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MONETARY POLICY STATEMENT

*Mid-Year Review
2022/23*

**GOVERNOR
BANK OF TANZANIA**

February 2023



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BANK OF TANZANIA**

February 2023



8th February 2023

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, subsection (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 2022/23 for subsequent submission to the Parliament.

The Statement reviews the outcome of the implementation of the monetary policy during the first half of 2022/23 against the targets, and presents the recent global and domestic macroeconomic developments. It next highlights the macroeconomic outlook and monetary policy stance that the Bank of Tanzania intends to pursue in the remainder of 2022/23 in order to achieve its policy objectives.

Yours Sincerely,

Mr. Emmanuel M. Tutuba
GOVERNOR
BANK OF TANZANIA



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EXECUTIVE SUMMARY

This Mid-Year Review of the Monetary Policy Statement evaluates progress made towards implementation of the monetary policy and its outcomes. It also assesses the recent global and domestic economic performance for the first half of 2022/23. Moreover, the Policy Statement provides outlook of the domestic economy and stance of monetary policy for the second half of 2022/23.

Global Economy

Economic activity in 2022 was undermined by supply-chain disruptions, which were caused by the war in Ukraine, resurgence of COVID-19, and climate-related constraints. As a result, global growth is projected to be much lower than in the preceding year, with variations across countries. The IMF forecasts global growth of 3.4 percent in 2022, while the World Bank's projection is 2.9 percent. Sub-Saharan Africa is projected to grow at 3.8 percent. Owing to an expected slowdown of activity in most advanced economies in 2023, the IMF projects a rate of global growth of 2.9 percent, despite easing of supply constraints and commodity prices. The World Bank projects the growth of the global economy to slow down to 1.7 percent in 2023, attributable to policy tightening aimed at containing high inflation, worsening financial conditions, and continued disruptions from the war in Ukraine.

Inflation was significantly above central banks' targets in 2022, particularly in advanced economies. Due to the easing of supply-chain constraints and commodity prices, as well as monetary policy tightening, inflation either started declining or the pace of rising moderated towards the end of the year. There are indications of further



decline in 2023, benefitting from lagged impact of monetary policy tightening and a decrease in commodity prices. In the EAC region, inflation remained above the convergence criteria of at most 8 percent in all countries, save for Tanzania. The same pattern was observed in the SADC region, with Tanzania, Seychelles, Eswatini, and Namibia recording inflation rate within the convergence criteria of 3-7 percent.

Monetary Policy Targets and Implementation

The thrust of monetary policy in 2022/23 is to attain macroeconomic objectives, which include a growth projection of 4.7 percent and an inflation target of 5.4 percent. The monetary policy targets set for 2022/23 were as follows: (i) growth of reserve money of 11.4 percent and extended broad money supply of 10.3 percent; (ii) growth of private sector credit of 10.7 percent; and (iii) maintaining adequate foreign reserves to cover at least four months of imports.

In the first half of 2022/23, the Bank of Tanzania implemented a less accommodative monetary policy, in order to tame inflationary pressure emanating from global shocks, while safeguarding recovery of the economy and attaining the monetary targets. During the period the conduct of monetary policy was successful in maintaining adequate supply of liquidity in the economy consistent with inflation objective, with monetary aggregates growing broadly in line with targets. This policy stance supported fast growth of credit to the private sector and sustained financial sector stability. Meanwhile, all the indicative and performance criteria under the IMF Extended Credit Facility (ECF) program were met.



Economic Performance in Mainland Tanzania

Output performance was broadly satisfactory in 2022, despite facing external shocks, which raised high import prices and cost of borrowing in international markets. In the first three quarters of 2022, growth in Mainland Tanzania averaged 5.2 percent, higher than a projection of 4.7 percent for the whole year. The growth was mostly driven by agriculture (15.6 percent), construction (11.8 percent) and manufacturing activities (8.1 percent). Based on high frequency economic indicators in the fourth quarter, growth in 2022 might be higher than the projection of 4.7 percent. In 2023, the economy is projected to grow at 5.3 percent. AfDB projects Tanzania to grow at 5 percent and 5.6 percent in 2022 and 2023, respectively, due to improved performance in tourism, reopening of trade corridors, and accelerated rollout of vaccines.

Inflation was high and trending upward in the first half of 2022/23, largely due to an increase in prices of imports of consumer goods, particularly food and energy prices. In Mainland Tanzania, inflation rose from 4.2 percent in December 2021 to 4.9 percent in November 2022, before easing to 4.8 percent in the subsequent month. However, it was below the country target, consistent with EAC and SADC benchmarks, and lower than most countries in EAC and SADC. In the second half of 2022/23, inflation is expected to remain below the target of 5.4 percent, due to adequate food in the country from the ongoing rainfall, decrease in goods prices in the world market, and lagged impact of lessened monetary policy accommodation.

Money supply growth was moderate and in line with the target in the first half of 2022/23. M3 grew by 11.8 percent compared with the target of 10.3 percent for the whole year, and was mostly contributed by



private sector credit growth. Reserve money growth was 16.3 percent compared with the target of 11.4 percent. Credit to the private sector continued to support output expansion, growing by 21.9 percent compared with the target of 10.7 percent for 2022/23. The growth was the highest in a decade, and was reinforced by monetary policy of keeping liquidity adequate and lending to banks for on-lending to agriculture; fiscal policy measures, including subsidies on fertilizers, tax relief on production of edible oil, and increase in budget allocation to agriculture; as well as improving the business environment and policies. Credit was mostly extended to agriculture, followed by personal loans, manufacturing and trade. The exchange rate was stable in the first half of 2022/23, depreciating marginally by less than one percent. The stability was reinforced by market confidence, relatively low inflation compared with trading partners, and measures adopted to increase transparency and orderly foreign exchange market operations.

Government budget execution was broadly in line with estimates. Revenue collection in the first half of 2022/23 was TZS 13,414.1 billion, or 96.7 percent of the target. Tax revenue was TZS 10,979.2 billion, or 98.3 percent of the target. Foreign concessional borrowing and grants amounted to TZS 3,040.5 billion, while external commercial loans were TZS 552.3 billion. Expenditure amounted to TZS 16,261.6 billion, of which TZS 7,076 billion was for development projects. Public debt stock (external and domestic) was USD 32,358 million at the end of December 2022, an increase of USD 1,466.4 million, from the level recorded at the end of June 2022. The debt remains sustainable with a moderate risk of distress.

The external sector of the economy remained sustainable, despite the global challenges of high commodity prices, tight financial



conditions, and high inflation in some trading partners. The current account deficit widened to USD 3,084.2 million during the first half of 2022/23, compared with USD 1,123.3 million in the corresponding period in 2021/22, largely on account of high import bill, particularly petroleum products. Foreign exchange reserves remained adequate, amounting to USD 5,177.2 million at the end of December 2022 from USD 5,110 million at the end of June 2022. The level of reserves was sufficient to cover 4.7 months of imports, in line with the country and EAC benchmarks of at least 4 months and 4.5 months, respectively. The import cover is expected to increase, as import prices in the world market decline.

Overall, the banking sector was adequately capitalized, liquid and profitable throughout 2022. Deposits and assets increased, and asset quality improved. Core capital adequacy ratio was 18 percent, above the minimum regulatory requirements of 10 percent. The quality of assets improved, as evidenced by decline in non-performing loans to 5.8 percent in December 2022 from 7.8 percent in June 2022, close to the desired level of 5 percent. This is a significant milestone compared to the highs of around 13 percent in 2017. It will incentivise lending to the private sector and reduce cost of borrowing. The Bank of Tanzania continues to take measures to reduce non-performing loans. Payment systems operated smoothly, with a rise in access and usage of digital financial platforms on account of policy decision to promote customer centric financial products and services, complemented with implementation of new fintech products for merchants and small businesses. The Tanzania Instant Payment System (TIPS) operated smoothly, with transactions reaching TZS 467.4 billion in December 2022 from its inception in August 2021.



Economic Performance in Zanzibar

Performance of the Zanzibar economy was satisfactory. Growth in the first three quarters of 2022 averaged 5.3 percent, compared with 5.8 percent in the corresponding period in 2021. The growth was largely contributed by accommodation and food services, construction, manufacturing and real estate. Growth is expected to remain strong in the last quarter of 2022, and during 2023, supported by public and private projects and tourism. Inflation trended upward, reaching 8.1 percent in December 2022 from 4.2 percent in June 2022, mainly on account of food inflation, particularly maize, Mbeya rice and wheat flour.

Revenue and grants increased by 41.6 percent to TZS 599.3 billion in the first half of 2022/23, compared with the amount recorded in the corresponding period in 2021/22. Revenue was TZS 582.7 billion, equivalent to 97.1 percent of the target. Tax revenue was TZS 516.5 billion, equivalent to 99.8 percent of the target, while non-tax revenue was TZS 66.2 billion. This satisfactory performance was on account of improved tax administration and compliance. Expenditure was TZS 687.8 billion, of which TZS 487.1 billion was recurrent, and the balance was for development projects. Domestic resources accounted for 64.9 percent of the amount utilized for development projects. Debt stock was TZS 2,700.1 billion at the end of December 2022, up from TZS 1,224 billion recorded in June 2022, of which external debt accounted for 88.2 percent.

Current account balance recorded a deficit of USD 187.3 million in the first half of 2022/23, compared with a deficit of USD 89.8 million in the corresponding period in 2021/22. The outturn was largely associated



with increase in imports bill, following high commodity prices in the world market, coupled with decrease in exports of goods.

Macroeconomic Outlook

Global economic activities are expected to remain weak, although signs of improving are unfolding. The challenges caused by the war in Ukraine are easing and COVID-19 in China is seemingly fading away. Inflation, which was significantly above central banks targets in advanced economies is declining. These promising developments are expected to improve economic activities and reduce inflation in the country. GDP growth in Mainland Tanzania and Zanzibar is expected to be around 5.3 percent and 6.1 percent in 2023, respectively. Inflation is projected to remain within single digit in the second half of 2022/23, below the target of 5.4 percent and around 5 percent in Mainland Tanzania and Zanzibar, respectively. In view of the expected improvement in food supply and easing of commodity prices in the world market, the upward risk to inflation will be moderate in the second half of 2022/23.

Against this outlook for the economy, monetary policy will continue to be geared towards reducing monetary policy accommodation in the second half of 2022/23, in order to tame second round effects of global shocks on inflation expectations, while safeguarding the growth of economic activities. In implementing the monetary policy stance, the Bank will employ a mix of instruments. The policy stance is also consistent with the attainment of monetary targets, which are set forth in the IMF Extended Credit Facility arrangement. The Bank of Tanzania will also maintain surveillance of global economic trends and associated risks to the domestic economy, and take additional policy actions if needed.



PART I INTRODUCTION

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

Accordingly, section 21, subsection (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 Governments. Therefore, this *Mid-Year Review of the **Monetary Policy Statement** for 2022/23*, evaluates the implementation of monetary policy contained in the Monetary Policy Statement published in June 2022, its outcome and outlook for the second half of 2022/23.

The Mid-Year Review of the Monetary Policy Statement is organized as follows: Part II presents macroeconomic policy framework for 2022/23, while Part III outlines global economic trends. Part IV provides progress in implementing the monetary policy in the first half of 2022/23, and Part V reviews recent macroeconomic developments. Part VI outlines the macroeconomic outlook, followed by Part VII, which outlines the monetary policy stance for the second half of 2022/23. Part VIII 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 the growth rate of the money supply. The mainstay of the monetary policy framework is as follows:

The objective of the Monetary Policy

The primary objective of monetary policy is to maintain price stability, which is defined as a low and stable inflation rate over time. The medium-term target is set to range from 3 to 7 percent. This target is consistent with EAC and SADC convergence criteria of at most 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 this objective, the Bank of Tanzania focuses on maintaining an adequate level of liquidity in banks to support various activities in the economy and ensuring the stability of interest rates and exchange rates.

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 in the banking system at the 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: <https://www.bot.go.tz>.



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 Board of Directors of the Bank of Tanzania 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, the 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 II

2.0 MACROECONOMIC POLICY FRAMEWORK FOR 2022/23

2.1 Macroeconomic Policy Objectives

The macroeconomic policy objectives of the Governments in 2022/23 focus on the attainment of the goals set in the National Five Year Development Plan, 2021/22–2025/26 (FYDP III) and Zanzibar Development Plan of realising sustainable and inclusive growth by promoting competitiveness and industrialization. Accordingly, the macroeconomic policy objectives of Mainland Tanzania in 2022/23 are as follows:

- i. attaining a real GDP growth of 4.7 percent in 2022 and 5.3 percent in 2023; and
- ii. maintaining a single digit annual headline inflation rate of 5.4 percent in 2022/23.

As for Zanzibar, the macroeconomic objectives are as follows:

- i. real GDP growth of 5.4 percent in 2022 and 6.1 percent in 2023; and
- ii. maintaining a single digit annual headline inflation rate of not more than 5 percent in 2022/23.



2.2 Monetary Policy Objectives

In support of the broader macroeconomic objectives of the Governments, while closely monitoring the ongoing and emerging risks from external shocks, the Bank of Tanzania set out the following monetary policy targets in 2022/23;

- i. annual growth of average reserve money of 11.4 percent;
- ii. annual growth of extended broad money (M3) of 10.3 percent;
- iii. annual growth of credit to the private sector of 10.7 percent; and
- iv. maintaining gross official reserves at levels adequate to cover at least 4 months of projected imports of goods and services



PART III

3.0 GLOBAL ECONOMY

3.1 Output Performance

Global growth in the second half of 2022 was undermined by supply-chain disruptions caused by the war in Ukraine, resurgence of COVID-19, and climate-related constraints. The IMF and World Bank forecast global growth of 3.4 and 2.9 percent, respectively, in 2022 (Table 3.1). Growth in the sub-Saharan Africa is estimated at 3.8 percent. In 2023, growth is projected to remain weak, despite signs of improvement, such as easing of commodity prices in the world market and supply-chain challenges. The IMF projects global growth to slow down to 2.9 percent from 3.4 percent, owing to expected slowdown of activity in most advanced economies. Meanwhile, the World Bank projects a slowing global growth from 2.9 percent in 2022 to 1.7 percent in 2023, reflecting policy tightening aimed at containing high inflation, worsening financial conditions, and continued disruptions from the war in Ukraine.



Table 3.1: Actual Real GDP Growth and Projection

Percent

	2021	IMF projections						World Bank projections	
		Jul-22		Oct-22		Jan-23		Jan-23	
		2022	2023	2022	2023	2022	2023	2022	2023
World	6.2	3.2	2.9	3.2	2.7	3.4	2.9	2.9	1.7
Advanced economies	5.4	2.5	1.4	2.4	1.1	2.7	1.2	2.5	0.5
United States	5.9	2.3	1.0	1.6	1.0	2.0	1.4	1.9	0.5
Euro area	5.3	2.6	1.2	3.1	0.5	3.5	0.7	3.3	0.0
United Kingdom	7.6	3.2	0.5	3.6	0.3	4.1	-0.6	n.a	n.a
Japan	2.1	1.7	1.7	1.7	1.6	1.4	1.8	1.2	1.0
Emerging market and developing economies	6.7	3.6	3.9	3.7	3.7	3.9	4.0	3.4	3.4
Brazil	5.0	1.7	1.1	2.8	1.0	3.1	1.2	3.0	0.8
Russia	4.7	-6.0	-3.5	-3.4	-2.3	-2.2	0.3	-3.5	-3.3
India	8.7	7.4	6.1	6.8	6.1	6.8	6.1	6.9	6.6
China	8.4	3.3	4.6	3.2	4.4	3.0	5.2	2.7	4.3
Sub-Saharan Africa	4.7	3.8	4.0	3.6	3.7	3.8	3.8	3.4	3.6
South Africa	4.9	2.3	1.4	2.1	1.1	2.6	1.2	1.9	1.4
EAC	6.7	n.a	n.a	4.9	5.3	n.a	n.a	n.a	n.a
SADC	4.5	n.a	n.a	3.0	2.8	n.a	n.a	n.a	n.a

Source: IMF World Economic Outlook and World Bank Global Economic Prospects

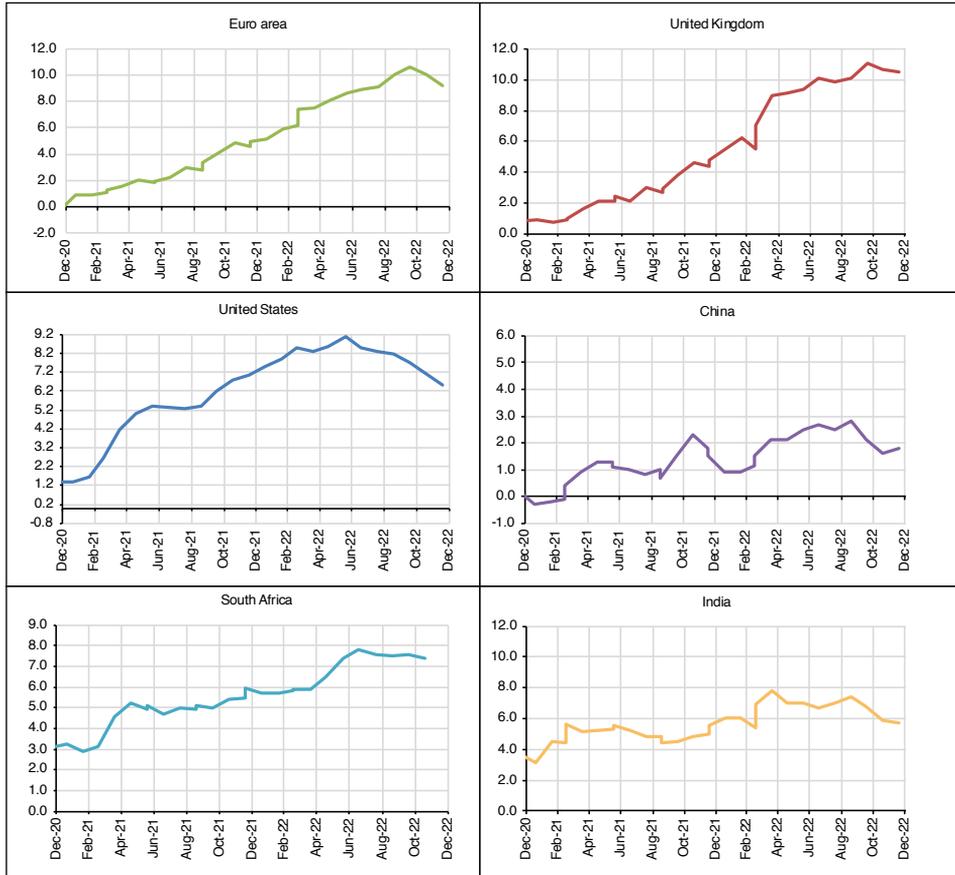
3.2 Inflation

Inflation was significantly above central banks' targets in most countries in much of the second half of 2022. This was particularly more pronounced in advanced economies (Chart 3.1). Inflation was also high in the EAC region, with all countries except Tanzania recording inflation above the convergence criteria of at most 8 percent. The same has been observed in the SADC region, with only Tanzania, Seychelles, Eswatini and Namibia attaining inflation rates within the convergence criteria of 3-7 percent (Chart 3.2a and 3.2b). However, towards the end of the year, inflation started declining in many countries, as global energy prices decreased and supply chain bottlenecks eased. The pace of decline in inflation was, however, stifled by the high cost of food. There are indications of further decline in inflation, due to easing of the price of goods in the world market and lagged impact of monetary policy tightening.



