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# **MONETARY POLICY STATEMENT**

*The Mid-Year Review  
2015/16*

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**GOVERNOR  
BANK OF TANZANIA**

**February 2016**





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**GOVERNOR  
BANK OF TANZANIA**

**February 2016**





3<sup>rd</sup> February, 2016

**Hon. Dr. Philip I. Mpango (MP),  
Minister for Finance and Planning,  
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 2015/16 for subsequent submission to the National Assembly.

The Statement reviews the implementation of monetary policy during the first half of 2015/16. It then outlines the monetary policy stance and measures that the Bank of Tanzania intends to pursue in the second half of 2015/16 to meet its policy objectives.

Yours Sincerely,

*Benno J. Ndulu*

**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 2015/16, and outlines the monetary policy stance that the Bank intends to adopt in the remainder of 2015/16.

### Global Economic Developments

Global economic growth remained modest and uneven in the advanced, and emerging market and developing economies. Output growth in advanced economies improved, while it continued to slowdown in emerging market and developing economies.

According to the IMF's World Economic Outlook Update of January 2016, global growth projection is estimated to be 3.4 percent in 2016 compared to 3.1 percent in 2015. Growth in advanced economies is projected to continue to rise supported by still-easy financial conditions, improving housing and labour markets, lower energy prices and rising income. In emerging market and developing economies growth is projected to increase particularly in India. However, output growth in China is projected to slowdown driven by weaker investment growth. In sub-Saharan Africa, growth is expected to pick up but will be moderated by lower commodity prices and high borrowing costs.

After a sustained period of very low inflation in key advanced and emerging market economies, inflation rates rose towards the end of 2015. The inflation rate accelerated in the United States, United Kingdom, Euro area and China, but India recorded deflation for thirteen consecutive months. According to the IMF's World Economic Outlook



Update of January 2016, inflation rate in the advanced economies is projected to increase to 1.1 percent in 2016 from 0.3 percent recorded in 2015. Similarly, inflation rate in emerging market and developing economies is projected to increase to 5.6 percent in 2016 from 5.5 percent recorded in 2015, largely driven by the heightened exchange rate depreciation pressures in these economies.

## **Economic Developments in Tanzania**

### ***Tanzania Mainland***

The economy continued to register strong growth in the first three quarters of 2015, growing at 6.9 percent, close to the projected growth of 7.0 percent for the year. This performance was attributed to growth in credit to the private sector, on-going investments in infrastructure developments, and investment in provision of mobile and internet services. The economic growth was also supported by on-going investment in power generation that boosted industrial production and related services; coupled with a downward movement in global oil prices and the recovery of the global economy. In terms of contribution to growth, the leading activities were construction (18.4 percent), agriculture (10.9 percent), trade (10.7 percent) and transport (9.9 percent). The fastest growing activities were construction (13.2 percent), information and communication (12.4 percent), and transport (10.9 percent).

Headline inflation increased slightly in the second half of 2015 on account of increase in prices of most foodstuffs. Headline inflation was 6.8 percent in December 2015 compared with 6.1 percent recorded in June 2015. Meanwhile, core inflation (which excludes food and energy prices) was contained below 2.5 percent during the period, consistent with monetary policy measures implemented by the Bank of Tanzania.



During the first half of 2015/16, government revenue deposited at the Bank of Tanzania was TZS 6,608.3 billion, being 98.1 percent of estimate for the period and 29.3 percent higher than the amount deposited during similar period in the preceding year. There was a significant improvement in domestic revenue collections in November and December 2015, with collections surpassing their respective projections by 3.6 percent and 6.2 percent. Total expenditure amounted to TZS 8,423.6 billion, or 92.1 percent of the estimate, of which recurrent was TZS 6,607.2 billion and was fully covered by domestic revenue.

During July to December 2015, the current account deficit narrowed by 44.2 percent to USD 1,161.9 million compared to the deficit of USD 2,081.1 million recorded in the corresponding period in 2014. This improvement was mainly explained by an increase in the value of exports of gold, manufactured goods and receipts from tourism and transportation services, coupled with a decline in the import value of oil, building and construction equipment, and food stuffs.

The stock of gross official reserves (at the Bank of Tanzania) amounted to USD 4,093.7 million as at the end of December 2015, sufficient to cover about 4 months of projected imports of goods and services excluding those financed by foreign direct investment. Gross foreign assets of commercial banks amounted to USD 1,012.1 million, while foreign currency deposits by residents amounted to USD 2,933.1 million at the end of December 2015.

The external debt stock increased by 0.1 percent to USD 15,408.5 million at the end of December 2015, from USD 15,395.7 million recorded at the end of June 2015, out of which 84.8 percent was public debt. The recent Debt Sustainability Analysis indicates that as at the



end of June 2015, the net present value of external debt to GDP was 20.0 percent, well below the international threshold of 50.0 percent, implying that Tanzania's external debt is sustainable. Domestic debt increased by 13.2 percent to TZS 8,597.0 billion at the end of December 2015 from TZS 7,594.7 billion recorded at the end of June 2015. The increase was on account of issuance of government securities for budget financing.

The banking sector continued to grow with new institutions starting business, including Tanzania Agricultural Development Bank. The sector remained sound and stable with levels of capital and liquidity above regulatory requirements. As at the end of December 2015, the ratio of core capital to total risk weighted assets and off-balance sheet exposures was 17.5 percent compared with the minimum legal requirement of 10 percent, while the ratio of liquid assets to demand liabilities stood at 37.4 percent which was within the minimum regulatory limit of 20 percent. The quality of the banking sector's assets improved as reflected by the ratio of non-performing loans to gross loans, which decreased to 6.4 percent from 6.8 percent recorded at the end of December 2014.

During the period under review, the clearing, payment and settlement systems continued to operate smoothly recording significant growth in access and usage. The increase in access and usage of formal financial services has been driven mostly by innovation and technology in the financial sector, particularly the use of mobile phones for financial services. This digital technology has made Tanzania as one of the global hot spots of innovative financial services. By the end of December 2015, the number of registered active users of mobile phone financial services was 19 million.



The Bank of Tanzania strengthened its supervisory and regulatory role through issuance of new Social Security Investment Guidelines of 2015, Banking and Financial Institutions (Mortgage Finance) Regulations, 2015 and Foreign Exchange (Bureau de Change) Regulations, 2015. These revisions were made to incorporate recent developments in the market; and also enable the Bank to effectively discharge its mandate of supervising the financial sector.

The legal and regulatory framework for the National Payment Systems was enhanced by operationalizing the National Payment Systems Act 2015 in October 2015 and its accompanying regulations namely: Licensing and Approval Regulations 2015 and the Electronic Money Issuance Regulations 2015.

### *Zanzibar*

In the first three quarters of 2015, real GDP grew by 4.6 percent compared to 9.1 percent recorded in the corresponding period in 2014. Growth was underpinned by tourism related activities, particularly accommodation and food services; finance and insurance, manufacturing and fishing. Annual headline inflation rose to 11.7 percent in December 2015 from 3.9 percent in June 2015, mainly due to increase in food prices especially for fish, rice, wheat flour and sugar.

During the first half of 2015/16 domestic revenue was TZS 189.8 billion, more than sufficient to cover recurrent expenditure for the period. Total revenue was 89.3 percent of the target, with tax revenue recording 89.0 percent performance. Total grants amounted to TZS 14.5 billion compared to the projected TZS 2.9 billion. Total expenditure amounted to TZS 218.8 billion, out of which recurrent expenditure



was TZS 183.4 billion. Foreign inflows accounted for 69.4 percent of total development expenditure.

During July to December 2015, the current account recorded a surplus of USD 12.2 million compared to a surplus of USD 18.8 million recorded in the corresponding period in 2014. The decrease in the current account surplus was mainly due to decline in cloves exports and inflows from development partners, which could not be offset by a 20.5 percent decline in the value of oil imports due to a fall in world market prices.

## **Implementation of Monetary Policy in 2015/16**

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

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

- i. Annual growth of average reserve money not exceeding 13.4 percent;
- ii. Annual growth of broad money (M3) not exceeding 16.0 percent;
- iii. Annual growth of private sector credit of about 19.3 percent; and
- iv. Maintaining gross official reserves at levels adequate to cover at least 4.0 months of projected imports of goods and services, excluding FDIs related imports.



## *Monetary Policy Implementation in the First Half of 2015/16*

During the first half of 2015/16, liquidity condition in the banking system was generally adequate with occasional periods of liquidity tightness. Liquidity was relatively tight at the beginning of the year following moderate net fiscal outlays and after effects of tight monetary policy measures pursued by the Bank of Tanzania in the last quarter of 2014/15 to contain inflation expectations and excessive volatility of the shilling exchange rate against the US dollar. The tight liquidity situation was reflected in the rise of the rate at which commercial banks lend cash to each other overnight (the interbank cash market rate) to an average of about 29.98 percent in July 2015 from 17.99 percent in June 2015.

The liquidity situation started to improve in August 2015, largely due to government outlays, and interbank rate declined before rising in October 2015 following increased demand for currency in circulation mostly related to general election activities. Currency in circulation remained elevated in November and December 2015 compounded by the seasonal increase in demand for cash for end of year festivities; however interbank rate remained moderate as banks were liquid due to sizable government payments. The liquidity position of some banks was reversed in the last week of December 2015 following seasonal remittance of end of quarter corporate income tax payments, and some commercial banks accessed liquidity facilities at the Bank of Tanzania.

Growth of broader monetary aggregates remained fairly within the program targets, with extended broad money supply (M3) and credit to the private sector growing at 18.0 percent and 24.8 percent, respectively in the year ending December 2015. Preliminary statistics for December 2015 show that quantitative assessment criteria under



the Policy Support Instrument Program with the IMF on average reserve money and accumulation of net international reserves were met.

The shilling exchange rate which experienced some volatility in the last quarter of 2014/15, started to stabilize beginning August 2015, following lagged impact of tight monetary policy and prudential measures pursued by the Bank. The volatility in the last quarter of 2014/15 had been caused by various factors including strengthening of the US dollar, which coincided with delays in foreign budgetary inflows and seasonal factors leading to speculative tendencies.

### **Macroeconomic Outlook**

High growth momentum is expected to be sustained by the continued investment in infrastructure, expansion in private and public sector construction activities, expansion of manufacturing sector owing to availability and reliability of power supply as the generation capacity continues to be expanded, moderation of global oil prices, strong growth of credit to the private sector and improvement in external sector as growth in advanced economies regains ground. In addition, sustained improvement in the delivery of financial services, notably mobile payment services will continue to support broader performance of economic activities.

Inflation is expected to moderate in the coming months, supported by availability of food owing to average short rains (vuli) harvest; and low domestic pump prices in light of falling global oil prices and the stability of the shilling exchange rate. In addition, tight monetary policy, improved expenditure management and enhanced revenue mobilization by the government will help to ease inflationary pressures.



However, upward risks to inflation may arise due to food shortages in neighbouring countries.

Current account is expected to improve further as the momentum of manufactured exports and receipts from tourism and transportation services continue, and the oil import bill remains low on the back of subdued global oil prices. In line with this improvement, the shilling exchange rate is poised to stabilize further in the coming months.

The banking sector is expected to grow and remain resilient, supported by the on-going initiatives towards strengthening risk management practices and effective supervision of banks. The Bank will continue to spearhead developments and support of payment, clearing, and settlement systems aiming at ensuring safety and efficiency in maintaining financial stability and development of the financial markets.

### **Monetary Policy Stance for the Second Half of 2015/16**

The Bank of Tanzania will continue to pursue tight monetary policy, using a mix of monetary policy instruments to contain excess liquidity in the economy in order to keep inflation in check. In an effort to improve functioning of the market and stability of interbank interest rates, the Bank of Tanzania will enhance information sharing with commercial banks to help them better manage liquidity. Meanwhile, the Bank is taking initial steps towards using short-term interest rate for implementation of monetary policy, which is in line with ongoing initiatives to harmonize monetary policy operations with other EAC member states.



## Conclusion

During the first half of 2015/16, monetary policy was tightened to avoid the inflationary pressures arising from food prices and lagged effect of exchange rate depreciation. Annual growth of broader monetary aggregates remained within the targets, with strong performance registered in the growth of credit to the private sector in line with expansion of various economic activities. The domestic economy sustained strong growth momentum and inflation remained at single digits level.

The domestic economy is expected to continue with the growth momentum, supported by investment in infrastructure, expansion in private and public sector construction activities, growing manufacturing sector, moderation of global oil prices and the expected gradual improvement of the global economy. Inflation is expected to remain at single digits level anchored by low energy prices and stability of the shilling exchange rate, coupled with tight monetary policy, improved expenditure management and enhanced revenue mobilization by the government. The current account is projected to improve further driven by the impact of increasing receipts from tourism and transportation services, manufactured exports and lower global oil prices.

The Bank of Tanzania is aware of the inflation risks posed by food shortages in neighbouring countries. Accordingly, the Bank will stand ready to take appropriate measures against such risks. The Bank will also continue to improve functioning of the market by enhancing communications with market players, while strengthening the supervision of the banking sector. Furthermore, the Bank of Tanzania is pursuing improvements in its policy framework to attain its monetary policy objectives, and is confident that it will attain those objectives set for 2015/16.



## **PART I**

### **1.0 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 2015/16, and outlines the monetary policy stance that the Bank intends to adopt in the remaining period of 2015/16. In particular, the review focuses on evaluating progress made towards attaining the primary objective of price stability, which is key towards promoting macroeconomic stability.

The Statement is divided into seven parts including this introductory part. Part II presents the macroeconomic policy framework for 2015/16, while Part III covers the review of recent economic developments for the period July to December 2015. Part IV reviews the progress in the implementation of monetary policy in the first half of 2015/16. Part V presents the macroeconomic outlook for the second half of 2015/16, while part VI outlines the monetary policy stance for the second half of 2015/16, and Part VII concludes the Statement.

### **1.1 MANDATE AND MODALITIES FOR MONETARY POLICY IMPLEMENTATION**

#### **1.1.1 The 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 market based instruments of monetary policy to maintain liquidity in the economy within desired levels. This includes the use of Open Market Operations (OMO) in the market for government securities, as well as sale and purchase of foreign currency in the Inter-bank Foreign Exchange Market (IFEM). The liquidity management effort is further complemented by periodic adjustments in the pricing of standby facilities namely: the discount window and the Lombard facility; while the Intraday Loan Facility (ILF) is provided to smooth out payment and settlement operations among banks. Also, the Bank uses repurchase agreements (repos) and reverse repo 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 annual monetary policy targets in its Monetary Policy Statement, in accordance with the broader macroeconomic policy objectives of the Government.*
- *The Monetary Policy Statement is approved by the Bank's Board of Directors and submitted to the Minister for Finance, who in turn submits it to the National Assembly.*
- *The same procedure is followed in the mid-year review of the Monetary Policy Statement which shows progress in the implementation of the monetary policy, outlook for the remaining period and measures necessary to achieve the objectives.*
- *The Monetary Policy Committee (MPC) of the Board of Directors of the Bank, which is chaired by the Governor, is responsible for setting the monetary policy direction bi-monthly, consistent with the targets in the Monetary Policy Statement.*
- *The Surveillance Committee, which is a management committee, meets daily to evaluate daily liquidity developments. A Technical Committee chaired by the Director of Economic Research and Policy reviews liquidity developments on daily basis and advises the Surveillance Committee on appropriate daily measures.*



## **PART II**

### **2.0 MACROECONOMIC FRAMEWORK FOR 2015/16**

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

The 2015/16 fiscal policy continues to focus on the implementation of the Five Year Development Plan, MKUKUTA II and MKUZA II. Emphasis is on the completion of infrastructure projects particularly rural electrification, rural water program and human capital development. This is being facilitated by strengthening of tax administration and enhancing compliance, as well as expenditure management policy through the implementation of the Budget Act, 2015. The policy objectives contained in the Monetary Policy Statement published in June 2015, have been revised in light of recent economic developments, and now the Government aims at attaining the following macroeconomic objectives:

- i. A real GDP growth of 7.1 percent in 2015/16 based on the projected growth of 7.0 percent in 2015 and 7.2 percent in 2016;
- ii. Single digit annual inflation rate by end June 2016;
- iii. Budget deficit including grants and clearance of arrears of not more than 4.2 percent of GDP.

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

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



- i. Annual growth of average reserve money not exceeding 13.4 percent;
- ii. Annual growth of broad money (M3) not exceeding 16.0 percent;
- iii. Annual growth of private sector credit of about 19.3 percent;  
and
- iv. Maintaining gross official reserves at levels adequate to cover at least 4.0 months of projected imports of goods and services, excluding FDIs related imports.



