THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF FINANCE

The Annual Borrowing Plan for 2025/26

NOVEMBER 2025

Contents

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 office in operationalizing the selected borrowing strategy.

In alignment with its legal obligation to mobilize the required financing, the Government has formulated an ABP to inform stakeholders and investors about its strategy to fund the 2025/26 Annual 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 ABP underscores the Government's commitment to fiscal responsibility, transparency, accountability, 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 2025/26 Annual Budget, using various debt instruments slated for issuance throughout the fiscal year, as defined in the MTDS.

2 Borrowing Requirements for 2025/26

The gross financing requirement for 2025/26, as approved by the Parliament, is estimated at TZS 14,954,236 million. Of this amount, TZS 8,676,050 million will be sourced externally, and the remaining TZS 6,278,187 million will be sourced domestically (Table 1). However, following the disbursement of the IMF's Resilience and Sustainability Facility (RSF) facility amounting to TZS 738,406.21 million in July 2025, the domestic borrowing requirement was reduced by the same amount, bringing domestic borrowing to TZS 5,539,780.79 million. Consequently, external borrowing increased to TZS 9,414,455.97 million, reflecting the adjustment made after incorporating the RSF disbursement.

Table 1: Budget Breakdown for 2025/26 (TZS million)

Total Revenue	40,466,131
Tax revenue (less refunds and transfers)	**32,176,000**
Tax on imports	12,257,026
o/w VAT	4,973,449
Sales/VAT and excise on local goods	7,016,471
o/w VAT	4,332,117
Income taxes	11,268,555
Other taxes	1,633,948
Non-tax revenue (Inc. Local Gov. Authorities)	**8,290,132**
o/w LGA own sources	1,680,507
Total Expenditure	**48,774,989**
Recurrent expenditure	**31,281,256**
Wages and salaries	13,174,240
Interest payment	6,493,715
Domestic	3,697,288
Foreign	2,796,427
Other goods, services, and transfers	11,613,300
Development expenditure	**17,493,733**
Local funding	12,117,828
Foreign funding	5,375,905
Overall balance before grants	**(8,308,858)**
Grants	**1,069,884**
Overall balance after grants	**(7,238,973)**
Financing	**7,238,973**
Foreign (net)	**4,286,343**
Borrowing	8,676,050
Amortization	(4,389,707)
Domestic (net)	**2,952,630**
New borrowing (Rollover)	3,325,557
Amortization (Rollover)	(3,325,557)

2.1 Government External Borrowing Requirements

The Government plans to mobilize TZS 9,414,455.97 million in 2025/26 from external sources. Of the total amount, TZS 4,047,912 million will be concessional loans, TZS 2,737,532 million semi-concessional fixed loans, TZS 1,754,267 million semi-concessional floating loans, and TZS 874,745 million commercial loans (Table 2). This mimics the chosen strategy in the 2025 MTDS, which prioritizes semi-concessional borrowing especially through Export Credit Agencies (ECAs) while reducing commercial borrowing.

Table 2: External Borrowing Requirement (TZS million)

Instrument	Jul-Sep 2025	Oct-Dec 2025	Jan-Mar 2026	Apr-Jun 2026	Total
Concessional fixed	484,416	1,558,619	914,144	1,090,733	4,047,912
Semi-concessional fixed	977,890	768,892	450,617	540,133	2,737,532
Semi-concessional floating	560,548	145,477	1,048,242	0	1,754,267
Commercial floating	782,637	32,615	9,765	49,728	874,745
Total	**2,805,491**	**2,505,603**	**2,422,768**	**1,680,594**	**9,414,456**

Source: Ministry of Finance

2.2 Government Domestic Borrowing Requirements

In the domestic market, the Government plans to borrow a total of TZS 5,539,780.79 million through Treasury bills and bonds (Table 3). The Government intends to borrow more from medium to long-term instruments rather than short-term instruments to reduce refinancing risk, smooth the redemption profile, and support the development of an effective Government securities yield curve.

Table 3 Domestic Borrowing Requirements (TZS Million)

Instrument	July-Sep 2025	Oct-Dec 2025	Jan-Mar 2026	Apr-Jun 2026	Total
364-day bills	369,688	349,598	418,628	415,855	1,553,769
2-year bond	113,762	69,997	75,556	0	259,315
5-year bond	104,504	0	147,427	147,427	399,357
10-year bond	180,247	115,009	109,656	219,312	624,224
15-year bond	273,084	103,518	103,518	103,518	583,637
20-year bond	409,472	169,101	169,101	169,101	916,775
25-year bond	866,612	0	168,046	168,046	1,202,704
Total	**2,317,368**	**807,223**	**1,191,931**	**1,223,258**	**5,539,781**

