

THE UNITED REPUBLIC OF TANZANIA



MINISTRY OF FINANCE

**BUDGET EXECUTION REPORT FOR THE THIRD QUARTER OF 2024/25
(JANUARY - MARCH 2025)**

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JUNE 2025

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EXECUTIVE SUMMARY

During the fourth quarter of 2024, the value of Quarterly Gross Domestic Product (QGDP) in absolute term at current prices increased to 56.5 trillion shillings from 50.6 trillion shillings in the similar quarter in 2023. Further, the value of QGDP in 2015 constant prices also increased to 41.9 trillion shillings in the fourth quarter 2024 from 39.9 trillion shillings in the similar period in 2023, equivalent to a growth of 5.2 percent. During the third quarter (July – September, 2024), nominal Quarterly Gross Domestic Product (QGDP) in an absolute term (at current prices) increased to TZS 48.8 trillion from TZS trillion 44.6 recorded in the similar quarter in 2023.

During the third quarter of 2024/25, total domestic revenue collection (including LGAs own source) amounted to 8,254.4 billion shillings, which was 13.5 percent higher than 7,273.6 billion shillings collected in the corresponding period in 2023/24. On cumulative basis, for the first three quarters of 2024/25, total amount collected was 25,669.8 billion shillings against the target of 25,649.3 billion shillings, equivalent to 100.1 percent, and an increase of 16.5 percent when compared with the amount collected in the same period in 2023/24.

Total expenditure for the third quarter was 12,712.19 billion shillings against the target of 13,538.11 billion shillings of which recurrent expenditure was 8,566.16 billion shillings against a target of 9,161.03 billion shillings, while development expenditure amounted to 4,146.03 billion shillings against a target of 4,377.08 billion shillings.

During the third quarter of 2024/25, grants received were 199.8 billion shillings, equivalent to 107.4 percent of the estimated amount of 186.1 billion shillings. Out of the total grants, Project Grants were 197.3 billion shillings, equivalent to 134.2 percent of the estimates of 147.0 billion shillings and Basket Funds were 2.5 billion shillings, equivalent to 6.5 percent of estimates of 39.0 billion shillings. For the period of July 2024 to March 2025, grants received were 733,4 billion shillings, equivalent to 155.5 percent of the estimated amount of 471.6 billion shillings.

As at end March 2025, debt stock was 104,931.12 billion shillings compared to 91,708.33 billion shillings in the corresponding period in 2024, equivalent to an increase of 14.42 percent. The increase in the Central Government's debt stock was primarily driven by new domestic borrowing through the issuance of Government Securities, disbursements from external creditors, and the depreciation of the Tanzanian shilling against the US Dollar.

LIST OF ABBREVIATIONS

ECA	-	Export Credit Agency
EAC	-	East African Community
DSA	-	Debt Sustainability Analysis
GDP	-	Gross Domestic Product
LGAs	-	Local Government Authorities
PAYE	-	Pay as You Earn
TRA	-	Tanzania Revenue Authority
USD	-	United States Dollar
VAT	-	Value Added Tax

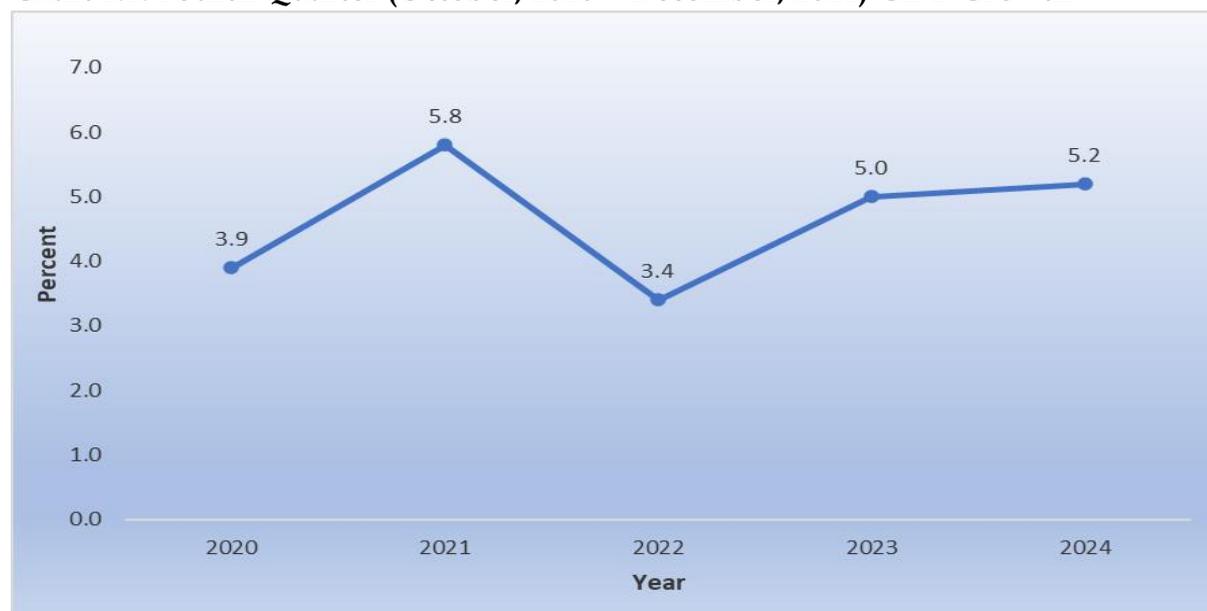
RECENT MACROECONOMIC PERFORMANCE

1.1 Real GDP Growth in the Fourth Quarter of 2024

During the fourth quarter of 2024, the value of Quarterly Gross Domestic Product (QGDP) in absolute terms at current prices increased to 56.5 trillion shillings from 50.6 trillion shillings in the similar quarter in 2023. Further, the value of QGDP in 2015 constant prices also increased to 41.9 trillion shillings in the fourth quarter 2024 from 39.9 trillion shillings in the similar period in 2023, equivalent to a growth of 5.2 percent. During the third quarter (July – September, 2024), nominal Quarterly Gross Domestic Product (QGDP) in an absolute term (at current prices) increased to TZS 48.8 trillion from TZS trillion 44.6 recorded in the similar quarter in 2023.

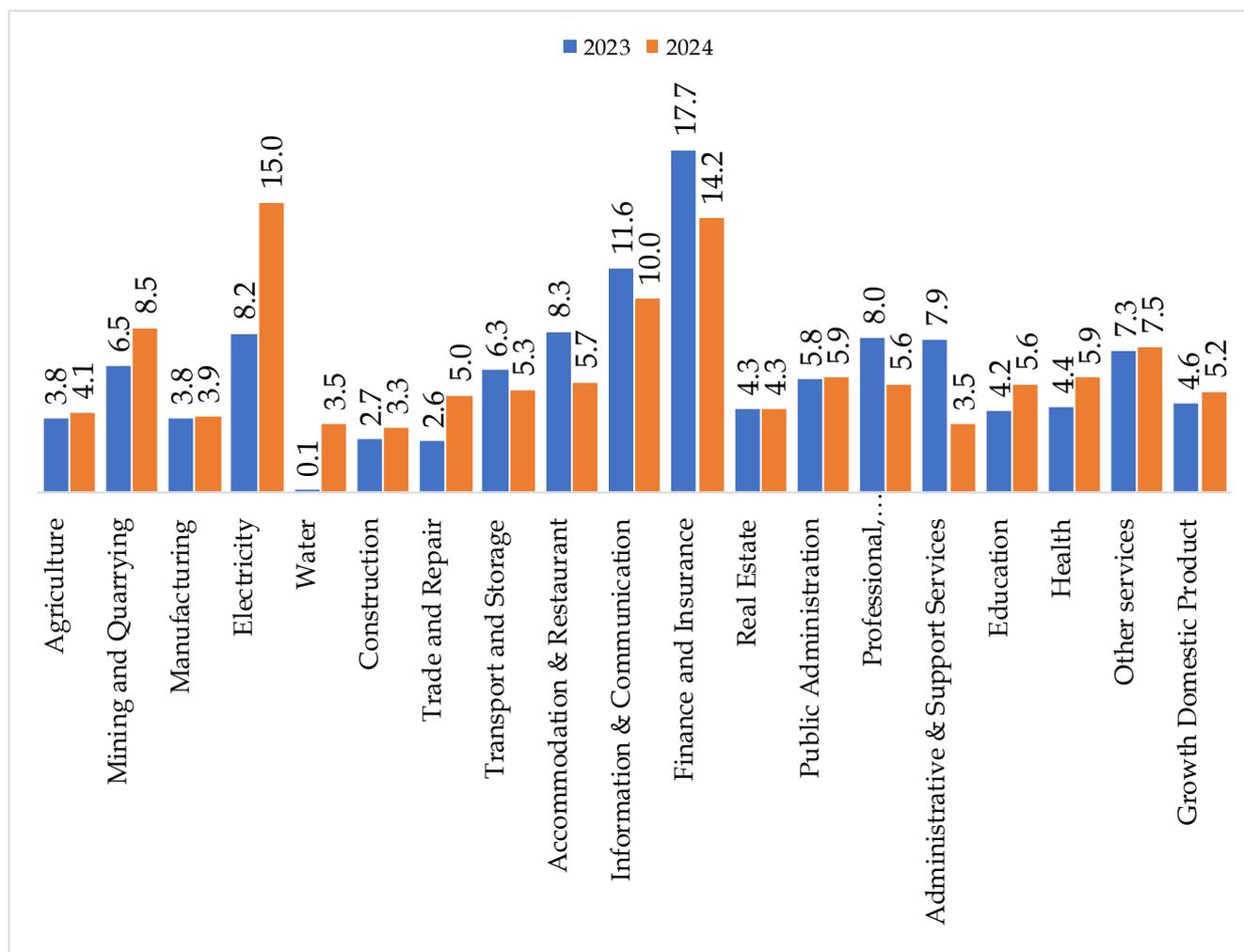
During the fourth quarter of 2024 (October to December) the economy grew by 5.2 percent compared to 5.0 percent recorded in the same period in 2023. The increase in growth was due to: strategies imposed by the Government to counteract effects of the war between Ukraine and Russia; strategic investment in energy, water, health, education, roads, railways and airports; increased production of minerals especially gold and coal; rebound in tourism activities; and increased credit to the private sector. The economic activities that recorded the highest growth rates were Electricity (15.0 percent); Finance and Insurance (14.2 percent); Information and Communication (10.0 percent); Mining and Quarrying (8.5 percent); Other Social Services (7.5 percent); Health and Social Work (5.9 percent); Public Administration and Defense (5.9 percent); Accommodation and Food Services (5.7 percent); Education (5.6 percent); Professional, Scientific and Technical Activities (5.6 percent); and Transport and Storage (5.3 percent). Status of real GDP growth and GDP growth by economic activity are presented in **Charts 1.1 and 1.2** respectively.

