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# **MONETARY POLICY STATEMENT**

**2021/22**

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**GOVERNOR  
BANK OF TANZANIA**

June 2021





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BANK OF TANZANIA**

June 2021





10<sup>th</sup> June 2021

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

Honourable Minister,

### **LETTER OF TRANSMITTAL**

Pursuant to Section 21 (3) to (6) of the Bank of Tanzania Act, Cap. 197, I hereby submit the **Monetary Policy Statement** of the Bank of Tanzania for 2021/22 for subsequent submission to the National Assembly.

The Monetary Policy Statement reviews the recent global and domestic macroeconomic developments, and the outcome of implementation of monetary policy during 2020/21 against the targets. It then describes global and domestic macroeconomic outlook, and concludes by outlining the monetary policy stance and measures that the Bank of Tanzania intends to pursue in 2021/22 in order to meet its policy objectives.

Yours Sincerely,

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

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## EXECUTIVE SUMMARY

### Introduction

The Bank of Tanzania, under Section 21 (3) to (6) of the Bank of Tanzania Act, Cap. 197, is mandated to issue *Monetary Policy Statement* at the beginning of fiscal year, followed by a mid-year review that shows progress in the implementation of monetary policy. This Monetary Policy Statement reviews the recent global and domestic macroeconomic developments amidst adverse effects of the COVID-19 pandemic, and the outcome of implementation of monetary policy in 2020/21 against the targets. In addition, it describes global and domestic macroeconomic outlook and concludes by specifying the monetary policy stance and measures that the Bank of Tanzania intends to pursue in 2021/22 in order to achieve its policy objectives in line with broader macroeconomic objectives of the Governments.

### Global Economy

The global economy was in recession in 2020 due to negative effects of COVID-19. The IMF estimates the global economy to have contracted by 3.3 percent in 2020, while the World Bank estimates a contraction of 4.3 percent. The estimated growth outturn was uneven across countries, with only a few countries avoiding recession. Output losses were particularly large in countries reliant on tourism and commodity exports, and for those with limited policy space to respond to the pandemic. Global trade and investment were severely undermined in 2020, as countries adopted lockdown measures to limit the spread of the pandemic, and commodity prices declined, except gold price.



A significant rebound of the global economy is expected in 2021 and subsequent periods, as countries progressively remove lockdown measures, along with fiscal stimulus and accommodative monetary policy. The IMF projects the global economy to grow at 6.0 percent in 2021 and 4.4 percent in 2022, the World Bank at 4.0 percent and 3.8 percent, respectively. The recovery remains uneven across countries, largely reflecting differences in economic structure and response measures adopted.

Inflation remained muted in many countries, albeit recently edging up in some countries. In the EAC, inflation levels were in close ranges and remained below the convergence criteria of a ceiling of 8 percent. The SADC region experienced large variations in inflation levels, but were within the convergence criteria of 3-7 percent, except in a few countries. The IMF projects global inflation to remain low in 2021, but higher than in the preceding year, due to expected rise in energy prices.

## **Economic Performance in Tanzania**

### ***Tanzania Mainland***

The economy recorded a slow growth of 4.8 percent in 2020, due to adverse impact of the pandemic. The growth outturn was much lower compared with 7.0 percent in the preceding two years and five-year growth average of 6.8 percent. The impact of the pandemic to the economy was less severe due to the decision of not imposing a nationwide lockdown on economic activities. The main growth drivers were construction, agriculture, transport and storage, and manufacturing activities. In 2021, growth is projected at 5.6 percent, mainly driven by agriculture due to expected favourable weather, construction on



account of ongoing public investment in infrastructure, transport owing to logistics for intra-regional trade. Monetary policy easing and prudent fiscal policy measures, coupled with implementation of measures to improve business environment and normalization of global trade and investment will provide impetus to the growth momentum.

Inflation remained low and within the benchmarks set forth at both the national and regional levels<sup>1</sup>. Inflation averaged 3.2 percent during July 2020 to April 2021, lower than 3.6 percent in the corresponding period in 2019/20. The low and stable inflation was mainly attributable to adequate food supply, stable exchange rate and prudent fiscal and monetary policies. The achievement is expected to carry on in 2021/22, with inflation projected to a range of 3-5 percent, underpinned by anticipated adequate food supply in the country, exchange rate stability, coupled with prudent monetary and fiscal policies.

The sustained monetary policy easing contributed to satisfactory growth in money supply, albeit at a slow pace compared to targets for 2020/21, owing to weak aggregate demand and uncertainty in the wake of global effects of COVID-19 pandemic. On average, extended broad money supply (M3) grew by 6.8 percent during July 2020 to April 2021, compared with the target of 10.0 percent and a growth of 9.9 percent in the corresponding period of 2019/20. Growth of credit to the private sector remained positive but subdued at an average growth rate of 4.3 percent, compared with the target of 11.6 percent and average growth of 8.7 percent recorded in the corresponding period of 2019/20. The general slowdown in growth of credit to the private sector was attributable to decline in demand for new loans, reflecting adverse effects of COVID-19 on some businesses and investment.

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<sup>1</sup> The country inflation target for 2020/21 ranges between 3 and 5 percent, EAC ceiling of 8 percent, and SADC range of 3-7 percent.



Government budgetary operations were broadly on track, despite facing challenges attributable to weak global economic condition and spillover effects on the domestic economy. Domestic revenue amounted to TZS 16,973.2 billion during July 2020 to April 2021, which was about 86 percent of the target. The performance was due to strengthened tax administration and sustained positive growth of the economy. Expenditure amounted to TZS 19,875.0 billion, of which recurrent expenditure was 58.9 percent. Public debt stock, external and domestic, amounted to USD 26,469.8 million at the end of April 2021, up from USD 24,553.3 million at the end of June 2020. The debt remained sustainable with low risk of distress.

The external sector of the economy performed satisfactorily despite facing global spillover effects of COVID-19. The effects have apparently been moderated by diversified economic structure, limited level of trade openness of around 30 percent, and partial restrictions in capital account transactions. Current account deficit was around 2 percent of GDP, bolstered by earnings from exports of gold and low level of oil imports due to prices effects. Foreign exchange reserves remained adequate, amounting to USD 4,969.7 million at the end of April 2021, down from USD 5,334.3 million in April 2020. The reserves were sufficient to cover about 5.8 months of projected imports of goods and services<sup>2</sup>.

The banking sector remained stable and profitable, with capital and liquidity levels above the regulatory requirements. The quality of assets of banks improved, as the ratio of non-performing loans (NPLs) to gross loans declined to 9.81 percent in April 2021 from 10.84 percent in June 2020. The Bank continued to take measures to reduce NPLs close

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<sup>2</sup> The level of reserves was within the country benchmark of at least 4.0 months and EAC convergence criteria of 4.5 months



to the desired level of 5 percent. The measures include enforcement of risk based prudential requirements and requiring banks to improve credit underwriting standards by using reports from Credit Reference Bureaus in loan application assessment and granting process. In addition, the Bank has instituted mechanisms of monitoring banks in the implementation of strategies to reduce NPLs. Banks are also required to submit credit information to the credit reference system and adhere to the Tanzania Banker's Association Code of Conduct for staff of the banking sector.

National payment systems continued to operate efficiently, in the wake of increased utilization of digital platforms for transactions at a reduced cost. Significant progress has been made in enhancing access to financial services, through the usage of mobile phones. The proportion of adult population accessing financial services through mobile phones reached 78.8 percent in April 2021 compared to 76.2 percent in 2019/20. Likewise, the usage of mobile financial services increased to 92.8 percent from 81.2 percent. This upward trend has been observed in the past five years, mainly due to technological advancement, financial innovations, as well as appropriate policy and regulatory frameworks. In addition, the Bank of Tanzania decision to enhance mobile money transaction limits and daily balances to promote cashless transactions during COVID-19 pandemic, contributed to the increased use of digital financial services. The Bank will continue to spearhead the use of digital payment systems for transactions, including online banking and point of sales.



## Zanzibar

Zanzibar economy grew at 1.3 percent in 2020, slower than 7.0 percent in the preceding year, reflecting the impact of the pandemic on economic activities, particularly tourism. The economy has shown indication of higher growth in 2021, due to resumption of activities in the hospitality industry and diversification of the economy through better utilization of maritime and marine resources (blue economy). The pace of growth will depend on normalization of the global economy.

Zanzibar inflation remained low and stable throughout July 2020 to April 2021, averaging 1.6 percent, lower than 3.6 percent in the corresponding period of 2019/20. The low inflation was driven by decrease in prices of both food and non-food consumer goods and services. In 2021/22, inflation is expected to remain at single digit, owing to improvement in supply chain, as many countries gradually lift lockdown measures.

Revenue performance was low in the first half of 2020/21 owing to the impact of the pandemic on hospitality industry, but progressively improved in the second half. The improvement was largely contributed by increase in activities in the tourism and enhanced tax administrative measures. Domestic revenue amounted to TZS 616.4 billion during July 2020 to April 2021, equivalent to 69.6 percent of the target. Expenditure was streamlined in accordance with available resources, amounting to TZS 797.8 billion, or 77.6 percent of the estimates. The debt stock increased to TZS 902.4 billion at the end of April 2021 from TZS 817.7 billion at the end of April 2020, of which external debt accounted for 76.9 percent.



Reflecting the impact of pandemic in the tourism activities amid increase in import bill, current account deficit widened to USD 239.0 million compared with USD 40.6 million in July 2019 to April 2020. The increase in imports was recorded in transport equipment and machinery, while decline in exports was noticeable in tourism and cloves.

### **Implementation of Monetary Policy in 2020/21**

The thrust of monetary policy in 2020/21 was to ensure inflation remains within the range of 3-5 percent, while maintaining adequate levels of liquidity in banks to cushion the economy from the effects of COVID-19. The policy decision also aimed at providing favourable environment for sustaining positive increase in credit to the private sector to steer growth of the economy.

The implementation of monetary policy succeeded in maintaining adequate liquidity in banks, thus creating favourable conditions for lending to various sectors of the economy in an environment of low and stable inflation rate. This was manifested in general stability of money market interest rates and enhanced supply of banks' clearing balances within the required levels. Notably, the overnight interbank cash market interest rate decreased to an average of 3.60 percent in the period July 2020 to April 2021, from 4.45 percent recorded in corresponding period of 2019/20. In addition, the overall lending interest rate declined, albeit at a slow pace, averaging 16.59 percent during the period July 2020 to April 2021 from 16.85 percent in the corresponding period of 2019/20. Likewise, average growth of money supply responded positively to the accommodative monetary policy, albeit growing below the targets set for 2020/21, reflecting the negative impact of COVID-19.



## **Macroeconomic Objectives of the Governments**

Consistent with commencement of implementation of the Third National Five-Year Development Plan, 2021/22–2025/26, which focuses on promoting competitiveness and industrialization, the economy is projected to grow at 5.6 percent in 2021. However, the pace of growth will depend on normalization of global trade and investment. Inflation is projected to be within the range of 3-5 percent in 2021/22, supported by expected favourable weather, exchange rate stability and normalization of global supply chains. However, upward risk to inflation remains following recent gradual increase in oil prices in the world market and emergence of new coronavirus variants. The budget deficit, including grants, is projected at 1.8 percent of GDP in 2021/22.

As for Zanzibar, the economy is projected to grow at 5.2 percent in 2021, depending on the pace of normalization of global economy. Inflation is projected to remain at single digit of not more than 5 percent, while budget deficit is projected at 2.2 percent of GDP.

## **Monetary Policy Stance for 2021/22**

In attaining the macroeconomic objectives of the Governments, the Bank of Tanzania will maintain accommodative monetary policy, benefiting from the expected low inflation, and the need to increase credit to private sector. Against this background, the Bank aims at achieving the following monetary policy targets in 2021/22: (i) annual growth of reserve money of 9.9 percent; (ii) annual growth of extended broad money (M3) of 10.0 percent; (iii) annual growth of credit to the private sector of 10.6 percent; and (iv) maintaining official foreign reserves at levels adequate to cover at least 4 months of projected imports of goods and services.



In achieving the monetary policy targets, the Bank of Tanzania will continue improving the functioning of financial markets through general public awareness on financial matters and improving supporting market infrastructure such as government securities system and establishment of mobile bidding platform. In addition, the Bank of Tanzania will continue engaging stakeholders to eliminate constraints to bank lending to the private sector and reduce lending rates. Furthermore, priority will be placed on finalizing the process of adopting an interest rate-based monetary policy framework with a view to improving the effectiveness of monetary policy.



## PART I

### 1.0 INTRODUCTION

The Bank of Tanzania, under section 21 (3) to (6) of the Bank of Tanzania Act, Cap. 197, is mandated to issue the *Monetary Policy Statement* at the beginning of fiscal year, followed by a mid-year review that shows progress in the implementation of monetary policy. This Monetary Policy Statement reviews the recent global and domestic macroeconomic developments and provides the outcome of implementation of monetary policy in 2020/21 against the targets. In addition, it provides an outlook of the domestic economy and the monetary policy stance and measures that the Bank of Tanzania intends to undertake in 2021/22 in order to achieve monetary policy objectives in line with broader macroeconomic objectives of the Governments.

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



## **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 are as follows:

### ***Objective of the Monetary Policy***

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

### ***Intermediate Target***

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

### ***Operating Target***

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

### ***Monetary Policy Instruments***

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

### ***Communication***

The Bank of Tanzania exercises a high degree of transparency 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 Governments.
- 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 of Tanzania, which is chaired by the Governor, is responsible for setting the monetary policy direction bi-monthly, in line with the targets set in the Monetary Policy Statement.
- The Surveillance Committee of the Bank's Management meets daily to evaluate liquidity developments and decide on the measures to be taken in order to keep liquidity within the desired path.

This Monetary Policy Statement is divided into seven parts including this introductory part. 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 2020/21. Part V outlines the macroeconomic outlook for 2021/22, followed by Part VI, which outlines the monetary policy stance for 2021/22. Part VII concludes the Statement.



## **PART II**

### **2.0 MACROECONOMIC POLICY FRAMEWORK FOR 2020/21**

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

The macroeconomic framework for 2020/21 was aligned with Governments' strategic and development plans and consideration of the negative effects of COVID-19 to the economy. Specifically, the macroeconomic policy objectives of Tanzania Mainland were as follows:

- i. achieving real GDP growth of 5.5 percent in 2020;
- ii. maintaining a single digit annual headline inflation rate of between 3 and 5 percent in 2020/21; and
- iii. attaining a budget deficit, including grants, of 2.6 percent of GDP in 2020/21.

As for Zanzibar, the Government aimed at attaining the following macroeconomic objectives:

- i. real GDP growth of 5.0 percent in 2020;
- ii. single digit annual headline inflation rate in 2020/21; and
- iii. budget deficit, including grants, of between 3-5 percent of GDP in 2020/21.

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

In support of the macroeconomic objectives of the Governments in 2020/21, the Bank of Tanzania planned to pursue monetary policy easing. This policy stance was adopted to ensure that there is adequate supply of liquidity to support recovery of various economic activities



from the negative effects of the pandemic, while sustaining stability of the financial sector and functioning of the financial markets. The monetary policy targets were as follows:

- 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 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**

The global economy was in recession in 2020 due to negative effects of COVID-19. The IMF estimates the global economy to have contracted by 3.3 percent in 2020, while the World Bank estimates a contraction of 4.3 percent. The estimated growth outturn was uneven across countries, with only a few countries avoiding recession. Output losses were particularly large in countries reliant on tourism and commodity exports, and for those with limited policy space to respond to the pandemic. Global trade and investment were severely undermined in 2020, as countries imposed lockdown measures to limit the spread of the pandemic, and commodity prices declined, except gold price.

Economic growth varied across countries depending on economic structure and measures adopted to cushion the economies from the impact of COVID-19. Advanced economies contracted by 4.7 percent in 2020, down from a growth of 1.6 percent in 2019, with much of the impact observed in United Kingdom and Euro Area (Table 3.1). Emerging market and developing economies contracted by 2.2 percent, compared to a growth of 3.6 percent. China was among the few countries that recorded a positive growth during the pandemic. In sub-Saharan Africa, growth contracted by 1.9 percent, with only a few countries avoiding recession.

A significant rebound of the global economy is expected in 2021 and subsequent period, as countries progressively remove lockdown measures, along with fiscal stimulus and accommodative monetary



policy. The IMF projects the global economy to grow at 6.0 percent in 2021 and 4.4 percent in 2022, the World Bank at 4.0 percent and 3.8 percent, respectively. The recovery remains uneven across countries, largely reflecting differences in economic structure and response measures adopted. There are signs of strong recovery in 2021 and years ahead, due to normalization of the global economy, additional fiscal stimulus and rolling out vaccines. Advanced economies are projected to grow at 5.1 percent in 2021, while emerging market and developing economies are projected to grow by 6.7 percent, with high growth projected in China and India. Growth in sub-Saharan Africa is projected to improve to 3.4 percent in 2021 and 4.0 percent in the subsequent year.

**Table 3.1: Global and Regional Real GDP Growth Rates**

	<i>Percent</i>									
	2016	2017	2018	2019	Jan-21 projections			Apr-21 projections		
					2020	2021	2022	2020	2021	2022
World	3.3	3.8	3.6	2.8	-3.5	5.5	4.2	-3.3	6.0	4.4
Advanced economies	1.8	2.5	2.3	1.6	-4.9	4.3	3.1	-4.7	5.1	3.6
United States	1.7	2.3	3.0	2.2	-3.4	5.1	2.5	-3.5	6.4	3.5
Euro area	1.9	2.6	1.9	1.3	-7.2	4.2	3.6	-6.6	4.4	3.8
United Kingdom	1.7	1.7	1.3	1.4	-10.0	4.5	5.0	-9.9	5.3	5.1
Japan	0.8	1.7	0.6	0.3	-5.1	3.1	2.4	-4.8	3.3	2.5
Emerging market and developing economies	4.5	4.8	4.5	3.6	-2.4	6.3	5.0	-2.2	6.7	5.0
China	6.9	6.9	6.7	5.8	2.3	8.1	5.6	2.3	8.4	5.6
India	8.3	6.8	6.5	4.0	-8.0	11.5	6.8	-8.0	12.5	6.9
Sub-Saharan Africa	1.5	3.1	3.2	3.2	-2.6	3.2	3.9	-1.9	3.4	4.0
South Africa	0.4	1.4	0.8	0.2	-7.5	2.8	1.4	-7.0	3.1	2.0

Source: IMF World Economic Outlook, April 2021

Inflationary pressures remained muted in many countries, albeit edging up in some advanced economies and in emerging market and developing economies during July 2020 to April 2021 (Table 3.2). In the EAC, inflation rates were in close ranges and within the ceiling of 8.0 percent in most of the countries, averaging 4.6 percent, up from 4.3 percent in the corresponding period in 2019/20. In the SADC region,



inflation varied across countries, and remained within the convergence criteria of 3-7 percent, except for Mauritius, Botswana, Namibia, Angola, Zambia and Zimbabwe. The region recorded an average inflation of 6.9 percent, up from 5.3 percent in July 2019 to April 2020.

