

**THE UNITED REPUBLIC OF TANZANIA**



**MINISTRY OF FINANCE AND PLANNING**

**THE BUDGET EXECUTION REPORT FOR THE THIRD QUARTER OF 2021/22  
(JANUARY - MARCH 2022)**

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**MAY 2022**

## LIST OF ABBREVIATIONS

AfDB	-	African Development Bank
COVID	-	Corona Virus Disease
IDA	-	International Development Association
DSA	-	Debt Sustainability Analysis
EAC	-	East African Community
GBS	-	General Budget Support
GDP	-	Gross Domestic Product
LGAs	-	Local Government Authorities
PAYE	-	Pay as You Earn
REA	-	Rural Energy Agency
SADC	-	Southern African Development Community
SDL	-	Skills Development Levy
TRA	-	Tanzania Revenue Authority
USD	-	United States Dollar
VAT	-	Value Added Tax

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## Executive Summary

Budget execution report for the third quarter of 2021/22 provides insights on the implementation of Government budget by highlighting the macro-economic performance as well as performance of revenue, expenditure and financing for that period. In addition, the report covers the cumulative performance for the period of July 2021 to March 2022.

During the fourth quarter of 2021 (October – December), real GDP growth was 4.9 percent compared with the growth of 4.8 percent in the corresponding quarter in 2020. Other social services which include arts and entertainment as well as activities of households as an employer recorded the highest growth of 11.7 percent followed by accommodation and food services (11.3 percent), electricity supply (10.6 percent), information and communication (9.3 percent), finance and insurance (8.7 percent), public administration and defense (7.4 percent) and mining and quarrying (7.0 percent). Inflation rate remained within the medium-term target of 3.0 – 5.0 percent whereby headline inflation was 3.7 percent and core inflation 3.0 percent.

Domestic revenue collection (including LGAs own source) amounted to 6,243.6 billion shillings equivalent to 96.1 percent of the target of 6,494.0 billion shillings, which was 25.2 percent higher than 4,987.2 billion shillings collected in the corresponding period in 2020/21.

Government spending stood at 9,342.0 billion shillings, equivalent to 95.9 percent of the target of 9,739.6 billion shillings. Of that amount, expenditure on recurrent activities was 5,691.5 billion shillings and development projects was 3,650.4 billion shillings.

During the quarter under review, project grants amounting to 18.4 billion shillings, equivalent to 6.0 percent of the target were disbursed by Development Partners.

Total financing for the third quarter was 1,315.3 billion shillings against the target of 1,401.6 billion shillings, equivalent to 94.0 percent of the target. Out of the total financing, total foreign net financing from borrowing was 665.0 billion shillings and total domestic net financing was 650.4 billion shillings.

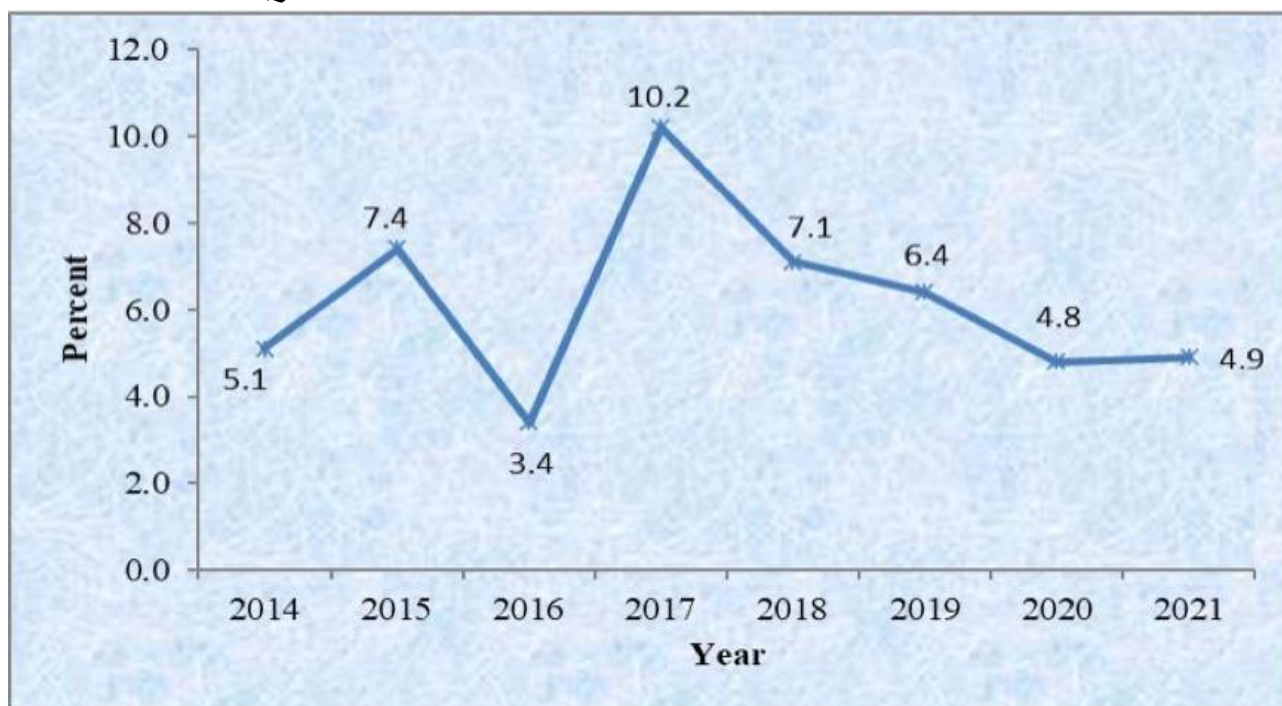
As at end March 2022, the Central Government debt stock stood at 69,261.2 billion shillings compared with 59,852.63 billion shillings recorded in the corresponding period in 2021, equivalent to an increase of 17.7 percent. External debt stock amounted to 47,483.2 billion shillings and domestic debt stock was 21,778.0 billion shillings.

## 1.0 RECENT MACROECONOMIC PERFORMANCE

### 1.1 Real GDP Growth

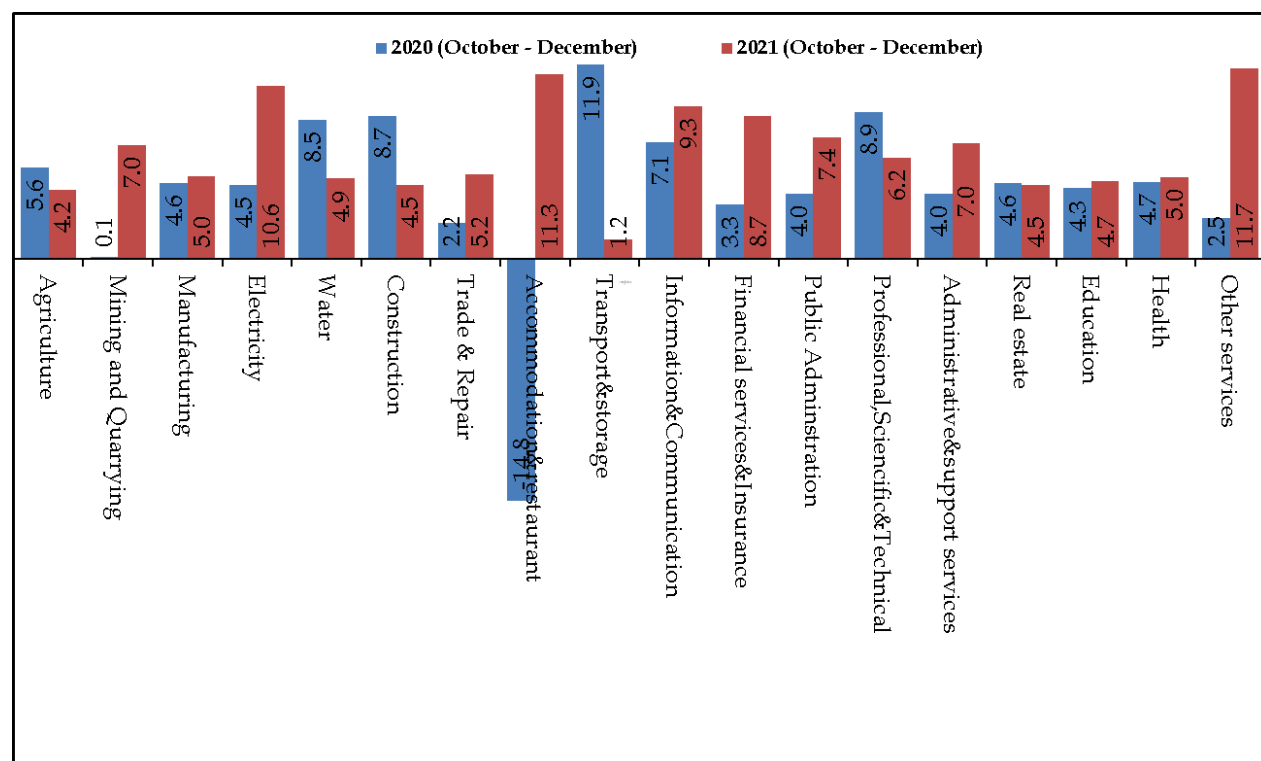
During the fourth quarter (October - December) of 2021, Gross Domestic Product (GDP) at current prices increased to 43.4 trillion shillings from 40.4 trillion shillings in the corresponding quarter in 2020. Meanwhile, the real GDP at 2015 constant prices increased to 36.9 trillion shillings from 35.2 trillion shillings recorded in the similar quarter in 2020, equivalent to a growth of 4.9 percent compared with the growth of 4.8 percent registered in the corresponding quarter in 2020 (**Chart 1.1**). This growth was largely attributed to growth in other Social Services (11.7 percent) which include arts and entertainment as well as activities of households as an employer followed by accommodation and food services (11.3 percent), electricity supply (10.6 percent), information and communication (9.3 percent), finance and insurance (8.7 percent), public administration and defense (7.4 percent), and mining and quarrying (7.0 percent) as depicted in **Chart 1.2**.

