



THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF FINANCE

THE ANNUAL BORROWING PLAN (2024/25)



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1

INTRODUCTION

In accordance with Section 25.1(a) of the Government Loans, Guarantees, and Grants Act, Cap. 134, the Government through the Ministry of Finance is required to prepare a Medium-Term Debt Management Strategy (MTDS) and an Annual Borrowing Plan (ABP) in line with the overall fiscal framework. The ABP is a structural plan that guides the debt management in operationalizing the provisions described in the borrowing strategy selected in the MTDS.

In alignment with its legal obligation to mobilize the required financing, the Government has formulated an ABP to inform stakeholders and the investors about its strategy to fund the 2024/25 Budget. This ABP is structured in accordance with the Government's overarching debt management objective, articulated in Regulation 4 of the Government Loans, Guarantees, and Grants Act, Cap. 134, which aims 'to meet the Government's financing needs while minimizing borrowing costs.' This primary goal is complemented by secondary objectives, which focus on fostering the development of domestic financial markets, ensuring the sustainability of the debt burden, and mitigating debt-related risks.

The publication of this Annual Borrowing Plan underscores the Government's commitment to fiscal responsibility, transparency, and predictability in debt management operations. The ABP serves as a valuable tool for market participants and investors, enabling them to plan their investments effectively. This ABP outlines the Government's anticipated borrowing requirements as stipulated in the 2024/25 Annual Budget, using various debt instruments slated for issuance throughout the fiscal year, as defined in the MTDS.

2

BORROWING REQUIREMENTS
FOR THE FISCAL YEAR 2024/25

The gross financing requirement for 2024/25 as approved by the Parliament, is estimated at TZS 13,940,651 million. Of this amount, TZS 7,322,861 million will be sourced externally and the remaining TZS 6,617,789 million will be sourced domestically (**Table 1**).

Table 1: Budget Breakdown for 2024/25 (TZS million)

	2024/25
Total Revenue	34,610,646
Tax revenue (less refunds and transfers)	28,046,646
Taxes on imports	10,078,750
O/w VAT	4,329,466
Sales/VAT and excise on local goods	5,671,520
O/w VAT	3,431,194
Income taxes	9,819,185
Other taxes (mainly Inland Revenue)	2,477,190
Non-tax revenue (Inc. Local Gov. Authorities)	6,564,001
o/w LGA Own sources	1,356,341
Total expenditure	41,806,195
Recurrent expenditure	27,035,892
Wages and salaries	11,767,987
Interest payments	5,581,973
Domestic	3,146,668
Foreign	2,435,305
Other goods, services and transfers	9,685,931
Development expenditure	14,770,303
o/w: Local (source of funding)	11,129,465
Foreign (source of funding)	3,640,838
Overall balance before grants	-7,195,549
Grants:	794,390
Overall balance after grants	-6,401,159
Financing:	6,401,159
Foreign Financing (net)	3,805,742
Borrowing	7,322,861
Amortization	-3,517,120
Domestic (net)	2,595,417
New Borrowing / Rollover	4,022,373
Domestic amortization/ Rollover	-4,022,373

2.1 Government External Borrowing Requirements

In the fiscal year 2024/25, the Government intends to secure TZS 7,322,863 million from external sources. The amount includes TZS 2,579,716 million from concessional fixed interest rate loans, TZS 1,327,270 million from semi-concessional fixed interest rate loans, TZS 1,795,876 million from semi-concessional floating interest rate loans, and TZS 1,620,000 million from commercial floating interest rate loans. This external borrowing plan aligns with the 2024 Medium-Term Debt Strategy (MTDS), which emphasizes semi-concessional financing through Export Credit Agencies (ECAs) and restricts commercial borrowing proceeds to projects that drive significant economic growth and promote exports. **Table 2** summarizes the financing sources to meet the external borrowing requirement on quarterly basis

Table 2: Financing Sources to Meet External Borrowing Requirement (TZS million)

Financial Year: 2024/25	Quarters				
Instrument	Jul - Sep 2024	Oct - Dec 2024	Jan - Mar 2025	Apr - Jun 2025	Total
Concessional Fixed	772,506	825,265	575,252	406,693	2,579,716
Semi-Concessional Fixed	47,307	940,328	48,626	291,009	1,327,270
Semi-Concessional Floating	691,693	664,933	374,469	64,782	1,795,876
Commercial Floating	-	810,000	810,000	-	1,620,000
Total	1,511,506	3,240,526	1,808,346	762,484	7,322,863

2.2 Government Domestic Borrowing Requirements

In the domestic market, the Government plans to borrow a total of TZS 6,617,789 million through Treasury bills and bonds (**Table 3**). The Government intends to borrow more from long-term instruments rather than short term instruments to reduce refinancing risk.

