



THE UNITED REPUBLIC OF TANZANIA

MINISTRY OF FINANCE

**THE BUDGET EXECUTION REPORT FOR THE THREE QUARTERS
OF THE YEAR 2025/26
(JULY TO MARCH 2025/26)**

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LIST OF ABBREVIATIONS

EAC	-	East Africa Community
GDP	-	Gross Domestic Product
IDRAS	-	Integrated Domestic Revenue Administration System
LGAs	-	Local Government Authorities
MDAs	-	Ministries Departments and Agencies
SADC	-	Southern Africa Development Community
PAYE	-	Pay as You Earn
TANCIS	-	Tanzania Custom Integrated System
TRA	-	Tanzania Revenue Authority
USD	-	United States Dollar
VAT	-	Value Added Tax

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Executive Summary

During the fourth quarter of 2025 (October – December), Gross Domestic Product (GDP) at current prices increased to TZS 62.5 trillion from TZS 56.4 trillion recorded during the corresponding period in 2024. Likewise, real GDP at 2015 constant prices increased to TZS 44.4 trillion in the fourth quarter of 2025 from TZS 42.0 trillion recorded in the corresponding period in 2024, equivalent to a real growth rate of 5.7 percent compared with the growth of 5.4 percent registered in the corresponding quarter in 2024.

During the third quarter of 2025/26, total domestic revenue collection (including LGAs own source) amounted to 10,149.9 billion shillings, which was 23.0 percent higher than 8,254.4 billion shillings collected in the corresponding period in 2024/25. On cumulative basis, for the first three quarters of 2025/26, total amount collected was 30,757.4 billion shillings against the target of 29,627.7 billion shillings, equivalent to 103.8 percent, and an increase of 19.8 percent when compared with the amount collected in the same period in 2024/25.

Government spending for the third quarter was 13,302.48 billion shillings, equivalent to 98.3 percent of the target of 13,527.80 billion shillings whereby recurrent expenditure was 9,392.28 billion shillings and development 2,848.45 billion shillings equivalent to 110.8 percent of the target of 2,571.26 billion shillings.

For the period from July 2025 to March 2026, total grants received were 712.1 billion shillings against the target of 707.9 billion shillings equivalent to 100.6 percent. Out of the grants received, project grants were 639.4 billion shillings equivalent to 110.1 percent of the target of 580.9 billion shillings and basket funds were 72.6 billion shillings against the target of 57.2 billion shillings equivalent to 127.0 percent. During the review period, the Government did not receive General Budget Support grants.

In the third quarter of 2025/26, total borrowings was 1,164.4 billion shillings against the target of 2,023.6 billion shillings being 57.5 percent of the estimates. Cumulatively, from July 2025 to March 2026, total financing was 4,460.8 billion shillings against the target of 4,389.5 billion shillings equivalent to 101.6 percent.

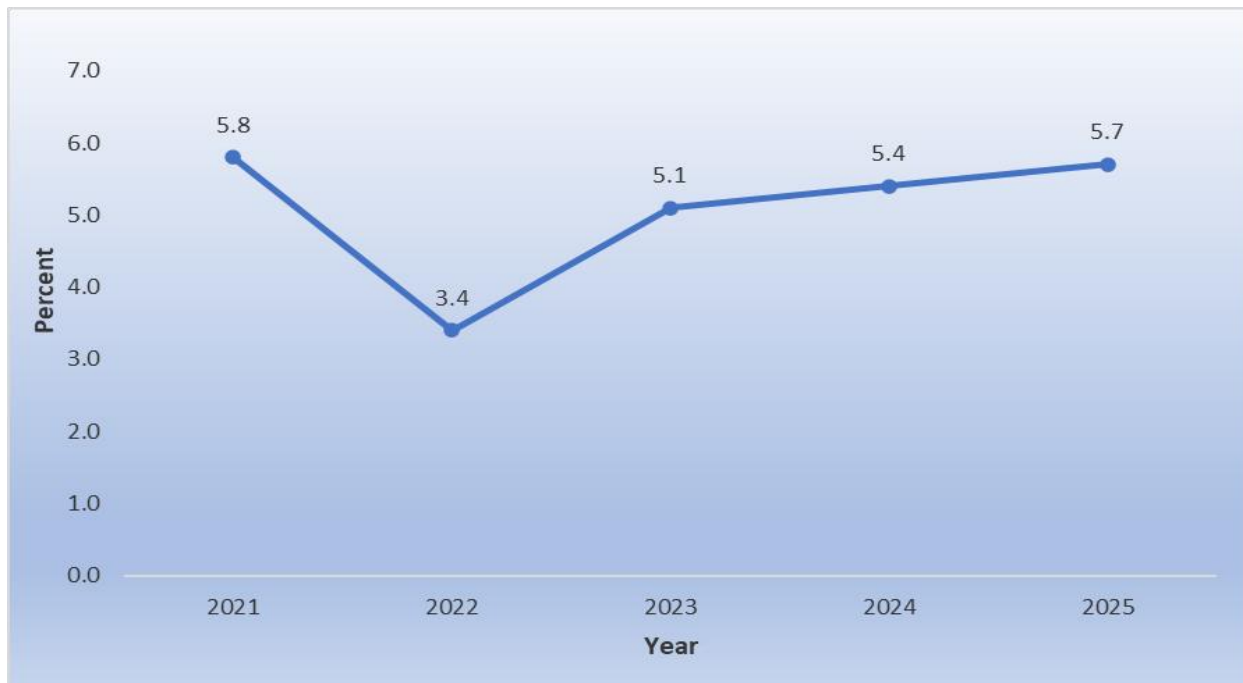
As at the end of March 2026, Central Government Debt Stock stood at 114,342.09 billion shillings, 4.47 percent quarterly increase compared to 109,444.56 billion shillings recorded at the end of December 2025, while and on annual basis, debt stock increased by 8.97 percent compared to 104,931.12 billion shillings recorded at end of March 2025.

