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MONETARY POLICY STATEMENT

*The Mid-Year Review
2020/21*

**GOVERNOR
BANK OF TANZANIA**

February 2021



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February 2021



8th February 2021

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

Honourable Minister,

LETTER OF TRANSMITTAL

Pursuant to Section 21 (5) of the Bank of Tanzania Act, Cap. 197, I hereby submit the Mid-Year Review of the **Monetary Policy Statement** of the Bank of Tanzania for the financial year 2020/21 for subsequent submission to the National Assembly.

The Statement reviews the recent global and domestic macroeconomic developments and the outcome of implementation of the monetary policy during the first half of the fiscal year 2020/21. It then outlines the macroeconomic outlook and monetary policy stance that the Bank of Tanzania intends to pursue in the remainder of the fiscal year 2020/21 in order to achieve its policy objectives.

Yours Sincerely,

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



TABLE OF CONTENTS

LETTER OF TRANSMITTAL	i
EXECUTIVE SUMMARY	v
Introduction	v
Global Economy	v
Economic Performance in Tanzania	vi
Implementation of Monetary Policy	xiii
Macroeconomic Outlook	xiv
Monetary Policy Stance for the Second half of 2020/21	xv
Conclusion	xvi
PART I	1
1.0 INTRODUCTION	1
PART II	5
2.0 MACROECONOMIC POLICY FRAMEWORK FOR 2020/21	5
2.1 Macroeconomic Policy Objectives	5
2.2 Monetary Policy Objectives	5
PART III	7
3.0 MACROECONOMIC DEVELOPMENTS	7
3.1 Global economy	7
3.2 Domestic Economy	10
PART IV	37
4.0 MONETARY POLICY IMPLEMENTATION DURING THE FIRST HALF OF THE FISCAL YEAR 2020/21	37



PART V	40
5.0 MACROECONOMIC OUTLOOK	40
PART VI	42
6.0 MONETARY POLICY FOR THE SECOND HALF OF 2020/21	42
6.1 Monetary Policy Stance	42
6.2 Interest Rate Policy	42
6.3 Exchange Rate Policy	43
PART VII	44
7.0 CONCLUSION	44
APPENDICES	45
GLOSSARY	62



EXECUTIVE SUMMARY

Introduction

The Monetary Policy Statement (MPS) released in June 2020 detailed monetary policy objectives that the Bank of Tanzania intends to achieve in 2020/21. This Monetary Policy Statement, *Mid-Year Review*, presents progress made in the first half of the financial year 2020/21, and evaluates the global and domestic economic performance. Accordingly, it provides the outlook of the domestic economy and the stance of monetary policy in the second half of 2020/21.

Global Economy

The global economy continued to recover, albeit facing challenges of resurgence of COVID-19 in several countries. The report of the Organisation for Economic Co-operation and Development (OECD) released in December 2020, shows positive growth in the third quarter of 2020 in most economies compared to negative growth in the second quarter. The IMF World Economic Outlook released in January 2021 indicates that, despite growth prospects in the last two quarters of 2020, the global economy will contract by 3.5 percent in 2020¹. A rebound in growth of 5.5 percent is projected in 2021, dependent upon proper management of COVID-19 and fading away of economic uncertainty in many countries. Sub-Saharan Africa (SSA) is projected to contract by 2.6 percent in 2020, with much of the decline in output expected in oil-exporting countries. In 2021, SSA is projected to grow by 3.2 percent. The World Bank Global Economic Prospects of

¹IMF World Economic Outlook, Update of January 2021



January 2021 projects the global economy to expand by 4 percent in 2021. The fastest growth of 7.9 percent is expected to be realized in China, while SSA is projected to grow by 2.7 percent. However, World Bank indicates that risks to the outlook are tilted to the downside due to resurgence of COVID-19 in some countries.

Inflation remained low in most economies during July to December 2020, driven by several factors, including subdued demand amid COVID-19 pandemic, low energy prices and slowdown in food prices. In the EAC region, inflation rate was 5.2 percent, within the convergence criteria of utmost 8.0 percent, but higher than 3.2 percent in the corresponding period in 2019. In the SADC region, all the countries realized inflation rate within the convergence criteria of 3-7 percent, except for Angola, Zambia and Zimbabwe. In 2021, inflation is projected to remain subdued in most countries, albeit edging up owing to recovery in demand and energy prices. In advanced economies and emerging market and developing economies, inflation is projected at 1.3 percent and 4.2 percent, respectively. In SSA, inflation is expected to decrease to 7.9 percent in 2021 from 10.6 percent in 2020, attributable to stability of food prices because of undisrupted supply chain.

Economic Performance in Tanzania

Tanzania Mainland

The economy performed satisfactorily amid negative impact of COVID-19 on some sectors of the economy. Growth averaged 4.7 percent in the first three quarters of 2020, compared to 7.3 percent



in the corresponding period of 2019 and 6.9 percent in 2018, mostly driven by construction, agriculture, transport, and mining and quarrying. The activities benefited from the Government decision of not imposing a nationwide lockdown of the economy because of the COVID-19, as well as fiscal and monetary policies implemented to cushion the economy from the adverse impact of the pandemic. The growth of the economy is projected at 5.5 percent and 6.0 percent in 2020 and 2021, respectively. The growth projection in 2021 is slightly higher than the World Bank projection of 5.5 percent.

Inflation remained stable, averaging 3.2 percent during July to December 2020 period, compared with 3.7 percent in the corresponding period of 2019. The inflation outturn was within the target band of 3-5 percent for 2020/21, and EAC and SADC convergence criteria of utmost 8.0 percent and between 3-7 percent, respectively. The realization of low and stable inflation was mainly attributable to adequate domestic food supply, low oil prices, stable exchange rate, and prudent fiscal and monetary policies. The benign inflation environment witnessed in the first half of 2020/21 is expected to continue in the remainder of 2020/21.

Money supply growth responded to accommodative monetary policy, amidst challenges induced by COVID-19 on lending to the private sector. Extended broad money supply (M3) grew by 7.1 percent during July to December 2020, slightly lower than 9.7 percent in the corresponding period in 2019, but almost within projection of 10.0 percent in 2020/21. Reserve money grew by 3.3 percent compared with 8.6 percent, and



against the target of 9.5 percent for 2020/21. The slowdown of growth of M3 was compensated by increase in velocity of money circulation due to increased use of digital financial services. The growth of M3 is expected to reach the target of 10.0 percent, depending on the pace of global normalization of trade, tourism and investment.

Growth of credit to the private sector averaged 5.1 percent in the first half of 2020/21 compared with 9.3 percent in the corresponding period of 2019. Economic activities which benefited mostly were personal activities (largely micro, small and medium enterprises), transport and communication, and mining and quarrying, while subdued credit was observed in tourism-related businesses due to high exposure to external shocks. Private sector credit growth is projected to gain momentum in the remainder of 2020/21. This growth is reinforced by accommodative monetary policy and prudent fiscal policy, normalization of activities owing to re-opening of the global economy, and measures implemented to improve the business environment. The Bank of Tanzania will continue to enhance measures to facilitate banks to improve loan quality and address challenges of high risk premium in lending to the private sector, which are expected to reduce interest rates on loans.

The exchange rate was stable throughout the first half of 2020/21, recording a year-on-year depreciation of 0.4 percent, compared with 0.6 percent in the corresponding period of 2019. The outturn was reinforced by low inflationary environment, prudent monetary and fiscal policies, subdued increase in global oil prices, and moderate current account deficit. The Bank of Tanzania also took measures to improve



transparency in foreign exchange dealings to ensure orderly market conditions, and facilitated repatriation of physical foreign currency. The exchange rate is expected to remain stable in the remainder of 2020/21, supported by favourable macroeconomic conditions and policies.

Implementation of Government fiscal policy was broadly on track². Revenue performance was generally satisfactory, notwithstanding the spillover effects of weak global economic conditions. In the first half of 2020/21, domestic revenue collection was TZS 10,467.2 billion, representing 89.0 percent of the target. In December 2020, domestic revenue surpassed the target, on account of tax revenue which amounted to TZS 2,046.8 billion, above the target of TZS 1,977.1 billion. This was mainly attributed to the growth of the economy, and improved tax administration, which contributed to enhanced tax compliance. Government expenditure recorded TZS 10,856.5 billion, of which recurrent expenditure was TZS 6,932.6 billion and the balance was development expenditure amounting to TZS 3,923.9 billion. The public debt (external and domestic) remained sustainable, with present value of the debt at 27.9 percent of GDP against the threshold of 70 percent, bolstered by current and future growth prospects and strong policy and institutional settings. Public debt amounted to USD 25,583.8 million at the end of December 2020, up from USD 24,553.3 million at the end of June 2020, of which external debt accounted for 72.5 percent.

²Analysis is based on provisional data



The external sector exhibited good performance, despite the challenges of COVID-19 pandemic on trade, tourism and investment. The current account deficit narrowed, driven by increase in exports and decline in imports. The current account deficit is projected to remain low, at around 3.6 percent of GDP in 2020/21, though the resurgence of COVID-19 in trading partners could affect exports, particularly tourism, and hotel and accommodation. Exports recorded USD 4,601.4 million in July to December 2020, dominated by gold, horticultural products, and manufactured goods. Imports stood at USD 4,565.8 million, mainly comprised of machinery, building and construction materials, transport equipment, industrial raw materials and oil. Foreign exchange reserves remained adequate, amounting to USD 4,767.7 million at the end of December 2020, covering about 5.6 months of imports, within the country and EAC benchmarks of at least 4 months and 4.5 months, respectively.

The banking sector performance was generally satisfactory. It remained stable, resilient, adequately capitalized and profitable, with satisfactory level of liquidity. The quality of assets of banks improved, as the ratio of non-performing loans to gross loans declined to 9.3 percent in December 2020 from 10.8 percent in June 2020. The Bank of Tanzania also continued to strengthen risk management practices in the financial sector by implementing various policies and regulatory reforms to safeguard the stability of the industry, including directing banks to implement capital restoration plans and adhering to the regulatory requirements. The banking sector is expected to remain safe and sound in line with ongoing policy, prudential and regulatory



measures undertaken by the Bank of Tanzania towards improving business environment and efficiency in financial services delivery. Additionally, the Bank of Tanzania continues to monitor the quality of banks' assets with a view of reducing non-performing loans to the desired level of 5 percent.

Payments, clearing and settlement systems continued to operate efficiently with growing utilization of digital channels in financial services delivery. Utilization of interoperability capability in mobile money services continues to operate smoothly contributing to overall growth of total mobile money transactions. The Bank of Tanzania has implemented the Financial Services Registry (FSR) System for mapping financial services access points across the country that will facilitate assessment of the potential areas attractive to policy makers, regulators and investors. The FSR will also enhance financial inclusion as it will facilitate consumers of financial services to know the location of access points/services and make informed financial decision. The Bank of Tanzania is developing a Tanzania Instant Payment System (TIPS), which is a single platform that will connect different payment systems to facilitate easy, fast, cost effective and secured instant payments. The platform will facilitate interoperability of digital financial services amongst payment service providers, reduce use of cash transactions, enhance effective governance, and promote financial inclusion.



Zanzibar

Zanzibar economy grew by an average rate of 1.5 percent over the first three quarters of 2020, compared to 5.3 percent recorded in the corresponding period of 2019. This outturn was driven by contraction in some economic activities, particularly accommodation and food services, transport and storage, and information and communication, which were largely impacted by the outbreak of COVID-19. A turnaround on growth is projected in the outer period owing to the gradual re-opening of the global economy, and resumption of activities in the hospitality industry, which began towards the end of 2020. In addition, implementation of development blueprints, which include diversification of the economy, is expected to provide impetus to growth.

Inflation was low, averaging 1.9 percent during July to December 2020, compared to 2.6 percent recorded in the corresponding period of 2019. The low inflation was driven by decrease in the prices of non-food items, particularly petroleum products. Inflation is expected to remain at single digit in the second half of 2020/21, owing to improvement in supply chain, following gradual lifting of lockdowns by countries.

Revenue collection amounted to TZS 302.5 billion during the period of July to December 2020, equivalent to 59.9 percent of the target. This outturn was attributed to negative effects of COVID-19 pandemic on major tax sources, particularly tourism. Tax revenue was 57.5 percent of the target, while non-tax revenue was 86.8 percent of the target. Revenue collection is expected to improve in the second half of



2020/21, owing to resumption of tourism related activities and various measures taken by the Government to improve revenue collection. Expenditure amounted to TZS 472.3 billion, equivalent to 83.3 percent of the estimates, out of which recurrent expenditure was TZS 353.2 billion, while development expenditure was TZS 119.1 billion. The debt stock increased to TZS 896.6 billion at the end of December 2020 from TZS 824.5 billion at the end of June 2020, of which external debt account for 77.1 percent.

The current account deficit widened to USD 107.9 million during July to December 2020, compared with a deficit of USD 46.3 million recorded in the corresponding period of 2019. The widening of the current account was attributable to increase in imports, coupled with decrease in services receipts. Imports of goods and services rose by 18.7 percent to USD 252.9 million, while exports of goods and services declined by 28.3 percent to USD 92.3 million.

Implementation of Monetary Policy

Monetary policy objectives in 2020/21 were set in cognisance of the global and domestic economic outlook, which included global economic impact of COVID-19 and its spillover effects to the Tanzania economy. The monetary policy stance of the Bank of Tanzania focussed on easing liquidity conditions to support the growth of the economy, which was projected at 5.5 percent in 2020, and realizing inflation of between 3.0 percent and 5.0 percent in 2020/21. Accordingly, the thrust of monetary policy was to achieve the following targets: (i) annual growth of reserve money of 9.5 percent and extended broad



money supply (M3) of 10.0 percent; (ii) annual growth of private sector credit of 11.6 percent; and (iii) maintaining adequate foreign reserves to cover at least 4 months of imports of goods and services.

During July to December 2020, the Bank continued to implement accommodative monetary policy, amidst low inflationary environment, to cushion the economy from the adverse impact of COVID-19 and facilitate provision of private sector credit. This was implemented using a wide range of instruments of injecting liquidity in the economy, which included reverse repo, purchase of foreign exchange from the interbank foreign exchange market, and inward foreign exchange swaps with banks. In addition, the Bank of Tanzania granted standing credit facilities to banks to smoothen short-term liquidity fluctuations. Consequently, the level of liquidity remained adequate, reflected by low and stable money market interest rates, decline in yields on Treasury bonds, and slight fall in lending rates. Also, growth of M3 and private sector credit was positive, albeit below the projected path. The slow growth of M3 was compensated by a rise in velocity of money circulation attributable to digital payments, while that of credit to the private sector largely reflects the global impact of COVID-19.

Macroeconomic Outlook

The domestic economy is projected to sustain strong performance in the remainder of 2020/21, reinforced by ongoing public investment, expected favourable weather and supportive fiscal policy. In addition, implementation of development blueprints, normalization of global



trade and investment, and ongoing measures to improve the business environment will contribute to the growth momentum. As a result, the economy is projected to grow by 6.0 percent or higher in 2021.

Inflation is forecasted to continue to be in the range of 3-5 percent in the remainder of 2020/21, supported by adequate food supply due to expected favourable weather, low global oil prices, and exchange rate stability. Sustained prudence in fiscal policy will continue to provide conditions for low inflation.

The budget deficit is expected to remain as projected in 2020/21, at 2.6 percent of GDP. The current account deficit is projected to be at 3.6 percent of GDP in 2020/21, as earlier projected in June 2020, attributed to weakening global economy and low receipts from tourism.

Monetary Policy Stance for the Second half of 2020/21

The Bank of Tanzania will maintain the accommodative monetary policy stance in order to continue providing impetus to the growth of the economy through bank lending to the private sector. The policy stance will be pursued while ensuring efficiency in financial services delivery and stability of the financial sector. In addition, the monetary policy operations will be implemented in a manner that will maintain low and stable money market interest rates, thereby creating conditions for lowering lending interest rates. The Bank of Tanzania will monitor all possible risks to the growth of the economy and inflation, and take appropriate policy actions.



Conclusion

The economy is expected to continue experiencing recovery in the second half of 2020/21 and grow strongly afterwards in the medium-term, supported by ongoing policy reforms, Government initiatives in ensuring effective management of national resources and improvement in business environment, and gradual re-opening of the global economy. Continued public and private investments, stable power supply, accommodative monetary conditions, coupled with expected favourable weather will add impetus to growth, while maintaining low and stable inflation. The revival of domestic economic activity will also support tax revenues and allow fiscal policy to play a more prominent role in macroeconomic stabilization. Inflationary pressures are projected to remain muted.

The Bank of Tanzania will continue to implement accommodative monetary policy, predicated on prospects of protracted low inflation expectations. This policy stance, coupled with prudential and regulatory measures towards improving credit intermediation, business environment and efficiency in financial services delivery will continue to ensure macroeconomic and financial sector stability, and spur private sector contribution to further recovery of the economy. The Bank of Tanzania is optimistic that the targets set in the Monetary Policy Statement for 2020/21 will be achieved.



PART I

1.0 INTRODUCTION

The Bank of Tanzania, under section 21(5) of the Bank of Tanzania Act, Cap. 197, is mandated to issue the *Mid-Year Review* of the Monetary Policy Statement. This Monetary Policy Statement, *Mid-Year Review*, presents recent global and domestic macroeconomic developments, and the outcome of implementation of the monetary policy during the first half of the fiscal year 2020/21. In addition, it provides an outlook for the economy and the monetary policy stance that the Bank of Tanzania intends to pursue in the second half of the fiscal year 2020/21 in order to meet its policy objectives.

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

Macroeconomic conditions in the country during the first half of the fiscal year 2020/21 were faced with challenges of global impact of COVID-19. However, due to the diversified nature of the economy and the Government decision of not imposing a nationwide lockdown of economic activities, the performance of the economy was satisfactory. Food production and supply was adequate due to favourable weather conditions, and public investment in social and physical infrastructure was sustained. Private sector



credit by banks increased, albeit at a slow pace, reinforced by accommodative monetary policy, while export earnings from gold rose substantially owing to a surge in price in the world market. As a result, inflation is expected to remain low, within the target range of 3-5 percent and growth of the economy is projected to be higher in the second half of 2020 than in the first half.



