BANK OF TANZANIA

CONSOLIDATED ZONAL ECONOMIC PERFORMANCE REPORT FOR THE QUARTER ENDING DECEMBER 2016

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CONSOLIDATED ZONAL ECONOMIC PERFORMANCE REPORT FOR THE QUARTER ENDING DECEMBER 2016

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Executive Summary

In the quarter ending December 2016, year-on-year headline inflation eased across all zones compared to the corresponding quarter, except for Southern Highlands zone. The slowdown in inflation was mostly driven by a decline in food prices. particularly cereals. The lowest inflation rate was recorded in Dar es Salaam and Northern zones and was explained by improvement in food supply.

Overall, food supply situation was satisfactory across zones, except for some few areas in South Eastern, Lake and Northern zones, which experienced pockets of food shortages. Pockets of food shortages were reported in Coast, Lindi, Mtwara, Simiyu, Mwanza, Shinyanga, Kilimanjaro, Manyara and Arusha regions. The National Food Reserve Agency (NFRA) distributed 10,679 tonnes of food, of which 9,444.1 tonnes to private trader/millers and the balance of 1,243.9 tonnes were distributed to Disaster Relief Unit of the Prime Ministers' Office. The food relief was distributed to vulnerable population as follows: Central zone 400.0 tonnes for Dodoma and Bahi districts; South Eastern zone (289.9 tonnes) to Chalinze district; 435.0 tonnes to Lake zone for Karagwe, Kyerwa, Misenyi and Chato districts; 20.0 tonnes to Northern zone for Karatu and Mwanga districts; and 100.0 tonnes to Southern Highlands zone for Ludewa district.

Wholesale prices for main food crops—maize, rice, beans, millet, sorghum, wheat, and potatoes depicted mixed trends relative to the corresponding quarter in 2015. Prices of maize increased across all zones, mainly because of diminishing household food stocks, coupled with demand from neighboring countries. Wholesale price of rice, on the other hand, declined across all zones except for the South Eastern zone.

Procurement of cash crops increased to TZS 953.7 billion from TZS 580.5 billion in the corresponding period in 2015. The increase was mostly observed in procurement of cashew nuts. The South Eastern zone accounted for 76.3 percent of total value on account of increase in price and volume of procured cashew nuts. The good outturn in volume of procurement of cashew nuts was attributed to good weather and utilization of adequate agrochemicals, while price increase arose from utilization of warehouse receipt and commencement of auction system.

The value of livestock (cattle, goats and sheep) sold through registered markets increased to TZS 253.3 billion compared with TZS 165.7 billion recorded in the quarter ending December 2015. Improved

performance was recorded across all zones, with Central zone accounting for 31.0 percent of livestock sales, while Dar es Salaam zone accounted for 30.0 percent of earnings from livestock sales.

During the quarter ending December 2016, the value of fish sales declined by 34.0 percent to TZS 64.5 billion from the corresponding quarter in 2015. The decline resulted from a 10.1 percent decrease in fish catches that was recorded across all zones except for Southern Highlands zone. The South Eastern zone contributed the largest share, recording 29.3 percent of fish catches, followed by Southern Highlands zone (25.9 percent) and Lake zone (23.6 percent). In terms of earnings, the Lake zone contributed 34.4 percent followed by South Eastern zone at 27.6 percent.

The value of manufactured goods depicted mixed trends across zones but generally, increased by 62.1 percent to TZS 2,997.0 billion from the corresponding quarter in 2015. The improvement was associated with availability of raw materials, stability in power supply, as well as expansion in market outreach. Northern zone contributed 48.4 percent of the value of manufactured goods, followed by Dar es Salaam zone at 35.8 percent.

Tourist visits across zones depicted a mixed trend relative to the quarter ending December 2015. Tourist visits increased in Central, Northern and Southern Highlands zones; but decreased in the other zones. The number of tourist visits increased by 2.9 percent to 379,548 when compared to the corresponding period in 2015. Earnings (mainly gate fees) increased to TZS 51.2 billion from TZS 40.1 billion in the corresponding period. The Northern zone accounted for 67.2 percent and 74.0 percent of total tourist visits and earnings, respectively.

Cargo handling at the sea ports of Dar es Salaam, Tanga, and Mtwara decreased by 5.2 percent to 3.6 million tonnes compared with the corresponding period in 2015. A decrease was recorded only at Dar es Salaam and Tanga ports, as cargo handled at Mtwara port increased by 53.6 percent to 186.9 thousand tonnes on account of increased exports of cashew nuts.

Electricity generated and distributed decreased to 1,220.2 thousand megawatts from 1,335.7 thousand megawatts in the corresponding period in 2015. The decrease was mainly due to expiry of production contracts between TANESCO and two companies of Aggreko and Symbion, coupled with drought that affected production by hydropower plants. Dar es Salaam zone accounted for 94.4 percent of the electricity generated. Gas production increased by 3.1 percent to 12,686.1 million cubic standard feet and Songas accounted for 71.3 percent of total natural gas produced in the country.

Revenue collection in the zones amounted to TZS 6,055.7 billion, being 93.1 percent of the target. The collection increased by 63.9 percent compared with the corresponding period in 2015, mainly due to ongoing improvement in tax administration coupled with curbing tax evasion. Dar es Salaam zone accounted for 91.5 percent of revenue collections, as is the country's hub for business activities and gateway. Northern zone was second by accounting for 2.8 percent.

