69.3	-23.0
Exports of Goods and Services	221.9	198.0	-10.8
Imports of Goods and Services	312.0	267.3	-14.3
Income Account (net)	-3.3	-3.5	6.1
Receipts	1.7	5.0	194.1
Payments	5.0	8.6	72.0
Current Transfers (net)	58.8	63.0	8.2
Inflows	58.8	63.0	8.2
Outflows	0.0	0.0	0.0
Current Account Balance	-34.5	-9.8	-71.8

Source: Tanzania Revenue Authority and Bank of Tanzania

Note: p = Provisional



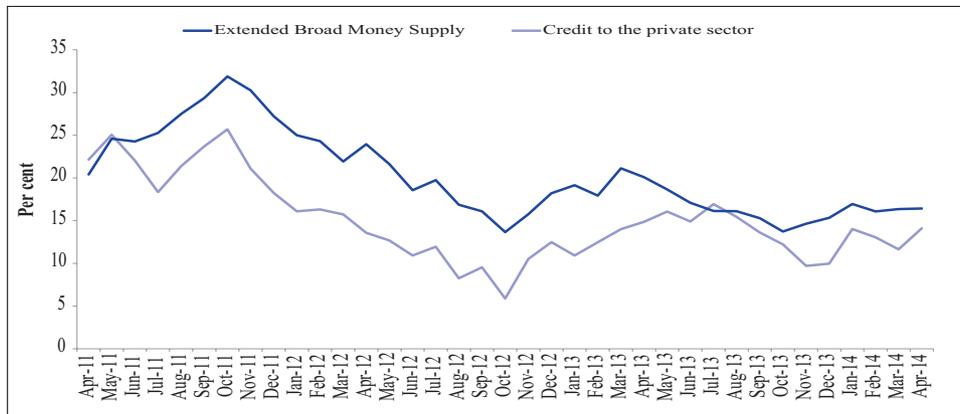
PART IV

4.0 MONETARY POLICY IMPLEMENTATION DURING 2013/14

4.1 Liquidity Management and Interest Rate Developments

During July 2013 to April 2014, the growth of monetary aggregates was kept within the targets, with extended broad money supply (M3) growing at an average of 13.1 percent compared to the target of 15.0 percent for end June 2014. Annual growth of credit to the private sector averaged 16.0 percent, compared to the projected growth limit of 19.6 percent (**Chart 4.1**).

Chart 4.1: Annual Growth of M3 and Private Sector Credit



Source: Bank of Tanzania

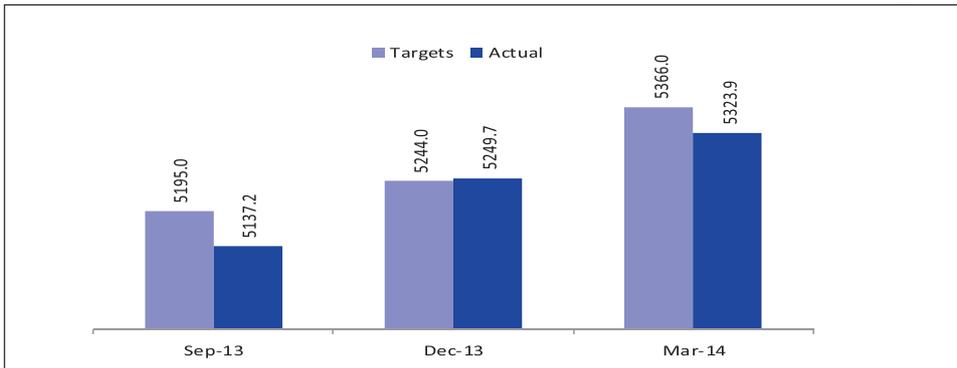
During the period under review, liquidity among banks varied as reflected by the performance of average reserve money as well as the developments in the money market interest rates. Average reserve money hovered within



the band with a slight slippage in December 2013 (**Chart 4.2**). Treasury bill rates, exhibited a gradual declining trend, while overnight interbank cash market rate remained fairly stable with occasional peaks stemming mostly from seasonal demand for liquidity by some banks to meet end of quarter tax obligations on behalf of their corporate customers. Consistent with the developments in the treasury bills market, commercial banks' 12-months deposit rate declined slightly to 11.28 percent in April 2014 from 11.60 percent recorded in April 2013. On the other hand, one year lending rate increased to 15.03 percent from 14.45 percent in April 2013 (**Chart 4.3**). During the period, the Shilling depreciated against US dollar by 2.2 percent to an average of TZS 1,612 per US dollar (**Chart 4.4**). The more recent pressure on the Shilling is on account of low seasonal exports earnings, particularly from traditional exports and tourism, sharp increase in the volume of oil imports and payment of dividends abroad. The situation is expected to stabilize as commodity exports season begins in June 2014.

Chart 4.2: Average Reserve Money Developments

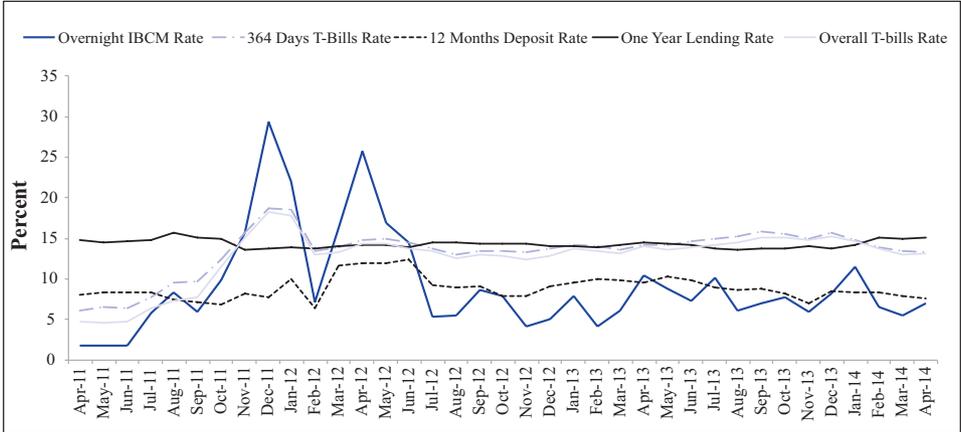
Billions of TZS



Source: Bank of Tanzania

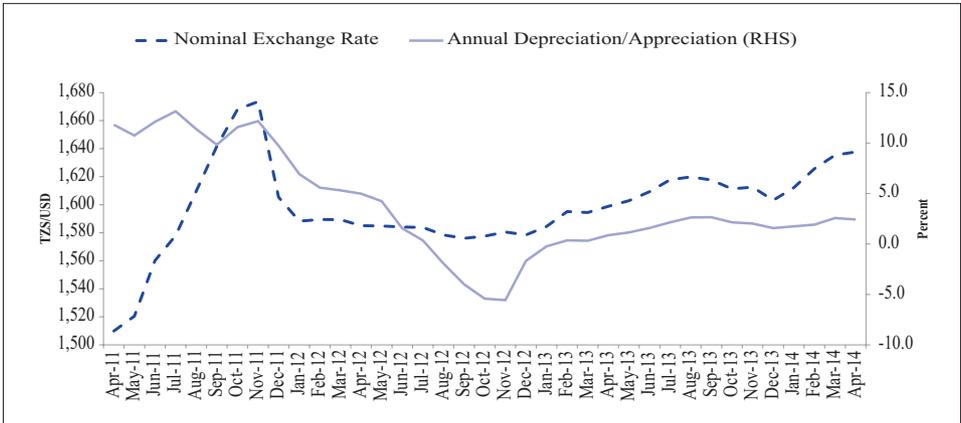


Chart 4.3: Selected Interest Rates Developments



Source: Bank of Tanzania

Chart 4.4: Nominal Exchange Rate Movements (TZS/USD)



Source: Bank of Tanzania

Note: +ve = Depreciation, -ve = Appreciation



4.2 Financial Sector Stability

All indicators of financial sector stability remained strong in the year ending March 2014 (**Table 4.1**). The quality of assets as measured by the ratio of gross non-performing loans (NPLs) to gross loans was 8.3 percent in March 2014, compared to 7.7 percent in March 2013. The sector continued to record pre-tax operating profit, which grew by 3.1 percent, mainly due to efforts made by banks to recover written-off loans. During the period, supervision of banks' related business and their compliance with anti-money laundering requirements was strengthened and preparatory work to establish consumer protection framework for financial services is underway. The framework will provide protection especially for new segment of population, which had no experience of using financial services, brought about by financial innovations. In addition, the Bank has finalised the review of Prudential Regulations for banking institutions, which incorporates recent developments in the banking sector. The Regulations are expected to be gazetted early 2014/15.