## **PART III**

### **3.0 MACROECONOMIC DEVELOPMENTS**

#### **3.1 Overview of Global and Regional Economic Developments**

##### **3.1.1 GDP Performance**

Global economic growth remained modest and uneven in the advanced and emerging market and developing economies. Output growth in advanced economies improved, while it continued to slowdown in the emerging market and developing economies (**Table 3.1**). The increase in output growth in advanced economy was mainly supported by lower energy prices, improving housing market, and accommodative monetary policy. On the other hand, the slowdown in output growth in emerging market and developing economies was on account of a decline in commodity prices and tight global financial conditions.

According to the IMF's World Economic Outlook Update of January 2016, global growth projection for 2016 is estimated to be 3.4 percent compared to 3.1 percent in 2015. Growth in advanced economies is projected to continue to rise supported by still-easy financial conditions, improving housing and labour markets, lower energy prices and rising income. In emerging market and developing economies growth is projected to increase particularly in India. However, output growth in China is projected to slowdown driven by weaker investment growth. In sub-Saharan Africa, growth is expected to pick up but will be moderated by lower commodity prices and high borrowing costs.



**Table 3.1: Global Real GDP Growth and Projections**

	2010	2011	2012	2013	2014	2015	Percent	
							Projections	
							2016	2017
<b>World</b>	<b>5.4</b>	<b>4.2</b>	<b>3.4</b>	<b>3.3</b>	<b>3.4</b>	<b>3.1</b>	<b>3.4</b>	<b>3.6</b>
<b>Advanced economies</b>	<b>3.1</b>	<b>1.7</b>	<b>1.2</b>	<b>1.1</b>	<b>1.8</b>	<b>1.9</b>	<b>2.1</b>	<b>2.1</b>
United States	2.5	1.6	2.2	1.5	2.4	2.5	2.6	2.6
Euro Area	2.0	1.6	-0.8	-0.3	0.9	1.5	1.7	1.7
Japan	4.7	-0.5	1.7	1.6	0.0	0.6	1.0	0.3
United Kingdom	1.9	1.6	0.7	1.7	2.9	2.2	2.2	2.2
<b>Emerging market and developing economies</b>	<b>7.5</b>	<b>6.3</b>	<b>5.2</b>	<b>5.0</b>	<b>4.6</b>	<b>4.0</b>	<b>4.3</b>	<b>4.7</b>
<b>Emerging and developing Asia</b>	<b>9.6</b>	<b>7.9</b>	<b>6.8</b>	<b>7.0</b>	<b>6.8</b>	<b>6.6</b>	<b>6.3</b>	<b>6.2</b>
China	10.6	9.5	7.7	7.7	7.3	6.9	6.3	6.0
India	10.3	6.6	5.1	6.9	7.3	7.3	7.5	7.5
<b>Sub-Saharan Africa</b>	<b>6.6</b>	<b>5.0</b>	<b>4.3</b>	<b>5.2</b>	<b>5.0</b>	<b>3.5</b>	<b>4.0</b>	<b>4.7</b>
South Africa	3.0	3.2	2.2	2.2	1.5	1.3	0.7	1.8

*Source: IMF WEO, October 2015, WEO Update January 2016*

### 3.1.2 Inflation Developments

Inflation rates in key advanced and emerging market economies rose towards the end of 2015 after a sustained period of very low inflation (**Table 3.2**). The inflation rate accelerated in the United States mainly due to increase in prices of electricity, medical care, airline fares, new vehicles and tobacco. In the United Kingdom, inflation rate went up largely driven by rise in prices of alcohol and tobacco, communication, restaurants and hotels, and education. The increase in inflation rate in the Euro area was mainly due to rise in prices of vegetables, restaurants and fruits, while in China it was largely driven by food prices. India recorded deflation for thirteen consecutive months, mainly due to fall in prices of minerals, fuel and power, beverages, tobacco, wood and wood products, paper and paper products.

In the eastern and southern Africa region, average inflation increased towards the end of 2015, mainly on account food supply. A number of countries including South Africa, Malawi, Zimbabwe, Mozambique, and Uganda experienced less than average food crop harvest in 2015 crop season.



**Table 3.2: Inflation Rates for Selected Countries**

*Percent*

Country	2015											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
USA	-0.1	0.0	-0.1	-0.2	0.0	0.1	0.2	0.2	0.0	0.2	0.5	0.7
Euro Area	-0.6	-0.3	-0.1	0.0	0.3	0.2	0.2	0.1	-0.1	0.1	0.2	0.2
Japan	2.4	2.2	2.3	0.6	0.5	0.4	0.2	0.2	0.0	0.3	0.3	0.3
United Kingdom	0.3	0.0	0.0	-0.1	0.1	0.0	0.1	0.0	-0.1	-0.1	0.1	0.2
China	0.8	1.4	1.4	1.5	1.2	1.4	1.6	2.0	1.6	1.3	1.5	1.6
India	-1.0	-2.2	-2.3	-2.4	-2.2	-2.1	-4.0	-5.0	-4.6	-3.8	-2.0	-0.7
EAC	<b>3.1</b>	<b>2.6</b>	<b>3.6</b>	<b>4.7</b>	<b>5.3</b>	<b>5.7</b>	<b>5.7</b>	<b>4.8</b>	<b>5.8</b>	<b>6.2</b>	<b>7.0</b>	<b>7.1</b>
SADC	<b>5.1</b>	<b>5.0</b>	<b>5.0</b>	<b>4.7</b>	<b>4.8</b>	<b>5.1</b>	<b>5.3</b>	<b>5.6</b>	<b>5.8</b>	<b>6.5</b>	<b>7.1</b>	<b>7.4</b>

*Source: OECD and Respective National Statistical Offices*

According to the IMF’s World Economic Outlook Update of January 2016, inflation rate in the advanced economies is projected to increase to 1.1 percent in 2016 from 0.3 percent recorded in 2015. Similarly, inflation rate in emerging market and developing economies is projected to increase to 5.6 percent in 2016 from 5.5 percent recorded in 2015, largely driven by the heightened exchange rate depreciation in these economies.

## **3.2 Domestic Economic Developments**

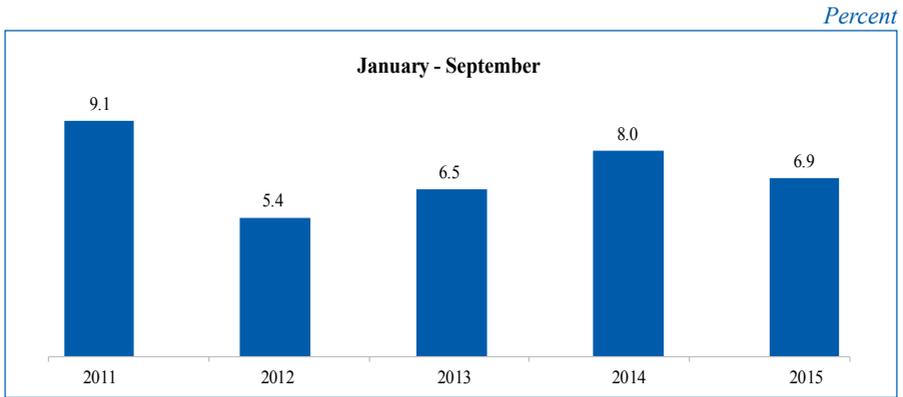
### **3.2.1 GDP Performance**

The economy continued to register strong growth in the first three quarters of 2015, growing at 6.9 percent, close to the projected growth of 7.0 percent for the whole year (**Chart 3.1**). This outturn was attributed to sustained strong growth of credit to the private sector, on-going investments in infrastructure developments, and investments in provision of mobile and internet services. The economic growth was also supported by on-going investment in power generation that boosted industrial production and related services; coupled with low global oil prices and the recovery of the global economy. In terms



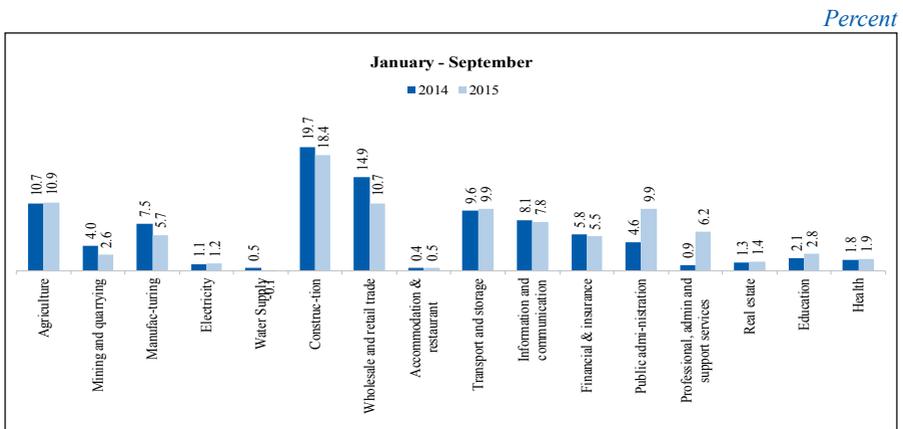
of contribution to growth, the leading activities were construction, agriculture, trade and transport (**Chart 3.2a**). The fastest growing activities were construction, information and communication, and transport (**Chart 3.2b**).

**Chart 3.1: Real GDP Growth**



*Source: National Bureau of Statistics*

**Chart 3.2a: Contribution to GDP Growth by Economic Activity**

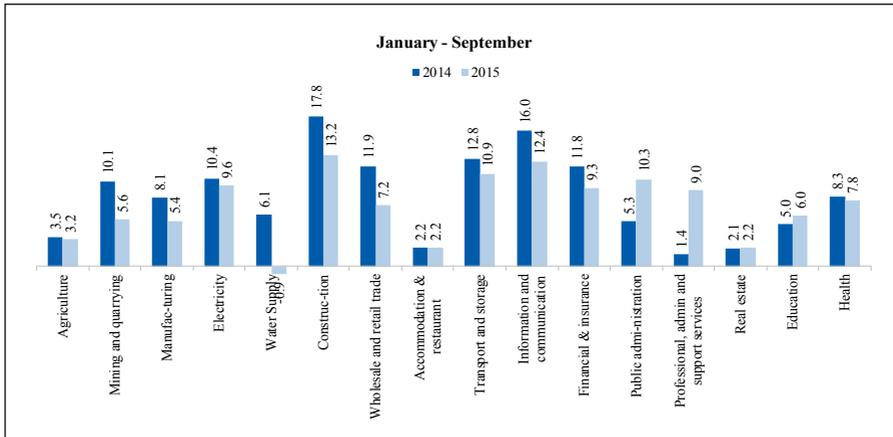


*Source: National Bureau of Statistics and Bank of Tanzania*



**Chart 3.2b: Growth of Main Economic Activities**

*Percent*



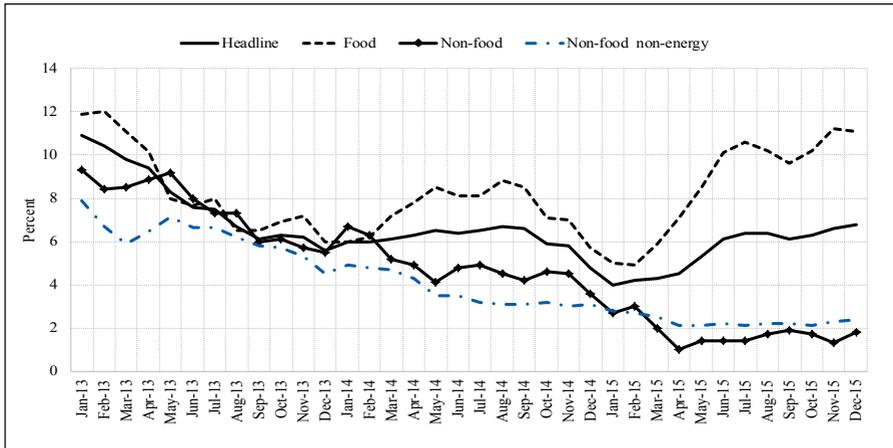
*Source: National Bureau of Statistics and Bank of Tanzania*

### 3.2.2 Inflation Developments

During the first half of 2015/16, headline inflation remained within single digits, though above the medium term target of 5 percent, largely on account of increase in food prices. Headline inflation was 6.8 percent in December 2015 compared with 6.1 percent recorded in June 2015. Core inflation (which excludes food and energy) was contained below 2.5 percent during the period, consistent with tight monetary policy measures implemented by the Bank of Tanzania (**Chart 3.3**).



**Chart 3.3: Headline, Food and Non-food Inflation**



Source: Bank of Tanzania

### 3.2.3 Government Budgetary Performance – Cash Basis

During the first half of 2015/16, revenue deposited at the Bank of Tanzania was TZS 6,608.3 billion, equivalent to 98.1 percent of estimate for the period and 29.3 percent higher than the amount deposited during similar period in the preceding year. This outturn was associated with increase in tax collection efforts by Tanzania Revenue Authority. There was a significant improvement in domestic revenue collections in November and December 2015, with collections surpassing their respective projections by 3.6 percent and 6.2 percent (**Chart 3.4**).

Total expenditure amounted to TZS 8,423.6 billion, or 92.1 percent of the estimate. Recurrent expenditure was TZS 6,607.2 billion or 91.9 percent of the estimate and was fully covered by domestic revenue (**Table 3.3**).



**Table 3.3: Government Budgetary Operations on Cash Basis**

*Billions of TZS*

	July - December 2015		
	Estimate	Actual	Act/Est
Revenue	6,738.3	6,608.3	98.1%
Total expenditure	9,145.8	8,423.6	92.1%
Recurrent expenditure <sup>1</sup>	7,190.9	6,607.2	91.9%
Development expenditure <sup>2</sup>	1,954.9	1,816.4	92.9%

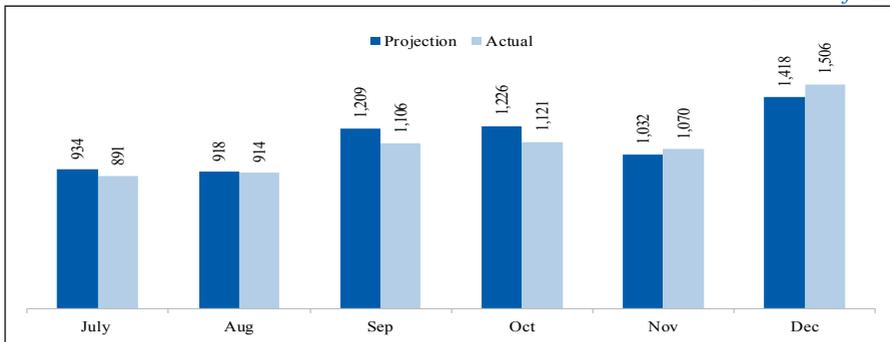
<sup>1</sup>Net of rollover and Local Government Authorities' own sources

<sup>2</sup>Excludes direct to project funds

Source: Ministry of Finance and Bank of Tanzania

**Chart 3.4: Domestic Revenue Performance**

*Billions of TZS*



Source: Ministry of Finance and Bank of Tanzania

### 3.2.4 External Sector Developments

During July to December 2015, the current account deficit narrowed by 44.2 percent to USD 1,161.9 million compared to the deficit of USD 2,081.1 million recorded in the corresponding period in 2014. This improvement was mainly explained by the increase in exports of goods and services, coupled with the decline in the imports of goods and services (**Table 3.4**).