BOX 1: MONETARY POLICY FRAMEWORK OF THE BANK OF TANZANIA

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

Objective of the Monetary Policy

The primary objective of the monetary policy is to maintain price stability, which is defined as low and stable inflation rate over time. The medium-term target is set at 5 percent. This target is consistent with EAC and SADC convergence criteria of 8 percent (set as maximum) and 3 - 7 percent, respectively. The inflation target is considered appropriate to support a sustainable growth of the economy. To achieve the objective of monetary policy, the Bank of Tanzania focuses on maintaining adequate level of liquidity in the economy and ensuring stability of interest rates and exchange rate.

Intermediate Target

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

Operating Target

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

Monetary Policy Instruments

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

Communication

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



BOX 2: MODALITIES FOR MONETARY POLICY IMPLEMENTATION

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

Apart from the introduction, this Monetary Policy Statement, *Mid-Year Review*, is organized as follows: Part II presents the macroeconomic policy framework for the fiscal year 2020/21, while Part III presents the review of recent macroeconomic developments. Part IV reviews progress in the implementation of monetary policy in the first half of the fiscal year 2020/21. Part V outlines the macroeconomic outlook for the second half of the fiscal year 2020/21, followed by Part VI, which outlines the monetary policy stance for the second half of the fiscal year 2020/21. Part VII concludes the Statement.



PART II

2.0 MACROECONOMIC POLICY FRAMEWORK FOR 2020/21

2.1 Macroeconomic Policy Objectives

The macroeconomic policy objectives for the fiscal year 2020/21 is aligned with Governments development plans taking into account the spillover effects of COVID-19 from the global economy and its implication on the domestic economy. Specifically, the macroeconomic policy objectives of the United Republic of Tanzania for the fiscal year 2020/21 are as follows:

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

As for Zanzibar, the Government projects the following macroeconomic policy objectives for the fiscal year 2020/21:

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

2.2 Monetary Policy Objectives

In support of the broader macroeconomic objectives of the Governments in the fiscal year 2020/21, the Bank of Tanzania continues to implement accommodative monetary policy, predicated on low inflation expectations and need to support recovery of the economy from the adverse impact of COVID-19. In this regard, the Bank of



Tanzania aims at achieving the following monetary policy targets in 2020/21:

- i. annual growth of reserve money of 9.5 percent;
- ii. annual growth of extended broad money (M3) of 10.0 percent;
- iii. annual growth of private sector credit of 11.6 percent; and
- iv. maintaining adequate foreign exchange reserves at levels adequate to cover at least 4 months of projected imports of goods and services.



PART III

3.0 MACROECONOMIC DEVELOPMENTS

3.1 Global economy

Global economy continued to show signs of recovery, albeit facing challenges of resurgence of COVID-19 in several countries. The report of the Organisation for Economic Co-operation and Development (OECD) released in December 2020, indicates a positive growth of the global economy in the third quarter of 2020 compared with negative growth in the second quarter, driven by private consumption and this was observed in all economic sub-regions (Table 3.1). However, the IMF World Economic Outlook released in January 2021, projects the global economy to be in a recession in 2020, contracting by 3.5 percent compared to a growth of 2.8 percent in 2019, owing to disrupted supply chain and slowdown in production due to extended lockdowns. Sub-Saharan Africa (SSA) is also projected to experience a recession, recording a negative growth of 2.6 percent in 2020, with much of the decline in output emanating from oil-exporting countries attributable to low prices (Table 3.2a). The World Bank Global Economic Prospects released in January 2021, projects the global economy to contract by 4.3 percent, while SSA will experience a negative growth of 3.7 percent in 2020 (Table 3.2b).

The IMF projects a considerable recovery of global growth in 2021, expanding by 5.5 percent, while the World Bank projects a growth of 4.0 percent. The projected strong growth is dependent on fading away of economic uncertainty and relaxation of lockdown measures. Sub-Saharan Africa is projected by the IMF to expand by 3.2 percent, while the World Bank projects the region to grow by 2.7 percent, driven by a



recovery in many sectors including trade and tourism. The resurgence of COVID-19 in some countries continues to pose a threat to the global economic prospects, as some economies have reinstated partial lockdowns.

Table 3.1: Real Quarterly GDP Growth

Percent

Country	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20
United States	0.5	0.3	0.7	0.4	0.6	0.6	-1.3	-9.0	7.4
Japan	-0.7	0.5	0.6	0.1	0.2	-1.9	-0.5	-8.3	5.3
Euro Area	0.1	0.5	0.5	0.2	0.2	0.1	-3.7	-11.7	12.5
United Kingdom	0.6	0.2	0.6	0.0	0.3	0.1	-2.5	-19.8	15.5
China	1.3	1.5	1.9	1.3	1.0	1.6	-10.0	11.7	2.7
India	1.4	1.2	1.4	0.9	0.8	0.9	0.7	-25.2	21.9

Source: Organisation for Economic Co-operation and Development (OECD)

Table 3.2a: Global and Regional Real GDP Growth Rates

Percent

Region/Country	2016	2017	2018	2019	Projections	
					2020 ^P	2021 ^P
World	3.3	3.8	3.5	2.8	-3.5	5.5
Advanced economies	1.8	2.5	2.2	1.6	-4.9	4.3
United States	1.7	2.3	3.0	2.2	-3.4	5.1
Euro area	1.9	2.6	1.8	1.3	-7.2	4.2
United Kingdom	1.9	1.9	1.3	1.4	-10.0	4.5
Japan	0.5	2.2	0.3	0.3	-5.1	3.1
Emerging market and developing economies	4.5	4.8	4.5	3.6	-2.4	6.3
China	6.8	6.9	6.7	6.0	2.3	8.1
India	8.3	7.0	6.1	4.2	-8.0	11.5
Sub-Saharan Africa	1.5	3.1	3.3	3.2	-2.6	3.2
South Africa	0.4	1.4	0.8	0.2	-7.5	2.8

Source: IMF, World Economic Outlook, Update January 2021

Note: p denotes provisional



Table 3.2b: Global and Regional Real GDP Growth Rates

Percent

	2016	2017	2018	2019	Projections	
					2020 ^e	2021 ^f
World	2.6	3.1	3.0	2.3	-4.3	4.0
Advanced economies	1.7	2.3	2.2	1.6	-5.4	3.3
United States	1.6	2.2	3.0	2.2	-3.6	3.5
Euro Area	2.0	2.4	1.9	1.3	-7.4	3.6
Japan	0.6	1.9	0.6	0.3	-5.3	2.5
Emerging Markets and Developing Economies	4.1	4.5	4.3	3.6	-2.6	5.0
China	6.7	6.8	6.6	6.1	2.0	7.9
India ¹	8.2	7.2	6.1	4.2	-9.6	5.4
Sub-Saharan Africa	1.3	2.6	2.6	2.4	-3.7	2.7
South Africa	0.6	1.4	0.8	0.2	-7.8	3.3

Source: World Bank, *Global Economic Prospects, January 2021*

Note: e = estimate; f = forecast

¹ Columns indicate fiscal year. For example, 2018 refers to FY2018/19

Consumer price index (CPI) inflation was somewhat mixed across economic sub-regions during July to December 2020 (Table 3.3). In advanced and emerging market economies, some countries recorded very low inflation, while others experienced deflationary pressures³. In the United Kingdom, inflation declined owing to price discounting by food and clothing retailers following government-imposed restrictions, while the Euro Area experienced deflation on account of decline in the prices of energy and non-energy industrial products. Inflation dropped in the US due to low retail and energy prices, whereas in India it was due to slowdown in the cost of food. In China, inflation edged up due to increase in food prices. In developing countries, particularly in the SSA, inflation was low in most countries, and a few experienced high inflation rates above targets. In the EAC region, inflation remained low within the convergence criteria of not more than 8.0 percent, driven by food prices. In the SADC countries, inflation rates were broadly within the convergence criteria of between 3 and 7 percent, except in Angola,

³Information obtained from Organisation for Economic Co-operation and Development (OECD) and National Statistics Offices.



Zambia and Zimbabwe, partly due to depreciation of currencies and increase in prices of consumer goods and services.

The IMF World Economic Outlook update of January 2021, predicts inflation in advanced economies to pick-up from 0.7 percent projected in 2020 to 1.3 percent in 2021, owing to restored demand and higher energy prices during the recovery phase. Emerging markets and developing economies, inflation is expected to ease to 4.2 percent in 2021 from 5.0 percent in 2020. In SSA, inflation is expected to decrease to 7.9 percent in 2021 from 10.6 percent in 2020, attributed to more stabilized food prices contributed by undisrupted supply chain.

Table 3.3: Inflation Rates for Selected Countries

Country	Percent												Projections 2021	
	2019					2020								
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
United States	2.3	2.5	2.3	1.5	0.3	0.1	0.6	1.0	1.3	1.4	1.2	1.2	1.4	2.8
Euro Area	1.3	1.4	1.2	0.7	0.3	0.1	0.3	0.4	-0.2	-0.3	-0.3	-0.3	-0.3	0.9
Japan	0.8	0.7	0.4	0.4	0.1	0.1	0.1	0.3	0.2	0.0	-0.4	-0.9	n.a	0.3
United Kingdom	1.4	1.8	1.7	1.5	0.8	0.5	0.6	1.0	0.2	0.5	0.7	0.3	n.a	1.2
China	4.5	5.4	5.2	4.3	3.3	2.4	2.5	2.7	2.4	1.7	0.5	-0.5	0.2	2.7
India	7.4	7.6	6.6	5.9	7.2	6.3	6.2	6.7	6.7	7.3	7.6	6.9	4.6	3.7
EAC average	5.0	5.1	6.0	5.5	5.5	6.0	5.9	5.9	5.5	5.4	5.3	5.0	4.0	4.3
SADC average	42.2	17.6	43.9	53.6	60.1	61.5	57.8	69.9	64.1	56.5	42.2	37.0	45.6	n.a
SADC exc Zimbabwe	5.3	5.5	5.7	5.7	5.9	5.8	5.6	5.9	6.0	6.2	6.4	6.6	7.8	7.1

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

3.2 Domestic Economy

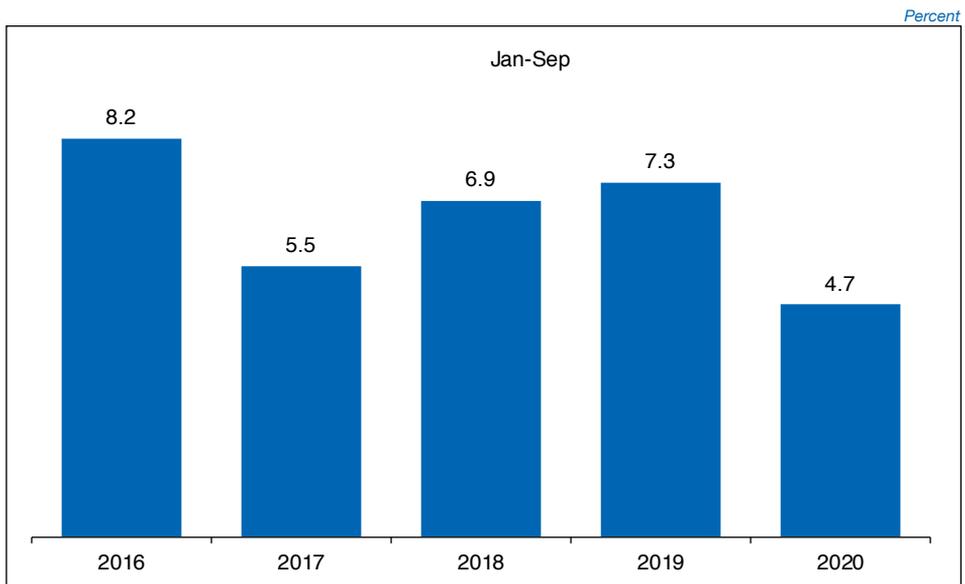
3.2.1 Output Performance and Outlook

The economy exhibited a relatively satisfactory performance in the first three quarters of 2020, given the circumstances of negative global effects of COVID-19. Growth averaged 4.7 percent during the review period, compared to 7.3 percent in the corresponding period of 2019 and 6.9 percent in 2018 (Chart 3.1a). The growth was mostly contributed by construction, agriculture, transport, and mining and quarrying



(Chart 3.1b). This performance was attributable to the Government decision of not imposing either a nationwide or partial lockdown of economic activities because of the COVID-19, except for temporary closure of schools, entertainment and passenger flights during March to June 2020. The economy was boosted by public investment in social and physical infrastructure, accommodative monetary policy, supportive prudent fiscal policy and private sector investment. Meanwhile, the fastest growing activities were construction, mining and quarrying, information and communication, and administrative and support services (Chart 3.1c). Effects of the pandemic were observed in accommodation and restaurants activity, which recorded a contraction of 13.8 percent, compared to a growth of 2.6 percent in the corresponding period in 2019.

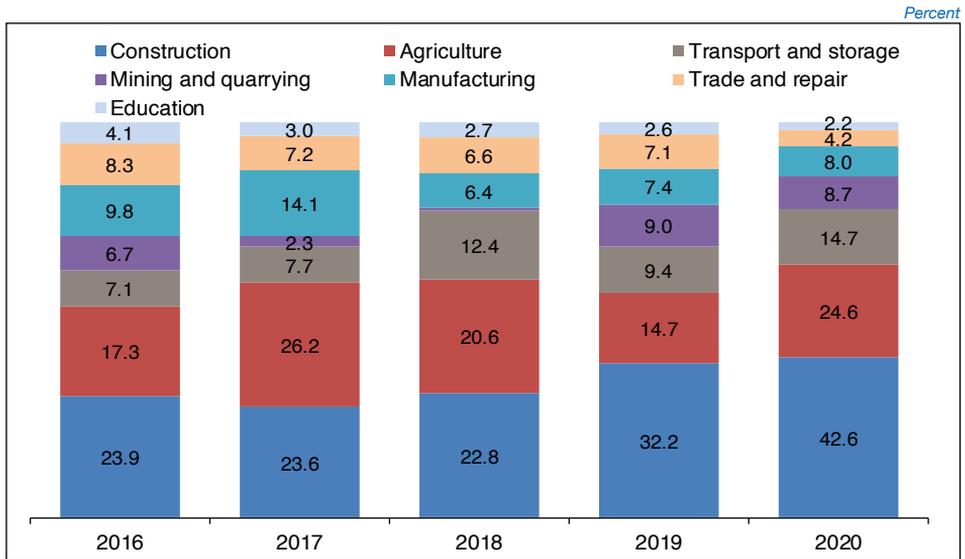
Chart 3.1a: Real GDP Growth



Source: National Bureau of Statistics

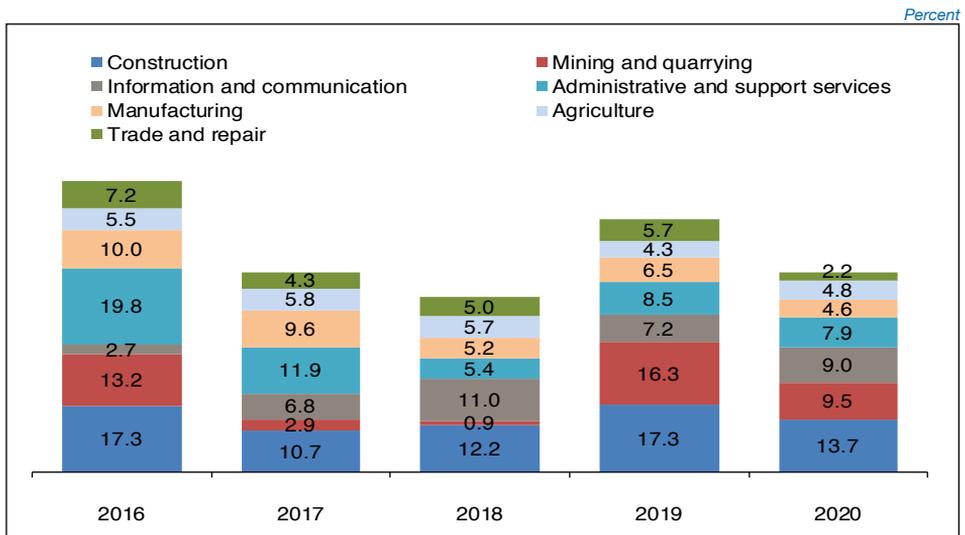


Chart 3.1b: Contribution to Real GDP Growth by Major Economic Activities



Source: National Bureau of Statistics and Bank of Tanzania

Chart 3.1c: Growth of Selected Economic Activities



Source: National Bureau of Statistics, Bank of Tanzania computations



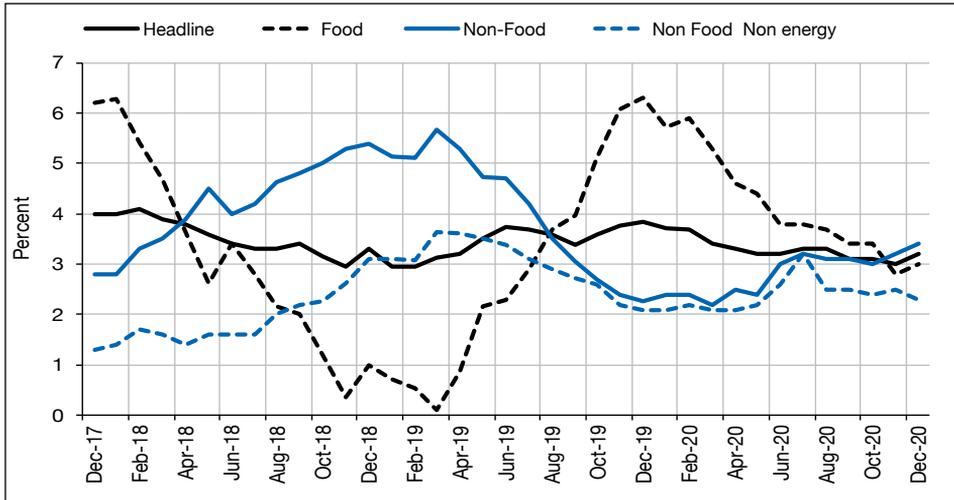
In 2020, the economy is expected to grow by 5.5 percent as earlier projected. The growth will be underpinned by good performance in agriculture following adequate rains, mining due to high world market prices of gold and enhanced management of the sector, construction due to public investment, and private sector investment driven by accommodative monetary conditions and supportive fiscal policy. In 2021, the economy is projected to grow by 6.0 percent or higher, due to the ongoing implementation of development blueprints, normalization of global trade and investment, and measures to improve the business environment.

