

TICGL
ECONOMIC CONSULTING GROUP

ECONOMISTS TALK MAGAZINE

ECONOMIC CONSULTING GROUP

WHAT'S NEXT FOR TANZANIA
ECONOMY?

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www.ticgl.com

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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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

1. Tanzania's inflation rate has dropped from 4% to 3.6%, although this has not resulted in lower costs for essential goods.
2. Although this has not yet resulted in lower prices for necessities and products. The pricing for essential items within one month has not decreased, while the cost for goods within one year has not yet decreased.
3. In one month, money circulation increased from 10.4% to 13.4%, while net foreign assets fell from -20.8% to -25.9%.
4. Although the Bank of Tanzania has not reduced or increased money circulation in a single month, the situation looks to have improved from -5.5% to -11.5 percent in a year.
5. In one-month, net domestic assets surged from 21% to 36%, while import rates increased by more than 1612% in one month but reduced by more than 629 percent in one year.
6. The rate of export of products and services climbed for the five year in a row, with gold and travel and transportation rates rising.
7. In one month, the national debt reduced by Tsh.40,360 million, yet climbed by Tsh.10,136,340 million in one year.
8. Government spending has continued to climb, resulting in a deficit of more than 49% of the year's planned budget.
9. Import taxes have been cut by more than 8% compared to the budget estimate, while other tax projections have been cut by more than 6%.

Inflation has fallen from 4% to 3.6 percent, although this has not yet resulted in lower prices for necessities and products. The pricing for essential items within one month has not decreased, while the cost for goods within one year has not decreased. The increase in essential products such as food, nonalcoholic beverages, alcoholic beverages and tobacco costs, clothing and footwear costs, health service costs, transportation costs, information and communication costs, education service costs, and insurance and financial services are the main factors contributing to the decrease in inflation from 4% to 3.6 percent this month



Tanzania's inflation rate has dropped from 4% to 3.6%, although this has not resulted in lower costs for critical goods. Increased costs for necessary products such as food, nonalcoholic beverages, and tobacco are the primary contributors to the decline. In one month, money circulation increased from 10.4% to 13.4%, while net foreign assets fell from -20.8% to -25.9%. Although the Bank of Tanzania has not reduced or increased money circulation in a single month, the situation looks to have improved from -5.5% to -11.5 percent in a year. In one-month, net domestic assets surged from 21% to 36%, while import rates increased by more than 1612% in one month but reduced by more than 629 percent in one year.

The rate of export of products and services climbed for the sixth year in a row, with gold and travel and transportation rates rising. In one month, the national debt reduced by Tsh.40,360 million, yet climbed by Tsh.10,136,340 million in one year. Government spending has continued to climb, resulting in a deficit of more than 49% of the year's planned budget. Import taxes have been cut by more than 8% compared to the budget estimate, while other tax projections have been cut by more than 6%.



BUDGET ANALYSIS

Government spending has continued to rise, resulting in a deficit of more than 49 percent of the total budget for the year.

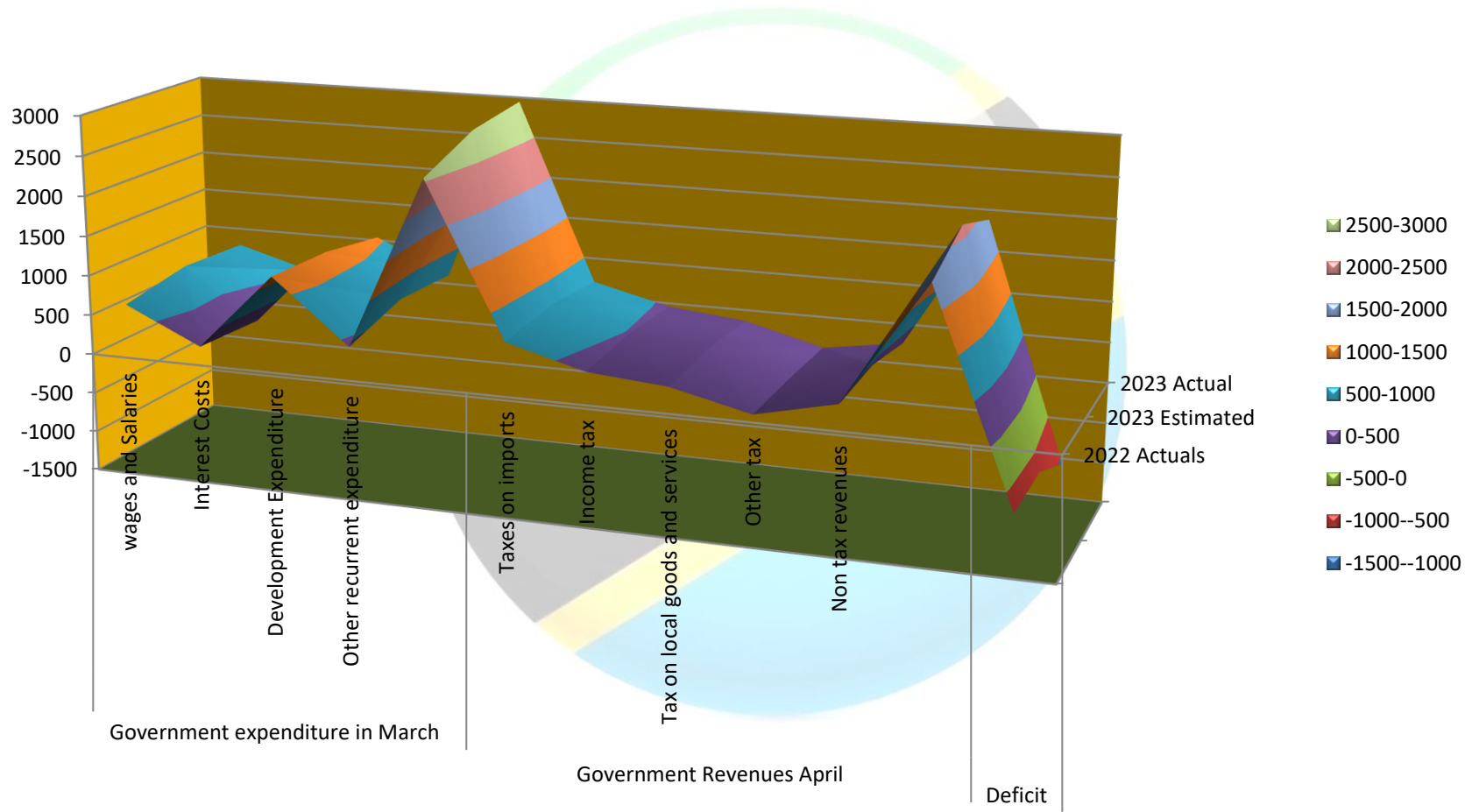
Wage and salary expenditure has decreased by more than 6% compared to last year's estimates; the government has used more money to pay interest costs by more than 163% compared to the estimate for the entire year; development expenditure has decreased by more than 12% for the entire year; and other recurrent expenditure has decreased by more than 6% for the entire year.

The government's income has been decreasing steadily, making it incompatible with the budget's spending for the entire year and resulting in a larger deficit.

According to budget research, government spending has continued to rise, resulting in a deficit of more than 49% of the expected budget for the entire year. This deficit includes wages and salaries, interest costs, development costs, and other recurring expenses. The government's income has been decreasing steadily, making it incompatible with the budget's spending for the entire year and resulting in a larger deficit. Import taxes have been reduced by more than 8% compared to the budget forecast, while other tax predictions have been reduced by more than 6%.



Budget Analysis

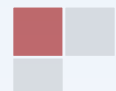


BUSINESS AND ECONOMIC RESEARCH

Challenges and opportunities confronting small business in Tanzania.

- A total of 167 firms in various areas and categories were interviewed, including 47 in agriculture, forestry, and fishing, 39 in accommodation, retailing, and food activities, 23 in financial services, and 19 in professional and technical activities.
- Along with the following factors, the problems and possibilities that contribute to those businesses not doing well and maybe dying in less than five years are: More than 83 percent believe business does not provide the expected financial return; 83 percent believe that selling and marketing products and services is one of the issues businesses faces; and more than 83 percent do not believe the manager has the ability to purposefully create, extend, and modify the business resource base.
- The opportunities are more than 83 percent agreed there are enough investment options in the area for enterprises, and more than 82 percent agreed that owning and working on a small business makes them happy and gives them a good social status.
- More than 83 percent agreed one of the obstacles for small firms is the creation of new technology, although More over 83% agreed that government rules and regulations cause issues for small firms, but more than 85 percent said there aren't enough laws and procedures in place to help and finance small businesses.

A total of 167 firms in various areas and categories were interviewed, including 47 in agriculture, forestry, and fishing, 39 in accommodation, retailing, and food activities, 23 in financial services, and 19 in professional and technical activities. We had to interview nearly 19 businesses engaged in professional and technical activities because these are types of businesses that are similar to work and almost every type of business, making it easier to obtain a large amount of correct information in a short period of time.

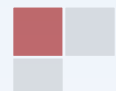


- The findings also indicate the following are the most valuable sources of external advice for small businesses in Tanzania: 81 percent said they get advice on how to run their business from business and management consultants; 49 percent said they get advice from personal networks; more than 36 percent said they get advice from professional networks; more than 28 percent said they get advice from technology consultants; and 28 percent said they get advice from financial advisers.

More than 89 percent of all new firms fail during the first five years, while only 11 percent of all businesses survive for six years or longer. 22 percent of all established firms die after one year, 32 percent of the remaining enterprises die between one to two years, and 24 percent of established businesses die within three to five years.

Along with the following factors, the problems and possibilities that contribute to those businesses not doing well and maybe dying in less than five years are: More than 83 percent believe business does not provide the expected financial return; 83 percent believe selling and marketing products and services is one of the issues businesses face; and more than 83 percent do not believe the manager has the ability to purposefully create, extend, and modify the business resource base.

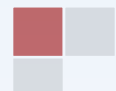
The potential is that more than 83 percent agreed that there are enough investment options in the area for enterprises, and more than 82 percent agreed that owning and working on a small business makes them happy and gives them a good social status.



