



BANK OF TANZANIA

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

Volume 2, No. 3



BANK OF TANZANIA

CONSOLIDATED ZONAL ECONOMIC PERFORMANCE REPORT FOR THE QUARTER ENDING SEPTEMBER 2017

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Executive Summary

Annual headline inflation depicted mixed trends across zones¹ in September 2017, with South Eastern, Lake, and Central zones recording headline inflation rates above the national average. While twelve-month headline inflation eased in Dar es Salaam and Southern Highlands zones, it increased in South Eastern, Lake, Northern and Central zones. Food prices largely influenced headline inflation developments in the zones.

Manufacturing activities improved compared to the previous quarter and similar quarter in 2016 partly on account of stable power supply and increase in capacity utilization in some factories. All zones recorded increases in manufacturing activities, except Lake zone that recorded a contraction of 11.3 percent attributed to inadequate supply of raw materials. Dar es Salaam zone remained dominant, accounting for 58.5 percent of total value of manufactured goods.

In general, the number of visitors to attraction sites across zones increased when compared with the preceding quarter and similar quarter in 2016, largely driven by on-going promotional campaigns and improved services. Earnings from visitors (mainly fees) also rose, with Northern zone accounting for 71.8 percent of the total earnings.

Volume of cargo handled at Dar es Salaam port increased slightly when compared to the quarter ending September 2016, while Tanga and Mtwara ports recorded declines following a fall in the volume of imports. Dar es Salaam port accounted for the largest share, 96.0 percent of total cargo handled by the three ports.

Electricity generated and distributed during the third quarter of 2017 cumulatively increased to 1,350.0 thousand megawatts hours (MWh) from 1,219.9 thousand MWh in the corresponding quarter in 2016, attributed to increased capacity utilization of gas-powered turbines. Meanwhile, production of natural gas went up to 14,118.9 million standard cubic feet, 61.0 percent of which was by Songo Songo gas field.

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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Despite the decline in volume, the value of fish catches increased by 9.4 percent from the value reported in the similar quarter in 2016. The decline in volume was more noticeable in South Eastern zone attributed to supply factors coupled with Government's intensified fight against illegal fishing. Meanwhile, the value of minerals extracted declined to TZS 900.9 billion from TZS 972.6 billion in the corresponding quarter in 2016, owing to decline in production of gold and tanzanite attributed to a ban on mineral concentrate export and competition arising from ruby production, respectively.

Tax revenue collection across zones amounted to TZS 3,587.0 billion, a marginal decrease from the amount collected in the corresponding quarter in 2016 and was below the September 2017 quarter target by 15.2 percent. All the zones performed below the targets.

As for financial intermediation, commercial bank deposits at the end of September 2017 rose when compared with levels recorded at the end of September 2016, with all zones recording increases except Northern zone. Conversely, banks lending to economic activities declined driven by Dar es Salaam, Central and Northern zones. Most of the loans disbursed in the quarter to September 2017 were directed to personal, agriculture, and wholesale and repair activities, together attracting more than a half of the total.



1.0 ECONOMIC PERFORMANCE

1.1 Inflation and Wholesale Prices

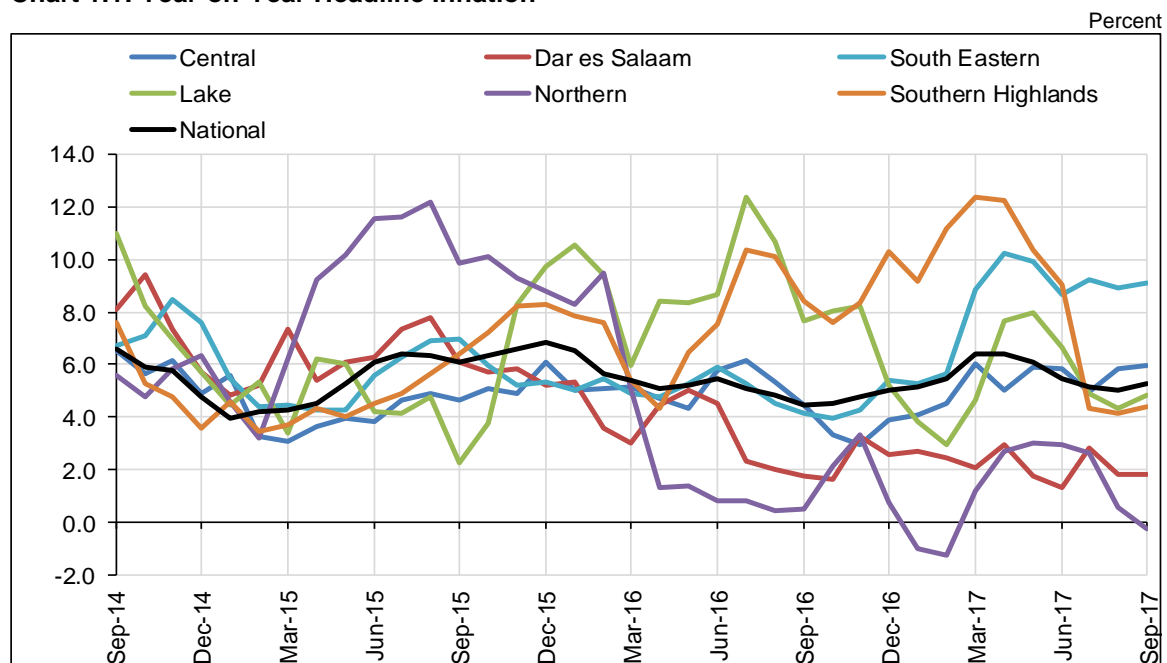
During the quarter ending September 2017, Dar es Salaam, Southern Highlands and Northern zones registered annual headline inflation rates lower than the national average of 5.3 percent. Twelve-month headline inflation eased in Dar es Salaam and Southern Highlands zones, but it increased in South Eastern, Lake, Northern and Central zones. Food prices largely influenced headline inflation developments in the zones (**Table 1.1** and **Chart 1.1**).