Chart 1.1: Fourth Quarter (October, 2020 – December, 2024) GDP Growth



source: National Bureau of Statistics

Chart 1.2: GDP Growth by Economic Activity in the Fourth Quarter (October - December, 2023-2024)

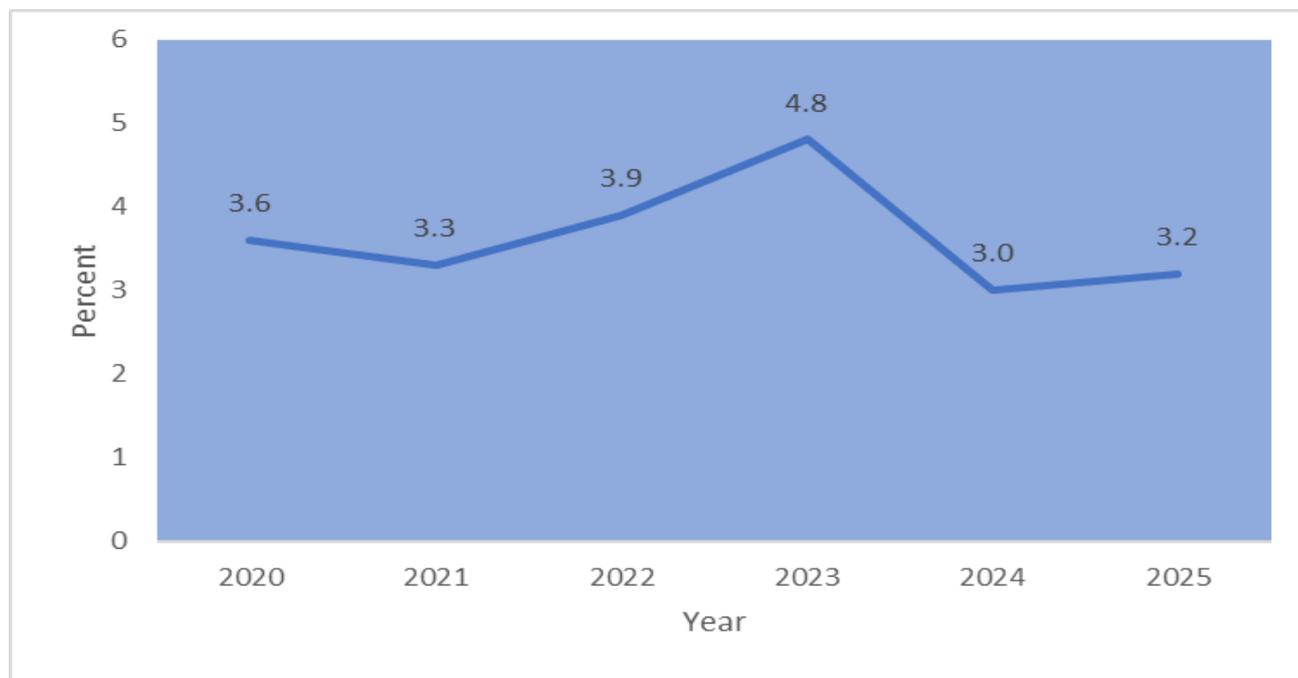


Source: National Bureau of Statistics

1.2 Inflation Development

During the quarter ending March 2025, the rate of headline inflation continued to be stable and remained within the domestic medium-term target of 3 - 5 percent which is in line with EAC convergence criteria of not more than 8.0 percent. During the quarter, headline inflation averaged 3.2 percent compared with 3.0 percent recorded in the similar quarter in 2024. The increase in inflation rate was attributed to the increase in prices of food items. On monthly basis, headline inflation was 3.3 percent in March 2025 compared with 3.0 percent recorded in the similar month in 2024. Chart 1.3 presents the trends of inflation.

Chart 1.3: Trend of Inflation in the Third Quarter (January – March) from 2020 to 2025



Source: National Bureau Statistics

1.3 External Trade

The external sector performance continued to improve in the quarter ending March 2025, as reflected by the narrowing current account deficit to USD 1,214.4 million compared with USD 1,593.5 million in the corresponding period in 2024. Narrowing of the deficit was largely driven by the fall of import bills. As a result, gross official reserves increased to USD 5,693.2 million at the end of the quarter, from USD 5,327.1 million in the similar period in 2024. The reserves remained adequate, covering 4.5 months of projected imports of goods and services, in line with the country and EAC benchmarks of 4 and 4.5 months, respectively.

1.4 Export of Goods and Services

During the quarter ending March 2025, the value of goods and services exported increased to USD 3,863.7 million from USD 3,278.1 recorded in the quarter ending March 2024. In the similar period, exports of goods increased to USD 2,143.7 million from USD 1,653.3 million recorded during the quarter ending March 2024. The increase was largely driven by exports of gold, tobacco and cereals. In addition, service receipts rose by 10.6 percent to USD 1,720.0 million from USD 1,624.8 million in a similar period in March 2024. Much of the increase was registered in travel receipts, associated with a surge in international arrivals.

1.5 Import of Goods and Services

During the quarter ending March 2025, the value of goods and services imported increased to USD 4,123.8 million from USD 3,788.1 recorded in the quarter ending March 2024. During the

period under review, the value of goods imported rose to USD 3,358.2 million from USD 3,246.8 million registered in the same period in March 2024. Main drivers of the increase were Machinery and mechanical appliances, industrial transport equipment and parts and accessories. Service payments increased by 41.4 percent to USD 765.6 million in the quarter ending March 2025 from USD 541.3 million recorded in the corresponding period in 2024.

1.6 Money Supply and Credit to Private Sector

In the quarter ending March 2025, the Bank of Tanzania continued to implement liquidity easing monetary policy to support growth of credit to the private sector. Accordingly, growth of extended broad money supply (M3) averaged 15.3 percent in the quarter ending March 2025 compared with 13.2 percent in the quarter ending March 2024. In addition, broad money supply (M2) and narrow money (M1) grew at an average of 11.8 percent and 12.4 percent compared to 11.4 percent and 10.0 percent in a quarter ending March 2024 respectively. On the other hand, during the quarter ending March 2025, credit to the private sector grew by an average of 13.3 percent compared with 17.2 percent in the similar quarter in 2024.

1.7 Interest Rates Development

During the quarter ending March 2025, overall time deposit rate averaged at 8.15 percent compared with an average of 7.45 percent recorded in the corresponding period in 2024. During the similar period, overall lending rate decreased to an average of 15.46 percent in March 2025 from an average of 15.44 percent recorded in corresponding period of March 2024. The 12 months deposit rate was at an average of 9.23 percent in the quarter ended March 2025 compared to 9.05 percent recorded in the similar period ending March 2024. The short-term lending rate averaged at 15.77 percent during the quarter ending March 2025 compared to an average of 16.03 percent recorded in corresponding period of March 2024.

1.8 Exchange Rate

The value of the shilling remained stable against the US dollar, trading at an average of shilling 2,541.08 per USD in the quarter ending March 2025 compared to shilling 2,527.58 per USD traded in the corresponding period in 2024, representing an average depreciation of 0.5 percent, owing to moderate current account deficit, low and stable domestic inflation and sustained prudent monetary and fiscal policies.

GOVERNMENT OPERATIONS

2.1 Domestic Revenue

In the quarter ending March 2024, the Government continued to implement various strategies to ensure the revenue target set in the financial year 2024/25 is achieved. During this period, total domestic revenue collection (including LGAs own source) amounted to 8,254.4 billion shillings, which was 13.5 percent higher than 7,273.6 billion shillings collected in the corresponding period in 2023/24. On cumulative basis, for the first three quarters of 2024/25, total amount collected was 25,669.8 billion shillings against the target of 25,649.3 billion shillings, equivalent to 100.1 percent, and an increase of 16.5 percent when compared with the amount collected in the same period in 2023/24. Out of the amount, collection from Tanzania Revenue Authority (TRA) was 22,291.6 billion shillings against the target of 21,973.4 billion shillings, equivalent to 101.4 percent. Non tax revenue collected by MDAs was 2,337.24 billion shillings, equivalent to 87.6 percent of the target of 2,668.96 billion shillings and collection from LGAs own source was 1,040.9 billion shillings against the target of 1,007.0 billion shillings, equivalent to 103.4 percent.

