BANK OF TANZANIA

CONSOLIDATED ZONAL ECONOMIC PERFORMANCE REPORT FOR THE QUARTER ENDING MARCH 2016

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BANK OF TANZANIA

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Executive Summary

During the quarter ending March 2016, year-on-year headline inflation for all zones was higher than that of the corresponding quarter of the preceding year, except for the Dar es Salaam zone[1]. The increase in inflation was mostly driven by food prices, particularly cereals. The Lake and Northern zones registered relatively high inflation above the national headline inflation for two consecutive quarters. Dar es Salaam zone recorded the lowest inflation, reflecting improved food supplies

Overall, food supply situation was satisfactory in all zones, except for some few areas in the Eastern, Central, Lake and Northern zones which experienced food shortages at varying degrees. Food shortage was reported in Lindi, Mtwara, Singida, Dodoma, Simiyu, Mara, Shinyanga, and Arusha regions. In the effort to address the problem, the National Food Reserve Agency (NFRA) released 28,356.4 tonnes of food to the Disaster Coordination Unit of the Prime Minister's Office and distributed to affected areas. In addition, NFRA sold about 102,681 tonnes of food to private traders and millers to increase supply in the market.

Partly mirroring the food supply situation, wholesale prices for the main food crops—maize, rice, beans, millet, sorghum, wheat and potatoes—increased across the zones compared with the corresponding quarter in 2015. The increase was due to dwindling food stock at household level, lower than anticipated food crop production owing to inadequate short (*vuli*) rains, as well as increased food demand from neighboring countries.

Procured cash crops more than doubled to TZS 550.9 billion in the quarter ending March 2016 from TZS 236.6 billion recorded in the corresponding period in 2015. Much of the increase was observed in the value of coffee, tea and sisal. The Eastern zone contributed 57.5 percent of the total value of cash crops procured, followed by the Northern zone with 33.9 percent; while Southern Highlands contributed the least. The value of livestock sold in the markets increased by 23.0 percent compared to the corresponding period, on account of increase in both the number of livestock sold and prices. The Northern zone accounted for 52.4 percent and 55.6 percent of the total number of traded livestock and earnings, respectively. The value of fish catches declined to 19,832.9 tonnes compared with 21,875.0 tonnes recorded in the corresponding quarter in 2015. The Lake zone recorded the largest decline of 30.8 percent, followed by the Central zone (13.9 percent) and the Eastern zone (5.6 percent).

[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, Iringa, Singida, and Tabora regions; Dar-es-Salaam zone (Dar es Salaam); Eastern zone (Morogoro, 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 (Katavi, Mbeya, Njombe, Rukwa and Ruvuma).

Nonetheless, the Lake zone contributed 35.1 percent and 42.3 percent of fish catches and earnings, respectively; while Central zone contributed the least share of 1.2 percent of catches and 2.3 percent of earnings.

Meanwhile, the value of manufactured goods went up to TZS 1,662.0 billion from TZS 1,596.3 billion recorded in the corresponding quarter in 2015. The performance was associated with increased availability of raw materials, improved infrastructure, and stability in power supply. The Dar es Salaam zone contributed 55.4 percent of value of manufactured goods, followed by the Northern zone (24.8 percent). For minerals, the value rose to USD 386.6 million from USD 316.3 million, largely driven by increase in gold exports, despite persistent decrease in price in the world market. The Lake zone contributed 89.3 percent of the total value of minerals, owing to relatively high gold mining.

Number of tourist visits went up across the zones, except for the Dar es Salaam and Central zones. Tourist earnings (mainly fees) in all the zones amounted to TZS 45,420.2 million up from TZS 32,426.9 million registered in the corresponding quarter in 2015. The Northern zone accounted for 68.9 percent and 76.5 percent of the number of visits and total earnings, respectively.

Cargo handling at the sea ports of Dar es Salaam, Tanga, and Mtwara slightly declined to 3.4 million tonnes compared with 3.5 million tonnes in similar period in 2015. Mtwara port recorded a decline of 38.5 percent due to a decrease in imports of equipment following completion of gas pipeline project and Dangote cement factory. The Dar es Salaam port accounted for 91.4 percent of the total cargo.

During the quarter to March 2016, electricity generated and distributed increased to 1,157.7 thousand MWh from 840.9 thousand MWh recorded in the corresponding period in 2015, largely due to production commencement by Kinyerezi I plant, with installed capacity of 150 megawatts. The Dar es Salaam zone accounted for 93.6 percent of the electricity generated. Meanwhile, production of natural gas from Songo Songo and Mnazi Bay fields went up by 31.4 percent from the amount registered during the corresponding period in 2015. The increase was on account of completion of Mnazi Bay pipe line project.

On revenue, TZS 3,395.5 billion was collected, almost as projected. The revenue outturn was 29.6 percent above the level collected in the corresponding quarter of 2015, mainly attributed to enhancement of tax collection measures, usage of electronic fiscal devices (EFDs), as well as crackdown and plugging of tax evasion. The Dar es Salaam zone accounted for 89.8 percent of the revenue outturn, followed by the Northern zone at 5.6 percent.

