



THE UNITED REPUBLIC OF TANZANIA

MINISTRY OF FINANCE

**GUIDELINE FOR THE PREPARATION OF  
GOVERNMENT PLAN AND BUDGET  
FOR THE MEDIUM-TERM**

**(2026/27 – 2028/29)**

MAY 2026



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## ABBREVIATIONS

AFCON	Africa Cup of Nations
AIDS	Acquired Immune Deficiency Syndrome
AU	African Union
CBMS	Central Budget Management System
CCM	Chama Cha Mapinduzi
CNG	Compressed Natural Gas
CSR	Corporate Social Responsibility
DCF	Development Cooperation Framework
EAC	East African Community
EFD	Electronic Fiscal Device
FYDP	Five-Year Development Plan
GBFF	Global Biodiversity Framework Fund
GBS	General Budget Support
GDP	Gross Domestic Product
GEF	Global Environment Facility
GFS	Government Finance Statistics
GNI	Gross National Income
GRB	Gender-Responsive Budgeting
HCMIS	Human Capital Management Information System
HIV	Human Immunodeficiency Virus
GoT - HOMIS	Government of Tanzania Hospital Management Information System
ICT	Information and Communication Technology
IMF	International Monetary Fund
LDCF	Least Developed Countries Fund
LGA	Local Government Authority
LNG	Liquefied Natural Gas
LTPP	Long-Term Perspective Plan
MSD	Medical Stores Department
MTAKUWWA - II	Mpango wa Taifa wa Kutokomeza Ukatili Dhidi ya Wanawake na Watoto
MTEF	Medium-Term Expenditure Framework
NCD	Non-Communicable Disease
NDC	Nationally Determined Contribution
NEEC	National Economic Empowerment Council
NPMIS	National Project Monitoring Information System
PMO RALG	Prime Minister's Office – Regional Administration and Local Government
PO - PSMGG	President's Office – Public Service Management and Good Governance
PPP	Public–Private Partnership
SADC	Southern African Development Community

SDG	Sustainable Development Goal
SEZ	Special Economic Zone
SIDO	Small Industries Development Organization
TBS	Tanzania Bureau of Standards
TIN	Taxpayer Identification Number
TVET	Technical and Vocational Education and Training
UNCDF	UN Capital Development Fund
VAT	Value Added Tax
WEO	World Economic Outlook

## EXECUTIVE SUMMARY

The Plan and Budget Guideline has been prepared in accordance with Section 21 of the Budget Act, CAP 439. The Plan and Budget Guideline 2026/27 – 2028/29 is the first in the implementation of the Fourth National Five-Year Development Plan (2026/27 – 2030/31). Preparation of the Guideline made reference to various documents including: Dira 2050; CCM Election Manifesto for 2025; the Fourth National Five-Year Development Plan (2026/27 - 2030/31); Paris Agreement on climate change; Agenda 2063; the 2030 Agenda for Sustainable Development; EAC Vision 2050; and SADC Vision 2050.

The Guidance provides trends for economic indicators, budget policies, budget priorities and directions to all accounting officers on issues to consider during the preparation and implementation of a plan and budget in the medium term. Tanzania's economy is expected to continue to improve where in the medium term; real GDP is expected to grow by 6.9 percent, tax to GDP ratio averaged at 13.7 percent, inflation remaining within the range of 3.0 to 5.0 percent and the budget deficit not exceeding 3 percent of GDP. Government debt is expected to be resilient over the medium- and long-term period based on November 2025 debt resilience assessment. In addition, the implementation of the budget in the medium term will take into account the priorities outlined in the Fourth National Five-Year Development Plan (2026/27 – 2030/31) which operates under the theme “Reforms for Inclusive Economic Growth and Employment Creation”.

The Plan and Budget Guideline 2026/27 – 2028/29 provides specific instructions to be considered by accounting officers in line with critical reforms embedded in FYDP IV. The instructions are expected to have a positive impact in stimulating economic growth, enhancing investment, creating employment opportunities for Tanzanians and enhancing fiscal consolidation by strengthening revenue collection and management of public funds. In addition, the Guideline provided instructions on key issues to be considered in the preparation and implementation of the Government's plan and budget including: strengthening revenue collection; strengthening the effectiveness and functionality of Budget Committees; control over accumulation of arrears; preparation of Gender Responsive Budget; union affairs; digital economy; and preparation of budget estimates.

This guideline is divided into four chapters namely: Overview of Economic Performance and Outlook, and Implementation of Plan and Budget; Plans and budget priorities for 2026/27 to 2028/29; Risk Management in Plan and Budget Implementation; and Instructions for the Preparation of Plans and Budget for Medium Term. In addition, this Guideline should be read along with the appendices(1A–1G).

## CHAPTER ONE

### 1. OVERVIEW OF ECONOMIC PERFORMANCE AND OUTLOOK, AND IMPLEMENTATION OF PLAN AND BUDGET

#### 1.1 Introduction

1. This chapter explains the assessment of recent development and outlook of economic indicators, including economic growth, inflation, credit to private sector, interest rates, non-performing loans, government debt, as well as the implementation of the plan and budget.

#### 1.2 Economic Performance and Outlook

##### 1.2.1 Global and Regional Economic Growth

2. The global economy has continued to strengthen despite the ongoing challenges, including those arising from regional conflicts and the uncertainty of trade policies. According to the International Monetary Fund (IMF) World Economic Outlook (WEO) of October 2025, the global economy grew by an average of 3.3 percent in 2024, compared with 3.5 percent in 2023. The global economy is projected to grow at an average of 3.2 percent in 2025 and 3.1 percent in 2026. These projections are based on expectations of expansionary fiscal policies to counter the impact of tariffs imposed by advanced economies, particularly the United States.

3. According to the IMF's October 2025 report, the economy of the East African Community (EAC) countries grew by an average of 1.7 percent in 2024 compared with 5.3 percent in 2023. The slow growth in EAC region was attributed to contraction of South Sudan economy which recorded a negative growth of 26.1 percent in 2024. Additionally, economic growth is projected to reach an average of 7.7 percent in 2025 and 2026.

##### 1.2.2 Economic Growth in Tanzania

4. According to the revised national accounts statistics (base year 2019), GDP grew by 5.6 percent in 2024, compared with 5.2 percent in 2023. Main drivers of growth include: public investment in strategic and flagship projects in energy and transport infrastructure; commencement of electricity generation at the Julius Nyerere Hydropower Project; increased credit to private sector; implementation of prudent monetary policy; improved agricultural output; enhanced financial and insurance services; and government investment in social services, such as education, health, water, and social protection.

5. Agricultural activities have continued to make a significant contribution to GDP, accounting for 24.9 percent, followed by construction (12.5 percent), trade and repairs (8.6 percent), and transport and storage (8.1 percent). Furthermore, the sectors that contributed most to GDP growth included agriculture (20.8 percent),

followed by transport and storage (10.4 percent), and financial and insurance services (9.3 percent). Tanzania's Gross National Income (GNI) per capita was USD 1,200 in 2024, above USD 1,136, which is the lower threshold for lower-middle-income economies (World Bank report, 1 July 2025).

6. In the first half of 2025, GDP grew by an average of 5.8 percent, compared with 5.2 percent during the same period in 2024. The growth was driven by mining and quarrying, agriculture, constructions, financial and insurance services. However, the preliminary analysis conducted regarding the impact of events during and after the 2025 general elections indicates a potential slowdown in economic growth, particularly in the fourth quarter of 2025. As a result, the annual growth target of 6.0 percent for 2025 has been revised slightly downward to 5.9 percent.

### **1.2.3 Inflation Development**

7. During the period from July and November 2025, the average inflation rate stood at 3.4 percent, compared with 3.1 percent during the same period in 2024. In November 2025, inflation was recorded at 3.4 percent, up from 3.0 percent in November 2024. The increase was attributed to reduced domestic food supply following higher exports to neighboring countries. Despite the increase, the inflation rate remained within the national target range of 3.0 - 5.0 percent, as well as within the East African Community (EAC) ceiling of 8.0 percent and the Southern African Development Community target range of 3.0 - 7.0 percent. Stability was supported by the implementation of prudent monetary policies, improvements in global oil and commodity prices, and the relative stability of the Tanzanian shilling against the US dollar, which helped moderate price pressures on goods and services.

### **1.2.4 Money Supply**

8. Implementation of monetary policy facilitated the growth of money supply (M3), which averaged at 21.0 percent during the first five months of the 2025/26 compared with 12.1 percent recorded in the same period in 2024/25, reflecting the availability of adequate liquidity in the economy. Further, M3 grew by 23.0 percent in November 2025 compared with 13.6 percent in the same period of 2024.

### **1.2.5 Credit to Private Sector**

9. During the period from July to November 2025, credit to private sector grew at an average rate of 16.5 percent compared with 16.8 percent recorded during the same period in 2024. In addition, annual growth in credit to private sector had reached 18.1 in November 2025 compared with 15.3 percent in November 2024. This was attributed to the implementation of monetary policy aimed at boosting liquidity in the economy.

### **1.2.6 Interest Rate**

10. In November 2025, lending rates declined to an average of 15.27 percent, compared with 15.67 percent recorded in November 2024. Similarly, during the first five months of 2025/26, average lending rates fell to 15.18 percent from 15.49

percent in the same period of 2024/25, reflecting implementation of monetary policy by the Bank of Tanzania to ensure sufficient liquidity in the economy and stimulate private sector borrowing.

11. In November 2025, the average deposit interest rate increased to 8.54 percent compared with 8.18 percent in November 2024. This increase reflects banks' efforts to attract deposits by offering more competitive returns. Similarly, during the first five months of the 2025/26, deposit rates averaged at 8.57 percent, up from 8.15 percent recorded in the same period in 2024/25. As a result, the interest rate spread narrowed to 5.51 percent in November 2025, down from 5.93 percent in November 2024.

