



BANK OF TANZANIA

**CONSOLIDATED ZONAL ECONOMIC PERFORMANCE
REPORT FOR THE YEAR ENDING JUNE 2016**

Volume 1, No. 2



Consolidated Zonal Economic Performance report

CONSOLIDATED ZONAL ECONOMIC PERFORMANCE REPORT FOR THE YEAR ENDING JUNE 2016

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Executive Summary

Nominal Gross Domestic Product (GDP) increased across all zones in 2015¹. Southern Highlands zone recorded the fastest growth owing to favorable weather that boosted agricultural production. Improvement in agriculture and expanding manufacturing activity explained growth in Eastern zone, while for Dar es Salaam zone growth was driven by good performance in manufacturing and service related activities. In Lake zone growth was driven by tourism, services and mining, while in Northern zone was driven by tourism and Central zone by agriculture and manufacturing activities. Lake zone contributed 25.9 percent of national GDP, followed by Dar es Salaam and Northern zones with 17.2 percent each while Eastern zone contributed the lowest share of 11.2 percent.

During the year to June 2016, headline inflation depicted a mixed trend across zones. Inflation accelerated in Southern Highlands, Central, Eastern and Lake zones due to increase in food prices. Inflation eased in Dar es Salaam and Northern zones mainly due to favorable food supply in the markets coupled with decline in charges for housing, furnishing, household equipment, and communication. Lake and Southern Highlands zones registered relatively high inflation above the national average while Northern zone recorded the lowest inflation of 4.2 percent.

Food situation was generally satisfactory in all zones, though, few areas in Eastern, Central, Lake 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. To alleviate the problem, the National Food Reserve Agency (NFRA) released 32,965.8 tonnes of food to the Disaster Coordination Unit of the Prime Minister's Office for distribution to affected areas. Moreover, NFRA sold about 252,368 tonnes of food to millers and traders to increase supply and stabilize prices in the market.

Wholesale prices for the main food crops namely maize, rice, beans, millet, sorghum and potatoes increased across the zones except for wheat when compared with the corresponding quarter in 2015. The improvement in prices was due to increased demand from neighboring countries, the need for stockiest to beef-up their stocks and partly due to inadequate rains experienced in some of the growing areas.

Value of cash crop procured increased to TZS 1,449.7 billion in the year ending June 2016 from TZS 1,444.3 billion recorded in the previous year. Improvements were recorded in the value of

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).



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cashew nuts, sesame, coffee and sisal. Eastern zone contributed 35.1 percent of the total value of cash crops procured, followed by Northern zone with 34.9 percent, while Southern Highlands zone contributed the least. The value of livestock sold in the market across zones increased to TZS 1,001.4 billion compared to TZS 858.5 billion of the previous year, due to increase in the number of livestock sold and selling prices. Lake zone accounted for 22.3 percent of the total earnings from the livestock sold. Similarly, the value of fish catches increased to TZS 395.3 billion compared with TZS 385.9 billion recorded in the year ending June 2015. This was achieved on account of increase in prices as the volume declined marginally to 91,098.1 tonnes from 91,449.5 tonnes of the previous period. Decline in fish catches in Lake zone was associated with climate change, illegal and overfishing mainly in Lake Victoria. Eastern and Lake zones together accounted for more than half of total fish catches and earnings.

Value of manufactured goods rose to TZS 6,915.7 billion from TZS 6,134.2 billion recorded in 2014/15, mainly due to stability in power supply, availability of raw materials and expansion in both domestic and foreign markets coupled with ongoing improvement of infrastructure. Manufacturing activity expanded in all zones except in Lake zone. Decline in production in the Lake zone was associated with shortfall in production of beer and sugar. Dar es Salaam zone contributed 57.9 percent of the value of manufactured goods, followed by Northern zone (17.2 percent). During the period, value of minerals rose to USD 1,524 million from USD 1,423.2 million, largely driven by increase in gold exports. The Lake zone contributed 87.2 percent of the total value of minerals, owing to relatively high gold mining activities.

Number of tourist visits to attraction sites across zones declined, except for Lake and Northern zones. Tourist earnings (mainly entry fees) amounted to TZS 174.1 billion up from TZS 146.8 billion recorded in the year ending June 2015. Northern zone accounted for 69.9 percent and 77.1 percent of the total number of visitors and earnings, respectively.

Cargo handling at the sea ports of Dar es Salaam, Tanga, and Mtwara declined by 7.3 percent to 14.6 million tonnes from levels recorded in previous year, owing to among others, downturn in industrial production in China, one of the main sources of imports to Tanzania; implementation of single custom territory with DRC; competition from other ports in neighbouring countries—Beira in Mozambique, and Durban in South Africa—for cargo to Malawi, Zambia and DRC; and completion of gas pipeline project and Dangote cement factory. The Dar es Salaam port accounted for 91.9 percent of the total cargo.



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In the year ending June 2016, electricity generated and distributed increased to 4.7 million KWh from 3.8 million KWh recorded in the previous year, largely due to commencement of production by Kinyerezi I plant, with installed capacity of 150 megawatts coupled with increased capacity utilization in existing plants following completion of gas pipeline project to transfer natural gas from Mtwara and Lindi regions to Dar es Salaam. Dar es Salaam zone accounted for 87.2 percent of the electricity generated. In the meantime, production of natural gas from Songo Songo and Mnazi Bay fields rose by 60.9 percent to 56.6 billion standard cubic feet from the volume recorded in the corresponding period in 2014/15. Songas was leading in gas production accounting for 63.6 percent.

Total revenue collected in all zones amounted to TZS 13,207.2 billion in the year ending June 2016, being 0.2 percent above the period target. The outturn was 23.6 percent above the revenue collected in the corresponding period in 2014/15, mainly attributed to improved tax administration. Dar es Salaam zone accounted for 90.6 percent of the revenue collected, followed by Northern zone at 4.8 percent.

