



THE UNITED REPUBLIC OF TANZANIA

MINISTRY OF FINANCE

**THE BUDGET EXECUTION REPORT FOR 2024/25
(JULY 2024 – JUNE 2025)**

Ministry of Finance,
18 Jakaya Kikwete Road,
Treasury Square Building,
P.O. Box 2802,
40468 DODOMA.

SEPTEMBER 2025

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EXECUTIVE SUMMARY

During the first quarter (January – March 2025), the real GDP grew by 5.4 percent compared with 5.2 percent recorded in the corresponding quarter in 2024. In 2024, real Gross Domestic Product (GDP) amounted to 156,635.32 billion shillings compared with 148,521.02 billion shillings recorded in 2023, equivalent to a growth of 5.5 percent compared with 5.1 percent growth recorded in 2023. During the quarter ending June 2025, headline inflation slightly increased to 3.2 percent from 3.1 percent recorded during the corresponding quarter in 2024. On annual basis, headline inflation averaged at 3.1 percent in 2024/25, similarly to the rate recorded in 2023/24.

In 2024/25, the Government continued to implement various strategies to ensure that revenue target is achieved. During the fourth quarter, total domestic revenue collection (including LGAs own source) amounted to 9,176.1 billion shillings equivalent to 102.9 percent compared to target and 20.7 percent higher than 6,463.2 billion shillings collected in a corresponding period in 2023/24. On cumulative basis, total domestic revenue collected for the year 2024/25 was 34,845.9 billion shillings equivalent to 95.1 percent of the target for the period and an increase of 16.8 percent when compared with amount collected in the year 2023/24.

Government spending for the fourth quarter was 12,491.75 billion shillings, equivalent to 98 percent of the target of 12,741.05 billion shillings whereby recurrent expenditure was 9,443.46 and development 3,048.29. For the period (July 2024 to June 2025) total expenditure amounted to 49,362.28 billion shillings, equivalent to 98 percent of the annual target of 50,291.41 billion shillings.

Total financing during the fourth quarter of 2024/25 was 214.8 billion shillings against the target of 787.8 billion shillings. For the year 2024/25, total financing was 6,810.1 billion shillings against the target of 7,346.9 billion shillings equivalent to 93 percent of the target. Out of the total financing, foreign net financing amounted to 3,006.0 billion shillings equivalent to 63 percent of the target and domestic net financing amounted to 3,804.1 billion shillings equivalent to 147 percent of the target.

As of end June 2025, debt stock amounted to 109,441.30 billion shillings compared to 96,884.18 billion shillings in the corresponding period in 2024, equivalent to an increase of 13.0 percent. Out of the amount, domestic debt stock was 35,502.78 billion shillings and external debt stock was 73,938.51 billion shillings.

LIST OF ABBREVIATIONS

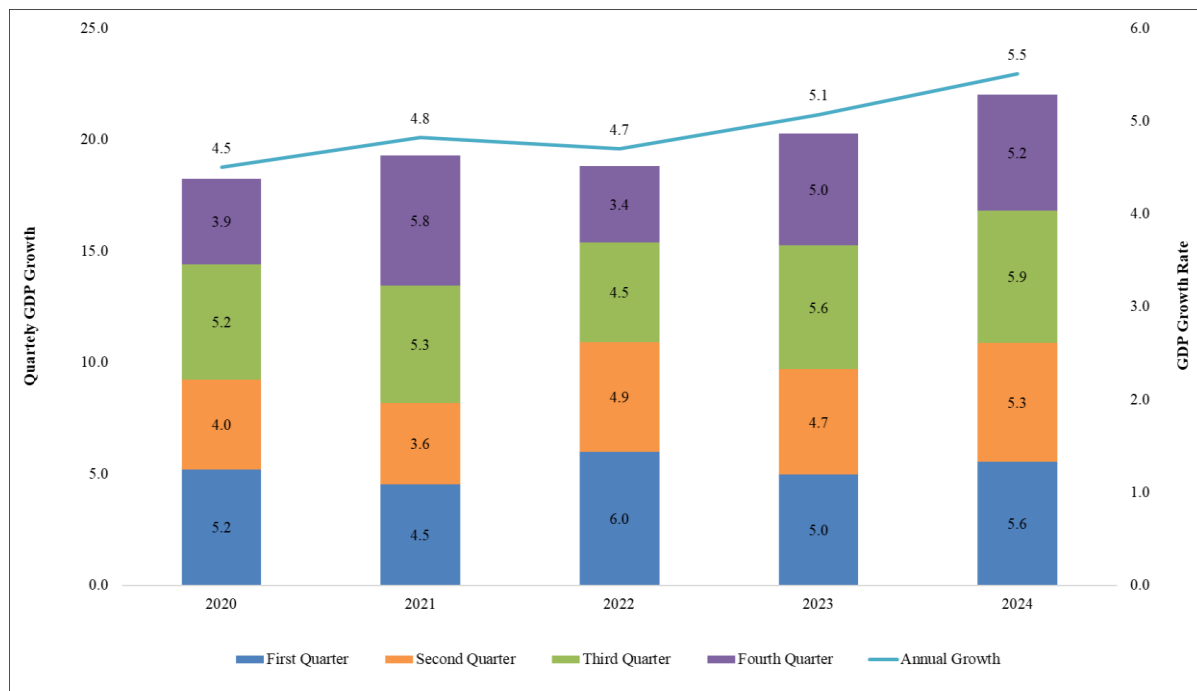
GDP	-	Gross Domestic Product
JNHPP	-	Julius Nyerere Hydropower Project
LGAs	-	Local Government Authorities
MDAs	-	Ministries Departments and Agencies
PAYE	-	Pay as You Earn
REA	-	Rural Electrification Agency
SDL	-	Skills Development Levy
SGR	-	Standard Gauge Railway
TRA	-	Tanzania Revenue Authority
USD	-	United States Dollar
VAT	-	Value Added Tax

RECENT MACROECONOMIC PERFORMANCE

1.1 Real GDP Growth in 2024

In 2024, real Gross Domestic Product (GDP) amounted to 156,635.32 billion shillings compared with 148,521.02 billion shillings recorded in 2023, equivalent to a growth of 5.5 percent compared with 5.1 percent growth recorded in 2023. The growth was attributed to: continued implementation of strategic and flagship projects particularly in energy and transport infrastructure; commencement of electricity generation at Julius Nyerere Hydropower Project; commencement of Dar es Salaam - Morogoro - Dodoma passenger transportation through the Standard Gauge Railway (SGR); increase in credit to the private sector; implementation of prudent monetary policies; favorable weather conditions that enhanced agricultural production; and Government investments in social services, including education, health, water and social protection. Chart 1.1 indicates the trend of economic growth.

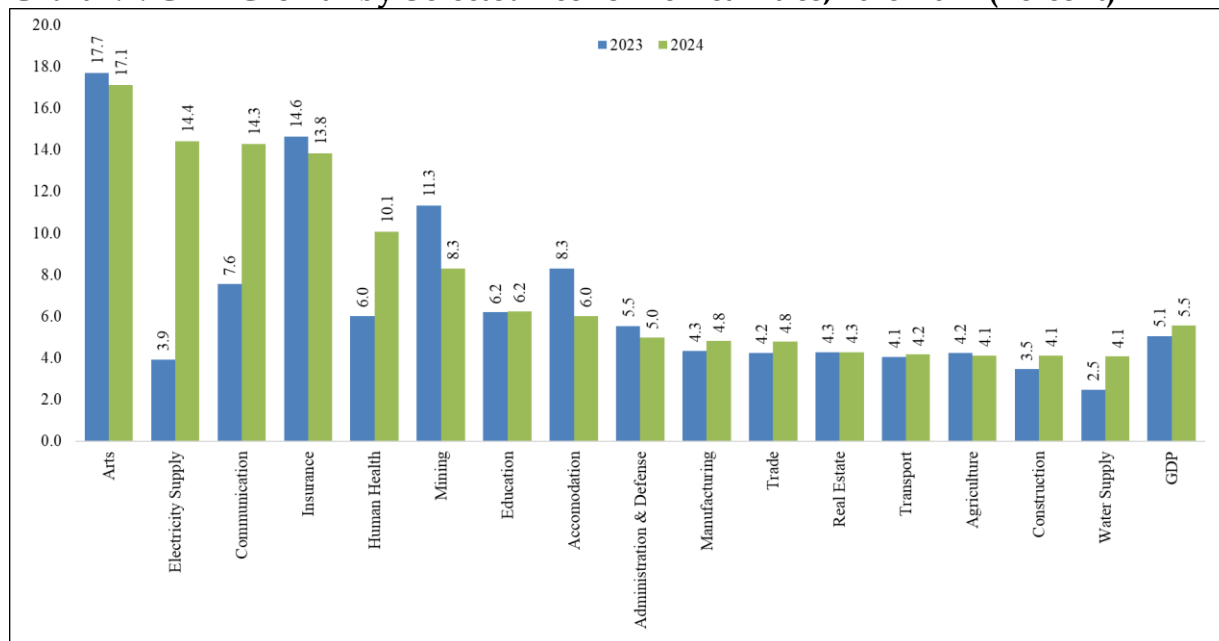
Chart 1.1: Trend of Economic Growth, 2020 - 2024 (Percent)



Source: National Bureau of Statistics

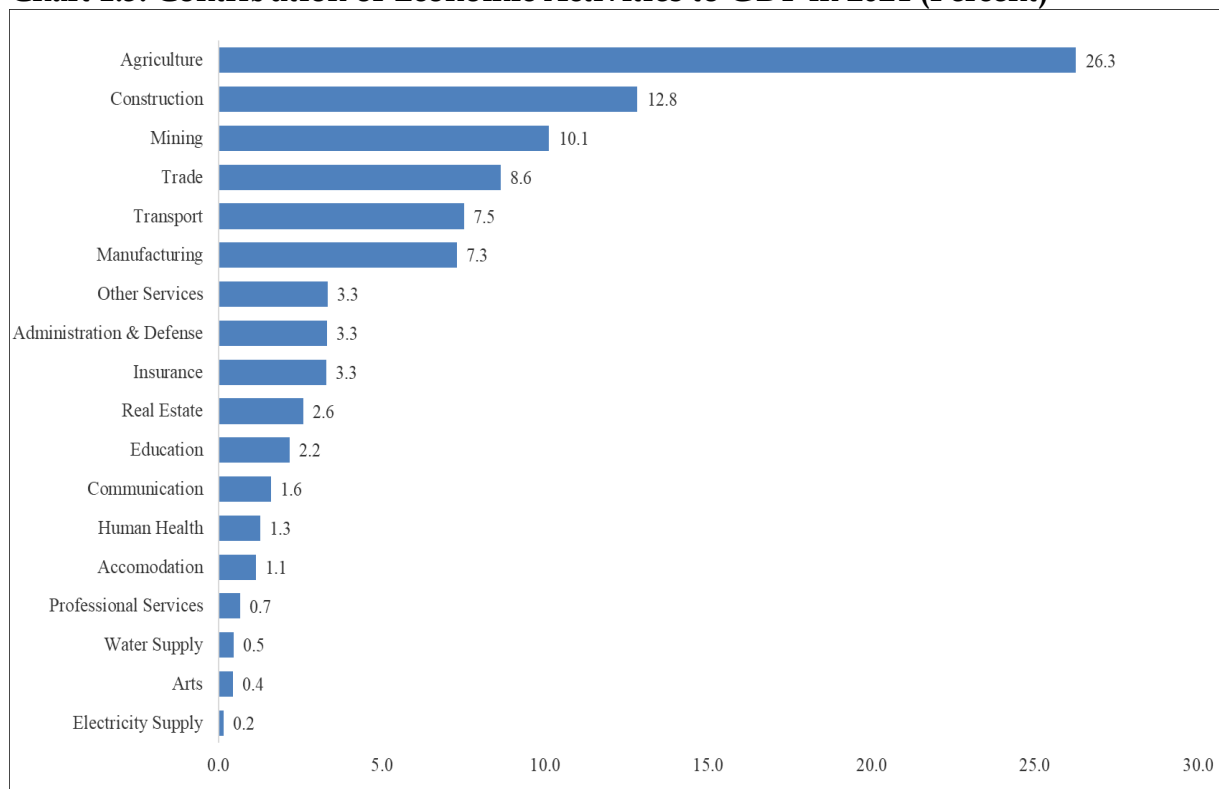
In 2024, arts and entertainment activities recorded the highest growth rate of 17.1 percent, followed by electricity (14.4 percent), information and communication activities (14.3 percent), and financial and insurance activities (13.8 percent) (**Chart 1.2**). In addition, agricultural activities continued to account for largest share of GDP at 26.3 percent, followed by construction activities (12.8 percent) and mining and quarrying activities at 10.1 percent (**Chart 1.3**).

