



BANK OF TANZANIA

**CONSOLIDATED ZONAL ECONOMIC
PERFORMANCE REPORT FOR THE QUARTER
ENDING MARCH 2017**

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Executive Summary

In the quarter ending March 2017, year-on-year headline inflation in all zones was higher than in the corresponding quarter, except for the Central, Dar es Salaam and Northern zones¹. The increase in inflation was explained by varied reasons across zones but was mostly driven by food prices, particularly cereals, and non-food items including charges for housing, water, electricity, gas and other fuels. Highest inflation was recorded in Southern Highlands (10.9 percent), and was attributed to increase in non-food inflation; and Lake Zone (9.6 percent) attributed to increase in prices of staple food-maize and sorghum. The South Eastern, Lake and Southern Highlands zones registered relatively high inflation above the national headline inflation for two consecutive quarters. Dar es Salaam zone recorded the lowest inflation in three consecutive quarters, reflecting improved food supplies.

Wholesale prices for the main food crops maize, beans, millet, sorghum, wheat and potatoes increased across the zones in the quarter to March 2017, mainly due to decline in food supply owing to inadequate short (*vuli*) rains. Generally, food supply situation was satisfactory in all zones, except for some few areas in the Lake and Northern zones, which experienced food shortages at varying degrees. Food shortage was reported in Mwanga, Hai, Same, Moshi, Siha, Arusha DC, Ngorongoro, Longido, Karatu, Monduli, Meru, Babati, Mbulu, Simanjiro, Hanang and Kiteto districts in the Northern zone. In the effort to address the problem, the National Food Reserve Agency (NFRA) released 2,275.0 tonnes of food to the Disaster Coordination Unit of the Prime Minister's Office, which was distributed to affected areas. In addition, NFRA sold 2,498.6 tonnes to police and prisons department, whereas about 8,009.9 tonnes of food were sold to private traders and millers to increase supply in the market.

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 Morogoro, Dodoma, Singida, and Tabora regions; Dar-es-Salaam zone (Dar es Salaam); South Eastern zone (Pwani, Lindi, Mtwara and Ruvuma); Lake zone (Geita, Kagera, Kigoma, Mara, Mwanza, Shinyanga and Simiyu); Northern zone (Arusha, Kilimanjaro, Manyara and Tanga); and Southern Highlands zone (Katavi, Rukwa, Songwe, Mbeya, Njombe, and Iringa).

Value of cash crops procured increased to TZS 256.3 billion from TZS 189.9 billion recorded in the corresponding period in 2016, mainly because of increased procurement of cashew nuts and tea. The Northern zone contributed 75.9 percent of the total value of cash crops procured, followed by the South-Eastern zone with 21.5 percent. The Southern Highlands zone contributed the least. The value of livestock sold in the markets across all zones decreased by 38.2 percent to TZS 287.5 billion notably because of decline in both supply of livestock (cattle, goats and sheep) and prices. The Central zone accounted for 25.9 percent of the total value, followed by Dar es Salaam zone with 22.6 percent and Lake zone with 21.1 percent. Meanwhile, the value of fish catches across zones increased to TZS 78.7 billion from TZS 66.0 billion recorded in the corresponding quarter in 2016. The Lake zone contributed 42.7 percent and 64.1 percent of fish catches and earnings, respectively, whereas the Central zone contributed the least share of 1.1 percent of catches and 1.8 percent of earnings.

The value of manufactured goods across all zones decreased to TZS 1,971.4 billion from TZS 2,270.0 billion recorded in the corresponding quarter in 2016. Despite of the stability in power supply, slowdown in performance of manufacturing activity was attributed to a decline in production of non-metallic products; paper and paper products; and soft drinks. Dar es Salaam zone contributed 52.3 percent of the value of manufactured goods, followed by Northern zone (28.0 percent). Value of minerals on the other hand rose to USD 443.3 million from USD 381.1 million largely driven by increase in volume of gold and recovery of gold prices in the world market. The Lake zone contributed 88.8 percent of the total value of minerals, owing to relatively high gold mining operations.

Number of tourist visits slowed down across the zones, except for the Dar es Salaam and the South-Eastern zone. Tourist earnings (mainly fees) declined to TZS 43,649.1 million from TZS 45,420.6 million registered in the corresponding quarter in 2016. The Northern zone accounted for 69.9 percent and 73.5 percent of the number of visits and total earnings, respectively.

Cargo handling at the sea and Lake Victoria ports (Dar es Salaam, Tanga, Mtwara and Mwanza) declined to 3.3 million tonnes compared with 3.5 million tonnes in similar period in 2016. Tanga port recorded a decline of 48.7 percent on account of a substantial decline in imports. The Dar es Salaam port accounted for 89.5 percent of the total cargo.

Electricity generated and distributed across zones increased to 1,234,089.9MWh from 1,021,581.5MWh recorded in the corresponding period in 2016. The increase was largely attributed to availability of natural gas, the main raw material in thermal electricity generation and increase in capacity utilization after the completion of Mnazi bay pipeline project. The Dar es Salaam zone accounted for 94.2 percent of the electricity generated. On the other hand, production of natural gas from Songo Songo and Mnazi Bay fields increased by 6.1 percent from the amount registered during the corresponding period in 2016.

In the quarter ending March 2017, revenue collected across zones amounted to TZS 3,988.8 billion, a 9.4 percent below period target. The revenue outturn was 6.4 percent above the level collected in the corresponding quarter of 2016, mainly associated with improved tax administration and compliance. The Dar es Salaam zone accounted for 89.0 percent of the revenue outturn, while the Central zone contributed the least share of 1.0 percent.

