BANK OF TANZANIA

CONSOLIDATED ZONAL ECONOMIC PERFORMANCE REPORT FOR THE YEAR ENDING JUNE 2018

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BANK OF TANZANIA

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Executive Summary

In 2017, nominal Gross Domestic Product (GDP) increased across all zones[1], where Dar es Salaam Zone registered the highest growth of 14.5 percent, followed by South Eastern Zone with 13.5 percent. The improved performance was largely driven by agriculture, manufacturing, construction, information and communication, mining, electricity and gas activities. Zonal contribution to the national nominal GDP ranged from 10.5 percent in South Eastern Zone to 25.9 percent in the Lake Zone. Dar es Salaam and Northern zones contributed 17.3 percent and 17.2 percent, respectively.

Zonal annual headline inflation rates continued to register mixed trends with Central, South Eastern, Lake and Northern zones recording inflation rates above the national level. Headline inflation in the South Eastern Zone rose to an average of 10.4 percent in 2017/18 compared with 6.3 percent in the preceding year owing to increase in prices of food items such as beans and rice; and some non-food items including fuel. Inflation eased in the Southern Highlands zone to an average of 2.5 percent, which was the lowest during the year under review.

Notwithstanding the increase in inflation in some zones, food supply was generally satisfactory across all zones. In 2017/18 season, the overall estimated food production was 16.9 million tonnes against the requirement of 13.6 million tonnes for 2018/19 consumption period. The Lake, Southern Highlands and South Eastern zones attained Self-Sufficiency Ratio (SSR) threshold of 120 percent. Under performance for the remaining zones was mainly due to dry spells in some districts of the Northern and Central zones, while in Dar es Salaam zone was because of limited agricultural land. Meanwhile, the National Food Reserve Agency (NFRA) held stocks of 63,669.7 tonnes at the end of June 2018, after releasing 34,666.7 tonnes to World Food Program (WFP), Prisons Department and traders.

Wholesale average prices of main food crops decreased except for beans, finger millets and rice compared to prices in the preceding year. The decrease is a result of adequate food supply following favorable weather, while the increase in prices of beans, finger millets and rice resulted from higher demand for these crops.

[1] The Bank of Tanzania monitors economic developments in six zones, each served by one branch office. The zones and respective regions are: Central Zone which comprises Dodoma, Morogoro, Singida, and Tabora regions; Dar-es-Salaam Zone (Dar es Salaam region); South Eastern Zone (Ruvuma, Coast, Lindi and Mtwara regions); Lake Zone (Geita, Kagera, Kigoma, Mara, Mwanza, Shinyanga and Simiyu regions); Northern zone (Arusha, Kilimanjaro, Manyara and Tanga regions); and Southern Highlands Zone (Katavi, Mbeya, Songwe, Njombe, Rukwa and Iringa regions).

During 2017/18, the value of livestock sold in registered markets decreased by 21.0 percent to TZS 1,162.7 billion mainly attributed to favorable weather, which led to adequate pastures and food crop harvests. Normally, during the periods of bad weather, farmers sell their livestock to purchase food. Out of the value of total livestock sold, Dar es Salaam, Central and Lake zones accounted for 73.3 percent. The Southern Eastern Zone contributed the least at 6.2 percent.

The quantity and value of fish catches decreased by 7.4 percent and 5.0 percent respectively, compared to the level recorded in 2016/17. The decline was largely due to control of overfishing in Lake Victoria and suspension of fishing activities in Lake Rukwa to allow fish reproduction. Lake and Dar es Salaam zones jointly contributed 64.6 and 70.8 percent of total quantity of fish catches and value respectively.

Manufacturing activity improved during the period under review for all zones except the Central Zone. Value of manufactured goods rose by 14.6 percent in 2017/18 to TZS 8,223.5 billion compared to the preceding year. The increase was associated with stability in power supply, availability of raw materials, rehabilitation of production firms and new establishments including ceramics, steel and cement factories. As regards mining, the value of recovered minerals declined by 1.9 percent in 2017/18 to USD 1,742.7 million compared to the value recorded in the preceding year, with Lake Zone accounting for 88.5 percent of the total value of mineral recoveries.

In the tourism activity, the number of tourists increased by 9.5 percent to 1,688,391 in 2017/18 compared to the previous year driven by promotional activities and improvement of infrastructure. During the year, earnings from visitors mainly in form of gate fees increased by TZS 42.4 billion to TZS 244.7 billion.

Electricity generated and distributed expanded by 3.0 percent to 5,070,889.0 megawatts compared to the level recorded in the preceding year. The increase resulted from expansion in capacity utilization of gas power plants and commencement of operations by Kinyerezi II - a plant with capacity of 240 megawatts per hour. Dar es Salaam zone accounted for 87.3 percent of total electricity generated. Meanwhile, gas production at Songo Songo and Mnazi Bay fields rose by 13.2 percent to 53,907.1 Million Standard Cubic Feet.

During 2017/18, volume of cargo shipped through Dar es Salaam and Tanga ports increased by 13.1 percent and 21.0 percent to 14.9 million tonnes from 0.7 million tonnes respectively. The increase was largely associated with improved efficiency at the major ports due to ongoing modernization and harmonization of operations, removal of value added tax (VAT) on ancillary transport services to transit goods, and operationalization of the single customs territory between Tanzania and DRC. Cargo handled at Mtwara port decreased by 3.9 percent partly due to completion of oil and gas exploration activities. Dar es Salaam port accounted for 93.3 percent of the total cargo handled, followed by Tanga port whose share was 4.4 percent.

On revenue performance, tax collection by Tanzania Revenue Authority increased by 7.1 percent to TZS 15,150.0 billion during 2017/18, equivalent to 87.5 percent of the target. Out of the total tax revenue, 89.0 percent was collected in Dar es Salaam Zone. In the same period, taxes collected by local government authorities amounted to TZS 886.1 billion, which was 85.7 percent of the target, with Central Zone leading by collecting 38.2 percent of the total revenue, followed by Northern Zone at 33.1 percent. During the period under review, cross border trade improved by 22.5 percent to a surplus of TZS 7,270.2 billion, with much of the increase emanating from the Norther and Southern Highlands zones. The value of exports across the borders rose by 13.0 percent, while the value of imports declined by 3.4 percent.