1.0 RECENT MACROECONOMIC PERFORMANCE

1.1 Real GDP Growth

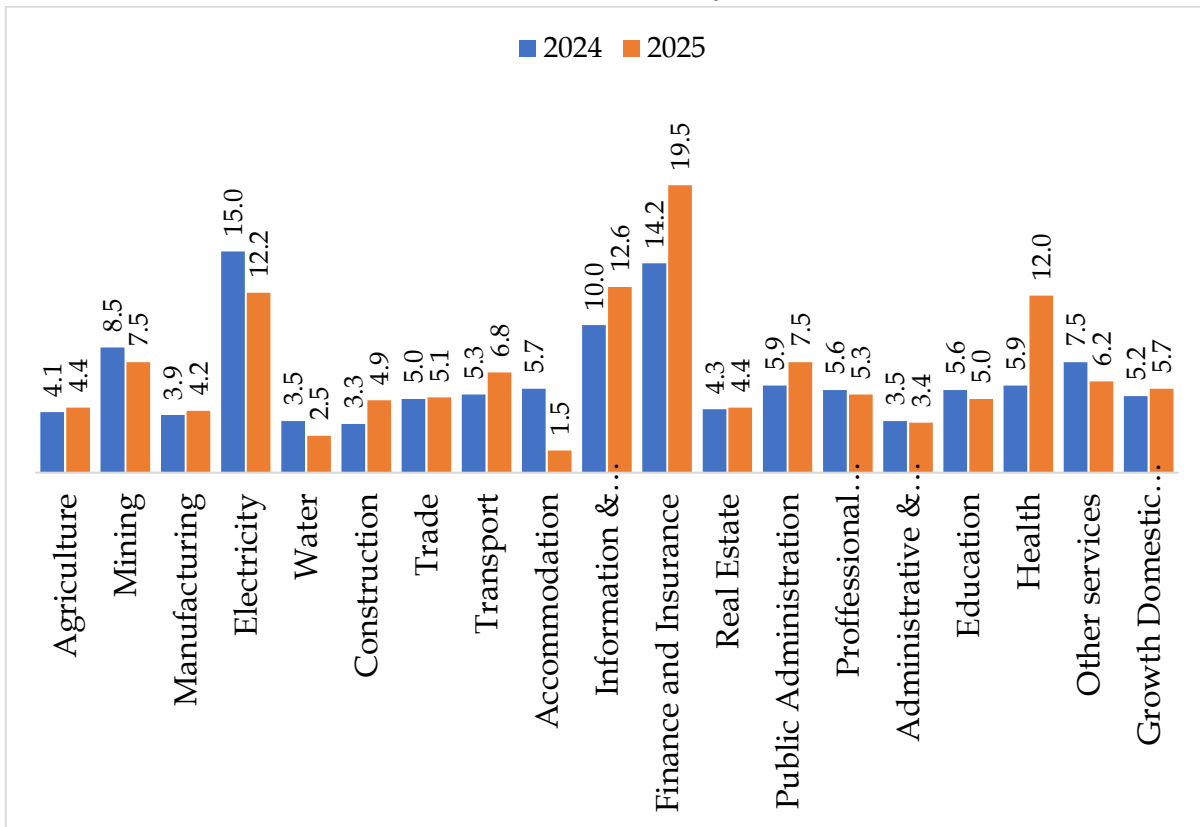
During the fourth quarter of 2025 (October - December), Gross Domestic Product (GDP) at current prices increased to TZS 62.5 trillion from TZS 56.4 trillion recorded during the corresponding period in 2024. Likewise, real GDP at 2015 constant prices increased to TZS 44.4 trillion in the fourth quarter of 2025 from TZS 42.0 trillion recorded in the corresponding period in 2024, equivalent to a real growth rate of 5.7 percent compared with the growth of 5.4 percent registered in the corresponding quarter in 2024. The trend of GDP growth is indicated in **Chart 1.1**.

Chart 1.1: Trend of GDP Growth for the Fourth Quarters (October to December), 2021 to 2025



During the fourth quarter (October to December) of 2023, activities that recorded the highest growth rates were Financial and Insurance Activities (19.5 percent); Information and Communication (12.6 percent); Electricity (12.2 percent); Human Health and Social Work Activities (12.0 percent); Public Administration and Defence (7.5 percent); and Mining and Quarrying (7.5 percent). Improvement in these sectors was further supported by continued private and public investment as well as a reliable power supply. The trend of growth in economic activities for the fourth quarters from 2021 to 2025 is reflected in **Chart 1.2**.

Chart 1.2: Growth Rates for the Fourth Quarter by Economic Activities (2021 to 2025)

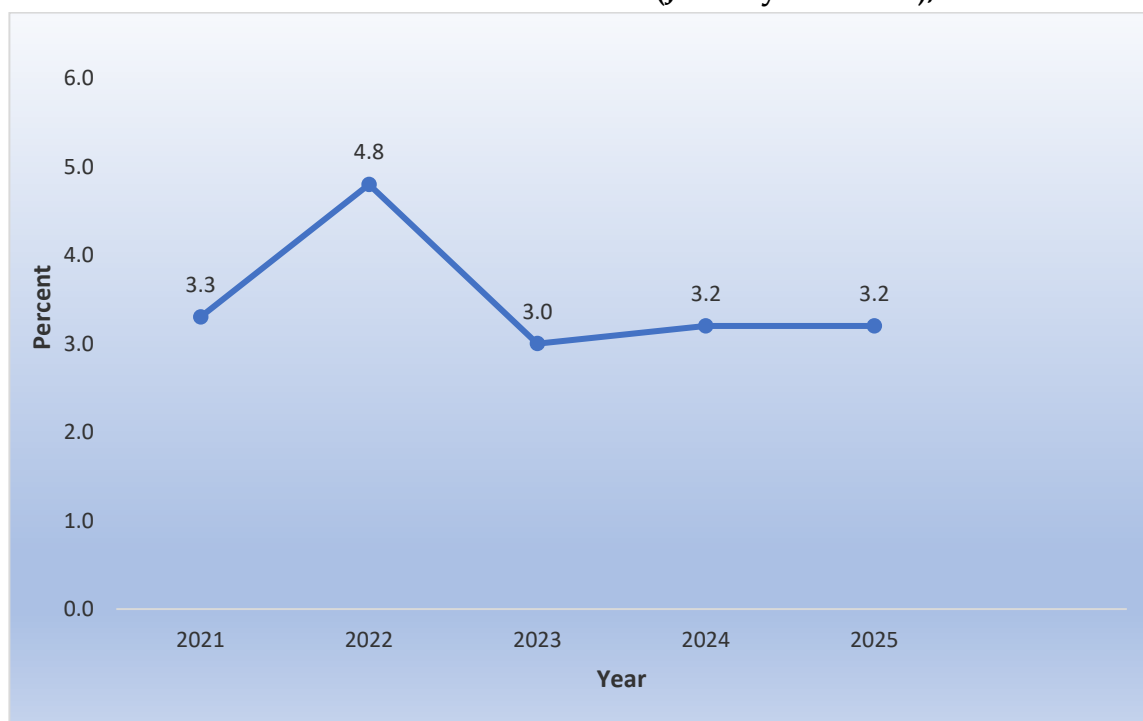


Source: National Bureau of Statistics

1.2 Inflation Development

Inflation remained stable in the quarter ending March 2026, staying within the national medium-term target of 3–5 percent and below the regional convergence benchmarks of the EAC and SADC. Average headline inflation rate maintained at 3.2 percent in the quarter ending March 2026, broadly in line with the rate in the corresponding quarter of 2025. This stability was largely supported by moderating fuel prices, which offset marginal increases in both food and non-food inflation. Chart 1.3 presents the trends of inflation.

Chart 1.3: Trend of Headline Inflation from (January to March), 2021 to 2025



1.3 External Trade

The current account balance recorded a deficit of USD 948.8 million in the quarter ending March 2026, compared with a deficit of USD 1,060.9 million in the corresponding quarter ending March 2025, indicating an improvement of USD 112.1 million. The goods account deficit narrowed to USD 1,394.2 million in the quarter ending March 2026 from a deficit of USD 1,469.7 million recorded in the corresponding quarter ending March 2025, reflecting an improvement in the trade balance of goods. This development was driven by a stronger growth in exports of goods, which increased by 39.8 percent to USD 2,955.6 million from USD 2,114.3 million. The increase in exports was largely supported by higher receipts from gold, travel, and traditional exports notably cashew nuts, cloves and coffee.

On the other hand, imports of goods increased by 21.4 percent to USD 4,349.8 million from USD 3,584.0 million recorded in March 2025. The increase in imports was mainly attributed to higher demand for capital goods, intermediate goods, and industrial raw materials, reflecting continued implementation of development projects and expansion in economic activities. Despite the increase in imports, the faster growth in exports contributed to the improvement in the goods account balance during the review period. The primary income account deficit narrowed to USD 446.2 million in the quarter ending March 2026 from a deficit of USD 566.1 million recorded in the corresponding quarter ending March 2025. This improvement was mainly attributed to a decline in primary income payments, which decreased to USD 507.4 million from USD 622.5 million, largely reflecting lower payments related to investment

income and external debt servicing. Meanwhile, primary income receipts increased modestly to USD 61.2 million from USD 56.4 million during the same period. Conversely, the secondary income account surplus decreased to USD 49.1 million in the quarter ending March 2026 from a surplus of USD 98.6 million in the corresponding quarter ending March 2025. This development was mainly due to an increase in secondary income outflows, which rose to USD 185.9 million from USD 137.5 million. Nevertheless, secondary income inflows increased slightly to USD 235.0 million from USD 236.2 million, supported by higher official transfers, which increased to USD 19.7 million from USD 12.4 million recorded in March 2025.