**Chart 1.1: Fourth Quarter GDP Growth Rates**



**Source:** National Bureau of Statistics

**Chart 1.2: GDP Growth by Economic Activities in the Fourth Quarter (October - December, 2020 - 2021)**



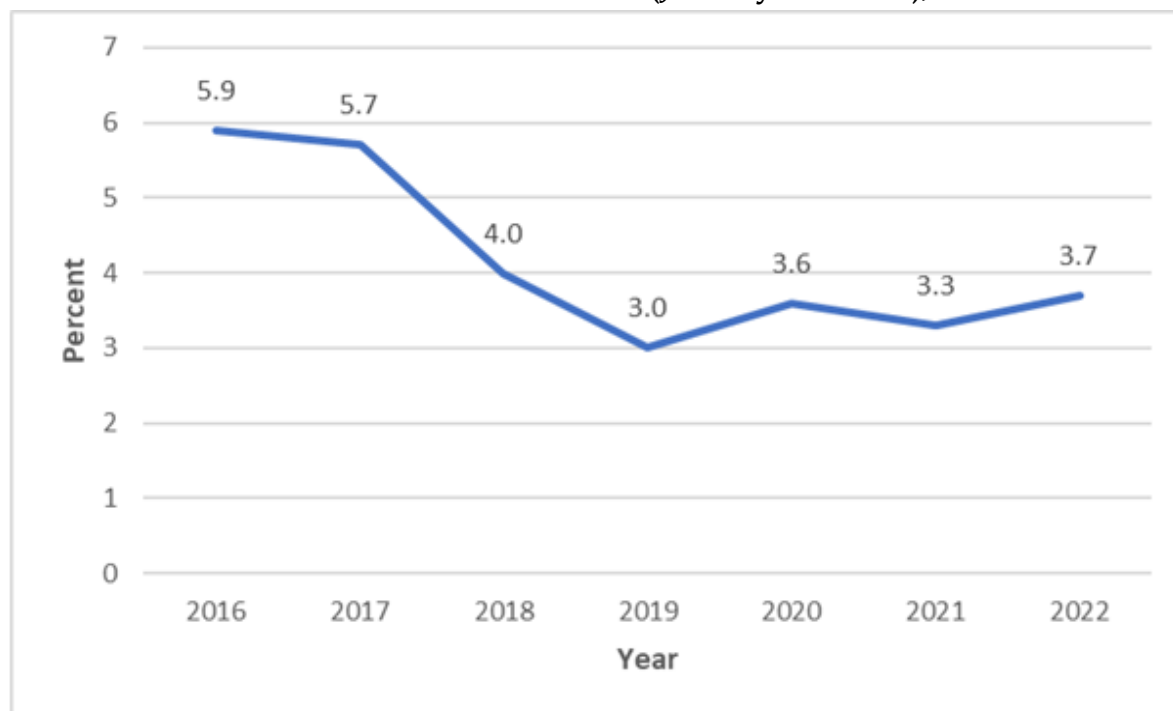
Source: National Bureau of Statistics

## 1.2 Inflation Development

During the third quarter of 2021/22, headline inflation increased to an average of 3.7 percent from 3.3 percent recorded in the similar period in 2020/21, remaining within the national target of 3.0 – 5.0 percent, EAC convergence criteria of not more than 8.0 percent and SADC benchmarks of between 3.0 and 7.0 percent. The inflation increase was on account of increased fuel prices in the world market. Core inflation decreased to an average of 3.0 percent during the second quarter of 2021/22 from 3.6 percent in the corresponding period in 2020/21<sup>1</sup>. **Chart 1.3** presents the trend of inflation in the third quarter from 2016 to 2021.

<sup>1</sup> Core inflation is an inflation measure that excludes items with volatile prices that is unprocessed food with exception to maize flour; energy and utilities

**Chart 1.3: Trend of Headline Inflation from (January to March), 2016 to 2022**



### **1.3 External Trade**

In the third quarter of 2021/22, the current account deficit increased to USD 1,315.9 million from a deficit of USD 351.9 million recorded in the corresponding period in 2020/21. The increase of current account deficit was due to a rise in import bill particularly for petroleum products.

### **1.4 Export of Goods and Services**

The value of exports of goods and services increased to USD 2,434.6 million from USD 2,111.8 million recorded in the corresponding quarter in 2020/21, equivalent to an increase of 15.3 percent. The increase was largely attributed to rise in service receipts by 26.9 percent to USD 924.8 million from USD 728.6 million recorded in similar period 2020/21. During the period under review, exports of goods increased to USD 1,509.8 million from USD 1,383.3 million in the corresponding period in 2020/21, equivalent to an increase of 9.1 percent, mainly due to rise in exports of cashewnuts and tobacco.

### **1.5 Import of Goods and Services**

The value of import of goods and services amounted to USD 3,552.7 million compared with USD 2,412.2 million recorded in the corresponding period in 2020/21, equivalent to an increase of 47.3 percent. During that period, import of goods was USD 2,881.5 million compared with 2,089.3 recorded in similar period in 2020/21, equivalent to an increase of 37.9 percent. In addition, services payments increased to USD 671.2 million from USD

322.9 million.

## **1.6 Exchange Rate**

The value of shilling remained stable against the US dollar, trading at an average of shilling 2,298.18 per USD in the quarter ending March 2022, compared with shilling 2,298.48 per USD traded in the corresponding period in 2021, representing an average appreciation of 0.3 percent, owing to low and stable domestic inflation and sustained prudent monetary and fiscal policies.

## **1.7 Money Supply and Credit**

Bank of Tanzania sustained implementation of accommodative monetary policy in the first three quarters of 2021/22, in line with the need to improve credit flows to the private sector. During the period under review, extended broad money supply (M3) growth averaged at 13.5 percent, broad money supply (M2) grew by 16.0 percent and narrow money supply (M1)<sup>2</sup> grew by 19.3 percent compared with 6.7 percent, 9.1 percent and 9.3 percent in similar period in 2020/21 respectively. In addition, credit to the private sector grew by an average of 7.8 percent compared with 4.2 percent in the similar period in 2020/21. The recovery of private sector credit was largely attributed to sustained accommodative monetary policy and recovery of economic activities from adverse impact of COVID-19 pandemic as global economies re-open.

## **1.8 Interest Rates Development**

During the first three quarters ending March 2022, one year lending rate averaged at 16.73 percent compared with 15.63 percent recorded in similar period in 2021. On the other hand, overall lending rate averaged at 16.46 percent compared with 16.59 percent recorded in corresponding period in 2021. The downward trajectory for overall lending rates was attributed to accommodative monetary policy measures taken. One-year deposit rate eased to an average of 8.07 percent from 8.32 percent in corresponding period of 2021, while overall time deposits rate increased to 6.85 percent from 6.68 percent in 2021. Given such trend, the spread between one-year lending and deposit interest rates increased to an average of 8.66 percentage points from 7.30 percentage points recorded in the corresponding period in 2020/21.

## **1.9 Gross official reserves**

Foreign exchange reserves amounted to USD 5,581.6 million in March 2022, covering 5.6

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<sup>2</sup> M1- Currency in circulation outside banking system plus demand deposits (cheque account) of residents with banks in the country.

M2- M1 plus fixed deposits and savings deposits of residents with banks in the country

M3- M2 plus residents' foreign currency deposits



months of projected imports of goods and services. The level achieved was above the country, EAC and SADC benchmarks of not less than 4 months, 4.5 months and 6.0 months, respectively.

## **2.0 GOVERNMENT OPERATIONS**

### **2.1 Domestic Revenue**

The Government continued to implement various strategies to ensure revenue target set in the year 2021/22 is achieved. During the third quarter, total domestic revenue collection (including LGAs own source) amounted to 6,243.6 billion shillings, equivalent to 96.1 percent of the target of 6,494.0 billion shillings, which was 25.2 percent higher than 4,987.2 billion shillings collected in the corresponding period in 2020/21. On cumulative basis, total amount collected from July 2021 to March 2022 was 18,129.2 billion shillings against the target of 19,542.4 billion shillings, equivalent to 93.0 percent of the target and an increase of 17.0 percent when compared with the amount collected in the same period in 2020/21. Out of that amount, collection from Tanzania Revenue Authority (TRA) was 15,630.7 billion shillings against the target of 16,646.1 billion shillings, equivalent to 94.0 percent. Non tax revenue collected by MDAs was 1,822.6 billion shillings, equivalent to 81.0 percent of the target of 2,248.5 billion shillings and collection from LGAs own source was 675.9 billion shillings against the target of 647.9 billion shillings, equivalent to 104.0 percent.