Banks' deposits increased by 3.5 percent to TZS 18,946.7 billion at the end of June 2018, recording upheaves in all zones save for Southern Highlands Zone. Dar es Salaam Zone continued to dominate by recording 65.3 percent of the total banks' deposits, followed by Northern Zone whose share was 14.6 percent. Banks' lending to various economic activities grew by 1.7 percent to a stock of TZS 14,873.6 billion with Dar es Salaam Zone accounting for the largest share.

1.0 ECONOMIC PERFORMANCE

1.1 Gross Domestic Product

During 2017, Nominal Gross Domestic Product (GDP) increased across all zones, where Dar es Salaam Zone registered the highest rise of 14.5 percent followed by South Eastern Zone, with an increase of 13.5 percent (**Table 1.1**). The improved performance was largely driven by agriculture, manufacturing, construction, information and communication, mining, electricity and gas activities. Lake zone remained the biggest contributor with 25.9 percent share of the national nominal GDP, followed by Dar es Salaam Zone, 17.3 percent; Northern Zone, 17.2 percent; and South Eastern Zone 10.5 percent.

Table 1.1: Zonal GDP Performance at Current Market Prices

Billions of TZS

	2013	2014	2015	2016[r]	2017[p]	Percentage change 2016 to 2017	Percentage share 2017
Central	9,677.4	10,897.5	12,178.2	13,796.4	15,444.7	11.9	13.3
Dodoma	2,151.6	2,423.4	2,635.6	3,013.1	3,402.5	12.9	2.9
Singida	1,305.9	1,474.8	1,635.9	1,909.0	2,171.5	13.8	1.9
Morogoro	3,433.7	3,866.3	4,453.2	4,953.1	5,574.0	12.5	4.8
Tabora	2,786.1	3,132.9	3,453.5	3,921.2	4,296.7	9.6	3.7
Northern	12,250.3	13,775.3	15,658.9	17,795.8	19,927.2	12.0	17.2
Arusha	3,366.4	3,786.6	4,271.4	4,877.0	5,446.3	11.7	4.7
Kilimanjaro	3,217.9	3,619.2	4,126.0	4,607.2	5,144.4	11.7	4.4
Tanga	3,312.5	3,714.9	4,235.1	4,845.8	5,434.7	12.2	4.7
Manyara	2,353.5	2,654.6	3,026.4	3,465.8	3,901.8	12.6	3.4
Dar-es-salaam	12,260.0	13,711.6	15,631.7	17,542.2	20,089.7	14.5	17.3
South Eastern	7,085.8	7,979.8	9,242.7	10,690.4	12,134.7	13.5	10.5
Lindi	1,312.6	1,482.8	1,690.4	2,022.5	2,299.3	13.7	2.0
Mtwara	1,788.4	2,016.9	2,362.9	2,786.1	3,158.6	13.4	2.7
Ruvuma	2,699.3	3,037.3	3,544.4	1,857.4	2,264.0	21.9	2.0
Pwani	1,285.5	1,442.9	1,645.0	4,024.4	4,412.8	9.7	3.8
Southern Highlands	11,364.6	12,786.8	13,105.3	16,462.9	18,399.1	11.8	15.8
Mbeya	5,272.8	5,931.1	5,107.7	5,799.4	6,514.9	12.3	5.6
Rukwa	2,414.5	2,718.4	3,180.9	3,714.8	4,064.4	9.4	3.5
Iringa	3,677.3	4,137.4	4,816.7	5,070.9	3,303.1	-34.9	2.8
Songwe				1,877.8	2,124.9	13.2	1.8
Njombe					2,391.9		2.1
Lake	18,315.1	20,567.4	23,393.0	26,979.7	30,106.6	11.6	25.9
Kigoma	2,051.0	2,295.9	2,635.6	2,992.5	3,251.5	8.7	2.8
Shinyanga	4,203.3	4,727.3	5,389.3	6,129.4	6,781.8	10.6	5.8
Kagera	2,793.2	3,140.9	3,580.7	4,076.0	4,470.9	9.7	3.9
Mwanza	6,654.6	7,477.6	8,452.0	9,994.8	11,363.9	13.7	9.8
Mara	2,612.9	2,925.7	3,335.4	3,787.0	4,238.6	11.9	3.7
Tanzania Mainland	70,953.2	79,718.4	90,863.7	103,168.6	116,101.9	12.5	100.0

Source: National Bureau of Statistics

Note: r denotes revised data; and p, provisional data

1.2 Inflation and Food Crop Wholesale Prices

Annual headline inflation registered mixed trends with Central, South Eastern, Lake and Northern zones recording inflation rates above the national level. South Eastern zone recorded the highest annual headline inflation of 10.4 percent in 2017/18 compared to an average of 6.3 percent in 2016/17(**Table 1.2** and **Chart 1.1**). This outturn was on account of increase in prices of some food items such as beans and rice; and some non-food items including fuel. Headline inflation declined in the Southern Highlands, Lake and Central zones with the Southern Highlands zone registering the lowest rate owing to improved food supply.