1.4 Gross Official Reserves

Foreign exchange reserves remained high at USD 6,084.4 million at the end of March 2026, sufficient to cover about 4.7 months of projected imports. The import cover was within the country benchmark and EAC convergence criteria of at least 4 months and 4.5 months, respectively. During that period, foreign assets of banks amounted to USD 3,044.4 million.

1.5 Money Supply and Credit

Extended broad money supply (M3) grew by 23.2 percent in the quarter ending March 2026, compared with a growth of 17.1 percent recorded in the corresponding quarter ending March 2025. The strong growth in M3 reflected continued expansion in liquidity conditions in the economy, supported by increased credit extension to the private sector and growth in net domestic assets. Similarly, broad money supply (M2) registered a higher growth rate of 27.8 percent in March 2026, compared with 12.9 percent in March 2025. The increase was mainly driven by growth in transferable deposits and other deposits held within the banking system, indicating improved financial intermediation and increased economic activities. Narrow money supply (M1) also recorded significant growth, increasing by 28.2 percent in the quarter ending March 2026 compared with 12.8 percent in the corresponding quarter ending March 2025. The development was largely associated with an increase in currency in circulation and demand for deposits, reflecting stronger transactional demand for money in the economy. Meanwhile, credit to the private sector grew by 24.3 percent in March 2026 compared with 14.0 percent in March 2025. The strong growth in private sector credit was indicative of improved lending by banks to productive sectors of the economy, supported by accommodative financial conditions and sustained economic activities.

1.6 Interest Rates Development

The overall lending rate declined slightly to 15.11 percent in the quarter ending March 2026 from 15.50 percent recorded in the corresponding quarter ending March 2025, indicating relatively improved borrowing conditions in the banking sector. Likewise, the one-year lending rate decreased to 15.45 percent from 15.83 percent, reflecting moderation in the cost

of medium-term credit to borrowers. On the savings side, the overall deposit interest rate increased to 4.26 percent in March 2026 from 2.98 percent in March 2025, suggesting improved returns on deposits and increased competition among banks in mobilizing savings. Similarly, the 12-month deposit rate rose to 4.35 percent from 3.50 percent recorded in the corresponding quarter ending March 2025, indicating enhanced incentives for longer-term savings within the banking system.

1.7 Exchange Rate

During the quarter ending March 2026, the Tanzania shilling averaged TZS 2,571.87 per USD, compared with TZS 2,624.70 per USD recorded in the corresponding quarter of 2025. This represented an average appreciation of 2.0 percent of the shilling against the US dollar, supported by a moderate current account deficit and low and stable domestic inflation.

2.0 GOVERNMENT OPERATIONS

2.1 Revenue

In the period ending March 2025, the Government continued to implement various strategies to ensure the revenue target set in the financial year 2025/26 is achieved. During the third quarter, total domestic revenue collection (including LGAs own source) amounted to 10,149.9 billion shillings, which was 23.0 percent higher than 8,254.4 billion shillings collected in the corresponding period in 2024/25. On cumulative basis, for the first three quarters of 2025/26, total amount collected was 30,757.4 billion shillings against the target of 29,627.7 billion shillings, equivalent to 103.8 percent, and an increase of 19.8 percent when compared with the amount collected in the same period in 2024/25. Out of the amount, collection from Tanzania Revenue Authority (TRA) was 26,541.9 billion shillings against the target of 25,191.3 billion shillings, equivalent to 105.4 percent. Nontax revenue collected by MDAs was 2,992.3 billion shillings, equivalent to 94.7 percent of the target of 3,159.7 billion shillings and collection from LGAs own source was 1,223.2 billion shillings against the target of 1,276.7 billion shillings, equivalent to 95.8 percent.

2.2 Revenue by Source

2.2.1 Tax Revenue

2.2.1.1 Taxes on Imports

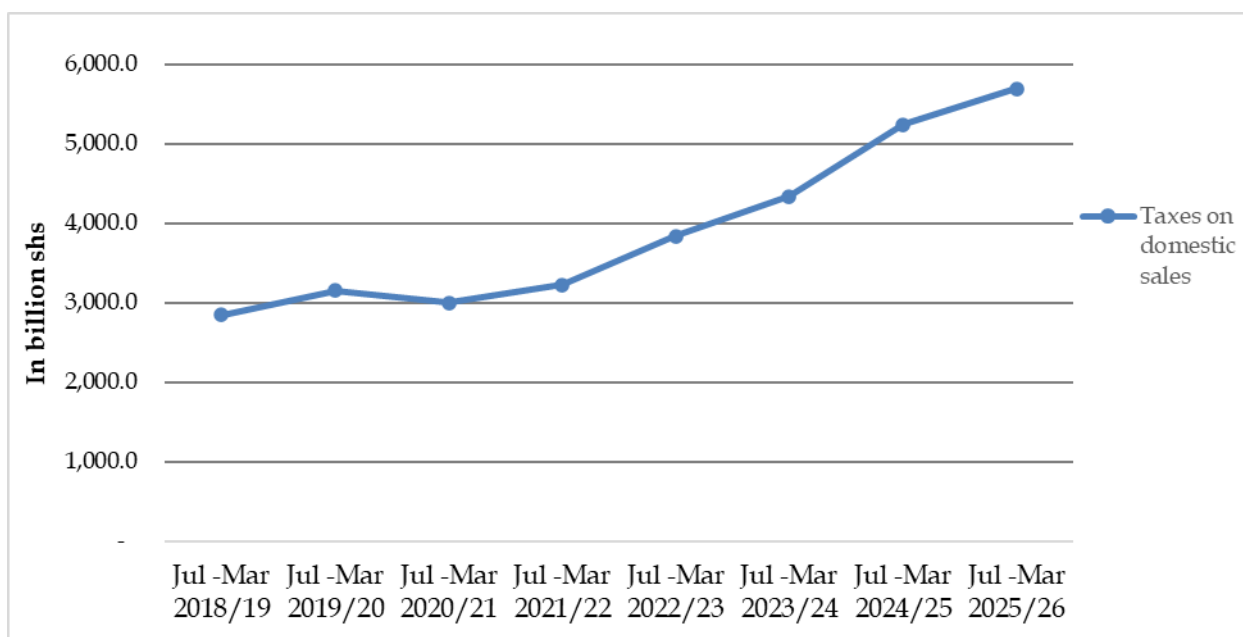
Import taxes and duties collection in the third quarter 2025/26 amounted to 2,480.4 billion shillings, reflecting a performance of 113.9 percent of estimated 2,176.8 billion shillings, and 32.3 percent higher when compared to collections registered in the similar period in 2024/25. Cumulatively, import taxes and duties collection amounted to 7,212.4 billion shillings, reflecting a performance of 106.3 percent of estimated 6,786.3 billion shillings, and 16.2 percent higher when compared to collections registered in the similar period in 2024/25. The excise on petroleum imports recorded the performance of 1,074.4 billion shillings, which was 103.7 percent of the planned target of 1,036.1 billion shillings. Excise on other imports registered performance of 105.8 percent of the target by collecting 356.8 billion shillings. Import duty performed above the target by collecting 1,789.5 billion shillings, equivalent to 109.0 percent of the target while VAT on non-petroleum performed by 95.4 percent of the target of collecting 3,857.2 billion shillings. The performance of taxes on imports in the third quarter was attributed to increase in importation of consumable during the period under review and strengthening the management of all customs revenue

through the uses of upgraded TANCIS, which helped in reduction of time of clearance of cargo in port, thus increasing value of imports.

