

**THE UNITED REPUBLIC OF TANZANIA**



**MINISTRY OF FINANCE**

**THE BUDGET EXECUTION REPORT FOR THE SECOND QUARTER OF 2024/25  
(JULY TO DECEMBER 2024)**

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

**MARCH 2025**

## TABLE OF CONTENTS

<b>LIST OF ABBREVIATIONS .....</b>	<b>ii</b>
<b>EXECUTIVE SUMMARY .....</b>	<b>iii</b>
<b>1.0 RECENT MACROECONOMIC PERFORMANCE .....</b>	<b>1</b>
1.1 Real GDP Growth in the third Quarter of 2024.....	1
1.2 Inflation Development.....	2
1.3 External Trade.....	3
1.4 Gross Official Reserves .....	4
1.5 Credit to Private Sector.....	4
1.6 Money Supply .....	4
1.7 Interest Rates Development.....	4
1.8 Exchange Rate .....	4
<b>2.0 GOVERNMENT OPERATIONS.....</b>	<b>5</b>
2.1 Domestic Revenue .....	5
2.2 Revenue by Source .....	5
2.2.1 Taxes on Imports .....	5
2.2.2 Taxes on Domestic Sales.....	5
2.2.3 Income Tax .....	6
2.2.4 Other Taxes.....	8
2.2.5 Non-Tax Revenue.....	9
2.3 Expenditure.....	10
2.3.1 Recurrent Expenditure .....	10
2.3.2 Wages and Salaries.....	10
2.3.3 Debt Service.....	10
2.3.4 Goods, Services and Transfers.....	11
2.3.5 Development Expenditure .....	11
2.3.6 Cumulative Expenditure Performance .....	<a href="#">11</a>
2.3.7 Government Expenditure Arrears.....	12
2.4 Grants.....	13
2.5 Financing .....	13
2.5.1 Domestic Financing.....	13
2.5.2 Foreign Financing.....	14
<b>3.0 GOVERNMENT DEBT DEVELOPMENT .....</b>	<b>16</b>
3.1 Overall Debt Stock.....	16
3.2 Central Government Domestic Stock .....	16
3.3 Central Government External Debt .....	17
3.4 The Result of Debt Sustainability Analysis .....	18
<b>4.0 LIKELY BUDGET OUT TURN TO JUNE 2025 .....</b>	<b>18</b>

## **LIST OF ABBREVIATIONS**

BoT	-	Bank of Tanzania
DSA	-	Debt Sustainability Analysis
GDP	-	Gross Domestic Product
LGAs	-	Local Government Authorities
PAYE	-	Pay as You Earn
REA	-	Rural Electrification Agency
TRA	-	Tanzania Revenue Authority
USD	-	United States Dollar
VAT	-	Value Added Tax

## EXECUTIVE SUMMARY

During the third quarter (July - September 2024), nominal Gross Domestic Product (GDP) increased to 48.8 trillion from 44.6 trillion recorded in the similar quarter in 2023. Further, the real GDP (at 2015 prices) increased to 37.5 trillion from 35.4 trillion achieved in the corresponding period in 2023. As a result, real GDP growth in the third quarter was 5.9 percent compared with 5.6 percent recorded in the corresponding quarter in 2023.

Total domestic revenue collection (including LGAs own source) amounted to 9,380.5 billion shillings, which was 20.3 percent higher than 7,798.7 billion shillings collected in the corresponding period in 2023/24. On cumulative basis (July to December 2024), total revenue collected was 17,415.4 billion shillings against the target of 17,332.8 billion shillings, equivalent to 100.5 percent and an increase of 18.1 percent when compared with the amount collected in the first half of 2023/24.

The total expenditure for the second quarter was 12,213.73 billion shillings against the target of 13,670.87 billion shillings of which recurrent expenditure was 8,356.79 billion shillings against a target of 9,471.47 billion shillings, while development expenditure amounted to billion shillings 4,199.40 against a target of 3,856.94 billion shillings. However, cumulative expenditure performance was at 23,881.26 billion shillings against a target of 25,247.53 billion shillings, equivalent to 95 percent. In which recurrent expenditure was 15,906.41 billion shillings reflecting a performance of 91 percent and development expenditure totaled to 7,974.85 billion shillings, equivalent to 103 percent.

During the second quarter of 2024/25, grants received were 380.9 billion shillings, equivalent to 218.3 percent of the estimated amount of 174.5 billion shillings. Out of the total grants, Project Grants were 338.7 billion shillings, equivalent to 281.4 percent of the estimates of 120.4 billion shillings and Basket Funds were 42.2 billion shillings, equivalent to 78.0 percent of estimates of 54.1 billion shillings. Cumulatively, from July to December 2024, total grants received were 476.0 billion shillings against the target of 285.5 billion shillings equivalent to 166.7 percent.

Total financing during the second quarter of 2024/25 was 2,245.2 billion shillings against the target of 1,712.8 billion shillings. Out of the total financing, total foreign net financing was a borrowing of 1,015.4 billion shillings and total domestic net financing was a borrowing of 1,229.8 billion shillings. Cumulatively, from July to December 2024, total financing was 3,034.8 billion shillings against the target of 3,379.4 billion shillings equivalent to 89.8 percent.

At end December 2024, debt stock was 93,687.45 billion shillings compared to 87,187.70 billion shillings in the corresponding period in 2023, equivalent to an increase of 7.45 percent. The increase in the Central Government debt stock was due to Government borrowing to finance development projects, depreciation of shilling against US Dollar and securitization of NSSF and PPL loans.