Table 1.1: Year-on-Year Headline Inflation

	Percent						
	National	Central	Dar es Salaam	Lake	Northern	South Eastern	Southern Highlands
Sep-16	5.9	5.8	4.5	8.5	2.0	4.7	7.7
Dec-16	5.8	7.7	2.5	6.5	3.2	4.5	10.3
Mar-17	6.4	4.9	2.4	9.6	2.5	6.6	12.4
Jun-17	5.4	5.9	2.0	8.7	5.2	9.6	9.0
Sep-17 ^P	5.3	5.9	3.7	9.0	4.7	9.1	4.4

Source: National Bureau of Statistics
 Note: "p" denotes provisional data

Chart 1.1: Year-on-Year Headline Inflation



Source: National Bureau of Statistics, Bank of Tanzania computations



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With the exception of wheat and potatoes, average wholesale prices of other major food crops—beans, bulrush, finger millets, maize, and sorghum—rose during the quarter ending September 2017 compared to the similar period in 2016 (**Table 1.2**). Increases in prices were largely attributed to inadequate supplies partly contributed by erratic and below average rains. Finger millet registered the highest price increase of 43.1 percent, followed by maize (21.2 percent), while sorghum recorded the lowest price rise of 3.1 percent. Meanwhile, average wholesale prices of potatoes and wheat decreased by 10.7 percent and 12.0 percent, respectively.

Table 1.2: Average Wholesale Price for Food Crops in Zones

		TZS per 100kgs						
Period		Central	Dar es Salaam	Lake	Northern	South Eastern	Southern Highlands	Average
Quarter ending Sep-16	Beans	153,255.0	180,880.0	145,414.4	139,605.5	154,326.4	140,536.0	152,336.2
	Bulrush millet	74,216.0	88,571.0	na	87,893.9	na	na	83,560.3
	Finger millet	101,987.0	112,969.0	na	103,649.8	124,451.4	na	110,764.3
	Maize	53,439.0	59,613.0	60,435.8	58,538.6	54,174.4	48,540.0	55,790.1
	Rice	147,107.0	164,410.0	112,349.6	149,743.8	193,321.7	169,359.0	156,048.5
	Round potatoes	74,087.0	79,379.0	85,977.2	87,330.5	na	81,125.0	81,579.7
	sorghum	130,833.0	98,214.0	90,879.3	78,654.3	119,683.4	na	103,652.8
	Wheat	na	118,760.0	na	104,292.9	na	126,825.0	116,626.0
Quarter ending Jun-17	Beans	168,003.0	204,330.0	173,257.0	186,425.9	164,979.2	148,545.1	174,256.7
	Bulrush millet	137,362.0	139,201.0	na	81,500.0	na	na	119,354.3
	Finger millet	177,823.0	192,052.0	na	141,253.6	175,000.0	na	171,532.2
	Maize	95,977.0	103,525.0	97,256.0	95,138.9	108,052.1	78,347.9	96,382.8
	Rice	186,893.0	186,697.0	166,512.0	188,289.7	190,166.7	169,390.1	181,324.8
	Round potatoes	120,720.0	85,513.0	102,172.0	100,781.5	na	58,642.6	93,565.8
	sorghum	79,659.0	139,696.0	120,172.0	81,277.8	185,000.0	na	121,161.0
	Wheat	na	133,622.0	na	77,486.1	na	121,999.9	111,036.0
Quarter ending Sep-17 ^P	Beans	185,525.0	200,336.0	165,356.9	165,720.6	170,724.1	175,000.0	177,110.4
	Bulrush millet	92,574.0	104,715.0	na	71,941.9	na	na	89,743.6
	Finger millet	163,877.0	157,410.0	na	157,299.9	155,562.5	na	158,537.4
	Maize	62,095.0	59,933.0	107,238.5	57,176.7	77,094.4	42,200.0	67,622.9
	Rice	178,517.0	181,050.0	167,377.3	183,420.2	187,438.2	189,000.0	181,133.8
	Round potatoes	84,063.0	74,895.0	70,230.6	80,359.5	na	54,600.0	72,829.6
	sorghum	73,653.0	106,312.0	133,569.4	70,662.1	150,000.0	na	106,839.3
	Wheat	na	124,097.0	na	93,893.3	na	90,000.0	102,663.4

Source: Ministry of Industries, Trade and Investment

Note: "p" denotes provisional data



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2.0 FOOD SUPPLY SITUATION

Overall food supply situation was satisfactory across zones during the quarter ending September 2017. Pockets of food shortages were reported in some parts of Simiyu, Mara, Shinyanga, Mwanza, Manyara, Kilimanjaro, Tanga and Arusha regions. In response, the National Food Reserve Agency (NFRA) released 5,469.8 tonnes of grain to the market through traders.