### **1.2.7 Non-performing Loans**

12. Non-performing loans declined to 3.1 percent in November 2025, compared with 3.6 percent during the same period in 2024. The reduction in non-performing loans was attributed to various ongoing measures taken by the Government through the Bank of Tanzania, including: issuing directives for banks to continue using the credit reference system in loan issuance; strengthening bank supervision frameworks; banks enhancing the standards of loan application analysis; enforcing ethical conduct among bank employees; and conducting special staff audits in banks on a regular basis. The objective of these measures is to ensure that the level of non-performing loans remains below the average threshold of 5.0 percent.

### **1.2.8 Exchange rate**

13. The value of Tanzanian shilling's against other world currencies shifted in line with the availability of foreign exchange in the country, as well as global economic developments, seasonal exports of cash crops and gold, and tourism activities. During the first five months of the 2025/26, the value of the shilling against the currencies of Tanzania's major trading partners remained stable. This stability was supported by the recovery of the global economy and increased foreign exchange earnings from tourism and exports of goods and services. In addition, amendments to Section 26 of the Bank of Tanzania Act, which prohibits the use of foreign currency in domestic transactions, helped reduce the demand for foreign exchange in the country. As a result, one United State dollar was exchanged at an average of 2,444.81 shillings in November 2025, compared with 2,659.03 shillings during the same period in 2024, equivalent to an appreciation of the shilling by 8.1 percent.

### **1.2.9 External Sector**

14. The external sector continued to strengthen in line with the recovery of the global economy. In first five months of 2025/26, the current account deficit narrowed to USD 433.1 million, compared with a deficit of USD 632.0 million in the corresponding period of 2024. This was driven by increased exports of goods and services, particularly higher earnings from tourism and sales of non-traditional exports, alongside a slower pace of imports. During the period under review, the value of exports of goods and services increased to USD 8,316.9 million from USD

7,728.5 million in the corresponding period of 2024, equivalent to an increase of 7.6 percent. Additionally, the value of imports of goods and services increased at a slower pace of 2.4 percent, reaching USD 7,929.9 million compared with USD 7,742.4 million recorded in the same period of 2024. In 2025/26 and over the medium term, the current account balance is projected to decline from 2.5 percent of GDP in 2024/25 to an average of 2.0 percent. This improvement reflects expectations of increased exports of goods and services alongside a reduction in imports. Detailed information on the trend and economic outlook is provided in **Annex 1A**.

### **1.2.10 Foreign Direct Investment**

15. Foreign Direct Investment continued to strengthen, with inflows increasing to USD 1,648.2 million in 2023 compared with USD 1,437.0 million in 2022, equivalent to an increase of 14.7 percent. This was largely driven by higher intercompany loans, whose share in total FDI increased significantly to 43.1 percent in 2023, compared with 8.7 percent in 2022. The trend reflects the Government's ongoing efforts to improve the business and investment environment in the country.

### **1.2.11 Government Debt**

16. As of November 2025, the Government debt stood at 109,012.72 billion shillings compared with 100,352.49 billion shillings in the corresponding period in 2024, equivalent to an increase of 8.63 percent. Out of the amount, domestic debt was 38,181.30 billion shillings (equivalent to 35 percent of the total debt), while external debt was 70,831.42 billion shillings. The increase in debt has been driven by the Government's continued receipt of loans from various sources to finance development projects, including the construction of road infrastructure, railways, airports, electricity, and water projects. The debt sustainability analysis conducted in October 2025 indicates that the Government debt remains sustainable, with all indicators being within internationally acceptable thresholds in the short, medium, and long term. Further, the assessment shows that in the 2024/25 fiscal year, the debt to GDP ratio remained below the internationally accepted threshold of 55 percent and EAC convergence criterion for macroeconomic indicators of 50 percent.

## **1.3 Overview of Plan and Budget Implementation for 2024/25**

17. The Parliament of the United Republic of Tanzania approved a Government budget of 50,291.4 billion shillings for 2024/25. As of June 2025, the Government had collected a total of 49,821.2 billion shillings from both domestic and external sources, equivalent to 99.1 percent of the annual target. Out of the collected amount, domestic revenue was 34,845.9 billion shillings, equivalent to 100.7 percent of the annual target, grants amounted to 880.1 billion shillings, equivalent to 110.8 percent of the target and loans (domestic and external) was 14,095.2 billion shillings, equivalent to 94.7 percent of the target.

18. In 2024/25, the Government authorized total expenditure of 49,821.2 billion shillings, equivalent to 99.1 percent of the approved budget. Out of the amount, 34,418.4 billion shillings was allocated to recurrent expenditure which include wages and salaries, government debt servicing, and operational costs of government activities. Additionally, development expenditure was 15,402.7 billion shillings. The budget deficit continued to improve, narrowing to 3.1 percent of GDP in 2024/25, down from 3.2 percent in 2023/24. This reflects effective implementation of fiscal policies (**Annex 1B**).

#### **1.4 Government Budget Implementation for 2025/26**

19. In 2025/26, the Parliament of the United Republic of Tanzania approved a budget amounting to 56,490.3 billion shillings. The budget is financed by domestic revenue of 40,466.1 billion shillings and grants from Development Partners of 1,069.9 billion shillings. In addition, the budget deficit is financed by domestic borrowing of 6,278.2 billion shillings and external borrowing of 8,676.1 billion shillings.

20. During the period from July to November 2025, the Government successfully collected a total of 22,881.0 billion shillings from both domestic and external sources, equivalent to 98.6 percent of the target for the period. In addition, Government expenditure amounted to 22,937.6 billion shillings, equivalent to 98.8 percent of the target. The excess expenditure of 56.5 billion shillings was financed through a short-term loan from the Bank of Tanzania (**Annex 1C**).

## CHAPTER TWO

### 2. PLAN AND BUDGET PRIORITIES

#### 2.1 Introduction

21. The Government has been preparing revenue and expenditure estimates for the medium term which have been outlined in the Plan and Budget Guideline. This Guideline is proposed to extend over the medium - term (2026/27 – 2028/29) to strengthen: budget implementation management; plan and budget preparations for votes; and the Government's direction in the implementation of various development priorities, programs and projects.

22. The implementation of the medium-term budget is essential in ensuring predictability of fiscal policies, thus increasing budget credibility. In addition, budget proposals submitted to Parliament annually are not expected to differ significantly from the estimates approved in the medium-term framework. The proposals will take into account assessment of the PBG implementation and trends of various macroeconomic indicators.

23. The Plan and Budget Guideline (2026/27 - 2028/29) marks the first year in the implementation of Dira 2050 which guides the national development agenda for the next 25 years (2026–2050). Dira 2050's overarching goal is to transform Tanzania into ***an Inclusive, Prosperous, Just, and Self-Reliant Nation***. Its specific goals and targets include: Enabling Tanzania to attain upper-middle-income country status with a one trillion US dollar economy and a per capita income of US dollar 7,000; high quality of life and well-being for all; a nation that conserves environment and is climate change resilient; and developing a digitally empowered society.

24. The realization of Vision 2050 will be achieved through the implementation of the Long-Term Perspective Plan (LTPP 2050). The execution of LTPP 2050 will follow the principle of “Do first what unlocks the rest” by prioritizing areas with high potential to unlock development opportunities across multiple sectors. The LTPP 2050 will be implemented through five consecutive Five-Year Development Plans (FYDPs); namely, FYDP IV, FYDP V, FYDP VI, FYDP VII, and FYDP VIII. Additionally, LTPP 2050 will be implemented through Ruling Party Manifesto. Implementation will begin with the Fourth Five-Year Development Plan (2026/27–2030/31), which marks the first phase of the LTPP 2050. Consequently, the Plan and Budget Guidelines (2026/27 - 2028/29) have been prepared in alignment with the priorities outlined in FYDP IV.

#### 2.2 Specific Priority Areas

25. The Fourth Five-Year Development Plan (FYDP IV) carries the theme: *“Reforms for Inclusive Economic Growth and Employment Creation”*. The Plan and

Budget Guideline is aligned with the priority areas of FYDP IV, namely: Strong, inclusive and competitive economy; building human capabilities and social developments; environmental integrity and climate change resilience; and strengthening national sustainability foundations. Further, emphasis will be placed on stimulating private sector participation and capacitating public institutions to invest in strategic projects that accelerate growth.

**(i) Strong, Inclusive and Competitive Economy**

26. The plan prioritizes reforms that strengthen macroeconomic stability, enhance fiscal sustainability, deepen external sector resilience and accelerate the transformation of productive sectors. These reforms will expand value addition, reduce transaction costs, boost export competitiveness, and enable the integration of domestic products and firms into regional and global markets. Modern monetary policies and financial stability reforms will advance the transition to an interest rate-based framework, enhance liquidity management, and deepen policy transmission. Complimentary measures will expand domestic capital markets, including green, blue and infrastructure bonds. In addition, these measures will improve debt management transparency, external sector resilience and diversifications and strengthen digital tax systems to boost revenue. These reforms will ensure sufficient fiscal space to support industrialization, logistics development and innovation.

**(ii) Building Human Capabilities and Social Development**

27. The plan prioritizes building human capabilities and social development as foundations for a prosperous, inclusive and just nation. It focuses on creating a well - educated, skilled and motivated workforce, managing demographic dividends and addressing skills mismatches to expand employment opportunities. The plan strengthens social protection, healthcare, housing and access to clean water and sanitation to improve quality of life. It further promotes cohesive, responsible and engaged communities through inclusive rural development and cooperative transformation. The central objective is to expand the middle - income class which is essential for economic stability, social mobility and sustained national prosperity.

