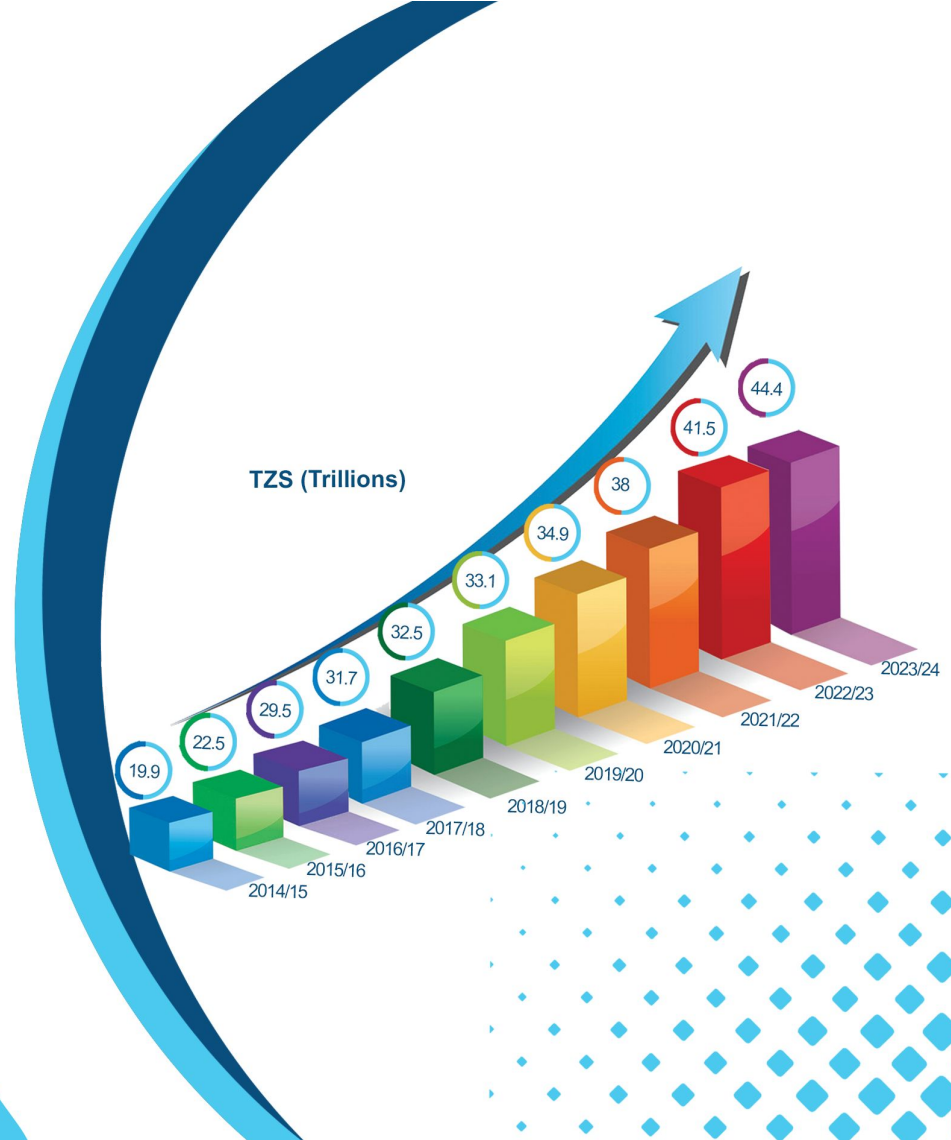


THE UNITED REPUBLIC OF TANZANIA  
MINISTRY OF FINANCE

# BUDGET INSIGHTS 2023/24

*"Accelerating Economic Recovery, Climate Change Adaptation/Mitigation,  
and Enhancing Productive Sectors for Improved Livelihood".*





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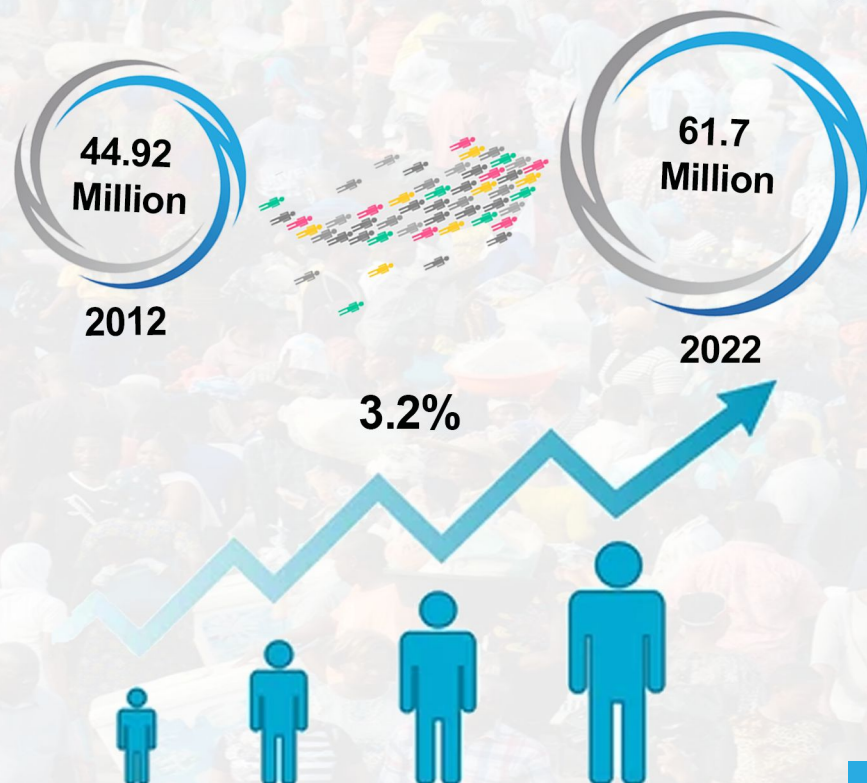
# 01

## POPULATION GROWTH

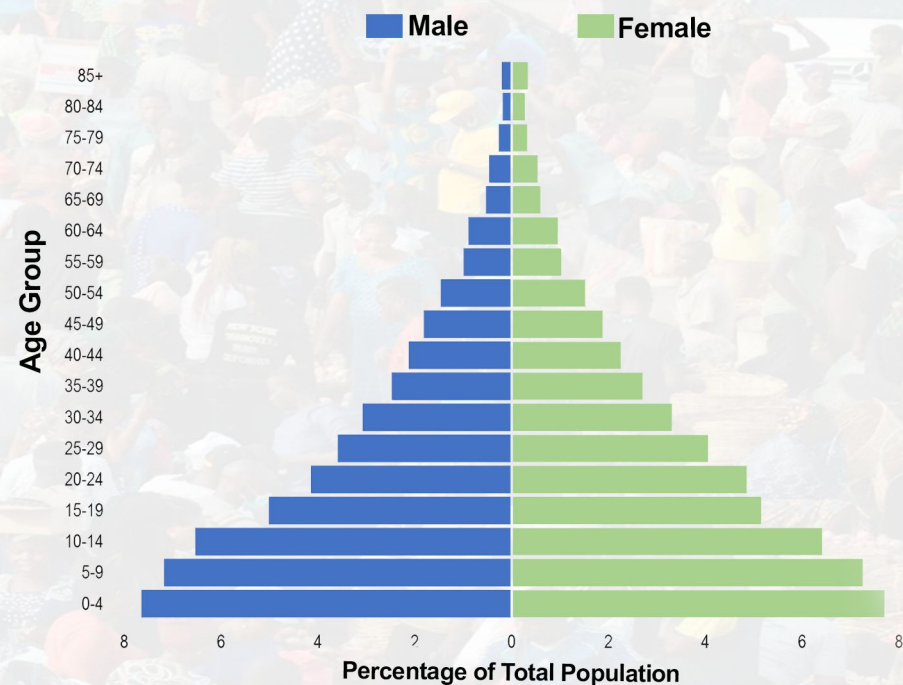


# Population Growth

The 2022 Population Housing Census Results revealed that population has increased to 61.7 million people from 44.92 million in 2012. Equivalent to an average growth of 3.2 percent per annum.



