THE UNITED REPUBLIC OF TANZANIA



MINISTRY OF FINANCE

THE BUDGET EXECUTION REPORT FOR THE FINANCIAL YEAR 2025/26 (JULY 2025 – JUNE 2026)

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NOVEMBER 2026

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EXECUTIVE SUMMARY

During the first quarter (January – March, 2026), the Gross Domestic Product (GDP) at current prices increased to 60.4 trillion shillings from 53.2 trillion shillings recorded in the same period in 2025. In addition, the real GDP (constant 2015 prices) rose to 45.8 trillion shillings in the first quarter in 2026 from 43.2 trillion shillings recorded in the similar period in 2025, equivalent to the growth rate of 6.0 percent. In 2025/26, hheadline inflation averaged at 3.6 percent, higher than the 3.1 percent recorded in 2024/25. During the quarter ending June 2026, headline inflation maintained an average of 4.1 percent compared to 3.2 percent recorded during the corresponding quarter in 2025.

During the year 2025/26, 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 11,159.9 billion shillings, which was 21.6 percent higher than 9,176.1 billion shillings collected in a corresponding period in 2024/25. On cumulative basis, total domestic revenue collected for the year 2025/26 was 41,930.4 billion shillings against the target of 40,466.1 billion shillings, equivalent to 103.6 percent of the target for the period. This includes revenue collected on behalf of other institutions. The performance shows an increase of 20.3 percent when compared with amount collected in the year 2024/25.

Government spending for the fourth quarter was 15,615.07 billion shillings, equivalent to 90 percent of the target of 17,329.60 billion shillings whereby recurrent expenditure was 11,114.01 and development 4,501.06. For the period (July 2025 to June 2026) total expenditure amounted to 55,551.90 billion shillings, equivalent to 98 percent of the annual target of 56,490.25 billion shillings.

Grants received during the fourth quarter of 2025/26, were 205.5 billion shillings, equivalent to 59.6 percent of the estimated amount of 344.7 billion shillings. Cumulatively, for the year 2025/26, grants received were 917.6 billion shillings, equivalent to 85.8 percent of the estimated amount of 1,069.9 billion shillings.

Total financing during the fourth quarter of 2025/26 amounted to 1,978.1 billion shillings, against a target of 2,420.0 billion shillings. For the year 2025/26, total financing amounted to 6,438.9 billion shillings, against a target of 7,239.0 billion shillings, equivalent to 88.9 percent of the target. In addition, the fiscal deficit for 2025/26 was 2.6 percent of GDP, against the target of 3.0 percent. Foreign net financing accounted for 1.1 percent of GDP, while domestic financing accounted for 1.5 percent of GDP.

As of end June 2026, Debt stock amounted to 117,384.01 billion shillings compared to 109,441.29 billion shillings in the corresponding period in 2025, equivalent to an increase of 7.26 percent**.** Out of the amount, domestic debt stock was 39,325.85 billion shillings and external debt stock was 78,058.16 billion shillings.

LIST OF ABBREVIATIONS

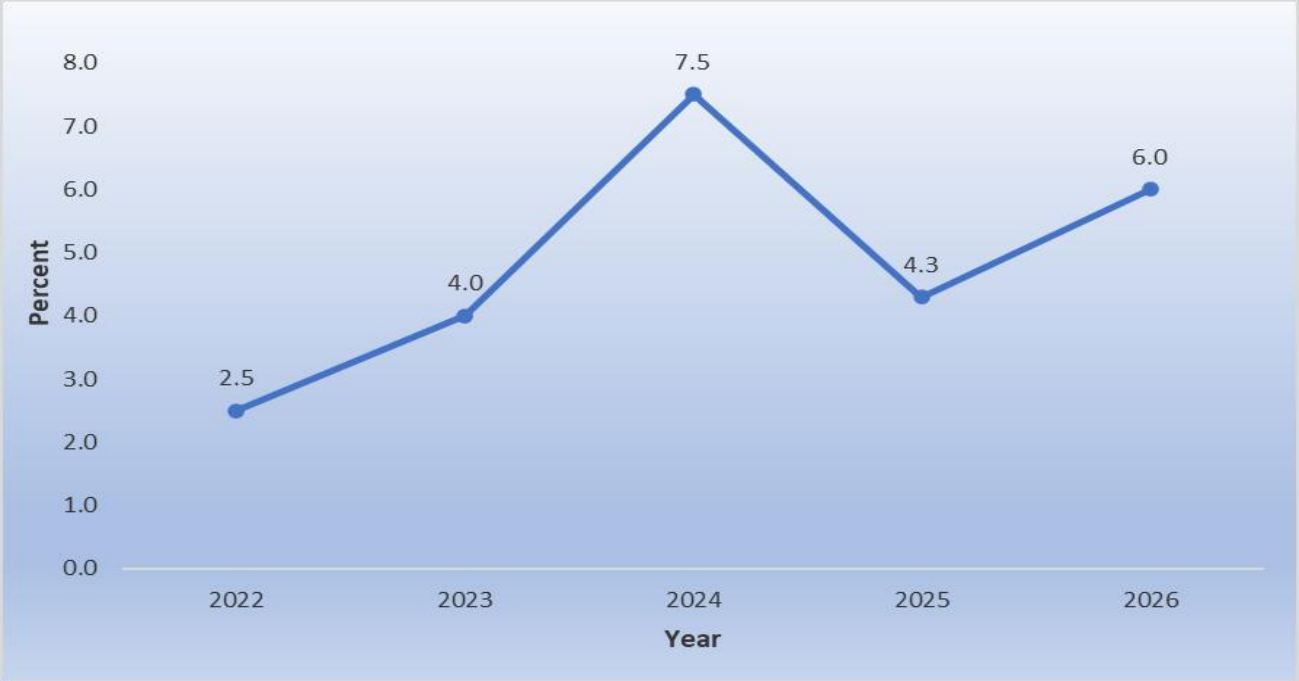
AFCON	–	Africa Cup of Nations
EAC	–	East Africa Community
EFD	-	Electronic Fiscal Device
GDP	–	Gross Domestic Product
LGAs	–	Local Government Authorities
MDAs	–	Ministries Departments and Agencies
PAYE	–	Pay as You Earn
REA	–	Rural Energy Agency
TRA	–	Tanzania Revenue Authority
USD	–	United States Dollar
VAT	–	Value Added Tax

RECENT MACROECONOMIC PERFORMANCE

1.1 Real GDP Growth

During the first quarter (January – March, 2026), the Gross Domestic Product (GDP) at current prices increased to 60.4 trillion shillings from 53.2 trillion shillings recorded in the same period in 2025. In addition, the real GDP (constant 2015 prices) rose to 45.8 trillion shillings in the first quarter in 2026 from 43.2 trillion shillings recorded in the similar period in 2025, equivalent to the growth rate of 6.0 percent. During the period under review, economic activities that recorded significant growth rates include Financial and Insurance (19.1 percent); Health (13.0 percent); Education (11.2 percent); Public administration & Defense (10.5 percent); Information and Communication (10.0percent); Real estate (9.5 percent); and Electricity (9.0 percent). The trend of GDP growth is indicated in Chart 1.1.

Chart 1.1: First Quarter (January – March) GDP Growth Rates (2022-2026)



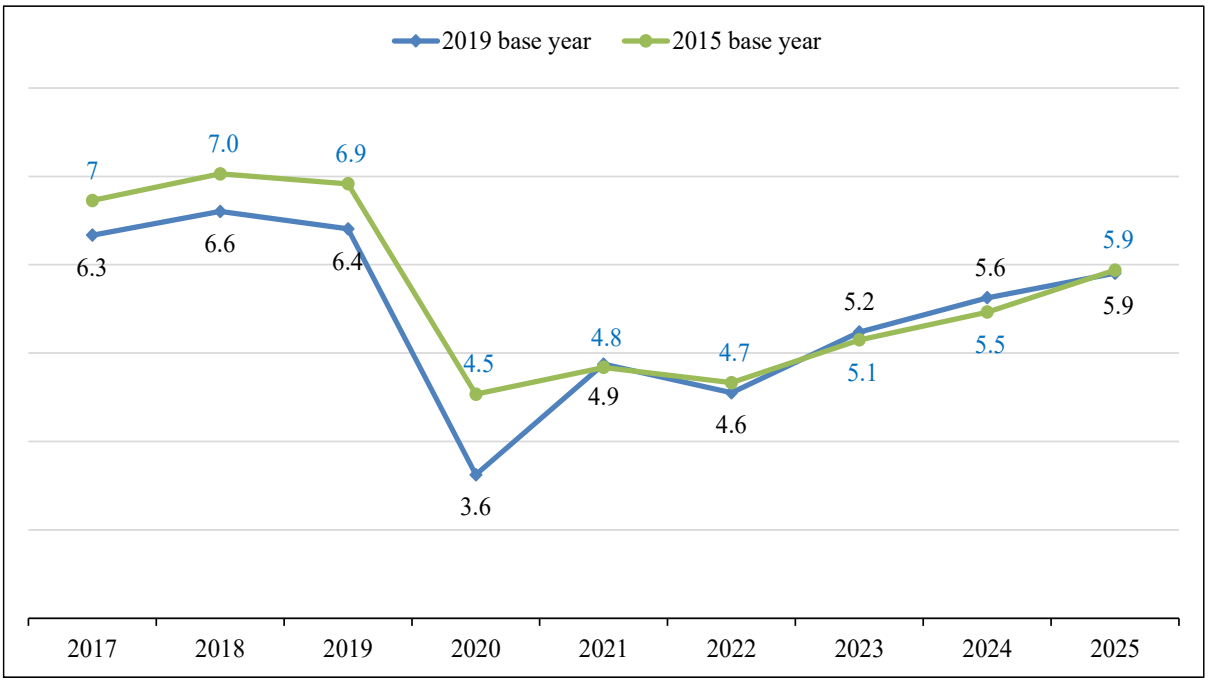
Source: National Bureau of Statistics

1.2 Real GDP Growth in 2025

In 2025, the Government through the National Bureau of Statistics completed the rebasing exercise of the National Accounts Statistics (NAS) adopting 2019 as the new base year, replacing the 2015 base year. The base year revisions resulted in various changes, including the structure and size of GDP, growth rates, contribution of economic activities to GDP, and ratios of economic indicators to GDP.

