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MONETARY POLICY STATEMENT

*Mid-Year Review
2021/22*

**GOVERNOR
BANK OF TANZANIA**

February 2022



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BANK OF TANZANIA**

February 2022



8th February 2022

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

Honourable Minister,

LETTER OF TRANSMITTAL

In accordance with Section 21(5) of the Bank of Tanzania Act, Cap. 197, I hereby submit the Mid-Year Review of the **Monetary Policy Statement** of the Bank of Tanzania for the fiscal year 2021/22 for subsequent submission to the Parliament.

The Statement reviews the recent global and domestic macroeconomic developments and outlines the outcome of implementation of the monetary policy during the first half of the fiscal year 2021/22 against the targets. It then highlights the macroeconomic outlook and monetary policy stance that the Bank of Tanzania intends to pursue in the remainder of the fiscal year 2021/22 in order to achieve its policy objectives.

Yours Sincerely,

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



TABLE OF CONTENTS

LETTER OF TRANSMITTAL	i
EXECUTIVE SUMMARY	iv
Monetary Policy Implementation	iv
Global Economy	v
Macroeconomic Outlook	ix
Monetary Policy Stance for Second half of 2021/22	x
INTRODUCTION	1
PART I	4
1.0 MACROECONOMIC POLICY FRAMEWORK	
FOR 2021/22	4
1.1 Macroeconomic Policy Objectives	4
1.2 Monetary Policy Objectives	5
PART II	6
2.0 MONETARY POLICY IMPLEMENTATION DURING	
THE FIRST HALF OF THE FISCAL YEAR 2021/22	6
PART III	8
3.0 MACROECONOMIC DEVELOPMENTS	8
3.1 Global economy	8
3.2 Economic Performance in Tanzania Mainland	12
3.3 Economic Developments in Zanzibar	29
PART IV	37
4.0 MACROECONOMIC OUTLOOK	37



PART V	39
5.0 MONETARY POLICY FOR THE SECOND HALF OF 2021/22	39
5.1 Monetary Policy Stance	39
5.2 Interest Rate Policy	39
5.3 Exchange Rate Policy	40
PART VI	41
6.0 CONCLUSION	41
APPENDICES	42
GLOSSARY	61



EXECUTIVE SUMMARY

This Monetary Policy Statement, Mid-Year Review for 2021/22, reviews the recent global and domestic economic performance and the progress made in the implementation of the monetary policy and its outcome for the first half of 2021/22. Furthermore, the Policy Statement provides the outlook of the domestic economy and stance of monetary policy in the second half of 2021/22.

Monetary Policy Implementation

In 2021/22, the following targets were set to support the projected economic growth of 5.6 percent and inflation of 3-5 percent: (i) growth of reserve money of 9.9 percent and extended broad money supply of 10 percent; (ii) growth of private sector credit of 10.6 percent; and (iii) maintaining adequate foreign reserves to cover at least four months of imports. The accommodative monetary policy pursued before and during COVID-19 pandemic was intensified in the first half of 2021/22 to support a fast recovery of the economy, given low inflation of 3-5 percent. This policy drive was executed through various measures to support credit growth and lower interest rates.

The implementation of monetary policy maintained liquidity at the required levels, and money market interest rates remained low and stable. Money supply and reserve money growth rates increased consistent with the targets, and private sector credit improved. Lending rates declined, albeit marginally.



Global Economy

The global economy is recovering from the negative effects of COVID-19 pandemic, albeit slowly due to the resurgence of new strains of the pandemic and supply-side constraints. The IMF World Economic Outlook update of January 2022 has estimated the global growth at 5.9 percent in 2021 and moderating to 4.4 percent in 2022, which is 0.5 percentage points lower than October 2021 forecast, reflecting downward revisions in two major economies—the United States and China. Sub-Saharan Africa growth projections were 3.7 percent in 2022 and 4.0 percent in 2023.

Inflation trended upward in most countries in the first half of 2021/22, primarily driven by high commodity prices and rising demand. Inflation above targets was observed in the US, Euro zone and UK. In the EAC region, inflation rose, but remained within the convergence benchmark of not more than 8 percent, whereas in SADC, most of the countries maintained inflation within the convergence criteria of 3-7 percent. The increase in inflation is expected to reverse owing to anticipated tightening of monetary policy and easing of supply-side bottlenecks.

Economic Performance in Tanzania Mainland

The economy continued to recover from the impact of COVID-19 pandemic, owing to re-opening of the global economy and the implementation of economic recovery measures. Growth was 4.9 percent in the first three quarters of 2021 compared with 4.8 percent in the corresponding period in 2020, contributed by construction, agriculture, mining and quarrying, manufacturing, transport and trade activities.



Inflation gradually increased, but remained within the targets. Despite the recent upward trend, inflation is projected to remain within the target of 3-5 percent in the remainder of 2021/22. However, further increase in oil prices in the world market and dry conditions in some parts of the country, could exert upward pressure on projected inflation.

Money supply growth was strong in the first half of 2021/22, due to sustained accommodative monetary policy implemented to support the recovery of the economy and supportive fiscal outlays. Extended broad money supply grew by 12.9 percent, while reserve money growth was 10.1 percent. The growth rates were consistent with the targets of 10 percent and 9.9 percent for 2021/22.

Private sector credit growth gradually improved, resulting from the re-opening of the global economy and the implementation of various policy measures adopted during the period. Credit growth averaged 5.9 percent in the first half of 2021/22, with a remarkable high growth of 10 percent recorded in December 2021, attributable to the recovery of business and investment. The growth pattern was in conformity with the target of 10.6 percent for 2021/22. Much of the credit was in the form of personal loans (micro, small and medium-size undertakings), trade and manufacturing. Credit growth is expected to continue improving in the second half of the year, supported by various policy measures under implementation, improving the business environment and the on-going recovery of the global economy.

The exchange rate was stable throughout the first half of 2021/22, appreciating marginally by less than 1.0 percent. The stability of the shilling was reinforced by low inflation, adequate foreign exchange reserves and prudent monetary and fiscal policies. This phenomenon is projected to persist in the second half of the year.



Budget execution was in line with the estimates, due to improvement in revenue collection and receipt of foreign grants and loans. Revenue collection in the first half of 2021/22 was TZS 11,837.0 billion, of which tax revenue was 83.5 percent. The revenue collection was 90.7 percent of the target. Expenditure amounted to TZS 15,034.7 billion, of which recurrent expenditure was 56.5 percent. Public debt amounted to USD 29,746.9 million at the end of December 2021 from USD 28,011.2 million in June 2021, of which external debt accounted for 75.6 percent. The debt remained sustainable, with present value at 31 percent of GDP against the threshold of 55 percent.

The external sector continued to gradually recover from adverse effects of COVID-19 pandemic. Exports improved mainly due to increased earnings from tourism, which grew by more than one fold to USD 826.3 million in the first half of 2021/22. The current account recorded a deficit of USD 962.1 million compared to a deficit of USD 380 million in the corresponding period in 2020/21, mainly due to increase in imports of goods. Much of the imports were capital and intermediate goods, which are linked to the on-going investment, particularly public investment. Foreign exchange reserves remained adequate, amounting to USD 6,386 million at the end of December 2021, covering 6.6 months of imports.

The banking sector performance was satisfactory, with adequate capital and sufficient level of liquidity. In addition, the quality of assets improved, as evidenced by the decline in non-performing loans to 8.2 percent in December 2021 from 9.3 percent in June 2021. Furthermore, measures continued to be implemented to strengthen risk management practices to ensure the stability of the sector. The measures included directing banks to implement capital restoration plans, adhering to



regulatory requirements, improving financial services delivery and reducing non-performing loans.

Payment, clearing and settlement systems continued to improve, bolstered by technological revolution. Significant progress was made in the access and usage of financial services through digital platforms. This has contributed to the inclusion of the unbanked segments of the population. In addition, development of a single payment platform (Tanzania Instant Payment System), which is intended to connect different payment systems was finalized and put under pilot program. The payment platform is expected to enhance the interoperability of financial services and products, enhancing financial inclusion and reducing reliance on cash transactions.

Economic Performance in Zanzibar

The economy continued to recover from COVID-19 pandemic, which significantly affected the service sector, particularly tourism. In the first three quarters of 2021, the economy grew at 5.8 percent compared with 2.2 percent in the corresponding period in 2020. The growth was driven mainly by resumption of tourism-related activities. The economy is projected to continue improving in the outer period, owing to improving global environment and economic recovery measures.

Inflation remained low and consistent with the target of 5 percent, albeit edging up. It averaged 2.2 percent during July to December 2021 compared with 1.9 percent in similar period in 2020, driven by non-food inflation, which rose to 3.8 percent from 0.8 percent. In the second half of 2021/22, inflation is projected to remain in line with the target, as demand pressure moderates due to easing of global supply constraints.



Revenue collection continued to improve on account of resumption of tourism and strengthening of tax administration. Tax revenue was 72.8 percent of the target, whereas non-tax revenue was 73.8 percent. Expenditure amounted to TZS 465.6 billion, of which recurrent expenditure was TZS 368.0 billion or 79.4 percent. Debt stock increased to TZS 897.5 billion at the end of December 2021 from TZS 887 billion in June 2021, of which 77.5 percent was external debt.

The external sector improved in the wake of resumption of tourism activities and good performance of cloves export. Imports, particularly machinery and transport equipment decreased. As a result, current account deficit narrowed relative to the corresponding period in 2020. This trend is expected to continue as the global economy improves, together with measures implemented for recovery of economic activities.

Macroeconomic Outlook

Owing to the resurgence of new COVID-19 variants in many countries, growth projection of the economy in Tanzania Mainland was revised downward to 5 percent in 2021 from the earlier projection of 5.6 percent. In 2022, growth is projected at 5.2 percent. Much of the growth is expected to be driven by on-going public investment in infrastructure, transport due to logistics for intra-regional trade, mining and quarrying activities, manufacturing, agriculture and private sector investment. In Zanzibar, the economy is projected to grow at 5.2 percent in 2021 and 6.4 percent in 2022, supported by implementation of initiatives to maximize opportunities provided by the blue economy and resumption of tourism activities.



Inflation in Tanzania Mainland is projected to remain within the target of 3-5 percent in the remaining period of 2021/22, while in Zanzibar, it is expected to be in line with target of 5 percent. However, upward risks to inflation remain due to rising oil prices in the world market and dry weather conditions in some parts of the country.

Monetary Policy Stance for Second half of 2021/22

At the backdrop of the projected low inflation, monetary policy stance will remain accommodative in order to continue providing impetus to growth of the economy through bank lending to the private sector. In support of the policy stance, the Bank of Tanzania will continue to employ a mix of monetary policy instruments and implement measures to lower lending rates. In addition, the Bank will ensure stability of the financial sector by providing supportive infrastructure, appropriate safeguard measures and conducive legal and regulatory environment. Furthermore, there will be frequent engagements with stakeholders to improve the financial sector and lower cost of credit. The Bank of Tanzania will closely monitor risks to inflation and execute appropriate policy actions.



INTRODUCTION

In accordance with the Bank of Tanzania Act, Cap. 197, section 7(1), the Bank has the mandate “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”.

Accordingly, section 21(5) of the Act requires the Bank to publish Monetary Policy Statement containing formulation and implementation of monetary policy to support macroeconomic objectives of the Government. Therefore, this **Monetary Policy Statement, Mid-Year Review for 2021/22**, reviews the implementation of monetary policy contained in the Monetary Policy Statement released in June 2021, its outcome and outlook for the second half of 2021/22.

The Monetary Policy Statement is organized as follows: Part I presents macroeconomic policy framework for 2021/22, while Part II provides progress in implementing the monetary policy in the first half of 2021/22. Part III reviews recent macroeconomic developments. Part IV outlines macroeconomic outlook for the second half of 2021/22, followed by Part V, which outlines monetary policy stance for the second half of the fiscal year. Part VI concludes the Statement.



Box 1: Monetary Policy Framework of the Bank of Tanzania

The monetary policy framework of the Bank of Tanzania focuses on maintaining domestic price stability by targeting growth rate of money supply. The 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 requirements 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 for Finance and Planning, who in turn, submits it to the Parliament.
- The same procedure is followed in the mid-year review of the Monetary Policy Statement, which shows progress in the implementation of the monetary policy, outlook for the remaining period of the year and measures to be undertaken in order to achieve the policy objectives.
- The Monetary Policy Committee (MPC) of the Board of Directors of the Bank of Tanzania, which is chaired by the Governor, is responsible for setting the monetary policy direction bi-monthly, in line with the targets set in the Monetary Policy Statement.
- The Surveillance Committee of the Bank's Management meets daily to evaluate liquidity developments and decide on the measures to be taken in order to keep liquidity within the desired path.



PART I

1.0 MACROECONOMIC POLICY FRAMEWORK FOR 2021/22

1.1 Macroeconomic Policy Objectives

In 2021/22, the Governments plan to achieve macroeconomic objectives consistent with development blueprints. In Tanzania Mainland, macroeconomic objectives are aligned with the Third National Five-Year Development Plan, 2021/22–2025/26 (FYDP III), which aims at realising the goals outlined in the National Development Vision 2025. The macroeconomic policy objectives for 2021/22 are as follows:

- i. achieving real GDP growth of 5 percent in 2021, which has been revised from earlier projection of 5.6 percent¹;
- ii. maintaining inflation within the target of 3-5 percent in 2021/22; and
- iii. attaining budget deficit, including grants of 2.9 percent of GDP in 2021/22².

As for Zanzibar, the macroeconomic objectives are as follows:

- 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.

1 GDP growth was revised to 5.0 percent from earlier projection of 5.6 percent published in the Monetary Policy Statement for 2021/22 released in June 2021 following COVID-19 related challenges.

2 Fiscal deficit has been revised from earlier projection of 1.8 percent of GDP to 2.9 percent of GDP to take into account of COVID-19 effects.



1.2 Monetary Policy Objectives

In support of the macroeconomic policy objectives of the Governments and considering the need for supporting fast recovery of the economy from adverse effects of COVID-19, the Bank of Tanzania set out the following monetary policy targets for 2021/22:

- i. annual growth of average reserve money of 9.9 percent;
- ii. annual growth of extended broad money (M3) of 10 percent;
- iii. annual growth of credit to the private sector of 10.6 percent; and
- iv. maintaining foreign exchange reserves adequate to cover at least 4 months of imports.



PART II

2.0 MONETARY POLICY IMPLEMENTATION DURING THE FIRST HALF OF THE FISCAL YEAR 2021/22

The stance of monetary policy in the first half of 2021/22 was accommodative, as envisioned in the Monetary Policy Statement released in June 2021. This was implemented to support fast recovery of the economy from the adverse effects of COVID-19, given inflation target of 3-5 percent. To achieve the desired outcomes, the Bank scaled up the traditional monetary policy instruments of injecting liquidity and adopted new policy measures.

The traditional instruments were reverse repo, purchase of foreign exchange in the inter-bank foreign exchange market and inward foreign exchange swaps. The new policy measures were: (i) introduction of a special loan facility of Tanzania shilling one trillion for banks and other financial institutions to borrow and on-lending to agriculture activity. The loan facility is accessible at 3 percent for pre-financing or re-financing of agriculture loans at interest rate not exceeding 10 percent; (ii) reduction of reserve requirements to banks that extend credit to agriculture at an interest rate not exceeding 10 percent; (iii) relaxation of agent banking eligibility criteria by removing the requirement of business experience of at least 18 months. Banks, instead, will require applicants to have National ID Card or National ID Number; (iv) limiting interest rate paid on mobile money trust accounts held with banks to savings deposit interest rate; and (v) reduction of risk weight on loans in computation of regulatory capital requirement of banks.

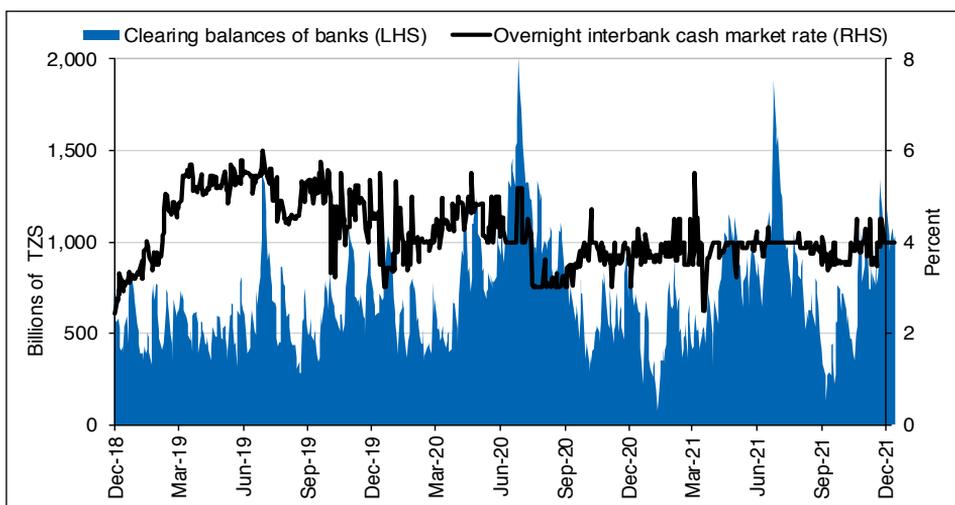
The implementation of accommodative monetary policy succeeded in keeping adequate liquidity to support lending to various sectors of



the economy by banks and facilitating transactions. This was reflected in the general stability of money market interest rates, high clearing balances of banks (free reserves) and increase in money supply. In the inter-bank market, the overnight interest rate averaged 3.85 percent during July to December 2021, same as in the corresponding period in 2020 (Chart 2.1). Likewise, Treasury bills yields remained around 4 percent. Clearing balances of banks ranged between TZS 133.4 billion and TZS 1,424.9 billion, with seasonal peaks observed towards month-ends.

Reserve money expanded by 10.1 percent in line with the target of 9.9 percent, extended broad money supply at 12.9 percent compared with projected growth of 10 percent. Private sector credit growth progressively improved to an average of 5.9 percent compared with the target of 10.6 percent by end June 2022.

Chart 2.1: Clearing Balances of Banks and Overnight Interbank Market Rate



Source: Bank of Tanzania



PART III

3.0 MACROECONOMIC DEVELOPMENTS

3.1 Global economy

The global economy improved in the second and third quarters of 2021, owing to easing lockdown measures and execution of monetary and fiscal policy stimulus packages. Growth in advanced economies turnaround to positive from recession in corresponding periods in 2020 during which they were severely hit by COVID-19 pandemic (Table 3.1). However, the pace of growth was slower than projected due to resurgence of new variants of the pandemic and supply-side constraints.