## Population Pyramid (Five Year Age Groups) 2022





A photograph of a modern, multi-story building with a curved facade and large glass windows. The building is identified as 'TREASURY SQUARE' by a sign on its upper section. In the foreground, there are palm trees and a covered walkway with a wooden slatted roof. The sky is clear and blue. The image is overlaid with a semi-transparent green rectangle on the left side, which contains the number '02' and the text 'ECONOMIC GROWTH'.

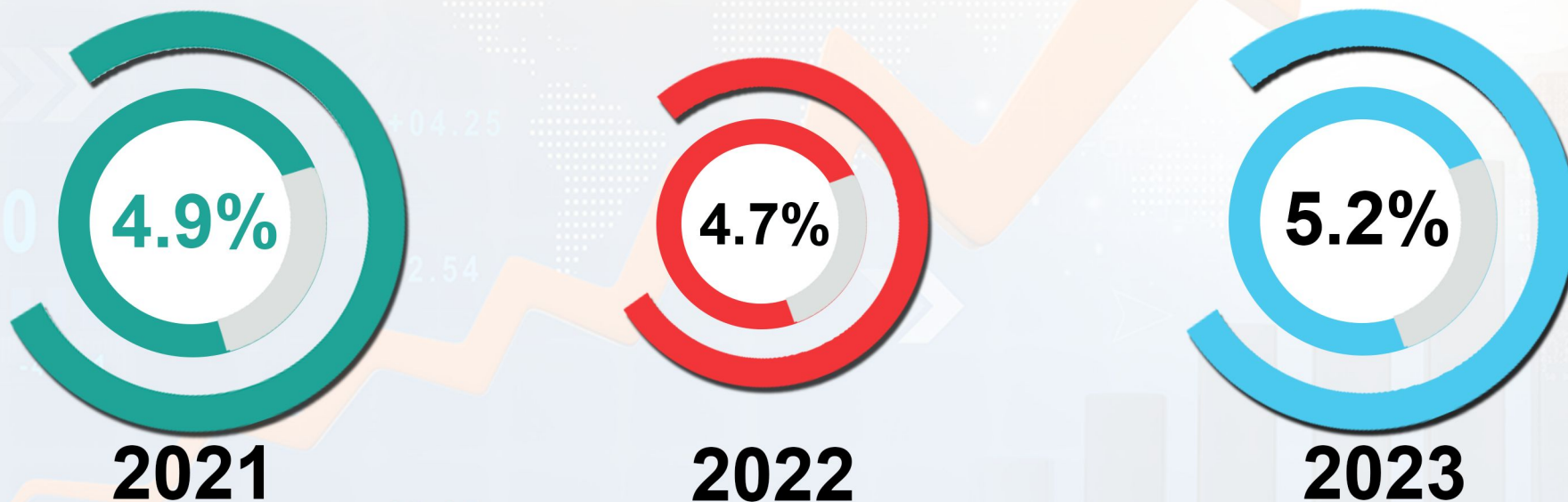
# 02

**ECONOMIC  
GROWTH**

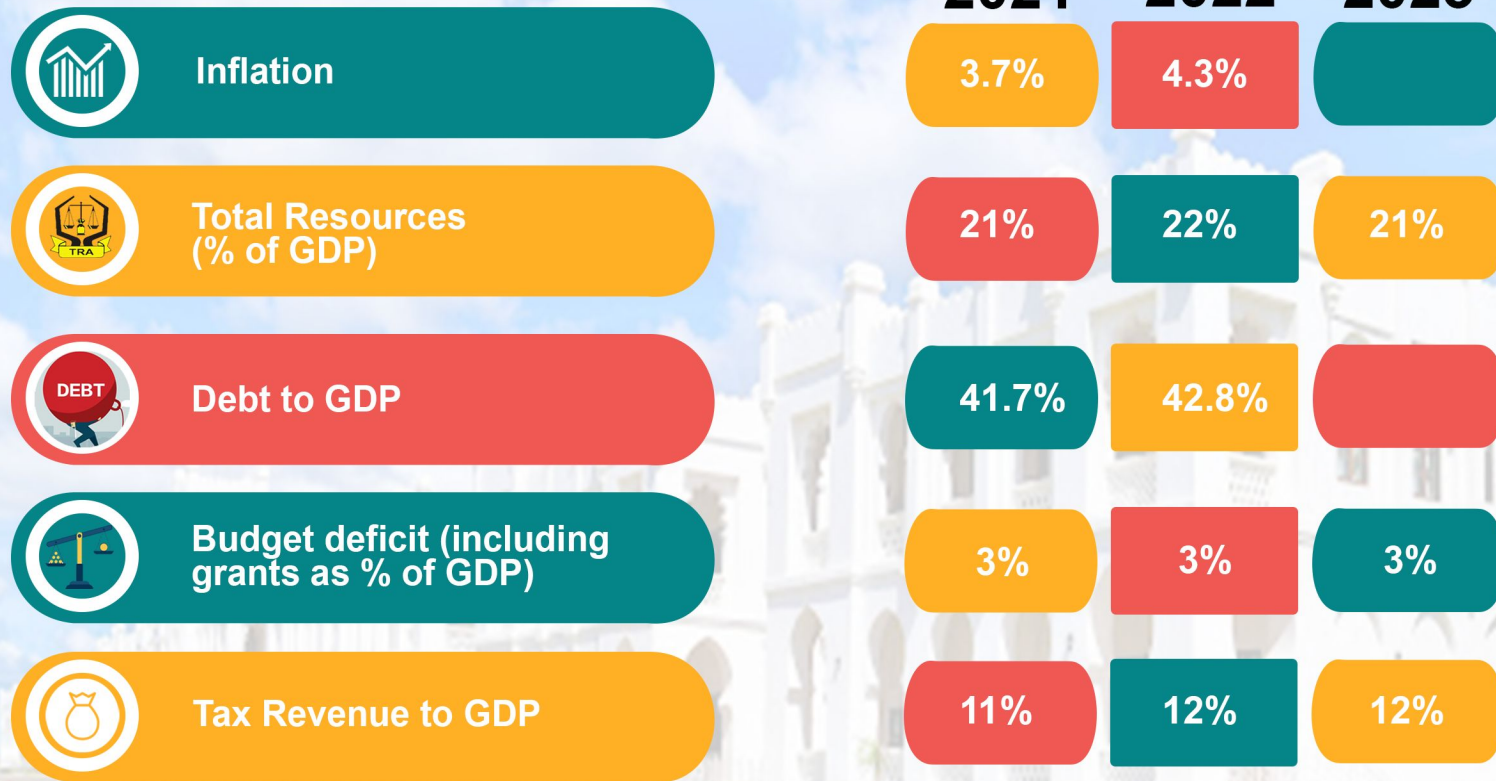


# GDP Performance

Tanzania's GDP growth slowed down from 4.9% in 2021 to 4.7% in 2022 due to the global downturn caused by the continued COVID - 19 pandemic and Russia-Ukraine conflict. In the 2023/24, GDP is projected to grow at an average rate of 5.2% in 2023 compared to the 4.7% growth in 2022. The projected growth will mainly be driven by mega infrastructure projects such as the implementation of the SGR, Nyerere Hydro-electric power dam, Road Maintenance and Rehabilitation.



