

ISSN 0856 - 6844

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MONTHLY ECONOMIC REVIEW BANK OF TANZANIA

April 2003

MESSAGE FROM THE GOVERNOR

Following unusually low rainfall during both the short and the long rain season, there are now clear indications that the country faces a significant shortfall in the domestic food supply, particularly of food grains, over the next several months through the first quarter of 2004. While the shortfall will be largely covered by private sector commercial imports, there will be a need for some official food assistance to cater for those in pockets of extreme poverty who will not have the means to access the commercial imports.

Inflation Developments

Headline Inflation

The annual inflation rate during the year ending March 2003 remained stable at 4.2 percent, the same rate recorded during the year ended February 2003. On a month-on-month basis, the overall inflation rate rose by 1.9 percent between February 2003 and March 2003, mainly due to increase in average prices of most food and non-food items. Using seasonally adjusted indices, the month-on-month headline

inflation also went up from 0.1 percent in February 2003 to 0.3 percent in March 2003.

Non-food inflation

Non-food inflation recorded a modest decline in the review period, declining from 9.4 percent in the year ending February 2003 to 9.2 percent in the year ending March 2003. Also, the month-on-month non-food inflation rate slowed down from 0.3 percent in February 2003 to 0.2 percent in March 2003. Despite that there were increases in the average prices of most non-food items during the review period the increases were relatively smaller than those recorded in the corresponding period in March 2002, hence resulting into the decline in non-food inflation.

Food Inflation

The annual food inflation rate increased slightly from 2.5 percent in the year ended February 2003 to 2.6 percent in the year ending March 2003. Similarly, on a month-to-month basis, between February 2003 and March 2003, food inflation increased by 2.5 percent on account of increase in average prices of major food items such as rice, maize grains, flour, legumes and all types of meat. The increase in prices of rice, maize grains and flour, and legumes reflect the low level of food supplies in the market. Inadequate short rains and delayed long rains in most parts of the country has contributed to the shortages as producing households become more cautious in releasing stocks to the market.

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

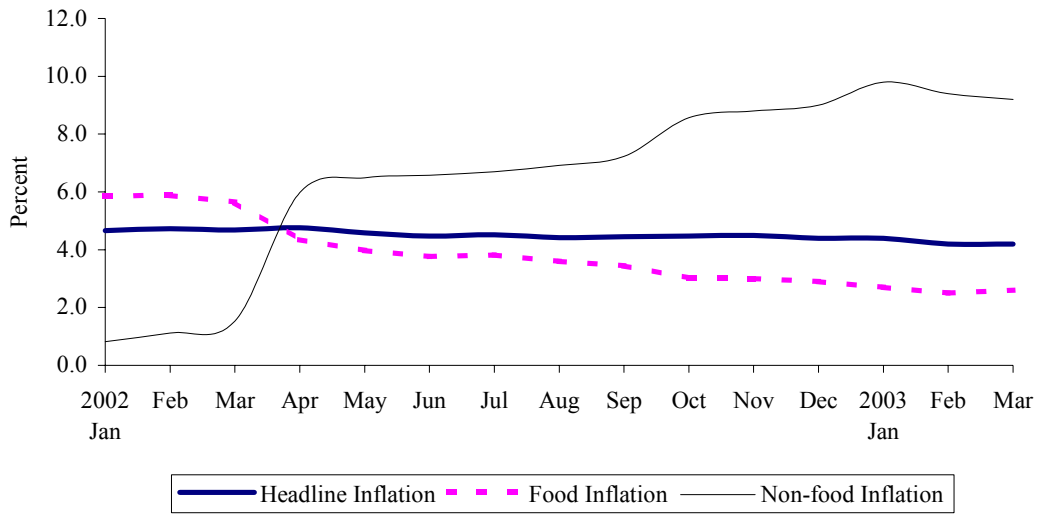


Table 1: Percentage Change in the Sub-groups of the National Consumer Price Index (All-urban)

(Base: December 1994=100)

Major Commodity Group	Weight	Feb % Change		Mar	Mar % Change		% Change
		%	2002		Feb 02	2002	
			- March 02			- Mar 03	- Mar 03
Food	71.2	252.0	+2.5	258.0	264.7	+2.6	+2.5
Drinks and Tobacco	4.4	176.7	+5.0	177.4	185.9	+4.8	+0.2
Rents	3.9	199.6	+4.1	201.0	207.8	+3.4	0.0
Fuel, Power and Water	4.7	270.7	+25.4	271.2	341.3	+25.8	+0.5
Clothing & Footwear	3.7	197.0	+6.5	197.5	209.9	+6.3	0.0
Furniture & Household Equipment	2.5	195.2	+4.6	196.9	204.5	+3.9	+0.1
Household Operations & Maintenance	1.5	160.3	+4.9	160.7	167.4	+4.2	-0.4
Personal Care & Health	2.2	149.1	+7.2	149.6	160.4	+7.2	+0.3
Recreation & Entertainment	1.2	172.2	+2.2	173.7	176.2	+1.4	+0.1
Transportation	1.2	241.3	+3.7	242.3	251.4	+3.8	+0.4
Education	1.5	200.8	+5.2	201.5	211.7	+5.1	+0.2
Miscellaneous Goods and Services	2.0	158.4	+2.8	158.9	162.6	+2.3	-0.2
TOTAL	100.0	236.8	+4.2	241.3	246.7	+4.2	+1.9

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

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 March 2003 portrayed the Bank's ongoing effort towards maintaining low and stable inflation rate. M0 decreased by TZS 29.2 billion to TZS 649.6 billion from TZS 678.8 billion recorded in February 2003. Comparing with the PRGF target for the quarter ending March 2003 of TZS 666.4 billion, M0 was below by TZS 16.8 billion.

Development in M0 was explained by a fall in Net Domestic Assets (NDA) by TZS 55.3 billion, which was partly offset by a rise in Net Foreign Assets (NFA) by TZS 26.1 billion. The fall in NDA was associated with a decline in Net Domestic Credit (NDC) and Other Items Net (OIN) by TZS 37.6 billion and TZS 17.7 billion, respectively. The outturn in NDC was explained by an increase in government deposits at the Bank of Tanzania by TZS 37.6 billion, following transfer of donor funds into government deposits at the Bank. Meanwhile, OIN fell largely due to open market operations, which included sale of REPOs and liquidity papers amounting to TZS 17.8 billion and TZS 2.4 billion, respectively.

On the other hand, the rise in NFA was largely attributed to the purchase of donor funds by the Bank from the government and exchange rate fluctuations.

From the uses side, the decline in reserve money was reflected declines in commercial banks' reserves at the Bank and currency in circulation by TZS 13.8

billion and TZS 15.4 billion, respectively, largely explained by open market operations and foreign exchange market operations.

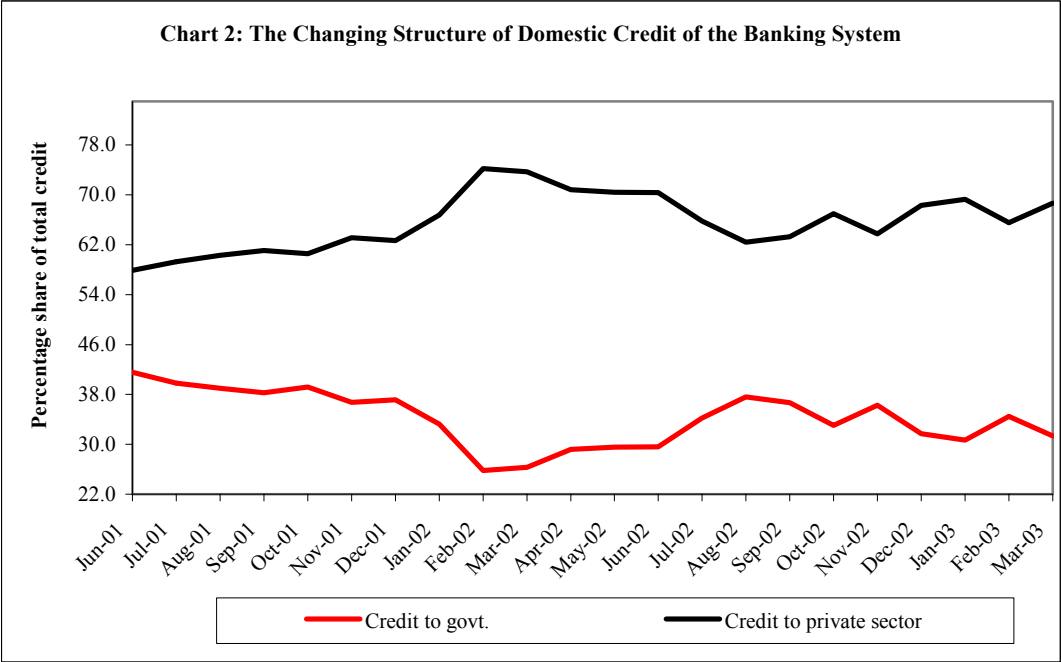
Money Supply and Credit Developments

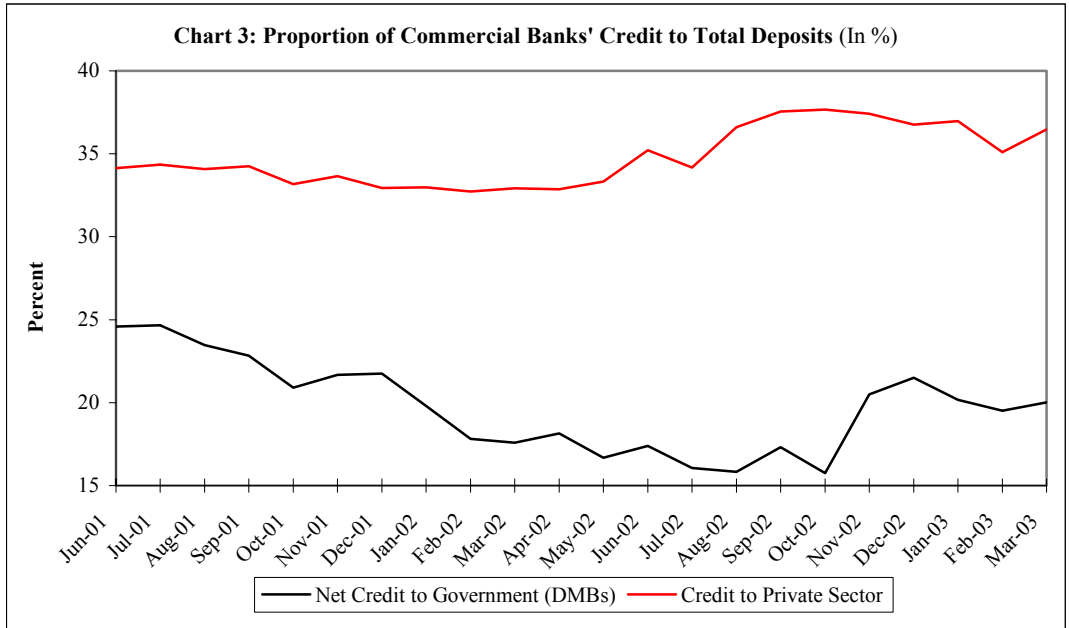
During March 2003, broad money (M2) decelerated by TZS 35.6 billion to TZS 1,502.2 billion from TZS 1,537.8 billion recorded in February 2003. The M2 outturn was however above the PRGF target for the quarter ending March 2003 of TZS 1,494.4 billion, by TZS 7.8 billion.

The decline in M2 emanated mainly from a fall in Net Domestic Assets (NDA) by TZS 83.6 billion, from TZS 805.5 billion in February 2003, to TZS 721.8 billion in March 2003. The decline in NDA stemmed from a decrease in Domestic Credit (DC) and Other Items Net (OIN) by TZS 18.0 billion and TZS 65.6 billion, respectively. Net claims on private sector by the commercial banks rose by TZS 15.5 billion partly reducing the effect of NDA on M2. However, net claims on government by the banking system declined by TZS 33.5 billion, following the increase in government deposits attributed to donor fund inflows. Following these developments, the share of private sector credit to total domestic credit rose from 65.5 percent in February 2003 to 68.7 percent in March 2003, while that of the government fell from 34.5 percent to 31.3 percent (**Chart 2**). Similarly, the proportion of lending to the private sector to total deposits rose from 35.1 percent in February 2003 to 36.5 percent in March 2003, while that of the government rose marginally from 19.5 percent to 20.0 percent in the same period (**Chart 3**).

On the other hand, an increase in NFA of the banking system increased from TZS 1,071.5 billion to TZS 1,122.5 billion, during the period due to increase in net

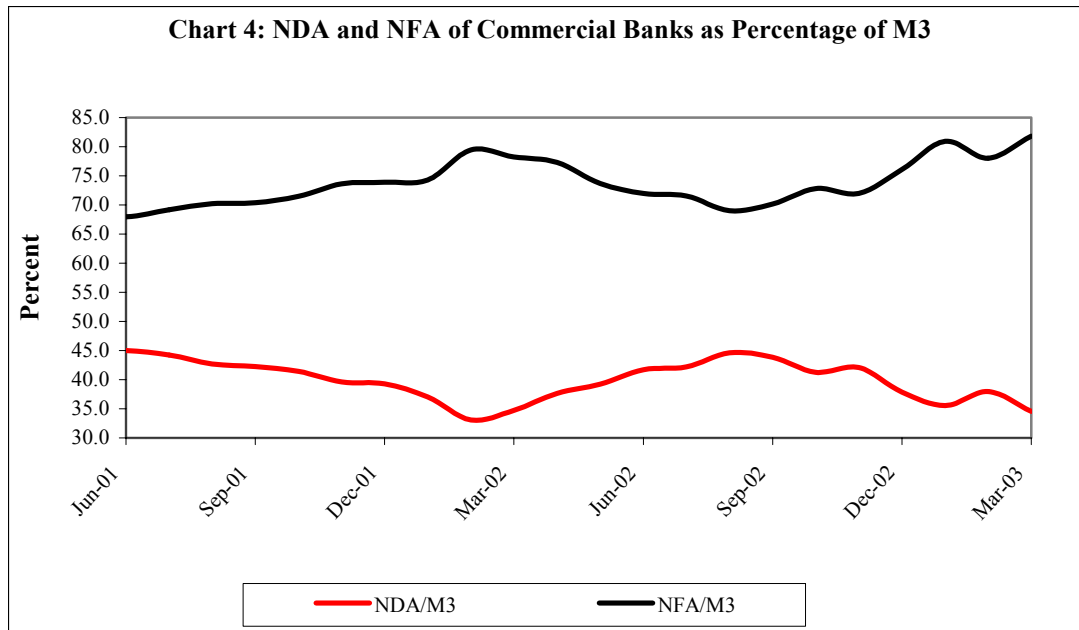
international reserves (NIR) of the Bank and net foreign assets of commercial banks by TZS 27.2 billion and TZS 23.8 billion, respectively. The Bank purchase of donor funds (foreign exchange) from the government by the Bank was the main reason for the increase in NIR, where as commercial banks net purchase of foreign exchange in the Inter-bank Foreign Exchange Market (IFEM), led to the increase in their net foreign assets. Consequently, gross official reserves rose from USD 1,544.5 million in February 2003 to USD 1,546.1 million in March 2003, equivalent to 7.3 months of imports of goods and services.