The IMF report³ has estimated the global growth at 5.9 percent in 2021 and projected to moderate to 4.4 percent in 2022, which is 0.5 percentage points lower than October 2021 forecast (Table 3.2). The revision emanated from the markdowns in two major economies—the United States owing to the earlier withdrawal of monetary accommodation and continued supply shortages, and for China due to COVID-19 pandemic induced disruption and protracted financial stress among property developers. Meanwhile, sub-Saharan Africa is projected to grow at 3.7 percent in 2022 and rebound to 4.0 percent in 2023. Growth in EAC region is projected at 4.9 percent in 2021 and 5.6 percent in 2022. Variations in growth projections are mainly explained by the extent to which countries were affected by the pandemic and policy response measures adopted.

³ IMF World Economic Outlook, January 2022 Updates



The World Bank Report ⁴ estimates the global economy to have grown at 5.5 percent in 2021, due to relaxation of pandemic-driven lockdowns, which increased aggregate demand. The growth is projected at 4.1 percent in 2022, reflecting a continued COVID-19 resurgence, diminishing fiscal support and prevalent supply bottlenecks. Growth in sub-Sahara Africa is projected at 3.6 percent in 2022, supported by elevated prices of export commodities, as activity rebound in main trading partners, particularly China, the Euro area and the United States.

Table 3.1: Real Quarterly GDP Growth

	<i>Percent</i>								
	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21 ^p
United States	2.3	2.6	0.6	-9.1	-2.9	-2.3	0.5	12.2	4.9
Japan	0.7	-1.7	-1.8	-10.1	-5.4	-0.8	-1.8	7.3	1.1
Euro Area	1.7	1.2	-3.1	-14.5	-4.1	-4.4	-1.1	14.4	3.9
United Kingdom	1.6	1.2	-2.2	-21.4	-8.1	-7.1	-5.8	23.6	6.6
China	5.9	5.8	-6.8	3.2	4.9	6.5	18.3	7.9	4.9
India	4.7	3.6	2.6	-24.2	-6.8	0.8	1.0	19.5	8.5
South Africa	-0.2	-0.4	0.7	-17.2	-5.7	-3.4	-2.6	19.1	3.0

Source: OECD

Note: p denotes provisional

⁴ Global Economic Prospects, January 2022.



Table 3.2: Global and Regional Real GDP Growth Rates

Percent

	2020	2021 ^e	IMF projections			World Bank projections	
			Oct-21	Jan-22	2023	2021 ^e	2022 ^f
World	-3.1	5.9	4.9	4.4	3.8	5.5	4.1
Advanced economies	-4.5	5.0	4.5	3.9	2.6	5.0	3.8
United States	-3.4	5.6	5.2	4.0	2.6	5.6	3.7
Euro area	-6.4	5.2	4.3	3.9	2.5	5.2	4.2
United Kingdom	-9.4	7.2	5.0	4.7	2.3	n.a	n.a
Japan	-4.5	1.6	3.2	3.3	1.8	1.7	2.9
Emerging market and developing economies	-2.0	6.5	5.1	4.8	4.7	6.3	4.6
China	2.3	8.1	5.6	4.8	5.2	8.0	5.1
India	-7.3	9.0	8.5	9.0	7.1	8.3	8.7
Sub-Saharan Africa	-1.7	4.0	3.8	3.7	4.0	3.5	3.6
South Africa	-6.4	4.6	2.2	1.9	1.4	4.6	2.1
EAC	1.0	4.9	5.6	n.a	n.a	n.a	n.a
SADC	-4.3	3.9	3.0	n.a	n.a	n.a	n.a

Source: IMF, *World Economic Outlook, January 2022 Update*, and World Bank, *Global Economic Prospects, January 2022*

Note: n.a denotes not available; e denotes estimates and f denotes forecast

Inflation generally rose in many countries in the first half of 2021/22, mainly due to rising commodity prices and supply-side bottlenecks (Table 3.3). In advanced economies, the highest inflation was recorded in US, reaching 6.8 percent and 7 percent in November and December 2021, respectively, compared with target of 2 percent. Inflation in UK and Euro area also were above targets of 2 percent. In China and India inflation rose due to rising demand amid supply constraints, but was close to targets of 3 percent and 4 percent, in the same order. Despite the rising trend, central banks in these economies viewed the phenomenon to be temporary. However, some central banks are contemplating to begin monetary policy tightening, if the rise in inflation persists.

In EAC, most countries experienced gradual increase in inflation, albeit remaining within the convergence criteria of not more than 8 percent. Food, transport and gas prices accounted for much of the rise in



inflation. The rising trend of inflation was also observed in the SADC region, but all countries maintained inflation within the convergence criteria of 3-7 percent, with the exception of Zambia, Zimbabwe, Seychelles, Angola, Malawi and Botswana. Food and energy prices, coupled with currency depreciation, largely contributed to the increase of inflation in these countries.

The IMF World Economic Outlook update of January 2022 projects inflation to remain elevated in most countries throughout 2022, owing to on-going supply chain disruptions and high energy prices. Inflation in advanced economies is projected at 3.9 percent in 2022, before easing to 2.1 percent in 2023, while in the emerging and developing economies is forecasted at 5.9 percent and easing to 4.7 percent in 2023. Meanwhile, inflation in sub-Saharan Africa is projected at 8.6 percent in 2022, before slowing to 7.1 percent in the following year.

Table 3.3: Inflation Rates in Selected Economies

	<i>Percent</i>														
	2020					2021								Projection	
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2021	2022
United States	1.4	1.4	1.7	2.6	4.2	5.0	5.4	5.4	5.3	5.4	6.2	6.8	7.0	4.3	3.5
Euro Area	-0.3	0.9	0.9	1.3	1.6	2.0	1.9	2.2	3.0	3.4	4.1	4.9	5.0	2.2	1.7
Japan	-1.2	-0.7	-0.5	-0.4	-1.1	-0.1	-0.5	-0.3	-0.4	0.2	0.1	0.6	0.8	-0.2	0.5
United Kingdom	0.6	0.7	0.4	0.7	1.5	2.1	2.5	2.0	3.2	3.1	4.2	5.1	5.4	2.2	2.6
China	0.2	-0.3	-0.2	0.4	0.9	1.3	1.1	1.0	0.8	0.7	1.5	2.3	1.5	1.1	1.8
India	4.6	4.1	5.0	5.5	4.3	6.3	6.3	5.6	5.3	4.4	4.5	4.9	5.6	n.a	n.a
Russia	4.9	5.2	5.7	5.8	5.5	6.0	6.5	6.5	6.7	7.4	8.1	8.4	8.4	5.9	4.8
Brazil	4.5	4.6	5.2	6.1	6.8	8.1	8.4	9.0	9.7	10.3	10.7	10.7	10.1	9.7	6.9
EAC	4.6	4.1	3.8	4.3	4.0	3.2	4.2	4.4	4.4	4.5	4.6	4.4	4.9	4.2	4.5
SADC	31.2	32.5	29.8	24.4	21.4	19.5	16.1	12.5	12.0	11.9	12.7	13.9	14.5	9.3	7.0

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

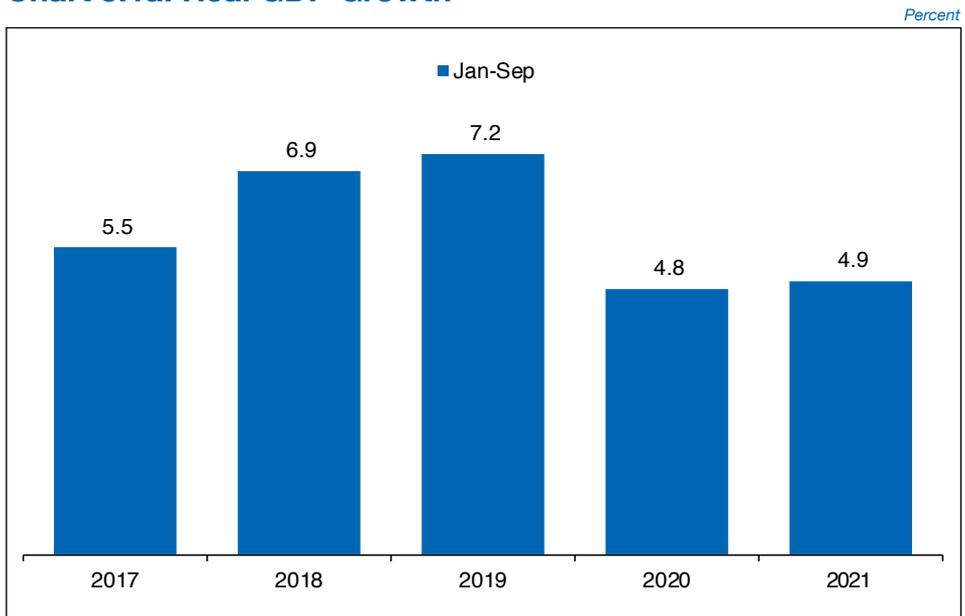


3.2 Economic Performance in Tanzania Mainland

3.2.1 Output Performance

The economy in Tanzania Mainland continued to gradually recover from the impact of COVID-19 pandemic. In the first three quarters of 2021, real GDP growth rate averaged 4.9 percent compared with 4.8 percent in the corresponding period in 2020 (Chart 3.1a). The main growth drivers were construction, agriculture, mining and quarrying, manufacturing, transport and trade (Chart 3.1b). The fastest growing sectors were information and communication, mining and quarrying, and utilities (particularly electricity and water). Accommodation and restaurant activity, which recorded negative growth rate in the first three quarters of 2020 due to severe impact of the pandemic, grew at 6 percent (Chart 3.1c).

Chart 3.1a: Real GDP Growth

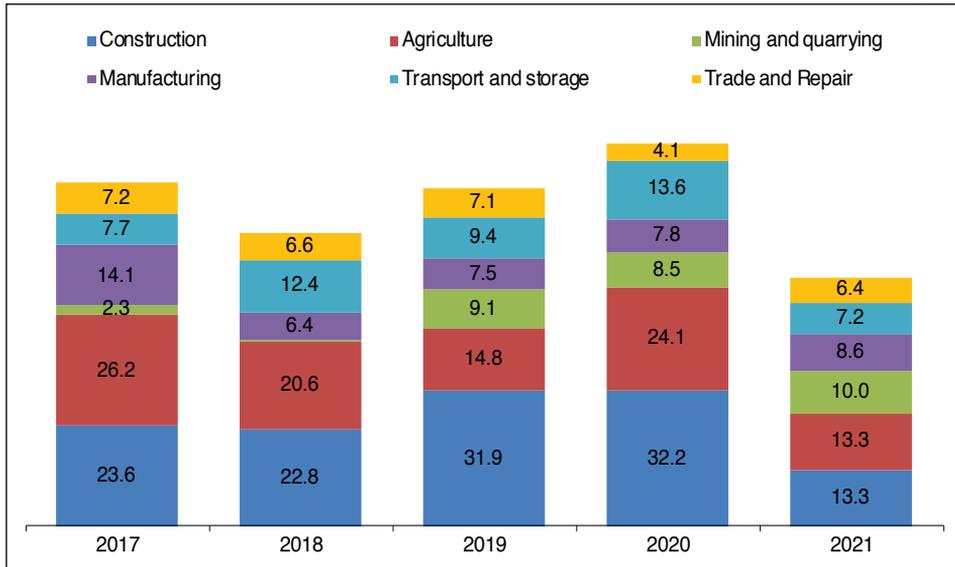


Source: National Bureau of Statistics



Chart 3.1b: Contribution to Real GDP Growth by Major Economic Activities in Jan-Sep

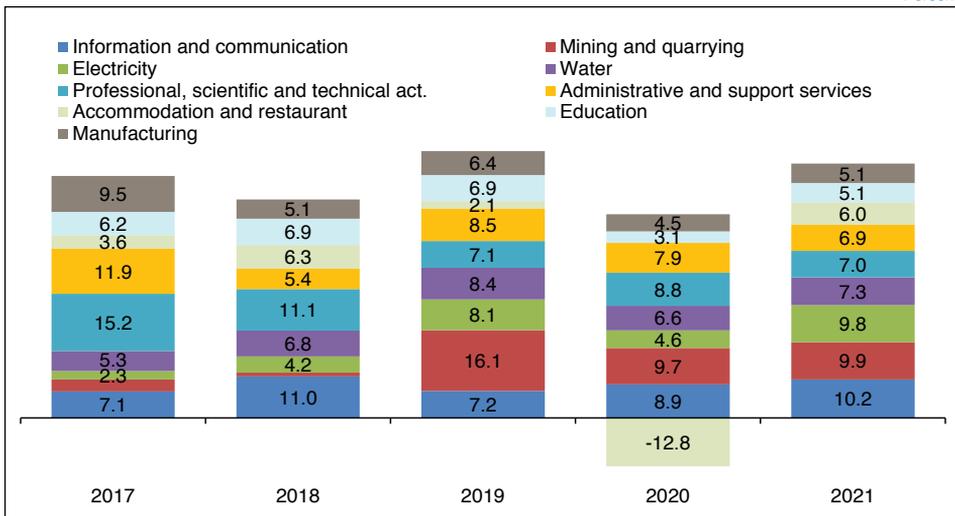
Percent



Source: National Bureau of Statistics and Bank of Tanzania

Chart 3.1c: Growth of Economic Activities in Jan-Sep

Percent



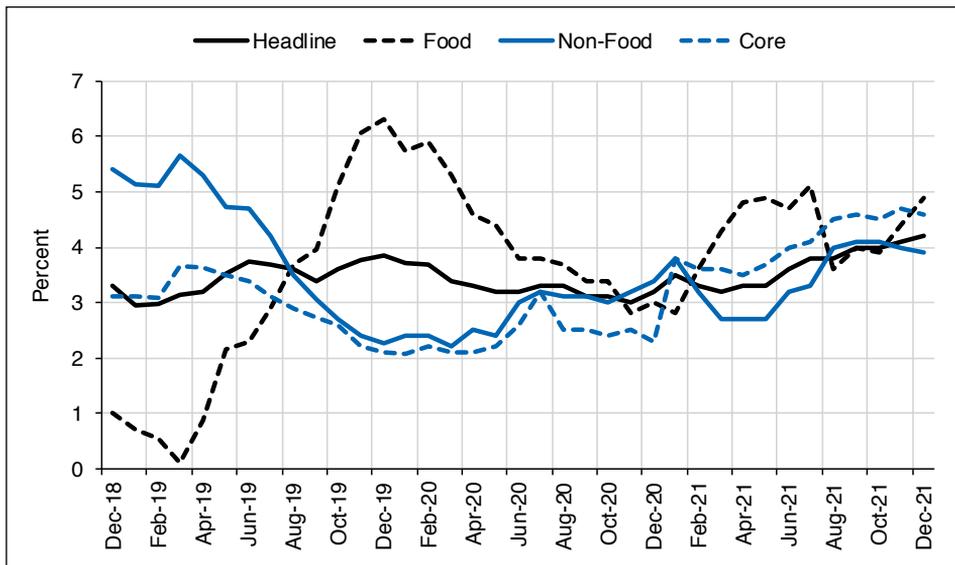
Source: National Bureau of Statistics, Bank of Tanzania computations



3.2.2 Inflation developments

Inflation progressively edged up from July to December 2021, but remained within the targets⁵. Headline inflation averaged 4 percent compared with 3.2 percent during July to December 2020 (Chart 3.2). The increase was driven by price of both food and non-food consumer goods and services. Core inflation, which accounts for 73.9 percent of the consumer price index, was 4.5 percent compared with 2.6 percent, with much of the increase driven by prices of garments, building materials, transport and rent⁶. Food inflation was 4.3 percent from 3.4 percent, due to increase in demand for food in the neighbouring countries. Non-food inflation rose slightly to 3.9 percent from 3.2 percent.

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



Source: National Bureau of Statistics, Bank of Tanzania computations

- 5 The country inflation target for 2021/22 is 3-5 percent, EAC not more than 8 percent and SADC 3-7 percent.
- 6 Core inflation excludes unprocessed food (except maize flour), energy and fuel.



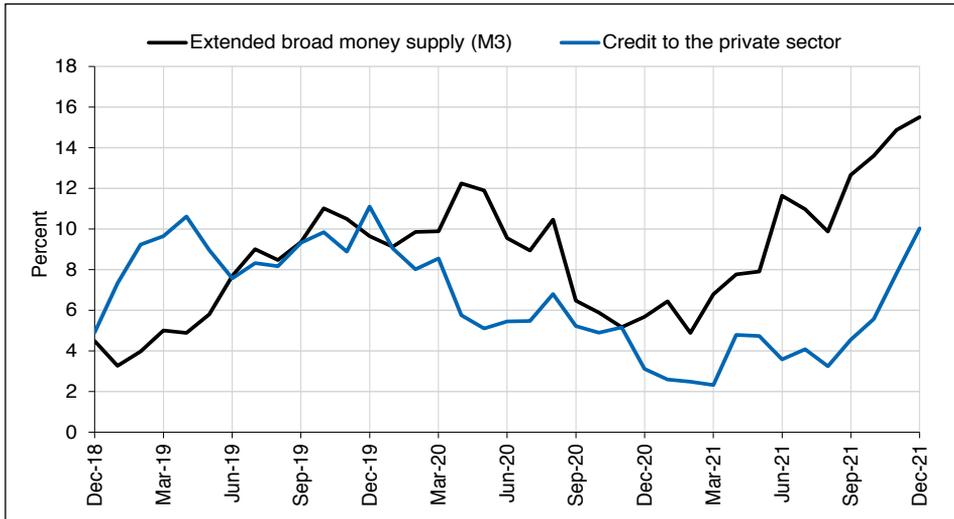
3.2.3 Money Supply and Credit

Money supply directly responded to accommodative monetary policy measures and supportive fiscal policy during the first half of 2021/22. Growth of extended broad money supply (M3), improved to 12.9 percent compared with 7.1 percent in July to December 2020 (Chart 3.3). Growth of reserve money (M0) was 10.1 percent compared with 3.2 percent. The growth rates of both M3 and M0 were consistent with the targets of 10 percent and 9.9 percent for 2021/22, respectively.

