



**BANK OF TANZANIA**



**MONTHLY  
ECONOMIC  
REVIEW**

April 2008



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# 1.0 Inflation Developments

**Annual headline inflation** increased slightly to 9.0 percent in March 2008, from 8.9 percent recorded in the previous month. The rise in inflation rate is mainly explained by the acceleration of non-food inflation as food inflation went down slightly (Table 1.1 and Chart 1.1). Similarly, the 12-months annual headline inflation rate averaged 7.5 percent in March 2008 compared to 7.1 in the corresponding period (April 2006 to March 2007). However, on month-to-month basis, the inflation rate declined to 0.9 percent in March 2008 from 1.4 percent recorded in February 2008, mainly on account of a decline in food inflation. Excluding seasonal influences, the month-to-month headline inflation decelerated to 1.1 percent in March 2008 compared to 1.3 percent recorded in February 2008, implying that the month-to-month decrease was not due to seasonal influences.

**Annual food inflation** declined slightly in March 2008 to 11.2 percent, from 11.4 percent recorded in the year ended February 2008. However, the 12-months annual food inflation rate averaged 8.2 percent in March 2008 compared to 6.5 in the corresponding period (April 2006 to March 2007). The month-to-month food prices declined to 0.9 percent in March 2008 from 1.9 percent in February 2008.

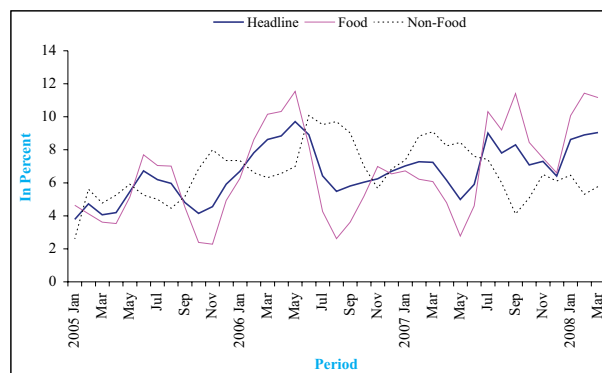
**Annual non-food inflation** escalated from 5.3 percent recorded in February 2008 to 5.8 percent during the period ending March 2008, due to increase in average prices of some non-food items, especially drinks and tobacco, fuel, power and water subgroup and transportation subgroups. However, the 12-months annual non-food inflation rate averaged 6.4 percent in March 2008 compared to 8.1 in the corresponding period (April 2006 to March 2007). The month-to-month non-food inflation went up between February and March 2008, rising to 0.7 percent, from 0.6 percent in February reflecting increase in average prices of items like petrol, diesel, fuel (charcoal and kerosene), beverages, clothing and footwear.

**Table 1.1: Annual Percentage Change in Consumer Price Index (All-Urban)**

Major Commodity Group	Weight (%)	2006			2007			2008		
		Jan	Feb	Mar	Jan	Feb	Mar	Jan	Feb	Mar
<b>Headline/Overall</b>	<b>100.0</b>	<b>6.7</b>	<b>7.8</b>	<b>8.6</b>	<b>7.0</b>	<b>7.3</b>	<b>7.2</b>	<b>8.6</b>	<b>8.9</b>	<b>9.0</b>
<b>Food</b>	<b>55.9</b>	<b>6.3</b>	<b>8.6</b>	<b>10.2</b>	<b>6.7</b>	<b>6.2</b>	<b>6.1</b>	<b>10.1</b>	<b>11.4</b>	<b>11.2</b>
<b>Non-food</b>	<b>44.1</b>	<b>7.3</b>	<b>6.6</b>	<b>6.3</b>	<b>7.4</b>	<b>8.8</b>	<b>9.1</b>	<b>6.5</b>	<b>5.3</b>	<b>5.8</b>
Transportation	9.7	6.7	8.3	7.6	8.8	9.8	9.1	5.7	4.9	6.0
Fuel, Power and Water	8.5	9.0	6.6	6.4	4.8	9.6	9.3	10.1	6.8	8.3
Drinks and Tobacco	6.9	4.6	5.2	6.9	11.9	11.2	11.8	10.4	10.2	9.1
Clothing & Footwear	6.4	9.6	7.8	6.5	6.1	6.3	7.2	1.1	0.3	1.0
Education	2.6	1.3	-0.5	0.0	10.0	11.8	13.0	5.6	5.6	5.6
Furniture & Household Equip.	2.1	4.1	4.5	5.4	10.3	11.0	10.4	4.9	4.1	4.9
H/h Operations Maintenance	2.1	-0.5	-1.3	-1.3	9.6	10.8	11.1	3.6	2.9	2.9
Personal Care & Health	2.1	19.3	18.2	13.4	2.0	0.9	3.4	3.7	3.4	3.1
Rents	1.4	16.6	5.0	4.5	4.9	6.0	5.8	2.4	2.4	1.7
Recreation & Entertainment	0.8	4.5	5.9	4.3	5.6	7.5	9.2	5.9	4.0	3.5
Misc. Goods & Services	1.5	8.7	10.7	8.7	-1.8	-0.4	1.6	2.1	1.8	1.0

Note: 1) Base 2001=100 2006 (2) Base Dec 2001=100 from January 2006.  
3) Revised data  
Source: National Bureau of Statistics (NBS)

**Chart 1.1: Annual Headline, Food, and Non-food inflation**



## Food Supply Situation

Food supply situation was generally satisfactory throughout the country in March 2008, despite the reported deficit of 31,937.73 tones in various regions and districts. Food shortage in some areas has been attributed to various reasons, ranging from natural calamities such as drought, floods, rodents and wild animals destructions. The Prime Minister's Office purchased a total of 1,287.4 tones of maize and sorghum from SGR stock to distribute to deficit while World Food Program (WFP) purchase was 7,597 tones and private traders purchased 23,153.3 tones to cover food shortage areas around the country. The Government has also allowed importation of up to 300,000 tons of maize duty free for a period January - May 2008 to mitigate food shortage in the country. However, up to end of March 2008 only 6,500 tons of maize has been imported under the program.

The wholesale prices of selected food crops increased significantly in March 2008 when compared with the same period last year (Table 1.2). However, on month to month basis, all selected food items had recorded decrease in prices



with the exception of rice in March 2008 when compared with the preceding month apparently, mainly due to some areas have now started early harvesting.

**Table 1.2: National average Wholesale Prices for Selected Food Items**

*TZS per 100 kg*

Item	2007	2008		Percentage change	
	Mar	Mar	Feb	Mar 07 to Mar 08	Mar 08 to Feb 08
Maize	18,572	35,678	36,293	92.1	-1.7
Rice	71,104	86,902	78,988	22.2	10.0
Beans	56,822	86,200	95,762	51.7	-10.0
Sorghum	26,636	36,134	38,556	35.6	-6.3
Potatoes	35,265	36,604	42,317	3.8	-13.5

Source: Ministry of Industry, Trade and Marketing

## The Strategic Grain Reserves (SGR)

By the end of March 2008, the SGR stock decreased by 11.1 percent tons from 133,898 recorded in February 2008 tons to 119,022 tons, while on annual basis the stock decreased by 1.7 percent from 121,046 tons recorded in March 2007 (Table 1.3). The decrease in stock was attributed by the sell of 31,938.7 tones of maize and sorghum to the WFP, the Prime ministers office and private traders to offset food deficit.

**Table 1.3: Strategic Grain Reserve (SGR) Stock**

*Tons*

Period	2003	2004	2005	2006	2007	2008	% Change 2007-2008
January	59,961	35,342	119,924	76,813	112,343	139,765	24.4
February	59,493	23,791	116,383	43,593	117,838	133,898	13.6
March	58,976	22,903	114,760	8,055	121,046	119,022	-1.7
April	54,118	32,387	115,262	3,165	125,509		
May	52,857	31,732	113,823	6,210	128,350		
June	51,060	37,091	112,823	15,560	128,804		
July	50,661	39,195	112,323	13,811	129,306		
August	52,681	45,988	112,067	28,440	125,653		
September	61,364	67,685	111,971	80,248	131,937		
October	59,379	92,710	111,695	87,461	143,717		
November	52,054	108,448	106,428	100,828	142,624		
December	41,649	114,030	93,051	110,203	142,044		

Source: Food Security Department and BOT computation.

## 2.0 Monetary and Financial Developments

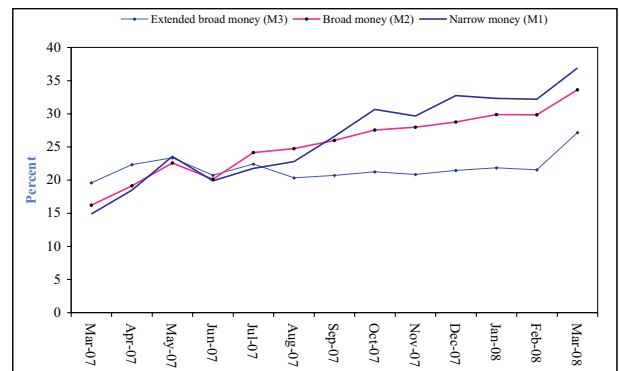
### Money Supply

The annual pace of monetary expansion in March 2008 was relatively higher than the growth rates recorded in the preceding month. Extended broad money supply (M3) grew by 27.1 percent in the year to March 2008, compared with

21.5 percent in the year to February 2008 as shown in **Chart 2.1 and Table 2.1**. The expansion in M3 was well above the program target of 23.7 percent for March 2008. Similarly broad money supply (M2) which excludes foreign currency deposits grew at 33.6 percent in the year to March 2008, compared with 29.8 percent in February 2008.

The expansion in money supply resulted from increased net foreign assets (NFA) and net domestic assets (NDA) of the banking system. NFA of the banking system grew by 17.1 percent in the year to March 2008, compared with 3.8 percent increase in the year to February 2008 and 12.5 percent in the similar period in 2007, reflecting increased NFA of the Bank of Tanzania on account of balance of payments related inflows. NDA of the banking system grew by 34.7 percent in the year to March 2008, compared with 24.7 percent growth in a similar period in 2007. The increase in NDA mainly reflected increased private sector credit.

**Chart 2.1: Annual Growth Rates of Monetary Aggregates**



Source: Bank of Tanzania

On month to month basis, M3 increased by TZS 244 billion between February and March 2008, whereas M2 registered a monthly increase of TZS 108 billion. The NFA of the banking system increased by TZS 313.4 billion, while the NDA registered a monthly decrease of TZS 69.4 billion.

From the uses side, analysis of money supply components showed that most of the increase in money supply occurred in foreign currency deposits, followed by demand and time deposits as well as currency in circulation, while on contrary, the savings deposits contracted by TZS 3.8 billion (Table 2.1).



**Table 2.1: Selected Money Supply Components**

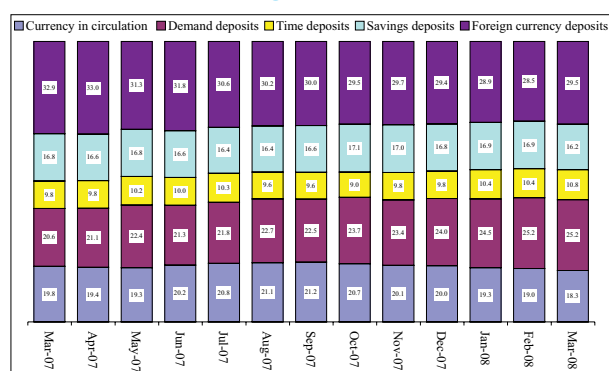
Billions of TZS

Item	2007		2008		Change		Annual Growth Rates (%)			
	Feb	Mar	Feb	Mar	Monthly	Annual	2007		2008	
							Feb	Mar	Feb	Mar
<b>Extended broad money supply (M3)</b>	<b>4,940.1</b>	<b>4,914.0</b>	<b>6,003.6</b>	<b>6,247.6</b>	<b>244.0</b>	<b>1,333.6</b>	<b>21.3</b>	<b>19.6</b>	<b>21.5</b>	<b>27.1</b>
Broad money supply (M2)	3,308.3	3,295.3	4,294.9	4,402.9	108.0	1,107.6	17.7	16.2	29.8	33.6
Currency in circulation (CC)	967.3	972.3	1,140.6	1,143.1	2.5	170.8	21.3	20.5	17.9	17.6
Demand deposits (DD)	1,041.1	1,013.9	1,514.3	1,575.7	61.3	561.8	13.2	10.0	45.5	55.4
Time deposits (TD)	483.3	481.4	624.6	672.6	48.0	191.2	8.2	8.3	29.2	39.7
Savings deposits (SD)	816.5	827.7	1,015.3	1,011.5	-3.8	183.8	26.4	24.9	24.3	22.2
Foreign currency deposits (FCD)	1,631.9	1,618.7	1,708.7	1,844.7	136.0	226.0	29.1	27.2	4.7	14.0
<i>FCD in million of USD</i>	1,291.7	1,303.4	1,456.4	1,491.5	35.1	188.1	21.2	25.3	12.8	14.4
Total deposits in the commercial banks	4,244.3	4,224.0	5,187.6	5,443.6	256.0	1,219.6	23.2	21.0	22.2	28.9
Private sector	3,972.8	3,941.7	4,863.0	5,104.5	241.6	1,162.8	21.3	19.4	22.4	29.5
Government	271.5	282.3	324.7	339.1	14.4	56.8	61.1	50.4	19.6	20.1
<b>Net foreign assets of the banking system</b>	<b>3,447.3</b>	<b>3,321.5</b>	<b>3,577.4</b>	<b>3,890.9</b>	<b>313.4</b>	<b>569.3</b>	<b>20.2</b>	<b>12.5</b>	<b>3.8</b>	<b>17.1</b>
Bank of Tanzania	2,388.5	2,320.5	3,060.4	3,224.9	164.5	904.4	13.2	6.2	28.1	39.0
Commercial banks	1,058.9	1,001.0	517.0	666.0	149.0	-335.0	39.6	30.3	-51.2	-33.5
<b>Net domestic assets of the banking system</b>	<b>2,102.0</b>	<b>2,201.7</b>	<b>3,035.4</b>	<b>2,965.9</b>	<b>-69.4</b>	<b>764.2</b>	<b>15.8</b>	<b>24.7</b>	<b>44.4</b>	<b>34.7</b>
Domestic credit	2,259.1	2,278.5	2,961.7	3,238.1	276.4	959.5	8.9	7.4	31.1	42.1
Net claims on government by the banking system	180.0	144.6	-41.2	128.6	169.8	-16.1	-69.7	-75.5	-122.9	-11.1
<i>Source: Claims on government by the banking system</i>	1,582.3	1,650.6	1,970.7	2,125.6	154.9	474.9	45.1	45.3	24.5	28.8
Government deposits in the banking system	1,402.4	1,506.0	2,011.9	1,997.0	-14.9	491.0	182.9	176.0	43.5	32.6
Claims on private sector	2,079.1	2,133.9	3,002.9	3,109.5	106.6	975.6	40.4	39.3	44.4	45.7

Source: Bank of Tanzania

The share of money supply components in money supply remained broadly the same, with foreign currency deposits taking the lead. The foreign currency deposits accounted for 29.5 percent of M3, compared with 28.5 percent in February 2008, while the share of demand deposits and savings deposits in M3 remained broadly unchanged at 25.2 percent and 16.2 percent respectively. The ratio of currency in circulation and time deposits to money supply stood at 18.3 percent and 10.8 percent respectively (Chart 2.2).

**Chart 2.2: Components of Money Supply as Percentage of M3**



to 42.1 percent in the year to March 2008. The increase in domestic credit resulted from vibrant performance in commercial banks' credit to private sector which grew by 45.7 percent, compared with 44.4 percent in February 2008 and 39.3 percent in the corresponding period in 2007. By the end of March 2008, the outstanding stock of private sector credit stood at TZS 3,109.5 billion, compared with TZS 2,133.9 billion registered in March 2007. On monthly basis, loan amounting TZS 106.6 billion was extended to the private sector in March 2008, compared with TZS 55.4 billion provided in the preceding month. The main beneficiaries of commercial banks' credit were private households (18.6 percent), trade related activities (17.3 percent), manufacturing (17.2 percent), transportation and communication (8.6 percent) and agriculture (8.2 percent).

During March 2008, the share of credit to private sector to deposits liabilities of banks, which also measures the level of intermediation, stood at 61 percent. At the same time, credit to the government through government securities declined partially to 31.4 percent of the total deposit liabilities from 32.6 percent realized in February. Meanwhile, the share of private sector credit to total money supply remained broadly unchanged at 50 percent (Chart 2.3).

