



BANK OF TANZANIA

**ZONAL ECONOMIC PERFORMANCE REPORT FOR
THE QUARTER ENDING DECEMBER 2017**

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BANK OF TANZANIA

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Executive Summary

Twelve-month headline inflation in three zones¹ namely Dar es Salaam, Southern Highlands and Northern zones was lower during the quarter ending December 2017 compared to the national average of 4.5 percent. In comparison to the corresponding quarter in 2016, inflation in Dar es Salaam, Lake and Southern Highlands zones eased, while that in South Eastern, Northern and Central zones rose. The differences in headline inflation across zones was largely explained by varied food prices whereby zones with pockets of food shortage recorded slightly higher prices compared to zones with adequate food supplies. Pockets of food shortages were recorded in regions of Simiyu, Shinyanga and Mwanza in Lake zone and Dodoma region in Central zone. To address the problem of food shortages, NFRA released 1,839.2 tonnes of maize during the quarter through traders.

As regards sectoral developments, value of manufactured goods improved except for Central and Dar es Salaam zones, which registered declines of 45.4 percent and 3.4 percent, respectively. The notable decline in the value of manufactured goods in the Central zone emanated from, amongst others, drop in sugar prices following price moderation from the 2016 price surge that was associated with temporary government restriction on sugar importation to protect domestic industries. In addition, a mix of demand and supply factors including inadequate access to raw materials by processors caused the decline in volume and value of wine, and processed tobacco. Dar es Salaam zone contributed 58.5 percent of the total value of manufactured goods, followed by Northern zone at 15.1 percent.

Visitors to the tourist attractions increased by 2.8 percent to 406,937 from 395,917 registered in the corresponding quarter in 2016. Conversely, total earnings dropped by 8.6 percent to TZS 46,759.2 million from TZS 51,154.0 million. Northern zone was the largest contributor in both tourist visits and earnings by 67.0 percent, each owing to relatively well-developed tourist attractions.

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, Katavi, Mbeya, Njombe, Rukwa and Songwe).



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Regarding ports performance, cargo shipped through the ports of Dar es Salaam, Tanga, and Mtwara rose by 15.9 percent to 4.2 million tonnes from 3.6 million tonnes in similar quarter in 2016. The increase was more pronounced at Tanga port whose cargo handling increased by more than 100 percent following the on-going efforts to enhance efficiency and growing preference by importers of petroleum products to ship their cargo through Tanga port. The Dar es Salaam port accounted for 89.6 percent of shipped cargo followed by Tanga port at 5.6 percent.

Total electricity generated and distributed during the quarter under review dropped by 11.6 percent from 1,870,968.9 megawatts in the corresponding quarter in 2016 to 1,653,616.8 megawatts. The decline was due to low performance of some plants owned by TANESCO including Ubungo-Watsila, Tegeta-Watsila and Kinyerezi I following routine maintenance carried out during the quarter under review. Meanwhile, natural gas production at Songo Songo and Mnazi bay fields increased by 3.1 percent from the levels recorded in the quarter to December 2016 to 13,075.1 million standard cubic feet owing to increase in demand from TANESCO, the major consumer.

As for fish catches, there was improvement in terms of volume and value with annual increase of 15.4 percent and 17.8 percent respectively. The increase was more notable in Lake and Southern Highlands zones, whereas South Eastern Zone recorded a decline of 43.9 percent in volume and 35.3 percent in value, attributed to supply factors and intensified fight against illegal fishing activities. Lake Zone accounted for 57.8 percent and 64.3 percent of total share in volume and value, respectively.

During the quarter under review, revenue collection in the zones totalled TZS 4,629.9 billion, lower than TZS 6,055.7 billion realised in the the corresponding quarter in 2016. The revenue was below the target by 10.4 percent, partly on account of low collection outturn from large tax payers, mainly PAYE and withholding tax. Dar es Salaam zone continued to dominate, accounting for 89.7 percent of total tax revenue collections.

On financial intermediation, commercial bank deposits rose by 9.6 percent from TZS 16,498.9 billion to TZS 18,088.0 billion, with increases recorded in all zones, save for Southern Highlands zone. Bank lending to various economic activities registered an increase of 10.3 percent to TZS 15,200.9 billion from TZS 13,787.6 billion registered in the corresponding quarter



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a year before. Relatively, loans uptake were higher in South Eastern, Lake and Northern zones. Loans were mostly extended to individuals or personal, services (education and health), agriculture and trade activities, all together accounting for 67.7 percent of total loans.



1.0 ECONOMIC PERFORMANCE

1.1 Inflation and Wholesale Prices

During the quarter ending December 2017, Dar es Salaam, Southern Highlands and Northern zones registered average headline inflation lower than the national average of 4.5 percent (**Table 1.1**). Meanwhile, twelve-month headline inflation eased in December 2017 in Dar es Salaam, Lake and Southern Highlands zones compared with the similar month in 2016, but rose in South Eastern, Northern and Central zones. (**Chart 1.1**). The outturn of headline inflation in the zones was largely driven by changes in food prices

