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ECONOMISTS TALK MAGAZINE

ECONOMIC CONSULTING GROUP

WHAT'S NEXT FOR TANZANIA
ECONOMY?

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Focus on business owners, business leaders and investors

ECONOMISTS TALK MAGAZINE

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ECONOMISTS TALK is an economic magazine/newspaper that comes out every month (Monthly), analyzing the economic situation in Tanzania using the following criteria:-

1. Inflation rates
2. Money supply
3. Import rates
4. Export rates
5. Investment development
6. GDP growth rates
7. Debts Development

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WHAT ARE THE BASIC WAYS TO ESTIMATE TANZANIA'S GDP GROWTH RATES?

- ➔ The production approach
- ➔ The expenditure approach
- ➔ The income approach

What are the basic ways to estimate Tanzania's GDP growth rates?



INTRODUCTION

Monthly economic growth figures are discussed in "Economists Talk," along with the research done by the TICGL Economic Research and Data Development Center. Although a monthly comprehensive assessment of the Tanzanian economy is still lacking, "Economist Talk" organizes information on both short- and long-term economic data that is available on a monthly basis. An accurate way to pinpoint turning points in project development, investment, and the economic cycle is to employ a monthly overall indicator, which provides a very relevant and current picture of the Tanzanian economy. The newly created indicator is constructed from the supply side of the economy, combining structural data from the national accounts and monthly year-over-year volume growth rates for various industries. Regarding some industries (industry, construction, mining and quarrying, energy, and water supply etc).

"Economists Talk" analyzes and assesses the performance of monthly economic indicators and provides discussion and analysis on a number of financial and economic statistics pertaining to the Tanzanian economy. The performance of the economy and other aspects of the Tanzania economy are thoroughly reviewed and evaluated in "Economists Talk."



INVITATION TO A TANZANIA BUSINESS FORUM

To all stakeholders,



Economists Talk Magazine is preparing to hold Tanzania's first business forum (Business Dialogue Forum), with the purpose of expanding trade, business, and investment opportunities.

We are delighted to invite you to the inaugural Tanzania Business Forum. The conference will take place on **October 5, 2023, in Dar es Salaam, Tanzania**. The forum is co-hosted by Economists' Talk Magazine.

The forum will discuss key problems vital to Tanzania businesses, beginning with macroeconomic policy, sector policy, business environment, economic competitiveness, and company competitiveness.

We invite all stakeholders to learn about, discuss, and collaborate on the potential Tanzania has to offer.

THE FORUM WILL CATER TO CORPORATE MANAGERS, EXECUTIVES, OWNERS, AND INVESTORS.

The Business Forum will serve as a gathering and exchange of ideas for members of government, policymakers, and potential investors.

The Business Dialogue Forum's objectives:

- ➔ Raising awareness of the impact of the current circumstances on Tanzania's commercial and investment potential.
- ➔ Connecting businesses with funding opportunities
- ➔ Develop a platform for private-sector collaboration to satisfy ongoing private-sector needs.
- ➔ Creating a business environment that is conducive to MSMEs, women, and youth.
- ➔ Make finance and marketing more accessible and affordable to Tanzania businesses.

We hope that this business forum will help to create a more favorable and appealing business environment in Tanzania.

We are looking forward to your confirmed attendance at this event.

Don't miss out on this chance to learn, connect, and develop!

Register now for a fee of 300,000 Tanzania Shillings per individual before **AUGUST 31, 2023**.

From **SEPTEMBER 01, 2023**, you can register for 500,000 Tanzania Shillings.

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TANZANIA ECONOMIC UPDATES

Tanzania's inflation rate fell from 4.7 percent in March to 4.32 percent in April, owing to a drop in the cost of living for a number of goods and services. This decrease is due to a decrease in the cost of living for transportation, housing, water, energy, gas, furniture, household equipment, and routes. Money supply surged by 58.8% in the preceding month, up from 33.7% the previous month, while net foreign assets increased by -24.4%. Currency in circulation increased by 12.6 percent from 11.9 percent the previous month, but is 15.8 percent lower than last year. Net foreign assets increased by -26.4 percent, up from -40.1 percent previous month, while the same period last year gained by 4.5 percent.

The government should take steps to considerably reduce inflation while remaining genuine to daily life. Tanzania's economy grew by more than 1046% in a year, and import taxes increased by more than 3%. The country's economy is propelled by export rates, and high export rates result in more foreign currency. In one year, imports of machinery and mechanical appliances climbed by more than 44%, but by 57% in one month. Fertilizers import rates increased by 88 percent in a year, despite a 17 percent fall in output.

Tanzania's job creation will be driven first by in-state businesses, which will account for more than 80% of all jobs created, including expansions of existing businesses, and then by startups and high-growth firms, which will account for more than 70% of potential markets for economic growth.

What will boost Tanzania's economic prospects?



In a year, food and beverage import rates for industrial use increased by 55%, but only by 33% in a month. Sugar import rates for industrial use increased 310 percent in a year, but only 304 percent in a month. In the March-April budget, the government projected to spend 3097.1 billion shillings, but actually spent 2932.4 billion shillings, or 5% less. The national debt has climbed by more than \$7 trillion in a year and more than \$8 billion in a month, totaling more than 94 trillion dollars.

Budget Analysis is an important tool for governments to assess their expenditures and revenues. The government planned to spend 3097.1 billion shillings in the March-April budget, but only spent 2932.4 billion shillings or 5% less. The budget forecast of 826.5 shillings showed that the government was able to spend 753.4 billion shillings on wages and salaries, and 229 billion shillings on interest. Domestically financed development expenditures decreased by 5%, while foreign-financed development expenditures were 44% less than the budgeted sum. Income was collected through import taxes, income taxes, taxes on local goods and services, non-tax revenue, and other taxes.

Although there appears to be an increase in income tax collection, the government still faces challenges with more expenditures than revenues.

When the government's revenue income is compared to its spending, it is more than 8% less than the income.

The Bank of Tanzania increased money supply by 58.8% in the previous month, while net foreign assets increased by -24.4%. Import rates have surged by more than 1046% in a year, and import taxes have risen by over 3%. Domestic debts exceed 26 trillion and external debts exceed 68 trillion, and the government has a deficit of over 552 million shillings.

BUDGET ANALYSIS

The government planned to spend 3097.1 billion shillings in the March-April budget, but only spent 2932.4 billion shillings or 5% less. According to the budget forecast of 826.5 shillings, the government was able to spend 753.4 billion shillings on wages and salaries, a rate of -9 percent, and 229 billion shillings on interest.

The government spent 1064.1 billion shillings on domestically financed development expenditures, a 5% decrease from the budget forecast, and 134.2 billion shillings on foreign-financed development expenditures, which is 44% less than the budget forecast.

The government collected 2380.2 billion shillings, which is -8 percent less than the budgeted sum of 2586.9 billion shillings. Income has been collected through import taxes, income taxes, taxes on local goods and services, non-tax revenue, and other taxes.

Therefore:-

- ➔ What should the government do when its budget expenditure exceeds its revenue?
- ➔ Despite a 3% rise in taxes due to import duties, what more has to be done to establish another method of boosting taxes that is compatible with government spending?
- ➔ Taxation on local goods and services is still considered as having a very minor impact to tax collection for the

Although there appears to be an increase in income tax collection of 701.1 billion shillings compared to the budget estimate of 680.9 billion shillings, as well as a 10% increase in income tax from the estimated budget of 977.5 billion shillings to 886 billion shillings, the government still faces challenges has more expenditures than revenues.

When the government's revenue income is compared to its spending, it is more than 8% less than the income.

government. With a deficit of more than 34%, what should the government do to strengthen our tax collection mechanisms so that they can contribute to productivity and economic growth?

The government planned to spend 3097.1 billion shillings in the March-April budget, but only spent 2932.4 billion shillings or 5% less. According to the budget forecast of 826.5 shillings, the government was able to spend 753.4 billion shillings on wages and salaries, a rate of -9 percent.

However, the government was also able to spend 229 billion shillings on interest, a 63 percent increase over the budget estimate of 140.8 billion shillings.

The government spent 1064.1 billion shillings on domestically financed development expenditures, a 5% decrease from the budget forecast of 1125.1 billion shillings.