2.2.1.2 Taxes on Domestic Sales

In the third quarter of 2025/26, actual tax collection from domestic sales increased by 19.1 percent to 1,911.7 billion shillings from 1,605.8 billion shillings collected in the corresponding period in 2024/25 and equivalent to 95.7 percent of the target of 1,998.0 billion shillings. On cumulative basis, in the first three quarters of 2025/26 actual tax collection from domestic sales increased by 8.6 percent to 5,697.5 billion shillings from 5,247.1 billion shillings collected in the same period in 2024/25 and 97.8 percent of the target of 5,824.9 billion shillings. Out of the total domestic sales tax, the excise duty was 1,978.3 billion shillings, equivalent to 100.5 percent of the target of 1,967.6 billion shillings while VAT on domestic sales amounted to 3,719.2 billion shillings, which was 96.4 percent of the target and 5.1 percent higher when compared to similar period in 2024/25. Under performance of VAT on domestic sales was due to decline in consumption which resulted in a reduction in sales due to fasting period during the period. In the third quarter, domestic excise duty recorded 96.4 percent against the target due to slightly decline in production of excisable products such as beer, soft drinks, cigarette and spirits. **Chart 2.1** shows the trend of tax on domestic sales for the first three quarters of the financial years (2018/19 – 2025/26).

Chart 2.1: Trend of Tax on Domestic Sales for the Period July to March (2018/19 to 2025/26)

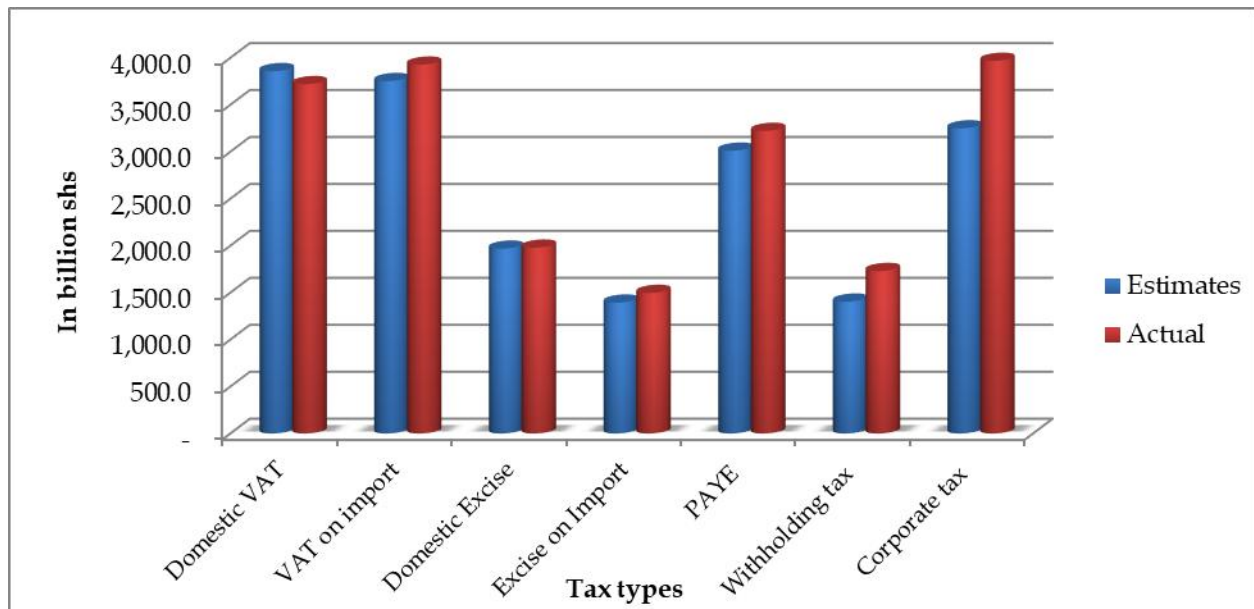


2.2.1.3 Income Tax

The overall income tax collection during the third quarter of 2025/26 amounted to 3,176.6 billion shillings which was 114.9 percent of the target of collecting 2,765.2 billion shillings, reflecting an increase of 20.2 percent compared to collections registered in the same period in 2024/25. Cumulatively, up to March 2026 income tax collection was 9,741.4 billion shillings, which was 115.3 percent of estimates of 8,446.4 billion shillings. In the third quarter of 2025/26, PAYE collection was 1,114.8 billion shillings, equivalent to 114.9 percent of the target and 15.7 percent higher compared to the same period in 2024/25. Cumulatively, during the first three quarters of 2025/26, PAYE collection was 3,221.0 billion shillings against the target of 3,010.2 billion shillings, signifying the performance of 107.0 percent and higher by 15.7 percent when compared to 2,783.5 billion shillings collected in the corresponding period in 2024/25. The overperformance was due to close follow up of employers to settle their tax obligations on time as well as increase in bonus payment from financial sectors.

During the third quarter of 2025/26, revenue collection from the corporate tax was 1,208.0 billion shillings, which was 117.7 percent of the target of 1,026.0 billion shillings, recorded an increase of 21.6 compared to the similar period in 2024/25. Cumulatively, amount collected from corporate tax was 3,967.1 billion shillings equivalent to 122.1 percent of the target. The reasons for the performance are as follows: close monitoring of current assessments; collections of the current assessments and Tax arrears; continuing to strengthen relationships and collaboration with business associations and all traders across the country, as well as enhancing tax education through various channels; and positive impact of IDRAS have enabled TRA to identify unanticipated returns. During the period ending March 2026, collection from withholding taxes was 1,729.2 billion shillings against the target of 1,403.1 billion shillings, equivalent to 123.2 percent and 35.8 percent higher compared to the same period of 2024/25. Revenue performance by major tax items is shown in **Chart 2.2**.

Chart 2.2: Revenue Performance by Major Tax Items (July 2025 - March 2026)



2.2.1.4 Other Taxes

During the period (January - March 2026), actual collections from this category amounted to 1,198.5 billion shillings, which was 102.6 percent of the period estimate of 1,168.3 billion shillings. On cumulative basis, amount collected from this source was 3,634.7 billion shillings, which was 104.0 percent of the target of 3,494.6 billion shillings, and an increase of 9.5 percent when compared to the amount collected in the same period in 2024/25. Out of the amount, Fuel Levy and Transit Fee amounted to 1,610.7 billion shillings, equivalent to 103.0 percent of estimates; collections meant for National Water Development Fund were 170.4 billion shillings, which was 101.0 percent of estimates; and collections for Rural Energy Agency (REA) amounted to 347.6 billion shillings, or 98.3 percent of estimates. On the other hand, collections from other sources recorded the performance as follows: collections for Railway Development Fund 538.0 billion shillings, equivalent to 103.0 percent of estimates; Business Skill Development Levy (SDL) recorded 315.1 billion shillings, equivalent to 99.2 percent of estimates, and Departure Service Charges performed at 67.5 percent of estimates of 59.2 billion shillings.

2.2.2 Other Revenue

2.2.2.1 Non-Tax Revenue

Collections of non-tax revenue in the third quarter of 2025/26 were 1,203.4 billion shillings, equivalent to 85.2 percent of quarter estimates of 1,412.9 billion shillings and 17.4 percent higher compared to the same period in 2024/25. For the period of July 2025 to March 2026, collections of non-tax revenue were 4,141.8 billion shillings equivalent to 88.5 percent of period estimates of 4,680.6 billion shillings. Out of the amount, non-tax revenues collected by ministries were 2,212.3 billion shillings, against the target of 2,195.0 billion shillings, equivalent to 100.8 percent; dividends and contribution from Government Institutions were 780.0 billion shillings, which was 80.9 percent of the target; and non-tax revenues collected by TRA (money transactions levy, tourism sector and others) were 1,149.56 billion shillings, which was 75.6 percent of the period estimates of 1,520.87 billion shillings. The performance of 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, some of Institutions or Parastatals fail to pay 15 percent contribution or dividend to the Consolidated Fund timely; and inefficient collection of revenue from property tax due to the failure to register all taxable properties.