## Other Macroeconomic Targets





# 03

## SOVEREIGN CREDIT RATING

Index ▲1.56 ▼0.7

# Sovereign Credit Rating

In the year 2023, the Government engaged Fitch Ratings Ltd and Moody's Investors Services to assess the Country's sovereign credit ratings. The result shows a stable and more favourable outlook than many African countries. **This implies that our Country will attract more investments and financing at low cost of capital.**

**Moody's**

**B2+**

**Fitch  
Ratings**

**B+**

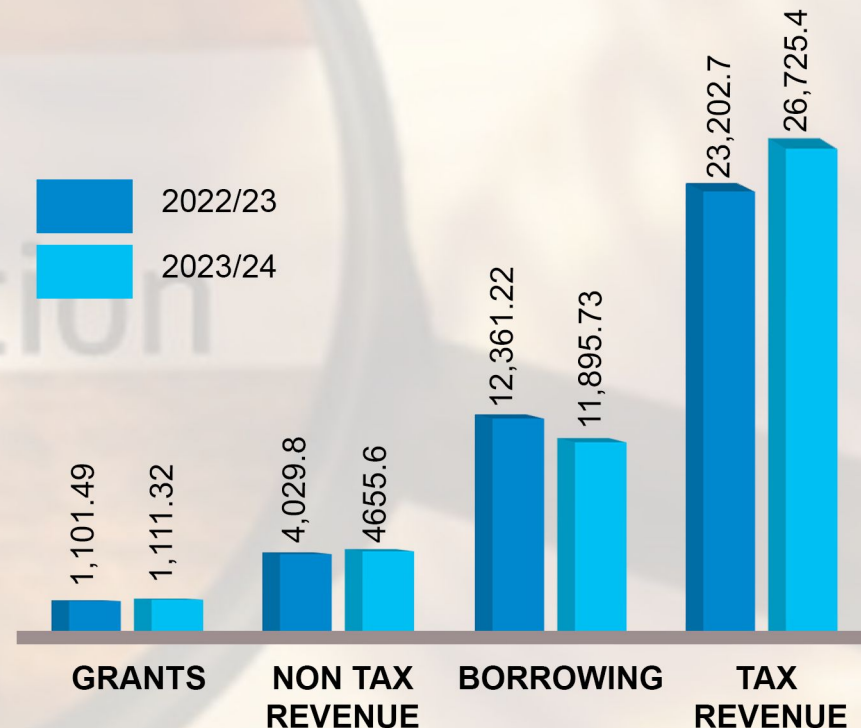


# Resource Envelope

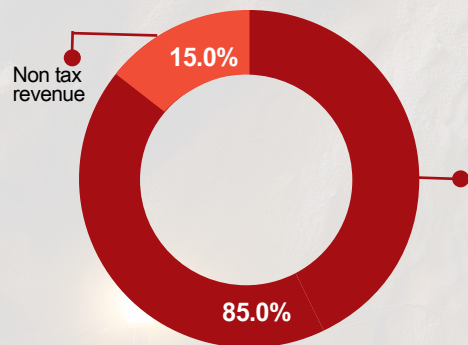
The Government expect to collect Tsh. 44,388.1 billion. Out of total collection, domestic revenue is projected to be 31,381 billion equivalent to 70.7 percent of total budget. Tax revenue will stand at 26,725.4 billion, and non-tax is expected to be 4,655.6 billion. Grants and Concessional Loans will stand at 5,466.2 billion, while Non-Concessional Loans 7,540.8 billion.