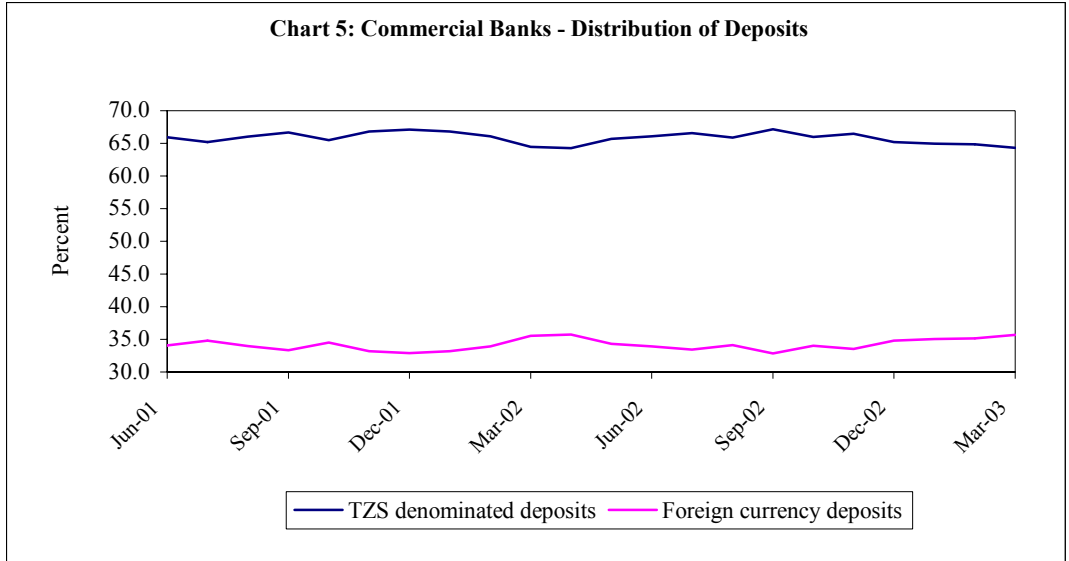
Extended Broad Money Supply

Unlike in February 2003 when broad money (M3) accelerated by TZS 80.8 billion to TZS 2,121.4 billion, during March 2003, M3 decelerated by TZS 33.7 billion to TZS 2,087.6 billion, largely due to decrease in net domestic assets. The proportion of foreign currency deposits to M3 reached 28.0 percent in March 2003 from 27.5 percent recorded in the previous month, while, net foreign assets of the banking system as a proportion of M3 increased from 78.0 percent during February 2003 to 81.8 percent in March 2003 (**Chart 4**).



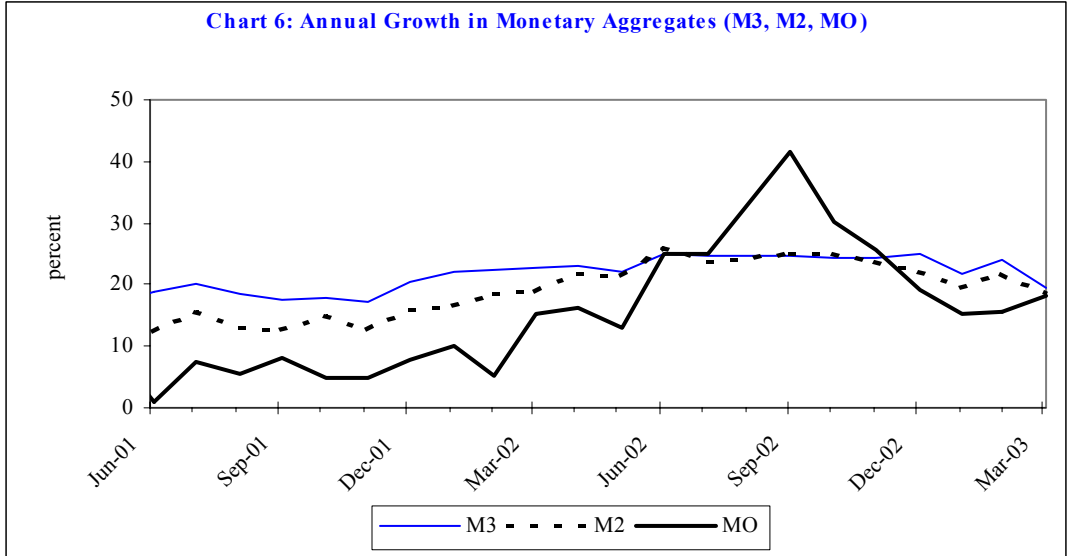
Commercial Banks Deposits

Total commercial banks deposits declined by TZS 20.3 billion in March 2003, representing a 1.2 percent decline, compared with a growth by 5.8 percent recorded in the previous month ([Chart 5](#)). The deceleration in deposits growth was mainly, attributed to the transfer of the end of quarter tax collections by Tanzania Revenue Authority (TRA) from commercial banks' deposits to government deposits at the Bank. During the month under review, foreign currency deposits constituted the largest proportion of total deposits, accounting for 35.7 percent, up from 35.2 percent registered in February 2003. This was followed by demand deposits, which accounted for 28.1 percent, down from 29.3 percent recorded in the previous month. The proportion of savings deposits and time deposits reached 21.6 percent and 14.6 percent in March 2003 compared with 21.0 percent and 14.5 percent in February 2003, respectively.



Annual Growth Rates in Monetary Aggregates

During the reporting month, annual growth rates of all monetary aggregates decelerated from levels attained in February 2003 except for reserve money (M0) which grew by 18.1 percent in the year ending March 2003, up from 15.5 percent attained in the previous month. During the period, M2 grew by 18.5 percent compared with 21.8 percent, while M3 grew by 19.6 percent compared with 24.1 percent (**Chart 6**).



Inter-bank Cash Market

During March 2003, total value of transactions in the inter-bank cash market increased by TZS 76.0 billion to TZS 342.0 billion, from TZS 266.0 billion recorded in February 2003. Overnight transactions accounted for 85.7 percent of the total value of transactions for March 2003, up from 82.8 percent recorded in February 2003, while the proportion of 7-day transactions dropped to 2.7 percent in March 2003 from 4.0 percent in February 2003. The value of 14-day transactions and above accounted for 11.6 percent in March 2003 down from 13.3 percent recorded in the previous month.

The weighted average interest rate on overnight loans rose from 4.6 percent in February 2003 to 5.4 percent in March 2003. Similarly, the overall inter-bank cash market rate increased from 4.5 percent to 5.4 percent in the same period ([Table 3](#)).

Treasury Bills Market

During March 2003, Treasury bills comprising 35-day, 91-day, 182-day and 364-day bills worth TZS 105.9 billion were offered for sale compared with TZS 92.5 billion offered in the previous month. Total demand for Treasury bills, dropped by 47.6 percent to TZS 94.5 billion in March 2003 from TZS 180.3 billion in February 2003, reflecting a liquidity squeeze in the banking system. Treasury bills sold during the review period amounted to TZS 89.6 billion, lower by TZS 33.0 percent, when compared with TZS 133.8 billion sold during the previous month.

During the month under review, deposit money banks (DMBs) also referred to as or commercial banks continued to lead in investing funds in the Treasury bills market, accounting for 72.4 percent of total successful bids compared with 77.9 percent recorded in February 2003. Pension funds and insurance companies constituted 16.3 percent of total successful bids, compared 13.5 percent recorded in the preceding month. Non-bank financial institutions (NBFI) and the individuals accounted for 11.3 percent in March 2003, up from 8.6 percent in the previous month.

As a result of the decreasing demand, interest rates in the Treasury bills market rose across all maturities. The average yield for 35-day and 91-day increased from 3.8 percent and 4.6 percent in February 2003 to 5.1 percent and 5.8 percent, in March 2003, respectively. The yields for 182-day and 364-day bills increased from 5.0 percent and 5.1 percent to 6.1 percent and 6.2 percent in the same period, respectively. As a result, the overall weighted average yield (WAY) for all maturities rose from 4.7 percent in February 2003 to 5.9 percent in March 2003.

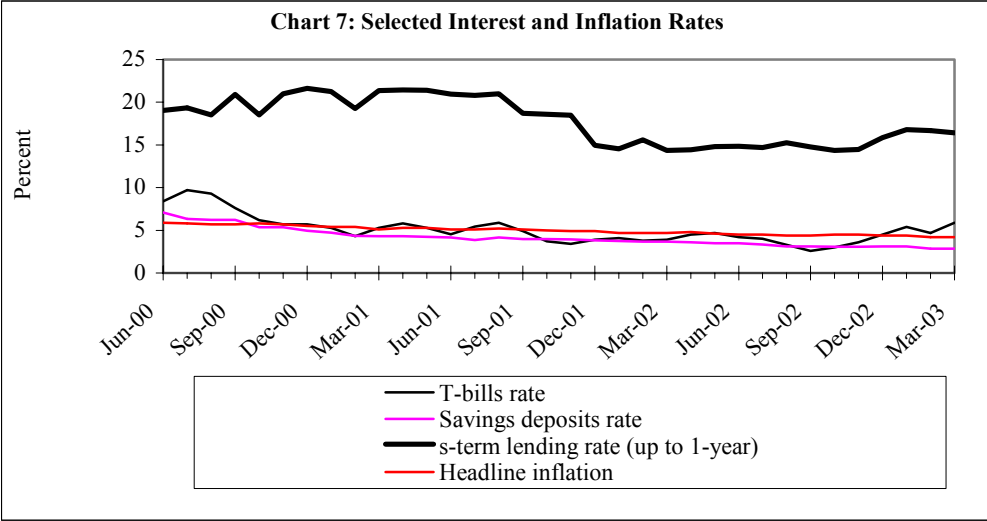
Treasury Bonds

Like in the previous month, the market for Treasury bonds (comprising of 2-year, 5-year, 7-year and 10-year Treasury bonds) recorded low demand compared with total amount supplied. Total bids of Treasury bonds in March 2003 stood at TZS 5.9 billion against the market offer of TZS 18.5 billion, and actual sales amounted to TZS 5.3 billion. The continued low demand in the Treasury bonds markets has mainly been caused by a shift in investment performance by major institutional investors including pension funds from investment in government securities to increased investment in real estate. The weighted average yield to maturity (WAY) for the individual Treasury bonds maintained respective previous month positions, except for 5-year bond which rose from 5.9 percent in February 2003 to 6.1 percent in March 2003 (**Table 3**).

Interest Rate Developments

During the month under review, interest rates on domestic currency denominated deposits and loans exhibited a mixed trend. The overall time deposit rate fell from 3.9 percent in February 2003 to 3.7 percent in March 2003, while the savings deposit rate remained stable at 2.8 percent. Lending rates for short-term loans up to 1-year and medium-term loans of 2-3 year dropped from 16.7 percent and 12.6 percent in February 2003 to 16.4 percent and 12.3 percent, respectively, in March 2003. Meanwhile during the same period, interest rate for medium loans of 1-2 years, long-term loans of 3-5 years and term loans of over 5 years rose from 14.3 percent, 11.3 percent and 18.1 percent to 15.8 percent, 12.1 percent and 18.5 percent, respectively. Consequently, the overall lending rate rose from 14.6 percent in February 2003 to 15.0 percent during the reporting month. (**Chart 7 & Table 3**).

Following these developments the cost of intermediation as reflected by the interest rate spread narrowed from 13.9 percent in February 2003 to 13.6 percent in March 2003.



Likewise, developments in interest rates on foreign currency denominated deposits and loans exhibited mixed trends. Savings deposit rate remained stable at 0.9 percent, while overall time deposits rose from 1.1 percent in February 2003 to 1.3 percent in March 2003, whereas, overall lending rate fell from 7.4 percent to 7.2 percent in the same period. (Table 3).