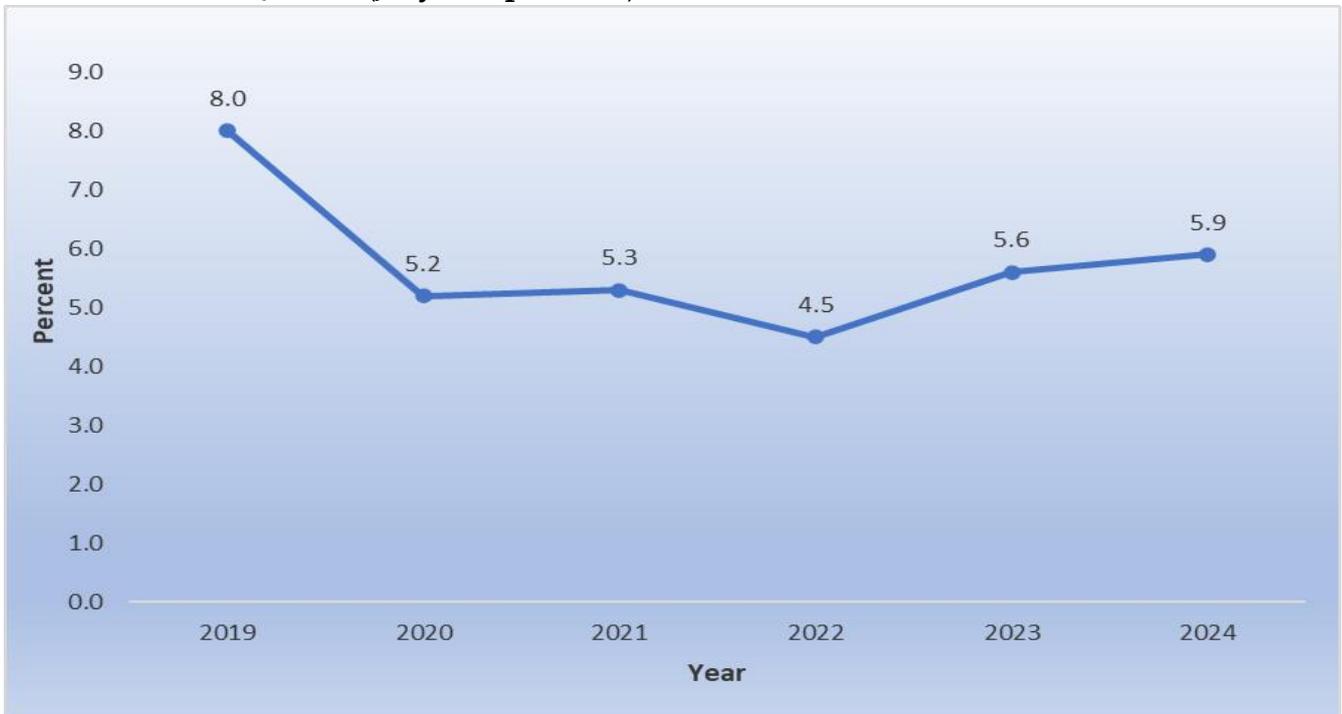
## 1.0 RECENT MACROECONOMIC PERFORMANCE

### 1.1 Real GDP Growth in the third Quarter of 2024

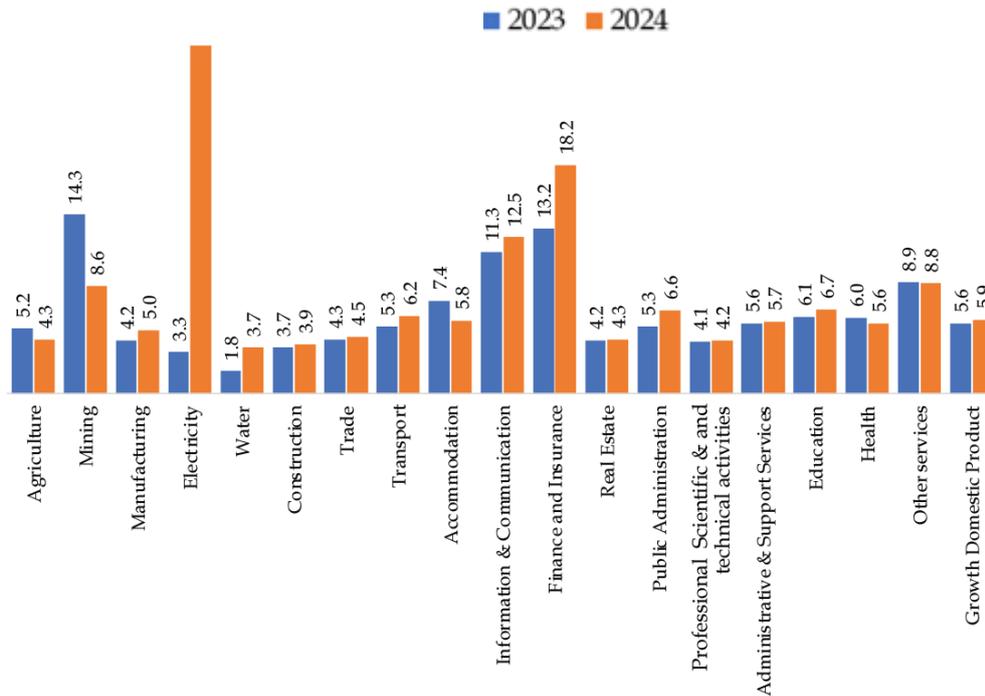
During the third quarter (July – September 2024), nominal Gross Domestic Product (GDP) increased to 48.8 trillion shillings from 44.6 trillion shillings recorded in the similar quarter in 2023. Further, the real GDP (at 2015 prices) increased to 37.5 trillion shillings from 35.4 trillion shillings achieved in the corresponding period in 2023. As a result, real GDP growth in the third quarter was 5.9 percent compared with 5.6 percent recorded in the corresponding quarter in 2023 (Chart 1.1). This growth was driven by an increase in electricity production, particularly through the Julius Nyerere Dam following commencement of production in five out of nine turbines, which had a positive impact on other economic sectors (multiplier effect); the strengthening of social services; an increase in loans to the private sector, which stimulated economic activities; and improvements in the transportation sector.

The economic activities that recorded the highest growth rates were Electricity (27.8 percent), Financial and Insurance Services (18.2 percent), Information and Communication (12.5 percent), Other Social Services (8.8 percent), Mining and Quarrying (8.6 percent), Education (6.7 percent), Public Administration and Defense (6.6 percent), Transportation and Storage (6.2 percent), Accommodation and Food Services (5.8 percent), and Administrative and Support Services (5.7 percent). Chart 1.2 presents the Growth rates by economic activity.

**Chart 1.1: Third Quarter (July – September) GDP Growth rates**



**Chart 1.2: Growth Rates of Selected Economic Activities (July - September)**

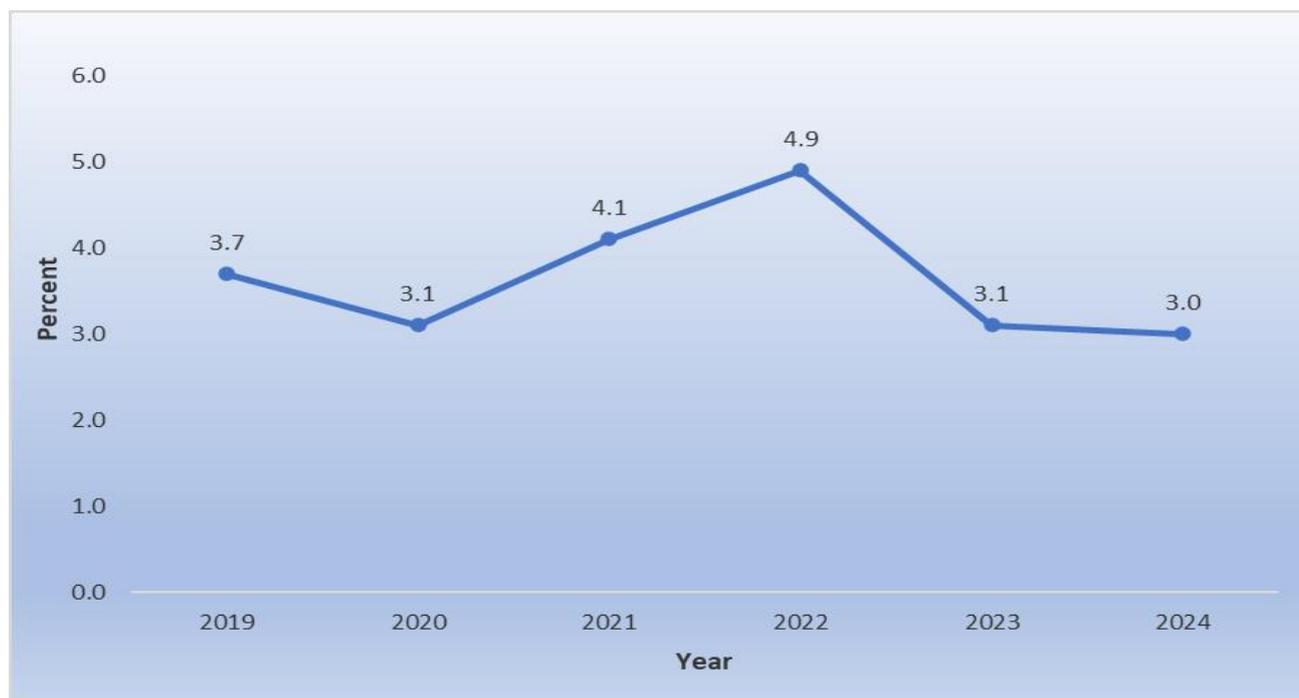


Source: National Bureau of Statistics

## 1.2 Inflation Development

During the second quarter of 2024/25 (October - December), headline inflation averaged 3.0 percent, a decline from 3.1 percent recorded in the corresponding quarter in 2023/24. During the period between July to December 2024, the average inflation rate decreased to 3.1 percent compared to an average of 3.2 percent during the same period in 2023. The decline was driven by the implementation of a robust monetary policy and sufficient food supply in the country, which led to lower food prices compared to 2023. Inflation rate for food and non-alcoholic beverages decreased to an average of 2.8 percent compared to an average of 4.6 percent during the same period in 2023. Additionally, core inflation (which excludes unprocessed food and energy) increased to an average of 3.2 percent compared to 2.5 percent during the same period in 2023. Chart 1.3 presents the trends of inflation.

**Chart 1.3: Trend of Headline Inflation (October - December)**



Source: National Bureau Statistics

### 1.3 External Trade

The external sector continued to improve from the adverse effects of the ongoing Russia - Ukraine war. During the quarter ending December 2024, the current account deficit narrowed to USD 643.4 million compared to a deficit of USD 1,024.5 million recorded in the corresponding period in 2023. Exports of goods and services amounted to USD 4,602.1 million during the quarter ending December 2024 from USD 3,740.6 million in the corresponding period of 2023. During the same period, imports of goods and services amounted to USD 4,760.7 million compared to USD 4,485.7 million in the corresponding period of 2023.

During the review period, the value of goods exported increased to USD 2,836.3 million from USD 2,016.9 million recorded during the corresponding quarter in 2023. The increase was recorded in both traditional and non-traditional exports. Traditional exports rose to USD 730.2 million from USD 430.6 million in the corresponding quarter in 2023, driven by an increase of exports of cashewnuts, coffee and sisal. Meanwhile, the value of goods imported rose to USD 4,039.4 million from USD 3,874.8 million registered in the same period in 2023. Main drivers of the increase were industrial transport equipment, parts and accessories and plastic and articles thereof.

Services account recorded a surplus of USD 1,044.4 million in the quarter ending December 2024 compared to USD 1,112.8 million reported during the corresponding quarter in 2023. The outturn was a result of increase in services receipts, particularly from travel and transportation. The primary income account recorded a deficit of USD 594.3 million compared to a deficit of USD 461.1 million recorded during the corresponding period in 2023. On the

other hand, secondary income account recorded a surplus of USD 109.6 million, compared to USD 181.7 million in the quarter ending December 2023.

#### **1.4 Gross Official Reserves**

At the end of December 2024, foreign exchange reserves stood at USD 5,500.5 million, compared to USD 5,450.1 million during the same period in 2023. This amount is sufficient to cover the importation of goods and services for no less than 4.5 months, which exceeds the national target of covering four (4) months. This increase was driven by the implementation of the Bank of Tanzania's gold purchase program, as well as higher foreign exchange earnings resulting from the rise in global gold prices, increased exports of cash crops such as cashew nuts and tobacco and increase in the number of tourists visiting the country.

