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MONTHLY ECONOMIC REVIEW BANK OF TANZANIA

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MESSAGE FROM THE GOVERNOR

During the current rain season, the country has experienced a considerable shortfall in rainfall in practically all regions. It is evident that agricultural output will decline substantially, especially of foodgrains, from the high level of production attained last year. As a consequence, in many areas Tanzanians will face hardship, especially subsistence farmers. While the demand for foodgrains in urban areas are likely to be met by private commercial imports, some official imports might be necessary to cater for the needs of the rural areas and for the more vulnerable Tanzanians who might not be able to afford the commercial imports.

Inflation Developments

Headline Inflation

During the year ending February 2003, the annual headline inflation rate declined by 0.2 percentage points to 4.2 percent from 4.4 percent recorded in the year ending January 2003. The slow down in the overall inflation rate was caused by

declines in both food and non-food inflation rates. However, when measured on a month-on-month basis, that is, between January 2003 and February 2003, headline inflation went up by 3.1 percent, mainly due to increase in the average prices of most food and non-food items. Using seasonally adjusted indices, the month-on-month headline inflation went down from 0.3 percent in January 2003 to 0.1 percent in February 2003, thus confirming that the increase in the inflation rate in February 2003 was due to seasonal factors.

Non-food inflation

Non-food inflation as measured by changes in the price index of all non-food consumer products recorded a modest decline in the review period. The non-food inflation rate decreased from 9.8 percent in the year ending January 2003 to 9.4 percent in the year ending February 2003. Also, the month-on-month non-food inflation rate slowed down from 0.9 percent in January 2003 to 0.3 percent in February 2003. While there were increases in the average prices of most non-food items during the review period except clothing and footwear, furniture and household equipment, household operations, personal care and education), the increases were generally smaller than those recorded in the corresponding period in February 2002. Notable increases in average prices were recorded in beer, school fees, kerosene and petrol. The upward pressure on prices of petroleum products is associated with continuing impact of war in the Gulf. Crude oil prices in January and February 2003 remained high and increased to an average of USD 32.9 per barrel in February 2003 from an average price of USD 30.7 per barrel recorded in January 2003.

Food Inflation

The annual food inflation rate continued to slow down to 2.5 percent in the year ending February 2003 from 2.6 percent in the year ending January 2003. However, on a month-to-month basis, between January 2003 and February 2003, food inflation increased by 0.4 percent on account of average prices for major food items such as rice, maize grains and flour, legumes and all types of meat. The increase in prices reflect the impact of increased demand due to low food supplies, following unfavourable short rains in most parts of the country and hoarding of foodstuffs, owing to uncertainties surrounding the delays in the onset of long rains.

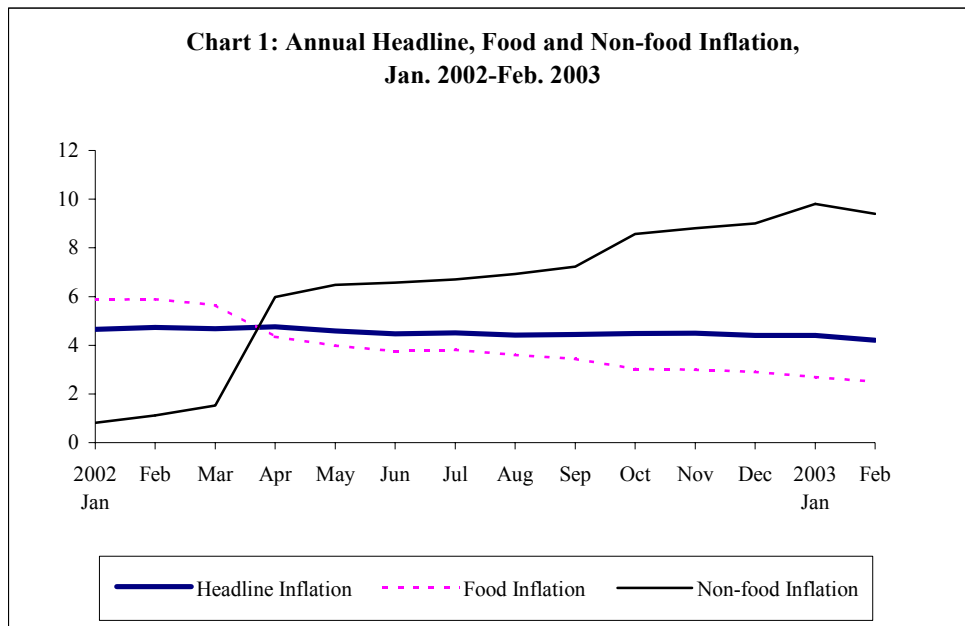


Table 1: Percentage Change in the Sub-groups of the National Consumer Price Index (All-urban)

(Base: December 1994=100)

Major Commodity Group	Weight	Jan	% Change	Feb	Feb	% Change	% Change
		%	2002	Jan 02	2002	2003	Feb 02
			- Jan 03			- Feb 03	- Feb 03
Food	71.2	241.7	+2.7	252.0	258.3	+2.5	+4.1
Drinks and Tobacco	4.4	176.4	+4.0	176.7	185.6	+5.0	+0.1
Rents	3.9	199.4	+4.2	199.6	207.7	+4.1	+0.0
Fuel, Power and Water	4.7	273.0	+23.9	270.7	339.5	+25.4	0.4
Clothing & Footwear	3.7	194.6	+8.1	197.0	209.9	+6.5	-0.2
Furniture & Household Equipment	2.5	192.2	+6.5	195.2	204.2	+4.6	-0.2
Household Operations & Maintenance	1.5	157.4	+6.0	160.3	168.1	+4.9	+0.8
Personal Care & Health	2.2	146.4	+9.4	149.1	159.9	+7.2	-0.2
Recreation & Entertainment	1.2	171.7	+1.9	172.2	176.0	+2.2	+0.6
Transportation	1.2	239.9	+3.6	241.3	250.3	+3.7	+0.7
Education	1.5	198.3	+6.2	200.8	211.2	+5.2	+1.3
Miscellaneous Goods and Services	2.0	156.1	+2.8	158.4	162.9	+2.8	+0.5
TOTAL	100.0	229.2	+4.4	236.8	246.7	+4.2	+3.1

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	3.7	4.5	8.3	3.1	0.3	0.7	0.0
Feb	4.2	9.4	2.5	3.1	0.3	4.2	3.9	7.4	2.4	0.1	0.0	0.2

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

During February 2003, reserve money, (M0) decreased by TZS 1.7 billion to TZS 678.8 billion from TZS 680.5 billion recorded in January 2003. Comparing with the PRGF target for the quarter ending March 2003 of TZS 666.4 billion, M0 was above by TZS 12.4 billion.

The decline in M0 emanated from Net Foreign Assets (NFA), which dropped by TZS 8.2 billion to TZS 1,054.9 billion in February 2003. This development was caused by a net sale of foreign exchange in the Inter- bank Foreign Exchange Market (IFEM) amounting to USD 9.0 million. The impact of NFA on M0 was dampened by an increase in Net Domestic Assets (NDA) by TZS 6.4 billion. The rise in NDA was due to a draw down in government deposits at the Bank by TZS 40.9 billion and a rise in government securities by TZS 0.9 billion. However, the increase in NDA was largely offset by a decline in other items net (OIN), by TZS 35.4 billion, following the sale of the Bank of Tanzania liquidity papers worth TZS 45.2 billion.

On the uses side of reserve money, reserve money decreased as reflected by decline in commercial banks' reserves at the Bank by TZS 2.5 billion though this was partially offset by an increase in currency in circulation by TZS 0.8 billion.

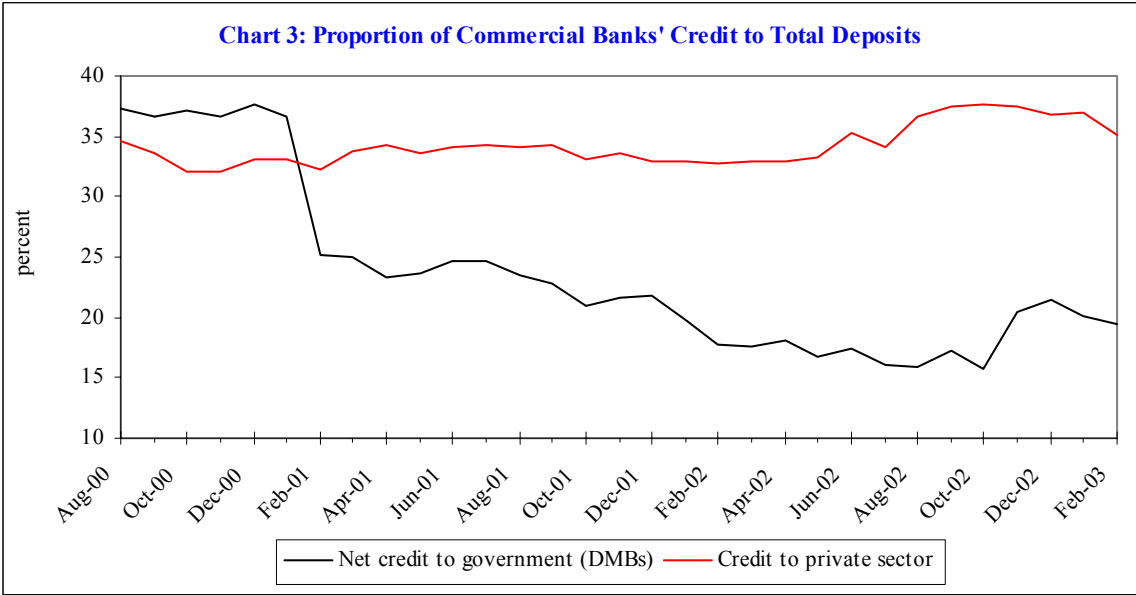
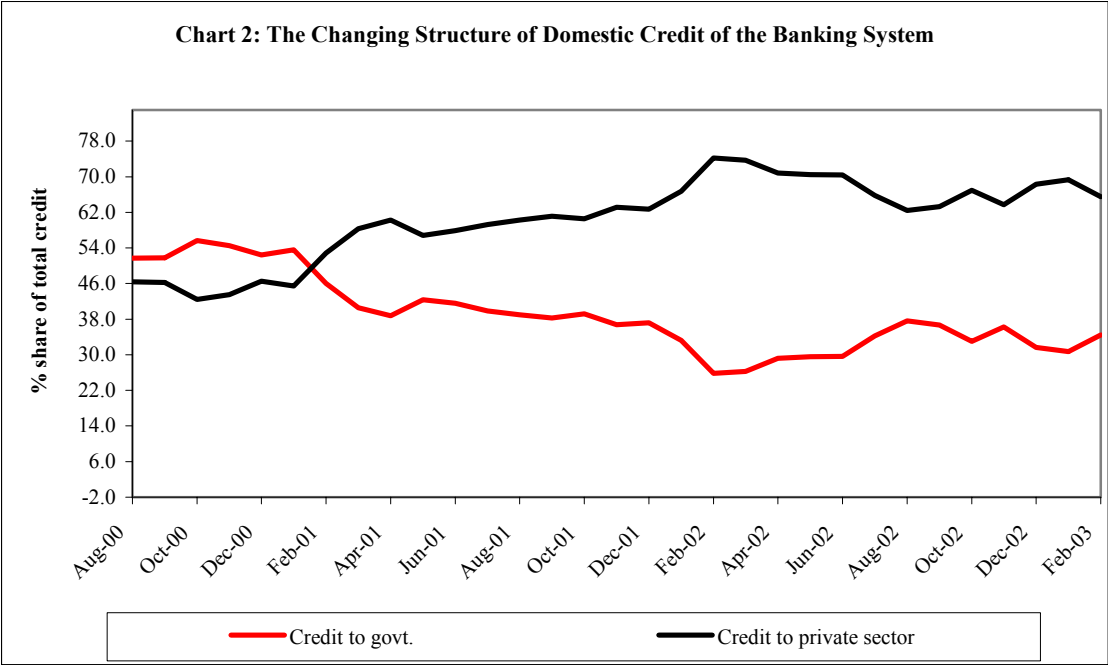
Money Supply and Credit Developments

During the month under review, broad money (M2) increased by TZS 47.4 billion to TZS 1,537.9 billion from TZS 1,490.5 billion recorded in January 2003. The outturn of M2 was above the PRGF target of TZS 1,494.4 billion for the quarter ending March 2003, by TZS 43.5 billion.

The upsurge in M2 emanated mainly from a rise in Net Domestic Assets (NDA) by TZS 79.9 billion, from TZS 725.6 billion in January 2003, to TZS 805.5 billion in February 2003. The increase in NDA was largely attributable to sale of government securities and draw down of government deposits at the Bank by TZS 9.0 billion and TZS 40.9 billion, respectively. The situation was reinforced by an increase in Other Items Net (OIN) by TZS 28.2 billion. In addition, credit to the private sector increased by TZS 2.4 billion to TZS 582.6 billion during the same period. Following these developments, the share of private sector credit to total domestic credit fell from 69.3 percent in January 2003 to 65.5 percent in February 2003, while that of the government rose from 30.7 percent to 34.5 percent (**Chart 2**). Likewise, the proportion of lending to the private sector to total deposits decreased from 37.0 percent in January 2003 to 35.1 percent in February 2003 (**Chart 3**).