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

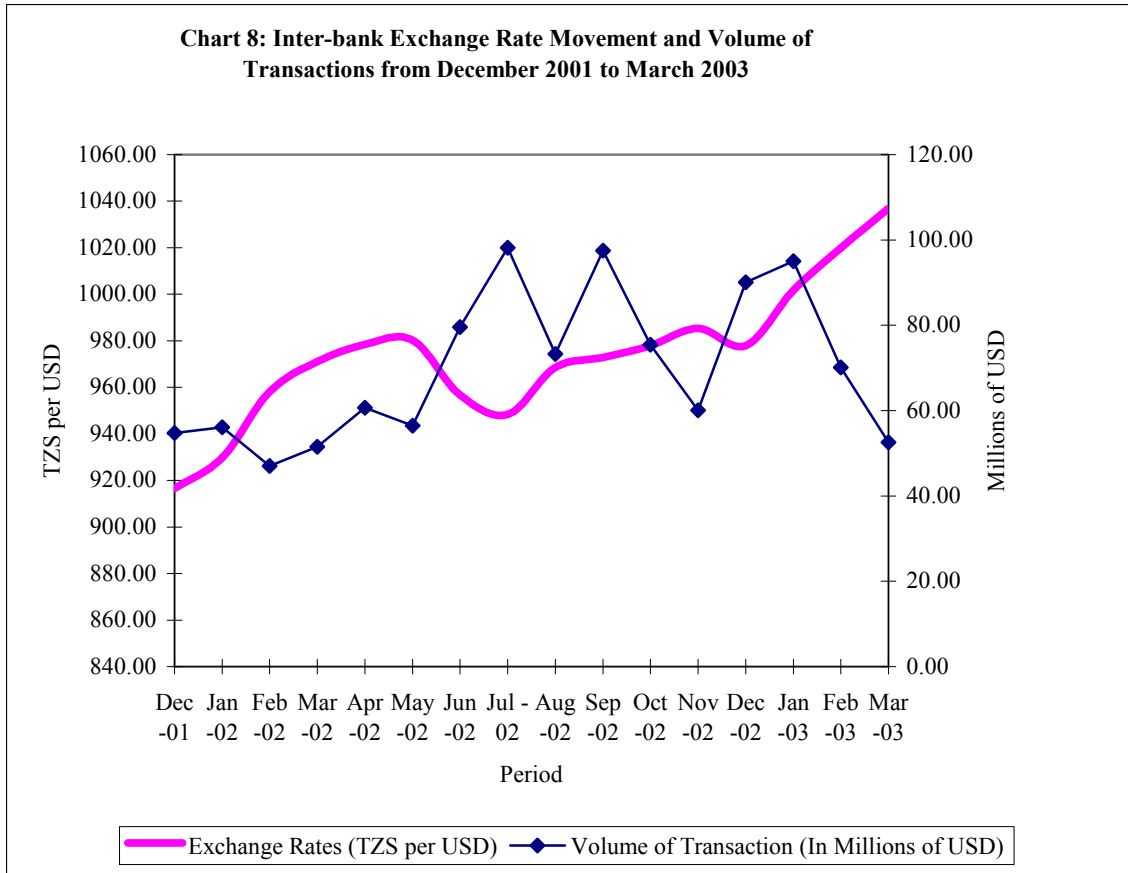
	Jun-02	Sep-02	Dec-02	Jan-03	Feb-03	Mar-03
A Domestic Currency						
1 Inter-bank Cash Market Rates						
Overnight	2.2	1.3	3.4	6.5	4.6	5.4
Overall inter-bank cash market rate	2.4	1.6	3.5	6.5	4.5	5.4
2 REPO Rate	2.9	2.0	4.4	4.4	4.4	6.5
3 Treasury Bills Rates						
35 days	3.7	2.0	4.4	4.2	3.8	5.1
91 days	4.1	2.5	4.4	5.4	4.6	5.8
182 days	4.2	3.0	4.7	5.5	5.0	6.1
364 days	4.9	3.3	4.7	5.6	5.1	6.2
Treasury bills rate	4.2	2.6	4.5	5.4	4.7	5.9
4 Treasury Bonds- 2-years	5.6	3.4	5.3	4.9	5.0	5.0
5-years	6.2	5.0	5.6	5.6	5.9	6.1
7-years		6.8	6.9	6.2	6.6	6.6
10-years			7.2	7.5	7.6	7.6
5 Discount Rate	9.4	8.0	9.2	10.4	9.8	10.4
7 Savings Deposit Rate	3.5	3.1	3.1	3.0	2.8	2.8
8 Time Deposits Rates	4.0	3.4	3.4	3.7	3.9	3.7
Call Accounts	1.1	1.3	0.7	1.7	1.9	2.2
3 months	3.4	3.0	3.0	3.8	3.0	2.5
6 months	4.7	3.9	4.1	4.3	4.3	4.2
12 months	6.2	5.9	5.7	5.6	5.6	5.8
24 months	4.4	4.4	4.3	4.5	4.5	4.4
9 Lending rates	16.4	15.9	15.7	14.7	14.6	15.0
Call Loans	23.6	23.6	23.6	23.6	23.6	23.6
Short-term (up to 1yr)	14.8	14.8	15.9	16.8	16.7	16.4
Medium-term (1-2 yrs)	16.6	14.5	15.8	14.0	14.3	15.8
Medium-term (2-3 yrs)	15.0	12.6	13.8	12.7	12.6	12.3
Long-term (3-5 yrs)	17.2	17.5	13.2	11.1	11.3	12.1
Term Loans (over 5 yrs)	18.4	20.0	19.8	18.9	18.1	18.5
B Foreign Currency						
1 Deposits Rates	1.5	1.4	1.1	1.1	1.1	1.3
Call Accounts	0.7	0.5	0.5	0.6	0.7	0.7
Savings Deposits	2.1	1.0	0.8	0.8	0.9	0.9
Time Deposits						
3-months	1.3	1.4	0.8	1.1	1.2	1.1
6-months	1.5	1.6	1.4	1.5	1.3	1.2
12-months	1.6	1.7	1.5	1.2	1.3	1.5
2 Lending Rates	5.6	6.3	7.2	7.5	7.4	7.2
Short-term (up to 1yr)	4.9	7.4	7.9	7.7	7.5	7.6
Medium-term (1-2 yrs)	4.5	5.4	5.9	6.2	6.1	6.0
Medium-term (2-3 yrs)	5.1	7.0	7.8	8.8	9.2	8.2
Long-term (3-5 yrs)	7.8	5.3	7.2	7.2	7.1	6.8
Headline Inflation Rate	4.5	4.4	4.4	4.4	4.2	4.2

Inter-bank Foreign Exchange Market

In March 2003, total amount traded at the IFEM declined by 25.0 percent to USD 52.61 million, from USD 70.10 million traded in the previous month. Commercial banks continued to dominate both the demand and supply sides of the market, purchasing USD 50.93 million or 96.81 percent of total amount traded and supplying USD 28.50 million or 54.17 percent of the total amount traded. Non-bank financial institutions supplied USD 4.66 million or 8.86 percent of total amount traded and purchased USD 1.10 million or 2.09 percent of total amount traded. The Bank of Tanzania's intervention resulted in a sale of USD 19.45 million or 36.97 percent of the total amount traded and purchase of USD 0.58 million or 1.1 percent of the total amount traded.

Exchange Rate

During the period under review, the Tanzanian shilling depreciated against the US dollar by 1.7 percent to TZS 1,036.9 per US dollar from TZS 1,019.9 per US dollar recorded in the previous month. The depreciation of the shilling was partly attributed by increased demand for the dollar by importers.



Bureaux de Change Operations

The total volume of transactions conducted in the bureau de change system went up by 20.1 percent to USD 42.4 million in March 2003, from the level recorded during the previous month, largely due to the increase in both sales and purchases. Sales increased by 19.3 percent to USD 21.0 million from the level recorded in February 2003, largely due to the rise in payments for traveling allowances and medical expenses. Similarly purchases went up by 20.9 percent to USD 21.4 million in March 2003, from the level registered in the previous month mainly due to rise in foreign exchange receipts from export proceeds and NGOs.

The buying rate depreciated slightly by 0.5 percent to TZS 1,015.0 per US dollar during the review period, from TZS 1,010.0 per US dollar recorded in February

2003. However, the selling rate appreciated by 2.1 percent to TZS 1,021.0 per US dollar from TZS 1,043.0 per US dollar recorded in the previous month, partly due to low demand for dollars.

Table 3 shows the foreign exchange market developments during the period under review.

Table 4: Foreign Exchange Market Developments

	2003			March			July - March		
	February	March	% Change	2002	2003	% Change	2001/02	2002/03	% Change
IFEM									
1. Amount offered*	70.1	52.6	-25.0	51.6	52.6	1.9	472.9	712.3	50.6
2. Amount sold*	70.1	52.6	-25.0	51.6	52.6	1.9	472.9	712.3	50.6
3. Exchange rate**	1,019.9	1,036.9	1.7	971.0	1,036.9	7.1	916.7	984.5	7.4
Bureau de Change									
1. Sales*	17.6	21.0	19.3	17.4	21.0	20.7	188.2	166.8	-11.4
2. Purchases*	17.7	21.4	20.9	17.3	21.4	23.7	196.5	176.5	-10.2
3. Volume of Transactions*	35.3	42.4	20.1	34.7	42.4	22.2	384.7	343.3	-10.8
4. Buying rate**	1,010.0	1,015.0	0.5	964.0	1,015.0	5.3	908.4	978.4	7.7
5. Selling rate**	1,043.0	1,021.0	-2.1	979.0	1,021.0	4.3	921.0	997.0	8.3

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

* Millions of USD,

** Tanzanian Shillings (TZS) per US dollar

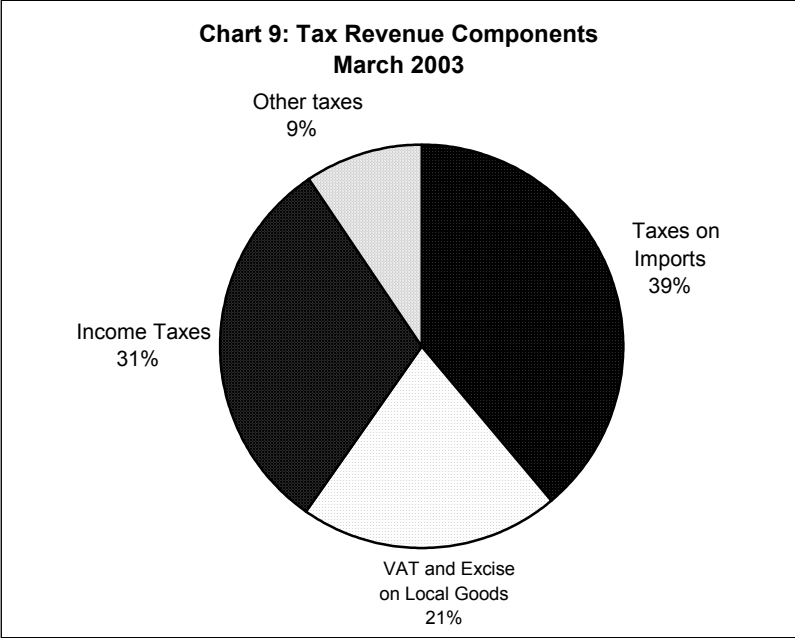
Government Budgetary Developments

During March 2003, Government budgetary performance on cheques issued basis recorded an overall deficit before grants of TZS 93.8 billion. However, the deficit was reduced to TZS 38.8 billion after considering grants amounting to TZS 55.0 billion.

Revenue and Grants

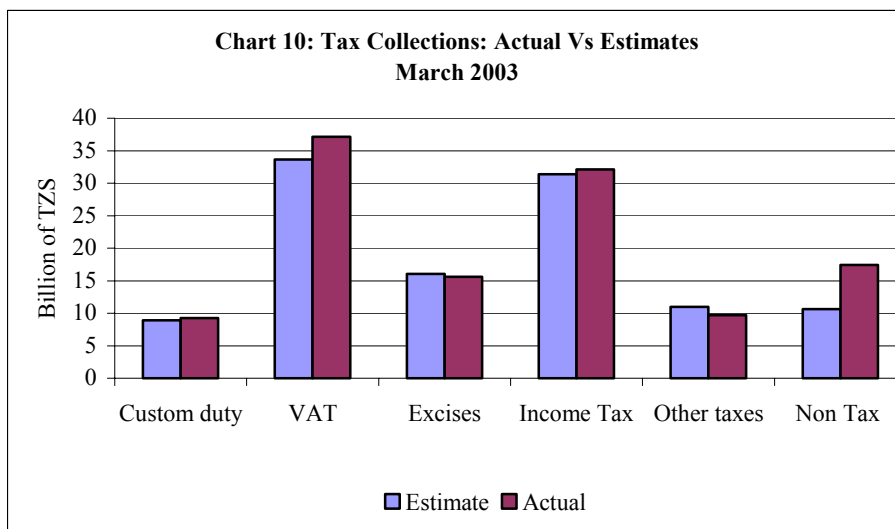
In March 2003, total government revenue collection amounted to TZS 121.2 billion being 9.5 percent above the target of TZS 111.6 billion. Tax revenue amounted to TZS 103.8 billion or 85.6 percent of total revenue collection. The level is also TZS 5.2 billion above the target of TZS 98.6 billion mainly on account of higher than expected receipts from taxes on local goods that amounted to TZS 21.6 billion compared to the target of TZS 18.7 billion. Collection targets for other main tax categories were achieved reflecting enhanced tax administration measures adopted by the Tanzania Revenue Authority (TRA). The measures include accelerated pace of selective and planned control verification audits and monitoring of special relief granted to mining companies and non-government organizations. For income tax, there has been an effective management of Tax Index Number (TIN) registration to expand the tax base. The Tax revenue comprised the following (See Charts 9 and 10):

- Taxes on imports were TZS 40.4 billion or 38.9 percent of tax revenue, and 1.2 percent above the projected TZS 39.9 billion for the month.
- Taxes on local goods amounted to TZS 21.6 billion or 20.8 percent of tax revenue, and were 15.4 percent above the target of TZS 18.7 billion.
- Income tax collection was TZS 32.1 billion, which is 30.9 percent of tax revenue and 5.8 percent of the projected TZS 30.5 billion
- Collections from other taxes were TZS 9.7 billion or 9.3 percent of tax revenue and achieved the planned amount of TZS 9.5 billion.



In addition, other government receipts comprised the following:

- Non-tax revenue, which amounted to TZS 17.4 billion, surpassed the target of TZS 13.0 billion.
- External grants which stood at TZS 55.0 billion, also were TZS 20.5 billion above the projected TZS 34.5 billion largely on account of more than expected inflows in respect of program grants that amounted TZS 30.4 compared to the expected TZS 6.5 billion.



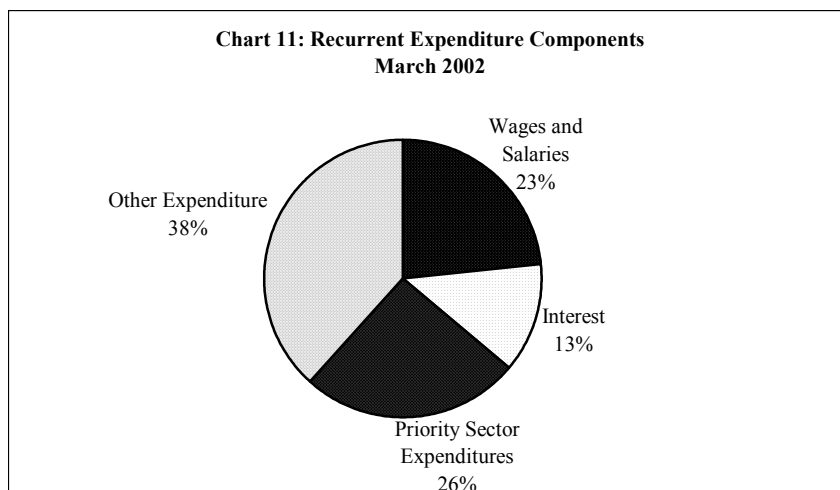
On cumulative basis, during the three quarters of 2002/03, revenue collection amounted to TZS 901.9 billion compared with TZS 862.4 billion projected for the period. It also received grants amounting to TZS 303.3 billion or 68.0 percent of the expected inflows amounting to TZS 446.2 billion.

Expenditure

During March 2003, total government expenditure (excluding amortization) amounted to TZS 215.0 billion out of which recurrent expenditure constituted TZS 138.0 billion or 44.1 percent above the planned amount for the month. Spending on debt service amounted to TZS 17.3 billion compared to the ceiling of TZS 7.6 billion. Expenditure on goods, services and transfers reached TZS 76.9 billion, almost double the ceiling allocation of TZS 38.8 billion for the month. Recurrent spending on priority sectors amounted to TZS 35.6 billion thus exceeding the three months allocation in January of TZS 60.2 billion by TZS 22.3 billion. The higher than planned recurrent spending was due to the full utilization in March of

previous expenditure ceiling allocation overhangs that were caused by delays in submitting demand notes to the Treasury.

As shown in [Chart 11](#), during March 2003, the government spent 23.5 percent of its recurrent expenditure on wages and salaries and 25.8 percent on priority sectors. Debt service (domestic and foreign) accounted for 12.5 percent and the balance was spent on goods and services.