**(iii) Environmental Integrity and Climate Resilience**

28. The Environmental integrity and climate resilience are central to Tanzania's long - term transformation, supporting industrialization, urban growth, livelihoods and ecological stability. While FYDP III achieved gains in forestry restoration, biodiversity conservation, renewable energy and early warning improvements, environmental pressures and climate risks continue to intensify. In light of that, FYDP IV prioritizes integrated actions that strengthen conservation, sustainable land and urban systems, low carbon development and modernized early warning capabilities, supported by strategic projects, digital monitoring and innovative climate financing, including carbon markets. These efforts aimed to safeguard natural capital, enhance resilience and anchor Tanzania's transition towards a green, climate resilient economy.

#### **(iv) Strengthening National Sustainability Foundations**

29. The success of the Plan depends on strong sustainability foundations that uphold good governance, democracy, unity, security and transformative national mindset. These tenets ensure transparency, accountability, effective resource management and a stable environment for inclusive and resilient growth. Institutional reforms are essential to enhance performance, improve regulatory frameworks and promote innovation, productivity and equitable resource distribution. A sound and inclusive constitution remains central to ensuring policy coherence, institutional effectiveness and citizen participation, supported by strong checks and balances and local government autonomy. Accordingly, the Plan focuses on four strategic priorities: strengthening institutional frameworks and democratic governance; enhancing local government systems; advancing digital governance and smart data management; and fostering mindset transformation to embed reforms and sustain national progress.

30. The implementation of the 2026/27 Annual Development Plan and Budget lays a strong foundation for the execution of FYDP IV and the realization of Dira 2050 aspirations. The Plan and Budget will prioritize ongoing projects and programs from FYDP III, ensuring a smooth transition and sustained implementation of subsequent five (5) annual development plans under FYDP IV. Further, the programs and projects to be implemented in the medium term are those that yield multiplier effect and lay the foundation for economic transformation, as well as improve economic management frameworks.

### **2.3 Macroeconomic Targets and Assumptions**

#### **2.3.1 Medium Term Macroeconomic Targets**

31. Macroeconomic targets are as follow:

- i. Real GDP is projected to grow by 5.9 percent in 2025 and increase to 6.3percent in 2026 and 6.9 percent over the medium term;
- ii. Maintaining inflation rate within the single-digit range averaging between 3.0 - 5.0 percent over the medium term;
- iii. Domestic revenue to GDP ratio reaching 17.1 percent in 2026/27 and an average of 17.2 percent over the medium term;
- iv. Tax revenue to GDP ratio to reach 13.5 percent in 2026/27 and an average of 13.6 percent over the medium term;
- v. Ensuring that tax exemptions do not exceed one (1) percent of GDP;
- vi. Fiscal deficit not exceeding 3.0 percent of GDP; and
- vii. Foreign exchange reserves to be sufficient to meet the import requirements of goods and services for a period of not less than four (4) months.

#### **2.3.2 Macroeconomic Assumptions**

32. The medium-term macroeconomic targets are based on the following assumptions:

- i. Policies, laws, regulations and procedures for economic management

- and operation are improved and adhered to;
- ii. Effective implementation of the Medium -Term Revenue Strategy, 2025/26 - 2027/28;
  - iii. Increased private sector participation in investment and trade activities;
  - iv. Continue to withstand the impacts of natural and man-made disasters such as drought, earthquakes, pandemics and floods;
  - v. Strengthened global economy and price stability in financial and commodity markets;
  - vi. Strengthened regional and international cooperation;
  - vii. Strengthened food security in the country; and
  - viii. Peace, security, unity and stability within the country and in neighboring countries.

## **2.4 Government Budget Estimates Over the Medium-Term**

33. The Government projects to mobilize and spend 204,087.7 billion shillings over the medium-term period, equivalent to an average of 68,029.2 billion shillings per year to finance the implementation of plans and budget. Further, in 2026/27, the Government budget is estimated at 61,934.2 billion shillings.

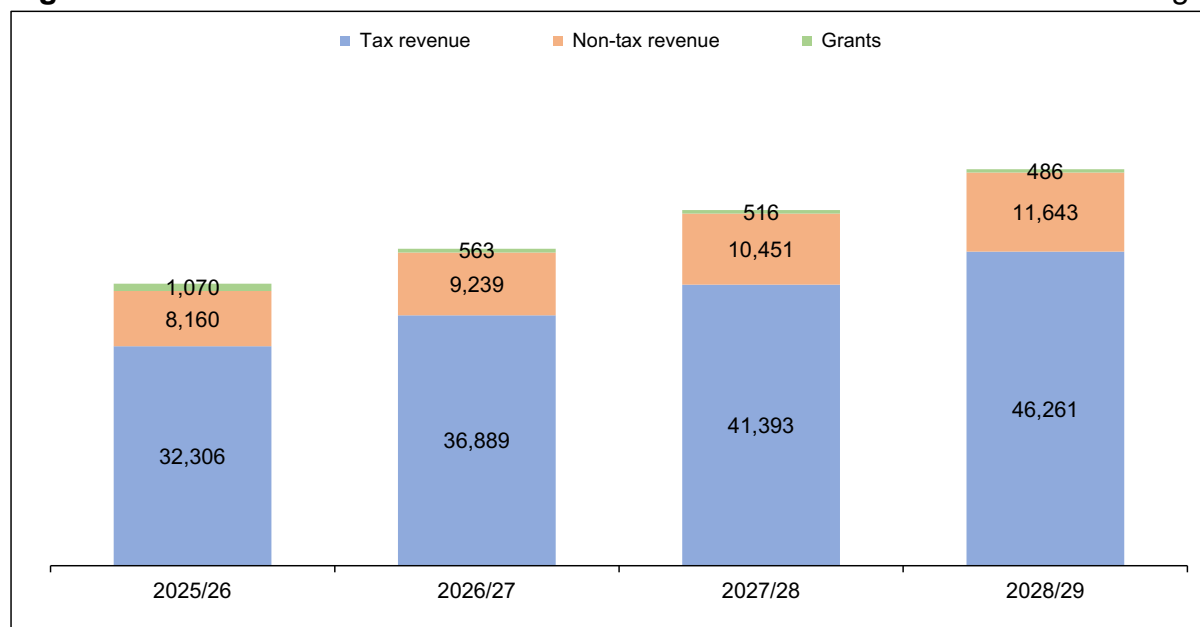
### **2.4.1 Revenue**

34. Over the medium-term, total revenue including grants is projected to be 52,480.8 billion shillings, equivalent to average growth rate of 12.1 percent. In 2026/27, total revenue is projected to be 46,691.3 billion shillings, of which, tax revenue is estimated at 36,889.3 billion shillings, other revenue at 9,238.8 billion shillings (including 1,966.2 billion shillings from Local Government Authorities) and grants from Development Partners amounting to 563.1 billion shillings. Tax and non-tax revenues constitute 74.5 percent of the 2026/27 budget.

35. Grants from Development Partners are projected at 563.1 billion shillings in 2026/27, equivalent to 0.9 percent of the total budget. In 2028/29 grants are expected to be 486.0 billion shillings, equivalent to 0.7 percent of the total budget. The breakdown of revenue projections over the medium-term is as depicted in

**Figure No. 2.1**

**Figure No. 2.1: Revenue Breakdown Over the Medium Term** Billion Shillings



#### 2.4.1.1 Revenue Collection Strategies

36. During the medium-term, the Government will continue to implement strategies aimed at enhancing domestic revenue collection to reduce budgetary dependence, strengthen Government’s capacity to finance development programs and projects, and improve provision of social services. To attain this objective, the Government will continue to implement the following strategies:

- i. Strengthening the formalization of the informal sector through the provision of education and Business Facilitation Desk.
- ii. Promoting voluntary tax compliance by improving the relationship between the Government and taxpayers through consultations on various platforms, including Tanzania National Business Council (TNBC) and the CEO Roundtable of Tanzania;
- iii. Continuing to monitor and promote the proper use of Electronic Fiscal Devices (EFDs) through taxpayer education and various awareness creation programs;
- iv. Continuing to develop and enhance ICT systems for revenue management and collection to ensure their integration with other public institution systems, with the aim of identifying unregistered businesses and ensuring that registered ones pay their due revenues;
- v. Continue to encourage the use of cashless means to collect revenue and make payments through the provision of various incentives;
- vi. Expedite planning, surveying, allocation, and formalization of land, with the aim of identifying land parcels in the country to expand the revenue base; and
- vii. Enhancing the management and collection of non-tax revenue, including through close monitoring of public institutions to ensure increased productivity and timely remittance of dividends and other due

contributions to the Consolidated Fund.

## **2.4.2 Expenditure**

37. Over the medium term, expenditure (excluding principal repayment) is expected to grow at an average rate of 9.7 percent, reaching an average of 59,250.1 billion shillings. In 2026/27, expenditure (excluding principal repayment) is projected at 54,098.6 billion shillings, comparing with 48,775.0 billion shillings in 2025/26, equivalent to an increase of 10.9 percent. Out of the amount, 9,685.7 billion shillings is allocated for employee compensation including employer contributions to social security funds, 7,257.9 billion shillings for interest repayments, and 22,909.2 billion shillings for transfers to public corporations and Local Government Authorities. Net acquisition of non-financial assets is estimated to be 3,030.4 billion shillings. Based on the distribution between recurrent and development expenditure, recurrent expenditure amounts to TZS 41,217.1 billion, equivalent to 66.5 percent, while development expenditure amounts to TZS 20,717.1 billion, equivalent to 33.5 percent of the 2026/27 budget. Detailed expenditure estimates are presented in **Tables 2.1 to 2.3**.

