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# **MONETARY POLICY STATEMENT**

**2023/24**

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**GOVERNOR  
BANK OF TANZANIA**

**June 2023**





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BANK OF TANZANIA**

June 2023





14<sup>th</sup> June 2023

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

Honourable Minister,

### **LETTER OF TRANSMITTAL**

In accordance with sections 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 the fiscal year 2023/24 for onward submission to the Parliament.

The Statement presents the outcome of the implementation of monetary policy during 2022/23 against the targets, and reviews the recent global and domestic macroeconomic developments. It then highlights the global and domestic macroeconomic outlook, and concludes by outlining the monetary policy stance that the Bank of Tanzania intends to pursue in 2023/24 in order to meet its policy objectives.

Yours Sincerely,

**Emmanuel M. Tutuba  
GOVERNOR  
BANK OF TANZANIA**



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## EXECUTIVE SUMMARY

The Bank of Tanzania, under sections 21 (3) to (6) of the Bank of Tanzania Act, Cap. 197, is required to issue *Monetary Policy Statement* in June and its mid-year review in February. The Monetary Policy Statement contains the formulation and implementation of monetary policy to achieve inflation targets and facilitate economic growth. This Monetary Policy Statement, June 2023, presents the conduct of monetary policy and its outcome, as well as a review of global and domestic economic performance in 2022/23. In addition, it provides global and domestic macroeconomic outlook, macroeconomic objectives, together with monetary policy stance, and how it will be implemented in 2023/24.

### **Monetary Policy Stance, Targets and Outcome**

In 2022/23, the Bank shifted from pursuing an accommodative monetary policy to a less accommodative monetary policy in response to the spillover effects of the global economic shocks caused by the war in Ukraine, the residual effects of COVID-19 pandemic, and domestic economic conditions. The thrust of this policy stance was to strike a balance between the objective of containing inflation within the target of 5.4 percent and safeguarding recovery of economic activities, while sustaining financial stability. Therefore, the growth of reserve money (M0) was set at 11.4 percent, the target of growth of extended broad money supply (M3) was set at 10.3 percent, and the projection of growth of private sector credit was 10.7 percent. The Bank also aimed at maintaining adequate foreign exchange reserves, sufficient to cover at least four (4) months of imports. These monetary targets were consistent with benchmarks set forth in the IMF Extended Credit Facility (ECF) program and broader macroeconomic policy objectives.



In order to achieve the monetary targets, the Bank used a combination of monetary policy instruments, including repurchase agreements (Repos), Treasury bills allocated for liquidity management, and foreign exchange operations. As a result, liquidity in the banking system was kept adequate throughout the year, in line with economic conditions. In addition, the ECF targets on net domestic assets and net international reserves for September 2022, December 2022 and March 2023 were successfully achieved. Furthermore, from July 2022 to April 2023, M0 grew by 13.6 percent compared with the target of 11.4 percent for 2022/23, while M3 grew by 12.8 percent compared with the target of 10.3 percent. Private sector credit growth improved to 22.2 percent, compared with the target of 10.7 percent for 2022/23. This reflects ongoing efforts to improve the business environment, complemented by prudent monetary and fiscal policies, which led to high demand for new loans by the private sector.

## **Global Economy**

Global economic activity was weak in 2022/23, due to effects caused by the war in Ukraine, COVID-19 pandemic, and adverse weather conditions. Notably, the war in Ukraine disrupted the supply-chain, which led to high commodity prices in the world market and rising inflation. Interest rate hikes in response to rising inflation by central banks in advanced economies led to tightened financial conditions and high cost of borrowing. As a result, global growth is estimated to be lower in 2022 than in the preceding year, and the outlook for 2023 is also weak. A modest recovery is projected in 2024, reflecting the waning of the effects of global shocks.



Inflation exceeded central banks' targets in many countries in the first half of 2022/23. This was more pronounced in advanced economies. Later, inflation started easing, driven by a decline in energy and food prices, coupled with lagged impact of tight monetary policy. The EAC and SADC regions also experienced a pattern of inflation similar to advanced economies, with a majority of countries unable to achieve the convergence criteria. In the second half of 2022/23 and in the subsequent year, inflation is expected to continue declining, driven by the lagged effect of monetary policy tightening and a decrease in commodity prices.

### **Economic Performance in Mainland Tanzania**

The economy experienced adverse spillover effects of the global shocks, and delays of short rains in the first half of 2022/23. However, due to the diversified structure of the economy and policy measures adopted, economic performance was satisfactory. Real GDP growth was 4.7 percent in 2022 as projected, mostly driven by public and private investment and consumption expenditure. The increase in private investment is associated with an improved business environment, as reflected by high private sector credit growth and an increase in private sector external debt. Sectors that contributed most to the growth of the economy were agriculture, construction and mining.

Inflation trended upward in the first half of the year under review, but remained below the target of 5.4 percent and consistent with EAC and SADC convergence criteria. The increase in inflation was due to high commodity prices in the world market and rising demand for cereals in the neighbouring countries. In the second half of the year, inflation eased, and is expected to continue declining owing to an anticipated



decrease in world commodity prices and improving food supply in the country and in neighbouring countries.

Revenue performance was also affected by the global shocks, but was generally in line with projections from July 2022 to April 2023. Revenue collection was 94 percent of the target, of which tax collections reached 96.7 percent of the target, due to enhanced tax administration and improved compliance. Foreign concessional borrowing and grants surpassed the projection by nine percent, much of it disbursed to projects, while external commercial loans were 70.8 percent of the projection. Expenditure was aligned with available resources, with recurrent expenditure accounting for 94.9 percent of the estimates. National debt stock rose by 10.4 percent from June 2022 to April 2023. The debt remained sustainable, with a moderate risk of debt distress.

The global shocks heavily affected the external sector of the economy following an increase in commodity prices. As a result, the current account deficit almost doubled to USD 4,414.2 million from July 2022 to April 2023, compared with the corresponding period in 2021/22. This development heightened the demand for foreign exchange. The Bank intervened in the interbank foreign exchange market to support the balance of payments needs. Foreign exchange reserves declined to USD 4,881.2 million at the end of April 2023 from USD 5,461.4 million at the end of April 2022. Despite the decline, the reserves remained adequate within the country benchmark of at least 4 months of imports. The exchange rate depreciated, albeit moderately.



## **Economic Performance in Zanzibar**

The Zanzibar economy grew by 6.8 percent in 2022, higher than the projection of 5.4 percent, largely driven by the recovery of the hospitality industry, as well as public and private investment. Due to the effects of global shocks, inflation exceeded the target of 5 percent. On average, inflation was 7.1 percent during the period July 2022 to April 2023, and is expected to decline in 2023/24, in response to the expected decline in energy and food prices in the world market.

The resource envelope comprising domestic revenue and foreign grants was TZS 1,043.9 billion from July 2022 to April 2023, equivalent to 93.6 percent of the target. Government expenditure amounted to TZS 1,149.1 billion, of which TZS 801.9 billion was recurrent expenditure and TZS 347.1 billion was for development projects. The debt stock was TZS 2,742.6 billion at the end of April 2023, compared with TZS 1,224 billion at the end of June 2022, with external debt accounting for 87.5 percent.

The current account balance recorded a deficit of USD 286.7 million, compared with a deficit of USD 208.8 million in the corresponding period in 2021/22. This was mostly driven by an increase in import bill, owing to high commodity prices in the global market, coupled with a decline in goods exports.

## **Financial Sector Performance**

The banking sector was adequately capitalized, liquid and profitable from July 2022 to April 2023, thus facilitating the smooth conduct of monetary policy. The sector continued to leverage technology in financial services delivery which contributed to a growing level



of deposits and assets. The core capital adequacy ratio was 19.6 percent, above the minimum regulatory requirement of 10 percent. The quality of banks' assets improved, as the ratio of non-performing loans to gross loans decreased to 5.5 percent in April 2023, close to the desired level of 5 percent, down from 7.8 percent in June 2022. This is a significant milestone, which will help to incentivise lending to the private sector and reduce the cost of borrowing.

### **Financial Markets**

Throughout the period July 2022 to April 2023, the government securities market remained active and played a crucial role in providing finance to the Government, as well as avenues for firms and household investment. The Bank continued with its efforts of providing public awareness of the opportunities and benefits of investing in government securities to further increase and diversify investors' participation, promote competition, and improve price discovery.

### **Payment Systems**

Payment systems operated smoothly in 2022/23, thus facilitating monetary policy implementation and growth of economic activities. Usage of mobile phones in accessing financial services increased, complemented by the adoption of risk-based KYC for onboarding merchants, agents, and customers. In addition, the Bank implemented activities under the Tanzania Instant Payment System, which aims at facilitating instant and secure settlement of retail payments and transfers between different digital financial service providers. The activities are expected to broaden access and usage of financial services.



## **Macroeconomic Policy Objectives for 2023/24**

The macroeconomic policy objectives are based on the National Five-year Development Plan 2021/22-2025/26 and the Zanzibar Development Plan 2021-2026. In the context of these development blueprints and the ongoing global and domestic economic environment, macroeconomic policy objectives for Mainland Tanzania include: (i) attaining a real GDP growth of 5.2 percent in 2023 and 6.1 percent in 2024 and (ii) maintaining headline inflation at 5 percent in 2023/24. For Zanzibar, the economy is projected to grow by 7.1 percent in 2023 and 7.4 percent in 2024, while inflation is forecasted to remain at single digit, not exceeding 5 percent in 2023/24.

## **Monetary Policy for 2023/24**

In view of the projected global and domestic economic conditions, the Bank will continue to implement a less accommodative monetary policy in 2023/24 to realize inflation and growth objectives. Implementation of monetary policy in the first half of the year will be based on the current monetary targeting framework, while in the second half, an interest rate-based monetary policy framework will be used. The shift to the new framework is meant to address: (i) the weakening of the link between money supply and the ultimate policy variables (inflation and output), due to the proliferation of financial innovations, and (ii) the weakening of monetary policy transmission under the monetary targeting framework. Therefore, the shift to an interest rate-based monetary policy framework represents an improvement to address these challenges. The policy objectives and monetary policy instruments will remain the same. Changes will only be in how the Bank will be implementing the monetary policy, using policy rate rather than reserve money.



The monetary targets for the first half of 2023/24 are (i) growth of reserve money of 10.1 percent, (ii) growth of extended broad money of 10.1 percent, and (iii) private sector credit growth of 16.4 percent. The targets for the second half of 2023/24 will be announced in the *Monetary Policy Statement, Mid-Year Review*, to be released in February 2024. Details of the new framework are available in the *Guidelines for Monetary Policy Framework, 2023*. Under both monetary policy frameworks, the Bank will ensure the adequacy of foreign exchange reserves of at least 4 months of imports. The Bank will closely monitor global and domestic economic conditions and take appropriate interventions to ensure the achievement of inflation.



## PART I

### INTRODUCTION

In accordance with the Bank of Tanzania Act, Cap. 197, section 7(1), the primary objective of the Bank 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 economic policies of the Governments, as well as promote sound monetary, credit and banking conditions conducive to the development of the national economy”.

Accordingly, sections 21(3) to (6) of the Act require the Bank to issue the *Monetary Policy Statement* in June, followed by a mid-year review in February, containing formulation and implementation of monetary policy in support of the broader macroeconomic objectives of the Governments. This Monetary Policy Statement presents the outcome of the conduct of monetary policy in 2022/23, along with a review of global and domestic economic developments. In addition, it provides the global and domestic macroeconomic outlook, as well as macroeconomic objectives, and monetary policy stance and targets for 2023/24. This Monetary Policy Statement is organized as follows: Part II outlines the macroeconomic policy framework for the year 2022/23, while Part III presents the outcome of monetary policy implementation in 2022/23 against targets. Part IV reviews recent global and domestic macroeconomic developments, followed by Part V, which outlines



the global and domestic macroeconomic outlook for 2023/24. Part VI outlines the monetary policy stance and targets that the Bank of Tanzania intends to pursue in 2023/24 in order to meet its policy objectives and Part VII concludes the Statement.



## **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 utmost 8 percent and a range of 3 to 7 percent, respectively. The inflation target is considered appropriate to support a sustainable growth of the economy. To achieve the objective, the Bank of Tanzania focuses on maintaining adequate level of liquidity in banks to support various activities 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 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 to manage liquidity at required level. The statutory minimum reserve requirement ratio (SMR) and discount rate are also part of monetary policy instruments. There are also standing credit facilities—intraday and Lombard loan facilities.

### ***Communication***

The Bank of Tanzania exercises a high degree of transparency in its decisions. The decisions of the Monetary Policy Committee (MPC) are communicated to banks through post-MPC engagements with Chief Executive Officers of banks or MPC Statement. In addition, the Bank of Tanzania 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: <https://www.bot.go.tz>.



## **BOX 2: MODALITIES FOR MONETARY POLICY IMPLEMENTATION**

- At the beginning of every fiscal year, the Bank of Tanzania sets annual monetary policy targets in its Monetary Policy Statement in accordance with the broader macroeconomic policy objectives of the Governments.
- The Monetary Policy Statement is approved by the Board of Directors of the Bank of Tanzania and submitted to the Minister for Finance and Planning, 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, 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 of Tanzania, 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 liquidity developments and decide on the measures to be taken in order to keep liquidity within the desired path.



## **PART II**

### **2.0 MACROECONOMIC POLICY FRAMEWORK FOR 2022/23**

#### **2.1 Macroeconomic Policy Objectives**

The macroeconomic policy objectives of the Governments in 2022/23 were guided by the National Five-Year Development Plan 2021/22–2025/26 and Zanzibar Development Plan 2021–2026 which aims at attaining sustainable and inclusive growth by promoting competitiveness and industrialisation. Accordingly, the macroeconomic policy objectives of Mainland Tanzania in 2022/23 include:

- i. attaining a real GDP growth of 4.7 percent in 2022 and 5.2 percent in 2023; and
- ii. maintaining a single-digit annual headline inflation rate of 5.4 percent in 2022/23.

As for Zanzibar, the macroeconomic objectives are as follows:

- i. real GDP growth of 5.4 percent in 2022 and 6.1 percent in 2023; and
- ii. maintaining a single-digit annual headline inflation rate of not more than 5 percent in 2022/23.

#### **2.2 Monetary Policy Objectives**

In support of the broader macroeconomic objectives of the Governments, the Bank of Tanzania pronounced the following monetary policy targets in 2022/23:

- i. annual growth of average reserve money of 11.4 percent;



- ii. annual growth of extended broad money (M3) of 10.3 percent;
- iii. annual growth of credit to the private sector of 10.7 percent; and
- iv. maintaining gross official reserves at levels adequate to cover at least 4 months of projected imports of goods and services.



## PART III

### 3.0 MONETARY POLICY IMPLEMENTATION DURING 2022/23

The thrust of the monetary policy stance for 2022/23 was to strike a balance between controlling inflation and safeguarding growth, while ensuring financial stability. The policy stance was motivated by the need to address the adverse effects of the global shocks, inadequate short rains, and attainment of the benchmarks set forth in the IMF Extended Credit Facility (ECF) program. The Bank closely monitored the impact of the shocks and cautiously used a combination of monetary policy instruments to achieve the targets and facilitate the growth of economic activities. The main instruments used were repurchase agreements (repo), Treasury bills for liquidity management and foreign exchange operations.

The implementation of monetary policy succeeded in maintaining adequate liquidity in banks. The conduct of monetary policy, fiscal policy measures and improved business environment contributed to the high growth of private sector credit, without causing undue inflationary pressures to the economy. Also, M0 growth was maintained within the target, growing by 13.6 percent from July 2022 to April 2023, against the target of 11.4 percent for 2022/23. The growth rate was almost similar to the 13.9 percent realized in the corresponding period in 2021/22. M3 grew by 12.8 percent compared with the target growth of 10.3 percent and 13.1 percent. Private sector credit growth averaged 22.2 percent, more than the target of 10.7 percent and 8.4 percent. Reflecting the adequacy of liquidity in banks, the overnight interest rate averaged 3.54 percent, almost the same as 3.42 percent in the corresponding period in 2021/22. Meanwhile, the targets on net



domestic assets and net international reserves for the quarter ending September 2022, December 2022 and March 2023 set out in the ECF program were successfully met.



## **PART IV**

### **4.0 MACROECONOMIC DEVELOPMENTS**

#### **4.1 Global Economy**

##### **4.1.1 GDP Growth**

The global economy was subdued in 2022/23, due to effects caused by the war in Ukraine, COVID-19 pandemic, and adverse weather conditions. The war in Ukraine disrupted supply-chain, which led to high commodity prices in the world market and high inflation. Interest rate hikes in response to rising inflation by central banks in advanced economies led to tightened financial conditions and high cost of borrowing. The residual effects of COVID-19 pandemic in some countries in the first half of 2022/23 also disrupted the global supply chain, in addition to reducing demand. Adverse weather conditions affected the production of agricultural products. As a result, global economic growth is estimated to be lower in 2022 than in the preceding year (Table 4.1). Growth slowed across regions, except in the Middle East and Central Asia region. In 2023, growth is projected to remain subdued, due to lagged impact of monetary policy tightening and the prolonged impact of war in Ukraine. A modest recovery is envisaged from 2024 onwards, attributable to the fading effects of global shocks and expected decline in inflation.



**Table 4.1: Global and Regional Growth**

Percent

	Percent									
	IMF projections						OECD			
	2020	2021	2022	Jan-23		Apr-23		Projections		
			2023	2024	2023	2024	2022	2023	2024	
World	-2.8	6.3	3.4	2.9	3.1	2.8	3.0	3.3	2.6	2.9
Advanced economies	-4.2	5.4	2.7	1.2	1.4	1.3	1.4	2.3	1.1	1.0
United States	-2.8	5.9	2.1	1.4	1.0	1.6	1.1	2.1	1.5	0.9
Euro area	-6.1	5.4	3.5	0.7	1.6	0.8	1.4	3.5	0.8	1.5
United Kingdom	-11.0	7.6	4.0	-0.6	0.9	-0.3	1.0	4.1	-0.2	0.9
Japan	-4.3	2.1	1.1	1.8	0.9	1.3	1.0	1.0	1.4	1.1
Emerging market and developing economies	-1.8	6.9	4.0	4.0	4.2	3.9	4.2	n.a	n.a	n.a
Brazil	-3.3	5.0	2.9	1.2	1.5	0.9	1.5	3.0	1.0	1.1
Russia	-2.7	5.6	-2.1	0.3	2.1	0.7	1.3	-2.1	-2.5	-0.5
India	-5.8	9.1	6.8	6.1	6.8	5.9	6.3	6.7	5.0	7.7
China	2.2	8.5	3.0	5.2	4.5	5.2	4.5	3.0	5.3	4.9
Middle East and Central Asia	-2.7	4.6	5.3	3.2	3.7	2.9	3.5	n.a	n.a	n.a
Saudi Arabia	-4.3	3.9	8.7	2.6	3.4	3.1	3.1	8.7	2.6	3.7
Sub-Saharan Africa	-1.7	4.8	3.9	3.8	4.1	3.6	4.2	n.a	n.a	n.a
South Africa	-6.3	4.9	2.0	1.2	1.3	0.1	1.8	2.0	0.6	0.9
EAC	0.9	6.7	5.1	n.a	n.a	5.4	5.8	n.a	n.a	n.a
SADC	-4.3	4.5	3.2	n.a	n.a	2.3	3.4	n.a	n.a	n.a

Source: IMF World Economic Outlook, April 2023, and Organization for Economic Co-operation and Development (OECD)

Note: n.a denotes not available

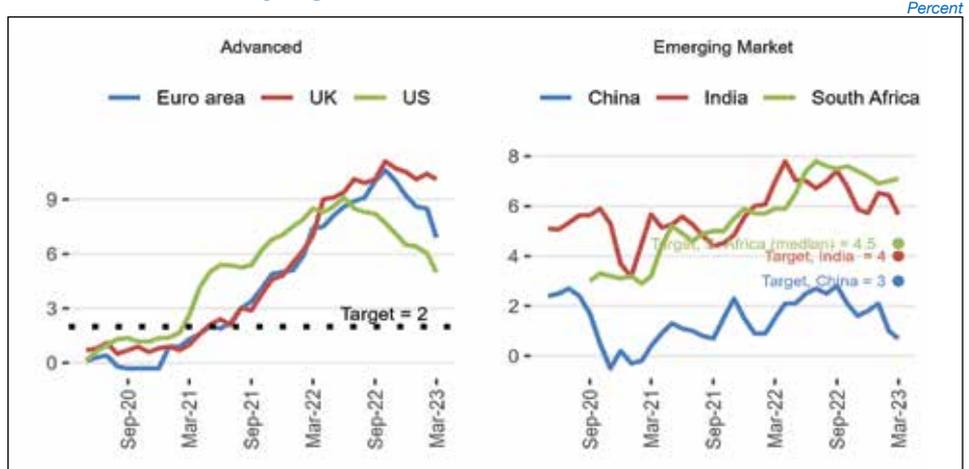
## 4.1.2 Inflation

Inflation was high in many countries in 2022/23, owing to an increase in commodity prices in the world market. In the first half of the year, inflation rose sharply, before moderating in the second half, driven mostly by energy and food prices, coupled with lagged impact of tight monetary policy. In advanced economies, inflation was considerably above central banks' targets of 2 percent (Chart 4.1). In emerging market and developing economies, inflation was low and close to the targets. In EAC and SADC regions, inflation was also high in most countries, exceeding the convergence criteria (Chart 4.2a and Chart 4.2b). Inflation is expected to continue declining, driven by the lagged effect of monetary policy tightening and a decrease in commodity prices<sup>1</sup>.

