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Inflation Developments

Headline Inflation

The annual inflation rate during the year ending April 2003 slightly increased by 0.1 percentage point, from 4.2 percent recorded in the year ended March 2003, to 4.3 percent. The increase in headline inflation is on account of a rise in food inflation. However, when measured on a month-on-month basis, the overall inflation rate dropped by 1.4 percent in April 2003 mainly, due to a decrease in average prices of most food items. Using seasonally adjusted indices, the month-on-month headline inflation rate increased from 0.3 percent in March 2003 to 1.0 percent in April 2003.

Non-food Inflation

Non-food inflation recorded a significant decline in the review period decreasing from 9.2 percent in the year ending March 2003 to 5.9 percent in the year ending April 2003. The decline in non-food inflation is mainly attributed to the completion of the pass through of the one-time hike in the electricity tariff rates that occurred in April 2002. The review of the tariffs affected the fuel, power and water sub-group throughout the year (April 2002-March 2003), causing the group to record higher inflation rates. Consequently, during the year ending April 2003 the sub-group of fuel, power and water declined significantly to 9.0 percent, from 25.8 percent recorded during the year ended March 2003. However, the month-on-month non-food inflation rate increased by 0.6 percent in April 2003 when compared with 0.2 percent recorded in March 2003. The increase in non-food inflation rate during the month is attributed to increased average prices of almost all non-food items except those in the drinks and tobacco sub-group.

Food Inflation

The annual food inflation rate increased from 2.6 percent in the year ended March 2003 to 3.8 percent in the year ending April 2003, mainly due to expectation of poor harvests following poor and unreliable rainfall this season in most parts of the country. The lower than expected rainfall has caused households to hold food stocks in fear of food shortage with subsequent increase in food prices, particularly that of maize, staple-food for most Tanzanians. However, on a month-to-month basis, between March 2003 and April 2003, food inflation rate slowed down by 2.1 percent. The decline during the month under review is mainly explained by a fall in prices of wheat flour, bread, chicken, fish, cooking bananas, beans, cassava, and potatoes. It is worthy noting that food items whose prices decreased were not affected by drought conditions prevailing in most parts of the country.

Chart 1: Annual Headline, Food and Non-food Inflation
January 2002 - April 2003

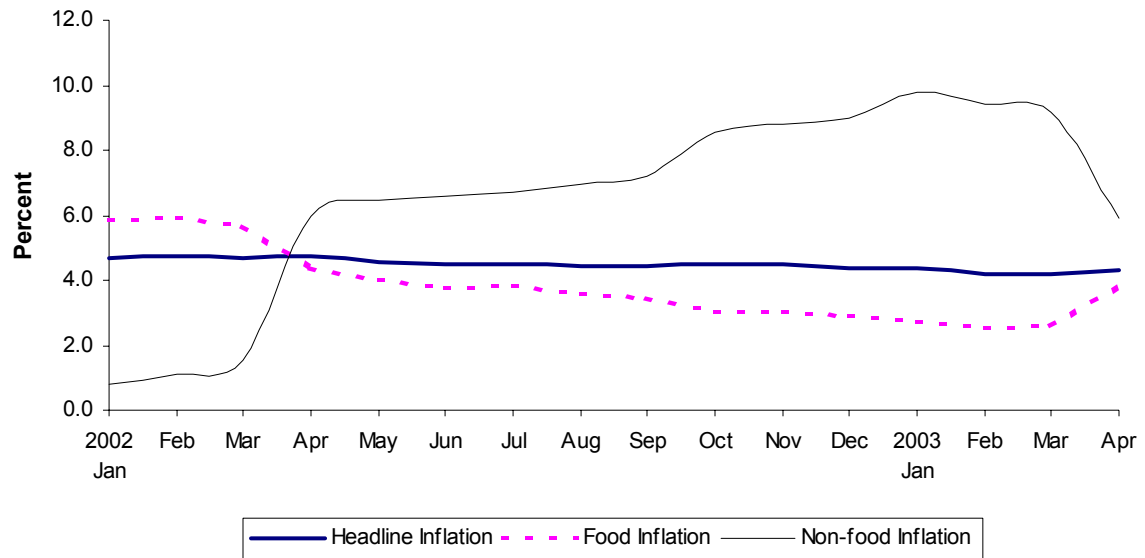


Table 1: Percentage Change in the Sub-groups of the National Consumer Price Index (All-urban)

(Base: December 1994=100)

Major Commodity Group	Weight	Mar	% Change	Apr	Apr	% Change	% Change
	%	2002	Mar 02	2002	2003	Apr 02	Mar 03
			- Mar 03			- Apr 03	- Apr 03
Food	71.2	258.0	+2.6	249.6	259.1	+3.8	-2.1
Drinks and Tobacco	4.4	177.4	+4.8	177.5	185.5	+4.5	-0.2
Rents	3.9	201.0	+3.4	201.1	209.2	+4.0	+0.7
Fuel, Power and Water	4.7	271.2	+25.8	371.2	345.8	+9.0	+1.3
Clothing & Footwear	3.7	197.5	+6.3	197.5	211.0	+6.8	+0.5
Furniture & Household Equipment	2.5	196.9	+3.9	197.3	205.5	+4.2	+0.5
Household Operations & Maintenance	1.5	160.7	+4.2	160.4	168.8	+5.2	+0.8
Personal Care & Health	2.2	149.6	+7.2	150.0	160.9	+7.3	+0.3
Recreation & Entertainment	1.2	173.7	+1.4	172.6	178.9	+3.7	+1.5
Transportation	1.2	242.3	+3.8	243.4	252.3	+3.7	+0.4
Education	1.5	201.5	+5.1	201.6	212.1	+5.2	+0.2
Miscellaneous Goods and Services	2.0	158.9	+2.3	158.5	163.4	+3.1	+0.5
TOTAL	100.0	241.3	+4.2	237.5	247.8	+4.3	-1.4

Source: National Bureau of Statistics (NBS)

Table 2: Actual and Seasonally Adjusted Inflation Rates, Tanzania Mainland

Period	Unadjusted						Seasonally Adjusted					
	Year-to- Year			Month-on-Month			6 Months Annualised			Month-on-Month		
	Headline 1)	Non Food 2)	Food	Headline 1)	Non Food 2)	Food	Headline 1)	Non Food 2)	Food	Headline 1)	Non Food 2)	Food
2000 Jan*	6.6	3.8	7.5	3.3	0.4	4.3	5.4	2.5	6.5	0.1	-0.1	0.1
Feb	6.3	3.2	7.4	3.2	0.8	4.0	5.0	1.9	5.9	0.3	0.3	0.2
Mar	6.2	2.0	7.6	2.3	0.4	2.9	5.3	2.3	5.9	0.7	0.1	0.9
Apr	6.0	2.0	7.3	-1.9	-0.1	-2.6	5.1	3.1	5.8	0.4	0.4	0.6
May	6.0	2.4	7.2	-0.8	0.1	-1.1	4.8	3.7	5.1	0.4	0.3	0.5
Jun	5.9	2.4	7.1	-2.3	0.1	-3.2	4.7	3.3	5.1	0.5	0.4	0.5
Jul	5.8	3.5	6.6	-0.9	0.7	-1.4	6.1	4.5	6.6	0.5	0.7	0.6
Aug	5.7	3.6	6.5	-1.1	0.5	-1.6	6.2	5.1	6.8	0.4	0.6	0.4
Sep	5.7	4.6	6.0	-0.5	0.7	-1.0	5.8	6.7	5.9	0.5	0.9	0.4
Oct	5.8	4.8	6.2	0.5	0.4	0.6	6.1	6.1	6.1	0.5	0.2	0.7
Nov	5.7	4.9	6.0	1.1	0.0	1.5	6.2	5.7	6.4	0.5	0.2	0.6
Dec	5.5	4.3	5.9	2.8	0.3	3.7	5.8	5.2	6.1	0.3	0.1	0.4
2001 Jan*	5.4	4.5	5.7	3.2	0.6	4.2	5.1	5.0	5.4	0.2	0.5	0.2
Feb	5.4	4.1	6.0	3.2	0.3	4.2	5.0	3.6	5.5	0.3	-0.1	0.4
Mar	5.1	3.6	5.6	1.9	0.0	2.6	4.7	1.0	5.6	0.4	-0.4	0.5
Apr	5.3	3.1	6.2	-1.6	-0.4	-2.0	4.7	0.6	6.4	0.6	-0.1	1.0
May	5.3	3.1	6.0	-0.9	0.3	-1.3	4.5	1.0	5.9	0.4	0.4	0.4
Jun	5.1	2.8	6.0	-2.5	-0.2	-3.3	4.7	0.9	6.2	0.4	0.1	0.5
Jul	5.1	2.3	6.1	-0.9	0.2	-1.3	5.0	0.2	6.8	0.4	0.2	0.5
Aug	5.2	1.8	6.4	-1.0	0.0	-1.4	5.4	0.3	7.3	0.5	0.0	0.6
Sep	5.1	1.0	6.7	-0.6	-0.1	-0.8	5.5	1.3	7.6	0.4	0.1	0.6
Oct	5.0	1.0	6.5	0.4	0.3	0.5	5.1	1.6	6.5	0.4	0.1	0.5
Nov	4.9	1.1	6.3	1.0	0.1	1.2	5.0	1.8	6.2	0.4	0.5	0.3
Dec	4.9	1.2	6.1	2.7	0.4	3.6	4.9	2.4	5.7	0.3	0.3	0.2
2002 Jan*	4.7	0.8	5.9	3.0	0.3	4.0	4.5	2.3	5.1	0.2	0.2	0.2
Feb	4.7	1.1	5.9	3.3	0.5	4.3	4.2	2.4	4.6	0.4	0.1	0.4
Mar	4.7	1.5	5.7	1.9	0.4	2.4	4.0	2.3	3.8	0.4	0.1	0.2
Apr	4.8	6.0	4.3	-1.6	3.8	-3.3	4.4	10.7	2.3	0.6	4.1	-0.3
May	4.6	6.5	4.0	-1.1	0.6	-1.6	4.2	11.0	1.9	0.3	0.6	0.1
Jun	4.5	6.6	3.8	-2.6	-0.1	-3.5	4.1	10.6	1.9	0.3	0.1	0.3
Jul	4.5	6.7	3.8	-0.9	0.3	-1.3	4.6	11.0	2.5	0.4	0.2	0.5
Aug	4.4	6.9	3.6	-1.1	0.2	-1.6	4.6	11.6	2.6	0.4	0.3	0.5
Sept	4.4	7.2	3.4	-0.6	0.2	-0.9	4.9	12.5	3.0	0.4	0.5	0.4
Oct	4.5	8.6	3.0	0.4	1.6	0.0	4.8	6.4	3.8	0.4	1.3	0.1
Nov	4.5	8.8	3.0	1.0	0.4	1.2	4.7	6.5	4.1	0.4	0.7	0.2
Dec	4.4	9.0	2.9	2.7	0.5	3.5	5.0	7.3	4.2	0.4	0.5	0.4
2003 Jan	4.4	9.8	2.7	3.0	0.9	3.8	4.5	8.3	3.1	0.3	0.7	0.0
Feb	4.2	9.4	2.5	3.1	0.3	4.1	3.9	7.4	2.4	0.1	0.0	0.2
Mar	4.2	9.2	2.6	1.9	0.2	2.5	3.6	6.1	2.2	0.3	0.2	0.3
Apr	4.3	5.9	3.8	-1.4	0.6	-2.1	4.0	5.5	3.9	0.7	1.0	1.0

Source: National Bureau of Statistics and Bank of Tanzania Computations.

1) Total NCPI. 2) Non-Food NCPI. *Revised figures using new set of seasonal factors.

Monetary and Financial developments

Reserve Money Developments

Reserve money developments during April 2003 reflected the continued efforts of the Bank to maintain appropriate level of liquidity in the economy. M0 increased by TZS 45.7 billion to TZS 695.3 billion in April 2003 from TZS 649.6 billion recorded in March 2003. The outturn was slightly above the PRGF target for the quarter ending June 2003 of TZS 692.7 billion by TZS 2.6 billion.

Developments in M0 were explained by a rise in Net Domestic Assets (NDA) by TZS 54.3 billion, partly offset by a decline in Net Foreign Assets (NFA) by TZS 8.6 billion. The rise in NDA was associated with increases in Net Domestic Credit (NDC) and Other Items Net (OIN) by TZS 32.8 billion and TZS 21.6 billion, respectively. The outturn in NDC was mainly explained by a draw down of government deposits at the Bank of Tanzania by TZS 26.6 billion. Meanwhile, OIN rose largely due to open market operations, in particular, redemption of liquidity papers and REPOs amounting to TZS 23.4 billion and TZS 17.8 billion, respectively, but dampened by decline in the RA by TZS 19.8 billion.

On the other hand, the fall in NFA is largely attributed to a net sale of foreign currency in the Inter-Bank Foreign Exchange Market (IFEM), payment of external obligations and exchange rate fluctuations.

From the uses side, the decline in reserve money was characterised by a rise in commercial banks' reserves at the Bank by TZS 57.0 billion reflecting the impact

on change of old notes, open market and foreign exchange operations. Currency in circulation declined by TZS 11.3 billion mainly on account of commercial banks deposit at the Bank.

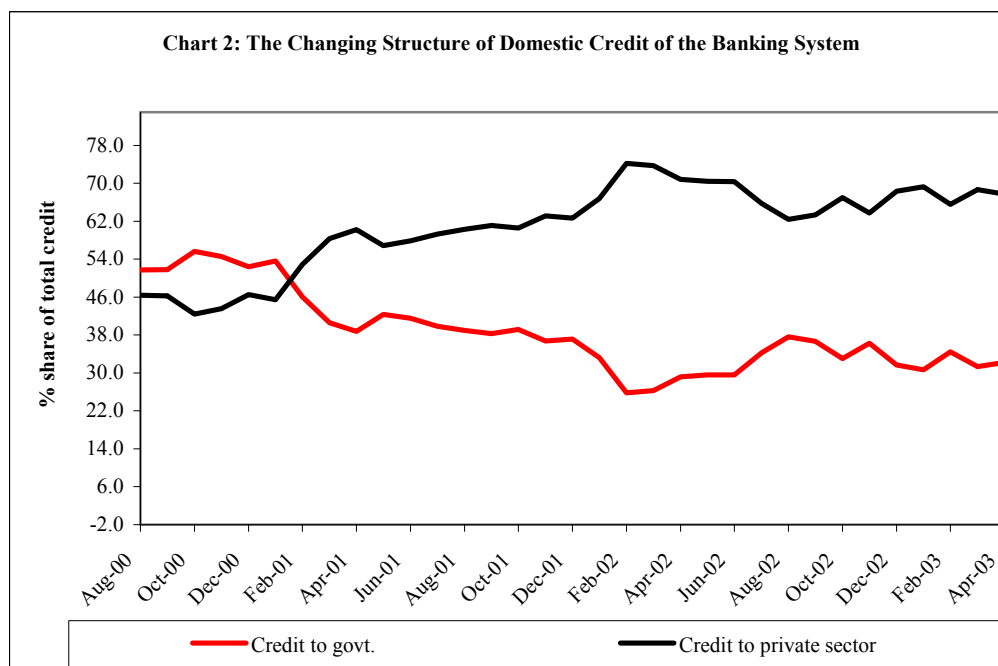
Money Supply and Credit Developments

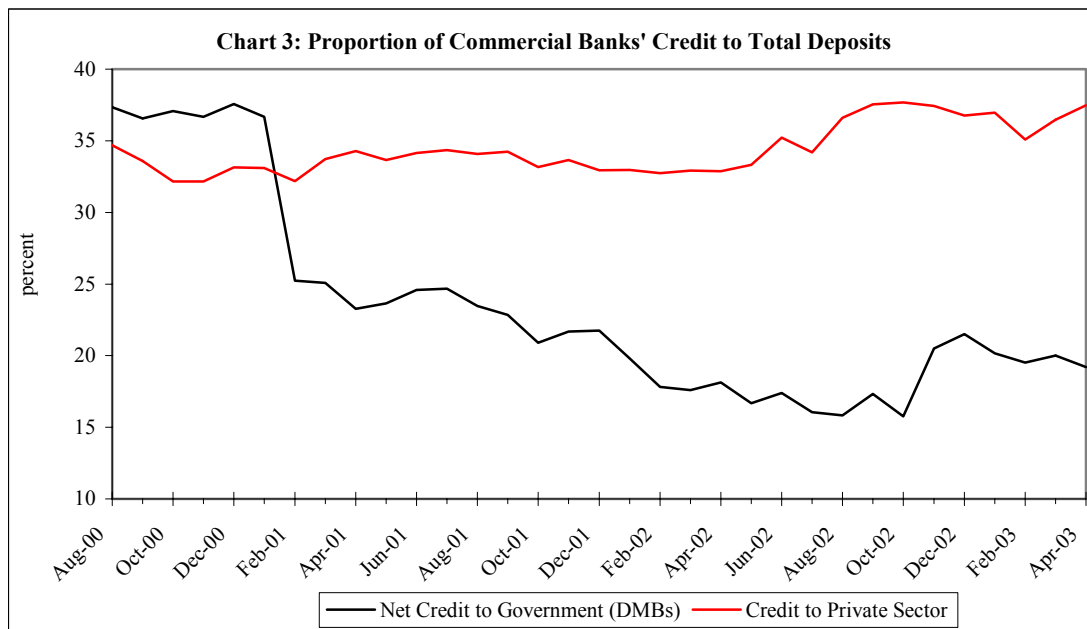
During April 2003, broad money (M2) decelerated by TZS 3.5 billion to TZS 1,498.7 billion from TZS 1,502.2 billion recorded in March 2003. The M2 outturn was however, above the PRGF target for the quarter ending June 2003 of TZS 1,545.6 billion, by TZS 46.9 billion.

