



# **BANK OF TANZANIA**

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## SUMMARY OF ECONOMIC DEVELOPMENTS

### Tanzania Mainland

Tanzania recorded **real GDP growth** of 6.0 percent in 2009, slightly above the projected growth rate of 5.0 percent, but lower than 7.4 percent recorded in 2008. This performance was mainly driven by higher growth rates in the communication, financial intermediation and electricity and gas sub activities. On quarterly basis, real GDP growth rates in the fourth quarter of 2009 remained at the level recorded in the corresponding period in 2008. **Headline inflation** continued to be mostly driven by exogenous factors, mainly low food supply in neighbouring countries and some parts of Tanzania and high domestic transportation costs caused by high global oil prices. However, during the quarter ending March 2010, inflation started to ease, reaching an average of 9.8 percent compared to 12.5 percent recorded in the preceding quarter, mainly due to improvement in food supply across the region.

Mindful of the downside effects of the global financial crisis on the economy and the need to stir the economy to return to the pre-crisis levels, the Bank continued to follow a flexible monetary policy stance during the quarter to ensure availability of **credit to the private sector**. As a result, the annual growth of credit to the private sector has shown signs of recovery growing at 10.8 percent at the end of March 2010, compared to 9.6 percent recorded at the end of December 2009, but still low compared to 35.9 percent registered in the quarter ending March 2009. Extended broad money (M3) and broad money (M2) supply grew at 19.1 percent and 23.5 percent compared to 14.4 percent and 18.4 percent recorded during the quarter ending March 2009, respectively. Consistent with the monetary policy stance, **interest rates** on money market instruments, deposits, and lending by banks remained moderate during the quarter. Specifically, overall time deposit rate was 6.11 percent from 6.36 percent recorded in the preceding quarter, while lending rate was 14.83 percent from 14.38 percent. In the same period, overall weighted average yield of Treasury bill (which is the main anchor of interest rate) was 4.15 percent, down from 6.91 percent. As for **exchange rate** – another financial asset price – increased marginally to a weighted average of TZS 1,337.0 per USD, from TZS 1322.1 per USD recorded in the quarter ending December 2009.

Meanwhile, **fiscal deficit** narrowed to TZS 287.1 billion from a deficit of TZS 411.1 billion recorded in the previous quarter. The decline in fiscal deficit reduced Government's burden on the financial sector, thus, allowing financial resources to be directed to other productive sectors.

## **Zanzibar**

**Real GDP** growth rate increased to 6.7 percent in 2009 from 5.3 percent realized in 2008. The performance emanated mostly from services sector, which grew at 8.8 percent compared to 6.1 percent in 2008, following an increase in the number of tourist arrivals. On the other hand, agriculture which accounted for 22.1 percent of GDP declined to 4.4 percent in 2009, from 5.7 percent in 2008, mainly due to bad weather condition and low production of cloves and seaweeds.

**Average headline inflation** for the quarter ending March 2010 was 6.4 percent, being lower than 17.4 percent registered during the quarter ending March 2009. The sharp decline in the rate of inflation was on account of a fall in prices of rice, which is a major staple food, and petroleum products.

Meanwhile, **Government budgetary operations** on cheques issued basis registered a deficit after grants of TZS 14.5 billion or TZS 11.3 billion after adjustment to cash. Total resources amounted to TZS 56.3 billion out of which TZS 41.8 billion was from the domestic sources and the balance was foreign assistance. During the quarter, total expenditure amounted to TZS 70.8 billion, lower than the target of TZS 79.9 billion. The budget deficit was exclusively financed by foreign loans.

## 1.0 OUTPUT AND PRICES

### The Overall Economic Performance

Tanzania recorded real GDP growth of 6.0 percent in 2009, slightly above the projected growth rate of 5.0 percent, but lower than 7.4 percent recorded in 2008. This performance was mainly associated with a rise in growth rates in the communication (21.9 percent), financial intermediation (9.0 percent) and electricity and gas (8.4 percent) sub-activities. The good performance in these sub-activities was driven by increased competition, investment in infrastructure, and services.

On quarterly basis, lower real GDP growth rates were recorded during 2009 (except for the fourth quarter) compared with the rates recorded in the corresponding period in 2008, largely associated with the global financial crisis (GFC) and drought. **Table 1.1** summarizes the Tanzania's quarterly GDP during the period 2004 to 2009. Going forward, as the global economy continues to recover and demand strengthens, growth in various productive activities is expected to pick up in the medium and long-term to the levels or above those attained before the crisis.

**Table 1.1: Quarterly Gross Domestic Product - Constant Prices**

Period	TZS million					
	2004	2005	2006	2007	2008	2009
Q 1	2,495,168	2,641,612	2,899,035	3,028,448	3,244,302	3,426,464
Q 2	2,807,139	3,023,756	3,291,067	3,483,692	3,736,339	3,930,216
Q 3	3,282,548	3,554,960	3,757,580	4,027,030	4,394,076	4,705,955
Q 4	2,654,880	2,847,763	2,933,481	3,262,752	3,453,631	3,658,666
Total	11,239,735	12,068,090	12,881,163	13,801,922	14,828,347	15,721,301
<u>Growth Rates</u>						
Q 1	7.7%	5.9%	9.7%	4.5%	7.1%	5.6%
Q 2	6.2%	7.7%	8.8%	5.9%	7.3%	5.2%
Q 3	7.4%	8.3%	5.7%	7.2%	9.1%	7.1%
Q 4	10.3%	7.3%	3.0%	11.2%	5.9%	5.9%
Average	7.8%	7.4%	6.7%	7.1%	7.4%	6.0%

Source: National Bureau of Statistics and Bank of Tanzania

### Sectoral Performance

#### Traditional Export Crops Procurement

During the quarter ending March 2010, procurement of major traditional export crops declined to 125,165.3 tons from 138,987.3 tons procured in similar period a year before

(Table 1.2). The decline was mainly attributed to low production of coffee and cashew nuts associated with inadequate application of agro chemicals and production cycle for coffee. However, sisal production rose following increased global demand for sisal fiber and its products as the global economy recovered from the effects of the financial and economic crisis.

**Table 1.2: Procurement of Traditional Export Crops**

	January - March		Tons
	2009 <sup>r</sup>	2010 <sup>p</sup>	%
			Change
Tobacco	off season		0.0
Cotton lint	off season		0.0
Cashew nuts	79,068.7	74,168.7	-6.2
Coffee	45,000.0	34,511.0	-23.3
Sisal	4,407.0	5,276.0	19.7
Tea	10,511.5	11,219.6	6.7
<b>Total</b>	<b>138,987.3</b>	<b>125,165.3</b>	<b>-9.9</b>

Source: Respective crop boards

Notes: r = Revised

p = Provisional

### Production of Gold and Diamond

During the quarter ending March 2010, production of gold amounted to 8,760.9 kilograms compared to 6,387.7 kilograms produced in the corresponding period in 2009. Meanwhile, production of diamond increased to 25,595.5 carats from 3,621.5 carats produced in the corresponding period of 2009 (Table 1.3).

**Table 1.3: Recovery of Gold and Diamond**

	Units	2009		2010	Percent Change	
		Jan - Mar	Oct - Dec	Jan - Mar	Dec-09 to Mar-10	Mar-09 to Mar-10
Gold	Kgs	6,387.7	7,583.2	8,760.9	15.5	37.2
Diamond	Carats	3,621.5	28,914.5	25,595.5	-11.5	606.8

Source: Mining Companies

### Food Supply Situation

Assessment on food supply conducted in March 2010, revealed that about 717,684 people in 47 districts in Tanzania Mainland would face serious food shortage to the tune of 21,604 tons of grain during March through May 2010. The Government and private

traders purchased 106,083 tons of maize from the National Food Reserve Agency (NFRA) for distribution to the affected areas.

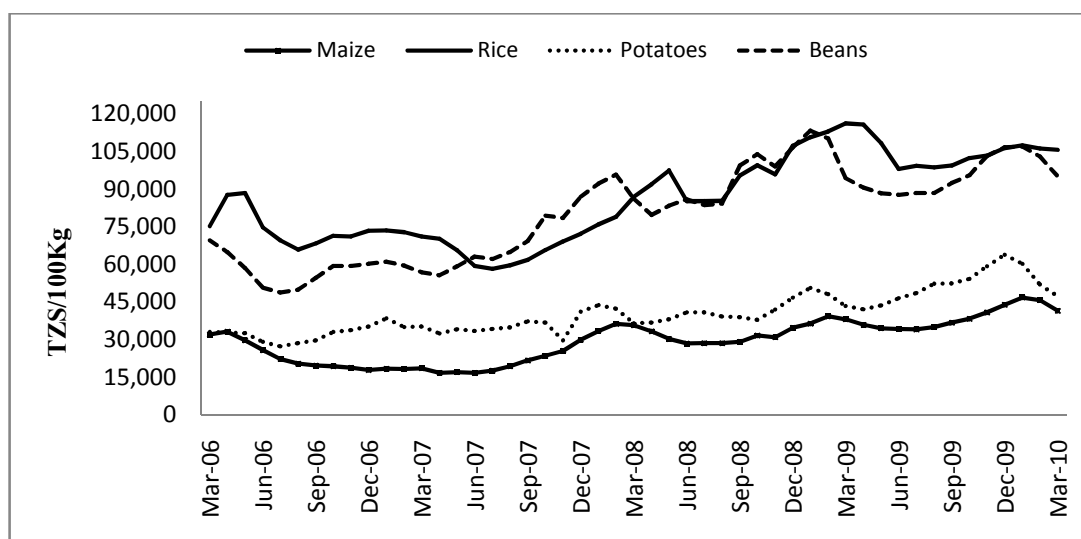
Consistent with the reported food shortages, wholesale prices for the selected food crops, with the exception of rice and beans, increased when compared to the corresponding quarter in 2009 (Table 1.4 and Chart 1.1).

**Table 1.4: National Average Wholesale Prices for Selected Food Items**

Item	TZS per 100 kg				
	2009		2010	Percent Change	
	Jan- Mar	Oct- Dec	Jan- Mar	Oct-Dec 09 to Jan-Mar 10	Jan-Mar 09 to Jan-Mar 10
Maize	37,938	41,038	44,465	8.3	17.2
Rice	113,296	104,049	106,428	2.3	-6.1
Beans	105,981	101,841	102,935	1.1	-2.9
Sorghum	44,842	51,239	55,796	8.9	24.4
Potatoes	37,938	59,088	51,197	-13.4	34.9

Source: Ministry of Industry, Trade and Marketing

**Chart 1.1: National Average Wholesale Price Trend for Selected Food Items**



### National Food Reserve

The stock of grain reserves held by the National Food Reserve Agency (NFRA) was 60,694 tons at the end of March 2010, compared to 77,644 tons recorded at the end of December 2009 (Table 1.5). The decline was on account of sale of grains to the Government and private traders for distribution to areas facing food shortages.



**Table 1.5: National Food Reserve Agency (NFRA) Stock**

Period	Tons						Percent Change 2009-2010
	2005	2006	2007	2008	2009	2010	
January	119,924	76,813	112,343	139,765	128,919	66,267	-48.6
February	116,383	43,593	117,838	133,898	125,430	64,461	-48.6
March	114,760	8,055	121,046	119,022	124,252	60,694	-51.2
April	115,262	3,165	125,509	94,509	122,849		
May	113,823	6,210	128,350	79,369	109,876		
June	112,823	15,560	128,804	76,649	94,699		
July	112,323	13,811	129,306	75,438	88,841		
August	112,067	28,440	125,653	83,131	93,231		
September	111,971	80,248	131,937	102,225	110,278		
October	111,695	87,461	143,717	114,464	107,177		
November	106,428	100,828	142,624	122,209	86,542		
December	93,051	110,203	142,044	129,253	77,644		

**Source:** National Food Reserve Agency and Bank of Tanzania.

### **Inflation Developments**

Annual headline inflation during the quarter under review eased to an average of 9.8 percent, from 12.5 percent recorded during the quarter ending December 2009 mainly associated with drop in food inflation. Food inflation declined to an average of 10.4 percent during the quarter from 16.5 percent recorded in the preceding quarter, largely driven by decreases in prices of some food items including maize flour, cassava, banana, fruits and sugar.

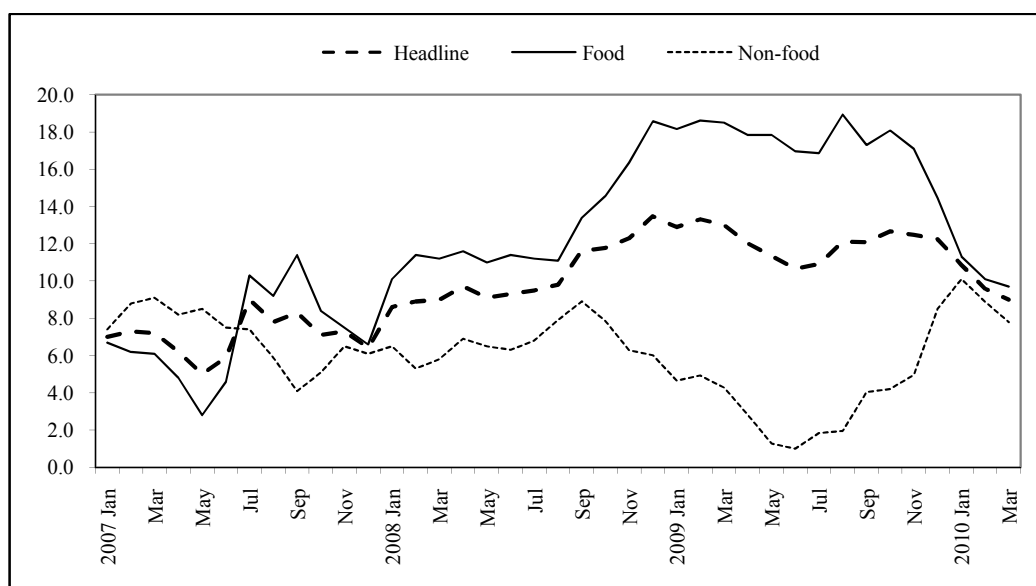
Meanwhile, non-food inflation increased to an average of 8.9 percent from 6.0 percent recorded during the quarter ending December 2009. The increase was mainly attributed to a rise in average prices in the fuel, power and water; transportation, drinks and tobacco sub-groups (**Table 1.6 and Chart 1.2**).