#### **1.5 Credit to Private Sector**

During the quarter ending December 2024, credit to the private sector grew at an average of 14.9 percent, a 2.9 percentage point lower than the growth in the corresponding quarter in 2023. The performance was attributable to sustained strong demand for credit in line with the improved business conditions.

#### **1.6 Money Supply**

During the quarter ending December 2024, extended broad money supply recorded an annual growth of 13.1 percent, being 0.3 percentage point lower than the corresponding quarter in 2023. This was attributed to a slightly decrease in growth of credit to private sectors.

#### **1.7 Interest Rates Development**

During the quarter ending December 2024, the overall lending rate averaged at 15.69 percent, higher from 15.44 percent in the corresponding quarter in 2023. Likewise, the negotiated lending rates averaged 12.84 percent, 0.47 percentage points lower than the corresponding quarter in 2023. The overall time deposit rate rose to 8.26 percent from 7.38 percent.

#### **1.8 Exchange Rate**

The value of shilling against the currencies of major trading partners declined during the second quarter of 2024/25 due to challenges the world economy is experiencing, especially the increase in commodity prices, which caused a great demand for foreign currency in the economy. During the period, shilling was traded at an average rate of 2,597.59 per US dollar compared with TZS 2,490.47 per US dollar in the corresponding quarter of 2023.

## 2.0 GOVERNMENT OPERATIONS

### 2.1 Domestic Revenue

In the second quarter of 2024/25, the Government continued to enhance efforts to mobilize domestic resources, ensuring sufficient funding for its operations, infrastructure projects and social services. Total domestic revenue collection (including LGAs own source) amounted to 9,380.5 billion shillings, which was 20.3 percent higher than 7,798.7 billion shillings collected in the corresponding period in 2023/24. On cumulative basis (July to December 2024), total amount collected was 17,415.4 billion shillings against the target of 17,332.8 billion shillings, equivalent to 100.5 percent and an increase of 18.1 percent when compared with the amount collected in the first half of 2023/24. Out of the amount, collections from Tanzania Revenue Authority (TRA) were 15,111.6 billion shillings against the target of 14,874.9 billion shillings, equivalent to 101.6 percent. Non-tax revenues collected by Ministries, Departments and Agencies (MDAs) were 1,605.8 billion shillings equivalent to 90.0 percent of the targeted collection of 1,783.4 billion shillings and collections from LGAs own source were 697.8 billion shillings against the target of 674.5 billion shillings, equivalent to 103.5 percent.

### 2.2 Revenue by Source

#### 2.2.1 Taxes on Imports

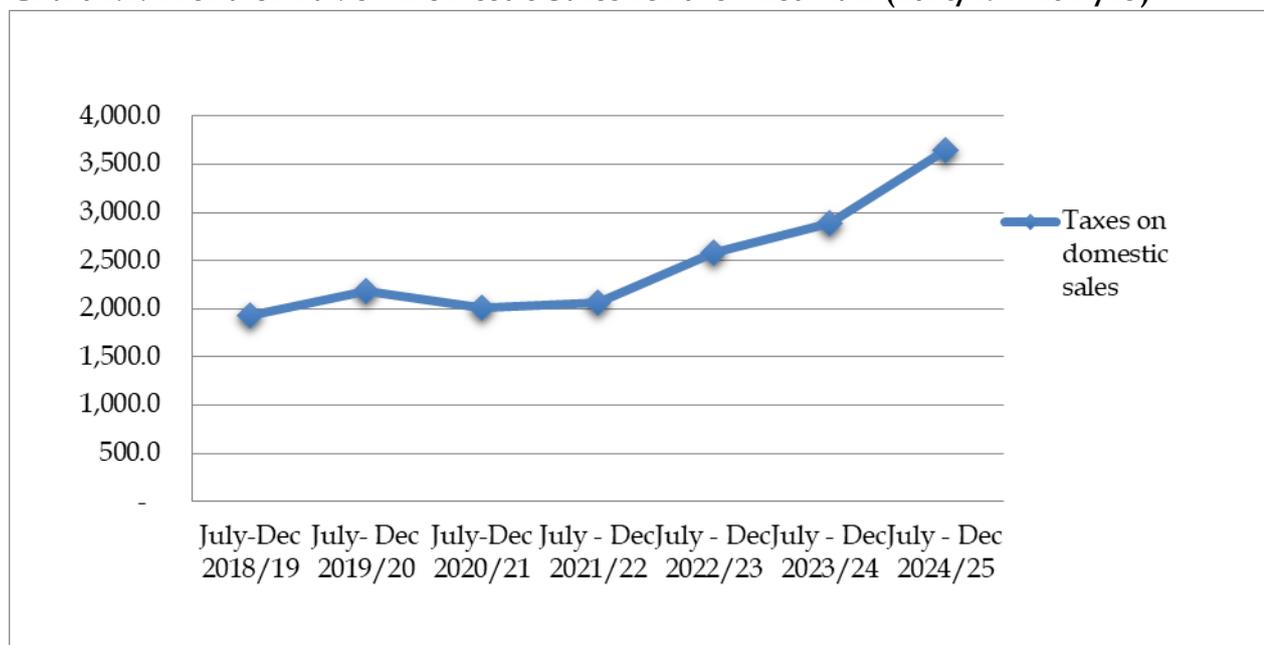
Import taxes and duties collections in the second quarter of 2024/25 amounted to 2,332.0 billion shillings, reflecting a performance of 108.4 percent of estimated 2,150.7 billion shillings, and 19.7 percent higher when compared to collections of 1,873.40 billion shillings registered in the similar period in 2023/24. Cumulatively, for the first half of 2024/25, import taxes and duties collections amounted to 4,330.1 billion shillings, reflecting a performance of 105.9 percent of estimated 4,090.5 billion shillings. The excise on petroleum imports was 676.3 billion shillings, which was 99.8 percent of the planned target of 677.9 billion shillings. Excise on other imports collections were 207.7 billion shillings, registering a performance of 103.7 percent. On the other hand, import duty collections amounted to 1,076.7 billion shillings, equivalent to 98.7 percent of the target and VAT on non-petroleum performed at 111.7 percent of the target by collecting 2,369.3 billion shillings. The performance of import taxes and duties during the first half of the year is largely attributed to a noticeable rise in the volume of excisable products being imported, as well as an increase in the importation of diesel. These factors contributed significantly to the overall performance of import-related taxes and duties during this period.

#### 2.2.2 Taxes on Domestic Sales

In the second quarter of 2024/25, actual tax collection from domestic sales increased to 1,827.9 billion shillings from 1,471.86 billion shillings, reflecting an increase of 24.2 percent when compared to the corresponding period in 2023/24. The amount collected was equivalent to 107.9 percent of the targeted collection of 1,694.0 billion shillings. On cumulative basis, during the first half of 2024/25, actual tax collection from domestic sales increased by 25.8 percent to 3,641.4 billion shillings from 2,894.4 billion shillings collected in the first half of 2023/24 and

93.6 percent of the target of 3,092.1 billion shillings. Out of the total domestic sales tax, the excise duty was 1,159.7 billion shillings, equivalent to 101.7 percent of the target of 1,139.8 billion shillings while VAT on domestic sales amounted to 2,481.6 billion shillings, which was 116.6 percent. The overperformance of VAT on domestic sales can be attributed to several factors: diligent monitoring of EFD usage across the country, close oversight of VAT returns, including thorough vetting before and after submission, and an increase in VAT payments from various sectors such as manufacturing, information and communication, and mining and quarrying. The good performance of domestic excise duty was primarily driven by an increase in the production of excisable goods, including wines, spirits, soft drinks, bottled water, cigarettes, and juice. Additionally, effective monitoring of Electronic Tax Stamp usage, along with declarations, campaigns, and enforcement efforts, contributed significantly to this positive outcome. **Chart 2.1** shows the trend of tax on domestic sales for the first half of the financial years (2018/19 - 2024/25).