In 2021, the IMF projects inflation to edge up to 1.6 percent in advanced economies from 0.7 percent in 2020, due to expected rise in energy prices. In emerging market and developing economies, inflation is projected to ease to 4.9 percent from 5.1 percent, driven by food prices. The same trend is expected in sub-Saharan Africa, declining to 9.8 percent from 10.8 percent.

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

	2020										2021			
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	
United States	0.3	0.1	0.6	1.0	1.3	1.4	1.2	1.2	1.4	1.4	1.7	2.6	4.2	
Euro Area	0.3	0.1	0.3	0.4	-0.2	-0.3	-0.3	-0.3	-0.3	0.9	0.9	1.3	1.6	
Japan	0.1	0.1	0.1	0.3	0.2	0.0	-0.4	-0.9	-1.2	-0.6	-0.4	-0.2	-0.4	
United Kingdom	0.8	0.5	0.6	1.0	0.2	0.5	0.7	0.3	0.6	0.7	0.4	0.7	1.5	
China	3.3	2.4	2.5	2.7	2.4	1.7	0.5	-0.5	0.2	-0.3	-0.2	0.4	0.9	
India	7.2	6.3	6.2	6.7	6.7	7.3	7.6	6.9	4.6	4.1	5.0	5.5	4.3	
Russia	3.1	3.0	3.2	3.4	3.6	3.7	4.0	4.4	4.9	5.2	5.7	5.8	5.5	
Brazil	2.4	1.9	2.1	2.3	2.4	3.1	3.9	4.3	4.5	4.6	5.2	6.1	6.8	
EAC	5.4	6.0	5.7	5.6	5.2	5.0	5.0	4.8	4.6	4.1	3.8	4.3	3.4	
SADC	60.1	61.5	57.8	65.2	59.8	52.7	39.5	34.7	31.2	32.5	29.8	26.0	24.2	
SADC exc Zimbabwe	5.9	5.8	5.6	5.8	5.8	6.0	6.3	6.4	6.7	7.1	7.4	8.1	8.8	

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

## 3.2 Domestic Economy

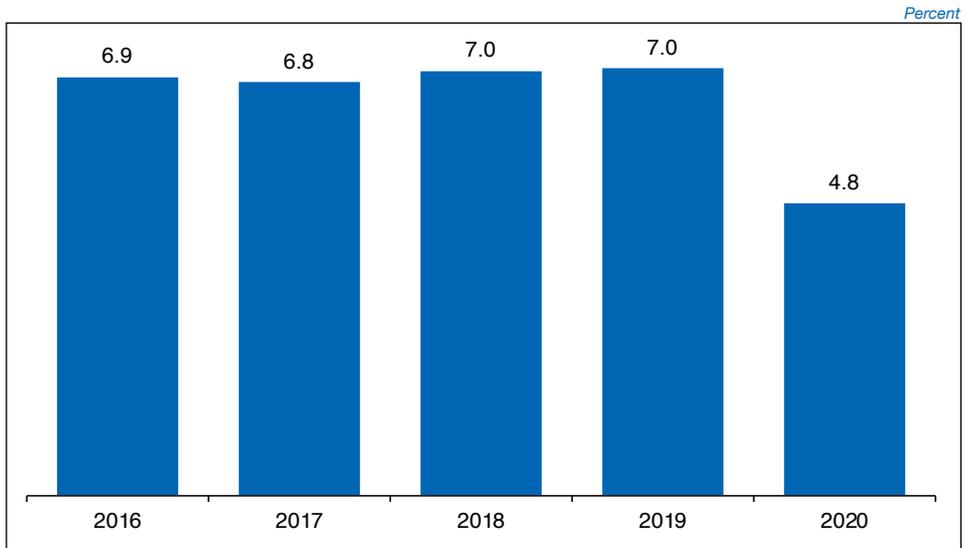
### 3.2.1 Output Performance and Outlook

The economy grew by 4.8 percent in 2020, compared with a growth rate of 7.0 percent in the preceding two years and five-year growth average of 6.8 percent (Chart 3.1a). The slow growth largely reflects the negative impact of COVID-19 pandemic on some economic



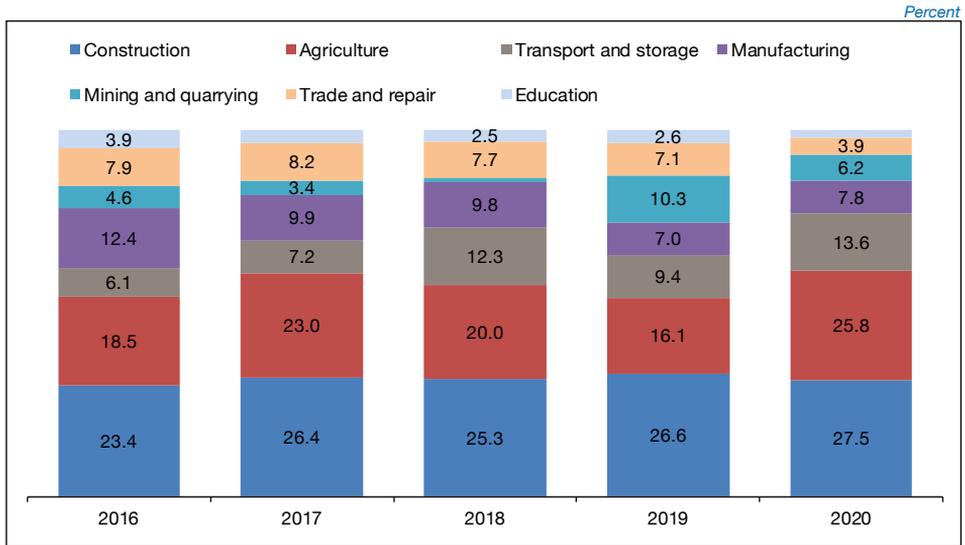
activities, particularly those related to accommodation and restaurants. However, the impact was less severe compared to other countries due to measures taken by the Government to curb the negative effects of the pandemic on the economy, including the decision of not imposing a nationwide lockdown on economic activities. Activities that contributed strongly to growth were construction, agriculture, transport and storage, and manufacturing (Chart 3.1b). Fastest growth rates were registered in construction, transport and storage, and information and communication (Chart 3.1c).

**Chart 3.1a: Real GDP Growth**



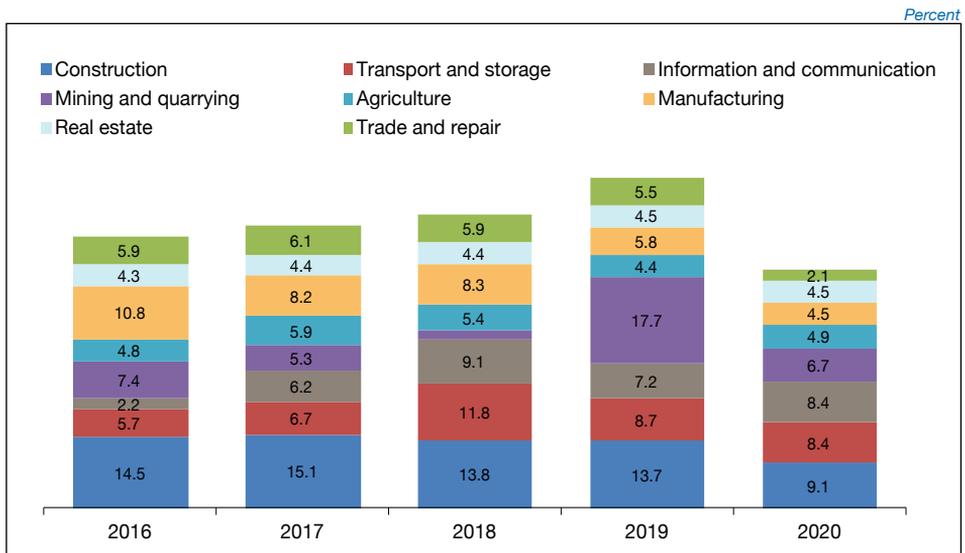


### Chart 3.1b: Contribution to Real GDP Growth by Major Economic Activities



Source: National Bureau of Statistics and Bank of Tanzania

### Chart 3.1c: Growth of Economic Activities



Source: National Bureau of Statistics and Bank of Tanzania



In 2021, growth is projected at 5.6 percent, mainly driven by agriculture due to expected favourable weather, construction on account of ongoing public investment in infrastructure, transport owing to logistics for intra-regional trade. Monetary policy easing and prudent fiscal policy measures, coupled with implementation of measures to improve business environment and normalization of global trade and investment will provide impetus to the growth momentum.

### **3.2.2 Inflation Developments and Outlook**

Inflation remained low and within the benchmarks set forth at both the national and regional levels<sup>3</sup>. Inflation averaged 3.2 percent during July 2020 to April 2021, lower than 3.6 percent in the corresponding period in 2019/20 (Chart 3.2). The lowest inflation rate was 3.0 percent in November 2020, and the highest was 3.5 percent in January 2021. The realization of low and stable inflation was associated with adequate domestic food supply, stable exchange rate and prudent fiscal and monetary policies.

Core<sup>4</sup> inflation, whose index accounts for the largest share in consumer price index, averaged 3.0 percent during the period July 2020 to April 2021, compared to 2.4 percent in the corresponding period of 2019/20. Reflecting adequacy in food supply in most of markets across the country, food inflation eased to an average of 3.6 percent from 5.0 percent. Non-food inflation largely remained stable, albeit rising slightly to an average of 3.1 percent from 2.8 percent in the corresponding period of 2019/20.

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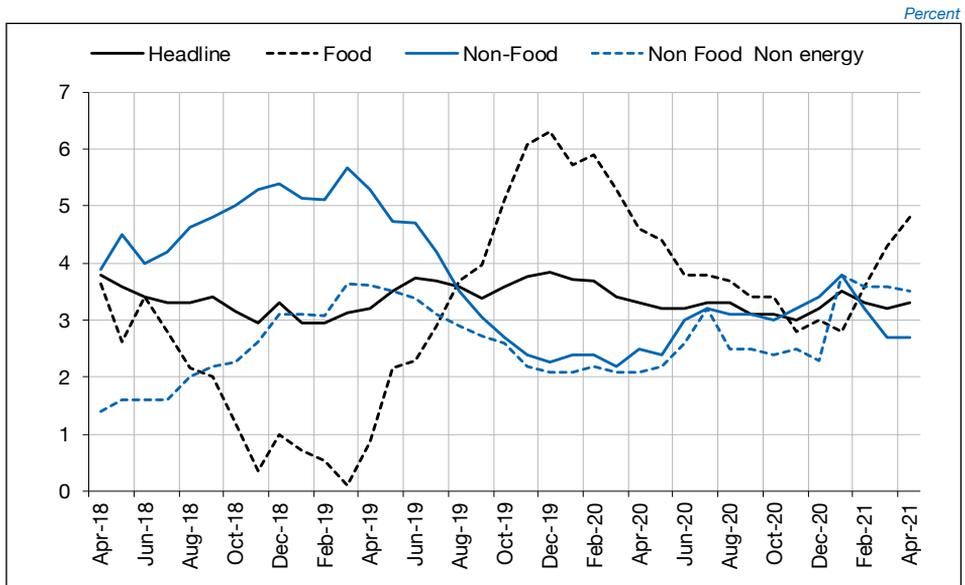
<sup>3</sup> The country's inflation target for 2020/21 was a range of 3-5 percent, and regional benchmarks for EAC and SADC are utmost 8 percent and a range of 3-7 percent, respectively.

<sup>4</sup> Core inflation – excludes unprocessed food (except maize flour), energy, fuel, and utilities.



Inflation is projected to remain within the targeted range of 3-5 percent in 2021/22, underpinned by expected adequate food supply, low global oil prices, stability of exchange rate, coupled with prudent implementation of monetary and fiscal policies.

**Chart 3.2: Headline, Food and Non-food Inflation**



Source: National Bureau of Statistics and Bank of Tanzania

### 3.2.3 Money Supply and Credit

The sustained monetary policy easing contributed to satisfactory growth in money supply during July 2020 to April 2021 (Chart 3.3). However, the pace of growth was lower compared to targets, reflecting weak demand for credit in the wake of uncertainties on trade and investment attributable to the global effects of the pandemic. Extended broad money supply (M3) grew by 6.8 percent during July 2020 to April 2021, compared with 9.9 percent in the corresponding period of 2019/20. Growth of reserve money (M0) averaged 2.8 percent compared with



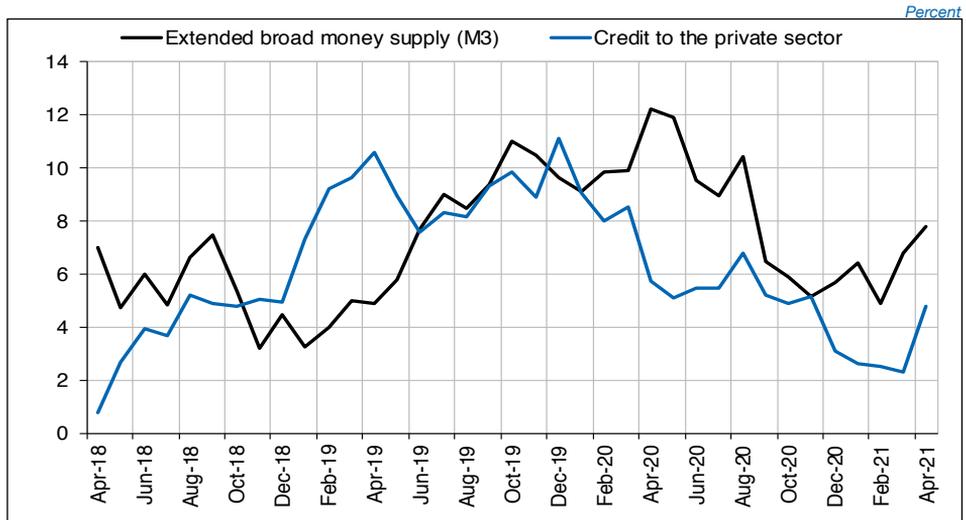
6.2 percent. Given M3 target growth of 10.0 percent and 9.5 percent target for M0 in the year ending June 2021, the outturns are expected to be lower due to the prevailing circumstances of the pandemic.

Credit to the private sector continued to record a positive growth, at an average rate of 4.3 percent during July 2020 to April 2021, compared to the target of 11.6 percent and average growth of 8.7 percent in the corresponding period of 2019/20. The general subdued growth of credit to the private sector was attributable to decline in demand for new loans, reflecting adverse effects of COVID-19 on some businesses and investment. The share of credit to the private sector was predominantly held in personal economic activities (largely micro, small and medium enterprises), followed by trade, manufacturing and agriculture activities.

Growth of credit to the private sector is expected to pick-up in 2021/22, supported by continued implementation of accommodative monetary, prudent fiscal policy, and ongoing initiatives by the government to improve business and investment climate. Besides those are the re-opening and normalization of various activities in the global economy, coupled with rollout of COVID-19 vaccines that is expected to lead to faster than expected re-opening of economies including of Tanzania's main trading partners.



**Chart 3.3: Annual Growth of Monetary Aggregates**



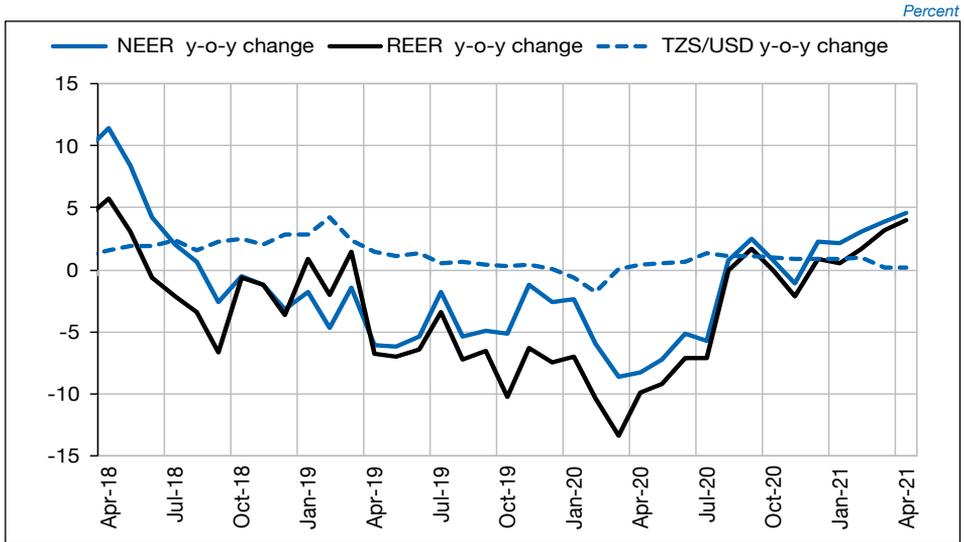
Source: Banks and Bank of Tanzania

The nominal exchange rate of the Tanzania’s shilling against major trading currencies remained generally stable throughout July 2020 to April 2021. The stability of the shilling was a result of low inflation, prudent monetary and fiscal policies and moderate current account deficit. The shilling traded in narrow ranges of TZS 2,309.0 and TZS 2,310.0 per US dollar, compared with TZS 2,300.0 to TZS 2,302.2 per US dollar in the corresponding period of 2019/20 (Chart 3.4a). This represented an annual depreciation of 0.4 percent.

The general stability of the shilling was also reflected in the trade weighted nominal effective exchange rate (NEER) and real effective exchange rate (REER). This reflects neither gains nor losses of export competitiveness due to exchange rate and inflation movements (Chart 3.4b). The shilling is expected to remain stable in 2021/22 supported by low inflation expectations, moderate current account balance and sustained implementation of prudent fiscal and monetary policies.