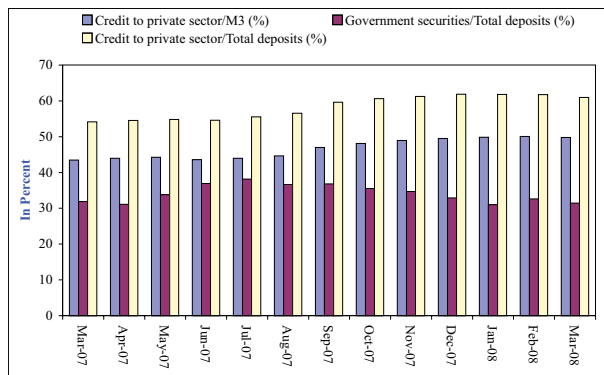
## Credit Developments

### Domestic Credit

Growth in banking system credit to the domestic economy increased from 31.1 percent in the year to February 2008



**Chart 2.3: Commercial Banks Intermediation**



Source: Bank of Tanzania

## Interest Rates

Recent developments in the Treasury bills market have influenced the pattern of interest rates on deposits and loans. The overall weighted average treasury bills rate declined steadily from 17.1 percent in June 2007 to 8.4 percent in February 2008. In March 2008, the rate went down further to 7.4 percent, far below the overall lending rate. Likewise, the inter-bank cash market rate dropped from a peak of 18.9 percent in October 2007 to 4.2 percent in March 2008. The average savings deposits stabilized at 2.6 percent for a long time while the overall time deposits rate and 12-months deposits rate responded to the Treasury bills market by declining slightly to 8.0 percent and 9.4 percent respectively, from 8.2 percent and 10.0 percent recorded in February 2008.

While the overall lending rate stabilized at 15.0 percent, lending rate for loans of up to one year dropped to 13.6 percent, from 14.2 percent registered in February 2008 in line with the developments in Treasury bills markets. The interest rate spread (measured by the difference between 12-months deposits rate and one-year lending rate) remained broadly unchanged at 4.2 percentage points in March 2008 (Table 2.2).

**Table 2.2: Interest Rate Structure**

Item	2007						2008		
	Mar	Jun	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Overall interbank cash market rate	7.59	7.24	12.27	18.92	9.67	5.83	6.74	4.81	4.24
Savings deposit rate	2.62	2.59	2.62	2.59	2.63	2.65	2.66	2.64	2.64
12-months time deposits rate	9.17	9.25	9.64	10.22	9.85	10.08	10.10	9.97	9.41
Negotiated deposit rate	7.10	8.65	9.83	10.61	10.96	11.04	10.72	10.52	10.29
Overall time deposits rate	7.69	7.83	8.21	8.24	8.15	8.28	8.17	8.23	8.04
Overall lending rate	16.35	15.82	15.95	15.78	15.94	15.25	15.24	15.08	15.09
Short term lending rate up to one year	14.94	13.95	14.06	13.85	14.06	14.70	13.96	14.19	13.57
Negotiated lending rate	11.74	12.20	11.91	11.89	11.68	11.98	11.50	11.76	11.82
Overall weighted average treasury bills rate	15.99	17.07	15.59	16.42	12.45	11.40	10.89	8.37	7.39
364 days treasury bills rate	17.15	18.39	16.98	17.86	13.68	12.95	12.80	9.82	9.40
Spread between 12-months time deposits rate and 1-year lending rate	5.77	4.70	4.43	3.63	4.21	4.62	3.85	4.22	4.16

Source: Bank of Tanzania

## Financial Markets Developments

### Treasury Bills Market

During the month under review, Treasury bills market recorded high demand to the level of TZS 357.9 billion against TZS 105.0 billion offered for sale. The registered demand was lower than the amount demanded in the preceding month by TZS 110.8 billion, partly due to low and declining return on investment in Treasury bills which reduced incentive for some commercial banks to trade in government securities. The Bank accepted Treasury bills worth TZS 200 billion, against TZS 202.1 billion that matured, as part of its continued efforts to control the level of liquidity in the economy by keeping it within the desired level. In line with high demand for Treasury bills during the month under review, the overall weighted average yield (WAY) declined consistently from the peak of 17.1 percent in June 2007 to 7.4 percent March 2008 (Table 2.3).

**Table 2.3: Treasury bills Performance**

Item	2007						2008		
	Mar	Jun	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Supply	240.0	260.0	215.5	200.0	205.0	214.5	169.0	159.0	105.0
Demand	258.5	490.3	191.5	235.9	523.7	244.8	411.2	468.7	357.9
Sale (Face Value)	207.3	308.0	180.9	149.6	200.6	180.1	171.0	199.1	199.9
Sale (Cost Value)	187.1	270.8	166.3	135.5	186.8	167.1	160.3	188.9	191.0
Redemption	192.4	160.8	119.6	126.6	242.2	274.5	226.7	163.8	202.1
Yield (%)	15.99	17.07	15.59	16.42	12.45	11.40	10.89	8.37	7.39

Source: Bank of Tanzania

### Treasury Bonds Markets

In the Treasury bonds market, the Bank of Tanzania floated 5-year Treasury bond amounting to TZS 21.4 billion. Demand stood at TZS 39.4 billion being higher than the amount for the preceding month by TZS 11.3 billion. Owing to existence of some outlier bids, the Bank accepted bids worth TZS 21.4 billion – same as the amount offered in the market. The weighted average yield on 5-year Treasury bonds dropped to





14.5 percent, from 16.8 percent in January 2008, being in line with growing excess demand for bonds (Table 2.4).

**Table 2.4: Treasury Bonds Performance**

Item	2007						2008		
	Mar	Jun	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Supply	16.0	20.0	20.0	20.0	20.0	20.0	15.0	23.2	21.4
Demand	34.8	70.5	56.2	49.3	65.7	21.7	23.0	28.2	39.4
Sale (Face Value)	25.3	38.3	33.6	18.0	21.7	17.1	15.0	23.2	21.4
Sale (Cost Value)	20.6	30.2	25.6	14.7	16.5	13.5	11.2	16.6	17.8
Redemption	0.0	0.0	65.9	0.0	0.0	0.0	52.7	0.0	0.0
Yield (%)									
2-year	19.23	18.25	20.07	17.29	14.99	14.97	14.97	14.97	14.97
5-year	16.21	18.37	20.54	18.69	17.60	17.60	16.81	16.81	14.49
7-year	20.69	18.58	19.25	18.80	17.90	18.15	18.15	17.18	17.18
10-year	18.51	17.48	19.92	20.28	17.87	17.68	17.68	17.68	17.68

Source: Bank of Tanzania

## Repurchase Agreements

During the month under review the Bank conducted 7 to 14 days repurchase agreements (repos) with commercial banks worth TZS 573.7 billion to supplement sale of government securities in controlling the level of liquidity in the economy. During the same period, repo amounting to TZS 651.7 billion was redeemed. The overall repo rate ranged between 3.4 percent and 4.8 percent in March 2008, lower than the range of 4.2 percent to 5.0 percent in February 2008.

## Inter-bank Cash Market

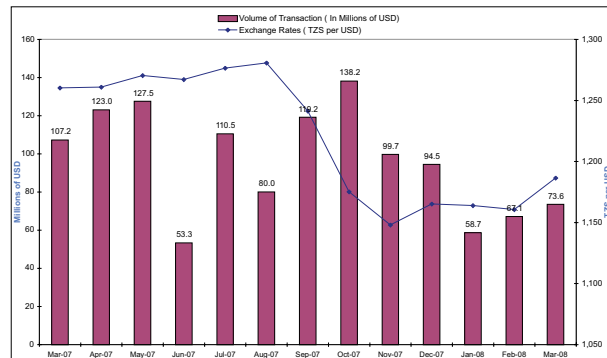
The volume of transactions in the inter-bank cash market increased to TZS 224.0 billion in March 2008, from TZS 176.8 billion recorded in the preceding month, reflecting tight liquidity condition in the banking system. Following high demand for cash, the overall interbank cash market rate dropped to an average of 4.2 percent in March 2008, from 4.8 percent in February 2008 and 7.6 percent in March 2007. Overnight placements amounted to TZS 169.4 billion (equivalent to 76 percent of total transactions), while the overnight rates fell slightly to an average of 4.5 percent in March 2008, from 4.6 percent in the preceding month.

## Transactions in Inter-Bank Foreign Exchange Market

In March 2008, the volume of transactions traded in the Inter-Bank Foreign Exchange Market (IFEM) recorded an increase of 9.7 percent to USD 73.6 million following a rise in foreign exchange demand for corporate financing (Table 2.5).

In order to meet the demand, the Bank of Tanzania supplied the market with USD 33.6 million on net basis, whereas non-banks sold USD 7.0 million and commercial banks purchased USD 40.6 million. As the result, the weighted average exchange rate depreciated slightly to TZS 1,186.5 per USD in March 2008 from TZS 1,160.5 per USD recorded in February 2008 (Chart 2.4).

**Chart 2.4: Inter-bank Exchange Rate Movement and Volume of Transactions**



## Transactions in Bureaux de Change System

The volume of transactions conducted by Bureau de Change system recorded a small increase to USD 73.7 million compared to volume of transactions recorded in the previous period. The average buying and selling rates depreciated slightly to TZS 1,211.0 per USD and TZS 1,225.0 per USD, respectively (Table 2.5).

**Table 2.5: Inter-Bank Foreign Exchange Market Developments**

Item	2008		2007 Mar	% Change		Year Ending Mar		
	Feb	Mar		Feb 08 to Mar 08	Mar 07 to Mar 08	2007	2008	% Change
<b>IFEM</b>								
Amount offered*	67.08	73.56	107.18	9.66	-31.36	1,167.07	1,151.03	-1.37
Amount sold*	67.08	73.56	107.18	9.66	-31.36	1,167.07	1,151.03	-1.37
Exchange rate**	1,160.54	1,186.48	1,260.22	2.24	-5.85	1,270.97	1,216.40	-4.29
<b>BUREAU DE CHANGE</b>								
Sales*	36.43	37.15	37.10	1.98	0.13	368.54	426.08	15.61
Purchases*	36.55	36.56	37.21	0.03	-1.75	370.27	426.46	15.18
Volume of Transactions*	72.99	73.71	74.31	0.99	-0.81	738.81	852.54	15.39
Buying rate**	1,162.00	1,211.00	1,257.00	4.22	-3.66	1,263.00	1,218.75	-3.50
Selling rate**	1,188.00	1,225.00	1,277.00	3.11	-4.07	1,284.67	1,241.97	-3.32

Source: Bank of Tanzania

Note: \* Millions of USD \*\* Tanzania shillings (TZS) per US dollar



## 3.0 Government Budgetary Operations

The overall financial position of the central government for the month of March was rather mixed. There were lower than expected tax revenue collections compared to more than the envisaged government expenditure.

### Revenue Performance

Total revenue collected by Government during the month of March 2008 was TZS 329.3 billion against the target of TZS 344.6 billion. The lower than expected collections on tax revenue are attributed to the decline of total volume and value of domestic consumable imports such as petroleum products. Increase in prices in the International Oil markets, failure by Marketing companies to import oil according to plan and switch to alternative source of electrical power generation by companies such as TANESCO, IPTL and other manufacturing industries has also contributed to the reduction of the quantity of imported petroleum products. Despite the decline in tax revenue resulted from a decline in consumable imports the strengthening of the shilling, Income tax was above the target by 14.6 percent. In addition to domestic revenue collected in March, the government received grants amounting to TZS 31.4 billion - thus, available resources for the month amounted to TZS 360.7 billion.

### Government Expenditure

Total operating and development expenditure of the Government during the month under review stood at TZS 399.2 billion. Development projects utilized TZS 169.3 billion, while TZS 229.9 billion was used to cover recurrent expenses.

### Overall Budget Position

Overall performance of the budgetary operations in the period under review deteriorated slightly compared with the previous month, following a lower than expected performance in revenue collection. Government budgetary operations recorded an overall deficit of TZS 137.7 billion compared to

that of the previous period of 119.1 billion. In line with the fiscal plan, the government financed the deficit by borrowing from foreign sources to the tune of TZS 100.4 billion and by drawing down TZS 37.3 billion from its savings in the banking system.

## 4.0 External Sector Performance

### Current Account Balance

During March 2008, the current account balance narrowed to a deficit of USD 247.6 million from a deficit of USD 252.2 million recorded in February 2008. The development is mainly on account of a decrease in imports of goods and services. Conversely, during the year ending March 2008, the current account deficit widened to USD 1,978.4 million from a deficit of USD 1,597.5 million recorded in 2007 following a surge in imports that could not be matched with the corresponding increase in exports, while imports of goods and services increased by 12.9 percent, exports grew by 7.9 percent (Table 4.1).

**Table 4.1: Current Account Balance**

*Millions of USD*

Item	March		2008 <sup>P</sup>		Year Ending March		% Change
	2006	2007	Feb	Mar	2007 <sup>P</sup>	2008 <sup>P</sup>	
<b>Goods Account (net)</b>	<b>106.2</b>	<b>37.5</b>	<b>103.8</b>	<b>76.8</b>	<b>877.2</b>	<b>895.3</b>	<b>2.1</b>
Exports	106.2	118.0	179.6	149.6	1,549.2	1,660.9	7.2
Imports	0.0	80.6	75.8	72.8	672.0	765.6	13.9
<b>Services Account (net)</b>	<b>33.2</b>	<b>-118.5</b>	<b>-129.1</b>	<b>-123.9</b>	<b>-1,302.2</b>	<b>-1,523.2</b>	<b>17.0</b>
Receipts	122.5	26.1	7.6	7.5	280.9	172.9	-38.5
Payments	89.3	144.6	136.8	131.4	1,583.1	1,696.1	7.1
<b>Goods and services (net)</b>	<b>139.4</b>	<b>-81.1</b>	<b>-25.4</b>	<b>-47.1</b>	<b>-425.0</b>	<b>-627.9</b>	<b>47.7</b>
Exports of goods and services	228.7	144.2	187.2	157.1	1,830.1	1,833.8	0.2
Imports of goods and services	89.3	225.2	212.6	204.2	2,255.1	2,461.7	9.2
<b>Income Account (net)</b>	<b>-5.1</b>	<b>-8.9</b>	<b>-11.2</b>	<b>-11.1</b>	<b>-142.3</b>	<b>-168.4</b>	<b>18.4</b>
Receipts	6.4	-4.9	9.3	4.1	-103.0	-42.0	--
Payments	11.4	4.0	20.5	15.2	39.3	126.4	221.9
<b>Current Transfers (net)</b>	<b>14.2</b>	<b>1.8</b>	<b>2.7</b>	<b>2.0</b>	<b>25.8</b>	<b>24.9</b>	<b>-3.5</b>
Inflows	19.7	32.6	3.4	7.3	583.4	580.5	-0.5
o/w General Government	11.5	38.1	9.0	13.6	652.2	651.5	-0.1
Outflows	5.5	30.7	0.7	5.3	557.7	555.6	-0.4
<b>Current Account Balance</b>	<b>148.6</b>	<b>-88.1</b>	<b>-33.9</b>	<b>-56.1</b>	<b>-541.5</b>	<b>-771.4</b>	<b>42.4</b>

Note: -- = Very large number

P = Provisional

Totals may not add up due to rounding of numbers

Source: Bank of Tanzania

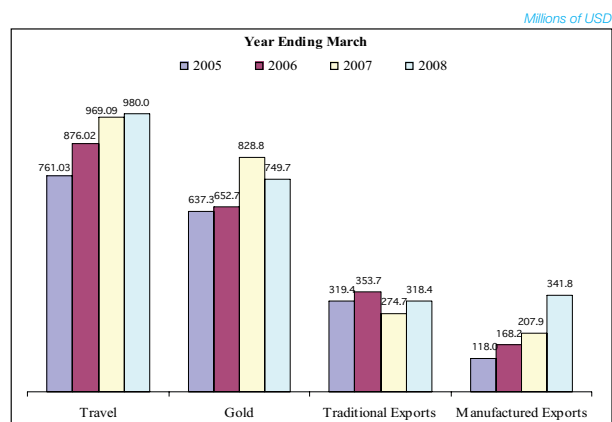
### Exports Performance

During the year ending March 2008, Tanzania exported goods and services worth USD 3,675.5 million, an increase of 7.9 percent from USD 3,407.0 million recorded in the corresponding period last year. As a share of total exports,



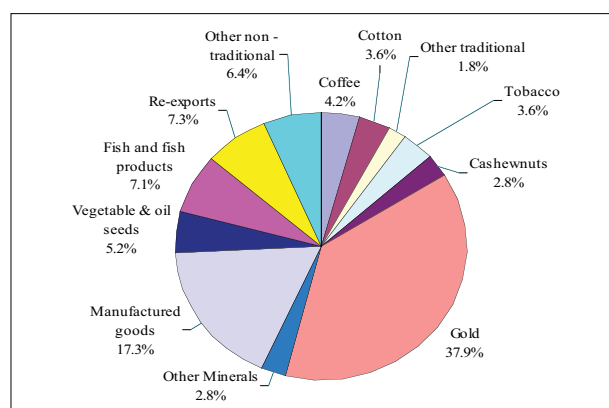
travel (tourism) and gold receipts continued to dominate the export sector accounting for 26.7 percent and 20.4 percent, respectively. **Chart 4.1** summarizes the performance of selected export items during the past four years.

**Chart 4.1: Contribution of Selected Items to Total Exports of Goods and Services**



Merchandise goods export increased by 8.5 percent to USD 1,979.4 million compared to USD 1,823.9 that was recorded in the year ending March 2007. This development is on account of the improved performance in both traditional and non-traditional exports. Gold continued to dominate by accounting for about 37.9 percent of merchandise exports followed by manufactured goods exports which accounted for about 17.3 percent **Chart 4.2**.