**Table 3.4: Tanzania Current Account**

*Millions of USD*

Items	July-December		% Change
	2014	2015 <sup>p</sup>	
<b>Goods account (net)</b>	<b>-2,490.1</b>	<b>-1,441.8</b>	<b>-42.1</b>
Exports*	2,928.9	3,060.8	4.5
Imports	5,419.0	4,502.6	-16.9
<b>Services account (net)</b>	<b>471.3</b>	<b>514.4</b>	<b>9.1</b>
Receipts	1,591.7	1,650.8	3.7
Payments	1,120.4	1,136.4	1.4
<b>Goods and services (net)</b>	<b>-2,018.8</b>	<b>-927.5</b>	<b>-54.1</b>
Export of goods and services	4,520.7	4,711.6	4.2
Import of goods and services	6,539.4	5,639.1	-13.8
<b>Income account (net)</b>	<b>-334.9</b>	<b>-429.4</b>	<b>28.2</b>
Receipts	58.6	46.0	-21.5
Payments	393.5	475.4	20.8
<b>Current transfers (net)</b>	<b>272.5</b>	<b>195.0</b>	<b>-28.5</b>
Inflows	306.0	232.2	-24.1
o/w General government	129.5	34.0	-73.7
Outflows	33.5	37.3	11.4
<b>Current account balance</b>	<b>-2,081.1</b>	<b>-1,161.9</b>	<b>-44.2</b>

*Note: \* Include adjustment of unrecorded exports*

*p = provisional*

*Source: Bank of Tanzania*

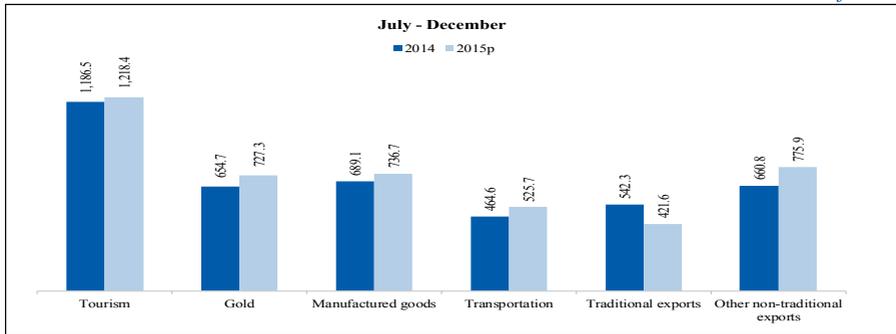
Earnings from exports of goods and services increased compared with the corresponding period in 2014, owing to high export receipts from non-traditional commodities particularly gold, manufactured goods, tourism and transportation services (**Chart 3.5**). The value of gold exports increased by 11.1 percent to USD 727.3 million due to volume effect as prices remained low. Export value of manufactured goods remained strong, increasing by about 7 percent to USD 736.7 million. Major items under manufactured goods include edible oil, glass and glassware, textile apparels, iron and steel products, wheat flour, sisal



products and plastic goods. On the other hand, traditional exports recorded a decline in value due to a fall in both export volumes and unit prices of cotton, tobacco and cashewnuts, while tea recorded decline in export volumes only. The fall in prices of traditional exports was mainly influenced by movements of commodity prices in the world market.

### Chart 3.5: Export Performance of Selected Goods and Services

*Millions of USD*



*Note: p = provisional*

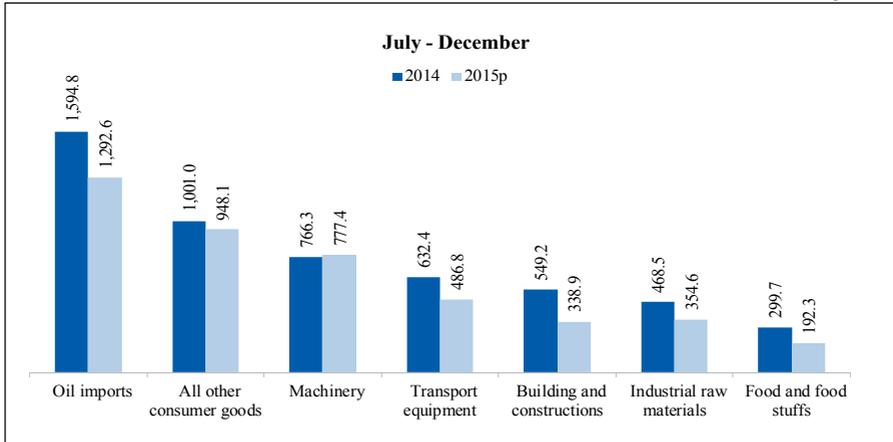
*Source: Bank of Tanzania*

The value of imports of goods and services declined by 13.8 percent to USD 4,711.6 million during July to December 2015, compared with the amount recorded in the corresponding period in 2014, driven by a decrease in goods import as service payments increased marginally. A significant decline was recorded in imports value of oil, building and construction equipment, and food and food stuffs (**Chart 3.6**). The continued downward trend of oil prices in the world market largely explain the fall in the value of oil imports. During the review period, the average world market price of oil declined by about 29 percent to USD 582.2 per metric ton compared with USD 823.9 per metric ton recorded in the corresponding period in 2014.



### Chart 3.6: Performance of Goods Import

Millions of USD



Note: p = provisional

Source: Bank of Tanzania

The stock of gross official reserves (at the Bank of Tanzania) amounted to USD 4,093.7 million as at end of December 2015, sufficient to cover about 4 months of projected imports of goods and services excluding those financed by foreign direct investment. Gross foreign assets of the commercial banks amounted to USD 1,012.1 million, while foreign currency deposits by residents amounted to USD 2,933.1 million at the end of December 2015.

#### 3.2.5 National Debt Developments

The national debt stock reached USD 19,405.6 million at the end of December 2015, an increase of USD 201.3 million from the amount recorded at the end of June 2015. Out of the total national debt stock, 79.4 percent was external debt and the balance was domestic debt.



The external debt stock increased by 0.1 percent to USD 15,408.5 million at the end of December 2015, compared to USD 15,395.7 million recorded at the end of June 2015, out of which, 84.8 percent was public debt.

During July to December 2015, recorded disbursements amounted to USD 595.3 million, out of which USD 451.5 million was received by the Government in form of cash and direct project financing. External debt payments during the period amounted to USD 169.6 million, out of which USD 85.8 million was principal repayments and USD 83.8 million was interest payments.

In nominal terms, the ratio of external debt to GDP was 32.1 percent at the end of December 2015, out of which public debt to GDP was 27.2 percent. The Debt Sustainability Analysis conducted in September 2015 indicates that as at the end of June 2015, the present value of external debt to GDP was 20.0 percent, well below the international threshold of 50.0 percent, implying that Tanzania's debt is sustainable.

Government domestic debt increased by 13.2 percent to TZS 8,597.0 billion at the end of December 2015, from TZS 7,594.7 billion recorded at the end of June 2015. The increase was on account of issuance of government securities for budget financing.

### **3.2.6 Economic Developments in Zanzibar**

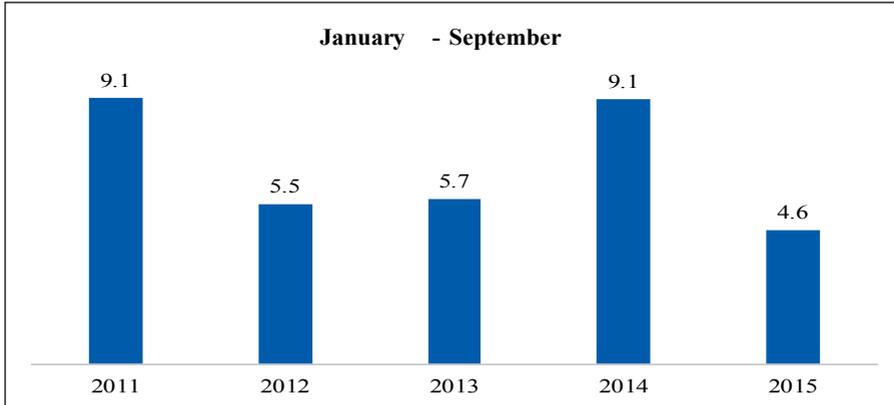
#### **GDP Developments**

During the first three quarters of 2015, real GDP grew by 4.6 percent compared to 9.1 percent recorded in the corresponding period in 2014 (**Chart 3.7**). This outturn was mainly driven by growth in tourism related activities, particularly accommodation and food services; finance and insurance, manufacturing, and fishing (**Chart 3.8**).



**Chart 3.7: Real GDP Growth**

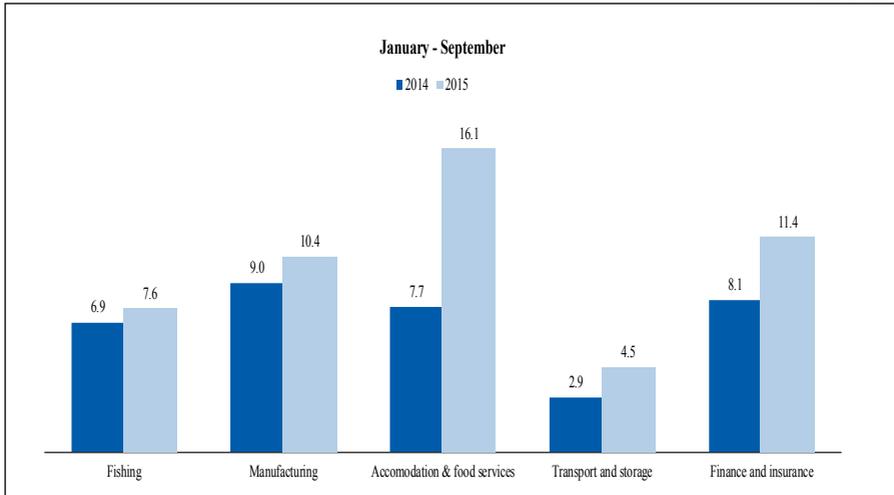
*Percent*



*Source: Office of the Chief Government Statistician*

**Chart 3.8: Growth of Major Economic Activities**

*Percent*

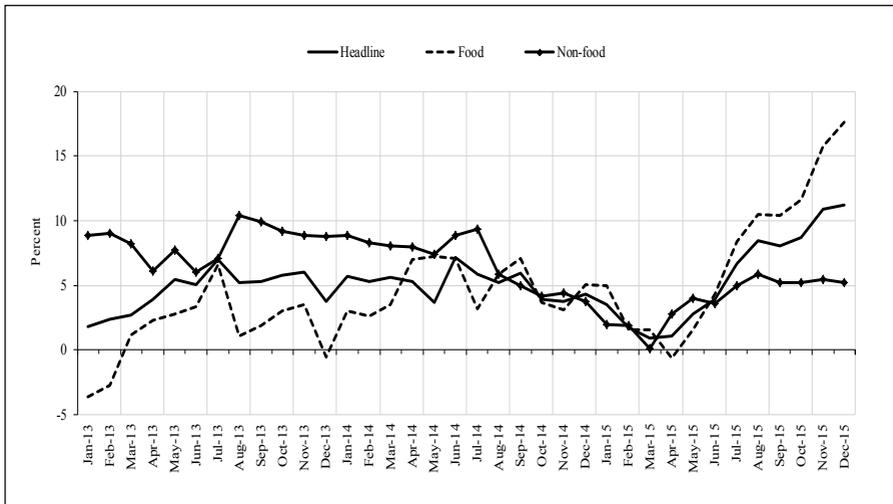


*Source: Office of the Chief Government Statistician*



Annual headline inflation rose to 11.7 percent in December 2015 from 3.9 percent recorded in June 2015 mainly due to increase in prices of fish, rice, wheat flour and sugar. Food inflation was 17.6 percent compared with 4.3 percent in June 2015, while non-food inflation rate was 5.2 percent compared with 3.6 percent recorded in June 2015 (**Chart 3.9**).

**Chart 3.9: Annual Headline, Food and Non-food Inflation**



Source: Office of Chief Government Statistician

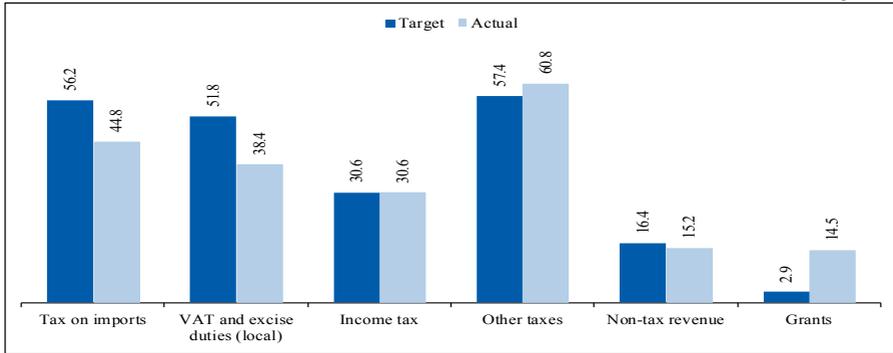
### Government Budgetary Performance

During the first half of 2015/16, domestic revenue was TZS 189.8 billion, more than sufficient to cover recurrent expenditure for the period. Total revenue was 89.3 percent of the target, with tax revenue recording 89.0 percent performance. Total grants amounted to TZS 14.5 billion compared to the projected TZS 2.9 billion (**Chart 3.10**).



**Table 3.10: Government Resources**

*Billions of TZS*

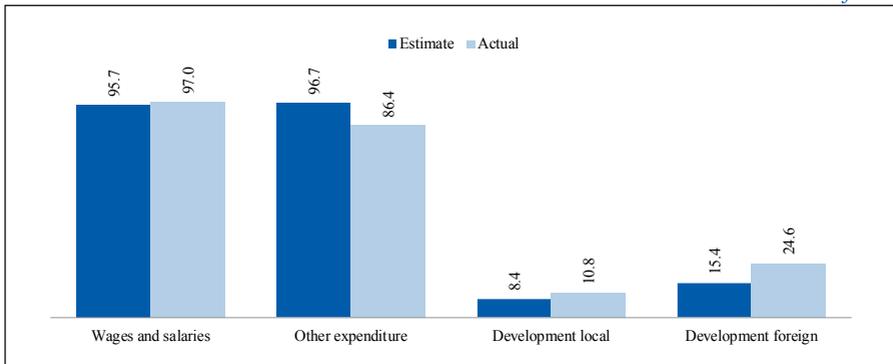


*Source: Ministry of Finance*

Total expenditure amounted to TZS 218.8 billion, or 1.2 percent above the estimate, with recurrent expenditure amounting to TZS 183.4 billion or 95.3 percent of the estimate (**Chart 3.11**). Foreign inflows accounted for 69.4 percent of total development expenditure, and the balance was financed primarily by domestic revenue.

**Table 3.11: Government Expenditure**

*Billions of TZS*



*Source: Ministry of Finance*



## External Sector Developments

During July to December 2015, the current account recorded a surplus of USD 12.2 million compared with a surplus of USD 18.8 million recorded in the corresponding period in 2014. The decrease in the current account surplus was mainly due to decline in the value of cloves exports and inflows from development partners, which could not be offset by a 20.5 percent decline in the value of oil imports due to a fall in world market prices. Total value of export of goods and services decreased to USD 122.2 million compared with USD 128.5 million recorded in the corresponding period last year (**Table 3.5**).

**Table 3.5: Zanzibar Current Account Balance**

*Millions of USD*

Items	July - December		% change
	2014	2015 <sup>p</sup>	
Goods account net	-46.0	-49.1	6.7
Exports	52.8	33.3	-36.9
Imports (fob)	98.8	82.4	-16.6
Services account net	44.4	49.8	12.2
Receipts	74.1	89.6	20.9
Payments	29.7	39.9	34.3
Goods and services net	-1.6	0.7	---
Exports of goods and services	126.9	122.9	-3.2
Imports of goods and services	128.5	122.2	-4.9
Income account net	1.9	-0.3	---
Receipts	6.3	5.9	-6.3
Payments	4.4	6.1	38.6
Current transfers net	18.5	11.7	-36.8
Inflows	18.5	11.7	-36.8
Outflows	0.0	0.0	-
<b>Current account balance</b>	<b>18.8</b>	<b>12.2</b>	<b>-35.1</b>

*Note: p = provisional*

*Source: Tanzania Revenue Authority and Bank of Tanzania*



## **PART IV**

### **4.0 MONETARY POLICY IMPLEMENTATION DURING THE FIRST HALF OF 2015/16**

#### **4.1 Liquidity Management and Interest Rates Developments**

During the first half of 2015/16, liquidity condition in the banking system was generally adequate with occasional periods of liquidity tightness. Liquidity was relatively tight at the beginning of the year following moderate net fiscal outlays and the after effects of the monetary policy measures taken by the Bank of Tanzania in the last quarter of 2014/15 to contain inflation expectations and excessive volatility of the shilling against the US dollar. The tight liquidity situation was reflected in the rise of the rate at which commercial banks lend cash to each other overnight (the interbank cash market rate) to an average of about 29.98 percent in July 2015 from 17.99 percent in June 2015.