Chart 3.1: Inflation in Main Trading Partners

Percent

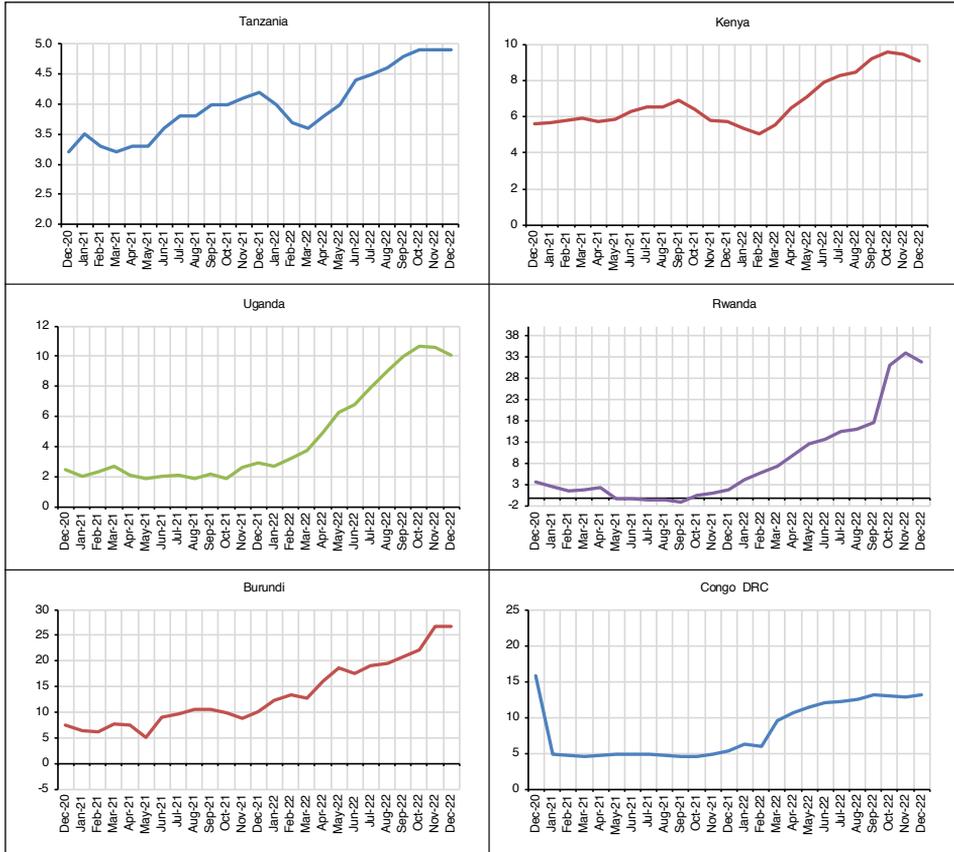


Source: Bloomberg



Chart 3.2a: Inflation in EAC Countries

Percent

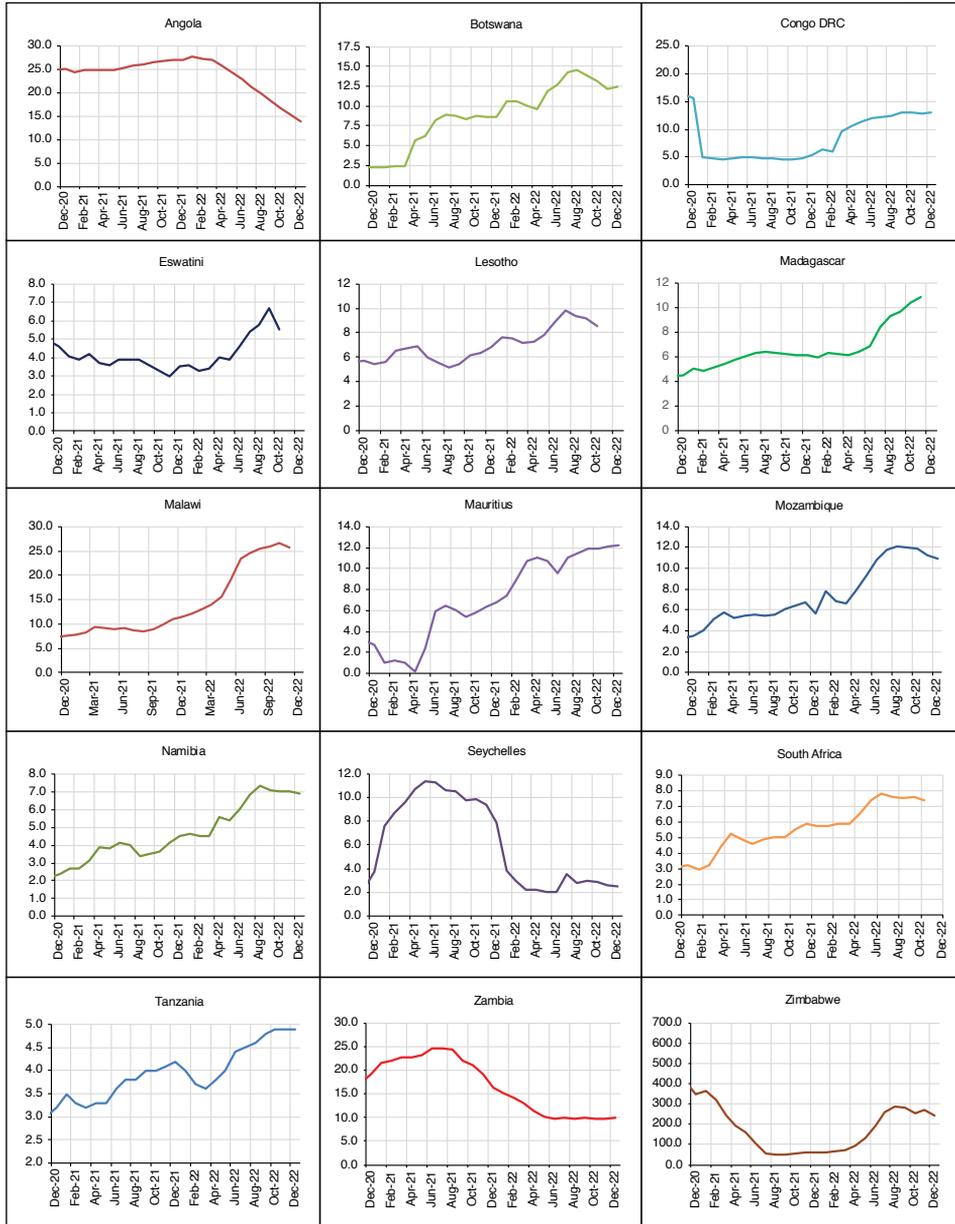


Source: OECD and respective National Statistics Offices



Chart 3.2b: Inflation in SADC Countries

Percent



Source: Respective National Statistical Offices and Central Banks

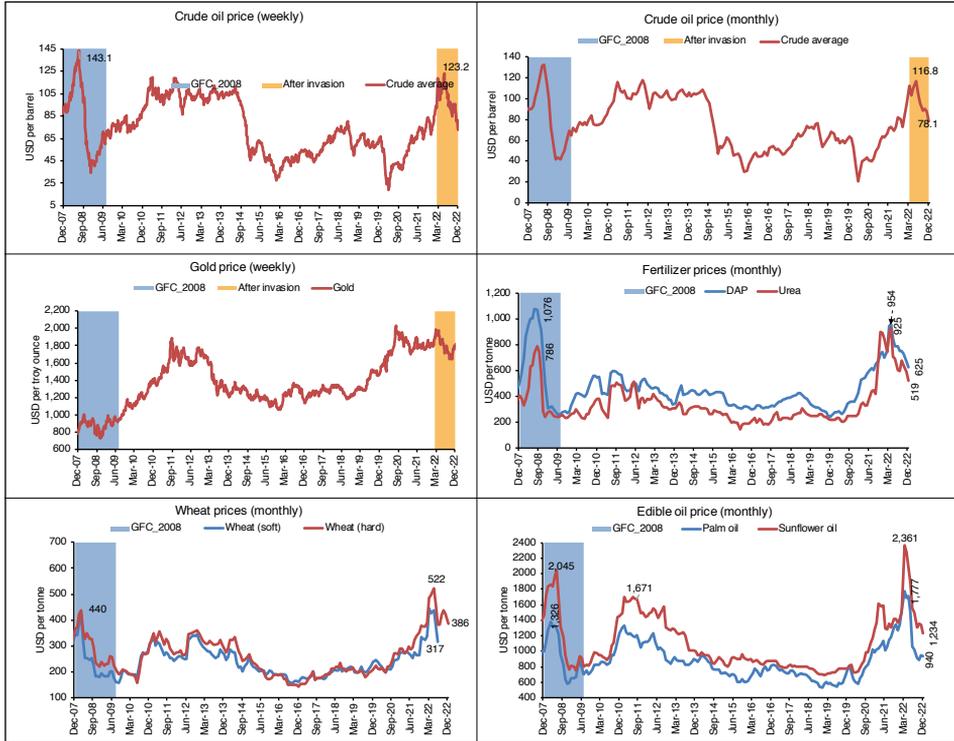


3.3 Commodity Prices

Commodity prices in the world market were high in the second half of 2022, although declining (Chart 3.3 and Table 3.2). Crude oil prices averaged USD 78.1 per barrel in December 2022 from USD 105.1 per barrel in July 2022, due to subdued demand based on expectations about possible recession in advanced economies and recurring lockdowns in China. Fertilizer prices decreased as farmers hesitated to make purchases due to high input costs. Prices of agricultural products exhibited a mixed trend, with coffee, wheat, and tea declining. The price of wheat decreased due to the continuation of the Black sea export deal, which provided a market for Ukrainian wheat. The price of palm oil rose due to an increase in demand. The price of gold also increased, on account of the weakening of the US dollar, as the Fed eased interest rate hikes.



Chart 3.3: World Market Prices of Commodities



Source: <http://www.worldbank.org/prospects>, Bloomberg



Table 3.2: World Commodity Prices

	Crude oil average (USD per barrel)	Crude oil Brent (USD per barrel)	Crude oil Dubai (USD per barrel)	White products (USD per tonne)	Coffee Arabica (USD per kg)	Coffee Robusta (USD per kg)	Tea average (USD per kg)	Tea Mombasa (USD per kg)	Palm oil (USD per tonne)	Wheat (hard) (USD per tonne)	Tobacco (USD per tonne)	Cotton, A index (USD per kg)	DAP (USD per tonne)	Urea (USD per tonne)	Gold (USD per troy oz)	Maize (USD per tonne)	Rice (USD per tonne)	Sugar (USD per tonne)
Dec-21	72.9	74.3	72.8	675.8	5.9	2.5	2.8	2.6	1,270.3	376.8	4.2	2.6	745.0	890.0	1,790.4	264.5	400.0	415.4
Jan-22	83.9	85.5	83.1	776.9	6.0	2.4	2.9	2.7	1,344.8	374.2	4.2	2.9	699.4	846.4	1,816.0	276.6	427.0	402.1
Feb-22	93.5	95.8	93.1	859.5	6.2	2.4	2.8	2.7	1,522.4	390.5	4.2	3.1	747.1	744.2	1,856.3	292.6	427.0	393.7
Mar-22	112.4	115.6	113.1	1,092.2	5.7	2.3	2.6	2.5	1,777.0	486.3	4.3	3.1	998.1	872.5	1,947.8	335.5	422.0	420.0
Apr-22	103.4	105.8	102.7	1,120.3	5.9	2.3	3.2	2.5	1,682.7	495.3	4.3	3.4	954.0	925.0	1,936.9	348.2	431.0	433.4
May-22	110.1	112.4	106.3	1,205.1	5.7	2.3	3.0	2.4	1,716.9	522.3	4.3	3.6	842.5	707.5	1,848.5	344.8	464.0	428.8
Jun-22	116.8	120.1	115.7	1,303.9	6.0	2.3	3.0	2.1	1,501.1	459.6	4.2	3.4	783.8	690.0	1,836.6	335.7	444.0	417.8
Jul-22	105.1	108.9	106.5	1,094.1	5.6	2.2	3.3	2.4	1,056.6	382.5	4.3	2.9	784.0	601.0	1,732.7	323.0	418.0	402.8
Aug-22	96.0	98.6	97.8	1,029.9	5.9	2.4	3.4	2.4	1,026.0	382.9	4.4	2.7	749.4	591.3	1,764.6	289.8	431.0	393.5
Sep-22	88.2	90.2	90.6	935.5	5.9	2.5	3.3	2.4	909.3	419.1	4.4	2.6	752.0	678.0	1,680.8	312.7	439.0	390.7
Oct-22	90.3	93.1	90.6	1,026.6	5.3	2.3	3.1	2.5	889.0	438.0	4.1	2.2	725.0	636.3	1,684.5	343.6	431.0	386.9
Nov-22	87.4	91.1	86.3	941.7	4.7	2.0	3.1	2.5	945.7	422.7	4.1	2.2	665.6	588.8	1,725.1	320.9	440.0	407.4
Dec-22	78.1	80.9	76.8	847.6	4.6	2.0	2.9	2.4	940.4	386.3	4.1	2.2	625.0	519.4	1,797.6	302.2	467.0	417.3
Proj 2023	92.0				5.5	2.1	2.8		1,050.0	410.0	4.1	2.9	750.0	650.0	1,700.0	290.0	435.0	380.0
proj 2024	80.0				5.4	2.1	2.8		1,054.0	405.0	4.1	2.9	650.0	600.0	1,650.0	287.0	436.0	380.0

Source: <http://www.worldbank.org/prospects>, Bloomberg and Tanzania Sisal Board

Notes: DAP denotes Di-ammonium phosphate



3.4 Global Financial Markets

Central banks in advanced economies increased policy rates to tame inflation in 2022, which led to rising yields on securities and borrowing cost. However, due to concerns about the growth in 2023, the central banks have either reduced or are contemplating to ease aggressiveness of policy tightening. The Federal Reserve raised the fed funds rate by 50 basis points to a range of 4.25 - 4.5 percent in December 2022, which was less aggressive than before. Markets expect the Fed to further downshift to a 25-basis points hike in January 2023 MPC meeting, and stick to similar increments thereafter. The Fed rate hike led to an increase in the US sovereign bond yield curve and demand for US dollar. The Bank of England also reduced aggressiveness by raising the benchmark rate from 3 percent to 3.5 percent. China's bond yields rose across the curve as market sentiment improved after the Chinese government announced measures to reopen the economy, particularly by easing restrictions imposed to contain COVID-19.



PART IV

4.0 MONETARY POLICY IMPLEMENTATION DURING THE FIRST HALF OF 2022/23

The Bank of Tanzania implemented a less accommodative monetary policy in the first half of 2022/23, geared towards maintaining low and stable prices, while safeguarding recovery of economic activities from COVID-19 pandemic and effects of war in Ukraine. The implementation of monetary policy succeeded in keeping liquidity adequate for credit expansion, and attaining monetary targets under the IMF Extended Credit Facility arrangement.

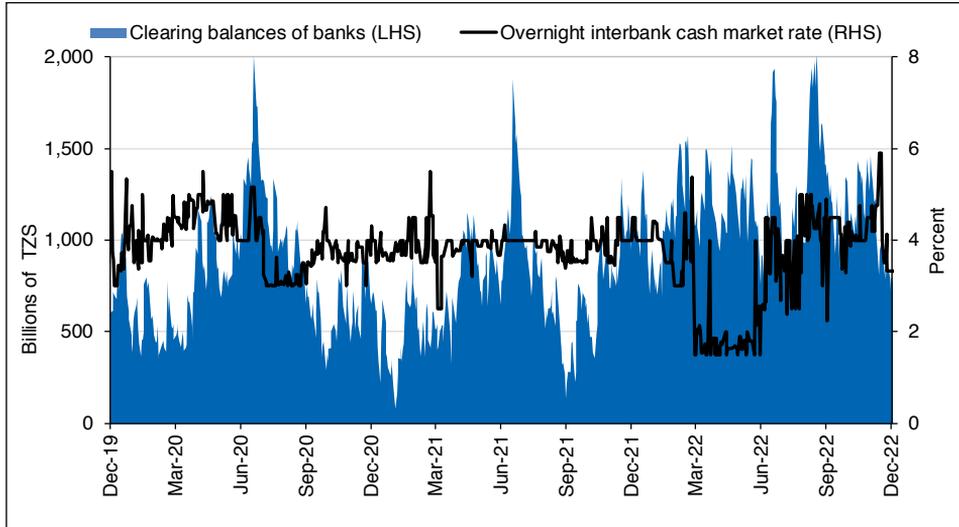
However, the implementation of monetary policy, was challenged by high prices of energy and other commodities, particularly edible oil, wheat grain and fertilizers. In addition, delayed short rains in some parts of the country led to expectations of low food production, thus rising food prices. Shortage of food in neighbouring countries also contributed to the increase food prices. In a bid to tame domestic inflationary pressure without compromising growth of the economy, the Bank of Tanzania cautiously reduced the rate of liquidity expansion. This was implemented using a mix of monetary policy instruments, mainly repurchase agreements (repo) and liquidity papers.

Following the implementation of monetary policy, overnight interest rate averaged 3.59 percent during July to December 2022, compared with 3.85 percent in the corresponding period in 2021/22. The growth of extended broad money (M3) supply was 11.8 percent, broadly in line with the target of 10.3 percent for 2022/23, while reserve money and private sector credit grew by 16.3 percent and 21.9 percent, respectively, above the targets for 2022/23. This was due to more



than anticipated increase in demand for credit to the private sector, signalling increased confidence in the business environment.

Chart 4.1: Clearing Balances of Banks and Overnight Interbank Market Rate



Source: Bank of Tanzania



PART V

5.0 MACROECONOMIC DEVELOPMENTS

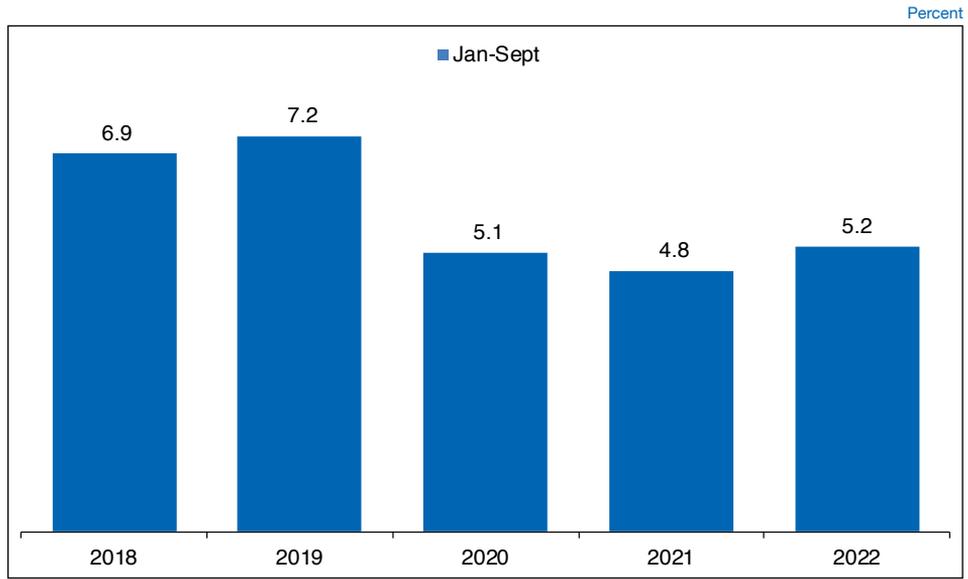
5.1 Economic Performance in Mainland Tanzania

5.1.1 Output Performance

Performance of the economy was satisfactory in 2022, despite the challenges caused by the war in Ukraine and resurgence of COVID-19 in China. In the first three quarters of 2022, real GDP growth averaged 5.2 percent, compared with 4.8 percent in the corresponding period in 2021, mainly driven by agriculture, construction and manufacturing (Chart 5.1a and Chart 5.1b). Growth in the third quarter was 5.2 percent, compared with 5.5 percent in the corresponding period in 2021. The fastest growing sectors were financial and insurance, information and communication, as well as accommodation and restaurant (Chart 5.1c). Based on high frequency indicators of economic activities, growth in the fourth quarter is estimated at 5.5 percent or higher. Therefore, growth in 2022 is expected to be slightly more than projection of 4.7 percent. AfDB projects Tanzania to grow at 5 percent and 5.6 percent in 2022 and 2023, respectively, due to improved performance in tourism, reopening of trade corridors, and accelerated rollout of vaccines.

