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MONETARY POLICY STATEMENT

The Mid-Year Review

**GOVERNOR
BANK OF TANZANIA**

February 2013



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6th February, 2013

**Hon. Dr. William A. Mgimwa (MP),
Minister for Finance,
Dar es Salaam,
TANZANIA.**

Honourable Minister,

LETTER OF TRANSMITTAL

In accordance with Section 21 (5) of the Bank of Tanzania Act 2006, I hereby submit the Mid-Year Review of the *Monetary Policy Statement* of the Bank of Tanzania for the financial year 2012/13.

The Statement reviews the implementation of monetary policy during the first half of 2012/13. It then outlines the monetary policy stance and the measures that the Bank of Tanzania intends to pursue in the second half of 2012/13 to meet its policy goals.

Yours Sincerely,

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





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EXECUTIVE SUMMARY

Introduction

This mid-year review of the Monetary Policy Statement examines the progress made in the implementation of monetary policy in the first half of 2012/13, and outlines the monetary policy stance that the Bank intends to adopt in the remaining period of 2012/13.

Global Economic Developments

According to the International Monetary Fund's (IMF) World Economic Outlook (WEO) of October 2012, the global economy was projected to grow at 3.3 percent in 2012, down from actual growth of 3.8 percent recorded in 2011, associated with the Euro Zone sovereign debt crisis and fiscal tightening in the USA. However, growth is expected to recover in 2013 to 3.6 percent mostly underpinned by strong growth in emerging and developing market economies. Meanwhile, global inflation is projected to decelerate in line with the slow recovery in global economic activity, lower commodity prices and fiscal consolidation measures.

Economic Developments in Tanzania

Tanzania Mainland

Economic growth remained strong in the first three quarters of 2012, growing at 6.8 percent compared with 6.3 percent recorded in the corresponding period of 2011. This was mainly driven by growth in agriculture, manufacturing, wholesale and retail trade, transport and communication activities. With most of the leading indicators¹ showing strong performance in the fourth quarter of 2012, the projected growth of 6.8 percent for 2012 is likely to be attained. Growth prospects in the second half of 2012/13 remain good,

¹Including electricity generation, production and consumption-based tax revenues, exports of manufactured goods and agricultural commodities





backed by a forecast of good weather, large investments in infrastructure, and strong growth in Sub-Saharan Africa which gives some indication of expansion in demand for Tanzania's exports.

Headline inflation continued to ease reaching 12.1 percent for the year ended December 2012, down from a peak of 19.8 percent recorded in December 2011. This outturn, which was partly supported by the results of the October 2012 Bank of Tanzania market survey, was largely driven by improved food supply in the Eastern Africa region, tight monetary policy stance, fiscal consolidation, and stability in the nominal exchange rate. These drivers will also have a strong bearing on the inflation outlook, which is expected to continue trending downwards in the remaining period of 2012/13, benefitting also from favourable base effect of the power tariff adjustment that occurred in January 2012. However, upside risks to inflation remain, associated with arbitrage from the existing price differences in the Eastern Africa region particularly for rice, sugar, and maize which are lowest in Tanzania. In addition, balance of payment pressures arising from large payments in foreign exchange for non-traded services, particularly for power purchase from Independent Power Producers (IPPs) and road contractors, may put pressure on the exchange rate and in turn increase the prices of imported goods.

Government budgetary performance (on cheques issued basis) in the first five months of 2012/13 was characterized by good domestic revenue collection, which exceeded recurrent expenditure by 16.1 percent. Total expenditure remained moderate as Government aligned recurrent spending with the resource envelope. Locally financed development expenditure was above projections, benefitting from good performance in domestic revenues, while foreign financed component fell short of estimates largely due to delays in disbursement of project funds. In December 2012, government revenue on cash basis was TZS 880.9 billion, while expenditure was TZS 752.9 billion.



During the year ending December 2012, external debt stock increased by 7.3 percent to USD 10,664.9 million from the level recorded in the corresponding period in 2011, out of which 82.5 percent was public debt. The increase was on account of new disbursements and accumulation of interest arrears. External debt to GDP was 37.3 percent at the end of December 2012, out of which public external debt was 30.7 percent of GDP. The results of the latest Debt Sustainability Analysis, conducted in March 2012 indicate that all debt sustainability indicators remained below the thresholds set by international financial institutions.

Provisional data at the end of December 2012 and stress tests conducted by the Bank on commercial banks indicate that the banking industry remains sound and stable. The industry was well capitalized with liquidity level above regulatory requirements, while credit risk remained low.

During the year ending December 2012, current account deficit narrowed to USD 3,438.0 million compared to a deficit of USD 3,977.1 million recorded in the corresponding period in 2011. This development was primarily due to improved industrial production associated with stability in power supply, increase in international tourist arrivals, and increase in the volumes of cotton, coffee and tobacco following good weather. During the review period, slowdown in growth of imports also contributed to the narrowing of the current account deficit. The slowdown was registered in all categories of imports but most notably in the value of oil which increased only by USD 157.7 million compared to an increase of USD 1,204.5 million recorded in 2011. As at end December 2012, gross official reserves stood at USD 4,069.1 million, sufficient to cover about 4.0 months² of imports of goods and services.

²Excluding foreign direct investments related imports



Zanzibar

GDP in the first three quarters of 2012 is estimated to have grown by 7.4 percent, compared with 6.8 percent recorded in a similar period of 2011. The strong performance was driven by growth in fishing, trade, transport and communication activities.

Annual headline inflation decelerated to 3.0 percent in December 2012, compared to 20.8 percent recorded in December 2011. This was mainly due to decrease in prices of rice, fish, wheat flour, and sugar. As a result, food inflation was negative 2.0 percent compared to 25.6 percent. Non-food inflation was 9.2 percent compared to 15.3 percent, following a decline in prices of items under clothing and footwear sub-group. Inflation is expected to remain at single digit level in the second half of 2012/13 as food prices are expected to remain stable.

During the first half of 2012/13, total domestic revenue was TZS 131.4 billion, representing 94.0 percent of the target. Government expenditure amounted to TZS 228.8 billion, out of which, recurrent expenditure was TZS 139.3 billion. Development expenditure was TZS 89.5 billion, above estimates by 15.0 percent, mainly due to increase in foreign inflows.

During the year ending December 2012, current account recorded a deficit of USD 46.8 million compared with a deficit of USD 20.3 million registered in 2011. This development was mainly explained by increase in importation of capital goods for infrastructure development.



Implementation of Monetary Policy Objectives in 2012/13

Monetary Policy Objectives

In support of macroeconomic objectives of the Government, the Bank undertook to achieve the following objectives:

- i. Annual growth of average reserve money not exceeding 16.0 percent;
- ii. Annual growth of M3 of 18.0 percent;
- iii. Annual growth of private sector credit of 20.0 percent; and
- iv. Accumulation of gross official reserves adequate to cover at least 4.5 months of projected imports of goods and services.

Monetary Policy Implementation

During the first half of 2012/13, the Bank continued to pursue tight monetary policy in order to anchor inflation expectations. A mix of monetary policy instruments and prudential measures were used to ensure that liquidity level in the economy is within the target. These included: raising minimum reserve requirement on government deposits from 30 percent to 40 percent; and reducing prudential limit on foreign currency net open position from 10 percent to 7.5 percent of core capital. In line with the monetary policy stance, the growth of monetary aggregates exhibited a downward trend over the period. Annual growth of average reserve money was 11.0 percent in December 2012, compared with 19.8 percent in December 2011, while the broader monetary aggregate (M3) grew by 13.1 percent compared with 18.2 percent in December 2011. Annual growth of credit to the private sector was 18.2 percent, compared with 27.2 percent recorded in December 2011. The good performance in monetary policy outlined above, coupled





with good fiscal performance, led to the attainment of all targets agreed under the Policy Support Instrument (PSI) for the period July through December 2012.

Conclusion

The strong growth in the first three quarters of 2012, and good performance of leading indicators in the fourth quarter of 2012, points to the likelihood of attaining the projected growth of 6.8 percent for 2012. The fragility of the global demand pose downside risks to growth for the second half of 2012/13; however, the projected strong growth in Sub-Saharan Africa, forecasted good rains, continued stability in power generation, ongoing investments in infrastructure and gas explorations provide stabilizing effects to growth.

Domestic inflation progressively eased and is expected to decline to a single digit by June 2013, partly supported by a combination of a tight monetary policy and prudential measures pursued by the Bank; continued fiscal consolidation; and stability in nominal exchange rate. However, it is important to note that sustaining low and stable inflation over the medium term will depend on deliberate measures by the Government to complement monetary policy actions. These include, enhancing capacity for food production and distribution, management of strategic food reserves and also facilitating importation of food to cover any shortfall. Upside risks to inflation remain, associated with arbitrage from the existing price differences in the Eastern Africa region particularly on rice, sugar, and maize. In addition, balance of payment pressures arising from large payments in foreign exchange for non-traded services may exert pressure on the exchange rate and the achievements made in curbing inflation.



With successful implementation of measures outlined in this Monetary Policy Statement, combined with supportive fiscal policies and measures to improve food supply, the Bank is confident that the objectives set for 2012/13 will be achieved.



PART I

1.0 INTRODUCTION

The mid-year review of the Monetary Policy Statement examines the progress made in the implementation of the monetary policy in the first half of 2012/13, and outlines the monetary policy stance that the Bank intends to adopt in the remaining period of 2012/13. In particular, the review focuses on evaluating progress made towards attaining the primary objective of price stability, which is in line with macroeconomic objectives of promoting a high and sustainable rate of economic growth.

The Statement is divided into six parts including this introductory part. Part II presents the macroeconomic policy framework for 2012/13, while Part III covers the review of macroeconomic developments. Part IV reviews the progress in the implementation of monetary policy in the first half of 2012/13. Part V of the Statement outlines the monetary policy stance for the second half of 2012/13, while Part VI concludes the Statement.





1.1 MANDATE AND MODALITIES FOR MONETARY POLICY IMPLEMENTATION

1.1.1 Mandate of the Bank of Tanzania

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

“The primary objective of the Bank shall be to formulate, define and implement monetary policy directed to the economic objective of maintaining domestic price stability conducive to a balanced and sustainable growth of the national economy”.

Section 7(2) of the Bank of Tanzania Act, 2006 further states that:

“Without prejudice to subsection (1), the Bank shall ensure the integrity of the financial system and support the general economic policy of the Government and promote sound monetary, credit and banking conditions conducive to the development of the national economy”.

1.1.2 Modalities for Monetary Policy Implementation

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



THE MODALITIES FOR MONETARY POLICY IMPLEMENTATION

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



PART II

2.0 MACROECONOMIC FRAMEWORK FOR 2012/13

2.1 Macroeconomic Policy Objectives

The Government's policy objectives in 2012/13 continue to focus on sustaining macroeconomic stability through the implementation of the Five-Year Development Plan. Specifically, the Government intends to attain the following objectives:

- i. A real GDP growth of 6.9 percent for fiscal year 2012/13 based on the projected GDP growth of 6.8 percent for 2012 and 7.0 percent for 2013;
- ii. A single digit annual inflation rate by end June 2013;
- iii. Domestic revenue equivalent to 18.6 percent³ of GDP;
- iv. Total expenditure equivalent to 28.2 percent of GDP; and
- v. Government net domestic financing of 1.0 percent of GDP and external non-concessional borrowing not exceeding TZS 1,254.1 billion.

2.2 Monetary Policy Objectives

In support of the above macroeconomic objectives of the Government, the Bank aimed at achieving the following targets:

- i. Annual growth of average reserve money not exceeding 16.0 percent;
- ii. Annual growth of M3 of 18.0 percent;
- iii. Annual growth of private sector credit of 20.0 percent; and
- iv. Accumulation of gross official reserves adequate to cover at least 4.5 months of projected imports of goods and services.

³Revised to 18.2 percent of GDP in the Mid-Year Budget Review



PART III

3.0 MACROECONOMIC DEVELOPMENTS

3.1 Overview of Global Economic Developments

3.1.1 GDP Performance

During the quarter ending September 2012, real GDP growth in most of the advanced and emerging market economies slowed down with the exception of United States of America. The slowdown in growth was largely attributed to decline in investment, consumption, exports and weak housing markets.

According to the IMF World Economic Outlook (WEO) of October 2012, the global economy was projected to grow by 3.3 percent in 2012, down from actual growth of 3.8 percent registered in 2011, mainly due to Euro Zone sovereign debt crisis and fiscal tightening in USA (**Table 3.1**). Real GDP in the advanced economies is forecasted to grow by only 1.3 percent in 2012 down from 1.6 percent recorded in 2011, largely on account of weak consumer confidence, tight financial conditions and on-going sovereign debt crisis.

Real GDP growth in the emerging and developing economies is projected to decline to 5.3 percent in 2012, from 6.2 percent in 2011, largely on account of weak external demand from the advanced economies. Africa's economy grew by 3.4 percent in 2011 down from 5.0 percent recorded in 2010 largely due to the Arab uprisings. With the recovery of North African economies and sustained improvement in other regions, output growth in Africa is expected to accelerate to 4.5 percent in 2012 and 4.8 percent in 2013. Economic conditions in Sub-Saharan Africa have remained generally robust with the real GDP growing by 5.1 percent in 2011, mainly due to





strong domestic demand. Real GDP in Sub-Sahara Africa is projected to grow by 5.0 percent and 5.7 percent in 2012 and 2013, respectively.