Overal, banks deposits increased by 8.1 percent to TZS 16,290.7 billion in the quarter ending December 2016 from the corresponding period in 2015, although declined in some zones. The increase was mainly attributed to increase in branch network coupled with the ongoing deposits mobilization efforts, including promotion of agent baking module. Dar es Salaam zone contributed 67.0 percent of total deposits, while South Eastern zone had the lowest share of 3.4 percent. Total lending to economic activities across zones increased to TZS 12,887.6 billion compared to TZS 11,129.3 billion in the corresponding period in 2015. Dar es Salaam contributed 64.5 percent of total loans outstanding, while the South Eastern zone accounted for lowest share of 2.3 percent.

1.0 ECONOMIC PERFORMANCE

1.1 Inflation and Wholesale Price

During the quarter ending December 2016, twelve-month headline inflation decreased across zones except for Southern Highlands zone, driven mainly by decline in prices and charges for some nonfood items. The Lake and Southern Highlands zones had inflation rates above the national headline inflation for the past five quarters (**Table 1.1** and **Chart 1.1**). By contrast, the Northern and Dar es Salaam zones registered lower headline inflation rates mainly due to decline in food prices arising from improved food supplies. Noteworthy, national headline inflation eased to 5.1 percent during the quarter from 6.6 percent in the quarter ending December 2015.

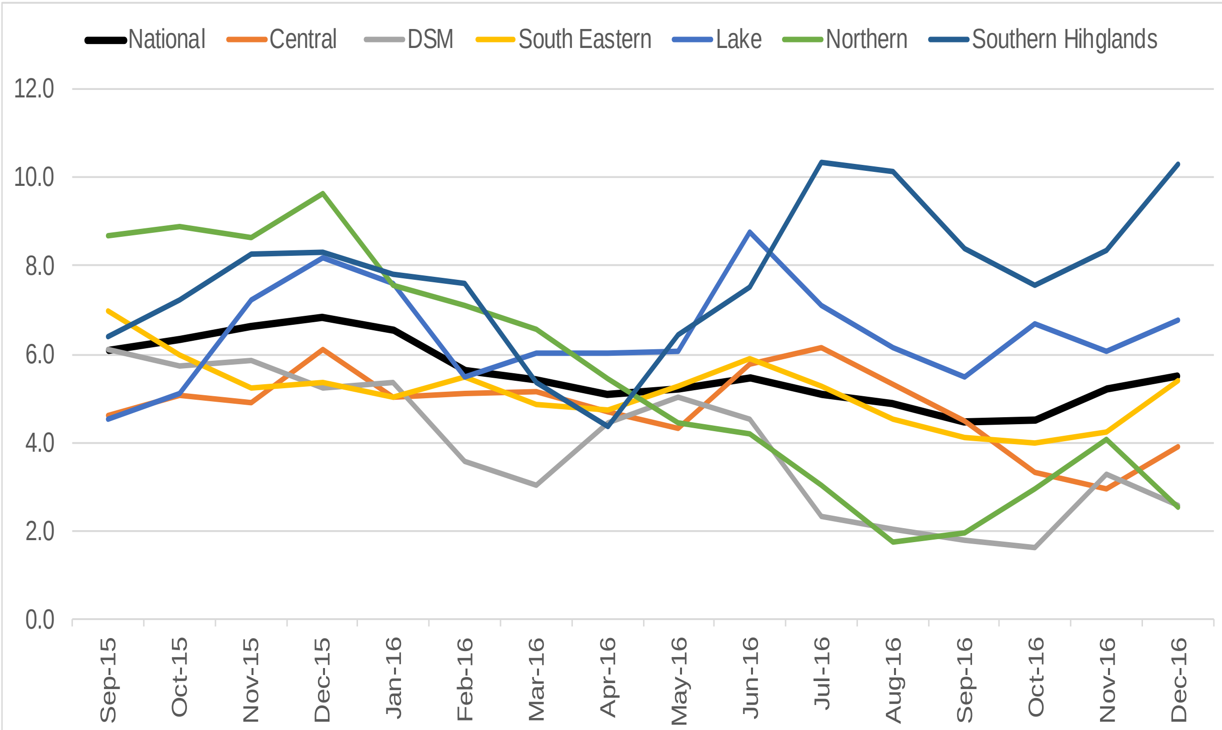
Table 1.1: Headline Inflation Rates in Zones

Percent

Quarter ending	National	Central	Dar es Salaam	South Eastern	Lake	Northern	Southern Highlands
Dec-15	6.6	5.4	5.6	5.5	6.8	9.1	7.9
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	5.1	3.4	2.6	4.5	6.5	3.2	8.7

Source: National Bureau of Statistics.

Chart 1.1: Headline Inflation in the Zones



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

Average wholesale prices of main food crops, namely maize, rice, beans, millet, sorghum, wheat and potatoes depicted mixed trends across all zones when compared with the corresponding quarter in 2015, but the price of maize increased across all zones (**Table 1.2**). The increase in price of maize was mainly attributed to high demand following depletion of household stocks coupled with increased demand from neighboring countries. Maize recorded the highest price of TZS 79,193 per 100 kilograms in the South Eastern zone whereas the lowest price of TZS 68,413 was recorded in the Southern Highlands zone, which was higher than TZS 52,033 recorded in the corresponding period in 2015. On the other hand, wholesale price of rice, one of the major staple food, declined across all zone, except for the South-Eastern zone.