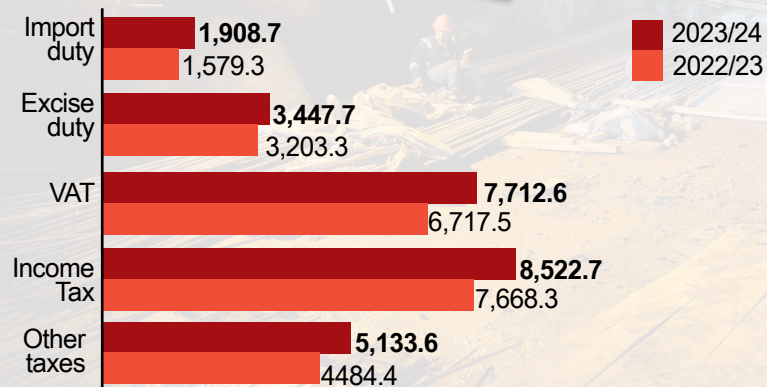
## Resource Envelope Composition



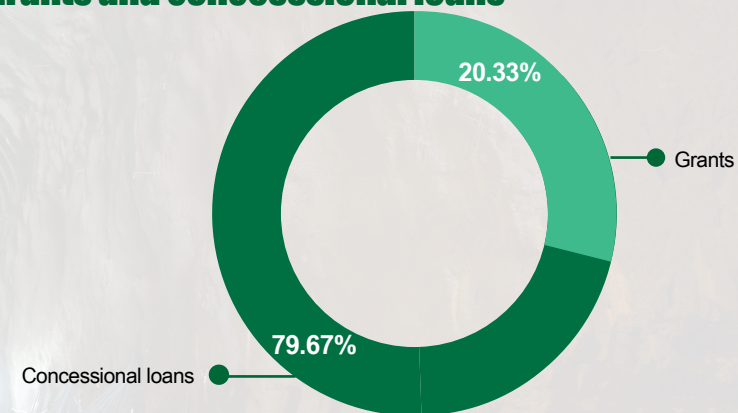
## Domestic Revenue



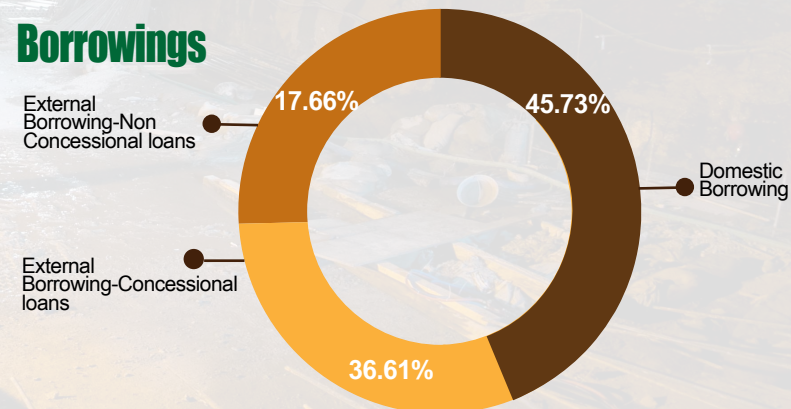
## Tax Revenue Composition



## Grants and concessional loans



## Borrowings

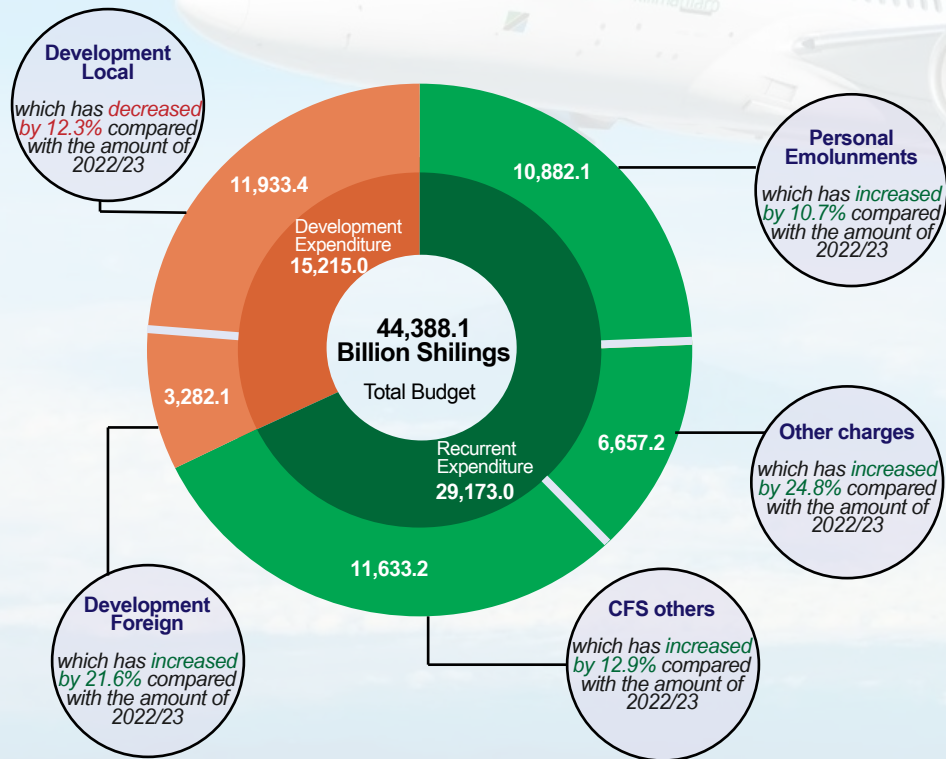




# New Tax Measures 2023/24

- Exemption of VAT on sale and lease of aircraft, aircraft engine and parts by a local operator of air transportation.
- Introduction of TZS 20 excise duty per kilogram of imported and domestically manufactured cement.
- Increase of VAT registration threshold from an annual turnover of TZS 100 million to TZS 200 million.
- Zero rating of locally manufactured fertilizers for a period of 1 year.
- Change of Capital Gain Tax from 10% of the gain to 3% of sales value or appraised land value whichever is higher for sellers who do not keep a record of costs incurred for the property.
- Introduction of 2% income tax on payments to Artisanal and Small Miners.
- Introduction of 10% income tax on income accrued due to Verified Emission Reduction (verified carbon credits).
- Increase of excise duty on non-petroleum products with specific duty rates by 10% and on beer and tobacco products by 20%.
- Exemption of excise duty based on engine capacity on selected electric motor-vehicles and condensed natural gas vehicles.
- Penalty for offence relating to failure to issue EFD receipts or not using EFD machine proposed to be 20% of the tax evaded or TZS 3 million whichever is higher.
- Penalty for offence relating to failure to claim EFD receipt or report the non-compliance proposed to be 20% of tax evaded or TZS 30,000 whichever is higher.
- Reduction of billboard fees from TZS 10,000 to TZS 7,000 per square foot and shifting the collection responsibility to PO-RALG from TRA.
- Increase of road and fuel tolls by TZS 100 per litre of petrol and diesel.
- Reduction of Skills and Development Levy (SDL) from 4% to 3.5%.
- Giving the powers to the Minister of Finance to grant SDL exemption upon consultation with the Minister of Education.
- Issuance of Class B residence permit to Investors who will buy a house of not less than USD 150,000.
- Proposed prohibition of regulatory authorities from suspending business operations due to violation of various legislations.

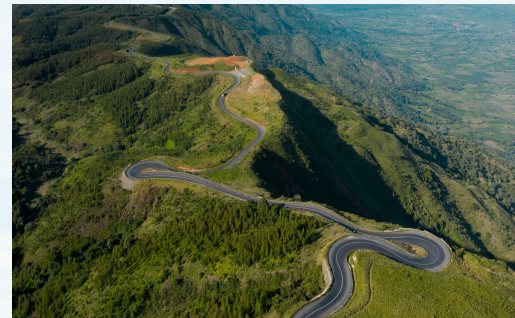
## Total Expenditures



Accelerating Economic Recovery, Climate change Adaptation/Mitigation, and Enhancing Productive Sectors for Improved Livelihood

## Governement Fiscal Framework

The Government expect to spend Tsh. 44,388.1 billion in 2023/24 slightly higher by 7.01% compared to 2022/23 approved budget. The current expenditure growth aim at achieving Government objectives of financing Strategic and ongoing Flagship projects.



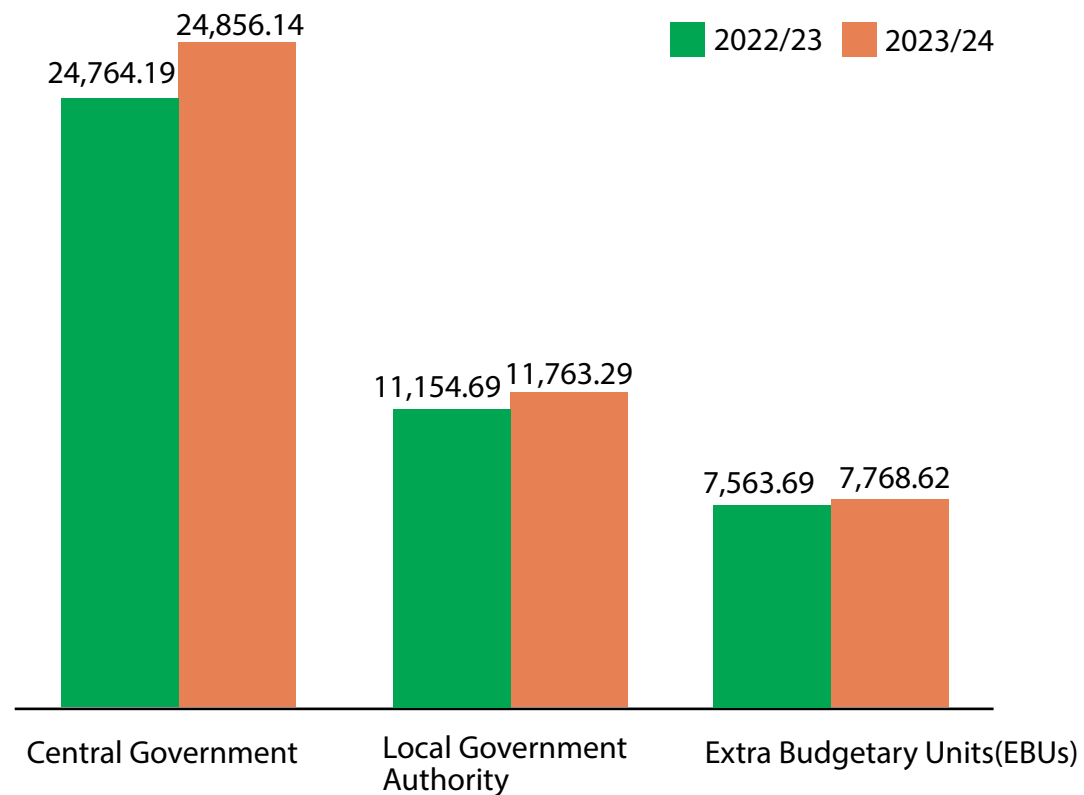
Development expenditure is expected to account for 34.27% of the total budget in 2023/24. Energy and transportation infrastructure projects will drive the growth of development expenditure.

Agriculture which includes Livestock and Fisheries, account for nearly 30 percent of GDP. The budget for the sector has been increased by 20.48 percent in 2023/24 compared to 2022/23. Health Sector Budget which mainly consist of Curative Services, District Hospitals and Preventive Services has been increased to 2,460 Billion, which is 14.63 percent increase compared to 2022/23 budget.