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

		Tonnes				
Period	Zone	Opening balance	Quantity purchased	Quantity transferred	Quantity released	Balance
Quarter ending Sep-16	Central	10,429.2	5,654.0	0.0	2,863.0	13,220.2
	Dar es Salaam	8,444.8	10.7	0.0	90.5	8,364.9
	Lake	10,490.5	0.0	0.0	250.0	10,240.5
	Northern	5,049.2	3,788.1	0.0	2,540.0	6,297.3
	South Eastern	8,815.8	9,072.4	0.0	9,072.4	8,815.8
	Southern Highlands	15,201.4	45,414.1	0.0	11,629.5	48,986.0
	Total		58,430.9	63,939.3	0.0	26,445.4
Quarter ending Jun-17	Central	11,192.5	0.0	0.0	5,357.8	5,834.7
	Dar es Salaam	8,551.1	0.0	3,698.9	3,675.1	8,574.8
	Lake	10,787.1	0.0	1,984.3	6,104.8	6,666.6
	Northern	8,530.5	5,123.3	0.0	0.0	13,653.8
	South Eastern	10,335.4	0.0	0.0	0.0	10,335.4
	Southern Highlands	29,850.1	6,694.3	0.0	2,944.0	33,600.4
	Total		79,246.7	11,817.6	5,683.2	18,081.7
Quarter ending Sep-17 ^P	Central	5,834.7	1,450.0	0.0	45.9	7,238.8
	Dar es Salaam	8,574.8	0.0	1,290.1	40.4	9,824.6
	Lake	6,666.7	0.0	2,065.1	40.0	8,691.8
	Northern	13,653.8	714.6	0.0	2,266.2	12,102.2
	South Eastern	10,335.4	6,595.3	0.0	0.0	16,930.7
	Southern Highlands	33,600.4	9,368.0	0.0	3,077.3	39,891.1
	Total		78,665.8	18,127.9	3,355.2	5,469.8

Source: National Food Reserve Agency (NFRA)

Note: "p" denotes provisional data



3.0 SECTORAL PERFORMANCE

3.1 Livestock

Total earnings from livestock sold through registered markets rose by 7.1 percent to TZS 275,678.8 million from the proceeds realized in the corresponding quarter in 2016 (**Table 3.1**). The observed change was due to the increase in the number of livestock sold partly influenced by the need for cash to buy food by some pastoralists. Central zone contributed 28.4 percent of the total, trailed by Dar es Salaam zone at 27.8 percent.

Table 3.1: Livestock Sold through Registered Markets

		Unit	Central	Dar es Salaam	Lake	Northern	South Eastern	Southern Highlands	Total
Quarter ending Sep-16	Cattle	Number	106,337.0	96,390.0	111,866.0	43,660.0	16,787.0	30,990.0	406,030.0
		Millions of TZS	58,537.1	73,645.3	52,637.4	23,072.2	6,429.1	23,615.0	237,936.1
	Goats	Number	79,646.0	50,580.0	47,832.0	30,099.0	3,876.0	9,657.0	221,690.0
		Millions of TZS	4,655.9	4,464.7	2,741.8	2,286.8	212.2	636.6	14,998.0
	Sheep	Number	25,100.0	1,116.0	22,516.0	15,356.0	640.0	1,236.0	65,964.0
		Millions of TZS	1,348.5	807.0	1,104.0	1,023.8	34.0	61.8	4,379.1
	Total	Millions of TZS	64,541.5	78,917.0	56,483.2	26,382.8	6,675.3	24,313.4	257,313.2
Quarter ending Jun-17	Cattle	Number	126,557.0	102,630.0	104,269.0	58,002.0	14,186.0	34,545.0	440,189.0
		Millions of TZS	58,492.8	74,040.2	46,077.6	30,868.8	6,794.8	20,384.3	236,658.5
	Goats	Number	97,999.0	43,320.0	52,090.0	44,929.0	3,374.0	14,221.0	255,933.0
		Millions of TZS	5,560.3	1,876.6	2,635.7	3,284.1	190.2	987.8	14,534.7
	Sheep	Number	34,554.0	7,290.0	21,996.0	18,896.0	671.0	1,650.0	85,057.0
		Millions of TZS	1,410.6	415.3	968.3	1,220.5	41.3	91.8	4,147.8
	Total	Millions of TZS	65,463.7	76,332.1	49,681.6	35,373.4	7,026.3	21,463.9	255,341.0
Quarter ending Sep-17 ^P	Cattle	Number	158,728.0	106,980.0	116,478.0	66,620.0	15,674.0	33,794.0	498,274.0
		Millions of TZS	72,587.5	73,245.6	37,733.3	44,694.1	6,503.1	18,574.0	253,337.6
	Goats	Number	87,588.0	53,550.0	65,032.0	55,963.6	5,561.0	15,555.0	283,249.6
		Millions of TZS	4,435.6	2,867.6	3,575.8	4,966.7	365.7	1,039.1	17,250.5
	Sheep	Number	34,877.0	8,160.0	19,121.0	23,391.4	1,365.0	2,447.0	89,361.4
		Millions of TZS	1,388.6	493.5	867.5	2,142.5	88.5	110.1	5,090.7
	Total	Millions of TZS	78,411.7	76,606.7	42,176.6	51,803.3	6,957.3	19,723.2	275,678.8