2.2 Revenue by Source

2.2.1 Taxes on Imports

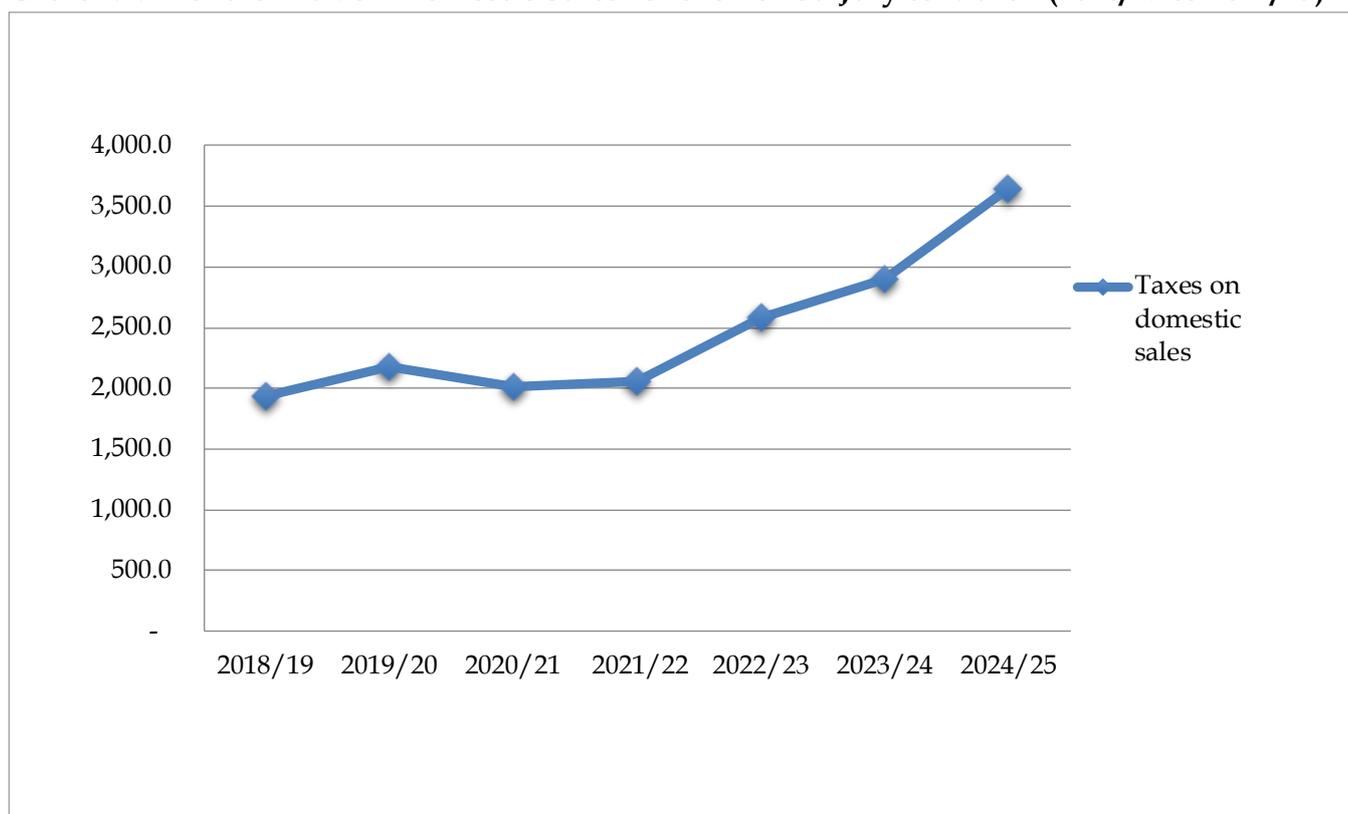
Import taxes and duties collection in the third quarter, amounted to 1,875.1 billion shillings, reflecting a performance of 93.9 percent of estimated 1,997.5 billion shillings, and 9.6 percent higher when compared to collections registered in the similar period in 2023/24. Cumulatively, import taxes and duties collection amounted to 6,205.2 billion shillings, reflecting a performance of 101.9 percent of estimated 6,088.0 billion shillings, and 16.7 percent higher when compared to collections registered in the similar period in 2023/24. The excise on petroleum imports recorded the performance of 960.3 billion shillings, which was 99.3 percent of the planned target of 967.2 billion shillings. Excise on other imports registered performance of 107.3 percent of the target by collecting 314.5 billion shillings. Import duty performed below the target by collecting 1,528.2 billion shillings, equivalent to 93.7 percent and VAT on non-petroleum performed at 106.4 percent of the target by collecting 3,402.3 billion shillings. The underperformance of import taxes and duties in the third quarter was attributed to decline in importation volume of consumer and intermediate products by 19.4 percent and 34.2 percent respectively.

2.2.2 Taxes on Domestic Sales

In the third quarter of 2024/25, actual tax collection from domestic sales increased by 11.3 percent to 1,605.8 billion shillings from 1,442.1 billion shillings collected in the corresponding period in 2023/24 and equivalent to 98.5 percent of the target of 1,630.9 billion shillings. On cumulative basis, actual tax collection from domestic sales increased by 21.0 percent to 5,247.1 billion shillings from 4,336.4 billion shillings collected in the same period in 2023/24 and 107.1

percent of the target of 4,899.1 billion shillings. Out of the total domestic sales tax, the excise duty was 1,708.1 billion shillings, equivalent to 101.1 percent of the target of 1,689.0 billion shillings while VAT on domestic sales amounted to 3,539.1 billion shillings, which was 110.2 percent of the target and 24.0 percent higher when compared to similar period in 2023/24. Under performance of VAT on domestic sales was due to decrease in demand of products in the market due to adverse weather conditions and VAT paid in the mining and quarrying sector. In the third quarter, domestic excise duty recorded 103.3 percent against the target due to increase in production volume of commodities other than spirit, beer, and wines such as soft drinks and excise on money transfers. **Chart 2.1** shows the trend of tax on domestic sales for the first three quarters of the financial years (2018/19 - 2024/25).

Chart 2.1: Trend of Tax on Domestic Sales for the Period July to March (2018/19 to 2024/25)



Source: Tanzania Revenue Authority

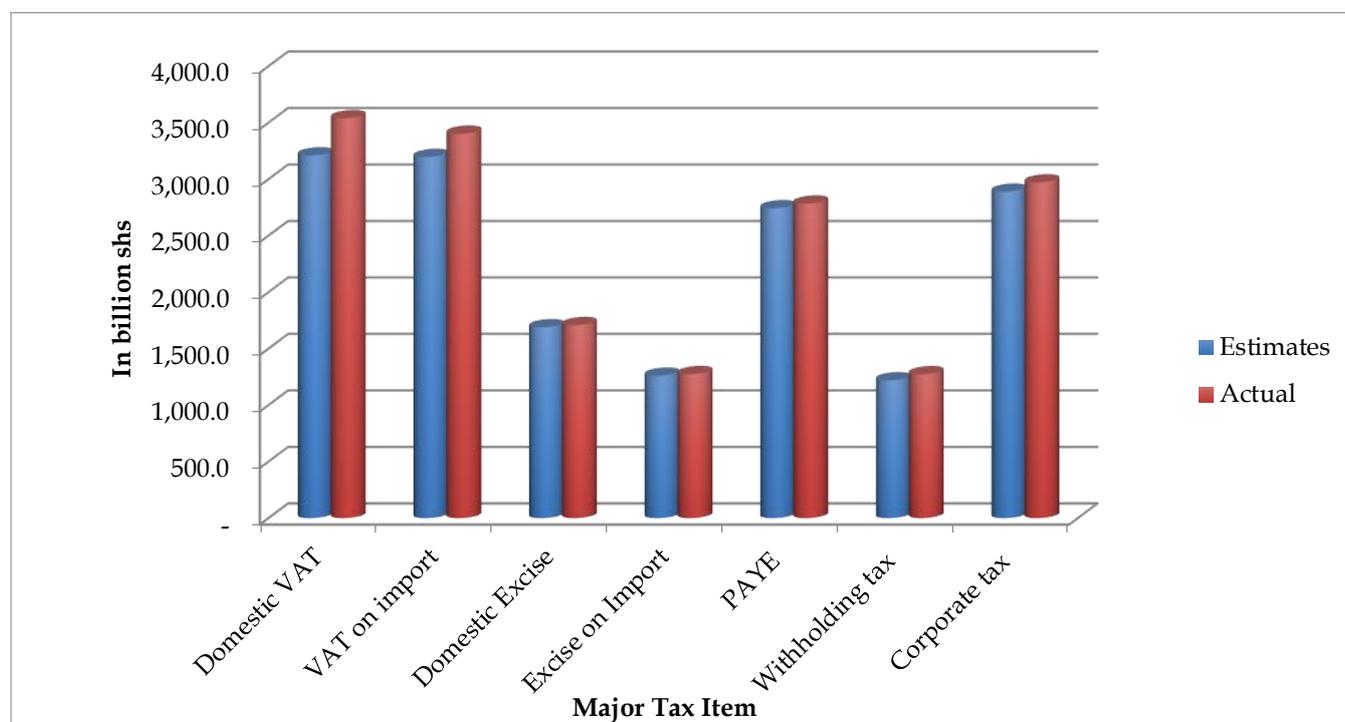
2.2.3 Income Tax

The overall income tax collection during the third quarter of 2024/25 amounted to 2,643.4 billion shillings, which was 109.3 percent of the target of collecting 2,419.4 billion shillings, reflecting an increase of 20.5 percent compared to collections registered in the same period in 2023/24. Cumulatively, up to March 2025 income tax collection was 7,746.3 billion shillings, which was 103.0 percent of estimates of 7,517.9 billion shillings. In the third quarter of 2024/25, PAYE collection was 963.2 billion shillings, equivalent to 112.2 percent of the target and 15.1 percent higher compared to the same period in 2023/24. Cumulatively, during the first three quarters of 2023/24, PAYE collection was 2,783.5 billion shillings against the target of 2,742.4 billion shillings, signifying the performance of 101.5 percent and higher by 14.9 percent when compared to 2,421.8 billion shillings collected in the corresponding period in

2023/24. The overperformance was due to close follow up of employers to settle their tax obligations on time.

