

BANK OF TANZANIA



## MONTHLY ECONOMIC REVIEW

SEPTEMBER 2006



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# 1.0 Inflation Developments

## Inflation declines further

**Annual headline inflation** declined to 4.8 percent in August 2006, from 5.4 percent recorded a month earlier mainly on account of improved domestic food supply following on-going harvest activities in most parts of the country. This is a substantial decline in two months consecutively from its highest level of 7.7 percent in May 2006. The decrease was also reflected in month-to-month inflation, which declined to negative 1.0 percent compared with negative 0.5 percent recorded in July 2006. Excluding seasonal influences, the month-on-month headline inflation moved from negative 1.1 percent in the July 2006 to negative 0.1 percent in the month under review indicating some slowdown in the rate at which inflation is declining.

**Annual food inflation** declined to 6.1 percent in August 2006 compared with 7.0 percent recorded in the preceding month following the recent food crops harvests, which boosted overall food supply in the markets. Similarly, the month-to-month food prices declined by 1.7 percent compared to a decline of 1.3 percent in July mainly as a result of decrease in average prices of food items such as cereal (rice, maize flour, and wheat flour), beans, cooking bananas, fruits, fish, jams and vegetables. Food prices are expected to decline further in the coming weeks as the new crops continue to flow into urban markets.

**Annual non-food inflation** declined to 3.5 percent in August 2006 from 3.9 percent recorded in the July 2006 mainly due to slower rate of increase in the average prices of non-food items particularly transport, clothing and footwear compared to prices recorded in the month earlier. However, the month-to-month non-food inflation was negative 0.1 percent, reflecting decrease in average prices of drinks, cigarettes, clothing, footwear, furniture, music items diesel and petrol. On the other hand, average prices of some items such as charcoal, soaps, insecticides, personal care items, and school uniforms increased during the month under review on account of increased demand for these items (Table 1.1).

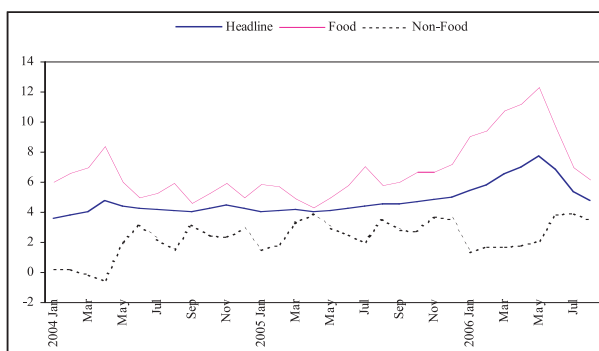
**Table 1.1: Percentage Change in Consumer Price Index (All-Urban)**

Base: 2001=100

| Major Commodity Group        | Weight (%)   | 2004       |            |            | 2005       |            |            | 2006       |            |            |
|------------------------------|--------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|                              |              | Jun        | Jul        | Aug        | Jun        | Jul        | Aug        | Jun        | Jul        | Aug        |
| <b>Headline/Overall</b>      | <b>100.0</b> | <b>4.2</b> | <b>4.1</b> | <b>4.1</b> | <b>4.2</b> | <b>4.4</b> | <b>4.5</b> | <b>6.8</b> | <b>5.4</b> | <b>4.8</b> |
| <b>Food</b>                  | <b>55.9</b>  | <b>4.9</b> | <b>5.3</b> | <b>5.9</b> | <b>5.8</b> | <b>7.0</b> | <b>5.8</b> | <b>9.6</b> | <b>7.0</b> | <b>6.1</b> |
| <b>Non-food</b>              | <b>44.1</b>  | <b>3.1</b> | <b>1.8</b> | <b>1.5</b> | <b>2.5</b> | <b>2.0</b> | <b>3.6</b> | <b>3.8</b> | <b>3.9</b> | <b>3.5</b> |
| Transportation               | 9.7          | 1.2        | -1.6       | 1.7        | 5.1        | 5.4        | 5.2        | 6.3        | 6.5        | 5.8        |
| Fuel, Power and Water        | 8.5          | 9.1        | 18.0       | 2.4        | 5.6        | 0.3        | 9.8        | 10.4       | 7.9        | 7.4        |
| Drinks and Tobacco           | 6.9          | 1.8        | -4.7       | 0.0        | 1.4        | 3.1        | 2.4        | 2.9        | 5.7        | 5.3        |
| Clothing & Footwear          | 6.4          | 2.3        | -0.1       | 3.1        | 0.9        | 1.3        | -1.2       | -2.2       | -1.1       | -2.0       |
| Education                    | 2.6          | 1.6        | 0.0        | 0.6        | 1.2        | 0.1        | -1.9       | 0.2        | 1.1        | 2.3        |
| Furniture & Household Equip. | 2.1          | 2.2        | -2.0       | -0.4       | -2.8       | -0.9       | 0.0        | 1.3        | 1.5        | 1.0        |
| H/h Operations               | 2.1          | 2.2        | -0.4       | 1.7        | 0.4        | 0.3        | -0.6       | -0.4       | 0.0        | -0.1       |
| Maintenance                  | 2.1          | 0.7        | -5.0       | 0.6        | 6.1        | 6.5        | 3.5        | 0.4        | -0.8       | -0.6       |
| Personal Care & Health       | 1.4          | 3.4        | 2.6        | 0.4        | -5.0       | -3.9       | 7.5        | 0.7        | 0.5        | 0.5        |
| Rents                        | 0.8          | 0.5        | 0.2        | 1.7        | -0.2       | -2.1       | -1.5       | -1.3       | -0.5       | -0.8       |
| Recreation & Entertainment   | 1.5          | 2.0        | -5.7       | -0.2       | -1.5       | -0.8       | -0.1       | -0.8       | -0.5       | -0.1       |
| Misc. Goods & Services       |              |            |            |            |            |            |            |            |            |            |

Source: National Bureau of Statistics (NBS)

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



## Food Supply Situation

### Food supply continues to improve

Food supply situation in the country continued to be satisfactory during August 2006. This is partly explained by the increase in supply of both cereal and non-cereal crops mainly root tubers and legumes. The harvest of cereals has been completed across the country and is expected to improve supply of foodstuffs and lower the food prices in the markets. Reflecting the improvement in domestic food supply, the average wholesale price of maize rice and sorghum decreased, in the month under review, as shown in Table 1.2. The decline notwithstanding, food prices in August 2006 remained relatively high when compared with the corresponding month last year. This was mainly due to high transportation costs emanating from high fuel prices.



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

*TZS per 100 Kgs*

| Crop     | 2004<br>Aug | 2005<br>Aug | 2006   |        | Percentage change |        |
|----------|-------------|-------------|--------|--------|-------------------|--------|
|          |             |             | Jul    | Aug    | Aug-05            | Jul-06 |
|          |             |             |        |        | Aug-06            | Aug-06 |
| Maize    | 16,069      | 16,372      | 22,309 | 20,530 | 25                | -8.0   |
| Rice     | 46,882      | 48,647      | 69,551 | 66,778 | 37                | -4.0   |
| Beans    | 40,271      | 46,173      | 48,785 | 50,696 | 10                | 3.9    |
| Sorghum  | 21,420      | 20,572      | 33,968 | 29,604 | 44                | -12.8  |
| Potatoes | 24,612      | 24,112      | 27,320 | 27,928 | 16                | 2.2    |

Source: Ministry of Agriculture, Food Security and Cooperatives

## The Strategic Grain Reserves continue to improve

During the month under review, the government through the Strategic Grain Reserve (SGR) Department purchased 25,557 tons and 56 tons of maize and sorghum respectively, mainly from Rukwa and Ruvuma regions. Furthermore, the government has imported 30,000 tons of maize through tender system. As a result, SGR stocks more than doubled to 28,440 tons by end August from the position at the end of July 2006 (Table 1.3). However, on account of substantial distribution of relief food to deficit areas, the SGR stock in August 2006 was far below the stock of 112,067 tons recorded in August 2005.

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

*Tons*

| Period    | 2001   | 2002   | 2003   | 2004    | 2005    | 2006   | % Change<br>2005 -2006 |
|-----------|--------|--------|--------|---------|---------|--------|------------------------|
| January   | 78,967 | 60,503 | 59,961 | 35,342  | 119,924 | 76,813 | -36                    |
| February  | 72,000 | 58,254 | 59,493 | 23,791  | 116,383 | 43,593 | -63                    |
| March     | 63,022 | 56,738 | 58,976 | 22,903  | 114,760 | 8,055  | -93                    |
| April     | 51,435 | 52,228 | 54,118 | 32,387  | 115,262 | 3,165  | -97                    |
| May       | 44,776 | 48,653 | 52,857 | 31,732  | 113,823 | 6,210  | -95                    |
| June      | 47,225 | 47,100 | 51,060 | 37,091  | 112,823 | 15,560 | -86                    |
| July      | 46,290 | 44,787 | 50,661 | 39,195  | 112,323 | 13,811 | -88                    |
| August    | 48,998 | 41,795 | 52,681 | 45,988  | 112,067 | 28,440 | -75                    |
| September | 59,047 | 57,500 | 61,364 | 67,685  | 111,971 |        |                        |
| October   | 58,000 | 62,700 | 59,379 | 92,710  | 111,695 |        |                        |
| November  | 62,388 | 61,773 | 52,054 | 108,448 | 106,428 |        |                        |
| December  | 62,788 | 58,395 | 41,649 | 114,030 | 93,051  |        |                        |

Source: Food Security Department and BOT computation

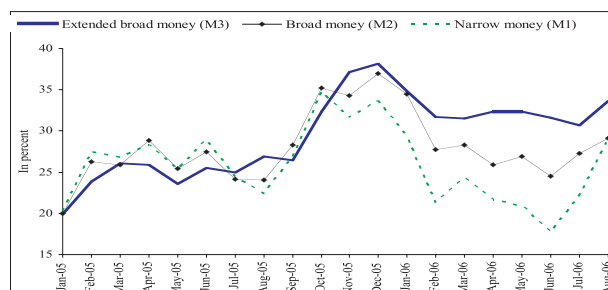
# 2.0 Monetary and Financial Developments

## Money Supply

In the year ending August 2006, extended broad money supply (M3) recorded a growth rate of 33.6 percent to TZS 4,598.0 billion, which is relatively higher than the growth rate of 30.7 percent registered in July 2006. The growth emanated mainly from a significant increase in foreign

currency deposits in the banking system, mainly attributed to receipt of export proceeds, and the effect of shilling depreciation on demand for (and valuation of) foreign currency deposits. In the same period, broad money supply (M2) grew by 29.1 percent compared with 27.3 percent in July. The increase in M2 was mostly in form of demand and saving deposits, as well as currency in circulation. (Table 2.1 and Chart 2.1). The significant increase in demand deposits in the banking system was associated with the continued improvement in intermediation process, recently bolstered by the investors' interest in the initial public offer (IPO) of the Tanzania Portland Cement (TPC) shares, which was highly oversubscribed.

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



On the sources side, the growth in money supply featured mostly in the net foreign assets of the banking system, which grew at an annual rate of 65.1 percent in August 2006, higher than 51.5 percent in the preceding month. The substantial increase was from the foreign assets of the Bank of Tanzania, following significant receipts of budget support funds from the development partners. Likewise, there was a continued strong growth of credit to the private sector by banks, which also contributed to the expansion in money supply during the month under review.

**Table 2.1: Tanzania – Selected Money Supply Components**

|  | 2006    |         | Monthly<br>Change | Annual growth (%) |        |        |        |        |
|--|---------|---------|-------------------|-------------------|--------|--------|--------|--------|
|  | Jul     | Aug     |                   | Aug-03            | Aug-04 | Aug-05 | Jul-06 | Aug-06 |
| Extended broad money (M3)                      | 4,434.5 | 4,598.0 | 163.5             | 18.1              | 19.8   | 26.9   | 30.7   | 33.6   |
| Broad money (M2)                               | 3,034.3 | 3,099.7 | 65.4              | 13.0              | 20.5   | 24.0   | 27.3   | 29.1   |
| Currency outside the banking system            | 914.1   | 939.1   | 25.0              | 7.9               | 27.0   | 19.6   | 19.3   | 22.8   |
| Demand deposits                                | 987.1   | 1,038.3 | 51.2              | 29.1              | 14.9   | 25.3   | 25.0   | 35.1   |
| Time deposits                                  | 441.2   | 416.2   | -25.0             | -2.8              | 15.0   | 27.6   | 41.5   | 19.6   |
| Saving deposits                                | 691.9   | 706.1   | 14.2              | 11.8              | 23.5   | 26.6   | 34.2   | 35.6   |
| Foreign currency deposits                      | 1,400.2 | 1,498.3 | 98.1              | 32.6              | 18.1   | 34.2   | 38.7   | 44.1   |
| In millions of USD                             | 1,087.2 | 1,135.1 | 47.9              | 22.4              | 14.2   | 28.3   | 22.3   | 23.8   |
| Total deposits                                 | 3,722.1 | 3,853.7 | 131.6             | 21.7              | 21.0   | 28.2   | 35.6   | 38.0   |
| Private sector deposits in commercial banks    | 3,520.4 | 3,659.2 | 138.8             | 21.4              | 17.7   | 29.2   | 34.0   | 36.7   |
| Government sector deposits in commercial banks | 201.8   | 194.5   | -7.3              | 38.7              | 165.9  | 7.6    | 69.4   | 69.2   |
| Net foreign assets                             | 3,441.9 | 3,787.6 | 345.7             | 40.7              | 12.5   | 7.6    | 51.5   | 65.1   |
| Bank of Tanzania                               | 2,547.3 | 2,792.0 | 244.7             | 60.1              | 10.6   | 11.7   | 57.0   | 75.9   |
| Commercial banks                               | 894.6   | 995.6   | 101.0             | 12.1              | 16.5   | -0.5   | 37.8   | 40.9   |
| Net domestic assets                            | 1,601.8 | 1,419.6 | -182.2            | -12.6             | 43.6   | 61.9   | -3.5   | -16.0  |
| Domestic credit                                | 2,050.5 | 1,832.4 | -218.0            | 6.0               | 31.8   | 35.7   | 26.8   | 13.7   |
| Claims on government by the banking system     | 929.1   | 934.2   | 5.1               | 4.5               | 10.9   | 82.1   | -0.8   | 2.7    |
| Government deposits in the banking system      | 656.4   | 912.2   | 255.7             | 149.8             | 9.2    | 107.5  | 5.8    | 44.9   |
| Claims on the private sector                   | 1,777.8 | 1,810.4 | 32.6              | 37.4              | 36.1   | 34.3   | 36.7   | 35.9   |

Source: Bank of Tanzania

On monthly basis, the extended broad money supply increased by TZS 163.5 billion in August 2006, which is higher than the increase of TZS 136.8 billion recorded a



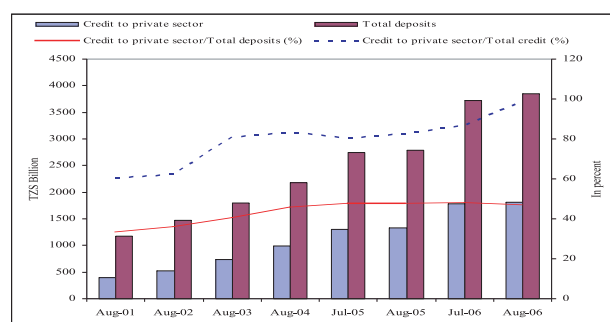
month earlier. As for broad money supply, the monthly increase was TZS 65.4 billion, which is lower than the increase of TZS 89.0 billion registered in July 2006. All of the components of money, save for time deposits, contributed to the increase in money supply. This development is associated with the depositors' interest in the TPC shares, as they had to switch from term deposits to the IPO, leading to a sharp increase in demand deposits. Foreign currency deposits increased substantially by TZS 98.1 billion, mainly on account of export proceeds mainly cotton, and the public interest in holding foreign exchange following depreciation of the shilling during the period. Meanwhile, currency in circulation rose by TZS 25.0 billion, followed by savings deposits, which went up by TZS 14.2 billion.

## Credit Developments

Credit growth to the private sector remained robust during the month under review, recording an annual growth rate of about 36 percent. The strong growth is the continued effect of government initiatives in promoting favourable business environment and continued support of the private sector as an engine of growth, coupled with the recent developments in the equity market, following the initial public offer of the Tanzania Portland Cement, whereby some banks extended credit to their customers for buying shares. During August 2006, largest share of private sector credit of about 19.5 percent was held by trade activities, followed by manufacturing, agriculture, and transportation activities, which altogether accounted for more than 38 percent of the total credit.

During the month of August 2006, about TZS 32.6 billion were loaned out to the private sector pushing the outstanding stock of private sector loans to TZS 1,810.4 billion. Out of the total credit extended during the month, about 52 percent was in shillings and the balance was in foreign currency (**Chart 2.2**).

**Chart 2.2: Tanzania – Commercial Banks Intermediation**



In August 2006, stock of net claims on government by the banking system continued to decline significantly by about TZS 250 billion. This compares with a decline of about TZS 240 billion in the preceding month. This development is on

account of sustained prudence in the fiscal policy, plus the substantial build up of government deposits at the Bank of Tanzania, following receipt of budget support funds from the development partners.

## Interest Rates

During August 2006, developments in deposit rates were mixed. The average rate on savings deposits improved marginally to 2.6 percent from 2.5 percent in the previous month. The rate on three months deposit fell to 7.2 percent in August 2006 from 7.9 percent in July, whereas average rates for one-year deposit improved significantly to 9.3 percent from 8.0 percent during the same period. Likewise, overall time deposit rate improved to 7.4 percent from 7.0 percent registered in the preceding month. Negotiated deposit rate to prime customers improved to 9.8 percent in August from 9.1 percent in July 2006.

During the same month, lending rates fell across all maturities, save for term loans over 5-year that rose to 15.6 percent from 14.7 percent. Short-term (up to one year) lending rates eased to 15.0 percent from 16.7 percent, while lending rates to prime borrowers fell to 10.8 percent from 12.0 percent registered in the preceding month. As a result, the average overall lending rate closed at 15.2 percent in August, down from 16.4 percent in July 2006 (**Table 2.2**).

**Table 2.2: Tanzania – Weighted Average Interest Rates Structure**

| Interest Rate Category                   | 2006 |      |      |      |      |      |      |      |
|--|------|------|------|------|------|------|------|------|
|  | Jan  | Feb  | Mar  | Apr  | May  | June | July | Aug  |
| 91-day Treasury bill WAY                 | 14.8 | 14.8 | 13.4 | 12.3 | 10.0 | 7.8  | 9.1  | 9.7  |
| 182-day Treasury bill WAY                | 14.6 | 14.6 | 13.7 | 12.3 | 10.6 | 8.5  | 9.3  | 10.0 |
| 364-day Treasury bill WAY                | 15.6 | 15.8 | 13.9 | 11.9 | 10.4 | 9.6  | 9.8  | 10.4 |
| Overall Treasury bill WAY                | 14.9 | 13.7 | 13.4 | 12.0 | 10.2 | 8.3  | 9.2  | 9.9  |
| Savings deposit rate                     | 2.7  | 2.6  | 2.6  | 2.8  | 2.8  | 2.5  | 2.5  | 2.6  |
| Overall time deposit rate                | 5.6  | 6.1  | 5.9  | 5.9  | 5.9  | 6.6  | 7.0  | 7.4  |
| 12- months Time deposit rate             | 8.1  | 7.5  | 7.5  | 8.4  | 8.0  | 8.7  | 8.0  | 9.3  |
| Negotiated deposit rate                  | 10.6 | 10.4 | 10.4 | 11.5 | 10.0 | 10.1 | 9.1  | 9.8  |
| Overall lending rate                     | 14.7 | 14.7 | 14.6 | 15.0 | 14.4 | 15.4 | 16.4 | 15.2 |
| Short-term lending rate (up to one year) | 15.5 | 15.4 | 15.6 | 16.4 | 14.1 | 15.8 | 16.7 | 15.0 |
| Term loan rate over five years           | 12.9 | 12.8 | 13.8 | 13.3 | 12.8 | 12.1 | 14.7 | 15.6 |
| Negotiated lending rate                  | 11.4 | 13.4 | 11.6 | 11.2 | 11.3 | 11.2 | 12.0 | 10.8 |

Source: Commercial banks and Bank of Tanzania

## Financial Markets

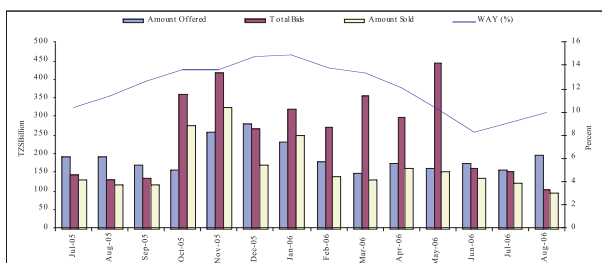
### Treasury bills market

During August 2006, performance in the Treasury bill market continued to experience low demand. The bid – offer ratio dropped to 52.3 percent compared with 95.9 percent in July 2006. The substantial decline in demand for Treasury bills was largely associated with the shift in investors' appetite, mainly big commercial banks in favour of foreign exchange holdings, and partly due to the effect of the shift of substantial amount of cash to the initial public



offer of TPC shares. As a result, the demand for Treasury bills closed at TZS 104.6 billion, and Treasury bills worth TZS 101.8 billion were successful against the supply of TZS 200.0 billion. This compares with the demand of TZS 153.0 billion and actual sales of TZS 127.0 billion against an offer of TZS 159.5 billion in July 2006. Consequent to the low demand, Treasury bills rates rose to an average rate of 9.9 percent in August 2006, from 9.2 percent recorded in July 2006 (**Chart 2.3**)

**Chart 2.3 Treasury Bills Market Developments**



## Treasury bonds market

In the Treasury bonds market, demand was relatively favourable unlike the Treasury bill market. During August 2006, Treasury bonds worth TZS 19.6 billion were demanded against the supply of TZS 20.0 billion. This compares with the demand of TZS 24.1 billion against the supply of TZS 16.0 billion registered in the preceding month. Owing to the existence of outlier bids, the Bank of Tanzania accepted bids worth TZS 13.7 billion in August, relatively higher than TZS 9.5 billion sold in July 2006. The overall annualized weighted average yield (WAY) increased to 15.9 percent in August 2006 from 15.0 percent recorded in the preceding month. Specifically, the WAY for 2-year, 5-year and 7-year bonds increased to 14.1 percent, 16.2 percent and 16.6 percent in August from 11.9 percent, 15.8 percent and 15.4 percent in July, respectively, whereas for 10-year Treasury bond the WAY fell moderately to 16.9 percent from 17.0 percent during the same period.