**Chart 2.1: Trend of Tax on Domestic Sales for the First Half (2018/19 - 2024/25)**



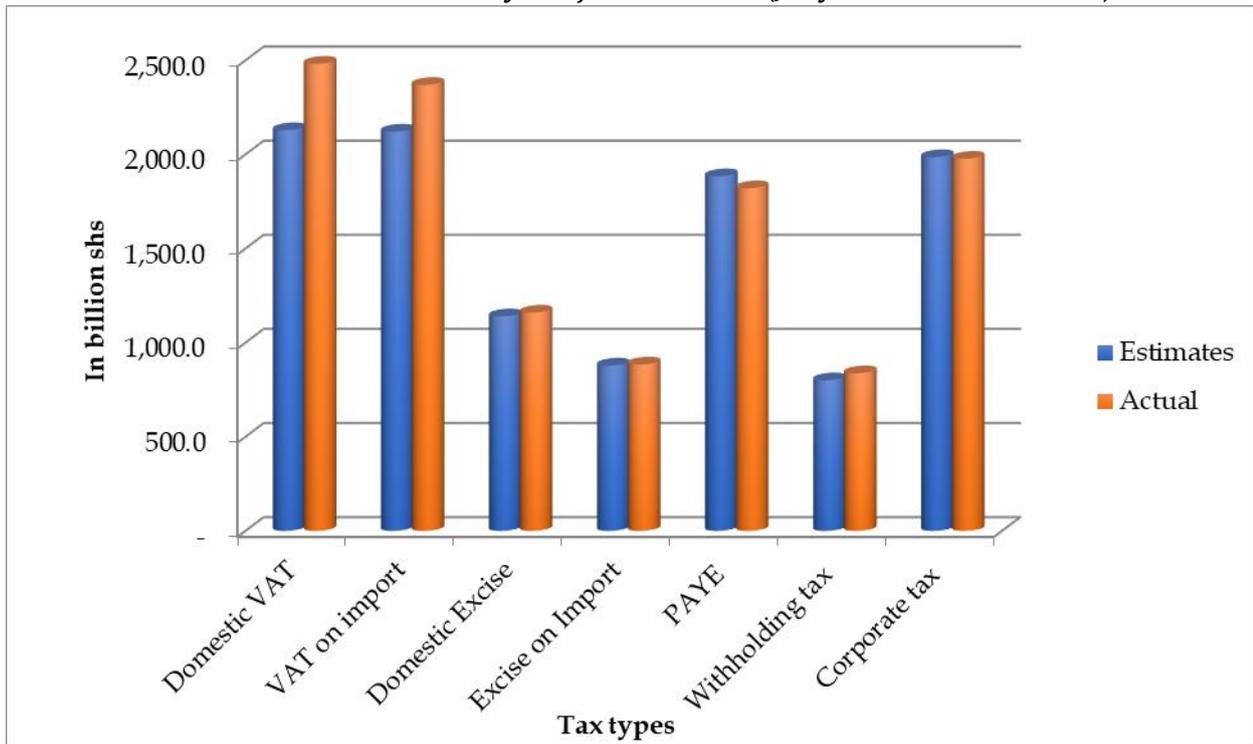
Source: Ministry of Finance

### 2.2.3 Income Tax

Income tax collections during the second quarter of 2024/25 amounted to 2,790.1 billion shillings, equal to 100.6 percent of the target of collecting 2,772.5 billion shillings, which is higher than the amount collected in the same period in 2023/24 (2,457.8 billion shillings). Cumulatively, income tax collections for the first half of 2024/25 were 5,102.9 billion shillings, equal to 100.1 percent of estimates of 5,098.5 billion shillings. In the second quarter of 2024/25, PAYE collections were 937.2 billion shillings, equivalent to 96.8 percent of the target. Cumulatively, during the first half of 2024/25, PAYE collections were 1,820.3 billion shillings against the target of 1,884.1 billion shillings equal to 96.6 percent compared to target and 14.8 percent higher when compared to 1,585.3 billion shillings collected in the first half of 2024/25.

During the second quarter of 2024/25, revenue collections from corporate tax were 1,160.5 billion shillings, which was 102.9 percent of the target of 1,127.4 billion shillings. Cumulatively, the amount collected from corporate tax was 1,976.9 billion shillings, equivalent to 99.6 percent of the target. The performance was attributed to close follow-up of provisional installments declared for the month of December 2024 and increased collection of corporate tax from mining and quarrying sector, manufacturing sector and financial and insurance activities. Collections from withholding taxes for the second quarter were 443.9 billion shillings, equivalent to 101.0 percent of the target. The over performance was associated with the increase in number of transactions that attract withholding taxes. The cumulative collections from withholding taxes for the first half of 2024/25 were 837.1 billion shillings against the target of 799.9 billion shillings, equivalent to 104.7 percent. Revenue performance by major tax items is shown in **Chart 2.2**.

**Chart 2.2: Revenue Performance by Major Tax Item (July to December 2024)**

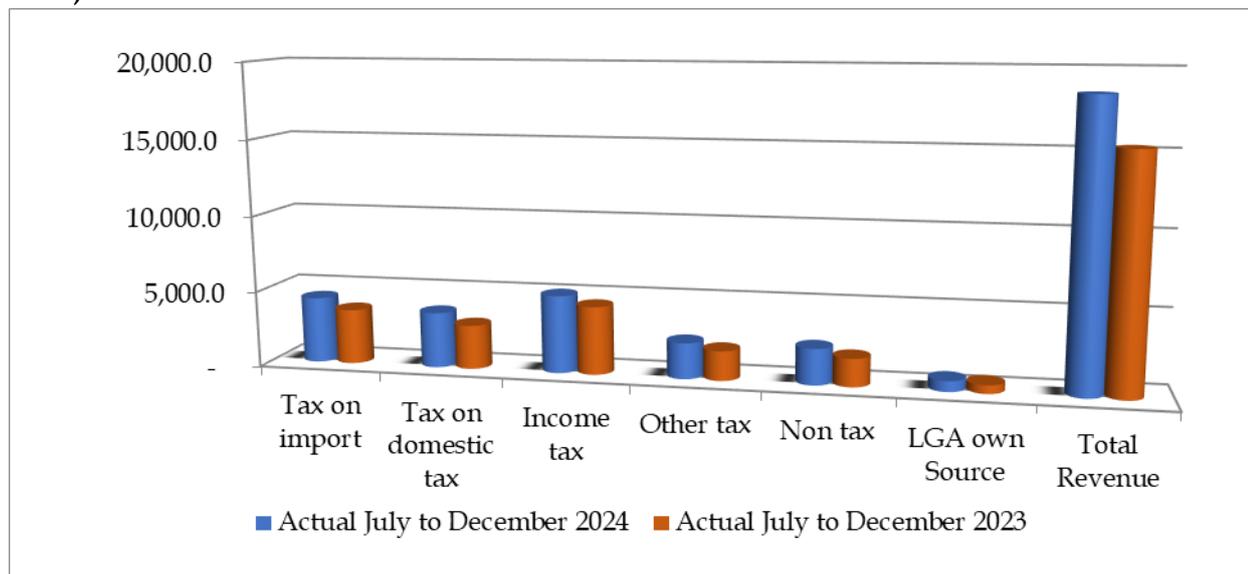


Source: Ministry of Finance

### Other Taxes

During the quarter ending December 2024, actual collections from other taxes category amounted to 1,314.0 billion shillings, which was 104.5 percent of the period estimate of 1,258.0 billion shillings. On cumulative basis, the amount collected was 2,360.1 billion shillings, which was 105.1 percent of estimates of 2,245.1 billion shillings, and an increase of 21.8 percent when compared to the amount collected in the same period in 2023/24. Out of the collected amount, Fuel Levy and Transit Fee amounted to 1,022.6 billion shillings, equivalent to 101.7 percent of target; collections meant for National Water Development Fund were 110.4 billion shillings, which was 100.2 percent of target; and collections for Rural Energy Agency (REA) amounted to 233.0 billion shillings, equivalent to 98.2 percent of target. In addition, collections from other sources include: collections for Railway Development Fund were 353.1 billion shillings, equivalent to 103.1 percent of target; Business Skill Development Levy (SDL) recorded 189.0 billion shillings, equivalent to 92.0 percent of target and Departure Service Charges performed at 85.2 percent of estimated target of 61.6 billion shillings. The underperformance of SDL was attributed to some employers failing to honor their installment payment plans for SDL tax liabilities. The trend of revenue performance is indicated in **Chart 2.3**.