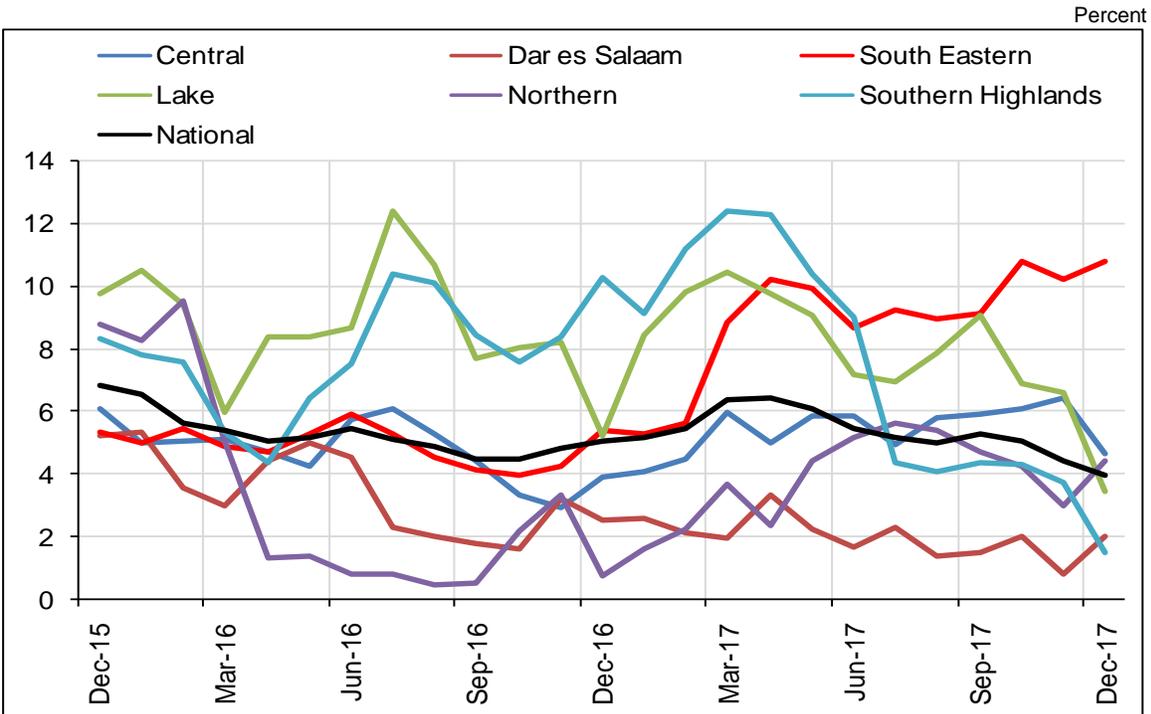
Table 1.1: Year-on-Year Headline Inflation

Quarter ending	National	Central	Dar es Salaam	Lake	Northern	South Eastern	Southern Highlands
Dec-16	5.8	3.4	2.5	6.5	3.2	4.5	8.7
Mar-17	6.4	4.9	2.2	9.6	2.5	6.6	10.9
Jun-17	5.4	5.6	2.4	8.7	4.0	9.6	10.5
Sep-17	5.3	5.6	1.7	7.9	5.2	9.1	4.3
Dec-17 ^P	4.5	5.8	1.6	5.6	3.9	10.6	3.2

Source: National Bureau of Statistics

Note: p denotes provisional data

Chart 1.1: Year-on-Year Headline Inflation



Source: National Bureau of Statistics



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In the quarter ending December 2017, average wholesale prices of all major food crops², decreased compared with the corresponding period in 2016, except those for beans, finger millet and rice. The magnitude of the decrease ranged from 2.5 percent (round potatoes) to 24.0 percent (maize). This drop was on account of relatively improved supplies due to adequate rainfall received in most parts of the country during the farming season in 2017 compared to the preceding season in 2016 (Table 1.2).

Table 1.2: Average Wholesale Prices for Food Crops

		TZS per 100kg						
Period		Central	Dar es Salaam	Lake	Nothern	South Eastern	Southern Highlands	Average
Quarter ending Dec-16	Beans	176,100.0	187,909.2	165,680.0	166,931.8	193,174.7	137,457.0	171,208.8
	Bulrush millet	88,203.0	83,175.1	n.a	80,723.5	n.a	n.a	84,033.9
	Finger millet	118,129.0	125,904.4	n.a	110,969.6	140,000.0	n.a	123,750.8
	Maize	77,906.0	77,356.3	77,599.0	71,377.9	101,078.0	43,222.0	74,756.5
	Rice	164,233.0	163,303.3	123,855.0	154,185.8	190,605.0	158,547.0	159,121.5
	Round potatoes	94,563.0	69,146.3	85,454.0	86,402.1	n.a	64,291.0	79,971.3
	Sorghum	85,260.0	100,940.4	92,795.0	70,100.3	155,803.5	n.a	100,979.8
	Wheat	n.a	116,552.7	n.a	99,890.3	n.a	87,526.0	101,323.0
Quarter September 2017	Beans	185,525.0	170,724.1	200,336.0	165,720.6	168,518.5	165,356.9	176,030.2
	Bulrush millet	92,574.0	n.a	104,715.0	71,941.9	n.a	n.a	89,743.6
	Finger millet	163,877.0	155,562.5	157,410.0	157,299.9	159,041.7	n.a	158,638.2
	Maize	62,095.0	77,094.4	59,933.0	57,176.7	82,005.6	107,238.5	74,257.2
	Rice	178,517.0	187,438.2	181,050.0	183,420.2	186,944.4	167,377.3	180,791.2
	Round potatoes	84,063.0	n.a	74,895.0	80,359.5	n.a	70,230.6	77,387.0
	Sorghum	73,653.0	106,311.5	106,312.0	70,662.1	150,000.0	133,569.4	106,751.3
	Wheat	n.a	n.a	124,097.0	93,893.3	n.a	n.a	108,995.2
Quarter ending Dec-17 ^P	Beans	185,944.0	197,000.0	168,648.0	175,017.0	187,500.0	170,333.0	180,740.3
	Bulrush millet	86,167.0	91,597.2	n.a	61,897.4	n.a	n.a	79,887.2
	Finger millet	160,000.0	152,101.9	n.a	140,058.8	90,000.0	n.a	135,540.2
	Maize	77,333.0	52,859.4	75,694.0	52,344.6	49,833.3	41,567.0	58,271.9
	Rice	190,000.0	189,582.7	183,259.0	191,375.0	198,750.0	200,000.0	192,161.1
	Round potatoes	88,167.0	74,894.9	89,306.0	74,870.3	n.a	53,867.0	76,221.0
	Sorghum	70,750.0	89,344.6	102,000.0	63,111.8	91,250.0	n.a	83,291.3
	Wheat	n.a	117,764.3	n.a	81,849.2	n.a	n.a	99,806.8