During the third quarter of 2024/25, revenue collection from the corporate tax was 993.8 billion shillings, which was 110.0 percent of the target of 903.2 billion shillings, and an increase of 26.4 compared to the similar period in 2023/24. Cumulatively, amount collected from corporate tax was 2,970.7 billion shillings, equivalent to 102.8 percent of the target. The reasons for the performance are as follows: collection of provisional tax, close monitoring of the quarter provisional instalment and engagement for payment of tax arrears and increase in corporate paid in financial and insurance activities. During the period ending March 2025, collection from withholding taxes was 1,273.4 billion shillings against the target of 1,219.7 billion shillings, equivalent to 104.4 percent and 13.9 percent higher compared to the same period of 2023/24. Revenue performance by major tax items is shown in **Chart 2.2**.

Chart 2.2: Revenue Performance by Major Tax Item (July 2024 - March 2025)



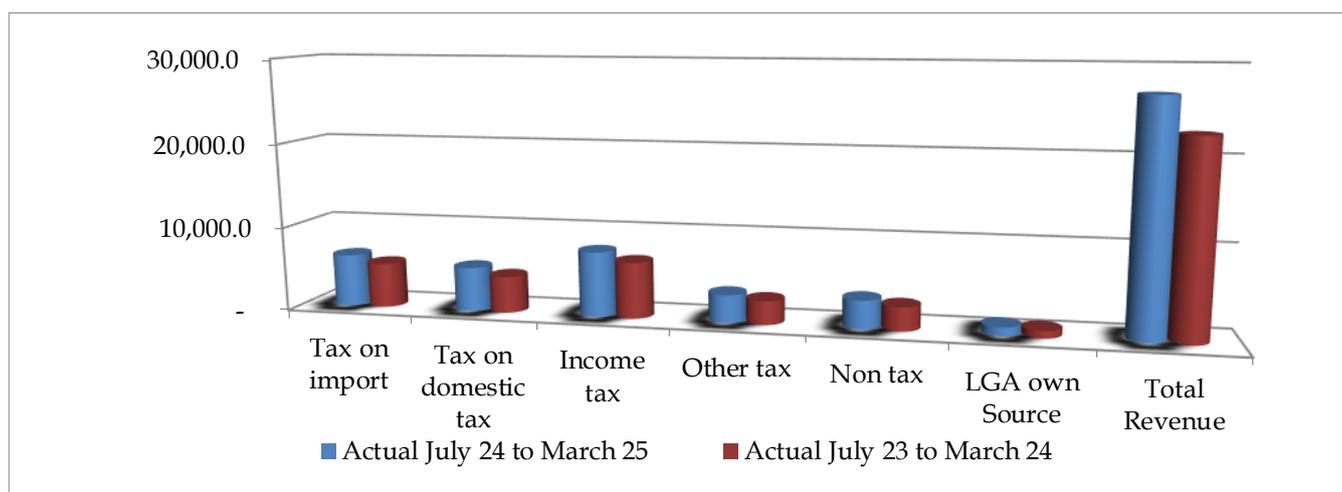
Source: Tanzania Revenue Authority

2.2.4 Other Taxes

During the period (January – March 2025), actual collections from this category amounted to 959.36 billion shillings, which was 99.5 percent of the period estimate of 964.56 billion shillings. Out of the amount, Fuel Levy and Transit Fee amounted to 429.9 billion shillings, equivalent to 100.5 percent of estimates; collections meant for National Water Development Fund was 46.4 billion shillings, which was 99.0 percent of estimates; and collections for Rural Energy Agency (REA) amounted to 95.1 billion shillings, equivalent to 93.7 percent of estimates. On the other hand, collections from other sources recorded the performance as

follows: collections for Railway Development Fund 138.2 billion shillings, equivalent to 86.1 percent of estimates; Business Skill Development Levy (SDL) recorded 100.5 billion shillings, equivalent to 107.7 percent of estimates, and Departure Service Charges performed at 131.8 percent of estimates of 16.8 billion shillings. The overperformance of SDL was contributed by close follow up of employers in terms of filing employment taxes and ensuring that every employee has a TIN number. Overperformance of Departure Service Charges was mainly due to an increase in the number of both international and domestic flights following the strengthening of international trade and diplomatic relations. For instance, during the quarter under review the number of inward aircrafts and inward passengers increased by 113.4 percent and 138.2 percent respectively while outward aircrafts and outward passengers increased by 114.6 percent and 136.0 percent respectively when compared with the same period in 2023/24. On cumulative basis, amount collected from other taxes was 3,319.5 billion shillings, which was 103.4 percent of the target of 3,209.7 billion shillings, and an increase of 18.6 percent when compared to the amount collected in the same period in 2023/24. The trend of revenue performance is indicated in **Chart 2.3**.

Chart 2.3: Revenue Performance (July 2024 to March, 2025) Compared to (July 2023 to March 2024)



Source: Tanzania Revenue Authority

2.2.5 Non-Tax Revenue

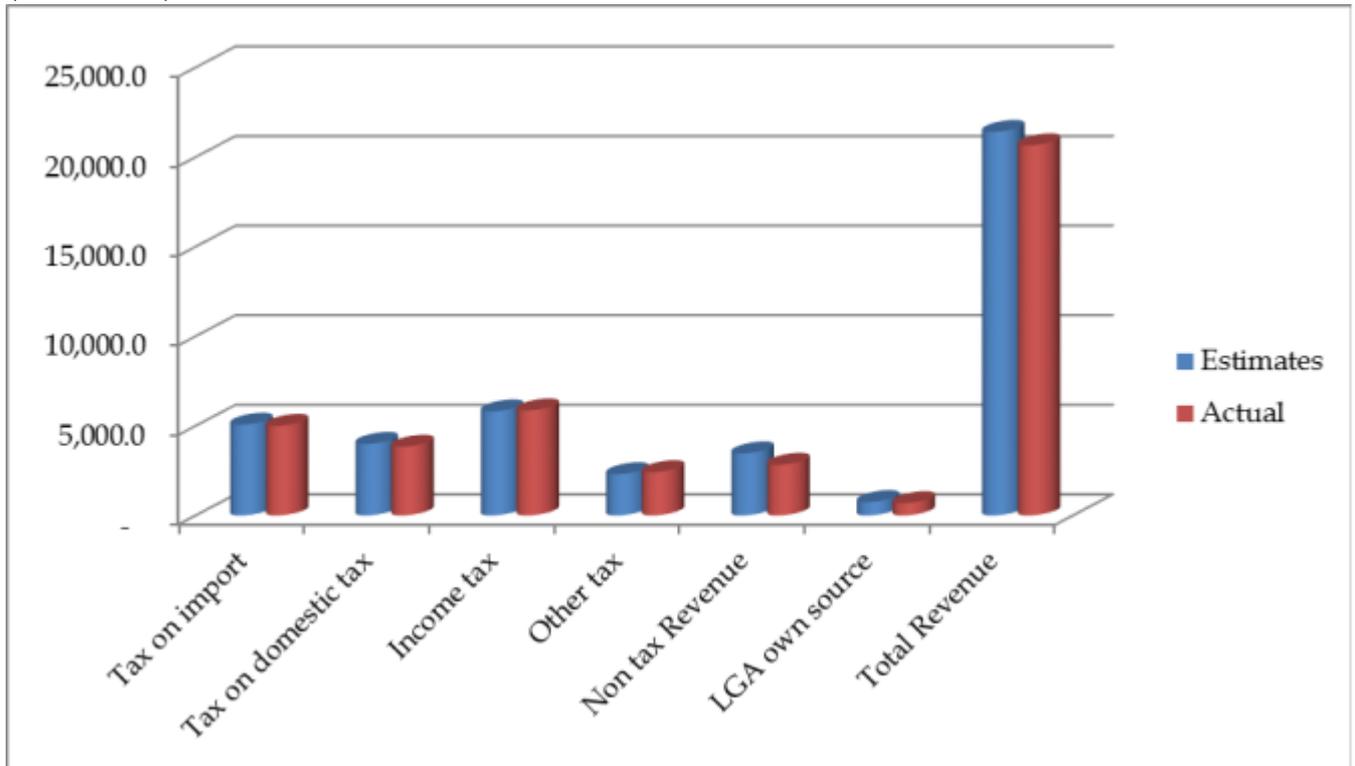
Collections of non-tax revenue in the third quarter of 2024/25 were 1,025.0 billion shillings, equivalent to 88.3 percent of quarter estimates of 1,160.4 billion shillings and 7.0 percent higher compared to the same period in 2023/24. For the period of July 2024 to March 2025, collections of non-tax revenue were 3,393.7 billion shillings equivalent to 91.3 percent of period estimates of 3,718.1 billion shillings. Out of the amount, non-tax revenues collected by ministries were 1,672.7 billion shillings, against the target of 1,900.4 billion shillings, equivalent to 88.0 percent; dividends and contribution from Government Institutions were 664.5 billion shillings, which was 86.5 percent of the target; and non-tax revenues collected by TRA (money transactions levy, tourism sector and others) were 1,056.4 billion shillings, which

was 100.7 percent of the period estimates of 1,049.1 billion shillings. The performance below target for non-tax revenue was largely attributed to, untimely remittance of the 15 percent contribution or dividend to the Consolidated Fund by some parastatals; and existence of some houses with meters which are still under reconciliation exercise with TRA, TANAPA and TANESCO database so as to make them compatible with the TANESCO billing system for paying property tax.