Chart 1.2: GDP Growth by Selected Economic Activities, 2023-2024 (Percent)



Source: National Bureau of Statistics

Chart 1.3: Contribution of Economic Activities to GDP in 2024 (Percent)

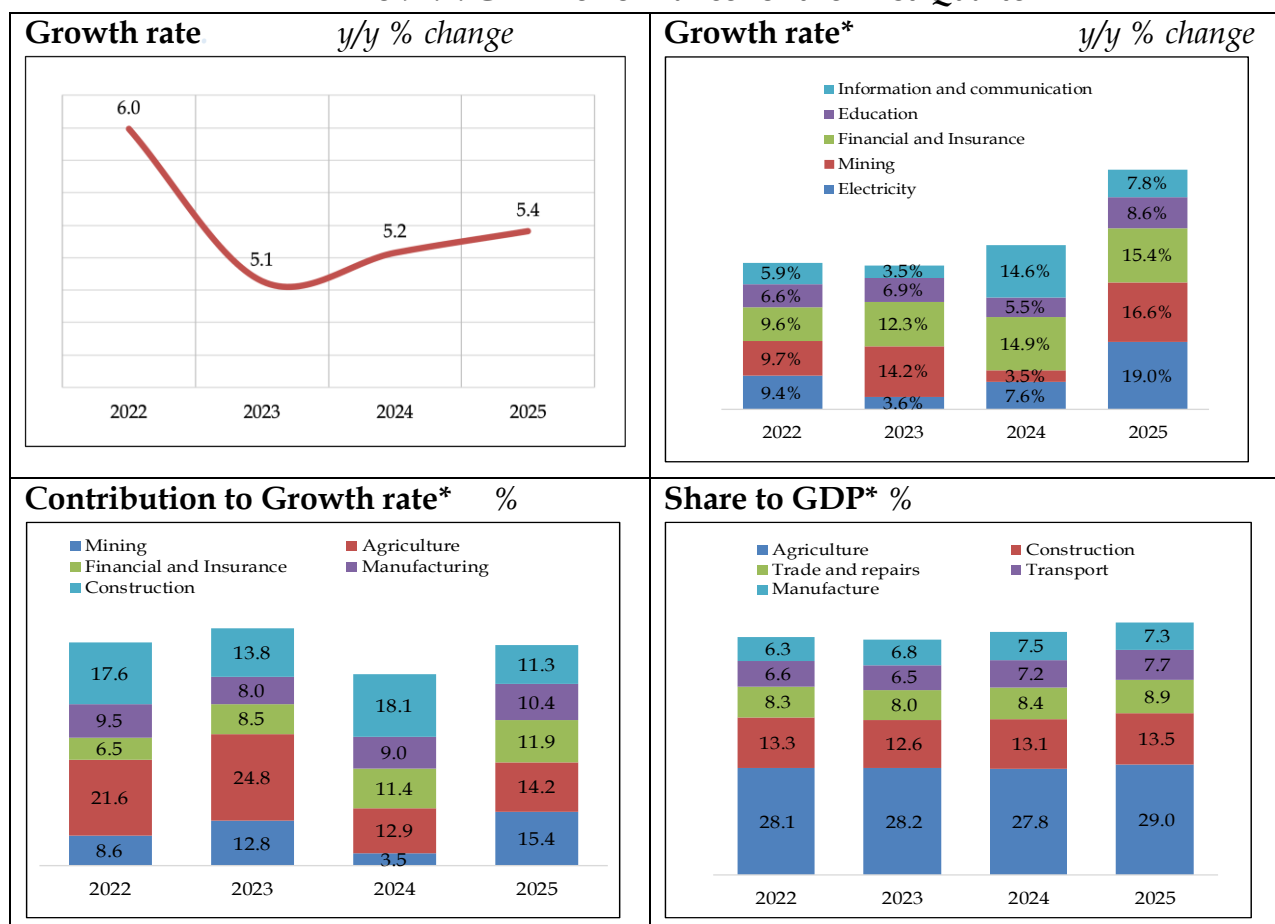


1.2 Real GDP Growth in Quarter first quarter of 2025 (January – March 2025)

During the first quarter (January – March 2025), the real GDP grew by 5.4 percent compared with the growth of 5.2 percent recorded in the corresponding quarter in 2024. The growth was mainly driven by mining activities, which contributed 15.4 percent of the growth and

agriculture activities (14.2 percent). In addition, electricity recorded the highest growth following the increase in electricity generated from Julius Nyerere Hydro Power Project (JNHPP), while finance and insurance was strengthened by increased use of financial products and services. The structure of the economy continued to be relatively the same, with construction and agriculture accounting for about 43 percent of GDP (**Box 1.1**).

Box 1.1: GDP Performance for the First Quarter



Source: National Bureau of Statistics

*Selected leading economic activities

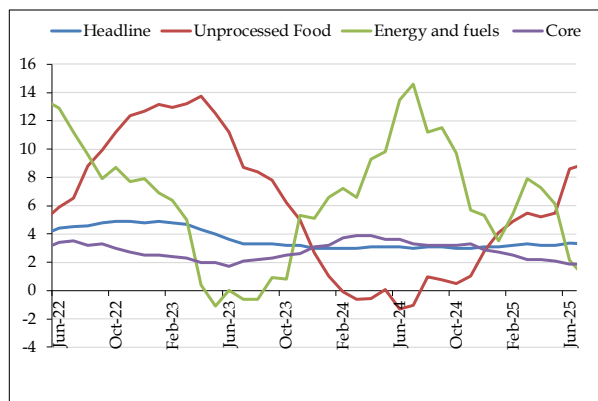
1.3 Inflation Development

During 2024/25, inflation remained low and stable within the country target range of 3 to 5 percent and regional benchmarks. Inflation averaged at 3.1 percent in 2024/25, similar to the rate recorded in 2023/24 (**Box 1.2**). The performance was mainly supported by implementation of prudent monetary policy. Core inflation eased to 2.7 percent from 3.1 percent in 2023/24. In contrast, unprocessed food inflation rose to average of 3.2 percent from 3.1 percent in 2023/24 following the increase in cereal prices, particularly beans, sorghum, round potatoes and finger millet. Similarly, energy and fuel inflation averaged at 7.5 percent in 2024/25, higher than average of 5.3 percent in 2023/24, mainly driven by the increase in prices of firewood and charcoal. During the quarter ending June 2025, headline inflation slightly increased to 3.2 percent from 3.1 percent recorded during the corresponding quarter in 2024.

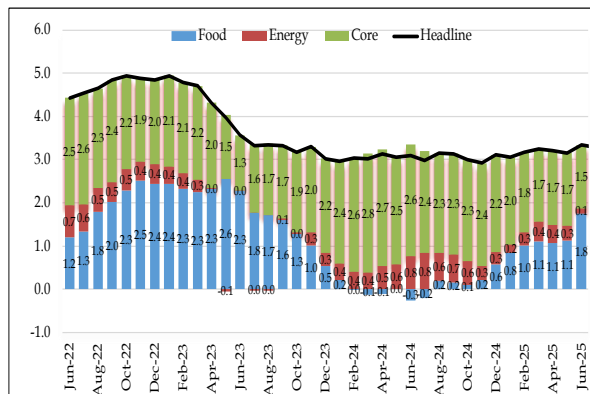
Box 1.2: Inflation (Annual Change) Developments, percent.

y/y % change

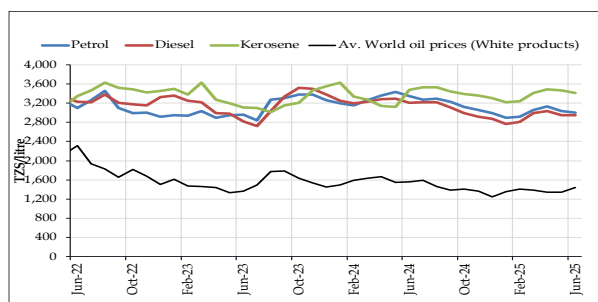
Inflation rate continued to be low and stable, following moderation in non-food and core prices, each of which accounts more than 70 percent of weight.



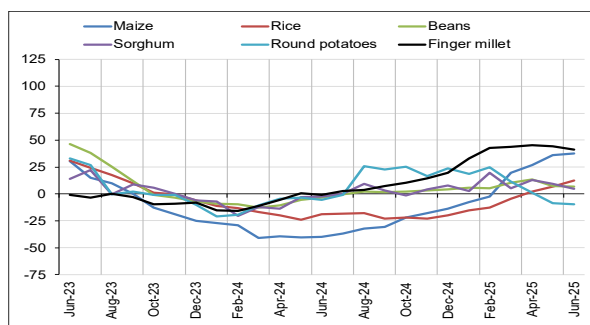
On average core inflation remained a driver for inflation.



Average domestic pump prices of petrol, diesel and kerosene eased in 2024/25 compared to prices recorded in 2023/24. This is mainly attributed to slowdown of oil prices in the world market following an increase in oil production in OPEC+ countries coupled with stabilization of supply chain resulting from de-escalation of geopolitical tensions in Middle East.