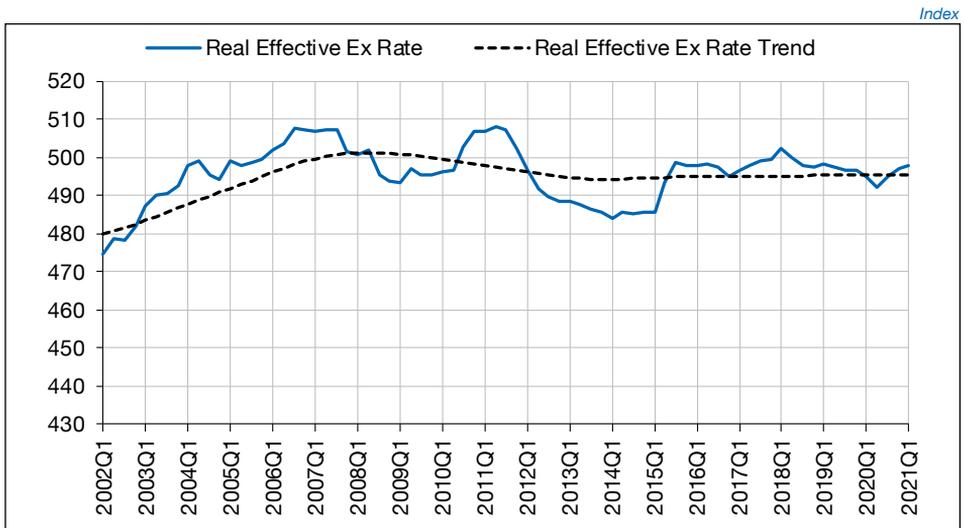
**Chart 3.4a: Movements of Nominal and Real Effective Exchange Rates**



Source: Bank of Tanzania

Note: Positive change denotes depreciation, while negative is appreciation

**Chart 3.4b: REER Movement Versus Equilibrium**



Source: Bank of Tanzania



### 3.2.4 Government Budgetary Performance on Cash Basis

During July 2020 to April 2021, revenue collection was broadly satisfactory, despite weak global economic condition and the spillover effects on the domestic economy. Revenue collection amounted to TZS 16,973.3 billion, equivalent to monthly average collection of TZS 1,697.3 billion, which represents about 86 percent of the target (Table 3.3 and Chart 3.5). This was attributable to improvement in tax administration and sustained positive growth of the economy. Government expenditure continued to be aligned with available resources, with emphasis on pro-poor programs, especially physical infrastructure in the areas of health, water and education. The expenditure amounted to TZS 19,875.0 billion, equivalent to 82.7 percent of the estimates, of which recurrent and development expenditures were TZS 11,713.4 billion and TZS 8,161.6 billion, respectively.

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

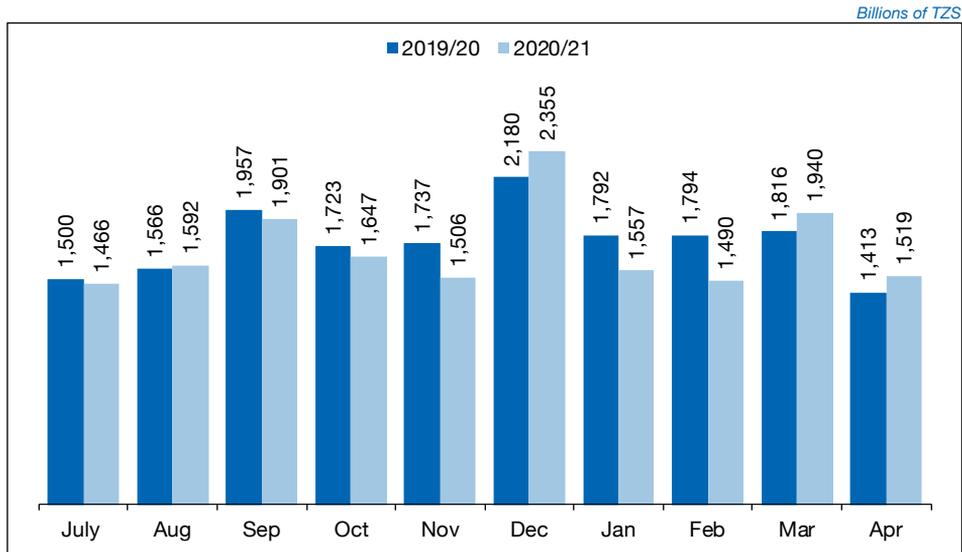
*Billions of TZS*

	July 2019 - April 2020		July 2020 - April 2021	
	Actual	Estimate	Actual	Act/Est (%)
Revenue	16,065.6	19,718.5	16,973.3	86.1
Total expenditure	17,916.9	24,027.9	19,875.0	82.7
Recurrent expenditure <sup>1</sup>	10,750.2	13,532.3	11,713.4	86.6
Development expenditure	7,166.7	10,495.6	8,161.6	77.8

*Source: Ministry of Finance and Planning, and Bank of Tanzania computation*  
*Note: <sup>1</sup> Net of rollover*



**Chart 3.5: Domestic Revenue Performance**



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

### 3.2.5 National Debt

National debt stock remained within sustainable levels and stood at USD 31,986.7 million at the end of April 2021, recording an increase of USD 2,277.8 million from the level recorded at the end of June 2020. Out of total national debt, public debt (domestic and external) was USD 26,469.8 million, rising from USD 24,553.3 million in June 2020. The increase in public debt was mainly on account of new borrowing and weakening of United States dollar against other currencies in which the debt is denominated. Public external debt accounted for 71.6 percent of total public debt, and the balance was domestic debt.

External debt stock, including private sector, increased by 6.6 percent to USD 24,477.6 million at the end of April 2021 from the amount recorded at the end of June 2020. Out of total external debt, 77.5



percent was public debt and the balance was private sector debt. During the period July 2020 to April 2021, external debt disbursements amounted to USD 1,189.9 million, out of which USD 1,074.3 million was received by the Government in the form of cash and direct project financing, particularly for flagship projects. External debt service during the period amounted to USD 1,082.1 million, out of which USD 694.5 million was for principal repayments and the balance for interest payments.

The stock of domestic debt was TZS 17,259.9 billion at the end of April 2021, an increase of TZS 1,744.2 billion from the level recorded at the end of June 2020. Treasury bonds continued to account for the largest share of 83.1 percent, compared to 82.7 percent recorded at the end of June 2020. The dominance of Treasury bonds is in line with the Government debt strategy to lengthen maturity profile of domestic debt. During the period, domestic debt issued for Government budget financing amounted to TZS 4,091.6 billion, out of which TZS 1,532.6 billion were Treasury bills and TZS 2,559.0 billion were Treasury bonds. Domestic debt service during July 2020 to April 2021 amounted to TZS 3,907.7 billion, out of which TZS 2,588.2 billion was for principal repayments and the balance for interest payments.

### **3.2.6 External Sector Performance**

The external sector of the economy performed satisfactorily despite facing global spillover effects of COVID-19. The effects have apparently been moderated by diversified economic structure, limited level of trade openness of around 30 percent, and partial restrictions in capital account transactions. During the period July 2020 to April 2021, overall balance of payments recorded a deficit of USD 141.6 million, compared to a surplus of USD 903.6 million in the corresponding period



of 2019/20. This outturn was mainly explained by a decline in financial inflows. The current account deficit marginally widened to USD 1,072.3 million from USD 1,000.8 million registered in the corresponding period of 2019/20, due to decrease in services receipts (Table 3.4).

**Table 3.4: Current Account Balance**

Items	July - April			Percentage
	2018/19	2019/20	2020/21 <sup>P</sup>	Change
Goods account (net)	-3,584.5	-2,478.3	-1,671.6	-32.5
Exports*	3,779.8	4,884.2	5,364.8	9.8
Imports	7,364.3	7,362.6	7,036.4	-4.4
Services account (net)	2,044.7	1,836.3	946.2	-48.5
Receipts	3,507.7	3,280.3	1,975.5	-39.8
Payments	1,463.0	1,444.1	1,029.3	-28.7
Goods and services (net)	-1,539.8	-642.1	-725.5	13.0
Exports of goods and services	7,287.4	8,164.6	7,340.3	-10.1
Imports of goods and services	8,827.2	8,806.6	8,065.7	-8.4
Primary income account (net)	-578.7	-741.3	-676.1	-8.8
Receipts	155.1	173.9	46.5	-73.3
Payments	733.8	915.2	722.6	-21.0
Secondary income account (net)	324.1	382.5	329.3	-13.9
Inflows	373.9	427.1	371.2	-13.1
o/w General government	68.2	161.3	90.3	-44.0
Outflows	49.8	44.6	41.9	-5.9
Current account balance	-1,794.4	-1,000.8	-1,072.3	7.1

Source: Tanzania Revenue Authority and Bank of Tanzania

Note: p - denotes provisional

\* Include adjustment for unrecorded exports

Foreign exchange reserves remained adequate at around USD 4,969.7 million at the end of April 2021, compared to USD 5,334.3 million at the end of April 2020. The level of reserves was sufficient to cover 5.8 months of projected imports of goods and services, and above the country benchmark of at least 4 months, and the EAC convergence criteria of at least 4.5 months.

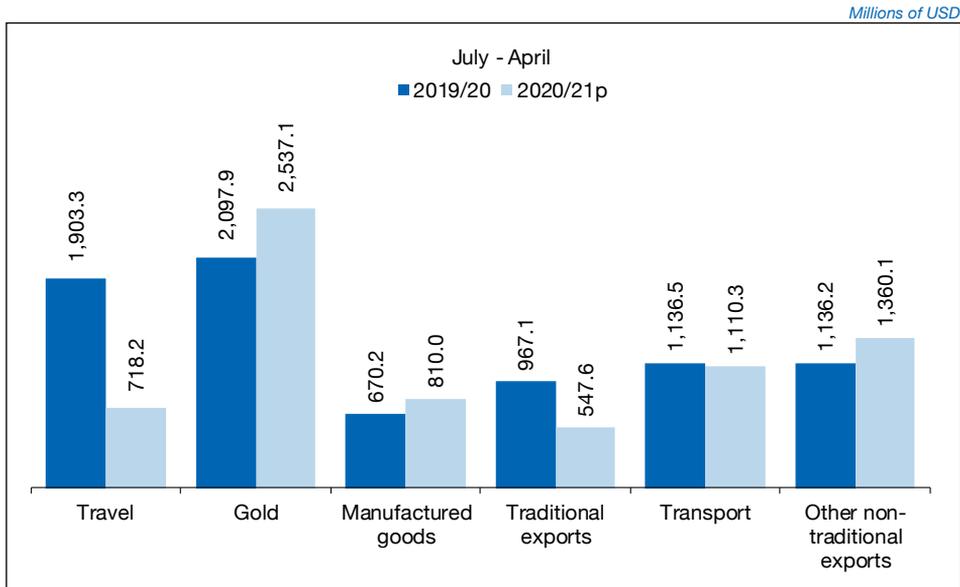


The value of exports of goods and services decreased by 10.1 percent to USD 7,340.3 million over the period July 2020 to April 2021, compared to the amount recorded in the corresponding period of 2019/20. This development was mainly on account of decline in the value of travel receipts, associated with travel restrictions and lockdowns imposed by some foreign countries in a bid to contain the spread of COVID-19. Nonetheless, export of gold, which accounted for 55.6 percent of non-traditional goods exports, increased to USD 2,537.1 million from USD 2,097.9 million registered in the corresponding period of 2019/20. The higher value of gold exports reflects continued Government's efforts to enhance administration of mining activities in the country, as well as favourable prices in the world market.

The value of traditional goods exports was USD 547.6 million compared to USD 967.1 million recorded in the corresponding period of 2019/20, largely driven by low commodity prices of most of the agricultural products except for coffee. Meanwhile, services receipts declined by 39.8 percent to USD 1,975.5 million from the level recorded in the corresponding period of 2019/20, mainly on account of decrease in travel receipts attributed to containment measures instituted by various countries to control the spread of COVID-19 (Chart 3.6).



**Chart 3.6: Export performance of selected goods and services**



Source: Tanzania Revenue Authority and Bank of Tanzania

Note: p - denotes provisional

Import of goods and services was valued at USD 8,065.7 million compared with USD 8,806.6 million recorded in the corresponding period of 2019/20, owing to a decrease in imports of all major categories. All goods import decreased, with the exception of machinery, raw materials and other consumer goods (Table 3.5). Noticeable decline was recorded in transport equipment, oil, as well as building and construction materials. Services payments also decreased by 28.7 percent to USD 1,029.3 million, owing to decline in transport and travel payments related to containment measures by most countries to contain the spread of COVID-19. The positive performance in machinery and raw material imports reflects the sustained growth of the country's economy, particularly the industrial sector.



**Table 3.5: Tanzania Imports by Major Category Millions of USD**

Items	July - April			Percentage change
	2018/19	2019/20	2020/21 <sup>P</sup>	
Capital goods	3,265.0	3,003.1	2,799.2	-6.8
Transport Equipment	1,155.8	817.5	719.4	-12.0
Building and Construction	759.1	920.0	790.0	-14.1
Machinery	1,350.1	1,265.7	1,289.8	1.9
Intermediate goods	2,195.2	2,249.1	2,097.9	-6.7
Oil imports	1,448.6	1,458.2	1,255.5	-13.9
Fertilizers	154.2	139.8	136.9	-2.1
Industrial raw materials	592.4	651.1	705.5	8.4
Consumer goods	1,902.2	2,108.5	2,137.5	1.4
Food and food stuffs	289.7	369.3	303.9	-17.7
All other consumer goods <sup>1</sup>	1,612.5	1,739.3	1,833.6	5.4
Grand total	7,362.5	7,360.7	7,034.6	-4.4

Source: Tanzania Revenue Authority and Bank of Tanzania

Note: <sup>P</sup> - denotes provisional

<sup>1</sup> - It includes pharmaceutical products, paper products, plastic items, optical/photographic materials, textile apparels

In 2021/22, current account deficit is projected at around 2.2 percent of GDP, owing to expected rise in exports of goods. The projected increase in oil prices, will partly be offset by earnings from gold exports following projected stability of price in the world market, coupled with a gradual recovery in travel receipts in 2021/22 as tourist arrivals have been on an increasing trend since June 2020. Moreover, the ongoing government initiatives to strengthen COVID-19 precaution measures through testing visitors, implementation of standard operating procedures (SOP), and adhering to other guidelines and measures of the virus provided by World Health Organization (WHO) to control the spread, will complement on the increase in tourism receipts.

### 3.2.7 Financial Sector Stability

The banking sector remained stable and profitable with adequate level of capital and liquidity (Table 3.6). The sector continued to grow in terms of deposits and assets, and remained resilient to internal and



external shocks. The quality of assets of banks improved, as the ratio of non-performing loans to gross loans declined to 9.81 percent in April 2021 from 10.84 percent in June 2020. The Bank of Tanzania continued to take measures to reduce non-performing loans close to the desired level of 5 percent. The measures include enforcement of risk based prudential requirements and requiring banks to improve credit underwriting standards by using credit information reports from Credit Reference Bureaus in loan application assessment and granting process. In addition, the Bank of Tanzania has instituted mechanisms of monitoring banks in the implementation strategies to reduce non-performing loans. Banks are also required to submit credit information to the credit reference system and adhere to the Tanzania Banker's Association Code of Conduct, among others, to enhance staff integrity in the banking sector.

**Table 3.6: Banking Sector Financial Soundness Indicators**

Indicator	Regulatory limit	Percent			
		Dec-19	Jun-20	Dec-20	Apr-21
Capital adequacy					
Core capital/TRWA+OBSE	Minimum 10	16.8	16.9	17.2	17.9
Liquidity					
Liquid assets/Demand liabilities	Minimum 20	32.4	39.0	30.7	32.6
Total loans/Customer deposits	N/A	88.5	83.9	86.8	84.9
Earnings and profitability					
Return on assets-ROA	N/A	1.9	2.2	2.0	2.4
Return on equity-ROE	N/A	8.2	9.9	7.6	10.6
Asset quality					
Gross non-performing loans/Gross loans	N/A	9.8	10.8	9.8	9.8

Source: Bank of Tanzania

Note: NA - denotes Not Applicable

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

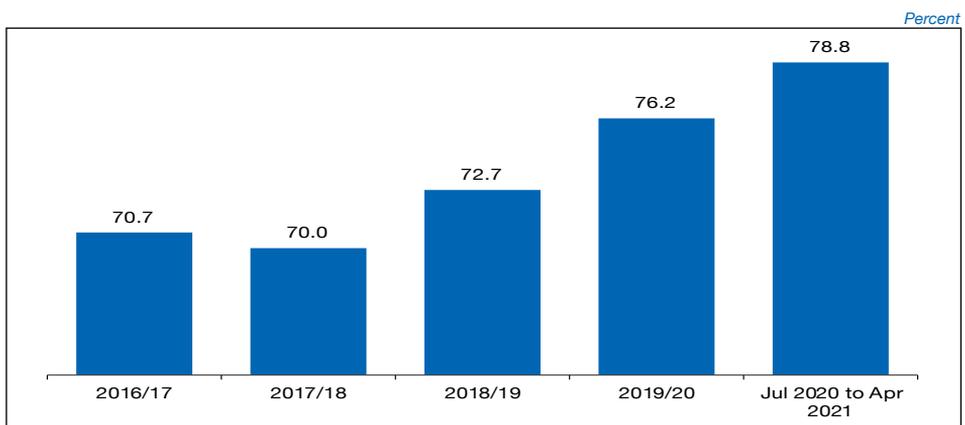


The Bank of Tanzania also continued to strengthen risk management practices in the financial sector by implementing various policies and regulatory reforms to safeguard the industry including directing banks to implement capital restoration plans and adhere to the regulatory requirements.

### 3.2.8 Payment Systems

Payment, clearing and settlement systems operated efficiently in 2020/21, in the wake of increased utilization of digital platforms for transactions at a reduced cost. Significant progress was made on enhancing access to financial services, which is mainly contributed by the usage of mobile phones. The number of adult population accessing financial services through mobile phones reached 78.8 percent in April 2021 compared to 76.2 percent attained in 2019/20 (Chart 3.7). The trend has been on the increase for the past five years mainly due to technological advancement, financial innovations, as well as putting in place appropriate policy and regulatory frameworks.