Based on the rebasing outcomes, the economy continued to perform strongly, with real GDP growth rising to 5.9 percent in 2025 compared with 5.6 percent in 2024 (**Chart 1.2**). This growth was supported by the expansion of credit to the private sector, improvements in transport infrastructure, increased agricultural and mineral production, growth in construction activities, and continued implementation of strategic projects, particularly in the energy, transport, and social services sectors.

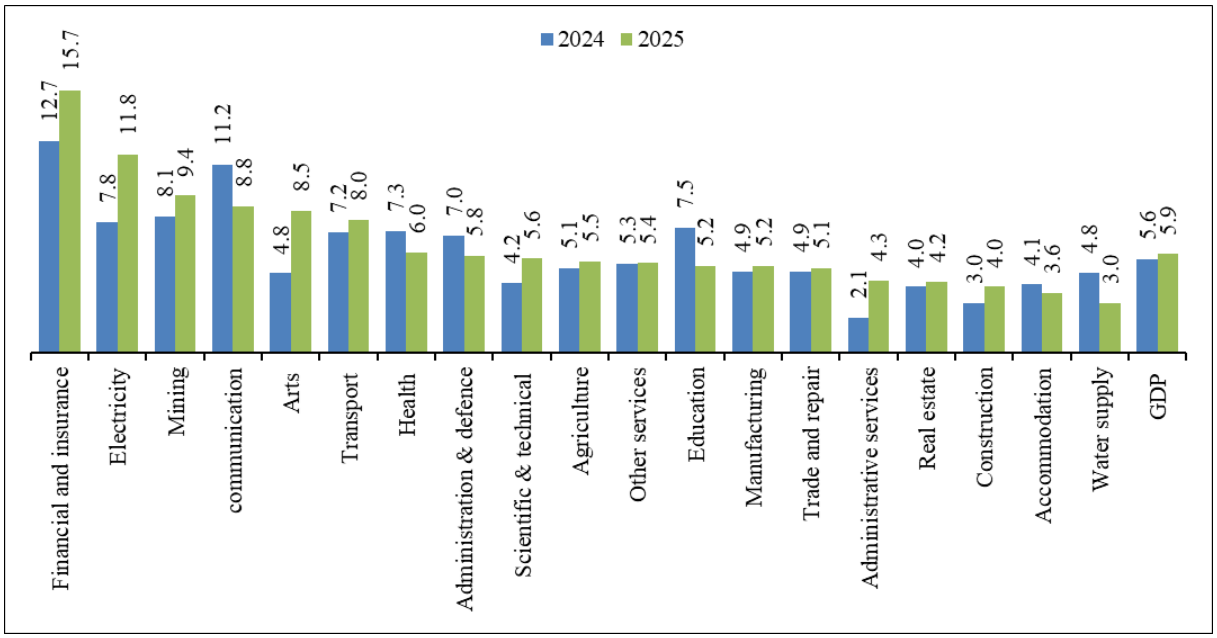
Chart 1.2: GDP Growth Rates 2017 – 2025 (Percent)



Source: National Bureau of Statistics

The financial and insurance activity recorded the highest growth rate of 15.7 percent, driven by increase in customer deposits in commercial banks and credit extended to the private sector. This was followed by electricity supply, which grew by 11.8 percent due to increased electricity generation from the Julius Nyerere Hydropower Plant; and mining and quarrying activities (9.4 percent), owing to higher gold exports and rising gold prices in the world market. Other economic activities with notable growth included information and communication (8.8 percent); arts, entertainment, and recreation (8.5 percent); and transport and storage (8.0 percent), as shown in **Chart 1.3**. The performance reflects increased investment, technology adoption, and growing demand for the services provided.

Chart 1.3: GDP Growth Rates by Economic Activities 2024 – 2025 (Percent)



Source: National Bureau of Statistics

In 2025, agriculture activities remained the mainstay of the economy, accounting for 24.3 percent, followed by construction (11.9 percent), mining and quarrying (10.3 percent), and trade and repair (8.6 percent), as shown in **Chart 1.4a**. These activities collectively accounted for 55.1 percent of GDP, underscoring their importance as drivers of economic growth. In addition, agriculture, financial and insurance, transport and storage, mining and quarrying, and construction activities contributed the most to overall GDP growth (**Chart 1.4b**).

Chart 1.4a: Contribution of Economic Activities to GDP in 2025 (Percent)

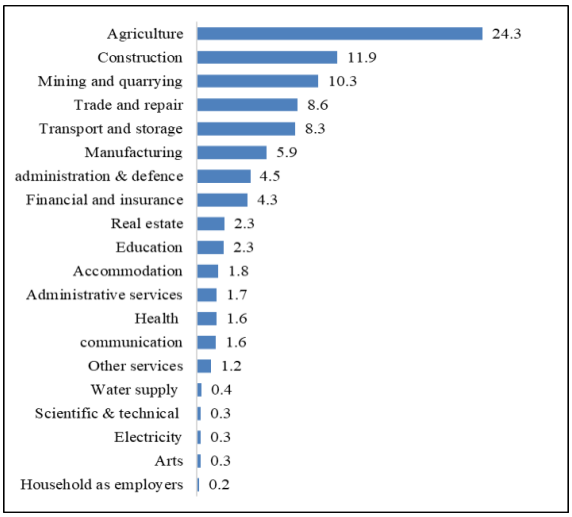
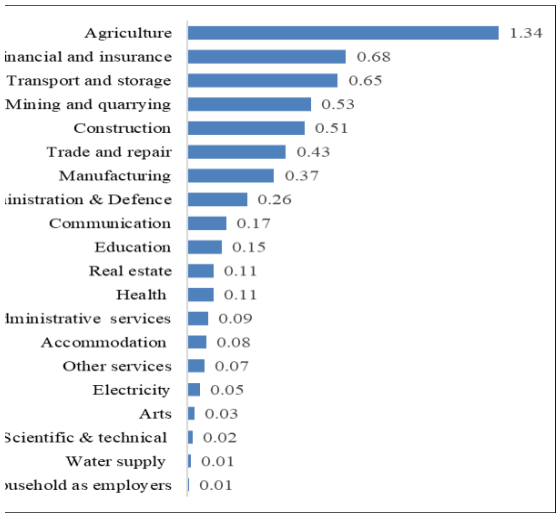


Chart 1.4b: Contribution of Economic Activities to GDP Growth in 2025 (Percentage Point)



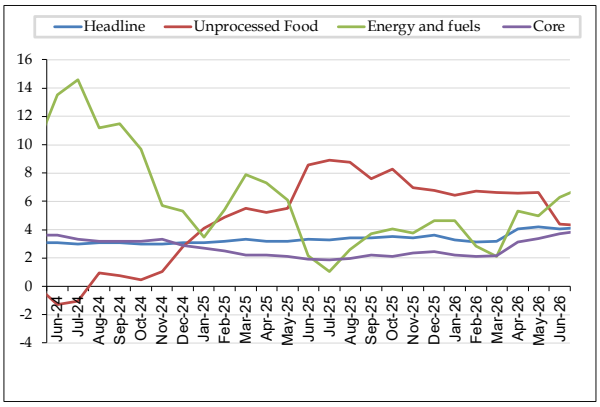
1.3 Inflation Development

Inflation remained low, stable, and within the national target and regional benchmarks of EAC and SADC throughout 2025/26. Headline inflation averaged 3.6 percent, up from 3.1 percent in 2024/25 supported by implementation of prudent fiscal and monetary policy and moderation in non-food inflation. However, from April - June 2026, inflation was above 4.0 percent, which was last recorded in May 2023, mainly due to increase in global energy prices as a result of escalation of conflicts in the Middle East. Global energy prices volatility transformed to domestic pump prices which led to increase prices of other commodities mainly through high transport costs. To ease pressure on domestic pump prices, the Government introduced subsidy of 259 shillings and 535 shillings per litre of diesel for May and June 2026, respectively, which helped to moderate inflation (**Box 1.2**). During the quarter ending June 2026, inflation remained moderate averaged at 4.1 percent, although price pressures were noticeably higher than during the corresponding quarter in 2025 which recorded 3.2 percent. The main sources of inflationary pressure during the quarter were transport costs and food and non-alcoholic beverages. Food inflation averaged about 5.1 percent, reflecting increases in prices of various food items, particularly earlier in the quarter, although these pressures eased substantially in June when food inflation declined to 4.1 percent. Transport costs exerted increasingly strong pressure, with annual transport inflation rising from 9.2 percent in April to 11.9 percent in May and 13.6 percent in June, largely reflecting higher fuel prices and passenger transport fares.

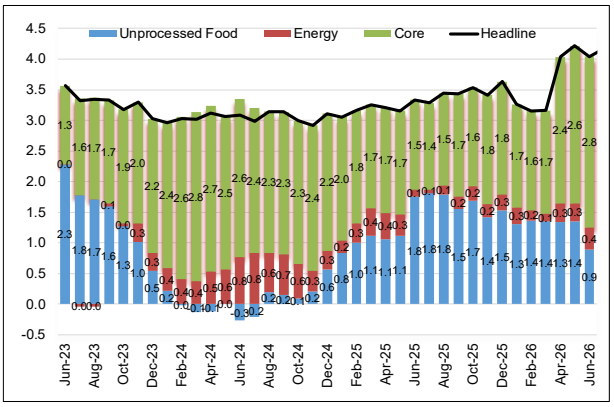
Box 1. 1: Inflation (Annual Change) Developments, percent

y/y % change

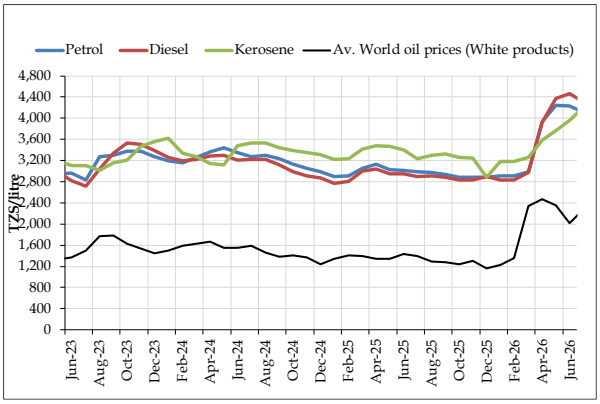
Inflation rate remained low and stable, despite a rise of domestic fuel prices.