## Repurchase Agreements Transactions

In August 2006, the Bank of Tanzania engaged in repurchase agreements (repo) amounting to TZS 79.0 billion, well above TZS 19.0 billion traded in the previous month. The conduct of repo was necessary for liquidity management, following low demand for Treasury bills experienced during month. Overall repo rate increased significantly to 7.42 percent in August 2006 from 6.17 percent in July.



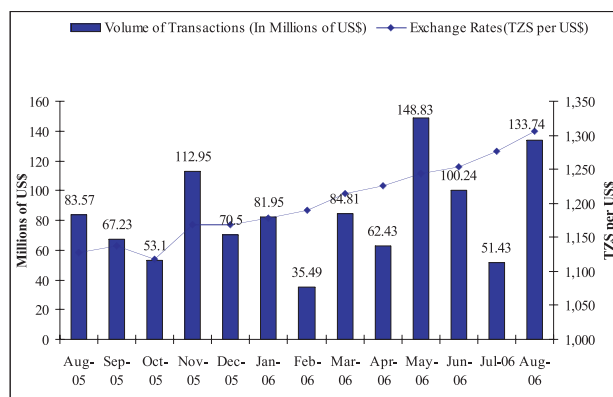
## Interbank Cash Market

Total inter-bank cash market transactions during August 2006 amounted to TZS 380.9 billion. This level is significantly high when compared with TZS 306.0 billion transacted in July 2006. Overnight transactions amounted to TZS 322.8 billion accounting for 84.7 percent of total transactions in August, which is higher than the overnight transactions worth TZS 258.6 billion conducted in the previous month. Interest rates on overnight transactions declined from an average of 8.9 percent in July 2006 to 8.4 percent in August, while the overall rate fell slightly from 8.6 percent to 8.5 percent in the same period.

## Foreign Exchange Market (IFEM) Operations

In August 2006, the total volume traded in the Inter-bank Foreign Exchange Market (IFEM) increased substantially (**Chart 2.4**). The surge in the trade volume was partly due to high demand for US dollars by corporate clients for the payment of dividends to their parent companies and by oil importing companies to finance importation of petroleum products amid the increasing oil prices in the world market. The Bank of Tanzania intervened in the IFEM where it made a net sale of USD 86.1 million, while non-banks sold USD 9.5 million and commercial banks purchased USD 95.6 million on net basis. Due to high demand for the dollar, the weighted average shilling exchange rate depreciated by 2.3 percent to TZS 1,306.2 per US dollar in August 2006, from TZS 1,276.8 per US dollar recorded in July 2006 (see **Table 2.3**).

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



## Transactions in Bureaux de Change System

The volume of transactions conducted by Bureau de Change system declined slightly to USD 65.1 million, during the review period. The buying and selling rates

depreciated by about 2.4 percent from the levels recorded in July 2006, (Table 2.3).

**Table 2.3: Foreign Exchange Market Developments**

| Item                    | 2006    |         | 2005<br>August | % Change             |                     | Year ending August |          | % Change |
|-------------------------|---------|---------|----------------|----------------------|---------------------|--------------------|----------|----------|
|                         | Jul     | Aug     |                | July 06<br>to Aug 06 | Aug 05<br>to Aug 06 | 2005               | 2006     |          |
| <b>IFEM</b>             |         |         |                |                      |                     |                    |          |          |
| Amount offered*         | 51.43   | 133.74  | 83.57          | 160.07               | 60.03               | 788.88             | 1002.69  | 27.10    |
| Amount sold*            | 51.43   | 133.74  | 83.57          | 160.07               | 60.03               | 788.88             | 1002.69  | 27.10    |
| Exchange rate**         | 1276.83 | 1306.18 | 1,128.20       | 2.30                 | 15.78               | 1,097.47           | 1,208.88 | 10.15    |
| <b>Bureau de Change</b> |         |         |                |                      |                     |                    |          |          |
| Sales*                  | 32.81   | 32.21   | 37.90          | -1.83                | -15.01              | 405.50             | 405.98   | 0.12     |
| Purchases*              | 32.73   | 32.88   | 38.30          | 0.46                 | -14.15              | 397.60             | 401.43   | 0.96     |
| Volume of Transactions* | 65.54   | 65.09   | 76.20          | -0.69                | -14.58              | 803.10             | 807.41   | 0.54     |
| Buying rate**           | 1256.00 | 1286.00 | 1,123.00       | 2.39                 | 14.51               | 1,091.40           | 1,201.75 | 10.11    |
| Selling rate**          | 1274.00 | 1305.00 | 1,142.00       | 2.43                 | 14.27               | 1,109.50           | 1,218.50 | 9.82     |

Note\* Millions of USD, \*\*Tanzania Shillings (TZS) per US dollar  
Source: Bank of Tanzania

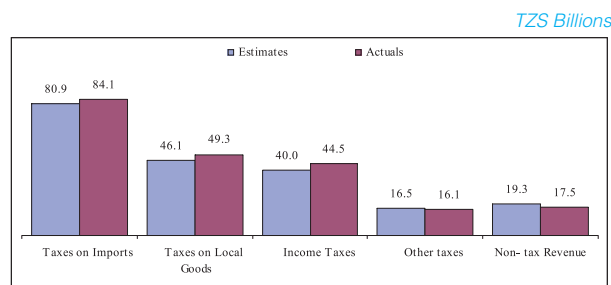
## 3.0 Government Budgetary Operations

### Fiscal operations register a surplus

During the month of August 2006, government budgetary operations recorded a surplus of TZS 242.1 billion. Total resources that were available for the month from domestic revenue and grants amounted to TZS 529.3 billion, while expenditure including cheques for financial year 2005/06 (float) paid during the month amounted to TZS 287.2 billion. The surplus was used to repay previous borrowings from the banking system.

Total revenue collected during the period was above the target of TZS 191.8 billion by TZS 12.2 billion. Tax revenue collections amounted to TZS 186.4 billion, exceeding the target by TZS 13.9 billion. The good performance in tax revenue collections came from all major categories namely: taxes on local goods, income taxes and taxes on imports. The implementation of the revenue measures for the financial year that include imposition of excise duty rate of 20 percent on imported used non-utility motor vehicles aged 10 years or more, improvement in the performance of the Customs through increased accountability and technology usage and the general improvement in tax administration contributed to this performance (Chart 3.1).

**Chart 3.1: Government Revenue Performance in August 2006**



During the month under review, total government expenditure cheques written (excluding amortization) amounted to TZS 274.8 billion, out of which recurrent expenditure was TZS 189.2 billion, while development expenditures, amounted to TZS 85.5 billion.

Cumulatively, from July to August 2006, government expenditure amounted to TZS 506.4 billion, consisting of TZS 347.4 billion for recurrent expenses and TZS 159.0 billion for development projects.

## 4.0 External Sector Performance

### The current account record surplus

During August 2006, the current account balance improved significantly by recording a surplus of USD 32.3 million from a deficit of USD 142.0 million during July 2006. The development is largely due to a substantial increase in Government donor inflows from USD 8.0 million in the previous month to USD 201.2 million. The funds were disbursed under the General Budget Support and Health Programme Support. On the contrary, during the year ending August 2006, the current account worsened to a deficit of USD 1,178.7 million compared with a deficit of USD 745.0 million in 2005, owing to a huge increase in imports of goods and services (Table 4.1)





**Table 4.1: Tanzania: Current Account Balance***Millions of USD*

| Item                            | August       |               | 2006          |               | Year Ending August |                   | % Change    |
|---------------------------------|--------------|---------------|---------------|---------------|--------------------|-------------------|-------------|
|                                 | 2004         | 2005          | Jul           | Aug           | 2005 <sup>P</sup>  | 2006 <sup>P</sup> |             |
| <b>Goods Account (net)</b>      | <b>-98.8</b> | <b>-110.5</b> | <b>-180.7</b> | <b>-190.1</b> | <b>-1,188.3</b>    | <b>-1,840.5</b>   | <b>54.9</b> |
| Exports                         | 118.4        | 156.7         | 119.4         | 128.2         | 1,646.6            | 1,708.6           | 3.8         |
| Imports                         | 217.2        | 267.2         | 300.1         | 318.3         | 2,834.9            | 3,549.1           | 25.2        |
| <b>Services Account (net)</b>   | <b>29.4</b>  | <b>21.2</b>   | <b>29.1</b>   | <b>27.1</b>   | <b>88.3</b>        | <b>131.5</b>      | --          |
| Receipts                        | 108.0        | 121.4         | 134.1         | 138.9         | 1,256.0            | 1,390.5           | 10.7        |
| Payments                        | 78.6         | 100.2         | 105.0         | 111.9         | 1,167.7            | 1,258.9           | 7.8         |
| <b>Goods and services (net)</b> | <b>-69.4</b> | <b>-89.3</b>  | <b>-151.6</b> | <b>-163.0</b> | <b>-1,100.0</b>    | <b>-1,709.0</b>   | <b>55.4</b> |
| Exports of goods and services   | 226.4        | 278.1         | 253.6         | 267.2         | 2,902.6            | 3,099.1           | 6.8         |
| Imports of goods and services   | 295.8        | 367.4         | 405.1         | 430.1         | 4,002.6            | 4,808.1           | 20.1        |
| <b>Income Account (net)</b>     | <b>-13.0</b> | <b>-17.1</b>  | <b>-3.9</b>   | <b>-10.5</b>  | <b>-164.1</b>      | <b>-186.7</b>     | <b>13.8</b> |
| Receipts                        | 3.1          | 3.4           | 10.7          | 9.1           | 84.4               | 86.1              | 2.1         |
| Payments                        | 16.1         | 20.5          | 14.6          | 19.6          | 248.5              | 272.9             | 9.8         |
| <b>Current Transfers (net)</b>  | <b>35.5</b>  | <b>53.1</b>   | <b>13.5</b>   | <b>205.8</b>  | <b>519.1</b>       | <b>717.0</b>      | <b>38.1</b> |
| Inflows                         | 41.6         | 58.9          | 19.3          | 211.5         | 585.4              | 783.3             | 33.8        |
| o/w General Government          | 35.7         | 48.4          | 8.0           | 201.2         | 508.3              | 652.6             | 28.4        |
| Outflows                        | 6.1          | 5.8           | 5.8           | 5.7           | 66.3               | 66.3              | 0.0         |
| <b>Current Account Balance</b>  | <b>-46.9</b> | <b>-53.3</b>  | <b>-142.0</b> | <b>32.3</b>   | <b>-745.0</b>      | <b>-1,178.7</b>   | <b>--</b>   |

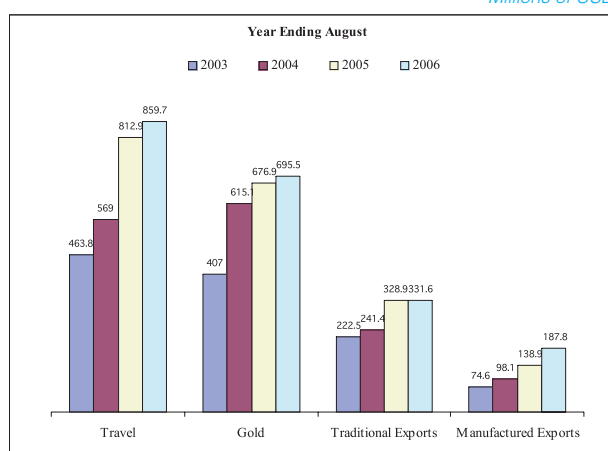
Source: Bank of Tanzania

Note: -- = Very large number

P = Provisional. Totals may not add up due to rounding of numbers

## Exports Performance

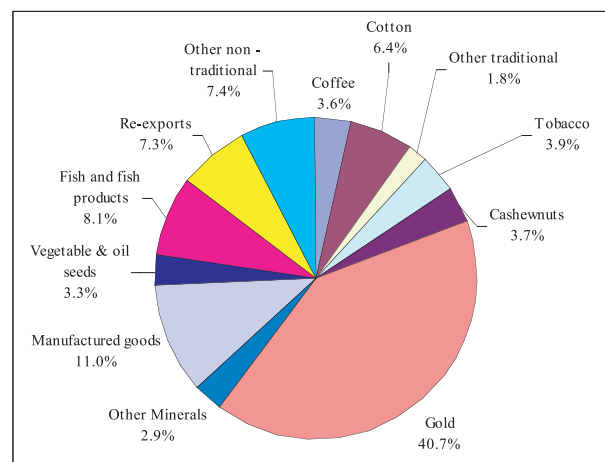
During the year ending August 2006, Tanzania exported goods and services worth USD 3,099.1 million, which is an increase of about 7.0 percent over the preceding year. Travel (tourism) and gold receipts dominated by accounting for about 50 percent of total exports. **Chart 4.1** summarizes the performance for selected export items during the past four years.

**Chart 4.1: Tanzania: Performance of Selected Items to Total Exports of Goods and Services***Millions of USD*

On annual basis, goods exports increased by 3.8 percent to USD 1,708.6 million following the increase in both traditional and non-traditional exports. The non-traditional exports maintained its dominance by accounting for over 80 percent of total goods exported. On the other hand, the contribution of traditional exports declined marginally to 19.4 percent compared to 20 percent recorded in the corresponding period in the previous year.

The decline in traditional exports was partly on account

of unfavourable weather conditions in the second half of 2005/06 that adversely affected production levels of coffee, sisal and tea. Meanwhile, gold continued to dominate goods exports followed by manufactured exports as depicted in **Chart 4.2**.

**Chart 4.2: Tanzania: Contribution of Selected Items to Total Exports of Goods for the Year Ending August 2006**

Note: Other non-traditional include horticultural products and other exports

1. Other traditional exports include sisal, tea and cloves

2. Other minerals include Tanzanite, rubies, sapphires, emeralds, copper, silver and other precious stones

3. Re-exports refers to goods that are imported and later exported to neighbouring countries. Major items in this category include wheat and refined petroleum products

## Traditional Exports

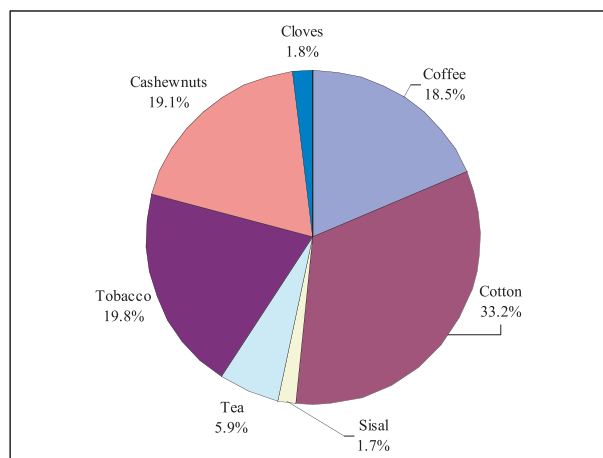
During the month of August 2006, traditional exports recorded an increase to USD 6.9 million compared to USD 5.0 million recorded in the previous month owing to the onset of the export season for most of traditional exports. However, the value of exports during the month under review is lower compared to the recorded value in the similar month in 2004 and 2005. The deterioration largely emanates from substantial decline in cotton exports following delays in commencement of cotton procurement that normally begins on 15th June. It is worthy noting that, the current procurement season started during the first week of July 2006 following delays in planting season due to extended drought, that resulted into late harvest of the crop. With the exception of tea, cashewnuts and cloves, other traditional exports recorded increases in August 2006 when compared to the previous month.

On annual basis, traditional exports increased slightly to USD 331.6 million for the year ending August 2006 from USD 328.9 recorded in the corresponding period last year. The dismal performance of traditional exports is largely attributed to unfavourable weather conditions, which affected production of most of the traditional crops hence their export volumes. During the period under review, cotton and cashew nuts recorded improvement in export volumes partly attributable to timely usage of agricultural inputs



including pesticides. Moreover, there was an increase in the export unit prices of coffee, cotton, tea and tobacco. The performance of traditional exports for the year ending August 2006 is reflected on **Chart 4.3**.

**Chart 4.3: Contribution to Total Traditional Exports for the Year Ending August 2006**

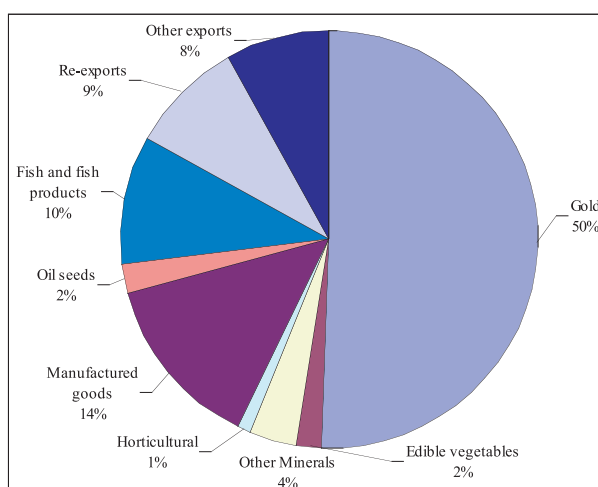


## Non-Traditional Exports

Non-traditional exports went up by 6.1 percent to USD 121.3 million in August 2006 with exports of minerals, manufactured goods, fish and fish products and re-exports accounting for the increase.

On annual basis, non-traditional exports increased by 4.5 percent to USD 1,377.0 million owing to an improvement in manufactured exports, minerals and other exports category. The improved performance of manufactured goods exports is largely attributed to the growth of the manufacturing sector and successful implementation of the investment policy reforms in Tanzania. The manufactured goods include textile apparels, iron and steel, and plastic articles, which are mostly exported to Burundi, Rwanda and the Democratic Republic of Congo. Regarding mineral exports, gold exports recorded an increase of 2.7 percent to USD 695.5 million attributed to the rise in the world market prices of gold that went up to an average of USD 560.8 per troy ounce in 2005/06 from USD 427.7 per troy ounce in the previous year. Gold exports accounted for about 51.0 percent of non-traditional exports followed by manufactured goods and fish and fish products. The dominance of gold in the country's exports started in mid-1990's following review of the mining policy in 1997 that attracted huge foreign investments in gold mining activities. Gold from Tanzania is mostly exported to the United Kingdom. **Chart 4.4** depicts the performance of non-traditional exports for the year ending August 2006

**Chart 4.4: Contribution to Total Non-Traditional Exports for the Year Ending August 2006**



## Services Export

During August 2006, export of services increased to USD 138.9 million from USD 134.4 million in the previous month, owing to the surge in travel (tourism) and other business services receipts. The increase in travel receipts is in line with the on set of the peak tourist season that begins in July to September.