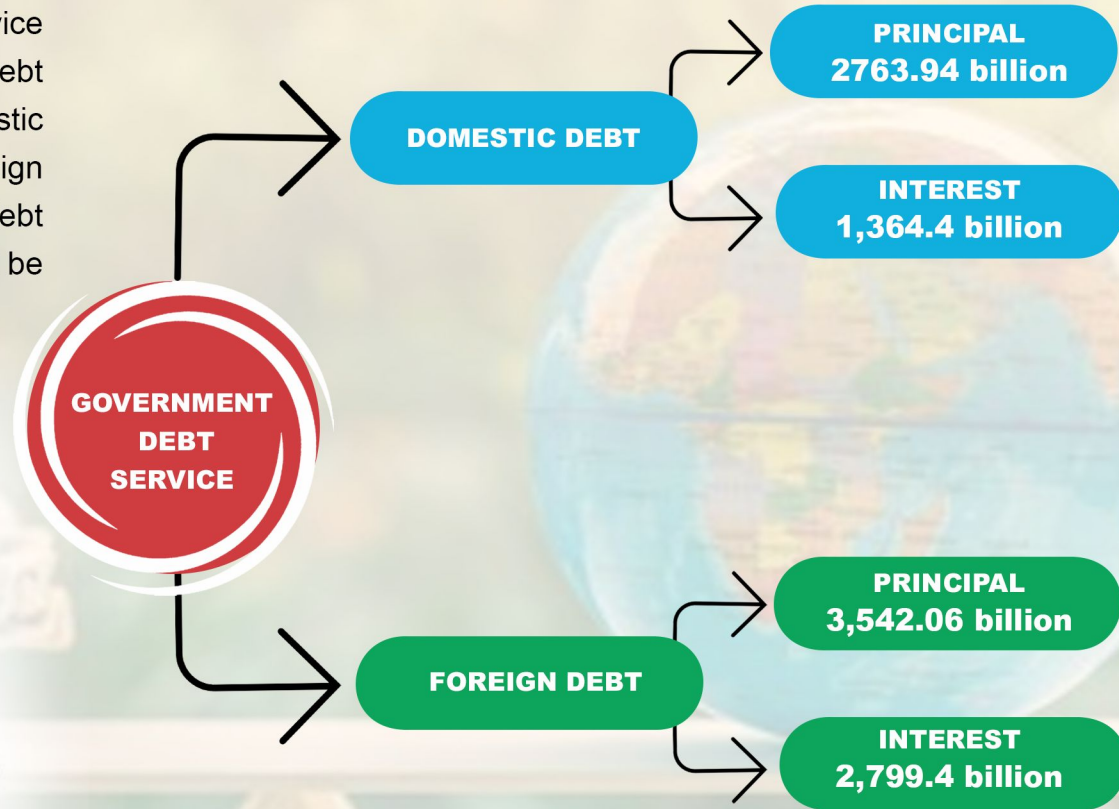


### Government Expenditure by level (In Billion Shillings)



## Debt Service for 2023/24

In 2023/24, the budget for Government debt service will be 10,469.8 billion shillings, out of total debt service 4,906.46 billion shillings will be for domestic debt and 6,341.13 billion shillings will be for foreign debt service. Also, 6,306 billion shillings will be debt principal payment and 4,163.47 billion shillings will be for Interest payment.



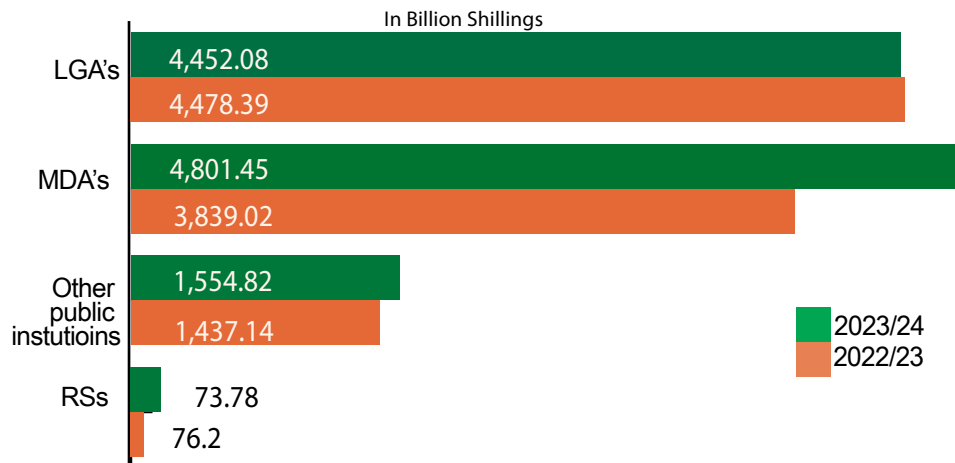


## Wage Bill

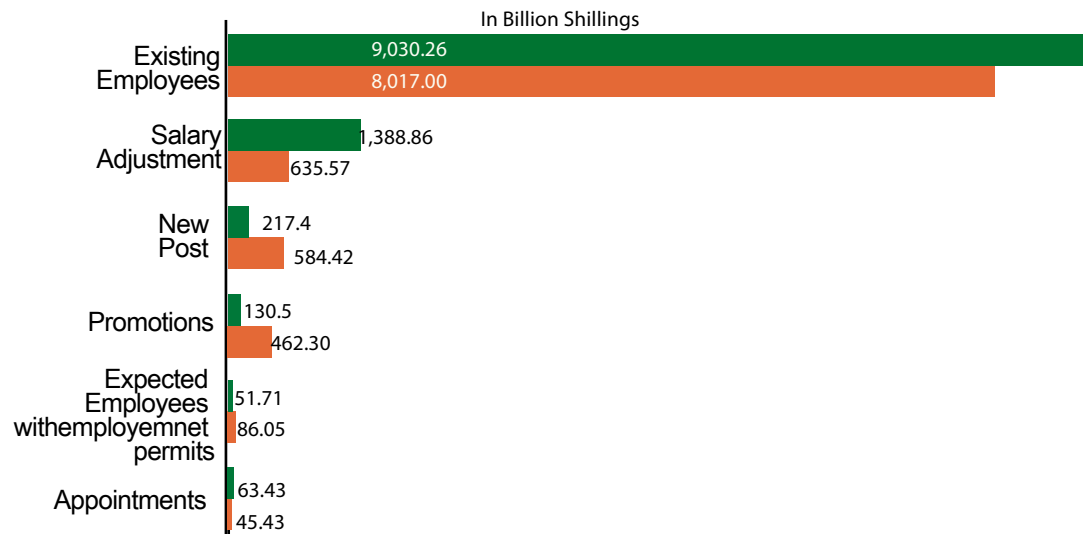
In 2023/24, Government will spend 10, 880 Billion shillings as a wage bill equivalent to 24.51 percent of total budget and 5.2 percent of GDP. 2023/24 wage bill budget is 10.69 percent increase from 2022/23 budget. The increase is mainly attributed by new hire of education and health staff.

## Wage Bill Composition

Wage bill allocation by Organisation type.

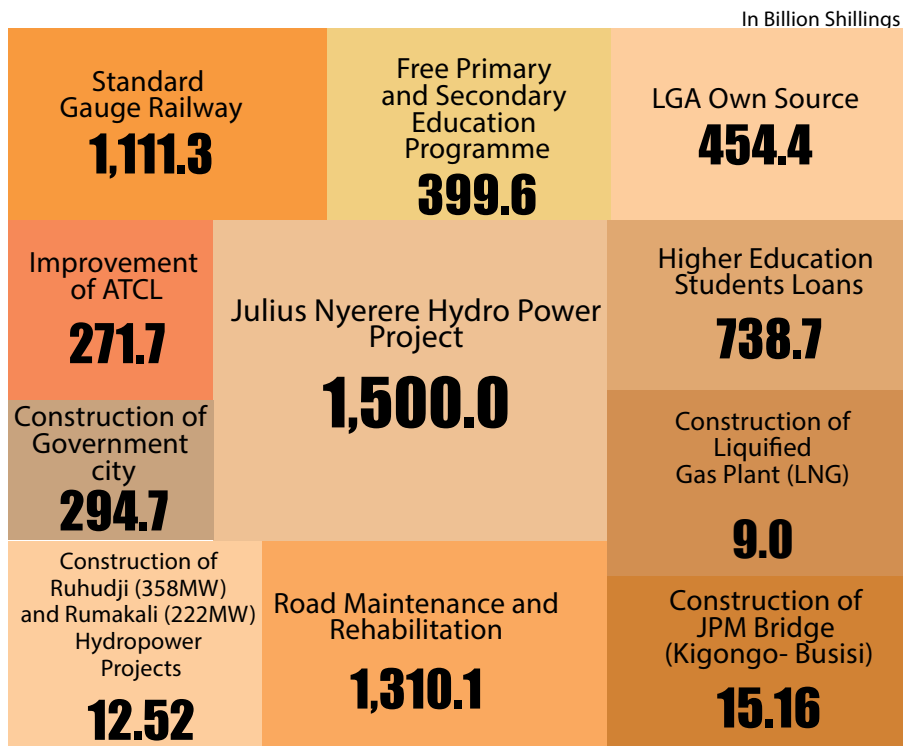


## Wage bill allocation by Category

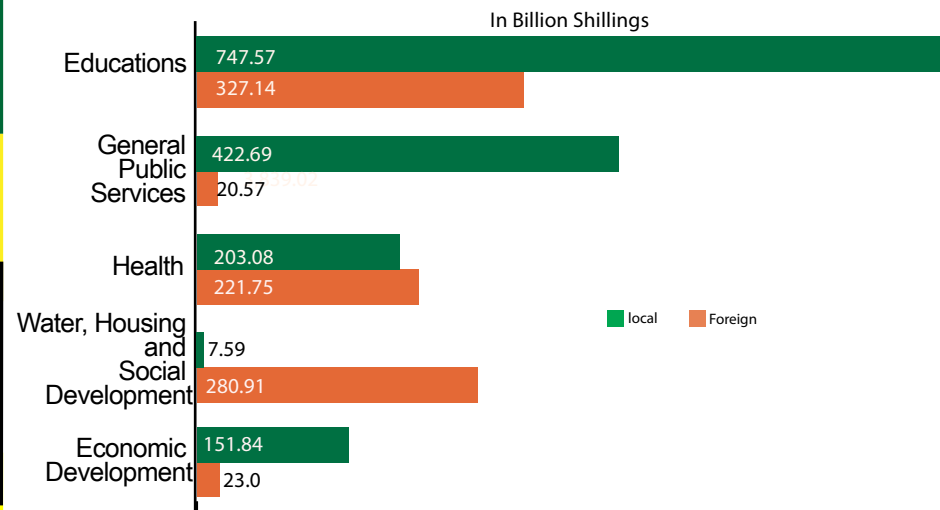


## Development Expenditure

Development Budget is projected to be Tsh. 15,215.0 billion shillings in 2023/24. Ongoing implementation of economic infrastructure, which includes Energy and transportation infrastructure projects drives the growth of development expenditure. The government will continue to implement flagship projects outlined in the FYDP III and other major spending areas that are expected to have large multiplier effects socially and economically.