<sup>1</sup> IMF World Economic Outlook, April 2023 edition.



**Chart 4.1: Inflation in Advanced, Emerging Markets and Developing Economies**

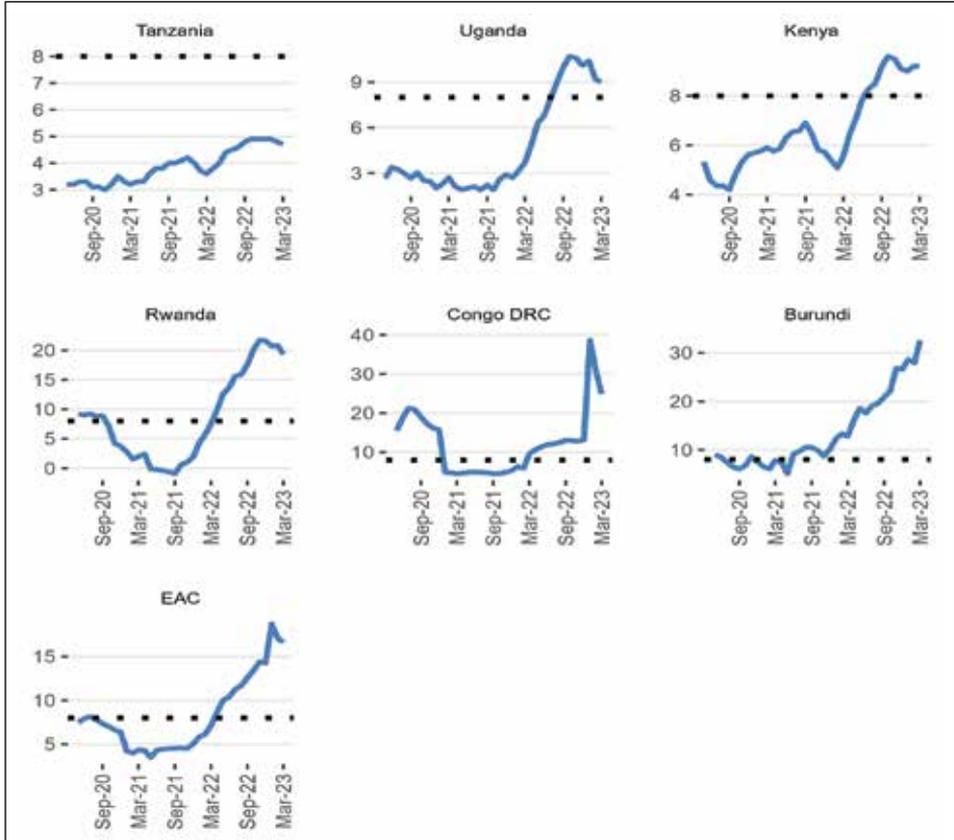


Source: Bloomberg



**Chart 4.2a: Inflation in EAC Countries**

Percent



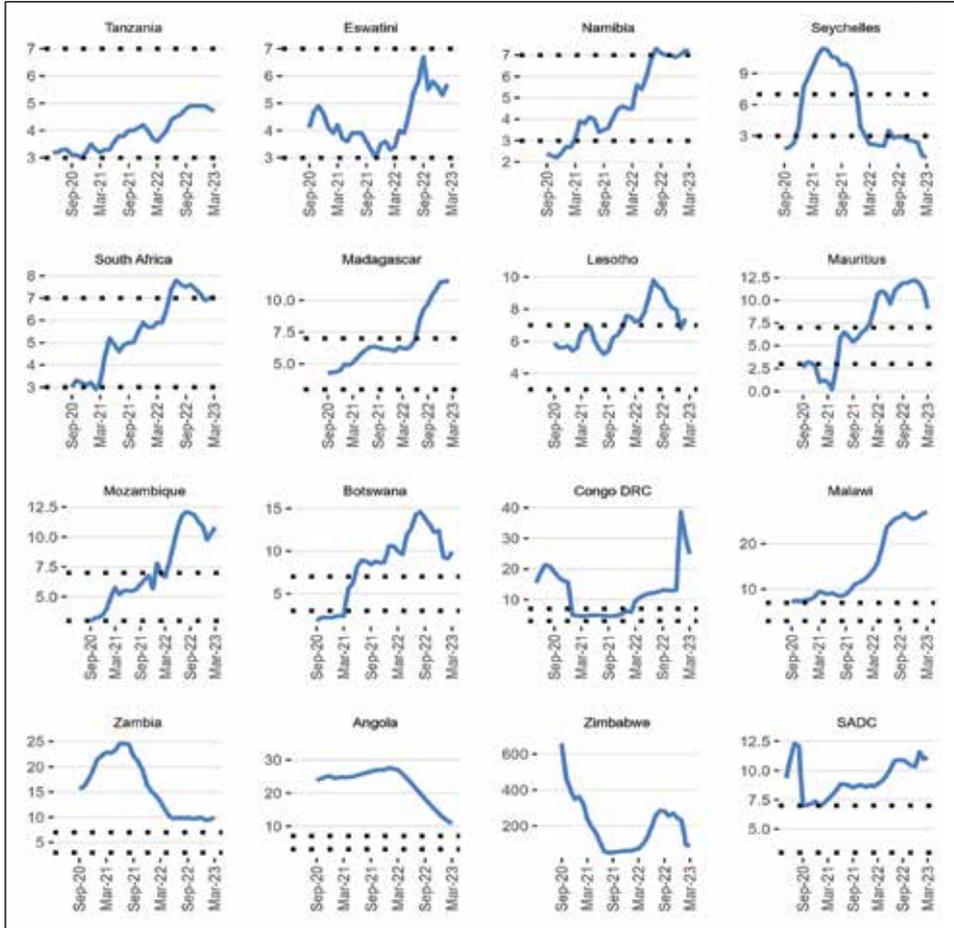
Source: OECD and respective National Statistics Offices

Note: The dotted lines indicate the EAC convergence benchmark of not more than 8%



**Chart 4.2b: Inflation in SADC Countries**

Percent



Source: Respective National Statistical Offices and Central Banks  
 Note: The dotted lines indicate the SADC convergence benchmark of 3-7%

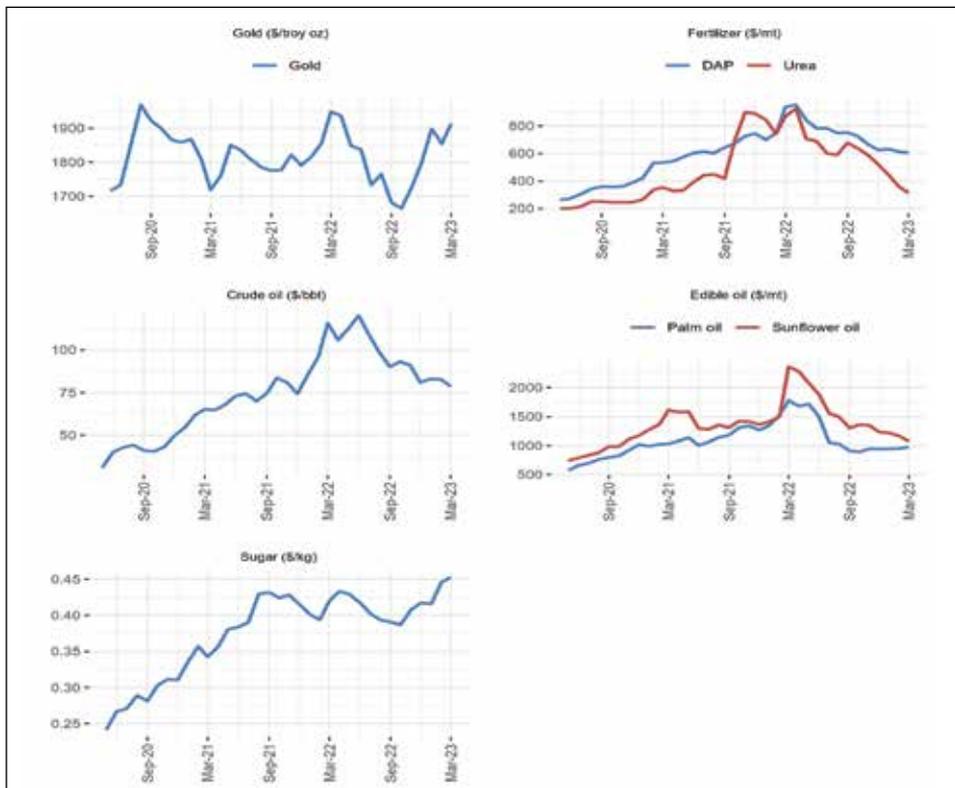
### 4.1.3 Commodity prices

Commodity prices in the world market surged in 2022, before falling gradually in 2023 (Chart 4.3a, Chart 4.3b and Table 4.2). The IMF World Economic Outlook of April 2023 projects commodity prices to continue declining. Nonetheless, most commodity prices remained above the



levels before the war in Ukraine. The price of gold remained generally high due to geo-political tensions, the weakening US dollar and high inflation. Reflecting these factors, gold purchase by central banks was a 55-years high, hedging against the uncertainties. The price of oil was high, but started declining in 2023, and is projected to be lower in 2023/24 on the back of projected weak global demand, which might outweigh the impact of the anticipated OPEC+ production cut.

**Chart 4.3 (a): World Market Prices of Commodities**



Source: <http://www.worldbank.org/prospects>, Bloomberg



**Chart 4.3 (b): World Market Prices of Commodities**



Source: <http://www.worldbank.org/prospects>, Bloomberg



**Table 4.2: World Commodity Prices**

	Crude oil average (USD per barrel)	Crude oil Brent (USD per barrel)	Crude oil Dubai (USD per barrel)	White products (USD per tonne)	Coffee Arabica (USD per kg)	Coffee Robusta (USD per kg)	Tea average (USD per kg)	Tea Mombasa (USD per kg)	Palm oil (USD per tonne)	Wheat (hard) (USD per tonne)	Tobacco (USD per tonne)	Cotton, A index (USD per kg)	DAP (USD per tonne)	Urea (USD per tonne)	Gold (USD per troy oz)	Maize (USD per tonne)	Rice (USD per tonne)	Sugar (USD per tonne)
Apr-22	103.4	105.8	102.7	1,120.3	5.9	2.3	3.2	2.5	1,682.7	495.3	4,263.3	3.4	954.0	925.0	1,836.9	348.2	431.0	433.4
May-22	110.1	112.4	108.3	1,205.1	5.7	2.3	3.0	2.4	1,716.9	522.3	4,277.1	3.6	842.5	707.5	1,848.5	344.8	464.0	428.8
Jun-22	116.8	120.1	115.7	1,303.9	6.0	2.3	3.0	2.1	1,501.1	459.6	4,206.1	3.4	783.8	690.0	1,836.6	335.7	444.0	417.8
Jul-22	105.1	108.9	106.5	1,094.1	5.6	2.2	3.3	2.4	1,056.6	382.5	4,268.4	2.9	784.0	601.0	1,732.7	323.0	418.0	402.8
Aug-22	96.0	98.6	97.8	1,029.9	5.9	2.4	3.4	2.4	1,026.0	382.9	4,356.6	2.7	749.4	591.3	1,764.6	289.8	431.0	393.5
Sep-22	88.2	90.2	90.6	935.5	5.9	2.5	3.3	2.4	909.3	419.1	4,147.0	2.6	752.0	678.0	1,680.8	312.7	439.0	390.7
Oct-22	90.3	93.1	90.6	1,026.6	5.3	2.3	3.1	2.5	889.0	438.0	4,325.2	2.2	725.0	636.3	1,664.5	343.6	431.0	386.9
Nov-22	87.4	91.1	86.3	941.7	4.7	2.0	3.1	2.5	945.7	422.7	4,333.3	2.2	665.6	588.8	1,725.1	320.9	440.0	407.4
Dec-22	78.1	80.9	76.8	847.6	4.6	2.0	2.9	2.4	940.4	386.3	4,399.3	2.2	625.0	519.4	1,797.6	302.2	467.0	417.3
Jan-23	80.4	83.1	80.0	908.9	4.6	2.1	2.8	2.3	942.0	380.4	4,475.6	2.2	631.0	443.8	1,897.7	302.8	517.0	416.0
Feb-23	80.3	82.7	81.2	826.7	5.1	2.3	2.7	2.3	950.0	394.8	4,492.3	2.2	612.5	357.5	1,854.5	298.2	492.0	446.0
Mar-23	76.5	78.5	77.5	823.6	4.9	2.3	2.7	2.4	972.1	369.9	4,152.9	2.1	606.0	313.5	1,912.7	282.5	476.0	452.4
Apr-23	82.5	84.1	83.8	809.3	5.1	2.6	3.0	2.3	1,005.2	378.2	4,139.5	2.1	637.0	313.4	1,999.8	291.1	501.0	529.3
Proj 2023		84.0			4.8	2.3	2.7		980.0	355.0	4,100.0	2.2	580.0	325.0	1,900.0	270.0	510.0	450.0
Proj 2024		86.0			4.6	2.3	2.8		1,020.0	335.0	4,120.0	2.3	570.0	315.0	1,750.0	240.0	490.0	460.0

Source: <http://www.worldbank.org/prospects>, Bloomberg and Tanzania Sisal Board

Note: DAP denotes Di-ammonium phosphate

#### 4.1.4 Foreign Markets

Central banks in major economies continued to tighten monetary policy by raising policy rates to curb inflationary pressures. This resulted in rising yields and higher borrowing costs in the global financial markets, contributing to tight credit conditions. Since inflation levels remain above the central banks' targets, monetary authorities are set on hiking interest rates, albeit more slowly due to looming threats of recession in the global economy.

## 4.2 Economic Developments in Mainland Tanzania

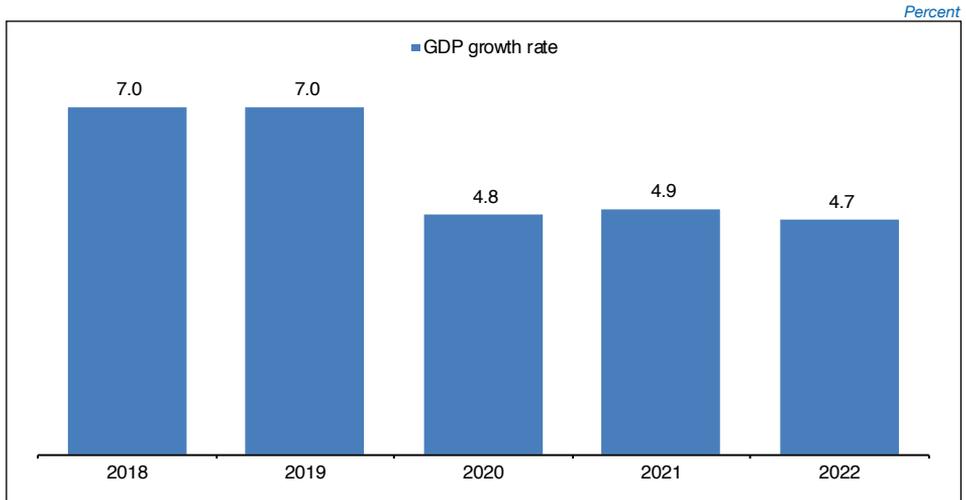
### 4.2.1 Output Performance

The performance of the domestic economy was satisfactory in 2022, despite the challenges caused by the war in Ukraine and the residual impact of COVID-19. This was largely due to the diversified nature of the economy, interventions made to cushion the economy from the effects of the global shocks, ongoing public and private investment, and government measures to improve the business climate. In 2022, real GDP growth was 4.7 percent, compared with 4.9 percent recorded



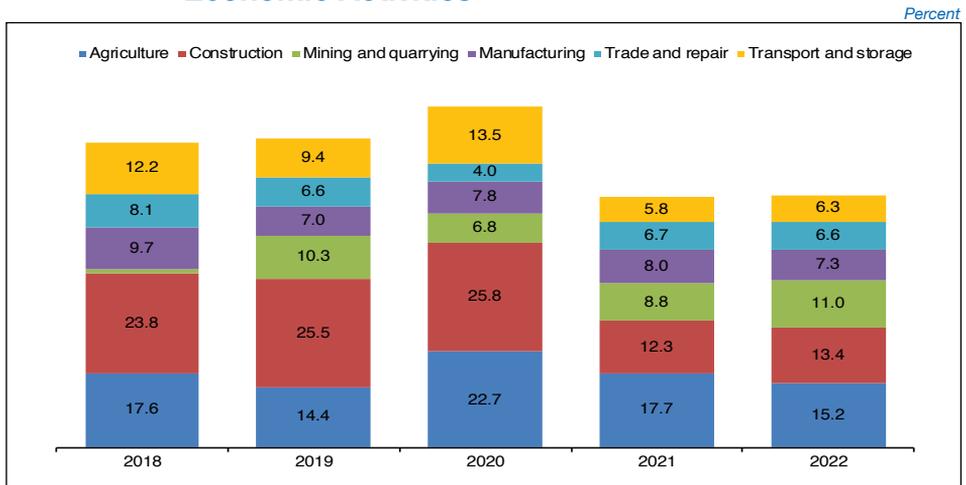
in 2021, mainly contributed by agriculture, construction and mining (Chart 4.4a and Chart 4.4b).

