BANK OF TANZANIA

CONSOLIDATED ZONAL ECONOMIC PERFORMANCE REPORT FOR THE QUARTER ENDING SEPTEMBER 2016

Volume 1, No. 3

CONSOLIDATED ZONAL ECONOMIC PERFORMANCE REPORT FOR THE QUARTER ENDING SEPTEMBER 2016

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This report is available in PDF at: http://www.bot.go.tz

ISSN 2546-2008
eISSN 2546-2008

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Executive Summary

In the quarter ending September 2016, year-on-year headline inflation rate declined in all zones compared to inflation recorded in the corresponding quarter in 2015 except for Southern Highlands zone. The increase in inflation was mainly driven by food prices, particularly cereals. The lowest inflation rate was registered in Northern and Dar es Salaam zones, mainly due to improvement in food supplies in various markets.

Wholesale prices for main food crops had a mixed trend across all zones when compared to the corresponding quarter in 2015. Prices of beans and maize increased in most zones, while rice prices decreased across all zones except Southern Highland zone. The increase in prices was mainly due to lower production owing to inadequate rains coupled to increased demand from neighboring countries. Overall, food supply situation was satisfactory in all zones, except for some few areas in Eastern, Central, Lake and Northern zones. The shortage of food was mostly observed in Lindi, Mtwara, Singida, Dodoma, Simiyu, Mara, Shinyanga, and Arusha regions.

Value of procured cash crops decreased to TZS 883.5 billion from TZS 898.2 billion recorded in the corresponding quarter in 2015. Significant improvement was recorded in the procured value of coffee and sisal in Northern and Eastern zones respectively. The increase in the procured value of the two crops was attributed to timely distribution and application of agricultural inputs.

The value of livestock sold through registered markets increased to TZS 447.6 billion from TZS 424.1 billion and TZS 407.8 billion recorded in the quarter ending September 2015 and the previous quarter respectively. On the other hand, fish catches increased by 6.3 percent to 20,440.7 tonnes compared to the corresponding quarter in 2015. Lake zone contributed the largest share of fish earnings (37.1 percent) while the central zone recorded the least share of earnings (3.8 percent).

During the period, the value of manufactured goods increased by 3.1 percent to TZS 1,754.6 billion compared with the corresponding quarter in 2015. Improvement in performance of manufacturing activity was associated with availability of raw materials and stability in power supply. Dar es Salaam zone contributed 59.7 percent of the value of manufactured goods, followed by Northern zone at 14.9 percent.

Number of tourists increased across the zones, except for Northern zone, when compared to the corresponding period in 2015. Nevertheless, overall earnings from tourism activities increased to TZS 67,892.9 million compared with TZS 63,426.9 million recorded in the corresponding quarter in 2015 driven by a rise in tourist spending. Northern zone accounted for 64.2 percent and 67.3 percent of total tourists and earnings, respectively.

Cargo handling at the sea ports of Dar es Salaam, Tanga, and Mtwara slightly increased by 1.2 percent to 3.9 million tonnes compared with the corresponding period in 2015. In particular, Mtwara port recorded substantial increase in cargo from 6.3 thousand tonnes to 45.8 thousand tonnes during the same period.

Electricity generated and distributed increased to 1,217.6 thousand MWh compared to 1,076.6 thousand MWh recorded in the corresponding period in 2015. The increase was mainly associated with commencement of production by Kinyerezi I plant. Dar es Salaam zone accounted for 89.7 percent of the electricity generated. Gas production from Songas and Mnazi Bay fields increased by 32.5 percent from the level recorded during the corresponding period in 2015 due to increased demand in production of thermal electricity following completion and operationalization of the Mnazi Bay pipe line project. Songas accounted for 71.6 percent of the natural gas produced in the country.

Revenue collection in the zones amounted to TZS 4,034.1 billion, almost in line with the target of TZS 4,056.6 billion. The collection increased by 21.9 percent compared with the corresponding period in 2015, mainly due to improved tax administration. Dar es Salaam zone, at 90.4 percent, accounted for the largest share of revenue collections.

During the year ending September 2016, commercial banks deposits depicted mixed trend across zones but slightly increased by 1.6 percent to TZS 17,068.8 billion in the quarter ending September 2016 from the corresponding period in 2015. Dar es Salaam zone accounted for 66.4 percent of the total deposits; while Southern and Eastern zones had the lowest shares of 3.6 percent and 4.7 percent, respectively. Total lending to various economic activities in the zones increased to TZS 14,360.8 billion compared to TZS 12,824.0 billion registered in the corresponding period in 2015. Dar es Salaam accounted for 65.8 percent of total loans outstanding, while the Eastern zone accounted for 4.2 percent, the lowest among all zones.