Table 1.2: Average Wholesale Price for Food Crops in Zones

TZS per 100 Kgs

	Category	Central	South Eastern	Dar es Salaam	Southern Highlands	Northen	Lake
Quarter Ending December 2015	Beans	170,374.0	161,766.0	182,035.0	173,333.0	167,355.0	180,680.0
	Bulrush Millet	69,593.0	-	72,996.0	-	88,011.0	-
	Finger Millet	108,089.0	-	117,202.0	-	115,391.0	-
	Maize	59,465.0	56,215.0	64,936.0	52,033.0	65,551.0	66,326.0
	Rice	168,953.0	176,772.0	181,363.0	181,967.0	177,313.0	169,828.0
	Round Potatoes	68,581.0	-	93,114.0	76,000.0	94,858.0	83,091.0
	Sorghum	87,883.0	-	76,865.0	-	78,134.0	79,596.0
	Wheat	-	-	116,894.0	89,261.0	115,370.0	-
Quarter Ending September 2016	Beans	153,255.0	143,990.0	180,880.0	140,536.0	139,606.0	145,414.0
	Bulrush Millet	74,216.0	-	88,571.0	-	87,894.0	-
	Finger Millet	101,987.0	-	112,969.0	-	103,650.0	-
	Maize	53,439.0	46,282.0	59,613.0	48,183.0	58,839.0	60,436.0
	Rice	147,107.0	177,483.0	164,410.0	169,359.0	149,744.0	112,350.0
	Round Potatoes	74,087.0	-	-	79,385.0	87,331.0	85,977.0
	Sorghum	130,833.0	-	98,214.0	-	78,654.0	90,879.0
	Wheat	-	-	118,760.0	91,054.0	104,293.0	-
Quarter Ending December 2016	Beans	176,100.0	179,531.0	189,909.0	158,502.0	166,932.0	165,680.0
	Bulrush Millet	88,203.0	-	83,175.0	-	80,724.0	-
	Finger Millet	118,129.0	-	125,904.0	-	110,970.0	-
	Maize	77,906.0	79,193.0	77,358.0	68,413.0	71,378.0	77,599.0
	Rice	164,233.0	178,412.0	163,503.0	172,167.0	154,186.0	123,855.0
	Round Potatoes	94,563.0	-	69,146.0	67,396.0	86,402.0	85,454.0
	Sorghum	85,260.0	-	100,940.0	-	70,100.0	92,795.0
	Wheat	-	-	116,553.0	115,950.0	99,891.0	-

Source: Ministry of Industry, Trade and Investment

2.0 FOOD STOCK

Food supply situation was satisfactory across all zones, except for some few areas in South Eastern, Lake, and Northern zones, which experienced pockets of food shortages. Food shortages of varying degrees were reported in the regions of Coast, Lindi, Mtwara, Simiyu, Mwanza, Shinyanga, Kilimanjaro, Manyara and Arusha. In an effort to address the food shortage problem, the National Food Reserve Agency (NFRA) distributed 10,679 tonnes of food as follows: Central zone 511 tonnes; Lake zone (1,633 tonnes); Northern zone (3,541 tonnes), Dar es Salaam zone (584 tonnes) and Southern Highlands zone (4,411 tonnes). Food amounting to 1,243.9 tonnes was sold to the Disaster Relief Unit of the Prime Ministers' Office as follows: 400.0 tonnes to Central zone for Dodoma and Bahi districts; 288.9 tonnes to South Eastern zone for Chalinze district; and 435.0 tonnes to Lake zone for Karagwe, Kyerwa, Misenyi and Chato districts. The Northern zone received 20.0 tonnes for Karatu and Mwanga districts, while 100.0 tonnes for Southern Highlands zone was distributed in Ludewa district. During the period, NFRA purchased 18,023 tonnes of maize from the Southern Highlands zone.

Table 2.1: Stock of Food Held by NFRA in Zones

Tonnes

Period	Zone	Opening Balance	Quantity Purchased	Quantity Transfer in	Quantity Released	Balance
Quarter ending Dect 2015	Central	26,909	0	0	11,194	15,715
	Southern Highlands	39,339	20,107	0	18,488	40,958
	Northern	17,401	0	0	5,871	11,531
	Lake	9,883	0	2,166	2,164	9,885
	Dar es salaam	17,206	0	2,465	5,467	14,204
	South Eastern	0	0	0	0	0
	Total	110,737	20,107	4,631	43,184	92,292
Quarter ending Sep 2016	Central	10,429	5,654	0	2,863	13,220
	Southern Highlands	31,163	21,376	0	11,630	40,909
	Northern	5,049	3,788	0	2,540	6,297
	Lake	10,491	0	0	251	10,241
	Dar es salaam	8,540	11	0	91	8,461
	South Eastern	0	0	0	0	0
	Total	65,672	30,828	0	17,374	79,128
Quarter ending Dec 2016	Central	13,220	38	0	511	12,748
	Southern Highlands	29,306	18,023	0	4,411	42,918
	Northern	6,297	5,112	0	3,541	7,868
	Lake	10,497	0	0	1,633	8,865
	Dar es salaam	8,461	0	0	584	7,876
	South Eastern	0	0	0	0	0
	Total	67,781	23,173	0	10,679	80,275

Source: Ministry of Industry, Trade and Investment

3.0 SECTORAL PERFORMANCE

3.1 Agriculture

3.1.1 Cash Crop Procurement

The value of cash crops procured during the quarter ending December 2016 increased to TZS 953.7 billion from TZS 580.5 billion registered in the corresponding period in 2015 (**Table 3.1**). In terms of contribution, South Eastern zone accounted for 76.3 percent or TZS 727.4 billion, mainly because of increase in volume and producer price of cashew nuts. Volume of cashew nuts increased because of good weather and appropriate application of agrochemicals while increase in price arose from utilization of warehouse receipt system and commencement of auction system. Northern zone followed with 19.5 percent of the value of cash crops and was due to increase in values of sisal and horticulture produce.