Commercial bank deposits increased across all zones, except for South Eastern and Northern zones. Bank deposits increased by 13.3 percent to TZS 16,305.4 billion from the level registered in the similar period in 2016. This performance was attributed to ongoing deposits mobilization campaigns and promotion of agency banking coupled with expansion of branch network. Lending to various economic activities during the quarter decreased to TZS 13,462.5 billion compared to TZS 14,232.8 billion registered in the corresponding period in 2016. Dar es Salaam zone accounted for 69.4 percent and 67.3 percent of total deposits and loans issued in the quarter, respectively. Dar es Salaam zone accounted for the largest share of bank deposits and loans outstanding since is the country's central business area and hosts most of the commercial banks head offices.

1.0 ECONOMIC PERFORMANCE

1.1 Inflation and Wholesale Prices

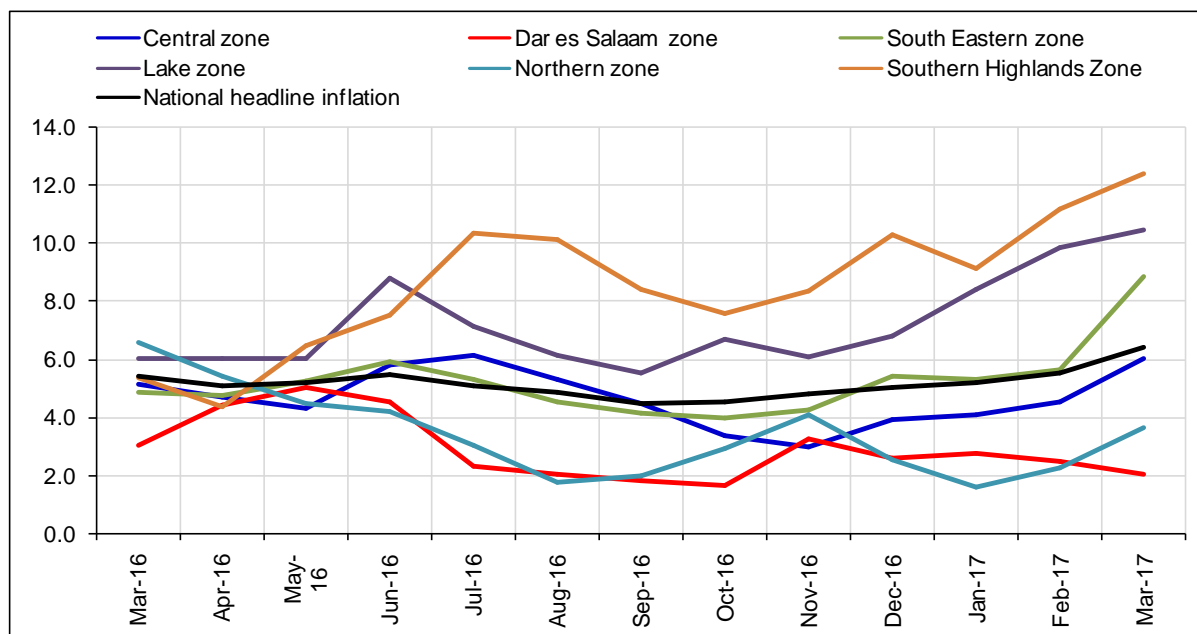
In the quarter ending March 2017, headline inflation was higher across all zones than in similar quarter in 2016, except for Dar es Salaam and Northern zone (**Table 1.1**). The surge in inflation was mixed across zones with some explained by the increase in prices of food items, while others by non-food items such as housing, water, electricity, gas and other fuels. Highest inflation was recorded in the Southern Highlands Zone (10.9 percent), rising from 6.9 percent in the corresponding period in March 2016. The increase was mostly influenced by the rise of non-food inflation, which rose to 18.8 percent in March 2017 from 2.9 percent in similar period 2016. It was followed by Lake Zone, which recorded headline inflation of 9.6 percent, mainly because of increase in price of staple food; maize and sorghum. Dar es Salaam zone continued to record lowest headline inflation reflecting improved food supplies in the markets. Notably, the South Eastern, Southern Highlands and Lake zones recorded inflation rates above the national headline inflation (**Chart 1.1**).

Table 1.1: Year-on-Year Headline Inflation Rates in Zones

Quarter ending	National	Central	DSM	Percent			
				South Eastern	Lake	Northern	Southern Highlands
Mar-16	5.9	5.1	4.0	5.1	6.4	7.1	6.9
Jun-16	5.3	4.9	4.7	5.3	6.9	4.7	6.1
Sep-16	4.8	5.3	2.1	4.6	6.2	2.3	9.6
Dec-16	4.8	3.4	2.5	4.5	6.5	3.2	8.7
Mar-17	5.7	4.9	2.4	6.6	9.6	2.5	10.9

Source: National Bureau of Statistics, Bank of Tanzania computations

Chart 1.1: Year-on-Year Headline Inflation in the Zones



Source: National Bureau of Statistics, Bank of Tanzania computations

On average, wholesale prices of all major food crops increased across zones in the quarter to March 2017 compared to the corresponding period in 2016 (**Table 1.2**). The increase in prices of food items in some zones was due to supply factor mainly inadequate short (*vuli*) rains.

