

THE UNITED REPUBLIC OF TANZANIA



MINISTRY OF FINANCE

**THE BUDGET EXECUTION REPORT FOR THE FINANCIAL YEAR 2025/26
(JULY - SEPTEMBER 2025)**

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DECEMBER 2025

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EXECUTIVE SUMMARY

During the second quarter (April - June, 2025) Gross Domestic Product (QGDP) 2025 at current prices in absolute terms increased to TZS 59.6 trillion, from TZS 50.9 trillion recorded in the similar quarter in 2024. Meanwhile, GDP at constant 2015 prices increased to TZS 40.7 trillion, from TZS 38.3 trillion registered in the corresponding period in 2024, equivalent to 6.3 percent growth compared to a growth rate of 5.1 percent observed in the corresponding quarter in 2024.

Domestic revenue collection (including LGAs own source) during the period of July - September 2025 amounted to 9,677.8 billion shillings, equivalent to 104.8 percent, which was 21.2 percent higher than 7,984.3 billion shillings collected in the corresponding period in 2024/25. Out of the total collection, tax revenues were 7,962.0 billion shillings equivalent to 108.6 percent of estimates; non-tax was 1,301.9 billion shillings equivalent to 87.7 percent and LGAs own source were 413.9 equivalents to 100.2 percent.

Government spending during the first quarter amounted to 13,252.78 billion shillings, equivalent to 108 percent of the quarterly target of 12,297.37 billion shillings, and 7 percent higher than the 11,667.53 billion shillings recorded in the corresponding quarter of 2024/25. Out of the total expenditure, 8,181.08 billion shillings equivalent to 103 percent of 7,958.00 were spent on recurrent activities, while 5,071.70 billion shillings equivalent to 84 percent of 4,339.37 were allocated for development expenditure.

Grants received in the first quarter of 2025/26 were 266.6 billion shillings, equivalent to 133.3 percent of the estimated amount of 200.0 billion shillings. Out of the total grants, project grants were 250.4 billion shillings, equivalent to 141.7 percent of the estimates of 177.0 billion shillings and Basket Funds were 16.2 billion shillings equivalent to 70.4 percent of estimates of 23.0 billion shillings. During the review period, there were no disbursement of General Budget Support grants.

In the first quarter of 2025/26, total financing was 3,037.5 billion shillings against the target of 2,085.8 billion shillings equivalent to 145.6 percent of the estimates. Out of the total financing, total foreign net financing was a borrowing of 1,160.6 billion shillings against a borrowing target of 633.0 billion shillings and total domestic net financing was a borrowing of 1,876.8 billion shillings against the target of 1,452.8 billion shillings.

As of end September 2025, Debt stock amounted to 108,166.11 billion shillings compared to 102,776.29 billion shillings in the corresponding period in 2024, equivalent to an increase of 5.24 percent. Out of the amount, domestic debt stock was 37,459.04 billion shillings and external debt stock was 70,707.07 billion shillings.

LIST OF ABBREVIATIONS

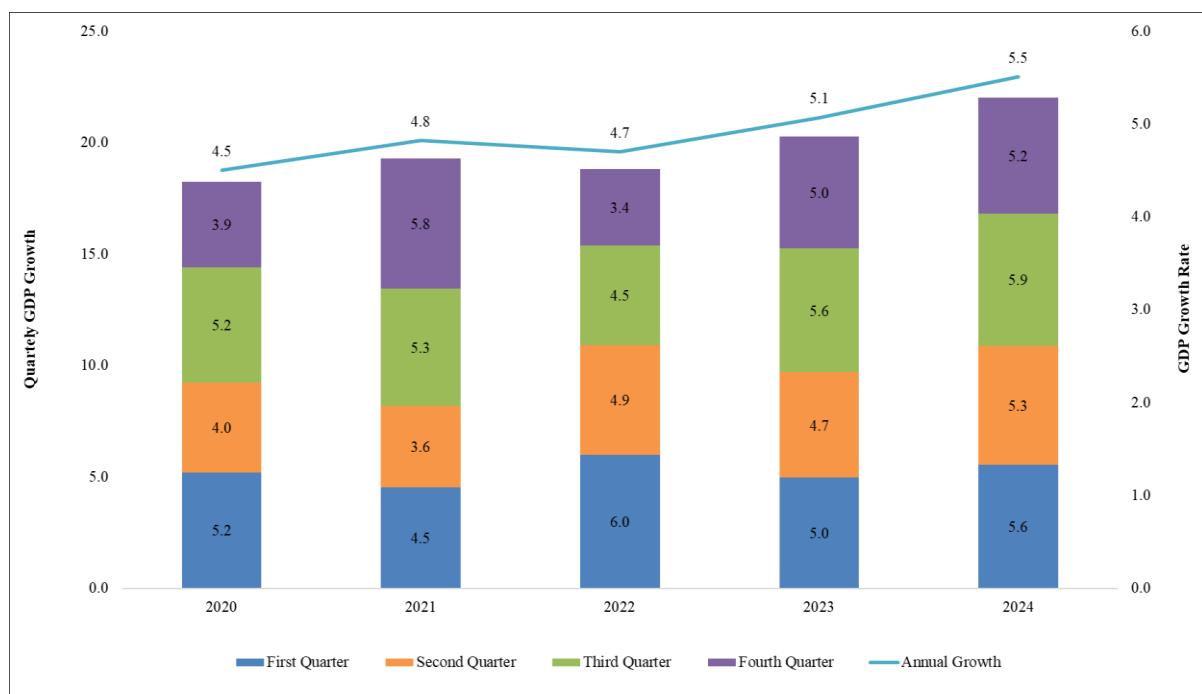
ATCL	-	Air Tanzania Company Limited
BoT	-	Bank of Tanzania
DSA	-	Debt Sustainability Analysis
EFD	-	Electronic Fiscal Device
ENCB	-	External Non-Concessional Borrowing
GBS	-	General Budget Support
GDP	-	Gross Domestic Product
LGAs	-	Local Government Authorities
MDAs	-	Ministries Departments and Agencies
PAYE	-	Pay as You Earn
TRA	-	Tanzania Revenue Authority

RECENT MACROECONOMIC PERFORMANCE

1.1 Real GDP Growth in the Fourth Quarter of 2024

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

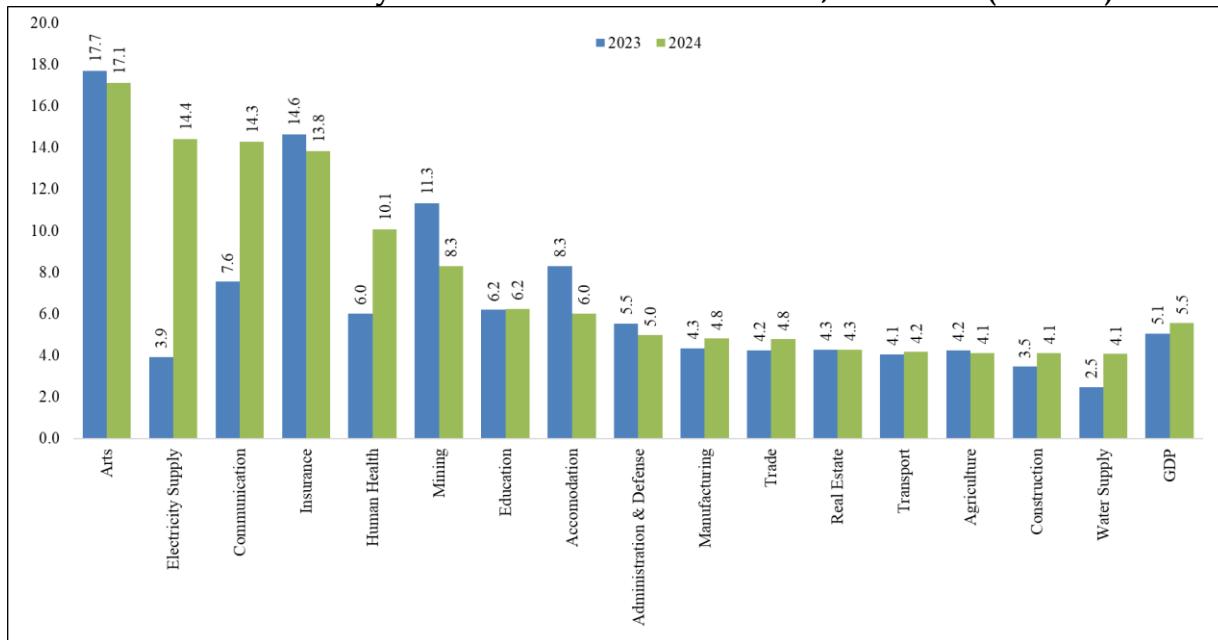
Chart 1.1: Trend of Economic Growth, 2020 - 2024 (Percent)