Table 3 Domestic Borrowing Requirements (TZS Million)

Instrument	Jul -Sep 2024	Oct-Dec 2024	Jan - Mar 2025	Apr - Jun 2025	Total
364-Day T-bills	233,322	494,836	652,270	652,168	2,032,596
2-year Bond	0	0	76,477	76,477	152,955
5-year Bond	0	122,498	75,477	65,926	263,902
10-year Bond	25,605	0	152,247	154,192	332,044
15-year Bond	221,476	242,610	217,779	169,174	851,039
20-year Bond	739,000	326,887	118,145	349,981	1,534,013
25-year Bond	343,106	411,335	485,318	211,482	1,451,241
	1,562,509	1,598,167	1,777,714	1,679,400	6,617,789

In an endeavor to ensure the development of the bond market, the Government plans to implement a number of initiatives in 2024/25, including maintaining the instruments' tender size as per the approved Issuance Plan for 2024/25, adopting market-determined coupon rates modality, conducting roadshows, particularly to Tanzanian diaspora, and enhancing investor relations.

3

IMPLEMENTATION AND
MONITORING OF 2024 ABP

3.1 Cashflow Analysis for 2024/25

Projections show a strong cash flow growth during the first three quarters, with closing cash balances rising from TZS 234,087.59 million in the first quarter to TZS 1,206,251.34 million by the third quarter, driven by positive net quarterly issuances. However, in the fourth quarter, a negative gap of (TZS 653,783.45 million) will pull down the closing balance to TZS 552,467.89 million, signaling a liquidity shortfall. Despite this, the positive closing cash balance at the end of the financial year underscores the importance of maintaining accurate cash forecasting and strengthening expenditure controls to ensure sustained positive cash balances (**Table 4**).

Table 4: Projected Quarterly cash balance (TZS Million)

Quarter	Cash Opening Balance	Quarterly Gap (Surplus/Deficit)	Closing cash balance
Q1 (Jul-Sep 24)	-	234,087.59	234,087.59
Q2 (Oct-Dec 24)	234,087.59	483,930.26	718,017.85
Q3 (Jan-Mar 25)	718,017.85	488,233.48	1,206,251.34
Q4 (Apr-Jun 25)	1,206,251.34	-653,783.45	552,467.89

The cash flow analysis reveals fluctuating financing needs and funding strategies over the observed periods. The graphical illustration of cashflow projection, financing requirements, closing cash balances, and use of various funding instruments is shown as **Annex 1**.

3.2 Cost and Risk Indicators

Outstanding debt to GDP ratio is projected to reach 49.86 percent at end-June 2025, higher than 48.53 percent at end-June 2024. Interest payment to GDP and interest payment to revenue ratios are projected at around 2.5 percent and 15.4 percent at end-June 2025 from 2.6 percent and 14.6 percent at end-June 2024, respectively.

Debt refinancing risk is expected to improve with the Average Time to Maturity (ATM) and Debt Maturing in Year (percent of total) reaching 11.2 percent and 7.5 percent at end June 2025, compared to 10.7 percent and 11.9 percent at end-June 2024, respectively. Average Time to Refix (ATR) and Debt Re-fixing in 1 year (percent of total) is projected to improve to 10.1 percent and 22.6 percent at end-June 2025 from 9.8 percent and 25.9 percent at end-June 2024.

Most cost and risk indicators will improve relative to the 2024/25 MTDS tool baseline scenario, despite some deterioration compared to end-June 2024. Thus by implementing this ABP, Government will likely achieve targets set in the MTDS (Table 5).

Table 5: Cost and Risk Indicator

Cost - Risk Indicators	2024	Target/ Projection 2025 (Baseline MTDS)	Target/ Projection 2025 (This ABP)	Target/Projection end of strategy period
Outstanding Debt to GDP Ratio (in Percent)	48.53	50.08	49.86	46.79
Total Debt				
Ratio of Interest Payment to GDP	2.61	2.49	2.49	2.45
Interest Payment to Revenue in the 1 st Year of Strategy	14.64	15.38	15.44	14.90
Refinancing Risk				
ATM (Years)	10.69	10.88	11.17	11.14
Debt Maturing in 1 Year (Percent of Total)	11.86	7.67	7.47	7.05
Debt Maturing in 1 Year (Percent of GDP)	6.36	3.84	3.72	3.30
Interest Rate Risk				
ATR (Years)	9.80	9.85	10.14	10.05
Debt Refixing in 1 Year (Percent of Total)	25.89	22.74	22.60	22.00
Fix Rate Debt (including T-bills) (Percent of Total)	84.06	82.87	82.80	83.02
T-bills (Percent of Domestic Total)	2.19	2.29	2.06	1.43
Exchange Rate Risk				
FX Debt as Percent of Total	66.84	72.15	72.47	70.75

3.3 Risks to the Implementation of the ABP

While borrowing operations for the 2024/25 financial year will be conducted in a manner that ensures that Government financing needs are met at minimal cost, subject to a prudent degree of risk, there are also implementation risks.