**Chart 4.2: Contribution of Selected Items to Total Exports of Goods**



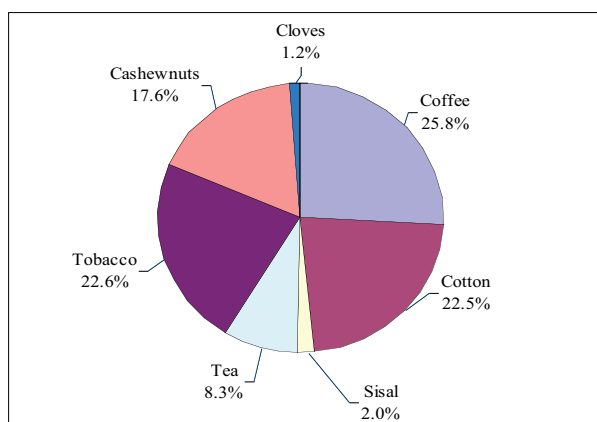
- Note:
1. Other non-traditional include horticultural products and other exports
  2. Other traditional exports include sisal, tea and cloves
  3. Other minerals include Tanzanite, rubies, sapphires, emeralds, copper, silver and other precious stones.
  4. Re-exports refers to goods that are imported and later exported to neighbouring countries. Major items in this category include wheat and refined petroleum products

## Traditional Exports

In March 2008, the value of traditional exports decreased by 40.0 percent to USD 22.2 million mainly on account of a decline in the export volume of coffee and cashewnuts that mainly signifies the end of the peak export season for most of the traditional crops. Regarding unit prices, most of the traditional crops with the exception of tea recorded increases in export unit prices consistent with movement of commodity prices in the world market.

During the year ending March 2008, traditional exports increased to USD 318.4 million from USD 274.7 million recorded in the corresponding period. The increase is largely attributed to a significant increase in export volumes of cotton and cashewnuts following favourable weather condition. Similarly, there was an increase in unit prices for most crops with exception of tea and tobacco. For example, unit price for cashewnuts increased by 45.8 percent to USD 723.6 per ton from USD 496.3 per ton recorded in the corresponding previous year **Chart 4.3**.

**Chart 4.3: Contribution to Total Traditional Exports for the Year Ending March 2008**



## Non-Traditional Exports

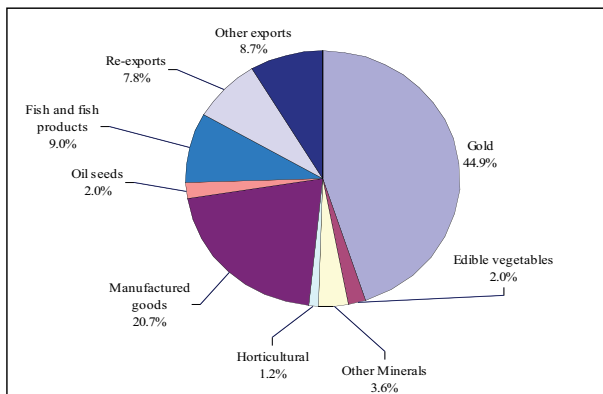
During the month under review, non-traditional exports went down by 16.7 percent to USD 179.6 million mainly on account of the decrease in exports of minerals, manufactured goods and re-export.

On annual basis, non-traditional exports increased by 7.2 percent to USD 1,660.9 million as most sub-categories of



non-traditional exports recorded increases. Much of the increase is attributed to the impressive performance of the manufactured goods export which rose by 64.4 percent to USD 341.8 million in line with the growth of manufacturing sector in the country. There was also an increase in other exports from USD 149.5 million during the year ending February 2008 to USD 209.5 million following a surge in exports of oil seeds and edible vegetables. On the other hand, gold exports which accounted for over 45 percent of non traditional exports decreased by 9.5 percent to USD 749.7 million following a decline in export volumes as gold prices in the world market continued to increase. **Chart 4.4** depicts the performance of non-traditional exports for the year ending March 2008.

**Chart 4.4: Contribution to Total Non-Traditional Exports for the Year Ending March 2008**



## Services Exports

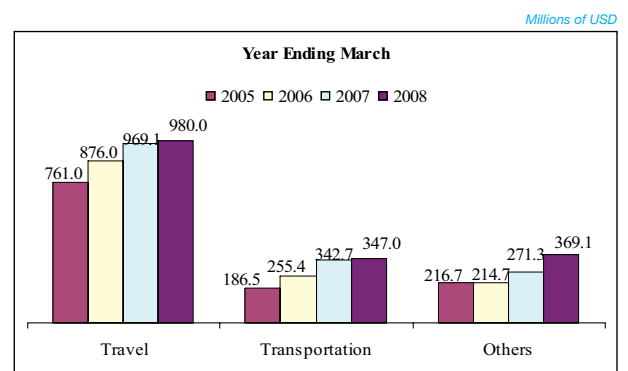
During March 2008, export of services went down by 3.9 percent to USD 131.4 million from USD 136.8 million recorded in the previous month, largely due to a notable decrease in transportation payments.

On annual basis, services receipts increased to USD 1,696.1 million from USD 1,583.1 million recorded in the corresponding period last year, following the significant increase in travel, insurance and other business services receipt. Travel (tourism) receipts increased to USD 980.0 million from USD 969.1 million recorded during the year ending February 2007 following the international recognition of Tanzania's magnificent tourist attractions. Other factors which contributed to positive development include the improved air access to Tanzania. For example Qatar Airways and Air Malev

are new airlines which fly directly from tourism source markets to Tanzania. There is also an improvement of accommodation facilities on both the mainland and Zanzibar Island. Looking ahead, there are prospects for further growth in tourism given efforts taken by the Government and other stakeholders in promoting Tanzania as the quality nature destination. It is worth noting that, in March 2008 Tanzania launched a new promotional campaign in London by showing Tanzania's main attractions in 100 town buses and at the Heathrow airport. However, in order to sustain good performance in tourism industry, promotion efforts have to go in tandem with further improvement of infrastructure such as upgrading of airports and roads leading to attraction areas.

Likewise, other business services receipts went up by 68.6 percent to USD 257.5 million in line with openness of the economy. Other business services include legal, accounting, consultancy, research and development and other technical and professional services. **Chart 4.5** depicts performance of the main services sector during the past four years, with travel (tourism) taking the lead.

**Chart 4.5: Service Receipts 2005 – 2008**



*Note: 'Other Services' include: Communication, Construction, Insurance, Financial, Computer Information, Government, Royalties, Personal and Other business services*

## Imports Performance

During the month under review, goods imports decreased by 10.4 percent to USD 438.4 million following the substantial decline in capital and consumer goods. Capital goods import decreased to USD 158.5 million from USD 194.7 million recorded in the previous month following the decline in importation of vehicles and railway equipment. Similarly, consumer goods went down by 16.1 percent to USD 93.1 million largely due to the decrease in importation of food and food stuffs (**Table 4.2**).



**Table 4.2: Imports**

Millions of USD

Item	2007 <sup>P</sup>	2008 <sup>P</sup>		% Change		Year Ending March <sup>P</sup>		
	Mar	Feb	Mar	Mar 07- Mar 08	Feb 08- Mar 08	2007	2008	% Change
<b>Capital Goods</b>	147.7	194.7	158.5	7.3	-18.6	1,514.1	1,727.3	14.1
Transport Equipments	30.9	62.7	50.9	64.5	-18.8	373.0	503.4	35.0
Building and Constructions	34.8	38.0	45.6	31.0	20.1	364.1	403.8	10.9
Machinery	82.0	94.0	62.0	-24.4	-34.0	777.0	820.1	5.6
<b>Intermediate Goods</b>	116.7	183.4	186.8	60.1	1.8	1,734.3	1,884.6	8.7
Oil imports	88.7	139.3	131.7	48.6	-5.5	1,276.4	1,378.0	8.0
Fertilizers	1.3	0.2	3.3	143.5	1,317.3	54.4	59.5	9.3
Industrial raw materials	26.7	43.9	51.8	94.3	18.1	403.4	447.1	10.8
<b>Consumer Goods</b>	106.5	111.0	93.1	-12.6	-16.1	934.4	1,057.2	13.1
Food and foodstuffs	25.9	35.2	20.3	-21.7	-42.3	262.4	291.6	11.1
All other consumer goods <sup>1</sup>	80.6	75.8	72.8	-9.7	-4.0	672.0	765.6	13.9
<b>Grand Total (f.o.b)</b>	<b>370.9</b>	<b>489.1</b>	<b>438.4</b>	<b>18.2</b>	<b>-10.4</b>	<b>4,182.8</b>	<b>4,669.1</b>	<b>11.6</b>
<b>Grand Total (c.i.f)</b>	<b>407.6</b>	<b>537.4</b>	<b>481.7</b>	<b>18.2</b>	<b>-10.4</b>	<b>4,596.5</b>	<b>5,130.9</b>	<b>11.6</b>

Note:  
Oil imports refers to refined petroleum products  
P = provisional data  
1 It includes pharmaceutical products, paper products, plastic items, optical/photographic materials, textile apparels.  
Totals may not add up due to rounding of numbers  
Source: Bank of Tanzania and Tanzania Revenue Authority

## Food Imports

In March 2008, cereals which account for over 70 percent of food imports decreased to USD 20.0 million from USD 32.4 million recorded in the previous month. Much of the decline resulted from the decrease in importation of wheat to 38,326 tons compared to 76,889.57 tons imported in the previous month. It is worthy noting that part of the imported wheat is re-exported to the neighbouring countries like Democratic Republic of Congo, Rwanda and Burundi. **Table 4.3** summarizes the trend of selected cereal imports during the last four months beginning December 2007.

**Table 4.3: Summary of Food Imports**

Crop	2007	2008			% Change Feb 08 – Mar 08
	Dec	Jan	Feb	Mar	
<b>Maize</b>					
Tons	2,234.2	2,953.1	1,680.0	259.3	-84.6
Value (Mill. USD)	0.14	0.19	0.25	0.09	-62.20
<b>Rice</b>					
Tons	4,038.1	351.6	1,464.0	9,092.4	521.1
Value (Mill. USD)	0.30	0.04	0.19	1.41	640.31
<b>Wheat</b>					
Tons	87,669.6	35,350.0	76,890.0	38,326.0	-50.2
Value (Mill. USD)	30.94	13.31	31.97	18.54	-42.00
<b>Total Tons</b>	<b>93,941.9</b>	<b>38,654.7</b>	<b>80,034.0</b>	<b>47,677.6</b>	<b>-40.4</b>
<b>Total Value (Mill. USD)</b>	<b>31.38</b>	<b>13.54</b>	<b>32.41</b>	<b>20.04</b>	<b>-38.16</b>

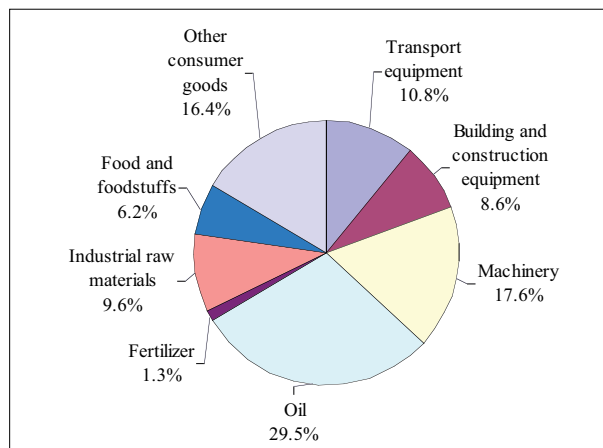
Source: Bank of Tanzania and Tanzania Revenue Authority

On annual basis, goods import went up by 11.6 percent to USD 4,669.1 million following the increase in importation of all major import sub categories. Capital goods imports increased from USD 1,514.1 million in the previous year to USD 1,727.3 million following the increase in importation of transportation equipment, machinery, building and construction in line with the growth of economic activities in the mining, communication and manufacturing sectors.

Similarly, intermediate goods imports rose significantly to USD 1,884.6 million owing to the increase in importation of all sub-categories namely oil, fertilizer and industrial raw materials. The increase in oil imports is mainly attributed to a surge in the global market. During the review period, oil prices in the world market rose to an average of USD 756.7 per ton compared to the price of USD 602.6 per ton recorded in the previous period. On the other hand, the surge in imports of industrial raw materials is largely associated with the growth of the manufacturing sector in the country following macro-economic reforms that have attracted investments into the sector.

Consumer goods import increased by 13.1 percent to USD 1,057.2 million largely due to increase in food and other consumer goods that include pharmaceutical products, paper and textiles apparel (**Chart 4.6**).

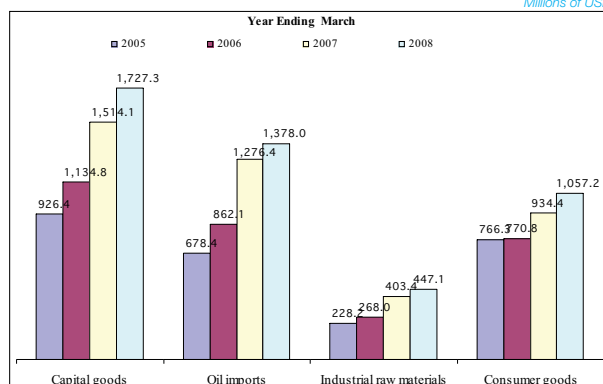
**Chart 4.6: Contribution to Total Imports for the Year Ending March 2008**



During the past four years, capital goods dominated the total imports followed by intermediate goods. The trend of imports over the past four years is shown in **Chart 4.7**.

**Chart 4.7: Total Merchandise Imports: 2005-2008**

Millions of USD

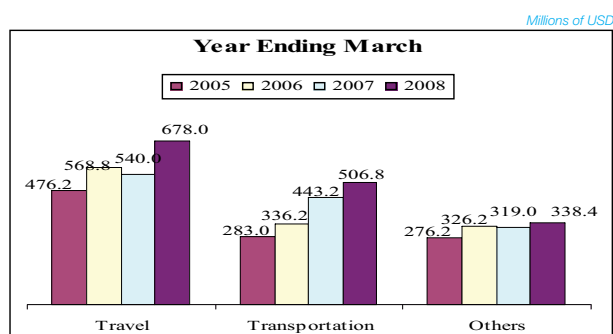


## Services Imports

During the month under review, services payments declined to USD 123.9 million from USD 129.1 million recorded in the previous month mainly on account of the decrease in transportation services.

On annual basis, service payments increased by 17.0 percent to USD 1,523.2 million, largely due to the increase in payments for freight, travel, insurance, government services and other business services. While the increase in freight and insurance payments is in line with the increase in merchandise imports, the surge in other business services is in line with the growth of economic activities as well as openness of the economy. The performance of the major service payment categories in the past four years is illustrated on **Chart 4.8**.

**Chart 4.8: Service Payments 2004 – 2008**



Note: 'Other Services' include: Communication, Construction, Insurance, Financial, Computer Information, Government, Royalties, Personal and Other business services

## World Commodity Prices Mixed

In March 2008, developments in the world market prices of commodities were mixed. While the price of **coffee** Robusta increased slightly to USD 2.7 per kg, the price of Arabica coffee recorded a slight decline to USD 3.3 per kg. Similarly, the prices of **tea** (Average price) and (Mombasa auction) declined by 5.0 percent and 12.8 percent to USD 2.3 per kg and USD 2.1 per kg, respectively. The decline in the price of tea (Mombasa auction) was on account of the improved production outlook in East Africa following the onset of long rains. Conversely, the prices of **cotton** "A Index" and Memphis recorded noticeable increase to USD 1.8 per kg and USD 1.9 per kg, respectively. This development is partly attributable to the reduction in cotton acreage in US coupled

with the surge in demand of cotton from China.

During the period under review, the price of **sisal** remained unchanged at USD 1,025.0 per metric ton, whereas, the prices of **cloves** increased by 15.6 percent to USD 5,200.00 per ton largely on account of decline in production from Zanzibar, Sri Lanka, Indonesia and Madagascar. The prices of **crude oil** (UK Brent), Dubai (f.o.b) and white products recorded modest increases to USD 101.8 per barrel, USD 96.8 per barrel and USD 952.6 per ton, respectively as shown in **(Table 4.4)**. The rise in oil prices largely emanated from the decline in crude inventories in the U.S ahead of peak summer driving season. The price of **gold** increased slightly to USD 968.4 per troy ounce.

With the exception of tea (Mombasa) and cloves, most of the commodities recorded increases in price on annual basis. The surge in prices of coffee, cotton and tea (Average) was largely a result of the surge in the demand for the mentioned commodities. Furthermore, the increase in coffee prices was partly a result of the decline in the global coffee stocks as the result of the effect of Biennial cycle on coffee production in Brazil. During the year to March 2008, prices of oil significantly increased following supply disruption in the major oil producing countries in the Middle East and Nigeria. Meanwhile, the price of gold increased by 21.9 percent to USD 765.9 per troy ounce largely driven by strong investment demand as a hedge against inflation and the weakening dollar **(Table 4.4)**.