Source: National Bureau of Statistics

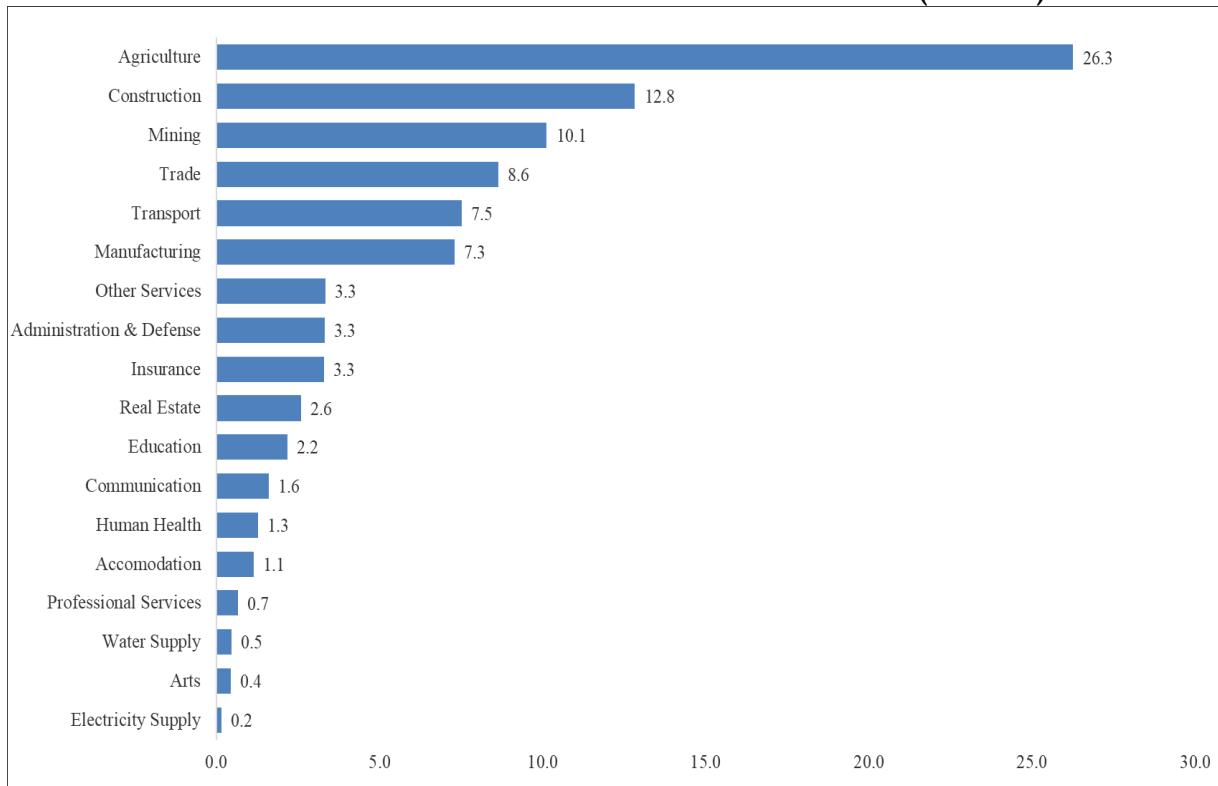
In 2024, arts and entertainment activities recorded the highest growth rate of 17.1 percent, followed by electricity (14.4 percent), information and communication activities (14.3 percent), and financial and insurance activities (13.8 percent) (Chart 1.2). In addition, agricultural activities continued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

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



Source: National Bureau of Statistics

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

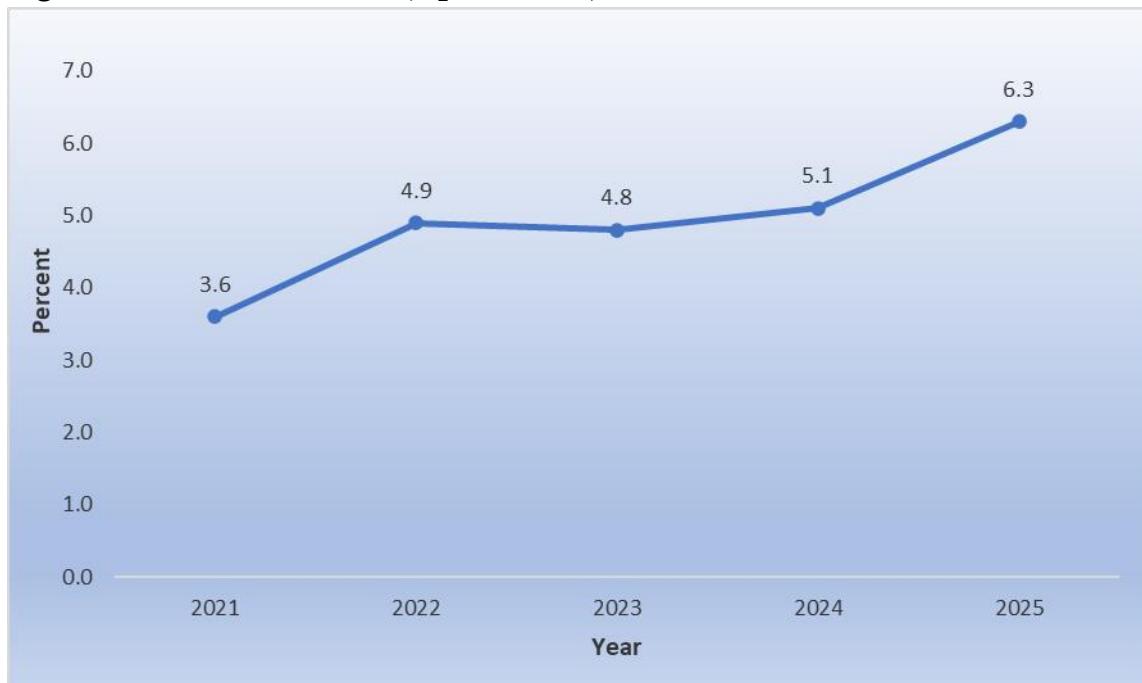


1.2 Real GDP Growth in Quarter One (April - June 2025)

During the second quarter (April - June, 2025) Gross Domestic Product (QGDP) 2025 at current prices in absolute terms increased to TZS 59.6 trillion, from TZS 50.9 trillion recorded in the similar quarter in 2024. Meanwhile, GDP at constant 2015 prices increased to TZS 40.7 trillion, from TZS 38.3 trillion registered in the corresponding period in 2024, equivalent to 6.3 percent growth compared to a growth rate of 5.1 percent observed in the corresponding

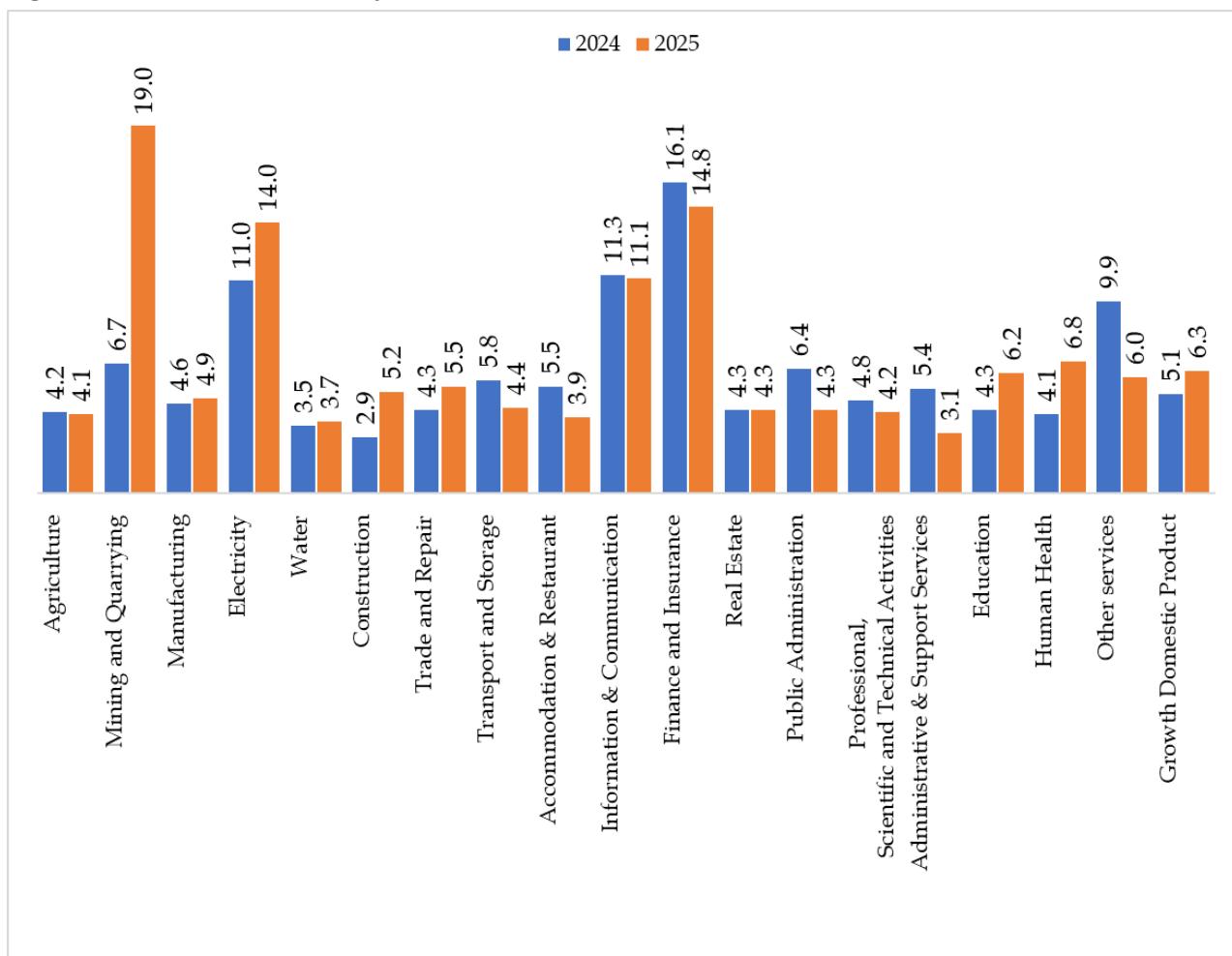
quarter in 2024 (Figure 1.1). As depicted in Fig. 1.2, economic activities that recorded significant growth rate were: Mining and Quarrying (19.0 percent); Finance and Insurance (14.8 percent); Electricity (14.0 percent); Information and Communication (11.1 percent); Human Health and Social work (6.8 percent); Education (6.2 percent); and Other Social Services (6.0 percent). All economic activities undertaken between April and June 2025 contributed differently to the growth of 6.3 percent. During the reference period, Agriculture recorded the largest contribution to growth of 16.3 percent followed by Mining and Quarrying (15.4 percent); Construction (12.0 percent); Finance and Insurance (9.7 percent); Trade and Repair (7.3 percent); and Manufacturing (5.9 percent).