Collections of non-tax revenue in the third quarter of 2024/25 were 1,025.0 billion shillings, equivalent to 88.3 percent of quarter estimates of 1,160.4 billion shillings and 7.0 percent higher compared to the same period in 2023/24. For the period of July 2024 to March 2025, collections of non-tax revenue were 3,393.7 billion shillings equivalent to 91.3 percent of period estimates of 3,718.1 billion shillings. Out of the amount, non-tax revenues collected by ministries were 1,672.7 billion shillings, against the target of 1,900.4 billion shillings, equivalent to 88.0 percent; dividends and contribution from Government Institutions were 664.5 billion shillings, which was 86.5 percent of the target; and non-tax revenues collected by TRA (money transactions levy, tourism sector and others) were 1,056.4 billion shillings, which was 100.7 percent of the period estimates of 1,049.1 billion shillings. The performance below target for non-tax revenue was largely attributed to behavioural change among the users of mobile money transfers and withdraws from mobile money service to banking services has also added to the decline in mobile money transfers levy, untimely remittance of the 15 percent contribution or dividend to the Consolidated Fund by some parastatals; and existence of some houses with meters which are still under reconciliation exercise with TRA, NAPA and TANESCO database so as to make them compatible with the TANESCO billing system for paying property tax.

Collections from LGAs own source in the third quarter of 2024/25, was 343.0 billion shillings, equivalent to 103.2 percent of estimates. For the first three quarters of 2024/25, LGAs own source recorded 1,040.9 billion shillings, which was 103.4 percent of the target, and higher by 22.7 percent when compared to same period in 2023/24. Domestic revenue performance up to March 2024 compared to estimates is depicted in **Chart 2.4**

Chart 2.4: Domestic Revenue Performance (July 2024 to March 2025) Compared to Estimates (Billion Tz)



Source: Ministry of Finance

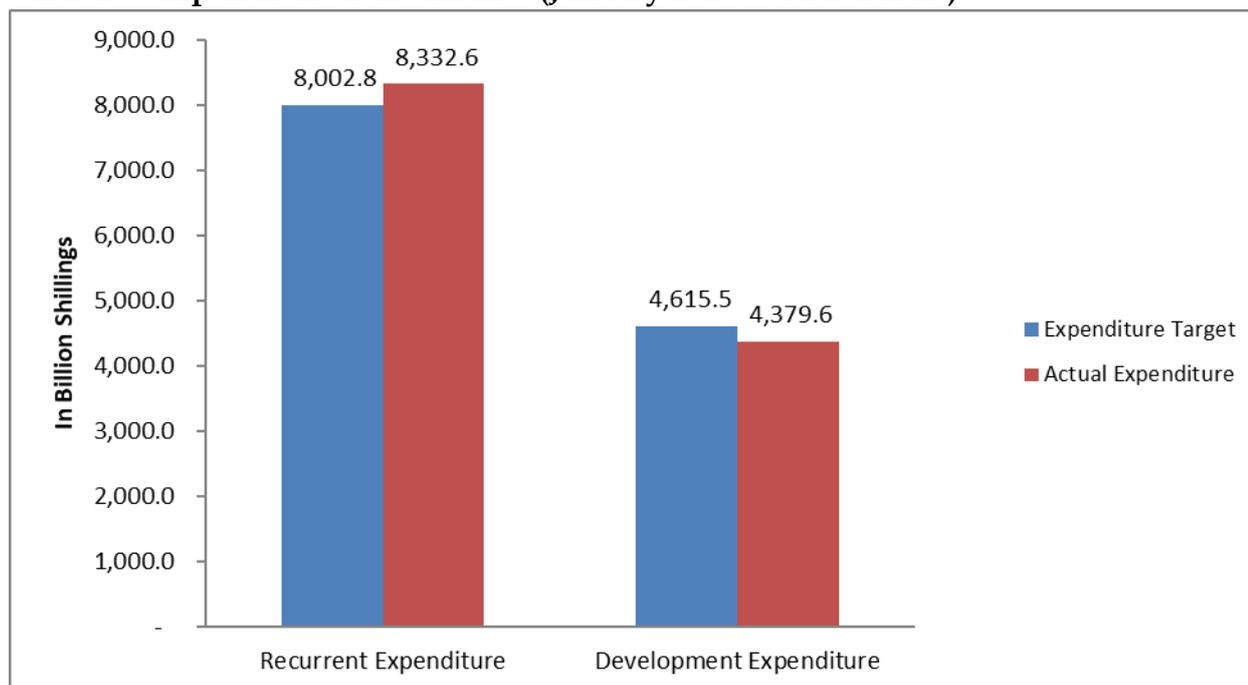
2.3 Expenditure

During the first half of the 2024/25 fiscal year, the Government received budget support from the African Development Bank (AfDB) and the International Monetary Fund (IMF) amounting to 945.7 billion shillings, which was not included in the originally approved budget. Consequently, the 2024/25 budget framework increased from 49,345.7 billion shillings to 50,291.4 billion shillings. The revised budget includes 33,748.7 billion shillings for recurrent expenditure and 16,542.6 billion shillings for development expenditure.

2.4 Third Quarter Expenditure Performance

During the third quarter, Government spending totaled 12,712.16 billion shillings, equivalent to 101 percent of the target of 12,618.31 billion shillings. This marks an increase from the third quarter of 2023/24 when expenditure stood at 10,215.1 billion shillings. The Expenditure performance is indicated in **chart 2.5**.

Chart 2.5: Expenditure Performance (January 2025 to March 2025)



Source: Ministry of Finance

2.4.1 Recurrent Expenditure

Total recurrent expenditure was 8,332.58 billion shillings, equivalent to 104 percent of the quarterly target. This is an increase compared to the 7,077.8 billion shillings recorded in the corresponding quarter of 2023/24. This increase indicates a commitment to allocating funds towards social spending and debt servicing.

2.4.1.1 Wages and Salaries

A total of 2,828.51 billion shillings was spent on wages and salaries, equivalent to 95 percent of the target. Budget execution under this category was subject to Government’s wage bill for the period under review.

2.4.1.2 Debt Service

The Government has continued to service its debt obligations in a timely and consistent manner, reflecting its commitment to maintaining fiscal discipline and safeguarding creditworthiness. During the period under review, a total of 3,044.77 billion shillings was released for debt servicing. Out of this amount, 1,827.10 billion shillings was allocated toward principal repayments, while 1,149.41 billion shillings was used for interest payments.

2.4.1.3 Goods, Services and Transfers

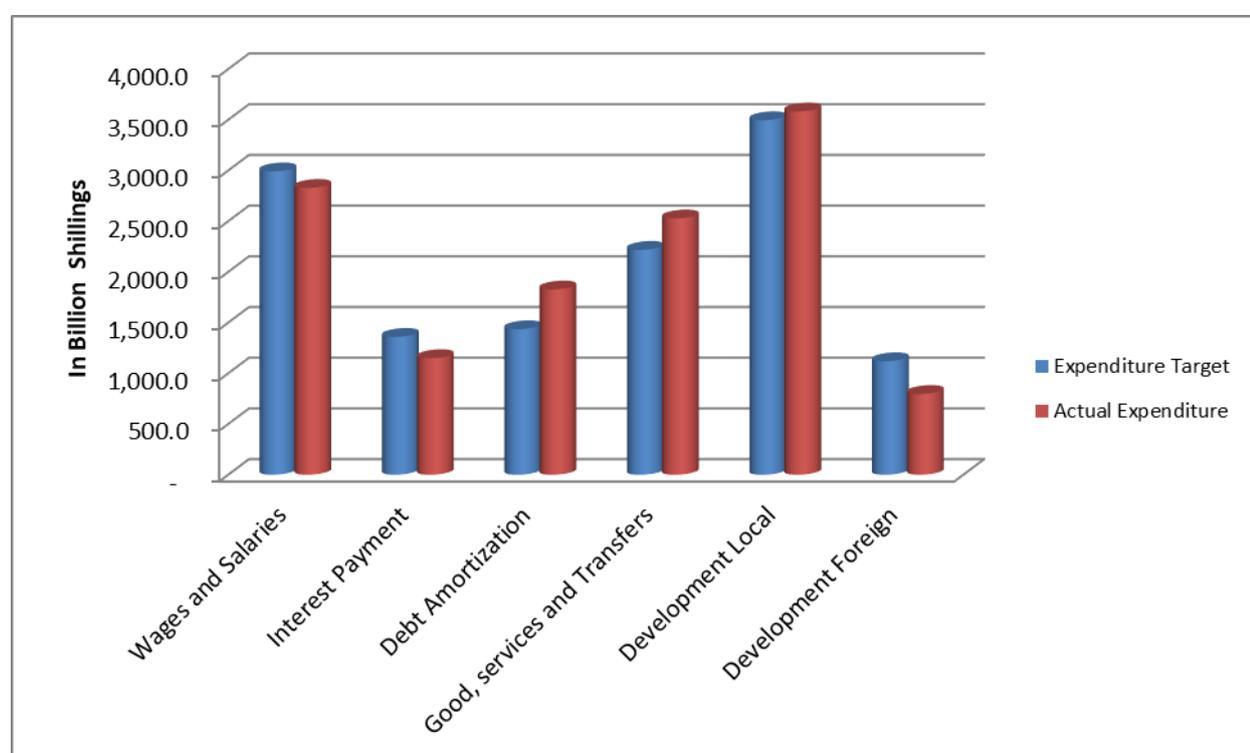
Spending on goods, services, and transfers amounted to 2,527.56 billion shillings against the target of 2,217.35 billion shillings.

2.4.2 Development Expenditure

During the third quarter, Government spending under development expenditure category amounted to 4,379.58 billion shillings, against an estimated allocation of 4,615.51 billion shillings, equivalent to 95 percent. The amount released comprised 3,582.87 billion shillings for domestic development expenditure and 796.71 billion shillings for foreign-financed expenditure. The underperformance in development spending was primarily attributed to delays in accounting for direct-to-project.

The performance of development expenditure by major categories and economic classification for the third quarter is presented in **Chart 2.5** and **Chart 2.6**.