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

Note: "p" denotes provisional data



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3.2 Fisheries

Fish catches in the zones declined by 9.5 percent to 17,746 tonnes from the level reported in the quarter to September 2016. The decline was more noticeable in South Eastern zone, attributed to supply factors and intensified fight against illegal fishing activities. Notwithstanding the decline in volume, the value of fish catches increased by 9.4 percent to TZS 92,557.0 million. Lake zone contributed 52.7 percent and 64.1 percent of the total volume of fish catches and value, respectively (**Table 3.2**).

Table 3.2: Fish Catches

Zone	Unit	Quarter ending			Percentage change		Percentage contribution Sep-17
		Sep-16	Jun-17	Sep-17 ^P	Jun-17 to Sep-17	Sep-16 to Sep-17	
Central	Tonnes	298.0	284.6	318.0	11.7	6.7	1.8
	Millions of TZS	1,678.0	1,707.4	1,798.0	5.3	7.2	1.9
Dar es Salaam	Tonnes	2,066.6	2,683.9	3,427.1	27.7	65.8	19.3
	Millions of TZS	6,369.4	9,766.7	10,441.1	6.9	63.9	11.3
Lake	Tonnes	9,994.0	9,360.8	8,699.0	-7.1	-13.0	49.0
	Millions of TZS	48,981.9	66,271.3	56,607.0	-14.6	15.6	61.2
Northern	Tonnes	1,169.4	1,248.7	1,279.9	2.5	9.4	7.2
	Millions of TZS	6,041.2	6,474.8	6,523.3	0.7	8.0	7.0
South Eastern	Tonnes	4,581.7	3,826.8	2,213.9	-42.1	-51.7	12.5
	Millions of TZS	14,308.0	14,636.5	7,701.2	-47.4	-46.2	8.3
Southern Highlands	Tonnes	1,506.4	1,786.1	1,808.1	1.2	20.0	10.2
	Millions of TZS	7,212.1	8,760.8	9,486.4	8.3	31.5	10.2
Total	Tonnes	19,616.1	19,190.9	17,746.0	-7.5	-9.5	100.0
	Millions of TZS	84,590.6	107,617.5	92,557.0	-14.0	9.4	100.0

Source: Regional Commissioners' Offices, Bank of Tanzania computations

Note: "p" denotes provisional data

3.3 Manufacturing

During the quarter to September 2017, manufacturing activities improved relative to the previous quarter and similar quarter in 2016. Value of manufactured goods in the selected industries grew by 6.5 percent with all zones recording increases except Lake zone where the value declined by 11.3 percent attributed to inadequate supply of raw materials. The improved performance in other zones was in part explained by stable power supply and increased capacity utilization in some factories. Dar es Salaam zone remained dominant,



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contributing 58.5 percent of the total value, followed by Northern zone at 15.1 percent (**Table 3.3**).

Table 3.3: Value of Selected Manufactured Commodities

Zone	In billions TZS					
	Quarter ending			Percentage change		Percentage contribution
	Sep-16	Jun-17	Sep-17 ^P	Jun-17 to Sep-17	Sep-16 to Sep-17	
Central	140.0	34.0	166.6	---	19.0	8.9
Dar es Salaam	1,042.5	979.7	1,090.0	11.3	4.6	58.5
Lake	120.2	98.6	106.6	8.1	-11.3	5.7
Northern	261.0	261.9	281.8	7.6	8.0	15.1
South Eastern	88.3	92.0	92.7	0.8	5.0	5.0
Southern Highlands	97.5	105.6	125.3	18.7	28.5	6.7
Total	1,749.4	1,571.8	1,863.0	18.5	6.5	100.0

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

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

3.4 Mining

Value of minerals produced in the third quarter of 2017 was TZS 900.9 billion lower than TZS 972.6 billion in the similar quarter in 2016. The decline was largely driven by slow-down in gold and tanzanite production attributed to a ban on mineral concentrate export and competition arising from ruby, respectively.