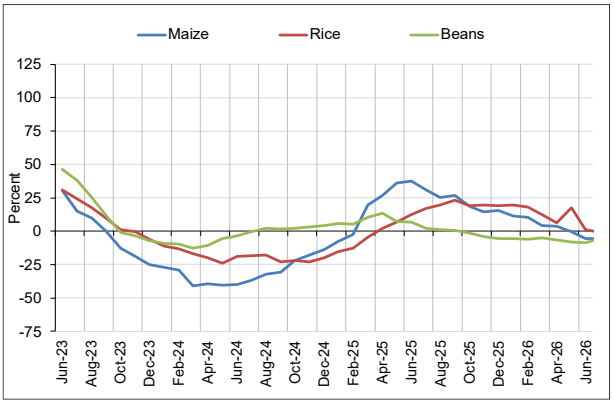
Core inflation rose, primarily due to higher transport costs, whose contribution became more pronounced.



Domestic pump prices of petrol, diesel and kerosene increased, reflecting surge in global oil prices following US/Israel and Iran war.



Wholesale prices change of select food crops edged up, largely attributed to increase in transportation cost.



Source: *National Bureau of Statistics and Bank of Tanzania Computations*

1.4 External Trade

External Trade Developments in 2025/26

The external position remained resilient in 2025/26 despite a challenging global environment. The prolonged conflict in the Middle East continued to exert upward pressure on energy prices and freight costs. Nevertheless, exports of goods and services recorded robust growth supported by strong gold prices, resilient tourism and regional trade. However, imports expanded at a faster pace, driven by strong demand for industrial inputs, petroleum products and capital goods, alongside elevated freight charges. As a result, current account deficit widened to USD 2,370.4 million from USD 2,178.9 million in 2024/25.

Exports of goods and services amounted to USD 19,625 million, up by 15.5 percent from USD 16,987.0 million recorded in 2024/25. This performance was mainly driven by higher exports of gold, travel services, manufactured goods, and traditional exports particularly tobacco, cashew nuts and coffee. Gold exports amounted to USD 5,573.3 million in 2025/26, marking a 37.6

percent increase from 2024/25 and remaining the leading export earner with a contribution of 28 percent to total goods and services exported.

Service receipts increased by 12 percent to USD 7,971.5 million in 2025/26 from USD 7,115.4 million in 2024/25. The increase largely emanated from travel receipts, which increased by 7.5 percent consistent with 4.5 percent growth in tourist arrivals to 2,291,479 in 2025/26.

Imports of goods and services amounted to USD 20,285.7 million in 2025/26, an increase of 15.1 percent from USD 17,629.8 million recorded in 2024/25. Higher imports of industrial transport equipment, machinery and mechanical appliances, and industrial supplies and oil largely drove the increase. Imports of goods increased to USD 16,858.1 million in 2025/26, up by 16.5 percent from USD 14,465.9 million recorded in the previous year, with capital and consumer goods accounting for 23.3 percent and 10 percent of total goods import bills.

During the period under review, imports of intermediate goods increased by 13.2 percent to USD 11,241 million, compared with USD 9,933.6 million recorded in the corresponding period of 2024/25. The increase was largely driven by imports of white petroleum products, which grew by 27 percent to USD 3,003 million, accounting for 18 percent of total goods imports. This trend reflects upward pressure in global oil prices, as the average crude oil price rose by 31.4 percent to USD 89.9 per barrel during the period Feb-June 2026 at the eve of the Middle East conflict, from USD 68.4 per barrel in February-June 2025. Additionally, elevated imports were observed for iron and steel, fertilizers, wheat, and motor vehicles for households.

Services payments increased to USD 3,427.5 million in 2025/26 from USD 3,163.9 million in the corresponding period of 2024/25, largely driven by higher freight payments in line with the increase in the goods import bill.

External Trade Developments in the Quarter Ending June 2026

During the quarter ending June 2026, the current account deficit widened to USD 1,354.5 million, compared with a deficit of USD 1,060.9 million in the corresponding quarter ending June 2025. This represents an increase in the deficit of USD 293.6 million. The deterioration was largely attributable to a widening deficit in the goods account, following a faster increase in goods imports relative to exports.

The goods account recorded a deficit of USD 2,275.1 million in the quarter ending June 2026, compared with a deficit of USD 1,469.7 million in the corresponding quarter in 2025. This represents a widening of the goods trade deficit by USD 805.4 million, equivalent to 54.8 percent. During the quarter ending June 2026 goods exports increased by 33.4 percent to USD 2,821.1 million from USD 2,114.3 million in the quarter ending June 2025 predominantly driven by non-traditional exports, particularly manufactured goods and minerals, as well as higher earnings from some traditional export crops such as tobacco, coffee, cotton and sisal. However, imports increased at a faster rate of 42.2 percent, reaching USD 5,096.2 million from USD 3,584.0 million recorded during the corresponding quarter in 2025. The expansion was primarily driven by

higher imports of intermediate and capital goods, particularly fuel and lubricants, industrial transport equipment, machinery, and industrial supplies. Consequently, the strong growth in exports was insufficient to offset the substantially larger increase in imports, resulting in a wider goods trade deficit.

The services account continued to partly offset the deficit in goods trade. The services surplus increased by 34.1 percent to USD 1,174.7 million in the quarter ending June 2026, from USD 876.2 million in the corresponding quarter of 2025. Services receipts increased by 18.6 percent to USD 1,979.2 million from USD 1,668.3 million, while services payments increased marginally by 1.6 percent to USD 804.5 million from USD 792.1 million. The faster growth in receipts relative to payments resulted in an improvement in the services account surplus.

Goods and services account recorded a deficit of USD 1,100.4 million in the quarter ending June 2026, compared with a deficit of USD 593.5 million in the corresponding quarter of 2025. Total exports of goods and services increased by 26.9 percent to USD 4,800.3 million from USD 3,782.6 million. However, imports of goods and services increased to USD 5,900.7 million from USD 4,376.1 million, equivalent to 34.8 percent increase. As a result, the goods and services deficit widened by USD 506.9 million.

The primary income account deficit improved during the period under review, narrowing to USD 396.2 million in the quarter ending June 2026 from USD 566.1 million in the corresponding quarter of 2025, equivalent to an improvement of 30.0 percent. Primary income receipts increased by 22.7 percent to USD 69.2 million from USD 56.4 million, while payments declined by 25.3 percent to USD 465.3 million from USD 622.5 million. Similarly, the secondary income account strengthened, with the surplus increasing to USD 142.1 million in the quarter ending June 2026 from USD 98.6 million in the corresponding quarter of 2025, representing an increase of USD 43.5 million. Secondary income inflows increased by 31.4 percent to USD 310.4 million from USD 236.2 million, while outflows increased by 22.4 percent to USD 168.3 million from USD 137.5 million.

1.5 Gross Official Reserves

Foreign reserves were USD 5,641.5 million in June 2026 compared to USD 5,971.5 million in June 2025, sufficient to cover 4.4 months of projected imports of goods and services, in line with the national benchmark.

1.6 Money Supply and Credit

Growth of money supply increased significantly in 2025/26, reaching an average of 22.9 percent up from 14.6 percent registered in 2024/25. The main driver of money supply growth was the sustained expansion of credit extended to the private sector. The outcome was reinforced by adequacy of liquidity in the economy, in line with accommodative monetary policy stance. In the quarter ending June 2026, extended broad money supply (M3) registered an average growth of 24.2 percent compared to a growth of 19.1 percent in a similar period in 2025. In addition,

broad money supply (M2) and narrow money (M1) grew by an average of 28.7 percent and 32.2 percent compared to 17.1 percent and 16.6 percent in a quarter ending June 2025 respectively. Growth of credit to private sector remained strong at an average of 25.0 during the quarter ending June 2026 compared to a growth of 15.9 percent recorded during the similar period in 2025.

1.7 Interest Rate Development

During the year ending June 2026, interest rates charged by banks on loans and those offered on deposits remained broadly stable. The overall lending rate stood at an average of 15.29 percent during the quarter ending June 2026 compared with 15.19 percent recorded in the corresponding period in 2025. Similarly, during the period under review, the negotiated lending rate averaged at 12.13 percent from 12.85 percent, while the overall time deposit rate increased to an average of 8.55 percent from 8.38 percent during the similar period in 2025.

1.8 Exchange Rate

The foreign exchange market remained stable in 2025/26, supported by inflows emanating from tourism and exports of gold and non-traditional crops. Foreign exchange liquidity fluctuated in line with global commodity prices, market sentiments and seasonality of foreign exchange inflows. On average, the shilling appreciated by 3.1 percent against the US dollar compared to depreciation of 4.25 percent recorded in the corresponding period in 2024/25. In a quarter ending June 2026, the shilling was traded at an average of shilling 2,607.23 per USD compared to shilling 2,658.42 per USD in similar period in 2025, equivalent to an average appreciation of 2.0 percent.

GOVERNMENT OPERATIONS

2.1 Domestic Revenue

During the year 2025/26, 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 11,159.9 billion shillings equivalent to 104.6 percent compared to target and 21.6 percent higher than 9,176.1 billion shillings collected in a corresponding period in 2024/25. On cumulative basis, total domestic revenue collected for the year 2025/26 was 41,930.4 billion shillings equivalent to 103.6 percent of the target for the period. This includes revenue collected on behalf of other institutions. The performance shows an increase of 20.3 percent when compared with amount collected in the year 2024/25. Out of the collected amount, collection from Tanzania Revenue Authority (TRA) was 36,006.2 billion shillings, equivalent to 105.6 percent against the target. Nontax revenue collected by MDAs was 4,325.5 billion shillings, equivalent to 92.4 percent of the target and collection from LGAs own source was 1,606.7 billion shillings equivalent to 95.6 percent of target and an increase of 11.8 percent.