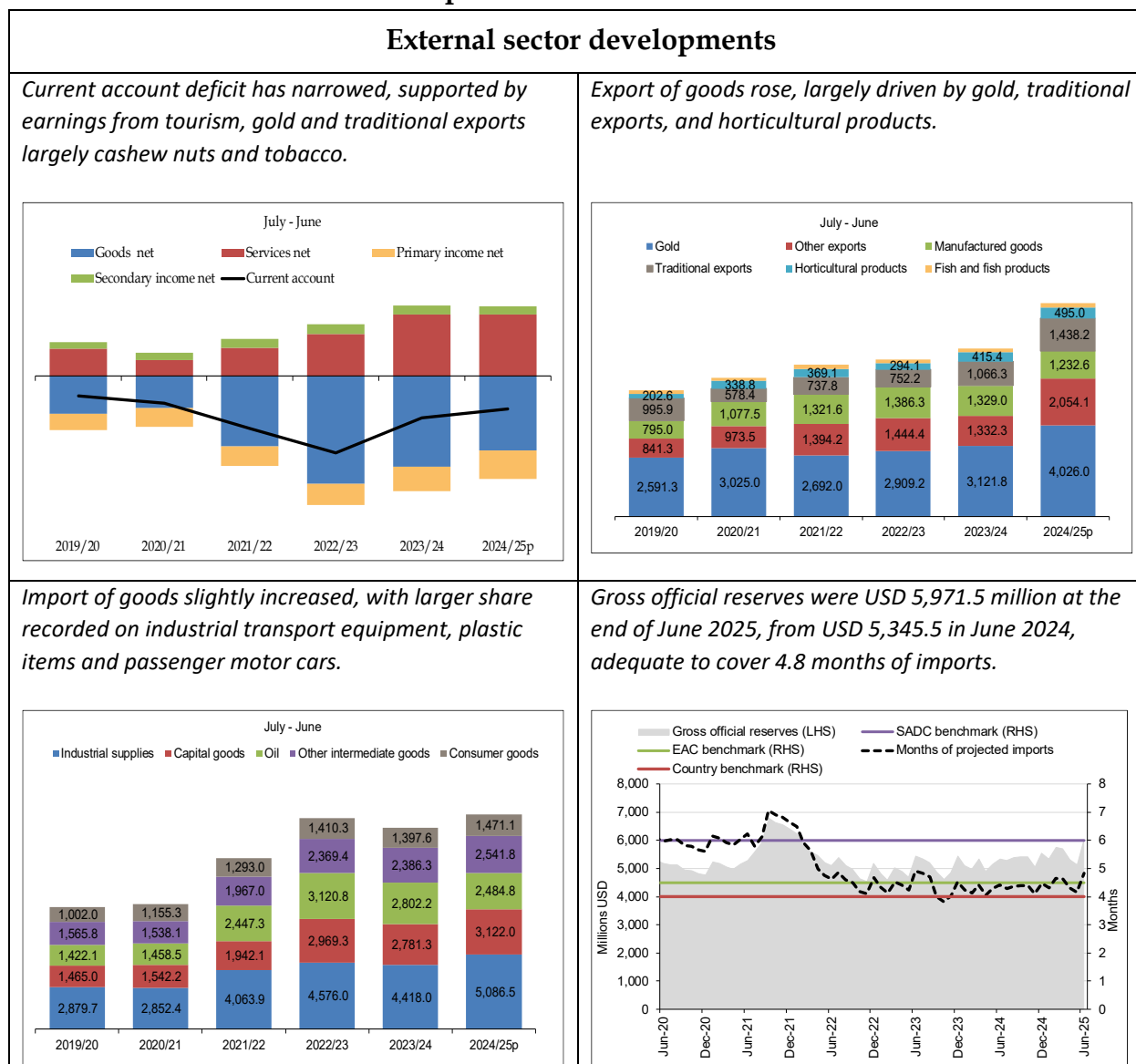
Average wholesale prices of select food crops increased in 2024/25 compared to 2023/24, save for maize and rice. The increase was associated with increased demand from neighboring countries, particularly DRC, Malawi, and Zambia.



Source: National Bureau of Statistics

1.4 External Trade

The external sector continued to show improvement in the year ending June 2025, as evidenced by a reduction in the current account deficit to USD 2,178.3 million from USD 2,767.4 million in the corresponding period of 2024 (Chart 1.4). The improvement was primarily driven by an increase in exports of goods and services compared to imports.

Chart 1.4: External Sector Development
USD million


Source: Bank of Tanzania

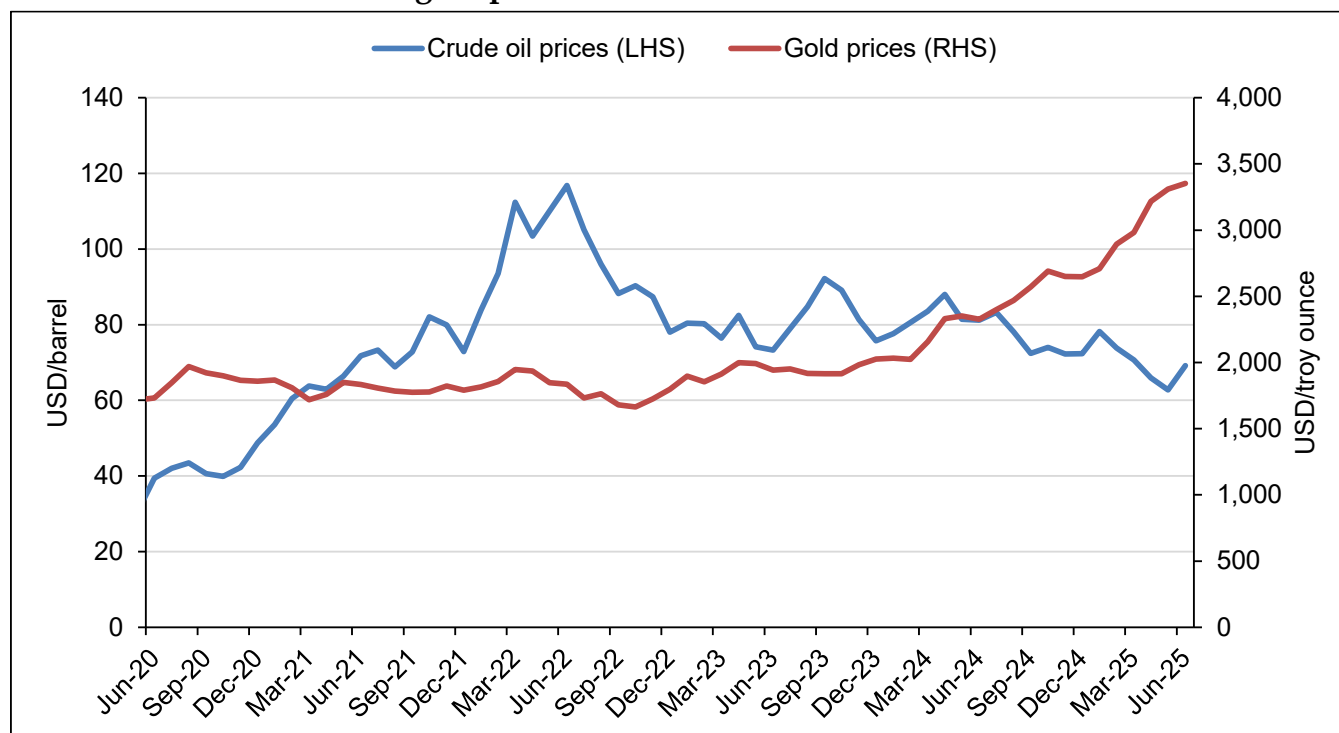
During 2024/25, export of goods and services rose by 17.4 percent to USD 16,923.8 million from USD 14,410.5 million in 2023/24. The rise was manifested by service receipts from travel and increased export of gold, cashew nuts, tobacco and coffee. Export of gold rose to USD 4,049.1 million from USD 3,121.8 million, accounting for 28.1 percent of total goods and services exported.

Service receipts amounted to USD 7,118.6 million in 2024/25, an increase of 8.2 percent from USD 6,578.7 million in 2023/24. The growth was primarily driven by increased travel receipts, in line with the rise in the number of international tourist arrivals to 2,193,322, a 10 percent rise from 1,994,242 in 2023/24. On the other hand, service payments slightly increased to USD 3,056.7 million in 2024/25 from USD 2,359.5 million in the similar period in 2023/24, due to a rise in freight payments consistent with the rise in goods import bill.

During 2024/25, import of goods and services amounted to USD 17,763.0 million, higher than USD 16,144.9 million in the corresponding period in 2023/24, largely driven by industrial transport equipment, motor cars for passengers and plastic items. Import of goods increased to USD 14,706.2 million in 2024/25 compared with USD 13,785.4 million recorded in previous year, equivalent to a rise of 6.7 percent. Capital and intermediate goods accounted for 90 percent, and consumer goods (10 percent).

Import of intermediate goods rose by 5.3 percent with much of the increase registered in parts and accessories, plastic items, passenger motor cars and food and beverages for industrial use. White petroleum products, which account for 16.9 percent of the total import bill, recorded a decrease by 11.3 percent to USD 2,484.8 million, due to decline of oil prices in the world market. The average price of crude oil during the same period decreased by 12.2 percent to USD 72.7 per barrel from USD 82.9 per barrel in 2023/24 (**Chart 1.5**).

Chart 1.5: Crude oil and gold prices



Source: <https://www.worldbank.org/en/research/commodity-markets>

1.5 External Trade Developments in the Quarter Ending June 2025

The current account deficit narrowed to USD 797.1 million during the quarter ending June 2025 compared with a deficit of USD 872.1 million in the similar quarter in 2024. During the quarter ending June 2025, exports of goods and services increased to USD 3,553.4 million from USD 3,293.9 million in the corresponding period in 2024, equivalent to an increase of 7.9 percent. In addition, exports of goods increased to USD 1,971.3 from USD 1,835.9, equivalent to an increase of 7.4 percent, mainly due to rise in exports of cashewnuts, cereals, horticultural crops and gold.

During the quarter ending June 2025, imports of goods and services increased to USD 3,976.8 million from USD 3,797.3 million in the corresponding period in 2024, equivalent to an increase of 4.7 percent, mainly driven by importation of motor cars for households, transportation payments and industrial supplies. Similarly, the value of goods imported was USD 3,208.9 compared with 3,236.2 million recorded in the corresponding quarter in 2024, equivalent to a decrease of 0.8 percent, mainly driven by fuel and lubricants. Fuel and lubricants worth USD 543.1 million were imported during the quarter ending June 2025, compared with USD 715.8 million in the corresponding period in 2024, owing to volume and price effect. The services account recorded a surplus of USD 814.2 million slightly below a surplus of USD 896.8 million recorded in the quarter ending June 2024, mostly due to an increase in service payments, particularly transportation.

1.6 Gross Official Reserves

The stock of foreign exchange reserves was USD 5,971.5 million in June 2025 compared with USD 5,345.5 million at the end of June 2024. The reserves were adequate to cover about 4.8 months of projected import of goods and services, above the country's and EAC targets of 4 and 4.5 months, respectively.