Source: Ministry of Finance

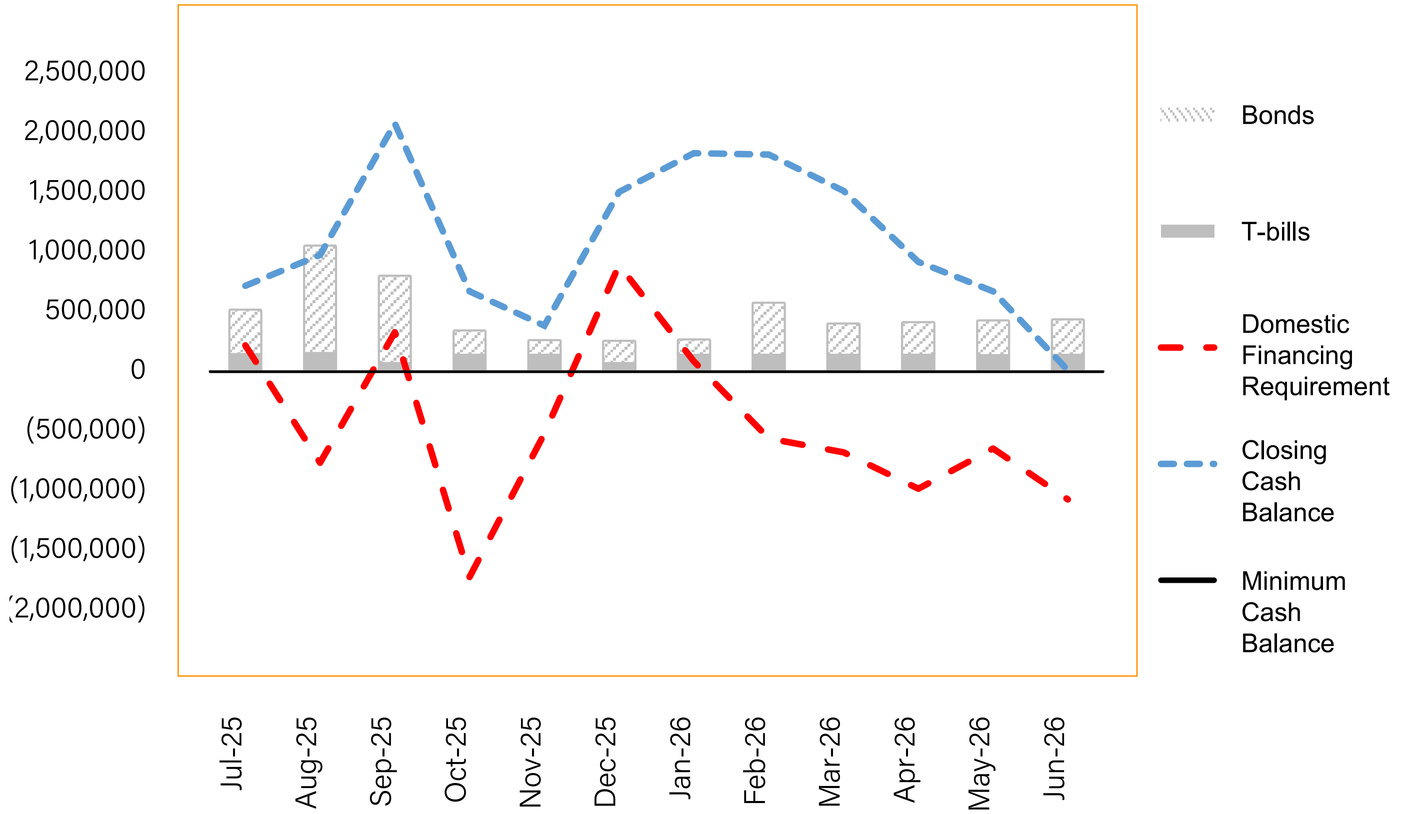
In an endeavor to ensure the development of the bond market, the Government plans to implement various initiatives, including continuation of building benchmark bonds to establish an effective sovereign yield curve, further liberalization of capital account to the rest of world, maintaining the hybrid approach to coupon-rate determination as Government transitions toward fully-fledged market-determined coupon rates, exploring innovative financial instruments to diversify and expand the investor base, implementation of Liability Management Operations (LMO), introduction of mobile phone bidding platform, and Continuing Engagement with Stakeholders through market Leaders' Forum and quarterly mini-surveys.

3 Implementation and Monitoring of 2025 ABP

3.1 Cashflow Analysis for 2025/26

The implementation of the 2025 ABP requires close oversight of the Government's liquidity position to ensure borrowing operations remain aligned with the financing requirements for 2025/26. The cash flow assumptions underpinning the Annual Borrowing Plan for FY 2025/26 exclude the utilization of the overdraft facility from the central bank implying a minimum cash balance of zero. The analysis indicates pronounced intra-year liquidity pressures driven by the timing mismatch between revenues and expenditure obligations. While monthly revenues, grants and other inflows average about TZS 3.5 trillion, expenditure and other outlays remain consistently higher in several months, resulting in recurrent primary deficits and sizable gross financing requirements, notably in October 2025 (TZS 2.25 trillion), April 2026 (TZS 1.90 trillion) and June 2026 (TZS 1.53 trillion) as illustrated in Chart 1.