#### **2.1.2 Revenue by Source**

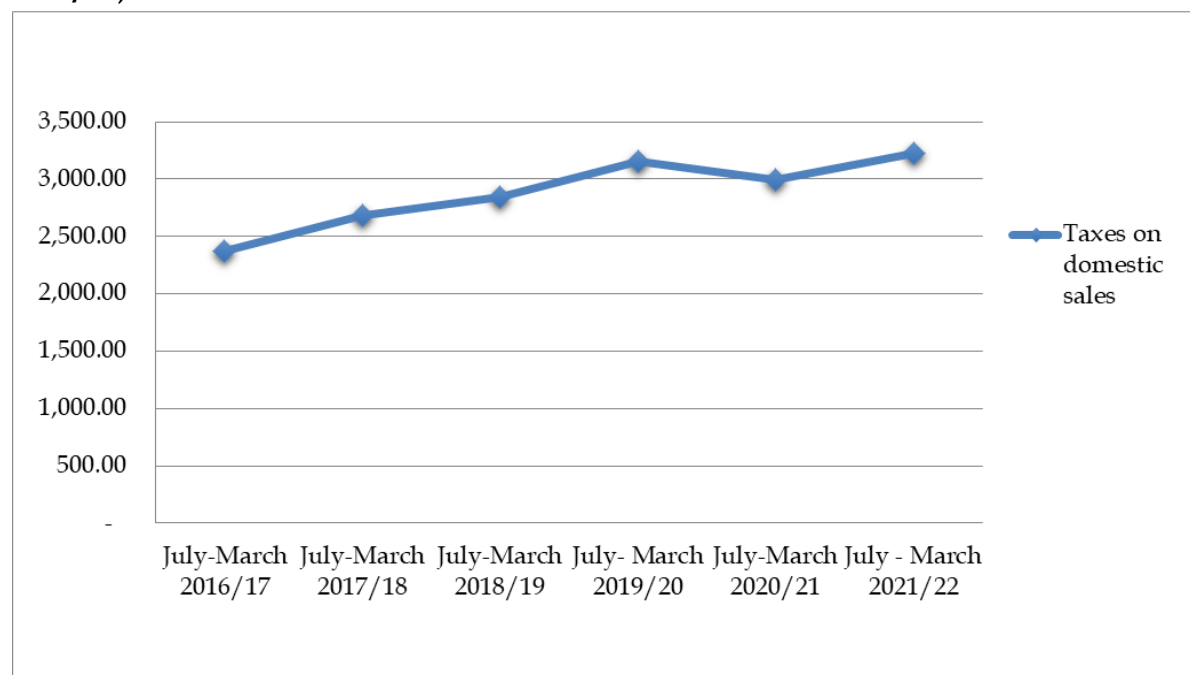
##### **2.1.3 Taxes on Imports**

Import taxes and duties collection in the third quarter amounted to 1,545.6 billion shillings, reflecting a performance of 100.3 percent of the target and 24.0 percent higher when compared with collections registered in the similar period in 2020/21. The performance was attributed to an increase in importation of consumer goods. Cumulatively, import taxes and duties collection amounted to 4,702.3 billion shillings, reflecting a performance of 102.1 percent of estimated 4,604.5 billion shillings, and 20.0 percent higher when compared with collections registered in the similar period in 2020/21. The excise on petroleum imports recorded the performance of 928.1 billion shillings, which was 89.7 percent of the planned target of 1,034.4 billion shillings and lower by 3.0 percent when compared with the same period in 2020/21. Excise on other imports registered performance of 105.0 percent of the target with a collection of 185.3 billion shillings. Import duty performed below the target with a collection of 1,094.5 billion shillings, equivalent to 98.0 percent of the target. Collections of VAT on non-petroleum was 2,494.4 billion shillings, equivalent to 109.0 percent of the target.

### 2.1.4 Taxes on Domestic Sales

Actual tax collection from domestic sales increased by 18.4 percent to 1,161.8 billion shillings from 981.0 billion shillings collected in the corresponding period in 2020/21. This collection was equivalent to 95.4 percent of the target of 1,217.4 billion shillings. On cumulative basis, tax on domestic sales was 3,222.5 billion shillings, equivalent to 92.7 percent of the target of 3,476.5 billion shillings and 7.6 percent higher than 2,996.0 billion shillings collected in the same period in 2020/21. Out of the total domestic sales tax collection, the excise duty was 1,073.1 billion shillings, equivalent to 93.5 percent of the target of 1,147.6 billion shillings while VAT on domestic sales amounted to 2,149.5 billion shillings, which was 92.0 percent of the target and 5.0 percent higher when compared with similar period in 2020/21. The performance below target for VAT on domestic sales was attributed to a decrease in sales of beer, cigarettes and soft drinks; and high input tax claims by the cement, beer and spirits manufacturers. The underperformance of the domestic excise duty was mainly due to decline in production of excisable commodities such as beer, cigarettes, wine and spirit. **Chart 2.1** shows the trend of tax on domestic sales for the first three quarters of the financial years (2016/17 – 2021/22).

**Chart 2.1: Trend of Tax on Domestic Sales for the Period of July to March (2016/17 to 2021/22)**



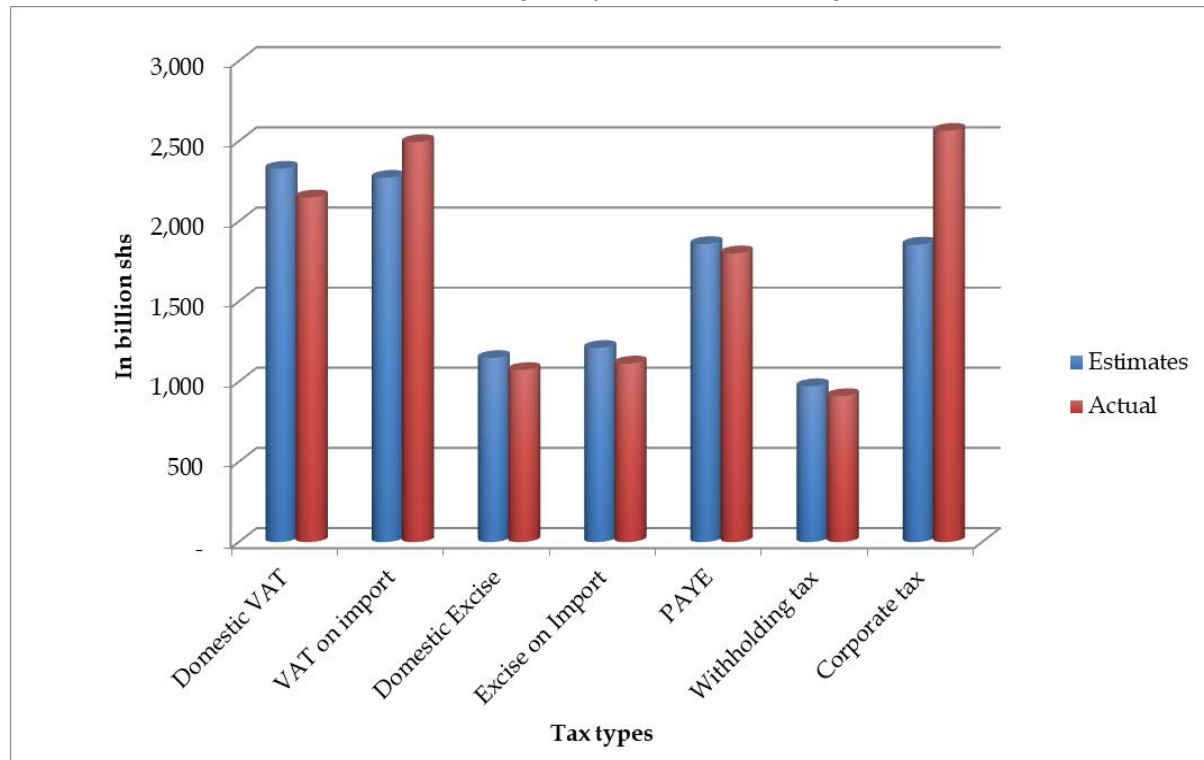
### 2.1.5 Income Tax

Income tax collection for the third quarter amounted to 1,852.2 billion shillings which was 108.5 percent of the target of collecting 1,707.1 billion shillings and 29.0 percent higher compared with collections registered in the same period in 2020/21.

Cumulatively, income tax collection was 5,707.6 billion shillings, equivalent to 110.0 percent of estimates of 5,163.1 billion shillings. Out of the total collection, PAYE for the third quarter was 632.6 billion shillings, equivalent to 103.5 percent of the target. Cumulatively, PAYE collection was 1,800.5 billion shillings against the target of 1,858.5 billion shillings, signifying the performance of 97.0 percent and higher by 11.0 percent when compared with 1,626.9 billion shillings collected in the corresponding period in 2020/21. The overperformance of PAYE in the third quarter was due to a close follow up of employers which enhanced filing of employment taxes from both Government and Private sector.

Revenue collection from corporate tax was 778.7 billion shillings, equivalent to 123.9 percent of the target of 628.6 billion shillings. Cumulatively, a total of 2,565.1 billion shillings was collected which was 138.0 percent of the target. The performance was attributed to improved business performance especially in the mining and banking sectors and close monitoring of the provisional corporate taxes. On the other hand, collections from withholding taxes for the third quarter were 279.7 billion shillings, equivalent to 89.8 percent of the target. The performance was affected by the decrease in number of transactions that attract withholding taxes such as management fees, rent and interest payments. Cumulative collection of withholding taxes was 910.2 billion shillings against the target of 971.7 billion shillings, equivalent to 93.7 percent. Revenue performance by major tax items is shown in **Chart 2.2**.