### **2.4.2.1 Expenditure Measures**

38. Medium-Term expenditure management strategies will include the following:
- i. Enhancing transparency and accountability in the use of public funds through adherence to laws, regulations, procedures, and the use of ICT systems, including integrating them to enable information sharing;
  - ii. Implementing ongoing programs and projects that have multiplier effect for economic transformation;
  - iii. Continuing to strengthen management and operational frameworks in government agencies and public institutions by improving performance contracts, organization structures, and board governance;
  - iv. Aligning development projects and programs with similar objectives across sectors to ensure efficient use of public resources; and
  - v. Continuing to enhance the monitoring and evaluation framework that focuses on results and accountability in project implementation.

## **2.4.3 Financing**

39. In the medium term, the Government estimates to borrow an average of 15,548.5 billion shillings from domestic and external sources by adhering to Medium Term Debt Strategy, 2025/26 – 2027/28. In 2026/27, the Government expects to borrow 15,242.9 billion shillings. Of this amount, domestic commercial loans are 6,257.7 billion shillings, external concessional loans are 6,554.8 billion shillings, and external non-concessional loans are 2,430.4 billion shillings. In addition, 7,835.6 billion shillings will finance matured Government obligations.

40. The preliminary analysis indicates that the implementation of the Government's plan and budget may be affected by changes in the policies of Development Partners. The European Parliament resolved to suspend the

disbursement of grants for new agreements valued at approximately EUR 156 million, equivalent to 445.75 billion shillings. For ongoing agreements, the Government may forgo budget support from the European Union amounting to approximately EUR 39.20 million, equivalent to 113.8 billion shillings for 2025/26 and 27.2 billion shillings for 2026/27. In addition, Sweden has halted the disbursement of grant amounted to SEK 119,552,997, equivalent to 31 billion shillings, for the Education Program for Results (EPforR) in 2025/26. Therefore, the Government will continue aligning revenues and expenditures while ensuring that essential needs are financed, including salaries, Government debt, and social services.

**Tables 2.1: Medium Term Budget Frame**

	2025/26	2026/27	2027/28	2028/29
	APPROVED BUDGET	PROPOSED BUDGET	PROJECTED BUDGET	PROJECTED BUDGET
<b>Revenue</b>	<b>41,536,016</b>	<b>46,691,299</b>	<b>52,360,781</b>	<b>58,390,269</b>
<b>Taxes</b>	<b>32,306,123</b>	<b>36,889,320</b>	<b>41,393,268</b>	<b>46,260,777</b>
<b>Grants</b>	<b>1,069,884</b>	<b>563,139</b>	<b>516,459</b>	<b>486,219</b>
<b>Other revenue</b>	<b>8,160,009</b>	<b>9,238,839</b>	<b>10,451,054</b>	<b>11,643,273</b>
o/w LGA Own source	1,680,507	1,966,193	2,300,446	2,691,522
<b>Expense</b>	<b>45,994,829</b>	<b>51,068,234</b>	<b>56,087,147</b>	<b>60,965,872</b>
<b>Compensation of employees</b>	<b>7,711,867</b>	<b>9,685,742</b>	<b>11,530,985</b>	<b>13,293,402</b>
Wages and salaries	4,754,850	5,124,212	5,380,422	5,660,204
Employers' social contributions	2,240,141	2,569,421	2,619,818	2,824,843
<b>Use of goods and services</b>	<b>7,812,245</b>	<b>8,202,857</b>	<b>8,613,000</b>	<b>9,043,650</b>
	700,000	550,000	500,000	500,000
<b>Interest</b>	<b>6,493,715</b>	<b>7,257,876</b>	<b>8,019,853</b>	<b>8,208,854</b>
To nonresident	2,796,427	3,000,302	3,402,605	3,501,541
To residents other than General Government	3,697,288	4,257,574	4,617,247	4,707,312
<b>Subsidies</b>	<b>1,936,023</b>	<b>1,923,246</b>	<b>1,888,215</b>	<b>1,854,057</b>
To public Corporations	1,889,293	1,874,179	1,836,695	1,799,961
To other sectors	46,730	49,067	51,520	54,096
<b>Grants (Transfers)</b>	<b>21,107,935</b>	<b>23,018,817</b>	<b>25,006,413</b>	<b>27,485,795</b>
o/w Local Government	9,703,349	10,412,288	11,356,726	12,419,809
o/w Wages and Salaries	6,162,616	6,470,747	6,794,284	7,133,998
o/w Capital Transfer	1,793,891	1,883,585	1,977,764	2,076,653
Extra-budgetary accounts and funds	11,404,586	12,496,950	13,303,436	14,463,854
o/w Wages and Salaries	2,183,984	2,293,183	2,407,842	2,528,234
o/w Capital Transfer	6,819,691	7,160,676	7,518,710	7,894,645
<b>Social benefits</b>	<b>752,516</b>	<b>790,141</b>	<b>829,649</b>	<b>871,131</b>
Social Assistance Benefits	10,473	10,997	11,547	12,124
Employment related Social benefits	742,042	779,144	818,102	859,007
<b>Other expense</b>	<b>180,528</b>	<b>189,554</b>	<b>199,032</b>	<b>208,984</b>
<b>Net Acquisition of Nonfinancial Assets</b>	<b>2,780,160</b>	<b>3,030,374</b>	<b>3,203,774</b>	<b>3,394,826</b>
Fixed assets	2,666,037	2,905,980	3,073,160	3,257,681
Non-produced assets	114,123	124,394	130,614	137,145
<b>Balance before Grants</b>	<b>(8,308,858)</b>	<b>(7,970,449)</b>	<b>(7,446,599)</b>	<b>(6,456,648)</b>
<b>Net lending / borrowing/Balance after Grants</b>	<b>(7,238,973)</b>	<b>(7,407,309)</b>	<b>(6,930,140)</b>	<b>(5,970,429)</b>
<b>Financing</b>	<b>7,238,973</b>	<b>7,407,309</b>	<b>6,930,140</b>	<b>5,970,429</b>
<b>Net incurrence of liabilities</b>	<b>7,238,973</b>	<b>7,407,309</b>	<b>6,930,140</b>	<b>5,970,429</b>
<b>Domestic</b>	<b>2,952,630</b>	<b>2,972,349</b>	<b>3,657,039</b>	<b>3,074,928</b>
Receipts from Domestic Borrowings	6,278,186	6,257,744	7,751,816	6,723,935
Repayment of Domestic Loan	(3,325,557)	(3,285,395)	(4,094,778)	(3,649,007)
<b>Foreign</b>	<b>4,286,343</b>	<b>4,434,960</b>	<b>3,273,101</b>	<b>2,895,501</b>
Receipts from External Borrowings	8,676,050	8,985,150	9,118,969	7,877,782
Repayment of External Loan	(4,389,707)	(4,550,190)	(5,845,868)	(4,982,281)
<b>Total Budget Frame</b>	<b>56,490,252</b>	<b>61,934,193</b>	<b>69,231,566</b>	<b>72,991,986</b>
<b>Deficit as Percent of GDP</b>	<b>-3.0%</b>	<b>-2.7%</b>	<b>-2.3%</b>	<b>-1.8%</b>
<b>GDP</b>	<b>244,541,773</b>	<b>270,105,797</b>	<b>301,844,771</b>	<b>336,358,606</b>

Source: Ministry of Finance

**Table 2.2: Medium Term Budget Frame (as percent of GDP)**

	2025/26	2026/27	2027/28	2028/29
	APPROVED BUDGET	PROPOSED BUDGET	PROJECTED BUDGET	PROJECTED BUDGET
<b>Revenue</b>	17.0%	17.3%	17.3%	17.4%
<b>Taxes</b>	13.2%	13.7%	13.7%	13.8%
<b>Grants</b>	0.4%	0.2%	0.2%	0.1%
<b>Other revenue</b>	3.3%	3.4%	3.5%	3.5%
o/w LGA Own source	0.7%	0.7%	0.8%	0.8%
<b>Expense</b>	18.8%	18.9%	18.6%	18.1%
<b>Compensation of employees</b>	3.2%	3.6%	3.8%	4.0%
Wages and salaries	1.9%	1.9%	1.8%	1.7%
Employers' social contributions	0.9%	1.0%	0.9%	0.8%
<b>Use of goods and services</b>	3.2%	3.0%	2.9%	2.7%
	0.3%	0.2%	0.2%	0.1%
<b>Interest</b>	2.7%	2.7%	2.7%	2.4%
To nonresident	1.1%	1.1%	1.1%	1.0%
To residents other than General Government	1.5%	1.6%	1.5%	1.4%
<b>Subsidies</b>	0.8%	0.7%	0.6%	0.6%
To public Corporations	0.8%	0.7%	0.6%	0.5%
To other sectors	0.0%	0.0%	0.0%	0.0%
<b>Grants (Transfers)</b>	8.6%	8.5%	8.3%	8.2%
o/w Local Government	4.0%	3.9%	3.8%	3.7%
o/w Wages and Salaries	2.5%	2.4%	2.3%	2.1%
o/w Capital Transfer	0.7%	0.7%	0.7%	0.6%
Extra-budgetary accounts and funds	4.7%	4.6%	4.4%	4.3%
o/w Wages and Salaries	0.9%	0.8%	0.8%	0.8%
o/w Capital Transfer	2.8%	2.7%	2.5%	2.3%
<b>Social benefits</b>	0.3%	0.3%	0.3%	0.3%
Social Assistance Benefits	0.0%	0.0%	0.0%	0.0%
Employment related Social benefits	0.3%	0.3%	0.3%	0.3%
<b>Other expense</b>	0.1%	0.1%	0.1%	0.1%
<b>Net Acquisition of Nonfinancial Assets</b>	1.1%	1.1%	1.1%	1.0%
Fixed assets	1.1%	1.1%	1.0%	1.0%
Non-produced assets	0.0%	0.0%	0.0%	0.0%
<b>Balance before Grants</b>	-3.4%	-3.0%	-2.5%	-1.9%
	0.0%	0.0%	0.0%	0.0%
<b>Net lending / borrowing/Balance after Grants</b>	-3.0%	-2.7%	-2.3%	-1.8%
<b>Financing</b>	3.0%	2.7%	2.3%	1.8%
<b>Net incurrence of liabilities</b>	3.0%	2.7%	2.3%	1.8%
<b>Domestic</b>	1.2%	1.1%	1.2%	0.9%
Receipts from Domestic Borrowings	2.6%	2.3%	2.6%	2.0%
Repayment of Domestic Loan	-1.4%	-1.2%	-1.4%	-1.1%
<b>Foreign</b>	1.8%	1.6%	1.1%	0.9%
Receipts from External Borrowings	3.5%	3.3%	3.0%	2.3%
Repayment of External Loan	-1.8%	-1.7%	-1.9%	-1.5%
<b>Total Budget Frame</b>	23.1%	22.9%	22.9%	21.7%
<b>Deficit as Percent of GDP</b>	-3.0%	-2.7%	-2.3%	-1.8%