2.2.2.2 LGAs Own Source

Collections from LGAs own source in the third quarter of 2025/26, were 449.2 billion shillings, equivalent to 109.4 percent of estimates. For the first three quarters of 2025/26, LGAs own source recorded 1,223.2 billion shillings, which was 95.8 percent of the target, and higher by 17.5 percent when compared to same period in 2024/25. Domestic revenue performance up to March 2026 compared to estimates is depicted in **Chart 2.3** and the trend of revenue performance is indicated in **Chart 2.4**.

Chart 2.3: The Performance of Domestic Revenue Compared to Estimates (July-March 2025/26)

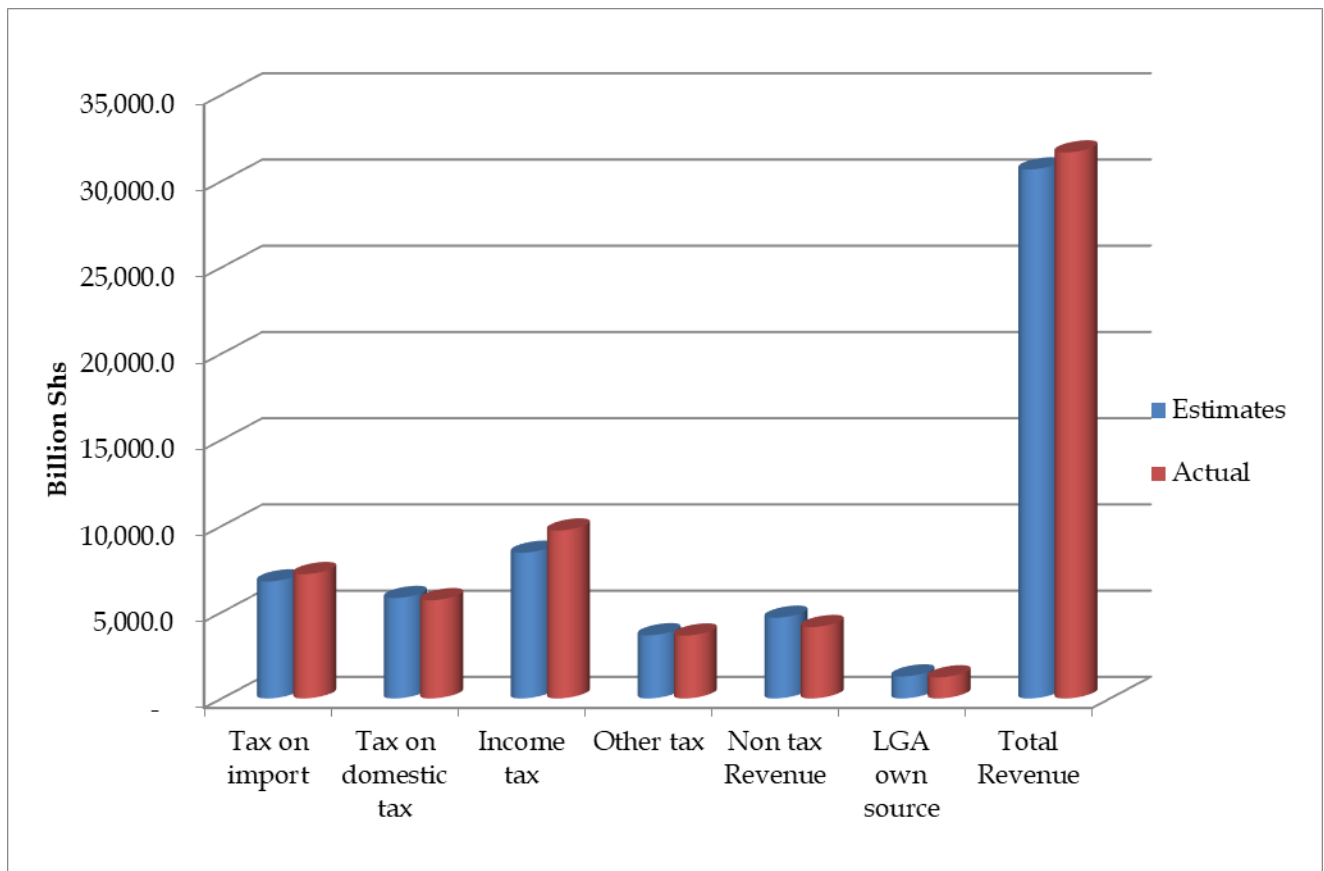
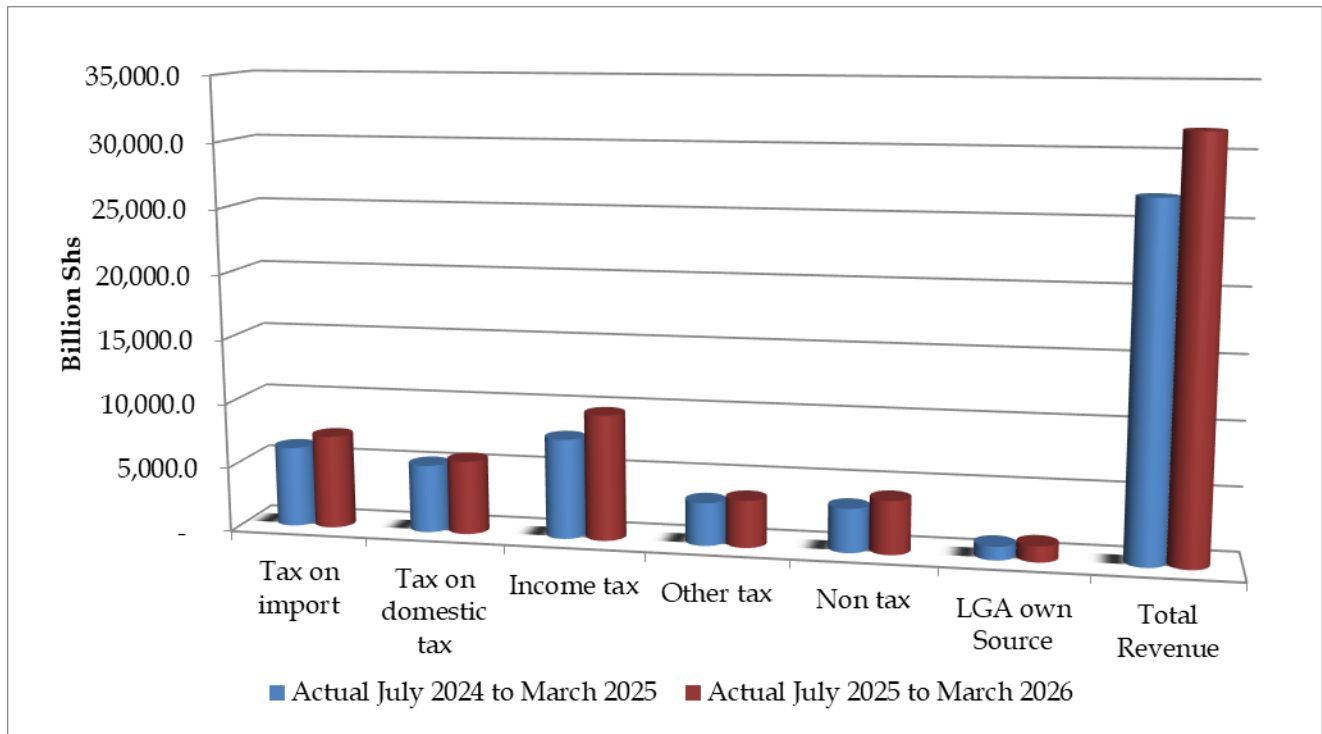