Table 1.2: Average Wholesale Price for Food Crops in Zones

		TZS per 100 kgs					
	Category	Central	South Eastern	Dar es Salaam	Southern Highlands	Northern	Lake
Quarter ending March 2016	Beans	175,078.0	156,023.7	193,152.0	189,000.0	156,374.0	139,092.0
	Bulrush millet	80,474.0	0.0	90,394.0	0.0	91,217.0	0.0
	Finger millet	114,647.0	0.0	117,800.0	0.0	98,032.5	0.0
	Maize	69,235.0	55,670.1	65,164.0	63,600.0	80,176.7	43,432.0
	Rice	172,431.0	155,885.4	192,969.0	219,400.0	181,178.3	145,800.0
	Round potatoes	80,898.0	0.0	84,506.0	83,000.0	83,075.6	70,621.0
	Sorghum	79,562.0	0.0	101,568.0	0.0	84,097.6	74,117.0
	Wheat	0.0	0.0	129,520.0	120,000.0	100,424.0	0.0
Quarter ending December 2016	Beans	176,100.0	179,530.6	187,909.0	158,502.4	166,931.8	165,680.0
	Bulrush millet	88,203.0	0.0	83,175.0	0.0	80,723.5	0.0
	Finger millet	118,129.0	0.0	125,904.0	0.0	110,969.6	0.0
	Maize	77,906.0	79,192.7	77,356.0	68,413.0	72,377.9	77,599.0
	Rice	164,233.0	178,411.6	163,303.0	172,167.0	154,185.8	123,855.0
	Round potatoes	94,563.0	0.0	69,146.0	67,396.0	86,402.1	85,454.0
	Sorghum	85,260.0	0.0	100,940.0	0.0	70,100.3	92,795.0
	Wheat	0.0	0.0	116,553.0	115,950.0	99,890.3	0.0
Quarter ending March 2017	Beans	176,237.0	174,583.3	202,621.0	193,700.0	189,434.5	165,615.0
	Bulrush millet	124,452.0	0.0	113,106.0	0.0	87,984.9	0.0
	Finger millet	135,653.0	0.0	167,177.0	0.0	130,929.3	0.0
	Maize	107,951.0	82,166.7	105,430.0	90,600.0	993,424.3	100,416.0
	Rice	172,833.0	187,500.0	184,050.0	193,000.0	172,267.4	166,035.0
	Round potatoes	104,300.0	0.0	92,490.0	67,700.0	86,759.2	78,344.0
	Sorghum	77,548.0	0.0	117,564.0	0.0	84,278.6	111,752.0
	Wheat	0.0	0.0	124,468.0	118,000.0	105,014.5	0.0

Source: Ministry of Industries, Trade and Investment

2.0 FOOD SUPPLY SITUATION

Generally, food supply was satisfactory across all zones during the quarter ending March 2017, though food shortages were reported in Mwanga, Hai, Same, Moshi, Siha, Arusha DC, Ngorongoro, Longido, Karatu, Monduli, Meru, Babati, Mbulu, Simanjiro, Hanang and Kiteto districts in the Northern zone. To alleviate food shortage, the National Food Reserve Agency (NFRA) distributed 12,783 tonnes of which 2,275.0 tonnes were released to Disaster Relied Unit of the Prime Minister's Office for distribution to Lake zone (435 tonnes), and Northern zone (1,840 tonnes). In addition, about 8,009.9 tonnes of food were sold to traders to increase market supply, whereas 2,498.6 tonnes were sold to police and prisons department.

Table 2.1: Stock of Food Held by NFRA in Zones

						Tonnes
	Zone	Opening balance	Quantity purchased	Quantity transfer in	Quantity released	Balance
Quarter ending March 2016	Central	15,714.7	0.0	7,363.9	11,063.1	12,015.5
	Southern Highlands	29,427.0	14,894.9	0.0	8,096.7	36,225.2
	Northern	11,530.5	0.0	0.0	8,963.2	2,567.3
	Lake	9,882.7	0.0	14,820.9	12,783.7	11,919.9
	Dar es salaam	14,203.8	0.0	1,998.4	6,293.1	9,909.0
Total		80,758.7	14,894.9	24,183.2	47,199.8	72,636.9
Quarter ending December 2016	Central	13,220.2	38.3	0.0	510.9	12,747.6
	Southern Highlands	29,305.6	18,022.6	0.0	4,410.5	42,917.8
	Northern	6,297.3	5,112.0	0.0	3,541.1	7,868.2
	Lake	10,497.1	0.0	0.0	1,632.5	8,864.6
	Dar es salaam	8,460.6	0.0	0.0	584.2	7,876.4
Total		67,780.8	23,172.9	0.0	10,679.2	80,274.6
Quarter ending March 2017	Central	12,747.6	0.0	0.0	1,555.1	11,192.5
	Southern Highlands	30,878.9	16,429.4	0.0	4,448.8	47,308.3
	Northern	5,049.2	5,123.3	0.0	4,461.0	5,711.5
	Lake	10,787.1	0.0	0.0	2,164.5	8,622.6
	Dar es salaam	7,876.4	0.0	0.0	154.1	7,722.3
Total		67,339.2	21,552.7	0.0	12,783.5	80,557.2

Source: National Food Reserve Agency

3.0 SECTORAL PERFORMANCE

3.1.1 Cash Crop Procurement

During the quarter to March 2017, the value of procured cash crops increased compared to those recorded in the corresponding period in 2016 (**Table 3.1**). A significant improvement was recorded in the value of cashew nuts and tea. In the South-Eastern zone, 16,805.7 tonnes of cashew nuts were procured, rising from 4,471.2 tonnes of the corresponding quarter in 2016. The increase was associated with timely distribution and application of agricultural inputs, notably Sulphur. The Northern zone accounted for 75.9 percent of the procured cash crops, followed by South Eastern zone (21.5 percent). The Southern Highlands zone contributed the least (2.6 percent).