Credit to the private sector grew by 5.9 percent compared with an average of 5.1 percent in July to December 2020. The slow pace of private sector credit growth was attributed to subdued demand for new loans, following the adverse effects of COVID-19 in some activities. However, in the year ending December 2021, credit growth improved remarkably to 10 percent, consistent with policy measures and the on-going recovery of economic activities. Most of the credit extended was for micro, small and medium undertakings (categorized as personal loans), trade and manufacturing. Credit growth is expected to continue improving in the second half of the year, supported by various policy measures under implementation, improving business environment and on-going recovery of the global economy.



Chart 3.3: Growth of M3 and Credit to Private Sector



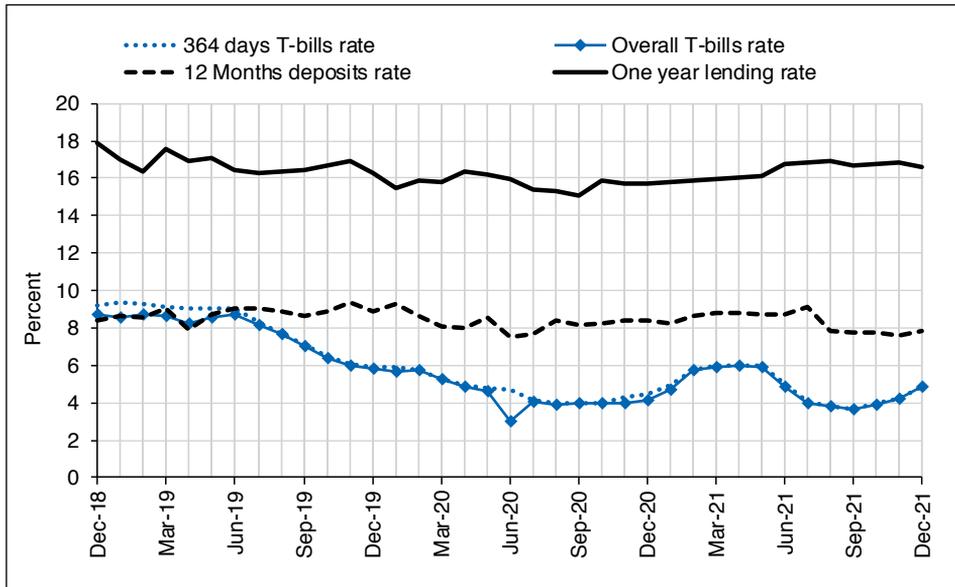
Source: Banks and Bank of Tanzania

3.2.4 Interest Rates

Interest rates charged on loans responded to accommodative monetary policy in a subdued manner. The weak transmission is associated with lagged effect of the impact of the measures adopted, existence of high-risk premium attributable to the adverse impact of the pandemic on businesses and investment, and prevailing structural hindrances. Average lending interest rates marginally declined to 16.55 percent during July to December 2021 from 17 percent in the corresponding period of 2020 (Chart 3.4). Meanwhile, negotiated lending rates (lending rates to prime customers) averaged 14 percent. Interest rates offered on deposits by banks increased marginally, with overall deposit interest rate averaging 6.80 percent compared with 6.60 percent in the corresponding period in 2020. Negotiated deposits rate for prime customers increased to an average of 9.62 percent from 9.05 percent.



Chart 3.4: Selected Interest Rates



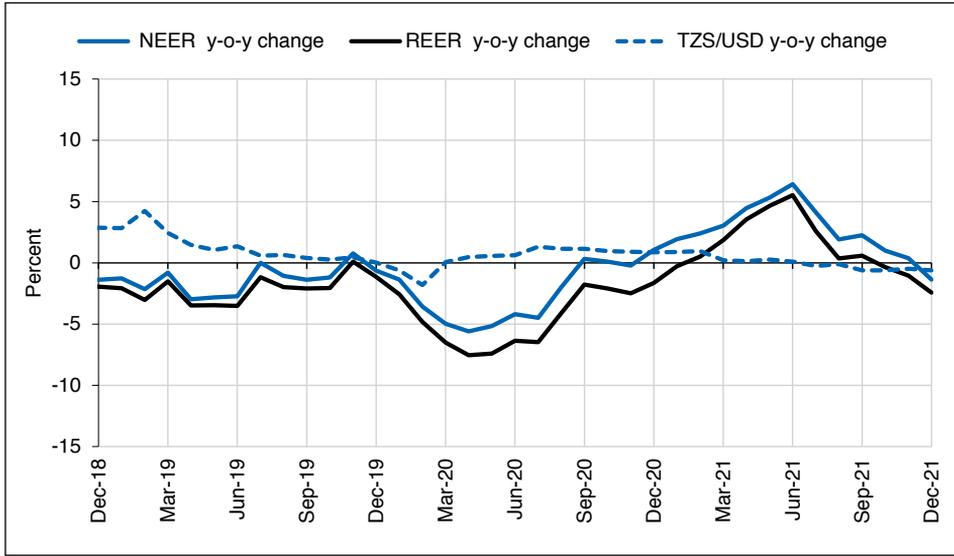
Source: Bank of Tanzania

3.2.5 Exchange Rates Developments

The nominal exchange rate remained stable throughout July to December 2021, trading at an average of TZS 2,308.3 per US dollar compared to TZS 2,309.19 per US dollar in the corresponding period of 2020. This represented an appreciation of 0.04 percent (Chart 3.5a). The exchange rate stability was primarily supported by low inflation, prudent monetary and fiscal policies, and adequate foreign exchange reserves. Stability was also observed in the nominal effective exchange rate (NEER) and real effective exchange rate (REER), as indicated in Chart 3.5b.

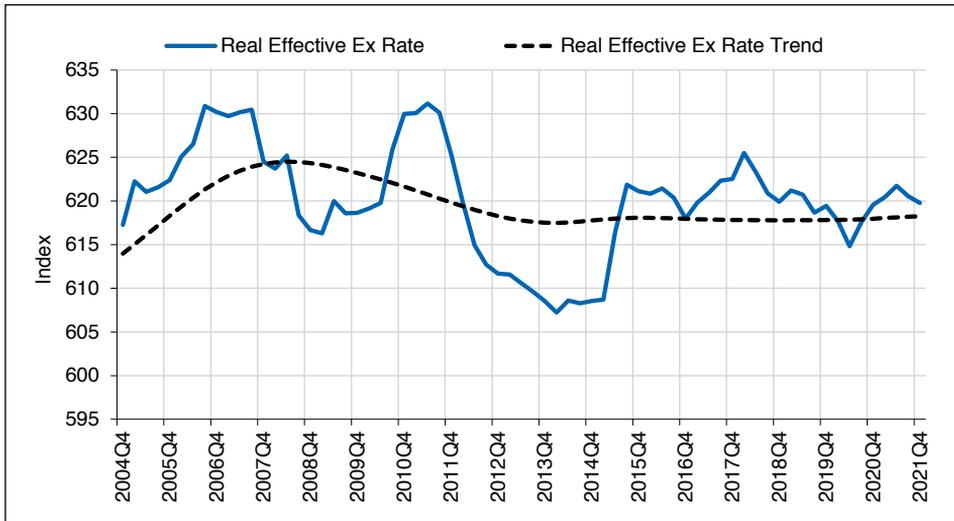


Chart 3.5a: Nominal and Real Effective Exchange Rates



Source: Bank of Tanzania

Chart 3.5b: Developments in REER Relative to Equilibrium



Source: Bank of Tanzania



3.2.6 Government Budgetary Performance

Revenue performance in the first half of 2021/22 was broadly satisfactory, owing to the on-going recovery in domestic and global economic activities from adverse effects of COVID-19 pandemic, coupled with increased revenue mobilization efforts. Revenue collection from both tax and non-tax sources recorded to TZS 11,837.0 billion, representing about 90.7 percent of the target (Table 3.4 and Chart 3.6). Gross tax revenue was in line with the target at TZS 10,507.9 billion, most of which collected from corporate income tax and VAT on imports. Tax refund was TZS 624.6 billion, of which VAT refunds was TZS 601.7 billion. Loans and grants amounted to TZS 3,681.7 billion, of which IMF loan under RCF arrangement was 31.5 percent. Expenditure continued to be aligned with available resources and prioritized on pro-poor programs, which included strategic infrastructure projects, health, water, and education. Total expenditure was TZS 15,034.7 billion, equivalent to 90.8 percent of the estimates, of which recurrent expenditure was 56.5 percent.

Table 3.4: Government Budgetary Operations

Billions of TZS

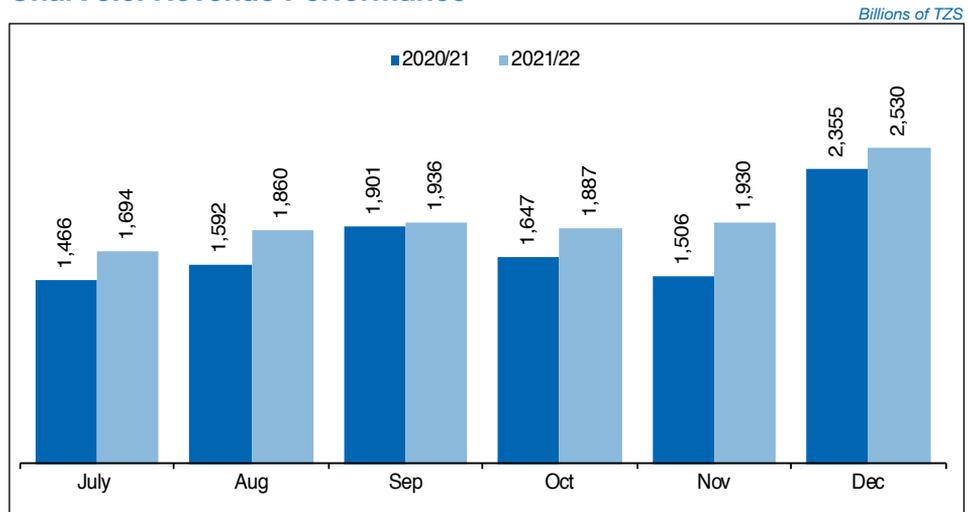
	July 2020 - December 2020		July 2021 - December 2021	
	Actual	Estimate	Actual	Actual/Estimate (%)
Revenue	10,467.2	13,054.9	11,837.0	90.7
Total expenditure	11,542.2	16,559.4	15,034.7	90.8
Recurrent expenditure ¹	7,138.8	8,852.6	8,497.5	96.0
Development expenditure	4,403.4	7,706.8	6,537.2	84.8

Source: Ministry of Finance and Planning

Note: ¹ Net of rollover and amortisation



Chart 3.6: Revenue Performance



Source: Bank of Tanzania

3.2.7 National Debt

The national debt, comprising public and private sector debt, amounted to USD 37,109.5 million at the end of December 2021 from USD 33,773.1 million in June 2021. External debt increased to USD 27,917.6 million from USD 25,519.3 million, of which 73.6 percent was public debt. The increase in debt was on account of new disbursements, which more than offset principal repayments. Public domestic and external debt amounted to USD 29,746.9 million, up from USD 28,011.2 million, of which external debt accounted for 75.6 percent. Government domestic debt increased by TZS 2,472.7 billion to TZS 21,121.3 billion at the end of December 2021 from June 2021, mainly on account of issuance of non-cash bonds worth TZS 2,176.7 billion in favour of Public Services Social Security Fund (PSSSF). Treasury bonds and stocks accounted for 85.7 percent of the debt compared with 78.2 percent at the end of June 2021.



Disbursement of external debt in the first half of 2021/22 amounted to USD 1,599.8 million, of which USD 1,546.4 million was in favour of the Government and the balance was for private sector. External debt service amounted to USD 722.3 million, out of which 77.7 percent was principal repayment, and the balance was interest payment. Treasury securities issued for budgetary operations amounted to TZS 2,379.5 billion, of which Treasury bonds were TZS 1,670.7 billion and the balance was Treasury bills. Domestic debt service, excluding overdraft from the Bank of Tanzania, amounted to TZS 2,120.7 billion, of which TZS 1,228.6 billion was principal and the balance was interest payments.

Debt Sustainability Analysis (DSA) of the public debt conducted in November 2021 indicates a moderate risk of debt distress, with both external and domestic public debt remaining at sustainable levels. Present value of the public debt to GDP ratio was 31 percent against the threshold of 55 percent (Table 3.5)⁷.

Table 3.5: Debt Sustainability Analysis (DSA) Results

		<i>Percentage</i>								
	Threshold	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2031/32	
External Public Debt DSA										
PV of debt-to GDP ratio	40	18.8	18.8	18.7	18.8	18.8	18.5	18.4	20.2	
PV of debt-to-exports ratio	180	142.4	132.9	117.4	108.5	102.8	96.9	93.7	95.7	
Debt service-to-exports ratio	15	14.8	14.9	11.5	9.4	9.2	9.2	7.7	9.4	
Debt service-to-revenue ratio	18	14.6	14.2	12.1	10.6	10.9	11.3	9.6	12.1	
Total Public Debt DSA										
PV of debt-to GDP ratio	55	31.0	31.8	31.8	31.5	30.7	29.4	29.0	33.0	
PV of debt-to-Revenue and grant	N/A	224.9	206.2	201.9	198.3	191.8	181.8	179.4	199.3	
Debt service-to-revenue ratio	N/A	36.2	32.4	31.2	27.4	25.6	23.0	20.6	26.3	

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

Note: N/A - denotes Not Applicable

⁷ The IMF Country Report No.21/213 of September 2021 reclassified Country Policy and Institutional Assessment (CPIA) for Tanzania into Medium Performers.



3.2.8 External Sector Performance

The external sector of the economy continued to improve, as the global economy recovers from the effects of the pandemic. During July to December 2021, tourism earnings rebounded, albeit lower than the pre-pandemic levels, signaling a gradual revamp in tourism activities as implied by a rise in tourist arrivals. The current account recorded a deficit of USD 962.1 million in July to December 2021 compared with a deficit of USD 380.0 million in the corresponding period in 2020, owing to increase in imports of goods (Table 3.6). The rise in imports of goods was dominated by capital goods and intermediate goods, particularly oil.

Table 3.6: Current Account Balance

Millions of USD

Items	July - December			Percentage Change
	2019	2020	2021 ^P	
Goods account (net)	-1,605.6	-556.1	-1,684.7	---
Exports*	3,042.2	3,545.2	3,854.4	8.7
Imports	4,647.7	4,101.3	5,539.1	35.1
Services account (net)	1,380.9	455.1	845.3	85.7
Receipts	2,348.3	1,053.4	1,880.6	78.5
Payments	967.4	598.3	1,035.4	73.1
Goods and services (net)	-224.7	-100.9	-839.5	---
Exports of goods and services	5,390.5	4,598.6	5,735.0	24.7
Imports of goods and services	5,615.1	4,699.5	6,574.5	39.9
Primary income account (net)	-496.1	-463.5	-421.5	-9.1
Receipts	111.2	28.1	63.9	---
Payments	607.3	491.5	485.4	-1.3
Secondary income account (net)	248.9	184.4	298.9	62.1
Inflows	275.7	210.3	348.9	65.9
o/w General government	88.4	25.3	54.4	---
Outflows	26.9	25.9	50.0	92.9
Current account balance	-471.9	-380.0	-962.1	---

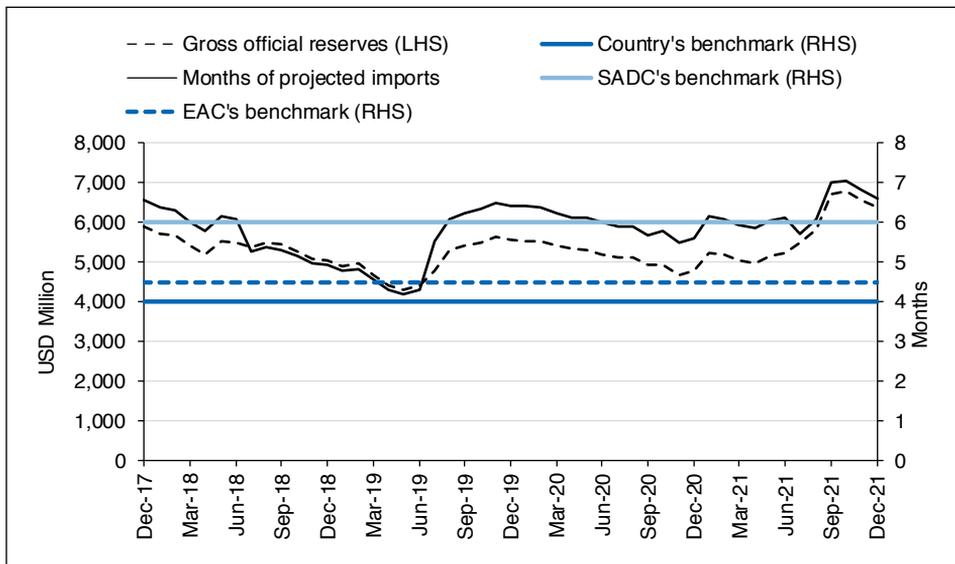
Source: Tanzania Revenue Authority and Bank of Tanzania

Note: *p* denotes provisional; * Include adjustment for unrecorded exports; "----" change exceeds 100 percent



Foreign exchange reserves remained adequate and in line with the country and regional benchmarks. The reserves were USD 6,386 million at the end of December 2021, sufficient to cover 6.6 months of imports. The import cover was consistent with the country target of at least 4 months, and EAC and SADC convergence criteria of minimum of 4.5 months and 6 months, respectively (Chart 3.7).