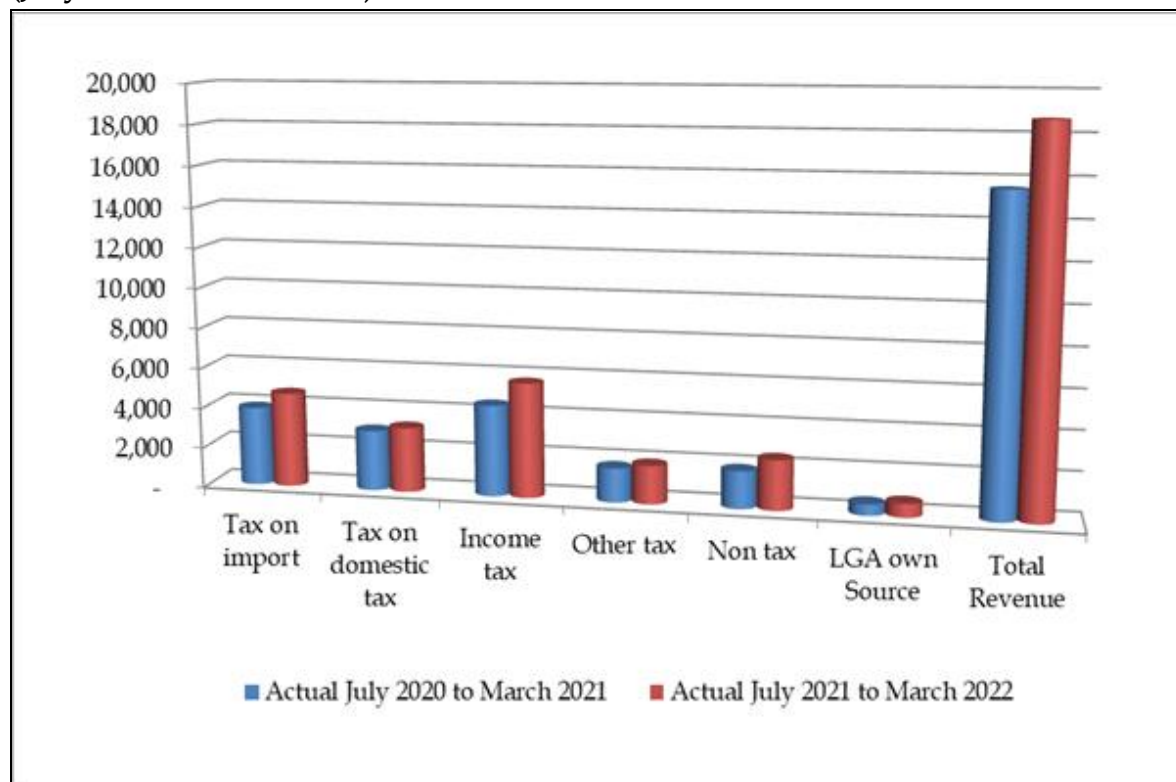
**Chart 2.2: Revenue Performance by Major Tax Item (July 2021 – March 2022)**



### 2.1.6 Other Taxes

During the period under review, actual collections from this category amounted to 696.1 billion shillings, equivalent to 97.8 percent of the estimate of 711.5 billion shillings. On cumulative basis, 1,911.7 billion shillings was collected, equivalent to 102.0 percent of the target of 1,882.7 billion shillings, and an increase by 12.0 percent when compared with the amount collected in the same period in 2020/21. Out of the amount collected, Fuel Levy and Transit Fee amounted to 1,013.0 billion shillings, equivalent to 109.0 percent of estimates; collections meant for National Water Development Fund was 139.5 billion shillings, which was 102.0 percent of estimates; and collections for Rural Energy Agency (REA) amounted to 188.2 billion shillings, equivalent to 64.0 percent of estimates. On the other hand, collections from other sources recorded performance as follows: collections for Railway Development Fund 243.0 billion shillings, equivalent to 113.0 percent of estimates; Business Skill Development Levy (SDL) recorded 216.16 billion shillings, equivalent to 90.0 percent of estimates, and Departure Service Charges performed at 80.0 percent of estimates of 41.5 billion shillings. The trend of revenue performance is indicated in **Chart 2.3**.

**Chart 2.3: Revenue Performance (July 2021 to March 2022) Compared with (July 2020 to March 2021)**

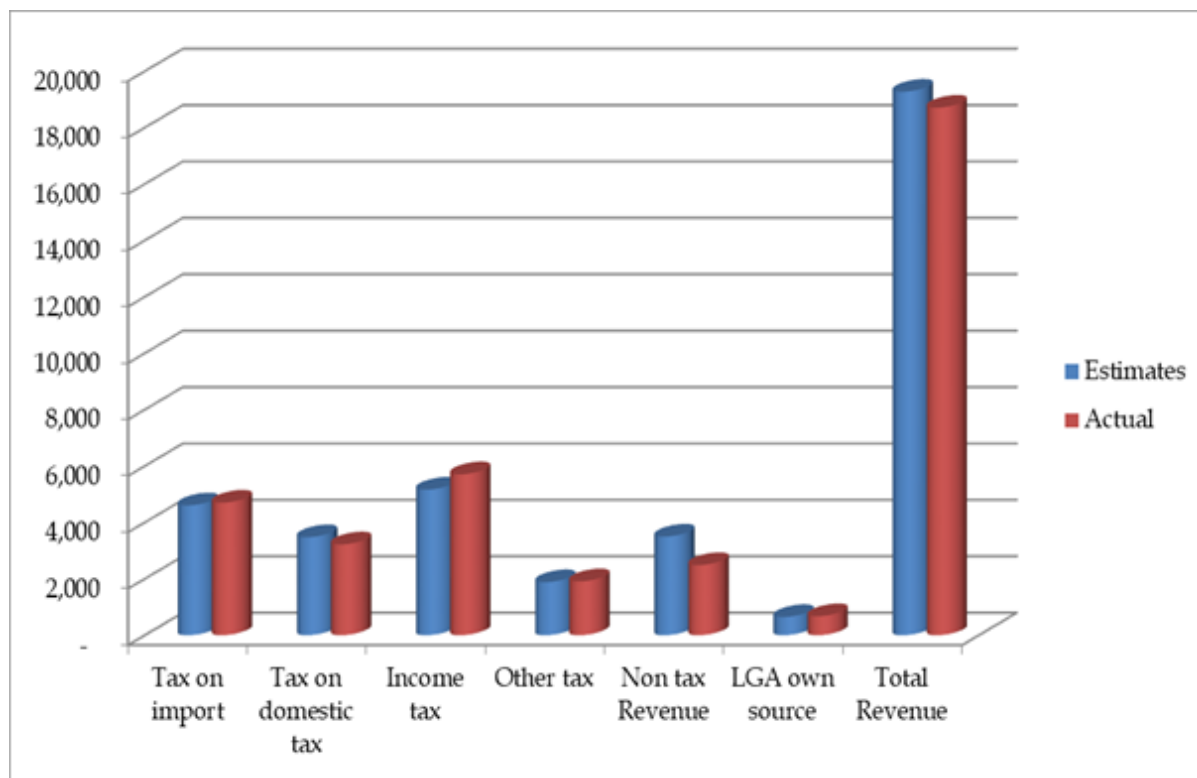


### 2.1.7 Non Tax Revenue

Non-tax revenue collections in the third quarter of 2021/22 amounted to 946.7 billion shillings, equivalent to 80.6 percent of estimates of 1,174.6 billion shillings. The collections were higher by 37.0 percent when compared with collections registered in the same period in 2020/21. For the period of July 2021 to March 2022, collections of non-tax revenue were 2,488.8 billion shillings equivalent to 71.1 percent of estimates of 3,499.8 billion shillings. Out of the amount, non-tax revenue collected by Ministries was 1,266.8 billion shillings against the target of 1,722.1 billion shillings, equivalent to 73.6 percent; dividends and contribution from Government Institutions were 555.8 billion shillings, equivalent to 106.0 percent of the target; and non-tax revenue collected by TRA (money transactions levy, billboard fee, property tax, tourist sector and others) was 666.2 billion shillings, which was 53.2 percent of the estimates of 1,251.3 billion shillings.

Collections from LGAs own source in the third quarter of 2021/22 amounted to 215.7 billion shillings, equivalent to 103.3 percent of estimates. For the first three quarters of 2021/22, LGAs own source recorded 675.9 billion shillings, which was 104.0 percent of the target, and higher by 21.0 percent when compared with the same period in 2020/21.

**Chart 2.4: Domestic Revenue Performance (July 2021 to March 2022) Compared with Estimates**



## 2.2 Expenditure

The approved Government expenditure for 2021/22 was 37,992.5 billion shillings which comprised of 23,002.9 billion shillings for recurrent activities and 14,989.6 billion shillings for development projects. During the third quarter, Government spending was 9,342.0 billion shillings, equivalent to 95.9 percent of the target of 9,739.6 billion shillings. Expenditure continued to be aligned with identified priority areas including expenses on debt service, wages and salaries and financing of development projects.

### 2.2.1 Recurrent Expenditure

Expenditure on recurrent activities for the period under review was 5,691.5 billion shillings, against the target of 5,906.3 billion shillings, equivalent to 96.4 percent and 6.1 percent higher than 5,363.7 billion shillings registered in the corresponding period in 2020/21. The performance was attributed to continued Government's commitment in honoring statutory obligations.

### 2.2.2 Wages and Salaries

Expenditure on wages and salaries amounted to 2,048.4 billion shillings, equivalent to 99.9 percent of the target of 2,050.4 billion shillings. The performance was in line with Government's wage bill for the third quarter.

### 2.2.3 Debt Service

Debt service amounted to 2,051.2 billion shillings, equivalent to 98.2 percent of the target of 2,087.9 billion shillings. Amortization was 1,367.6 billion shillings and interest payments were 683.6 billion shillings. Expenditure on debt service was consistent with matured obligations for the period under review.