Revenue by Source

2.1.1 Taxes on Imports

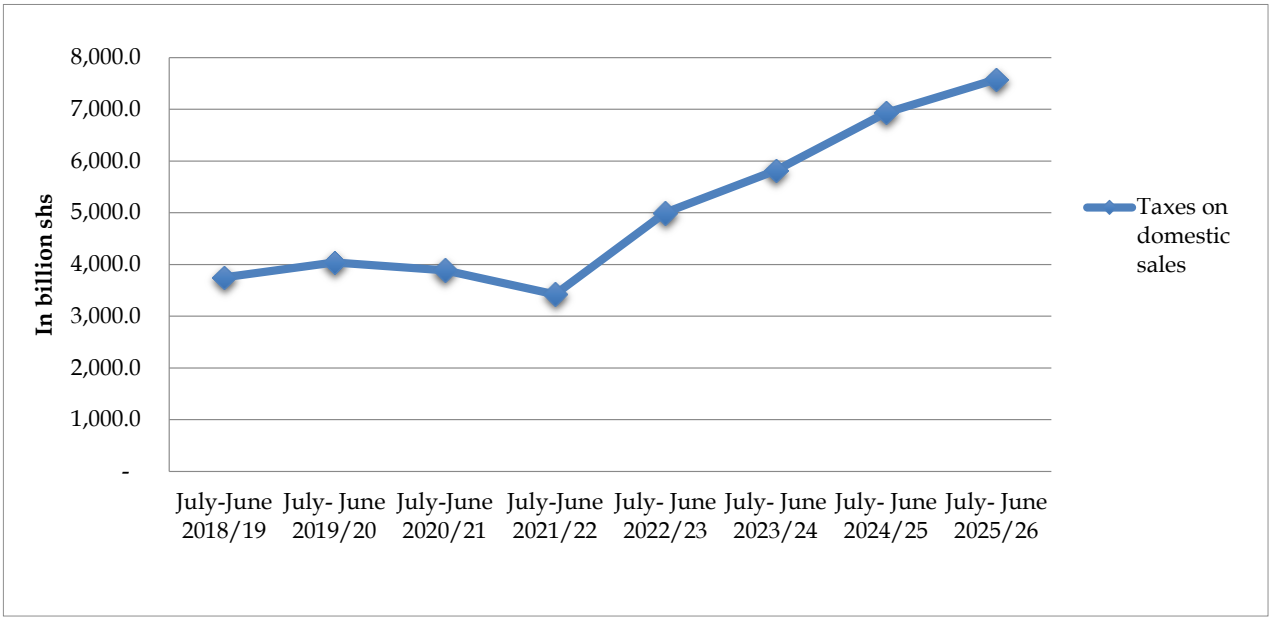
Import taxes and duties collection in the fourth quarter amounted to 2,691.9 billion shillings, reflecting a performance of 121.2 percent of estimated collections, and 19.0 percent higher when compared to collections registered in a similar period in 2024/25. Cumulatively, import taxes and duties collection amounted to 9,904.3 billion shillings, reflecting a performance of 110.0 percent of estimates, and 17.0 percent higher when compared to collections registered in a similar period in 2024/25. The excise on petroleum imports recorded the total collection of 1,429.6 billion shillings, which was 103.2 percent compared to the planned target. Excise on other imports registered performance of 122.5 percent of the target by collecting 473.0 billion shillings. Import duty performed above the target by collecting 2,464.4 billion shillings, equivalent to 113.3 percent of the target and VAT on non-petroleum performed by collecting 5,430.7 billion shillings equivalent to 109.2 percent. The performance of import duty was attributed to increase in importation of consumable goods, strengthening the management of all customs revenue through the uses of upgraded TANCIS which helped in reduction of time of clearance of cargo in port, thus increasing value of imports and increase in importation of excisable goods compared to similar period in previous year.

2.1.2 Taxes on Domestic Sales

In the fourth quarter of 2025/26, actual tax collection from domestic sales increased by 11.2 percent to 1,879.0 billion shillings from 1,689.3 billion compared to amount collected in the corresponding period in 2024/25. This collection was equivalent to 84.4 percent of the target of 2,225.1 billion shillings. On cumulative basis, actual tax collection from domestic sales increased by 9.2 percent to 7,576.5 billion shillings in 2025/26 from 6,936.4 billion shillings collected in the year 2024/25, equivalent to 94.1 percent of the target. Out of the total domestic sales tax, excise duty was 2,646.7 billion shillings, equivalent to 98.6 percent of the target and increased by 17.1

percent compared to the previous year while VAT on domestic sales amounted to 4,929.9 billion shillings, which was 91.9 percent of the target and 5.4 percent higher when compared with the amounted collected in 2024/25. The underperformance in taxes on domestic sales was attributed to slightly decline in excisable products such as beer, soft drinks and spirits and konyagi and continual behavior of some taxpayers not issuing EFD receipts during transactions. Chart 2.1 shows the trend of tax on domestic sales (2018/19 to 2025/26).

Chart 2.1: Trend of Tax on Domestic Sales from 2018/19 to 2025/26



Source: Tanzania Revenue Authority

2.1.3 Income Tax

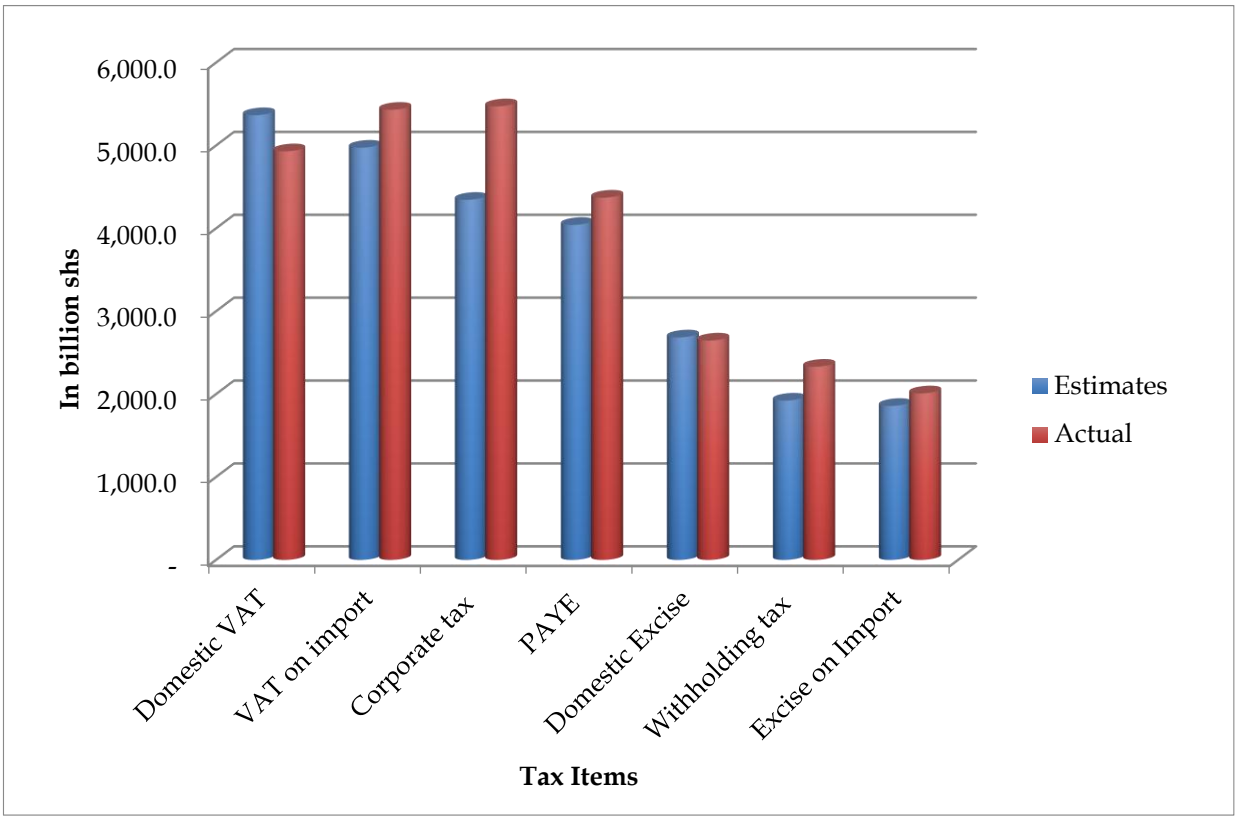
The overall income tax collection during the fourth quarter of 2025/26 amounted to 3,523.7 billion shillings which was 120.6 percent of the target, reflecting an increase of 25.4 percent compared to collections registered in the same period in 2024/25. Cumulatively, up to June 2026, income tax collection was 13,265.1 billion shillings, which was 116.7 percent of estimates. In the fourth quarter of 2025/26, PAYE collection was 1,149.7 billion shillings, equivalent to 111.4 percent of the target. Cumulatively, in the year 2025/26, PAYE collection was 4,370.7 billion shillings against the target of 4,041.9 billion shillings, signifying the performance of 108.1 percent. The performance is due to close follow up of normal flow, successful rollout of IDRAS following this intensive chance management and close follow up of employers in terms of filling employment taxes that enhanced collection of employment taxes.

During the fourth quarter of 2025/26, revenue collection from the corporate tax was 1,505.5 billion shillings, which was 137.4 percent of the target. Cumulatively, amount collected from corporate tax was 5,472.6 billion shillings equivalent to 126.0 percent of the target and 36.5 percent higher compared to amount collected 2024/25. The performance was attributed to successful rollout of IDRAS following this intensive chance management, strengthened relations with businesses and resolving trade-related challenges by dedicating every Thursday as a special Taxpayer Listening Day through all TRA offices nationwide and lastly enhancing and

monitoring the performance of audit and tax investigation units to prevent tax evasion, thus minimizing revenue loss, thereby promoting fair business competition for all traders.