**Chart 3.7: Adult population accessing financial services through mobile phones**



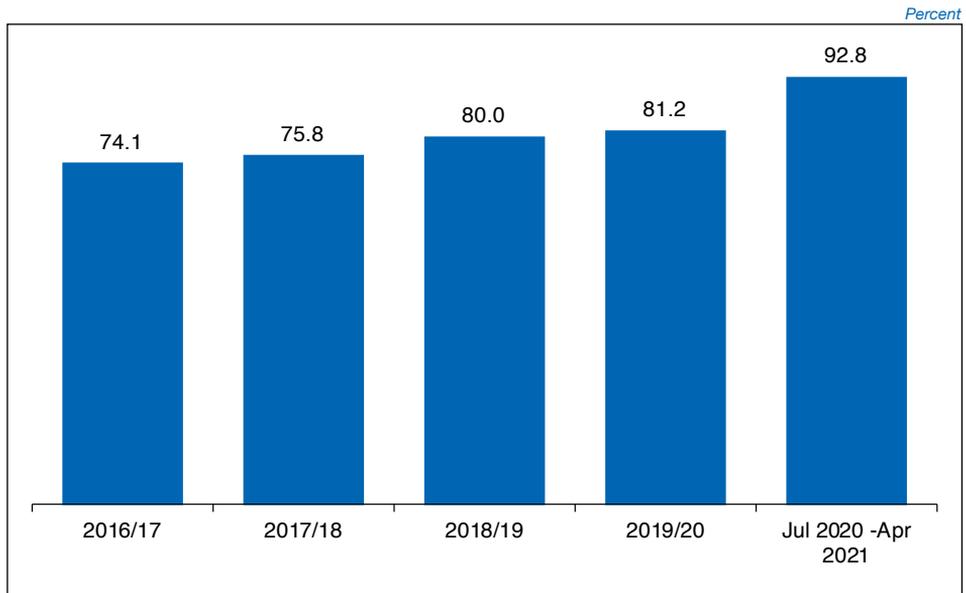
Source: Bank of Tanzania



The adoption of mobile phones to provide financial services in Tanzania has become instrumental in reaching the unbanked segments of the population compared to other means of formal financial services. Significant progress has been recorded in the usage of mobile phones, which helped to enhance access to financial services. The usage of mobile financial services increased to 92.8 percent in April 2021, up from 81.2 percent in 2019/20 (Chart 3.8). The increase was due to innovations adopted by the government in facilitating revenue collection, bill payments, settlement of various fees and fines, provision of microloans and implementation of various payments through GePG. In addition, the Bank of Tanzania's decision to enhance mobile money transaction limits and daily balances to promote cashless transactions during COVID-19 pandemic also contributed to this. Worth mentioning here as well are implementation of new Fintech products such as Quick Response (QR) Code solution through Masterpass and MVisa technologies by merchants and small businesses to facilitate easy usage of financial services. The enhanced usage of digital platforms by both public and private sector has greatly contributed in reducing transactions cost and eventually supporting economic activities.



**Chart 3.8: Adult Population Using Financial Services Through Mobile Phones**



*Source: Bank of Tanzania*

Transactions costs are expected to go down further when Tanzania Instant Payment System (TIPS) goes live. TIPS infrastructure, which the Bank of Tanzania is currently developing, will connect to licensed Payment Service Providers (banks and non-banks) to facilitate easy, fast, cost effective and secured instant settlement of retail payments. The platform will also help Payment Service Providers to enhance interoperability and upscale digital financial services. This initiative will help to reduce reliance on cash transactions, enhances governance and promote financial inclusion.

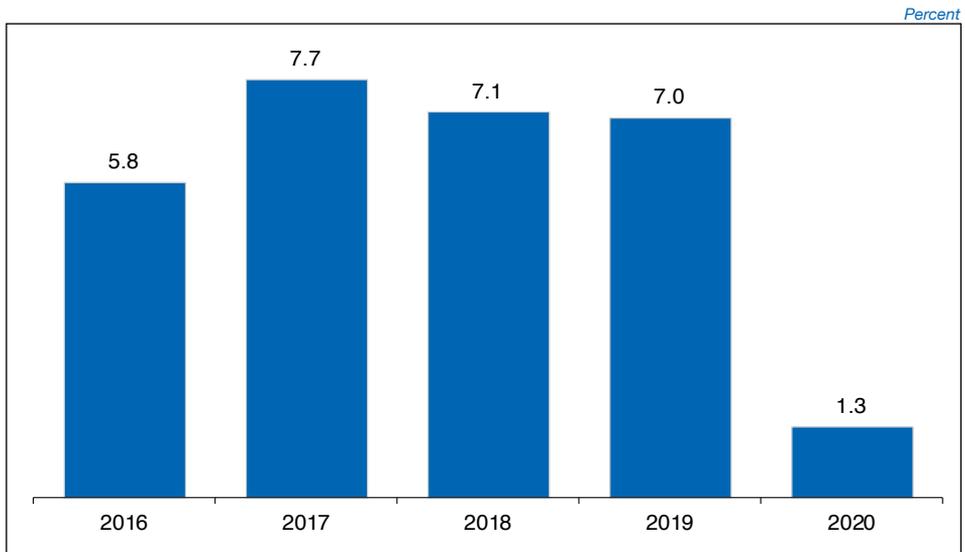


### 3.2.9 Economic Developments in Zanzibar

#### Real GDP Performance and Outlook

Zanzibar economy grew at 1.3 percent in 2020, slower than 7.0 percent in the preceding year, reflecting the impact of the pandemic on economic activities, particularly those directly linked with tourism (Chart 3.9a). The economy has shown indication of higher growth in 2021, due to resumption of activities in the hospitality industry and diversification of the economy through better utilization of maritime and marine resources (blue economy).

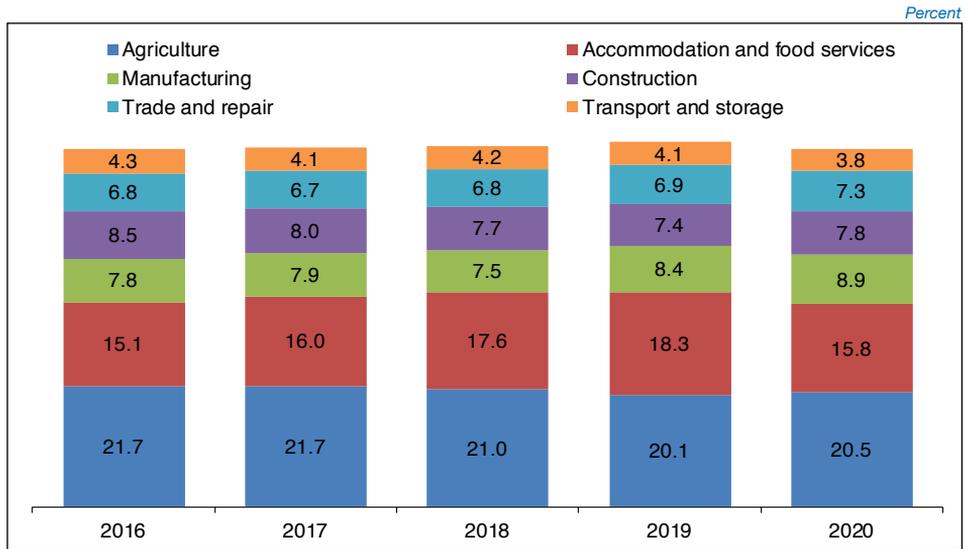
**Chart 3.9a: Real GDP Growth**



Source: Office of the Chief Government Statistician, Zanzibar



**Chart 3.9b: Contribution to Real GDP Growth by Major Economic Activities**



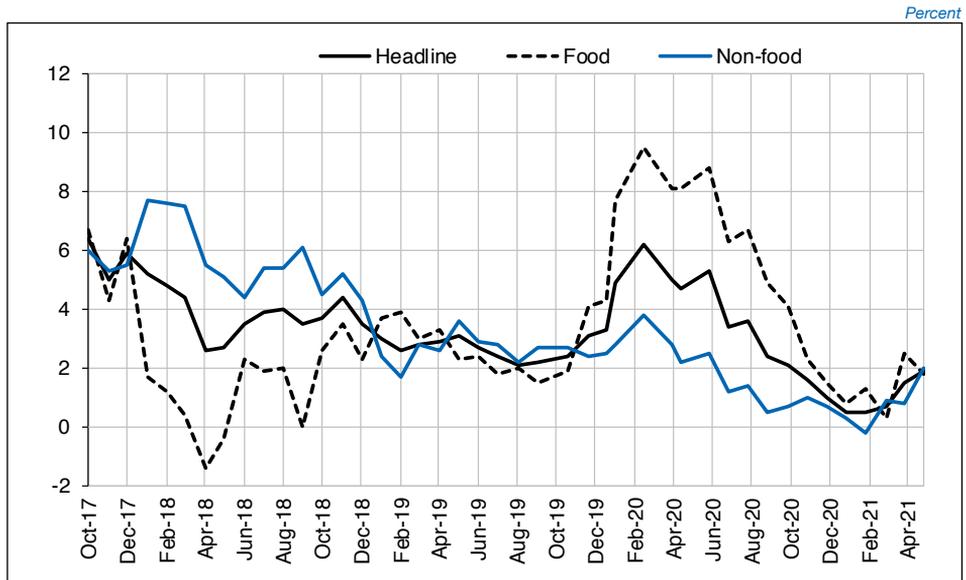
Source: Office of the Chief Government Statistician, Zanzibar

## Inflation Developments

Headline inflation remained low averaging 1.6 percent during July 2020 to April 2021, lower than 3.6 percent registered in the corresponding period of 2019/20 (Chart 3.10). The low inflation was driven by decrease in prices of food and non-food items. Food inflation averaged 2.6 percent compared with 4.9 percent recorded in the corresponding period of 2019/20, while non-food inflation eased to an average of 0.8 percent from 2.7 percent. Food items that experienced a decline in price were maize flour and Mbeya rice, while non-food items were cement and petroleum products. Inflation is expected to remain at single digit in 2021/22, owing to normalization of supply chains, following gradual lifting of lockdowns by source countries.



**Chart 3.10: Annual Headline, Food and Non-food Inflation**



Source: Office of Chief Government Statistician, Zanzibar

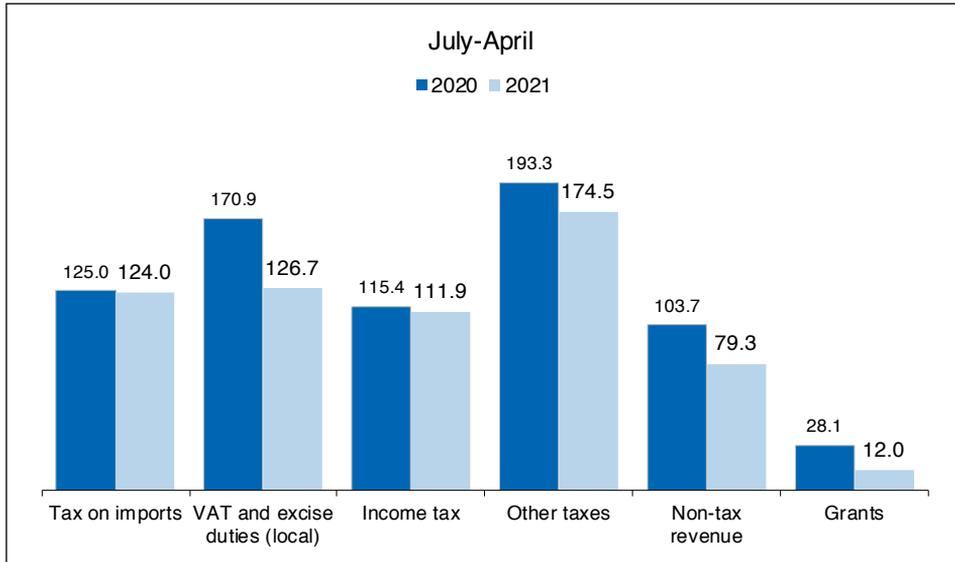
### Government Budgetary Operations

During the period of July 2020 to April 2021, domestic revenue amounted to TZS 616.4 billion, equivalent to 69.6 percent of the target. The lower than expected revenue performance was attributed to adverse effects of COVID-19 on hospitality industry. Tax revenue was TZS 537.1 billion or 68.0 percent of the target, whereas non-tax revenue amounted to TZS 79.3 billion or 83.3 percent of the target (Chart 3.11). Total grants amounted to TZS 12.0 billion, above the projection of TZS 10.1 billion for the period. Tax revenue performance is expected to improve in the remainder of 2020/21 and beyond, occasioned by increase in activities in the tourist industry, as well as ongoing administrative measures pursued by the Government to improve revenue collection.



**Chart 3.11: Government Resources**

Billions of TZS

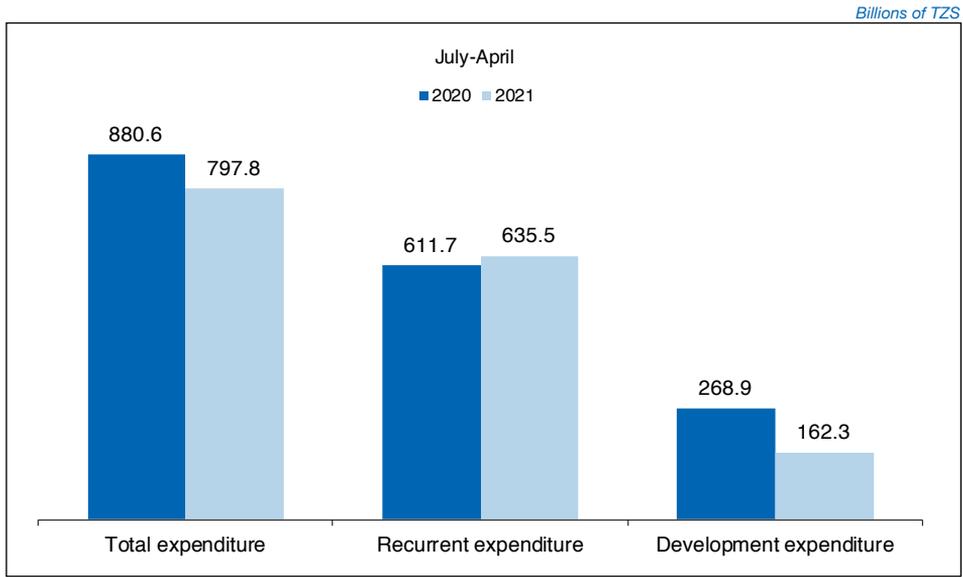


Source: Ministry of Finance and Planning, Zanzibar

Government expenditure amounted to TZS 797.8 billion, or 77.6 percent of the estimate (Chart 3.12). Recurrent expenditure amounted to TZS 635.5 billion, while development expenditure was TZS 162.3 billion, equivalent to 60.4 percent of the amount recorded during corresponding period of 2019/20. The overall budgetary operations recorded a deficit of TZS 150.7 billion after grants, which was financed by domestic borrowing and program loans.



**Chart 3.12: Government Expenditure**



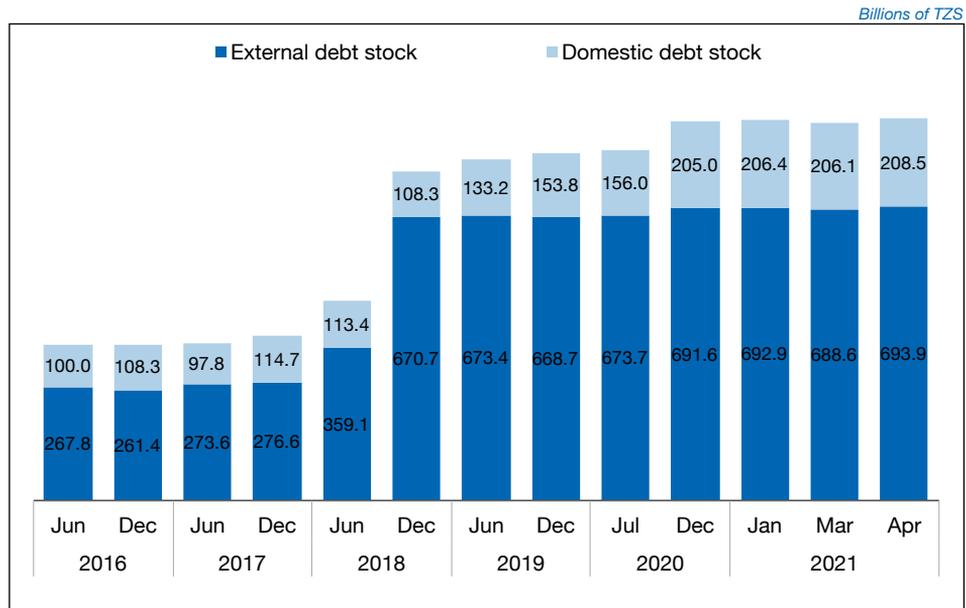
*Source: Ministry of Finance and Planning, Zanzibar*

## Debt Developments

Zanzibar debt stock increased to TZS 902.4 billion at the end of April 2021 from TZS 817.7 billion recorded at the end of April 2020. The increase was largely explained by new borrowing. External debt amounted to TZS 693.9 billion or USD 301.9 million, accounting for 76.9 percent of total debt stock. The domestic debt stock was TZS 208.5 billion, representing an increase of 1.2 percent from the level recorded at the end of the corresponding period in 2020 (Chart 3.13).



**Chart 3.13: Total Debt Stock**



*Source: Ministry of Finance and Planning, Zanzibar*

## External Sector Developments

During the period July 2020 to April 2021, current account balance recorded a deficit of USD 239.0 million, compared with a deficit of USD 40.6 million in the corresponding period of 2019/20. This development was due to increase in imports of goods and services, along with a decline in exports of goods and services, mainly cloves and tourism activities. In 2020, the number of tourists decreased by 51.6 percent compared to 2019 level. The value of goods and services imports increased by 10.9 percent in the period July 2020 to April 2021 to USD 391.9 million, on account of increase in imports of transport equipment and machinery (Table 3.7, Chart 3.14 and Chart 3.15).