Source: Ministry of Finance

**Table: 2.3: Medium-Term Budget Allocation by Sector**

SECTOR	SECTOR NUMBER	2025/26 APPROVED BUDGET	2026/27 PROJECTED BUDGET	2027/28 PROJECTED BUDGET	2028/29 PROJECTED BUDGET
<b>1 - Education</b>	<b>709</b>	<b>7,394.4</b>	<b>8,191.8</b>	<b>8,935.2</b>	<b>9,720.5</b>
1.1 - Basic Education	7091,7092	5,218.8	5,781.6	6,308.2	6,880.5
1.2 - Technical & vocational education and training	7093	354.4	392.7	428.3	465.9
1.3 - Higher Education	7094	1,569.4	1,738.6	1,896.4	2,083.1
1.4 - Science and Technology	7098	83.1	92.1	100.5	109.3
1.5 - Education Administration	7098	188.8	188.8	203.8	221.7
<b>2 - Health</b>	<b>707</b>	<b>3,009.2</b>	<b>3,333.6</b>	<b>3,636.1</b>	<b>3,955.7</b>
2.1 - Curative services	7071,7072,7073,7074,7075,7076	1,428.9	1,580.7	1,724.1	1,875.6
2.2 - Preventive services	7071,7073,7074,7076	369.0	408.8	445.9	485.1
2.4 - Dispensaries	7071,7072,7073,7074,7075	50.8	56.3	61.4	66.8
2.5 - Health Centers	7071,7072,7073,7074,7075	69.5	76.9	83.9	91.3
2.6 - District Hospitals	7071,7072,7073,7074,7075	980.4	1,086.2	1,184.8	1,288.9
2.7 - Health Administration	7076	112.6	124.7	136.0	148.0
<b>3 - General Public Services</b>	<b>701</b>	<b>16,802.0</b>	<b>18,677.8</b>	<b>20,476.0</b>	<b>21,759.8</b>
3.1 - Executive and legislative organs	7011	6,239.5	6,912.3	7,539.5	8,202.2
3.2 - Financial and Fiscal Affairs	7011	3,728.6	4,130.7	4,505.5	4,901.5
3.3 - External Affairs	7011	340.2	376.9	411.1	447.2
3.4 - Debt Services	7018	6,493.7	7,257.9	8,019.9	8,208.9
<b>4 - Defence, Public order and Safety</b>	<b>702,703</b>	<b>6,398.1</b>	<b>7,088.0</b>	<b>7,731.1</b>	<b>8,410.7</b>
4.1 - Defence	702	3,642.7	4,035.5	4,401.7	4,788.6
4.2 - Public Safety	7036	2,066.6	2,289.4	2,497.1	2,716.6
4.3 - Law Courts	7033	688.8	763.1	832.3	905.5
<b>5 - Economic Development</b>	<b>704</b>	<b>10,235.9</b>	<b>11,339.7</b>	<b>12,478.8</b>	<b>14,026.0</b>
5.1 - Agriculture	7042	1,925.8	2,133.5	2,327.1	2,531.6
5.2 - Minerals	7044	225.0	249.2	271.8	295.7
5.3 - Energy	7043	1,965.7	2,177.6	2,375.2	2,584.0
5.4 - Works, Transport and Communication	7045,7046	5,524.2	6,119.9	6,785.3	7,832.0
5.5 - Natural Resources, Environment and Tourism	7049	317.4	351.6	383.5	417.2
5.6 - Industry	7047	132.4	146.7	160.0	174.1
5.7 - Trade	7047	107.0	118.6	129.4	140.8
5.8 - Labour and Youth skills Development (Job Creation)	7041	38.4	42.6	46.5	50.6
<b>6 - Social Development</b>	<b>710</b>	<b>3,154.1</b>	<b>3,494.2</b>	<b>3,811.3</b>	<b>4,146.3</b>
6.1 - Elderly, Children and Disabilities	7101,7102	73.5	81.4	88.8	96.6
6.2 - Pension funds	7109	2,629.0	2,912.5	3,176.8	3,466.0
6.3 - National Health Insurance Fund (NHIF)	7109	451.6	500.3	545.7	593.7
<b>7 - Housing and Community Development</b>	<b>706</b>	<b>1,781.2</b>	<b>1,973.4</b>	<b>2,152.5</b>	<b>2,341.7</b>
7.1 - Water	7063	898.1	995.0	1,085.3	1,180.7
7.2 - Lands, Housing and Human Settlement	7065	188.9	185.0	201.8	219.5
7.3 - Community Development	7062	196.5	217.7	237.5	258.4
7.4 - Information Sports and Culture	7081	519.6	575.7	627.9	683.1
<b>Total Sector</b>		<b>48,775.0</b>	<b>54,098.5</b>	<b>59,220.9</b>	<b>64,360.7</b>
Debt Service Principle Repayment		7,715.3	7,835.6	9,940.6	8,631.3
<b>Grand Total</b>		<b>56,490.3</b>	<b>61,934.1</b>	<b>69,161.6</b>	<b>72,992.0</b>

**Source:** Ministry of Finance

## CHAPTER THREE

### 3. RISK MANAGEMENT IN THE IMPLEMENTATION OF PLAN AND BUDGET

#### 3.1. Introduction

41. This chapter presents risks that may emerge during the implementation of plan and budget over the medium term, which could affect the attainment of the intended objectives, including revenue collection and expenditure management. The identified risks are categorized into two main groups: macroeconomic risks and specific risks.

#### 3.2. Macroeconomic Risks

42. Macroeconomic risks may result from both natural and non-natural factors within and outside the country. Key risks that may affect macroeconomic indicators include fluctuations in interest rates, commodity and service prices, depreciation of the Tanzanian Shilling and changes in foreign policies.

##### i. Interest Rates Fluctuations

43. Interest rates in the financial market are determined by the forces of demand and supply. An increase in loan demand relative to its supply leads to higher interest rates in the financial sector. Higher interest rates increase borrowing costs for both public and private sectors, reducing their ability to finance projects and services delivery, higher production and distribution costs, increased debt servicing expenses, slower investment in public and private sectors, inflationary pressure, lower incomes, and a decline in stock market prices. Collectively, these effects may cause economic slowdown, particularly a decrease in GDP growth.

44. Mitigation measures include: Continue to implement sound monetary and fiscal policies to achieve macroeconomic objectives; improve the investment and business environment in order to attract foreign capital; develop the domestic financial market; enhance efficiency in the production of goods and services; and strengthen the enforcement of the Loans, Grants and Guarantees Act (Cap.134) and the Development Cooperation Framework (2017/18 - 2029/30).

##### ii. Commodity Prices Fluctuation

45. The decline in the prices of commodities in the world market, especially minerals and agricultural products is the result of demand and supply forces. This situation can occur due to war, droughts, floods, pandemics, and trade and political conflicts. The decline in the prices of goods can reduce income from exports and affect the production of relevant crops in the country. In addition, the rise in the prices of essential commodities in the world market, especially petroleum products and fertilizers can increase the use of foreign exchange to purchase these products, increase the costs of production and distribution of various products and the operation of government activities. Similarly, this situation will slow down the production of crops, increase the budget deficit, reduce foreign exchange reserves, and increase inflation in the country.

Measures to mitigate the risks of commodity price fluctuations, include strengthening the Agricultural Development Fund, continuing to invest in the production of alternative fuels such as gas and electricity to reduce the impact of rising prices of petroleum products in the world market, and investing in irrigation projects and environmental conservation to ensure that agricultural activities can be carried out throughout the year. Similarly, other mitigation measures, include investing in: modern agriculture, climate-resilient seeds, food preservation technologies, and value addition.

### **iii. Depreciation of the Shilling**

46. The value of the Tanzanian Shilling depends on foreign exchange inflows, trade balance, monetary policies, and investor expectations. Depreciation of the Shilling increases the cost of external debt servicing and imports, which may raise Government expenditures and budgetary pressure.

Mitigation measures include: continuing the implementation of the National Strategy for Improving Availability of Forex; strengthening management systems in sectors that generate foreign exchange, including tourism, mining, and agriculture; improving formal systems for exporting goods and services; and reducing trade barriers at border points.

### **iv. Policy Changes in Donor Countries**

47. Changes in donor country policies occur due to the slowdown in economic activities as well as changes in political leadership and production systems of goods and services. In addition, changes in donor country policies can affect the availability of foreign exchange, grants and loans which are essential for the implementation of the plan and budget. This situation can affect diplomatic relations, implementation of development projects and programs, trade, investment, provision of social services, and economic growth.

Mitigation measures include: Broadening tax base; improving efficiency in domestic revenue collection; strengthening research and innovation; and strengthening diplomatic relations through effective implementation of the Development Cooperation Framework (2017/18 - 2029/30) and the Foreign Policy of 2021 (2024 Edition).