**Chart 2.3: Revenue Performance (July to December, 2023) Compared to (July to December, 2024)**



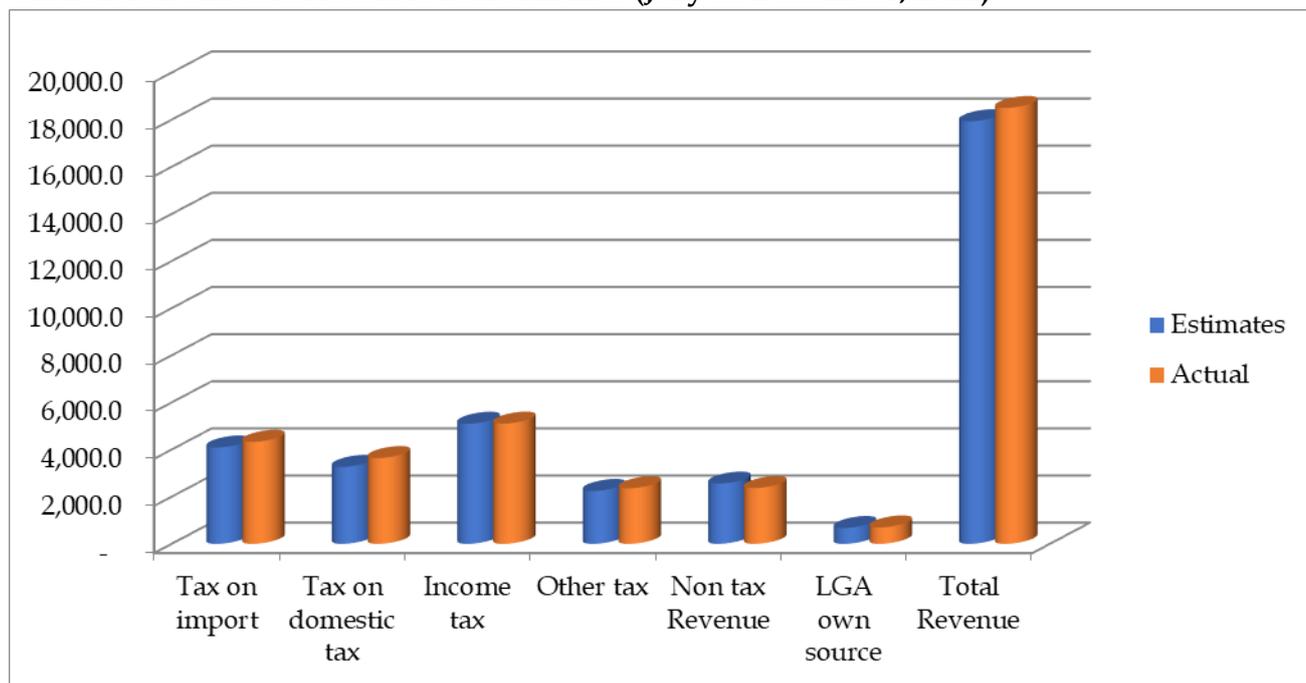
Source: Ministry of Finance

### 2.2.4 Non-Tax Revenue

Collections of non-tax revenue in the second quarter of 2024/25 were 1,311.8 billion shillings, equivalent to 90.9 percent of quarter estimates of 1,443.0 billion shillings. For the period of July to December 2024, collections of non-tax revenue were 2,368.7 billion shillings, equivalent to 92.6 percent of period estimates of 2,557.7 billion shillings and 28.5 percent higher when compared to collections registered in the same period in 2023/24. Out of the amount, non-tax revenues collected by Ministries were 1,120.9 billion shillings, against the target of 1,281.8 billion shillings, equivalent to 87.4 percent, dividends and contribution from Government Institutions were 485.0 billion shillings which was 96.7 percent of the target, non-tax revenues collected by TRA (mobile money transactions levy, tourist sector and others) were 762.8 billion shillings, which was 98.8 percent of the period estimates of 774.3 billion shillings. The underperformance of non-tax revenue was largely attributed to inefficiency in monitoring of revenue source and some of the institutions did not remit their contribution as anticipated.

The Local Government Authorities' (LGAs) own sources collections in the second quarter of 2024/25 were 342.1 billion shillings, equivalent to 99.2 percent of estimates while the collections recorded for the first half of 2024/25 amounted to 697.8 billion shillings, which was 103.5 percent of the target. The Domestic revenue performance for the first half of 2024/25 is depicted in **Chart 2.4**.

**Chart 2.4: Domestic Revenue Performance (July to December, 2024)**



Source: Ministry of Finance

## 2.3 Expenditure

During the period under review, total expenditure amounted to 12,213.73 billion shillings, below the target of 13,670.87 billion shillings.

### 2.3.1 Recurrent Expenditure

Total recurrent expenditure amounted to 8,356.79 billion shillings, representing 88 percent of the quarterly target. This is an increase compared to the 7,081.6 billion shillings recorded in the corresponding quarter of 2023/24. This increase indicates a commitment to allocating funds towards social spending and debt servicing.

### 2.3.2 Wages and Salaries

The Government continued to honor payment of wages and salaries to promote employees' morale in the public sectors. Total expenditure on wages and salaries amounted to 2,791.86 billion shillings, equivalent to 93 percent of the target of 2,991.14 billion shillings.

### 2.3.3 Debt Service

Total debt service expenditure for the second quarter amounted to 3,292.05 billion shillings, equivalent to 94 percent of the target. The amount released includes 1,641.41 billion shillings for principal repayment and 1650.64 billion shillings for interest payment.

### 2.3.4 Goods, Services and Transfers

The spending under goods, services and transfers amounted to 2,272.87 billion shillings against the target of 2,971.01 billion shillings.

### 2.3.5 Development Expenditure

In the second quarter of 2024/25 an estimated amount of 4,199.40 billion shillings was allocated for development expenditure. However, only 3,856.94 billion shillings were released which is equivalent to 92 percent of the estimated target. This total includes 3,097.83 billion shillings for domestic expenditure and 759.11 billion shillings for foreign expenditure.

The expenditure performance by major categories and economic classification for the second quarter is as shown in **Table 2.1**.

**Table 2.1: Expenditure Performance by Major Categories and Economic Classification**

Category	Quarter Target	Actual Expenditure	Performance
<b>Recurrent Expenditure</b>	<b>9,471.47</b>	<b>8,356.79</b>	<b>88%</b>
o/w Wages and Salaries	2,991.14	2,791.86	93%
Debt Amortization	1,880.07	1,641.41	87%
Interest Repayments	1,629.25	1,650.64	101%
Goods, Services and Transfers	2,971.01	2,272.87	77%
<b>Development Expenditure</b>	<b>4,199.40</b>	<b>3,856.94</b>	<b>92%</b>
Development Local	3,161.65	3,097.83	98%
Development Foreign	1,037.75	759.11	73%
<b>Grand Total</b>	<b>13,670.87</b>	<b>12,213.73</b>	<b>89%</b>

Source: Ministry of Finance

### 2.3.6 Cumulative Expenditure Performance (July to December)

The cumulative expenditure performance amounted to 23,881.26 billion shillings against a target of 25,247.53 billion shillings, equivalent to 95 percent. Recurrent expenditure was an aggregate of 15,906.41 billion shillings reflecting a performance of 91 percent of a target of 17,469.48 billion shillings. Development expenditure totaled to 7,974.85 billion shillings, equivalent to 103 percent of the estimates of 7,778.05 billion shillings. The expenditure comprised of 6,297.61 billion shillings from domestic sources and 1,677.24 billion shillings from foreign sources. The cumulative performance of budget execution in major categories for July to December 2024 is as shown in **Table 2.2**.

**Table 2.1: Cumulative Expenditure Performance by Major Categories and Economic Classification**

Category	Quarter Target	Actual Expenditure	Performance
<b>Recurrent Expenditure</b>	17,469.48	15,906.41	91%
o/w Wages and Salaries	5,785.70	5,527.61	96%
Debt Amortization	3,412.3	3,107.01	96%
Interest Repayments	2,661.7	2,551.4	91%
Goods, Services and Transfers	5,609.81	4,720.37	84%
<b>Development Expenditure</b>	7,778.05	7,974.85	103%
Development Local	6,219.87	6,297.61	101%
Development Foreign	1,558.18	1,677.24	108%
<b>Grand Total</b>	25,247.53	23,881.26	95%

Source: Ministry of Finance

### 2.3.7 Government Expenditure on Arrears

During the period (July to December 2024), a total of 647.71 billion shillings was released for payment of verified arrears. The breakdown of the released amount is as follows: 66.69 billion shillings for supplies (goods & services), 560.23 billion shillings for construction works, 20.77 billion shillings for staff and 2.8 billion shillings for utilities.

**Table 2.3: Arrears Paid July - December 2024 (billion shillings)**

S/No.	Arrears Category	Amount Paid
1	Supplies (Goods & Services)	66.69
2	Construction Works	560.23
3	Staff	20.77
4	Utilities	0.03
	Total	647.72