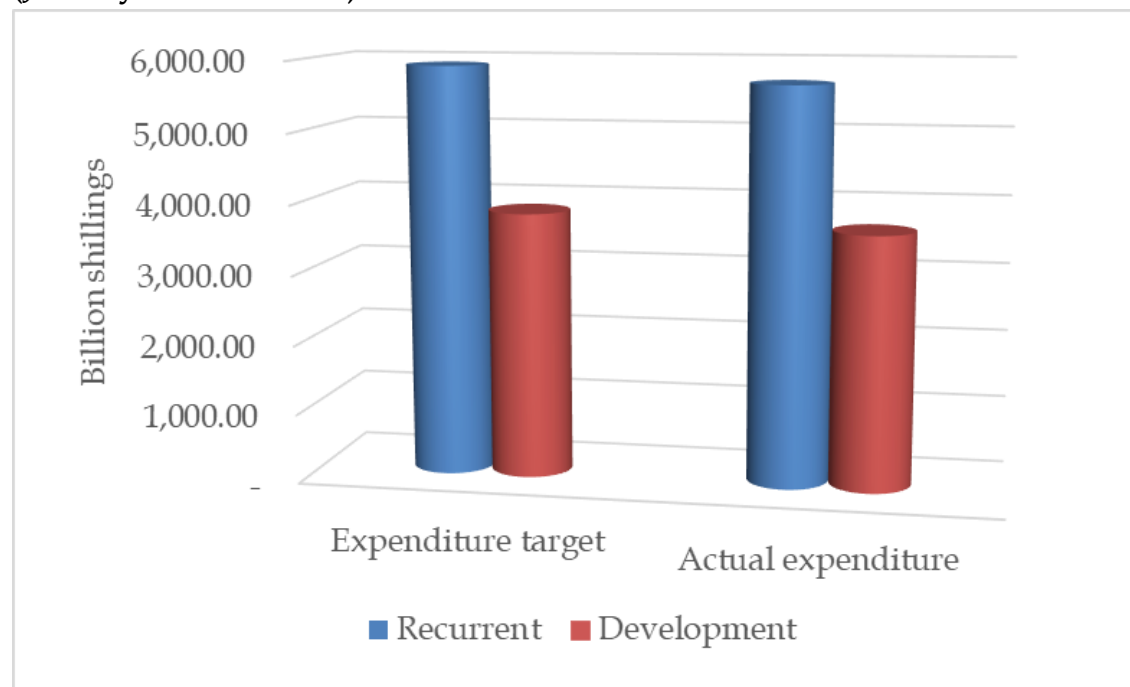
### 2.2.4 Goods, Services and Transfers

Government spending on goods, services and grant transfers to lower-level Government and Parastatals amounted to 1,591.9 billion shillings, equivalent to 90.0 percent of the target of 1,768.0 billion shillings for the period under review.

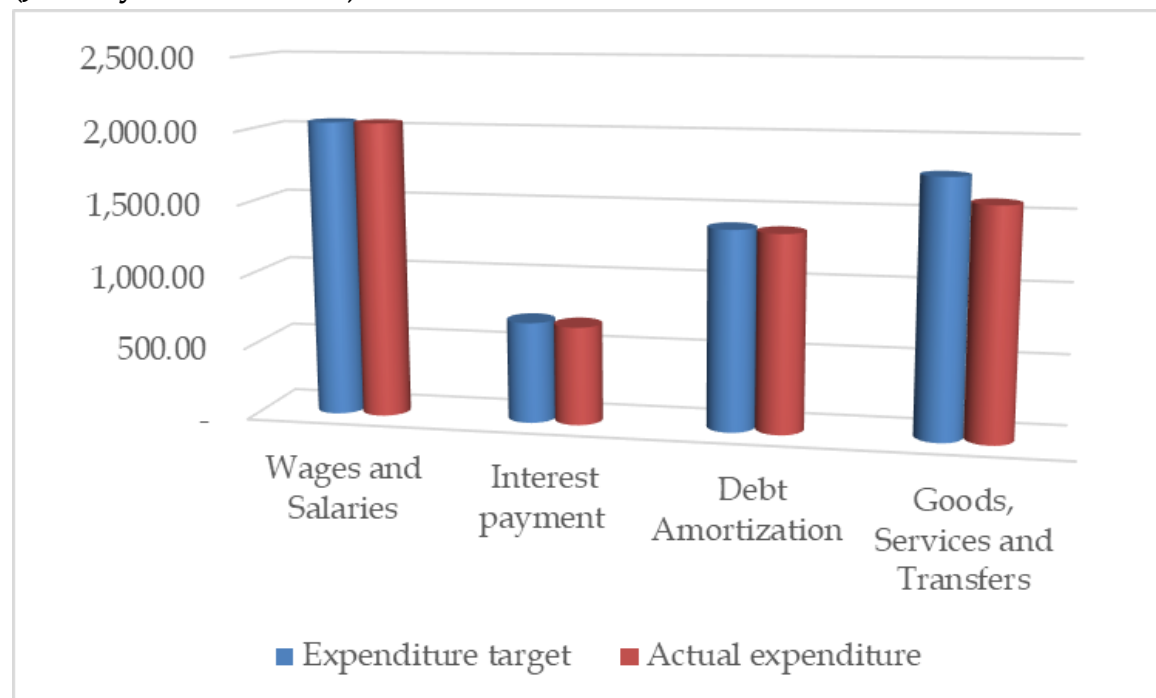
### 2.2.5 Development Expenditure

During the third quarter, disbursement for implementation of various development projects was 3,650.4 billion shillings against the target of 3,833.3 billion shillings, equivalent to 95.2 percent which was 29.3 percent higher than 2,822.2 billion shillings recorded in the corresponding quarter in 2020/21. The performance was highly on account of increased absorption capacity for projects financed by domestic resources. Out of the total disbursement, domestic resources were 3,250.2 billion shillings, equivalent to 124.9 percent of the target and foreign resources amounted to 400.3 billion shillings. The performance of budget execution in major categories of recurrent and development as well as economic classification for the third quarter of 2021/22 is presented in **Chart 2.5** and **Chart 2.6**.

**Chart 2.5: Expenditure Performance by Recurrent and Development Budget (January to March 2022)**



**Chart 2.6: Expenditure Performance by Economic Classification  
(January to March 2022)**



### 2.2.6 Cumulative Expenditure Performance (July 2021 to March 2022)

The Government spending for the period of July 2021 to March 2022 amounted to 26,433.2 billion shillings, reflecting a performance of 92.5 percent of the target of 28,564.0 billion shillings.

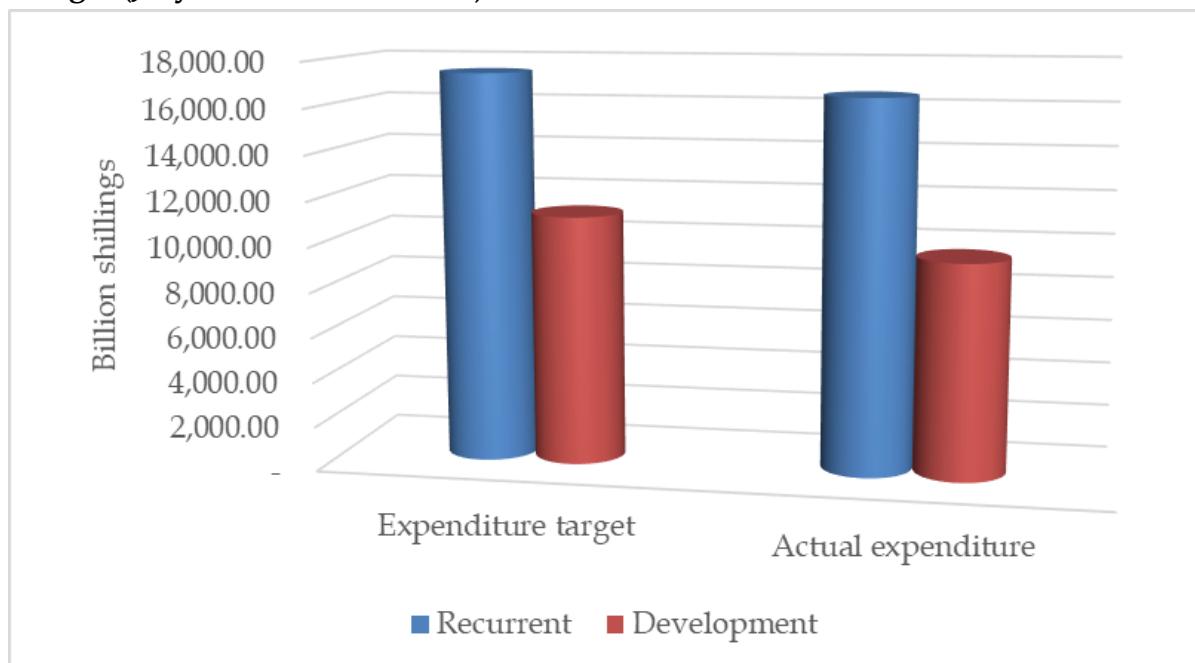
Recurrent expenditure was 16,835.4 billion shillings, equivalent to 96.7 percent of the target of 17,404.7 billion shillings. The recurrent expenditure comprised of: wages and salaries 6,033.6 billion shillings (equivalent to 98.5 percent of the target of 6,125.7 billion shillings); debt service 6,481.2 billion shillings (equivalent to 99.3 percent of estimates of 6,527.1 billion shillings); and goods, services and transfers 4,320.6 billion shillings (equivalent to 90.9 percent of the target of 4,755.0 billion shillings).

Development expenditure, amounted to 9,597.8 billion shillings, equivalent to 86.0 percent of 11,156.3 billion shillings target. Out of that amount, 8,444.4 billion shillings were domestic resources and 1,153.4 billion shillings foreign resources. Projects financed by domestic resources had a large share of development budget execution owing to a good performance of domestic revenue.