Commercial bank deposits decreased across the six zones, altogether by 6.7 percent to TZS 14,203.6 billion from the level registered in the similar period in 2015. The Dar es Salaam zone accounted for 64.2 percent of total deposits; while Southern and Eastern zones had the lowest shares of 4.8 percent and 4.5 percent, respectively. Total lending to various economic activities was estimated to have increased to TZS 13,067.9 billion from TZS 9,809.6 billion registered in the corresponding period in 2015, with the Dar es Salaam zone accounting for 64.5 percent[2].

[2] Lending to private sector from banks branches are usually estimated, therefore they may differ from the actual figures submitted to Bank of Tanzania after verifications.

1.0 ECONOMIC PERFORMANCE

1.1 Inflation and Wholesale Prices

During the quarter ending March 2016, headline inflation rate increased across all zones except for the Dar es Salaam zone, mainly driven by food inflation. The development was associated with increase in prices for food items, mainly cereals. The Lake and Northern zones registered relatively high inflation rates, above the national headline inflation for two consecutive quarters (**Table 1.1** and **Chart 1.1**). The lowest overall inflation rate was registered in Dar es Salaam, reflecting improved food supplies in various markets.

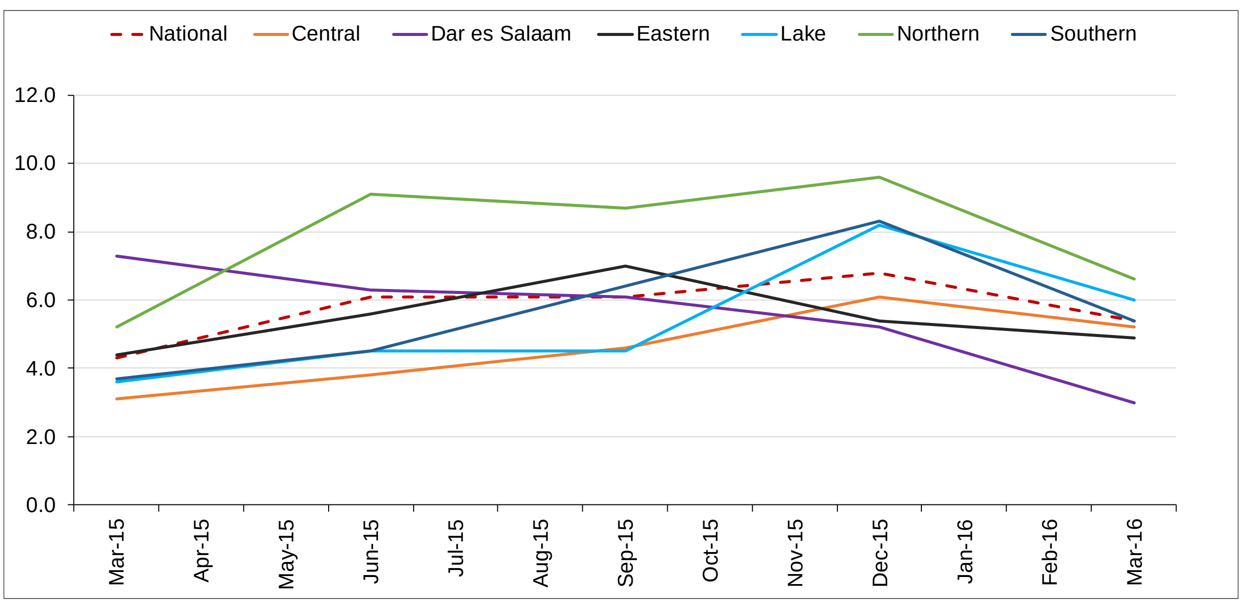
Table 1.1: Year-on-Year Headline Inflation Rates in Zones

Percent

Quarter ending	National	Central	Dar es Salaam	Eastern	Lake	Northern	Southern
Mar-15	4.3	3.1	7.3	4.4	3.6	5.2	3.7
Jun-15	6.1	3.8	6.3	5.6	4.5	9.1	4.5
Sep-15	6.1	4.6	6.1	7.0	4.5	8.7	6.4
Dec-15	6.8	6.1	5.2	5.4	8.2	9.6	8.3
Mar-16	5.4	5.2	3.0	4.9	6.0	6.6	5.4

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 for main food crops namely maize, rice, beans, millet, sorghum, wheat and potatoes increased across all zones when compared to the corresponding quarter in 2015 (**Table 1.2**). The increase was mainly attributed to lower production due to inadequate rainfall in some major food crop producing areas, increased demand from neighboring countries, the National Food Reserve Agency (NFRA) and private traders.