The decline in M2 during the period mainly emanated from a fall in NFA of the banking system from TZS 1,122.5 billion to TZS 1,083.7 billion. The decline in NFA is attributable to decreases in foreign exchange holdings of commercial banks and net international reserves (NIR) of the Bank by TZS 25.5 billion and TZS 13.3 billion, respectively. A net sale of foreign exchange coupled with exchange rate fluctuations and payment of external obligations resulted in a decrease in NIR of the Bank. The decline in foreign exchange of commercial banks reflected mainly an increase in demand for foreign exchange for imports. Consequently, gross official reserves rose from USD 1,546.1 million in March 2003 to USD 1,532.7 million in April 2003 therefore goods and non-factor services (GNFS) reserves stabilised at 7.3 months of imports of goods and services.

However, Net Domestic Assets (NDA) increased by TZS 52.5 billion, from TZS 721.8 billion in March 2003, to TZS 774.3 billion in April 2003. The rise in NDA stemmed from an increase in Domestic Credit (DC) and Other Items Net (OIN) by TZS 45.7 billion and TZS 6.8 billion, respectively. Specifically, credit to the

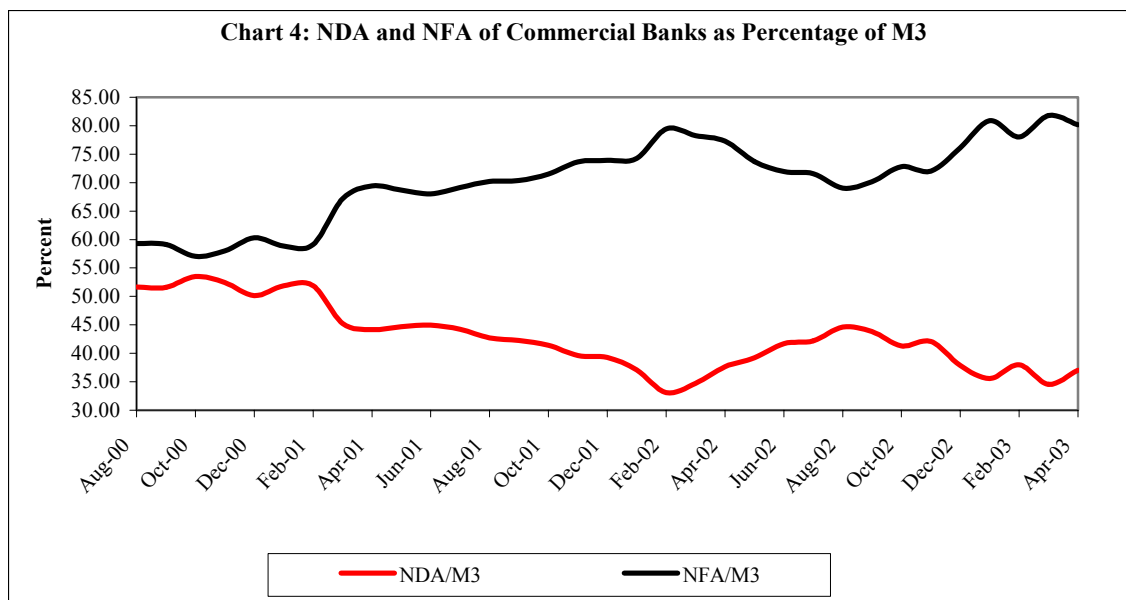
private sector by the commercial banks rose by TZS 23.0 billion, while net claims on government by the banking system rose by TZS 22.8 billion, due to a draw down of government deposits at the Bank. Following these developments, the share of private sector credit to total domestic credit fell from 68.7 percent in March 2003 to 67.8 percent in April 2003, while that of the government rose from 31.3 percent to 32.3 percent ([Chart 2](#)). Similarly, lending to the private sector as a proportion of total deposits rose from 36.5 percent in March 2003 to 37.5 percent in April 2003. Conversely, the proportion of lending to the government as a proportion of total deposits declined from 20.0 percent to 19.2 percent during the same period ([Chart 3](#)).





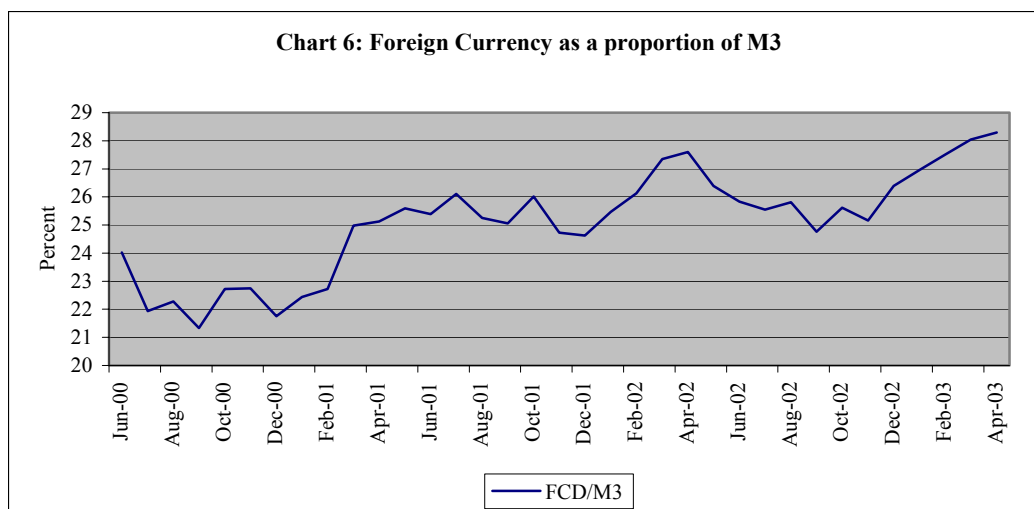
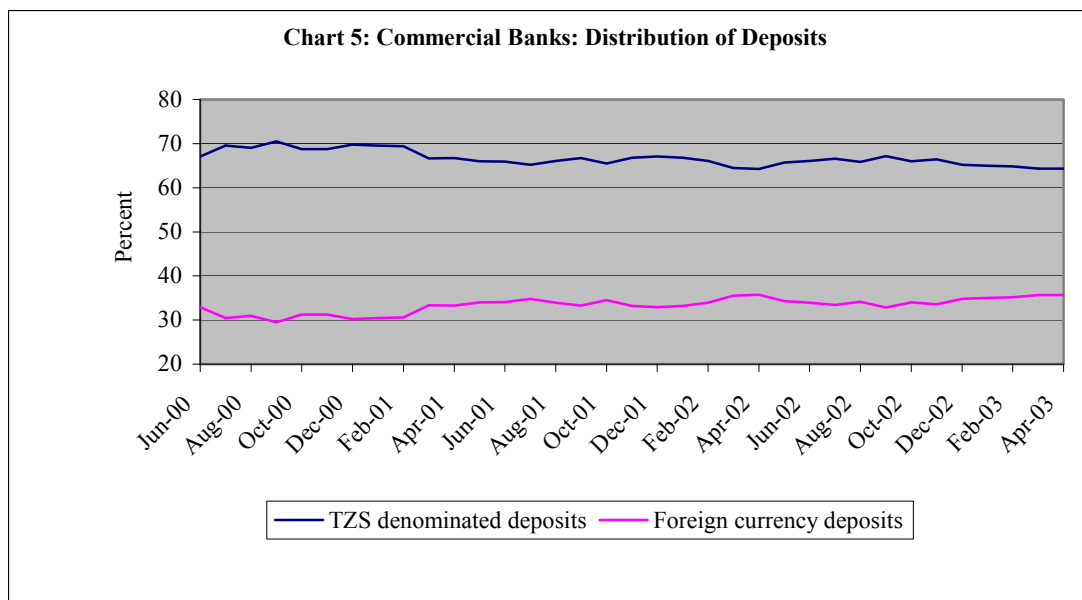
Extended Broad Money Supply

During April 2003, M3 increased by TZS 2.3 billion to TZS 2,090.0 billion, largely due to an increase in NDA, in contrast to the previous month when broad money (M3) decelerated by TZS 33.7 billion to TZS 2087.6 billion. The proportion of foreign currency deposits to M3 rose from 28.0 percent in March 2003 to 28.3 percent in April 2003, while, net foreign assets of the banking system as a proportion of M3 decreased from 81.8 percent during March 2003 to 80.1 percent in April 2003 ([Chart 4](#)).



Commercial Banks Deposits

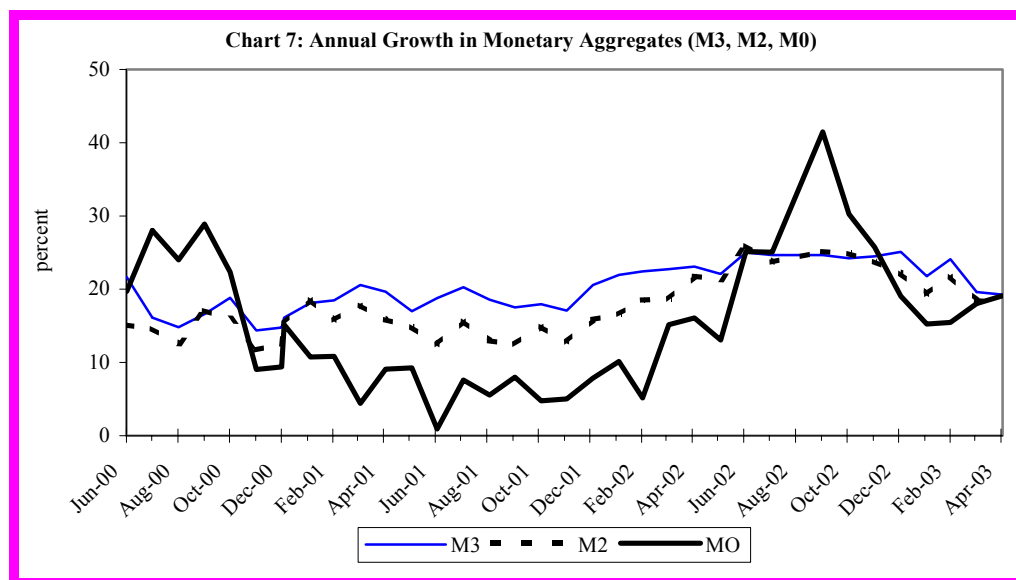
Total commercial banks deposits increased by TZS 17.3 billion in April 2003, representing a 12.3 percent growth. This can be contrasted with a 1.2 percent down surge recorded during March 2003 ([Chart 5](#)). The acceleration in deposits growth in April 2003 was mainly attributed to the effect of issue of new bank notes. During the month under review, foreign currency deposits retained their dominant position to total deposits, with proportion of these deposits as a percentage of total deposits stabilising at 35.7 percent. Demand deposits, accounted for 30.7 percent of total deposits in April 2003, up from 28.1 percent recorded in the previous month. The proportion of savings deposits and time deposits reached 19.7 percent and 13.9 percent in April 2003 compared with 21.6 percent and 14.6 percent in March 2003, respectively. Foreign currency deposits as a share of M3 increased from 28.0 percent in March 2003 to 28.3 percent in April 2003 ([Chart 6](#)).



Annual Growth Rates in Monetary Aggregates

During the reporting month, annual growth rates of all monetary aggregates decelerated from levels attained in March 2003 except for reserve money (M0). M0 grew by 19.1 percent in the year ending April 2003 up from 18.1 percent attained in the previous month. During the same period, M2 grew by 18.1 percent

compared with 18.5 percent, while M3 grew by 19.3 percent compared with 19.6 percent (Chart 7).



Inter-bank Cash Market

During April 2003, total value of transactions in the inter-bank cash market increased by TZS 42.2 billion to TZS 384.2 billion, from TZS 342.0 billion recorded in March 2003. Overnight transactions accounted for 74.1 percent of the total value of transactions for April 2003, down from 85.7 percent recorded in March 2003. The proportion of 7-day transactions increased to 7.4 percent in April 2003 from 2.7 percent recorded in March 2003. The value of 14-day transactions and above accounted for 18.5 percent in April 2003 up from 11.6 percent recorded in the previous month.

The weighted average interest rate on overnight loans rose from 5.4 percent in March 2003 to 6.5 percent in April 2003. Similarly, the overall inter-bank cash market rate increased from 5.4 percent to 6.5 percent in the same period (Table 3).

Treasury Bills Market

During April 2003, Treasury bills comprising 35-day, 91-day, 182-day and 364-day bills worth TZS 84.4 billion were offered for sale, compared with TZS 105.9 billion offered during the previous month. Total demand for Treasury bills rose by 105.7 percent to TZS 194.4 billion in April 2003 from TZS 94.5 billion in March 2003, reflecting a higher level of liquidity in the market. Treasury bills sold during the review period amounted to TZS 79.0 billion, reflecting a TZS 10.6 billion decrease in sales when compared to TZS 89.6 billion sold during the previous month.

During the month under review, deposit money banks (DMBs), also referred to as commercial banks, retained their position as predominant investors in the Treasury bills market. DMBs accounted for 66.6 percent of total successful bids in April 2003, compared with 72.4 percent recorded in March 2003. Pension funds and insurance companies constituted 19.3 percent of total successful bids, compared 16.3 percent recorded in the preceding month. Non-bank financial institutions (NBFI) and individuals accounted for 14.1 percent in April 2003, up from 11.3 percent in the previous month.

Interest rates in the Treasury bills market exhibited diverse trends between March and April 2003. The average yield for 35-day remained stable at 5.1 percent whilst the 182-day decreased from 6.1 percent to 5.8 percent during this period. The yields for 91-day and 364-day bills increased from 5.8 percent and 6.2 percent to 6.0 percent and 6.3 percent in the same period, respectively. As a result, the overall weighted average yield (WAY) for all maturities stabilised at 5.9 percent in April 2003.

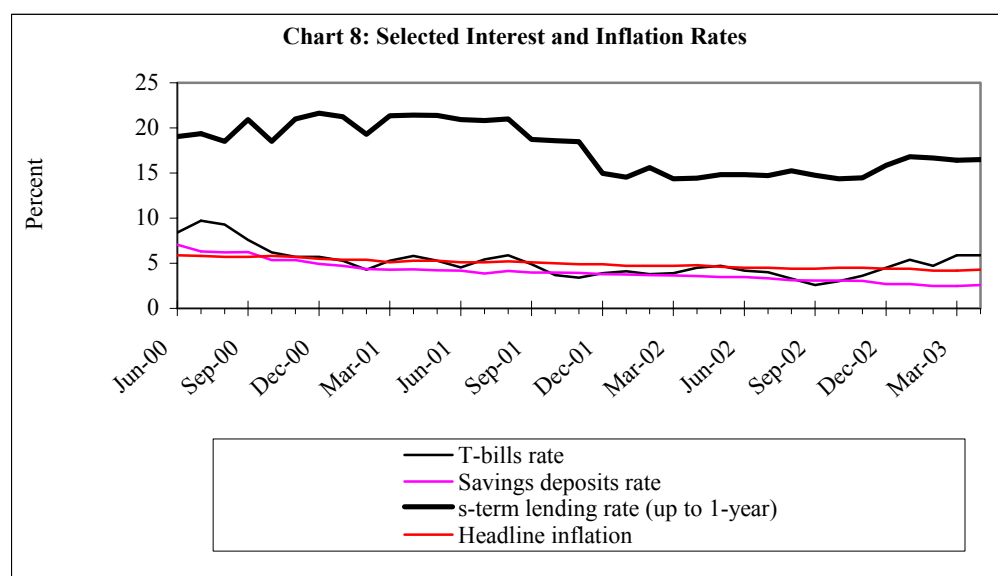
Treasury Bonds

The market for Treasury bonds (comprising of 2-year, 5-year, 7-year and 10-year Treasury bonds) continued to exhibit low demand. Total bids in April 2003 stood at TZS 8.5 billion against the market offer of TZS 17.0 billion. Actual sales amounted to TZS 9.5 billion. The continued low demand in the Treasury bonds markets is mainly attributed to a shift in investment by the major institutional investors. Pension funds, in particular, have shifted from investing in long-term government securities to real estate investment. The low demand for Treasury bonds resulted in an increase in the weighted average yield to maturity (WAY) for Treasury bonds in April 2003. The WAY for 2- year and 5- year bonds rose from 5.0 percent and 6.1 percent to 5.2 percent and 6.6 percent, respectively between March 2003 and April 2003. Similarly, the WAY for 7-year and 10-year bonds rose from 6.6 percent and 7.6 percent to 6.9 percent and 7.8 percent, respectively during the same period ([Table 3](#)).