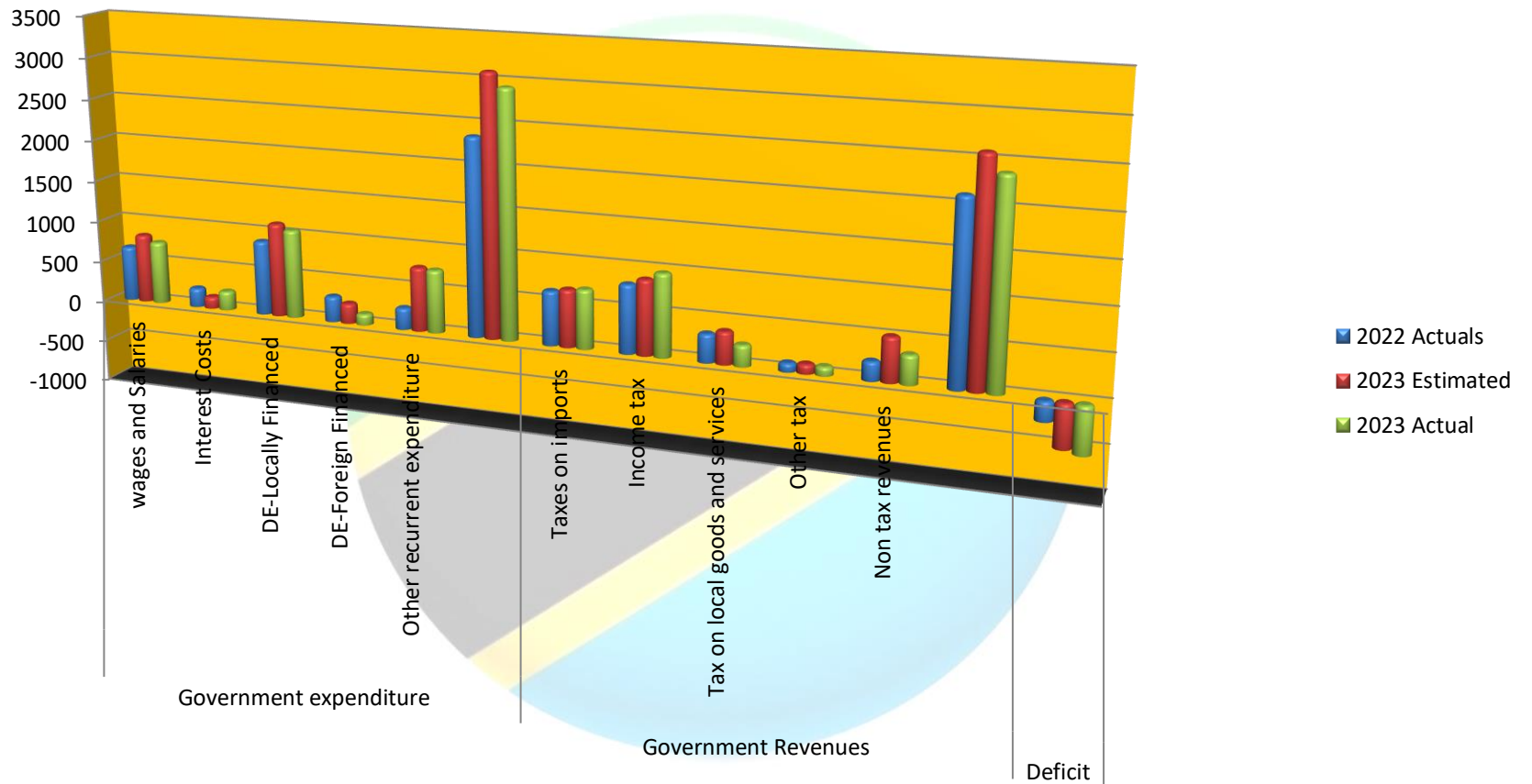
The government spent 134.2 billion shillings on foreign-financed development expenditures, which is 44% less than the budget forecast of 240.4 billion shillings.

The government collected 2380.2 billion shillings, which is -8 percent less than the budgeted sum of 2586.9 billion shillings. Income has been collected through import taxes, income taxes, taxes on local goods and services, non-tax revenue, and other taxes.

The entire projected collection is 2586.9 billion shillings, but the estimated spending is more than 3097.1 billion shillings, which is less than 510.2 billion shillings. While spending 2932.4 billion shillings compared to income of 2380.2 billion shillings, which is less than 552 billion



Budget Analysis



GDP PER CAPITA INCOME

A Country's GDP per capita income has a variety of effects, ranging from economic growth to financial instability. When a country has a low GDP per capita income, it generally means that borrowing money and investing in the country is more expensive, making it more difficult for residents to purchase goods and services. This can result in lower consumer spending, which has a direct negative impact on the country's economy. Furthermore, businesses may be more hesitant to invest and expand, slowing economic growth.

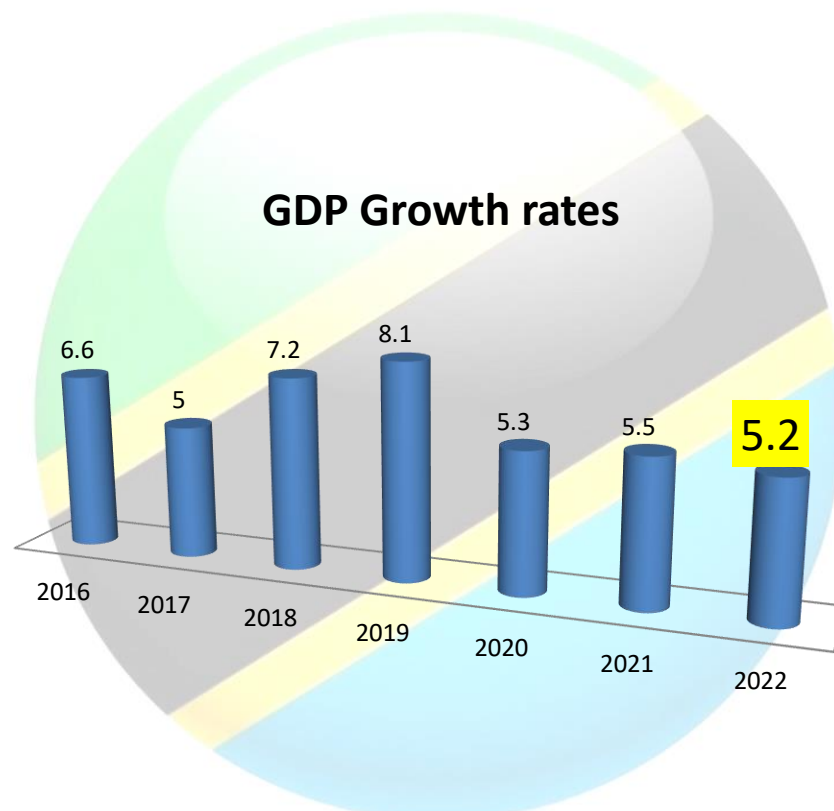
A low GDP per capita income, on the other hand, can have some positive consequences. It can, for example, encourage saving and aid in the reduction of inflation. Because a low GDP per capita causes people to save money rather than spend it, the amount of money in circulation decreases.

The country's currency may lose value as a result of the low GDP per capita income. Because foreign investors are less likely to invest in a country with low GDP growth, the currency depreciates in value. This depreciation may reduce the country's exports by making its products more expensive to foreign buyers



GDP GROWTH RATE

The value of quarterly gross domestic product (QGDP) in absolute terms at current prices increased to TZS 42.9 trillion in the third quarter of 2022 from TZS 38.4 trillion in the same quarter of 2021. Furthermore, the value of QGDP at 2015 constant prices increased to TZS 33.9 trillion in the third quarter of 2022 from TZS 32.2 trillion in the same period in 2021, representing a 5.2 percent growth rate.

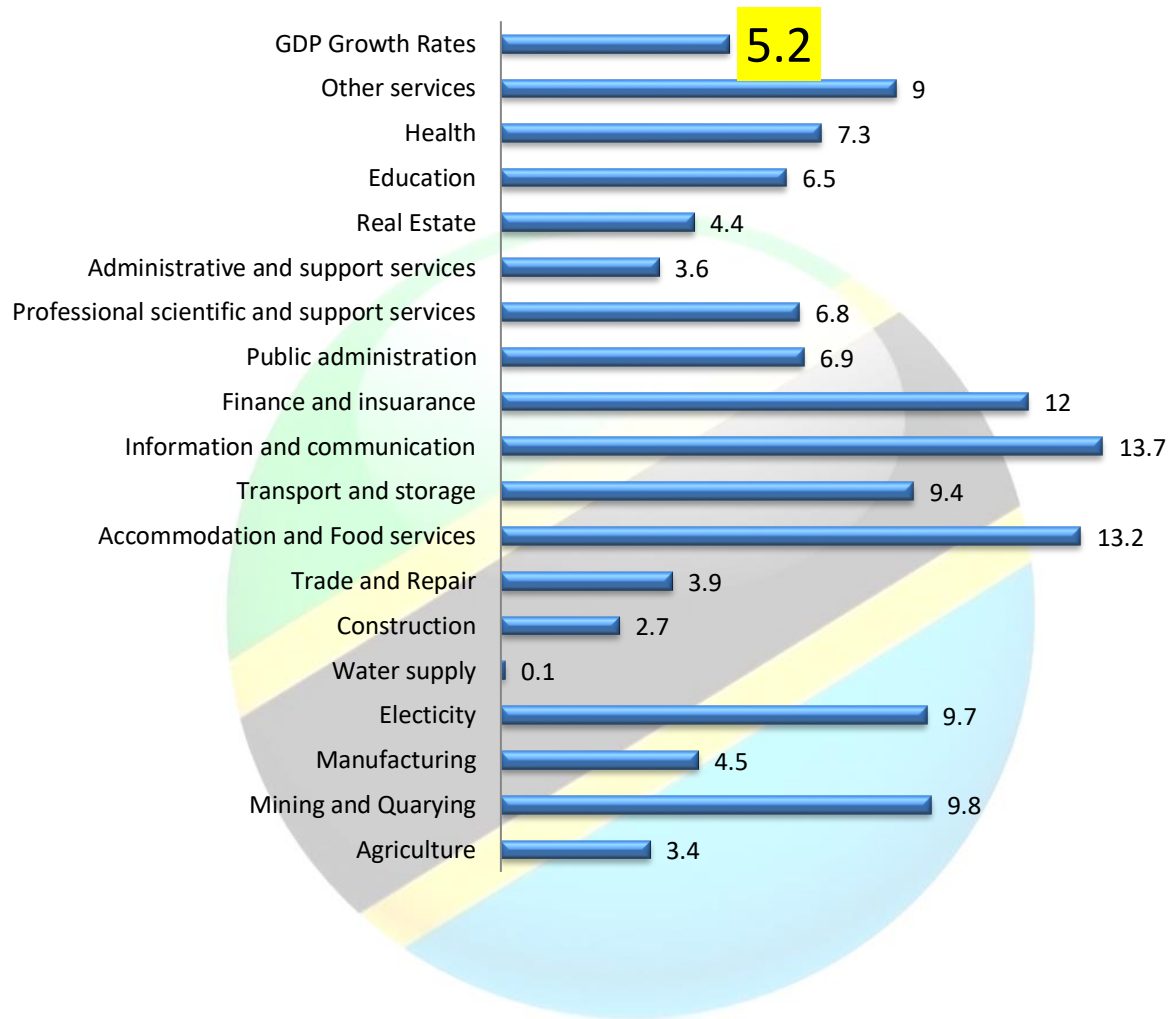


Tanzania's Major Economic Sectors Based on GDP Growth Rates

During the review period, information and communication grew at the fastest rate (13.7 percent), followed by accommodation and food services (13.2 percent), financial and insurance services (12.0 percent), mining and quarrying (9.8 percent), and electricity supply (9.8 percent) (9.7 percent).