1.0 ECONOMIC PERFORMANCE

1.1 Inflation and Wholesale Prices

During the quarter ending September 2016, headline inflation rate across zones decreased except for Southern highlands zone, which experienced an increase in prices for some non-food and food items. The Eastern and Southern Highlands zones registered relatively higher inflation rates, above the national headline inflation for two consecutive quarters (**Table 1.1** and **Chart 1.1**). Northern and Dar es Salaam zones registered the lowest inflation rate on account of improved food supplies in various markets following the onset of marketing season of major food crops from the up country especially the Southern Highlands zone. Meanwhile, national headline inflation rate slowed down to 4.5 percent from 6.1 percent in the corresponding quarter 2015.

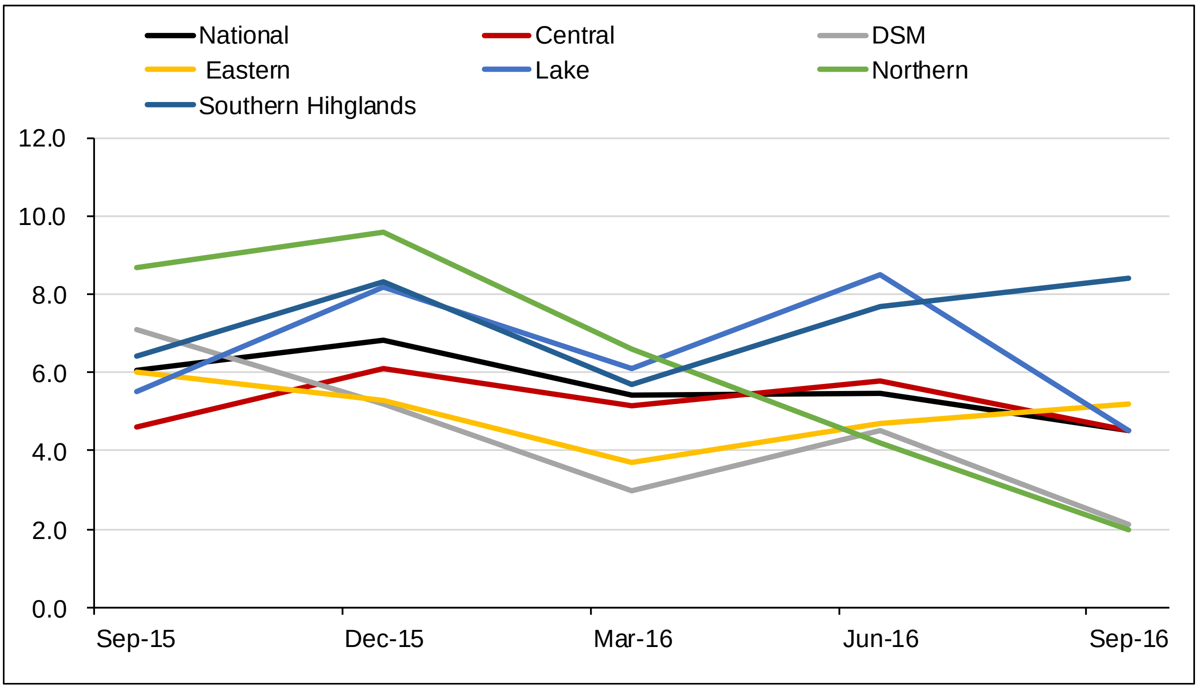
Table 1.1: Year-on-Year Headline Inflation Rates in Zones

Percent

	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16
National	6.1	6.8	5.4	5.5	4.5
Central	4.6	6.1	5.2	5.8	4.5
DSM	7.1	5.2	3.0	4.5	2.1
Eastern	6.0	5.3	3.7	4.7	5.2
Lake	5.5	8.2	6.1	8.5	4.5
Northern	8.7	9.6	6.6	4.2	2.0
Southern Hihglands	6.4	8.3	5.7	7.7	8.4

Source: National Bureau of Statistics

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



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

Average wholesale prices of the main food crops namely maize, rice, beans, millet, sorghum, wheat and potatoes recorded a mixed trend across zones when compared to the corresponding quarter in 2015. Prices of maize increased in all zones except Central and Northern zones, while rice prices decreased across all zones save for Southern Highlands zone (**Table 1.2**). The increase in prices of these food crops was mainly attributed to lower production caused by inadequate rainfall in some major producing areas, increased demand from neighboring countries, and the needs by the National Food Reserve Agency (NFRA) to replenish their stocks.