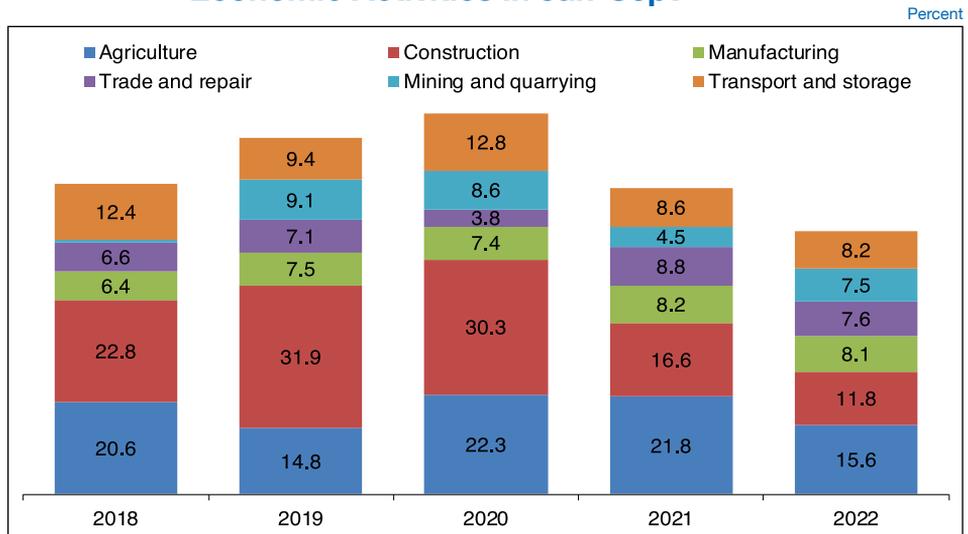


Chart 5.1a: Real GDP Growth



Source: National Bureau of Statistics

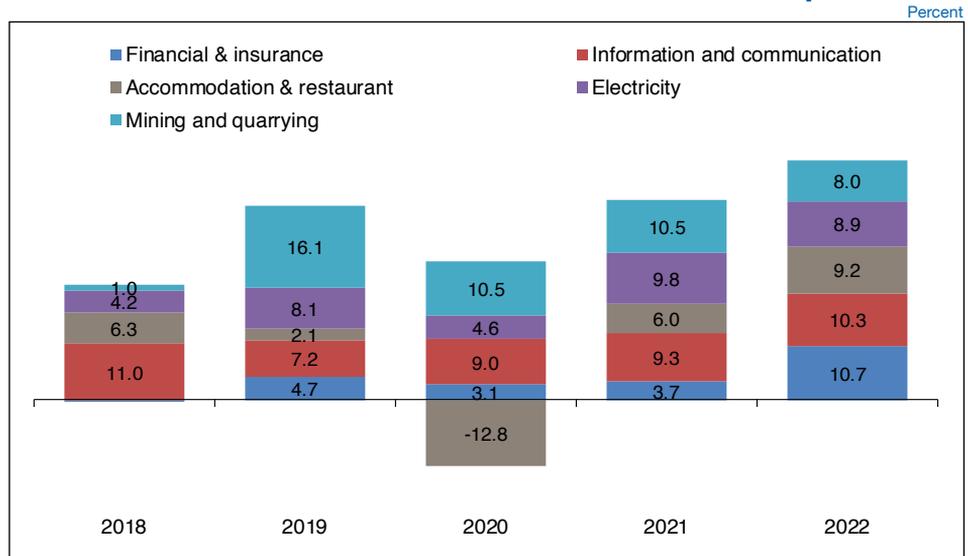
Chart 5.1b: Contribution to Real GDP Growth by Major Economic Activities in Jan-Sept



Source: National Bureau of Statistics and Bank of Tanzania



Chart 5.1c: Growth of Economic Activities in Jan-Sept



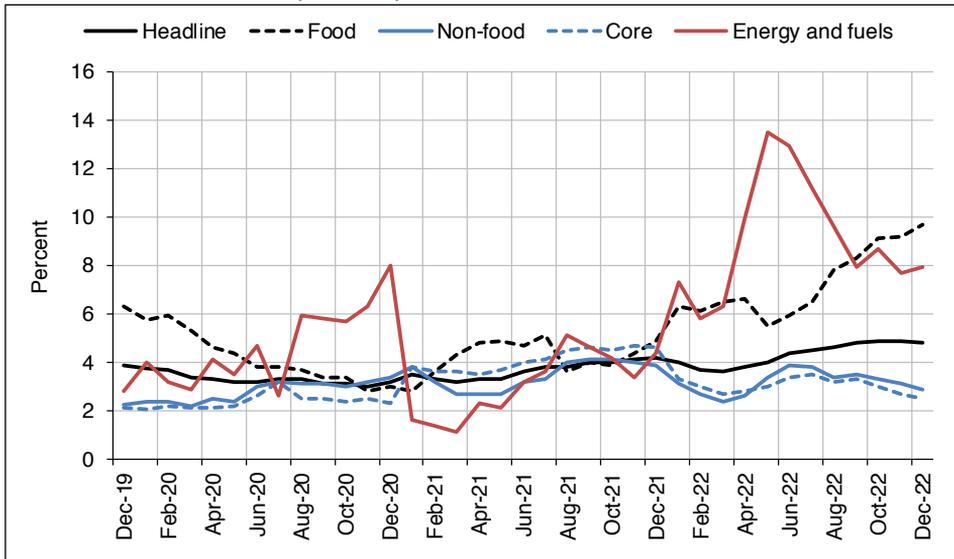
Source: National Bureau of Statistics, Bank of Tanzania computations

5.1.2 Inflation

Inflation trended upward reaching an average of 4.8 percent in the first half of 2022/23, compared with 4 percent in corresponding period last year (Chart 5.2). The increase in inflation was mainly driven by food and energy prices. Despite the increase, inflation remained within the country target, consistent with EAC and SADC countries benchmarks. Core inflation has been on a decreasing trend over the recent past and averaged 3 percent compared with 4.5 percent in the corresponding period in 2021/22. Food inflation was 8.4 percent, up from 4.3 percent, mainly attributed to low food production due to inadequate and uneven rains, coupled with increased demand for food from the neighbouring countries. Inflation of energy, fuel and utilities averaged 8.8 percent, up from 4.2 percent, owing to relatively high prices of petroleum products in the world market.



Chart 5.2: Headline, Food, Non-food and Core Inflation



Source: National Bureau of Statistics, Bank of Tanzania computations

5.1.3 Money Supply and Credit

Money supply growth was moderate and in line with the demand, particularly for credit to the private sector. Extended broad money supply (M3) grew by 11.8 percent, broadly in line with the target of 10.3 percent for 2022/23 (Chart 5.3). Reserve money grew by 16.3 percent against the target of 11.4 percent, due to more than anticipated fiscal outlays for development projects and private sector demand.

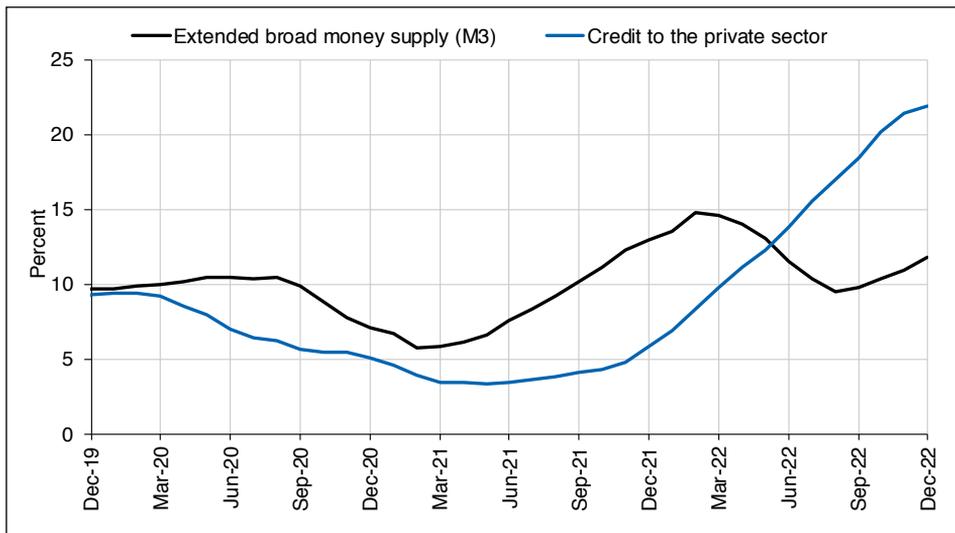
Credit to the private sector registered strong growth, averaging 21.9 percent in the first half of 2022/23, well above the target of 10.7 percent for 2022/23, due to improvement in economic conditions. The growth was the highest in a decade, and was reinforced by monetary policy of keeping liquidity adequate and lending to banks for on-lending to agriculture and fiscal policy measures, including subsidies on fertilizers, tax relief on production of edible oil, and increase in budget allocation



to agriculture; as well as improving the business environment and policies. Private sector credit growth in Tanzania was also the highest in EAC (Chart 5.4).

All major economic activities recorded positive growth of credit, with agriculture growing at the fastest rate of 46.1 percent, followed by personal loans at 28.8 percent, manufacturing at 28.3 percent and trade at 24.6 percent. Credit to agriculture was high, attributable to monetary policy measures rolled out in July 2021 and Government initiatives adopted to boost the sector. Credit classified by banks as personal loan, which is usually for sole firms and individuals, benefited the most accounting for 38.2 percent of total loans, followed by trade (16.8 percent), manufacturing (10 percent), and agriculture (8.6 percent). Credit growth is expected to remain strong in the remainder of 2022/23, supported by prudent monetary and fiscal policies and improving business environment.

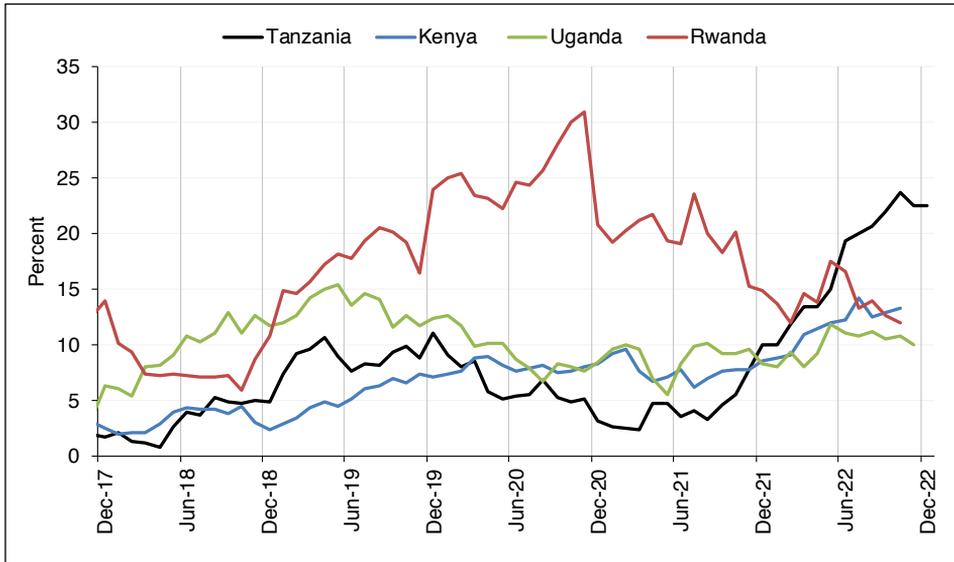
Chart 5.3: Growth of M3 and Credit to Private Sector



Source: Banks and Bank of Tanzania



Chart 5.4: Private Sector Credit Growth



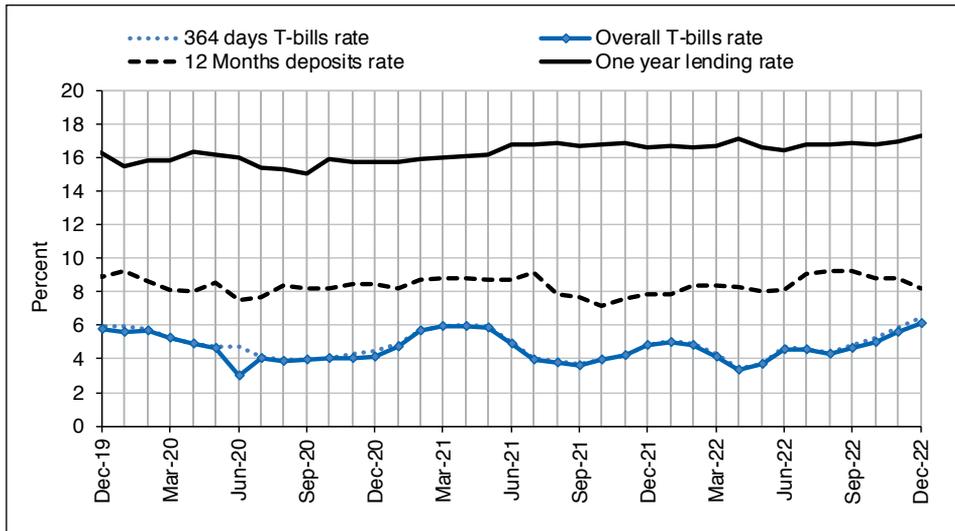
Source: EAC Central Banks

5.1.4 Interest Rates

Interest rates remained broadly unchanged in the first half of 2022/23 (Chart 5.5). Interest rates on loans averaged 16.09 percent, compared with 16.55 percent in the corresponding period in 2021/22. Negotiated lending rates (lending rates to prime customers) stabilized around 14 percent. Deposit interest rate increased to 7.34 percent from 6.74 percent in the corresponding period in 2021/22, while negotiated deposits rate for prime customers remained around 9.5 percent. The apparently sticky downward lending rate calls for further reforms in the financial sector. The Bank of Tanzania has started undertaking and engaging stakeholders to further reform the financial sector.



Chart 5.5: Interest Rates



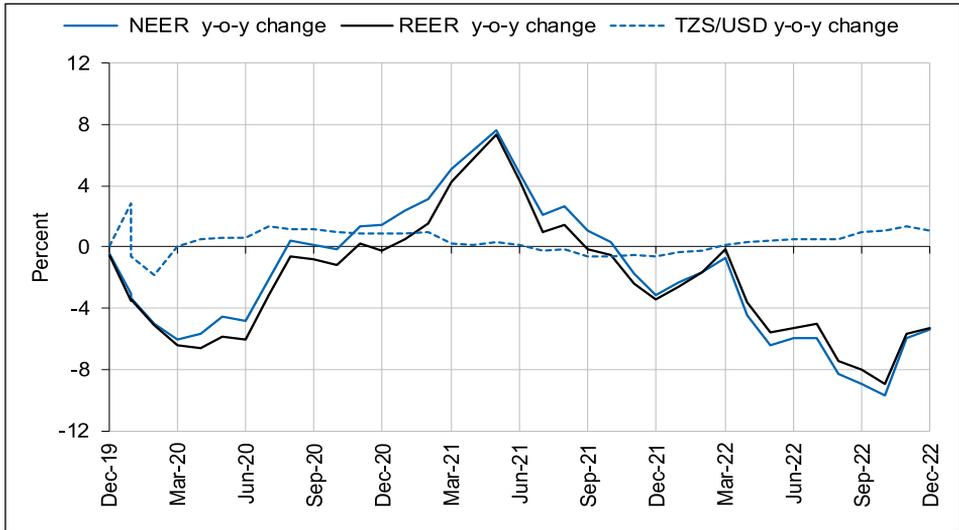
Source: Bank of Tanzania

5.1.5 Exchange Rate Developments

The nominal exchange rate remained stable throughout the first half of 2022/23, trading at an average of TZS 2,318.33 per US dollar, compared with TZS 2,308.30 per US dollar in the corresponding period in 2021/22 (Chart 5.6a). This represents a depreciation of less than one percent, supported by market confidence due to adequacy of foreign exchange reserves, low inflation relative to trading partners and sustained moderate current account deficit. In addition, enhanced transparency and orderly market operations, as well as moral suasion on the need to exercise prudence in foreign exchange dealings have contributed to the stability of the exchange rate. Consistently, nominal effective exchange rate (NEER) and real effective exchange rate (REER) were stable and close to the long-run path, indicating absence of significant misalignment, thus helped to safeguard export competitiveness (Chart 5.6b).

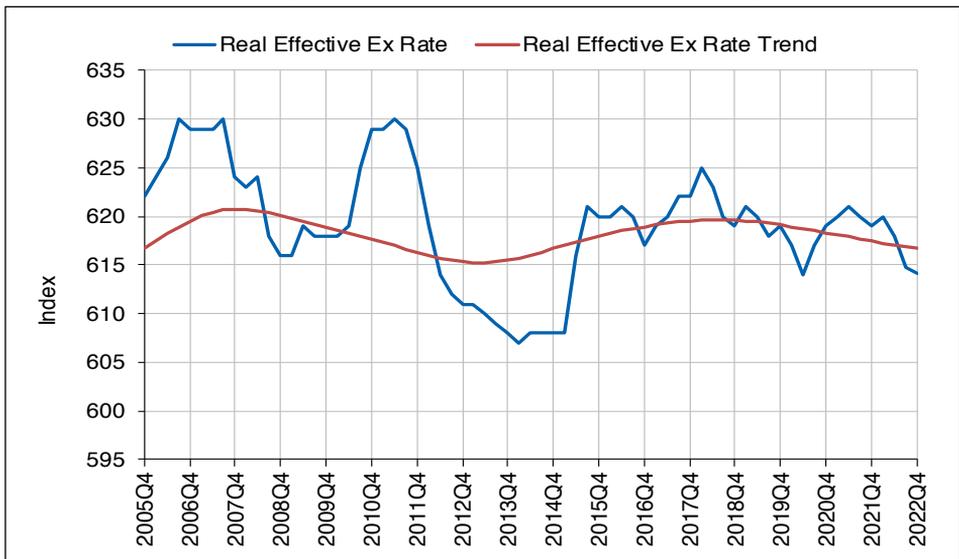


Chart 5.6a: Nominal and Real Effective Exchange Rates



Source: Bank of Tanzania

Chart 5.6b: Developments in REER Relative to Equilibrium



Source: Bank of Tanzania



5.1.6 Financial Markets

The Government securities market remained active throughout the first half of 2022/23, supporting cost-effective funding of the government's budget. The performance of government securities auctions has been reasonably well, with mixed performance observed across the maturity spectrum as a result of skewed market preference for the longer end of the yield curve, improved business environment and availability of alternative investment avenues in the capital markets among others.

Meanwhile, as part of collaborative efforts between the Bank of Tanzania and the Ministry of Finance and Planning to further deepen the financial markets, financial awareness programs are being conducted countrywide to further widen the investor base. Also, the Bank of Tanzania signed an MOU with Frontclear and the United Nations Economic Commission for Africa in an effort to develop the money market and address fragmentation in the interbank cash market. In addition, the Bank of Tanzania commenced a domestic gold purchase program to enhance foreign exchange reserves and efforts are underway to explore alternative Project Financing (Islamic Financing) to accommodate Sharia-compliant investors.

5.1.7 Government Budgetary Performance

Revenue performance remained broadly on track, notwithstanding challenges emanating from global shocks. During the first half of 2022/23, domestic revenue from tax and non-tax collections was TZS 13,414.1 billion, or 96.7 percent of the target (Table 5.1 and Chart 5.7). Gross tax revenue was TZS 10,979.2 billion or 98.3 percent of the target for the period under review. The performance was on account of improved tax administration, including automation of revenue collection



processes. During the period, foreign concessional borrowing and grants amounted to TZS 3,040.5 billion, while external commercial loan was TZS 552.3 billion. Expenditure amounted to TZS 16,261.6 billion, out of which TZS 7,076 billion was development expenditure, and the balance was recurrent expenditure.

Table 5.1: Government Budgetary Operations

Billions of TZS

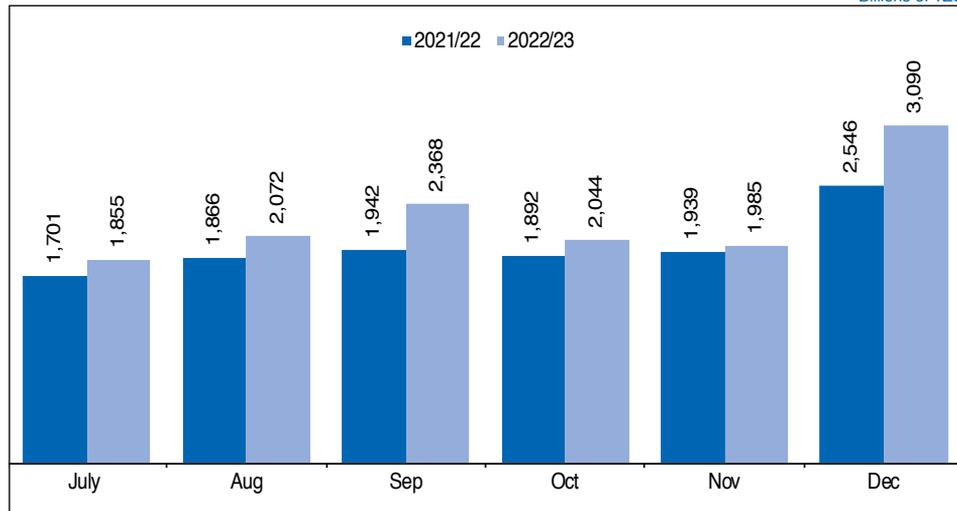
	July 2021 - December 2021		July 2022 - December 2022	
	Actual	Estimate	Actual	Act/Est (%)
Revenue	11,885.7	13,873.1	13,414.1	96.7
Total expenditure	13,018.7	17,719.7	16,261.6	91.8
Recurrent expenditure ¹	7,041.4	10,040.1	9,185.6	91.5
Development expenditure	5,977.3	7,679.6	7,076.0	92.1

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

Note: ¹ Net of rollover

Chart 5.7: Domestic Revenue Performance

Billions of TZS



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



5.1.8 National Debt

National debt remained sustainable, with moderate risk of debt distress. In present value terms, the public debt was 32.5 percent against the threshold of 55 percent of GDP. At the end of December 2022, national debt stock was USD 40,127.2 million, an increase of USD 1,861.6 million from the end of June 2022. Out of the total debt, public debt (domestic and external) amounted to USD 32,358 million, an increase of USD 1,466.4 million, from the level recorded at the end of June 2022. The increase in public debt was mainly on account of disbursements to finance development projects that outweighed debt service payments and exchange rate parity. Public external debt accounted for 64 percent of total public debt. External debt stock (public and private) increased by USD 1,221 million to USD 29,053.5 million at the end of December 2022, from the amount recorded at the end of June 2022. Out of total external debt, 73.2 percent was public debt and the balance was private sector debt. Domestic debt was TZS 25,567.9 billion at the end of December 2022, an increase of TZS 1,528.1 billion from the level recorded at the end of June 2022. Treasury bonds and stocks continued to account for the largest proportion, 78.6 percent.