Table 3.1: Cash Crop Procurement

TZS Billion

Zone	Quarter ending			Percentage change		Percentage contribution Mar-17
	Mar-16	Dec-16	Mar-17	Dec 16 to Mar-17	Mar-16 to Mar-17	
Central	0.0	0.0	0.0	0.0	0.0	0.0
Dar es Salaam	0.0	0.0	0.0	0.0	0.0	0.0
Lake	0.0	0.0	0.0	0.0	0.0	0.0
Northern	175.0	186.2	194.5	4.5	11.2	75.9
South Eastern	8.9	727.4	55.2	-92.4	517.4	21.5
Southern Highlands	6.0	5.6	6.6	17.9	9.4	2.6
Total	189.9	919.2	256.3	-72.1	35.0	100.0

Source: Regional Commissioners' Offices, Crop Boards, agro processing industries

3.2 Livestock

The number of livestock (cattle, goats and sheep) sold through registered markets decreased in the quarter ending March 2017 from the level recorded in the corresponding period in 2016 (**Table 3.2**). Owing to price and supply effects, earnings from livestock sales declined by 38.2 percent. Large drop in number of livestock sold and revenue was recorded in the Northern and South-Eastern zones. In terms of share, Central zone led by contributing 25.9 percent of the total value, followed by Dar es Salaam zone (22.6 percent), Lake zone (21.1 percent), Northern zone (17.7 percent) while South Eastern and Southern zones in total contributed 12.8 percent.

Table 3.2: Number of Livestock Sold Through Registered Markets

	Livestock	Unit	Lake	Northern	Southern Highlands	Central	Dar es Salaam	South Eastern	Total
Quarter ending Mar 2016	Cattle	Number	94,543.0	291,009.0	40,609.0	102,025.0	87,270.0	79,426.0	694,882.0
		TZS Million	44,933.2	206,581.3	22,335.0	52,118.3	56,534.6	31,228.5	413,730.9
	Goats	Number	46,506.0	211,003.0	8,428.0	58,106.0	54,030.0	16,471.0	394,544.0
		TZS Million	2,303.0	17,935.3	489.6	3,258.0	4,552.0	804.5	29,342.4
	Sheep	Number	18,374.0	159,845.0	2,345.0	25,073.0	8,460.0	2,245.0	216,342.0
		TZS Million	802.4	19,324.6	106.2	1,243.6	513.9	122.9	22,113.6
	Total	TZS Million	48,038.6	243,841.2	22,930.8	56,619.9	61,600.5	32,155.9	465,186.9
Quarter ending Dec 2016	Cattle	Number	92,623.0	54,427.0	23,668.0	117,564.0	95,460.0	28,277.0	412,019.0
		TZS Million	38,589.1	28,160.3	13,017.4	66,242.9	72,503.9	14,972.3	233,485.9
	Goats	Number	48,067.0	33,834.0	12,535.0	73,300.0	44,160.0	6,267.0	218,163.0
		TZS Million	2,677.0	2,977.5	689.4	4,703.8	3,268.8	340.3	14,656.8
	Sheep	Number	19,874.0	12,147.0	2,622.0	20,411.0	5,220.0	1,435.0	61,709.0
		TZS Million	972.5	820.3	131.1	979.0	371.1	96.4	3,370.4
	Total	TZS Million	42,238.6	31,958.1	13,837.9	71,925.7	76,143.8	15,409.0	251,513.1
Quarter ending Mar 2017	Cattle	Number	122,540.0	55,427.0	45,482.0	135,296.0	89,460.0	21,075.0	469,280.0
		TZS Million	56,447.7	44,513.0	25,238.5	66,276.9	61,410.6	10,204.9	264,091.6
	Goats	Number	60,504.0	44,314.7	9,187.0	60,144.0	48,720.0	11,183.0	234,052.7
		TZS Million	2,914.1	3,623.0	538.5	4,888.3	3,204.4	694.2	15,862.5
	Sheep	Number	28,716.0	19,293.0	2,603.0	27,708.0	6,600.0	1,659.0	86,579.0
		TZS Million	1,179.9	2,636.5	118.9	3,150.0	407.9	73.8	7,567.0
	Total	TZS Million	60,541.7	50,772.5	25,895.9	74,315.2	65,022.9	10,972.9	287,521.1

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

3.3 Fisheries

During the quarter under review, fish catches across all zones decreased by 24.2 percent to 16,901.3 tonnes compared to the corresponding quarter in 2016 largely driven by decline in fish catches in the Northern zone by 55.9 percent, followed by South Eastern zone (33.1 percent) and Lake Zone (27.7 percent) (Table 3.3). The Lake zone contributed the largest share of fish catch, 42.7 percent, while the Central zone contributed the least share of 1.1 percent. The total value of fish catches in the zone increased to TZS 78.7 billion from TZS 66.0 billion in similar quarter in 2016. Meanwhile, the Lake zone contributed 64.1 percent of the earnings followed by Dar es Salaam (10.6 percent) and Southern Highlands zone (9.3 percent).

Table 3.3: Fish Catch

Zone	Unit	Quarter ending			Percentage change		Percentage contribution (Mar-17)
		Mar-16	Dec-16	Mar-17	Dec-16 to Mar-17	Mar-16 to Mar-17	
Central	Tonnes	189.4	242.3	192.5	-20.6	1.6	1.1
	TZS Million	871.7	1,790.2	1,440.9	-19.5	65.3	1.8
Dar es Salaam	Tonnes	2,486.6	2,089.5	3,094.6	48.1	24.5	18.3
	TZS Million	8,897.2	5,720.0	8,378.0	46.5	-5.8	10.6
South Eastern	Tonnes	5,830.1	5,461.0	3,901.2	-28.6	-33.1	23.1
	TZS Million	18,693.0	17,805.2	4,902.1	-72.5	-73.8	6.2
Lake	Tonnes	9,994.0	6,876.3	7,222.4	5.0	-27.7	42.7
	TZS Million	17,781.9	48,030.7	50,459.6	5.1	183.8	64.1
Northern	Tonnes	2,832.6	1,627.9	1,248.7	-23.3	-55.9	7.4
	TZS Million	14,478.4	8,030.5	6,274.8	-21.9	-56.7	8.0
Southern Highlands	Tonnes	973.5	1,139.5	1,241.9	9.0	27.6	7.3
	TZS Million	5,294.5	6,596.6	7,288.7	10.5	37.7	9.3
Total	Tonnes	22,306.2	17,436.5	16,901.3	-3.1	-24.2	100.0
	TZS Million	66,016.7	87,973.2	78,744.1	-10.5	19.3	100.0

Source: Regional Commissioners' Offices, Bank of Tanzania calculations

3.4 Manufacturing

The value of manufactured goods across zones went down compared with the corresponding quarter in 2016. Despite stability in power supply, observed slowdown in performance of manufacturing activity was attributed to decline in production of non-metallic products; paper and paper products; soft drinks and textiles. Dar es Salaam zone remained the largest contributor, accounting for 52.3 percent of total value of manufactured goods, followed by Northern zone (28.0 percent) (Table 3.4).