Commercial bank deposits across the six zones, decreased by 8.1 percent to TZS 18,595.7 billion from the amount registered in similar period in 2014/15. The decline was partly explained by withdrawal of central government deposits from commercial banks. Dar es Salaam zone accounted for 58.6 percent of total deposits; followed by Central zone with 15.2 percent; while Lake zone had the lowest share of 4.7 percent. Total lending to various economic activities increased by 12.7 percent to TZS 15,133.7 billion as at June 2016 compared to amount registered in the corresponding period in 2015, with Dar es Salaam zone contributing 54.4 percent² of the disbursed outstanding loans.

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 verification.



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1.0 ECONOMIC PERFORMANCE

1.1 Gross Domestic Product

Nominal Gross Domestic Product (GDP) increased across all zones in 2015, leading to a national GDP growth of 14 percent, up from the growth rate of 12.4 percent recorded in 2014. The growth performance however varies across zones; Southern Highlands zone recorded the fastest growth rate of 15.4 percent, mainly due to increased agricultural output following favorable weather condition. Nominal GDP in Eastern zone grew by 15.2 percent, attributed to improvement in agriculture and expanding manufacturing activities. Dar es Salaam zone's nominal GDP grew by 14.0 percent, driven by manufacturing, information and communication, financial and insurance services, wholesale and retail trade, construction, and hotels and restaurants. Lake zone registered 13.7 percent growth rate, as result of improved performance in tourism, trade, financial intermediation and mining activities. Nominal GDP in Northern zone increased by 13.7 percent, mainly due to better performance in tourism, while Central zone's nominal GDP grew at 12.3 percent, mainly due to expanding agriculture and manufacturing activities (**Table 1.1**). Contribution to national nominal GDP was dominated by Lake zone at 25.7 percent, followed by Northern and Dar es Salaam zones that accounted for 17.2 percent each. Eastern zone contributed the lowest share of 11.2 percent.



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Table 1.1: Zonal GDP Performance at Current Prices

	TZS Million					Percentage change 2014 to 2015	Percentage contribution 2015
	2011	2012	2013	2014 r	2015 ^P		
Central	7,529.5	8,734.2	9,921.0	11,168.6	12,541.7	12.3	13.8
Dodoma	1,629.7	1,904.1	2,151.6	2,423.4	2,635.6	8.8	2.9
Singida	997.6	1,178.7	1,305.9	1,474.8	1,635.9	10.9	1.8
Iringa	2,791.4	3,224.5	3,677.3	4,137.4	4,816.7	16.4	5.3
Tabora	2,110.7	2,426.9	2,786.1	3,132.9	3,453.5	10.2	3.8
Northern	9,211.3	10,654.6	12,250.3	13,775.3	15,658.9	13.7	17.2
Arusha	2,497.8	2,929.0	3,366.4	3,786.6	4,271.4	12.8	4.7
Kilimanjaro	2,426.9	2,788.9	3,217.9	3,619.2	4,126.0	14.0	4.5
Tanga	2,505.0	2,884.0	3,312.5	3,714.9	4,235.1	14.0	4.7
Manyara	1,781.6	2,052.7	2,353.5	2,654.6	3,026.4	14.0	3.3
Dar es salaam	8,807.7	10,402.3	12,260.0	13,711.6	15,631.7	14.0	17.2
Eastern	5,944.0	6,921.3	7,820.2	8,808.9	10,151.5	15.2	11.2
Lindi	999.6	1,159.6	1,312.6	1,482.8	1,690.4	14.0	1.9
Mtwara	1,363.2	1,625.2	1,788.4	2,016.9	2,362.9	17.2	2.6
Morogoro	2,602.2	3,001.1	3,433.7	3,866.3	4,453.2	15.2	4.9
Pwani	978.9	1,135.3	1,285.5	1,442.9	1,645.0	14.0	1.8
Southern Highlands	7,710.2	8,943.6	10,386.6	11,686.7	13,486.9	15.4	14.8
Mbeya	3,849.2	4,500.8	5,272.8	5,931.1	6,761.6	14.0	7.4
Ruvuma	2,042.8	2,341.8	2,699.3	3,037.3	3,544.4	16.7	3.9
Rukwa	1,818.2	2,101.0	2,414.5	2,718.4	3,180.9	17.0	3.5
Lake	13,559.9	15,778.2	18,315.1	20,567.4	23,393.0	13.7	25.7
Kigoma	1,545.8	1,779.3	2,051.0	2,295.9	2,635.6	14.8	2.9
Shinyanga	3,181.4	3,694.0	4,203.3	4,727.3	5,389.3	14.0	5.9
Kagera	2,091.9	2,418.6	2,793.2	3,140.9	3,580.7	14.0	3.9
Mwanza	4,769.0	5,619.8	6,654.6	7,477.6	8,452.0	13.0	9.3
Mara	1,971.7	2,266.6	2,612.9	2,925.7	3,335.4	14.0	3.7
Tanzania Mainland	52,762.6	61,434.2	70,953.2	79,718.4	90,863.7	14.0	100.0

Source: National Bureau of Statistics

1.2 Inflation and Wholesale Prices

During the year ending June 2016, headline inflation rates in the six zones exhibited mixed trends. It accelerated in Southern Highlands, Central, Eastern and Lake zones owing to increased prices of food items, mainly cereals. In contrast, inflation eased in Dar es Salaam and Northern zones to below the national headline inflation of 5.5 percent due to favorable supply of food in the markets. Specifically, Lake and Southern zones registered inflation rates of 8.5 percent and 7.7 percent, respectively, above the national headline inflation (**Table 1.2** and **Chart 1.1**). The lowest inflation rate of 4.2 percent was registered in Northern zone.