Figure 1.1: Second Quarter (April - June) GDP Growth Rate from 2021 - 2025



Source: National Bureau of Statistics

Figure 1.2: Growth Rates by Economic Activities (April - June) 2024 – 2025



Source: National Bureau of Statistics

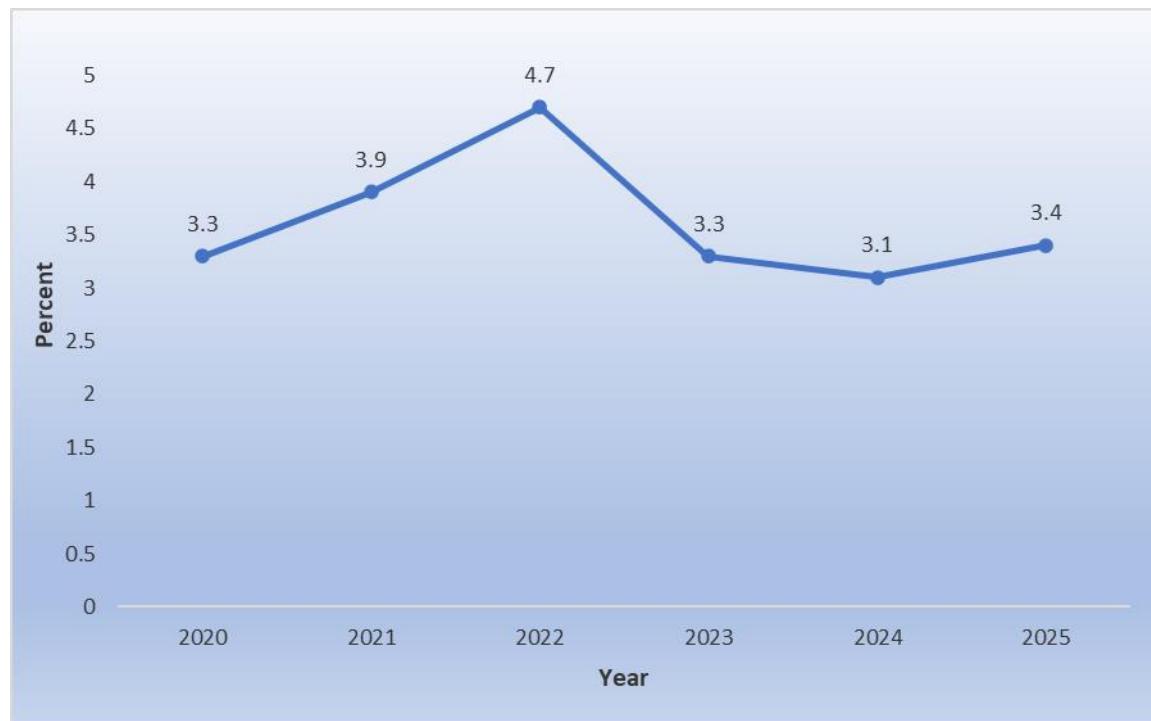
1.3 Inflation Development

During 2024/25, headline inflation continued to maintain single digit averaged at 3.1 percent as it was in 2023/24. Domestic inflation remained moderate with the headline inflation averaging 3.4 percent in the quarter ending September 2025, slightly above 3.2 percent in the previous quarter and 3.1 percent in the same quarter of 2024. This level of inflation was within the national target range of 3-5 percent and consistent with regional convergence benchmarks of utmost 8 percent for the East African Community and 3-7 percent range for Southern African Development Community. The moderation in inflation was primarily attributed to a deceleration in non-food prices, which offset rising food prices.

On monthly basis, inflation remained stable and low at 3.4 percent in September 2025, unchanged from the previous month. The stability in inflation was mainly driven by a decline in some food prices, which offset increases in non-food prices. Core inflation remained the main contributor to overall inflation, followed by unprocessed food and energy-related components. Food inflation eased to 7.0 percent in September 2025, from 7.7 percent in August 2025, largely reflecting price moderation in key food items including sorghum, round potatoes, plantains, and cooking oil. The decline in food prices was mainly attributed to the adequate domestic supply of these crops. Core inflation rose to 2.2 percent in September 2025,

from 2.0 percent in August 2025, largely driven by higher prices of household equipment and transport services. Inflation in the energy, fuel, and utilities category decreased to 3.7 percent from 11.5 percent in the corresponding month in 2024, largely associated with easing global oil prices. Chart 1.3 presents the trends of inflation.

Chart 1.3: Trend of Headline Inflation from (July - September) 2020 to 2025



Source: National Bureau Statistics

1.4 External Trade Developments

The external sector continued to improve, though relatively lower compared to the corresponding quarter in 2024. The current account deficit widened, reaching USD 570.5 million, from USD 395.8 million. This performance was largely associated with a rise in the value of imported industrial supplies and refined petroleum products, following stronger domestic demand and the impact of global price pressures. Export performance strengthened, with notable growth in cotton, cloves, gold and manufactured goods. Meanwhile, foreign exchange reserves remained robust at USD 6,664.2 million, sufficient to cover more than five months of projected imports of goods and services. This level of reserves aligns with the country's benchmark of four months of import cover.

Export of goods and services rose to USD 4,689.7 million in the quarter ending September 2025, from USD 4,571.9 million in the same period in 2024. The growth was largely driven by increased service receipts and stronger performance in exports. During the quarter under review, goods exports amounted to USD 2,911.2 million, a notable increase from USD 2,703.6 million recorded in the quarter ending September 2024. The increase was due to higher exports of minerals particularly gold, manufactured goods, cotton and cloves. During the period under review, gold exports accounted for 54.5 percent of Non-traditional exports. On the other hand, traditional exports improved to USD 336.5 million, marking a 14.9 percent increase, largely attributed to strong exports of cotton and cloves supported by both price and volume effects. Service receipts amounted to USD 1,778.5 million for the quarter ending

September 2025 compared to USD 1,868.3 million in the same period of 2024. The growth was mainly driven by earnings from travel and transport services.

During the quarter ending September 2025, import of goods and services rose to USD 4,782.6 million from the USD 4,623.4 million recorded in the similar period in 2024. Significant increases were observed in refined petroleum products, electrical machinery and equipment, industrial transport equipment, and other consumer goods. Service payments amounted to USD 811.9 million during the quarter ending September 2025, lower from USD 826.1 million in the same period in 2024. This decrease was driven by lower freight payments.

During the quarter ending September 2025, the primary income account recorded a deficit of USD 536.9 million, higher than USD 446.8 million recorded in same period in 2024. Payment of income on equity and interest abroad explains the development in the primary income account. The secondary income account recorded a surplus of USD 59.2 million, down from USD 102.5 million in the corresponding period in 2024, mainly supported by personal transfers.

1.5 Gross Official Reserves

Foreign exchange reserves amounted to USD 6,664.2 million at the end of September 2025 compared with USD 5,413.6 million in the similar quarter in 2024. The reserves were adequate, covering 5.1 months of projected imports of goods and services, in line with the country benchmark and EAC convergence criteria of at least 4 months and 4.5 months respectively.

1.6 Credit to Private Sector

Credit to the private sector grew by 16.1 percent in the quarter ending September 2025 compared with 15.9 percent in preceding quarter and 17.5 percent in the corresponding period in 2024. The performance was attributable to monetary policy measures instituted by the Bank of Tanzania to curb inflation and promote economic activities.

1.7 Money Supply

The Bank of Tanzania continued to implement a cautious monetary policy stance in balancing between growth and inflation. As a result, extended broad money supply grew averaging 20.3 percent during the quarter ending September 2025, compared with the average of 10.7 in the similar quarter in 2024. This outturn was supported by strong growth of credit to the private sector attributable to improved business conditions and supportive monetary policy.

1.8 Interest Rates Development

Interest rates charged on loans eased, with overall lending rate averaging 15.14 percent in the quarter ending September 2025, compared with 15.36 percent in the corresponding quarter in 2024. During the period under review, interest rates offered on deposits by banks increased, with overall time deposit rate averaging 8.64 percent compared with 8.11 percent in the quarter ending September 2024. Negotiated deposit rates also rose to an average of 10.92 percent, from 9.99 percent.

1.9 Exchange Rate

The value of Shilling remained stable, trading at an average rate of TZS 2,458.60 per US dollar in the quarter ending September, 2025 compared with TZS 2,696.07 per US dollar in the corresponding quarter of 2024, equivalent to an appreciation of 9.7 percent

GOVERNMENT OPERATIONS

2.1 Revenue

In 2025/26, the Government is committed to enhancing domestic revenue mobilization in order to finance planned programs with the view of enhancing service delivery to the public.