Table 1.2: Annual Average Headline Inflation Rates

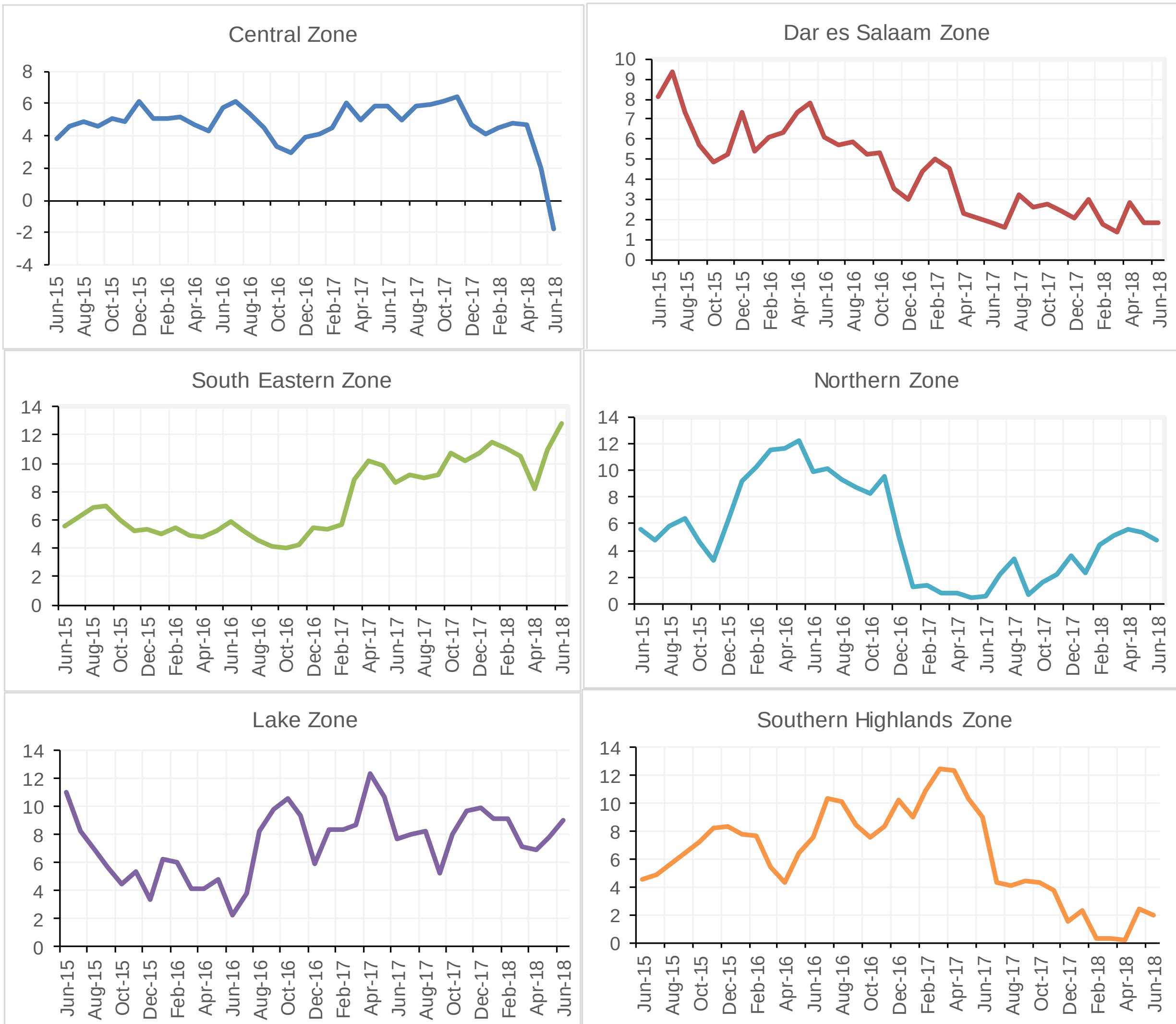
Percent

	National	Central	Dares Salaam	South Eastern	Lake	Northern	Southern Highlands
2015/16	6.0	5.0	5.3	5.7	7.0	7.3	6.7
2016/17	5.3	4.8	2.2	6.3	8.8	2.3	9.9
2017/18	4.3	4.4	2.7	10.4	4.6	4.9	2.5

Source: National Bureau of Statistics

Chart 1.1: Year-on-Year Headline Inflation

Percent



Source: National Bureau of Statistics, and Bank of Tanzania computations

Wholesale average prices of main food crops decreased except for beans, finger millets and rice, which recorded an annual increase of 6.3 percent, 14.8 percent and 13.1 percent, respectively (**Table 1.3**). The decrease emanated from adequate supply following favorable weather, while the increase in prices of beans, finger millets and rice was due to higher demand relative to supply.

Table 1.3: Average Wholesale Price for Food Crops

TZS per 100 kgs

		Central	South Eastern	Dar Es Salaam	Southern Highlands	Northern	Lake	Average
Year Ending June 2016	Beans	167,838.0	156,024.0	181,581.0	130,522.0	151,701.4	161,186.1	158,142.1
	Bulrush millet	70,175.0	n.a	81,733.7	n.a	n.a	n.a	75,954.4
	Finger millet	108,861.0	n.a	115,437.8	n.a	85,767.9	n.a	103,355.6
	Maize	59,921.0	56,670.0	62,440.9	56,328.0	62,302.9	62,954.7	60,102.9
	Rice	168,565.0	155,885.0	178,368.6	148,343.0	169,842.9	156,226.5	162,871.8
	Round potatoes	72,078.0	n.a	n.a	82,906.0	n.a	79,986.2	78,323.4
	Sorghum	107,344.0	n.a	90,161.6	n.a	n.a	81,843.8	93,116.5
	Wheat	79,699.0	n.a	119,303.7	125,643.0	105,009.6	n.a	107,413.8
Year Ending June 2017	Beans	168,399.0	169,624.0	194,493.0	152,000.0	170,599.0	133,205.0	164,720.0
	Bulrush millet	106,058.0	n.a	106,013.0	n.a	n.a	n.a	106,035.5
	Finger millet	133,398.0	117,198.0	149,319.0	n.a	n.a	n.a	133,305.0
	Maize	83,818.0	57,325.0	88,286.0	51,000.0	81,094.0	83,927.0	74,241.7
	Rice	167,766.0	182,370.0	174,185.0	118,000.0	166,121.0	142,188.0	158,438.3
	Round potatoes	98,417.0	84,191.0	81,632.0	192,600.0	n.a	87,987.0	108,965.4
	Sorghum	93,325.0	97,016.0	114,509.0	n.a	n.a	103,918.0	102,192.0
	Wheat	n.a	161,667.0	123,178.0	72,000.0	96,671.0	n.a	113,379.0
Year Ending June 2018^{P}	Beans	176,833.0	173,013.0	197,967.1	181,000.0	168,324.4	153,861.9	175,166.6
	Bulrush millet	78,657.0	n.a	94,336.4	n.a	64,222.7	n.a	79,072.0
	Finger millet	148,294.0	159,783.0	151,160.3	n.a	n.a	n.a	153,079.1
	Maize	59,771.0	49,365.0	53,008.7	29,600.0	51,051.4	72,091.2	52,481.2
	Rice	167,432.0	185,339.0	187,124.4	164,000.0	188,279.0	163,411.5	175,931.0
	Round potatoes	81,552.0	93,088.0	73,100.4	66,000.0	n.a	77,538.7	78,255.8
	Sorghum	71,805.0	106,405.0	92,722.2	n.a	n.a	95,905.6	91,709.5
	Wheat	n.a	n.a	121,855.5	107,337.0	89,297.0	n.a	106,163.2

Source: Ministry of Industries, Trade and Investment
Note: n.a denotes not available; and p, provisional data

2.0 FOOD SUPPLY SITUATION

Food supply was generally satisfactory in all zones, following adequate food crop harvests. Food crop production was estimated at 16.9 million tonnes in 2017/18 season against the requirement of 13.6 million tonnes for 2018, hence a surplus of 3.3 million tonnes of food. Southern Eastern, Lake and Southern Highlands zones surpassed the food Self-Sufficiency Ratio (SSR) threshold of 120 percent, whereas the Northern and Central zones registered marginal shortfalls. Dar es Salaam zone depended mainly on food supplies from the upcountry regions (**Table 2.1**). The underperformance in Northern zone emanated from dry spell in some districts. Dry spells in Northern Zone were registered mostly in Longido, Monduli and Ngorongoro districts in Arusha Region; Mwanga and Moshi districts in Kilimanjaro regions; and Babati, Mbulu and Simanjiro districts in Manyara Region. The national SSR was 124 percent, which is the required national threshold by 4 percentage points.