Source: Ministry of Industries, Trade and Investment

Note: p denotes provisional data; and n.a, not available

² They include beans, bulrush millet, finger millet, maize, rice, round potatoes, sorghum, and wheat.



2.0 FOOD SUPPLY SITUATION

Food supply situation in all zones was satisfactory during the quarter ending December 2017, with few areas experiencing food shortages in the regions of Dodoma, Simiyu, Shinyanga, and Mwanza. The National Food Reserve Agency (NFRA) purchased 8,526.7 tonnes and released 1,839.2 tonnes of grain to the market through traders. National wide, NFRA remained with the balance of 92,074.3 tonnes at the end of the quarter under review.

Table: 2.1: Stock of Food held by NFRA in the Zones

Period	Zone					Tonnes
		Opening balance	Quantity purchased	Quantity transferred	Quantity released	Balance
Quarter ending December 2016	Central	13,220.3	37.8	0.0	510.5	12,747.6
	Southern Highlands	38,693.9	4,595.9	0.0	332.0	42,957.8
	Northern	6,297.2	1,323.9	0.0	1,001.1	6,620.0
	Lake	10,497.1	0.0	0.0	1,342.5	9,154.6
	South Eastern	10,297.2	1,263.0	0.0	1,224.8	10,335.4
	Dar es Salaam	8,460.5	0.0	0.0	584.2	7,876.3
	Total	87,466.3	7,220.6	0.0	4,995.1	89,691.8
Quarter ending Sep 2017	Central	6,170.3	1,450.0	-340.5	5.0	7,274.9
	Southern Highlands	33,600.4	9,225.9	-2,028.8	1,125.4	39,672.0
	Northern	3,543.6	240.8	746.8	1,292.8	3,238.4
	Lake	6,668.6	0.0	2,065.1	40.0	8,693.6
	South Eastern	10,335.4	6,595.3	0.0	0.0	16,930.7
	Dar es Salaam	8,574.9	0.0	965.3	40.4	9,499.9
	Total	68,893.2	17,512.0	1,408.0	2,503.6	85,309.6
Quarter ending December 2017 ^P	Central	7,274.9	50.0	0.8	100.7	7,225.0
	Southern Highlands	39,672.0	2,755.3	76.7	134.0	42,370.0
	Northern	3,238.4	759.2	799.6	937.5	3,859.7
	Lake	8,693.6	0.0	0.0	502.6	8,191.0
	South Eastern	16,930.7	4,962.2	0.0	0.0	21,892.9
	Dar es Salaam	9,499.9	0.0	-800.0	164.4	8,535.5
	Total	85,309.6	8,526.7	77.2	1,839.2	92,074.3

Source: National Food Reserve Agency (NFRA)

Note: p denotes provisional data

3.0 SECTORAL PERFORMANCE

3.1 Livestock

Earnings from livestock sold through registered markets increased by 10.7 percent to TZS 275,423.7 million during the review period, higher than TZS 248,721.1 million realized in similar period in 2016 (**Table 3.1**). The performance stemmed from increased sales of livestock



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associated with the need for cash to buy food by pastoralists in areas that experienced food shortages. In terms of contribution to the total value of sales, Central zone accounted for the largest share of 29.2 percent, followed by Dar es Salaam with 26.6 percent. South Eastern zone accounted for the least share of 3.7 percent.