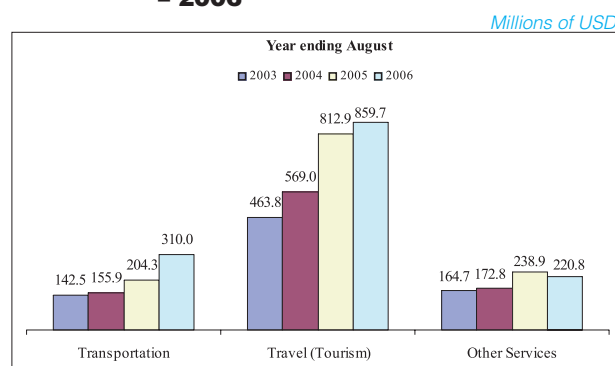
During the year under review, services receipts went up by 10.7 percent to USD 1,390.5 million compared with USD 1,256.0 million recorded in the corresponding period last year. The development is attributed to the increase in transportation and travel receipts. Travel receipts increased to USD 859.7 million from USD 812.9 million during the previous year is largely due to measures taken by the Government and other stakeholders of promoting Tanzania as the quality nature destination. It is worthy noting that during the period under review, two new tourism products namely Ngurdoto Crater and canoeing safari (at the world famous Lake Momela) were launched in Arusha. It is anticipated that the new products will add up to a list of magnificent tourist attractions that the country is endowed with. It should also be noted that, the review of tourism policy in 1999 encouraged the private sector to invest in the tourism industry. As a result, there has been an increase and upgrading of hotel establishments that have attracted more tourists into the country. However, in order to enhance tourist earnings, further improvement in infrastructure and customer services is of vital importance.

On the other hand, the significant increase in transportation receipts to USD 310.0 million from USD 204.3 million during the year ending August 2005 is mainly attributed to some improvement at the Dar es Salaam port that has led to increase in transit cargo to and from the neighbouring



countries. Nevertheless, in order to increase transportation receipts, further improvement is required in terms of shortening the port clearance period from the average of two weeks to about two days, as well as improvement of operation of Tanzania Railways Corporation (TRC) that is key to the transportation of cargo to neighbouring countries. The privatisation of TRC, which is in its final stage, is expected to put up more investments, particularly the increase of cargo wagons. **Chart 4.5** depicts performance of the main services sector during the past four years, with travel (tourism) taking the lead.

**Chart 4.5: Tanzania: Service Receipts 2003 – 2006**



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

## Imports Performance

### Goods Imports

Goods imports went up to USD 318.3 million in August 2006 compared to USD 300.1 million recorded in the previous month as all major categories of imports recorded an increase. The capital goods imports increased by 7.2 percent to USD 123.3 million following a surge in importation of transport equipment and machinery particularly telecommunication equipment. The intermediate goods increased marginally by 2.2 percent to USD 117.9 million in August 2006 following a rise in fertilizers and industrial raw materials. Fertilizer imports rose largely on account of an increase in the demand for fertilizers in preparation for the farming season in 2006/07. Also, this development is related to the Government's policy for provision of subsidy on the cost of transporting fertilizers. During 2006/07, a total of 110,000 tons of fertilizers are expected to be available compared to 53,000 tons last year. On the other hand, the increase in industrial raw materials is largely driven by rise in the importation of inorganic chemicals and animal/vegetable fats and oils. During the review period, the value of imported oil dropped by 6.0 percent to USD 77.9 million largely due to a decline in the volume from 140,257 tons

imported in the previous month to 110,658 tons. Consumer goods went up by 10.5 percent to USD 77.0 million in August 2006 with all items recording increases. While, food imports recorded an increase of 26.5 percent to USD 21.0 million, other consumer good imports rose by 5.5 percent to USD 56.0 million. The increase in food imports is largely explained by a surge in importation of wheat (**Table 4.2**).

**Table 4.2: Tanzania Imports**

*Millions of USD*

| Item                                  | 2005 <sup>P</sup> | 2006 <sup>P</sup> |              | % Change      |               | Year Ending August <sup>P</sup> |                |             |
|---------------------------------------|-------------------|-------------------|--------------|---------------|---------------|---------------------------------|----------------|-------------|
|                                       | August            | July              | August       | Aug 05-Aug 06 | Jul 06-Aug 06 | 2005                            | 2006           | % Change    |
| <b>Capital Goods</b>                  | <b>86.1</b>       | <b>115.0</b>      | <b>123.3</b> | <b>43.3</b>   | <b>7.2</b>    | <b>980.3</b>                    | <b>1,337.9</b> | <b>36.5</b> |
| Transport Equipments                  | 25.1              | 31.1              | 34.7         | 38.5          | 11.7          | 240.6                           | 374.4          | 55.6        |
| Building and Constructions            | 20.0              | 31.0              | 26.8         | 33.9          | -13.4         | 226.6                           | 324.5          | 43.2        |
| Machinery                             | 41.0              | 52.9              | 61.8         | 50.7          | 16.7          | 513.1                           | 638.9          | 24.5        |
| <b>Intermediate Goods</b>             | <b>112.8</b>      | <b>115.4</b>      | <b>117.9</b> | <b>4.5</b>    | <b>2.2</b>    | <b>1,106.6</b>                  | <b>1,365.2</b> | <b>23.4</b> |
| Oil imports                           | 86.6              | 83.1              | 77.9         | -10.1         | -6.3          | 810.2                           | 995.0          | 22.8        |
| Fertilizers                           | 2.1               | 2.4               | 3.8          | 80.5          | 62.7          | 62.8                            | 40.0           | -36.4       |
| Industrial raw materials              | 24.1              | 29.9              | 36.2         | 50.4          | 21.0          | 233.6                           | 330.2          | 41.3        |
| <b>Consumer Goods</b>                 | <b>68.3</b>       | <b>69.7</b>       | <b>77.0</b>  | <b>12.8</b>   | <b>10.5</b>   | <b>748.0</b>                    | <b>846.1</b>   | <b>13.1</b> |
| Food and food stuffs                  | 13.3              | 16.6              | 21.0         | 58.1          | 26.5          | 179.9                           | 251.3          | 39.7        |
| All other consumer goods <sup>1</sup> | 55.0              | 53.1              | 56.0         | 1.8           | 5.5           | 568.1                           | 594.8          | 4.7         |
| <b>Grand Total (F.O.B)</b>            | <b>267.2</b>      | <b>300.1</b>      | <b>318.3</b> | <b>19.1</b>   | <b>6.1</b>    | <b>2,834.9</b>                  | <b>3,549.1</b> | <b>25.2</b> |
| <b>Grand Total (C.I.F)</b>            | <b>293.6</b>      | <b>329.8</b>      | <b>349.8</b> | <b>19.1</b>   | <b>6.1</b>    | <b>3,115.3</b>                  | <b>3,900.1</b> | <b>25.2</b> |

**Note:** Oil imports refers to refined petroleum products

<sup>P</sup> = provisional data

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

Totals may not add up due to rounding of numbers

**Source:** Bank of Tanzania and Tanzania Revenue Authority

### Food Imports

In August 2006, food imports increased to USD 21.0 million from USD 16.6 million in the previous month. Much of the increase was from the importation of cereals, wheat in particular which went up by about 50 percent to USD 17.3 million. During the review period, importation of maize and rice remained low compared to the previous four months following improvement in the food supply from domestic sources. **Table 4.3** summarizes the trend of selected cereal imports during the past four months beginning May 2006.

**Table 4.3: Selected Food Imports**

|                   | % Change |        |        |                        |
|-------------------|----------|--------|--------|------------------------|
|                   | May-06   | Jun-06 | Jul-06 | Aug-06 (July - August) |
| <b>Maize</b>      |          |        |        |                        |
| Tons              | 37,267   | 47,825 | 8      | 127                    |
| Value (Mill. USD) | 6.7      | 9.8    | 0.002  | 0.116                  |
| <b>Rice</b>       |          |        |        |                        |
| Tons              | 14,232   | 27,871 | 10,854 | 595                    |
| Value (Mill. USD) | 3.3      | 6.4    | 2.5    | 0.147                  |
| <b>Wheat</b>      |          |        |        |                        |
| Tons              | 59,662   | 53,450 | 57,861 | 96,714                 |
| Value (Mill. USD) | 10.6     | 9.1    | 11.6   | 17.3                   |

**Source:** Bank of Tanzania and Tanzania Revenue Authority

On annual basis, goods imports went up by 25.2 percent to USD 3,549.1 million following the increase in importation of capital, intermediate and consumer goods. Capital goods imports increased to USD 1,337.9 million from USD 980.3 million in the previous year mainly due to a surge in imports of transport equipment, building and construction, and machinery imports. Machinery imports accounted for about 48.0 percent of total capital goods imports that were mainly directed to mining, communication and manufacturing sectors. The increase in importation of machinery is consistent with the increased investments in



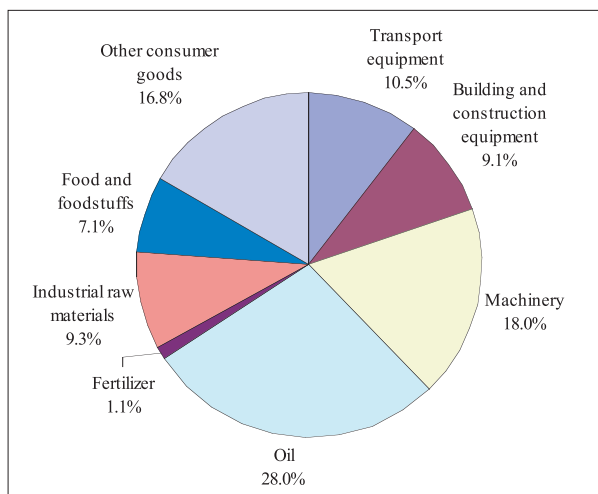


the three sectors.

During the year ending August 2006, intermediate goods imports went up by 23.4 percent to USD 1,365.2 million largely on account of the increase in importation of oil and industrial raw materials. The surge in oil imports is largely explained by the persistent increase in oil prices in the world market. During the period, the price of refined oil (white petroleum products) increased from an average of USD 480.0 per ton for the year ending August 2005 to an average of USD 613.8 per ton in August 2006. On the other hand, the surge in imports of industrial raw materials is partly associated with the growth of the manufacturing sector in the country amid macro-economic reforms that have attracted investment to the sector.

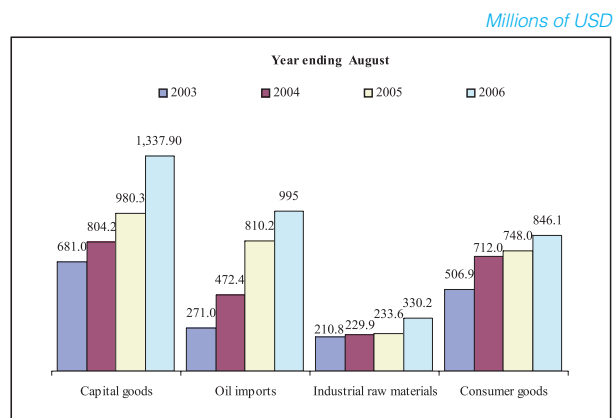
The consumer goods imports increased by 13.1 percent to USD 846.1 million following a rise in imports of food and foodstuff as well as other consumer goods. The increase in food imports is associated with food deficit following drought that hit the country in the first half of 2005/06. During the year under review, food imports mainly cereals (rice, maize and wheat) accounted for about 70 percent of total imports of food and foodstuffs. On the other hand, the increase in other consumer goods was mainly driven by a rise in importation of pharmaceutical products, books and plastic articles (Chart 4.6).

**Chart 4. 6: Tanzania: Composition to Total Imports for the Year Ending August 2006**



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

**Chart 4.7: Tanzania: Total Merchandise Imports: 2003-2006**

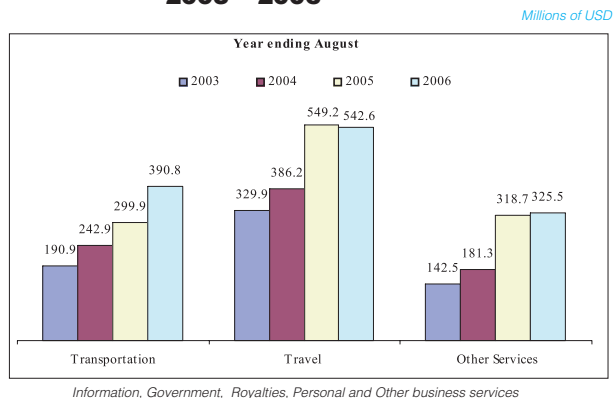


## Services Imports

During the review month, services payments went up by 6.5 percent to USD 111.9 million mainly due to the rise in transportation and other business services payments.

On aggregate, services payments increased to USD 1,258.9 million from USD 1,167.7 million during the previous period, largely due to the increase in payments for freight charges, financial services and insurance services. While the increase in freight payments is in line with the increase in merchandise imports, the surge in insurance payments is partly due to the increase in Foreign Direct Investments (FDIs), which resulted into the growth of re-insurance activity. The rise in financial services payments is largely associated with the expansion of financial and intermediary activities in the country. This includes service fees associated with letters of credit, foreign exchange and securities transactions. The performance of the major service payment categories in the past four years is illustrated on Chart 4. 8.

**Chart 4.8: Tanzania: Service Payments 2003 – 2006**



## World Commodity Prices

In August 2006, the prices of Arabica and Robusta coffee went up notably to USD 2.5 per kg and USD 1.6 per kg, respectively. The rise in coffee prices is largely due to expectations of a reduction in the supply of coffee from Brazil in 2007/08. This is explained by the biennial coffee circle as well as the tight supply of Robusta coffee from Vietnam. Similarly, the prices of cotton (A- Index) and (Memphis) went up by 8.2 percent and 6.9 percent to USD 1.3 per kg and 1.4 per kg, respectively during the period under review. This development was on account of adverse weather conditions in the US cotton growing regions. Both tea and cloves prices decreased slightly to USD 2.0 per kg, USD 2.1 per kg and USD 4450.0 per metric ton, respectively, as shown on **Table 4.5**. On the other hand, the price of sisal remained unchanged at USD 885 per metric ton, within the range of USD 840 to USD 900 per ton, recommended by FAO Committee in 2004, for East Africa UG fibre.

During the period under review, the average prices of crude oil (Brent) and Dubai (f.o.b) declined slightly to USD 71.7 per barrel and USD 68.8 per barrel, respectively. Similar developments were also observed on the price of white products with premium gasoline recording a 9.6 percent decrease in price to USD 697.7 per ton. The price of gold declined slightly to USD 632.6 per troy ounce in August 2006.

On annual basis, the developments in the price of coffee were mixed. While the price of Robusta coffee recorded significant increase to USD 1.3 per kg, the price of Arabica coffee increased slightly. The huge increase in the price of Robusta coffee stems from tight global supply following severe drought that damaged coffee plantations in Vietnam in 2005/06. Similarly, the price of tea in Mombassa Auction increased to USD 1.9 per kg in the period under review. The increase in the price of tea was largely on account of global decline in the supply of tea driven by unfavorable weather condition in East Africa and Indonesia.

Also, the prices of cloves, cotton (A Index) and (Memphis") went up on annual basis as shown on **Table 4.5**. During the year to August 2006, the average prices of crude oil Brent, Dubai (f. o. b.) and white petroleum products increased substantially compared to the corresponding period in the previous year. The surge in oil prices largely emanated from supply disruptions following global tensions in the Middle East, coupled with civil unrests in Nigeria. The price of gold also rose substantially to USD 560.8 per troy ounce as investors diversified from investing in stocks because of global insecurity. As the result, the demand for gold as an alternative investment increased and this pushed up the price of gold (**Table 4.5**).

**Table 4.5: World Commodity Prices**

| Commodity             | Units                | 2006     |         |         | % Change | Year ending Aug |          | % Change |
|-----------------------|----------------------|----------|---------|---------|----------|-----------------|----------|----------|
|                       |                      | June     | July    | Aug     |          | 2005            | 2006     |          |
| Robusta Coffee        | US \$ per kg         | 1.33     | 1.42    | 1.62    | 14.08    | 0.99            | 1.30     | 31.31    |
| Arabica Coffee        | US \$ per kg         | 2.27     | 2.32    | 2.46    | 6.03     | 2.42            | 2.43     | 0.41     |
| Tea (Average price)   | US \$ per kg         | 1.99     | 2.01    | 1.96    | -2.49    | 1.69            | 1.82     | 7.69     |
| Tea (Mombasa auction) | US \$ per kg         | 2.15     | 2.16    | 2.09    | -3.24    | 1.50            | 1.88     | 25.33    |
| Cotton, "A Index"     | US \$ per kg         | 1.22     | 1.22    | 1.32    | 8.20     | 1.18            | 1.26     | 6.78     |
| Cotton, Memphis"      | US \$ per kg         | 1.31     | 1.31    | 1.40    | 6.87     | 1.24            | 1.33     | 7.26     |
| Sisal (UG)            | US \$ per metric ton | 885.00   | 885.00  | 885.00  | 0.00     | 885.00          | 885.00   | 0.00     |
| Cloves                | US \$ per metric ton | 5,212.50 | 4510.00 | 4450.00 | -1.33    | 3,321.65        | 3,835.21 | 15.46    |
| Crude oil*            | US \$ per barrel     | 68.29    | 72.45   | 71.72   | -1.01    | 48.25           | 63.63    | 31.88    |
| Crude oil**           | US \$ per barrel     | 65.08    | 69.05   | 68.78   | -0.39    | 43.26           | 60.01    | 38.72    |
| White products***     | US \$ per ton        | 673.69   | 696.90  | 679.33  | -2.52    | 479.97          | 613.83   | 27.89    |
| Jet/Kerosene          | \$ per ton           | 691.59   | 696.61  | 706.97  | 1.49     | 500.20          | 631.17   | 26.18    |
| Premium Gasoline      | \$ per ton           | 713.59   | 772.00  | 697.65  | -9.63    | 465.23          | 638.98   | 37.35    |
| Heat Oil              | \$ per ton           | 615.89   | 622.08  | 633.36  | 1.81     | 473.88          | 573.98   | 21.12    |
| Gold                  | US \$ per troy ounce | 596.10   | 633.70  | 632.60  | -0.17    | 427.70          | 560.77   | 31.11    |

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

\*\* f. o. b. Dubai

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

**Source:** Various Trade Publications

## 5.0 National Debt Developments

### The stock of debt declines

National debt stood at USD 9,682.1 million, at the end of August 2006, representing a decrease of 0.6 percent from USD 9,739.7 million registered at the end of previous month. Multilateral debt relief realised during the month under review amounted to USD 5.7 million, bringing the debt relief realised from multilateral institutions in the form of debt service reduction and stock reduction to a total of USD 4,231.5 million. Debt relief from bilateral creditors under the HIPC Initiative remained at the same level of USD 1,052.3 million as recorded in July 2006.

## External Debt

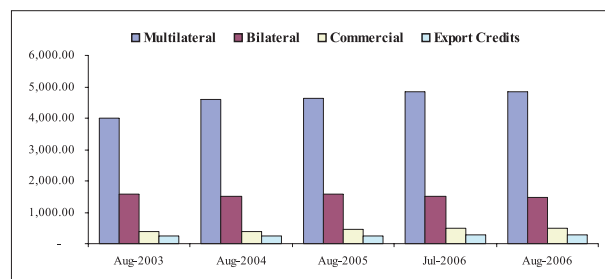
External debt stock decreased by 0.1 percent to USD 8,339.4 million from the amount recorded at the end of previous month. Out of the external debt stock, USD 7,067.7 million (84.8 percent) was disbursed outstanding debt (DOD) and the remainder of USD 1,271.5 million (15.4 percent) was interest arrears.

The profile of external debt in terms of maturity shows that debt with maturity of ten years and over accounted for 95.0 percent. Concessional loans accounted for 86.5 percent of total external debt. In terms of currency composition, 51.4 percent was in Special Drawing Rights, 26.8 percent in US dollars, 11.8 percent in Japanese Yen, and 10.0 percent was in other currencies.



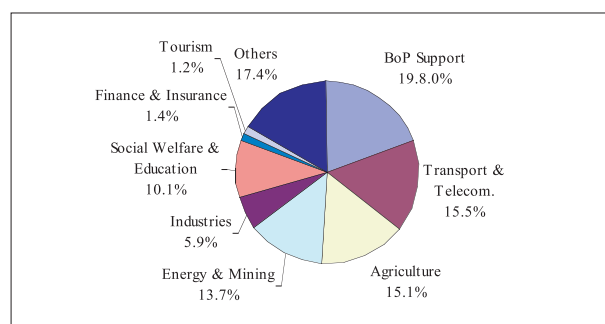
**Chart 5.1: DOD by Creditor Category**

Millions USD



The largest share of disbursed outstanding debt was in form of balance of payments support followed by Transport and Telecommunication, Agricultural and Energy and Mining (Chart 5.2).