Table 2.1 Food Production in 2017/18 and Requirement for 2018/19

Tonnes

Zone	Food Production 2017/18	Food Requirement 2018/19	Surplus (+)/ Deficit (-)	Self Sufficiency Ratio
Central	2,876,234	2,426,011	450,223	119
Dar es Salaam	61,045	1,449,089	-1,388,044	4
South Eastern	2,172,629	1,371,370	801,259	158
Lake	5,417,559	4,208,751	1,208,808	129
Northern	2,365,542	2,098,132	267,410	113
Southern Highlands	3,999,067	2,016,943	1,982,124	198
Total	16,892,076	13,570,296	3,321,780	124

Source: Ministry of Agriculture

The stock of food held by the National Food Reserve Agency (NFRA) was 63,669.7 tonnes at the end of June 2018, compared to 68,884.8 tonnes recorded at the end of June 2017. About 70.6 percent of the stock was held by the South Eastern and Southern Highlands zones. Purchases during the year ending June 2018 amounted to 28,132.4 tonnes, while sales amounted to 34,666.7 tonnes (**Table 2.2**). The released quantity was sold to the Prisons Department, traders and the World Food Program.

Table 2.2: Stock of Food Held by the National Food Reserve Agency

Tonnes

Period	Zone	Openining balance	Quantity purchsed	Quantity tranfered in	Quantity tranfered out	Quantity released	Balance
Year ending June 2016	Dar es Salaam	21,254.9	0.0	5,996.9	0.0	18,664.8	8,587.0
	Central	36,574.6	0.0	7,415.2	0.0	32,346.9	11,642.9
	Lake	9,882.6	0.0	14,861.7	0.0	13,957.3	10,787.0
	Northern	17,401.0	0.0	0.0	0.0	9,078.2	8,322.8
	South Eastern	122,661.0	0.0	0.0	0.0	113,845.0	8,816.0
	Southern Highlands	29,427.0	3,855.5	0.0	0.0	6,096.7	27,185.8
	Total	237,201.1	3,855.5	28,273.8	0.0	193,988.9	75,341.5
Year ending June 2017	Dar es Salaam	8,540.4	10.6	3,698.9	0.0	3,674.9	8,575.0
	Central	10,429.2	5,692.3	0.0	220.0	9,731.1	6,170.4
	Lake	10,787.1	0.0	1,984.3	0.0	6,104.8	6,666.6
	Northern	5,049.2	5,123.3	136.0	0.0	6,765.0	3,543.5
	South Eastern	8,815.8	10,335.4	0.0	0.0	8,815.8	10,335.4
	Southern Highlands	6,390.6	40,937.7	0.0	7,100.0	6,634.4	33,593.9
	Total	50,012.3	62,099.3	5,819.2	7,320.0	41,726.0	68,884.8
Year ending June 2018[P]	Dar es Salaam	8,575.0	0.0	1,745.3	2,024.8	1,805.6	6,489.9
	Central	6,170.4	3,593.8	3,017.6	339.6	4,495.8	7,946.3
	Lake	6,666.6	0.0	2,065.1	0.0	7,397.9	1,333.8
	Northern	3,543.5	1,000.0	2,446.3	0.0	4,038.4	2,951.3
	South Eastern	10,335.4	11,557.5	0.0	0.0	0.0	21,892.9
	Southern Highlands	33,593.9	11,981.1	16,797.8	22,388.4	16,928.9	23,055.4
	Total	68,884.8	28,132.4	26,072.0	24,752.8	34,666.7	63,669.7

Source: National Food Reserve Agency
Note: p denotes provisional data

3.0 SECTORAL PERFORMANCE

3.1 Livestock

The value of livestock sold in registered markets decreased by 21.0 percent to TZS 1,162.7 billion from TZS 1,471.4 billion recorded in 2016/17 (**Table 3.1**). The decrease in sales was mainly attributed to favorable weather, which led to adequate pastures and food crop harvests. During the periods of bad weather, farmers normally sell part of their livestock to purchase food. Out of the total value of livestock sold, Dar es Salaam, Central and Lake zones accounted for 73.3 percent of total earnings, while the South Eastern Zone received the contributed the lowest at 6.2 percent.

Table 3.1: Number and Value of Livestock Sold Through Registered Markets

Year		Unit	Central	Dar es Salaam	South Eastern	Lake	Northern	Southern Highlands	Total
2015/16	Cattle	Number	321,060	244,020	305,577	478,559	313,085	157,879	1,820,180
		Value (Millions of TZS)	152,467	153,135	113,616	207,218	175,705	101,848	903,988
	Goats	Number	241,294	123,180	129,923	232,823	259,214	129,467	1,115,901
		Value (Millions of TZS)	13,446	10,816	7,822	12,420	18,481	10,681	73,667
	Sheep	Number	93,985	56,100	25,839	90,161	97,243	24,085	387,413
		Value (Millions of TZS)	4,518	4,047	1,456	3,841	8,305	1,566	23,732
		Total Value (Millions of TZS)	170,431	167,998	122,894	223,478	202,491	114,094	1,001,387
2016/17	Cattle	Number	485,754	383,940	299,870	639,359	406,200	116,789	2,331,912
		Value (Millions of TZS)	249,550	281,620	154,739	302,005	300,092	87,592	1,375,598
	Goats	Number	311,089	186,780	68,060	285,005	320,531	140,405	1,311,870
		Value (Millions of TZS)	18,291	13,747	3,822	12,978	14,549	8,705	72,092
	Sheep	Number	107,773	30,270	14,070	139,532	61,568	25,286	378,499
		Value (Millions of TZS)	6,888	1,984	908	6,327	6,029	1,568	23,704
		Total Value (Millions of TZS)	274,729	297,351	159,469	321,310	320,670	97,865	1,471,394
2017/18	Cattle	Number	605,715	427,245	72,535	621,308	272,352	136,487	2,135,642
		Value (Millions of TZS)	272,075.6	303,894	30,459	210,174	175,396	68,940	1,060,940
	Goats	Number	353,664	226,935	39,736	387,601	214,331	41,962	1,264,229
		Value (Millions of TZS)	18,602.5	15,850	4,179	19,694	18,082	2,601	79,009
	Sheep	Number	132,286	50,895	7,876	79,262	110,930	11,057	392,306
		Value (Millions of TZS)	5,535	3,146	480	3,394	9,594	619	22,767
		Total Value (Millions of TZS)	296,213	322,890	35,118	233,262	203,072	72,160	1,162,716