Table 1.2: Average Wholesale Price for Food Crops in Zones

TZS per Kg

	Category	Central	Eastern	Dar es Salaam	Southern Highlands	Northern	Lake
Quarter Ending Sept 2015	Beans	164,986	256,197	173,818	137,457	149,339	159,984
	Bulrush Millet	68,346	-	70,161	-	-	-
	Finger Millet	105,858	-	114,375	-	85,843	-
	Maize	56,318	44,584	58,906	43,222	60,328	57,172
	Rice	164,132	195,498	164,754	158,547	162,101	148,878
	Round Potatoes	68,075	-	-	64,291	77,754	71,639
	Sorghum	97,305	-	73,098	-	-	96,225
	Wheat	-	-	115,640	87,526	99,261	
Quarter Ending June 2016	Beans	157,641	173,440	177,323	130,522	133,737	180,680
	Bulrush Millet	79,011	-	93,383	-		-
	Finger Millet	105,520	-	112,375	-	90,084	-
	Maize	55,716	59,620	60,757	56,328	57,178	55,877
	Rice	163,507	189,673	174,389	148,343	158,779	136,677
	Round Potatoes	79,006	-	-	82,906	101,861	84,785
	Sorghum	116,698	-	109,114	-	-	66,520
	Wheat	-	-	115,161	125,643	104,984	
Quarter Ending Sept 2016	Beans	153,255	174,063	180,880	130,000	139,606	145,414
	Bulrush Millet	74,216	-	88,571	-	-	-
	Finger Millet	101,987	-	112,969	-	87,894	-
	Maize	53,439	55,766	59,613	48,540	58,539	60,436
	Rice	147,107	164,413	164,410	169,359	149,744	112,350
	Round Potatoes	74,087	-	-	81,125	87,331	85,977
	Sorghum	130,833	-	98,214	-	-	90,879
	Wheat	-	-	118,760	125,000	104,293	-

Source: Ministry of Industries, Trade and Investment.

2.0 FOOD STOCK

Overall, food supply situation in the third quarter of 2016 was satisfactory in all zones except for some few areas in Eastern, Central, Lake, Dar es Salaam, and Northern zones that experienced pockets of food shortages. Specifically, food shortages of varying degrees were reported in the regions of Lindi, Mtwara, Singida, Dodoma, Simiyu, Mara, Shinyanga, and Arusha. In an effort to alleviate the shortage, the National Food Reserve Agency (NFRA) distributed 17,413 tonnes of food as follows: Central zone received 2,863 tonnes, Lake (290 tonnes), Northern (2,540 tonnes), Dar es Salaam (90.5 tonnes) and Southern Highlands received 11,630 tonnes.

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 Sept 2015	Central	36,117	0	0	9,209	26,909
	Southern Highlands	167,323	0	167,323	70,765	96,558
	Northern	17,401	0	0	2,721	14,680
	Lake	9,883	0	2,166	2,164	9,885
	Dar es salaam	21,255	0	1,534	5,582	17,206
	Eastern	0	0	0	0	0
	Total	251,979	0	171,022	90,441	165,237
Quarter ending June 2016	Central	12,016	0	654	1,027	10,429
	Southern Highlands	73,619	3,856	77,474	62,273	15,201
	Northern	2,567	2,482	0	0	5,049
	Lake	9,883	0	0	0	9,883
	Dar es salaam	9,909	0	0	1,321	8,588
	Eastern	0	0	0	0	0
	Total	107,994	6,337	78,128	64,621	49,150
Quarter ending Sept 2016	Central	10,429	5,654	0	2,863	13,220
	Southern Highlands	11,163	41,376	52,539	11,630	40,909
	Northern	5,049	3,788	0	2,540	6,297
	Lake	10,787	0	0	290	10,497
	Dar es salaam	8,540	11	0	91	8,461
	Eastern	0	0	0	0	0
	Total	45,969	50,828	52,539	17,413	79,384

Source: National Food Reserve Agency

3.0 SECTORAL PERFORMANCE

3.1 Agriculture

3.1.1 Cash Crop Procurement

In the quarter ending September 2016, the value of cash crops procured decreased to TZS 883.5 billion from TZS 898.2 billion recorded in the corresponding period in 2015 (**Table 3.1**). However, a significant improvement was recorded in the value of coffee and sisal, mainly from Northern and Eastern zones, respectively. In Eastern zone, a total of 1,415.5 tonnes of sisal were procured, up from 1,374.3 tonnes in the corresponding quarter in 2015. In the Northern zone, a total of 3,667 tonnes of coffee were procured, up from 2,090 tonnes procured in the corresponding quarter in 2015. The increase was attributed to timely distribution and application of agricultural inputs. Contribution to total value of cash crops procured was dominated by Southern Highlands zone, which accounted for 46.8 percent; followed by Lake zone with 23.3 percent.