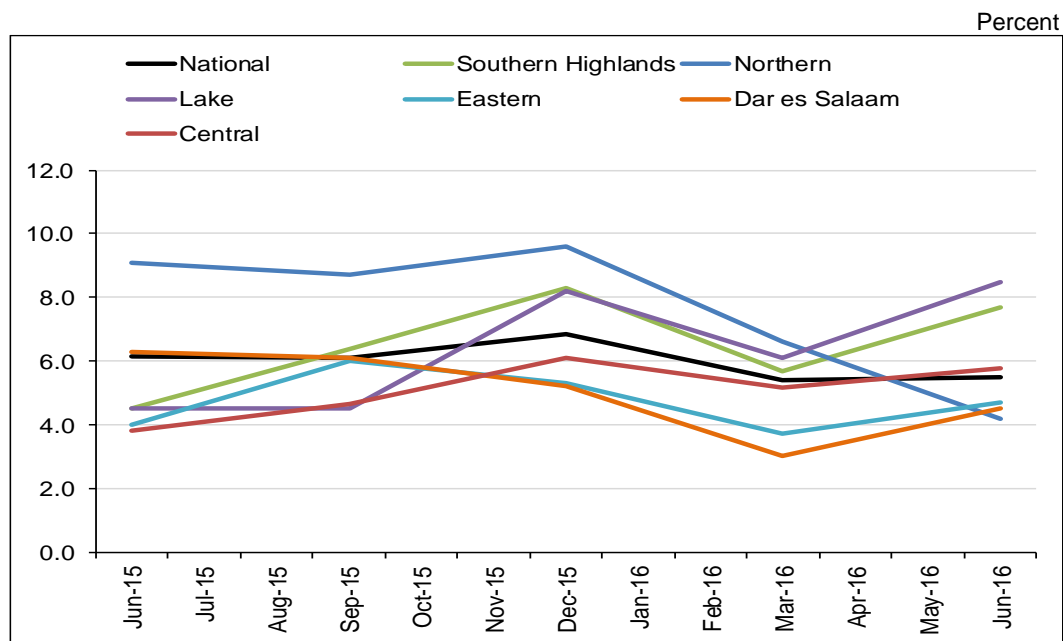
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Table 1.2: Year-on-Year Headline Inflation Rates in Zones

	National	Central	Southern Highlands	Northern	Lake	Eastern	Dar es Salaam	Percent
Jun-15	6.1	3.8	4.5	9.1	4.5	4.0	6.3	
Sep-15	6.1	4.6	6.4	8.7	4.5	6.0	6.1	
Dec-15	6.8	6.1	8.3	9.6	8.2	5.3	5.2	
Mar-16	5.4	5.2	5.7	6.6	6.1	3.7	3.0	
Jun-16	5.5	5.8	7.7	4.2	8.5	4.7	4.5	

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

Wholesale average prices for main food crops namely maize, rice, beans, millet, sorghum and potatoes increased when compared to the corresponding period in 2015 (**Table 1.3**). The increase was mainly attributed to lower production due to inadequate rainfall in some major food crop producing areas and increased demand from neighboring countries and private traders.



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Table 1.3: Average Wholesale Price for Food Crops in Zones

		TZS per 100 kgs						
		Central	Eastern	Dar es Salaam	Southern Highlands	Northern	Lake	Average
Year ending june 2014	Beans	133,490	143,995	157,215	144,000	134,504	131,953	140,860
	Bulrush millet	74,919	n.a	76,999	n.a	n.a	n.a	75,959
	Finger millet	119,896	n.a	138,318	n.a	87,245	n.a	115,153
	Maize	49,587	50,587	55,671	38,933	50,440	61,035	51,042
	Rice	125,954	117,810	139,220	157,000	131,205	116,197	131,231
	Round potatoes	63,703	n.a	n.a	65,000	n.a	76,109	68,271
	Sorghum	73,814	n.a	78,894	n.a	n.a	77,570	76,759
	Wheat	102,437	n.a	113,950	89,261	91,846.0	n.a	99,374
Year ending june 2015	Beans	149,170	168,940	170,865	131,631	146,243	140,134	151,164
	Bulrush millet	51,214	n.a	62,034	n.a	n.a	n.a	56,624
	Finger millet	113,493	n.a	121,845	n.a	51,237	n.a	95,525
	Maize	40,321	63,101	43,181	33,017	42,349	46,978	44,824
	Rice	144,170	177,111	152,348	141,067	147,376	133,609	149,280
	Round potatoes	69,236	n.a	n.a	56,885	n.a	71,994	66,038
	Sorghum	53,026	n.a	65,718	n.a	n.a	69,907	62,884
	Wheat	103,147	n.a	122,570	121,914	95,162	n.a	110,698
Year ending june 2016	Beans	167,838	156,024	181,581	130,522	151,701	161,186	158,142
	Bulrush millet	70,175	n.a	81,734	n.a	n.a	n.a	75,954
	Finger millet	108,861	n.a	115,438	n.a	85,768	n.a	103,356
	Maize	59,921	56,670	62,441	56,328	62,303	62,955	60,103
	Rice	168,565	155,885	178,369	148,343	169,843	156,226	162,872
	Round potatoes	72,078	n.a	n.a	82,906	n.a	79,986	78,323
	Sorghum	107,344	n.a	90,162	n.a	n.a	81,844	93,116
	Wheat	79,699	n.a	119,304	125,643	105,010	n.a	107,414

Source: Ministry of Industries, Trade and Investment

Note: n.a means data not available

2.0 FOOD SUPPLY SITUATION

2.1 Food Situation

During the year ending June 2016, food supply situation was generally satisfactory across all zones, as 15.5 million tonnes of food were produced in 2014/15 crop season equivalent to 119.9 percent of food consumed in the review period (**Table 2.1**). The good outturn notwithstanding, pockets of food shortages at varying degrees were reported in some areas in Eastern, Central, Lake and Northern zones, and were accommodated through government's subsidized food and sales by traders. Specifically, critical food shortages were reported in some areas in the regions of Lindi, Mtwara, Singida, Dodoma, Simiyu, Mara, Shinyanga and Arusha. During the year ending June 2016, the National Food Reserve Agency (NFRA) distributed 313,612.4 tonnes of food as follows: 32, 965.8 tonnes as subsidized food through Prime Ministers' Office to vulnerable people; 4,263.4 tonnes to prisons department; 23,999.8 tonnes to World Food Program (WFP); and 252,368 tonnes to millers/traders to increase supply and stabilize prices in the market.