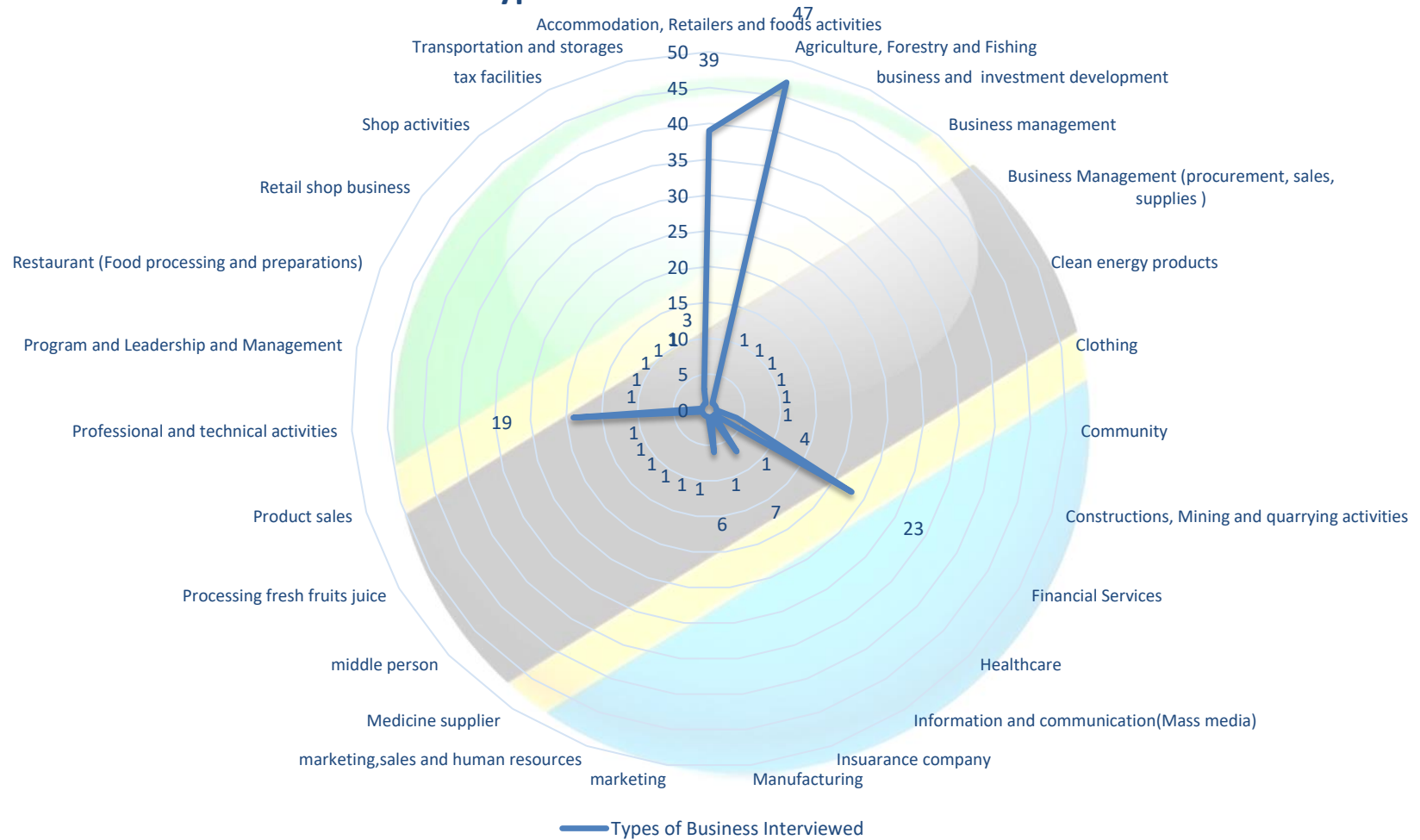
More than 83 percent disagreed that the government financially and technically supports small enterprises. More than 83 percent of respondents stated that the most difficult aspect of starting a small business is raising finance. More than 83 percent agreed that one of the obstacles for small firms is the creation of new technology, although More over 83% agreed that government rules and regulations cause issues for small firms, but more than 85 percent said there aren't enough laws and procedures in place to help and finance small businesses.

The findings indicate that the following are the most valuable sources of external advice for small businesses in Tanzania: 81 percent said they get advice on how to run their business from business and management consultants; 49 percent said they get advice from personal networks; more than 36 percent said they get advice from professional networks; more than 28 percent said they get advice from technology consultants; and 28 percent said they get advice from financial advisers.

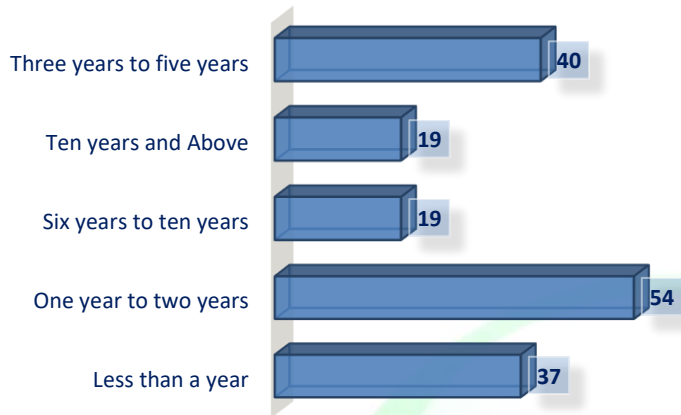
The most beneficial areas for small enterprises to seek outside help are Although 119 of the firms stated that sales and marketing are essential to them and areas where they provide guidance, 45 of the businesses stated that the use and adoption of new technology is one of the most useful areas where they receive advise. However, more than 28 businesses stated that e-commercial development is the most significant area in which they need advice.



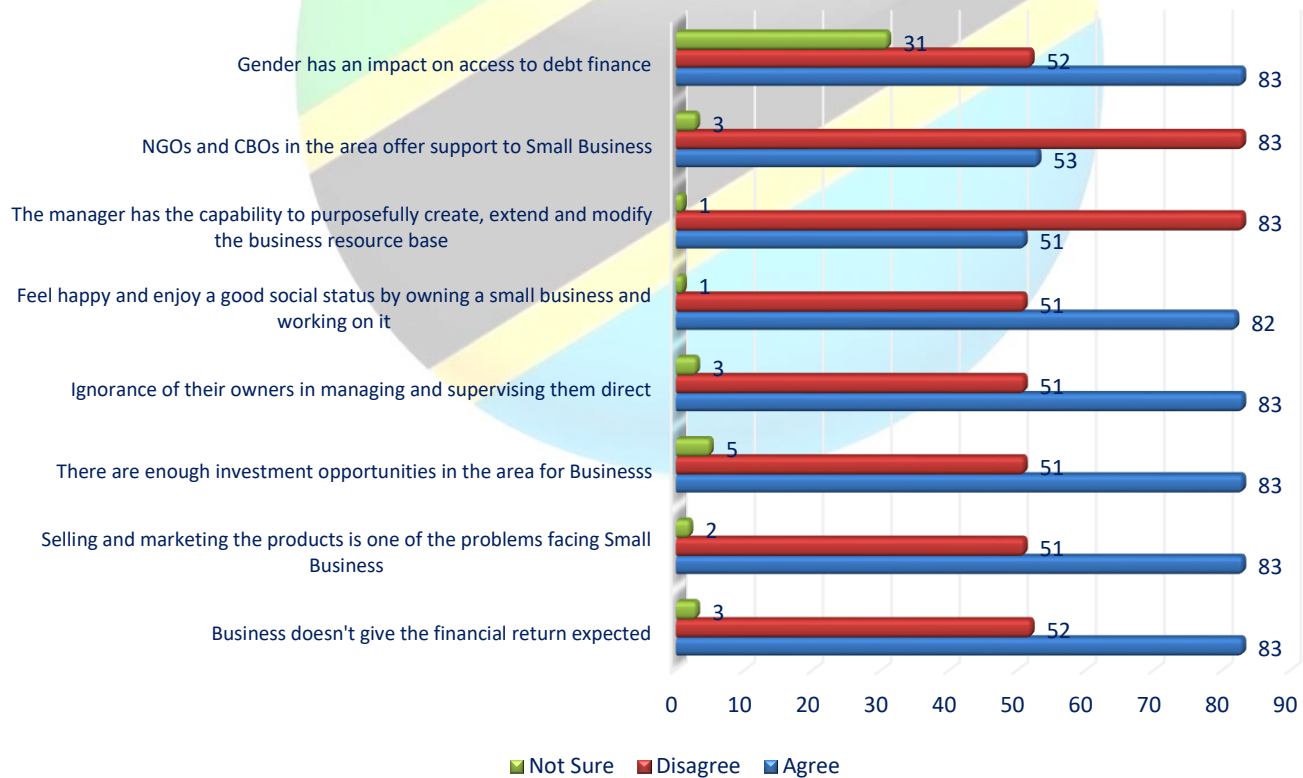
Types of Business Interviewed



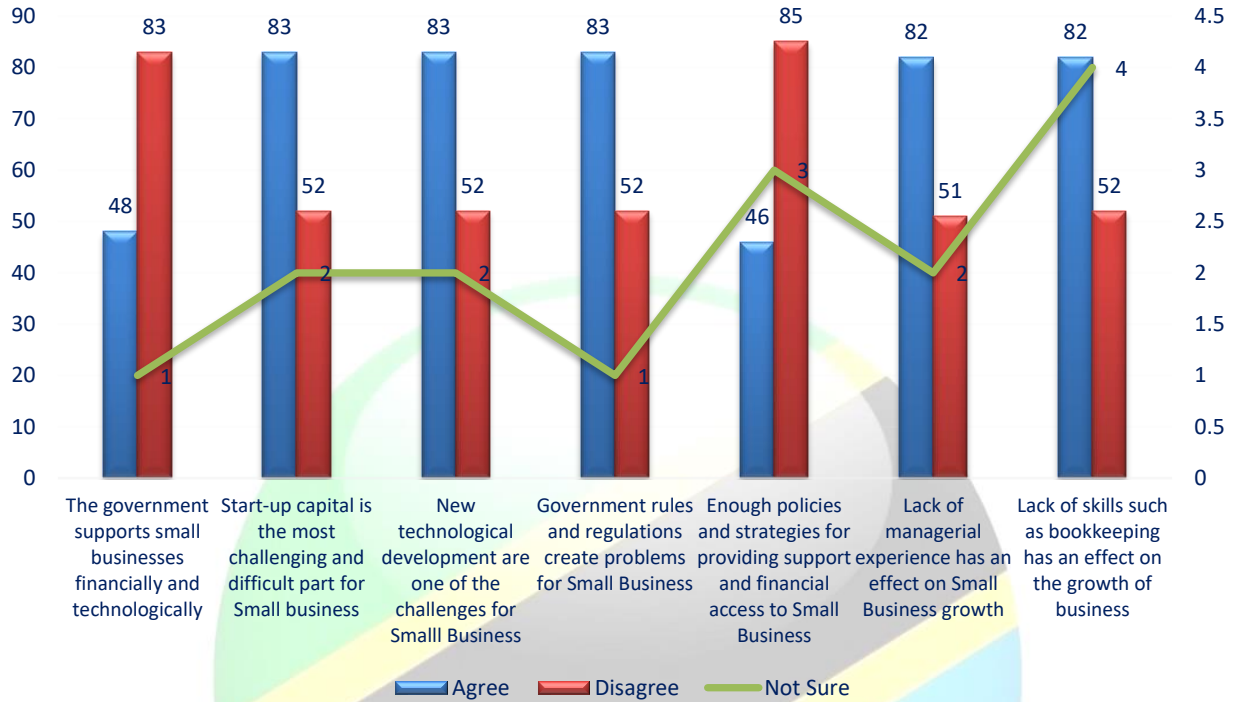
BUSINESS LIFECYCLE



Challenges and opportunities



Challenges and opportunities

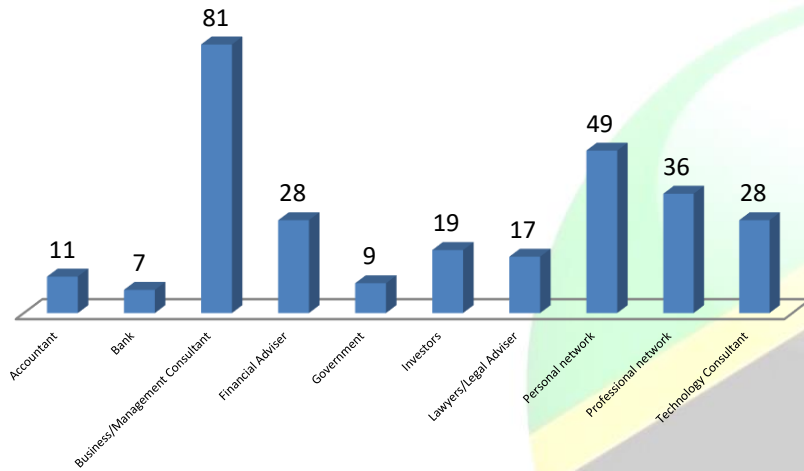


Over 83% of Tanzanian businessmen find investment opportunities and small business ownership happy. External advice sources include business consultants, personal networks, professional networks, technology consultants, and financial advisors. These sources provide valuable support for small businesses in Tanzania.