Table 1.2: Average Wholesale Price for Food Crops in Zones

TZS per100 kgs

		Central	Eastern	Dar es Salaam	Southern	Northern	Lake
Quarter ending March 2015	Beans	152,033.0	143,994.8	172,152.7	147,854.9	152,231.7	139,092.1
	Bulrush Millet	37,962.0	n.a	54,574.0	n.a	n.a	n.a
	Finger Millet	104,196.0	n.a	115,348.3	n.a	48,569.7	n.a
	Maize	35,172.0	50,586.9	39,501.7	40,241.0	37,491.5	43,431.8
	Rice	150,373.0	117,809.9	162,945.0	161,441.0	151,643.9	145,799.6
	Round Potatoes	67,129.0	n.a	n.a	59,199.7	n.a	70,621.4
	Sorghum	78,759.0	n.a	58,220.7	n.a	n.a	74,117.2
	Wheat	n.a	n.a	133,828.7	106,228.6	92,834.6	n.a
Quarter ending December 2015	Beans	174,897.0	168,946.0	172,152.7	173,333.0	167,272.0	180,680.2
	Bulrush Millet	71,023.0	n.a	72,995.7	n.a	n.a	n.a
	Finger Millet	107,176.0	n.a	117,201.6	-	88,011.4	n.a
	Maize	62,675.0	63,101.0	64,936.3	52,033.2	65,550.8	66,325.6
	Rice	177,207.0	177,111.0	181,362.5	203,800.0	177,312.8	169,827.5
	Round Potatoes	69,311.0	n.a	n.a	76,000.0	n.a	79,596.3
	Sorghum	78,257.0	n.a	76,865.4	n.a	n.a	83,090.5
	Wheat	n.a	n.a	116,894.4	89,261.0	102,703.0	n.a
Quarter ending March 2016	Beans	173,052.0	156,024.0	193,151.8	189,000.0	156,374.0	156,097.2
	Bulrush Millet	76,844.0	n.a	90,394.2	n.a	n.a	n.a
	Finger Millet	111,840.0	n.a	117,799.8	n.a	88,197.7	n.a
	Maize	67,874.0	55,670.0	65,164.2	63,600.0	80,176.7	72,444.0
	Rice	179,083.0	155,885.0	192,969.1	219,400.0	181,178.3	169,523.8
	Round Potatoes	75,216.0	n.a	n.a	83,000.0	n.a	80,429.9
	Sorghum	134,722.0	n.a	101,568.1	n.a	n.a	91,102.7
	Wheat	n.a	n.a	129,519.6	120,000.0	100,424.0	n.a

Source: Ministry of Industries, Trade and Investment

2.0 FOOD SUPPLY SITUATION

Overall, in the quarter to March 2016, food supply situation was satisfactory in all the zones. This notwithstanding, few areas in the Eastern, Central, Lake, Dar es Salaam, and Northern zones experienced pockets of food shortages. Specifically, food shortages of varying degrees were reported in Lindi, Mtwara, Singida, Dodoma, Simiyu, Mara, Shinyanga, and Arusha regions. In an effort to alleviate the shortage, the National Food Reserve Agency (NFRA) distributed 28,356.4 tonnes of food as follows: Central zone received 11,063 tonnes, Lake (6,761 tonnes), Northern (6,084.06 tonnes), Dar es Salaam

(2,421.7 tonnes) and Eastern zone received 2,026.6 tonnes. In addition, about 102,681 tonnes of food was sold to private traders and millers to increase supply and stabilize prices.

Table 2.1: Stock of Food Held by NFRA in Zones

Tonnes

	Zone	Opening Balance	Quantity Purchased	Quantity Transfer in	Quantity Released	Balance
Quarter ending March 2015	Central	56,448	538	0	10,973	47,817
	Dar es Salaam	32,937	1,085	0	3,071	30,950
	Lake	7,990	7,648	3,189	5,461	13,366
	Northern	22,993	37,701	0	8,386	52,307
	Southern	331,349	5,359	0	158,560	178,147
Total		451,716	52,330	3,189	186,451	322,588
Quarter ending December 2015	Central	26,909	0	0	11,194	15,715
	Dar es Salaam	32,937	1,085	0	3,071	30,950
	Lake	9,883	0	6,894	5,891	10,885
	Northern	17,401	0	0	5,871	11,531
	Southern	249,339	21,107	0	138,488	131,958
Total		336,468	22,192	6,894	164,515	201,038
Quarter ending March 2016	Central	15,715	0	11,194	11,194	15,715
	Dar es Salaam	20	0	6,273	0	6,293
	Lake	9,883	0	14,821	12,784	11,920
	Northern	17,401	0	0	8,963	8,438
	Southern	119,427	4,895	0	98,097	26,225
Total		162,445	4,895	32,288	131,038	68,591

Source: National Food Reserve Agency

3.0 SECTORAL PERFORMANCE

3.1 Agriculture

3.1.1 Cash Crop Procurement

During the quarter to March 2016, the value of cash crops procured increased to TZS 550.9 billion up from TZS 236.6 billion recorded in the corresponding period in 2015 (**Table 3.1**). A significant improvement was recorded in the value of coffee, tea, and sisal. In Eastern zone, a total of 4,471.2 tonnes of cashew nuts were procured, from 4,292.6 tonnes in the corresponding quarter in 2015. The increase was associated with timely distribution and application of agricultural inputs, notably Sulphur. The Eastern zone accounted for 57.5 percent of the procured cash crops, followed by Northern zone (33.9 percent). The Southern Highlands zone contributed the least (1.0 percent).