Source: Ministry of Finance

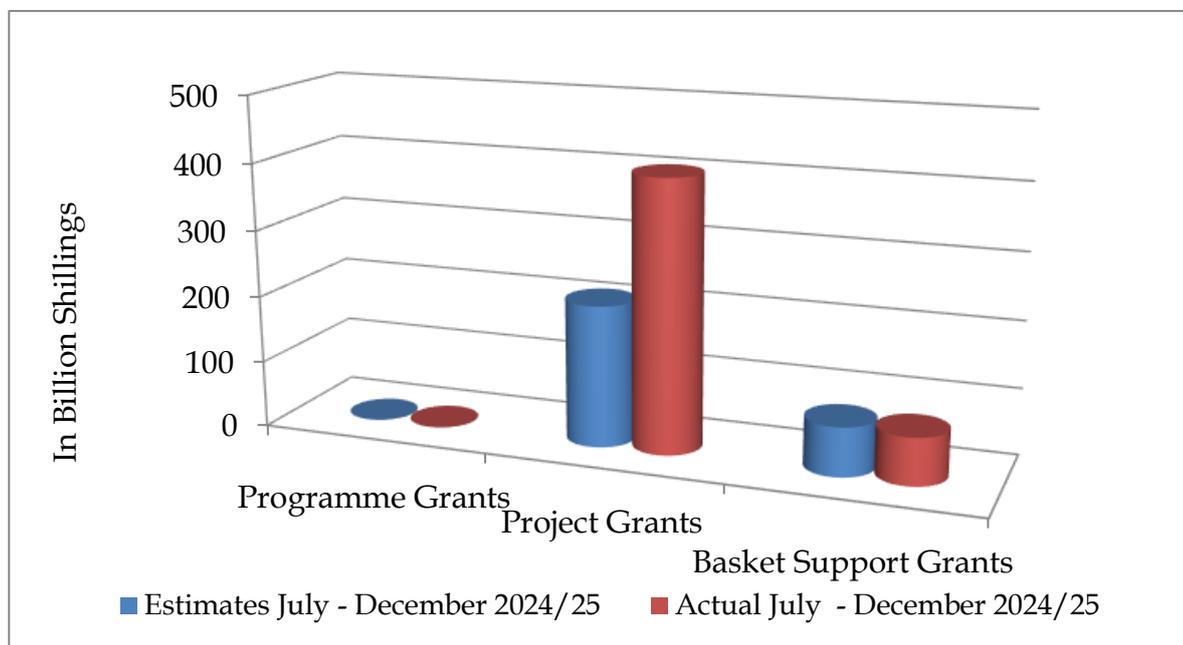
## 2.4 Grants

During the second quarter of 2024/25, grants received were 380.9 billion shillings, equivalent to 218.3 percent of the estimated amount of 174.5 billion shillings. Out of the total grants, project grants were 338.7 billion shillings equivalent to 281.4 percent of the estimates of 120.4 billion shillings and Basket Funds were 42.2 billion shillings equivalent to 78.0 percent of estimates of 54.1 billion shillings.

Cumulatively, from July to December 2024, total grants received were 476.0 billion shillings against the target of 285.5 billion shillings equivalent to 166.7 percent. Out of the grants received, project grants were 405.3 billion shillings equivalent to 191.1 percent of the target of 212.1 billion shillings and basket funds were 70.8 billion shillings against the target of 73.4 billion shillings equivalent to 96.5 percent. During the review period, the Government did not

receive General Budget Support grants. Effective project implementation and timely submission of implementation reports to Development Partners for ongoing development projects contributed to the performance of project grants

**Chart 2.7: Performance of Foreign Grants for the first half of 2024/25 (Estimates against Actual)**



Source: Ministry of Finance

## 2.5 Financing

Total financing during the second quarter of 2024/25 was 2,306.9 billion shillings against the target of 1,961.6 billion shillings. Out of the total financing, total foreign net financing was a borrowing of 1,015.4 billion shillings against a borrowing target of 869.9 billion shillings and total domestic net financing was a borrowing of 1,291.5 billion shillings against the borrowing target of 1,091.7 billion shillings. Cumulatively, from July to December 2024, total financing was 1,840.5 billion shillings against the target of 1,999.0 billion shillings equivalent to 92.1 percent.

### 2.5.1 Domestic Financing

During the second quarter of 2024/25, a total of 2,049.1 billion shillings were borrowed from domestic market against the target of borrowing 1,849.3 billion shillings equivalent to 118.3 percent. Out of the amount borrowed, 795.6 billion shillings was for redemption (rollover) of matured obligations against the target of 757.6 billion shillings and 1,291.5 billion shillings was borrowed for financing development projects equivalent to 118.3 percent of the target. Cumulatively, for the period of July to December 2024, a total of 3,685.7 billion shillings were borrowed from domestic market against the target of borrowing 3,838.7 billion shillings equivalent to 96.0 percent. Out of the amount borrowed, 1,845.2 billion shillings was for redemption (rollover) of matured obligations and 1,840.5 billion shillings was borrowed for financing development projects.

## 2.5.2 Foreign Financing

Net foreign financing for the second quarter was a borrowing of 1,015.4 billion shillings against a borrowing target of 869.9 billion shillings equivalent to 116.7 percent. During the quarter under review, disbursements of concessional loans were 1,404.0 billion shillings against the target of 1,392.4 billion shillings which was 100.8 percent of the target. Disbursement of non-concessional loans were 734.4 billion shillings against the target of 600.0 billion shillings, equivalent to 122.4 percent of the target. In addition, amortization of foreign loans was 1,123.0 billion shillings as planned.

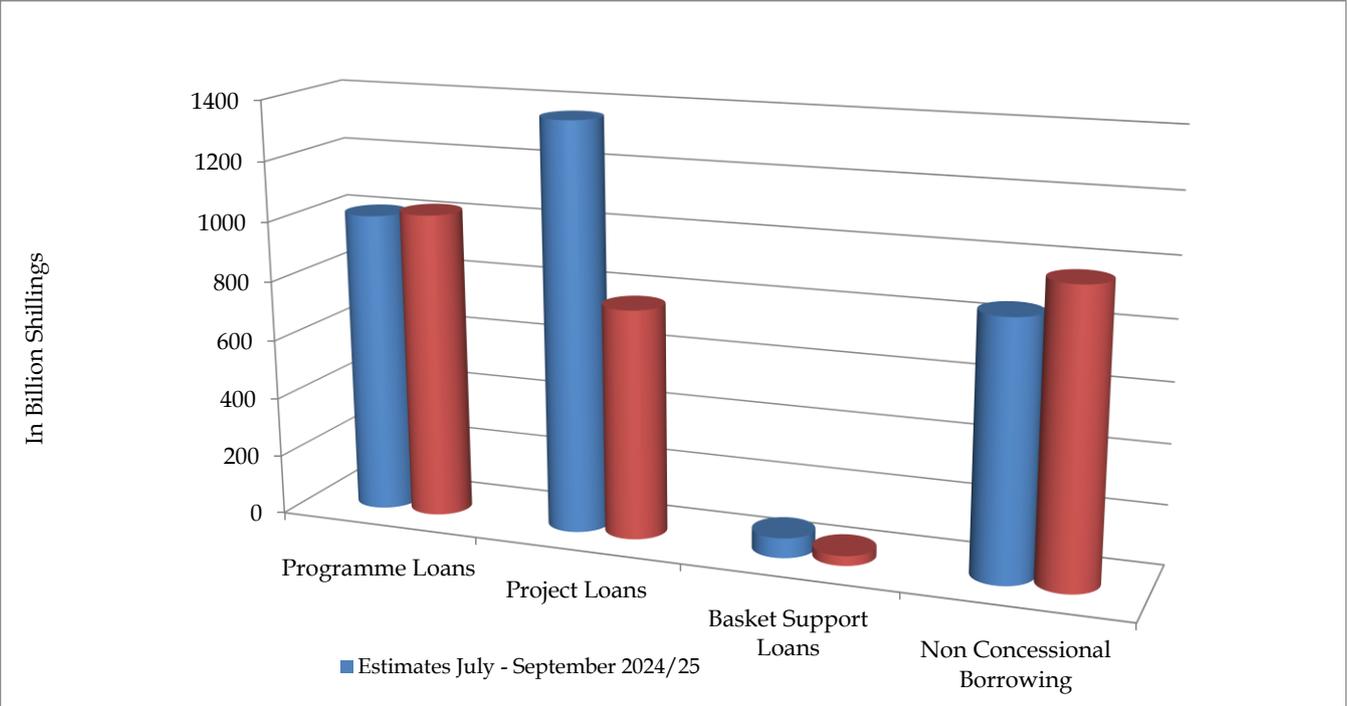
Net foreign financing for the first half of 2024/25 was borrowing of 1,256.0 billion shillings against a borrowing target of 1,719.8 billion shillings which was 73.0 percent of the target. During the period under review, disbursements of concessional loans were 1,827.0 billion shillings against the target of 2,440.6 billion shillings equivalent to 74.9 percent. This performance is attributed to Government commitment towards the implementation of Development Cooperation Framework (DCF) and timely submission of implementation reports to Development Partners. Disbursement of non-concessional loans were 967.9 billion shillings against the target of 851.8 billion shillings, which was 113.6 percent of the target. In addition, amortization of foreign loans was 1,538.9 billion shillings against estimates of 1,572.6 billion shillings which was 97.9 percent of the estimates. The trend of grants and external concessional loans is shown in **Table 2.1** and the performance of foreign financing for the first half of 2024/25 is presented in **Chart 2.8**.