**Chart 4.4a: Real GDP Growth**



Source: National Bureau of Statistics, Bank computations

**Chart 4.4b: Contribution to Real GDP Growth by Major Economic Activities**



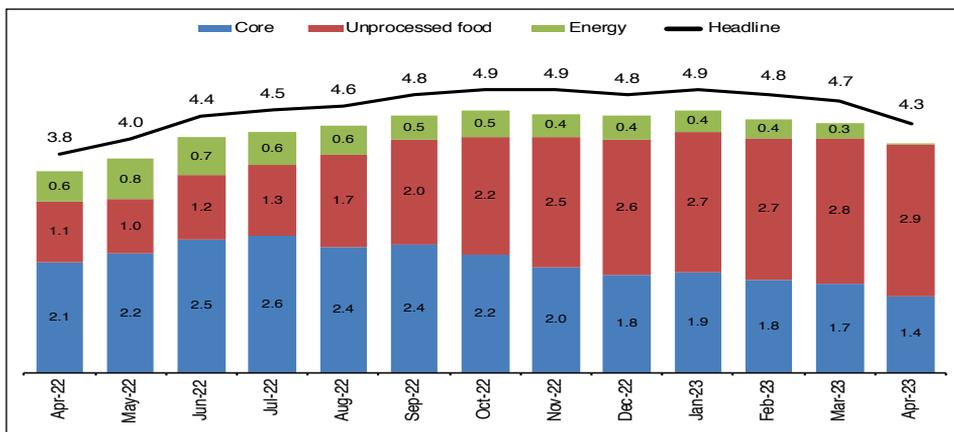
Source: National Bureau of Statistics, Bank computations



## 4.2.2 Inflation

As in many countries, inflation trended upwards in the first half of 2022/23, before declining in the subsequent period (Chart 4.5). The increase was due to high commodity prices in the world market, the decline in domestic food supply due to shortages in neighbouring countries, and expectations about decline in food supply due to delays of short rains. Twelve-month headline inflation averaged 4.7 percent during July 2022 to April 2023, compared with 3.9 percent in the corresponding period in 2021/22. The inflation rate remained consistent with the country's target, as well as EAC and SADC convergence criteria. Core inflation, which accounts for 73.9 percent of the consumer price index, averaged 2.7 percent compared with 3.9 percent.<sup>2</sup> Energy and fuel inflation rose from 5.5 percent to 7.2 percent, while food inflation increased from 5.1 percent to 8.9 percent. Non-food inflation declined from 3.4 percent to 3.1 percent. Inflation is expected to remain within the target of 5.4 percent in May and June 2023 and consistent with the target of 5 percent in the subsequent period.

**Chart 4.5: Contribution to Overall Inflation**



Source: National Bureau of Statistics and Bank of Tanzania

<sup>2</sup> Core inflation excludes unprocessed food, maize flour, energy, and fuel.



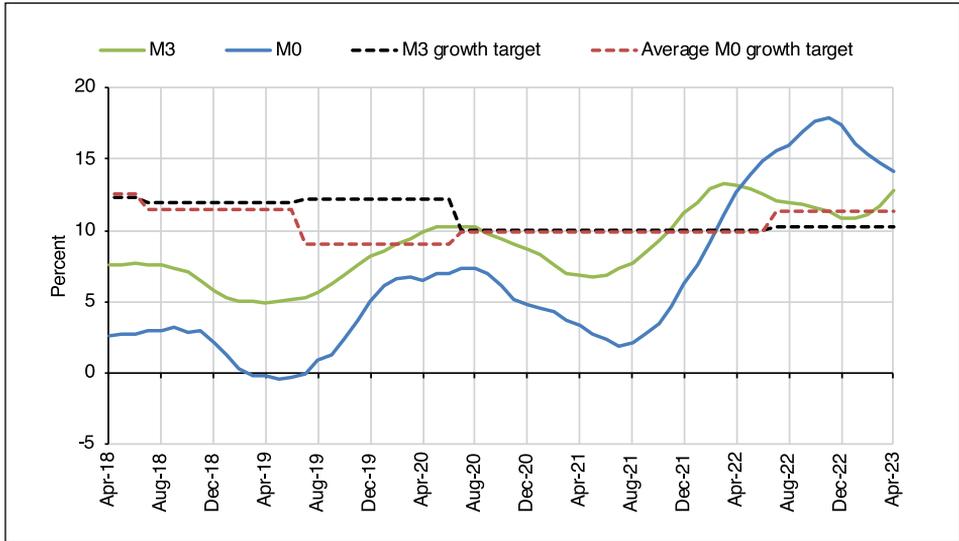
### **4.2.3 Money Supply and Credit**

The implementation of less accommodative monetary policy facilitated to align growth of extended broad money supply (M3) with the target. On average, M3 grew by 12.8 percent during July 2022 to April 2023, compared with 13.1 percent in the corresponding period in 2021/22 and the target of 10.3 percent for 2022/23. Growth of reserve money (M0) was 13.6 percent compared with 13.9 percent and the target of 11.4 percent (Chart 4.6a and 4.6b).

Private sector credit growth averaged 22.2 percent compared with 8.4 percent and the target of 10.7 percent. Compared to its peers in the EAC, Tanzania experienced the highest private sector credit growth (Chart 4.6d). The substantial growth of credit reflects high demand for loans attributable to improving business policies and environment, complemented by prudent monetary and fiscal policies. The growth of credit to the agriculture sector was the highest at 36.1 percent, attributable to government interventions through enhancement of the budgetary allocation and supportive special window of TZS 1 trillion, as well as regulatory relief on the statutory reserve requirement. Personal loans (commonly for sole micro, small and medium firms) continued to dominate, accounting for 38.6 percent of the total credit to the private sector (Chart 4.6c). Credit growth is expected to remain strong, supported by ongoing measures to improve the business environment and supportive monetary and fiscal policies.

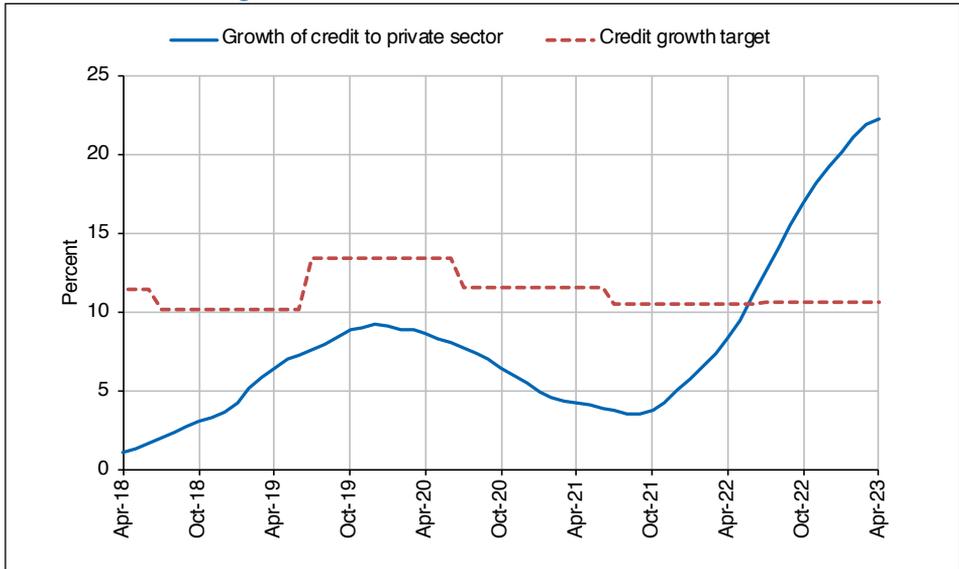


**Chart 4.6a: Average Growth of Money Supply**



Source: Banks and Bank of Tanzania

**Chart 4.6b: Average Growth of Private Sector Credit**

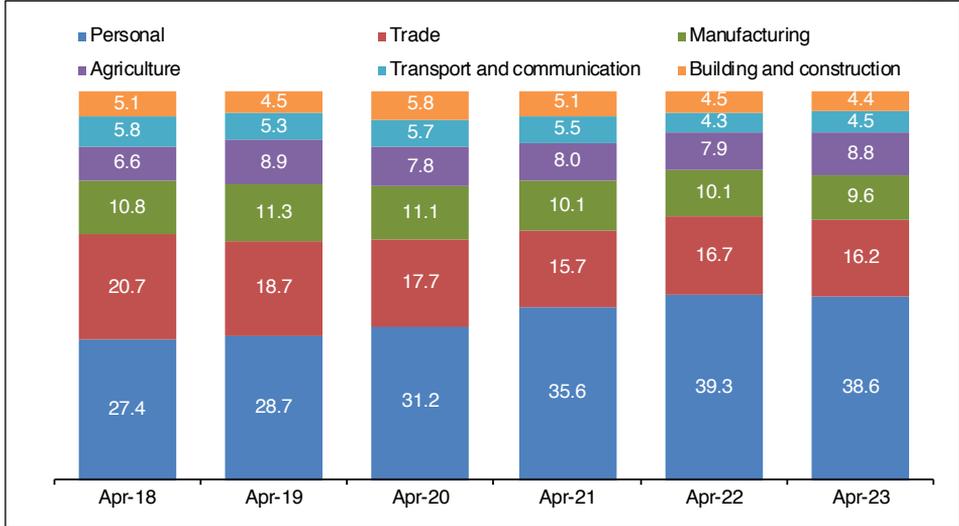


Source: Banks and Bank of Tanzania



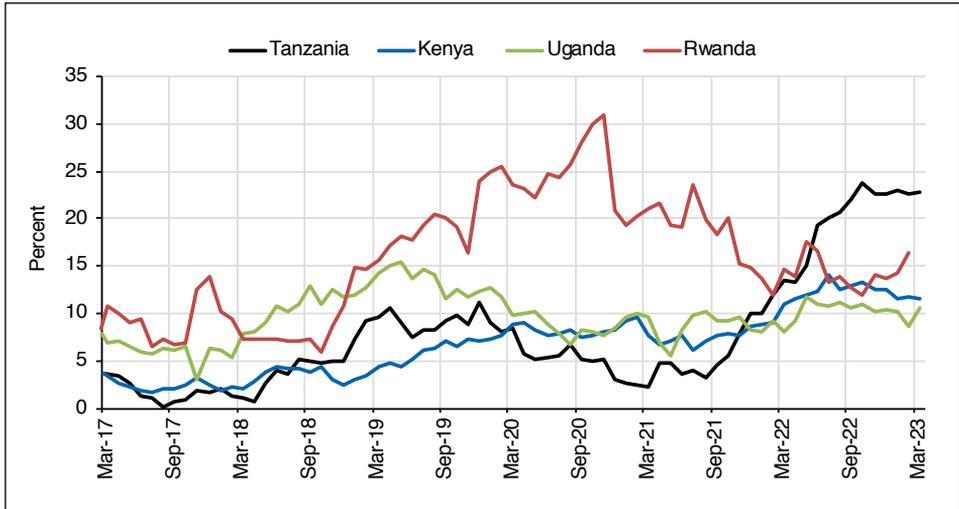
**Chart 4.6c: Share of Loans to Overall Outstanding Loan Portfolio**

Percent



Source: Banks and Bank of Tanzania

**Chart 4.6d: Private Sector Credit Growth in EAC Countries**



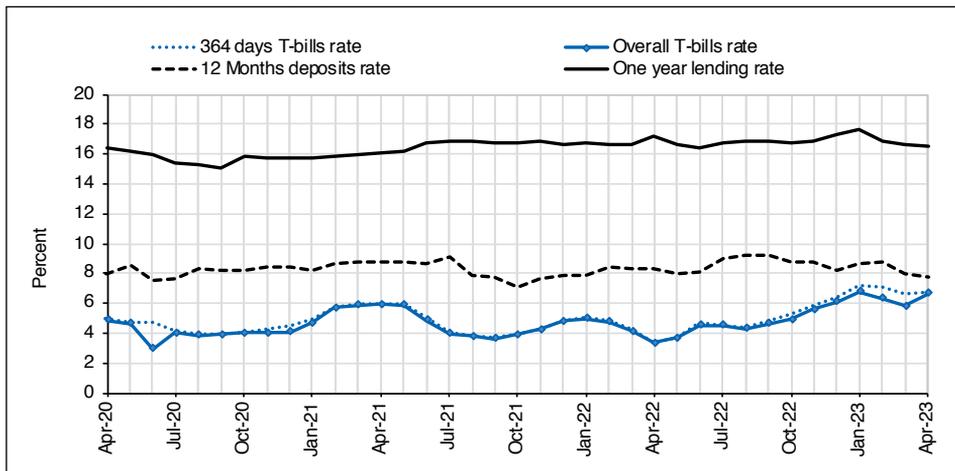
Source: Banks and Bank of Tanzania



#### 4.2.4 Interest Rates

Overnight interbank money market interest rate averaged 3.54 percent during July 2022 to April 2023, almost same as 3.42 percent in the corresponding period in 2021/22. Interest rate charged by banks on loans to the private sector and deposit interest rates also remained broadly unchanged, the former at about 16 percent, the latter averaging 7 percent (Chart 4.7). Rate charged on loans to prime customers was nearly unchanged at 13.91 percent, while the rate offered to prime depositors was around 9 percent. The stickiness of interest rates implies existence of structural impediments for which the Government is addressing through various reforms. Overall weighted average yields on Treasury bills remained at single digit, averaging 5.57 percent, up from 4.17 percent.

**Chart 4.7: Interest Rates**



Source: Bank of Tanzania

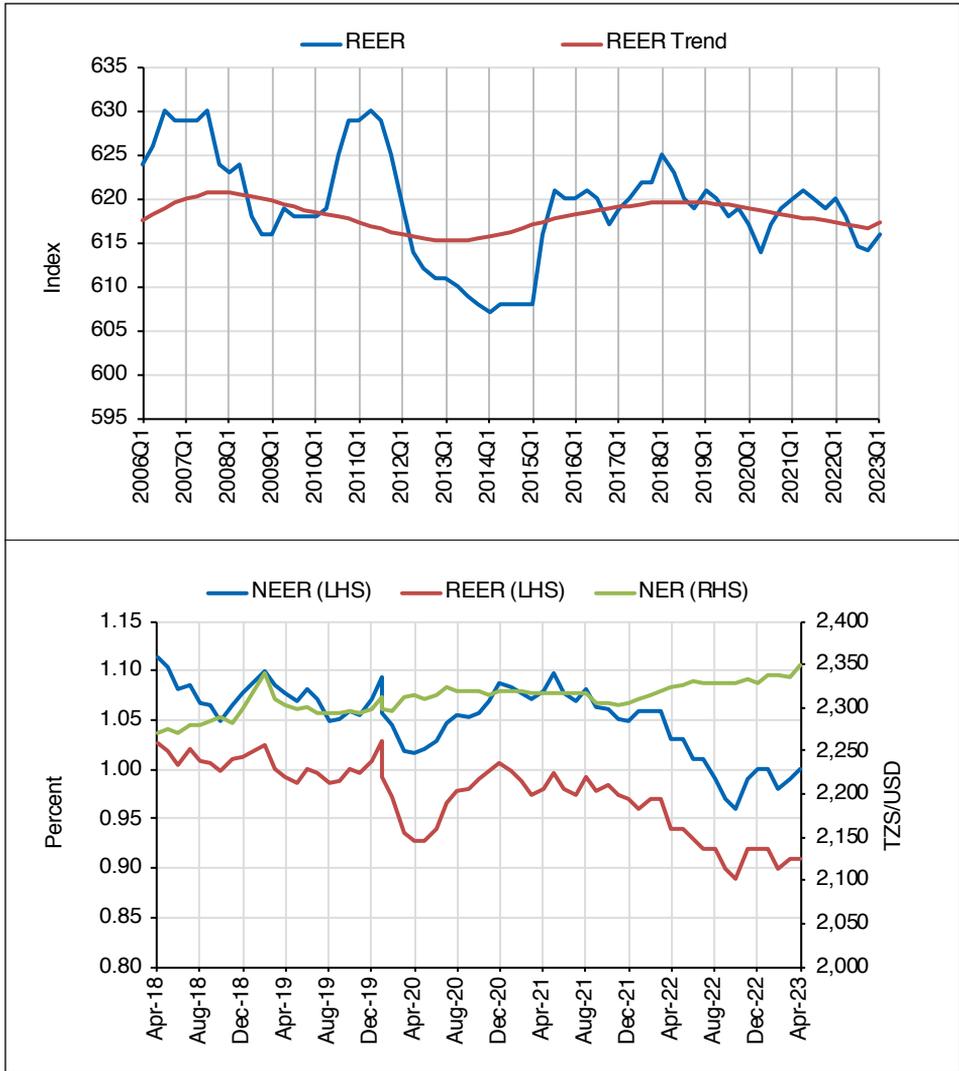


#### **4.2.5 Exchange Rate**

The exchange rate depreciated following an increase in demand for foreign exchange in the market due to high commodity prices in the world market and low foreign exchange inflows attributable to monetary policy tightening in advanced economies. Nonetheless, the rate of depreciation was small at around one percent, year-on-year basis, attributable to adequate foreign exchange reserves and measures instituted to calm the market and ensure prudence in the use of foreign exchange during extraordinary times. Specifically, the nominal exchange rate (NER) averaged TZS 2,319.80 per US dollar from July 2022 to April 2023, compared with TZS 2,308.87 per US dollar in the corresponding period in 2021/22. Due to the modest depreciation of the nominal exchange rate and low inflation differential, the real effective exchange rate (REER) evolved close to its equilibrium, indicating an absence of significant misalignment (Chart 4.8).



**Chart 4.8: Nominal and Real Effective Exchange Rates**



Source: Bank of Tanzania

Note: LHS denotes to left hand scale; and RHS, right hand scale



#### **4.2.6 Government Securities Markets**

Throughout July 2022 to April 2023, auctioning of government securities in the primary market was active in supporting government budgetary operations, while simultaneously providing avenues for investment. Treasury bills worth TZS 2,682.4 billion were floated for sale, bids received amounted to TZS 3,119.8 billion and the successful amount was TZS 2,472.9 billion. For Treasury bonds, the amount floated was TZS 3,603.6 billion, bids received amounted to TZS 3,768.7 billion and the successful amount was TZS 3,326.2 billion. Meanwhile, a formal yield curve was launched by the Bank in collaboration with Dar es Salaam Stock Exchange and Financial Markets Association to complement the benchmark bond program that was launched in the preceding year. The Bank continued to provide public awareness of the opportunities and benefits of investing in government securities, which contributed to a further increase in retail investors' participation and enhanced competition. In the medium-term, the focus will be on improving the yield curve and price discovery by attracting investors from EAC and SADC, and Tanzanians in the diaspora to participate in the government securities market.

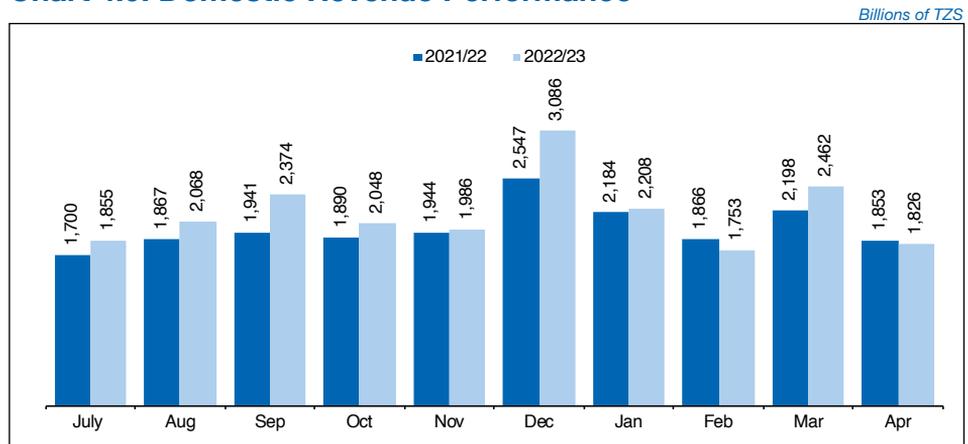
#### **4.2.7 Government Budgetary Performance**

Government budgetary operations were broadly on track, but faced challenges caused by external shocks. Revenue amounted to TZS 21,666.2 billion (or 94.0 percent of the target) from July 2022 to April 2023, of which TZS 17,785.3 billion and TZS 3,093.6 billion were tax and non-tax collections, respectively (Chart 4.9). Gross tax revenue was TZS 18,663.4 billion, in line with the target of TZS 18,948.6 billion. The good performance was attributable to the recovery of economic activities, enhanced tax administration and improved compliance.



Foreign concessional borrowing and grants amounted to TZS 3,947.5 billion, while external commercial loans amounted to TZS 1,472.6 billion. Expenditure was TZS 28,291.1 billion, out of which TZS 16,290.1 billion was recurrent expenditure, and the balance was development expenditure.