Table 3.1: Cash Crop Procurement

TZS Billion

Zone	Quarter ending Sep-15	Quarter ending Jun-16	Quarter ending Sep-16	Percentage change Jun-16 to Sep-16	Percentage change Sep-15 to Sep-16	Percentage Contribution
Central	37.5	31.7	28.2	-11.0	-24.8	3.2
Eastern	35.2	5.5	36.3	56.5	3.1	4.1
Lake	229.5	0.0	205.6	0.0	-10.6	23.3
Northern	104.9	190.9	199.6	4.5	90.2	22.6
Southern Highlands	491.1	513.8	413.8	-19.4	-15.7	46.8
Dar es salaam	0.0	0.0	0.0	0.0	0.0	0.0
Total	898.2	741.9	883.5	19.1	-1.6	100.0

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

3.2 Livestock

The value of livestock (cattle, goats and sheep) sold through registered markets increased to TZS 447,557 million from TZS 424, 098 million recorded in the quarter ending September 2015 (**Table 3.2**). Northern and Lake zones accounted for 48.2 percent and 12.6 percent of the total number of livestock earnings, respectively.

Table 3.2: Livestock Sold through Registered Markets

Millions of TZS

Year	Livestock	Central	Dar es Salaam	Eastern	Lake	Northern	Southern Highlands	Total
Quarter ending Sept 2015	Cattle	42,735.8	28,809.9	35,837.9	52,746.7	204,885.0	8,477.9	373,493.2
	Goats	2,928.9	1,917.1	850.6	3,241.0	16,062.0	721.0	25,720.6
	Sheep	930.3	1,624.5	149.1	1,074.0	20,999.0	108.0	24,884.9
	Total	46,595.0	32,351.5	36,837.6	57,061.7	241,946.0	9,306.9	424,098.7
Quarter ending June 2016	Cattle	38,032.6	60,647.2	21,976.4	44,336.4	186,117.7	9,734.5	360,844.8
	Goats	3,923.7	3,272.9	753.7	2,418.4	14,126.6	675.4	25,170.7
	Sheep	1,496.2	599.0	123.7	881.7	18,577.5	131.0	21,809.1
	Total	43,452.5	64,519.1	22,853.8	47,636.5	218,821.7	10,540.9	407,824.5
Quarter ending Sept 2016	Cattle	44,924.7	73,645.3	32,145.4	52,637.4	207,079.0	9,984.3	420,416.1
	Goats	5,338.0	4,464.7	1,061.0	2,741.8	5,319.0	758.4	19,682.9
	Sheep	2,077.9	807.0	169.8	1,104.0	3,200.0	99.0	7,457.7
	Total	52,340.6	78,917.0	33,376.2	56,483.2	215,598.0	10,841.7	447,556.7
Total	Share (%)	11.7	17.6	7.5	12.6	48.2	2.4	100.0

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 increased to 20,440.7 tonnes from 19,220.3 tonnes recorded in the corresponding quarter in 2015. Eastern zone contributed the largest share of 37.2 percent of fish catches, followed by Lake and Northern zones (**Table 3.3**). Meanwhile, the Lake zone contributed 37.1 percent of the total zonal earnings followed by Eastern zone (27.2 percent) and Northern zone (18.7 percent). The Central zone contributed the least share of 2.0 percent of fish catches and 3.8 percent of earnings. Fishing activities continued to face challenges of improper fishing practices such as use of undesirable fishing gears.

Table 3.3: Fish Catch

		Quarter ending			Percentage change		
Zone	Unit	Sep-15	Jun-16	Sep-16	Jun-16 to Sep-16	Sep-15 to Sep-16	Percentage Contribution
Central	Tonnes	323.7	397.2	406.9	2.4	25.7	2.0
	TZS Billion	2.7	3.3	3.4	2.5	22.4	3.8
Dar es Salaam	Tonnes	1,345.0	2,672.0	2,067.0	-22.6	53.7	10.1
	TZS Billion	3.3	10.2	6.4	-37.5	91.5	7.2
Eastern	Tonnes	7,274.0	5,023.5	7,598.4	51.3	4.5	37.2
	TZS Billion	22.5	16.9	24.2	43.2	7.6	27.2
Lake	Tonnes	5,039.5	7,112.7	5,033.9	-29.2	-0.1	24.6
	TZS Billion	34.8	37.3	33.0	-11.5	-5.0	37.1
Northern	Tonnes	3,240.1	4,002.7	3,722.4	-7.0	14.9	18.2
	TZS Billion	16.8	18.3	16.7	-9.0	-0.4	18.7
Southern Highlands	Tonnes	1,998.0	1,769.2	1,612.1	-8.9	-19.3	7.9
	TZS Billion	4.9	6.2	5.4	-13.9	8.6	6.0
Total	Tonnes	19,220.3	20,977.3	20,440.7	-2.6	6.3	100.0
	TZS Billion	85.0	92.3	89.0	-3.5	4.7	100.0

Source: Regional Commissioners' Offices, Bank of Tanzania calculations

3.4 Manufacturing

The value of manufactured goods increased by 3.1 percent to TZS 1,754.6 billion compared with the corresponding quarter in 2015. Improvement in performance of manufacturing activity was attributed to availability of raw materials, coupled with stability in power supply. As shown in **Table 3.4**, Dar es Salaam zone contributed 59.7 percent of the toal value of manufactured goods, followed by Northern zone at 14.9 percent.