Development expenditure amounted to TZS 76.9 billion. Out of this, counterpart funds amounted to TZS 20.0 billion in line with the set ceiling for the month.

Cumulatively, during July-March 2002/2003, total expenditure amounted to TZS 1223.2 billion being 77.0 percent of the projected level of TZS 1583.5 billion.

Financing

The budgetary operations in March 2003, after cash adjustments to the deficit after grants, generated a surplus balance of TZS 16.5 billion. The balance, together with TZS 21.9 billion from foreign loans, were used to reduce domestic obligations by TZS 38.3 billion.

External Sector Developments

Trade account

During March 2003, the trade account worsened by 55.7 percent to a deficit of USD 64.6 million following increase in imports coupled with the decline in exports. When compared with the corresponding month in the previous year, the trade account balance worsened slightly by 3.9 percent. However, during the year ending March 2003, the balance in the trade account improved by 23.2 percent to USD 621.5 million, owing to the increase in exports that outweighed the impact of the increase in imports.

Table 5: Trade Account Balance

	<i>Value in Mill.of USD</i>								
	2003		%	March		%	April-March*		%
	February	March (p)	Change	2002	2003p	Change	2002	2003p	Change
Exports	150.0	146.2	-2.5	106.6	146.2	37.1	1,432.3	1,670.0	16.6
Goods	89.0	74.9	-15.8	60.3	74.9	24.2	774.0	957.4	23.7
Services	61.0	71.3	16.9	46.3	71.3	54.0	658.3	712.6	8.2
Imports	191.5	210.8	10.1	168.8	210.8	24.9	2,241.6	2,291.5	2.2
Goods	129.7	135.8	4.7	116.5	135.8	16.6	1,563.3	1,535.9	-1.8
Services	61.8	75.0	21.4	52.3	75.0	43.4	678.3	755.6	11.4
Trade Balance	-41.5	-64.6	55.7	-62.2	-64.6	3.9	-809.3	-621.5	-23.2

* Year ending March

Note:

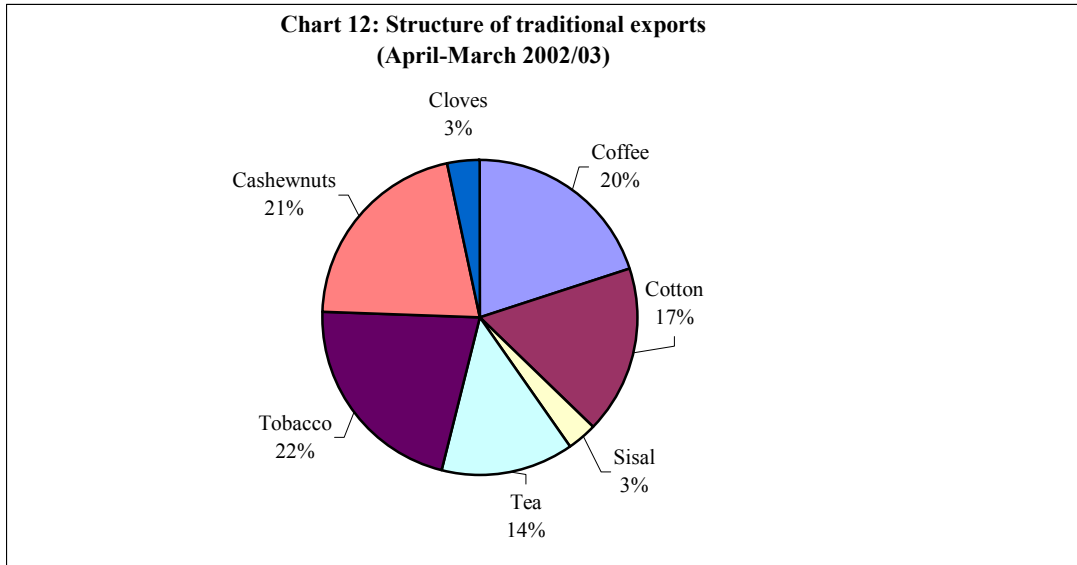
p = Provisional data

Source: Bank of Tanzania, TRA

Goods Exports

During March 2003, export of goods declined by 15.8 percent to USD 74.9 million from USD 89.0 million recorded in February 2003, mainly on account of a decline in both traditional and non-traditional exports. Traditional exports fell by 29.4 percent to USD 14.2 million compared with the levels recorded in the preceding month. Most of the selected commodities continued to exhibit downward trend in terms of volumes and unit prices. The decline in volumes of coffee, cotton, sisal, and tobacco is partly explained by the fact that this period is the end of the season for most of the traditional crops. The decline in export unit prices was registered in cotton, sisal, tea, and cashewnuts. However, coffee and tobacco recorded slight improvements in unit prices. When compared with the corresponding month last year, total exports went up by 24.2 percent to USD 74.9 million from USD 60.3 million registered in March 2002. This performance mainly resulted from the increase in exports of non-traditional commodities, especially minerals. Increases were also recorded in all other sub-categories under non-traditional exports namely manufactured goods, fish and fish products, horticulture products and other exports.

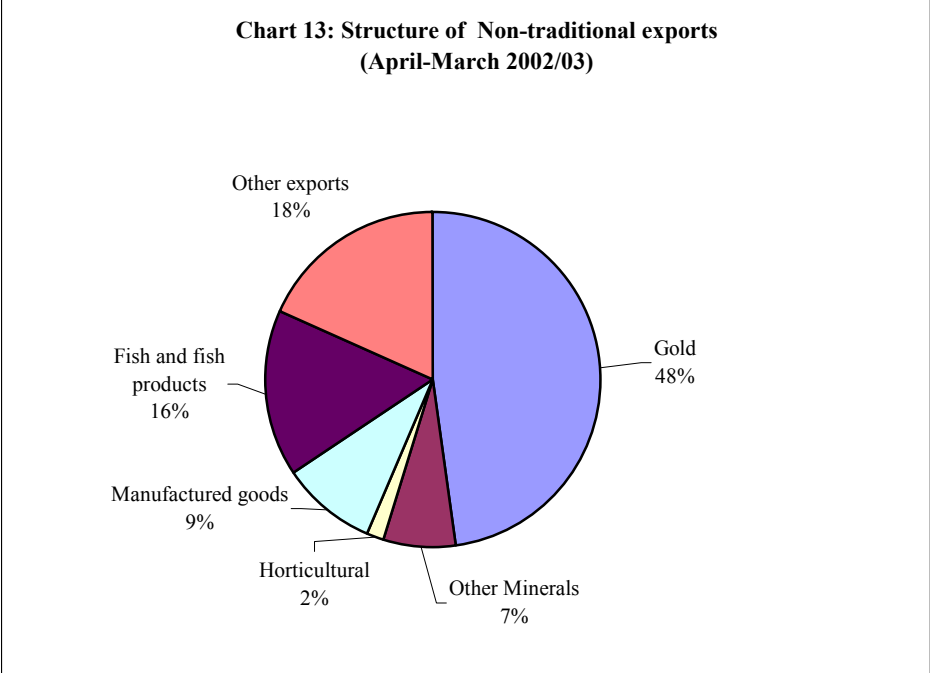
On annual basis, during the year ending March 2003, traditional exports increased by 5.9 percent to USD 211.3 million from USD 199.5 million recorded in the year ending March 2002. The improvement is largely attributed to the increase in export volumes of some of traditional exports namely cotton, tea, tobacco and cashewnuts. However, export unit prices for most of the commodities declined. With exception of tobacco, sisal and coffee, all other traditional commodities recorded declines in export unit prices. The structure of traditional exports for the year ending March 2003 is reflected on [Chart 12](#).



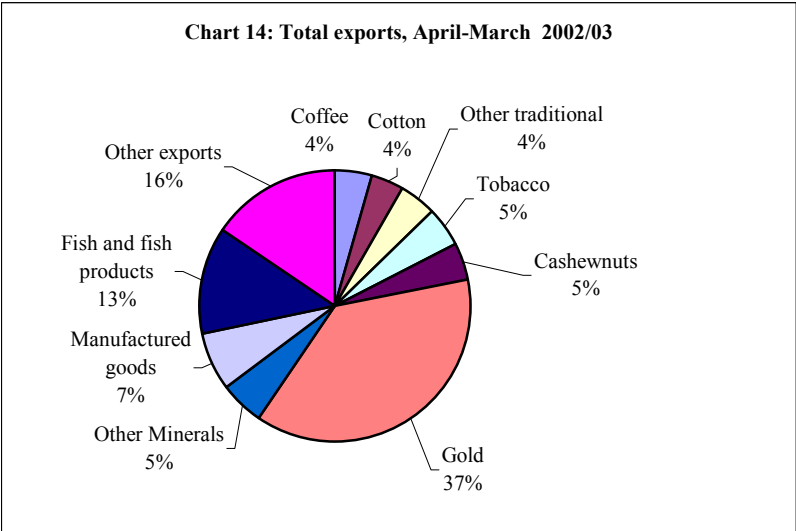
During March 2003, non-traditional exports declined by 11.9 percent to USD 60.7 million compared with the levels attained in the preceding month. With the exception of fish and fish products which increased marginally by 2.9 percent, all other remaining sub-categories namely minerals, manufactured goods, horticultural products and other exports declined by 13.4 percent, 3.9 percent, 62.5 percent and 13.1 percent, respectively. However, when compared with the corresponding month in 2002, non-traditional exports increased following the improved performance in all sub-categories.

On annual basis, non-traditional exports increased by 29.9 percent to USD 746.1 million from USD 574.5 million recorded in the year ending March 2002. The surge resulted from increase in exports in all sub-categories under non-traditional exports namely minerals, manufactured goods, fish and fish products, horticulture products and other exports. Mineral exports continued to dominate non-traditional exports, accounting for about 55 percent of exports under this category. During the period under review, mineral exports reached USD 407.8 million with gold

accounting for about 88 percent of total mineral exports. The structure of non-traditional exports during the year ending March 2003 is shown on **Chart 13**, which the structure of total exports is shown on **Chart 14**.



It is worth noting that the structure of total exports reflects a declining share in traditional exports and an increasing share in minerals, particularly gold exports



Goods Imports

During March 2003, total goods imports (f.o.b.) increased by 4.7 percent to USD 135.8 million from USD 129.7 million registered in the previous month. With the exception of intermediate goods which declined by 6.8, imports from all other categories namely capital goods and consumer goods increased. Capital goods imports increased by 12.8 percent to USD 66.9 million following a surge in transport equipment imports. Conversely, during the period under review, intermediate goods imports declined following a decline in the volume of oil imports to about 45,064 tons from about 82,339 tons registered in the previous month.

Consumer goods imports increased marginally by 2.2 percent to USD 37.6 million following the increase in importation of both food and foodstuffs and all other consumer goods. The increase in food and foodstuffs could partly be associated with the current fear of food shortage during the coming season. When compared with the corresponding month in 2002, total goods import (f.o.b.) increased by 16.6 percent following a 34.3 percent and 10.3 percent increase in capital goods and consumer goods, respectively.

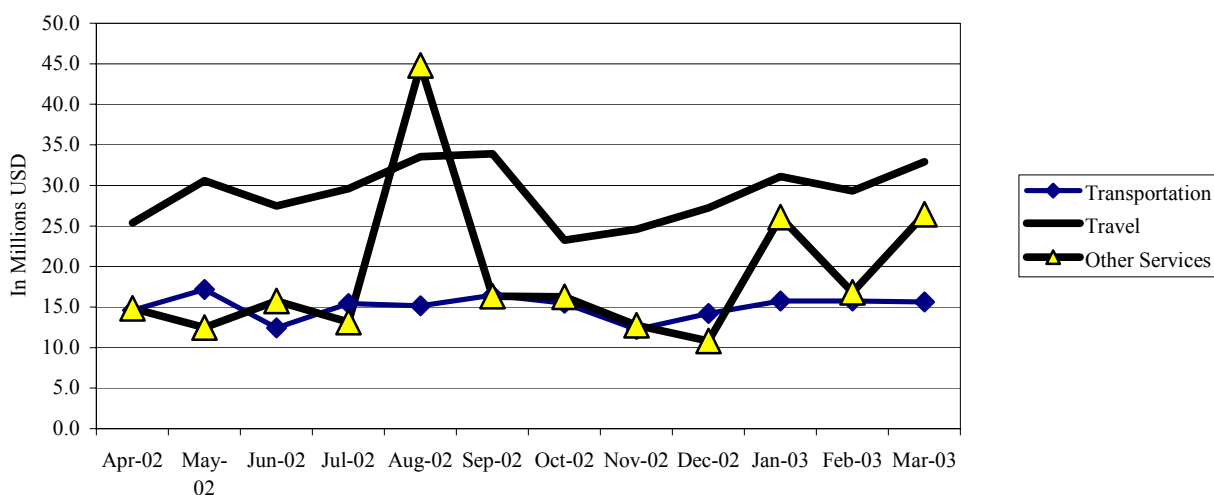
During the year ending March 2003, total goods import (f.o.b.) declined marginally by 1.8 percent to USD 1,535.9 million due to 8.3 percent decline in capital goods imports. The decline, which was experienced in the building and construction equipment and machinery, is largely attributed to the completion of initial construction work in the mining companies. Conversely, during the review period, imports of intermediate and consumer goods increased marginally by 4.2 percent and 3.4 percent, respectively.

Services and Income Accounts

Services Account

During March 2003, the deficit in the services account worsened to USD 3.7 million from USD 0.8 million recorded during the previous month. The development resulted from a 21.3 percent increase in services payments to reach USD 75.0 million outweighing the impact of a 16.8 percent increase in services receipt. The increase in services payment was largely due to a rise in government services, other business services, and travel payments. Government services payment increased to USD 8.0 million from USD 2.2 million made during the previous month that was attributed to the increase in payments made to Tanzania's embassies and consulates abroad. Despite the fears of US-led war with Iraq, travel payments increased by 12.4 percent to USD 32.9 million partly because not many travellers travel to the Middle East

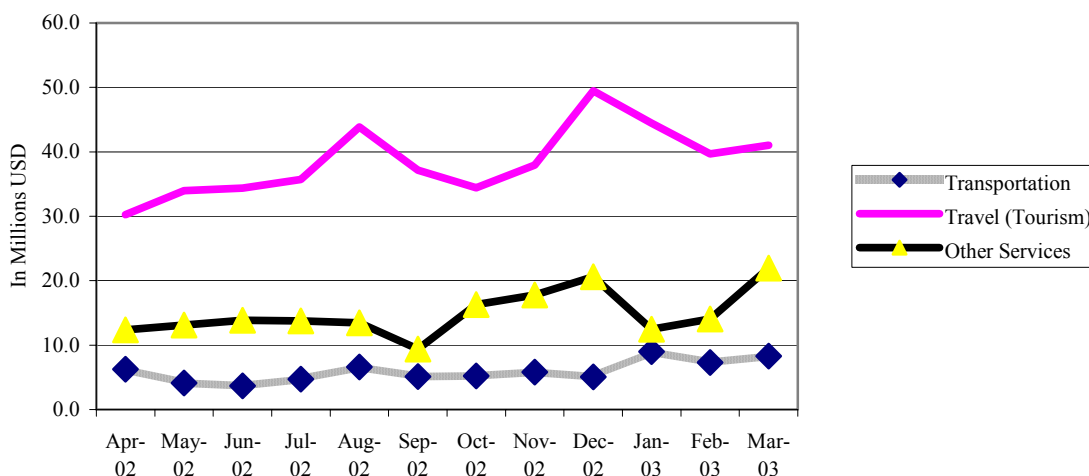
Chart 15: Tanzania - Services Payments



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

The increase in services receipts, on the other hand, was mostly due the sharp increase in other business services receipts which rose to USD 10.2 million from USD 3.1 million recorded in the previous month. Travel receipts also increased by 3.4 percent to USD 41.0 million.