Table 3.4: Mineral Recovery

Zone	In millions TZS					
	Quarter ending			Percentage change		Percentage contribution
	Sep-16	Jun-17	Sep-17 ^P	Jun-17 to Sep-17	Sep-16 to Sep-17	
Central	2,327.2	2,587.6	2,472.5	-4.4	6.2	0.3
South Eastern	15,996.4	16,790.6	19,796.7	17.9	23.8	2.2
Lake	848,406.0	761,954.4	804,788.4	5.6	-5.1	89.3
Northern	33,288.0	21,165.4	10,093.5	-52.3	-69.7	1.1
Southern Highlands	72,550.6	68,870.9	63,748.4	-7.4	-12.1	7.1
Total	972,568.2	871,368.9	900,899.5	3.4	-7.4	100.0

Source: Zonal Mines Offices and Mining Companies

Note: "p" denotes provisional data



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3.5 Tourism

During the quarter ending September 2017, number of visitors to attraction sites across zones and earnings improved compared with the preceding quarter and similar quarter in 2016. The development was contributed by on-going promotional campaigns and improved services. The number of visitors to the tourist attractions across zones rose to 563,520 from 287,967 and 526,882 in the quarters to June 2017 and September 2016, respectively. As a reflection, earnings (mainly fees) went up by 36.9 percent to TZS 92,864.3 million. Northern zone remained dominant, accounting for 64.8 percent and 71.8 percent of total number of visitors and earnings, respectively (**Table 3.5**).

Table 3.5: Number of Tourists and Earnings

Zone	Unit	Quarter ending			Percentage change		Percentage contribution Sep-17
		Sep-16	Jun-17	Sep-17 ^P	Jun-17 to Sep-17	Sep-16 to Sep-17	
Central	Number of vistors	20,107.0	10,653.0	18,288.0	71.7	-9.0	3.2
	TZS Million	566.9	289.5	559.8	93.4	-1.3	0.6
Dar es Salaam	Number of vistors	7,329.0	3,628.0	3,709.0	2.2	-49.4	0.7
	TZS Million	63.1	47.1	61.8	31.2	-2.1	0.1
Lake	Number of vistors	137,687.0	70,597.0	153,724.0	---	11.6	27.3
	TZS Million	20,397.0	9,658.2	24,554.6	---	20.4	26.4
Northern	Number of vistors	338,054.0	196,573.0	364,970.0	85.7	8.0	64.8
	TZS Million	45,666.7	29,783.4	66,720.7	---	46.1	71.8
South Eastern	Number of vistors	8,273.0	2,325.0	7,569.0	---	-8.5	1.3
	TZS Million	148.6	24.2	96.8	---	-34.9	0.1
Southern Highlands	Number of vistors	15,432.0	4,191.0	15,260.0	---	-1.1	2.7
	TZS Million	988.5	277.2	870.6	---	-11.9	0.9
	Number of vistors	526,882.0	287,967.0	563,520.0	95.7	7.0	100.0
Total	TZS Million	67,830.8	40,079.6	92,864.3	---	36.9	100.0

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

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

3.6 Energy

Electricity generated and distributed expanded to a cumulative figure of 1,350.0 thousand MWh from 1,219.9 thousand MWh in the corresponding quarter in 2016 (**Table 3.6**). The improvement was on account of increase in capacity utilization of gas run turbines for power generation. Power generation in Lake and Northern zones rose by 60.9 percent and 22.0 percent respectively following ongoing rehabilitation of power plants coupled with good



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weather that prompted increase in production at Nyumba ya Mungu dam and Pangani falls plants. Much of the electricity was generated in Dar es Salaam zone, which accounted for 87.2 percent of the total electricity generated. Meanwhile, natural gas production from Songo Songo and Mnazi Bay fields rose by 27.6 percent to 14,118.9 million standard cubic feet from the levels recorded in the quarter ending September 2016, largely on account of increase in demand by Tanzania Electricity Supply Company, the main customer. Gas production was dominated by Songo Songo field, which accounted for 61.0 percent of total gas produced during the quarter.

Table 3.6: Production of Electricity and Gas

Zone	Quarter ending			Percentage change	
	Sep-16	Jun-17	Sep-17	Jun-17 to Sep-17	Sep-16 to Sep-17
A. Electricity (MWh)					
Dar es Salaam	1,092,478.0	936,008.2	1,176,845.9	25.7	7.7
Northern	53,509.5	119,355.4	65,305.1	-45.3	22.0
Lake	51,002.0	39,808.0	82,044.0	---	60.9
South Eastern	21,052.0	23,635.4	23,753.6	0.5	12.8
Southern Highlands	1,955.3	1,260.0	2,080.1	65.1	6.4
Total	1,219,996.7	1,120,067.0	1,350,028.6	20.5	10.7
B. Natural gas (Million standard cubic feet)					
South Eastern	11,067.8	11,150.0	14,118.9	26.6	27.6

Source: Tanzania Electric Supply Company Limited and Tanzania Petroleum Development Corporation
 Note: "----" denotes change exceed 100 percent, in absolute terms

3.7 Ports Performance

In general, performance of Dar es Salaam, Tanga, and Mtwara ports improved during the quarter to September 2017, recording a 0.3 percent increase in the volume of cargo handled to 3.9 million tonnes (**Table 3.7**). The improvement was explained by increase in the volume of cargo handled at the Dar es Salaam port, which accounted for 96.0 percent of the total cargos handled by the ports. Meanwhile, the volume of cargo handled at Tanga and Mtwara ports declined, associated with a drop in the volume of imports.