5.1.9 External Sector Performance

The external sector of the economy remained sustainable, albeit weakened by an adverse spillover effects of the global shocks. The current account deficit widened to USD 3,084.2 million during the first half of 2022/23, compared with USD 1,123.3 million in the corresponding period in 2021/22, as imports increased more than exports. Imports of petroleum products, in particular, was high due to increase in commodity prices in the world market (Table 5.2). The



balance of payments recorded a surplus of USD 267.1 million compared with a surplus of USD 1,329.3 million. Gross official reserves remained adequate, amounting to USD 5,177.2 million at the end of December 2022, compared with USD 5,110 million at the end of June 2022. The level of reserves was sufficient to cover 4.7 months of projected imports of goods and services, consistent with the country and EAC benchmark of at least 4 and 4.5 months of import cover, respectively (Chart 5.8). The import cover is expected to increase, as import prices in the world market decline.

Table 5.2: Current Account Balance

Items	July - December			Millions of USD
	2020	2021	2022 ^p	Percentage
				Change
Goods account (net)	-522.1	-1,669.6	-4,074.5	---
Exports*	3,545.2	3,854.4	3,981.1	3.3
Imports	4,067.3	5,524.0	8,055.7	45.8
Services account (net)	442.2	883.2	1,334.1	51.0
Receipts	1,053.4	1,806.6	2,720.5	50.6
Payments	611.2	923.4	1,386.4	50.1
Goods and services (net)	-79.9	-786.4	-2,740.4	---
Exports of goods and services	4,598.6	5,661.0	6,701.6	18.4
Imports of goods and services	4,678.4	6,447.4	9,442.1	46.4
Primary income account (net)	-647.6	-624.2	-621.8	-0.4
Receipts	28.1	63.2	107.7	70.4
Payments	-675.6	-687.4	-729.5	6.1
Secondary income account (net)	185.8	287.4	343.1	19.4
Inflows	211.7	338.3	400.7	18.4
o/w General government	26.6	54.7	27.9	-49.0
Outflows	-25.9	-51.0	-57.6	13.1
Current account balance	-541.7	-1,123.3	-3,019.1	---

Source: Tanzania Revenue Authority and Bank of Tanzania

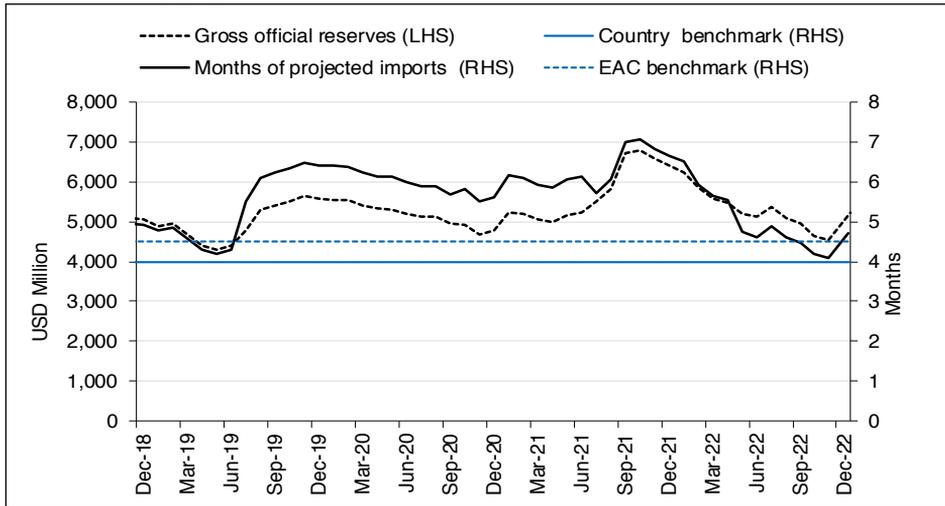
Note: p, denotes provisional data; o/w, of which;

“---” change exceeds 100 percent; and

* Include adjustment for unrecorded exports



Chart 5.8: Gross Official Foreign Reserves and Months of Import Cover



Source: Bank of Tanzania

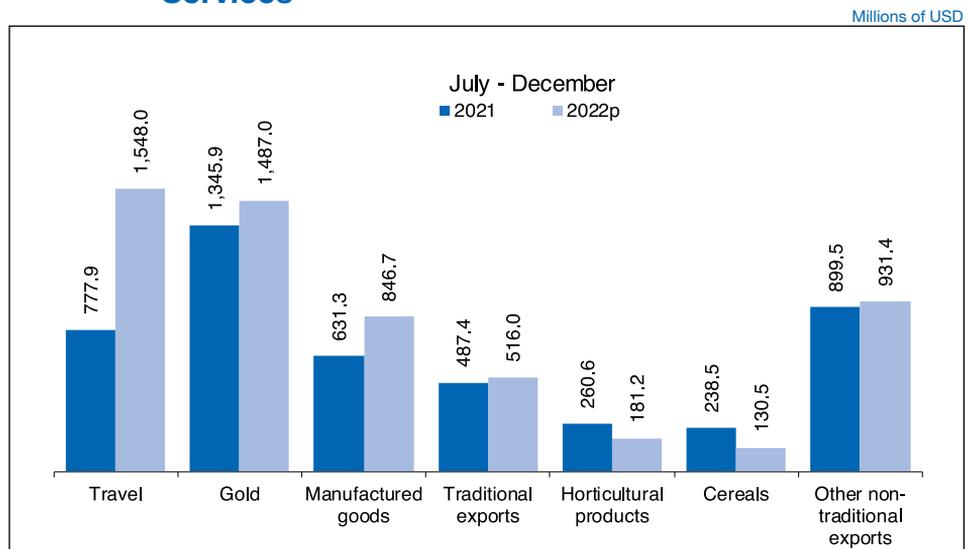
Note: LHS refers to left hand scale and RHS, right hand scale

Exports of goods and services increased by 17.4 percent to USD 6,644.5 million over the period of July to December 2022, on account of a rise in travel receipts, traditional goods, minerals and manufactured goods. The value of traditional goods exports rose due to growth in exports of cashew nuts, cotton, and tobacco. In addition, exports of minerals experienced notable gains, mainly due to volume effect. Gold exports, which make up almost 45 percent of non-traditional goods exports, rose despite a decrease in global market prices. The exports of diamond rose five-fold to USD 40.4 million, mainly due to the reopening of Williamson Diamonds Mines after a period of closure and maintenance. The exports of coal amounted to USD 111.6 million from USD 8.9 million. Meanwhile, the value of manufactured goods rose, supported by increase in exports of cement, textiles as well as iron and steel.



Services receipts rose by 47.4 percent to USD 2,663.4 million from the level recorded in the corresponding period in 2021/22, mainly on account of rise in travel and transport receipts (Chart 5.9). The rise in travel (tourism) earnings was supported by the ongoing recovery in the number of international tourist arrivals, which edged up by 60.6 percent to 879,523.

Chart 5.9: Export Performance of Selected Goods and Services



Source: Tanzania Revenue Authority and Bank of Tanzania

Note: p denotes provisional data

The value of imports of goods and services increased by USD 2,994.7 million to USD 9,442.1 million, mainly due to increase in white petroleum products by USD 868.3 million, owing to price effect as volume remained relatively unchanged. Imports of wheat grain, fertilizers and sugar also increased, owing to the effects of the spillover effects of the war in Ukraine, which impacted on commodity prices and ultimately contributed to the high import bill (Table 5.3). Similarly,



services payments increased by USD 463.1 million to USD 1,386.4 million, owing to rise in both travel and freight payments, consistent with the rise in goods import bill.

Table 5.3: Tanzania Imports by Major Category¹

Millions of USD

Items	July - December			Percentage change
	2020	2021	2022 ^p	
Capital	744.8	913.2	1,564.1	71.3
Machinery and mechanical appliances	329.1	391.1	658.8	68.5
Industrial transport equipment	157.8	259.5	545.4	---
Electrical machinery and equipment	121.5	152.9	171.8	12.4
Other capital goods	136.4	109.7	188.0	71.4
Intermediate	2,740.9	3,994.1	5,783.3	44.8
Industrial supplies	1,386.3	1,909.6	2,626.0	37.5
O/w Iron and steel and articles thereof	323.4	494.8	557.8	12.7
Plastic and articles thereof	213.6	327.8	375.8	14.6
Fertilisers	100.3	135.4	399.6	---
Fuel and lubricants	659.0	1,156.0	2,088.8	80.7
o/w Refined white products	602.5	1,086.5	1,954.8	79.9
Parts and accessories	384.4	474.8	503.1	6.0
Food and beverages for industrial use	218.6	337.8	383.5	13.5
OW Wheat grain	83.5	135.2	146.6	8.4
Edible oil and its fractions not refined	75.3	107.2	70.1	-34.6
Sugar for industrial use	35.4	62.6	76.8	22.8
Motor cars for household	92.3	111.1	177.6	60.0
Consumer	580.5	615.7	707.2	14.9
Food and beverages mainly for household consumption	61.9	82.8	81.1	-2.1
Non-industrial transport equipment	42.6	60.4	89.9	48.8
OW Motorcycles and Cycles fitted with an auxiliary motor	38.0	54.0	79.8	47.8
Other consumer goods	476.0	472.4	536.2	13.5
OW Pharmaceutical products	187.0	158.6	176.3	11.1
Insecticides, rodenticides and similar products	53.1	54.6	70.9	29.7
Soap and detergents	26.0	34.2	35.1	2.7
Textiles apparels	21.4	25.6	27.0	5.4
Footwear and other products	23.1	25.1	28.2	12.0
Paper and paper products	17.1	18.1	17.2	-5.1
Total	4,067.3	5,524.0	8,055.7	45.8

Source: Tanzania Revenue Authority and Bank of Tanzania

Note: ^p denotes provisional data; o/w, of which; and "----" change exceeds 100 percent

¹ Bank of Tanzania has revised its trade classification of goods in order to align with the United Nations International Classification, whereas goods are categorised according to Broad Economic Categories (BEC).



In 2022/23, current account deficit is projected to be around 5 percent of GDP, up from 4.6 percent in 2021/22, owing to expected rise in imports of goods, largely driven by high commodity prices in the world market, particularly energy and food prices. In the medium-term, the current account deficit is projected at around 4 percent of GDP.

5.1.10 Banking Sector Performance

The banking sector remained profitable, adequately capitalized in aggregate and the level of liquidity was satisfactory (Table 5.4). The sector continued to leverage technology in financial services delivery that contributed to a growing level of deposits and assets, while remained resilient to internal and external shocks. Core capital adequacy ratio was 18 percent, above the minimum regulatory requirement of 10 percent. The quality of assets of banks improved, as the ratio of non-performing loans to gross loans decreased to 5.8 percent in December 2022, close to the desired level of 5 percent, from 7.8 percent in June 2022. This is a significant milestone compared to the high of around 13 percent in 2017. Such improvements in NPL will incentivise lending to the private sector and reduce cost of borrowing. The Bank of Tanzania continued to take measures to reduce non-performing loans to the desired level, while implementing policies and regulatory reforms to strengthen risk management practices in the banking sector. The measures include: (i) enforcement of risk based prudential requirements and requiring banks to improve credit underwriting standards; (ii) introduction of mechanisms of monitoring banks in the implementation strategies to reduce non-performing loans; and (iii) requiring banks to submit credit information to the credit reference system and adhering to the Tanzania Banker's Association Code of Conduct, among others, to enhance staff integrity in the banking sector.



Table 5.4: Banking Sector Financial Soundness Indicators

Indicator	Regulatory limit	Jun-21	Dec-21	Percent	
				Jun-22	Dec-22
Capital adequacy					
Core capital/TRWA+OBSE	Minimum 10	17.2	19.5	19.0	18.0
Liquidity					
Liquid assets/Demand liabilities	Minimum 20	33.2	29.7	28.1	26.4
Total loans/Customer deposits	N/A	81.4	86.8	86.8	89.3
Earnings and profitability					
Return on assets-ROA	N/A	2.4	2.8	4.1	3.5
Return on equity-ROE	N/A	10.4	11.8	17.9	14.6
Asset quality					
Gross non-performing loans/Gross loans	N/A	9.3	7.9	7.8	5.8

Source: Bank of Tanzania

Note: N/A denotes not applicable; and

TRWA+OBSE – denotes total risk weighted assets and off-balance sheet exposure

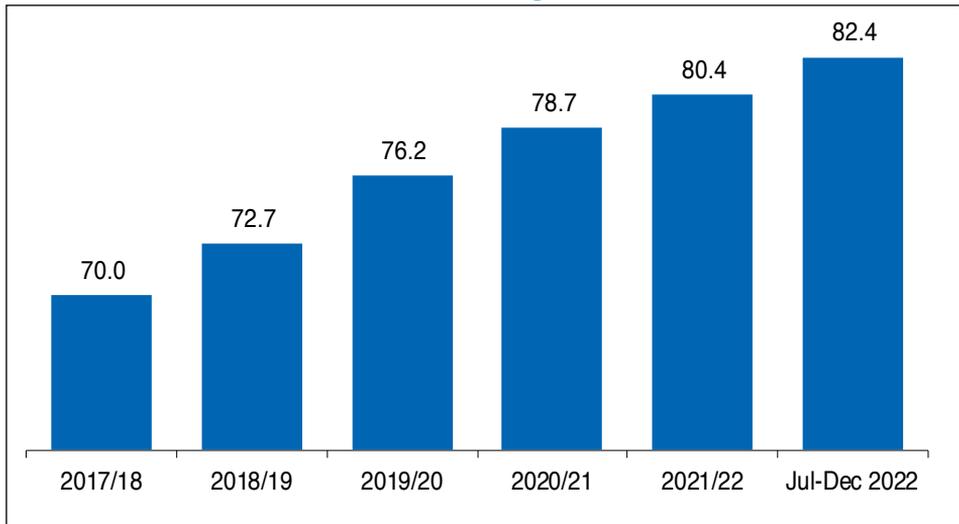
5.1.11 Payment Systems Performance

Payment systems operated smoothly during July to December 2022. The use of mobile phones whose subscribers reached 58.03 million in December 2022, contributed to enhancing access to financial services. The number of adult population accessing financial services through mobile phones reached 82.4 percent in December 2022, compared with 80.4 percent attained in 2021/22 (Chart 5.10). Mobile phones remain a key factor to enhancing inclusion of the unbanked segments of the population compared with other channels of formal financial services. Usage of mobile phone financial services increased to 88 percent in December 2022, compared with 87.2 percent in 2021/22, attributed to the enhancement of mobile money daily transactions and balances limits, and adoption of merchant payment channels (Chart 5.11). Usage was also complemented by digital lending and saving channels, as well as joint digital wallet.² Furthermore, consumer protection initiatives and regulatory efforts were key factors to increased usage.

² Digital lending and saving channels include M-Pawa, Songesha, Nivushe, Halal Pesa, M-Koba, Changisha, Timiza, and Halo Yako.

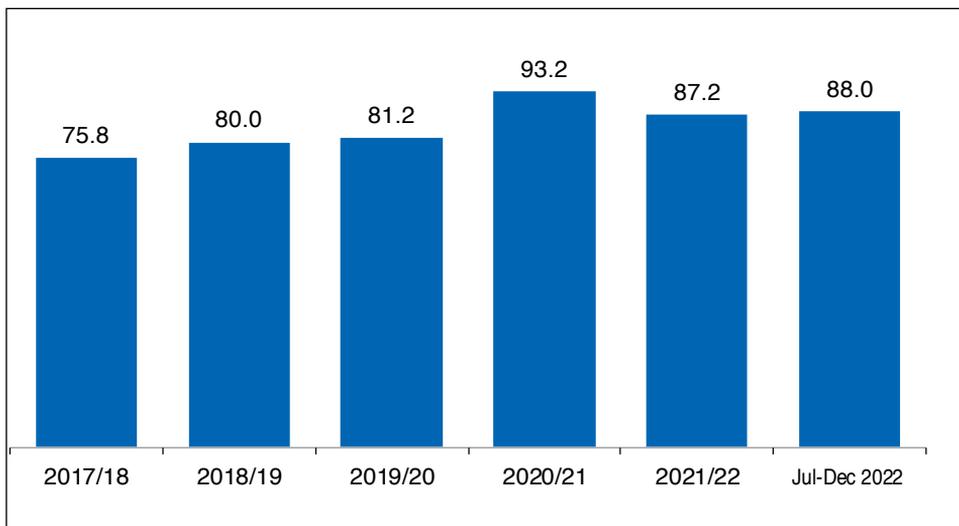


Chart 5.10: Percentage of Adult Population Accessing Financial Services through Mobile Phones



Source: Bank of Tanzania

Chart 5.11: Percentage Adult Population Using Financial Services Through Mobile Phones

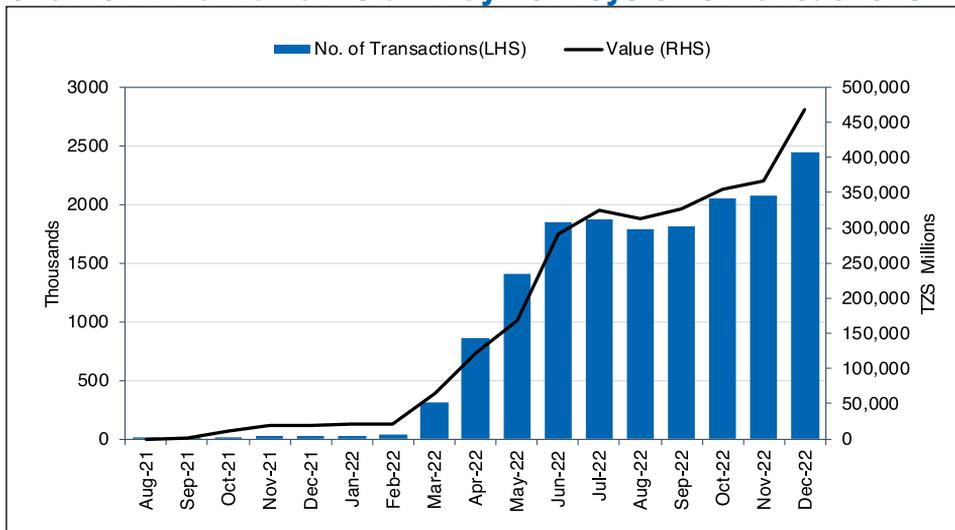


Source: Bank of Tanzania



The Bank of Tanzania continued to implement the Tanzania Instant Payment System (TIPS), which is a single payment platform that facilitates instant and secure settlement of retail payments and transfers between different digital financial service providers. The on-boarding of financial service providers increased to 35 in December 2022, from five in the corresponding period in 2021. TIPS transaction volume and value have also increased (Chart 5.12). TIPS is expected to reduce reliance on cash transactions, enhance governance and promote financial inclusion.

Chart 5.12: Tanzania Instant Payment Systems Transactions



Source: Bank of Tanzania

5.2 Economic Developments in Zanzibar

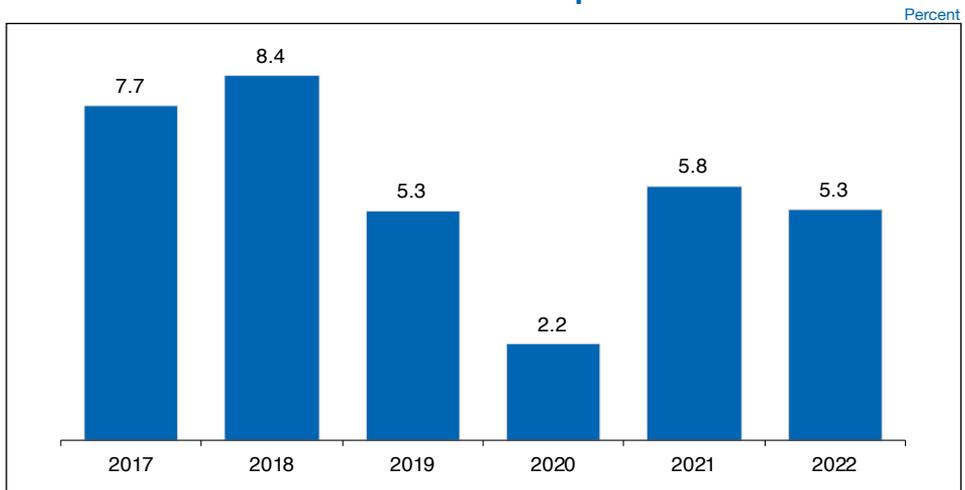
Output Performance

Zanzibar economy registered an average growth of 5.3 percent in the first three quarters of 2022, in line with projected growth rate of 5.4 percent in 2022, following the ongoing recovery of economic



activities from the effects of COVID-19 pandemic. The growth was largely contributed by accommodation and food services, livestock, construction and manufacturing (Chart 5.13 and Chart 5.14). Growth is expected to remain strong in the last quarter of 2022 and beyond, supported by ongoing implementation of infrastructure projects and improvement in tourism related activities.