Table 3.4: Value of Selected Manufactured Commodities

Zone	TZS Billion					
	Quarter ending			Percentage change		Percentage contribution
	Mar-16	Dec-16	Mar-17	Dec-16 to Mar-17	Mar-16 to Mar-17	
Central	77.2	193.7	77.0	-60.3	-0.3	3.9
Dar es Salaam	1,036.0	1,092.9	1,030.5	-5.7	-0.5	52.3
Lake	94.4	148.7	112.5	-24.3	19.2	5.7
Northern	891.5	795.9	551.2	-30.7	-38.2	28.0
South Eastern	21.4	37.4	64.1	71.5	199.5	3.3
Southern Highlands	149.4	147.8	136.1	-7.9	-8.9	6.9
Total	2,270.0	2,416.4	1,971.4	-18.4	-13.2	100.0

Source: National Bureau of Statistics, industries, and Bank of Tanzania calculations

3.5 Mining

During the quarter ending March 2017, value of minerals across all zones increased compared to those recorded in the corresponding period in 2016 (**Table 3.5**). The improvement was largely attributed to increase in volume and value of gold. The value of gold increased following recovery of gold prices in the world market. The Lake zone contributed 88.8 percent of the total value of minerals owing to concentration of gold mining operations in the zone.

Table 3.5: Mineral Recovery

USD Million

Zone	Quarter ending			Percentage change		Percentage contribution
	Mar-16	Dec-16	Mar-17	Dec-16 to Mar-17	Mar-16 to Mar-17	
Central	0.8	1.0	0.7	-31.1	-15.5	0.2
Lake	345.4	295.7	393.7	33.1	14.0	88.8
Northern	10.0	7.3	11.0	50.7	10.0	2.5
South Eastern	1.0	2.6	7.0	7.0	589.2	1.6
Southern Highlands	23.8	24.7	30.9	25.1	29.8	7.0
Total	381.1	331.3	443.3	33.8	16.3	100.0

Source : Zonal Mines Offices

3.6 Tourism

Compared with the corresponding period in 2016, number of tourists decreased across the zones; except for the Dar es Salaam and South Eastern zones (**Table 3.6**). Earnings (mainly fees) from tourism activities declined compared to the amount recorded in the corresponding quarter in 2016. The Northern zone accounted for 69.9 percent and 73.5 percent of total number of tourists and earnings, respectively.

Table 3.6: Number of Tourists and Earnings

Zone	Unit	Quarter ending			Percentage change		Percentage contribution Mar-17
		Mar-16	Dec-16	Mar-17	Dec-16 to Mar-17	Mar-16 to Mar-17	
Central	Number of visitors	11,628.0	19,259.0	8,981.0	-53.4	-22.8	2.8
	TZS Million	383.6	627.7	320.0	-49.0	-16.6	0.7
Dar es Salaam	Number of visitors	3,966.0	5,340.0	4,139.0	-22.5	4.4	1.3
	TZS Million	84.3	100.0	72.3	-27.7	-14.2	0.2
Lake	Number of visitors	89,730.0	87,737.0	75,235.0	-14.2	-16.2	23.2
	TZS Million	9,800.2	11,460.8	10,766.3	-6.1	9.9	24.7
Northern	Number of visitors	252,845.0	266,980.0	226,422.0	-15.2	-10.5	69.9
	TZS Million	34,767.2	37,866.6	32,102.5	-15.2	-7.7	73.5
South Eastern	Number of visitors	4,524.0	7,580.0	4,844.0	-36.1	7.1	1.5
	TZS Million	114.7	103.6	84.4	-18.5	-26.4	0.2
Southern Highlands Z	Number of visitors	4,458.0	10,652.0	4,278.0	-59.8	-4.0	1.3
	TZS Million	270.6	994.9	303.6	-69.5	12.2	0.7
	Number of visitors	367,151.0	397,548.0	323,899.0	-18.5	-11.8	100.0
Total	TZS Million	45,420.6	51,153.6	43,649.1	-14.7	-3.9	100.0

Source: Tanzania National Park, Ngorongoro Conservation Area, National Museum and House of Culture, and Bank of Tanzania Calculations

3.7 Energy

Electricity generated and distributed increased compared to the units recorded in the corresponding period in 2016 (**Table 3.7**). The performance was attributed to availability of natural gas, which is the main raw material in production of thermal electricity. Dar es Salaam zone accounted for 91.7 percent of the electricity generated. Meanwhile, gas production from Songo Songo and Mnazi Bay fields increased by 6.1 percent from the volume recorded in similar period in 2016. The increase was mainly on account of increased demand by TANESCO, the major customer. Gas production is dominated by Songas that accounted for 70 percent of total gas production in the South Eastern zone. Gas powered Electricity generation in Mtwara and Lindi regions increased to 25,477,480 KWh from 20,969,320 KWh recorded in the corresponding quarter in 2016.