Table 3.4: Value of Selected Manufactured Commodities

Billions of TZS

Zone	Quarter ending			Percentage change		Percentage Contribution
	Sep-15	Jun-16	Sep-16	Jun-16 to Sep-16	Sep-15 to Sep-16	
Central	44.6	53.8	52.5	-2.4	17.6	3.0
Dar es Salaam	946.8	1,058.4	1,047.3	-1.0	10.6	59.7
Eastern	204.3	76.1	184.1	141.9	-9.9	10.5
Lake	113.3	108.2	120.1	11.0	6.0	6.8
Northern	280.5	246.3	260.9	5.9	-7.0	14.9
Southern Highlands	111.5	82.1	89.7	9.3	-19.6	5.1
Total	1,701.0	1,624.8	1,754.6	8.0	3.1	100.0

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

3.5 Mining

In the quarter ending September 2016, the value of minerals increased to USD 888.0 million from USD 756.9 million recorded in the corresponding period a year earlier (**Table 3.5**). The increase was largely driven by increase of export volume of gold, despite persistent decrease in its price in the world market. The Lake zone contributed 96.1 percent of the total value of minerals owing to more gold mining operations than in other zones.

Table 3.5: Mineral Recovery

TZS billion

Zone	Quarter ending			Percentage change		Percentage contribution
	Sep-15	Jun-16	Sep-16	Jun-16 to Sep-16	Sep-15 to Sep-16	
Central	0.7	1.5	2.2	41.8	231.3	0.2
Eastern	2.1	2.0	3.8	92.0	79.4	0.4
Lake	730.0	785.9	853.8	8.6	17.0	96.1
Northern	13.9	20.1	12.3	-39.1	-11.6	1.4
Southern Highlands	10.2	10.5	15.9	52.1	55.7	1.8
Total	756.9	820.1	888.0	8.3	17.3	100.0

Source : Zonal Mines offices and mining companies

3.6 Tourism

Number of tourists increased across zones, except for Northern zone, compared to September quarter of 2015 (**Table 3.6**). Despite the increase in the number of visitors in Dar es Salaam zone, in particular, the amount of earnings declined substantially by 49.4 percent. Overall earnings from tourism activities increased to TZS 67,892.9 million compared with TZS 63,426.9 million recorded in the corresponding quarter in 2015[1]. The Northern zone accounted for 64.2 percent and 67.3 percent of the total number of tourists and earnings, respectively.

Table 3.6: Number of Tourists and Earnings

		Quarter ending			Percentage change		
Zone	Unit	Sep-15	Jun-16	Sep-16	Jun-16 to Sep-16	Sep-15 to Sep-16	Percentage Contribution
Central	Number of visitors	11,772.0	4,834.0	13,295.0	175.0	12.9	2.5
	TZS Millions	715.1	196.7	879.5	347.1	23.0	1.3
Dar es Salaam	Number of visitors	6,449.0	4,133.0	7,329.0	77.3	13.6	1.4
	TZS Millions	124.7	103.6	63.1	-39.1	-49.4	0.1
Eastern	Number of visitors	26,948.0	11,825.0	28,380.0	140.0	5.3	5.4
	TZS Millions	609.0	245.7	715.4	191.2	17.5	1.1
Lake	Number of visitors	152,178.0	76,112.0	137,687.0	80.9	-9.5	26.1
	TZS Millions	16,507.6	7,795.8	20,397.0	161.6	23.6	30.0
Northern	Number of visitors	338,856.0	154,500.0	338,054.0	118.8	-0.2	64.2
	TZS Millions	45,587.7	17,002.7	45,666.7	168.6	0.2	67.3
Southern Highlands	Number of visitors	2,118.0	1,141.0	2,137.0	87.3	0.9	0.4
	TZS Millions	103.8	48.5	171.2	253.0	64.9	0.3
Total	Number of visitors	538,321.0	252,545.0	526,882.0	108.6	-2.1	100.0
	TZS Millions	63,647.9	25,393.0	67,892.9	167.4	6.7	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 to 1,217.6 thousand MWh compared to 1,076.6 thousand MWh recorded in the corresponding period in 2015 (**Table 3.7**). The increase was mainly associated with the commencement of production by Kinyerezi I plant, which has an installed capacity of 150 megawatts. Dar es Salaam zone accounted for 89.7 percent of the electricity generated. Meanwhile, gas production from Songas and Mnazi Bay fields increased by 32.5 percent from the level recorded during the third quarter of 2015, following completion and operationalization of the Mnazi Bay pipe line project. Gas production is dominated by Songas, which accounted for about 71.6 percent of total natural gas produced in the country.

[1] Earnings from tourists are mainly in the form of gate fees.