Chart 3.7: Gross Official Foreign Reserves and Months of Import Cover



Source: Bank of Tanzania

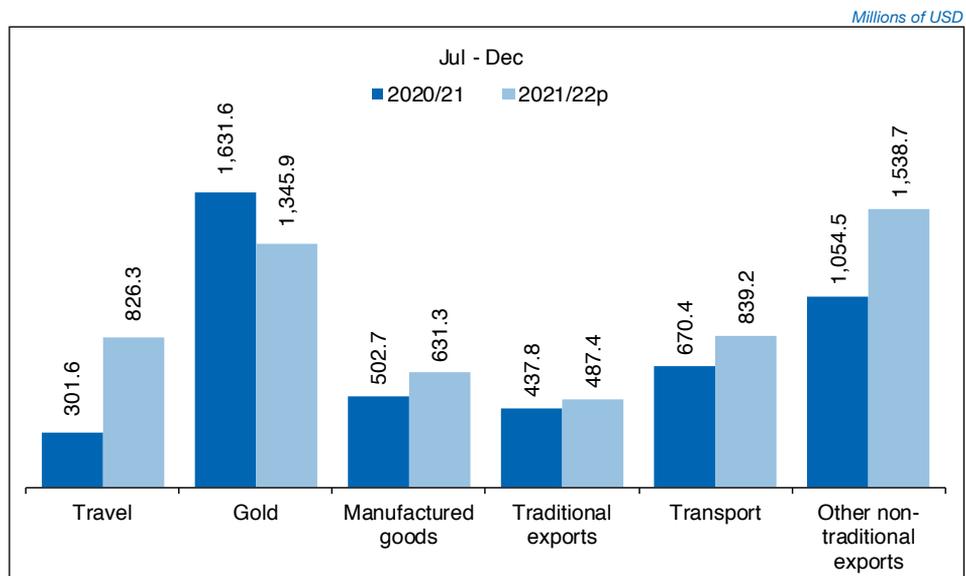
Note: LHS refers to left hand scale and RHS, right hand scale

Exports of goods and services amounted to USD 5,735.0 million in July to December 2021 compared with USD 4,598.6 million in the corresponding period in 2020, with service receipts and non-traditional goods accounting for the largest share of 87.5 percent. Services receipts increased by 78.5 percent, owing to significant rebound in tourist arrivals to 543,644 from 262,093. Exports of goods amounted



to USD 3,854.4 million, dominated by non-traditional goods at 81.4 percent. Good performance was recorded in exports of manufactured goods, horticulture, and fish and fish products. The improvement in manufactured goods was driven by textiles, iron and steel products and paper and paper products. Exports of gold amounted to USD 1,345.9 million compared with USD 1,631.6 million, owing to decline in price of gold in the world market consistent with strengthening of global financial markets. Traditional goods exports were USD 487.4 million compared to USD 437.8 million, boosted by exports of all traditional goods, except cashew nuts (Chart 3.8).

Chart 3.8: Export Performance of Selected Goods and Services



Source: Tanzania Revenue Authority, Bank of Tanzania computations
 Note: p denotes provisional

Imports of goods and services was USD 6,574.5 million during July to December 2021, compared with USD 4,699.5 million in the corresponding period in 2020. All categories of goods imports increased,



consistent with continued recovery of economic activities from the effects of the pandemic (Table 3.7). Oil imports, which accounted for about 21.4 percent of goods imports, increased by 76.7 percent to USD 1,184.0 million, due to price and volume effects. Furthermore, imports of machinery, and building and construction rose by 16.3 percent and 41.5 percent, respectively, and altogether accounted for 28.0 percent of goods imports. Services payments amounted to USD 1,035.4 million.

Table 3.7: Imports by Major Category

Items	July - December			Percentage change
	2019	2020	2021 ^p	
Capital goods	1,877.0	1,634.0	2,080.9	27.3
Transport Equipment	533.3	397.7	528.2	32.8
Building and Construction	573.5	455.0	643.8	41.5
Machinery	770.3	781.3	908.8	16.3
Intermediate goods	1,434.9	1,171.4	1,849.0	57.8
Oil imports	945.3	670.2	1,184.0	76.7
Fertilizers	76.6	100.3	135.6	35.2
Industrial raw materials	413.0	400.9	529.5	32.1
Consumer goods	1,334.7	1,294.8	1,608.2	24.2
Food and food stuffs	233.7	174.8	292.9	67.5
All other consumer goods ¹	1,101.0	1,120.0	1,315.3	17.4
Grand total	4,647.7	4,101.3	5,539.1	35.1

Source: Tanzania Revenue Authority and Bank of Tanzania

Note: ^p denotes provisional ¹ All other consumer goods include pharmaceutical products, paper products, plastic items, optical/photographic materials, and textile apparels; and ^p denotes provisional data

3.2.9 Financial Sector Performance

The banking sector was stable and profitable in the first half of 2021/22, with capital and liquidity levels above the regulatory requirements (Table 3.8). In aggregate, total capital adequacy ratio was 20.1 percent compared with the regulatory requirement of 12.0 percent. Liquidity in



the banking sector was adequate, as the liquidity ratio remained above 30 percent compared with the regulatory requirement of not less than 20.0 percent.

The quality of assets of banks also improved, as non-performing loans (NPL) declined to 8.2 percent in December 2021 from 9.3 percent in June 2021. Banks continued to implement various regulatory measures to address the high level of NPLs, including, enforcing risk-based prudential requirements and improving credit underwriting standards using credit information reports from Credit Reference Bureaus. In addition, the Bank of Tanzania has instituted mechanisms of monitoring banks in the implementation of strategies to reduce non-performing loans. Furthermore, banks are required to submit credit information to the credit reference system and adhere to the Code of Conduct for staff of the banking sector.

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

Table 3.8: Banking Sector Financial Soundness Indicators

Indicator	Regulatory limit	Percent			
		Jun-20 ^r	Dec-20 ^r	Jun-21 ^p	Dec-21 ^p
Capital adequacy					
Core capital/TRWA+OBSE	Minimum 10	17.0	17.2	17.2	19.5
Liquidity					
Liquid assets/demand liabilities	Minimum 20	33.4	30.7	33.2	30.2
Earnings and profitability					
Return on assets-ROA	N/A	2.2	1.9	2.4	2.8
Return on equity-ROE	N/A	9.8	7.1	10.4	11.6
Asset quality					
Gross non-performing loans/gross loans	N/A	10.8	9.8	9.3	8.2

Source: Bank of Tanzania

Note: N/A denotes not applicable, TRWA+OBSE means total risk weighted assets and off balance sheet exposure
p denotes provisional, r denotes revised



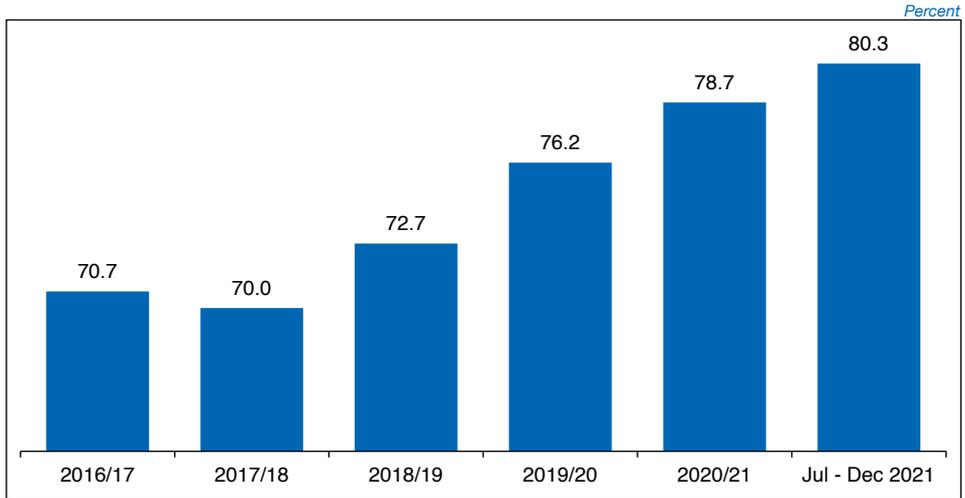
3.2.10 Payment Systems Performance

Payment, clearing and settlement systems continued to operate efficiently, bolstered by increased utilization of digital platforms. Significant progress was made in enhancing access to financial services through mobile phone platforms, as the number of adult population accessing financial services through mobile phones reached 80.3 percent in December 2021 from 78.7 percent in June 2021 (Chart 3.9). In addition, the adoption of mobile phones platforms contributed to the inclusion of unbanked segment of the population. This manifested in the usage of mobile financial services, which increased to 94.3 percent in December 2021 from 93.2 percent in June 2021 (Chart 3.10). The increase was partly due to government adoption of digital platforms in revenue collection under GePG. The decision of the Bank of Tanzania to increase mobile money transaction limits and daily balances during COVID-19 pandemic also contributed to the achievements reached. The other contributing factors include the implementation of new Fintech products for merchants and small businesses. This comprised payment by phone (*lipa namba*), Quick Response (QR) Code solution through Masterpass and Mvisa technologies and customer-centric products and services that facilitated easy usage of financial services.

Furthermore, development of the Tanzania Instant Payment System (TIPS), a single payment platform, which is intended to connect different payment systems, was finalized by the Bank of Tanzania and put under a pilot program. In general, the payment system is expected to enhance interoperability of the financial services and products, and connecting payment service providers (banks and non-banks) to facilitate easy, fast, cost effective, and instant secured payments. Therefore, the developments in payment system will lead to promoting banking penetration, increasing transfers, reducing reliance on cash transactions, enhancing governance and promoting financial inclusion.

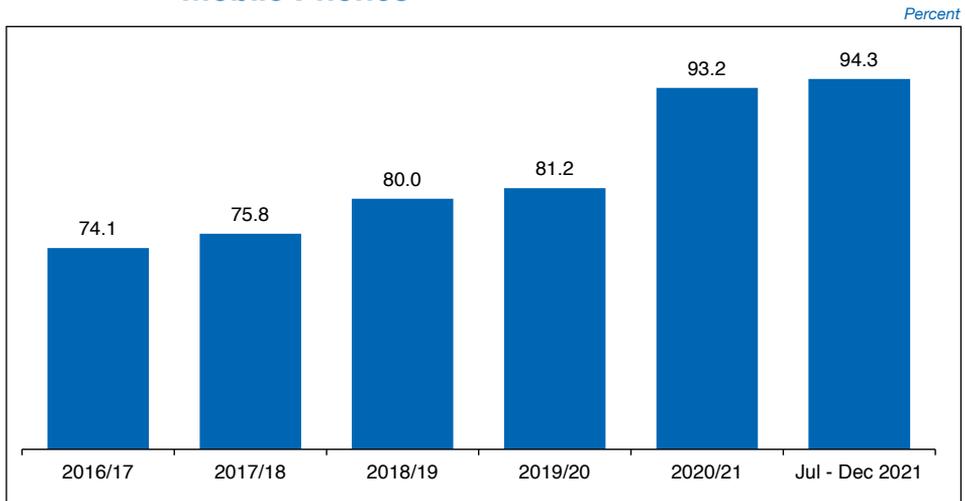


Chart 3.9: Population Accessing Financial Services through Mobile Phones



Source: Bank of Tanzania

Chart 3.10: Population Using Financial Services through Mobile Phones



Source: Bank of Tanzania

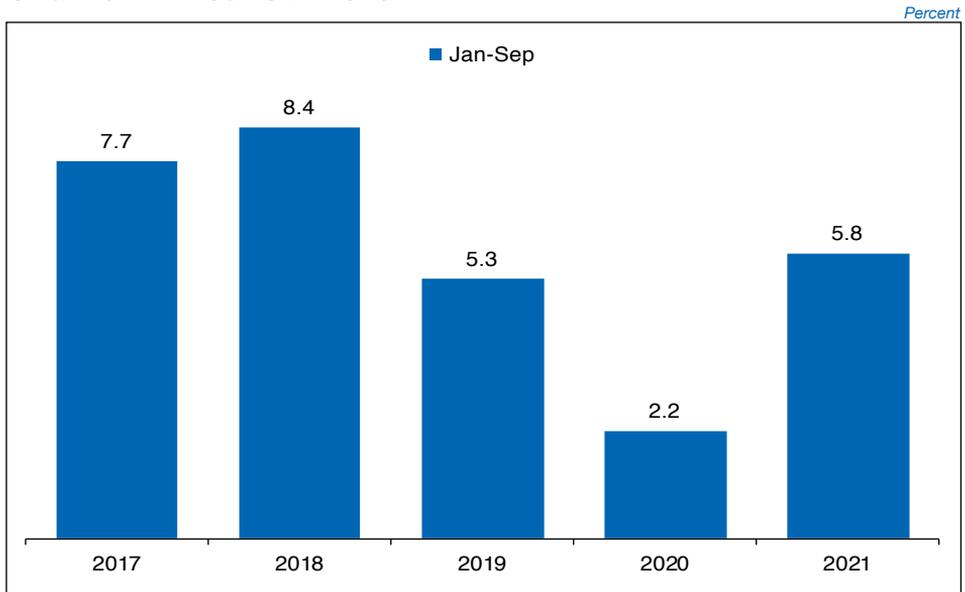


3.3 Economic Developments in Zanzibar

Output Performance

The economy continued to improve from the adverse impact of COVID-19, due to recovery measures implemented by the Government and the re-opening of the global economy. In the first three quarters of 2021, the economy grew at an average of 5.8 percent, significantly higher than 2.2 percent in the corresponding period in 2020. The growth was largely due to resumption of economic activities, particularly those directly linked with tourism, such as accommodation and food services (Chart 3.11 and Chart 3.12). The fastest growing activities during the period were accommodation and food services, public administration, electricity, human health and social work and financial and insurance.

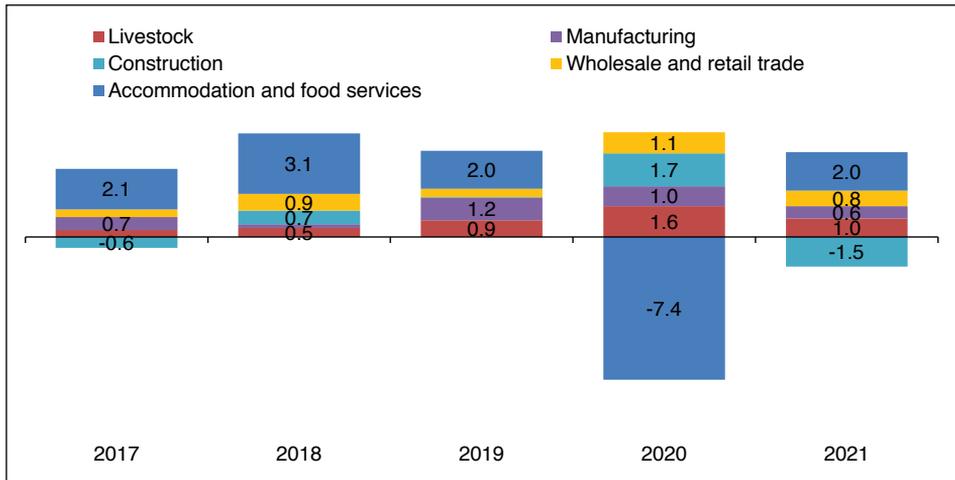
Chart 3.11: Real GDP Growth



Source: Office of the Chief Government Statistician, Zanzibar



Chart 3.12: Contribution to Real GDP Growth by Major Economic Activities



Source: Office of the Chief Government Statistician, Zanzibar

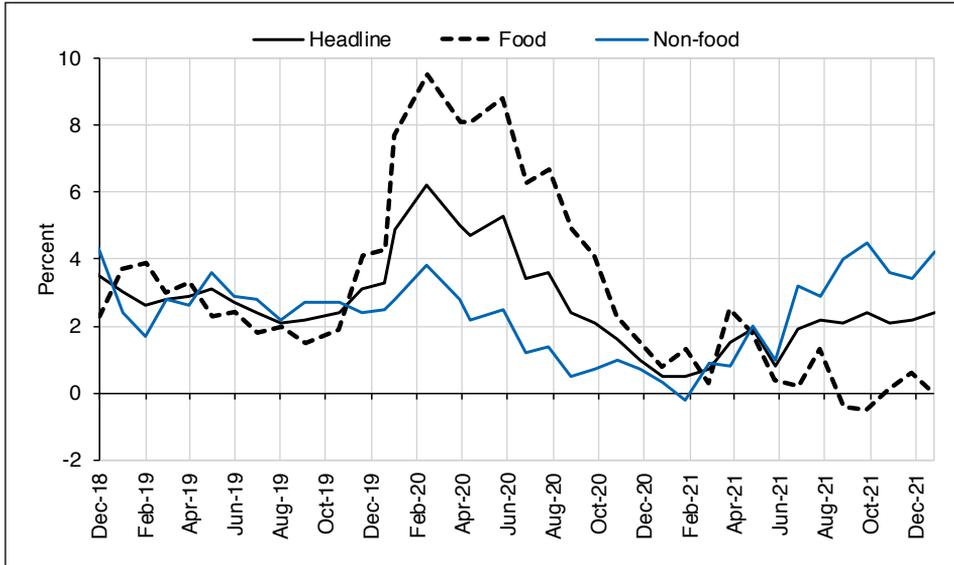
Inflation Developments

Inflation was low and stable throughout July to December 2021, although gradually rising. Headline inflation averaged 2.2 percent compared with 1.9 percent in July to December 2020, but remained consistent with the target of less than 5 (Chart 3.13). The increase was driven by non-food inflation, which rose to 3.8 percent from 0.8 percent, largely due to increase in prices of petroleum products⁸. Food inflation eased, averaging 0.2 percent compared with 3.4 percent. This was on account of a decrease in prices of most food items, such as Mbeya rice and maize flour.

⁸ Petroleum products include kerosene, petrol and diesel



Chart 3.13: Annual Headline, Food and Non-food Inflation



Source: Office of Chief Government Statistician, Zanzibar

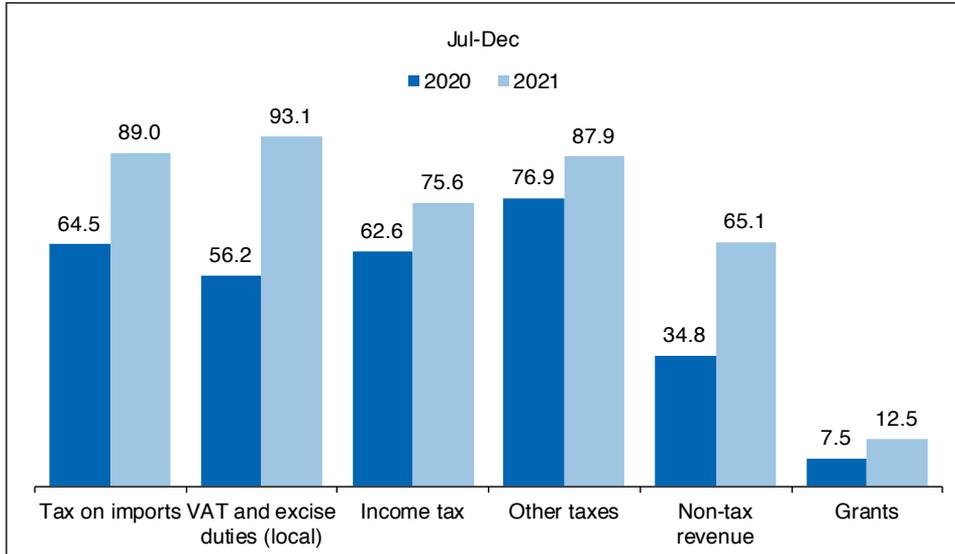
Government Budgetary Operations

Performance of Government fiscal operations during July to December 2021 was broadly satisfactory. Total government revenue was TZS 423.3 billion, an increase of 39.9 percent from the corresponding period of 2020. The performance was on account of gradual increase in tourism-related activities, coupled with strengthened tax administration efforts and compliance. Out of the total revenue, TZS 410.8 billion was domestic revenue and TZS 12.5 billion was grants (Chart 3.14). Tax revenue amounted to TZS 345.7 billion, equivalent to 72.8 percent of the target, whereas non-tax revenue was TZS 65.1 billion or 73.8 percent of the target.



