BANK OF TANZANIA

CONSOLIDATED ZONAL ECONOMIC PERFORMANCE REPORT FOR THE YEAR ENDING JUNE 2017

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Executive Summary

The nominal Gross Domestic Product (GDP) increased across all zones in 2016[1]. Lake zone recorded the highest growth mainly due to improvement in tourism, trade, financial services, mining and livestock activities. Outturns in South Eastern and Southern Highlands zones were attributed to improvement in agriculture and manufacturing activities. In Northern zone, it was driven by tourism, trade, financial intermediation and mining activities, while growth in Dar es Salaam was mainly attributed to improved performance in finance and insurance, information and communication, manufacturing and construction activities. Lake zone contributed 26.6 percent of the national nominal GDP, followed by Northern zone and Dar es Salaam zones with 17.5 percent and 17.3 percent, respectively, while South Eastern zone contributed the least, 10.6 percent.

In 2016/17, headline inflation depicted mixed trends across zones. While average headline inflation rose in Southern Highlands, Lake, and South Eastern, zones owing to increase in food prices mainly cereals, it eased in Central, Northern and Dar es Salaam zones attributed to favorable food supply and easing of prices of some non-food items. Southern Highlands, Lake and South Eastern zones registered the highest average headline inflation rates that were above the national average headline inflation rate for 2016/17 of 5.3 percent. Conversely, Dar es Salaam zone recorded the lowest headline inflation of 2.2 percent in 2016/17.

Food supply situation was generally satisfactory in all zones during the review period, with few areas in South Eastern, Central, Lake and Northern zones reporting pockets of food shortages. Specifically, food shortages were reported in some areas in Dodoma, Singida, Tabora, Mwanza, Shinyanga, Simiyu, Geita, Mara, Manyara, Tanga, Kilimanjaro, and Arusha regions. To ease the problem, the National Food Reserve Agency (NFRA) released 34,092.3 tonnes of food through Prime Minister's office and traders.

During the year to June 2017, wholesale prices of all major food crops—beans, maize, bulrush, finger millet, sorghum, potatoes, and wheat—increased due to lower production following inadequate rainfall experienced in some major food crop producing areas, partly coupled with higher demand from neighboring countries.

[1] The Bank of Tanzania monitors economic developments at micro-level basing on 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); South Eastern zone (Ruvuma, Pwani, Lindi and Mtwara); Lake zone (Geita, Kagera, Kigoma, Mara, Mwanza, Shinyanga and Simiyu); Northern zone (Arusha, Kilimanjaro, Manyara and Tanga); and Southern Highlands zone (Iringa, Njombe, Mbeya, Songwe, Rukwa and Katavi).

Value of cash crops procured increased to TZS 3,122.1 billion in 2016/17 from TZS 2,391.5 billion recorded in 2015/16. Improvements were recorded in cashew nuts, sesame, coffee and sisal. South Eastern zone accounted for 34.6 percent of total value of cash crops procured, followed by Southern Highlands zone with 33.3 percent; while Lake zone contributed the least, 7.9 percent. The value of livestock sold in the market across zones rose to TZS 1,471.4 billion from TZS 1,001.4 billion in the previous year, due to increase in the number of livestock sold and prices. Lake and Northern zones accounted for the largest share of the total livestock earnings, 21.8 percent each, while Southern Highlands contributed the least. Similarly, the value of fish catches increased to TZS 428.7 billion from TZS 395.3 billion recorded in the year ending June 2016 on account of price effect as the volume declined marginally to 88,284.6 tonnes from 91,098.1 tonnes. Fish catches declined consecutively in three years, attributed to climatic changes, illegal fishing, overfishing coupled with suspension of fishing activities at Nyumba ya Mungu dam. Meanwhile, Lake and Dar es Salaam zones together accounted for more than half of the total fish catches and earnings.

The value of manufactured goods increased to TZS 7,253.1 billion in 2016/17 from TZS 6,698.0 billion in 2015/16, on account of power supply stability, availability of raw materials and markets coupled with improvement in infrastructure. Manufacturing activity performed relatively better in all zones except Lake zone. Dar es Salaam zone accounted for 57.0 percent of the total value of manufactured goods, followed by Northern zone (20.6 percent). Value of minerals produced was USD 1,724.5 million compared with USD 1,524.4 million in 2015/16, largely driven by increase in gold production. Lake zone accounted for 91.3 percent of the total value of minerals recovered, mainly due to relatively high gold mining activities.

Number of visitors to attraction sites across zones declined, save for Central, South Eastern and Southern Highlands zones. However, tourist earnings (mainly fees) increased to TZS 202.1 billion from TZS 174.0 billion recorded in the year to June 2016 with Northern zone accounting for the largest share of 66.9 percent and 72.0 percent of the visitors and earnings, respectively.

Cargo handling at ports of Dar es Salaam, Tanga, and Mtwara declined to 14.09 million tonnes from 14.64 million tonnes recorded in the previous year, owing to, among others, slowdown in global economy, implementation of single custom territory with Democratic Republic of Congo, coupled with increasing competition from ports in the neighbouring countries—Beira in Mozambique, and Durban in South Africa. The Dar es Salaam port accounted for 93.2 percent of the total cargo handled by the three ports.

Electricity generated and distributed cumulatively increased to 4,926.0 thousand megawatts hours (MWh) in 2016/17 from 4,834.4 thousand MWh in the previous year, contributed by increased capacity utilization of gas powered turbines following completion of gas pipeline project from Mtwara and Lindi regions to Dar es Salaam. Much of the electricity, 86.7 percent, was generated in Dar es Salaam zone. Meanwhile, production of natural gas from Songo Songo and Mnazi Bay fields rose to 47,614.2 million standard cubic feet (MMSCF) from 43,903.3 MMSCF in 2015/16, of which 71.7 percent was by Songo Songo gas fields.