Chart 2.6: Expenditure Performance by Economic Classification



Source: Ministry of Finance

2.4.3 Cumulative Expenditure Performance (July to March - 2024/25)

The cumulative expenditure performance amounted to 36,870.53 billion shillings against a target of 37,550.35 billion shillings, equivalent to 98 percent. Recurrent expenditure was an aggregate of 24,516.10 billion shillings reflecting a performance of 96 percent of a target of 25,648.59 billion shillings. Development expenditure totaled to 12,354.43 billion shillings, equivalent to 104 percent of the estimates of 11,901.76 billion shillings. The expenditure comprised of 9,880.48 billion shillings from domestic sources and 2,473.95 billion shillings from foreign sources including funds disbursed direct to projects by Development Partners.

The cumulative performance of budget execution in major categories for July 2024 to March 2025 is as shown in **Table 2.1**.

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

Category	Cumulative Target	Actual Expenditure	Performance
Recurrent Expenditure	25,648.59	24,516.10	96%
o/w Wages and Salaries	8,776.85	8,356.12	95%
Debt Amortization	4,847.27	5,211.20	108%
Interest Repayments	4,197.31	3,700.85	88%
Goods, Services and Transfers	7,827.16	7,247.93	93%
Development Expenditure	11,901.76	12,354.43	104%
Development Local	9,224.39	9,880.48	107%
Development Foreign	2,677.37	2,473.95	92%
Grand Total	37,550.35	36,870.53	98%

Source: Ministry of Finance

2.4.4 Government Expenditure on Arrears

During the period July 2024 to March 2025, the Government released a total of 907.35 billion shillings for the payment of verified arrears. This reflects a continued commitment to clearing outstanding obligations, supporting service providers, and enhancing trust in public financial systems. The breakdown of the released funds by category is shown in Table 2.2 below:

Table 2.2: Breakdown of Verified Arrears Payments

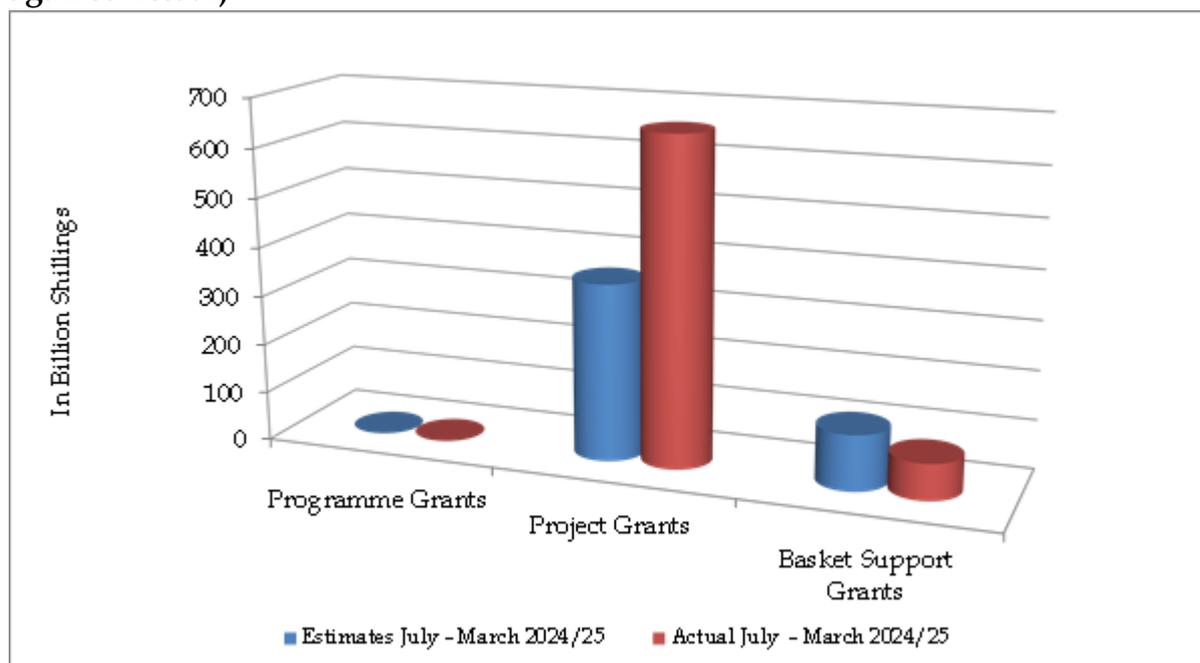
	ARRERAS CATEGORY	AMOUNT PAID (shs. billion)
1	Supplies (Goods & Services)	76.62
2	Construction Works	806.5
3	Staff	24.04
4	Utilities	0.19
	TOTAL	907.35

Source: Ministry of Finance

2.5 Grants

During the third quarter of 2024/25, grants received were 199.8 billion shillings, equivalent to 107.4 percent of the estimated amount of 186.1 billion shillings. Out of the total grants, Project Grants were 197.3 billion shillings, equivalent to 134.2 percent of the estimates of 147.0 billion shillings and Basket Funds were 2.5 billion shillings, equivalent to 6.5 percent of estimates of 39.0 billion shillings. For the period of July 2024 to March 2025, grants received were 733.4 billion shillings, equivalent to 155.5 percent of the estimated amount of 471.6 billion shillings. Out of the total grants received, Project Grants were 660.1 billion shillings, equivalent to 183.8 percent of the estimates of 359.2 billion shillings, Basket Funds were 73.3 billion shillings against the target of 112.4 billion shillings, equivalent to 65.2 percent of the estimates.

Chart 2.7: Performance of Foreign Grants for the First Three quarter of 2024/25 (Estimates against Actual)



Source: Ministry of Finance

2.6 Financing

Total financing during the third quarter of 2024/25 was 3,161.4 billion shillings against the target of 2,720.3 billion shillings, equivalent to 116.2 percent. Out of the total financing, total foreign net financing was a borrowing of 1,905.5 billion shillings against a borrowing target of 2,326.2 billion shillings, equivalent to 81.9 percent and total domestic net financing was 1,255.9 billion shillings against the target of borrowing 394.1 billion shillings, equivalent to 318.6 percent. For the first three quarters of 2024/25, total financing was 6,257.9 billion shillings against the target of 6,439.1 billion shillings which was 97.2 percent of the target. Out of the total financing, total foreign net financing was a borrowing of 3,161.5 billion shillings against a borrowing target of 4,046.0 billion shillings, equivalent to 78.1 percent and total domestic net financing was a borrowing of 3,096.4 billion shillings against the target of borrowing 2,393.1 billion shillings, equivalent to 129.4 percent of the target.

2.6.1 Domestic Financing

During the third quarter of 2024/25, a total of 1,255.9 billion shillings were borrowed from domestic market against the target of borrowing 394.1 billion shillings, equivalent to 318.6 percent. Out of the amount borrowed, 1,405.0 billion shillings was for redemption (rollover) of matured obligations and 1,255.9 billion shillings was borrowed for financing development projects. Cumulatively, for the period of July 2024 to March 2025, a total of 3,096.4 billion shillings were borrowed from domestic market against the target of borrowing 2,393.1 billion shillings equivalent to 129.4 percent. Out of the amount borrowed, 3,250.2 billion shillings was for redemption (rollover) of matured obligations and 3,096.4 billion shillings was borrowed for

financing development projects. The borrowed amount was higher than planned following the need to finance critical development project as foreign loans underperformed.

2.6.2 Foreign Financing

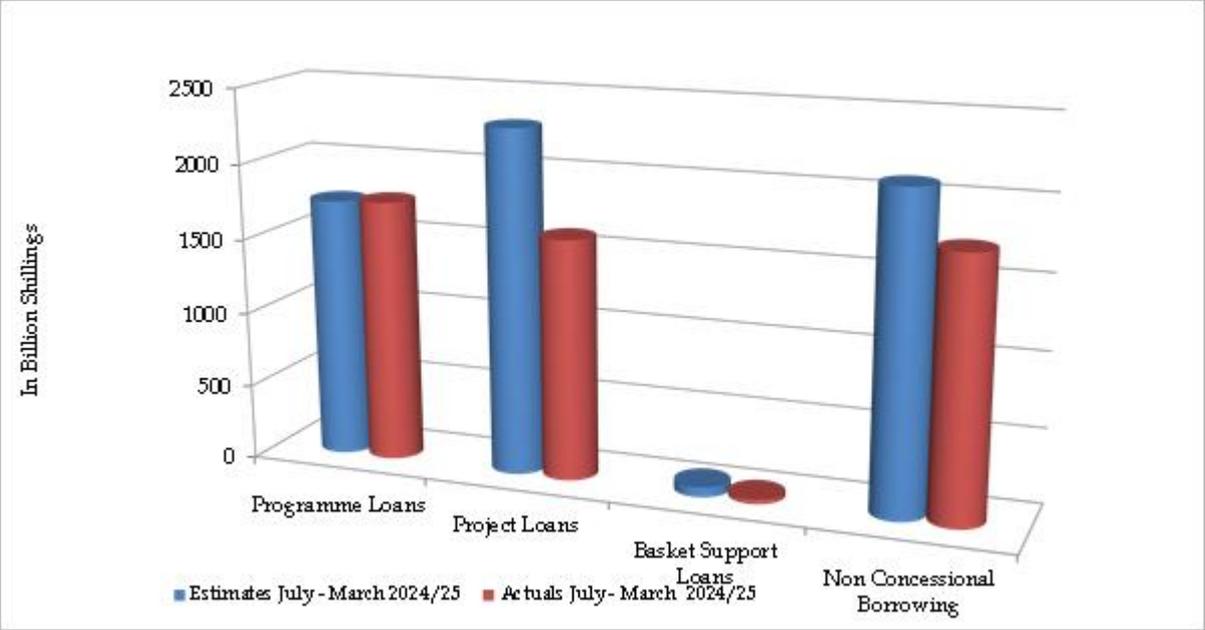
Net foreign financing for the third quarter of 2024/25 was a borrowing of 1,905.5 billion shillings against a borrowing target of 2,326.2 billion shillings, equivalent to 81.9 percent of the period target. During the quarter under review, disbursements of concessional loans were 1,565.6 billion shillings against the target of 1,661.9 billion shillings, equivalent to 94.2 percent of the target. Disbursed concessional loans were from program and project financing sources. Disbursement of non-concessional loans were 762.0 billion shillings against the target of 1,245.0 billion shillings, equivalent to 61.2 percent. In addition, amortization of foreign loans was 422.1 billion shillings against estimates of 580.7 billion shillings. From July 2024 to March 2025, net foreign financing was a borrowing of 3,161.5 billion shillings against a borrowing target of 4,046.0 billion shillings, equivalent to 78.1 percent. Out of the amount, disbursements of concessional loans were 3,392.7 billion shillings against the target of 4,102.5 billion shillings, equivalent to 82.7 percent. Disbursement of non-concessional loans were 1,729.8 billion shillings against the target of 2,096.8 billion shillings, equivalent to 82.5 percent. In addition, amortization of foreign loans was 1,961.0 billion shillings against estimates of 2,153.3 billion shillings which was 91.1 percent of the target. The trend of grants and external concessional loans is shown in **Table 2.3** and the performance of foreign financing for the first three quarters of the year 2024/25 is presented in **Chart 2.8**.