Table 3.1: Livestock Sold through Registered Markets

	Livestock	Unit	Lake	Northern	Southern Highlands	Central	Dar es Salaam	South Eastern	Total
Quarter ending Dec-2016	Cattle	Number	92,623.0	60,689.0	23,668.0	117,564.0	95,460.0	14,501.0	404,505.0
		TZS million	38,589.1	32,515.3	13,017.4	66,242.9	72,503.9	7,678.1	230,546.7
	Goats	Number	48,067.0	37,535.0	12,535.0	73,300.0	44,160.0	3,214.0	218,811.0
		TZS million	2,677.0	3,278.8	689.4	4,703.8	3,268.8	174.5	14,792.3
	Sheep	Number	19,874.0	12,985.0	2,622.0	20,411.0	5,220.0	736.0	61,848.0
		TZS million	972.5	878.9	131.1	979.0	371.1	49.5	3,382.1
	Total	TZS million	42,238.6	36,673.0	13,837.9	71,925.7	76,143.8	7,902.1	248,721.1
Quarter ending Sep-2017	Cattle	Number	116,478.0	66,620.0	33,794.0	158,728.0	106,980.0	15,674.0	498,274.0
		TZS million	37,733.3	44,694.1	18,574.0	72,587.5	73,245.6	6,503.1	253,337.6
	Goats	Number	65,032.0	55,963.0	15,555.0	87,588.0	53,550.0	5,561.0	283,249.0
		TZS million	3,575.8	4,966.7	1,039.1	4,435.6	2,867.6	365.7	17,250.5
	Sheep	Number	19,121.0	23,391.0	2,447.0	34,877.0	8,160.0	1,365.0	89,361.0
		TZS million	867.5	2,142.5	110.1	1,388.6	493.5	88.5	5,090.7
	Total	TZS million	42,176.6	51,803.2	19,723.2	78,411.7	76,606.7	6,957.3	275,678.7
Quarter ending Dec-2017 ^p	Cattle	Number	130,548.0	63,382.0	44,388.0	156,010.0	96,870.0	20,682.0	511,880.0
		TZS million	40,302.3	37,219.4	23,190.1	73,678.4	69,478.4	7,919.7	251,788.3
	Goats	Number	75,853.0	49,318.0	16,521.0	99,498.0	45,540.0	10,960.0	297,690.0
		TZS million	4,020.0	3,692.2	908.7	5,219.1	3,366.2	2,023.3	19,229.5
	Sheep	Number	17,557.0	19,257.0	1,853.0	38,251.0	8,040.0	1,945.0	86,903.0
		TZS million	774.6	1,445.4	88.9	1,456.7	528.5	111.8	4,405.9
	Total	TZS million	45,096.9	42,357.0	24,187.7	80,354.2	73,373.1	10,054.8	275,423.7

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

Note: p denotes provisional data

3.2 Fisheries

Total fish catches increased to 27,242 tonnes, from 23,604.4 tonnes caught in the corresponding quarter in 2016 (**Table 3.2**). Correspondingly, the value of fish sold increased to TZS 110,231.4 million from TZS 93,577.2 million. The developments were more outstanding in Dar es Salaam and Lake zones, which recorded increases of 59.6 percent and 57.2 percent in volumes; and 56.9 percent and 32.3 percent in values, respectively. South Eastern zone recorded a decline of 43.9 percent and 35.3 percent in volume and value, respectively attributed to supply factors and intensified fight against illegal fishing activities. Lake zone contributed 57.9 percent and 64.3 percent of the total volume and value of fish catches, respectively (**Table 3.2**).



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Table 3.2: Fish Catches

Zone	Unit	Quarter ending			Percentage change		Percentage contribution Dec -17
		Dec-16	Sep-17	Dec-17 ^P	Sep-17 to Dec-17	Dec-16 to Dec-17	
Central	Tonnes	242.3	356.7	131.3	-63.2	-45.8	0.5
	TZS million	1,970.2	2,074.7	512.6	-75.3	-74.0	0.5
Dar es Salaam	Tonnes	2,089.5	3,427.1	3,339.7	-39.0	59.8	12.3
	TZS million	5,720.0	10,441.1	8,976.8	-45.2	56.9	8.1
South Eastern	Tonnes	4,581.7	2,213.9	2,568.8	16.0	-43.9	9.4
	TZS million	14,308.0	7,701.2	9,264.3	20.3	-35.3	8.4
Lake	Tonnes	10,026.6	8,699.0	15,758.2	81.1	57.2	57.9
	TZS million	53,558.6	56,607.0	70,844.5	25.2	32.3	64.3
Northern	Tonnes	1,627.9	1,338.0	1,737.7	29.9	6.7	6.4
	TZSmillion	8,030.5	6,943.3	8,457.3	21.8	5.3	7.7
Southern Highlands	Tonnes	5,036.4	1,710.6	3,703.4	---	-26.5	13.6
	TZS million	9,989.9	90,059.0	12,152.5	-86.5	21.6	11.0
Total	Tonnes	23,604.4	17,745.3	27,239.1	53.5	15.4	100.0
	TZS million	93,577.2	173,826.3	110,208.0	-36.6	17.8	100.0

Source: Regional Commissioners' Offices, Bank of Tanzania computation

Note: "---", denotes change exceed 100 percent, in absolute terms; and p, provisional data

3.3 Manufacturing

During the review period, value of selected manufactured goods improved slightly by 0.2 percent to TZS 1,902.7 billion, compared with the corresponding quarter in 2016. All zones recorded increases in values except Central and Dar es Salaam zones, which correspondingly registered decreases of 45.4 percent and 3.4 percent. The decline in value of manufactured goods in Central zone was largely influenced by drop in prices of sugar, which reflects moderation of prices from price surge in 2016 associated with temporary restriction of sugar importation to protect domestic industries. Meanwhile, a mix of demand and supply factors including inadequate access to raw materials by processors result in the decline in volume and value of wine, and processed tobacco. Dar es Salaam zone was dominant, contributing 54.5 percent, followed by Northern zone with 15.1 percent of the total value of manufactured goods (**Table 3.3**).