Table 4.1: Financial Soundness Indicators

Percent

Indicator	Legal/Regulatory Limit	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14
Capital Adequacy						
Core Capital to Total risk Weighted Assets plus Off Balance Sheet Exposure	Minimum 10	18.9	17.7	17.6	17.5	18.5
Total Capital to Total risk Weighted Assets plus Off Balance Sheet Exposure	Minimum 12	19.5	18.2	18.3	17.9	19.3
Liquidity						
Liquid Assets to Demand Liabilities	Minimum 20	40.2	38.6	37.0	36.3	36.4
Total Loans to Customer Deposits	Maximum 80	68.8	67.5	67.7	71.3	71.9
Earnings and Profitability						
Return on Assets	N/A	2.9	2.8	2.6	2.5	3.0
Return on Equity	N/A	16.0	15.5	13.9	13.1	15.3
Non-Interest Expenses to Total Income	N/A	63.5	65.0	66.2	66.9	64.7
Asset Quality						
Non-performing Loans to Gross Loans	N/A	7.7	7.6	7.1	6.4	8.3
Total Large Exposure to Core Capital	Maximum 800	129.5	126.1	140.7	92.0	135.3

Source: Bank of Tanzania



Access to financial services by the under-banked population in Tanzania has been bolstered significantly by innovation in retail payment systems, particularly the mobile phone financial services, which are more convenient and have minimum transaction costs. This innovation has helped to reduce financial exclusion by half over a period of four years since 2009. The 2013 FinScope survey indicates that 49.9 percent of adults use mobile money up from only 1 percent in 2009. The mobile phone financial service has also enhanced the use of financial services such as remittances to 33.1 percent of adults, savings to 25.6 percent of adults and payments of bills, fees and business transactions to 9.9 percent of adults. Further, agent banking business continues to grow, currently five banks offer their services through this channel with number of agents more than doubling to 840 in April 2014 from 304 in September 2013 when it was launched. The recent launch of M-Pawa avails banking services to small savers and borrowers through the mobile phone, hugely increasing the potential of expanding the reach of banking services to the previously under-banked.

Tanzania has opened its capital account to EAC residents to allow free movement of capital within the East African Partner States, as agreed under the East African Common Market Protocol with effect from July 2014. This will facilitate intra EAC trade, financial flows and investments.

4.3 National Payment Systems Developments

During the review period, the national payment systems operated efficiently and soundly with Tanzania Interbank Settlement System (TISS) operating time extended to include Saturdays beginning December, 2013. This initiative aims at enhancing government revenue collections and reducing tax float holdings by commercial banks. Beginning November 2013, payment services through TISS were extended to sub-treasuries located in various regions and municipalities to expedite payment process and



minimizing fraud incidences related to cheques.

Public awareness on the mobile payment services has continuously attracted more customers' usage of the product as depicted in **Table 4.2**.

Table 4.2: Mobile Payment Systems Statistics

Item	2008	2009	2010	2011	2012	2013	April, 2014
Registered Accounts	112,000	4,192,683	10,663,623	21,184,810	26,871,176	31,830,289	33,091,206
Registered Active Users					7,872,749	11,016,657	12,330,362
Registered Agents	2,757	14,469	29,095	83,795	97,613	153,369	195,822
Trust Accounts Balance (In Billions of TZS)	-	7.1	30.3	96.1	192.4	293.5	308.8

Source: Mobile Network Operators and Commercial Banks

Tanzania is a member of the East African Cross Border Payment System (EAPS) which went live in November 2013 with Kenya and Uganda as other participating countries. Rwanda is expected to join EAPS in early 2014/15. The system uses member countries' currencies to settle transactions in real time basis. To promote use of Partner States currencies, Governors of the EAC central banks signed an MoU and its implementation guidelines in May 2014, which set the framework that facilitates acceptability, convertibility and repatriation of currencies.



PART V

5.0 MACROECONOMIC POLICY FRAMEWORK FOR 2014/15

5.1 Macroeconomic Policy Objectives

In 2014/15, fiscal policy will focus on continued implementation of the Five Year Development Plan, MKUKUTA II and MKUZA II with particular emphasis on priority programs under the Big Results Now initiative while observing the limit on budget deficit. This will be facilitated by continued improvement in tax policy and administration, as well as expenditure and debt management. Specifically, the Government aimed at attaining the following macroeconomic objectives:

- i. A real GDP growth of 7.3 percent for fiscal year 2014/15 based on the projected GDP growth of 7.2 percent for 2014 and 7.4 percent for 2015;
- ii. Maintaining a single digit annual inflation rate by end June 2015;
- iii. Budget deficit including grants of 4.9 percent of GDP.

5.2 Monetary Policy Objectives

In support of the broader macroeconomic objectives of the Government, the Bank will continue to primarily focus on maintaining price stability by achieving the following targets:

- i. Annual growth of average reserve money not exceeding 14.0 percent;
- ii. Annual growth of M3 not exceeding 15.5 percent;
- iii. Annual growth of private sector credit not exceeding 16.0 percent, consistent with the growth target of M3; and



- iv. Maintaining gross official reserves at levels adequate to cover at least 4.0 months of projected imports of goods and services, excluding FDIs related imports.



PART VI

6.0 MONETARY POLICY STANCE FOR 2014/15

6.1 Liquidity Management

Monetary policy formulation and implementation will continue to be guided by the Government's broader macroeconomic objectives, with average reserve money as our operating target. The monetary policy stance will aim at ensuring that appropriate level of liquidity in the economy is maintained in order to contain inflation. This will be supported by a stable outlook for food and global oil prices. The Bank will continue to enhance transparency and effectiveness of its monetary policy instruments under the current monetary targeting framework in order to strengthen the transmission mechanism. The Bank will remain cautious in monitoring upside risks to inflation and take appropriate measures.

Looking ahead, the Bank intends to reform and modernise the way it conducts monetary policy, by replacing reserve money (quantity) with central bank rate (price) as an operating target. This will be done in phases to ensure smooth transition, starting with strengthening of the financial markets so that they become more integrated, competitive and responsive to price signals. The Bank has also embarked on in-house capacity building to develop requisite skills for macro-economic modelling and forecasting.

6.2 Interest Rate Policy

The Treasury bills market will continue to provide an anchor to market determined interest rates. On its part, the Bank will continue to promote efficient and orderly money market with the view to minimizing volatility in yields and continuing to extend maturity profile.



6.3 Exchange Rate Policy

The exchange rate will remain market determined, and the Bank's participation in the foreign exchange market will primarily continue to be guided by liquidity management objective. The Bank will continue to ensure that adequate level of foreign reserves is maintained, while taking appropriate actions to minimize excessive volatility in the exchange rate. This will be implemented taking cognisance of free movement of capital within the East African Community as agreed under the Common Market Protocol. Provisions have been made to ensure that this opening does not cause excessive volatility in capital flows. In this regard, the Bank has developed an operational framework that will serve as safeguard measures in monitoring the implementation of free movement of capital within the EAC region.

6.4 Measures for Financial Sector Stability and Access

The Bank is undertaking additional measures to enhance efficiency in settlement of financial markets transactions in the equity and bond markets by linking the Central Depository System of the Dar es Salaam Stock Exchange and that of the Government Securities System at the Bank. This will also mitigate settlement risk and reduction of settlement lags.

The cheques system in Tanzania is also undergoing an extensive modernisation through implementation of cheque truncation, which will enhance efficiency in cheque clearing by reducing the maximum clearing cycle from seven days to one day. This initiative is being implemented through the Tanzania Automated Clearing House (TACH) project. Currently commercial banks are at different stages of upgrading/developing their clearing systems to incorporate cheque truncation requirements.



PART VII

CONCLUSION

Monetary policy stance adopted by the Bank in 2013/14 has successfully helped to contain inflation, with fairly stable exchange rate. In 2014/15, the Bank will remain vigilant to risks posed by projected food supply shortages in the EAC region as well as developments in the global economy that could exert inflationary pressures, and take appropriate measures.