## **3.3. Specific Risks**

48. Specific risks include contingent liabilities, climate change and natural disasters, political conflicts and diplomatic relations, and cyberattacks.

### **i. Contingent Liabilities**

49. Contingent liabilities arise when the Government or its institutions fail to fulfil contractual obligations with various stakeholders, including private entities. Failure to meet contractual requirements may result in the Government incurring compensation payments and claims arising from court orders as well as decisions from commercial dispute resolution bodies. Furthermore, the Government may assume risks associated with projects implemented under Public-Private Partnership (PPP) arrangements if it does not fully comply with such agreements. If such situations occur, they may lead to an increased fiscal burden that constrains Government's capacity to finance development projects and operational expenses.

Measures to address risks related to contingent liabilities, include strengthening the enforcement of the Loans, Grants and Guarantees Act, Cap. 134, and the Public-Private Partnership Act, Cap. 103; improving systems and institutions for contract management; continuing to build capacity in contract management; and enhancing transparency and accountability in contract management.

### **ii. Climate Change and Disasters**

50. Climate change and disasters arise from both natural and man-made factors. Disasters that may occur include earthquakes, volcanic eruptions, disease outbreaks, famine, drought, crop pest infestations, fire incidents, and landslides. In addition, climate change may lead to floods, rainfall shortages, cyclones, and rising temperatures. The occurrence of climate change and disasters may lead to loss of life, disruption of economic activities, and destruction of infrastructure, property, and ecosystems. Therefore, the Government will need an emergency budget to provide assistance to affected people and to rehabilitate damaged infrastructure.

Mitigation measures include: Strengthen the National Contingency Fund; implementing the National Environmental Conservation and Management Master Plan (2022 - 2032); implementing the National Disaster Management Strategy (2022 - 2027); strengthening the project preparation system in line with the Public Investment Management Guidelines (2025); and implementation of the National Clean Cooking Strategy (2024 - 2034). Other measures include continuing to invest in projects that conserve water sources and environment; constructing large dams for rainwater harvesting; expanding irrigation projects; promoting the use of improved seeds that are resilient to climate change and pests; and adopting food preservation technologies.

### **iii. Political Conflicts and Diplomatic Relations**

51. Political conflicts and weak diplomatic relations result from various factors, including: unfair trade competition; violation of principles of good governance and rule of law; scarcity of resources; power hunger; unemployment; and changes in political policies and ideologies. Internal and external political conflicts, as well as unstable diplomatic relations, may disrupt or slowdown economic and social

activities. This may lead to decline in government, corporate, institutional, and individual revenues; decline in foreign aid, loans, and investments; disruption of supply chains for crops, goods, and services; and an increased demand for security and defense.

Mitigation measures include: strengthening systems of good governance and rule of law; enhancing institutions and mechanisms for fair business competition; maintaining and strengthening regional and international cooperation through diplomatic and cooperative agreements; promoting decent employment opportunities; and continuing implementation of the Development Cooperation Framework (2017/18–2029/30) and the Foreign Policy of 2021 (2024 Edition).

#### **iv. Cyberattacks**

52. Cyberattacks are caused by malicious behavior of certain individuals and institutions, greed, violation of principles of good governance and rule of law, unemployment, and the rapid pace of technological change. Cyberattacks may lead to financial losses through diversion of government revenues and expenditures, thereby affecting budget implementation. In addition, such attacks may disrupt service delivery, cause information leakage, and tarnish the image of the Government.

Mitigation measures include: strengthening the principles of good governance and rule of law; promoting integrity within society; continuing to build capacity and enhance government cybersecurity systems; providing continuous training to public servants on identifying and responding to cyber threats; accelerating job creation; and enforcing the Cybercrimes Act (2015), the Electronic Transactions Act (2015), and the e-Government Act (2019). Other measures include implementing the National Cyber Security Strategy (2024 - 2029) and Government Cyber Security Strategy (2022–2027).

#### **v. Operational Risk**

53. Low efficiency in the implementation of the plan and budget is an operational risk that arises when an institution or government fails to implement planned activities timely, effectively, and efficiently. This situation is caused by internal weaknesses in management systems, particularly contract management, a lack of financial and skilled human resources, as well as poor coordination among institutions involved in the implementation of the plan and budget. In addition, frequent changes in policy and administration, bureaucracy in decision-making, setting unrealistic goals, corruption, and lack of transparency and accountability increase the likelihood of ineffective implementation of the plan and budget. This leads to delays in development projects, lack of value for money for projects and services, decline in the productivity of economic activities, budgetary dependence, and a decline in stakeholder confidence in public institutions.

The measures to be taken include strengthening internal control systems; monitoring and evaluating project implementation using participatory approaches and digital technologies; building the capacity of staff in public financial management; enhancing transparency and accountability; involving the private sector in the implementation of public projects with commercial characteristics; and ensuring that the scope of public activities in the plan and budget reflects revenue realities and implementation environments.

## CHAPTER FOUR

### 4. INSTRUCTIONS FOR THE PREPARATION OF PLAN AND BUDGET FOR THE MEDIUM TERM

#### 4.1. Preparation of Plan and Budget

54. When preparing plan and budget, Accounting Officers are instructed to take into account the principles, goals, and objectives of Dira 2050; the Long-Term Perspective Plan 2026–2050; the National Five-Year Development Plan IV (2026/27–2030/31); the CCM Election Manifesto of 2025; the National Development Plan for 2026/27; institutional strategic plans; and other directives issued by the Government. Additionally, Accounting Officers must align vote priorities and their respective institutions to achieve a common goal.

#### 4.1.1 Timetable for Preparation of Plan and Budget

55. The schedule for the preparation of plan and budget for the year 2026/27 is shown in **Table No. 4.1** below.

**Table No. 4.1: Timetable for Preparation of the Plan and Budget for 2026/27**

Month	Activity
<b>August 2025 – January 2026</b>	Preparation and approval of the Government Plan and Budget Guideline
<b>February 2026</b>	Dissemination of Government Plan and Budget Guideline and indicative votes ceiling
<b>February 2026</b>	Preparation of plans and budgets for Ministries, Independent Departments, Government Agencies, Regional Commissioners’ Offices, Local Government Authorities, Institutions, and Public Corporations
<b>February 2026</b>	Submission and approval of the Cabinet Paper on the Proposed Budget Framework and Ceiling for 2026/27
<b>January – May 2026</b>	Consultations on proposed tax system improvements
<b>February – March 2026</b>	Ministry of Finance, PMO – RALG, National Planning Commission, and Treasury Registrar’s Office to scrutinize sectoral and votes’ plans and budgets
<b>March 2026</b>	Submission of budget memoranda (Randama) to the Clerk of the National Assembly and copy to the Prime Minister’s Office – Policy, Parliament and Coordination by 10 <sup>th</sup> March, in accordance with Regulation 116(iii)(a) of the National Assembly Standing Orders, 2025 Edition
<b>March 2026</b>	Submission of the Government Budget Framework and Ceiling for 2026/27 to the Parliamentary Committee

<b>March 2026</b>	Submission of votes plan and budget to Parliamentary Sectoral Committees
<b>April – June 2026</b>	Votes present their plans and budgets to the Parliament
<b>June 2026</b>	Government submits the Finance and Appropriation Bills to the Parliament
<b>1 July 2026 – 30 June 2027</b>	Implementation of the plans and budgets as approved by the Parliament

#### **4.1.2 Data Entry into Budgeting Systems**

56. Accounting Officers are instructed to ensure that entry of budget data into the planning and budgeting systems adheres to the following key issues:

- i. Budgeted activities align with the National Five – Year Development Plan 2026/27 – 2030/31 and the CCM Election Manifesto 2025;
- ii. Budget ceiling for 2026/27 and realistic projections for the outer years (2027/28 to 2028/29);
- iii. Accurate use of project codes, GFS codes 2014, and units of measure as defined in the systems;
- iv. To assign the budget figure for salaries, other charges, and development projects that are entered as transfers to the respective items;
- v. Adherence to guidance from the President’s Office – Public Service Management and Good Governance (PO–PSMGG) on correct application of statutory entitlements such as housing, furniture, phone, and electricity allowances.

#### **4.1.3 Submission of Medium – Term Expenditure Framework (MTEF)**

57. Accounting Officers must observe the following when submitting their MTEFs:

- i. Use the MTEF format as shown in **Annex No. 1D**;
- ii. Follow the submission schedule indicated in **Table No. 4.1**;
- iii. Ministries, Independent Departments, and Regional Commissioners’ Offices must submit soft copy of their revenue and expenditure estimates to the Ministry of Finance and the National Planning Commission five (5) days before scrutinization sessions begin;
- iv. Government Agencies, Institutions, and Public Corporations must submit their estimates to the Treasury Registrar’s Office through Plan-Rep for review as per schedule that will be issued, in accordance with Section 17A of the Budget Act, Cap 439. The review report should also be submitted to the Ministry of Finance;
- v. Local Government Authorities, through Regional Commissioners’ Offices, must submit their estimates to PMO–RALG via the Plan-Rep System in line with the schedule to be issued. PMO–RALG shall submit to the Treasury a consolidated report (Forms No. 3B, 4, 6, and 8B) in soft copy (Excel or Access format); and

- vi. Ministries, Independent Departments, Government Agencies, and Regional Commissioners' Offices must submit soft copy of the revised documents to the Ministry of Finance, National Planning Commission, and PMO–RALG within five (5) days after the vote's budget has been approved by Parliament.

#### **4.1.4 Submission of the Budget Memoranda**

58. Accounting Officers are instructed to submit the Budget memoranda to the Clerk of the National Assembly and a copy to the Prime Minister's Office (Policy, Parliament, and Coordination) on or before 10th March 2026, in accordance with regulation 118(1) of the National Assembly Standing Orders, 2025 Edition. A soft copy of the same must also be submitted to the Ministry of Finance two (2) days before commencement of respective sessions. The memoranda format is as shown in **Appendix No. 1E**.