**Chart 4.9: Domestic Revenue Performance**



Source: Ministry of Finance and Planning, and Bank of Tanzania computation

## 4.2.8 National Debt

National debt remains sustainable, with a moderate risk of debt distress. The stock of national debt increased to USD 42,259.7 million at the end of April 2023 from USD 38,265.6 million at the end of June 2022, of which public debt (external and domestic) amounted to USD 33,350.1 million, having increased by USD 2,458.5 million. The increase was mainly on account of disbursements in favour of development projects, which more than offset debt service payments and exchange rate effects. Public external debt accounted for 64 percent of total public debt and 73.8 percent of total external debt (public and private). Domestic debt amounted to TZS 27,937.6 billion, an increase of TZS



3,897.8 billion from the end of June 2022, with Treasury bonds and stocks accounting for 78.1 percent of total domestic debt, consistent with the medium-term debt strategy of lengthening maturities of domestic instruments to reduce refinancing risks.

#### **4.2.9 External Sector Performance**

The war in Ukraine and the residual impact of COVID-19 pandemic continued to exert pressure on the external sector of the economy. The impact was reflected in high commodity prices—albeit moderating disrupted supply-chain, increased imported inflation, the decline in foreign exchange and pressure on the exchange rate, and high borrowing cost in the global markets. Against the backdrop of these challenges, the current account deficit widened to USD 4,414.2 million from July 2022 to April 2023, compared with USD 2,516.1 million in the corresponding period in 2021/22, as imports grew faster than exports (Table 4.3). Foreign exchange reserves declined to USD 4,881.2 million at the end of April 2023 from USD 5,461.4 million in April 2022, but remained adequate, covering 4.4 months of imports, consistent with the country benchmark of at least 4 months (Chart 4.10). In 2022/23, the current account deficit is projected to be around 5 percent of GDP, compared with 4.6 percent in 2021/22, owing to high commodity prices in the world market, particularly energy and food prices. In the medium-term, the current account is expected to moderate to around 4 percent of GDP.



**Table 4.3: Current Account Balance**

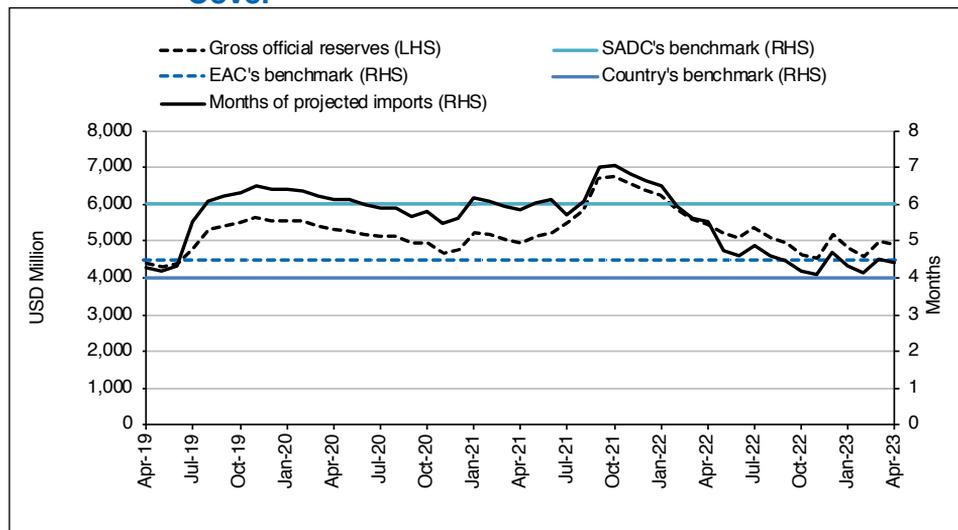
Millions of USD

	July - April				
	2018/19	2019/20	2020/21	2021/22	2022/23 <sup>p</sup>
Goods account (net)	-3,534.7	-2,367.1	-1,598.9	-3,556.8	-6,065.6
Exports*	3,779.8	4,884.2	5,373.3	5,943.4	6,120.2
Imports	7,314.4	7,251.3	6,972.2	9,500.1	12,185.8
Services account (net)	2,008.2	1,748.4	908.1	1,585.1	2,198.7
Receipts	3,475.4	3,259.0	1,955.6	3,181.5	4,441.4
Payments	1,467.2	1,510.5	1,047.5	1,596.5	2,242.8
Goods and services (net)	-1,526.4	-618.6	-690.8	-1,971.7	-3,866.9
Exports of goods and services	7,255.1	8,143.2	7,328.9	9,124.9	10,561.6
Imports of goods and services	8,781.6	8,761.8	8,019.7	11,096.6	14,428.5
Primary income account (net)	-592.1	-892.0	-1,014.5	-1,011.7	-1,022.5
Receipts	155.1	173.9	51.7	120.5	155.8
Payments	-747.1	-1,065.9	-1,066.2	-1,132.1	-1,178.3
Secondary income account (net)	324.1	382.5	365.5	467.3	475.2
Inflows	373.9	427.1	412.8	557.0	567.3
o/w General government	68.2	161.3	66.9	70.1	29.0
Outflows	-49.8	-44.6	-47.3	-89.7	-92.1
Current account balance	-1,794.4	-1,128.0	-1,339.9	-2,516.1	-4,414.2

Source: Tanzania Revenue Authority and Bank of Tanzania

Note: p denotes provisional data; and \* include adjustment for unrecorded exports

**Chart 4.10: Foreign Exchange Reserves and Months of Import Cover**



Source: Bank of Tanzania

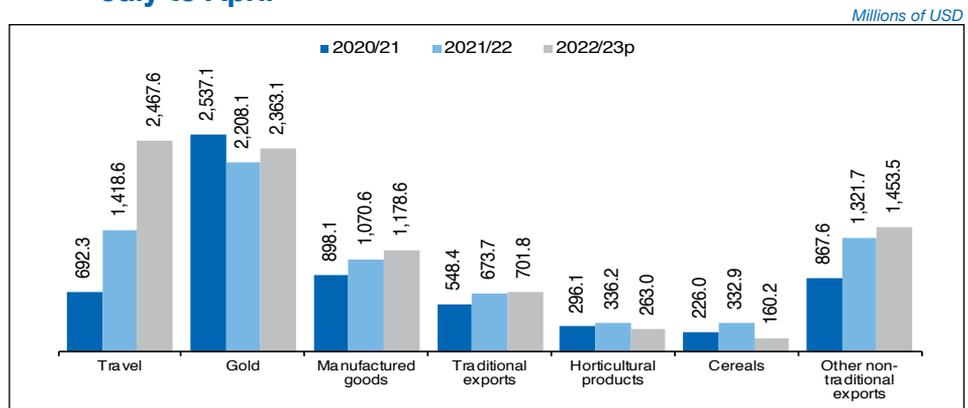
Note: LHS denotes to left-hand scale; and RHS, right-hand scale



Exports of goods and services increased by 15.7 percent to USD 10,561.6 million during the period of July 2022 to April 2023, on account of a rise in travel receipts, minerals, and manufactured goods (Chart 4.11). The value of traditional goods exports was USD 701.8 million, a rise from the corresponding period in 2021/22. Exports of minerals experienced a notable gain, mainly gold and coal. Gold exports rose by 7.1 percent to USD 2,363.1 million on account of the price effect. The exports of coal amounted to USD 205.5 million, up from USD 47.7 million, due to high demand attributable to the war in Ukraine. The value of manufactured goods rose, mainly contributed by exports of cement and fertilizers.

Services receipts rose by 39.6 percent to USD 4,441.4 million from the level recorded in the corresponding period in 2021/22, mainly on account of rise in travel and transportation receipts. The performance in travel (tourism) earnings was contributed by the increase in the number of international tourist arrivals to 1,383,813 from 916,510 in the corresponding period in 2021/22.

**Chart 4.11: Export Performance of Selected Goods and Services: July to April**



Source: Tanzania Revenue Authority and Bank of Tanzania

Note: p denotes provisional data



Imports of goods and services increased by 30 percent to USD 14,428.5 million, mainly due to a rise in the value of white petroleum products to USD 2,806 million from USD 1,962.4 million in the corresponding period in 2021/22. The outturn was largely due to an increase in prices in the world market. The imports of machinery, industrial transport equipment and fertilizers also increased significantly, due to the spillover effects of the war in Ukraine, which weighed high on the import bill. Similarly, services payments increased by 40.5 percent to USD 2,242.8 million, owing to higher freight payments, consistent with the increase in goods import bill.

#### **4.2.10 Banking Sector Performance**

The banking sector was adequately capitalized, liquid and profitable during the period July 2022 to April 2023, thus facilitating the smooth conduct of monetary policy. The sector continued to leverage technology in financial services delivery that contributed to a growing level of deposits and assets, while remaining resilient to internal and external shocks. The core capital adequacy ratio was 19.6 percent, above the minimum regulatory requirement of 10 percent. The quality of assets of banks improved, as the ratio of non-performing loans to gross loans decreased to 5.5 percent in April 2023 from 7.8 percent in June 2022, close to the desired level of 5 percent. The decline in non-performing loans is expected to incentivise lending to the private sector and reduce cost of borrowing.

The Bank of Tanzania continued to take measures to facilitate the reduction of non-performing loans to the desired level, while implementing policies and regulatory reforms to strengthen risk management practices in the banking sector. The measures include:



(i) enforcement of risk-based prudential requirements and requiring banks to improve credit underwriting standards; (ii) introduction of mechanisms of monitoring banks in the implementation strategies to reduce non-performing loans. Other measures include (iii) requiring banks to submit credit information to the credit reference system and adhering to the Tanzania Banker's Association Code of Conduct, among others, to enhance staff integrity in the banking sector.

#### **4.2.11 Payment Systems**

Payment, clearing, and settlement systems operated smoothly in 2022/23, thus facilitating monetary policy implementation, while supporting growth of economic activities. Usage of mobile phones, whose number of active subscribers reached 61.8 million in April 2023, contributed to an increase in access to financial services. The adult population accessing financial services through mobile phones reached 86 percent in April 2023, compared with 79 percent in the corresponding period in 2021/22 (Chart 4.12). The Bank of Tanzania continued to promote access to financial services, including the adoption of risk-based KYC for onboarding merchants, agents, and customers. Mobile phones remain a key factor for enhancing the inclusion of the unbanked segments of the population compared with other channels of formal financial services.

Usage of mobile phone financial services increased to 92 percent in April 2023, compared with 89 percent in the corresponding period in 2021/22. The key drivers of usage remained to be the high adoption of merchant payments and the enhancement of mobile money daily transactions and balance limits (Chart 4.13). The number of adoptive products to customers, such as digital lending and saving channels and



joint digital wallets, has attracted many people.<sup>3</sup> Other digital services such as MasterPass, MVisa, and Quick Response (QR) Code continued to attract users to mobile financial services. Recently, government bill payments and cross-border remittances are contributing positively to the usage of mobile financial services. Apart from the notable digital developments, consumer protection initiatives and regulatory efforts were key factors for increased usage. Furthermore, the Government, in collaboration with the private sector, continued to take measures to facilitate cost-effective financial services to support economic activities.

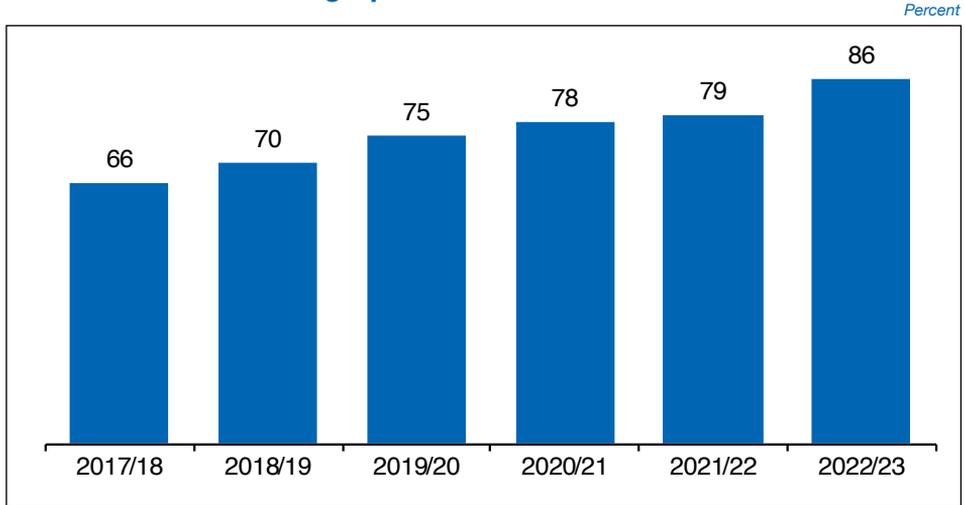
The Bank of Tanzania continued to implement activities under the Tanzania Instant Payment System (TIPS), a single payment platform facilitating instant and secure settlement of retail payments and transfers between different digital financial service providers. The onboarding of financial service providers increased to 40 in April 2023, compared with 34 in the corresponding period in 2021/22. Transaction volume and value also increased (Chart 4.14). TIPS is expected to reduce reliance on cash transactions, enhance monitoring and promote financial inclusion.

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<sup>3</sup> Digital lending and saving channels include M-Pawa, Songesha, Nivushe, Halal Pesa, M-Koba, Changisha, Timiza, and Halo Yako

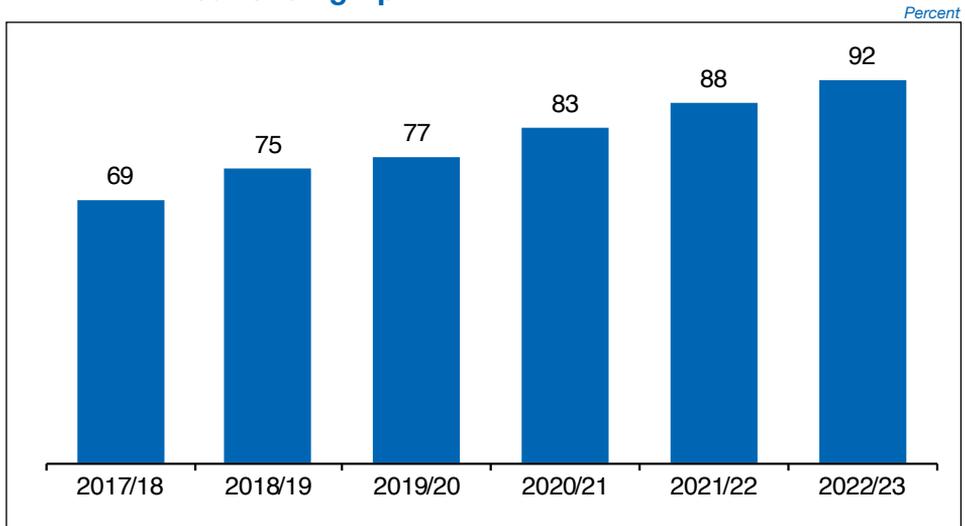


**Chart 4.12: Access to Financial Services through Mobile Phones-  
Year ending April**



Source: Bank of Tanzania

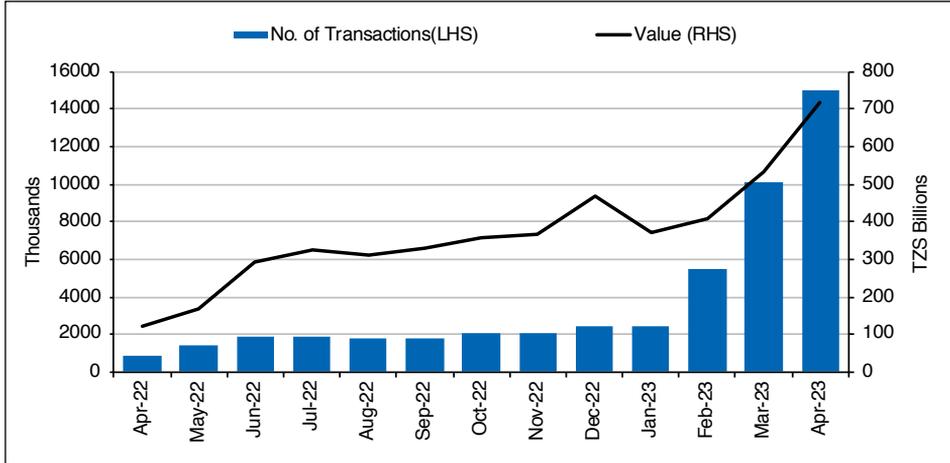
**Chart 4.13: Usage of Financial Services through Mobile Phones-  
Year ending April**



Source: Bank of Tanzania



**Chart 4.14: Tanzania Instant Payment Systems (TIPS) Transactions**



Source: Bank of Tanzania

### 4.3 Economic Developments in Zanzibar

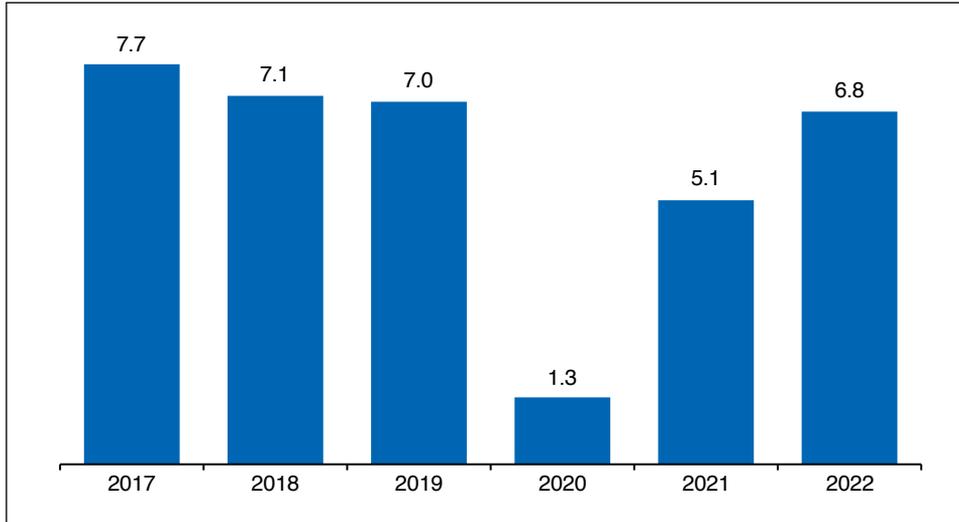
#### 4.3.1 Real GDP Performance

Zanzibar economy grew strongly in 2022, at 6.8 percent compared with projected growth of 5.4 percent and 5.1 percent in 2021 (Chart 4.15a). The outturn was driven by ongoing recovery of various economic activities, particularly the hospitality industry, livestock, construction, manufacturing, and real estate activities (Chart 4.15b).