Table 3.1: Global Real GDP Growth Rates and Projections

	<i>Annual percent change</i>							<i>Projections</i>	
	2006	2007	2008	2009	2010	2011	2012 2013		
							2012	2013	
World	5.3	5.4	2.8	-0.6	5.1	3.8	3.3	3.6	
Advanced Economies	3.0	2.8	0.1	-3.5	3.0	1.6	1.3	1.5	
Emerging and Developing Economies	8.2	8.7	6.1	2.7	7.4	6.2	5.3	5.6	
Developing Asian Countries	10.3	11.4	7.9	7.0	9.5	7.8	6.7	7.2	
Africa	6.2	6.5	5.5	3.1	5.0	3.4	4.5	4.8	
Sub-Saharan Africa	6.4	7.1	5.6	2.8	5.3	5.1	5.0	5.7	
Tanzania	6.7	7.1	7.4	6.0	7.0	6.4	6.8	7.0	

Source: IMF World Economic Outlook, October 2012, African Economic Outlook, 2012 and Bank of Tanzania

3.1.2 Inflation Developments

According to the IMF WEO of October 2012, global inflation is projected to decelerate as a result of a slow recovery in global economic activity and lower commodity prices. Inflation in the advanced economies is forecasted to decline to 1.9 percent and 1.6 percent in 2012 and 2013, respectively, from 2.7 percent in 2011. Likewise, inflation in the emerging market and developing economies is projected to decline to 6.1 percent in 2012 and 5.8 percent in 2013, from 7.2 percent in 2011. In Sub-Saharan Africa, inflation is forecasted to decelerate to 9.1 percent and 7.1 percent in 2012 and 2013, respectively from 9.7 percent registered in 2011. In the EAC region, average inflation rate declined slightly to 13.0 percent in 2012 from 13.2 percent in 2011 and is projected to decline further to 7.2 percent in 2013.



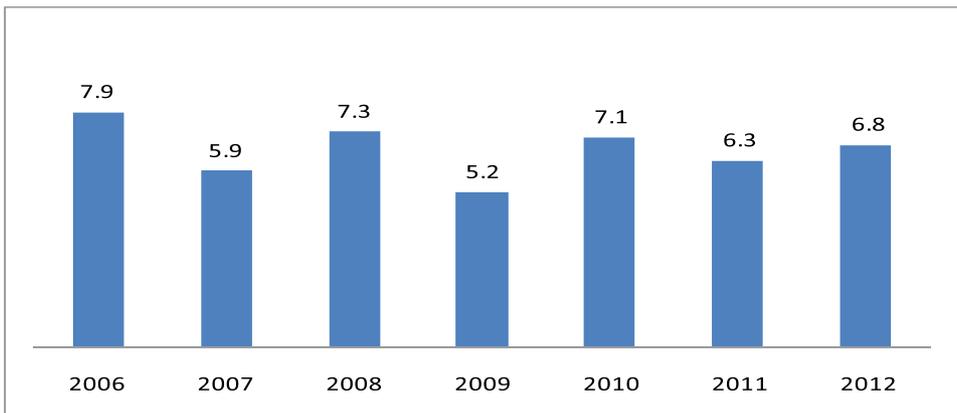


3.2 Domestic Economic Developments

3.2.1 GDP Performance

Tanzania's economy continued to register strong growth in the first three quarters of 2012, growing at 6.8 percent compared to 6.3 percent recorded in the corresponding period of 2011 (**Chart 3.1**). Major contributors to growth were agriculture, manufacturing, wholesale and retail trade, transport and communication activities. Higher contribution from agriculture corresponds to good crop harvest following good weather. Based on good performance of the first three quarters of 2012 and soundness of leading indicators in the fourth quarter of 2012, including electricity generation, production and consumption-based tax revenues, importation of industrial raw materials, and exports of manufactured goods, mineral and agricultural commodities, the projected growth of 6.8 percent for 2012 is likely to be attained.

Chart 3.1: Real GDP Growth (Percent), January–September

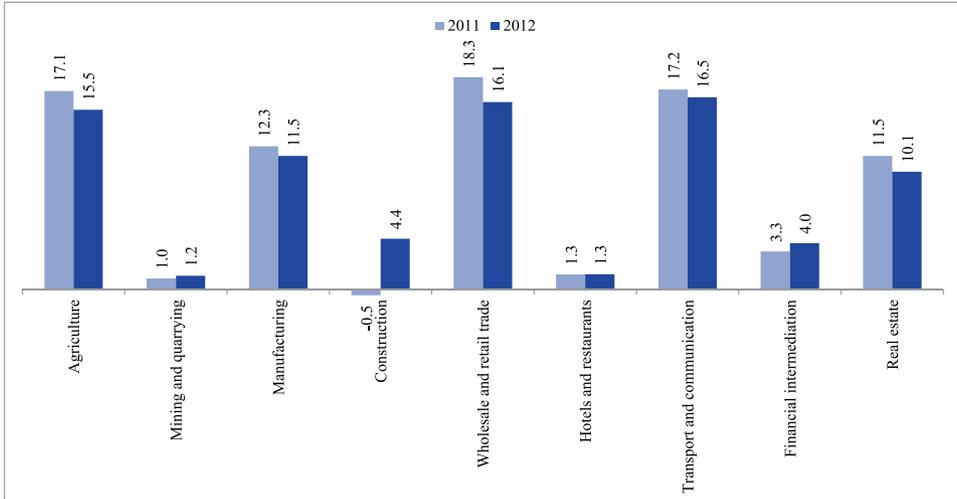


Source: National Bureau of Statistics





Chart 3.2: Contribution to GDP Growth (Percent), January–September



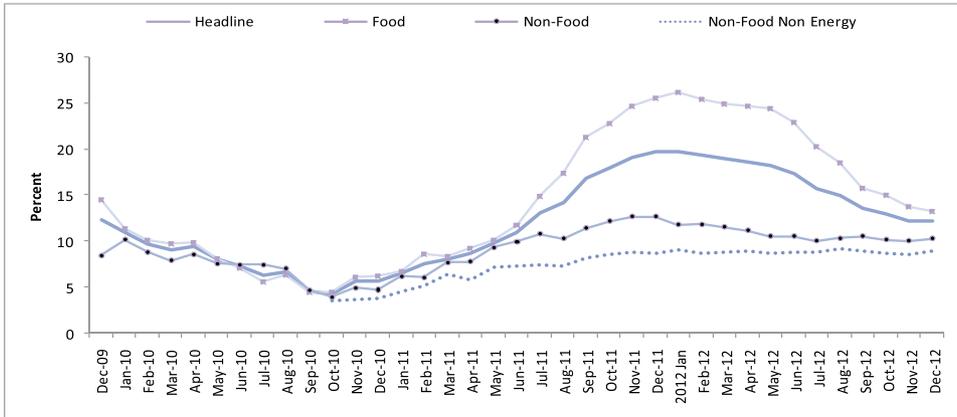
Source: National Bureau of Statistics and Bank of Tanzania

3.2.2 Inflation Developments

Annual headline inflation, which had reached a peak of 19.8 percent in December 2011, started to ease in January 2012 reaching 12.1 percent in December 2012. This development, which was partly supported by the results of October 2012 market survey, was largely on account of improved food supply in the Eastern Africa region, tight monetary policy stance, fiscal consolidation, coupled with stability in nominal exchange rate (**Chart 3.3**). Food inflation decelerated from 27.1 percent in December 2011 to 13.1 percent in December 2012. Meanwhile, core inflation (excluding food and energy) remained at single digits throughout 2012, with the highest rate of 9.2 percent recorded in August 2012 due to pass through effects arising from high and volatile global oil prices.



Chart 3.3: Headline, Food and Non-food Inflation



Source: Bank of Tanzania

3.2.3 Government Budgetary Performance

In the first five months of 2012/13, domestic revenue was TZS 3,235.9 billion, exceeding recurrent expenditure by about TZS 450 billion. Total revenue collected by the Central Government was 93.3 percent of the target, while total expenditure was 72.5 percent of the estimate. Meanwhile, development expenditure amounted to TZS 1,006.4 billion or 71.1 percent of the projection, mainly attributed to delays in foreign disbursements, whereby only 26.6 percent of the projected amount was disbursed. This led to delays in implementation of foreign financed projects. In December 2012, government revenue on cash basis was TZS 880.9 billion, while expenditure was TZS 752.9 billion.

3.2.4 External Sector Developments

During the year ending December 2012, current account deficit narrowed to USD 3,438.0 million compared to a deficit of USD 3,977.1 million



recorded in the corresponding period in 2011 (**Table 3.2**). This development was largely explained by improved industrial production as power supply continued to stabilize; increase in international tourist arrivals; as well as increase in export volumes for most of the traditional cash crops, particularly cotton, coffee and tobacco associated with good weather. The number of tourist arrivals has been on a steady increase despite the economic situation in Europe, indicating the strong gravity of tourist attraction in the country. Meanwhile, receipts from gold declined by 2.4 percent to USD 2,170.1 million largely on account of decline in world market price.

During the review period, slowdown in growth of imports also contributed to the narrowing of the current account deficit. The slowdown was registered in all categories of imports but most notably in the value of oil which increased only by USD 157.7 million compared to an increase of USD 1,204.5 million recorded in 2011.

Gross official reserves amounted to USD 4,069.1 million at the end of December 2012, sufficient to cover about 4.0 months⁴ of imports of goods and services. During the same period, gross foreign assets of banks were USD 887.1 million.

⁴Excluding foreign direct investments related imports



Table 3.2: Tanzania: Current Account Balance

Millions of USD

Items	Year Ending December		% Change
	2011	2012 ^P	
Goods Account (net)	-4,729.8	-4,345.3	-8.1
Exports*	5,097.7	5,979.5	17.3
Imports	9,827.5	10,324.9	5.1
Services Account (net)	92.2	353.4	283.1
Receipts	2,300.3	2,704.2	17.6
Payments	2,208.1	2,350.8	6.5
Goods and services (net)	-4,637.5	-3,991.9	-13.9
Export of goods and services	7,398.0	8,683.8	17.4
Import of goods and services	12,035.6	12,675.7	5.3
Income Account (net)	-231.8	-237.7	2.6
Receipts	184.2	194.3	5.5
Payments	416.0	432.0	3.9
Current Transfers (net)	892.2	791.6	-11.3
Inflows	984.9	922.3	-6.3
o/w General Government	609.7	541.3	-11.2
Outflows	92.7	130.7	41.0
Current Account Balance	-3,977.1	-3,438.0	-13.6

Source: Bank of Tanzania,

P = Provisional data

3.2.5 National Debt Developments

During the year ending December 2012, external debt stock increased by 7.3 percent to USD 10,664.9 million from the level recorded in the corresponding period in 2011, out of which 82.5 percent was public debt. The increase was on account of new disbursements and accumulation of interest arrears. Recorded disbursements amounted to USD 1,019.2 million, while principal repayments were USD 53.6 million, and interest and other charges were USD 54.1 million and USD 21.9 million, respectively.



In nominal terms, the ratio of total external debt to GDP was 37.3 percent at the end of December 2012, out of which public external debt was 30.7 percent of GDP. The results of the latest Debt Sustainability Analysis, conducted in March 2012 indicate that all debt sustainability indicators remained below the thresholds set by international financial institutions (**Table 3.3**).

Table 3.3: Debt Sustainability Indicators

	Ratio	Threshold
PV of Debt to GDP	18.9	50.0
PV of Debt to Exports of Goods and Services	56.2	200.0
PV of Debt to Revenue	111.3	300.0
Debt Service to Exports of Goods and Services	2.5	25.0
Debt Service to Domestic Revenue	5.0	35.0

Source: Bank of Tanzania

Note: PV = Present value

Domestic debt increased by 27.2 percent to TZS 5,151.5 billion, mainly due to securitization of government net domestic financing of TZS 469.5 billion as at the end of June 2012. Domestic debt issued amounted to TZS 2,022.7 billion, whereas debt service was TZS 1,914.5 billion, out of which, TZS 1,500.6 billion was principal repayments.

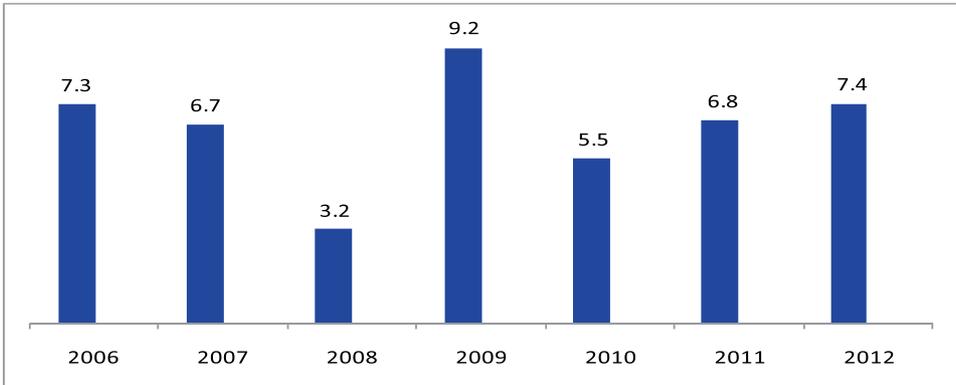
3.2.6 Economic Developments in Zanzibar

GDP Developments

Zanzibar continued to record good economic performance during the first three quarters of 2012. GDP is estimated to have grown by 7.4 percent, compared with 6.8 percent recorded in a similar period of 2011 (**Chart 3.4**). The strong performance was contributed by growth in fishing, trade, transport and communication activities.