Chart 15: Tanzania - Services Receipts



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

When compared with the corresponding month a year earlier, the services account during March 2003 improved to a deficit of USD 3.7 million from a deficit of USD 6.0 million recorded the same month last year. The development resulted from a 53.8 percent increase in services receipts that offset the impact of a 43.4 percent increase in services payments. Services receipts increased mostly due to increase in transportation and travel services receipts. The increase in payments was mostly on account of travel and communication services payments While travel payments increased to USD 32.9 million from USD 27.7 million, communication payments rose to USD 6.0 million from USD 0.9 million recorded in March 2002.

During the year ending March 2003 the deficit in the services account declined to a deficit of USD 43.0 million from a deficit of USD 20.0 million recorded during the year ending March 2002. The development resulted from an 11.4 percent rise in services payment that outweighed the impact of 8.3 percent increase in services receipt. The increase in payments was mainly attributed to the increase registered in communication, travel and construction services. Communication services payments surged to USD 69.0 million from USD 14.2 million recorded during the year ending March 2002 largely due to payments made by telecommunication companies to the Satellite provider for usage of bandwidth (satellite) services. 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 1,535.9 million from USD 1,563.3 million. The increase in services receipt, on the other hand, was mostly due to travel and transportation services. Travel (tourism) receipts rose by 10.9 percent to USD 462.3 million which is partly ascribed to efforts by the government in promoting Tanzania as a tourist destination. Transportation services receipts increased by 15.6 percent to USD 71.2 million resulting from haulage of cereal exports to Zambia and Malawi which were hit hard by food shortages.

Income Account

During March 2003, the deficit in the income account widened to USD 5.5 million from USD 2.1 million recorded in the previous month largely due to increase in income payments that offset the impact of increase in income receipts. Income payments increased mainly due to dividends payments arising from investments in Tanzania to shareholders abroad. Investment income on the other hand, increased on account of higher earnings by the Bank of Tanzania from foreign investments.

When compared with the corresponding month a year earlier, the deficit in the income account worsened to USD 5.5 million from USD 2.0 million registered in March 2002. The main source of the development is investment income payments which increased to USD 13.6 million from USD 8.0 million. Similarly, during the year ending March 2003, the income account deficit widened by 30.4 percent to USD 95.5 million mainly due to the 20.1 percent increase in income payments to USD 163.2 million. The upsurge in income payments was mostly on account of a 21.7 percent increase in scheduled interest payments.

World Commodity Prices

During March 2003, the average world market prices for **coffee** (Arabica) and **coffee** (Robusta) declined by 6.7 percent and 11.1 percent respectively, to USD 1.4 per kg and USD 0.8 per kg respectively, from the price levels recorded in the previous month. The fall in the prices of coffee was largely attributed to the increase in coffee exports from Brazil, the world largest coffee producer. Coffee exports from Brazil went up by 12.3 percent to 794,514 bags during the first 19 days of March 2003, from 707,404 bags in the first 19 days of February 2003.

The price of **tea** (Mombasa auction) increased by 7.1 percent to USD 1.5 per kg in March 2003, from the price level recorded in the previous month. The price of **tea** (average of Calcutta, Colombo and Mombasa auctions) went down by 6.7 percent to USD 1.4 per kg during the period under review, compared with the price level recorded in February 2003.

The average price of **cotton** (A-Index) was USD 1.4 per kg during the review period, increasing by 7.7 percent from the price level recorded in February 2003. The increase in price of cotton was partly attributed to the rise in cotton consumption particularly in China Mainland. Net imports of cotton in China increased from 25,000 tons in 2001/02 to 320,000 tons in 2002/03 and are projected to increase to 625,000 tons in 2003/04. The price of **sisal** remained fairly stable at USD 650 per metric ton during the review period.

The average price of **cloves** went up by 3.4 percent to USD 2,300 per metric ton during the month under review, from USD 2,225.0 per metric ton registered in February 2003. The increase in speculations among traders that the US-led war in Iraq will be short and thus will not cause large disruption in supplies of crude oil from Iraq contributed to the fall in prices of oil during March 2003. The average price of **crude oil** (f.o.b. Dubai) declined by 9.3 percent to USD 27.4 per barrel in March 2003 while that of **crude oil** (Average of UK Brent, Dubai and West Texas Intl) decreased by 7.6 percent to USD 30.4 per barrel during the month under review from USD 32.9 per barrel recorded in February 2003. Similarly, the price of white petroleum products (f.o.b. West Mediterranean) went down by 7.1 percent to USD 295.6 per ton during the review period, from price level registered in February 2003.

The price of **gold** went down by 5.1 percent to USD 340.6 per troy ounce in March 2003, from USD 359.0 per troy ounce recorded in previous month. The appreciation of the US dollar against some major currencies and the improvement in performance of the equity markets largely contributed to the fall in demand for gold and its price.

Debt Developments

Overview

The overall total debt stock (external and domestic) as at end March 2003, stood at USD 7,916.2 million, out of which, external debt was USD 7,072.5 million or 89.3 percent and domestic debt was USD 843.7 million or 10.7 percent. The total debt stock fell by USD 458.9 million or 5.5 percent from USD 8,375.1 million as at the end of February 2003. The external debt stock position declined owing to the implementation of Paris Club V11 bilateral agreements.

The parliament unanimously approved amendments to the Government Loans and Guarantees Act, 1974 so as to make better provisions for more effective debt management in line with the National Debt Strategy (NDS). The amendments are aimed at introducing strict controls over domestic and foreign loans and guarantees taken on behalf of the government. Measures contained in the Government Loans, Guarantees and Grants (Amendments) Bill, 2003, give the Minister for Finance sole authority in soliciting both domestic and foreign loans and guarantees on behalf of the government. The Bill also proposes the creation of a National Debt Management Committee to advise the Minister for Finance on loans and guarantees.

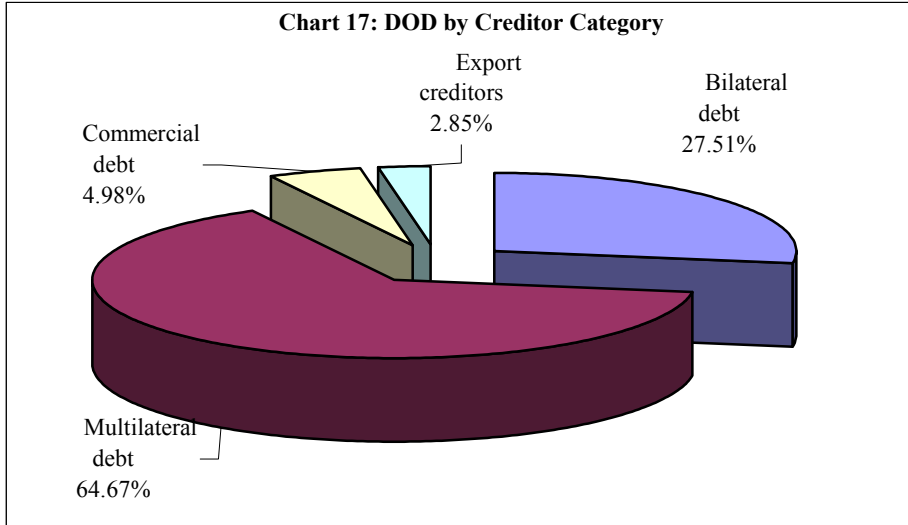
External Debt Position

Total external debt committed as at end-March 2003 was USD 7,604.6 million. The amount decreased by USD 497.3 million or 6.14 percent from USD 8,101.9 million as at February 2003. Out of the total amount committed, disbursed outstanding debt (DOD) was USD 6,095.2 million and committed undisbursed debt (CUB) was USD 1,509.4 million.

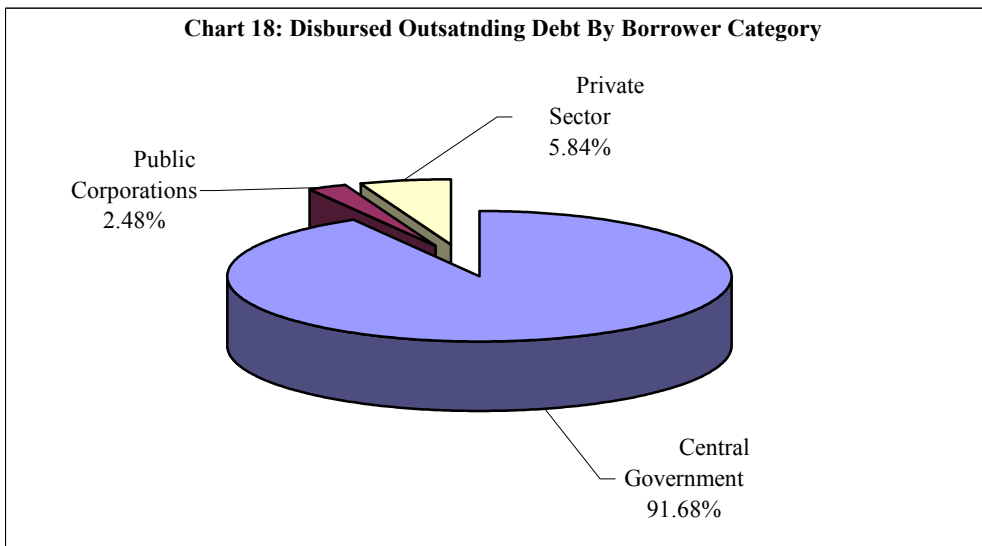
Interest arrears also decreased by USD 8.8 million or 0.9 percent from USD 986.1 million end of February 2003 to USD 977.3 million as at end of March 2003. The external debt stock decreased by USD 457.3 million or 6.1 percent from USD 7,529.8 million at end-February 2003 to USD 7,072.5 million as at the end-March 2003.

The Profile of Disbursed Outstanding Debt

The profile of disbursed outstanding debt by creditor category shows that 64.67 percent and 27.51 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 2.9 percent, respectively.

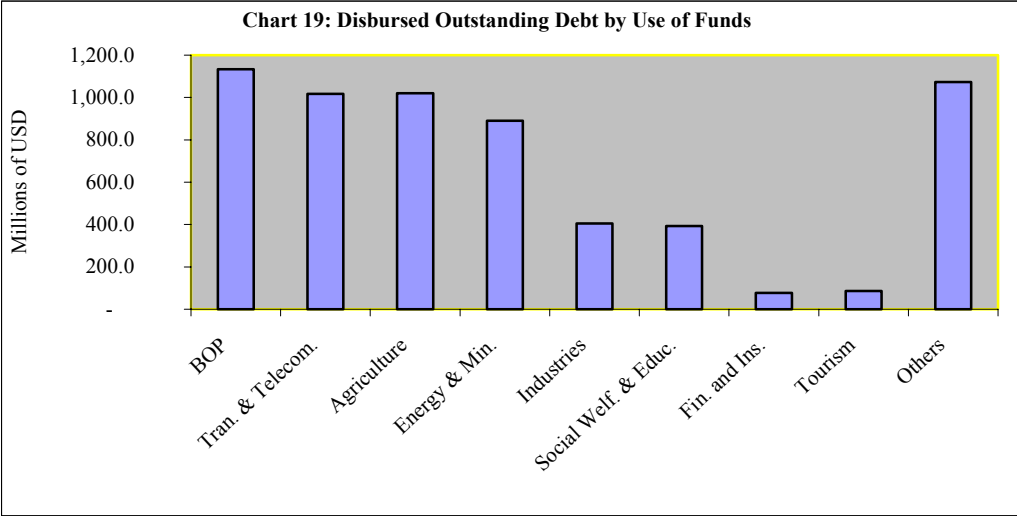


The composition of disbursed outstanding debt by borrower category shows that, the Central Government is the largest borrower accounting for as much as 91.7 percent of the total debt. The proportion of Parastatal and Private Companies in the total debt was 2.5 percent and 5.8 percent, respectively.



Classification of debt by economic sector indicates that, USD 1,133.0 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 1,016.5 million or 16.7 percent. Agriculture, and Energy and mining received USD 1,019.4 million or 16.7 percent and USD 890.9 million or 14.6 percent, respectively. Industries absorbed USD 405.5 million or 6.7 percent of the total debt, while Social welfare and education, Finance and insurance, and Tourism received USD 393.0 million or 6.45 percent, USD 77.1 million or 1.3 percent and USD 86.4 million or 1.4 percent of the debt respectively. The remaining USD 1,073.4 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 V11 Bilateral agreements. Nine countries have already signed the agreements, including Austria, Belgium, Norway, USA, Canada, Italy, France, United Kingdom and Netherlands. Consequently, debts amounting to USD 619.3 million have been cancelled.

Debt Contracted, Debt Service and Disbursements

During the month under review, there were no new loans recorded. Disbursements amounted to USD 8.3 million. External debt service was USD 5.7 million. In this case, there was a net inflow of USD 2.6 million.

Domestic Public Debt

Total domestic debt stock owed by the Government of United Republic of Tanzania as at end of March 2003, stood at TZS 869.1 billion. This reflects an increase of TZS 0.6 billion or 0.1 percent when compared to TZS 868.6 billion, registered as at end of February 2003. More borrowing through Treasury bills caused the increase in domestic debt.