Table 2.3: Trend of Grants and External Concessional Loans for the period of July - March 2024/25

Summary of Disbursement July - March 2024/25 (All figures in millions shillings)					
AID MODALITY	Type of assistance	Annual commitment as per budget	Estimates July - March 2024/25	Actual Disbursement July - March 2024/25	% of Commitment
GBS	Grants	109,024	-	-	0.0%
GBS	Concessional Loan	2,326,471	1,738,503	1,754,589	100.9%
Sub Total		2,435,496	1,738,503	1,754,589	100.9%
Basket Funds	Grants	112,409	112,409	73,324	65.2%
Basket Funds	Concessional Loan	66,483	66,483	32,678	0.0%
Sub Total		178,892	178,892	106,002	59.3%
Development Project	Grants	572,957	359,154	660,122	183.8%
Development Project	Concessional Loan	2,888,989	2,297,505	1,605,425	69.9%
Sub Total		3,461,946	2,656,658	2,265,547	85.3%
Grand Total		6,076,334	4,574,054	4,126,137	90.2%

Source: Ministry of Finance

Chart 2.8: Performance of Foreign Financing for the period of July 2024 - March 2025 (Estimates Vs Actual)



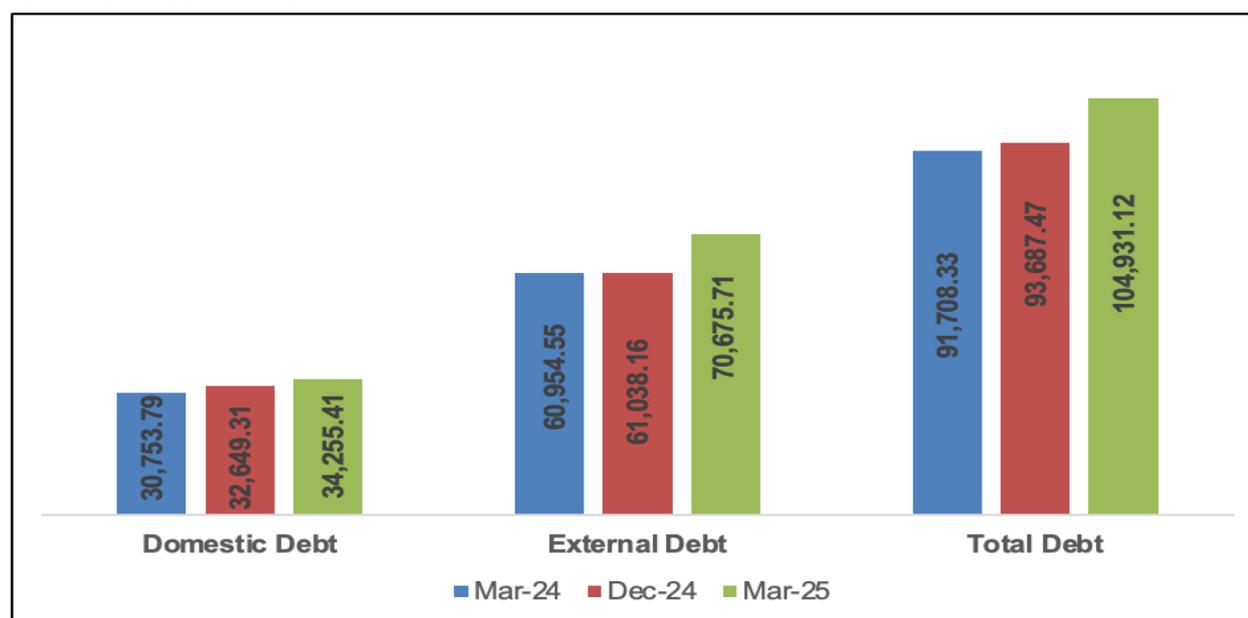
Source: Ministry of Finance

GOVERNMENT DEBT DEVELOPMENT

3.1 Overall Debt Stock

As at end of the third quarter of 2024/25, Central Government Debt Stock stood at TZS 104,931.12 billion (USD 39,597.01 million), an increase of 14.42 percent compared to TZS 91,708.33 billion (USD 35,688.90 million) recorded at the end of March 2024 (**Chart 3.1**). Out of the total Central Government debt, domestic debt was TZS 34,255.41 billion, equivalent to 32.65 percent and external debt was TZS 70,675.71 billion, equivalent to 67.35 percent. On a quarterly basis, Central Government debt stock increased by 12.00 percent compared to TZS 93,687.47 billion at end December 2024. This substantial growth is mainly attributable to exchange rate of USD against TZS which stood at TZS 2,394.7558 in the end of December, 2024 and TZS 2649.97 at the end of March, 2025. Overall, the increase in the Central Government debt stock was primarily driven by new domestic borrowing through the issuance of Government Securities, disbursements from external creditors, and the depreciation of the Tanzanian shilling against the US Dollar.

Chart 3.1: Central Government Debt in TZS billion



Source: Ministry of Finance

3.2 Central Government Domestic Debt Stock

As at end March 2025, the domestic debt stock stood at TZS 34,255.41 billion (USD 12,926.69 million), marking an 11.4 percent increase compared to TZS 30,753.79 billion recorded in the corresponding period in 2024. However, on quarterly basis comparison, the domestic debt depicted the growth of 4.9 percent compared to TZS 32,649.31 billion recorded in the end of the second quarter. In the period under review, Treasury bills and bonds amounted to TZS 1,888.80 billion and TZS 27,237.22 billion respectively. Other domestic liabilities accounted for TZS 5,129.39 billion (**Table 3.1**). The increase mainly emanated from the issuance of 15- and 5-year Treasury bonds amounting to TZS 313.91 billion. The domestic debt stock for the month

ending March was equivalent to 14.81 percent of the projected nominal GDP for 2025 (TZS 231,309.19 billion).

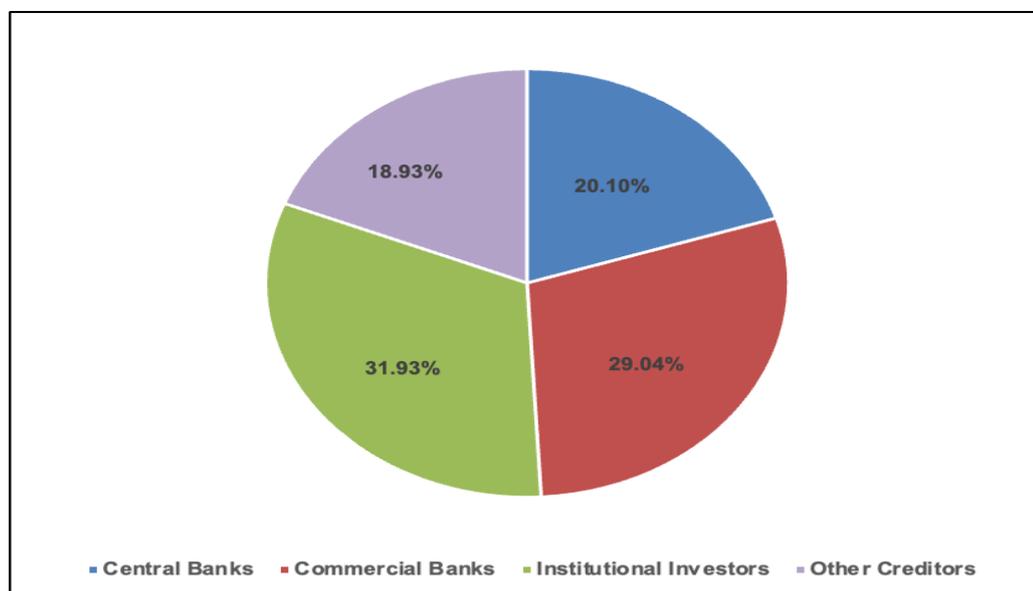
In terms of holder’s category, during the third quarter of 2024/25, institutional investors (pension funds and insurance companies) dominated the profile of domestic debt by creditor category by 31.93 percent, followed by commercial banks and the central bank, holding 29.04 percent and 20.10 percent respectively. Other creditors hold the remaining 18.93 percent (Chart 3.2). The relatively low investment risk in Government securities and Government repayments to pension funds’ debts through issuance of special bonds explains the dominance of institutional investors in domestic market.