**Table 1.6: Average Inflation**

Commodity Group	Weight	2008				2009				2010
	(%)	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar
<b>Headline/Overall</b>	<b>100</b>	<b>8.9</b>	<b>9.4</b>	<b>10.3</b>	<b>12.5</b>	<b>13.1</b>	<b>11.3</b>	<b>11.7</b>	<b>12.5</b>	<b>9.8</b>
<b>Food</b>	<b>55.9</b>	<b>10.9</b>	<b>11.4</b>	<b>11.9</b>	<b>16.5</b>	<b>18.4</b>	<b>17.5</b>	<b>17.7</b>	<b>16.5</b>	<b>10.4</b>
<b>Non-food</b>	<b>44.1</b>	<b>5.8</b>	<b>6.6</b>	<b>7.8</b>	<b>6.7</b>	<b>4.6</b>	<b>1.7</b>	<b>2.6</b>	<b>6.0</b>	<b>8.9</b>
Transportation	9.7	5.5	6.8	8.5	6.6	3.6	-0.9	-2.9	0.5	3.6
Fuel, Power and Water	8.5	8.4	11.2	13.2	9.9	1.8	-7.7	-5.7	5.6	20.0
Drinks and Tobacco	6.9	9.9	7.9	8.5	6.4	5.5	6.5	10.7	12.3	11.1
Clothing & Footwear	6.4	0.8	1.1	1.1	2.8	4.1	5.7	8.8	6.5	5.1
Education	2.6	5.6	6.3	7.8	8.3	10.1	10.8	10.5	8.9	5.7
Furniture & Household Equip.	2.1	5.6	6.3	7.8	8.3	7	6.7	6.6	4.2	2.4
Household Operations Maintenance.	2.1	3.1	2.7	2.2	4.7	4.9	4.8	5.3	5.8	5.2
Personal Care & Health	2.1	3.4	3.7	5.9	7.1	7.7	7.4	7.2	4.9	4.7
Rents	1.4	2.1	2.1	3	2.4	12.6	12.2	12.6	12.2	2.7
Recreation & Entertainment	0.8	4.4	4.1	5.5	8	10.4	9.0	8.8	8.5	4.6
Miscellaneous Goods and Services	1.5	1.6	0.7	2.2	2.6	3.4	4.5	4.0	1.3	-0.9

Source: National Bureau of Statistics and Bank of Tanzania.

**Chart 1.2: Annual Headline, Food and Non-food Inflation**

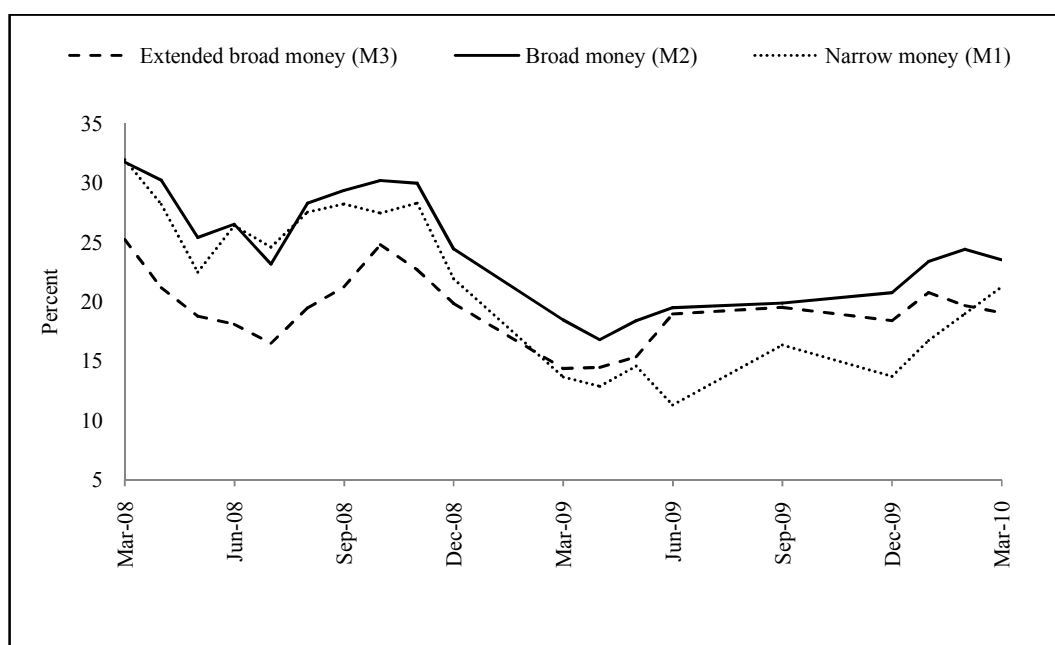


## 2.0 MONETARY AND FINANCIAL DEVELOPMENTS

### Money and Credit

During the quarter ending March 2010, extended broad money supply (M3) recorded an annual growth rate of 19.1 percent, higher than the rates of 18.4 percent and 14.4 percent in the quarters ending December 2009 and March 2009, respectively. Likewise, broad money supply (M2) registered an annual growth rate of 23.5 percent in March 2010, being above the rates of 20.8 percent and 18.4 percent in the quarters ending December 2009 and March 2009, respectively (**Chart 2.1**).

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



Source: Bank of Tanzania

The growth in money supply was underpinned by changes in Net Foreign Assets (NFA), which increased by 18.6 percent in the year ending March 2010 compared to the growth of 2.3 percent recorded in the year ending March 2009. A notable turnaround in the growth of NFA of the other depository corporations (ODCs) has been observed over the recent past, which boosted the ODCs' contribution to the total growth of NFA of the banking system. The annual growth rate of ODCs' NFA in March 2010 was 55.6 percent, a turnaround from a negative growth rate of 4.8 percent recorded in the corresponding period of 2009. The development reflects the slowdown in expansion of credit to the private sector.

The annual growth of credit to the private sector in the year ending March 2010 was 10.8 percent slightly above 9.6 percent recorded in the period ending December 2009, but significantly lower than 35.9 percent recorded during the corresponding period in 2009. The recent slower growth of credit to the private sector is a manifestation of cautious stance taken by banks in extending credit to the private sector in the wake of the global financial and economic crisis (**Table 2.1**).

**Table 2.1: Developments in Selected Monetary Aggregates**

Item	Stock			Change		Annual Growth rates (%)		
	Mar-09	Dec-09	Mar-10	Quarter	Annual	Mar-09	Dec-09	Mar-10
Extended Broad Money (M3)	7,633.5	8,831.8	9,088.1	256.3	1,454.58	14.4	18.4	19.1
Broad Money (M2)	5,573.5	6,604.0	6,884.9	280.9	1,311.41	18.4	20.8	23.5
Currency in Circulation(CC)	1,366.6	1,567.3	1,543.0	-24.3	176.45	19.8	8.9	12.9
Transferable Deposits	1,731.6	2,024.0	2,212.9	188.9	481.28	9.2	17.7	27.8
Other Deposits	2,475.3	3,012.6	3,129.0	116.4	653.68	25.0	30.4	26.4
Foreign Currency Deposits (FCD)	2,060.0	2,227.8	2,203.1	-24.7	143.17	4.6	11.9	7.0
FCD in millions of US dollar	1,568.0	1,696.3	1,656.2	-40.1	88.20	-1.5	9.1	5.6
Total deposits in Commercial banks	6,705.3	7,852.7	8,213.4	360.7	1,508.13	14.6	22.4	22.5
Private sector	6,217.2	7,190.1	7,521.8	331.7	1,304.61	13.2	19.6	21.0
Government deposits	488.1	662.6	691.6	29.0	203.52	35.8	65	41.7
Net Foreign Assets of the banking system	4,145.3	4,938.0	4,915.9	-22.1	770.61	2.3	20.8	18.6
Bank of Tanzania	3,457.1	3,843.4	3,845.0	1.6	387.85	3.8	7	11.2
Commercial banks	688.1	1,094.5	1,070.9	-23.6	382.75	-4.8	121.3	55.6
Net Domestic Assets of the banking system	3,488.3	3,893.8	4,172.2	278.4	683.97	33.0	15.5	19.6
Domestic credit	4,256.3	5,068.0	5,445.0	377.0	1,188.75	30.5	20.1	27.9
Claims on Government	2,052.7	2,762.5	2,930.8	168.3	878.08	-12.0	25.7	42.8
Government deposits	2,422.6	2,686.7	2,611.6	-75.1	188.98	-2.1	6.1	7.8
Claims on private Sectors	4,626.2	4,992.2	5,125.8	133.6	499.65	35.9	9.6	10.8

**Source:** Bank of Tanzania

**Note:** Stock and Changes are in Billions of TZS

### Interest Rate Developments

Consistent with the monetary policy stance, interest rates exhibited a declining trend during the quarter ending March 2010. The overall weighted average yield on Treasury bills decreased to 4.15 percent in March 2010, from 13.33 percent and 6.91 percent recorded in March and December 2009, respectively. Likewise, the overall Interbank cash market rate declined to 1.29 percent, from 10.10 percent and 1.57 percent recorded in the corresponding period in 2009 and December 2009, respectively. However, Bank rate edged upwards to 7.58 percent from 3.7 percent recorded in December 2009.

Developments in the interest rates offered by ODCs manifested similar movement as the rates in the money market, albeit at a less pronounced way. The overall time deposit rate declined to 5.98 percent in March 2010 from 7.00 percent and 6.36 percent in March and December 2009 respectively. The overall lending rate decreased to 14.83 percent in March 2010 from 15.12 percent in March 2009, but higher than 14.36 percent recorded in

December 2009. Despite the decline in interest rates, the spread between one year lending and deposit rates widened to 6.71 percent in March 2010, from 4.88 percent in the corresponding period in 2009 and 4.97 percent December 2009 (**Table 2.2**).

**Table 2.2: Interest Rate Structure**

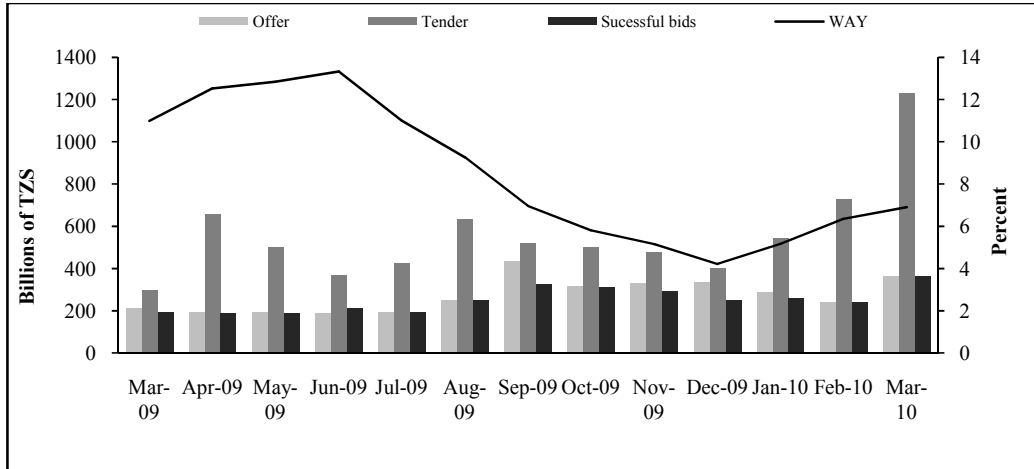
Item	In Percent									
	Mar-09	Jun-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	
Overall Interbank cash market rate	10.1	5.0	1.3	1.6	1.6	1.6	1.8	1.9	1.3	
Overnight Interbank cash market rate	9.9	4.5	1.0	1.2	1.2	1.5	1.7	1.7	1.0	
REPO Rate	9.7	4.9	1.1	1.3	1.3	1.3	1.2	1.2	1.1	
Discount Rate	18.3	10.3	4.4	3.7	3.7	3.7	7.6	7.6	7.6	
Overall Treasury bills rate	13.3	7.0	4.5	5.2	6.4	6.9	7.2	6.3	4.2	
35 days	7.6	4.8	2.1	3.0	3.3	3.8	4.6	4.1	2.0	
91 days	12.4	5.6	3.0	3.4	5.3	6.1	6.3	5.6	3.3	
182 days	14.9	7.9	4.8	4.9	5.3	6.6	7.2	6.3	4.4	
364 days	15.0	9.1	7.8	8.2	8.6	8.8	9.1	8.2	6.3	
Savings Deposit Rate	2.7	2.7	2.7	2.6	2.7	2.8	2.8	2.9	2.9	
Treasury Bonds Rates										
2-years	15.3	11.5	11.5	10.9	10.9	10.9	10.9	9.4	9.4	
5-years	17.3	16.6	13.4	13.4	13.4	13.4	13.8	13.8	13.8	
7-years	17.0	17.1	14.1	14.1	14.2	14.2	14.2	14.2	12.1	
10-years	19.9	19.9	16.9	16.9	16.9	16.7	16.7	16.7	16.7	
Overall Time Deposits Rate	7.0	6.8	6.7	6.4	6.5	6.4	6.1	5.8	6.0	
12 months	8.6	9.1	8.8	8.8	8.8	9.0	9.1	8.8	7.9	
Negotiated Deposit Rate	11.0	10.1	10.6	10.1	9.9	9.9	7.4	7.2	9.4	
Overall Lending rate	15.1	15.5	14.9	14.8	14.7	14.4	14.4	14.9	14.8	
Short-term (up to 1year)	13.4	14.6	14.0	13.9	14.0	14.0	13.8	14.7	14.6	
Negotiated Lending Rate	13.0	14.3	13.8	13.5	13.4	13.2	13.7	13.8	13.7	
Margin between short-term lending and one year time deposit rates	4.9	5.5	5.2	5.1	5.2	5.0	4.7	5.9	6.7	

**Source:** Bank of Tanzania

## Financial Markets Operations

During the quarter ending March 2010, the Treasury bills market registered a record high demand of TZS 2,500.5 billion against TZS 886.9 billion offered by the Bank (**Chart 2.2**). The demand was substantially higher than TZS 1,376.8 billion recorded in the preceding quarter, and three-fold the amount registered in a similar period in 2009. In line with these developments, the overall weighted average yield on Treasury bills was 6.9 percent, lower than 11.0 percent recorded in March 2009, but higher than 4.2 percent recorded in December 2009. The development reflects the continued preference of banks to invest in safer money market assets.