Collections from withholding taxes for the fourth quarter were 601.6 billion shillings equivalent to 115.9 percent of the target. Cumulatively, in 2025/26, collections of withholding taxes were 2,330.8 billion shillings against the target of 1,922.1 billion shillings which were 121.3 percent and 28.0 percent higher compared to what was collected in the year 2024/25. Revenue performance by major tax items is shown in Chart 2.2.

Chart 2.2: Revenue Performance by Major Tax Item for the year 2025/26



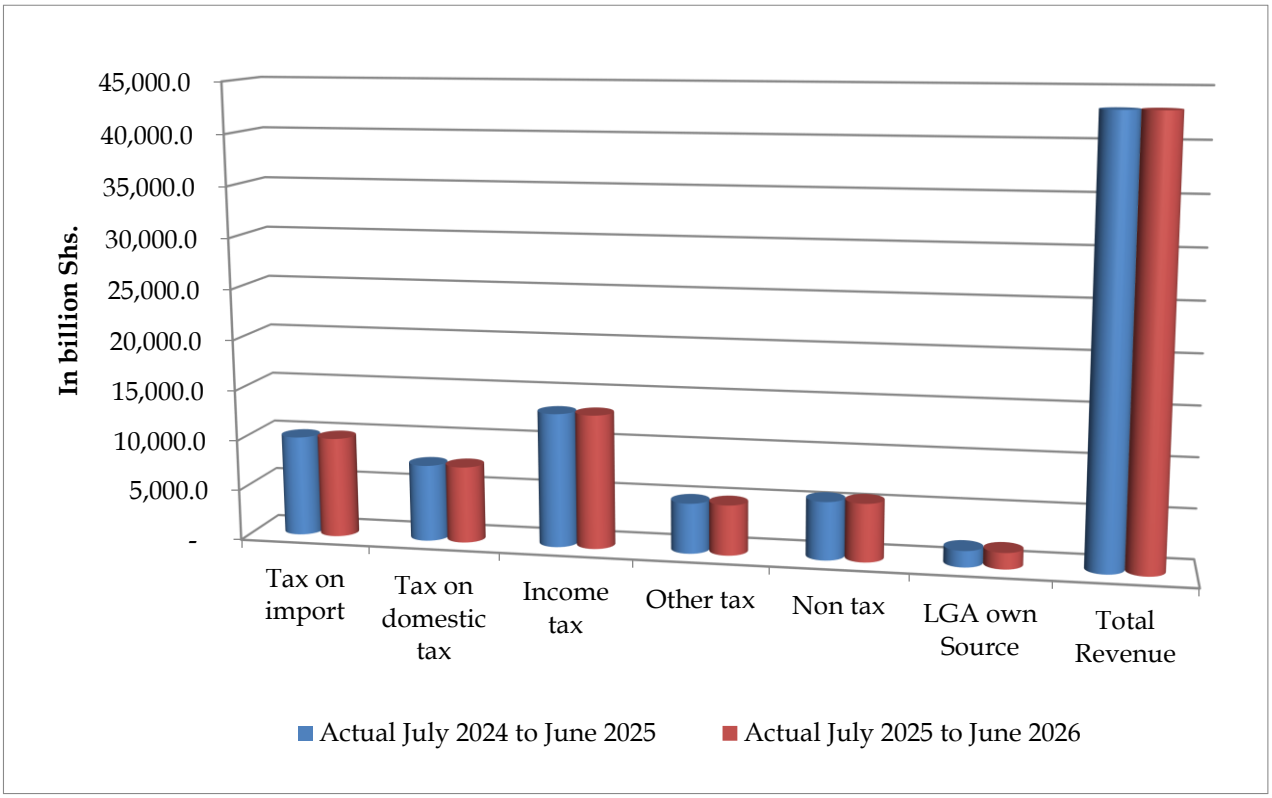
Source: Tanzania Revenue Authority

2.1.4 Other Taxes

During the period from (April to June 2026), actual collections from this category amounted to 1,322.3 billion shillings, which was 108.1 percent of the period estimates. On cumulative basis, amount collected from this source was 4,970.2 billion shillings, which was 101.7 percent of the target, an increase of 14.0 percent when compared to the amount collected in 2024/25. Out of the amount, Fuel Levy and Transit Fee was 2,194.7 billion shillings, equivalent to 105.0 percent of estimates; collections meant for National Water Development Fund were 232.2 billion shillings, which was 102.9 percent of estimates; and collections for Rural Energy Agency (REA) were 470.9 billion shillings, which was 99.6 percent of estimates. On the other hand, collections for Railway Development Fund were 784.4 billion shillings, equivalent to 113.0 percent of estimates; Business Skill Development Levy (SDL) recorded 428.0 billion shillings, equivalent to

99.1 percent of estimates, and Departure Service Charges performed at 73.5 percent of estimates of 78.4 billion shillings and 18 .1 percent lower than the amount collected in the previous year. The trend of revenue performance is indicated in Chart 2.3.

Chart 2.3: Revenue Performance Review FY 2025/26 Compared 2024/25



Source: Tanzania Revenue Authority

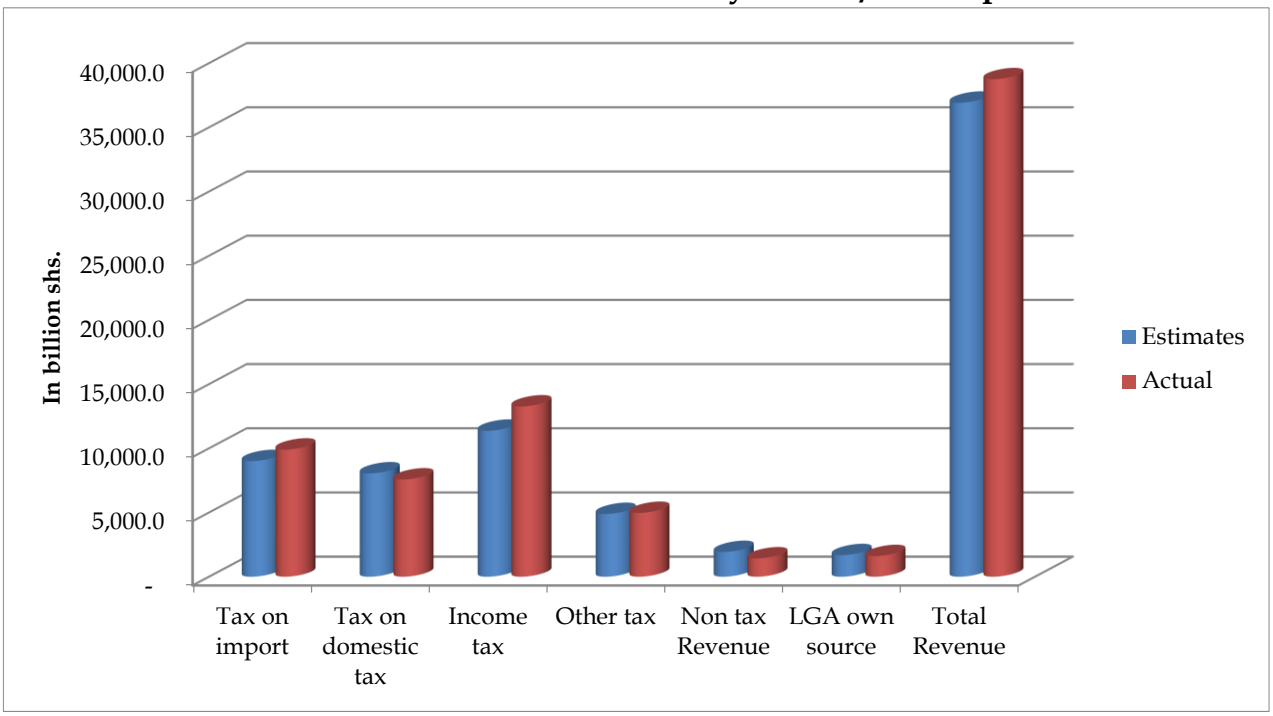
2.1.5 Non-Tax Revenue

Collections of non-tax revenue in the fourth quarter of 2025/26 were 1,602.7 billion shillings, equivalent to 83.1 percent of quarter estimates. The collections were lower by 31.5 percent when compared to collections registered in the same period in 2024/25. For the year 2025/26, collections of non-tax revenue were 5,744.5 billion shillings equivalent to 86.9 percent of period estimates and higher by 24.5 percent when compared to collections registered in the year 2024/25. Out of the amount, non-tax revenues collected by ministries were 2,989.6 billion shillings equivalent to 100.1 percent of the target. The performance was mainly due to continued strengthening of monitoring of non-tax revenue sources in different ministries such as mining activities across countries which enhanced effort to curb mineral smuggling and prevent the evasion of mineral levies and fees. Collections from dividends and contribution from Government Institutions were 1,327.9 billion shillings, which was 78.3 percent of the target, non-tax revenues collected by TRA (tourism fee, mobile money transfer and withdraw levy and others) were 1,427.0 billion shillings, which was 74.0 percent of the period estimates. The underperformance in dividends and contributions during the year was mainly attributed to failure of public institutions and government agencies to remit dividends and contributions to

the Consolidated Fund as projected. The tourism collection was below the target due to the number of tourists fell short of the estimated target.

Collections from LGAs own source in the fourth quarter of 2025/26, were 383.42 billion shillings, equivalent to 94.9 percent of estimates and a decrease of 3.3 percent compared to collections in the fourth quarter of 2024/25. For the year 2025/26, LGAs own source recorded 1,606.7 billion shillings, which was 95.6 percent of the target, and higher by 11.8 percent when compared to the year 2024/25. Domestic revenue performance for 2025/26 compared to estimates is depicted in Chart 2.4.