Table 3.7: Production of Electricity and Natural Gas

Zone	Unit	Quarter ending			Percentage change		Percentage contribution (Mar-17)
		Mar-16	Dec-16	Mar-17	Dec-16 to Mar-17	Mar-16 to Mar-17	
Electricity:							
TANESCO	MWh	494,299.9	731,968.5	729,547.5	-0.3	47.6	59.1
IPTL	MWh	57,366.5	60,243.6	39,535.6	-34.4	-31.1	3.2
Songas	MWh	334,804.8	359,505.6	361,972.0	0.7	8.1	29.3
Dar es Salaam	MWh	886,471.2	1,151,717.7	1,131,055.1	-1.8	27.6	91.7
South Eastern	MWh	20,969.3	23,758.5	25,477.5	7.2	21.5	2.1
Nyakato	MWh	48,042.4	32,349.0	33,966.4	5.0	-29.3	2.8
Lake	MWh	48,042.4	32,349.0	33,966.4	5.0	-29.3	2.8
Nyumba ya Mungu	MWh	6,923.8	5,713.0	5,374.4	-5.9	-22.4	0.4
New Pangani falls	MWh	43,930.2	24,169.3	27,930.2	15.6	-36.4	2.3
Hale Hydro plant	MWh	13,311.8	6,203.4	8,514.3	37.3	-36.0	0.7
Northern	MWh	64,165.7	36,085.6	41,818.9	15.9	-34.8	3.4
Southern Highlands	MWh	1,932.8	1,811.3	1,772.0	-2.2	-8.3	0.1
Total	MWh	1,021,581.5	1,245,722.1	1,234,089.9	-0.9	20.8	100.0
Natural Gas:							
Songas	Mill.std.cubic feet	7,613.0	9,041.8	8,829.7	-2.3	16.0	69.5
Mnazi bay	Mill.std.cubic feet	4,365.9	3,644.4	3,880.6	6.5	-11.1	30.5
South Eastern	Mill.std.cubic feet	11,978.9	12,686.1	12,710.2	0.2	6.1	100.0

Source: National Bureau of Statistics, TANESCO and TPDC

3.8 Ports Performance

Cargo handling at the ports of Dar es Salaam, Tanga, Mtwara and Mwanza decreased by 4.4 percent to 3.3 million tonnes compared with the corresponding period in 2016 (**Table 3.8**). Tanga port recorded the highest cargo decline of 48.7 percent, followed by Lake Victoria ports (6.8 percent) and Dar es Salaam port (4.1 percent). The main cargo handled at the ports were petroleum products, clinker, wheat, beans, fish fillet, cement, coffee, cashew nuts and sunflower seeds.

Table 3.8: Ports Performance

Port	Quarter ending			Percentage change		Percentage contribution
	Mar-16	Dec-16	Mar-17	Dec-16 to Mar-17	Mar-16 to Mar-17	
Dar es Salaam	3,107.0	3,360.2	2,978.4	-11.4	-4.1	89.5
Tanga	166.8	101.9	117.1	14.9	-29.8	3.5
Mtwara	110.1	186.9	143.2	-23.4	30.0	4.3
Lake Victoria	94.0		87.6	0.0	-6.8	2.6
Total	3,477.9	3,649.1	3,326.4	-8.8	-4.4	100.0

Source: Tanzania Ports Authority

4.0 REVENUE AND CROSS BORDER TRADE

4.1 Revenue Collection

In the quarter ending March 2017, total revenue collected in the zones amounted to TZS 3,988.8 billion, which was 90.6 percent of the target but higher by TZS 187.7 billion (or 5.6 percent) compared to similar period in 2016 (**Table 4.1**). The performance was mainly associated with improved tax administration and compliance. Dar es Salaam Zone accounted for 89.0 percent of total revenue, followed by Northern zone (4.1 percent) while least collections were recorded in the Central zone, 1.0 percent.

Table 4.1: Zonal Revenue Performance

Zones	Quarter ending				Actual vs target (Percent) Mar-17	Percentage contribution Mar-17
	Actual			Target		
	Mar-16	Dec-16	Mar-17	Mar-17		
Central	31.5	39.3	39.4	37.3	105.6	0.8
Dar es Salaam	3,363.8	5,568.7	3,551.5	3,979.0	89.3	90.4
Lake	77.0	149.4	106.8	92.2	115.8	2.1
Northern	189.5	168.2	161.7	180.9	89.4	4.1
South Eastern	47.1	105.5	76.6	57.3	133.7	1.3
Southern Highlands	40.5	64.2	52.8	56.6	93.3	1.3
Total	3,749.4	6,095.3	3,988.8	4,403.3	90.6	100.0

Source: Tanzania Revenue Authority (TRA)

Note: Zonal revenue excludes revenue collected by local government authorities

4.2 Cross Border Trade

Cross border trade balance improved by 54.9 percent to a surplus of TZS 1,653.7 billion from a surplus of TZS 1,067.8 billion recorded in March 2016, largely explained by expansion in exports coupled with contraction of imports (**Table 4.2**). Exports increased in the Northern and South Eastern zones. The Lake zone contributed 45.3 percent of exports, followed by Northern zone (39.8 percent). The Lake zone contributed the largest share of exports owing to growing industrial, fishing, mining and cash crop farming activities. Agro processed and plastic products dominated exports from the Northern zone.