Chart 3.4: Real GDP Growth (Percent), January – September



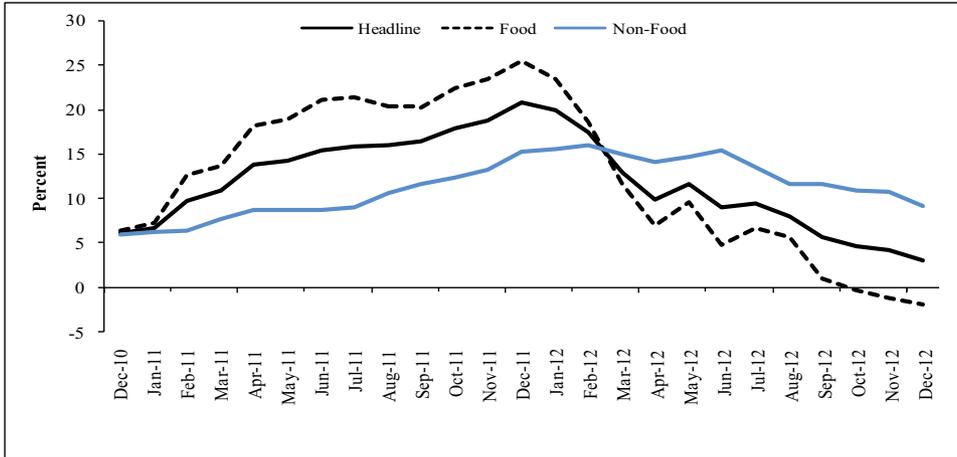
Source: Office of Chief Government Statistician (OCGS)

Inflation Developments

Annual headline inflation dropped to 3.0 percent in December 2012 compared to 20.8 percent in December 2011, mainly due to decline in prices of rice, fish, wheat flour and sugar (**Chart 3.5**). Food inflation was negative 2.0 percent compared to 25.6 percent in December 2011, while non-food inflation was 9.2 percent compared to 15.3 percent. The slowdown in non-food inflation was on account of price falls in some items under clothing and footwear sub-group. Inflation is expected to remain at single digit level during the second half of 2012/13 as food prices are expected to stabilize.



Chart 3.5: Annual Headline, Food and Non-food Inflation



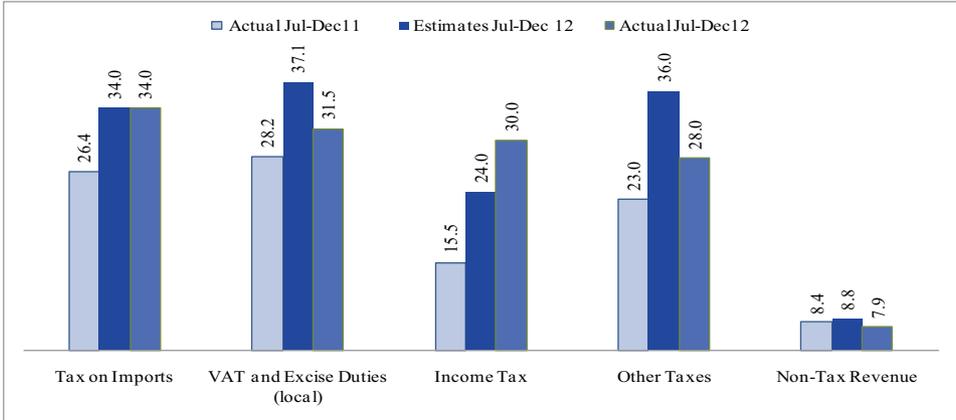
Source: Office of Chief Government Statistician (OCGS)

Government Budgetary Performance

During the first half of 2012/13, total resources amounted to TZS 190.3 billion, out of which 69.0 percent was from domestic revenue and the balance was grants. Domestic revenue was TZS 131.4 billion, representing 94.0 percent of the target. Tax revenue was TZS 123.5 billion, equivalent to 94.3 percent of the target (**Chart 3.6**). During the period, program loans amounted to TZS 32.1 billion, while grants were TZS 58.9 billion. Out of total grants, General Budget Support (GBS) was TZS 17.2 billion and program grants were TZS 41.7 billion.



Chart 3.6: Government Revenue by Sources (Billions of TZS)

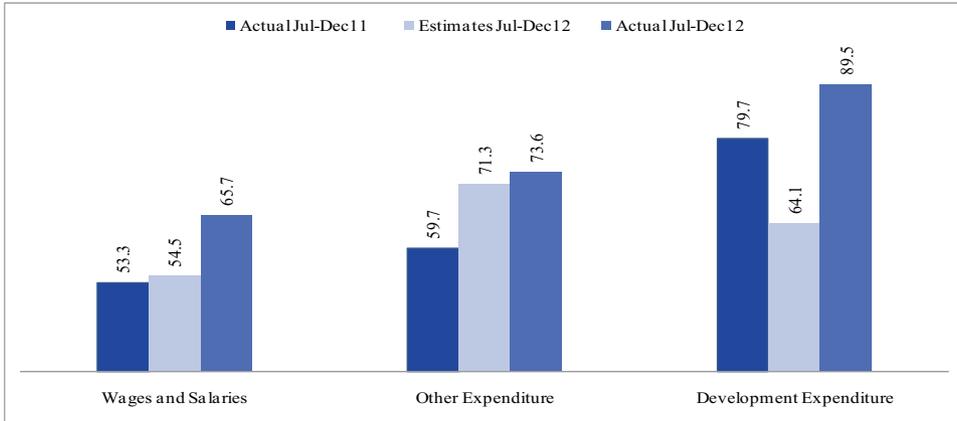


Source: President's Office-Finance, Economy and Development Planning, Zanzibar

Government expenditure amounted to TZS 228.8 billion, out of which, recurrent expenditure was TZS 139.3 billion. Development expenditure was TZS 89.5 billion, above estimates by 15.0 percent, mainly due to increase in foreign inflows. Out of total development expenditure, foreign funding accounted for 82.5 percent (**Chart 3.7**).



Chart 3.7: Government Expenditure by Components (Billions of TZS)



Source: President's Office-Finance, Economy and Development Planning, Zanzibar

External Sector Developments

During the year ending December 2012, current account recorded a deficit of USD 46.8 million compared with a deficit of USD 20.3 million registered in 2011, mainly on account of increase in import bill, particularly importation of capital goods for infrastructure developments (**Table 3.4**). The value of export of goods and services was USD 197.0 million compared with USD 181.3 million recorded in the year ending December 2011. Goods export was USD 51.2 million, representing an increase of 12.8 percent from the amount recorded in the corresponding period. The increased was largely driven by cloves exports, following an increase in export volume. However, average export price of cloves in the world market decreased to USD 11,198.5 per tonne from USD 13,162.9 million per tonne recorded in the corresponding period of 2011, largely due to abundant supply in the world market following the recovery in other clove producing countries.



Table 3.4: Zanzibar Current Account Balance

Millions of USD

Item	Year Ending December		%Change
	2011	2012p	Annual
Goods Account (net)	-95.5	-152.2	89.5
Exports	45.4	51.1	-22.1
Imports (fob)	140.8	203.3	44.4
Services Account (net)	38.3	35.0	-8.6
Receipts	136.0	145.8	7.2
Payments	97.6	110.8	13.5
Goods and Services (net)	-57.2	-117.1	172.5
Exports of Goods and Services	181.3	197.0	8.6
Imports of Goods and Services	238.5	314.1	31.7
Income Account (net)	-4.0	-3.7	-7.5
Receipts	0.9	1.8	100.0
Payments	4.9	5.5	12.2
Current Transfers (net)	40.8	74.0	81.4
Inflows	40.8	74.0	81.4
Outflows	0.0	0.0	
Current Account Balance	-20.3	-46.8	---

Source: Tanzania Revenue Authority and BOT computations

Note: p = provisional.



PART IV

4.0 REVIEW OF MONETARY POLICY IMPLEMENTATION DURING THE FIRST HALF OF 2012/13

4.1 Liquidity Management and Interest Rates Developments

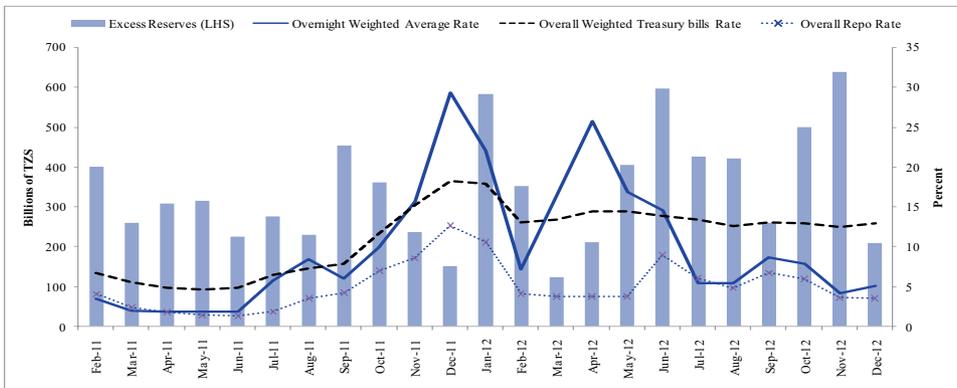
During the first half of 2012/13, the Bank continued to pursue tight monetary policy to ensure that liquidity in the economy does not re-ignite inflation. Liquidity conditions were kept within the target in the first quarter supported by government decision to align recurrent spending to available resources. In the second quarter particularly in October and November 2012, development spending picked up partly reflecting execution of unpaid claims for quarter one that were held back as Government Ministries, Departments and Agencies (MDAs) took time to adopt policy change in the execution of development expenditure introduced by the Government in 2012/13. In this policy, MDAs requests for funds for development expenditure are reviewed and approved by the President's Office Planning Commission on quarterly basis, in line with the Five year Development Plan (FYDP). As a result of expenditure pick up, liquidity among banks increased substantially, reflected in banks' holding of excess reserves and movement in the Inter-bank cash market (IBCM) rate. Excess reserves of banks reached a peak of TZS 637.5 billion on 30th November 2012 (**Chart 4.1**), while the IBCM rate decreased from 11.31 percent recorded in July to 2.67 percent in the third week of November.

To sterilize the resulting excess liquidity, the Bank enhanced sale of government securities complemented by foreign exchange sales and frequent use of repurchase agreement. In addition, the Bank raised minimum reserve requirement on government deposits from 30 percent to 40 percent effective December 24, 2012 and reduced prudential limit on



foreign currency net open position from 10 percent to 7.5 percent of core capital effective December 1, 2012. These measures, together with end of year seasonal demand for cash and remittance of end of quarter tax to government account held at the Bank, led to liquidity squeeze among banks in the last week of December 2012. The liquidity squeeze was manifested in the movement of IBCM rate, which rose from 2.67 percent to 9.97 percent at end December 2012; under subscription in the government securities auctions and frequent access to the Lombard facility by banks.

Chart 4.1: Excess Reserves of Banks and Money Market Rates



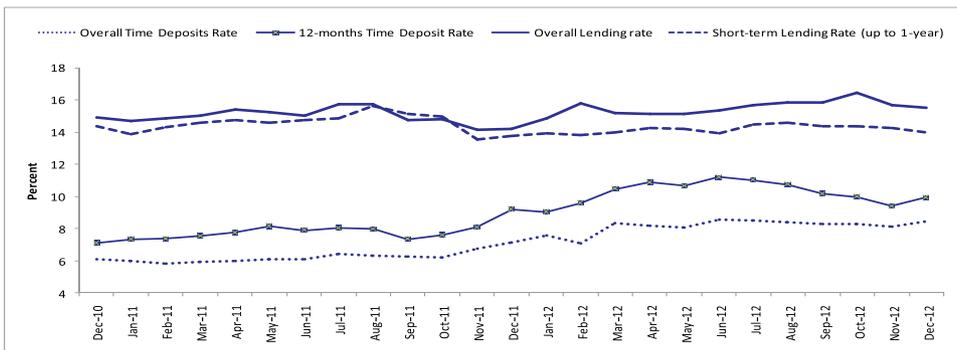
Source: Bank of Tanzania

The Bank continued to conduct post Monetary Policy Committee meetings with Chief Executive Officers of banks, which have provided a platform for discussions and dissemination of monetary policy decisions and rationale for monetary policy stance pursued by the Bank. In addition, the Bank started to conduct semi-annual surveys with commercial banks on business conditions and inflation expectations. The first survey indicated that the banking sector had expected inflation to ease, and exchange rate to remain stable in the first half of 2012/13. This has been instrumental in providing feedback to the conduct of monetary policy and a guiding tool for an informed policy intervention.



On interest rates offered and charged by banks, overall time deposit rates were relatively higher in the first half of 2012/13, averaging 8.32 percent compared to 7.96 percent recorded in the second half of 2011/12. Likewise, lending rates registered a general rising trend to an average of 15.83 percent from 15.24 percent, partly reflecting developments in the Treasury bills market (Chart 4.2).

Chart 4.2: Selected Commercial Banks Interest Rates



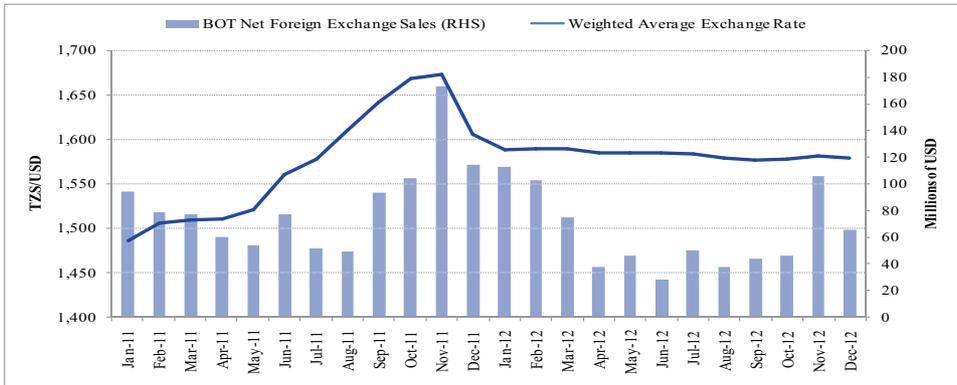
Source: Bank of Tanzania

4.2 Exchange Rate Developments

In the first half of 2012/13, the Interbank Foreign Exchange Market (IFEM) stabilized following implementation of tight monetary policy and regulatory measures pursued by the Bank towards the end of 2011. As a result, the Shilling remained relatively stable, fluctuating within a range of TZS 1,574.03 and TZS 1,586.18 against the US dollar, compared to TZS 1,553.72 and TZS 1,688.23 per USD recorded in the corresponding period in 2011/12 (Chart 4.3). During the period under review, the Bank continued to participate in the IFEM for liquidity management purposes by selling USD 346.5 million, out of USD 626.7 million transacted in the market.