The economy is projected to sustain strong growth momentum of above 7 percent in 2014/15, backed by on-going investments in infrastructure particularly roads, railways and related investments in power generation in the country, which will further boost industrial production. The growth will further be reinforced by the projected stability in global oil prices, favourable weather condition and the projected recovery in global economy, which may increase our exports earnings.

Looking ahead, the Bank will further improve the operations of the financial markets and enhance transparency and effectiveness of its monetary policy toolkit with the aim of strengthening the transmission mechanism, which is one of the prerequisites towards adopting a price based monetary policy framework. In addition, the Bank will continue to promote and facilitate access to financial services, while taking measures to ensure stability in the financial sector. With the sustained coordination between fiscal and monetary policies, the Bank is confident that the monetary policy objectives for 2014/15 will be attained.



APPENDICES



Table A1: Global GDP Growth Rates, Actual and Projections

	2008	2009	2010	2011	2012	2013	<i>Percent</i>	
							Projections	
							2014	2015
World	2.7	-0.4	5.2	3.9	3.2	3.0	3.6	3.9
Advanced economies	0.1	-3.4	3.0	1.7	1.4	1.3	2.2	2.3
USA	-0.3	-2.8	2.5	1.8	2.8	1.9	2.8	3.0
Euro area	0.4	-4.4	2.0	1.5	-0.7	-0.5	1.2	1.5
Japan	-1.0	-5.5	4.7	-0.6	1.4	1.5	1.4	1.0
United Kingdom	-0.8	-5.2	1.7	1.1	0.3	1.8	2.9	2.5
Emerging Market and Developing Economies	5.8	3.1	7.5	6.2	5.0	4.7	4.9	5.3
Developing Asia	7.3	7.7	9.7	7.9	6.7	6.5	6.7	6.8
China	9.6	9.2	10.4	9.3	7.7	7.7	7.5	7.3
India	3.9	8.5	10.5	6.3	4.7	4.4	5.4	6.4
Sub-Saharan Africa	5.7	2.6	5.6	5.5	4.9	4.9	5.4	5.5
South Africa	3.6	-1.5	3.1	3.5	2.5	1.9	2.3	2.7
Tanzania	7.4	6.0	7.0	6.4	6.9	7.0	7.2	7.4

Source: IMF World Economic Outlook, April 2014 and National Bureau of Statistics

Table A2: Selected Economic Indicators

Items	Unit	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14
1. Prices														
1.1 Annual Change in Consumer Price Index														
1.1.1 Headline Inflation	Percent	9.4	8.3	7.6	7.5	6.7	6.1	6.3	6.2	5.6	6.0	6.0	6.1	6.3
1.1.2 Food Inflation	Percent	10.2	8.0	7.6	8.0	6.5	6.5	6.9	7.2	6.0	6.0	6.2	7.2	7.8
1.1.3 Core Inflation	Percent	6.5	7.1	6.6	6.7	6.2	5.8	5.7	5.3	4.5	4.9	4.8	4.7	4.3
2. Money Credit and Interest Rates														
2.1 Extended Broad Money Supply (M3) ¹	Percent	14.9	16.1	14.9	16.9	15.4	13.6	12.2	9.7	10.0	14.0	13.0	11.6	14.1
2.2 Reserve Money ¹	Percent	20.7	17.5	7.1	17.1	10.8	13.3	13.8	7.7	11.1	10.7	15.8	8.4	13.4
2.3 Average Reserve Money ¹	Percent	19.4	19.0	14.5	14.8	12.1	12.1	14.9	10.6	12.1	11.9	12.3	14.0	11.8
2.4 Credit to Non-Government Sector ¹	Percent	20.1	18.7	17.1	16.1	16.1	15.3	13.7	14.6	15.3	16.9	16.1	16.4	16.4
2.5 364-days Treasury Bill Rate ²	Percent	14.0	13.6	13.9	14.2	14.5	15.2	15.1	14.8	15.2	14.7	13.7	13.0	13.1
2.6 Overnight Inter-bank rate ²	Percent	10.5	8.8	7.3	10.2	6.2	6.9	7.8	6.0	8.3	11.4	6.5	5.5	6.9
2.7 12-Months Deposit Rate ²	Percent	11.6	11.7	11.4	11.8	11.8	11.8	11.6	11.7	11.2	11.1	11.4	11.1	11.3
2.8 Short-term (up to 1 year) Lending Rate ²	Percent	14.5	14.4	14.3	13.8	13.6	13.8	13.7	14.1	13.8	14.3	15.0	15.0	15.0
3. Balance of Payments														
3.1 Gross Official Reserves	MtM USD	4,380.3	4,279.0	4,356.6	4,356.2	4,563.7	4,590.8	4,651.3	4,337.3	4,676.2	4,511.7	4,521.1	4,620.4	4,647.5
3.2 Exchange Rate:														
3.2.1 Period Average	TZS/USD	1,590.8	1,595.2	1,601.2	1,609.5	1,611.9	1,609.4	1,603.5	1,604.6	1,594.2	1,602.9	1,617.8	1,626.4	1,629.3
3.2.2 End of Period	TZS/USD	1,591.0	1,599.4	1,602.7	1,613.1	1,610.9	1,604.9	1,601.7	1,607.1	1,578.6	1,616.8	1,620.4	1,629.6	1,635.0
4. Public Finance														
4.1 Domestic Revenue ³	BtM TZS	634.6	661.4	857.0	684.1	683.7	899.0	728.9	713.4	954.2	808.1	692.4	952.6	1001.6
4.2 Recurrent Expenditure ³	BtM TZS	716.9	727.0	759.7	560.5	752.1	895.5	849.9	760.1	770.2	1,040.8	859.0	840.1	852.0
4.3 Development Expenditure ³	BtM TZS	212.9	497.4	418.8	5.6	57.5	203.0	346.2	222.2	99.7	127.6	176.0	153.7	577.8
4.4 Program Assistance	MtM USD	30.7	6.5	187.4	71.4	146.2	70.5	68.7	54.8	132.1	13.6	64.8	28.3	11.7
4.4.1 GBS	MtM USD	24.6	0.0	172.0	68.7	143.1	32.1	37.7	5.3	99.2	0.0	59.3	0.0	11.7
4.4.2 Basket Funds	MtM USD	6.1	6.5	15.4	2.7	3.1	38.4	30.9	49.5	32.9	13.6	5.6	28.3	0.0

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

Notes: 1 Annual Growth

2 Monthly Average

3 Domestic revenue and expenditure on cash basis, excludes expenditure float





Table A3 (a): Gross Domestic Product at Constant 2001 Prices by Economic Activity