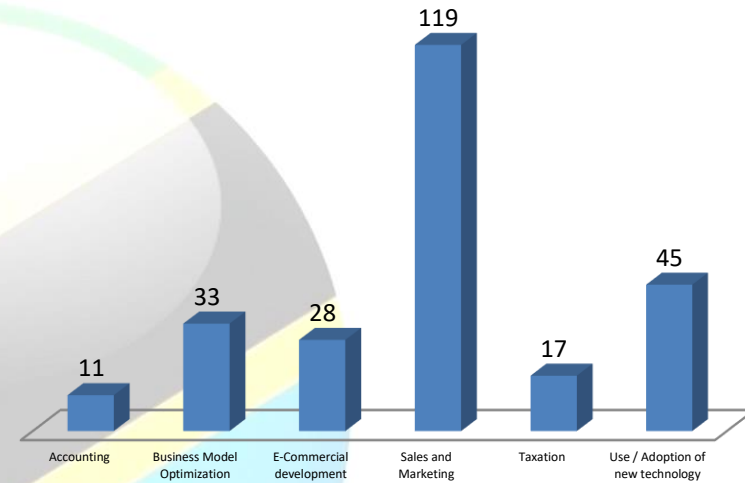
TICGL Economic Research & Data Development Center, 2023.



Most valuable source of external advise for small business in Tanzania



Most valuable area where small business obtained external advise



Almost 83% of Tanzanian businessmen believe there are sufficient investment prospects and that owning and operating a small business brings enjoyment and social standing. Business and management consultants, personal networks, professional networks, technology consultants, and financial advisers are examples of external guidance for small enterprises in Tanzania. These advise sources are critical for success in the local market.



TANZANIA ECONOMY AND LABOR MARKET BURDEN

- Is Tanzania improved employment opportunities and Outcomes?
- Is Tanzania economic growth brings new employment opportunities?

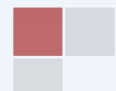
Tanzania now facing Labor markets burden which make it harder for people to meet basic needs due to rises in cost of living.

Tanzania labor market burden affects both significant numbers of people including those meeting job requirements and those exempt to meet job requirement due to limited numbers of employment opportunities available in relation to population and economic growth.

Everyone needs enough resources to afford food, a roof over their heads, and health care as well as access to affordable, high-quality child care and other caregiving supports. Tanzania government need to create jobs and make sure the investment magnitudes of the country goes along sides with increase of the employments opportunities so that people afford the basics life sustaining need.

Meeting basic life-sustaining needs should not be contingent on meeting a work requirement, and taking benefits away from people who don't meet a work requirement does little to improve long term employment outcomes, especially for those with the most limited employment prospects. Instead, it substantially increases hardship, including among people who are not expected to meet these requirements due to limited numbers of opportunities.

Justifications for work demands and requirements rest on the false assumptions that people who receive benefits do not work and must be compelled to do so. These assumptions are rooted in stereotypes based on gender, disability status, and class. They ignore the realities of the low-paid labor market.



TANZANIA AMONGST THE BEST ENVIRONMENT FOR TRADE IN AFRICA.

→ Tanzania is one of the greatest African countries for commerce, having a conducive business ecosystem that can have a substantial impact on a country's economic success.

→ Tanzania came in fifth place, trailing Kenya; South Africa is first, followed by Ghana, Namibia, Uganda, and Tanzania.

→ Standard Bank recently released its Africa Trade Barometer report, which provides a comparative assessment of the facilitators and impediments to enabling trade in ten key African economies.

→ The information was obtained from 2,554 organizations during August and September 2022, representing small, large, and corporate firms in all ten economies.

→ The Africa Trade Barometer (ATB) is an amalgamation of the Quantitative Trade Barometer (QTB) and the Survey Trade Barometer (STB), which are the averages of all information acquired solely from primary research surveys conducted with 2,554 businesses.

Tanzania is one of the greatest African countries for commerce, having a conducive business ecosystem that can have a substantial impact on a country's economic success. Standard Bank recently released its Africa Trade Barometer report, which provides a comparative assessment of the facilitators and impediments to enabling trade in ten key African economies. The information was obtained from 2,554 organisations during August and September 2022, representing small, large, and corporate firms in all ten economies. The

As a result, firms all over the world are constantly looking for business-enabling economies, particularly in a place like Africa, which has the world's fastest-growing economy of any continent.



Africa Trade Barometer (ATB) is an amalgamation of the Quantitative Trade Barometer (QTB) and the Survey Trade Barometer (STB), which are the averages of all information acquired solely from primary research surveys conducted with 2,554 businesses.

A thriving business ecosystem can boost a country's economic performance by attracting both domestic and international direct investment.

A business-enabling economy is critical to a nation's economic growth, innovation, and prosperity. It refers to the hospitable atmosphere, rules, and infrastructure that facilitate the development, growth, and sustainability of enterprises.

Some countries tend to foster more favourable business environments than others, and this single element can frequently mean the difference between an economically flourishing region and one in distress.

While there are other economic components to being a prosperous nation, such as industrialization, exporting, and the development of natural and human resources, a fail-safe economy is often strengthened by local and foreign direct investment.



TANZANIA LOSES NEARLY \$2.3 BILLION (3.2% OF ITS GDP) ANNUALLY.

- Tanzania loses Sh5.6 trillion (\$2.3 billion) per year as a result of a lack of access to sanitary facilities and clean water, accounting for 3.2% of the country's GDP.
- Only 30% of Tanzanian healthcare institutions have access to hygienic facilities, and more than half lack piped water.
- After congratulating WaterAid on reaching a 40-year milestone of service to the nation and improving the water sector, the Premier directed the Ministry of Water and other development stakeholders to continue educating the public about the importance of efficient water use and water source maintenance.
- Every one of us should prioritize cleanliness, and every Saturday at the end of the month should be designated as a cleanliness day across the country.

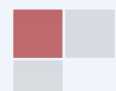
Tanzania loses Sh5.6 trillion (\$2.3 billion) per year due to a lack of access to sanitary facilities and clean water, amounting for 3.2% of the country's GDP.

Only 30% of Tanzanian healthcare institutions have access to sanitary facilities, and more than half lack a piped water supply.

The Prime Minister calls for collaboration and investment in the water sector to address the public health burden caused by infectious diseases caused by inadequate water, sanitation, and hygiene.

According to a recent estimate, Tanzania loses Sh5.6 trillion (\$2.3 billion) per year due to a lack of access to sanitary facilities and clean water.

Prime Minister Kassim Majaliwa unveiled the new WaterAid Tanzania country strategy 2023-2028, noting that the World Bank's Tanzania Economic Update Report 2023 revealed the government's significant expenditures in addressing diseases caused by insufficient clean and safe water supply services, sanitation, and hygiene.



According to data, just 30% of Tanzanian healthcare institutions have access to sanitary facilities, and more than half do not have a piped water supply. Water is available to 72.3 percent of rural households compared to 86% of urban residents.

The amount of money lost was enormous, accounting for 3.2% of the country's GDP. "Infectious diseases caused by a lack of clean and safe water and poor sanitation in our communities, health care centers, schools, and public places continue to pose a threat to public health and impose a significant financial burden on our country in treating or dealing with these diseases."

After congratulating WaterAid on reaching a 40-year milestone of service to the nation and improving the water sector, the Premier directed the Ministry of Water and other development stakeholders to continue educating the public about the importance of efficient water use and water source maintenance.

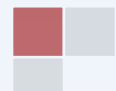
The issue of cleanliness should be a priority for all of us, and every Saturday at the end of the month should continue to be designated as a cleanliness day across the country." District and region heads should handle this effectively.

The prime minister directed all executives and leaders to ensure effective collaboration between departments, councils, non-governmental executives, and the private sector in order to complete and accelerate investment in the water sector across the country.

The Ministry of Water should collaborate with other stakeholders to enable districts or cities to prepare thoroughly analyzed investment programs for the water sector that include water, sanitation, and personal hygiene in order to clarify where stakeholders' resources and efforts should be invested.

The Ministry of Water should collaborate with stakeholders and implement Public Private Partnership (PPP) principles in order to encourage investment in the water industry in both urban and rural areas.

According to the recently issued program, the country will become one in which everyone has access to sustainable and healthy water, sanitation, and hygiene.



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HOW ECONOMIES FUNCTION

Inflation rates have continued to fall, from 4% to 3.6 percent at the moment, although this has not yet resulted in a decrease in the reality of the costs of basic things and products. The price equation of goods within one month has not yet demonstrated a decline, nor has the cost equation of goods within one year.

Food and nonalcoholic beverages have not changed in one month, and there has been no change in over a year. Alcoholic beverages and tobacco expenditures were similarly deemed unsatisfactory within one month, but had decreased by 1.7 percent within a year.

Clothing and footwear expenses did not appear to rise or fall within a month, but they did indicate a 3.5 percent change within a year for housing, water, electricity, gas, and other fuels, furnishings, domestic equipment, and routine maintenance. I exhibited a 0.53 percent change in a month, but a 1.1 percent change in a year.

Health-care expenditures have not changed in a month, but have increased by 1.3 percent in a year. Transportation prices have not changed in a month, but have fallen by 0.4 percent over a year. Information and communication costs have not only not decreased in one month, but have also increased by 1.9 percent less than a year earlier.

Education service expenses have not altered in a month, but they have risen by 3.3 percent in a year.

Insurance and financial services did not change in a month but fell by 0.4 percent in a year.

Notwithstanding the fall in life costs and inflation from 4% to 3.6 %, it appears that the cost of necessary products will remain unchanged and the economic position would remain unchanged.

What has aided in lowering the cost of inflation from 4% to 3.6 % this month despite no change in statistics for all significant products?



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?



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

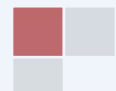
This reality demonstrated a surprising principle, not all inflation is harmful.

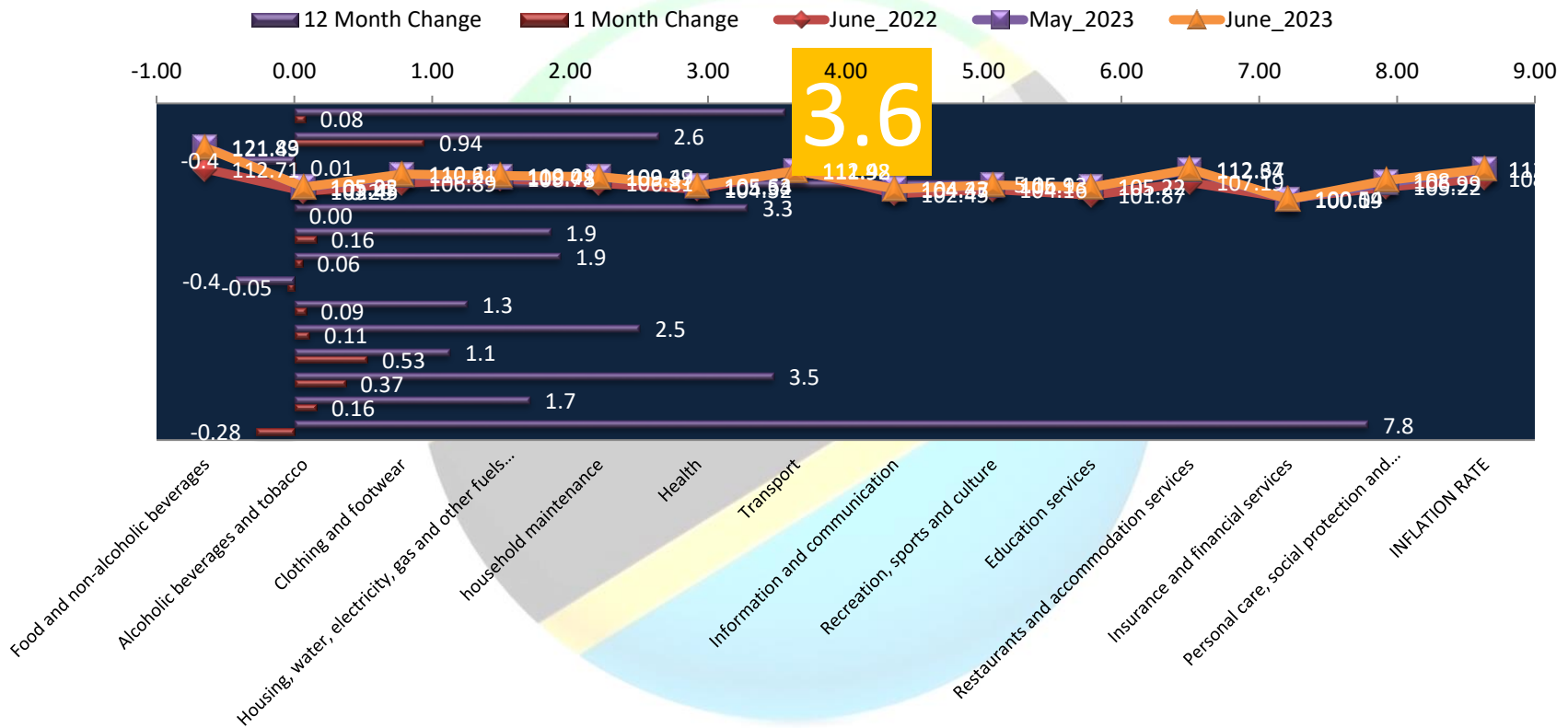
A natural progression of pricing and expenses allows you to enhance your revenue and makes it financially advantageous to expand whenever possible. When prices for things steadily grow, you can raise pricing for your items or services without raising red flags with your clients.