Chart 4.3: Exchange Rate Movements and BOT Sales of Foreign Exchange



Source: Bank of Tanzania

4.3 Money Supply and Credit Developments

Consistent with the monetary policy stance, annual growth of monetary aggregates exhibited a downward trend, and all quantitative assessment criteria under the PSI program for end December 2012 were met (**Table 4.1**). Extended broad money supply (M3) grew by 13.1 percent in December 2012 compared to 18.2 percent recorded in the corresponding period of 2011 and 15.1 percent agreed under the PSI program. Deceleration of M3 was largely explained by the contraction of Net Foreign Assets (NFA) of commercial banks, and slowdown in the growth of private sector credit. NFA of banks shrank by 28.3 percent in December 2012, compared to the growth of 6.4 percent in the corresponding period in 2011, partly associated with stability in the Shilling against the US dollar, and portfolio switch in favour of government securities which have relatively higher returns compared to foreign assets. During the same period, growth of private sector credit was 18.2 percent, compared to 27.2 percent recorded in the year ending December 2011 and a target growth of 17.0 percent.



Table 4.1: Performance Against the PSI Program Targets

Items	June 2012		September 2012		December 2012		
	Assesment		Indicative		Assesment		Prel.
	Criteria /1	Actual	Targets /1	Actual	Criteria /1	Actual	Change
NDF - Billions of TZS (Cumulative Ceiling)	697.0	338.8	500.0	-111.9	600.0	504.7	-95.3
ARM (Upper bound) - Billions of TZS (Ceiling)	4,464.0	4,276.5	4,735.0	4,582.8	4,800.0	4,684.6	-115.4
Change in NIR - Millions of USD (Cumulative Floor)	79.3	210.3	-33.7	181.8	121.3	166.4	45.1
Program Assistance (Millions of USD)-(Cumulative from July)	1,062.0	889.3	397.0	349.3	566.8	565.6	-1.2

Source: Bank of Tanzania

Note: 1/ NDF and NIR have been adjusted upward and downward, respectively, by the amount of shortfall in US dollars in foreign program assistance and external non-concessional borrowing

4.4 Financial Sector Stability

The banking sector remained sound and stable in aggregate terms as reflected by the financial soundness indicators. As at the end of December 2012, the banking industry was well capitalized with liquidity levels above the regulatory requirements. The industry ratios of core capital and total capital to risk weighted assets and off balance sheet exposures were 17.38 percent and 17.95 percent, respectively, compared to the legal minimum requirements of 10 percent and 12 percent, respectively. The overall quality of the industry’s loan portfolio improved as reflected by the ratio of non-performing loans to gross loans which decreased to 7.37 percent from 8.33 percent recorded at the end of June 2012.

Furthermore, the stress tests conducted by the Bank during the period under review, showed that the banking industry was resilient to adverse changes in interest rates, exchange rate and credit quality, while liquidity levels were sufficient to cushion the system against extreme liquidity risk.

In order to enable banks withstand financial crisis, the Bank increased minimum capital requirements for commercial banks and community banks from TZS 5.0 billion to TZS 15.0 billion and TZS 250 million to



TZS 2.0 billion, respectively. Capital Enhancement Orders for fully fledged commercial and community banks were published in the Government Gazette on 23rd February 2012 and 22nd June 2012, respectively, with a moratorium of three and five years provided for existing banks and community banks to fully comply with the minimum capital requirements. As at 31st December 2012, 23 out of 33 commercial banks had complied, while community banks are yet to comply. The Bank is strengthening its cross border banking supervision framework by participating in the EAC regional supervisory college.

4.5 Financial Sector Reforms

To promote the soundness and stability of the pension sector, actuarial valuation for Zanzibar Social Security Fund (ZSSF) has been completed and final report submitted to the Government of Zanzibar for implementation. Likewise, actuarial valuation for all funds and portfolio review for the social security schemes in Tanzania Mainland have been completed and recommendations of the reports are under implementation by Social Security Regulatory Authority (SSRA).

On 31st August 2012, the BoT launched a web based, enhanced Government Securities System (GSS), which offers a combination of online bidding and central depository facilities such as collateral management and transfer of ownership. The system is open to banks and brokers/ dealers, referred to as Central Depository Participants (CDPs). The system is robust and conforms to international best practice, including Know Your Customer (KYC) principle. It will also promote secondary market trading in government securities and liquidity optimization through Real Time Gross Settlement. The system will also facilitate electronic provision of standby facilities as well as Repo operations.



Tanzania Agricultural Development Bank (TADB) was registered by Business Registration and Licensing Agency (BRELA) on 26th September 2012. The process of recruiting the Board of Directors, Chief Executive Officer and key staff of the bank is at an advanced stage. Initial capital for the bank has already been set aside by the Government.

The Bank launched a Credit Reference System on 28th September 2012. The infrastructure is comprised of a Credit Reference Databank administered by the Bank and the Private Credit Reference Bureau licensed and supervised by the Bank. The Bank has already granted license to two private bureaus to carry out credit reference business and 29 banking institutions have uploaded data to the live environment.

During the period under review, the revised Anti-Money Laundering Regulations, 2012 were issued in September 2012. The regulations are aimed at enhancing Know-Your-Customer principle in the financial system.

The Bank of Tanzania issued guidelines on Agency Banking in January 2013, which became effective on 1st February 2013. Agency banking entails use of retail outlets by banking institutions to deliver financial services to a wider population segment, including the underserved. The guidelines allow banking institutions to expand their outreach through retail outlets such as supermarkets, petrol stations, pharmacies, and merchant shops. This innovation is expected to promote financial inclusion given its potential impact to reduce distance barrier and lowering cost of financial service delivery.

4.6 National Payment Systems Developments

The Bank continued to oversee and provide clearing and settlement services for large and retail payments which are vital part of the financial



infrastructure in supporting the economic development in the country.

Tanzania Interbank Settlement System (TISS), the large value payment system, continued to record increase in transactions following the continued adoption of usage by the Ministry of Finance, Zanzibar Revenue Board, and Tanzania Revenue Authority-Zanzibar and other stakeholders.

The outreach of the mobile payment services has grown to a customer base of 20.4 million. The amount of money circulating as electronic money through mobile phones reached TZS 157.8 billion at the end of November 2012, a growth of 64 percent from December 2011. The increase in the uptake of mobile financial services has demonstrated great potential for the financial inclusion and economic growth in the country.



PART V

5.0 MONETARY POLICY STANCE FOR THE SECOND HALF OF 2012/13

5.1 Growth Projection

Growth prospects for the second half of 2012/13 remains favourable backed by a forecast of good rains in the third quarter, which may lead to good harvests and improvements in hydro power generation; and ongoing investments in infrastructure developments. In addition, good tax revenue collection in the first half is expected to be sustained and realization of external non-concessional loans will provide buffer for government spending without crowding out private sector credits. Notwithstanding the fragility of the global demand, the projected strong growth in Sub-Saharan Africa gives some indication of expansion in demand in the region, thus providing a stabilizing effect on the demand for Tanzania's exports.

5.2 Inflation Projection

Headline inflation is expected to continue easing in the remaining period of 2012/13, reaching a single digit level by June 2013. Several other factors point in the direction of easing inflationary pressure in the coming months. These include stability in power supply, global oil prices, and exchange rate of the Shilling against the US dollar; improved food supply in the region, and favourable base effect of the power tariff increase that occurred in January 2012. However, upside risks to inflation remain, associated with arbitrage from the existing price differences particularly for rice, sugar, and maize in the Eastern Africa region. In addition, balance of payment pressures arising from large payments in foreign exchange for non-traded services, particularly for power purchase from Independent Power Producers (IPPs)



and road contractors, may put pressure on the exchange rate and in turn increase the prices of imported goods.

5.3 Monetary Policy Stance

5.3.1 Liquidity Management

Substantial progress was made in keeping the monetary aggregates on track in the first half of 2012/13. The Bank will continue with anti-inflationary monetary policy stance during the remainder of 2012/13 to ensure that liquidity in the economy is within the desired level. This will be achieved through a mix of monetary policy instruments inter alia open market operations, sales of foreign exchange and review of statutory minimum reserve requirements on government deposits. In line with monetary policy stance, coupled with good performance in monetary aggregates in the first half of 2012/13, the Bank is confident that monetary policy objectives set for June 2013 will be achieved.

The Bank will continue to conduct surveys on banks' perceptions on economic conditions and expectation regarding business environment, inflation and monetary policy. The second survey will be conducted during the second half of 2012/13. This information is expected to enhance the Bank's knowledge on the economy so as to make more informed policy decision.

5.3.2 Interest Rate Policy

Interest rates will continue to be market determined, The Bank will continue to promote the development of money markets, including the deepening and broadening of an efficient banking sector.



5.3.3 Exchange Rate Policy

The exchange rate will remain market determined and the Bank will continue to participate in the foreign exchange market for liquidity management purposes and to smooth out short-term fluctuations in the exchange rate, while maintaining an adequate level of international reserves. The exchange rate is expected to remain stable in the remaining period of 2012/13, supported by the monetary policy stance and regulatory measures.

5.4 Measures for Financial Sector Stability and Access

The Bank in collaboration with other stakeholders will continue to take measures aimed at enhancing the stability and efficiency in the financial sector. In this regard, the Bank intends to raise Tier 1 and Tier 2 capital ratios by 2.5 percentage points. The envisaged changes conform to best practice recommended by Basel Committee for Effective Banking Supervision. The buffer is expected to support capital sustainability and reduction of dependence on bailout during crisis.

To improve the oversight of mobile money in the economy, the Bank is in the final stages of issuing Mobile Financial Services Regulations. The regulations are expected to be released by June 2013.



PART VI

6.0 CONCLUSION

The good performance recorded in the first three quarters of 2012, and expansion of economic activity in the fourth quarter of 2012, as reflected by the leading indicators, points to the likelihood of attaining the projected growth of 6.8 percent for 2012. The fragility of the global demand pose downside risks to growth for the second half of 2012/13; however, the projected strong growth in Sub-Saharan Africa, forecasted good rains, continued stability in power generation, ongoing investments in infrastructure and gas explorations provide stabilizing effects to growth.

A combination of a tight monetary policy and prudential measures pursued by the Bank, supported by fiscal consolidation, reduced inflationary pressure and stabilized nominal exchange rate during the period under review. However, the pace of disinflation has been dampened partly by supply side challenges. Attainment of low inflation will therefore depend not only on monetary policy actions, but also on deliberate intervention by the Government to enhance capacity for food production and distribution, management of strategic food reserves, as well as measures to facilitate food imports. Upside risks to inflation remain, associated with arbitrage from the existing price differences on rice, sugar, and maize in the region which are lowest in Tanzania; as well as balance of payment pressures arising from large payments in foreign exchange for non-traded services. These may put pressure on the exchange rate and in turn increase the prices of imported goods.

With successful implementation of measures outlined in this Monetary Policy Statement, combined with supportive fiscal policies and measures to improve food supply, the Bank is confident that the objectives set for 2012/13 will be achieved.



APPENDICES



Table A1: Global Economic Environment- Annual Real GDP Growth and Projections

Annual percent change

	2006	2007	2008	2009	2010	2011	Projections	
							2012	2013
World	5.3	5.4	2.8	-0.6	5.1	3.8	3.3	3.6
Advanced Economies	3.0	2.8	0.1	-3.5	3.0	1.6	1.3	1.5
USA	2.7	1.9	-0.3	-3.1	2.4	1.8	2.2	2.1
Japan	1.7	2.2	-1.0	-5.5	4.5	-0.8	2.2	1.2
Euro Area	3.2	3.0	0.4	-4.4	2.0	1.4	-0.4	0.2
United Kingdom	2.6	3.6	-1.0	-4.0	1.8	0.8	-0.4	1.1
Emerging and Developing Economies	8.2	8.7	6.1	2.7	7.4	6.2	5.3	5.6
Developing Asian Countries	10.3	11.4	7.9	7.0	9.5	7.8	6.7	7.2
India	9.5	10.0	6.9	5.9	10.1	6.8	4.9	6.0
China	12.7	14.2	9.6	9.2	10.4	9.2	7.8	8.2
Africa	6.2	6.5	5.5	3.1	5.0	3.4	4.5	4.8
Sub-Saharan Africa	6.4	7.1	5.6	2.8	5.3	5.1	5.0	5.7
South Africa	5.6	5.5	3.6	-1.5	2.9	3.1	2.6	3.0
Tanzania	6.7	7.1	7.4	6.0	7.0	6.4	6.8	7.0

Source: IMF World Economic Outlook, October, 2012, African Economic Outlook, 2012 and Bank of Tanzania