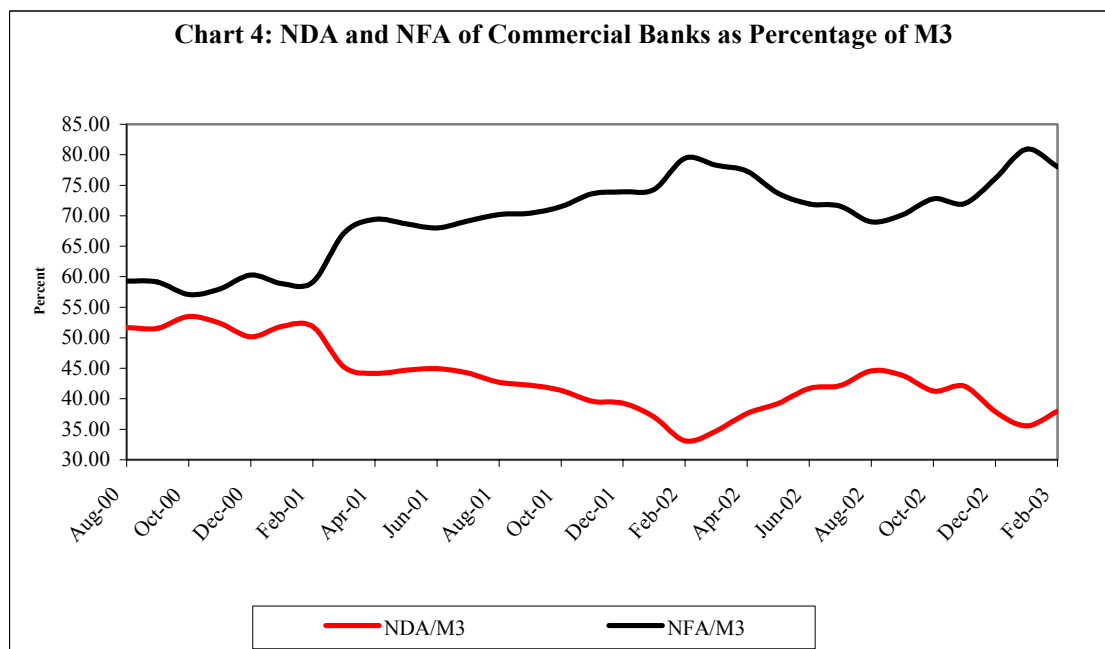
During the reporting month, Net Foreign Assets (NFA) of the banking system fell by TZS 29.6 billion to TZS 1,071.5 billion on account of a decline in both net international reserves (NIR) of the Bank and net foreign assets of commercial banks. Net foreign assets of commercial banks declined by TZS 19.7 billion while, NIR of the Bank decreased by TZS 9.9 billion. Consequently, gross reserves fell from USD 1,565.4 million in January 2003 to USD 1,544.5 million in February

2003. This level of gross reserves was equivalent to 7.3 months of imports of goods and services.



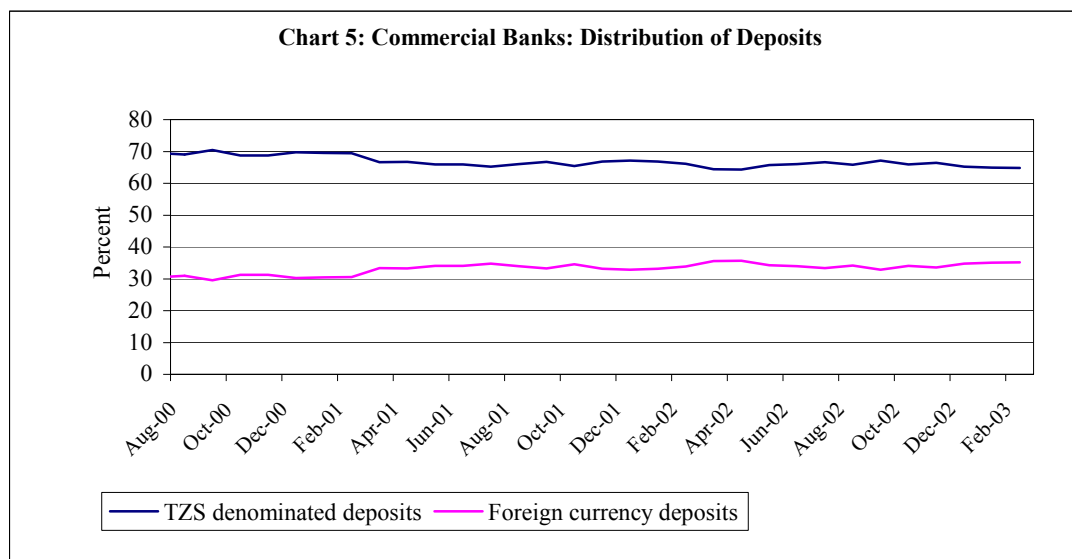
Extended Broad Money Supply

During the month under review, extended broad money (M3) increased by TZS 80.7 billion to TZS 2,121.4 billion as a result of a rise in all domestic deposits liabilities and foreign currency deposits by TZS 57.1 billion and TZS 33.4 billion, respectively. However, these developments were partly offset by a decline in currency in circulation outside the banking system by TZS 9.8 billion. The proportion of foreign currency deposits to M3 reached 27.5 percent in February 2003 compared with 27.0 percent recorded in the previous month. However, net foreign assets of the banking system as proportion of M3 decreased from 80.9 percent during January 2003 to 78.0 percent during the review period, out of which, 27.9 percent is explained by net foreign assets of commercial banks (**Chart 4**).



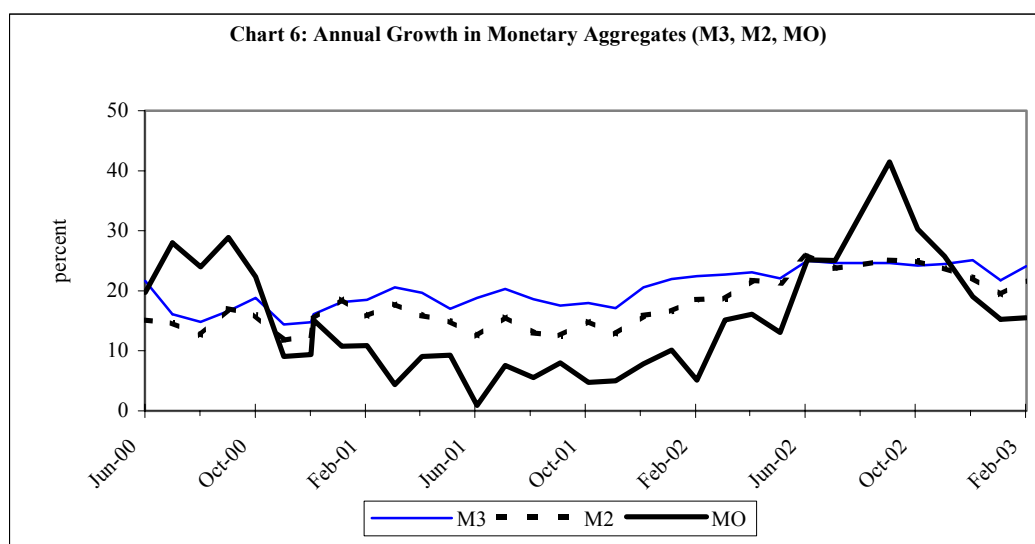
Commercial Banks Deposits

During the month under review, total commercial banks deposits comprising of demand, time, savings and foreign currency deposits grew by TZS 90.5 billion, representing a 5.8 percent growth increase compared with a growth rate of 1.1 percent in the previous month (**Chart 5**). The acceleration in growth rates is largely attributable to issuance of new notes. Foreign currency deposits constituted the largest proportion of total deposits, accounting for 35.2 percent, up from 35.0 percent registered in January 2003. This was followed by demand deposits, which accounted for 29.3 percent, down from 28.5 percent in the previous month. The proportion of savings deposits and time deposits reached 21.0 percent and 14.5 percent in February 2003 compared 21.2 percent and 15.3 percent in January 2003, respectively.



Annual Growth Rates in Monetary Aggregates

During the reporting month, annual growth rates of reserve money (M0), broad money (M2) and extended broad money supply (M3) assumed an upward trend from the levels attained in January 2003 (Chart 6). M0 grew by 15.5 percent in the year ending February 2003, up from a growth rate of 15.2 percent in the year ending January 2003. Similarly, M2 grew by 21.8 percent compared with 19.3 percent, while M3 rose to 24.1 percent from 21.8 percent during the same period.



Inter-bank Cash Market

During the month under review, total value of transactions in the inter-bank cash market declined by TZS 393.6 billion to TZS 266.0 billion, from TZS 659.6 billion recorded in January 2003. Overnight loans accounted for 82.8 percent of the total value of transactions for the month, down from 83.1 percent recorded in January 2003.

The average interest rate on overnight loans declined from 6.5 percent in January 2003 to 4.6 percent in February 2003. Similarly, the overall inter-bank cash market rate decreased from 6.5 percent to 4.5 percent.

Treasury Bills Market

During February 2003, Treasury bills comprising 35-day, 91-day, 182-day and 364-day bills worth TZS 92.5 billion were offered for sale compared with TZS 91.8 billion offered in the previous month. The value of bids, which reflects demand for Treasury bills, declined by TZS 34.4 billion or 16.0 percent to TZS 180.3 billion in February 2003, reflecting decreased demand for Treasury bills. Treasury bills sold during the review period amounted to TZS 133.8 billion, higher than the target by TZS 40.3 billion. This increase was part of the Bank's endeavours to absorb excess liquidity from the economy.

During the month under review, deposit money banks (DMBs) continued with their preference to place their funds in Treasury bills market, accounting for 77.9 percent of total successful bids compared with a share of 73.6 percent in January 2003. Pension funds and insurance companies constituted 13.5 percent of total successful bids, lower than 24.6 percent recorded in the preceding month. The share of non-bank financial institutions (NBFI) and private sector was 8.6 percent in February 2003, up from 1.8 percent in the previous month.

Developments in interest rates in the Treasury bills market indicated that the individual maturities exhibited a down trend hence, the overall weighted average yield (WAY) for all maturities declined from 5.4 percent in January 2003 to 4.7 percent in February 2003. The average yield for 35-day and 91-day dropped from

4.2 percent and 5.4 percent in January 2003 to 3.8 percent and 4.6 percent, respectively, in February 2003. Similarly, the yields for both 182-day and 364-day bills decreased from 5.5 percent to 5.0 percent and 5.6 percent to 5.1 percent, respectively.