**Chart 4.15a: Real GDP Growth**

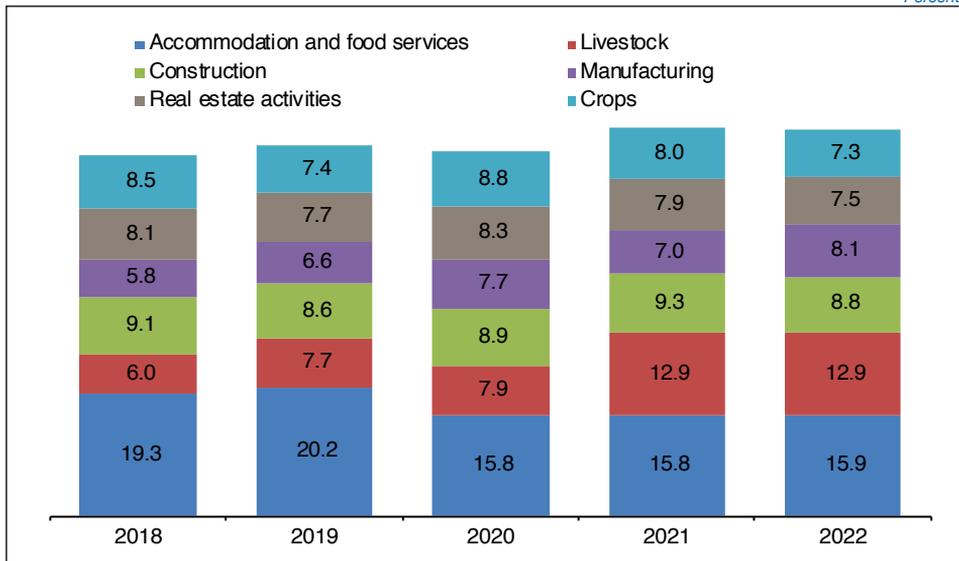
Percent



Source: Office of the Chief Government Statistician

**Chart 4.15b: Contribution to Real GDP Growth by Major Economic Activities**

Percent



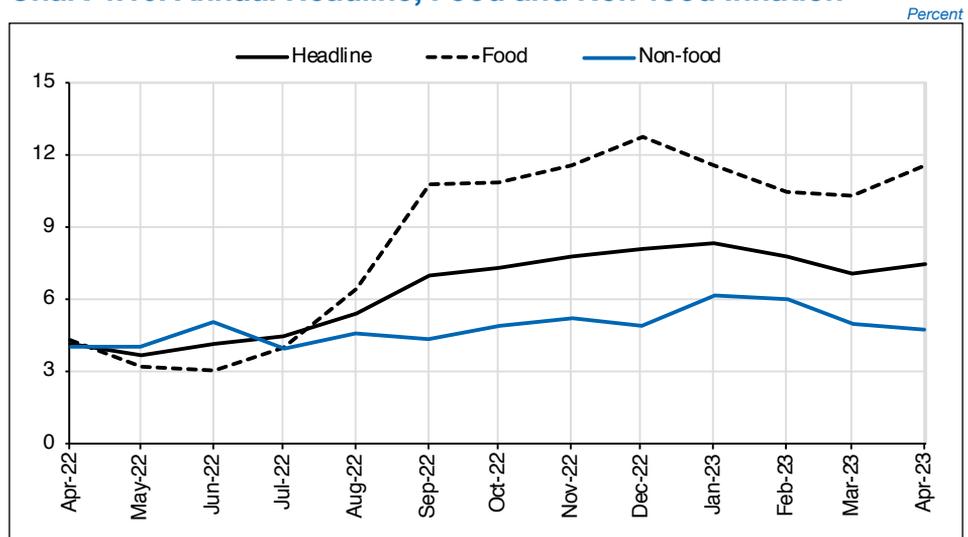
Source: Office of the Chief Government Statistician



### 4.3.2 Inflation Developments

Inflation averaged 7.1 percent during the period July 2022 to April 2023, up from an average of 2.7 percent recorded in the corresponding period in 2021/22, primarily driven by increase in both food and non-food inflation, owing to adverse effects of the ongoing war in Ukraine. Food inflation averaged 10 percent compared with 1.1 percent, owing to increase in prices of maize flour, Mbeya rice, Jasmin rice, wheat flour and sugar. Non-food inflation rose to 5 percent, compared with 3.8 percent recorded in the corresponding period in 2021/22 (Chart 4.16). Inflation is expected to remain at single digit throughout 2022/23 and 2023/24, in line with expected moderation of energy and food prices in the global market.

**Chart 4.16: Annual Headline, Food and Non-food Inflation**



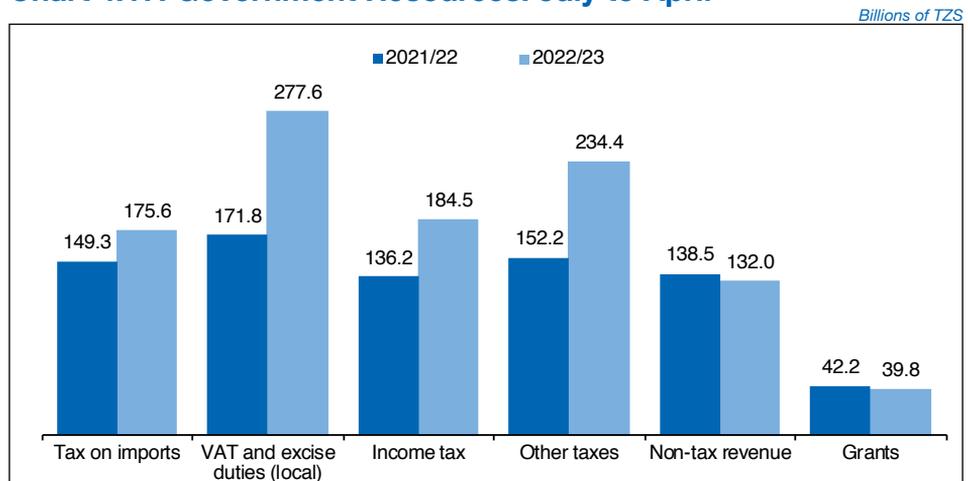
Source: Office of Chief Government Statistician



### 4.3.3 Government Budgetary Performance

During the period July 2022 to April 2023, the resource envelope comprising domestic revenue and grants was TZS 1,043.9 billion, compared with TZS 790.1 billion in the corresponding period in 2021/22. Domestic revenue was TZS 1,004.1 billion and the balance was foreign grants. Tax revenue was TZS 872.1 billion, equivalent to 94.9 percent of the target, while non-tax revenue was TZS 132.0 billion, or 86.6 percent of the target (Chart 4.17).

**Chart 4.17: Government Resources: July to April**



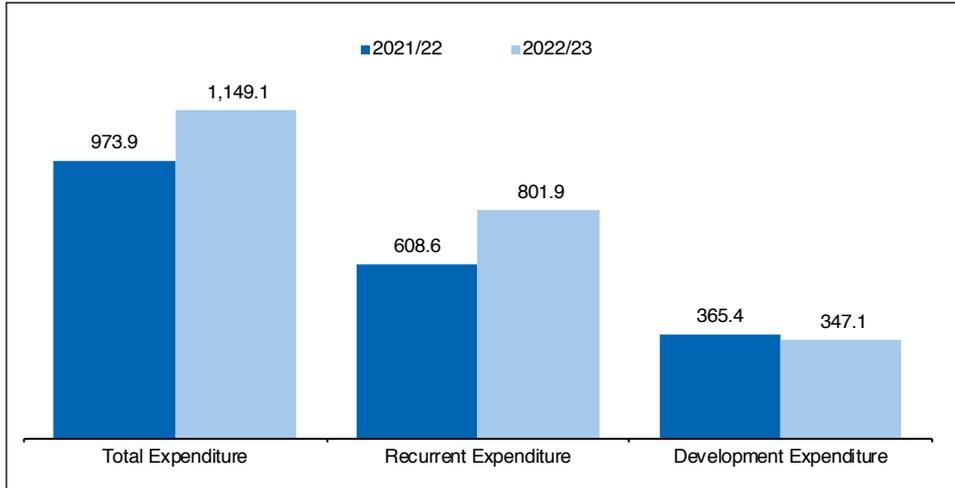
Source: President's Office, Finance and Planning – Zanzibar

Expenditure amounted to TZS 1,149.1 billion, of which TZS 801.9 billion was recurrent expenditure and TZS 347.1 billion was for development projects. Domestic resources accounted for 63.3 percent of the amount spent on development projects, and the balance was from external sources (Chart 4.18). Budgetary operations recorded an overall deficit of TZS 165.7 billion, which was financed through domestic and external loans.



**Chart 4.18: Government Expenditure: July to April**

Billions of TZS



Source: President's Office, Finance and Planning – Zanzibar

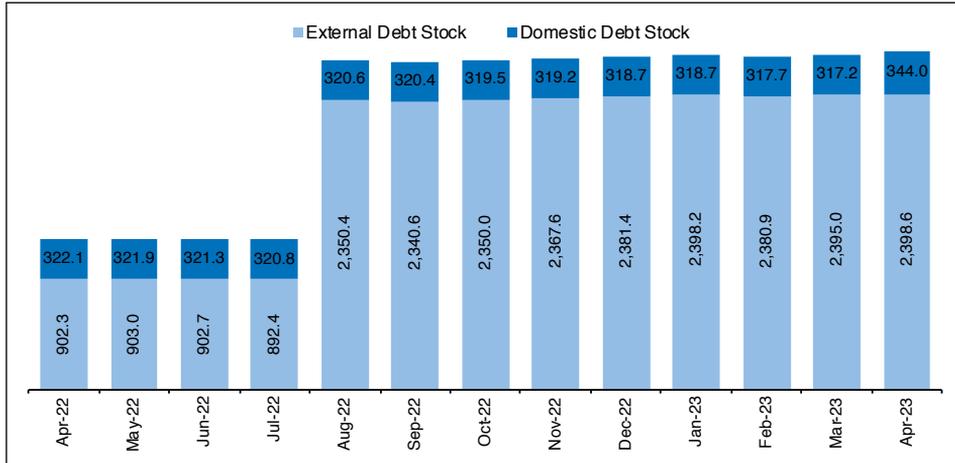
#### **4.3.4 Debt Developments**

The debt stock rose to TZS 2,742.6 billion at the end of April 2023, from TZS 1,224 billion at the end of June 2022, of which external debt stock was TZS 2,398.6 billion (equivalent to USD 1,036.1 million), up from TZS 920.3 billion. The increase was largely due to reconciliation of debt statistics and disbursements. Domestic debt increased to TZS 344.0 billion from TZS 321.3 billion recorded at the end of June 2022 (Chart 4.19).



**Chart 4.19: Total Debt Stock**

Billions of TZS



Source: President's Office, Finance and Planning – Zanzibar

### 4.3.5 External Sector Developments

The current account balance recorded a deficit of USD 286.7 million during the period July 2022 to April 2023, compared with a deficit of USD 208.8 million in the corresponding period in 2021/22 (Table 4.4). The development was attributable to high commodity prices in the global market. The imports of goods and services increased by 31.9 percent to USD 501.2 million, with much of the increase emanating from imports of oil, food and foodstuffs, machinery, and building and construction materials (Chart 4.20). Meanwhile, exports of goods and services increased to USD 186 million from USD 157.7 million, mainly due to an increase in service receipts, mainly tourism. Service receipts increased by 71.8 percent to USD 124.5 million, owing to the recovery of the hospitality industry following the lifting of travel restrictions in most of the source markets (Chart 4.21).



**Table 4.4: Zanzibar Current Account**

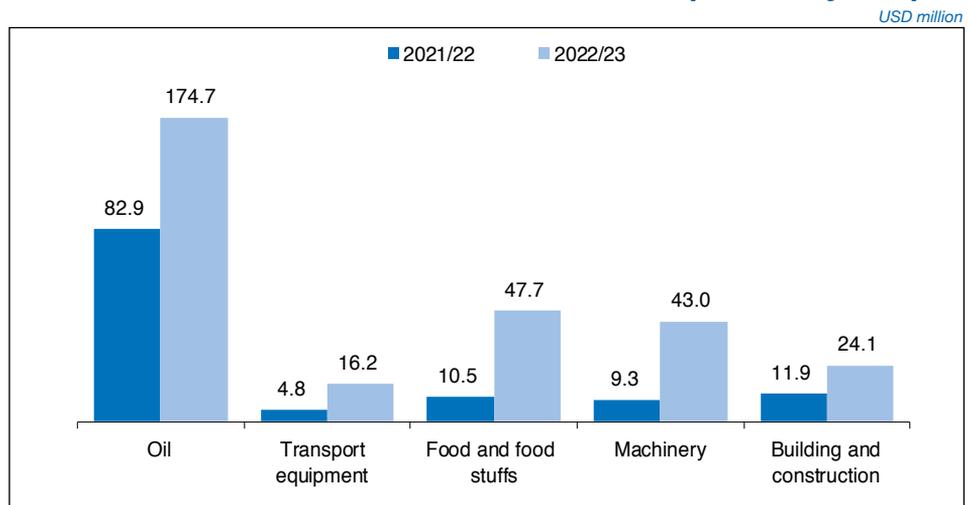
*Millions of USD*

Item	July - April			Percentage change
	2020/21	2021/22	2022/23 <sup>p</sup>	
Goods account net	-209.4	-232.5	-358.6	54.2
Exports	23.2	85.3	61.5	-27.8
Imports (fob)	232.6	317.8	420.2	32.2
Services account net	-13.8	10.2	43.4	---
Receipts	60.5	72.4	124.5	71.8
Payments	74.4	62.3	81.0	30.1
Goods and services net	-223.2	-222.4	-315.2	41.7
Exports of goods and services	83.7	157.7	186.0	17.9
Imports of goods and services	307.0	380.1	501.2	31.9
Income account net	4.4	2.8	27.6	---
Receipts	8.9	5.2	30.5	---
Payments	4.5	2.4	2.9	22.4
Current transfers net	47.7	10.7	0.9	-91.8
Inflows	54.6	14.0	1.5	-89.1
Outflows	6.9	3.3	0.6	-80.3
Current account balance	-171.1	-208.8	-286.7	37.3

Source: Tanzania Revenue Authority and Bank of Tanzania computations

Note: <sup>p</sup> denotes provisional data; and "---", change exceeds 100 percent

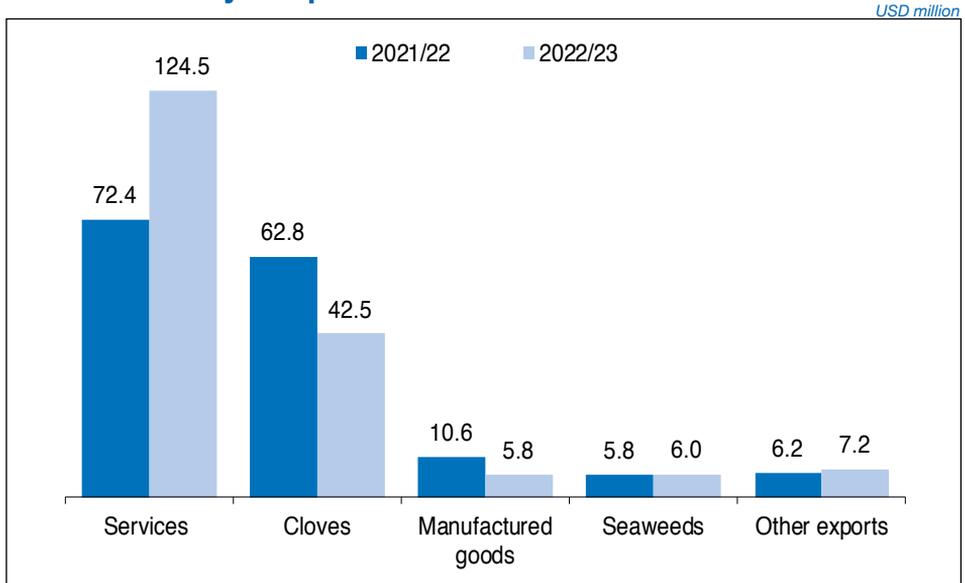
**Chart 4.20: Performance of Selected Goods Imports: July to April**



Source: Tanzania Revenue Authority and Bank of Tanzania computations



**Chart 4.21: Export Performance of Selected Goods and Services:  
July to April**



Source: Tanzania Revenue Authority and Bank of Tanzania computations



## PART V

### 5.0 MACROECONOMIC POLICY FRAMEWORK FOR 2023/24

#### 5.1 Macroeconomic Policy Objectives

Macroeconomic policy objectives for 2023/24 are based on development blueprints, which include the National Five-Year Development Plan 2021/22-2025/26 and the Zanzibar Development Plan 2021-2026. The macroeconomic policy objectives have also considered the outlook of global economic conditions (such as high inflation, monetary policy tightening, and tightening financial conditions) and the domestic economic environment. Specifically, the macroeconomic policy objectives are as follows:

- i. attaining a real GDP growth of 5.2 percent in 2023 and 6.1 percent in 2024 for Mainland Tanzania, and real GDP growth of 7.1 percent and 7.4 percent for Zanzibar; and
- ii. maintaining annual headline inflation at 5 percent in 2023/24 for both Mainland Tanzania and Zanzibar.

#### 5.2 Monetary Policy Objectives

In view of the projected global and domestic economic conditions, the Bank will continue implementing a less accommodative monetary policy in 2023/24 to achieve low and stable inflation, and support growth. In the first half of year 2023/24, the monetary policy will be implemented by using the current monetary targeting framework. The targets under the monetary targeting regime are: (i) growth of reserve money of 10.1 percent, (ii) growth of extended broad money of 10.1 percent and (iii) private sector credit growth of 16.4 percent. The implementation of monetary policy will also aim at achieving monetary targets set out in the IMF Extended Credit Facility.



In the second half of 2023/24, the interest rate-based framework will guide the conduct of monetary policy. The shift to the new monetary policy framework is meant to address: (i) the weakening of the link between money supply and the ultimate policy variables (inflation and output) due to the proliferation of financial innovations, and (ii) the weakening of monetary policy transmission under the monetary targeting framework. Therefore, the shift to an interest rate-based monetary policy framework represents an improvement to address challenges observed under the monetary targeting framework. The policy objectives and monetary policy instruments will remain the same. Changes will only be in the manner in which the Bank will be implementing the monetary policy, using policy rate as operating target rather than reserve money.

The targets for the second half of 2023/24 under the new monetary policy framework will be announced in the *Monetary Policy Statement, Mid-Year Review*, which will be released in February 2024. Details of the new framework are available in the Guidelines for Monetary Policy Framework, 2023.

Under both monetary policy frameworks, the Bank will ensure the adequacy of foreign exchange reserves of at least 4 months of imports. The Bank will closely continue to monitor global and domestic economic conditions and take appropriate interventions to maintain inflation within the target, while safeguarding economic growth and financial stability.

In an effort to ensure a smooth transition to the new monetary policy framework in January 2024, the Bank will continue implementing reforms aimed at improving the model framework and forecasting



capabilities, engaging stakeholders to improve data quality and availability, and increasing awareness of the new monetary policy framework. In addition, supportive financial market infrastructure will be improved to enhance efficiency in the distribution of liquidity amongst banks.

### **5.3 Interest Rate Policy**

To ensure the efficient allocation of resources and promote effective price discovery, interest rates will remain market determined. The Bank will continue to promote transparency and ensure orderly market conditions, to enhance the transmission of monetary policy. The ongoing reforms in the financial sector and measures to improve the business environment are expected to give impetus to the responsiveness of interest rates to monetary policy direction. The Bank will continue to collaborate with stakeholders to address structural factors contributing to wide interest spread.

### **5.4 Exchange Rate Policy**

The exchange rate in Tanzania will continue to be determined by market forces, in line with the country's economic policies. A flexible exchange rate policy will help to preserve foreign reserves adequacy to cushion the economy from the unprecedented balance of payments shocks to the economy. The Bank will closely monitor market developments and intervene to smooth out volatilities in liquidity and the exchange rate, which are inconsistent with economic fundamentals. The Bank's participation in the interbank foreign exchange market will be on both sides of the market, selling and/or purchasing, depending upon the prevailing circumstances.



## PART VI

### 6.0 CONCLUSION

Global economic activity was subdued in 2022 and is projected to remain the same in 2023/24. This comes at the backdrop of the effect of the war in Ukraine and climate change-related challenges<sup>4</sup>. Inflation was high, but is expected to ease, consistent with decline in commodity prices in the world market particularly food and energy prices, as well as lagged impact of monetary policy tightening.

In view of the global environment, domestic policy measures in response to the shocks, and implementation of economic programs, activities in the domestic economy are expected to improve in 2023 and 2024. Specifically, growth of the economy in Mainland Tanzania and Zanzibar is projected at 5.2 percent and 7.1 percent in 2023, respectively. Inflation is forecasted to be within the target of 5 percent, owing to anticipated further decline in commodity prices in the world market and adequate food supply.

Consistent with the aforementioned, the Bank will continue implementing a less accommodative monetary in maintaining an appropriate balance between inflation objective and growth, while safeguarding the stability of the financial sector. In the first half of 2023/24, the monetary policy stance will be implemented based on the current monetary targeting framework, while in the second half, an interest rate-based monetary policy framework will underpin the design and conduct of monetary policy. The Bank will continue to monitor risks to inflation and take additional policy actions whenever necessary. The Bank of Tanzania is optimistic that the monetary policy objectives outlined in this Monetary Policy Statement for 2023/24 will be attained.