During the first quarter, July – September 2025, total domestic revenue collection (including LGAs own source) amounted to 9,677.8 billion shillings, equivalent to 104.8 percent, which was 21.2 percent higher than 7,984.3 billion shillings collected in the corresponding period in 2024/25. Out of the total collection, tax revenues were 7,962.0 billion shillings equivalent to 108.6 percent of estimates (quarter target); non-tax was 1,301.9 billion shillings equivalent to 87.7 percent and LGAs own source were 413.9 equivalents to 100.2 percent

2.2 Revenue by Source

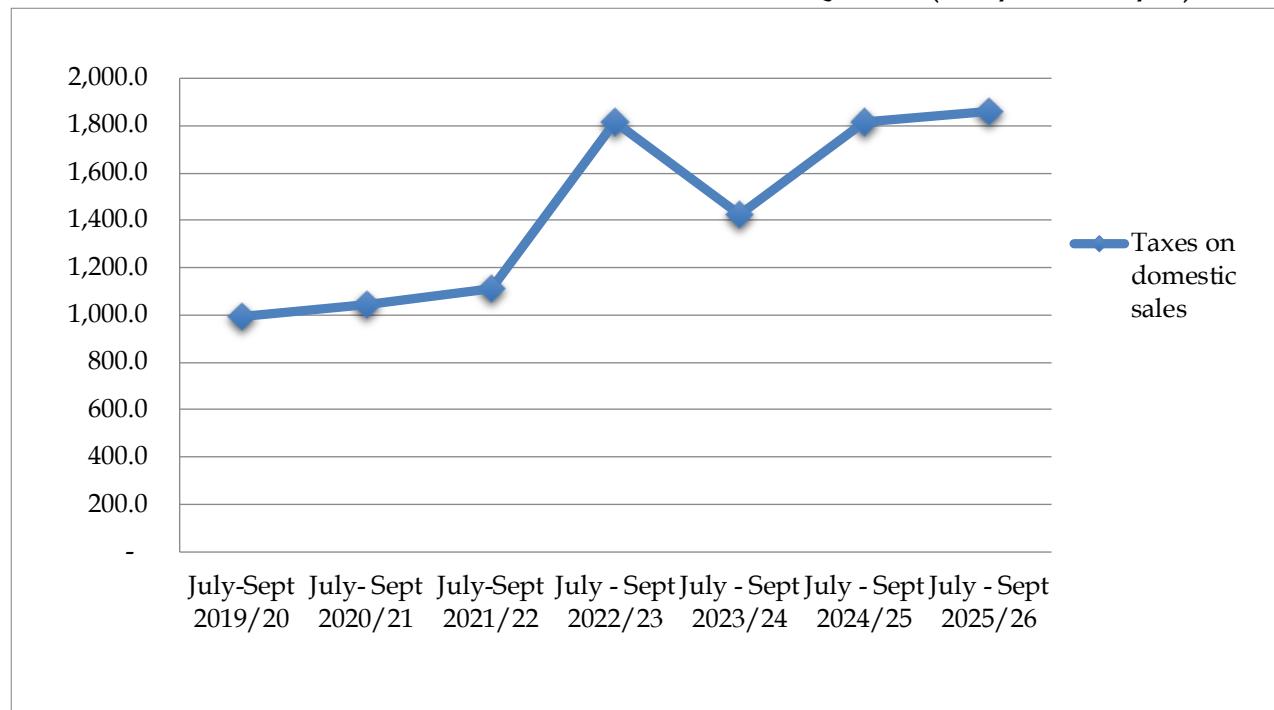
2.1.1 Taxes on Imports

During the period under review, import taxes and duties collections amounted to 2,374.6 billion shillings reflecting a performance of 110.3 percent of estimates and 18.8 percent higher when compared to collections registered in the similar period in 2024/25. The excise on petroleum imports collections amounted to 350.2 billion shillings, which was 107.4 percent of the planned target. Excise on other imports had also registered the performance of 141.5 billion shillings, equivalent to 128.7 percent of estimates and growth of 55.6 percent compared with the same period in the previous years while import duty performed at 114.4 percent of the target. VAT on non- petroleum collection amounted to 1,304.5 equivalents to 107.8 percent of the target and the growth of 19.7 percent. The overperformance of taxes on imports was attributed to: rise in imports of consumer and Intermediate goods by 22.9 percent and 9.6 percent compared to the same period in the previous year; increase in importation volume of excisable products such as mineral water, soft drinks, and spirits alcohols; and introduction of the upgraded Customs Management System (TANCIS), which was launched in January 2025, to improve oversight of all customs revenue source.

2.1.2 Taxes on Domestic Sales

Tax collections from domestic sales during the first quarter of 2025/26 was 1,859.9 equivalent to 103.1 percent of the target and 2.6 percent higher than the amount registered in the first quarter of 2024/25. Out of the total collection, the excise duty amounted to 614.6 billion shillings, equivalent to 106.3 percent of the target of collecting while VAT on domestic sales were 1,245.3 billion shillings, or 101.6 percent of the projected collection. The performance of domestic VAT was primarily driven by an increase in payment of VAT from economic activities such as manufacturing (23.6%), mining and quarrying (5.3%), construction (117.2%), Information and Communication (23.0%) and Finance and Insurance activities (26.2%); as compared to a similar Quarter in the previous. On the other hand, the performance of excise duty was due to increase in the production of excisable products such as beer (6.3 percent), soft drinks (10.2 percent, spirits (5.8 percent) and mineral water (16.9 percent) due to increased market demand that stimulated increased level of production. Chart 2.1 shows the trend of the first quarter tax collection performance on domestic sales from 2019/20 – 2025/26.

Chart 2.1: Trend of Tax on Domestic Sales for the First Quarter (2019/20 – 2025/26)

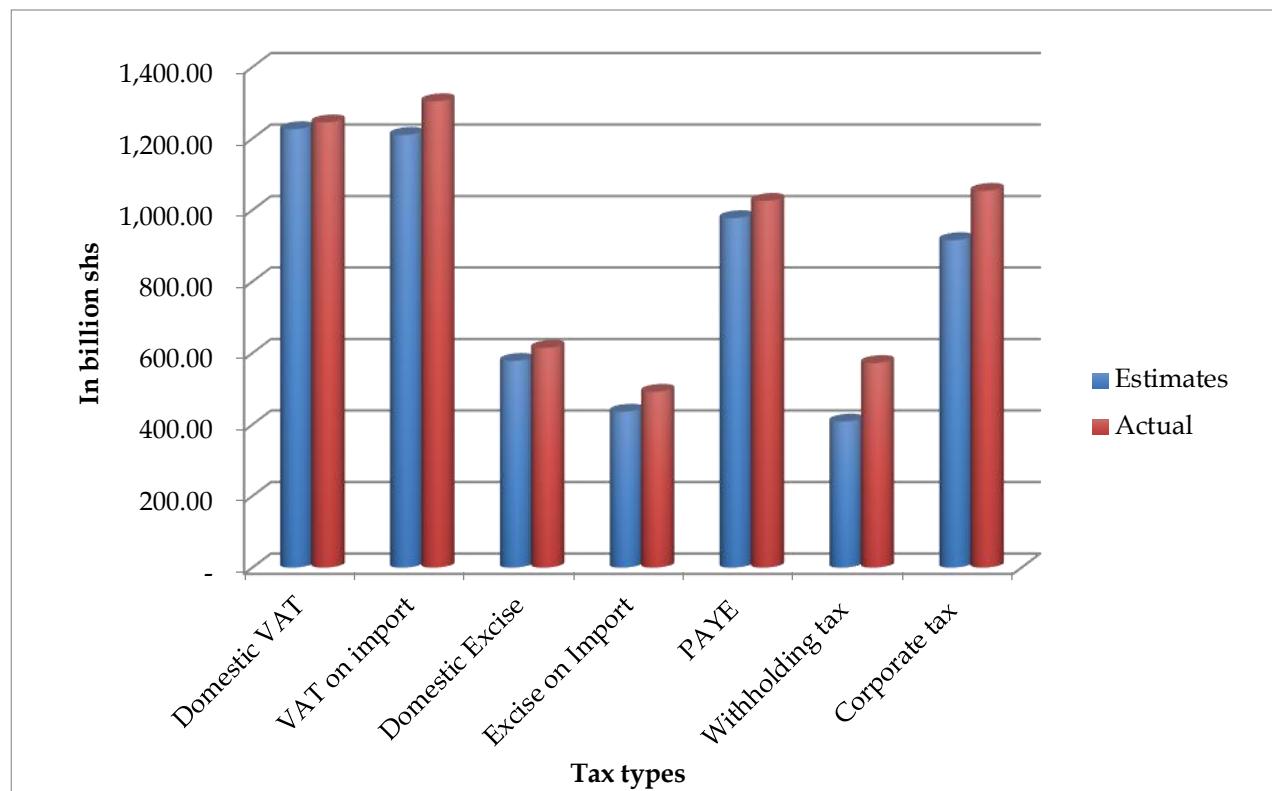


Source: Tanzania Revenue Authority

2.1.3 Income Tax

The overall performance of income tax was 2,905.2 billion shillings, equivalent to 114.9 percent of expected collection and 25.6 percent higher when compared to collections registered in the same period in 2024/25. In the first quarter of 2025/26, PAYE collection was 1,025.7 billion shillings, equivalent to 104.9 percent of the target reflect an increase of 16.1 percent compared to the first quarter in 2024/25. The corporate tax was 1,053.9 billion shillings equivalent to 115.1 percent of the target, indicated an increase of 29.1 percent when compared with similar period in 2024/25. Overperformance of corporate tax was attributed to an increase in the collection of Corporate Income Tax in the major economic activities such as mining and Quarrying (66.6%), Manufacturing (34.0 %), Information and Communication (23.4%), Accommodation and Food service (55.6%) and Finance and Insurance activities (35.5 %). On the other hand, the performance of PAYE was attributed to close follow up of employers in terms of filing employment taxes as well as, recovery of the tax arrears and current assessments through normal enforcement procedure. Revenue performance by major tax items is shown in Chart 2.2.