Chart 2.4: Performance of Domestic Revenue July - March 2025/26 Compared to July - March 2024/25

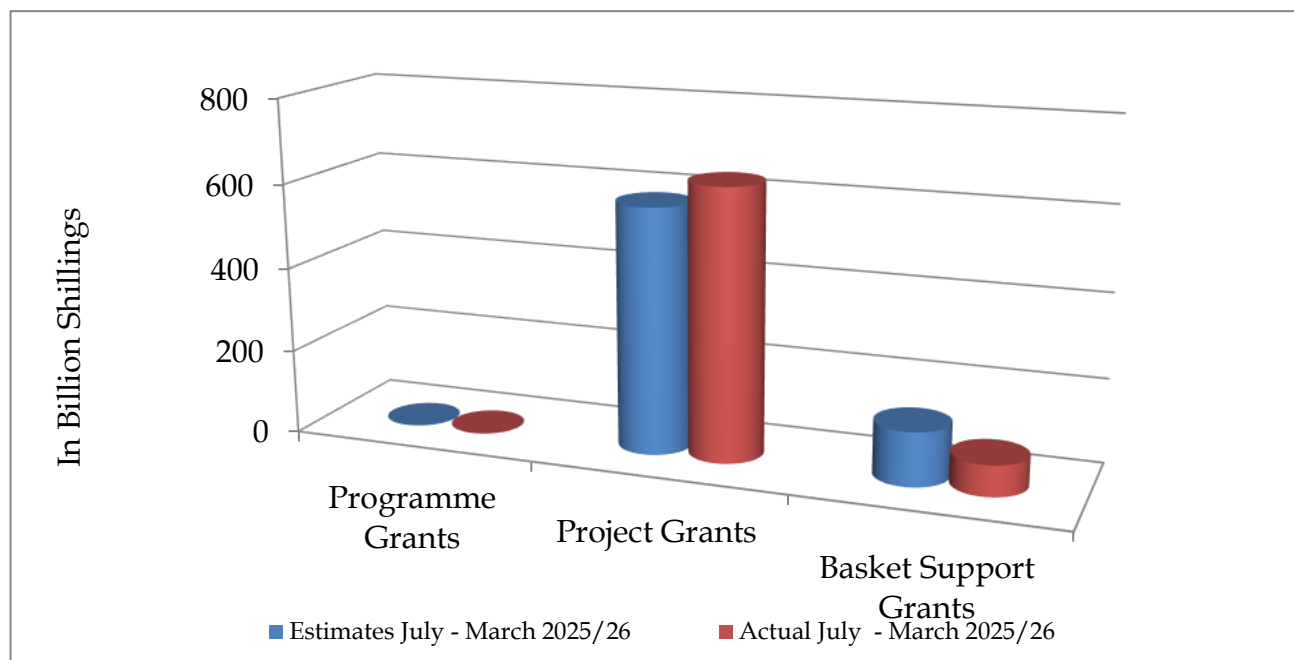


2.2.2.3 Grants

Grants received in the third quarter of 2025/26 were 204.5 billion shillings, equivalent to 94.0 percent of the estimated amount of 217.6 billion shillings. Out of the total grants, project grants were 181.4 billion shillings, equivalent to 95.5 percent of the estimates of 189.9 billion shillings and Basket Funds were 23.1 billion shillings equivalent to 83.5 percent of estimates of 27.6 billion shillings. During the review period, there were no disbursement of General Budget Support grants.

Cumulatively, from July 2025 to March 2026, total grants received were 712.1 billion shillings against the target of 707.9 billion shillings equivalent to 100.6 percent. Out of the grants received, project grants were 639.4 billion shillings equivalent to 110.1 percent of the target of 580.9 billion shillings and basket funds were 72.6 billion shillings against the target of 57.2 billion shillings equivalent to 127.0 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 2.5: Performance of Grants from July 2025 to March 2026 (Estimates against Actual)



2.3 Expenditure

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

2.3.1 Third Quarter Expenditure Performance

During the third quarter, government spending demonstrated solid execution, with total funds disbursed to 13,302.48 billion shillings representing 98.3% of the quarterly target of 13,527.80 billion shillings. This reflects consistent progress in implementation of planned government programmes. Recurrent expenditure recorded a performance rate of 99.2% performance, largely driven by personnel emoluments, goods and services, and other statutory obligations, while development expenditure was 96.3% underpinning the ongoing delivery of key infrastructure and social sector projects. The overall execution rate remained broadly aligned with the planned fiscal path, indicating that government spending was largely consistent with the approved budget and policy priorities.

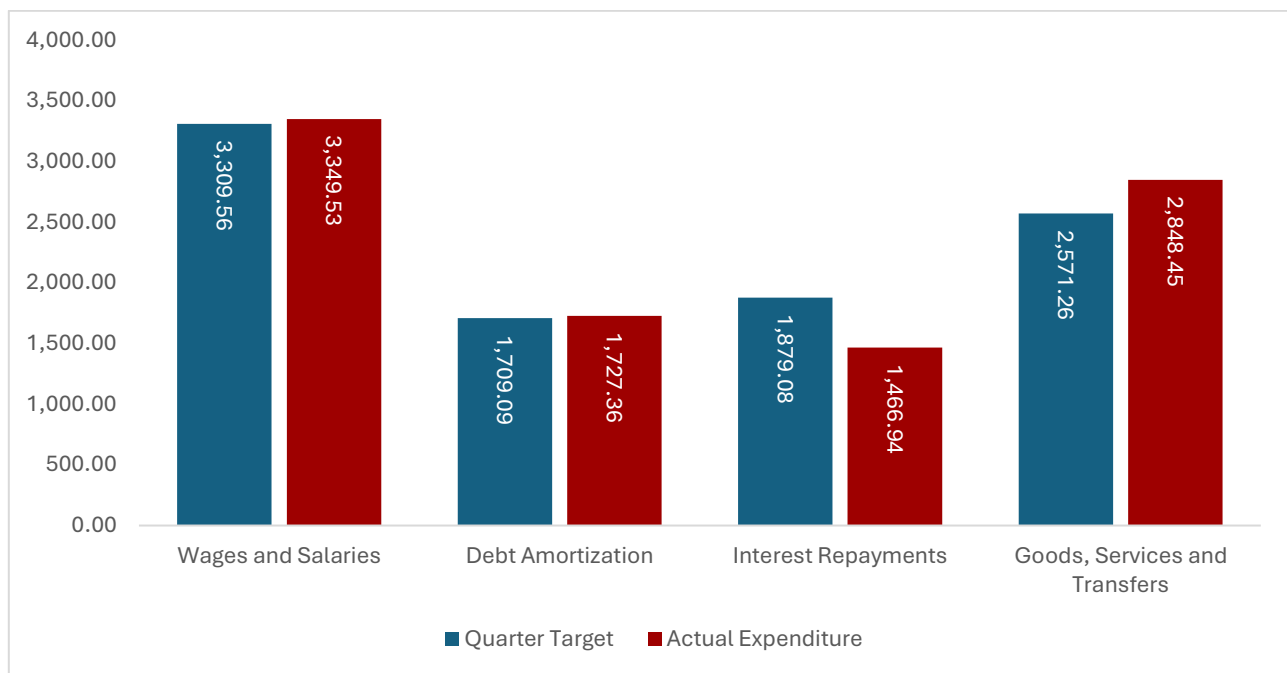
2.3.2 Recurrent Expenditure

Recurrent expenditure amounted to 9,392.28 billion shillings, equivalent to 99.2% of the planned target, reflecting strong implementation of the recurrent budget. This represents an

increase of 12.7% compared with 8,332.58 billion shillings recorded in the corresponding quarter of the 2024/25, indicating a moderate expansion in spending to support government operations and service delivery.