Source: Regional Commissioner's Offices, Ministry of Livestock Development and Fisheries, and Bank of Tanzania computations

3.2 Fisheries

The quantity of fish catches decreased by 7.4 percent to 85,354.6 tonnes during 2017/18 compared to the amount recorded in the preceding year. Likewise, the value of fish catches declined by 5.0 percent to TZS 438.3 billion (**Table 3.2**). The decline was largely due to the measures taken by the Government to control overfishing particularly in Lake Victoria in order to allow for fish reproduction while in Lake Rukwa the Government suspended fishing activities for the same reason. The Lake and Dar es Salaam zones jointly contributed 64.6 percent of total quantity of fish catches and 70.8 percent of the value, respectively.

Table 3.2: Fish Catch

Zone	Unit	2014/15	2015/16	2016/17	2017/18	Percentage change 2016/17 to 2017/18	Percentage contribution 2017/18
Central	Tonnes	299.2	230.9	416.6	508.1	22.0	0.6
	Value (Billions of TZS)	1.6	0.9	2.3	2.7	15.7	0.6
Dar es Salaam	Tonnes	21,750.0	22,300.6	23,143.9	25,808.6	11.5	30.2
	Value (Billions of TZS)	83.4	83.5	91.3	100.1	9.6	22.8
South Eastern	Tonnes	22,717.5	23,571.1	19,901.3	10,487.3	-47.3	12.3
	Value (Billions of TZS)	71.1	72.9	58.0	31.4	-45.9	7.2
Lake	Tonnes	25,371.2	23,488.4	29,901.0	29,382.5	-1.7	34.4
	Value (Billions of TZS)	140.6	138.1	208.2	207.7	-0.3	47.4
Northern	Tonnes	13,272.0	13,391.0	12,425.2	12,975.8	4.4	15.2
	Value (Billions of TZS)	63.4	65.6	54.4	56.6	4.0	12.9
Southern Highlands	Tonnes	4,861.6	441.3	6,374.2	6,192.3	-2.9	7.3
	Value (Billions of TZS)	14.6	18.1	47.2	39.8	-15.5	9.1
Total	Tonnes	88,271.5	83,423.3	92,162.2	85,354.6	-7.4	100.0
	Value (Billions of TZS)	374.6	379.1	461.4	438.3	-5.0	100.0

Source: Regional Commissioners' Offices and Bank of Tanzania computations

3.3 Manufacturing

During the period under review, growth of manufacturing activity remained strong in all other zones except for the Central Zone. The value of manufactured goods increased to TZS 8,223.5 billion from TZS 7,024.5 billion recorded in 2016/17 (**Table 3.3**)**.** The increase was associated with stability in power supply, availability of raw materials; rehabilitation of factories and establishment of new ones including factories producing ceramics, steel and cement. The Dar es Salaam Zone accounted for 59.6 percent of the total value of manufactured goods, followed by the Northern Zone at 14.3 percent.

Table 3.3: Value of Selected Manufactured Commodities

Billions of TZS

Zone	2014/15	2015/16	2016/17	2017/18^{P}	Percentage change 2016/17 to 2017/18	Percentage contribution 2017/18
Central	324.0	298.9	444.6	362.6	-18.5	4.4
Dar es Salaam	3,604.0	4,003.0	4,199.0	4,902.5	16.8	59.6
South Eastern	78.8	87.4	215.6	599.4	...	7.3
Lake	573.8	526.5	476.7	589.9	23.7	7.2
Northern	902.9	1,189.0	1,122.5	1,172.1	4.4	14.3
Southern Highlands	408.6	545.9	566.0	597.1	5.5	7.3
Total	5,892.1	6,650.8	7,024.5	8,223.5	17.1	100.0

Source: National Bureau of Statistics, Respective Manufacturing Firms, and Bank of Tanzania computations
Note : p denotes provisional ; and '…', change that exceed 100 percent

3.4 Mining

The value of mineral recovery declined by 1.9 percent to USD 1,742.7 million in 2017/18 compared to the value recorded in the preceding year. This outturn is largely explained by the decline in production of gold and gemstones (**Table 3.4**). Lake Zone accounted for 88.5 percent of total value due to increase in mining activities, especially gold.

Table 3.4: Mineral Recovery

Millions of USD

	2014/15	2015/16	2016/17	2017/18	Percentage change 2016/17 to 2017/18	Percentage contribution 2017/18
Central	0.7	2.5	3.8	4.5	19.2	0.3
South Eastern	3.3	16.0	28.6	58.1	---	3.3
Lake	1,311.3	1,329.5	1,575.2	1,542.7	-2.1	88.5
Northern	35.3	38.5	42.5	22.0	-48.2	1.3
Southern Highlands	72.7	151.5	126.1	115.4	-8.5	6.6
Total	1,423.3	1,538.0	1,776.1	1,742.7	-1.9	100.0

Source : Zonal Mines Offices and Mining Companies
Note: "---" denotes change that exceed 100 percent

3.5 Tourism

The number of visitors to tourist attraction sites in the zones increased by 9.5 percent to 1,688,391 in 2017/18 compared to the previous year[2]. The increase was driven by improvements in infrastructure and promotional activities (**Table 3.5**). During the year, earnings from visitors mainly in form of gate fees increased by 21.0 percent to TZS 244.7 billion. The Northern and Lake zones accounted for 92.7 percent of total number of visitors and 98.1 percent of total earnings.