Table 3.1: Cash Crop Procurement

TZS Billion

	Quarter ending			Percentage change		
Zone	Mar-15	Dec-15	Mar-16	Dec-15 to Mar-16	Mar-15 to Mar-16	Percentage contribution
Central	39.7	45.9	41.9	-8.9	5.6	7.6
Dar es Salaam						
Eastern	21.4	344.7	316.7	-8.1		57.5
Lake						
Northern	171.3	181.0	186.6	3.1	8.9	33.9
Southern	4.3	8.9	5.7	-36.1	33.0	1.0
Total	236.6	580.5	550.9	-5.1	132.8	100.0

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

3.2 Livestock

Number of livestock (cattle, goats and sheep) sold through registered markets increased by 13.3 percent to 1,262,441 in the quarter ending March 2016 from the level recorded in the previous and the corresponding period in 2015 (**Table 3.2**). Owing to price and supply effects, earnings from livestock sales rose by 23.0 percent. Northern zone accounted for 52.4 percent and 55.6 percent of the total number of livestock sold and earnings, respectively.

Table 3.2: Number of Livestock Sold through Registered Markets

	Livestock	Unit	Central	Dar es Saalam	Eastern	Lake	Northern	Southern
Quarter ending Mar 2015	Cattle	Number	73,154	46,920	58,239	94,961	256,482	30,988
		TZS Million	28,664.8	29,541.0	23,296.0	39,094.2	170,240.0	16,113.8
	Goats	Number	46,562	18,600	20,628	41,839	209,152	7,450
		TZS Million	2,041.2	2,479.6	1,392.0	1,937.8	18,845.0	372.5
	Sheep	Number	15,522	8,820	4,254	18,025	151,394	1,978
		TZS Million	563.5	590.4	234.0	699.4	18,439.0	102.9
		Number	135,238	74,340	83,121	154,825	617,028	40,416
	Total	TZS Million	31,269.5	32,611.0	24,922.0	41,731.4	207,524.0	16,589.2
Quarter ending Dec 2015	Cattle	Number	77,087	49,230	76,905	65,246	300,124	32,444
		TZS Million	36,548.9	31,076.7	28,670.3	29,672.6	213,580.0	16,222.0
	Goats	Number	59,658	23,520	14,981	36,480	210,368	9,830
		TZS Million	3,142.6	2,134.3	765.5	1,934.9	18,015.0	540.7
	Sheep	Number	19,471	21,090	1,544	11,985	169,584	1,402
		TZS Million	843.6	1,544.8	104.4	514.3	20,652.1	70.1
		Number	156,216	93,840	93,430	113,711	680,076	43,676
	Total	TZS Million	40,535.1	34,755.9	29,540.2	32,121.9	252,247.1	16,832.8
Quarter ending Mar 2016	Cattle	Number	79,734	59,100	79,426	94,543	291,009	40,609
		TZS Million	39,929.3	39,911.0	31,228.5	44,933.2	206,581.2	22,335.0
	Goats	Number	71,120	39,930	16,471	46,506	211,003	8,428
		TZS Million	3,900.7	3,748.4	804.5	2,302.5	17,935.3	489.6
		Number	25,513	6,360	2,245	18,374	159,845	2,345
	Sheep	TZS Million	1,248.3	410.2	122.9	802.4	19,324.6	106.2
		Number	176,367	105,390	98,142	159,423	661,857	51,382
	Total	TZS Million	45,078.3	44,069.6	32,155.9	48,038.1	243,841.1	22,930.7

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 decreased by 9.3 percent to 19,832.9 tonnes compared to the corresponding quarter in 2015 driven by decline in fish catches in the Lake zone, the dominant zone at 42.3 percent (**Table 3.3**). The value of fish catches in the zone declined to TZS 36.4 billion from TZS 58.0 billion in similar quarter in 2015 attributed to challenges related to environmental degradation, improper fishing practices including use of undesirable gears.

Table 3.3: Fish Catch

		Quarter ending			Percentage change		
Zone	Unit	Mar-15	Dec-15	Mar-16	Dec-15 to Mar-16	Mar-15 to Mar-16	Percentage contribution
Central	Tonnes	285.0	283.7	245.3	-13.5	-13.9	1.2
	TZS Billions	2.2	2.2	2.0	-9.4	-11.9	2.3
Dar es Salaam	Tonnes	1,388.5	2,714.0	2,486.6	-8.4	79.1	12.5
	TZS Billions	3.0	6.9	8.9	29.0	196.7	10.3
Eastern	Tonnes	6,189.6	7,274.0	5,844.9	-19.6	-5.6	29.5
	TZS Billions	20.1	22.5	18.6	-17.3	-7.5	21.6
Lake	Tonnes	10,050.9	6,383.0	6,953.2	8.9	-30.8	35.1
	TZS Billions	58.0	47.5	36.4	-23.4	-37.2	42.3
Northern	Tonnes	3,337.7	3,193.3	3,454.9	8.2	3.5	17.4
	TZS Billions	17.0	16.7	17.7	6.0	4.1	20.6
Southern	Tonnes	623.3	902.5	848.0	-6.0	36.1	4.3
	TZS Billions	1.8	2.0	2.6	28.7	43.7	3.0
Total	Tonnes	21,875.0	20,750.5	19,832.9	-4.4	-9.3	100.0
	TZS Billions	102.1	97.7	86.1	-11.9	-15.7	100.0