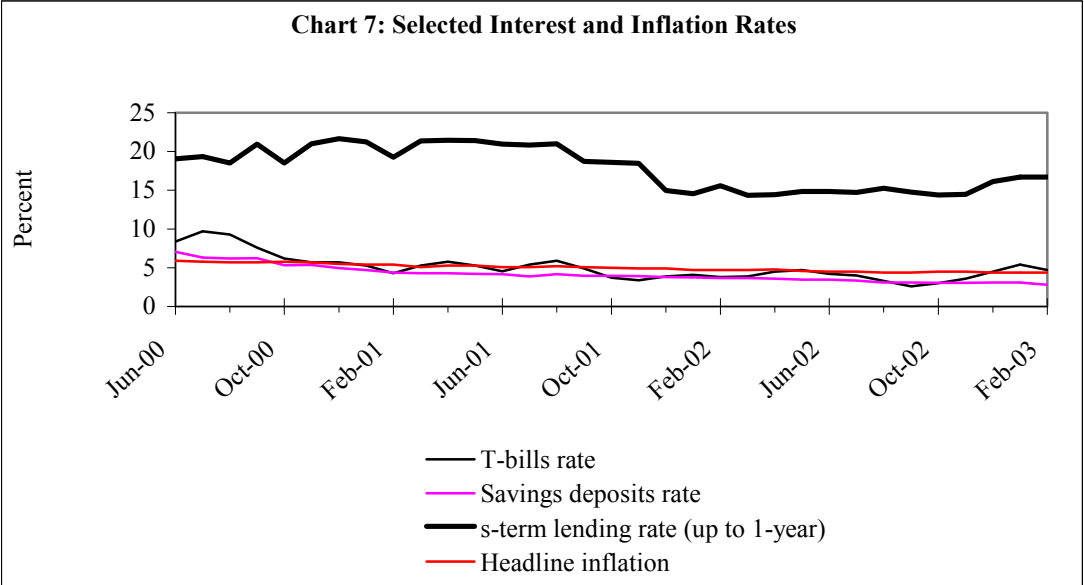
Treasury Bonds

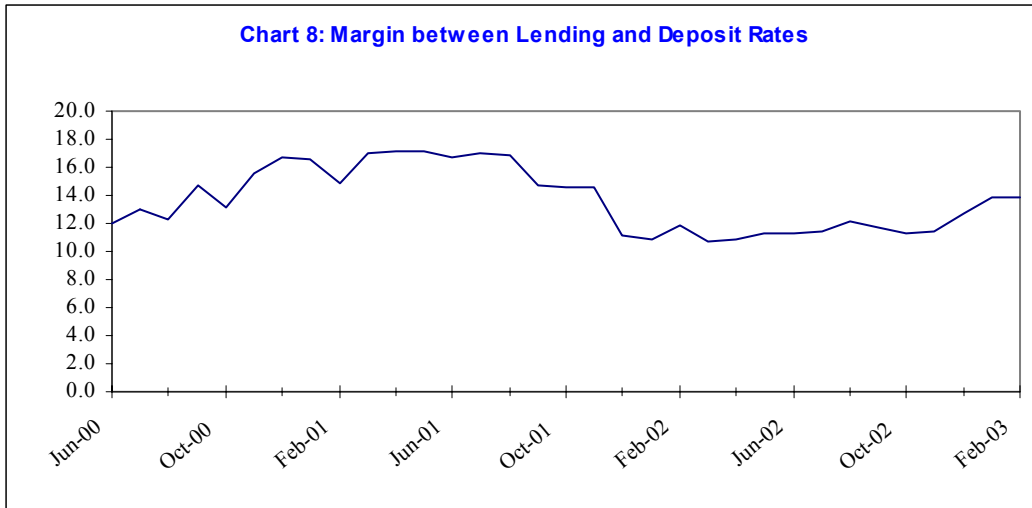
During February 2003, the market for Treasury bonds (comprising of 2-year, 5-year, 7-year and 10-year Treasury bonds) recorded low demand. Total bids stood at TZS 5.3 billion against TZS 18.5 billion which were offered in the market, as a result of low demand, Treasury bonds worth TZS 4.6 billion were sold. The low demand in the Treasury bonds markets was a reflection of a change in portfolio investment by major institutional investors who are now engaged in real estate business. The weighted average yield to maturity (WAY) for the individual Treasury bonds exhibited an upward trend, the WAY to maturity for the 2-year and 5-year bonds increased from 4.9 percent and 5.6 percent in January 2003 to 5.0 percent and 5.9 percent, respectively, in February 2003. Similarly, 7-year Treasury bonds and 10-year bonds rose from 6.2 percent and 7.5 percent to 6.6 percent and 7.6 percent, respectively, during the same period.

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 increased from 3.7 percent in January 2003 to 3.9 percent in February 2003, while the savings deposit rate declined from 3.0 percent to 2.8 percent. Lending rates for 1-year, 2-3 year loans and over 5-year loans dropped from 16.8 percent, 12.7 percent

and 18.9 percent in January 2003 to 16.7 percent, 12.6 percent and 18.1 percent, respectively, in February 2003. However, the interest rate for 1-2 year and 3-5 year loans rose from 14.0 percent and 11.1 percent to 14.3 percent and 11.3 percent, respectively, during the same period. As a result of this trend, the overall lending rate dropped from 14.7 percent in January 2003 to 14.6 percent during the reporting month. (Chart 7 & Table 3). It is worthy noting that during the reporting month, the cost of intermediation as reflected by the interest rate spread (the differential between the 1-year lending and saving deposit rates) widened from 13.8 percent in January 2003 to 13.9 percent in February 2003 (Chart 8).





Developments in interest rates on foreign currency denominated deposits and loans were also mixed. However, the savings deposits rate, overall time deposits and overall lending rate remained stable at 0.9 percent, 1.1 percent and 7.4 percent in February 2003. (**Table 3**).

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

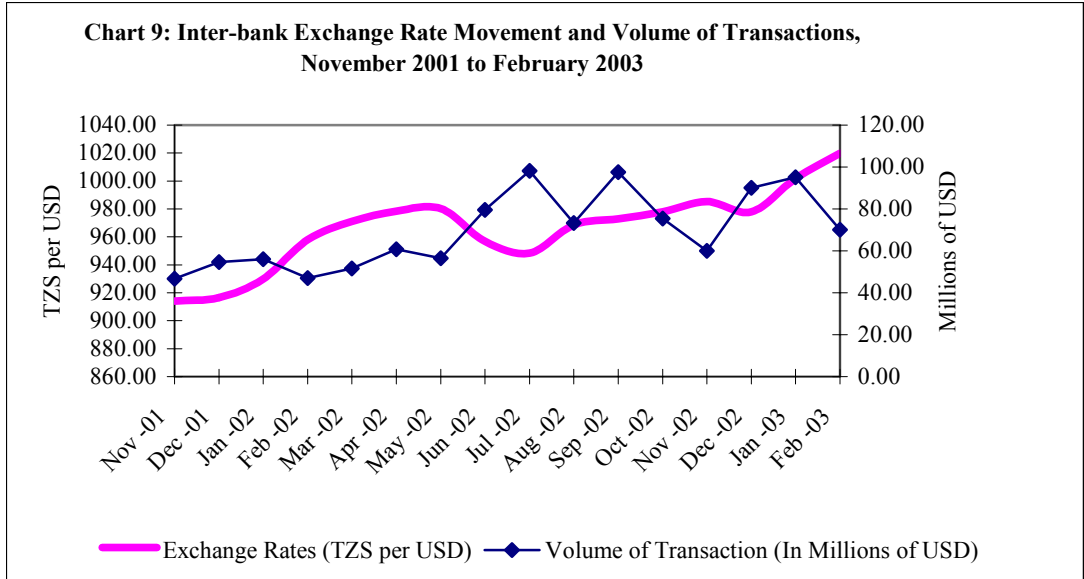
	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03
A Domestic Currency									
1 Interbank Cash Market Rates									
61 to 90 days	5.50	5.50	3.02	3.27	2.65	2.65	2.65	6.00	3.75
91 to 180 days	4.41	5.22	3.94	3.07	3.58	3.34	4.52	5.20	4.67
181 and above	4.91	4.80	4.24	4.04	4.35	6.02	6.02	5.00	5.61
Overall interbank cash market rate	2.41	2.38	1.84	1.57	1.91	1.92	3.47	6.52	4.50
2 REPO Rate									
	2.86	2.45	2.00	2.00	1.50	2.06	4.35	4.35	4.35
3 Treasury Bills Rates									
35 days	3.7	3.8	2.8	2.00	2.50	3.40	4.40	4.20	3.80
91 days	4.10	3.90	3.10	2.50	2.80	3.30	4.40	5.40	4.60
182 days	4.20	4.00	3.70	3.00	3.20	3.60	4.70	5.50	5.00
364 days	4.90	4.40	3.90	3.30	4.00	4.30	4.70	5.60	5.10
Treasury bills rate	4.20	4.00	3.30	2.60	3.00	3.60	4.50	5.40	4.70
4 Treasury Bonds- 2-years									
	5.59	5.07	4.48	3.44	3.65	4.56	5.25	4.92	4.98
5-years	6.22	6.02	6.02	4.99	4.89	5.15	5.63	5.58	5.93
7-years			7.34	6.79	6.64	6.88	6.93	6.22	6.63
10-years					7.79	8.05	7.22	7.50	7.59
5 Discount Rate									
	9.35	9.37	8.55	7.95	7.82	8.50	9.18	10.44	9.83
6 Demand Deposit Rate									
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7 Savings Deposit Rate									
	3.49	3.33	3.12	3.10	3.07	3.06	3.05	3.04	2.84
8 Time Deposits Rates									
3 months	4.02	3.90	3.45	3.42	3.16	3.26	3.41	3.71	3.86
	3.44	3.19	2.98	3.01	2.72	2.68	2.97	3.78	3.04
6 months	4.74	4.48	4.11	3.85	3.66	3.98	4.13	4.28	4.33
	4.74	4.48	4.11	3.85	3.66	3.98	4.13	4.28	4.33
12 months	6.19	6.22	5.84	5.88	5.65	5.51	5.68	5.56	5.63
	6.19	6.22	5.84	5.88	5.65	5.51	5.68	5.56	5.63
9 Lending rates									
16.40	16.66	16.45	15.86	15.83	16.96	15.71	14.72	14.59	
Short-term (up to 1yr)	14.83	14.70	15.26	14.76	14.37	14.47	15.85	16.80	16.68
Medium-term (1-2 yrs)	16.59	18.28	15.69	14.45	15.56	16.21	15.83	14.03	14.34
Medium-term (2-3 yrs)	15.02	14.55	14.78	12.61	12.13	13.00	13.80	12.74	12.59
Long-term (3-5 yrs)	17.18	17.38	17.86	17.45	16.30	17.45	13.23	11.13	11.25
B Foreign Currency									
1 Deposits Rates									
Savings Deposits	1.50	1.24	1.30	1.39	1.27	1.27	1.15	1.08	1.11
Time Deposits	2.05	0.93	0.96	0.97	0.94	0.90	0.84	0.85	0.88
3-months	1.30	1.31	1.49	1.37	1.43	1.32	0.79	1.10	1.18
6-months	1.54	1.52	1.52	1.64	1.49	1.25	1.37	1.50	1.27
12-months	1.64	1.62	1.69	1.73	1.69	1.64	1.53	1.20	1.26
2 Lending Rates									
5.55	6.02	5.79	6.29	6.11	6.53	7.19	7.48	7.45	
Short-term (up to 1yr)	4.89	6.92	7.64	7.43	7.48	7.68	7.90	7.68	7.48
Medium-term (1-2 yrs)	4.45	4.44	4.43	5.45	4.90	5.78	5.91	6.25	6.08
Medium-term (2-3 yrs)	5.12	5.43	5.29	6.95	6.82	7.14	7.80	8.80	9.16
Long-term (3-5 yrs)	7.75	7.30	5.80	5.34	5.24	5.53	7.16	7.18	7.07

Inter-bank Foreign Exchange Market

The total amount traded at the IFEM went down during February 2003, to USD 70.1 million, indicating a reduction of 26.2 percent when compared with USD 95.0 million traded in the previous month, mainly due to decline in imports which in turn led to fall in demand for US dollars. The monthly imports bill declined by 13.0 percent to USD 117.6 million in February 2003, from USD 135.2 million recorded in the previous month. Commercial banks continued to dominate the market, appearing more on the demand side of the market by purchasing USD 52.3 million or 74.6 percent of total amount traded and supplying USD 37.5 million or 53.5 percent of total amount traded. The non-bank financial institutions purchased USD 1.6 million or 2.2 percent of the total amount traded and supplied USD 7.3 million or 10.4 percent of the total amount traded. The Bank's interventions in the market resulted in a sale of USD 25.3 million or 36.0 percent of total amount traded and purchase of USD 16.2 million or 23.1 percent of the total amount traded.

Exchange Rate

During the review period, the Tanzanian shilling depreciated against the US dollar by 1.8 percent to TZS 1,019.9 per US dollar from TZS 1,001.7 per US dollar recorded in January 2003. The rate of depreciation was however lower than a depreciation of 2.4 percent recorded between December 2002 and January 2003, following the decline in demand for US dollars.



Bureaux de Change Operations

The volume of transactions conducted in the Bureau de change system went down by 13.3 percent to USD 35.3 million during the review period, from USD 40.7 million transacted in January 2003, mainly due to a fall in both sales and purchases. Sales declined by 11.1 percent to USD 17.6 million in February 2003, from the level recorded in the previous month. Similarly, purchases went down by 15.3 percent to USD 17.7 million in February 2003, from USD 20.9 million registered in the previous month largely due to the fall in export proceeds and education services. The decline in export proceeds partly reflects end of season for most traditional exports.

The buying and selling rates depreciated by 2.3 percent and 4.0 percent, respectively to TZS 1,010 per US dollar and TZS 1,043 per US dollar respectively in February 2003, from the rates recorded in the previous month ([Table 4](#)).