3.2.2 Inflation developments and Outlook

Inflation was low and stable throughout the period of July to December 2020, driven by adequate domestic food supply, stable exchange rate, low oil prices in the world market and prudent monetary and fiscal policies. The outturn of inflation was within the target range of 3-5 percent for 2020/21, and EAC and SADC convergence criteria of utmost 8.0 percent and between 3-7 percent, respectively. Specifically, headline inflation averaged 3.2 percent, compared with 3.6 percent in the corresponding period of 2019. The lowest inflation rate was 3.0 percent in November 2020, and the highest was 3.3 percent in July and August 2020. Food inflation averaged 3.4 percent compared to 4.7 percent in the corresponding period in 2019, while non-food inflation was 3.2 percent from 3.0 percent. Core inflation, which excludes food and energy, averaged 2.5 percent compared with 2.6 percent (Chart 3.2).



Chart 3.2: Headline, Food and Non-food Inflation



Source: National Bureau of Statistics, Bank of Tanzania computations

The benign inflation environment witnessed in the first half of the fiscal year 2020/21 is expected to continue in the remainder of the financial year. This is mainly underpinned by adequate food supply attributable to favourable weather, low global oil prices, and stability of exchange rate. Prudent implementation of monetary and fiscal policies will continue to support low inflation environment. Upward risks to inflation may emanate from food supply conditions in the neighboring countries, partly due to lockdown measures to contain the spread of the COVID-19 pandemic.

3.2.3 Money Supply and Credit

Money supply recorded positive growth rates, despite challenges emanating from COVID-19. The positive growth outturn of money supply was a reflection of the accommodative monetary policy. Extended broad money supply (M3) grew by 7.1 percent during July

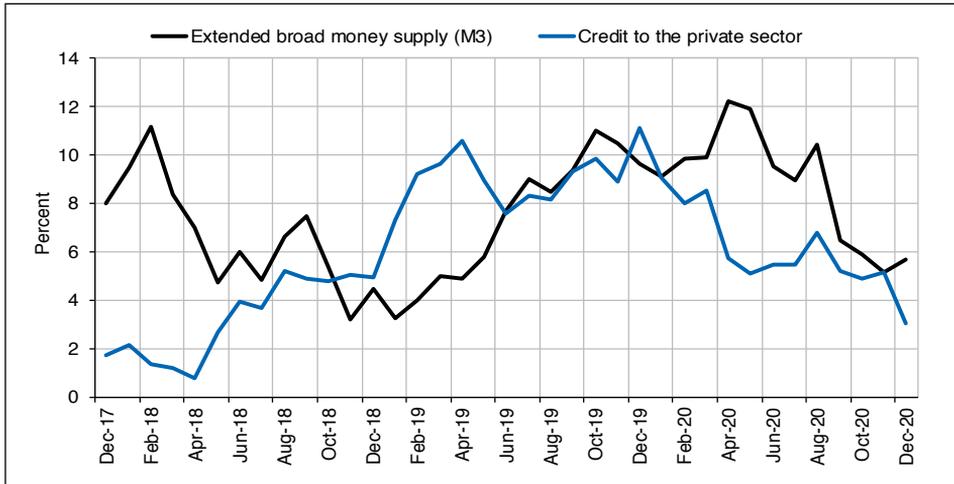


to December 2020, compared with 9.7 percent in the corresponding period of 2019 (Chart 3.3). The growth of M3 was consistent with the target of 10.0 percent by the end of June 2021. Broad money (M2) grew by 9.6 percent compared with 11.3 percent. Reserve money growth averaged 3.3 percent compared with 8.6 percent in 2019 and the targeted growth of 9.5 percent by the end of June 2021. The growth of M3 matched the rising velocity of money circulation attributable to increased use of digital payments. Money supply growth is expected to pick-up to an average of 10.0 percent by the end of June 2021 as earlier projected.

Credit to the private sector growth averaged 5.1 percent in the period July to December 2020 compared to 9.3 percent in the corresponding period of 2019. The subdued growth of credit was attributed to adverse impact of COVID-19 on the global economy, which spilled over to businesses and investment in the country. Activities which absorbed much of the credit were personal activities (largely micro, small and medium enterprises), transport and communication and mining and quarrying, while subdued credit was observed in tourism-related businesses due to high exposure to external shocks. Private sector credit is projected to regain growth momentum in the remainder of the fiscal year 2020/21, premised on sustained accommodative monetary policy, prudent fiscal policy, normalization of activities owing to re-opening of the global economy, and ongoing measures implemented by the Government to improve business environment.



Chart 3.3: Annual Growth of Monetary Aggregates

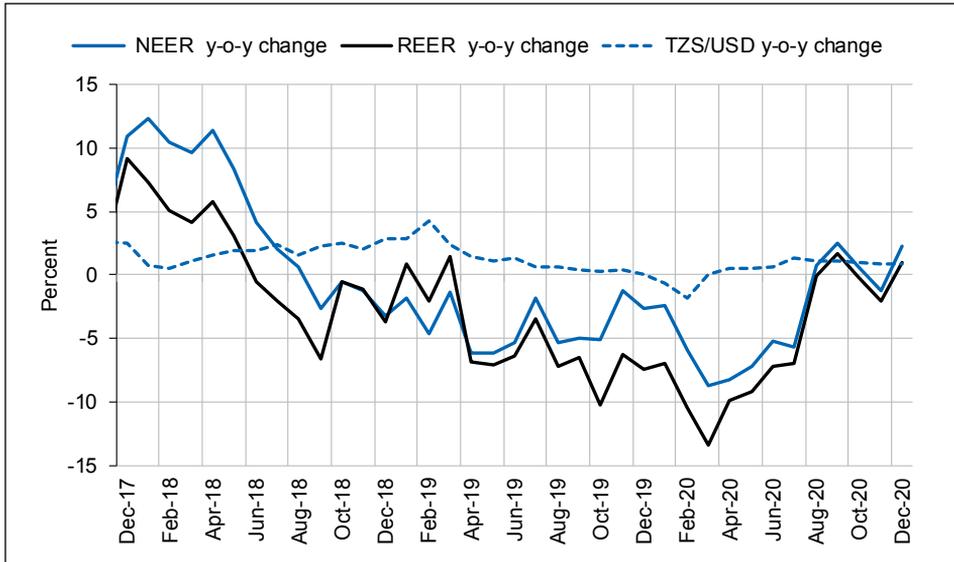


Source: Banks and Bank of Tanzania

Tanzania shilling remained stable against the major global trading currencies throughout the period of July to December 2020. The shilling traded against the US dollar in a narrow range of TZS 2,304.23 per US dollar and TZS 2,309.97 per US dollar, compared with a range of TZS 2,299.26 per US dollar to TZS 2,300.95 per US dollar in the corresponding period of 2019. This translated to a marginal annual depreciation of 0.4 percent, compared with 0.6 percent in the corresponding period of 2019 (Chart 3.4). The real exchange rate also remained stable, safeguarding export competitiveness. The stability of the shilling was reinforced by low inflation, prudent monetary and fiscal policies, low global oil prices, and modest current account balance. In addition, measures enforced by the Bank of Tanzania to ensure transparency and orderly market for foreign exchange contributed to the stability of the shilling.



Chart 3.4: Nominal and Real Effective Exchange Rates



Source: Bank of Tanzania

3.2.4 Government Budgetary Performance

Performance of revenue collection in the first half of the fiscal year 2020/21⁴ was broadly satisfactory, despite weak global economic condition attributable to COVID-19, and its spillover effects on the domestic economy. Revenue collection amounted to TZS 10,467.2 billion, equivalent to monthly average collection of TZS 1,744.5 billion, representing about 89 percent of the target (Table 3.4 and Chart 3.5). In December 2020, domestic revenue surpassed the target, on account of tax revenue which amounted to TZS 2,046.8 billion, above the target of TZS 1,977.1 billion. This was attributable to the growth of the economy, and improvement in revenue administration, which contributed to improved tax compliance. Government expenditure continued to be aligned with available resources, streamlined in

⁴Analysis is based on provisional data



favour of pro-poor programs in physical infrastructure, health, water and education. The expenditure amounted to TZS 10,856.5 billion, equivalent to 81.5 percent of the estimates, of which recurrent expenditure and development expenditures were TZS 6,932.6 billion and TZS 3,923.9 billion, respectively.

Table 3.4: Government Budgetary Operations

Billions of TZS

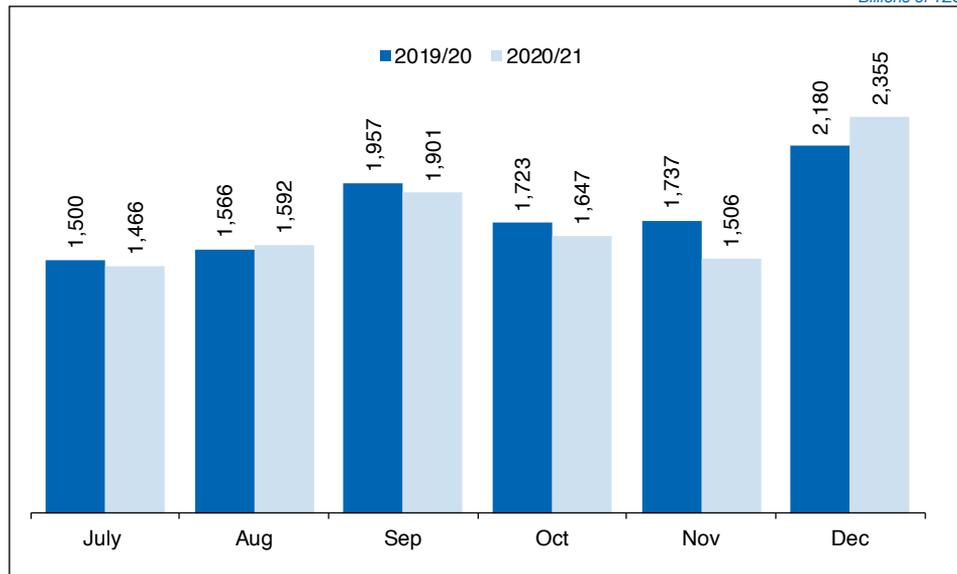
	July 2019 - December 2019		July 2020 - December 2020	
	Actual	Estimate	Actual	Act/Est (%)
Revenue	10,663.4	11,757.9	10,467.2	89.0
Total expenditure	11,822.0	13,325.4	10,856.5	81.5
Recurrent expenditure ¹	6,989.7	7,948.1	6,932.6	87.2
Development expenditure	4,832.3	5,377.3	3,923.9	73.0

Source: Bank of Tanzania

Note: ¹ Net of rollover

Chart 3.5: Domestic Revenue Performance

Billions of TZS



Source: Bank of Tanzania



3.2.5 National Debt

National debt stock, comprising domestic and external debt, amounted to USD 31,039.4 million at the end of December 2020 from USD 29,708.9 million in June 2020. External debt increased to USD 24,000.1 million from USD 22,952.7 million, of which USD 18,544.5 million was public debt and the balance was private sector debt. The increase in debt was mainly on account of depreciation of US dollar against other currencies in which the debt is denominated, particularly the US dollar against Special Drawing Rights (SDR). Public sector debt, comprising external and domestic debt, amounted to USD 25,583.8 million, up from USD 24,553.3 million, of which external debt accounted for 72.5 percent.

During the period of July to December 2020, disbursement of external debt amounted to USD 334.6 million, of which USD 321.4 million was received by the Central Government in the form of cash and direct to project financing. External debt service amounted to USD 510.9 million, out of which USD 372.9 million was principal repayments and the balance was interest payments.

The Government domestic debt decreased by 4.3 percent to TZS 15,882.2 billion at the end of December 2020, compared with the amount recorded at the end of June 2020. Treasury bonds and stocks sustained dominance in the composition of Government domestic debt, accounting for 86.3 percent at the end of December 2020, compared with 82.7 percent at the end of June 2020.

Debt Sustainability Analysis (DSA) of the public debt conducted in November 2020 indicates low risk of debt distress and all debt burden indicators were below thresholds. Accordingly, the public debt, both



external and domestic, remained sustainable, with its present value at 27.9 percent of GDP against the threshold of 70 percent. This was bolstered by current and future growth prospects and strong policy and institutional settings (Table 3.5)⁵.

Table 3.5: Debt Sustainability Analysis (DSA) Results

		<i>Percentage</i>								
	Threshold	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2030/31	2040/41	
External Public Debt DSA										
PV of debt-to GDP ratio	55	17.3	17.5	17.9	17.9	17.2	16.7	14.0	7.2	
PV of debt-to-exports ratio	240	113.2	109.7	103.5	94.3	87.9	81.2	68.0	34.9	
Debt service-to-exports ratio	21	14.0	13.4	10.6	10.3	10.7	11.1	11.1	7.0	
Debt service-to-revenue ratio	23	13.7	13.8	11.8	12.5	13.3	14.4	14.1	8.3	
Total Public Debt DSA										
PV of debt-to GDP ratio	70	27.9	27.7	27.9	28.0	27.8	28.2	33.1	19.0	
PV of debt-to-Revenue and grant	N/A	171.1	172.0	173.6	174.7	173.7	174.2	202.5	110.0	
Debt service-to-revenue ratio	N/A	34.5	31.6	29.4	27.6	29.0	30.6	44.3	29.5	

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

Note: N/A - denotes Not Applicable

3.2.6 External Sector Performance

The external sector sustained satisfactory performance during July to December 2020 period, notwithstanding challenges of global spillover effects of COVID-19. The current account recorded a deficit of USD 331.3 million, compared with a deficit of USD 344.3 million in the corresponding period in the fiscal year 2019/20, owing to increase in export of goods and decline in imports (Table 3.6). The overall balance of payments recorded a deficit of USD 390.0 million, from a surplus of USD 1,129.7 million recorded in the corresponding period in the fiscal year 2019/20, largely attributed to decline in official inflows.

⁵ The World Bank's Country Policy and Institutional Assessment (CPIA) conducted in 2020 placed Tanzania in a group of countries with strong policy, institutions and economic growth—Strong Performers.



Table 3.6: Current Account Balance

Millions of USD

Items	July - December					Percentage
	2016/17	2017/18	2018/19	2019/20	2020/21 ^P	Change
Goods account (net)	-1,496.5	-1,477.0	-2,263.7	-1,494.1	-424.8	-71.6
Exports*	2,652.9	2,516.9	2,263.3	3,042.2	3,576.8	17.6
Imports	4,149.4	3,993.9	4,527.0	4,536.3	4,001.5	-11.8
Services account (net)	973.6	990.3	1,285.1	1,417.3	460.3	-67.5
Receipts	2,025.3	2,087.9	2,206.0	2,369.3	1,024.6	-56.8
Payments	1,051.7	1,097.6	920.9	952.0	564.3	-40.7
Goods and services (net)	-522.9	-486.7	-978.5	-76.8	35.5	---
Export of goods and services	4,678.2	4,604.8	4,469.3	5,411.5	4,601.4	-15.0
Import of goods and services	5,201.1	5,091.5	5,447.9	5,488.3	4,565.8	-16.8
Primary income account (net)	-411.4	-484.1	-278.9	-516.4	-395.1	-23.5
Receipts	49.4	69.1	86.5	111.2	28.1	-74.8
Payments	460.8	553.3	365.4	627.6	423.1	-32.6
Secondary income account (net)	227.3	172.5	206.6	248.9	28.2	-88.7
Inflows	256.9	221.7	236.4	275.7	41.7	-84.9
o/w General government	74.2	38.1	53.1	88.4	23.4	-73.5
Outflows	29.7	49.1	29.7	26.9	13.5	-49.8
Current account balance	-707.0	-798.2	-1,050.8	-344.3	-331.3	-3.8

Source: Tanzania Revenue Authority and Bank of Tanzania

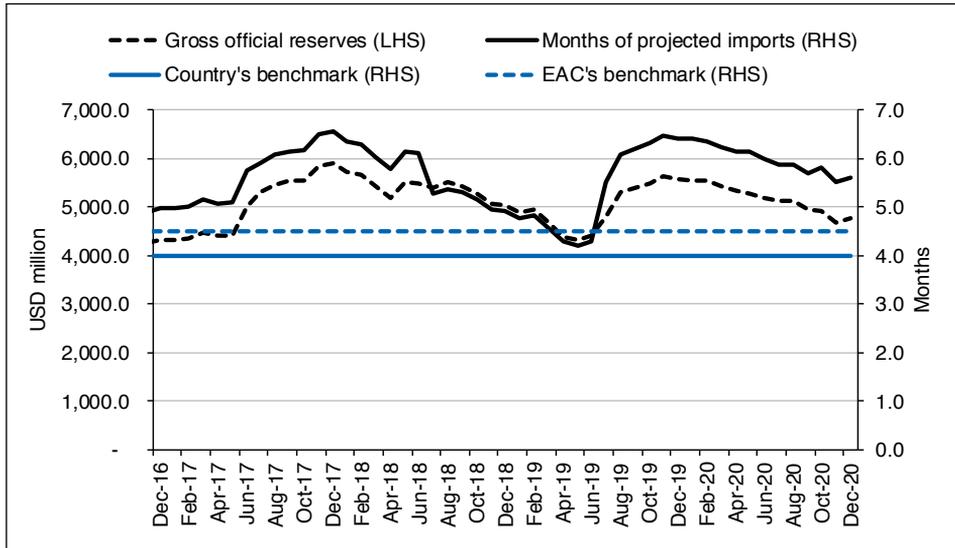
Note: p - denotes provisional

* Include adjustment for unrecorded exports

Foreign exchange reserves remained adequate and above the country and regional benchmarks. The reserves recorded USD 4,767.7 million at the end of December 2020, sufficient to cover 5.6 months of projected imports of goods and services, against the country benchmark of at least 4 months and EAC convergence criteria of at least 4.5 months (Chart 3.6).