Table 3.1: Cash Crop Procurement

Billions of TZS

	Quarter ending			Percentage change		Percentage
Zone	Dec-15	Sep-16	Dec-16	Sep-16 to Dec-16	Dec-15 to Dec-16	Contribution
Central	45.9	-	-	-	-	-
South Eastern	344.7	-	727.4	***	***	76.3
Lake	0.0	216.6	0.3	***	***	0.0
Northern	181.0	182.5	186.2	2.0	2.9	19.5
Southern Highlands	8.9	25.0	39.8	59.2	347.2	4.2
Total	580.5	424.1	953.7	124.9	64.3	100.0

Source: Regional Commissioners' Offices, Crop Boards and agro processing industries, Bank of Tanzania Calculations

Note: *** denotes large number

3.2 Livestock

Earnings from livestock (cattle, goats and sheep) sales through registered markets increased to 253.3 billion from TZS 165.7 billion of the corresponding period in 2015 (**Table 3.2**). The number of livestock sold increased to 696,241 from 538,684 recorded in the corresponding quarter in 2015. The increase was recorded across all zones. Central zone accounted for 31.0 percent of livestock sales, followed by Lake zone (23.1 percent) and Dar es Salaam (20.8

percent). In terms of earnings, Dar es Salaam account for 30.0 percent, followed by Central zone (28.8 percent) and Lake zone (16.7 percent).

Table 3.2: Number of Livestock Sold through Registered Markets

Millions of TZS

Zone		Quarter ending			Percentage change		Percentage Contribution
		Dec-15	Sep-16	Dec-16	Sep-16 to Dec-16	Dec-15 to Dec-16	
Central	Number	162,666.0	217,200.0	215,617.0	18.3	32.6	31.0
	TZS Billion	41.8	65.9	73.0	29.2	74.9	28.8
Dar es Salaam	Number	93,840.0	158,130.0	144,840.0	-8.4	54.3	20.8
	TZS Billion	34.8	97.0	76.9	-20.7	121.3	30.4
South Eastern	Number	46,715.0	52,255.0	35,979.0	-31.1	-23.0	5.2
	TZS Billion	14.8	16.7	15.4	-7.8	4.3	6.1
Lake	Number	113,711.0	182,211.0	160,564.0	-11.9	41.2	23.1
	TZS Billion	32.1	56.5	42.2	-25.3	31.4	16.7
Northern	Number	78,076.0	89,115.0	100,416.0	12.7	28.6	14.4
	TZS Billion	25.5	26.4	32.0	21.1	25.2	12.6
Southern Highlands	Number	43,676.0	31,440.0	38,825.0	23.5	-11.1	5.6
	TZS Billion	16.8	10.7	13.8	29.0	-18.0	5.4
Total	Number	538,684.0	730,351.0	696,241.0	-4.7	29.2	100.0
	TZS Billion	165.7	273.2	253.3	-7.3	52.8	100.0

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

3.3 Fisheries

Fish sales across the six zones amounted to TZS 64.5 billion, down from TZS 97.8 billion of similar period in 2015. The decrease was partly associated with a decline in fish catches to 18,661.5 tonnes from 20,759.7 tonnes registered in similar period in 2015. Illegal fishing practices negatively affected supply and quality of fish catches. In terms of contribution the South Eastern zone accounted for 29.3 percent of catches followed by Southern zone (25.9 percent), Lake zone (23.6 percent) and Dar es salaam zone (11.2 percent) while Central zone contributed the least share of 1.0 percent (**Table 3.3**). Earnings from the sub-sector declined to TZS 64.5 billion with Lake zone contributing 34.4 percent, followed by South Eastern zone with 27.6 percent while Central zone contributed the least share of 2.8 percent.

Table 3.3: Fish Catch

Zone	Unit	Quarter ending Dec-15	Quarter ending Sep-16	Quarter ending Dec-16	Percentage change Sep-16 to Dec-16	Percentage change Dec-16 to Dec-16	Percentage Contribution
Central	Tonnes	283.7	272.7	242.3	-11.1	-14.6	1.3
	TZS Billion	2.2	1.8	1.8	0.0	-16.3	2.8
Dar es Salaam	Tonnes	2,724.0	2,066.6	2,089.5	1.1	-23.3	11.2
	TZS Billion	6.9	6.4	5.7	-10.9	-17.5	8.8
South Eastern	Tonnes	7,274.0	7,560.8	5,461.0	-27.8	-24.9	29.3
	TZS Billion	22.5	24.2	17.8	-26.4	-21.0	27.6
Lake	Tonnes	6,383.0	5,033.9	4,405.3	-12.5	-31.0	23.6
	TZS Billion	47.5	33.0	22.2	-32.7	-53.3	34.4
Northern	Tonnes	3,193.0	3,722.4	1,627.0	-56.3	-49.0	8.7
	TZS Billion	16.7	16.7	8.0	-52.1	-52.0	12.4
Southern Highlands	Tonnes	902.0	3,460.4	4,836.4	39.8	436.2	25.9
	TZS Billion	2.0	6.6	9.0	36.4	350.0	14.0
Total	Tonnes	20,759.7	22,116.8	18,661.5	-15.6	-10.1	100.0
	TZS Billion	97.8	88.7	64.5	-27.3	-34.0	100.0

Source: Regional Commissioners' Offices, Bank of Tanzania calculations

3.4 Manufacturing

The value of manufactured goods increased to TZS 2,997.0 billion from TZS 1,846.6 billion recorded in the corresponding period in 2015. The increase was associated with stabilization in power supply and expansion in market outreach. Nevertheless, value of manufactured commodities declined in the Lake zone and Eastern zone. Northern zone contributed 48.4 percent of value of manufactured goods followed by Dar es Salaam zone with 35.8 percent (**Table 3.4**).