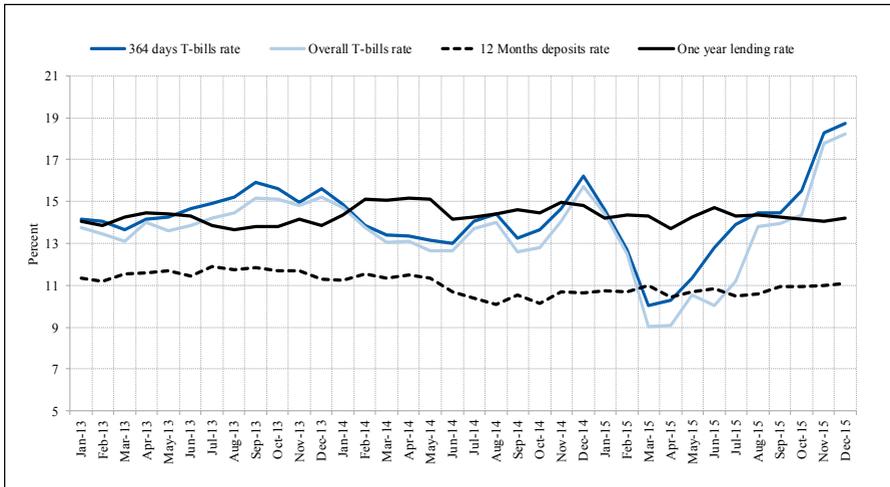
The liquidity situation started to improve in August 2015, largely due to increase in government outlays, and interbank rate declined before it started to rise in October 2015 following increased demand for currency in circulation mostly related to general election activities. Currency in circulation remained elevated in November and December 2015 compounded by the seasonal increase in demand for cash for end of year festivities; however interbank rate remained moderate as banks were liquid due to sizable government payments of various development projects.



The liquidity position of some commercial banks was reversed in the last week of December 2015 following seasonal remittance of end of quarter corporate income tax payments and some banks accessed liquidity facilities at the Bank of Tanzania.

During the first half of 2015/16, Treasury bills rates rose to 18.25 percent in December 2015 from 10.04 percent recorded in June 2015, associated with the increased demand for domestic financing of the budget following delays in the disbursement of program assistance and realization of non-concessional borrowing. Despite the increase in Treasury bill rates, one year lending and deposits rates remained fairly stable (**Chart 4.1**).

**Chart 4.1: Selected Interest Rates Developments**

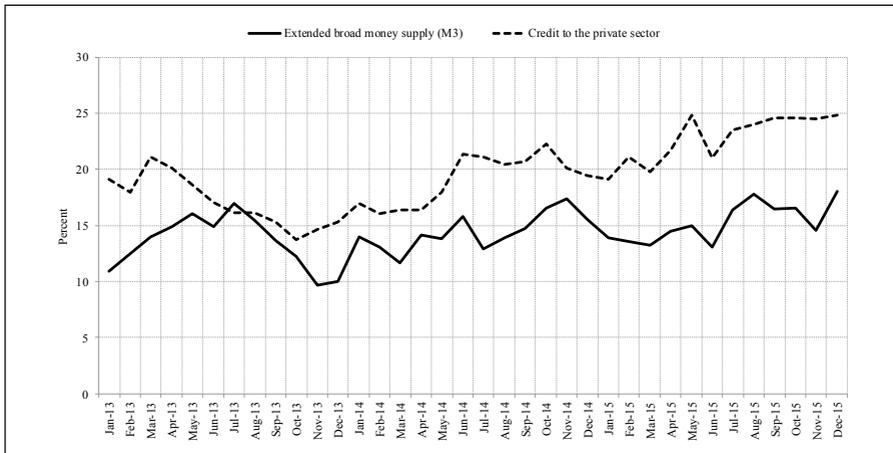


Source: Bank of Tanzania



Consistent with liquidity developments, growth of broader monetary aggregates remained broadly within the program targets, with extended broad money supply (M3) and credit to the private sector growing at 18.0 percent and 24.8 percent, respectively in the year ending December 2015, compared with the projected rates of 17.6 percent and 24.0 percent (**Chart 4.2**). The strong growth of credit to the private sector was supported by moderation in net credit to the government coupled with improvement in various economic activities particularly transport and communication, manufacturing, trade and construction activities.

**Chart 4.2: Annual Growth in Money Supply and Credit to the Private Sector**



*Source: Bank of Tanzania*

Preliminary statistics for December 2015 show that quantitative assessment criteria under the Policy Support Instrument Program with the IMF on average reserve money and accumulation of net international reserves were met. This outturn was on account of



successful implementation of monetary policy, supported by favourable fiscal outturn (**Table 4.1**).

**Table 4.1: Performance against the PSI Targets**

Items	Jun-15		Sep-15		Dec-15		
	Assessment Criteria	Actual	Indicative Target	Actual	Assessment Criteria	Prel. Actual	Change
ARM - Billions of TZS (cumulative from July, ceiling)	6,473.0	6,176.3	6,494.0	6,736.7	6,913.0	6,862.5	-50.5
NIR - Millions of USD (cumulative from July, floor)	4,054.5	4,093.3	3,984.8	3,736.4	3,512.8	3,865.3	352.5
Change in NIR - Millions of USD (cumulative floor)	-127.2	-88.4	-166.2	-356.9	-366.2	-228.0	138.2
ENCB - Millions of USD -(cumulative from July)	810.0	510.0	269.0	0.0	79.0	0.0	-79.0
Program Assistance - Millions of USD -(cumulative from July)	613.5	570.7	93.0	4.6	173.0	139.8	-33.2

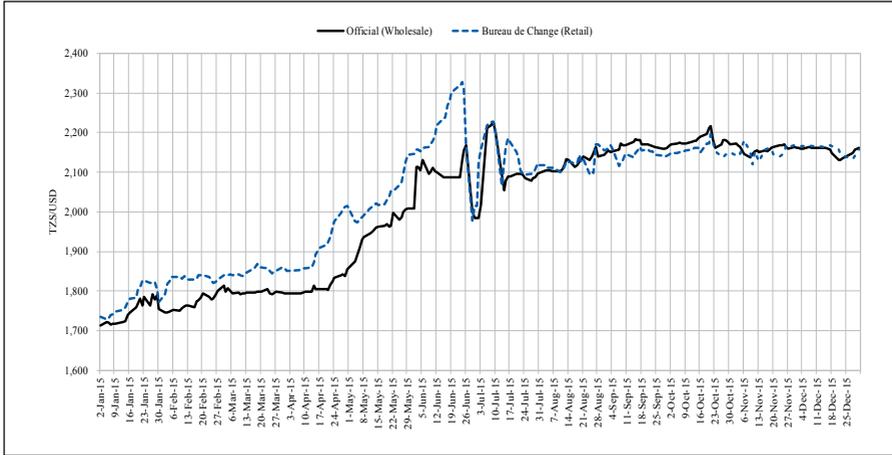
*Note: ARM denotes average reserve money, NIR means net international reserves and ENCB denotes external non-concessional borrowing*

*Source: Bank of Tanzania*

The shilling exchange rate which experienced some volatility in the last quarter of 2014/15, started to stabilize beginning August 2015 in response to the tight monetary policy and prudential measures taken by the Bank. The volatility in the last quarter of 2014/15 had been caused by various factors including strengthening of the US dollar, which coincided with delays in foreign budgetary inflows and seasonal factors leading to speculative tendencies (**Chart 4.3**).



**Chart 4.3: Nominal Exchange Rate Movements (TZS/USD)**



Source: Bank of Tanzania

## 4.2 Financial Sector Stability

The banking sector continued to grow with new institutions starting business, including Tanzania Agricultural Development Bank. The sector remained sound and stable with levels of capital and liquidity above regulatory requirements. As at the end of December 2015, the ratio of core capital to total risk weighted assets and off-balance sheet exposures was 17.5 percent compared with the minimum legal requirement of 10 percent, while the ratio of liquid assets to demand liabilities stood at 37.4 percent which was within the minimum regulatory limit of 20 percent. The quality of the banking sector’s assets improved as reflected by the ratio of non-performing loans to gross loans, which decreased to 6.4 percent from 6.8 percent recorded at the end of December 2014 (Table 4.2).



The sector continues to maintain steady growth with total assets growing by 19.3 percent to TZS 26,917.2 billion in December 2015 compared to TZS 22,554.8 billion recorded in December 2014. Deposits continued to be the main funding source in the banking sector assets, accounting for 75.3 percent of total liabilities. The remaining funding gap was largely bridged through shareholders' equity.

**Table 4.2: Financial Soundness Indicators**

Indicator	Regulatory limit	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15
<b>Capital adequacy</b>						
Core capital to total risk weighted assets plus off balance sheet exposure	Minimum 10	16.3	17.9	16.1	16.7	17.5
Total capital to total risk weighted assets plus off balance sheet exposure	Minimum 12	17.4	19.1	17.7	18.7	19.5
<b>Liquidity</b>						
Liquid assets to demand liabilities	Minimum 20	35.9	39.0	37.8	37.4	37.4
Total loans to customer deposits	N/A	74.5	77.1	76.2	77.2	78.9
<b>Earnings and profitability</b>						
Return on assets	N/A	2.5	3.2	2.9	2.8	2.7
Return on equity	N/A	12.6	16.5	15.1	13.9	12.9
Non-interest expenses to total income	N/A	67.3	50.0	50.9	52.4	68.1
<b>Assets quality</b>						
Non-performing loans to gross loans	N/A	6.8	6.7	6.6	6.6	6.4

*Source: Bank of Tanzania*

The Bank of Tanzania continued to implement prudential measures to strengthen risk management practices in the financial sector. In this regard, the Social Security Schemes Investment Guidelines, 2012 were reviewed and issued in September 2015 to incorporate various developments that have happened in the pension sector. This will enable the Bank of Tanzania to effectively discharge its mandate of supervising financial matters of the pension funds.



Meanwhile, the Banking and Financial Institutions (Mortgage Finance) Regulations, 2011 were reviewed and gazetted in June, 2015, in order to align them with developments in the market and to address issues encountered in the practical implementation of former regulations. In addition, the Foreign Exchange (Bureau de Change) Regulations, 2008 were reviewed and gazetted in June, 2015. The amendments included additional minimum capital and allowance of bureau de change under class B category to undertake money remittance services.

### **4.3 National Payment Systems Developments**

During the period under review, the clearing, payment and settlement systems continued to operate smoothly recording significant growth in access and usage. The growth in access and usage of payment systems reflects the increased confidence of the part of users. The industry also progressed as service providers sought to bring more retail products into the market due to trends in the business and technological growth in addition to the continuous positive response from the market.

The Tanzania Interbank Settlement System (TISS) transactions increased as a result of Government increasingly using the system in effecting its payment obligations. The cross border transactions through the East African Cross Border Payment System (EAPS) also exhibited growth. Notably, the flow between Tanzania and Kenya was high compared with other East African counterparts. There are still no recorded transactions between Tanzania and Rwanda, while the number of transactions between Kenya and Uganda is gaining momentum. This could be attributed to historical trade ties between the two East African nations. Burundi is not yet connected to the EAPS. In the retail payment platform, the usage of Tanzania Automated Clearing House (TACH) exhibited strong uptake and adaptability as



transactions continued to increase indicating positive response from the industry on the newly adopted system. Banks and other service providers requested for approvals to operate various innovative payment systems products or services. On its part, the Bank continued with its oversight role by monitoring systems' performances.

Implementation of the National Financial Inclusion Framework (NFIF-2014-2017) progressed well under the leadership of the Bank of Tanzania. The NFIF initiatives are aimed at enhancing access to and usage of formal financial services among the unbanked population. Following the country surpassing its initial target of achieving usage of formal financial services by 50 percent of adult population in 2014, a new target has been set under the NFIF to be achieved by 2017 of having 80 percent of adult population using a financial access point, and at least 70 percent of the population live within 5 kilometers of a financial access point by 2017.

The increase in access and usage of formal financial services has been driven mostly by innovation and technology in the financial sector, particularly the use of mobile phones for financial services. This digital technology has made Tanzania as one of the global hot spots of innovative financial services. By the end of December 2015, the number of registered active users of mobile phone financial services was 19 million.

The enhancement of legal and regulatory framework for the National Payment Systems was achieved with the National Payment Systems Act 2015 becoming operational in October 2015. Subsequently, two regulations were operationalized, namely: Licensing and Approval Regulations 2015 and the Electronic Money Issuance Regulations



2015. The Bank has embarked on awareness initiatives to ensure that the stakeholders are complying with the new requirements by the end of April 2016.

The Bank has embarked on modernization initiatives of High Value Payment Systems (TISS) and improvements on retail payment infrastructures and services. The Bank is also in the process of operationalizing new NPS regulatory framework following the enactment of the NPS Act 2015 and subsequent Regulations on Electronic Money Issuance regulations (2015) and NPS Licensing and Approval regulations (2015).



## **PART V**

### **5.0 MACROECONOMIC OUTLOOK**

#### **5.1 GDP Growth**

The economy is expected to sustain the high growth momentum supported by continued investment in infrastructure, expansion in private and public sector construction activities, expansion of manufacturing sector owing to availability and reliability of power supply as the generation capacity continues to be expanded, moderation of global oil prices, strong growth of credit to the private sector and improvement in external sector as growth in advanced economies regains ground. In addition, sustained improvement in the delivery of financial services, notably mobile payment services will continue to support broader performance of economic activities.

#### **5.2 Inflation**

Inflation is expected to moderate in the coming months, supported by availability of food owing to average short rains (vuli) harvest; low domestic pump prices in light of falling global oil prices and the stability of the Tanzanian shilling. In addition, tight monetary policy, improved expenditure management and enhanced revenue mobilization by the government will help to ease inflationary pressures. However, upward risks to inflation may arise due to food shortages in neighbouring countries.

#### **5.3 External Sector**

Current account is expected to improve further as the momentum of manufactured exports and receipts from tourism continue, and the oil



import bill remains low on the back of subdued global oil prices. In line with this improvement, the shilling exchange rate is expected to stabilize further in the coming months.

#### **5.4 Banking Sector and National Payment Systems**

The banking sector is expected to grow and remain resilient supported by the on-going initiatives towards strengthening risk management practices of banks and implementation of Basel II/III requirements, coupled with the existing effective supervision of banks. The Bank will continue to spearhead developments and support of payment, clearing, and settlement systems aiming at ensuring safety and efficiency in maintaining financial stability and development of the financial markets.



## **PART VI**

### **6.0 MONETARY POLICY STANCE FOR THE SECOND HALF OF 2015/16**

#### **6.1 Liquidity Management**

The Bank of Tanzania will continue to pursue tight monetary policy, using a mix of monetary policy instruments to contain excess liquidity in the economy in order to keep inflation in check. In an effort to improve functioning of the market and stability of interbank interest rates, the Bank of Tanzania will enhance information sharing with commercial banks to help them better manage liquidity. Meanwhile, the Bank is taking initial steps towards using short-term interest rate for implementation of monetary policy, which is in line with the ongoing initiatives to harmonize monetary policy operations with other EAC member states. This includes among others, development of a framework for monitoring and stabilizing banks' excess reserves.

#### **6.2 Interest Rate Policy**

Interest rates will continue to be market determined. The Bank will continue to work closely with market players to improve transparency of monetary policy operations and instil greater efficiency in the determination of market based interest rates. This will further improve the function of the money market and reduce volatility in the interbank cash market, while increasing the role of interest rates in assessing the impact of monetary policy actions.

#### **6.3 Exchange Rate Policy**

Exchange rates will remain market determined and the Bank will continue to participate in the interbank foreign exchange market for liquidity management purposes and smoothing out short-term excessive volatility in the exchange rate, while maintaining adequate level of international reserves.



## PART VII

### 7.0 CONCLUSION

During the first half of 2015/16, monetary policy was tightened to avoid the inflationary pressures arising from food prices and lagged effect of exchange rate depreciation. Annual growth of broader monetary aggregates remained within the targets stipulated in the monetary policy statement for 2015/16, with strong performance registered in the growth of credit to the private sector in line with expansion of various economic activities. The domestic economy sustained strong growth momentum and inflation remained at single digits level.

The domestic economy is expected to continue with the growth momentum, supported by investment in infrastructure, expansion in private and public sector construction activities, growing manufacturing sector, moderation of global oil prices and the expected gradual improvement of the global economy. Inflation is expected to remain at single digits level anchored by low energy prices and stability of the shilling exchange rate, coupled with tight monetary policy, improved expenditure management and enhanced revenue mobilization by the government. The current account is projected to improve further driven by the impact of increasing receipts from tourism and transportation services, manufactured exports and lower global oil prices.

The Bank of Tanzania is aware of the inflation risks posed by food shortages in neighbouring countries. Accordingly, the Bank will stand ready to take appropriate measures against such risks. The Bank will also continue to improve functioning of the market by enhancing communications with market players, while strengthening the supervision of the banking sector. Furthermore, the Bank of Tanzania is



pursuing improvements in its policy framework to attain its monetary policy objectives, and is confident that it will attain those objectives set for 2015/16.