Economic Activity	2008	2009	2010	2011r	2012r	2013p
	Millions of TZS					
Agriculture, Hunting and Forestry	3,554,488	3,669,645	3,824,428	3,960,673	4,129,431	4,306,789
Crops	2,698,921	2,790,684	2,913,474	3,015,446	3,157,172	3,299,244
Livestock	564,708	577,922	597,572	620,877	640,125	664,449
Forestry and hunting	290,859	301,039	313,382	324,350	332,135	343,095
Fishing	226,521	232,637	236,126	238,960	245,890	251,299
Industry and construction	3,138,241	3,357,703	3,633,664	3,883,366	4,184,808	4,500,597
Mining and quarrying	386,998	391,642	402,331	411,182	443,154	473,731
Manufacturing	1,388,515	1,499,596	1,618,064	1,744,273	1,887,303	2,032,179
Electricity, gas	301,978	327,344	360,733	366,144	388,113	405,190
Water supply	62,333	65,824	69,955	72,753	76,682	80,439
Construction	998,416	1,073,297	1,182,581	1,289,013	1,389,556	1,509,058
Services	7,085,136	7,594,661	8,214,209	8,860,652	9,567,176	10,351,802
Trade and repairs	2,097,503	2,254,816	2,439,711	2,637,328	2,840,402	3,076,155
Hotels and restaurants	343,658	358,779	380,664	398,175	417,287	443,576
Transport	752,539	797,691	853,529	910,715	975,376	1,035,850
Communications	346,659	422,577	515,967	614,001	740,485	909,316
Financial intermediation	281,120	306,339	337,356	373,453	422,748	474,324
Real estate and business services	1,508,097	1,610,647	1,723,292	1,835,413	1,958,386	2,083,722
Public administration	1,180,158	1,232,313	1,312,414	1,401,658	1,482,954	1,559,099
Education	265,905	284,704	305,402	328,002	349,322	369,792
Health	210,525	224,654	240,058	253,021	267,190	282,196
Other social and personal services	98,974	102,141	105,716	108,887	113,025	117,772
Gross value added before adjustments	14,004,385	14,854,646	15,908,427	16,943,651	18,127,304	19,410,487
less FISIM	-175,704	-190,990	-208,370	-231,708	-261,135	-289,598
Gross value added at 2001 basic prices	13,828,681	14,663,656	15,700,057	16,711,943	17,866,169	19,120,889
Add Taxes on products	999,664	1,057,645	1,128,507	1,201,860	1,289,596	1,368,261
Gross Domestic Product at 2001 market prices	14,828,345	15,721,301	16,828,563	17,913,803	19,155,765	20,489,150
	Real Growth by Economic Activities (Percent)					
Agriculture and Fishing	4.6	3.2	4.2	3.6	4.3	4.3
Crops	5.1	3.4	4.4	3.5	4.7	4.5
Livestock	2.6	2.3	3.4	3.9	3.1	3.8
Forestry and hunting	3.4	3.5	4.1	3.5	2.4	3.3
Fishing	5.0	2.7	1.5	1.2	2.9	2.2
Industry and construction	8.6	7.0	8.2	6.9	7.8	7.5
Mining and quarrying	2.5	1.2	2.7	2.2	7.8	6.9
Manufacturing	9.9	8.0	7.9	7.8	8.2	7.7
Electricity, gas	5.4	8.4	10.2	1.5	6.0	4.4
Water supply	6.6	5.6	6.3	4.0	5.4	4.9
Construction	10.5	7.5	10.2	9.0	7.8	8.6
Services	8.5	7.2	8.2	7.9	8.0	8.2
Trade and repairs	10.0	7.5	8.2	8.1	7.7	8.3
Hotels and restaurants	4.5	4.4	6.1	4.6	4.8	6.3
Transport	6.9	6.0	7.0	6.7	7.1	6.2
Communications	20.5	21.9	22.1	19.0	20.6	22.8
Financial intermediation	11.9	9.0	10.1	10.7	13.2	12.2
Real estate and business services	7.1	6.8	7.0	6.5	6.7	6.4
Public administration	7.0	4.4	6.5	6.8	5.8	5.1
Education	6.9	7.1	7.3	7.4	6.5	5.9
Health	9.0	6.7	6.9	5.4	5.6	5.6
Other social and personal services	3.1	3.2	3.5	3.0	3.8	4.2
Gross value added excluding adjustments	7.5	6.1	7.1	6.5	7.0	7.1
less FISIM	11.0	8.7	9.1	11.2	12.7	10.9
Gross value added at basic prices	7.4	6.0	7.1	6.4	6.9	7.0
Add Taxes on products	7.8	5.8	6.7	6.5	7.3	6.1
Gross domestic product at market prices	7.4	6.0	7.0	6.4	6.9	7.0

Source: National Bureau of Statistics

Note: p = provisional

r = revised

Table A3 (b): Gross Domestic Product at 2001 Prices by Economic Activity *Percent*

Economic Activity	2008	2009	2010	2011r	2012r	2013p
Contribution in real GDP by Economic Activities						
Agriculture and Fishing	25.7	24.6	24.9	24.6	24.7	24.5
Crops	19.0	18.4	17.8	17.4	17.6	17.6
Livestock	4.7	4.0	4.7	4.6	4.6	4.4
Forestry and hunting	2.0	2.2	2.4	2.5	2.5	2.6
Fishing	1.2	1.4	1.4	1.4	1.4	1.4
Industry and construction	21.0	22.0	21.5	21.9	22.1	22.2
Mining and quarrying	3.4	3.3	3.3	3.3	3.5	3.3
Manufacturing	7.8	8.6	8.1	8.4	8.4	8.5
Electricity, gas	1.7	1.7	1.8	1.8	1.9	1.8
Water supply	0.4	0.4	0.4	0.3	0.3	0.3
Construction	7.7	7.9	8.0	8.0	8.1	8.3
Services	43.8	43.6	43.9	44.0	43.9	44.3
Trade and repairs	11.6	11.8	12.1	12.2	12.3	12.1
Hotels and restaurants	2.6	2.3	2.3	2.3	2.3	2.5
Transport	4.2	5.0	5.1	5.3	5.3	5.8
Communications	2.5	2.1	2.1	2.2	2.3	2.4
Financial intermediation	1.6	1.7	1.8	1.8	1.8	1.8
Real estate and business services	9.6	9.0	8.8	8.6	8.5	8.4
Public administration	8.2	8.1	8.0	8.0	7.8	7.8
Education	1.3	1.4	1.4	1.4	1.4	1.4
Health	1.5	1.6	1.6	1.7	1.7	1.7
Other social and personal services	0.6	0.6	0.6	0.6	0.6	0.6

Source: National Bureau of Statistics and Bank of Tanzania

Note: p = provisional

r = revised





Table A3 (c): Zanzibar Gross Domestic Product at Constant 2001 Prices by Economic Activity

Economic Activity	2008	2009	2010	2011r	2012r	2013p
			Millions of TZS			
Agriculture, forestry & fishing	76,500	79,900	82,400	84,700	86,400	89,500
Crops	51,100	53,700	55,600	55,900	56,900	58,900
Livestock	12,000	12,400	12,800	13,200	13,600	14,000
Forestry & hunting	1,300	1,400	1,400	1,500	1,500	1,600
Fishing	12,100	12,400	12,600	14,100	14,400	15,000
Industry	49,200	50,800	51,800	54,700	59,700	59,700
Mining & quarrying	3,200	3,600	3,800	4,700	5,500	6,400
Manufacturing	15,000	15,300	15,800	16,200	16,200	16,800
Electricity, gas & water supply	5,200	5,300	5,300	6,100	6,400	6,600
Construction	25,800	26,600	26,900	26,600	30,400	33,600
Services	160,600	174,700	190,700	206,800	225,400	225,400
Trade & repairs	30,100	31,300	33,500	40,500	44,700	48,100
Hotels & restaurants	24,900	26,100	26,900	29,600	29,700	31,600
Transport & communications	39,800	48,700	58,100	63,600	75,900	86,800
Financial intermediation	5,900	6,000	7,500	7,800	8,600	9,300
Real estate & business services	3,100	3,300	3,400	3,600	3,800	4,000
Public administration	33,200	34,600	35,500	35,600	35,700	36,900
Education	17,500	18,500	19,400	19,900	20,200	20,900
Health	4,900	5,000	5,100	4,900	5,200	5,400
Other social & personal services	1,200	1,200	1,300	1,300	1,400	1,400
Adjustment to market prices						
Taxes on products	52,900	56,400	60,000	63,700	68,200	73,300
Gross Domestic Product at market prices	339,200	361,800	384,900	409,100	438,300	470,600
			Real Growth by Economic Activities (Percent)			
Agriculture, forestry & fishing	5.7	4.4	3.1	2.7	2.0	3.6
Crops	6.5	5.1	3.6	0.5	1.7	3.6
Livestock	3.5	3.6	1.6	5.4	9.1	8.2
Forestry & hunting	3.0	4.3	3.1	6.4	1.2	2.6
Fishing	5.2	2.4	1.2	11.9	2.3	4.4
Industry	1.9	3.4	1.9	5.8	9.2	9.2
Mining & quarrying	22.8	11.4	5.2	12.0	16.5	15.7
Manufacturing	1.1	2.4	3.1	2.5	0.1	3.2
Electricity, gas & water supply	0.9	2.4	-0.5	15.9	4.7	3.7
Construction	0.5	3.2	0.5	3.9	14.2	10.5
Services	6.1	8.7	9.3	8.6	8.7	8.6
Trade & repairs	-4.3	4.0	7.0	21.5	10.2	7.7
Hotels & restaurants	-0.5	5.0	3.0	10.2	0.2	6.5
Transport & communications	24.1	22.1	19.6	9.6	19.2	14.4
Financial intermediation	4.0	2.6	24.1	4.0	10.2	8.4
Real estate & business services	4.8	4.8	4.9	4.9	4.9	4.9
Public administration	4.0	4.0	2.8	0.2	0.3	3.4
Education	6.4	5.6	4.8	2.8	1.2	3.5
Health	4.5	2.2	2.7	-3.6	5.2	3.4
Other social & personal services	4.3	4.3	4.3	4.3	4.3	4.3
Gross Domestic Product at market prices	5.3	6.7	6.4	6.6	7.1	7.4