In the year ending 2016/17, tax revenue collected in all zones amounted to TZS 14,221.9 billion, 7.4 percent higher than the preceding year collections, but was 10.4 percent below the period target. The outturn was mainly on account of enhanced tax administration and compliance. Dar es Salaam zone accounted for 88.6 percent of the total, followed by Northern zone at 4.6 percent. Meanwhile, revenue collected by local government amounted to TZS 1,089.5 billion, a 94.3 percent increase from the 2015/16 collections and 79.4 percent of period target. Southern Highlands zone contributed 32.6 percent of total local government revenue, trailed by Central zone (27.7 percent) and Dar es Salaam (15.6 percent), while South Eastern zone contributed the least.

Commercial bank deposits across the six zones, rose by 4.9 percent to TZS 19,178.7 billion from the amount registered at the end of June 2016 contributed by deposit mobilization campaigns, increase in branch networks coupled with operationalization of agent banking model. Dar es Salaam zone accounted for 64.1 percent of total deposits, followed by Nothern zone (14.8) percent, while South Eastern zone had the lowest share of 3.1 percent. Total lending to various economic activities increased by 4.2 percent to TZS 16,485.3 billion at the end of June 2017 from the amount registered in the corresponding period in 2016, with Dar es Salaam zone contributing 56.3 percent[2] of the disbursed outstanding loans.

[2] Lending to private sector from banks branches are usually provisional, therefore they may differ from the actual figures submitted to Bank of Tanzania after verifications.

1.0 ECONOMIC PERFORMANCE

1.1 Gross Domestic Product

Nominal Gross Domestic Product (GDP) increased across all zones in 2016 with South Eastern zone recording the highest growth of 16.3 percent, mainly due to improved performance in agriculture and manufacturing activities. Lake and Southern Highlands zones grew by 16.0 percent and 15.1 percent, respectively driven by trade, mining, tourism, agriculture and manufacturing activities. Zones that contributed highly to the nominal GDP growth were Lake, 26.6 percent; Northern, 17.5 percent; and Dar es Salaam, 17.3 percent. South Eastern zone contributed the least, 10.6 percent of the nominal GDP (**Table 1.1**).

Table 1.1: Zonal GDP Performance at Current Prices

Billions of TZS

	2011	2012	2013	2014	2015[r]	2016[P]	Percentage change 2015 to 2016	Percentage contribution 2016
Central	7,340.2	8,510.8	9,677.4	10,897.5	12,178.2	13,873.4	13.9	13.6
Dodoma	1,629.7	1,904.1	2,151.6	2,423.4	2,635.6	3,029.9	15.0	3.0
Singida	997.6	1,178.7	1,305.9	1,474.8	1,635.9	1,919.6	17.3	1.9
Morogoro	2,602.2	3,001.1	3,433.7	3,866.3	4,453.2	4,980.8	11.8	4.9
Tabora	2,110.7	2,426.9	2,786.1	3,132.9	3,453.5	3,943.1	14.2	3.9
Northern	9,211.3	10,654.6	12,250.3	13,775.3	15,658.9	17,795.8	13.6	17.5
Arusha	2,497.8	2,929.0	3,366.4	3,786.6	4,271.4	4,877.0	14.2	4.8
Kilimanjaro	2,426.9	2,788.9	3,217.9	3,619.2	4,126.0	4,607.2	11.7	4.5
Tanga	2,505.0	2,884.0	3,312.5	3,714.9	4,235.1	4,845.8	14.4	4.8
Manyara	1,781.6	2,052.7	2,353.5	2,654.6	3,026.4	3,465.8	14.5	3.4
Dar-es-salaam	8,807.7	10,402.3	12,260.0	13,711.6	15,631.7	17,640.2	12.8	17.3
South Eastern	5,384.5	6,261.9	7,085.8	7,979.8	9,242.7	10,750.0	16.3	10.6
Lindi	999.6	1,159.6	1,312.6	1,482.8	1,690.4	2,033.8	20.3	2.0
Mtwara	1,363.2	1,625.2	1,788.4	2,016.9	2,362.9	2,801.6	18.6	2.8
Ruvuma	2,042.8	2,341.8	2,699.3	3,037.3	3,544.4	4,046.8	14.2	4.0
Pwani	978.9	1,135.3	1,285.5	1,442.9	1,645.0	1,867.8	13.5	1.8
Southern Highlands	8,458.9	9,826.3	11,364.6	12,786.8	13,105.3	14,666.5	11.9	14.4
Mbeya	3,849.2	4,500.8	5,272.8	5,931.1	5,107.7	5,831.8	14.2	5.7
Rukwa	1,818.2	2,101.0	2,414.5	2,718.4	3,180.9	3,735.5	17.4	3.7
Iringa	2,791.4	3,224.5	3,677.3	4,137.4	4,816.7	5,099.2	5.9	5.0
Lake	13,559.9	15,778.2	18,315.1	20,567.4	23,393.0	27,130.4	16.0	26.6
Kigoma	1,545.8	1,779.3	2,051.0	2,295.9	2,635.6	3,009.2	14.2	3.0
Shinyanga	3,181.4	3,694.0	4,203.3	4,727.3	5,389.3	6,163.7	14.4	6.1
Kagera	2,091.9	2,418.6	2,793.2	3,140.9	3,580.7	4,098.7	14.5	4.0
Mwanza	4,769.0	5,619.8	6,654.6	7,477.6	8,452.0	10,050.6	18.9	9.9
Mara	1,971.7	2,266.6	2,612.9	2,925.7	3,335.4	3,808.2	14.2	3.7
Tanzania Mainland	52,762.6	61,434.2	70,953.2	79,718.4	90,863.7	101,856.3	12.1	100.0

Source: National Bureau of Statistics

Note: The two statistical regions in Lake zone--Geita and Simiyu—and three in Southern Highlands zone—Songwe, Katavi and Njombe—are yet to be disaggregated by NBS from Mwanza, Shinyanga, Mbeya, Sumbawanga and Iringa, respectively

1.2 Inflation and Wholesale Prices

Average headline inflation rates in the zones recorded mixed trends in 2016/17 with Southern Highlands, Lake, and South Eastern zones recording increases owing to rise in prices of food items, mainly cereals. In 2016/17, the three zones registered average headline inflation rates above the national headline inflation (**Table 1.2** and **Chart 1.1**). In contrast, average headline inflation eased in Central, Northern and Dar es Salaam zones due to decline in food and non-food inflation with Dar es Salaam zone registering the lowest inflation rate of 2.2 percent.