Table 3.7: Production of Electricity and Natural Gas

'000 MWh'

Zone	Unit	Quarter ending Sep-15	Quarter ending Jun-16	Quarter ending Sep-16	Percentage change Jun-16 to Sep-16	Percentage change Sep-15 to Sep-16	Percentage contribution
A. Electricity:							
Tanesco	MWh	283.1	579.6	687.6	18.6	142.8	56.5
IPTL	MWh	166.7	4.5	32.5	622.4	-80.5	2.7
Songas	MWh	350.8	282.7	372.4	31.7	6.2	30.6
Aggreko	MWh	121.4	0.0	0.0	0.0	-100.0	0.0
Symbion	MWh	0.0	63.0	0.0	-100.0	-100.0	0.0
Total Dar es Salaam	MWh	922.0	929.8	1092.5	17.5	18.5	89.7
Eastern	MWh	21.0	20.9	21.1	0.9	0.4	1.7
Lake	MWh	70.4	59.6	51.0	-14.4	-27.6	4.2
Nyumba ya Mungu Power Plant	MWh	8.7	8.9	6.2	-29.7	-28.1	0.5
New Pangani Power Plant	MWh	40.7	106.8	37.4	-65.0	-8.2	3.1
Hale Hydro Power Plant	MWh	13.8	20.8	9.6	-53.9	-30.7	0.8
Total Northern	MWh	63.2	136.4	53.2	-61.0	-15.9	4.4
Total		1076.6	1146.7	1217.7	6.2	13.1	100.0
B. Natural Gas:							
Songas	Mill. Std. Cubic Feet	8,136.4	6,624.2	7,921.5	19.6	-2.6	71.6
Mnazi Bay	Mill. Std. Cubic Feet	216.6	4,642.7	3,146.3	-32.2	1,352.6	28.4
Eastern Total	Mill. Std. Cubic Feet	8,353.0	11,266.9	11,067.8	-1.8	32.5	100

Source: National Bureau of Statistics, TANESCO and TPDC

3.8 Ports Performance

Cargo handling at the sea ports of Dar es Salaam, Tanga, and Mtwara slightly increased by 1.2 percent to 3.9 million tonnes compared with the corresponding period in 2015. Dar es Salaam and Mtwara ports recorded an increase in cargo handling, while cargo at Tanga port declined when compared with the quarter ending September 2015, (**Table 3.8**). In particular, Mtwara port recorded substantial increase in cargo by 627 percent to 45,781 tonnes compared with the corresponding period in 2015, mainly due to an increase in importation of coal for cement production and exploration equipment. Dar es Salaam port accounted for 91.9 percent of the total cargo, followed by Tanga port at 4.8 percent.

Table 3.8: Ports Performance

000' Tonnes

Port	Quarter ending Sep-15	Quarter ending Jun-16	Quarter ending Sep-16	Percentage change Jun-16 to Sep-16	Percentage change Sep-15 to Sep-16	Percentage Contribution
Dar es Salaam	3,563.6	3,258.7	3,591.5	10.2	0.8	92.2
Tanga	280.8	140.4	260.0	85.2	-7.4	6.7
Mtwara	6.3	35.7	45.9	28.6	625.8	1.2
Total	3,850.7	3,434.8	3,897.4	13.5	1.2	100.0

Source: Tanzania Ports Authority

4.0 REVENUE AND CROSS BOARDER TRADE

4.1 Revenue Collection

During the quarter ending September 2016, revenue collection in the zones amounted to TZS 4,034.1 billion, almost in line with the target of 4,056.6 (**Table 4.1**). Revenue collection increased by 21.9 percent compared with the corresponding period in 2015, mainly due to improved tax administration. Dar es Salaam zone at 90.4 percent accounted for the largest share of revenue collections (**Table 4.1**).

Table 4.1: Zonal Revenue Performance

Billions of TZS

	Quarter ending					
			Sep-16			
Zones	Sep-15	Jun-16	Target	Actual	Actual to Target (%)	Percentage Contribution
Dar es Salaam	3,020.5	3,450.3	3,692.0	3,648.2	98.8	90.4
Northern	144.4	152.8	172.84	171.7	99.4	4.3
Lake	69.7	85.1	88.7	94.8	106.9	2.3
Eastern	24.2	32.5	35.8	40.7	113.7	1.0
Central	24.3	33.1	34.2	36.2	105.8	0.9
Southern Highlands	24.5	41.1	33.1	42.5	128.4	1.1
Zonal Total	3,307.6	3,794.9	4,056.6	4,034.1	99.4	100.0

Source: Tanzania Revenue Authority (TRA)

4.2 Cross Border Trade

Cross border trade balance improved by 46.3 percent from a surplus of TZS 1,141.8 billion recorded in the corresponding quarter in 2015 (**Table 4.2**). improvement in trade balance was recorded across the zones except for Eastern zone. In terms of percentage contribution, the Northern zone dominated in cross border exports by accounting for 50.1 percent, and imports, by accounting for 47.3 percent of the total cross-border import bill.