GDP GROWTH RATES



GDP share by broad economic classification

Tertiary activities (Trade and Repair; Accommodation and Food Services; Transport and Storage; Information and Communication; Financial and Insurance Services; Public Administration and Defense; Professional, Scientific and Technical Services; 10 Administrative Support Services; Real Estate, Education, Human Health, Arts, Entertainment and Recreation; Other Social Services, and Household Activities as Employers) accounted for 41.2 percent of GDP. It should be noted that GDP shares have been calculated before taxation.



IS TANZANIA'S MINING INDUSTRY BOOSTING THE COUNTRY'S ECONOMY?

The government has inked framework agreements worth \$667 million with three Australian corporations to collect graphite and rare earths, and is projected to become an important supplier of strategic minerals such as those needed for cellphones, computers, batteries, and electric vehicles.

Despite the fact that Tanzania's mining sector is expanding:

- ➔ What role does Tanzania's mining sector play in economic growth?
- ➔ What is the mining industry's contribution to the expansion of public investment?
- ➔ What role do Tanzania's mining sectors play in reducing unemployment?

Tanzania's mining sector is an important contributor to economic growth, with the value of mineral exports steadily increasing over the last several years. The sector includes both small and large-scale businesses, including metals, industrial minerals, and fuel minerals.

Tanzania is Africa's fourth-largest gold producer after South Africa, Ghana, and Mali, and the world's sole producer of the valuable stone Tanzanite.

Mining is Tanzania's main industrial sector, with the value of mineral exports steadily increasing over the last several years.

The sector includes both small and large-scale businesses. Tanzania's mining industry includes metals (gold, iron ore, nickel, copper, cobalt, silver), industrial minerals (diamonds, tanzanite, ruby, garnet, limestone, soda ash, gypsum, salt, phosphate, gravel, sand, dimension stones, and graphite), and fuel minerals (coal, uranium).

Tanzania also has a large number of many rare earths and critical minerals that are currently in the exploration stage.

Mining and quarrying activities have contributed significantly to Tanzania's GDP growth in the first quarter of 2021, contributing 10.2 percent of GDP.

Mining and quarrying activities contributed significantly to Tanzania's GDP growth in the first quarter of 2021. The sector contributed 10.2 percent of GDP, or 1,473,804 million TZS.

Tanzania's mining industry remains appealing to investors, owing to significant diversification in nickel, uranium, and coal mining over the next few years. In the mining industry, there are additional investment incentives and supply chain opportunities.

Strategic minerals will be extracted, processed, and transported as part of the projects, increasing Tanzania's worldwide profile and encouraging economic activity. The government is also increasing its investment in the sector, including increasing the speed of electrification of areas operated by artisanal miners. Evolution Minerals and EcoGraf will mine for graphite, which is used in lithium-ion batteries, in projects worth \$100 million and \$128 million, respectively.

Western countries are striving to reduce their reliance on China for rare Earths, 17 heavy metals necessary for electronics such as smartphones, computers, and batteries, and cutting-edge technologies that could reduce reliance on fossil fuels. Peak Rare Earths is a partner in Tanzania's \$439 million National Power Plant project, which has one of the world's largest and highest-grade deposits of neodymium and praseymium, which

Tanzania generated roughly 2.3 billion US dollars from mineral exports in 2019, a considerable rise from 1.6 billion US dollars in 2018. Gold made the greatest contribution to the value of mineral exports.

Tanzania is Africa's fourth-largest gold producer after South Africa, Ghana, and Mali, and the world's sole producer of the valuable stone Tanzanite.

Gold output is currently about 40 metric tons per year, copper at 2980 metric tons, silver at 10 metric tons, and diamond at 112,670 carats.

are critical components of high-strength permanent magnets used in the building of electric vehicles and wind turbines. President Samia Suluhu Hassan expects that these initiatives would help the economy and boost Tanzania's status on the global scene.

The government's aspirations remain high, with joint venture agreements made with three Australian businesses, Evolution Energy Minerals, Eco Graf Ltd., and Peak Rare Earths Ltd., to establish Tanzania as a supplier of critical and crucial minerals.

Strategic minerals will be extracted, processed, and transported as part of the projects. President Hassan remarked that they will increase Tanzania's worldwide profile and encourage economic activity along the value chain for the benefit of the people of Lindi, Songwe, and Morogoro, as well as the entire country.

"The government will continue to increase its investment in the sector, including increasing the speed of electrification of areas operated by artisanal miners so they can use modern mining equipment and improve their efficiency and productivity," the government said, urging artisanal miners to avoid mineral smuggling.

"Evolution Minerals and EcoGraf will mine for graphite, which is used in lithium-ion batteries, in projects worth \$100 million and \$128 million, respectively." Western countries are striving to reduce their reliance on China for rare earths, 17 heavy metals necessary for electronics such as smartphones, computers, and batteries, and cutting-edge technologies that could reduce reliance on fossil fuels. Peak Rare Earths is a partner in Tanzania's \$439 million Ngualla rare earths project.

According to the firm, one of the world's largest and highest-grade deposits of neodymium and praseodymium, which are critical components of high-strength permanent magnets used in the building of electric vehicles and wind turbines.



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HOW ECONOMIES FUNCTION

INFLATION RATES

Tanzania inflation fell from 4.7 percent in March to 4.32 percent in April. This decline is due to a fall in the cost of living for a variety of items and services, including transportation, housing, water, energy, gas, furniture, home equipment, and routes. Food and non-alcoholic beverages, alcohol beverages and tobacco costs, information and communication costs, health services, education, personal care, social protection, and miscellaneous goods and services, recreational and cultural costs have all increased. The government should take initiatives to significantly cut inflation while remaining true to everyday living.

This decline has been caused by a decrease in the cost of living for the following products and services: Within a month, transport costs were reduced by 0.32 percent.

Housing, water, electricity, gas and other fuels, furniture, home equipment and routes have been shown to fall by 0.37 percent in one month but by 0.27 percent in a year. All other products and services have seen price increases, particularly foods and non-alcoholic beverages, which have grown by 0.79 percent.



Tanzania's inflation rate fell from 4.7 percent in March to 4.32 percent in April. This is a significant shortage that will begin in 2023

Although there appears to be a drop in inflation, this appears to be different from the reality of everyday living.

What should the government do to significantly lower inflation while remaining true to daily life? The inflation rate fell to 4.32 percent in April.

Alcohol, drinks, and tobacco expenditures have climbed by 0.49 percent in one month, but by 0.76 percent in a year. The cost of information and communication has risen by 0.14 percent in one month, but by 1.73 percent in a year.

The prices of health care, education, personal care, social security, and many recreational and cultural goods and services have all risen.

Why Does Inflation Matter for Small Businesses?

Inflation is an important factor for small businesses, as it can have a significant impact on their capacity to plan for the future. It can also cause clients to become concerned and reduce their spending, leading to lost sales. While inflation can be harmful, it can also be beneficial for small enterprises if they absorb higher costs or raise prices. This can help them to increase their revenue and make it financially advantageous to expand without raising red flags with their clients.

When it comes to small-business inflation, many people just consider the bottom line. Understanding the big picture is, of course, crucial for any small business owner or manager. It is critical to properly grasp how increased prices affect your business and to plan measures to protect your firm against inflation.

What would be the best model for a business to adopt, especially in this period where the prices of goods and services are unpredictable?

When inflation rises, all aspects of a firm become more expensive, higher service expenses, for example, can have an impact on the amount of money you have on hand. Cost hikes may cause you to forego significant purchases while cutting everywhere you can. Inflation may cause you to reconsider your expansion plans.

When inflation is out of control, it can have a significant impact on your capacity to plan for the future. Not knowing where prices will likely be six months from now, for example, can impair your capacity to budget. It can also cause your clients to get concerned, and they may reduce their anticipated spending, which can cost you money in the form of lost sales.

Although the IMF predicts that the Tanzania economy will reach 200 trillion in 2023, while also predicts Tanzania economy will continue to grow and reach 300 trillion in the next five years, but rising costs of living may lead to business or investment not to produce the desired results. Currently, the economic growth rate is 5.2 percent, which is equal to \$32.2 trillion, which is a decrease of 5.5 percent from the previous period.

In a period like this, small businesses struggle to make profits and expand their capital because the majority of their profits go to sustaining their families and providing for their daily needs.

Opportunities for large businesses to earn more profits and expand their business when the price of goods and services rises and most of them are anticipated to rise higher in the future.

How is inflation affecting businesses?

The question is not so much "how does inflation affect small businesses" as "what parts of a business are not affected?" There are certainly a few outliers, but they are hard to find because anything that costs money has been influenced in some way by rising expenses.