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.





TANZANIA'S UNEMPLOYMENT RATE IS LIKELY TO CLIMB FURTHER IN 2023.

Every year, more than 80% of graduates go unemployed. Some of the causes stated for the high unemployment rate include slowing economic growth to 3.6% from 4.1% in 2021, insufficient private sector investment, and low industrialization.

GDP is forecast to continue growing slowly as a result of the downturn in economic activity, and economic activity is expected to drop further to 3.1% in 2023.

High inflation rates may be one of the causes of unemployment, as decreasing economic activity causes GDP per capita income to expand slowly. High amounts of public debt that continue to rise endanger macroeconomic stability and hinder economic growth and cause the unemployment rate to increase each year.

High inflation rates that continue to rise day after day raise interest rates, making debt more sensitive and reducing firms' ability to borrow money to expand their operations or make other expenditures to employ more people.

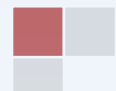
The ongoing sluggishness of the economy, lowering inflation rates, and difficult financial conditions, combined with high levels of debt, explained the downgrading.

Due to limited private sector investment, low industrialization, slower-than-expected economic growth, and the economy's inability to absorb the 4-5 million new entrants into the job market each year, Tanzania's unemployment rate is expected to remain a significant challenge in 2023.

Tanzania's unemployment rate has long been a source of concern, with millions of Tanzanians struggling to find work. The COVID-19 epidemic exacerbated the issue, with the country's unemployment rate reaching an all-time high of 90% of graduates each year. While the government has attempted to address the issue, more has to be done to provide job opportunities and stimulate private-sector investment in the country.

Due to the customary slowdown in economic activity that characterizes periods of political change, GDP would rise at a relatively moderate rate of 5.2% in 2023.

Furthermore, the forecast global economic downturn in 2023, as well as the ramifications for trade and financial flows, are expected to weigh on GDP. Investment growth has slowed from 6.8% in 2010 to 1.6% in 2021.



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ECONOMIC POTENTIAL OF MOBILE MONEY BUSINESSES IN TANZANIA

The Tanzania Communications Regulatory Authority (TCRA) claimed that mobile money subscriptions in Tanzania had increased by 13% each year to 44.35 million. Vodacom continues to hold the largest market share with 36%, followed by Tigo (31%), Airtel (21%), Halotel (9%), and TTCL (3%). Transactions increased over the preceding three years, with 3.4 billion in 2020 and 4.2 billion in 2022. The number of registered mobile money accounts is increasing by 13% annually, according to the GSMA's annual State of the Industry Report on Mobile Money 2023.

Tanzania's mobile money subscriptions have increased to 44.35 million, according to the Tanzania Communications Regulatory Authority (TCRA). The number of subscribers during the first three quarters of the fiscal year 2022-2023 exceeds the total number of subscribers for the previous three years.

According to the GSMA's annual State of the Industry Report on Mobile Money 2023, mobile money services are growing rapidly around the world, with adoption rates increasing faster than expected.

Tanzania now has 44.35 million mobile money clients, according to a recent projection from the Tanzania Communications Regulatory Authority (TCRA). The fact that more people are using mobile money services to move, receive, and store money indicates that financial inclusion is rising.

According to TCRA figures, there were more subscribers throughout the three quarters of the fiscal year 2022-2023, from July 2022 to March 2023, than there were overall in 2020, 2021, and 2022.

According to the most recent statistics, there will be 32.26 million members in 2020. In 2021, there were a record 35.28 million subscribers, with 40.95 million clients in 2022.



"The number of subscriptions has also been increasing at an average rate of 13 percent per year," TCRA stated.

Vodacom has the largest market share with 36% of mobile money accounts. Tigo is second with 31%, Airtel is third with 21%, Halotel is fourth with 9%, and TTCL is fifth with 3%.

According to statistics, there were 3.4 billion transactions in 2020 and 4.2 billion in 2022, representing an increase in transactions over the preceding three years.



Though the TCRA has not yet released the current transaction volume, previous data suggests that by December 2022, mobile money transactions will have reached a value of Sh13.89 trillion yearly

According to the GSMA's annual report, which is backed by the Bill and Melinda Gates Foundation, adoption rates are rising faster than expected, with the number of registered mobile money accounts increasing by 13% yearly, from 1.4 billion in 2021 to 1.6 billion in 2022




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Tanzania Economic Updates, July/August 2023

- 👉 Tanzania's inflation rate has dropped from 4% to 3.6%, although this has not resulted in lower costs for essential goods.
- 👉 **Although this has not yet resulted in lower prices for necessities and products. The pricing for essential items within one month has not decreased, while the cost of goods within one year has not yet decreased.**
- 👉 In one month, money circulation increased from 10.4% to 13.4%, while net foreign assets fell from -20.8% to -25.9%.
- 👉 Although the Bank of Tanzania has not reduced or increased money circulation in a single month, the situation looks to have improved from -5.5% to -11.5 percent in a year.
- 👉 In one month, net domestic assets surged from 21% to 36%, while import rates increased by more than 1612% in one month but reduced by more than 629 percent in one year.
- 👉 The rate of export of products and services climbed for the five year in a row, with gold and travel and transportation rates rising.
- 👉 In one month, the national debt reduced by Tsh.40,360 million, yet climbed by Tsh.10,136,340 million in one year.
- 👉 Government spending has continued to climb, resulting in a deficit of more than 49% of the year's planned budget.
- 👉 Import taxes have been cut by more than 8% compared to the budget estimate, while other tax projections have been cut by more than 6%.

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WHICH BUSINESS CREATES MORE JOBS?

- Which businesses will create more jobs for Tanzania's economy?
- Which businesses will build strong Tanzania's economies?

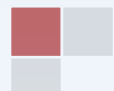
Tanzania should focus on producing more home-grown entrepreneurs and helping by providing good environment's startups businesses to growth, Tanzania still has lowest-growing businesses that continues to survive with high taxes.

1. **The vast majority of jobs are created by businesses that start up or are already present in a areas not by the relocation or branching out-of-state firms.** Jobs that move into one state from another typically represent only less than 1 to 4 percent of total job creation each year. Jobs created by out-of-state businesses expanding into a state through the opening of new branches represent less than one-sixth of total job creation. In other words, "home-grown" jobs contribute more than 80 percent of total job creation in every state.
2. **During periods of healthy economic growth, startups businesses, fast-growing businesses companies are responsible for most new jobs.**

Income Tax Cuts for startup and small businesses

Tanzania policymakers need to emphasis on deep cuts in individual income taxes in the name of encouraging economic growth. The logic behind these tax cuts seems to be that most businesses that become innovative high-growth firms start out small, and most small business owners pay personal income taxes rather than corporate income taxes on the businesses' profits. On the basis of this theory, some states have

Tanzania economic development policies need to make a policies reform such as income tax cuts to helps startup businesses to growth. Tax cuts are largely irrelevant to owners of startup businesses and fast-growing startup businesses generally have little taxable income.



cut top income tax rates, and others have completely or partially exempted small business profits from taxation. Both types of tax cuts are ill-advised for a number of reasons.

1. Tax cuts limited to small business profits are just as poorly targeted to firms likely to create jobs.
2. Personal income tax cuts are unlikely to help many of the rapidly growing start-up firms most likely to create a large number of jobs is that many of these firms spend so heavily on new equipment, product development, and marketing that they have relatively little taxable profit in their early years.

Public investments that help build a skilled workforce and improve the quality of life for local residents are better bet successful entrepreneurs and startup business, these factors are key to more jobs creations.



TANZANIA INVESTMENT OPPORTUNITIES

Tanzania has potential for investment in a variety of sectors, including fintech, transportation, agriculture, renewable energy, and infrastructure. Fintech is an undeveloped market with potential in SME financing, social commerce funding, and delivery. Agriculture is Tanzania's largest sector, and prominent tech-enabled growth enterprises have acquired the scale required to attract international finance. Renewable energy, notably solar, offers enormous potential, and the basic infrastructure for a viable Internet economy must be built in order to attract investment.

Tanzania's investment potential, despite marketing hurdles, include fintech, transportation, agriculture, renewable energy, and infrastructure.

- Fintech is still an undeveloped market with possibilities in SME financing, social commerce funding, and delivery.
- Agriculture and renewable energy also have tremendous potential, while developing infrastructure is critical for attracting investment.

Despite some adverse market conditions such as economic volatility, high inflation, exchange rate issues, and political uncertainty, Tanzania is the finest place to invest, with numerous sectors accessible for investment.

Fourth, renewable energy, notably solar, offers enormous potential. There are still numerous players competing in both the residential and commercial markets. With the oil price seems poised to remain high, the economic case for speeding solar deployments in Tanzania is stronger than ever.



Finally, for Tanzania to attract investment, the basic infrastructure for a viable Internet economy must be built. Tanzania is critical to Africa's economic objectives, and it is critical that it receives the largest proportion of the continent's start-up capital.

For starters, fintech has received the most investment and remains underutilized, notably in sectors like as SME financing, social commerce financing and delivery, and aggregation and financing of smallholder farmer production. Mobile money has yet to be implemented, and services such as insurance and higher-yielding savings are only being introduced at a small scale.

Second, given Tanzania's weak infrastructure and lack of various modes of transportation, the transport sector is a growing area of investment.

Third, agriculture is Tanzania's largest sector, and prominent tech-enabled growth enterprises have acquired the scale required to attract international finance. Thrive has created a loyal following of nearly half a million smallholder farmers who benefit from greater pricing and improved services.



THE ECONOMIC POTENTIAL OF MOBILE MONEY BUSINESS IN AFRICA.

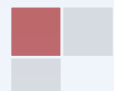
The entire transaction value for mobile money increased by an astonishing 22% between 2021 and 2022, from \$1 trillion to roughly \$1.26 trillion.

The 2023 report shows that there are now 315 live mobile money deployments across the globe, with peer-to-peer (P2P) transfers and cash-in/cash-out transactions still among the most popular use cases. Bill payments using mobile money grew by 36 percent year-on-year, faster than any other use case, and the industry continues to focus on use case diversification.