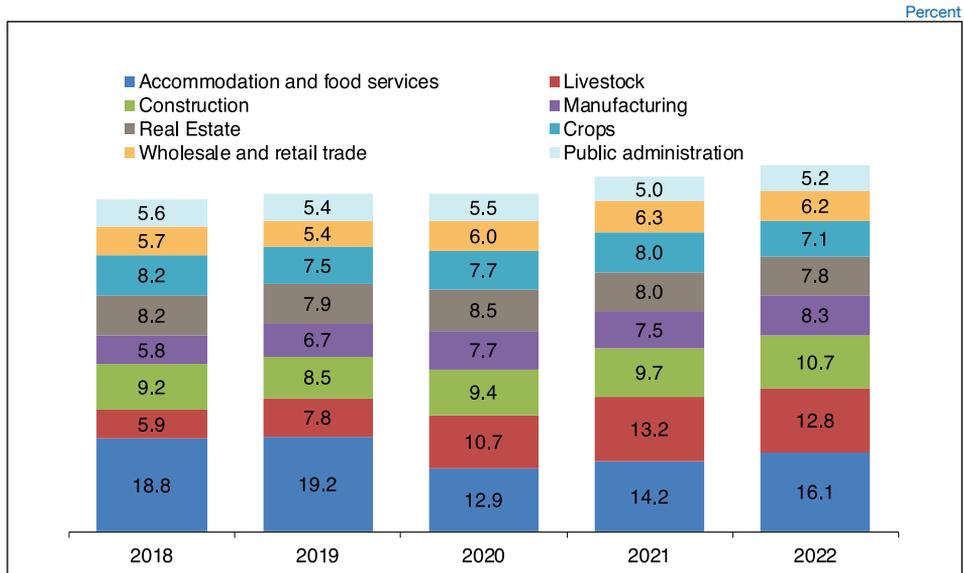
Chart 5.13: Real GDP Growth in Jan-Sep



Source: Office of the Chief Government Statistician, Zanzibar



Chart 5.14: Contribution to Real GDP Growth by Major Economic Activities



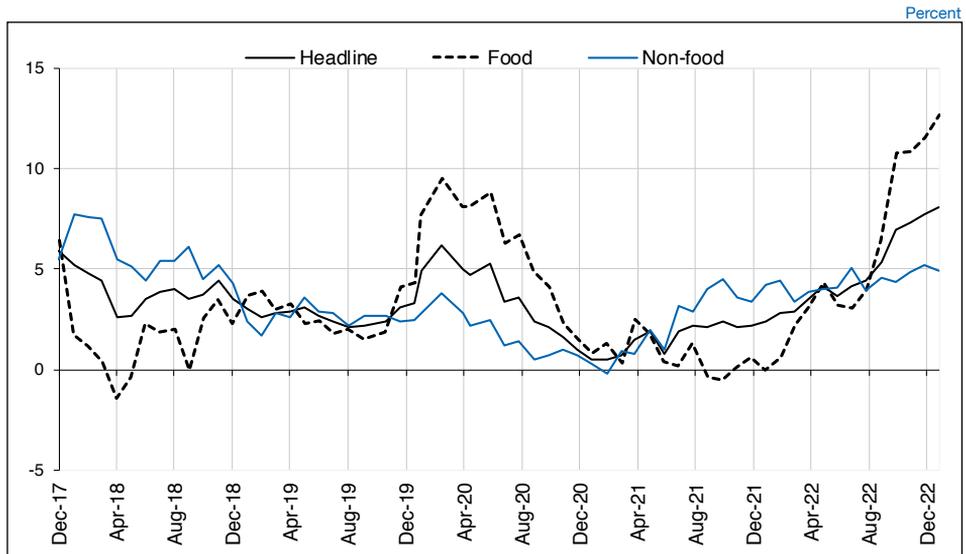
Source: Office of the Chief Government Statistician, Zanzibar

Inflation

Inflation averaged 6.7 percent in the period July to December 2022, up from an average of 2.2 percent recorded during the corresponding period in 2021/22, driven mostly by food prices (Chart 5.15). Food inflation averaged 9.4 percent compared with the average of 0.2 percent recorded in the corresponding period in 2021/22, due to increase in prices of maize, Mbeya rice and wheat flour. Non-food inflation averaged 4.6 percent compared with 3.8 percent recorded in the corresponding period in 2021/22, owing to the increase in price of petroleum products in line with global market trends. Notwithstanding the risks emanating from increase in commodity prices in the world market, inflation is expected to remain at a single digit in the second half of 2022/23.



Chart 5.15: Annual Headline, Food and Non-food Inflation



Source: Office of Chief Government Statistician, Zanzibar

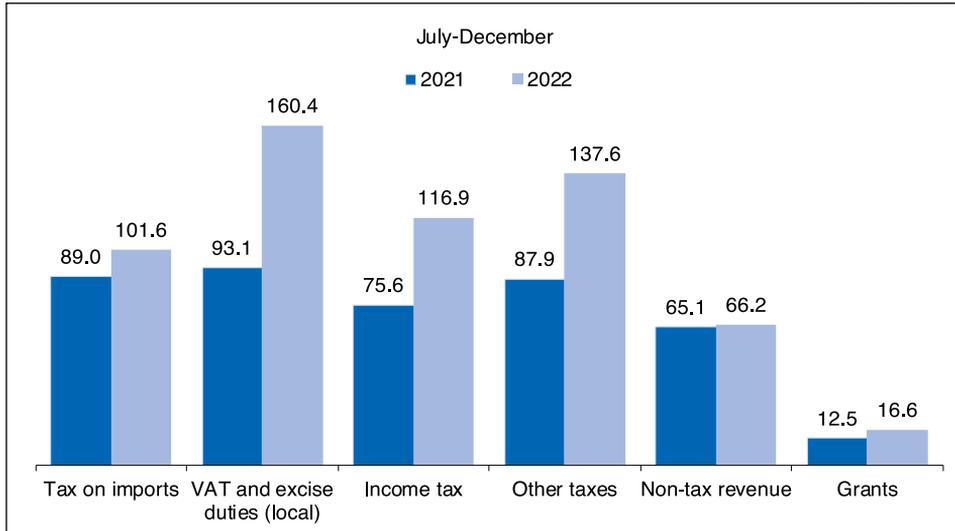
Government Budgetary Operations

Government revenue and grants increased by 41.6 percent to TZS 599.3 billion in the first half of 2022/23, compared with the amount recorded in the corresponding period in 2021/22. Out of the realised resource envelope, revenue was TZS 582.7 billion, or 97.1 percent of the target and remainder was grants. Tax revenue was TZS 516.5 billion equivalent to 99.8 percent of the target, while non-tax revenue was TZS 66.2 billion (Chart 5.16). The satisfactory performance of tax collection was on account of improved tax administration and compliance, parallel with recovery of economic activities from the global shocks.



Chart 5.16: Government Resources

Billions of TZS



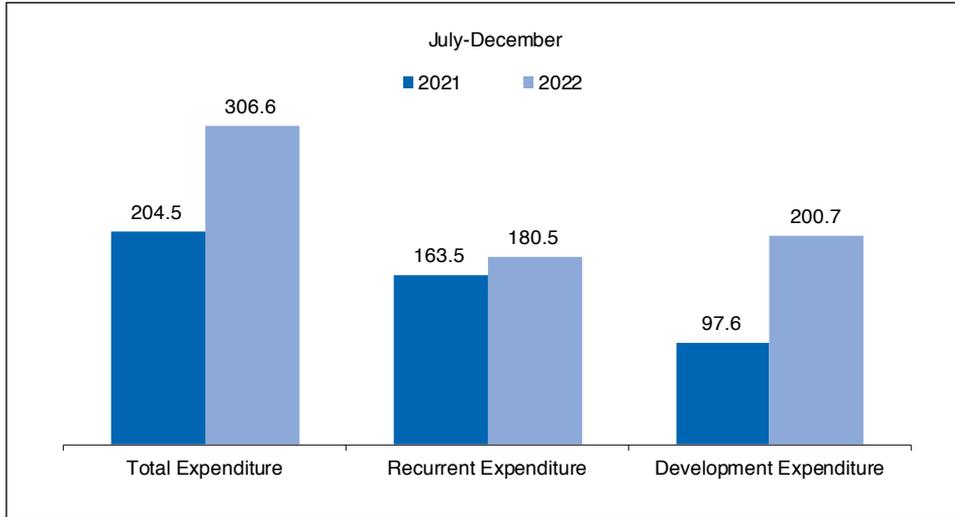
Source: Ministry of Finance and Planning, Zanzibar

Government expenditure was TZS 687.8 billion, of which TZS 487.1 billion was recurrent expenditure and the balance was for development projects (Chart 5.17). Domestic resources accounted for 64.9 percent of the amount spent on development projects, and the balance was from foreign sources. An overall deficit of TZS 78.9 billion was recorded during the period and financed by both domestic and external loans.



Chart 5.17: Government Expenditure

Billions of TZS



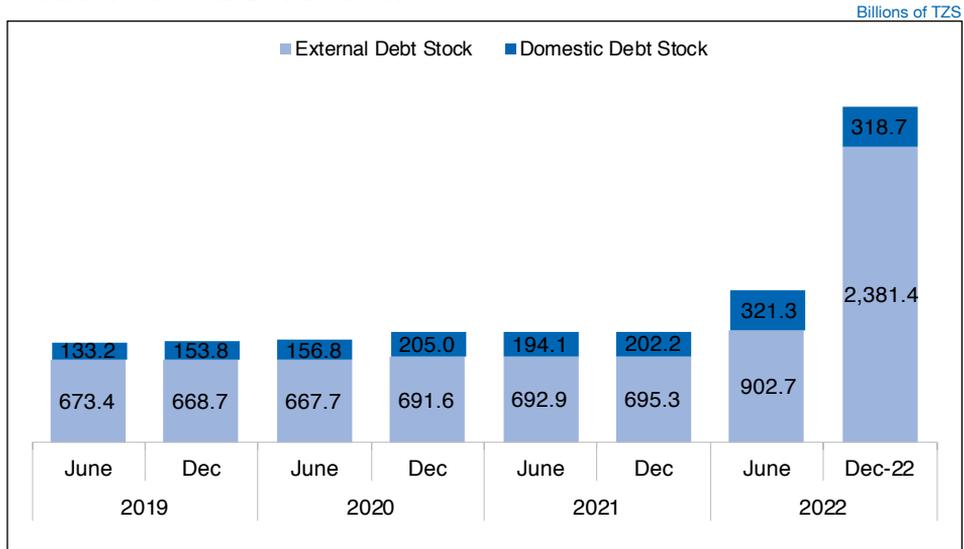
Source: Ministry of Finance and Planning, Zanzibar

Debt Developments

Zanzibar debt stock increased to TZS 2,700.1 billion at the end of December 2022 from TZS 1,224 billion at the end of June 2022, on account of among others, new disbursements, debt reconciliation and exchange rates fluctuations. External debt stock was TZS 2,381.4 billion, accounting for 88.2 percent of total debt stock and the balance was domestic debt (Chart 5.18).



Chart 5.18: Total Debt Stock



Source: Ministry of Finance and Planning, Zanzibar

External Sector Developments

Current account balance recorded a deficit of USD 187.3 million during the period of July to December 2022, compared with a deficit of USD 89.8 million in the corresponding period in 2021/22. This development was largely on account of increase in import bill attributable to high commodity prices in the world market, coupled with decrease in the value of exports. Goods and services receipts decreased to USD 114.5 million from USD 120.9 million. In contrast, services receipts increased by 9.5 percent to USD 64.7 million, on account of increase in receipts from tourism activities. The value of goods and services imports increased by 37.7 percent to USD 308.0 million, owing to increase in imports of petroleum products, food and food stuffs, machinery and building and construction (Table 5.5, Chart 5.19 and Chart 5.20).



Table 5.5: Zanzibar Current Account

Millions of USD

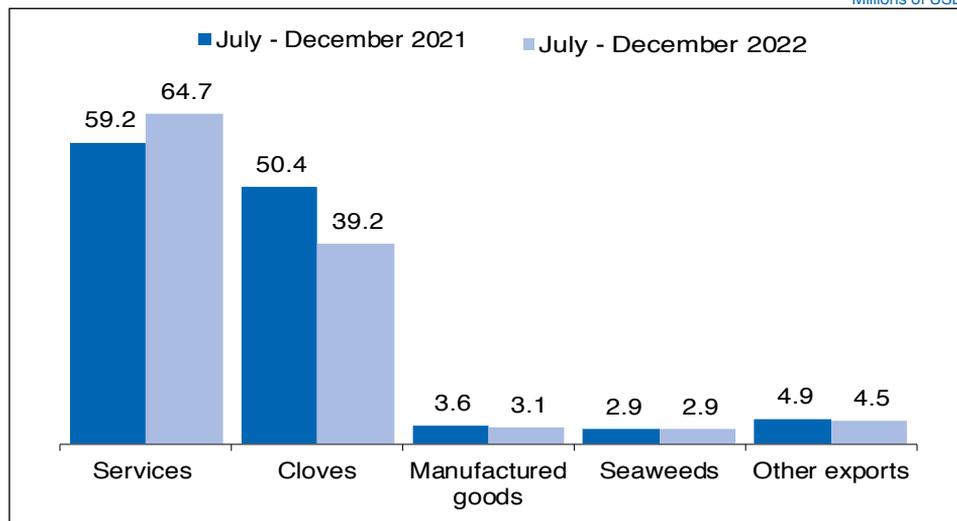
Item	July - December			Percentage change
	2020	2021	2022 ^p	
Goods account net	-111.9	-117.1	-207.9	77.5
Exports	16.9	61.8	49.8	-19.4
Imports (fob)	128.9	178.9	257.6	44.0
Services account net	-24.5	14.3	14.4	0.6
Receipts	29.6	59.2	64.7	9.5
Payments	54.1	44.8	50.3	12.3
Goods and services net	-136.4	-102.8	-193.5	88.2
Exports of goods and services	46.5	120.9	114.5	-5.3
Imports of goods and services	182.9	223.7	308.0	37.7
Income account net	3.5	2.6	5.7	---
Receipts	6.3	4.4	7.3	66.3
Payments	2.8	1.8	1.6	-8.4
Current transfers net	48.5	10.4	0.5	-95.2
Inflows	52.9	12.9	0.9	-93.3
Outflows	4.3	2.6	0.4	-86.0
Current account balance	-84.4	-89.8	-187.3	---

Source: Tanzania Revenue Authority and Bank of Tanzania computations

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

Chart 5.19: Export of Goods and Services

Millions of USD

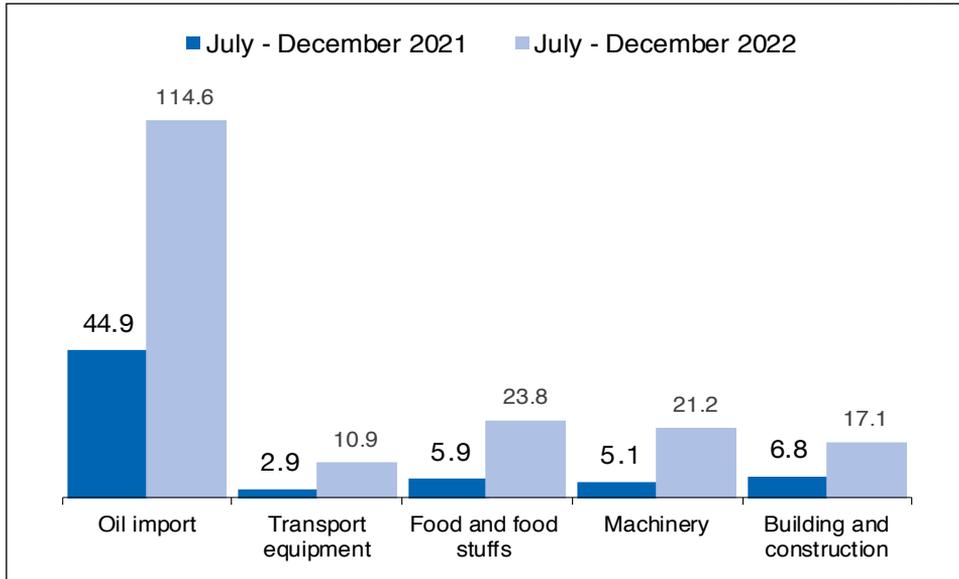


Source: Tanzania Revenue Authority and Bank of Tanzania computations



Chart 5.20: Imports of Goods Import

Millions of USD



Source: Tanzania Revenue Authority and Bank of Tanzania computations



PART VI

6.0 MACROECONOMIC OUTLOOK

The global shocks undermined economic activities and contributed to rising inflation in the country in the first half of 2022/23. In the second half, the spillovers of the ongoing war in Ukraine are expected continue affecting economic activities and inflation, but the impact is projected to be less than in the preceding period. This is due to easing of global supply-chain constraints and falling of commodity prices. The expected increase in domestic production, especially food, is projected to ease inflationary pressures and also contribute to growth. As a result, GDP growth in Mainland Tanzania is expected to be around 5.3 percent in 2023, reinforced by strong growth of credit to the private sector, rebound in tourism, and Government investment. In Zanzibar, the economy is forecast to grow by 6.1 percent in 2023, attributed to the revival of activities in the blue economy and resumption of tourism. In addition, supportive monetary and fiscal policy actions, as well as enhancement of measures to improve the business climate, will contribute to the growth prospects to both Mainland Tanzania and Zanzibar.

Inflation is projected to remain within single digit in the second half of 2022/23, below the target of 5.4 percent and around 5 percent in Mainland Tanzania and Zanzibar, respectively. The outlook is supported by sustained prudence in the conduct of monetary and fiscal policies, complemented by the continued stability of the exchange rate.

The financial sector is expected to remain stable and resilient in supporting growth agenda reinforced by sustained collaborative



supervisory initiatives of the Bank of Tanzania and other regulatory bodies. This will entail enhancement of policies and regulatory reforms, risk based supervision, while continuing protecting the sector from global and domestic shocks. Moreover, initiatives to make the business environment more favourable and decrease non-performing loans will contribute to increase in profitability and growth of the industry. Furthermore, ongoing innovations in financial service delivery are expected to increase the financial inclusion and hence facilitate the conduct of monetary policy and credit intermediation.



PART VII

7.0 MONETARY POLICY FOR THE SECOND HALF OF 2022/23

7.1 Monetary Policy Stance

The Bank of Tanzania will continue implementing monetary policy that is geared towards lessening monetary policy accommodation in the remainder of 2022/23, in order to tame second round effects of global shocks on inflation expectations, while safeguarding growth of economic activities. To ensure financial market stability, the Bank will continue to forecast and monitor liquidity and enhance transparency regarding monetary policy actions, while taking into account the existing global economic challenges and their ramifications to the domestic economy. In addition, the Bank of Tanzania will continue engaging with stakeholders to address existing structural and regulatory issues in the financial sector and address any new challenges that might arise.

Meanwhile, the Bank of Tanzania will continue improving model framework and supportive financial market infrastructure for transiting to an interest rate-based monetary policy framework. Other activities to be pursued in the remainder of 2022/23 and beyond include, putting in place operational guidelines for interest rate-based monetary policy framework and broadening awareness to stakeholders.

7.2 Interest Rate Policy

The Bank will continue to monitor developments of domestic markets to ensure that interest rates are determined by market forces for a smooth financial intermediation. In addition, the Bank of Tanzania will continue with initiatives to develop domestic money markets by enhancing price



discovery and improving monetary policy transmission. The Bank will also continue with consumer protection initiatives through enforcement of the available guidelines and framework, while enforcing professional ethics. Furthermore, the Bank will continue with public awareness on financial matters and improve supportive infrastructure for efficient functioning of the financial markets.