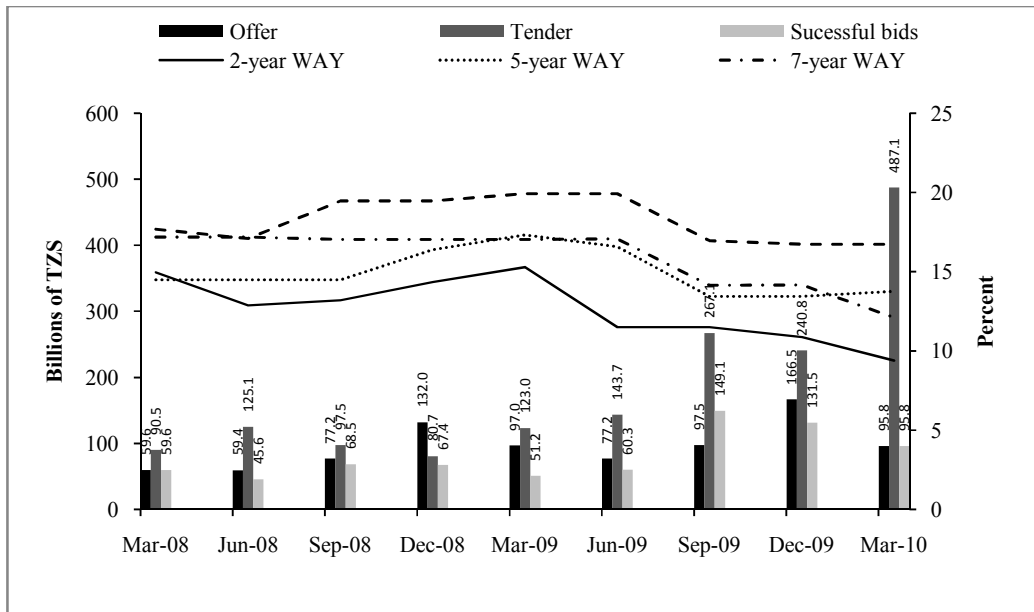
**Chart 2.2: Treasury bills Market Performance**



Source: Bank of Tanzania

As depicted in **Chart 2.3**, Treasury bonds market was oversubscribed by TZS 391.3 billion during the review period. The Bank accepted bids worth TZS 95.8 billion against the amount tendered (TZS 487.1 billion). Following the high demand, average Treasury bond yields for a 5-year and 7-year maturities fell to 9.40 percent and 12.11 percent from 10.9 percent and 14.15 percent recorded in the previous quarter, respectively.

**Chart 2.3: Treasury Bond Market Developments**

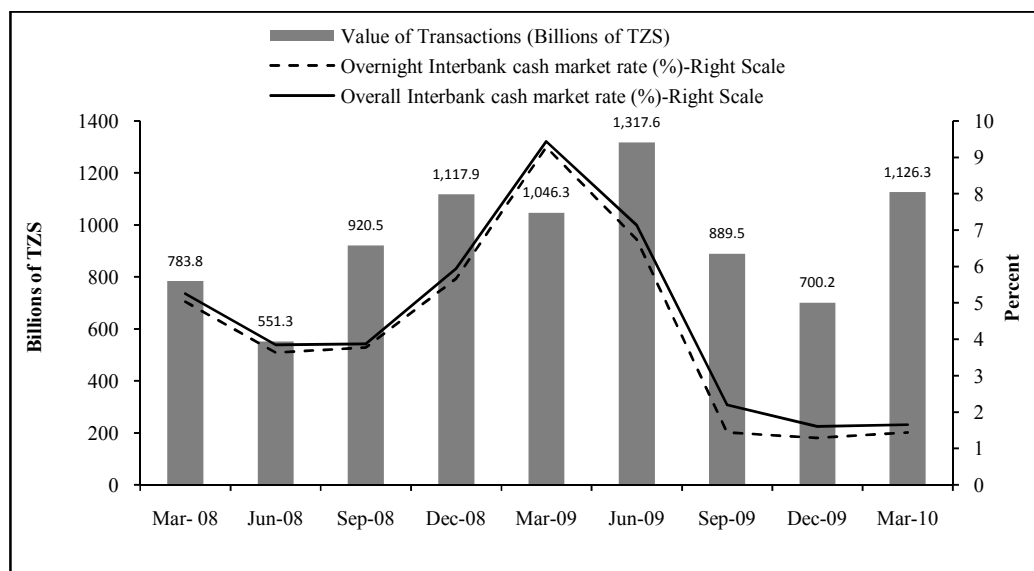


Source: Bank of Tanzania

Meanwhile, volume of transaction in the interbank cash market increased to TZS 1,126.3 billion from TZS 700.2 billion recorded in the preceding quarter. The overnight cash

market recorded an increase in the volume of transaction to TZS 661.9 billion, from TZS 411.5 billion in the quarter ending December 2009, and accounted for about 58.8 percent of the total volume traded. The overnight cash market rate increased marginally to 1.4 percent from 1.3 percent in the preceding quarter (**Chart 2.4**).

**Chart 2.4: Inter-bank Cash Market Developments**



Source: Bank of Tanzania

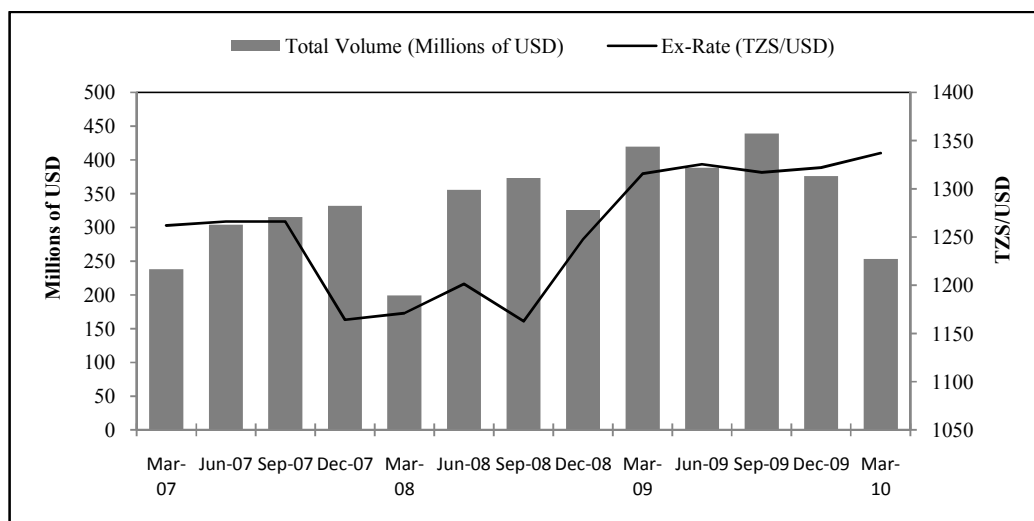
During the period, the Bank continued to conduct repurchase agreements with ODCs to supplement other monetary policy instruments in the management of liquidity in the economy. Repos worth TZS 1,239.7 billion were conducted, being higher than TZS 683.9 billion carried out in the corresponding period in 2009, but lower than TZS 1,647.0 billion sold in the previous quarter. The overall repo rate averaged 1.17 percent, being below averages of 1.28 percent and 8.94 percent recorded in the quarters ending December 2009 and March 2009, respectively.

### Foreign Exchange Market Operations

Total volume traded in the inter-bank foreign exchange market (IFEM) in the quarter ending March 2010 amounted to USD 253.2 million, down from USD 376.0 million transacted in the previous quarter. The Bank remained the main supplier in the market by selling foreign exchange worth USD 241.0 million or 95.2 percent of the total volume traded, compared to USD 300.0 million sold in the quarter ending December 2009. The

weighted average exchange rate increased by 1.1 percent to TZS 1,337.0 per USD, from TZS 1,322.1 per USD recorded in the preceding quarter (**Chart 2.5 and Table 2.3**).

**Chart 2.5: Inter-Bank Exchange Rate Movements and Volume of Transactions**



Source: Bank of Tanzania

### Bureau de Change Operations

During the quarter under review, total volume of transactions conducted by the Bureaux de Change increased by 0.3 percent to USD 163.7 million from USD 163.3 million transacted in the preceding quarter. Bureau de Change’s average buying and selling rates increased by 1.3 percent and 1.8 percent respectively. The average buying rate rose to TZS 1,333.3 per USD from TZS 1,316.1 per USD recorded in the quarter ending December 2009, whereas average selling rate increased to TZS 1,352.2 per USD from TZS 1,328.1 per USD (**Table 2.3**).



**Table 2.3: Foreign Exchange Market Developments**

Item	2009	2010	Percentage Change
	Oct - Dec	Jan-Mar	
<b>IFEM</b>			
Amount Offered*	376.0	253.2	-32.7
Amount Sold*	376.0	253.2	-32.7
Exchange Rate**	1322.1	1337.0	1.1
<b>BUREAU DE CHANGE OPERATIONS</b>			
Sales*	81.21	81.5	0.3
Purchases*	82.07	82.3	0.2
<b>Volume of Transactions*</b>	<b>163.3</b>	<b>163.7</b>	<b>0.3</b>
Buying Rate**	1316.1	1333.3	1.3
Selling Rate**	1328.1	1352.2	1.8

Source: Bank of Tanzania

Notes: \* Millions of USD,

\*\* Tanzanian Shillings (TZS) per US dollar

### 3.0 PUBLIC FINANCE

#### Government Budgetary Operations

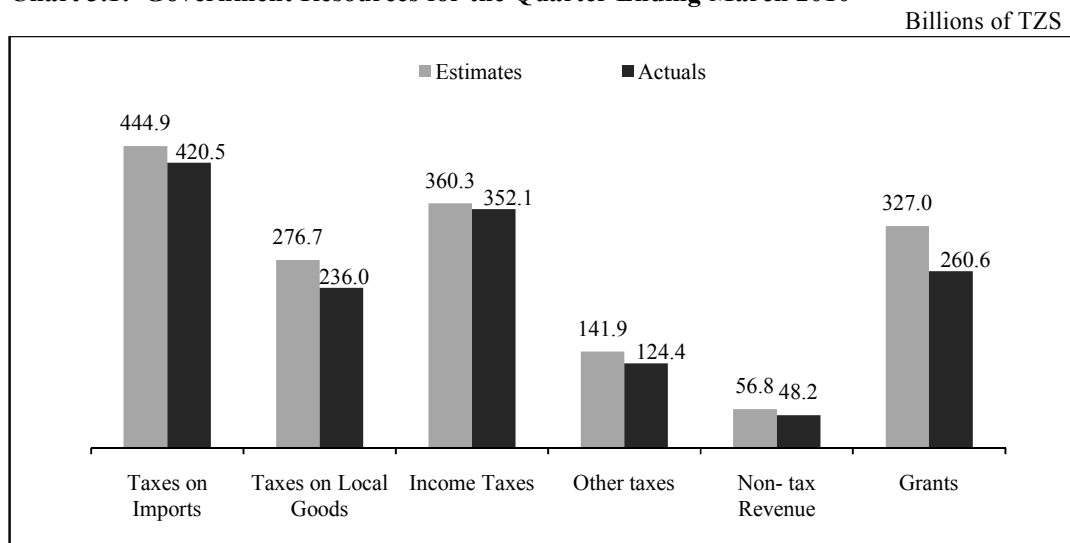
During the quarter ending March 2010, total resources amounted to TZS 1,441.8 billion, out of which TZS 1,181.2 and TZS 260.6 billion were from domestic sources and grants respectively. Total expenditure amounted to TZS 1,677.4 billion. As a result, the overall deficit was TZS 287.1 billion after adjustment to cash. The deficit was financed through domestic and foreign borrowing to the tune of TZS 143.4 billion and TZS 144.0 billion respectively.

#### Revenue Performance

Revenue collection amounted to TZS 1,181.2 billion which was below the target of TZS 1,280.6 billion. Tax collections amounted to TZS 1,133.0 billion, while non-tax revenue amounted to TZS 48.2 billion. The shortfall in tax revenue was recorded in all tax categories save for income tax, which was TZS 352.1 billion equivalent to 97.7 percent of the target of TZS 360.3 billion.

The underperformance was more pronounced in taxes on local goods and non-tax revenue. Grants disbursed during the review period were TZS 260.6 billion, against the estimated value of TZS 327.0 billion. **Chart 3.1** depicts government resource performance by different categories.

**Chart 3.1: Government Resources for the Quarter Ending March 2010**

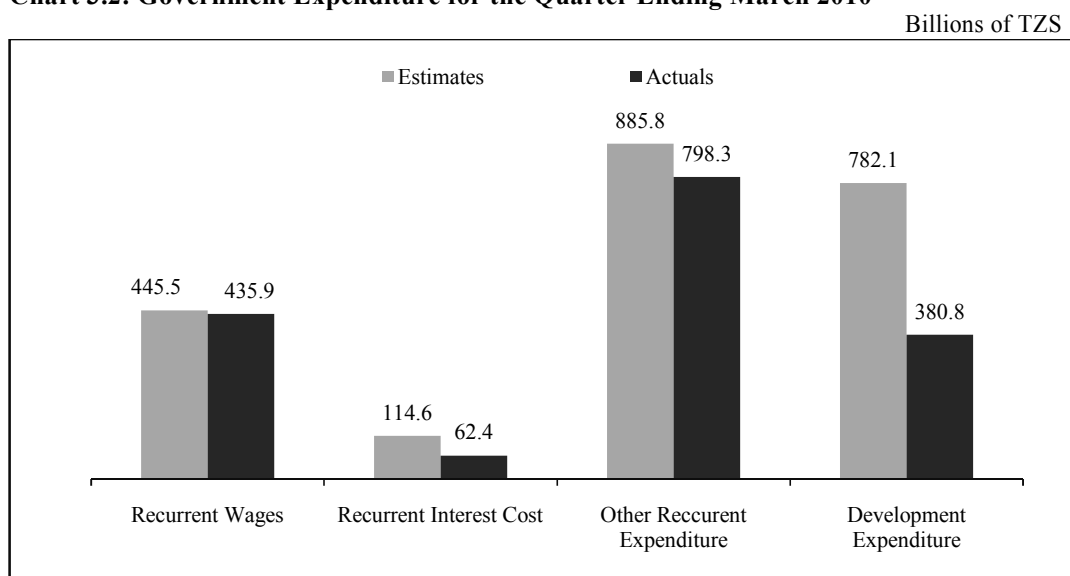


Source: Ministry of Finance and Economic Affairs

## Expenditure Developments

During the period, Government expenditure stood at TZS 1,677.4 billion, being below the target by 24.7 percent. Recurrent expenditure was TZS 1,296.5 billion while development expenditure amounted to TZS 380.8 billion being significantly lower than projected amount of TZS 782.1 billion (**Chart 3.2**).