Chart 3.14: Government Resources

Billions of TZS



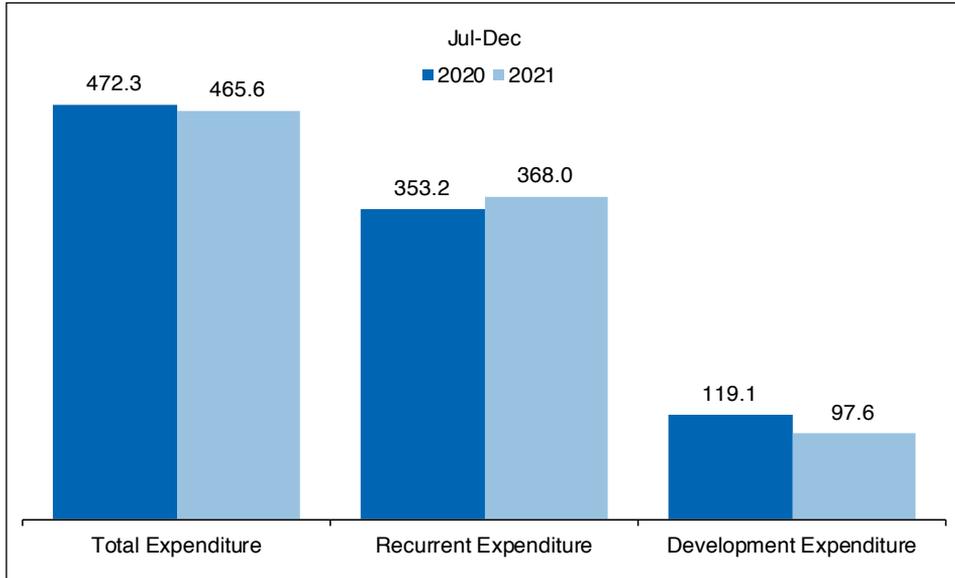
Source: Ministry of Finance and Planning, Zanzibar

During July to December of 2021, government expenditure amounted to TZS 465.6 billion, of which recurrent expenditure was TZS 368.0 billion and development expenditure was TZS 97.6 billion (Chart 3.15). Domestic financing of development projects was TZS 48.1 billion, while foreign financing amounted to TZS 49.5 billion. The deficit after grants and adjustment to cash and other items was TZS 64.9 billion, which was financed by program loans and domestic borrowing.



Chart 3.15: Government Expenditure

Billions of TZS



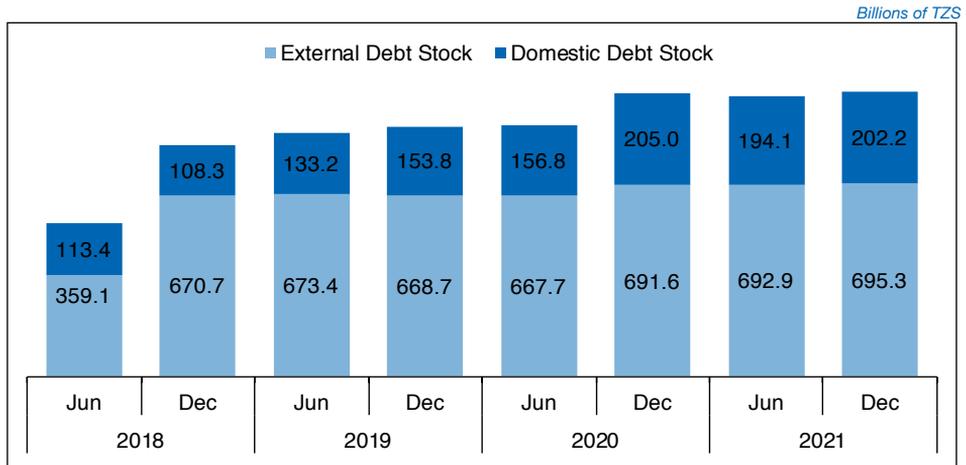
Source: Ministry of Finance and Planning, Zanzibar

Debt Developments

Zanzibar debt stock increased to TZS 897.5 billion at the end of December 2021, from TZS 887.0 billion recorded at the end of June 2021, mainly on account of increase in domestic debt. External debt was TZS 695.3 billion, which was 77.5 percent of total debt stock (Chart 3.16).



Chart 3.16: Total Debt Stock



Source: Ministry of Finance and Planning, Zanzibar

External Sector Developments

The external sector continued to improve as the global economy progressively re-opened. The current account balance narrowed to a deficit of USD 92.8 million during July to December 2021, compared with a deficit of USD 153.9 million recorded in the corresponding period a year earlier. The narrowing of the current account was mainly due to increase in exports of goods and services, coupled with decrease in goods and service payments. Exports of goods and services rose to USD 118.9 million from USD 46.5 million, largely driven by increase in receipts from tourism and cloves. Services receipts amounted to USD 57.2 million compared to USD 29.6 million, and clove export increased to USD 50.4 million from USD 1.0 million due to favourable weather, together with better prices. Imports of goods and services declined by 11.0 percent to USD 224.7 million, compared to corresponding period in 2020. Goods imports decreased by 9.3 percent to USD 179.9 million, mainly driven by decline in imports of machinery and transport equipment (Table 3.9, Chart 3.17 and Chart 3.18).



Table 3.9: Zanzibar Current Account

Millions of USD

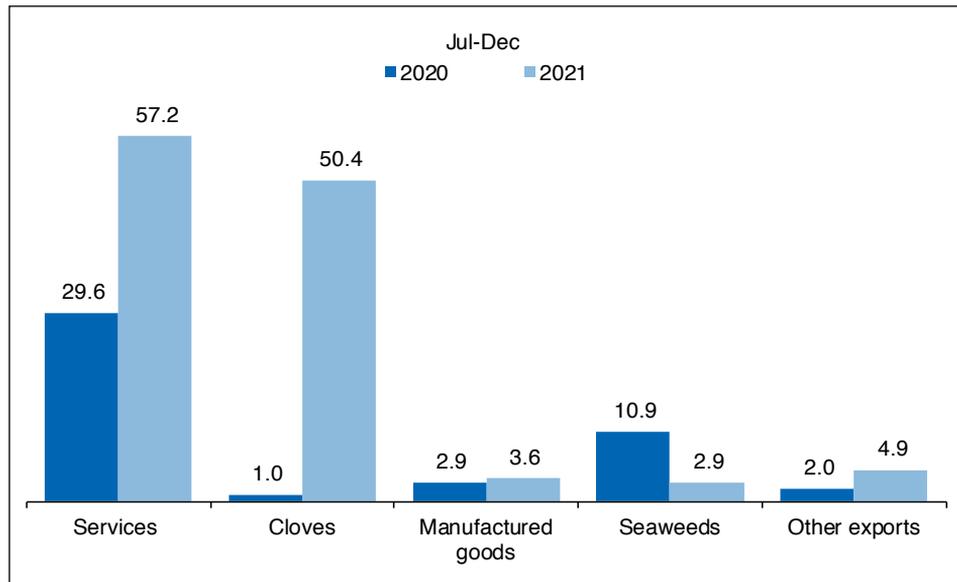
Item	Jul - Dec			Percentage change
	2019	2020	2021 ^p	
Goods account net	-127.1	-181.5	-118.1	-34.9
Exports	8.5	16.9	61.8	---
Imports (fob)	135.6	198.4	179.9	-9.3
Services account net	37.1	-24.5	12.3	---
Receipts	115.9	29.6	57.2	93.2
Payments	78.8	54.1	44.8	-17.0
Goods and services net	-90.0	-205.9	-105.8	-48.6
Exports of goods and services	124.4	46.5	118.9	---
Imports of goods and services	214.4	252.5	224.7	-11.0
Income account net	6.8	3.5	2.6	-24.2
Receipts	11.0	6.3	4.4	-29.5
Payments	4.2	2.8	1.8	-36.2
Current transfers net	37.9	48.5	10.4	-78.7
Inflows	53.0	52.9	12.9	-75.5
Outflows	15.1	4.3	2.6	-40.3
Current account balance	-45.3	-153.9	-92.8	-39.7

Source: Tanzania Revenue Authority and Bank of Tanzania computations

Note: p denotes provisional data; and "---", change exceeds 100 percent

Chart 3.17: Export Performance of Selected Goods and Services

Millions of USD

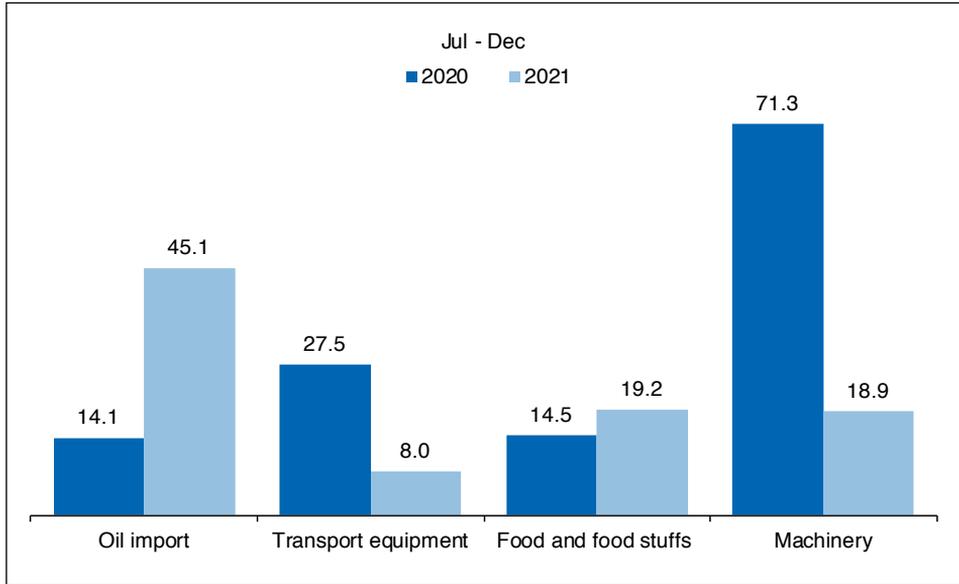


Source: Tanzania Revenue Authority and Bank of Tanzania computations



Chart 3.18: Performance of Selected Goods Import

Millions of USD



Source: Tanzania Revenue Authority and Bank of Tanzania computations



PART IV

4.0 MACROECONOMIC OUTLOOK

The global economy is expected to continue improving, as supply-side constraints progressively ease and uncertainties surrounding COVID-19 fade away. Increase in rolling out of vaccines in many countries is also expected to improve global trade, investment and travel. This optimistic outlook for the global economy provides impetus to high growth of the domestic economy. In Tanzania Mainland, GDP growth is projected at 5.2 percent in 2022, bolstered by increase in public and private investment in infrastructure, transport logistics, natural resources, manufacturing and agriculture. Export growth is also projected to recover strongly, as the global economy improves. In Zanzibar, the economy is projected to grow at 6.4 percent in 2022, driven by improvement in blue economy activities and the resumption of tourism. Accommodative monetary policy and fiscal policy measures, coupled with implementation of measures to improve business environment are expected to support the growth momentum in both Tanzania Mainland and Zanzibar.

Inflation is expected to remain consistent with the targets of 3-5 percent and 5 percent in the second half of 2021/22 in Tanzania Mainland and Zanzibar, respectively. The projection is reinforced by adequate food supply in most parts of the country, stable exchange rate, and prudent monetary and fiscal policies. However, persistence of high oil prices in the world market and dry weather conditions in most of the unimodal areas pose a risk to the projected low inflation.

The financial sector is expected to significantly improve, due to normalization of global trade and investment, on-going reforms in the



financial sector, and increased financial innovations, particularly the adoption of digital technologies in business processes. In addition, on-going implementation of policy measures aimed at improving credit intermediation and lowering of cost of credit, together with initiatives currently implemented to improve the business environment and reduce non-performing loans are expected to improve the financial sector. These initiatives would contribute to increase in economic activity, resource allocation and financial services delivery. They will also improve the conduct of monetary policy in attaining inflation objective and supporting fast recovery of the economy through private sector credit growth.



PART V

5.0 MONETARY POLICY FOR THE SECOND HALF OF 2021/22

5.1 Monetary Policy Stance

The Bank of Tanzania will sustain an accommodative monetary policy to continue facilitating fast growth of the economy through bank lending to the private sector and lowering cost of credit. The policy stance will be executed in the context of expected low inflation of around 3-5 percent in Tanzania Mainland and 5 percent in Zanzibar. An appropriate mix of monetary policy instruments will be employed to achieve desirable outcomes. In addition, measures will be executed to improve the transmission of monetary policy by continuing to undertake policy and regulatory reforms in the financial sector. Furthermore, the Bank will strengthen liquidity forecasting and monitoring to ensure stability in liquidity and interest rates. The Bank will also increase transparency and enhance communication of monetary policy objectives, assessments of economic conditions, and monetary policy actions. Finally, there will be regular engagements with stakeholders in addressing structural and regulatory constraints in the financial sector and challenges to the conduct of monetary policy that will emerge.

5.2 Interest Rate Policy

Interest rates will remain market-determined in order to ensure efficient allocation of resources in the financial sector. In order to safeguard this market-based interest rate determination, measures will be instituted to increase transparency and improve efficiency in the markets, including ways to improve price discovery and service delivery, as well as adhering to the code of conduct and market norms. In addition, the Bank of Tanzania will keep engaging stakeholders to address



factors hindering the transmission of monetary policy, thus improving the responsiveness of interest rates on loans to changes in monetary policy conditions, policy measures and reforms in the financial sector. These interventions will form a critical input to a strategic shift towards interest rate-based monetary policy framework with a view to improving the effectiveness of monetary policy in future.

5.3 Exchange Rate Policy

The exchange rate will continue to be determined by demand and supply forces in the financial market. The Bank of Tanzania will participate in the interbank foreign exchange market primarily for liquidity management, managing foreign reserves, complementing the supply of foreign exchange in the market for imports, and ensuring orderly market conditions. The Bank shall also monitor market developments and intervene to smoothen out short-term volatility in the exchange rate deemed to be inconsistent with economic fundamentals. Foreign exchange reserves shall be maintained at adequate levels to hedge against unexpected balance of payments shocks, and facilitate trade and investment.



PART VI

6.0 CONCLUSION

The global economy is recovering from the effects of COVID-19, and the outlook for 2022 is encouraging, despite facing challenges of resurgence of new variants of COVID-19 pandemic virus and supply-side bottlenecks. The outlook for the domestic economy is also optimistic, reinforced by recent good performance, on-going public and private sector investment in various sectors, and supportive policies and COVID-19 measures. In this context, growth projection of 5.0 percent in 2021 and 5.2 percent in 2022 envisaged for in Mainland Tanzania, and 5.2 percent and 6.4 percent for Zanzibar, are expected to be realized. Growth in Zanzibar is projected to be complemented by on-going initiatives to improve blue economy and resumption of tourism. Inflation in both Mainland Tanzania and Zanzibar is projected to remain within set benchmarks for the remainder of 2021/22, providing necessary conditions for sustaining accommodative monetary policy for fast recovery of trade and investment.

In support of growth, given low inflation expectations, the Bank of Tanzania will continue to implement accommodative monetary policy in the remainder of 2021/22. Emphasis will be placed on improving monetary policy transmission and removing impediments to high credit growth and downward stickiness of lending rates. The sustained supportive monetary conditions, complemented by macro-prudential and safeguard measures and on-going improvements in doing businesses and favourable fiscal policy measures are expected to support fast recovery of the economy. In this context, the Bank of Tanzania is optimistic that the monetary policy targets outlined in the Monetary Policy Statement for 2021/22 will be achieved.