Chart 2.4: Domestic Revenue Performance for the year 2025/26 Compared to Estimates



Source: Ministry of Finance

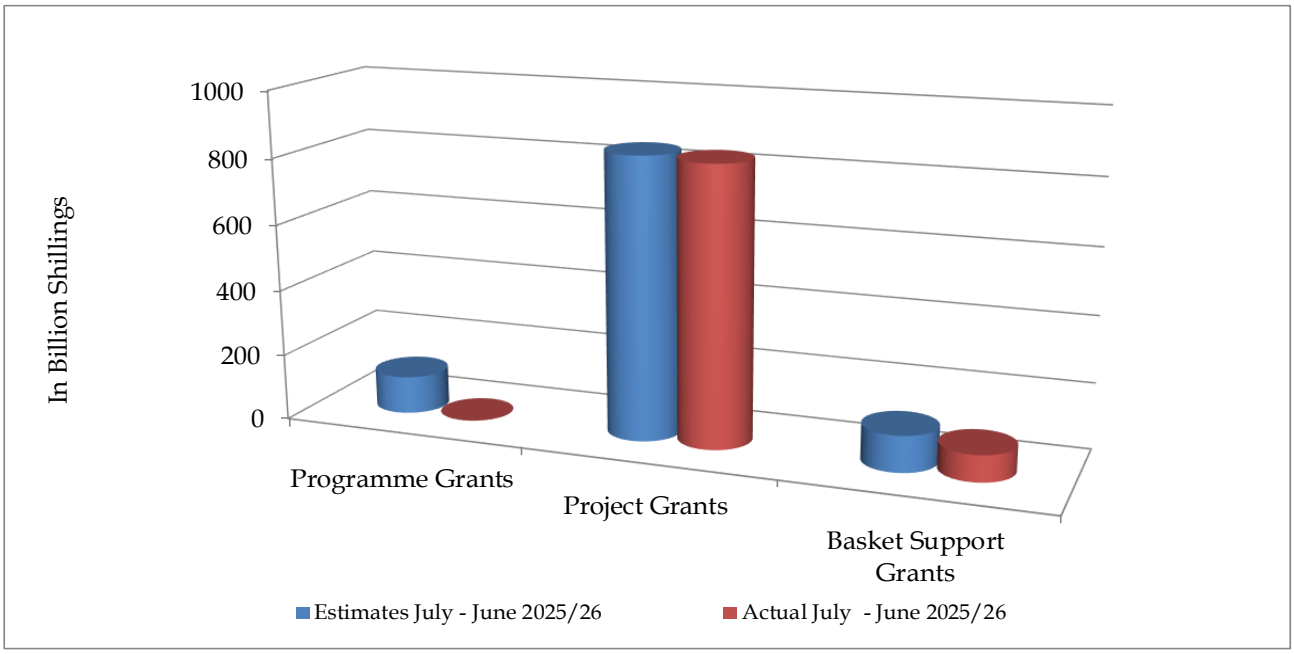
2.2 Grants

For the fourth quarter of 2025/26, grants received were 205.5 billion shillings, equivalent to 59.6 percent of the estimated amount of 344.7 billion shillings. Out of the total grants, Project Grants were 198.3 billion shillings equivalent to 99.6 percent of the annual target while Basket Funds were 7.2 billion shillings equivalent to 22.5 percent of the estimates. Cumulatively, for the year 2025/26, grants received were 917.6 billion shillings, equivalent to 85.8 percent of the estimated amount of 1,069.9 billion shillings. Out of the amount, Project Grants were 837.7 billion shillings equivalent to 98.9 percent of the estimates, Basket Funds were 79.8 billion shillings equivalent to 73.1 percent of the annual estimates. The performance of Project Grants was driven by effective project implementation and timely submission of implementation reports to Development Partners for ongoing development projects.

In addition, other specific priority areas include financing wages, salaries, and entitlements of public servants; preparations and conduct of the 2025 General Elections; construction and

rehabilitation of stadiums for the AFCON 2027 tournaments; and servicing of the public debt.

Chart 2.5: Performance of Foreign Grants for the year 2025/26 (Estimates against Actual)



Source: Ministry of Finance

2.3 Expenditure Performance

The Government continued to fulfil its financial commitments in accordance with the approved budget, ensuring that all programs and projects including the delivery of social services were fully carried out.

2.3.1 Fourth Quarter Expenditure Performance

During the fourth quarter, expenditure amounted to 15,614.97 billion shillings, equivalent to 90 percent of the targeted spending of 17,329.60 billion shillings. The expenditure performance during the quarter was supported by continued implementation of planned government activities and projects, ongoing processing of payment claims, and progressive settlement of government obligations by spending entities.

Compensation of employees

Compensation of employees during the period under review amounted to 3,436.73 billion. This was broadly in line with the approved budget projections. The funds were used to pay salaries of existing staff and to cover the cost of authorized new recruitments in various institutions to support public service delivery.

Use of Goods and Services

Spending on the use of goods and services during the period under review amounted to 3,212.47 billion, compared with the original budget estimate of 4,175.09 billion. This was an outturn of

77 percent, leaving 962.63 billion unspent. The category covers the administrative and other support services needed by Ministries and public entities under the Central Government.

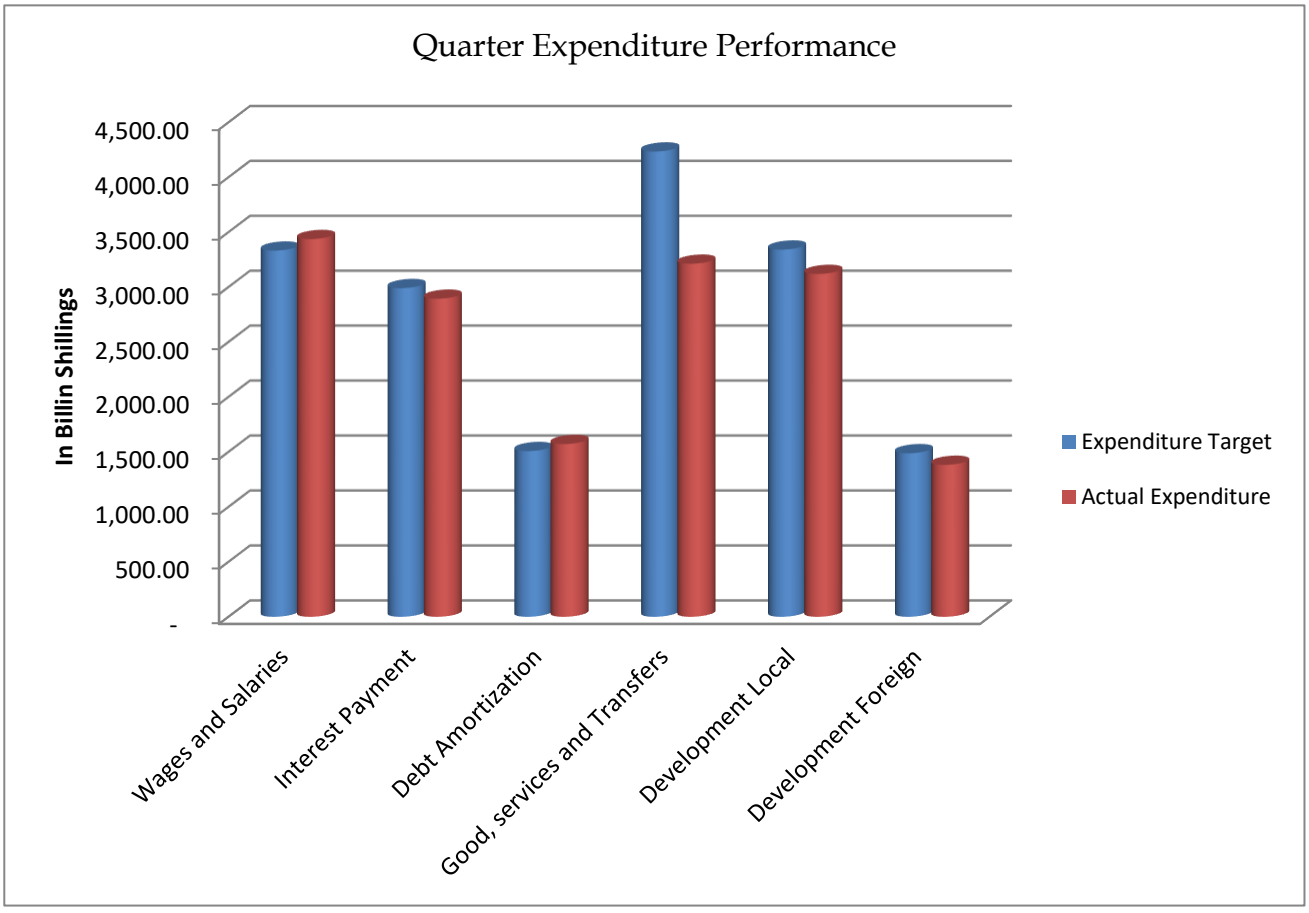
Debt Service

Debt service performance in the fourth quarter reflected the Government's commitment to meeting its statutory obligations. Releases totaled 4,497.19 billion shillings, representing 99 percent of the estimate of 4,465.09 billion shillings. Of this, 2,893.81 billion shillings was applied to amortization of principal and 1,571.28 billion shillings to interest payments, matching the debt obligations that matured during the quarter.

Development Expenditure

During the fourth quarter, 4,501.06 billion shillings were released for development activities. That was 84 percent of the 5,378.33 billion shillings targeted for the quarter, and 48 percent more than the 3,048.29 billion shillings released in the same quarter of 2024/25. Out of the amount released, 3,119.16 billion shillings was from domestic sources and 1,381.80 billion shillings from external sources. The performance of budget execution in major categories of economic classification for the fourth quarter of 2025/26 is presented in chart below.