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<sup>4</sup> IMF World Economic Outlook, April 2023 edition



## **APPENDICES**



## Table A1: Selected Economic Indicators

Items	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23
<b>1. Prices</b>														
1.1 Annual change in consumer price index														
1.1.1 Headline inflation	3.6	3.8	4.0	4.4	4.5	4.6	4.8	4.9	4.9	4.8	4.9	4.8	4.7	4.3
1.1.2 Food inflation	6.5	6.6	5.5	5.9	6.5	7.8	8.3	9.1	9.2	9.7	9.9	9.6	9.7	9.1
1.1.3 Core inflation	2.7	2.8	3.0	3.4	3.5	3.2	3.3	3.0	2.7	2.5	2.5	2.4	2.3	2.0
<b>2. Money credit and interest rates</b>														
2.1 Extended broad money supply (M3) <sup>1</sup>	11.9	10.0	9.1	6.5	7.9	11.5	13.6	13.3	12.7	11.6	12.8	11.5	15.9	17.2
2.2 Reserve money <sup>2</sup>	16.1	12.7	14.3	8.3	13.7	26.5	18.0	18.9	11.3	15.8	14.4	12.9	10.2	9.0
2.3 Average reserve money <sup>1</sup>	20.6	14.2	15.1	12.8	12.4	22.7	22.3	19.0	13.4	8.1	13.4	8.4	8.4	8.0
2.4 Credit to the private sector <sup>1</sup>	13.4	13.4	15.0	19.4	20.1	20.7	22.0	23.7	22.6	22.5	23.1	22.5	22.9	22.5
2.5 364-days Treasury bill rate <sup>2</sup>	4.3	3.4	3.7	4.7	4.5	4.4	4.8	5.3	5.9	6.4	7.2	7.1	6.6	6.7
2.6 Overnight inter-bank rate <sup>2</sup>	2.0	1.6	1.7	2.8	3.0	3.5	3.8	3.7	4.3	3.3	3.4	4.1	2.1	4.1
2.7 12Months deposit rate <sup>2</sup>	8.4	8.3	8.0	8.1	9.0	9.3	9.2	8.8	8.8	8.2	8.7	8.7	8.7	8.7
2.8 Short-term (up to 1 year) lending rate <sup>2</sup>	16.7	17.1	16.6	16.5	16.8	16.8	16.8	16.7	16.9	17.3	16.3	16.0	15.8	15.9
<b>3. Balance of payments</b>														
3.1 Gross official foreign reserves	5,561.6	5,461.4	5,206.7	5,110.3	5,378.1	5,092.0	4,961.5	4,837.2	4,541.1	5,177.2	4,807.8	4,577.1	5,012.5	4,881.2
3.2 Exchange rate														
3.2.1 Period average	2,296.45	2,298.70	2,299.86	2,302.40	2,304.44	2,304.74	2,306.57	2,308.21	2,308.39	2,308.73	2,309.15	2,309.64	2,310.66	2,312.60
3.2.2 End of period	2,296.55	2,298.88	2,300.82	2,304.45	2,304.45	2,305.21	2,307.94	2,308.27	2,308.54	2,308.91	2,309.36	2,309.91	2,311.54	2,313.57
<b>4. Public finance</b>														
4.1 Domestic revenue <sup>3</sup>	2,151.1	1,746.0	1,743.5	2,558.8	1,774.2	1,985.8	2,305.6	1,931.6	1,936.9	2,589.0	2,290.1	1,655.3	2,330.6	1,712.2
4.2 Recurrent expenditure <sup>3</sup>	1,696.7	1,401.5	1,737.3	2,416.6	1,265.4	1,754.8	1,480.5	1,805.8	1,728.9	1,970.5	1,766.7	1,562.5	1,748.0	2,172.7
4.3 Development expenditure <sup>3</sup>	1,212.0	896.4	669.9	1,657.4	646.8	1,613.0	1,116.8	986.5	642.4	952.5	1,400.8	794.1	933.3	1,121.8

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

Note: <sup>1</sup>Annual growth

<sup>2</sup>Monthly averages

<sup>3</sup>Domestic revenue and expenditure on cash basis



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

Economic Activity	2018	2019	2020 <sup>f</sup>	2021 <sup>f</sup>	2022 <sup>p</sup>
	Millions of TZS				
<i>Agriculture, forestry and fishing</i>	29,504,235.8	30,802,622.4	32,323,672.8	33,588,777.4	34,711,276.9
Crops	15,679,337.7	16,372,350.9	17,196,814.9	17,818,275.8	18,295,699.5
Livestock	8,276,692.0	8,687,237.9	9,119,558.7	9,574,892.2	10,054,947.1
Forestry	3,339,085.2	3,499,684.4	3,612,827.3	3,739,795.4	3,857,005.8
Fishing	2,209,120.9	2,243,349.2	2,394,471.9	2,455,814.1	2,503,624.4
<i>Industry and construction</i>	31,344,128.1	34,976,981.7	37,545,171.6	39,577,999.5	41,750,203.6
Mining and quarrying	4,659,195.2	5,485,112.4	5,887,451.7	6,442,881.3	7,146,141.4
Manufacturing	9,623,500.7	10,184,558.4	10,646,278.5	11,155,761.8	11,624,144.0
Electricity supply	928,174.5	994,879.2	1,049,610.1	1,154,204.3	1,242,132.0
Water supply; sewerage, waste management	477,510.2	510,410.6	540,159.2	575,213.0	606,754.2
Construction	15,655,747.5	17,802,021.2	19,421,672.1	20,249,939.1	21,131,031.9
<i>Services</i>	45,407,431.7	48,111,192.3	50,177,656.9	52,663,977.6	55,408,589.7
Wholesale and retail trade; repairs	10,434,333.3	10,961,777.0	11,197,266.0	11,623,456.1	12,046,448.3
Transport and storage	8,736,560.6	9,493,190.7	10,293,275.6	10,658,344.0	11,061,950.4
Accommodation and food services	1,604,390.7	1,645,950.1	1,419,653.9	1,514,711.3	1,651,098.6
Information and communication	1,989,717.3	2,133,312.4	2,313,032.1	2,524,609.7	2,712,410.7
Financial and insurance activities	4,094,972.3	4,281,167.0	4,412,967.5	4,599,676.8	5,024,141.3
Real estate	3,354,517.7	3,505,484.8	3,663,972.3	3,827,459.9	3,997,459.8
Professional, scientific and technical activities	763,332.1	821,635.6	881,833.4	942,012.5	996,609.1
Administrative and support service activities	3,054,288.2	3,311,752.9	3,569,799.8	3,817,046.9	3,993,799.1
Public administration and defence	5,064,968.5	5,238,490.6	5,438,145.7	5,713,411.3	6,024,202.8
Education	3,046,789.4	3,257,405.7	3,365,354.6	3,537,610.7	3,724,729.4
Human health and social work activities	1,746,730.9	1,833,514.0	1,953,479.4	2,065,349.0	2,176,986.2
Arts, entertainment and recreation	350,027.3	389,225.2	372,119.5	444,488.0	528,722.0
Other service activities	971,690.0	1,037,083.3	1,089,265.4	1,181,814.3	1,249,425.4
Activities of households as employers;	195,113.5	201,203.0	207,491.7	213,987.3	220,606.7
<b>All economic activities</b>	<b>106,255,795.6</b>	<b>113,890,796.4</b>	<b>120,046,501.2</b>	<b>125,830,754.5</b>	<b>131,870,070.2</b>
<b>Taxes on products</b>	<b>8,924,996.8</b>	<b>9,303,082.8</b>	<b>9,093,315.4</b>	<b>9,647,434.5</b>	<b>10,002,659.8</b>
<b>GDP at market prices</b>	<b>115,180,792.4</b>	<b>123,193,879.2</b>	<b>129,139,816.7</b>	<b>135,478,189.0</b>	<b>141,872,730.1</b>
	Real Growth by Economic Activities (Percent)				
<i>Agriculture, forestry and fishing</i>	5.4	4.4	4.9	3.9	3.3
Crops	5.2	4.4	5.0	3.6	2.7
Livestock	4.9	5.0	5.0	5.0	5.0
Forestry	4.9	4.8	3.2	3.5	3.1
Fishing	9.2	1.5	6.7	2.6	1.9
<i>Industry and construction</i>	5.1	11.6	7.3	5.4	5.5
Mining and quarrying	1.5	17.7	7.3	9.4	10.9
Manufacturing	8.3	5.8	4.5	4.8	4.2
Electricity supply	5.8	7.2	5.5	10.0	7.6
Water supply; sewerage, waste management	7.4	6.9	5.8	6.5	5.5
Construction	13.8	13.7	9.1	4.3	4.4
<i>Services</i>	12.9	6.0	4.3	5.0	5.2
Wholesale and retail trade; repairs	5.9	5.1	2.1	3.8	3.6
Transport and storage	11.8	8.7	8.4	3.5	3.8
Accommodation and food services	5.2	2.6	-13.7	6.7	9.0
Information and communication	9.1	7.2	8.4	9.1	7.4
Financial and insurance activities	-0.5	4.5	3.1	4.2	9.2
Real estate	4.4	4.5	4.5	4.5	4.4
Professional, scientific and technical activities	9.9	7.6	7.3	6.8	5.8
Administrative and support service activities	5.6	8.4	7.8	6.9	4.6
Public administration and defence	3.2	3.4	3.8	5.1	5.4
Education	6.6	6.9	3.3	5.1	5.3
Human health and social work activities	8.4	5.0	6.5	5.7	5.4
Arts, entertainment and recreation	13.7	11.2	-4.4	19.4	19.0
Other service activities	6.5	6.7	5.0	8.5	5.7
Activities of households as employers;	3.1	3.1	3.1	3.1	3.1
<b>All economic activities</b>	<b>6.9</b>	<b>7.2</b>	<b>5.4</b>	<b>4.8</b>	<b>4.8</b>
<b>Taxes on products</b>	<b>6.3</b>	<b>4.2</b>	<b>-2.3</b>	<b>6.1</b>	<b>3.7</b>
<b>GDP at market prices</b>	<b>7.0</b>	<b>7.0</b>	<b>4.8</b>	<b>4.9</b>	<b>4.7</b>

Source: National Bureau of Statistics

Note: <sup>p</sup> denotes provisional data



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

Economic activity	2018	2019	2020 <sup>a</sup>	2021 <sup>a</sup>	Percent
					2022 <sup>b</sup>
Contribution to real GDP growth by economic activities					
Agriculture, forestry and fishing	20.0	16.2	25.6	20.0	17.6
Crops	10.3	8.6	13.9	9.8	7.5
Livestock	5.2	5.1	7.3	7.2	7.5
Forestry	2.1	2.0	1.9	2.0	1.8
Fishing	2.5	0.4	2.5	1.0	0.7
Industry and construction	36.9	45.3	43.2	32.1	34.0
Mining and quarrying	0.9	10.3	6.8	8.8	11.0
Manufacturing	9.7	7.0	7.8	8.0	7.3
Electricity supply	0.7	0.8	0.9	1.7	1.4
Water supply; sewerage, waste management	0.4	0.4	0.5	0.6	0.5
Construction	25.1	26.8	27.2	13.1	13.8
Services	36.1	33.7	34.8	39.2	42.9
Wholesale and retail trade; repairs	8.1	6.6	4.0	6.7	6.6
Transport and storage	12.2	9.4	13.5	5.8	6.3
Accommodation and food services	1.0	0.5	-3.8	1.5	2.1
Information and communication	2.2	1.8	3.0	3.3	2.9
Financial and insurance activities	-0.3	2.3	2.2	2.9	6.6
Real estate	1.9	1.9	2.7	2.6	2.7
Professional, scientific and technical activities	0.9	0.7	1.0	0.9	0.9
Administrative and support service activities	2.1	3.2	4.3	3.9	2.8
Public administration and defence	2.1	2.2	3.4	4.3	4.9
Education	2.5	2.6	1.8	2.7	2.9
Human health and social work activities	1.8	1.1	2.0	1.8	1.7
Arts, entertainment and recreation	0.6	0.5	-0.3	1.1	1.3
Other service activities	0.8	0.8	0.9	1.5	1.1
Activities of households as employers;	0.1	0.1	0.1	0.1	0.1
All economic activities	92.9	95.3	103.5	91.3	94.4
Taxes on products	7.1	4.7	-3.5	8.7	5.6
GDP at market prices	100.0	100.0	100.0	100.0	100.0

Source: National Bureau of Statistics

Note: <sup>a</sup> 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	2017	2018 <sup>p</sup>	2019	2020	2021 <sup>p</sup>	2022 <sup>p</sup>
	Billions of TZS					
GDP at market prices	2,683.8	2,875.5	3,077.7	3,116.3	3,275.3	3498.8
Agriculture, Forestry and Fishing	582.2	603.8	619.4	639.8	656.4	682.9
Crops	261.0	270.6	254.9	258.1	263.8	279.8
Livestock	136.2	146.7	171.7	185.7	191.4	195.8
Forestry and hunting	44.1	44.2	45.9	43.8	45.6	46.9
Fishing	140.8	142.2	147.0	152.1	155.6	160.3
Industry	493.1	511.8	565.8	595.4	607.6	663.8
Mining and quarrying	32.7	37.1	36.4	34.2	36.6	39.9
Manufacturing	211.3	215.7	259.9	276.8	280.9	303.7
Electricity and gas	13.1	13.8	14.5	14.1	12.6	15.4
Water supply and sewerage	22.4	23.1	26.1	26.5	28.5	30.5
Construction	213.4	222.1	228.9	243.8	249.0	274.3
Services	1,360.1	1,498.2	1,626.7	1,613.6	1,715.5	1,847.4
Trade and repairs	180.3	194.7	212.5	228.2	265.3	276.4
Transport and storage	111.4	121.8	127.5	119.1	130.2	135.2
Accommodation and food services	429.2	504.7	562.7	491.0	545.1	609.1
Accommodation	350.0	409.5	457.9	405.9	450.4	505.8
Food and beverage services	79.2	95.3	104.8	85.0	94.7	103.2
Information and communication	51.6	53.4	56.3	54.5	45.6	46.7
Financial and insurance activities	91.6	95.6	98.6	100.4	111.7	115.8
Real estate activities	144.7	154.0	164.2	175.4	187.6	200.9
Professional, scientific and technical	3.8	4.0	3.9	3.9	4.1	4.2
Administrative and support services	24.4	25.6	27.4	26.1	23.8	23.4
Public administration	175.9	185.6	207.3	234.7	247.1	267.4
Education	73.3	78.5	84.4	92.5	92.2	101.3
Human health and social work	31.2	32.0	32.8	33.2	34.0	37.0
Arts, entertainment and recreation	2.7	3.3	3.4	3.2	2.5	2.5
Other service activities	34.4	39.3	40.1	45.3	49.1	52.2
Domestic services	5.5	5.7	5.9	6.1	6.3	6.5
Less FISIM	-27.7	-24.8	-25.5	-28.5	-29.3	-31.2
Taxes on products	276.1	286.6	291.2	296.0	295.8	304.8
	Real Growth by Economic Activities (Percent)					
Agriculture, Forestry and Fishing	7.9	3.7	2.6	3.3	2.6	4.0
Crops	10.6	3.7	-5.8	1.3	2.2	6.1
Livestock	9.3	7.7	17.0	8.2	3.0	2.3
Forestry and hunting	4.2	0.3	3.8	-4.4	4.0	2.9
Fishing	3.1	1.0	3.3	3.5	2.3	3.0
Industry	5.6	3.8	10.6	5.2	5.1	9.3
Mining and quarrying	20.3	13.3	-1.7	-6.0	9.9	9.1
Manufacturing	8.6	2.1	20.5	6.5	1.1	8.1
Electricity and gas	4.2	5.1	5.2	-3.2	8.0	22.3
Water supply and sewerage	7.3	2.8	12.9	2.0	6.9	7.0
Construction	0.8	4.1	3.1	6.5	8.9	10.2
Services	7.5	10.2	8.6	7.4	6.9	7.7
Trade and repairs	6.4	8.0	9.1	1.0	14.9	4.2
Transport and storage	3.5	9.4	4.7	-6.6	9.3	3.8
Accommodation and food services	14.3	17.6	11.5	-12.7	6.6	11.7
Accommodation	14.7	17.0	11.8	-11.3	6.5	12.3
Food and beverage services	12.6	20.3	10.0	-18.9	7.5	9.0
Information and communication	15.5	3.4	5.5	-3.2	-16.3	2.5
Financial and insurance activities	9.5	4.4	3.1	2.2	9.9	3.7
Real estate activities	6.2	6.4	6.6	6.8	7.0	7.1
Professional, scientific and technical	-3.2	5.2	-2.9	1.1	5.0	1.4
Administrative and support services	7.2	4.9	6.9	-4.6	6.6	-1.5
Public administration	-2.7	5.5	11.7	13.2	5.3	8.2
Education	2.5	7.0	7.5	9.7	-0.3	9.8
Human health and social work	1.4	2.3	2.5	1.4	2.4	8.9
Arts, entertainment and recreation	14.5	19.3	3.3	-4.9	1.1	1.9
Other service activities	13.4	14.2	2.0	12.9	6.9	6.2
Domestic services	3.2	3.2	3.2	3.2	3.2	2.9
Less FISIM	-0.9	-10.2	2.6	11.7	2.8	6.5
Taxes on products	11.5	3.8	1.6	1.6	1.2	3.0
GDP at market prices	7.7	7.1	7.0	1.3	5.1	6.8

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)**

	Weight (%)	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23
Food and non-alcoholic beverages	28.2	110.6	112.2	112.3	112.7	113.1	111.6	111.9	112.6	104.0	116.2	117.6	119.1	121.4	122.4
Alcoholic beverages and tobacco	1.9	103.3	103.5	103.5	103.4	103.4	103.4	103.5	103.6	102.9	103.7	103.7	103.8	103.8	104.3
Clothing and footwear	10.8	107.0	106.9	106.7	106.9	107.1	107.3	107.6	107.5	105.5	108.4	108.9	108.9	109.5	109.9
Housing, water, electricity, gas and other fuels	15.1	107.3	108.6	108.5	108.8	108.5	108.3	108.0	108.1	104.7	107.9	108.0	108.1	108.5	108.9
Furnishings, household equipment and routine household maintenance	7.9	105.7	105.8	106.3	106.8	107.2	107.1	107.2	107.7	103.9	108.2	108.7	108.6	108.8	109.1
Health	2.5	103.6	103.7	103.8	104.3	104.4	104.2	104.6	104.6	103.4	105.1	105.4	105.4	105.4	105.5
Transport	14.1	105.9	107.0	110.5	112.4	112.5	112.5	112.3	110.4	104.2	110.7	111.9	111.8	112.0	111.6
Information and communication	5.4	102.4	102.4	102.5	102.4	102.5	102.5	103.2	103.3	102.3	103.7	104.1	104.0	104.1	104.2
Recreation, sport and culture	1.6	104.0	103.9	104.0	104.2	104.4	104.3	104.7	104.6	102.6	104.7	105.0	105.2	105.6	105.8
Education services	2	101.5	101.5	101.5	101.9	101.9	101.9	101.9	101.9	101.2	101.9	101.9	104.3	104.8	104.9
Restaurants and accommodation services	6.6	107.0	107.2	107.2	107.2	107.3	107.3	107.2	107.9	105.7	108.6	109.2	109.4	110.3	110.7
Insurance and financial services	2.1	100.5	100.5	100.5	100.5	100.5	100.5	100.5	100.1	100.4	100.2	100.4	100.4	100.0	100.1
Personal care, social protection and miscellaneous goods and services	2.1	105.0	105.0	105.2	105.2	105.3	105.4	105.3	105.5	103.3	106.0	106.5	106.4	106.4	106.7
All items-(headline inflation)	100	107.1	107.9	108.4	108.9	109.1	108.6	108.7	108.7	104.1	110.0	110.8	111.3	112.1	112.5
Other selected groups															
Core Index	73.9	106.3	106.9	107.4	107.9	107.9	107.9	107.9	107.6	104.8	107.9	108.4	108.5	108.7	109.0
Non-Core Index	26.1	109.2	110.7	111.3	111.9	112.2	110.8	111.1	112.0	101.9	116.1	117.6	119.2	121.7	122.6
Energy, Fuel and Utilities Index	5.7	109.0	113.9	116.4	115.9	115.2	115.3	113.0	112.9	104.0	113.2	113.4	113.3	114.4	114.3
Services Index	37.2	104.7	105.0	105.9	106.8	106.8	106.8	106.9	106.4	103.7	106.6	107.3	107.4	107.6	107.7
Goods Index	62.8	108.5	109.6	109.9	110.2	110.4	109.7	109.8	110.1	104.3	112.0	112.9	113.6	114.8	115.4
Education services and products ancillary to education Index	4.1	104.7	104.7	104.7	104.9	104.9	105.0	105.1	104.9	103.3	104.9	106.5	106.8	106.8	106.8
All items less Food and Non- Alcoholic Beverages	71.8	105.7	106.2	106.9	107.4	107.5	107.5	107.5	107.2	104.1	107.6	108.2	108.2	108.5	108.7