Source: Office of Chief Government Statistician, Zanzibar

Note: p = provisional

r = revised

Table A4 (a): National Consumer Price Index (NCPD), 12 Months Percentage Change

Main Groups	Weight	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14
Food and Non-Alcoholic Beverages	47.8	10.2	8.0	7.6	8.0	6.5	6.5	6.9	7.2	6.0	6.0	6.2	7.2	7.8
Alcoholic, Tobacco and Narcotics	3.3	17.7	18.0	15.0	12.0	10.6	10.4	10.7	9.9	7.8	7.1	7.1	7.1	6.8
Clothing and Footwear	6.7	5.8	5.3	5.2	5.2	5.2	4.9	4.6	4.4	3.9	3.9	3.5	3.3	3.2
Housing, Water, Electricity, Gas and Other Fuel	9.2	19.9	19.0	15.4	14.4	14.3	9.6	9.0	8.7	10.2	14.9	13.3	9.0	9.2
Furnishing, Housing Equipment and Routine Maintenance of the House	6.7	4.6	4.4	4.0	3.8	3.5	3.2	3.3	2.5	2.3	2.0	1.8	1.8	2.5
Health	0.9	3.2	3.0	2.9	2.7	2.9	2.9	2.8	2.1	1.5	1.8	2.0	2.1	3.6
Transport	9.5	4.2	7.5	7.2	7.5	9.0	7.8	9.3	8.6	7.9	8.9	9.0	8.7	5.3
Communication	2.1	-0.6	-0.7	-0.6	-0.1	0.0	0.0	0.2	0.1	0.3	0.5	0.5	0.5	0.7
Recreation and Culture	1.3	3.5	3.5	0.3	0.2	0.7	0.4	0.1	0.7	1.0	0.6	1.2	1.3	0.8
Education	1.7	2.2	2.2	2.2	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	5.3	5.3
Restaurants and hotels	6.4	6.0	5.5	5.5	6.0	4.9	2.2	2.9	2.7	2.1	1.7	1.5	1.7	2.2
Miscellaneous goods and services	4.5	5.2	4.9	4.8	5.9	4.9	6.5	6.0	5.6	3.7	4.1	4.6	5.2	7.7
TOTAL – ALL ITEMS INDEX	100.0	9.4	8.3	7.6	7.5	6.7	6.1	6.3	6.2	5.6	6.0	6.0	6.1	6.3
Other Selected Groups														
Food and Non-alcoholic Beverages - combining food consumed at home and food consumed in restaurants	51.0	9.7	7.7	7.4	8.6	7.1	6.9	7.3	7.6	6.6	6.6	6.6	6.9	7.9
Energy and Fuels - combining electricity and other fuels for use at home with petrol and diesel	5.7	21.6	20.1	14.8	12.9	15.2	9.6	10.6	10.0	12.8	18.7	16.1	10.3	10.4
All Items Less Food	49.0	8.9	9.2	7.9	7.3	7.3	6.0	6.1	5.7	5.5	6.7	6.3	5.2	4.9
All Items Less Food and Energy	43.3	6.5	7.1	6.6	6.7	6.2	5.8	5.7	5.3	4.5	4.9	4.8	4.7	4.3

Source: National Bureau of Statistics



Table A4 (b): Zanzibar National Consumer Price Index (NCPI), 12 Months Percentage Change

	Weights (%)	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14
Headline	100.0	3.9	5.4	5.1	7.1	5.2	5.4	5.8	5.9	3.8	5.7	5.3	5.6	5.3
Food	57.4	2.3	2.8	3.4	7.3	1.1	2.0	3.0	3.5	-0.5	3.0	2.6	3.5	3.7
Non-Food	42.6	6.1	7.8	6.1	7.1	10.4	10.0	9.1	8.9	8.9	8.9	8.3	8.1	6.9
Alcoholic beverages, tobacco & narcotics	0.6	11.1	9.4	12.4	9.0	9.6	8.9	5.1	4.9	5.2	4.5	4.6	-1.7	-1.7
Clothing and footwear	6.2	13.6	13.8	10.4	13.3	13.0	11.8	11.3	11.0	10.3	11.7	8.7	7.2	7.0
Housing, water, electricity, gas and other fuels	15.6	5.0	6.1	4.3	5.6	8.2	8.1	9.3	9.5	10.6	9.8	6.5	6.5	5.1
Furnishing, household equipment and routine household maintenance	5.3	8.0	7.1	5.5	4.9	4.5	4.2	4.0	2.0	1.7	2.2	2.4	2.8	3.5
Health	2.1	8.9	2.2	2.2	2.2	3.1	2.8	1.9	1.0	1.4	1.3	2.0	1.7	1.7
Transport	3.4	5.5	4.8	2.6	3.9	4.0	1.5	1.2	2.3	0.7	0.5	2.8	2.9	0.0
Communication	2.4	-0.6	-0.6	-0.6	-0.2	50.7	50.7	51.5	52.0	52.0	52.1	52.1	52.1	52.1
Recreation and culture	0.4	13.9	15.1	11.6	11.5	10.5	10.5	7.7	5.9	3.3	15.2	14.0	13.6	13.8
Education	1.1	12.9	16.5	16.5	16.5	18.4	17.4	17.3	17.3	17.3	14.6	14.6	19.1	17.9
Restaurants and hotels	3.1	1.8	2.1	-0.8	-0.9	-0.1	0.1	-0.3	-0.4	-1.8	-1.7	-1.3	1.4	1.7
Miscellaneous goods & services	2.4	14.8	15.2	14.1	13.3	13.3	15.6	12.4	8.6	7.8	9.0	8.9	9.0	8.7