# APPENDICES



**Table A1: Global GDP Growth and Projections**

	2010	2011	2012	2013	2014	2015	Projections	
							2016	2017
<b>World</b>	5.4	4.2	3.4	3.3	3.4	3.1	3.4	3.6
<b>Advanced economies</b>	3.1	1.7	1.2	1.1	1.8	1.9	2.1	2.1
United States	2.5	1.6	2.2	1.5	2.4	2.5	2.6	2.6
Euro Area	2.0	1.6	-0.8	-0.3	0.9	1.5	1.7	1.7
Japan	4.7	-0.5	1.7	1.6	0.0	0.6	1.0	0.3
United Kingdom	1.9	1.6	0.7	1.7	2.9	2.2	2.2	2.2
<b>Emerging market and developing economies</b>	7.5	6.3	5.2	5.0	4.6	4.0	4.3	4.7
<b>Emerging and developing Asia</b>	9.6	7.9	6.8	7.0	6.8	6.6	6.3	6.2
China	10.6	9.5	7.7	7.7	7.3	6.9	6.3	6.0
India	10.3	6.6	5.1	6.9	7.3	7.3	7.5	7.5
<b>Sub-Saharan Africa</b>	6.6	5.0	4.3	5.2	5.0	3.5	4.0	4.7
South Africa	3.0	3.2	2.2	2.2	1.5	1.3	0.7	1.8

*Source: IMF World Economic Outlook, October 2015 and National Bureau of Statistics*



**Table A2: Selected Economic Indicators**

Items	Unit	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
<b>1. Prices</b>														
1.5 Annual change in consumer price index														
1.5.1 Headline inflation	Percent	4.8	4.0	4.2	4.3	4.5	5.3	6.1	6.4	6.4	6.1	6.3	6.6	6.8
1.5.2 Food inflation	Percent	5.7	5.0	5.1	6.1	7.2	8.4	9.9	10.5	10.1	9.4	10.0	10.9	10.9
1.5.3 Core inflation	Percent	3.1	2.8	2.7	2.5	2.1	2.1	2.2	2.1	2.2	2.2	2.1	2.3	2.4
<b>2. Money credit and interest rates</b>														
2.1 Extended broad money supply (M3) <sup>1</sup>	Percent	15.6	13.9	13.6	13.2	14.5	15.0	13.1	16.4	17.8	16.5	16.6	14.6	18.0
2.2 Reserve money <sup>1</sup>	Percent	17.5	9.4	10.0	9.3	5.3	7.1	16.4	13.7	14.5	12.7	13.2	13.2	15.6
2.3 Average reserve money <sup>1</sup>	Percent	14.5	14.8	11.9	9.8	8.1	5.4	10.8	13.7	16.5	14.1	13.1	15.0	14.2
2.4 Credit to non-government sector <sup>1</sup>	Percent	19.4	19.1	21.2	19.8	21.7	24.9	21.0	23.5	24.1	24.6	24.6	24.5	24.8
2.5 364-days Treasury bill rate <sup>2</sup>	Percent	16.2	14.6	12.7	10.0	10.3	11.4	12.8	13.9	14.5	14.5	15.5	18.3	18.7
2.6 Overnight inter-bank rate <sup>2</sup>	Percent	11.8	10.3	7.1	6.4	9.5	6.4	18.7	29.7	9.8	6.6	12.4	10.7	7.3
2.7 12-Months deposit rate <sup>2</sup>	Percent	10.7	10.8	10.7	11.0	10.5	10.7	10.8	10.5	10.6	11.0	10.9	11.0	11.1
2.8 Short-term (up to 1 year) lending rate <sup>2</sup>	Percent	14.8	14.2	14.4	14.3	13.7	14.3	14.7	14.3	14.4	14.3	14.1	14.1	14.2
<b>3. Balance of payments</b>														
3.1 Gross official reserves	MtL USD	4,377.2	4,292.4	4,251.1	4,060.8	4,080.3	3,870.6	4,285.0	4,212.0	4,191.9	4,001.1	4,022.1	4,070.9	4,093.7
3.2 Exchange rate														
3.2.1 Period average	TZS/USD	1,716.1	1,739.2	1,759.6	1,788.9	1,805.6	1,946.5	2,060.2	2,075.3	2,107.2	2,152.8	2,168.7	2,148.3	2,144.2
3.2.2 End of period	TZS/USD	1,725.8	1,782.0	1,781.5	1,788.1	1,829.0	1,997.2	2,020.3	2,086.4	2,133.8	2,149.0	2,166.3	2,149.1	2,148.5
<b>4. Public finance</b>														
4.1 Domestic revenue <sup>3</sup>	MtL TZS	1,063,563.3	794,098.4	783,217.0	1,049,779.7	775,115.1	848,891.3	1,169,861.0	891,066.1	914,491.9	1,106,460.0	1,120,866.3	1,069,883.3	1,505,526.4
4.2 Recurrent expenditure <sup>3</sup>	MtL TZS	707,180.8	1,113,038.7	687,692.4	1,002,886.4	930,384.7	738,447.9	1,337,169.8	1,012,439.8	1,024,460.4	1,038,735.6	1,101,514.9	1,203,735.5	1,226,344.4
4.3 Development expenditure <sup>3</sup>	MtL TZS	130,672.2	321,767.0	247,043.9	150,405.3	305,813.9	159,475.9	158,622.2	41,855.4	332,277.9	161,555.1	443,352.2	267,202.4	570,150.4
4.4 Program assistance	MtL USD	31.7	7.0	61.4	5.6	113.8	0.1	183.0	0.0	0.0	4.6	26.2	84.3	24.7
4.4.1 General budget support	MtL USD	15.0	0.0	0.0	5.6	112.1	0.0	183.0	0.0	0.0	0.0	0.0	0.0	79.5
4.4.2 Basket funds	MtL USD	16.7	7.0	61.4	0.0	1.7	0.1	0.0	0.0	0.0	4.6	26.2	4.8	24.7

**Notes:**

<sup>1</sup> Annual growth

<sup>2</sup> Monthly average

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

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



**Table A3 (a): Tanzania Mainland: Gross Domestic Product at Constant 2007 Prices by Economic Activity**

<b>Economic Activity</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013r</b>	<b>2014p</b>
	<b>Millions of TZS</b>						
<b>Agriculture, Forestry and Fishing</b>	<b>7,720,033</b>	<b>8,113,750</b>	<b>8,332,436</b>	<b>8,621,829</b>	<b>8,901,917</b>	<b>9,186,731</b>	<b>9,497,468</b>
Crops	3,884,784	4,098,750	4,248,443	4,454,219	4,640,787	4,801,783	4,993,855
Livestock	2,715,826	2,859,665	2,900,642	2,948,017	3,001,944	3,062,481	3,129,647
Forestry and hunting	663,869	697,692	721,555	745,684	771,590	808,231	849,445
Fishing	455,555	457,643	461,796	473,910	487,597	514,235	524,521
<b>Industry and construction</b>	<b>5,759,171</b>	<b>5,949,363</b>	<b>6,489,910</b>	<b>7,271,804</b>	<b>7,566,057</b>	<b>8,287,309</b>	<b>9,144,464</b>
Mining and quarrying	843,949	1,001,653	1,074,285	1,141,798	1,217,823	1,264,845	1,383,349
Manufacturing	2,094,035	2,192,207	2,388,391	2,554,119	2,659,200	2,831,400	3,024,323
Electricity, gas	251,361	262,100	297,238	284,394	293,804	332,080	363,110
Water supply	246,507	257,755	263,336	260,050	267,407	274,507	284,755
Construction	2,323,320	2,235,648	2,466,660	3,031,443	3,127,824	3,584,477	4,088,927
<b>Services</b>	<b>13,225,206</b>	<b>13,989,391</b>	<b>15,076,525</b>	<b>16,341,278</b>	<b>17,520,835</b>	<b>18,767,585</b>	<b>20,119,051</b>
Wholesale and retail trade; repairs	2,817,146	2,893,444	3,181,783	3,541,265	3,675,197	3,839,852	4,223,837
Transport and storage	1,601,242	1,712,475	1,896,112	1,980,177	2,062,518	2,314,221	2,603,499
Hotels and restaurants	497,897	502,992	521,540	543,173	579,598	595,724	609,111
Information and communication	688,106	871,411	1,084,423	1,177,462	1,439,326	1,631,263	1,762,116
Financial and insurance activities	898,007	1,062,921	1,197,164	1,374,537	1,445,140	1,534,231	1,699,700
Real estate	1,628,117	1,656,750	1,687,264	1,719,706	1,754,126	1,790,574	1,829,107
Professional, scientific and technical activities	416,091	481,737	625,810	655,947	617,853	651,358	654,930
Administrative and support service activities	778,586	781,579	849,168	892,397	1,104,372	1,239,495	1,313,618
Public administration and defence	2,042,643	2,027,532	1,926,209	2,231,564	2,435,459	2,625,280	2,728,183
Education	932,429	1,017,818	1,082,540	1,143,385	1,228,099	1,280,673	1,341,507
Human health and social work activities	462,620	497,047	513,696	541,093	602,632	655,861	709,310
Arts, entertainment and recreation	97,422	100,381	107,674	116,005	128,764	136,162	143,933
Other service activities	269,097	284,963	302,194	320,944	341,382	363,702	388,120
Activities of households as employers;	95,802	98,341	100,947	103,623	106,369	109,188	112,082
FISIM	-353,602	-424,177	-457,867	-561,275	-568,183	-568,580	-623,558
All economic activities	26,350,808	27,628,327	29,441,005	31,673,636	33,420,626	35,673,045	38,137,425
Taxes on products	1,909,825	2,153,392	2,234,499	2,505,661	2,515,833	2,873,500	3,093,939
<b>GDP at market prices</b>	<b>28,260,633</b>	<b>29,781,719</b>	<b>31,675,504</b>	<b>34,179,297</b>	<b>35,936,459</b>	<b>38,546,546</b>	<b>41,231,364</b>
	<b>Real Growth by Economic Activities (Per cent)</b>						
<b>Agriculture, Forestry and Fishing</b>	<b>7.5</b>	<b>5.1</b>	<b>2.7</b>	<b>3.5</b>	<b>3.2</b>	<b>3.2</b>	<b>3.4</b>
Crops	7.8	5.5	3.7	4.8	4.2	3.5	4.0
Livestock	8.1	5.3	1.4	1.6	1.8	2.0	2.2
Forestry and hunting	3.8	5.1	3.4	3.3	3.5	4.7	5.1
Fishing	7.2	0.5	0.9	2.6	2.9	5.5	2.0
<b>Industry and construction</b>	<b>6.5</b>	<b>3.3</b>	<b>9.1</b>	<b>12.0</b>	<b>4.0</b>	<b>9.5</b>	<b>10.3</b>
Mining and quarrying	-9.8	18.7	7.3	6.3	6.7	3.9	9.4
Manufacturing	11.4	4.7	8.9	6.9	4.1	6.5	6.8
Electricity, gas	8.1	4.3	13.4	-4.3	3.3	13.0	9.3
Water supply	2.3	4.6	2.2	-1.2	2.8	2.7	3.7
Construction	9.7	-3.8	10.3	22.9	3.2	14.6	14.1
<b>Services</b>	<b>4.2</b>	<b>5.8</b>	<b>7.8</b>	<b>8.4</b>	<b>7.2</b>	<b>7.1</b>	<b>7.2</b>
Wholesale and retail trade; repairs	6.5	2.7	10.0	11.3	3.8	4.5	10.0
Transport and storage	1.8	6.9	10.7	4.4	4.2	12.2	12.5
Hotels and restaurants	3.3	1.0	3.7	4.1	6.7	2.8	2.2
Information and communication	11.9	26.6	24.4	8.6	22.2	13.3	8.0
Financial and insurance activities	18.8	18.4	12.6	14.8	5.1	6.2	10.8
Real estate	1.7	1.8	1.8	1.9	2.0	2.1	2.2
Professional, scientific and technical activities	30.6	15.8	29.9	4.8	-5.8	5.4	0.5
Administrative and support service activities	-1.8	0.4	8.6	5.1	23.8	12.2	6.0
Public administration and defence	-6.3	-0.7	-5.0	15.9	9.1	7.8	3.9
Education	9.5	9.2	6.4	5.6	7.4	4.3	4.8
Human health and social work activities	5.5	7.4	3.3	5.3	11.4	8.8	8.1
Arts, entertainment and recreation	6.4	3.0	7.3	7.7	11.0	5.7	5.7
Other service activities	5.8	5.9	6.0	6.2	6.4	6.5	6.7
Activities of households as employers;	2.7	2.7	2.7	2.7	2.7	2.7	2.7
FISIM	6.8	20.0	7.9	22.6	1.2	0.1	9.7
All economic activities	5.6	4.8	6.6	7.6	5.5	6.7	6.9
Taxes on products	4.8	12.8	3.8	12.1	0.4	14.2	7.7
<b>GDP at market prices</b>	<b>5.6</b>	<b>5.4</b>	<b>6.4</b>	<b>7.9</b>	<b>5.1</b>	<b>7.3</b>	<b>7.0</b>

*Note: p = provisional*

*r = revised*

*Source: National Bureau of Statistics*



**Table A3 (b): Tanzania Mainland: Gross Domestic Product at 2007 Prices by Economic Activity**

	<i>Percent</i>						
Economic Activity	2008	2009	2010	2011	2012	2013 <sup>r</sup>	2014 <sup>p</sup>
<b>Contribution in real GDP by Economic Activities</b>							
<b>Agriculture, Forestry and Fishing</b>	<b>27.3</b>	<b>27.2</b>	<b>26.3</b>	<b>25.2</b>	<b>24.8</b>	<b>23.8</b>	<b>23.0</b>
Crops	13.7	13.8	13.4	13.0	12.9	12.5	12.1
Livestock	9.6	9.6	9.2	8.6	8.4	7.9	7.6
Forestry and hunting	2.3	2.3	2.3	2.2	2.1	2.1	2.1
Fishing	1.6	1.5	1.5	1.4	1.4	1.3	1.3
<b>Industry and construction</b>	<b>20.4</b>	<b>20.0</b>	<b>20.5</b>	<b>21.3</b>	<b>21.1</b>	<b>21.5</b>	<b>22.2</b>
Mining and quarrying	3.0	3.4	3.4	3.3	3.4	3.3	3.4
Manufacturing	7.4	7.4	7.5	7.5	7.4	7.3	7.3
Electricity, gas	0.9	0.9	0.9	0.8	0.8	0.9	0.9
Water supply	0.9	0.9	0.8	0.8	0.7	0.7	0.7
Construction	8.2	7.5	7.8	8.9	8.7	9.3	9.9
<b>Services</b>	<b>46.8</b>	<b>47.0</b>	<b>47.6</b>	<b>47.8</b>	<b>48.8</b>	<b>48.7</b>	<b>48.8</b>
Wholesale and retail trade; repairs	10.0	9.7	10.0	10.4	10.2	10.0	10.2
Transport and storage	5.7	5.8	6.0	5.8	5.7	6.0	6.3
Hotels and restaurants	1.8	1.7	1.6	1.6	1.6	1.5	1.5
Information and communication	2.4	2.9	3.4	3.4	4.0	4.2	4.3
Financial and insurance activities	3.2	3.6	3.8	4.0	4.0	4.0	4.1
Real estate	5.8	5.6	5.3	5.0	4.9	4.6	4.4
Professional, scientific and technical activities	1.5	1.6	2.0	1.9	1.7	1.7	1.6
Administrative and support service activities	2.8	2.6	2.7	2.6	3.1	3.2	3.2
Public administration and defence	7.23	6.81	6.08	6.53	6.78	6.81	6.62
Education	3.30	3.42	3.42	3.35	3.42	3.32	3.25
Human health and social work activities	1.64	1.67	1.62	1.58	1.68	1.70	1.72
Arts, entertainment and recreation	0.34	0.34	0.34	0.34	0.36	0.35	0.35
Other service activities	0.95	0.96	0.95	0.94	0.95	0.94	0.94
Activities of households as employers;	0.34	0.33	0.32	0.30	0.30	0.28	0.27