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Table 2.1 Food Production in 2014/15 and Requirement in 2015/16

Zone	Production	Requirement	Surplus/Deficit	SSR
Central	2,174,737	1,944,045	230,692	111.9
Dar es Salaam	57,630	1,297,114	-1,239,484	4.4
Eastern	2,308,697	1,567,598	741,099	147.3
Lake	4,872,266	4,038,881	833,385	120.6
Northern	2,100,054	1,965,865	134,189	106.8
Southern	4,015,436	2,132,620	1,882,816	188.3
Total	15,528,820	12,946,123	2,582,697	119.9

Source: Ministry of Agriculture, Livestock and Fisheries

Note: *Production* and *Requirement* mean food production in 2014/15 crop season, and food requirement for 2015/16 consumption period respectively, SSR denotes Self-Sufficient Ratio.

Food stock held by NFRA as at the end of June 2016 was 61,454.8 tonnes compared to 323,689.0 tonnes recorded in the year ending June 2015 (**Table 2.2**)³.

Table 2.2: Stock of Food Held by NFRA in Zones

Period	Zone	Opening balance	Quantity purchased	Quantity transferred in	Quantity Released	Balance
Year ending June 2014	Dar es Salaam	8,192.6	5,385.4	12,315.6	6,361.0	19,532.6
	Central	1,347.6	23,958.7	14,425.9	19,659.7	20,072.5
	Lake	727.8	0.0	67,138.5	48,722.3	19,144.0
	Northern	832.0	34,861.3	0.0	12,700.4	22,992.9
	Southern Highlands	230,177.0	103,142.1	0.0	38,732.4	294,586.7
	Total	241,277.0	167,347.5	93,880.0	126,175.8	376,328.7
Year ending June 2015	Dar es Salaam	22,526.0	17,139.1	1,046.5	19,456.7	21,254.9
	Central	20,072.5	32,426.7	6,290.9	22,672.9	36,117.2
	Lake	7,989.9	26,952.2	17,203.6	25,552.6	26,593.1
	Northern	22,992.9	37,700.5	0.0	43,292.4	17,401.0
	Southern Highlands	294,586.7	327,742.6	0.0	400,006.5	222,322.8
	Total	368,168.0	441,961.1	24,541.0	510,981.1	323,689.0
Year ending June 2016	Dar es Salaam	21,254.9	0.0	5,996.9	18,664.8	8,587.0
	Central	36,574.6	0.0	7,415.2	32,346.9	11,642.9
	Lake	9,954.7	0.0	14,861.7	14,029.2	10,787.1
	Northern	17,673.3	0.0	0.0	9,350.4	8,322.9
	Southern Highlands	267,322.9	22,335.2	-28,322.1	239,221.1	22,114.9
	Total	352,780.3	22,335.2	-48.3	313,612.4	61,454.8

Source: National Food Reserve Agency

In the year ending June 2016, production of food crops was estimated at 16.2 million tonnes, resulting to a Self Sufficient Ratio (SSR) of 123 percent when compared to food requirement of 13.2 million tonnes estimated for 2016/17 consumption period. However, food shortage of varying degrees is projected in 15 regions: four in Northern, Lake, and Central zones each, two in Eastern zone and Dar es Salaam zone which mostly depends on food supplies from the upcountry. Food shortage is forecasted to be severe in Tanga, Singida, Arusha, Manyara and Mara regions.

³ Figures of Zonal food stocks may not add to national food stock due to transit food stocks.



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3.0 SECTORAL PERFORMANCE

3.1 Agriculture

3.1.1 Cash Crop Procurement

During the year ending June 2016, the value of cash crops procured increased to TZS 1,886.1 billion up from TZS 1,792.7 billion recorded in June 2015 (**Table 3.1**). Improvement was recorded in the value of cashew nuts, sesame, coffee and sisal. Eastern zone accounted for 27.9 percent of the procured cash crops, mainly due to cashew nuts, followed by Northern zone (27.8 percent). Central zone contributed the least (8.5 percent).

Table 3.1: Cash Crop Procurement

TZS Billion

Zone	Year ending June			Percent change 2014/15 to 2015/16	Percent contribution 2015/16
	2013/14	2014/15	2015/16		
Central	123.5	154.0	161.0	4.5	8.5
Dar es Salaam	0.0	0.0	0.0	0.0	0.0
Eastern	278.5	444.8	526.9	18.5	27.9
Lake	440.0	365.2	288.1	-21.1	15.3
Northern	446.3	480.3	523.7	9.0	27.8
Southern Highlands	344.3	348.4	386.4	10.9	20.5
Total	1,632.7	1,792.7	1,886.1	5.2	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 increased to TZS 1,001,387 million from TZS 858,462.9 million recorded in the previous year, mainly due to price and supply effects (**Table 3.2**). The Lake zone accounted for 24.1 percent and 22.3 percent of the total number of livestock sold and earnings, respectively.