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Table 3.7: Ports Performance

Zone	Quarter ending			Percentage change		Percentage share
	Sep-16	Jun-17	Sep-17 ^p	Jun-17 to Sep-17	Sep-16 to Sep-17	Sep-17
	In '000' Tonnes					
Dar es Salaam	3,600.5	3,130.9	3,758.4	20.0	4.4	96.0
Mtwara	45.9	1.6	38.6	---	-15.8	1.0
Tanga	260.0	122.8	119.3	-2.9	-54.1	3.0
Total	3,906.4	3,255.3	3,916.3	20.3	0.3	100.0

Source: Tanzania Ports Authority

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

4.0 REVENUE AND CROSS BORDER TRADE

4.1 Revenue Performance

Tax revenue collections amounted to TZS 3,587.0 billion, a 1.7 percent decrease from the corresponding quarter in 2016 and 15.2 percent below the quarter target. All zones underperformed in terms of tax revenue collections (**Table 4.1**). Dar es Salaam zone remained dominant, accounting for 89.8 percent of total tax collections as it is the business hub, while Southern Highlands zone contributed the least, 1.1 percent.

Table 4.1: Tax Revenue Performance

Zone	Quarter ending			Target	Actual vs target (Percent)	Percentage contribution
	Actual		Actual vs target			
	Sep-16	Jun-17	Sep-17 ^p	Sep-17	Sep-17	Sep-17
Central	40.1	37.1	33.4	40.1	83.4	0.9
Dar es Salaam	3,235.3	3,149.1	3,222.1	3,797.6	84.8	89.8
Lake	94.9	94.7	86.0	110.7	77.7	2.4
Northern	195.0	144.2	168.6	189.2	89.1	4.7
South Eastern	25.6	25.8	36.6	31.6	115.9	1.0
Southern Highlands	57.3	49.4	40.3	58.7	68.7	1.1
Total	3,648.2	3,500.4	3,587.0	4,227.9	84.8	100.0

Source: Tanzania Revenue Authority (TRA).

Note: "p" denotes provisional data



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4.2 Cross Border Trade

Cross border trade balance improved by 13.1 percent to a surplus of TZS 2,158.0 billion from a surplus of TZS 1,907.4 billion in the quarter to September 2016, explained by increase in exports coupled with decline in imports (**Table 4.2**). Much of the improvement occurred in Lake zone, whose trade balance improved by 33.4 percent. Meanwhile, Lake zone accounted for the largest share in terms of cross border exports, 50.3 percent. As regard to imports, Northern zone dominated, accounting for 39.1 percent of total cross boarder imports, followed by Lake zone. It is worth mentioning that, Lake and Northern zones together contributed 84.4 percent and 75.6 percent of the cross border exports and imports. Major exports included raw agricultural and plastic products, fish, and cotton seeds, whereas imports were dominated by industrial raw materials, motor vehicles, textile materials, petroleum products, mining equipment, and consumer goods.

Table 4.2: Zonal Formal Cross Border Trade

		Billions of TZS					
Zone		Quarter ending			Percentage change		Percentage contribution Sep-17
		Sep-16	Jun-17	Sep-17 ^P	Jun-17 to Sep-17	Sep-16 to Sep-17	
Lake	Exports	977.1	698.0	1,270.3	82.0	30.0	50.3
	Imports	125.0	253.5	134.0	-47.1	7.2	36.6
	Trade balance	852.1	444.5	1,136.3	--	33.4	52.7
Northern	Exports	1,007.3	826.6	859.5	4.0	-14.7	34.0
	Imports	160.3	99.4	143.1	43.9	-10.7	39.1
	Trade balance	847.0	727.2	716.4	-1.5	-15.4	33.2
South Eastern	Exports	3.1	7.1	1.6	-77.5	-48.4	0.1
	Imports	28.6	12.2	4.2	-65.6	-85.3	1.1
	Trade balance	-25.5	-5.1	-2.6	-49.0	-89.8	-0.1
Southern Highlands	Exports	334.7	226.6	393.1	73.5	17.4	15.6
	Imports	100.8	84.4	85.1	0.9	-15.6	23.2
	Trade balance	233.8	142.2	307.9	---	31.7	14.3
Total	Exports	2,322.2	1,758.3	2,524.5	43.6	8.7	100.0
	Imports	414.7	449.5	366.4	-18.5	-11.7	100.0
	Trade balance	1,907.4	1,308.8	2,158.0	64.9	13.1	100.0

Source: Tanzania Revenue Authority

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



5.0 FINANCIAL SECTOR PERFORMANCE

5.1 Banks Deposits and Lending

Commercial banks deposits increased by 1.2 percent to TZS 17,994.0 billion at the end of September 2017 from the deposits at the end of the corresponding quarter in 2016, mainly prompted by enhanced deposits mobilization efforts by banks. Dar es Salaam, Lake, South Eastern and Central zones recorded deposits increases mostly in the form of non-transferable deposits (i.e. saving and time deposits). Dar es Salaam zone maintained its dominance, accounting for 65.7 percent of total deposits, while the Southern Highlands and South Eastern zones had the lowest shares of 3.9 percent and 3.3 percent, respectively (**Table 5.1**).