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

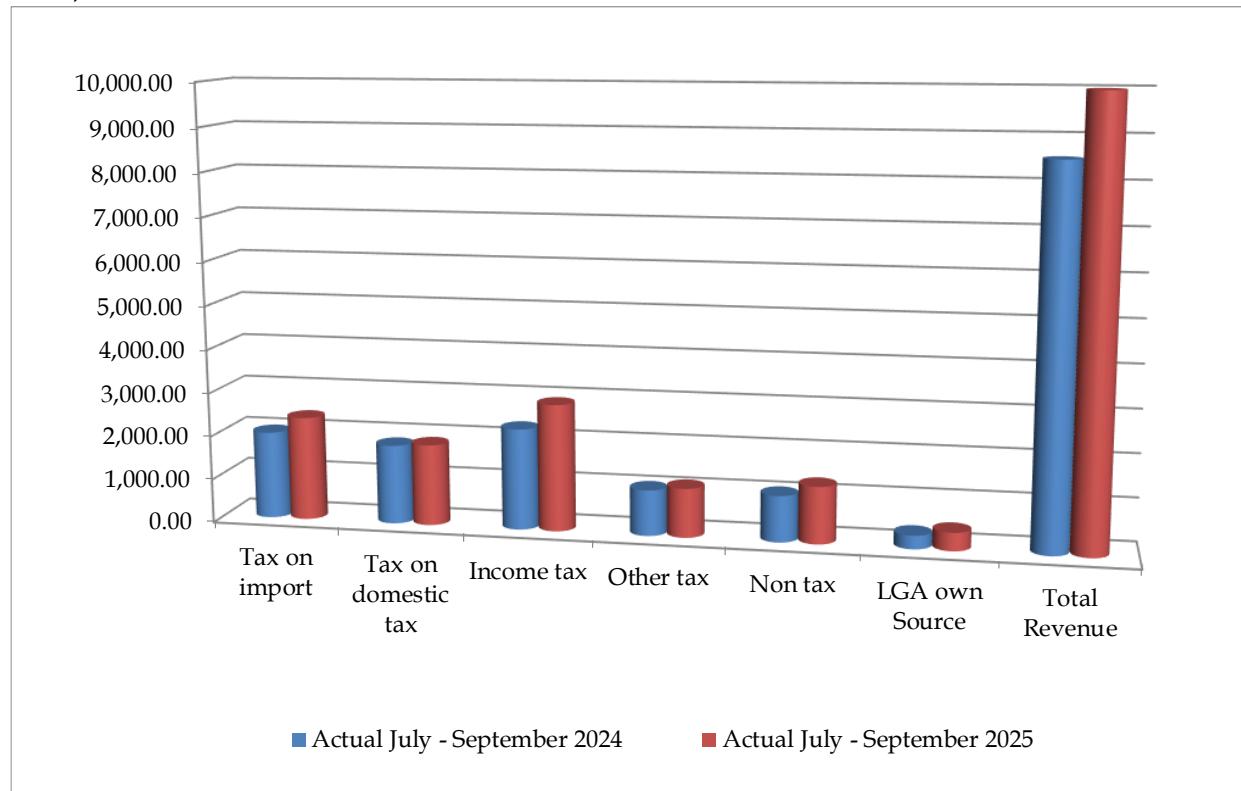


Source: Tanzania Revenue Authority

2.1.4 Other Taxes

The category of other taxes includes fuel levy, transit fee, National Water Development Fund, Petroleum fee, Railway Development Fund, Business Skill Development Levy and Departure Service Charges. During the quarter ended September 2025, actual collections from other taxes category amounted to 1,121.1 billion shillings, which was 97.6 percent of the period estimate of 1,148.3 billion shillings. Sources of other taxes that recorded an impressive performance includes: Motor Vehicle Taxes (142.3 percent); and Railway Development Fund (109.9 percent); On other hand, Petroleum fee was 113.6 percent against the target and Business Skills Development Levy was 98.9 percent of the estimates. The performance of motor vehicle taxes was attributed to increase in motor vehicles related transactions during the period as well as enhancement of system for processing of motor vehicle transactions. Revenue performance in July to September 2025 compared to July to September 2024 is indicated in Chart 2.3

Chart 2.3: Revenue Performance (July - September 2025) Compared to (July - September 2024)



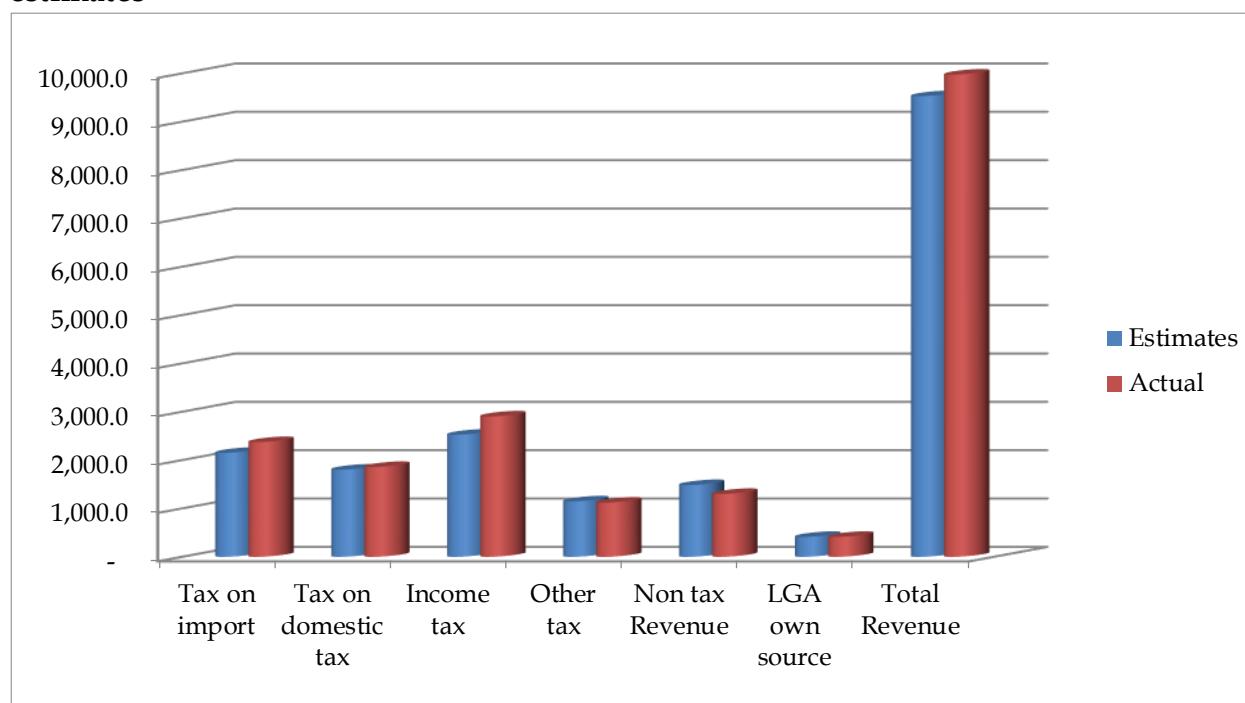
Source: Tanzania Revenue Authority

2.1.5 Non-Tax Revenue

Collections of non-tax revenue in the first quarter of 2025/26 were 1,301.9 billion shillings equivalent to 87.7 percent of quarter estimates of 1,485.3 billion shillings. Non-tax revenues collected by Ministries were 734.5 billion shillings against the target of 741.0 billion shillings equivalent to 99.1 percent, dividends and contributions collected by Office of Treasury Registrar were 61.0 billion shillings against the target of 132.0 billion shillings equivalent to 46.2 percent while non-tax revenues collected by TRA were 506.4 billion shillings which was 82.7 percent of the quarter estimates.

Collections from LGAs own source were 413.9 billion shillings, which was 100.2 percent of the period target. Underperformance of dividends and contributions collected by Office of Treasury Registrar is primarily attributed to delays in the disbursement of contribution and dividend payments by several institutions. Domestic revenue performance for the first quarter of 2025/26 compared to estimates is depicted in Chart 2.4. Analysis of revenue performance during the first quarter of 2025/26 is depicted in **Annex A**.

Chart 2.4: Domestic revenue performance for the first quarter of 2025/26 compared to estimates



Source: Ministry of Finance

2.2 Expenditure

The approved Government expenditure for 2025/26 amounted to 56,490.26 billion shillings, comprising 38,996.50 billion shillings for recurrent activities and 17,493.70 billion shillings for development projects. Key priority areas for the 2025/26 Budget include completing the implementation of flagship and strategic projects; strengthening productive sectors with high multiplier effects on the economy; enhancing human capital development, particularly in the social services sectors; and improving the investment and business environment to attract greater private sector participation in economic activities.

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 debt servicing.