Table 4: Foreign Exchange Market Developments

				February			July - February		
	Jan-03	Feb-03	% Change	2002	2003	% Change	2001/02	2002/03	% Change
IFEM									
1. Amount offered*	95.0	70.1	-26.2	47.0	70.1	49.1	421.3	659.7	56.6
2. Amount sold*	95.0	70.1	-26.2	47.0	70.1	49.1	421.3	659.7	56.6
3. Exchange rate**	1,001.7	1,019.9	1.8	958.0	1,019.9	6.5	910.0	980.3	7.7
Bureau de Change									
1. Sales*	19.8	17.6	-11.1	13.8	17.6	27.5	170.8	145.8	-14.6
2. Purchases*	20.9	17.7	-15.3	14.0	17.7	26.4	179.2	155.1	-13.4
3. Volume of Transactions*	40.7	35.3	-13.3	27.8	35.3	27.0	350.0	300.9	-14.0
4. Buying rate**	987.0	1,010.0	2.3	953.0	1,010.0	6.0	901.5	973.8	8.0
5. Selling rate**	1,003.0	1,043.0	4.0	969.7	1,043.0	7.6	913.7	994.0	8.8

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

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

Government Budgetary Developments

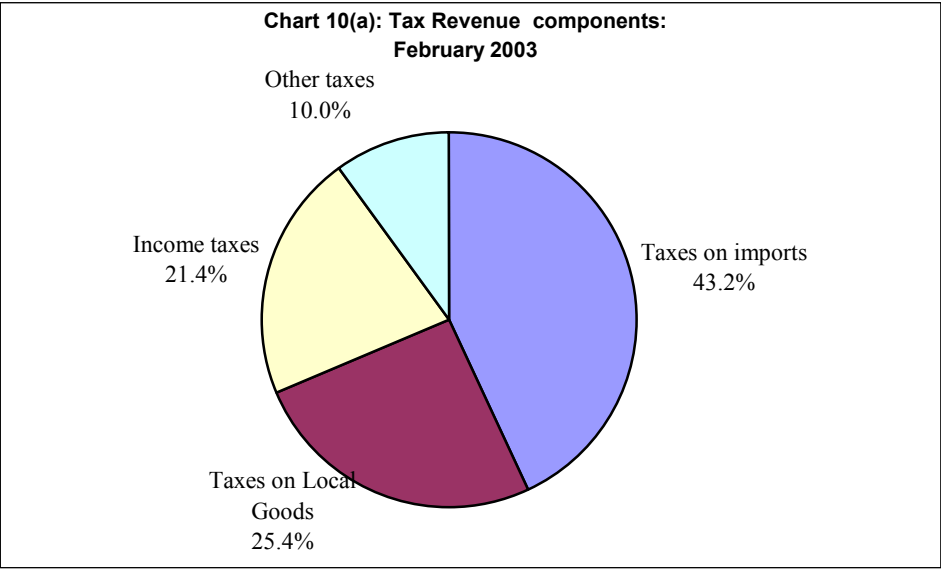
During February 2003, Government budgetary performance on cheques issued basis recorded an overall deficit before grants of TZS 21.1 billion. However, taking into account grants amounting to TZS 5.3 billion, the deficit was TZS 15.8 billion.

Revenue and Grants

In February 2003, the government collected revenue amounting to TZS 90.8 billion representing 97.5 percent of the target of TZS 93.2 billion. Tax receipts contributed TZS 83.8 billion or 92.2 percent of the domestic revenue, and were TZS 1.9 billion below the target mainly on account of low receipts from taxes on imports. Receipts from other main tax categories were above the target reflecting more efficient

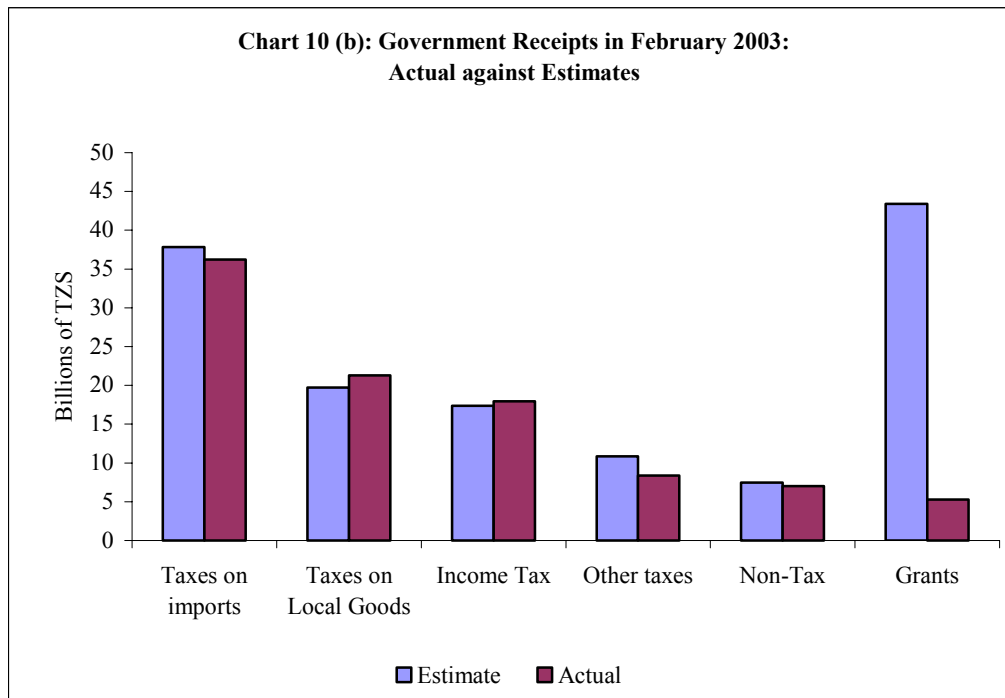
revenue collection measures adopted by the Tanzania Revenue Authority (TRA). The TRA intensified surveys to net traders not paying taxes and accelerated the pace of controlling verification in all regions. In addition, it continued to sensitize VAT registered traders on the obligation to use electronic cash registers. The Tax revenue comprised (Charts 10(a) and 10(b)):

- Taxes on imports were TZS 36.2 billion or 43.2 percent of tax revenue, compared with TZS 37.8 billion projected for the month.
- Taxes on local goods amounted to TZS 21.3 billion or 25.4 percent of tax revenue, and were TZS 1.3 billion above the estimate.
- Income tax collections were TZS 17.9 billion, contributing 21.4 percent of tax revenue and slightly surpassed the monthly target of TZS 17.4 billion.
- Collections from other taxes were TZS 8.4 billion or 9.9 percent of tax revenue and were below planned amount, TZS 10.8 billion.



In addition, other government receipts comprised the following:

- Non-tax revenue, which amounted to TZS 7.0 billion compared to a target of TZS 7.5 billion.
- External grants which stood at TZS 5.3 billion, were 12.2 percent only of TZS 43.4 billion projected for the month. The gap consists of project grants amounting to TZS 21.8 billion and program grants amounting to TZS 14.4 billion.



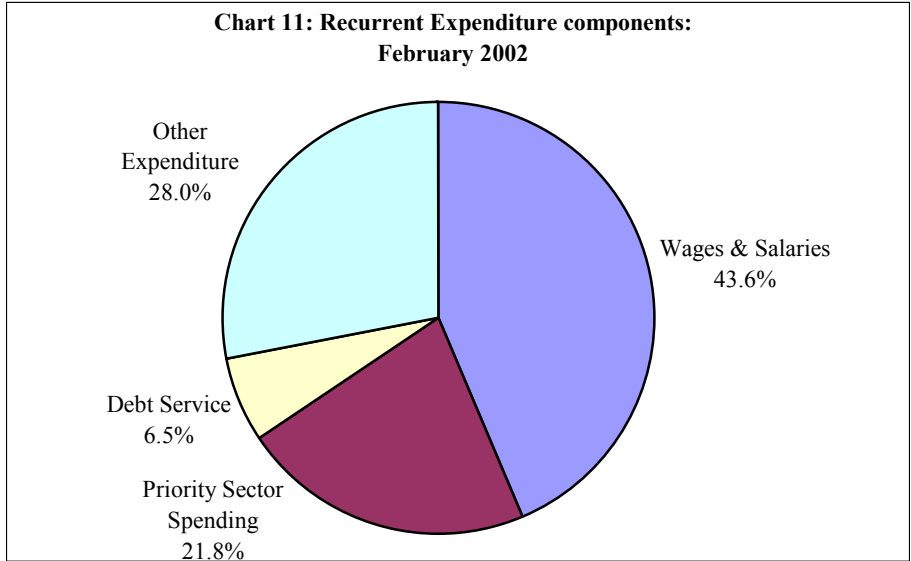
On cumulative basis, during the first eight months of 2002/03, the government collected revenue amounting to TZS 780.7 billion, which was 4.0 percent higher than TZS 750.8 billion projected for the period. It also received grants amounting to TZS 245.8 billion or 59.7 percent compared to the expected inflows amounting to TZS 411.7 billion.

Expenditure

During February 2003, total government expenditure (excluding amortization) amounted to TZS 111.9 billion out of which recurrent expenditure constituted TZS 88.9 billion or 79.4 percent. Spending on debt service amounted to TZS 5.8 billion compared to the ceiling of TZS 7.0 billion. The ceiling was not exhausted due to delays in submitting demand notes to the Treasury. Expenditure on goods, services and transfers reached TZS 50.0 billion and was in line with the ceiling of TZS 51.2 billion for the month. Recurrent spending on priority sectors¹ (whose three-months allocation in January 2003 was TZS 60.2 billion) accumulated to TZS 46.0 billion leaving a balance of TZS 14.2 billion for March 2003.

As shown in Chart 11, during February 2002, the government spent 43.6 percent of its recurrent expenditure on wages and salaries and 21.8 percent on priority sectors. Debt service (domestic and foreign) accounted for 10.0 percent and the balance was spent on goods and services.

¹ Excluding basket funds TZS 0.9 billion.



Development expenditure amounted to TZS 23.0 billion. Out of this, counterpart funds amounted to TZS 6.0 billion in line with the set ceiling for the month. Cumulatively, during July-February 2002/2003, total expenditure amounted to TZS 1,005.8 billion being 71.2 percent of the projected level of TZS 1,412.4 billion.

Financing

The budgetary operations in February 2003 generated a financing requirement of TZS 53.2 billion. This was TZS 24.4 billion above the estimated amount mainly on account of lower than anticipated foreign inflows. The financing was from the foreign sources (TZS 9.2 billion), market borrowing (TZS 7.8 billion), and draw-down of government deposits at the banking system (TZS 36.2 billion).

External Sector Developments

Trade Account

Table 5: TRADE ACCOUNT BALANCE

	Value in Mill.of USD								
	2003		%	February		%	March-February		%
	January	February(p)		2002	2003p		2001/02	2002/03p	
Exports	143.7	130.8	-9.0	101.1	130.8	29.4	1,441.9	1,583.6	9.8
Goods	82.9	74.9	-9.7	55.4	74.9	35.2	770.1	906.1	17.7
Services	60.8	55.9	-8.1	45.7	55.9	22.3	671.8	677.5	0.8
Imports	193.3	167.5	-13.3	182.3	167.5	-8.1	2,281.2	2,178.8	-4.5
Goods	135.2	117.7	-12.9	127.9	117.7	-8.0	1,584.7	1,506.9	-4.9
Services	58.1	49.8	-14.3	54.4	49.8	-8.5	696.5	671.9	-3.5
Trade Balance	-49.6	-36.7	-26.0	-81.2	-36.7	-54.8	-839.3	-595.2	-29.1

* Year ending February

Note:

p = Provisional data

Source: Bank of Tanzania, TRA

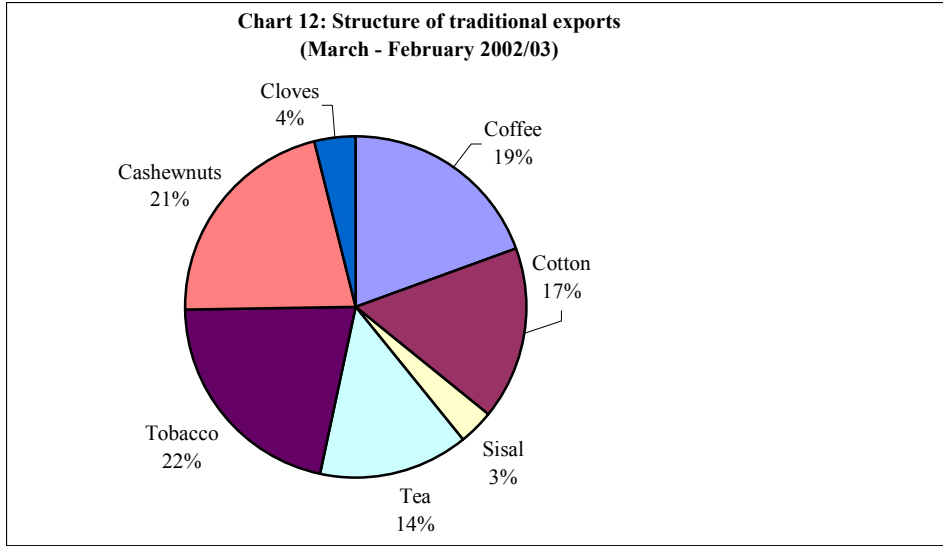
During February 2003, the deficit in the trade account consisting of goods and services narrowed by 26.0 percent to a deficit of USD 36.7 million following the larger decline in imports than exports. Similarly, during the year ending February 2003, the deficit in the trade account narrowed to USD 595.2 million from USD 839.3 million recorded in the year ending February 2002. This development was attributed to a 9.8 percent improvement in exports coupled with a 4.5 percent decline in imports