Interest Rate Developments

During the month under review, interest rates on domestic currency denominated deposits and loans exhibited mixed trends. The overall time deposit rate fell from 3.7 percent in March 2003 to 3.5 percent in April 2003, while the savings deposit rate rose from 2.5 percent to 2.6 percent. Lending rates for short-term loans up to 1-year and long-term loans of 3-5 year rose from 16.4 percent and 12.1 percent to 16.5 percent and 13.9 percent, respectively, between March 2003 and April 2003. Meanwhile during the period, interest rate for medium-term loans of 1-2 years and 2-3 years rose from 15.8 percent and 12.3 percent to 16.9 percent and 12.7 percent, respectively. However, during the same period, lending rates for term loans of over

5 years decreased from 18.5 percent to 15.8 percent. As a consequence of the above movements, the overall lending rate rose from 15.0 percent in March 2003 to 15.2 percent during the reporting month ([Chart 8 & Table 3](#)). The interest rate spread remained stable at 13.9 percent in April 2003.



Likewise, developments in interest rates on foreign currency denominated deposits and loans exhibited mixed trends. The average Savings deposit rate remained stable at 0.9 percent, while overall time deposits rate declined from 1.3 percent in March 2003 to 1.1 percent in April 2003. Overall lending rate rose from 7.2 percent to 7.8 percent in the same period ([Table 3](#)).

Table 3: Weighted Average Interest Rates of Commercial Banks (percentage per

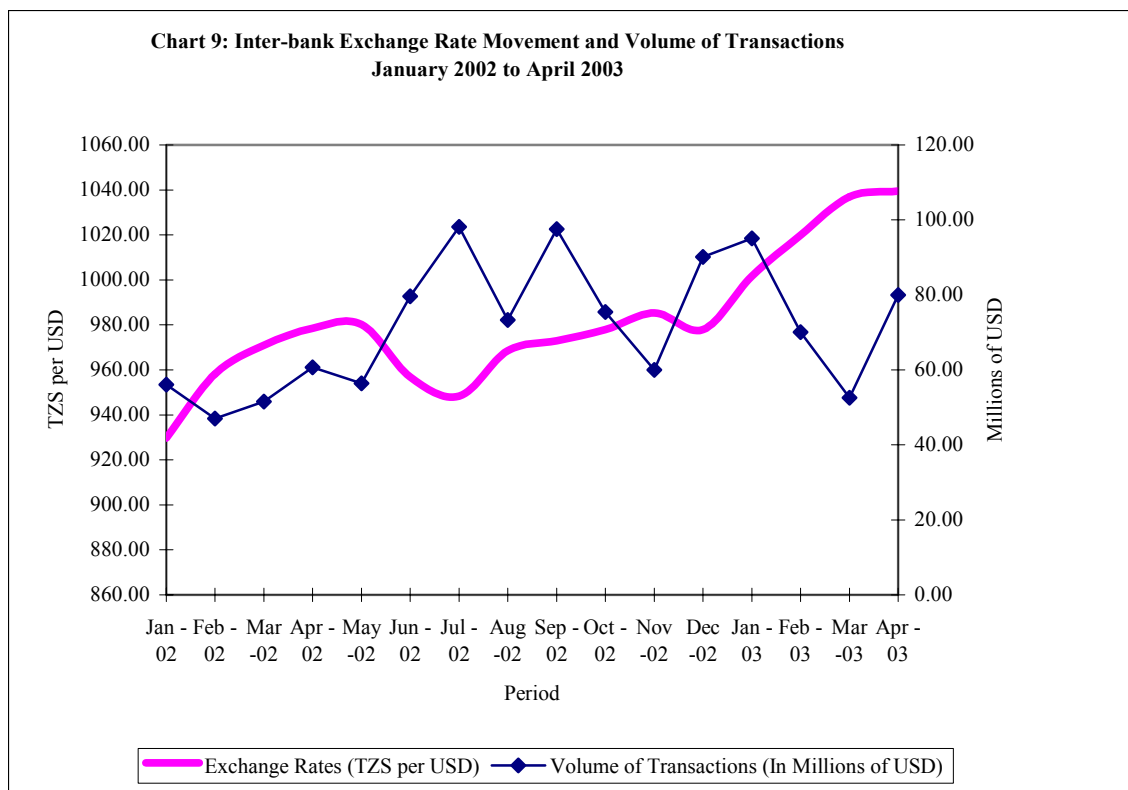
	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03
A Domestic Currency											
1 Interbank Cash Market Rates											
Overnight	2.21	2.19	1.47	1.26	1.79	1.86	3.36	6.49	4.58	5.39	6.48
2 to 7 days	2.98	2.43	1.82	1.38	2.00	2.07	3.70	6.85	4.10	5.56	6.66
8 to 14 days	2.82	3.53	2.33	1.45	1.88	2.06	3.77	6.89	4.77	4.50	6.76
15 to 30 days	3.36	3.70	2.71	3.80	3.80	2.26	4.50	4.75	3.90	4.79	6.21
31 to 60 days	3.75	3.71	3.90	3.90	2.09	2.22	4.35	4.35	4.07	5.69	6.09
61 to 90 days	5.50	5.50	3.02	3.27	2.65	2.65	2.65	6.00	3.75	3.75	3.75
91 to 180 days	4.41	5.22	3.94	3.07	3.58	3.34	4.52	5.20	4.67	4.67	6.84
181 and above	4.91	4.80	4.24	4.04	4.35	6.02	6.02	5.00	5.61	6.91	6.40
Overall interbank cash market rate	2.41	2.38	1.84	1.57	1.91	1.92	3.47	6.52	4.50	5.42	6.49
2 REPO Rate	2.86	2.45	2.00	2.00	1.50	2.06	4.35	4.35	4.35	6.46	6.46
3 Treasury Bills Rates											
35 days	3.7	3.8	2.8	2.00	2.50	3.40	4.40	4.20	3.80	5.10	5.10
91 days	4.10	3.90	3.10	2.50	2.80	3.30	4.40	5.40	4.60	5.80	6.00
182 days	4.20	4.00	3.70	3.00	3.20	3.60	4.70	5.50	5.00	6.10	5.80
364 days	4.90	4.40	3.90	3.30	4.00	4.30	4.70	5.60	5.10	6.20	6.30
Treasury bills rate	4.20	4.00	3.30	2.60	3.00	3.60	4.50	5.40	4.70	5.90	5.90
4 Treasury Bonds- 2-years	5.59	5.07	4.48	3.44	3.65	4.56	5.25	4.92	4.98	4.95	5.19
5-years	6.22	6.02	6.02	4.99	4.89	5.15	5.63	5.58	5.93	6.10	6.58
7-years			7.34	6.79	6.64	6.88	6.93	6.22	6.63	6.63	6.93
10-years					7.79	8.05	7.22	7.50	7.59	7.60	7.79
5 Discount Rate	9.35	9.37	8.55	7.95	7.82	8.50	9.18	10.44	9.83	10.35	11.08
6 Demand Deposit Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7 Savings Deposit Rate	3.16	3.00	2.79	2.77	3.07	2.71	2.71	2.71	2.52	2.53	2.55
8 Time Deposits Rates	4.02	3.90	3.45	3.42	3.16	3.26	3.41	3.71	3.86	3.65	3.53
Call Accounts	1.15	1.31	0.83	1.26	0.86	0.81	0.66	1.73	1.94	2.17	1.21
1 month	4.11	3.45	2.38	1.83	2.06	1.67	2.15	1.64	2.06	2.45	1.74
2 months	4.11	4.26	3.60	3.73	3.14	4.08	3.93	4.47	5.51	4.05	4.58
3 months	3.44	3.19	2.98	3.01	2.72	2.68	2.97	3.78	3.04	2.47	2.89
6 months	4.74	4.48	4.11	3.85	3.66	3.98	4.13	4.28	4.33	4.20	4.15
9 months											
12 months	6.19	6.22	5.84	5.88	5.65	5.51	5.68	5.56	5.63	5.80	5.98
24 months	4.37	4.42	4.41	4.40	4.03	4.06	4.33	4.49	4.50	4.44	4.16
9 Lending rates	16.40	16.66	16.45	15.86	15.83	16.96	15.71	14.72	14.59	15.03	15.15
Call Loans	23.65	23.65	23.65	23.65	23.65	23.65	23.65	23.65	23.65	23.65	23.65
Short-term (up to 1yr)	14.83	14.70	15.26	14.76	14.37	14.47	15.85	16.80	16.68	16.41	16.46
Medium-term (1-2 yrs)	16.59	18.28	15.69	14.45	15.56	16.21	15.83	14.03	14.34	15.84	16.91
Medium-term (2-3 yrs)	15.02	14.55	14.78	12.61	12.13	13.00	13.80	12.74	12.59	12.32	12.70
Long-term (3-5 yrs)	17.18	17.38	17.86	17.45	16.30	17.45	13.23	11.13	11.25	12.05	13.91
Term Loans (over 5 yrs)	18.38	18.40	18.68	20.02	20.79	23.67	19.83	18.92	18.07	18.54	15.76
B Foreign Currency											
1 Deposits Rates	1.50	1.24	1.30	1.39	1.27	1.27	1.15	1.08	1.11	1.26	1.07
Call Accounts	0.66	0.64	0.71	0.48	0.58	0.80	0.47	0.64	0.69	0.69	0.60
Demand Deposits											
Savings Deposits	2.05	0.93	0.96	0.97	0.94	0.90	0.84	0.85	0.88	0.93	0.93
Time Deposits											
1-months	1.09	0.96	1.01	1.31	1.15	1.18	1.17	0.97	0.90	0.87	0.83
2-months	2.23	1.70	1.68	2.23	1.58	1.79	1.84	1.31	1.61	2.56	1.44
3-months	1.30	1.31	1.49	1.37	1.43	1.32	0.79	1.10	1.18	1.07	1.19
6-months	1.54	1.52	1.52	1.64	1.49	1.25	1.37	1.50	1.27	1.25	1.22
12-months	1.64	1.62	1.69	1.73	1.69	1.64	1.53	1.20	1.26	1.47	1.31
2 Lending Rates	5.55	6.02	5.79	6.29	6.11	6.53	7.19	7.48	7.45	7.16	7.81
Call loans											
Short-term (up to 1yr)	4.89	6.92	7.64	7.43	7.48	7.68	7.90	7.68	7.48	7.60	7.57
Medium-term (1-2 yrs)	4.45	4.44	4.43	5.45	4.90	5.78	5.91	6.25	6.08	5.98	7.55

Inter-bank Foreign Exchange Market

During April 2003, the total amount on foreign currency traded in the IFEM went up to USD 80.0 million, indicating an increase of 52.1 percent when compared with USD 52.6 million traded in the previous month. The increase in the amount traded was mainly due to high demand for US dollar from corporate clients to meet foreign exchange obligations (Table 4). Commercial banks dominated both the supply and the demand sides of the market, supplying USD 46.2 million or 57.8 percent and purchasing USD 65.1 million or 81.4 percent of total amount traded. Non-bank financial institutions supplied USD 4.9 million or 6.1 percent and purchased USD 1.8 million or 2.2 percent of total amount traded. The Bank of Tanzania intervened in the market by selling USD 28.9 million or 36.1 percent and purchasing USD 13.1 million or 16.4 percent of the total amount traded.

Exchange Rate

During the quarter under review, the Tanzanian shilling slightly depreciated against the US dollar by 0.2 percent to TZS 1,039.5 per US dollar, from TZS 1,036.9 per US dollar recorded in March 2003. The rate of depreciation was lower than the 1.7 percent depreciation recorded in the previous month.



Bureau de Change Operations

The total volume of transactions conducted by bureaux de change decreased by 13.9 percent to USD 36.5 million during April 2003, from the level recorded in the previous month mainly due to the decrease in both sales and purchases ([Table 3](#)). While sales went down by 14.3 percent to USD 18.0 million, purchases decreased by 13.6 percent to USD 18.5 million in April 2003, from the levels recorded in the previous month.

The buying rate depreciated by 1.8 percent to TZS 1,033.0 per US dollar while the selling rate weakened by 3.1 percent to TZS 1,053.0 per US dollar in April 2003.

The margin between the buying and selling rates increased to an average of TZS 20.0, from an average of TZS 6.0 recorded in March 2003.

Table 4 shows the foreign exchange market developments during the period under review.

Table 4: Foreign Exchange Market Developments

	2003			April			July - April		
	Mar-03	Apr-03	% Change	2002	2003	% Change	2001/02	2002/03	% Change
IFEM									
1. Amount offered*	52.6	80.0	52.1	60.7	80.0	31.8	533.6	792.1	48.4
2. Amount sold*	52.6	80.0	52.1	60.7	80.0	31.8	533.6	792.1	48.4
3. Exchange rate**	1036.9	1039.5	0.2	978.5	1039.5	6.2	923.7	990.0	7.2
Bureau de Change									
1. Sales*	21.0	18.0	-14.3	12.9	18.0	39.5	201.1	184.8	-8.1
2. Purchases*	21.4	18.5	-13.6	14.2	18.5	30.3	210.7	195.0	-7.5
3. Volume of Transactions*	42.4	36.5	-13.9	27.1	36.5	34.7	411.8	379.8	-7.8
4. Buying rate**	1015.0	1033.0	1.8	969.1	1033.0	6.6	914.5	983.3	7.5
5. Selling rate**	1021.0	1053.0	3.1	987.8	1053.0	6.6	927.6	1002.2	8.0

Source: Foreign Markets Dept. and Bank Supervision - Bureau de Change Section

* Millions of USD, ** Tanzanian shillings (TZS) per US dollar

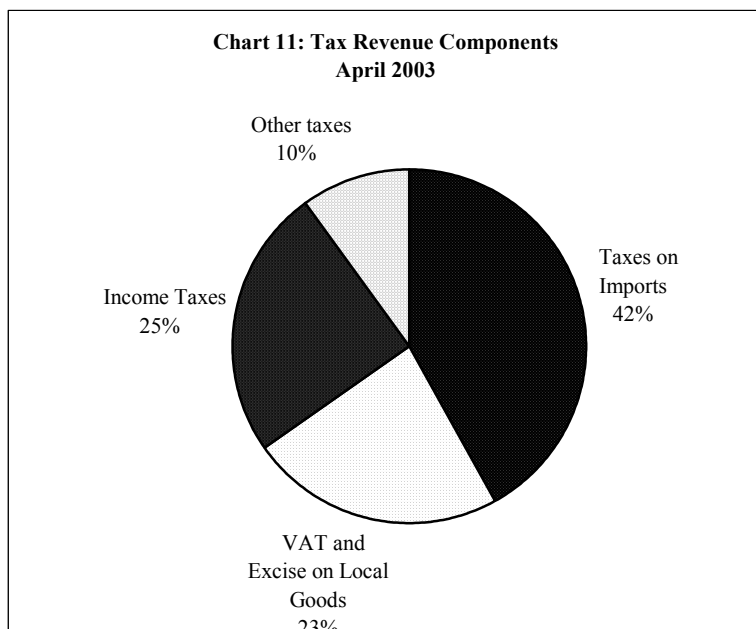
Government Budgetary Developments

During April 2003, Government budgetary performance on cheques issued basis recorded an overall deficit before grants of TZS 45.4 billion. However, the deficit went down to TZS 32.4 billion after considering grants amounting to TZS 13.0 billion.

Revenue and Grants

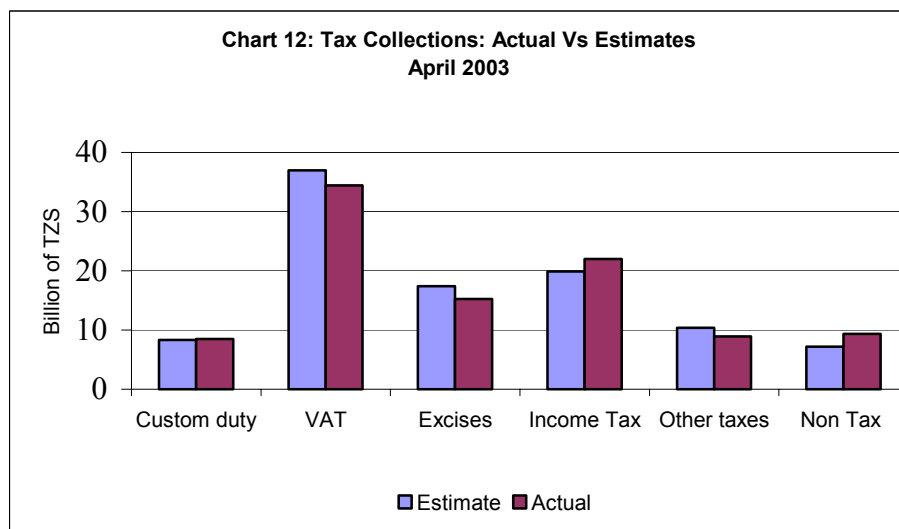
In April 2003, total government revenue collection amounted to TZS 98.4 billion being 1.8 percent below the planned amount of TZS 100.2 billion. Out of this amount tax revenue amounted to TZS 89.1 billion, representing 90.5 percent of the total revenue collected. The tax revenue was TZS 3.9 billion below the planned TZS 93.0 billion mainly on account of lower than expected receipts from taxes on imports. Taxes on imports amounted to TZS 37.4 billion compared to the targeted amount of TZS 41.7 billion on account of lower than projected imports of goods by the government. Income tax was TZS 22.0 billion, a higher collection than the target of TZS 19.0 billion, mainly on account of effective implementation of the Tax Payer Identification Number (TIN) registration that led to netting more taxpayers into the tax base. Tax collections against their targets are as indicated in [Charts 10](#) and [11](#) below.