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Table 3.2: Number of Livestock Sold through Registered Markets

Year	Livestock	Unit	Central Dar es Salaam	Eastern	Lake	Northern	Southern Highlands	Total	
2013/14	Cattle	TZS Million	84,776	152,441	89,143	184,155	165,020	93832	769,367
	Goats	TZS Million	7,192	10,199	5,879	12,746	17,211	7285	60,512
	Sheep	TZS Million	2,696	3,476	1,152	4,232	6,355	1575	19,486
	Total	TZS Million	94,664	166,116	96,174	201,132	188,586	102692	849,364
2014/15	Cattle	TZS Million	130,874	127,730	100,227	189,481	170,908	65712	784,932
	Goats	TZS Million	7,339	7,653	6,105	9,549	17,604	8131	56,381
	Sheep	TZS Million	2,623	3,294	1,143	1,995	6,953	1142	17,150
	Total	TZS Million	140,836	138,677	107,475	201,025	195,465	74985	858,463
2015/16	Cattle	TZS Million	152,467	153,135	113,616	207,218	175,705	101848	903,988
	Goats	TZS Million	13,446	10,816	7,822	12,420	18,481	10681	73,667
	Sheep	TZS Million	4,518	4,047	1,456	3,841	8,305	1566	23,732
	Total	TZS Million	170,431	167,998	122,894	223,478	202,491	114094	1,001,387
2015/16	Share (%)	TZS Million	17.0	16.8	12.3	22.3	20.2	11	100.0

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

3.3 Fisheries

Overall fish catches decreased by 0.4 percent to 91,098.1 tonnes in the year ending June 2016 compared with the preceding year. The decline in fish catches which occurred in two consecutive years is attributed to climate change, illegal and overfishing particularly in Lake zone which registered a decline in fish catches by 7.4 percent. Total value of fish catches increased to TZS 395.3 billion from TZS 385.9 billion recorded in year ending June 2015. In terms of percentage contribution, Eastern and Lake zones together accounted for 51.7 percent and 53.3 percent of total fish catches and earnings respectively (**Table 3.3**).



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Table 3.3: Fish Catches

Zone	Unit	2013/14	2014/15	2015/16	Percentage change 2014/15 to 2015/16	Percentage contribution 2015/16
Central	Tonnes	342.2	967.5	1,270.5	31.3	1.4
	TZS billion	1.8	7.7	10.3	33.8	2.6
Dar es Salaam	Tonnes	20,270.3	21,750.0	22,300.6	2.5	24.5
	TZS billion	77.2	83.4	83.5	0.2	21.1
Eastern	Tonnes	20,612.5	22,717.5	23,571.1	3.8	25.9
	TZS billion	69.6	71.1	72.9	2.6	18.4
Lake	Tonnes	30,193.0	25,371.2	23,488.4	-7.4	25.8
	TZS billion	144.1	140.6	138.1	-1.8	34.9
Northern	Tonnes	12,958.7	13,272.0	13,391.0	0.9	14.7
	TZS billion	61.7	63.4	65.6	3.5	16.6
Southern Highlands	Tonnes	8,402.9	7,371.3	7,076.5	-4.0	7.8
	TZS billion	20.5	19.8	24.9	25.7	6.3
Total	Tonnes	92,779.6	91,449.5	91,098.1	-0.4	100.0
	TZS billion	374.9	385.9	395.3	2.4	100.0

Source: Regional Commissioners' Offices, Bank of Tanzania calculations

3.4 Manufacturing

Value of manufactured goods rose by 12.7 percent to TZS 6,915.7 billion compared with the year ending June 2015, owing to stability in power supply and availability of raw materials. Dar es Salaam zone contributed 57.9 percent of value of manufactured goods, followed by Northern zone at 17.2 percent (**Table 3.4**). Expansion in manufacturing activities was registered in Eastern, Northern, Central, Southern Highlands and Dar es Salaam zones, driven by beverages, cement and sugar industries. Meanwhile, Lake zone recorded a decline in production, associated with dwindling production in beer and sugar industries.

Table 3.4: Value of Selected Manufactured Commodities

Zone	2013/14	2014/15	2015/16	Billions of TZS	
				Percentage change 2014/15 to 2015/16	Percentage contribution 2015/16
Central	142.3	177.1	198.0	11.8	2.9
Dar es Salaam	3,891.4	3,603.5	4,002.8	11.1	57.9
Eastern	318.8	311.7	506.7	62.5	7.3
Lake	386.9	573.8	526.5	-8.2	7.6
Northern	946.5	1,027.2	1,188.7	15.7	17.2
Southern Highlands	434.3	440.9	493.0	11.8	7.1
Total	6,120.2	6,134.2	6,915.7	12.7	100.0

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



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3.5 Mining

Value of minerals increased to USD 1,524.4 million compared with USD 1,423.2 million recorded in 2014/15 (**Table 3.5**). The improvement was largely driven by increase in export volume of gold. Lake zone contributed 87.2 percent of the total value of minerals mainly due to relatively high gold mining activities.

Table 3.5: Mineral Recovery

USD million

Zone	2013/14	2014/15	2015/16	Percentage change 2014/15 to 2015/16	Percentage contribution 2015/16
Central	0.5	0.7	0.9	32.4	0.1
Dar es Salaam	-	-	-	0.0	0.0
Eastern	9.6	3.3	4.0	20.6	0.3
Lake	1,458.8	1,311.3	1,329.5	1.4	87.2
Northern	40.4	35.3	38.5	9.1	2.5
Southern Highlands	50.2	72.7	151.5	108.6	9.9
Total	1,559.5	1,423.2	1,524.4	7.1	100.0

Source : Zonal mines offices and mining companies

3.6 Tourism

Number of tourist visits decreased by 5.3 percent as compared with the year ended June 2015, following a decline in visits to Central, Dar es Salaam and Southern Highlands zones (**Table 3.6**). Earnings (mainly entry fees) rose to TZS 174.1 billion from TZS 146.8 billion recorded in the year ended June 2015. Northern zone accounted for 69.9 percent and 72.1 percent of total tourist visits and earnings, respectively.