**Table 3.7: Zanzibar Current Account**

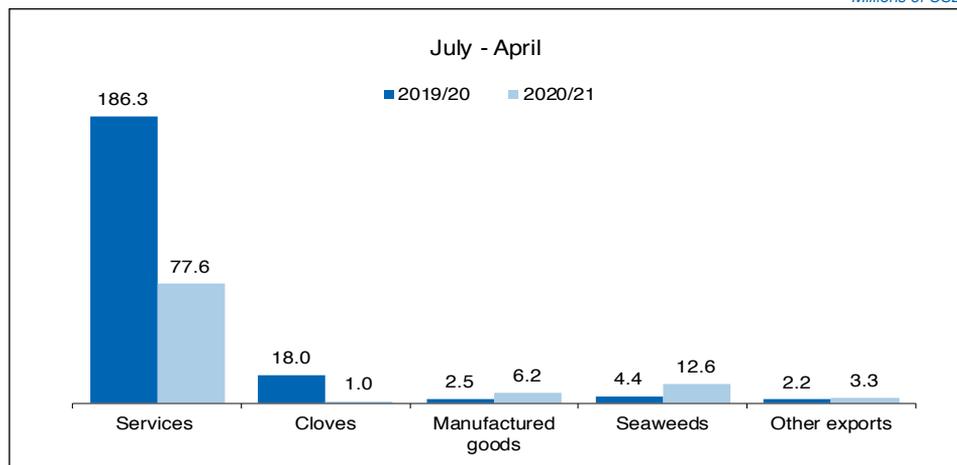
Millions of USD

Item	July - April			Percentage change
	2018/19	2019/20	2020/21 <sup>P</sup>	
Goods account net	-183.9	-205.2	-277.5	35.2
Exports	9.2	27.0	23.2	-14.1
Imports (fob)	193.1	232.2	300.7	29.5
Services account net	90.2	65.1	-13.6	--
Receipts	152.5	186.3	77.6	-58.4
Payments	62.3	121.2	91.2	-24.8
Goods and services net	-93.7	-140.1	-291.1	--
Exports of goods and services	161.7	213.3	100.8	-52.8
Imports of goods and services	255.4	353.4	391.9	10.9
Income account net	27.0	13.4	4.4	-67.1
Receipts	42.7	21.0	8.9	-57.6
Payments	15.7	7.6	4.5	-40.8
Current transfers net	31.2	86.1	47.7	-44.6
Inflows	42.9	104.6	54.6	-47.8
Outflows	11.7	18.5	6.9	-62.8
Current account balance	-35.5	-40.6	-239.0	--

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

**Chart 3.14: Export Performance of Selected Goods and Services**

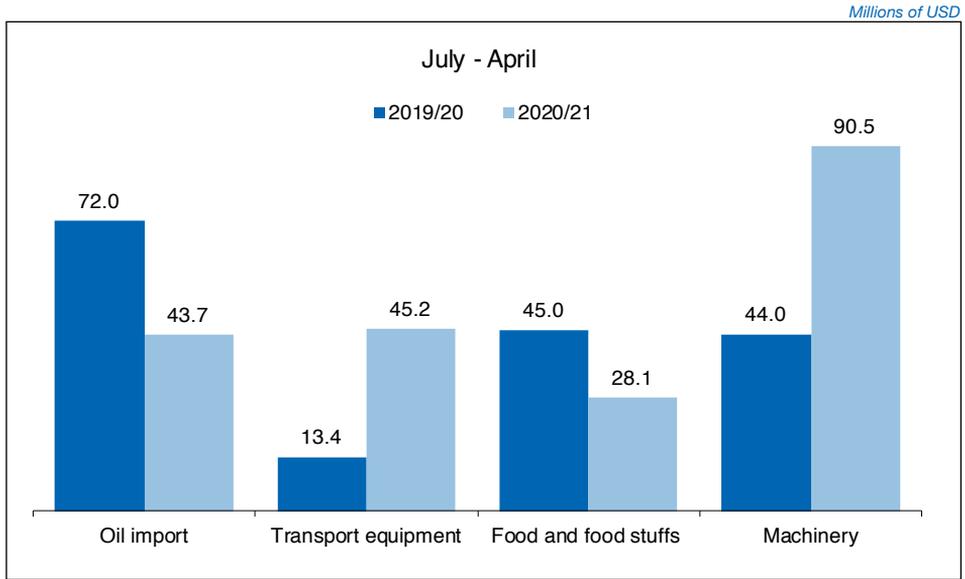
Millions of USD



Source: Tanzania Revenue Authority and Bank of Tanzania computations



**Chart 3.15: Performance of Selected Goods Import**



Source: Tanzania Revenue Authority and Bank of Tanzania computations



## PART IV

### 4.0 MONETARY POLICY IMPLEMENTATION DURING 2020/21

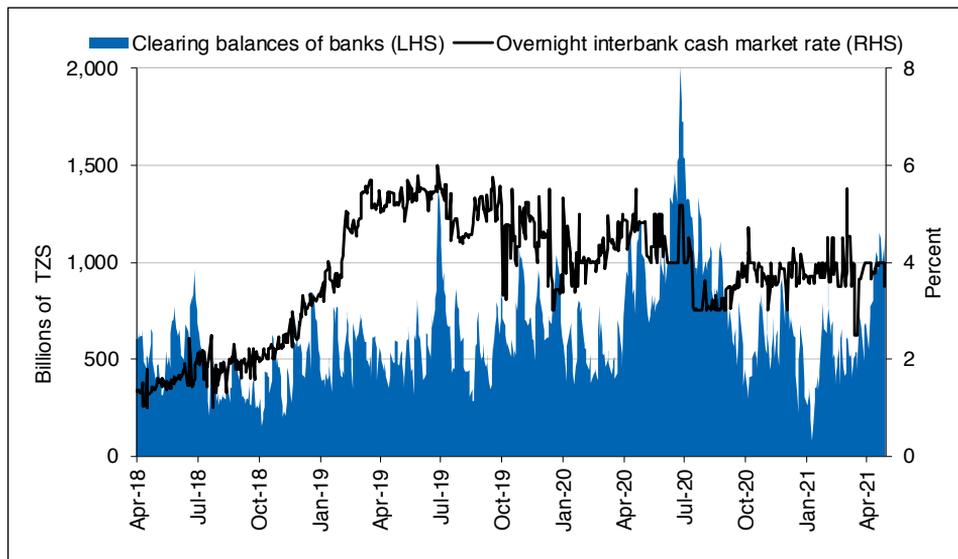
The thrust of monetary policy in 2020/21 was to ensure inflation remains within the range of 3-5 percent, while maintaining adequate level of liquidity in banks to cushion the economy from the effects of COVID-19 and steering growth of economic activities. The policy decision also aimed at providing favourable environment for supporting increase in credit to the private sector. Consequently, the Bank of Tanzania employed a mix of various instruments to increase the level of liquidity in the economy in line with the policy stance, including auctions of reverse repurchase agreements, purchase of foreign exchange from the Interbank Foreign Exchange Market (IFEM), conduct of inward foreign exchange swaps with banks, and the use of standing credit facilities to ensure efficiency of payment systems.

The implementation of monetary policy succeeded in maintaining adequate liquidity in banks, thus creating favourable conditions for banks' lending to various sectors of the economy. This was manifested in general stability of money market interest rates and adequate supply of banks reserves within the prescribed parameters, in line with inflation objective. Notably, the overnight interbank cash market interest rate decreased to an average of 3.60 percent in the period of July 2020 to April 2021, compared with 4.45 percent recorded in corresponding period of 2019/20 (Chart 4.1). Likewise, overall weighted average yield of Treasury bills eased to an average of 4.62 percent from 6.26 percent in July 2019 to April 2020. In addition, the overall lending interest rate declined, albeit at a slow pace, averaging 16.59 percent during the period July 2020 to April 2021 compared to 16.85 percent in the corresponding period of 2019/20 (Chart 4.2).



In addition, the Bank of Tanzania continued to pursue other regulatory and macro-prudential measures in 2020/21, in order to cushion the economy against the adverse effects of COVID-19. The measures aimed at strengthening balance sheets of banks and increasing lending to the private sector at low cost. Moreover, banks were granted regulatory flexibility for loan restructuring, and urged to collaborate with mobile money operators in promoting digital payment platforms. The blended policy measures pursued during the period helped to cushion the banking system against liquidity risk and build resilience in the financial sector.

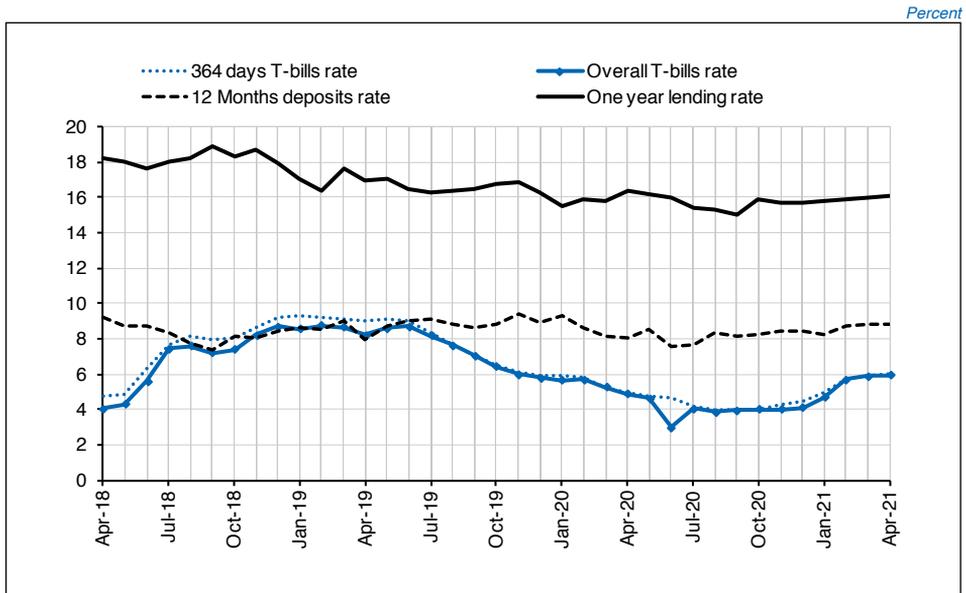
**Chart 4.1: Banks' Clearing Balances and Overnight Interbank Cash Market Rate**



Source: Bank of Tanzania



**Chart 4.2: Selected Interest Rates**



Source: Bank of Tanzania

The monetary aggregates responded positively to the accommodative monetary policy, albeit growing below the targets set for fiscal year 2020/21. On average, extended broad money supply (M3) grew by 6.8 percent during July 2020 to April 2021, compared to the annual target of 10.0 percent, while growth of average reserve money was 2.8 percent, below the target of 9.5 percent, with its effect partly reduced by increase in money multiplier. Meanwhile, average growth of credit to the private sector was 4.3 percent, against the target of 11.6 percent. The subdued growth of credit was attributable to the global effects of COVID-19, which spilled over to businesses and investments, specifically those directly exposed to external shocks.



## **PART V**

### **5.0 MACROECONOMIC POLICY FRAMEWORK FOR 2021/22**

#### **5.1 Macroeconomic Policy Objectives**

In 2021/22, the Government will commence implementation of the Third National Five-Year Development Plan, 2021/22–2025/26 (FYDP III), which aims at realising the National Development Vision 2025. The Plan focuses on: promoting a competitive and participatory economy; strengthening industrial production capacity and service delivery; promoting businesses; and stimulating human development for inclusive economic growth. Accordingly, the macroeconomic policy objectives of Tanzania Mainland in 2021/22 are as follows:

- i. achieving real GDP growth of 5.6 percent in 2021;
- ii. maintaining a single digit annual headline inflation rate within target range of 3-5 percent in 2021/22; and
- iii. attaining budget deficit, including grants, of 1.8 percent of GDP in 2021/22.

As for Zanzibar, the Government aims at attaining the following macroeconomic objectives:

- i. real GDP growth of 5.2 percent in 2021;
- ii. maintaining a single digit annual headline inflation of not more than 5 percent in 2021/22; and
- iii. budget deficit, including grants, of 2.2 percent of GDP in 2021/22.

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

In attaining the macroeconomic objectives of the Governments, the Bank of Tanzania will maintain accommodative monetary policy,



benefiting from the expected low inflation, and the need to increase credit to private sector to support the ongoing recovery of the economy from the effects of the pandemic. In this regard, the Bank of Tanzania aims at achieving the following monetary policy targets in 2021/22:

- i. annual growth of average reserve money of 9.9 percent;
- ii. annual growth of extended broad money (M3) of 10.0 percent;
- iii. annual growth of credit to the private sector of 10.6 percent; and
- iv. maintaining foreign exchange reserves at levels adequate to cover at least 4 months of projected imports of goods and services.



## **PART VI**

### **6.0 MONETARY POLICY STANCE FOR 2021/22**

In 2021/22, the monetary policy stance will remain accommodative in order to continue providing support for the recovery of credit to the private sector and expansion of economic activities. The Bank of Tanzania will also continue to implement regulatory and macro prudential measures to complement monetary policy, thus sustaining sound and stable financial sector. The Bank of Tanzania will continue to closely monitor domestic and global economic conditions and stands ready to take additional policy and regulatory measures whenever necessary.

#### **6.1 Liquidity Management**

In achieving the monetary policy targets, the Bank of Tanzania will continue to improve the functioning of financial markets, through general public awareness on financial matters and improving supporting market infrastructure such as government securities system and establishment of mobile bidding platform. In addition, the Bank of Tanzania will continue engaging stakeholders to eliminate constraints to bank lending to the private sector and reduce lending rates. Efforts will also be placed on finalizing the process of adopting an interest rate-based framework with a view to improving the effectiveness of monetary policy. The interest rate-based framework is more forward looking and more effective in managing dynamics of the economy and effects of technological change in achieving monetary policy objectives. Monetary policy communication mechanism will be improved in order to manage expectations in the money market and reduce uncertainty, strengthen monetary transmission mechanism and increase transparency of monetary policy decisions. The Bank of Tanzania will also continue



to employ appropriate mix of monetary policy instruments to ensure adequate liquidity in banks to meet demands of the economy. These measures are expected to sustain stability of short-term interest rates and attainment of low and stable inflation objective.

## **6.2 Interest Rate Policy**

Interest rates will continue to be market determined in order to ensure efficient allocation of resources for trade and investment. The Bank of Tanzania will continue to promote development of a more transparent and efficient interbank cash market, which is critical platform for efficient price discovery in the financial market, and thus, providing effective guidance in the conduct of monetary policy.

## **6.3 Exchange Rate Policy**

Exchange rate will continue to be market determined and the Bank of Tanzania will participate in the interbank foreign exchange market (IFEM) solely for liquidity management purposes, and stabilisation of the market in the event of excessive volatility. In carrying out these operations, the Bank of Tanzania will remain mindful of the need to maintain adequate level of international reserves within the statutory requirement and maintain an orderly market condition.



## PART VII

### 7.0 CONCLUSION

Tanzania economy avoided recession in 2020, and the economy is projected to sustain commendable growth of 5.6 percent or higher in 2021, due to ongoing public investment, implementation of supportive policies and development blueprints. However, the pace of growth will depend on normalization of global trade and investment, and fading of uncertainties on global economy due to COVID-19 pandemic.

Inflation remained muted, within the target range of 3-5 percent, and is projected to evolve around 5 percent in 2021/22, supported by expected favourable weather, exchange rate stability and normalization of global supply chains. However, upward risks to inflation remain following recent gradual increase in oil prices in the world market. The Bank of Tanzania on its part will continue to implement accommodative monetary policy occasioned by low inflation expectation, while stands ready to take additional measures in case of unwarranted inflationary pressures. The Bank of Tanzania will continue to take measures in collaboration with the Governments, including addressing the existing structural and regulatory bottlenecks in order to reduce lending interest rates and improve private sector credit growth, while sustaining financial sector stability. Given the ongoing normalization of the global economy and sustained domestic macroeconomic stability, the Bank of Tanzania is optimistic that the monetary policy targets set in this Statement for 2021/22 will be achieved.