Table 5.1: Commercial Banks Deposits

Zone	Billions of TZS					
	Quarter ending			Percentage change		Percentage contribution
	Sep-16	Jun-17	Sep-17 ^P	Jun-17 to Sep-17	Sep-16 to Sep-17	
Central	895.9	965.4	905.0	-6.3	1.0	5.0
Dar es Salaam	11,420.2	12,295.6	11,818.0	-3.9	3.5	65.7
Lake	1,453.0	1,801.9	1,632.6	-9.4	12.4	9.1
Northern	2,776.8	2,837.9	2,344.5	-17.4	-15.6	13.0
South Eastern	487.1	513.6	585.2	13.9	20.1	3.3
Southern Highlands	751.7	467.6	708.9	51.6	-5.7	3.9
Total	17,784.6	18,882.0	17,994.0	-4.7	1.2	100.0

Source: Commercial banks in respective zones

Meanwhile, lending to various economic activities declined marginally to TZS 15,753.8 billion from TZS 15,859.3 billion in the quarter to September 2016, with Northern, South Eastern and Lakes zones recording improvements in credit to the private sector. Meanwhile, Dar es Salaam and South Eastern zones maintained their first and least positions in terms of share in total outstanding loans, accounting for 57.3 percent and 2.9 percent, respectively (**Table 5.2a**).



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Table 5.2a: Commercial Banks Lending

Billions of TZS

Zone	Quarter ending			Percentage change		Percentage contribution Sep-17
	Sep-16	Jun-17	Sep-17 ^P	Jun-17 to Sep-17	Sep-16 to Sep-17	
Central	944.9	945.8	895.5	-5.3	-5.2	5.7
Dar es Salaam	9,622.9	9,208.8	9,031.7	-1.9	-6.1	57.3
Lake	1,957.8	1,945.6	1,976.0	1.6	0.9	12.5
Northern	2,201.1	2,657.3	2,654.4	-0.1	20.6	16.8
South Eastern	387.0	418.1	453.8	8.5	17.3	2.9
Southern Highlands	745.6	714.4	742.4	3.9	-0.4	4.7
Total	15,859.3	15,890.0	15,753.8	-0.9	-0.7	100.0

Source: Commercial banks in respective zones

Most of the banks' lending was directed to wholesale and retail trade; manufacturing; personal; and other activities, together accounting for 57.1 percent of total loans (**Table 5.2b**).

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

Activity	Central	Dar es Salaam	Lake	Northern	South Eastern	Southern Highlands	Total
Agriculture, hunting, forestry and fishing	19.7	2.7	13.8	13.0	11.8	20.6	7.9
Manufacturing	10.9	15.0	7.2	15.1	0.5	1.7	12.8
Wholesale and retail trade	18.5	23.2	10.7	11.7	12.0	14.5	18.7
Transport, storage and communication	2.0	8.5	6.6	4.5	0.4	1.6	6.7
Building and construction	1.4	7.2	8.9	3.6	8.6	5.0	6.4
Real estate	0.1	6.6	0.9	7.1	0.9	0.0	5.2
Electricity, gas and water	0.5	3.5	0.4	0.0	0.8	0.5	2.1
Mining and quarrying	0.0	1.1	8.2	3.8	0.0	1.4	2.4
Personal	17.2	12.5	10.7	6.6	17.2	11.4	11.6
Financial intermediation	1.2	1.9	1.3	5.0	1.7	1.3	2.3
Hotels and restaurants	1.1	3.6	3.4	10.6	1.3	0.8	4.4
Services (Health and education)	1.0	6.5	3.5	6.4	2.7	3.1	5.5
Others	26.3	7.6	24.4	12.6	41.9	38.0	14.0

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

In the quarter ending September 2017, average deposit rate rose to 5.7 percent from 4.4 percent in the similar quarter in 2016, while average lending rate was 18.3 percent compared with 18.2 percent. As a result, interest rate spread narrowed to 12.6 percent from 13.8 percent during the same period (**Table 5.3**).



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Table 5.3: Deposit and Lending Interest Rates

	Quarter ending			Percentage change	
	Sep-16	Jun-17	Sep-17 ^P	Jun-17 to Sep-17	Sep-16 to Sep-17
Average deposit rate	4.4	4.2	5.7	34.7	30.0
Average lending rate	18.2	17.3	18.3	5.6	0.8
Spread	13.8	13.1	12.6	-3.8	-8.6

Source: Commercial banks in the zones

5.2 Bureau de Change Operations

Purchase of foreign exchange by bureau de change decreased by 22.3 percent to USD 152.9 million from level in the corresponding quarter in 2016, while sales of foreign exchange declined to USD 113.7 million from USD 148.3 million (**Table 5.4**). Dar es Salaam zone, the business hub of the country recorded a decline in both purchases and sales attributed to demand and supply factors. Despite the slowdown in foreign exchange operations, Dar es Salaam zone accounted for 83.9 percent of foreign exchange purchases and 82.5 percent of sales, followed by Northern zone—the main tourist destination—at 12.9 percent and 15.4 percent of purchases and sales, respectively.