**Chart 3.2: Government Expenditure for the Quarter Ending March 2010**



Source: Ministry of Finance and Economic Affairs

## National Debt

The national debt stock stood at USD 9,607.8 million from USD 9,730.8 million recorded at the end of December 2009. The decrease was mainly on account of depreciation of the shilling against the USD. Out of total debt stock, external debt accounted for 80.1 percent and domestic debt 19.9 percent.

## External Debt

External debt stock decreased to USD 7,669.7 million from USD 7,768.1 million recorded at the end of December 2009. Out of total external debt, USD 6,077.9 million or 79.2 percent was disbursed outstanding debt (DOD) and the remaining USD 1,591.8 million was interest arrears.

The profile of the external debt stock by borrower category indicates that 69.6 percent was government debt, while debt owed by private sector and public corporations was 19.1 percent and 11.3 percent respectively (**Table 3.1**).

**Table 3.1: Tanzania's External Debt Stock by Borrower Category**

Borrower	Millions of USD					
	Sep-09	Share (%)	Dec-09	Share (%)	Mar-09	Share (%)
<b>Central Government</b>	<b>5,202.8</b>	<b>69.6</b>	<b>5,369.5</b>	<b>69.1</b>	<b>5,341.6</b>	<b>69.6</b>
DOD	4,510.7	60.4	4,649.2	59.8	4,620.8	60.2
Interest Arrears	692.1	9.3	720.3	9.3	720.8	9.4
<b>Private Sector</b>	<b>1,513.6</b>	<b>20.3</b>	<b>1,514.6</b>	<b>19.5</b>	<b>1,464.3</b>	<b>19.1</b>
DOD	1,025.4	13.7	1,007.4	13.0	971.0	12.7
Interest Arrears	488.2	6.5	507.2	6.5	493.4	6.4
<b>Public Corporations</b>	<b>757.8</b>	<b>10.1</b>	<b>884.0</b>	<b>11.4</b>	<b>863.8</b>	<b>11.3</b>
DOD	396.7	5.3	506.6	6.5	486.1	6.3
Interest Arrears	361.1	4.8	377.4	4.9	377.7	4.9
<b>External Debt Stock</b>	<b>7,474.2</b>	<b>100.0</b>	<b>7,768.1</b>	<b>100.0</b>	<b>7,669.7</b>	<b>100.0</b>

Source: Bank of Tanzania

In terms of creditor category, debt owed to multilateral creditors was the largest accounting for 52.6 percent of total external debt, followed by bilateral creditors, which accounted for 21.5 percent, while export credit was the lowest (Table 3.2).

**Table 3.2: Tanzania's External Debt Stock by Creditor Category**

Creditor	Millions of USD					
	Sep-09	Share (%)	Dec-09	Share (%)	Mar-10	Share (%)
<b>Bilateral</b>	<b>1,633.3</b>	<b>21.9</b>	<b>1,654.4</b>	<b>21.3</b>	<b>1,647.7</b>	<b>21.5</b>
Paris Club	616.7	8.3	609.4	7.8	612.4	8.0
Non Paris Club	1,016.6	13.6	1,045.0	13.5	1,035.3	13.5
<b>Multilateral</b>	<b>3,831.2</b>	<b>51.3</b>	<b>4,064.9</b>	<b>52.3</b>	<b>4,030.9</b>	<b>52.6</b>
AfDB	801.6	10.7	817.1	10.5	847.3	11.0
World Bank Group*	2,388.3	32.0	2,526.8	32.5	2,466.0	32.2
IMF	267.8	3.6	337.1	4.3	318.4	4.2
Others	373.5	5.0	383.9	4.9	399.2	5.2
<b>Commercial</b>	<b>1,264.4</b>	<b>16.9</b>	<b>1,222.5</b>	<b>15.7</b>	<b>1,167.2</b>	<b>15.2</b>
<b>Export Credit</b>	<b>745.4</b>	<b>10.0</b>	<b>826.3</b>	<b>10.6</b>	<b>823.9</b>	<b>10.7</b>
<b>External Debt Stock</b>	<b>7,474.3</b>	<b>100.0</b>	<b>7,768.1</b>	<b>100.0</b>	<b>7,669.7</b>	<b>100.0</b>

Source: Bank of Tanzania

Note: World Bank Group\* = IDA and IFC

### Loans Contracted Disbursements and Repayments

Debt contracted and recorded during the quarter under review amounted to USD 176.8 million, out of which USD 40.3 million was for Government and USD 136.5 million for private companies. Disbursements received and recorded amounted to USD 198.0 million, out of which USD 192.6 million was disbursed to the Government, and USD 5.4 million to private companies.

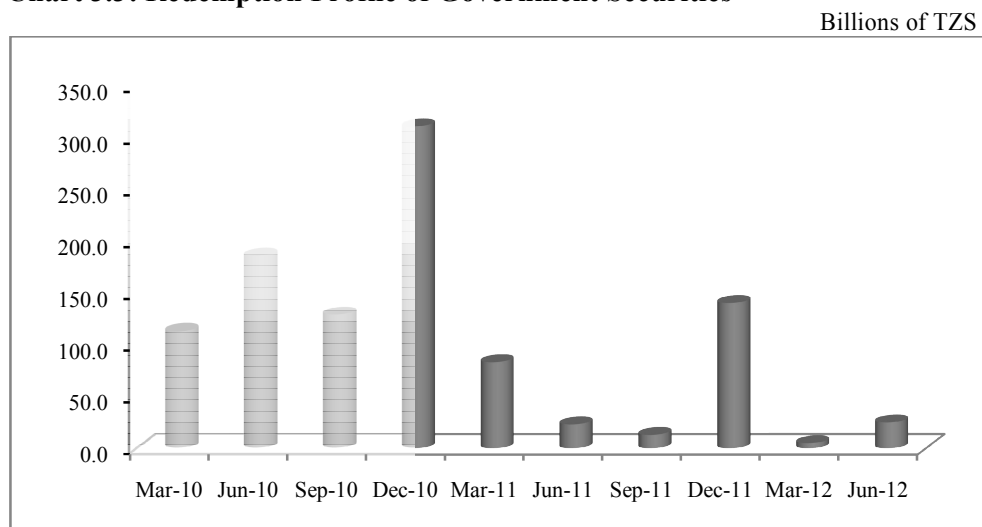
External debt service amounted to USD 13.1 million, being less than USD 59.3 million scheduled for payment. The short fall was due to accumulation of arrears on non-serviced debt and inadequate information on debt serviced by private borrowers.

### Domestic Debt

The stock of domestic debt increased to TZS 2,578.0 billion from TZS 2,512.8 billion recorded at the end of previous quarter, mainly due to increased Government borrowing through issuance of bonds. Out of domestic debt stock, Government securities accounted for 99.7 percent and the remaining was other debts.

The redemption profile of Government securities reveals bunching up of maturing obligations amounting to TZS 624.3 billion in the next three quarters. The quarterly redemption profile in the next two years is as shown in **Chart 3.3**.

**Chart 3.3: Redemption Profile of Government Securities**



### New Issuance and Domestic Debt Service

During the period under review, new debt instruments issued amounted to TZS 193.9 billion, out of which, TZS 100.6 were Treasury bills and the remaining TZS 93.3 billion were bonds. Domestic debt service amounted to TZS 182.0 billion, out of which, interest amounting to TZS 81.6 billion, was paid out of government revenue, while principal amounting to TZS 100.4 billion was rolled over. **Table 3.3** shows cumulative actual domestic borrowing and debt service against the amount budgeted for the year 2009/10.

**Table 3.3: Domestic Borrowing and Debt Service**

	Budget 2009/10	Actual 2009/10 (July-March)	Billion of TZS % of Budget
<b>Domestic Borrowing</b>	<b>1082.7</b>	<b>781.4</b>	<b>72.2</b>
Treasury Bills	202.5	258.2	127.5
Treasury Bonds	880.2	523.2	59.4
<b>Domestic Debt Service</b>	<b>952.4</b>	<b>704.6</b>	<b>74.0</b>
Principal	597.5	457.5	76.6
Interest	354.9	247.1	69.6

Source: Ministry of Finance and Economic Affairs and Bank of Tanzania

## 4.0 EXTERNAL SECTOR DEVELOPMENTS

### Current Account

During the quarter ending March 2010, the current account balance recorded a deficit of USD 683.1 million compared with a deficit of USD 579.4 million recorded during the preceding quarter. This development was associated with a decline in export of goods and services, and income receipts notwithstanding an increase in official transfers (**Table 4.1**).

**Table 4.1: Tanzania Current Account Balance**

Item	Millions of USD			
	2009 <sup>P</sup>		2010 <sup>P</sup>	Percent Change
	Jan - Mar	Oct - Dec	Jan - Mar	
<b>Goods Account (Net)</b>	<b>-706.4</b>	<b>-793.1</b>	<b>-836.9</b>	<b>5.5</b>
Exports f.o.b.	567.5	831.5	827.8	-0.4
Imports f.o.b.	1,273.9	1,624.6	1,664.7	2.5
<b>Services Account (Net)</b>	<b>0.2</b>	<b>107.6</b>	<b>14.7</b>	<b>-86.4</b>
Receipts	430.6	554.7	437.3	-21.2
Payments	430.3	447.1	422.7	-5.5
<b>Goods and Services (Net)</b>	<b>-706.2</b>	<b>-685.5</b>	<b>-822.2</b>	<b>19.9</b>
Exports of Goods and Services	998.1	1,386.2	1,265.1	-8.7
Imports of Goods and Services	1,704.3	2,071.7	2,087.4	0.8
<b>Income Account (Net)</b>	<b>-25.6</b>	<b>-8.6</b>	<b>-14.3</b>	<b>66.1</b>
Receipts	29.4	46.6	35.0	-24.9
Payments	55.0	55.2	49.3	-10.7
<b>Current transfers (Net)</b>	<b>138.9</b>	<b>114.7</b>	<b>153.5</b>	<b>33.8</b>
Inflows	155.0	136.9	176.3	28.8
<i>o/w Official transfers</i>	129.6	106.6	148.3	39.2
Outflows	16.1	22.2	22.8	2.6
<b>Current Account Balance</b>	<b>-592.8</b>	<b>-579.4</b>	<b>-683.1</b>	<b>17.9</b>

Source: Bank of Tanzania, TRA

Note: P = Provisional data; totals may not add up due to rounding of numbers

### Exports

Export of goods amounted to USD 827.8 million slightly lower than USD 831.5 million recorded in the quarter ending December 2009, following a decline in traditional exports as non-traditional exports recorded a slight increase (**Table 4.2**). Traditional exports declined due to a fall in export volumes due to seasonality as it was off season for most of the traditional commodities.

Non-traditional exports increased to USD 668.2 million from USD 665.8 million recorded in the quarter ending December 2009 and was much higher than USD 412.2

million recorded in the corresponding period in 2009. Despite the decline in gold exports, its contribution in non-traditional exports remained significant.

**Table 4.2: Tanzania: Exports by Type of Commodity**

	Millions of USD				
	2009 <sup>P</sup>		2010 <sup>P</sup>	Percent Change	
	Jan -Mar	Oct - Dec	Jan - Mar	Mar 09 to Mar 10	Dec 09 to Mar 10
<b>Traditional Commodities</b>	<b>155.3</b>	<b>165.7</b>	<b>159.7</b>	<b>2.8</b>	<b>-3.6</b>
<b>Non-Traditional Exports:</b>					
<b>Minerals</b>	<b>194.6</b>	<b>360.2</b>	<b>375.3</b>	<b>92.9</b>	<b>4.2</b>
Gold	191.1	348.3	329.9	72.6	-5.3
Diamond	0.6	5.2	0.0	-93.5	-99.3
Other minerals	2.9	6.6	45.4	--	--
<b>Manufactured Goods</b>	<b>104.3</b>	<b>183.3</b>	<b>148.9</b>	<b>42.8</b>	<b>-18.7</b>
Cotton Yarn	0.9	3.9	4.1	357.6	5.8
Manufactured Coffee	0.0	0.4	0.1	--	-69.6
Manufactured Tobacco	0.8	2.5	1.4	73.7	-44.4
Sisal Products (Yarn & Twine)	1.6	1.6	2.1	32.4	28.7
Other manufactured Goods	101.0	174.9	141.2	39.8	-19.3
<b>Fish and Fish Products</b>	<b>30.6</b>	<b>30.6</b>	<b>36.0</b>	<b>17.7</b>	<b>17.9</b>
<b>Horticultural Products</b>	<b>9.8</b>	<b>8.6</b>	<b>9.9</b>	<b>0.7</b>	<b>15.3</b>
<b>Others Exports</b>	<b>61.7</b>	<b>64.7</b>	<b>66.1</b>	<b>7.1</b>	<b>2.2</b>
<b>Re-exports</b>	<b>11.2</b>	<b>18.5</b>	<b>31.9</b>	<b>185.0</b>	<b>72.8</b>
<b>Sub Total Non-Traditional Exports</b>	<b>412.2</b>	<b>665.8</b>	<b>668.2</b>	<b>62.1</b>	<b>0.4</b>
<b>GRAND TOTAL</b>	<b>567.5</b>	<b>831.5</b>	<b>827.8</b>	<b>45.9</b>	<b>-0.4</b>

Notes: P = Provisional data; -- = implies a very large number

Source: Bank of Tanzania and Tanzania Revenue Authority

## Imports

During the quarter ending March 2010, goods import went up to USD 1,664.7 million from USD 1,624.6 million recorded in the previous quarter, mainly due to a notable increase in importation of intermediate goods. The increase in intermediate goods import is largely due to a substantial increase in value of oil imports following the rise in both, oil prices and volume imported. During the period, industrial raw materials imports went up slightly to USD 133.8 million from USD 133.7 million recorded in the preceding quarter. Conversely, the value of capital and consumer goods import declined from USD 686.1 million and USD 379.5 million registered in the quarter ending December 2009 to USD 635.6 million and USD 360.6 million, respectively. The fall in the value of consumer goods was mainly on account of a reduction in the volume of other consumer goods imported (**Table 4.3**).