Table A2: Selected Economic Indicators

Item	Unit	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12
1. Prices														
1.5 Annual Change in Consumer Price Index														
1.5.1 Headline Inflation	Percent	19.8	19.7	19.4	19.0	18.7	18.2	17.4	15.7	14.9	13.5	12.9	12.1	12.1
1.5.2 Food Inflation	Percent	27.1	27.8	26.7	25.7	25.3	25.3	23.5	20.8	18.8	15.6	14.9	13.4	13.1
1.5.3 Core Inflation	Percent	8.7	9.0	8.7	8.8	9.0	8.7	8.8	8.8	8.8	9.2	8.9	8.6	8.9
2. Money Credit and Interest Rates														
2.1 Extended Broad Money Supply (MB) ¹														
2.2 Reserve Money ¹	Percent	18.2	16.1	16.3	15.7	13.6	12.7	11.8	12.8	9.0	10.1	6.3	11.1	13.1
2.3 Average Reserve Money ¹	Percent	17.6	19.9	11.8	9.2	9.7	16.5	21.2	15.6	14.1	6.0	11.8	17.3	10.1
2.4 Credit to Non-Government Sector ¹	Percent	19.8	19.8	14.0	10.7	11.2	12.7	14.2	14.6	13.3	11.9	6.8	11.7	11.0
2.5 364-days Treasury Bill Rate ²	Percent	27.2	25.0	24.3	21.9	24.0	21.6	18.7	19.7	16.8	16.1	13.6	15.7	14.4
2.6 Overnight Inter-bank rate ²	Percent	18.7	18.6	13.4	13.9	14.9	14.9	14.4	13.8	12.9	13.4	13.4	13.3	13.7
2.7 12-Months Deposit Rate ²	Percent	29.3	22.0	7.2	16.3	25.8	16.8	14.6	5.4	5.4	8.7	7.8	4.1	5.1
2.8 Short-term (up to 1 year) Lending Rate ²	Percent	9.2	9.0	9.6	10.5	10.9	10.6	11.2	11.0	10.7	10.2	10.0	9.4	9.9
	Percent	13.8	13.9	13.8	14.0	14.3	14.2	13.9	14.5	14.5	14.4	14.4	14.2	14.0
3. Balance of Payments														
3.1 Gross Official Reserves	Mill. USD	3,744.6	3,554.7	3,499.9	3,522.0	3,486.7	3,524.2	3,779.2	3,865.7	3,869.0	4,060.7	4,104.6	3,887.5	4,069.1
3.2 Exchange Rate:														
3.2.1 Period Average	TZS/USD	1,600.0	1,572.3	1,573.5	1,573.6	1,569.3	1,569.0	1,572.2	1,575.9	1,570.7	1,568.0	1,569.9	1,572.7	1,570.5
3.2.2 End of Period	TZS/USD	1,566.7	1,575.7	1,573.6	1,575.0	1,568.4	1,570.8	1,568.9	1,574.8	1,567.2	1,569.3	1,572.0	1,571.4	1,571.6
4. Public Finance														
4.1 Domestic Revenue														
4.1.1 Domestic Revenue (Including LGAs Own Sources) ³	Mill. TZS	723,258.6	550,335.6	512,977.4	684,936.0	498,730.0	578,397.4	769,371.7	579,804.3	603,882.8	796,584.7	623,296.0	623,331.1	
4.1.2 Domestic Revenue (Excluding LGAs Own Sources)	Mill. TZS	703,258.6	537,748.2	500,350.0	672,348.6	486,142.6	566,010.0	756,784.3	576,140.1	601,480.9	794,091.2	623,296.0	623,331.1	
4.2 Recurrent Expenditure	Mill. TZS	559,441.6	467,742.0	533,331.1	675,567.2	427,439.5	559,971.5	1,261,303.1	424,944.2	599,849.6	572,625.4	508,660.2	680,652.0	
4.3 Development Expenditure	Mill. TZS	355,402.4	65,803.5	172,750.7	190,628.6	134,911.7	297,000.5	803,829.6	151,675.3	177,301.0	215,679.7	351,794.0	109,993.3	
4.4 Program Assistance	Mill. USD	312.1	3.8	2.0	38.7	43.0	133.7	60.6	157.3	49.4	142.6	27.5	60.1	128.7
4.4.1 GBS	Mill. USD	243.2	0.0	0.0	19.9	40.3	118.8	20.1	130.7	37.0	142.6	10.2	0.0	28.1
4.4.2 Basket Funds	Mill. USD	68.9	3.8	2.0	18.7	2.7	14.9	40.5	26.6	12.4	0.0	17.3	60.1	100.7

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

Notes: 1 Annual Growth

2 Monthly Average

3 Data for LGAs available up to September 2012





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

Economic Activity	2006	2007	2008	2009	2010	2011p
	In Millions of TZS					
Agriculture, Hunting and Forestry	3,268,238	3,399,648	3,554,488	3,669,645	3,824,428	3,960,673
Crops	2,457,373	2,567,955	2,698,921	2,790,684	2,913,474	3,015,446
Livestock	537,498	550,398	564,708	577,922	597,572	620,877
Forestry and hunting	273,367	281,295	290,859	301,039	313,382	324,350
Fishing	206,510	215,734	226,521	232,637	236,126	238,960
Industry and construction	2,639,902	2,889,519	3,138,241	3,357,703	3,633,664	3,883,366
Mining and quarrying	341,000	377,559	386,998	391,642	402,331	411,182
Manufacturing	1,162,000	1,263,435	1,388,515	1,499,596	1,618,064	1,744,273
Electricity, gas	258,347	286,507	301,978	327,344	360,733	366,144
Water supply	54,905	58,474	62,333	65,824	69,955	72,753
Construction	823,650	903,544	998,416	1,073,297	1,182,581	1,289,013
Services	6,035,932	6,527,561	7,085,136	7,594,661	8,214,209	8,860,652
Trade and repairs	1,736,631	1,906,821	2,097,503	2,254,816	2,439,711	2,637,328
Hotels and restaurants	314,921	328,859	343,658	358,779	380,664	398,175
Transport	661,000	703,965	752,539	797,691	853,529	910,715
Communications	239,537	287,684	346,659	422,577	515,967	614,001
Financial intermediation	228,000	251,280	281,120	306,339	337,356	373,453
Real estate and business services	1,316,000	1,408,120	1,508,097	1,610,647	1,723,392	1,835,413
Public administration	1,033,488	1,102,951	1,180,158	1,232,313	1,312,414	1,401,658
Education	235,774	248,742	265,905	284,704	305,402	328,002
Health	177,520	193,142	210,525	224,654	240,058	253,021
Other social and personal services	93,061	95,998	98,974	102,141	105,716	108,887
Gross value added before adjustments	12,150,582	13,032,462	14,004,385	14,854,646	15,908,427	16,943,651
less FISIM	-137,287	-158,292	-175,704	-190,990	-208,370	-231,708
Gross value added at 2001 basic prices	12,013,295	12,874,170	13,828,681	14,663,656	15,700,057	16,711,943
Add Taxes on products	867,868	927,751	999,664	1,057,645	1,128,507	1,201,860
Gross Domestic Product at 2001 market prices	12,881,163	13,801,921	14,828,345	15,721,301	16,828,563	17,913,803
	Real Growth by Economic Activities (Percent)					
Agriculture and Fishing	3.8	4.0	4.6	3.2	4.2	3.6
Crops	4.0	4.5	5.1	3.4	4.4	3.5
Livestock	2.4	2.4	2.6	2.3	3.4	3.9
Forestry and hunting	4.6	2.9	3.4	3.5	4.1	3.5
Fishing	5.0	4.5	5.0	2.7	1.5	1.2
Industry and construction	8.5	9.5	8.6	7.0	8.2	6.9
Mining and quarrying	15.6	10.7	2.5	1.2	2.7	2.2
Manufacturing	8.5	8.7	9.9	8.0	7.9	7.8
Electricity, gas	-1.9	10.9	5.4	8.4	10.2	1.5
Water supply	6.2	6.5	6.6	5.6	6.3	4.0
Construction	9.5	9.7	10.5	7.5	10.2	9.0
Services	7.8	8.1	8.5	7.2	8.2	7.9
Trade and repairs	9.5	9.8	10.0	7.5	8.2	8.1
Hotels and restaurants	4.3	4.4	4.5	4.4	6.1	4.6
Transport	5.3	6.5	6.9	6.0	7.0	6.7
Communications	19.2	20.1	20.5	21.9	22.1	19.0
Financial intermediation	11.4	10.2	11.9	9.0	10.1	10.7
Real estate and business services	7.3	7.0	7.1	6.8	7.0	6.5
Public administration	6.5	6.7	7.0	4.4	6.5	6.8
Education	5.0	5.5	6.9	7.1	7.3	7.4
Health	8.5	8.8	9.0	6.7	6.9	5.4
Other social and personal services	3.7	3.2	3.1	3.2	3.5	3.0
Gross value added excluding adjustments	6.8	7.3	7.5	6.1	7.1	6.5
less FISIM	14.9	15.3	11.0	8.7	9.1	11.2
Gross value added at basic prices	6.7	7.2	7.4	6.0	7.1	6.4
Add Taxes on products	6.8	6.9	7.8	5.8	6.7	6.5
Gross domestic product at market prices	6.7	7.1	7.4	6.0	7.0	6.4

Source: National Bureau of Statistics

Note: p = provisional



Table A4: Gross Domestic Product at 2001 Prices by Economic Activity

Percent

Economic Activity	2006	2007	2008	2009	2010	2011p
Contribution in real GDP by Economic Activities						
Agriculture and Fishing	25.4	24.6	24.0	23.3	24.3	22.1
Crops	19.1	18.6	18.2	17.8	18.5	16.8
Livestock	4.2	4.0	3.8	3.7	3.8	3.5
Forestry and hunting	2.1	2.0	2.0	1.9	2.0	1.8
Fishing	1.6	1.6	1.5	1.5	1.5	1.3
Industry and construction	20.5	20.9	21.2	21.4	23.1	21.7
Mining and quarrying	2.6	2.7	2.6	2.5	2.6	2.3
Manufacturing	9.0	9.2	9.4	9.5	10.3	9.7
Electricity, gas	2.0	2.1	2.0	2.1	2.3	2.0
Water supply	0.4	0.4	0.4	0.4	0.4	0.4
Construction	6.4	6.5	6.7	6.8	7.5	7.2
Services	46.9	47.3	47.8	48.3	52.2	49.5
Trade and repairs	13.5	13.8	14.1	14.3	15.5	14.7
Hotels and restaurants	2.4	2.4	2.3	2.3	2.4	2.2
Transport	5.1	5.1	5.1	5.1	5.4	5.1
Communications	1.9	2.1	2.3	2.7	3.3	3.4
Financial intermediation	1.8	1.8	1.9	1.9	2.1	2.1
Real estate and business services	10.2	10.2	10.2	10.2	11.0	10.2
Public administration	8.0	8.0	8.0	7.8	8.3	7.8
Education	1.8	1.8	1.8	1.8	1.9	1.8
Health	1.4	1.4	1.4	1.4	1.5	1.4
Other social and personal services	0.7	0.7	0.7	0.6	0.7	0.6

Source: National Bureau of Statistics and Bank of Tanzania

Note: p = provisional

Table A5: Tanzania Mainland - Quarterly GDP Growth

Percent

	2006	2007	2008	2009	2010	2011	2012
First Quarter	9.8	4.5	7.9	5.6	7.6	6.1	7.2
Second quarter	8.9	5.9	6.1	3.9	7.6	7.1	6.9
Third Quarter	5.7	7.2	7.7	5.9	6.4	5.9	6.5
Fourth Quarter	2.9	11.2	8.0	8.7	6.8	6.8	

Source: National Bureau of Statistics and Bank of Tanzania

Table A6: Zanzibar -Quarterly GDP Growth

Percent

	2006	2007	2008	2009	2010	2011	2012
First Quarter	5.2	4.0	8.0	11.3	-5.0	15.8	5.0
Second Quarter	15.1	8.5	-4.0	5.1	10.9	1.4	11.8
Third Quarter	1.7	7.5	5.5	11.3	10.7	3.2	5.3
Fourth Quarter	4.5	5.7	10.4	-0.4	8.4	8.1	

Source: Office of Chief Government Statistician, Zanzibar



Table A7: Zanzibar Gross Domestic Product at Constant 2001 Prices by Economic Activity

Millions of TZS

Economic Activity	2005	2006	2007	2008	2009	2010	2011P
Agriculture, forestry & fishing	61,280	72,700	72,400	76,500	79,900	82,400	84,700
Crops	37,901	49,000	48,000	51,100	53,700	55,600	55,900
Livestock	10,810	11,200	11,600	12,000	12,400	12,800	13,200
Forestry & hunting	1,179	1,200	1,300	1,300	1,400	1,400	1,500
Fishing	11,390	11,300	11,500	12,100	12,400	12,600	14,100
Industry	39,147	46,000	48,100	49,200	50,800	51,800	54,700
Mining & quarrying	2,342	2,400	2,600	3,200	3,600	3,800	4,300
Manufacturing	14,239	14,700	14,800	15,000	15,300	15,800	16,200
Electricity, gas & water supply	4,542	4,800	5,100	5,200	5,300	5,300	6,100
Construction	18,024	24,100	25,600	25,800	26,600	26,900	28,100
Services	140,646	136,700	150,880	160,600	174,700	190,700	207,500
Trade & repairs	28,400	28,600	30,900	30,100	31,300	33,500	40,700
Hotels & restaurants	21,899	23,900	25,000	24,900	26,100	26,900	29,600
Transport & communications	23,200	23,300	32,000	39,800	48,700	58,100	63,600
Financial intermediation	5,214	4,700	5,700	5,900	6,000	7,500	7,800
Real estate & business services	2,720	2,800	3,000	3,100	3,300	3,400	3,600
Public administration	38,616	31,600	32,000	33,200	34,600	35,500	35,900
Education	15,425	16,300	16,500	17,500	18,500	19,400	19,900
Health	4,146	4,390	4,680	4,900	5,000	5,100	5,100
Other social & personal services	1,026	1,100	1,100	1,200	1,200	1,300	1,300
Adjustment to market prices							
Taxes on products	44,500	47,200	50,100	52,900	56,400	60,000	64,100
Gross Domestic Product at market prices	285,600	302,600	321,480	339,200	361,800	384,900	411,000