**Chart 5.2: Disbursed Outstanding Debt by Use of Funds**



## External Debt Service Payments and Debt Relief

Actual external debt service amounted to USD 5.4 million out of which principal payment amounted to USD 2.6 million while USD 2.8 million was interest payment. Tanzania also realised multilateral debt relief amounting to USD 5.7 million during the month under review (Table 5.1)

**Table 5.1: Multilateral Debt Relief**

| Creditor | 2006/07 |         |         |         |         |        |        | Total  |
|----------|---------|---------|---------|---------|---------|--------|--------|--------|
|          | 2001/02 | 2002/03 | 2003/04 | 2004/05 | 2005/06 | Jul-06 | Aug-06 |        |
| IDA      | 41.24   | 43.45   | 47.79   | 47.74   | 48.52   | 1.19   | 5.74   | 284.57 |
| AfDB     | 0.00    | 8.02    | 10.00   | 9.99    | 9.87    | 4.44   | 0.00   | 56.46  |
| IMF      | 23.36   | 7.23    | 11.10   | 10.72   | 4.44    | 0.00   | 0.00   | 80.73  |
| IFAD     | 0.53    | 1.34    | 0.82    | 1.43    | 1.47    | 0.00   | 0.00   | 5.59   |
| NORTF    | 0.00    | 2.61    | 1.51    | 2.83    | 0.00    | 0.00   | 0.00   | 6.95   |
| NODF     | 0.00    | 0.00    | 0.00    | 0.24    | 0.20    | 0.00   | 0.00   | 0.44   |
| EIB      | 0.00    | 0.00    | 0.24    | 9.29    | 3.92    | 0.00   | 0.00   | 13.45  |
| EADB*    | 0.00    | 0.00    | 0.00    | 1.30    | 0.00    | 0.00   | 0.00   | 1.30   |
| TOTAL    | 65.13   | 62.65   | 71.46   | 83.54   | 68.42   | 5.63   | 5.74   | 449.49 |

Source: Bank of Tanzania  
\* Stock Reduction

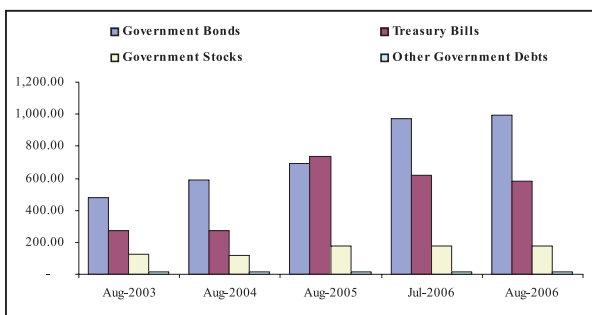
Debt relief received from bilateral creditors in the form of debt cancellation remained at the same level of USD 1,052.3 million. Out of this amount, USD 867.6 million was debt cancellation by Paris Club creditors and the remaining balance of USD 184.6 was from Non Paris Club bilateral creditors.

## Domestic Debt

Government domestic debt declined by 0.9 percent to TZS 1,772.2 billion from TZS 1787.8 billion registered at the end of previous month. Out of this total, domestic debt in form of Government securities (treasury bills, bonds and stocks) was 99.1 percent and the rest was other Government debts (Chart 5.3).

**Chart 5.3: Government Domestic Debt by Instruments**

Billions of TZS



The analysis of domestic debt by holder category shows that commercial banks remained the leading government creditors by holding 40.2 percent of total domestic debt followed by Pension Funds with 27.8 percent, Bank of Tanzania 20.1 percent, Other Official Entities 4.7 percent and Insurance companies 3.5 percent. Non-Bank Financial Institutions, BOT Special Funds and private sector, combined, held the remaining portion of around to 3.6 percent of domestic debt stock.

## Domestic Debt Service

Domestic debt amounting to TZS 75.9 billion fell due for payment during August. Out of this amount, TZS 8.4 billion being interest was paid out of Government revenue while principal amounting to TZS 67.5 billion was rolled over.



## 6.0 Economic Developments in Zanzibar

### Government Budgetary Operations

Zanzibar Government budgetary performance on “cheques issued basis” during August 2006, recorded an overall deficit of TZS 5.6 billion before grants. The deficit was reduced to TZS 3.3 billion after considering grant of TZS 2.3 billion. The overall performance on cheques cleared basis recorded the overall budget deficit of TZS 7.7 billion.

### Revenue outturn surpasses target

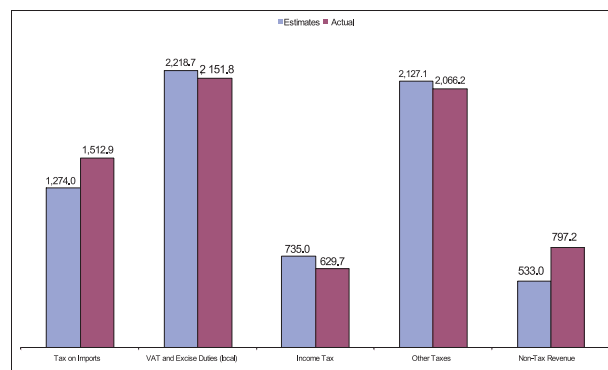
During August 2006 actual revenue outturn amounted to TZS 7.2 billion, 4.3 percent above the target TZS 6.9 billion. The improved performance was solely attributed to more than expected performance of non-tax revenue, which amounted to TZS 0.8 billion, against the target of TZS 0.5 billion.

While total tax revenue was TZS 6.4 billion in line with the target, tax on imports amounted to TZS 1.5 billion surpassing the target of TZS 1.3 billion, largely due to newly introduced excise duty on old motor vehicles. VAT and excise duty (local) collections and other taxes sources fetched TZS 2.2 billion each and were in line with the monthly targets. Income tax collections amounted to TZS 0.6 billion below the target of TZS 0.7 billion (**Chart 6.1**).

Cumulatively, total revenue collection from July 2006 to August 2006 amounted to TZS 12.9 billion, slightly below the target of TZS 13.1 billion.

**Chart 6.1: Government Revenue by Source  
August 2006**

Millions of TZS



### Expenditure

The total expenditure during August 2006 amounted to TZS 12.7 billion, slightly below the target of TZS 12.9 billion. Recurrent expenditure amounted to TZS 8.7 billion, below the target TZS 9.1 billion, while development expenditure amounted to TZS 4.0 billion surpassing target of TZS 3.7 billion.

Recurrent expenditure composition showed that, wages and salaries amounted to TZS 3.8 billion in line with target and accounted for 43.7 percent of the recurrent expenditure or 29.9 percent of total expenditure. Other expenditures amounted to TZS 4.7 billion compared to the target of TZS 5.4 billion and accounted for 54.0 percent of the recurrent expenditure or 37.0 percent of total expenditure. Interest payments amounted to TZS 0.1 billion.

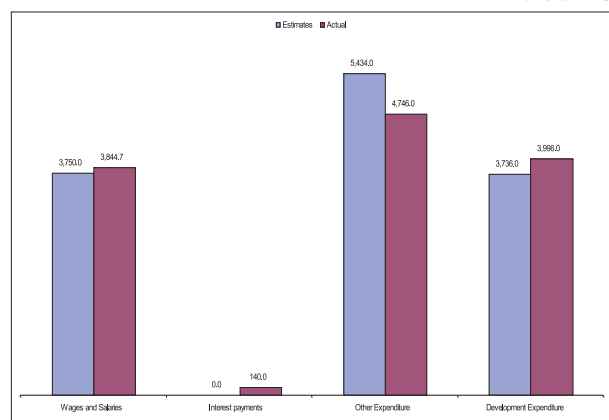
Development expenditure amounted to TZS 4.0 billion, above the target of TZS 3.7 billion. Out of total development expenditure, local component amounted to TZS 0.3 billion, below the target of TZS 0.6 billion, while foreign funded expenditure amounted to TZS 3.7 billion, above the target of TZS 3.2 billion (**Chart 6.2**).

Cumulatively, the government expenditure amounted to TZS 19.6 billion during July 2006 to August 2006 against the projected TZS 25.1 billion due to adherence to cash budget management.



**Chart 6.2: Government Expenditure by Components August 2006**

Millions of TZS



## Financing

During August 2006, the budget deficit was financed by government securities amounting to TZS 4.0 billion and donor funds to the tune of TZS 3.7 billion.

# Zanzibar's Debt Developments

## Zanzibar debt continues to rise

Zanzibar public debt stood at TZS 193.2 billion, at the end of August 2006, marking an increase of 3.8 percent from the stock at the end of July. The increase was largely associated with rise in domestic debt, specifically borrowing to finance budgetary operations. External debt component accounted for 61.2 percent of total public debt and the remaining 38.8 percent was domestic.

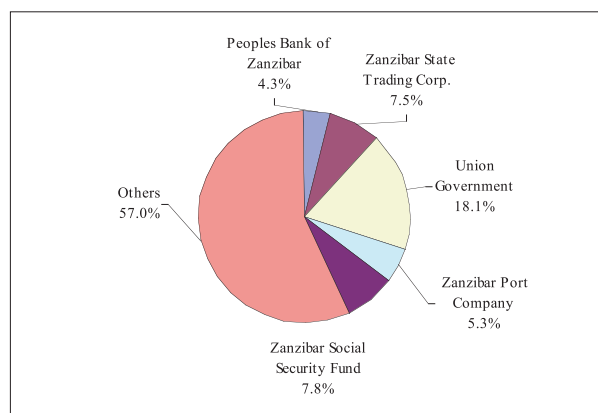
## Domestic Debt

Domestic debt stood at TZS 74.9 billion at the end of August 2006 from TZS 71.1 billion recorded at the end of preceding month. This was largely due to new non-bank government borrowing for budgetary financing.

The composition of domestic debt by creditors indicates that debt owed to 'Other creditors' (mainly domestic suppliers and pensioners) was the highest (57 percent). The Union Government debt was TZS 13.6 billion, representing 18.1 percent of total domestic debt. Debt due to the Zanzibar Social Security Fund stood at TZS 5.9 billion while debt owed to Zanzibar State Trading Corporation and Zanzibar

Port Company, stood at TZS 5.6 billion and TZS 3.9 billion, accounting for 7.5 percent and 5.3 percent of total domestic debt respectively. Claims by Peoples Bank of Zanzibar were TZS 3.2 billion or 4.3 percent of total domestic debt (Chart 6.3).

**Chart 6.3: Domestic Debt by Creditor as at end – August 2006**



Assessment of **domestic debt by instruments** shows that government loans were the largest category standing at TZS 21.5 billion. Other debt instruments (suppliers' credits and pensioners' claims) increased by 0.1 percent to TZS 19.5 billion, while Treasury bonds rose significantly by 31.6 percent to TZS 16.8 billion. Government stocks declined by 1.0 percent to TZS 9.9 billion, following payment of interest charges, while Treasury bills amounted to TZS 7.2 billion or 9.6 percent of total domestic debt.

**Debt by maturity** shows that debts with "undetermined maturity" (gratuity, pension, and domestic suppliers' claims) stood at TZS 42.7 billion being the largest debt category accounting for 56.9 percent of the total domestic debt. Debt maturing in less than a year amounted to TZS 18.0 billion accounting for 24.0 percent of total domestic debt, whereas debt maturing between 2 - 5 years amounted to TZS 13.0 billion. Debt maturing between 1 to 2 years stood at TZS 1.3 billion or 1.7 percent of the total domestic debt.

## External Debt

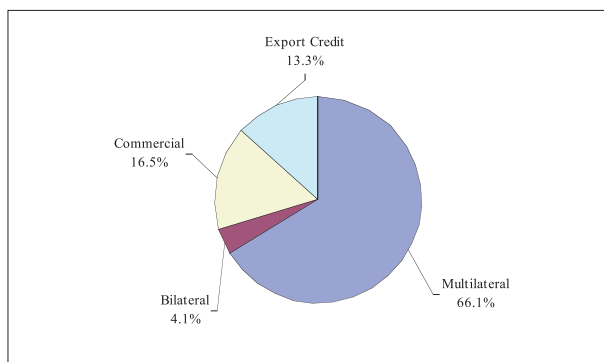
External debt at end August 2006 stood at TZS 118.3 billion or USD 89.6 million, from TZS 115.1 billion or USD 89.4 million for the previous period at end July 2006 largely due to weakening of the Tanzania shilling. Union Government guarantee debt amounted to USD 60.9 million, representing 68.0 percent of total external debt; while the non-guaranteed debt was USD 28.7 million, accounting for 32.0 percent of total external debt.



## External Debt by Creditor Category

Analysis of external debt by creditor shows that debt owed by multilateral creditors remained dominant accounting for 66.1 percent of total external debt amounting USD 59.2 million, while commercial debt was USD 14.7 million, representing 16.5 percent of total external debt. Export credit amounted to USD 12.0 million (TZS 15.8 billion), or 13.3 percent of total external debt (**Chart 6.4**).

**Chart 6.4: External Debt by Creditor as at End – August 2006**



The composition of external debt by maturity was as follows: Debts maturing beyond 20 years period (mainly multilateral debt) amounted to USD 53.6 million, representing 59.8 percent of the total external debt while debt maturing between 5 to 10 years was USD 29.4 million, representing 32.8 percent of total external debt. The remainder, USD 6.6 million equivalent to 7.4 percent of total external debt, was made up of debts maturing between 10 to 20 years.

In terms of use of fund, the Social welfare and education sector had USD 21.3 million, equivalent to 23.8 percent of total external debt. Amount owed by the energy sector was TZS 18.0 million or 20.1 percent of total external loans. Transport & telecommunications had USD 17.6 million, accounting for 19.6 million of total external debt while finance & insurance owed USD 14.7 million, equivalent to 16.5 percent of total external debt. The agriculture and industrial sectors had USD 13.3 million and USD 0.5 million, representing 14.8 percent and 0.5 percent of total external debt, respectively. Other sectors had USD 4.2 million accounting for 4.7 percent of total external debt (**Chart 6.5**).



## External Sector Developments

### The current account balance weakens

Zanzibar current account surplus deteriorated to US\$ 0.1 million in August 2006 from a surplus of US\$ 1.9 million registered in July 2006, due to higher increase in import bill relative to increase in export earnings. On annual basis, the current account balance deficit improved by 18.3 percent, to US\$ 28.6 million from US\$ 35.0 million, mainly due to increase in foreign receipts, specifically surge on services receipts (**Table 6.1**).

**Table 6.1: Zanzibar Current Account Balance**  
*Millions of USD*

| Item                          | 2005<br>August | 2006 <sup>P</sup> |        | Year Ending August <sup>P</sup> |       |       | % Change |        |
|-------------------------------|----------------|-------------------|--------|---------------------------------|-------|-------|----------|--------|
|                               |                | July              | August | 2004                            | 2005  | 2006  | Monthly  | Annual |
| Goods Account (net)           | -6.1           | -4.9              | -3.4   | -57                             | -67.2 | -63.6 | -30.6    | -5.3   |
| Exports                       | 3.7            | 0.3               | 0.7    | 12.8                            | 12.6  | 8.9   | 133.3    | -29.4  |
| Imports (fob)                 | 9.8            | 5.2               | 4.1    | 69.7                            | 79.7  | 72.5  | -21.2    | -9     |
| Services Account (net)        | -0.7           | 5                 | 1.7    | 13.3                            | 21.4  | 23    | -66      | 7.5    |
| Receipts                      | 6.1            | 8.7               | 9.4    | 41.8                            | 65.7  | 84.4  | 8        | 28.5   |
| Payments                      | 6.8            | 3.7               | 7.7    | 28.5                            | 44.2  | 61.3  | 108.1    | 38.7   |
| Goods and Services (net)      | -6.7           | 0.1               | -1.7   | -43.6                           | -45.7 | -40.6 | -1800    | -11.2  |
| Exports of Goods and Services | 9.8            | 9                 | 10.1   | 54.6                            | 78.3  | 93.3  | 12.2     | 19.2   |
| Imports of Goods and Services | 16.6           | 8.9               | 11.8   | 98.2                            | 124   | 133.9 | 32.6     | 8      |
| Income Account (net)          | 0.2            | 0                 | 0      | -0.1                            | 0.4   | 0.2   |          | -50    |
| Receipts                      | 0.2            | 0                 | 0      | 0                               | 0.4   | 0.2   |          | -50    |
| Payments                      | 0              | 0                 | 0      | 0.1                             | 0     | 0     |          |        |
| Current Transfers (net)       | 0              | 1.8               | 1.7    | 13.2                            | 10.3  | 11.8  | -5.8     | 14.5   |

<sup>P</sup> = Provisional

Source: Tanzania Revenue Authority

### Zanzibar Exports Improves Marginally

Exports of goods and services for August 2006 slightly increased to US\$ 10.1 million from US\$ 9.0 million registered in July 2006. This was due to rise in export of both goods and services. Exports of goods increased to US\$ 0.7 million from US\$ 0.3 million, mainly attributed to hike in export of manufactured goods and other exports. Service receipts slightly increased to US\$ 9.4 million from US\$ 8.7 million; contributing for 93.1 percent of total exports. On year - to - year basis, exports of goods and services increased by 19.2 percent to US\$ 93.3 million from US\$ 78.3 million for the previous corresponding period, mainly due to increase in receipts from services. Export of services summed to US\$ 84.4 million, representing 90.3 percent of total exports receipts, while clove and seaweeds exports realised US\$ 5.8 million and US\$ 1.4 million respectively. Exports of fish and fish produce doubled to US\$ 0.4 million, while other exports stood at US\$ 0.7 million (**Table 6.2**).



**Table 6.2: Zanzibar Exports by Major Categories**

*Millions of USD*

| Item                           | 2005       | 2006 <sup>P</sup> |            | Year Ending August <sup>P</sup> |             |            | % Change     |              |
|--------------------------------|------------|-------------------|------------|---------------------------------|-------------|------------|--------------|--------------|
|                                | August     | July              | August     | 2004                            | 2005        | 2006       | Monthly      | Annual       |
| <b>Traditional Commodities</b> |            |                   |            |                                 |             |            |              |              |
| Cloves                         |            |                   |            |                                 |             |            |              |              |
| Value                          | 3.4        | 0                 | 0          | 9.4                             | 9.6         | 5.8        |              | -39.6        |
| Volume                         | 1.2        | 0                 | 0          | 5.6                             | 3.2         | 2          |              | -37.5        |
| Unit Price                     | 2923.1     | 0                 | 0          | 1689.2                          | 3018.4      | 2929.8     |              | -2.9         |
| <b>SUB TOTAL</b>               | <b>3.4</b> | <b>0</b>          | <b>0</b>   | <b>9.4</b>                      | <b>9.6</b>  | <b>5.8</b> |              | <b>-39.6</b> |
| <b>Non-Traditional Exports</b> |            |                   |            |                                 |             |            |              |              |
| Seaweeds                       |            |                   |            |                                 |             |            |              |              |
| Value                          | 0.2        | 0.2               | 0.1        | 1.6                             | 1.8         | 1.4        | -50          | -22.2        |
| Volume                         | 0.7        | 0.9               | 0.5        | 8                               | 8.3         | 7.5        | -44.4        | -10.7        |
| Unit Price                     | 225.2      | 194.1             | 227.4      | 205.2                           | 218.9       | 193        | 17.1         | -11.8        |
| Manufactured Goods             | 0          | 0.1               | 0.4        | 0.7                             | 0.3         | 0.6        | 300          | 100          |
| Fish and Fish Produce          | 0          | 0                 | 0          | 0.2                             | 0.2         | 0.4        |              | 100          |
| Others Exports                 | 0          | 0.04              | 0.2        | 0.9                             | 0.7         | 0.7        | 400          |              |
| <b>SUB TOTAL</b>               | <b>0.3</b> | <b>0.3</b>        | <b>0.7</b> | <b>3.4</b>                      | <b>3</b>    | <b>3.1</b> | <b>133.3</b> | <b>3.3</b>   |
| <b>GRAND TOTAL</b>             | <b>3.7</b> | <b>0.3</b>        | <b>0.7</b> | <b>12.8</b>                     | <b>12.6</b> | <b>8.9</b> | <b>133.3</b> | <b>-29.4</b> |

*P = provisional*

**Source:** Tanzania Revenue Authority

## Imports Performance

During August 2006, Zanzibar goods imports (c.i.f) declined to USD 4.5 million from USD 5.8 million registered in the previous month, due to fall in imports of both capital and consumer goods. Imports of capital goods declined to USD 2.2 million from USD 2.9 million, consumer goods declined to USD 0.8 million from USD 1.3 million registered in the previous month, mainly due to decline in imports of machinery and other consumer goods, which accounted for 20.0 percent and 15.0 percent of total imports, respectively. Intermediate goods recorded a slight increase to USD 1.6 million from USD 1.5 million, due to an increase in importation of industrial raw materials for confectionary and beverages manufacturing.