1.7 Money Supply and Credit

During the year ending June 2025, growth of money supply was robust. The extended broad money supply (M3) registered an annual growth of 18.7 percent compared with 10.9 percent in the corresponding period in 2023/24. This was mainly driven by the sustained growth of private sector credit which grew by 15.9 percent in the year ending June 2025, compared to 17.2 percent recorded in the corresponding period of 2024. Credit extended to agricultural activities registered the highest growth of 30.2 percent, followed by building and construction, and transport and communication – each recording a growth rate of 25.7 percent. The elevated growth of credit to agriculture was largely due to banks' access to the TZS 1 trillion loan facility and Statutory Minimum Reserve relief for lending to agriculture. In addition, government initiatives to improve productivity in the agriculture sector through investment in irrigation infrastructure, along with provision of extension services have incentivised banks to lend to the sector.

During the quarter ending June 2025, extended broad money supply (M3) averaged 19.1 percent compared to 11.3 percent during the corresponding period in 2024. Credit extended to the private sector grew at an average of 15.9 percent in the quarter ending June 2025 compared with 17.1 percent in the quarter ended June 2024.

1.8 Interest Rate Development

In 2024/25, one-year and overall lending rates averaged at 15.76 percent and 15.41 percent compared with 16.04 percent and 15.47 percent recorded in 2023/24 respectively. In addition, one-year and overall deposit rate increased to an average of 9.42 percent and 8.22 percent from

8.93 percent and 7.32 percent in corresponding period of 2023/24 respectively. On the other hand, one-year and overall lending rates averaged at 15.93 percent and 15.19 percent during the quarter ending June 2025 compared with 15.83 percent and 15.40 percent recorded in the corresponding period in 2023/24 respectively., one-year and overall deposit rate increased to an average of 9.60 percent and 8.38 percent during the quarter under review compared with 8.76 percent and 7.58 percent in the corresponding period in 2023/24 respectively.

1.9 Exchange Rate

In 2024/25, the exchange rate was averaged at 2,619.07 shilling per US dollar compared to 2,504.92 shilling per US dollar recorded in 2023/24, equivalent to a depreciation of 4.2 percent. In a quarter ending June 2025, the shilling was traded at an average of shilling 2,658.42 per USD compared to shilling 2,590.91 per USD in similar period in 2024, equivalent to an average depreciation of 2.6 percent.

GOVERNMENT OPERATIONS

2.0 Domestic Revenue

During the year 2023/24, the Government continued to implement various strategies to ensure the revenue target is achieved. During the fourth quarter, total domestic revenue collection (including LGAs own source) amounted to 9,176.1 billion shillings equivalent to 102.9 percent compared to target and 20.7 percent higher than 6,463.2 billion shillings collected in a corresponding period in 2023/24. On cumulative basis, total domestic revenue collected for the year 2024/25 was 34,845.9 billion shillings equivalent to 100.7 percent of the target for the period and an increase of 16.8 percent when compared with amount collected in the year 2023/24. Out of the collected amount, collection from Tanzania Revenue Authority (TRA) was 30,095.7 billion shillings, equivalent to 102.3 percent against the target. Non tax revenue collected by MDAs was 3,312.9 billion shillings, equivalent to 86.3 percent of the target and collection from LGAs own source was 1,437.3 billion shillings equivalent to 106.0 percent of target.

2.1 Revenue by Source

2.1.1 Taxes on Imports

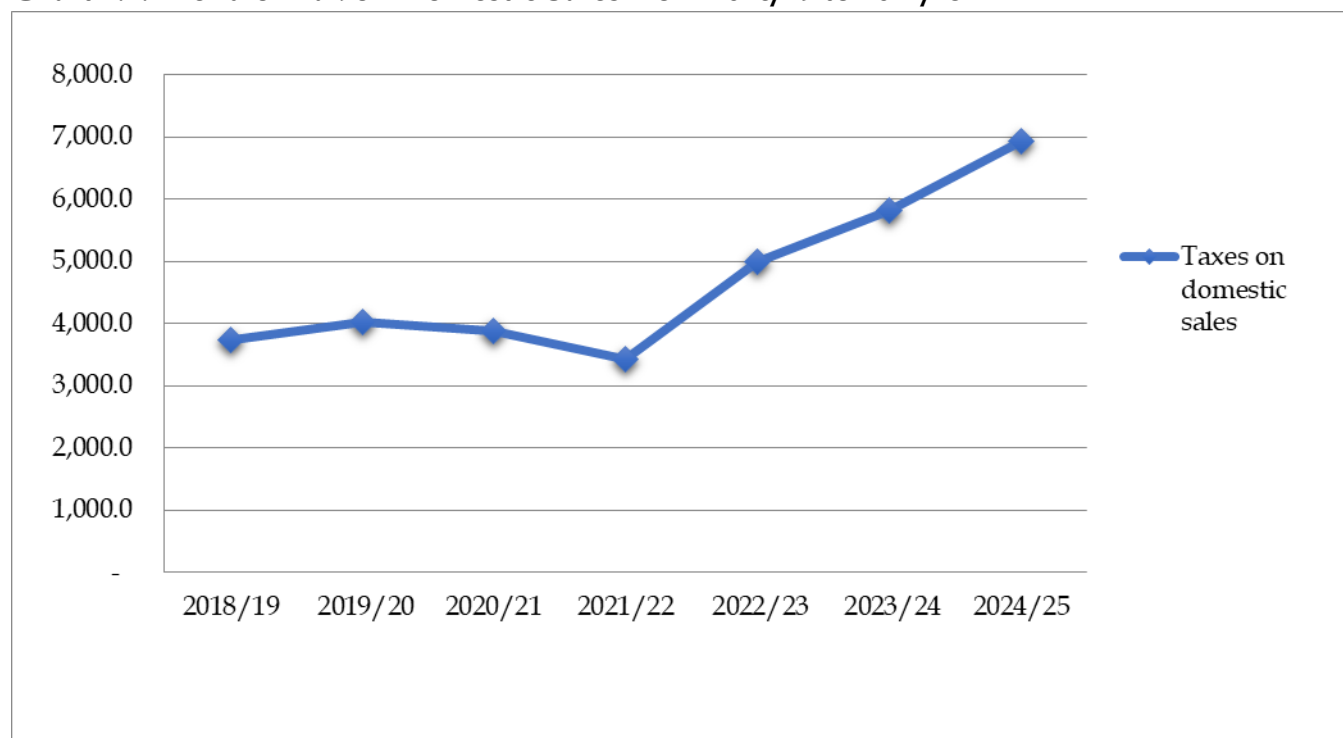
Import taxes and duties collection in the fourth quarter, amounted to 2,262.2 billion shillings, reflecting a performance of 107.9 percent of estimated collections, and 20.6 percent higher when compared to collections registered in a similar period in 2023/24. Cumulatively, import taxes and duties collection amounted to 8,467.4 billion shillings, reflecting a performance of 103.4 percent of estimates, and 18.8 percent higher when compared to collections registered in a similar period in 2023/24. The excise on petroleum imports recorded the total collection of 1,274.0 billion shillings, which was 99.1 percent compared to the planned target. Excise on other imports registered performance of 113.4 percent of the target by collecting 395.0 billion shillings. Import duty performed below the target by collecting 2,093.1 billion shillings, equivalent to 96.2 percent of the target and VAT on non-petroleum performed by collecting 4,652.3 billion shillings equivalent to 107.5 percent. The underperformance of import duty was attributed to decline in importation of consumer goods by 7.9 percent compared to similar period in previous year.

2.1.2 Taxes on Domestic Sales

In the fourth quarter of 2024/25, actual tax collection from domestic sales increased by 6.4 percent to 1,689.3 billion shillings from 1,161.7 billion compared to amount collected in the corresponding period in 2023/24. This collection was equivalent to 99.2 percent of the target of 1,702.9 billion shillings. On cumulative basis, actual tax collection from domestic sales increased by 19.2 percent to 5,818.0 billion shillings in 2024/25 from 6,936.4 billion shillings collected in the year 2023/24, equivalent to 105.1 percent of the target. Out of the total domestic sales tax, excise duty was 2,259.6 billion shillings, equivalent to 100.9 percent of the target and increased by 14.6 percent compared to the previous year while VAT on domestic sales amounted to 4,676.8 billion shillings, which was 107.2 percent of the target and 21.6

percent higher when compared with the amount collected in 2023/24. The performance increase in taxes on domestic sales was attributed to improved business environment and strengthened relationships and collaboration with business associations and all traders across the country, as well as enhancing tax education through various channels. **Chart 2.1** shows the trend of tax on domestic sales (2017/18 to 2023/24).

Chart 2.1: Trend of Tax on Domestic Sales from 2018/19 to 2024/25



Source: Tanzania Revenue Authority

2.1.3 Income Tax

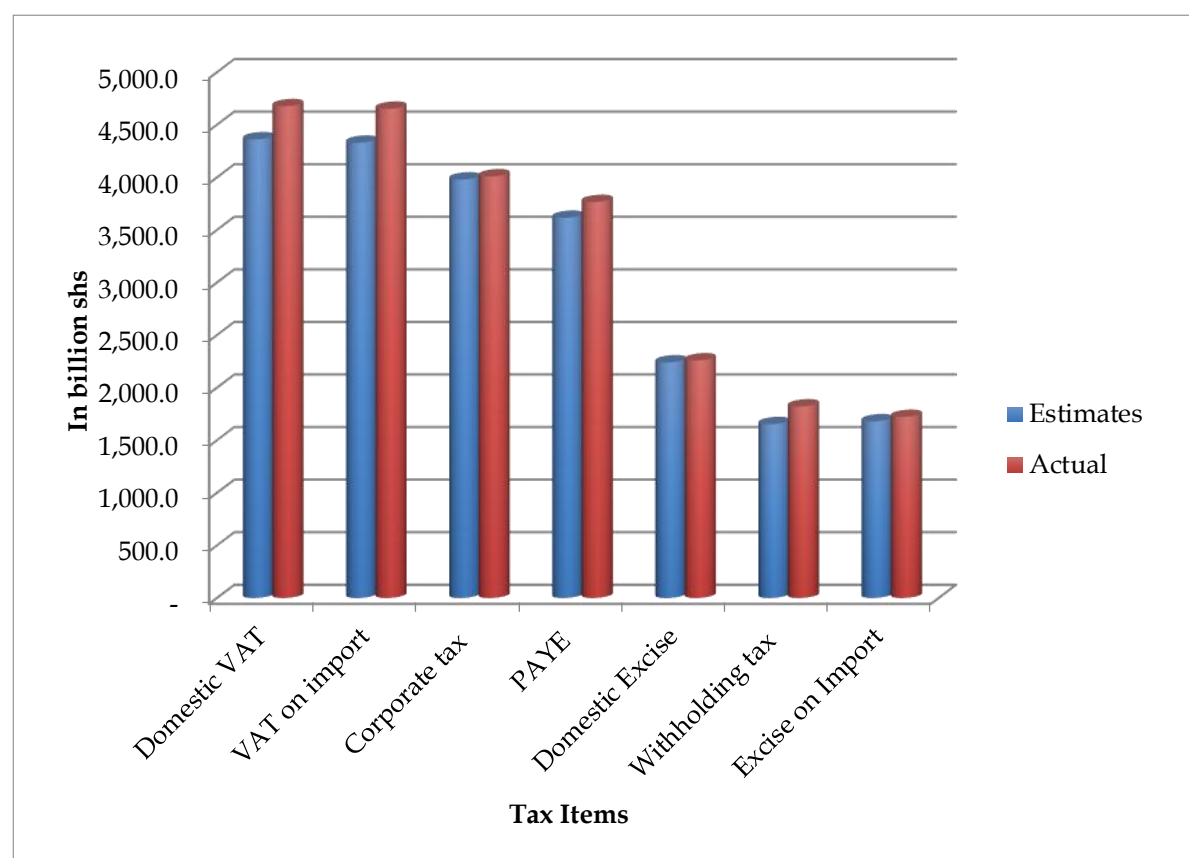
The overall income tax collection during the fourth quarter of 2024/25 amounted to 2,810.7 billion shillings which was 106.4 percent of the target, reflecting an increase of 19.5 percent compared to collections registered in the same period in 2023/24. Cumulatively, up to June 2024 income tax collection was 10,557.0 billion shillings, which was 103.9 percent of estimates. In the fourth quarter of 2024/25, PAYE collection was 982.3 billion shillings, equivalent to 112.5 percent of the target. Cumulatively, in the year 2024/25, PAYE collection was 3,765.8 billion shillings against the target of 3,615.4 billion shillings, signifying the performance of 104.2 percent. The performance is due to close follow up of employers in terms of filing employment taxes that enhanced collection of employment taxes, there has been an increase of 11.5 percent, 5.8 percent and 4.1 percent reported employees from parastatal, government and private sector in 2024/25 compared to 2023/24 respectively