Wages and salaries amounted to 3,349.53 billion shillings, attaining 101.2% of the quarterly target, broadly consistent with personnel expenditure requirements submitted by various votes. Debt service obligations settled during the quarter amounted to 3,194.30 billion shillings. Expenditure on goods and services, inclusive of grant transfers to local governments and parastatals, reached 110.8% of the quarterly target of 2,848.45 billion shillings. A breakdown of the third quarter for recurrent budget performance by major categories is presented in **Chart 2.6**.

Chart 2.6: Third Quarter Recurrent Expenditure Performance by Major Categories (January to March 2026)



2.3.3 Development Expenditure

During the period under review, development expenditure amounted to 3,910.20 billion shillings, equivalent to 96.3 percent of the quarterly target. Expenditure financed by domestic resources totalled 2,720.21 billion shillings, reflecting improved absorption capacity and efficient implementation of priority infrastructure and social sector projects. Disbursement of externally financed projects, including direct to project funds, reached 1,189.99 billion shillings. A breakdown of the third quarter budget performance for development expenditure is presented in **Chart 2.7**.

Chart 2.7: Third Quarter Expenditure Performance for Development Expenditure (January to March 2026)



2.3.4 Cumulative Expenditure Performance (July to March)

For the period July 2025 to March 2026, total government expenditure amounted to 39,936.82 billion shillings, equivalent to 100.9 percent of the target, reflecting overall strong budget execution. Recurrent expenditure totaled 27,335.55 billion shillings, achieving 100.2 percent of the target of 27,268.45 billion shillings, with spending largely driven by personnel emoluments, debt service, and operational requirements.

Development expenditure reached 12,601.27 billion shillings, representing 102.2 percent of the estimated target. Of this amount, 9,925.07 billion shillings were financed from domestic sources, while 2,676.20 billion shillings were financed from foreign resources. The cumulative performance of budget execution in major categories for July 2025 to March 2026 is as shown in **Table 2.1**.

Table 2.1: Cumulative Expenditure Performance by Major Categories

Category	Target	Actual Expenditure	Performance
Recurrent Expenditure	27,268.45	27,335.55	100.2%
o/w Wages and Salaries	9,789.83	9,842.83	100.5%
Debt Amortization	4,725.23	4,306.79	91.1%
Interest Repayments	4,986.60	4,149.29	83.2%
Goods, Services and Transfers	7,766.78	9,036.65	116.3%
Development Expenditure	12,330.47	12,601.27	102.2%
Development Local	8,545.45	9,925.07	116.1%
Development Foreign	3,785.02	2,676.20	70.7%
Grand Total	39,598.91	39,936.82	100.9%

2.3.5 Government Expenditure on Arrears

Between July 2025 and March 2026, the Government made significant strides in addressing its outstanding financial obligations, disbursing a total of TZS 350.31 billion toward the settlement of verified arrears. This effort underscores the Government's resolve to honour its commitments to creditors and service providers, while also contributing to the restoration of confidence in the public financial management framework. A detailed categorisation of these releases is provided in **Table 2.2** below.

Table 2.2: Expenditure on Arrears

SUMMARY OF PAID ARREARS - JULY 2025 TO MACHI, 2026		
No.	Component	Amount
1	Supplies	21.10
2	Staff	0.51
3	Utilities	0.36
4	Construction Works	328.35
TOTAL		350.32

2.4 Deficit Financing

In the third quarter of 2025/26, total borrowings was 1,164.4 billion shillings against the target of 2,023.6 billion shillings being 57.5 percent of the estimates. Out of the total financing, total net foreign financing was a borrowing of 761.5 billion shillings against a borrowing target of 657.4 billion shillings equivalent to 115.8 percent of the estimates. On the other hand, total net domestic financing was a borrowing of 402.9 billion shillings against the borrowing target of

1,366.1 billion shillings. Cumulatively, from July 2025 to March 2026, total financing was 4,460.8 billion shillings against the target of 4,389.5 billion shillings equivalent to 101.6 percent.

2.4.1 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 third quarter of 2025/26, a total of 1,536.7 billion shillings were borrowed against the target of 2,094.8 billion shillings equivalent to 73.4 percent of the target. Cumulatively, for the period of July 2025 to March 2026, a total of 4,312.6 billion shillings were borrowed from domestic market against the target of borrowing 3,283.8 billion shillings equivalent to 131.3 percent. Out of the amount borrowed, 2,132.7 billion shillings was for redemption (rollover) of matured obligations and 2,180.0 billion shillings was net domestic financing.

2.4.2 Foreign Financing

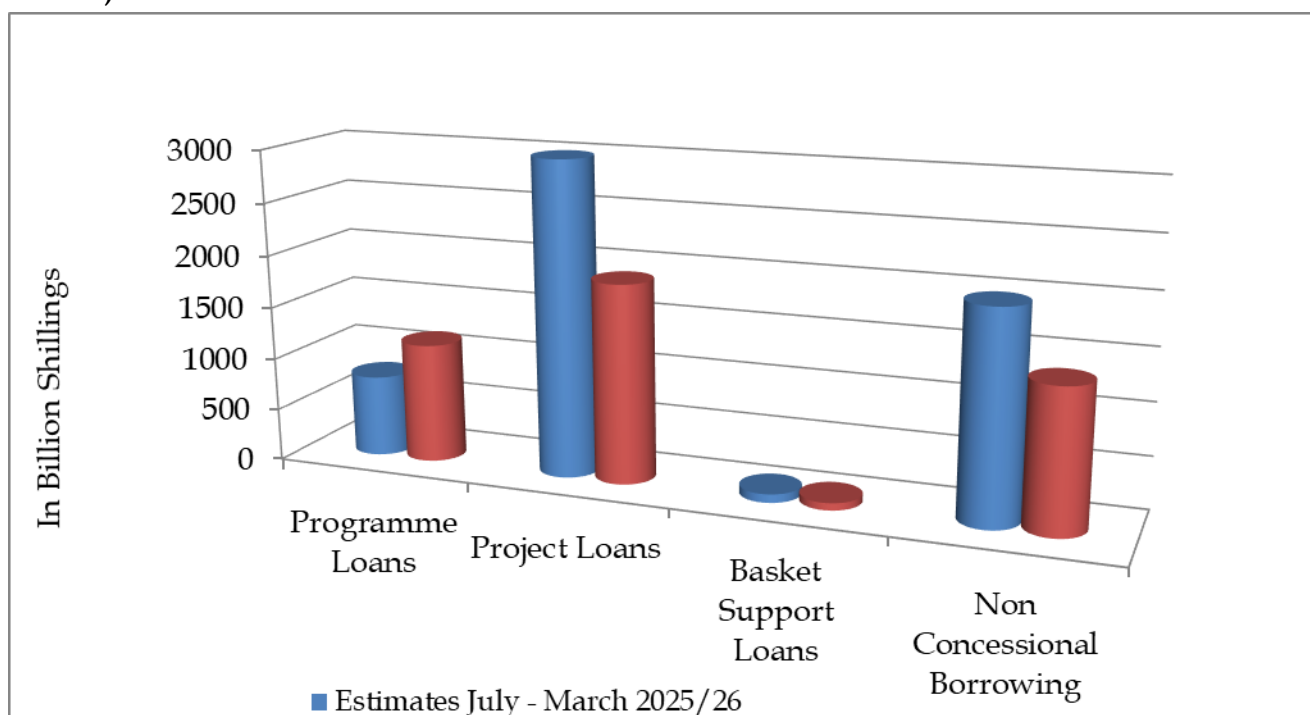
Net foreign financing for the third quarter of 2025/26 was a borrowing of 761.5 billion shillings against a borrowing target of 657.4 billion shillings equivalent to 115.8 percent. Net foreign financing for the first three quarters of 2025/26 was net borrowing of 2,280.8 billion shillings against net borrowing target of 2,848.0 billion shillings which was 80.1 percent of the target. During the period under review, disbursements of concessional loans were 3,107.8 billion shillings against the target of 3,853.8 billion shillings equivalent to 80.6 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. During the period July 2025 to March 2026, disbursement of non-concessional loans were 1,347.2 billion shillings against the target of 1,977.1 billion shillings, which was 68.1 percent of the target. In addition, amortization of foreign loans was 2,174.1 billion shillings against estimates of 2,982.9 billion shillings which was 72.9 percent of the estimates. 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 2025/26 is presented in **Chart 2.2**.