**Table 4.3: Tanzania: Goods Imports**

Millions of USD

Import Category	2009 <sup>P</sup>		2010 <sup>P</sup>	Percent Change	
	Jan - Mar	Oct - Dec	Jan - Mar	Dec 09 to Mar 10	Mar 09 to Mar 10
<b>CAPITAL GOODS</b>	<b>630.1</b>	<b>686.1</b>	<b>635.6</b>	<b>-7.4</b>	<b>0.9</b>
Transport Equipment	179.5	196.5	187.6	-4.5	4.5
Building and Construction Equipment	150.9	198.1	143.5	-27.6	-4.9
Machinery	299.6	291.5	304.5	4.5	1.6
<b>INTERMEDIATE GOODS</b>	<b>415.4</b>	<b>559.0</b>	<b>668.5</b>	<b>19.6</b>	<b>60.9</b>
Oil imports	281.0	392.8	525.0	33.6	86.8
Fertilizers	23.2	32.5	9.7	-70.1	-58.1
Industrial Raw materials	111.2	133.7	133.8	0.1	20.3
<b>CONSUMER GOODS</b>	<b>311.5</b>	<b>379.5</b>	<b>360.6</b>	<b>-5.0</b>	<b>15.8</b>
Food and foodstuffs	83.0	102.5	120.2	17.2	44.8
All other consumer goods	228.5	277.0	240.4	-13.2	5.2
<b>GRAND TOTAL (F.O.B)</b>	<b>1,356.9</b>	<b>1,624.6</b>	<b>1,664.7</b>	<b>2.5</b>	<b>22.7</b>

**Source:** Bank of Tanzania, TRA**Note:** Oil imports refers to refined petroleum products

P = Provisional data

**Services and Income Account**

During the period, services account registered a surplus of USD 14.7 million down from a surplus of USD 107.6 million recorded in the previous quarter mainly on account of decline in travel and other business receipts. Travel receipts declined to 269.3 million from USD 370.2 million recorded during the quarter ending December 2009, partly due to low tourist season. Meanwhile, the income account registered a deficit of USD 14.3 million compared to a deficit of USD 8.6 million in the quarter ending December 2009, mainly due to the fall in income receipts (**Table 4.4**).

**Table 4.4: Tanzania: Services and Income Account**

Millions of USD

		2009 <sup>P</sup>		2010 <sup>P</sup>	Percent Change	
		Jan -Mar	Oct - Dec	Jan - Mar	Dec 09 to Mar 10	Mar 09 to Mar 10
<b>A. Services Account</b>	<b>Net</b>	<b>0.2</b>	<b>107.6</b>	<b>14.7</b>	<b>-86.4</b>	<b>--</b>
	Receipt	430.6	554.7	437.3	-21.2	1.6
	Payment	430.3	447.1	422.7	-5.5	-1.8
<b>B. Income Account</b>	<b>Net</b>	<b>-25.6</b>	<b>-8.6</b>	<b>-14.3</b>	<b>66.1</b>	<b>-44.1</b>
	Receipt	29.4	46.6	35.0	-24.9	18.8
	Payment	55.0	55.2	49.3	-10.7	-10.4
	<i>o/w interest payment</i>	7.8	6.4	7.6	18.7	-2.5

**Source:** Commercial Banks, Non-bank Financial Institutions and Bank of Tanzania.

**Note:** P = provisional figures  
-- = implies a very large number

### World Commodity Prices

The world market prices of most of the commodities recorded increases with the exception of coffee (Robusta) and tea (Average price) (**Table 4.5**). The drop in the prices of coffee (Robusta) and tea (Average price) was largely due to increased production of coffee in Vietnam and tea in India following favorable weather condition. Conversely, the prices of cotton, coffee (Arabica), tea (Mombasa Auction), sisal, and cloves increased. The prices of cotton rose largely on account of higher demand from the East Asian textile manufactures and speculation of a shortfall in cotton production in 2009/10.

In the first quarter of 2010, the prices of crude oil (UK Brent and Dubai f.o.b.) and white petroleum products increased slightly. Similarly, the price of gold went up by 0.6 percent to USD 1,108.9 per troy ounce (**Table 4.5**).

**Table 4.5: World Commodity Prices**

Commodity	Units	2009		2010	Percentage Change	
		Jan- Mar	Oct- Dec	Jan-Mar	Dec 09 to Mar 10	Mar 09 to Mar 10
Robusta Coffee	USD/kg	1.76	1.56	1.51	-3.21	-14.20
Arabica Coffee	USD/kg	2.84	3.42	3.54	3.41	24.53
Tea (Average price)	USD/kg	2.18	3.02	2.81	-6.95	28.90
Tea (Mombasa Auction)	USD/kg	2.15	2.83	2.87	1.39	33.46
Cotton, "A Index"	USD/kg	1.22	1.58	1.79	13.29	46.72
Cotton,"Memphis"	USD/kg	1.30	1.72	1.83	6.59	41.03
Sisal (UG)	USD/metric ton	1213.00	840.00	850.00	1.19	-29.93
Cloves	USD/metric ton	3650.00	4,362.50	4,616.67	5.83	26.48
Crude oil*	USD/barrel	44.11	75.50	77.06	2.07	74.70
Crude oil**	USD/barrel	44.56	75.46	75.86	0.53	70.23
White products***	USD/ton	431.93	647.10	672.89	3.99	55.79
Jet/Kerosine	USD/ton	438.17	657.00	673.88	2.57	53.79
Premium Gasoline	USD/ton	421.93	675.54	713.51	5.62	69.11
Heat Oil	USD/ton	435.70	608.77	631.28	3.70	44.89
Gold	USD/troy ounce	909.00	1,102.00	1,108.90	0.63	21.99

**Source:** <http://www//Worldbank.org/Prospects>, World Bank Public Ledger, Bloomberg

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

\*\* f. o. b. Dubai

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

## 5.0 ECONOMIC DEVELOPMENT IN ZANZIBAR

### The Overall Economic Performance

Real GDP growth rate increased to 6.7 percent in 2009 from 5.3 percent realized in 2008. The performance was largely on account of services sector which grew by 8.8 percent compared to 6.1 percent in 2008, following an increase in the number of tourist arrivals. Tourist arrivals in 2009 went up to 134,954 from 128,440 recorded in 2008. Services sector, on average, accounted for 47.5 percent of GDP over the last three years.

Meanwhile, the agricultural and industrial sectors which accounted for 22.1 percent and 14.1 percent of GDP in 2009 respectively, exhibited mixed trends. While growth for agriculture declined from 5.7 percent in 2008 to 4.4 percent in 2009, growth in the industrial sector accelerated to 3.4 percent in 2009 from 1.9 percent recorded in 2008. The under-performance of agricultural sector was ascribed to bad weather condition and low production of cloves and seaweeds, while the increase in growth of industrial sector was explained by the ongoing rehabilitation of the Zanzibar airport.

### Performance of Major Export Crops

During the quarter ending March 2010, procurement of main traditional export crops declined by 19.6 percent to 3,344.6 tons, compared to 4,158.5 tons recorded during the corresponding quarter in 2009 (**Table 5.1**). Clove procurement dropped mainly on account of low production and smuggling of the crop to the neighboring countries. Meanwhile, seaweed purchases increased on account of availability of markets following lapse of global economic crisis, while procurement of clove stems declined on account of poor preservation methods and low prices paid to farmers.

**Table 5.1: Zanzibar: Procurement of Major Export Crops**

Crop	2004	2005	2006	2007	2008	2009 <sup>P</sup>	Tons		
							2009	2010 <sup>P</sup>	%Change
Cloves	4,097.6	3,266.7	3,156.7	1,085.6	4,007.0	3,536.0	824.4	44.6	-94.6
Clove stems	476.0	350.6	129.0	226.5	345.4	445.0	204.1	50.0	-75.5
Seaweed	7,184.4	7,361.8	7,543.1	8,485.0	11,177.0	10,248.0	3,130	3,250.0	3.8
<b>Total</b>	<b>11,758.0</b>	<b>10,979.1</b>	<b>10,828.8</b>	<b>9,797.1</b>	<b>15,529.4</b>	<b>14,229.0</b>	<b>4,158.5</b>	<b>3,344.6</b>	<b>-19.6</b>

Source: Office of Chief Government Statistician (OCGS)

Notes: P = Provisional data

## Performance of Manufacturing Sector

Production of beverages, noodles and clothes declined compared to production levels recorded in the corresponding period in 2009 (**Table 5.2**). The decrease in beverage production emanated from power black out and water supply shortages. Bread and tape production rose during the quarter under review on account of increased demand.

**Table 5.2: Zanzibar - Production of Selected Industrial Commodities**

Commodity	Unit	2008	2009 <sup>P</sup>	Jan - Mar		
				2009	2010 <sup>P</sup>	% Change
Beverages*	Litres "000"	12,780	13,799	4,054	3,343	-17.5
Breads	No. "000"	102,050	105,531	25,225	28,400	12.6
Noodles	Kgs	71,072	75,600	18,900	18,500	-2.1
Video/Audio tapes	Cartons	61,167	30,742	5,385	6,755	25.4
Dish Dash Fashion (Clothes)	Pcs	3,778	4,392	1,444	980	-32.1
Jewellery (Gold)	Grams	7,526	9,710	233	235	0.9

**Source:** Office of Chief Government Statistician (OCGS)

**Notes:** P = Provisional data

\* Includes mineral water, soda and juice.

## Inflation Developments

The average headline inflation for the quarter ending March 2010 was 6.4 percent, being lower than 17.4 percent registered during the quarter ending March 2009 (**Table 5.3**). The sharp decline in the rate of inflation was on account of a fall in both food and non-food inflation. Food inflation dropped mainly on account of a decrease in prices of rice, which is a major staple food. Non-food inflation fell mainly on account of a decline in prices of petroleum products.

**Table 5.3: Quarterly Average Inflation**

Base: Dec.2005

Sub-Group	Weight (%)	2009				2010
		Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
<b>Food</b>	<b>57.4</b>	<b>17.8</b>	<b>8.2</b>	<b>7.6</b>	<b>6.7</b>	<b>8.0</b>
<b>Non-Food</b>	<b>42.6</b>	<b>16.1</b>	<b>10.2</b>	<b>-0.3</b>	<b>0.9</b>	<b>4.4</b>
Alcoholic beverages, tobacco & narcotics	0.6	19.7	17.8	10.3	21.8	26.1
Clothing and footwear	6.2	7.8	8.2	5.9	4.7	5.0
Housing, water, electricity, gas and other fuels	15.6	28.4	21.5	-2.5	-1.0	2.7
Furnishing, household equipment and routine household maintenance	5.3	12.5	8.4	6.5	5.1	3.6
Health	2.1	12.5	9.6	6.7	6.2	10.2
Transport	3.4	14.4	-4.0	-14.2	-11.1	-4.5
Communication	2.4	-0.1	0.0	0.5	0.0	0.0
Recreation and culture	0.4	2.8	3.7	4.3	4.2	4.5
Education	1.1	5.3	5.0	4.5	3.9	13.9
Restaurants and hotels	3.1	15.0	10.4	9.3	13.8	11.7
Miscellaneous goods & services	2.4	13.3	8.2	13.0	12.8	8.0
<b>Headline/Overall</b>	<b>100.0</b>	<b>17.4</b>	<b>9.6</b>	<b>4.9</b>	<b>4.8</b>	<b>6.4</b>

Source: Office of Chief Government Statistician (OCGS)

### Budgetary Operations

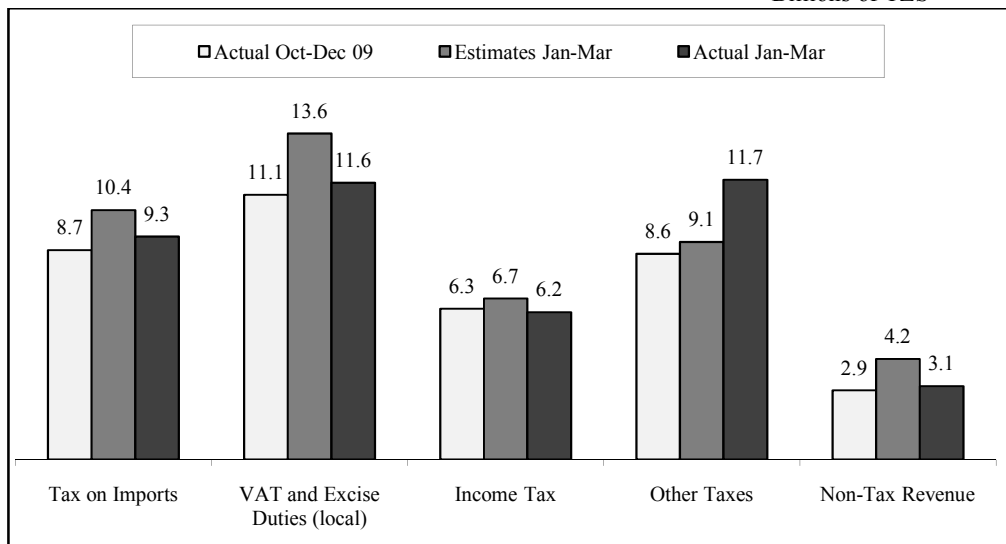
Government budgetary operations on cheques issued basis registered a deficit after grants of TZS 14.5 billion or TZS 11.3 billion after adjustment to cash during review period. Total resources amounted to TZS 56.3 billion, out of which TZS 41.8 billion was sourced domestically and the balance was grants. Government expenditure reached TZS 70.8 billion, lower than the target of TZS 79.9 billion. The budget deficit was exclusively financed by foreign loans.

### Revenue Performance

Revenue collections amounted to TZS 41.8 billion against the target of TZS 44.1 billion. With the exception of other taxes, all the remaining revenue categories under-performed compared to the target, mainly on account of decreased imports and relative decline in business activities associated with power outage during the quarter under review. Analysis of revenue collection by sources is as indicated in **Charts 5.1 and 5.2**.