During the fourth quarter of 2024/25, revenue collection from the corporate tax was 1,039.0 billion shillings, which was 95.2 percent of the target. Cumulatively, amount collected from corporate tax was 4,009.7 billion shillings equivalent to 100.7 percent of the target and 12.2 percent higher compared to amount collected 2023/24. The performance was attributed to

improved business environment which led to increase in payment of corporate tax from Tax-Limited Companies (Non-resident) by 48.3 percent, and Limited companies' resident by 10.3 percent.

Collections from withholding taxes for the fourth quarter were 548.0 billion shillings equivalent to 126.5 percent of the target. Cumulatively, in 2024/25, collections of withholding taxes were 1,821.4 billion shillings against the target of 1,652.9 billion shillings which was 110.2 percent and 19.1 percent higher compared to what was collected in the year 2023/24. Revenue performance by major tax items is shown in **Chart 2.2**.

Chart 2.2: Revenue Performance by Major Tax Item for the year 2024/25



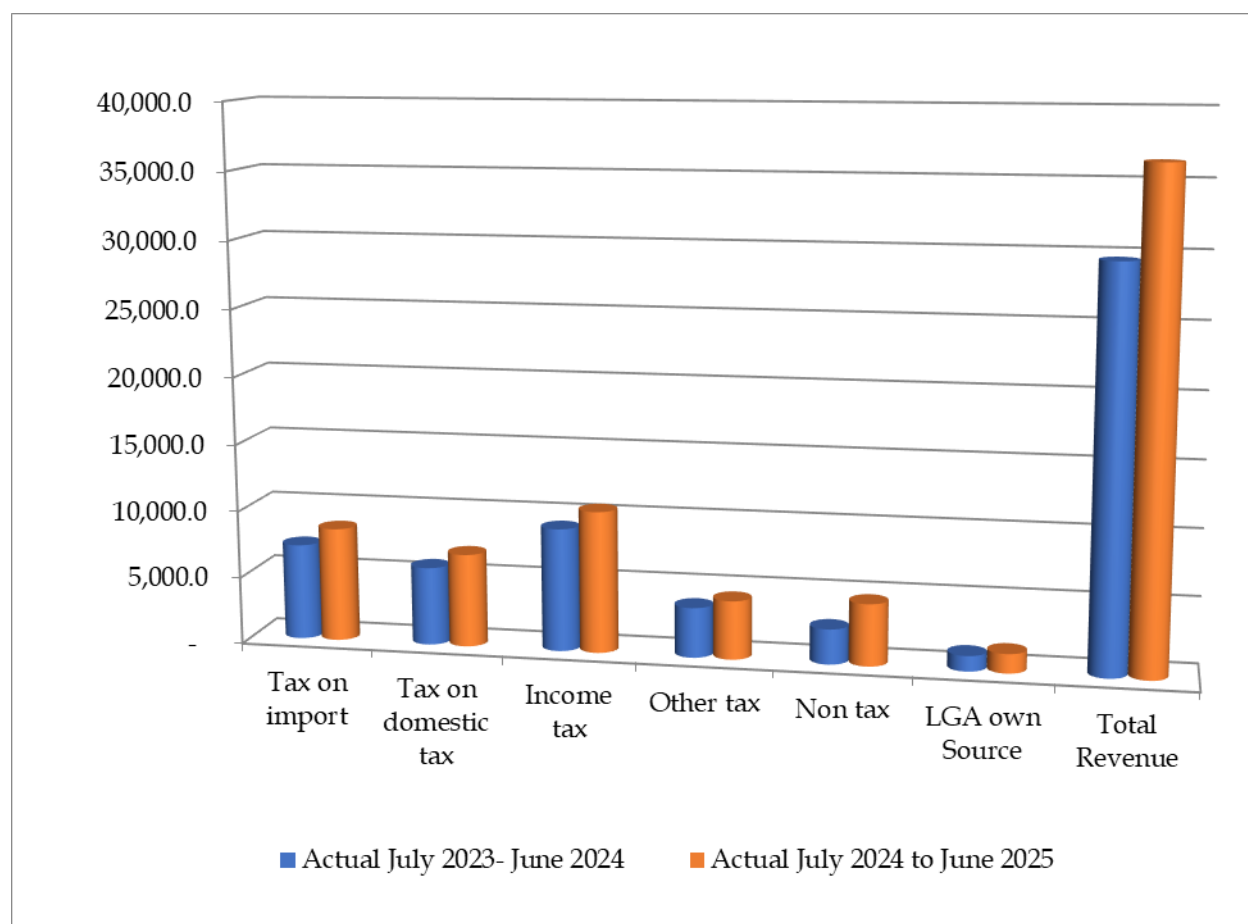
Source: Tanzania Revenue Authority

2.1.4 Other Taxes

During the period from (April to– June 2025), actual collections from this category amounted to 1,042.1 billion shillings, which was 104.7 percent of the period estimate. On cumulative basis, amount collected from this source was 4,361.6 billion shillings, which was 103.7 percent of the target, an increase of 17.3 percent when compared to the amount collected in 2023/24. Out of the amount, Fuel Levy and Transit Fee was 1,916.9 billion shillings, equivalent to 100.6 percent of estimates; collections meant for National Water Development Fund was 207.0 billion shillings, which was 98.6 percent of estimates; and collections for Rural Energy Agency (REA) was 433.7 billion shillings, which was 97.7 percent of estimates. On the other hand,

collections for Railway Development Fund were 662.3 billion shillings, equivalent to 99.6 percent of estimates; Business Skill Development Levy (SDL) recorded 390.6 billion shillings, equivalent to 97.8 percent of estimates, and Departure Service Charges performed at 101.7 percent of estimates of 94.1 billion shillings. The underperformance of collections for Rural Energy Agency (REA) and National Water Development Fund was attributed to decline in importation volume of petrol by 9.2 percent compared to similar period in 2023/24. Departure service charges performed higher compared to the previous year due to increased number of both international and domestic flights. The trend of revenue performance is indicated in **Chart 2.3**.

Chart 2.3: Revenue Performance for the year 2024/25 Compared 2023/24



Source: Tanzania Revenue Authority

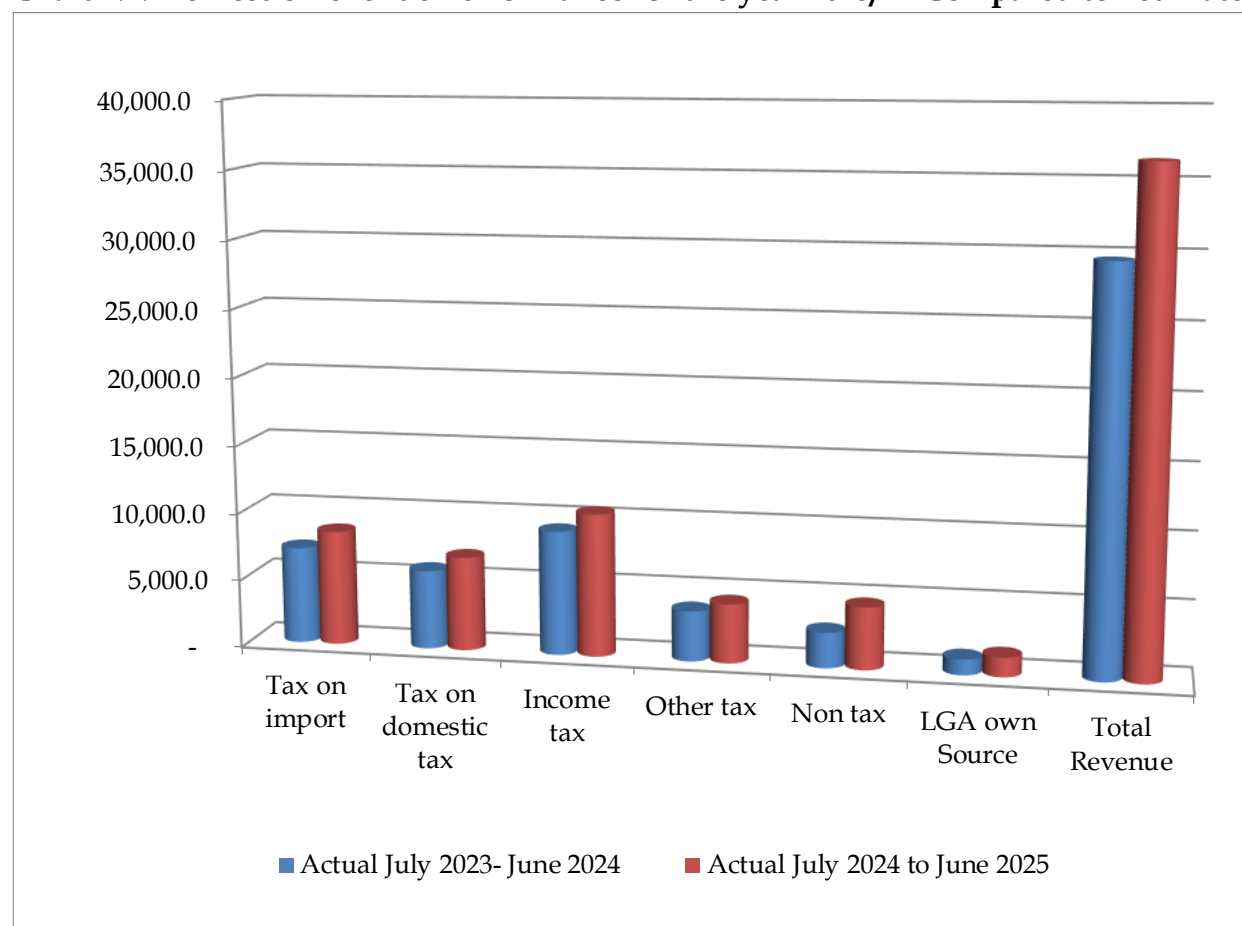
2.1.5 Non-Tax Revenue

Collections of non-tax revenue in the fourth quarter of 2024/25 were 1,219.1 billion shillings, equivalent to 88.5 percent of quarter estimates. The collections were lower by 15.6 percent when compared to collections registered in the same period in 2023/24. For the year 2024/25, collections of non-tax revenue were 4,612.7 billion shillings equivalent to 89.8 percent of period estimates and higher by 17.6 percent when compared to collections registered in the year 2023/24. Out of the amount, non-tax revenues collected by ministries were 2,330.4 billion shillings equivalent to 87.3 percent of the target, dividends and contribution from Government

Institutions were 982.5 billion shillings, which was 84.1 percent of the target, non-tax revenues collected by TRA (tourism fee, mobile money transfer and withdraw levy and others) were 1,299.9 billion shillings, which was 100.3 percent of the period estimates. The underperformance was mainly attributed to inefficiencies in land fee collection systems and failure of public institutions and government agencies to remit dividends and contributions to the Consolidated Fund as projected.