**Table 4.4: World Commodity Prices**

Commodity	Units	2008		% Change	Year Ending March		% Change
		Feb	Mar		2007	2008	
Robusta Coffee	US \$ per kg	2.55	2.69	5.49	1.58	2.1	32.7
Arabica Coffee	US \$ per kg	3.47	3.29	-5.19	2.54	2.88	13.32
Tea (Average price)	US \$ per kg	2.4	2.28	-5	1.87	2.18	16.31
Tea (Mombasa auction)	US \$ per kg	2.42	2.11	-12.81	1.88	1.81	-3.86
Cotton, "A Index"	US \$ per kg	1.66	1.8	8.43	1.27	1.5	17.86
Cotton, Memphis"	US \$ per kg	1.7	1.91	12.35	1.34	1.53	14.33
Sisal (UG)	US \$ per metric ton	1,025.00	1,025.00	0	931.65	994.17	6.71
Cloves	US \$ per metric ton	4,500.00	5,200.00	15.56	4,035.21	3,734.00	-7.46
Crude oil*	US \$ per barrel	93.39	101.84	9.05	63.34	80.64	27.31
Crude oil**	US \$ per barrel	89.96	96.78	7.58	61.17	77.3	26.37
White products***	US \$ per ton	860.61	952.57	10.69	602.6	756.68	25.57
Jet/Kerosene	US \$ per ton	898.8	1027.15	14.28	630.39	777.11	23.28
Premium Gasoline	US \$ per ton	825.45	856.76	3.79	609.36	756.94	24.22
Heat Oil	US \$ per ton	857.57	973.8	13.55	568.02	735.97	29.57
Gold	US \$ per troy ounce	922.3	968.4	5.00	628.41	765.85	21.87

Note: \* Average of U. K. Brent, Dubai and West Texas Intl

\*\* f. o. b. Dubai

\*\*\* Average of Premium gasoline, Gas oil and Jet/Kerosene, f.o.b. West Mediterranean

Source: <http://worldbank.org/prospects>, World Bank Public Ledger, Bloomberg Professional



## 5.0 National Debt Developments

Relative to preceding month, the overall national debt stock (external and domestic) increased by 3.8 percent to USD 7,427.7 million as at the end of March 2008, from USD 7,152.4 million recorded at the end of February 2008. The increase is mainly on account of updated data on both domestic and external debt, new disbursements and accumulation of interest arrears. Out of the total debt stock, external debt accounted for 77.0 percent while domestic debt accounted for 23.0 percent.

### External Debt

External debt stock amounted to USD 5,718.1 million at the end of March 2008, representing an increase of 4.6 percent when compared to USD 5,465.9 million registered at the end of preceding month. Out of this amount, disbursed outstanding debt (DOD) amounted to USD 4,337.7 million (75.9 percent) and USD 1,347.1 million (24.1 percent) was interest arrears.

The profile of DOD by creditor category indicates that, debt owed to multilateral institutions stood at USD 2,511.5 million (57.8 percent) while the amount of debt owed to bilateral creditors was USD 933.1 million (21.5 percent). Commercial and export credits debt amounted to USD 499.4 million (11.5 percent) and USD 403.7 million (9.3 percent) respectively.

In terms of borrower category, the Central Government remained the leading borrower with a debt amounting to USD 3,462.3 million (79.6 percent) followed by the private sector debt amounting to USD 716.4 million (16.5 percent) and parastatal companies debt amounting to USD 169.0 million (3.9 percent).

### Loan Contracted, New Disbursements and External Debt Service

During the month under review new loans contracted and recorded amounted to USD 1.2 million, while new disbursements recorded amounted to USD 19.6 million. External debt service payments during the month under review amounted to USD 3.1 million, out of which, principal repayments were USD 1.6 million

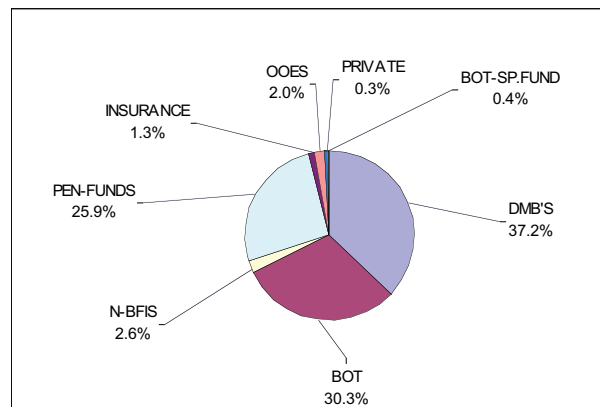
and interest payments amounted to USD 1.5 million.

### Domestic Debt

The stock of domestic debt increased significantly by 6.9 percent to TZS 2,114.4 billion from TZS 1,978.6 billion registered at the end of the preceding month as a result of recording of previously issued debt. Out of the total domestic debt stock, Government securities (treasury bills, bonds and stocks) accounted for 99.6 percent while other Government debt accounted for 0.4 percent.

Analysis of the domestic debt by holder category shows that commercial banks remained the leading creditors to the Union Government by holding 37.2 percent of the total domestic debt, followed by Bank of Tanzania with 30.3 percent and Pension Funds 25.9 percent. Non-Bank Financial Institutions (NBFIs), other official entities, and insurance companies were holding 2.6 percent, 2.0 percent and 1.3 percent respectively. The remaining portion of 0.7 percent was held by private sector and BOT special fund (Chart 5.1).

**Chart 5.1: Government Domestic Debt by Creditor Category**



### Domestic Debt Service

During the month under review domestic debt amounting to TZS 44.2 billion fell due for payment, out of which interest amounting to TZS 6.2 billion was paid while principal amounting to TZS 38.0 billion was rolled over.



## 6.0 Economic Developments in Zanzibar

### Fiscal Performance

During the month of March 2008, the government budgetary operations registered budget deficit to the tune of TZS 2.2 billion, on cheques cleared basis, against TZS 1.5 billion posted in the previous month. Total resources (domestic revenue and grants) amounted to TZS 13.8 billion, out of which domestic sources amounted to TZS 10.2 billion or 73.9 percent of total resources and TZS 3.6 billion or 26.1 percent were foreign grants. Total government expenditure reached TZS 16.8 billion from TZS 15.3 billion of the preceding month. The budget deficit was exclusively financed by foreign sources.

### Revenue Performance

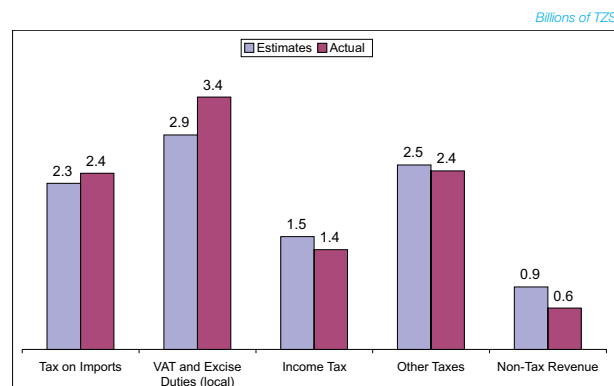
Revenue collections amounted to TZS 10.2 billion above the target of TZS 10.1 billion and were slightly below TZS 10.5 billion collections of the previous month. Tax revenue reached TZS 9.6 billion exceeding the target of TZS 9.2 billion and represented 94.1 percent of the total revenue collections. Non-tax revenue amounted to TZS 0.6 billion, accounting for 5.9 percent of the total revenue collections.

Revenue performance by source category indicates that, local VAT and excise duty collections remained the dominant source, amounted to TZS 3.4 billion accounting for 35.4 percent of the tax revenue or 33.3 percent of the total revenue. Collections exceeded the target of TZS 2.9 billion mainly due to moderate tourism season, coupled with receipt of VAT refunds from Tanzania Mainland. Tax on imports marked second source, amounted to TZS 2.4 billion exceeding target of TZS 2.3 billion; on account of increase in taxable imports attributed to increased Zanzibar bound containers clearance from Dar es Salaam port. This source accounted for 25.0 percent of the tax revenue or 22.8 percent of total revenue. Income tax collection amounted to TZS 1.4 billion, below the target of TZS 1.5 billion mainly due to decreased collection of PAYE from Government due to non consolidation of salaries. Other taxes fetched TZS 2.4 billion above the target of TZS 2.5 billion. Non-tax sources amounted

to TZS 0.6 billion, below the target TZS 0.9 billion due to under performance from ministries sources (Chart 6.1).

Cumulatively, total revenue collection for nine months from July 2007 to March 2008 reached TZS 82.5 billion, below the target of TZS 85.5 billion and accounted for 72.0 percent of annual target of TZS 114.6 billion.

**Chart 6.1: Government Revenue by Source – March 2008**



Source: Ministry of Finance and Economic Affairs, Zanzibar.

### Expenditure Performance

During the month under review, total government expenditure amounted to TZS 16.8 billion above the target of TZS 16.6 billion and TZS 15.3 billion spent during the previous month. This was attributed to unforeseen donor disbursements and expenditure float for development expenditures. Recurrent expenditure reached TZS 10.2 billion, below the target of TZS 10.4 billion, and accounted for 60.7 percent of the total expenditure. Expenditure on wages and salaries amounted to TZS 5.5 billion accounting for 53.9 percent of the recurrent expenditure or 32.7 percent of the total expenditure. Expenditures on other charges amounted to TZS 4.7 billion, compared to the target of TZS 5.1 billion and accounted for 46.1 percent of the recurrent expenditure or 28.0 percent of the total expenditure.

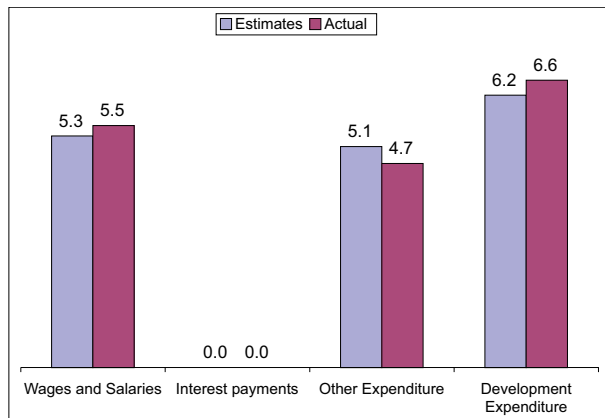
Development expenditure stood at TZS 6.6 billion above the target of TZS 6.2 billion, mainly due to more than expected foreign disbursements; and accounted for 39.3 percent of the total expenditure. Government contribution amounted to TZS 0.8 billion or 12.1 percent of the total development expenditure while foreign sources contributed TZS 5.8 billion; accounting for 87.9 percent of the total development expenditure (Chart 6.2).





Cumulatively, total expenditure for nine months from July 2007 to March 2008 amounted to TZS 134.9 billion, representing 98.4 percent of the projected TZS 137.1 billion and accounted for 50.5 percent of annual budget target of TZS 266.9 billion.

**Chart 6.2: Government Expenditure by Components – March 2008**



Source: Ministry of Finance and Economic Affairs-Zanzibar

## Debt Developments

### Public Debt increased Marginally

Zanzibar debt as at the end of March 2008, stood at TZS 130.0 billion (US\$ 105.1 million), above TZS 125.0 billion (US\$ 106.5 million) registered in the preceding month, largely linked with exchange rate fluctuations. External debt stood at TZS 78.3 billion (US\$ 63.3 million) representing 60.2 percent of the total debt, while domestic debt amounted to TZS 51.7 billion (US\$ 44.8 million), accounting for 39.8 of total debt. Debt to GDP ratio moved up to 32.9 percent, relative to 31.6 percent for the month of February 2008.

### Domestic Debt Unchanged

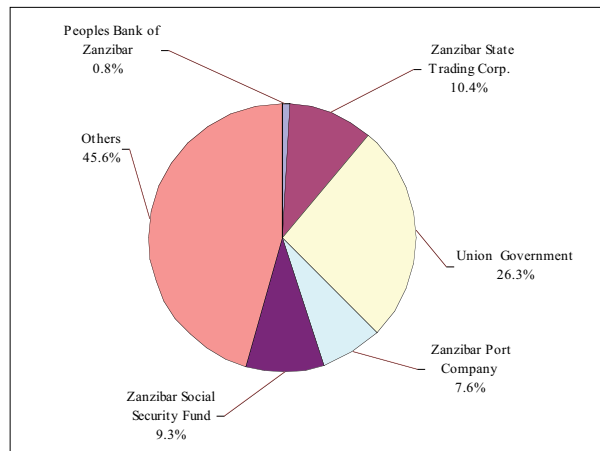
The domestic debt as at end March 2008 amounted to TZS 51.7 billion, same as recorded during the previous period.

### Domestic Debt by Creditors

Debt due to domestic suppliers and pensioners remained largest amounting to TZS 23.6 billion, representing 45.6 percent of total domestic debt. Union Government debt stood at TZS 13.6 billion accounting for 26.3 percent of domestic debt, while claims by Zanzibar State Trading Corporation

(ZSTC) and Zanzibar Social Security Fund (ZSSF) were TZS 5.3 billion and TZS 4.8 billion, standing for 10.4 percent and 9.3 percent of total domestic debt, respectively. Zanzibar Port Company (ZPC) claims stood at TZS 3.9 billion equivalent to 7.6 percent of domestic debt, as Peoples Bank of Zanzibar (PBZ) debt amounted to TZS 0.4 billion or 0.8 percent of domestic debt (Chart 6.3).

**Chart 6.3: Domestic Debt by Creditor as at End – March 2008**



Source: Ministry of Finance and Economic Affairs-Zanzibar

### Domestic Debt by Maturity

The profile of domestic debt by maturity indicates, debt with “undetermined maturity” (largely gratuity, pension and supplier’s claims) remained highest, amounted to TZS 31.0 billion or 60.0 percent of domestic debt. Debt maturing between 2 – 5 years stood at TZS 14.7 billion or 28.4 percent of domestic debt, while debt maturing in less than a year amounted to TZS 6.0 billion or 11.7 percent of total domestic debt.

## External Debt

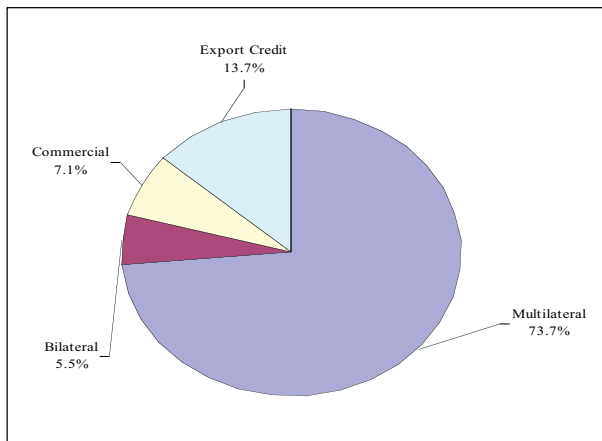
During the month ending March 2008, Zanzibar external debt stood at TZS 78.3 billion (US\$ 63.3 million) up from TZS 73.3 billion (US\$ 62.5 million) recorded in the preceding month. The change was attributed to both debt and exchange rate adjustments. Debt guaranteed by the Union government stood at US\$ 46.5 million representing 74.7 percent of the external debt, while non-guaranteed debt stood at US\$ 15.5 million representing 25.3 percent of total external debt.



## External Debt by Creditor Category

Multilateral creditors remained dominant; with debt amounting to US\$ 46.7 million (TZS 57.7 billion), accounting for 73.7 percent of external debt. Bilateral creditors' debt stood at US\$ 3.5 million (TZS 4.3 billion) representing 5.5 percent of total external debt, while commercial credits stood at US\$ 4.5 million (TZS 5.6 billion) or 7.1 percent. Export credit stood at US\$ 8.7 million (TZS 10.7 billion), accounting for 13.7 percent of total external debt (Chart 6.4).

**Chart 6.4: External Debt by Creditor as at End – March 2008**

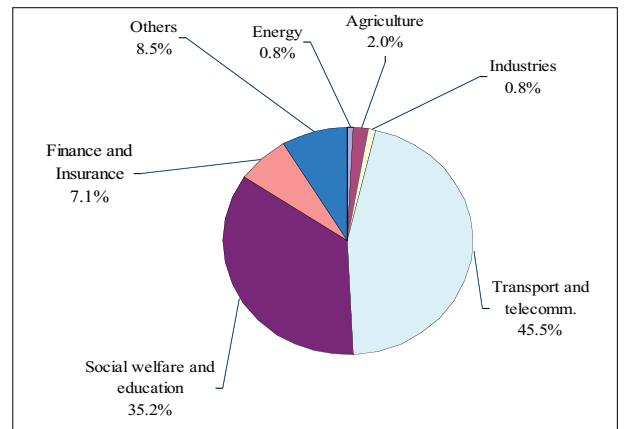


Source: Ministry of Finance and Economic Affairs-Zanzibar

## External Debt - Disbursements by End Use

External debt by end use for the period under review remained the same as was in the previous month (February 2008) there were no new disbursements. Transport and telecommunications sectors remained the largest recipients absorbing US\$ 28.8 million, equivalent to 45.5 percent of total external debt. Social welfare and education sectors received US\$ 22.3 million representing 35.2 percent of external debt. Finance & Insurance sector had US\$ 4.5 million equivalent to 7.1 percent, while agriculture and energy sectors absorbed US\$ 1.3 million and US\$ 0.5 million, representing 2.0 percent and 0.8 percent of external debt, respectively. Industries received US\$ 0.5 million, while other sectors had US\$ 5.4 million, equivalent to 8.5 percent of external debt (Chart 6.5).