Table 3.4: Value of Selected Manufactured Commodities

Billions of TZS

Zone	Quarter ending Dec-15	Quarter ending Sep-16	Quarter ending Dec-16	Percentage change Sep-16 to Dec-16	Percentage change Dec-15 to Dec-16	Percentage Contribution
Central	104.1	140.0	152.5	8.9	46.5	5.1
Dar es Salaam	990.0	1,066.6	1,073.5	0.6	8.4	35.8
South Eastern	84.9	52.1	37.4	-28.2	-55.9	1.2
Lake	162.3	120.1	148.7	23.8	-8.4	5.0
Northern	393.3	261.0	1,449.8	455.5	268.6	48.4
Southern Highlands	114.0	115.6	135.1	16.9	18.5	4.5
Total	1,848.6	1,755.4	2,997.0	70.7	62.1	100.0

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

3.5 Mining

Value of minerals increased by 25.2 percent to USD 427.6 million compared with USD 341.5 million recorded in the corresponding period in 2015 (**Table 3.5**). The performance was associated with increase in volume and export prices of gold in the world market. The Lake zone contributed 90.7 percent of the total value of minerals owing to relatively high gold mining operations.

Table 3.5: Mineral Recovery

USD Million

	Quarter ending			Percentage change		Percentage
Zone	Dec-15	Sep-16	Dec-16	Sep-1 to Dec-16	Dec-15 to Dec-16	contribution
Central	0.6	1.3	1.1	-15.4	93.0	0.3
South Eastern	1.4	4.5	6.1	35.6	335.7	1.4
Lake	295.7	331.0	387.7	17.1	31.1	90.7
Northern	9.1	8.4	7.3	-13.1	-19.8	1.7
Southern Highlands	34.7	34.2	25.4	-25.7	-26.8	5.9
Total	341.5	379.4	427.6	12.7	25.2	100.0

Source: Zonal mines offices and mining companies

3.6 Tourism

Total number of tourist visits across the six zones increased by 2.9 percent to 397,548 visitors from 386,212 registered in the quarter ending December 2015. The performance was partly explained by increase in the visits in Central, Northern and Southern Highlands zones. Earnings (mainly gate fees) went up by 27.5 percent to TZS 51.2 billion from TZS 40.1 billion recorded in the corresponding quarter in 2015, reflecting increased spending by tourists. The Northern zone accounted for 67.2 percent of total visitors, followed by Lake zone with 22.1 percent. Similarly, Northern zone accounted for 74.0 percent of total earnings followed by Lake zone with 22.4 percent.

Table 3.6: Number of Tourists and Earnings

		Quarter ending			Percentage change		
Zone	Unit	Dec-15	Sep-16	Dec-16	Sep-16 to Dec-16	Dec-15 to Dec-16	Percentage Contribution
Central	Number of visitors	14,392	20,107	19,259	-4.2	33.8	4.8
	TZS Millions	376.6	566.9	627.7	10.7	66.7	1.2
Dar es Salaam	Number of visitors	7,315	7,327	5,340	-27.1	-27.0	1.3
	TZS Millions	97.5	63.1	100.0	58.5	2.6	0.2
South Eastern	Number of visitors	16,152	8,273	7,580	-8.4	-53.1	1.9
	TZS Millions	484.0	148.6	103.6	-30.3	-78.6	0.2
Lake	Number of visitors	89,652	137,687	87,737	-36.3	-2.1	22.1
	TZS Millions	10,353.8	20,397.0	11,461.2	-43.8	10.7	22.4
Northern	Number of visitors	250,367	338,057	266,980	-21.0	6.6	67.2
	TZS Millions	28,293.0	45,666.7	37,866.6	-17.1	33.8	74.0
Southern Highlands	Number of visitors	8,334.0	15,532.0	10,652.0	-31.4	27.8	2.7
	TZS Millions	500.6	994.1	994.9	0.1	98.7	1.9
Total	Number of visitors	386,212	526,983	397,548	-24.6	2.9	100.0
	TZS Millions	40,105.5	67,836.4	51,154.0	-24.6	27.5	100.0

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

3.7 Energy

Electricity generated and availed for consumption through national grid decreased by 8.7 percent to 1,220.2 thousand megawatts (MWh) compared to 1,335.7 thousand MWh recorded in the corresponding period in 2015 (**Table 3.7**). The decrease was mainly attributed to expiry of production contracts between TANESCO and the two companies of Aggreko and Symbion coupled with drought that affected production by hydropower plants. Dar es Salaam zone accounted for 94.4 percent of the electricity generated. Gas production in the Eastern zone increased by 3.1 percent to 12,686.2 million standard cubic feet from the level registered in similar period in 2015. Songas accounts for 71.3 percent of total gas production in the review period.