2.3 First Quarter Expenditure Performance

During the first quarter, Government expenditure amounted to 13,252.78 billion shillings equivalent to 108 percent of the quarterly target of 12,297.37 billion shillings, and 7 percent higher than expenditure recorded in the corresponding quarter of 2024/25. This reflects improved fiscal activity compared to previous year. Out of the total expenditure, 8,181.08 billion shillings were spent on recurrent activities, representing 103 percent of the quarterly projection of 7,958.00 billion shillings. Development expenditure amounted to 5,071.70 billion shillings, equivalent to 117 percent of the quarterly target of 4,339.37 billion shillings.

The high performance for quarter one was attributed by greater increase in spending on the 2025 General Elections and the continued Government commitment to prioritize spending in the social services sectors in order to strengthen welfare and stimulate inclusive economic

growth, with the goal of reaching 7.1 percent of Gross Domestic Product. Below is a Summary of Priority Social Spending presented in **Table 2.1**

Table 2.1: Summary of priority social spending and general election (July to September 2025)

Summary – Priority Spending (in Billion Shillings)		
	Budget	Release
Social spending	14,007.29	3,370.47
Health	3,135.6	738.8
Education	7,384.1	1,948.3
Social protection	3,487.5	683.3
Other priority spending	3,184.0	294.5
o/w Water	759.5	116.8
REA	494.3	51.6
TARURA	1,269.1	106.0
Agricultural Inputs	661.1	20.0
Total	17,191.3	3,665.0
General election spending		
General Elections	997.53	988.98
Total	997.53	988.98

2.3.1 Recurrent Expenditure

Regarding the execution of the recurrent budget by major expenditure categories, wages and salaries recorded the highest spending at 3,223.64 billion shillings, equivalent to 101 percent of the quarterly target of 3,206.53 billion shillings. Expenditure on other charges amounted to 2,948.89 billion shillings, representing 125 percent of the quarterly target of 2,356.61 billion shillings, while debt service expenditure was 2,008.55 billion shillings, equivalent to 84 percent of the quarterly projection of 2,394.86 billion shillings.

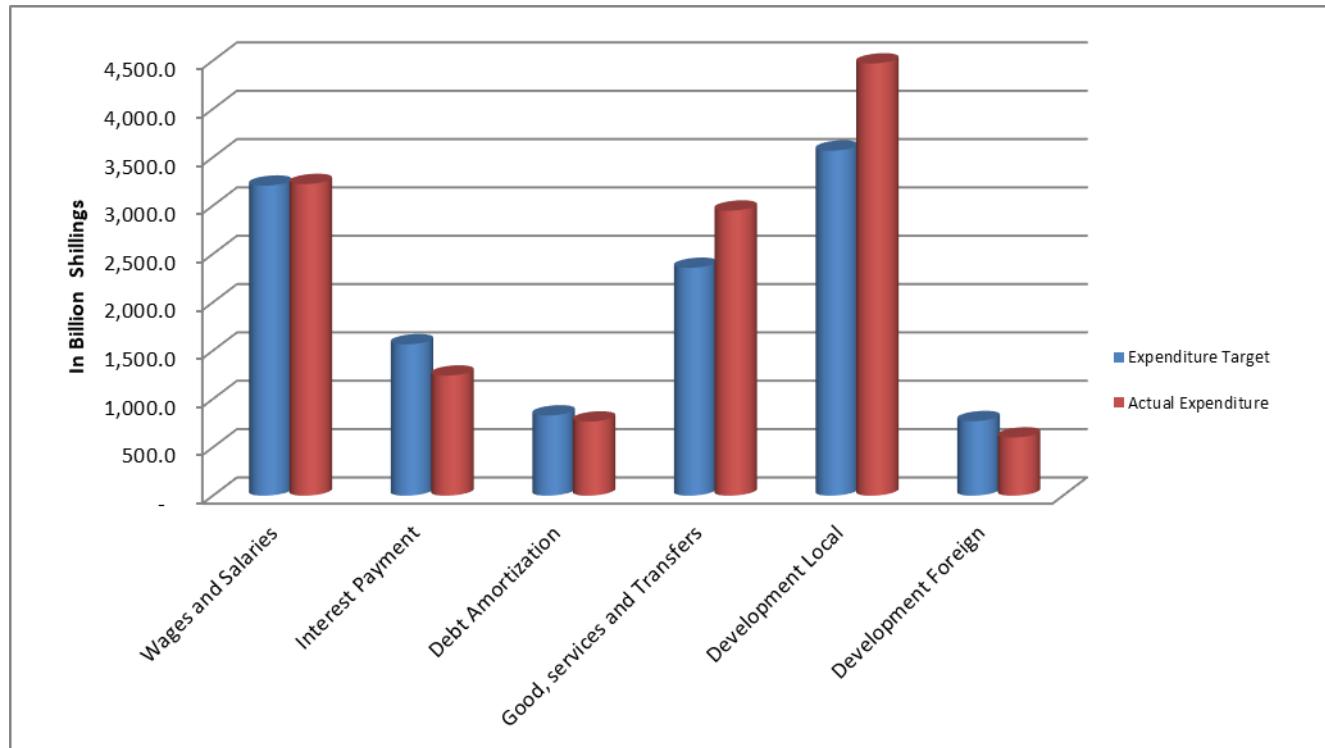
2.3.2 Development Expenditure

During the period under review, total development funds amounted to 5,071.70 billion shillings, equivalent to 117 percent of the planned quarter spending of 4,339.37 billion shillings. Out of this amount, 4,470.22 billion shillings were locally financed expenditure and 601.48 billion shillings were externally financed expenditure. The overall performance is

commendable, driven by strong execution of domestically funded projects and improved absorption capacity. This reflects effective planning, timely release of funds, and efficient project implementation. Key sectors that recorded high implementation rates include infrastructure, social services, and productive sectors with high economic impact, contributing significantly to the Government's development priorities.

The first quarter performance of budget by major categories and economic classification is presented in **Chart 2.5 and Table 2.2** respectively.

Chart 2.5: Expenditure Performance by Major Categories and Economic Classification (July to September 2025)



Source: Ministry of Finance

Table 2.2: Expenditure Performance by Major Categories and Economic Classification (July to September 2025)

Category	Quarter Target	Actual Expenditure	Performance
Recurrent Expenditure	7,958.00	8,181.08	103%
o/w Wages and Salaries	3,206.53	3,223.64	101%
Debt Amortization	829.63	766.54	92%
Interest Repayments	1,565.23	1,242.01	79%
Goods, Services and Transfers	2,356.61	2,948.89	125%
Development Expenditure	4,339.37	5,071.70	117%
Development Local	3,568.39	4,470.22	125%
Development Foreign	770.98	601.48	78%
Grand Total	12,297.37	13,252.78	108%

Source: Ministry of Finance

2.4 Government Expenditure on Arrears

During the period July to September 2025, a total of 96.62 billion shillings was disbursed to clear outstanding obligations. This allocation demonstrates Government's commitment to honoring previous financial commitments, maintaining fiscal credibility, and ensuring timely payment to suppliers and service providers. The breakdown of the disbursed funds by expenditure category is presented in **Table 2.3** below.

Table 2.3: Breakdown of Verified Arrears Payments (In billion shillings)

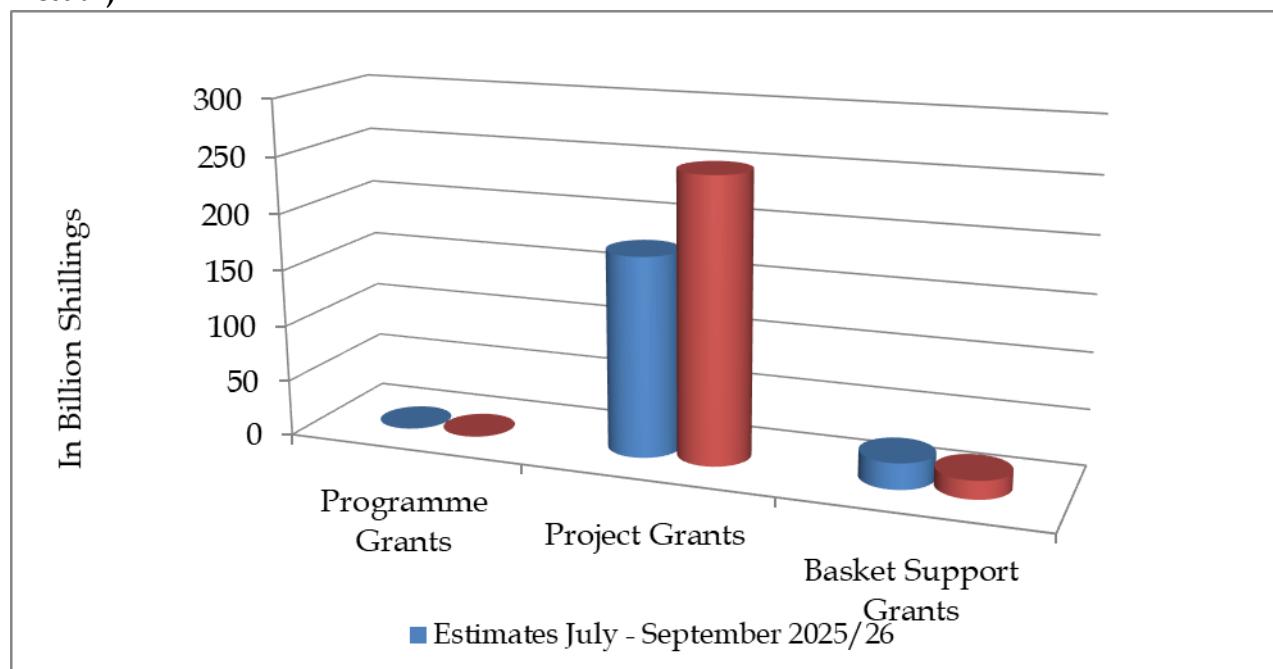
	ARRERAS CATEGORY	AMOUNT PAID
1	Construction Works	86.26
2	Supplies (Goods & Services)	10.04
3	Staff	0.29
4	Utilities	0.03
	TOTAL	96.62

Source: Ministry of Finance

2.5 Grants

Grants received in the first quarter of 2025/26 were 266.6 billion shillings, equivalent to 133.3 percent of the estimated amount of 200.0 billion shillings. Out of the total grants, project grants were 250.4 billion shillings, equivalent to 141.7 percent of the estimates of 177.0 billion shillings and Basket Funds were 16.2 billion shillings equivalent to 70.4 percent of estimates of 23.0 billion shillings. During the review period, there were no disbursement of General Budget Support grants.