[2] The number represents visitors in national parks where a visitor can visit more than one tourist attraction sites in the specified period.

Table 3.5: Visitors and Earnings

Zone	Unit	2014/15	2015/16	2016/17	2017/18	Percentage change 2016/17 to 2017/18	Percentage contribution 2017/18
Central	Number of visitors	56,115.0	53,644.0	59,000.0	57,788.0	-2.1	3.4
	Millions of TZS	1,252.6	1,473.2	1,804.0	1,682.1	-6.8	0.7
Dar es Salaam	Number of visitors	142,446.0	21,863.0	20,436.0	12,130.0	-40.6	0.7
	Millions of TZS	538.8	409.9	282.5	234.6	-17.0	0.1
South Eastern	Number of visitors	22,196.0	22,968.0	23,022.0	19,316.0	-16.1	1.1
	Millions of TZS	358.1	363.6	360.8	241.0	-33.2	0.1
Lake	Number of visitors	391,500.0	407,672.0	371,256.0	415,835.0	12.0	24.6
	Millions of TZS	36,637.1	44,457.3	52,282.7	62,752.0	20.0	25.6
Northern	Number of visitors	1,053,227.0	1,074,514.0	1,028,029.0	1,148,769.0	11.7	68.0
	Millions of TZS	5,093.0	125,650.3	145,438.4	177,264.4	21.9	72.4
Southern Highlands	Number of visitors	34,728.0	32,720.0	40,511.0	34,553.0	-14.7	2.0
	Millions of TZS	1,773.8	1,638.8	2,109.7	2,564.4	21.6	1.0
Total	Number of visitors	1,700,212.0	1,613,381.0	1,542,254.0	1,688,391.0	9.5	100.0
	Millions of TZS	45,653.4	173,993.1	202,278.1	244,738.5	21.0	100.0

Source: Tanzania National Parks, Ngorongoro Conservation Area, National Museum and House of Culture, and Bank of Tanzania Computations

3.6 Energy

Electricity generated and distributed increased by 3.0 percent to 5,070,889.0 megawatts in 2017/18 from 4,922,456.6 megawatts recorded in the preceding year **(Table 3.6**). The increase resulted from expansion in capacity utilization of gas power plants and commencement of operations at Kinyerezi II—a plant with capacity of 240 megawatts per hour. The Dar es Salaam Zone accounted for 87.3 percent of total electricity generated. Meanwhile, gas production at Songo Songo and Mnazi Bay fields rose by 13.2 percent to 53,907.1 Million Standard Cubic Feet (MSCF).

Table 3.6: Production of Electricity and Natural Gas

	2014/15	2015/16	2016/17	2017/18	Percentage change 2016/17 to 2017/18	Percentage contribution 2017/18
Electricity (MWh):						
Dar es Salaam	3,216,197.2	4,137,098.3	4,272,705.2	4,425,088.9	3.6	87.3
South Eastern	80,823.3	84,839.9	93,923.3	70,359.6	-25.1	1.4
Lake	312,659.1	275,620.1	303,550.6	262,423.3	-13.5	5.2
Northern	262,656.0	331,627.4	250,464.2	309,659.4	23.6	6.1
Southern Highlands	3,726.0	5,241.0	1,813.3	3,357.8	85.2	0.1
Total	3,876,061.6	4,834,426.7	4,922,456.6	5,070,889.0	3.0	100.0
Natural Gas (Million standard cubic feet):						
South Eastern	33,651.6	43,903.3	47,614.2	53,907.1	13.2	

Source: National Bureau of Statistics, Tanzania Electric Supply Company Limited and Tanzania Petroleum Development Corporation

3.7 Ports Performance

During the year under review, the volume of cargo shipped through Dar es Salaam and Tanga ports increased by 13.1 percent and 21.0 percent to 14.9 million tonnes and 0.7 million tonnes, respectively (**Table 3.7**). The increase was largely attributed to improved efficiency brought by ongoing modernization and harmonization of operations, removal of value added tax (VAT) on ancillary transport services to transit goods and operationalization of the single custom territory between Tanzania and Democratic Republic of Congo (DRC). However, cargo handled at Mtwara port decreased to 363,286.0 tonnes from 377,590.0 tonnes recorded in 2016/17 partly due to completion of oil and gas exploration activities. The Dar es Salaam port accounted for 93.3 percent of the total cargo handled, followed by Tanga port (4.4 percent).

Table 3.7: Ports Performance

Thousand Tonnes

	2014/15	2015/16	2016/17	2017/18	Percentage change 2016/17 to 2017/18	Percentage contribution 2017/18
Dar es Salaam	14,596.0	13,458.0	13,143.0	14,863.3	13.1	93.3
Tanga	795.0	787.0	577.0	698.1	21.0	4.4
Mtwara	401.0	400.0	378.0	363.3	-3.9	2.3
Total	15,792.0	14,645.0	14,098.0	15,924.7	13.0	100.0

Source: Tanzania Ports Authority

4.0 REVENUE AND CROSS BORDER TRADE

4.1 Revenue Performance

4.1.1 Tax Revenue Performance

Tax revenue collected across zones amounted to TZS 15,150.0 billion in 2017/18, equivalent to 87.5 percent of the target. The Dar es Salaam Zone accounted for 89.0 percent of total tax revenue, followed by the Lake Zone 4.5 percent, while the Southern Highlands and Central zones contributed the remaining 2.3 percent (**Table 4.1**).

Table 4.1: Tax Revenue Performance

Billions of TZS

	2015/16	2016/17	2017/18			Percentage change 2016/17 to 2017/18	Percentage share 2017/18
Zone	Actual	Actual	Target	Actual	Actual to target (%)		
Central	126.2	157.3	187.5	157.6	84.1	0.2	1.0
Dar es Salaam	11,939.2	12,652.7	15,348.4	13,480.9	87.8	6.5	89.0
South Eastern	282.9	339.7	471.4	372.6	79.0	9.7	2.5
Lake	543.9	522.9	803.9	686.2	85.4	31.2	4.5
Northern	116.3	233.5	268.3	246.8	92.0	5.7	1.6
Southern Highlands	165.0	238.8	244.2	205.9	84.3	-13.8	1.4
Total	13,173.4	14,144.9	17,323.7	15,150.0	87.5	7.1	100.0

Source: Tanzania Revenue Authority
Note: Tax revenue figures include tax refunds

4.1.2 Local Government Revenue Performance

During 2017/18, revenue collection from local governments own sources amounted to TZS 886.1 billion, which was 85.7 percent of the target. The Central Zone accounted for 38.2 percent of total local government revenue collection, followed by the Northern and Dar es Salaam zones with the shares of 33.1 percent and 15.9 percent, respectively. The South Eastern Zone accounted for the lowest share of total.