APPENDICES



Table A1: Selected Economic Indicators

ans	Unit	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
Prices														
1.1 Annual change in consumer price index														
1.1.1 Headline inflation	Percent	3.2	3.5	3.3	3.2	3.3	3.3	3.6	3.8	3.8	4.0	4.0	4.1	4.2
1.1.2 Food inflation	Percent	3.0	2.8	3.6	4.3	4.8	4.9	4.7	5.1	3.6	4.0	3.9	4.4	4.9
1.1.3 Core inflation	Percent	2.3	3.8	3.6	3.6	3.5	3.7	4.0	4.1	4.5	4.6	4.5	4.7	4.6
Money credit and interest rates														
2.1 Extended broad money supply (M3) ¹	Percent	5.7	6.4	4.9	6.8	7.8	7.9	11.7	11.0	9.9	12.7	13.6	14.9	15.5
2.2 Reserve money ¹	Percent	-4.0	-1.3	-2.5	5.0	3.5	-0.4	3.2	5.0	-4.2	6.3	1.5	12.9	17.3
2.3 Average reserve money ¹	Percent	0.4	-0.6	2.3	3.0	3.4	4.2	2.4	4.7	5.9	8.6	13.4	14.2	13.8
2.4 Credit to the private sector ¹	Percent	3.1	2.6	2.5	2.3	4.8	4.7	3.6	4.1	3.2	4.5	5.6	7.8	10.0
2.5 364-days Treasury bill rate ²	Percent	4.5	4.9	5.7	6.0	6.0	6.0	5.0	4.0	3.8	3.7	4.0	4.2	4.8
2.6 Overnight inter-bank rate ²	Percent	3.7	3.7	3.8	3.7	3.7	3.7	3.9	4.1	3.9	3.6	3.7	3.7	4.1
2.7 12-Months deposit rate ²	Percent	8.4	8.2	8.7	8.8	8.8	8.8	8.7	9.1	7.9	7.7	7.8	7.6	7.9
2.8 Short-term (up to 1 year) lending rate ²	Percent	15.7	15.8	15.9	16.0	16.1	16.1	16.8	16.8	16.9	16.7	16.8	16.8	16.6
Balance of payments														
3.1 Gross official foreign reserves	Millions of USD	4,767.7	5,237.9	5,178.7	5,045.3	4,969.7	5,154.4	5,290.4	5,563.9	5,892.0	6,775.0	6,637.9	6,557.9	6,386.0
3.2 Exchange rate														
3.2.1 Period average	TZS/USD	2,297.90	2,298.40	2,298.52	2,298.53	2,298.51	2,298.51	2,298.54	2,299.13	2,299.37	2,299.13	2,295.24	2,293.09	2,295.96
3.2.2 End of period	TZS/USD	2,298.46	2,298.45	2,298.51	2,298.53	2,298.52	2,298.61	2,299.01	2,299.22	2,299.53	2,296.90	2,293.47	2,293.46	2,297.61
Public finance														
4.1 Domestic revenue ³	Billions of TZS	2,222.9	1,419.6	1,418.5	1,905.0	1,384.9	1,395.8	2,094.1	1,693.8	1,859.8	1,935.5	1,887.2	1,930.5	2,530.3
4.2 Recurrent expenditure ³	Billions of TZS	1,839.0	1,023.9	1,074.1	1,635.2	1,512.1	1,392.0	2,670.8	1,314.1	1,327.9	1,298.9	1,449.9	1,553.4	1,553.4
4.3 Development expenditure ³	Billions of TZS	619.1	513.7	547.6	1,149.5	1,107.9	827.4	2,592.5	988.1	1,036.1	1,023.2	805.5	1,171.0	1,513.2

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

Notes: ¹ Annual growth

² Monthly averages

³ Domestic revenue and expenditure on cash basis



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

Economic Activity	2016	2017	2018	2019	2020p*
	Millions of TZS				
<i>Agriculture, forestry and fishing</i>	26,436,338.3	28,008,976.2	29,504,197.9	30,802,027.0	32,321,327.0
Crops	13,996,347.7	14,895,621.8	15,659,174.9	16,351,311.5	17,174,752.2
Livestock	7,506,592.6	7,876,591.6	8,266,048.5	8,676,074.3	9,107,854.1
Forestry	3,034,569.4	3,180,379.3	3,334,791.2	3,495,187.1	3,608,190.4
Fishing	1,864,627.3	2,020,292.5	2,206,241.9	2,239,891.7	2,389,914.9
<i>Agriculture support services</i>	34,201.3	36,091.0	37,941.3	39,562.3	40,615.5
<i>Industry and Construction</i>	25,817,954.9	28,565,774.0	31,344,128.1	34,976,981.7	37,507,951.7
Mining and quarrying	4,356,708.6	4,588,623.9	4,659,195.2	5,485,112.4	5,850,231.1
Manufacturing	8,213,364.3	8,889,818.0	9,623,500.7	10,184,558.4	10,646,278.5
Electricity supply	869,262.5	877,666.6	928,174.5	994,879.2	1,049,610.8
Water supply; sewerage, waste management	417,899.1	444,660.1	477,510.2	510,410.6	540,159.2
<i>Construction</i>	11,960,720.5	13,765,005.5	15,655,747.5	17,802,021.2	19,421,672.1
Services	40,549,564.0	42,689,010.6	45,369,788.8	48,114,453.3	50,173,138.9
Wholesale and retail trade; repairs	9,260,703.3	9,821,247.6	10,396,690.9	10,965,038.2	11,194,533.6
Transport and storage	7,324,856.3	7,815,844.6	8,736,560.6	9,493,190.7	10,293,275.6
Accommodation and Food Services	1,480,052.1	1,525,618.5	1,604,390.7	1,645,950.1	1,419,653.9
Information and communication	1,718,547.6	1,824,470.9	1,989,716.7	2,133,312.2	2,313,033.4
Financial and insurance activities	4,235,515.3	4,115,392.9	4,094,972.3	4,281,167.0	4,412,967.5
Real estate	3,077,086.1	3,211,894.9	3,354,517.7	3,505,484.8	3,663,972.3
Professional, scientific and technical activities	606,206.7	694,290.6	763,332.1	821,635.6	881,833.4
Administrative and support service activities	2,611,497.7	2,892,462.9	3,054,288.2	3,311,752.9	3,569,799.8
Public administration and defence	4,793,820.0	4,907,113.3	5,064,968.5	5,238,490.6	5,438,922.9
Education	2,665,336.4	2,859,170.7	3,046,789.4	3,257,405.7	3,363,844.6
Human health and social work activities	1,497,896.4	1,611,999.2	1,746,730.9	1,833,514.2	1,952,425.4
Arts, entertainment and recreation	280,130.6	307,906.8	350,027.3	389,225.2	372,119.5
Other service activities	814,528.8	912,404.3	971,690.0	1,037,083.3	1,089,265.4
Activities of households as employers;	183,386.7	189,193.2	195,113.5	201,203.0	207,491.7
All economic activities	92,803,857.2	99,263,760.8	106,218,114.8	113,893,462.1	120,002,417.6
Taxes on products	8,024,535.5	8,393,644.1	8,934,362.5	9,303,273.8	9,093,426.7
GDP at market prices	100,828,392.7	107,657,404.9	115,152,477.2	123,196,735.9	129,095,844.3
	Real Growth by Economic Activities (Percent)				
<i>Agriculture, forestry and fishing</i>	4.8	5.9	5.4	4.4	4.9
Crops	5.4	6.4	5.2	4.4	5.0
Livestock	4.9	4.9	4.9	5.0	5.0
Forestry	3.9	4.8	4.9	4.8	3.2
Fishing	1.2	8.4	9.2	1.5	6.7
<i>Agriculture support services</i>	4.0	5.5	5.2	4.3	2.7
<i>Industry and Construction</i>	4.0	5.5	5.1	11.6	7.2
Mining and quarrying	7.4	5.3	1.5	17.7	6.7
Manufacturing	10.8	8.2	8.3	5.8	4.5
Electricity supply	8.8	1.0	5.8	7.2	5.5
Water supply; sewerage, waste management	6.9	6.4	7.4	6.9	5.8
<i>Construction</i>	14.5	15.1	13.8	13.7	9.1
Services	14.5	15.1	12.9	6.0	4.3
Wholesale and retail trade; repairs	5.9	6.1	5.9	5.5	2.1
Transport and storage	5.7	6.7	11.8	8.7	8.4
Accommodation and Food Services	4.1	3.1	5.2	-2.6	-13.7
Information and communication	2.2	6.2	9.1	7.2	8.4
Financial and insurance activities	1.1	-2.8	-0.5	4.5	3.1
Real estate	4.3	4.4	4.4	4.5	4.5
Professional, scientific and technical activities	17.0	14.5	9.9	7.6	7.3
Administrative and support service activities	19.6	10.8	5.6	8.4	7.8
Public administration and defence	5.4	2.4	3.2	3.4	3.8
Education	10.4	7.3	6.6	6.9	3.3
Human health and social work activities	5.6	7.6	8.4	5.0	6.5
Arts, entertainment and recreation	12.7	9.9	13.7	11.2	-4.4
Other service activities	13.5	12.0	6.5	6.7	5.0
Activities of households as employers;	3.2	3.2	3.1	3.1	3.1
All economic activities	7.3	7.0	6.9	7.2	5.4
Taxes on products	2.0	4.6	6.3	4.3	-2.3
GDP at market prices	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

Economic activity	Percent					
	2015	2016	2017	2018	2019	2020 ^P
	Contribution to real GDP by economic activities					
Agriculture, forestry and fishing	26.7	26.2	26.0	19.9	16.1	25.8
Crops	14.1	13.9	13.8	10.2	8.6	14.0
Livestock	7.6	7.4	7.3	5.2	5.1	7.3
Forestry	3.1	3.0	3.0	2.1	2.0	1.9
Fishing	2.0	1.8	1.9	2.5	0.4	2.5
Agriculture support services	0.0	0.0	0.0	0.0	0.0	0.0
Industry and construction	24.5	25.6	26.5	37.1	45.1	42.9
Mining and quarrying	4.3	4.3	4.3	0.9	10.3	6.2
Manufacturing	7.9	8.1	8.3	9.8	7.0	7.8
Electricity supply	0.8	0.9	0.8	0.7	0.8	0.9
Water supply; sewerage, waste management	0.4	0.4	0.4	0.4	0.4	0.5
Construction	11.1	11.9	12.8	25.2	26.6	27.5
Services	40.4	40.2	39.7	35.8	34.1	34.9
Wholesale and retail trade; repairs	9.3	9.2	9.1	7.7	7.1	3.9
Transport and storage	7.3	7.3	7.3	12.3	9.4	13.6
Accommodation and food services	1.5	1.5	1.4	1.1	0.5	-3.8
Information and communication	1.8	1.7	1.7	2.2	1.8	3.0
Financial and insurance activities	4.4	4.2	3.8	-0.3	2.3	2.2
Real estate	3.1	3.1	3.0	1.9	1.9	2.7
Professional, scientific and technical activities	0.5	0.6	0.6	0.9	0.7	1.0
Administrative and support service activities	2.3	2.6	2.7	2.2	3.2	4.4
Public administration and defence	4.8	4.8	4.6	2.1	2.2	3.4
Education	2.6	2.6	2.7	2.5	2.6	1.8
Human health and social work activities	1.5	1.5	1.5	1.8	1.1	2.0
Arts, entertainment and recreation	0.3	0.3	0.3	0.6	0.5	-0.3
Other service activities	0.8	0.8	0.8	0.8	0.8	0.9
Activities of households as employers;	0.2	0.2	0.2	0.1	0.1	0.1
Taxes on products	8.3	8.0	7.8	7.2	4.7	-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): Tanzania Mainland: Quarterly GDP Growth Rates by Economic Activity

Economic Activity	Percent														
	2018				2019				2020 ⁴				2021 ⁵		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Agriculture	6.5	6.1	3.8	4.4	5.4	4.2	2.9	4.7	4.2	4.2	6.4	5.3	2.3	2.2	4.1
Mining and quarrying	-5.7	6.8	1.9	3.2	10.0	17.2	21.1	21.4	15.4	8.7	4.9	0.2	10.2	10.1	12.2
Manufacturing	5.3	3.6	7.0	16.7	4.9	5.5	8.6	4.2	4.7	4.0	4.9	4.6	6.3	4.6	4.7
Electricity	0.8	6.8	5.6	9.8	10.7	8.5	5.2	4.7	6.2	3.3	4.4	7.9	7.2	12.1	10.0
Water	3.7	6.1	10.7	8.3	8.0	6.4	10.9	2.9	7.2	4.6	7.9	3.8	9.0	8.4	4.5
Construction	15.6	5.2	13.9	17.3	13.4	20.5	17.2	5.0	4.9	12.2	13.9	5.2	5.3	1.9	5.8
Trade and repair	4.3	4.0	6.9	8.0	3.8	5.7	7.4	4.9	4.8	-0.2	2.1	1.8	4.5	4.3	2.2
Accommodation and restaurant	4.5	6.7	7.7	1.9	-0.4	2.6	4.0	3.9	2.6	-15.9	-25.1	-14.9	-6.5	10.1	14.3
Transport and storage	8.8	13.5	12.1	12.6	11.1	7.0	8.3	8.4	8.3	9.5	7.0	8.9	9.0	4.9	-0.6
Information and communication	14.9	12.4	4.8	4.4	7.9	6.2	7.4	7.4	8.2	9.9	8.6	7.0	9.1	12.3	9.3
Financial and insurance	-2.9	-2.3	3.9	-0.5	5.2	4.2	4.7	4.1	4.1	3.0	1.9	3.2	3.1	4.0	5.2
Public administration	8.8	-0.7	2.8	1.8	1.4	5.0	3.4	3.9	5.0	3.8	4.4	2.2	2.5	4.2	6.7
Professional, scientific and technical act.	12.6	11.2	9.3	6.9	6.6	6.8	7.7	9.3	8.9	8.8	8.6	3.2	7.8	7.6	5.8
Administrative and support services	5.2	5.4	5.7	6.1	8.7	8.5	8.3	8.2	8.0	7.9	7.7	7.6	7.4	7.3	6.0
Real estate	4.4	4.4	4.4	4.5	4.5	4.5	4.5	4.5	4.5	4.6	4.5	4.5	4.6	4.6	4.6
Education	11.2	4.1	6.1	5.0	5.4	8.2	7.0	7.1	5.4	-1.9	5.7	3.8	4.9	4.7	5.9
Health	17.4	5.9	7.5	2.2	-0.1	5.1	5.9	9.1	9.9	5.9	6.0	4.3	4.2	4.8	6.3
Other services	8.7	8.4	7.8	5.6	6.1	6.8	7.6	8.5	6.9	1.8	-0.4	2.1	6.6	10.8	12.1
All industry at basic prices	7.0	5.5	6.9	7.9	6.8	8.0	8.3	6.0	5.7	5.5	6.1	4.4	4.8	4.2	5.0
Taxes on products	13.9	14.0	9.1	-2.3	-1.7	0.2	6.1	11.6	9.7	-14.5	-14.3	9.6	8.7	10.8	8.3
GDP at market prices	7.5	6.1	7.1	7.1	6.2	7.4	8.1	6.4	5.9	4.0	4.4	4.8	5.0	4.5	5.2

Source: National Bureau of Statistics

Note: "p" denotes provisional data and "r" denotes revised data



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

Economic activity	2015	2016	2017	2018 ¹	2019	2020 ⁰
	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)					
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 A2 (e): Zanzibar Quarterly GDP Growth Rates by Economic Activity

Economic Activity	2018				2019				2020				2021			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Crops	-3.6	0.0	7.2	-6.3	4.0	-1.7	-1.4	-5.8	-4.4	-2.4	-0.9	-3.5	6.7	10.2	5.5	9.4
Livestock	21.2	20.5	21.0	11.9	13.3	20.3	23.9	17.0	19.3	24.1	25.6	-46.1	25.5	8.7	9.4	6.2
Forestry	1.8	1.5	-0.5	1.2	7.4	0.2	3.2	3.8	0.6	0.3	-3.4	-3.2	-3.2	4.2	4.2	6.2
Fishing	3.9	-1.1	-7.7	11.0	0.0	3.0	-0.1	3.3	4.2	8.6	14.8	-6.8	-3.5	-5.1	-43.7	5.2
Mining and quarrying	54.4	9.0	-14.4	14.8	-7.9	-16.3	32.9	-1.7	2.1	9.3	-7.8	-5.8	-26.4	5.2	22.6	3.7
Manufacturing	14.6	10.4	10.5	9.6	10.4	11.2	13.0	15.7	14.2	13.2	13.5	5.8	10.6	8.3	3.7	20.6
Electricity	-3.4	6.9	11.4	6.7	24.4	18.2	12.1	5.2	4.2	-0.4	-5.9	-4.2	4.8	37.8	20.6	10.4
Water supply	10.1	6.2	10.0	7.2	6.3	7.1	9.3	12.6	10.9	8.8	5.5	-1.7	10.6	8.7	10.4	26.2
Construction	50.8	-16.0	6.8	-10.5	4.5	1.8	7.6	3.1	4.1	4.3	20.5	-37.6	-36.2	-28.6	6.9	5.0
Wholesale and retail trade	14.5	13.8	13.0	9.7	2.3	12.0	8.3	7.8	7.7	7.6	15.1	-9.8	1.4	3.0	26.2	2.6
Accommodation and food services	16.8	-8.2	38.2	10.0	-7.1	-7.7	13.9	11.5	4.0	-8.7	-27.5	-9.0	3.0	90.6	5.0	23.3
Transport and storage	9.1	8.9	4.2	16.0	3.8	1.3	8.7	4.7	4.4	0.5	-1.5	-10.9	4.8	7.3	23.3	2.6
Information and communication	4.0	-1.5	-5.5	-7.5	12.6	20.2	2.3	5.5	-2.9	-7.8	-8.5	11.9	-4.9	-35.2	2.6	32.6
Financial and insurance	13.4	3.1	-1.2	3.2	-0.7	-0.5	1.1	3.1	2.4	7.4	7.5	-9.2	22.4	-5.1	32.6	7.0
Real estate	6.4	6.4	6.5	6.5	6.6	6.6	6.7	6.6	6.7	6.7	6.8	6.9	6.9	6.9	6.9	7.0
Professional, scientific & technical	-3.6	-15.1	3.3	16.1	2.0	2.0	0.0	-2.9	2.1	3.7	3.0	0.1	7.9	-60.3	8.5	26.7
Administrative & support	0.2	-4.5	21.5	2.3	12.3	19.8	12.8	6.9	3.8	-4.0	-1.8	-25.6	-16.8	-47.1	26.7	22.8
Public administration	4.1	4.1	7.1	6.6	0.4	0.0	0.2	11.7	16.7	26.3	43.4	0.4	26.2	23.2	22.8	6.3
Education	7.3	6.1	5.6	9.1	4.4	6.0	0.4	7.5	10.4	12.1	14.1	6.0	-5.1	-7.8	-6.3	30.3
Human health & social work	3.5	1.8	3.0	1.1	1.5	2.9	2.8	2.5	1.7	0.9	0.7	5.3	15.4	14.6	40.3	41.9
Arts, entertainment & recreation	17.1	-8.3	49.9	14.1	-6.1	-5.3	17.8	3.3	7.0	8.7	1.6	-10.6	2.9	-40.1	40.3	41.9
Other services	22.2	18.6	14.1	4.8	-6.6	-1.6	13.3	11.5	14.8	7.2	-1.9	32.0	29.4	-30.5	41.9	3.2
Households as employers	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	4.0	3.2	3.2	3.2	3.2
FISIM	-3.2	-12.8	-15.6	-8.7	-8.3	-4.4	-0.1	2.6	3.8	9.2	8.7	20.2	42.0	9.5	53.1	6.4
All indust. at basic prices	12.8	2.0	12.5	4.9	2.4	3.9	8.9	7.3	6.4	5.0	4.3	-8.7	3.7	6.6	6.4	29.6
Taxes on products	6.4	27.4	-4.6	3.1	-2.7	-10.1	6.3	1.7	2.4	-1.1	0.6	5.7	-11.0	5.9	29.6	8.8
GDP at market prices	12.2	4.4	10.6	4.7	1.9	2.3	8.6	6.7	6.0	4.4	3.9	1.6	2.2	6.5	8.8	8.8