Source: Office of Chief Government Statistician, Zanzibar



Table A5: Tanzania: Depository Corporations Survey

Billions of TZS

Items	Apr-13	May-13	Jun-13	Aug-13	Sept-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14
Net Foreign Assets of the Banking System	6,507.4	6,313.2	6,216.2	6,404.6	6,620.6	6,691.6	6,615.9	6,410.0	6,576.3	6,388.5	6,294.8	6,706.4
Bank of Tanzania	5,788.5	5,665.9	5,796.9	5,827.3	6,152.3	6,158.8	6,241.4	6,079.2	6,187.5	6,096.4	6,200.4	6,356.5
Net International Reserves (In Millions of USD)	3,927.4	3,829.8	3,905.5	3,902.5	4,109.8	4,132.1	4,191.5	4,078.8	4,216.2	4,053.4	4,060.2	4,186.4
Banks NEA	718.9	647.3	419.3	577.3	468.2	532.8	374.5	330.8	388.8	313.2	199.5	307.6
Banks NFA (In Millions of USD)	451.8	404.7	261.6	357.9	290.7	332.0	233.8	205.8	246.3	191.7	123.1	188.8
Net Domestic Assets of the Banking System	8,409.1	8,871.2	9,024.9	9,451.1	9,524.5	9,241.3	9,351.6	9,609.4	9,530.4	10,245.9	9,947.7	10,314.7
Domestic Claims	11,571.1	12,015.2	11,786.2	12,826.3	12,200.4	12,254.0	12,780.5	12,943.1	12,947.2	13,272.4	13,537.6	13,665.4
Claims on central government (net)	1,957.6	2,439.4	2,263.7	2,704.4	2,387.1	2,359.8	2,862.7	2,775.2	2,584.6	2,711.3	2,912.0	2,775.3
Bank of Tanzania	1,426.8	1,825.8	1,689.2	2,009.9	1,801.1	1,892.2	2,111.0	2,000.0	1,841.1	1,964.1	2,089.8	2,300.3
Claims on Central Government	4,929.3	5,126.8	5,208.3	5,308.9	5,301.9	5,306.6	5,092.6	5,118.0	5,002.3	5,081.1	5,048.8	5,230.3
Liabilities to Central Government	3,205.0	3,297.1	3,298.3	3,347.9	3,313.8	3,322.6	3,178.0	3,700.3	3,794.1	3,784.1	3,821.0	4,053.0
Liabilities to Central Government	2,970.1	2,930.6	3,038.7	2,719.0	2,916.9	3,036.7	3,228.8	3,394.8	3,345.8	3,300.7	3,273.0	3,076.5
Claims on the private sector	9,599.4	9,575.8	9,525.5	9,655.9	9,813.2	9,894.2	9,917.8	10,167.8	10,392.7	10,561.1	10,625.6	10,863.1
Bank of Tanzania	6,336.6	6,310.6	6,293.1	6,371.3	6,495.6	6,499.7	6,533.2	6,619.0	6,809.0	6,841.0	6,874.9	7,182.9
Claims on the private sector	3,222.9	3,265.2	3,229.3	3,284.6	3,317.6	3,394.5	3,384.6	3,548.8	3,583.7	3,720.1	3,750.6	3,788.5
Extended in foreign currency	2,025.6	2,041.5	2,015.0	2,036.2	2,059.5	2,115.1	2,113.2	2,208.2	2,270.2	2,301.0	2,314.6	2,324.8
In Millions of USD	14,916.4	15,184.4	15,241.1	15,855.7	15,945.0	15,932.9	15,967.5	16,019.4	16,106.8	16,448.0	16,540.7	16,549.6
Extended Broad Money Supply (M3)	3,931.8	3,979.1	3,990.0	4,115.0	4,137.5	4,187.3	4,065.5	4,054.2	4,216.2	4,273.2	4,228.0	4,446.8
Foreign Currency Deposits (PCD) in National Currency	2,471.2	2,487.9	2,489.6	2,550.9	2,568.5	2,609.1	2,538.3	2,522.6	2,670.9	2,643.1	2,609.3	2,719.8
PCD In Millions of USD	10,984.6	11,206.3	11,251.1	11,740.7	11,807.5	11,745.6	11,902.0	11,965.2	11,890.6	12,174.8	12,312.7	12,309.7
Broad Money Supply (M2)	8,620.6	8,718.6	8,640.3	9,031.0	9,061.8	9,042.3	9,195.2	9,206.5	9,126.6	9,481.3	9,636.9	9,577.9
Deposits in National Currency	4,150.6	4,255.7	4,233.8	4,374.0	4,421.5	4,466.7	4,557.7	4,574.2	4,672.4	4,715.6	4,904.4	4,844.3
Other Deposits in National Currency	6,834.0	6,949.6	7,017.3	7,366.7	7,386.0	7,279.0	7,344.3	7,391.0	7,218.1	7,459.1	7,408.7	7,465.4
Narrow Money Supply (M1)	2,364.0	2,486.7	2,610.9	2,709.7	2,745.6	2,703.3	2,706.8	2,758.8	2,764.0	2,693.5	2,675.8	2,731.7
Currency in Circulation	4,470.0	4,462.9	4,406.5	4,657.0	4,640.4	4,575.6	4,637.5	4,632.2	4,454.2	4,765.7	4,732.8	4,974.7
Transferable Deposits in National Currency	4,816.6	4,976.8	4,917.7	5,287.0	5,127.5	5,091.3	5,343.3	5,210.9	5,027.8	5,202.6	5,401.7	5,113.9
Stock of Reserve Money	4,739.3	4,838.3	4,898.3	5,060.4	5,137.2	5,137.2	5,220.6	5,203.6	5,249.6	5,109.3	5,275.9	5,300.0
Average Reserve Money	20.7	17.5	7.1	17.1	10.8	13.3	13.8	7.7	11.1	10.7	15.8	8.4
Annual growth rates (%)	19.4	19.0	14.5	14.8	12.1	12.1	14.9	10.6	12.1	11.9	12.3	14.0
Stock of Reserve Money	17.1	19.0	14.9	16.9	15.4	13.6	12.2	9.7	10.0	14.0	13.0	11.6
Average Reserve Money	20.1	18.7	17.1	16.1	16.1	15.3	13.7	14.6	15.3	16.9	16.1	16.4
Extended Broad Money Supply (M3)	17.0	20.3	19.2	22.3	19.6	19.3	22.4	21.4	19.7	20.4	21.5	20.3
Credit to the private sector	83.0	79.7	80.8	77.7	80.4	80.7	77.6	78.6	80.3	79.6	78.5	79.7
Memorandum Items	26.4	26.2	26.2	26.0	25.9	26.3	25.5	26.2	26.0	25.6	25.6	26.1
Net Claims on Central Government/Domestic Credit (%)	1,591.0	1,599.4	1,602.7	1,613.1	1,610.9	1,604.9	1,607.1	1,578.6	1,616.8	1,620.4	1,629.6	1,635.0
Claims on Private Sector/Domestic Credit (%)	4,380.3	4,279.0	4,356.6	4,356.2	4,590.8	4,590.8	4,651.3	4,537.3	4,676.2	4,511.7	4,521.1	4,620.4
Normal Exchange Rate (end of period) (TZS/USD)	913.8	869.5	812.6	804.0	879.0	916.4	867.3	873.0	825.7	873.1	845.4	845.4
Gross Official Reserves (Millions of USD)	5,294.1	5,148.5	5,169.2	5,167.7	5,367.7	5,469.8	5,567.7	5,472.7	5,543.5	5,384.7	5,346.8	5,493.5
Gross Assets of Banks (Millions of USD)	5,294.1	5,148.5	5,169.2	5,167.7	5,367.7	5,469.8	5,567.7	5,472.7	5,543.5	5,384.7	5,346.8	5,493.5
Gross Foreign Assets of the Banking System (Millions of USD)	6,507.4	6,313.2	6,216.2	6,404.6	6,620.6	6,691.6	6,615.9	6,410.0	6,576.3	6,388.5	6,294.8	6,706.4

Source: Bank of Tanzania



Table A6: Tanzania Capital and Money Market Interest Rates

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	Percent
Interbank Cash Market Rates														
Overnight	10.45	8.79	7.34	10.18	6.16	6.94	7.77	5.96	8.26	11.43	6.53	5.45	6.93	
2 to 7 days	12.20	11.00	9.49	11.42	7.14	8.81	8.78	8.27	9.18	12.14	15.67	6.81	7.06	
8 to 14 days	14.05	10.95	10.05	11.82	9.66	10.53	9.79	8.35	10.59	11.49	9.13	8.07	8.70	
15 to 30 days	15.63	11.70	12.00	12.43	10.47	11.82	13.80	10.79	10.79	10.79	11.68	8.89	10.35	
31 to 60 days	13.50	13.50	10.96	10.96	9.97	11.50	9.01	10.18	10.18	14.54	10.00	10.71	11.83	
61 to 90 days	14.00	14.10	10.40	10.40	10.40	10.40	13.00	12.00	12.00	12.00	12.00	12.00	12.00	
91 to 180 days	14.40	14.40	14.40	14.40	14.40	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	
181 and above	7.30	7.30	14.00	14.00	14.00	15.00	14.50	14.50	14.50	14.50	14.50	14.50	14.50	
Overall Interbank cash market rate	11.08	9.15	7.88	10.42	6.32	7.40	8.10	6.41	8.58	11.56	6.72	5.93	7.07	
Lombard Rate	12.54	10.55	8.81	12.22	7.49	8.33	9.32	7.16	9.91	13.71	7.83	7.23	8.80	
REPO Rate	3.50	3.54	3.81	2.76	2.58	2.24	2.64	4.03	5.04	5.83	3.86	3.39	3.39	
Treasury Bills Rates														
35 days	6.65	6.51	6.04	6.24	14.82	6.37	4.71	4.71	4.71	4.71	6.02	6.02	7.33	
91 days	11.74	11.95	11.86	12.41	14.07	13.45	13.72	13.20	13.62	13.83	13.47	12.47	12.16	
182 days	13.99	13.97	13.98	14.39	15.76	15.81	15.53	14.92	15.46	14.77	13.71	13.24	13.24	
364 days	14.17	14.25	14.64	14.92	15.28	15.92	15.60	14.95	15.63	14.84	13.83	13.40	13.33	
Overall Treasury bills rate	13.99	13.59	13.85	14.20	14.48	15.15	15.13	14.80	15.20	14.70	13.73	13.04	13.10	
Treasury Bonds Rates														
2-years	14.06	14.30	14.30	14.82	14.82	15.42	15.00	15.00	15.00	15.07	15.07	14.40	15.07	
5-years	15.00	15.00	14.86	14.86	14.07	14.07	15.51	15.51	15.44	15.44	14.53	14.53	14.53	
7-years	15.20	15.20	15.76	15.76	15.76	15.76	15.76	15.15	15.90	15.90	15.56	15.56	15.56	
10-years	14.28	15.28	15.28	15.28	15.28	15.75	15.75	15.96	15.96	15.96	15.96	16.04	16.04	
15-years								16.65	16.65	16.65	16.94	16.94	17.33	
Bank Rate	12.00													
Discount Rate	12.00	16.00	16.00	16.00	16.00	16.00	16.00							