Table 1.2: Headline Inflation Developments

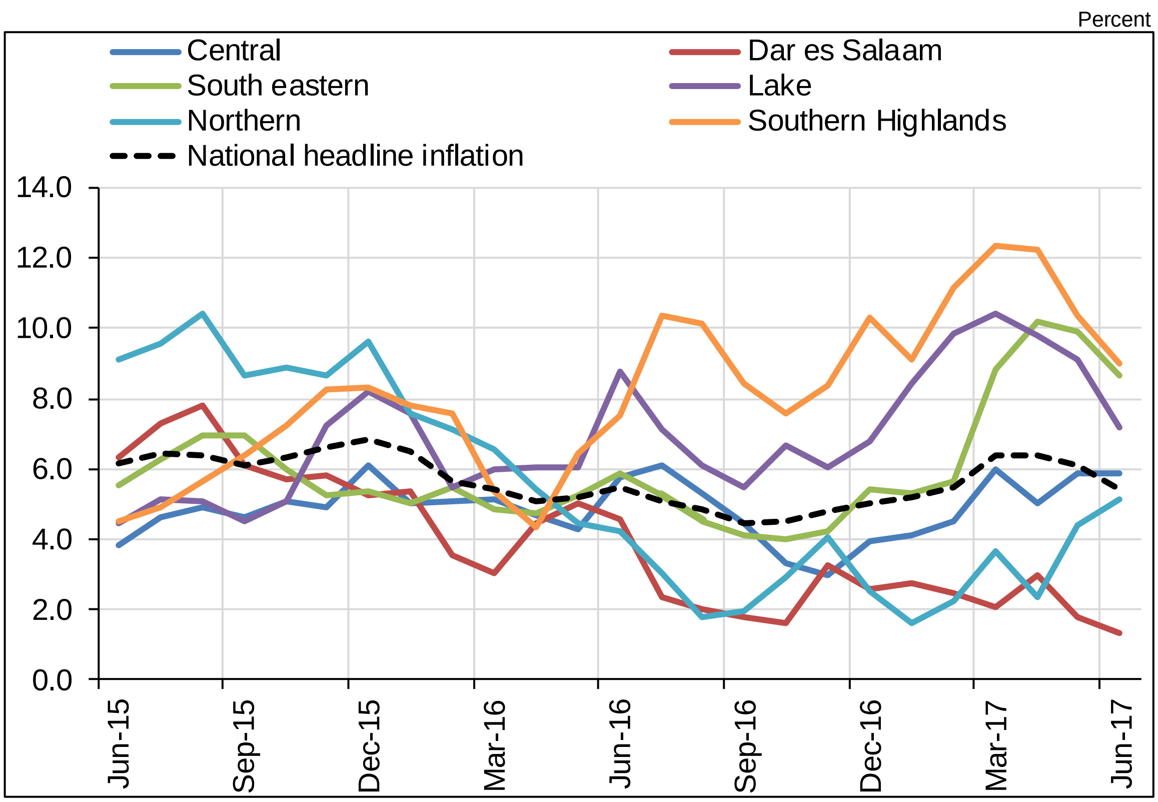
Percent

	National	Central	Dar es Salaam	South Eastern	Lake	Northern	Southern Highlands
2014/15	5.4	4.8	6.5	5.9	5.1	6.1	5.1
2015/16	6.0	5.0	5.3	5.7	6.3	7.6	6.7
2016/17	5.3	4.8	2.2	6.3	7.8	3.0	10.0

Source: National Bureau of Statistics

All zones recorded twelve-month headline inflation rates above the national rate in June 2017 save for Dar es Salaam and Northern zones (**Chart 1.1**). Meanwhile, with exception of Dar es Salaam and Lake zones, all other zones registered higher annual headline inflation rates compared to the rates recorded in June 2016, largely attributed to rise in food inflation.

Chart 1.1: Headline Inflation Developments



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

Wholesale average prices of main food crops namely beans, maize, bulrush, finger millets, sorghum, potatoes, and wheat increased when compared to prices recorded in 2015/16 (**Table 1.3**). The increase was attributed to lower production following inadequate rainfall in some major food crop growing areas, as well as increase in demand in the neighboring countries.

Table 1.3: Average Wholesale Price for Food Crops

TZS per 100 kilograms

		Central	South Eastern	Dar Es Salaam	Southern Highlands	Northern	Lake	Average
Year Ending June 2015	Beans	149,170.0	168,940.0	170,865.0	131,631.0	146,242.6	140,133.9	151,163.8
	Bulrush millet	51,214.0	n.a	62,034.0	n.a	n.a	n.a	56,624.0
	Finger millet	113,493.0	n.a	121,845.0	n.a	51,237.2	n.a	95,525.1
	Maize	40,321.0	63,101.0	43,181.0	33,017.0	42,348.8	46,977.7	44,824.4
	Rice	144,170.0	177,111.0	152,348.0	141,067.0	147,375.7	133,608.9	149,280.1
	Round potatoes	69,236.0	n.a	n.a	56,885.0	n.a	71,993.6	66,038.2
	Sorghum	53,026.0	n.a	65,718.0	n.a	n.a	69,906.8	62,883.6
	Wheat	103,147.0	n.a	122,570.0	121,914.0	95,162.1	n.a	110,698.3
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

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

2.0 FOOD SUPPLY SITUATION

During 2016/17, food supply was generally satisfactory in all zones. However, pockets of food shortages were reported in some areas in South Eastern, Central, Lake and Northern zones. The shortages were accommodated through subsidized food, released by the government, and sales by traders. About 18.9 million tonnes of food[3] were produced in the 2016/17 crop season, equivalent to a Self Sufficient Ratio (SSR) of 123.5 percent for 2017/18 consumption period. This was above the required SSR of 120 percent by 3.5 percentage points, signaling favorable food supply situation in the short-term.