Table 3.7: Production of Electricity and Natural Gas

Zone	Unit	Quarter ending Dec-15	Sep-16	Dec-16	Percentage change Sep-16 to Dec-16	Dec-15 to Dec-16	Percentage Contribution (Dec-16)
A. Electricity							
TANESCO	MWh	382,199.7	687,575.6	731,968.5	6.5	91.5	60.0
IPTL	MWh	177,279.0	32,521.2	60,243.6	85.2	-66.0	4.9
Songas	MWh	352,137.4	372,387.3	359,505.6	-3.5	2.1	29.5
Aggreko	MWh	113,553.6	0.0	0.0	0.0	-100.0	0.0
Symbion	MWh	175,750.1	0.0	0.0	0.0	-100.0	0.0
Total Dar es Salaam	MWh	1,200,919.8	1,092,484.1	1,151,717.7	5.4	-4.1	94.4
Lake	MWh	67,410.6	18,651.0	32,349.0	73.4	-52.0	2.7
Nyumba ya Mungu	MWh	8,519.4	6,225.1	5,713.0	-8.2	-32.9	0.5
New Pangani Falls	MWh	46,704.5	37,380.5	24,169.3	-35.3	-48.3	2.0
Hale Hydro plant	MWh	12,160.7	9,598.7	6,203.4	-35.4	-49.0	0.5
Total Northern	MWh	67,384.6	53,204.3	36,085.6	-32.2	-46.4	3.0
Total		1,335,715.0	1,164,339.4	1,220,152.3	4.8	-8.7	100.0
B. Natural Gas							
Songas	Mill.Std.Cubic Feet	8,118.2	9,206.6	9,041.8	-1.8	11.4	71.3
Manzi Bay	Mill.Std.Cubic Feet	4,186.4	3,146.3	3,644.4	15.8	-12.9	28.7
Eastern Total	Mill.Std.Cubic Feet	12,304.6	12,352.9	12,686.2	2.7	3.1	100.0

Source: National Bureau of Statistics, TANESCO and TPDC.

3.8 Ports Performance

Total cargo shipped through sea ports depicted mixed trends where cargo through Mtwara port increased. Generally, cargo declined by 5.2 percent to 3.6 million tonnes from 3.8 million tonnes handled in the corresponding period in 2015. Cargo at Mtwara port increased following improvement in exports of cashew nuts. Dar es Salaam port accounted for 92.1 percent of the total cargo (**Table 3.8**).

Table 3.8: Ports Performance

'000' Tonnes

Port	Quarter ending Dec-15	Sep-16	Dec-16	Percentage change Sep-16 to Dec-16	Dec-15 to Dec-16	Percentage Contribution
Dar es Salaam	3,528.5	3,591.5	3,360.2	-6.4	-4.8	92.1
Tanga	199.2	259.9	101.9	-60.8	-48.8	2.8
Mtwara	121.7	45.9	186.9	…..	53.6	5.1
Total	3,849.4	3,897.3	3,649.0	-6.4	-5.2	100.0

Source: Tanzania Ports Authority
Note: '….' denotes large number

4.0 REVENUE AND CROSS BORDER TRADE

4.1 Revenue Collection

Total revenue collected in the zones amounted to TZS 6,055.7 billion, compared with TZS 3,693.0 billion collected in the corresponding period in 2015. The increase was attributed to enhancement and improvement of tax collection initiatives including the use of Electronic Fiscal Devices (EFDs), public awareness campaigns coupled with curbing of tax evasion loopholes. Dar es Salaam zone accounted for 91.5 percent of total tax collection (**Table 4.1**). Dar es Salaam zone is the country's hub for business activities and gateway.

Table 4.1: Revenue Performance

Billions of TZS

	Quarter ending					
			Dec-16		Actual to	Percentage
Zones	Dec-15	Sep-16	Target	Actual	Target (%)	Contribution
Dar es Salaam	3,339.7	3,570.3	6,017.5	5,540.4	92.1	91.5
Northern	154.7	172.8	191.5	168.2	87.8	2.8
Lake	75.8	94.9	151.7	149.5	98.5	2.5
South Eastern	44.2	25.6	60.1	105.5	***	1.7
Central	36.9	38.2	35.9	39.3	***	0.6
Southern Highlands	41.7	54.7	49.4	52.8	***	0.9
Zonal Total	3,693.0	3,956.5	6,506.1	6,055.7	93.1	100.0

Source: Tanzania Revenue Authority (TRA)
Note: National revenue includes revenue collected by local government authorities while zonal revenue excludes
***Denotes large number

4.2 Cross Border Trade

During the review period, cross border activities, recorded a trade balance surplus of TZS 2,119.0 billion, higher than a surplus of TZS 1,163.2 billion recorded in the corresponding period in 2015 mainly due to increased exports (**Table 4.2**). Lake zone had the largest zonal cross border exports accounting for 46.3 percent due to mineral exports, while Northern zone dominated on imports accounting for 39.5 percent of all zonal cross border imports.

Table 4.2: Zonal Formal Cross Border Trade

Billions of TZS

Zone	Item	Dec-15	Sep-16	Dec-16	Percentage Change Sep-16 to Dec-16	Percentage Change Dec-15 to Dec-16	Percentage Contribution (Dec-16)
Lake	Exports	1,162.7	977.1	1,159.2	18.6	-0.3	46.3
	Imports	142.1	125.0	140.3	12.2	-1.3	36.5
	Trade Balance	1,020.6	852.1	1,018.9	19.6	-0.2	
Northern	Exports	249.9	1,007.3	830.1	-17.6	***	33.2
	Imports	221.6	160.3	152.1	-5.1	-31.4	39.5
	Trade Balance	28.3	847.0	678.0	-20.0	***	
South Eastern	Exports	226.1	3.1	475.6	***	***	19.0
	Imports	63.3	28.6	9.6	-66.4	-84.8	2.5
	Trade Balance	162.8	-25.5	466.0	***	***	
Southern Highlands	Exports	54.4	44.1	38.9	-11.8	-28.5	1.6
	Imports	74.6	83.8	82.8	-1.2	11.0	21.5
	Trade Balance	-5.7	-39.7	-43.9	10.6	670.2	
Total	Exports:	1,693.1	2,031.6	2,503.8	23.2	47.9	100.0
	Imports:	529.9	397.7	384.8	-3.2	-27.4	100.0
	Trade Balance	1,163.2	1,633.9	2,119.0	29.7	82.2	100.0