**Table 2.1: Trend of Grants and External Concessional Loans for the first half of 2024/25**

Summary of Disbursement July - December 2024/25 (All figures in millions shillings)					
AID MODALITY	Type of assistance	Annual commitment as per budget	Estimates July - December 2024/25	Actual Disbursement July - December 2024/25	% of Commitment
GBS	Grants	109,024	-	-	0.0%
GBS	Concessional Loan	2,326,471	1,009,750	1,025,836	101.6%
<b>Sub Total</b>		<b>2,435,496</b>	<b>1,009,750</b>	<b>1,025,836</b>	<b>101.6%</b>
Basket Funds	Grants	112,409	73,370	70,778	96.5%
Basket Funds	Concessional Loan	66,483	66,483	32,678	0.0%
<b>Sub Total</b>		<b>178,892</b>	<b>139,853</b>	<b>103,456</b>	<b>74.0%</b>
Development Projects	Grants	572,957	212,109	462,854	218.2%
Development Projects	Concessional Loan	2,888,989	1,364,396	768,530	56.3%
<b>Sub Total</b>		<b>3,461,946</b>	<b>1,576,505</b>	<b>1,231,384</b>	<b>78.1%</b>
<b>Grand Total</b>		<b>6,076,334</b>	<b>2,726,108</b>	<b>2,360,675</b>	<b>86.6%</b>

Source: Ministry of Finance

**Chart 2.8: Performance of Foreign Financing for the second quarter of 2024/54 (Estimates against Actual)**



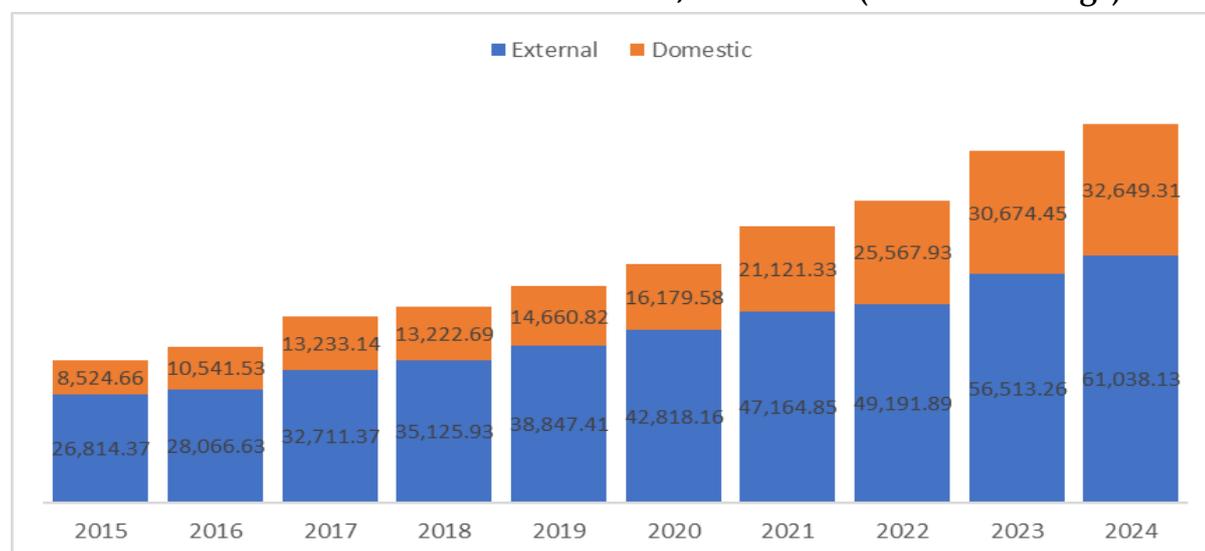
Source: Ministry of Finance

### 3.0 GOVERNMENT DEBT DEVELOPMENT

#### 3.1 Overall Debt Stock

As at end of December 2024, Central Government debt stock stood at 93,687.45 billion shillings compared to 87,187.70 billion shillings in the corresponding period in 2023, equivalent to an increase of 7.45 percent (**Chart 3.1**). The increase in the Central Government debt stock was attributable to Government borrowing to finance development projects, depreciation of shilling against US Dollar and securitization of NSSF and PPL loans totalling to 497.23 billion shillings . Out of the Central Government debt stock, external debt accounted for 61,038.13 billion shillings (equivalent to 65.1 percent) and domestic debt amounted 32,649.31 billion shillings (equivalent to 34.9 percent).

**Chart 3.1: Trend of Central Government Debt, 2015 - 2024 (Billion Shillings)**



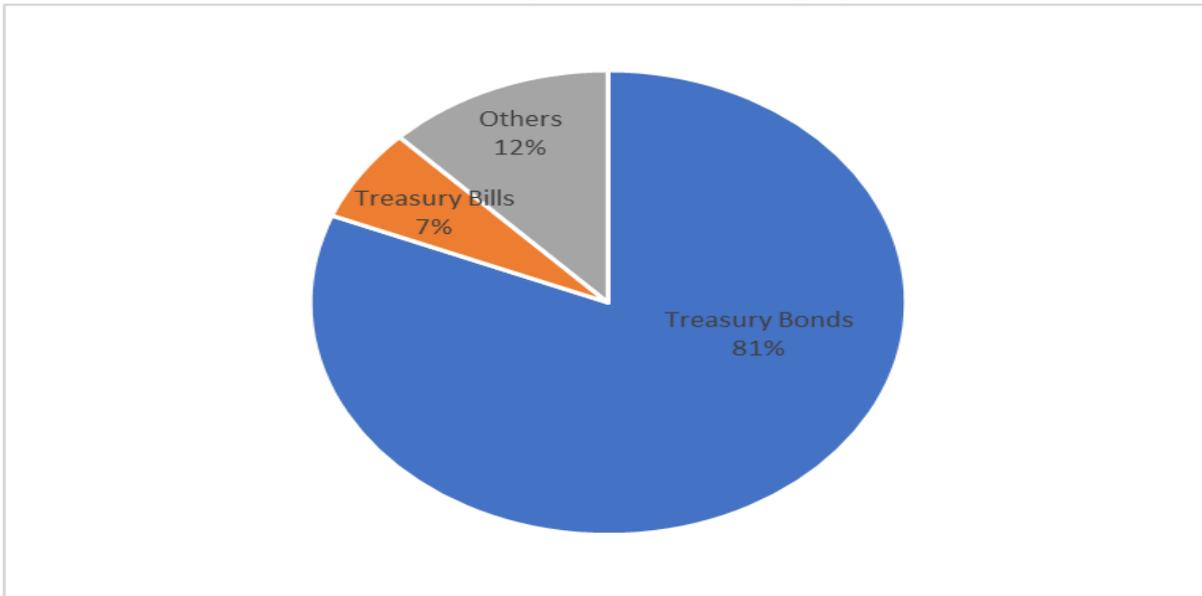
Source: Ministry of Finance

#### 3.2 Central Government Domestic Stock

At the end of December 2024, the domestic debt stock was 32,649.31 billion shillings compared to 30,674.45 billion shillings in the corresponding period in 2023, equivalent to an increase of 6.4 percent. The increase in domestic debt was due to the issuance of bonds and treasury bills for financing development projects and the rollover of matured securities. The composition of domestic debt by instruments depicts that Government bonds accounted for 80.8 percent of total domestic debt stock, followed by treasury bills 6.5 percent, and other debt<sup>1</sup> instruments 12.7 percent. The composition of domestic debt by instrument is depicted in **Chart 3.2**

<sup>1</sup> Other debt instruments include Overdraft from BoT, NMB bank Plc standard loan and duty drawback

**Chart 3.2: Share of Domestic Debt by Instrument Category**

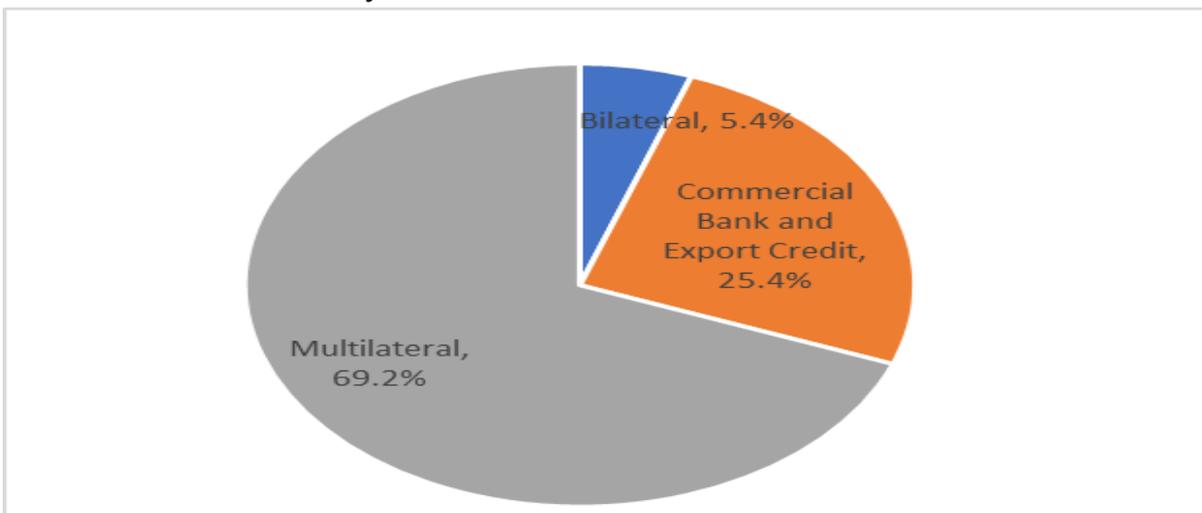


Source: Ministry of Finance

### 3.3 Central Government External Debt

The Central Government external debt stock stood at 61,038.13 billion shillings as of end of December 2024 compared to 56,513.26 billion shillings in the same period in 2023, which is an increase of 8.0 percent. The increase was attributed to disbursements from previous and newly contracted loans as well as the depreciation of Shilling against US dollar. The external debt portfolio consisted of loans mainly contracted on concessional terms, multilateral creditors accounting for 69.2 percent of the portfolio, Commercial banks and Export Credit Agency (ECA) 25.4 percent and Bilateral creditors 5.4 percent. The multilateral institutions remained dominant, accounting for more than half of the total external debt stock **Chart 3.3**.