Table 2.1: Food Production in 2016/17 and Requirement in 2017/18

Tonnes

Zone	Production	Requirement	Surplus/Deficit	SSR
Central	4,138,449.0	3,717,478.0	420,971.0	111.3
Dar es Salaam	38,664.0	1,933,204.0	-1,894,540.0	2.0
Southern Eastern	2,769,938.0	2,469,928.0	300,010.0	112.1
Lake	5,049,248.0	4,143,945.0	905,303.0	121.8
Northern	2,766,881.0	2,510,498.0	256,383.0	110.2
Southern Highlands	4,158,852.0	2,562,768.0	1,596,084.0	162.3
Total	18,922,032.0	17,337,821.0	1,584,211.0	123.5

Source: Ministry of Agriculture, Livestock and Fisheries
Note: Food production in 2016/17 crop season and food requirement is for 2017/18 consumption period

During 2016/17, National Food Reserve Agency (NFRA) purchased 27,855.9 tonnes and sold 34,092.3 tonnes[4] of food through the Prime Ministers' office for distribution to areas facing food shortages, Prisons Department, and traders. As a result, food stock held by NFRA as at 30th June 2017 was 76,399.9 tonnes compared with 75,341.6 tonnes recorded in the year ending June 30, 2016 (**Table 2.2**). About 44 percent of the stock was held in Southern Highlands zone.

[3] Includes cereals (maize, rice, sorghum, wheat and millet), and non-cereals (legumes, potatoes, cassava and bananas)
[4] The reported food stock comprised maize only.

Table 2.2: Stock of Food Held by NFRA in Zones

Tonnes

Period	Zone	Openining balance	Quantity purchsed	Quantity tranfered in	Quantity released	Balance
Year ending June 2015	Dar es Salaam	22,526.0	17,139.1	1,046.5	19,456.7	21,254.9
	Central	20,072.5	32,426.7	6,290.9	22,672.9	36,117.2
	Lake	7,989.9	7,651.8	10,218.1	15,976.6	9,883.2
	Northern	55,799.9	37,700.5	0.0	43,292.4	50,208.0
	South Eastern	22,992.9	73,168.1	0.0	6,307.0	89,854.0
	Southern Highlands	294,586.7	327,742.6	0.0	400,006.5	222,322.8
	Total	423,967.9	495,828.8	17,555.5	507,712.1	429,640.1
Year ending June 2016	Dar es Salaam	21,254.9	0.0	5,996.9	18,664.8	8,587.0
	Central	36,574.6	0.0	7,415.2	32,346.9	11,642.9
	Lake	9,882.7	0.0	14,861.7	13,957.3	10,787.1
	Northern	17,401.0	0.0	0.0	9,078.2	8,322.8
	South Eastern	122,661.0	0.0	0.0	113,845.0	8,816.0
	Southern Highlands	29,427.0	3,855.5	0.0	6,096.7	27,185.8
	Total	237,201.2	3,855.5	28,273.8	193,988.9	75,341.6
Year ending June 2017	Dar es Salaam	8,540.4	10.6	3,698.9	3,674.9	8,575.0
	Central	10,429.2	5,692.3	0.0	10,286.7	5,834.8
	Lake	10,787.1	0.0	1,984.3	6,104.8	6,666.6
	Northern	8,530.5	5,123.3	0.0	2,266.1	11,387.7
	South Eastern	8,815.8	10,335.4	0.0	8,815.8	10,335.4
	Southern Highlands	29,850.1	6,694.3	0.0	2,944.0	33,600.4
	Total	76,953.1	27,855.9	5,683.2	34,092.3	76,399.9

Source: National Food Reserve Agency

3.0 SECTORAL PERFORMANCE

3.1 Agriculture

3.1.1 Cash Crop Procurement

The value of cash crops procured increased to TZS 3,226.6 billion from TZS 2,391.5 billion recorded in 2015/16 (**Table 3.1**). Improvements were recorded in cashew nuts, sesame, coffee and horticulture, partly attributed to favorable weather, inputs availability and demand factors. South Eastern zone accounted for 33.5 percent of the procured cash crops, followed by Southern Highlands zone (29.8 percent).

Table 3.1: Cash Crop Procurement

Billions of TZS

Zone	2014/15	2015/16	2016/17	Percentage change 2015/16 to 2016/17	Percentage contribution 2016/17
Central	154.0	161.0	182.5	13.4	5.7
South Eastern	379.2	514.2	1,081.5	---	33.5
Lake	379.9	304.1	247.1	-18.7	7.7
Northern	480.3	523.7	754.8	44.1	23.4
Southern Highlands	624.6	888.5	960.7	8.1	29.8
Total	2,018.0	2,391.5	3,226.6	34.9	100.0

Source: Regional Commissioners' Offices, Crop Boards, Agro processing industries, and Bank of Tanzania computation
Note : '---' denotes change exceeds 100 percent, in absolute terms

3.2 Livestock

Earnings from livestock sales went up to TZS 1,471.4 billion from TZS 1,001.4 billion in 2015/16 mainly due to increase in the number of livestock sold and selling prices (**Table 3.2**). Lake and Northern zones accounted for 21.8 percent of total earnings each, while Southern Highlands contributed the least.

Table 3.2: Number of Livestock Sold through Registered Markets

Year		Unit	Central	DSM	South Eastern	Lake	Northern	Southern Highlands	Total
2014/15	Cattle	Number	311,837	196,230	275,105	455,794	311,220	133,547	1,683,733
		Value	130,874	127,730	100,227	189,481	170,908	65,712	784,932
	Goats	Number	156,373	89,580	105,205	190,124	248,319	112,580	902,181
		Value	7,339	7,653	6,105	9,549	17,604	8,131	56,381
	Sheep	Number	64,717	46,860	20,268	74,700	88,997	22,301	317,843
		Value	2,623	3,294	1,143	1,995	6,953	1,142	17,150
		Total Value	140,836	138,677	107,475	201,025	195,465	74,985	858,463
2015/16	Cattle	Number	321,060	244,020	305,577	478,559	313,085	157,879	1,820,180
		Value	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	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	4,518	4,047	1,456	3,841	8,305	1,566	23,732
		Total Value	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	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	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	6,888	1,984	908	6,327	6,029	1,568	23,704
		Total Value	274,729	297,351	159,469	321,310	320,670	97,865	1,471,394

Source: Regional Commissioner's Offices, Ministry of Livestock Development and Fisheries, Bank of Tanzania calculations
Note: Value is in millions of Tanzania shilling

3.3 Fisheries

Overall, fish catches decreased by 2.9 percent to 88,284.6 tonnes in 2016/17 from the levels recorded in the preceding year, attributed to climatic changes, illegal fishing, overfishing coupled with suspension of fishing activities at Nyumba ya Mungu dam from June 2016. However, the value of fish caught increased to TZS 428.7 billion from TZS 395.3 billion driven by demand factors. In terms of contribution, South Eastern and Lake zones jointly accounted for 56.3 percent and 62.1 percent of quantity and earnings, respectively (**Table 3.3**).