- Taxes on imports were TZS 37.4 billion or 38.0 percent of tax revenue, and 10.3 percent below the projected TZS 41.7 billion for the month.
- Taxes on local goods amounted to TZS 20.7 billion or 21.0 percent of tax revenue, and were 1.4 percent below the target of TZS 21.0 billion.
- Income tax collection registered TZS 22.4 billion, which is 22.4 percent of tax revenue and 15.8 percent above the projected TZS 19.0 billion.
- Collections from other taxes were TZS 8.9 billion or 9.0 percent of tax revenue and were slightly lower than the planned amount of TZS 9.0 billion.



Other government receipts comprised the following:

- Non-tax revenue amounted to TZS 9.3 billion, slightly lower than the TZS 9.5 billion target for the month.
- External grants which stood at TZS 13.0 billion, were TZS 21.4 billion below the projected TZS 34.4 billion on account of delays in disbursement.

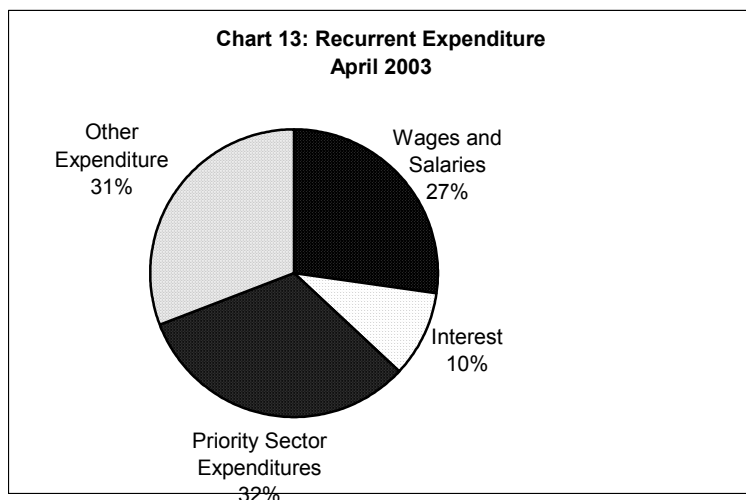


On cumulative basis, during the first ten months of 2002/03, revenue collection amounted to TZS 1,000.2 billion slightly above TZS 962.5 billion projected for the period. The government also received grants amounting to TZS 319.0 billion or 66.4 percent of the expected donor fund inflows amounting to TZS 480.6 billion.

Expenditure

During April 2003, total government expenditure (excluding amortization) amounted to TZS 143.8 billion. Recurrent expenditure amounted to TZS 119.8 billion or 79.0 percent of the ceiling amount of TZS 151.5 billion for the month on account of less than expected inflows. Spending on debt services amounted to TZS 11.7 billion compared to the ceiling of TZS 5.4 billion, mainly due to full utilization of the previously allocated funds and servicing HIPC debts. Expenditure on goods, services and transfers reached TZS 70.3 billion, compared to the ceiling allocation of TZS 88.1 billion for the month due to slow spending resulting from processing of payment procedure. Recurrent spending on priority sectors amounted to TZS 38.7 billion that is more than half of the three-month allocations of TZS 58.2 billion for the fourth quarter on account of carryovers from the previous allocations.

As shown in [Chart 13](#), during April 2003, the government spent 27.0 percent of its recurrent expenditure on wages and salaries and 32.0 percent on priority sectors. Debt service (domestic and foreign) accounted for 10.0 percent and the balance was spent on goods and services.



Development expenditure amounted to TZS 24.0 billion. Out of this, counterpart funds amounted to TZS 13.6 billion in line with the ceiling for the month.

On cumulative basis, during July-April 2002/2003, total expenditure amounted to TZS 1,369.3 billion, 4.6 percent above the ceiling level of TZS 1,309.2 billion.

Financing

During April 2003, the budget registered an overall deficit of TZS 15.1 billion on cheques cleared. The deficit was financed by net domestic loans amounting to TZS 27.3 billion, whereby the balance was used to reduce foreign obligations amounting TZS 12.2 billion during the month.

External Sector Developments

Trade account

During April 2003, the deficit in the trade account worsened by 32.5 percent to a deficit of USD 92.3 million from a deficit of USD 69.6 million recorded in the previous month. The increase in the trade deficit was due to a decrease in total exports coupled by an increase in total imports. Similarly, when compared with the same month last year, the deficit in the trade account worsened by 57.4 percent when compared with a deficit of USD 58.6 million recorded in April 2002, following an increase in total imports. However, during the year ending April 2003, the deficit in the trade account narrowed by 18.7 percent to USD 670.6 million from USD 824.7 million registered during the year ending April 2002. This development was attributed to a 15.5 percent increase in total exports that outweighed the impact of the 3.2 percent increase in total imports.

Table 5: Trade Account Balance

Millionns of USD									
	2003		%	April		%	May - April*		%
	March	April (p)	Change	2002	2003p	Change	2001/02	2002/03p	Change
Exports	142.8	134.9	-5.5	118.6	134.9	13.8	1,456.8	1,683.2	15.5
Goods	71.5	75.3	5.3	69.7	75.3	8.1	795.9	959.8	20.6
Services	71.3	59.6	-16.4	48.9	59.6	21.9	660.9	723.3	9.4
Imports	212.5	227.2	6.9	177.2	227.2	28.2	2,281.5	2,353.7	3.2
Goods	135.8	164.0	20.8	122.4	164.0	34.0	1,598.4	1,588.6	-0.6
Services	76.7	63.2	-17.6	54.8	63.2	15.3	683.1	765.2	12.0
Trade Balance	-69.6	-92.3	32.5	-58.6	-92.3	57.4	-824.7	-670.6	-18.7

Note: * Year ending April

p = Provisional data

Source: Bank of Tanzania, TRA

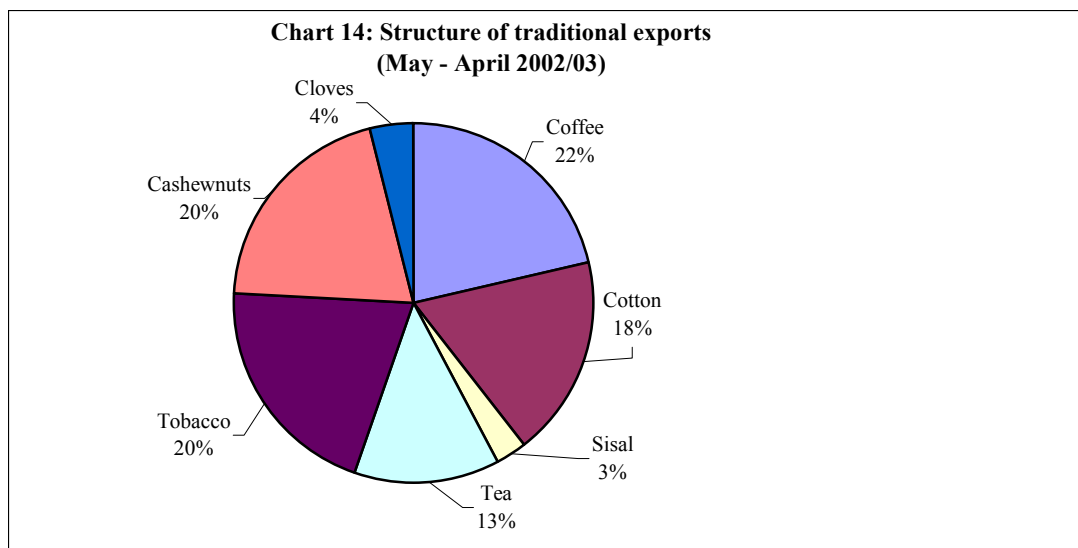
Goods Exports

During April 2003, exports of goods increased by 5.3 percent to USD 75.3 million from USD 71.5 million recorded in March 2003, mainly on account of an increase in both traditional and non-traditional exports. Traditional exports increased by 8.7 percent to USD 16.0 million from USD 14.7 million recorded in the previous month largely due to a surge in export volumes of coffee, cotton, sisal and cloves. Despite the fact that it is off-peak season for cloves, export volumes for cloves increased on account of resumption of crop purchasing by the Zanzibar State Trading Corporation (ZSTC) in December 2002. With the exception of cotton and sisal that recorded a marginal export unit price increase of 3.1 percent and 3.8 percent, respectively, all other traditional exports recorded declines in unit prices. The decline in export unit prices is largely attributed to low quality of traditional exports. It is worthy noting that the persistent low producer prices offered to

farmers have resulted into a decline in the use of farm inputs such as fertilizers and pesticides, which are essential for increasing the quality of exports.

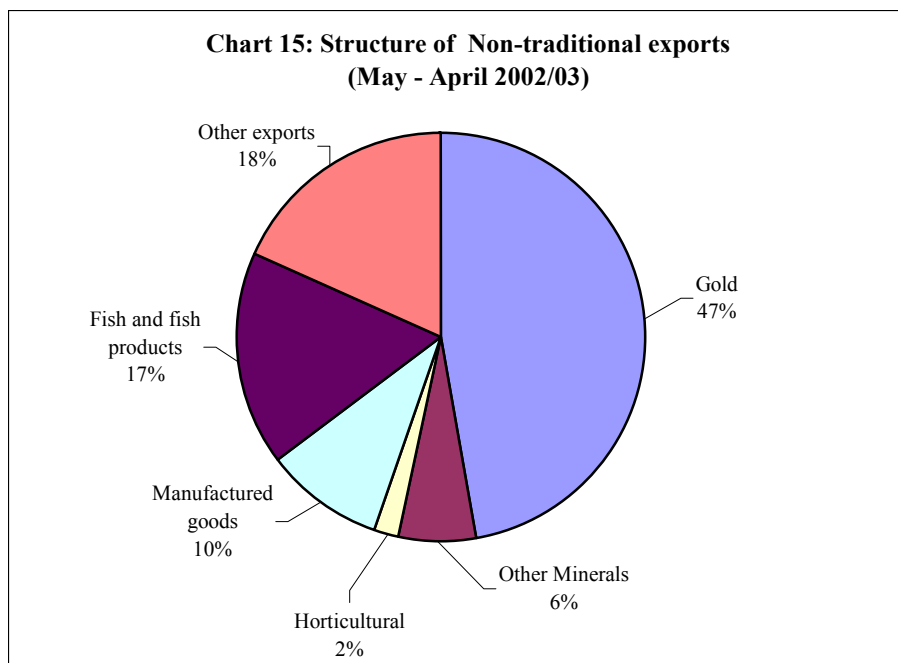
When compared with the corresponding month in 2002, traditional exports increased by 54.4 percent from USD 10.4 million in April 2002 to USD 16.0 million in April 2003 mainly due to improved performance of export volumes of coffee, cotton and cloves.

On annual basis, during the year ending April 2003, traditional exports increased by 9.6 percent to USD 217.5 million from USD 198.5 million recorded during the year ending April 2002 mainly due to increase in export volumes of coffee, cotton, tea and cashewnuts owing to favourable weather conditions in 2002. Moreover, during the period under review, coffee, sisal and tobacco recorded increases in export unit prices by 2.5 percent, 6.3 percent and 7.3 percent, respectively as compared to the levels recorded in the corresponding year ending April 2002. The structure of traditional exports for year ending April 2003 is reflected on [Chart 14](#).

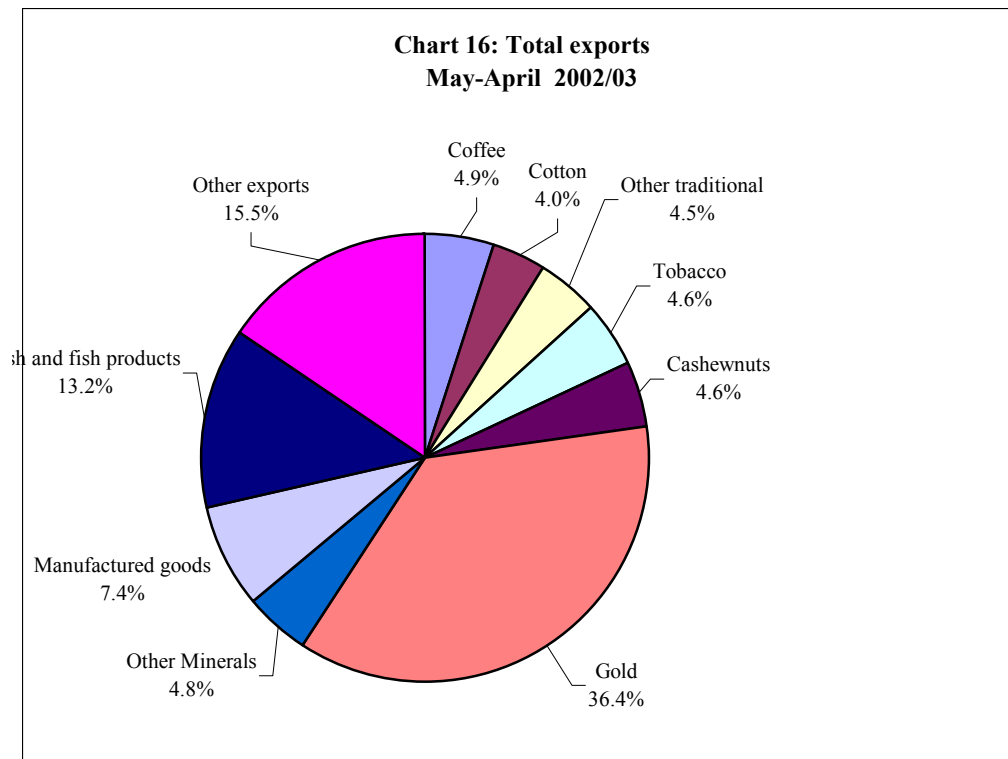


During April 2003, non traditional exports increased by 4.4 percent to USD 59.3 million from USD 56.8 million in March 2003, mainly due to improved performance in exports of manufactured goods; and fish and fish products. Exports of manufactured goods increased to USD 7.4 million from USD 5.9 million recorded in the previous month owing to increase in exports of cotton yarn, manufactured tobacco (cigarettes), sisal products including yarn and twine, and other manufactured goods. Likewise, exports of fish and fish products increased to USD 15.3 million from USD 10.7 million partly due to a surge in exports of sea products comprising frozen crustaceans and crabs. During the month under review, exports of sea products increased by about three folds to USD 4.2 million from USD 1.0 million in March 2003. Mineral exports recorded a decline of 5.7 percent to USD 27.9 million from USD 29.6 million mainly due to a decline in diamond exports as gold exports remained almost unchanged. When compared with the corresponding month a year earlier, non-traditional exports remained unchanged at USD 59.0 million.

On annual basis, during the year ending April 2003, non-traditional exports increased by 24.3 percent to USD 742.3 million from USD 597.4 million recorded during the corresponding year ending April 2002. All sub-categories of non-traditional exports namely minerals, manufactured goods, fish and fish products, horticultural and other exports recorded increases of 17.1 percent, 19.6 percent, 23.3 percent, 20.9 percent and 56.9 percent, respectively in the review period. Mineral exports continued to dominate by accounting for about 47.1 percent of the non-traditional exports and 36.4 percent of the total exports. Increase in gold exports by 17.7 percent to USD 349.7 million from USD 297.0 million is attributed to a surge in the gold prices in the world market coupled with an increase in gold mining activities in the country. Exports of cereals, in particular maize, to Zambia and Malawi, which were hard hit by drought in 2001/02, attributed to the increase in other exports during the year ending April 2003. The structure of non-traditional exports during the review period is shown on [Chart 15](#).



The general performance of exports during the year ending April 2003, continued to exhibit weakness in traditional exports but strong performance in minerals particularly gold exports. Chart 16 below shows the structure of total exports during the year ending April 2003 with non-traditional exports accounting for over 70.0 percent of total exports.



Goods Imports

During April 2003, total imports (f.o.b.) increased by 20.8 percent to USD 164.0 million from USD 135.8 million recorded in March 2003. The development is largely explained by a rise in imports of intermediate goods and consumer goods that went up by 93.6 percent and 26.3 percent, respectively. Intermediate goods imports almost doubled to USD 60.6 million from USD 31.3 million recorded in the previous month with oil imports attributing to a larger part of the increase. During the review month, oil imports increased by more than three folds to USD 38.0 million from USD 12.6 million due to increase in volume of oil imports to about 167,500.0 tons from 60,000.0 tons in March 2003. The surge in volume of oil imports is mainly explained by speculations of further escalation in oil prices and supply disruption in the world market due to the war that started in mid March 2003. The development was largely attributed to the uncertainties that the US led

war in Iraq could last long. Imports of consumer goods increased following a surge in both food and foodstuffs and other consumer goods. The food deficit (particularly cereals) due to the drought in 2002/03 largely explains the surge in imports of food and foodstuff during the month under review. Cereal imports mainly wheat, maize and rice doubled to USD 10.2 million from USD 5.2 million recorded in the previous month. Conversely, capital goods imports declined by 16.5 percent following a substantial decline of importation of transport equipment to USD 17.1 million from USD 34.9 million.