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Table 3.6: Number of Tourists and Earnings

Zone	Unit	2013/14	2014/15	2015/16	Percentage change 2014/15 to 2015/16	Percentage contribution 2015/16
Central	Number of visitors	30,055.0	29,635.0	27,548.0	-7.0	1.8
	TZS million	1,421.2	1,567.7	1,616.0	3.1	0.9
Dar es Salaam	Number of visitors	64,081.0	142,446.0	21,863.0	-84.7	1.4
	TZS million	509.1	538.8	409.9	-23.9	0.2
Eastern	Number of visitors	0.0	0.0	0.0	0.0	0.0
	TZS million	1,223.4	1,610.7	1,842.8	14.4	1.1
Lake	Number of visitors	399,707.0	391,500.0	407,672.0	4.1	26.5
	TZS million	35,230.5	36,637.1	44,457.3	21.3	25.5
Northern	Number of visitors	1,099,073.0	1,053,227.0	1,074,514.0	2.0	69.9
	TZS million	113,835.9	106,294.1	125,650.3	18.2	72.1
Southern Highlands	Number of visitors	4,933.0	5,093.0	4,562.0	-10.4	0.3
	TZS million	218.0	206.1	193.8	-5.9	0.1
Total	Number of visitors	1,597,849.0	1,621,901.0	1,536,159.0	-5.3	100.0
	TZS million	152,438.1	146,854.5	174,170.2	18.6	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 went up to 4,744,345.8 KWh from 3,791,512.3 KWh recorded in the year ending June 2015 (**Table 3.7**), owing to commencement of production by Kinyerezi I plant, with installed capacity of 150 megawatts. Dar es Salaam zone accounted for 87.2 percent of the electricity generated. On the other hand, gas production from Songo Songo and Mnazi Bay fields rose by 60.9 percent from the volume recorded in the previous year, 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 Eastern zone (Mtwara and Lindi).

Table 3.7: Production of Electricity and Natural Gas

Zone/Unit	Units	2013/14	2014/15	2015/16	Percentage change 2014/15 to 2015/16	Percentage contribution 2015/16
Electricity						
Dar es Salaam	000' KWh	3,568,458.7	3,216,197.2	4,137,098.3	28.6	87.2
Lake	000' KWh	167,392.9	312,659.1	275,620.1	-11.8	5.8
Northern	000' KWh	248,983.3	262,656.0	331,627.4	26.3	7.0
Total	000' KWh	3,984,834.9	3,791,512.3	4,744,345.8	25.1	100.0
Natural gas						
Eastern	Mn. std cubic ft	34,770.7	35,151.6	56,574.0	60.9	100.0

Source: National Bureau of Statistics, TANESCO and TPDC



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Commencement of construction of Kinyerezi II plant with a capacity of 240 megawatts is expected to increase power supply in the country. Adequate and reliable power supply is key in stimulating economic activities.

3.8 Ports Performance

Cargo shipment at the ports of Dar es Salaam, Tanga, and Mtwara decreased by 7.3 percent to 14.6 million tonnes compared with the corresponding period in 2014/15 mainly due to a decline in cargo handled at Dar es Salaam port (**Table 3.8**). The decline is attributed to, among others, downturn in industrial production in China, one of the main sources of imports to Tanzania; implementation of single custom territory with DRC; competition from other ports in neighboring countries—Beira in Mozambique, and Durban in South Africa—for cargo to Malawi, Zambia and DRC; and completion of gas pipeline project and Dangote cement factory.

Dar es Salaam port accounted for 91.9 percent of the cargo, followed by Tanga port at 5.4 percent. The main cargos handled at the ports were petroleum products, vehicles, clinker, wheat, beans, fish fillet, cement, coffee and sunflower seeds.

Table 3.8: Ports Performance

	Year ending June			Percentage change 2014/15 to 2015/16	Percentage contribution 2015/16
	In '000'Tonnes				
	2013/14	2014/15	2015/16		
Dar es Salaam	14,336	14,596	13,458	-7.8	91.9
Tanga	766	795	787	-1.0	5.4
Mtwara	386	401	400	-0.3	2.7
Total	15,488	15,792	14,645	-7.3	100.0

Source: Tanzania Ports Authority



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4.0 REVENUE AND CROSS BORDER TRADE

4.1 Revenue Collection

During the year ending June 2016, revenue collection in the six zones amounted to TZS 13,300.1 billion, exceeding the target by 0.2 percent (**Table 4.1**). Collections increased by 23.3 percent compared with the corresponding period in 2015, mainly attributed to improved tax administration. Dar es Salaam zone accounted for the largest share of revenue collections at 90.0 percent, followed by Northern zone at 4.8 percent. Southern Highlands and Central zones were the lowest contributor, accounting for 0.9 percent each (**Table 4.1**).

Table 4.1: Zonal Revenue Performance

Billions of TZS

Zone	Year ending June					Percentage change 2014/15 to 2015/16	Percentage contribution 2015/16
	2013/14	2014/15	2015/16		Actual to Target		
	Actual	Actual	Target	Actual			
Dar es Salaam	8,946.2	9,713.2	11,965.3	11,966.0	100.0	23.2	90.0
Northern	436.0	480.0	614.6	632.1	102.8	31.7	4.8
Lake	247.4	253.2	299.2	307.6	102.8	21.5	2.3
Eastern	131.4	160.7	162.6	147.5	90.7	-8.2	1.1
Southern Highlands	82.3	83.1	119.1	125.5	105.4	51.1	0.9
Central	83.7	92.8	110.2	121.4	110.2	30.8	0.9
Total	9,926.9	10,783.0	13,270.9	13,300.1	100.2	23.3	100.0

Source: Tanzania Revenue Authority (TRA)

4.2 Cross Border Trade

In the year ending June 2016, cross border trade balance for Northern, Eastern, Lake and Southern zones improved by 63.9 percent to a surplus of TZS 5,629.4 billion compared with the corresponding period in 2015. The development was due to increase in exports as imports declined (**Table 4.2**). In terms of contribution, Lake zone dominated in exports accounting for 50.8 percent, while Northern zone dominated on the import side, accounting for 46.8 percent of total cross-border imports. The main exports included raw agricultural 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.