Chart 3.6: Gross Official Foreign Reserves and Months of Import Cover



Source: Bank of Tanzania

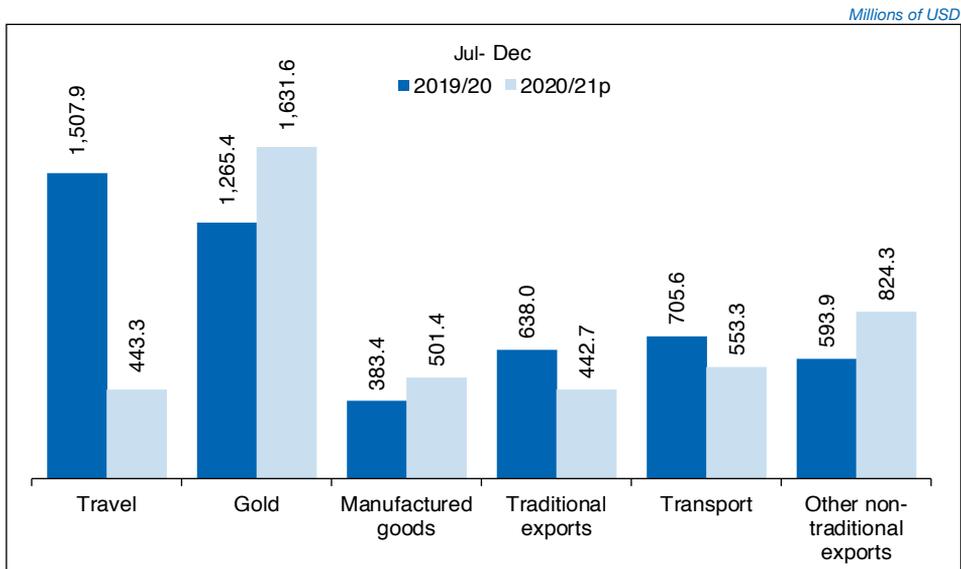
Note: LHS refers to left hand scale and RHS, right hand scale

Exports of goods and services decreased by 15.0 percent to USD 4,601.4 million from the corresponding period in the fiscal year 2019/20, largely on account of decrease in services receipts, particularly tourism. Specifically, services receipts decreased by 56.8 percent, owing to decline in travel receipts, following measures taken by most of countries to limit the spread of COVID-19. The measures included lockdowns and suspension of international passenger flights. Exports of goods increased by 17.6 percent to USD 3,576.8 million, due to increase in non-traditional exports by 31.9 percent to USD 2,957.2 million. The increase was largely accounted for by gold, horticultural products and manufactured goods and some items in 'other exports' category. Exports of gold increased by 28.9 percent to USD 1,631.6 million on account of increase in both volume and price, and accounted for 55.2 percent of non-traditional exports. Manufactured goods exports



improved, owing to good performance in exports of textiles, iron and steel products, glass and glassware. Traditional exports amounted to USD 442.7 million, compared to USD 638.0 million, mainly driven by decline in exports of cashew nuts (Chart 3.7).

Chart 3.7: Export performance of selected goods and services



Source: Tanzania Revenue Authority and Bank of Tanzania
 Note: p - denotes provisional

Imports of goods and services was USD 4,565.8 million in July to December 2020, compared with USD 5,488.3 million in the corresponding period in 2019. All goods imports decreased, with the exception of consumer goods (Table 3.7). A significant decrease was noted in the imports of transport equipment, oil, and building and construction. The value of oil imports, which accounted for about 16.4 percent of goods imports, declined by 30.7 percent to USD 654.6 million, following decrease in imports volume. Services payments decreased by 40.7 percent due to decline in travel payments.



Table 3.7: Tanzania Imports by Major Category

Millions of USD

Items	July - December					Percentage change
	2016/17	2017/18	2018/19	2019/20	2020/21 ^P	
Capital goods	1,482.8	1,351.2	2,006.0	1,879.8	1,607.1	-17.8
Transport Equipment	420.3	391.3	745.2	527.0	381.1	-32.1
Building and Constructions	336.0	293.2	483.0	568.5	448.5	-23.8
Machinery	726.5	666.7	777.8	784.4	777.4	-4.2
Intermediate goods	1,597.3	1,495.5	1,396.3	1,429.1	1,141.2	-22.2
Oil imports	1,116.0	1,023.6	899.7	954.9	654.6	-30.7
Fertilizers	64.4	65.0	120.2	70.2	92.6	8.4
Industrial raw materials	416.8	406.8	376.4	404.1	393.9	-8.8
Consumer goods	1,069.3	1,147.2	1,123.6	1,226.3	1,252.2	1.2
Food and food stuffs	203.0	149.7	95.5	116.2	109.8	-11.8
All other consumer goods ¹	866.3	997.6	1,028.1	1,110.1	1,142.4	2.6
Grand total	4,149.4	3,993.9	4,525.9	4,535.2	4,000.4	-14.1

Source: Tanzania Revenue Authority and Bank of Tanzania

Note: ^P - denotes provisional

¹ - It includes adjustment for unrecorded exports

The current account balance is projected to record a deficit of 3.6 percent of GDP in the fiscal year 2020/21 compared with 1.2 percent in the fiscal year 2019/20. This is largely attributed to weakening global economy and projected slow growth of exports, particularly tourism receipts due to the impact of COVID-19 pandemic, coupled with increase in imports of capital goods.

3.2.7 Financial Sector Stability

The banking sector remained stable and profitable in the first half of the fiscal year 2020/21, with capital and liquidity levels above the regulatory requirements (Table 3.8). The quality of assets of banks improved, as the ratio of non-performing loans (NPLs) to gross loans declined to 9.3 percent in December 2020 from 10.8 percent in June 2020. The Bank of Tanzania implemented measures to reduce NPLs close to the desired level of 5 percent, which included enforcement of risk-based prudential requirements and requiring banks to improve credit underwriting standards using credit information reports from Credit



Reference Bureaus in loan application. In addition, the Bank of Tanzania has instituted mechanisms of monitoring banks in the implementation of strategies to reduce non-performing loans. Furthermore, banks are required to submit credit information to the credit reference system and adhere to the Tanzania Bankers' Association Code of Conduct for staff of the banking sector. The Bank of Tanzania also continued to strengthen risk management practices in the financial sector by implementing various policies and regulatory reforms to safeguard the stability of the industry. This includes directing banks to implement capital restoration plans and adhere to the regulatory requirements.

Table 3.8: Banking Sector Financial Soundness Indicators

Indicator	Regulatory limit	Percent			
		Jun-19	Dec-19	Jun-20	Dec-20
Capital adequacy					
Core capital/TRWA+OBSE	Minimum 10	17.0	16.4	17.0	17.2
Liquidity					
Liquid assets/lemand liabilities	Minimum 20	34.8	32.1	33.4	30.7
Total loans/customer deposits	N/A	84.5	88.1	83.9	86.8
Earnings and profitability					
Return on assets-ROA	N/A	2.0	1.8	2.2	2.0
Return on equity-ROE	N/A	8.8	6.8	9.8	7.9
Asset quality					
Gross non-performing loans/gross loans	N/A	10.7	10.1	10.8	9.3

Source: Bank of Tanzania

Note: NA - denotes Not Applicable

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

3.2.8 Payment Systems

Payments, clearing and settlement systems continued to operate efficiently and utilization of digital payment platforms improved. Since July 2018, all Government payments are made through Treasury Single Account and processed through Tanzania Automated Clearing House (TACH) and Tanzania Interbank Settlement System, which is for transactions above TZS 20.0 million.



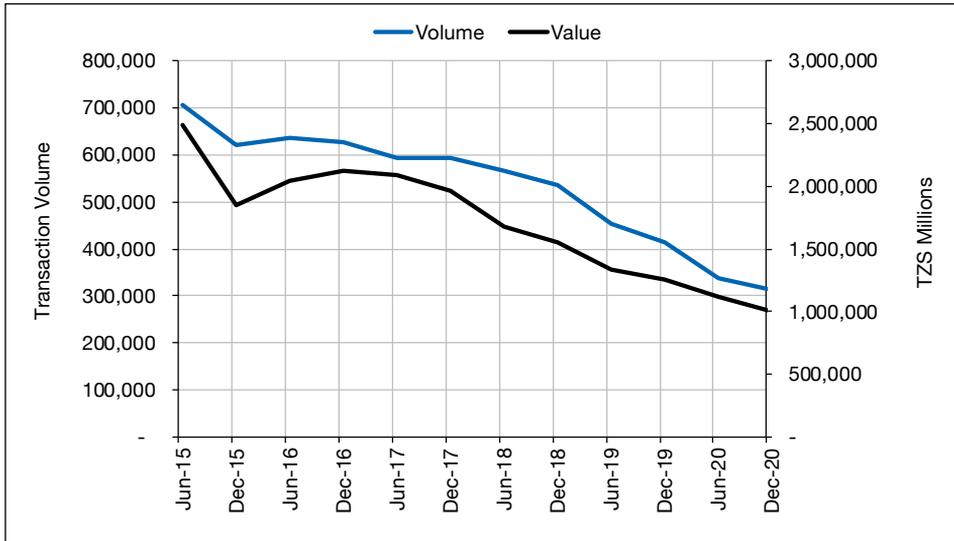
The East Africa Payment System operated smoothly and transactions increased, reflecting increase in trade between Tanzania and other EAC countries. Transactions between Tanzania and Kenya amounted to KES 2.57 billion, an increase of 23.0 percent. Transactions between Tanzania and Uganda recorded UGX 10.0 billion, an increase of 138.0 percent compared with corresponding period of 2019.

In SADC region, transactions processed through SADC-RTGS during July to December 2020 were valued at ZAR 639.3 billion. The value of Tanzania transactions processed through SADC-RTGS platform stood at ZAR 2.7 billion, indicating an increase of 317.7 percent, largely on account of dividend payment made by Vodacom Tanzania Plc to Vodacom Group in South Africa. In Tanzania, six banks participated in the SADC-RTGS. The Bank of Tanzania expects to foster cross border transactions through electronic money remittance systems.

Electronic Fund Transfers (EFT) through TACH continued to run smoothly, with growing number of transactions, following increased use of the system by the Government in making payments of salaries to civil servants. The value increased by 9.8 percent when compared to the corresponding period of 2019. The increased use of EFT by the Government has improved efficiency, while minimizing costs associated with the use of cheques. The effect was also reflected in the decline in usage of Tanzanian shilling denominated cheques in TACH, both in terms of volume and value by 24.2 percent and 19.8 percent, respectively (Chart 3.8).



Chart 3.8: Domestic cheque payment instrument usage (Semi - annual)

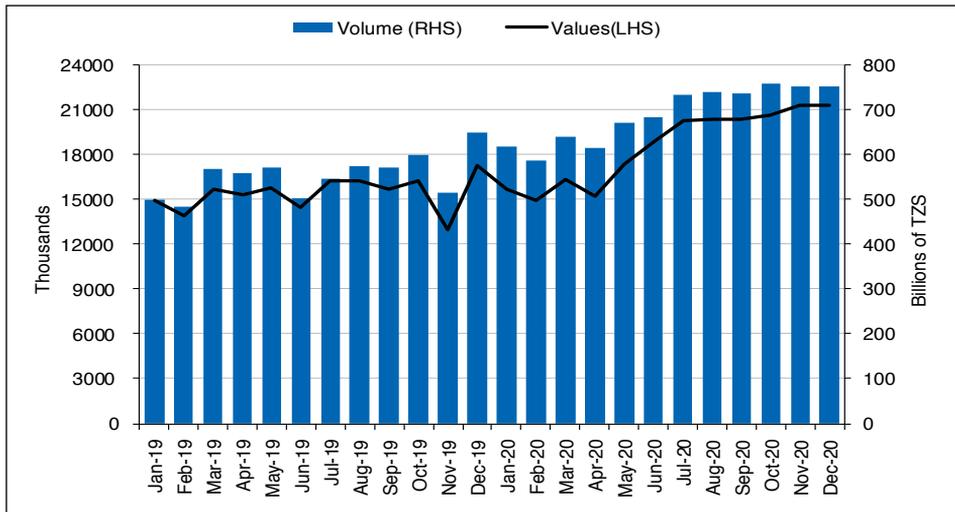


Source: Bank of Tanzania

Utilization of interoperability capability in mobile money services grew by 31.4 percent to TZS 4,131.9 billion during July to December 2020 from the corresponding period in 2019. This contributed to growth of mobile money transactions by 6.9 percent in value (Chart 3.9). The number of active registered accounts for mobile money was 29.4 million at the end of December 2020, compared with 24.4 million and 27.2 million at the end of December 2019 and June 2020, respectively.



Chart 3.9: Mobile Money Interoperability



Source: Bank of Tanzania

In an effort to facilitate consumers of financial services to know the location of access points or services for making informed financial decisions, the Bank of Tanzania developed the Financial Services Registry (FSR) System for mapping financial services access points across the country. Through the mapping exercise, 99,499 access points were registered, representing 92 percent of the country’s outreach. The points included ATMs, bank branches, microfinance institutions, merchants, agents, insurance brokers, social security funds and health insurance centres. The FSR is expected to enhance financial inclusion and contribute to achievement of financial access points within 5 kilometre range to where people live.

The Bank of Tanzania is developing the Tanzania Instant Payment System (TIPS), a single payment platform, which will connect different payment systems to facilitate easy, fast, cost effective and secured instant payments. The payment platform will facilitate interoperability



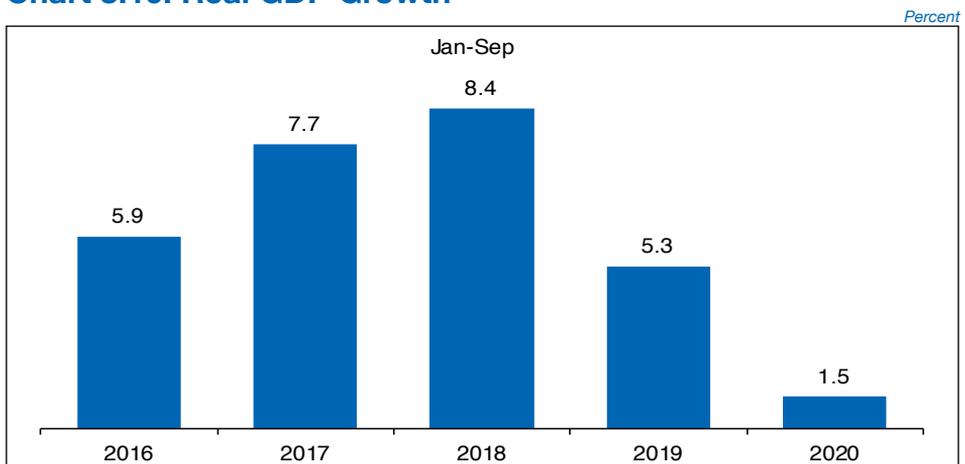
of digital financial services amongst payment service providers, reduce use of cash transactions, enhance effective governance, and promote financial inclusion.

3.2.9 Economic Developments in Zanzibar

Real GDP Performance and Outlook

Zanzibar economy grew at a slow pace, averaging 1.5 percent in the first three quarters of 2020, compared to 5.3 percent in the corresponding period of 2019. The slowdown in growth was on account of contraction in some economic activities due to effects of COVID-19. Activities that were severely hit by the pandemic were accommodation and food services, transport, and information and communication (Chart 3.10 and Chart 3.11). The economy is expected to recover in the outer period, owing to the gradual re-opening of the global economy and resumption of activities in the hospitality industry. In addition, implementation of development blueprints, which include diversification of the economy, is expected to provide impetus to growth.