Chart 2.5: Quarter Four Expenditure Performance by Major Categories



Source: Ministry of Finance

2.3.2 Cumulative Expenditure Performance (July 2025 to June 2026)

By the end of June 2026, government expenditure totaled 55,551.90 billion shillings. That was 98 percent of the annual target of 56,490.25 billion shillings and 12.5 percent more than the 49,362.28 billion shillings spent by June 2025. Strong domestic revenue collection and sufficient financing from loan receipts supported this performance. Recurrent expenditure was 38,449.56 billion shillings against the annual target of 39,331.39 billion shillings. Spending on development activities amounted to 17,102.33 billion shillings equivalent to 100 percent of the 17,158.86 billion shillings targeted. 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 2025 to June 2026)
Billion Shilling

Category	Cumulative Target	Actual Expenditure	Performance
Recurrent Expenditure	**39,331.39**	**38,449.56**	**98%**
o/w Wages and Salaries	13,121.53	13,279.56	101%
Debt Amortization	7,715.30	7,200.50	93%
Interest Repayments	6,493.70	5,720.60	88%
Goods, Services and Transfers	12,000.86	12,248.90	102%
Development Expenditure	**17,158.86**	**17,102.33**	**100%**
Development Local	11,886.37	13,044.33	110%
Development Foreign	5,272.49	4,058.00	77%
Grand Total	**56,490.25**	**55,551.90**	**98%**

2.3.3 Government Expenditure on Arrears

From July 2025 to June 2026, the Government paid out a total of TZS 667.29 billion to settle verified arrears. The payments show its commitment to meeting its obligations to creditors and service providers, and they help rebuild confidence in the management of public finances. Table 2.2 below gives the breakdown by category.

SUMMARY OF PAID ARREARS - JULY 2025 TO JUNE, 2026	
Component	**Amount (In Billion)**
Supplies	28.03
Staff	2.06
Utilities	1.52
Construction Works	635.68
Total	**667.29**

2.4 Financing

Total financing during the fourth quarter of 2025/26 was 1,978.1 billion shillings against the target of 2,420.0 billion shillings equivalent to 81.7 percent of the target. Out of the total financing, total foreign net financing was 425.1 billion shillings against financing target of 1,414.8 billion shillings and total domestic net financing was 1,553.0 billion shillings against the borrowing target of 1,005.2 billion shillings. In 2025/26, total financing was 6,438.9 billion shillings equivalent to 88.9 percent of the annual target of 7,239.0 billion shillings. Out of the total financing, total foreign net financing was a financing of 2,705.9 billion shillings against a target of 5,024.9 billion shillings equivalent to 53.9 percent and total domestic net financing was a borrowing of 3,733.0 billion shillings against the target of borrowing 2,214.1 billion shillings equivalent to 168.6 percent of the target.

2.4.1 Domestic Financing

In 2025/26 Government budget, 5,539.7 billion shillings was planned as domestic borrowing, whereas 3,325.6 billion shillings were for financing rolling over of maturing Treasury Bills and Bonds and 2,214.1 billion shillings were loans for financing development projects. During the fourth quarter of 2025/26, domestic borrowing was 2,706.4 against the borrowing target of 2,603.3 billion shillings. Out of the amount borrowed, 1,153.4 billion shillings was for redemption (rollover) of matured obligations and 1,553.0 billion shillings was borrowed for financing development projects. Cumulatively, for the year 2025/26, a total of 7,019.0 billion shillings were borrowed from domestic market against the target of borrowing 5,539.7 billion shillings equivalent to 126.7 percent. Out of the amount borrowed 3,286.1 billion shillings was for redemption (rollover) of matured obligations equivalent to 98.8 percent and 3,733.0 billion shillings was borrowed for financing development projects equivalent to 168.6 percent of the annual target.

2.4.2 Foreign Financing

Net foreign financing for the fourth quarter was 425.1 billion shillings against a target of 1,414.8 billion shillings. During the quarter under review, disbursements of concessional loans were 1,131.3 billion shillings against the target of 2,478.5 billion shillings which was 45.6 percent of the target. Non-concessional loans were 547.1 billion shillings against the target of 651.9 billion shillings equivalent to 83.9 percent. In addition, amortization of foreign loans was 1,253.4 billion shillings against estimates of 1,715.6 billion shillings which was 73.1 percent of the estimates. In 2025/26, net foreign financing was 2,705.9 billion shillings against a target of 5,024.9 billion shillings equivalent to 53.9 percent of the annual target. Out of the amount, disbursements of concessional loans were 4,239.1 billion shillings against the target of 6,785.6 billion shillings equivalent to 62.5 percent of the target. Disbursement of non-concessional loans were 1,894.3 billion shillings against the target of 2,629.0 billion shillings equivalent to 72.1 percent. In addition, amortization of foreign loans was 3,427.5 billion shillings against estimates of 4,389.7

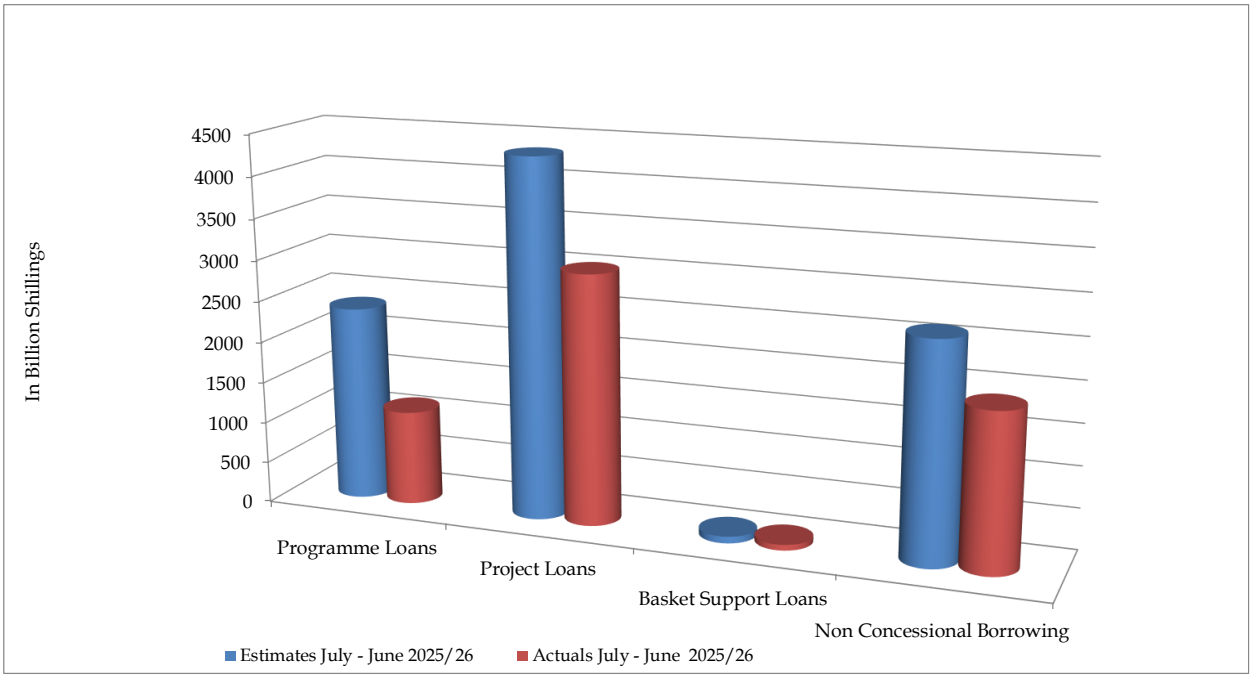
billion shillings which was 78.1 percent of the target. The trend of grants and external concessional loans is depicted in Table 2.3 and the performance of foreign financing for the year 2025/26 is shown in Chart 2.6

Table 2.3: Trend of Grants and External Concessional Loans for the year 2025/26

Summary of Disbursement July - June 2025/26 (All figures in millions shillings)				
AID MODALITY	**Type of assistance**	**Annual commitment as per budget**	**Actual Disbursement July - March 2025/26**	**% of Commitment**
GBS	Grants	113,796	-	0.0%
GBS	Concessional Loan	2,365,739	1,143,646	48.3%
Sub Total		**2,479,536**	**1,143,646**	**46.1%**
Basket Funds	Grants	109,112	79,811	73.1%
Basket Funds	Concessional Loan	80,624	68,888	85.4%
Sub Total		**189,736**	**148,699**	**78.4%**
Development Projects	Grants	846,976	837,744	98.9%
Development Projects	Concessional Loan	4,339,193	3,026,562	69.7%
Sub Total		**5,186,169**	**3,864,306**	**74.5%**
Grand Total		**7,855,441**	**5,156,650**	**65.6%**

Source: Ministry of Finance

Chart 2.6: Performance of Foreign Financing for the year 2025/26 (Estimates Vs Actual)



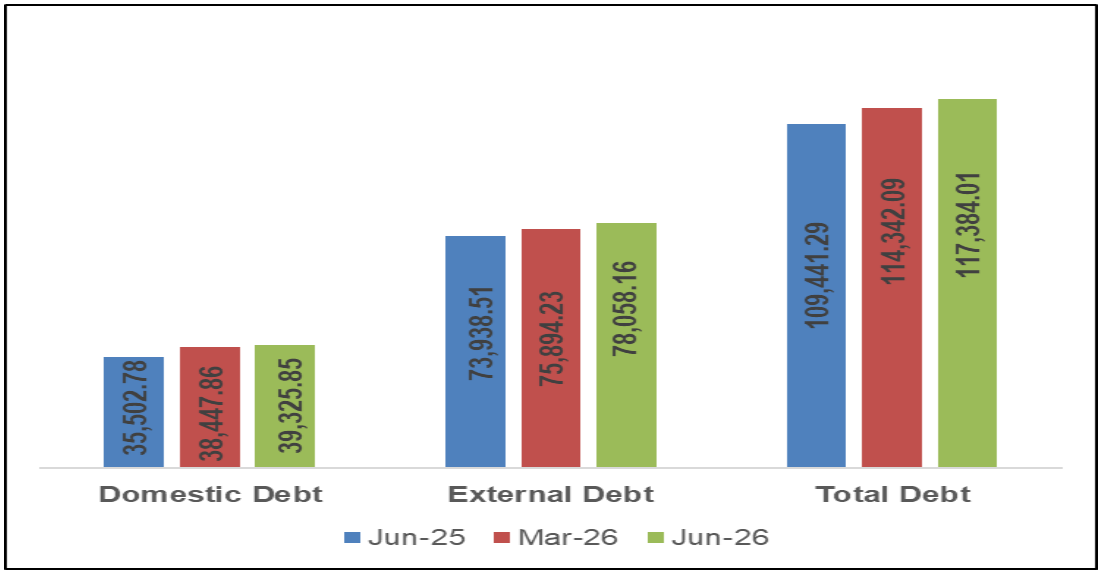
Source: Ministry of Finance

GOVERNMENT DEBT DEVELOPMENT

3.1 Overall Debt Stock

As at the end of June 2026, Central Government Debt Stock stood at TZS 117,384.01 billion (USD 44,521.48 million), representing an annual increase of 7.26 percent compared to TZS 109,441.29 billion recorded at end of June 2025 (Chart 3.1). Out of the total Central Government debt stock, domestic debt amounted to TZS 39,325.85 billion, accounting for 33.50 percent, while external debt stood at TZS 78,058.16 billion, equivalent to 66.50 percent. The annual increase in the Central Government's debt stock was mainly attributed to new domestic borrowing through the issuance of Government securities and disbursements from external creditors.