Source: Regional Commissioners' Offices, Bank of Tanzania calculations

3.4 Manufacturing

The value of manufactured goods went up by 4.1 percent to TZS 1,662.0 billion compared with the corresponding quarter in 2015, attributed to raw material availability, coupled with power stability. The Dar es Salaam zone contributed 55.4 percent of value of manufactured goods, followed by Northern zone at 24.8 percent (**Table 3.4)**. Most of manufacturing expansion in the Central, Dar es Salaam, and Northern zones occurred in textiles, beverages, cement, and sugar industries. Manufacturing activities contracted in the Lake and Eastern zone following a decline in production and value of beer and soft drinks

Table 3.4: Value of Selected Manufactured Commodities

Billions of TZS

Zone	Quarter ending Mar-15	Dec-15	Mar-16	Percentage change Dec-15 to Mar-16	Mar-15 to Mar-16	Percentage contribution
Central	43.9	46.7	54.5	16.7	24.1	3.3
Dar es Salaam	917.6	990.0	921.0	-7.0	0.4	55.4
Eastern	81.6	85.0	51.3	-39.6	-37.1	3.1
Lake	143.2	162.3	134.4	-17.2	-6.1	8.1
Northern	314.9	393.3	411.5	4.6	30.7	24.7
Southern	95.1	114.0	89.3	-21.7	-6.1	5.4
Total	1596.3	1791.3	1662.0	-7.2	4.1	100.0

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

3.5 Mining

Value of minerals increased to USD 386.6 million compared to USD 316.3 million recorded in the corresponding period in 2015 (**Table 3.5**). The improvement was largely driven by increase in export volume of gold, despite persistent decrease in its price in the world market. The Lake zone contributed 89.3 percent of the total value of minerals owing to relatively high gold mining.

Table 3.5: Mineral Recovery

USD million

Zone	Quarter ending Mar-15	Dec-15	Mar-16	Percentage change Dec-15 to Mar-16	Mar-15 to Mar-16	Percentage contribution
Central	0.2	0.6	0.9	50.0	350.0	0.2
Dar es Salaam						0.0
Eastern	1.0	0.9	1.1	22.2	10.0	0.3
Lake	289.9	295.6	345.4	16.8	19.1	89.3
Northern	9.3	9.1	10.0	9.9	7.5	2.6
Southern	15.9	34.7	29.2	-15.9	83.6	7.6
Total	316.3	340.9	386.6	13.4	22.2	100.0

Source : Zonal Mines Offices and Mining Companies

3.6 Tourism

Compared with the corresponding period in 2015, number of tourists increased across the zones, except for the Dar es salaam and Central zones (**Table 3.6**). Earnings (mainly fees) from tourism activities rose to TZS 45,420.2 million from TZS 32,426.9 million recorded in the corresponding quarter in 2015. The Northern zone accounted for 68.9 percent and 76.5 percent of total tourists and earnings, respectively.

Table 3.6: Number of Tourists and Earnings

Zone	Unit	Quarter ending Mar-15	Dec-15	Mar-16	Percentage change Dec-15 to Mar-16	Mar-15 to Mar-16	Percentage contribution
	Number of visitors	3,840.0	7,249.0	3,693.0	-49.1	-3.8	1.0
Central	TZS Millions	233.2	450.9	253.3	-43.8	8.6	0.6
	Number of visitors	19,855.0	7,315.0	3,966.0	-45.8	-80.0	1.1
Dar es Salaam	TZS Millions	218.4	97.5	84.2	-13.6	-61.4	0.2
	Number of visitors	11,808.0	26,948.0	16,152.0	-40.1	36.8	4.4
Eastern	TZS Millions	309.0	609.0	498.2	-18.2	61.2	1.1
	Number of visitors	72,474.0	89,652.0	89,730.0	0.1	23.8	24.4
Lake	TZS Millions	6,295.8	10,353.8	9,800.2	-5.3	55.7	21.6
	Number of visitors	233,499.0	250,367.0	252,845.0	1.0	8.3	68.9
Northern	TZS Millions	25,356.0	28,293.0	34,767.0	22.9	37.1	76.5
	Number of visitors	592.0	1,085.0	765.0	-29.5	29.2	0.2
Southern	TZS Millions	14.5	49.9	17.3	-65.3	19.3	0.0
	Number of visitors	342,068.0	382,616.0	367,151.0	-4.0	7.3	100.0
Total	TZS Millions	32,426.9	39,854.1	45,420.2	14.0	40.1	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 1,157.7 thousand MWh from 840.9 thousand MWh recorded in the corresponding period in 2015 (**Table 3.7**). The increase was mainly associated with commencement of production by Kinyerezi I plant, with installed capacity of 150 megawatts. The Dar es Salaam zone accounted for 93.6 percent of the electricity generated. Meanwhile, gas production from Songo Songo and Mnazi Bay fields increased by 31.4 percent from the volume recorded during the corresponding period in 2015, following completion of Mnazi Bay pipe line project. Gas production is dominated by Songas, which accounted for about 63.6 percent of total natural gas produced in the country. Natural gas is produced in the Eastern zone in the regions of Mtwara and Lindi.