**Chart 6.5: External Debt by Use of Funds as at End – March 2008**



Source: Ministry of Finance and Economic Affairs-Zanzibar

## External Sector Performance

### Current Account

Zanzibar current account as at the end of March 2008, recorded a surplus of US\$ 0.7 million, from a deficit of US\$ 3.5 million, recorded in the preceding month. The upturn was due to decline in imports bill, coupled with improved official grants. Trade account improved by registering a deficit of US\$ 4.8 million down from US\$ 7.6 million, recorded in the preceding month.

On annual basis, the current account surplus remained positive amounting to US\$ 9.6 million, but was below US\$ 22.8 million recorded in the previous corresponding period. The latter was attributed to increase in goods exports and official foreign grants. Trade account registered a larger deficit of US\$ 68.9 million, exceeding US\$ 59.0 million recorded in the previous period; due to increase in imports bill, emanating from increase in oil bill and foodstuffs. The deficit was accommodated by services receipts and official grants (Table 6.1).



**Table 6.1: Current Account Balance**

Millions of US\$

Item	2007	2008			Year Ending March			Annual
	Mar	Jan	Feb	Mar	2006	2007	2008 <sup>p</sup>	%Change
<b>Goods Account (net)</b>	-7.3	-0.4	-7.6	-4.8	-67	-59	-68.9	16.9
Exports	0.4	5.3	1.4	0.8	12.1	12.4	14.9	19.7
Imports (fob)	7.7	5.8	9	5.6	79.1	71.4	83.8	17.4
<b>Services Account (net)</b>	3.3	1.8	1.8	1.9	16.7	37.9	34.5	-8.9
Receipts	6.5	4.3	4.4	4.4	76.9	92.7	75	-19.1
Payments	3.2	2.5	2.5	2.5	60.3	54.8	40.4	-26.2
<b>Goods and Services (net)</b>	-4	1.4	-5.8	-2.9	-50.3	-21.1	-34.4	63.4
Exports of Goods and Services	6.9	9.6	5.8	5.2	89.1	105.1	89.8	-14.5
Imports of Goods and Services	10.9	8.3	11.5	8.1	139.4	126.1	124.3	-1.5
<b>Income Account (net)</b>	0.03	-0.04	-0.09	0.03	0.03	0.46	0.27	-40.0
Receipts	0.03	0.01	0.05	0.05	0.05	0.46	0.34	-26.3
Payments	0	0.06	0.14	0.02	0.02	0	0.06	
<b>Current Transfers (net)</b>	8.8	6.0	2.4	3.6	43.1	43.4	43.7	0.7
Inflows	8.8	6.0	2.4	3.6	43.1	43.4	43.7	0.7
Outflows	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Current Account Balance</b>	4.8	7.3	-3.5	0.7	-7.2	22.8	9.6	-58

p= Provisional

Source: Tanzania Revenue Authority

## Exports Performance

During the period under review, total exports receipts (goods and services) declined to US\$ 5.2 million compared with US\$ 5.8 million recorded during the previous month. The decline was associated with slowdown in commodity exports. Cloves exports slumped in both volume and price down to US\$ 0.08 million, from US\$ 0.8 million posted in February 2008. Services receipts amounted to US\$ 4.4 million, and accounted for 84.6 percent of total exports.

On annual basis, total exports (goods and services) declined to US\$ 89.8 million, from US\$ 105.1 registered in the previous corresponding period. Services receipts amounted to US\$ 75.0 million, down from US\$ 92.7 million registered in the corresponding period in 2007. The services receipts were however the dominant source, representing 83.5 percent of total exports receipts. Cloves exports realised US\$ 4.0 million accounting for 4.9 percent of total exports. Seaweeds exports amounted to US\$ 2.4 million or 2.7 percent. Manufactured goods amounted to US\$ 3.7 million representing 3.0 percent, while fish and fish produce earned US\$ 0.2 million, accounting for 0.3 percent of total export receipts (Table 6.2).

**Table 6.2: Exports by Major Categories**

Millions of US\$

Item	2007	2008 <sup>p</sup>			Year Ending March			Annual
	Mar	Jan	Feb	Mar	2006	2007	2008 <sup>p</sup>	%Change
<b>Traditional Commodities:</b>								
<b>Cloves</b>								
Value	0.06	2.52	0.80	0.08	9.30	4.40	4.00	-9.90
Volume	0.02	0.64	0.20	0.02	3.20	1.50	1.10	-29.90
Unit Price	3,335.50	3,960.72	4,072.10	3,952.40	2,927.80	2,965.00	3,811.00	28.50
<b>Sub Total</b>	0.06	2.50	0.80	0.10	9.30	4.40	4.00	-9.90
<b>Non-Traditional Exports:</b>								
<b>Seaweeds</b>								
Value	0.16	0.36	0.24	0.37	1.82	2.07	2.44	18.10
Volume	0.64	1.44	0.79	1.41	8.94	9.27	9.97	7.50
Unit Price	255.50	250.52	302.80	262.40	203.69	223.10	244.98	9.80
<b>Manufactured Goods</b>	0.09	0.43	0.27	0.12	0.16	3.46	3.73	7.70
<b>Fish and Fish Produce</b>	0.00	0.01	0.08	0.01	0.29	0.15	0.24	54.10
<b>Horticultural produce</b>	0.00	-	-	-	-	-	-	-
<b>Others Exports</b>	0.07	2.03	0.01	0.23	0.58	2.30	4.47	94.20
<b>Sub Total</b>	0.30	2.80	0.60	0.70	2.80	8.00	10.90	36.20
<b>GRAND TOTAL</b>	0.40	5.30	1.40	0.81	12.10	12.40	14.90	19.70

p = provisional

Source: Tanzania Revenue Authority

## Imports Performance

During the period under review goods imports (c.i.f) amounted to US\$ 6.2 million, below the US\$ 9.9 million recorded in the preceding month; due to decrease in volume of oil imports and building and construction imports. Oil imports amounted to US\$ 0.1 million down from US\$ 5.0 million for the previous month, on account of sufficient stocks. Capital goods imports amounted to US\$ 2.7 million, while intermediate goods driven by oil, declined by 79.9 percent to US\$ 1.1 million. Consumer goods imports increased substantially to US\$ 2.4 million up from US\$ 1.7 million, due to surge in imports of foods and food stuffs items.

On annual basis, goods imports (c.i.f) increased to US\$ 92.1 million, from US\$ 78.4 million recorded in previous corresponding period. The increase was linked with increase in both capital and intermediate goods. Capital goods imports increased to US\$ 42.7 million from US\$ 36.5 million, responding to rise in transport equipments imports. Intermediate goods imports rose to US\$ 24.4 million, above US\$ 21.7 million registered in corresponding period in 2007, largely due to a 14.6 percent increase in oil imports to US\$ 17.7 million. The oil bill increase was attributed mainly to price increase responding to world high oil prices. Imports bill for foods and food stuffs stood at US\$ 7.6 million, markedly high by 58.7 percent from US\$ 4.8 recorded in previous corresponding period in 2007 (Table 6.3).



**Table 6.3: Zanzibar Imports by Major Categories**

Millions of US\$

Import Category	2007 Mar	2008 <sup>p</sup>			Year Ending March			Annual %Change
		Jan	Feb	Mar	2006	2007	2008 <sup>p</sup>	
<b>Capital Goods</b>	<b>2.4</b>	<b>2.6</b>	<b>2.7</b>	<b>2.7</b>	<b>34.5</b>	<b>36.5</b>	<b>42.7</b>	<b>17.0</b>
Transport Equipment	1.2	1.0	1.5	1.6	9.8	10.2	19.7	92.7
Building and Constructions	0.5	0.6	0.3	0.2	8.0	11.5	8.0	-30.5
Machinery	0.7	0.9	0.8	0.8	16.8	14.8	15.0	1.5
<b>Intermediate Goods</b>	<b>1.5</b>	<b>2.6</b>	<b>5.5</b>	<b>1.1</b>	<b>27.0</b>	<b>21.7</b>	<b>24.4</b>	<b>12.4</b>
Oil imports	1.0	2.0	5.0	0.1	22.5	15.4	17.7	14.6
Fertilizers	...	0.0	0.0	0.0	0.0	0.0	0.0	
Industrial raw materials	0.5	0.5	0.5	1.0	4.5	6.2	6.7	7.5
<b>Consumer Goods</b>	<b>2.1</b>	<b>1.2</b>	<b>1.7</b>	<b>2.4</b>	<b>25.4</b>	<b>20.3</b>	<b>20.3</b>	<b>-0.2</b>
Food and food stuffs	1.0	0.2	0.5	1.6	14.4	4.8	7.6	58.7
All other consumer goods	1.1	1.0	1.3	0.8	11.0	15.5	12.6	-18.5
<b>Grand Total (ci.f)</b>	<b>6.0</b>	<b>6.3</b>	<b>9.9</b>	<b>6.2</b>	<b>86.9</b>	<b>78.4</b>	<b>92.1</b>	<b>17.4</b>
<b>Grand Total (f.o.b)</b>	<b>5.5</b>	<b>5.8</b>	<b>9.0</b>	<b>5.6</b>	<b>79.1</b>	<b>71.4</b>	<b>83.8</b>	<b>17.4</b>

*p = provisional*

*... = Very small value*

*Source: Tanzania Revenue Authority*

## Services Account

Services account surplus improved to US\$ 1.9 million from US\$ 1.8 million recorded in the previous month, responding to higher receipts. Foreign receipts increased marginally to US\$ 4.4 million from US\$ 4.3 million while foreign payments remained stagnant at US\$ 2.5 million. Travel receipts realised US\$ 3.3 million or 75.0 percent of total foreign services proceeds, while travel payments amounted to US\$ 1.7 million, representing 68.0 percent of total foreign payments.

On year to year basis, the services account surplus decreased to US\$ 34.5 million from US\$ 37.8 million, recorded in 2007. Total foreign receipts declined to US\$ 75.0 million compared with US\$ 92.7 million recorded in previous month; while foreign payments declined to US\$ 40.4 million from US\$ 54.8 million recorded in the corresponding period in 2007. Travel receipts amounted to US\$ 62.6 million, representing 83.5 percent of total services inflows, while travel payments stood at US\$ 32.1 million, accounting for 79.5 percent of total foreign payments.



## **STATISTICAL TABLES**



Table A1: Selected Economic Indicators

Item	Unit	2000	2001	2002	2003	2004	2005	2006 <sup>p</sup>
<b>1. National Accounts and Prices</b>								
1.1 Change in GDP at Factor Cost--Current Prices	Percent	12.2	13.7	14.1	12.8	15.4	15.3	14.8
1.2 Change in GDP at Factor Cost--Constant 1992 Prices <sup>2</sup>	Percent	4.9	5.7	6.2	5.7	6.7	6.7	6.2
1.3 GDP Per Capita--Current Prices <sup>1</sup>	TZS	210,231.0	231,751.0	258,925.0	287,027.0	321,283.0	360,965.0	399,554.0
1.4 GDP Per Capita--Current Prices <sup>1</sup>	US\$	262.7	264.4	267.9	276.4	294.9	319.8	n.a
1.5 Change in Consumer Price Index (Inflation)	Percent	5.9	5.2	4.5	3.5	4.1	4.4	6.2
1.6 Saving to GNDI Ratio <sup>3*</sup>	Percent	11.6	11.1	12.7	11.8	12.3	12.5	na
<b>2. Money Credit and Interest Rates</b>								
2.1 Change in Extended Broad Money Supply (M3)**	Percent	14.8	17.1	25.1	16.6	19.3	38.2	22.0
2.2 Change in Broad Money Supply (M2)**	Percent	12.5	12.8	22.3	14.2	19.2	36.9	13.7
2.3 Change in Narrow Money Supply (M1)	Percent	9.9	10.2	25.2	16.1	18.2	33.7	9.8
2.4 Change in Reserve Money	Percent	9.4	5.0	19.1	12.6	23.6	27.7	16.8
2.5 Total Credit to GDP Ratio <sup>1</sup>	Percent	9.8	7.6	8.8	8.7	8.5	9.4	12.0
2.6 Private Sector Credit to GDP Ratio <sup>1</sup>	Percent	4.6	4.9	6.1	5.2	8.9	11.0	12.5
2.7 Ratio of Private Credit to Total Credit	Percent	46.6	63.7	69.2	98.4	104.7	84.6	103.9
2.8 Average Deposit Rate (12-Month)	Percent	8.6	6.0	5.7	5.0	5.8	6.2	8.3
2.9 Weighted Average Treasury Bill Rate	Percent	5.7	3.9	4.5	7.7	9.6	10.8	15.0
2.10 Average Medium- and Long-Term Lending Rate	Percent	21.2	15.8	13.2	12.5	14.0	15.5	15.6
<b>3. Balance of Payments****</b>								
3.1 Exports (f.o.b)	Mill. US\$	733.7	851.3	979.6	1,216.1	1,473.1	1,675.8	1,723.0
3.2 Imports (f.o.b)	Mill. US\$	-1,367.6	-1,560.3	-1,511.3	-1,933.5	-2,482.8	-2,997.6	-3,864.1
3.3 Trade Balance	Mill. US\$	-633.9	-709.0	-531.8	-717.3	-1,009.8	-1,321.8	-2,141.1
3.4 Balance on Current Account	Mill. US\$	-461.3	-200.0	83.6	-87.5	-383.3	-881.6	-1,510.7
3.5 Overall Balance	Mill. US\$	-36.9	-167.5	317.9	389.1	206.0	-197.2	-138.5
3.7 Gross Official Reserves	Mill. US\$	974.4	1,156.6	1,529.0	2,037.8	2,296.1	2,048.4	2,260.1
3.8 Reserves Months of Imports (of goods and services)	Months	5.7	6.3	8.6	9.2	8.0	5.8	5.3
3.9 Exchange Rate:								
3.9.1 Annual Average	TZS/US\$	800.4	876.4	966.6	1,038.6	1,089.3	1,128.8	1,251.9
3.9.2 End of Period	TZS/US\$	803.3	916.3	976.3	1,063.6	1,043.0	1,165.5	1,261.6
<b>4 Population (TZ Mainland)</b>	<b>Million</b>	<b>31.9</b>	<b>32.1</b>	<b>33.6</b>	<b>34.2</b>	<b>35.3</b>	<b>36.19</b>	<b>37.5</b>
<b>5. Public Finance</b>			<b>2000/01</b>	<b>2001/02</b>	<b>2002/03</b>	<b>2003/04</b>	<b>2004/05</b>	<b>2005/06*</b>
5.1 Current Revenue to GDP Ratio <sup>1</sup>	Percent		12.2	11.8	12.1	12.6	13.3	13.6
5.2 Grants to GDP Ratio <sup>1</sup>	Percent		3.7	4.3	6.2	6.0	7.4	6.7
5.2 Current Expenditure to GDP Ratio <sup>1</sup>	Percent		13.1	12.6	14.8	15.4	15.1	17.5
5.3 Development Expenditure to GDP Ratio <sup>1</sup>	Percent		3.7	3.9	5.0	6.4	8.6	8.0
5.4 Deficit to GDP Ratio (excluding grants) <sup>1</sup>	Percent		-4.8	-4.8	-7.7	-9.2	-10.4	-11.5
5.5 Deficit to GDP Ratio (including grants) <sup>1</sup>	Percent		-1.1	-0.5	-1.5	-3.1	-3.0	-5.5
<b>6. Total External Debt Stock</b>	<b>Mill. US\$</b>		<b>7,482.1</b>	<b>7,464.0</b>	<b>7,268.1</b>	<b>7,857.0</b>	<b>8,134.8</b>	<b>7,931.8</b>
Disbursed Debt	Mill. US\$		6,312.2	6,559.7	6,233.0	6,678.3	6,799.5	6,743.6
Interest	Mill. US\$		1,169.9	904.3	1,035.1	1,178.7	1,335.3	1,188.2
Total External Debt as % of GDP	Percent		80.7	78.5	75.9	83.5	77.5	72.0

**Note:**

1 Calculated on the basis of GDP at market price

2 Calculated on the basis of GDP at factor cost

3 GNDI stands for gross national disposable income

p Provisional

\* Revised from 2001

\*\* Revised 2003

\*\*\* revised 2001-2002

\*\*\*\* revised from 2000

Source: Bank of Tanzania Database and National Bureau of Statistics (Economic Survey, National Accounts)