*Note: p = provisional  
r = revised*

*Source: National Bureau of Statistics and Bank of Tanzania*



**Table A3 (c): Tanzania Mainland: Quarterly GDP Growth Rates by Economic Activity**

Percent

Economic Activity	2012				2013				2014				2015			January - September 2015		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	2014	2015	
Agriculture	2.6	3.4	3.8	3.0	2.4	2.9	3.4	4.1	3.4	3.8	3.2	3.1	2.6	4.2	2.7	3.5	3.2	
Mining and quarrying	7.5	7.8	4.3	7.2	-6.3	3.4	3.3	14.6	19.7	6.4	5.2	7.6	0.6	8.3	8.0	10.1	5.6	
Manufacturing	3.6	3.6	3.7	5.5	4.5	6.0	10.4	4.9	8.2	10.1	6.3	3.0	5.7	6.9	3.6	8.1	5.4	
Electricity	-6.3	-1.4	12.5	8.7	15.9	14.0	10.3	12.4	18.1	-0.6	14.2	6.4	13.0	18.5	-1.2	10.4	9.6	
Water Supply	2.6	2.8	5.6	0.3	1.1	0.9	-6.9	15.7	0.7	5.1	12.7	-2.3	7.6	-9.9	0.1	6.1	-0.9	
Construction	7.5	-6.9	3.7	8.1	7.8	13.0	16.3	19.9	21.4	37.5	-0.7	5.2	8.8	13.2	17.6	17.8	13.2	
Wholesale and retail trade	9.2	3.8	1.4	1.1	1.9	4.3	6.7	5.1	10.6	12.3	12.6	4.6	6.5	9.5	5.6	11.9	7.2	
Accommodation & restaurant	4.3	3.8	9.7	8.6	6.6	3.6	-0.4	1.9	3.4	3.0	0.2	2.5	1.7	2.1	2.9	2.2	2.2	
Transport and storage	4.3	4.2	-0.3	9.2	12.4	-3.0	19.3	19.1	14.7	9.7	13.2	11.7	12.9	8.8	10.6	12.8	10.9	
Information and communication	34.6	21.5	23.5	12.5	2.6	17.9	8.4	23.7	17.1	18.4	12.9	-11.4	10.3	17.4	9.1	16.0	12.4	
Financial & insurance	5.7	2.9	4.5	7.5	5.9	4.0	6.8	7.9	11.2	14.2	10.1	8.0	9.1	10.4	8.4	11.8	9.3	
Public administration	10.7	0.5	15.3	10.5	9.6	7.3	3.8	10.8	-0.2	6.2	10.0	-0.2	12.0	8.2	10.6	5.3	10.3	
Professional, admin and support services	21.6	13.6	22.9	-9.4	24.8	9.6	-1.0	7.6	8.2	11.0	-15.0	13.3	8.6	13.6	3.9	1.4	9.0	
Real estate	2.0	2.0	2.0	2.0	2.0	2.1	2.1	2.1	2.1	2.1	2.2	2.2	2.2	2.2	2.2	2.1	2.2	
Education	5.7	5.7	9.0	9.0	5.1	5.1	3.5	3.5	5.4	5.4	4.1	4.1	6.7	6.7	4.6	5.0	6.0	
Health	9.9	12.1	12.4	11.0	9.6	8.9	8.5	8.4	8.4	8.3	8.1	7.8	8.0	8.1	7.3	8.3	7.8	
Other services	6.0	5.9	7.5	7.2	6.7	6.0	4.7	5.3	6.1	6.0	5.0	6.0	5.8	6.0	6.2	5.7	6.0	
FISIM	5.6	0.8	-1.5	0.5	-3.2	2.0	3.5	9.7	11.9	9.0	8.3	11.5	10.5	10.5	9.6	10.2	10.5	
All industry at basic prices	7.0	3.8	6.3	5.0	5.7	5.5	6.6	9.1	8.7	10.2	5.1	4.0	6.5	8.1	6.5	8.0	7.0	
Taxes on products	8.5	-0.2	-2.9	-2.6	10.4	11.4	17.8	16.8	7.7	8.9	8.7	5.5	5.3	6.5	4.2	8.4	5.3	
<b>GDP at market prices</b>	<b>7.1</b>	<b>3.5</b>	<b>5.6</b>	<b>4.4</b>	<b>6.1</b>	<b>5.9</b>	<b>7.4</b>	<b>9.7</b>	<b>8.6</b>	<b>10.1</b>	<b>5.4</b>	<b>4.1</b>	<b>6.5</b>	<b>7.9</b>	<b>6.3</b>	<b>8.0</b>	<b>6.9</b>	

Source: National Bureau of Statistics and Bank of Tanzania



**Table A3 (d): Zanzibar Gross Domestic Product at Constant 2007  
Prices by Economic Activity**

<b>Economic Activity</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Billions of TZS</b>							
<b>Agriculture, forestry and fishing</b>	191.3	198.5	205.1	214.6	196.8	222.8	221.8
Crops	105.8	111.2	116.1	118.1	96.4	118.4	109.9
Livestock	24.2	24.5	24.9	25.9	27.6	29.0	31.2
Forestry	21.8	22.5	23.3	24.2	25.1	26.0	27.0
Fishing	39.5	40.2	40.8	46.5	47.6	49.4	53.7
<b>Industry</b>	137.9	145.4	152.0	179.9	193.4	200.1	212.0
Mining and quarrying	10.1	11.4	12.1	14.3	16.2	15.6	16.3
Manufacturing	62.2	65.1	67.4	72.1	74.7	79.9	87.8
Electricity and gas	2.4	2.4	2.3	3.1	3.4	3.5	3.7
Water supply and sewerage	3.3	3.4	3.5	3.8	3.9	4.1	4.3
Construction	59.9	63.1	66.7	86.6	95.2	97.0	99.9
<b>Services</b>	375.2	403.3	423.0	458.8	480.7	503.3	553.1
Trade and repairs	77.5	75.1	74.3	80.1	71.7	73.8	83.4
Transport and storage	28.7	32.7	38.0	43.7	50.2	54.9	58.7
Accommodation and food services	60.4	61.1	62.2	73.4	74.5	81.6	87.3
Accommodation	48.8	48.1	50.6	57.0	55.1	56.5	61.4
Food and beverage services	11.6	12.9	11.6	16.4	19.5	25.1	25.9
Information and communication	25.0	22.7	28.0	31.8	35.5	30.8	38.3
Financial and insurance activities	26.1	32.7	37.4	39.6	42.6	44.8	49.6
Real estate activities	43.3	46.1	49.0	52.2	55.6	59.3	63.4
Professional, scientific and technical	1.4	1.3	1.4	1.4	1.7	2.5	3.6
Administrative and support services	5.4	5.7	5.7	6.2	6.5	7.0	7.0
Public administration	68.8	86.5	86.5	88.0	98.5	103.6	114.8
Education	20.8	21.2	21.7	22.9	23.9	24.3	25.0
Human health and social work	8.9	9.1	9.3	9.4	9.6	9.9	10.7
Arts, entertainment and recreation	2.7	2.9	3.0	3.3	3.2	3.5	3.7
Other service activities	4.9	5.1	5.3	5.7	5.7	6.1	6.4
Domestic services	1.1	1.1	1.1	1.2	1.2	1.2	1.3
Less FISIM	-6.7	-8.5	-9.3	-10.7	-11.2	-12.5	-13.9
GDP at basic prices	697.7	738.6	770.8	842.7	859.6	913.7	973.1
Taxes on products	67.9	74.9	77.4	84.8	113.2	129.2	142.3
<b>GDP at purchaser prices</b>	<b>765.7</b>	<b>813.5</b>	<b>848.3</b>	<b>927.5</b>	<b>972.8</b>	<b>1,042.9</b>	<b>1,115.5</b>
<b>Real Growth by Economic Activities (Percent)</b>							
<b>Agriculture, forestry and fishing</b>	5.5	3.8	3.3	4.7	-8.3	13.2	-0.4
Crops	6.6	5.1	4.3	1.7	-18.4	22.9	-7.2
Livestock	2.7	1.3	1.8	4.0	6.7	5.1	7.5
Forestry	3.5	3.3	3.5	3.8	3.9	3.5	3.8
Fishing	5.4	1.9	1.5	13.9	2.5	3.6	8.9
<b>Industry</b>	11.6	5.4	4.6	18.4	7.5	3.5	6.0
Mining and quarrying	19.8	12.6	6.6	18.4	12.7	-3.6	4.9
Manufacturing	-0.4	4.7	3.5	7.0	3.6	6.9	9.9
Electricity and gas	-0.7	0.9	-4.7	35.5	9.5	3.1	4.7
Water supply and sewerage	0.4	3.0	2.8	8.2	3.4	6.0	4.8
Construction	27.6	5.2	5.7	29.8	9.9	1.9	3.0
<b>Services</b>	3.4	7.5	4.9	8.5	4.8	4.7	9.9
Trade and repairs	-8.9	-3.1	-1.1	7.7	-10.4	2.9	13.0
Transport and storage	-1.0	13.8	16.4	14.9	14.9	9.4	7.0
Accommodation and food services	-6.5	1.1	1.8	18.1	1.5	9.5	6.9
Accommodation	-7.2	-1.3	5.2	12.6	-3.4	2.6	8.7
Food and beverage services	-3.3	11.0	-10.5	41.9	18.5	29.1	2.9
Information and communication	40.3	-9.2	23.3	13.3	11.9	-13.3	24.5
Financial and insurance activities	1.0	25.0	14.5	5.9	7.6	5.1	10.6
Real estate activities	6.2	6.3	6.4	6.5	6.6	6.7	6.8
Professional, scientific and technical	30.3	-4.1	9.3	-3.5	21.4	47.9	43.4
Administrative and support services	7.2	5.0	-0.5	9.7	5.0	6.2	0.9
Public administration	22.3	25.7	-0.1	1.7	12.0	5.2	10.8
Education	4.4	1.9	2.5	5.5	4.4	1.4	3.2
Human health and social work	1.0	2.4	2.4	1.3	2.4	3.0	7.4
Arts, entertainment and recreation	-0.2	4.9	3.4	9.3	-0.7	7.5	5.9
Other service activities	0.3	4.5	3.3	8.1	-0.1	6.6	5.3
Domestic services	3.2	3.2	3.2	3.2	3.2	3.2	3.1
Less FISIM	5.2	28.1	8.6	15.7	4.8	10.8	11.4
GDP at basic prices	5.5	5.9	4.4	9.3	2.0	6.3	6.5
Taxes on products	-7.3	10.2	3.4	9.6	33.4	14.1	10.2
<b>Gross Domestic Product at Market Prices</b>	<b>4.2</b>	<b>6.2</b>	<b>4.3</b>	<b>9.3</b>	<b>4.9</b>	<b>7.2</b>	<b>7.0</b>

*Source: Office of Chief Government Statistician, Zanzibar*



**Table A3 (e): Zanzibar: Quarterly GDP growth Rates by Economic Activity**

Economic Activity	Percent																
	2012				2013				2014				2015		January-September 2015		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Crops	-28.9	-28.9	-15.6	-5.0	36.0	10.3	21.0	24.5	0.3	1.2	-5.2	-10.6	-4.6	-1.0	4.4	-1.2	-0.4
Livestock	8.0	7.1	6.5	5.4	4.2	4.7	5.5	5.8	7.1	7.5	7.5	7.9	7.9	7.7	7.9	7.4	7.8
Forestry	4.4	3.9	3.6	3.6	3.1	3.6	3.6	3.6	3.7	3.6	3.9	4.1	8.6	4.1	3.9	3.7	5.5
Fishing	3.1	11.3	14.7	-16.0	0.4	4.6	1.0	8.8	8.0	5.3	7.5	15.0	11.8	8.3	2.7	6.9	7.6
Mining and quarrying	39.8	16.9	4.2	-2.8	-10.8	-3.5	1.3	-0.9	-1.2	-7.3	8.2	17.4	37.1	24.0	4.8	-0.1	22.0
Manufacturing	0.3	10.3	0.6	3.6	7.7	-1.9	10.8	10.9	7.9	13.4	5.8	12.6	12.5	4.8	13.8	9.0	10.4
Electricity	11.8	10.7	8.9	6.6	-0.6	7.7	4.2	1.9	5.4	1.7	5.1	6.5	9.2	100.9	90.2	4.1	96.8
Water supply	2.1	8.8	3.6	0.3	8.9	4.1	0.3	10.9	5.3	5.0	4.5	4.5	4.0	3.5	2.4	4.9	3.3
Construction	16.5	6.4	19.8	-5.1	2.2	20.5	-35.9	40.8	18.4	-24.3	44.9	-11.4	44.9	31.4	-16.3	13.0	20.0
Wholesale and retail trade	-10.3	0.5	-6.0	-23.1	10.2	-9.3	-6.2	18.3	4.2	19.7	7.7	19.9	3.4	-1.5	13.3	10.5	5.1
Accommodation and food services	0.0	23.3	1.3	-7.7	16.4	7.9	-8.4	24.6	8.2	7.4	7.5	4.8	41.8	8.3	-1.9	7.7	16.1
Transport and storage	18.4	10.6	22.3	9.1	9.6	8.4	8.1	11.4	2.4	12.1	-5.7	19.0	7.6	3.3	2.7	2.9	4.5
Information and communication	17.9	26.8	-6.9	11.3	-20.3	-15.5	6.5	-19.4	41.2	34.4	17.9	6.3	-10.8	-16.5	-4.9	31.2	-10.7
Financial and insurance	7.4	2.8	3.3	17.2	6.2	12.9	6.2	-3.6	2.9	9.8	11.5	18.1	17.4	10.0	6.9	8.1	11.4
<b>GDP at market prices</b>	<b>3.7</b>	<b>6.9</b>	<b>5.8</b>	<b>3.3</b>	<b>10.2</b>	<b>4.1</b>	<b>2.7</b>	<b>11.7</b>	<b>14.0</b>	<b>5.8</b>	<b>7.4</b>	<b>2.7</b>	<b>6.2</b>	<b>7.9</b>	<b>-0.3</b>	<b>9.1</b>	<b>4.6</b>

*Source: Office of Chief Government Statistician, Zanzibar*



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

Main Groups	Weight (%)	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
Food and non alcoholic beverages	47.8	5.7	4.9	4.9	5.9	7.1	8.5	10.1	10.6	10.2	9.6	10.2	11.2	11.1
Alcoholic, tobacco and narcotics	3.3	5.5	5.4	5.4	5.4	5.3	5.0	5.9	3.4	2.6	2.0	1.2	1.1	1.2
Clothing and footwear	6.7	3.2	3.1	3.4	3.7	3.6	3.9	4.5	4.5	5.3	4.6	4.5	4.5	4.1
Housing, water, electricity, gas and other fuel	9.2	7.8	4.9	6.6	3.6	0.6	1.8	1.0	0.2	0.2	1.3	1.3	-1.7	-0.3
Furnishing, housing equipment and routine maintenance of the house	6.7	1.2	1.5	1.5	1.0	0.3	0.7	0.9	1.6	1.9	2.2	2.0	2.4	3.0
Health	0.9	4.5	4.7	4.4	3.2	2.1	2.0	1.9	2.8	3.0	2.4	2.9	3.3	4.0
Transport	9.5	0.5	0.0	-1.4	-2.4	-2.3	-1.8	-1.3	-0.5	0.9	0.7	-0.1	-0.2	1.0
Communication	2.1	0.4	0.5	0.7	0.6	0.6	0.6	-0.2	-0.2	-0.4	0.0	0.2	0.2	0.4
Recreation and culture	1.3	0.6	0.6	0.7	0.3	0.3	0.7	1.5	1.3	1.5	3.3	3.3	3.2	3.2
Education	1.7	5.1	1.2	2.2	2.2	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3
Restaurants and hotels	6.4	3.5	3.6	5.2	5.1	5.3	4.6	4.3	5.6	5.2	3.7	3.9	4.4	3.9
Miscellaneous goods and services	4.5	5.3	5.3	5.2	4.8	1.6	1.2	1.1	1.6	1.8	2.5	3.0	3.3	3.4
<b>Total – All items index</b>	<b>100.0</b>	<b>4.8</b>	<b>4.0</b>	<b>4.2</b>	<b>4.3</b>	<b>4.5</b>	<b>5.3</b>	<b>6.1</b>	<b>6.4</b>	<b>6.4</b>	<b>6.1</b>	<b>6.3</b>	<b>6.6</b>	<b>6.8</b>
<b>Other Selected Groups</b>														
Food and non-alcoholic beverages - combining food consumed at home and food consumed in restaurants	51.0	5.7	5.0	5.1	6.1	7.2	8.4	9.9	10.5	10.1	9.4	10.0	10.9	10.9
Energy and fuels - combining electricity and other fuels for use at home with petrol and diesel	5.7	6.2	2.4	4.4	-0.5	-4.2	-2.1	-2.3	-2.1	-1.1	0.6	0.1	-4.0	-1.4
All items less food	49.0	3.6	2.7	3.0	2.0	1.0	1.4	1.4	1.4	1.7	2.3	1.7	1.3	1.8
All items less food and energy	43.3	3.1	2.8	2.7	2.5	2.1	2.1	2.2	2.1	2.2	2.2	2.1	2.3	2.4