Table 3.1 : Domestic Debt Stock by Instrument Category

S/N	Category	Mar-24		Dec-24		Mar-25	
		TZS billion	% of Total	TZS billion	% of Total	TZS billion	% of Total
1	Treasury bills	2,692.61	8.76	2,108.01	6.46	1,888.80	5.51
2	Treasury bond	23,701.85	77.07	26,369.14	80.77	27,237.22	79.51
3	Other	4,359.33	14.17	4,171.99	12.78	5,129.39	14.97
Total		30,753.79	100%	32,649.14	100%	34,255.41	100%

Source: Ministry of Finance

Chart 3.2 : Domestic Debt Stock by Creditor Category



Source: Ministry of Finance

3.3 Central Government External Debt

At the end of March 2025, the stock of external Central Government debt stood at TZS 70,675.71 billion (USD 26,670.32 million), an increase of 15.95 percent from TZS 60,954.55 billion (USD 23,720.86 million) recorded at end March 2024. On quarter-to-quarter basis, external central Government debt increased by 15.79 percent from TZS 61,038.16 billion (USD

25,488.26 million) recorded at end December 2024 (**Table 3.2**). The increase was mainly attributed to the depreciation of Tanzania shilling against the foreign currencies most specifically US Dollar. The profile shows that, out of the Central Government external debt stock, Disbursed Outstanding Debt (DOD) were TZS 70,470.60 billion (USD 26,592.92 million) and TZS 205.11 billion (USD 77.40 million) were interest arrears.

Table 3.2: Central Government External Debt Stock (TZS Billion)

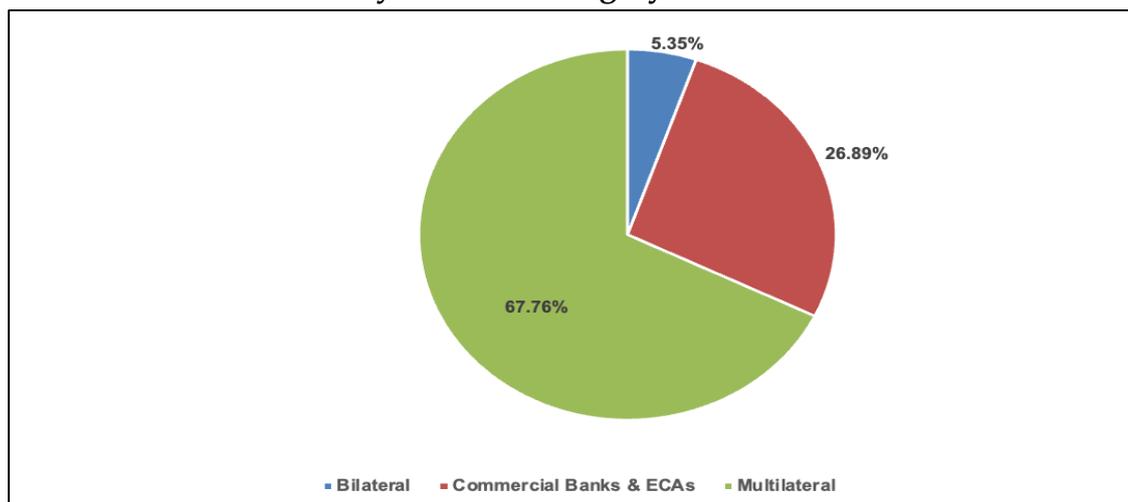
S/N	Component	Mar-24	Dec-24	Mar-25
1	Disbursed Outstanding Debt	60,309.86	60,435.33	70,470.60
2	Interest arrears	644.69	602.83	205.11
Total		60,954.55	60,038.16	70,675.71

Source: Ministry of Finance

In terms of Creditor's category, the proportion of debt owed to multilateral institutions remained dominant of all creditor categories accounting for 67.78 percent of the external debt stock for the quarter ending March 2025, followed by commercial banks and Export Credit Agencies (ECAs) with 26.89 percent, and bilateral creditors with 5.35 percent as shown in **Chart3.3**

Multilateral institutions being major creditor category implies low cost of debt servicing, and low risk, since these institutions lend in concessional terms. The loans which are highly concessional mainly emanate from the International Development Association (IDA), the African Development Fund (ADF), and International Monetary Fund (IMF). Among others, the Japan International Cooperation Agency (JICA) constitutes a significant portion of the bilateral category. Commercial creditors and export credit category comprise non-concessional borrowings.

Chart3.3: External Debt by Creditor Category



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 3.3 and 3.4). 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 3:3 Projected External Public Debt Burden Indicators, 2023/24 – 2034/35

External DSA	Threshold	2023/24 ¹	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

Table3:4 Projected Overall Public Debt Burden Indicators, 2023/24 – 2034/35

Public DSA	Threshold	2023/24 ²	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

¹ Represent actual ratios as of 30th June 2024

² Represent actual ratios as of 30th June 2024

LIKELY BUDGET OUTTURN TO JUNE 2025

Going forward, the Government will continue to implement fiscal and monetary measures in order to contain macroeconomic variables at reasonable levels, including inflation. On the other hand, expenditure will be adjusted in line with available resources while protecting key expenditure items and cut spending on other items. Key areas that will be considered include Government debt service, staff salaries, provision of social services, and the implementation of flagship projects.

ANNEX A

Revenue Performance July 2024 - March 2025						
						Billion shillings
	Budget Estimates	July-24 Mar 25			Jul 23 - Mar 24	Year on Year Change
		Estimates	Actual	Perf %		
Total Revenue (Including LGAs)	34,610.6	25,649.3	25,669.8	100.1%	22,029.2	16.5%
Total Revenue	33,254.3	24,642.3	24,629.0	99.9%	21,181.1	16.3%
TRA Revenue	29,415.3	21,973.4	22,291.6	101.4%	19,391.2	15.0%
Tax Revenue	28,118.8	20,924.3	21,235.3	101.5%	18,380.1	15.5%
Taxes on imports	8,185.5	6,088.0	6,205.2	101.9%	5,317.1	16.7%
Import duties	2,175.8	1,631.2	1,528.2	93.7%	1,381.2	10.6%
Petroleum	1,285.2	967.2	960.3	99.3%	899.5	6.8%
Excise	1,285.2	967.2	960.3	99.3%	899.5	6.8%
Others	4,724.4	3,489.6	3,716.7	106.5%	3,036.4	22.4%
Excise	395.0	293.0	314.5	107.3%	250.7	25.5%
VAT on non-petroleum imports	4,329.5	3,196.6	3,402.3	106.4%	2,785.8	22.1%
Taxes on Domestic Sales	6,602.0	4,899.1	5,247.1	107.1%	4,336.4	21.0%
Excise	2,240.3	1,689.0	1,708.1	101.1%	1,483.3	15.2%
Value Added Tax (VAT)	4,361.7	3,210.1	3,539.1	110.2%	2,853.1	24.0%
Income Tax	10,160.1	7,517.9	7,746.3	103.0%	6,674.8	16.1%
PAYE	3,615.4	2,742.4	2,783.5	101.5%	2,421.8	14.9%
Corporate and Parastatals	3,980.0	2,888.6	2,970.7	102.8%	2,590.3	14.7%
Individuals	314.2	232.5	238.9	102.7%	212.2	12.6%
Withholding taxes	1,652.9	1,219.7	1,273.4	104.4%	1,118.2	13.9%
Rental tax	173.5	128.6	130.7	101.6%	106.5	22.7%
Other incomes	424.1	306.1	349.1	114.0%	225.9	54.6%
Other taxes	4,205.3	3,209.7	3,319.5	103.4%	2,798.8	18.6%
Business Skills Development Levy	399.4	298.8	289.5	96.9%	254.8	13.6%
Fuel levy and transit fee	1,906.0	1,433.2	1,452.5	101.4%	1,354.9	7.2%
Transfer to REA	443.8	338.9	328.1	96.8%	310.4	5.7%
Processing Fee-dry cargo-TRA	133.9	101.0	97.4	96.5%	91.1	6.9%
Stamp duty	29.5	23.8	25.0	104.9%	18.6	34.3%
Departure Fee	94.1	78.4	74.6	95.1%	65.6	13.7%
Railway Development Fund	665.1	502.9	491.3	97.7%	372.2	32.0%
Export Duty	123.2	119.8	205.0	171.2%	101.2	102.7%
National Water Investment Fund	209.9	157.2	156.9	99.8%	146.1	7.3%
Industrial Development Levy	11.1	8.9	12.0			
Motor Vehicle Taxes	171.0	133.0	154.6	116.2%	69.3	123.2%
Treasury Voucher Cheque	18.3	13.8	32.4	234.4%	14.5	123.4%
Refunds	- 1,034.2	- 790.4	- 1,282.7	162.3%	- 747.1	71.7%
Refunds - VAT	- 930.5	- 719.3	- 1,107.8	154.0%	-675.1	64.1%
Refunds - Others	- 103.7	- 71.2	- 174.9	245.7%	-72.0	143.0%
Non Tax Revenue	5,135.6	3,718.1	3,393.7	91.3%	2,801.0	21.2%
Parastatal dividends & Contribution	1,168.5	768.6	664.5	86.5%	405.9	63.7%
Ministries and regions	2,670.5	1,900.4	1,672.7	88.0%	1,344.0	24.5%
TRA Non Tax	225.2	178.4	116.2	65.1%	203.0	-42.7%
Tourism Sector	849.4	707.1	788.4	111.5%	654.9	20.4%
Transaction levy on Money withdrawing	221.9	163.6	151.7	92.7%	153.3	-1.0%
Property tax	-	-	-		39.5	
Billboard Fee Collections	-	-	0.1		0.5	
LGAs Own Sources	1,356.3	1,007.0	1,040.9	103.4%	848.1	22.7%

Source: Ministry of Finance