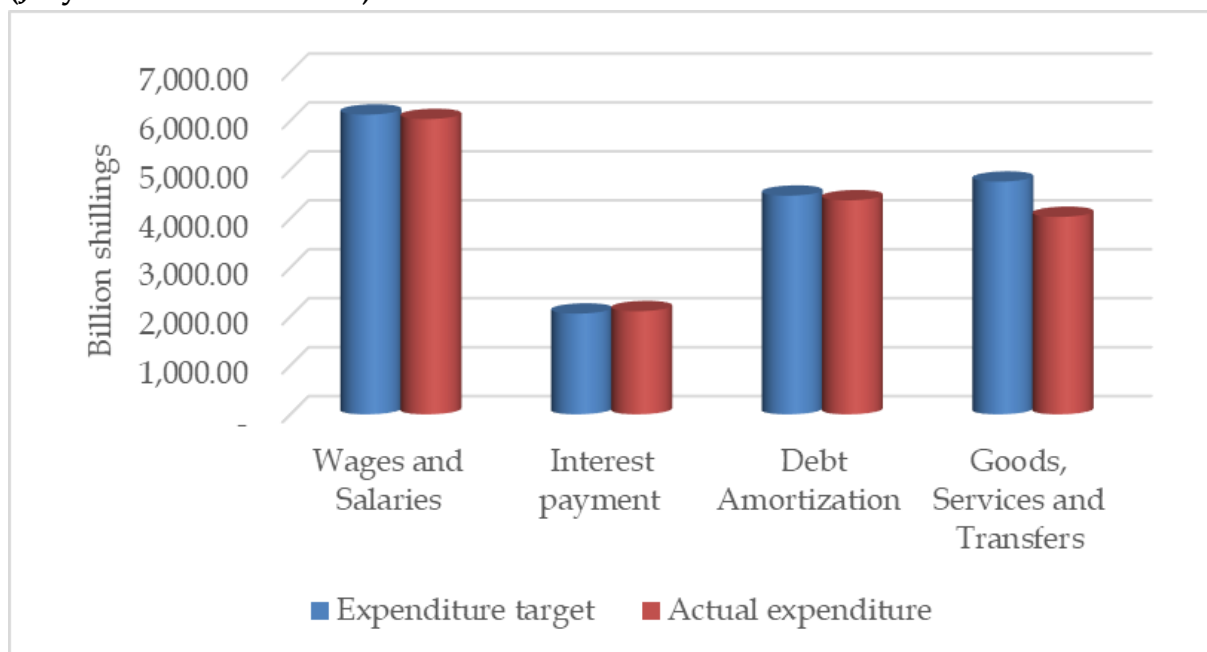
The cumulative performance of budget execution in major categories of recurrent and development as well as economic classification for July 2021 to March 2022 is presented in **Chart 2.7 and Chart 2.8**.



**Chart 2.7: Cumulative Expenditure Performance by Recurrent and Development Budget (July 2021 to March 2022)**



**Chart 2.8: Cumulative Expenditure Performance by Economic Classification (July 2021 to March 2022)**

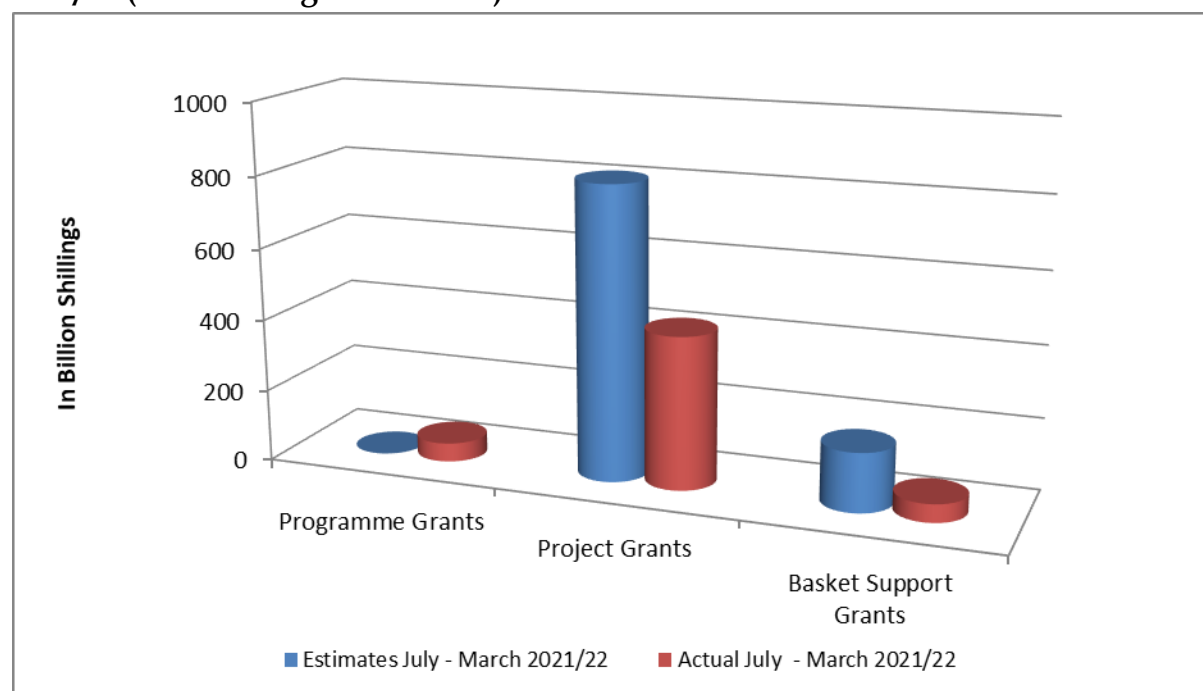


### 2.3 Grants

During the third quarter of 2021/22, grants received were 18.4 billion shillings, equivalent to 6.0 percent of the estimated amount of 324.7 billion shillings. Out of the

total grants, Project grants were 18.4 billion shillings equivalent to 7.0 percent of the estimates of 260.0 billion shillings. There were no disbursements from Basket Funds and General Budget Support grants. The underperformance was attributed to the impacts of COVID -19 in donor countries. For the period of July 2021 to March 2022, grants received were 526.5 billion shillings, equivalent to 53.8 percent of the estimated amount of 978.1 billion shillings. Out of that amount, Project grants were 423.9 billion shillings equivalent to 52.1 percent of the estimates of 814.1 billion shillings, Basket Funds were 50.4 billion shillings against the target of 164.0 billion shillings and General Budget Support grants were 52.2 billion shillings. The cumulative performance of foreign grants is represented in Chart 2.9.

**Chart 2.9: Performance of Foreign Grants for the First Three Quarters of the year 2021/22 (Estimates against Actual)**



## 2.4 Financing

Total financing for the third quarter was 1,315.3 billion shillings against the target of 1,401.6 billion shillings, equivalent to 94.0 percent. Out of the total financing, total foreign net financing from borrowing amounted to 665.0 billion shillings against the target of 633.6 billion shillings. Total domestic net financing was 650.4 billion shillings against the target of borrowing 768.0 billion shillings, equivalent to 85.0 percent. For the first three quarters of 2021/22, total financing was 4,308.9 billion shillings against the target of 4,765.9 billion shillings, equivalent to 90.0 percent of the target. Out of the total financing, total foreign net financing from borrowing amounted to 3,007.5 billion shillings against a target of 3,469.5 billion shillings, equivalent to 87.0 percent and total

domestic net financing from borrowing amounted to 1,301.4 billion shillings against the target of borrowing 1,296.4 billion shillings, equivalent to 100.0 percent of the target.

#### **2.4.1 Domestic Financing**

In 2021/22 Government budget, domestic borrowing was planned at 4,989.1 billion shillings, whereby 3,150.3 billion shillings were for financing rolling over of maturing Treasury Bills and Bonds and 1,838.8 billion shillings were new loans for financing development projects. During the third quarter of 2021/22, a total of 1,740.6 billion shillings were borrowed from domestic market against the target of borrowing 1,857.1 billion shillings, equivalent to 94.0 percent. Out of the amount borrowed, 1,090.2 billion shillings was for redemption (rollover) of matured obligations and 650.4 billion shillings was borrowed for financing development projects. Cumulatively, a total of 3,663.3 billion shillings were borrowed from domestic market against the target of borrowing 3,591.1 billion shillings, equivalent to 102.0 percent. Out of the amount borrowed, 2,361.8 billion shillings was for redemption (rollover) of matured obligations and 1,301.4 billion shillings was borrowed for financing development projects.

#### **2.4.2 Foreign Financing**

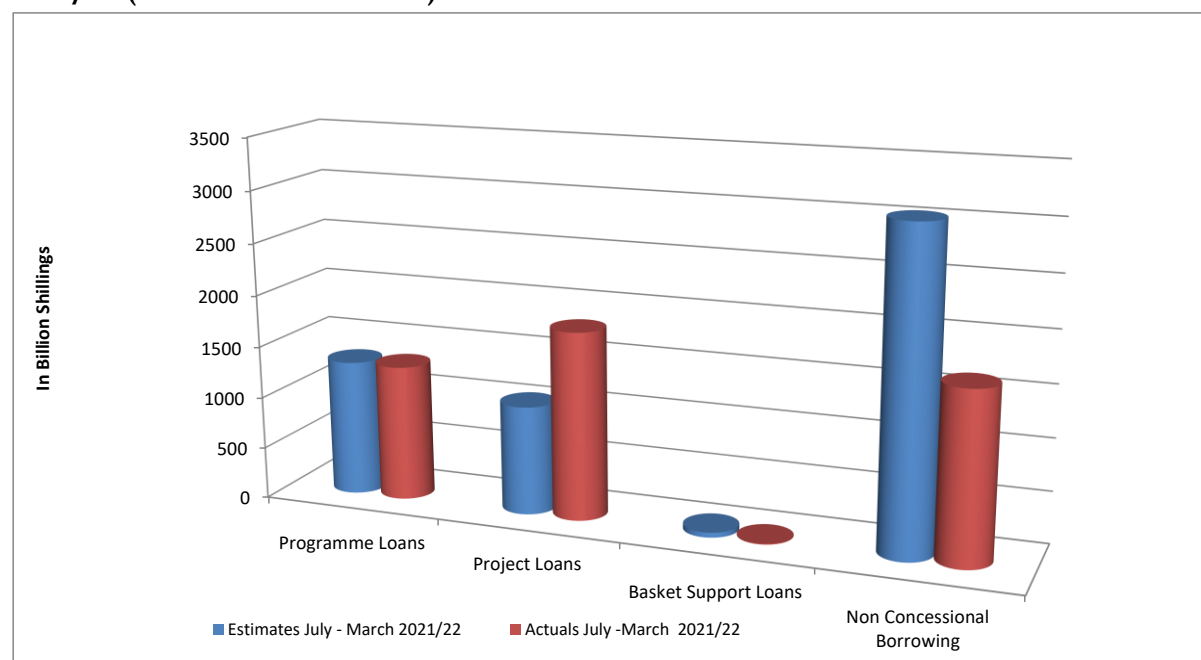
Net foreign financing for the third quarter was a borrowing of 665.0 billion shillings against the target of 633.6 billion shillings. Disbursements of concessional loans were 818.2 billion shillings against the target of 370.8 billion shillings and non-concessional loans were 257.4 billion shillings against the target of 693.0 billion shillings. In addition, amortization of foreign loans was 410.6 billion shillings against estimates of 430.2 billion shillings. For the period of July 2021 to March 2022, net foreign financing was a borrowing of 3,007.5 billion shillings against the target of 3,469.5 billion shillings. Out of the amount, disbursements of concessional loans were 3,129.5 billion shillings against the target of 2,408.2 billion shillings and non-concessional loans amounted to 1,639.7 billion shillings against the target of 3,045.1 billion shillings. In addition, amortization of foreign loans was 1,761.7 billion shillings against estimates of 1,983.8 billion shillings. The trend of grants and external concessional loans is shown in **Table 2.1** and the performance of foreign financing for the first three quarters of the year 2021/22 is presented in **Chart 2.10**.