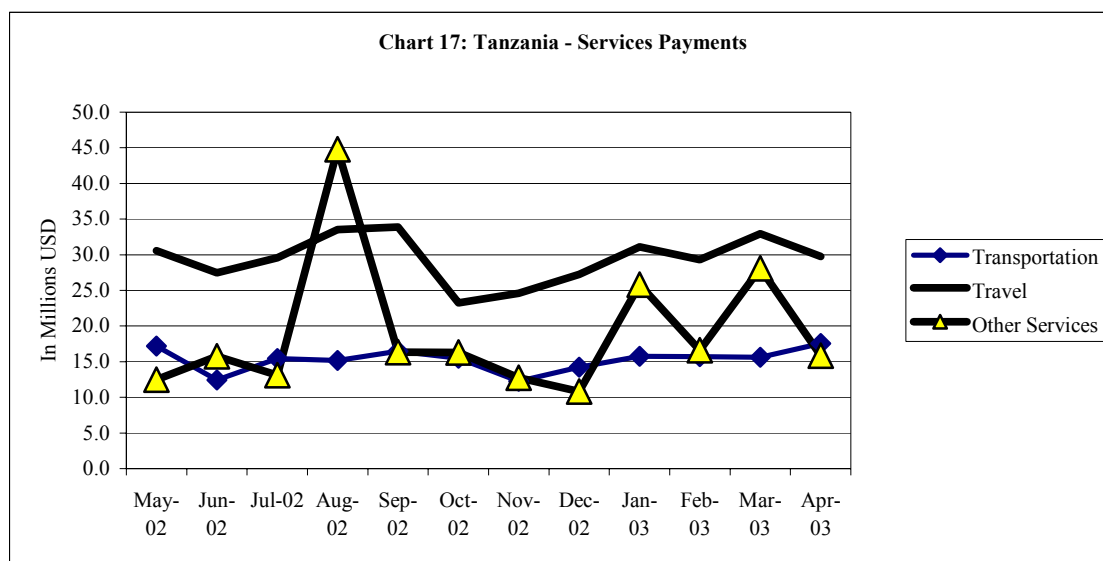
When compared with the corresponding period a year earlier, the total value of imports (f.o.b) increased by 34.0 percent to USD 164.0 million from USD 122.4 million in April 2002. All import items with the exception of machinery and fertilizer recorded increases during April 2003, compared with the levels attained in the corresponding month in 2002. There has been a downward trend in machinery imports following completion of construction work by most of the mining companies. The monthly imports of machinery have declined to an average of USD 24.0 since the last quarter of 2002 from an average of USD 27.0 million in the previous months.

During the year ending April 2003, total imports (f.o.b.) remained almost unchanged at USD 1,588.6 million from USD 1,598.4 million during the corresponding year ending April 2002. With the exception of capital goods that recorded a 9.6 percent decline, imports of intermediate goods and consumer goods registered an increase of 9.5 percent and 4.7 percent, respectively. The decline in capital goods is associated with a 22.8 percent decline in machinery imports following completion of construction works in the mining companies.

Services and Income Accounts

Services Account

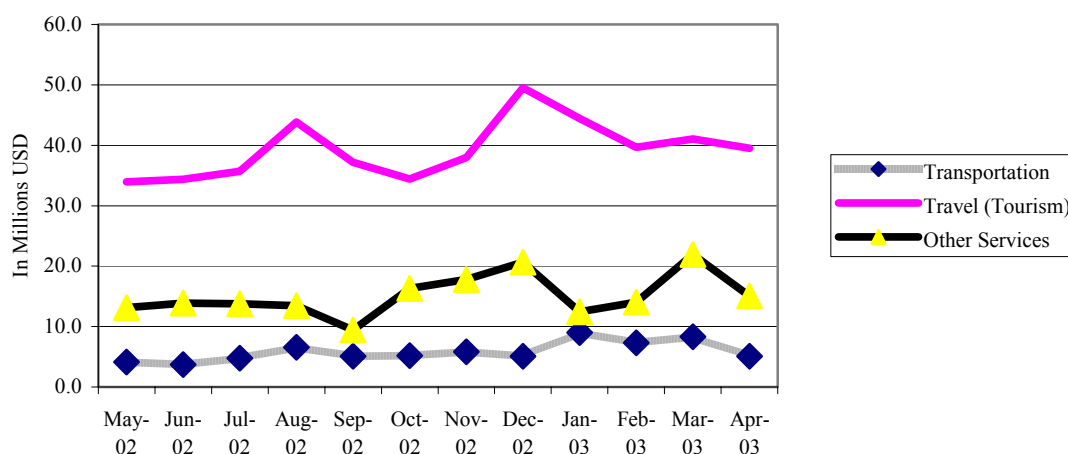
During April 2003, the deficit in the services account narrowed to USD 3.6 million from USD 5.9 million recorded during the previous month. The development resulted from the stronger impact of the decline in services payments that outweighed the impact of the decline in services receipts. With the exception of transportation, the decrease in services payments was recorded in all other categories in services account. Transportation services payments increased by 12.4 percent to USD 17.6 million, largely on account of freight payments which increased by 20.8 percent to USD 15.7 million. The increase in freight payments is consistent with the level imports (f.o.b) that surged to USD 164.0 million from USD 135.8 million recorded in the previous month.



Note1: 'Other Services' include: Communication, Construction, Insurance, Financial, Computer, Information, Government, Royalties, Personal, and Other business services.

The decrease in services receipts, on the other hand, was mostly due to declines in receipts from other business, transportation and travel services which dropped by 38.2 percent, 38.6 percent, and 3.7 percent, respectively. The decline in travel (tourism) receipts was partly associated with alerts in USA and UK about the threat of terrorism in East African coasts. This development had an adverse effect on tourism especially when considering that most tourists to Tanzania come from those countries.

Chart 18: Tanzania - Services Receipts



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

When compared with the corresponding month a year earlier, the services account improved to a deficit of USD 3.6 million during April 2003, from the deficit of USD 5.9 million. The development resulted from a 21.9 percent increase in services receipts that offset the impact of a 15.3 percent increase in payments. The increase in services receipts is mostly attributed to a surge in travel receipts. The increase in payments was mostly on account of travel and transportation services payment.

During the year ending April 2003, the deficit in the services account widened to a deficit of USD 41.8 million from a deficit of USD 22.2 million recorded during the year ending April 2002, following a 12.0 percent rise in services payments that outweighed the impact of a 9.4 percent increase in services receipts. The increase in payments was mainly attributed to the increase registered in communication and travel services. Communication services payments surged to USD 69.8 million from USD 15.2 million recorded during the year ending April 2002, largely due to payments made by telecommunication companies to Satellite providers for usage of bandwidth (satellite) services. This signifies the increased expansion of telecommunications network in the country over the year. There were however decreases in transportation and other business services payments. The decrease in transportation services payment was partly attributed to the decrease in imports (fob) to USD 1,588.6 million from USD 1,598.4 million. The increase in services receipt, on the other hand, was mostly due to increase in travel and transportation services. Travel (tourism) receipts rose by 12.1 percent to USD 471.5 million, partly ascribed to continued efforts by the government in promoting Tanzania as a tourist destination. Transportation services receipts increased by 12.1 percent to USD 70.0 million resulting from transportation of cereal exports to Zambia and Malawi.

Income Account

During April 2003, the deficit in the income account widened to USD 20.9 million from USD 4.4 million recorded in the previous month due to increase in income payments.

When compared with the corresponding month a year earlier, the deficit in the income account worsened to USD 20.9 million from USD 10.6 million registered in March 2002. The development is explained by the increased scheduled interest payments to USD 18.2 million from USD 11.0 million.

In the same way, during the year ending April 2003, the income account deficit widened by 34.1 percent to USD 98.3 million mainly due to the 24.1 percent increase in income payments to USD 166.5 million.

World Commodity Prices

The average world market prices of non-energy commodities remained fairly stable in April 2003, compared to the levels recorded in the previous month. The average price of both coffee (Robusta) and (Arabica), tea (Mombasa auction) and tea (average of Calcutta) remained virtually unchanged at USD 0.8 per kg, USD 1.4 per kg, USD 1.5 per kg and USD 1.4 per kg respectively.

The unit prices of cloves and cotton (A-index) declined by 26.1 percent to USD 1,700.0 per metric tones and 7.1 percent to USD 1.3 per kg respectively, in April 2003. The decline in the price of cotton was largely attributed to the economic impact of the Severe Acute Respiratory Syndrome (SARS), which reduced China's imports of cotton. China has been the largest importer of cotton following the expansion of its textile and apparel industries.

Both prices of crude oil (Average of UK Brent, Dubai and West Texas Intl) and (Dubai f.o.b) declined by 16.1 percent to USD 25.5 per barrel and 14.6 percent to USD 23.4 per barrel respectively, from the levels recorded in the previous month.

The fall in the prices of crude oil was largely due to oversupply of crude oil in the market in an attempt to counter supply disruptions from Iraq, Venezuela and Nigeria as well as the decline in global oil demand following the outbreak of SARS in Asia. Similarly, the world market prices for white products (Average of Premium gasoline, Gasoil and Jet/Kerosine, f.o.b. West Mediterranean) also decreased by 23.8 percent to USD 225.4 per ton from USD 295.6 per ton recorded in the previous month.

During the month under review, gold prices decreased by 3.6 percent to USD 328.2 per troy ounce from USD 295.6 per troy ounce recorded in the previous month largely on account of the appreciation of the US dollar against the major currencies and the improvement in performance of equity markets following growing expectations for a short and decisive US-led war against Iraq.

Debt Developments

Overview

The overall total debt stock (external and domestic) as at end of April 2003, stood at USD 7,954.6 million. Out of the total debt, external debt was USD 7,117.7 million or 89.5 percent and domestic debt was USD 836.9 million or 10.5 percent. The total National debt stock rose by USD 38.4 million or 0.5 percent from USD 7,916.2 million as at end of March 2003. The increase in the national debt stock was attributed to exchange rate variation.

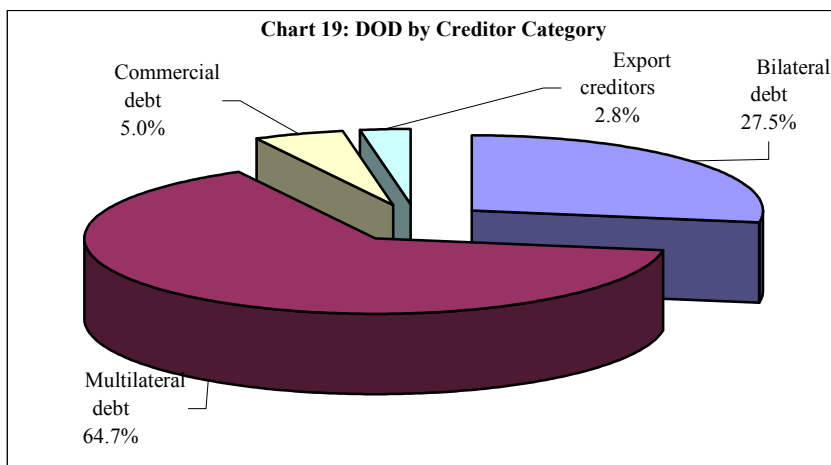
External Debt Position

Total external debt committed as at end-April 2003 was USD 7,648.4 million. The amount increased by USD 43.8 million or 0.6 percent from USD 7,604.6 million of March 2003. Out of the total amount committed, disbursed outstanding debt (DOD) was USD 6,131.1 million and committed undisbursed debt was USD 1,517.3 million.

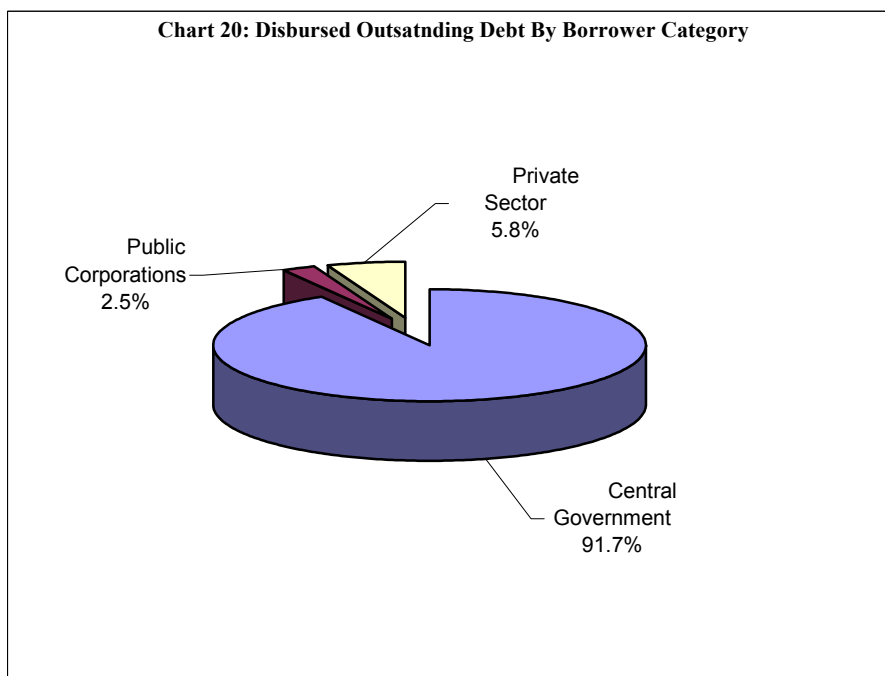
Interest arrears also increased by USD 9.3 million or 1.0 percent from USD 977.3 million at the end of March 2003 to USD 986.6 million as at the end of April 2003. The external debt stock increased by USD 45.2 million or 0.6 percent from USD 7,072.5 million end of March 2003 to USD 7,117.7 million as at the end of April 2003.

The Profile of Disbursed Outstanding Debt

Disbursed outstanding debt by creditor category shows that 64.7 percent and 27.5 percent of the total debt is owed to multilateral and bilateral creditors respectively. The proportion of total debt owed to Commercial sources and Export creditors accounted for 5.0 percent and 2.8 percent, respectively.



The composition of disbursed outstanding debt by borrower category shows that, the Central Government is the largest borrower accounting for as much as 91.7 percent of the total debt. The proportion of Parastatal and Private Companies in the total debt was 2.5 percent and 5.8 percent, respectively.



Classification of debt by economic sector indicates that USD 1,136.6 million or 18.6 percent of the total debt was disbursed in the form of Balance of Payments Support, while Transport and telecommunications sector received USD 1,020.6 million or 16.7 percent. Agriculture and Energy and mining received USD 1,026.8 million or 16.7 percent and USD 895.2 million or 14.6 percent, respectively. Industries absorbed USD 406.9 million or 6.7 percent of the total debt, while Social welfare and education, Finance and insurance, and Tourism received USD 397.0 million or 6.4 percent, USD 77.3 million or 1.3 percent and USD 86.7 million or 1.4 percent of the debt respectively. The remaining USD 1,084.4 or 17.6 percent was absorbed by other sectors.

Implementation of Paris Club VII Bilateral agreements

During the month under review, the government continued with efforts to implement Paris Club VII Bilateral agreements. Ten countries have already signed the agreements, including Austria, Belgium, Norway, USA, Canada, Italy, France, United Kingdom, Netherlands and Germany. Consequently, debts amounting to USD 675.5 million have been cancelled.

Debt Contracted, Debt Service and Disbursements

During the month under review, new loans contracted and recorded amounted to USD 0.2 million. However, no disbursement was done. External debt service was USD 3.4 million. Accordingly, there was a net outflow of USD 3.4 million.

Domestic Public Debt

Total domestic debt stock owed by the Government of United Republic of Tanzania as at the end of April 2003, stood at TZS 870.6 billion. This reflects an increase of TZS 1.5 billion or 0.2 percent when compared to TZS 869.1 billion, registered as at end of March 2003. Borrowing through Government bonds caused the increase in domestic debt.

Analysis of domestic debt stock by instruments shows that, Government bonds, which constitute 49.2 percent, increased by 0.5 percent, from TZS 426.0 billion recorded as at the end of March 2003 to TZS 428.1 billion as at end of April 2003.

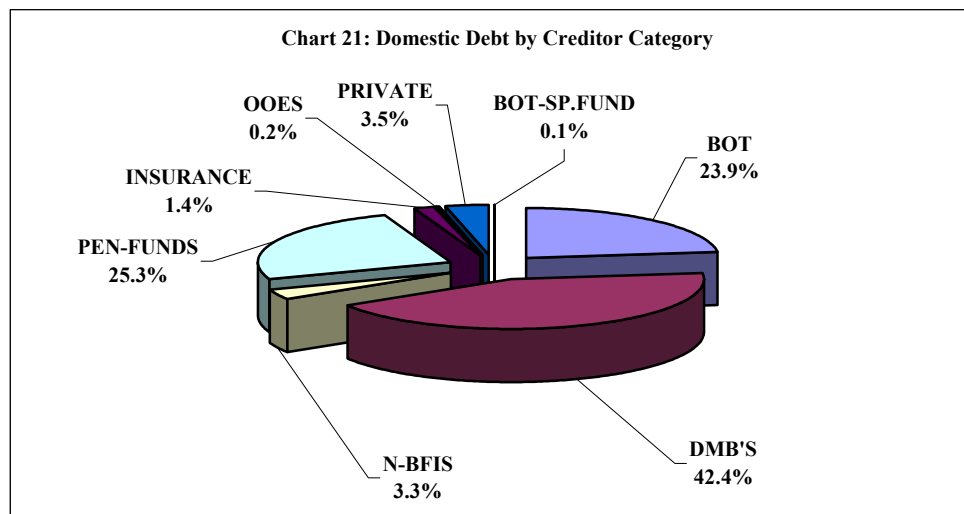
Treasury bills that constitute 31.0 percent of total domestic debt, decreased by 0.2 percent from TZS 270.7 billion as at end March 2003 to TZS 270.1 billion as at end-April 2003. Government stocks and Tax Reserve Certificates remained unchanged from the level of TZS 126.3 billion and 0.1 percent registered end of March 2003 respectively.