Table 3.3: Fish Catch

Zone	Unit	2014/15	2015/16	2016/17	Percentage change 2015/16 to 2016/17	Percentage contibution 2016/17
Central	Tonnes	967.5	1,270.5	771.0	-39.3	0.9
	Billions of TZS	7.7	10.3	5.5	-46.6	1.3
Dar es Salaam	Tonnes	21,750.0	22,300.6	23,143.9	3.8	26.2
	Billions of TZS	83.4	83.5	91.3	9.3	21.3
South Eastern	Tonnes	22,717.5	23,571.1	19,901.3	-15.6	22.5
	Billions of TZS	71.1	72.9	58.0	-20.5	13.5
Lake	Tonnes	25,371.2	23,488.4	29,901.0	27.3	33.8
	Billions of TZS	140.6	138.1	208.2	50.8	48.6
Northern	Tonnes	13,272.0	13,391.0	12,425.2	-7.2	14.0
	Billions of TZS	63.4	65.6	54.4	-17.1	12.7
Southern Highlands	Tonnes	7,371.3	7,076.5	2,342.2	-66.9	2.6
	Billions of TZS	19.8	24.9	11.3	-54.7	2.6
Total	Tonnes	91,449.5	91,098.1	88,484.6	-2.9	100.0
	Billions of TZS	385.9	395.3	428.7	8.4	100.0

Source: Regional Commissioners' Offices, and Bank of Tanzania computations

3.4 Manufacturing

The value of manufactured goods rose by 8.3 percent to TZS 7,253.1 billion from the previous year, owing to stability in power supply and availability of raw materials. Expansion in manufacturing activities was registered in South Eastern, Northern, Central, Southern Highlands and Dar es Salaam zones, largely driven by beverages, cement and sugar industries. Meanwhile, Lake zone recorded a decline in production, contributed by slowdown in beer production. Dar es Salaam zone contributed 57.0 percent of the total value, trailed by Northern zone at 20.6 percent (**Table 3.4**).

Table 3.4: Value of Selected Manufactured Commodities

Billions of TZS

Zone	2014/15	2015/16	2016/17	Percentage change 2015/16 to 2016/17	Percentage contribution 2016/17
Central	177.1	324.0	299.0	-7.7	4.1
Dar es Salaam	3,604.0	4,003.0	4,199.0	4.9	57.9
South Eastern	78.8	87.4	215.6	---	3.0
Lake	573.8	526.5	476.7	-9.5	6.6
Northern	1,027.2	1,189.0	1,492.0	25.5	20.6
Southern Highlands	440.9	568.7	570.5	0.3	7.9
Total	5,901.8	6,698.5	7,252.7	8.3	100.0

Source: National Bureau of Statistics, respective industries, and Bank of Tanzania computations
Note : '---' denotes change exceeds 100 percent, in absolute terms

3.5 Mining

In 2016/17, the value of minerals amounted to USD 1,724.5 million, 13.1 percent up from the level recorded in 2015/16 (**Table 3.5**). The improvement was on account of increase in gold production. Lake zone accounted for the largest share, contributing 91.3 percent of the total value of mineral recovered mainly due to existence of relatively high gold mining activities.

Table 3.5: Mineral Recovery

Millions of USD

	2014/15	2015/16	2016/17	Percentage change 2015/16 to 2016/17	Percentage contribution 2016/17
Central	0.7	0.9	9.3	---	0.5
South Eastern	3.3	4.0	6.1	52.5	0.4
Lake	1,311.3	1,329.5	1,575.2	18.5	91.3
Northern	35.3	38.5	42.5	10.4	2.5
Southern Highlands	72.7	151.5	91.4	-39.7	5.3
Total	1,423.3	1,524.4	1,724.5	13.1	100.0

Source : Zonal Mines Offices and Mining companies
Note : '---' denotes change exceeds 100 percent, in absolute terms

3.6 Tourism

Number of visitors to attraction sites decreased by 4.7 percent when compared with the number of arrivals in 2015/16. The decline was more noticeable in Dar es Salaam, Lake and Northern zones (**Table 3.6**). However, earnings from visitors, mostly fees, increased to TZS 202.1 billion in 2016/17 from TZS 174.0 billion in the year ending June 2016. Northern zone accounted for 66.9 percent and 72.0 percent of total number of visitors and earnings, respectively.

Table 3.6: Tourist Visitors and Earnings

Zone	Unit	2014/15	2015/16	2016/17	Percentage change 2015/16 to 2016/17	Percentage contibution 2016/17
Central	Number of visitors	56,115.0	53,644.0	59,000.0	10.0	3.8
	Earnings	1,252.6	1,473.2	1,804.0	22.5	0.9
Dar es Salaam	Number of visitors	142,446.0	21,863.0	20,436.0	-6.5	1.3
	Earnings	538.8	409.9	282.5	-31.1	0.1
South Eastern	Number of visitors	22,196.0	22,968.0	23,022.0	0.2	1.5
	Earnings	358.1	363.6	360.8	-0.8	0.2
Lake	Number of visitors	391,500.0	407,672.0	371,256.0	-8.9	24.2
	Earnings	36,637.1	44,457.3	52,282.7	17.6	25.9
Northern	Number of visitors	1,053,227.0	1,074,514.0	1,028,029.0	-4.3	66.9
	Earnings	5,093.0	125,650.3	145,438.4	15.7	72.0
Southern Highlands	Number of visitors	34,728.0	32,720.0	35,278.0	7.8	2.3
	Earnings	1,773.8	1,638.8	1,919.1	17.1	0.9
Total	Number of visitors	1,700,212.0	1,613,381.0	1,537,021.0	-4.7	100.0
	Earnings	45,653.4	173,993.1	202,087.5	16.1	100.0