Source: National Bureau of Statistics



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

	Weights (%)	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
<b>Headline</b>	<b>100.0</b>	4.4	3.5	1.7	0.9	1.1	2.7	3.9	6.7	8.5	8.1	8.7	10.9	11.7
<b>Food</b>	<b>57.4</b>	4.3	5.0	1.6	1.6	-0.6	1.6	4.3	8.4	10.5	10.4	11.7	15.8	17.6
<b>Non-Food</b>	<b>42.6</b>	4.4	2.0	1.9	0.1	2.8	4.0	3.6	5.0	5.9	5.2	5.2	5.5	5.2
Alcoholic beverages, tobacco & narcotics	0.6	3.1	3.9	3.9	7.9	7.9	8.1	8.1	3.4	2.0	1.7	1.7	2.0	2.5
Clothing and footwear	6.2	1.8	1.3	1.4	2.7	3.6	4.5	6.3	8.7	11.6	11.3	11.2	11.6	11.2
Housing, water, electricity, gas and other fuels	15.6	2.7	0.7	0.4	-2.2	4.8	5.7	3.0	4.2	4.8	3.3	3.3	3.3	3.4
Furnishing, household equipment and routine household maintenance	5.3	4.1	4.8	4.0	3.3	2.9	3.2	3.6	3.4	4.9	5.2	5.5	6.3	6.4
Health	2.1	0.5	1.4	1.3	1.6	1.6	3.6	7.3	7.8	7.8	10.4	10.4	11.9	11.9
Transport	3.4	1.8	-3.1	-3.4	-9.9	-9.4	-6.1	-6.6	0.1	0.0	-2.1	-2.1	-2.0	-4.3
Communication	2.4	21.6	21.8	21.8	21.8	21.8	21.8	21.8	8.8	8.8	8.8	9.0	9.0	9.0
Recreation and culture	0.4	13.1	0.2	0.3	0.3	0.8	2.6	2.6	3.9	3.9	3.9	3.9	4.2	4.2
Education	1.1	11.7	5.7	7.2	3.1	3.1	3.1	3.1	3.1	3.1	4.4	4.4	4.4	4.4
Restaurants and hotels	3.1	2.1	1.6	1.5	2.0	1.8	3.3	3.4	5.9	23.7	22.8	23.0	31.2	30.3
Miscellaneous goods & services	2.4	3.2	1.7	2.3	1.8	2.3	3.2	3.1	6.1	6.5	6.2	6.2	6.3	7.8

*Source: Office of Chief Government Statistician, Zanzibar*



**Table A5: Tanzania: Depository Corporations Survey**

*Billions of TZS*

Items	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
<b>Net foreign assets of the banking system</b>													
Bank of Tanzania	6,551.5	6,621.0	6,633.0	6,388.4	6,738.9	7,075.5	8,027.7	8,524.7	8,842.9	8,660.4	8,452.7	8,306.9	8,244.0
Net international reserves (in millions of USD)	6,380.5	6,492.0	6,396.6	6,132.3	6,276.7	6,456.6	7,443.8	7,516.2	7,634.4	7,262.3	7,375.4	7,443.8	7,528.2
Banks NFA	3,971.3	3,946.9	3,854.0	3,694.1	3,663.3	3,481.2	3,928.3	3,880.0	3,863.6	3,661.4	3,561.4	3,715.4	3,762.5
Banks NFA (in millions of USD)	99.1	99.1	99.1	99.1	99.1	99.1	99.1	99.1	99.1	99.1	99.1	99.1	99.1
<b>Net Domestic assets of the banking system</b>													
Domestic claims	12,062.6	12,119.9	12,157.1	12,355.2	12,747.2	12,795.6	11,935.6	12,347.2	12,546.1	12,621.4	13,236.8	13,287.7	13,727.0
Chains on central government (net)	16,063.9	16,711.5	16,960.5	17,132.2	17,462.7	18,465.7	17,966.9	18,543.8	19,284.5	19,885.3	19,953.6	20,376.1	
o/w Bank of Tanzania	3,651.6	4,134.2	4,087.6	4,298.0	4,416.6	4,300.2	3,707.0	4,095.8	4,418.2	4,405.6	4,781.4	4,747.4	4,884.4
Chains on central government	6,451.5	6,918.5	7,001.2	7,184.1	7,218.3	7,110.6	6,378.9	6,280.9	6,662.1	6,660.5	6,878.4	6,850.9	7,015.5
o/w Securities held by banks	3,913.9	4,216.9	4,118.1	4,181.7	4,144.4	4,087.3	3,831.8	3,598.2	3,771.5	3,625.9	3,578.1	3,730.1	
Chains on private sector government	12,412.3	12,573.3	12,872.9	13,014.1	13,546.2	14,105.5	13,989.8	14,488.1	14,666.6	14,878.8	15,103.9	15,203.9	15,691.7
o/w Extended in shillings	7,978.8	8,018.6	8,113.8	8,227.7	8,400.0	8,639.4	8,806.7	9,866.6	9,122.0	9,287.8	9,458.5	9,580.7	9,776.2
Extended in foreign currency	4,433.5	4,558.7	4,759.1	4,786.4	5,146.1	5,466.1	5,183.1	5,481.5	5,544.1	5,591.0	5,645.4	5,625.2	5,715.5
Other items net	2,569.0	2,558.2	2,671.4	2,676.9	2,813.6	2,737.0	2,565.5	2,627.2	2,598.3	2,601.6	2,606.0	2,617.5	2,662.0
Equivalent in millions of USD	-4,001.3	-4,591.6	-4,803.3	-4,960.0	-5,215.5	-5,670.2	-5,760.3	-6,236.7	-6,538.1	-6,663.1	-6,648.5	-6,714.9	-6,649.2
<b>Extended broad money supply (M3)</b>													
Foreign currency deposits (FCD) in national currency	18,614.2	18,740.9	18,790.2	18,740.6	19,486.1	19,871.1	19,940.3	20,831.7	21,388.9	21,281.8	21,689.5	21,545.6	21,971.0
FCD in millions of USD	4,697.1	4,723.1	5,062.0	5,057.5	5,446.3	5,712.8	5,663.2	6,174.2	6,473.3	6,424.5	6,413.9	6,432.9	6,301.8
Broad money supply (M2)	2,721.7	2,650.5	2,841.5	2,828.5	2,977.8	2,860.4	2,803.1	2,959.2	3,033.7	2,899.5	2,960.7	2,853.7	2,943.1
Deposits in national currency	13,917.0	14,017.8	13,728.1	13,683.1	14,039.8	14,158.3	14,301.1	14,657.5	14,915.7	14,857.3	15,275.6	15,412.7	15,609.2
Other deposits in national currency	10,672.3	10,870.2	10,602.1	10,536.0	10,867.3	10,854.9	10,757.3	11,030.6	11,230.9	11,214.9	11,486.2	11,680.6	11,990.7
Narrow money supply (M1)	5,632.9	5,662.7	5,509.0	5,588.0	5,635.4	5,709.1	5,621.6	5,830.4	5,803.1	5,864.8	6,015.3	6,041.1	6,203.7
Currency in circulation	8,284.2	8,355.0	8,219.1	8,125.0	8,404.4	8,449.3	8,679.4	8,827.1	9,112.5	8,992.5	9,260.3	9,398.6	9,465.5
Transferrable deposits in national currency	3,244.7	3,147.6	3,126.0	3,147.1	3,172.5	3,333.5	3,543.8	3,626.8	3,684.8	3,642.3	3,789.3	3,732.1	3,678.5
Memorandum items	5,059.4	5,207.4	5,093.1	4,978.0	5,251.9	5,113.8	5,153.7	5,200.2	5,427.7	5,580.2	5,471.0	5,666.5	5,587.0
Reserve money	5,090.5	5,691.9	5,943.8	5,587.0	5,748.8	5,862.5	6,709.8	6,575.6	6,776.0	6,538.2	6,677.2	6,829.6	6,833.1
Net claims on central government/ domestic credit (%)	6,011.1	5,944.2	5,906.6	5,844.2	5,738.8	5,752.8	6,176.6	6,462.1	6,712.9	6,736.7	6,634.7	6,474.4	6,662.5
Claims on private sector/ domestic credit (%)	22.7	24.7	24.1	24.8	23.6	20.9	22.1	23.2	22.8	24.0	24.0	23.8	24.0
FCD/M3 (%)	77.3	75.3	75.9	75.2	75.4	76.4	79.1	77.9	76.8	77.2	76.0	76.2	76.0
Nominal exchange rate (end of period) (TZS/USD)	25.2	25.2	26.9	27.0	27.9	28.4	28.4	29.6	30.3	30.2	29.6	28.5	28.7
Gross official reserves (millions of USD)	1,725.8	1,782.0	1,781.5	1,788.1	1,829.0	1,997.2	2,020.3	2,086.4	2,133.8	2,149.0	2,166.3	2,149.1	2,148.5
Foreign assets of banks (millions of USD)	4,377.2	4,292.4	4,251.1	4,068.0	3,870.6	4,285.0	4,212.0	4,191.9	4,001.1	4,022.1	4,074.9	4,093.7	
Gross foreign assets of the banking system (millions of USD)	759.5	760.7	820.0	782.6	930.3	1,007.5	1,023.3	1,191.9	1,199.9	1,246.0	1,161.0	1,114.5	1,012.1
Annual growth rates (%)	5,136.6	5,053.1	5,071.2	4,843.3	5,013.3	4,878.0	5,308.3	5,342.2	5,391.8	5,247.2	5,183.1	5,185.4	5,105.8
Stock of reserve money	17.5	9.4	10.0	9.3	5.3	7.1	16.4	13.7	14.5	12.7	13.2	13.2	15.6
Average reserve money	14.5	14.8	11.9	9.8	8.1	5.4	10.8	13.7	16.5	14.1	13.1	15.0	14.2
Extended broad money supply (M3)	15.6	13.9	13.6	13.2	14.5	15.0	13.1	16.4	17.8	16.5	16.6	14.6	18.0
Broad money supply (M2)	17.0	15.1	11.5	11.2	11.7	9.8	8.0	10.0	10.1	8.3	9.2	9.5	12.6
Credit to the private sector	19.4	19.1	21.2	19.8	21.7	24.9	21.0	23.5	24.1	24.6	24.6	24.5	24.8

Source: Bank of Tanzania

**Table A6: Tanzania Capital and Money Market Interest Rates**

*Percent*

Items	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
<b>Interbank cash market rates</b>													
Overnight	11.66	10.14	6.88	6.41	9.73	6.10	17.99	29.98	9.75	6.27	12.34	10.48	7.10
31 to 60 days	10.00	10.00	9.50	9.50	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
61 to 90 days	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
91 to 180 days	14.00	14.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
181 and above	12.94	12.94	12.94	12.94	12.94	12.94	12.94	12.94	12.94	12.94	12.94	12.94	12.94
<b>Overall Interbank cash market rate</b>	<b>11.82</b>	<b>10.29</b>	<b>7.05</b>	<b>6.39</b>	<b>9.46</b>	<b>6.39</b>	<b>18.65</b>	<b>29.72</b>	<b>9.78</b>	<b>6.62</b>	<b>12.40</b>	<b>10.72</b>	<b>7.29</b>
<b>Lombard rate</b>	<b>13.99</b>	<b>12.17</b>	<b>8.98</b>	<b>7.69</b>	<b>11.68</b>	<b>9.14</b>	<b>26.99</b>	<b>44.97</b>	<b>17.69</b>	<b>10.63</b>	<b>18.51</b>	<b>15.72</b>	<b>11.11</b>
<b>REPO rate</b>	<b>7.13</b>	<b>4.21</b>	<b>4.21</b>	<b>4.21</b>	<b>6.00</b>	<b>6.00</b>	<b>6.00</b>	<b>22.43</b>	<b>11.80</b>	<b>6.06</b>	<b>6.06</b>	<b>6.25</b>	<b>5.41</b>
<b>Treasury bills rates</b>													
35 days	5.22	8.09	7.48	2.66	2.41	2.55	5.51	6.30	6.82	7.09	7.35	7.36	7.40
91 days	13.20	13.94	9.93	7.11	6.86	7.25	7.36	7.96	8.06	8.28	9.49	10.04	9.28
182 days	15.22	14.35	12.44	9.10	9.76	10.71	11.47	12.86	13.60	13.77	14.75	16.50	17.15
364 days	16.23	14.61	12.70	10.02	10.29	11.36	12.81	13.89	14.45	14.45	15.49	18.29	18.72
<b>Overall Treasury bills rate</b>	<b>15.73</b>	<b>14.40</b>	<b>12.50</b>	<b>9.04</b>	<b>9.09</b>	<b>10.55</b>	<b>10.04</b>	<b>11.17</b>	<b>13.83</b>	<b>13.93</b>	<b>14.35</b>	<b>17.77</b>	<b>18.25</b>
<b>Treasury bonds rates</b>													
2-years	14.83	15.25	15.25	12.29	12.29	14.01	14.01	14.01	14.99	14.99	16.76	16.76	16.76
5-years	16.00	16.00	15.26	15.26	11.39	11.39	11.39	16.46	16.46	16.89	16.89	16.89	17.52
7-years	15.97	16.34	16.34	16.34	15.61	15.61	16.64	16.64	16.64	16.91	16.91	17.58	17.58
10-years	16.50	16.50	16.90	16.90	16.69	17.02	17.02	17.02	17.02	17.62	17.62	18.12	17.62
15-years	17.91	17.91	17.91	17.52	17.52	17.46	17.46	17.46	17.46	17.97	17.97	17.97	17.97
<b>Discount rate</b>	<b>16.00</b>												

*Source: Bank of Tanzania*





**Table A7: Tanzania: Banks' Interest Rates**

Items	Percent												
	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
<b>A: Domestic currency</b>													
<b>Savings deposit rate</b>													
Overall time deposits rate	3.12	3.16	3.48	3.42	3.50	3.50	3.52	3.50	3.48	3.46	3.45	3.48	3.42
1 month	8.76	9.02	7.55	9.27	8.10	8.73	8.98	9.19	9.07	9.07	9.21	9.19	9.22
2 months	10.34	9.57	6.56	10.75	9.45	9.18	10.06	10.48	10.17	9.82	10.14	10.11	9.77
3 months	9.47	9.48	7.01	10.13	7.36	9.83	9.32	10.46	10.50	10.78	10.69	10.62	10.39
6 months	9.63	10.80	8.72	10.91	8.36	9.38	9.73	10.20	9.85	10.50	10.61	10.37	10.19
12 months	10.64	10.62	10.48	10.50	9.83	10.13	10.59	10.19	9.79	9.92	9.63	9.97	10.30
24 months	10.66	10.76	10.68	11.00	10.46	10.66	10.85	10.50	10.59	10.95	10.92	11.01	11.08
	7.68	9.03	6.50	8.70	8.37	9.33	9.41	9.74	9.92	9.76	9.90	9.74	9.90
<b>Negotiated deposit rate</b>	10.70	9.99	9.72	9.35	9.48	9.41	8.62	11.30	11.38	11.66	10.92	10.40	12.06
<b>Overall lending rate</b>	15.75	15.68	16.14	16.11	16.22	16.07	16.06	16.08	16.11	16.18	16.08	16.14	16.41
Short-term (up to 1 year)	14.80	14.19	14.37	14.32	13.68	14.27	14.72	14.31	14.36	14.27	14.14	14.07	14.22
Medium-term (1-2 years)	16.13	16.27	16.82	16.29	16.32	16.83	16.61	16.92	17.16	17.20	17.18	17.33	17.70
Medium-term (2-3 years)	15.88	15.34	16.86	16.87	17.27	16.51	16.47	16.49	16.36	16.56	16.46	16.57	16.61
Long-term (3-5 years)	15.16	15.29	14.99	15.47	15.88	15.39	15.07	15.47	15.38	15.15	15.10	15.06	15.87
Term loans (over 5 years)	16.77	17.29	17.63	17.58	17.95	17.38	17.45	17.19	17.27	17.74	17.52	17.65	17.65
<b>Negotiated lending rate</b>	12.01	12.64	12.25	11.96	12.45	12.65	12.26	12.93	11.83	13.75	13.77	13.69	14.41
<b>B: Foreign currency</b>													
<b>Deposits rates</b>													
<b>Savings deposits rate</b>													
Overall time deposits rate	1.29	0.77	1.03	1.00	0.87	1.15	1.15	0.70	1.98	1.76	1.07	0.85	0.83
1-months	3.06	3.54	3.58	3.68	3.46	3.27	3.27	2.65	2.91	2.99	2.62	2.69	2.81
2-months	3.01	3.20	3.26	3.67	3.59	4.23	4.23	2.48	2.86	3.42	2.24	2.41	2.59
3-months	3.92	3.17	3.68	3.68	3.14	3.82	3.81	2.69	2.61	2.62	2.39	2.64	2.54
6-months	2.01	3.49	3.49	2.92	3.68	2.61	2.62	2.46	2.86	3.20	2.69	2.66	2.58
12-months	2.86	3.43	4.06	4.19	3.57	2.87	2.86	2.59	3.11	2.88	2.74	2.69	2.99
	3.51	4.41	3.40	3.95	3.30	2.85	2.85	3.02	3.13	2.83	3.07	3.06	3.37
<b>Overall lending rate</b>	5.59	6.07	6.00	5.82	5.53	5.42	5.44	6.64	5.81	5.44	5.89	6.38	7.60
Short-term (up to 1 year)	3.66	3.49	3.42	3.22	3.13	2.81	2.83	4.72	3.95	3.20	3.25	3.20	4.15
Medium-term (1-2 years)	6.06	6.60	6.62	6.63	5.98	6.06	6.06	8.17	7.49	6.22	6.00	7.53	7.68
Medium-term (2-3 years)	6.11	7.82	7.60	6.05	6.06	6.16	6.16	7.29	8.44	7.61	8.15	8.10	8.13
Long-term (3-5 years)	6.07	6.31	6.29	6.09	6.24	7.04	7.08	7.96	4.11	5.12	6.96	7.00	7.61
Term loans (over 5 years)	6.04	6.12	6.06	7.12	6.23	5.05	5.05	5.06	5.06	5.06	5.10	6.09	10.41