Goods Exports

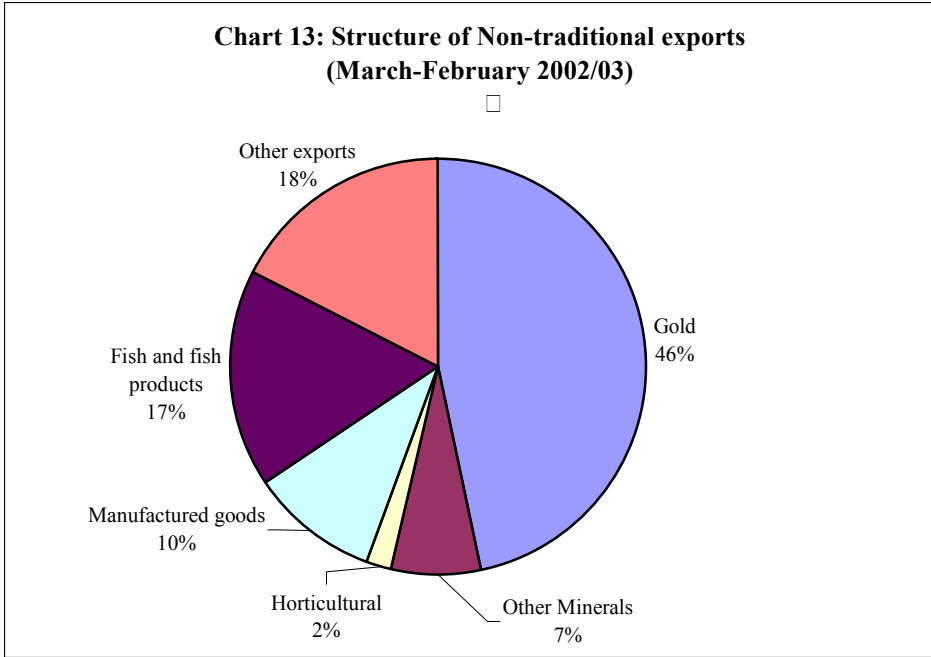
During February 2003, total goods export declined by 9.7 percent to USD 74.9 million from USD 82.9 million recorded in January 2003, largely due to a decline in both traditional and non-traditional exports. The performance of traditional exports deteriorated by 6.6 percent to USD 19.8 million compared with the levels

recorded in the previous month mainly due to the decline in volumes and unit prices of most of the selected commodities. The decline in volume was recorded in cotton, tea, cashewnuts and cloves partly reflecting the end of the season for most of the traditional crops. The deterioration in export unit prices was registered in cotton, tea, tobacco and cloves while coffee and cashewnuts recorded improvements. The improvements on unit price for coffee is currently being observed largely due to a limited supply of coffee in the world market.

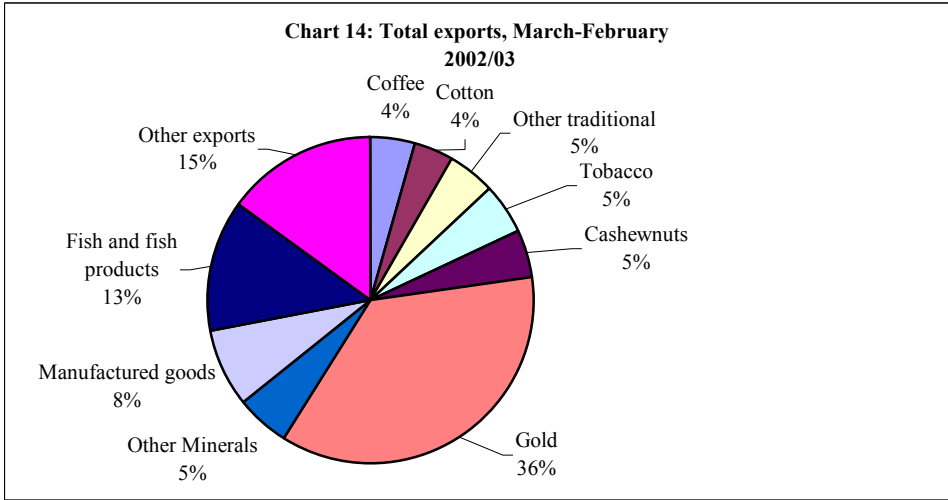
However, during the year ending February 2003, traditional exports increased marginally by 1.8 percent to USD 207.4 million from USD 203.7 million recorded in the corresponding period in 2002. The performance is largely on account of an increase in export volumes of cotton, tea, tobacco and cashewnuts. With exception of sisal, tea and tobacco, all other traditional commodities registered declines in unit prices. The structure of traditional exports for the year ending February 2003 is reflected on Chart 12.



During February 2003, non-traditional exports declined by 10.7 percent to USD 55.1 million compared with the levels recorded in the previous month, partly due to a fall in export of other exports and minerals particularly gold. Conversely, during the year ending February 2003, non-traditional exports increased by 23.4 percent to USD 698.7 million from USD 566.4 million recorded in the corresponding period ending February 2002. All sub-categories of non-traditional exports namely minerals, manufactured goods, fish and fish products, horticulture products and other exports increased during the review period. Mineral exports continued to dominate this category accounting for about 53 percent. During the period under review, mineral exports reached USD 375.2 million with gold accounting for about 87 percent. The expansion of gold mining activities in the country and higher gold prices in the world market boosted the mineral exports. The structure of non-traditional exports during the year ending February 2003 is shown on Chart 13.



The structure of total exports reflects a shift in dominance from the traditional to non-traditional exports largely due to good performance of minerals particularly gold exports. The chart below shows the structure of total exports during the year ending February 2003.



Goods Imports

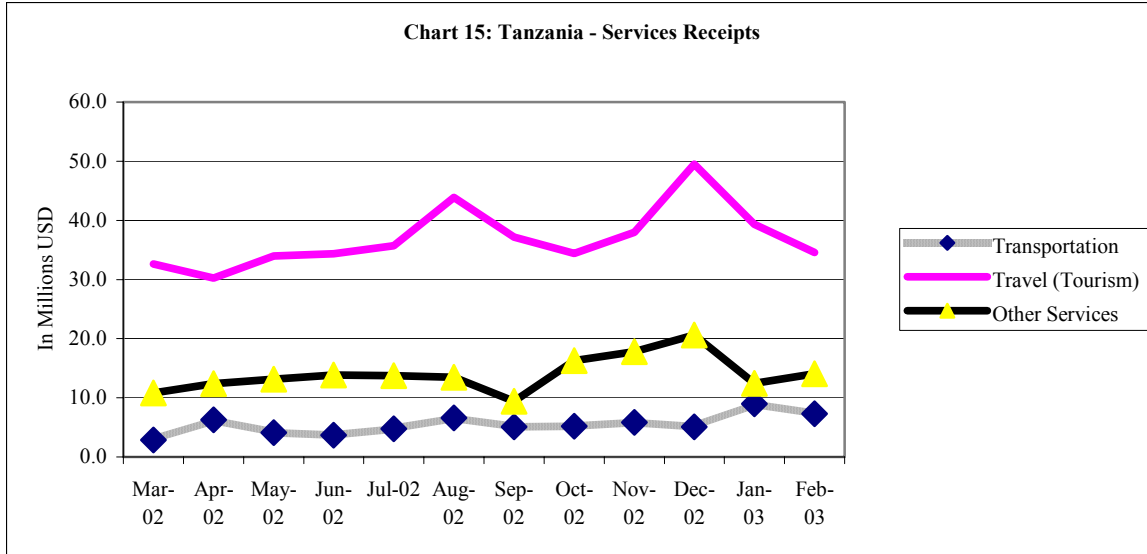
During February 2003, total goods import (f.o.b.) decreased by 12.9 percent to USD 117.7 million compared with the levels attained in January 2003. With the exception of capital goods import that recorded an increase of 4.3 percent, import from all other categories namely intermediate goods and consumer goods declined by 22.7 percent and 24.8 percent, respectively. The increase in capital goods import was due to the 46.5 percent increase in importation of transport equipment. Conversely, the decline in intermediate goods was attributable to a substantial decline in industrial raw material imports. Similarly, consumer goods imports declined following the fall in the importation of both food and foodstuffs and all other consumer goods. The decline in food and foodstuffs imports is mainly explained by the decline in cereal imports to about 33,087.0 tons from 60,014.0 tons imported in January 2003.

During the year ending February 2003, total imports (f.o.b.) declined by 4.9 percent to USD 1,506.9 million from USD 1,584.7 million recorded in corresponding period in 2002. This development was mainly associated with the decline in capital and intermediate goods import. The 10.8 percent decline in capital goods imports is partly due to the completion of initial investment in the mining sector. Conversely, consumer goods imports recorded a marginal increase of 1.2 percent following the increase in all other consumer goods imports that outweighed the impact of the decrease in food and foodstuffs following the improvement in domestic food supply condition.

Services and income Account

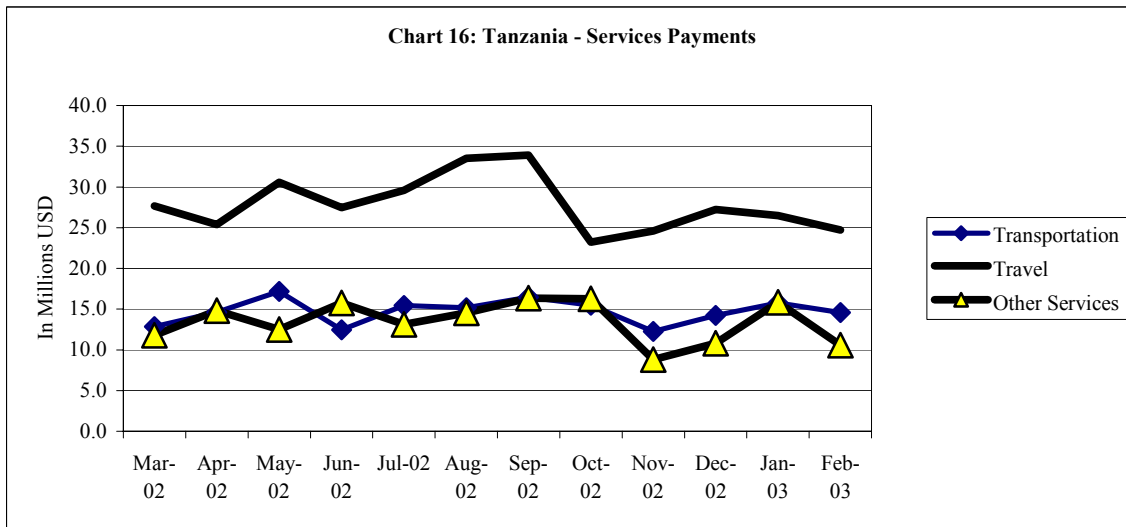
Service Account

During February 2003, the services account improved to a surplus of USD 6.1 million from a surplus of USD 1.7 million recorded during the previous month. The development resulted from a 14.2 percent decline in services payments to USD 49.8 million that outweighed the impact of the 6.6 percent decline in services receipts to USD 55.9 million. The deterioration in services receipt is partly due to the 9.9 percent decline in travel (tourism) receipts to USD 34.6 million from USD 38.4 million recorded during the previous month. The dismal performance in travel receipts is mainly attributed to the threat of terrorist attack on Zanzibar that was announced in December 2002. The announcement has had a spill over effect on Tanzania Mainland because about 36 percent of all visitors who visit Tanzania decide to visit both Zanzibar and the Mainland. It is also anticipated that the US led war against Iraq might also have a negative impact on travel receipts. During the month under review, transportation services receipts declined to USD 7.3 million from USD 9.0 million earned during the previous month.



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

The decrease in services payments, was largely due to declines in other business services, travel services and freight services payments. The 13.0 percent drop in imports (F.O.B) to USD 117.6 million from USD 135.2 million recorded in the previous month account for the decline in freight services payments.



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

During the year ending February 2003 the services account showed significant improvement by registering a surplus of USD 4.6 million from a deficit of USD 24.7 million registered during the same period a year earlier. The development resulted from a 3.5 percent decline in service payments to USD 671.9 million reinforced by the 0.7 percent increase in services receipts to USD 677.5 million. The increase in receipts was mainly recorded in travel, insurance and communication services. Travel receipts increased by 6.1 percent to USD 442.7 million partly due to efforts being made by the Tanzania Tourism Board (TTB) in promoting Tanzania as a tourist destination. The rise in communication services receipts is largely due to significant expansion of telecommunication networks in the country over the year. There were however notable decreases in other business services and government services receipts. On the other hand, the decrease in services payments was mainly due to decreases in transportation and other business services payments which declined by 9.3 percent and 30.9 percent, respectively. The decline in transportation services was mostly on account of freight services payments which decreased by 4.9 percent to USD 144.6 million. This is consistent with the 4.9 percent fall in imports (F.O.B) to USD 1,506.9 million during the year ending February 2003. There were however considerable increases registered in travel and insurance services payments.

Income Account

During February 2003, the deficit in the income account narrowed to USD 2.1 million from a deficit of USD 6.5 million recorded in the previous month largely due to the decline in investment income payments. The decline in investment income payments resulted from the 45.6 percent decrease in scheduled interest payments to USD 5.6 million.

In contrast, during the year ending February 2003, the income account deficit widened by 17.2 percent to USD 92.0 million due to the increase in income payments that overwhelmed the impact of the increase in income receipts. The upsurge in income payments is attributed to the 20.5 percent increase in scheduled interest payments to USD 137.4 million arising from payments made to non- Paris Club creditors during the month under review.