Source: Tanzania National Park, Ngorongoro Conservation Area, National Museum and House of Culture, and Bank of Tanzania computations
Note: Earnings in millions of Tanzania shilling

3.7 Energy

Electricity generated and distributed cumulatively increased to 4,926,039.9 MWh in 2016/17 from 4,834,426.7 MWh recorded in the previous year. This performance was attributed to availability of natural gas, the main raw material in thermal electricity generation and increase in capacity utilization of gas powered electricity generation plants after completion of Mnazi bay pipeline project (**Table 3.7**). Much of the generation occurred in Dar es Salaam zone, which accounted for 86.7 percent of total electricity generated. Meanwhile, gas production from Songo Songo and Mnazi Bay fields increased by 8.5 percent from the volume recorded in the preceding financial year to 47,614.2 million standard cubic feet, of which 71.7 percent was from Songo Songo field.

Table 3.7: Production of Electricity and Natural Gas

	2014/15	2015/16	2016/17	Percentage change 2015/16 to 2016/17	Percentage contribution 2016/17
Electricity (MWh):					
Dar es Salaam	3,216,197.2	4,137,098.3	4,272,705.2	3.3	86.7
South Eastern	80,823.3	84,839.9	93,923.3	10.7	1.9
Lake	312,659.1	275,620.1	303,550.6	10.1	6.2
Northern	262,656.0	331,627.4	250,464.2	-24.5	5.1
Southern Highlands	3,726.0	5,241.0	5,396.7	3.0	0.1
Total	3,876,061.6	4,834,426.7	4,926,040.0	1.9	100.0
Natural Gas (Million standard cubic feet):					
South Eastern	33,651.6	43,903.3	47,614.2	8.5	

Source: Tanzania Electric Supply Company Limited and Tanzania Petroleum Development Corporation

3.8 Ports Performance

Volume of cargos shipped through the ports of Dar es Salaam, Tanga, and Mtwara decreased by 3.7 percent to 14.1 million tonnes from the amount registered in 2015/16 (**Table 3.8**). Tanga port recorded the largest decline of 26.8 percent driven by contraction of imports. Dar es Salaam port accounted for 93.2 percent of the total cargo handled, followed by Tanga port (4.1 percent). Main cargos handled by the three ports include capital, intermediate and consumer goods, cement and agriculture produces.

Table 3.8: Ports Performance

'000' Tonnes

	Volume of Cargo			Percentage change 2015/16 to 2016/17	Percentage contribution 2016/17
	2014/15	2015/16	2016/17		
Dar es Salaam	14,596.0	13,458.0	13,143.0	-2.3	93.2
Tanga	795.0	787.0	577.0	-26.7	4.1
Mtwara	401.0	400.0	378.0	-5.5	2.7
Total	15,792.0	14,645.0	14,098.0	-3.7	100.0

Source: Tanzania Ports Authority

4.0 REVENUE AND CROSS BORDER TRADE

4.1 Revenue Performance

4.1.1 Tax Revenue Performance

During 2016/17, tax collections increased by 7.4 percent to TZS 14,221.9 billion, equivalent to 89.6 percent of the target. The improvement in collections was largely on account of enhancement of tax administration and compliance. Dar es Salaam zone remained the largest contributor, accounting for 88.6 percent of total tax collections, followed by Northern zone at 4.6 percent, while Central zone was the least contributor (**Table 4.1**).

Table 4.1: Tax Revenue Performance

Billions of TZS

	2014/15	2015/16	2016/17			Percentage	Percentage
Zone	Actual	Actual	Target	Actual	Actual vs target	change 2015/16 to 2016/17	contribution 2016/17
Central	98.1	121.4	145.3	146.2	---	20.4	1.0
Dar es Salaam	9,624.3	11,937.9	14,265.5	12,606.4	88.4	5.6	88.6
South Eastern	82.0	162.6	211.6	279.7	---	72.0	2.0
Lake	253.2	307.6	373.1	389.1	---	26.5	2.7
Northern	480.0	593.1	733.9	647.4	88.2	9.2	4.6
Southern Highlands	83.1	123.5	142.2	153.1	---	24.0	1.1
Total	10,620.6	13,246.1	15,871.6	14,221.9	89.6	7.4	100.0

Source: Tanzania Revenue Authority (TRA)
Note : '---' denotes the ratio exceeds 100 percent, in absolute terms; and Dar es Salaam includes Ilala, Kinondoni, Temeke, Large Taxpayer department, customs service centre and Julius Nyerere International Airport

4.1.2 Local Government Revenue Performance

Local government revenue collection from own sources amounted to TZS 1,089.5 billion in 2016/17, which was 79.4 percent of the target. Southern Highlands zone was the largest contributor, accounting for 32.6 percent of total local government revenue collections, followed by Central and Dar es Salaam zones with 27.7 percent and 15.6 percent, respectively. South Eastern zone was the least contributor, accounting for 6.4 percent of total collections.

Table 4.2: Local Government Revenue Performance

Billions of TZS

	2014/15	2015/16	2016/17			Percentage change 2015/16 to 2016/17	Percentage contribution 2016/17
	Actual	Actual	Target	Actual	Actual to target		
Dar es Salaam	107.7	106.1	181.7	171.5	94.4	61.6	15.6
Northern	n.a	n.a	160.9	111.2	69.1		10.1
Lake	54.9	67.1	108.6	83.4	76.8	24.4	7.6
Southern Highlands	255.3	338.3	468.4	358.5	76.5	6.0	32.6
Central	n.a	n.a	381.8	303.9	79.6		27.7
South Eastern	46.4	53.7	81.2	69.9	86.1	30.2	6.4
Total	464.4	565.2	1,382.6	1,098.5	79.4	94.3	100.0

Source: Regional Administrative Secretary offices
Note: n.a denotes not available

4.2 Cross Border Trade

Cross border trade improved by 18.1 percent to a surplus of TZS 5,932.8 billion in 2016/17 from a surplus of TZS 5,023.6 billion in 2015/16. Most of improvement was recorded in Northern and Southern Highlands zones, whose trade surpluses grew by 86.2 percent and 39.3 percent, respectively (**Table 4.3**). The value of exports across the borders rose by 12.8 percent in 2016/17, while that of imports increased by 4.7 percent. Although its share in total cross-border exports declined, Lake zone remained dominant accounting for 41.9 percent of the total exports, followed by Northern zone with 28.2 percent. Meanwhile, Southern Highlands zone continued to account for the largest share of 68.7 percent in total value of cross border imports. Major exports included raw agro-products, cattle, goats, plastic products, fish and fish fillets, while imports were dominated by timber, petroleum products, motor vehicles, textile materials, mining and laboratory equipment, and consumer goods.