The current inflationary tendencies make it increasingly difficult for small enterprises to offer their goods and services at competitive pricing. That leaves managers and owners with two options: absorb the higher costs or raise prices. While bearing the extra costs is never a pleasant option, boosting pricing in some businesses may be impossible.

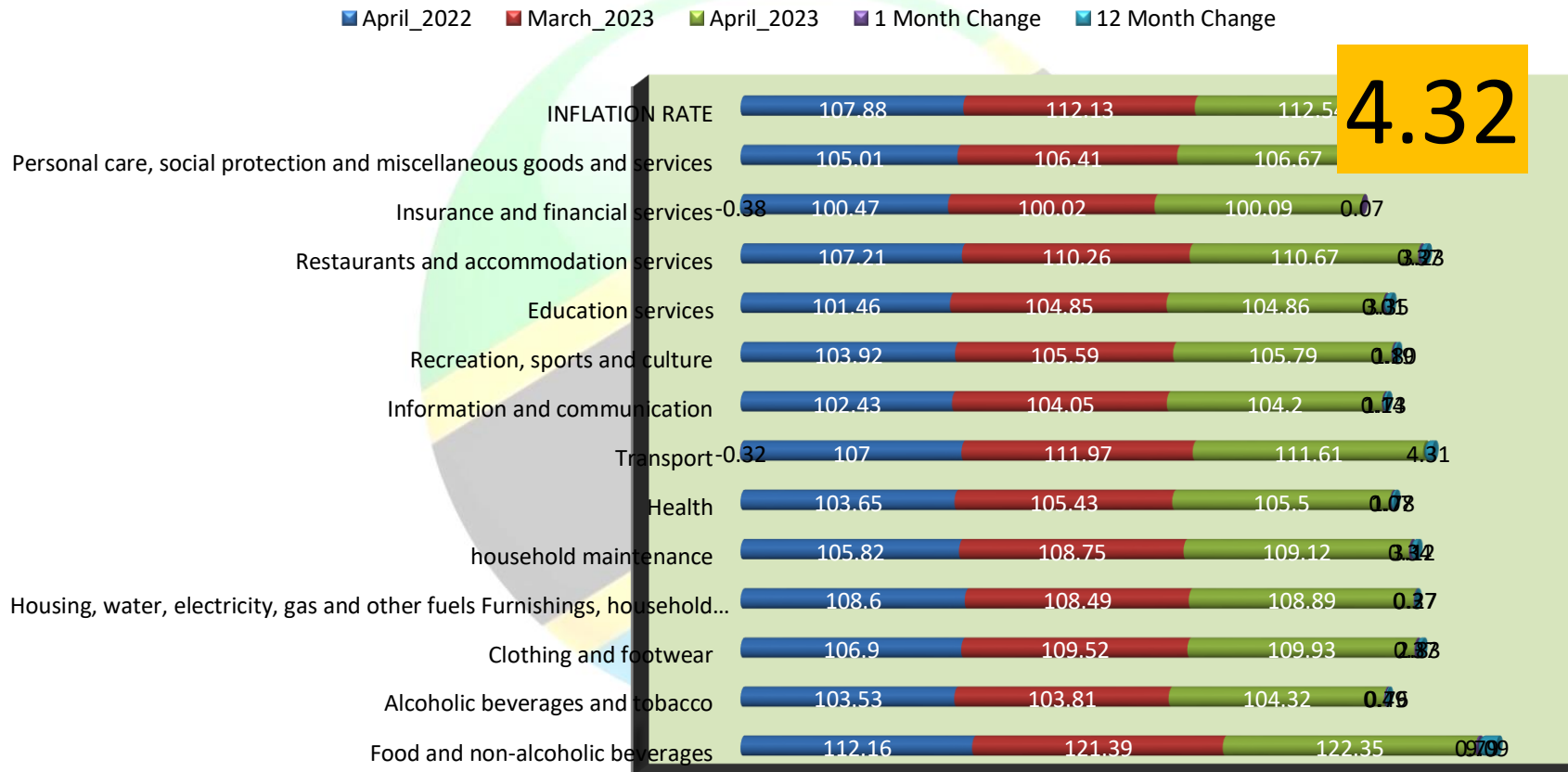
The benefits of inflation to big company

This reality demonstrated a surprising principle, not all inflation is harmful.

A natural progression of pricing and expenses allows you to enhance your revenue and makes it financially advantageous to expand whenever possible. When prices for things steadily grow, you can raise pricing for your items or services without raising red flags with your clients.



Inflation Rates



THE EFFECTS OF HIGH INFLATION RATES TO BANKS AND MICROFINANCE BUSINESS IN TANZANIA

Tanzania facing high inflation rates by 4.9% which cause prices of goods and services to increase at high rates.

- ➔ High inflation rates reduces bank and Microfinance borrowing due to high interest rate rises by banks and Microfinance as a mitigation measure to cover operations costs and maintenance super normal profits.
- ➔ Borrowers may want to pay off debts before inflation rate rises, while savers may want to move money into higher-interest accounts.
- ➔ High inflation rates cause rises of high interest rates. High interest rates help to control inflation rates and promote economic stability in a long term.

What is an Interest Rate?

An interest rate is the amount of money that borrowers must pay lenders to use their money. For example, when you borrow money from a bank, you agree to pay interest on the loan.

Why Does the Tanzania Microfinance Raise Interest Rates?

High inflation rates cause Banks and Microfinance to rises interest rates, inflation rates is the rate at which the prices of goods and services in the economy are increasing. When inflation is high, it reduces the purchasing power of the currency and can lead to economic instability.

When Banks and Microfinance decides to increase interest rate, loans becomes more expensive for businesses and consumers to borrow money.

This can lead to decreased consumer spending, as people have less money to spend.

Businesses may also cut back on investment and hiring. As a result, the economy may slow down, leading to a decrease in GDP (Gross Domestic Product) growth. However, if inflation is high, the decrease in economic growth may be a necessary sacrifice to control inflation.

Most of Microfinance doesn't operate well due to high inflation rates, high inflation rates cause increase of interest rates and hence they go bankrupt.

Raising interest rates makes borrowing money more expensive for businesses and consumers. This reduces the amount of money in circulation and slows down economic growth. As a result, inflation is also reduced.

Otherwise view, the rises of interest rates is a tool used by the Banks and Microfinance to control inflation and maintain economic stability. While it may have short-term effects on the economy, it is necessary to ensure long-term growth and stability.



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TANZANIA INTERNET MOBILE BUSINESS

- Economic and job creation
 - poverty reduction
1. Only 22% of the population in sub-Saharan Africa had access to mobile internet services at the end of 2021, according to a report by the World Bank.
 2. Tanzania have 55,365,239 numbers of telecom subscribers, while mobile money services have 35,749,298 subscribers and internet services have 29,913,513 numbers of subscribers.
 3. Presence of large numbers of internet mobile subscribers creates more job creation which helps reduce poverty reduction.
 - ❖ **Is Tanzania manages to creates more jobs despites having large numbers of than mobile telecom subscribers?**
 - ❖ **Is Tanzania digital technology helps drive employments growth?**

Despite of having large numbers of mobile telecom subscribers Tanzania is still facing digital technology transformation due to poor digital technology infrastructures invested, the significant gap on upgrading technology is still BIG ENOUGH. Hence brings difficult in digital technology transformation to economic and jobs creation.

More than 84% of Africa country's population including Tanzania had at least some level of 3G mobile internet availability, and 63% had some level of 4G mobile internet services.

Is Tanzania policy and regulatory reforms can help widen the availability and increase the usage of digital technologies?

MONEY SUPPLY

The Bank of Tanzania increased money supply by 58.8% in the previous month, up from 33.7%, while net foreign assets increased by -24.4%. Money circulation increased by -11.5 percent from -23 percent last month, but 4.5 percent less than the previous year. Currency in circulation rose by 12.6 percent from 11.9 percent the previous month, but 15.8 percent lower than last year.

The money supply has expanded by 58.8 percent in total terms within a month, up from 32.7 percent, but this is less than the 117.7 percent increase seen last year at same period. Net foreign assets have climbed by -26.4 percent, up from -40.1 percent last month, while the same period last year increased by 4.5 percent.

The Bank of Tanzania raised money circulation by -11.5 percent from -23 percent last month, however this is 4.5 percent less than previous year during same period. Currency in circulation has climbed by 12.6 percent from 11.9 percent the previous month, however it is 15.8 percent lower than last year at same period.