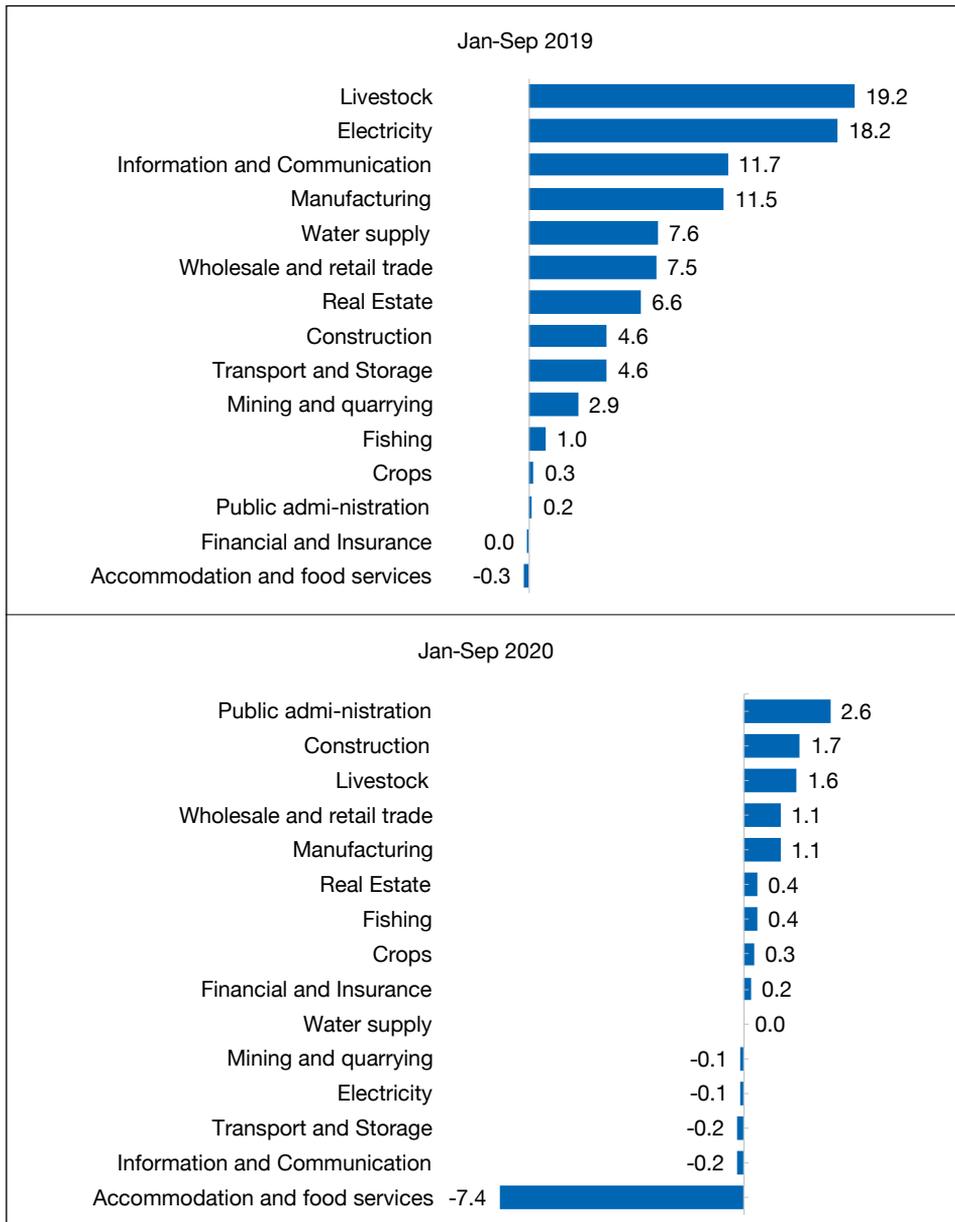
Chart 3.10: Real GDP Growth



Source: Office of the Chief Government Statistician, Zanzibar



Chart 3.11: Contribution to Real GDP Growth by Major Economic Activities



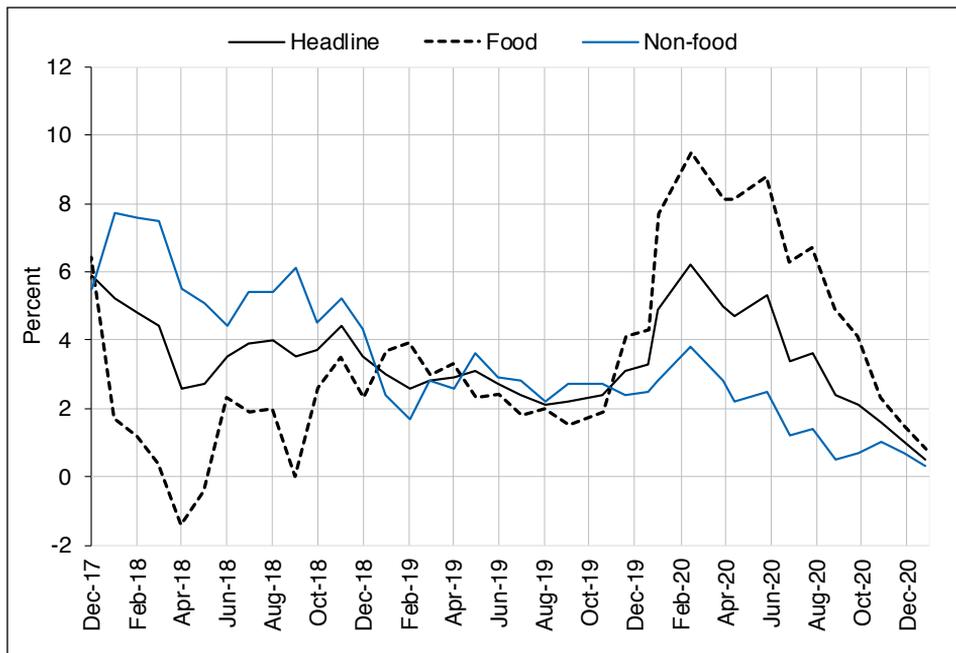
Source: Office of the Chief Government Statistician, Zanzibar



Inflation Developments and Outlook

Headline inflation was low, averaging 1.9 percent during July to December 2020 period, compared with 2.6 percent in the corresponding period of 2019 (Chart 3.12). The low level of inflation was attributed to decrease in the prices of non-food items, particularly petroleum products. Non-food inflation averaged 0.8 percent compared to 2.2 percent. Food inflation averaged 0.8 percent compared to 2.2 percent. Food inflation increased to an average of 3.4 percent from 2.6 percent, due to rise in prices of some food items such as fish and bananas. Inflation is expected to remain low in the second half of the fiscal year 2020/21, owing to improvement in supply chain following gradual lifting of strict lockdowns by countries.

Chart 3.12: Annual Headline, Food and Non-food Inflation



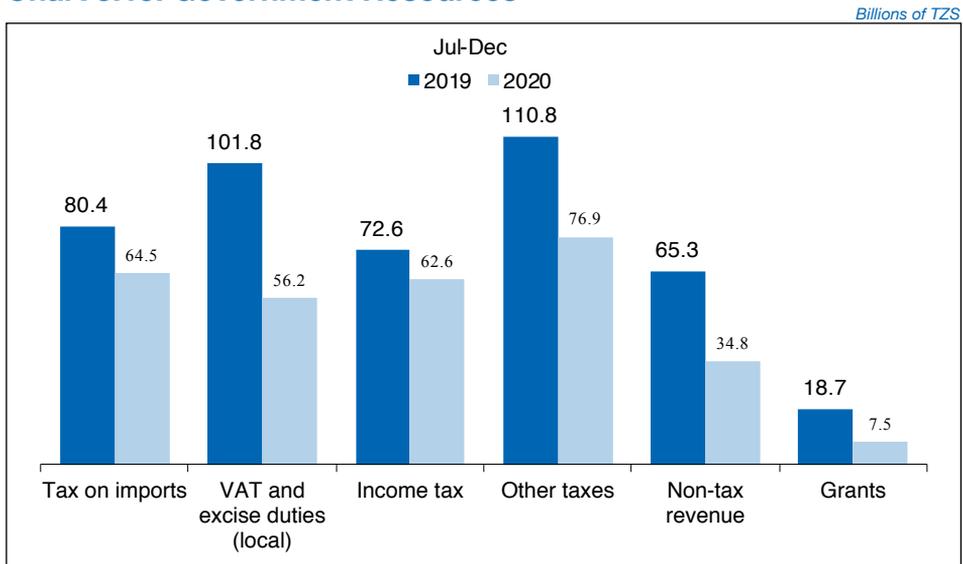
Source: Office of Chief Government Statistician, Zanzibar



Government Budgetary Operations

During July to December 2020, domestic revenue amounted to TZS 302.5 billion, equivalent to 59.9 percent of the target. The outturn was attributed to the negative impact of COVID-19 on major tax sources, particularly tourism (Chart 3.13). Tax revenue was TZS 260.2 billion or 57.5 percent of the target, whereas non-tax revenue amounted to TZS 34.8 billion or 86.8 percent of the target. Grants amounted to TZS 7.5 billion, above the projection of TZS 4.0 billion for the period. Government revenue collection is expected to improve in the second half of the fiscal year 2020/21, attributable to resumption of tourism and measures implemented to improve revenue collection by enhancing tax compliance.

Chart 3.13: Government Resources

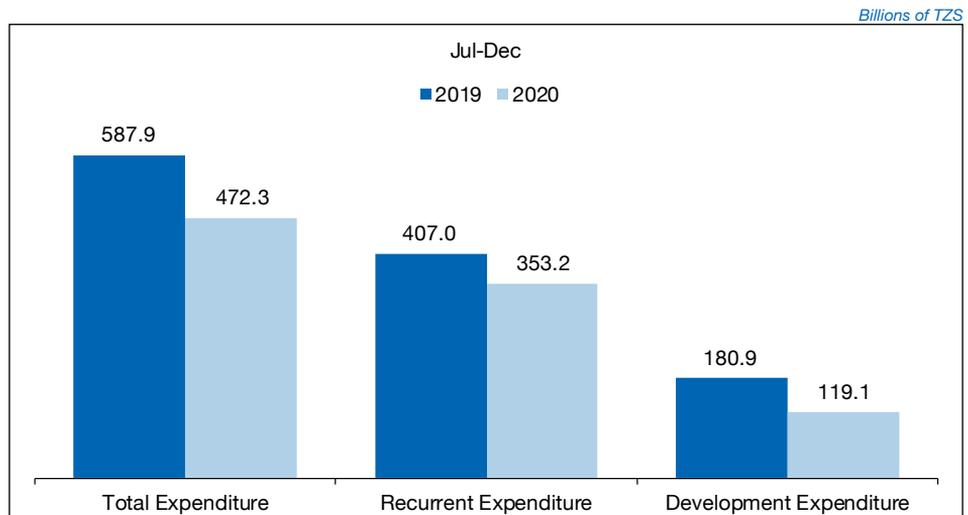


Source: Ministry of Finance and Planning, Zanzibar



Expenditure was TZS 472.3 billion, equivalent to 83.3 percent of the estimates for the period of July to December 2020, and was lower by 27.6 percent of the amount recorded in the corresponding period of 2019 (Chart 3.14). Recurrent expenditure amounted to TZS 353.2 billion, while development expenditure was TZS 119.1 billion, equivalent to 65.8 percent of the amount recorded in similar period of 2019. The overall budgetary operations recorded a deficit of TZS 138.1 billion after grants. The deficit was financed by domestic borrowing and program loans.

Chart 3.14: Government Expenditure



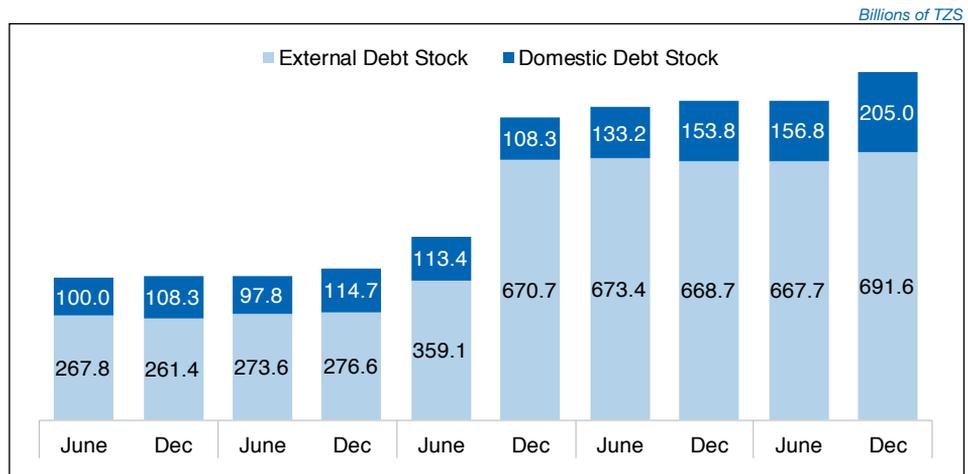
Debt Developments

Zanzibar debt stock increased to TZS 896.6 billion at the end of December 2020 from TZS 824.5 billion at the end of June 2020. External debt amounted to TZS 691.6 billion or USD 300.9 million, accounting for 77.1 percent of total debt stock. Meanwhile, domestic



debt stock rose to TZS 205.0 billion from TZS 156.8 billion at the end of June 2020, on account of new loans acquired through Government securities (Chart 3.15).

Chart 3.15: Total Debt Stock



Source: Ministry of Finance and Planning, Zanzibar

External Sector Developments

The current account balance widened to a deficit of USD 107.9 million during July to December 2020, compared with a deficit of USD 46.3 million recorded in the corresponding period of 2019. The widening of the current account deficit was on account of increase in imports, coupled with decrease in service receipts. Imports of goods and services rose by 18.7 percent to USD 252.9 million compared to the corresponding period of 2019. Goods imports increased by 43.6 percent to USD 198.4 million, mainly driven by machinery and transport equipment. Exports of goods and services declined by 28.3 percent to USD 92.3 million. Exports of services recorded USD 75.2 million compared to USD 120.2 million, largely due to decreases in tourism receipts (Table 3.9, Chart 3.16 and Chart 3.17).



Table 3.9: Zanzibar Current Account

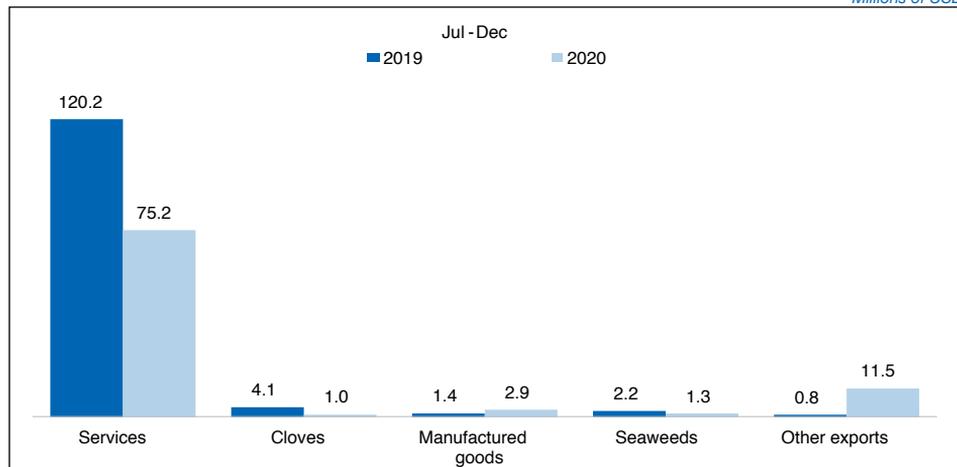
Millions of USD

Item	2018/19	July - December		Percentage change
		2019/20	2020 ^p	
Goods account net	-114.5	-129.7	-181.3	39.8
Exports	5.0	8.5	17.1	---
Imports (fob)	119.5	138.2	198.4	43.6
Services account net	56.6	45.4	26.7	-41.2
Receipts	92.5	120.2	75.2	-37.4
Payments	35.9	74.8	48.5	-35.2
Goods and services net	-57.9	-84.3	-160.6	90.6
Exports of goods and services	97.5	128.7	92.3	-28.3
Imports of goods and services	155.4	213.0	252.9	18.7
Income account net	4.2	6.9	1.3	-81.2
Receipts	7.5	11.0	2.2	-80.0
Payments	3.3	4.1	0.9	-78.0
Current transfers net	19.8	31.1	51.5	65.5
Inflows	20.9	53.0	55.8	5.2
Outflows	1.1	21.9	4.3	-80.4
Current account balance	-33.9	-46.3	-107.9	133.1

Source: Tanzania Revenue Authority and Bank of Tanzania computations
 Note: p denotes provisional data; and "----", change exceeds 100 percent

Chart 3.16: Export Performance of Selected Goods and Services

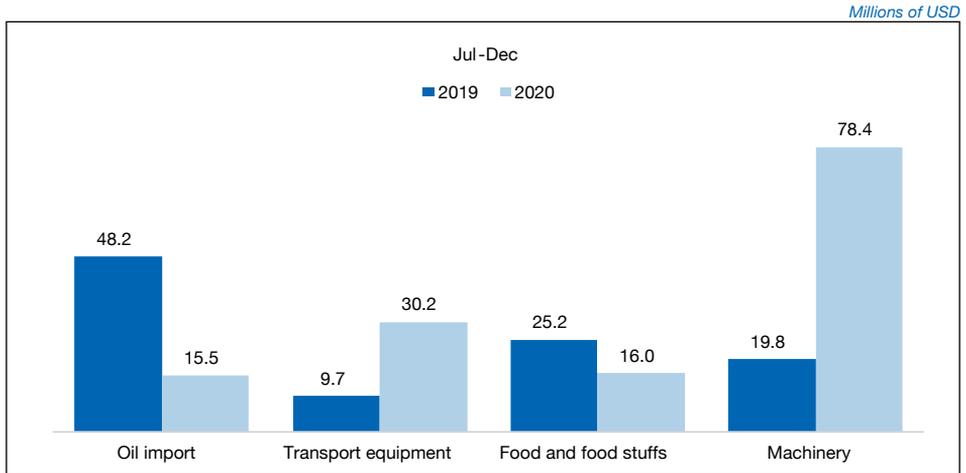
Millions of USD



Source: Tanzania Revenue Authority and Bank of Tanzania computations



Chart 3.17: Performance of Selected Goods Import



Source: Tanzania Revenue Authority and Bank of Tanzania computations



PART IV

4.0 MONETARY POLICY IMPLEMENTATION DURING THE FIRST HALF OF THE FISCAL YEAR 2020/21

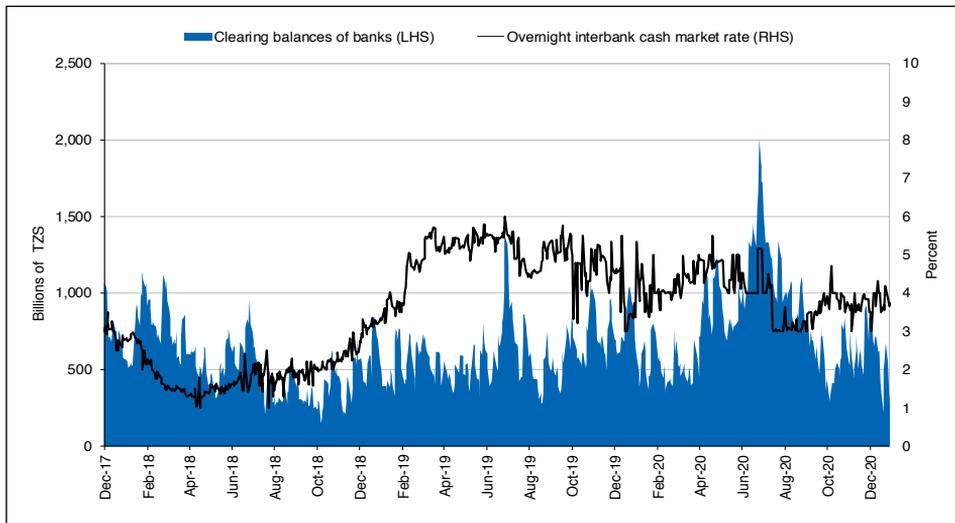
During July to December 2020, the Bank of Tanzania continued to implement accommodative monetary policy, in order to support recovery of the economy from the adverse impact of COVID-19, by encouraging bank lending to the private sector. This policy stance was premised on low inflation environment and sustained prudence in fiscal policy. Accordingly, the Bank of Tanzania injected liquidity in the economy through various monetary policy instruments, including auction of reverse repo, purchase of foreign exchange from the Interbank Foreign Exchange Market (IFEM) and conduct of inward foreign exchange swaps with banks. In addition, the banks used standing credit facilities to smoothen short-term liquidity fluctuations in the banking system and ensure efficient payment systems.