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Table 3.3: Value of Selected Manufactured Commodities

Billions of TZS

Zone	Quarter ending			Percentage change		Percentage contribution Dec-17
	Dec-16	Sep-17	Dec-17 ^P	Sep-17 to Dec-17	Dec-16 to Dec-17	
Central	193.7	138.5	105.7	-23.7	-45.4	5.6
Dar es Salaam	1,073.5	1,038.6	1,036.6	-0.2	-3.4	54.5
South Eastern	71.6	92.7	115.5	24.5	61.4	6.1
Lake	148.7	106.6	193.2	81.2	29.9	10.2
Northern	283.5	281.8	286.5	1.7	1.1	15.1
Southern Highlands	128.4	144.9	165.2	14.0	28.7	8.7
Total	1,899.4	1,803.1	1,902.7	5.5	0.2	100.0

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

Note: p denotes provisional data

3.4 Mining

Value of minerals extracted contracted by 3.1 percent to TZS 1,039,992.5 million compared to the corresponding quarter in 2016. The decline was largely associated with lower production of gold in Central zone and tanzanite in Northern zone. In South Eastern zone however, total value of mineral extracted was substantially high due to increase in coal, gypsum and limestone production—minerals mostly used by cement producing firms (**Table 3.4**).

Table 3.4: Mineral Recovery

Millions of TZS

Zone	Quarter ending			Percentage change		Percentage contribution Dec-17
	Dec-16	Sep-17	Dec-17	Sep-17 to Dec-17	Dec-16 to Dec-17	
Central	2,298.8	2,472.5	1,617.2	-34.6	-29.7	0.2
South Eastern	14,380.1	19,796.7	48,382.6	---	---	4.7
Lake	978,516.6	804,788.4	915,984.0	13.8	-6.4	88.1
Northern	22,149.3	10,093.5	17,659.2	75.0	-20.3	1.7
Southern Highlands	55,411.9	63,748.4	56,349.6	-11.6	1.7	5.4
Total	1,072,756.7	900,899.5	1,039,992.5	15.4	-3.1	100.0

Source: Zonal Mining Offices and mining companies

Note: "—" denotes change exceed 100 percent, in absolute terms; and p, provisional data



3.5 Tourism

Number of visitors to tourist attractions increased by 2.8 percent in the quarter to December 2017, from the similar quarter in 2016. Conversely, total earnings decreased to TZS 46,759.2 million from TZS 51,154.0 million, of which Northern zone contributed 67.0 percent (**Table 3.4**).

Table 3.5: Number of Tourists and Earnings

Zone	Unit	Quarter ending			Percentage change		Percentage contribution
		Dec-16	Sep-17	Dec-17 ^P	Sep-17 to Dec-17	Dec-16 to Dec-17	
Central	Number of visitors	19,259	18,288	15,758	-13.8	-18.2	3.9
	TZS million	627.7	559.8	422.6	-24.5	-32.7	0.9
Dar es Salaam	Number of visitors	3,709	5,340	1,673	-68.7	-54.9	0.4
	TZS million	100.0	61.8	50.0	-19.1	-50.0	0.1
South Eastern	Number of visitors	7,580	7,569	6,395	-15.5	-15.6	1.6
	TZS million	103.6	96.8	71.2	-26.4	-31.3	0.2
Lake	Number of visitors	87,737	153,724	99,097	-35.5	12.9	24.4
	TZS million	11,461.2	24,554.6	14,252.2	-42.0	24.4	30.5
Northern	Number of visitors	266,980	364,970	272,499	-25.3	2.1	67.0
	TZS million	37,867	66,721	31,339	-53.0	-17.2	67.0
Southern Highlands	Number of visitors	10,652	15,260	11,515	-24.5	8.1	2.8
	TZS million	995	871	624	-28.3	-37.3	1.3
Total	Number of visitors	395,917	565,151	406,937	-28.0	2.8	100
	TZS million	51,154.0	92,864.3	46,759.2	-49.6	-8.6	100

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

Note: p denotes provisional data.

3.6 Energy

Total electricity generated and distributed during the quarter under review decreased to 1,653.6 thousand megawatts from 1,871.0 thousand megawatts recorded in the corresponding quarter in 2016 (**Table 3.6**). The performance resulted from the routine maintenance carried out in some plants owned by TANESCO including Ubungo-Watsila, Tegeta Watsila and Kinyerezi I. Gas powered electricity generation in South Eastern was also low due to aged machines. Meanwhile, natural gas production at Songo Songo and Mnazi Bay fields increased by 3.1 percent to 13,075.1 million standard cubic feet (MMSCF) from the level recorded in the similar quarter in 2016, owing to increase in demand by TANESCO, the main customer. Gas



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production was dominated by Songo songo field, which accounted for 56.2 percent of total gas production during the quarter under review.

Table 3.6: Production of Electricity and Gas

Zone	Quarter ending			Percentage change	
	Dec-16	Sep-17	Dec-17	Sep-17 to Dec-17	Dec-16 to Dec-17
A. Electricity (Megawatts)					
Central	403,282.2	353,960.0	402,619.2	13.7	-0.2
Dar es Salaam	1,151,717.7	1,176,845.9	1,073,133.1	-8.8	-6.8
South Eastern	23,758.5	23,753.6	22,818.1	-3.9	-4.0
Northern	36,085.6	65,305.1	66,562.5	1.9	84.5
Lake	254,313.6	82,044.0	87,212.1	6.3	-65.7
Southern Highlands	1,811.3	2,080.1	1,271.8	-38.9	-29.8
Total	1,870,968.9	1,703,988.6	1,653,616.8	-3.0	-11.6
B. Natural gas (Million standard cubic feet)					
South Eastern	12,686.1	14,118.9	13,075.1	-7.4	3.1

Source: National Bureau of Statistics and TANESCO

3.7 Ports Performance

The volume of cargo handled at sea ports of Dar es Salaam, Tanga, and Mtwara; increased by 15.9 percent from the volume handled in the quarter to December 2016 to 4,192.8 tonnes in the quarter ending December 2017 (**Table 3.6**). The increase was attributed to improved efficiency, and increase in transit cargo to and from neighboring countries. Specifically, the notable improvement at Tanga port during the quarter under review was the outcome of ongoing efficiency enhancing measures coupled with commencement of imports of petroleum products through the port. Imports accounted for the largest percent of the total cargo handled by the port³.