Source: National Bureau of Statistics



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

	Weight (%)	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23
Food and non-alcoholic beverages	28.2	6.5	6.6	5.5	5.9	6.5	7.8	8.3	9.1	9.2	9.7	9.9	9.6	9.7	9.1
Alcoholic beverages and tobacco	1.9	1.8	1.2	1.2	1.1	1.2	0.7	1.0	0.9	0.8	0.8	0.6	0.4	0.5	0.8
Clothing and footwear	10.8	2.4	2.3	2.1	2.3	2.4	2.3	2.6	2.5	2.1	2.6	2.5	2.6	2.4	2.8
Housing, water, electricity, gas and other fuels	15.1	3.2	3.9	4.3	4.6	4.1	3.4	3.2	3.7	2.8	2.7	2.0	1.5	1.1	0.3
Furnishings, household equipment and routine household maintenance	7.9	2.8	2.8	3.3	3.6	3.9	3.6	3.6	4.2	4.0	3.7	3.0	2.8	2.9	3.1
Health	2.5	1.3	1.3	1.5	1.3	1.4	1.1	1.4	1.3	1.5	1.7	1.8	1.8	1.7	1.8
Transport	14.1	2.9	3.9	7.2	8.9	8.7	8.1	7.9	6.1	6.1	5.1	6.2	6.0	5.7	4.3
Information and communication	5.4	1.0	0.6	0.7	0.5	0.4	0.4	1.1	1.2	1.2	1.3	1.7	1.6	1.6	1.7
Recreation, sport and culture	1.6	1.1	1.0	1.1	1.3	1.4	1.3	1.6	2.2	2.0	2.0	1.0	1.2	1.5	1.8
Education services	2.0	0.2	0.2	0.3	0.5	0.7	0.7	0.7	0.7	0.7	0.7	2.9	3.3	3.4	3.3
Restaurants and accommodation services	6.6	2.4	2.1	2.0	1.8	1.9	1.9	1.8	2.3	2.6	2.7	2.8	2.7	3.1	3.2
Insurance and financial services	2.1	0.2	0.2	0.2	0.3	0.2	0.2	0.2	-0.2	-0.2	-0.1	0.0	-0.1	-0.5	-0.4
Personal care, social protection and miscellaneous goods and services	2.1	2.5	2.4	2.6	2.4	2.3	2.2	2.2	2.4	2.3	2.5	2.1	1.9	1.3	1.6
All items-(headline inflation)	100.0	3.6	3.8	4.0	4.4	4.5	4.6	4.8	4.9	4.9	4.8	4.9	4.8	4.7	4.3
Other selected groups															
Core	73.9	2.7	2.8	3.0	3.4	3.5	3.2	3.3	3.0	2.7	2.5	2.5	2.4	2.3	2.0
Non-core	26.1	6.1	6.5	6.8	7.4	7.5	9.0	9.5	10.6	11.3	11.6	11.8	11.5	11.4	10.7
Energy, fuel and utilities	5.7	6.3	9.9	13.5	12.9	11.2	9.6	7.9	8.7	7.7	7.9	6.9	6.4	5.0	
Services	37.2	1.9	1.7	2.7	3.4	3.5	3.2	3.4	2.8	2.7	2.5	2.9	2.7	2.7	2.6
Goods	62.8	4.5	5.0	4.8	5.0	5.2	5.5	5.7	6.2	6.1	6.2	6.1	6.0	5.8	5.3
Education services and products ancillary to education	4.1	2.0	1.4	1.5	1.5	1.5	1.6	1.7	1.7	1.6	1.5	1.9	2.1	2.0	2.0
All items less food and non-alcoholic beverages	71.8	2.4	2.6	3.4	3.9	3.8	3.4	3.5	3.3	3.1	2.9	3.0	2.8	2.7	2.3

Source: National Bureau of Statistics



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

Items	Weights (%)	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23
Headline	100.0	121.2	122.0	122.2	122.6	100.3	100.7	100.7	101.2	101.9	103.7	104.2	104.3	106.2
Food	41.9	122.1	123.6	121.3	121.8	101.0	101.1	101.2	102.2	103.9	106.2	107.3	108.1	111.8
Non-food	58.6	120.5	120.8	122.8	123.2	99.8	100.4	100.4	100.5	100.5	101.9	102.1	101.8	102.4
Alcoholic beverages, tobacco and narcotics	0.2	135.1	135.1	135.1	135.1	100.0	100.0	100.0	100.0	104.0	100.0	100.0	100.0	100.0
Clothing and footwear	6.3	111.6	111.9	112.1	112.1	99.9	100.8	100.8	100.8	100.0	101.9	100.7	100.7	103.3
Housing, water, electricity, gas and other fuels	25.8	121.0	120.4	124.6	124.4	99.7	100.5	100.0	99.9	101.0	100.8	100.9	100.3	100.8
Furnishings, household equipment and routine household maintenance	4.8	136.6	137.0	137.0	137.0	99.8	100.5	101.9	102.6	99.9	103.3	105.6	105.7	106.3
Health	1.3	129.5	129.5	132.5	132.5	99.8	99.8	101.5	102.3	103.3	104.7	109.4	109.4	109.7
Transport	9.1	121.1	123.6	126.1	128.9	100.7	100.9	100.7	100.8	103.1	105.1	105.7	105.2	104.8
Information and communication	4.2	116.9	116.9	116.9	116.9	100.0	100.3	100.3	100.4	99.9	100.6	100.8	100.8	101.1
Recreation, sport and culture	1.1	115.4	116.7	116.7	116.7	92.6	92.7	92.7	92.7	100.4	99.2	94.9	94.9	98.7
Education	1.6	125.3	125.3	125.3	125.3	100.0	100.0	100.0	100.0	97.0	103.4	103.4	103.4	103.4
Restaurants and accommodation services	1.4	108.4	108.4	108.4	108.4	100.1	100.1	100.8	100.8	100.0	101.7	101.7	101.7	101.7
Insurance and financial services*	0.5					100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Personal care, social protection and miscellaneous goods and services*	1.7					99.9	100.3	100.9	100.9	101.0	100.5	99.4	99.3	101.7

Source: Office of Chief Government Statistician, Zanzibar

Note: \* These groups resulted from decomposition of miscellaneous goods & services.





**Table A4: Depository Corporations Survey**

Item	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23
Net foreign assets (NFA) of the banking system	10,906.5	10,542.3	10,503.9	10,715.7	10,496.7	9,701.2	8,163.3	7,805.8	9,437.5	8,668.5	7,595.1	8,697.1	8,634.8
NFA of the Bank of Tanzania	11,342.6	10,748.0	10,584.9	11,231.8	10,608.6	10,348.0	9,571.1	9,284.7	10,732.8	8,813.4	9,296.7	10,251.0	9,999.5
Net international reserves (Millions of USD)	5,461.4	5,206.7	5,110.3	5,378.1	5,092.0	4,961.5	4,637.2	4,541.1	5,177.2	4,807.8	4,577.1	5,012.5	4,881.2
NFA of the banks	-434.1	-205.7	-81.0	-516.0	-111.9	-646.9	-1,407.8	-1,478.9	-1,295.3	-1,144.9	-1,701.6	-1,553.9	-1,364.7
Banks NFA (Millions of USD)	-188.8	-89.4	-35.1	-223.9	-48.6	-280.3	-609.9	-609.9	-561.0	-495.8	-736.6	-672.2	-589.9
Net domestic assets of the banking system	23,179.4	23,644.2	24,996.1	24,431.6	26,262.6	27,993.2	30,066.6	30,529.7	29,142.5	30,134.8	31,277.9	30,416.1	31,326.8
Domestic claims	32,185.1	32,890.4	34,053.4	33,615.0	35,647.7	36,055.5	37,741.4	38,404.1	37,552.5	38,463.9	39,507.3	39,139.7	40,193.8
Claims on central government (net)	8,762.6	9,073.3	9,459.7	8,721.1	10,341.0	10,281.1	11,272.8	11,465.6	10,184.0	10,942.4	11,549.3	10,604.0	11,490.9
Claims on central government	16,275.0	17,405.2	15,896.9	16,722.7	17,430.9	18,389.2	19,623.5	19,692.2	18,261.0	18,564.1	19,764.3	19,325.1	20,141.7
O/w Securities held by banks	6,981.2	7,203.1	7,173.6	7,216.5	7,202.1	7,439.9	7,712.3	7,789.6	7,949.6	7,905.5	8,290.2	8,470.9	8,681.4
Liabilities to central government	7,512.4	8,331.9	6,437.1	8,001.3	7,089.9	8,108.1	8,350.7	8,226.6	8,076.2	7,621.6	8,215.0	8,721.1	8,650.8
Claims on the private sector	23,422.5	23,807.1	24,593.7	24,893.6	25,306.7	25,774.4	26,468.6	26,938.6	27,372.5	27,521.5	27,958.0	28,535.7	28,702.9
O/w Extended in Shillings	17,481.8	16,654.7	18,201.4	18,428.4	18,826.9	19,144.7	19,457.0	19,748.1	19,852.1	19,982.1	20,168.1	20,471.1	20,531.0
O/w Extended in foreign currency	5,940.8	6,152.4	6,392.2	6,465.2	6,479.8	6,629.7	7,011.7	7,190.4	7,521.4	7,539.4	7,789.9	8,064.6	8,171.9
Extended in foreign currency	2,584.4	2,675.1	2,776.3	2,805.5	2,811.5	2,874.3	3,037.7	3,114.9	3,257.8	3,265.0	3,372.8	3,490.2	3,533.6
Equivalent in millions of USD	-0.005	-0.236	-0.057	-0.183	-0.385	-0.072	-0.767	-0.874	-0.829	-0.829	-0.829	-0.829	-0.867
Other items net	34,087.8	34,186.5	35,500.1	35,147.3	36,759.3	37,684.4	38,229.9	38,335.5	38,580.0	38,803.3	38,873.0	39,113.2	39,961.5
Extended broad money supply (M3)	7,226.4	7,581.2	7,878.4	7,382.6	8,040.8	8,362.0	8,406.9	8,431.1	8,201.1	8,419.5	8,393.2	8,617.7	8,912.7
Foreign currency deposits (FCD)	3,143.7	3,296.4	3,421.8	3,203.6	3,488.8	3,625.3	3,642.2	3,652.4	3,552.2	3,646.1	3,634.0	3,729.5	3,854.0
FCD (Millions of USD)	26,861.5	26,605.3	27,621.7	27,764.8	28,718.5	29,322.3	29,823.0	29,904.4	30,378.9	30,383.8	30,479.8	30,495.5	31,048.8
Broad money supply (M2)	10,017.9	10,151.7	10,591.6	10,624.1	10,690.8	11,053.9	11,250.6	11,430.6	11,430.6	11,550.9	11,637.8	11,876.8	11,800.6
Other deposits	16,843.6	16,453.6	17,030.1	17,140.7	18,027.7	18,268.4	18,572.4	18,473.8	18,948.2	18,833.0	18,842.0	18,618.7	19,248.3
Narrow money supply (M1)	4,913.3	4,980.5	5,333.9	5,111.6	5,553.5	5,849.2	5,738.3	5,684.1	5,709.0	5,326.4	5,291.1	5,371.1	5,424.8
Currency in circulation	11,930.3	11,473.1	11,686.1	11,629.1	12,474.2	12,419.2	12,834.1	12,789.7	13,239.2	13,506.5	13,550.9	13,247.5	13,823.5
Transferable deposits													
Memorandum items													
Reserve money	8,684.2	8,550.2	9,276.6	9,084.4	9,847.6	9,572.5	9,733.9	9,351.6	9,736.3	9,482.2	9,391.0	9,236.4	9,463.3
Banks' reserves	2,868.0	2,628.9	2,918.2	2,663.4	3,265.4	2,711.6	2,965.9	2,615.7	2,987.9	3,061.5	3,091.5	2,893.0	3,028.0
Banks' reserves	5,816.2	5,921.3	6,358.4	6,421.0	6,582.2	6,860.8	6,767.9	6,735.9	6,748.3	6,420.7	6,299.5	6,343.4	6,435.3
Currency outside Bank of Tanzania <sup>1</sup>	8,711.0	8,818.8	9,063.3	9,339.4	9,903.4	9,789.0	9,855.4	9,706.8	9,481.0	9,676.6	9,455.6	9,402.1	9,408.4
Average reserve money	2,298.7	2,299.9	2,302.4	2,304.4	2,304.7	2,306.6	2,308.2	2,308.7	2,309.1	2,309.6	2,310.7	2,312.6	2,312.6
Nominal exchange rate (end of period) (TZS/USD)	5,461.4	5,206.7	5,110.3	5,378.1	5,092.0	4,961.5	4,637.2	4,541.1	5,177.2	4,807.8	4,577.1	5,012.5	4,881.2
Gross official reserves (Millions of USD)	939.5	1,143.2	1,270.0	1,090.8	1,183.1	1,174.8	960.4	1,030.5	1,039.2	1,304.9	1,038.9	1,102.5	1,088.9
Foreign assets of banks (Millions of USD)	6,400.9	6,349.9	6,380.3	6,488.9	6,275.1	6,136.3	5,597.6	5,571.6	6,216.4	6,112.7	5,616.0	6,115.0	5,970.1
Gross foreign assets of the banking system (Millions of USD)													
Annual growth rates (%)													
Stock of reserve money	12.7	14.3	8.3	13.7	26.5	18.0	18.9	11.3	15.8	14.4	12.9	10.2	9.0
Average reserve money	14.2	15.1	12.8	12.4	22.7	22.3	19.0	13.4	8.1	13.4	8.4	8.8	8.0
Average reserve money	10.0	9.1	6.5	7.9	11.5	13.6	13.3	12.7	11.6	12.8	11.5	15.9	17.2
Extended broad money supply (M3)	13.9	11.6	9.7	12.6	14.4	13.1	11.4	12.1	12.3	10.8	15.1	15.6	15.6
Broad money supply (M2)	13.4	15.0	19.4	20.1	20.7	22.6	23.7	22.6	22.5	23.1	22.5	22.9	22.9
Credit to the private sector													

Source: Bank of Tanzania.  
Note: <sup>1</sup> Includes currency in banks' vaults



**Table A5: Capital and Money Market Interest Rates**

Items	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23
Percent													
<b>Interbank cash market rates</b>													
Overnight	1.65	1.72	2.78	3.02	3.46	3.75	3.74	4.32	3.26	3.45	4.15	2.10	4.12
2 to 7 days	4.33	4.64	4.56	4.29	4.65	4.77	4.74	4.85	4.61	4.61	4.81	4.91	4.88
8 to 14 days	4.61	4.79	4.47	4.59	4.89	5.11	4.91	4.72	4.83	4.46	4.99	5.16	5.04
15 to 30 days	4.21	4.37	4.74	5.59	5.36	5.96	5.77	5.95	5.90	5.63	5.66	5.84	5.31
31 to 60 days	3.91	4.25	5.91	5.10	5.97	6.22	5.81	5.78	6.05	5.90	6.05	6.02	6.35
61 to 90 days	6.55	6.50	6.00	6.47	6.00	6.00	6.00	6.00	6.42	6.93	7.00	5.80	5.80
91 to 180 days	6.50	7.35	5.68	7.36	7.45	7.00	5.57	7.00	7.00	7.00	7.00	6.44	6.95
181 and above	11.00	10.00	10.00	10.00	12.00	6.71	6.71	6.71	6.71	9.50	9.50	9.50	9.53
Overall interbank cash market rate	4.08	4.35	4.25	4.22	4.82	5.02	4.79	4.99	4.62	4.68	4.94	4.85	4.92
Lombard rate	2.47	2.59	4.16	4.54	5.18	5.63	5.61	6.48	4.89	5.17	6.22	3.15	6.18
REPO rate	4.50	4.50	4.50	4.50	4.64	3.13	2.99	2.99	2.98	3.00	2.90	2.99	2.82
182 days	3.36	2.24	2.56	2.56	4.04	4.08	4.06	4.06	4.17	4.60	5.23	5.08	5.00
364 days	3.41	3.73	4.73	4.52	4.35	4.84	5.29	5.89	6.44	7.15	7.12	6.61	6.72
Overall Treasury bills rate	3.37	3.68	4.56	4.52	4.31	4.64	4.95	5.60	6.11	6.78	6.34	5.81	6.65
<b>Treasury bonds rates</b>													
2-years	4.40	4.40	4.40	4.40	7.93	7.93	8.52	8.52	8.52	9.37	9.37	9.37	9.13
5-years	9.08	8.94	8.94	8.94	9.08	9.08	9.08	9.08	9.08	9.67	9.67	9.67	9.67
7-years	9.33	9.33	9.33	9.46	9.46	9.46	9.46	9.71	9.71	9.71	9.71	9.71	9.71
10-years	10.34	10.34	10.34	10.34	10.34	10.45	10.45	10.45	10.77	10.77	11.05	11.05	11.05
15-years	11.97	11.97	11.27	11.27	11.27	11.41	11.41	11.20	11.20	11.43	11.43	11.63	11.63
20-years	11.60	11.60	12.01	12.03	12.03	12.11	12.11	12.23	12.23	12.23	12.61	12.61	12.85
25-years	11.71	12.36	12.36	12.43	12.43	12.43	12.56	12.56	12.76	12.76	12.76	12.96	13.01
Discount rate	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00