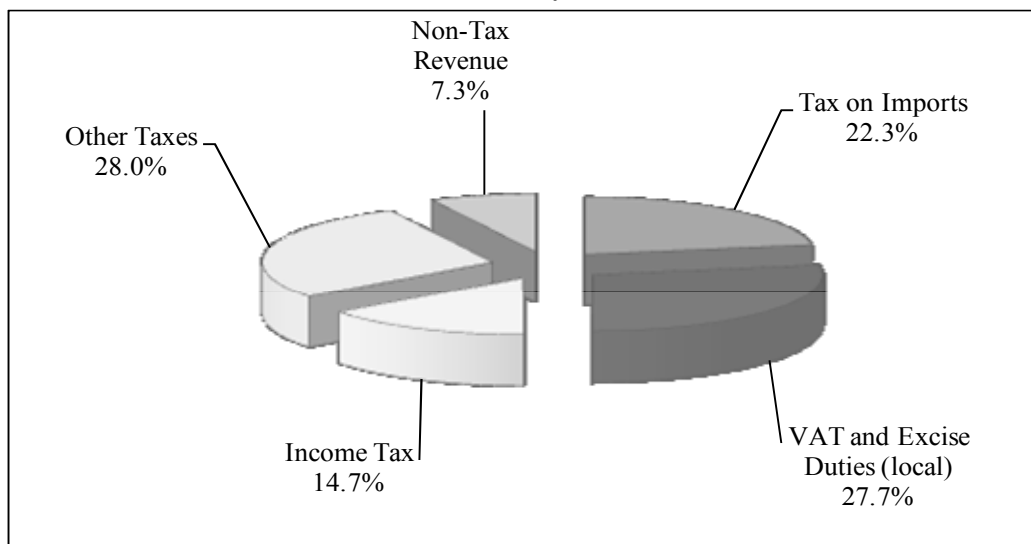
**Chart 5.1: Zanzibar: Government Revenue by Sources, January - March 2010**

Billions of TZS



Source: Ministry of Finance and Economic Affairs, Zanzibar

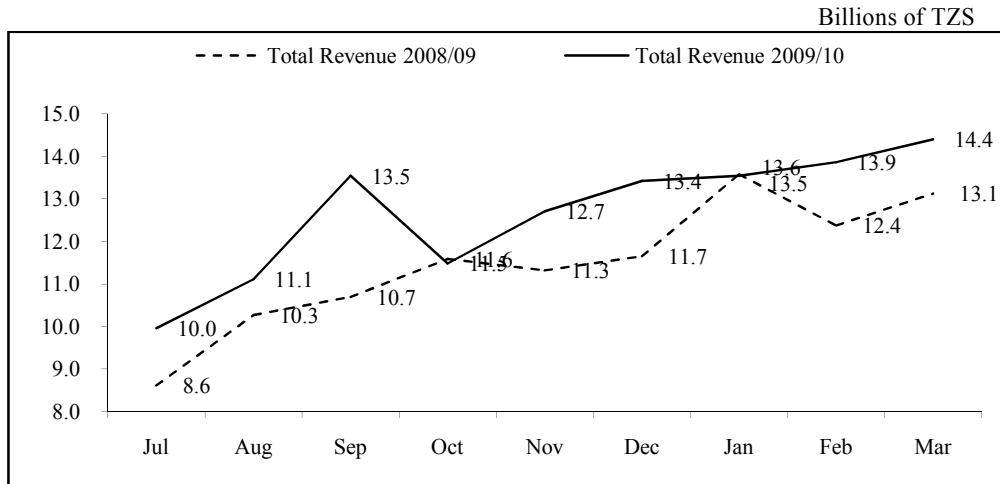
**Chart 5.2: Zanzibar: Government Revenue by Sources, Percentage Share to Total Revenue, January - March 2010**



Source: Ministry of Finance and Economic Affairs, Zanzibar.

During July through March 2010, total Government revenue collections amounted to TZS 114.0 billion and accounted for 71.4 percent of the annual target of TZS 159.7 billion for 2009/10 financial year. During the corresponding period in 2008/09, government revenue collections amounted to TZS 103.2 billion (**Chart 5.3**).

**Chart 5.3: Zanzibar: Government Total Revenue Collections Trend July 2009 – March 2010**



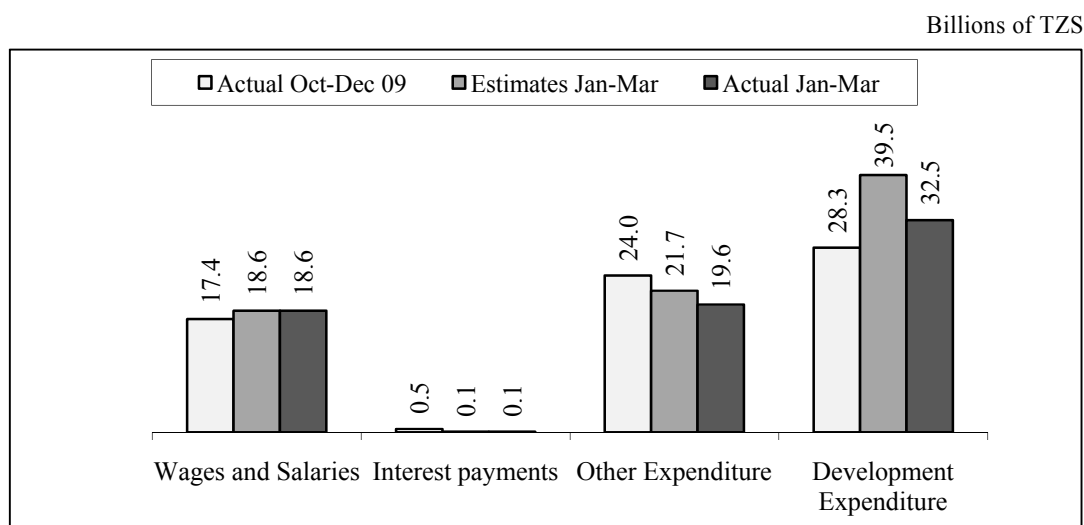
**Source:** Ministry of Finance and Economic Affairs, Zanzibar.

### **Expenditure Developments**

Total Government expenditure during the quarter ended March 2010, amounted to TZS 70.8 billion, below the projected expenditure of TZS 79.9 billion mainly due to shortfalls in development expenditures and other charges. Analysis of Government expenditure by components is as shown in **Chart 5.4**. Out of total development expenditure (TZS 32.5 billion), foreign sources amounted to TZS 24.5 billion and the remaining TZS 8.1 billion was local contribution.



**Chart 5.4: Zanzibar: Government Expenditure by Component, January - March 2010.**



**Source:** Ministry of Finance and Economic Affairs, Zanzibar.

Total Government expenditure during the period July 2009 through March 2010 was TZS 201.9 billion compared to TZS 156.1 billion spent in the corresponding period last fiscal year. Actual expenditure recorded in the July 2009 - March 2010 period accounted for 48.9 percent of the annual target of TZS 412.6 billion.

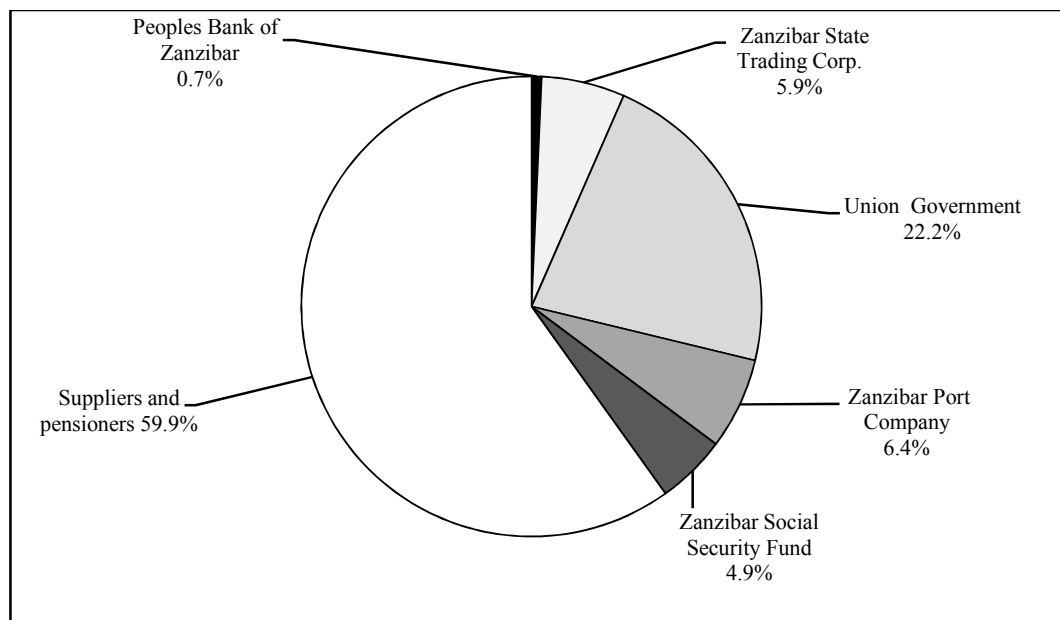
### **Debt Developments**

Zanzibar total debt stock as at the end of March 2010, stood at USD 108.4 million, up from USD 98.0 million recorded at the end of the preceding quarter. Out of the total debt stock, external debt amounted USD 62.3 million equivalent to 57.5 percent of the total debt, while domestic debt was USD 46.1 million accounting for 42.5 percent of the total debt.

### **Domestic Debt**

During the quarter under review, domestic debt amounted to TZS 61.2 billion, compared to TZS 54.4 billion registered in December 2009. The increase was mainly attributed to domestic borrowing and accrued claims related to outstanding gratuities by the government retirees. The profile of domestic debt by creditor category is summarized in **Chart 5.5**.

**Chart 5.5: Zanzibar: Domestic debt by Creditor Category as at End-March 2010**



Source: Ministry of Finance and Economic Affairs Zanzibar.

Meanwhile, the profile of domestic debt by instrument category shows that Treasury bonds accounted for the largest share, followed by Government loans and Treasury bills (Table 5.4).

**Table 5.4: Zanzibar: Domestic Debt by Instruments**

Instrument	Quarter Ending					% of Total Mar 10	Percent Change	
	2009				2010		Dec-09 to Mar-10	Mar-09 to Mar-10
	Mar	Jun	Sep	Dec	Mar			
Government loans	18,158.8	18,158.8	18,158.8	18,158.8	18,158.8	29.7	0.0	0.0
Government stocks	7,904.2	7,904.2	7,904.2	6,404.2	6,404.2	10.5	0.0	-19.0
Treasury bills	6,000.0	6,482.2	6,642.5	6,642.5	6,500.0	10.6	-2.1	8.3
Treasury bonds	17,178.5	17,178.5	17,178.5	17,178.5	25,452.5	41.6	48.2	48.2
Other Instruments*	7,368.3	7,823.7	7,712.6	6,025.5	4,719.8	7.7	-21.7	-35.9
<b>TOTAL</b>	<b>56,609.7</b>	<b>57,547.3</b>	<b>57,596.5</b>	<b>54,409.4</b>	<b>61,235.3</b>	<b>100.0</b>	<b>12.5</b>	<b>8.2</b>

Source: Ministry of Finance and Economic Affairs

Notes: \* Others - mainly government suppliers and gratuity claims.

Classification of domestic debt by maturity indicates that debt maturing between 2-5 years amounted to TZS 28.5 billion or 46.5 percent of total domestic debt, while debt maturing in less than one year was the lowest (**Table 5.5**).

**Table 5.5: Zanzibar: Domestic Debt by Maturity**

Period	Quarter Ending					% Total Mar 10	Percent Change	
	2009				2010		Dec-09 to Mar-10	Mar-09 to Mar-10
	Mar	Jun	Sep	Dec	Mar			
Less than 1 year	6,000.0	6,482.2	6,642.5	6,643.5	6,500.0	10.6	-2.2	8.3
2-5 Years	20,178.5	20,178.5	20,178.5	20,178.5	28,452.5	46.5	41.0	41.0
Undetermined	30,431.2	30,886.7	30,775.5	27,586.4	26,282.8	42.9	-4.7	-13.6
<b>TOTAL</b>	<b>56,609.7</b>	<b>57,547.3</b>	<b>57,596.5</b>	<b>54,408.4</b>	<b>61,235.3</b>	<b>100.0</b>	<b>12.5</b>	<b>8.2</b>

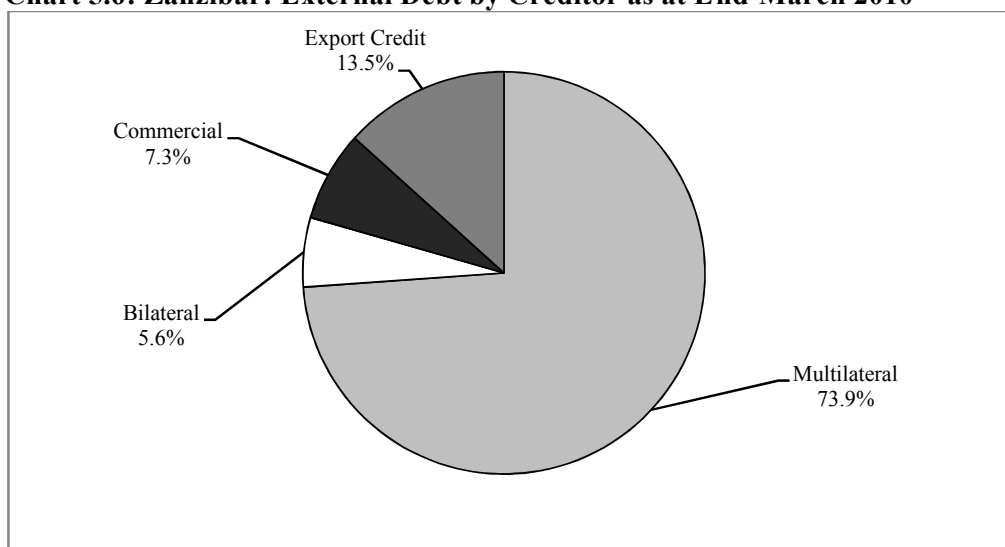
Source: Ministry of Finance and Economic Affairs.