**Table 2.1: Trend of Grants and External Concessional Loans(July 2021 - March 2022)**

Summary of Disbursement July 2021 - March 2022 (All figures in millions shillings)					
AID MODALITY	Type of assistance	Annual commitment as per budget	Commitment (July 2021 - March 2022)	Disbursement (July 2021 - March 2022)	% of Commitment
GBS	Grants	-	-	52,186	N/A
GBS	Concessional Loan	1,310,650	1,310,651	1,310,650	100.0%
<b>Sub Total</b>		<b>1,310,650</b>	<b>1,310,651</b>	<b>1,362,837</b>	<b>104.0%</b>
Basket Funds	Grants	222,570	163,985	50,405	30.7%
Basket Funds	Concessional Loan	47,789	47,789	6,760	
<b>Sub Total</b>		<b>270,359</b>	<b>211,774</b>	<b>57,165</b>	<b>27.0%</b>
Development Projects	Grants	915,506	814,127	423,863	52.1%
Development Projects	Concessional Loan	1,758,111	1,049,747	1,812,139	172.6%
<b>Sub Total</b>		<b>2,673,617</b>	<b>1,863,874</b>	<b>2,236,002</b>	<b>120.0%</b>
<b>Grand Total</b>		<b>4,254,626</b>	<b>3,386,299</b>	<b>3,656,003</b>	<b>108.0%</b>

Source: Ministry of Finance and Planning

**Chart 2.10: Performance of Foreign Financing for the First Three Quarters of the year 2021/22 (Estimates Vs Actual)**

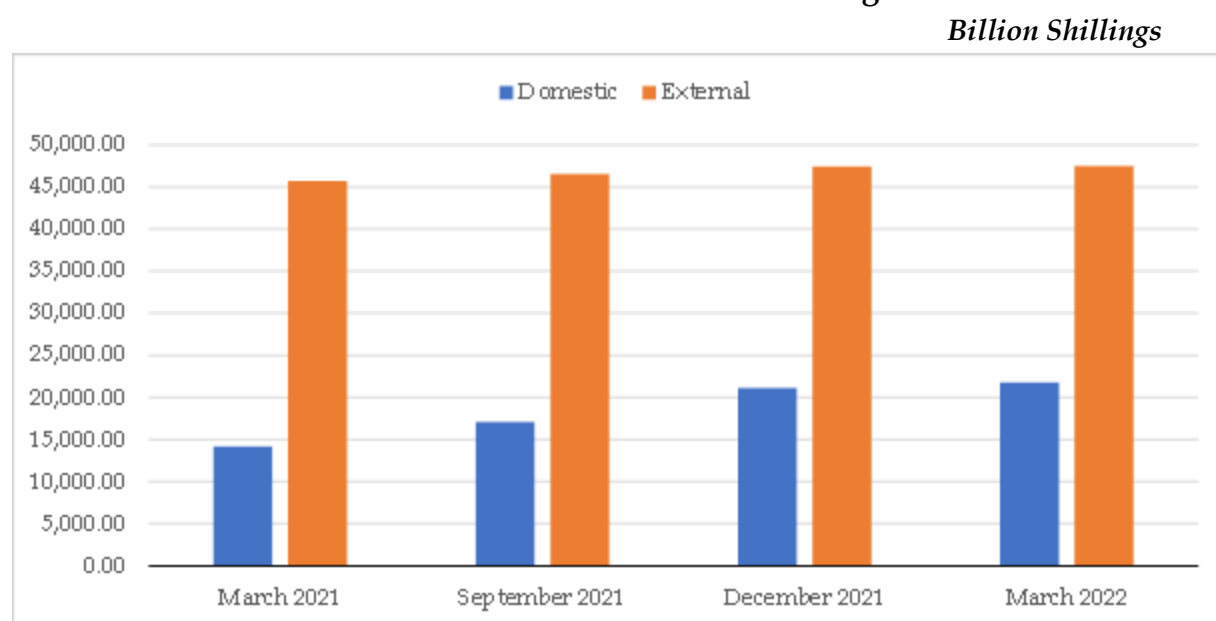


### 3.0 GOVERNMENT DEBT DEVELOPMENT

#### 3.1 Overall Debt Stock

As at end March 2022, the Central Government debt amounted to 69,261.2 billion shillings compared with 59,852.63 billion shillings recorded in the corresponding period in 2021, equivalent to an increase of 17.7 percent (**Chart 3.1**). Out of this amount, external debt amounted to 47,483.2 billion shillings, equivalent to 68.6 percent of total Government debt and domestic debt was 21,778.0 billion shillings. The increase was driven by new borrowing to finance development projects; issuing of the non-cash special bond in favor of the Public Service Social Security Fund (PSSSF) for payment of arrears; and increased utilization of overdraft facility.

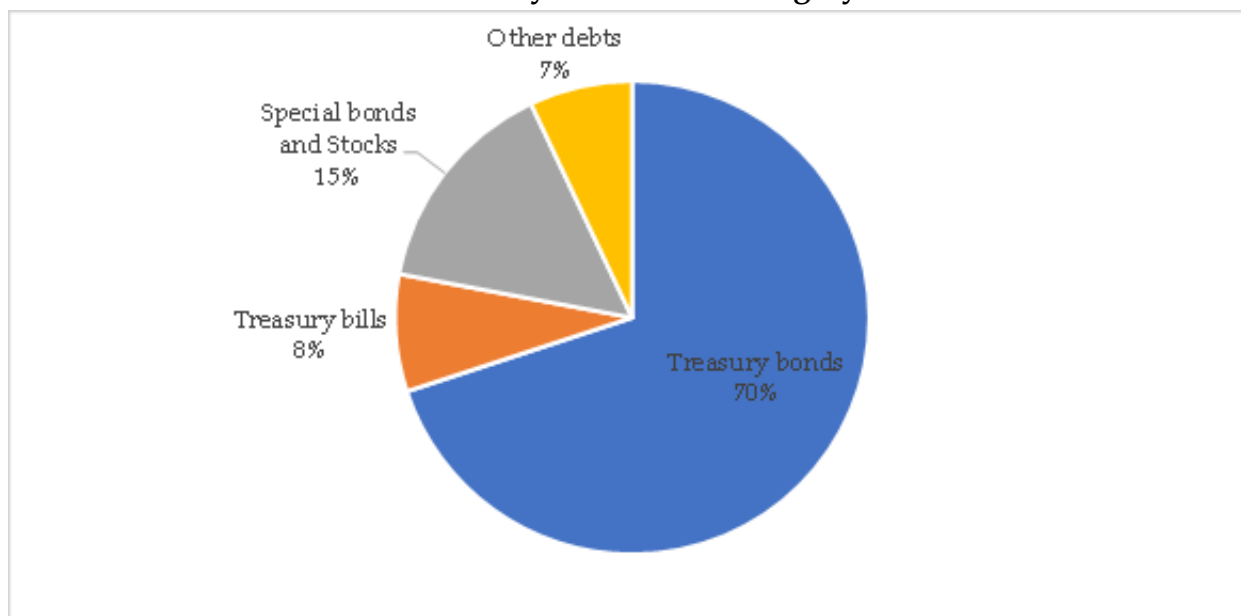
**Chart 3.1: Trend of Central Government Debt Stock Ending March 2022**



#### 3.2 Central Government Domestic Debt Stock

As at end March 2022, domestic debt was 21,778.0 billion shillings, reflecting an increase of 35.0 percent compared with 14,155.69 billion shillings registered in the same period in 2021. The increase was attributed to issuing of the non-cash special bond in favor of PSSSF and new borrowing from domestic market. Out of total domestic debt stock, treasury bonds accounted for 15,235.74 billion shillings, treasury bills 1,741.28 billion shillings, special bond and stocks 3,271.95 billion shillings and other debts 1,529.02 billion shillings. **Chart 3.2** represents the share of domestic debt stock by instrument category.