	Percentage Growth Rates						
Agriculture, forestry & fishing	2.8	18.7	-0.4	5.7	4.4	3.1	2.7
Crops	1.6	29.4	-2.0	6.5	5.1	3.6	0.5
Livestock	3.5	3.5	3.6	3.5	3.6	3.1	3.1
Forestry & hunting	3.6	3.8	3.7	3.0	4.3	3.1	6.4
Fishing	6.3	-1.0	1.8	5.2	2.4	1.2	11.9
Industry	6.6	17.6	4.6	1.9	3.4	1.9	12.9
Mining & quarrying	15.5	3.0	9.1	22.8	11.4	5.4	12.9
Manufacturing	2.4	3.5	0.5	1.1	2.4	3.1	2.5
Electricity, gas & water supply	7.6	5.0	7.5	0.9	2.4	-0.5	15.9
Construction	8.8	33.8	6.3	0.5	3.2	1.1	4.7
Services	5.3	-2.8	10.4	6.1	8.7	9.3	8.9
Trade & repairs	14.6	1.0	9.9	-4.3	4.0	7.0	21.5
Hotels & restaurants	39.9	9.2	4.5	-0.5	5.0	3.0	10.2
Transport & communications	9.9	0.4	37.3	24.1	22.1	19.6	9.6
Financial intermediation	13.7	-10.2	21.3	4.0	2.6	24.1	4.0
Real estate & business services	4.7	4.7	4.8	4.8	4.8	4.9	4.9
Public administration	-13.5	-18.3	1.3	4.0	4.2	2.8	1.0
Education	1.1	5.4	1.3	6.4	5.6	4.8	2.8
Health	4.2	5.9	6.6	4.5	2.2	2.7	0.1
Other social & personal services	4.3	4.3	4.3	4.3	4.3	4.3	4.3
Gross Domestic Product at market prices	4.9	6.0	6.4	5.3	6.7	6.4	6.8

Source: Office of Chief Government Statistician, Zanzibar

Note: p = provisional

Table A8 (a): National Consumer Price Index (NCPI), 12-Months Percentage Change

Main Groups	Weight (%)	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12
Food and Non-Alcoholic Beverages	47.8	27.1	27.8	26.7	25.7	25.3	25.3	23.5	20.8	18.8	15.6	14.9	13.4	13.1
Alcoholic, Tobacco and Narcotics	3.3	5.8	6.3	8.3	9.3	9.3	8.7	11.7	18.0	20.4	20.3	20.3	21.3	22.8
Clothing and Footwear	6.7	10.6	12.5	13.9	15.0	15.4	15.5	15.1	15.0	14.4	13.4	12.4	12.0	11.6
Housing, Water, Electricity, Gas and Other Fuel	9.2	24.8	18.8	19.5	17.4	16.2	14.7	14.6	12.5	14.4	16.5	17.4	17.3	17.1
Furnishing, Housing Equipment and Routine Maintenance of the House	6.7	14.6	14.4	8.2	9.0	9.1	9.1	9.0	8.7	8.6	8.3	7.9	8.4	8.2
Health	0.9	3.0	3.4	2.5	2.8	3.2	3.2	3.3	3.7	3.3	3.0	2.3	2.9	3.4
Transport	9.5	11.2	10.9	10.9	9.7	8.6	6.7	5.9	4.7	3.8	1.7	2.7	2.3	3.2
Communication	2.1	-1.2	-0.4	-0.8	-0.7	-0.7	-0.7	-0.9	-1.6	-1.7	-1.7	-1.8	-1.7	-1.9
Recreation and Culture	1.3	3.2	4.5	8.7	9.1	9.1	9.2	11.7	11.9	11.0	11.3	11.1	10.8	10.5
Education	1.7	5.9	2.9	4.8	4.8	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7
Restaurants and hotels	6.4	13.6	12.8	15.8	18.2	18.8	17.5	17.8	16.1	16.0	17.5	16.3	16.1	15.7
Miscellaneous goods and services	4.5	8.6	9.1	12.1	12.3	12.8	13.2	13.1	10.8	11.6	8.3	8.4	8.0	9.1
TOTAL – ALL ITEMS INDEX	100.0	19.8	19.7	19.4	19.0	18.7	18.2	17.4	15.7	14.9	13.5	12.9	12.1	12.1
Other Selected Groups														
Food and Non-alcoholic Beverages - combining food consumed at home and food consumed in restaurants	51.0	25.6	26.2	25.5	24.9	24.7	24.5	22.9	20.3	18.5	15.8	15.0	13.7	13.3
Energy and Fuels - combining electricity and other fuels for use at home with petrol and diesel	5.7	41.0	30.1	33.5	29.4	24.9	21.2	20.5	16.3	16.9	19.4	18.4	18.6	17.8
All Items Less Food	49.0	12.7	11.8	11.8	11.5	11.2	10.5	10.5	10.0	10.3	10.5	10.1	10.0	10.3
All Items Less Food and Energy	43.3	8.7	9.0	8.7	8.8	9.0	8.7	8.8	8.8	9.2	8.9	8.6	8.5	8.9

Source: National Bureau of Statistics



**Table A8 (b): Zanzibar National Consumer Price Index (NCPI),
12-Months Percentage Change**

Main Groups	Weight (%)	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12
Headline	100.0	20.8	19.8	17.4	12.9	9.9	11.6	9.0	9.4	8.0	5.6	4.6	4.2	3.0
Food	49.5	25.6	23.5	18.6	11.5	7.0	9.6	4.8	6.7	5.6	1.0	-0.4	-1.2	-2.0
Non-Food	50.5	15.3	15.5	16.1	14.9	14.1	14.8	15.4	13.6	11.7	11.6	11.0	10.8	9.2
Alcoholic beverages, tobacco & narcotics	0.3	17.5	16.8	16.6	31.1	30.6	32.6	29.2	36.5	36.5	35.2	37.7	34.7	27.4
Clothing and footwear	9.3	18.8	17.5	23.0	24.6	24.3	22.4	25.7	26.7	18.4	18.6	18.9	18.0	18.3
Housing, water, electricity, gas and other fuels	17.1	14.9	15.8	14.2	10.9	8.6	8.7	8.9	6.0	5.0	5.7	5.1	4.3	1.4
Furnishing, household equipment and routine household maintenance	4.6	20.6	23.2	25.3	25.9	26.3	26.9	29.4	27.2	23.7	20.8	18.8	20.4	16.5
Health	2.8	17.0	7.0	12.6	14.4	15.2	23.9	23.9	19.5	19.2	19.6	20.7	21.9	19.9
Transport	6.3	16.8	13.8	11.3	7.8	6.5	7.5	2.4	1.3	0.9	3.1	3.2	1.8	1.9
Communication	2.6	0.0	0.0	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	-0.2	-0.2	-0.2
Recreation and culture	0.8	10.7	14.3	12.9	12.9	15.4	15.4	19.1	13.0	11.9	11.9	14.8	14.2	17.2
Education	1.3	5.5	17.9	17.9	17.9	17.9	17.9	17.9	17.9	17.9	18.9	18.9	18.9	18.9
Restaurants and hotels	2.1	15.8	16.3	16.4	13.5	15.4	15.4	18.5	15.9	15.9	11.6	7.3	7.2	8.5
Miscellaneous goods & services	3.2	3.1	11.0	12.9	13.2	14.0	15.7	17.1	15.8	14.5	14.2	17.5	21.2	19.8

Source: Office of Chief Government Statistician, Zanzibar



Table A9: Tanzania: Depository Corporations Survey

Billions of TZS

	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Dec-12
														Prod.
Net Foreign Assets of the Banking System	6,273.6	5,966.6	5,934.7	5,863.8	5,762.1	5,697.5	6,033.8	6,290.8	6,177.1	6,375.2	6,370.7	6,094.2	6,401.7	6,401.7
Bank of Tanzania	4,863.2	4,582.8	4,485.4	4,531.4	4,455.5	4,546.3	4,969.0	5,097.3	5,071.5	5,367.0	5,447.8	5,105.1	5,391.0	5,391.0
Net International Reserves (Millions of USD)	3,395.2	3,201.4	3,148.4	3,170.1	3,134.3	3,180.4	3,453.3	3,522.7	3,524.5	3,711.8	3,757.0	3,540.2	3,721.3	3,721.3
Banks NFA	1,410.4	1,383.8	1,486.6	1,332.4	1,306.6	1,151.1	1,064.8	1,193.5	1,105.5	1,088.3	923.0	894.3	1,101.07	1,101.07
Banks NFA (Millions of USD)	900.3	878.2	920.6	846.0	833.1	732.8	678.7	757.9	703.4	642.5	587.1	632.8	643.1	643.1
Net Domestic Assets of the Banking System	6,477.7	7,039.1	7,075.6	7,137.9	7,223.6	7,385.1	7,373.4	7,373.9	7,272.9	7,716.3	7,920.6	8,579.8	8,329.0	8,329.0
Domestic Claims	9,093.6	9,464.3	9,751.4	9,625.3	9,629.5	9,831.6	9,827.6	9,990.5	10,283.4	10,146.7	10,585.4	11,156.4	11,097.3	11,097.3
Claims on central government (net)	1,471.3	1,885.5	1,989.8	1,917.7	1,669.2	1,761.3	1,696.3	1,678.8	1,834.9	1,566.5	1,867.3	2,289.9	2,089.8	2,089.8
Claims on Central Government	3,335.7	3,672.6	3,911.6	4,008.9	3,833.0	3,999.3	4,054.8	4,079.4	4,049.5	4,481.4	4,925.5	4,925.5	4,708.6	4,708.6
o/w Securities held by banks	2,040.6	2,071.1	2,278.4	2,412.9	2,373.3	2,322.6	2,260.8	2,363.2	2,505.3	2,689.4	2,758.3	2,795.4	2,877.3	2,877.3
Liabilities to Central Government	1,864.5	1,787.2	1,921.8	2,091.2	2,165.8	2,238.0	2,358.6	2,218.4	2,329.2	2,483.1	2,614.1	2,635.6	2,618.8	2,618.8
Claims to the private sector	7,622.3	7,578.8	7,761.7	7,707.6	7,960.3	8,070.2	8,131.3	8,111.7	8,448.5	8,808.2	8,718.1	8,866.5	9,007.5	9,007.5
o/w Extended in Shillings	5,171.0	5,174.6	5,296.4	5,265.4	5,346.8	5,436.7	5,495.9	5,648.6	5,743.5	5,880.8	5,845.5	5,925.1	6,101.7	6,101.7
Extended in foreign currency	2,451.3	2,404.3	2,465.3	2,442.2	2,595.5	2,633.6	2,635.4	2,663.1	2,705.0	2,771.3	2,827.6	2,941.4	2,905.8	2,905.8
(Equivalent in USD million)	1,564.7	1,525.8	1,566.6	1,550.6	1,654.9	1,673.6	1,679.8	1,691.1	1,726.0	1,766.0	1,872.4	1,871.8	1,848.9	1,848.9
Extended Broad Money Supply (M3)	13,021.3	13,005.7	13,008.3	13,001.7	12,985.7	13,082.6	13,371.2	13,664.6	13,904.9	14,091.5	14,291.3	14,679.2	14,730.7	14,730.7
Foreign Currency Deposits (FCD) in National Currency	3,773.4	3,671.1	3,648.6	3,620.4	3,603.7	3,662.8	3,817.4	3,789.2	3,789.2	3,838.2	3,838.2	3,955.5	4,006.1	4,006.1
FCD in millions of US dollar	2,408.6	2,329.8	2,318.6	2,298.7	2,297.7	2,331.9	2,274.2	2,424.1	2,362.0	2,414.6	2,441.6	2,517.2	2,549.0	2,549.0
Broad Money Supply (M2)	9,247.9	9,334.6	9,359.7	9,381.2	9,382.0	9,419.7	9,803.2	9,847.2	10,203.3	10,302.3	10,453.1	10,723.7	10,724.5	10,724.5
Deposits in National Currency	7,012.1	7,231.7	7,253.5	7,236.0	7,234.2	7,197.8	7,495.7	7,692.4	7,822.3	8,038.1	8,038.1	8,305.3	8,309.7	8,309.7
Other Deposits in National Currency	3,676.0	3,707.2	3,621.0	3,699.8	3,699.1	3,696.6	3,771.9	3,757.2	3,840.4	3,906.4	3,990.0	4,121.1	4,186.0	4,186.0
Narrow Money Supply (M1)	5,572.0	5,627.4	5,738.6	5,711.4	5,682.9	5,723.2	6,031.3	6,089.9	6,562.8	6,396.0	6,463.1	6,602.6	6,538.6	6,538.6
Currency in Circulation	2,235.8	2,102.9	2,106.2	2,145.2	2,147.8	2,221.9	2,317.5	2,354.7	2,510.9	2,480.0	2,415.0	2,418.4	2,414.8	2,414.8
Transferable Deposits in National Currency	3,336.2	3,524.3	3,632.4	3,566.2	3,535.1	3,501.2	3,713.8	3,735.3	3,851.9	3,915.9	4,048.1	4,184.2	4,123.8	4,123.8
Stock of Reserve Money	4,111.9	4,305.3	4,073.3	3,881.1	3,991.9	4,236.4	4,591.6	4,514.1	4,627.8	4,492.0	4,695.0	4,839.8	4,825.6	4,825.6
Average Reserve Money	4,221.9	4,193.9	4,080.3	4,014.5	3,970.9	4,103.1	4,276.5	4,406.9	4,590.5	4,582.8	4,545.3	4,705.2	4,684.6	4,684.6
Annual growth rates (%)														
Stock of Reserve Money	17.6	19.9	11.8	9.2	9.7	16.5	21.2	15.6	14.1	6.0	11.8	17.3	10.1	10.1
Average Reserve Money	19.8	19.8	14.0	10.7	11.2	12.7	14.2	14.6	13.3	11.9	6.8	11.7	11.0	11.0
Extended Broad Money Supply (M3)	18.2	16.1	16.3	15.7	13.6	12.7	11.8	12.8	9.0	10.1	6.3	11.1	13.1	13.1
Broad Money Supply (M2)	15.0	15.1	15.6	14.8	12.9	11.1	12.7	12.3	12.8	13.0	13.0	15.1	16.0	16.0
Credit to the private sector	27.2	25.0	24.3	21.9	24.0	21.6	18.5	19.7	16.8	16.1	13.6	15.7	18.2	18.2
Memorandum Items														
Net Credit to Central Government/ Domestic Credit (%)	16.2	19.9	20.4	19.9	17.3	17.9	17.3	16.8	17.8	15.4	17.6	20.5	18.8	18.8
Credit to the Private Sector/ Domestic Credit (%)	83.8	80.1	79.6	80.1	82.7	82.0	82.7	83.2	82.6	84.6	82.4	79.5	81.2	81.2
FCD/M3 (%)	29.0	28.2	28.0	27.8	27.8	28.1	26.7	27.9	26.6	26.9	26.9	26.9	27.2	27.2
Nominal Exchange Rate (end of period) (TZS/USD)	1,566.7	1,575.6	1,573.6	1,575.0	1,568.4	1,570.8	1,568.9	1,574.8	1,567.2	1,569.3	1,572.0	1,571.4	1,571.6	1,571.6
Gross Official Reserves (Millions of USD)	3,744.6	3,554.7	3,499.9	3,522.0	3,486.7	3,524.2	3,865.7	3,869.0	4,060.7	4,104.6	3,887.5	4,069.1	4,069.1	4,069.1
Foreign Assets of Banks (Millions of USD)	1,083.1	1,019.6	1,076.1	1,023.0	1,018.1	948.2	911.4	990.7	975.9	906.0	843.8	895.6	887.1	887.1
Gross Foreign Assets of the Banking System (Millions of USD)	4,827.7	4,574.3	4,576.1	4,544.0	4,504.8	4,472.4	4,705.5	4,856.4	4,844.9	4,966.7	4,948.4	4,783.1	4,956.2	4,956.2