Out of total development expenditure, transfers to LGA's are expected to be Tsh. 2,406.13 billion as shown below.

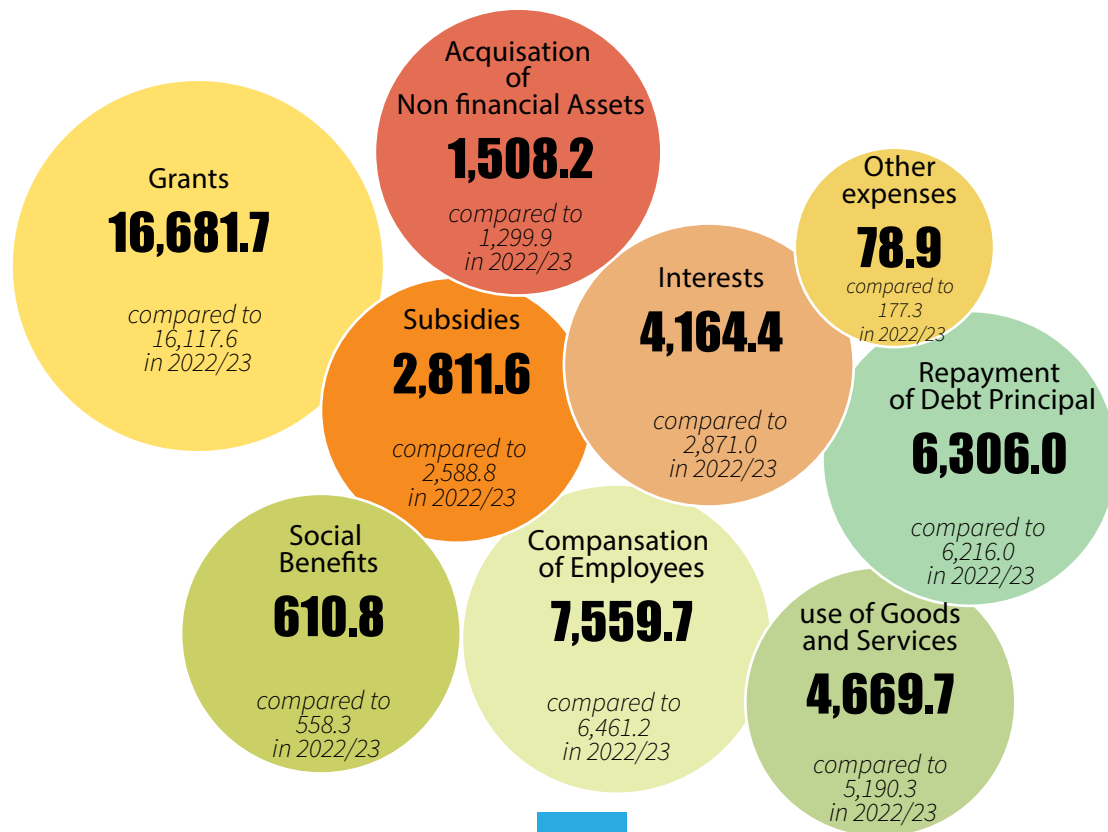




# EXPENDITURE CLASSIFICATION

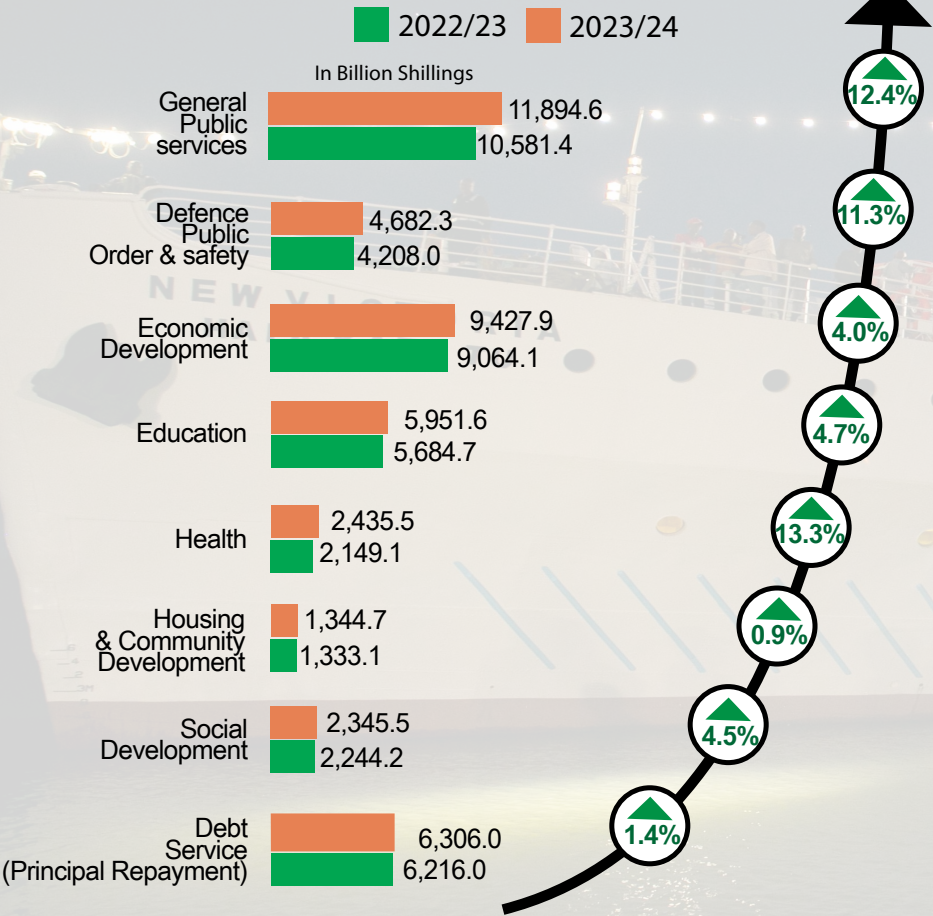
## Government expenditure by major economic classification