Chart 2.6: Performance of Foreign Grants for the first quarter of 2025/26 (Estimates against Actual)



Source: Ministry of Finance

2.6 Financing

In the first quarter of 2025/26, total borrowings was 3,037.5 billion shillings against the target of 2,085.8 billion shillings equivalent to 145.6 percent of the estimates. Out of the total financing, total foreign net financing was a borrowing of 1,160.6 billion shillings against a borrowing target of 633.0 billion shillings and total domestic net financing was a borrowing of 1,876.8 billion shillings against the target of 1,452.8 billion shillings.

2.6.1 Domestic Financing

In 2025/26 Government budget, domestic borrowing is planned at 6,278.2 billion shillings, whereas 3,325.6 billion shillings are for financing rolling over of maturing Treasury bills and bonds and 2,952.6 billion shillings are new loans for financing development projects. During the first quarter of 2025/26, a total of 2,191.4 billion shillings were borrowed from domestic market against the target of borrowing 1,799.7 billion shillings equivalent to 121.8 percent. Out of the amount borrowed, 314.6 billion shillings was for redemption (rollover) of matured obligations and 1,876.8 billion shillings was borrowed for financing development projects.

2.6.2 Foreign Financing

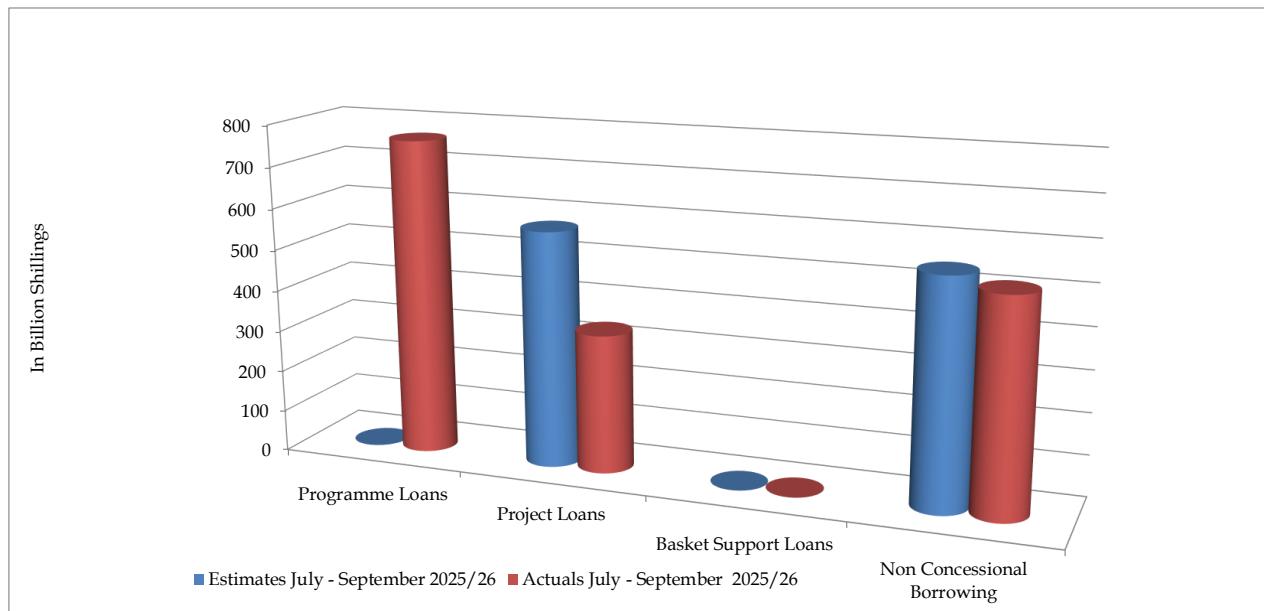
Net foreign financing for the first quarter of 2025/26 was a borrowing of 1,160.6 billion shillings against a borrowing target of 633.0 billion shillings equivalent to 183.4 percent. During the quarter under review, disbursements of concessional loans were 1,098.7 billion shillings against the target of 571.0 billion shillings which was 192.4 percent of the target. This performance was driven by disbursement of General Budget Support which was meant for 2024/25. Disbursement of non-concessional loans were 513.9 billion shillings against the target of 544.7 billion shillings, equivalent to 94.3 percent of the target. In addition, amortization of foreign loans was 452.0 billion shillings against estimates of 482.7 billion shillings which was 93.6 percent of the estimates. The trend of grants and external concessional loans is shown in Table 2.4 and the performance of foreign financing for the first quarter of 2025/26 is presented in Chart 2.8.

Table 2.4: Trend of Grants and External Concessional Loans for the first quarter of 2025/26

Summary of Disbursement July - September 2025/26 (All figures in millions shillings)					
AID MODALITY	Type of assistance	Annual commitment as per budget	Estimates July - September 2025/26	Actual Disbursement July - September 2025/26	% of Commitment
GBS	Grants	113,796	-	-	0.0%
GBS	Concessional Loan	1,627,221	-	763,792	
Sub Total		1,741,018	-	763,792	
Basket Funds	Grants	109,112	22,996	16,184	70.4%
Basket Funds	Concessional Loan	80,624	-	-	0.0%
Sub Total		189,736	22,996	16,184	70.4%
Development Projects	Grants	846,976	177,002	250,378	141.5%
Development Projects	Concessional Loan	4,339,193	570,980	334,920	58.7%
Sub Total		5,186,169	747,982	585,298	78.3%
Grand Total		7,116,923	770,978	1,365,274	177.1%

Source: Ministry of Finance

Chart 2.7: Performance of Foreign Financing for the first quarter of 2025/26 (Estimates Vs Actual)



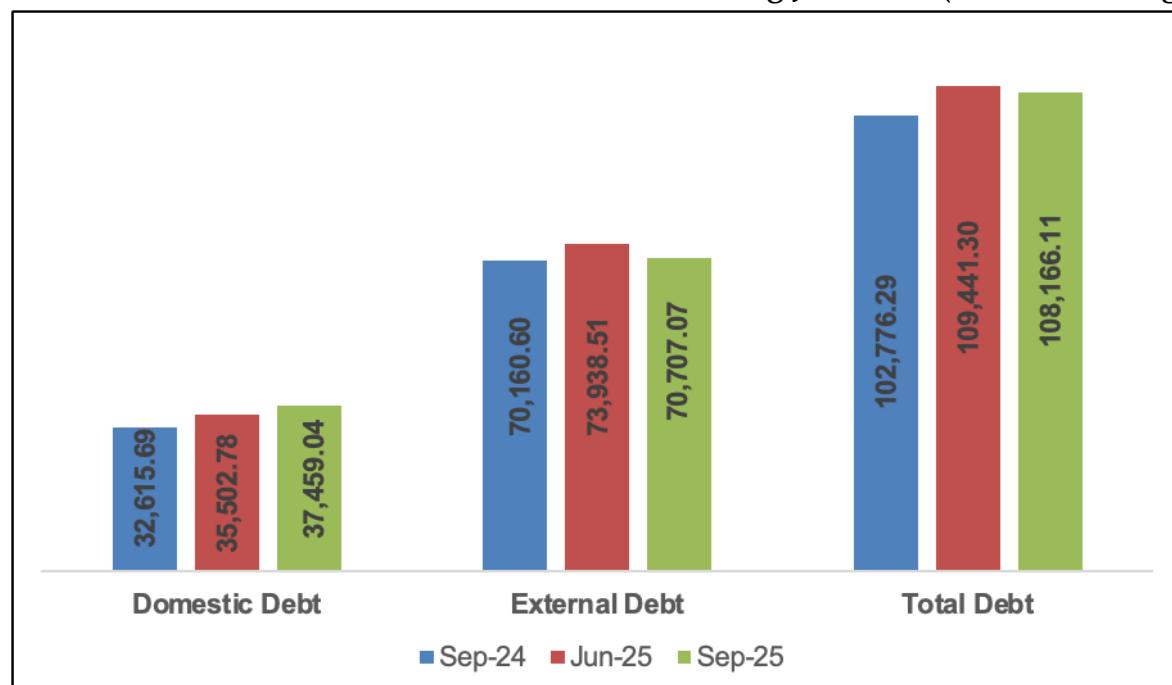
Source: Ministry of Finance

GOVERNMENT DEBT DEVELOPMENT

3.1 Overall Debt Stock

As at end of first quarter 2025/26, Central Government Debt Stock stood at TZS 108,166.11 billion (USD 44,278.72 million), an increase of 5.24 percent compared to TZS 102,776.29 billion (USD 37,619.43 million) recorded at the end of September 2024 (Chart 1). Out of the Central Government debt, domestic debt accounts for TZS 37,459.04 billion equivalent to 34.63 percent and external debt accounts for TZS 70,707.07 billion equivalent to 65.37 percent. On a quarterly bases, Central Government debt stock decreased by 1.17 percent compared to TZS 109,441.30 billion at end June 2025. 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. Conversely, the quarterly decline in debt was driven by the appreciation of the Tanzanian shilling.