Table 2.2: Trend of Grants and External Concessional Loans from July 2025 - March 2026

Summary of Disbursement July - March 2025/26 (All figures in millions shillings)					
AID MODALITY	Type of assistance	Annual commitment as per budget	Estimates July - March 2025/26	Actual Disbursement July - March 2025/26	% of Commitment
GBS	Grants	113,796	-	-	0.0%
GBS	Concessional Loan	1,627,221	776,778	1,143,646	147.2%
Sub Total		1,741,018	776,778	1,143,646	147.2%
Basket Funds	Grants	109,112	127,025	72,644	57.2%
Basket Funds	Concessional Loan	80,624	80,624	68,888	85.4%
Sub Total		189,736	207,650	141,532	68.2%
Development Projects	Grants	846,976	580,914	639,429	110.1%
Development Projects	Concessional Loan	4,339,193	2,996,450	1,895,243	63.2%
Sub Total		5,186,169	3,577,364	2,534,672	70.9%
Grand Total		7,116,923	4,561,792	3,819,850	83.7%

Chart 2.8: Performance of Foreign Financing for the first half of 2025/26 (Estimates Vs Actual)

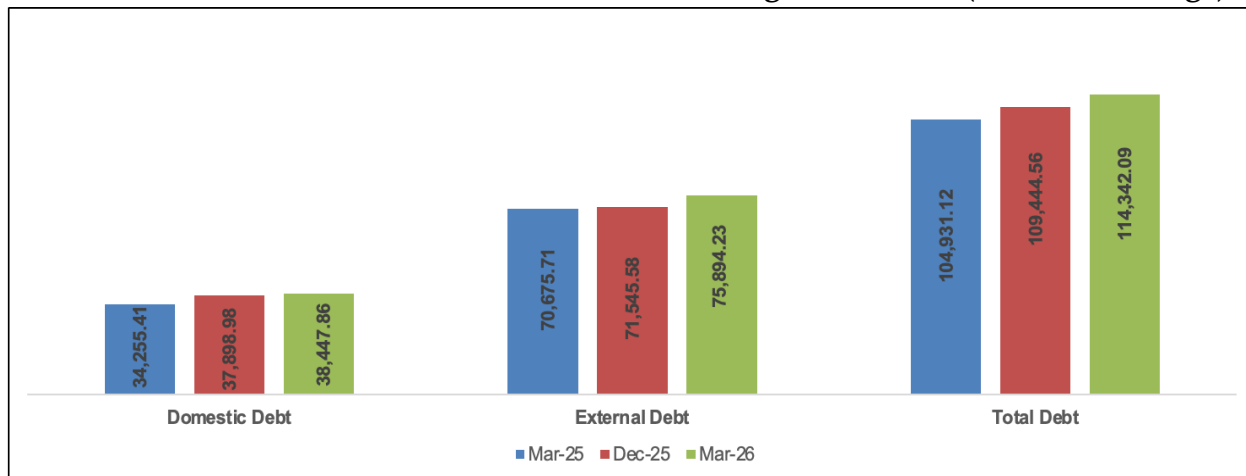


3.0 GOVERNMENT DEBT DEVELOPMENT

3.1 Overall Debt Stock

As at the end of March 2026, Central Government Debt Stock stood at TZS 114,342.09 billion (USD 44,291.75 million), 4.47 percent quarterly increase compared to TZS 109,444.56 billion recorded at the end of December 2025, while and on annual basis, debt stock increased by 8.97 percent compared to TZS 104,931.12 billion recorded at end of March 2025 (Chart 3.1). Out of the total Central Government debt stock, domestic debt amounted to TZS 38,447.86 billion, accounting for 33.63 percent, while external debt stood at TZS 75,894.23 billion, equivalent to 66.37 percent. The annual increase in the Central Government’s debt stock was mainly attributed to new domestic borrowing through the issuance of Government securities and disbursements from external creditors.

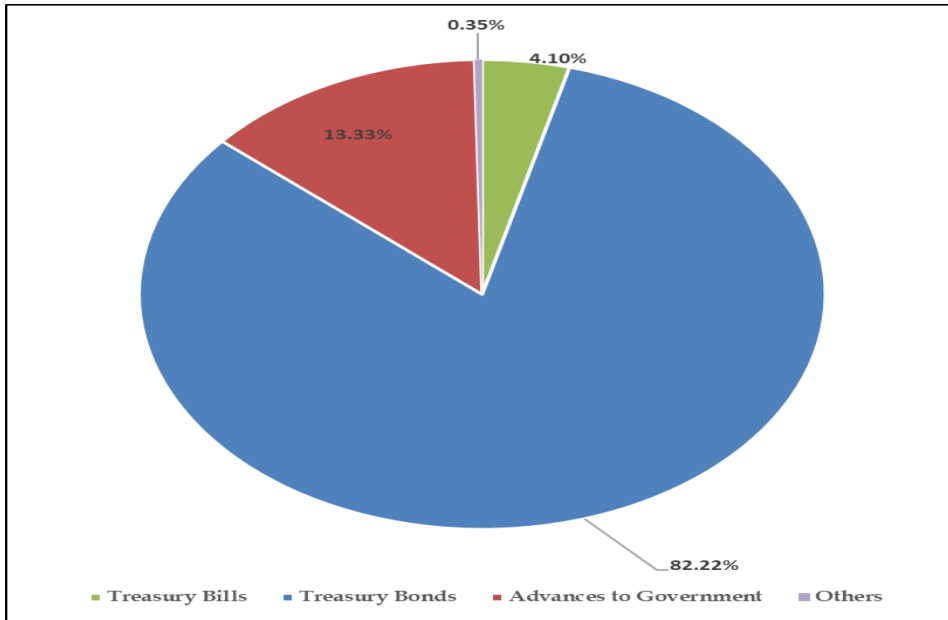
Chart 3.1: Trend of Central Government Debt ending March 2026 (Billion Shillings)



3.2 Central Government Domestic Debt Stock

As at the end of March 2026, domestic debt stock stood at TZS 38,447.86 billion, representing a 1.45 percent increase from TZS 37,898.98 billion recorded at the end of December 2025. Treasury bonds account for the largest share (82.2 percent) of the profile of domestic debt by instrument (Chart 3.2). 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.

Chart 3.2: Share of Domestic Debt by Instrument Category



3.3 Central Government External Debt Stock

At the end of March 2026, the stock of external Central Government debt stood at USD 29,398.52 million (TZS 75,894.23 billion), representing an increase of 10.23 percent from USD 26,670.32 million recorded at end March 2025. On a quarter-to-quarter basis, external Central Government debt increased by 0.57 percent from USD 29,232.54 million recorded at end December 2025. The increase was mainly attributed to disbursement from external creditors.

The proportion of debt owed to multilateral institutions remained dominant accounting for 68.95 percent of the external debt stock for the quarter ending March 2026, followed by commercial creditors and export credit with 25.65 percent, and bilateral creditors share the remaining portion with 5.41 percent (**Chart 3.3**).

Chart 3.3: Concessionality of Government External Debt