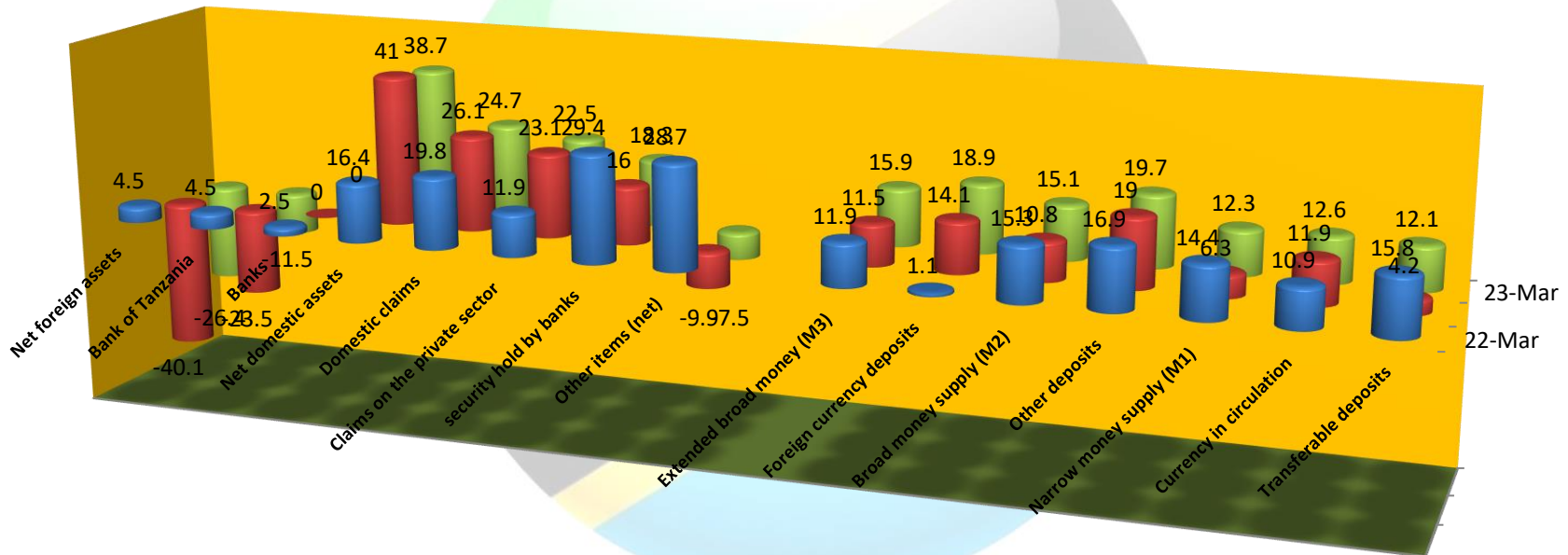
**What is presently
increasing the
circulation of money in**

Inflation occurs when an economy's money supply expands faster than its ability to create goods and services. In our auction economy, the production of goods and services stayed constant, but the money supply increased from round one to round two.

Our economy experienced inflation because the money supply increased but the output of goods and services did not

Tanzania Money Supply

■ 22-Mar ■ 22-Feb ■ 23-Mar



TANZANIA'S TOUGH ECONOMY AND POTENTIAL LABOR FORCE

1. Is Tanzania's tough economy driving graduates to give up on finding work?
2. Is Tanzania's tough economy forcing graduates to work more in the BET industry?

Tanzanian graduates who are unemployed the majority of them have given up looking for work or starting businesses due to a difficult economy with little prospects.

- ➔ The number of graduates looking for work grows by the day as more grads graduate each year, causing the number to double every year.
- ➔ Tanzania's difficult economic growth has mostly prompted the BET business to expand, since most graduates have turned to it as a source of income.
- ➔ Tanzania's tough economy results in low-paying and informal jobs, which are unable to absorb the fast rising youth population.
- ➔ Tanzania's tough economy promotes an increase in the dependency ratio within a family.

Tanzania's difficult economy has created employment, but the majority of them are low-paying and informal, making it difficult to absorb rapid economic expansion. The number of graduates looking for work grows by the day as more grads graduate each year, causing the number to double every year.

Tanzania's economy is experiencing both cyclical and structural unemployment. Cyclical unemployment happens when the business cycle experiences an economic downturn and there is lower demand for products and services, whereas structural unemployment arises when there is a mismatch between the jobs that are available and the people who want to work.

Tanzania's tough economy results in low-paying and informal jobs, which are unable to absorb the fast rising youth population. Tanzania's tough economy promotes an increase in the dependency ratio within a family. Tanzania's difficult economy has created employment, but the majority of them are low-paying and informal, making it difficult to absorb rapid economic expansion.

The late Tanzanian economy has been heavily damaged by the COVID-19 pandemic, resulting in a difficult employment market and fewer prospects for job seekers. Due to the unpredictable economic conditions that lead the cost of operations to climb every day, most businesses have continued to freeze employment. Most graduates have given up on obtaining work or starting businesses as a result of this.

Since March 2020, many firms have been hesitant to hire more workers as they recover from the economic troubles caused by the COVID-19 epidemic, which necessitated layoffs and wage cuts in order to survive.

While the government has implemented different steps to combat unemployment, more has to be done to address the underlying causes of the problem. It remains to be seen how the economy recovers from the pandemic's consequences. It remains to be seen whether the job market in Tanzania will improve.

The bulk of those who have given up work are between the ages of 20 and 24, followed by those aged 25 to 29. The 20-to-24-year-old group is primarily comprised of recent graduates whose job-search attempts are hampered by a lack of experience and a mismatch between capabilities and job opportunities.

The enormous number of new entries into the work market each year has also resulted in a scarcity of opportunities, leading many to explore alternatives such as starting small enterprises.

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More than 90% of graduates are qualified for the labor force but are not actively seeking work.

The number of graduates who have abandoned their job search has grown, leaving more people unemployed.

WHAT DOES TANZANIA'S GDP GROWTH TELL US ABOUT THE COUNTRY'S ECONOMIC GROWTH?

- ➔ Tanzania's GDP is expected to reach Shs. 200 trillion in 2023, up from Shs. 163 trillion in 2021.
- ➔ The IMF expects Tanzania's GDP to reach Shs. 300 trillion during the next five years.
- ➔ GDP, or Gross Domestic Product, is one of the most important indicators of Tanzania's economic health.
- ➔ GDP growth assists businesses in determining whether to expand and hire more workers in order to create more jobs, and it allows the government to determine how much to tax and spend.

Simply because Tanzania GDP is rising does not imply that an individual's standard of living is rising. When a country's population grows, GDP rises because more people means more money spent. Individuals in that country, however, may not be growing much wealthy. Even when GDP rises, they may be getting poorer on average.

According to new International Monetary Fund (IMF) figures, Tanzania's GDP at current prices will reach 85.42 billion US dollars (200 trillion shillings) in 2023, indicating that President Samia Solutions Hassan's economic policies are bringing significant reforms to the country.

GDP has increased from 69.9 billion US dollars (163.5 trillion shillings) in 2021, when President Samia entered office. According to IMF data, Tanzania's GDP could rise even more, reaching US\$136.09 billion (Sh. 276 trillion) by 2028



In terms of countries south of the Sahara Desert, Tanzania is the 6th largest in terms of GDP. According to IMF statistics, the ten countries with the largest GDP in Sub-Saharan Africa are the following:

1. Nigeria: \$506.6 billion
2. South Africa: \$399 billion
3. Ethiopia: \$156 billion
4. Kenya: \$118.1 billion
5. Angola: \$117.8 billion
6. Tanzania: \$85.4 billion
7. Côte d'Ivoire: \$77 billion
8. DRC: \$69.4 billion
9. Ghana: \$66.6 billion
10. Uganda: \$49.7 billion

Most economists, politicians, and businesses prefer to see GDP expand gradually since rising GDP usually means people spend more, more jobs are created, more taxes are paid, and workers get greater pay raises.

If GDP is declining, the economy is contracting, which is terrible news for firms and people. A recession occurs when GDP falls for two consecutive quarters, which can result in pay freezes and job losses.

Therefore, Tanzania's GDP growth is an important indicator of its economic health, with the expectation of reaching Shs. 200 trillion in 2023 and Ts. 300 trillion in the next five years. GDP growth does not mean that an individual's standard of living is rising, but rather that the population grows and the government can determine how much to tax and spend. According to IMF data, Tanzania's GDP could rise even more, reaching US\$136.09 billion (Sh. 276 trillion) by 2028.

In terms of countries south of the Sahara Desert, Tanzania is the 6th largest in terms of GDP, with ten countries with the largest GDP in Sub-Saharan Africa being Nigeria, South Africa. GDP growth is an important indicator of a country's economic health, as it usually means people spend more, create jobs, pay taxes, and get greater pay raises. If GDP falls, the economy is contracting, which can lead to pay freezes and job losses. Governments must keep track of how much they borrow in relation to the size of the economy, as well as the hidden economy and inequality.



How does GDP affect me?

If GDP grows, the government will take that as evidence that it is doing a good job of managing the economy. Similarly, if GDP falls, opposition leaders would accuse the government of mismanaging the economy.

But it's more than just a report card on how the government is performing. People will pay more in taxes if GDP grows steadily because they are earning and spending more. This means that the government will have more money to spend on public services such as schools, police, and hospitals. Governments also want to keep track of how much they borrow in relation to the size of the economy.

What are its limitations?

GDP growth doesn't tell the whole story.

There are lots of things the statistics might not take into account:

1. Hidden economy: Unpaid work isn't captured in official figures, such as caring for an elderly relative
2. Inequality: GDP growth doesn't tell us how income is split across a population - rising GDP could result from the richest getting richer, rather than everyone becoming better off.



IMPORT RATES

Tanzania's economic growth has surged by more than 1046% in a year, and import taxes have risen by over 3%. Export rates are what propel the country's economy, and high export rates result in more foreign cash. Import rates of machinery and mechanical appliances have increased by more than 44% in one year, but by 57% in one month. Fertilizer import rates have soared by 88 percent in a year, yet there was a 17 percent decrease. Food and beverage import rates for industrial usage have climbed by 55% in a year, but only by 33% in a month.

Sugar import rates for industrial usage have climbed by 310 percent in a year, but by 304 percent in a month. All of the major indices used to assess Tanzania's economic growth have surged by more than 1046% in a year.

However, it is a 956% increase in one month. Import taxes have risen by more over 3%, to 701.1 billion shillings from 680.9 billion shillings.