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Table 4.2: Zonal Formal Cross Border Trade

		Year ending June			Percentage change 2014/15 to 2015/16	Percentage contribution 2015/16
Zone	Items	2013/14	2014/15	2015/16		
Eastern	Exports:	1,171.6	1,599.5	1,518.0	-5.1	20.8
	Imports:	231.0	369.0	126.0	-65.9	7.5
	Trade balance:	940.6	1,230.5	1,392.0	13.1	
Lake	Exports:	3,544.3	3,601.9	3,711.4	3.0	50.8
	Imports:	495.8	465.9	580.6	24.6	34.7
	Trade balance:	3,048.5	3,136.0	3,130.8	-0.2	
Northern	Exports:	2,031.6	1,133.0	1,930.0	70.3	26.4
	Imports:	1,281.9	2,009.1	783.8	-61.0	46.8
	Trade balance:	749.7	(876.1)	1,146.2	-230.8	
Southern	Exports:	123.1	126.5	143.6	13.5	2.0
	Imports:	167.1	181.9	183.2	0.7	10.9
	Trade balance:	(44.0)	(55.4)	(39.6)	-28.6	
Total	Exports:	6,870.6	6,460.9	7,303.0	13.0	100.0
	Imports:	2,175.8	3,025.9	1,673.6	-44.7	100.0
	Trade balance:	4,694.8	3,435.0	5,629.4	63.9	

Source: Tanzania Revenue Authority

5.0 FINANCIAL SECTOR PERFORMANCE

5.1 Banks Deposits Mobilization and Lending

Commercial bank deposits decreased by 8.1 percent to TZS 18,595.7 billion in the year ending June 2016, partly explained by central government withdrawal of its deposits from the commercial banks and relatively lower deposits mobilization in Dar es Salaam and Lake zones. Dar es Salaam zone, which is the commercial hub of the country accounted for 58.6 percent of total deposits, while Lake zone contributed the least, at 4.7 percent of the total deposits (**Table 5.1**).



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Table 5.1: Zonal Commercial Bank Deposits

Zone	Year ending June			Billions of TZS	
	2013/14	2014/15	2015/16	Percentage change 2014/15 to 2015/16	Percentage contribution 2015/16
Central	2,437.8	2,502.9	2,818.0	12.6	15.2
Dar es Salaam	9,122.1	13,293.3	10,904.0	-18.0	58.6
Eastern	649.0	847.6	1,096.0	29.3	5.9
Lake	819.1	955.9	877.3	-8.2	4.7
Northern	1,598.1	1,789.1	1,944.5	8.7	10.5
Southern Highlands	899.8	844.5	955.9	13.2	5.1
Total	15,525.9	20,233.3	18,595.7	-8.1	100.0

Source: Commercial banks in respective zones

Total lending to various economic activities in the zones increased by 12.7 percent to TZS 15,133.7 billion as at end June, 2016 compared to the corresponding period in the previous year. Dar es Salaam zone accounted for 54.4 percent of the disbursed outstanding loans, followed by Central zone at 20 percent (**Table 5.2a**). Eastern and Southern Highlands zones accounted for 4.5 percent each and were the lowest among all zones. Economic activities which benefited most from the disbursed banks loans include person loans (25.9 percent), agriculture (17.6 percent), trade (15.8 percent), and building and construction (6.8 percent).

Table 5.2a: Zonal Commercial Bank Lending

Zone	Year ending June			Billions of TZS	
	2013/14	2014/15	2015/16	Percentage change 2014/15 to 2015/16	Percentage contribution 2015/16
Central	1,881.3	1,851.4	3,021.4	63.2	20.0
Dar es Salaam	6,410.6	8,256.0	8,237.9	-0.2	54.4
Eastern	505.5	561.6	679.9	21.1	4.5
Lake	889.9	985.4	1,206.7	22.5	8.0
Northern	910.5	1,116.5	1,311.4	17.5	8.7
Southern Highlands	812.8	657.4	676.4	2.9	4.5
Total	11,410.6	13,428.3	15,133.7	12.7	100.0

Source: Commercial banks in zones



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Table 5.2b: Banks Lending by Activity for the Year Ending June 2016

Economic activities	Percentage						
	National	Central	Eastern	Dar es Salaam	Southern Highlands	Northern	Lake
Community, social and personal loans	25.9	44.0	22.7	5.1	55.0	12.5	15.9
Agriculture, hunting, forestry and fishing	17.6	21.0	17.5	8.3	30.2	10.9	17.7
Wholesales and retail trade	15.8	13.0	18.7	13.0	1.2	30.0	18.6
Manufacturing	6.4	3.0	12.1	9.0	1.8	7.1	5.5
Building and construction	6.8	21.0	1.9	7.0	0.8	5.6	4.3
Financial intermediation	2.4	3.0	1.7	2.4	2.4	2.5	2.1
Transport, storage and communication	6.0	2.0	1.3	20.1	3.0	8.8	1.0
Mining and quarrying	1.3	0.0	0.0	6.5	1.4	0.0	0.0
Electricity, water and gas	0.8	1.0	0.0	2.4	0.9	0.0	0.6
Tourism and hotels	3.0	0.0	13.8	0.0	0.0	2.8	1.5
Real estate	1.8	0.0	0.0	10.6	0.0	0.0	0.3
Hotel and restaurant	1.6	0.0	0.0	1.6	0.0	8.2	0.0
Gas	0.1	0.0	0.0	0.8	0.0	0.0	0.0
Fishing	0.2	0.0	0.0	0.0	0.0	0.0	1.2
Education	0.6	0.0	0.0	0.0	0.0	0.0	3.4
Others	12.5	11.0	10.2	11.0	3.2	11.6	27.8

Source: Commercial banks in zones, Bank of Tanzania calculations

Average deposit rate increased by 5.2 percent to 4.3 in year ending June 2016 compared with the corresponding period in year 2015 (**Table 5.3**). Average lending rates decreased to 18.1 percent compared with 19.5 percent recorded in 2015. As a result, interest rate spread narrowed by 9.9 percent to 13.9 percent in 2016 from 15.4 percent in 2015 (**Table 5.3**).