Source: Bank of Tanzania



Table A7: Tanzania: Commercial Banks Interest Rates

	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14
A: Domestic Currency													
Savings Deposit Rate	3.08	3.06	3.05	3.04	3.03	3.03	3.11	3.11	3.09	3.14	3.11	3.07	3.08
Overall Time Deposits Rate	8.73	8.81	8.65	8.39	8.43	9.33	8.87	8.49	8.83	8.66	8.87	8.51	8.63
1 month	8.79	8.51	8.66	8.31	8.34	2.70	2.80	2.47	2.41	2.48	8.07	8.11	2.40
3 months	9.82	9.07	9.36	9.41	8.65	10.12	9.16	9.07	9.40	9.40	10.33	9.49	8.56
6 months	11.03	11.01	10.77	10.11	10.72	10.31	9.86	8.90	10.04	10.37	10.84	10.31	10.11
12 months	11.40	11.45	11.25	10.84	11.63	11.81	11.62	11.64	11.16	11.14	11.41	11.09	11.28
24 months	9.16	10.04	9.44	8.62	8.30	8.85	8.24	7.00	8.43	8.32	8.42	7.84	7.63
Negotiated Deposit Rate	9.67	10.12	10.92	9.98	11.01	11.32	11.24	10.32	10.51	11.27	12.10	11.49	11.35
B: Foreign Currency													
Overall Lending rate	15.80	15.58	15.52	15.43	15.75	15.84	15.88	16.25	16.01	16.24	16.52	16.63	16.43
Short-term (up to 1 year)	14.35	14.17	14.25	13.80	13.59	13.76	13.73	14.10	13.78	14.26	15.02	14.95	15.03
Medium-term (1-2 years)	16.93	17.08	16.52	16.76	17.03	17.94	17.72	17.37	16.69	16.84	16.95	17.25	16.73
Long-term (2-3 years)	16.63	16.14	16.33	16.15	17.22	16.90	17.05	15.99	16.27	16.25	16.20	16.48	16.57
Term Loans (over 5 years)	16.47	14.70	14.91	14.88	14.72	14.68	14.30	16.47	16.71	16.68	16.74	16.66	16.46
12-months	14.64	15.79	15.61	15.56	16.18	15.92	16.60	17.30	16.61	17.18	17.67	17.78	17.38
Negotiated Lending Rate	14.07	13.27	13.13	13.70	13.30	13.52	13.80	13.23	13.13	13.12	12.77	12.93	12.98
B: Foreign Currency													
Deposits Rates	0.35	0.33	0.41	1.03	1.32	0.55	0.43	0.49	1.09	0.94	1.40	0.90	1.37
Savings Deposits Rate	1.84	2.06	3.91	2.96	3.03	1.97	2.09	3.18	2.44	2.40	4.36	4.16	3.77
Overall Time Deposits Rate	1.88	2.06	3.91	2.96	3.03	1.97	2.09	3.18	2.44	2.40	4.36	4.16	3.77
1 month	2.62	2.61	3.64	2.14	2.78	2.51	2.78	3.27	2.24	2.56	4.84	4.97	3.84
3 months	1.29	1.79	3.55	2.26	2.35	2.05	2.03	2.56	1.74	2.74	4.90	3.79	3.75
6 months	1.87	1.96	3.56	2.18	1.94	2.04	4.76	4.10	4.03	4.17	4.84	4.83	4.83
12-months	2.03	1.87	3.89	2.36	1.95	1.83	3.09	3.46	3.50	3.56	4.55	4.88	4.62
Overall Lending Rate	8.20	7.97	7.88	8.47	7.59	7.88	7.53	7.33	6.97	6.92	7.00	6.85	6.83
Short-term (up to 1 year)	6.93	6.33	6.47	6.86	6.48	7.08	5.48	4.88	3.64	3.15	3.30	2.26	1.59
Medium-term (1-2 years)	8.22	7.91	7.54	8.62	7.55	8.67	8.69	8.59	8.56	8.43	8.64	8.69	8.40
Long-term (2-3 years)	8.69	8.71	7.49	9.15	8.46	8.52	8.51	8.36	8.42	8.48	8.34	8.38	8.11
Term Loans (over 5 years)	7.84	7.70	8.63	8.69	7.69	7.63	7.62	7.60	7.37	7.53	7.48	7.55	7.52
12-months	9.35	9.21	9.28	9.01	7.79	7.50	7.37	7.24	6.84	7.06	7.27	7.38	8.52

Source: Bank of Tanzania





Table A8: Zanzibar Central Government Operations

Millions of TZS

	Budget 2013/14	Jul 2013- Apr 2014		
		Estimates	Actual	Act/ Est
Total Revenue	350.3	285.3	284.4	99.7%
Tax Revenue	322.0	263.5	266.6	101.2%
Tax on Imports	98.8	83.2	71.7	86.2%
VAT and Excise Duties (local)	76.9	65.9	71.2	108.0%
Income Tax	75.1	39.7	47.4	119.4%
Other Taxes	71.2	74.7	76.4	102.2%
Non-Tax Revenue	28.2	21.8	17.8	81.4%
Total Expenditure	672.0	379.9	390.6	102.8%
Recurrent Expenditure	353.1	258.7	276.8	107.0%
Wages and Salaries	155.5	134.0	134.9	100.6%
Other Expenditure	197.6	144.7	141.9	98.0%
Development Expenditure	318.9	121.2	113.9	93.9%
local	70.0	32.8	28.8	88.0%
Overall (surplus) Deficit before grants	-321.7	-94.6	-106.2	112.3%
Grants	115.8	60.3	62.8	104.1%
4.5% Budget Support	26.5	19.4	26.8	138.1%
Program Grant	86.8	40.7	36.0	88.4%
Overall Deficit after grants	-205.9	-34.3	-43.4	126.7%
Adjustment to cash and other items	0.0	-7.9	-15.6	197.3%
Overall Deficit cheques cleared	-206.0	-37.8	-59.0	156.2%
Financing	206.0	37.8	59.0	156.2%
Foreign	162.1	34.1	49.0	143.7%
Program Loans	162.1	34.1	49.0	143.7%
Domestic (net)	43.9	3.7	10.0	273.7%
Bank	18.9	0.0	0.0	0.0%
Non-bank	25.0	13.7	10.0	73.2%

Source: President's Office Finance, Economy and Development Planning, Zanzibar, and Bank of Tanzania



Table A9: Tanzania Exports by Type of Commodity

Items	Unit	July- April		
		2013	2014 ^p	% Change
Traditional Exports:				
COFFEE				
Value	Mill USD	188.0	116.9	-37.8
Volume	000 Tons	64.4	45.2	-29.8
Unit Price	USD per Ton	2,919.8	2,585.7	-11.4
COTTON				
Value	Mill USD	158.1	91.2	-42.3
Volume	000 Tons	131.2	75.2	-42.7
Unit Price	USD per Ton	1,205.1	1,213.1	0.7
SISAL				
Value	Mill USD	12.3	17.4	41.8
Volume	000 Tons	9.4	12.7	35.5
Unit Price	USD per Ton	1,313.0	1,373.7	4.6
TEA				
Value	Mill USD	47.6	41.1	-13.7
Volume	000 Tons	22.1	24.7	11.5
Unit Price	USD per Ton	2,154.5	1,666.6	-22.6
TOBACCO				
Value	Mill USD	222.6	354.2	59.1
Volume	000 Tons	65.1	73.5	12.8
Unit Price	USD per Ton	3,418.5	4,821.4	41.0
CASHEWNUTS				
Value	Mill USD	132.1	133.3	0.9
Volume	000 Tons	120.8	124.8	3.3
Unit Price	USD per Ton	1,093.5	1,067.8	-2.3
CLOVES				
Value	Mill USD	20.5	59.9	191.9
Volume	000 Tons	2.2	5.4	147.8
Unit Price	USD per Ton	9,439.5	11,114.4	#DIV/0!
Sub Total	Mill USD	781.2	814.0	4.2
Non-Traditional Exports:				
Minerals		1,672.4	1,532.0	-8.4
Gold	Mill USD	1,585.7	1,447.9	-8.7
Diamond	Mill USD	37.3	15.3	-58.8
Other minerals ¹	Mill USD	49.5	68.7	38.8
Manufactured Goods	Mill USD	838.2	958.2	14.3
Cotton Yarn	Mill USD	8.5	8.5	0.1
Manufactured Coffee	Mill USD	0.6	1.1	66.2
Manufactured Tobacco	Mill USD	23.0	30.6	32.8
Sisal Products (Yarn & Twine)	Mill USD	8.3	9.2	11.1
Other manufactured Goods ²	Mill USD	797.7	908.8	13.9
Fish and Fish Products	Mill USD	117.8	135.2	14.7
Horticultural products	Mill USD	27.9	24.9	-10.9
Re-exports	Mill USD	134.4	154.2	14.7
Other Exports³	Mill USD	411.5	461.6	12.2
Sub Total	Mill USD	3,202.4	3,266.1	2.0
GRAND TOTAL⁴	Mill USD	4,581.1	4,692.1	2.4