Collections from LGAs own source in the fourth quarter of 2024/25, was 396.4 billion shillings, equivalent to 113.5 percent of estimates and an increase of 42.9 percent compared to collections in the fourth quarter of 2023/24. For the year 2024/25, LGAs own source recorded 1,146.6 billion shillings, which was 106.0 percent of the target, and higher by 25.4 percent when compared to the year 2023/24. Domestic revenue performance for 2023/24 compared to estimates is depicted in **Chart 2.4**.

Chart 2.4: Domestic Revenue Performance for the year 2023/24 Compared to Estimates



Source: Ministry of Finance

2.2 Expenditure

During the fourth quarter, expenditure amounted to 12,491.75 billion shillings, equivalent to 98 percent of the targeted spending of 12,741.05 billion shillings. The high expenditure performance for this quarter was mainly attributed to impressive performance in revenue collection from majority of revenue sources including LGAs own source.

2.2.1 Recurrent Expenditure

Recurrent expenditure totaled 9,443.46 billion shillings during the period under review, representing 102 percent of the target of 9,289.22 billion shillings. This performance underlines the Government's sustained commitment to fulfilling key statutory obligations, including debt service payments, clearance of arrears, remuneration of public servants, and intergovernmental transfers to LGAs and public institutions.

2.2.2 Wages and Salaries

Expenditure on wages and salaries was 2,883.19 billion shillings in the fourth quarter of 2024/25 equivalent to 96 percent of the approved target of 2,991.14 billion shillings.

2.2.3 Debt Service

Expenditure on debt service totalled 3,549.76 billion shillings in the fourth quarter of 2024/25, reflecting a performance of 87 percent of estimates of 4,076.89 billion shillings. Out of the total debt service, amortization amounted to 2,073.91 billion shillings and interest payments were 1,475.85 billion shillings.

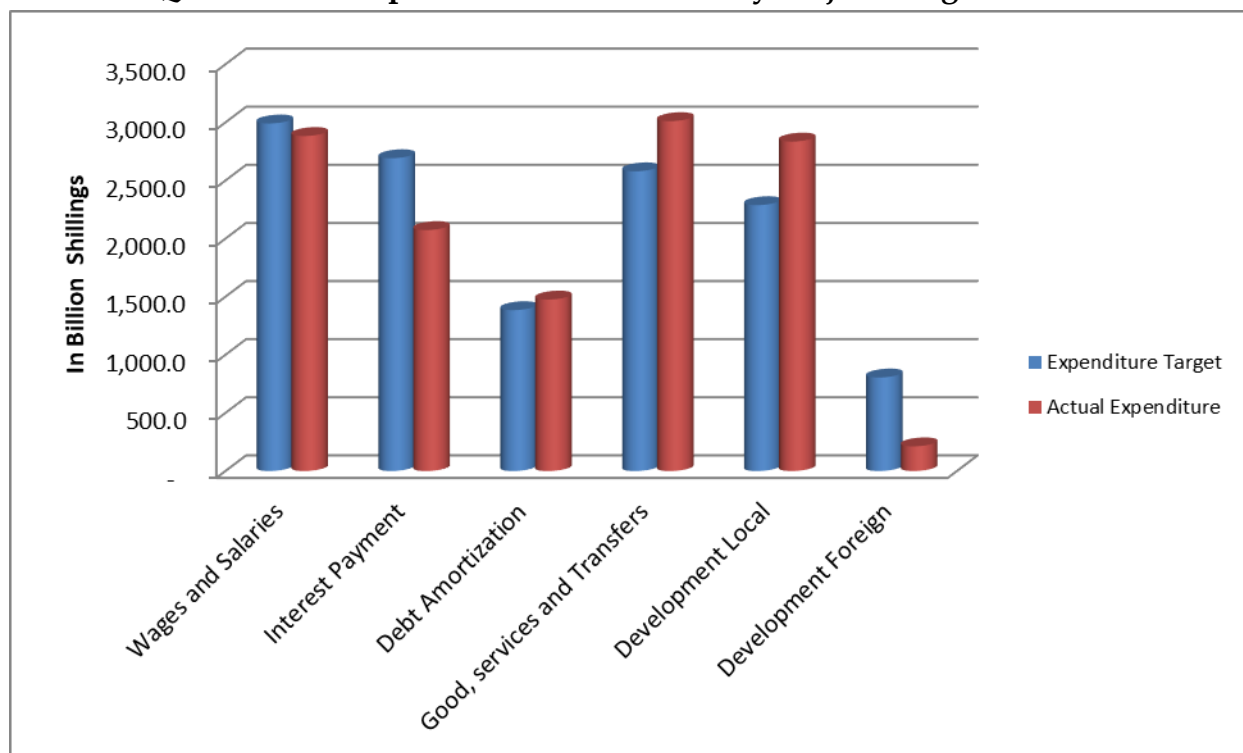
2.2.4 Goods, Services and Transfers

The total expense on goods, services and grant transfers to other level Government and Parastatals was 3,011.20 billion shillings in the fourth quarter of 2024/25, equivalent to 136 percent of the target of 2,221.20 billion shillings.

2.2.5 Development Expenditure

During the fourth quarter of 2024/25, disbursement for development activities amounted to 3,048.29 billion shillings, equivalent to 98.53 percent of the target of 3,093.67 billion shillings. The performance was high on account of increased absorption capacity for projects financed by local resources. Disbursement for projects financed by local resources was 2,835.41 billion shillings, equivalent to 114 percent of the target of 2,488.37 billion shillings. On the other hand, foreign resources disbursement including direct project funds amounted to 212.88 billion shillings, equivalent to 22 percent of the target of 963.46 billion shillings. The fourth quarter performance of budget by major categories of recurrent and development is presented in **Chart 2.5**.

Chart 2.5: Quarter Four Expenditure Performance by Major Categories



Source: Ministry of Finance

2.2.6 Cumulative Expenditure Performance (July 2024 to June 2025)

As at end June 2025, Government spending amounted to 49,362.28 billion shillings, representing 98 percent of the annual target of 50,291.41 billion shillings. This was 87 percent higher than the 42,945.2 billion shillings recorded by end June 2024. The strong annual expenditure performance was largely supported by improved domestic revenue collection and adequate financing through loan receipts.

The recurrent expenditure stood at 33,959.56 billion shillings, equivalent to 97 percent of the annual target of 34,937.81 billion shillings. This slight underperformance reflects continued pressure from statutory obligations, including wages, debt service, and transfers. Conversely, expenditure on development activities amounted to 15,402.72 billion shillings, translating to 100 percent of the annual target of 15,353.60 billion shillings. The overperformance in development spending signals the Government's prioritization of infrastructure and growth-enhancing projects.

Overall, the budget outturn indicates a strong alignment with fiscal priorities, with development expenditure surpassing targets while recurrent spending remained broadly within planned limits. The annual performance of the budget by major categories – recurrent and development is summarized in **Table 2.1**

Table 2.1: Expenditure Performance by Major Categories (July 2024 to June 2025)**Billion Shillings**

Category	Annual Target	Actual Expenditure	Performance
Recurrent Expenditure	34,937.81	33,959.56	97%
o/w Wages and Salaries	11,767.99	11,238.56	96%
Debt Amortization	7,539.49	7,285.11	97%
Interest Repayments	5,581.98	5,176.70	93%
Goods, Services and Transfers	10,048.36	10,259.13	102%
Development Expenditure	15,353.60	15,402.72	100%
Development Local	11,712.76	12,715.89	109%
Development Foreign	3,640.83	2,686.83	74%
Grand Total	50,291.41	49,362.28	98%

Source: Ministry of Finance

2.2.7 Government Expenditure on Arrears

In 2024/25, the settlement of expenditure arrears remained a key government priority. Between July 2024 and June 2025, a total of 1,128.85 billion shillings was disbursed to clear outstanding obligations. This demonstrates the Government's continued commitment to clearing arrears, supporting service providers, and enhancing confidence in public financial management systems. The breakdown of the disbursed funds by expenditure category is presented in **Table 2.2** below.

Table 2.2: Breakdown of Verified Arrears Payments (In billion shillings)

	ARRERAS CATEGORY	AMOUNT PAID
1	Construction Works	974.55
2	Supplies (Goods & Services)	113.58
3	Staff	39.92
4	Utilities	0.80
	Total	1,128.85