Source: Tanzania Revenue Authority
Note: ***Denotes large number

5.0 FINANCIAL SECTOR PERFORMANCE

5.1 Banking and Lending

Commercial banks deposits recorded a mixed trend during the quarter ending December 2016, but overall, deposits increased by 8.1 percent to TZS 16,290.7 billion from TZS 15,066.4 billion recorded in the corresponding period in 2015. The development was mainly attributed to the ongoing deposits mobilization campaigns including operationalization of agent banking module coupled with increase in branch network. Non-transferable deposits (savings, fixed and foreign currency deposits), which accounted for over 60 percent of commercial banks deposits increased during the review period. Dar es Salaam zone accounted for 67 percent of total deposits, largely due to higher concentration of banks and financial institutions as well as being the hub for the country's economic activities. South Eastern zone contributed the least share of 3.4 percent (**Table 5.1**).

Table 5.1: Zonal Commercial Bank Deposits

Billions of TZS

	Quarter ending			Percentage change		
Zones	Dec-15	Sep-16	Dec-16	Sep-2016 to Dec-2016	Dec-2015 to Dec- 2016	Percentage contribution
Central	984.2	895.9	925.0	3.3	-6.0	5.7
Dares Salaam	9,699.9	11,420.2	10,907.7	0.5	-8.6	67.0
South Eastern	518.6	487.1	560.8	-4.5	12.5	3.4
Lake	1,265.3	1,004.7	1,134.6	12.9	-10.3	7.0
Northern	1,920.0	2,552.6	2,026.8	-20.6	5.6	12.4
Southern Highlands	678.4	630.9	735.8	16.6	-7.8	4.5
Total	15,066.4	16,991.4	16,290.7	-4.1	8.1	100

Source: Commercial banks in respective zones

Overall lending increased to 15.8 percent to TZS 12,887.6 billion in the quarter ending December 2016 from TZS 11,129.3 billion of the corresponding period in 2015. Dar es Salaam zone accounted for 64.5 percent, followed by Northern zone (10.5 percent) and Lake zone (10.4 percent) (**Table 5.2a**). South Eastern zone accounted for the lowest share of 2.3 percent.

Table 5.2a: Zonal Commercial Bank Lending

Billions of TZS

Zone	Quarter ending			Percentage change		Percentage Contribution
	Dec-15	Sep-16	Dec-16	Sep-16 to Dec-16	Dec-15 to Dec-16	
Central	892.4	944.9	919.8	-2.7	3.1	7.1
Dar es Salaam	6,355.5	9,487.1	8,312.1	-12.4	30.8	64.5
South Eastern	493.4	387.0	291.5	-24.7	-40.9	2.3
Lake	1,451.2	1,269.0	1,342.8	5.8	-7.5	10.4
Northern	1,260.9	1,518.2	1,350.3	-11.1	7.1	10.5
Southern Highlands	675.9	735.6	671.1	-8.8	-0.7	5.2
Zonal	11,129.3	14,341.8	12,887.6	-10.1	15.8	100.0

Source: Commercial banks in zones

During the review period, concentration of loans by activity varied from one zone to another. The community, social and personal services, as well as wholesale and retail trade absorbed the largest share of loans issued across zones **(Table 5.2b**).

Table 5.2b: Percentage Share of Banks' Lending by Activity for Quarter Ending December 2016

Actiivty	Central	Dar es Salaam	South-eastern	Lake	Northern	Southern Highland
Agriculkture, Hunting, Forestry and Fishing	10.8	3.3	1.1	12.5	8.2	16.0
Building and construction	4.6	5.8	6.8	6.1	1.8	2.1
Community, social and perseonal services	43.9	12.7	69.0	14.4	33.5	47.5
Electrciity, Gas and Water	0.3	3.7	-	-	0.4	0.6
Financial Intermediaton	7.4	-	2.0	2.7	5.6	2.5
Other services	0.0	10.3	-	-	-	0.0
Manufacturing	3.8	11.8	0.5	4.8	4.2	4.3
Mining and quarrying	0.0	0.9	0.0	0.0	0.1	1.9
Transport, storage and communication	2.0	10.7	0.5	1.7	2.5	1.9
Wholesale and retail trade	8.4	22.7	12.0	11.8	15.9	17.7
Tourism, hotels and restaurants	0.0	2.8	2.2	2.5	-	-
Real estate	0.0	6.0	-	1.1	-	-
Gas	0.0	1.9	-	-	-	-
Others	18.9	7.4	5.9	42.3	27.9	5.6

Source: Commercial banks in zones, Bank of Tanzania calculations.

In the quarter ending December 2016, deposits interest rate averaged 4.8 percent, being higher by 0.5 percentage points compared to that recorded in the corresponding period in 2015. Lending interest rates declined marginally to 17.8 percent from 17.9 percent. Interest rate spread declined by 4.4 percent between December 2016 and the corresponding period in 2015 (**Table 5.3**).

Table 5.3: Interest Rates on Deposits and Loans

	Quarter ending			Percentage change	
Item	Dec-15	Sep-16	Dec-16	Sep-16 to Dec-16	Dec-15 to Dec-16
Average lending rate	17.9	18.2	17.8	-2.2	-0.6
Average deposit rate	4.3	4.5	4.8	6.7	11.6
Interest rate spread	13.6	13.7	13.0	-5.1	-4.4

Source: Commercial banks in the zones

5.2 Agent Banking

Operations of agent banking increased across all zones. As at December 2016, there were 5,571 agents across zones; with Dar es Salaam accounting for 31 percent, followed by Lake zone with 19 percent. The highest deposit transactions value was recorded in the Lake zone (TZS 202.3 billion), followed by Southern Highlands zone (TZS 142.6 billion) and Northern zone (TZS 105.5 billion). Cash withdrawals were lower than deposits transactions across all zones with lake zone recording the highest level of TZS 34.5 billion (**Table 5.4**).