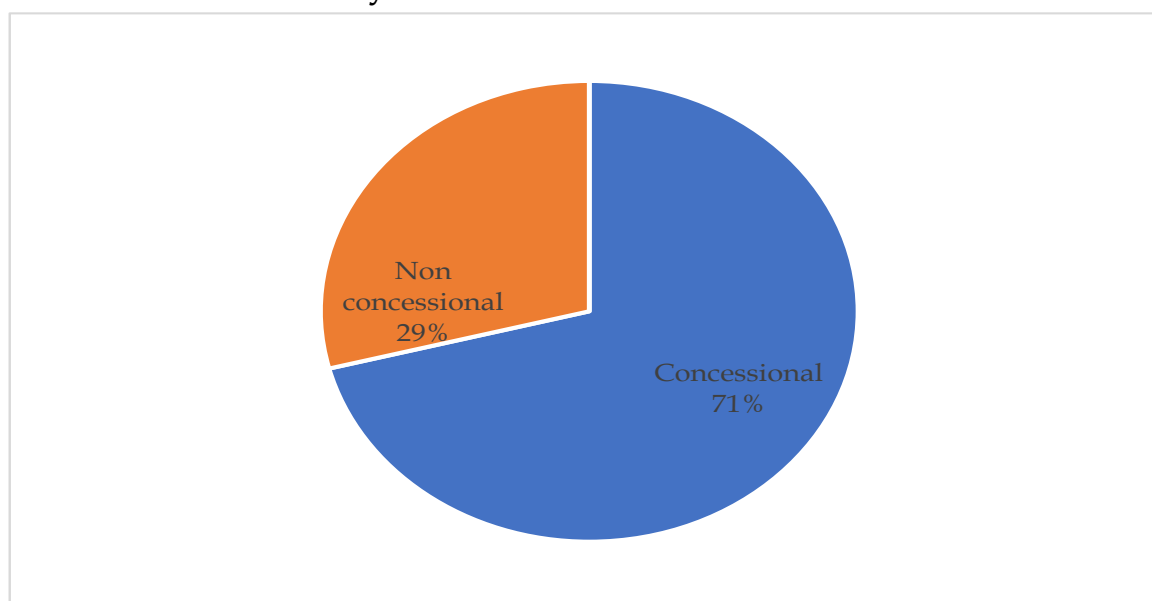
**Chart 3.2: Share of Domestic Debt by Instrument Category**



### 3.3 Central Government External Debt Stock

During the period under review, Government external debt stock increased to USD 20,658.2 million from USD 18,933.7 million recorded in the corresponding period in 2021. The external debt portfolio is denominated by concessional loans accounting for 71.0 percent. The largest share of concessional loans are contracted from International Development Association (IDA) and the African Development Bank (AfDB). Concessionality of Central Government External Debt is shown in **Chart 3.3**.

**Chart 3.3: Concessionality of Central Government External Debt**



### 3.4 Debt Sustainability Analysis Results

The Debt Sustainability Analysis (DSA) conducted in November 2021 revealed that, Tanzania's debt remains sustainable in the short, medium to long-term as the debt burden indicators were below the International agreed thresholds (Table 3.1 and 3.2).

**Table 3.1: Projected External Public Debt burden indicators**

External DSA	Threshold	2021/22	2022/23	2023/24	2025/26	2026/27	2031/32
PV of debt-to GDP ratio	40	18.8	18.7	18.8	18.5	18.4	20.2
PV of debt-to-exports ratio	180	117.4	108.5	102.8	96.9	93.7	95.7
Debt service-to-exports ratio	15	11.5	9.4	9.2	9.2	7.7	9.4
Debt service-to-revenue ratio	18	14.2	12.1	10.6	10.9	11.3	12.1

**Table 3.2: Projected Overall Public Debt burden indicators**

Public DSA	Benchmark	2021/22	2022/23	2023/24	2025/26	2026/27	2031/32
PV of debt-to GDP ratio	55	31.8	31.8	30.7	29.4	29.0	20.2
PV of debt-to-Revenue and grant	N/A	206.2	201.9	198.3	191.8	179.4	95.7
Debt service-to-revenue ratio	N/A	32.2	31.2	27.4	25.6	20.6	26.3

### 4.0 LIKELY BUDGET OUTTURN TO JUNE 2022

Going forward, the Government will continue to implement fiscal and monetary measures in order to contain macroeconomic variables at reasonable levels, including inflation. Given the current trend, it is anticipated that collection of domestic revenue will be lower than the targets by not less than 10 percent as at end June 2022. On the other hand, expenditure will be adjusted in line with available resources while protecting key expenditure items and cut spending on other items. Key areas that will be considered include Government debt service, staff salaries, provision of social services, and the implementation of flagship projects.

## ANNEX A

Revenue Performance January - March 2022						
<i>Billion Shillings</i>						
	Budget Estimates	Jan - March 2022			Jan - March 2021 Actual	Year on year change
		Estimates	Actual	Percent of estimate		
<b>Revenue ( Including LGAs own sources)</b>	<b>25,691.7</b>	<b>6,494.0</b>	<b>6,243.6</b>	<b>96.1%</b>	<b>4,987.2</b>	<b>25.2%</b>
<b>Revenue (Excluding LGAs own sources)</b>	<b>24,827.9</b>	<b>6,285.3</b>	<b>6,027.9</b>	<b>95.9%</b>	<b>4,806.3</b>	<b>25.4%</b>
<b>Tax Revenue</b>	<b>20,288.2</b>	<b>5,110.6</b>	<b>5,081.1</b>	<b>99.4%</b>	<b>4,115.3</b>	<b>23.5%</b>
<b>Taxes on Imports</b>	<b>6,200.6</b>	<b>1,540.4</b>	<b>1,545.6</b>	<b>100.3%</b>	<b>1,247.0</b>	<b>23.9%</b>
Import Duty	1,542.3	380.2	368.5	96.9%	320.8	14.9%
Excise on Petroleum	1,383.7	344.6	298.6	86.7%	279.0	7.0%
Excise	1,383.7	344.6	298.6	86.7%	279.0	7.0%
Others	3,274.7	815.6	878.5	107.7%	647.2	35.7%
Excise	235.2	58.6	60.3	102.9%	50.3	19.7%
VAT on Non-Petroleum imports	3,039.4	757.0	818.3	108.1%	596.9	37.1%
<b>Taxes on Domestic Sales</b>	<b>4,636.8</b>	<b>1,217.4</b>	<b>1,161.7</b>	<b>95.4%</b>	<b>981.0</b>	<b>18.4%</b>
Excise	1,514.5	381.3	359.9	94.4%	315.0	14.2%
Value Added Tax (VAT)	3,122.3	836.1	801.9	95.9%	666.0	20.4%
<b>Income Tax</b>	<b>6,869.4</b>	<b>1,707.1</b>	<b>1,852.2</b>	<b>108.5%</b>	<b>1,418.9</b>	<b>30.5%</b>
PAYE	2,458.8	611.0	632.6	103.5%	560.2	12.9%
Corporate and Parastatals	2,501.4	628.6	778.7	123.9%	472.5	64.8%
Individuals	260.5	62.8	64.1	102.2%	65.8	-2.5%
Withholding Taxes	1,264.4	311.3	279.7	89.8%	228.6	22.3%
Rental Tax	113.8	27.9	32.1	115.2%	23.9	34.2%
Other Income	270.4	65.5	64.9	99.1%	67.9	-4.3%
<b>Other Taxes</b>	<b>2,843.5</b>	<b>711.5</b>	<b>696.1</b>	<b>97.8%</b>	<b>526.9</b>	<b>32.1%</b>
Business Skill Development Levy	305.5	74.5	74.6	100.2%	72.9	2.4%
Fuel Levy and transit fee	1,246.8	310.5	366.4	118.0%	198.5	84.6%
Stamp Duty	24.2	6.0	9.7	161.7%	3.8	156.7%
Departure Service Charges	50.2	13.2	12.4	93.7%	8.9	39.6%
Processing Fee-dry cargo-TRA	78.5	19.5	20.9	107.1%	16.8	24.5%
Export Duty	124.8	35.1	24.7	70.4%	13.6	81.3%
Railway Development Fund	288.5	71.9	93.6	130.3%	61.8	51.4%
National Water Development Fund	182.3	45.4	50.5	111.2%	37.7	33.8%
Motor vehicle taxes	146.3	36.6	36.8	100.5%	32.1	14.6%
Treasury Voucher Cheque	0.007	0.002	0.011	651.1%	0.0	590.9%
Transer to REA	396.4	98.7	6.5	6.5%	80.8	-92.0%
<b>Refunds</b>	<b>-262.0</b>	<b>-65.8</b>	<b>-174.5</b>	<b>265.2%</b>	<b>-58.5</b>	<b>-</b>
Refunds - VAT	-221.0	-55.6	-159.6	287.2%	-30.3	-
Refunds - other	-41.0	-10.3	-15.0	146.0%	-28.2	-
<b>Non Tax Revenue</b>	<b>4,539.7</b>	<b>1,174.6</b>	<b>946.7</b>	<b>80.6%</b>	<b>691.0</b>	<b>37.0%</b>
Parastatal Dividends	779.0	292.8	333.2	113.8%	218.5	52.5%
Ministries and Regions	2,270.7	519.7	380.6	73.2%	377.3	0.9%
TRA Non Tax	178.7	44.5	40.7	91.3%	89.9	-54.8%
Tourism Sector	227.9	17.4	80.0	459.1%	N/A	-
Transaction levy on Mobile money ser	1,016.3	282.6	99.3	35.1%	N/A	-
Property tax	41.8	10.6	9.5	89.6%	1.5	544.9%
Billboard Fee Collections	25.2	7.0	3.4	48.6%	3.9	-12.7%
<b>LGAs own source</b>	<b>863.9</b>	<b>208.7</b>	<b>215.7</b>	<b>103.3%</b>	<b>180.9</b>	<b>19.2%</b>

*Source: Ministry of Finance and Planning*