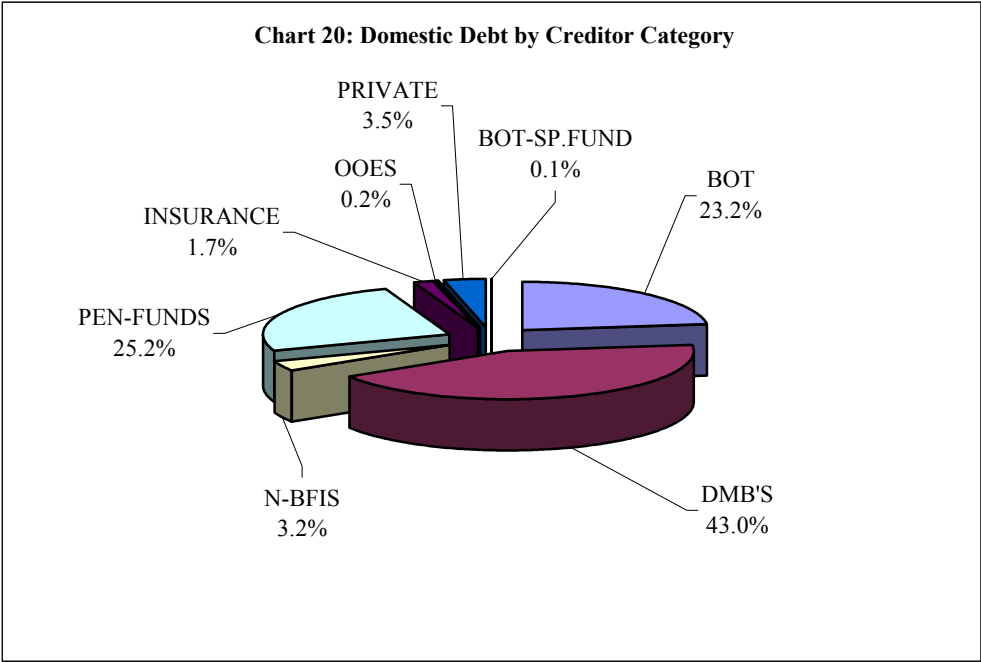
Analysis of the domestic debt stock by instruments shows that, Government bonds, which constitute 49.0 percent, decreased by 1.1 percent, from TZS 430.6 billion recorded as at the end of February 2003 to TZS 426.0 billion as at end of March 2003. The decrease is attributed to by more redemption of 2-year treasury bonds compared to new issues.

Treasury bills that constitute 31.2 percent of total domestic debt, increased significantly by 1.9 percent from TZS 265.6 billion as at end February 2003 to TZS 270.7 billion as at end-March 2003. Government stocks and Tax Reserve Certificates remained unchanged from the level of TZS 126.3 billion and 0.1 registered at the end of February 2003 respectively.

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

Domestic Debt Stock by Creditor Category

Analysis of domestic debt by creditor category revealed that, Commercial Banks were the largest creditors by holding TZS 373.5 billion or 43.0 percent of the debt stock. Pension funds came second by holding securities worth TZS 218.9 billion or 25.2 percent. The Bank held TZS 201.5 billion or 23.2 percent. While Private and Non-bank Financial institutions held 3.5 percent and 3.2 percent respectively, the rest of the creditors; insurance companies, other official entities and the Bank special funds held 1.9 percent altogether.



Domestic Debt Service

A total of TZS 51.9 billion fell due for payment during the month of March 2003. Out of the total amount, TZS 41.6 billion is principal which was rolled over, while the remaining balance of TZS 10.3 billion is interest that was paid out of government revenues.

Other Economic Developments

Food Security

During February 2003, the Food Security Department released about 517 tons of maize to the Prisons Department. Consequently, the SGR stocks as at end-March 2003 stood at 58,976 tons compared with the previous level of 59,493 tons recorded at end-February 2003. Although this level of stock is slightly higher than the SGR stock of 56,738 tons held in the corresponding period in 2002, the stock is likely to diminish in the near future following existence of localized food deficits in certain districts and unfavourable rainfall conditions in most parts of the country. According to Tanzania Meteorological Agency (TMA), Dodoma, Singida, Tabora regions and western parts of Mbeya, Rukwa and Iringa region, and southern part of Kigoma region have experienced below normal rainfall. Following poor and unreliable rainfall in most parts of the country during this season, it is anticipated that there will be poor food crop harvests.

Table 6: Food Security, SGR Stocks in Tons

	2000	2001	2002	2003	
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		
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 Performance

During the month of March, 2003 the Zanzibar Government budgetary performance “on cheques issued basis” recorded an overall deficit before grants amounting to TZS 0.84 billion compared with a deficit of TZS 3.08 billion recorded in February, 2003. After considering grants amounting to TZS 0.78 billion, the deficit narrowed to TZS 0.06 billion.

Revenue Performance

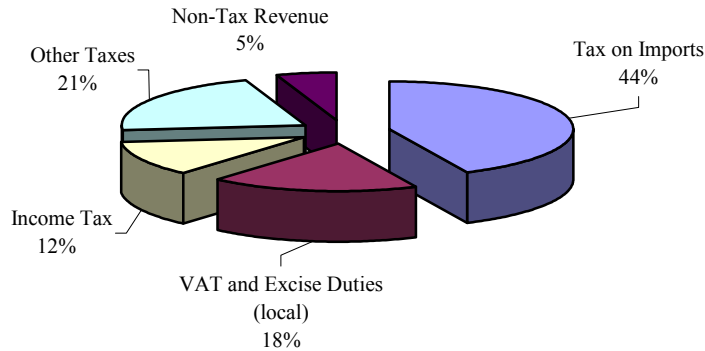
During the period under review, total revenue decreased by 2.1 percent from TZS 3.85 billion collected in February 2003 to TZS 3.78 billion. The collections accounted for only 68.0 percent of the projected monthly level of TZS 5.54 billion. The unsatisfactory revenue performance was mainly attributed to declines in VAT and Excise Duties (local), non-tax revenue and other taxes.

Revenue by category show that, tax revenue increased by 2.9 percent from TZS 3.47 billion to TZS 3.57 billion, accounting for 94.7 percent of total revenue. Tax on imports increased by 18.6 percent from TZS 1.37 billion to TZS 1.63 billion due to relative increase in imports through the Zanzibar port. Income tax increased by 39.2 percent from TZS 0.33 billion to TZS 0.46 billion due to increased tax returns and enhanced tax measures undertaken during the month under review. However, VAT and Excise Duties (local) decreased by 26.2 percent from TZS 0.92 billion registered in previous month to TZS 0.68 billion. Revenue from “Other taxes” category declined by 5.9 percent from TZS 0.85 billion to TZS 0.80 billion, due to decline in trade activities.

Non-tax revenue decreased by 47.4 percent from TZS 0.38 billion collected in previous month of February to TZS 0.2 billion, and accounted for 5.3 percent of total revenue. The decrease was due to slack in both trade and tourist activities.

On cumulative basis, total revenue amounted to TZS 35.23 billion accounting for 72.1 percent of the eight months projections of TZS 49.88 billion. The collected sum accounted for 53.0 percent of annual target of TZS 66.50 billion.

Chart 21: Government Revenue By source March 2003



Expenditure

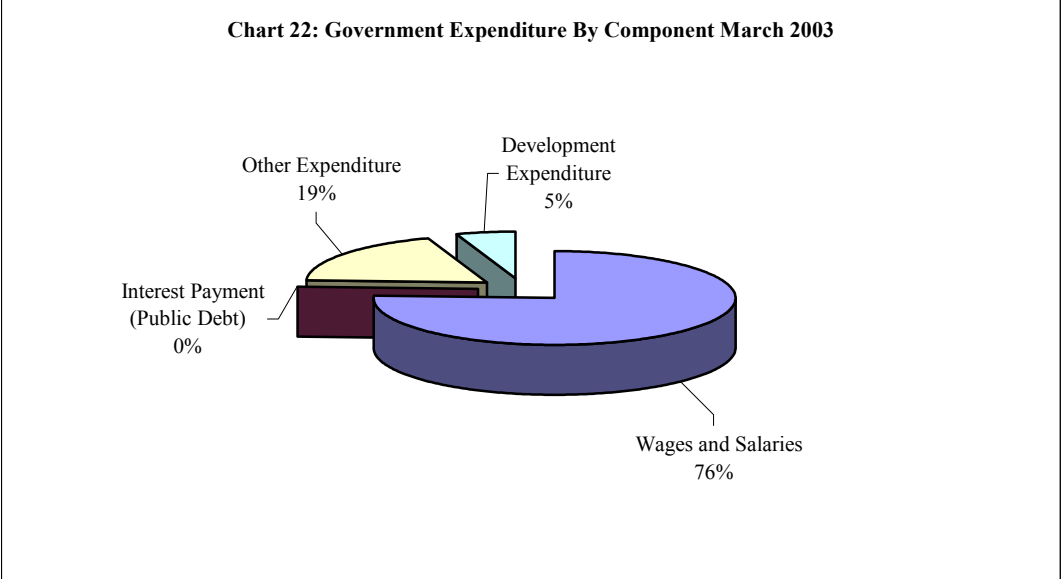
During the period under review, total Government expenditure decreased by 33.5 percent from TZS 6.93 billion in February 2003 to TZS 4.61 billion. The registered expenditure accounted to 56.4 percent of the projected monthly expenditure of TZS 8.18 billion. The decrease in Government expenditure was attributed to considerable decrease in other expenditures due to reduced resource allocation for this expenditure category.

Recurrent expenditure decreased by 35.8 percent from TZS 6.80 billion spent in February 2003 to TZS 4.37 billion accounting for 85.2 percent of the projected monthly expenditure of TZS 5.13 billion. Recurrent expenditure accounted for 94.7 percent of total expenditure. The expenditure on wages and salaries were maintained at TZS 3.50 billion, which was registered during previous month. Other

expenditures decreased substantially by 73.7 percent from TZS 3.30 billion spent in February 2003 to TZS 0.87 billion spent in the month under review.

Development expenditure increased remarkably by 84.0 percent from TZS 0.13 billion spent in February 2003 to TZS 0.24 billion, but accounting for a mere 7.9 percent of the monthly projected amount of TZS 3.0 billion, and 5.3 percent of total expenditure. The increase in development expenditure was facilitated by increase in resource allocation, to effect expenditure of development projects, including road, water supply and other socio-economic projects.

On cumulative basis, during July-March 2003 period the Government spent TZS 46.88 billion accounting for 63.7 percent of the nine months expenditure target of TZS 73.58 billion, and 47.7 percent of the annual target expenditure of TZS 98.11 billion.



Financing

During the month under review the Government of Zanzibar financed her expenditure using own internal resources complemented by grants received from Union Government to tune of TZS 0.78 billion. The budget deficit was also financed by borrowing through sales of treasury bills amounting to TZS 1.2 billion.

Zanzibar Debt Developments

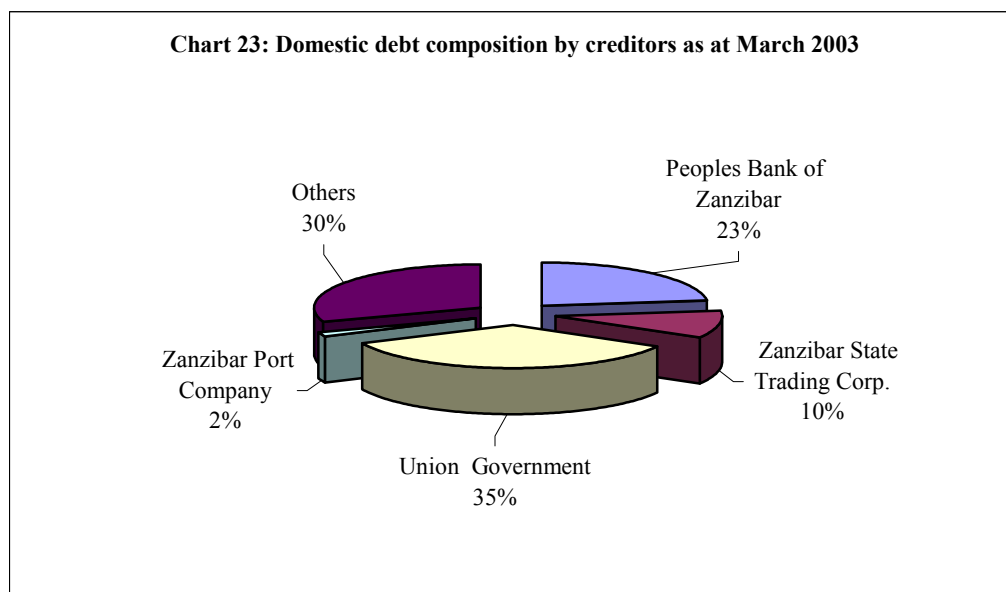
Zanzibar's debt as at the end March, 2003 stood at TZS 110.0 billion or USD 104.6 million marking an increase by 36.4 percent from TZS 80.7 billion registered at end February 2003. The increase was largely due to updating and reconciliation exercise on external debt data as recorded by the Union Government and depreciation of the exchange rate. Out of the total debt, domestic debt amounted to TZS 39.3 billion or USD 37.4 million accounting for 35.8 per cent of total debt, while external debt amounted to USD 67.18 million or TZS 70.6 billion accounting for 64.2 per cent of the total debt.

Domestic Debt

During the month under review, the Zanzibar's domestic debt position increased by 3.8 percent from TZS 37.8 billion as at end February, 2003 to TZS 39.3 billion. The increase was attributed to further borrowing through treasury bills and accruing of outstanding interest arrears on Government stocks.

Domestic Debt by Creditor

Analysis of domestic debt by creditor reveals that, as at end of March 2003, the Zanzibar Government debt to the Union Government amounted to TZS 13.6 billion accounting for 34.6 percent of total domestic debt. The People's Bank of Zanzibar claims to the Government amounted to TZS 9.1 billion or 23.1 percent of total domestic debt. The Zanzibar State Trading Corporation and Zanzibar Port Authority claims amounted to TZS 4.1 billion and TZS 0.7 billion accounting for 10.3 percent and 1.8 percent of total debt respectively. Other creditors claims amounted to TZS 11.9 billion or 30.2 percent of the total domestic debt.



Domestic Debt by Instrument

As at end of March 2003, domestic debt by instruments show that borrowing through advances amounted to TZS 13.6 billion or 34.6 percent of total domestic debt. Debt by long-term loan instruments amounted to TZS 9.1 billion or 23.1 percent, while debt by government stocks amounted to TZS 4.1 billion or 10.3

percent. Debt by treasury bills amounted to TZS 3.1 billion or 8.0 percent of total domestic debt. Short-term borrowing amounted to TZS 0.7 billion or 1.8 percent of total domestic debt, while debt by other debt instruments amounted to TZS 8.7 billion accounting for 22.2 percent of total domestic debt.