Table 5.4: Zonal Bureau de Change Transactions

Zone	Millions of USD											
	Quarter ending						Percentage change				Percentage contribution	
	Sep-16		Jun-17		Sep-17 ^P		Jun-17 to Sep-17		Sep-16 to Sep-17		Sep-17	
	Purchases	Sales	Purchases	Sales	Purchases	Sales	Purchases	Sales	Purchases	Sales	Purchases	Sales
Central	1.4	1.2	3.2	0.7	1.6	1.0	-51.1	42.5	15.6	-11.1	1.0	0.9
Dar es Salaam	179.7	132.8	108.1	92.6	128.2	93.8	18.6	1.3	-28.6	-29.4	83.9	82.5
Lake	0.9	0.8	1.0	0.4	1.6	0.4	61.1	8.3	83.5	-49.2	1.0	0.4
Northern	13.3	12.7	15.1	15.7	19.7	17.5	30.7	11.4	48.1	37.7	12.9	15.4
South Eastern	0.0	0.0	0.0	0.0	0.0	0.0	48.4	---	---	---	0.0	0.0
Southern Highlands	1.7	0.8			1.8	0.9	n.a	n.a	1.6	12.8	1.1	0.8
Total	196.9	148.3	127.4	109.4	152.9	113.7	20.0	3.9	-22.3	-23.3	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 619,140 from 599,462 in the quarter to September 2016. Likewise, savings improved to TZS 183.0 billion from TZS 155.3 billion, while disbursed loans



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amounted to TZS 707.7 billion compared with TZS 707.5 billion in the same period (**Table 5.5**). Northern and South Eastern zones accounted for 49.3 percent and 21.3 percent of the total savings, respectively, while Northern accounted for 51.0 percent and Central zones 19.8 percent of total loans disbursed during the quarter.

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

Period	Category	Central	Lake	Northern	South Eastern	Southern Highlands	Total
Quarter ending Sep-16	Number of SACCOs	925.0	1,826.0	922.0	1,078.0	638.0	5,389.0
	Members	131,907.0	146,238.0	180,351.0	129,900.0	11,066.0	599,462.0
	Share value (Mil. of TZS)	7,407.3	4,431.8	15,464.8	7,617.0	16,083.8	51,004.7
	Savings (Mil. of TZS)	27,027.3	10,647.8	74,059.3	28,956.9	14,587.4	155,278.7
	Deposits (Mil. of TZS)	5,184.3	2,113.7	9,923.5	4,234.2	23,196.5	44,652.2
	Loan issued (Mil. of TZS)	149,852.9	42,090.0	394,994.2	105,901.6	14,647.5	707,486.2
	Outstanding loans (Mil. of TZS)	47,218.0	18,624.9	88,938.0	60,234.4	14,316.1	229,331.4
Quarter ending Jun-17	Number of SACCOs	941.0	1,256.0	932.0	1,243.0	785.0	5,157.0
	Members	142,666.0	126,135.0	186,672.0	149,487.4	13,277.0	618,237.4
	Share value (Mil. of TZS)	6,796.9	4,888.6	16,176.2	7,598.5	17,548.4	53,008.6
	Savings (Mil. of TZS)	26,847.9	17,738.5	79,960.8	25,614.1	36,110.2	186,271.5
	Deposits (Mil. of TZS)	2,578.3	3,710.7	11,900.2	4,351.3	17,927.3	40,467.8
	Loan issued (Mil. of TZS)	127,751.8	54,537.2	365,410.7	90,818.3	11,189.2	649,707.2
	Outstanding loans (Mil. of TZS)	53,578.8	40,371.3	224,602.1	50,461.4	17,766.8	386,780.3
Quarter ending Sep-17 ^P	Number of SACCOs	947.0	1,156.0	972.0	1,254.0	768.0	5,097.0
	Members	132,576.0	129,436.0	193,193.0	149,888.0	14,047.0	619,140.0
	Share value (Mil. of TZS)	6,871.9	4,399.7	16,598.0	7,698.5	20,788.2	56,356.3
	Savings (Mil. of TZS)	27,690.7	11,495.6	90,237.2	38,914.1	14,674.8	183,012.4
	Deposits (Mil. of TZS)	2,852.6	2,402.4	11,880.2	3,351.3	15,583.7	36,070.2
	Loan issued (Mil. of TZS)	140,394.9	68,165.5	361,092.5	120,818.3	17,233.2	707,704.4
	Outstanding loans (Mil. of TZS)	48,458.6	18,562.5	99,610.0	60,461.4	18,955.1	246,047.5

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

Note: "p" denotes provisional data.