Table 4.2: Zonal Formal Cross Border Trade

TZS Billion

Zone	Item	Quarter ending			Percentage change		Percentage contribution (Mar-17)
		Mar-16	Dec-16	Mar-17	Dec-16 to Mar-17	Mar-16 to Mar-17	
Lake	Exports	918.2	1,159.2	918.1	-20.8	0.0	45.3
	Imports	145.5	140.3	171.8	22.5	18.1	45.8
	Trade Balance	772.7	1,018.9	746.3	-26.8	-3.4	45.1
Northern	Exports	409.6	830.1	806.7	-2.8	96.9	39.8
	Imports	212.5	152.1	132.2	-13.1	-37.8	35.3
	Trade Balance	197.1	678.0	674.5	-0.5	242.2	40.8
South Eastern	Exports	108.5	475.6	232.0	-51.2	113.8	11.4
	Imports	15.2	9.6	8.2	-14.6	-46.1	2.2
	Trade Balance	93.3	466.0	223.8	-52.0	139.9	13.5
Southern Highlands	Exports	71.1	70.1	71.9	2.6	1.1	3.5
	Imports	66.4	82.8	62.8	-24.2	-5.4	16.7
	Trade Balance	4.7	-12.7	9.1	-171.7	93.6	0.6
Total	Exports	1,507.4	2,535.0	2,028.7	-20.0	34.6	100.0
	Imports	439.6	384.8	375.0	-2.5	-14.7	100.0
	Trade Balance	1,067.8	2,150.2	1,653.7	-23.1	54.9	100.0

Source: Tanzania Revenue Authority

5.0 FINANCIAL SECTOR PERFORMANCE

5.1 Banks Deposits Mobilization and Lending

Commercial banks deposits increased in all zones during the quarter ending March 2017 compared to the amount recorded in the corresponding quarter in 2016. The increase was mainly attributed to deposits mobilization campaigns, promotion of agency banking and expansion of branch network. Dar es Salaam zone accounted for 69.4 percent of total deposits, while the South Eastern and Southern Highlands zones had the lowest shares of 2.6 percent and 4.5 percent, respectively (**Table 5.1**).

Table 5.1: Zonal Commercial Bank Deposits

TZS Billion

Zones	Quarter ending			Percentage change		Percentage contribution
	Mar-16	Dec-16	Mar-17	Dec-16 to Mar-17	Mar-16 to Mar-17	
	Central	904.6	925.0	955.8	3.3	
Dar es Salaam	9,122.2	10,907.7	11,308.3	3.7	24.0	69.4
Lake	1,078.0	1,134.6	1,100.3	-3.0	2.1	6.7
Northern	1,975.6	2,026.8	1,787.3	-11.8	-9.5	11.0
South Eastern	633.2	560.8	426.1	-24.0	-32.7	2.6
Southern Highlands	677.8	735.8	727.6	-1.1	7.3	4.5
Total	14,391.4	16,290.7	16,305.4	0.1	13.3	100.0

Source: Commercial banks in respective zones

Lending to various economic activities in the zones decreased to TZS 13,462.5 billion compared to TZS 14,232.8 billion registered in the corresponding period in 2016 (**Table 5.2a**). Dar es Salaam zone accounted for 67.3 percent of total loans outstanding, while the South Eastern zone accounted for 2.4 percent. Economic activities which benefited most from banks loans were community, social and personal loans; wholesale and retail trade; agriculture, hunting, forestry and fishing; and manufacturing (**Table 5.2b**).

Table 5.2a: Zonal Commercial Bank Lending

TZS Billion

Zones	Quarter ending			Percentage change		Percentage contribution
	Mar-16	Dec-16	Mar-17	Dec-16 to Mar-17	Mar-16 to Mar-17	
	Central	964.5	919.8	900.3	-2.1	
Dar es Salaam	9,424.9	8,312.1	9,064.1	9.0	-3.8	67.3
Lake	1,350.7	1,342.8	1,263.0	-5.9	-6.5	9.4
Northern	1,157.5	1,350.3	1,154.4	-14.5	-0.3	8.6
South Eastern	612.8	291.5	324.8	11.4	-47.0	2.4
Southern Highlands	722.4	671.1	755.9	12.6	4.6	5.6
Total	14,232.8	12,887.6	13,462.5	4.5	-5.4	100.0

Source: Commercial banks in zones

Table 5.2b: Share of Commercial Bank Lending by Activity for Quarter Ending March 2017

Activity	Central	Dar es Salaam	South Eastern	Lake	Northern	Southern Highlands
Community, social and personal services	32.3	13.1	22.0	13.3	2.8	47.0
Agriculture, hunting, forestry and fishing	17.6	4.0	18.0	14.3	33.1	16.7
Hotel and restaurants	10.1	21.3	27.9	20.0	3.2	10.3
Building and construction	1.3	12.4	2.8	5.0	7.4	11.7
Manufacturing	3.9	13.3	9.4	5.8	9.3	1.7
Financial intermediation	1.7	2.4	1.3	2.4	7.1	2.4
Transport, storage and communication	1.4	10.8	2.2	1.2	4.9	3.0
Mining and quarrying	0.0	0.0	0.0	0.0	20.9	2.0
Electricity, gas and water	0.1	6.2	0.0	0.0	10.5	0.6
Tourism	0.0	0.0	0.1	1.5	0.0	0.0
Hotel and restaurants	0.0	3.1	0.0	0.0	0.0	0.0
Education	0.0	0.0	0.0	4.5	0.0	0.0
Others	31.7	13.3	16.3	32.0	0.7	4.6

Source: Commercial banks in zones, Bank of Tanzania calculations

Interest rates on deposits averaged 4.3 percent in the quarter ending March 2017, higher than 4.1 percent recorded in the corresponding period in 2016. The average lending rate decline by 0.7 percent to 18.1 percent. Consequently, the interest rate spread narrowed to 13.6 percent from 14.5 percent registered in March 2016 (**Table 5.3**).