Government securities constitute 94.7 percent of the debt stock, while other government debts and interest arrears constitute 5.3 percent and 0.01 percent, respectively.

Domestic Debt Stock by Creditor Category

During the period under review, Commercial Banks were the largest creditors by holding TZS 369.3 billion or 42.4 percent of the debt stock. Pension funds and the Bank held securities worth TZS 219.9 billion or 25.3 percent, TZS 207.8 billion or 23.9 percent respectively Private and Non-bank Financial institutions accounted

for 3.5 percent and 3.3 percent respectively, while insurance companies, other official entities and BOT special funds held 1.7 percent altogether.



Domestic Debt Service

A total of TZS 39.8 billion fell due for payment during the month of April 2003. Out of the total amount, TZS 34.4 billion was principal which was rolled over, while the remaining balance of TZS 5.4 billion was interest that was paid out of government revenues.

Other Economic Developments

Food Security

The Strategic Grain Reserve (SGR) stocks position as at end-April 2003 stood at 54,118.0 tons compared with the level of 58,976.0 tons recorded at end-March 2003. During April 2003, the World Food Program (WFP) purchased 4,858.0 tons of grains from the Food Security Department to cater for food requirements in refugee camps in Kigoma and Kagera regions. According to Tanzania Meteorological Agency (TMA) some regions have experienced inadequate rainfall. These include Dodoma, Singida, and Tabora and western parts of Mbeya, Rukwa and Iringa, and southern part of Kigoma. These areas are likely to experience low food crop harvests with consequent food shortage in the coming year. In this regard, the current SGR stocks may not be sufficient to cater for the food shortage in the coming year due to low levels of production following the unfavourable weather conditions.

Table 6: Food Security, SGR Stocks

					tons
Period	2000	2001	2002	2003	% Change
January	105,665	78,967	60,503	59,961	-0.9
February	103,305	72,000	58,254	59,493	2.1
March	101,496	63,022	56,738	58,976	3.9
April	96,326	51,435	52,228	54,118	3.6
May	82,119	44,776	48,653		
June	72,000	47,225	47,100		
July	63,976	46,290	44,787		
August	70,352	48,998	41,795		
September	95,000	59,047	57,500		
October	88,474	58,000	62,700		
November	89,882	62,388	61,773		
December	78,967	62,788	58,395		

Source: Food Security Department and BOT computations

Economic Developments in Zanzibar

Overall Budgetary Developments

During the month of April 2003 the Zanzibar Government budgetary performance, on cheques issued basis, recorded an overall deficit before grants of TZS 0.6 billion compared with a deficit of TZS 0.8 billion recorded in the previous month of March, 2003. After considering grants amounting to TZS 0.8 billion, the budget registered a surplus of TZS 0.2 billion.

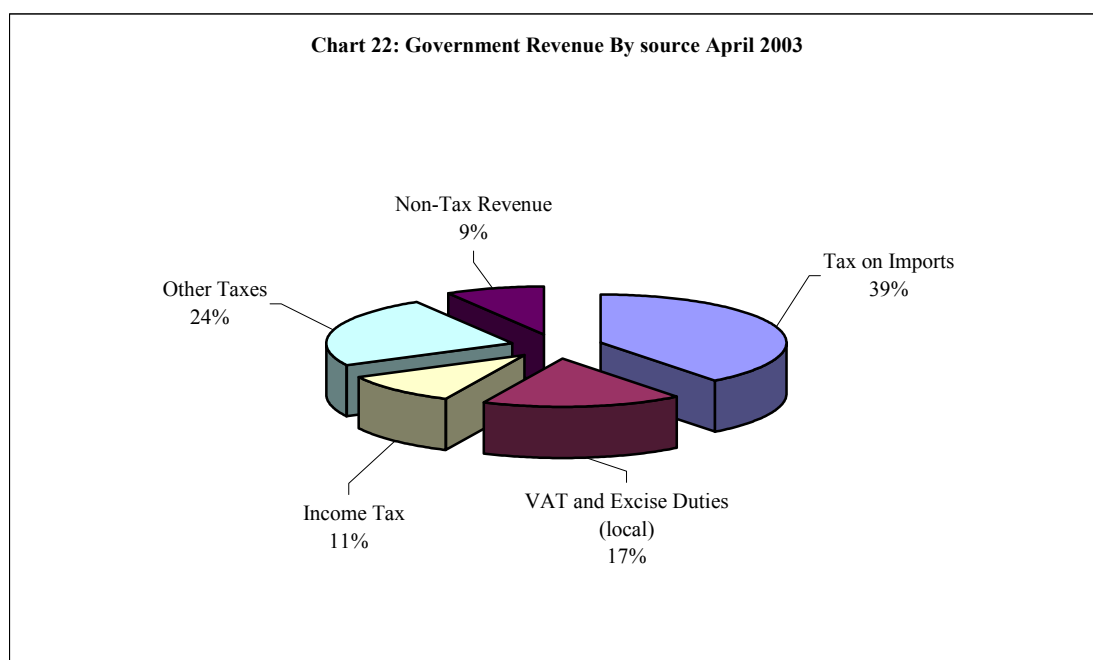
Revenue Performance

During the period under review, total revenue decreased from TZS 3.8 billion collected in March 2003 to TZS 3.5 billion. The revenue collections accounted for 63.8 percent of the projected monthly level of TZS 5.5 billion. The unsatisfactory revenue performance was mainly attributed to decline in tax on imports, VAT and Excise Duties (local), and income tax.

Tax revenue decreased by 11.1 percent from TZS 3.6 billion to TZS 3.2 billion, accounting for 91.4 percent of total revenue. Tax on imports decreased from TZS 1.6 billion to TZS 1.4 billion due to relative decrease in imports through the Zanzibar port. VAT and Excise Duties (local) decreased from TZS 0.7 billion registered in previous month to TZS 0.6 billion. Income tax decreased from TZS 0.5 billion to TZS 0.4 billion due to low tax returns. However, revenue from the “Other taxes” category increased from TZS 0.8 billion in March 2003 to TZS 0.9 billion in April 2003, due to an increase in trade activities.

Non-tax revenue increased from TZS 0.2 billion collected in previous month of March 2003 to TZS 0.3 billion, and accounted for 8.6 percent of total revenue. The increase was due to improvement in trade and enhanced tax collection measures.

On cumulative basis, total revenue amounted to TZS 38.8 billion accounting for 70.0 percent of the first ten months of 2002/03 projections of TZS 55.42 billion. The collected sum accounted for 58.3 percent of annual target of TZS 66.5 billion.



Expenditure

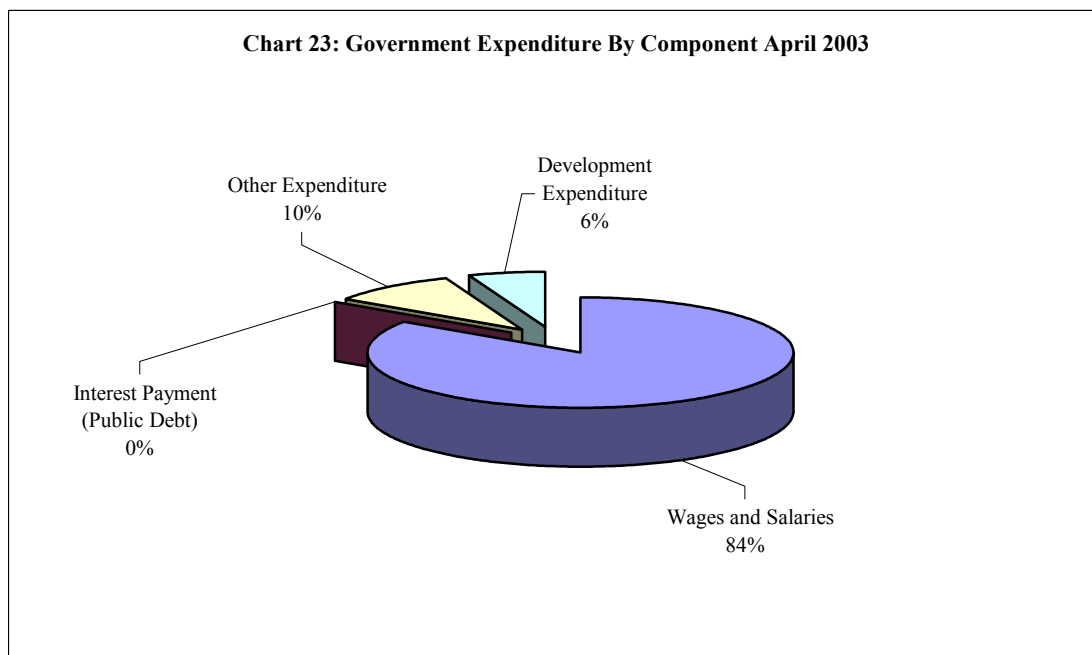
During the period under review, the total Government expenditure decreased from TZS 4.6 billion in March 2003 to TZS 4.1 billion. The registered expenditure accounted for 50.7 percent of the projected monthly expenditure of TZS 8.2 billion. The decrease in Government expenditure was attributed to considerable

decrease in other expenditures due to reduced resource allocation for this expenditure category.

Recurrent expenditure decreased from TZS 4.4 billion spent in March 2003 to TZS 3.9 billion accounting for 75.8 percent of the projected monthly expenditure of TZS 5.1 billion. Recurrent expenditure accounted for 94.0 percent of total expenditure. The expenditure on wages and salaries was maintained at TZS 3.5 billion, same level registered the previous month. Other expenditures decreased substantially by 54.3 percent from TZS 0.9 billion spent in March 2003 to TZS 0.4 billion spent in the month under review.

Development expenditure slightly increased from TZS 0.2 billion spent in March 2003 to TZS 0.3 billion, accounting for a mere 8.3 percent of the monthly projected amount of TZS 3.0 billion. The development expenditure accounted for 6.0 percent of total expenditure. The slight increase in development expenditure was facilitated by increase in resource allocation to effect expenditure on development projects.

On cumulative basis, during July-April, 2003 the Government spent TZS 51.0 billion, accounting for 62.4 percent of the ten months expenditure target of TZS 81.8 billion. The cumulative expenditure accounted for 52.0 percent of the annual target expenditure of TZS 98.1 billion.



Financing

During the month under review the Government of Zanzibar financed its expenditure using own internal resources complemented by grants received from Union Government amounting to TZS 0.8 billion.

Zanzibar Debt Developments

Overview

The Zanzibar overall total debt stock stood at TZS 97.6 billion or USD 93.9 million as at end-April 2003 having decreased from TZS 110.0 billion at end-March 2003. The decrease is mainly due to updating and reconciliation exercise on external debt data as recorded by the Union Government and depreciation of the exchange rate. Out of the total debt, domestic debt amounted to TZS 40.0 billion or

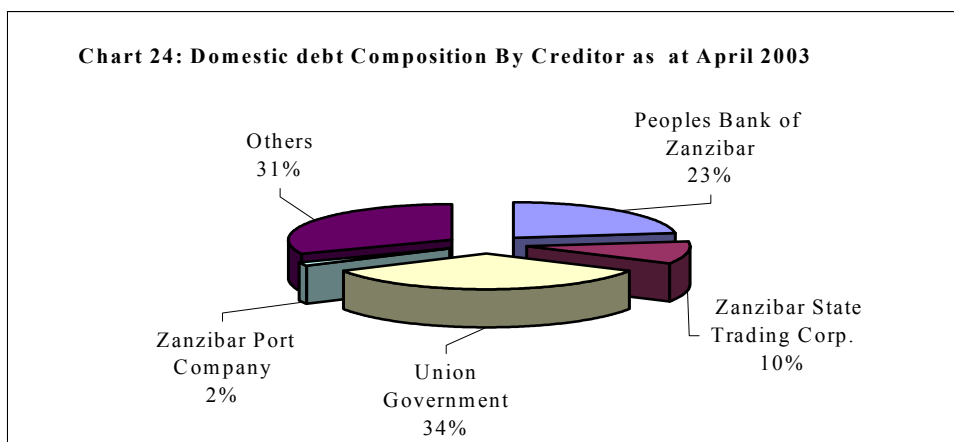
USD 38.5 million accounting for 41.0 per cent of total debt, while external debt amounted to USD 55.4 million or TZS 57.6 billion accounting for 59.0 per cent of the total debt.

Domestic Debt

During April 2003, domestic debt stood at TZS 40.0 billion, which is 1.6 percent higher when compared with TZS 39.3 billion at end-March 2003. The increase in domestic debt is largely attributable to accrued interest.

Domestic Debt - By Creditor

Domestic debt by creditor reveals that, as at end-April, 2003 the Zanzibar Government indebtedness to the Union Government amounted to TZS 13.6 billion accounting for 34.0 percent of total domestic debt. The People's Bank of Zanzibar claims to the Government amounted to TZS 9.1 billion accounting for 22.7 percent of total domestic debt, while the Zanzibar State Trading Corporation and Zanzibar Port Authority claims amounted to TZS 4.1 billion and Tshs 690.5 million accounting for 10.2 percent and 1.7 percent of total debt, respectively. Other creditor claims amounted to TZS 12.5 billion accounting for 31.3 percent of the total domestic debt.



Domestic Debt by Instrument

At end-April 2003, debt by long-term loan instruments amounted to TZS 9.1 billion accounting for 22.8 percent, while debt by government stocks amounted to TZS 4.1 billion or 10.1 percent of total domestic debt. Debt by Treasury bills was TZS 3.1 billion or 7.9 percent and Short-term borrowing reached TZS 709.5 million or 1.8 percent of total domestic debt. Debt by other debt instruments amounted to TZS 9.4 billion accounting for 23.5 percent, while borrowing through advances amounted to TZS 13.6 billion, accounting for 34.0 percent of total domestic debt.

Domestic debt by maturity

Debt maturing less than a year amounted to TZS 3.6 billion, accounting for 9.1 percent of the total domestic debt. Debt maturing between 1-2 years amounted to TZS 4.1 billion or 10.2 percent. Debt maturing between 2-5 years amounted to TZS 9.1 billion or 22.8 percent. Debts with undetermined maturity amounted to

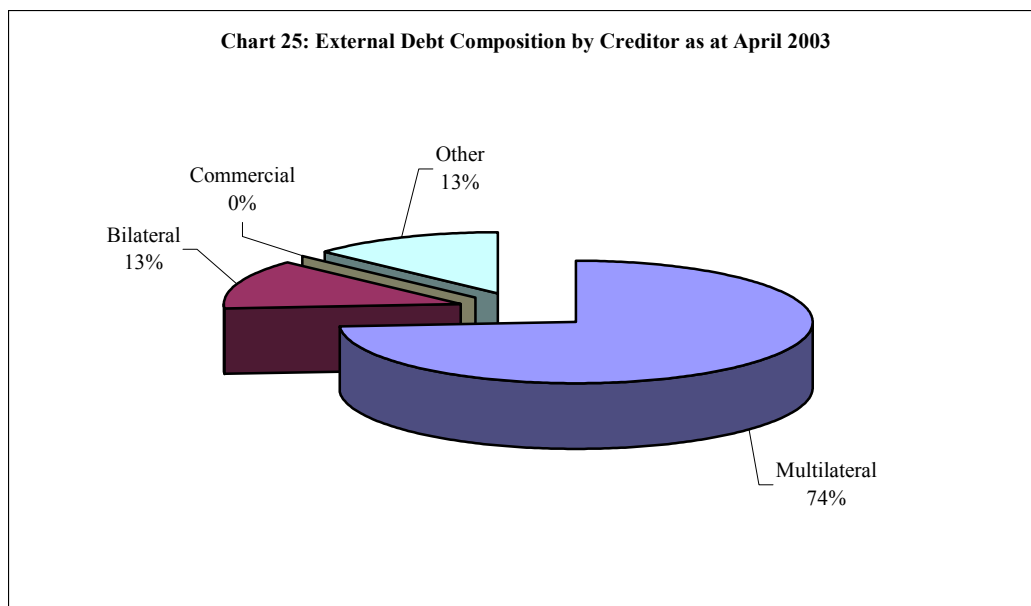
TZS 23.2 billion or 58.0 percent, while debt in arrears amounted to TZS 3.0 million accounting for 0.01 percent of total domestic debt.

External Debt

The Zanzibar Government external indebtedness at end-April 2003 stood at USD 55.4 million or TZS 57,581.7 million, which is 17.5 percent lower than that recorded in April 2003. The adjusted figure was due to updating and reconciliation of external debt data as recorded by the Union Government sources especially multilateral debt funded by IDA.

External Debt by Creditor Category

During April 2003, the debt portfolio revealed that multilateral debts amounted to USD 40.9 million accounting for 73.8 percent of the total external debt. Bilateral debt amounted to USD 7.4 million, accounting for 13.3 percent of the total external debt and other creditors category debt amounted to USD 7.2 million accounting for 12.9 percent of total external debt.