Source: Bank of Tanzania



Table A10: Tanzania: Capital and Money Market Interest Rates

Percent

	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12
Interbank Cash Market Rates													
Overnight	29.34	22.03	7.16	16.27	25.79	16.82	14.56	5.42	5.43	8.67	7.85	4.15	5.08
31 to 60 days	23.00	23.00	23.00	23.00	22.00	22.00	18.00	18.00	18.00	18.00	11.77	7.70	7.70
61 to 90 days	17.00	17.00	17.00	17.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	14.00
91 to 180 days	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	12.43
181 and above	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30	7.30
Overall interbank cash market rate	29.11	21.44	7.40	16.84	25.68	17.34	14.74	6.21	5.54	8.79	8.42	4.56	5.80
Lombard Rate	35.21	26.44	8.59	19.53	30.94	20.19	17.47	6.50	6.51	10.41	9.42	4.97	6.10
REPO Rate	12.61	10.53	4.05	3.75	3.75	3.75	8.94	6.04	4.82	6.69	5.94	3.56	3.51
Treasury Bills Rates													
35 days	3.87	10.44	6.59	5.24	5.24	5.24	6.67	4.37	4.24	4.24	8.34	7.44	6.99
91 days	12.61	13.16	12.23	12.77	13.80	13.82	13.39	13.22	11.83	12.27	12.29	11.85	11.89
182 days	16.39	17.46	13.60	13.13	13.90	14.02	13.52	13.47	12.74	12.92	13.25	12.86	12.96
364 days	18.66	18.59	13.38	13.91	14.86	14.91	14.44	13.78	12.95	13.44	13.44	13.31	13.69
Overall Treasury bills rate	18.20	17.85	12.99	13.35	14.40	14.37	13.81	13.39	12.50	12.93	12.88	12.43	12.85
Treasury Bonds Rates													
2-years	14.01	17.85	17.85	13.73	13.73	14.45	14.76	14.76	13.82	13.82	13.84	13.84	14.27
5-years	13.15	17.05	17.05	14.82	14.82	14.93	14.93	14.74	14.74	14.49	14.53	14.53	14.94
7-years	14.99	14.99	13.84	13.84	14.63	15.45	15.45	14.86	14.86	15.06	15.06	15.25	15.25
10-years	16.98	16.98	14.80	14.80	14.99	14.99	15.16	15.16	15.07	15.07	15.28	15.82	15.82
Bank Rate	12.00												

Source: Bank of Tanzania



Table A11: Tanzania: Commercial Banks Interest Rates

Percent

	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12
A: Domestic Currency													
Savings Deposit Rate													
Overall Time Deposits Rate	2.90	2.91	2.87	2.86	2.88	2.93	2.88	2.91	2.94	3.02	2.88	2.89	2.88
1 month	7.12	7.56	7.09	8.35	8.14	8.05	8.57	8.49	8.36	8.25	8.29	8.10	8.45
2 months	6.65	6.03	6.66	7.87	7.46	6.93	7.51	7.68	8.50	7.99	9.29	8.54	9.05
3 months	8.24	8.87	8.16	7.94	7.89	8.30	7.59	9.57	8.61	8.84	8.77	9.53	9.83
6 months	8.37	8.38	8.37	9.44	8.69	8.37	9.45	10.50	9.56	10.04	10.59	10.32	10.43
12 months	8.67	9.32	9.41	10.13	9.55	9.58	10.69	11.49	10.88	10.64	10.16	10.18	10.18
24 months	9.19	9.03	9.58	10.46	10.87	10.63	11.18	11.01	10.74	10.16	9.97	9.37	9.93
	7.75	10.07	6.42	11.61	11.36	11.64	12.12	8.45	8.52	8.73	7.51	7.53	8.43
Negotiated Deposit Rate													
	9.99	9.63	9.77	10.16	10.38	10.12	9.79	9.64	9.32	10.10	9.22	9.98	10.09
Overall Lending Rate													
Short-term (up to 1 year)	14.21	14.84	15.80	15.19	15.13	15.14	15.32	15.67	15.82	15.83	16.45	15.69	15.53
Medium-term (1-2 years)	13.78	13.91	13.79	13.98	14.25	14.22	13.92	14.45	14.55	14.35	14.37	14.23	13.99
Long-term (3-5 years)	17.80	15.49	17.34	15.53	15.52	15.78	16.31	16.47	16.81	16.61	17.27	16.67	16.74
Term Loans (over 5 years)	14.17	14.87	17.19	15.33	15.31	15.38	15.63	15.81	15.55	16.02	16.73	16.13	15.93
	14.33	14.80	16.66	15.72	15.43	15.37	15.62	15.85	15.94	16.25	17.14	16.64	16.73
	10.99	15.14	14.00	15.41	15.15	14.98	15.14	15.75	16.23	15.89	16.73	14.76	14.24
Negotiated Lending Rate													
	13.60	13.77	14.82	14.25	13.86	13.34	14.21	14.00	13.30	14.38	14.36	13.87	14.54
B: Foreign Currency													
Deposits Rates													
Overall Time Deposits Rate	0.70	0.60	0.32	0.64	0.68	0.54	0.38	0.32	0.53	0.38	0.66	0.65	0.32
1-months	1.29	1.35	1.19	1.33	1.19	1.12	1.42	1.26	1.61	1.63	1.64	1.71	1.63
2-months	1.11	1.16	0.97	1.07	0.65	1.03	1.21	0.87	1.05	0.89	1.16	1.26	1.14
3-months	0.75	1.50	1.17	1.57	1.37	1.57	1.73	2.17	2.11	2.37	2.01	2.38	2.13
6-months	1.84	0.79	0.78	0.79	0.80	0.92	0.82	0.09	1.56	1.55	1.54	1.52	1.78
12-months	1.16	1.81	1.43	1.62	1.56	1.04	1.87	1.74	1.72	1.72	1.83	1.61	1.66
	1.55	1.52	1.62	1.94	1.57	1.03	1.47	1.43	1.61	1.64	1.66	1.76	1.46
Overall Lending Rate													
Short-term (up to 1 year)	8.25	8.11	8.37	8.37	9.51	10.12	10.14	7.27	7.21	7.23	6.46	7.20	5.78
Medium-term (1-2 years)	5.99	5.97	6.02	5.99	7.32	6.76	8.52	6.41	6.22	6.27	2.26	5.99	5.75
Long-term (3-5 years)	9.32	9.28	9.37	9.40	10.14	11.20	11.06	7.87	7.82	8.13	8.14	8.20	8.29
Term Loans (over 5 years)	9.02	9.02	8.03	10.38	10.42	10.43	7.64	7.64	7.11	7.37	7.47	7.26	7.17
	8.46	8.06	8.75	8.76	10.34	10.36	10.35	7.48	7.44	7.57	7.47	7.44	7.28
	8.48	8.21	8.66	8.80	9.38	11.85	10.36	6.96	6.93	7.10	7.08	7.13	7.76

Source: Bank of Tanzania





Table A12: Central Government Operations - Tanzania Mainland

Billions of TZS

Item	Jul 2011- Nov 2011		Budget	July 2012 - November 2012			
	Actual	% of GDP	2012/13	Projection	Actual	Projection	% of GDP
Total Revenue (incl. LGA Own Sources)	2,715.6	6.6%	9,076.9	3,611.5	3,235.9	89.6%	6.7%
Total Revenue (excl. LGA Own Sources)	2,615.6	6.4%	8,714.7	3,460.6	3,227.3	93.3%	6.7%
Tax Revenue	2,467.8	6.0%	8,054.0	3,177.9	3,025.7	95.2%	6.3%
Taxes on Imports	1,085.8	2.6%	3,157.9	1,312.4	1,236.3	94.2%	2.6%
Sales/VAT and Excise on Local Goods	525.0	1.3%	1,760.0	716.9	615.5	85.9%	1.3%
Income Taxes	725.7	1.8%	2,744.3	985.4	1,027.1	104.2%	2.1%
Other taxes	131.3	0.3%	391.8	163.2	146.9	90.0%	0.3%
Non- tax Revenue	147.9	0.4%	660.6	282.7	201.6	71.3%	0.4%
LGA Own Sources	100.0	0.2%	362.2	150.9	8.6	5.7%	0.0%
Total Expenditure 1/	4,259.4	10.4%	13,812.2	5,234.6	3,792.6	72.5%	7.8%
Recurrent expenditure	2,505.0	6.1%	9,284.4	3,819.3	2,786.1	72.9%	5.8%
Wages and salaries	1,303.5	3.2%	3,781.1	1,569.9	1,595.0	101.6%	3.3%
Interest payments	125.8	0.3%	555.2	206.5	182.1	88.2%	0.4%
Domestic 2/	94.3	0.2%	335.2	136.4	139.6	102.4%	0.3%
Foreign	31.4	0.1%	220.0	70.1	42.5	60.7%	0.1%
Other goods, services and transfers	1,075.7	2.6%	4,948.1	2,042.9	1,008.9	49.4%	2.1%
Dev. Expenditure and net lending	1,754.4	4.3%	4,527.8	1,415.3	1,006.4	71.1%	2.1%
Local	959.0	2.3%	2,213.6	451.1	749.7	166.2%	1.5%
Foreign	795.4	1.9%	2,314.2	964.3	256.8	26.6%	0.5%
Overall Balance (cheque issued) before Grants	-1,543.8	-3.8%	-4,735.4	-1,623.1	-556.7	34.3%	-1.2%
Grants	734.7	1.8%	2,008.5	926.8	613.1	66.2%	1.3%
Program	226.2	0.6%	622.5	349.3	424.2	121.5%	0.9%
Project	339.0	0.8%	1,130.1	470.9	91.8	19.5%	0.2%
Basket funds	169.5	0.4%	255.9	106.6	97.1	91.1%	0.2%
HIPC Relief							
MDRI/MCA(T)							
Overall Balance (cheq.issued) after Grants	-809.0	-2.0%	-2,726.9	-696.4	56.4	-8.1%	0.1%
Expenditure float	-183.5	-0.4%	0.0	0.0	-350.7		-0.7%
Adjustments to cash and other items (net)	-54.0		0.0	0.0	-598.2		-1.2%
Overall Balance (cheques issued)	-1,046.6	-2.5%	-2,726.9	-696.4	-892.5	128.2%	-1.8%
Total Financing:	1,046.6	2.5%	2,654.6	696.4	892.5	128.2%	1.8%
<i>Foreign Financing (net)</i>	<i>688.0</i>	<i>1.7%</i>	<i>2,170.7</i>	<i>413.0</i>	<i>149.8</i>	<i>36.3%</i>	<i>0.3%</i>
Loans	716.9	1.7%	2,402.3	479.1	177.8	37.1%	0.4%
Program loans	28.7	0.1%	220.0	92.3	86.6	93.8%	0.2%
Development Project loans	224.5	0.5%	769.0	320.4	17.4	5.4%	0.0%
Basket Support	62.4	0.2%	159.2	66.3	50.5	76.2%	0.1%
Non-Concessional Borrowing	401.4		1,254.1	0.0	23.3		0.0%
Amortization	-28.9	-0.1%	-231.6	-66.1	-28.0	42.4%	-0.1%
Total Domestic (net)	358.6	0.9%	483.9	283.3	742.7	262.1%	1.5%
<i>Net domestic financing (NDF)</i>	<i>358.6</i>	<i>0.9%</i>	<i>483.9</i>	<i>283.3</i>	<i>742.7</i>	<i>262.1%</i>	<i>1.5%</i>
Bank borrowing	343.6	0.8%	483.9	283.3	600.8	212.0%	1.2%
Non-Bank (net of amortization)	15.0	0.0%	0.0	0.0	141.9		0.3%
Borrowing/Roll over	328.3	0.8%	1,148.1	502.3	611.5	121.7%	1.3%
Domestic & Contingent debt Amortization	-328.3	-0.8%	-1,148.1	-502.3	-611.5	121.7%	-1.3%
Privatization Proceeds	0.0	0.0%	0.0	0.0	0.0		0.0%
GDP	41,120.4		48,385.1				