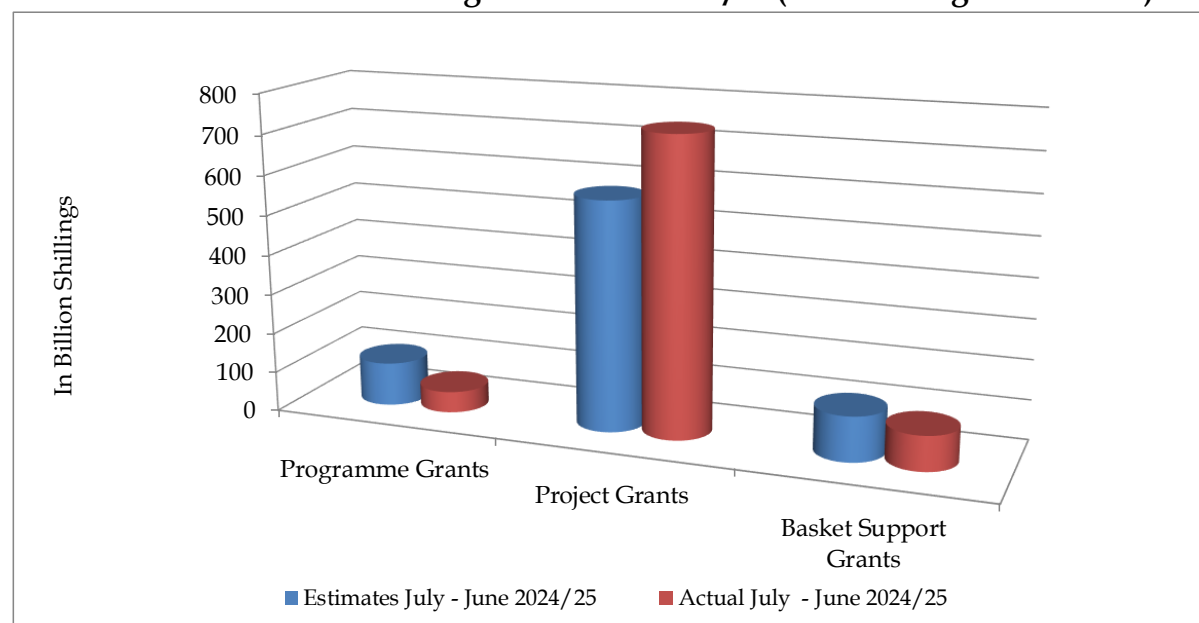
Source: Ministry of Finance

2.3 Grants

During the fourth quarter of 2024/25, grants received were 186.6 billion shillings, equivalent to 58 percent of the estimated amount of 322.8 billion shillings. Out of the total grants, General Budget Support grants were 53.0 billion shillings, Project Grants were 119.9 billion shillings and Basket Funds were 13.7 billion shillings. Cumulatively, for the year 2024/25, grants received were 880.1 billion shillings, equivalent to 111 percent of the estimated amount of 794.4 billion shillings. Out of the amount, General Budget Support was 53.0 billion shillings equivalent to 49 percent of the estimates, Project Grants were 740.1 billion shillings equivalent

to 129 percent of the estimates, Basket Funds were 87.0 billion shillings equivalent to 77 percent. This performance was driven by effective project implementation and timely submission of implementation reports to Development Partners for ongoing development projects.

Chart 2.6: Performance of Foreign Grants in 2024/25 (Estimates against Actual)



Source: Ministry of Finance

2.4 Financing

Total financing during the fourth quarter of 2024/25 was 214.8 billion shillings against the target of 787.8 billion shillings. Out of the total financing, foreign net financing was 492.9 billion shillings against a borrowing target of 356.6 billion shillings and total domestic net financing was 707.7 billion shillings against the borrowing target of 431.2 billion shillings. In 2024/25, total financing was 6,810.1 billion shillings against the target of 7,346.9 billion shillings, equivalent to 93 percent of the target. Out of the total financing, foreign net financing was 3,006.0 billion shillings against a borrowing target of 4,751.5 billion shillings, equivalent to 63 percent and total domestic net financing was 3,804.1 billion shillings against the target of borrowing 2,595.4 billion shillings, equivalent to 147 percent of the target.

2.4.1 Domestic Financing

In 2024/25 Government budget, domestic borrowing was planned at 6,617.8 billion shillings, whereas 4,022.4 billion shillings were for financing rolling over of maturing Treasury Bills and Bonds and 2,595.4 billion shillings were loans for financing development projects. During the fourth quarter of 2024/25, a total of 1,544.6 billion shillings were borrowed from domestic market against the target of borrowing 1,759.6 billion shillings, equivalent to 88 percent. Out of the amount borrowed, 837.0 billion shillings was for redemption (rollover) of matured obligations, and 707.7 billion shillings was borrowed for financing development projects. Cumulatively, for the year 2024/25, a total of 7,891.3 billion shillings were borrowed from domestic market against the target of borrowing 6,617.8 billion shillings, equivalent to

102percent. Out of the amount borrowed, 4,087.2 billion shillings was for redemption (rollover) of matured obligations, equivalent to 102 percent and 3,804.1 billion shillings was borrowed for financing development projects, equivalent to 147 percent of the annual target.

2.4.2 Foreign Financing

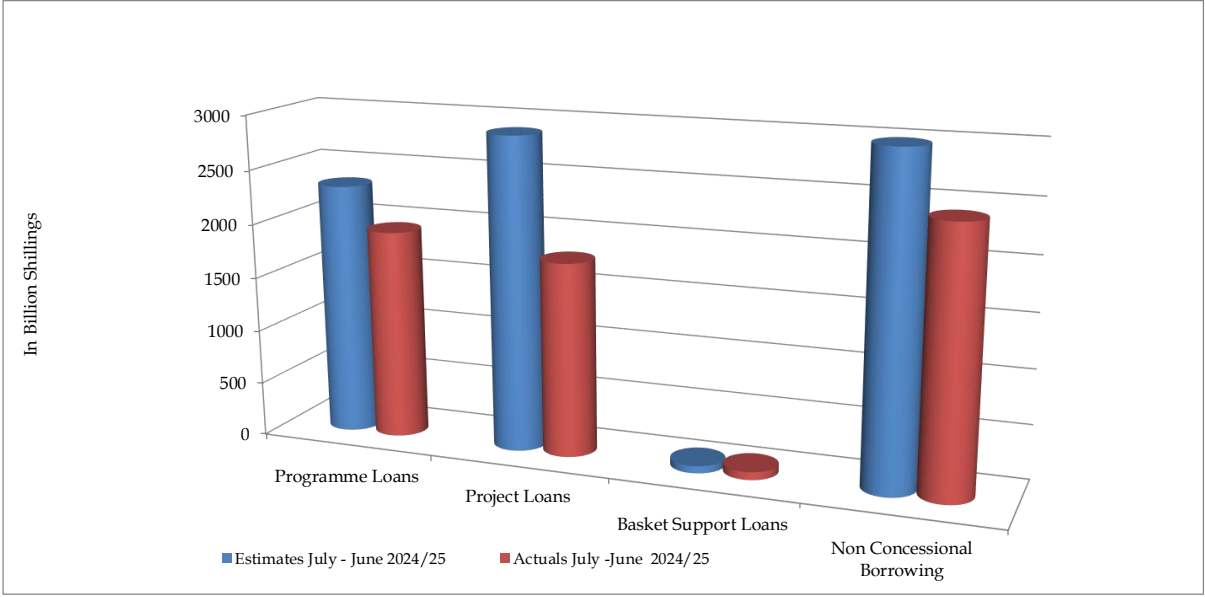
Net foreign financing for the fourth quarter was a repayment of 492.9 billion shillings against a borrowing target of 356.6 billion shillings. During the quarter under review, disbursements of concessional loans were 744.0 billion shillings against the target of 1,179.5 billion shillings which was 63 percent of the target. Nothing was disbursed as non-concessional loans. In addition, amortization of foreign loans was 1,236.9 billion shillings against estimates of 1,363.8 billion shillings which was 91 percent of the estimates. For the year 2024/25, net foreign financing was a borrowing of 3,006.0 billion shillings against a borrowing target of 4,751.5 billion shillings equivalent to 63 percent of the annual target. Out of the amount, disbursements of concessional loans were 3,793.2 billion shillings against the target of 5,281.9 billion shillings equivalent to 72 percent of the target. Disbursement of non-concessional loans were 2,410.8 billion shillings against the target of 2,986.6 billion shillings, equivalent to 81 percent. In addition, amortization of foreign loans was 3,198.0 billion shillings against estimates of 3,517.1 billion shillings which was 91 percent of the target. The trend of grants and external concessional loans is depicted in Table 2.3 and the performance of foreign financing for the year 2024/25 is shown in Chart 2.7.

Table 2.3: Trend of Grants and External Concessional Loans for the year 2024/25

Summary of Disbursement July - June 2024/25 (All figures in millions shillings)				
AID MODALITY	Type of assistance	Annual commitment as per budget	Actual Disbursement July - June 2024/25	% of Commitment
GBS	Grants	109,024	52,967	48.6%
GBS	Concessional Loan	2,326,471	1,933,438	83.1%
Sub Total		2,435,496	1,986,405	81.6%
Basket Funds	Grants	112,409	87,026	77.4%
Basket Funds	Concessional Loan	66,483	73,278	110.2%
Sub Total		178,892	160,304	89.6%
Development Projects	Grants	572,957	740,059	129.2%
Development Projects	Concessional Loan	2,888,989	1,786,466	61.8%
Sub Total		3,461,946	2,526,525	73.0%
Grand Total		6,076,334	4,673,234	76.9%

Source: Ministry of Finance

Chart 2.7: Performance of Foreign Financing for the year 2024 / 2025 (Estimates Vs Actual)



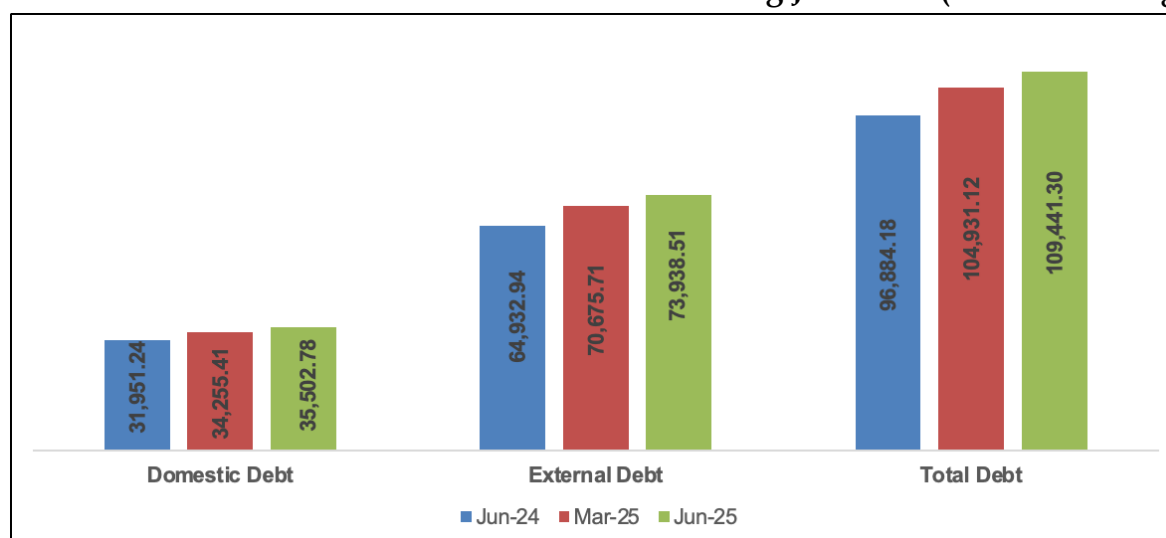
Source: Ministry of Finance

GOVERNMENT DEBT DEVELOPMENT

3.1 Overall Debt Stock

As at end of June 2025, Central Government Debt Stock stood at TZS 109,441.30 billion (USD 41,642.51 million), increase of 12.96 percent compared to TZS 96,884.18 billion (USD 36,698.55 million) recorded at the end of June 2024 (Chart 3.1). Out of the Central Government debt, domestic debt accounts for TZS 35,502.78 billion, equivalent to 32.44 percent and external debt accounts for TZS 73,938.51 billion, equivalent to 67.56 percent. On a quarterly basis, Central Government debt stock increased by 4.30 percent compared to TZS 104,931.12 billion recorded at end of March 2025. The increase in the Central Government's debt stock was primarily driven by new domestic borrowing through the issuance of Government Securities, disbursements from external creditors, and the depreciation of the Tanzanian shilling against the US Dollar.