World Commodity Prices

During February 2003, the average world market prices for coffee (Arabica) and coffee (Robusta) remained unchanged at the previous month level of USD 1.5 per kg and USD 0.9 per kg, respectively.

Prices of sisal and cotton (A-index) also remained fairly stable at USD 650 per metric ton and USD 1.3 per kg respectively, during February 2003. Prices for both tea (Mombasa auction) and tea (average of Calcutta, Colombo and Mombasa auctions) went down by 6.7 percent and 11.8 percent respectively, to USD 1.4 per kg and USD 1.5 per kg respectively in February 2003, from the price levels recorded in January 2003. The decline in prices is mainly attributed to the fall in demand for tea in European markets as well as the expansion of tea production in South East Asian Countries such as Indonesia and Vietnam.

The average price of clove increased by 7.2 percent to USD 2,225.0 per metric ton during the month under review, from USD 2,075.0 per metric ton registered in January 2003. However, the increase in price is not expected to be sustained since Indonesia, the world largest producer and consumer of cloves, is expected to register bumper cloves harvest next year.

Speculations for possible USA-led military actions on Iraq exerted an upward pressure on prices of non-agricultural commodities (oil and gold) in the world market during February 2003. The average price of crude oil (f.o.b. Dubai) went up by 7.5 percent to USD 30.2 per barrel in February 2003 while that of crude oil (Average of UK Brent, Dubai and West Texas Intl) rose by 6.8 percent to USD 32.9 per barrel during the month under review from USD 30.8 per barrel recorded in January 2003. Similarly, the price of white petroleum products (f.o.b. West Mediterranean) increased by 15.2 percent to USD 318.3 per ton during February 2003 from price level registered in the previous month.

During the review month, the price of gold increased slightly by 0.6 percent to USD 359.0 per troy ounce from USD 356.9 per troy ounce recorded in January 2003.

Debt Developments

Overview

The overall total debt stock (external and domestic) as at end-February 2003, stood at USD 8,375.1 million. Out of which, external debt was USD 7,529.0 million or 89.91 percent and domestic debt was USD 845.3 million or 10.1 percent. The total National debt stock rose by USD 60.2 million or 0.7 percent from USD 8,314.9 million as at the end of January 2002. During the month under review, sum of foreign debt disbursements and new domestic borrowing led to increase in the overall debt stock.

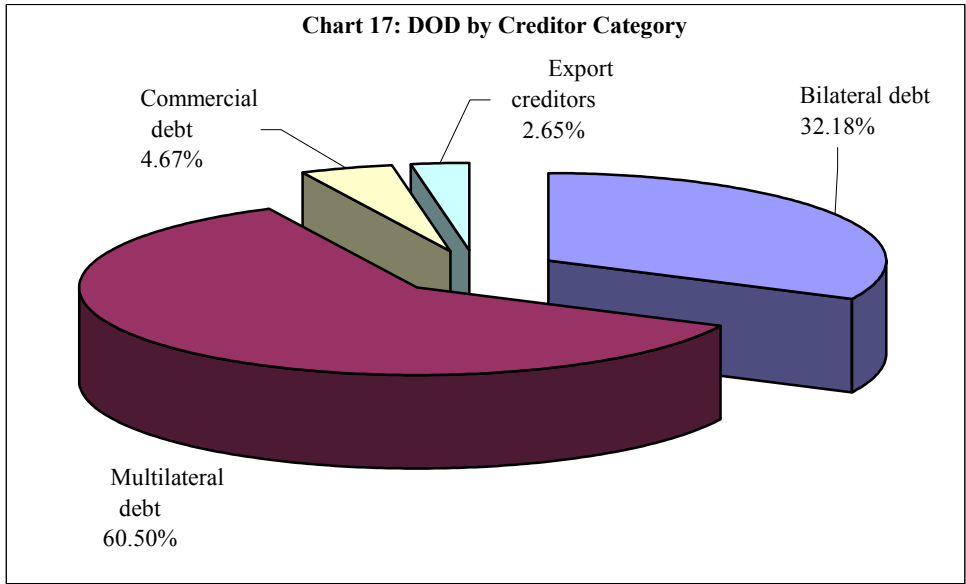
External Debt Position

Total external debt committed as at end-February 2003 was USD 8,101.9 million. The amount increased by USD 64.0 million or 0.8 percent from USD 8,037.9 million as at January 2002. Out of the total amount committed, disbursed outstanding debt (DOD) was USD 6,543.7 million and committed undisbursed debt (CUB) was USD 1,558.2 million.

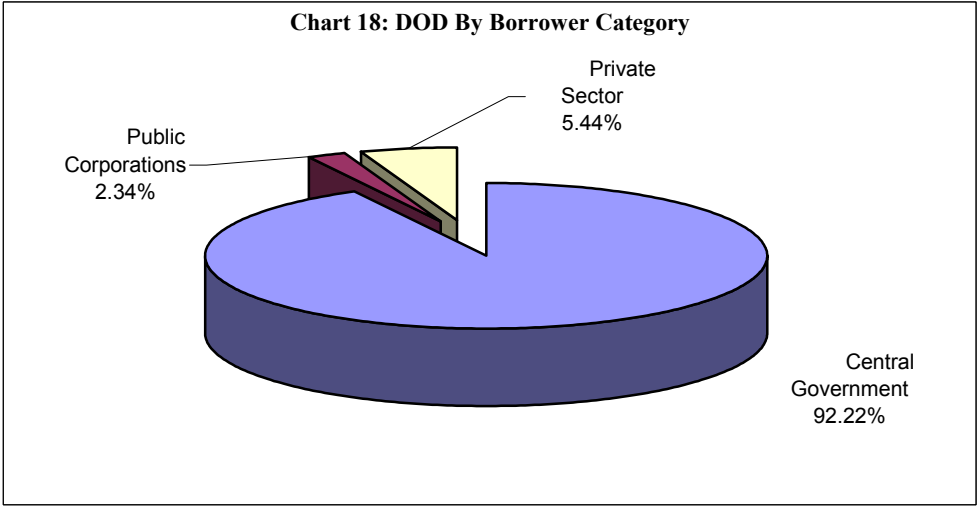
Interest arrears also increased by USD 3.2 million or 0.3 percent from USD 982.9 million at end-January 2002 to USD 986.1 million as at end-February 2003. The external debt stock increased by USD 58.7 million or 0.8 percent from USD 7,471.1 million at end-January 2002 to USD 7,529.8 million at end-February 2003.

The Profile of Disbursed Outstanding Debt

The profile of disbursed outstanding debt by creditor category shows that 60.5 percent and 32.2 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 4.7 percent and 2.7 percent, respectively.

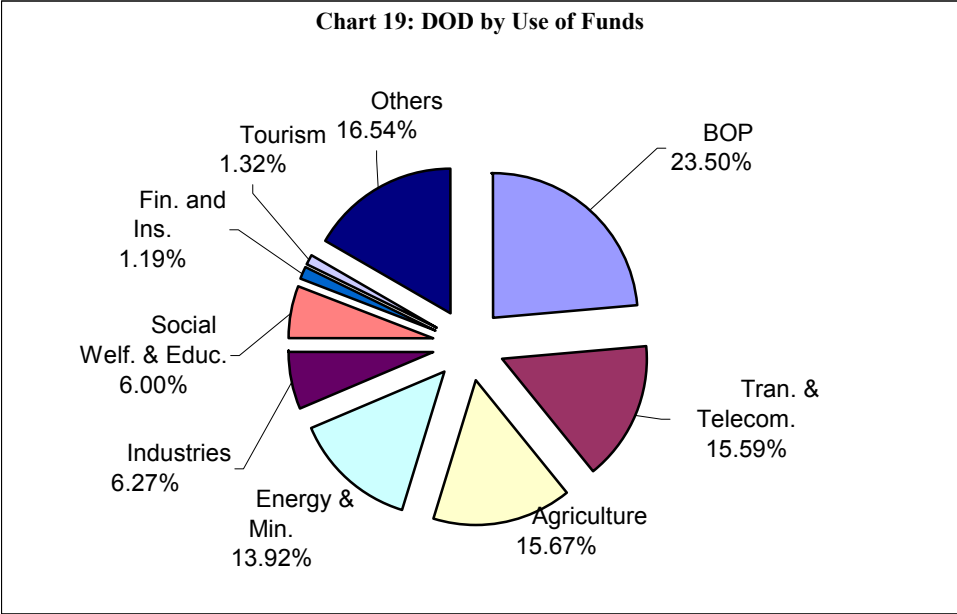


The composition of disbursed outstanding debt by borrower category shows that, the Central Government is the largest borrower accounting for as much as 92.2 percent of the total debt. The proportion of Parastatal and Private Companies in the total debt was 2.3 percent and 5.5 percent, respectively.



Classification of debt by economic sector indicates that, 23.5 percent of the total debt was disbursed in the form of Balance of payments support, while; Transport and telecommunications sector received 15.6 percent. Agriculture, and Energy and mining received 15.7 percent and 13.9 percent, respectively. Industries absorbed

6.3 percent of the total debt, while Social welfare and education, Finance and insurance, and Tourism received 6.0 percent, 1.2 percent and 1.3 percent of the debt respectively. The remaining 16.5 percent was absorbed by other sectors.



Debt Contracted, Debt Service and Disbursements

During the month under review, debt committed and recorded amounted to USD 1.4 million all by the private sector. Disbursements amounted to USD 53.0 million. External debt service was USD 19.4 million. Accordingly, there was a net inflow of USD 33.6 million.

Domestic Public Debt

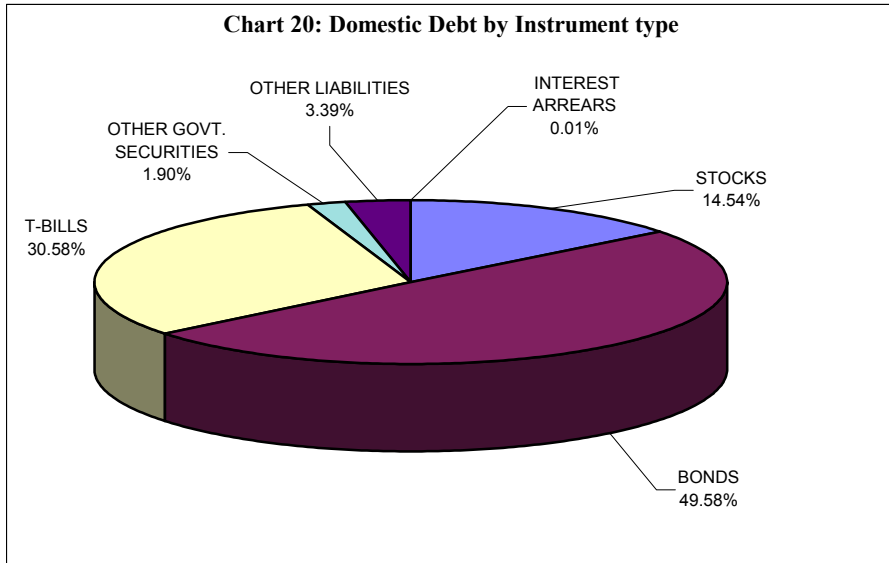
Total domestic debt stock owed by the Government of United Republic of Tanzania as at end of February 2003, stood at TZS 868.6 billion. This reflects an increase of TZS 7.8 billion or 0.9 percent when compared to TZS 860.7 billion-

registered as at end of January 2002. More borrowing through Treasury bills caused the increase in domestic debt.

Analysis of domestic debt stock by instruments shows that, Government bonds, which constituted 49.6 percent, decreased by 0.3 percent, from TZS 431.7 billion recorded as at the end of January 2002 to TZS 430.6 billion as at the end of February 2003. The decrease is attributed to by more redemption of 2-year treasury bonds compared to new issues.