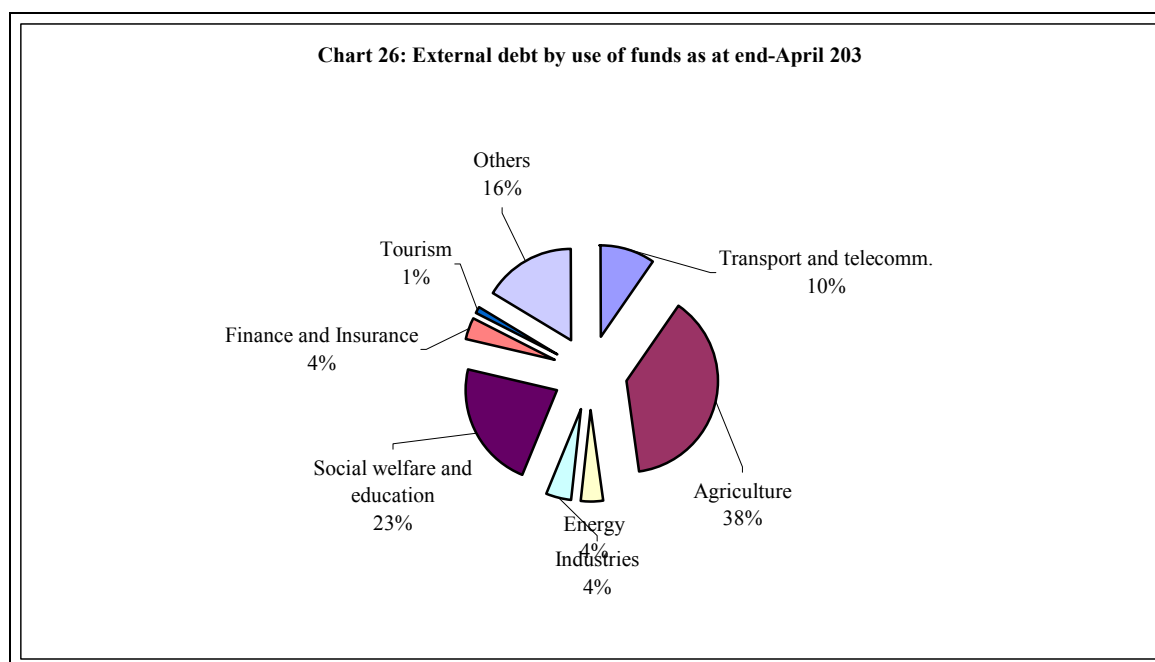
External Debt by Maturity

Debt with maturity between 5-10 years amounted to USD 6.2 million accounting for 12.1 percent of total external debt, debts with maturity between 10-20 years amounted to USD 2.0 million or 7.4 percent, debt with maturity above 20 years amounted to USD 31.6 million accounting for 60.5 percent, and debt arrears amounted to USD 15.6 million accounting for 19.9 percent of total external debt.

External Debt by use of Funds

Analysis of the external debt by use of funds shows that, debt amounting to USD 21.1 million or 38.1 percent was disbursed for agriculture. Social welfare and education accounted for USD 12.5 million or 22.6 percent; transport and telecommunication sector absorbed USD 5.4 million or 9.8 percent; Energy sector got USD 2.1 million or 3.7 percent while Industries, Finance and insurance, and Tourism sectors received USD 2.5 million, USD 2.0 million and USD 0.6 million

or 4.5, 3.7 and 1.1 percentage points respectively. Other sectors USD 9.1 million accounting for 16.5 percent of total disbursements.



Trade Developments

Trade balance

During April 2003, the trade account (goods and services) improved by registering deficit of USD 1.5 million from a deficit of USD 2.9 million recorded in March 2003. The improvement in the trade account was attributed to a significant increase in exports of goods and services to USD 5.8 million from USD 3.1 million recorded during March 2003. The increase outweighed the surge by 22.4 percent in imports of goods and services to USD 7.3 million from USD 6.0 million recorded during the previous month.

Exports

During the period under review, total exports of goods increased by 132.9 percent to USD 1.8 million from USD 0.8 million recorded in March 2003. The increase was attributed to an overall increase in traditional exports which outweighed a decrease in non-traditional exports. Clove exports significantly increased by 175.7 percent to USD 1.4 million from USD 0.5 million recorded in March 2003. The increase in clove exports was associated by increase in clove exports volume whose effect outweighed a decline in clove price. Export volume increased from 200.0 tons to 600.0 tons while unit price decreased by 8.1 percent from USD 2,571.6 per ton to USD 2,363.6 per ton during the period under review.

Export of seaweeds earnings increased to USD 0.3 million from USD 0.1 million registered in the previous month. Increase in exports of seaweeds was attributed to both volume and price factors. Export volume for Seaweeds increased by 86.0 percent from 740.0 tons registered in March 2003 to 1,370.0 tons during the period under review. The unit price for seaweeds increased by 1.7 percent from USD 195.2 per ton to USD 198.5 per ton during the period under review. Non-traditional exports decreased by 20 percent from USD 0.10 million recorded in March 2003 to USD 0.08 million during the month under review.

Table 7: Zanzibar Exports by type of Commodity

Traditional Commodities	2003		% Change
	March	April*	
Cloves			
Value	0.51	1.42	175.7
Volume	0.20	0.60	199.9
Unit Price	2,571.62	2,363.58	-8.1
Seaweeds			
Value	0.14	0.27	89.1
Volume	0.74	1.37	86.0
Unit Price	195.23	198.46	1.7
SUB TOTAL	0.66	1.69	156.74
Non-Traditional Exports			
Manufactured Goods	0.03	0.01	-53.6
Fish and Fish Produce	0.00	0.02	332.3
Horticultural produce	0.00	0.00	-
Others Exports	0.07	0.05	-36.3
SUB TOTAL	0.10	0.08	20.00
GRAND TOTAL	0.76	1.77	132.89

NOTE:

Volume in thousands of Tons; Value in millions of USD; Unit Price in USD/Ton

* Provisional data subject to revision

Source: TRA, Customs Department

Imports

During the period under review, overall imports (c.i.f.) increased to USD 5.9 million from USD 4.5 million registered in March 2003 mainly due to increase in imports of intermediate goods and consumer goods.

Intermediate goods increased significantly to USD 2.5 million from USD 0.9 million due to increase of oil imports and industrial raw materials, while consumer goods increased by 5.81 percent to USD 2.2 million from USD 2.09 million recorded during March 2003 due to increase in imports of foodstuffs and other consumer goods, which increased by 5.1 percent and 6.8 percent respectively. However capital goods imports decreased by 20.5 percent to USD 1.2 million from USD 1.5 million mainly due to decrease in imports of transport equipment, building and construction materials and machinery which decreased by 29.2 percent, 27.3 percent and 7.4 percent respectively.

Chart 8: Zanzibar Imports (c.i.f. by Major Categories)

IMPORT CATEGORY	2003		% Change
	March	April	
CAPITAL GOODS	1.48	1.18	-20.49
Transport Equipments	0.74	0.53	-29.2
Building and Constructions	0.16	0.12	-27.3
Machinery	0.58	0.53	-7.4
INTERMEDIATE GOODS	0.93	2.51	168.75
Oil imports	0.63	2.05	224.9
Fertilizers	0.00	0.00	
Industrial raw materials	0.30	0.462	52.3
CONSUMER GOODS	2.09	2.21	5.81
Food and food stuffs	1.22	1.28	5.1
All other consumer goods	0.87	0.93	6.8
GRAND TOTAL (fob)	4.09	5.36	30.97
GRAND TOTAL	4.50	5.89	30.97

Note: Imports estimated on the basis of SBE forms from TRA,
Value in Millions of USD

Source: TRA, Customs Department

Combined Services and Income account

During the period under review, the combined income and services account surplus increased significantly by 361.3 percent to USD 2.1 million from a surplus of USD 0.5 million recorded during March 2003. The increase was attributed to a 71.1 percent increase in foreign receipts from USD 2.3 million recorded during March 2003 to USD 4.0 million.

Service account

The non-factor services account recorded a net increase of 371.9 percent by recording a net surplus of USD 2.1 million from USD 0.4 million recorded during March 2003. The increase was attributed to an increase in non-factor service receipts by 71.8 percent to USD 4.0 million from USD 2.3 million registered during March 2003 which outweighed an increase in foreign payments by 3.5 percent from USD 1.9 million to USD 2.0 million.

Income account

During the month under review, recorded for income account did not capture any transaction. The position compares poorly with a net surplus of USD 0.01 million registered during March 2003. Non-availability of data is still a major obstacle in monitoring developments in this account.

Table 9: Zanzibar - Service and Income Sector Developments

Millions of USD

		2003		% Change
		March	April*	
SERVICE AND INCOME ACCOUNT	Net	0.45	2.06	361.3
	Receipt	2.35	4.02	71.1
	Payment	1.90	1.97	3.5
A. Services Account	Net	0.44	2.06	371.9
	Receipt	2.34	4.02	71.8
	Payment	1.90	1.97	3.5
1. Transportation	Receipt	0.12	0.18	50.0
	Payment	0.46	0.72	55.4
1.1: Passengers	Receipt	0.00	0.00	0.0
	Payment	0.00	0.12	0.0
1.2: Freight	Receipt	0.00	0.00	0.0
	Payment	0.39	0.51	29.6
1.3: Other	Receipt	0.12	0.18	50.0
	Payment	0.07	0.08	14.3
2. Travel	Receipt	2.20	3.52	60.0
	Payment	1.44	1.21	-16.0
3. Communication Services	Receipt	0.00	0.00	0.0
	Payment	0.00	0.00	0.0
4. Construction services	Receipt	0.00	0.08	0.0
	Payment	0.00	0.00	0.0
5. Insurance Services	Receipt	0.00	0.00	0.0
	Payment	0.00	0.00	0.0
6. Financial Services	Receipt	0.00	0.00	0.0
	Payment	0.00	0.00	0.0
7. Computer and Information Services	Receipt	0.00	0.00	0.0
	Payment	0.00	0.00	0.0
8. Royalties and License fees	Receipt	0.00	0.00	0.0
	Payment	0.00	0.00	0.0
9. Other Business Services	Receipt	0.00	0.00	0.0
	Payment	0.00	0.00	0.0
10. Personal, Cultural and Recreational Services	Receipt	0.00	0.00	0.0
	Payment	0.00	0.00	0.0
11. Government Services n.i.e	Receipt	0.02	0.25	1150.0
	Payment	0.00	0.04	0.0
B. Income Account	Net	0.01	0.00	0.0
	Receipt	0.01	0.00	0.0
	Payment	0.00	0.00	0.0
1. Compensation of Employees	Receipt	0.00	0.00	0.0
	Payment	0.00	0.00	0.0
2. Investment Income	Receipt	0.01	0.00	0.0
	Payment	0.00	0.00	0.0
<i>o/w interest payment</i>	Payment	0.00	0.00	0.0

* provisional figures

Source: Commercial Banks, Non-bank Financial Institutions, BoT.

GLOSSARY

Average Rate of Inflation

This is calculated as the average of the inflation rates during the fiscal year, or the calendar year.

Non-Food Inflation Rate

This is a measure of price movements caused by factors other than food prices. It is an important measure, which monitors the effectiveness of Monetary Policy on Inflation since price movements in these items are caused largely by Monetary Policy factors.

Seasonally Adjusted Indicators

To enhance the vigilance of monetary policy, it is necessary to carry out seasonal adjustment, so that variations on a time series caused by seasonal factors are eliminated. Seasonal movements or seasonal variations, refer to identical, or almost identical, patterns, which a time series appears to follow during corresponding months (quarters) of successive years. Such movements are due to recurring events, which take place annually, as for example, the harvest season. Seasonally adjusted indicators show the impact of non-seasonal influences on a time series, thus showing more closely the impact of Monetary Policy.

Base Money, Monetary Base, or Reserve Money (M0)

The Central Bank's liabilities in the form of (1) Currency in Circulation Outside Bank of Tanzania, and (2) Banks' Reserves (deposit money banks' domestic cash in vaults plus their required and free deposits with the Central Bank) is referred to as Base money, or the monetary base or reserve money.

Money Supply, M

The sum of Currency in Circulation Outside the Banks and deposits are defined in various concepts of Money Supply in the narrower and broader sense, i.e., Narrow Money (M1), Broad Money (M2), and Extended Broad Money (M3).

Narrow Money, M1

It consists of Currency in Circulation Outside Banks and demand deposits.

Broad Money, M2

It is equivalent to Narrow Money (M1) plus time deposits plus savings deposits.

Extended Broad Money, M3

It consists of Broad Money (M2) plus foreign currency deposits.

Currency in Circulation Outside Banks

Notes and coin accepted as legal tender in the domestic economy, excluding amounts held by the banking system.

Discount Rate

The rate of interest the Central Bank charges on loans it extends to commercial banks. At present, it is also the interest rate charged on government overdraft from the Bank of Tanzania. It is derived from the weighted average yield of treasury bills of all maturities plus five-percentage points.

International Reserves, or Reserve Assets

They consist of those external assets that are readily available to and controlled by Central Banks for direct financing of balance of payments imbalances, for indirectly regulating the magnitude of such imbalances through intervention in exchange

markets to affect the currency exchange rate, and/or for other purposes. Included are monetary gold, SDRs, reserve position in the Fund, foreign exchange assets (consisting of currency, deposits, and securities), and other claims.

Reserve Money Program

It is an Operational Framework used by the Central Bank to achieve Money Supply Growth Targets, through monitoring Reserve Money, which is the Operational Variable.

Reserve Requirement

These are balances which banks are required to hold as a specified percentage of their liabilities (minimum reserve ratio) arising from demand deposits, savings deposits, time deposits, and foreign currency deposits, as well as from short-and medium-term borrowing, as balances on current accounts with the Central Bank.

Repurchase Agreement (Repo)

These are agreements to purchase/sale by the Bank 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 Bank at the end of the period. The Bank introduced Repo operations in July 1997. This new monetary policy instrument has enhanced the efficacy of monetary policy, since it can be applied in a flexible manner depending on short term liquidity developments in the economy.

Weighted Annualised Yields of Treasury Bills of all Maturities

This is the average yield of Treasury Bills, which is weighted by the volume, sold of 91-, 182-, and 364 - day Treasury Bills, expressed in percent per annum.

Exchange Rate

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

Nominal Exchange Rate

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

Nominal Effective Exchange Rate (NEER)

This is the measure of the value of a currency against a weighted average of several foreign currencies, usually from the main trading partners. The NEER is often expressed as an index of the change in the exchange rate, relative to some base period.

Real Effective Exchange Rate

Is the nominal exchange rate index divided by measures of relative price change or other measures of relative competitiveness. Under this approach, Consumer Price Indices (CPI) of our main trading partners relative to Tanzania's CPI are used to construct relative prices. The REER is commonly used as a general analytical tool for measuring relative over-valuation or under-valuation of a currency.