#### **4.1.5 Strategic Instructions to Accounting Officers of Ministries, Independent Departments, Agencies, Regional Commissioners' Offices, and Local Government Authorities.**

59. These directives focuses on goals of Dira 2050 and the challenges of plan and budget implementation including: economic growth to 10 percent or more; GDP of one (1) trillion U.S dollars by 2050; seven (7) thousand dollars per capita by 2050; creation of eight (8) million decent jobs by 2031; changes in the policies of development partners; Approximately 70 percent of domestic revenues to cater for government debt and salaries of civil servants; and completing the implementation of ongoing projects. In addition, these recommendations aim to provide a friendly environment and infrastructure for the private sector, which is expected to contribute 70 percent of the implementation of Vision 2050 and Long-Term Perspective Plan 2026–2050 as follows:

- i. Accounting Officers in charge of special fund sources (TARURA, Road Fund, Railway Development Fund, National Water Fund, Universal Communications Fund, Tourism Fund and REF) allocate five (5) percentages of the revenue for the implementation of the activities on Special Economic Zones infrastructure (SEZs & EPZs) to attract investment and increase employment opportunities;
- ii. Regional Commissioners' Offices to oversee Local Government Authorities in jointly utilizing five percent (5%) out of the proposed 15 percent of the loans for women, youth, and persons with disabilities, to invest in projects aimed at improving the business and entrepreneurship environment in order to attract and increase employment opportunities for the beneficiaries;
- iii. The Ministry of Health in collaboration with the Prime Minister's Office to prepare and implement an emergency plan to eradicate malaria by December 2030 and continue to coordinate the implementation of universal health insurance;

- iv. The Office of the Treasury Registrar to facilitate public corporations to involve public investment through Dar es Salaam Stock Exchange (DSE);
- v. The Ministry of Finance, in collaboration with the National Planning Commission, to develop a joint planning tool using the Programme Based Budgeting framework, for implementation starting in the 2027/28;
- vi. The National Planning Commission in collaboration with the Ministry of Finance as well as sectoral ministries with projects that attract private sector investment to organize Specific strategy/resources to facilitate private sector engagement in the implementation of those projects;
- vii. Accounting Officers shall observe the local content strategy by prioritizing local investors in tendering processes, contractual terms, and the settlement of payment claims, while also promoting joint ventures for contracts awarded to foreign entities;
- viii. Accounting Officers in collaboration with Office of the Attorney General to strengthen the drafting and managing contracts to reduce, eliminate and control costs arising from legal disputes;
- ix. The Office of the Attorney General, in collaboration with the Ministry of Finance, shall oversee Accounting Officers refrain from entering into contracts without approved budgetary appropriations from Parliament, in accordance with Section 51 and 45(b) of the Budget Act, Cap 439;
- x. Accounting Officers shall allocate budget for the completion of ongoing projects and cease the initiation of new projects, with the exception of those implemented under a Public-Private Partnership (PPP) arrangement
- xi. Accounting Officers are informed that the Government will not approve carry over funds. Instead, incomplete activities and projects shall be re-budgeted in the subsequent financial year;
- xii. Public institutions and corporations, particularly those operating commercially, shall devise strategies to eliminate their reliance on subsidies from the Central Government by June 2029;
- xiii. The Ministry of Finance shall undertake legal, supervisory, and administrative reforms for development and commercial banks in the country. This is intended to attract domestic and foreign private sector capital investment and to leverage financial markets to mobilize sufficient capital to meet the private sector's credit demands, thereby fostering economic growth;
- xiv. The Office of Treasury Registrar should oversee and empower institutions that have infrastructure, equipment, and operational facilities from completed projects to engage in partnerships with the private sector in their operations, thereby improving productivity and efficiency of those institutions;

- xv. Accounting Officers shall formulate strategies for creation and nurturing of small, medium, and large entrepreneurs. This will be achieved through their engagement in the implementation of the Local Content policy by facilitating access to affordable credit, thereby enabling the creation of employment opportunities, especially for youth;
- xvi. Capacity building of Policy and Planning Departments, as well as Monitoring and Evaluation Units within Ministries, Independent Departments, Institutions, Regional Commissioners' Offices, and Local Government Authorities;
- xvii. Accounting Officers are to strengthen engagement of higher education and research institutions in the formulation of sectoral policies and plans;
- xviii. The National Planning Commission, in collaboration with COSTECH, shall establish a repository of research conducted by government institutions, to ensure their accessibility in the formulation and implementation of government policies and plans;
- xix. The National Planning Commission, in collaboration with relevant sectors, shall develop and oversee the implementation of performance measurement criteria for development programs and projects;
- xx. The President's Office, Public Service Management and Good Governance, PMO – RALG and the Prime Minister's Office shall develop a plan to establish a Leaders Club forum;
- xxi. The Office Treasury Registrar shall coordinate and oversee corporations with subsidiaries to ensure they prioritize the execution of their respective strategic tenders, as part of the implementation strategy for the Local Content policy;
- xxii. The Ministry of Land, in collaboration with PMO – RALG, to prepare and implement comprehensive land use plans to facilitate the achievement of Dira 2050 objectives;
- xxiii. The PMO – RALG, and the Ministry of Natural Resources and Tourism should develop and execute a short-term plan to control the increase of informal settlements, encroachment on wildlife corridors, and areas designated for agricultural and livestock activities;
- xxiv. The Ministry of Finance shall devise a strategy for the settlement and management of debts arising from services rendered by government institutions to Ministries, Independent Departments, Regional Commissioners' Offices, and Local Government Authorities;
- xxv. Quality control and certification bodies should enhance their certification and standards monitoring systems for all products, particularly agricultural, mineral, and industrial goods. This is to ensure compliance with both domestic and international quality and safety standards, thereby boosting the competitiveness of Tanzanian products in global markets. Furthermore, these institutions shall regulate the importation of substandard foreign goods to safeguard

consumer health and conserve foreign exchange expended on such imports;

- xxvi. Ensuring crop procurement electronic systems are fully utilized and their scope is expanded, enabling farmers and traders to access secure storage for their produce and sell it at competitive prices; and
- xxvii. Ensure that ongoing and emerging projects and programs pertinent to the blue economy are inclusive and integrated, through collaboration with sectors related to blue economy.

#### **4.2 General Instructions for Preparation of Plan and Budget for the Medium Term**

60. This section provides instructions regarding: Budget Committees; Strategies for Revenue Collection; Exchange Rate; adherence to institutional priorities and core functions; preparation of budget for personnel emoluments; Budget for Other Charges; development projects and strategy to strengthen foreign reserve. Other areas include strategy for management of arrears and management of public expenditure.

##### **4.2.1 Budget Committees**

61. In the preparation and implementation of the Plan and Budget, Accounting Officers shall ensure that:

- i. Budget Committees are strengthened and all members participate fully in the preparation and implementation of the budget in accordance with Section 18(2) of the Budget Act, Cap 439 and Regulation 17 of the subsidiary Regulations thereof;
- ii. Budget Committee meetings are held for the purpose of; evaluating strategies and the trend of revenue collection as well as allocating received/collected financial resources;
- iii. Budget Committees establish strategies to control the accumulation of arrears by ensuring that any procurement process is initiated only after verifying the availability of the budget and the certainty of fund; and
- iv. Budget Committee reports prepared as specified in **Annex No. 1F** of this guideline and submitted to the Ministry of Finance quarterly.

##### **4.2.2 Strategies for Revenue Collection**

62. Accounting Officers are instructed to have strategies in place for increasing efficiency in revenue collection to meet Government targets by implementing the following:

- i. Ensure all collected revenues are remitted to Government Consolidated Fund in accordance with Section 58(a) of the Budget Act, Cap. 439, unless stated otherwise;
- ii. Prepare and update revenue collection strategies and submit them to the Ministry of Finance during scrutinization of Plan and Budget and submit their implementation reports quarterly;
- iii. The ministry responsible for business to identify and formalize informal businesses in accordance with existing laws, regulations, and guidelines, and submit reports to the Ministry of Finance quarterly;
- iv. Ensure institutions providing integrated services improve collection systems through single billing (control number) to facilitate the payment of taxes, fees and charges to customers and thereby increase compliance in government revenue collection.
- v. Prepare and update database and statistics of revenue sources at all levels, including wards, villages, and mitaa (sub-ward) for strengthening revenue collection and control leakages;

- vi. Stakeholders' engagement on proposed taxes, fees and levies, before seeking statutory approval from the Minister for Finance;
- vii. Ensure the proper use of electronic revenue collection systems at all collection centres including border areas, airports, ports as well as checkpoints to control loopholes in revenue loss;
- viii. Leveraging research findings in designing and developing revenue sources to improve the collection of Government revenues;
- ix. Ensuring the timely remittance of appropriate dividends and contributions to the Government Consolidated Fund, in compliance with prevailing laws and guidelines;
- x. To improve TAUSI collection system to facilitate the revenue collection at lower levels of Local Government Authorities;
- xi. Strengthening the capabilities of leaders and officials in revenue collection techniques and controlling avenues for government revenue leakage; and
- xii. Ministry responsible for land to prepare and revitalize the Integrated National Land Use and Registration Data to enhance revenue collection.

#### **4.2.3 Exchange Rate**

63. Accounting Officers are instructed to use the indicative exchange rate of one US Dollar for 2,750.37 Tanzanian Shillings when preparing the Plan and Budget for 2026/27.

#### **4.2.4 Adherence to Institutional Priorities and Core Functions**

64. Accounting Officers are instructed to prepare Plan and Budget in medium term in accordance with their Institutions' priorities and core functions in order to control off - budget expenditures.