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

Note:

1/ Exclude amortization and Expenditure Float, includes Road fund and Retention expenditures

2/ Domestic Interest payments and amortization include Cash and Non cash



Table A13: Zanzibar Central Government Operations

Millions of TZS

	Budget	July-December 2012		Actual vs
	2012/2013	Projection	Actual	Projection
Total Revenue	294,100.0	139,775.5	131,362.8	94.0
Tax Revenue	267,101.0	130,955.3	123,456.1	94.3
Tax on Imports	67,080.0	33,969.4	33,960.4	100.0
VAT and Excise Duties (local)	74,460.0	37,067.5	31,495.8	85.0
Income Tax	61,060.0	23,962.9	30,046.2	125.4
Other Taxes	64,501.0	35,955.6	27,953.7	77.7
Non-Tax Revenue	26,999.0	8,820.2	7,906.7	89.6
Total Expenditure	651,900.0	223,698.0	228,778.4	102.3
Recurrent Expenditure	310,800.0	145,864.0	139,288.1	95.5
Wages and Salaries	139,600.0	65,539.0	65,697.4	100.2
Interest Payment	3,000.0	0.0	0.0	
Local	3,000.0	0.0	0.0	
Foreign	0.0	0.0	0.0	
Other Expenditure	168,200.0	80,325.0	73,590.7	91.6
Development Expenditure	341,100.0	77,834.0	89,490.3	115.0
local	47,900.0	25,816.0	15,621.7	60.5
foreign	293,200.0	52,018.0	73,868.6	142.0
Overall (surplus) Deficit before grants	-357,800.0	-83,922.5	-97,415.6	116.1
Grants	145,300.0	33,242.0	58,937.3	177.3
4.5% Budget Support	39,900.0	19,780.0	17,192.0	86.9
Program Grant	105,400.0	13,462.0	41,745.3	310.1
Overall Deficit after grants	-212,500.0	-50,680.5	-38,478.3	75.9
Adjustment to cash and other items	0.0	12,124.5	6,355.0	52.4
Overall Deficit cheques cleared	-209,500.0	-38,556.0	-32,123.3	83.3
Financing	209,500.0	38,556.0	32,123.3	83.3
Foreign	187,800.0	38,556.0	32,123.3	83.3
Program Loans	187,800.0	38,556.0	32,123.3	83.3
Amortization (foreign)	0.0	0.0	0.0	
Domestic (net)	21,700.0	0.0	0.0	
Bank /1	5,900.0	0.0	0.0	
Non-bank	15,800.0	0.0	0.0	

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

1/ negative means build up of reserves



Table A14: Tanzania Exports by Type of Commodity

Items	Unit	Year Ending December		% Change
		2011	2012 ^p	
Traditional Exports:				
COFFEE				
Value	Mill USD	142.6	186.6	30.8
Volume	000 Tons	39.0	54.8	40.5
Unit Price	USD per Ton	3,654.9	3,403.2	-6.9
COTTON				
Value	Mill USD	61.6	164.9	167.6
Volume	000 Tons	40.3	132.0	227.4
Unit Price	USD per Ton	1,529.0	1,249.7	-18.3
SISAL				
Value	Mill USD	16.9	18.4	8.5
Volume	000 Tons	13.8	13.5	-2.2
Unit Price	USD per Ton	1,223.5	1,357.1	10.9
TEA				
Value	Mill USD	47.2	56.1	18.9
Volume	000 Tons	27.1	27.2	0.3
Unit Price	USD per Ton	1,739.7	2,061.2	18.5
TOBACCO				
Value	Mill USD	281.2	350.1	24.5
Volume	000 Tons	73.3	105.6	44.1
Unit Price	USD per Ton	3,839.4	3,316.0	-13.6
CASHEWNUTS				
Value	Mill USD	107.0	142.6	33.3
Volume	000 Tons	96.4	130.9	35.8
Unit Price	USD per Ton	1,110.0	1,089.3	-1.9
CLOVES				
Value	Mill USD	28.9	38.1	31.9
Volume	000 Tons	2.2	3.4	55.0
Unit Price	USD per Ton	13,162.9	11,198.5	-14.9
Sub Total	Mill USD	685.5	956.7	39.6
Non-Traditional Exports:				
Minerals		2,283.2	2,246.3	-1.6
Gold	Mill USD	2,224.1	2,170.1	-2.4
Diamond	Mill USD	10.0	26.1	161.1
Other minerals ¹	Mill USD	49.2	50.2	2.0
Manufactured Goods	Mill USD	861.5	1,047.3	21.6
Cotton Yarn	Mill USD	4.8	5.8	20.7
Manufactured Coffee	Mill USD	1.1	1.0	-9.8
Manufactured Tobacco	Mill USD	16.7	34.6	107.3
Sisal Products (Yarn & Twine)	Mill USD	11.8	9.1	-23.2
Other manufactured Goods ²	Mill USD	827.1	996.8	20.5
Fish and Fish Products	Mill USD	137.7	160.6	16.6
Horticultural products	Mill USD	36.4	51.3	41.0
Re-exports	Mill USD	98.3	181.7	84.8
Other Exports³	Mill USD	330.2	555.7	68.3
Sub Total	Mill USD	3,747.3	4,242.9	13.2
Adjustment for unrecorded exports		664.9	779.9	17.3
GRAND TOTAL	Mill USD	5,097.7	5,979.5	17.3

Source: Bank of Tanzania, Tanzania Revenue Authority

Note:

1 Include tanzanite, rubbies, sapphires, emeralds, copper, silver and other precious stones

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

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

p = Provisional data.



Table A15: Zanzibar Goods Exports by Major Categories

Item	Units	Year Ending December		%Change
		2011	2012p	
Traditional exports				
Cloves				
Value	Mill. USD	29.0	38.1	31.5
Volume	000' Tons	2.2	3.4	54.5
Unit Price	USD per ton	13,162.9	11,198.5	(14.9)
Sub-Total		29.0	38.1	31.5
Non-Traditional Exports				
Seaweeds				
Value	Mill. USD	3.0	5.6	84.3
Volume	000' Tons	8.5	14.8	73.6
Unit Price	USD per ton	356.2	378.1	6.1
Manufactured Goods	Mill. USD	6.5	3.7	(43.7)
Fish and Marine Products	Mill. USD	0.3	0.2	(32.6)
Others Exports	Mill. USD	6.5	3.6	(45.1)
Sub Total	Mill. USD	16.4	13.1	(20.3)
Grand Total	Mill. USD	45.4	51.1	12.8

Source: Tanzania Revenue Authority and Bank of Tanzania

Note: Other exports include mainly souvenirs and spices

Note: p = provisional

**Table A16: Tanzania Imports (F.O.B value) by Major Category
Millions of USD**

Items	Year Ending December		% Change	% Change
	2011	2012 ^p		
CAPITAL GOODS	3,560.5	3,686.5	3.5	908.9
Transport Equipment	1,008.5	1,158.2	14.8	-24.4
Building and Constructions	757.7	805.8	6.3	23.0
Machinery	1,794.3	1,722.5	-4.0	-517.0
INTERMEDIATE GOODS	4,139.0	4,325.9	4.5	827.8
Oil imports	3,228.7	3,386.4	4.9	571.6
Fertilizers	176.6	133.9	-24.2	-105.4
Industrial raw materials	733.7	805.7	9.8	-20.5
CONSUMER GOODS	2,128.0	2,312.5	8.7	158.4
Food and food stuffs	603.1	656.6	8.9	-28.3
All other consumer goods ¹	1,524.9	1,655.9	8.6	86.7
GRAND TOTAL	9,827.5	10,324.9	5.1	1,875.8

Source: Bank of Tanzania and Tanzania Revenue Authority

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

p = Provisional data



Table A17: Zanzibar Imports by Major Categories

Millions of USD

Import Category	Year Ending December		%Change
	2011	2012 ^p	
Capital Goods	56.0	104.4	86.4
Transport Equipment	21.4	26.1	22.0
Building and Constructions	12.1	18.2	50.4
Machinery	22.4	60.1	168.3
Intermediate Goods	72.6	72.2	-0.6
Oil imports	67.8	66.9	-1.3
Industrial raw materials	4.9	5.3	8.2
Consumer Goods	26.2	46.8	78.6
Food and food stuffs	9.8	17.2	75.5
All other consumer goods*	16.4	29.6	80.5
Grand Total (c.i.f)	154.8	223.4	44.3
Grand Total (f.o.b)	140.8	203.3	44.4

Source: Tanzania Revenue Authority

Note: p = provisional.



Table A18: Tanzania's Balance of Payments

Millions of USD

<i>Item</i>	2007^r	2008^r	2009^r	2010^r	2011^r
A. Current Account	-1,714.7	-2,577.1	-1,809.9	-1,960.1	-3,977.1
<i>Balance on Goods</i>	<i>-2,634.1</i>	<i>-3,433.5</i>	<i>-2,536.1</i>	<i>-2,841.2</i>	<i>-4,729.8</i>
Goods: exports fo.b.	2,226.6	3,578.8	3,298.1	4,324.3	5,097.7
Traditional	319.7	507.3	486.4	583.2	685.5
Nontraditional	1,704.5	2,604.7	2,372.9	3,177.0	3,747.3
o/w Gold	788.2	1,108.3	1,229.5	1,516.6	2,224.1
Unrecorded trade	202.4	466.8	438.9	564.0	664.9
Goods: imports fo.b.	-4,860.6	-7,012.3	-5,834.1	-7,165.5	-9,827.5
<i>Balance on Services</i>	<i>462.1</i>	<i>336.9</i>	<i>132.7</i>	<i>156.9</i>	<i>92.2</i>
Services: credit	1,875.7	1,998.8	1,854.6	2,045.7	2,300.3
Services: debit	-1,413.7	-1,661.9	-1,722.0	-1,888.9	-2,208.1
<i>Balance on Goods and Services</i>	<i>-2,172.0</i>	<i>-3,096.6</i>	<i>-2,403.4</i>	<i>-2,684.4</i>	<i>-4,637.5</i>
<i>Balance on income</i>	<i>-282.1</i>	<i>-314.3</i>	<i>-297.8</i>	<i>-326.9</i>	<i>-231.8</i>
Income: credit	107.3	122.7	161.1	160.1	184.2
Income: debit	-389.4	-437.0	-458.9	-487.0	-416.0
<i>Balance on Goods, Services and Income</i>	<i>-2,454.1</i>	<i>-3,410.9</i>	<i>-2,701.1</i>	<i>-3,011.3</i>	<i>-4,869.3</i>
<i>Balance on Current transfers</i>	<i>739.4</i>	<i>833.8</i>	<i>891.2</i>	<i>1,051.2</i>	<i>892.2</i>
Current transfers: credit	811.9	913.4	959.7	1,130.2	984.9
Current transfer: debit	-72.5	-79.6	-68.4	-79.0	-92.7
B. Capital Account	938.5	524.2	442.2	537.9	765.8
Capital transfers: credit	938.5	524.2	442.2	537.9	765.8
Capital transfers:debit	0.0	0.0	0.0	0.0	0.0
Total, Groups A plus B	-776.2	-2,052.9	-1,367.7	-1,422.2	-3,211.3
C. Financial Account, excl. reserves and related items	873.0	2,592.7	1,984.4	2,284.5	3,309.2
Direct investment abroad	0.0	0.0	0.0	0.0	0.0
Direct investment in Tanzania	581.5	1,383.3	952.6	1,022.8	1,314.0
Portfolio investment	4.3	1.7	3.4	3.3	4.0
Other investment	287.1	1,207.8	1,028.3	1,258.4	1,991.1
<i>Total, Groups A through C</i>	96.8	539.8	616.7	862.3	97.8
D. Net Errors and Omissions	307.8	-391.8	-250.5	-492.5	-299.8
<i>Overall balance</i>	404.6	148.0	366.2	369.8	-202.0
E. Reserves and Related Items	-404.6	-148.0	-366.2	-369.8	202.0
Reserve assets	-411.4	-147.0	-676.8	-395.4	206.3
Use of Fund credit and loans	6.8	-0.2	310.6	25.6	-4.4
Exceptional financing	0.0	0.0	0.0	0.0	0.0
Memorandum items					
Gross Official Reserves	2,724.3	2,872.6	3,552.5	3,948.0	3,744.6
Months of Imports	5.2	4.0	5.6	5.2	3.7
Months of Imports, excl. FDI's related imports	5.6	4.6	6.3	5.8	4.1
Net International Reserves (year end)	2,706.5	2,855.0	3,224.3	3,594.2	3,395.2
Change in Net International Reserves	-585.1	-148.4	-369.4	-369.9	199.0
Exchange rate (end of period)	1,132.1	1,280.3	1,313.3	1,453.5	1,566.7
Exchange rate (annual average)	1,244.1	1,196.9	1,306.0	1,395.7	1,557.4

Source: Bank of Tanzania

Notes:

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

p = Provisional

O/w = Of which



GLOSSARY

Currency in Circulation outside Banks

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

Bank Rate

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

Exchange Rate

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

Excess Reserves

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

Inflation

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

Core Inflation

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



Non-Food Inflation

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

Gross Official Reserves or Reserve Assets

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

Lombard Facility

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

Minimum Reserve Requirement

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



Money Supply (M)

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

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

M2 — M1 plus fixed deposits and savings deposits

M3 — M2 plus residents' foreign currency deposits

Repo and Reverse Repos

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

A reverse repo is simply the same repurchase agreement from the buyer's viewpoint, not the seller's. Hence, the seller executing the transaction would describe it as a 'repo', while the buyer in the same transaction would describe it a 'reverse repo'.

Reserve Money (M0)

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



Reserve Money Program

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

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