Mobile money services are increasing faster than a via mobile money in Africa reached \$3.45 billion, beating the \$3 billion sum expected for 2021. The entire transaction value for mobile money increased by an astonishing 22% between 2021 and 2022, from \$1 trillion to roughly \$1.26 trillion. The GSMA Mobile Money Programme is collaborating with mobile operators and industry stakeholders throughout the world to build a strong mobile money ecosystem, boosting the relevance and usability of these services and ensuring their long-term viability. According to the 2023 study, there are now 315 live mobile money deployments around the world, with peer-to-peer (P2P) transfers and cash-in/cash-out transactions remaining among the most common use cases.

Bill payments via mobile money increased by 36% year on year, faster than any other use case, and the sector continues to work on use case diversification, playing a key role in digitising economies. During the

Despite this progress, more effort remains to be done to provide underprivileged populations with safe, secure, and affordable financial services. Mobile money has become an increasingly popular means for Africans to access financial services, with daily mobile money transactions expected to reach \$3.45 billion by 2022.



COVID-19 epidemic, mobile money services had strong growth, with up to 400 million new accounts created. This upward trend is expected to continue, with the number of accounts active on a 30-day basis increasing by 13% year on year to 401 million in 2022. Mobile money is also driving financial inclusion for the world's unbanked, particularly among women in African rural communities. However, there is still a mobile money gender gap that has widened in the last year, notably in Africa.

The number of mobile money agents in Africa expanded dramatically last year, with a 41% growth between 2021 and 2022. In 2022, agents handled two-thirds of all cash-in transactions.



MONEY SUPPLY

Within one month, money circulation grew from 10.4 percent to 13.4 percent, but there is no change over a year. Within one-month, net foreign assets declined from -20.8 percent to -25.9 percent, while within a year, it decreased from -10.5 percent to -25.9 percent.

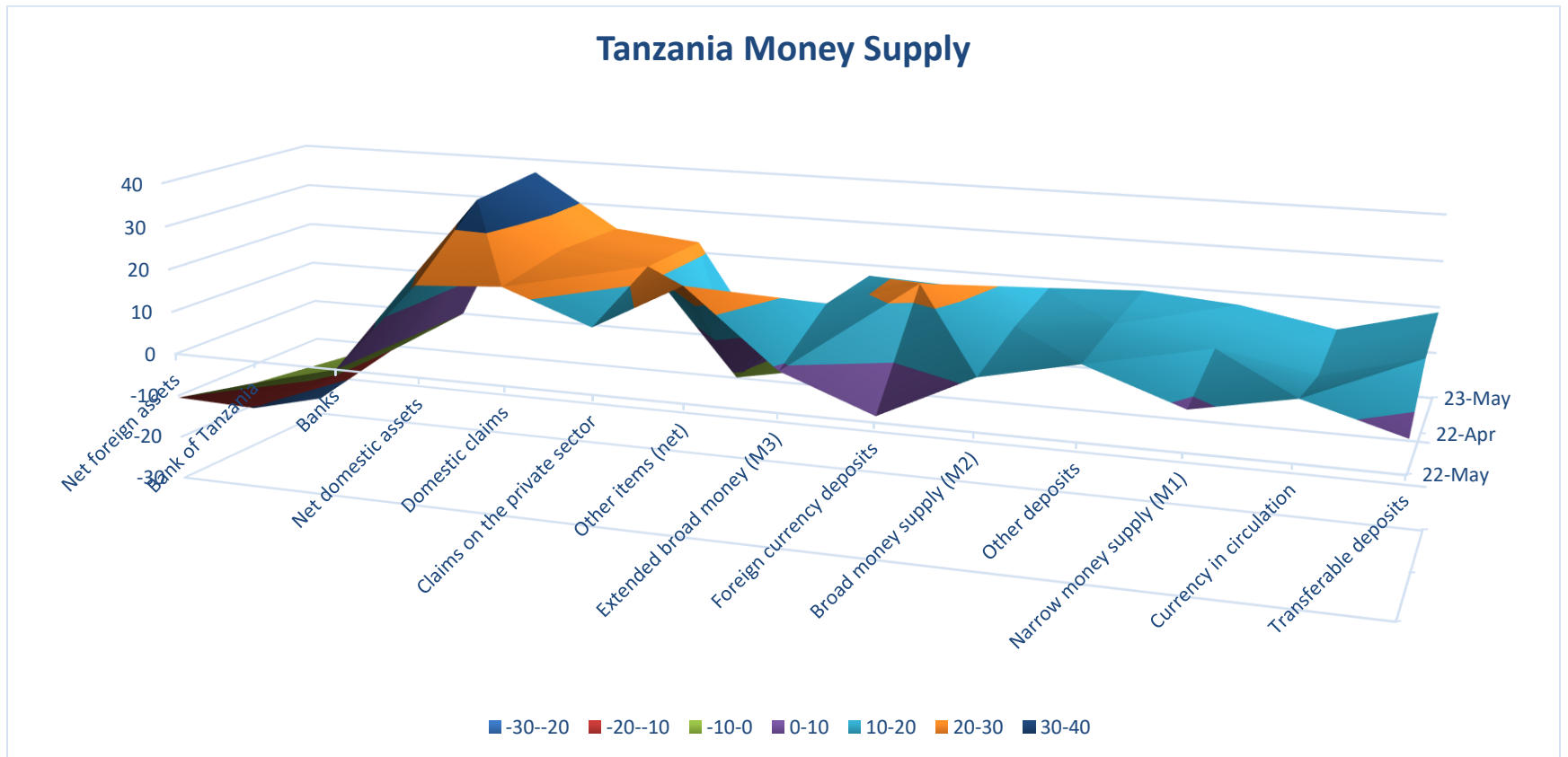
As a result, if net foreign assets continue to fall, it follows that foreign currencies will fall as well.

The Bank of Tanzania has not reduced or boosted money circulation within one month; the situation has been deemed undesirable; nevertheless, when compared over a year, the situation appears to have improved from -5 percent to -11.5 percent.

Within one-month, net domestic assets went from 35% to 36%, but within a year, they increased from 21% to 36%.

Within one month, money circulation grew from 10.4% to 13.4%, yet there is no change over a year. Within one-month, net foreign assets declined from -20.8 percent to -25.9 percent, while within a year, it decreased from -10.5 percent to -25.9 percent. The Bank of Tanzania has not cut or boosted money circulation in one month, although the situation appears to have improved from -5 percent to -11.5 percent in one year. Within one-month, net domestic assets went from 35% to 36%, but within a year, they increased from 21% to 36%.





TANZANIA AMONGST THE BEST ENVIRONMENT FOR TRADE IN AFRICA.

- ☞ Tanzania is one of the greatest African countries for commerce, having a conducive business ecosystem that can have a substantial impact on a country's economic success.

- ☞ Tanzania came in fifth place, trailing Kenya; South Africa is first, followed by Ghana, Namibia, Uganda, and Tanzania.

- ☞ Standard Bank recently released its Africa Trade Barometer report, which provides a comparative assessment of the facilitators and impediments to enabling trade in ten key African economies.

- ☞ The information was obtained from 2,554 organizations during August and September 2022, representing small, large, and corporate firms in all ten economies.

- ☞ The Africa Trade Barometer (ATB) is an amalgamation of the Quantitative Trade Barometer (QTB) and the Survey Trade Barometer (STB), which are the averages of all information acquired solely from primary research surveys conducted with 2,554 businesses.

Tanzania is one of the greatest African countries for commerce, having a conducive business ecosystem that can have a substantial impact on a country's economic success. Standard Bank recently released its Africa Trade Barometer report, which provides a comparative assessment of the facilitators and impediments to enabling trade in ten key African economies. The information was obtained from 2,554 organizations during August and September 2022, representing small,

A thriving business ecosystem can boost a country's economic performance by attracting both domestic and international direct investment.



large, and corporate firms in all ten economies. The Africa Trade Barometer (ATB) is an amalgamation of the Quantitative Trade Barometer (QTB) and the Survey Trade Barometer (STB), which are the averages of all information acquired solely from primary research surveys conducted with 2,554 businesses.

Some countries tend to foster more favourable business environments than others, and this single element can frequently mean the difference between an economically flourishing region and one in distress.

While there are other economic components to being a prosperous nation, such as industrialization, exporting, and the development of natural and human resources, a fail-safe economy is often strengthened by local and foreign direct investment.

As a result, firms all over the world are constantly looking for business-enabling economies, particularly in a place like Africa, which has the world's fastest-growing economy of any continent.

A business-enabling economy is critical to a nation's economic growth, innovation, and prosperity. It refers to the hospitable atmosphere, rules, and infrastructure that facilitate the development, growth, and sustainability of enterprises.

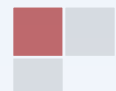


THE ECONOMY OF TANZANIA AGRICULTURE INDUSTRY

Unfortunately, the industry is in distress, resulting in food scarcity, excessive food inflation, and unsustainable growth.

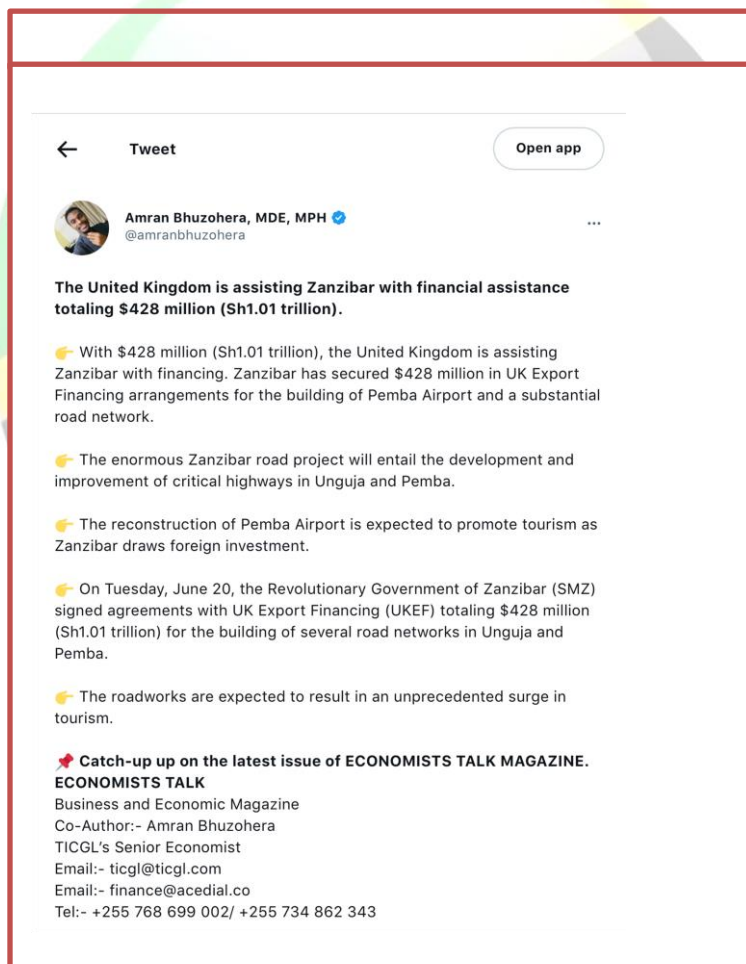
- The job/market creation through innovation and entrepreneurship.
- Agriculture is expected to be the principal economic activity for 70% of Tanzanian households and 75% of all Tanzanian jobs, with smallholder farmers producing up to 80% of all agricultural produce.
- Tanzania's agriculture sector is vital to the economy, accounting for 25% of GDP and employing 70% of the workforce.
- However, it is faltering due to insufficient irrigation, changing weather, limited investment in research and extension services, rising input costs, and a lack of awareness of sustainable practices.
- Precision agriculture, digital agriculture, climate-smart agriculture, and organic farming must work in tandem with new techniques such as hydroponics, bioplastics, desert agriculture, seawater and rainwater farming, vertical and urban farming, 3D printing, drone technology, data analytics, nanotechnology, and artificial intelligence to ensure sustainable agricultural growth.
- Farmers, consumers, businesses, and society can benefit from these practises in a variety of ways, including cost reduction and revenue increase, improved resource efficiency and productivity, increased food security and quality, reduced environmental impacts, and job and market creation through innovation and entrepreneurship.