## **APPENDICES**

## Table A1: Selected Economic Indicators

Items	Unit	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21
<b>1. Prices</b>														
1.1 Annual change in consumer price index														
1.1.1 Headline inflation	Percent	3.3	3.2	3.2	3.3	3.3	3.1	3.1	3.0	3.2	3.5	3.3	3.2	3.3
1.1.2 Food inflation	Percent	4.6	4.4	4.4	3.8	3.7	3.4	3.4	2.8	3.0	2.8	3.6	4.3	4.8
1.1.3 Core inflation	Percent	2.1	2.2	2.2	2.6	2.5	2.5	2.4	2.5	2.3	3.8	3.6	3.6	3.5
<b>2. Money credit and interest rates</b>														
2.1 Extended broad money supply (M3) <sup>1</sup>	Percent	12.2	11.9	9.5	8.9	10.5	6.5	5.9	5.2	5.7	6.4	4.9	6.8	7.8
2.2 Reserve money	Percent	10.1	7.7	4.3	4.8	14.0	5.7	6.2	0.4	-4.0	-1.3	-2.5	5.0	3.5
2.3 Average reserve money	Percent	8.6	7.0	9.3	7.7	7.3	2.7	-0.6	1.5	0.4	-0.6	2.3	3.0	3.4
2.4 Credit to the private sector <sup>1</sup>	Percent	5.8	5.1	5.5	5.5	6.8	5.2	4.9	5.2	3.1	2.6	2.5	2.3	4.8
2.5 364-days Treasury bill rate <sup>2</sup>	Percent	4.9	4.8	4.7	4.1	4.0	3.9	4.0	4.3	4.5	4.9	5.7	6.0	6.0
2.6 Overnight inter-bank rate <sup>2</sup>	Percent	4.8	4.2	4.3	3.2	3.1	3.5	3.9	3.6	3.7	3.7	3.8	3.7	3.7
2.7 12-Months deposit rate <sup>2</sup>	Percent	8.0	8.6	7.5	7.6	8.4	8.2	8.2	8.4	8.4	8.2	8.7	8.8	8.8
2.8 Short-term (up to 1 year) lending rate <sup>2</sup>	Percent	16.4	16.2	16.0	15.4	15.3	15.0	15.9	15.7	15.7	15.8	15.9	16.0	16.1
<b>3. Balance of payments</b>														
3.1 Gross official foreign reserves	Millions of USD	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	5,237.9	5,173.7	5,045.3	4,969.7
3.2 Exchange rate														
3.2.1 Period average	TZ\$USD	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	2,298.4	2,298.5	2,298.5	2,298.5
3.2.2 End of period	TZ\$USD	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	2,298.5	2,298.5	2,298.5	2,298.5
<b>4. Public finance</b>														
4.1 Domestic revenue <sup>2</sup>	Billions of TZ\$	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	1,419.6	1,418.5	1,905.0	1,384.9
4.2 Recurrent expenditure <sup>3</sup>	Billions of TZ\$	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	1,023.9	1,074.1	1,635.2	1,512.1
4.3 Development expenditure <sup>3</sup>	Billions of TZ\$	1,157.7	490.6	756.2	25.9	344.0	484.7	725.4	439.3	619.1	513.7	547.6	1,149.5	1,107.9

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

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

<sup>2</sup> Monthly averages

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





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

Economic Activity	2015	2016	2017	2018	2019	2020 <sup>p</sup>
	Millions of TZS					
Agriculture, forestry and fishing	25,234,560	26,436,338	28,008,976	29,504,198	30,802,027	32,321,327
Crops	13,279,392	13,996,348	14,895,622	15,659,175	16,351,312	17,174,752
Livestock	7,158,457	7,506,593	7,876,592	8,266,049	8,676,074	9,107,854
Forestry	2,920,425	3,034,569	3,180,379	3,334,791	3,495,187	3,608,190
Fishing	1,843,401	1,864,627	2,020,292	2,206,242	2,239,892	2,389,915
Agriculture support services	32,886	34,201	36,091	37,941	39,562	40,615
Industry and Construction	23,103,647	25,817,955	28,565,774	31,344,128	34,976,982	37,507,952
Mining and quarrying	4,055,619	4,356,709	4,588,624	4,659,195	5,485,112	5,850,231
Manufacturing	7,411,672	8,213,364	8,889,818	9,623,501	10,184,558	10,646,279
Electricity supply	798,801	869,262	877,667	928,174	994,879	1,049,611
Water supply; sewerage, waste management	390,758	417,899	444,660	477,510	510,411	540,159
Construction	10,446,797	11,960,720	13,765,005	15,655,747	17,802,021	19,421,672
Services	38,146,529	40,549,564	42,689,011	45,369,789	48,114,453	50,173,139
Wholesale and retail trade; repairs	8,747,862	9,260,703	9,821,248	10,396,691	10,965,038	11,194,534
Transport and storage	6,929,895	7,324,856	7,815,845	8,736,561	9,493,191	10,293,276
Accommodation and Food Services	1,421,916	1,480,052	1,525,619	1,604,391	1,645,950	1,419,654
Information and communication	1,681,098	1,718,548	1,824,471	1,989,717	2,133,312	2,313,033
Financial and insurance activities	4,189,021	4,235,515	4,115,393	4,094,972	4,281,167	4,412,967
Real estate	2,949,598	3,077,086	3,211,895	3,354,518	3,505,485	3,663,972
Professional, scientific and technical activities	518,123	606,207	694,291	763,332	821,636	881,833
Administrative and support service activities	2,183,917	2,611,498	2,892,463	3,054,288	3,311,753	3,569,800
Public administration and defence	4,548,604	4,793,820	4,907,113	5,064,968	5,238,491	5,438,923
Education	2,413,306	2,665,336	2,859,171	3,046,789	3,257,406	3,363,845
Human health and social work activities	1,419,090	1,497,896	1,611,999	1,746,731	1,833,514	1,952,425
Arts, entertainment and recreation	248,510	280,131	307,907	350,027	389,225	372,120
Other service activities	717,898	814,529	912,404	971,690	1,037,083	1,089,265
Activities of households as employers;	177,691	183,387	189,193	195,113	201,203	207,492
All economic activities	86,484,736	92,803,857	99,263,761	106,218,115	113,893,462	120,002,418
Taxes on products	7,864,579	8,024,535	8,393,644	8,934,362	9,303,274	9,093,427
GDP at market prices	94,349,316	100,828,393	107,657,405	115,152,477	123,196,736	129,095,844
	Real Growth by Economic Activities (Percent)					
Economic Activity	2015	2016	2017	2018	2019	2020 <sup>p</sup>
Agriculture, forestry and fishing	5.4	4.8	5.9	5.4	4.4	4.9
Crops	7.6	5.4	6.4	5.2	4.4	5.0
Livestock	4.9	4.9	4.9	4.9	5.0	5.0
Forestry	3.4	3.9	4.8	4.9	4.8	3.2
Fishing	-4.5	1.2	8.4	9.2	1.5	6.7
Agriculture support services	4.5	4.0	5.5	5.2	4.3	2.7
Industry and Construction	4.5	4.0	5.5	5.1	4.3	7.2
Mining and quarrying	10.0	7.4	5.3	1.5	17.7	6.7
Manufacturing	7.1	10.8	8.2	8.3	5.8	4.5
Electricity supply	-2.0	8.8	1.0	5.8	7.2	5.5
Water supply; sewerage, waste management	2.4	6.9	6.4	7.4	6.9	5.8
Construction	12.9	14.5	15.1	13.8	13.7	9.1
Services	12.9	14.5	15.1	12.9	6.1	4.3
Wholesale and retail trade; repairs	3.6	5.9	6.1	5.9	5.5	2.1
Transport and storage	5.4	5.7	6.7	11.8	8.7	8.4
Accommodation and Food Services	1.7	4.1	3.1	5.2	2.6	-13.7
Information and communication	7.8	2.2	6.2	9.1	7.2	8.4
Financial and insurance activities	11.3	1.1	-2.8	-0.5	4.5	3.1
Real estate	4.3	4.3	4.4	4.4	4.5	4.5
Professional, scientific and technical activities	15.7	17.0	14.5	9.9	7.6	7.3
Administrative and support service activities	10.5	19.6	10.8	5.6	8.4	7.8
Public administration and defence	7.2	5.4	2.4	3.2	3.4	3.8
Education	10.4	10.4	7.3	6.6	6.9	3.3
Human health and social work activities	5.1	5.6	7.6	8.4	5.0	6.5
Arts, entertainment and recreation	7.7	12.7	9.9	13.7	11.2	-4.4
Other service activities	4.7	13.5	12.0	6.5	6.7	5.0
Activities of households as employers;	3.2	3.2	3.2	3.1	3.1	3.1
All economic activities	6.9	7.3	7.0	6.9	7.2	5.4
Taxes on products	-1.7	2.0	4.6	6.3	4.3	-2.3
GDP at market prices	6.2	6.9	6.8	7.0	7.0	4.8

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	2015	2016	2017	2018	2019	2020 <sup>P</sup>
	Contribution to real GDP by economic activities					
Agriculture, forestry and fishing	23.4	18.5	23.0	19.9	16.1	25.8
Crops	17.1	11.1	13.2	10.2	8.6	14.0
Livestock	6.2	5.4	5.4	5.2	5.1	7.3
Forestry	1.7	1.8	2.1	2.1	2.0	1.9
Fishing	-1.6	0.3	2.3	2.5	0.4	2.5
Agriculture support services	0.0	0.0	0.0	0.0	0.0	0.0
Industry and construction	37.4	41.9	40.2	37.1	45.2	42.9
Mining and quarrying	6.7	4.6	3.4	0.9	10.3	6.2
Manufacturing	9.0	12.4	9.9	9.8	7.0	7.8
Electricity supply	-0.3	1.1	0.1	0.7	0.8	0.9
Water supply; sewerage, waste management	0.2	0.4	0.4	0.4	0.4	0.5
Construction	21.8	23.4	26.4	25.2	26.7	27.5
Services	41.7	37.1	31.3	35.8	34.1	34.9
Wholesale and retail trade; repairs	5.5	7.9	8.2	7.7	7.1	3.9
Transport and storage	6.4	6.1	7.2	12.3	9.4	13.6
Accommodation and food services	0.4	0.9	0.7	1.1	0.5	-3.8
Information and communication	2.2	0.6	1.6	2.2	1.8	3.0
Financial and insurance activities	7.8	0.7	-1.8	-0.3	2.3	2.2
Real estate	2.2	2.0	2.0	1.9	1.9	2.7
Professional, scientific and technical activities	1.3	1.4	1.3	0.9	0.7	1.0
Administrative and support service activities	3.8	6.6	4.1	2.2	3.2	4.4
Public administration and defence	5.6	3.8	1.7	2.1	2.2	3.4
Education	4.1	3.9	2.8	2.5	2.6	1.8
Human health and social work activities	1.3	1.2	1.7	1.8	1.1	2.0
Arts, entertainment and recreation	0.3	0.5	0.4	0.6	0.5	-0.3
Other service activities	0.6	1.5	1.4	0.8	0.8	0.9
Activities of households as employers;	0.1	0.1	0.1	0.1	0.1	0.1
Taxes on products	-2.5	2.5	5.4	7.2	4.6	-3.6
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): Zanzibar: Gross Domestic Product at Constant 2015 Prices by Economic Activity**

Economic activity	2015	2016	2017	2018 <sup>p</sup>	2019	2020 <sup>p</sup>
	Billions of TZS					
GDP at market prices	2,355.7	2,491.4	2,683.8	2,875.5	3,077.7	3,116.3
Agriculture, Forestry & Fishing	519.7	539.5	582.2	603.8	619.4	639.8
Crops	227.7	235.9	261.0	270.6	254.9	258.1
Livestock	113.5	124.6	136.2	146.7	171.7	185.7
Forestry & hunting	41.3	42.3	44.1	44.2	45.9	43.8
Fishing	137.2	136.6	140.8	142.2	147.0	152.1
Industry	433.5	467.0	493.1	511.8	565.8	595.4
Mining & quarrying	23.5	27.2	32.7	37.1	36.4	34.2
Manufacturing	180.1	194.6	211.3	215.7	259.9	276.8
Electricity and gas	11.7	12.6	13.1	13.8	14.5	14.1
Water supply and sewerage	19.6	20.9	22.4	23.1	26.1	26.5
Construction	198.7	211.7	213.4	222.1	228.9	243.8
Services	1,196.5	1,265.2	1,360.1	1,498.2	1,626.7	1,613.6
Trade & repairs	162.1	169.4	180.3	194.7	212.5	228.2
Transport & storage	102.0	107.6	111.4	121.8	127.5	119.1
Accommodation and food services	331.0	375.5	429.2	504.7	562.7	491.0
Accommodation	268.1	305.2	350.0	409.5	457.9	405.9
Food and beverage services	62.9	70.3	79.2	95.3	104.8	85.0
Information and communication	52.5	44.7	51.6	53.4	56.3	54.5
Financial and insurance activities	78.6	83.7	91.6	95.6	98.6	100.4
Real estate activities	128.4	136.2	144.7	154.0	164.2	175.4
Professional, scientific and technical	3.6	3.9	3.8	4.0	3.9	3.9
Administrative and support services	23.2	22.8	24.4	25.6	27.4	26.1
Public administration	181.9	180.9	175.9	185.6	207.3	234.7
Education	69.4	71.5	73.3	78.5	84.4	92.5
Human health and social work	29.7	30.8	31.2	32.0	32.8	33.2
Arts, entertainment and recreation	1.9	2.4	2.7	3.3	3.4	3.2
Other service activities	27.0	30.4	34.4	39.3	40.1	45.3
Domestic services	5.2	5.4	5.5	5.7	5.9	6.1
Less FISIM	-23.9	-27.9	-27.7	-24.8	-25.5	-28.5
Taxes on products	229.9	247.7	276.1	286.6	291.2	296.0
	Real Growth by Economic Activities (Percent)					7.0
Agriculture, Forestry & Fishing	5.3	3.8	7.9	3.7	2.6	3.3
Crops	3.9	3.6	10.6	3.7	-5.8	1.3
Livestock	13.3	9.8	9.3	7.7	17.0	8.2
Forestry & hunting	1.6	2.5	4.2	0.3	3.8	-4.4
Fishing	2.9	-0.5	3.1	1.0	3.3	3.5
Industry	9.8	7.7	5.6	3.8	10.6	5.2
Mining & quarrying	9.8	15.9	20.3	13.3	-1.7	-6.0
Manufacturing	10.9	8.0	8.6	2.1	20.5	6.5
Electricity and gas	6.7	8.2	4.2	5.1	5.2	-3.2
Water supply and sewerage	8.0	6.9	7.3	2.8	12.9	2.0
Construction	9.1	6.5	0.8	4.1	3.1	6.5
Services	5.7	5.7	7.5	10.2	8.6	7.4
Trade & repairs	-2.9	4.5	6.4	8.0	9.1	1.0
Transport & storage	3.5	5.6	3.5	9.4	4.7	-6.6
Accommodation and food services	11.1	13.5	14.3	17.6	11.5	-12.7
Accommodation	11.5	13.8	14.7	17.0	11.8	-11.3
Food and beverage services	9.8	11.8	12.6	20.3	10.0	-18.9
Information and communication	-9.0	-14.9	15.5	3.4	5.5	-3.2
Financial and insurance activities	21.8	6.5	9.5	4.4	3.1	2.2
Real estate activities	5.8	6.0	6.2	6.4	6.6	6.8
Professional, scientific and technical	9.2	9.6	-3.2	5.2	-2.9	1.1
Administrative and support services	3.1	-1.9	7.2	4.9	6.9	-4.6
Public administration	7.1	-0.5	-2.7	5.5	11.7	13.2
Education	3.4	3.0	2.5	7.0	7.5	9.7
Human health and social work	0.3	3.7	1.4	2.3	2.5	1.4
Arts, entertainment and recreation	17.0	26.2	14.5	19.3	3.3	-4.9
Other service activities	3.6	12.5	13.4	14.2	2.0	12.9
Domestic services	3.2	3.2	3.2	3.2	3.2	3.2
Less FISIM	12.7	16.6	-0.9	-10.2	2.6	11.7
Taxes on products	5.0	7.7	11.5	3.8	1.6	1.6
GDP at market prices	6.2	5.8	7.7	7.1	7.0	1.3

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 2020=100												
		Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21
Food and non-alcoholic beverages	28.2	100.6	100.8	100.7	100.5	100.0	99.7	98.6	99.9	100.7	100.6	102.4	104.0	105.2
Alcoholic beverages and tobacco	1.9	100.3	101.5	101.7	101.0	100.0	99.3	99.2	99.6	101.0	101.2	101.4	101.5	102.3
Clothing and footwear	10.8	99.7	99.8	100.3	100.3	100.3	100.2	100.2	100.6	100.6	103.0	103.5	104.2	104.5
Housing, water, electricity, gas and other fuels	15.1	100.0	100.1	100.1	100.1	100.1	100.0	98.9	100.0	101.1	102.3	102.9	104.0	104.5
Furnishings, household equipment and routine household maintenance														
Health	7.9	100.4	100.5	100.8	100.7	100.5	100.5	100.4	100.7	101.2	102.4	102.5	102.8	103.0
	2.5	99.9	100.1	100.2	100.2	100.2	100.3	100.2	100.3	100.3	101.6	102.2	102.3	102.3
Transport	14.1	99.6	99.7	100.3	100.3	100.3	100.4	100.4	100.4	100.5	101.0	101.7	102.9	103.0
Information and communication	5.4	102.8	101.8	99.4	99.3	98.5	98.3	98.5	98.8	99.5	101.1	101.2	101.4	101.8
Recreation, sport and culture	1.6	100.0	100.0	100.0	100.2	100.2	100.2	100.2	100.9	100.9	102.1	102.6	102.8	102.9
Education services	2.0	100.6	100.6	100.6	100.6	100.6	98.9	98.8	98.9	98.9	100.4	101.1	101.2	101.3
Restaurants and accommodation services	6.6	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.1	100.1	102.3	103.7	104.5	105.1
Insurance and financial services	2.1	99.6	99.7	99.7	100.4	100.4	100.3	100.3	100.3	100.7	100.1	100.2	100.2	100.3
Personal care, social protection and miscellaneous goods and services	2.1	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	102.0	102.3	102.4	102.6
All items -(headline inflation)	100.0	99.9	100.0	100.8	100.2	100.3	100.2	100.2	99.8	99.8	101.5	102.4	103.4	104.0
Other selected groups														
Core Index	73.9	100.4	100.5	100.3	100.2	100.0	99.9	99.9	100.1	100.7	102.3	102.9	103.6	103.9
Non-Core Index	26.1	100.8	101.3	101.4	101.0	99.9	99.2	98.9	99.4	100.6	99.3	101.2	103.0	104.0
Unprocessed Food Index	20.4	100.7	101.6	101.9	101.2	99.9	99.0	98.7	99.1	100.6	99.4	101.4	103.1	104.0
All Items Less Unprocessed Food Index	79.6	100.5	100.5	100.3	100.2	100.0	99.9	99.9	100.1	100.6	102.1	102.7	103.5	103.9
Food Crops and Related Items Index	11.0	101.6	102.5	102.2	101.5	99.7	98.2	98.3	98.3	100.3	98.7	100.2	101.8	102.0
Energy, Fuel and Utilities Index	5.7	101.4	100.4	99.4	100.1	100.1	100.1	99.7	100.6	100.5	98.8	100.6	102.5	103.6
Services Index	37.2	101.0	100.8	100.2	100.1	99.8	99.5	98.6	99.7	100.2	101.4	102.0	102.7	103.2
Goods Index	62.8	100.2	100.7	100.8	100.6	100.1	99.8	99.7	100.1	100.9	101.6	102.7	103.8	104.4
Education services and products ancillary to education Index	4.1	100.0	100.0	100.3	100.0	100.0	100.1	100.0	100.0	100.1	102.2	102.4	102.6	103.3
All items Less Food and Non-Alcoholic Beverages	71.8	100.7	100.6	100.3	100.3	100.0	99.8	99.7	100.1	100.6	101.9	102.5	103.2	103.5