On year-to-year basis, imports went down by 9.9 percent to USD 79.7 million from USD 87.6 million of the previous period. The deceleration was mainly influenced by 23.8 percent decline in consumer goods imports due to relative sufficient food stock. Oil imports recorded a marginal decline of 4.5 percent and constituted 26.0 percent of total import bill. Industrial raw materials imports declined to USD 5.9 million from USD 6.2 million. Capital goods imports stood at USD 33.4 million as in the corresponding period of the year before (**Table 6.3**)

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

| Import Category            | 2005        | Monthly 2006p |            | Year Ending August |             |             | % change     |             |
|----------------------------|-------------|---------------|------------|--------------------|-------------|-------------|--------------|-------------|
|                            | August      | July          | August     | 2004               | 2005        | 2006p       | Monthly      | Annual      |
| <b>Capital Goods</b>       |             |               |            |                    |             |             |              |             |
| Transport Equipments       | 0.8         | 1.0           | 1.1        | 9.7                | 9.1         | 11.0        | 10.0         | 20.9        |
| Building and Constructions | 1.6         | 0.7           | 0.2        | 4.0                | 8.3         | 8.1         | -71.4        | -2.4        |
| Machinery                  | 2.8         | 1.2           | 0.8        | 11.1               | 16.0        | 14.3        | -33.3        | -10.6       |
| <b>Intermediate Goods</b>  |             |               |            |                    |             |             |              |             |
| Oil imports                | 2.2         | 1.0           | 1.0        | 14.2               | 19.8        | 18.9        |              | -4.5        |
| Fertilizers                | 0.0         | ...           | ...        | ...                | ...         | ...         |              |             |
| Industrial raw materials   | 0.2         | 0.5           | 0.6        | 4.4                | 6.2         | 5.9         | 20.0         | -4.8        |
| <b>Consumer Goods</b>      |             |               |            |                    |             |             |              |             |
| Food and food stuffs       | 1.8         | 0.4           | 0.1        | 23.1               | 14.7        | 9.8         | -75.0        | -33.3       |
| All other consumer goods   | 1.4         | 0.9           | 0.7        | 10.3               | 13.6        | 11.7        | -22.2        | -14.0       |
| <b>Grand Total (CIF)</b>   | <b>10.8</b> | <b>5.8</b>    | <b>4.5</b> | <b>76.6</b>        | <b>87.6</b> | <b>79.7</b> | <b>-22.4</b> | <b>-9.9</b> |
| <b>Grand Total (Fob)</b>   | <b>9.8</b>  | <b>5.2</b>    | <b>4.1</b> | <b>69.7</b>        | <b>79.7</b> | <b>72.5</b> | <b>-21.2</b> | <b>-9.0</b> |

*p = provisional*

*... = Very small value*

**Source:** Tanzania Revenue Authority

## Services account balance deteriorates

Zanzibar services account balance (net) as of August 2006, slumped to USD 1.7 million from USD 5.0 million recorded in July 2006. Due to a substantial increase in foreign payments to USD 7.7 million from USD 3.7 million attributed to travel payments. Travel receipts remained relatively high, amounting to USD 8.8 million and representing 94.0 percent of total receipts, reflecting increase in tourism activities. On annual basis, the services account surplus slightly increased by 7.6 percent to USD 23.0 million from USD 21.4 million registered in the previous year. This resulted from increased foreign receipts by 28.5 percent, to USD 84.4 million from USD 65.7 million recorded in the year ending August 2005. The travel payments were USD 44.3 million, accounting for 72.1 percent of total foreign payments, while travel receipts amounted to USD 74.4 million representing 88.1 percent of total receipts.



Table A1: Selected Economic Indicators

| Item  | Unit      | 2000           | 2001           | 2002           | 2003           | 2004           | 2005 <sup>p</sup> |
|---|-----------|----------------|----------------|----------------|----------------|----------------|-------------------|
| <b>1. National Accounts and Prices</b>                              |           |                |                |                |                |                |                   |
| 1.1 Change in GDP at Factor Cost--Current Prices                    | Percent   | 12.2           | 13.7           | 14.1           | 12.8           | 14.8           | 14.3              |
| 1.2 Change in GDP at Factor Cost--Constant 1992 Prices <sup>2</sup> | Percent   | 4.9            | 5.7            | 6.2            | 5.7            | 6.7            | 6.9               |
| 1.3 GDP Per Capita--Current Prices <sup>1</sup>                     | TZS       | 210,231        | 231,751        | 258,925        | 286,888        | 320,000        | 356,275           |
| 1.4 GDP Per Capita--Current Prices <sup>1</sup>                     | USD       | 262.7          | 264.4          | 267.9          | 276.2          | 303.0          | 317.8             |
| 1.5 Change in Consumer Price Index (Inflation)                      | Percent   | 5.9            | 5.2            | 4.5            | 3.5            | 4.1            | 4.4               |
| 1.6 Saving to GNDI Ratio <sup>3*</sup>                              | Percent   | 11.6           | 11.1           | 12.7           | 11.8           | 12.3           | 12.5              |
| <b>2. Money Credit and Interest Rates</b>                           |           |                |                |                |                |                |                   |
| 2.1 Change in Extended Broad Money Supply (M3) <sup>**</sup>        | Percent   | 14.8           | 17.1           | 25.1           | 16.6           | 19.3           | 38.2              |
| 2.2 Change in Broad Money Supply (M2) <sup>***</sup>                | Percent   | 12.5           | 12.8           | 22.3           | 14.2           | 19.2           | 36.9              |
| 2.3 Change in Narrow Money Supply (M1)                              | Percent   | 9.9            | 10.2           | 25.2           | 16.1           | 18.2           | 33.7              |
| 2.4 Change in Reserve Money   | Percent   | 9.4            | 5.0            | 19.1           | 12.6           | 23.6           | 27.7              |
| 2.5 Total Credit to GDP Ratio <sup>1</sup>                          | Percent   | 9.8            | 7.6            | 8.8            | 8.7            | 8.5            | 9.4               |
| 2.6 Private Sector Credit to GDP Ratio <sup>1</sup>                 | Percent   | 4.6            | 4.9            | 6.1            | 5.2            | 8.9            | 11.0              |
| 2.7 Ratio of Private Credit to Total Credit                         | Percent   | 46.6           | 63.7           | 69.2           | 98.4           | 104.7          | 84.6              |
| 2.8 Average Deposit Rate (12-Month)                                 | Percent   | 8.6            | 6.0            | 5.7            | 5.0            | 5.8            | 6.2               |
| 2.9 Weighted Average Treasury Bill Rate                             | Percent   | 5.7            | 3.9            | 4.5            | 7.7            | 9.6            | 10.8              |
| 2.10 Average Medium- and Long-Term Lending Rate                     | Percent   | 21.2           | 15.8           | 13.2           | 12.5           | 14.0           | 15.5              |
| <b>3. Balance of Payments****</b>                                   |           |                |                |                |                |                |                   |
| 3.1 Exports (f.o.b)   | Mill. USD | 733.7          | 851.3          | 979.6          | 1,216.1        | 1,473.1        | 1,676.3           |
| 3.2 Imports (f.o.b)   | Mill. USD | 1,367.6        | 1,560.3        | 1,511.3        | 1,933.5        | 2,339.7        | 2,661.8           |
| 3.3 Trade Balance   | Mill. USD | -689.6         | -444.1         | -244.2         | -495.3         | -714.7         | -949.9            |
| 3.4 Balance on Current Account                                      | Mill. USD | -485.9         | -237.4         | 22.3           | -111.0         | -246.5         | -605.8            |
| 3.5 Overall Balance   | Mill. USD | -86.3          | -809.6         | -112.2         | 54.5           | 43.4           | -437.5            |
| 3.7 Gross Official Reserves   | Mill. USD | 974.0          | 1,157.0        | 1,529.0        | 2,037.8        | 2,296.1        | 2,048.4           |
| 3.8 Reserves Months of Imports (of goods and services)              | Months    | 5.7            | 6.3            | 8.6            | 9.2            | 8.3            | 6.4               |
| 3.9 Exchange Rate:  |           |                |                |                |                |                |                   |
| 3.9.1 Annual Average  | TZS/USD   | 800.4          | 876.4          | 966.6          | 1,038.6        | 1,089.2        | 1,128.8           |
| 3.9.2 End of Period   | TZS/USD   | 803.3          | 916.3          | 976.3          | 1,063.6        | 1,043.0        | 1,165.5           |
| <b>4 Population (TZ Mainland)</b>                                   | Million   | 31.9           | 32.1           | 33.6           | 34.2           | 34.8           | 35.4              |
| <b>5. Public Finance</b>  |           | <b>2000/01</b> | <b>2001/02</b> | <b>2002/03</b> | <b>2003/04</b> | <b>2004/05</b> | <b>2005/06*</b>   |
| 5.1 Current Revenue to GDP Ratio <sup>1</sup>                       | Percent   | 12.2           | 11.8           | 12.3           | 12.1           | 13.3           | 13.5              |
| 5.2 Grants to GDP Ratio <sup>1</sup>                                | Percent   | 3.7            | 4.3            | 3.2            | 3.7            | 6.7            | 6.1               |
| 5.2 Current Expenditure to GDP Ratio <sup>1</sup>                   | Percent   | 13.0           | 12.7           | 13.0           | 12.9           | 17.1           | 16.7              |
| 5.3 Development Expenditure to GDP Ratio <sup>1</sup>               | Percent   | 3.7            | 3.9            | 3.3            | 3.6            | 8.4            | 8.6               |
| 5.4 Deficit to GDP Ratio (excluding grants) <sup>1</sup>            | Percent   | -4.5           | -4.8           | -4.0           | -4.4           | -11.9          | -11.8             |
| 5.5 Deficit to GDP Ratio (including grants) <sup>1</sup>            | Percent   | -0.8           | -0.5           | -0.8           | -0.6           | -5.2           | -5.7              |
| <b>6. Total External Debt Stock</b>                                 | Mill. USD | 7,482.1        | 7,464.0        | 7,268.1        | 7,857.0        | 8,134.8        | 7,931.8           |
| Disbursed Debt  | Mill. USD | 6,312.2        | 6,559.7        | 6,233.0        | 6,678.3        | 6,799.5        | 6,743.6           |
| Interest  | Mill. USD | 1,169.9        | 904.3          | 1,035.1        | 1,178.7        | 1,335.3        | 1,188.2           |
| Total External Debt as % of GDP                                     | Percent   | 80.7           | 78.5           | 75.9           | 83.5           | 77.5           | 72.0              |

**Note:**

1 Calculated on the basis of GDP at market price

2 Calculated on the basis of GDP at factor cost

3 GNDI stands for gross national disposable income

p Provisional

\* Revised from 2001

\*\* Revised 2003

\*\*\* revised 2001-2002

\*\*\*\* revised from 2000

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





**Table A2 : Central Government Operations**

| Item   | Actual<br>2005/06   | BUDGET<br>2006/07   | Millions of TZS<br>2006 |                   |
|--|---------------------|---------------------|-------------------------|-------------------|
|  |                     |                     | Jul                     | Aug               |
| <b>Total Revenue</b>                                 | <b>2,124,843.7</b>  | <b>2,460,994.9</b>  | <b>187,768.5</b>        | <b>203,956.8</b>  |
| Tax Revenue  | 1,946,432.6         | 2,269,578.8         | 171,495.0               | 186,445.9         |
| Taxes on Imports                                     | 819,800.5           | 979,788.3           | 81,591.1                | 84,145.0          |
| Sales/VAT and Excise on Local Goods                  | 478,395.4           | 566,935.2           | 42,073.8                | 49,333.4          |
| Refunds  | -69,961.0           | -133,484.4          | -6,169.2                | -7,654.6          |
| Income Taxes   | 581,243.8           | 657,763.5           | 39,943.6                | 44,480.3          |
| Other taxes  | 136,954.0           | 198,576.2           | 14,055.7                | 16,141.8          |
| <b>Non- tax Revenue</b>                              | <b>178,411.1</b>    | <b>191,416.1</b>    | <b>16,273.5</b>         | <b>17,510.9</b>   |
| <b>Total Expenditure /1</b>                          | <b>3,873,254.8</b>  | <b>4,788,496.6</b>  | <b>231,638.3</b>        | <b>274,749.9</b>  |
| Recurrent expenditure                                | 2,661,862.5         | 3,054,030.0         | 158,204.4               | 189,211.7         |
| Roadtoll fund  | 0.0                 | 0.0                 | 0.0                     | 0.0               |
| Retention fund                                       | 61,260.2            | 50,000.0            | 6,796.0                 | 4,267.1           |
| Wages and salaries                                   | 656,788.5           | 1,003,881.0         | 76,112.1                | 79,232.6          |
| Interest payments                                    | 218,861.3           | 112,000.0           | 12,268.4                | 11,729.3          |
| Domestic 2/  | 163,694.8           | 72,000.0            | 9,921.6                 | 8,465.0           |
| Foreign  | 55,166.5            | 40,000.0            | 2,346.8                 | 3,264.3           |
| Other goods, services and transfers                  | 1,786,212.7         | 1,938,149.0         | 69,823.9                | 98,249.8          |
| <b>Dev. Expenditure and net lending</b>              | <b>1,211,392.2</b>  | <b>1,734,466.6</b>  | <b>73,433.9</b>         | <b>85,538.2</b>   |
| Local  | 296,100.0           | 641,766.0           | 9,360.2                 | 56,308.2          |
| Foreign  | 915,292.2           | 1,092,700.6         | 64,073.7                | 29,230.0          |
| <b>Overall Balance (cheque issued) before Grants</b> | <b>-1,748,411.0</b> | <b>-2,327,501.7</b> | <b>-43,869.8</b>        | <b>-70,793.1</b>  |
| <b>Grants</b>  | <b>1,000,160.2</b>  | <b>1,438,852.0</b>  | <b>19,744.9</b>         | <b>325,309.5</b>  |
| Program (CIS/OGL)                                    | 331,024.6           | 471,025.0           | 0.0                     | 280,933.0         |
| Project  | 416,771.0           | 422,950.6           | 10,384.6                | 20,279.0          |
| Basket funds   | 175,975.3           | 216,016.3           | 0.0                     | 0.0               |
| HIPC Relief  | 76,389.3            | 328,860.0           | 9,360.2                 | 24,097.5          |
| <b>Overall defic.(cheq.issued) after Grants</b>      | <b>-748,250.9</b>   | <b>-888,649.7</b>   | <b>-24,125.0</b>        | <b>254,516.4</b>  |
| Expenditure float                                    | 69,713.1            | 0.0                 | -113,193.1              | -8,399.8          |
| Adjustments to cash and other items ( net)           | -245,875            | 0.0                 | -19,914.9               | -4,048.8          |
| <b>Overall Balance (cheques issued)</b>              | <b>-924,412.5</b>   | <b>-888,649.7</b>   | <b>-157,232.9</b>       | <b>242,067.8</b>  |
| <b>Financing:</b>                                    | <b>924,412.5</b>    | <b>888,649.7</b>    | <b>157,232.9</b>        | <b>-242,067.8</b> |
| Foreign Financing ( net)                             | 561,219.0           | 736,171.9           | 315,214.7               | 5,232.4           |
| Loans  | 668,934.5           | 787,262.9           | 319,536.9               | 8,951.0           |
| Program loans  | 257,677.1           | 333,529.3           | 265,847.8               | 0.0               |
| Development Project loans                            | 328,955.7           | 362,812.0           | 53,689.1                | 8,951.0           |
| Basket Support                                       | 82,301.8            | 90,921.6            | 0.0                     | 0.0               |
| Amortization   | -107,715.5          | -51,091.0           | -4,322.2                | -3,718.6          |
| Domestic ( net)                                      | 363,193.5           | 152,477.8           | -157,981.8              | -247,300.2        |
| Domestic Financing                                   | 348,885.7           | 163,477.8           | -157,981.8              | -247,300.2        |
| Bank borrowing                                       | 129,644.6           | 0.0                 | -223,281.7              | -223,281.7        |
| Non-Bank (net of amortization)                       | 219,241.1           | 0.0                 | 65,299.9                | 65,299.9          |
| Amortization of contingent debt                      | -19,001.4           | -11,000.0           | 0.0                     | 0.0               |
| Privatization Proceeds                               | 33,309.2            | 0.0                 | 0.0                     | 0.0               |