### External Debt

As at the end of March 2010, Zanzibar external debt stock stood at USD 62.3 million compared to USD 63.0 million registered in the preceding quarter. Debt guaranteed by the Union Government stood at USD 46.7 million, accounting for 75.0 percent of the external debt, while non-guaranteed debt amounted to USD 15.6 million.

The profile of external debt by creditor category showed that multilateral creditors' debt was dominant followed by export credits, while bilateral creditors' debt was the smallest (**Chart 5.6**).

**Chart 5.6: Zanzibar: External Debt by Creditor as at End-March 2010**



Source: Ministry of Finance and Economic Affairs Zanzibar.

The structure of external debt by maturity category indicated that debts maturing beyond 20 years was dominant followed by debt maturing between 5 to 10 years (**Table 5.6**).

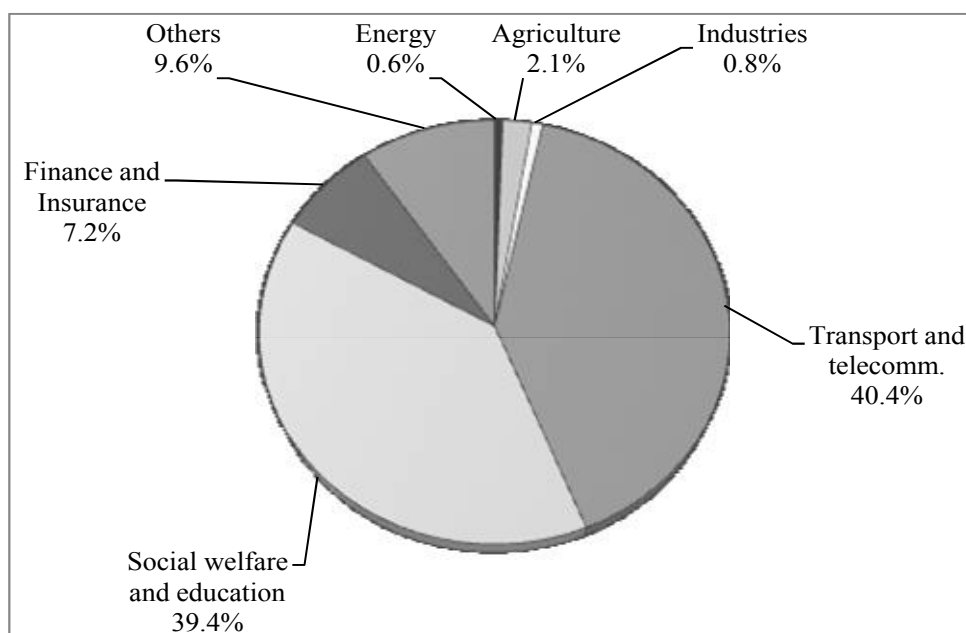
**Table 5.6: Zanzibar: External Debt by Maturity**

Period	Quarter Ending					% Total Mar-10	Percent Change	
	2009				2010		Dec-09 to Mar-10	Mar-09 to Mar-10
	Mar	Jun	Sep	Dec	Mar			
	Mar	Jun	Sep	Dec	Mar		Dec-09 to Mar-10	Mar-09 to Mar-10
5-10 Years	16.2	16.3	16.4	9.3	16.2	25.9	73.1	0.1
10-20 Years	5.5	5.5	5.5	5.5	5.5	8.9	0.0	0.0
>20 Years	39.8	40.3	41.1	41.7	40.6	65.2	-2.6	2.1
<b>Total</b>	<b>61.5</b>	<b>62.1</b>	<b>63.0</b>	<b>56.6</b>	<b>62.3</b>	<b>100.0</b>	<b>10.2</b>	<b>1.3</b>

**Source:** Ministry of Finance and Economic Affairs, Zanzibar.

External debt by use of funds revealed that transport and telecommunications sectors were the highest recipients (40.4 percent), followed by social welfare and education sectors (39.4 percent), while the energy sector was the lowest recipient (**Chart 5.7**).

**Chart 5.7: External Debt by Use of Funds as at End of March 2010**



**Source:** Ministry of Finance and Economic Affairs Zanzibar.

## External Sector Developments

### Current Account

The current account balance for the quarter ending March 2010, registered a deficit of USD 0.8 million compared to a deficit of USD 1.8 million recorded during the preceding quarter, mainly due to decline in imports of goods and services coupled with inflows of donor funds. However, the current account recorded a surplus of USD 12.2 million in the corresponding period in 2009. Trade account recorded a deficit of USD 18.8 million, higher than a deficit of USD 17.4 million registered during the quarter ending December 2009 on account of a decline in exports of cloves (**Table 5.7**).

**Table 5.7: Zanzibar: Current Account**

Item	Quarter Ending					Percent Change	
	2009				2010 <sup>P</sup>	Oct-Dec	Jan-Mar
	Mar	Jun	Sep	Dec	Mar	09 to Jan-Mar 10	09 to Jan-Mar 10
<b>Goods Account (net)</b>	<b>-10.3</b>	<b>-13.6</b>	<b>-16.0</b>	<b>-17.4</b>	<b>-18.8</b>	<b>8.0</b>	<b>82.5</b>
Exports	8.2	5.2	9.2	6.2	3.3	-46.8	-59.8
Imports (fob)	18.5	18.8	25.2	23.6	22.1	-6.4	19.5
<b>Services Account (net)</b>	<b>7.2</b>	<b>5.2</b>	<b>6.1</b>	<b>6.7</b>	<b>7.5</b>	<b>11.9</b>	<b>4.2</b>
Receipts	24.8	24.2	24.9	25.0	25.6	2.4	3.2
Payments	17.6	19.0	18.9	18.3	18.1	-1.1	2.8
<b>Goods and Services (net)</b>	<b>-3.0</b>	<b>-8.4</b>	<b>-10.0</b>	<b>-10.7</b>	<b>-11.3</b>	<b>5.6</b>	<b>276.7</b>
Exports of Goods & Services	33.1	29.4	34.1	31.2	28.9	-7.4	-12.7
Imports of Goods & Services	36.1	37.8	44.1	42.0	40.3	-4.0	11.6
<b>Income Account (net)</b>	<b>-1.3</b>	<b>-2.0</b>	<b>-1.9</b>	<b>-1.7</b>	<b>-1.2</b>	<b>-29.4</b>	<b>-7.7</b>
Receipts	0.1	0.1	0.1	0.1	0.1	0	0.0
Payments	1.4	2.1	2.0	1.8	1.3	-27.8	-7.1
<b>Current Transfers (net)</b>	<b>16.6</b>	<b>4.5</b>	<b>34.9</b>	<b>10.7</b>	<b>11.7</b>	<b>9.3</b>	<b>-29.5</b>
Donor Inflows	16.6	4.5	34.9	10.7	11.7	9.3	-29.5
Outflows	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Current Account Balance</b>	<b>12.2</b>	<b>-5.9</b>	<b>23.0</b>	<b>-1.8</b>	<b>-0.8</b>	<b>-55.6</b>	<b>-106.6</b>

Source: Tanzania Revenue Authority and Bank of Tanzania

Notes: P = provisional

### Exports

Exports of goods and services decreased on account of a decline in goods exports. Goods exports amounted to USD 3.3 million, down from USD 6.2 million registered in the preceding quarter partly due to the fall in clove exports, manufactured goods and other exports. Earnings from cloves fell to USD 0.6 million from USD 0.7 million of the preceding quarter. Manufactured goods slumped to USD 0.9 million from USD 1.3 million, due to power blackout. Other exports mainly souvenirs declined to USD 1.0 million, from USD 1.5 million recorded in the previous quarter.

Goods exports during the corresponding quarter in 2009 were higher at USD 8.2 million than USD 3.3 million recorded during the review period mainly due to a decline in export volumes of cloves (**Table 5.8**).

**Table 5.8: Zanzibar: Exports by type of Commodity**

Commodity	Quarter Ending					Percent Change	
	2009				2010 <sup>P</sup>	Oct-Dec 09 to Jan-Mar 10	Jan-Mar 09 to Jan-Mar 10
	Mar	Jun	Sep	Dec	Mar		
<b>Traditional Exports:</b>							
<b>Cloves</b>							
Value	4.9	2.0	5.2	2.6	0.6	-76.9	-87.8
Volume (000 tons)	1.4	0.6	1.5	0.7	0.2	-71.4	-85.7
Unit Price (USD/ton)	3,507.0	3,545.8	3,520.5	3,545.2	3,946.2	11.3	12.5
<b>Sub-Total</b>	<b>4.9</b>	<b>2.0</b>	<b>5.2</b>	<b>2.6</b>	<b>0.6</b>	<b>-76.9</b>	<b>-87.8</b>
<b>Non-Traditional Exports:</b>							
<b>Seaweeds</b>							
Value	0.7	0.6	0.8	0.7	0.7	0.0	0.0
Volume (000 tons)	3.1	2.4	2.8	2.8	3.0	7.1	-3.2
Unit Price (USD/ton)	233.3	262.2	282.6	266.5	254.2	-4.6	9.0
<b>Manufactured Goods</b>	<b>1.2</b>	<b>1.2</b>	<b>1.4</b>	<b>1.3</b>	<b>0.9</b>	<b>-30.8</b>	<b>-25.0</b>
<b>Fish and Fish Produce</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>
<b>Others Exports</b>	<b>1.4</b>	<b>1.4</b>	<b>1.7</b>	<b>1.5</b>	<b>1.0</b>	<b>-33.3</b>	<b>-28.6</b>
<b>Sub Total</b>	<b>3.4</b>	<b>3.2</b>	<b>4.0</b>	<b>3.6</b>	<b>2.7</b>	<b>-25.0</b>	<b>-20.6</b>
<b>Grand Total</b>	<b>8.2</b>	<b>5.2</b>	<b>9.2</b>	<b>6.2</b>	<b>3.3</b>	<b>-46.8</b>	<b>-59.8</b>

Source: Tanzania Revenue Authority

Notes: P = Provisional data

## Imports

Goods imports (c.i.f.) amounted to USD 24.3 million, below USD 25.9 million recorded in the preceding quarter mainly on account of a decline in import of transport equipments, machinery and industrial raw materials. Similarly, imports of consumer goods declined, while imports of intermediate goods went up due to the rise in oil import bill. When compared to the corresponding quarter in 2009, goods import (c.i.f.) went up largely due to a surge in oil import bill (**Table 5.9**).

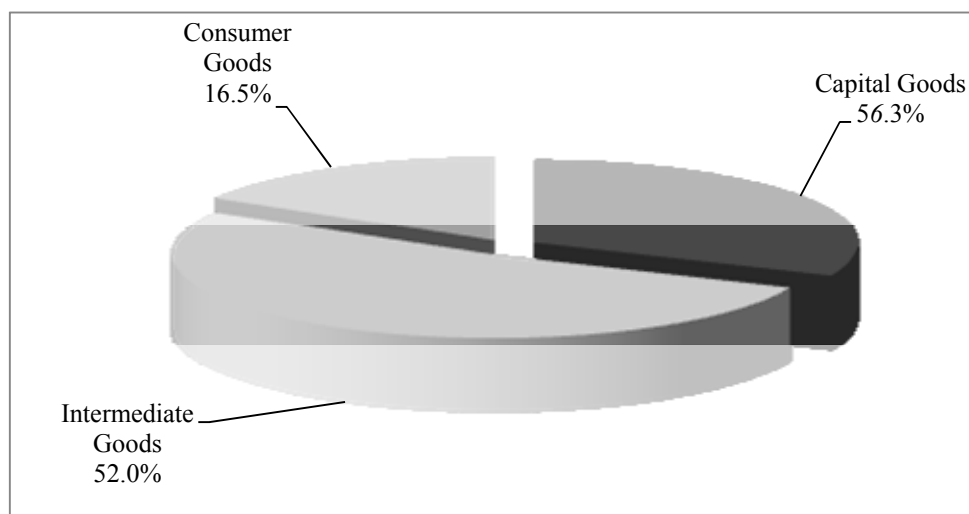
**Table 5.9: Zanzibar: Imports by Major Categories**

Import Category	Millions of USD						
	Quarter Ending					Percent Change	
	2009				2010 <sup>P</sup>	Oct-Dec	Jan-Mar
	Mar	Jun	Sep	Dec	Mar	09 to Jan-Mar 10	09 to Jan-Mar 10
Capital Goods	8.5	7.9	12.7	10.3	7.7	-25.2	-9.4
Transport Equipments	3.9	3.9	7.0	5.3	3.5	-34.0	-10.3
Building and Constructions	2.2	1.8	1.9	1.9	1.8	-5.3	-18.2
Machinery	2.5	2.2	3.9	3.1	2.4	-22.6	-4.0
Intermediate Goods	7.0	7.0	9.1	10.1	12.6	24.8	80.0
Oil imports	5.2	5.1	7.5	8.5	11.8	38.8	126.9
Industrial raw materials	1.8	1.9	1.6	1.7	0.8	-52.9	-55.6
Consumer Goods	4.8	5.8	5.8	5.5	4.0	-27.3	-16.7
Food and food stuffs	1.7	2.5	1.9	2.0	1.6	-20.0	-5.9
All other consumer goods	3.1	3.2	3.9	3.5	2.4	-31.4	-22.6
<b>Grand Total (c.i.f.)</b>	<b>20.3</b>	<b>20.6</b>	<b>27.7</b>	<b>25.9</b>	<b>24.3</b>	<b>-6.2</b>	<b>19.7</b>
<b>Grand Total (f.o.b.)</b>	<b>18.5</b>	<b>18.8</b>	<b>25.2</b>	<b>23.6</b>	<b>22.1</b>	<b>-6.4</b>	<b>19.5</b>

Source: Tanzania Revenue Authority

Notes: P = Provisional data

It is evident in **Chart 5.8** that the intermediate goods import accounted for the largest share of Zanzibar's goods import.

**Chart 5.8: Zanzibar: Imports by Major Categories: January – March 2010**

Source: Tanzania Revenue Authority

### Services and Income Account

During the review period, the services account balance recorded a surplus of USD 7.5 million up from a surplus of USD 6.7 million and USD 7.2 million recorded during the preceding quarter and the corresponding quarter in 2009 respectively, largely due to a rise in services receipts. Services receipts increased to USD 25.6 million from USD 25.0

million recorded in the previous quarter, while services payment declined to USD 18.1 million from USD 18.3 million recorded in the quarter ending December 2009 (**Table 5.10**).