Source: National Bureau of Statistics



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

Main Groups	Old weights (%)	New weights (%)	Ref period: December 2015=100												Ref period: December 2020=100							
			Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21		
Food and non-alcoholic beverages	38.5	28.2	4.6	4.4	3.7	3.8	3.7	3.4	3.4	2.8	3.0	2.8	3.0	2.8	3.6	3.6	4.3	4.8				
Alcoholic beverages and tobacco	3.7	1.9	-0.4	-0.3	0.1	0.1	0.9	-0.6	-0.6	-0.7	-0.2	1.8	2.0	1.9	2.0	1.9	2.7	2.7				
Clothing and footwear	8.3	10.8	2.2	2.1	2.4	2.3	1.9	2.0	2.0	1.9	2.7	3.7	4.0	4.5	4.6	4.6	4.6	4.6				
Housing, water, electricity, gas and other fuels	11.6	15.1	6.5	6.7	9.3	9.5	8.6	8.5	8.2	9.1	10.2	7.3	4.4	3.7	4.1	4.1	4.1	4.1				
Furnishings, household equipment and routine household maintenance																						
Health	6.3	7.9	1.7	1.7	1.8	1.8	1.7	1.7	1.5	1.5	1.3	3.1	3.1	3.2	3.2	3.1	3.1	3.1				
Transport	2.9	2.5	0.2	0.4	0.9	0.9	0.9	0.9	0.9	0.9	1.0	2.2	2.8	2.9	2.7	2.7	2.7	2.7				
Information and communication	12.5	14.1	1.7	1.3	-0.3	0.5	1.7	1.7	2.0	1.6	0.9	0.9	1.0	0.5	0.2	0.2	0.2	0.2				
Information and communication	5.6	5.4	0.0	0.0	0.6	0.2	0.5	0.5	0.4	0.6	0.3	2.4	2.0	2.1	1.8	1.8	1.8	1.8				
Recreation, sport and culture	1.6	1.6	0.7	-1.2	-1.0	0.7	0.4	-0.3	0.6	0.7	0.4	1.6	2.1	2.2	2.3	2.3	2.3	2.3				
Education services	1.5	2.0	1.3	1.3	1.3	1.2	1.3	1.3	1.3	1.3	1.3	0.9	1.1	1.2	1.2	1.2	1.2	1.2				
Restaurants and accommodation services	4.2	6.6	0.7	0.7	0.9	1.9	1.9	1.5	1.6	1.6	1.9	3.0	4.1	4.9	5.4	5.4	5.4	5.4				
Insurance and financial services	NA	2.1	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	0.3	0.3	0.3	0.3				
Personal care, social protection and miscellaneous goods and services	3.1	2.1	1.1	1.2	0.7	0.6	0.8	0.7	0.9	0.8	0.3	2.4	2.8	2.8	2.7	2.7	2.7	2.7				
All items-(headline inflation)	100.0	100.0	3.3	3.2	3.2	3.3	3.3	3.1	3.1	3.0	3.2	3.5	3.3	3.2	3.2	3.2	3.2	3.2				
Other selected groups																						
Core index	43.3	73.9	2.1	2.2	2.6	2.6	2.5	2.5	2.4	2.5	2.3	3.8	3.8	3.6	3.6	3.6	3.6	3.6				
Non-Core Index	NA	26.1	NA	NA	NA	NA	NA	NA	NA	NA	NA	1.5	2.1	2.5	3.1	3.1	3.1	3.1				
Unprocessed Food Index	NA	20.4	NA	NA	NA	NA	NA	NA	NA	NA	NA	1.4	2.2	2.8	3.4	3.4	3.4	3.4				
All items Less Unprocessed Food Index	NA	79.6	NA	NA	NA	NA	NA	NA	NA	NA	NA	3.7	3.4	3.4	3.4	3.4	3.4	3.4				
Food Crops and Related Items Index	51.0	111.0	5.2	5.2	4.7	4.9	4.8	4.5	4.4	3.7	NA	1.3	1.0	1.1	0.4	0.4	0.4	0.4				
Energy, Fuel and Utilities Index	5.7	5.7	4.1	3.5	4.7	5.7	5.9	5.7	5.7	6.3	8.0	1.6	1.4	1.1	2.3	2.3	2.3	2.3				
Services Index	NA	37.2	NA	NA	NA	NA	NA	NA	NA	NA	NA	2.9	2.3	1.9	2.1	2.1	2.1	2.1				
Goods Index	NA	62.8	NA	NA	NA	NA	NA	NA	NA	NA	NA	3.4	3.7	4.1	4.2	4.2	4.2	4.2				
Education services and products ancillary to education Index	NA	4.1	NA	NA	NA	NA	NA	NA	NA	NA	NA	2.5	2.5	2.7	3.2	3.2	3.2	3.2				
All items Less Food and Non-Alcoholic Beverages	49.0	71.8	2.5	2.4	3.0	3.2	3.1	3.1	3.0	3.2	NA	3.8	3.2	2.7	2.7	2.7	2.7	2.7				

Source: National Bureau of Statistics



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

Main Groups	Weights (%)	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21
Headline	100.0	114.2	116.7	115.1	114.8	114.3	112.7	112.6	112.6	112.9	114.1	115.2	115.3	116.3
Food	42.7	114.9	119.0	117.5	115.7	116.0	111.7	111.1	110.9	112.3	115.3	115.7	115.8	117.0
Non-Food	57.3	113.6	114.9	113.3	114.2	113.0	113.4	113.8	113.8	113.3	113.2	114.9	115.0	115.8
Alcoholic beverages, tobacco & narcotics	0.2	134.9	134.9	134.9	135.8	135.8	135.1	135.9	135.1	135.1	135.1	135.1	135.1	135.1
Clothing and footwear	6.9	107.6	108.7	108.8	108.7	108.4	108.4	108.6	108.2	108.1	108.0	108.2	108.2	109.0
Housing, water, electricity, gas and other fuels	18.4	114.7	119.3	117.0	118.4	113.9	114.5	115.6	115.8	114.7	113.3	117.4	116.8	117.5
Furnishing, household equipment and routine household maintenance	5.5	120.6	120.4	119.9	119.9	120.9	120.9	120.5	120.7	120.6	120.9	122.3	122.3	124.5
Health	2.1	121.8	123.5	123.6	123.6	124.0	127.2	127.2	127.2	127.2	127.2	126.9	128.6	128.6
Transport	9.6	113.0	110.8	105.6	108.0	109.8	110.2	110.2	110.3	109.6	109.4	110.6	111.9	113.9
Communication	4.2	114.8	114.8	114.8	114.8	114.9	114.9	114.9	114.9	114.9	114.9	114.9	114.9	114.9
Recreation and culture	1.3	112.9	114.4	114.4	114.4	114.1	114.1	114.1	114.1	113.9	113.9	112.3	112.3	112.3
Education	1.9	113.2	113.2	113.2	113.2	113.2	113.2	113.2	113.2	113.2	124.9	125.3	125.3	125.3
Restaurants and hotels	3.9	107.1	107.1	107.1	107.1	107.1	107.7	107.7	107.1	107.1	107.1	107.1	107.1	107.1
Miscellaneous goods & services	2.3	109.7	110.3	110.3	111.0	109.9	109.4	109.4	109.6	109.6	110.0	110.0	110.0	110.6

Source: Office of Chief Government Statistician, Zanzibar

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

Main Groups	Weights (%)	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-20	Feb-21	Mar-21	Apr-21
Headline	100.0	4.7	5.3	3.4	3.6	2.4	2.1	1.6	1.0	0.5	0.5	0.7	1.5	1.9
Food	42.7	8.1	8.8	6.3	6.7	4.9	4.1	2.3	1.5	0.8	1.3	0.3	2.5	1.8
Non-Food	57.3	2.2	2.5	1.2	1.4	0.5	0.7	1.0	0.7	0.3	-0.2	0.9	0.8	2.0
Alcoholic beverages, tobacco & narcotics	0.2	22.4	22.4	22.4	11.4	24.5	0.2	0.7	0.2	0.2	0.2	0.2	0.2	0.2
Clothing and footwear	6.9	1.8	1.4	1.7	1.9	1.5	1.2	1.1	0.8	1.0	0.9	1.1	0.9	1.3
Housing, water, electricity, gas and other fuels	18.4	1.8	4.5	3.3	4.2	-1.7	0.9	1.4	1.3	0.1	-1.1	2.0	1.1	2.4
Furnishing, household equipment and routine household maintenance	5.5	3.4	2.9	2.4	2.2	2.3	1.8	1.4	1.2	0.9	1.3	2.3	1.8	3.2
Health	2.1	11.3	12.8	12.9	8.6	7.3	11.4	11.3	11.3	11.3	7.1	4.4	5.5	5.6
Transport	9.6	0.7	-2.1	-7.1	-7.1	0.9	-4.4	-2.9	-3.9	-4.1	-4.9	-4.3	-2.7	0.8
Communication	4.2	0.0	0.0	0.0	0.0	15.8	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Recreation and culture	1.3	5.0	5.8	4.4	3.9	4.7	3.6	3.6	3.6	3.5	3.4	2.0	-0.5	-0.5
Education	1.9	3.2	3.2	3.2	3.2	4.0	3.2	3.2	3.2	3.2	10.3	10.7	10.7	10.7
Restaurants and hotels	3.9	0.8	0.8	0.8	0.8	6.0	1.4	1.4	0.8	0.8	0.3	0.3	0.0	0.0
Miscellaneous goods & services	2.3	3.5	3.3	3.0	3.6	4.9	1.1	1.0	1.0	1.0	0.6	0.4	0.4	0.8

Source: Office of Chief Government Statistician, Zanzibar





**Table A4: Depository Corporations Survey**

Items	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21
Net foreign assets (NFA) of the banking system	11,724.1	11,444.9	11,289.2	11,431.5	11,792.6	11,267.1	11,049.6	10,387.9	10,722.5	11,862.2	11,571.5	11,307.8	10,590.8
NFA of the Bank of Tanzania	11,580.4	11,466.7	11,258.9	11,068.1	11,139.6	10,667.5	10,693.3	10,336.5	10,306.8	11,389.8	11,317.9	11,076.2	10,896.2
Net international reserves (Millions of USD)	5,309.0	5,269.0	5,159.1	5,095.6	5,112.6	4,928.0	4,918.6	4,795.1	4,755.8	5,226.0	5,787.7	5,045.3	4,969.7
NFA of the banks	143.7	-21.7	30.3	363.4	666.2	598.5	356.3	51.5	413.8	472.6	145.6	231.6	-295.7
Banks NFA (Millions of USD)	62.7	-9.5	13.2	158.2	285.6	260.9	155.0	22.4	180.0	205.6	63.3	100.8	-128.6
Net domestic assets of the banking system	17,043.7	17,585.9	18,552.4	17,907.0	18,210.4	18,651.6	18,289.1	19,230.0	19,198.0	18,061.6	18,850.6	18,560.6	20,416.8
Domestic claims	24,379.3	24,902.4	25,697.1	25,180.0	25,759.3	25,247.8	25,806.0	26,153.0	26,139.6	25,161.9	25,154.5	26,240.4	27,514.9
Claims on central government (net)	4,664.7	5,131.3	5,807.9	5,260.0	5,445.7	5,038.9	5,533.9	5,767.5	5,631.3	4,838.4	4,755.4	5,765.6	6,855.2
Claims on central government	9,411.8	9,860.3	9,137.2	11,900.7	12,027.0	12,313.4	12,768.6	13,034.5	12,599.1	12,081.2	12,506.0	13,162.8	13,902.0
Ow Securities held by banks	5,528.0	5,629.9	5,493.8	5,574.4	5,723.2	5,672.4	5,687.4	5,639.7	5,754.0	5,707.4	5,720.3	5,883.7	5,837.9
Liabilities to central government	4,747.1	4,749.0	3,329.2	6,240.7	6,581.3	7,274.5	7,274.5	7,267.0	6,767.7	7,242.8	7,750.6	7,400.2	7,046.7
Claims on the private sector	19,714.5	19,771.1	19,889.2	19,920.0	20,313.6	20,209.0	20,272.1	20,385.5	20,308.3	20,323.5	20,399.0	20,477.8	20,659.7
Ow Extended in Shillings	53.3	51.4	60.8	46.8	43.5	33.7	36.5	37.8	30.3	39.5	35.8	39.4	49.0
Extended in foreign currency	14,057.7	14,148.5	14,388.0	14,504.6	14,797.4	15,042.4	15,124.0	15,174.3	15,143.6	15,266.6	15,280.9	15,279.9	15,395.9
Equivalent in millions of USD	6,156.6	6,174.1	6,272.4	6,312.8	6,440.1	6,547.0	6,582.4	6,604.2	6,590.2	6,642.3	6,646.1	6,647.7	6,698.2
Other items net	-7,335.5	-7,316.5	-7,144.7	-7,272.7	-7,548.8	-7,085.7	-7,154.4	-6,920.0	-6,941.6	-7,100.4	-6,865.3	-7,389.8	-7,108.0
Extended broad money supply (M3)	28,767.9	29,030.8	29,841.6	29,338.8	30,003.2	29,429.2	29,701.2	29,620.9	29,920.6	29,923.8	29,806.6	30,158.4	31,002.0
Foreign currency deposits (FCD)	6,741.0	6,879.7	6,630.1	6,771.5	7,389.0	7,138.6	6,704.4	6,715.2	6,887.9	7,167.5	7,042.6	7,166.6	7,416.5
FCD (Millions of USD)	2,942.7	3,002.2	2,890.4	2,947.2	3,207.1	3,107.0	2,917.9	2,922.6	2,997.5	3,116.5	3,064.0	3,117.9	3,226.7
Broad money supply (M2)	8,144.0	8,214.0	8,341.7	8,231.1	8,320.7	8,623.3	8,424.0	8,577.8	8,711.0	8,535.1	8,337.8	8,487.9	8,633.6
Other deposits	13,882.9	13,937.1	14,869.9	14,336.3	14,313.6	13,667.3	14,572.8	14,327.9	14,321.7	14,221.1	14,426.2	14,504.0	14,951.9
Narrow money supply (M1)	3,943.2	4,077.9	4,231.8	4,270.3	4,264.2	4,323.7	4,494.4	4,478.4	4,500.5	4,198.7	4,326.7	4,299.2	4,359.0
Currency in circulation	9,939.7	9,859.2	10,638.1	10,066.0	10,049.4	9,343.5	10,078.4	9,849.5	9,821.1	10,022.5	10,098.5	10,204.8	10,592.9
Transferable deposits													
Memorandum items													
Reserve money	7,445.4	7,509.8	8,302.4	7,609.5	8,124.5	7,627.9	8,088.3	7,437.5	7,169.3	7,105.6	6,935.5	7,221.1	7,703.0
Banks' reserves	2,589.9	2,550.7	3,139.3	2,425.3	2,244.7	1,764.8	1,970.4	2,038.5	1,667.4	2,012.3	1,829.5	2,041.5	2,533.1
Currency outside Bank of Tanzania	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	5,093.2	5,106.0	5,179.5	5,170.0
Average reserve money	7,376.3	7,354.2	7,851.8	7,942.4	7,624.7	7,368.2	7,288.5	7,498.1	7,323.1	7,179.9	7,168.0	7,166.6	7,288.4
Nominal exchange rate (end of period) (TZS/USD)	2,291.6	2,293.8	2,297.6	2,297.7	2,297.7	2,297.6	2,297.6	2,299.4	2,299.4	2,299.4	2,299.4	2,299.4	2,299.4
Gross official reserves (Millions of USD)	5,334.3	5,284.4	5,194.7	5,118.7	5,124.4	4,939.6	4,930.3	4,806.9	4,767.7	5,237.9	5,178.7	5,045.3	4,969.7
Foreign assets of banks (Millions of USD)	978.8	948.5	949.6	1,085.3	1,210.8	1,248.5	1,138.1	1,075.3	1,269.2	1,337.1	1,316.3	1,166.7	1,008.5
Gross foreign assets of the banking system (Millions of USD)	6,313.0	6,134.4	6,204.0	6,335.1	6,188.2	6,068.4	5,882.2	6,036.9	5,821.1	6,022.5	6,495.0	6,212.0	5,978.2
Annual growth rates (%)													
Stock of reserve money	10.1	7.7	4.3	4.8	14.0	5.7	6.2	0.4	-4.0	-1.3	-2.5	5.0	3.5
Average reserve money	8.6	7.0	9.3	7.7	7.3	2.7	-0.6	1.5	0.4	-0.6	2.3	3.0	3.4
Extended broad money supply (M3)	12.2	11.9	9.5	8.9	10.5	6.5	5.9	5.2	5.7	6.4	4.9	6.8	7.8
Broad money supply (M2)	13.9	12.9	10.5	10.6	10.2	9.1	10.7	8.7	8.2	7.7	7.1	9.3	7.1
Credit to the private sector	5.8	5.1	5.5	5.5	6.8	5.2	4.9	5.2	3.1	2.6	2.5	2.3	4.8

Source: Bank of Tanzania



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

Items	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21
<i>Percent</i>													
<b>Interbank cash market rates</b>													
Overnight	4.83	4.19	4.32	3.20	3.09	3.54	3.91	3.58	3.70	3.70	3.81	3.71	3.71
2 to 7 days	5.37	5.24	4.75	3.99	3.76	4.01	4.23	4.24	4.09	4.36	4.43	4.30	4.45
8 to 14 days	5.34	5.56	5.07	4.83	4.55	4.51	4.50	4.61	4.58	4.63	4.66	4.54	4.72
15 to 30 days	5.68	5.25	5.05	4.70	4.21	4.22	4.37	4.16	4.25	4.44	4.25	4.32	4.35
31 to 60 days	6.80	6.19	5.73	5.78	3.95	5.18	5.32	5.31	5.12	4.93	4.44	5.95	5.51
61 to 90 days	6.00	5.30	5.30	5.30	5.30	4.75	4.75	5.35	7.25	4.77	5.05	4.49	4.49
91 to 180 days	8.70	5.75	5.36	5.00	5.88	5.49	5.67	5.62	5.62	5.12	5.51	5.40	5.12
181 and above	7.71	7.56	7.69	10.00	10.00	6.77	6.96	7.95	8.35	8.35	8.35	8.75	7.63
Overall interbank cash market rate	5.41	5.08	4.87	3.97	3.74	4.12	4.28	4.29	4.17	4.16	4.39	4.31	4.51
Lombard rate	7.25	6.29	6.49	4.80	4.64	5.31	5.87	5.38	5.55	5.55	5.72	5.56	5.56
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
182 days	4.06	3.69	3.30	3.02	2.58	2.58	2.58	2.59	2.61	2.58	2.57	2.96	3.91
364 days	4.94	4.77	4.70	4.14	3.98	3.94	4.00	4.29	4.45	4.92	5.71	5.95	6.02
Overall Treasury bills rate	4.88	4.64	2.97	4.04	3.88	3.94	4.01	4.01	4.10	4.69	5.71	5.90	5.95
<b>Treasury bonds rates</b>													
2-years	8.34	8.34	8.34	8.34	7.09	7.09	7.09	7.09	7.09	7.51	7.51	7.89	7.89
5-years	11.95	11.95	11.95	11.95	11.95	11.95	9.10	9.10	9.10	9.10	9.10	9.10	9.10
7-years	12.89	11.20	11.20	11.20	11.20	11.20	10.09	10.09	10.09	10.09	10.09	10.09	10.09
10-years	12.90	12.90	12.90	12.02	11.49	11.49	11.49	11.47	11.56	11.56	11.56	11.60	11.60
15-years	14.19	14.19	14.30	13.83	13.83	13.50	13.50	13.50	13.53	13.57	13.60	13.60	13.60
20-years	15.85	15.79	15.79	15.64	15.64	15.51	15.51	15.39	15.01	15.01	15.41	15.41	15.41
25-years													16.34
Discount rate	7.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00