Source: Bank of Tanzania



**Table A6: Commercial Banks' Interest Rates**

Items	Percent												
	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23
<b>A: Domestic currency</b>													
Savings deposit rate	1.41	1.42	1.52	1.61	2.05	2.16	2.07	1.61	1.61	1.63	1.60	1.56	1.60
Overall time deposits rate	6.81	6.69	6.80	7.56	7.49	7.62	7.32	7.28	6.94	7.38	7.18	6.78	6.79
1 month	6.75	6.00	6.13	7.64	7.89	7.62	7.50	8.34	7.84	7.88	6.91	7.64	6.08
2 months	6.37	6.56	7.34	8.55	8.32	8.68	8.90	7.94	7.65	8.68	8.19	8.69	8.64
3 months	6.78	6.96	7.12	8.05	8.04	8.88	8.21	7.53	8.35	7.87	8.47	7.94	8.25
6 months	7.63	7.66	7.76	8.15	8.25	8.20	7.91	8.36	8.26	8.45	8.41	7.72	8.22
12 months	8.28	8.03	8.07	9.05	9.25	9.22	8.78	8.77	8.23	8.66	8.78	7.94	7.70
24 months	10.08	9.95	9.41	9.57	8.55	8.30	7.68	7.63	5.84	8.87	8.25	6.35	7.48
Negotiated deposit rate	9.73	9.63	9.43	9.78	9.59	9.67	9.52	9.50	8.88	9.30	9.37	9.31	9.46
Overall lending rate	16.31	16.25	16.22	16.18	16.09	16.07	16.07	16.08	16.06	16.29	15.96	15.83	15.91
Short-term (up to 1 year)	17.14	16.61	16.46	16.76	16.81	16.82	16.73	16.90	17.27	17.69	16.85	16.67	16.55
Medium-term (1-2 years)	17.34	17.47	17.62	17.56	17.36	17.41	17.61	17.55	17.39	17.57	17.25	17.05	17.24
Medium-term (2-3 years)	16.40	16.28	16.36	16.16	16.16	16.15	16.12	16.08	16.02	16.10	15.96	15.87	15.92
Long-term (3-5 years)	15.66	15.90	15.85	15.73	15.53	15.55	15.51	15.43	15.35	15.61	15.41	15.37	15.57
Term loans (over 5 years)	15.02	14.99	14.81	14.70	14.60	14.40	14.38	14.47	14.29	14.50	14.32	14.19	14.26
Negotiated lending rate	14.12	14.40	14.25	14.23	14.24	13.92	14.33	13.95	13.29	14.19	13.75	13.59	13.65
<b>B: Foreign currency</b>													
<b>Deposits rates</b>													
Savings deposits rate	0.26	0.36	0.35	0.36	0.36	0.36	0.24	0.31	0.28	0.33	0.38	0.55	0.08
Overall time deposits rate	3.38	3.22	3.44	3.25	3.11	3.24	3.13	3.14	3.29	3.35	3.18	3.08	3.10
1-months	2.22	2.25	3.53	3.11	1.93	3.38	2.90	2.45	2.29	3.78	2.56	2.53	2.09
2-months	4.03	3.42	3.82	2.80	3.35	2.65	2.34	2.34	3.81	2.65	2.88	2.34	3.73
3-months	3.31	3.82	2.80	3.23	3.31	3.24	3.39	3.91	3.26	3.31	3.28	3.60	2.53
6-months	3.91	3.34	3.36	3.41	3.23	3.21	3.27	3.25	3.33	3.25	3.42	3.28	3.59
12-months	3.40	3.25	3.67	3.70	3.71	3.74	3.73	3.73	3.74	3.79	3.76	3.66	3.59
Overall lending rate	8.19	8.14	8.19	8.17	8.17	8.20	8.17	8.17	8.18	8.18	8.17	8.16	7.33
Short-term (up to 1 year)	8.66	8.42	8.67	8.60	8.57	8.75	8.56	8.54	8.62	8.61	8.57	8.55	9.06
Medium-term (1-2 years)	8.82	8.82	8.81	8.81	8.82	8.82	8.82	8.82	8.82	8.82	8.82	8.80	5.18
Medium-term (2-3 years)	7.07	7.06	7.06	7.06	7.06	7.04	7.04	7.07	7.04	7.06	7.04	7.04	7.40
Long-term (3-5 years)	8.87	8.87	8.86	8.87	8.87	8.86	8.87	8.87	8.86	8.88	8.87	8.87	7.67
Term loans (over 5 years)	7.55	7.55	7.54	7.54	7.54	7.54	7.55	7.54	7.55	7.55	7.55	7.55	7.34

Source: Bank of Tanzania



**Table A7: Central Government Operations (Cheques Issued)-  
Tanzania Mainland**

Billions of TZS

	Budget	July 2022 - April 2023		Act/Est (%)
	2022/23	Estimate	Actual	
Total revenue (including LGAs)	28,017,867.8	23,041,814.7	21,666,171.4	94.0
Central government revenue	27,005,581.7	22,202,361.8	20,878,848.7	94.0
Tax revenue	22,057,949.7	18,399,397.3	17,785,251.0	96.7
Taxes on imports	8,477,724.3	6,996,654.0	6,921,028.7	98.9
Sales/VAT and excise on local goods	4,368,043.0	3,941,316.4	3,517,581.3	89.2
Income taxes	7,833,590.1	6,316,405.3	6,168,184.4	97.7
Other taxes	1,378,592.2	1,145,021.6	1,178,456.7	102.9
Non- tax revenue	4,947,632.1	3,802,964.4	3,093,597.7	81.3
LGA own sources	1,012,286.1	839,452.9	787,322.7	93.8
Total expenditure <sup>1</sup>	35,264,538.3	29,954,365.6	28,291,128.4	94.4
Recurrent expenditure	20,258,536.7	17,170,444.0	16,290,080.7	94.9
Wages and salaries	9,830,752.8	8,177,647.3	7,483,642.8	91.5
Interest payments	2,870,961.0	2,467,781.4	2,656,897.8	107.7
Other goods, services and transfers	7,556,822.9	6,525,015.2	6,149,540.0	94.2
Development expenditure and net lending	15,006,001.6	12,783,921.6	12,001,047.7	93.9
Local	12,306,920.7	10,487,430.2	9,904,753.9	94.4
Foreign	2,699,080.9	2,296,491.4	2,096,293.8	91.3
Balance before grants	-7,246,670.5	-6,912,550.9	-6,624,956.9	95.8
Grants	979,366.1	1,013,174.9	521,624.8	51.5
Balance after grants	-6,267,304.4	-5,899,376.0	-6,103,332.2	103.5
Expenditure float	0.0	0.0	-12,956.4	
Adjustments to cash and other items (net)	0.0	0.0	-266,217.9	
Overall balance	-6,267,304.7	-5,899,376.0	-6,382,506.4	
Financing	6,267,304.7	5,899,376.0	6,382,506.4	
Foreign financing (net)	3,787,156.7	3,029,652.5	2,645,781.6	
Domestic (net) <sup>2</sup>	2,480,148.1	2,869,723.6	3,736,724.9	

Source: Ministry of Finance and Planning

Note: 1 Exclude amortization and expenditure float, includes road fund and retention expenditure  
 2 Positive value means financing and a negative value means repayment/ build-up of deposits  
 LGA stands for Local Government Authority and VAT, value added tax



**Table A8: Zanzibar Central Government Operations**

*Billions of TZS*

	Budget	July 2022 - Mar 2023		Actual / Estimate: (%)
	2022/23	Estimates	Actual	
Total revenue	1,369.8	984.0	918.1	93.3
Tax revenue	1,190.3	838.9	793.0	94.5
Tax on Imports	228.0	170.5	156.6	91.8
VAT and excise duties (local)	279.7	218.1	258.4	118.5
Income tax	226.0	166.5	168.8	101.3
Other taxes	456.6	283.7	209.2	73.7
Non-tax revenue	179.5	145.1	125.1	86.2
Total expenditure	2,572.7	1,265.6	1,019.0	80.5
Recurrent expenditure	1,220.5	920.4	731.1	79.4
Wages and salaries	628.7	473.1	465.6	98.4
Other expenditure	591.8	447.4	265.5	59.3
Development expenditure	1,352.2	345.1	287.9	83.4
Local	682.5	214.3	172.5	80.5
Foreign	669.7	130.8	115.4	88.2
Overall surplus/ deficit before grants	-1,203.0	-281.6	-101.0	35.9
Grants	80.9	34.7	39.1	112.5
Project grant	80.9	34.7	39.1	112.5
Overall surplus/deficit after grants	-1,122.1	-246.8	-61.9	25.1
Adjustment to cash and other items	515.0	153.9	-62.7	-40.7
Overall deficit cheques cleared	-607.1	-92.9	-124.5	134.0
Financing	607.1	92.9	124.5	134.0
Foreign	607.1	92.9	84.5	91.0
Program loans	607.1	92.9	84.5	91.0
Domestic (net)	0.0	0.0	40.0	---
Bank	0.0	0.0	0.0	---
Non-bank	515.0	0.0	40.0	---

Source: Ministry of Finance and Planning, Zanzibar

Note: p denotes provisional data

" ---" denotes a change that exceeds 200 percent



**Table A9: Tanzania Imports by Major Category**

Millions of USD

Items	July - April			Percentage change
	2020/21	2021/22	2022/23 <sup>p</sup>	
Capital	1,274.9	1,544.6	2,403.2	55.6
Machinery and mechanical appliances	572.0	680.2	1,029.7	51.4
Industrial transport equipment	311.1	425.0	828.2	---
Electrical machinery and equipment	192.2	246.7	275.2	11.5
Other capital goods	199.7	192.7	270.1	40.2
Intermediate	4,753.6	6,889.5	8,652.7	25.6
Industrial supplies	2,343.7	3,302.5	3,894.3	17.9
O/w Iron and steel and articles thereof	576.3	870.5	811.5	-6.8
Plastic and articles thereof	388.0	588.9	553.5	-6.0
Fertilisers	137.7	213.2	565.9	---
Fuel and lubricants	1,226.6	2,054.1	2,997.9	45.9
o/w Refined white products	1,155.7	1,962.4	2,806.0	43.0
Parts and accessories	618.4	812.0	815.0	0.4
Food and beverages for industrial use	391.6	537.2	691.8	28.8
OW Wheat grain	122.4	219.1	313.6	43.1
Edible oil and its fractions not refined	156.8	142.2	134.6	-5.3
Sugar for industrial use	65.2	104.3	119.9	15.0
Motor cars for household	173.2	178.1	248.8	39.7
Consumer	941.8	1,064.3	1,128.1	6.0
Food and beverages mainly for household consumption	109.2	140.4	192.0	36.8
Non-industrial transport equipment	78.0	105.3	127.3	20.9
OW Motorcycles and Cycles fitted with an auxiliary motor	69.0	92.9	111.4	19.9
Other consumer goods	754.6	818.6	808.8	-1.2
OW Pharmaceutical products	293.7	278.5	249.1	-10.6
Insecticides, rodenticides and similar products	84.9	103.8	120.1	15.7
Soap and detergents	46.1	57.8	56.3	-2.6
Textiles apparels	35.2	45.7	39.7	-13.1
Footwear and other products	35.1	40.3	41.7	3.3
Paper and paper products	22.9	27.2	24.3	-10.7
<b>Total</b>	<b>6,972.2</b>	<b>9,500.1</b>	<b>12,185.8</b>	<b>28.3</b>

Source: Tanzania Revenue Authority and Bank of Tanzania

Note: p denotes provisional



## Table A10: Tanzania's Balance of Payments

Millions of USD

Item	2018	2019	2020	2021	2022 <sup>p</sup>
<b>A. Current account</b>	-2,308.7	-1,340.2	-1,458.5	-2,374.3	-5,397.1
Goods: exports f.o.b.	4,292.7	5,377.6	6,371.7	6,756.2	7,223.8
Traditional	667.5	817.7	808.1	627.9	766.5
Nontraditional	3,234.9	4,186.0	5,253.3	5,763.0	6,058.4
o/w Gold	1,541.9	2,215.1	2,957.5	2,737.1	2,835.1
Unrecorded trade	390.2	373.8	310.4	365.4	399.0
Goods: imports f.o.b.	-8,519.7	-8,615.2	-7,831.7	-10,003.4	-14,208.7
Balance on goods	-4,227.0	-3,237.6	-1,460.0	-3,247.1	-6,984.9
Services: credit	4,014.7	4,281.0	2,183.8	3,117.7	4,762.0
Transport	1,222.1	1,350.1	1,281.7	1,558.1	1,872.0
Travel	2,449.4	2,604.5	714.5	1,310.3	2,527.8
Other	343.2	326.4	187.5	249.3	362.2
Services: debit	-1,925.7	-1,788.4	-1,319.0	-1,607.0	-2,465.4
Transport	-609.5	-683.5	-607.0	-806.4	-1,378.4
Travel	-738.1	-651.1	-203.8	-196.2	-357.5
Other	-578.2	-453.9	-508.2	-604.4	-729.5
Balance on services	2,088.9	2,492.5	864.7	1,510.7	2,296.6
Balance on goods and services	-2,138.0	-745.0	-595.2	-1,736.4	-4,688.3
Primary Income: credit	155.9	212.4	111.2	102.5	183.9
o/w Investment income	108.5	150.4	97.7	79.5	120.3
Compensation of employees	47.4	62.1	13.5	23.0	63.6
Primary Income: debit	-795.2	-1,226.2	-1,375.7	-1,294.2	-1,475.4
o/w Direct investment income	-439.0	-766.3	-913.3	-906.4	-982.7
Interest payments	-302.1	-398.3	-383.7	-301.8	-395.2
Compensation of employees	-37.6	-37.9	-34.9	-35.8	-45.0
Balance on primary income	-639.2	-1,013.7	-1,264.5	-1,191.6	-1,291.5
Balance on goods, services and primary income	-2,777.3	-1,758.7	-1,859.8	-2,928.0	-5,979.8
Secondary income: credit	535.8	474.9	453.9	640.1	699.9
Government	170.3	103.5	141.2	104.7	65.6
Financial corporations, nonfinancial corporations, households and NPISHs	365.5	371.4	312.7	535.4	634.3
o/w Personal transfers	365.5	371.4	312.7	535.4	634.3
Secondary income: debit	-67.3	-56.4	-52.7	-86.4	-117.2
Balance on secondary income	468.5	415.5	401.2	549.7	582.7
<b>B. Capital account</b>	464.1	481.2	344.3	390.2	274.0
Capital transfers credit	464.1	481.2	344.3	390.2	274.0
General government	400.3	416.8	270.4	324.9	208.7
Other capital transfer (investment grant)	394.3	416.8	256.1	313.5	208.7
Debt forgiveness (including MDRI)	6.0	0.0	14.3	11.4	0.0
Financial corporations, nonfinancial corporations, households and NPISHs	63.8	64.4	73.9	65.3	65.3
Capital transfers:debit	0.0	0.0	0.0	0.0	0.0
Total, Groups A plus B	-1,844.7	-859.0	-1,114.2	-1,984.1	-5,123.1
<b>C. Financial account, excl. Reserves and related items</b>	1,616.7	2,518.8	898.8	4,037.6	3,565.9
Direct investments	-971.6	-1,217.2	-943.8	-1,190.5	-1,264.7
Direct investment abroad	0.0	0.0	0.0	0.0	0.0
Direct investment in Tanzania	971.6	1,217.2	943.8	1,190.5	1,264.7
Portfolio investment	-8.2	37.8	-3.6	-7.4	29.9
Other investment	653.3	1,263.7	-41.3	2,854.5	2,271.3
Assets	-149.8	-19.9	-19.8	-89.8	205.4
Loans (Deposit-taking corporations, except the central bank)	-35.2	-60.8	-167.3	71.6	46.2
Currency and deposits	-114.5	34.9	145.2	-161.7	158.8
Deposit-taking corporations, except the central bank	-206.9	-32.4	-34.0	-197.9	314.7
Other sectors	92.4	67.3	179.2	36.2	-155.8
Other assets	0.0	5.9	-2.3	-0.3	-0.4
Liabilities	803.1	1,283.6	-21.5	2,944.3	2,065.9
Trade credits	21.4	-8.9	10.1	-1.7	5.0
Loans	744.2	1,317.3	-3.6	2,937.5	2,059.4
Monetary authority	0.0	0.0	0.0	543.0	0.0
SDR allocation	0.0	0.0	0.0	543.0	0.0
General government	408.5	1,323.4	-63.3	2,339.1	1,145.9
Drawings	1,115.0	2,087.4	937.1	3,486.6	2,310.0
Repayments	-706.5	-764.0	-1,000.4	-1,147.5	-1,164.2
o/w Debt forgiveness	-6.0	0.0	-14.3	-11.4	0.0
Deposit-taking corporations, except the central bank	-32.2	88.2	37.2	-10.7	499.4
Other sectors	367.9	-94.3	22.4	66.1	414.2
Drawings	467.6	365.2	281.8	288.8	581.0
Repayments	-99.7	-459.5	-259.4	-222.7	-166.8
Currency and deposits	37.6	-24.7	-28.1	8.5	1.4
Total, Groups A through C	-228.0	1,659.7	-215.4	2,053.5	-1,557.2
D. Net errors and omissions	-556.1	-1,072.7	-549.5	-201.4	588.8
Overall balance (Total, Groups A through D)	-784.0	-587.0	-784.9	-1,852.1	-988.4
<b>E. Reserves and related items</b>	784.0	-587.0	784.9	-1,852.1	988.4
Reserve assets	871.9	-525.0	790.1	-1,840.2	988.4
Use of fund credit and loans	-87.9	-62.0	-25.2	-11.9	0.0
<b>Memorandum items</b>					
CAB/GDP	-4.1	-2.2	-2.2	-3.4	-7.1
Gross official reserves	5,044.6	5,567.6	4,767.7	6,386.0	5,177.2
Months of imports (excluding FDI related imports)	7.8	7.3	4.9	6.4	4.7
Exchange rate (end of period)	2,281.2	2,287.9	2,298.5	2,297.6	2,307.6
Exchange rate (annual average)	2,263.8	2,288.2	2,294.1	2,297.8	2,302.4

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

Note: 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 A11: Zanzibar: Goods Exports by Major Category**

Export category	Units	July - April		Percentage change
		2022	2023 <sup>p</sup>	
Traditional exports				
Clove				
Value	USD ('000')	62,755.3	42,519.9	-32.2
Volume	000 Tonnes	8.4	5.9	-29.4
Unit price	USD/Tonne	91,525.3	52,048.9	-43.1
Non-traditional exports				
Seaweeds				
Value	USD ('000')	5,766.2	5,979.2	3.7
Volume	000 Tonnes	13.8	10.1	-26.9
Unit price	USD/Tonne	4,261.8	5,773.6	35.5
Manufactured goods	USD ('000')	10,571.7	5,801.9	-45.1
Fish and fish products	USD ('000')	1,311.0	1,670.1	27.4
Others exports	USD ('000')	4,881.4	5,578.8	14.3
Sub-total	USD ('000')	22,530.4	19,030.0	-15.5
Grand-total	USD ('000')	85,285.6	61,549.9	-27.8

Source: Tanzania Revenue Authority and Bank of Tanzania computations

Note: Other exports include mainly souvenirs and spices  
p denotes provisional data

**Table A12: Zanzibar: Imports by Major Category**

Millions of USD

Import Category	July - April		Percentage change
	2022	2023 <sup>p</sup>	
Capital goods			
Transport equipment	4.8	16.2	--
Building and construction	11.9	24.1	--
Machinery	9.3	43.0	--
Intermediate goods			
Oil imports	82.9	174.7	--
Industrial raw materials	167.2	59.0	-64.7
Consumer goods			
Food and food stuffs	10.5	47.7	--
All other consumer goods	31.2	55.6	78.4
Grand total (c.i.f)	349.3	461.8	32.2
Grand total (f.o.b)	317.8	420.2	32.2

Source: Tanzania Revenue Authority and Bank of Tanzania

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



## 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 include 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 that the Bank of Tanzania charges on loans it extends to banks. It uses Treasury bills 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 unit of a currency can be purchased with another currency, for instance TZS per US dollar.



## **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.

## **Foreign Exchange Reserves**

Foreign Exchange 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. Foreign exchange 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**

The rate at which the average level of prices of a basket of selected goods and services in an economy is increasing over a period of time. It is often expressed as a percentage. Inflation indicates a decrease in the purchasing power of a nation's currency.



## **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 circulating 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) of residents with banks in the country
- M2** — M1 plus fixed deposits and savings deposits of residents with banks in the country
- M3** — M2 plus residents' foreign currency deposits

## **National Debt**

Total national debt obligations that include public 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**

Debt payable or guaranteed by the government. Tanzania's public debt has two main components, domestic debt (which is incurred principally to finance fiscal deficit) and external debt (which is raised primarily to finance development projects). It comprises of the debt central government owes to foreign creditors and external obligations of government departments and agencies that are guaranteed for repayment by the Government.

## **Repurchase Agreements (Repo)**

An arrangement involving sale of securities at a specified price with commitment to repurchase the same or similar securities at a fixed price on a specified future date.



## **Reverse Repo**

An arrangement involving buying of securities at a specified price with commitment to resale the same or similar securities at a fixed price on a specified future date.

## **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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