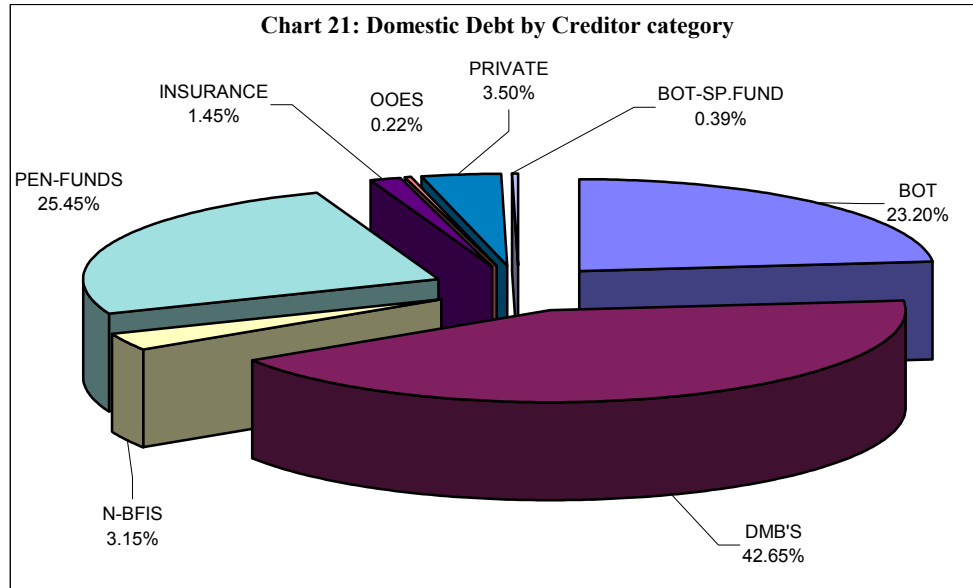
Treasury bills that constitute 30.6 percent of total domestic debt, increased significantly by 3.5 percent from TZS 256.6 billion as at end January 2002 to TZS 265.6 billion as at end-February 2003. Government stocks and Tax Reserve Certificates remained unchanged from the level of TZS 126.3 billion and 0.1 registered at the end of January 2002, 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 370.4 billion or 42.6 percent of the debt stock. Pension funds came second by holding securities worth TZS 221.03 billion or 25.4 percent. The Bank held TZS 201.5 billion or 23.2 percent. While Private and Non-bank Financial institutions held 3.5 percent and 3.1 percent respectively, the rest of the creditors; insurance companies, other official entities and the Bank special funds held 2.0 percent altogether.



Domestic Debt Service

A total of TZS 39.9 billion fell due for payment during the month of February 2003. Out of the total amount, TZS 37.3 billion has principal which was rolled over, while the remaining balance of TZS 2.6 billion was interest that was paid out of government revenues.

Other Economic Developments

Food Security

During February 2003, the Food Security Department released about 488 tons of maize to the Prisons Department and to the open market. Consequently, the SGR stocks as at end-February 2003 stood at 59,493.0 tons compared with the previous level of 59,961.0 tons recorded at end-January 2003. Although this level of stocks is slightly higher than the SGR stock of 58,254.0 tons held in the corresponding

period in 2002, it may not surface up to the next harvest given localized food deficits in certain districts and delays in the onset of long rains. Its worth noting that, on cumulative basis, between July and February 2003, SGR purchased a total of 28,476.0 tons of grains and in the same period sold a total of 16,031.0 tons to Prisons Department, open market and neighbouring countries (Zimbabwe and Malawi).

Table 6: Food Security, SGR Stocks (in Tons)

	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		
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 Budgetary Developments

Overall Performance

During February, 2003 the Zanzibar Government budgetary performance, on cheques cleared basis, recorded an overall deficit before grants to the tune of TZS 0.6 billion compared with a deficit of TZS 0.03 billion recorded in the previous

month of January, 2003. However, the budget registered an overall surplus of TZS 1.0 billion after considering grants amounting to TZS 1.6 billion.

Revenue Performance

During the period under review, total revenue slightly increased by 2.5 percent from TZS 4.0 billion collected in January, 2003 to TZS 4.1 billion as compared to decrease of 11.8 percent in the preceding month. The revenue collections accounted for 73.0 percent of the projected monthly level of TZS 5.5 billion.

The unsatisfactory revenue performance during the period under review was mainly contributed to decline in almost all tax categories due to decline in trade activities in Zanzibar emanating partially from harmonization of tax rates and decline in volume of trade. Tax revenue decreased from TZS 3.8 billion to TZS 3.7 billion, on account of VAT and excise duties (local) decrease from TZS 1.0 billion to TZS 0.9 billion and a decrease in income tax collection from TZS 0.5 billion to TZS 0.3 billion during the same period. Also, other tax decreased from TZS 1.04 billion to TZS 0.9 billion. However, tax on imports increased by 16.3 percent due to increase in imports through Zanzibar port while non-tax revenue increased significantly by 183.4 percent due to deliberate efforts of ZRB to enhance tax collection measures. On cumulative basis, during July 2002-February 2003, the total revenue amounted to TZS 31.7 billion accounting for 71.5 percent of the eight months projections of TZS 44.3 billion.

Expenditure

During the period under review, the total Government expenditure increased by 16.1 percent from TZS 3.4 billion in January 2003 due to government efforts towards accomplishing capital projects including road construction, water supply, and other socio-economic projects. However, the total expenditure was below the projected monthly expenditure of TZS 8.2 billion by 43.4 percent.

Recurrent expenditure increased by 15.4 percent from TZS 3.9 billion spent in January 2003 to TZS 4.5 billion in February 2003, accounting for 87.8 percent of the projected expenditure of TZS 5.1 billion. Expenditure on wages and salaries increased from TZS 2.9 billion spent in January, 2003 to TZS 3.50 billion spent in February, 2003. Other expenditures increased from TZS 0.96 billion to 1.0 billion during the same period. Development expenditure increased from TZS 0.1 billion spent in January 2003 to TZS 0.13 billion accounting for 4.3 percent of the monthly projected amount of TZS 3.0 billion. The increase was attributed to increased expenditure allocation for development projects.

On cumulative basis, the government spent TZS 40.1 billion during the first eight months of 2002/03 accounting for 61.1 percent of total expenditure target of TZS 65.4 billion.

Financing

During the month under review the Government of Zanzibar continued to adhere to cash budget to finance her expenditure. The government also received grant from the Government of the United Republic of Tanzania (URT) amounting to TZS 0.8

billion as allocation for February, 2003 and advance grant to the tune of TZS 800.0 million.

Zanzibar Debt Developments

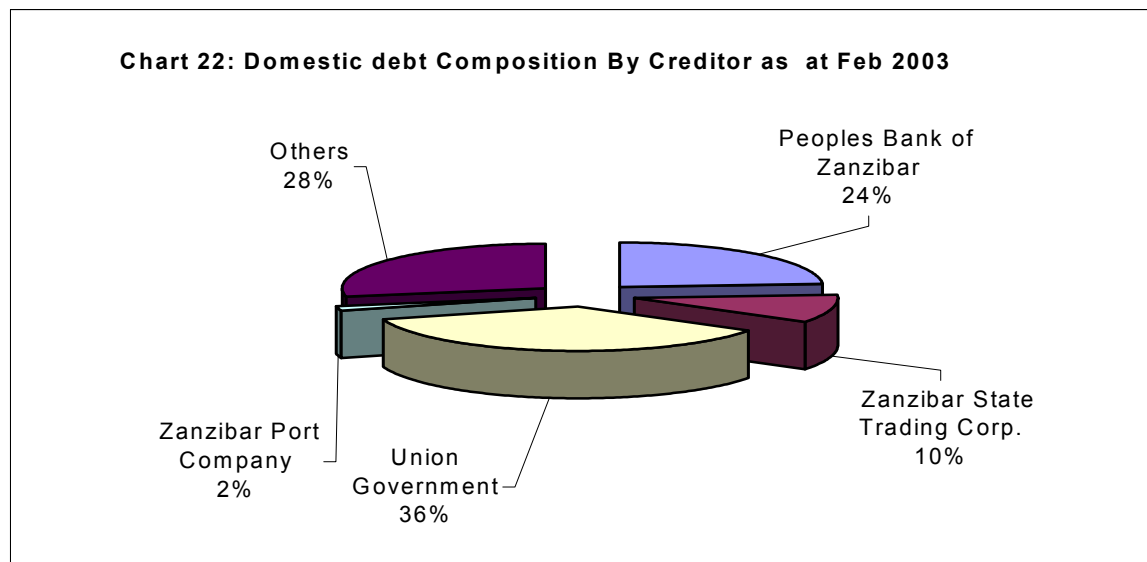
The Zanzibar total debt stood at TZS 294.7 billion or USD 286.9 million at end February 2003. Out of the total debt, domestic debt amounted to TZS 37.9 billion or USD 36.9 million accounting for 12.9 per cent of total debt, while external debt amounted to USD 250.0 million or TZS 256.9 billion accounting for 87.1 per cent of the total debt.

Domestic Debt

During February 2003, domestic debt stood at TZS 37.9 billion, which is 3.0 percent lower when compared with TZS 39.4 billion at end of January 2003. The decrease in domestic debt is largely attributable to payment of outstanding treasury bills and offsetting obligations due to pensionable civil service staff.

Domestic Debt - By Creditor

Analysis of domestic debt by creditor reveals that, at end of February 2003, the Zanzibar Government debt to the Union Government amounted to TZS 13.6 billion accounting for 35.9 percent of total domestic debt. The People's Bank of Zanzibar claims to the Government amounted to TZS 9.1 billion or 24.0 percent of total domestic debt, while the Zanzibar State Trading Corporation and Zanzibar Port Authority claims amounted to TZS 3.9 billion and Tshs 0.6 billion accounting for 10.3 percent and 1.8 percent of total debt, respectively. Other creditor claims amounted to TZS 10.6 billion or 28.0 percent of the total domestic debt.



Domestic Debt by Instrument

Domestic debt by instrument, as of February 2003, shows that borrowing through advances amounted to TZS 13.6 billion or 35.9 percent of total domestic debt. Debt by long-term loan instruments amounted to TZS 9.1 billion or 24.0 percent, while debt by government stocks amounted to TZS 3.9 billion or 10.2 percent, debt by treasury bills amounted to TZS 1.9 billion or 4.9 percent of total debt. Short-term borrowing amounted to TZS 0.7 billion or 1.9 percent of total domestic debt. While debt by other debt instruments amounted to TZS 8.7 billion accounting for 23.1 percent of total domestic debt.

Domestic debt by maturity

Domestic debt by maturity showed that debt maturing less than a year amounted to TZS 1.3 billion accounting for 0.003 percent of the total domestic debt. Debt maturing between 1-2 years amounted to TZS 4.6 million or 0.01 percent of total

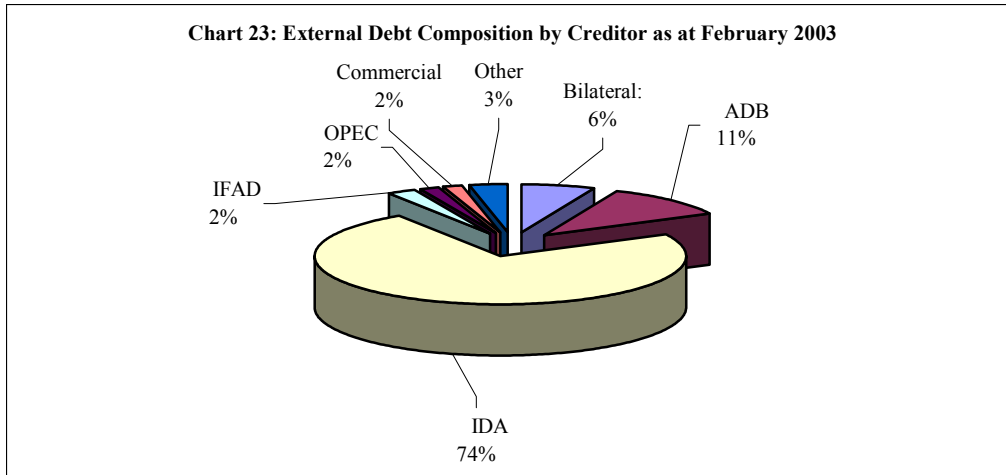
domestic debt. Debt maturing between 2-5 years amounted to TZS 9.1 million or 0.02 percent of total domestic debt. Debts with undetermined maturity amounted to TZS 37,860.9 million or 99.9 percent, while debt in arrears amounted to TZS 3.0 million accounting for 0.1 percent of total domestic debt.

External Debt

The Zanzibar Government external indebtedness at end of February 2003 stood at USD 250.0 million or TZS 256.9 billion, which is 328.2 percent higher than that recorded in January 2003 due to reconciliation of external debt data as recorded by the Union Government sources.

External Debt by Creditor Category

During February 2003, the debt portfolio revealed that multilateral debts amounted to USD 221.4 million accounting for 88.6 percent of the total external debt. Bilateral debt amounted to USD 15.8 million accounting for 6.3 percent of the total external debt, while commercial debt amounted to USD 4.7 million accounting for 1.8 percent of total external debt and other creditors category amounted to USD 8.3 million accounting for 3.3 percent of total external debt.