Table 4.3: Formal Cross Border Trade

Billions of TZS

Zone	Item	2014/15	2015/16	2016/17	Percentage change 2015/16 to 2016/17	Percentage contribution 2016/17
South Eastern	Exports	1,599.5	734.4	239.7	-67.4	2.6
	Imports	369.0	126.0	20.5	-83.7	0.6
	Trade balance	1,230.5	608.4	219.2	-64.0	3.7
Lake	Exports	3,601.9	3,711.4	3,934.1	6.0	41.9
	Imports	465.9	580.6	547.8	-5.6	15.8
	Trade balance	3,136.0	3,130.8	3,386.3	8.2	57.1
Northern	Exports	1,133.0	1,930.0	2,648.7	37.2	28.2
	Imports	2,009.1	783.8	514.0	-34.4	14.9
	Trade balance	-876.1	1,146.2	2,134.7	86.2	36.0
Southern Highlands	Exports	1,906.9	1,953.6	2,571.4	31.6	27.4
	Imports	1,734.4	1,815.4	2,378.8	31.0	68.7
	Trade balance	172.5	138.2	192.6	39.3	3.2
Total	Exports	8,241.3	8,329.4	9,393.9	12.8	100.0
	Imports	4,578.4	3,305.8	3,461.1	4.7	100.0
	Trade balance	3,662.9	5,023.6	5,932.8	18.1	100.0

Source: Tanzania Revenue Authority

5.0 FINANCIAL SECTOR PERFORMANCE

5.1 Banks Deposits and Lending

Commercial banks deposits increased by 29.9 percent from the levels recorded at the end of June 2016 to TZS 19.2 trillion as at 30th June 2017. The increase was attributed to improved deposits mobilization by banks. Deposits in Southern Highlands zone recorded a decline of 32.6 percent attributed to seasonality of farming activities, which are characterized by higher withdrawals during farming season. As for Lake and Northern zones, deposits went up by 10.0 percent and 45.9 percent, respectively (**Table 5.1**). Dar es Salaam zone, maintained its dominance in total deposits by accounting for 64.1 percent of the zonal total, while South Eastern zone contributed the least, 3.1 percent.

Table 5.1: Commercial Bank Deposits

Billions of TZS

Zone	2014/15	2015/16	2016/17	Percentage change 2015/16 to 2016/17	Percentage contribution 2016/17
Central	890.1	911.0	952.6	4.6	5.0
Dar es Salaam	12,393.4	12,162.4	12,296.0	1.1	64.1
South Eastern	547.6	596.0	601.3	0.9	3.1
Lake	1,308.6	1,638.5	1,801.9	10.0	9.4
Northern	1,789.1	1,944.5	2,837.9	45.9	14.8
Southern Highlands	480.6	1,022.2	689.0	-32.6	3.6
Total*	17,409.4	18,274.6	19,178.7	29.9	100.0

Source: Commercial banks in respective zones
Note: * data excludes Zanzibar

Lending to various economic activities decreased by 2.9 percent to TZS 16.5 trillion at the end of June 2017 compared with the amount recorded in the preceding year. Dar es Salaam zone accounted for the largest share of 56.3 percent of the total lending, followed by Central and Northern zones at 17.8 percent and 12.0 percent in the same order (**Table 5.2a**).

Table 5.2a: Commercial Bank Lending

Billions of TZS

Zone	2014/15	2015/16	2016/17	Percentage change 2015/16 to 2016/17	Percentage contribution 2016/17
Central	2,152.1	3,715.3	2,939.3	-20.9	17.8
Dar es Salaam	8,256.0	8,237.9	9,284.3	12.7	56.3
South Eastern	561.6	679.9	418.1	-38.5	2.5
Lake	1,052.7	1,206.7	1,277.1	5.8	7.7
Northern	1,116.5	1,311.4	1,975.5	50.6	12.0
Southern Highlands	606.8	676.5	591.0	-12.6	3.6
Total*	13,745.7	15,827.7	16,485.3	-2.9	100.0

Source: Commercial banks in zones
Note: * excludes Zanzibar

Most of the lending was directed to community, social services and person loans, whose lending across zones averaged 25.9 percent; followed by agriculture, 17.6 percent; and trade, 16.1 percent (**Table 5.2b)**.

Table 5.2b: Banks' Lending by Activity for the Year Ending June 2017

Percentage

Economic activities	Central	South Eastern	Dar es Salaam	Southern Highlands	Northern	Lake	Average
Community, social and personal loans	44.0	22.7	5.1	55.0	12.5	15.9	25.9
Agricuture, hunting,forestry and fishing	21.0	17.5	8.3	30.2	10.9	18.9	17.8
Wholesales and retail trade	13.0	18.7	15.2	1.2	30.0	18.6	16.1
Manufacturing	3.0	12.1	9.0	1.8	7.1	5.5	6.4
Building and construction	2.1	1.9	7.0	0.9	5.6	4.3	3.6
Financial intermediation	3.0	1.7	2.4	2.4	2.5	2.1	2.4
Transport, storage and communication	2.0	1.3	20.1	3.0	8.8	1.0	6.0
Mining and quarrying	0.0	0.0	6.5	1.4	0.0	0.0	1.3
Electricity,water and gas	1.0	0.0	3.2	0.9	0.0	0.6	1.0
Tourism	0.0	13.8	0.0	0.0	2.8	1.5	3.0
Real estate	0.0	0.0	10.6	0.0	0.0	0.4	1.8
Hotel and restaurant	0.0	0.0	1.6	0.0	8.2	0.0	1.6
Education	0.0	0.0	0.0	0.0	0.0	3.4	0.6
Others	11.0	10.2	11.0	3.2	11.6	27.8	12.5

Source: Commercial banks in zones, and Bank of Tanzania computations

In the year ending June 2017, average deposit rate declined to 4.3 percent from 4.6 percent in the similar period in 2016, while average lending rates eased to 17.3 percent from 17.8 percent. This resulted into a slight decline of interest spread to 13.1 percent from 13.2 percent (**Table 5.3**).