Table 3.7: Production of Electricity and Natural Gas

In '000' MWh

Zone	Unit	Quarter ending Mar-15	Dec-15	Mar-16	Percentage change Dec-15 to Mar-16	Mar-15 to Mar-16	Percentage contribution
A.Electricity							
Dar es Salaam	MWh	795.5	1300.5	1093.6	-15.9	37.5	93.6
Eastern	MWh	-	-	-	-	-	-
Northern	MWh	45.4	67.8	64.1	-5.5	41.2	6.4
Total		840.9	1368.3	1157.7	-15.4	37.7	100.0
B. Natural gas							
Eastern	Mill.std.Cubic Feet	9116.9	12304.6	11978.9	-2.6	31.4	100.0

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 marginally decreased by 1.5 percent to 3.4 million tonnes compared with the corresponding period in 2015 due to decline in cargo handled at Mtwara and Tanga ports (**Table 3.8**). Mtwara port recorded the highest cargo decline of 35.8 percent, mainly attributed to completion of large gas pipeline project and Dangote cement factory. The Dar es Salaam port accounted for 91.9 percent of the cargo, followed by Tanga port at 4.8 percent. The main cargo handled at the ports were petroleum products, clinker, wheat, beans, fish fillet, cement, coffee and sunflower seeds.

Table 3.8: Ports Performance

In '000'Tonnes

	Quarter ending			Percentage change	
	Mar-15	Dec-15	Mar-16	Dec-15 to Mar-16	Mar-15 to Mar-16
Dar es Salaam	3,127,800	3,386,900	3,162,500	-6.6	1.1
Tanga	192,440	199,211	166,787	-16.3	-13.3
Mtwara	171,670	121,727	110,137	-9.5	-35.8
Total	3,491,910	3,707,838	3,439,424	-7.2	-1.5

Source: Tanzania Ports Authority

4.0 REVENUE AND CROSS BOARDER TRADE

4.1 Revenue Collection

During the quarter ending March 2016 revenue collection in the zones amounted to TZS 3,395.5 billion, surpassing target by 1.5 percent (**Table 4.1**). Collections increased by 29.6 percent compared with the corresponding period in 2015, mainly attributed to improved tax administration. The Dar es Salaam zone accounted for the largest share of revenue collections at 89.8 percent, followed by the Northern zone at 5.6 percent (**Table 4.1**).

Table 4.1: Zonal Revenue Performance

Billions of TZS

	Quarter ending					
			Mar-16			
Zone	Mar-15	Dec-15	Target	Actual	Actual to target (%)	Percentage contribution
Central	21.6	32.7	26.6	31.3	117.5	0.9
Dar es Salaam	2349.8	3077.2	3017.0	3021.0	100.1	89.8
Eastern	38.4	58.8	42.7	47.1	110.2	1.4
Lake	65.8	75.8	75.0	77.0	102.2	2.3
Northern	120.0	154.7	153.7	189.6	123.4	5.6
Southern	23.7	31.3	30.7	29.6	96.4	0.9
Total	2619.3	3430.5	3345.7	3395.6	101.5	100.9
National	2617.5	3428.7	3345.4	3363.8	100.6	100.0

Source: Tanzania Revenue Authority (TRA)

Note: National revenue includes revenue collected by local government authorities while zonal revenue excludes it.

4.2 Cross Border Trade

During the quarter ending March 2016, cross border trade balance improved by 14.9 percent to a surplus of TZS 1,060.0 billion from a surplus of TZS 922.2 billion recorded in the similar quarter in 2015 owing to improvement in exports as imports declined (**Table 4.2**). In terms of contribution, the Lake zone dominated in exports accounting for 61.7 percent, while the Northern zone was dominant on imports, accounting for 49.5 percent of total cross-border imports. The main exports driving activities included raw agro goods, plastic products, unrefined gold, diamond, fish and fish fillets, and cotton seeds. Imports were dominated by motor vehicles, textile materials, fuel, mining equipment, and consumer goods.