Table A1: Selected Economic Indicators

Item	Unit	1997	1998	1999	2000	2001	2002	2003*
1. Population (TZ Main)	Million	29.1	30.0	30.9	31.9	32.8	33.6	
2. Gross Domestic Product (GDP)								
2.1 At Current	Mill. TZS	4,281,600.0	5,125,310.9	5,977,698.8	6,705,134.0	7,590,765.0	--	
	Mill. USD	6,994.7	7,710.9	8,026.4	8,330.6	8,661.3	--	
2.2 At Constant	Mill. TZS	1,448,090.0	1,505,826.9	1,577,292.0	1,654,407.5	1,747,787.0	--	
	Mill. USD	2,365.9	2,265.5	2,117.9	2,068.3	1,994.3	--	
3. Income per Capita								
3.1 Nominal (TZS	147,312.0	170,843.7	193,453.0	210,192.3	231,425.8	--	
	USD	240.2	256.9	259.4	261.2	264.1	--	
3.2 Real (199	USD	49,763.0	50,194.0	51,045.0	51,860.0	53,286.0	--	
	USD	81.2	75.5	68.4	64.8	60.8	--	
4. Price Index (1994=100)								
4.1 Consumer Price Index	Gen. Index	162.6	183.5	197.9	209.7	220.4	230.5	
4.2 Percentage	Per cent	16.1	12.8	7.9	5.9	5.1	4.6	
4.3 Retail Price Index - Wage Earners								
	Gen. Index	137.4	146.8	149.8	150.6	163.4	175.6	
4.4 Percentage	Per cent	6.8	6.8	2.1	0.5	8.5	7.5	
4.5 GDP Impl	Index	295.6	340.4	379.0	402.8	423.5	--	
4.6 GDP Impl	Per cent	20.0	15.1	11.3	6.3	5.1	--	
5. Balance of Payments Position							--	
5.1 Exports (f.o.b.)	Mill. USD	752.6	588.5	543.3	663.3	776.4	902.5	
5.2 Imports (f.o.b.)	Mill. USD	1,148.0	1,382.1	1,415.4	1,367.6	1,560.3	1,511.3	
5.3 Balance of	Mill. USD	(395.4)	(793.6)	(872.1)	(704.3)	(783.9)	(608.8)	
5.4 Balance on	Mill. USD	(403.6)	(921.3)	(860.1)	(473.0)	(479.8)	(325.4)	
5.5 Overall Balance	Mill. USD	(220.0)	(505.8)	(109.0)	68.0	(50.9)	285.3	
5.6 Exchange Rate :								
5.6.1 At TZS/USD		612.1	664.7	744.9	800.4	876.4	966.6	
5.6.2 Effective TZS/USD		624.6	681.0	797.3	803.3	916.3	976.3	
							--	
6.0 Broad Money Supply	Mill. TZS	760,353.3	844,929.4	972,088.6	1,093,610.9	1,233,667.0	1,507,386.5	1,498,745.2
6.1 Percentage	Per cent	11.0	11.1	15.0	12.5	12.8	22.2	(0.6)
6.2 Currency	Mill. TZS	287,877.1	307,798.7	384,848.0	392,404.2	411,638.9	495,445.6	432,855.8
6.3 Demand Deposit	Mill. TZS	205,991.7	237,718.3	247,723.2	302,602.3	354,381.0	463,340.9	509,095.8
6.4 Quasi-Money	Mill. TZS	433,200.2	481,467.7	585,055.6	702,682.3	870,710.8	1,088,896.5	1,148,000.7
7. Public Finance		1997/98	1998/99	1999/00	2000/01	2001/02	2002/03***	
7.1 Recurrent Revenue	Mill. TZS	619,083.1	689,325.3	777,644.7	929,624.0	1,042,955.1	1,000,244.4	
7.2 Recurrent Expenditure	Mill. TZS	543,750.6	680,182.7	808,865.4	1,018,782.1	1,466,136.9	1,108,867.8	
7.3 Development Expenditure	Mill. TZS	215,107.2	136,523.9	359,913.4	286,253.2	344,610.9	260,385.0	
7.4 Adjustment	Mill. TZS	(47,720.9)	(22,510.9)	(2,444.3)	(25,447.4)	3,203.8	(664.8)	
7.5 Financing:								
7.5.1 Domestic	Mill. TZS	3,669.2	(5,740.0)	7,854.4	(2,494.4)	(22,606.6)	55,461.5	
7.5.2 Foreign	Mill. TZS	64,468.1	(18,683.7)	105,417.3	90,354.2	121,842.5	74,619.7	
8. Total External Debt	Mill. USD	7,578.5	7,384.7	7,669.7	7,624.8	7,464.0	7,117.7	
Disbursed Debt	Mill. USD	6,600.3	6,435.9	6,580.3	6,538.3	6,559.7	6,131.1	
Interest	Mill. USD	978.2	948.8	1,089.4	1,086.5	904.3	986.6	

Note: * Provisional data; ** For the current year, position is at end-April 2003

*** cumulative for July 2002 - April 2003

**** Debt position is given on financial year basis (end of period); for 2002/03, it is at end-April, "--" Data Not available

Source: BoT, BoS (Economic Survey, National Accounts)

Table A2: Central Government Operations (Actual)														
					BUDGET					2002				Millions of TZS
					2002/2003					2003				
Item	1998/99	1999/00	2000/01	2001/02	2002/2003	Jul-02	Jul-Aug-02	Jul-Sep-02	Jul-Oct-02	Jul-Nov-02	Jul-Dec-02	Jul-Jan-03	Jul-Feb 03	Jul-Mar-03 Jul-April-03
Total Revenue	689,325.3	777,644.7	929,624.0	1,042,955.1	1,172,297.0	88,970.3	179,795.3	286,902.6	379,922.4	479,328.1	594,843.9	689,811.3	780,650.7	901,853.5 1,000,244.4
Tax Revenues	616,284.1	683,107.4	827,738.4	939,266.8	1,066,899.0	82,622.6	164,963.1	263,357.4	350,368.8	438,965.0	545,367.4	632,718.3	716,552.4	820,335.8 909,394.1
Taxes on Imports	218,698.1	220,332.4	363,540.6	402,159.1	474,647.0	36,235.9	71,669.0	107,480.3	146,510.2	184,827.2	223,397.1	262,264.8	298,470.9	338,911.0 376,309.5
Sales/VAT and Excise on Local Goods	175,159.3	179,989.4	188,838.6	216,066.8	233,019.0	20,161.6	41,038.6	64,347.3	83,063.5	108,993.1	132,138.3	153,790.2	175,091.3	196,645.9 217,410.7
Refunds	13,823.8	7,904.1	4,195.4	32,552.4		2,749.4	5,488.8		8,559.5	11,630.2	14,680.9	17,741.6	20,802.3	23,863.0 29,984.4
Income Taxes	162,894.1	209,713.6	194,012.9	220,630.8	254,070.0	17,327.0	35,015.5	63,132.3	82,634.2	99,394.0	133,962.7	151,362.7	169,298.4	201,403.1 223,400.8
Other taxes	73,356.4	75,052.0	81,396.3	100,410.1	105,163.0	8,875.1	17,220.0	26,397.5	36,138.9	45,750.7	55,869.1	65,300.6	73,691.8	83,375.8 92,273.1
Non-tax Revenue	73,041.2	92,537.3	101,835.6	103,688.3	105,398.0	6,347.7	14,832.2	23,545.2	29,553.6	40,363.1	49,476.5	57,093.0	64,098.3	81,517.7 90,850.3
Total Expenditure	816,706.6	1,168,778.8	1,305,035.3	1,466,136.9	2,106,289.8	93,294.9	222,544.5	344,505.5	492,536.0	615,151.7	737,718.3	893,821.5	1,008,201.3	1,225,497.2 1,369,252.8
Recurrent expenditure 1/	680,182.7	808,865.4	1,018,782.1	1,121,526.0	1,386,162.7	79,190.1	192,320.6	302,104.9	426,060.6	523,949.8	621,036.0	759,782.9	848,706.9	989,068.2 1,108,867.8
Road/toll fund	38,395.4	37,511.2	45,285.9	54,110.9	67,275.9	5,562.1	10,341.5	15,811.8	19,807.4	24,685.9	30,381.2	36,217.2	41,352.5	46,435.1 52,388.5
Retention funds	19,725.5	22,982.0	25,711.3	25,142.8	50,516.6	2,949.9	5,322.9	10,513.3	14,947.3	18,803.3	23,881.3	27,141.6	32,234.4	35,002.8 38,158.8
Wages and salaries	220,478.0	285,335.8	308,051.5	341,981.4	411,490.0	32,300.8	65,822.5	98,721.6	132,257.6	165,760.1	199,706.0	233,724.6	266,892.8	299,277.8 331,747.7
Interest payments	90,828.2	128,178.4	128,149.7	121,081.7	131,601.1	2,737.2	8,779.7	19,578.5	25,017.5	30,285.8	31,872.2	45,857.2	51,657.3	68,939.0 80,667.1
Domestic 2/	30,345.9	81,329.6	77,788.4	64,603.2	57,390.2	913.0	4,532.3	12,382.0	15,102.5	16,311.1	16,311.1	28,995.5	31,644.7	41,558.3 43,818.6
Foreign	60,482.3	46,848.8	50,361.3	56,476.0	74,210.9	1,824.2	4,247.4	6,796.5	9,915.0	13,974.7	15,561.1	16,638.7	20,012.6	27,380.7 36,848.6
Other goods, services and transfers	368,876.5	395,331.2	382,580.9	658,462.0	725,279.1	44,152.1	117,718.4	184,004.8	268,783.5	327,903.9	389,497.8	480,201.1	530,156.8	620,831.4 696,433.0
Dev. Expenditure and net lending	136,523.9	359,913.4	286,253.2	344,610.0	720,127.1	14,104.8	30,223.9	42,400.6	66,475.4	91,201.9	116,682.3	134,038.6	159,494.4	236,429.1 260,385.0
Local	18,807.5	19,428.8	33,069.1	50,235.9	95,662.0	3,970.8	7,470.8	10,970.8	20,470.8	27,208.8	34,180.8	40,180.6	46,180.6	66,180.6 79,780.6
Foreign	117,716.4	340,484.6	251,184.1	294,375.0	624,465.1	10,134.0	22,753.1	31,429.8	46,004.6	63,993.1	82,501.5	93,838.0	113,313.8	170,248.4 180,604.3
Overall deficit (cheque issued) before Grants	-127,381.3	-391,134.1	-375,411.3	-423,181.8	-391,694.6	-4,324.6	-42,749.2	-57,602.9	-112,613.6	-135,823.6	-142,874.4	-204,010.2	-227,550.6	-323,643.7 -369,008.4
Grants:	169,945.6	280,206.2	286,206.0	379,849.4	542,298.2	6,256.4	40,548.1	56,851.5	130,540.4	155,986.6	216,731.4	240,533.5	248,330.9	305,978.9 318,982.6
Program (CIS/OGL)	21,915.6	2,938.8	114,018.9	183,000.2	178,270.4	40.0	26,369.9	36,109.3	100,522.9	112,919.1	156,039.5	172,600.6	173,548.1	206,577.2 210,791.7
Project	100,499.8	207,519.4	123,629.8	140,192.0	283,903.7	2,559.3	8,148.9	8,933.3	14,765.2	17,901.9	29,184.2	31,572.3	35,919.6	55,228.4 55,818.6
MDF funds	47,530.2	69,848.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0 0.0
HIPC Relief	0.0	0.0	48,657.3	56,637.2	80,124.1	3,657.1	6,029.3	11,786.8	15,252.4	25,165.6	31,507.8	36,360.6	38,863.3	44,173.3 52,372.3
Overall deficit (cheque issued) after Grants	-42,564.3	-110,827.4	-89,105.3	-43,332.4	-391,694.6	1,931.8	-2,201.1	-751.4	17,926.8	20,163.0	73,857.0	36,523.3	20,780.3	-17,664.9 -50,025.8
Expenditure float						-67,191.0	-72,940.1	-74,333.1	-75,975.5	-77,446.5	-79,299.7	-79,391.3	-79,390.6	-79,390.6 -79,390.6
Adjustments to cash and other items (net)	-25,140.6	-2,444.3	-25,447.4	3,203.8	-10,000.3	15,611.3	2,833.8	-28,479.7	-22,880.7	-29,406.4	-13,505.0	-35,400.6	-72,811.4	-17,894.7 -664.8
Overall Balance (cheques cleared)	17,423.7	-113,271.7	-114,552.7	-40,128.6	-401,694.9	-49,648.0	-72,287.4	-103,584.2	-80,929.4	-86,689.9	-18,947.7	-78,268.6	-131,421.7	-114,950.2 -130,081.2
Financing:	-17,423.7	113,271.7	114,552.7	40,128.6	401,694.9	49,648.0	72,287.4	103,584.2	80,929.4	86,689.9	18,947.7	78,268.6	131,421.7	114,950.2 130,081.2
Foreign Financing (net)	-18,683.7	105,417.3	90,354.2	121,842.5	348,440.9	413.2	2,761.6	4,711.9	5,756.2	9,378.6	12,751.9	55,822.0	64,952.1	86,829.3 74,619.7
Loans	53,842.8	187,786.3	172,880.4	187,335.5	451,362.7	7,574.7	14,604.2	22,474.5	31,239.5	46,091.2	53,317.4	103,701.2	118,809.7	156,435.5 166,201.2
Program loans	36,626.2	54,821.0	45,326.1	33,171.2	110,801.3	0.0	0.0	0.0	0.0	0.0	0.0	41,415.5	41,415.5	41,415.5 41,415.5
Development Project loans	17,216.6	132,965.3	127,554.3	154,184.3	340,561.4	7,574.7	14,604.2	22,474.5	31,239.5	46,091.2	53,317.4	62,283.7	77,394.2	115,020.0 124,783.7
Amortization	-72,526.5	-82,369.0	-82,526.2	-65,513.0	-102,921.8	-7,161.5	-11,842.6	-17,762.6	-25,483.3	-36,712.6	-40,565.5	-47,879.2	-53,857.6	-69,606.2 -91,581.5
Domestic (net)	-5,740.0	7,854.4	-2,494.4	-22,606.6	43,254.0	49,234.8	69,525.8	98,872.3	75,173.2	77,311.3	6,195.8	22,446.6	66,469.6	28,120.9 55,461.5
Domestic Financing					30,254.0	49,483.7	69,776.7	99,123.2	75,424.1	77,562.2	6,446.7	22,697.5	66,720.5	28,371.8 55,712.4
Bank borrowing	1,230.0	7,690.6	-18,654.8	-59,180.9	21,254.0	59,100.6	116,505.9	128,189.0	87,896.8	131,148.9	65,101.4	80,352.2	129,702.0	95,530.1 112,204.6
Non-Bank (net of amortization)	-6,970.0	163.8	16,160.4	36,574.3	9,000.0	-9,615.0	-46,729.1	-29,065.7	-12,472.7	-53,386.7	-58,654.7	-57,654.7	-62,981.5	-67,158.4 -56,492.2
Amortization	-38,499.1	-234,092.1	-256,372.9	-1,614.0	-10,000.0	-250.9	-250.9	-250.9	-250.9	-250.9	-250.9	-250.9	-250.9	-250.9 -250.9
Note: * Position for July, 2002														
/1 Exclude amortization and Expenditure Float, includes Road fund and Retention expenditures.														
/2 Domestic Interest payments and amortization include cash and non-cash														
p =Provisional data														

63

Table A4: Tanzania's Balance of Payments

Millions of USD						
Item	1997	1998	1999	2000	2001p	2002p
A. Current Account Balance	(403.6)	(921.3)	(860.1)	(473.0)	(479.8)	(325.4)
Goods (f.o.b.)	(395.4)	(793.6)	(872.1)	(704.3)	(783.9)	(608.8)
Exports f.o.b.	752.6	588.5	543.3	663.3	776.4	902.5
Imports f.o.b.	(1,148.0)	(1,382.1)	(1,415.4)	(1,367.6)	(1,560.3)	(1,511.3)
Services	(317.9)	(449.9)	(225.3)	(52.1)	(10.2)	(46.7)
Credit	482.4	538.8	622.0	643.9	679.3	665.8
Debit	(800.2)	(988.8)	(847.3)	(696.0)	(689.5)	(712.5)
Income	(121.8)	(105.0)	(99.3)	(107.4)	(85.2)	(90.5)
Credit	43.0	44.4	49.0	50.4	55.3	67.7
Debit	(164.8)	(149.4)	(148.3)	(157.8)	(140.5)	(158.2)
Current transfers	431.5	427.3	336.6	390.8	399.5	420.6
Credit	499.1	454.2	445.6	463.7	469.5	472.9
Debit	(67.7)	(26.9)	(109.0)	(72.9)	(70.0)	(52.3)
B. Capital Account	270.9	252.4	270.6	373.9	436.1	354.1
Credit	270.9	252.4	270.6	330.4	365.2	354.1
Debit	0.0	0.0	0.0	0.0	0.0	0.0
C. Financial Account, excl. reserves and related ite	236.2	(134.6)	614.1	572.6	(63.2)	235.8
Direct investment abroad	0.0	0.0	0.0	0.0	0.0	0.0
Direct investment in Tanzania	157.8	172.2	516.7	463.4	327.2	240.4
Portfolio investment	0.0	20.5	0.7	0.0	0.0	0.0
Other investment	78.4	(338.3)	96.6	109.1	(394.1)	(4.6)
D. Net Errors and Omissions	(323.5)	329.2	(132.7)	(361.9)	130.8	20.7
Overall Balance (Total, Groups A through D)	(220.0)	(505.8)	(109.0)	68.0	(50.9)	285.3
E. Reserves and Related Items	220.0	505.8	109.0	(68.0)	50.9	(285.3)
Reserve assets	(84.4)	21.8	(175.5)	(197.3)	(186.6)	(372.4)
Use of Fund Credit & Loans		11.0	51.3	49.4	15.6	26.0
Exceptional financing	304.4	473.0	233.2	79.9	221.9	61.1
Rescheduled debt	227.3	366.7	84.6	10.0	131.4	0.0
Interest arrears	14.6	73.1	92.7	48.8	53.3	47.1
Principal arrears	62.5	33.2	55.9	21.1	37.2	14.0
Memorandum items						
GDP(mp) Millions of TZS	4,708,627.0	5,571,641.0	6,432,911.1	7,225,684.8	8,260,409.0	9,180,945.0
GDP(mp) Millions of USD	7,692.3	8,382.4	8,635.9	9,028.0	9,425.0	9,498
CAB/GDP	(5.2)	(11.0)	(9.9)	(5.2)	(5.1)	(3.4)
CAB/GDP (excluding current official transfers)	(8.4)	(16.0)	(14.7)	(9.5)	(8.8)	(7.2)
Gross Official Reserves	623.1	599.0	775.6	974.4	1,156.6	1,529.0
Months of Imports	3.8	3.0	4.1	5.7	6.2	8.3
Net International Reserves (year end)	272.6	283.7	405.1	542.7	761.2	1,058.4
Change in Net International Reserves	(84.4)	(84.4)	(11.1)	(121.4)	(137.6)	(218.5)
Exchange rate (end of period)	624.6	681.0	797.3	803.3	916.3	976.3
Exchange rate (annual average)	612.1	664.7	744.9	800.4	876.4	966.6

Note: GDP (mp)-Gross Domestic Product at Market prices, CAB-Current Account Balance,
Imports data (fob) from (1999-2001) has been revised using new ratios for Freight & Insurance

p = Provisional

Source: Bank of Tanzania