Notes: P = Provisional
Source: Office of Chief Government Statistician-Zanzibar



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

Main Groups	Weight (%)	Ref period: December 2020=100												
		Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
Food and non-alcoholic beverages	28.2	101.0	100.6	102.4	103.9	105.2	106.5	106.2	103.5	103.3	103.2	103.2	104.0	105.9
Alcoholic beverages and tobacco	1.9	100.6	101.2	101.4	101.5	102.3	102.2	102.3	102.2	102.7	102.5	102.7	102.9	102.9
Clothing and footwear	10.8	101.1	103.0	103.5	104.5	104.5	104.5	104.5	104.6	104.9	104.8	104.8	105.5	105.7
Housing, water, electricity, gas and other fuels	15.1	101.2	102.3	102.9	104.0	104.5	104.0	104.0	104.2	104.7	104.6	104.3	104.7	105.1
Furnishings, household equipment and routine household maintenance	7.9	100.3	102.4	102.5	102.8	103.0	102.9	103.1	103.1	103.4	103.5	103.4	103.9	104.4
Health	2.5	100.5	101.6	102.2	102.3	102.3	102.3	103.0	102.9	103.1	103.2	103.3	103.4	103.4
Transport	14.1	99.5	101.0	101.7	102.9	103.0	103.1	103.2	103.5	104.1	104.1	104.1	104.2	105.3
Information and communication	5.4	100.9	101.1	101.2	101.4	101.8	101.8	101.9	102.0	102.1	102.0	102.0	102.3	102.4
Recreation, sport and culture	1.6	98.9	102.1	102.6	102.8	102.9	102.9	102.9	102.9	103.0	103.0	102.4	102.6	102.7
Education services	2.0	100.1	100.4	101.1	101.2	101.3	101.2	101.3	101.2	101.2	101.1	101.2	101.2	101.2
Restaurants and accommodation services	6.6	100.7	102.3	103.7	104.5	105.1	105.1	105.3	105.3	105.3	105.3	105.4	105.7	105.7
Insurance and financial services	2.1	100.0	100.1	100.3	100.3	100.3	100.3	100.2	100.3	100.3	100.3	100.3	100.4	100.4
Personal care, social protection and miscellaneous goods and services	2.1	99.8	102.0	102.3	102.4	102.6	102.5	102.8	102.9	103.1	103.0	103.1	103.3	103.4
All items (headline inflation)	100.0	100.7	101.5	102.4	103.4	104.0	104.2	104.3	104.3	103.8	103.7	103.6	104.1	104.9
Other selected groups														
Core Index	73.9	100.7	102.3	102.9	103.6	103.9	104.3	104.4	104.3	104.5	104.5	104.4	104.8	105.3
Non-Core Index	26.1	100.6	99.3	101.2	102.9	104.0	104.2	104.1	104.4	101.7	101.5	101.2	101.9	104.0
Energy, Fuel and Utilities Index	5.7	100.5	98.9	100.6	102.5	103.6	102.5	102.6	103.7	105.2	104.7	103.9	104.0	105.0
Services Index	37.2	100.2	101.4	102.1	102.8	103.2	103.2	103.2	103.2	103.5	103.4	103.4	103.7	104.0
Goods Index	62.8	100.9	101.6	102.7	103.8	104.4	104.8	104.9	105.0	104.0	103.9	103.7	104.3	105.5
Education services and products ancillary to education Index	4.1	100.1	102.2	102.4	102.7	103.3	103.2	103.4	103.3	103.3	103.3	103.1	103.3	103.4
All items less Food and Non-Alcoholic Beverages	71.8	n.a	n.a	102.5	103.2	103.5	103.4	103.5	103.6	103.9	103.9	103.8	104.1	104.5

Source: National Bureau of Statistics



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

Main Groups	Weight (%)	Ref period: December 2020=100												
		Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
Food and non-alcoholic beverages	28.2	3.0	2.8	3.6	4.3	4.8	4.9	4.7	5.1	3.6	4.0	3.9	4.4	4.9
Alcoholic beverages and tobacco	1.9	-0.2	1.8	2.0	1.9	2.7	2.5	1.9	1.9	2.4	2.4	2.5	2.7	2.2
Clothing and footwear	10.8	2.7	3.7	4.0	4.5	4.6	4.4	4.4	4.5	4.7	4.8	4.9	5.5	4.5
Housing, water, electricity, gas and other fuels	15.1	10.2	7.3	4.4	3.7	4.1	3.5	3.2	3.5	4.2	4.1	3.8	4.0	3.9
Furnishings, household equipment and routine household maintenance	7.9	1.3	3.1	3.2	3.2	3.1	2.8	2.9	2.9	3.1	3.2	3.2	3.6	4.1
Health	2.5	1.0	2.2	2.8	2.9	2.7	2.6	2.7	2.6	2.8	2.8	2.9	3.0	2.9
Transport	14.1	0.9	0.9	1.0	0.5	0.2	1.2	3.8	4.3	5.7	5.9	5.6	5.4	5.9
Information and communication	5.4	0.3	2.4	2.0	2.1	1.8	1.7	1.9	1.8	1.8	1.8	1.9	1.4	1.5
Recreation, sport and culture	1.6	0.4	1.6	2.1	2.2	5.4	2.3	2.3	2.2	2.3	4.1	3.7	3.8	3.8
Education services	2.0	1.3	0.9	1.1	1.2	1.2	1.1	1.3	1.1	1.1	1.1	1.1	1.1	1.1
Restaurants and accommodation services	6.6	1.9	3.0	4.1	4.9	5.4	5.4	5.6	4.9	5.0	5.0	5.0	5.3	4.9
Insurance and financial services	2.1	NA	0.1	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Personal care, social protection and miscellaneous goods and services	2.1	0.3	2.4	2.8	2.8	2.7	2.6	2.0	2.7	2.8	2.8	2.9	3.5	3.5
All items-(headline inflation)	100.0	3.2	3.5	3.3	3.2	3.3	3.3	3.6	3.8	3.8	4.0	4.0	4.1	4.2
Other selected groups														
Core	73.9	2.3	3.8	3.6	3.6	3.5	3.7	4.0	4.1	4.5	4.6	4.5	4.7	4.6
Non-core	26.1	NA	1.5	2.1	2.5	3.1	2.8	2.7	3.4	1.8	2.3	2.3	2.5	3.4
Energy, fuel and utilities	5.7	8.0	1.6	1.4	1.1	2.3	2.1	3.2	3.6	5.1	4.6	4.2	3.4	4.4
Services	37.2	NA	2.9	2.3	1.9	2.1	2.3	3.0	3.1	3.7	4.0	3.9	4.0	3.8
Goods	62.8	NA	3.4	3.7	4.1	4.2	4.1	4.1	4.3	3.9	4.0	4.0	4.3	4.5
Education services and products ancillary to education	4.1	NA	2.5	2.5	2.7	3.2	3.2	3.1	3.3	3.3	3.3	3.1	3.3	3.3
All items less food and non-alcoholic beverages	71.8	n.a	n.a	n.a	2.7	2.7	2.7	3.2	3.3	4.0	4.1	4.1	4.0	3.9

Source: National Bureau of Statistics



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

Items	Weights (%)	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
Headline	100.0	112.9	114.1	115.2	115.3	116.3	117.7	117.2	117.3	117.3	115.4	115.0	115.1	115.6
Food	42.7	112.3	115.3	115.7	115.8	117.0	119.7	117.7	117.1	117.1	111.1	111.2	111.5	112.3
Non-Food	57.3	113.3	113.2	114.9	115.0	115.8	116.1	116.9	117.5	117.5	118.5	117.9	117.7	118.0
Alcoholic beverages, tobacco & narcotics	0.2	135.1	135.1	135.1	135.1	135.1	135.1	135.1	135.1	135.1	135.1	135.1	135.1	135.1
Clothing and footwear	6.9	108.1	108.0	108.2	108.2	109	110	109.7	109.3	109.1	109.5	109.5	109.7	109.9
Housing, water, electricity, gas and other fuels	18.4	114.7	113.3	117.4	116.8	117.5	117.7	119.7	120.8	119.4	120.8	119.7	119.7	119
Furnishing, household equipment and routine household maintenance	5.5	120.6	120.9	122.3	122.3	124.5	124.7	125.1	125.1	125.3	125.4	125.8	125.8	126.2
Health	2.1	127.2	127.2	126.9	128.6	128.6	128.7	129	129.3	130.2	130.1	130.3	129.5	129.5
Transport	9.6	109.6	109.4	110.6	111.9	113.9	114.3	115.1	115.9	117.4	118.7	116.7	116.1	118.1
Communication	4.2	114.9	114.9	114.9	114.9	114.9	114.9	114.9	114.9	114.9	116.9	116.9	116.9	116.9
Recreation and culture	1.3	113.9	113.9	112.3	112.3	112.3	112.3	112.4	112.4	112.4	115.4	115.4	115.4	115.4
Education	1.9	113.2	124.9	125.3	125.3	125.3	125.3	125.3	125.3	125.3	125.3	125.3	125.3	125.3
Restaurants and hotels	3.9	107.1	107.1	107.1	107.1	107.1	107.1	107.1	107.1	107.1	107.7	107.1	107.1	107.7
Miscellaneous goods & services	2.3	109.6	110.0	110.0	110.0	110.6	110.4	112.2	114.9	119.2	120.0	120.0	121.4	121.4

Source: Office of Chief Government Statistician, Zanzibar



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

Items	Weights (%)	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
Headline	100.0	0.5	0.5	0.7	1.5	1.9	0.8	1.9	2.2	2.1	2.4	2.1	2.2	2.4
Food	42.7	0.8	1.3	0.3	2.5	1.8	0.4	0.2	1.3	-0.4	-0.5	0.1	0.6	0.0
Non-Food	57.3	0.3	-0.2	0.9	0.8	2.0	1.0	3.2	2.9	4.0	4.5	3.6	3.4	4.2
Alcoholic beverages, tobacco & narcotics	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	-0.5	-0.5	0.0	-0.6	0.0	0.0
Clothing and footwear	6.9	1.0	0.9	1.1	0.9	1.3	1.2	0.8	0.6	0.6	1.0	0.9	1.4	1.7
Housing, water, electricity, gas and other fuels	18.4	0.1	-1.1	2.0	1.1	2.4	-1.4	2.3	2.1	4.9	5.5	3.6	3.0	3.7
Furnishing, household equipment and routine household maintenance	5.5	0.9	1.3	2.3	1.8	3.2	3.5	4.3	4.4	3.6	3.7	4.3	4.3	4.6
Health	2.1	11.3	7.1	4.4	5.5	5.6	4.2	4.3	4.6	5.0	2.3	2.5	1.8	1.8
Transport	9.6	-4.1	-4.9	-4.3	-2.7	0.8	3.2	9.0	7.3	6.8	7.7	6.0	5.3	7.7
Communication	4.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	1.7	1.7	1.7	1.7
Recreation and culture	1.3	3.5	3.4	2.0	-0.5	-0.5	-1.8	-1.7	-1.7	-1.5	1.1	1.1	1.1	1.3
Education	1.9	3.2	10.3	10.7	10.7	10.7	10.7	10.7	10.7	10.7	10.7	10.7	10.7	10.7
Restaurants and hotels	3.9	0.8	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.6	0.0	-0.6	0.0	0.6
Miscellaneous goods & services	2.3	1.0	0.6	0.4	0.4	0.8	0.1	1.7	3.5	8.5	9.7	9.7	10.8	10.8

Source: Office of Chief Government Statistician, Zanzibar



Table A4: Depository Corporations Survey

Billions of TZS

Items	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
Net foreign assets (NFA) of the banking system	10,722.5	11,862.2	11,517.5	11,307.8	10,585.2	11,778.3	12,144.6	12,757.9	12,751.4	14,129.9	13,754.6	12,715.9	13,866.0
NFA of the Bank of Tanzania	10,308.8	11,389.7	11,371.9	11,076.2	10,880.8	11,312.0	11,700.7	12,967.1	11,940.4	13,960.7	13,424.5	13,058.5	13,219.1
Net international reserves (Millions of USD)	4,755.8	5,226.0	5,178.7	5,045.3	4,969.7	5,154.4	5,290.4	5,563.9	5,920.0	6,675.0	6,637.9	6,557.9	6,386.0
NFA of the banks	413.8	472.8	145.6	231.6	-295.7	466.3	443.9	390.8	811.0	169.2	390.1	-342.6	746.8
Banks NFA (Millions of USD)	180.0	205.6	63.3	100.8	-128.6	202.9	173.7	170.0	352.7	73.7	143.9	-149.4	325.1
Net domestic assets of the banking system	19,198.0	18,061.6	18,289.1	18,850.6	20,406.8	19,547.5	21,189.2	19,810.3	20,222.6	19,036.6	19,966.8	21,311.5	20,592.1
Domestic claims	26,139.6	25,161.9	25,154.5	26,240.4	27,514.9	28,895.3	28,214.7	27,408.5	28,011.1	28,973.8	28,121.3	29,680.7	30,039.5
Claims on central government (net)	5,831.3	4,838.4	4,755.4	5,762.6	6,855.2	6,187.3	6,613.2	6,675.9	7,041.5	5,846.4	6,719.7	7,700.7	7,686.4
Claims on central government	12,599.1	12,081.2	12,506.0	13,162.8	13,902.0	13,663.0	12,670.5	12,509.0	12,993.6	13,321.4	14,215.4	14,614.1	14,775.4
O/w Securities held by banks	5,754.0	5,707.4	5,720.3	5,535.9	5,837.9	5,970.2	6,066.3	6,299.7	6,344.3	6,341.5	6,461.6	6,681.7	6,667.3
Liabilities to central government	6,767.7	7,245.8	7,750.6	7,400.2	7,046.7	7,475.7	5,057.3	5,853.1	5,952.1	7,475.0	7,495.7	6,913.4	7,089.0
Claims on the private sector	20,308.3	20,323.5	20,399.0	20,477.8	20,639.7	20,708.0	20,601.5	20,732.6	20,969.6	21,127.4	21,401.6	21,960.0	22,344.1
O/w Extended in Shilings	30.3	39.5	35.8	39.4	49.0	43.4	54.5	40.7	33.6	38.5	39.0	41.5	39.8
Extended in foreign currency	15,143.6	15,266.6	15,280.9	15,279.9	15,395.9	15,435.3	15,316.8	15,520.8	15,840.4	16,033.5	16,198.1	16,626.1	16,853.7
Equivalent in millions of USD	6,590.2	6,642.3	6,648.1	6,647.7	6,698.2	6,715.3	6,663.1	6,750.7	6,889.0	6,973.7	7,057.2	7,250.5	7,340.6
Other items net	-6,941.6	-7,100.4	-6,865.3	-7,389.8	-7,108.0	-7,347.8	-7,025.5	-7,598.2	-7,788.5	-7,937.2	-8,134.5	-8,369.1	-9,438.4
Extended broad money supply (M3)	29,920.6	29,823.8	29,806.6	30,156.6	31,002.0	31,325.9	33,333.8	32,568.2	32,974.0	33,166.6	33,741.5	34,027.5	34,558.0
Foreign currency deposits (FCD)	6,887.9	7,167.5	7,042.6	7,166.6	7,479.7	7,678.4	7,678.4	7,255.6	7,474.0	7,532.5	7,371.7	7,192.9	7,469.7
FCD (Millions of USD)	2,987.5	3,118.5	3,064.0	3,117.9	3,226.7	3,254.1	3,340.3	3,155.8	3,250.5	3,276.2	3,211.7	3,136.8	3,253.4
Broad money supply (M2)	23,032.6	22,758.3	22,764.0	22,991.8	23,585.5	23,846.2	25,655.4	25,312.6	25,500.0	25,634.1	26,589.8	26,834.6	27,088.4
Other deposits	8,711.0	8,535.1	8,337.8	8,487.9	8,633.6	8,737.9	8,945.5	8,940.1	8,964.4	9,066.8	9,378.6	9,424.7	9,462.8
Narrow money supply (M1)	14,321.7	14,221.1	14,426.2	14,504.0	14,951.9	15,108.3	16,710.0	16,372.5	16,536.6	16,597.3	16,991.2	17,409.9	17,625.5
Currency in circulation	4,500.5	4,198.7	4,326.7	4,299.2	4,359.0	4,404.5	4,700.5	4,811.7	4,945.0	4,963.9	5,034.0	4,996.5	5,012.0
Transferable deposits	9,821.1	10,022.5	10,099.5	10,204.8	10,592.9	10,703.7	12,009.5	11,560.8	11,590.6	11,633.4	11,957.1	12,413.4	12,613.5
Memorandum items													
Reserve money	7,169.3	7,105.6	6,935.5	7,221.1	7,703.0	7,477.5	8,568.2	7,990.1	7,785.7	8,110.0	8,189.2	8,398.7	8,407.3
Banks' reserves	1,667.4	2,012.3	1,829.5	2,041.5	2,533.1	2,264.9	3,021.8	2,311.6	1,959.7	2,255.8	2,298.4	2,463.6	2,394.0
Currency outside Bank of Tanzania	5,502.0	5,093.2	5,106.0	5,179.5	5,170.0	5,212.7	5,546.4	5,678.5	5,826.0	5,854.3	5,890.8	5,935.1	6,013.3
Average reserve money	7,523.1	7,179.9	7,188.0	7,166.6	7,628.4	7,659.9	8,037.0	8,312.1	8,073.2	8,004.9	8,267.6	8,559.1	8,559.1
Nominal exchange rate (end of period) (TZS/USD)	2,979.9	2,936.4	2,988.5	2,938.5	2,988.5	2,988.5	2,987.2	2,989.4	2,989.4	2,989.4	2,995.2	2,995.2	2,986.0
Gross official reserves (Millions of USD)	4,767.7	5,237.9	5,178.7	5,045.3	4,969.7	5,154.4	5,290.4	5,563.9	5,820.2	6,775.0	6,637.9	6,557.9	6,386.0
Foreign assets of banks (Millions of USD)	1,269.2	1,196.2	1,316.3	1,166.7	1,008.5	1,196.1	1,236.7	1,196.1	1,236.7	1,196.1	1,196.1	1,248.6	1,396.0
Gross foreign assets of the banking system (Millions of USD)	6,036.9	6,574.9	6,495.0	6,212.0	5,978.2	6,350.6	6,526.4	6,810.8	7,388.9	7,941.2	7,928.9	7,806.5	7,782.1
Annual growth rates (%)													
Stock of reserve money	-4.0	-1.3	-2.5	5.0	3.5	-0.4	3.2	5.0	-4.2	6.3	1.5	12.9	17.3
Average reserve money	0.4	-0.6	2.3	3.0	3.4	4.2	2.4	4.7	5.9	8.6	13.4	14.2	13.8
Extended broad money supply (M3)	5.7	6.4	4.9	6.8	7.8	7.9	11.7	11.0	9.9	12.7	13.6	14.9	15.5
Broad money supply (M2)	8.2	7.7	7.1	9.3	7.1	7.7	10.5	12.2	12.7	15.0	14.7	17.2	17.6
Credit to the private sector	3.1	2.6	2.5	2.3	4.8	4.7	3.6	4.1	3.2	4.5	5.6	7.8	10.0