Table 5.4: Agent Banking Transactions by end of December 2016

	Cash deposits			Cash withdrawals	
Zone	Agents	Transactions	Value	Transactions	Value
Central	773	177,253.0	59,604.0	93,063.0	20,079.0
Dar es Salaam	1,707	352,812.0	91,058.7	91,868.0	20,161.7
South-eastern	425	131,339.0	53,581.0	55,668.0	13,938.9
Lake	1,036	401,413.0	202,326.4	119,154.0	34,470.8
Northern	811	294,399.0	105,483.3	82,018.0	17,726.3
Southern Highlands	819	256,279.0	142,600.3	116,314.0	30,298.5
Total	5,571	1,613,495.0	654,653.7	558,085.0	136,675.2

Source: Bank of Tanzania
Note: Values are in Millions of TZS

5.3 Bureau de Change Operations

Bureau de change operations increased during the quarter under review from similar quarter in 2015. Both purchases and sales of foreign currency increased; by 101.8 percent and 86.9 percent, respectively. Dar es Salaam zone contributed over 70 percent of the operations, followed by North zone with over 20 percent. Bureau de change operations in the remaining zones accounted for less than 2 percent (**Table 5.5**).

Table 5.5: Zonal Bureau de Change Transactions

Millions of USD

	Quarter ending						Percentage change				Percentage contribution	
	Dec-15		Sep-16		Dec-16		Sep-16 to Dec-16		Dec-15 to Dec-16		Dec-16	
Zone	Purchases	Sales	Purchases	Sales	Purchases	Sales	Purchases	Sales	Purchases	Sales	Purchases	Sales
Central	0.3	0.3	1.4	1.2	1.1	1.0	-18.5	-17.1	340.0	223.3	0.6	0.6
Dar es Salaam	84.3	82.1	179.7	132.8	136.7	128.3	-23.9	-3.3	62.1	56.3	71.4	74.3
South Eastern			0.0	0.0	0.1	0.1	…	…	100.0	100.0	0.0	0.1
Lake	0.4	0.5	0.9	0.8	1.5	1.5	78.0	80.9	257.4	230.2	0.8	0.9
Northern	9.6	9.4	63.3	61.6	48.7	39.1	-23.1	-36.5	407.3	316.0	25.4	22.6
Southern Highlands	0.2	0.2	0.8	0.8	3.2	2.8	294.5	256.3	1,426.4	1,249.3	1.7	1.6
Total	94.8	92.4	246.0	197.2	191.4	172.8	-22.2	-12.4	101.8	86.9	100.0	100.0

Source: Bank of Tanzania

5.4 Savings and Credit Cooperative Societies

Savings and Credit Cooperative Societies (SACCOS) performance for the quarter under review was good in all zones (**Table 5.6**). The number of SACCOS increased to 5,048 from 4,639 in the quarter ending December 2015. In the same period, savings increased by 7.9 percent from TZS 191,654.7 million to TZS 206,723.5 million, and loans disbursed rose by 7.2 percent to TZ 840,088.5 million, suggesting that SACCOS are increasingly becoming a preferred option for credit in the economy.

Table 5.6: Performance of Savings and Credit Cooperative Societies in Zones

	Category	Central Zone	Southern - Eastern Zone	Lake Zone	Northern Zone	Southern Highlands Zone
Quarter ending Dedcember 2015	Number of SACCOS	956	1,067	1,058	935	623
	Members	126,882	129,264	128,750	190,981	140,291
	Share value (TZS mn)	12,970.2	8,279.6	4,852.1	12,945.2	12,745.4
	Savings (TZS Mn)	25,392.2	25,716.6	16,096.2	63,433.3	61,016.4
	Deposits (TZS Mn)	4,593.7	4,010.9	39.3.8	7,985.9	34,328.8
	Loans issued (TZS Mn)	121,604.1	121,011.1	81,630.5	331,090.9	128,442.9
	Outstanding loans (TZSMn)	40,713.5	67,218.4	24,247.7	99,148.0	83,573.9
Quarter ending September 2016	Number of SACCOS	925	1,078	1,826	922	664
	Members	131,907	129,900	146,238	180,351	128,208
	Share value (TZS mn)	7,407.3	7,617.0	4,431.8	15,464.8	16,738.0
	Savings (TZS Mn)	27,027.3	28,956.9	10,647.8	74,059.3	46,278.0
	Deposits (TZS Mn)	5,184.3	4,234.2	2,113.7	9,923.5	22,486.0
	Loans issued (TZS Mn)	149,852.9	105,901.6	42,090.0	394,994.2	138,701.0
	Outstanding loans (TZSMn)	47,218.0	60,234.4	18,624.9	88,938.0	66,765.0
Quarter ending December 2016	Number of SACCOS	934	1,081	1,415	950	668
	Members	146,431	129,989	147,289	197,535	128,397
	Share value (TZS mn)	7,634.7	7,997.9	3,450.7	24,723.0	205,556.0
	Savings (TZS Mn)	27,945.9	37,644.0	11,226.0	73,988.6	55,919.0
	Deposits (TZS Mn)	5,069.4	5,292.8	2,177.4	10,296.4	29,798.0
	Loans issued (TZS Mn)	145,578.5	90,016.4	41,107.4	408,099.2	155,287.0
	Outstanding loans (TZSMn)	42,788.9	45,175.8	17,719.0	117,650.6	80,305.0

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