Table 5.3: Interest Rates on Deposits and Loans

Item	Year ending June			Percentage change 2014/15 to 2015/16
	2013/14	2014/15	2015/16	
Average deposits rate	4.3	4.0	4.3	5.2
Average lending rate	18.3	19.5	18.1	-6.8
Interest rate spread	13.9	15.4	13.9	-9.9

Source: Commercial banks in the zones

5.2 Bureau de Change Operations

Bureau de change foreign exchange purchases across zones decreased to USD 539.3 million from USD 561.5 million recorded in year 2016 (**Table 5.4**). Dar es Salaam zone accounted for 72.6 percent, followed by Southern zone with 15.1 percent and Northern zone 11.6 percent of total



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purchases. Similarly, sales decreased to USD 483.7 million compared with USD 528.0 million recorded in the corresponding period a year before. Dar es Salaam zone accounted for 75.8 percent of the foreign exchange sales followed by Northern zone with 12.4 percent and Southern Highlands zone with 11.0 percent of total sales.

Table 5.4: Zonal Bureau de Change Transactions

Zone	Millions of USD									
	Year ending June						Percentage change 2014/15 to 2015/16		Percentage change 2015/16	
	2013/14		2014/15		2015/16		Purchase	Sales	Purchase	Sales
Central	4.4	4.5	2.5	3.4	1.2	1.3	-52.0	-61.8	0.2	0.3
Dar es Salaam	500.3	501.8	430.1	424.3	391.3	366.6	-9.0	-13.6	72.6	75.8
Eastern	0.2	0.2	0.6	0.6	0.5	0.4	-18.3	-33.3	0.1	0.1
Lake	3.4	3.1	3.0	2.3	2.1	2.2	-30.0	-2.9	0.4	0.5
Northern	40.2	40.1	47.8	48.8	62.8	60.1	31.4	23.2	11.6	12.4
Southern Highlands	55.4	52.2	77.5	48.7	81.4	53.1	5.0	9.0	15.1	11.0
Total	603.9	601.9	561.5	528.0	539.3	483.7	-4.0	-8.4	100.0	100.0

Source: Bank of Tanzania

5.3 Savings and Credit Cooperative Societies

Operation of Savings and Credit Cooperative Societies (SACCOS) for the year ending June 2016, expanded in terms of numbers, savings, deposits and loans disbursed (**Table 5.5**). Savings across zones increased by 3.2 percent to TZS 158.8 billion from TZS 153.9 billion recorded in year ending June 2015. The share to total savings varied significantly across the zones: Northern zone was dominant accounting for 44.1 percent, while Lake zone was the least, contributing 8.7 percent of total savings. Loans disbursed increased by 23.7 percent to TZS 801.8 billion from TZS 648.3 billion recorded in the corresponding period in 2015. Northern zone accounted for 43.8 percent; Southern Highlands zone, 19.9 percent; and Central zone, 18.7 percent of the loans disbursed.



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

	Category	Central	Eastern	Southern Highlands	Northern	Lake	Total
Year ending June 2014	Number of saccoes	579	1,025	559	912	1,171	4,246
	Members	133,558	125,370	160,087	178,368	185,926	783,309
	Shares value (TZS Mn)	4,557	7,250	7,551	11,942	7,513	38,813
	Savings (TZS Mn)	15,945	25,511	31,646	51,992	19,651	144,745
	Deposits (TZS Mn)	2,696	3,677	8,043	8,642	16,803	39,861
	Loans issued (TZS Mn)	85,939	88,189	110,631	213,933	25,639	524,331
	Outstanding loans (TZS Mn)	24,015	42,716	29,156	58,434	23,621	177,942
Year ending June 2015	Number of saccoes	677	1,067	534	929	1,247	4,454
	Members	104,218	129,264	184,173	193,327	142,324	753,306
	Shares value (TZSMn)	6,706	7,573	9,168	21	7,271	30,739
	Savings (TZS Mn)	17,704	28,902	39,775	56,589	10,907	153,877
	Deposits (TZS Mn)	3,836	3,856	9,365	10,321	2,426	29,804
	Loans issued (TZS Mn)	85,577	90,837	132,851	303,314	35,745	648,323
	Outstanding loans (TZS Mn)	21,531	60,547	34,002	80,904	29,720	226,705
Year ending June 2016	Number of saccoes	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	158,800
	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

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

6.0 EMERGING ISSUES AND FUTURE OUTLOOK

The year ending June 2016 experienced below normal and unevenly distributed rains particularly in the Northern, Eastern, Central and Lake zones. This situation potentially signals possible inadequate food supply situation in the rest of 2016/17. Due to food shortages, an upward pressure on food prices is likely to occur contributing to acceleration of food inflation in the zones. This calls for the need to closely monitor the situation and to intervene as and when the need arises. In addition, regional authorities are advised to undertake special program of educating farmers on the effects of climate change and urge farmers to grow drought resistance crops depending on their localities. Long-term plans aimed at introducing small-scale irrigation schemes tapping available water resources would help mitigate drought related effects on agricultural outputs and thus improve farmers' incomes on a sustainable manner.

The commencement of construction of Kinyerezi II plant with a capacity of 240 megawatts is expected to increase power supply in the country. Adequate and reliable power supply is key in stimulating economic activities, especially industries.