7.3 Exchange Rate Policy

The Bank of Tanzania will maintain a market-determined exchange rate and continue to participate in the interbank foreign exchange market (IFEM) primarily for liquidity management, managing foreign reserves and ensuring orderly foreign exchange market operations. In a bid to cushion the economy from external shocks, the Bank will continue to allow exchange rate flexibility, while maintaining adequate level of foreign official reserves for balance of payment purposes.



PART VIII

8.0 CONCLUSION

Global economic activities are expected to be somewhat weak, although signs of improvement are unfolding. The challenges caused by the war in Ukraine are easing and COVID-19 in China is seemingly fading away. Inflation, which was significantly above central banks targets in advanced economies is declining. These promising circumstances are expected to improve economic activities and reduce inflation in the country, complemented by sustained prudence in macroeconomic policies, governments interventions on improving business environment, infrastructure development, and recovery of private sector credit. GDP growth in Mainland Tanzania and Zanzibar is expected to be around 5.3 percent and 6.1 percent in 2023, respectively. Growth is expected to return to pre-pandemic level, once the global economy normalizes. Inflation is projected to remain within single digit in the second half of 2022/23, below the target of 5.4 percent and around 5 percent in Mainland Tanzania and Zanzibar, respectively. In view of the expected improvement in food supply and easing of commodity prices in the world market, the upward risk to inflation will be moderate in the second half of 2022/23.

Against this outlook for the economy, monetary policy will continue be geared towards reducing monetary policy accommodation in the second half of 2022/23, in order to tame second round effects of global shocks on inflation expectations, while safeguarding growth of economic activities. In implementing the monetary policy stance, the Bank of Tanzania will employ a mix of instruments, while ensuring market stability. The policy stance is also consistent with attainment of



monetary targets, which are set forth in the IMF Extended Credit Facility arrangement. The Bank of Tanzania will also maintain surveillance of global economic trends and associated risks to the domestic economy, and take additional policy actions if needed to ensure macroeconomic stability. In this context, the Bank of Tanzania is optimistic that the monetary policy targets outlined in the Monetary Policy Statement for 2022/23 will be achieved.





APPENDICES



Table A1: Selected Economic Indicators

Items	Unit	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
1. Prices														
1.1 Annual change in consumer price index														
1.1.1 Headline inflation	Percent	4.2	4.0	3.7	3.6	3.8	4.0	4.4	4.5	4.6	4.8	4.9	4.9	4.8
1.1.2 Food inflation	Percent	4.9	6.3	6.1	6.5	6.6	5.5	5.9	6.5	7.8	8.3	9.1	9.2	9.7
1.1.3 Core inflation	Percent	4.6	3.3	3.0	2.7	2.8	3.0	3.4	3.5	3.2	3.3	3.0	2.7	2.5
2. Money credit and interest rates														
2.1 Extended broad money supply (M3) ¹	Percent	15.5	14.9	17.0	11.9	10.0	9.1	6.5	7.9	11.5	13.6	13.3	12.7	11.6
2.2 Reserve money ¹	Percent	17.3	16.6	20.0	16.1	12.7	14.3	8.3	13.7	26.5	18.0	18.9	11.3	15.8
2.3 Average reserve money ¹	Percent	16.6	18.8	21.7	20.6	14.2	15.1	12.8	12.4	22.7	22.3	19.0	13.4	8.1
2.4 Credit to the private sector ¹	Percent	10.0	10.0	11.9	13.4	13.4	15.0	19.4	20.1	20.7	22.0	23.7	22.6	22.5
2.5 364-days Treasury bill rate ²	Percent	4.8	5.1	4.9	4.3	3.4	3.7	4.7	4.5	4.4	4.8	5.3	5.9	6.4
2.6 Overnight inter-bank rate ²	Percent	4.1	4.0	3.4	2.0	1.6	1.7	2.8	3.0	3.5	3.8	3.7	4.3	3.3
2.7 12-Months deposit rate ²	Percent	7.9	7.9	8.4	8.4	8.3	8.0	8.1	9.0	9.3	9.2	8.8	8.8	8.2
2.8 Short-term (up to 1 year) lending rate ²	Percent	16.6	16.7	16.6	16.7	17.1	16.6	16.5	16.8	16.8	16.8	16.7	16.9	17.3
3. Balance of payments														
3.1 Gross official foreign reserves	Millions of USD	6,386.0	6,236.7	5,858.6	5,581.6	5,461.4	5,206.7	5,110.3	5,378.1	5,092.0	4,961.5	4,637.2	4,541.1	5,177.2
3.2 Exchange rate														
3.2.1 Period average	TZS/USD	2,295.96	2,297.90	2,298.17	2,298.45	2,298.70	2,299.86	2,302.40	2,304.44	2,304.74	2,306.57	2,308.21	2,308.39	2,308.73
3.2.2 End of period	TZS/USD	2,297.61	2,298.12	2,298.31	2,298.55	2,298.88	2,300.82	2,304.45	2,304.45	2,305.21	2,307.94	2,308.27	2,308.54	2,308.91
4. Public finance														
4.1 Domestic revenue ³	Billions of TZS	2,474.5	2,007.4	2,068.1	2,151.1	1,746.0	1,743.5	2,568.8	1,774.2	1,985.8	2,305.6	1,931.6	1,936.9	2,989.0
4.2 Recurrent expenditure ³	Billions of TZS	1,903.0	1,769.5	1,369.1	1,696.7	1,401.5	1,737.3	2,416.6	1,265.4	1,754.8	1,480.5	1,805.8	1,728.9	1,970.5
4.3 Development expenditure ³	Billions of TZS	991.0	1,072.5	1,537.6	1,212.0	896.4	689.4	1,657.4	646.8	1,613.0	1,116.8	988.5	642.4	952.5

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

Note: ¹ Annual growth

² Monthly averages

³ Domestic revenue and expenditure on cash basis



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

Economic Activity	2017	2018	2019	2020 ^r	2021 ^p
	Millions of TZS				
<i>Agriculture, forestry and fishing</i>	28,008,976.2	29,504,197.9	30,802,027.0	32,323,875.8	33,577,189.4
Crops	14,895,621.8	15,659,174.9	16,351,311.5	17,174,743.4	17,785,971.7
Livestock	7,876,591.6	8,266,048.5	8,676,074.3	9,107,854.1	9,562,643.2
Forestry	3,180,379.3	3,334,791.2	3,495,187.1	3,608,190.4	3,735,011.2
Fishing	2,020,292.5	2,206,241.9	2,239,891.7	2,391,612.9	2,451,430.0
<i>Agriculture support services</i>	36,091.0	37,941.3	39,562.3	41,475.0	42,133.3
Industry and Construction	28,565,774.0	31,344,128.1	34,976,981.7	37,536,061.7	39,584,470.3
Mining and quarrying	4,588,623.9	4,659,195.2	5,485,112.4	5,878,341.8	6,442,881.3
Manufacturing	8,889,818.0	9,623,500.7	10,184,558.4	10,646,278.5	11,155,761.8
Electricity supply	877,666.6	928,174.5	994,879.2	1,049,610.1	1,154,204.3
Water supply; sewerage, waste management	444,660.1	477,510.2	510,410.6	540,159.2	575,213.0
<i>Construction</i>	13,765,005.5	15,655,747.5	17,802,021.2	19,421,672.1	20,256,409.9
Services	42,689,010.6	45,369,788.8	48,114,453.3	50,176,727.5	52,662,916.0
Wholesale and retail trade; repairs	9,821,247.6	10,396,690.9	10,965,038.2	11,196,339.3	11,590,492.7
Transport and storage	7,815,844.6	8,736,560.6	9,493,190.7	10,293,275.6	10,658,344.0
Accommodation and Food Services	1,525,618.5	1,604,390.7	1,645,950.1	1,419,653.9	1,514,711.3
Information and communication	1,824,470.9	1,989,716.7	2,133,312.2	2,313,029.4	2,524,563.8
Financial and insurance activities	4,115,392.9	4,094,972.3	4,281,167.0	4,412,967.5	4,629,490.2
Real estate	3,211,894.9	3,354,517.7	3,505,484.8	3,663,972.3	3,827,459.9
Professional, scientific and technical activities	694,290.6	763,332.1	821,635.6	881,833.4	942,012.5
Administrative and support service activities	2,892,462.9	3,054,288.2	3,311,752.9	3,569,799.8	3,817,046.9
Public administration and defence	4,907,113.3	5,064,968.5	5,238,490.6	5,438,145.7	5,714,547.0
Education	2,859,170.7	3,046,789.4	3,257,405.7	3,365,354.6	3,538,280.8
Human health and social work activities	1,611,999.2	1,746,730.9	1,833,514.2	1,953,479.4	2,065,677.4
Arts, entertainment and recreation	307,906.8	350,027.3	389,225.2	372,119.5	444,488.0
Other service activities	912,404.3	971,690.0	1,037,083.3	1,089,265.4	1,181,814.3
Activities of households as employers;	189,193.2	195,113.5	201,203.0	207,491.7	213,987.3
All economic activities	99,263,760.8	106,218,114.8	113,893,462.1	120,036,665.0	125,824,575.7
Taxes on products	8,393,644.1	8,934,362.5	9,303,273.8	9,093,517.0	9,693,237.0
GDP at market prices	107,657,404.9	115,152,477.2	123,196,735.9	129,130,182.0	135,517,812.7
	Real Growth by Economic Activities (Percent)				
<i>Agriculture, forestry and fishing</i>	5.9	5.4	4.4	4.9	3.9
Crops	6.4	5.2	4.4	5.0	3.6
Livestock	4.9	4.9	5.0	5.0	5.0
Forestry	4.8	4.9	4.8	3.2	3.5
Fishing	8.4	9.2	1.5	6.8	2.5
<i>Agriculture support services</i>	5.5	5.2	4.3	4.8	1.6
Industry and Construction	5.5	5.1	11.6	7.3	5.5
Mining and quarrying	5.3	1.5	17.7	7.2	9.6
Manufacturing	8.2	8.3	5.8	4.5	4.8
Electricity supply	1.0	5.8	7.2	5.5	10.0
Water supply; sewerage, waste management	6.4	7.4	6.9	5.8	6.5
Construction	15.1	13.8	13.7	9.1	4.3
Services	15.1	12.9	6.0	4.3	5.0
Wholesale and retail trade; repairs	6.1	5.9	5.5	2.1	3.5
Transport and storage	6.7	11.8	8.7	8.4	3.5
Accommodation and Food Services	3.1	5.2	2.6	-13.7	6.7
Information and communication	6.2	9.1	7.2	8.4	9.1
Financial and insurance activities	-2.8	-0.5	4.5	3.1	4.9
Real estate	4.4	4.4	4.5	4.5	4.5
Professional, scientific and technical activities	14.5	9.9	7.6	7.3	6.8
Administrative and support service activities	10.8	5.6	8.4	7.8	6.9
Public administration and defence	2.4	3.2	3.4	3.8	5.1
Education	7.3	6.6	6.9	3.3	5.1
Human health and social work activities	7.6	8.4	5.0	6.5	5.7
Arts, entertainment and recreation	9.9	13.7	11.2	-4.4	19.4
Other service activities	12.0	6.5	6.7	5.0	8.5
Activities of households as employers;	3.2	3.1	3.1	3.1	3.1
All economic activities	7.0	6.9	7.2	5.4	4.8
Taxes on products	4.6	6.3	4.3	-2.3	6.6
GDP at market prices	6.8	7.0	7.0	4.8	4.9

Source: National Bureau of Statistics

Note: ^r denotes revised data; ^p, provisional data; and FISIM, financial intermediation indirectly measured



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

Economic activity	Percent					
	2016	2017	2018	2019	2020 ^r	2021
Contribution to real GDP by economic activities						
Agriculture, forestry and fishing	26.2	26.0	19.9	16.1	25.6	19.6
Crops	13.9	13.8	10.2	8.6	13.9	9.6
Livestock	7.4	7.3	5.2	5.1	7.3	7.1
Forestry	3.0	3.0	2.1	2.0	1.9	2.0
Fishing	1.8	1.9	2.5	0.4	2.6	0.9
Agriculture support services	0.0	0.0	0.0	0.0	0.0	0.0
Industry and construction	25.6	26.5	37.1	45.1	43.1	32.1
Mining and quarrying	4.3	4.3	0.9	10.3	6.6	8.8
Manufacturing	8.1	8.3	9.8	7.0	7.8	8.0
Electricity supply	0.9	0.8	0.7	0.8	0.9	1.6
Water supply; sewerage, waste management	0.4	0.4	0.4	0.4	0.5	0.5
Construction	11.9	12.8	25.2	26.6	27.3	13.1
Services	40.2	39.7	35.8	34.1	34.8	38.9
Wholesale and retail trade; repairs	9.2	9.1	7.7	7.1	3.9	6.2
Transport and storage	7.3	7.3	12.3	9.4	13.5	5.7
Accommodation and food services	1.5	1.4	1.1	0.5	-3.8	1.5
Information and communication	1.7	1.7	2.2	1.8	3.0	3.3
Financial and insurance activities	4.2	3.8	-0.3	2.3	2.2	3.4
Real estate	3.1	3.0	1.9	1.9	2.7	2.6
Professional, scientific and technical activities	0.6	0.6	0.9	0.7	1.0	0.9
Administrative and support service activities	2.6	2.7	2.2	3.2	4.3	3.9
Public administration and defence	4.8	4.6	2.1	2.2	3.4	4.3
Education	2.6	2.7	2.5	2.6	1.8	2.7
Human health and social work activities	1.5	1.5	1.8	1.1	2.0	1.8
Arts, entertainment and recreation	0.3	0.3	0.6	0.5	-0.3	1.1
Other service activities	0.8	0.8	0.8	0.8	0.9	1.4
Activities of households as employers;	0.2	0.2	0.1	0.1	0.1	0.1
Taxes on products	8.0	7.8	7.2	4.7	-3.5	9.4
GDP at market prices	100.0	100.0	100.0	100.0	100.0	100.0

Source: National Bureau of Statistics

Note: ^r denotes revised data; and FISIM, financial intermediation indirectly measured



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

Economic Activity	Percent															
	2019				2020				2021				2022			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Agriculture	5.4	4.2	2.9	4.7	4.2	4.2	6.4	5.3	2.3	2.2	3.8	4.2	4.0	2.8	3.4	
Mining and quarrying	10.0	17.2	21.1	21.4	15.4	8.7	4.9	0.2	10.2	10.1	13.1	7.0	8.5	5.8	9.8	
Manufacturing	4.9	5.5	8.6	4.2	4.7	4.0	4.9	4.6	6.3	4.6	4.7	5.0	6.3	4.7	4.5	
Electricity	10.7	8.5	5.2	4.7	6.2	3.3	4.4	7.9	7.2	12.1	10.0	10.6	8.3	8.7	9.7	
Water	8.0	6.4	10.9	2.9	7.2	4.6	7.9	3.8	9.0	8.4	4.5	4.9	11.9	9.5	0.1	
Construction	13.4	20.5	17.2	5.0	4.9	12.2	13.9	5.2	5.3	1.9	5.8	4.5	5.4	4.0	2.7	
Trade and repair	3.8	5.7	7.4	4.9	4.8	-0.2	2.1	1.8	4.5	4.3	2.1	5.2	5.4	4.5	3.9	
Accommodation and restaurant	-0.4	2.6	4.0	3.9	2.6	-15.9	-25.1	-14.9	-6.5	10.1	14.3	11.3	1.5	13.0	13.2	
Transport and storage	11.1	7.0	8.3	8.4	8.3	9.5	7.0	8.9	9.0	4.9	-0.6	1.2	1.7	5.1	9.4	
Information and communication	7.9	6.2	7.4	7.4	8.2	9.9	8.6	7.0	9.1	12.3	9.3	9.3	8.0	9.2	13.7	
Financial and insurance	5.2	4.2	4.7	4.1	4.1	3.0	1.9	3.2	3.1	4.0	5.1	8.7	10.1	9.9	12.0	
Public administration	1.4	5.0	3.4	3.9	5.0	3.8	4.4	2.2	2.5	4.2	6.7	7.4	5.7	5.0	6.9	
Professional, scientific and technical act.	6.6	6.8	7.7	9.3	8.9	8.8	8.6	3.2	7.8	7.6	5.8	6.2	5.0	5.5	6.8	
Administrative and support services	8.7	8.5	8.3	8.2	8.0	7.9	7.7	7.6	7.4	7.3	6.0	7.0	6.0	5.2	3.6	
Real estate	4.5	4.5	4.5	4.5	4.5	4.6	4.5	4.5	4.6	4.6	4.6	4.6	4.5	4.4	4.4	
Education	5.4	8.2	7.0	7.1	5.4	-1.9	5.7	3.8	4.9	4.7	5.9	4.7	6.6	5.2	6.5	
Health	-0.1	5.1	5.9	9.1	9.9	5.9	6.0	4.3	4.2	4.8	6.3	5.0	5.1	5.6	7.3	
Other services	6.1	6.8	7.6	8.5	6.9	1.8	-0.4	2.1	6.6	10.8	12.1	11.7	8.5	7.5	9.0	
All industry at basic prices	6.8	8.0	8.3	6.0	5.7	5.5	6.1	4.4	4.8	4.2	5.0	5.0	5.2	4.7	5.5	
Taxes on products	-1.7	0.2	6.1	11.6	9.7	-14.5	-14.3	9.6	8.7	10.8	8.2	3.8	9.3	7.7	2.0	
GDP at market prices	6.2	7.4	8.1	6.4	5.9	4.0	4.4	4.8	5.0	4.5	5.2	4.9	5.5	4.8	5.2	

Source: National Bureau of Statistics



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

Economic activity	2016	2017	2018	2019	2020	2021 ^P
	Billions of TZS					
GDP at market prices	2,491.4	2,683.8	2,875.5	3,077.7	3,116.3	3,275.3
Agriculture, Forestry & Fishing	539.5	582.2	603.8	619.4	639.8	656.4
Crops	235.9	261.0	270.6	254.9	258.1	263.8
Livestock	124.6	136.2	146.7	171.7	185.7	191.4
Forestry & hunting	42.3	44.1	44.2	45.9	43.8	45.6
Fishing	136.6	140.8	142.2	147.0	152.1	155.6
Industry	467.0	493.1	511.8	565.8	595.4	607.6
Mining & quarrying	27.2	32.7	37.1	36.4	34.2	36.6
Manufacturing	194.6	211.3	215.7	259.9	276.8	280.9
Electricity and gas	12.6	13.1	13.8	14.5	14.1	12.6
Water supply and sewerage	20.9	22.4	23.1	26.1	26.5	28.5
Construction	211.7	213.4	222.1	228.9	243.8	249.0
Services	1,265.2	1,360.1	1,498.2	1,626.7	1,613.6	1,715.5
Trade & repairs	169.4	180.3	194.7	212.5	228.2	265.3
Transport & storage	107.6	111.4	121.8	127.5	119.1	130.2
Accommodation and food services	375.5	429.2	504.7	562.7	491.0	545.1
Accommodation	305.2	350.0	409.5	457.9	405.9	450.4
Food and beverage services	70.3	79.2	95.3	104.8	85.0	94.7
Information and communication	44.7	51.6	53.4	56.3	54.5	45.6
Financial and insurance activities	83.7	91.6	95.6	98.6	100.4	111.7
Real estate activities	136.2	144.7	154.0	164.2	175.4	187.6
Professional, scientific and technical	3.9	3.8	4.0	3.9	3.9	4.1
Administrative and support services	22.8	24.4	25.6	27.4	26.1	23.8
Public administration	180.9	175.9	185.6	207.3	234.7	247.1
Education	71.5	73.3	78.5	84.4	92.5	92.2
Human health and social work	30.8	31.2	32.0	32.8	33.2	34.0
Arts, entertainment and recreation	2.4	2.7	3.3	3.4	3.2	2.5
Other service activities	30.4	34.4	39.3	40.1	45.3	49.1
Domestic services	5.4	5.5	5.7	5.9	6.1	6.3
Less FISIM	-27.9	-27.7	-24.8	-25.5	-28.5	-29.3
Taxes on products	247.7	276.1	286.6	291.2	296.0	295.8
	Real Growth by Economic Activities (Percent)					
Agriculture, Forestry & Fishing	3.8	7.9	3.7	2.6	3.3	2.6
Crops	3.6	10.6	3.7	-5.8	1.3	2.2
Livestock	9.8	9.3	7.7	17.0	8.2	3.0
Forestry & hunting	2.5	4.2	0.3	3.8	-4.4	4.0
Fishing	-0.5	3.1	1.0	3.3	3.5	2.3
Industry	7.7	5.6	3.8	10.6	5.2	5.1
Mining & quarrying	15.9	20.3	13.3	-1.7	-6.0	9.9
Manufacturing	8.0	8.6	2.1	20.5	6.5	1.1
Electricity and gas	8.2	4.2	5.1	5.2	-3.2	8.0
Water supply and sewerage	6.9	7.3	2.8	12.9	2.0	6.9
Construction	6.5	0.8	4.1	3.1	6.5	8.9
Services	5.7	7.5	10.2	8.6	7.4	6.9
Trade & repairs	4.5	6.4	8.0	9.1	1.0	14.9
Transport & storage	5.6	3.5	9.4	4.7	-6.6	9.3
Accommodation and food services	13.5	14.3	17.6	11.5	-12.7	6.6
Accommodation	13.8	14.7	17.0	11.8	-11.3	6.5
Food and beverage services	11.8	12.6	20.3	10.0	-18.9	7.5
Information and communication	-14.9	15.5	3.4	5.5	-3.2	-16.3
Financial and insurance activities	6.5	9.5	4.4	3.1	2.2	9.9
Real estate activities	6.0	6.2	6.4	6.6	6.8	7.0
Professional, scientific and technical	9.6	-3.2	5.2	-2.9	1.1	5.0
Administrative and support services	-1.9	7.2	4.9	6.9	-4.6	6.6
Public administration	-0.5	-2.7	5.5	11.7	13.2	5.3
Education	3.0	2.5	7.0	7.5	9.7	-0.3
Human health and social work	3.7	1.4	2.3	2.5	1.4	2.4
Arts, entertainment and recreation	26.2	14.5	19.3	3.3	-4.9	1.1
Other service activities	12.5	13.4	14.2	2.0	12.9	6.9
Domestic services	3.2	3.2	3.2	3.2	3.2	3.2
Less FISIM	16.6	-0.9	-10.2	2.6	11.7	2.8
Taxes on products	7.7	11.5	3.8	1.6	1.6	1.2
GDP at market prices	5.8	7.7	7.1	7.0	1.3	5.1