**Chart 3.3: Concessionalality of Government External Debt**



Source: Ministry of Finance

### 3.4 The Result of Debt Sustainability Analysis

The Debt Sustainability Analysis (DSA) conducted in November 2024 indicates that, Tanzania’s debt remains sustainable in the short, medium to long-term. All the debt burden indicators were below the international agreed thresholds (see **Table 3.1 and 3.2**). This implies that, the country has space to borrow for funding development projects while meeting future financial obligations without sharp adjustment to revenue and expenditure.

**Table 3.1: Projected External Public Debt Burden Indicators, 2023/24 – 2034/35**

External DSA	Threshold	2023/24 <sup>2</sup>	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2034/35
PV of debt-to GDP ratio	40	23.6	24.1	24.0	23.0	21.4	20.3	19.6	16.6
PV of debt-to-exports ratio	180	127.5	123.8	124.5	119.5	111.9	106.4	100.3	85.2
Debt service-to-exports ratio	15	11.7	13.9	12.8	12.3	12.8	12.6	12.4	9.0
Debt service-to-revenue ratio	18	14.5	17.2	15.5	14.8	15.2	14.8	15.0	10.9

Source: Ministry of Finance

**Table 3.2: Projected Overall Public Debt Burden Indicators, 2023/24 – 2034/35**

Public DSA	Threshold	2023/24 <sup>3</sup>	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2034/35
PV of debt-to GDP ratio	55	41.1	40.3	39.5	38.1	36.8	36.5	36.4	35.9
PV of debt-to-revenue and grant ratio	N/A	267.6	251.1	241.3	232.1	224.4	222.3	221.7	219.0
Debt service-to-revenue and grant ratio	N/A	35.4	50.9	40.8	37.1	35.9	36.1	39.9	37.0

Source: Ministry of Finance

### 4.0 LIKELY BUDGET OUT TURN TO JUNE 2025

The implementation of the government budget is expected to achieve the set goals for the year 2024/25 by increasing the monitoring in the collection of revenue as well as managing the discipline of the use of public funds in accordance with the existing laws and guidelines. In revenue collection, the government will continue to implement various measures including: managing the correct use of electronic revenue collection systems; to ensure that dividends and eligible contributions are submitted to the Consolidated Fund on time; and strengthen cooperation with Development Partners. On the other hand, the Government will continue to manage and control the its expenditure: by giving priority to mandatory expenditures including salaries, government debt, and social spending sectors; to analyze projects and identify projects that can be implemented more effectively by the private sector through PPP in order to reduce costs for the government; and strengthen the management and implementation of projects by conducting effective real time audit in order to save additional costs that may arise during the implementation of projects.

<sup>2</sup> Represent actual ratios as of 30<sup>th</sup> June 2024

<sup>3</sup> Represent actual ratios as of 30<sup>th</sup> June 2024

Revenue Performance July - December 2024						
Billion shillings						
	Budget Estimates	July-December 2024			July-Dec 2023	Year on Year Change
		Estimates	Actual	Perf %		
<b>Total Revenue (Including LGAs)</b>	<b>36,753.9</b>	<b>17,332.8</b>	<b>17,415.4</b>	<b>100.5%</b>	<b>14,745.5</b>	<b>18.1%</b>
<b>Total Revenue</b>	<b>35,397.6</b>	<b>16,658.3</b>	<b>16,717.6</b>	<b>100.4%</b>	<b>14,191.9</b>	<b>17.8%</b>
TRA Revenue	31,558.5	14,874.9	15,111.6	101.6%	13,063.5	15.7%
<b>Tax Revenue</b>	<b>30,262.0</b>	<b>14,100.6</b>	<b>14,348.9</b>	<b>101.8%</b>	<b>12,348.4</b>	<b>16.2%</b>
<b>Taxes on imports</b>	<b>8,185.5</b>	<b>4,090.5</b>	<b>4,330.1</b>	<b>105.9%</b>	<b>3,605.6</b>	<b>20.1%</b>
Import duties	2,175.8	1,090.9	1,076.7	98.7%	939.1	14.7%
Petroleum	1,285.2	677.9	676.3	99.8%	630.4	7.3%
Excise	1,285.2	677.9	676.3	99.8%	630.4	7.3%
Others	4,724.4	2,321.8	2,577.1	111.0%	2,036.1	26.6%
Excise	395.0	200.4	207.7	103.7%	171.4	21.2%
VAT on non-petroleum imports	4,329.5	2,121.4	2,369.3	111.7%	1,864.7	27.1%
<b>Taxes on Domestic Sales</b>	<b>6,602.0</b>	<b>3,268.2</b>	<b>3,641.4</b>	<b>111.4%</b>	<b>2,894.4</b>	<b>25.8%</b>
Excise	2,240.3	1,139.8	1,159.7	101.7%	995.1	16.5%
Value Added Tax (VAT)	4,361.7	2,128.4	2,481.6	116.6%	1,899.3	30.7%
<b>Income Tax</b>	<b>10,160.1</b>	<b>5,098.5</b>	<b>5,102.9</b>	<b>100.1%</b>	<b>4,480.9</b>	<b>13.9%</b>
PAYE	3,615.4	1,884.1	1,820.3	96.6%	1,585.3	14.8%
Corporate and Parastatals	3,980.0	1,985.4	1,976.9	99.6%	1,803.8	9.6%
Individuals	314.2	150.2	157.4	104.8%	137.4	14.6%
Withholding taxes	1,652.9	799.9	837.1	104.7%	744.6	12.4%
Rental tax	173.5	82.1	85.4	104.0%	69.4	23.0%
Other incomes	424.1	196.8	225.8	114.8%	140.5	60.8%
<b>Other taxes</b>	<b>6,348.6</b>	<b>2,245.1</b>	<b>2,360.1</b>	<b>105.1%</b>	<b>1,937.5</b>	<b>21.8%</b>
Business Skills Development Levy	-	205.5	189.0	92.0%	168.1	12.5%
Fuel levy and transit fee	4,194.2	1,005.2	1,022.6	101.7%	949.5	7.7%
Transfer to REA	443.8	237.4	233.0	98.2%	12.7	1736.9%
Processing Fee-dry cargo-TRA	442.9	68.6	69.6	101.5%	42.2	65.1%
Stamp duty	0.9	15.7	18.4	117.2%	61.9	-70.2%
Departure Fee	133.9	61.6	52.5	85.2%	75.3	-30.3%
Railway Development Fund	29.5	342.3	353.1	103.1%	253.3	39.4%
Export Duty	94.1	89.1	181.2	203.3%	102.5	76.7%
National Water Investment Fund	665.1	110.3	110.4	100.2%	45.9	140.5%
Industrial Development Levy	11.1	6.0	6.4			
Motor Vehicle Taxes	123.2	93.2	99.4	106.6%	8.6	1058.2%
Treasury Voucher Cheque	209.9	10.1	24.4	241.0%	217.6	-88.8%
<b>Refunds</b>	<b>- 1,034.2</b>	<b>- 601.7</b>	<b>- 1,085.6</b>	<b>180.4%</b>	<b>- 570.0</b>	<b>90.4%</b>
Refunds - VAT	- 930.5	- 538.9	- 921.6	171.0%	- 506.4	82.0%
Refunds - Others	- 103.7	- 62.8	- 164.0	261.2%	- 63.6	157.9%
<b>Non Tax Revenue</b>	<b>5,135.6</b>	<b>2,557.7</b>	<b>2,368.7</b>	<b>92.6%</b>	<b>1,843.5</b>	<b>28.5%</b>
Parastatal dividends & Contribution	1,168.5	501.6	485.0	96.7%	181.3	167.6%
Ministries and regions	2,670.5	1,281.8	1,120.9	87.4%	913.9	22.6%
TRA Non Tax	225.2	120.1	74.9	62.4%	139.2	-46.2%
Tourism Sector	849.4	549.0	589.3	107.4%	470.7	25.2%
Transaction levy on Money withdrawing	221.9	105.2	98.5	93.6%	105.2	-6.4%
Property tax	-	-	-		32.9	
Billboard Fee Collections	-	-	0.1		0.4	
<b>LGAs Own Sources</b>	<b>1,356.3</b>	<b>674.5</b>	<b>697.8</b>	<b>103.5%</b>	<b>553.6</b>	<b>26.1%</b>

Source: Ministry of Finance