Domestic debt by maturity

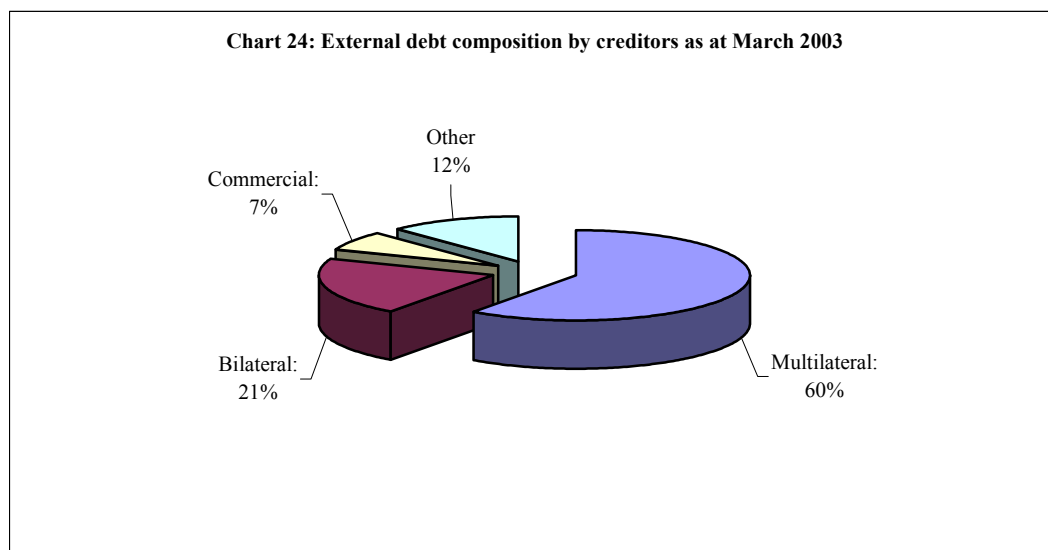
Domestic debt by maturity indicated that debt maturing within less than a year's period amounted to TZS 1.43 billion accounting for 3.6 percent of the total domestic debt. Debt maturing between 1-2 years amounted to TZS 4.6 billion or 11.6 percent of total domestic debt. Debt maturing between 2-5 years amounted to TZS 9.10 million or 23.1 percent of total domestic debt. Debts with undetermined maturity (mainly pensioners claims) amounted to TZS 23.0 billion or 58.4 percent of total domestic debt. Debt in arrears amounted to TZS 3.0 million accounting for 0.01 percent of total domestic debt.

External Debt

The Zanzibar's external debt as at end of March 2003 stood at USD 67.2 million or TZS 70.6 billion, registering 73.13 percent lower than that recorded in February 2003. The reported figure is subject to change pending joint on-going debt reconciliation between the Zanzibar and Union Governments and the Bank debt database.

External Debt by Creditor Category

During the period under review, the debt portfolio revealed that multilateral debts amounted to USD 40.4 million accounting for 60.4 percent of the total external debt. ADF loans amounting to USD 25.9 million, account for the largest component 64.2 percent of total multilateral debt. Bilateral debt amounted to USD 13.9 million accounting for 20.9 percent of the total external debt with the Chinese debt of USD 12.3 million account for 88.5 percent of total bilateral debt. Commercial debt amounted to USD 4.6 million accounting for 6.7 percent of total external debt and other creditors category amounted to USD 8.5 million accounting for 12.1 percent of total external debt.



External Debt by Maturity

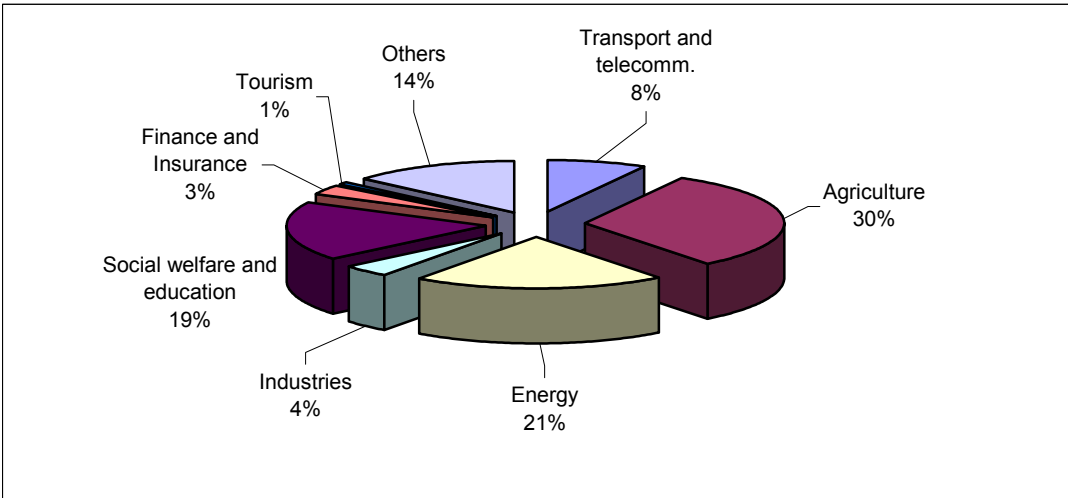
External debt by maturity shows that, debt with maturity between 5-10 years amount to USD 8.15 million accounting for 12.1 percent of total external debt. Debts with maturities between 10-20 years are worth USD 5.0 million or 7.4

percent of total external debt, while debts with maturities above 20 years amount to USD 40.7 million and account for 60.5 percent of total Zanzibar external debt. Debt arrears amount to USD 13.4 million and account for 19.9 percent of total external debt.

External debt by use of funds

External debt by use of funds analysis shows that, debt amounting to USD 21.1 million or 31.4 percent was disbursed for agriculture. Energy sector received USD 13.8 million or 20.6 percent of the total disbursed.debt Social Welfare and Education earned USD 12.5 million or 18.7 percent of total disbursements. Transport and Telecommunication sector fetched USD 5.5 million or 8.1 percent of total disbursements. Industries, Finance and Tourism sectors earned USD 2.5 million, USD 2.0 million and USD 0.6 million accounting for 3.7, 3.0 and 0.9 percent respectively. Other sectors earned USD 9.1 million or 13.6 percent of total disbursements.

Chart 25: External debt by use of funds as at March 2003



Trade Developments

Trade balance

During the year ending March 2003, the trade account (goods and services) worsened by registering deficit of USD 2.71 million from a deficit of USD 2.23 million recorded in the year ending February 2003. The deterioration in the trade account was attributed to decreases in exports of goods and services by 12.03 percent to USD 3.11 million from USD 3.54 million recorded during the year ending February 2003. The deterioration was compounded by increase in imports of goods and services by 0.94 percent to USD 5.82 million from USD 5.77 million recorded during the year ending the previous month.

Exports

During March 2003, total exports of goods increased by 7.9 percent to USD 0.76 million from USD 0.71 million recorded in February 2003. The increase was attributed to an overall increase in both traditional and non-traditional exports. Clove exports increased by 9.4 percent to USD 0.51 million from USD 0.47 million recorded in February 2003. The increase in clove exports was associated by both volume and price factors. Export volume increased by 5.3 percent from 190 tons to 200 tons while the average unit price increased by 4.1 percent from USD 2,470.0 per ton to USD 2,571.6 per ton during the period under review. Exports of seaweeds however decreased by both volume and value. Value wise decreased by 15.9 percent to USD 0.14 million from USD 0.17 million registered in previous month. Volume wise exports decreased by 16.5 percent from USD 0.88 million registered in February 2003 down to USD 0.74 million.

Non-traditional exports increased by 60.3 percent to USD 0.10 million from USD 0.06 million recorded in during February 2003 to USD 0.10 million during the month under review.

Imports

During the period under review, overall imports (c.i.f.) decreased by 7.1 percent to USD 4.51 million from USD 4.85 million registered in February 2003 mainly due to decline in imports of intermediate goods and capital goods. Intermediate goods declined by 29.5 percent to USD 0.99 million from USD 1.41 million due to decrease of oil imports, while capital goods decreased by 4.2 percent to USD 1.48 million from USD 1.54 million recorded during February 2003 due to decline in imports of machinery and transport equipments, which decreased by 13.7 percent and 3.9 percent respectively. However consumer goods imports increased by 10.1 percent to USD 2.1 million from USD 1.9 million mainly due to increase in foodstuff imports which increased by 16.6 percent.

Combined Services and Income account

During the period under review, the combined income and services account surplus declined significantly by 65.3 percent to a surplus of USD 0.45 million from a surplus of USD 1.29 million recorded in during February 2003. The decline was attributed to a 23.3 percent increase in foreign payments from USD 1.54 million recorded during February 2003 to USD 1.90 million, coupled with a decline in foreign receipts by 17.0 percent from USD 2.83 million to USD 2.35 million

during the review period. The decrease in foreign receipts was associated with decline in tourism, due to fear of terrorist attacks on Zanzibar.

Service account

The non-factor services account recorded a net decrease of 66.1 percent by recording a net surplus of USD 0.44 million from USD 1.29 million recorded in during February 2003. The decrease was attributed to an increase in non-factor service payments by 23.3 percent to USD 1.90 million from USD 1.54 million registered during February 2003 coupled with a decrease in foreign receipts by 17.3 percent from USD 2.83 million to USD 2.34 million.

Income account

During the month under review, the income account recorded a net surplus of 0.01 million compared with a nil balance registered in during the previous month. However non-availability of data still is a major obstacle in ascertaining the accuracy of this account.

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	1995	1996	1997	1998	1999	2000	2001	2002*
1. Population (TZ Mainland)	Million	27.5	28.3	29.1	30.0	30.9	31.9	32.8	--
2. Gross Domestic Product (GDP)									
2.1 At Current Prices f.c (Nominal)	Mill. TZS	2,796,640.1	3,452,558.9	4,281,600.0	5,125,310.9	5,977,698.8	6,705,134.0	7,590,765.0	--
	Mill. USD	4,865.7	5,952.9	6,994.7	7,710.9	8,026.4	8,330.6	8,661.3	--
2.2 At Constant 1992 Prices (Real)	Mill. TZS	1,345,247.3	1,401,711.9	1,448,090.0	1,505,826.9	1,577,292.0	1,654,407.5	1,747,787.0	--
	Mill. USD	2,340.5	2,416.8	2,365.9	2,265.5	2,117.9	2,068.3	1,994.3	--
3. Income per Capita									
3.1 Nominal (Current Prices)	TZS	101,799.2	122,205.0	147,312.0	170,843.7	193,453.0	210,192.3	231,425.8	--
	USD	177.1	210.7	240.2	256.9	259.4	261.2	264.1	--
3.2 Real (1992 Prices)	USD	48,967.7	49,614.3	49,763.0	50,194.0	51,045.0	51,860.0	53,286.0	--
	USD	85.2	85.5	81.2	75.5	68.4	64.8	60.8	--
4. Price Index (1994=100)									
4.1 Consumer Price Index (CPI)	Gen. Index	115.8	140.1	162.6	183.5	197.9	209.7	220.4	230.5
4.2 Percentage Change	Per cent	28.4	21.0	16.1	12.8	7.9	5.9	5.1	4.6
4.3 Retail Price Index - Wage Earners (Dar es Salaam)	Gen. Index	108.6	128.7	137.4	146.8	149.8	150.6	163.4	175.6
4.4 Percentage Change	Per cent	26.7	18.5	6.8	6.8	2.1	0.5	8.5	7.5
4.5 GDP Implicit deflator	Index	207.9	246.3	295.6	340.4	379.0	402.8	423.5	--
4.6 GDP Implicit deflator	Per cent	27.1	18.5	20.0	15.1	11.3	6.3	5.1	--
5. Balance of Payments Position									
5.1 Exports (fob)	Mill. USD	682.9	763.8	752.6	588.5	543.3	663.3	776.4	--
5.2 Imports (f.o.b)	Mill. USD	1,340.5	1,212.6	1,148.0	1,382.1	1,368.2	1,337.2	1,492.1	--
5.3 Balance of Visible Trade	Mill. USD	(657.6)	(448.9)	(395.4)	(793.6)	(824.9)	(673.9)	(715.7)	--
5.4 Balance on Current Account	Mill. USD	(646.4)	(461.3)	(403.6)	(921.3)	(858.6)	(529.1)	(559.6)	--
5.5 Overall Balance	Mill. USD	(329.5)	(146.9)	(220.0)	(461.9)	(111.8)	57.7	(14.9)	--
5.6 Exchange Rate :									
5.6.1 Annual Average	TZS/USD	574.8	580.0	612.1	664.7	744.8	800.4	917.4	--
5.6.2 End of Period	TZS/USD	550.4	595.6	624.6	681.0	797.3	803.3	916.3	--
6.0 Broad Money Supply (M2) **	Mill. TZS	613,695.3	684,990.6	760,353.3	844,929.4	972,088.6	1,093,610.9	1,233,667.0	1,502,204.6
6.1 Percentage Change	Per cent	26.1	11.6	11.0	11.1	15.0	12.5	12.3	18.5
6.2 Currency in Circulation Outside Banks	Mill. TZS	244,313.7	257,662.8	287,877.1	307,798.7	384,848.0	392,404.2	411,638.9	447,867.7
6.3 Demand Deposits	Mill. TZS	183,971.4	191,550.5	205,991.7	237,718.3	247,723.2	302,602.3	354,381.0	460,934.2
6.4 Quasi-Money (Time and Savings deposits)	Mill. TZS	185,410.1	235,777.4	266,484.6	299,412.4	339,517.4	398,604.4	870,710.8	1,178,848.0
7. Public Finance		1995/96	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03***
7.1 Recurrent Revenue	Mill. TZS	448,372.9	572,029.7	619,083.1	689,325.3	777,644.7	929,624.0	1,042,955.1	901,854.1
7.2 Recurrent Expenditure	Mill. TZS	415,139.8	486,493.7	543,750.6	680,182.7	808,865.4	1,018,782.1	1,466,136.9	1,223,173.0
7.3 Development Expenditure	Mill. TZS	5,382.3	28,895.6	215,107.2	136,523.9	359,913.4	286,253.2	344,610.9	236,429.1
7.4 Adjustment to cash and other items (net)	Mill. TZS	(96,001.9)	(60,916.8)	(47,720.9)	(22,510.9)	(2,444.3)	(25,447.4)	3,203.8	(17,563.5)
7.5 Finacing:									
7.5.1 Domestic Resources (net)	Mill. TZS	56,169.0	(41,926.6)	3,669.2	(5,740.0)	7,854.4	(2,494.4)	(22,606.6)	28,120.9
7.5.2 Foreign Loans (net)	Mill. TZS	(34,899.5)	(49,065.3)	64,468.1	(18,683.7)	105,417.3	90,354.2	121,842.5	86,829.3
8. Total External Debt Stock****	Mill. USD	8,003.8	7,754.1	7,578.5	7,384.7	7,669.7	7,624.8	7,464.0	7,072.5
Disbursed Debt	Mill. USD	6,917.5	6,623.3	6,600.3	6,435.9	6,580.3	6,538.3	6,559.7	6,095.2
Interest	Mill. USD	1,086.3	1,130.8	978.2	948.8	1,089.4	1,086.5	904.3	977.3

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

*** cummulative for July 2002 - March 2003

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

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

Table A2: Central Government Operations (Actual)