Tanzania's agriculture business must seek to maximize efficiency by building closed energy and material cycles in the agricultural system. Its initiatives seek to reduce waste and pollution, maximise product and resource usage, and restore natural systems. Finally, these practises can benefit farmers, consumers, businesses, and society.



Tanzania's agricultural business must also provide several benefits, including:

- ✚ cost reduction and revenue increase through re-purposing waste streams into new products/services;
- ✚ increased resource efficiency and productivity by optimizing inputs/outputs;
- ✚ increased food security and quality through reduced losses and nutrient preservation;
- ✚ reduced environmental impacts through reduced emissions/pollution; and
- ✚ job/market creation through innovation and entrepreneurship.



IMPORT RATES

In one month, the import rate climbed by more than 1612 percent, while it increased by more than 629 percent in a year. This rise in import rates is related to an increase in import rates for the following products: capita items, which climbed by 91 percent in one month but only by 73 percent in a year.

Machinery and mechanical appliances climbed by more than 119 percent in a month, but by more than 85 percent in a year.

Industrial transport equipment has increased by more than 79 percent in a single month, but by more than 115 percent in a year. The import rate of electrical machinery and equipment climbed by more than 45 percent in one month, yet it increased by 0% one calendar year

In one-year, industrial supplies climbed by more than 40% while decreasing by more than 1%.

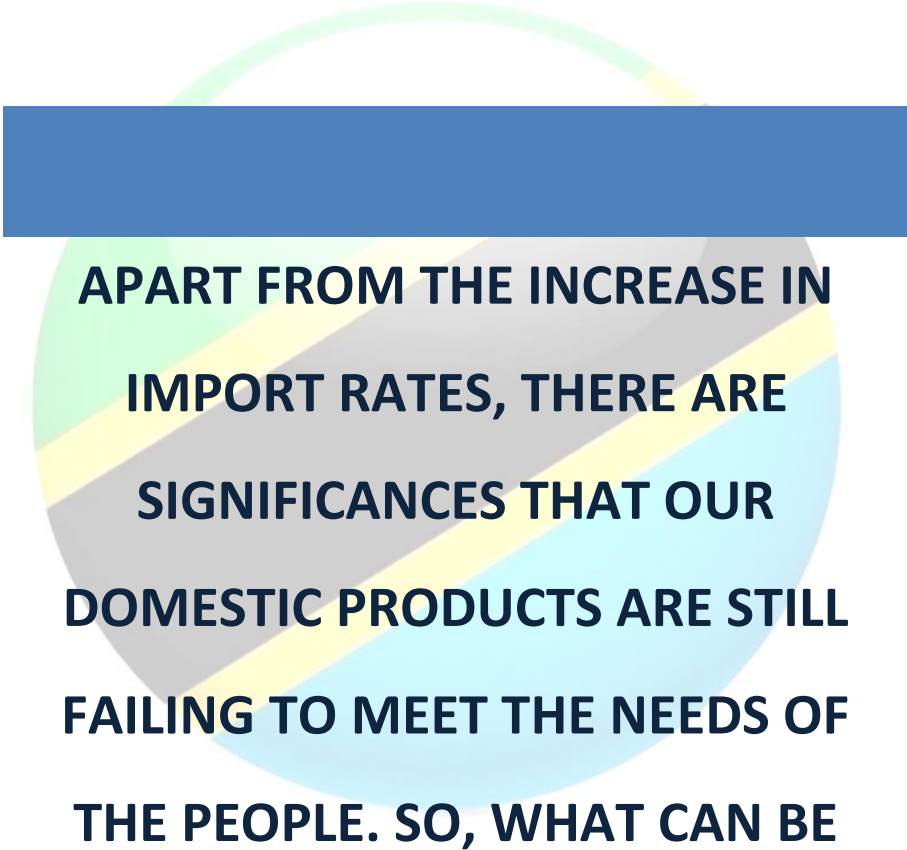
Fertilizer imports rates have climbed by more than 500 percent in one month, but it is just a 39 percent increase. Within one month, there are no import rate numbers for fuel and lubricants, although they have been seen to decline by more than 14 percent one calendar year

Import rates climbed by more than 1612% in one month, but by more than 629 percent in one year. This rise is due to higher import rates for capital goods, machinery and mechanical appliances, industrial transport equipment, electrical machinery and equipment, industrial supplies, fertilizer import rates, fuel and lubricants, edible oil and its fractions import rates, sugar for industrial use import rates, and soaps and detergent products import rates.



Within one month, imports of edible oil and its fractions fell by more than 45 percent, but rebounded by 11 percent within a year.

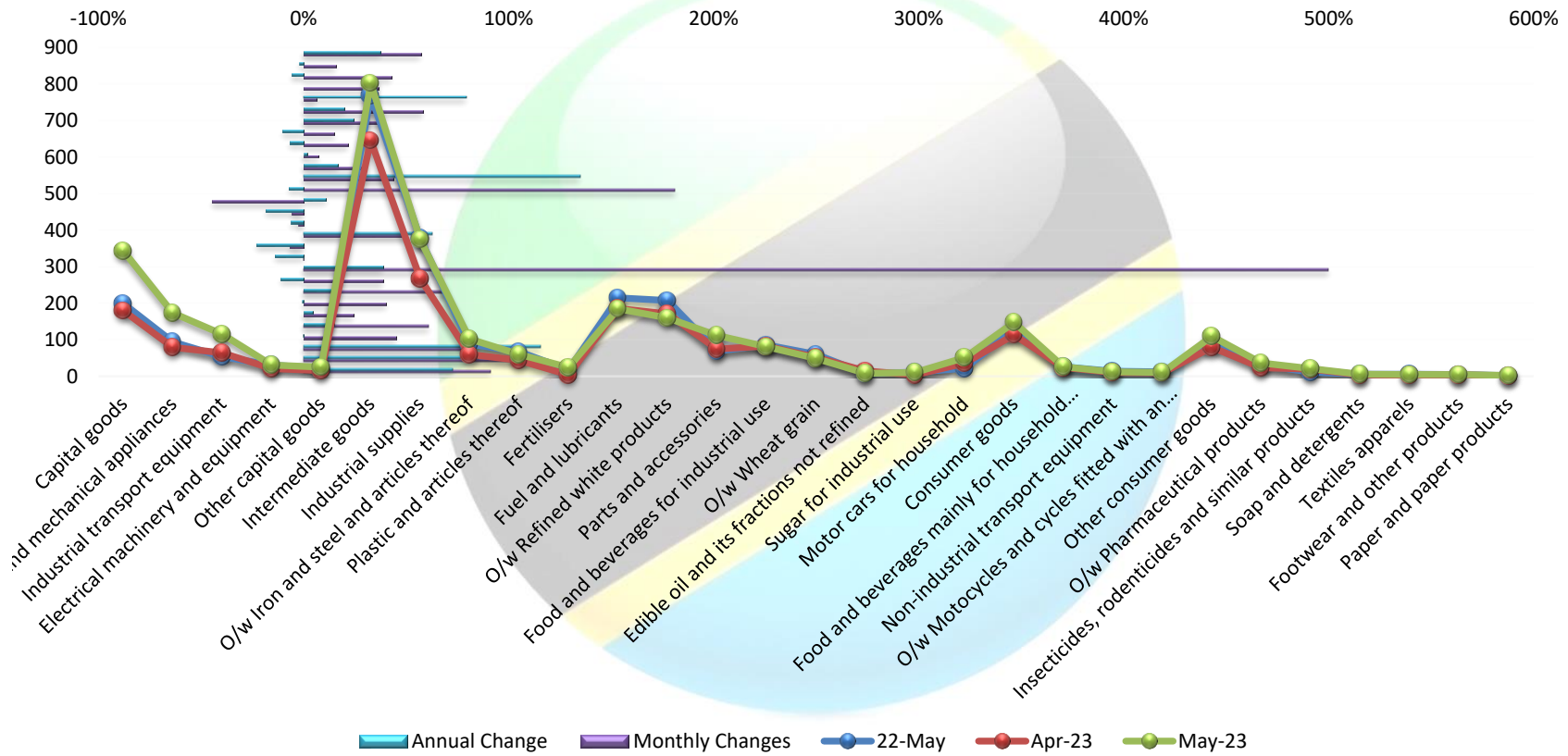
Sugar import rates for industrial usage grew by more than 181 percent in one month but declined by more than 7 percent in one year. Soap and other detergent product import rates have increased by more than 37% in one month, yet there has been no change in a year.



**APART FROM THE INCREASE IN
IMPORT RATES, THERE ARE
SIGNIFICANCES THAT OUR
DOMESTIC PRODUCTS ARE STILL
FAILING TO MEET THE NEEDS OF
THE PEOPLE. SO, WHAT CAN BE
DONE?**



Import Rates



EXPORT RATES

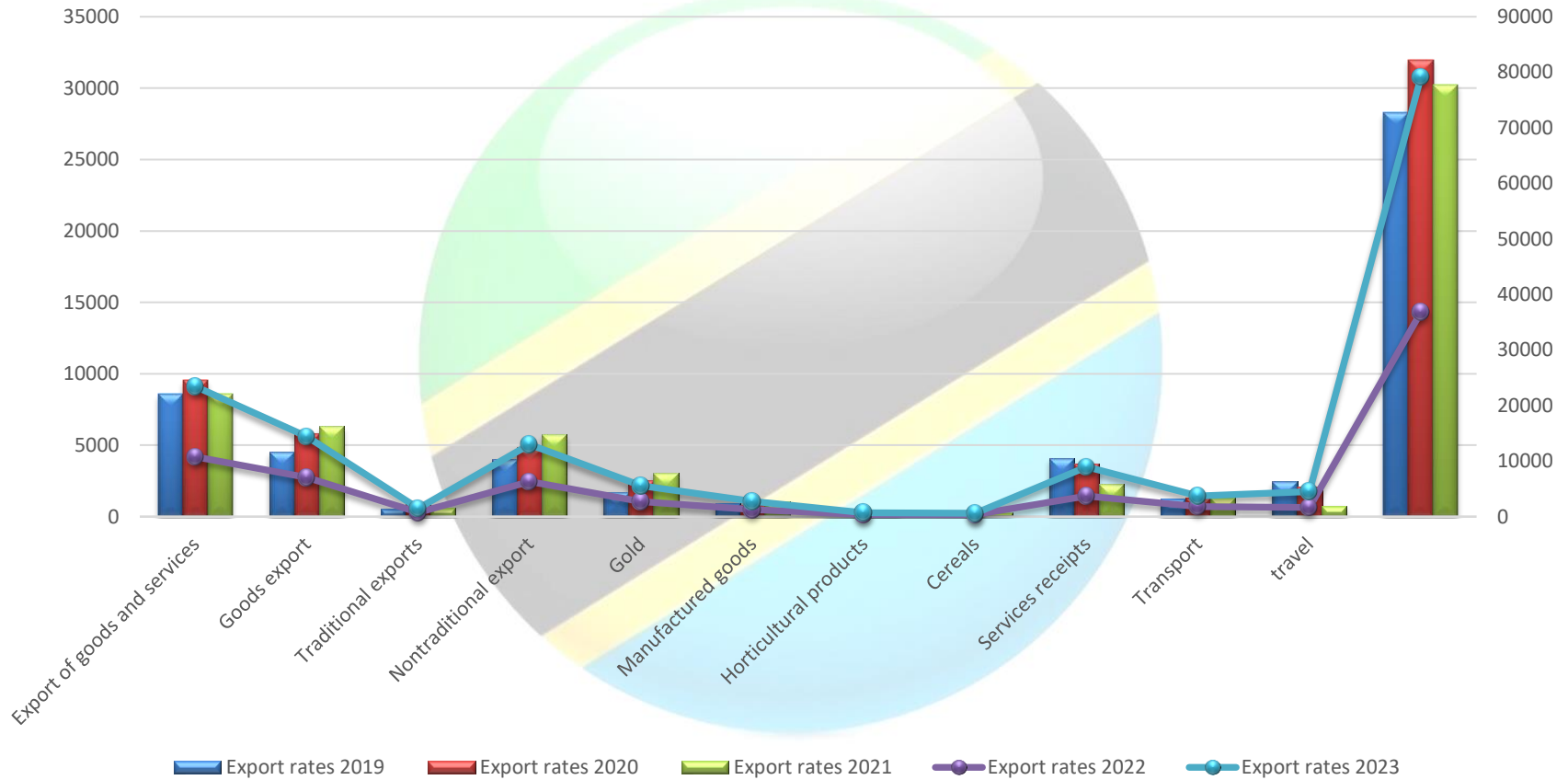
Exports of goods and services have increased over the last five years, from 2019 to 2023. When combined with an increase in the export of commodities, both traditional and non-traditional items, demand for our products outside Tanzania remains high and has been increasing day by day, despite the fact that imports continue to outnumber exports. When looking at records for more than five years, the export rate of gold is increasing.