In response to monetary policy measures pursued by the Bank of Tanzania, level of liquidity in the banking system remained adequate as reflected by general stability of money market interest rates at low levels. Specifically, the overnight interbank cash market interest rate declined to an average of 3.50 percent in July to December 2020 from 4.57 percent recorded in July to December 2019 and 4.27 percent in January to June 2020 (Chart 4.1). Likewise, overall Treasury bills yields gradually declined to an average of 4.00 percent from 6.84 percent and 4.85 percent (Chart 4.2). Interest rates charged on bank loans continue to decline, responding slowly to accommodative monetary policy and prudential measures to improve the business environment. In particular, overall lending interest rates averaged 16.57 percent in July



to December 2020, compared to 16.85 percent in the corresponding period a year earlier, while negotiated lending interest rate (charged to prime customers with good track record) was 13.70 percent, down from 14.14 percent. Likewise, overall interest rates offered on deposits decreased to an average of 6.60 percent compared to 7.15 percent, whereas negotiated deposit interest rate was 9.22 percent, up from 9.08 percent.

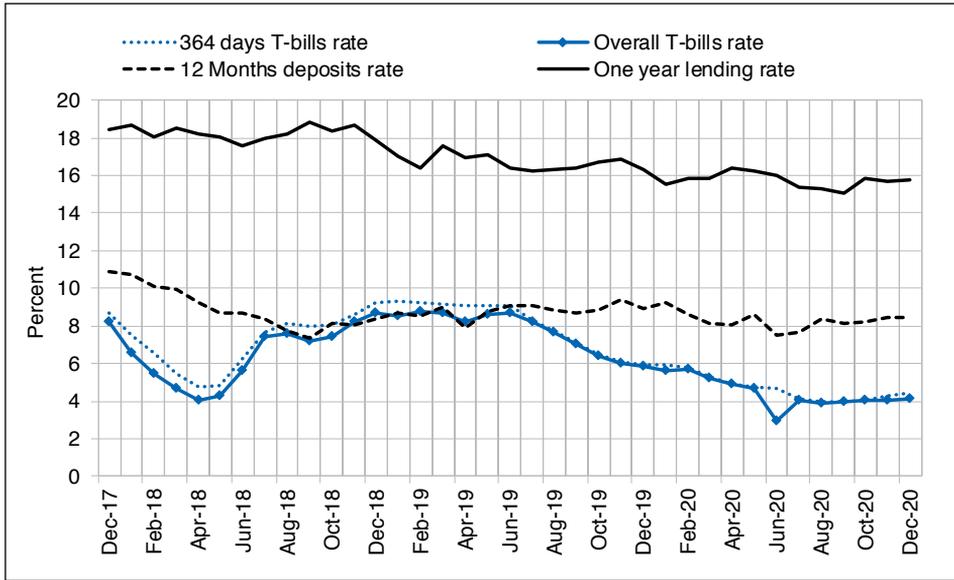
Chart 4.1: Banks' Clearing Balances and Overnight Interbank Cash Market Rate



Source: Bank of Tanzania



Chart 4.2: Selected Interest Rates



Source: Bank of Tanzania

Money supply and credit to the private sector also responded positively to the accommodative monetary policy, albeit at a slow pace. Extended broad money supply (M3) grew by 7.1 percent in July to December 2020 compared to 9.7 percent in the corresponding period in 2019. Private sector credit growth averaged 5.1 percent, compared with 9.3 percent. The subdued growth was partly attributable to the global effect of COVID-19. The observed slowdown in money supply growth was partly compensated by increase in velocity of money circulation due to usage of digital financial services. Money supply and credit growth are expected to increase in the second half of the fiscal year 2020/21, in response to sustained accommodative monetary policy, budgetary expenditure flows, regulatory measures taken to improve quality of banks assets, and expected normalization of trade and investment owing to gradual re-opening of the global economy.



PART V

5.0 MACROECONOMIC OUTLOOK

Despite the impact of COVID-19 pandemic on some sectors of the economy, particularly tourism, hotels and accommodation, and transport, the economy is expected to perform satisfactorily in 2020 and 2021. Real GDP is projected to grow by 5.5 percent in 2020 and 6.0 percent in 2021. The positive outlook is driven by expected value added in agriculture due to adequate rains, public investment, increase in export earnings from mining contributed by high world market prices of gold, and private sector investment, coupled with supportive monetary and fiscal policies. Measures implemented to improve the business environment and reform programs are also expected to add impetus to the growth momentum. In Zanzibar, the economy is projected to recover to around 5 percent, as tourism-related activities progressively resumed due to relaxation of lockdown measures in many countries and implementation of development blueprints.

Inflation is projected to remain low in Tanzania Mainland, in the range of 3.0 percent to 5.0 percent in the remainder of 2020/21, as earlier projected in June 2020. The projection is underpinned by adequate food supply, anticipated low global oil prices, and stability of exchange rate. Sustained prudence in the implementation of monetary and fiscal policies will contribute in maintaining low inflation as well. In Zanzibar, inflation is also expected to remain low, below the medium-term target of 5.0 percent, due to improvement in supply chain following gradual lifting of lockdowns by countries. The Bank of Tanzania will monitor all possible risks to inflation and take appropriate policy actions.



The current account balance is projected to record a deficit of 3.6 percent of GDP in the fiscal year 2020/21, compared with 1.2 percent in 2019/20. This is largely attributed to weakening global economy and projected subdued increase in earnings from tourism, coupled with the increase in imports of capital goods for investment. In the medium-term, the current account deficit is projected to be around 3.2 percent of GDP.

The banking sector is expected to remain safe and sound in line with ongoing policy, prudential and regulatory measures undertaken by the Bank of Tanzania towards improving business environment, while ensuring efficiency in financial services delivery. The Bank of Tanzania will also continue to monitor the quality of banks' assets with a view of reducing non-performing loans to the desired level of 5 percent.



PART VI

6.0 MONETARY POLICY FOR THE SECOND HALF OF 2020/21

6.1 Monetary Policy Stance

The Bank of Tanzania will maintain the accommodative monetary policy in the second half of the fiscal year 2020/21 in support of growth of the economy. The policy stance considers low inflation expectations and the need to steer recovery of the economy through expansion of credit to the private sector. The accommodative monetary policy is expected to boost growth of money supply and private sector credit, while ensuring efficiency in financial services delivery and stability of money market interest rates, ultimately influencing lending rates. In implementing the policy stance, the Bank of Tanzania will use appropriate mix of monetary policy instruments, and closely monitor and manage the level of liquidity in the economy. In pursuit of its mandate, the Bank of Tanzania will also continue to improve the functioning of financial sector, including provision of supportive infrastructure and guidelines.

6.2 Interest Rate Policy

Interest rates will continue to be market determined in ensuring efficient allocation of resources for trade and investment. Measures will be taken to improve transparency and orderly market conditions to facilitate price discovery and stability of the financial sector. In addition, the Bank of Tanzania will continue engaging stakeholders to address the limiting factors of responsiveness of interest rates on loans to changes in monetary policy conditions and reforms in the financial sector.



6.3 Exchange Rate Policy

Exchange rate will continue to be market determined in accordance with economic factors determining it. The Bank of Tanzania will participate in the interbank foreign exchange market to ensure orderly market conditions, and for liquidity and reserve management purposes. Therefore, the Bank of Tanzania will closely monitor developments in the market in response to domestic and external shocks, and intervene to smooth out short-term volatility in the exchange rate, while allowing adjustment to the shocks in an orderly manner.



PART VII

7.0 CONCLUSION

The economy is expected to regain strong growth momentum in the second half of the fiscal year 2020/21, bolstered by ongoing policy reforms, Government initiatives in ensuring effective management of national resources, improving business environment, and gradual re-opening of the global economy. The sustained public and private investments, supportive fiscal and monetary policies, and expected favourable weather will add impetus to growth, while maintaining low and stable inflation. The growth target of 5.5 percent in 2020 is likely to be achieved, with strong recovery growth of around 6 percent or more anticipated in 2021 and beyond, given prospects of recovery of the global economy. The recovery of economic activity will improve tax revenues and increase the role of fiscal policy in economic growth and stabilization. Inflation is projected to remain muted, in the target range of 3-5 percent in the remainder of the fiscal year 2020/21.

The Bank of Tanzania will continue with accommodative monetary policy, predicated on prospects of protracted period of low inflation expectations in the remainder of the fiscal year 2020/21. This policy stance, coupled with prudential and regulatory measures towards improving credit intermediation, business environment and efficiency in financial services delivery will continue ensuring macroeconomic and financial sector stability, and spur private sector contribution to the economy. In this regard, the Bank of Tanzania will maintain monetary targets as set in the Monetary Policy Statement for the fiscal year 2020/21 released in June 2020.



APPENDICES



Table A1: Selected Economic Indicators

Items	Unit	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
1. Prices														
1.1 Annual change in consumer price index														
1.1.1 Headline inflation														
Percent		3.8	3.7	3.7	3.4	3.3	3.2	3.2	3.3	3.3	3.1	3.1	3.0	3.2
1.1.2 Food inflation														
Percent		6.3	5.7	5.9	5.3	4.6	4.4	4.4	3.8	3.7	3.4	3.4	2.8	3.0
1.1.3 Core inflation														
Percent		2.1	2.1	2.2	2.1	2.1	2.2	2.2	2.6	2.5	2.5	2.4	2.5	2.3
2. Money credit and interest rates														
2.1 Extended broad money supply (M3) ¹														
Percent		9.6	9.1	9.9	9.9	12.2	11.9	9.5	8.9	10.5	6.5	5.9	5.2	5.7
2.2 Reserve money ¹														
Percent		6.8	7.4	4.0	2.8	10.1	7.7	4.3	4.8	14.0	5.7	6.2	0.4	-4.0
2.3 Average reserve money ¹														
Percent		8.2	5.6	3.1	1.2	8.6	7.0	9.3	7.7	7.3	2.7	-0.6	2.2	0.4
2.4 Credit to the private sector ¹														
Percent		11.1	9.1	8.0	8.6	5.8	5.1	5.5	5.5	6.8	5.2	4.9	5.2	3.0
2.5 364-days Treasury bill rate ²														
Percent		5.9	5.9	5.8	5.3	4.9	4.8	4.7	4.1	4.0	3.9	4.0	4.3	4.5
2.6 Overnight inter-bank rate ²														
Percent		3.6	3.9	4.0	4.4	4.8	4.2	4.3	3.2	3.1	3.5	3.9	3.6	3.7
2.7 12-Months deposit rate ²														
Percent		8.9	9.3	8.6	8.1	8.0	8.6	7.5	7.6	8.4	8.2	8.2	8.4	8.4
2.8 Short-term (up to 1 year) lending rate ²														
Percent		16.3	15.5	15.8	15.8	16.4	16.2	16.0	15.4	15.3	15.0	15.9	15.7	15.7
3. Balance of payments														
3.1 Gross official foreign reserves														
Millions of USD		5,567.6	5,532.1	5,532.3	5,411.3	5,334.3	5,284.4	5,184.7	5,118.7	5,124.4	4,939.6	4,930.3	4,806.9	4,767.7
3.2 Exchange rate														
3.2.1 Period average														
TZS/USD		2,288.6	2,288.6	2,289.5	2,289.4	2,290.7	2,291.6	2,293.8	2,297.6	2,297.7	2,297.6	2,297.6	2,297.7	2,297.9
3.2.2 End of period														
TZS/USD		2,287.9	2,288.6	2,289.4	2,290.0	2,291.3	2,291.9	2,297.5	2,297.8	2,297.6	2,297.6	2,297.7	2,297.7	2,298.5
4. Public finance														
4.1 Domestic revenue ³														
Billions of TZS		2,049.9	1,648.0	1,699.3	1,650.5	1,429.5	1,231.7	2,109.2	1,383.9	1,525.8	1,857.5	1,478.3	1,483.0	2,222.9
4.2 Recurrent expenditure ³														
Billions of TZS		1,551.5	1,424.0	1,084.9	1,726.3	1,366.6	1,400.3	2,848.7	1,012.9	1,201.2	1,413.4	1,321.9	1,404.2	1,839.0
4.3 Development expenditure ³														
Billions of TZS		626.1	592.5	484.7	410.3	1,157.7	490.6	756.2	25.9	344.0	484.7	725.4	439.3	619.1

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

Notes: ¹ Annual growth

² Monthly averages

³ Domestic revenue and expenditure on cash basis



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

Economic Activity	2015	2016	2017	2018	2019 ^p
	Millions of TZS				
Agriculture, forestry and fishing	25,234,560	26,436,338	28,008,976	29,504,198	30,801,226
Crops	13,279,392	13,996,348	14,895,622	15,659,175	16,351,012
Livestock	7,158,457	7,506,593	7,876,592	8,266,049	8,676,074
Forestry	2,920,425	3,034,569	3,180,379	3,334,791	3,495,187
Fishing	1,843,401	1,864,627	2,020,292	2,206,242	2,240,163
Agriculture support services	32,886	34,201	36,091	37,941	38,790
Industry and Construction	23,103,647	25,817,955	28,565,774	31,344,128	35,042,891
Mining and quarrying	4,055,619	4,356,709	4,588,624	4,659,195	5,486,097
Manufacturing	7,411,672	8,213,364	8,889,818	9,623,501	10,184,558
Electricity supply	798,801	869,262	877,667	928,174	994,820
Water supply; sewerage, waste management	390,758	417,899	444,660	477,510	510,411
Construction	10,446,797	11,960,720	13,765,005	15,655,747	17,867,005
Services	38,146,529	40,549,564	42,689,011	45,369,789	48,118,368
Wholesale and retail trade; repairs	8,747,862	9,260,703	9,821,248	10,396,691	10,963,963
Transport and storage	6,929,895	7,324,856	7,815,845	8,736,561	9,493,191
Accommodation and Food Services	1,421,916	1,480,052	1,525,619	1,604,391	1,651,794
Information and communication	1,681,098	1,718,548	1,824,471	1,989,717	2,133,313
Financial and insurance activities	4,189,021	4,235,515	4,115,393	4,094,972	4,281,167
Real estate	2,949,598	3,077,086	3,211,895	3,354,518	3,505,485
Professional, scientific and technical activities	518,123	606,207	694,291	763,332	821,636
Administrative and support service activities	2,183,917	2,611,498	2,892,463	3,054,288	3,311,753
Public administration and defence	4,548,604	4,793,820	4,907,113	5,064,968	5,236,678
Education	2,413,306	2,665,336	2,859,171	3,046,789	3,257,866
Human health and social work activities	1,419,090	1,497,896	1,611,999	1,746,731	1,834,012
Arts, entertainment and recreation	248,510	280,131	307,907	350,027	389,225
Other service activities	717,898	814,529	912,404	971,690	1,037,083
Activities of households as employers;	177,691	183,387	189,193	195,113	201,203
All economic activities	86,484,736	92,803,857	99,263,761	106,218,115	113,962,485
Taxes on products	7,864,579	8,024,535	8,393,644	8,934,362	9,213,354
GDP at market prices	94,349,316	100,828,393	107,657,405	115,152,477	123,175,839
	Real Growth by Economic Activities (Percent)				
Economic Activity	2015	2016	2017	2018	2019 ^p
Agriculture, forestry and fishing	5.4	4.8	5.9	5.3	4.4
Crops	7.6	5.4	6.4	5.2	4.4
Livestock	4.9	4.9	4.9	4.9	5.0
Forestry	3.4	3.9	4.8	4.9	4.8
Fishing	-4.5	1.2	8.4	9.2	1.5
Agriculture support services	4.5	4.0	5.5	5.2	2.2
Industry and Construction	9.7	11.7	10.6	9.7	11.8
Mining and quarrying	10.0	7.4	5.3	1.5	17.7
Manufacturing	7.1	10.8	8.2	8.3	5.8
Electricity supply	-2.0	8.8	1.0	5.8	7.2
Water supply; sewerage, waste management	2.4	6.9	6.4	7.4	6.9
Construction	12.9	14.5	15.1	13.8	14.8
Services	6.4	6.3	5.3	6.3	6.1
Wholesale and retail trade; repairs	3.6	5.9	6.1	5.9	5.5
Transport and storage	5.4	5.7	6.7	11.8	8.7
Accommodation and Food Services	1.7	4.1	3.1	5.2	3.0
Information and communication	7.8	2.2	6.2	9.1	7.2
Financial and insurance activities	11.3	1.1	-2.8	-0.5	4.5
Real estate	4.3	4.3	4.4	4.4	4.5
Professional, scientific and technical activities	15.7	17.0	14.5	9.9	7.6
Administrative and support service activities	10.5	19.6	10.8	5.6	8.4
Public administration and defence	7.2	5.4	2.4	3.2	3.4
Education	10.4	10.4	7.3	6.6	6.9
Human health and social work activities	5.1	5.6	7.6	8.4	5.0
Arts, entertainment and recreation	7.7	12.7	9.9	13.7	11.2
Other service activities	4.7	13.5	12.0	6.5	6.7
Activities of households as employers;	3.2	3.2	3.2	3.1	3.1
All economic activities	6.9	7.3	7.0	6.9	7.2
Taxes on products	-1.7	2.0	4.6	6.4	3.1
GDP at market prices	6.2	6.9	6.8	7.0	7.0