classifies Government expenditure according to economic nature

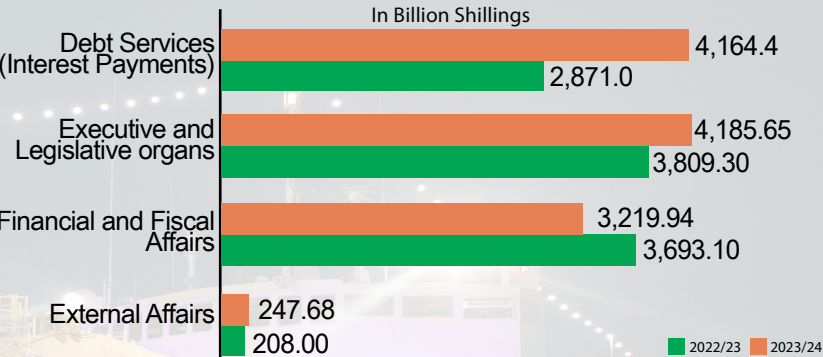


# Government Expenditures by Functions

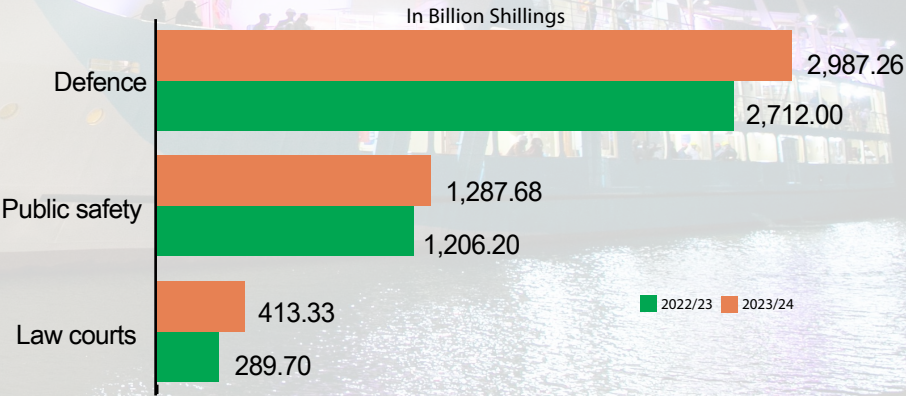
Classifies expenditure according purpose or objectives.



## General Public Services



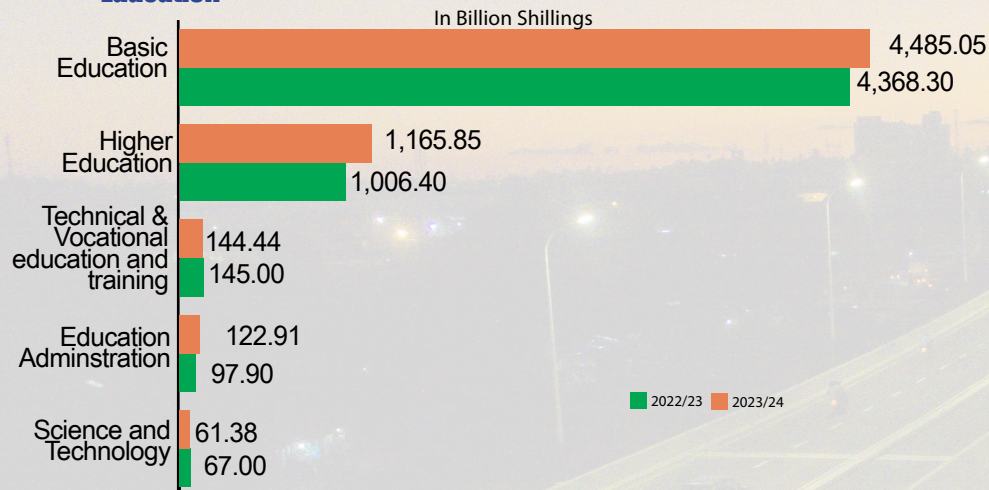
## Defence, Public Order and Safety



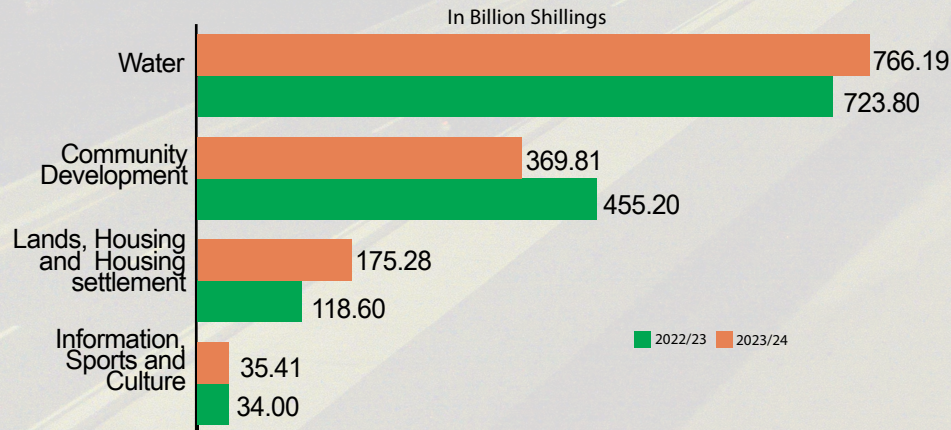
Accelerating Economic Recovery, Climate change Adaptation/Mitigation, and Enhancing Productive Sectors for Improved Livelihood