Table 4.2: Zonal Formal Cross Border Trade

Billions of TZS

		Quarter ending			Percentage change		
Zone	Unit	Mar-15	Dec-15	Mar-16	Dec-15 to Mar-16	Mar-15 to Mar-16	Percentage contribution (Mar-16)
Lake	Exports	783.9	1162.0	918.2	-21.0	17.1	61.7
	Imports	123.0	142.1	145.4	2.3	18.2	33.9
	Trade balance	660.9	1019.9	772.8	-24.2	16.9	
Northern	Exports	401.3	249.9	409.6	63.9	2.1	27.5
	Imports	214.5	221.6	212.5	-4.1	-0.9	49.5
	Trade balance	186.8	28.3	197.1	596.5	5.5	
Eastern	Exports	127.1	226.1	108.5	-52.0	-14.6	7.3
	Imports	49.9	63.3	15.2	-76.0	-69.5	3.5
	Trade balance	77.2	162.7	93.3	-42.7	20.9	
Southern	Exports	46.2	49.4	52.6	6.5	13.9	3.5
	Imports	49.0	51.7	55.9	8.1	14.1	13.0
	Trade balance	-2.8	-2.3	-3.3	43.5	17.9	
Total	Exports	1358.5	1687.4	1488.9	-11.8	9.6	100.0
	Imports	436.4	478.7	429.0	-10.4	-1.7	100.0
	Trade balance	922.1	1208.6	1059.9	-12.3	14.9	

Source: Tanzania Revenue Authority
Note: …. denotes large number

5.0 FINANCIAL SECTOR PERFORMANCE

5.1 Banks Deposits Mobilization and Lending

Commercial banks deposits decreased across the zones by 6.7 percent to TZS 14,203.6 billion in the quarter ending March 2016, mainly driven by lower deposits mobilization in the Dar es Salaam and Eastern zones. The decrease was mostly manifested in savings, fixed, and foreign currency deposits. The Dar es Salaam zone accounted for 64.2 percent of total deposits, while the Southern and Eastern zones had the lowest shares of 4.8 percent and 4.5 percent, respectively (**Table 5.1**).

Table 5.1: Zonal Commercial Bank Deposits

Billions of TZS

	Quarter ending			Percentage change		
Zone	Mar-15	Dec-15	Mar-16	Dec-15 to Mar-16	Mar-15 to Mar-16	Percentage contribution
Central	550.9	765.2	716.7	-6.3	30.1	5.0
Dar es Salaam	10,409.4	9,699.9	9,122.2	-6.0	-12.4	64.2
Eastern	813.4	545.9	633.3	16.0	-22.1	4.5
Lake	1,054.0	1,265.3	1,078.0	-14.8	2.3	7.6
Northern	1,789.9	1,920.0	1,975.6	2.9	10.4	13.9
Southern	609.2	609.2	677.8	11.3	11.3	4.8
Total	15,226.8	14,805.5	14,203.6	-4.1	-6.7	100.0

Source: Commercial banks in respective zones

Total lending to various economic activities in the zones increased to TZS 13,067.9 billion compared to TZS 9,809.6 billion registered in the corresponding period in 2015 (**Table 5.2a**). Dar es Salaam accounted for 64.5 percent of total loans outstanding, while the Eastern zone accounted for 4.7 percent, the lowest among all zones. Economic activities which benefited most from banks loans were community social and personal loans; wholesale and retail trade; agriculture, hunting, forestry and fishing; and manufacturing.

Table 5.2a: Zonal Commercial Bank Lending

Billions of TZS

	Quarter ending			Percentage change		
Zone	Mar-15	Dec-15	Mar-16	Dec-15 to Mar-16	Mar-15 to Mar-16	Percentage contribution
Central	363.1	737.2	804.3	9.1	121.5	6.2
Dar es Salaam	6,148.9	6,355.5	8,424.9	32.6	37.0	64.5
Eastern	565.1	519.3	612.8	18.0	8.4	4.7
Lake	1,104.6	1,451.2	1,299.2	-10.5	17.6	9.9
Northern	1,057.1	1,260.9	1,281.9	1.7	21.3	9.8
Southern	570.8	695.9	644.8	-7.3	13.0	4.9
Total	9,809.6	11,020.0	13,067.9	18.6	33.2	100.0

Source: Commercial banks in zones

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

	Central	Eastern	Dar es Salaam	Southern	Northern	Lake
Community Social and Personal loans	49.0	22.0	13.1	52.7	18.9	13.9
Agriculture, Hunting, Forestry and Fishing	23.0	18.0	4.0	18.7	9.5	15.3
Wholesale and Retail Trade	12.0	27.9	21.3	11.5	29.9	17.8
Building and Construction	4.0	2.8	6.5	1.0	6.4	7.8
Manufactruing	3.0	9.4	13.3	1.9	6.7	5.9
Financial Intermediation	3.0	1.3	2.4	2.7	2.9	2.1
Transport, Storage and Communication	2.0	2.2	10.8	3.3	4.4	1.2
Mining and Quarryng	0.0	0.0	0.0	2.3	0.7	0.0
Electlicity, Gase and Water	0.0	0.0	7.9	0.7	0.0	0.0
Tourism and hotels	0.0	0.1	0.0	0.0	2.5	1.6
Real Estate	0.0	0.0	5.9	0.0	0.0	1.5
Hotels and restaurants	0.0	0.0	3.1	0.0	8.4	0.0
Gas	0.0	0.0	1.4	0.0	0.0	0.0
Fishing	0.0	0.0	0.0	0.0	0.0	1.2
Education	0.0	0.0	0.0	0.0	0.0	4.7
Other Sector	4.0	0.0	7.5	5.2	9.7	0.0

Source: Commercial banks in zones, Bank of Tanzania calculations

On interest rates, average deposits interest rate was 3.7 percent in the quarter ending March 2016, lower than 4.0 percent in the corresponding period in 2015. The average lending interest rate went up by1.8 percent to 18.7 percent in the quarter ending March 2016. Consequently, the interest rate spread widened by 4.2 percent to 15.0 percent in March 2016 from 14.4 percent of March 2015 (**Table 5.3**).