Source: Bank of Tanzania



**Table A8: Zanzibar Central Government Operations**

*Billions of TZS*

	Budget	July - December 2015		Actual as %
	2014/15	Projection	Actual	of Projection
<b>Total revenue</b>	<b>434.6</b>	<b>212.5</b>	<b>189.8</b>	<b>89.3</b>
<b>Tax revenue</b>	<b>395.1</b>	<b>196.1</b>	<b>174.6</b>	<b>89.0</b>
Tax on imports	113.8	56.2	44.8	79.7
VAT and excise duties (local)	109.1	51.8	38.4	74.1
Income tax	64.7	30.6	30.6	99.8
Other taxes	107.4	57.4	60.8	106.0
Non-tax revenue	39.5	16.4	15.2	92.4
<b>Total expenditure</b>	<b>707.7</b>	<b>216.2</b>	<b>218.8</b>	<b>101.2</b>
<b>Recurrent expenditure</b>	<b>376.4</b>	<b>192.4</b>	<b>183.4</b>	<b>95.3</b>
Wages and salaries	184.5	95.7	97.0	101.3
Interest payment	0.0	0.0	0.0	
Local		0.0	0.0	
Foreign	0.0	0.0	0.0	
Other expenditure	191.9	96.7	86.4	89.3
<b>Development expenditure</b>	<b>331.3</b>	<b>23.8</b>	<b>35.4</b>	<b>148.9</b>
Local	65.9	8.4	10.8	129.3
Foreign	265.4	15.4	24.6	159.6
<b>Overall (surplus) deficit before grants</b>	<b>-273.1</b>	<b>-3.7</b>	<b>-29.0</b>	<b>787.3</b>
<b>Grants</b>	<b>115.8</b>	<b>2.9</b>	<b>14.5</b>	<b>507.3</b>
4.5% Budget support	40.0	0.0	7.7	
Debt relief	0.6	0.0	0.0	
Program Grant	86.8	2.9	6.8	238.4
<b>Overall deficit after grants</b>	<b>-157.3</b>	<b>-0.8</b>	<b>-14.5</b>	
Adjustment to cash and other items		-31.7	-25.0	
<b>Overall deficit cheques cleared</b>	<b>-177.1</b>	<b>-32.6</b>	<b>-39.5</b>	<b>121.2</b>
<b>Financing</b>	<b>177.1</b>	<b>32.6</b>	<b>39.5</b>	<b>121.2</b>
Foreign	162.1	12.5	16.4	130.9
Import support	0.0	0.0	0.0	
Program loans	162.1	12.5	15.4	123.0
Amortization (foreign)	0.0	0.0	1.0	
Domestic (net)	15.0	20.0	23.1	115.2

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



**Table A9: Tanzania's Balance of Payments**

*Millions of USD*

<i>Items</i>	<b>2010<sup>r</sup></b>	<b>2011<sup>r</sup></b>	<b>2012<sup>r</sup></b>	<b>2013<sup>r</sup></b>	<b>2014<sup>p</sup></b>
<b>A. Current account</b>	<b>-2,210.8</b>	<b>-4,381.0</b>	<b>-3,768.9</b>	<b>-4,987.9</b>	<b>-5,027.4</b>
<b>Balance on goods</b>	<b>-2,841.2</b>	<b>-4,729.6</b>	<b>-4,429.9</b>	<b>-5,771.1</b>	<b>-5,599.1</b>
Goods: exports f.o.b.	4,324.3	5,097.9	5,889.2	5,258.1	5,318.7
Traditional	583.2	685.5	956.7	868.9	828.8
Nontraditional	3,177.0	3,747.5	4,164.4	3,703.3	3,796.1
o/w Gold	1,516.6	2,224.1	2,117.4	1,644.8	1,321.6
Unrecorded trade	564.0	664.9	768.2	685.8	693.7
Goods: imports f.o.b.	-7,165.5	-9,827.5	-10,319.1	-11,029.1	-10,917.8
<b>Balance on Services</b>	<b>156.9</b>	<b>92.2</b>	<b>427.5</b>	<b>713.2</b>	<b>745.3</b>
Services: credit	2,045.7	2,300.3	2,786.4	3,201.7	3,450.6
Transportation	445.5	548.8	632.2	800.8	897.6
Travel	1,254.5	1,353.2	1,712.7	1,880.4	2,010.1
Other	345.7	398.3	441.5	520.4	542.9
Services: debit	-1,888.9	-2,208.1	-2,358.9	-2,488.5	-2,705.4
Transportation	-722.8	-973.7	-1,039.0	-1,130.7	-1,155.3
Travel	-830.4	-898.6	-967.0	-1,033.9	-1,101.6
Other	-335.7	-335.8	-352.8	-323.9	-448.4
<b>Balance on goods and services</b>	<b>-2,684.4</b>	<b>-4,637.3</b>	<b>-4,002.4</b>	<b>-5,057.9</b>	<b>-4,853.9</b>
<b>Balance on income</b>	<b>-577.6</b>	<b>-645.8</b>	<b>-574.0</b>	<b>-705.7</b>	<b>-650.8</b>
Income: credit	160.1	184.2	131.1	130.1	118.4
Income: debit	-737.7	-830.0	-705.1	-835.8	-769.2
<b>Balance on goods, services and income</b>	<b>-3,262.0</b>	<b>-5,283.1</b>	<b>-4,576.4</b>	<b>-5,763.6</b>	<b>-5,504.7</b>
<b>Balance on current transfers</b>	<b>1,051.2</b>	<b>902.2</b>	<b>807.5</b>	<b>775.7</b>	<b>477.3</b>
Current transfers: credit	1,130.2	994.9	913.0	837.5	535.4
Current transfer: debit	-79.0	-92.7	-105.4	-61.8	-58.2
<b>B. Capital account</b>	<b>537.9</b>	<b>690.9</b>	<b>777.2</b>	<b>712.8</b>	<b>534.6</b>
Capital transfers: credit	537.9	690.9	777.2	712.8	534.6
Capital transfers:debit	0.0	0.0	0.0	0.0	0.0
<b>Total, Groups A plus B</b>	<b>-1,672.8</b>	<b>-3,690.0</b>	<b>-2,991.7</b>	<b>-4,275.1</b>	<b>-4,492.8</b>
<b>C. Financial account, excl. reserves and related items</b>	<b>3,060.6</b>	<b>2,843.3</b>	<b>3,879.7</b>	<b>5,021.6</b>	<b>4,156.1</b>
Direct investment abroad	0.0	0.0	0.0	0.0	0.0
Direct investment in Tanzania	1,813.2	1,229.5	1,799.6	2,087.3	2,049.3
Portfolio investment	0.0	11.3	6.1	4.6	11.6
Other investment	1,247.4	1,602.5	2,073.9	2,929.7	2,095.2
<b>Total, Groups A through C</b>	<b>1,387.7</b>	<b>-846.7</b>	<b>888.0</b>	<b>746.5</b>	<b>-336.7</b>
<b>D. Net errors and omissions</b>	<b>-1,017.9</b>	<b>644.8</b>	<b>-561.8</b>	<b>-250.8</b>	<b>102.9</b>
<i>Overall balance</i>	369.8	-202.0	326.2	495.7	-233.8
<b>E. Reserves and related items</b>	<b>-369.8</b>	<b>202.0</b>	<b>-326.2</b>	<b>-495.7</b>	<b>233.8</b>
Reserve assets	-395.4	206.3	-324.7	-607.8	287.3
Use of Fund credit and loans	25.6	-4.4	-1.5	112.1	-53.5
Exceptional financing	0.0	0.0	0.0	0.0	0.0
<b>Memorandum items</b>					
CAB/GDP	-7.1	-13.0	-9.7	-11.4	-10.4
CAB/GDP (excl. current official transfers)	-9.6	-14.8	-11.1	-12.5	-10.8
Gross Official Reserves	3,948.0	3,744.6	4,068.1	4,676.2	4,383.6
Months of Imports	5.2	3.7	3.9	4.2	3.6
Exchange rate (end of period)	1,453.5	1,566.7	1,571.6	1,578.6	1,723.2

**Notes:**

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

*p = Provisional*

*f.o.b = Free on board*

**Source:** Bank of Tanzania



**Table A10: Tanzania Exports by Type of Commodity**

Items	Unit	July - December		
		2014	2015 <sup>P</sup>	% Change
<b>Traditional Exports:</b>				
<b>COFFEE</b>				
Value	Mill USD	59.1	72.5	22.7
Volume	000 Tons	20.0	26.2	31.2
Unit price	USD per Ton	2,958.0	2,766.6	-6.5
<b>COTTON</b>				
Value	Mill USD	47.6	25.4	-46.6
Volume	000 Tons	43.0	24.8	-42.2
Unit price	USD per Ton	1,108.4	1,023.4	-7.7
<b>SISAL</b>				
Value	Mill USD	8.4	10.8	28.6
Volume	000 Tons	5.5	5.8	4.2
Unit price	USD per Ton	1,523.9	1,880.9	23.4
<b>TEA</b>				
Value	Mill USD	20.3	19.4	-4.4
Volume	000 Tons	12.7	11.1	-13.1
Unit price	USD per Ton	1,595.4	1,755.2	10.0
<b>TOBACCO</b>				
Value	Mill USD	229.0	156.1	-31.8
Volume	000 Tons	46.9	38.9	-17.1
Unit price	USD per Ton	4,882.7	4,017.2	-17.7
<b>CASHEWNUTS</b>				
Value	Mill USD	154.2	120.2	-22.1
Volume	000 Tons	107.0	102.8	-3.9
Unit price	USD per Ton	1,441.7	1,169.1	-18.9
<b>CLOVES</b>				
Value	Mill USD	23.7	17.2	-27.5
Volume	000 Tons	2.1	2.2	1.2
Unit price	USD per Ton	11,092.8	7,954.1	-28.3
<b>Sub Total</b>	<b>Mill USD</b>	<b>542.3</b>	<b>421.6</b>	<b>-22.3</b>
<b>Non-Traditional Exports:</b>				
Minerals		<b>730.0</b>	<b>757.9</b>	<b>3.8</b>
Gold	Mill USD	654.7	727.3	11.1
Diamond	Mill USD	42.1	2.2	-94.8
Other minerals <sup>1</sup>	Mill USD	33.2	28.3	-14.5
Manufactured goods	Mill USD	<b>689.1</b>	<b>736.7</b>	<b>6.9</b>
Cotton yarn	Mill USD	4.2	7.2	73.2
Manufactured coffee	Mill USD	0.8	0.1	-90.3
Manufactured tobacco	Mill USD	18.5	19.4	4.7
Sisal products (Yarn & Twine)	Mill USD	4.4	6.8	55.6
Other manufactured Goods <sup>2</sup>	Mill USD	661.2	703.2	6.4
<b>Fish and fish products</b>	Mill USD	89.3	83.2	<b>-6.8</b>
<b>Horticultural products</b>	Mill USD	13.4	11.1	<b>-16.9</b>
<b>Re-exports</b>	Mill USD	102.7	160.2	<b>56.0</b>
<b>Other exports<sup>3</sup></b>	Mill USD	380.0	490.8	<b>29.1</b>
<b>Sub total</b>	<b>Mill USD</b>	<b>2,004.6</b>	<b>2,239.9</b>	<b>11.7</b>
<b>Grand total<sup>4</sup></b>	<b>Mill USD</b>	<b>2,928.9</b>	<b>3,060.8</b>	<b>4.5</b>

**Note:**

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

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

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

p = Provisional data

Source: Bank of Tanzania, Tanzania Revenue Authority



**Table A11: Tanzania Imports (f.o.b value) by Major Category**

*Millions of USD*

Items	July - December		% Change
	2014	2015 <sup>p</sup>	
<b>Capital goods</b>	<b>1,947.9</b>	<b>1,603.1</b>	<b>-17.7</b>
Transport Equipment	632.4	486.8	-23.0
Building and Constructions	549.2	338.9	-38.3
Machinery	766.3	777.4	1.4
<b>Intermediate goods</b>	<b>2,170.5</b>	<b>1,759.2</b>	<b>-18.9</b>
Oil imports	1,594.8	1,292.6	-18.9
Fertilizers	107.2	112.0	4.4
Industrial raw materials	468.5	354.6	-24.3
<b>Consumer goods</b>	<b>1,300.7</b>	<b>1,140.3</b>	<b>-12.3</b>
Food and food stuffs	299.7	192.3	-35.8
All other consumer goods <sup>1</sup>	1,001.0	948.1	-5.3
<b>Grand total</b>	<b>5,419.0</b>	<b>4,502.6</b>	<b>-16.9</b>

**Note:**

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

*p = Provisional data*

*f.o.b = Free on board*

**Source:** *Bank of Tanzania and Tanzania Revenue Authority*



**Table A12: Zanzibar: Goods Exports by Major Category**

*Millions of USD*

Items	Units	July - December		
		2014	2015 <sup>p</sup>	% Change
Traditional				
Clove				
Value	Mill. of USD	23.7	17.2	-27.5
Volume	000 Tonnes	2.1	2.2	1.2
Unit Price	USD/Tonne	11,091.3	7,952.4	-28.3
Non-traditional				
Seaweeds				
Value	Mill. of USD	2.5	1.5	-38.1748731
Volume	000 Tonnes	6.3	4.2	-32.9
Unit price	USD/Tonne	399.1	367.7	-7.9
Manufactured goods	Mill. of USD	2.1	7.7	---
Fish and fish produce	Mill. of USD	0.04	0.1	---
Others Exports	Mill. of USD	24.5	6.8	-72.4
Sub Total	Mill. of USD	29.1	16.1	-44.6
Grand Total	Mill. of USD	52.8	33.3	-36.9

*Note: Other exports include mainly souvenirs and spices.*

*p = provisional "... implies large number*

*Source: Tanzania Revenue Authority and Bank of Tanzania*



**Table A13: Zanzibar: Imports by Major Categories**

*Millions of USD*

<b>Import Category</b>	<b>July - December</b>		<b>% Change</b>
	<b>2014</b>	<b>2015<sup>P</sup></b>	
Capital goods	38.0	40.0	5.4
Transport equipment	19.8	21.3	7.3
Building and constructions	8.0	7.9	-1.7
Machinery	10.1	10.8	7.1
Intermediate goods	42.3	35.0	-17.3
Oil imports	32.0	25.5	-20.5
Industrial raw materials	10.3	9.6	-7.2
Consumer goods	28.3	15.5	-45.2
Food and food stuffs	10.3	5.1	-50.9
All other consumer goods	18.0	10.4	-41.9
<b>Grand total (c.i.f)</b>	<b>108.6</b>	<b>90.5</b>	<b>-16.6</b>
<b>Grand total (f.o.b)</b>	<b>98.8</b>	<b>82.4</b>	<b>-16.6</b>

*Note: p = provisional.*

*f.o.b = Free on board*

*c.i.f = cost insurance and freight*

*Source: Tanzania Revenue Authority*



## GLOSSARY

### **Discount Rate**

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

### **Exchange Rate**

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

### **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. 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 from the Bank of Tanzania at their own discretion, by pledging eligible government securities as collateral.

## **Minimum Reserve Requirement**

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

## **Money Supply (M)**

The sum of currency in circulation outside the banking system and deposits of residents with banks defined in various levels of aggregation. In Tanzania, three aggregates of money supply are



compiled and reported, namely: narrow money (M1), broad money (M2), and extended broad money (M3).

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

**M2** — M1 plus fixed deposits and savings deposits

**M3** — M2 plus residents' foreign currency deposits

### **Repo and Reverse Repos**

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

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

### **Reserve Money (M0)**

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



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