Chart 3.1: Trend of Central Government Debt ending June 2024 (Billion Shillings)

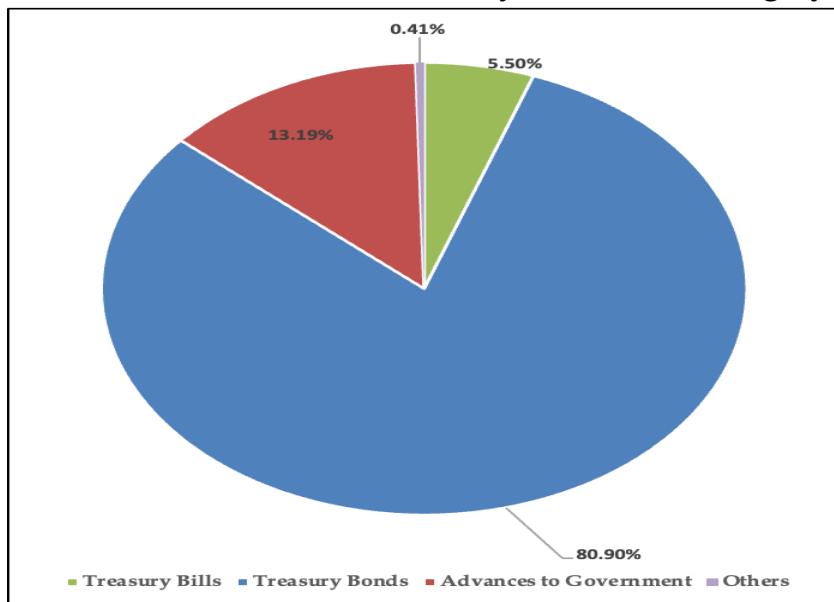


Source: Ministry of Finance

3.2 Central Government Domestic Stock

As at end September 2025, the domestic debt stock stood at TZS 37,459.05 billion (USD 15,334.18 million), marking a 5.51 percent increase compared to TZS 35,502.78 billion (USD 13,508.84 million) of the quarter ending June 2025. The profile of domestic debt by instrument (excluding Bank of Tanzania liquidity paper) shows that, Treasury bonds account for the largest share (80.90 percent) of the profile of domestic debt by instrument (excluding Bank of Tanzania liquidity paper). Chart 3.2 presents detailed performance. The greater share of Treasury bond is in consistent with the Medium-Term Debt Strategy which requires the Government to develop domestic bond market by issuing instrument with longer tenure to reduce refinancing risk.

Table 3.1 : Domestic Debt Stock by Instrument Category



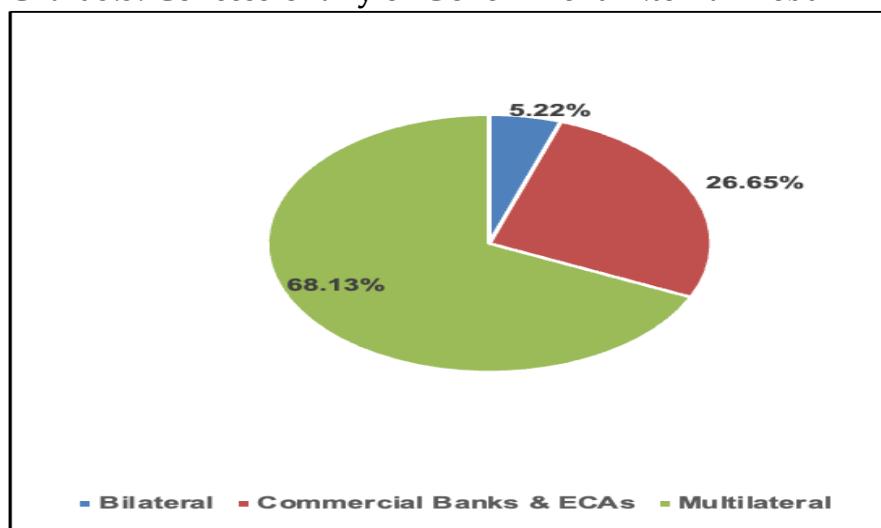
Source: Ministry of Finance

3.3 Central Government External Debt

At the end of September 2025, the stock of external Central Government debt stood at TZS 70,707.07 billion (USD 28,944.54 million) an increase of 0.78 percent from TZS 70,160.60 billion (USD 25,681.04 million) recorded at end September 2024. On quarter-to-quarter basis, external central Government debt decreased by 4.37 percent from TZS 73,938.51 billion (USD 28,133.67 million) recorded at end June 2025 (Table 3). The decrease on quarterly basis was mainly attributed by the appreciation of Tanzania shilling over the foreign currencies most specifically US Dollar.

The proportion of debt owed to multilateral institutions remained dominant for 68.13 percent of the external debt stock for the quarter ending September 2025, followed by commercial creditors and export credit with 26.65 percent, and bilateral creditors share the remaining portion with 5.22 percent (Chart 3.3).

Chart 3.3: Concessional of Government External Debt



Source: Ministry of Finance

Revenue Performance July - September 2025						
Billion shillings						
	Budget Estimates	July-Sep 2024	July-September 2025			Year on Year
		Actual	Estimates	Actual	Perf. %	
Total Revenue (Including LGAs)	40,466.1	7,984.3	9,232.0	9,677.8	104.8	21.2
Total Revenue	38,785.6	7,678.5	8,819.0	9,263.9	105.0	20.6
TRA Revenue	34,103.9	7,090.4	7,946.0	8,468.4	106.6	19.4
Tax Revenue	32,176.0	6,622.2	7,333.7	7,962.0	108.6	20.2
Taxes on imports	9,007.3	1,998.0	2,152.1	2,374.6	110.3	18.8
Import duties	2,176.1	488.6	505.8	578.4	114.4	18.4
Petroleum	1,384.7	328.4	326.1	350.2	107.4	6.6
Excise	1,384.7	328.4	326.1	350.2	107.4	6.6
Others	5,446.5	1,181.1	1,320.2	1,446.0	109.5	22.4
Excise	473.0	91.0	110.0	141.5	128.7	55.6
VAT on non-petroleum imports	4,973.4	1,090.1	1,210.3	1,304.5	107.8	19.7
Taxes on Domestic Sales	8,050.0	1,813.5	1,804.3	1,859.9	103.1	2.6
Excise	2,684.4	574.8	578.0	614.6	106.3	6.9
Value Added Tax (VAT)	5,365.6	1,238.7	1,226.2	1,245.3	101.6	0.5
Income Tax	11,367.9	2,312.8	2,527.8	2,905.2	114.9	25.6
PAYE	4,041.9	883.2	977.6	1,025.7	104.9	16.1
Corporate and Parastatals	4,344.3	816.3	915.7	1,053.9	115.1	29.1
Individuals	349.6	74.5	78.0	75.8	97.3	1.8
Withholding taxes	1,922.1	393.2	408.3	572.2	140.1	45.5
Rental tax	191.5	44.7	38.4	52.9	137.7	18.3
Other incomes	518.5	100.9	109.8	124.7	113.6	23.6
Other taxes	4,887.7	1,046.0	1,148.3	1,121.1	97.6	7.2
Business Skills Development Levy	432.0	89.8	97.7	96.6	98.9	7.6
Fuel levy and transit fee	2,089.8	496.4	492.1	526.4	107.0	6.0
Transfer to REA	472.8	114.6	111.3	114.2	102.6	(0.3)
Processing Fee-dry cargo-TRA	145.9	31.7	34.0	35.8	105.1	12.8
Stamp duty	35.1	6.0	7.3	5.4	74.3	(9.7)
Departure Fee	106.6	24.1	33.0	22.5	68.3	(6.7)
Railway Development Fund	694.1	165.0	161.8	177.8	109.9	7.8
Export Duty	219.1	2.5	50.9	4.0	7.9	59.3
National Water Investment Fund	225.6	53.6	53.1	55.8	105.0	4.1
Motor Vehicle Taxes	138.0	44.5	30.7	43.7	142.3	(1.8)
Treasury Voucher Cheque	18.4	17.9	4.3	6.7	156.5	(62.6)
'Industrial Development Levy	85.7		19.9	28.6	143.4	
'HIV response levy	224.6		52.2	3.6	7.0	
Refunds	-	1,136.8	-	548.2	-	298.8
Refunds - VAT	-	1,033.5	-	470.9	-	271.2
Refunds - Others	-	103.3	-	77.2	-	27.6
Non Tax Revenue	6,609.6	1,056.3	1,485.3	1,301.9	87.7	23.3
Parastatal dividends & Contribution	1,696.3	46.2	132.0	61.0	46.2	32.0
Ministries and regions	2,985.5	541.9	741.0	734.5	99.1	35.5
TRA Non Tax	298.0	44.0	69.3	70.0	101.0	59.1
Tourism Sector	1,396.4	375.3	489.2	382.7	78.2	2.0
Transaction levy on Money withdrawing	233.5	48.9	53.8	53.7	99.8	10.0
LGAs Own Sources	1,680.5	305.8	413.0	413.9	100.2	35.3

Source: Ministry of Finance