Source: Bank of Tanzania, Tanzania Revenue Authority

Note: 1 Include tanzanite, rubies, sapphires, emeralds, copper, silver and other precious stones

2 Include plastic items, textile apparels iron/steel and articles thereof

3 Include edible vegetables, oil seeds, cereals, cocoa, raw hides and skins, woods and articles thereof

p = Provisional data



Table A10: Tanzania Imports (f.o.b value) by Major Category

Millions of USD

Items	July - April		% Change
	2013	2014 ^P	
CAPITAL GOODS	2,936.8	3,048.1	3.8
Transport Equipment	966.2	1,061.7	9.9
Building and Constructions	695.6	877.5	26.1
Machinery	1,275.0	1,108.9	-13.0
INTERMEDIATE GOODS	3,890.4	4,367.1	12.3
Oil imports	3,191.5	3,522.2	10.4
Fertilizers	113.9	128.6	12.8
Industrial raw materials	585.0	716.3	22.4
CONSUMER GOODS	1,874.8	2,110.7	12.6
Food and food stuffs	546.9	473.8	-13.4
All other consumer goods ¹	1,327.9	1,636.9	23.3
GRAND TOTAL	8,703.8	9,527.7	9.5

Source: Bank of Tanzania and Tanzania Revenue Authority

Note: 1 Includes pharmaceutical products, paper products, plastic items, optical/photographic materials and textile apparels

p = Provisional data

f.o.b = Free on board



Table A11: Tanzania's Balance of Payments

Millions of USD

<i>Items</i>	2008	2009	2010^r	2011^r	2012^r	2013^p
A. Current Account	-2,577.1	-1,809.9	-2,247.5	-4,514.3	-3,792.0	-4,650.6
Balance on Goods	-3,433.5	-2,536.1	-2,841.2	-4,729.6	-4,429.9	-5,680.2
Goods: exports f.o.b.	3,578.8	3,298.1	4,324.3	5,097.9	5,889.2	5,348.9
Traditional	507.3	486.4	583.2	685.5	956.7	868.9
Nontraditional	2,604.7	2,372.9	3,177.0	3,747.5	4,164.4	3,782.3
o/w Gold	1,108.3	1,229.5	1,516.6	2,224.1	2,117.4	1,732.9
Unrecorded trade	466.8	438.9	564.0	664.9	768.2	697.7
Goods: imports f.o.b.	-7,012.3	-5,834.1	-7,165.5	-9,827.5	-10,319.1	-11,029.1
Balance on Services	336.9	132.7	156.9	92.2	427.5	699.6
Services: credit	1,998.8	1,854.6	2,045.7	2,300.3	2,786.4	3,188.0
Services: debit	-1,661.9	-1,722.0	-1,888.9	-2,208.1	-2,358.9	-2,488.5
Balance on Goods and Services	-3,096.6	-2,403.4	-2,684.4	-4,637.3	-4,002.4	-4,980.6
Balance on income	-314.3	-297.8	-614.3	-779.1	-607.5	-445.5
Income: credit	122.7	161.1	160.1	184.2	131.1	130.1
Income: debit	-437.0	-458.9	-774.3	-963.3	-738.5	-575.5
Balance on Goods, Services and Income	-3,410.9	-2,701.2	-3,298.6	-5,416.4	-4,609.9	-5,426.1
Balance on Current transfers	833.8	891.2	1,051.2	902.2	817.8	775.5
Current transfers: credit	913.4	959.7	1,130.2	994.9	923.3	837.3
Government	588.5	658.4	798.1	609.7	554.6	485.5
Other sectors	324.9	301.3	332.1	385.2	368.7	351.7
Current transfer: debit	-79.6	-68.4	-79.0	-92.7	-105.4	-61.8
B. Capital Account	524.2	442.2	537.9	690.9	777.2	659.7
Capital transfers: credit	524.2	442.2	537.9	690.9	777.2	659.7
General Government	464.5	379.6	474.7	627.3	713.6	596.1
Project	464.5	379.6	474.7	627.3	713.6	596.1
Other sectors	59.8	62.6	63.2	63.6	63.6	63.6
Capital transfers:debit	0.0	0.0	0.0	0.0	0.0	0.0
Total, Groups A plus B	-2,052.9	-1,367.7	-1,709.5	-3,823.4	-3,014.8	-3,990.8
C. Financial Account, excl. reserves and related items	2,612.0	1,981.2	3,063.8	3,530.5	3,874.5	4,723.3
Direct investment in Tanzania	1,383.3	952.6	1,813.2	1,349.0	1,799.6	1,872.4
Portfolio investment	1.7	3.4	3.3	4.0	1.0	6.7
Other investment	1,227.1	1,025.1	1,247.4	2,177.5	2,073.9	2,844.3
Total, Groups A through C	559.2	613.5	1,354.3	-292.9	859.7	732.5
D. Net Errors and Omissions	-411.1	-247.3	-984.5	90.9	-533.5	-236.8
Overall balance	148.0	366.2	369.8	-202.0	326.2	495.7
E. Reserves and Related Items	-148.0	-366.2	-369.8	202.0	-326.2	-495.7
Reserve assets	-147.0	-676.8	-395.4	206.3	-324.7	-607.8
Use of Fund credit and loans	-0.2	310.6	25.6	-4.4	-1.5	112.1
Exceptional financing	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum items						
CAB/GDP	-12.4	-8.4	-9.7	-18.6	-13.3	-14.1
CAB/GDP (excl. current official transfers)	-15.3	-11.4	-13.1	-21.2	-15.2	-15.6
Gross Official Reserves	2,872.6	3,552.5	3,948.0	3,744.6	4,068.1	4,676.2
Months of Imports	4.0	5.6	5.2	3.7	3.9	4.0
Months of Imports(Excluding FDI related imports)	4.6	6.3	6.2	4.1	4.3	4.5
Net International Reserves (year end)	2,855.0	3,224.3	3,594.2	3,395.2	1,882.9	1,702.5
Change in Net International Reserves	-148.4	-369.4	-369.9	199.0	-294.9	180.5
Exchange rate (end of period)	1,280.3	1,313.3	1,453.5	1,566.7	1,571.6	1,578.6

Source: Bank of Tanzania

Notes: *r* = Revised—based on new data obtained from the completion of Private Capital Flows Survey, adoption of new data sources for some other transfers and inclusion of reinvested earnings in the income account

p = Provisional

O/w = Of which

f.o.b = Free on board



GLOSSARY

Bank Rate/ Policy Rate

The rate of interest the Bank of Tanzania charges on loans it extends to banks and to the Government.

Currency in Circulation outside Banks

Notes and coins accepted as legal tender in the domestic economy, excluding amounts held by the banking system.

Exchange Rate

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

Inflation

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

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.

Non-Food Inflation

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



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. For the case of Tanzania, 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.

Lombard Facility

An overnight facility established to enable banks to borrow 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

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.

Reserve Money Program

Operational framework used by the Bank of Tanzania to achieve money supply growth target (intermediate target) consistent with inflation target (ultimate objective).

Downside (Upside) Risk

The chance of unexpected decline (rise) due to change in market conditions.

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