Source: Bank of Tanzania



Table A5: Capital and Money Market Interest Rates

Items	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
Interbank cash market rates													
Overnight	3.70	3.70	3.81	3.71	3.71	3.71	3.90	4.05	3.88	3.63	3.73	3.72	4.07
2 to 7 days	4.09	4.36	4.43	4.30	4.45	4.47	4.56	4.47	4.43	4.23	4.35	4.48	4.52
8 to 14 days	4.58	4.63	4.66	4.54	4.72	4.87	4.70	4.90	4.65	4.44	4.57	4.73	4.75
15 to 30 days	4.25	4.44	4.25	4.32	4.35	4.51	4.67	5.00	4.31	4.69	4.07	4.39	4.40
31 to 60 days	5.12	4.93	4.44	5.95	5.51	4.56	4.45	4.25	4.50	4.57	4.93	5.07	4.44
61 to 90 days	7.25	4.77	5.05	4.49	4.49	6.00	6.00	7.20	7.20	6.00	6.00	6.00	8.20
91 to 180 days	5.62	5.12	5.51	5.40	5.12	5.29	5.57	6.65	6.05	7.18	6.49	6.50	6.50
181 and above	8.35	8.35	8.35	8.75	7.63	8.54	8.75	7.90	12.50	8.33	8.00	8.75	11.33
Overall interbank cash market rate	4.17	4.16	4.39	4.31	4.51	4.57	4.59	4.56	4.43	4.24	4.38	4.54	4.54
Lombard rate	5.55	5.55	5.72	5.56	5.56	5.56	5.85	6.08	5.81	5.44	5.60	5.58	6.10
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	2.61	2.58	2.57	2.96	3.91	3.72	3.57	3.35	3.18	3.05	3.04	3.04	3.37
364 days	4.45	4.92	5.71	5.95	6.02	5.96	5.03	4.01	3.84	3.66	4.00	4.24	4.84
Overall Treasury bills rate	4.10	4.69	5.71	5.90	5.95	5.90	4.90	3.98	3.80	3.62	3.91	4.23	4.82
Treasury bonds rates													
2-years	7.09	7.51	7.51	7.89	7.89	7.89	7.89	7.55	7.55	7.55	7.55	7.65	7.65
5-years	9.10	9.10	9.10	9.10	9.10	9.10	9.10	9.10	9.10	9.37	9.37	9.37	9.37
7-years	10.09	10.09	10.09	10.09	10.09	10.14	10.14	10.14	10.10	10.10	10.10	10.10	9.89
10-years	11.56	11.56	11.56	11.60	11.60	11.60	11.60	11.60	11.60	11.70	11.70	11.70	11.25
15-years	13.53	13.57	13.60	13.60	13.60	13.60	13.61	13.61	13.61	13.53	13.57	13.57	13.57
20-years	15.01	15.01	15.41	15.41	15.41	15.41	15.41	15.41	15.41	15.41	15.41	14.75	14.75
25-years					16.34	16.34	16.34	16.34	16.34	16.34	15.49	15.49	15.49
Discount rate	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00

Source: Bank of Tanzania



Table A6: Commercial Banks' Interest Rates

Items	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21
<i>Percent</i>													
A: Domestic currency													
Savings deposit rate	2.45	2.50	2.53	2.57	2.16	2.15	2.16	1.55	1.55	1.55	1.52	1.61	1.60
Overall time deposits rate	7.09	6.68	6.88	6.94	6.95	6.89	7.05	7.35	6.64	6.60	6.64	6.80	6.79
1 month	8.48	9.09	9.70	6.99	7.48	7.35	7.16	7.97	7.12	6.36	7.57	6.80	7.06
2 months	8.09	6.16	7.42	7.61	7.72	7.20	7.98	7.86	6.81	7.48	6.70	7.18	7.04
3 months	7.61	7.53	5.33	7.61	6.78	7.39	7.32	7.48	6.88	6.57	6.73	7.11	6.59
6 months	7.48	6.37	7.32	7.86	8.23	8.17	8.26	8.06	7.00	7.27	7.33	7.70	7.50
12 months	8.41	8.23	8.67	8.80	8.77	8.75	8.69	9.12	7.86	7.72	7.77	7.63	7.87
24 months	8.59	8.50	8.67	8.52	8.62	8.16	8.81	8.95	8.89	8.92	8.52	9.17	9.44
Negotiated deposit rate	9.22	9.22	9.50	9.18	9.36	9.23	9.37	9.17	9.66	9.59	9.71	9.78	9.82
Overall lending rate	16.74	16.63	16.66	16.61	16.58	16.61	16.69	16.57	16.75	16.55	16.65	16.40	16.37
Short-term (up to 1 year)	15.72	15.76	15.88	15.97	16.05	16.14	16.76	16.81	16.89	16.69	16.75	16.83	16.60
Medium-term (1-2 years)	18.69	18.51	18.40	18.36	18.34	18.30	17.98	17.70	17.95	17.92	18.01	17.59	17.49
Medium-term (2-3 years)	16.83	16.85	17.00	16.82	16.59	16.69	16.78	16.76	16.85	16.54	16.84	16.50	16.58
Long-term (3-5 years)	16.23	16.06	16.07	16.06	16.13	16.10	16.04	16.01	16.11	15.95	16.01	15.74	15.84
Term loans (over 5 years)	16.24	15.99	15.92	15.85	15.82	15.82	15.91	15.59	15.96	15.66	15.63	15.34	15.32
Negotiated lending rate	13.86	13.38	13.96	14.05	13.76	13.64	13.98	13.83	14.44	14.07	13.65	13.66	14.06
B: Foreign currency													
Deposits rates													
Savings deposits rate	1.04	0.79	0.92	0.91	0.41	0.40	0.38	0.38	0.35	0.33	0.31	0.34	0.34
Overall time deposits rate	2.45	2.39	2.33	2.57	3.21	3.42	3.27	3.06	3.15	3.23	3.24	3.21	4.21
1-months	1.35	1.73	1.77	3.06	3.09	4.45	3.09	3.04	3.06	3.05	3.34	3.12	2.34
2-months	2.11	2.68	2.44	2.19	3.82	3.43	3.98	3.31	3.61	3.82	3.05	2.33	4.06
3-months	3.33	2.70	2.66	2.63	2.80	2.99	3.18	2.08	2.21	2.41	2.59	3.40	3.99
6-months	1.92	1.72	1.72	2.16	3.16	3.10	3.00	3.27	3.45	3.50	3.46	3.44	5.83
12-months	3.53	3.09	3.06	2.83	3.20	3.14	3.10	3.58	3.40	3.37	3.76	3.79	4.82
Overall lending rate	6.82	6.84	6.83	7.46	8.10	8.19	8.22	8.19	8.17	8.18	8.15	8.23	8.22
Short-term (up to 1 year)	8.94	8.41	8.96	8.31	8.88	8.63	8.78	8.73	8.62	8.64	8.65	8.88	8.90
Medium-term (1-2 years)	4.00	4.50	4.00	7.53	8.82	8.82	8.82	8.72	8.72	8.78	8.78	8.78	8.73
Medium-term (2-3 years)	5.79	5.33	5.20	6.84	6.52	7.07	7.07	7.07	7.07	7.07	7.07	7.07	7.07
Long-term (3-5 years)	8.36	8.98	8.99	7.21	8.88	8.88	8.88	8.88	8.88	8.86	8.72	8.88	8.88
Term loans (over 5 years)	6.99	6.98	6.99	7.40	7.40	7.55	7.55	7.55	7.55	7.55	7.55	7.54	7.54

Source: Bank of Tanzania



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

Billions of TZS

	Budget 2021/22	July 2021 - December 2021		Percent of estimates
		Estimate	Actual	
Total revenue (including LGAs)	26,384,734.5	13,054,913.3	11,836,999.5	90.7
Central government revenue	25,520,876.5	12,609,302.1	11,425,680.2	90.6
Tax revenue	20,738,280.6	10,284,155.5	9,883,357.4	96.1
Taxes on imports	7,787,567.1	3,855,081.4	3,972,976.0	103.1
Sales/VAT and excise on local goods	4,677,705.3	2,314,635.1	1,459,134.3	63.0
Income taxes	7,018,384.8	3,456,854.0	3,867,226.3	111.9
Other taxes	1,254,623.5	657,585.0	584,020.7	88.8
Non- tax revenue	4,782,595.9	2,325,146.6	1,542,322.9	66.3
LGA own sources	863,858.0	445,611.2	411,319.3	92.3
Total expenditure ¹	30,480,206.8	16,559,421.8	15,034,702.4	90.8
Recurrent expenditure	16,801,260.4	8,852,593.8	8,497,466.8	96.0
Wages and salaries	8,150,509.0	4,068,290.8	3,985,132.8	98.0
Interest payments	2,676,728.9	1,375,502.5	1,344,552.9	97.7
Other goods, services and transfers	5,974,022.5	3,408,800.5	3,167,781.1	92.9
Development expenditure and net lending	13,678,946.3	7,706,828.0	6,537,235.6	84.8
Local	10,723,023.0	6,489,659.7	5,369,509.4	82.7
Foreign	2,955,923.3	1,217,168.3	1,167,726.2	95.9
Balance before grants	-4,095,472.2	-3,504,508.5	-3,197,702.9	91.2
Grants	1,138,076.3	518,426.3	468,804.6	90.4
Balance after grants	-2,957,395.9	-2,986,082.2	-2,728,898.3	91.4
Expenditure float	0.0	0.0	-2.2	
Adjustments to cash and other items (net)	0.0	0.0	216,048.4	
Overall balance	-2,957,395.9	-2,986,082.2	-2,512,852.1	
Financing	2,957,395.9	2,986,082.2	2,512,852.1	
Foreign financing (net)	1,118,599.7	1,497,203.5	1,861,807.5	
Domestic (net) ²	1,838,796.2	1,488,878.6	651,044.6	

Source: Ministry of Finance and Planning

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

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

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



Table A8: Zanzibar Central Government Operations

Billions of TZS

	Billions of TZS			Percent of estimates
	Budget 2021/22	July - December 2021		
		Estimates	Actual	
Total revenue	1,134.9	562.8	410.8	73.0
Tax revenue	959.2	474.6	345.7	72.8
Tax on Imports	215.6	106.3	89.0	83.7
VAT and excise duties (local)	254.4	122.2	93.1	76.2
Income tax	197.5	95.1	75.6	79.5
Other taxes	291.7	151.0	87.9	58.3
Non-tax revenue	175.7	88.3	65.1	73.8
Total expenditure	1,829.9	599.2	465.6	77.7
Recurrent expenditure	947.1	463.5	368.0	79.4
Wages and salaries	441.7	206.0	204.5	99.3
Other expenditure	505.4	257.5	163.5	63.5
Development expenditure	882.8	135.8	97.6	71.9
Local	606.5	84.5	48.1	57.0
Foreign	276.3	51.3	49.5	--
Overall surplus/ deficit before grants	-695.0	-36.4	-54.8	--
Grants	72.3	5.7	12.5	--
Project grant	72.3	5.7	12.5	--
Overall surplus/deficit after grants	-622.7	-30.7	-42.3	--
Adjustment to cash and other items	418.7	-30.3	-22.7	--
Overall deficit cheques cleared	-204.0	-61.0	-64.9	--
Financing	204.0	61.0	64.9	--
Foreign	204.0	61.0	44.9	73.6
Program loans	204.0	61.0	44.9	73.6
Domestic (net)	45.0	0.0	20.0	--
Bank	0.0	0.0	0.0	--
Non-bank	45.0	0.0	20.0	--

Source: Ministry of Finance and Planning, Zanzibar

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



Table A9: Tanzania's Balance of Payments

Millions of USD

Item	2015	2016	2017	2018	2019	2020 ^P
A. Current Account	-4,477.4	-2,739.3	-1,827.1	-2,248.3	-1,490.9	-994.8
Goods: exports f.o.b.	4,826.7	4,873.9	4,510.8	4,292.7	5,377.6	6,371.7
Traditional	699.5	932.4	1,021.8	667.5	817.7	808.1
Nontraditional	3,688.5	3,498.4	3,078.9	3,234.9	4,186.0	5,253.3
o/w Gold	1,374.6	1,508.8	1,541.1	1,541.9	2,215.1	2,957.5
Unrecorded trade	438.8	443.1	410.1	390.2	373.8	310.4
Goods: imports f.o.b.	-9,843.1	-8,463.6	-7,551.7	-8,483.1	-8,793.1	-7,889.0
Balance on Goods	-5,016.3	-3,589.8	-3,041.0	-4,190.4	-3,415.5	-1,517.2
Services: credit	3,412.4	3,599.3	3,831.9	4,014.7	4,281.0	2,182.9
Transport	1,024.9	1,053.6	1,141.0	1,227.5	1,355.9	1,284.5
Travel	1,902.0	2,131.6	2,250.3	2,449.4	2,604.5	714.5
Other	485.5	414.1	440.5	337.8	320.6	183.9
Services: debit	-2,629.1	-2,176.4	-2,039.9	-1,915.9	-1,782.5	-1,239.2
Transport	-1,047.0	-893.7	-800.3	-605.1	-681.5	-530.8
Travel	-1,195.3	-922.3	-807.3	-738.1	-651.1	-203.8
Other	-386.8	-360.4	-432.3	-572.7	-449.9	-504.6
Balance on Services	783.3	1,422.9	1,792.0	2,098.8	2,498.5	943.7
Balance on Goods and Services	-4,233.1	-2,166.9	-1,249.0	-2,091.6	-917.0	-573.5
Primary Income: credit	110.3	98.5	125.3	155.9	212.4	111.2
o/w Investment income	87.8	67.6	86.1	108.5	150.4	97.7
Primary Income: debit	-834.6	-1,053.6	-1,105.4	-781.1	-1,204.9	-966.0
o/w Direct investment income	-550.0	-625.2	-700.0	-439.0	-766.3	-545.1
Balance on Primary Income	-724.3	-955.1	-980.1	-625.2	-992.5	-854.8
Balance on Goods, Services and Primary Income	-4,957.4	-3,122.0	-2,229.0	-2,716.8	-1,909.5	-1,428.3
Secondary Income: credit	560.1	452.7	485.2	535.8	474.9	486.3
Government	194.8	81.1	121.8	170.3	103.5	183.1
Financial corporations, nonfinancial corporations, households and NPISHs	365.3	371.6	363.4	365.5	371.4	303.2
Secondary Income: debit	-80.2	-70.0	-83.2	-67.3	-56.4	-52.7
Balance on Secondary Income	479.9	382.7	402.0	468.5	418.5	433.6
B. Capital Account	380.1	446.2	376.8	464.1	481.2	303.6
Capital transfers credit	380.1	446.2	376.8	464.1	481.2	303.6
General Government	316.1	383.0	313.6	400.3	416.8	229.7
Financial corporations, nonfinancial corporations, households and NPISHs	64.0	63.2	63.2	63.8	64.4	73.9
Capital transfers:debit	0.0	0.0	0.0	0.0	0.0	0.0
Total, Groups A plus B	-4,097.3	-2,293.1	-1,450.3	-1,784.2	-1,009.8	-691.2
C. Financial Account, excl. reserves and related items	-2,414.5	-1,313.4	-1,960.9	-1,610.0	-2,343.3	-591.0
Direct Investments	-1,506.0	-864.0	-937.7	-971.6	-1,217.2	-684.9
Direct investment abroad	0.0	0.0	0.0	0.0	0.0	0.0
Direct investment in Tanzania	1,506.0	864.0	937.7	971.6	1,217.2	684.9
Portfolio investment	-27.8	5.0	-2.9	3.7	-36.8	2.1
Other investment	-880.6	-454.4	-1,020.3	-642.1	-1,089.3	91.8
Assets	329.0	-128.0	-118.1	150.3	31.7	24.4
Liabilities	1,209.6	326.4	902.2	792.4	1,120.9	-67.5
Total, Groups A through C	-1,682.8	-979.7	510.7	-174.2	1,333.5	-1,282.1
D. Net Errors and Omissions	1,483.7	1,285.2	1,159.0	-609.8	-746.5	-664.7
Overall balance (Total, Groups A through D)	-199.1	305.5	1,669.6	-784.0	587.0	-764.9
E. Reserves and Related Items	-199.1	305.5	1,669.6	-784.0	587.0	-764.9
Reserve assets	-273.7	232.2	1,598.7	-871.9	525.0	-790.1
Use of Fund credit and loans	74.6	73.3	70.9	87.9	62.0	25.2
Memorandum items						
CAB/GDP	-7.8	-5.0	-3.3	-3.9	-2.4	-1.5
CAB/GDP (excl. current official transfers)	-8.2	-5.2	-3.6	-4.2	-2.6	-1.8
Gross Official Reserves	4,093.7	4,325.6	5,900.3	5,044.6	5,567.6	4,767.7
Months of Imports (Excluding FDI related imports)	5.1	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	Jul - Dec		Percentage change
		2020	2021 ^P	
Traditional exports				
Clove				
Value	USD ('000')	1,027.1	50,374.2	---
Volume	000 Tonnes	0.2	6.8	---
Unit price	USD/Tonne	5,366.5	12,156.8	---
Non-traditional exports				
Seaweeds				
Value	USD ('000')	10,949.9	2,891.5	-73.6
Volume	000 Tonnes	12.4	7.2	-42.1
Unit price	USD/Tonne	1,411.2	417.1	-70.4
Manufactured goods	USD ('000')	2,897.9	3,566.6	23.1
Fish and fish products	USD ('000')	737.3	956.3	29.7
Others exports	USD ('000')	1,310.8	3,961.6	---
Sub-total	USD ('000')	15,895.9	11,376.1	---
Grand-total	USD ('000')	16,923.0	61,750.3	---

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	Jul-Dec		Percentage change
	2020	2021 ^P	
Capital goods	112.5	47.3	-57.9
Transport equipment	27.5	8.0	-70.8
Building and construction	13.7	20.4	49.1
Machinery	71.3	18.9	-73.5
Intermediate goods	31.0	78.9	---
Oil imports	14.1	45.1	---
Industrial raw materials	16.9	33.8	---
Consumer goods	54.9	53.6	-2.4
Food and food stuffs	14.5	19.2	32.3
All other consumer goods	40.4	34.4	-14.9
Grand total (c.i.f)	218.0	197.7	-9.3
Grand total (f.o.b)	198.4	179.9	-9.3

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

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 Requirements

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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