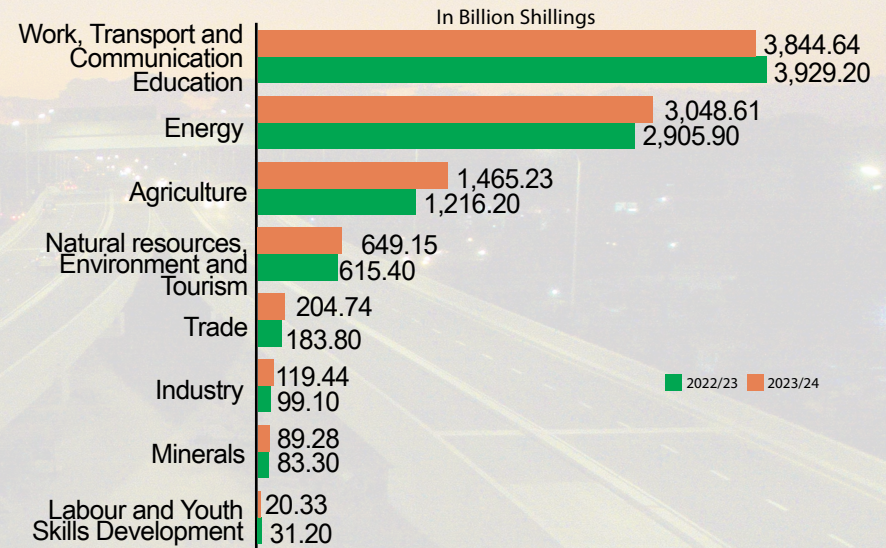
## Education



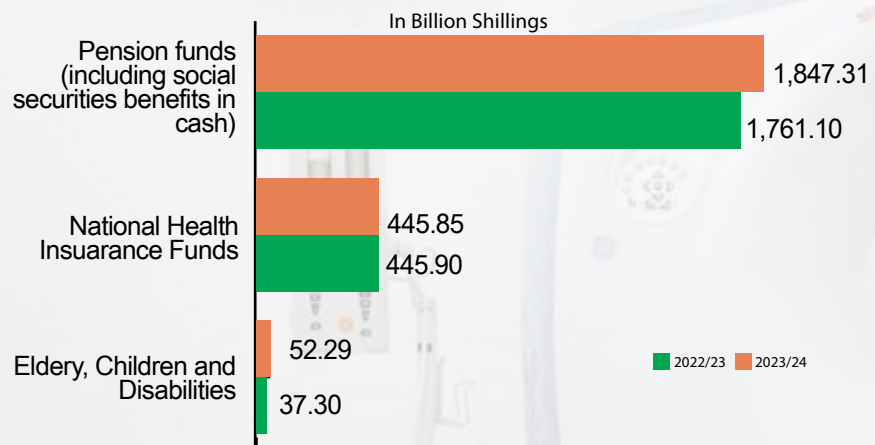
## Housing and Community Development



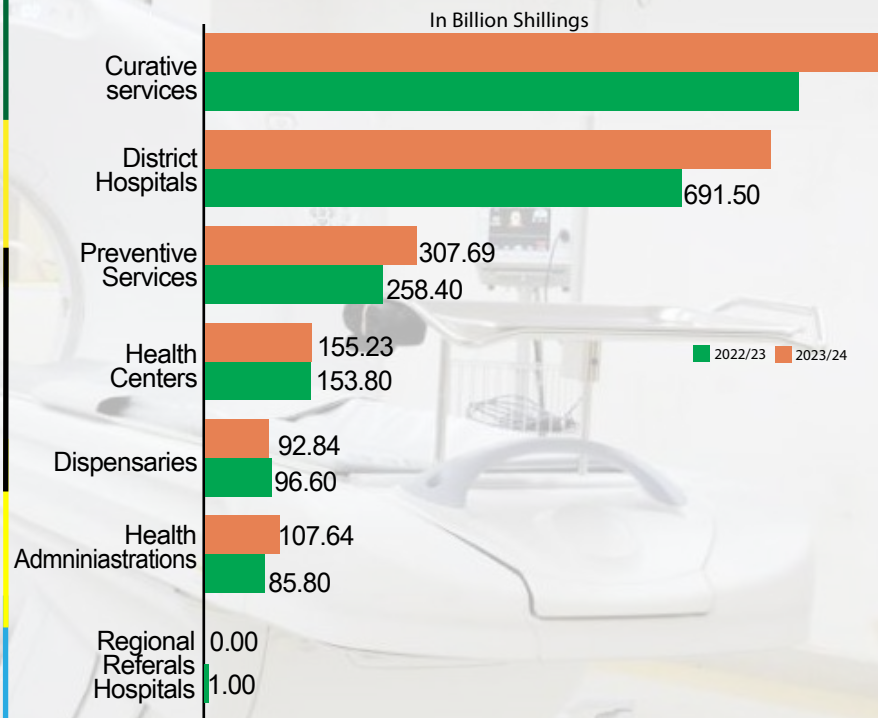
## Economic Development



## Social Development



## Health







05

**PRIORITY AREAS**



# PRIORITY AREAS

The government will continue to implement the flagship projects which have large multiplier effect to the economy. Along with that, the 2023/24 budget will focus on five priority areas of FYDP III .



## A. Good Governance

The government will bank on the trust and public confidence that has been inspired by concrete good-governance. In 2023/24 government will continue to focus on specific governance interventions to improve good governance. Among others, the government will spend 1.7 billion shillings in preparation of constitutional review, 14 billion shillings on preparation of Local government elections, 200 billion shillings on updating permanent voters register and 16.5 billion shillings on fighting corruption.





## B. Strategic Interventions

In 2023/24 The Government will continue to implement numerous strategic initiatives in five key areas as defined in the Third National Five-Year Development Plan 2021/22 - 2025/26 as follows.

### 1. Enhancing Competitive and Inclusive Economy

The emphasis in this area will be on implementing initiatives that aim to strengthen infrastructure, institutional frameworks, and information and communication technology diffusion. The implementation of these projects will improve the investment climate and macroeconomic stability. These projects are:

**Roads and Large Bridges:** 981.4 billion shillings will be spent on the projects that focus on unlocking economic potentials, de-congestion, and connecting Tanzania with neighboring countries, including Kidatu - Ifakara - Lupilo - Malinyi - Londo - Lumecha/Songea (499 km); Ifakara - Kihansi - Mlimba - Madeke - Kibena (220 km); Makutano - Natta – Mugum/Loliondo – Mto wa Mbu (235 Km) Handeni – Kibaya – Singida (460 Km). Rehabilitation of the Kirumi Bridge (Mara); continue building of the Sibiti Bridge (Singida's approach roads); and begin construction of the Chakwale (Morogoro), Nguyami (Morogoro), and Mbambe (Pwani) bridges.



**Marine Transport:** 100 billion shillings will be spent on ship construction and rehabilitation in the Great Lakes, including the completion of the MV. Mwanza Hapa Kazi Tu, rehabilitation of the MV Umoja and MV Sangara, and the start of construction of the Wagon ferry in Lake Victoria and the Barge/Cargo ship in Lake Tanganyika.

**Port:** 47.3 billion shillings for Dar es Salaam Port to dredge the entrance channel and harbour turning basin, as well as renovate berths 8-11 and conduct a feasibility study for the construction of berths 12-15. Tanga Port will continue to enhance and prepare for the construction of a berth to handle crude oil from Hoima (Uganda) to Chongoleani (Tanga); Mtwara Port will improve cargo handling facilities, Begin construction of Bagamoyo Port; continue to improve Bukoba Port (Bukoba), Kemondo Bay, and Mwanza North at Lake Victoria; continue to build an Access Road, Cargo Shed, Passenger Wharf, and Lounge at Kibirizi Port; and build a Passenger Lounge and Lighter Quay at Ujiji Port on Lake Tanganyika.





**Energy:** 5,300.16 billion shillings has been approved for energy projects including Rural energy projects like, -150MW National GAS fired plant-Kinyerezi, Rural Energy Authority Projects, Singida-Arusha-Namanga Transimission line, National Grid Stabilization, Kikonge Hydropower Project (300 MW); Malagarasi Hydropower Project (49.5 MW); National Grid Stabilization Project; 400 kV Rufiji - Chalinze - Dodoma and Chalinze - Kinyerezi Transmission Line; and kV 400 North - West Grid Extension (Iringa - Mbeya - Sumbawanga - Mpanda - Kigoma - Nyakanazi) Transmission Line, Mchuchuma coal to electricity project and Liganga Vanadium Titanium

**Digital Revolution:** 434.23 billion shillings will be spent on the digital revolution projects including creation of the National ICT Backbone Infrastructure, National Postal Codes and Physical Address System, Tanzania Digital Project, the ICT Innovation and Soft Centre Development Project, the construction of ICT incubation, National Land Data Infrustructure, and other important ICT projects.



## 2. Deepening Industrialization and Service Provision

1,406.05 billion shillings will be spent on projects in the pipeline will boost productive sectors such as agriculture, livestock and fishing. These projects include: Agricultural Sector Development Programme II; strengthening marketing infrastructure for livestock and their products; strengthening irrigation infrastructures by building new 25 schemes and rehabilitating 30 schemes totaling 95,005 hectares in various regions; and improving extension services.

Furthermore, the emphasis will be on the development of small and medium-sized enterprises - SIDO and Kilimanjaro Machine Tools Plant - as well as the enhancement of special economic zones and industrial clusters.

## 3. Promoting Human Development

8,363.45 billion will be spent on projects that aim to improve human development and social well-being by: strengthening health services in rural and urban areas, particularly through the construction of National, regional, and referral hospitals, district hospitals, health centers, and dispensaries; increasing access to vaccines, medicine, equipment, medical equipment, and reagents in health service provision centers; Continuing to implement free primary and secondary education, increased access to student loans for higher education; Continued construction, rehabilitation, and expansion of water projects at regions, districts, towns, and villages; Continued land planning, surveying, and titling, as well as strengthening international borders.

Continue with the implementation of various projects and programs for skill enhancement to create job opportunities for youth through technical and vocational training, such as the National Skills Development Programme for job creation; improving the youth development fund, building and renovating vocational training centers for people with disabilities; and implementing the country's Decent Work Programme.



## C. Public Private Partnership

In National Five-Year Development Plan 2021/22-2025/26, Public-Private Partnership (PPP) sector was tasked with financing 21 trillion shillings, or 17% of the budget. Given the importance of PPP as an alternative financing of public investment, in 2023 the PPP act, CAP 103 has been amended to make it competitive and attractive to the private investment.

In 2023/24 the government has set aside 1.5 billion for operationalization of Public-Private Partnership Center (PPP-Center) and 2.82 billion shillings for the PPP Facilitation Fund in order to facilitate preparation and implementation of PPP projects. The government has identified 48 projects eligible for PPP implementation in partnership with stakeholders. The following large projects are being prepared for PPP delivery in 2023/24:

- Railway Rolling Stocks for SGR;
- Mtwara - Bamba Bay Railway; and its branch to Mchuchuma and Liganga
- Dar es Salaam Railway (Dar - Commuter Rail);
- construction and operation of Igawa - Tunduma expressway;
- decongestion roads in the middle of Dar es Salaam (Inner and Outer Ring Roads);
- Kibaha - Chalinze - Morogoro to Dodoma express way;
- Solar power projects in Dodoma (Zuzu 60 MW), Kilimanjaro (Same 50 MW), and Singida (Manyoni 100 MW);
- the Ruhudji hydropower project (358 MW) and Rumakali hydropower project (222 MW);
- the gas distribution infrastructure project in Dar es Salaam, Lindi, and Mtwara; and
- the Tanzania - Malawi (TAMA) interconnection power project (82 km).











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