Travel and transportation costs continue to rise if you look at data for more than five years, from 2019 to 2023.

From 2019 to 2023, the export rate of goods and services increased for the fifth consecutive year. The demand for our products outside of Tanzania remains robust and growing on a daily basis, despite the fact that imports continue to outnumber exports. When looking at records for more than five years, the export rate of gold is increasing, as are travel and transportation rates.



Export Rates



TANZANIA HAS BEEN NAMED AS ONE OF THE AFRICAN COUNTRIES THAT WILL PROFIT FROM THE UNITED KINGDOM'S NEW TRADE ARRANGEMENT.

The list is based on a report that the UK is trying to reduce tariffs on goods from underdeveloped countries.

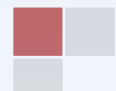
The system is known as the Developing Countries Trading system (DCTS), and it will go into effect on June 19, 2023. The UK has signalled that it is willing to decrease tariffs on goods from poorer countries.

The British High Commission in Abuja, Nigeria, published a statement on Monday stating that the move was done to restore trading standards and save consumers and businesses millions of pounds each year.

The program will also assist emerging economies who wish to diversify and increase exports in order to grow their economies and create jobs. Businesses might save millions of dollars in import costs if emerging nations extend trade with the U.S.

The United Kingdom is considering decreasing tariffs on goods from developing countries under the Developing Countries Trading Scheme (DCTS), which goes into effect on June 19, 2023. The system, which superseded the UK's GSP, is a simpler and more generous preferential trading scheme aimed to encourage commerce with developing nations. The DCTS simplifies trade restrictions and eliminates or reduces tariffs, making it more liberal than the last EU program in which the UK participated. The program will also assist emerging economies in diversifying and increasing exports, so improving economies and creating jobs. Nigel Huddleston, the UK's Minister of

The Developing Countries Trading Scheme (DCTS), according to the UK's official government website, went into effect on June 19, 2023, and superseded the UK's Generalized Scheme of Preferences (GSP). The DCTS is a simpler and more liberal preferential trading program aimed to increase commerce with developing nations and aid in their development.



International Trade, commended the program as a "brilliant example of the UK utilizing its status as an independent trading nation" and voiced enthusiasm for its implementation. The DCTS applies to 65 nations, including LDCs and lower-middle-income countries, and will assist UK firms and consumers by cutting import costs on a variety of products.

The United Kingdom has suggested that it is willing to decrease tariffs on goods from developing countries. On Monday, the British High Commission in Abuja, Nigeria, published a statement saying that the move was done to restore trading standards and save consumers and businesses millions of pounds each year.

The program optimizes trading restrictions and eliminates or lowers tariffs so that more items are eligible for the program, making it more liberal than the EU program in which the UK formerly participated.

The program will also assist emerging nations who wish to diversify and increase exports in order to boost their economies and create jobs. Businesses might save millions of dollars in import costs over time if emerging nations grow trade with the UK under the strategy.

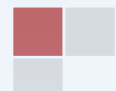
The DCTS applies to 65 nations that are classified as least-developed countries (LDCs) by the United Nations, low-income countries, or lower-middle-income countries by the World Bank.

Below are the African countries set to benefit from this scheme:

Angola	Benin	Burkina Faso	Burundi	Central African Republic	Chad
Comoros	Democratic Republic of the Congo	Djibouti	Eritrea	Ethiopia	Gambia
Guinea	Guinea-Bissau	Lesotho	Liberia	Madagascar	Malawi
Mali	Mauritania	Mozambique	Niger Rwanda	Sao Tome & Principe	
Senegal	Sierra Leone	Somalia	South Sudan	Sudan	
Sudan	Sudan	Togo	Uganda	Zambia	

Nigel Huddleston, the UK's Minister of International Trade, announced the scheme during a visit to Bole Lemi, Ethiopia's largest industrial business park. He called it a "brilliant example of the UK utilizing its status as an independent trading nation" and expressed optimism about its implementation today.

"It will open doors for businesses all over the world, supporting livelihoods, creating jobs, and diversifying local and global supply chains." It will also assist UK businesses and consumers by decreasing import costs on a wide range of products, according to Huddleston.



INVESTMENT DEVELOPMENT

Tanzania's investment development has seen a significant increase in April and May, with 25 projects hired in April and 52 in May. These projects will create over 4558 jobs, valued at \$374 million, and over 6279 jobs in May, valued at \$327 million. The sectors that have experienced the most growth are agriculture, commercial building, manufacturing, tourism, health education, energy, services, and transport.

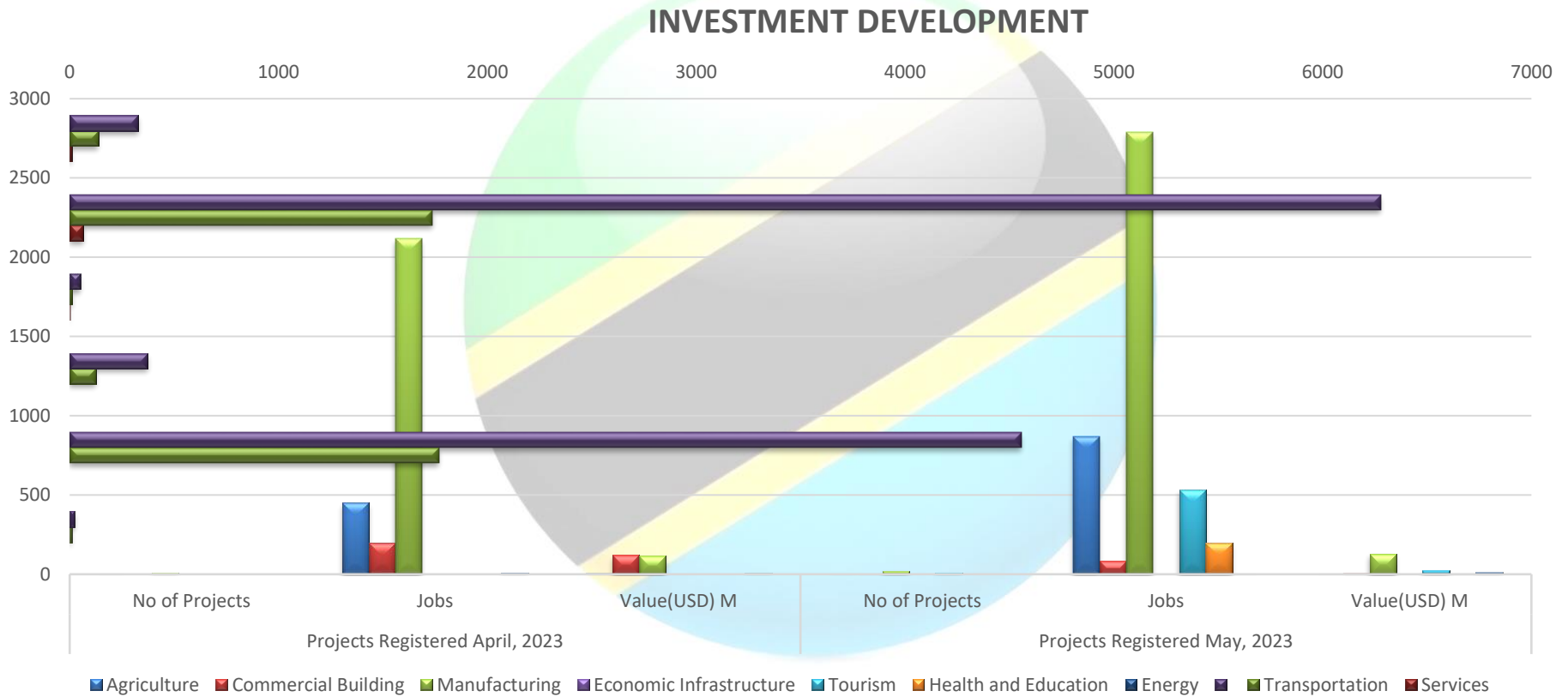
Manufacturers have the largest number of projects, with 21 employed, generating over 2790 jobs. The transport sector has 10 projects, generating over 1738 jobs. The health and education sectors, tourism, and services have experienced increased hiring and projects. The coastal region has seen a significant number of employment projects, with Pamoja and Dar es Salaam having 19 projects worth over 142 million, creating over 2158 jobs. Mauritius and India have also invested in projects worth over 35 million and 26 million, respectively.

China has been the most significant source of foreign direct investment in Tanzania, with an investment of over USD 71 million. Sudan, Sudan, and the UAE have also invested in Tanzania. The transport sectors have been the most invested, with over USD 56 million invested, followed by manufacturing, tourism, and domestic sectors.

In conclusion, Tanzania's investment development has been driven by China's strong investment in sectors such as agriculture, commercial building, manufacturing, tourism, health education, energy, services, and transport. The total value of these projects is expected to create over 6279 jobs, valued at \$327 million.



INVESTMENT DEVELOPMENT



CHINA HAS REMAINED THE TOP INVESTOR IN TANZANIA

China remains one of the few countries that has made significant investments in Tanzania, with projects totaling more than USD 71 million, followed by Mauritius, which has invested in projects totaling USD 35 million, and India, which has invested in total projects totaling USD 26 million. All of these initiatives will generate more than 6279 employment worth a total of USD 327 million.

Despite the fact that China has continued to hire numerous projects in Tanzania, it has become the leading source of foreign direct investment.

China led the way with a more than USD 28 million investment, followed by Sudan with more than USD 21 million and the UAE with more than USD 14 million.

The sectors that have invested the most in the system of foreign direct investment are transportation, which has invested more than USD 56 million, followed by manufacturing, which has invested more than USD 42, and tourism, which has invested more than USD 12.

Transport sectors have received more than USD 68 million in domestic investment, followed by manufacturing sectors

The number of projects employed in April will generate more than 4558 employments worth USD 374 million, while the number of projects employed in May will generate more than 6279 jobs worth USD 327 million, a decrease of USD 40 million from April.

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

with a value of USD 46 million and commercial buildings with a value of USD 7 million.

Tanzania's investment development is accelerating. When the months of April and May are compared, the number of projects hired in April was 25, while the number of projects not hired in May was 52.

Agriculture, commercial building, manufacturing, tourism, health education, energy, services, and transportation were the categories where initiatives were successful in May.