Source: Bank of Tanzania



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

Items	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21
<b>A: Domestic currency</b>													
<b>Savings deposit rate</b>													
Overall time deposits rate	2.38	2.43	2.26	2.32	2.35	2.35	2.32	2.34	2.45	2.50	2.53	2.57	2.16
1 month	6.69	6.80	6.74	6.47	6.48	6.31	6.50	6.74	7.09	6.68	6.88	6.94	6.95
2 months	8.15	7.18	8.33	8.15	8.15	8.88	7.74	7.44	8.48	9.09	9.70	6.99	7.48
3 months	6.34	5.94	6.84	6.59	5.69	4.30	6.80	7.02	8.09	6.16	7.42	7.61	7.72
6 months	5.96	6.33	6.70	6.05	6.84	7.22	7.28	7.63	7.61	7.53	5.33	7.61	6.78
12 months	6.54	7.71	6.85	7.65	7.90	7.57	7.80	6.73	7.48	6.37	7.32	7.86	8.23
24 months	8.01	8.57	7.54	7.63	8.37	8.16	8.22	8.43	8.41	8.23	8.67	8.80	8.77
	10.28	10.56	9.63	7.71	7.01	6.79	6.57	8.98	8.59	8.50	8.67	8.52	8.62
Negotiated deposit rate	9.66	9.53	9.27	9.39	9.31	9.05	9.12	8.20	9.22	9.22	9.50	9.18	9.36
Overall lending rate	16.91	16.67	16.51	16.55	16.58	16.30	16.63	16.61	16.74	16.63	16.66	16.61	16.58
Short-term (up to 1 year)	16.37	16.20	15.99	15.38	15.30	15.04	15.87	15.70	15.72	15.76	15.68	15.97	16.05
Medium-term (1-2 years)	18.38	18.29	18.12	18.23	18.24	17.11	18.27	18.38	18.69	18.51	18.40	18.36	18.34
Medium-term (2-3 years)	17.63	17.50	17.35	17.41	17.44	17.68	16.90	16.87	16.83	16.85	17.00	16.82	16.59
Long-term (3-5 years)	16.28	16.06	15.88	16.20	16.11	16.20	16.20	16.19	16.23	16.06	16.07	16.06	16.13
Term loans (over 5 years)	15.90	15.31	15.21	15.54	15.80	15.46	15.93	15.92	16.24	15.99	15.92	15.85	15.82
Negotiated lending rate	13.51	14.48	14.52	13.62	13.10	13.69	13.97	13.97	13.86	13.38	13.96	14.05	13.76
<b>B: Foreign currency</b>													
<b>Deposits rates</b>													
Savings deposits rate	2.56	1.56	0.80	1.12	1.17	1.16	0.95	0.83	1.04	0.79	0.92	0.91	0.41
Overall time deposits rate	2.60	2.26	2.24	2.29	2.24	2.14	2.23	2.59	2.45	2.39	2.33	2.57	3.21
1-months	1.06	1.01	1.07	1.05	1.16	1.18	1.15	1.17	1.35	1.73	1.77	3.06	3.09
2-months	2.99	2.32	2.03	2.25	2.36	2.04	2.70	4.13	2.11	2.68	2.44	2.19	3.82
3-months	3.09	2.96	3.27	3.23	2.13	2.84	2.30	3.21	3.33	2.70	2.66	2.63	2.80
6-months	2.96	2.40	2.36	2.62	2.80	2.76	2.83	2.40	1.92	1.75	1.72	2.16	3.16
12-months	2.92	2.62	2.49	2.33	2.10	1.87	2.15	2.04	3.53	3.09	3.06	2.83	3.20
Overall lending rate	6.37	6.39	6.45	6.50	6.37	6.51	6.87	6.97	6.82	6.84	6.83	7.46	8.10
Short-term (up to 1 year)	7.30	8.24	8.16	8.07	7.66	8.61	8.94	8.74	8.94	8.41	8.96	8.31	8.88
Medium-term (1-2 years)	5.56	4.81	4.67	4.70	4.63	4.59	4.07	4.34	4.00	4.50	4.00	7.53	8.82
Medium-term (2-3 years)	6.23	5.99	6.80	6.36	6.04	6.07	5.33	5.89	5.79	5.33	5.20	6.84	6.52
Long-term (3-5 years)	7.87	7.48	7.19	7.65	7.84	7.79	8.99	8.88	8.36	8.98	8.99	7.21	8.88
Term loans (over 5 years)	4.88	5.42	5.45	5.73	5.70	5.48	6.99	6.99	6.99	6.98	6.99	7.40	7.40

Source: Bank of Tanzania



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

*Billions of TZS*

Item	Budget	July 2020 - April 2021		Percent of estimates
	2020/21	Estimate	Actual	
Total revenue (including LGAs)	24,065,542.3	19,718,498.0	16,973,252.1	86.1
Central government revenue	23,250,581.3	19,032,273.9	16,347,310.2	85.9
Tax revenue	20,135,956.8	16,579,431.2	14,293,455.6	86.2
Taxes on imports	7,168,841.7	5,898,826.3	5,328,566.2	90.3
Sales/VAT and excise on local goods	4,473,393.9	3,799,861.4	3,209,538.6	84.5
Income taxes	7,173,649.0	5,789,151.7	4,888,203.8	84.4
Other taxes	1,320,072.2	1,091,591.8	867,147.0	79.4
Non- tax revenue	3,114,624.5	2,452,842.7	2,053,854.6	83.7
LGA own sources	814,961.0	686,224.2	625,941.9	91.2
Total expenditure <sup>1</sup>	29,100,434.0	24,027,873.9	19,875,010.4	82.7
Recurrent expenditure	16,321,179.0	13,532,319.0	11,713,383.0	86.6
Wages and salaries	7,762,389.5	6,464,432.7	6,077,452.2	94.0
Interest payments	2,870,582.5	2,276,450.5	2,067,253.7	90.8
Other goods, services and transfers	5,688,207.0	4,791,435.8	3,568,677.1	74.5
Development expenditure and net lending	12,779,255.0	10,495,554.9	8,161,627.4	77.8
Local	10,043,206.1	7,941,883.2	6,516,813.7	82.1
Foreign	2,736,048.9	2,553,671.6	1,644,813.6	64.4
Balance before grants	-5,034,891.7	-4,309,375.8	-2,901,758.3	67.3
Grants	949,322.5	906,360.2	516,753.0	57.0
Balance (cheques issued) after grants	-4,085,568.3	-3,403,015.7	-2,385,005.3	70.1
Expenditure float	0.0	0.0	-7,318.0	
Adjustments to cash and other items (net)	0.0	874,397.0	-523,666.3	
Overall balance	-4,085,568.3	-2,528,618.7	-2,915,989.5	
Financing	4,085,568.3	2,528,618.7	2,915,989.5	
Foreign financing (net)	2,497,399.1	-11,928.4	717,709.1	
Domestic (net) <sup>2</sup>	1,588,169.2	2,540,547.2	2,198,280.4	

Source: Ministry of Finance and Planning

Note: <sup>1</sup> Exclude amortization and expenditure float, includes road fund and retention expenditure

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

LGA stands for Local Government Authority; VAT, value added tax; MDRI, multilateral debt relief initiative; MCA(T), millennium challenge account (Tanzania); NDF, net domestic financing; and o/w, of which



**Table A8: Zanzibar Central Government Operations**

*Billions of TZS*

	Billions of TZS			Percent of estimates
	Budget 2020/21	July - April 2021		
		Estimates	Actual <sup>p</sup>	
Total revenue	1,050.0	885.3	616.4	69.6
Tax revenue	889.9	790.2	537.1	68.0
Tax on Imports	202.9	159.9	124.0	77.6
VAT and excise duties (local)	252.6	213.7	126.7	59.3
Income tax	180.6	141.3	111.9	79.2
Other taxes	253.9	275.3	174.5	63.4
Non-tax revenue	160.0	95.1	79.3	83.3
Total expenditure	1,579.2	1,028.2	797.8	77.6
Recurrent expenditure	969.3	821.1	635.5	77.4
Wages and salaries	440.6	338.4	339.3	--
Other expenditure	528.7	482.7	296.2	61.4
Development expenditure	609.9	207.0	162.3	78.4
Local	197.3	100.2	55.1	55.0
Foreign	412.6	106.9	107.2	--
Overall surplus/ deficit before grants	-529.2	-142.8	-181.4	--
Grants	82.7	10.1	12.0	--
Project grant	82.7	10.1	12.0	--
Overall surplus/deficit after grants	-446.5	-132.7	-169.4	--
Adjustment to cash and other items	102.4	40.0	18.6	46.6
Overall deficit cheques cleared	-344.1	-92.7	-150.7	--
Financing	344.1	92.7	150.7	--
Foreign	299.1	92.7	97.0	104.7
Program loans	299.1	92.7	97.0	104.7

*Source: Ministry of Finance and Planning, Zanzibar*

*Note: "p" denotes provisional data*



## Table A9: Tanzania's Balance of Payments

*Millions of USD*

Item	2016 <sup>6</sup>	2017 <sup>7</sup>	2018 <sup>8</sup>	2019 <sup>9</sup>	2020 <sup>0</sup>
<b>A. Current Account</b>	-2,739.3	-1,827.1	-2,248.3	-1,490.9	-994.8
<b>Goods: exports f.o.b.</b>	4,873.9	4,510.8	4,292.7	5,377.6	6,371.7
Traditional	932.4	1,021.8	667.5	817.7	808.1
Nontraditional	3,498.4	3,078.9	3,234.9	4,186.0	5,253.3
o/w Gold	1,508.8	1,541.1	1,541.9	2,215.1	2,957.5
Unrecorded trade	443.1	410.1	390.2	373.8	310.4
<b>Goods: imports f.o.b.</b>	-8,463.6	-7,551.7	-8,483.1	-8,793.1	-7,889.0
<b>Balance on Goods</b>	-3,589.8	-3,041.0	-4,190.4	-3,415.5	-1,517.2
<b>Services: credit</b>	3,599.3	3,831.9	4,014.7	4,281.0	2,182.9
Transport	1,053.6	1,141.0	1,227.5	1,355.9	1,284.5
Travel	2,131.6	2,250.3	2,449.4	2,604.5	714.5
Other	414.1	440.5	337.8	320.6	183.9
<b>Services: debit</b>	-2,176.4	-2,039.9	-1,915.9	-1,782.5	-1,239.2
Transport	-893.7	-800.3	-605.1	-681.5	-530.8
Travel	-922.3	-807.3	-738.1	-651.1	-203.8
Other	-360.4	-432.3	-572.7	-449.9	-504.6
<b>Balance on Services</b>	1,422.9	1,792.0	2,098.8	2,498.5	943.7
<b>Balance on Goods and Services</b>	-2,166.9	-1,249.0	-2,091.6	-917.0	-573.5
<b>Primary Income: credit</b>	98.5	125.3	155.9	212.4	111.2
o/w Investment income	67.6	86.1	108.5	150.4	97.7
Compensation of employees	31.0	39.3	47.4	62.1	13.5
<b>Primary Income: debit</b>	-1,053.6	-1,105.4	-781.1	-1,204.9	-966.0
o/w Direct investment income	-625.2	-700.0	-439.0	-766.3	-545.1
Interest payments	-379.9	-358.0	-302.1	-398.3	-383.7
Compensation of employees	-46.1	-45.0	-37.6	-37.9	-34.9
<b>Balance on Primary Income</b>	-955.1	-980.1	-625.2	-992.5	-854.8
<b>Balance on Goods, Services and Primary Income</b>	-3,122.0	-2,229.0	-2,716.8	-1,909.5	-1,428.3
<b>Secondary Income: credit</b>	452.7	485.2	535.8	474.9	486.3
Government	81.1	121.8	170.3	103.5	183.1
Financial corporations, nonfinancial corporations, households and NPISHs	371.6	363.4	365.5	371.4	303.2
<b>Secondary Income: debit</b>	-70.0	-83.2	-67.3	-56.4	-52.7
<b>Balance on Secondary Income</b>	382.7	402.0	468.5	418.5	433.6
<b>B. Capital Account</b>	446.2	376.8	464.1	481.2	303.6
<b>Capital transfers credit</b>	446.2	376.8	464.1	481.2	303.6
General Government	383.0	313.6	400.3	416.8	229.7
Other Capital Transfer (Investment grant)	357.3	287.8	394.3	416.8	229.7
Debt forgiveness (including MDRI)	25.8	25.8	6.0	0.0	0.0
Financial corporations, nonfinancial corporations, households and NPISHs	63.2	63.2	63.8	64.4	73.9
<b>Capital transfers:debit</b>	0.0	0.0	0.0	0.0	0.0
<b>C. Financial Account, excl. reserves and related items</b>	-1,210.8	-1,936.6	-1,635.4	-2,325.6	-591.0
<b>Direct Investments</b>	-864.0	-937.7	-971.6	-1,217.2	-684.9
Direct investment in Tanzania	864.0	937.7	971.6	1,217.2	684.9
<b>Portfolio investment</b>	5.0	-2.9	3.7	-36.8	2.1
<b>Other investment</b>	-351.8	-996.0	-667.5	-1,071.6	91.8
<b>Assets</b>	-128.0	-118.1	150.3	31.7	24.4
Loans (Deposit-taking corporations, except the central bank)	-94.7	-34.7	35.8	60.7	167.3
Currency and deposits	-33.3	-83.4	114.5	-34.9	-145.2
Deposit-taking corporations, except the central bank	-150.1	-4.9	206.9	32.4	34.0
Other sectors	116.8	-78.5	-92.4	-67.3	-179.2
Other assets	0.0	0.0	0.0	5.9	2.3
<b>Liabilities</b>	223.8	877.9	817.8	1,103.2	-67.4
Trade credits	0.2	9.7	21.4	-8.9	10.1
Loans	292.8	885.3	758.9	1,136.9	-49.4
General government	-124.0	512.7	397.8	1,160.7	-69.5
Drawings	348.2	1,044.6	1,104.3	1,924.7	916.6
Repayments	-472.3	-531.9	-706.5	-764.0	-986.1
Deposit-taking corporations, except the central bank	209.2	176.1	-32.2	88.2	37.2
Other sectors	310.3	220.8	367.9	-94.3	-17.3
Drawings	453.3	318.9	467.6	365.2	105.7
Repayments	-142.9	-98.1	-99.7	-459.5	-123.0
Currency and deposits	-69.3	-17.1	-37.6	-24.7	-28.1
<b>D. Net Errors and Omissions</b>	1,351.9	1,183.3	-635.2	-728.8	-684.8
<b>Overall balance (Total, Groups A through D)</b>	305.5	1,669.6	-784.0	587.0	-764.9
<b>E. Reserves and Related Items</b>	305.5	1,669.6	-784.0	587.0	-764.9
Reserve assets	232.2	1,598.7	-871.9	525.0	-790.1
Use of Fund credit and loans	73.3	70.9	87.9	62.0	25.2
<b>Memorandum items</b>					
CAB/GDP	-5.0	-3.3	-3.9	-2.4	-1.5
CAB/GDP (excl. current official transfers)	-5.2	-3.6	-4.2	-2.6	-1.8
Gross Official Reserves	4,325.6	5,900.3	5,044.6	5,567.6	4,767.7
Months of Imports	4.5	6.1	4.6	5.9	5.3
Months of Imports(Excluding FDI related imports)	5.0	6.6	4.9	6.4	5.6

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 - April		Percentage change
		2019/2020	2020/2021 <sup>P</sup>	
Traditional exports				
Clove				
Value	USD ('000')	17,963.3	1,027.4	-94.3
Volume	000 Tonnes	3.7	0.2	-95.4
Unit price	USD/Tonne	4,936.8	4,755.3	-3.7
Non-traditional exports				
Seaweeds				
Value	USD ('000')	4,406.2	12,610.2	186.2
Volume	000 Tonnes	6.4	16.2	---
Unit price	USD/Tonne	691.7	1,014.8	46.7
Manufactured goods	USD ('000')	2,464.2	6,216.9	---
Fish and fish products	USD ('000')	876.9	1,394.8	59.1
Others exports	USD ('000')	1,283.5	1,932.2	50.5
Sub-total	USD ('000')	9,030.8	22,154.1	---
Grand-total	USD ('000')	26,994.1	23,181.5	-14.1

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-April		Percentage change
	2019/20	2020/21 <sup>P</sup>	
Capital goods	77.9	156.2	---
Transport equipment	13.4	45.2	---
Building and construction	20.5	20.5	0.1
Machinery	44.0	90.5	---
Intermediate goods	92.7	79.0	-14.8
Oil imports	72.0	43.7	-39.2
Industrial raw materials	20.7	35.3	70.3
Consumer goods	84.6	95.3	12.6
Food and food stuffs	45.0	28.1	-37.5
All other consumer goods	39.6	67.1	69.5
Grand total (c.i.f)	255.2	330.5	29.5
Grand total (f.o.b)	232.2	300.7	29.5

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.

## **Gross Domestic Product (GDP)**

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

## **Foreign Exchange Reserves**

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



## Inflation

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

## Lombard Facility

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

## Minimum Reserve Requirement

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

## Money Supply (M)

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

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



## **National debt**

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

## **Non-Food Inflation**

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

## **Non-performing Loan**

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

## **Public Debt**

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



## **Repurchase agreements (Repo)**

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

## **Reverse repo**

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

## **Reserve Money (M0)**

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









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