Source: Ministry of Finance

**Note:**

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

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



Table A3 : Monetary Survey

| End of Period | M3, Extended Broad Money |                      |                            |              |                       |                 |             |           |             |                  |                           |                  |               |                 | Millions of TZS         |  |  |
|---------------|--------------------------|----------------------|----------------------------|--------------|-----------------------|-----------------|-------------|-----------|-------------|------------------|---------------------------|------------------|---------------|-----------------|-------------------------|--|--|
|               | Domestic Assets (net)    |                      |                            |              |                       | Memorandum      |             |           |             |                  |                           |                  |               |                 | item:                   |  |  |
|               | Domestic Credit (net)    |                      |                            |              |                       |                 |             |           |             |                  |                           |                  |               |                 |                         |  |  |
|               | Net                      |                      |                            |              |                       | M2, Broad Money |             |           |             | M1, Narrow Money |                           |                  |               |                 |                         |  |  |
|               | Foreign assets           | Claims on government | Claims on Private sectors* | Other items  | sum(2-5) or sum(9-13) | TOTAL           | sum(9,10)   | sum(9,12) | sum(9,14)   | sum(9,15)        | Foreign currency deposits | Savings deposits | Time deposits | Demand deposits | Currency in circulation |  |  |
| 1             | 2                        | 3                    | 4                          | 5            | 6                     | 7               | 8           | 9         | 10          | 11               | 12                        | 13               | 14            | 15              |                         |  |  |
| 1997          | 398,918.6                | 239,457.5            | 182,976.9                  | 105,716.0    | 927,068.9             | 760,353.3       | 493,868.7   | 287,877.1 | 205,991.7   | 126,269.2        | 140,215.3                 | 166,715.6        | 364,940.0     | 77,062.9        |                         |  |  |
| 1998          | 458,003.6                | 276,586.7            | 248,276.2                  | 44,118.1     | 1,026,984.7           | 844,929.4       | 545,517.0   | 307,798.7 | 237,718.3   | 134,401.0        | 165,011.4                 | 182,055.2        | 418,734.0     | 110,935.3       |                         |  |  |
| 1999          | 622,286.8                | 366,596.2            | 311,533.0                  | -82,789.1    | 1,217,626.9           | 972,088.6       | 632,571.2   | 384,848.0 | 247,723.2   | 149,257.1        | 190,260.3                 | 245,538.3        | 508,674.0     | 123,826.0       |                         |  |  |
| 2000          | 842,755.0                | 375,146.0            | 340,628.1                  | -160,840.2   | 1,397,688.8           | 1,093,610.9     | 695,006.5   | 392,404.2 | 302,602.3   | 170,051.6        | 228,552.8                 | 304,077.9        | 556,430.9     | 164,026.7       |                         |  |  |
| 2001          | 1,209,820.4              | 239,201.4            | 404,512.3                  | -216,803.4   | 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        | 584,369.1     | 172,730.2       |                         |  |  |
| 2002          | 1,558,627.1              | 264,608.6            | 570,668.3                  | -346,221.0   | 2,047,683.1           | 1,507,386.5     | 958,786.6   | 495,445.6 | 463,340.9   | 223,898.7        | 324,701.2                 | 540,296.5        | 695,701.2     | 200,255.6       |                         |  |  |
| 2003          | 2,182,072.0              | 12,937.0             | 817,125.2                  | -623,818.1   | 2,388,316.1           | 1,721,109.9     | 1,113,379.1 | 553,045.8 | 560,333.3   | 230,958.8        | 376,771.9                 | 667,206.2        | 783,309.0     | 230,263.2       |                         |  |  |
| 2004          | 2,379,909.3              | -47,719.7            | 1,060,077.3                | -544,146.8   | 2,848,120.0           | 2,050,886.0     | 1,315,739.4 | 664,148.0 | 651,591.3   | 276,396.4        | 458,750.2                 | 797,234.1        | 967,776.0     | 303,628.0       |                         |  |  |
| 2005          | 2,560,852.1              | 258,782.4            | 1,425,062.3                | -309,710.2   | 3,934,986.6           | 2,808,247.6     | 1,758,810.2 | 843,157.4 | 915,652.8   | 422,269.4        | 627,168.0                 | 1,126,738.9      | 1,236,080.6   | 392,923.2       |                         |  |  |
| 2005-January  | 2,408,352.9              | 61,685.6             | 1,117,110.4                | -606,557.6   | 2,980,591.4           | 2,089,035.9     | 1,342,836.9 | 636,932.2 | 705,904.7   | 287,300.0        | 458,898.9                 | 891,555.5        | 960,140.8     | 323,208.6       |                         |  |  |
| February      | 2,482,058.1              | 79,889.6             | 1,132,519.9                | -601,559.4   | 3,092,908.2           | 2,200,089.4     | 1,415,829.4 | 632,085.7 | 783,743.7   | 318,286.0        | 465,974.0                 | 892,818.9        | 1,001,798.5   | 369,712.9       |                         |  |  |
| March         | 2,462,099.7              | 39,973.7             | 1,147,110.1                | -525,216.0   | 3,123,967.5           | 2,211,685.5     | 1,390,703.8 | 645,241.4 | 745,462.4   | 341,842.1        | 479,139.7                 | 912,281.9        | 977,283.9     | 332,042.5       |                         |  |  |
| April         | 2,357,490.8              | 103,952.8            | 1,151,142.2                | -528,878.3   | 3,083,706.7           | 2,229,239.7     | 1,402,889.5 | 650,298.8 | 752,590.8   | 341,719.6        | 484,630.6                 | 854,467.0        | 993,432.3     | 343,133.6       |                         |  |  |
| May           | 2,305,218.6              | 192,236.7            | 1,182,122.5                | -568,218.2   | 3,111,359.6           | 2,242,841.3     | 1,417,403.2 | 668,271.2 | 749,132.0   | 336,585.8        | 488,852.3                 | 868,518.3        | 1,012,972.0   | 344,700.8       |                         |  |  |
| June          | 2,279,294.3              | 284,637.9            | 1,219,374.3                | -516,881.4   | 3,266,425.1           | 2,366,449.0     | 1,528,773.6 | 734,912.2 | 793,861.4   | 328,711.1        | 508,964.3                 | 899,976.2        | 1,029,997.6   | 295,085.4       |                         |  |  |
| July          | 2,271,794.7              | 316,477.6            | 1,300,730.5                | -496,058.9   | 3,392,943.9           | 2,383,746.1     | 1,556,217.6 | 766,285.7 | 789,931.9   | 311,839.8        | 515,688.6                 | 1,009,197.8      | 1,036,250.2   | 269,964.5       |                         |  |  |
| August        | 2,294,107.8              | 279,759.3            | 1,331,809.8                | -464,233.0   | 3,441,444.0           | 2,401,810.3     | 1,532,956.3 | 764,663.6 | 768,292.6   | 348,102.1        | 520,751.9                 | 1,039,633.7      | 1,102,883.1   | 338,219.5       |                         |  |  |
| September     | 2,222,906.5              | 294,886.3            | 1,390,349.6                | -372,077.0   | 3,536,065.4           | 2,539,977.8     | 1,644,905.1 | 790,956.7 | 853,948.4   | 344,867.1        | 550,205.6                 | 996,087.6        | 1,128,066.9   | 337,110.2       |                         |  |  |
| October       | 2,460,785.1              | 258,534.6            | 1,373,672.4                | -313,654.6   | 3,779,337.4           | 2,735,662.2     | 1,787,143.2 | 820,592.6 | 966,550.6   | 361,229.4        | 587,289.6                 | 1,043,675.3      | 1,299,956.0   | 479,363.4       |                         |  |  |
| November      | 2,664,790.8              | 206,764.5            | 1,411,085.0                | -368,316.0   | 3,914,324.3           | 2,744,464.9     | 1,744,522.8 | 812,532.5 | 931,990.3   | 396,447.7        | 603,494.4                 | 1,169,859.4      | 1,190,125.0   | 377,592.6       |                         |  |  |
| December      | 2,560,852.1              | 258,782.4            | 1,425,062.3                | -309,710.2   | 3,934,986.6           | 2,808,247.6     | 1,758,810.2 | 843,157.4 | 915,652.8   | 422,269.4        | 627,168.0                 | 1,126,738.9      | 1,236,080.6   | 392,923.2       |                         |  |  |
| 2006-January  | 3,028,147.5              | 410,349.6            | 1,450,364.7                | -870,330.5   | 4,018,531.2           | 2,807,935.4     | 1,737,737.0 | 805,963.9 | 931,773.1   | 446,757.0        | 623,441.5                 | 1,210,595.8      | 1,247,662.8   | 441,699.0       |                         |  |  |
| February      | 3,023,685.9              | 439,599.8            | 1,480,714.0                | -870,443.8   | 4,073,555.9           | 2,809,757.6     | 1,717,045.5 | 797,537.6 | 919,507.9   | 446,517.3        | 646,194.8                 | 1,263,798.4      | 1,285,897.7   | 488,360.1       |                         |  |  |
| March         | 3,113,212.4              | 435,385.5            | 1,531,395.1                | -970,986.8   | 4,109,006.3           | 2,836,223.0     | 1,729,080.2 | 807,153.5 | 921,926.7   | 444,629.8        | 662,513.0                 | 1,272,783.3      | 1,303,762.4   | 496,608.9       |                         |  |  |
| April         | 3,091,595.7              | 376,922.1            | 1,574,803.0                | -962,242.9   | 4,081,077.9           | 2,806,330.8     | 1,706,568.0 | 790,147.8 | 916,420.3   | 438,071.2        | 661,691.5                 | 1,274,747.2      | 1,299,704.4   | 509,556.7       |                         |  |  |
| May           | 3,164,944.7              | 420,929.5            | 1,597,836.3                | -1,064,831.9 | 4,118,878.7           | 2,846,416.3     | 1,713,176.9 | 807,506.7 | 905,670.2   | 458,443.9        | 674,795.5                 | 1,272,462.3      | 1,297,229.2   | 489,722.5       |                         |  |  |
| June          | 3,072,799.0              | 512,629.0            | 1,656,837.8                | -334,008.7   | 4,299,050.7           | 2,945,528.0     | 1,798,840.1 | 856,180.5 | 942,659.6   | 455,179.7        | 691,508.3                 | 1,353,522.6      | 1,296,486.6   | 440,306.2       |                         |  |  |
| July          | 3,432,915.7              | 272,674.0            | 1,777,777.0                | -439,664.1   | 4,434,496.0           | 3,034,317.4     | 1,901,244.9 | 914,140.5 | 987,104.4   | 441,172.2        | 691,900.3                 | 1,400,178.7      | 1,409,685.8   | 495,545.3       |                         |  |  |
| August        | 3,787,600.5              | 22,069.3             | 1,810,371.5                | -412,848.7   | 4,598,014.1           | 3,099,700.4     | 1,977,430.5 | 939,100.7 | 1,038,329.7 | 416,214.6        | 706,055.4                 | 1,498,313.6      | 1,412,975.7   | 473,874.9       |                         |  |  |

\*Former "Claims on other domestic sectors"

**\*\* CBR - Commercial Bank's Reserves**

**Source:** Bank of Tanzania

**Table A4: Interest Rate Structure**

| Item                                      | Percent      |              |              |              |              |              |              |              |              |              |              |              |              |              |                  |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------------|
|   | 2005         |              |              |              |              |              |              |              | 2006         |              |              |              |              |              |                  |
|   | Jun          | Jul          | Aug          | Sep          | Oct          | Nov          | Dec          | Jan          | Feb          | Mar          | Apr          | May          | Jun          | Jul          | Aug <sup>p</sup> |
| <b>A: Domestic Currency</b>               |              |              |              |              |              |              |              |              |              |              |              |              |              |              |                  |
| <b>1. Interbank Cash Market Rates</b>     |              |              |              |              |              |              |              |              |              |              |              |              |              |              |                  |
| Overnight                                 | 5.04         | 4.70         | 7.11         | 6.61         | 5.05         | 4.06         | 5.78         | 8.54         | 5.96         | 4.49         | 5.14         | 5.06         | 8.52         | 8.92         | 8.41             |
| 2 to 7 days                               | 5.15         | 5.31         | 7.23         | 7.83         | 5.47         | 4.64         | 5.26         | 8.44         | 6.08         | 4.94         | 5.25         | 5.66         | 5.98         | 6.86         | 8.87             |
| 8 to 14 days                              | 5.58         | 6.40         | 8.73         | 7.56         | 6.93         | 5.23         | 6.47         | 8.48         | 8.00         | 6.50         | 5.91         | 5.85         | 10.71        | 7.96         | 8.81             |
| 15 to 30 days                             | 6.16         | 6.20         | 8.00         | 9.32         | 6.00         | 7.52         | 8.17         | 8.17         | 8.50         | 6.38         | 6.81         | 6.29         | 7.58         | 7.33         | 7.33             |
| 31 to 60 days                             | 5.60         | 7.91         | 8.67         | 10.15        | 11.17        | 10.35        | 9.13         | 11.18        | 10.60        | 9.23         | 9.28         | 7.76         | 6.71         | 7.64         | 8.01             |
| 61 to 90 days                             | 7.40         | 8.75         | 10.57        | 10.57        | 10.57        | 12.00        | 12.50        | 12.60        | 12.60        | 12.60        | 12.60        | 12.60        | 12.60        | 8.50         | 8.50             |
| 91 to 180 days                            | 8.39         | 10.26        | 11.73        | 11.00        | 13.50        | 13.50        | 13.50        | 14.95        | 14.30        | 13.04        | 12.25        | 12.25        | 12.25        | 9.50         | 9.50             |
| 181 and above                             | 9.20         | 9.20         | 9.20         | 13.60        | 13.60        | 14.80        | 14.80        | 15.10        | 15.10        | 14.50        | 12.75        | 11.27        | 8.80         | 11.08        | 11.08            |
| <b>Overall interbank cash market rate</b> | <b>5.09</b>  | <b>4.97</b>  | <b>7.26</b>  | <b>7.23</b>  | <b>5.25</b>  | <b>4.73</b>  | <b>5.97</b>  | <b>8.70</b>  | <b>6.14</b>  | <b>4.86</b>  | <b>5.35</b>  | <b>5.64</b>  | <b>8.40</b>  | <b>8.63</b>  | <b>8.47</b>      |
| <b>2. Lombard Rate</b>                    | <b>10.98</b> | <b>10.98</b> | <b>10.98</b> | <b>10.98</b> | <b>10.98</b> | <b>10.98</b> | <b>10.98</b> | <b>13.56</b> | <b>13.91</b> | <b>13.31</b> | <b>12.45</b> | <b>11.00</b> | <b>12.78</b> | <b>13.38</b> | <b>12.62</b>     |
| <b>3. REPO Rate</b>                       | <b>5.24</b>  | <b>5.38</b>  | <b>7.12</b>  | <b>7.73</b>  | <b>6.23</b>  | <b>5.28</b>  | <b>6.00</b>  | <b>6.38</b>  | <b>5.65</b>  | <b>5.14</b>  | <b>5.14</b>  | <b>5.14</b>  | <b>5.14</b>  | <b>6.17</b>  | <b>7.42</b>      |
| 35 days                                   | 6.60         | 7.03         | 8.42         | 9.49         | 8.97         | 8.59         | 8.63         | 9.04         | 9.28         | 8.88         | 8.30         | 7.34         | 6.44         | 6.64         | 8.29             |
| 91 days                                   | 8.12         | 10.35        | 11.51        | 12.52        | 14.08        | 13.96        | 14.70        | 14.78        | 14.80        | 13.42        | 12.31        | 9.97         | 7.83         | 9.06         | 9.70             |
| 182 days                                  | 9.43         | 10.53        | 11.46        | 13.10        | 14.50        | 14.42        | 14.71        | 14.58        | 14.62        | 13.70        | 12.26        | 10.61        | 8.49         | 9.26         | 9.97             |
| 364 days                                  | 10.51        | 11.93        | 12.64        | 13.70        | 14.95        | 15.61        | 15.72        | 15.64        | 15.82        | 13.89        | 11.92        | 10.37        | 9.63         | 9.76         | 10.41            |
| <b>Overall treasury bills rate</b>        | <b>9.30</b>  | <b>10.35</b> | <b>11.30</b> | <b>12.58</b> | <b>13.60</b> | <b>13.63</b> | <b>14.78</b> | <b>14.92</b> | <b>13.71</b> | <b>13.36</b> | <b>12.02</b> | <b>10.21</b> | <b>8.25</b>  | <b>9.17</b>  | <b>9.89</b>      |
| <b>5. Treasury Bonds- 2-years</b>         | <b>15.05</b> | <b>14.82</b> | <b>14.91</b> | <b>16.89</b> | <b>16.89</b> | <b>16.89</b> | <b>17.97</b> | <b>17.71</b> | <b>16.91</b> | <b>16.11</b> | <b>14.31</b> | <b>12.74</b> | <b>13.39</b> | <b>11.87</b> | <b>14.05</b>     |
| 5-years                                   | 12.11        | 13.19        | 15.00        | 15.00        | 15.64        | 16.77        | 17.01        | 16.81        | 17.40        | 17.76        | 17.19        | 15.76        | 15.76        | 15.76        | 16.18            |
| 7-years                                   | 13.21        | 13.05        | 13.14        | 13.14        | 18.37        | 18.09        | 18.26        | 17.80        | 18.66        | 18.13        | 17.61        | 18.05        | 15.31        | 15.35        | 16.55            |
| 10-years                                  | 14.10        | 14.10        | 14.10        | 14.10        | 16.37        | 16.71        | 17.00        | 20.00        | 20.00        | 20.27        | 20.60        | 16.35        | 16.00        | 16.96        | 16.94            |
| <b>6. Discount Rate</b>                   | <b>13.92</b> | <b>15.14</b> | <b>16.04</b> | <b>16.13</b> | <b>17.78</b> | <b>18.30</b> | <b>19.33</b> | <b>20.00</b> | <b>18.50</b> | <b>17.50</b> | <b>17.00</b> | <b>16.02</b> | <b>13.40</b> | <b>13.40</b> | <b>14.00</b>     |
| <b>7. Savings Deposit Rate</b>            | <b>2.61</b>  | <b>2.60</b>  | <b>2.59</b>  | <b>2.63</b>  | <b>2.62</b>  | <b>2.62</b>  | <b>2.60</b>  | <b>2.65</b>  | <b>2.55</b>  | <b>2.58</b>  | <b>2.81</b>  | <b>2.75</b>  | <b>2.54</b>  | <b>2.54</b>  | <b>2.58</b>      |
| <b>8. Time Deposits Rates</b>             | <b>4.41</b>  | <b>4.48</b>  | <b>4.53</b>  | <b>4.77</b>  | <b>5.14</b>  | <b>5.20</b>  | <b>5.28</b>  | <b>5.61</b>  | <b>6.07</b>  | <b>5.86</b>  | <b>5.81</b>  | <b>5.63</b>  | <b>6.43</b>  | <b>6.98</b>  | <b>7.43</b>      |
| Call Accounts                             | 0.98         | 0.96         | 0.98         | 1.30         | 1.88         | 1.34         | 1.57         | 1.48         | 2.28         | 1.56         | 2.24         | 1.19         | 1.40         | 2.07         | 1.39             |
| 1 month                                   | 3.25         | 3.19         | 3.33         | 4.42         | 4.89         | 3.62         | 2.60         | 3.39         | 4.66         | 4.99         | 4.16         | 4.00         | 7.86         | 6.57         | 9.04             |
| 2 months                                  | 5.22         | 5.44         | 5.22         | 5.77         | 6.50         | 6.98         | 7.07         | 7.69         | 9.53         | 9.10         | 8.36         | 8.23         | 7.50         | 6.90         | 7.81             |
| 3 months                                  | 4.45         | 4.90         | 5.18         | 4.34         | 3.70         | 4.20         | 5.50         | 5.92         | 6.10         | 4.91         | 5.34         | 5.43         | 6.41         | 7.86         | 7.26             |
| 6 months                                  | 5.63         | 5.72         | 5.57         | 5.30         | 7.14         | 8.06         | 7.17         | 7.06         | 6.54         | 6.70         | 6.58         | 6.88         | 5.63         | 8.35         | 9.01             |
| 12 months                                 | 5.97         | 5.69         | 5.82         | 6.32         | 6.47         | 6.88         | 7.74         | 8.12         | 7.51         | 7.48         | 7.63         | 7.45         | 8.27         | 8.01         | 9.30             |
| 24 months                                 | 5.39         | 5.47         | 5.64         | 5.93         | 5.39         | 5.32         | 5.30         | 5.60         | 5.84         | 6.25         | 6.34         | 6.26         | 7.94         | 9.10         | 8.21             |
| <b>9. Negotiated Deposit Rates</b>        | <b>8.49</b>  | <b>8.87</b>  | <b>9.01</b>  | <b>7.18</b>  | <b>8.69</b>  | <b>9.26</b>  | <b>10.61</b> | <b>10.59</b> | <b>10.37</b> | <b>10.39</b> | <b>11.50</b> | <b>9.98</b>  | <b>10.07</b> | <b>9.13</b>  | <b>9.78</b>      |
| <b>10. Lending rates</b>                  | <b>15.51</b> | <b>14.97</b> | <b>15.07</b> | <b>15.08</b> | <b>15.39</b> | <b>15.45</b> | <b>14.98</b> | <b>14.69</b> | <b>14.67</b> | <b>14.57</b> | <b>15.02</b> | <b>14.40</b> | <b>15.44</b> | <b>16.36</b> | <b>15.19</b>     |
| Call Loans                                | 14.50        | 14.50        | 19.25        | 19.25        | 19.25        | 19.25        | 19.25        | 19.25        | 19.25        | 19.25        | 19.25        | 19.25        | 19.25        | 19.25        | 19.25            |
| Short-term (up to 1 year)                 | 16.06        | 16.14        | 15.82        | 15.74        | 16.03        | 15.69        | 15.65        | 15.46        | 15.41        | 15.31        | 16.39        | 14.12        | 15.77        | 16.69        | 14.97            |
| Medium-term (1-2 years)                   | 16.77        | 16.41        | 16.63        | 16.67        | 17.07        | 16.84        | 15.98        | 16.04        | 15.99        | 14.61        | 16.28        | 16.28        | 17.88        | 19.07        | 18.12            |
| Medium-term (2-3 years)                   | 16.21        | 15.39        | 15.05        | 15.52        | 15.65        | 15.67        | 14.52        | 14.93        | 14.83        | 14.90        | 15.29        | 15.27        | 16.16        | 16.57        | 14.30            |
| Long-term (3-5 years)                     | 13.87        | 12.72        | 13.52        | 13.25        | 13.76        | 13.83        | 14.08        | 14.11        | 14.30        | 14.20        | 13.81        | 13.52        | 15.32        | 14.75        | 12.91            |
| Term Loans (over 5 years)                 | 14.65        | 14.18        | 14.32        | 14.24        | 14.46        | 15.21        | 14.68        | 12.90        | 12.83        | 13.83        | 13.34        | 12.82        | 12.08        | 14.72        | 15.62            |
| <b>11. Negotiated Lending Rates</b>       | <b>11.01</b> | <b>11.51</b> | <b>11.39</b> | <b>11.37</b> | <b>11.47</b> | <b>11.46</b> | <b>11.14</b> | <b>11.35</b> | <b>13.39</b> | <b>11.60</b> | <b>11.24</b> | <b>11.32</b> | <b>11.19</b> | <b>11.99</b> | <b>10.80</b>     |
| <b>B: Foreign Currency</b>                |              |              |              |              |              |              |              |              |              |              |              |              |              |              |                  |
| <b>1. Deposits Rates</b>                  |              |              |              |              |              |              |              |              |              |              |              |              |              |              |                  |
| Call Accounts                             | 0.47         | 0.55         | 0.39         | 0.66         | 0.49         | 0.46         | 0.52         | 0.47         | 0.45         | 1.81         | 2.08         | 2.24         | 2.45         | 2.45         | 2.45             |
| <b>Savings Deposits</b>                   | <b>0.67</b>  | <b>0.65</b>  | <b>0.66</b>  | <b>0.72</b>  | <b>0.69</b>  | <b>0.67</b>  | <b>0.80</b>  | <b>0.72</b>  | <b>0.69</b>  | <b>0.62</b>  | <b>0.70</b>  | <b>0.65</b>  | <b>0.48</b>  | <b>0.78</b>  | <b>0.49</b>      |
| <b>Time Deposits</b>                      | <b>1.72</b>  | <b>1.73</b>  | <b>1.78</b>  | <b>1.81</b>  | <b>1.65</b>  | <b>1.85</b>  | <b>1.90</b>  | <b>1.98</b>  | <b>2.00</b>  | <b>1.86</b>  | <b>1.83</b>  | <b>1.90</b>  | <b>2.31</b>  | <b>2.84</b>  | <b>2.88</b>      |
| 1-months                                  | 1.18         | 1.31         | 1.24         | 1.48         | 1.60         | 1.55         | 1.61         | 1.83         | 1.67         | 1.79         | 1.52         | 2.23         | 1.24         | 2.80         | 3.01             |
| 2-months                                  | 1.58         | 1.32         | 1.52         | 2.70         | 1.50         | 1.54         | 2.34         | 2.20         | 1.53         | 1.02         | 2.16         | 1.21         | 2.40         | 2.52         | 2.98             |
| 3-months                                  | 1.74         | 1.83         | 2.28         | 1.17         | 1.52         | 2.17         | 1.50         | 1.86         | 3.03         | 2.33         | 1.72         | 2.02         | 1.81         | 2.76         | 2.65             |
| 6-months                                  | 1.45         | 1.34         | 1.25         | 1.33         | 1.47         | 1.52         | 1.93         | 1.96         | 1.99         | 2.17         | 1.55         | 1.80         | 2.37         | 2.73         | 2.71             |
| 12-months                                 | 2.62         | 2.84         | 2.63         | 2.36         | 2.15         | 2.46         | 2.09         | 2.06         | 1.77         | 1.96         | 2.18         | 2.21         | 3.72         | 3.37         | 3.05             |
| <b>2. Lending Rates</b>                   | <b>8.04</b>  | <b>7.85</b>  | <b>7.24</b>  | <b>7.73</b>  | <b>8.19</b>  | <b>8.08</b>  | <b>8.03</b>  | <b>8.03</b>  | <b>8.14</b>  | <b>8.38</b>  | <b>8.22</b>  | <b>7.87</b>  | <b>8.17</b>  | <b>9.13</b>  | <b>8.64</b>      |
| Short-term (up to 1 year)                 | 6.86         | 7.41         | 7.01         | 7.38         | 6.72         | 6.51         | 6.58         | 6.70         | 7.20         | 8.87         | 7.65         | 7.91         | 7.46         | 8.15         | 7.47             |
| Medium-term (1-2 years)                   | 7.70         | 7.86         | 6.55         | 6.93         | 7.93         | 7.71         | 7.67         | 7.76         | 7.82         | 8.24         | 8.20         | 7.40         | 8.32         | 9.02         | 8.75             |
| Medium-term (2-3 years)                   | 9.28         | 8.02         | 7.56         | 7.85         | 9.30         | 9.50         | 9.07         | 8.88         | 9.15         | 8.80         | 8.56         | 8.60         | 8.76         | 9.69         | 8.21             |
| Long-term (3-5 years)                     | 8.99         | 8.42         | 7.47         | 8.00         | 7.50         | 7.45         | 7.60         | 7.33         | 7.26         | 7.16         | 8.05         | 7.55         | 8.00         | 9.64         | 9.65             |
| Term Loans (over 5 years)                 | 7.36         | 7.54         | 7.61         | 8.48         | 9.52         | 9.25         | 9.25         | 9.45         | 9.28         | 8.84         | 8.63         | 7.89         | 8.32         | 9.12         | 9.09             |