Chart 3.1: Trend of Central Government Debt ending June 2025 (Billion Shillings)

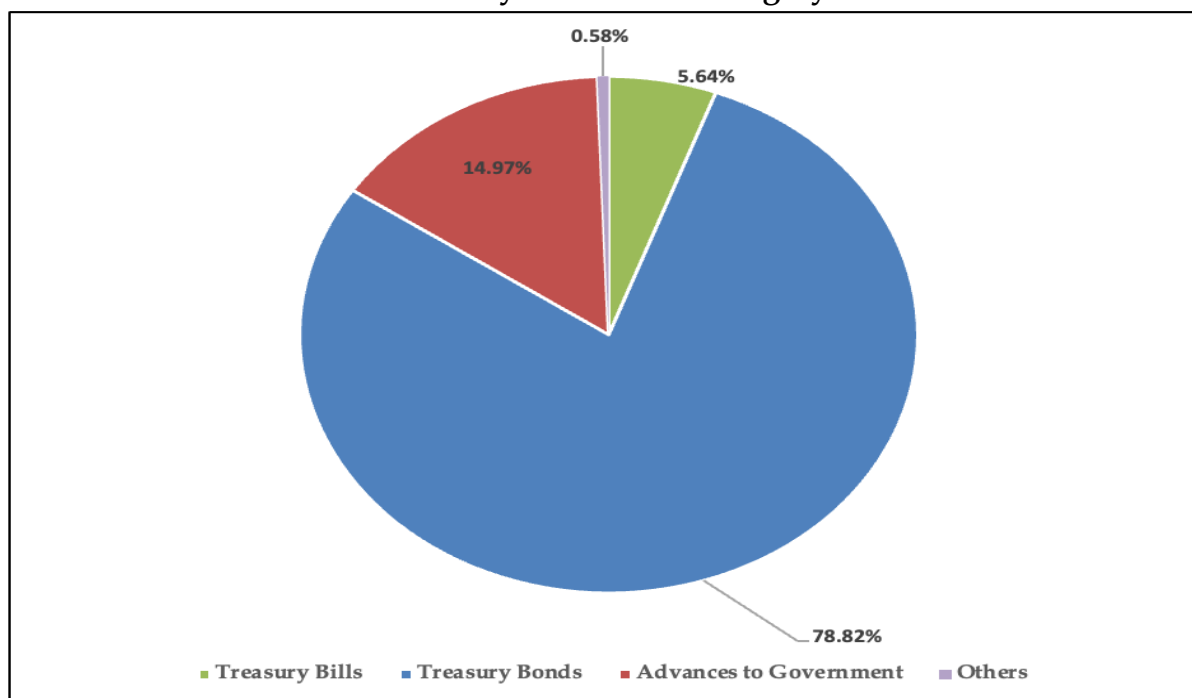


Source: Ministry of Finance

3.2 Central Government Domestic Stock

At the end of June 2025, the domestic debt stock stood at TZS 35,502.78 billion (USD 13,508.84 million), marking a 3.64 percent increase compared to TZS 34,255.41 billion of the quarter ending March 2025. The profile of domestic debt by instrument (excluding Bank of Tanzania liquidity paper) shows that treasury bonds account for the largest share (78.82 percent) of the domestic debt by instrument (excluding Bank of Tanzania liquidity paper), Chart 3.2 presents detailed performance. The greater share of Treasury bond is consistent with the Medium-Term Debt Strategy which requires the Government to develop domestic bond market by issuing instrument with longer tenure to mitigate the refinancing risk.

Table 3.1 : Domestic Debt Stock by Instrument Category

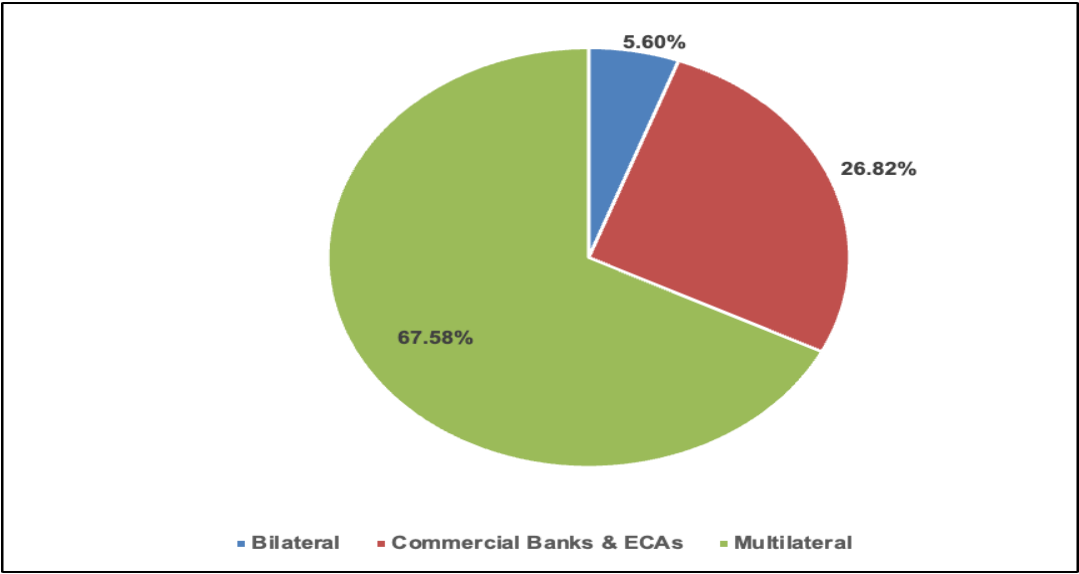


Source: Ministry of Finance

3.3 Central Government External Debt

At the end of June 2025, the stock of external Central Government debt stood at TZS 73,938.51 billion (USD 28,133.67 million) an increase of 13.87 percent from TZS 64,932.94 billion (USD 24,595.81 million) recorded at end June 2024. On quarter-to-quarter basis, external central Government debt increased by 4.62 percent from TZS 70,675.71 billion (USD 26,670.32 million) recorded at end March 2025. The increase was mainly attributed by new external borrowing and the depreciation of local currency over the foreign currencies most specifically US Dollar. The proportion of debt owed to multilateral institutions remained dominant of all creditor categories accounting for 67.58 percent of the external debt stock for the quarter ending June 2025, followed by commercial banks and ECAs with 26.82 percent, and bilateral creditors share the remaining portion with 5.60 percent (**Chart 3.3**).

Chart 3.3: Government External Debt by Creditor Category



Source: Ministry of Finance

Billion Shillings						
	Budget Estimates	April 2025 - June 2025			July 2024 - June 2025	Year Perf.
		Estimates	Actual	per	Actual	
Revenue (Including LGAs own sources)	34,610.6	8,920.9	9,176.1	102.9%	34,845.9	100.7%
Revenue (Excluding LGAs own sources)	33,254.3	8,571.6	8,779.6	102.4%	33,408.6	100.5%
Tax Revenue	28,118.8	7,194.5	7,560.6	105.1%	28,795.9	102.4%
Taxes on Imports	8,185.5	2,097.5	2,262.2	107.9%	8,467.4	103.4%
Import Duty	2,175.8	544.6	565.0	103.7%	2,093.1	96.2%
Excise on Petroleum	1,285.2	318.0	313.7	98.6%	1,274.0	99.1%
Excise	1,285.2	318.0	313.7	98.6%	1,274.0	99.1%
Others	4,724.4	1,234.9	1,383.5	112.0%	5,100.2	108.0%
Excise	395.0	102.0	133.5	130.9%	448.0	113.4%
VAT on Non-Petroleum import	4,329.5	1,132.9	1,250.0	110.3%	4,652.3	107.5%
Taxes on Domestic Sales	6,602.0	1,702.9	1,689.3	99.2%	6,936.4	105.1%
Excise	2,240.3	551.3	551.6	100.0%	2,259.6	100.9%
Value Added Tax (VAT)	4,361.7	1,151.6	1,137.7	98.8%	4,676.8	107.2%
Income Tax	10,160.1	2,642.2	2,810.7	106.4%	10,557.0	103.9%
PAYE	3,615.4	873.0	982.3	112.5%	3,765.8	104.2%
Corporate and Parastatals	3,980.0	1,091.4	1,039.0	95.2%	4,009.7	100.7%
Individuals	314.2	81.7	76.8	94.0%	315.7	100.5%
Withholding Taxes	1,652.9	433.3	548.0	126.5%	1,821.4	110.2%
Rental Tax	173.5	44.9	42.7	95.1%	173.4	99.9%
Other Income	424.1	118.0	121.9	103.3%	470.9	111.0%
Other Taxes	4,205.3	995.6	1,042.1	104.7%	4,361.6	103.7%
Business Skill Development Levy	399.4	100.6	101.0	100.5%	390.6	97.8%
Fuel Levy and transit fee	1,906.0	472.8	464.4	98.2%	1,916.9	100.6%
Stamp Duty	29.5	5.7	7.0	122.4%	32.0	108.2%
Departure Service Charges	94.1	15.7	21.1	134.5%	95.7	101.7%
Processing Fee-dry cargo-TRA	133.9	32.9	34.6	105.4%	132.1	98.6%
Export Duty	123.2	3.4	2.3	66.5%	207.3	168.3%
Railway Development Fund	665.1	162.2	170.9	105.3%	662.3	99.6%
National Water Development Fun	209.9	52.7	50.2	95.2%	207.0	98.6%
Motor vehicle taxes	171.0	38.0	71.2	187.4%	225.8	132.0%
Treasury Voucher Cheque	18.3	4.5	7.2	159.7%	39.61	216.1%
Industrial Development Levy	11.1	2.3	6.8	295.9%	18.78	168.4%
Transer to REA	443.8	104.9	105.5	100.6%	433.7	97.7%
Refunds	-1,034.2	-243.8	-243.8	100.0%	-1,526.5	147.6%
Refunds - VAT	- 930.5	-211.3	-216.6	102.5%	-1,324.5	142.3%
Refunds - other	- 103.7	-32.5	-27.1	83.5%	-202.0	194.9%
Non Tax Revenue	5,135.6	1,377.1	1,219.1	88.5%	4,612.7	89.8%
Parastatal Dividends	1,168.5	383.8	317.9	82.8%	982.5	84.1%
Ministries and Regions	2,670.5	745.9	657.7	88.2%	2,330.4	87.3%
TRA Non Tax	225.2	46.8	35.3	75.4%	151.5	67.3%
Tourism Sector	849.4	142.4	158.7	111.5%	947.1	111.5%
Transaction levy on Mobile mone	221.9	58.3	49.4	84.8%	201.1	90.6%
Property tax		0.0	0.0		0.0	
Billboard Fee Collections		0.0	0.1		0.2	
LGAs own source	1,356.3	349.4	396.4	113.5%	1,437.3	106.0%

Source: Ministry of Finance