Table 4.2: Local Governments Revenue Performance

Billions of TZS

	2015/16	2016/17	2017/18^{p}			Percentage change 2016/17 to 2017/18	Percentage contribution 2017/18
	Actual	Actual	Target	Actual	Actual to target		
Dar es Salaam	106.1	171.5	180.1	141.2	77.8	-17.7	15.9
Northern	n.a	111.2	189.1	293.4	---	---	33.1
Lake	67.1	83.4	122.9	92.1	74.9	10.4	10.4
Southern Highlands	338.3	358.5	190.8	102.7	53.8	75.0	11.6
Central	n.a	303.9	435.2	338.7	77.8	11.4	38.2
South Eastern	53.7	69.9	96.1	59.2	79.0	-15.3	6.7
Total	565.2	1,098.5	1,034.1	886.1	85.7	-19.3	100.0

Source: Regional Administrative Secretary offices
Note: “p” denotes provisional data; and “---”, change that exceeds 100 percent

4.2 Cross Border Trade

Cross border trade improved by 22.5 percent to a surplus of TZS 7,270.2 billion from a surplus of TZS 5,932.8 billion in 2016/17. Notable improvement was recorded in the Southern Highlands and Northern zones with an increase of trade surplus of 79.4 percent and 47.4 percent, respectively

(**Table 4.3**). The value of exports across the border posts increased by 13.0 percent, while the value of imports declined by 3.4 percent. The Northern Zone accounted for 34.7 percent of the total exports, followed by the Lake Zone with 31.8 percent. Meanwhile, Southern Highlands Zone accounted for 70.7 percent of the total value of cross-border imports followed by the Northern Zone with 16.1 percent.

Table 4.3: Formal Cross Border Trade

Billions of TZS

Zone	Item	2015/16	2016/17	2017/18^{P}	Percentage change 2016/17 to 2017/18	Percentage contribution 2017/18
South Eastern	Exports	734.4	239.7	894.9	---	8.4
	Imports	126.0	20.5	56.2	---	1.7
	Trade balance	608.4	219.2	838.7	---	11.5
Lake	Exports	3,711.4	3,934.1	3,377.8	-14.1	31.8
	Imports	580.6	547.8	386.0	-29.5	11.6
	Trade balance	3,130.8	3,386.3	2,991.8	-11.6	41.2
Northern	Exports	1,930.0	2,648.7	3,684.2	39.1	34.7
	Imports	783.8	514.0	537.6	4.6	16.1
	Trade balance	1,146.2	2,134.7	3,146.6	47.4	43.3
Southern Highlands	Exports	1,953.6	2,571.4	2,655.2	3.3	25.0
	Imports	1,815.4	2,378.8	2,362.1	-0.7	70.7
	Trade balance	138.2	192.6	345.5	79.4	4.8
Total	Exports	8,329.4	9,393.9	10,612.1	13.0	100.0
	Imports	3,305.8	3,461.1	3,341.9	-3.4	100.0
	Trade balance	5,023.6	5,932.8	7,270.2	22.5	100.0

Source: Tanzania Revenue Authority
Note: "p" denotes provisional data; and "---", change that exceeds 100 percent

5.0 FINANCIAL SECTOR PERFORMANCE

5.1 Banks Deposits and Lending

Commercial banks deposits increased by 3.5 percent to TZS 18,946.7 billion compared to the level recorded in the previous year. Almost all zones registered increases in deposits save for the Southern Highlands Zone. The improved performance was mainly due to expansion of branch networks and increased use of agent banking and mobile network services. The Dar es Salaam Zone remained dominant, accounting for 65.3 percent of the total deposits, followed by the Northern Zone, 14.6 percent; while the South Eastern Zone contributed the lowest, at 2.9 percent (**Table 5.1**).

Table 5.1: Commercial Bank Deposits

Billions of TZS

Zone	2015/16	2016/17r	2017/18p	Percentage change 2016/17 to 2017/18	Percentage share 2017/18
Central	891.9	965.4	1,109.0	14.9	5.9
Dar es Salaam	10,962.4	12,295.6	12,364.7	0.6	65.3
South Eastern	1,096.0	513.6	548.3	6.8	2.9
Lake	955.8	1,207.4	1,368.6	13.4	7.2
Northern	1,944.5	2,540.7	2,771.3	9.1	14.6
Southern Highlands	985.9	791.2	784.7	-0.8	4.1
Total*	16,836.5	18,313.9	18,946.7	3.5	100.0

Source: Commercial banks in respective zones
Note: r denotes revised data; and p, provisional data; and the total excludes data from bank branches operating in Zanzibar

Bank loans extended to various economic activities increased by 1.7 percent to TZS 14,873.6 billion at the end of June 2018, compared to the stock at the end of June 2017. The Dar es Salaam Zone accounted for 62.6 percent of total outstanding loans followed by Northern zone at 13.5 percent. The highest credit growth was registered in the Lake Zone at 20.1 percent with trade, agriculture, personal and building and construction activities receiving most of the credit (**Table 5.2**). Meanwhile, credit growth declined by 15.1 percent in the Central Zone, driven by decrease in lending to agriculture, financial intermediation and building and construction activities.

Table 5.2: Banks' Lending to Economic Activities

Billions of TZS

Zone	2015/16	2016/17r	2017/18p	Percentage change	Percentage share
Central	902.6	948.6	805.7	-15.1	5.4
Dar es Salaam	8,237.9	9,284.3	9,306.5	0.2	62.6
South Eastern	679.9	418.1	430.9	3.1	2.9
Lake	1,206.7	1,277.1	1,533.7	20.1	10.3
Northern	1,331.6	1,994.7	2,001.1	0.3	13.5
Southern Highlands	676.5	704.3	795.7	13.0	5.3
Total*	13,035.2	14,627.1	14,873.6	1.7	100.0

Source: Banks
Note: r denotes revised data; p, provisional data; and the total excludes data from bank branches operating in Zanzibar

Activities with the largest loan portfolio included personal, wholesale and retail trade and social service activities (education and health), which together accounted for 58.6 of the total outstanding credit (**Table 5:3**).