Source: National Bureau of Statistics

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



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

Percent

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

Source: National Bureau of Statistics

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



Table A2 (c): Tanzania Mainland: Quarterly GDP Growth Rates by Economic Activity

Economic Activity	Percent															
	2017				2018				2019				2020			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Agriculture	6.6	14.8	4.1	6.3	6.7	5.9	3.8	4.6	5.4	4.2	2.9	4.6	4.0	4.3	6.7	
Mining and quarrying	9.9	-4.6	4.2	12.1	-5.7	6.8	1.9	3.2	10.0	17.2	21.1	21.5	15.3	8.7	5.6	
Manufacturing	5.2	9.6	13.7	4.5	5.1	3.3	7.0	17.2	4.9	5.5	8.6	4.2	4.7	4.0	5.1	
Electricity	4.1	-1.2	3.9	-2.7	0.6	6.6	5.6	10.3	11.3	9.0	5.2	3.7	3.3	-0.3	0.5	
Water	1.6	4.2	10.0	9.0	3.7	6.1	10.7	8.3	8.0	6.4	10.9	2.9	7.2	4.6	7.9	
Construction	12.0	21.2	-0.3	28.8	15.6	5.9	16.0	17.8	13.4	20.5	17.9	5.9	8.0	15.4	17.4	
Trade and repair	1.9	5.1	5.8	11.3	4.2	3.8	6.9	8.3	3.8	5.7	7.4	4.9	4.8	-0.1	2.2	
Accommodation and restaurant	4.7	3.5	2.5	1.8	4.5	6.7	7.7	1.9	1.1	2.6	4.0	3.9	1.1	-15.9	-25.1	
Transport and storage	5.3	5.0	6.9	9.6	8.8	13.5	12.1	12.6	11.1	7.0	8.3	8.4	8.3	9.5	8.8	
Information and communication	12.7	6.6	1.9	4.2	15.5	12.9	4.7	3.4	7.9	6.2	7.4	7.4	8.3	10.1	8.7	
Financial and insurance	-5.8	-2.3	-5.3	2.5	-2.8	-2.3	3.8	-0.5	5.2	4.2	4.7	4.1	3.9	3.7	2.0	
Public administration	-5.3	0.6	7.5	7.2	8.9	-0.5	2.9	1.9	1.1	4.7	3.4	4.4	6.6	5.9	6.6	
Professional, scientific and technical act.	16.2	15.3	14.1	12.8	12.6	11.2	9.3	6.9	6.6	6.8	7.7	9.3	8.9	8.8	8.6	
Administrative and support services	14.8	11.7	9.4	7.7	5.2	5.4	5.7	6.1	8.7	8.5	8.3	8.2	8.0	7.9	7.7	
Real estate	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.5	4.5	4.5	4.5	4.5	4.5	4.6	4.6	
Education	1.5	5.8	11.3	10.7	10.8	3.8	6.1	5.7	5.3	8.2	7.1	7.2	6.5	-1.4	6.3	
Health	0.2	7.0	11.1	12.6	17.2	5.8	7.8	3.2	-0.1	5.1	6.0	9.2	10.2	6.3	6.4	
Other services	12.2	11.1	9.8	8.2	8.7	8.4	7.8	5.6	5.9	6.7	7.7	8.8	7.8	3.0	1.1	
All industry at basic prices	5.5	7.2	5.1	9.7	7.1	5.5	7.2	8.1	6.8	8.0	8.4	6.2	6.1	6.1	7.1	
Taxes on products	-2.6	0.6	4.1	15.2	12.7	12.3	7.1	-4.1	-0.4	0.8	4.9	7.2	-0.1	-23.7	-23.8	
GDP at market prices	4.9	6.7	5.0	10.2	7.5	6.0	7.2	7.1	6.3	7.5	8.1	6.2	5.7	4.0	4.5	

Source: National Bureau of Statistics



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

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

Source: Office of Chief Government Statistician, Zanzibar

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



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

Main Groups	Weight (%)	Ref period: December 2015=100													
		Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Food and non alcoholic beverages	38.5	120.3	121.9	123.0	124.8	126.2	126.5	127.0	126.4	125.6	124.1	123.3	123.4	123.7	125.5
Alcoholic, tobacco and narcotics	3.7	110.7	110.8	110.8	110.8	110.9	111.0	111.1	111.7	111.7	111.7	109.9	109.9	109.9	110.6
Clothing and footwear	8.3	112.5	113.1	113.4	113.7	114.0	114.4	114.5	114.7	114.6	114.6	114.7	114.6	114.7	116.1
Housing, water, electricity, gas and other fuel	11.6	140.1	139.3	139.4	143.6	148.5	151.0	151.3	152.9	152.6	151.5	151.6	150.7	152.9	153.5
Furnishing, housing equipment and routine maintenance of the house	6.3	112.2	112.4	112.6	112.7	113.0	113.3	113.6	113.7	113.8	113.8	113.8	113.8	113.9	113.9
Health	2.9	109.5	109.6	109.6	109.6	109.6	109.7	109.9	110.5	110.5	110.5	110.5	110.5	110.6	110.7
Transport	12.5	105.6	106.3	106.4	106.9	108.0	107.7	107.6	105.8	106.8	107.3	107.4	107.4	107.3	107.3
Communication	5.6	96.3	96.6	96.7	96.9	96.9	97.1	97.1	97.1	96.7	96.7	96.7	96.7	96.9	96.9
Recreation and culture	1.6	104.0	104.3	104.4	104.4	104.5	104.5	104.8	104.9	104.9	105.0	104.7	104.7	104.8	104.8
Education	1.5	107.7	107.7	108.8	109.0	109.0	109.0	109.0	109.0	109.0	109.0	109.0	109.0	109.1	109.1
Restaurants and hotels	4.2	110.7	110.7	110.7	111.3	111.3	111.3	111.3	111.3	111.3	112.5	112.4	110.4	112.4	112.9
Miscellaneous goods and services	3.1	109.5	110.1	110.1	110.1	110.1	110.5	110.8	110.3	110.3	110.4	110.4	110.4	110.4	110.4
Total of All Items Index	100.0	116.4	117.1	117.6	118.9	120.2	120.7	120.9	120.7	120.5	119.9	119.5	119.4	119.8	120.8
Other Selected Groups															
Food and non-alcoholic beverages - combining food consumed at home and food consumed in restaurants	37.1	124.0	125.7	127.0	129.0	130.5	131.0	131.8	131.6	130.8	129.2	128.3	128.4	128.7	130.7
Energy and fuels - combining electricity and other fuels for use at home with petrol and diesel	8.7	152.6	150.5	150.1	154.0	158.9	161.3	160.9	160.5	161.3	160.5	160.8	159.6	162.1	162.7
All items less food	62.9	114.9	115.1	115.2	116.2	117.4	117.9	118.1	118.3	118.4	118.3	118.3	118.1	118.6	118.9
All items less food and energy	54.3	106.9	109.4	109.6	110.1	110.8	111.0	111.2	111.5	111.5	111.5	111.5	111.5	111.6	111.9

Source: National Bureau of Statistics



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

Main Groups	Ref period: December 2015=100														
	Weights (%)	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Food and non alcoholic beverages	47.8	6.1	6.3	5.7	5.9	5.3	4.6	4.4	4.4	3.8	3.7	3.4	3.4	2.8	3.0
Alcoholic, tobacco and narcotics	3.3	1.3	0.6	0.5	0.1	-0.5	-0.4	-0.3	-0.3	0.1	0.9	-0.6	-0.6	-0.6	-0.2
Clothing and footwear	6.7	2.3	2.2	2.1	2.1	2.2	2.2	2.1	2.1	2.3	1.9	2.0	2.0	1.9	2.7
Housing, water, electricity, gas and other fuel	9.2	3.7	4.4	4.9	4.5	4.9	6.5	6.7	6.7	9.5	8.6	8.5	8.2	9.1	10.2
Furnishing, housing equipment and routine Maintenance of the house	6.7	3.9	2.7	2.5	2.2	1.7	1.7	1.7	1.7	1.8	1.7	1.7	1.5	1.5	1.3
Health	0.9	1.8	1.5	1.4	0.9	0.5	0.2	0.4	0.4	0.9	0.9	0.9	0.9	1.0	1.0
Transport	9.5	0.4	0.8	1.7	2.2	2.2	1.7	1.3	1.3	0.5	1.7	1.7	2.0	1.6	0.9
Communication	2.1	0.8	1.1	1.1	0.7	-0.2	0.0	0.0	0.0	0.2	0.5	0.5	0.4	0.6	0.3
Recreation and culture	1.3	1.4	1.4	1.1	1.1	1.1	0.7	-1.2	-1.2	0.7	0.4	-0.3	0.6	0.7	0.4
Education	1.7	1.6	1.6	1.3	1.5	1.4	1.3	1.3	1.3	1.3	1.3	1.2	1.3	1.3	1.3
Restaurants and hotels	6.4	4.0	3.2	2.8	2.1	0.7	0.7	0.7	0.7	1.9	1.9	1.5	1.6	1.6	1.9
Miscellaneous goods and services	4.5	2.1	1.8	1.6	1.5	1.0	1.1	1.2	1.2	0.6	0.8	0.7	0.9	0.9	0.3
Total ceAll Items Index	100.0	3.8	3.8	3.7	3.7	3.4	3.3	3.2	3.2	3.3	3.3	3.1	3.1	3.0	3.2
Other Selected Groups															
Food and non-alcoholic beverages - combining food consumed at home and food consumed in restaurants	51.0	6.7	6.9	6.4	6.6	5.9	5.2	5.2	5.2	5.2	4.9	4.8	4.4	3.7	4.0
Energy and fuels - combining electricity and other fuels for use at home with petrol and diesel	5.7	3.0	2.8	4.0	3.2	2.9	4.1	3.5	3.5	3.5	5.7	5.9	5.8	6.3	8.0
All items less food	49.0	2.4	2.3	2.4	2.4	2.2	2.5	2.4	2.4	3.2	3.1	3.1	3.0	3.2	3.4
All items less food and energy	43.3	2.2	2.1	2.1	2.2	2.1	2.1	2.2	2.2	2.2	2.6	2.5	2.4	2.5	2.3

Source: National Bureau of Statistics



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

Main Groups	Weights (%)													
	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	
Headline	100.0	112.3	113.6	114.5	113.6	114.2	116.7	115.1	114.8	114.3	112.7	112.6	112.6	112.9
Food	42.7	111.2	113.7	115.4	113.0	114.9	119.0	117.5	115.7	116.0	111.7	111.1	110.9	112.3
Non-Food	57.3	113.0	113.4	113.8	114.1	113.6	114.9	113.3	114.2	113.0	113.4	113.8	113.8	113.3
Food and non-alcoholic beverages	43.6	111.2	113.7	112.9	114.9	114.9	119.0	117.5	115.6	115.9	111.7	111.1	110.9	112.2
Alcoholic beverages, tobacco & narcotics	0.2	134.9	134.9	134.9	134.9	134.9	134.9	134.9	135.8	135.8	135.1	135.9	135.1	135.1
Clothing and footwear	6.9	107.1	107.1	107.0	107.3	107.6	108.7	108.8	108.7	108.4	108.4	108.6	108.2	108.1
Housing, water, electricity, gas and other fuels	18.4	114.6	114.6	115.0	115.5	114.7	119.3	117.0	118.4	113.9	114.5	115.6	115.8	114.7
Furnishing, household equipment and routine household maintenance	5.5	119.5	119.4	119.5	120.2	120.6	120.4	119.9	119.9	120.9	120.9	120.5	120.7	120.6
Health	2.1	114.3	118.8	121.5	122.0	121.8	123.5	123.6	123.6	124.0	127.2	127.2	127.2	127.2
Transport	9.6	114.3	115.0	115.5	115.0	113.0	110.8	105.6	108.0	109.8	110.2	110.2	110.3	109.6
Communication	4.2	114.8	114.8	114.8	114.8	114.8	114.8	114.8	114.8	114.9	114.9	114.9	114.9	114.9
Recreation and culture	1.3	110.1	110.1	110.1	112.9	112.9	114.4	114.4	114.4	114.1	114.1	114.1	114.1	113.9
Education	1.9	109.7	113.2	113.2	113.2	113.2	113.2	113.2	113.2	113.2	113.2	113.2	113.2	113.2
Restaurants and hotels	3.9	106.3	106.7	106.7	107.1	107.1	107.1	107.1	107.1	107.1	107.7	107.7	107.1	107.1
Miscellaneous goods & services	2.3	108.6	109.4	109.5	109.5	108.7	110.3	110.3	111.0	109.9	109.4	109.4	109.6	109.6

Source: Office of Chief Government Statistician, Zanzibar



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

Main Groups	Weights (%)												
	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Headline	3.3	4.9	6.2	5.0	4.7	5.3	3.4	3.6	2.4	2.1	1.6	1.0	0.5
Food	4.3	7.7	9.5	8.1	8.1	8.8	6.3	6.7	4.9	4.1	2.3	1.5	0.8
Non-Food	2.5	2.8	3.8	2.8	2.2	2.5	1.2	1.4	0.5	0.7	1.0	0.7	0.3
Food and non-alcoholic beverages	4.3	7.7	9.5	8.1	8.1	8.8	6.3	6.7	4.9	4.1	2.3	1.5	0.8
Alcoholic beverages, tobacco & narcotics	0.2	22.2	22.4	22.4	22.4	22.4	22.4	11.4	24.5	0.2	0.7	0.2	0.2
Clothing and footwear	6.9	0.1	0.2	0.3	1.8	1.4	1.7	1.9	1.5	1.2	1.1	0.8	1.0
Housing, water, electricity, gas and other fuels	18.4	0.3	1.7	2.7	1.8	4.5	3.3	4.2	-1.7	0.9	1.4	1.3	0.1
Furnishing, household equipment and routine household maintenance	5.5	4.0	2.6	3.0	3.7	3.4	2.9	2.2	2.3	1.8	1.4	1.2	0.9
Health	2.1	7.6	9.1	11.7	12.0	11.3	12.8	12.9	8.6	7.3	11.4	11.3	11.3
Transport	9.6	-0.3	0.9	3.7	3.2	0.7	-2.1	-7.1	0.9	-4.4	-2.9	-3.9	-4.1
Communication	4.2	15.8	15.8	15.8	0.0	0.0	0.0	0.0	15.8	0.1	0.1	0.1	0.1
Recreation and culture	1.3	2.3	2.3	2.3	4.9	5.0	5.8	4.4	3.9	4.7	3.6	3.6	3.5
Education	1.9	3.1	3.2	3.2	3.2	3.2	3.2	3.2	4.0	3.2	3.2	3.2	3.2
Restaurants and hotels	3.9	5.4	0.4	0.4	0.8	0.8	0.8	0.8	6.0	1.4	1.4	0.8	0.8
Miscellaneous goods & services	2.3	4.2	3.6	3.7	3.7	3.5	3.0	3.6	4.9	1.1	1.0	1.0	1.0

Source: Office of Chief Government Statistician, Zanzibar



Table A4: Depository Corporations Survey

Billions of TZS

Items	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Net foreign assets (NFA) of the banking system	12,034.5	11,811.0	11,958.4	12,009.1	11,724.1	11,444.9	11,289.2	11,431.5	11,806.0	11,267.1	11,049.6	10,387.9	10,740.2
NFA of the Bank of Tanzania	12,063.1	11,973.5	12,009.0	11,749.7	11,580.4	11,466.7	11,258.9	11,149.8	11,068.3	10,667.5	10,693.3	10,336.5	10,308.8
Net international reserves (Millions of USD)	5,530.5	5,495.2	5,506.8	5,366.0	5,309.0	5,259.0	5,159.1	5,095.6	5,118.4	4,928.0	4,918.6	4,795.1	4,755.8
NFA of the banks	-28.5	-162.6	-50.6	259.4	143.7	-21.7	30.3	363.4	656.2	599.5	356.3	51.5	431.4
Banks NFA (Millions of USD)	-12.5	-71.0	-25.1	113.3	62.7	-9.5	13.2	158.2	265.6	260.9	155.0	22.4	187.7
Net domestic claims	16,278.6	16,303.2	16,458.5	16,233.4	17,043.7	17,585.9	18,552.4	17,907.4	18,197.2	18,162.1	18,651.6	19,233.0	19,178.0
Domestic claims	23,589.3	23,692.0	23,538.5	23,730.2	24,379.3	24,902.4	25,697.1	25,180.0	25,759.3	25,247.8	25,806.0	26,153.0	26,082.8
Claims on central government (net)	3,893.9	3,882.3	3,635.5	3,717.4	4,684.7	5,131.3	5,807.9	5,445.7	5,038.9	5,038.9	5,533.9	5,767.5	5,791.4
Claims on central government	8,406.0	8,677.7	8,989.0	9,170.3	9,411.8	9,880.3	9,137.2	11,500.7	12,027.0	12,313.4	12,768.6	13,034.5	12,559.2
Ow Securities held by banks	5,169.3	5,323.9	5,337.4	5,414.5	5,528.0	5,629.9	5,493.8	5,574.4	5,723.2	5,672.4	5,687.4	5,639.7	5,714.1
Liabilities to central government	4,514.1	4,795.4	5,353.5	5,292.9	4,747.1	4,749.0	3,329.2	6,240.7	6,581.3	7,274.5	7,234.7	7,267.0	6,767.7
Claims on the private sector	19,695.4	19,809.7	19,904.0	20,012.8	19,714.5	19,771.1	19,889.2	19,920.0	20,313.6	20,209.0	20,272.1	20,385.5	20,291.4
Ow Extended in Shillings	42.3	44.8	45.6	42.1	53.3	51.4	60.8	46.8	43.5	33.7	36.5	37.8	30.3
Extended in foreign currency	14,072.6	14,111.0	14,249.5	14,331.4	14,057.7	14,148.5	14,388.0	14,504.6	14,797.4	15,042.4	15,124.0	15,174.3	15,133.3
Equivalent in millions of USD	6,148.9	6,165.9	6,223.8	6,260.0	6,136.8	6,174.1	6,272.4	6,312.8	6,440.1	6,547.0	6,582.4	6,604.2	6,585.7
Other items net	-7,310.7	-7,388.8	-7,081.0	-7,496.8	-7,335.5	-7,316.5	-7,144.7	-7,272.7	-7,562.1	-7,085.7	-7,154.4	-6,920.0	-6,904.9
Extended broad money supply (M3)	28,313.1	28,114.2	28,417.0	28,242.4	28,767.9	29,030.8	29,841.6	29,388.8	30,003.2	29,429.2	29,701.2	29,620.9	29,918.2
Foreign currency deposits (FCD)	7,032.9	6,982.8	7,154.2	7,209.9	6,741.0	6,879.7	6,630.1	6,771.5	7,369.0	7,138.6	6,704.4	6,715.2	6,903.0
FCD (Millions of USD)	3,072.9	3,051.2	3,124.8	3,149.3	2,942.7	3,002.2	2,890.4	2,947.2	3,207.1	3,107.0	2,917.9	2,922.6	3,004.0
Broad money supply (M2)	21,280.3	21,131.3	21,262.7	21,032.5	22,026.9	22,151.1	23,211.6	22,567.3	22,634.3	22,290.6	22,996.8	22,905.7	23,015.2
Other deposits	7,955.1	7,840.0	7,923.2	8,051.3	8,144.0	8,214.0	8,341.7	8,231.1	8,320.7	8,623.3	8,424.0	8,577.8	8,701.6
Narrow money supply (M1)	13,325.1	13,291.4	13,339.5	12,981.2	13,882.9	13,937.1	14,869.9	14,336.3	14,313.6	13,667.3	14,572.8	14,327.9	14,313.6
Currency in circulation	4,221.8	4,030.4	4,026.3	3,911.9	3,943.2	4,077.9	4,231.8	4,270.3	4,264.2	4,323.7	4,494.4	4,478.4	4,496.8
Transferable deposits	9,103.3	9,261.0	9,313.2	9,069.3	9,939.7	9,853.2	10,638.1	10,066.0	10,049.4	9,343.5	10,078.4	9,849.5	9,816.8
Memorandum items													
Reserve money	7,466.4	7,200.8	7,114.5	6,876.6	7,445.4	7,509.8	8,302.4	7,609.5	8,124.5	7,627.9	8,068.3	7,437.5	7,189.3
Banks' reserves	2,218.2	2,226.7	2,227.7	2,036.8	2,588.9	2,550.7	3,139.3	2,425.3	2,244.7	1,764.8	1,970.4	2,038.5	1,667.4
Currency outside Bank of Tanzania	5,248.2	4,974.0	4,886.7	4,839.8	4,856.4	4,959.1	5,163.1	5,184.3	5,164.4	5,234.6	5,397.2	5,399.0	5,502.0
Average reserve money	7,489.9	7,221.8	7,005.2	6,958.4	7,378.3	7,354.2	7,851.8	7,942.4	7,624.7	7,368.2	7,288.5	7,547.0	7,523.1
Normal exchange rate (end of period) (TZS/USD)	2,288.6	2,288.6	2,288.5	2,289.3	2,290.7	2,291.6	2,293.8	2,297.6	2,297.7	2,297.6	2,297.6	2,297.7	2,297.9
Gross official reserves (Millions of USD)	5,567.6	5,521.1	5,532.3	5,284.4	5,334.3	5,284.4	5,184.7	5,118.7	5,124.4	4,839.6	4,930.3	4,806.9	4,767.7
Foreign assets of banks (Millions of USD)	1,066.4	1,043.0	1,018.6	1,022.1	978.8	948.5	949.6	1,085.3	1,210.8	1,248.5	1,138.1	1,075.3	1,273.8
Gross foreign assets of the banking system (Millions of USD)	6,634.0	6,575.1	6,550.9	6,453.4	6,313.0	6,232.9	6,134.4	6,204.0	6,335.1	6,188.2	6,068.4	5,862.2	6,041.5
Annual growth rates (%)													
Stock of reserve money	6.8	7.4	4.0	2.8	10.1	7.7	4.3	4.8	14.0	5.7	6.2	0.4	-4.0
Average reserve money	8.2	5.6	3.1	1.2	8.6	7.0	9.3	7.7	7.3	2.7	-0.6	2.2	0.4
Extended broad money supply (M3)	9.6	9.1	9.9	12.2	11.9	12.2	11.9	9.5	8.9	10.5	6.5	5.9	5.2
Broad money supply (M2)	11.8	11.4	10.3	10.8	13.9	12.9	10.5	10.6	10.2	9.1	10.7	8.7	8.2
Credit to the private sector	11.1	9.1	8.0	8.6	5.8	5.1	5.5	5.5	6.8	5.2	4.9	5.2	3.0