Chart 1: Cashflow Projection (in millions of local currency)



Source: Ministry of Finance

The graph shows that domestic financing requirements fluctuate sharply, with negative requirements in some months reflecting excess external financing, and positive peaks necessitating increased domestic issuance to maintain the minimum cash balance.

3.2 Analysis of Cost and Risk Indicators

Implementing the 2025 ABP projects the debt to GDP ratio to reach 50.9 percent at the end of June 2026, higher than 49.0 percent at the end of June 2025. Meanwhile, interest payment to GDP and interest payment to revenue ratios are projected at around 2.4 percent and 13.9 percent at end June 2026 from 2.5 percent and 13.3 percent at end June 2025, respectively.

Debt refinancing risk is expected to improve with the Average Time to Maturity (ATM) and Debt Maturing in year (percent of total) reaching 11.7 percent and 5.7 percent as of June 2026, compared to 10.9 percent and 10.8 percent at end June 2025, respectively. Average Time to Refix (ATR) and Debt Re-fixing in 1 year (percent of total) is projected to improve to 10.7 percent and 22.6 percent at end June 2026 from 9.9 percent and 25.4 percent in the corresponding period in 2025. Collectively, improvement in these indicators suggest lengthened maturity profile of the debt portfolio.

Most cost and risk indicators will improve relative to the 2025/26 MTDS baseline scenario, despite some deterioration compared to end June 2025. Thus, by implementing this ABP, the Government expects to achieve the targets as set in the 2025 MTDS. Additionally, the cost and risk indicators will continue to be within the strategic benchmarks (Table 4).

Table 4: Cost and Risk Indicator

Cost - Risk Indicators	2025	Target/Projection 2026 (Baseline MTDS)	Target/Projection 2026 (Current ABP)	Target/Projection end of MTDS perod	Strategic Benchmarks
Outstanding Debt to GDP Ratio (in Percent)	49.0	50.9	50.9	45.3	
Total Debt					
Ratio of Interest Payment to GDP	2.5	2.3	2.4	2.3	
Interest Payment to Revenue in the 1st Year of Strategy	13.3	13.8	13.9	13.5	
Refinancing Risk					
ATM (Years)	10.9	11.7	11.7	12.1	> 10 years
Debt Maturing in 1 Year (Percent of Total)	10.8	5.8	5.7	6.4	< 15 percent
Debt Maturing in 1 Year (Percent of GDP)	5.8	3.0	2.9	2.9	< 7.5 percent
Interest Rate Risk					
ATR (Years)	9.9	10.7	10.7	10.7	
Debt Refixing in 1 Year (Percent of Total)	25.4	20.9	20.8	22.6	
Fix Rate Debt (including T-bills) (Percent of Total)	83.7	83.3	83.3	82.1	> 75 percent
T-bills (Percent of Local Currency Total)	6.1	1.3	1.2	1.2	< 10 percent
Exchange Rate Risk					
FX Debt as Percent of Total	67.6	74.5	74.5	69.4	< 75 percent

Source: Ministry of Finance

3.3 Risks to the Implementation of the 2025 ABP

The implementation of 2025 ABP will be subjected to possible risks stemming from the domestic market include underperformance of government securities auctions and elevated refinancing risks while risks emanating from external financing include exchange rate fluctuations and volatility in reference rates such as SOFR and Euribor.

Nonetheless, the Government borrowing for 2025/26 will be conducted in a manner that ensures financing needs are met at the lowest possible cost, with a prudent degree of risk.

3.4 Implementation Timeline and Review Framework

This ABP is implemented from 1st July 2025 to 30th June 2026, and is subject to quarterly reviews. The Government Loans, Guarantees and Grants Act, Cap. 134, allows for revisions and publication of the ABP in the event of major changes in both the local and global economic environment. The ABP Implementation Work Plan is presented in Annex 1.

ANNEX 1: THE ABP IMPLEMENTATION WORK PLAN

OUTPUT	ACTIVITY	TIMEFRAME	ACTION BY
Development of 2026 ABP	Review of 2025 ABP and drafting of 2026 ABP	April-June 2026	MoF
Dissemination of the 2026 ABP	Publication of ABP to the Public	July 2026	MoF
Reviewed 2025 ABP	Review of 2025 ABP	Quarterly	MoF
Review of issuance Calendar	Review of Issuance calendar by BDMC	Quarterly	MoF and BOT

WIZARA YA FEDHA
MJI WA SERIKALI - MTUMBA
MTAA WA HAZINA
S.L.P 2802, 40468 DODOMA
TANZANIA