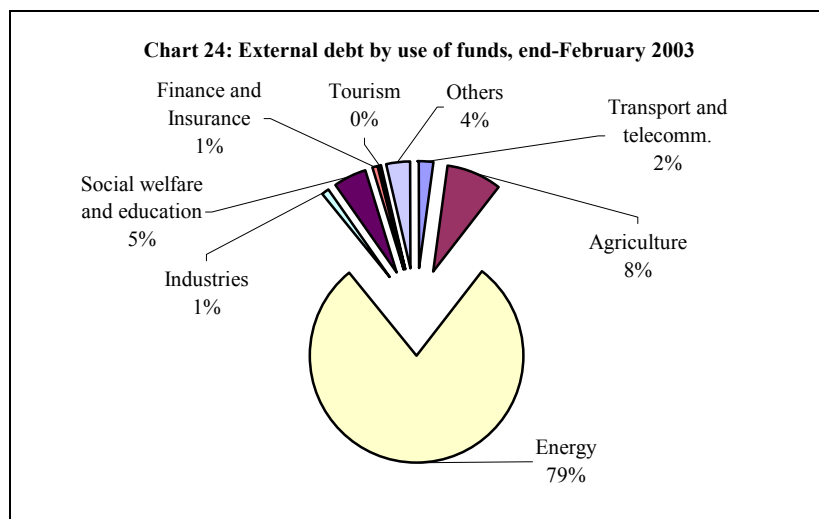
External Debt by Maturity

External debt by maturity analysis shows that, debt with maturity between 5-10 years amount to USD 8.2 million accounting for 3.3 percent of total external debt. Debt with maturity between 10-20 years are worth USD 5.0 million or 2.0 percent of total external debt. Debt with maturity above 20 years amount to USD 223.5 million and account for 89.4 percent of total Zanzibar external debt. Debt arrears amount to USD 13.4 million account for 5.3 percent of totals external debt.

External debt by use of funds

External debt by use of funds analysis shows that, debt amounting to USD 196.7 million or 78.7 percent was disbursed for energy sector. Agriculture sector received USD 21.1 million or 8.4 percent of total funds while Social welfare and education received USD 12.5 million or 5.0 percent of total disbursements. Transport and Telecommunication sector fetched USD 5.5 million or 2.2 percent of total disbursements, while Industries, Finance and Tourism received USD 2.5 million, USD 2.0 million and USD 0.6 million accounting for 1.0, 0.8 and 0.2

percent, respectively. Other sectors received USD 9.1 million or 3.7 percent of total disbursements.



Trade Developments

Trade balance

During February 2003, trade account (goods and services) worsened drastically by registering deficit of USD 2.2 million from a deficit of USD 0.9 million recorded in January 2003. The deterioration in the trade account was attributed to decreases in exports of goods and services to USD 3.5 million from USD 5.4 million recorded during January 2003 which outweighed the decrease in imports of goods and services.

Exports

During the period under review, total exports decreased to USD 0.71 million from USD 2.6 million recorded in January 2003. The decrease was attributed to decrease in traditional exports. Clove exports decreased to USD 0.5 million from USD 2.3

million recorded in January 2003, due to decline of exports which was associated with a fall in world market prices, while export of seaweeds declined to USD 0.17 million from USD 0.19 million recorded during the same period. Non-traditional exports however increased to USD 0.06 million from USD 0.02 million recorded during January 2003.

Imports

During the period under review, overall imports (c.i.f.) increased to USD 4.9 million from USD 4.8 million registered in January 2003 mainly due to increase in imports of intermediate goods and consumer goods to USD 1.4 million from USD 1.3 million and USD 1.9 million from USD 1.8 million, respectively. Capital goods imports however decreased to USD 1.54 million from USD 1.7 million recorded during January 2003 due to decline in capital formation especially in building and construction materials and machinery.

Combined Services and Income account

During the period under review, combined income and services account surplus improved from a surplus of USD 1.3 million from a surplus of USD 0.8 million recorded in during January 2003. The increase was attributed to a decrease in foreign payments from USD 2.1 million recorded during January 2003 to USD 1.5 million which outweighed the decrease in foreign receipts from USD 2.9 million to USD 2.8 million during the review period.

Service account

The non-factor services account recorded increased surplus to USD 1.3 million in February 2003 from USD 0.8 million recorded in January 2003. The increase was

attributed to a decrease in non-factor services payments to USD 1.5 million from USD 2.1 million registered during January 2003. Contribution of income account was negligible during the review period.

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 policy factors.

Seasonally Adjusted Indicators

To enhance the vigilance of monetary policy, i.e., to be able to make intra-year comparisons (e.g., month-to-month), it is necessary to carry out seasonal adjustment. 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. Therefore seasonally adjusted indicators show the impact of non-seasonal influences.

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) Bankers' 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 monetary 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 at the Bank of Tanzania. It is derived from the weighted average yield of treasury bills of all maturities plus fine 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	1,537,802.9
6.1 Percentage Change	Per cent	26.1	11.6	11.0	11.1	15.0	12.5	12.3	21.8
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	461,323.0
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	487,001.9
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	1,173,034.9
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	780,651.1
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	1,005,750.4
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	157,043.5
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	(72,689.7)
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)	66,469.6
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	64,952.1
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	7,529.8
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	6,543.7
Interest	Mill. USD	1,086.3	1,130.8	978.2	948.8	1,089.4	1,086.5	904.3	986.1

Note: * Provisional data; ** Position at end-February 2003

*** cummulative for July 02 - Feb 2003

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

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

Table A2: Central Government Operations (Actual)

Item	Millions of TZS											
	1996/97	1997/98	1998/99	1999/2000	2000/2001	2001/2002	2002/2003	Jul-02	Jul-Aug-02	Jul-Sep-02	Jul-Oct-02	Jul-Nov-02
	BUDGET											
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	88,970.3	179,794.9	286,902.6	379,922.2	479,328.6
Tax Revenue	505,354.7	566,122.6	616,284.1	685,107.4	827,788.4	939,266.8	1,066,899.0	82,631.6	164,994.4	263,278.5	350,306.1	438,901.2
Taxes on Imports	163,088.9	180,662.1	218,698.1	220,352.4	363,540.6	402,159.1	474,647.0	36,271.2	71,707.7	107,891.0	146,921.1	185,238.1
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	20,129.3	40,985.3	64,887.1	85,554.2	109,481.8
Refunds			13,823.8	7,904.1	4,195.4	32,552.4		0.0	0.0	0.0	0.0	0.0
Income Taxes	125,726.2	149,787.9	162,894.1	209,713.6	194,012.9	220,630.8	254,070.0	16,824.5	34,001.1	63,301.4	80,820.7	97,579.0
Other taxes	87,577.8	95,152.6	73,356.4	75,052.0	81,396.3	100,410.1	105,163.0	9,406.6	18,300.3	27,199.0	37,010.1	46,602.3
Non-tax Revenue	66,675.0	52,960.5	73,041.2	92,537.3	101,835.6	103,688.3	105,398.0	6,338.7	14,800.5	23,624.1	29,616.1	40,427.4
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	94,960.0	227,833.3	351,723.8	502,354.0	626,680.8
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	80,855.1	197,609.4	309,323.2	435,878.6	535,479.0
Roadroll fund			38,395.4	37,511.2	45,285.9	54,110.9	67,275.9	5,562.1	10,341.5	15,811.7	19,807.3	24,685.8
Retention fund			19,725.5	22,982.0	25,711.3	25,142.8	50,516.6	4,940.2	9,891.1	15,591.0	21,281.9	26,763.4
Wages and salaries	199,228.0	218,807.0	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
Interest payments	113,647.5	101,181.3	90,828.2	128,178.4	128,149.7	121,081.7	131,601.1	4,402.2	14,068.5	26,596.8	34,855.5	41,814.9
Domestic 2/	75,567.2	53,214.9	30,345.9	81,329.6	77,788.4	64,605.2	57,390.2	913.0	4,532.3	12,582.0	15,102.5	16,311.1
Foreign	38,080.3	47,966.3	60,482.3	46,848.8	50,361.3	56,476.0	74,210.9	3,489.2	9,536.2	14,014.8	19,733.0	25,503.9
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	44,152.1	117,718.4	184,004.8	268,785.5	327,903.9
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	14,104.8	30,223.9	42,400.6	66,475.4	91,201.9
Local			18,807.5	19,428.8	35,069.1	50,235.9	95,662.0	3,970.8	7,470.8	10,970.8	20,470.8	27,208.8
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
Overall Defic.(cheq. issued) before Grants	56,640.4	(111,252.9)	(127,381.3)	(391,134.1)	(375,411.3)	(423,181.8)	(391,694.6)	(5,989.7)	(48,038.4)	(64,821.2)	(122,431.8)	(147,352.2)
Grants:	81,415.6	119,358.3	169,945.6	280,306.7	286,306.0	379,849.4	542,298.2	4,662.8	42,030.5	55,855.7	131,218.4	153,191.7
O/W : Project	48,380.0	117,541.0	100,499.8	207,519.4	123,629.8	140,192.0	283,903.7	2,559.3	8,148.9	8,955.3	14,765.2	17,901.9
MDF funds			47,530.2	72,787.3	30,436.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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)	(1,326.9)	(6,007.9)	(8,965.6)	8,786.5	5,839.4
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)	15,611.4	2,854.3	(28,455.4)	(22,856.2)	(29,382.6)
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)	(52,906.6)	(76,093.8)	(111,774.1)	(90,045.2)	(100,989.7)
Financing:	(77,139.3)	68,137.3	(17,423.7)	113,271.7	114,552.7	40,128.6	401,694.9	52,906.6	76,093.8	111,774.1	90,045.2	100,989.7
Foreign Financing (net)	(49,065.3)	64,468.1	(18,683.7)	105,417.3	90,354.2	121,842.5	348,440.9	3,671.8	6,568.0	12,901.8	14,872.0	23,678.4
Loans	19,233.1	136,890.0	53,842.8	187,786.3	172,880.4	187,355.5	451,362.7	7,574.7	14,604.2	22,474.5	31,239.4	46,091.1
Program loans	16,543.4	80,069.0	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
Development Project loans	2,689.7	56,821.0	17,216.6	132,965.3	127,554.3	154,184.3	340,561.4	7,574.7	14,604.2	22,474.5	31,239.4	46,091.1
Amortization	(68,298.4)	(72,421.9)	(72,526.5)	(82,369.0)	(82,526.2)	(65,513.0)	(102,921.8)	(3,902.9)	(8,036.2)	(9,572.6)	(16,367.4)	(22,412.8)
Domestic (net)	(41,926.6)	3,669.2	(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
Bank borrowing	(26,072.3)	(23,605.1)	1,230.0	7,690.6	(18,654.8)	(59,180.9)	30,254.0	47,985.7	68,276.7	92,623.2	68,924.1	71,062.2
Non-Bank (net of amortization)	(15,854.3)	27,274.3	(6,970.0)	163.8	16,160.4	36,574.3	21,254.0	1,500.0	1,500.0	6,500.0	6,500.0	6,500.0
Amortization	(24,696.3)	(53,419.5)	(38,499.1)	(234,092.1)	(256,372.9)	(1,614.0)	9,000.0	(250.9)	(250.9)	(250.9)	(250.9)	(250.9)
Privatization Proceeds	13,852.6	0.0	7,000.0	0.0	26,692.9	0.0	(10,000.0)	0.0	0.0	0.0	0.0	0.0
Recovery from NBC bond							18,000.0	0.0	0.0	0.0	0.0	0.0

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

Table A3: Monetary Survey

End of Period	Millions of TZS													
	Domestic assets (net)					M3, Extended Broad Money			Memorandum item:					
	Domestic credit (net)					M2, Broad Money			M0 Base Money					
	Foreign assets (net)	Claims on government (net)	Claims on other domestic sectors (net)	Other items (net)	Total sum (9-13)	Total sum (9-12)	Total sum (9-10)	M1, Narrow Money		Currency in circulation			Foreign currency deposits	Total sum (9,15)
Demand deposits								Narrow Money	outside banks	Demand deposits	Time deposits	Savings deposits		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1992	54,027.8	82,201.2	34,849.6	130,847.3	301,925.9	284,968.3	185,876.2	95,454.5	90,421.7	62,459.1	36,633.0	16,957.6	112,750.2	17,295.7
1993	29,594.4	184,089.3	245,784.1	(38,832.2)	420,635.6	367,094.8	247,091.1	122,166.7	124,924.4	69,607.5	50,396.2	53,540.8	152,320.8	30,154.1
1994	116,393.2	181,055.6	280,158.6	(7,864.2)	569,743.2	486,489.2	329,624.8	176,308.2	153,316.5	84,799.5	72,064.9	83,254.0	226,441.4	50,133.2
1995	165,813.5	279,257.9	247,846.0	59,994.1	752,911.5	613,695.3	428,285.1	244,313.7	183,971.4	91,210.2	94,199.9	139,216.3	314,885.1	70,571.4
1996	290,319.8	295,822.8	141,341.0	90,579.4	818,063.0	684,990.6	449,213.3	257,662.8	191,550.5	122,436.6	113,340.7	133,072.4	335,768.0	78,105.3
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
2001-January	818,145.8	399,352.1	345,571.7	(173,449.1)	1,389,620.4	1,077,838.6	670,259.8	366,101.6	304,158.2	179,356.7	228,222.1	311,781.8	547,529.7	181,428.1
March	957,511.5	250,323.3	366,537.8	(148,979.5)	1,425,393.2	1,069,390.9	653,851.0	358,723.7	295,127.4	179,987.3	235,552.6	356,002.3	523,357.2	164,633.5
June	1,001,411.8	268,919.6	378,422.2	(175,851.7)	1,472,901.9	1,099,034.0	691,254.6	375,044.9	316,209.6	171,597.7	236,181.7	373,867.9	506,847.8	131,802.9
Dec	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	306,398.7	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

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