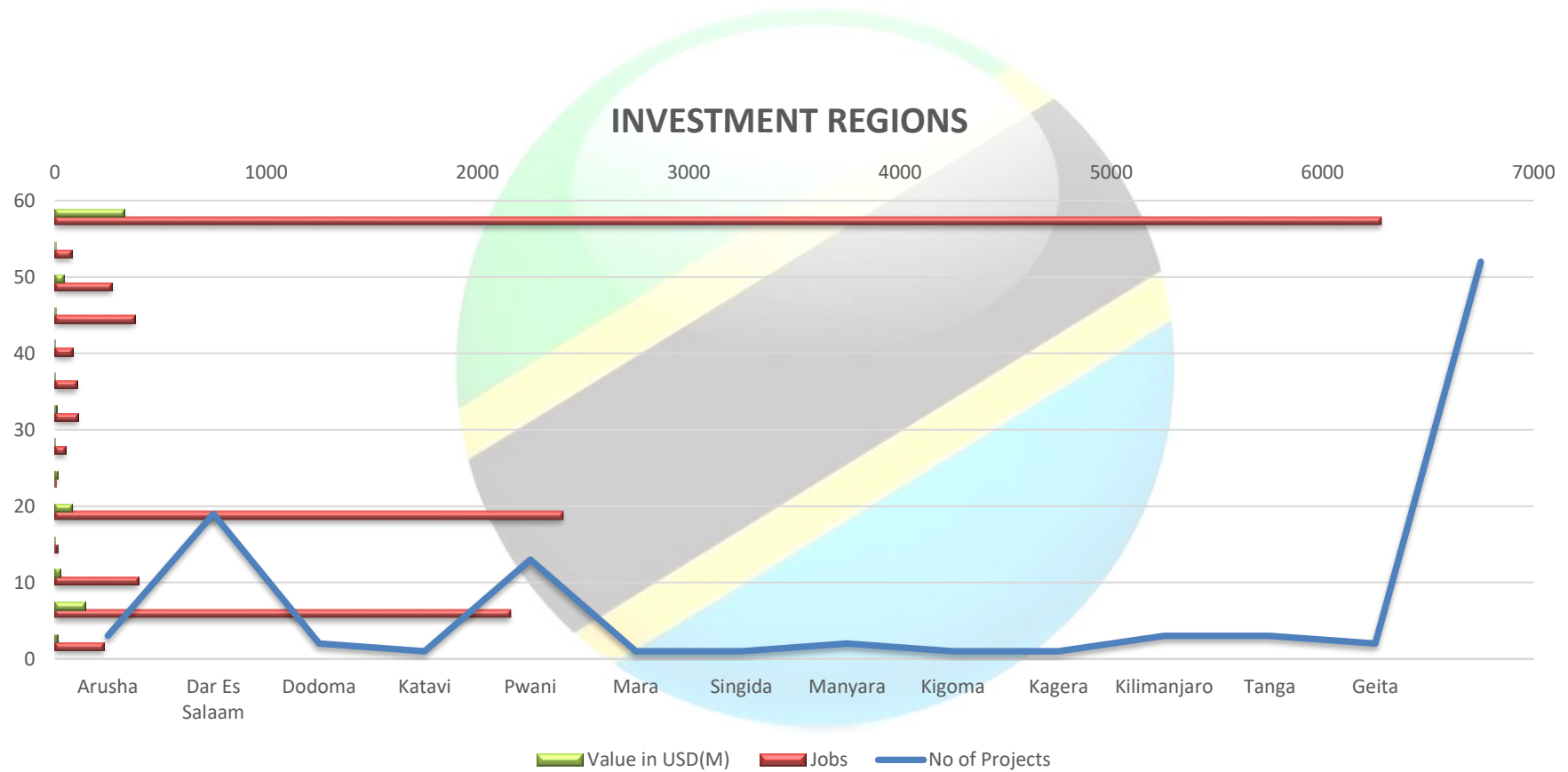
Manufacturers with the most projects, 21 in total, have a total value of USD 128 and will employ more than 2790 people. The transportation industry is next, with a total of ten projects for USD 136 million that will create over 1738 jobs.

When comparing the sorts of projects hired in April and May, you will notice that some sectors have boosted hiring and the quantity of projects. The health and education industries, as well as tourism and services, have grown.

Dar es Salaam has employed 19 projects worth more than USD 142 million, which will result in the creation of more than 2158 jobs, followed by the coastal region, which has a total of projects. It is worth USD 13 million and will create around 2405 jobs.



INVESTMENT REGIONS



DEBTS DEVELOPMENT

In one month, the national debt reduced by Tsh.40,360 million, yet climbed by Tsh.10,136,340 million in one year.

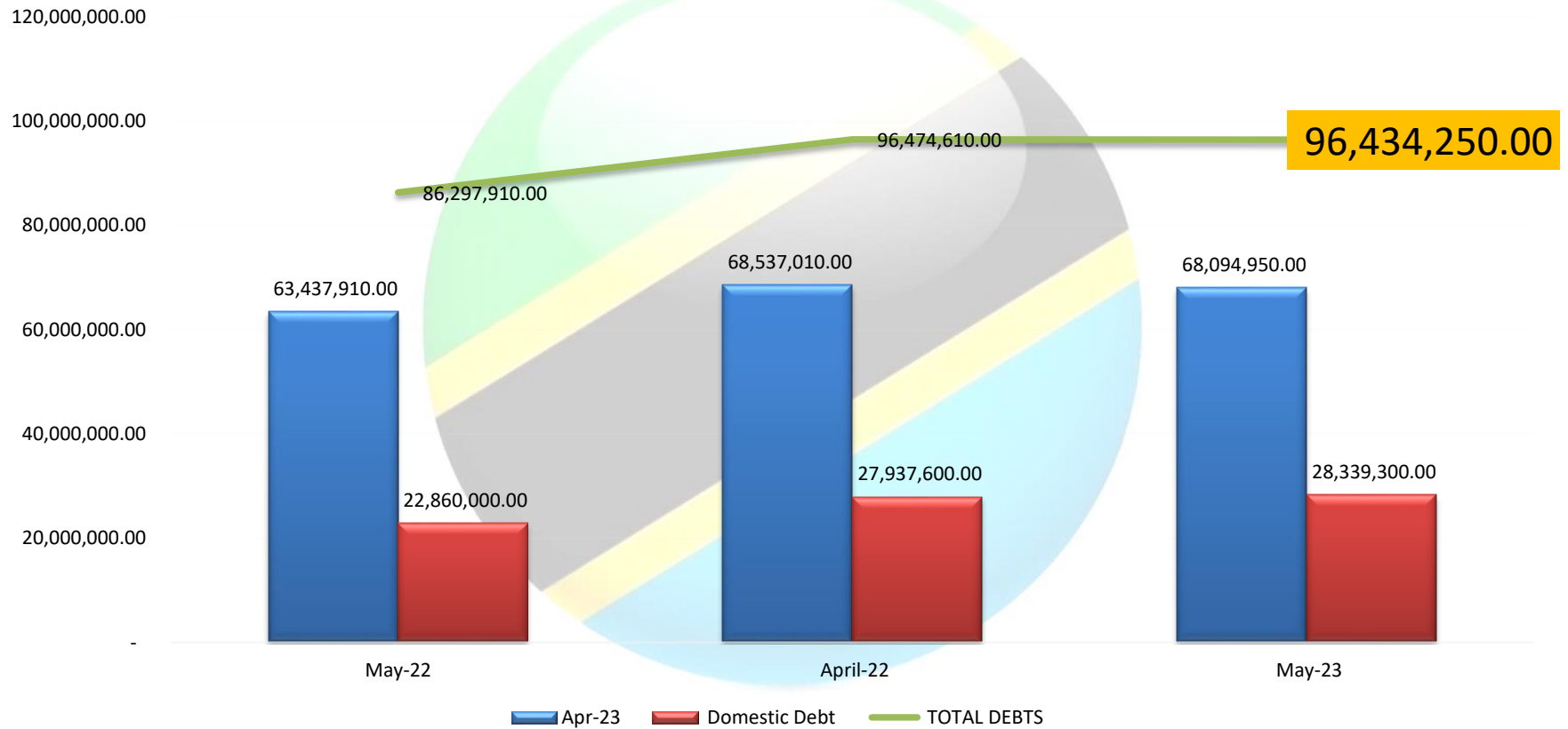
This rise is attributable to an increase in foreign debts of more than 7% in a year, but it has declined by -1% in a month. Domestic debts climbed by 1% in one month, but by more than 24% in one year, causing the national debt to increase by more than 12% in one year and reach more than 96 trillion.

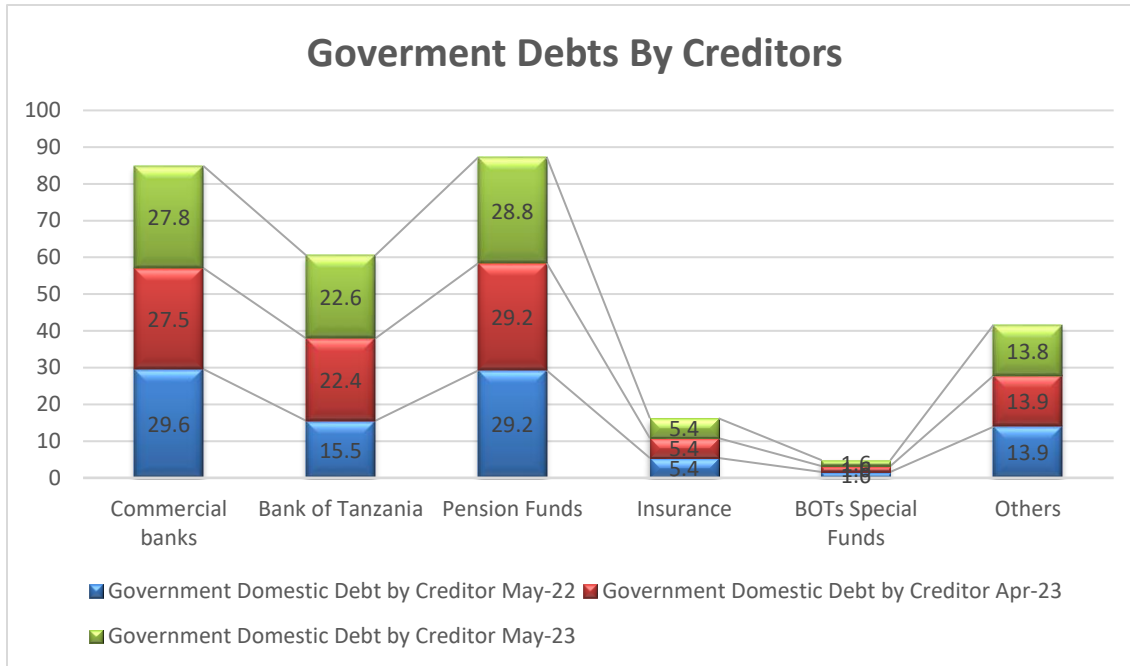
According to budget research, government spending has continued to rise, resulting in a deficit of more than 49% of the expected budget for the entire year. This deficit includes wages and salaries, interest costs, development costs, and other recurring expenses. The government's income has been decreasing steadily, making it incompatible with the budget's spending for the entire year and resulting in a larger deficit. Import taxes have been reduced by more than 8% compared to the budget forecast, while other tax predictions have been reduced by more than 6%.

In one month, the national debt reduced by Tsh. 40,360 million, yet climbed by Tsh. 10,136,340 million in one year. This rise is attributable to an increase in foreign loans of more than 7% in a year, but a decline of -1 percent in a month. Domestic debts climbed by 1% in one month but by more than 24% in one year, increasing the national debt by more than 12% in one year and reaching more than 96 trillion.



National Debts





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