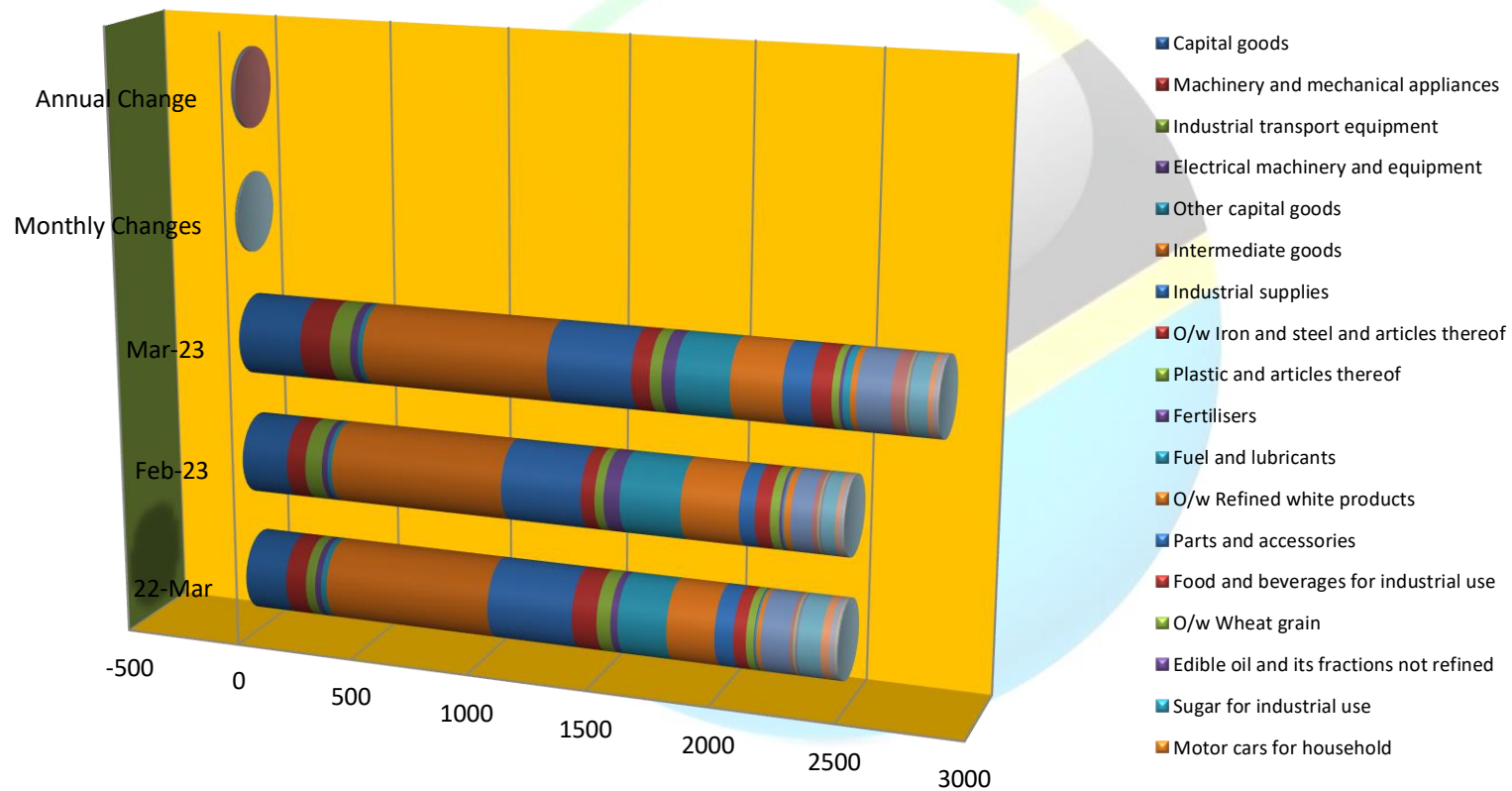
Despite the fact that import taxes have been raised, a large amount of foreign currency is being sent and used to purchase goods abroad, this has an impact on the balance of payments. The rate of economic growth is also evaluated by the quantity of foreign money owned by the country, which is obtained from the amount of goods and services exported. Export rates are what propel the country's economy. High export rates result in more foreign cash, which stimulates the country's economy.

Tanzania's import rates have risen due to an increase in capital goods of more than 50% in a year, but it has also risen by 37% in a month. Import rates of machinery and mechanical appliances increased by more than 44% in one year, but by 57% in one month.

Industry transport equipment import rates have climbed by 113% in one year, but only by 21% in one month. Fertilizer import rates soared by 88 percent in a year, yet there was a 17 percent decrease. Food and beverage import rates for industrial usage have climbed by 55% in a year, but only by 33% in a month.

Edible oil and its fractions import rates climbed by 234 percent in a year, but only 19 percent in a month. Sugar import rates for industrial usage have climbed by 310 percent in a year, but by 304 percent in a month.

Import Rates



EXPORT RATES

Tanzania's export rates have risen by 170 percent in a year, but are still lower than import rates. Exports of products and services have fallen by 21%, compared to 22% last year. Gold shipments have climbed by 8% this year, up from 12% the previous year, but exports of manufactured goods have climbed by 27 percent.

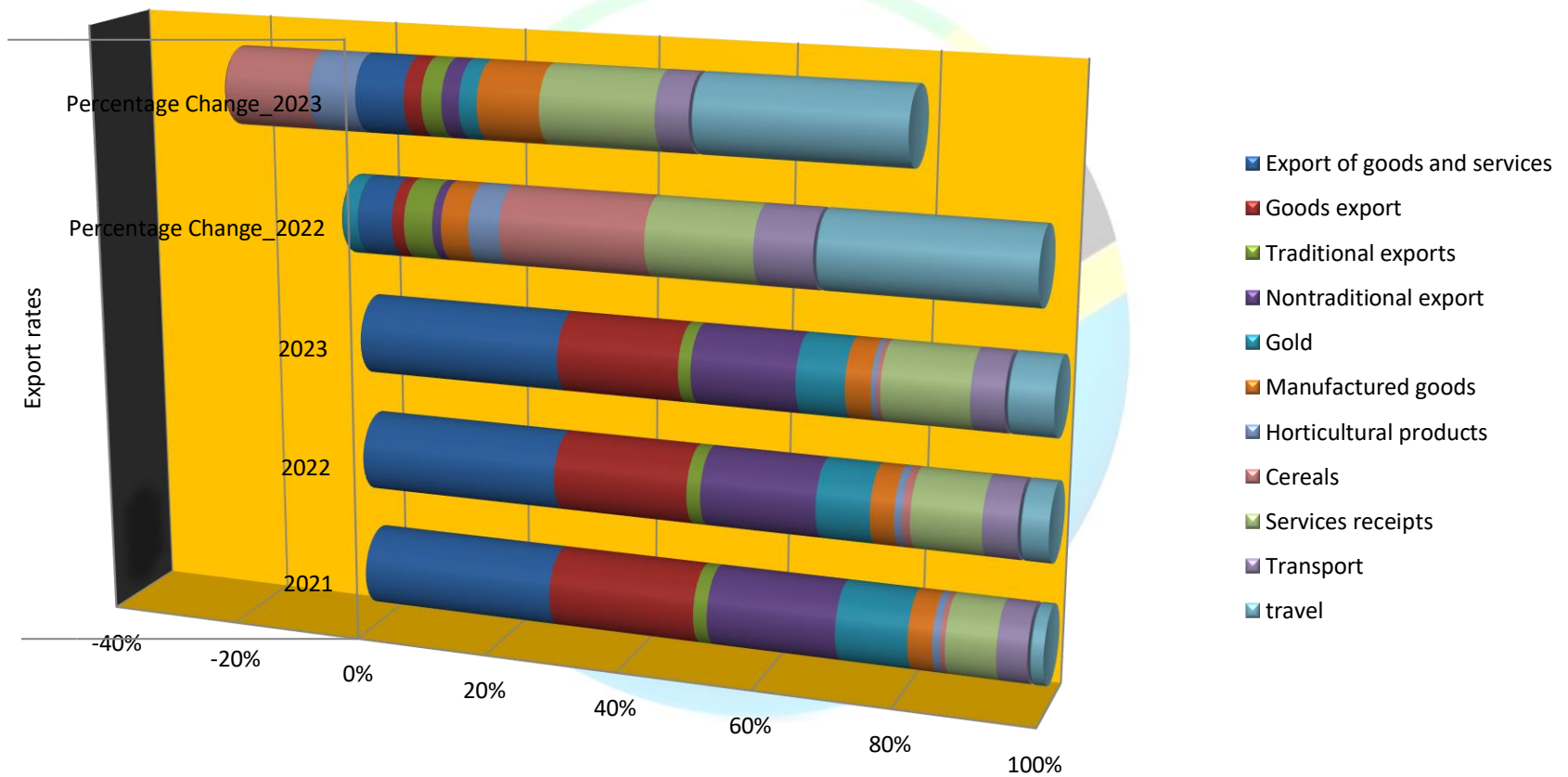
Tanzania's export rates are rising, but they are still lower than import rates. Export rates for all commodities have climbed by 170 percent in a year, but they are 392 percent lower than last month.

Exports of products and services have fallen by 21%, compared to 22% last year. Goods exports have climbed by 8%, the same rate as last year.

Gold shipments climbed by 8% this year, up from 12% the previous year. When all of Tanzania's exports are combined, gold is the most valued.

Despite the fact that gold export rates have increased, what is its contribution to Tanzania's economic development? Exports of manufactured goods have climbed by 27 percent from 17 percent previous year.