Table 4.2: Zonal Formal Cross Border Trade

Billions of TZS

Zone	Item	Sep-15	Jun-16	Sep-16	Percentage Change Jun-16 to Sep-16	Percentage Change Sep-15 to Sep-16	Percentage Contribution (Sept-16)
Lake	Exports	927.4	703.1	977.1	39.0	5.4	48.6
	Imports	155.3	137.9	125.0	-9.4	-19.5	36.9
	Trade Balance	772.1	565.2	852.1	50.8	10.4	
Northern	Exports	840.4	888.4	1,007.3	13.4	19.9	50.1
	Imports	126.6	144.4	160.3	11.0	26.6	47.3
	Trade Balance	713.8	744.0	847.0	13.8	18.7	
Eastern	Exports	398.3	1.5	3.1	106.7	-99.2	0.2
	Imports	24.1	22.9	28.1	22.7	16.6	8.3
	Trade Balance	374.2	-21.4	-25.0	16.8	-106.7	
Southern Highlands	Exports	17.0	20.5	21.4	4.4	25.9	1.1
	Imports	21.5	25.2	25.3	0.4	17.7	7.5
	Trade Balance	-5.7	-4.7	-3.9	-17.0	-31.6	
Total	Exports	2,183.1	1,613.5	2,008.9	24.5	-8.0	100.0
	Imports	1,041.3	330.4	338.7	2.5	-67.5	100.0
	Trade Balance	1,141.8	1,283.1	1,670.2	30.2	46.3	

Source: Tanzania Revenue Authority
Note: denotes large number

5.0 FINANCIAL SECTOR PERFORMANCE

5.1 Banks Deposits Mobilization and Lending

Commercial banks deposits depicted a mixed trend across zones but generally it slightly increased by 1.6 percent to TZS 17,068.8 billion in the quarter ending September 2016 from the corresponding period in 2015. The increase was mainly revealed in savings, fixed, and foreign currency deposits. Dar es Salaam zone accounted for 66.4 percent of total deposits; while Southern Highlands and South Eastern zones recorded the lowest shares of 3.6 percent and 4.7 percent, respectively (**Table 5.1**).

Table 5.1: Zonal Commercial Bank Deposits

Billions of TZS

Zones	Quarter ending Sep-15	Quarter ending Jun-16	Quarter ending Sep-16	Percentage change Jun-16 to Sep-16	Percentage change Sep-15 to Sep-16	Percentage Contribution
Central	590.6	745.4	802.9	7.7	35.9	4.7
Dar es Salaam	11,565.3	10,904.0	11,338.5	4.0	-2.0	66.4
Eastern	854.8	1,096.0	758.4	-30.8	-11.3	4.4
Lake	1,260.7	877.3	1,004.7	14.5	-20.3	5.9
Northern	1,938.1	1,944.5	2,552.6	31.3	31.7	15.0
Southern Highlands	583.3	955.8	611.7	-36.0	4.9	3.6
Total	16,792.8	16,523.0	17,068.8	3.3	1.6	100.0

Source: Commercial banks in respective zones

Lending to various economic activities in the zones increased to TZS 14,360.8 billion compared to TZS 12,824.0 billion registered in the corresponding period in 2015 (**Table 5.2a**). Dar es Salaam accounted for 65.8 percent of total loans outstanding, while the South Eastern zone accounted for 4.2 percent, the lowest among all zones.

Table 5.2: Zonal Commercial Bank Lending

Billions of TZS

	Quarter ending			Percentage change		
Zone	Sep-15	Jun-16	Sep-16	Jun-16 to Sep-16	Sep-15 to Sep-16	Percentage Contribution
Central	641.2	838.7	795.3	-5.2	24.0	5.5
Dar es Salaam	7,924.0	8,237.9	9,447.9	14.7	19.2	65.8
Eastern	638.2	679.9	604.0	-11.2	-5.4	4.2
Lake	1,434.1	1,212.7	1,260.0	3.9	-12.1	8.8
Northern	1,569.9	1,911.4	1,518.2	-20.6	-3.3	10.6
Southern Highlands	616.6	676.4	735.4	8.7	19.3	5.1
Zonal	12,824.0	13,557.0	14,360.8	5.9	12.0	100.0

Source: Commercial banks in zones

Interest rates deposits averaged 4.4 percent in the quarter ending September 2016, higher than 4.2 percent in the corresponding period in 2015. On the lending side, interest rates decreased by 1.4 percentage points to 17.4 percent. Consequently, the interest rate spread increased to 13.0 percent in September 2016 compared to 14.6 percent of September 2015 (**Table 5.3**).