Table A2: Central Government Operations -Monthly Flows

Item	BUDGET 2007/08	2007/08								
		Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08
<b>Total Revenue</b>	<b>3,502,583.0</b>	<b>262,189.8</b>	<b>275,917.4</b>	<b>326,363.8</b>	<b>284,598.3</b>	<b>269,707.4</b>	<b>340,260.8</b>	<b>286,549.5</b>	<b>274,655.6</b>	<b>329,330.6</b>
Tax Revenue	3,188,415.0	237,589.7	251,039.3	312,249.8	262,860.0	260,539.4	327,685.0	268,127.5	247,263.0	310,189.9
Taxes on Imports	1,245,641.9	110,674.5	108,331.1	112,819.9	110,072.5	111,339.9	105,032.7	100,513.8	92,207.8	91,505.1
Sales/VAT and Excise on Local Goods	688,639.0	52,327.2	60,588.6	58,566.1	64,164.0	67,467.9	57,000.2	53,772.5	62,187.8	56,499.0
Refunds	-124,641.4	-13,064.9	-12,955.3	-9,866.8	-9,866.8	-10,386.8	-10,386.8	-10,386.8	-10,386.8	-10,386.1
Income Taxes	826,866.7	47,867.6	53,714.0	106,796.9	53,342.2	50,228.6	134,434.0	84,489.6	60,912.1	130,466.9
Other taxes	427,267.4	26,720.4	28,405.6	34,066.9	35,281.3	31,503.0	31,218.1	29,351.6	31,955.3	31,718.9
<b>Non- tax Revenue</b>	<b>314,168.0</b>	<b>24,600.1</b>	<b>24,878.1</b>	<b>14,114.0</b>	<b>21,738.3</b>	<b>9,168.0</b>	<b>12,575.8</b>	<b>18,422.0</b>	<b>27,392.6</b>	<b>19,140.7</b>
<b>Total Expenditure /1</b>	<b>5,998,082.5</b>	<b>338,712.1</b>	<b>703,789.7</b>	<b>571,464.2</b>	<b>430,611.5</b>	<b>415,991.4</b>	<b>419,938.1</b>	<b>497,304.2</b>	<b>370,411.8</b>	<b>399,192.5</b>
Recurrent expenditure	3,796,986.2	210,421.5	263,395.4	285,322.4	308,254.8	252,174.1	230,661.5	374,027.2	297,791.6	229,876.2
Roadtoll fund		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Retention fund	71,706.9	5,175.5	6,221.0	7,763.1	7,186.1	7,098.9	7,363.3	4,584.0	5,295.4	3,306.6
Wages and salaries	1,113,134.0	93,080.1	93,275.7	93,891.5	93,154.7	93,617.6	93,477.0	93,490.3	94,959.5	95,133.7
Interest payments	276,000.0	9,624.2	4,161.4	7,902.4	38,184.3	9,576.3	11,325.6	39,790.9	7,399.5	9,942.5
Domestic 2/	240,000.0	9,359.3	4,045.2	5,318.6	36,049.3	7,583.2	8,370.9	37,880.9	6,815.2	5,882.0
Foreign	36,000.0	264.9	116.3	2,583.8	2,135.0	1,993.1	2,954.7	1,909.9	584.2	4,060.4
Other goods, services and transfers	2,407,852.2	107,717.2	165,958.2	183,528.4	176,915.8	148,980.2	125,858.9	240,746.1	195,432.7	124,800.0
<b>Dev. Expenditure and net lending</b>	<b>2,201,096.3</b>	<b>128,290.6</b>	<b>440,394.3</b>	<b>286,141.8</b>	<b>122,356.8</b>	<b>163,817.4</b>	<b>189,276.6</b>	<b>123,277.0</b>	<b>72,620.2</b>	<b>169,316.3</b>
Local	739,203.5	61,600.3	100,521.7	150,000.0	26,000.0	40,412.0	34,000.0	42,387.0	36,500.0	34,000.0
Foreign	1,461,892.8	66,690.3	339,872.6	136,141.8	96,356.8	123,405.4	155,276.6	80,890.0	36,120.2	135,316.3
<b>Overall Balance (cheque issued) before Grants</b>	<b>-2,495,499.5</b>	<b>-76,522.3</b>	<b>-427,872.3</b>	<b>-245,100.4</b>	<b>-146,013.2</b>	<b>-146,284.0</b>	<b>-79,677.3</b>	<b>-210,754.7</b>	<b>-95,756.2</b>	<b>-69,861.9</b>
<b>Grants</b>	<b>1,690,873.0</b>	<b>468,160.9</b>	<b>53,979.5</b>	<b>116,704.1</b>	<b>59,141.6</b>	<b>121,792.1</b>	<b>154,979.6</b>	<b>9,798.4</b>	<b>6,672.6</b>	<b>31,427.3</b>
Program (CIS/OGL)	607,524.1	391,170.2	27,770.2	84,739.8	32,826.9	37,950.1	19,165.1	0.0	0.0	0.0
Project	684,438.3	15,905.6	1,172.7	3,146.0	7,268.1	76,670.8	105,842.1	5,367.5	2,407.8	24,926.8
Basket funds	192,874.1	22,377.3	436.4	23,007.1	16,857.3	0.0	22,849.0	0.0	1,091.4	6,500.5
HIPC Relief	206,036.6	38,707.8	24,600.3	5,811.2	2,189.3	7,171.2	7,123.5	4,430.9	3,173.3	0.0
<b>Overall defic.(cheq.issued) after Grants</b>	<b>-804,626.5</b>	<b>391,638.6</b>	<b>-373,892.8</b>	<b>-128,396.3</b>	<b>-86,871.6</b>	<b>-24,491.9</b>	<b>75,302.4</b>	<b>-200,956.3</b>	<b>-89,083.6</b>	<b>-38,434.6</b>
Expenditure float	0.0	-186,585.9	-12,803.2	-9,825.0	-11,909.3	-10,769.0	-9,514.8	-13,407.0	-12,908.4	-8,027.3
Adjustments to cash and other items ( net)	0	90,031	51,112	70,465	-66,655	-55,794	-48,455	71,976	-17,066	-91,196
<b>Overall Balance (cheques issued)</b>	<b>-804,626.5</b>	<b>295,084.0</b>	<b>-335,584.1</b>	<b>-67,755.8</b>	<b>-165,435.9</b>	<b>-91,055.1</b>	<b>17,332.6</b>	<b>-142,387.3</b>	<b>-119,057.7</b>	<b>-137,657.4</b>
<b>Financing:</b>	<b>804,626.5</b>	<b>-295,084.0</b>	<b>335,584.1</b>	<b>67,755.8</b>	<b>165,435.9</b>	<b>91,055.1</b>	<b>-17,332.6</b>	<b>142,387.3</b>	<b>119,057.7</b>	<b>137,657.4</b>
<b>Foreign Financing ( net)</b>	<b>818,616.7</b>	<b>123,223.5</b>	<b>337,889.6</b>	<b>352,985.9</b>	<b>69,537.8</b>	<b>45,250.6</b>	<b>43,462.4</b>	<b>74,854.7</b>	<b>31,443.5</b>	<b>100,356.8</b>
Loans	858,376.7	123,962.0	338,263.4	356,427.5	72,231.3	46,734.6	47,007.5	75,522.4	32,620.9	103,889.0
Program loans	273,796.2	95,554.6	0.0	246,438.8	0.0	0.0	20,422.0	0.0	0.0	0.0
Development Project loans	504,260.2	23,655.7	338,263.4	35,761.0	55,163.7	21,188.6	25,713.6	58,990.6	20,034.7	103,889.0
Basket Support	80,320.2	4,751.7	0.0	74,227.7	17,067.7	25,546.0	871.9	16,531.9	12,586.2	0.0
Amortization	-39,760.0	-738.5	-373.9	-3,441.6	-2,693.6	-1,483.9	-3,545.1	-667.7	-1,177.5	-3,532.2
<b>Domestic (net)</b>	<b>-13,990.2</b>	<b>-418,307.5</b>	<b>-2,305.5</b>	<b>-285,230.1</b>	<b>95,898.1</b>	<b>45,804.4</b>	<b>-60,795.1</b>	<b>67,532.6</b>	<b>87,614.2</b>	<b>37,300.6</b>
Domestic Financing	-0.2	-418,307.5	-1,775.5	-285,230.1	95,972.6	45,804.4	-59,089.8	70,116.2	88,814.2	37,300.6
Bank borrowing	0.0	-382,880.4	-42,300.5	-304,053.8	50,654.0	76,153.7	-29,948.5	105,715.5	123,026.3	171,151.6
Non-Bank (net of amortization)	0.0	-35,427.1	40,525.0	18,823.7	45,318.6	-30,349.3	-29,141.3	-35,599.3	-34,212.1	-133,851.0
Amortization of contingent debt	-15,000.0	0.0	-530.0	0.0	-74.5	0.0	-1,705.3	-2,583.6	-1,200.0	0.0
Privatization Proceeds	-13,990.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Note:

/1 Exclude amortization and Expenditure Float, includes Road fund and Retention expenditures

/2 Domestic Interest payments and amortization include Cash and Non cash

Source: Ministry of Finance









**Table A5(a): Exports by Type of Commodity**

Item	2007 <sup>p</sup>	2008		% Change		Year Ending March <sup>p</sup>		
	Mar	Feb	Mar	Mar 07 - Mar 08	Feb 08- Mar 08	2007	2008	% Change
<b>Traditional Exports:</b>								
<b>COFFEE</b>								
Value	12.5	12.9	8.9	-28.9	-31.0	79.3	82.3	3.8
Volume	5.6	5.4	3.7	-33.4	-30.6	38.8	36.5	-5.8
Unit Price	2,293.8	2,397.4	2,381.1	3.8	-0.7	2,044.2	2,237.7	9.5
<b>COTTON</b>								
Value	1.7	3.3	3.4	--	3.9	40.6	71.7	76.9
Volume	1.8	2.6	2.9	--	12.3	39.3	62.9	59.9
Unit Price	1,184.7	1,243.1	1,150.2	-2.9	-7.5	1,032.1	1,141.6	10.6
<b>SISAL</b>								
Value	0.9	0.3	0.2	-79.0	0.0	7.1	6.4	-9.7
Volume	1.1	0.3	0.2	-83.6	0.0	8.9	6.6	-25.3
Unit Price	887.7	1,067.8	1,061.5	19.6	0.0	801.4	969.5	21.0
<b>TEA</b>								
Value	4.0	3.4	3.1	-23.1	-10.1	31.8	26.3	-17.2
Volume	3.1	2.4	1.8	-39.8	-22.9	22.3	19.1	-14.7
Unit Price	1,348.0	1,418.8	1,654.9	22.8	16.6	1,423.4	1,382.1	-2.9
<b>TOBACCO</b>								
Value	5.3	4.5	6.0	13.8	33.7	77.4	71.9	-7.1
Volume	2.5	3.2	3.5	36.8	7.4	31.2	31.8	2.0
Unit Price	2,288.6	1,387.7	1,727.7	-24.5	24.5	2,483.3	2,263.0	-8.9
<b>CASHEWNUTS</b>								
Value	0.0	11.9	0.6	--	-95.1	29.0	56.0	93.0
Volume	0.0	16.3	0.7	--	-95.4	58.4	77.3	32.3
Unit Price	458.6	728.6	778.9	69.8	6.9	496.3	723.6	45.8
<b>CLOVES</b>								
Value	0.1	0.8	0.1	34.4	-89.6	9.6	3.7	-61.2
Volume	0.0	0.2	0.0	13.4	-89.3	3.0	1.1	-63.5
Unit Price	3,034.8	4,072.11	3,952.4	30.2	-2.9	3,210.0	3,411.7	6.3
<b>Sub Total</b>	<b>24.5</b>	<b>37.0</b>	<b>22.2</b>	<b>-9.3</b>	<b>-40.0</b>	<b>274.7</b>	<b>318.4</b>	<b>15.9</b>
<b>Non-Traditional Exports:</b>								
<b>Minerals</b>								
Gold	64.3	91.6	87.2	35.6	-4.8	879.7	805.3	-8.5
Diamond	57.6	84.9	83.8	45.4	-1.3	828.8	749.7	-9.5
Other minerals <sup>1</sup>	2.5	2.0	1.8	-26.9	--	23.5	21.1	-10.2
	4.2	4.7	1.6	--	--	27.4	34.5	25.8
<b>Manufactured Goods</b>								
Cotton Yarn	18.9	47.5	28.3	--	-40.4	207.9	341.8	64.4
Manufactured Coffee	0.4	0.4	0.2	-60.8	-64.3	6.6	7.0	6.6
Manufactured Tobacco	0.1	0.1	0.0	--	-71.3	1.3	1.4	0.0
Sisal Products (Yarn & Twine)	0.2	0.1	0.1	-35.0	--	1.3	0.9	-34.6
Other manufactured Goods <sup>2</sup>	0.4	0.8	0.6	--	--	3.5	9.3	--
	17.8	46.0	27.4	--	-40.6	195.2	323.2	65.6
<b>Fish and Fish Products</b>								
	15.6	9.5	9.8	-37.2	3.0	153.7	140.3	-8.7
<b>Horticultural products</b>								
	1.7	2.5	2.2	33.0	-12.3	17.0	19.7	15.4
<b>Re-exports</b>								
	5.3	13.7	9.6	81.4	-29.5	141.4	144.4	2.1
<b>Others Exports <sup>3</sup></b>								
	12.2	14.8	12.4	1.7	-16.3	149.5	209.5	40.1
<b>Sub Total</b>	<b>118.0</b>	<b>179.6</b>	<b>149.6</b>	<b>26.7</b>	<b>-16.7</b>	<b>1,549.2</b>	<b>1,660.9</b>	<b>7.2</b>
<b>GRAND TOTAL</b>	<b>142.5</b>	<b>216.6</b>	<b>171.8</b>	<b>20.5</b>	<b>-20.7</b>	<b>1,823.9</b>	<b>1,979.4</b>	<b>8.5</b>

Note:

<sup>1</sup> Include tanzanite, rubbies, sapphires, emeralds, copper, silver and other precious stones

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

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

p = Provisional data.

- = Small value

-- = Very big value

--- = Information not available

Totals may not add up due to rounding of numbers.

Volume in '000 Tons; Value in '000,000 USD; Unit Price in USD/Ton

Source: Bank of Tanzania, TRA



**Table A5(b): Imports (f.o.b value) by Major Category**

Import Category	Millions of USD									
	2007 <sup>P</sup>		Year Ending March		% Change		Year Ending March		% Change	
	Mar	Feb-08	Mar-08	Mar-07-	Mar-08	Mar-08	2007	2008	2007	2008
<b>Capital Goods</b>	<b>147.7</b>	<b>194.7</b>	<b>158.5</b>	<b>7.3</b>	<b>-18.6</b>		<b>1,514.1</b>	<b>1,727.3</b>		<b>14.1</b>
Transport Equipments	30.9	62.7	50.9	64.5	-18.8		373.0	503.4		35.0
Building and Constructions	34.8	38.0	45.6	31.0	20.1		364.1	403.8		10.9
Machinery	82.0	94.0	62.0	-24.4	-34.0		777.0	820.1		5.6
<b>Intermediate Goods</b>	<b>116.7</b>	<b>183.4</b>	<b>186.8</b>	<b>60.1</b>	<b>1.8</b>		<b>1,734.3</b>	<b>1,884.6</b>		<b>8.7</b>
Oil imports	88.7	139.3	131.7	48.6	-5.5		1,276.4	1,378.0		8.0
Fertilizers	1.3	0.2	3.3	143.5	1,317.3		54.4	59.5		9.3
Industrial raw materials	26.7	43.9	51.8	94.3	18.1		403.4	447.1		10.8
<b>Consumer Goods</b>	<b>106.5</b>	<b>111.0</b>	<b>93.1</b>	<b>-12.6</b>	<b>-16.1</b>		<b>934.4</b>	<b>1,057.2</b>		<b>13.1</b>
Food and food stuffs	25.9	35.2	20.3	-21.7	-42.3		262.4	291.6		11.1
All other consumer goods <sup>1</sup>	80.6	75.8	72.8	-9.7	-4.0		672.0	765.6		13.9
<b>Grand Total (f.o.b)</b>	<b>370.9</b>	<b>489.1</b>	<b>438.4</b>	<b>18.2</b>	<b>-10.4</b>		<b>4,182.8</b>	<b>4,669.1</b>		<b>11.6</b>
<b>Grand Total (c.i.f)</b>	<b>407.6</b>	<b>537.4</b>	<b>481.7</b>	<b>18.2</b>	<b>-10.4</b>		<b>4,596.5</b>	<b>5,130.9</b>		<b>11.6</b>

Note:

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

<sup>P</sup> = Provisional data

Totals may not add up due to rounding of numbers.

Source: Bank of Tanzania, TRA.