Monthly Cheques Issued								Millions of TZS	
Item	1996/97	1997/98	1998/99	1999/2000	2000/2001	2001/2002	BUDGET 2002/2003	2002/2003p July-March	
Total Revenue	572,029.7	619,083.1	689,325.3	777,644.7	929,624.0	1,042,955.1	1,172,297.0	901,854.1	
Tax Revenue	505,354.7	566,122.6	616,284.1	685,107.4	827,788.4	939,266.8	1,066,899.0	820,336.4	
Taxes on Imports	163,088.9	180,662.1	218,698.1	220,352.4	363,540.6	402,159.1	474,647.0	339,219.0	
Sales/VAT and Excise on Local Goods	128,961.8	140,520.0	175,159.3	179,989.4	188,838.6	216,066.8	233,019.0	196,645.9	
Refunds	--	--	13,823.8	7,904.1	4,195.4	32,552.4	--	--	
Income Taxes	125,726.2	149,787.9	162,894.1	209,713.6	194,012.9	220,630.8	254,070.0	201,403.7	
Other taxes	87,577.8	95,152.6	73,356.4	75,052.0	81,396.3	100,410.1	105,163.0	83,067.8	
Non- tax Revenue	66,675.0	52,960.5	73,041.2	92,537.3	101,835.6	103,688.3	105,398.0	81,517.7	
Total Expenditure	515,389.3	730,336.0	816,706.6	1,168,778.8	1,305,035.3	1,466,136.9	2,106,289.8	1,223,173.0	
Recurrent expenditure 1/	486,493.7	543,751.0	680,182.7	808,865.4	1,018,782.1	1,121,526.0	1,386,162.7	986,743.9	
Roadtoll fund	--	--	38,395.4	37,511.2	45,285.9	54,110.9	67,275.9	299,277.8	
Retention fund	--	--	19,725.5	22,982.0	25,711.3	25,142.8	50,516.6	68,939.0	
Wages and salaries	199,228.0	218,807.0	220,478.0	285,335.8	308,051.5	341,981.4	411,490.0	41,558.3	
Interest payments	113,647.5	101,181.3	90,828.2	128,178.4	128,149.7	121,081.7	131,601.1	27,380.7	
Domestic 2/	75,567.2	53,214.9	30,345.9	81,329.6	77,788.4	64,605.2	57,390.2	618,527.1	
Foreign	38,080.3	47,966.3	60,482.3	46,848.8	50,361.3	56,476.0	74,210.9	46,435.1	
Other goods, services and transfers	173,618.2	223,762.7	368,876.5	395,351.2	582,580.9	658,462.0	725,279.1	35,502.8	
Dev. Expenditure and net lending	28,895.6	186,585.0	136,523.9	359,913.4	286,253.2	344,610.9	720,127.1	236,429.1	
Local	--	--	18,807.5	19,428.8	35,069.1	50,235.9	95,662.0	66,180.6	
Foreign	--	--	117,716.4	340,484.6	251,184.1	294,375.0	624,465.1	170,248.4	
Overall Defic.(cheq. issued) before Grant	56,640.4	(111,252.9)	(127,381.3)	(391,134.1)	(375,411.3)	(423,181.8)	(391,694.6)	(321,318.9)	
Grants	81,415.6	119,358.3	169,945.6	280,306.2	286,306.0	379,849.4	542,298.2	303,322.8	
Program (CIS/OGL)	33,035.6	1,817.3	21,915.6	2,938.8	114,018.9	183,000.2	178,270.4	203,921.1	
Project	48,380.0	117,541.0	100,499.8	207,519.4	123,629.8	140,192.0	283,903.7	55,228.4	
MDF funds	--	--	47,530.2	69,848.0	--	--	--	--	
HIPC Relief	--	--	--	--	48,657.3	56,657.2	80,124.1	44,173.3	
Overall defic.(cheq.issued) after Grants	138,056.0	8,105.4	42,564.3	(110,827.4)	(89,105.3)	(43,332.4)	(391,694.6)	(17,996.1)	
Adjustments to cash and other items (net)	(60,916.8)	(76,242.7)	(25,140.6)	(2,444.3)	(25,447.4)	3,203.8	(10,000.3)	(17,563.5)	
Overall Balance (cheques cleared)	77,139.3	(68,137.3)	17,423.7	(113,271.7)	(114,552.7)	(40,128.6)	(401,694.9)	(114,950.2)	
Financing:	(77,139.3)	68,137.3	(17,423.7)	113,271.7	114,552.7	40,128.6	401,694.9	114,950.2	
Foreign Financing (net)	(49,065.3)	64,468.1	(18,683.7)	105,417.3	90,354.2	121,842.5	348,440.9	86,829.3	
Loans	19,233.1	136,890.0	53,842.8	187,786.3	172,880.4	187,355.5	451,362.7	156,435.5	
Program loans	16,543.4	80,069.0	36,626.2	54,821.0	45,326.1	33,171.2	110,801.3	41,415.5	
Development Project loans	2,689.7	56,821.0	17,216.6	132,965.3	127,554.3	154,184.3	340,561.4	115,020.0	
Amortization	(68,298.4)	(72,421.9)	(72,526.5)	(82,369.0)	(82,526.2)	(65,513.0)	(102,921.8)	(69,606.2)	
Domestic (net)	(41,926.6)	3,669.2	(5,740.0)	7,854.4	(2,494.4)	(22,606.6)	43,254.0	28,120.9	
Domestic Financing	(41,926.6)	3,669.2	(5,740.0)	7,854.4	(2,494.4)	(22,606.6)	30,254.0	28,371.8	
Bank borrowing	(26,072.3)	(23,605.1)	1,230.0	7,690.6	(18,654.8)	(59,180.9)	21,254.0	95,530.1	
Non-Bank (net of amortization)	(15,854.3)	27,274.3	(6,970.0)	163.8	16,160.4	36,574.3	9,000.0	(67,158.4)	
Amortization	(24,696.3)	(53,419.5)	(38,499.1)	(234,092.1)	(256,372.9)	(1,614.0)	(10,000.0)	(250.9)	
Privatization Proceeds	13,852.6	--	7,000.0	--	26,692.9	--	18,000.0	--	
Recovery from NBC bond	--	--	--	--	--	--	5,000.0	--	

Note:

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

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

-- Not Applicable/Available

p Provisional data

Table A3: Monetary Survey

End of Period	Millions of TZS													
	Domestic assets (net)				Extended Broad Money				Memorandum					
	Domestic credit (net)				Broad Money				item:					
					M1, Narrow Money				M0 Base Money					
	Foreign assets (net)	Claims on government (net)	Claims on other domestic sectors (net)	Other items (net)	Total		Currency in circulation outside banks	Demand deposits	Time deposits	Savings deposits	Foreign currency deposits	Total sum (9.15)	of which: Reserves	
1	2	3	4	5	sum (9-13)	sum (9-12)	sum (9.10)	9	10	11	12	13	14	15
1997	398,918.6	239,457.5	182,976.9	105,716.0	927,068.9	760,353.3	493,868.7	287,877.1	205,991.7	126,269.2	140,215.3	166,715.6	364,940.0	77,062.9
1998	458,003.6	276,586.7	248,276.2	44,118.1	1,026,984.7	844,929.4	545,517.0	307,798.7	237,718.3	134,401.0	165,011.4	182,055.2	418,734.0	110,935.3
1999	622,286.8	366,596.2	311,533.0	(82,789.1)	1,217,626.9	972,088.6	632,571.2	384,848.0	247,723.2	149,257.1	190,260.3	245,538.3	508,674.0	123,826.0
2000	842,755.0	375,146.0	340,628.1	(160,840.2)	1,397,688.8	1,093,610.9	695,006.5	392,404.2	302,602.3	170,051.6	228,552.8	304,077.9	556,430.9	164,026.7
2001	1,209,820.5	239,201.4	404,512.3	(369.0)	1,636,730.7	1,233,667.0	766,019.9	411,638.9	354,381.0	208,101.4	259,545.7	403,063.7	996,008.0	584,369.1
2002-Jan	1,244,572.7	170,817.3	424,034.3	26,166.3	1,635,487.2	1,208,711.9	732,480.7	389,698.9	342,781.8	218,710.6	257,520.6	426,775.3	980,251.4	590,552.6
Feb	1,358,005.5	104,456.8	431,266.2	29,902.6	1,664,164.4	1,217,354.6	741,586.3	391,993.3	349,593.1	209,448.3	266,320.0	446,809.7	979,735.0	587,741.7
Mar	1,365,588.3	157,637.1	441,917.6	49,654.5	1,744,951.3	1,267,737.6	776,040.6	402,948.8	373,091.8	213,470.3	278,226.7	477,213.6	953,202.4	550,253.6
Apr	1,354,456.8	183,484.9	445,125.3	30,706.0	1,752,488.2	1,268,835.8	766,271.1	398,186.6	368,084.5	212,907.8	289,656.9	483,652.5	981,849.0	583,662.4
May	1,308,438.7	191,092.9	455,418.0	50,016.9	1,776,103.0	1,307,466.2	792,212.9	409,639.8	382,573.1	218,535.4	296,717.9	468,636.8	1,019,570.4	609,930.6
Jun	1,293,645.0	202,879.0	482,041.4	65,181.2	1,797,889.9	1,333,524.2	815,576.3	429,383.9	386,192.4	218,602.1	299,345.8	464,365.7	1,002,471.9	573,088.0
July	1,316,101.9	250,064.6	480,721.0	45,328.9	1,839,450.6	1,369,608.8	837,331.5	433,054.4	404,277.1	236,120.0	296,157.3	469,841.8	1,066,851.9	633,797.5
Aug	1,322,133.4	229,448.7	530,484.4	4,296.3	1,915,685.4	1,421,212.7	879,946.7	466,750.3	413,196.4	243,819.8	297,446.2	494,472.6	1,170,757.2	704,007.0
Sept	1,354,621.1	252,250.1	546,722.1	(17,097.1)	1,931,047.9	1,452,980.7	912,428.8	474,990.5	437,438.2	241,421.9	299,130.0	478,067.2	1,270,803.1	795,812.5
Oct	1,440,512.5	234,814.0	561,301.4	(21,146.7)	1,978,852.0	1,471,851.2	932,828.8	488,790.9	444,037.9	232,950.6	306,071.8	507,000.8	1,241,348.6	752,557.7
Nov	1,442,963.9	308,100.7	562,604.4	(39,172.3)	2,004,263.8	1,499,957.7	957,111.5	500,899.4	456,212.0	228,941.6	313,904.7	504,306.1	1,202,858.5	701,959.1
Dec	1,558,627.1	333,817.9	570,668.3	(59,986.1)	2,047,683.1	1,507,386.5	958,786.6	495,445.6	463,340.9	223,898.7	324,701.3	540,296.5	1,191,146.8	695,701.2
2003 - Jan	1,651,202.9	316,486.7	580,247.7	(111,724.5)	2,040,640.2	1,490,504.1	918,121.1	471,090.0	447,031.1	239,917.6	332,465.4	550,136.2	1,151,600.8	680,510.8
Feb	1,655,007.2	324,050.9	582,609.9	(83,555.5)	2,121,359.8	1,537,802.9	948,324.8	461,623.0	487,001.9	240,674.6	348,803.4	583,556.9	1,140,380.9	678,757.9
Mar	1,592,747.9	328,170.9	598,111.4	(149,172.6)	2,087,649.8	1,502,204.6	908,801.8	447,867.7	460,934.2	239,653.3	353,749.5	585,445.2	1,097,438.6	649,570.9

Table A4: Tanzania's Balance of Payments

	Millions of USD				
	1997	1998	1999	2000	2001p
A. Current Account Balance	(403.6)	(921.3)	(858.6)	(529.1)	(559.6)
Goods (f.o.b.)	(395.4)	(793.6)	(825.0)	(673.9)	(715.7)
Exports f.o.b.	752.6	588.5	543.3	663.3	776.4
Imports f.o.b.	(1,148.0)	(1,382.1)	(1,368.2)	(1,337.2)	(1,492.1)
Services	(317.9)	(463.2)	(287.8)	(115.8)	(103.0)
Credit	482.4	538.8	622.0	643.8	679.3
Debit	(800.2)	(1,002.0)	(909.7)	(759.7)	(782.2)
Income	(121.8)	(91.8)	(82.5)	(89.7)	(55.8)
Credit	43.0	44.4	49.0	50.4	69.2
Debit	(164.8)	(136.3)	(131.5)	(140.0)	(124.9)
Current transfers	431.5	427.3	336.6	350.2	314.8
Credit	499.1	454.2	445.6	423.1	384.8
Debit	(67.7)	(26.9)	(109.0)	(72.9)	(70.0)
B. Capital Account	270.9	252.4	270.6	373.9	436.1
Credit	270.9	252.4	270.6	373.9	436.1
Debit	0.0	0.0	0.0	0.0	0.0
C. Financial Account, excl. reserves and related items	236.2	(134.6)	614.1	572.6	(63.2)
Direct investment abroad	0.0	0.0	0.0	0.0	0.0
Direct investment in Tanzania	157.8	172.2	516.7	463.4	327.2
Portfolio investment	0.0	20.5	0.7	0.0	0.0
Other investment	78.4	(327.3)	96.7	109.2	(390.4)
D. Net Errors and Omissions	(323.5)	341.6	(138.0)	(359.7)	171.8
<i>Overall Balance (Total, Groups A through D)</i>	(220.0)	(461.9)	(111.8)	57.7	(15.0)
E. Reserves and Related Items	220.0	461.9	111.8	(57.7)	15.0
Reserve assets	(84.4)	(11.1)	(121.4)	(137.6)	(207.0)
Exceptional financing	304.4	473.0	233.2	79.9	221.9
Rescheduled debt	227.3	366.7	84.6	10.0	131.4
Interest arrears	14.6	73.1	92.7	48.8	53.3
Principal arrears	62.5	33.2	55.9	21.1	37.2
Memorandum items					
GDP(mp) Millions of TZS	4,708,627.0	5,571,641.0	6,432,911.1	7,225,684.8	8,045,915.8
GDP(mp) Millions of USD	7,692.3	8,382.4	8,635.9	8,994.6	8,770.2
CAB/GDP	(5.2)	(11.0)	(9.9)	(5.9)	(6.4)
CAB/GDP (excluding current official transfers)	(8.4)	(14.6)	(12.5)	(8.4)	(8.9)
Gross Official Reserves	623.1	599.0	775.6	974.4	1,156.6
Months of Imports	3.8	3.0	4.1	5.6	6.1
Net International Reserves (year end)	272.6	283.7	405.1	542.7	749.7
Change in Net International Reserves	(84.4)	(11.1)	(121.4)	(137.6)	(207.0)
Exchange rate (end of period)	624.6	681.0	797.3	803.3	916.3
Exchange rate (annual average)	612.1	664.7	744.9	803.3	917.4

Note: GDP (mp)-Gross Domestic Product at Market prices, CAB-Current Account Balance,
p Provisional

Source: Bank of Tanzania