³ About 87.0 percent each for Dar es Salaam and Tanga ports.



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Table 3.7: Ports performance

Port	Quarter ending			Percentage change		Percentage share
	Dec-16	Sep-17	Dec-17 ^P	Sep-17 to Dec-17	Dec-16 to Dec-17	
	Dar es Salaam	3,360.2	3,758.4	3,754.8	-0.1	
Tanga	101.9	119.3	204.5	71.4	---	4.9
Mtwara	156.2	38.6	233.5	---	49.5	5.6
Total	3,618.3	3,916.3	4,192.8	7.1	15.9	100.0

Source: Tanzania Ports Authority

Note: "—" denotes change exceed 100 percent, in absolute terms

4.0 REVENUE AND CROSS BORDER TRADE

4.1 Revenue Collection

During the quarter under review, revenue collection in the zones amounted to TZS 4,629.9 billion, lower than TZS 6,055.7 billion recorded during the corresponding quarter in 2016. The revenue was below the target by 10.4 percent, partly on account of low performance of collections from some tax categories including withholding tax and PAYE from large tax payers group (**Table 4.1**). Dar es Salaam zone, the center of commercial activities in the country, accounted for 89.7 percent of total revenue with Southern Highlands zone contributing the least, 0.7 percent.

Table 4.1: Tax Revenue Performance

Zone	Quarter ending				Actual vs target (Percent) Dec-17	Percentage contribution Dec-17
	Actual			Target		
	Dec-16	Sep-17	Dec-17 ^P	Dec-17		
Central	39.3	40.1	38.4	40.1	95.9	0.8
Dar es Salaam	5,540.4	3,222.1	4,151.2	4,642.8	89.4	89.7
Lake	149.5	86.0	94.3	119.9	78.7	2.0
Northern	168.2	168.6	177.0	227.2	77.9	3.8
South Eastern	105.5	25.5	134.6	91.1	---	2.9
Southern Highlands	52.8	134.3	34.3	46.3	74.2	0.7
Total	6,055.7	3,676.6	4,629.9	5,167.3	89.6	100.0

Source: Tanzania Revenue Authority (TRA).

Note: p denotes provisional data; and "—" , change exceeds 100 percent, in absolute terms



4.2 Cross-Border Trade

Cross-border trade recorded a surplus of TZS 2,610.4 billion, higher than a surplus of TZS 2,167.7 billion recorded in the corresponding quarter in 2016. The improvement was on account of increase in exports coupled with decline in imports. Exports expanded by 14.9 percent, partly occasioned by increase in the volume of cashew nuts exports in South Eastern zone. Meanwhile, imports declined by 15.5 percent with the drop more notable in South Eastern and Lake zones (**Table 4.2**). Major exports include agricultural and plastic products, gold, fish, cotton seed cakes and cotton lint, while imports were dominated by capital goods and intermediate goods including mining equipment, industrial raw materials, motor vehicles and fuel; and consumer goods in particular textile materials.

Table 4.2: Formal Cross-Border Trade

		Billions of TZS						
		Quarter ending			Percentage change		Percentage contribution	
Zone		Dec-16	Sep-17	Dec-17 ^P	Sep-17 to Dec-17	Dec-16 to Dec-17	Dec-16	Dec-17
South Eastern	Exports	475.6	1.6	736.5	---	54.9	18.6	25.0
	Imports	9.6	4.2	1.6	-61.9	-83.3	2.4	0.5
	Trade balance	466.0	-2.6	734.9	---	57.7	21.5	28.2
Northern	Exports	830.1	859.5	1,010.0	17.5	21.7	32.4	34.3
	Imports	152.1	143.1	131.0	-8.5	-13.9	38.5	39.3
	Trade balance	678.0	716.4	879.0	22.7	29.6	31.3	33.7
Southern Highlands	Exports	97.6	142.3	106.8	-24.9	9.4	3.8	3.6
	Imports	92.8	85.1	90.0	5.8	-3.0	23.5	27.0
	Trade balance	4.8	57.2	16.8	-70.7	---	0.2	0.6
Lake	Exports	1,159.2	1,270.3	1,090.8	-14.1	-5.9	45.2	37.1
	Imports	140.3	134.0	111.1	-17.1	-20.8	35.5	33.3
	Trade balance	1,018.9	1,136.3	979.7	-13.8	-3.8	47.0	37.5
Total	Exports	2,562.5	2,273.7	2,944.1	29.5	14.9	100.0	100.0
	Imports	394.8	366.4	333.7	-8.9	-15.5	100.0	100.0
	Trade balance	2,167.7	1,907.3	2,610.4	36.9	20.4	100.0	100.0

Source: Tanzania Revenue Authority

Note: p denotes provisional data; and "--", change exceeds 100 percent, in absolute terms



5.0 FINANCIAL SECTOR PERFORMANCE

5.1 Banks Deposits and Lending

Commercial banks' deposits increased by 9.6 percent to TZS 18,088.0 billion during the quarter ending December 2017 compared with the corresponding quarter in 2016, attributed to continued mobilization efforts by banks. In particular, South Eastern zone recorded significant increase in deposits following implementation of new payment arrangement for cashew nuts farmers, which requires all payments be through farmers' bank accounts effective from 2017/18 season. Meanwhile, increase in bank deposits in Dar es Salaam zone emanated from transferable deposits, while in South Eastern zone was on account of non-transferable deposits (savings). Dar es Salaam zone accounted for 66.5 percent share of total deposits, whereas Southern Highlands and South Eastern zones contributed the least shares of 4.2 percent and 3.9 percent, respectively (**Table 5.1**).