Table 5.3: Share of Banks' Lending to Economic Activities for the Year Ending June 2018

Percent

Activity	Central	Dar es Salaam	Lake	Northern	South Eastern	Southern Highlands	Average
Agricuture, hunting,forestry and fishing	11.0	2.4	13.5	5.3	12.7	14.8	9.9
Manufacturing	5.0	15.8	3.0	1.8	10.6	3.3	6.6
Wholesale and retail trade	25.4	23.5	19.5	19.4	6.9	12.7	17.9
Transport, storage and communication	1.3	7.8	1.1	2.1	5.5	1.5	3.2
Building and construction	0.7	7.4	4.5	1.8	2.3	2.9	3.3
Real estate	0.1	6.0	0.0	1.0	0.0	0.0	1.2
Electricity, gas and water	0.0	4.3	0.0	0.4	0.7	0.4	1.0
Mining and quarrying	0.0	1.3	0.0	0.6	0.0	1.2	0.5
Personal	18.6	15.0	38.3	25.2	20.3	43.4	26.8
Financial intermediation	0.8	0.9	0.9	3.1	6.1	0.7	2.1
Hotels and restaurants	0.7	3.3	1.3	3.7	15.3	1.5	4.3
Social (Health and education)	35.4	5.9	2.6	20.6	14.6	4.1	13.9
Others	0.9	6.4	15.3	15.1	4.9	13.4	9.3

Source: Banks and Bank of Tanzania computations

5.2 Bureau de Change Operations

Purchase of foreign exchange by bureau de change declined by 8.3 percent to USD 542.5 million, compared to the previous year, while sales dropped by 30.7 percent to USD 350.4 million (**Table 5.4**). The Dar es Salaam Zone remained dominant accounting for 90.2 percent and 88.9 percent of purchases and sales respectively, followed by the Northern Zone.

Table 5.4: Bureaux de Change Transactions

Millions of USD

	2016/17		2017/18		Percentage change 2016/17 to 2017/18		Percentage share 2017/18	
Zone	Purchase	Sales	Purchase	Sales	Purchase	Sales	Purchase	Sales
Central	6.6	3.7	5.9	3.4	-10.6	-8.1	1.1	1.0
Dar es Salaam	527.9	452.1	489.3	311.4	-7.3	-31.1	90.2	88.9
South Eastern	0.1	0.1	n.a	n.a	---	---	---	---
Lake	3.8	3.3	6.3	2.6	65.8	-21.2	1.2	0.7
Northern	51.7	44.6	35.2	27.3	-31.9	-38.8	6.5	7.8
Southern Highlands	1.6	1.5	5.8	5.7	---	---	1.1	1.6
Total	591.7	505.3	542.5	350.4	-8.3	-30.7		

Source: Bank of Tanzania
Note: "---" denotes change that exceeds 100 percent

5.3 Savings and Credit Cooperative Societies

Savings and Credit Cooperative Societies (SACCOS) recorded improved performance in the year ending June 2018 in terms of number of members, savings, deposits and outstanding loans (**Table 5.5**). Membership increased to 1,114,837 from 975,069 in the year ending June 2017. Meanwhile, savings increased by 38.8 percent to TZS 436,402 million with the Dar es Salaam and Northern zones accounting for 54.4 percent and 21.3 percent of the total, respectively. Conversely, loans disbursement declined by 9.6 percent to TZS 852.8 billion, with the Northern and Central zones accounting for 45.8 percent and 21.2 percent respectively.

Table 5.5: Performance of Savings and Credit Cooperative Societies

	Category	Central	South Eastern	Southern Highlands	Northern	Lake	Dar es Salaam	Total
Year ending June 2016	Number of SACCOS	697	1,070	578	939	1,338	892	5,514
	Members	100,751	129,880	102,420	194,800	123,493	229,556	880,900
	Shares value (Millions of TZS)	5,257.0	7,617.0	10,364.8	21.0	4,580.9	11,800.0	39,640.7
	Savings (Millions of TZS)	19,465.0	24,956.9	30,520.0	69,965.3	13,893.1	122,700.0	281,500.3
	Deposits (Millions of TZS)	5,433.0	4,234.2	15,976.0	11,511.6	2,946.3	3,700.0	43,801.1
	Loans issued (Millions of TZS)	149,785.0	92,901.6	159,926.0	351,292.4	47,936.9	92,300.0	894,141.9
	Outstanding loans (Millions of TZS)	17,515.0	52,234.4	57,170.1	94,612.1	27,659.2	55,900.0	305,090.8
Year ending June 2017	Number of SACCOS	941	1,250	751	930	928	897	5,697
	Members	142,666	149,081	129,233	185,207	134,735	234,147	975,069
	Shares value (Millions of TZS)	6,797.0	7,598.5	15,540.2	16,100.0	6,888.5	13,100.0	66,024.2
	Savings (Millions of TZS)	26,848.0	25,614.1	21,781.6	79,945.5	21,738.5	138,400.0	314,327.7
	Deposits (Millions of TZS)	2,578.0	4,351.3	16,018.1	11,900.2	5,710.7	4,000.0	44,558.3
	Loans issued (Millions of TZS)	127,752.0	93,818.3	193,567.0	365,282.1	54,537.2	108,500.0	943,456.6
	Outstanding loans (Millions of TZS)	53,579.0	52,361.4	124,176.4	224,363.7	40,371.3	59,200.0	554,051.8
Year ending June 2018	Number of SACCOS	721	1,250	732	859	995	875	5,432
	Members	205,285	149,081	137,257	189,634	131,638	301,942	1,114,837
	Shares value (Millions of TZS)	8,819.5	7,873.3	23,284.6	13.3	4,814.6	27,210.6	72,016
	Savings (Millions of TZS)	27,971.9	27,210.6	40,844.6	93,039.7	9,772.8	237,562.0	436,402
	Deposits (Millions of TZS)	2,621.6	4,410.7	14,119.8	17,001.1	1,634.1	6,010.7	45,798
	Loans issued (Millions of TZS)	181,007.3	80,283.8	158,595.1	390,809.5	22,580.8	19,564.3	852,841
	Outstanding loans (Millions of TZS)	57,030.4	43,144.5	62,302.1	145,535.7	16,828.0	4,060.5	328,901

Source: Ministry of Agriculture, and Regional Authorities