Source: Office of Chief Government Statistician, Zanzibar

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



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

Main groups	Weight (%)	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
Food and non-alcoholic beverages	28.2	105.90	106.99	108.61	110.64	112.16	112.30	112.71	113.08	111.55	111.89	112.55	103.96	116.15
Alcoholic beverages and tobacco	1.9	102.85	103.12	103.29	103.29	103.53	103.49	103.45	103.44	103.44	103.52	103.60	102.85	103.72
Clothing and footwear	10.8	105.65	106.22	106.36	106.95	106.90	106.71	106.89	107.08	107.26	107.56	107.47	105.46	108.39
Housing, water, electricity, gas and other fuels	15.1	105.14	105.91	106.47	107.31	108.60	108.52	108.78	108.47	108.32	107.98	106.06	104.69	107.93
Furnishings, household equipment and routine household maintenance	7.9	104.36	105.48	105.59	105.74	105.82	106.29	106.81	107.15	107.13	107.24	107.74	103.86	108.18
Health	2.5	103.39	103.47	103.54	103.64	103.65	103.78	104.32	104.36	104.18	104.63	104.59	103.39	105.11
Transport	14.1	105.33	105.41	105.49	105.94	107.00	110.50	112.40	112.47	112.52	112.28	110.37	104.15	110.7
Information and communication	5.4	102.42	102.41	102.24	102.44	102.43	102.51	102.45	102.46	102.46	103.16	103.26	102.34	103.72
Recreation, sport and culture	1.6	102.65	104.00	103.96	103.99	103.92	103.96	104.16	104.36	104.32	104.67	104.64	102.61	104.73
Education services	2.0	101.16	101.36	101.42	101.45	101.46	101.46	101.87	101.87	101.87	101.89	101.90	101.16	101.9
Restaurants and accommodation services	6.6	105.71	106.16	106.50	106.95	107.21	107.16	107.16	107.19	107.25	107.34	107.23	107.85	108.6
Insurance and financial services	2.1	100.36	100.36	100.49	100.49	100.47	100.48	100.54	100.54	100.54	100.54	100.10	100.35	100.22
Personal care, social protection and miscellaneous goods and services	2.1	103.38	104.33	104.44	105.00	105.01	105.24	105.22	105.26	105.36	105.32	105.50	103.34	106.01
All items-(headline inflation)	100.0	104.92	105.59	106.20	107.09	107.88	108.42	108.93	109.05	108.63	108.73	108.73	104.08	110.01
Other selected groups														
Core Index	73.9	105.25	105.72	105.97	106.33	106.87	107.42	107.90	107.92	107.85	107.89	107.57	104.84	107.87
Non-Core Index	26.1	104.00	105.22	106.85	109.24	110.73	111.27	111.86	112.24	110.84	111.10	112.01	101.91	116.08
Energy, Fuel and Utilities Index	5.7	104.96	106.05	106.47	108.97	113.87	116.40	115.87	115.22	115.29	112.97	112.93	103.96	113.2
Services Index	37.2	104.03	104.30	104.55	104.73	104.97	105.92	106.79	106.81	106.78	106.94	106.35	103.69	106.61
Goods Index	62.8	105.46	106.36	107.18	108.48	109.60	109.90	110.20	110.37	109.72	109.79	110.14	104.31	112.02
Education services and products ancillary to education Index	4.1	103.36	104.51	104.59	104.69	104.69	104.73	104.87	104.88	104.95	105.06	104.90	103.28	104.92
All items less Food and Non- Alcoholic Beverages	71.8	104.54	105.04	105.26	105.69	106.20	106.90	107.44	107.47	107.48	107.49	107.23	104.12	107.6

Source: National Bureau of Statistics



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

Main groups	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
Weight (%)													
Food and non-alcoholic beverages	28.2	4.9	6.3	6.1	6.5	6.6	5.5	5.9	6.5	7.8	8.3	9.1	9.2
Alcoholic beverages and tobacco	1.9	2.2	1.9	1.8	1.8	1.2	1.2	1.1	1.2	0.7	1.0	0.9	0.8
Clothing and footwear	10.8	4.5	3.1	2.8	2.4	2.3	2.1	2.3	2.4	2.3	2.6	2.5	2.1
Housing, water, electricity, gas and other fuels	15.1	3.9	3.5	3.5	3.2	3.9	4.3	4.6	4.1	3.4	3.2	3.7	2.8
Furnishings, household equipment and routine household maintenance	7.9	4.1	3.0	3.0	2.8	2.8	3.3	3.6	3.9	3.6	3.6	4.2	4.0
Health	2.5	2.9	1.9	1.3	1.3	1.3	1.5	1.3	1.4	1.1	1.4	1.3	1.5
Transport	14.1	5.9	4.4	3.7	2.9	3.9	7.2	8.9	8.7	8.1	7.9	6.1	5.1
Information and communication	5.4	1.5	1.3	1.2	1.0	0.6	0.7	0.5	0.4	0.4	1.1	1.2	1.2
Recreation, sport and culture	1.6	3.8	1.9	1.4	1.1	1.0	1.1	1.3	1.4	1.3	1.6	2.2	2.0
Education services	2.0	1.1	1.0	0.3	0.2	0.2	0.3	0.5	0.7	0.7	0.7	0.7	0.7
Restaurants and accommodation services	6.6	4.9	3.7	2.7	2.4	2.1	2.0	1.8	1.9	1.9	1.8	2.3	2.6
Insurance and financial services	2.1	0.3	0.3	0.2	0.2	0.2	0.2	0.3	0.2	0.2	0.2	-0.2	-0.1
Personal care, social protection and miscellaneous goods and services	2.1	3.5	2.2	2.1	2.5	2.4	2.6	2.4	2.3	2.2	2.2	2.4	2.3
All Items-(headline inflation)	100.0	4.2	4.0	3.7	3.6	3.8	4.0	4.4	4.5	4.6	4.8	4.9	4.8
Other selected groups													
Core	73.9	4.6	3.3	3	2.7	2.8	3	3.4	3.5	3.2	3.3	3	2.7
Non-core	26.1	3.4	6	5.6	6.1	6.5	6.8	7.4	7.5	9	9.5	10.6	11.3
Energy, fuel and utilities	5.7	4.4	7.3	5.8	6.3	9.9	13.5	12.9	11.2	9.6	7.9	8.7	7.7
Services	37.2	3.8	2.9	2.4	1.9	1.7	2.7	3.4	3.5	3.2	3.4	2.8	2.7
Goods	62.8	4.5	4.7	4.4	4.5	5	4.8	5	5.2	5.5	5.7	6.2	6.1
Education services and products ancillary to education	4.1	3.3	2.3	2.2	2	1.4	1.5	1.5	1.5	1.6	1.7	1.7	1.6
All items less food and non-alcoholic beverages	71.8	3.9	3.1	2.7	2.4	2.6	3.4	3.9	3.8	3.4	3.5	3.3	3.1

Source: National Bureau of Statistics



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

Items	Weights (%)	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
Headline	100.0	115.6	117.3	118.5	119.4	121.2	122.0	122.2	122.6	100.3	100.7	100.7	101.2	101.9
Food	41.9	112.3	115.9	118.3	119.3	122.1	123.6	121.3	121.8	101.0	101.1	101.2	102.2	103.9
Non-food	58.6	118.0	118.3	118.7	119.5	120.5	120.8	122.8	123.2	99.8	100.4	100.4	100.5	100.5
Alcoholic beverages, tobacco and narcotics	0.2	135.1	135.1	135.1	135.1	135.1	135.1	135.1	135.1	100.0	100.0	100.0	100.0	104.0
Clothing and footwear	6.3	109.9	109.9	109.9	110.2	111.6	111.9	112.1	112.1	99.9	100.8	100.8	100.8	100.0
Housing, water, electricity, gas and other fuels	25.8	119.0	119.5	121.3	121.1	121.0	120.4	124.6	124.4	99.7	100.5	100.0	99.9	101.0
Furnishings, household equipment and routine household maintenance	4.8	126.2	126.3	126.8	133.3	136.6	137.0	137.0	137.0	99.8	100.5	101.9	102.6	99.9
Health	1.3	129.5	129.5	129.5	129.5	129.5	129.5	132.5	132.5	99.8	99.8	101.5	102.3	103.3
Transport	9.1	118.1	118.1	117.3	118.1	121.1	123.6	126.1	128.9	100.7	100.9	100.7	100.8	103.1
Information and communication	4.2	116.9	116.9	116.9	116.9	116.9	116.9	116.9	116.9	100.0	100.3	100.3	100.4	99.9
Recreation, sport and culture	1.1	115.4	115.4	115.4	115.4	115.4	116.7	116.7	116.7	92.6	92.7	92.7	92.7	100.4
Education	1.6	125.3	125.3	125.3	125.3	125.3	125.3	125.3	125.3	100.0	100.0	100.0	100.0	97.0
Restaurants and accommodation services	1.4	107.7	107.7	107.7	108.4	108.4	108.4	108.4	108.4	100.1	100.1	100.8	100.8	100.0
Insurance and financial services*	0.5									100.0	100.0	100.0	100.0	100.0
Personal care, social protection and miscellaneous goods and services*	1.7									99.9	100.3	100.9	100.9	101.0

Source: Office of Chief Government Statistician, Zanzibar
 Note: * These groups resulted from decomposition of miscellaneous goods and services



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

Items	Weights (%)	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
Headline	100.0	2.4	2.8	2.9	3.5	4.1	3.7	4.2	4.5	5.4	7.0	7.3	7.8	8.1
Food	41.9	0.0	0.6	2.2	3.0	4.3	3.2	3.1	4.0	6.5	10.8	10.8	11.6	12.7
Non-food	58.6	4.2	4.4	3.4	3.9	4.0	4.1	5.0	4.8	4.6	4.4	4.9	5.2	4.9
Alcoholic beverages, tobacco and narcotics	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Clothing and footwear	6.3	1.7	1.8	1.6	1.8	2.4	1.8	2.2	2.5	2.6	3.2	3.1	2.9	2.9
Housing, water, electricity, gas and other fuels	25.8	3.7	5.4	3.4	3.7	3.0	2.3	4.1	3.0	3.9	3.5	3.9	4.1	4.5
Furnishings, household equipment and routine household maintenance	4.8	4.6	4.5	3.7	9.0	9.7	9.9	9.5	9.5	9.1	9.9	11.0	11.7	12.3
Health	1.3	1.8	1.8	2.0	0.7	0.7	0.6	2.7	2.5	1.5	1.7	3.2	4.7	5.5
Transport	9.1	7.7	8.0	6.0	5.5	6.4	8.1	9.6	11.2	10.6	9.6	11.2	11.9	9.0
Information and communication	4.2	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	2.3	0.3	0.3	0.4	0.4
Recreation, sport and culture	1.1	1.3	1.3	2.7	2.7	2.7	3.8	3.8	3.8	-5.8	-5.8	-5.8	-5.7	-1.3
Education	1.6	10.7	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Restaurants and accommodation services	1.4	0.6	0.6	0.6	1.2	1.2	1.2	1.2	1.2	0.7	0.7	2.0	2.0	1.4
Insurance and financial services*	0.5									-5.3	0.0	0.0	0.0	0.0
Personal care, social protection and miscellaneous goods and services*	1.7									5.2	4.0	4.6	3.2	3.4

Source: Office of Chief Government Statistician, Zanzibar

Note: * These groups resulted from decomposition of miscellaneous goods and services



Table A4: Depository Corporations Survey

Items	Billions of TZS												
	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
Net foreign assets (NFA) of the banking system	13,966.0	13,201.8	12,683.2	11,815.8	10,908.5	10,542.3	10,503.9	10,715.7	10,486.7	9,701.2	8,163.3	7,805.8	9,437.5
NFA of the Bank of Tanzania	13,219.1	12,979.8	12,145.2	11,578.5	11,342.6	10,748.0	10,584.9	11,231.8	10,608.6	10,346.0	9,571.1	9,284.7	10,732.8
Net international reserves (Millions of USD)	6,366.0	6,236.7	5,858.6	5,581.6	5,461.4	5,206.7	5,110.3	5,378.1	5,092.0	4,961.5	4,637.2	4,541.1	5,177.2
NFA of the banks	746.8	222.0	538.1	237.3	-434.1	-507.7	-81.0	-516.0	-111.9	-646.9	-1,407.8	-1,478.9	-1,295.3
Banks NFA (Millions of USD)	325.1	96.6	234.1	103.3	-186.8	-89.4	-35.1	-223.9	-48.6	-280.3	-609.9	-640.6	-561.0
Net domestic assets of the banking system	20,592.1	21,193.8	22,181.4	21,935.8	23,179.4	23,644.2	24,986.1	24,431.6	26,262.6	27,983.2	30,066.6	30,529.7	29,142.5
Domestic claims	30,030.5	30,081.5	31,318.5	31,447.3	32,185.1	32,880.4	34,053.4	33,615.0	35,647.7	36,055.5	37,741.4	38,404.1	37,557.3
Claims on central government (net)	7,686.4	7,181.7	8,495.3	8,222.2	8,762.6	9,073.3	9,459.7	8,721.4	10,341.0	10,281.1	11,272.8	11,465.6	10,184.8
Claims on central government	14,775.4	14,820.5	15,850.4	15,978.5	16,275.0	17,405.2	15,896.9	16,722.7	17,430.9	18,389.2	19,623.5	19,682.2	18,261.0
Ow Securities held by banks	6,767.3	6,933.9	7,149.4	7,162.3	6,861.2	7,203.1	7,173.6	7,216.5	7,202.1	7,438.9	7,712.3	7,789.6	7,949.6
Liabilities to central government	7,089.0	7,101.7	7,101.7	7,355.1	7,756.2	7,512.4	8,331.9	8,001.3	7,089.9	8,108.1	8,350.7	8,226.6	8,076.2
Claims on the private sector	22,344.1	22,362.7	22,823.2	23,225.1	23,422.5	23,807.1	24,593.7	24,893.6	25,774.4	26,468.6	26,938.6	27,372.5	26,376.2
Ow Extended in Shifings	16,853.7	16,842.7	17,072.0	17,336.9	17,481.8	17,654.7	18,201.4	18,428.4	18,826.9	19,144.7	19,457.0	19,748.1	19,851.1
Extended in foreign currency	5,490.4	5,520.5	5,751.2	5,888.2	5,940.8	6,152.4	6,392.2	6,485.2	6,479.8	6,629.7	7,011.7	7,190.4	7,521.4
Equivalent in millions of USD	2,397.3	2,402.4	2,502.5	2,567.8	2,584.4	2,675.1	2,776.3	2,805.5	2,811.5	2,874.3	3,037.7	3,119.4	3,257.8
Other items net	-9,438.4	-8,887.7	-9,137.0	-9,511.5	-9,005.7	-9,236.3	-9,057.3	-9,183.4	-9,385.2	-8,072.3	-7,674.8	-7,874.5	-8,414.8
Extended broad money supply (M3)	34,558.0	34,395.6	34,864.7	33,751.6	34,087.8	34,186.5	35,500.1	35,147.3	36,759.3	37,684.4	38,229.9	38,335.5	38,580.0
Foreign currency deposits (FCD)	7,469.7	7,333.4	7,353.2	7,247.0	7,226.4	7,581.2	7,878.4	7,382.6	8,040.8	8,362.0	8,406.9	8,431.1	8,201.1
FCD (Millions of USD)	3,253.4	3,191.3	3,199.6	3,153.0	3,143.7	3,296.4	3,421.8	3,203.6	3,488.8	3,625.3	3,642.2	3,652.4	3,552.2
Broad money supply (M2)	27,088.4	27,062.2	27,511.5	26,504.6	26,861.5	26,605.3	27,621.7	27,764.8	28,718.5	29,322.3	29,823.0	29,904.4	30,378.9
Other deposits	9,462.8	9,410.7	9,782.4	9,918.8	10,017.9	10,151.7	10,591.6	10,624.1	10,630.8	11,053.9	11,250.6	11,430.6	11,430.7
Narrow money supply (M1)	17,625.5	17,651.5	17,729.1	16,585.7	16,843.6	16,453.6	17,030.1	17,140.7	18,027.7	18,268.4	18,572.4	18,473.8	18,948.2
Currency in circulation	5,012.0	4,798.6	4,727.3	4,769.0	4,913.3	4,980.5	5,333.9	5,511.6	5,553.5	5,849.2	5,738.3	5,684.1	5,709.0
Transferable deposits	12,613.5	12,852.9	13,001.8	11,816.7	11,930.3	11,473.1	11,696.1	11,629.1	12,474.2	12,419.2	12,834.1	12,789.7	13,239.2
Memorandum items													
Reserve money	8,407.3	8,286.2	8,320.9	8,382.3	8,684.2	8,550.2	9,276.6	9,084.4	9,847.6	9,572.5	9,733.9	9,351.6	9,736.3
Banks' reserves	2,394.0	2,513.0	2,718.9	2,732.9	2,868.0	2,628.9	2,918.2	2,683.4	3,262.4	2,711.6	2,865.9	2,615.7	2,987.9
Currency outside Bank of Tanzania ¹	6,013.3	5,773.2	5,602.1	5,649.4	5,816.2	5,921.3	6,358.4	6,421.0	6,585.2	6,860.8	6,767.9	6,735.9	6,748.3
Average reserve money	8,772.8	8,529.8	8,725.7	8,639.8	8,711.0	8,818.8	9,063.3	9,339.4	9,903.4	9,789.0	9,835.4	9,706.8	9,481.0
Normal exchange rate (end of period) (TZS/USD)	2,296.0	2,297.9	2,298.2	2,298.5	2,296.7	2,299.9	2,302.4	2,304.4	2,304.7	2,306.6	2,306.2	2,308.4	2,308.7
Gross official reserves (Millions of USD)	6,386.0	6,236.7	5,858.6	5,581.6	5,461.4	5,206.7	5,110.3	5,378.1	5,092.0	4,961.5	4,637.2	4,541.1	5,177.2
Foreign assets of banks (Millions of USD)	1,396.0	1,165.7	1,217.2	1,084.5	939.5	1,143.2	1,270.0	1,090.8	1,183.1	1,174.8	960.4	1,030.5	1,039.2
Gross foreign assets of the banking system (Millions of USD)	7,782.1	7,402.4	7,075.8	6,676.1	6,400.9	6,349.9	6,380.3	6,488.9	6,275.1	6,136.3	5,597.6	5,571.6	6,216.4
Annual growth rates (%)													
Stock of reserve money	17.3	16.6	16.8	21.0	16.1	12.7	14.3	8.3	13.7	26.5	18.0	18.9	15.8
Average reserve money	16.6	18.8	20.7	20.6	14.2	15.1	12.8	12.4	22.7	22.3	19.0	13.4	8.1
Extended broad money supply (M3)	15.5	14.9	17.0	11.9	10.0	9.1	6.5	7.9	11.5	13.6	13.3	12.7	11.6
Broad money supply (M2)	17.6	18.9	20.9	15.3	13.9	11.6	7.7	9.7	12.6	14.4	13.1	11.4	12.1
Credit to the private sector	10.0	10.0	11.9	13.4	13.4	15.0	19.4	20.1	20.7	22.0	23.7	22.6	22.5