**Table A5.(c): Tanzania's Balance of Payments**

Millions of USD

Item	2000	2001	2002 <sup>r</sup>	2003 <sup>r</sup>	2004 <sup>r</sup>	2005 <sup>r</sup>	2006 <sup>p</sup>	2007 <sup>p</sup>
<b>A. Current Account</b>	<b>-485.9</b>	<b>-237.4</b>	<b>-37.1</b>	<b>-122.8</b>	<b>-369.3</b>	<b>-867.7</b>	<b>-1,345.8</b>	<b>-2,059.8</b>
Goods: Exports (f.o.b)	733.7	851.3	979.6	1,216.1	1,479.1	1,675.8	1,743.4	2,022.1
Traditional	292.8	231.1	206.1	220.5	297.8	354.5	267.1	317.6
Non-traditional	440.9	620.2	773.5	995.7	1,181.3	1,321.2	1,476.3	1,704.5
o/w Gold	112.7	254.1	341.1	502.8	629.9	655.1	786.4	788.2
Goods: Imports (f.o.b)	-1,367.6	-1,560.3	-1,511.3	-1,933.5	-2,482.8	-2,997.6	-3,864.1	-4,860.6
<i>Balance on Goods</i>	<i>-633.9</i>	<i>-709.0</i>	<i>-531.8</i>	<i>-717.3</i>	<i>-1,003.7</i>	<i>-1,321.8</i>	<i>-2,120.7</i>	<i>-2,838.6</i>
Services: <b>Credit</b>	627.3	914.6	920.1	947.8	1,133.6	1,269.2	1,528.1	1,714.0
Transportation	56.8	105.9	117.1	138.9	183.0	222.9	343.7	331.9
Travel	376.7	615.1	635.0	646.5	746.0	823.6	950.2	1,037.1
Other	193.8	193.6	168.0	162.3	204.6	222.7	234.1	345.0
Services: <b>Debit</b>	-682.4	-649.7	-632.5	-725.7	-974.7	-1,207.3	-1,249.4	-1,473.6
Transportation	-205.7	-194.2	-176.9	-214.7	-267.1	-319.5	-418.3	-485.0
Travel	-337.3	-327.3	-337.5	-353.2	-445.3	-553.8	-534.5	-645.3
Other	-139.4	-128.1	-118.1	-157.8	-262.3	-334.0	-296.6	-343.2
<i>Balance on Services</i>	<i>-55.1</i>	<i>264.9</i>	<i>287.6</i>	<i>222.1</i>	<i>158.9</i>	<i>61.8</i>	<i>278.7</i>	<i>240.4</i>
<i>Balance on Goods and Services</i>	<i>-689.0</i>	<i>-444.1</i>	<i>-244.2</i>	<i>-495.3</i>	<i>-844.8</i>	<i>-1,260.0</i>	<i>-1,842.0</i>	<i>-2,598.1</i>
Income: <b>Credit</b>	50.4	55.3	67.9	87.1	81.8	80.9	53.7	80.8
Income: <b>Debit</b>	-240.9	-243.8	-156.8	-225.6	-195.3	-185.0	-146.8	-159.8
<i>Balance on Income</i>	<i>-190.6</i>	<i>-188.5</i>	<i>-88.8</i>	<i>-138.5</i>	<i>-113.5</i>	<i>-104.1</i>	<i>-93.1</i>	<i>-79.0</i>
<i>Balance on Goods, Services and Income</i>	<i>-879.5</i>	<i>-632.6</i>	<i>-333.0</i>	<i>-633.8</i>	<i>-958.4</i>	<i>-1,364.0</i>	<i>-1,935.1</i>	<i>-2,677.1</i>
Current transfers (net)	393.6	395.3	295.9	511.0	589.1	496.3	589.3	617.3
Current transfers: <b>Credit</b>	472.1	474.8	357.2	574.2	654.1	563.9	655.2	689.4
Government	427.8	418.4	307.0	507.6	582.0	478.5	560.3	595.2
o/w Multilateral HIPC relief	40.6	71.3	68.8	68.2	73.7	75.7	42.1	0.0
Other sectors	44.3	56.4	50.2	66.6	72.1	85.4	94.9	94.2
Current transfer: <b>Debit</b>	-78.5	-79.5	-61.3	-63.3	-65.0	-67.5	-65.9	-72.0
<b>B. Capital Account</b>	<b>330.4</b>	<b>361.5</b>	<b>785.7</b>	<b>692.8</b>	<b>459.9</b>	<b>393.2</b>	<b>5,217.7</b>	<b>957.8</b>
Capital transfers: <b>Credit</b>	330.4	361.5	785.7	692.8	459.9	393.2	5,217.7	957.8
General Government	314.7	339.2	755.6	655.5	420.0	350.1	5,169.1	904.6
Other sectors	314.7	339.2	30.1	37.3	39.9	43.1	48.6	53.2
Capital transfers: <b>Debit</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Total, Groups A plus B</i>	<i>-155.5</i>	<i>124.1</i>	<i>748.5</i>	<i>569.9</i>	<i>90.7</i>	<i>-474.5</i>	<i>3,871.9</i>	<i>-1,102.0</i>
<b>C. Financial Account, excl. reserves and related items</b>	<b>187.8</b>	<b>-353.7</b>	<b>248.1</b>	<b>90.5</b>	<b>256.8</b>	<b>807.6</b>	<b>-3,840.0</b>	<b>1,365.1</b>
Direct investment abroad	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Direct investment in Tanzania	282.0	467.2	387.6	308.2	330.6	494.1	597.0	640.5
Portfolio investment	0.0	0.0	2.2	2.7	2.4	2.5	2.6	2.8
Other investment	-94.2	-829.1	-141.7	-220.4	-76.2	311.0	-4,439.6	721.8
Assets	-134.0	-76.7	2.9	-59.0	-11.0	-61.5	-175.0	288.1
Liabilities	39.9	-752.5	-144.6	-161.3	-65.1	372.5	-4,264.6	433.7
<i>Total, Groups A through C</i>	<i>118.7</i>	<i>580.0</i>	<i>996.6</i>	<i>660.5</i>	<i>347.5</i>	<i>333.0</i>	<i>31.9</i>	<i>263.1</i>
<b>D. Net Errors and Omissions</b>	<b>-118.7</b>	<b>-580.0</b>	<b>-678.7</b>	<b>-271.4</b>	<b>-141.5</b>	<b>-555.4</b>	<b>428.8</b>	<b>148.6</b>
<b>Overall balance</b>	<b>-86.3</b>	<b>-809.6</b>	<b>317.9</b>	<b>389.1</b>	<b>206.0</b>	<b>-222.4</b>	<b>460.7</b>	<b>411.8</b>
<b>E. Reserves and Related Items</b>	<b>86.3</b>	<b>809.6</b>	<b>-317.9</b>	<b>-389.1</b>	<b>-206.0</b>	<b>222.4</b>	<b>-460.7</b>	<b>-411.8</b>
Reserve assets	-198.8	-182.2	-372.4	-508.8	-258.4	247.7	-126.5	-416.8
Use of Fund credit and loans	49.4	15.6	26.0	-2.9	-33.8	-50.5	-334.2	5.1
Exceptional financing	235.7	976.2	28.5	122.6	86.2	25.1	0.0	0.0
Rescheduled debt	10.1	131.4	9.8	86.9	0.0	0.0	0.0	0.0
Debt forgiveness	49.4	642.1	0.0	0.0	0.0	0.0	0.0	0.0
Interest arrears	81.2	67.4	18.4	29.5	21.9	25.1	0.0	0.0
Principal arrears	95.0	135.2	0.4	6.2	64.3	0.0	0.0	0.0
<b>Memorandum Items</b>								
GDP(mp) Mill. TZS	7,277,799.9	8,304,338.6	10,444,508.0	12,107,062.0	13,971,593.0	15,965,295.0	17,749,574.0	20,819,190.7
GDP(mp) Mill. USD	9,092.7	9,475.6	10,799.9	11,653.4	12,828.0	14,139.1	14,155.5	16,734.7
CAB/GDP	-5.3	-2.5	-0.3	-1.1	-2.9	-6.1	-9.5	-12.3
CAB/GDP (excl. current official transfers)	-10.0	-6.9	-3.2	-5.4	-7.4	-9.5	-13.5	-15.9
Gross Official Reserves	974.4	1,156.6	1,529.0	2,037.8	2,296.1	2,048.4	2,260.1	2,755.2
Months of Imports	5.7	6.3	6.9	7.1	6.6	4.8	4.3	4.6
Net International Reserves (year end)	542.7	761.2	1,068.2	1,533.9	1,786.9	1,395.9	1,994.8	2,794.5
Change in Net International Reserves	-137.6	-218.5	-299.6	-465.7	-253.0	391.0	-598.9	-119.4
Exchange rate (end of period)	803.3	916.3	976.7	1,063.6	1,043.0	1,165.5	1,261.6	1,132.1
Exchange rate (Annual Average)	800.4	876.4	967.1	1,038.9	1,089.1	1,129.2	1,253.9	1,244.1

Source: Bank of Tanzania

Notes:

1. Revision is based on new data from the Private Capital Flows survey and adoption of new data sources for some other items in the services account
2. Change in gross official reserves will not necessarily be equal to reserve assets given a new methodology



Table A6 (a): National Consumer Price Index (All - Urban), Percentage Change on the Previous Year

Period	Headline (General Index)		Non-Food												
	Weight (%)	Total	Drinks & Tobacco	Clothing & Footwear	Rent	Fuel, Power & Water	Furniture Household Equip.	Household operations	Personal care & Health	Recreation & Entertain.	Transportation	Educ-ation	Miscl. goods & services		
2003	3.5	100.0	6.9	6.4	1.4	8.5	2.1	2.1	2.1	0.8	9.7	2.6	1.5		
2004	4.2	100.0	1.5	2.0	5.9	2.5	2.1	1.1	2.9	2.1	1.2	2.2	2.2		
2005	4.4	100.0	-0.5	2.3	2.3	4.6	0.2	0.9	0.5	2.1	1.0	0.6	-0.5		
2006	7.3	100.0	7.7	-0.5	-0.4	7.7	-1.1	0.5	3.5	-1.5	4.7	-0.1	-1.4		
2007	7.0	100.0	7.7	7.0	5.5	8.5	7.8	2.0	11.2	5.0	9.1	2.5	8.0		
2006 Mar	7.0	100.0	10.5	5.9	3.6	6.2	7.9	8.7	2.9	8.9	7.0	9.7	0.8		
2006 Mar	8.3	100.0	5.6	7.9	8.5	7.3	4.7	-1.0	16.9	4.9	7.5	0.3	9.4		
2006 Jun	9.2	100.0	6.0	7.4	7.7	9.5	6.8	0.3	13.6	5.5	10.0	2.1	7.7		
2006 Sep	5.9	100.0	9.8	6.9	3.9	12.0	10.1	2.6	10.5	7.0	11.2	5.0	8.6		
2006 Dec	6.3	100.0	9.2	5.9	2.3	5.4	9.8	6.0	4.8	2.8	7.8	2.5	6.6		
2007 Mar	7.2	100.0	11.7	6.5	5.6	7.9	10.6	10.5	2.1	7.4	9.2	11.6	-0.2		
2007 Jun	8.1	100.0	13.3	7.2	3.9	6.3	9.2	11.0	4.2	9.6	7.4	10.7	2.1		
2007 Sep	10.3	100.0	8.1	5.5	2.2	4.3	6.2	8.9	3.4	10.4	5.8	8.9	0.4		
2007 Dec	6.9	100.0	9.1	4.4	2.8	6.2	5.8	4.5	1.9	8.1	5.7	7.5	0.9		
2006 Jan	6.7	100.0	4.6	9.6	16.6	9.0	4.1	-0.5	19.4	4.5	6.7	1.3	8.7		
2006 Feb	7.8	100.0	5.2	7.8	5.0	6.6	4.5	-1.3	18.2	5.9	8.3	-0.5	10.7		
2006 Mar	8.6	100.0	6.9	6.5	4.5	6.4	5.4	-1.3	13.4	4.3	7.6	0.0	8.7		
2006 Apr	8.8	100.0	4.6	7.3	6.1	7.5	5.7	-1.0	14.3	5.8	8.1	1.0	7.9		
2006 May	9.7	100.0	6.3	7.2	7.9	5.9	7.3	0.7	12.7	5.2	9.6	2.7	7.6		
2006 Jun	8.2	100.0	9.1	7.6	9.1	15.3	7.5	1.4	13.9	5.6	12.4	2.6	7.5		
2006 Jul	6.4	100.0	8.0	8.8	5.0	12.7	8.4	1.5	12.3	5.1	11.9	4.2	7.3		
2006 Aug	5.5	100.0	10.6	8.1	3.5	13.9	8.2	1.9	14.0	5.5	9.3	4.6	8.7		
2006 Sep	5.8	100.0	10.7	3.8	3.2	9.6	13.5	4.2	5.3	10.3	12.3	6.1	9.9		
2006 Oct	6.0	100.0	8.7	3.0	2.9	9.2	13.1	6.1	4.6	6.1	7.2	1.3	10.1		
2006 Nov	6.2	100.0	9.5	5.4	2.2	2.6	6.3	7.1	5.7	1.2	7.8	2.2	4.6		
2006 Dec	6.7	100.0	9.5	9.3	1.7	4.5	9.9	4.9	4.1	1.0	8.5	4.1	5.0		
2007 Jan	7.0	100.0	11.9	6.1	4.9	4.8	10.3	9.6	2.0	5.6	8.8	10.0	-1.8		
2007 Feb	7.3	100.0	11.2	6.3	6.0	9.6	11.0	10.8	0.9	7.5	9.8	11.8	-0.4		
2007 Mar	7.2	100.0	11.8	7.2	5.8	9.3	10.4	11.1	3.4	9.2	9.1	13.0	1.6		
2007 Apr	6.1	100.0	14.7	6.7	4.3	5.0	10.5	11.8	3.6	9.4	8.3	11.8	1.9		
2007 May	5.0	100.0	13.0	7.4	4.2	7.5	8.4	11.1	4.7	9.4	8.0	10.1	2.0		
2007 Jun	5.9	100.0	12.3	7.3	3.2	6.4	8.7	10.1	4.2	10.1	5.8	10.3	2.5		
2007 Jul	9.0	100.0	10.8	5.5	1.7	7.3	7.6	10.7	4.5	10.6	6.8	8.6	2.0		
2007 Aug	7.8	100.0	7.3	6.4	2.1	4.2	6.9	9.5	3.5	10.8	6.5	8.8	0.0		
2007 Sep	8.3	100.0	6.2	4.5	2.8	1.4	4.1	6.5	2.2	9.7	4.3	9.2	-0.8		
2007 Oct	7.1	100.0	7.0	5.4	2.8	3.8	4.6	5.8	1.6	10.5	5.6	7.8	0.3		
2007 Nov	7.3	100.0	10.0	5.2	2.8	6.8	6.6	4.8	2.1	7.6	6.2	7.8	1.7		
2007 Dec	6.4	100.0	10.3	2.5	2.8	8.0	6.2	3.0	1.9	6.1	5.4	6.8	0.8		
2008 -Jan	8.6	100.0	10.4	1.1	2.4	10.1	4.9	3.6	3.7	5.9	5.7	5.6	2.1		
2008 -Feb	8.9	100.0	10.2	0.3	2.4	6.8	4.1	2.9	3.4	4.0	4.9	5.6	1.8		
2008 -Mar	9.0	100.0	9.1	1.0	1.7	8.3	4.9	2.9	3.1	3.5	6.0	5.6	1.0		

Source: National Bureau of Statistics  
Note: Base (1) 2001=100 up to 2005 (2) Dec 2001=100 from January 2006.



Table A6 (b): National Consumer Price Index, Percentage Change on the Previous Month (Month-on-Month)