Table 5.1: Commercial Bank Deposits

Zone	Quarter ending			Percentage change		Percentage contribution Dec-17
	Dec-16	Sep-17	Dec-17 ^P	Sep-17 to Dec-17	Dec-16 to Dec-17	
Central	925.0	895.9	977.8	9.1	5.7	5.4
Dar es Salaam	10,907.7	11,420.2	12,034.1	5.4	10.3	66.5
Lake	1,342.8	1,386.7	1,382.2	-0.3	2.9	7.6
Northern	2,026.8	2,138.9	2,213.7	3.5	9.2	12.2
South Eastern	560.8	585.2	768.5	31.3	37.0	4.2
Southern Highlands	735.8	708.9	711.7	0.4	-3.3	3.9
Total	16,498.9	17,135.7	18,088.0	5.6	9.6	100.0

Source: Commercial banks in respective zones

Note: p denotes provisional data

As regards to lending, banks' lending to various economic activities increased by 10.3 percent to TZS 15,200.9 billion. Dar es Salaam zone continued to dominate the share of loans outstanding by 58.2 percent, followed by Northern and Lake zones with 14.6 percent and 14.2 percent, respectively (**Table 5.2a**). Lending was mostly extended to wholesale and trade; personal; manufacturing; and social (education and health) activities, all together accounting for 59.2 percent of the outstanding loans at the end of December 2017 (**Table 5.2b**).



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Table 5.2a: Commercial Bank Lending

Zone	Billions of TZS					
	Quarter ending			Percentage change		Percentage contribution
	Dec-16	Sep-17	Dec-17 ^P	Sep-17 to Dec-17	De-16 to Dec-17	Dec-17
Central	919.8	895.5	853.5	-4.7	-7.2	5.6
Dar es Salaam	8,312.1	9,031.7	8,852.6	-2.0	6.5	58.2
Lake	1,742.8	1,976.0	2,164.5	9.5	24.2	14.2
Northern	1,850.3	2,065.1	2,217.9	7.4	19.9	14.6
South Eastern	291.5	455.0	416.6	-8.4	42.9	2.7
Southern Highlands	671.1	742.4	695.8	-6.3	3.7	4.6
Total	13,787.6	15,165.7	15,200.9	0.2	10.3	100.0

Source: Commercial banks in respective zones

Table 5.2b: Percentage Share of Banks' Lending by Activity

Activity	Central	Dar es Salaam	Lake	Northern	South Eastern	Southern Highlands	Total
Agriculture	14.6	3.6	13.9	5.9	7.0	22.5	7.0
Manufacturing	5.6	16.0	6.1	2.3	0.5	3.1	11.0
Wholesale and retail trade	23.2	24.5	16.5	9.6	11.1	18.9	20.5
Transport, storage and communication	1.1	8.4	1.1	1.2	1.1	1.5	5.4
Building and construction	1.2	7.6	1.1	2.0	8.4	5.0	5.4
Real estate	0.0	6.3	3.3	0.0	3.6	0.0	4.2
Electricity, gas and water	0.1	4.0	0.4	0.1	0.8	0.0	2.4
Mining and quarrying	0.0	1.2	4.1	0.1	0.0	2.8	1.4
Personal	23.9	12.4	15.0	39.5	17.4	36.9	18.6
Financial intermediation	0.9	1.5	2.7	3.2	0.4	2.5	1.9
Hotels and restaurants	1.1	3.6	3.5	11.8	0.7	1.2	4.5
Social (Health and education)	23.0	4.5	7.0	22.7	30.7	1.7	9.1
Others	5.3	6.5	25.4	1.7	18.3	3.8	8.6

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

Interest rate offered by banks on deposits declined slightly to an average of 4.75 percent from 4.83 percent in the corresponding quarter in 2016, whereas average lending rate increased to 18.52 percent from 17.83 percent. As a result, interest rate spread increased to 13.77 percent during the review quarter from 13.00 percent in the similar quarter in 2016 (**Table 5.3**).



Table 5.3: Interest Rates on Deposits and Lending

	Quarter ending			Percentage change	
	Dec-16	Sep-17	Dec-17 ^P	Sep-17 to Dec-17	Dec-16 to Dec-17
Average deposit rate	4.83	4.60	4.75	3.22	-1.69
Average lending rate	17.83	18.38	18.52	0.76	3.86
Spread	13.00	13.77	13.77	-0.06	5.93

Source: Commercial banks in respective zones

Note: p denotes provisional data

5.2 Bureau de Change Operations

Purchase of foreign exchange through bureau de change decreased by 17.6 percent from the level recorded in the quarter to December 2016 to USD 156.9 million. Similarly, sales of foreign exchange declined to USD 108.7 million from USD 171.8 million (**Table 5.4**). Dar es Salaam zone, the business hub of the country, remained the main contributor in bureau de change transactions, accounting for 81.1 percent of foreign exchange purchases and 79.0 percent of sales, followed by Northern zone—the main tourist destination—with 15.5 percent and 18.7 percent of purchases and sales, respectively.