Table 5.3: Interest Rates on Deposits and Loans

Percent

	Quarter ending			Percentage change	
Item	Sep-15	Jun-16	Sep-16	Jun-16 to Sep-16	Sep-15 to Sep-16
Average deposit rate	4.2	4.3	4.4	3.1	5.2
Average lending rate	18.8	17.9	17.4	-3.2	-7.5
Interest rate spread	14.6	13.7	13.0	-5.1	-11.2

Source: Commercial banks in the zones

5.2 Bureau de Change Operations

Bureau de change operations increased in the quarter ending September 2016 compared with similar period in 2015 (**Table 5.4**). Purchases of foreign currency increased by 64.3 percent to USD 245.2 million. Dar es Salaam zone, being the core of business activities in the country, accounted for 73.3 percent of foreign exchange purchased, followed by Northern zone with 25.8 percent due to higher tourist activities. Foreign exchange sales increased to USD 197.2 million from USD 147.7 million. Dar es Salaam zone accounted for 67.3 percent of bureau sales, followed by Northern zone at 31.3 percent.

Table 5.4: Zonal Bureau de Change Transactions

Millions of USD

	Quarter ending						Percentage change				Percentage contribution	
	Sep-15		Jun-16		Sep-16		Jun-16 to Sep-16		Sep-15 to Sep-16		Sep-16	
Zone	Purchases	Sales	Purchases	Sales	Purchases	Sales	Purchases	Sales	Purchases	Sales	Purchases	Sales
Central	0.2	0.1	0.5	0.5	0.5	1.2	12.5	162.2	260.0	807.7	0.3	0.8
Dar es Salaam	93.9	93.2	110.3	100.1	179.7	132.8	62.9	32.7	91.4	42.4	95.5	93.7
Lake	0.5	0.6	0.5	0.5	0.9	0.8	68.6	62.7	79.2	50.9	0.5	0.6
Northern	5.4	5.4	28.4	26.6	6.3	6.2	-77.7	-76.8	16.4	15.1	3.4	4.3
Southern Highlands	0.27	0.27	0.70	0.67	0.82	0.78	17.1	16.4	203.7	188.9	0.4	0.6
Total	100.2	99.5	140.4	128.3	188.2	141.7	34.1	10.5	87.8	42.4	100.0	100.0

Source: Bank of Tanzania

5.3 Savings and Credit Cooperative Societies

Savings and Credit Cooperative Societies (SACCOS) performed relatively well across the zones (**Table 5.5**). Notably, savings decreased by 3.3 percent to TZS 175 billion from TZS 181 billion registered in the similar period in 2015, while loans disbursed increased by 1.1 percent to TZS 762.7 billion. Northern zone accounted for 39.9 percent and 46.1 percent of disbursed loans and savings, respectively.

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

	Category	Central	Eastern	Southern Highlands	Northern	Lake	Total
Year ending Sept 2015	Number of saccos	738	1,067	532	914	1,072	4,323
	Members	103,511	129,264	149,988	197,484	161,315	741,562
	Shares value (TZS Mn)	6,087	7,596	19,255	13,595	5,001	51,533
	Savings (TZS Mn)	19,088	25,665	55,214	64,740	16,451	181,158
	Deposits (TZS Mn)	4,589	3,983	10,275	8,196	3,804	30,847
	Loans issued (TZS Mn)	95,110	120,289	132,272	316,258	90,350	754,279
	Outstanding loans (TZS Mn)	28,375	67,084	80,233	94,148	24,378	294,217
Year ending June 2016	Number of saccos	697	1,070	578	939	1,338	4,622
	Members	100,751	129,880	102,420	194,800	123,493	651,344
	Shares value(TZSMn)	5,257	7,617	10,365	21	4,581	27,841
	Savings(TZS Mn)	19,465	24,957	30,520	69,965	13,893	158,801
	Deposits(TZS Mn)	5,433	4,234	15,976	11,512	2,946	40,101
	Loans issued(TZS Mn)	149,785	92,902	159,926	351,292	47,937	801,842
	Outstanding loans (TZS Mn)	17,515	52,234	57,170	94,612	27,659	249,191
Year ending Sept 2016	Number of saccos	661	1,078	638	939	1,826	5,142
	Members	108,041	129,900	110,656	194,800	146,238	689,635
	Shares value(TZSMn)	5,351	7,617	16,084	21	4,432	33,504
	Savings(TZS Mn)	19,638	28,957	45,874	69,965	10,648	175,082
	Deposits(TZS Mn)	4,934	4,234	23,197	11,512	2,114	45,990
	Loans issued(TZS Mn)	117,027	105,902	146,475	351,292	42,090	762,786
	Outstanding loans (TZS Mn)	33,055	60,234	64,316	94,612	18,625	270,843
	Saving share (%)	11.2	16.5	26.2	40.0	6.08	100
	Loan Issued share (%)	15.3	13.9	19.2	46.1	5.5	100

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