**Table 5.10: Zanzibar: Services and Income Account**

Millions of USD

Item	Quarter Ending					Percent Change	
	2009				2010 <sup>P</sup>	Oct-Dec 09	Jan-Mar 09
	Mar	Jun	Sep	Dec	Mar	to Jan-Mar 10	to Jan-Mar 10
<b>A. Services Account</b>							
<b>Net</b>	<b>7.2</b>	<b>5.2</b>	<b>6.1</b>	<b>6.7</b>	<b>7.5</b>	<b>11.9</b>	<b>4.2</b>
Receipt	24.8	24.2	24.9	25.0	25.6	2.4	3.2
Payment	17.6	19.0	18.9	18.3	18.1	-1.1	2.8
<b>B. Income Account</b>							
<b>Net</b>	<b>-1.3</b>	<b>-2.0</b>	<b>-1.9</b>	<b>-1.7</b>	<b>-1.2</b>	<b>-29.4</b>	<b>-7.7</b>
Receipt	0.1	0.1	0.1	0.1	0.1	0.0	0.0
Payment	1.4	2.1	2.0	1.8	1.3	-27.8	-7.1

**Source:** Bank of Tanzania, Commercial Banks and Non-Banks Financial Institutions.

**Notes:** P = provisional data



## 6.0 ECONOMIC DEVELOPMENTS IN EAC AND SADC COUNTRIES

During the quarter ending March 2010, inflation in the East African Community region decelerated to an average of 6.3 percent, from 8.4 percent recorded in the preceding quarter, following decline in food prices. All EAC member states registered single digit inflation with Kenya and Rwanda achieving the agreed convergence criteria level of the inflation rate of not more than 5.0 percent by 2010 (Table 6.1).

The average inflation in the SADC region went down to 5.2 percent, from 6.4 percent recorded during the previous quarter. The development was largely due to decline in food prices in most of the SADC countries with the exception of Angola, Botswana, Malawi and Swaziland. Two countries namely Seychelles and Zimbabwe recorded negative inflation of 3.7 percent and 0.7 percent respectively. All the SADC member states with the exception of Angola registered single digit inflation rates with Lesotho, Mauritius, Mozambique and Swaziland.

**Table 6.1: EAC and SADC Countries Economic Indicators**

Country	Real Growth Rate (%)			Inflation rate (%)				
	2006	2007	2008	2009				2010
				Q1	Q2	Q3	Q4	Q1
Tanzania	6.7	7.1	7.4	13.1	11.3	11.7	12.5	9.8
Kenya	6.4	7.1	1.7	24.3	21.1	18.0	5.7	4.6
Uganda	5.5	7.7	7.0	14.4	12.7	12.8	12.1	8.2
Burundi	n.a	n.a	n.a	n.a	6.9	7.8	5.8	5.6
Rwanda	5.5	5.5	11.2	19.2	12.1	6.3	5.8	3.0
Angola	19.5	19.8	16.4	13.5	13.8	13.9	13.7	13.8
Botswana	4.2	5.7	3.5	11.6	8.5	6.4	5.9	6.1
Lesotho	6.2	5.1	3.4	10.3	8.8	5.7	4.2	4.2
Malawi	4.7	7.9	9.7	9.8	8.8	7.8	7.4	8.1
Mauritius	4.7	5.4	5.6	8.9	7.4	5.2	3.0	2.1
Mozambique	8.5	7.3	6.5	8.1	3.4	1.6	2.7	1.7
Namibia	4.6	3.8	2.7	11.5	9.6	7.4	6.9	6.1
Seychelles	9.3	9.7	-0.9	50.2	45.8	33.1	7.9	-3.7
South Africa	5.0	5.1	4.0	8.4	7.8	6.4	6.0	5.7
Swaziland	2.8	3.5	2.6	11.5	8.2	5.8	4.6	4.8
Zambia	6.0	6.0	6.2	14.4	14.5	13.8	11.2	9.9
Zimbabwe	-5.1	-6.2	-4.3	-2.8	-0.5	0.3	-2.3	-0.7
<b>EAC Average</b>	<b>6.0</b>	<b>6.9</b>	<b>6.8</b>	<b>17.8</b>	<b>12.8</b>	<b>11.3</b>	<b>8.4</b>	<b>6.3</b>
<b>SADC Average</b>	<b>5.9</b>	<b>6.2</b>	<b>4.8</b>	<b>13.0</b>	<b>11.3</b>	<b>9.2</b>	<b>6.4</b>	<b>5.2</b>

Source: Respective National Statistical Offices

Note: 1. Economic indicators for Democratic Republic of Congo and Madagascar not available

2. n.a refers to not available, Q refers to Quarter

## **7.0 STATISTICAL TABLES AND MANAGEMENT LIST**

## **A1: STATISTICAL TABLES**

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## A2: LIST OF MANAGEMENT

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Name	Title	Telephone Direct
<b>EXECUTIVE OFFICE</b>		
Prof. B. Ndulu	Governor	022 2233020/1/2
Dr. E. Bukuku	Deputy Governor First (EFP)	022 2233040/1
J. H. Reli	Deputy Governor (AIC)	022 2233042/3
L. H. Mkila	Deputy Governor (FSD)	022 2233044/5

### 1. GOVERNOR'S OFFICE

#### Regional Integration Department

A. Msutze	Associate Director	022 2233472
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#### Public Relations & Protocol Department

J. B. Kimaro	Manager	022 2233166/7
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#### Financial Sector Stability Department

C. L. Kiliaki	Manager	022 223 3160/1
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#### Conference and Events Management Department

P. F. Mlozi	Manager	022 223 3398/9
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### 2. DIRECTORATE OF STRATEGIC PLANNING AND PERFORMANCE REVIEW

J.M.B. Massawe	Director	022 2233423/4
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#### Strategic Planning Department

A. V. Haule	Manager	022 2233425/6
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#### Technical Assistance Program Coordination Department

M. M. Mbawala	Manager	022 2233434/5
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#### Organization and Methods Department

F. N. Kazimoto	Manager	022 2233475/6
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### 3. DEPOSIT INSURANCE BOARD

B. N. Msami	Director	022 2235389/90
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#### Finance and Administration Department

R. J. Malisa	Manager	022 2235391/2
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#### Operations Department

A. M. Rasmini                      Manager                      022 2235393/4

#### **4. RISK MANAGEMENT**

.....                      Director                      022 2235297/8

##### **Investment Risk Department**

V. N. Lema                      Manager                      022 2233206/7

##### **Systems Risk Department**

Dr. M. Kipilimba                      Manager                      022 2233204/5

#### **5. DIRECTORATE OF HUMAN RESOURE AND ADMINISTRATION**

L. L. Kisarika                      Director                      022 2235144/5

##### **Human Resource Department**

R. L. Wambali                      Manager                      022 2235148/9

##### **Estate Management Department**

P. J. Mutoni                      Manager                      022 2235098/9

##### **Administrative & General Services Department**

J. P. Mpelembwa                      Associate Director                      022 2235194/5

##### **Facilities Management Department**

E. M. Twininge                      Manager                      022 2235555/6

##### **Procurement Department**

R. Wanga                      Manager                      022 2235194/5

#### **6. DIRECTORATE OF BANKING**

E. M. Boaz                      Director                      022 2235415/6

##### **Banking Department**

E. R. Balele                      Manager                      022 2235134/5

##### **Currency Department**

K. J. Jurango                      Manager                      022 2235672/3

#### **7. DIRECTORATE OF BANKING SUPERVISION**

A. E. Kobello                      Director                      022 2235482/3

##### **Banks Supervision Department**

C. A. Gama                      Manager                      022 2235530/1

##### **Non-Banks Supervision Department**

S. A. Kazimoto                      Manager                      022 2235480/1

**Operation & Policy Review Department**

A. A. Ukhotya                      Manager                      022 2235576/7

**Microfinance Institutions Supervision Department**

H. J. Ndambala                      Manager                      022 2235585/6

**8. DIRECTORATE OF ECONOMIC RESEARCH AND POLICY**

Dr. J. L. Massawe                      Director                      022 2233328/9

A. J. Mengo                      Senior Advisor                      022 2115614

Dr. B. Tarimo                      Senior Advisor                      022 2233376

**Monetary & Financial Affairs Department**

H.E.S Mmbaga                      Manager                      022 2233349/50

**International Economics & Trade Department**

G. Mwakibolwa                      Manager                      022 2233303/4

**Debt Management Department**

Y. A. Mchujuko                      Manager                      022 223378/9

**Research Department**

P. L. Kadesha                      Manager                      022 2233330/1

**Real Sector & Microfinance Department**

F. L. Rutabanzibwa                      Manager                      022 2233280/1

**9. DIRECTORATE OF FINANCE**

J. R. Angelo                      Director                      022 2235126/7

**Domestic Accounts Department**

M. P. Kobello                      Manager                      022 2235624/5

**Foreign Accounts Department**

S. S. Mwakalukwa                      Manager                      022 2235628/9

**10. DIRECTORATE OF FINANCIAL MARKETS**

J. K. Ndissi                      Director                      022 2233564/5

**Domestic Markets Department**

P. A. Maganga                      Manager                      022 2233529/30

**Foreign Markets Department**

A.T. Libabu                      Manager                      022 2233520/1

**Credit Guarantee Scheme Department**

E. C. Maganga                      Manager                      022 2233568/9

## **11. DIRECTORATE OF MANAGEMENT INFORMATION SYSTEMS**

E. A. Makwaia                      Director                      022 2235136/7

### **Management Information System Department**

G. M. Mahinya                      Manager                      022 2235373/4

### **Systems Analysis and Administration Department**

C. M. Kitwanga                      Manager                      022 2233732/3

### **Networks and Office Automation Department**

L. L. Masano                      Manager                      022 2233730/1

## **12. DIRECTORATE OF NATIONAL PAYMENTS SYSTEMS**

L. S. Kinunda                      Director                      022 2235432/3

### **Payment System Oversight and Policy Department**

G. K. Tabaro                      Manager                      022 2235439/40

### **System Development & Support Department**

B. J. Dadi                      Manager                      022 2235434/5

## **13. DIRECTORATE OF INTERNAL AUDIT**

A. Mwinyimvua                      Director                      022 2235240/1

### **Systems Audit Department**

N. M. Malekani                      Manager                      022 2235242/3

### **Operational Audit Department**

H. M. Mnjovu                      Manager                      022 2235255/6

## **14. OFFICE OF THE SECRETARY TO THE BANK**

A. H. M. Mtengeti                      Secretary to the Bank                      022 2233240/1

### **Internal Security & Investigation Department**

B. A. Mbanga                      Manager                      022 223 5376/7

### **Board Services & Exchange Management Department**

Y. E. Tongola                      Manager                      022 2233242/3

### **Legislation Department**

N. D. Mukirya                      Manager                      022 2233248/9

**Litigation Department**

M. K. Ismail	Manager	022 2233225/6
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**15. BANK OF TANZANIA TRAINING INSTITUTE (MWANZA)**

W. A. Mгимwa	Principal	028 2500352
S. W. Mahembe	Manager, Learning & Development	.....
J. C. Mlay	Director of Studies	028 2500982
C. P. Yamo	Manager, Finance & Administration	028 2502697

**16. BOT BRANCHES****Arusha**

O. H. Kitine	Director	027 2545482
E. Y. Ndesingo	Manager, Operations	027 2504047
S. M. Chiguma	Manager, Economics	027 2548443
G. C. Maganga	Manager, Finance & Administration	027 2504009

**Mbeya**

M.J.C. Gasabile	Director	025 2504158
H. O. Katundu	Manager, Operations	025 2502055
F.E.K. Rugemalira	Manager, Economics	025 2502839
J. M. Munazi	Manager, Finance & Administration	025 2502700

**Mwanza**

.....	Director	028 2501015
J. C. Rushaka	Manager, Operations	028 2500024
W. L. Tawe	Manager, Economics	028 2500622
C. A. Kiponda	Manager, Finance & Administration	028 2500025

**Zanzibar**

J. S. Mhando	Director	024 2234503
T. A. Mpelwa	Manager, Operations	024 2234506
N. K. Mboje	Manager, Economics	024 2234507
A. H. Hamisi	Manager, Finance & Administration	024 2234504



## **8.0 GLOSSARY**

### **Average Inflation Rate**

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

### **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 also known as Bank Rate**

The rate of interest the Bank of Tanzania charges on Loans it extends to Commercial Banks and overdrafts to government.

### **Exchange Rate**

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

### **Lombard Facility**

The Bank introduced Lombard facility on 1st December 2003, as an overnight facility to enable commercial banks to borrow at their own discretion, through pledging of eligible government securities as collateral.

### **Lombard Rate**

This is the rate payable for the use of the Lombard Facility, which is also used as signalling mechanism for the Bank of Tanzania's monetary policy stance. The rate is based on prevailing discount rate, REPO or inter-bank rates, depending on whichever is higher.

### **Money Supply, M**

The sum of currency in circulation outside the banks and deposits of Depository Corporations, 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).

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

Consists of currency in circulation outside banks and demand deposits.

### **M2, Broad Money**

Is equivalent to narrow money (M1) plus time deposits and savings deposits.

**M3, Extended Broad Money**

Consists of broad money (M2) plus foreign currency deposits.

**Nominal Exchange Rate**

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

**Non-Food or Underlying Inflation Rate**

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

**Other Depository Corporations (ODCs)**

ODCs consist of all resident financial corporations and quasi-corporations, except the central bank, whose principal activity is financial intermediation and which have liabilities in the form of deposits or financial instruments which are close substitutes for deposits in mobilizing financial resources and which are included in measures of money broadly defined (SNA 1993).

**Repurchase Agreement (REPO)**

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

**Reserve Money (M0)**

The Central Bank's liabilities in the form of: (1) currency in circulation outside the Bank of Tanzania and (2) deposit money banks' deposits with the BoT are referred to as Base money, or reserve money.

**Seasonally Adjusted Indicators**

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, e.g. the harvest season. Seasonally adjusted indicators show the impact of non-seasonal influences on a time series.

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

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