Table 5.3: Interest Rates on Deposits and Loans

	Quarter ending			Percentage change	
Item	Mar-15	Dec-15	Mar-16	Dec-15 to Mar-16	Mar-15 to Mar-16
Average deposit rate	4.0	4.2	3.7	-12.3	-6.8
Average lending rate	18.4	17.9	18.7	4.5	1.8
Interest rate spread	14.4	13.7	15.0	9.6	4.2

Source: Commercial banks in the zones

5.2 Bureau de Change Operations

Bureau de change operations at zonal level increased in the quarter ending March 2016 compared with corresponding period in 2015 (**Table 5.4**). Purchases of foreign currency increased by 23.2 percent to USD 120.8 million. Dar es Salaam zone, being the core of business activities in the country, accounted for 87.3 percent of foreign exchange purchases, followed by Northern zone with 11.3 percent due to high tourism activities. On the other hand, foreign exchange sales rose to USD 106.1 million from USD 92.7 million, with the Dar es Salaam zone accounting for 86.7 percent of total bureau sales, followed by Northern zone at 11.9 percent.

Table 5.4: Zonal Bureau de Change Transactions

Millions of USD

	Quarter ending						Percentage change		Percentage contribution	
	Mar-15		Dec-15		Mar-16		Mar-15 to Mar-16		Mar-16	
Zone	Purchases	Sales	Purchases	Sales	Purchases	Sales	Purchase	Sales	Purchase	Sales
Central	0.9	0.9	0.2	0.2	0.4	0.4	-58.4	-58.8	0.3	0.3
Dar es Salaam	83.2	79.0	84.3	82.1	105.5	92.0	26.8	16.5	87.4	86.7
Lake	0.7	0.7	0.4	0.5	0.7	0.7	-2.9	-2.9	0.5	0.6
Northern	12.6	11.7	9.6	9.4	13.7	12.6	8.7	7.7	11.4	11.9
Southern	0.7	0.4	0.2	0.2	0.5	0.5	-18.2	18.6	0.4	0.5
Total	98.1	92.7	94.7	92.4	120.8	106.2	23.2	14.5	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 increased by 10.5 percent to TZS 312.2 billion from the amount registered in the similar period in 2015, while loans disbursed increased by 3.0 percent to TZS 858.4 billion. Northern zone accounted for 42.0 percent and 21.1 percent of disbursed loans and savings, respectively.

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

	Category	Central	Eastern	Dar es Salaam	Southern	Northern	Lake
Quarter ending Mar 2015	Number of SACCOs	610	1,060	687	528	934	1,248
	Members	106,982	129,200	205,100	173,833	190,959	118,482
	Share value (TZS Bn)	5.8	7.6	11.0	212.3	13.5	4.5
	Savings (TZS Bn)	17.8	28.9	115.5	49.2	59.7	11.5
	Deposits (TZS Bn)	2.8	3.9	3.3	10.1	7.0	9.4
	Loan issued (TZS Bn)	84.3	90.8	263.6	128.7	296.2	85.7
	Outstanding loans (TZS Bn)	22.3	60.5	31.1	85.8	80.8	24.8
Quarter ending Dec 2015	Number of SACCOs	690	1,067	777	578	941	1,068
	Members	101,983	129,264	250,033	144,658	191,547	129,114
	Share value (TZS Bn)	6.1	8.3	57.5	207.9	12.9	5.0
	Savings (TZS Bn)	17.3	25.7	127.2	59.5	63.5	24.7
	Deposits (TZS Bn)	4.4	4.0	5.1	9.6	7.9	4.2
	Loan issued (TZS Bn)	90.0	121.0	53.2	125.6	328.1	81.6
	Outstanding loans (TZS Bn)	20.8	67.2	58.2	82.9	97.6	24.2
Quarter ending Mar 2016	Number of SACCOs	692	1,069	892	550	950	1,062
	Members	101,169	129,315	229,556	152,063	195,181	60,127
	Share value (TZS Bn)	5.8	8.3	11.8	212.6	20.8	4.3
	Savings (TZS Bn)	20.0	26.6	122.7	51.7	65.8	25.4
	Deposits (TZS Bn)	5.0	3.8	3.7	11.9	9.1	5.1
	Loan issued (TZS Bn)	105.5	105.0	61.5	131.1	360.4	94.9
	Outstanding loans (TZS Bn)	30.1	61.3	39.9	75.6	95.2	24.1

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