Period Weight (%)	Headline (General Index)		Non-Food										Miscel. goods & services	
	100.0	Food	Total	Drinks & Tobacco	Clothing & Footwear	Rent	Fuel, Power & Water	Furniture Equip.	Household operations	Personal care & Health	Recreation & Entertain.	Transpor- tation		Educ- ation
2005 Jan	0.3	55.9	44.1	6.9	6.4	1.4	8.5	2.1	2.1	2.1	0.8	9.7	2.6	1.5
Feb	-0.2	-1.0	0.1	1.3	0.2	0.1	0.5	0.8	0.4	-0.9	0.5	1.5	-11.2	0.0
Mar	0.0	-0.1	1.0	0.6	2.5	9.9	2.3	0.9	1.1	2.3	-1.4	-1.3	0.1	-2.3
Apr	0.8	0.9	0.3	-0.3	0.2	1.3	0.2	-1.2	-0.1	2.2	0.8	0.7	-1.1	0.8
May	0.9	0.8	0.5	0.4	-0.4	0.0	2.1	-0.1	0.0	-0.7	-1.6	0.2	0.1	0.3
Jun	0.0	0.6	1.0	1.1	0.2	-1.6	2.4	1.0	-0.3	0.3	0.9	1.0	0.2	0.9
Jul	0.0	-1.0	-1.0	-0.2	0.2	0.1	-4.2	0.0	0.5	-0.5	-0.3	0.0	0.5	-0.4
Aug	-0.5	-1.5	0.9	0.8	0.0	5.6	1.6	0.3	-0.2	1.3	0.8	0.5	0.1	0.0
Sep	1.1	1.1	1.0	0.2	0.3	1.4	1.5	0.5	0.3	-0.3	-0.1	2.4	0.2	-0.1
Oct	-0.2	-1.3	1.5	1.3	4.8	0.3	4.3	-3.2	-0.3	9.3	-4.1	-1.3	-1.2	-0.9
Nov	1.4	1.1	1.9	2.5	1.2	0.3	-0.8	1.0	-0.7	2.4	4.4	4.5	6.5	-0.8
Dec	0.7	0.7	0.6	-0.6	-2.0	0.7	3.3	5.4	-0.3	-1.1	6.8	-0.8	-0.9	4.7
2006 Jan	1.7	3.3	-0.7	0.3	-1.8	0.5	-3.4	-1.9	4.0	1.9	2.0	0.6	-0.1	0.1
Feb	1.0	1.7	0.1	-1.5	4.5	-2.3	-0.4	1.6	-4.3	1.2	-3.3	0.1	-2.9	6.2
Mar	0.8	1.2	0.4	1.2	0.7	-1.0	0.1	1.2	0.3	0.1	-0.1	0.2	-1.6	-0.5
Apr	0.8	1.3	0.0	1.3	-1.0	0.9	0.1	-0.3	0.0	-1.9	-0.7	0.2	-0.7	-1.0
May	0.9	1.1	0.7	-1.8	0.3	1.5	3.2	0.1	0.2	0.1	-0.3	0.7	1.1	-0.5
Jun	1.7	1.9	1.4	2.7	0.1	0.1	0.8	2.6	1.5	-1.2	0.3	2.4	1.8	0.7
Jul	-0.7	-2.4	1.9	0.7	0.6	1.0	4.2	0.1	1.2	0.5	0.1	2.5	0.4	-0.4
Aug	-2.9	-5.1	0.4	1.5	1.1	1.6	-0.7	1.1	-0.1	-0.1	0.3	0.2	1.7	-0.3
Sep	0.2	-0.5	1.2	2.7	-0.5	0.0	2.6	0.4	0.6	1.3	0.3	0.0	0.6	1.2
Oct	0.2	-0.4	0.9	1.4	0.7	0.0	0.4	1.5	1.9	1.0	0.3	1.4	0.2	0.2
Nov	1.6	2.6	0.0	0.6	0.4	0.0	-1.2	0.6	1.1	1.7	0.4	-0.3	1.7	-0.6
Dec	0.8	2.3	-0.7	0.2	0.3	0.0	-2.8	-0.8	0.6	-0.1	1.8	-0.2	0.0	-0.6
2007 Jan	2.1	2.9	0.4	0.3	1.8	0.0	-1.7	1.4	1.8	0.4	1.8	1.1	1.8	0.6
Feb	1.3	1.8	0.6	0.7	1.5	0.9	-0.1	1.9	0.1	-0.9	1.2	0.4	2.6	-0.6
Mar	1.1	0.7	1.7	0.5	0.9	0.0	4.7	1.8	1.4	0.3	1.7	1.1	0.0	0.9
Apr	0.7	1.2	0.2	1.9	-0.2	0.7	-0.2	-0.8	0.3	0.5	0.9	-0.5	0.4	0.9
May	-0.1	-0.1	-0.1	0.7	-0.1	0.0	-0.9	0.2	0.9	0.3	-0.1	0.1	0.1	0.1
Jun	0.6	-0.1	1.6	1.2	0.8	0.0	3.3	0.6	0.8	0.0	0.4	2.1	0.3	0.8
Jul	0.1	-0.6	1.0	0.1	0.5	0.0	3.2	0.4	0.3	0.0	0.7	0.5	0.6	0.0
Aug	0.1	0.1	0.2	0.1	-0.6	0.1	0.2	0.2	0.4	0.2	0.7	1.1	0.2	-0.7
Sep	-0.9	-1.6	-0.2	-0.6	0.4	0.4	-0.4	-0.4	-0.4	0.3	0.5	-0.3	0.8	-0.8
Oct	0.6	1.7	-0.9	0.4	-1.1	0.7	-2.3	-1.1	-0.9	-0.3	-0.6	-0.7	0.5	-0.6
Nov	0.4	-0.1	1.0	1.4	1.2	0.0	0.0	1.1	0.4	1.1	1.1	0.9	0.4	0.5
Dec	1.1	1.5	0.6	2.9	0.1	0.0	0.0	1.0	-0.4	0.4	-0.8	0.4	0.0	0.8
2008- Jan	1.3	2.0	0.1	0.6	-0.8	0.0	-0.6	1.1	0.1	0.2	0.4	0.4	0.9	-0.3
Feb	3.4	5.2	0.9	0.8	0.0	0.4	1.9	0.7	0.7	0.8	0.9	0.7	1.3	0.7
Mar	1.4	1.9	0.6	0.4	0.1	0.0	1.6	1.0	0.6	0.0	-0.1	0.4	0.0	0.6
Apr	0.9	0.9	0.7	0.8	0.5	0.0	1.2	0.0	0.3	0.2	0.4	0.6	0.4	0.1

Source: National Bureau of Statistics

Note: Base (1) 2001=100 up to 2005 (2) Dec 2001=100 from January 2006.

Table A7: External Debt Developments

Item	Millions of USD										
	2005/06	2006/07	2007/08						Jan-08	Feb-08	Mar-08
			Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07			
<b>1. Overall Total Debt Committed <sup>2</sup></b>	<b>8,638.9</b>	<b>5,212.4</b>	<b>5,248.3</b>	<b>5,447.2</b>	<b>5,635.1</b>	<b>5,880.0</b>	<b>5,908.7</b>	<b>5,915.8</b>	<b>5,958.4</b>	<b>6,335.0</b>	<b>6,842.3</b>
Disbursed outstanding debt	6,971.1	3,442.3	3,471.5	3,556.2	3,685.2	4,010.2	4,038.4	4,057.4	4,086.4	4,118.8	4,347.7
Undisbursed debt	1,667.7	1,770.1	1,776.8	1,891.1	1,949.9	1,869.8	1,870.4	1,858.4	1,872.1	2,216.2	2,494.6
<b>2. Disbursed Debt by Creditor Category <sup>2</sup></b>	<b>7,733.9</b>	<b>3,442.3</b>	<b>3,471.5</b>	<b>3,556.2</b>	<b>3,685.2</b>	<b>4,010.2</b>	<b>4,038.4</b>	<b>4,057.4</b>	<b>4,086.4</b>	<b>4,118.8</b>	<b>4,347.7</b>
Bilateral	1,506.2	910.5	907.2	901.1	910.4	922.6	928.4	933.4	933.2	936.0	933.1
Multilateral	5,459.6	1,772.6	1,801.2	1,891.0	2,001.4	2,257.9	2,289.4	2,301.9	2,328.2	2,343.1	2,511.5
Commercial	462.2	437.3	439.6	439.5	447.9	492.8	489.8	499.3	496.7	498.4	499.4
Export credits	305.9	321.9	323.4	324.7	325.5	336.9	<b>330.8</b>	<b>322.8</b>	<b>328.3</b>	<b>341.2</b>	<b>403.7</b>
<b>3. Disbursed Debt by Borrower Category <sup>2</sup></b>	<b>7,734.0</b>	<b>3,442.3</b>	<b>3,471.5</b>	<b>3,556.2</b>	<b>3,685.2</b>	<b>4,010.2</b>	<b>4,038.4</b>	<b>4,057.4</b>	<b>4,086.4</b>	<b>4,118.8</b>	<b>4,347.7</b>
Central Government	6,724.5	2,692.0	2,718.0	2,799.4	2,923.3	3,192.4	3,232.0	3,249.6	3,275.9	3,295.2	3,462.3
Parastatal Companies	450.0	167.8	168.0	167.9	169.0	170.8	170.8	170.8	170.1	169.5	169.0
Private Sector	559.5	582.5	585.5	588.9	592.9	647.0	635.5	637.0	640.4	654.1	716.4
<b>4. Disbursed Debt by Use of Funds <sup>2</sup></b>	<b>6,971.1</b>	<b>3,442.3</b>	<b>3,471.5</b>	<b>3,556.2</b>	<b>3,685.2</b>	<b>4,010.2</b>	<b>4,038.4</b>	<b>4,057.4</b>	<b>4,086.4</b>	<b>4,118.8</b>	<b>4,347.7</b>
Balance of Payment & Budget Support	1,392.6	1,019.3	1,019.7	1,096.4	1,117.2	1,330.0	1,332.1	1,333.4	1,294.1	1,339.4	1,433.5
Transport & Telecommunication	1,087.9	425.3	427.6	431.5	441.2	490.0	507.3	518.9	517.1	529.4	544.3
Agriculture	1,050.1	338.1	346.2	350.1	354.0	380.0	383.9	382.1	396.2	399.5	396.7
Energy & Mining	955.2	606.9	610.5	609.2	615.1	621.0	624.7	624.8	627.5	628.7	637.0
Industries	409.0	162.8	157.9	158.0	159.5	161.0	159.2	155.1	154.3	154.6	151.0
Social Welfare & Education	647.3	433.2	<b>444.6</b>	<b>447.1</b>	<b>525.1</b>	<b>538.0</b>	<b>550.8</b>	<b>554.2</b>	<b>567.2</b>	<b>571.5</b>	<b>615.0</b>
Finance and Insurance	98.7	64.4	66.0	66.0	66.5	68.0	72.2	75.0	75.1	75.4	76.2
Tourism	80.8	73.0	73.2	73.4	74.8	74.7	73.9	73.8	73.6	73.7	75.5
Others	1,249.8	319.3	325.9	324.5	331.6	347.5	334.3	340.2	381.3	346.5	418.5
<b>5. Total Amount fo Loans Contracted <sup>1</sup></b>	<b>264.0</b>	<b>318.1</b>	<b>72.2</b>	<b>5.0</b>	<b>18.8</b>	<b>1.4</b>	<b>2.2</b>	<b>0.0</b>	<b>111.8</b>	<b>0.0</b>	<b>1.2</b>
Government	165.0	280.0	0.0	0.0	17.3	0.0	0.0	0.0	107.8	0.0	0.0
Parastatal Companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Private	99.0	38.1	72.2	5.0	1.6	1.4	2.2	0.0	4.0	0.0	1.2
<b>6. Disbursements <sup>1</sup></b>	<b>207.1</b>	<b>449.5</b>	<b>18.6</b>	<b>14.1</b>	<b>259.9</b>	<b>34.7</b>	<b>17.7</b>	<b>16.2</b>	<b>19.5</b>	<b>0.0</b>	<b>19.6</b>
Government	179.1	432.6	14.7	9.1	259.9	34.7	<b>16.6</b>	<b>16.2</b>	15.5	0.0	18.4
Parastatal Companies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Private	28.0	16.9	3.9	5.0	0.1	0.0	1.1	0.0	4.0	0.0	1.1
<b>7. Scheduled Debt Service <sup>1</sup></b>	<b>373.6</b>	<b>336.9</b>	<b>28.0</b>	<b>3.5</b>	<b>17.0</b>	<b>16.6</b>	<b>8.5</b>	<b>36.2</b>	<b>18.1</b>	<b>4.2</b>	<b>14.3</b>
<b>8. Actual Debt Service <sup>1</sup></b>	<b>90.7</b>	<b>7.7</b>	<b>3.0</b>	<b>0.7</b>	<b>4.5</b>	<b>3.8</b>	<b>2.8</b>	<b>1.6</b>	<b>1.3</b>	<b>1.7</b>	<b>3.1</b>
Principal	61.4	5.6	0.8	0.3	3.4	2.2	1.2	1.0	0.3	0.7	1.6
Interest	29.3	2.1	2.1	0.4	1.1	1.6	1.6	0.6	1.0	1.0	1.5
Others	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>9. Net Transfers <sup>1</sup></b>	<b>99.8</b>	<b>407.5</b>	<b>15.7</b>	<b>13.4</b>	<b>255.5</b>	<b>30.9</b>	<b>14.9</b>	<b>14.6</b>	<b>18.2</b>	<b>-1.7</b>	<b>16.5</b>
<b>10. Total Arrears by Creditor Category <sup>2</sup></b>	<b>2,392.4</b>	<b>2,199.6</b>	<b>2,226.8</b>	<b>2,228.9</b>	<b>2,260.7</b>	<b>2,254.5</b>	<b>2,267.9</b>	<b>2,315.2</b>	<b>2,424.1</b>	<b>2,582.0</b>	<b>2,612.4</b>
<b>Principal</b>	<b>1,116.3</b>	<b>981.0</b>	<b>992.4</b>	<b>986.7</b>	<b>1,005.5</b>	<b>986.3</b>	<b>983.4</b>	<b>1,004.8</b>	<b>1,091.9</b>	<b>1,234.9</b>	<b>1,242.0</b>
Bilateral	609.0	377.7	381.6	379.8	387.2	395.7	401.0	408.0	416.8	422.0	422.3
Multilateral	11.9	13.6	14.7	16.5	15.2	15.4	13.8	16.1	16.6	15.0	15.0
Commercial	275.0	339.5	346.1	340.9	352.4	319.7	318.0	326.9	333.0	484.0	489.6
Other Private Creditors	220.4	250.1	250.0	249.4	250.7	255.5	250.6	253.7	325.4	314.0	315.2
<b>Interest</b>	<b>1,260.1</b>	<b>1,218.6</b>	<b>1,234.5</b>	<b>1,242.2</b>	<b>1,255.2</b>	<b>1,268.2</b>	<b>1,284.5</b>	<b>1,310.4</b>	<b>1,332.2</b>	<b>1,347.1</b>	<b>1,370.4</b>
Bilateral	684.0	536.1	543.3	544.5	549.6	553.5	562.9	579.6	591.8	599.5	611.5
Multilateral*	22.0	27.7	28.1	28.5	29.5	30.8	30.8	27.4	33.5	32.2	32.2
Commercial	372.9	440.0	445.5	451.7	458.0	460.2	463.5	476.2	478.4	484.2	488.4
Other Private Creditors	181.2	214.8	217.6	217.5	218.1	223.6	227.3	227.0	228.5	231.2	238.3
<b>11. External Debt Stock</b>	<b>8,231.3</b>	<b>4,660.8</b>	<b>4,706.0</b>	<b>4,798.4</b>	<b>4,940.4</b>	<b>5,278.4</b>	<b>5,322.8</b>	<b>5,367.7</b>	<b>5,418.6</b>	<b>5,465.9</b>	<b>5,718.1</b>
<b>12. Domestic Debt Stock</b>	<b>1,405.9</b>	<b>1,497.9</b>	<b>1,479.0</b>	<b>1,501.2</b>	<b>1,513.1</b>	<b>1,615.6</b>	<b>1,619.0</b>	<b>1,673.5</b>	<b>1,548.6</b>	<b>1,686.5</b>	<b>1,709.6</b>
<b>13. Total Debt Stock</b>	<b>9,637.2</b>	<b>6,158.8</b>	<b>6,184.9</b>	<b>6,299.6</b>	<b>6,453.5</b>	<b>6,894.0</b>	<b>6,941.8</b>	<b>7,041.3</b>	<b>6,967.2</b>	<b>7,152.4</b>	<b>7,427.7</b>
<b>End Period Exchange Rate</b>	<b>1,253.1</b>	<b>1,258.5</b>	<b>1,281.0</b>	<b>1,275.9</b>	<b>1,229.9</b>	<b>1,167.0</b>	<b>1,170.7</b>	<b>1,132.1</b>	<b>1,171.9</b>	<b>1,173.2</b>	<b>1,236.8</b>

Source: Bank of Tanzania

\* Multilateral arrears are those owed by private companies

1) During the period 2) End of March 2008 cumulative



## **GLOSSARY**





### **Currency in Circulation Outside Banks**

Notes and coins of Tanzanian shillings circulating outside the banking system, i.e. outside the Bank of Tanzania and deposit money banks

### **Discount Rate**

The rate of interest the Bank of Tanzania charges on Loans it extends to Deposit Money Banks and overdrafts to government. It is derived from the weighted average yield of Treasury bills of all maturities plus five-percentage points

### **Exchange Rate**

This is the price at which one currency can be purchased with another currency, e.g. TZS per US dollar.

### **Lombard Facility**

An overnight facility established to enable commercial banks to borrow at their own discretion, by pledging eligible government securities as collateral.

### **Lombard Rate**

This is the rate payable for the use of the Lombard Facility. The rate is based on the prevailing 35-days Treasury bill yield, REPO rate and overnight inter-bank rate, whichever is higher.

### **Money Supply, M**

The sum of currency circulating outside banks and Tanzanian residents' deposits with depository corporations, are defined at various levels of aggregation as money supply narrowly and broadly defined. That is, narrow money (M1), broad money (M2), and extended broad money (M3).

### **M1, Narrow Money,**

Consists of, currency in circulation outside banks and demand deposits of Tanzanian residents with deposit money banks.

### **M2, Broad Money**

Is equivalent to narrow money (M1) plus time and savings deposits of the Tanzanian residents with deposit money banks.

### **M3, Extended Broad Money**

Consists of, broad money (M2) plus foreign currency deposits of the Tanzanian residents with deposit money banks.

### **Nominal Exchange Rate**

It is the price of foreign currency at which actual transactions in the foreign exchange markets occur.

### **Non-Food or Underlying Inflation Rate**

This is a measure of price movements caused by factors other than food prices. It provides better indication of the effectiveness of monetary policy on inflation since price movements in these items are caused largely by monetary policy.

### **Repurchase Agreement (REPO)**

These are agreements to purchase/sale by the BOT government securities from/to financial institutions at agreed rate for a specified period, with an understanding that the financial institutions will repurchase/resell the securities to the BoT at the end of the period.

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

The Bank of Tanzania's liabilities in the form of: (1) currency in circulation outside the Bank of Tanzania and (2) deposit money banks' deposits with the Bank of Tanzania. Reserve money is also referred to as base money, or high-powered money.

### **Seasonally Adjusted Series**

Seasonal movements or seasonal variations, refer to identical, or almost identical patterns, which a time series appears to follow during corresponding months or quarters of each year. Such movements are due to recurring events, which take place annually, e.g. the harvest season. Seasonally adjusted series are series that have been processed to remove the impact of seasonal factors.

### **Weighted Annualized Yields of Treasury Bills of all Maturities**

This is the average yield of Treasury bills, which is weighted by the volume sold of 35-day, 91-day, 182-day, and 364-day Treasury bills, expressed in percentage per year.







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## TANZANIA



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