Table 5.4: Bureau de Change Transactions

Zone	Millions of USD											
	Quarter ending						Percentage change				Percentage contribution	
	Dec-16		Sep-17		Dec-17 ^P		Sep-17 to Dec-17		Dec-16 to Dec-17		Dec-17	
	Purchases	Sales	Purchases	Sales	Purchases	Sales	Purchases	Sales	Purchases	Sales	Purchases	Sales
Central	1.1	1.0	1.6	1.0	1.3	0.7	-17.3	-33.7	17.3	-28.9	0.8	0.6
Dar es Salaam	136.7	128.3	128.2	93.8	127.2	85.8	-0.8	-8.5	-7.0	-33.1	81.1	79.0
Lake	1.5	1.5	1.6	0.4	2.5	0.4	59.6	-16.9	64.5	-76.7	1.6	0.3
Northern	48.7	39.1	43.7	39.3	24.3	20.3	-44.4	-48.3	-50.1	-48.1	15.5	18.7
South Eastern	0.1	0.1	0.0	0.0	0.0	0.0			-100.0	-100.0	0.0	0.0
Southern Highlands	2.2	1.8	1.8	0.9	1.6	1.5	-10.3	67.3	-30.1	-17.9	1.0	1.4
Total	190.4	171.8	176.9	135.5	156.9	108.7	-11.3	-19.8	-17.6	-36.8	100.0	100.0

Source: Bank of Tanzania

5.3 Savings and Credit Cooperative Societies

Savings and Credit Cooperative Societies (SACCOS) performance improved compared with the similar quarter in 2016 in terms of number of members, savings, share value, and loans. Membership increased to 993,563 from 980,842 in the quarter to December 2016. Likewise, savings improved to TZS 372.4 billion from TZS 337.2 billion, while disbursed loans amounted



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to TZS 902.4 billion compared with TZS 895.6 billion in the same period (**Table 5.5**). Meanwhile, Dar es Salaam and Northern zones accounted for the largest share of total savings through SACCOS as at the end of the quarter to December 2017, at 46.6 percent and 24.0 percent, respectively. As regards to total loans disbursed, Northern and Southern Highlands zones accounted for 41.8 percent and 17.4 percent of the total, respectively. Inadequate capital, loan defaults, members' un-timely repayment of loans coupled with higher interest rate charged on loans by commercial banks remained the main challenges facing SACCOS.

Table 5.5: Performance of Savings and Credit Cooperative Societies in Zones

	Category	Central	Dar es Salaam	Lake	Northern	South Eastern	Southern Highlands	Total
Quarter ending Dec-16	Number of SACCOS	934.0	892.0	1,415.0	950.0	1,081.0	664.0	5,936.0
	Members	146,431.0	231,201.0	147,289.0	197,535.0	129,989.0	128,397.0	980,842.0
	Share value (Mil. of TZS)	7,634.7	14,402.8	3,450.5	24,723.0	7,997.9	20,555.6	78,764.5
	Savings (Mil. of TZS)	27,945.9	130,511.0	11,226.0	73,988.6	37,644.0	55,919.0	337,234.5
	Deposits (Mil. of TZS)	5,069.4	3,877.1	3,548.6	10,296.4	5,292.8	29,798.3	57,882.6
	Loan issued (Mil. of TZS)	145,578.5	55,529.9	41,107.4	408,099.2	90,016.4	155,287.4	895,618.8
	Outstanding loans (Mil. of TZS)	42,788.9	35,463.5	17,719.0	117,650.6	45,175.8	80,305.4	339,103.2
Quarter ending Sep-17	Number of SACCOS	947.0	738.0	1,156.0	972.0	1,254.0	768.0	5,835.0
	Members	132,576.0	231,201.0	129,436.0	193,193.0	149,888.0	14,047.0	850,341.0
	Share value (Mil. of TZS)	6,871.9	22,024.0	4,399.7	16,598.0	7,698.5	20,788.2	78,380.3
	Savings (Mil. of TZS)	27,690.7	170,174.3	11,495.6	90,237.2	38,914.1	14,674.8	353,186.7
	Deposits (Mil. of TZS)	2,852.6	7,196.1	2,402.4	11,880.2	3,351.3	15,583.7	43,266.3
	Loan issued (Mil. of TZS)	140,394.9	75,726.2	68,165.5	361,092.5	120,818.3	17,233.2	783,430.6
	Outstanding loans (Mil. of TZS)	48,458.6	85,057.6	18,562.5	99,610.0	60,461.4	18,955.1	331,105.1
Quarter ending Dec-17 ^p	Number of SACCOS	856.0	743.0	1,129.0	966.0	1,243.0	676.0	5,613.0
	Members	141,344.0	234,427.0	144,277.0	195,679.0	149,487.0	128,349.0	993,563.0
	Share value (Mil. of TZS)	7,401.8	25,098.6	3,389.2	15,909.5	8,598.5	22,389.0	82,786.6
	Savings (Mil. of TZS)	19,768.4	173,375.8	10,857.2	89,413.8	45,614.1	33,403.2	372,432.5
	Deposits (Mil. of TZS)	3,499.7	8,720.0	4,255.4	12,998.5	6,351.3	10,788.2	46,613.1
	Loan issued (Mil. of TZS)	130,019.3	87,151.2	70,760.4	376,930.8	80,818.3	156,680.0	902,360.0
	Outstanding loans (Mil. of TZS)	39,635.7	98,446.4	20,156.0	118,252.6	50,461.4	50,685.8	377,637.9

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

Note: p denotes provisional data.