Export Rates



INVESTMENT DEVELOPMENT

- ➔ **But how would this investment assist to alleviate the country's labor shortage?**
- ➔ **How would this foreign investment help us have more foreign reserves?**
- ➔ **How will this investment affect the pace of increase in GDP growth rates?**

Tanzania employed a total of 25 projects in April, up from 37 projects in March, which was fewer than 8 projects and less than 16 projects in February.

When compared to the value of projects in March, which was USD 796.17 million, all projects had a total value of USD 374 million. These 25 projects will generate more than 4558 jobs, which is less than the 3156 jobs created in March.

These jobs will be produced across 12 Tanzanian regions. While the coastal region is attracting a big number of projects (about 7), they will generate more than 1471 jobs.

While transport has nine projects worth USD 123.91 million that will create over 1767 jobs, Then there's a manufacturing project with ten projects for USD 116.49 million that will create more than 2115 jobs.

Tanzania hired a total of 25 projects in April, producing more than 4558 employment across 12 regions.

The coastline region has the most projects, with seven, followed by the Dar es Salaam region with six, and other regions such as Dodoma, Arusha, Kilimanjaro, Katavi, Ruvuma, Mororogo, Tanga, Lindi, and Kagera.

Agriculture, commercial construction, manufacturing, human resources, energy, and transportation are the primary industries that have been shown to create the most jobs.

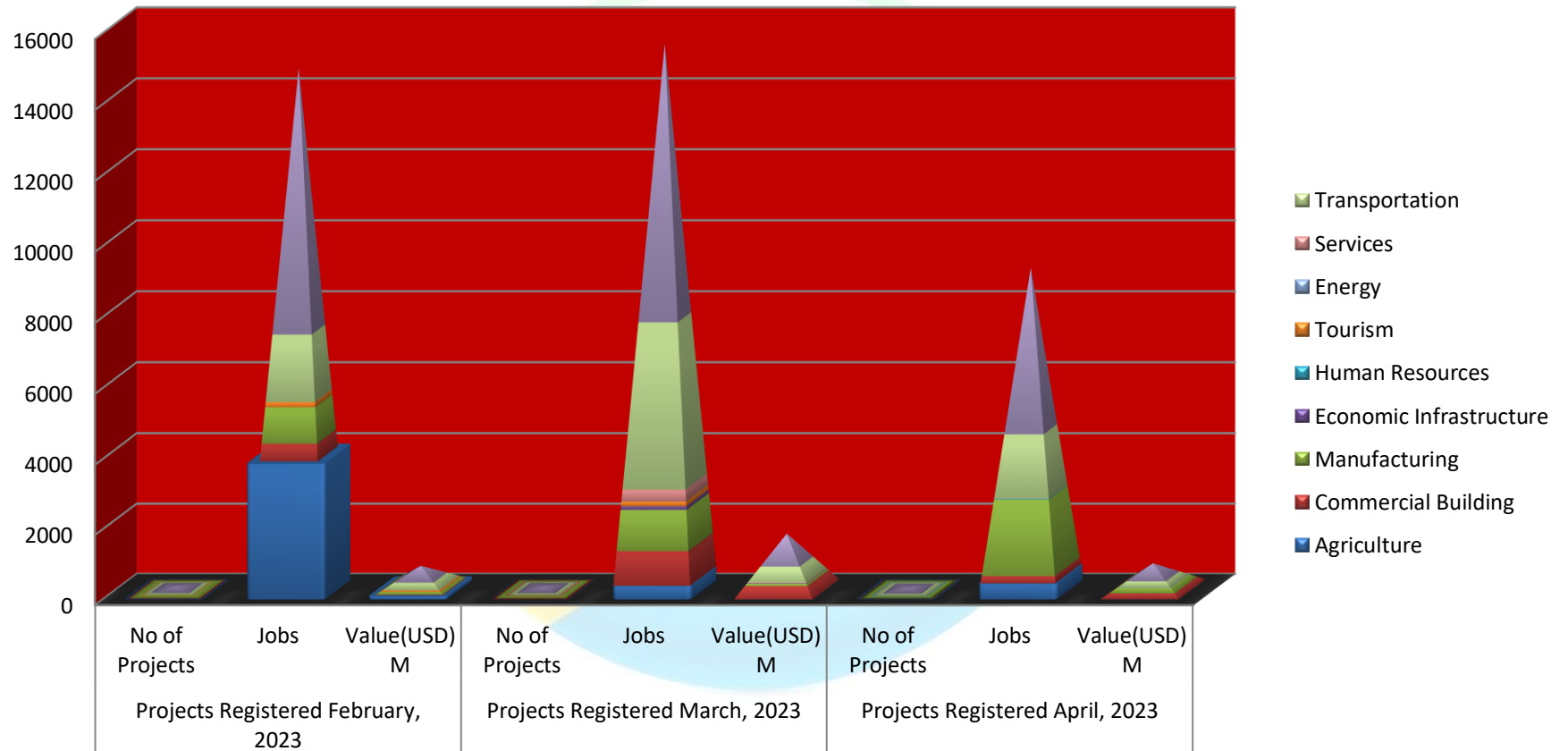
More than 32% of project ownership is foreign direct investment, 24% is local investment, and 44% is joint ventures.

The Dar es Salaam region has the most projects, with six projects estimated to generate more than 950 employment. Dodoma, Arusha, Kilimanjaro, Katavi, Ruvuma, Mororogo, Tanga, Lindi, and Kagera are among the other regions. These are the areas that will benefit from these improvements, including additional jobs. Agriculture, commercial construction, manufacturing, human resources, energy, and transportation are among the projects that will help more than 12 regions.



India has completed projects of USD 77.9 billion in April, followed by China, which has completed projects worth USD 73.0 billion. Manufacturing, transportation, and agriculture have been seen to create the most jobs. Project ownership accounts for more than 32% of foreign direct investment, 24% of domestic investment, and 44% of joint ventures.

Investment Development



CHINA HAS REMAINED THE TOP INVESTOR IN TANZANIA

China has remained the top investor in Tanzania, with a total value of USD 124.2 million, followed by the United States, with a total value of USD 8.0 million.

Commercial buildings have a USD 112.16 million investment while providing 4639 employment, followed by manufacturing with a USD 20.05 million investment and 1154 jobs, and transportation with a USD 9.04 million investment and 968 jobs.

Transportation has led domestic investment with a value of USD 375.95 million, followed by commercial building with a value of USD 206.05 million and manufacturing with a value of USD 25.77 million.

Agriculture, commercial building, manufacturing, economic infrastructure, tourism, transportation, and services are the sectors on which investment is focused.

According to February statistics, they can create more than 7370 employment in the stated sector, with a total value of USD 339.22 million from 41 projects. However, if 37 projects are announced in March, they can create more than 7714 employment worth USD 797.17 million.


Being a gain in the value of USD 456.95 million in one month, but also an increase in sectors such as economic infrastructure

Despite the fact that investment projects in the country are expanding, how can this investment, whether domestic or foreign, support Tanzania's economic growth?

What should Tanzania do to boost the investment industry and stay up with the current rate of economic growth?

and services, reaching a total of 37 projects, which is smaller than last month's 41 projects.

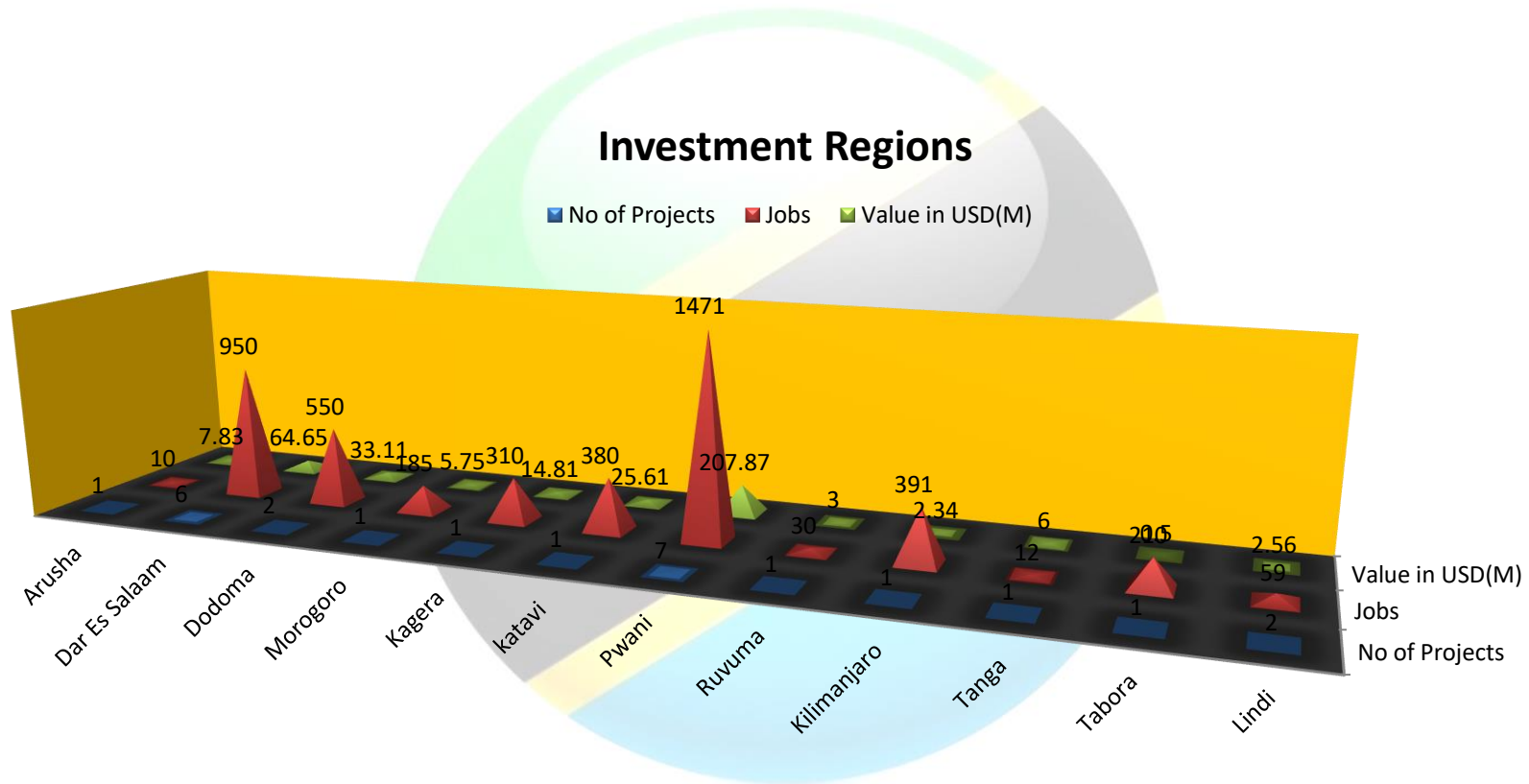
The investment development is expected to be completed in 12 regions and will generate more than 7714 jobs, with Dar es Salaam having the most jobs (5395), but also the most projects (20), followed by the regions of Iringa and Shinyanya, which will generate 400 and 350 jobs, respectively.