Table 5.3: Interest Rates on Deposits and Loans

	Year ending			Percentage change Jun-16 to Jun-17
Item	Jun-15	Jun-16	Jun-17	
Average deposit rate	4.0	4.6	4.3	-6.5
Average lending rate	19.5	17.8	17.3	-2.8
Spread	15.5	13.2	13.0	-1.5

Source: Commercial banks

5.2 Bureau de Change Operations

The purchase of foreign exchange by bureau de change amounted to USD 591.7 million compared with USD 460.7 million in year 2015/16, while sales of foreign exchange increased to USD 505.3 million from USD 433.2 million (**Table 5.4**). Dar es Salaam zone accounted for 89.2 percent and 89.5 percent of the purchases and sales, respectively, followed by Northern zone, with 8.7 percent of the purchases and 8.8 percent of the sales. The foreign exchange transactions by bureau de change were largely driven by trade and tourism activities.

Table 5.4: Bureau de Change Transactions

Millions of USD

	2014/15		2015/16		2016/17		Percentage change 2015/16 to 2016/17		Percentage share 2016/17	
Zone	Purchase	Sales	Purchase	Sales	Purchase	Sales	Purchase	Sales	Purchase	Sales
Central	2.5	3.4	1.2	1.3	6.6	3.7	---	---	1.1	0.7
Dar es Salaam	430.1	424.3	391.3	366.6	527.9	452.1	34.9	23.3	89.2	89.5
South Eastern	0.3	0.2	0.3	0.1	0.1	0.1	-66.7	0.0	0.0	0.0
Lake	3.0	2.3	2.1	2.2	3.8	3.3	81.0	50.8	0.6	0.7
Northern	47.8	48.8	62.8	60.1	51.7	44.6	-17.7	-25.8	8.7	8.8
Southern Highlands	3.1	3.0	3.0	2.9	1.6	1.5	-46.7	-48.3	0.3	0.3
Total	486.8	482.0	460.7	433.2	591.7	505.3	28.4	16.6	100.0	100.0

Source: Bank of Tanzania
Note: '---' denotes change exceeds 100 percent, in absolute terms

5.3 Savings and Credit Cooperative Societies

Savings and Credit Cooperative Societies (SACCOS) recorded improved performance in the year ending June 2017 in terms of number of members, savings, deposits and loans disbursed (**Table 5.5**). Membership increased from 880,900 at the end of June 2016 to 975,835 at the end of June 2017. Likewise, savings increased by 11.7 percent from TZS 281,500 million at the end of June 2016 with Dar es Salaam and Northern zones accounting for 44.0 percent and 25.4 percent of the total savings, respectively. Loans disbursement increased by 5.5 percent to TZS 943.5 billion, with Southern Highlands zone accounting for the largest share of 35.9 percent and Central zone, the least (5.8 percent).

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 2015	Number of SACCOS	677.0	1,067.0	534.0	929.0	1,247.0	672.0	5,126.0
	Members	104,218.0	129,264.0	184,173.0	193,327.0	142,324.0	198,500.0	951,806.0
	Shares value (Mil. of TZS)	6,706.0	7,573.0	9,168.4	20.8	7,271.1	9,700.0	40,439.3
	Savings (Mil. of TZS)	17,704.0	28,901.8	39,775.4	56,589.0	10,907.1	108,800.0	262,677.3
	Deposits (Mil. of TZS)	3,836.0	3,856.0	9,365.0	10,321.0	2,425.6	5,700.0	35,503.6
	Loans issued (Mil. of TZS)	85,577.0	90,836.6	132,851.0	303,314.0	35,744.5	154,600.0	802,923.1
	Outstanding loans (Mil. of TZS)	21,531.0	60,547.4	34,002.2	80,904.0	29,720.3	76,800.0	303,504.9
Year ending June 2016	Number of SACCOS	697.0	1,070.0	578.0	939.0	1,338.0	892.0	5,514.0
	Members	100,751.0	129,880.0	102,420.0	194,800.0	123,493.0	229,556.0	880,900.0
	Shares value (Mil. of TZS)	5,257.0	7,617.0	10,364.8	21.0	4,580.9	11,800.0	39,640.7
	Savings (Mil. of TZS)	19,465.0	24,956.9	30,520.0	69,965.3	13,893.1	122,700.0	281,500.3
	Deposits (Mil. 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 (Mil. 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 (Mil. 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	941.0	1,243.0	751.0	930.0	928.0	897.0	5,690.0
	Members	142,666.0	149,847.0	129,233.0	185,207.0	134,735.0	234,147.0	975,835.0
	Shares value (Mil. of TZS)	6,797.0	7,599.0	15,540.2	16,100.0	6,888.5	13,100.0	66,024.7
	Savings (Mil. of TZS)	26,848.0	25,614.0	21,781.6	79,945.5	21,738.5	138,400.0	314,327.6
	Deposits (Mil. of TZS)	2,578.0	4,351.0	16,018.1	11,900.2	5,710.7	4,000.0	44,558.0
	Loans issued (Mil. of TZS)	127,752.0	93,818.0	193,567.0	365,282.1	54,537.2	108,500.0	943,456.3
	Outstanding loans (Mil. of TZS)	53,579.0	52,361.0	124,176.4	224,363.7	40,371.3	59,200.0	554,051.4

Source: Ministry of Agriculture, Food Security and Cooperatives, and Regional Authorities