Source: Bank of Tanzania



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

| Item                                  | 2005 <sup>p</sup> | 2006 <sup>p</sup> |              | % Change      |               | Year Ending Aug <sup>p</sup> |                |            |
|---------------------------------------|-------------------|-------------------|--------------|---------------|---------------|------------------------------|----------------|------------|
|                                       | Aug               | Jul               | Aug          | Aug 05-Aug 06 | Jul 06-Aug 06 | 2005                         | 2006           | % Change   |
| <b>Traditional Exports:</b>           |                   |                   |              |               |               |                              |                |            |
| <b>COFFEE</b>                         |                   |                   |              |               |               |                              |                |            |
| Value                                 | 1.2               | 1.1               | 1.9          | 64.0          | 79.7          | 72.3                         | 61.4           | -15.1      |
| Volume                                | 0.9               | 0.6               | 1.0          | 14.2          | 76.0          | 48.8                         | 32.4           | -33.6      |
| Unit Price                            | 1,311.1           | 1,844.0           | 1,883.0      | 43.6          | 2.1           | 1,480.4                      | 1,894.7        | 28.0       |
| <b>COTTON</b>                         |                   |                   |              |               |               |                              |                |            |
| Value                                 | 9.1               | 1.8               | 3.4          | -63.0         | 91.1          | 92.5                         | 110.1          | 19.0       |
| Volume                                | 11.0              | 1.8               | 3.7          | -66.7         | 106.6         | 94.7                         | 108.6          | 14.7       |
| Unit Price                            | 832.3             | 998.0             | 923.1        | 10.9          | -7.5          | 977.0                        | 1,013.5        | 3.7        |
| <b>SISAL</b>                          |                   |                   |              |               |               |                              |                |            |
| Value                                 | 0.6               | 0.0               | 0.1          | -84.6         | 319.8         | 6.9                          | 5.6            | -19.3      |
| Volume                                | 0.8               | 0.0               | 0.1          | -86.2         | 330.8         | 8.9                          | 7.3            | -18.2      |
| Unit Price                            | 777.8             | 887.9             | 865.3        | 11.3          | -2.5          | 775.8                        | 765.5          | -1.3       |
| <b>TEA</b>                            |                   |                   |              |               |               |                              |                |            |
| Value                                 | 1.8               | 1.5               | 1.2          | -34.8         | -23.6         | 28.4                         | 19.4           | -31.9      |
| Volume                                | 1.4               | 0.8               | 0.6          | -52.7         | -23.4         | 23.9                         | 13.3           | -44.4      |
| Unit Price                            | 1,308.8           | 1,807.9           | 1,802.4      | 37.7          | -0.3          | 1,187.7                      | 1,454.9        | 22.5       |
| <b>TOBACCO</b>                        |                   |                   |              |               |               |                              |                |            |
| Value                                 | 9.5               | 0.0               | 0.0          | -99.9         | 0.0           | 57.6                         | 65.8           | 14.3       |
| Volume                                | 4.1               | 0.0               | 0.0          | -99.9         | 0.0           | 27.2                         | 20.8           | -23.4      |
| Unit Price                            | 2,293.0           | 0.0               | 2,886.0      | 25.9          | 0.0           | 2,118.7                      | 3,161.6        | 49.2       |
| <b>CASHEWNUITS</b>                    |                   |                   |              |               |               |                              |                |            |
| Value                                 | 0.2               | 0.6               | 0.3          | --            | -52.7         | 61.2                         | 63.2           | 3.3        |
| Volume                                | 0.2               | 0.7               | 0.3          | --            | -53.0         | 70.6                         | 84.2           | 19.2       |
| Unit Price                            | 714.3             | 928.7             | 935.5        | --            | 0.7           | 866.2                        | 750.9          | -13.3      |
| <b>CLOVES</b>                         |                   |                   |              |               |               |                              |                |            |
| Value                                 | 3.4               | 0.0               | 0.0          | --            | --            | 10.0                         | 6.1            | -39.2      |
| Volume                                | 1.2               | 0.0               | 0.0          | --            | --            | 3.3                          | 2.1            | -37.3      |
| Unit Price                            | 2,923.1           | 0.0               | 0.0          | --            | --            | 3,016.7                      | 2,921.6        | -3.2       |
| <b>Sub Total</b>                      | <b>25.8</b>       | <b>5.0</b>        | <b>6.9</b>   | <b>-73.4</b>  | <b>37.5</b>   | <b>328.9</b>                 | <b>331.6</b>   | <b>0.8</b> |
| <b>Non-Traditional Exports:</b>       |                   |                   |              |               |               |                              |                |            |
| Minerals                              | <b>66.1</b>       | <b>62.5</b>       | <b>64.3</b>  | <b>-2.7</b>   | <b>2.9</b>    | <b>735.3</b>                 | <b>745.6</b>   | <b>1.4</b> |
| Gold                                  | 58.0              | 58.0              | 60.0         | 3.4           | 3.4           | 676.9                        | 695.5          | 2.7        |
| Diamond                               | 3.1               | 2.0               | 2.3          | -24.8         | 15.0          | 26.2                         | 23.3           | -11.3      |
| Other minerals <sup>1</sup>           | 5.1               | 2.5               | 2.0          | -60.5         | -20.0         | 32.1                         | 26.8           | -16.5      |
| Manufactured Goods                    | 14.8              | 13.4              | 18.8         | 27.4          | 40.8          | 138.9                        | 187.8          | 35.2       |
| Cotton Yarn                           | 0.7               | 0.2               | 0.4          | -32.6         | 101.7         | 4.4                          | 3.6            | -18.4      |
| Manufactured Coffee                   | 0.1               | 0.2               | 0.0          | --            | -             | 1.2                          | 1.1            | 0.0        |
| Manufactured Tobacco                  | 0.0               | 0.0               | 0.0          | --            | --            | 0.0                          | 1.8            | --         |
| Sisal Products (Yarn & Twine)         | 0.4               | 0.1               | 0.2          | -55.5         | 74.7          | 4.4                          | 2.8            | -36.0      |
| Other manufactured Goods <sup>2</sup> | 13.6              | 12.8              | 18.2         | 33.2          | 41.6          | 128.9                        | 178.4          | 38.5       |
| Fish and Fish Products                | 11.8              | 10.8              | 11.3         | -4.3          | 4.6           | 143.8                        | 137.6          | -4.3       |
| Horticultural products                | 1.0               | 1.5               | 1.3          | 28.7          | -13.3         | 18.1                         | 15.3           | -15.0      |
| Re-exports                            | 13.2              | 10.0              | 12.0         | -8.8          | 20.0          | 136.2                        | 124.0          | -8.9       |
| Others Exports <sup>3</sup>           | 24.0              | 16.2              | 13.6         | -43.4         | -16.2         | 145.4                        | 166.7          | 14.6       |
| <b>Sub Total</b>                      | <b>130.9</b>      | <b>114.4</b>      | <b>121.3</b> | <b>-7.3</b>   | <b>6.1</b>    | <b>1,317.7</b>               | <b>1,377.0</b> | <b>4.5</b> |
| <b>GRAND TOTAL</b>                    | <b>156.7</b>      | <b>119.4</b>      | <b>128.2</b> | <b>-18.2</b>  | <b>6.1</b>    | <b>1,646.6</b>               | <b>1,708.6</b> | <b>3.8</b> |

**Note:**

1 Include tanzanite, rubbies, sapphires, emeralds, copper, silver and other precious stones

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

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

p = Provisional data.

- = Small value

-- = Very big value

--- = Information not available

Totals may not add up due to rounding of numbers.

Volume in '000 Tons; Value in '000,000 US\$; Unit Price in US\$/Ton

**Source:** Bank of Tanzania, TRA



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

| Item                                  | 2005 <sup>P</sup> |              | 2006 <sup>P</sup> |     | % Change      |               | Year Ending Aug <sup>P</sup> |                |             | Millions of US \$ |
|---------------------------------------|-------------------|--------------|-------------------|-----|---------------|---------------|------------------------------|----------------|-------------|-------------------|
|                                       | Aug               | Jul          | Aug               | Jul | Aug 05-Aug 06 | Jul 06-Aug 06 | 2005                         | 2006           |             |                   |
|                                       |                   |              |                   |     |               |               |                              | % Change       | % Change    |                   |
| <b>CAPITAL GOODS</b>                  | <b>86.1</b>       | <b>115.0</b> | <b>123.3</b>      |     | <b>43.3</b>   | <b>7.2</b>    | <b>980.3</b>                 | <b>1,337.9</b> | <b>36.5</b> |                   |
| Transport Equipments                  | 25.1              | 31.1         | 34.7              |     | 38.5          | 11.7          | 240.6                        | 374.4          | 55.6        |                   |
| Building and Constructions            | 20.0              | 31.0         | 26.8              |     | 33.9          | -13.4         | 226.6                        | 324.5          | 43.2        |                   |
| Machinery                             | 41.0              | 52.9         | 61.8              |     | 50.7          | 16.7          | 513.1                        | 638.9          | 24.5        |                   |
| <b>INTERMEDIATE GOODS</b>             | <b>112.8</b>      | <b>115.4</b> | <b>117.9</b>      |     | <b>4.5</b>    | <b>2.2</b>    | <b>1,106.6</b>               | <b>1,365.2</b> | <b>23.4</b> |                   |
| Oil imports                           | 86.6              | 83.1         | 77.9              |     | -10.1         | -6.3          | 810.2                        | 995.0          | 22.8        |                   |
| Fertilizers                           | 2.1               | 2.4          | 3.8               |     | 80.5          | 62.7          | 62.8                         | 40.0           | -36.4       |                   |
| Industrial raw materials              | 24.1              | 29.9         | 36.2              |     | 50.4          | 21.0          | 233.6                        | 330.2          | 41.3        |                   |
| <b>CONSUMER GOODS</b>                 | <b>68.3</b>       | <b>69.7</b>  | <b>77.0</b>       |     | <b>12.8</b>   | <b>10.5</b>   | <b>748.0</b>                 | <b>846.1</b>   | <b>13.1</b> |                   |
| Food and food stuffs                  | 13.3              | 16.6         | 21.0              |     | 58.1          | 26.5          | 179.9                        | 251.3          | 39.7        |                   |
| All other consumer goods <sup>1</sup> | 55.0              | 53.1         | 56.0              |     | 1.8           | 5.5           | 568.1                        | 594.8          | 4.7         |                   |
| <b>GRAND TOTAL (F.O.B)</b>            | <b>267.2</b>      | <b>300.1</b> | <b>318.3</b>      |     | <b>19.1</b>   | <b>6.1</b>    | <b>2,834.9</b>               | <b>3,549.1</b> | <b>25.2</b> |                   |
| <b>GRAND TOTAL (C.I.F)</b>            | <b>293.6</b>      | <b>329.8</b> | <b>349.8</b>      |     | <b>19.1</b>   | <b>6.1</b>    | <b>3,115.3</b>               | <b>3,900.1</b> | <b>25.2</b> |                   |

**Note:**

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

<sup>P</sup> = Provisional data

Totals may not add up due to rounding of numbers.

**Source:** Bank of Tanzania, TRA.



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

Millions of US\$

| Item  | 2001 <sup>r</sup> | 2002 <sup>r</sup> | 2003 <sup>r</sup> | 2004 <sup>r</sup> | 2005 <sup>p</sup> |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>A. Current Account Balance</b>                             | <b>-237.4</b>     | <b>22.3</b>       | <b>-111.0</b>     | <b>-246.5</b>     | <b>-605.8</b>     |
| <b>Goods: Exports (f.o.b.)</b>                                | <b>851.3</b>      | <b>979.6</b>      | <b>1,216.1</b>    | <b>1,473.1</b>    | <b>1,676.3</b>    |
| Traditional   | 231.1             | 206.1             | 220.5             | 297.8             | 354.5             |
| Non-traditional   | 620.2             | 773.5             | 995.7             | 1,175.3           | 1,321.8           |
| o/w: Gold   | 254.1             | 341.1             | 502.8             | 629.4             | 655.5             |
| <b>Goods: Imports (f.o.b.)</b>                                | <b>-1,560.3</b>   | <b>-1,511.3</b>   | <b>-1,933.5</b>   | <b>-2,339.7</b>   | <b>-2,661.5</b>   |
| <b>Balance on Goods</b>                                       | <b>-709.0</b>     | <b>-531.8</b>     | <b>-717.3</b>     | <b>-866.6</b>     | <b>-985.2</b>     |
| Services: <b>Credit</b>                                       | 914.6             | 920.1             | 947.8             | 1,117.4           | 1,199.0           |
| : <b>Debit</b>  | -649.7            | -632.5            | -725.7            | -965.5            | -1,163.7          |
| <b>Balance on Services</b>                                    | <b>264.9</b>      | <b>287.6</b>      | <b>222.1</b>      | <b>151.9</b>      | <b>35.2</b>       |
| <b>Balance on Goods and Services</b>                          | <b>-444.1</b>     | <b>-244.2</b>     | <b>-495.3</b>     | <b>-714.7</b>     | <b>-949.9</b>     |
| Income: <b>Credit</b>   | 55.3              | 67.9              | 87.1              | 81.8              | 79.7              |
| <b>Debit</b>  | -243.8            | -218.1            | -249.7            | -259.6            | -316.9            |
| <b>Balance on Income</b>                                      | <b>-188.5</b>     | <b>-150.1</b>     | <b>-162.6</b>     | <b>-177.8</b>     | <b>-237.2</b>     |
| <b>Balance on Goods, Services and Income</b>                  | <b>-632.6</b>     | <b>-394.3</b>     | <b>-657.9</b>     | <b>-892.6</b>     | <b>-1,187.1</b>   |
| <b>Current transfers (net)</b>                                | <b>395.3</b>      | <b>416.6</b>      | <b>546.9</b>      | <b>646.1</b>      | <b>581.3</b>      |
| <b>Credit</b>   | <b>474.8</b>      | <b>477.9</b>      | <b>609.9</b>      | <b>711.1</b>      | <b>656.3</b>      |
| Government  | 418.4             | 427.7             | 543.3             | 641.7             | 587.4             |
| o/w: Multilateral HIPC relief                                 | 71.3              | 68.8              | 68.2              | 73.7              | 79.4              |
| Other sectors   | 56.4              | 50.2              | 66.6              | 69.4              | 68.9              |
| <b>Debit</b>  | -79.5             | -61.3             | -63.0             | -65.0             | -74.9             |
| <b>B. Capital Account</b>                                     | <b>361.5</b>      | <b>355.4</b>      | <b>358.2</b>      | <b>293.6</b>      | <b>504.9</b>      |
| Capital transfers: <b>Credit</b>                              | 361.5             | 355.4             | 358.2             | 293.6             | 504.9             |
| <b>Debit</b>  | 0.0               | 0.0               | 0.0               | 0.0               | 0.0               |
| <b>Total, Groups A plus B</b>                                 | <b>124.1</b>      | <b>377.7</b>      | <b>247.2</b>      | <b>47.1</b>       | <b>-100.9</b>     |
| <b>C. Financial Account, excl. reserves and related items</b> | <b>-353.7</b>     | <b>191.6</b>      | <b>256.9</b>      | <b>382.8</b>      | <b>46.4</b>       |
| Direct investment in Tanzania                                 | 467.2             | 429.8             | 526.8             | 469.9             | 325.0             |
| Portfolio investment  | 8.2               | 2.2               | 2.7               | 2.4               | 2.5               |
| Other investment  | -829.1            | -240.4            | -272.6            | -89.5             | -281.1            |
| Assets  | -76.7             | 2.9               | -59.0             | -11.0             | -92.0             |
| Liabilities   | -752.5            | -243.3            | -213.6            | -78.5             | -189.1            |
| <b>Total, Groups A through C</b>                              | <b>-229.6</b>     | <b>569.3</b>      | <b>504.0</b>      | <b>429.9</b>      | <b>-54.5</b>      |
| <b>D. Net Errors and Omissions</b>                            | <b>-580.0</b>     | <b>-681.6</b>     | <b>-449.6</b>     | <b>-386.6</b>     | <b>-383.0</b>     |
| <b>Overall balance</b>  | <b>-809.6</b>     | <b>-112.4</b>     | <b>54.5</b>       | <b>43.4</b>       | <b>-437.5</b>     |
| <b>E. Reserves and Related Items</b>                          | <b>809.6</b>      | <b>112.4</b>      | <b>-54.5</b>      | <b>-43.4</b>      | <b>437.5</b>      |
| Reserve assets  | -182.2            | -372.4            | -508.8            | -258.4            | 247.7             |
| Use of Fund credit and loans                                  | 15.6              | 26.0              | -2.9              | -33.8             | -50.5             |
| Exceptional financing:  | 976.2             | 458.8             | 457.2             | 248.8             | 240.3             |
| Rescheduled debt  | 131.4             | 9.8               | 86.9              | 0.0               | 0.0               |
| Debt forgiveness  | 642.1             | 430.3             | 334.6             | 166.3             | 112.1             |
| Interest arrears  | 67.4              | 18.4              | 29.5              | 18.2              | 42.1              |
| Principal arrears   | 135.2             | 0.4               | 6.2               | 64.3              | 86.1              |
| <b>Memorandum items:</b>                                      |                   |                   |                   |                   |                   |
| GDP(mp) Mill. TZS   | 8,304,338.6       | 9,399,085.8       | 10,707,006.2      | 12,351,737.7      | 13,742,568.5      |
| GDP(mp) Mill. USD   | 9,475.6           | 9,724.0           | 10,309.3          | 11,338.7          | 12,174.1          |
| CAB/GDP   | -2.5              | 0.2               | -1.1              | -2.2              | -5.0              |
| CAB/GDP (excl. current official transfers)                    | -6.9              | -4.2              | -6.3              | -7.8              | -9.8              |
| Gross Official Reserves                                       | 1,156.6           | 1,529.0           | 2,037.8           | 2,296.1           | 2,048.4           |
| Months of Imports   | 6.3               | 8.6               | 9.2               | 8.3               | 6.4               |
| Net International Reserves (year end)                         | 761.2             | 1,058.4           | 1,533.9           | 1,786.9           | 1,771.7           |
| Change in Net International Reserves                          | -218.5            | -297.2            | -475.5            | -253.0            | 15.2              |
| Exchange rate TZS/USD (end of period)                         | 916.3             | 976.3             | 1,063.6           | 1,043.0           | 1,165.5           |
| Exchange rate TZS/USD (annual average)                        | 876.4             | 966.6             | 1,038.6           | 1,089.3           | 1,128.8           |

**Notes:**

1) Balance of Payments (BOP) statistics have changed from previous publications due to adoption of Private Capital Flows (PCF) and Tourism surveys' results and some other data sources.