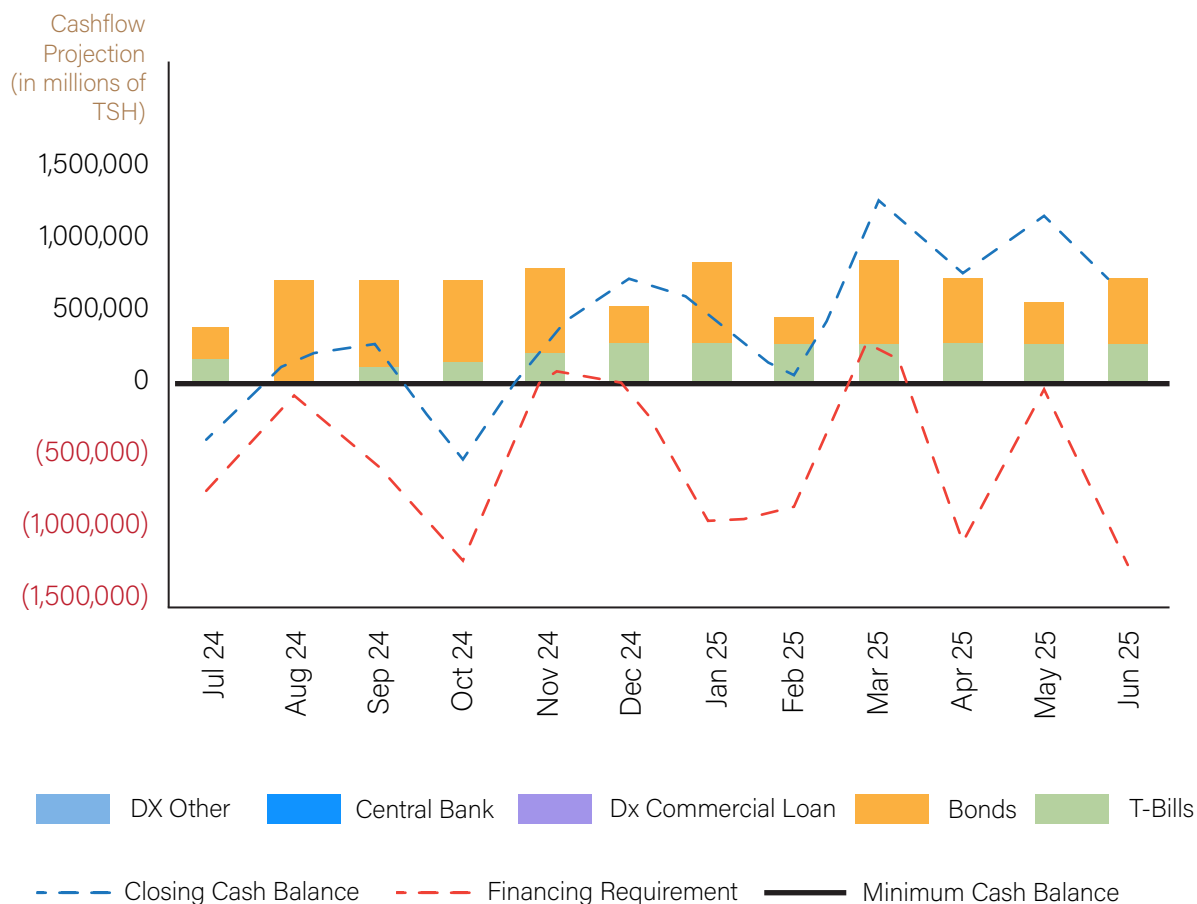
The main risks associated with domestic financing arise from the underperformance of government securities auctions and elevated refinancing risks. Auctions underperformance is largely due to tight liquidity conditions in the market, fluctuations in investors demand, and investors' skewed preference for certain tenors. This can lead to higher borrowing costs for the Government, thereby increasing the debt burden. Since domestic debt maturities are primarily refinanced through new issuances, such underperformance poses greater refinancing risks to the Government, especially if the maturities are rolled over at higher interest rates than the maturing debt.

Key risks related to external financing include exchange rate fluctuations and delays in project implementation. Exchange rate fluctuations may lead to a potential mismatch between actual and planned expenditures for debt service and/or the funds raised from external sources in domestic currency terms. Additionally, delays in achieving projects implementation milestones can result in hold-ups in disbursements of contracted loans.

3.4 Implementation Timeline and Review Framework

This ABP is set to be implemented between July 1, 2024, and June 30, 2025, and will be subject to quarterly reviews, in line with Cap. 134, which allows for revisions and publication of the ABP in the event of major changes in both the local and global economic environment, or in the 2024/25 – 2026/27 MTDS. The ABP Implementation Work Plan is presented in **Annex 2**.

ANNEX 1: The ABP CASHFLOW PROJECTION



ANNEX 2: THE ABP IMPLEMENTATION WORK PLAN

OUTPUT		ACTIVITY	TIMEFRAME	ACTION BY
1	Development of 2025 ABP	Review of 2024 ABP and drafting of 2025 ABP	April-June 2025	MoF
2	Dissemination of the 2025 ABP	Publication of ABP to the Public	July 2025	MoF
3	Reviewed 2024 ABP	Review of 2024 ABP	Quarterly	MoF
4	Review of issuance Calendar	Review of Issuance calendar by BDMC	Quarterly	MoF and BOT



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