What should Tanzania do to boost the investment industry and stay up with the current rate of economic growth?



INVESTMENT REGIONS



DEBTS DEVELOPMENT

The national debt has risen by more than 7 trillion dollars in a year, and by more than 800 million shillings in a month, bringing it to more than 94 trillion shillings. This national debt includes both domestic and external debts, with domestic debts exceeding 26 trillion and external debts exceeding 68 trillion shillings.

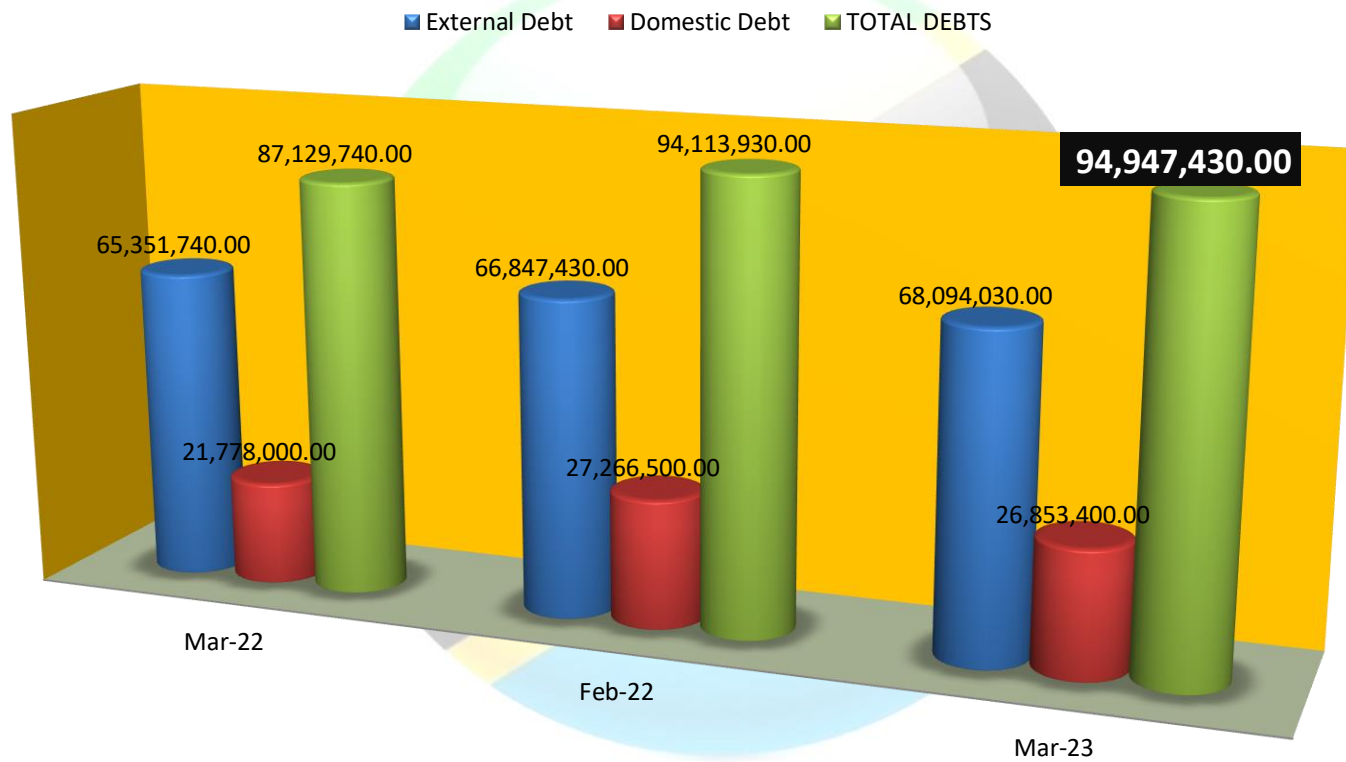
Despite the fact that the national debt is expanding, it is still insufficient to pay the majority of the government's budget in terms of income and expenditure. Despite borrowing over 800 million shillings in March and April, the government appears to have a deficit of over 552 million shillings.

The national debt has increased by over 7 trillion Shillings in a year and 800 million dollars in a month, reaching 94 trillion Shillings.

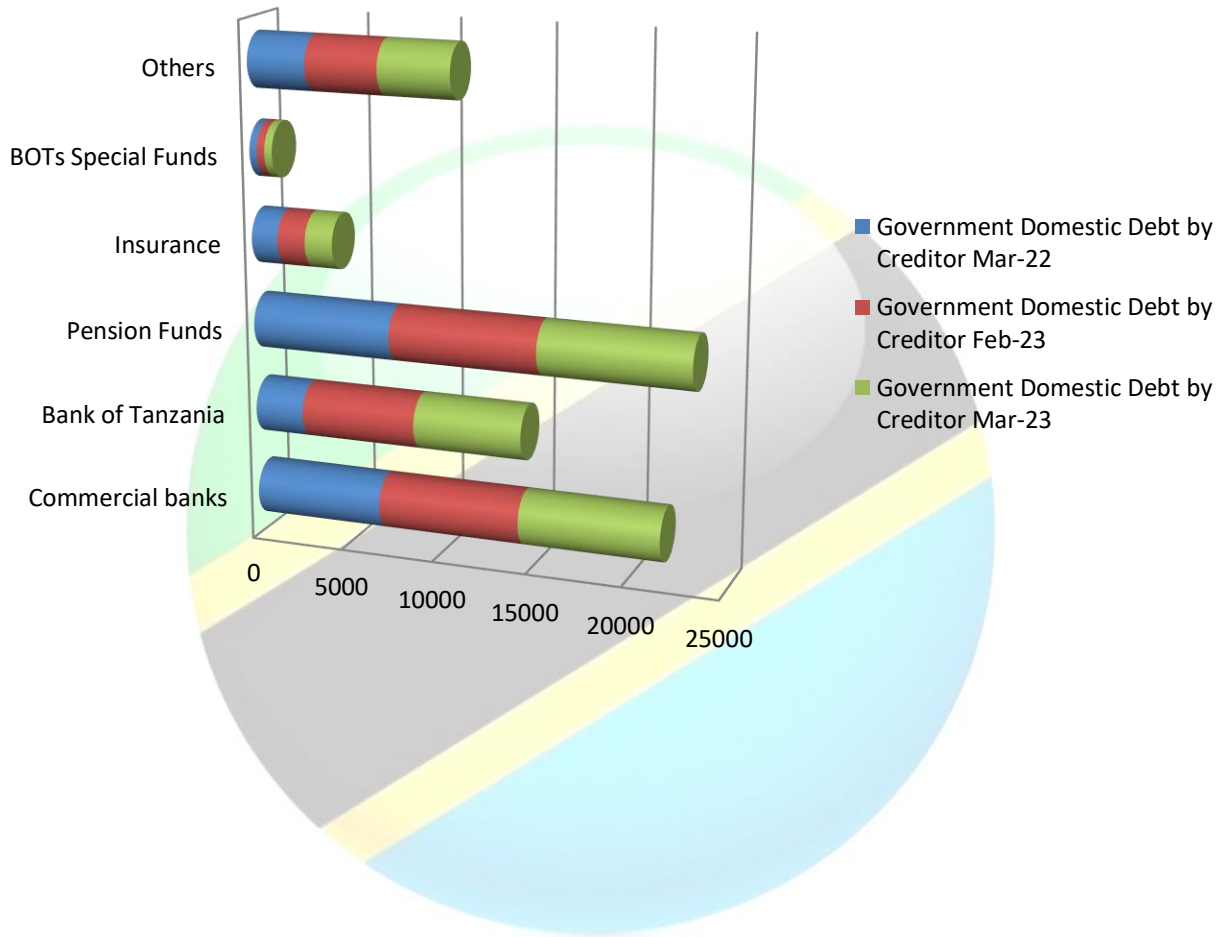
Domestic debts exceed 26 trillion and external debts exceed 68 trillion. Despite borrowing over 800 million shillings, the government has a deficit of over 552 million shillings.



National Debts



Government Debts By Creditors



TANZANIA ECONOMIC UPDATES

We review and evaluates the performance of monthly economic indicators

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