Source: Bank of Tanzania



Table A5: Capital and Money Market Interest Rates

Items	Percent													
	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
Interbank cash market rates														
Overnight	4.68	3.63	3.90	3.99	4.40	4.83	4.19	4.32	3.20	3.09	3.54	3.91	3.58	3.70
2 to 7 days	5.05	4.91	4.91	4.88	5.22	5.37	5.24	4.75	3.99	3.76	4.01	4.23	4.24	4.09
8 to 14 days	5.23	5.02	5.41	5.59	5.62	5.34	5.56	5.07	4.83	4.55	4.51	4.50	4.61	4.58
15 to 30 days	5.47	5.54	5.21	5.59	5.29	5.68	5.25	5.05	4.70	4.21	4.22	4.37	4.16	4.25
31 to 60 days	6.15	6.15	7.18	7.35	6.85	6.80	6.19	5.73	5.78	3.95	5.18	5.32	5.31	5.12
61 to 90 days	5.00	6.50	6.50	6.00	6.00	6.00	5.30	5.30	5.30	5.30	4.75	4.75	5.35	7.25
91 to 180 days	6.34	6.34	7.25	8.70	8.70	8.70	5.75	5.36	5.00	5.88	5.49	5.67	5.62	5.62
181 and above	7.33	7.33	7.33	7.33	7.33	7.71	7.56	7.69	10.00	10.00	6.77	6.96	7.95	8.35
Overall interbank cash market rate	5.18	4.59	4.79	4.20	5.14	5.41	5.08	4.87	3.97	3.74	4.12	4.28	4.29	4.17
Lombard rate	7.02	6.75	6.75	6.75	6.75	7.25	6.29	6.49	4.80	4.64	5.31	5.87	5.38	5.55
REPO rate	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50
182 days	4.57	4.53	4.23	4.28	4.26	4.06	3.69	3.30	3.02	2.58	2.58	2.58	2.59	2.61
364 days	6.10	5.91	5.91	5.77	5.27	4.94	4.77	4.70	4.14	3.98	3.94	4.00	4.29	4.45
Overall Treasury bills rate	5.98	5.81	5.64	5.72	5.25	4.88	4.64	2.97	4.04	3.88	3.94	4.01	4.01	4.10
Treasury bonds rates														
2-years	11.08	11.08	10.26	10.26	8.34	8.34	8.34	8.34	8.34	7.09	7.09	7.09	7.09	7.09
5-years	11.95	11.95	11.95	11.95	11.95	11.95	11.95	11.95	11.95	11.95	11.95	11.95	9.10	9.10
7-years	12.89	12.89	12.89	12.89	12.89	12.89	11.20	11.20	11.20	11.20	11.20	10.09	10.09	10.09
10-years	14.52	14.52	14.53	14.53	12.90	12.90	12.90	12.90	12.02	11.49	11.49	11.49	11.47	11.56
15-years	15.37	15.24	15.19	14.54	14.54	14.19	14.19	14.30	13.83	13.83	13.50	13.50	13.50	13.53
Discount rate	7.00	7.00	7.00	7.00	7.00	7.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00

Source: Bank of Tanzania



Table A6: Commercial Banks' Interest Rates

Items	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
<i>Percent</i>													
A: Domestic currency													
Savings deposit rate	2.32	2.29	2.27	2.30	2.38	2.43	2.26	2.32	2.35	2.32	2.35	2.34	2.44
Overall time deposits rate	6.79	6.89	6.87	6.83	6.69	6.80	6.74	6.47	6.48	6.31	6.50	6.74	7.09
1 month	7.97	7.27	9.09	8.73	8.15	7.18	8.33	8.15	8.15	8.88	7.74	7.44	8.48
2 months	5.05	6.91	5.01	7.41	6.34	5.94	6.84	6.59	5.69	4.30	6.80	7.02	8.09
3 months	7.93	5.78	6.44	6.45	5.96	6.33	6.84	6.05	7.22	7.28	7.63	7.63	7.61
6 months	6.73	7.54	7.96	8.06	6.54	7.71	6.85	7.65	7.90	7.57	7.80	6.73	7.48
12 months	8.90	9.27	8.60	8.10	8.01	8.57	7.54	7.63	8.37	8.16	8.22	8.43	8.41
24 months	9.85	10.23	9.79	7.84	10.28	10.56	9.63	7.71	7.01	6.79	6.57	8.98	8.59
Negotiated deposit rate	9.08	9.51	9.50	9.41	9.66	9.53	9.27	9.39	9.31	9.05	9.12	8.20	9.22
Overall lending rate	16.76	16.81	16.84	16.78	16.91	16.67	16.51	16.55	16.58	16.30	16.63	16.61	16.74
Short-term (up to 1 year)	16.28	15.51	15.84	15.83	16.37	16.20	15.99	15.38	15.30	15.04	15.87	15.70	15.72
Medium-term (1-2 years)	18.67	18.65	18.73	18.30	18.38	18.29	18.12	18.23	18.24	17.11	18.27	18.38	18.69
Medium-term (2-3 years)	17.71	17.92	17.85	17.52	17.63	17.50	17.35	17.41	17.44	17.68	16.90	16.87	16.83
Long-term (3-5 years)	15.85	16.51	16.39	16.30	16.28	16.06	15.88	16.20	16.11	16.20	16.20	16.19	16.23
Term loans (over 5 years)	15.29	15.45	15.42	15.94	15.90	15.31	15.21	15.54	15.80	15.46	15.93	15.92	16.24
Negotiated lending rate	14.00	13.19	13.26	13.32	13.51	14.48	14.52	13.62	13.10	13.69	13.97	13.97	13.86
B: Foreign currency													
Deposits rates													
Savings deposits rate	2.71	2.55	2.62	2.64	2.56	1.56	0.80	1.12	1.17	1.16	0.95	0.83	1.04
Overall time deposits rate	2.23	2.36	1.86	1.84	2.60	2.26	2.24	2.29	2.24	2.14	2.23	2.59	2.45
1-months	1.26	1.31	1.46	1.01	1.06	1.01	1.07	1.05	1.79	1.18	1.15	1.17	1.35
2-months	1.95	2.59	1.13	1.11	2.99	2.32	2.03	2.25	2.36	2.04	2.70	4.13	2.11
3-months	3.79	2.43	1.37	1.21	3.09	2.96	3.27	3.23	2.13	2.84	2.30	3.21	3.33
6-months	1.67	2.28	2.23	2.74	2.96	2.40	2.36	2.62	2.80	2.76	2.83	2.40	1.92
12-months	2.50	3.20	3.13	3.12	2.92	2.62	2.49	2.33	2.10	1.87	2.15	2.04	3.53
Overall lending rate	6.94	6.17	6.40	6.24	6.37	6.39	6.45	6.50	6.37	6.51	6.87	6.97	6.82
Short-term (up to 1 year)	7.28	6.31	7.10	7.17	7.30	8.24	8.16	8.07	7.66	8.61	8.94	8.74	8.94
Medium-term (1-2 years)	7.99	5.03	5.11	5.38	5.56	4.81	4.67	4.70	4.63	4.59	4.07	4.34	4.00
Medium-term (2-3 years)	7.71	5.99	5.96	5.90	6.23	5.99	6.80	6.36	6.04	6.07	5.33	5.89	5.79
Long-term (3-5 years)	7.16	7.29	7.64	7.80	7.87	7.48	7.19	7.65	7.84	7.79	8.99	8.88	8.36
Term loans (over 5 years)	4.58	6.23	6.18	4.95	4.88	5.42	5.45	5.73	5.70	5.48	6.99	6.99	6.99

Source: Bank of Tanzania



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

Millions of TZS

Item	Budget 2020/21	July 2020 - December 2020		Percent of estimates
		Estimate	Actual	
Total revenue (including LGAs)	24,065,542.3	11,757,890.7	10,467,172.4	89.0
Central government revenue	23,250,581.3	11,335,064.7	10,090,667.4	89.0
Tax revenue	20,135,956.8	10,013,295.6	8,921,891.9	89.1
Taxes on imports	7,168,841.7	3,550,828.8	3,298,337.2	92.9
Sales/VAT and excise on local goods	4,473,393.9	2,305,373.0	1,968,268.7	85.4
Income taxes	7,173,649.0	3,497,373.2	3,115,948.7	89.1
Other taxes	1,320,072.2	659,720.5	539,337.2	81.8
Non- tax revenue	3,114,624.5	1,321,769.1	1,168,775.5	88.4
LGA own sources	814,961.0	422,826.0	376,505.0	89.0
Total expenditure ¹	29,100,434.0	13,325,421.8	10,856,532.6	81.5
Recurrent expenditure	16,321,179.0	7,948,116.0	6,932,645.1	87.2
Wages and salaries	7,762,389.5	3,868,519.0	3,630,141.0	93.8
Interest payments	2,870,582.5	1,234,860.8	1,334,542.7	108.1
Other goods, services and transfers	5,688,207.0	2,844,736.1	1,967,961.4	69.2
Development expenditure and net lending	12,779,255.0	5,377,305.8	3,923,887.5	73.0
Local	10,043,206.1	3,838,529.9	2,990,188.2	77.9
Foreign	2,736,048.9	1,538,775.9	933,699.3	60.7
Balance before grants	-5,034,891.7	-1,567,531.1	-389,360.2	24.8
Grants	949,322.5	494,595.3	327,333.9	66.2
Balance after grants	-4,085,568.3	-1,072,935.7	-62,026.3	5.8
Expenditure float	0.0	0.0	-7,318.0	
Adjustments to cash and other items (net)	0.0	0.0	-194,173.2	
Overall balance	-4,085,568.3	-1,072,935.7	-263,517.5	
Financing	4,085,568.3	1,072,935.7	263,517.5	
Foreign financing (net)	2,497,399.1	-107,244.4	-524,304.9	
Domestic (net) ²	1,588,169.2	1,180,180.1	787,822.4	

Source: Ministry of Finance and Planning

Note: 1 Exclude amortization and expenditure float, includes road fund and retention expenditure

2 Positive value means financing and a negative value means repayment/ build - up of deposits

LGA stands for Local Government Authority; VAT, value added tax;



Table A8: Zanzibar Central Government Operations

Billions of TZS

Item	Budget 2020/21	Jul-Dec 2020		Percent of estimates
		Estimates	Actual	
Total Revenue	976.5	492.6	295.0	59.9
Tax Revenue	859.7	452.5	260.2	57.5
Tax on Imports	179.2	91.8	64.5	70.3
VAT and Excise Duties (local)	195.8	125.5	56.2	44.7
Income Tax	192.0	80.8	62.6	77.5
Other Taxes	292.7	154.4	76.9	49.8
Non-Tax Revenue	116.8	40.1	34.8	86.8
Total Expenditure	1,579.2	567.1	472.3	83.3
Recurrent Expenditure	969.3	441.7	353.2	80.0
Wages and Salaries	440.6	198.9	202.4	101.7
Other Expenditure	528.7	242.8	150.8	62.1
Development Expenditure	609.9	125.3	119.1	95.0
local	197.3	48.2	23.2	48.1
foreign	412.6	77.1	95.9	124.3
Overall Surplus/ Deficit before grants	-602.7	-103.2	-177.3	171.8
Grants	82.7	4.0	7.5	189.7
Project grant	82.7	4.3	7.5	173.4
Overall Surplus/Deficit after grants	-520.0	-99.2	-169.8	171.1
Adjustment to cash and other items	190.0	37.5	47.4	126.4
Overall Deficit cheques Cleared	-385.5	-61.7	-130.2	211.0
Financing	385.5	62.7	138.1	220.3
Foreign	340.5	62.7	88.3	140.8
Domestic (net)	45.0	0.0	49.8	

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

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



Table A9: Tanzania's Balance of Payments

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

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

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



Table A10: Zanzibar: Goods Exports by Major Category

Export category	Units	July - December		Percentage change
		2019/2020	2020/2021 ^P	
Traditional exports				
Clove				
Value	USD ('000')	4,057.1	1,461.7	-64.0
Volume	000 Tonnes	0.9	0.2	-81.3
Unit price	USD/Tonne	4,507.9	6,091.9	35.1
Non-traditional exports				
Seaweeds				
Value	USD ('000')	2,243.8	1,270.6	-43.4
Volume	000 Tonnes	3.2	9.8	---
Unit price	USD/Tonne	701.2	129.7	-81.5
Manufactured goods	USD ('000')	1,396.8	2,897.9	---
Fish and fish products	USD ('000')	505.9	737.3	45.7
Others exports	USD ('000')	308.6	10,732.5	---
Sub-total	USD ('000')	4,455.1	15,638.3	---
Grand-total	USD ('000')	8,512.2	17,100.0	---

Source: Tanzania Revenue Authority and Bank of Tanzania computations

Note: Other exports include mainly souvenirs and spices

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

Table A11: Zanzibar: Imports by Major Category

Millions of USD

Import Category	July-December		Percentage change
	2019/20	2020/21 ^P	
Capital goods	37.2	123.6	---
Transport equipment	9.8	30.2	---
Building and construction	7.7	15.0	95.2
Machinery	19.7	78.4	---
Intermediate goods	59.2	34.1	-42.4
Oil imports	45.5	15.5	-66.0
Industrial raw materials	13.7	18.6	35.7
Consumer goods	55.2	60.4	9.4
Food and food stuffs	25.1	16.0	-36.4
All other consumer goods	30.1	44.4	47.5
Grand total (c.i.f)	151.6	218.0	43.8
Grand total (f.o.b)	138.0	198.4	43.8

Source: Tanzania Revenue Authority and Bank of Tanzania

Note: "---" denotes change exceeds 100 percent; c.i.f, cost insurance and freight,

f.o.b, free on board and "p" denotes provisional data



GLOSSARY

Clearing Balances

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

Core Inflation

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

Debt sustainability

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

Disbursed Outstanding Debt (DOD)

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

Discount Rate

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

Exchange Rate

The price at which one unit of a currency can be purchased with another currency, for instance TZS per US dollar.



Financial Soundness indicators (FSIs)

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

Foreign Exchange Reserves

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

Gross Domestic Product (GDP)

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

Inflation

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



Lombard Facility

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

Minimum Reserve Requirement

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

Money Supply (M)

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

- M1** – Currency in circulation outside banking system plus demand deposits (cheque account) of residents with banks in the country
- M2** – M1 plus fixed deposits and savings deposits of residents with banks in the country
- M3** – M2 plus residents' foreign currency deposits

National debt

Total national debt obligations that include public debt, both external and domestic, publicly guaranteed external debt and private sector external debt.



Non-Food Inflation

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

Non-performing Loan

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

Public Debt

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

Repurchase agreements (Repo)

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

Reverse repo

An arrangement involving buying of securities at a specified price with



commitment to resale the same or similar securities at a fixed price on a specified future date.

Reserve Money (M0)

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

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