Table 5.3: Interest Rates on Deposits and Loans

Item	Quarter ending			Percentage change	
	Mar-16	Dec-16	Mar-17	Dec-16 to Mar-17	Mar-16 to Mar-17
Average deposit rate	4.1	4.9	4.3	20.6	5.1
Average lending rate	18.8	17.8	18.1	-5.0	-3.7
Interest rate spread	14.5	13.2	13.6	-8.8	-6.3

Source: Commercial banks in the zones

5.2 Bureau de Change Operations

Bureau de change operations increased in the quarter ending March 2017 compared to the corresponding period in 2016 (**Table 5.4**). Purchases of foreign currency amounted to USD 158.7 million from USD 118.7 million recorded during the quarter ending March 2016. Dar es Salaam zone, being the business centre in the country, accounted for 65.2 percent of foreign exchange purchases, followed by Northern zone with 31.6 percent due to tourism activities. On the other hand, foreign exchange sales rose to USD 143.5 million from USD 106.3 million, with the Dar es Salaam zone accounting for 68.6 percent of total sales, followed by Northern zone at 28.2 percent.

Table 5.4: Zonal Bureau de Change Transactions

Zone	USD Million											
	Quarter ending						Percentage change				Percentage contribution	
	Mar-16		Dec-16		Mar-17		Dec-16 to Mar-17		Mar-16 to Mar-17		Mar-17	
	Purchases	Sales	Purchases	Sales	Purchases	Sales	Purchases	Sales	Purchases	Sales	Purchases	Sales
Central	0.4	0.4	1.1	1.0	1.0	0.9	-9.1	-10.0	150.0	125.0	0.6	0.6
Dar es Salaam	102.8	91.5	136.7	128.3	103.4	98.4	-24.4	-23.3	0.6	7.5	65.2	68.6
Lake	0.7	0.7	1.6	1.5	1.4	0.9	-12.5	-40.0	100.0	28.6	0.9	0.6
Northern	13.7	12.6	48.7	39.1	50.2	40.5	3.1	3.6	266.4	221.4	31.6	28.2
South Eastern			0.1	0.1	0.0	0.0	-100.0	-100.0			0.0	0.0
Southern Highlands	1.1	1.2	3.3	2.8	2.7	2.8	-17.8	-1.1	138.4	141.7	1.7	1.9
Total	118.7	106.4	191.5	172.8	158.7	143.5	-17.1	-17.0	33.7	34.9	100.0	100.0

Source: Bank of Tanzania

5.3 Savings and Credit Cooperative Societies

Savings and Credit Cooperative Societies (SACCOS) across the zones performed relatively better (**Table 5.5**). Notably, savings increased in all zones compared to the amount registered in the similar period in 2016. Loans disbursed also increased in all zones. Dar es Salaam zone accounted for 57.7 percent of savings followed by Northern zone with 34.9 percent and Southern Highlands zone with 27.1 percent. In terms of disbursed loans, Northern zone accounted for 46.0 percent, Southern Highland zone 18.5 percent and Dar es Salaam zone 18.2 percent.

Table 5.5: Performance of Savings and Credit Cooperative Societies

	Category	Central	Dar es Salaam	South Eastern	Lake	Northern	Southern Highlands	Total
		Year ending Mar-2016	Number of saccos	955.0	892.0	1,069.0	1,062.0	950.0
	Members	125,462.0	229,556.0	129,315.0	60,127.0	195,181.0	152,063.0	891,704.0
	Shares value (TZS Mn)	7,257.0	11,800.0	8,306.0	4,295.0	20,760.0	21,261.0	73,679.0
	Savings (TZS Mn)	27,157.0	122,700.0	26,604.0	25,405.0	65,756.0	51,678.0	319,300.0
	Deposits (TZS Mn)	5,064.0	3,700.0	3,781.0	5,143.0	9,104.0	21,858.0	48,650.0
	Loans issued (TZS Mn)	139,622.0	61,500.0	104,991.0	94,875.0	360,415.0	131,134.0	892,537.0
	Outstanding loans (TZS Mn)	45,700.0	39,900.0	61,345.0	24,074.0	95,156.0	75,586.0	341,761.0
Year ending Dec-2016	Number of saccos	934.0	892.0	1,081.0	1,415.0	950.0	664.0	5,936.0
	Members	146,431.0	231,201.0	129,989.0	147,289.0	197,535.0	128,397.0	980,842.0
	Shares value(TZS Mn)	7,635.0	14,403.0	7,998.0	3,451.0	24,723.0	20,556.0	78,766.0
	Savings(TZS Mn)	27,946.0	130,511.0	37,644.0	111,226.0	73,989.0	55,919.0	437,235.0
	Deposits(TZS Mn)	5,069.0	3,877.0	5,293.0	2,177.0	10,296.0	29,798.0	56,510.0
	Loans issued(TZS Mn)	145,579.0	55,530.0	90,016.0	411,074.0	408,099.0	155,287.0	1,265,585.0
	Outstanding loans (TZS Mn)	42,789.0	35,464.0	45,176.0	17,719.0	117,651.0	80,305.0	339,104.0
Year ending Mar-2017	Number of saccos	930.0	893.0	1,243.0	1,414.0	930.0	671.0	6,081.0
	Members	146,403.0	235,120.0	149,487.0	149,220.0	197,866.0	134,817.0	1,012,913.0
	Shares value(TZS Mn)	7,225.0	17,372.0	5,599.0	3,465.0	17,412.0	22,611.0	73,684.0
	Savings(TZS Mn)	27,930.0	131,031.0	42,914.0	15,570.0	79,137.0	61,511.0	358,093.0
	Deposits(TZS Mn)	5,273.0	10,932.0	6,351.0	3,417.0	11,173.0	30,217.0	67,363.0
	Loans issued(TZS Mn)	155,506.0	158,762.0	100,818.0	52,445.0	400,729.0	161,369.0	1,029,629.0
	Outstanding loans (TZS Mn)	57,637.0	49,102.0	50,461.0	15,784.0	242,699.0	92,351.0	508,034.0

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