Source: Bank of Tanzania



Table A5: Capital and Money Market Interest Rates

Items	Percent												
	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
Interbank cash market rates													
Overnight	4.07	4.03	3.43	1.99	1.65	1.72	2.78	3.02	3.46	3.75	3.74	4.32	3.26
2 to 7 days	4.52	4.56	4.54	4.39	4.33	4.64	4.56	4.29	4.65	4.77	4.74	4.85	4.61
8 to 14 days	4.75	4.68	4.68	4.36	4.61	4.79	4.47	4.59	4.89	5.11	4.91	4.72	4.83
15 to 30 days	4.40	4.29	4.66	4.34	4.21	4.37	4.74	5.59	5.36	5.96	5.77	5.95	5.90
31 to 60 days	4.44	5.72	5.22	4.81	3.91	4.25	5.91	5.10	5.97	6.22	5.81	5.78	6.05
61 to 90 days	8.20	6.60	6.72	6.50	6.55	6.50	6.00	6.47	6.00	6.00	6.00	6.00	6.42
91 to 180 days	6.50	8.00	8.00	6.48	6.50	7.35	5.68	7.36	7.45	7.00	5.57	7.00	7.00
181 and above	11.33	8.00	8.00	8.00	11.00	10.00	10.00	10.00	12.00	6.71	6.71	6.71	6.71
Overall Interbank cash market rate	4.54	4.61	4.58	4.07	4.08	4.35	4.25	4.22	4.82	5.02	4.79	4.99	4.62
Lombard rate	6.10	6.05	5.15	2.99	2.47	2.59	4.16	4.54	5.18	5.63	5.61	6.48	4.89
REPO rate	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.64	3.13	2.99	2.99	2.98
182 days	3.37	3.56	3.56	3.44	3.36	2.24	2.56	2.56	4.04	4.08	4.06	4.06	4.17
364 days	4.84	5.06	4.88	4.28	3.41	3.73	4.73	4.52	4.35	4.84	5.29	5.89	6.44
Overall Treasury bills rate	4.82	5.00	4.78	4.17	3.37	3.68	4.56	4.52	4.31	4.64	4.95	5.60	6.11
Treasury bonds rates													
2-years	7.65	7.65	7.65	4.40	4.40	4.40	4.40	4.40	7.93	7.93	8.52	8.52	8.52
5-years	9.37	9.08	9.08	9.08	9.08	8.94	8.94	8.94	9.08	9.08	9.08	9.08	9.08
7-years	9.89	9.89	9.89	9.89	9.33	9.33	9.33	9.46	9.46	9.46	9.46	9.71	9.71
10-years	11.25	11.25	11.25	11.25	10.34	10.34	10.34	10.34	10.34	10.45	10.45	10.45	10.77
15-years	13.57	13.57	11.97	11.97	11.97	11.97	11.27	11.27	11.27	11.41	11.41	11.20	11.20
20-years	14.75	14.75	11.98	11.98	11.60	11.60	12.01	12.03	12.03	12.11	12.11	12.23	12.23
25-years	15.49	13.82	13.82	13.82	11.71	12.36	12.36	12.43	12.43	12.43	12.56	12.56	12.76
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-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
A: Domestic currency													
Savings deposit rate	1.60	1.61	1.59	1.56	1.41	1.42	1.52	1.61	2.05	2.16	2.07	1.61	1.71
Overall time deposits rate	6.79	6.79	7.02	7.02	6.81	6.69	6.80	7.56	7.49	7.62	7.32	7.28	6.76
1 month	7.06	6.86	6.32	7.03	6.75	6.00	6.13	7.64	7.89	7.62	7.50	8.34	7.84
2 months	7.04	6.82	7.56	7.90	6.37	6.56	7.34	8.55	8.32	8.68	8.90	7.94	7.65
3 months	6.59	7.00	7.57	6.22	6.78	6.96	7.12	8.05	8.04	8.88	8.21	7.53	8.35
6 months	7.50	7.56	7.42	7.68	7.63	7.66	7.76	8.15	8.25	7.91	8.21	8.36	8.26
12 months	7.87	7.87	8.39	8.37	8.28	8.03	8.07	9.05	9.25	9.22	8.78	8.77	8.23
24 months	9.44	9.66	9.84	10.01	10.08	9.95	9.41	9.57	8.55	8.30	7.68	7.63	5.84
Negotiated deposit rate	9.82	9.92	9.74	9.68	9.73	9.63	9.43	9.78	9.59	9.67	9.52	9.50	8.88
Overall lending rate	16.37	16.30	16.29	16.25	16.31	16.25	16.22	16.18	16.09	16.07	16.07	16.08	16.06
Short-term (up to 1 year)	16.60	16.70	16.59	16.68	17.14	16.61	16.46	16.76	16.81	16.82	16.73	16.90	17.27
Medium-term (1-2 years)	17.49	17.58	17.46	17.42	17.34	17.47	17.62	17.56	17.36	17.41	17.61	17.55	17.39
Medium-term (2-3 years)	16.58	16.25	16.54	16.37	16.40	16.28	16.36	16.16	16.16	16.15	16.12	16.08	16.02
Long-term (3-5 years)	15.84	15.79	15.84	15.74	15.66	15.90	15.85	15.73	15.53	15.55	15.51	15.43	15.35
Term loans (over 5 years)	15.32	15.20	15.02	15.03	15.02	14.99	14.81	14.70	14.60	14.40	14.38	14.47	14.29
Negotiated lending rate	14.06	13.68	13.99	13.80	14.12	14.40	14.25	14.23	14.24	13.92	14.33	13.95	13.29
B: Foreign currency													
Deposits rates													
Savings deposits rate	0.34	0.33	0.29	0.37	0.26	0.36	0.35	0.36	0.36	0.36	0.24	0.31	0.28
Overall time deposits rate	4.21	3.48	3.32	3.22	3.38	3.22	3.44	3.25	3.11	3.24	3.13	3.14	3.29
1-months	2.34	3.59	2.31	1.42	2.22	2.25	3.53	3.11	1.93	3.38	2.90	2.45	2.29
2-months	4.06	3.24	3.57	3.46	3.42	3.42	3.82	2.80	3.35	2.65	2.34	2.34	3.81
3-months	3.99	3.27	3.47	4.02	3.31	3.82	2.80	3.23	3.31	3.24	3.39	3.91	3.26
6-months	5.83	3.78	3.93	3.92	3.91	3.34	3.36	3.41	3.23	3.21	3.27	3.25	3.33
12-months	4.82	3.53	3.35	3.27	3.40	3.25	3.67	3.70	3.71	3.74	3.73	3.73	3.74
Overall lending rate	8.22	8.17	8.08	8.20	8.19	8.14	8.19	8.17	8.17	8.20	8.17	8.17	8.18
Short-term (up to 1 year)	8.90	8.62	8.17	8.70	8.66	8.42	8.67	8.60	8.57	8.75	8.56	8.54	8.62
Medium-term (1-2 years)	8.73	8.74	8.74	8.82	8.82	8.82	8.81	8.81	8.82	8.82	8.82	8.82	8.82
Medium-term (2-3 years)	7.07	7.07	7.07	7.07	7.07	7.06	7.06	7.06	7.06	7.04	7.04	7.07	7.04
Long-term (3-5 years)	8.88	8.88	8.87	8.88	8.87	8.87	8.86	8.87	8.87	8.86	8.87	8.87	8.86
Term loans (over 5 years)	7.54	7.54	7.54	7.55	7.55	7.55	7.54	7.54	7.54	7.54	7.55	7.54	7.55

Source: Bank of Tanzania



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

Billions of TZS

	Budget	July 2022 - December 2022		Percent of
	2022/23	Estimate	Actual	estimates
Total revenue (including LGAs)	28,017,867.8	13,873,124.8	13,414,104.9	96.7
Central government revenue	27,005,581.7	13,366,446.2	12,938,516.7	96.8
Tax revenue	22,057,949.7	11,168,786.6	10,979,158.2	98.3
Taxes on imports	8,477,724.3	4,282,254.6	4,318,053.4	100.8
Sales/VAT and excise on local goods	4,368,043.0	2,284,182.4	2,084,363.7	91.3
Income taxes	7,833,590.1	3,899,467.9	3,823,132.9	98.0
Other taxes	1,378,592.2	702,881.7	753,608.2	107.2
Non- tax revenue	4,947,632.1	2,197,659.5	1,959,358.5	89.2
LGA own sources	1,012,286.1	506,678.6	475,588.2	93.9
Total expenditure ¹	35,264,538.3	17,719,665.0	16,261,591.3	91.8
Recurrent expenditure	20,258,536.7	10,040,088.2	9,185,583.6	91.5
Wages and salaries	9,830,752.8	4,871,548.4	4,480,002.8	92.0
Interest payments	2,870,961.0	1,387,828.2	1,588,508.9	114.5
Other goods, services and transfers	7,556,822.9	3,780,711.6	3,117,071.8	82.4
Development expenditure and net lending	15,006,001.6	7,679,576.8	7,076,007.7	92.1
Local	12,306,920.7	6,184,682.8	5,533,970.4	89.5
Foreign	2,699,080.9	1,494,894.0	1,542,037.4	103.2
Balance before grants	-7,246,670.5	-3,846,540.2	-2,847,486.4	74.0
Grants	979,366.1	666,344.6	395,959.4	59.4
Balance after grants	-6,267,304.4	-3,180,195.6	-2,451,527.0	77.1
Expenditure float	0.0	0.0	-12,931.6	
Adjustments to cash and other items (net)	0.0	0.0	-1,067,927.2	
Overall balance	-6,267,304.7	-3,180,195.6	-3,532,385.8	
Financing	6,267,304.7	3,180,195.6	3,532,385.8	
Foreign financing (net)	3,787,156.7	2,480,619.5	1,980,361.2	
Domestic (net) ²	2,480,148.1	699,576.1	1,552,024.6	

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; VAT, value added tax; MDRI, multilateral debt relief initiative;



Table A8: Zanzibar Central Government Operations

Billions of TZS

	Budget	July 2022 - Dec 2022		Actual / Estimates (%)
	2022/23	Estimates	Actual ^p	
Total revenue	1,369.8	600.4	582.7	97.1
Tax revenue	1,190.3	517.4	516.5	99.8
Tax on Imports	228.0	112.5	101.6	90.3
VAT and excise duties (local)	279.7	134.3	160.4	119.4
Income tax	226.0	107.1	116.9	109.2
Other taxes	456.6	163.5	137.6	84.1
Non-tax revenue	179.5	83.0	66.2	79.7
Total expenditure	2,572.7	843.2	687.8	81.6
Recurrent expenditure	1,220.5	625.5	487.1	77.9
Wages and salaries	628.7	314.2	306.6	97.6
Other expenditure	591.8	311.3	180.5	58.0
Development expenditure	1,352.2	217.7	200.7	92.2
Local	682.5	142.8	130.3	91.3
Foreign	669.7	74.9	70.4	94.0
Overall surplus/ deficit before grants	-1,203.0	-242.8	-105.1	43.3
Grants	80.9	17.2	16.6	96.7
Project grant	80.9	17.2	16.6	96.7
Overall surplus/deficit after grants	-1,122.1	-225.7	-88.5	39.2
Adjustment to cash and other items	515.0	179.3	9.6	5.4
Overall deficit cheques cleared	-607.1	-46.4	-78.9	---
Financing	607.1	46.4	78.9	---
Foreign	607.1	46.4	38.9	83.8
Program loans	607.1	46.4	38.9	83.8
Domestic (net)	0.0	0.0	40.0	---
Bank	0.0	0.0	0.0	---
Non-bank	515.0	0.0	40.0	---

Source: Ministry of Finance and Planning, Zanzibar

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



Table A9: Tanzania's Balance of Payments

Millions of USD

Item	2017 ^a	2018 ^a	2019 ^a	2020 ^a	2021 ^a
A. Current Account	-1,485.5	-2,308.7	-1,340.2	-1,459.9	-2,465.8
Goods: exports f.o.b.	4,510.8	4,292.7	5,377.6	6,371.7	6,755.6
Traditional	1,021.8	667.5	817.7	808.1	627.9
Nontraditional	3,078.9	3,234.9	4,186.0	5,253.3	5,763.0
o/w Gold	1,541.1	1,541.9	2,215.1	2,957.5	2,743.1
Unrecorded trade	410.1	390.2	373.8	310.4	364.8
Goods: imports f.o.b.	-7,293.0	-8,519.7	-8,615.2	-7,831.7	-10,003.4
Balance on Goods	-2,782.3	-4,227.0	-3,237.6	-1,460.0	-3,247.7
Services: credit	3,831.9	4,014.7	4,281.0	2,183.8	3,152.3
Transport	1,137.4	1,222.1	1,350.1	1,281.7	1,415.7
Travel	2,250.3	2,449.4	2,604.5	714.5	1,402.5
Other	444.2	343.2	326.4	187.5	334.1
Services: debit	-2,001.4	-1,925.7	-1,788.4	-1,319.0	-1,717.7
Transport	-757.2	-609.5	-683.5	-607.0	-810.4
Travel	-807.3	-738.1	-651.1	-203.8	-238.9
Other	-436.9	-578.2	-453.9	-508.2	-668.3
Balance on Services	1,830.5	2,088.9	2,492.5	864.7	1,434.7
Balance on Goods and Services	-951.8	-2,138.0	-745.0	-595.2	-1,813.0
Primary Income: credit	125.3	155.9	212.4	111.2	103.2
o/w Investment income	86.1	108.5	150.4	97.7	80.2
Compensation of employees	39.3	47.4	62.1	13.5	23.0
Primary Income: debit	-1,061.0	-795.2	-1,226.2	-1,375.7	-1,321.3
o/w Direct investment income	-700.0	-439.0	-766.3	-913.3	-938.7
Interest payments	-306.1	-302.1	-398.3	-383.7	-295.5
Compensation of employees	-45.0	-37.6	-37.9	-34.9	-35.8
Balance on Primary Income	-935.7	-639.2	-1,013.7	-1,264.5	-1,218.0
Balance on Goods, Services and Primary Income	-1,887.4	-2,777.3	-1,758.7	-1,859.8	-3,031.1
Secondary Income: credit	485.2	535.8	474.9	452.6	650.7
Government	121.8	170.3	103.5	139.9	104.4
Financial corporations, nonfinancial corporations, households and NPISHs	363.4	365.5	371.4	312.7	546.3
o/w Personal transfers	363.4	365.5	371.4	312.7	546.3
Secondary Income: debit	-83.2	-67.3	-56.4	-52.7	-85.4
Balance on Secondary Income	402.0	468.5	418.5	399.9	565.3
B. Capital Account	376.8	464.1	481.2	385.8	417.9
Capital transfers credit	376.8	464.1	481.2	385.8	417.9
General Government	313.6	400.3	416.8	311.9	352.6
Other Capital Transfer (Investment grant)	287.8	394.3	416.8	297.6	341.2
Debt forgiveness (including MDRt)	25.8	6.0	0.0	14.3	11.4
Financial corporations, nonfinancial corporations, households and NPISHs	63.2	63.8	64.4	73.9	65.3
Capital transfers:debit	0.0	0.0	0.0	0.0	0.0
Total, Groups A plus B	-1,108.7	-1,844.7	-859.0	-1,074.1	-2,048.0
C. Financial Account, excl. reserves and related items	2,147.7	1,621.2	2,505.8	884.0	2,965.0
Direct investments	-937.7	-871.6	-1,217.2	-943.8	-1,032.9
Direct investment abroad	0.0	0.0	0.0	0.0	0.0
Direct investment in Tanzania	937.7	871.6	1,217.2	943.8	1,032.9
Portfolio investment	2.9	-3.7	36.8	-2.1	-7.7
Other investment	1,207.0	653.3	1,251.8	-57.7	1,939.8
Assets	117.8	-149.8	-31.8	-24.4	-55.7
Loans (Deposit-taking corporations, except the central bank)	34.5	-35.2	-60.8	-167.3	71.6
Currency and deposits	83.4	-114.5	34.9	145.2	-126.9
Deposit-taking corporations, except the central bank	4.9	-206.9	-32.4	-34.0	-197.9
Other sectors	78.5	92.4	67.3	179.2	71.0
Other assets	-0.1	0.0	-5.9	-2.3	-0.3
Liabilities	1,069.2	803.1	1,283.6	-33.3	1,995.5
Trade credits	9.7	21.4	-8.9	10.1	-1.7
Loans	1,096.6	744.2	1,317.3	-15.3	1,988.7
Monetary Authority	0.0	0.0	0.0	0.0	543.0
SDR allocation	0.0	0.0	0.0	0.0	543.0
General government	699.7	408.5	1,323.4	-75.0	1,771.5
Drawings	1,094.7	1,115.0	2,087.4	911.1	2,762.7
Repayments	-395.0	-706.5	-784.0	-986.1	-991.3
o/w Debt forgiveness	-25.8	-6.0	0.0	0.0	0.0
Deposit-taking corporations, except the central bank	176.1	-32.2	88.2	37.2	-10.7
Other sectors	220.8	367.9	-94.3	22.4	227.9
Drawings	318.9	467.6	365.2	281.8	387.1
Repayments	-98.1	-99.7	-459.5	-259.4	-159.2
Currency and deposits	-17.1	37.6	-24.7	-28.1	8.5
Total, Groups A through C	1,038.9	-223.5	1,646.8	-190.1	917.0
D. Net Errors and Omissions	630.7	-560.6	-1,059.8	-574.8	935.1
Overall balance (Total, Groups A through D)	1,669.6	-784.0	587.0	-764.9	1,852.1
E. Reserves and Related Items	-1,669.6	784.0	-587.0	764.9	-1,852.1
Reserve assets	-1,598.7	871.9	-525.0	790.1	-1,840.2
Use of Fund credit and loans	-70.9	-87.9	-62.0	-25.2	-11.9
Memorandum items					
GDP(mp) billions of TZS	118,744.5	129,043.9	139,641.9	151,166.4	161,525.8
GDP(mp) millions of USD	53,275.9	57,003.7	61,026.7	65,892.2	70,298.0
CAB/GDP	-2.8	-4.1	-2.2	-2.2	-3.5
Gross Official Reserves	5,900.3	5,044.6	5,567.6	4,767.7	6,386.0
Months of Imports(Excluding FDI related imports)	6.8	5.8	7.3	4.9	5.4

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

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



Table A10: Zanzibar: Goods Exports by Major Category

Export category	Units	July - December		Percentage change
		2021	2022 ^p	
Traditional exports				
Clove				
Value	USD ('000')	50,374.2	39,177.0	-22.2
Volume	000 Tonnes	6.8	4.8	-29.0
Unit price	USD/Tonne	7,435.1	8,148.4	9.6
Non-traditional exports				
Seaweeds				
Value	USD ('000')	2,891.5	2,899.4	0.3
Volume	000 Tonnes	7.2	5.2	-27.3
Unit price	USD/Tonne	401.8	553.9	37.9
Manufactured goods	USD ('000')	3,566.6	3,139.5	-12.0
Fish and fish products	USD ('000')	956.3	965.8	1.0
Others exports	USD ('000')	3,961.6	3,575.3	-9.8
Sub-total	USD ('000')	11,376.1	10,580.0	-7.0
Grand-total	USD ('000')	61,750.3	49,757.0	-19.4

Source: Tanzania Revenue Authority and Bank of Tanzania computations

Note: Other exports include mainly souvenirs and spices; and p denotes provisional data

Table A11: Zanzibar: Imports by Major Category

Millions of USD

Import Category	July - December		Percentage change
	2021	2022 ^p	
Capital goods	14.7	49.3	235.1
Transport equipment	2.9	10.9	279.9
Building and construction	6.8	17.1	153.4
Machinery	5.1	21.2	318.7
Intermediate goods	140.5	147.5	5.0
Oil imports	44.9	114.6	155.3
Industrial raw materials	95.6	32.9	-65.6
Consumer goods	23.7	60.9	156.8
Food and food stuffs	5.9	23.8	299.4
All other consumer goods	17.7	37.1	109.0
Grand total (c.i.f)	196.6	283.2	44.0
Grand total (f.o.b)	178.9	257.7	44.0

Source: Tanzania Revenue Authority and Bank of Tanzania

Note: c.i.f denotes cost insurance and freight; f.o.b, free on board; and p, 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.



Nominal Effective Exchange Rate (NEER)

NEER is a measure of the value of a currency against a weighted average of several foreign currencies.

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.

Real Effective Exchange Rate (REER)

REER is the weighted average of a country's currency in relation to an index or basket of other major currencies adjusted to inflation.



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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