2) GDP-Gross Domestic Product, mp-Market price, CAB-Current Account Balance, p = provisional, r = revised

3) Data for direct investment are provisional

Source: Bank of Tanzania



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

| Period     | Headline<br>(General Index) | Total Index |          | Drinks &<br>Tobacco | Clothing<br>& Footwear | Rent | Fuel, Power<br>& Water | Furniture<br>Household Equip. | Household<br>operations | Personal care<br>& Health | Recreation<br>& Entertain. | Transportation | Education | Miscel. goods<br>& services |
|------------|-----------------------------|-------------|----------|---------------------|------------------------|------|------------------------|-------------------------------|-------------------------|---------------------------|----------------------------|----------------|-----------|-----------------------------|
|            |                             | Food        | Non-Food |                     |                        |      |                        |                               |                         |                           |                            |                |           |                             |
| Weight (%) | 100.0                       | 55.9        | 44.1     | 6.9                 | 6.4                    | 1.4  | 8.5                    | 2.1                           | 2.1                     | 2.1                       | 0.8                        | 9.7            | 2.6       | 1.5                         |
| 2002       | 4.6                         | 4.1         | 5.9      | 2.7                 | 1.6                    | 14.5 | 6.4                    | 3.9                           | 1.5                     | 3.5                       | 1.8                        | 2.1            | 3.6       | 4.4                         |
| 2003       | 3.5                         | 4.5         | 2.0      | 1.5                 | 2.0                    | 5.9  | 2.5                    | 2.1                           | 1.1                     | 2.9                       | 2.1                        | 1.2            | 2.2       | 2.2                         |
| 2004       | 4.2                         | 5.9         | 1.6      | -0.5                | 2.3                    | 2.3  | 4.6                    | 0.2                           | 0.9                     | 0.5                       | 2.1                        | 1.0            | 0.6       | -0.5                        |
| 2005       | 4.4                         | 5.9         | 2.9      | 2.1                 | -0.5                   | -0.1 | 7.7                    | -1.1                          | 0.5                     | 3.6                       | -1.5                       | 4.7            | -0.1      | -1.3                        |
| 2005 - Jan | 4.0                         | 5.9         | 1.5      | 0.6                 | -1.2                   | -2.5 | 5.4                    | 1.0                           | 0.5                     | -3.0                      | -1.5                       | 3.3            | 1.8       | -2.6                        |
| Feb        | 4.1                         | 5.7         | 1.8      | 1.8                 | -1.7                   | -2.8 | 5.9                    | 0.2                           | 2.4                     | 6.0                       | -3.3                       | 2.2            | -0.6      | -1.5                        |
| Mar        | 4.1                         | 4.9         | 3.2      | 0.3                 | 1.7                    | -4.6 | 9.4                    | -2.3                          | 2.3                     | 0.1                       | -2.5                       | 5.7            | 1.4       | 0.4                         |
| Apr        | 4.0                         | 4.3         | 3.9      | 2.9                 | 3.3                    | -5.3 | 6.8                    | 0.4                           | 2.5                     | 4.9                       | 1.5                        | 6.9            | 2.1       | -4.7                        |
| May        | 4.0                         | 5.0         | 3.0      | 1.7                 | -0.9                   | -5.3 | 9.6                    | -3.2                          | 1.4                     | 4.4                       | 0.9                        | 5.0            | 0.2       | -2.4                        |
| Jun        | 4.2                         | 5.8         | 2.6      | 1.4                 | 0.9                    | -5.0 | 5.6                    | -2.8                          | 0.4                     | 6.1                       | -0.2                       | 5.1            | 1.2       | -1.5                        |
| Jul        | 4.4                         | 7.0         | 1.9      | 3.1                 | 1.3                    | -3.9 | 0.3                    | -0.9                          | 0.3                     | 6.5                       | -2.1                       | 5.4            | 0.1       | -0.8                        |
| Aug        | 4.5                         | 5.8         | 3.5      | 2.4                 | -1.2                   | 7.5  | 9.8                    | 0.0                           | -0.6                    | 3.5                       | -1.5                       | 5.2            | -1.9      | -0.1                        |
| Sep        | 4.5                         | 6.0         | 2.8      | 2.6                 | -2.7                   | 7.6  | 10.0                   | -2.3                          | -1.9                    | 2.7                       | -2.4                       | 4.0            | -1.7      | -1.5                        |
| Oct        | 4.7                         | 6.7         | 2.8      | 3.1                 | -1.9                   | 4.3  | 9.0                    | -1.7                          | -1.1                    | 3.6                       | -3.3                       | 3.5            | -1.6      | -0.3                        |
| Nov        | 4.8                         | 6.7         | 3.7      | 3.3                 | -1.2                   | 4.3  | 10.2                   | -0.8                          | -0.5                    | 4.4                       | -1.9                       | 5.0            | -1.0      | 0.0                         |
| Dec        | 5.0                         | 7.7         | 3.5      | 2.5                 | -2.0                   | 4.1  | 10.7                   | -0.9                          | 0.0                     | 3.5                       | -1.1                       | 5.5            | -0.6      | -0.9                        |
| 2006 - Jan | 5.4                         | 9.1         | 1.3      | 1.7                 | -3.1                   | 0.4  | 5.2                    | -1.0                          | -1.7                    | -0.3                      | -1.2                       | 3.1            | -1.1      | -1.9                        |
| Feb        | 5.8                         | 9.4         | 1.7      | 2.5                 | -1.9                   | 0.6  | 4.5                    | 0.5                           | -1.5                    | 0.0                       | 0.5                        | 3.3            | -0.3      | -1.1                        |
| Mar        | 6.5                         | 10.7        | 1.7      | 2.6                 | -2.4                   | 0.6  | 4.9                    | 0.9                           | -1.8                    | -0.7                      | -0.6                       | 3.4            | -0.3      | -1.3                        |
| Apr        | 6.9                         | 11.2        | 1.8      | 2.9                 | -2.4                   | 0.6  | 4.5                    | 1.1                           | -1.2                    | 0.3                       | -0.4                       | 3.2            | 0.6       | -0.1                        |
| May        | 7.7                         | 12.3        | 2.0      | 2.6                 | -2.0                   | 0.6  | 4.9                    | 0.8                           | -0.9                    | -0.6                      | -1.3                       | 4.2            | 0.6       | -0.7                        |
| Jun        | 6.8                         | 9.6         | 3.8      | 2.9                 | -2.2                   | 0.7  | 10.4                   | 1.3                           | -0.4                    | 0.4                       | -1.3                       | 6.3            | 0.2       | -0.8                        |
| Jul        | 5.4                         | 7.0         | 3.9      | 5.7                 | -1.1                   | 0.5  | 7.9                    | 1.5                           | 0.0                     | -0.8                      | -0.5                       | 6.5            | 1.1       | -0.5                        |
| Aug        | 4.8                         | 6.1         | 3.5      | 5.3                 | -2.0                   | 0.5  | 7.4                    | 1.0                           | -0.1                    | -0.6                      | -0.8                       | 5.8            | 2.3       | -0.1                        |

Source: National Bureau of Statistics (NBS) and Bank of Tanzania





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

| General Period | Headline | Food  |      | Non-Food |      | Drinks & Tobacco | Clothing & Footwear | Rent | Fuel, Power & Water | Furniture & Household Equipmt. | Household operations | Personal care & Health | Recreation & Entertain. ment | Transportation | Education | Miscel. goods & services |
|----------------|----------|-------|------|----------|------|------------------|---------------------|------|---------------------|--------------------------------|----------------------|------------------------|------------------------------|----------------|-----------|--------------------------|
|                |          | 100.0 | 55.9 | 44.1     | 6.9  | 6.4              | 1.4                 | 8.5  | 2.1                 | 2.1                            | 2.1                  | 2.1                    | 0.8                          | 9.7            | 2.6       | 1.5                      |
| 2003           | 0.3      | 0.4   | 0.1  | 0.1      | 0.1  | 0.2              | 0.4                 | 0.2  | 0.2                 | 0.2                            | 0.0                  | 0.2                    | 0.4                          | 0.0            | 0.1       | 0.2                      |
| 2004           | 0.4      | 0.4   | 0.2  | 0.2      | 0.1  | 0.2              | 0.0                 | 0.7  | 0.1                 | 0.2                            | 0.2                  | 0.4                    | 0.0                          | 0.2            | 0.2       | 0.0                      |
| 2005           | 0.4      | 0.6   | 0.3  | 0.3      | 0.2  | -0.2             | 0.3                 | 0.9  | -0.1                | -0.1                           | 0.0                  | 0.3                    | -0.1                         | 0.5            | 0.0       | -0.1                     |
| 2005 Jan       | 5.4      | 7.5   | 2.4  | 2.4      | 1.5  | 1.0              | 3.7                 | 5.4  | -0.1                | -0.1                           | 1.2                  | 3.3                    | -0.7                         | 2.6            | 1.0       | 1.9                      |
| Feb            | -0.2     | 0.1   | -0.5 | -0.7     | -0.7 | -1.1             | 0.0                 | 0.0  | -1.2                | -1.2                           | -0.9                 | -0.7                   | -1.5                         | 0.0            | -0.7      | -1.5                     |
| Mar            | -0.5     | -0.9  | 0.0  | 0.1      | 0.1  | -0.4             | 0.0                 | 0.0  | -0.1                | -0.1                           | 0.1                  | -0.2                   | 0.7                          | 0.3            | -0.7      | -0.4                     |
| Apr            | 0.4      | 0.5   | 0.2  | 0.4      | 0.4  | -0.7             | 0.0                 | 0.8  | -0.4                | -0.4                           | -0.2                 | -0.2                   | -0.5                         | 0.7            | -0.1      | -0.5                     |
| May            | -0.5     | -0.8  | 0.1  | 0.3      | 0.3  | -0.2             | 0.0                 | 0.0  | 0.4                 | 0.4                            | -0.1                 | 0.4                    | 0.4                          | 0.1            | 0.1       | 0.0                      |
| Jun            | -0.3     | -0.3  | 0.0  | -0.2     | -0.2 | 0.0              | 0.0                 | 0.3  | -0.6                | -0.6                           | 0.3                  | -0.2                   | 0.4                          | 0.0            | 0.8       | 0.2                      |
| Jul            | 0.9      | 1.1   | 0.8  | 0.8      | 0.8  | -0.4             | 0.2                 | 2.7  | 0.7                 | 0.7                            | -0.7                 | 0.3                    | -0.7                         | 0.7            | -0.1      | -0.4                     |
| Aug            | -0.4     | -0.8  | 0.3  | 0.1      | 0.1  | 0.3              | 0.1                 | 0.6  | 0.4                 | 0.4                            | 0.2                  | 0.1                    | -0.3                         | 0.6            | -0.8      | -0.2                     |
| Sep            | 0.2      | 0.2   | -0.1 | -0.1     | -0.1 | -0.4             | 0.0                 | 0.2  | 0.0                 | 0.0                            | -0.2                 | 0.5                    | 0.7                          | -0.4           | 0.2       | -0.2                     |
| Oct            | 0.1      | 0.3   | 0.0  | 0.0      | 0.0  | 0.1              | 0.1                 | 0.0  | 0.0                 | 0.0                            | 0.1                  | 0.4                    | -0.7                         | 0.1            | -0.2      | 0.3                      |
| Nov            | -0.2     | 0.1   | 0.3  | 0.3      | 0.3  | -0.2             | 0.0                 | 0.2  | 0.2                 | 0.2                            | -0.1                 | -0.1                   | 0.6                          | 0.6            | 0.0       | -0.1                     |
| Dec            | 0.3      | 0.4   | 0.0  | 0.0      | 0.0  | -0.1             | 0.0                 | 0.2  | -0.2                | -0.2                           | 0.3                  | 0.0                    | 0.5                          | 0.2            | -0.1      | 0.0                      |
| 2006 Jan       | 5.8      | 9.3   | 0.2  | 0.2      | 0.8  | -0.1             | 0.0                 | 0.2  | -0.2                | -0.2                           | -0.6                 | -0.5                   | -0.8                         | 0.3            | 0.5       | 0.8                      |
| Feb            | 0.2      | 0.4   | -0.1 | -0.1     | 0.1  | 0.1              | 0.3                 | -0.7 | 0.3                 | 0.3                            | -0.6                 | -0.5                   | 0.2                          | 0.2            | 0.1       | -0.6                     |
| Mar            | 0.2      | 0.3   | 0.0  | 0.0      | 0.2  | -0.9             | 0.0                 | 0.3  | 0.3                 | 0.3                            | -0.3                 | -0.8                   | -0.4                         | 0.4            | -0.7      | -0.6                     |
| Apr            | 0.7      | 0.9   | 0.3  | 0.7      | 0.7  | -0.7             | 0.0                 | 0.4  | -0.2                | -0.2                           | 0.5                  | 0.7                    | -0.3                         | 0.5            | 0.8       | 0.7                      |
| May            | 0.2      | 0.2   | 0.4  | 0.0      | 0.0  | 0.2              | 0.0                 | 0.4  | 0.1                 | 0.1                            | 0.2                  | -0.6                   | -0.5                         | 1.1            | 0.1       | -0.6                     |
| Jun            | -1.1     | -2.7  | 1.7  | 0.1      | 0.1  | -0.2             | 0.1                 | 5.5  | -0.1                | -0.1                           | 0.8                  | 0.8                    | 0.4                          | 2.1            | 0.4       | 0.1                      |
| Jul            | -0.5     | -1.3  | 0.9  | 3.5      | 3.5  | 0.8              | 0.0                 | 0.3  | 0.9                 | 0.9                            | -0.3                 | -0.9                   | 0.1                          | 0.8            | 0.8       | -0.1                     |
| Aug            | -1.0     | -1.7  | -0.1 | -0.3     | -0.3 | -0.7             | 0.0                 | 0.2  | -0.1                | -0.1                           | 0.1                  | 0.4                    | -0.6                         | -0.1           | 0.5       | 0.2                      |

Base: June 2001 = 100

Source: National Bureau of Statistics (NBS) and Bank of Tanzania





**Table A7 : External Debt Developments**

| Item   | Millions of US\$ |                |                |                |
|--|------------------|----------------|----------------|----------------|
|  | June             |                | 2006/07        |                |
|  | 2004/05          | 2005/06        | Jul-06         | Aug-06         |
| <b>1. Overall total Debt Committed <sup>2</sup></b>        | <b>8,345.1</b>   | <b>8,638.9</b> | <b>8,849.6</b> | <b>8,856.0</b> |
| Disbursed outstanding debt                                 | 6,799.5          | 6,971.1        | 7,077.9        | 7,067.9        |
| Undisbursed debt   | 1,545.6          | 1,667.7        | 1,771.7        | 1,788.1        |
| <b>2. Disbursed Debt by Creditor Category <sup>2</sup></b> | <b>6,799.5</b>   | <b>6,972.3</b> | <b>7,077.9</b> | <b>7,067.9</b> |
| Bilateral  | 1,502.3          | 1,492.5        | 1,491.6        | 1,468.3        |
| Multilateral   | 4,626.3          | 4,720.6        | 4,826.1        | 4,837.9        |
| Commercial   | 416.4            | 481.1          | 482.1          | 483.7          |
| Export credits   | 254.5            | 278.2          | 278.1          | 278.0          |
| <b>3. Disbursed Debt by Borrower Category <sup>2</sup></b> | <b>6,799.5</b>   | <b>6,971.1</b> | <b>7,077.9</b> | <b>7,067.9</b> |
| Central Government   | 5,830.5          | 5,971.2        | 6,072.4        | 6,059.7        |
| Parastatal Companies                                       | 477.5            | 445.4          | 447.5          | 449.2          |
| Private Sector   | 491.5            | 554.6          | 558.0          | 559.0          |
| <b>4. Disbursed Debt by Use of Fund <sup>2</sup></b>       | <b>6,799.5</b>   | <b>6,971.1</b> | <b>7,077.9</b> | <b>7,067.9</b> |
| Balance of payment support                                 | 1,335.1          | 1,392.6        | 1,397.2        | 1,397.2        |
| Transport & Telecommunication                              | 1,073.5          | 1,087.9        | 1,095.9        | 1,095.9        |
| Agriculture  | 1,077.8          | 1,050.1        | 1,080.8        | 1,080.9        |
| Energy & Mining  | 1,070.3          | 955.2          | 957.2          | 958.1          |
| Industries   | 405.5            | 409.0          | 409.8          | 409.8          |
| Social Welfare & Education                                 | 611.7            | 647.3          | 715.8          | 715.5          |
| Finance and Insurance                                      | 96.6             | 98.7           | 99.2           | 98.6           |
| Tourism  | 80.1             | 80.8           | 80.8           | 80.7           |
| Others   | 1,048.9          | 1,249.8        | 1,241.4        | 1,231.2        |
| <b>5. Total Amount of Loan Contracted <sup>1</sup></b>     | <b>376.4</b>     | <b>241.9</b>   | <b>0.4</b>     | <b>0.0</b>     |
| Government   | 335.4            | 147.0          | 0.0            | 0.0            |
| Parastatal Companies                                       | 0.0              | 0.0            | 0.0            | 0.0            |
| Private  | 41.0             | 94.9           | 0.4            | 0.0            |
| <b>6. Disbursement <sup>1</sup></b>                        | <b>190.2</b>     | <b>210.0</b>   | <b>2.0</b>     | <b>0.0</b>     |
| Government   | 161.4            | 182.4          | 0.0            | 0.0            |
| Parastatal Companies                                       | 0.0              | 4.1            | 2.0            | 0.0            |
| Private  | 28.8             | 23.5           | 0.0            | 0.0            |
| <b>7. Scheduled Debt Service <sup>1</sup></b>              | <b>355.1</b>     | <b>373.6</b>   | <b>0.0</b>     | <b>0.0</b>     |
| <b>8. Actual Debt Service <sup>1</sup></b>                 | <b>112.9</b>     | <b>90.7</b>    | <b>3.6</b>     | <b>5.4</b>     |
| Principal  | 86.0             | 61.4           | 2.2            | 2.6            |
| Interest   | 26.9             | 29.3           | 1.4            | 2.8            |
| Others   | 0.0              | 0.0            | 0.0            | 0.0            |
| <b>9. Net Transfers</b>                                    | <b>77.3</b>      | <b>119.3</b>   | <b>-1.6</b>    | <b>0.0</b>     |
| <b>10. Total Arrears by Creditor Category <sup>2</sup></b> | <b>2,470.5</b>   | <b>2,391.1</b> | <b>2,412.5</b> | <b>2,420.1</b> |
| Principal  | 1,135.2          | 1,132.7        | 1,138.9        | 1,148.6        |
| Bilateral  | 669.4            | 609.0          | 612.5          | 603.5          |
| Multilateral   | 5.9              | 11.9           | 12.9           | 30.4           |
| Commercial   | 249.2            | 273.4          | 275.0          | 276.2          |
| Other Private Creditors                                    | 210.7            | 238.5          | 238.5          | 238.5          |
| Interest   | 1,335.3          | 1,258.3        | 1,273.6        | 1,271.5        |
| Bilateral  | 818.8            | 682.2          | 686.8          | 682.4          |
| Multilateral*  | 23.4             | 22.0           | 22.5           | 22.4           |
| Commercial   | 333.7            | 372.9          | 375.3          | 377.1          |
| Other Private Creditors                                    | 159.4            | 181.2          | 189.0          | 189.5          |
| 11. External Debt Stock                                    | 8,134.8          | 8,229.5        | 8,351.5        | 8,339.4        |
| 12. Domestic Debt Stock                                    | 952.6            | 1,405.9        | 1,388.2        | 1,342.7        |
| <b>Total Debt Stock (11 + 12)</b>                          | <b>9,087.4</b>   | <b>9,635.4</b> | <b>9,739.7</b> | <b>9,682.1</b> |
| 13. End Period Exchange Rate TZS/US \$                     | <b>1,126.3</b>   | <b>1,253.1</b> | <b>1,287.9</b> | <b>1,320.0</b> |

NB. Multilateral\*: multilateral arrears represents private sector arrears

<sup>1</sup> During the period. <sup>2</sup> End of August 2006 cumulative.

Source: Bank of Tanzania



# GLOSSARY

## Currency in Circulation Outside Banks

Notes and coins of Tanzanian shillings circulating in the domestic economy, excluding amounts held by deposit money banks.

## Discount Rate

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

## Exchange Rate

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

## Lombard Facility

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

## Lombard Rate

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

## Money Supply, M

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

## M1, Narrow Money,

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

## M2, Broad Money

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

## M3, Extended Broad Money

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

## Nominal Exchange Rate

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

## Non-Food or Underlying Inflation Rate

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

## Repurchase Agreement (REPO)

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

## Reserve Money (M0)

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

## Seasonally Adjusted Series

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

## Weighted Annualized Yields of Treasury Bills of all Maturities

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





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