Chart 3.1: Trend of Central Government Debt for the period ending June 2026 (Billion Shillings)

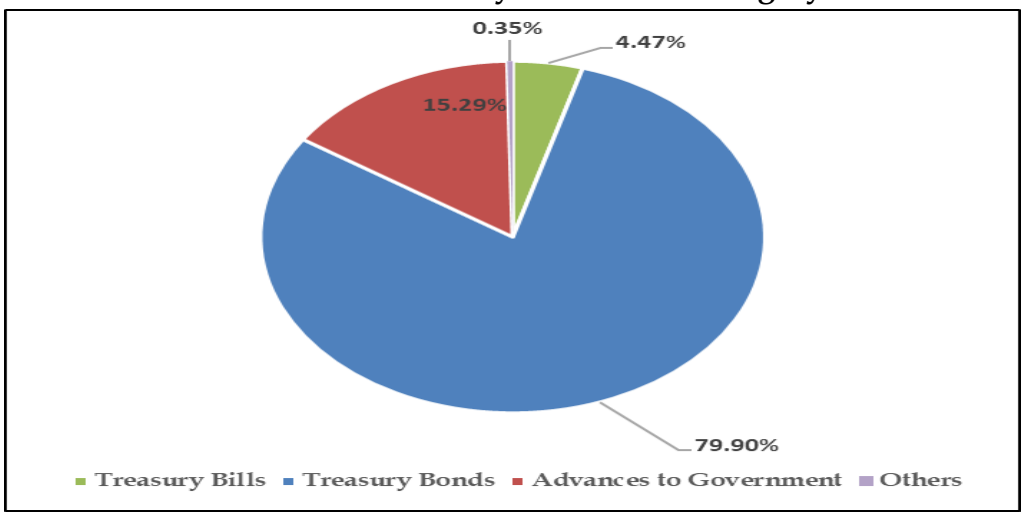


Source: Ministry of Finance

3.2 Central Government Domestic Stock

As at the end of June 2026, domestic debt stock stood at TZS 39,325.85 billion, representing a 2.28 percent increase from TZS 38,447.86 billion recorded at the end of March 2026. Treasury bonds account for the largest share (79.90 percent) of the profile of domestic debt by instrument (Chart 3.2). The greater share of Treasury bonds is consistent with the Medium-Term Debt Strategy, which requires the Government to develop domestic bond market by issuing instruments with longer tenures to reduce refinancing risk

Chart 3.2 : Domestic Debt Stock by Instrument Category



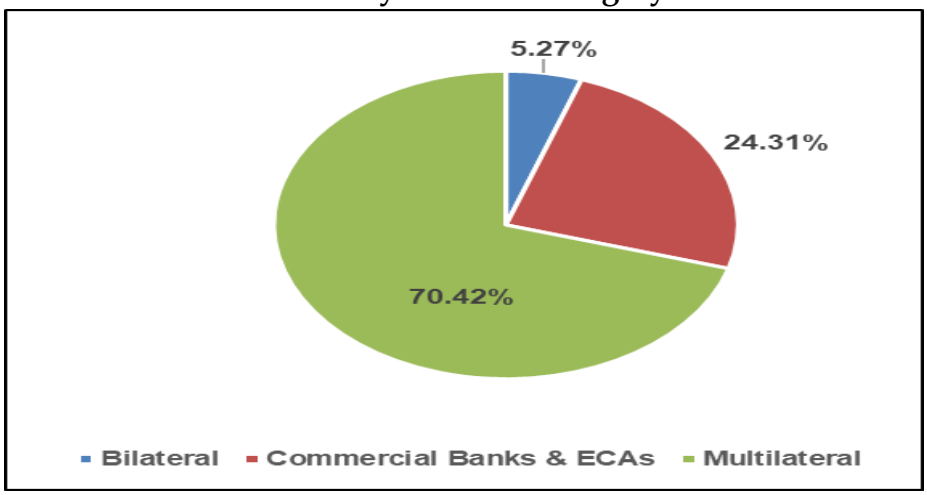
Source: Ministry of Finance

3.3 Central Government External Debt

At the end of June 2026, the stock of external Central Government debt stood at USD 29,605.95 million (TZS 78,058.16 billion), representing an annual increase of 5.23 percent from USD 28,133.67 million recorded at end June 2025. The increase was mainly attributed to disbursement from external creditors.

The proportion of debt owed to multilateral institutions remained dominant accounting for 70.42 percent of the external debt stock for the quarter ending June 2026, followed by commercial creditors and export credit with 24.31 percent, and bilateral creditors share the remaining portion with 5.27 percent **(Chart 3.3).**

Chart 3.3: External Debt by Creditor Category



Source: Ministry of Finance

ANNEX A

Revenue Perfomance July 2025 - June 2026

Billion Shillings

	Budget Estimates	April 2025 - June 2026			July 2025-June 2026 Actual	Year Perf.
		Estimates	Actual	per		
Revenue (Including LGAs own sources)	**34,239.3**	**10,669.0**	**11,159.9**	**104.6%**	**41,930.4**	**122.5%**
Revenue (Excluding LGAs own sources)	**32,558.8**	**10,265.2**	**10,776.5**	**105.0%**	**40,323.7**	**123.8%**
Tax Revenue	**25,949.2**	**8,336.1**	**9,173.8**	**110.0%**	**34,579.2**	**133.3%**
Taxes on Imports	**9,007.3**	**2,221.0**	**2,691.9**	**121.2%**	**9,904.3**	**110.0%**
Import Duty	2,176.1	534.6	674.9	126.3%	2,464.4	113.3%
Excise on Petroleum	1,384.7	348.6	355.2	101.9%	1,429.6	103.2%
Excise	1,384.7	348.6	355.2	101.9%	1,429.6	103.2%
Others	5,446.5	1,337.8	1,661.8	124.2%	6,010.3	110.4%
Excise	473.0	116.2	157.9	135.9%	579.7	122.5%
VAT on Non-Petroleum imports	4,973.4	1,221.6	1,503.9	123.1%	5,430.7	109.2%
Taxes on Domestic Sales	**8,050.0**	**2,225.1**	**1,879.0**	**84.4%**	**7,576.5**	**94.1%**
Excise	2,684.4	716.7	668.3	93.2%	2,646.7	98.6%
Value Added Tax (VAT)	5,365.6	1,508.4	1,210.7	80.3%	4,929.9	91.9%
Income Tax	**5,365.6**	**2,921.4**	**3,523.7**	**120.6%**	**13,265.1**	**247.2%**
PAYE	4,041.9	1,031.7	1,149.7	111.4%	4,370.7	108.1%
Corporate and Parastatals	4,344.3	1,095.9	1,505.5	137.4%	5,472.6	126.0%
Individuals	349.6	91.2	74.6	81.7%	323.2	92.5%
Withholding Taxes	1,922.1	519.0	601.6	115.9%	2,330.8	121.3%
Rental Tax	191.5	50.5	48.2	95.6%	206.1	107.6%
Other Income	518.5	133.1	144.1	108.3%	561.7	108.3%
Other Taxes	**4,663.1**	**1,223.7**	**1,322.3**	**108.1%**	**4,970.2**	**106.6%**
Business Skill Development Levy	432.0	114.5	113.0	98.7%	428.0	99.1%
Fuel Levy and transit fee	2,089.8	526.2	583.9	111.0%	2,194.7	105.0%
Stamp Duty	35.1	6.9	5.1	74.4%	22.4	63.8%
Departure Service Charges	106.6	19.0	19.2	100.8%	78.4	73.5%
Processing Fee-dry cargo-TRA	145.9	35.9	40.9	114.0%	151.7	104.0%
Export Duty	219.1	53.8	5.1	9.5%	200.4	91.5%
Railway Development Fund	694.1	171.6	246.3	143.6%	784.4	113.0%
National Water Development Fund	225.6	56.8	61.7	108.7%	232.2	102.9%
Motor vehicle taxes	138.0	39.3	61.0	155.2%	203.1	147.1%
Treasury Voucher Cheque	18.4	4.5	6.1	134.3%	24.54	133.6%
Industrial Development Levy	85.7	21.0	51.6	245.0%	161.26	188.2%
Transer to REA	472.8	119.0	123.3	103.6%	470.9	99.6%
Refunds	**-1,136.8**	**-255.1**	**-243.1**	**95.3%**	**-1,136.8**	**100.0%**
Refunds - VAT	- 1,033.5	-232.3	-224.6	96.7%	-1,084.2	104.9%
Refunds - other	- 103.3	-22.8	-18.6	81.4%	-52.6	50.9%
Non Tax Revenue	**6,609.6**	**1,929.0**	**1,602.7**	**83.1%**	**5,744.5**	**86.9%**
Parastatal Dividends	1,696.3	731.6	548.0	74.9%	1,327.9	78.3%
Ministries and Regions	2,985.5	790.5	777.3	98.3%	2,989.6	100.1%
TRA Non Tax	298.0	73.2	86.4	118.0%	320.5	107.5%
Tourism Sector	1,396.4	267.3	136.7	51.1%	892.7	63.9%
Transaction levy on Money withdrawing	233.5	66.5	54.3	81.7%	213.8	91.6%
LGAs own source	**1,680.5**	**403.8**	**383.4**	**94.9%**	**1,606.7**	**95.6%**

Source: Ministry of Finance