#### **4.2.5 Budget for Personnel Emoluments**

65. During the preparation of personnel emoluments budget, Accounting Officers are instructed as follows:

- i. Government Agencies, Public Institutions, and Public Corporations intending to review salary scales and incentive schemes are directed to budget for the increments using their own sources revenue without affecting remittance of dividends and contributions to the Consolidated Fund. Furthermore, they must submit documentary evidence demonstrating their investment status, revenue collection, and the financial sustainability of the Government Agency or Institution to operate from its own sources revenue without relying on government subsidies;
- ii. Institutions intending to review salary scales, allowances and incentives should justify for an increment in a particular period considering directives outlined in the Public Service Pay and Incentive Policy (2010) and the Public Service Act, Cap 298, concerning harmonization and

- standardization of salaries, allowances, and other incentives within the Public Service;
- iii. Government Agencies, Public Institutions, and Public Corporations intending to review salary scales and incentive schemes are directed to submit draft salary structures, incentive plans, and quality-of-service agreements to the President's Office – Public Service, via the Office of Treasury Registrar and the parent Ministry, during the second quarter of each financial year. This is for analysis and to determine the actual costs of implementing the proposed salary increments and incentive plans;
  - iv. To budget for new hire, recategorization, promotions, transfers, appointments, and annual salary increments in accordance with the guideline for preparation of personal emoluments budget for 2026/27 from the President's Office – Public Service Management and Good Governance (PO-PSMGG);
  - v. Local Government Authorities, Government Agencies, Public Institutions, and Corporations that pay salaries from own sources revenue and those using Government subventions should ensure that statutory employee contributions are budgeted and timely disbursed to appropriate Pension Funds to avoid penalties arising from delayed contributions and inconvenience to employees upon retirement.
  - vi. To prepare personnel emoluments budget in accordance with Public Servants Circular No. 1 of 2025 and Treasury Registrar Circulars No. 1, 2, 3, 4, 5, 6, 7, and 8 of 2025 regarding Salary Amendments for the Government, Public Institutions, and Corporations employees;
  - vii. To adhere with Public Service Circular No. 1 of 2021 on the use of Integrated Human Capital Management Information System (e-Watumishi); and
  - viii. Ministries, Local Government Authorities, and Public Institutions must ensure the timely entry of deductions for employees who have benefited from higher education loans.

#### **4.2.6 Other Charges**

66. During the preparation of the budget estimates for other charges, Accounting Officers are instructed to adhere to the following:

- i. To allocate budget for facilitating revenue collection interventions;
- ii. To allocate budget for risk management strategies in the implementation of the plan and budget;
- iii. To allocate budget for strengthening; Monitoring and Evaluation, Research and Innovation, as well as Internal Audit Units with the aim of improving performance, including management of revenue and expenditure;
- iv. To allocate budget for strengthening the use of ICT including building employee's capacity in order to increase productivity and improve service delivery;

- v. Strengthen the use of natural gas and electricity in government and private sector vehicles and machinery in order to reduce foreign exchange expenditure and preserve the environment. In addition, the Ministry of Works should prepare standard specification for the procurement of vehicles and machinery for Government use;
- vi. To improve government asset management system by introducing Fleet Management module to reduce operational costs;
- vii. To allocate budget for surveying and acquisition of title deeds for land owned by public institutions;
- viii. To install modern office equipment for controlling consumption of electricity and water; and
- ix. To allocate budget for preparation and participation in prioritised national, regional, and international meetings/exhibitions.

#### **4.2.7 Development Budget**

67. Accounting Officers are instructed to prepare development budget estimates based on the following:

- i. Prioritize completion of ongoing projects and cease the initiation of new projects;
- ii. Submit to the Ministry of Finance estimates of funds from Development Partners within the first quarter of each financial year for the preparation of the plan and budget for the following year;
- iii. Sector Ministries should submit to the Ministry of Finance and the National Planning Commission a breakdown of activities and budgets implemented under other votes, including Local Government Authorities (LGAs), for inclusion in the respective vote budget ceiling by the first week of December, 2025;
- iv. Comply with Public Investment Management Guideline (2025) in identification, preparation, and implementation of projects, including consideration of environmental issues, climate change, and social issues;
- v. Comply with Section 6 of the Value Added Tax (VAT) Act, Cap. 148 regarding the procedure for granting VAT exemption for projects implemented using funds from the Government and Development Partners;
- vi. Loans, Guarantees and Grants Act, Cap. 134 which directs against entering into agreements with Development Partners for the receipt of grants and loans without the approval of the Minister responsible for Finance, and also ensure that loans for development projects are channelled to productive and beneficial areas;
- vii. Any project requiring advance procurement prior to the execution of a loan or grant agreement, is mandated to obtain the consent of the respective Vote's Accounting Officer and the authorization of the

- Permanent Secretary of the Ministry of Finance and Paymaster General before commencing the procurement activities;
- viii. Allocate Government Contribution (counterpart fund) for development projects implemented in collaboration with Development Partners;
  - ix. Allocate budget for compensation of land/properties acquired for project implementation;
  - x. Compliance with Public Procurement Act, Cap. 410 which sets limits for tenders that can be awarded to non-citizens to enhance local content and increase multiplier effect in the economy;
  - xi. Allocate budget for research and innovation activities;
  - xii. Identify and utilize Alternative Project Financing for commercially viable development projects, including operation of service delivery projects where the government has already established infrastructure in line with existing laws, regulations, guidelines, and procedures;
  - xiii. Use of National Project Management Information System (NPMIS) in the development projects identification, implementation, monitoring, and evaluation;
  - xiv. Engagement of relevant sectors in multi - sectoral projects before, during, and after project implementation with the aim of improving efficiency of project implementation;
  - xv. Oversee preparation and implementation of Corporate Social Responsibility (CSR) Plan when entering into and executing contracts with Suppliers or contractors;
  - xvi. To ensure that projects funded by both existing and new loans are accounted for in the budget; and
  - xvii. Allocate budget for Operations and Maintenance (O&M) of completed project infrastructure to ensure sustainability of service delivery to the community.

#### **4.2.8 Strategy to Strengthen Foreign Reserve**

68. To enhance foreign reserve, Accounting Officers are instructed to continue implementing:

- i. The National Five -Year Strategy to Enhance Foreign Currency Availability 2023/24 – 2027/28; Section 26 of the Bank of Tanzania Act, Cap 197;
- ii. The Foreign Exchange Act, Cap 271; and Section 60 of the Public Procurement Act, Cap 410.

#### **4.2.9 Strategy for Management of Arrears**

69. In implementing the Strategy for Management of Arrears of 2022, Accounting Officers should observe the following:

- i. To allocate budget for payment of arrears verified by the Internal Auditor General, in accordance with the guidelines and the Public Finance Act, Chapter 348; and

- ii. Submit to the Paymaster General a payment schedule (action plan) for the respective project based on the contract prior to entering into contracts for the implementation of development projects funded domestically. This plan should be incorporated into Government commitments and considered in budget allocation in accordance with Section 51 of the Budget Act, Chapter 349.

#### **4.3 Specific Instructions to Agencies, Institutions and Public Corporations**

70. Accounting Officers of Public and Statutory Corporations are instructed as follows:

- i. Ensure that business oriented and strategic institutions comply with Treasury Registrar Circular No. 1 of 2023 regarding strengthening the management and operational systems;
- ii. Ensure that gross revenue contributions are remitted to the Consolidated Fund in compliance with Section 8(1)(f) of the Treasury Registrar (Powers and Functions) Act, Cap 370;
- iii. Remit 70% of surplus funds to the Consolidated Fund in accordance with Section 10(2) of the Treasury Registrar Act (Powers and Functions), Cap 370;
- iv. Ensure that carryover funds requests are submitted to the Ministry of Finance through the Office of Treasury Registrar, and that such funds are utilized in accordance with the Budget Act, Cap 439, along with the guidelines issued by the Office of Treasury Registrar;
- v. Adhere to the directives of the Permanent Secretary PO-PSMGG regarding leave days and leave transport allowances as outlined in the letter with reference number CAC.17/228/01/07 dated 09 November, 2023;
- vi. Comply with the Guidelines issued by the Office of Treasury Registrar in the year 2021 regarding the establishment, operation, and management of subsidiary companies under public institutions;
- vii. Budgets for registered subsidiary companies should be submitted as attachments to the budgets of their respective parent institutions in order to strengthen subsidiary oversight; and
- viii. Engage the private sector in service delivery, developing and establishing local manufacturing industries including Medical Stores Department (MSD) in order to reduce reliance on imported goods;

#### **4.4 Instructions for Regional Commissioners' Offices and Local Government Authorities**

71. This section provides instructions to be followed by Accounting Officers of Regional Commissioners' Offices and Local Government Authorities during the preparation of the Plan and Budget.

#### **4.4.1 Regional Commissioners' Offices**

72. Accounting Officers of the Regional Commissioners' Offices are directed to consider priorities and core responsibilities during the preparation of plan and budget, including:

- i. Allocating budget for managing and maintaining security matters, and improving office infrastructure and residential facilities for leaders at all levels;
- ii. Supervising and coordinating the implementation of the CCM 2025 General Election Manifesto and submitting semi-annual and annual reports to PMO-RALG and the PMO – Policy, Parliament and Coordination;
- iii. Allocating budget for disaster preparedness and response, as well as updating the regional disaster coordination plan;
- iv. Using the Integrated Monitoring and Evaluation System (iMES) in development project activities;
- v. Overseeing the issuance of 10% loans under Section 37A of the Local Government Finance Act, Cap. 290, for the provision and management of loans to entrepreneurial groups of women, youth, and persons with disabilities;
- vi. Adhering to the directives of the Permanent Secretary, PO-RALG, through letter Ref. No. EB.175/369/01/73 dated 27/02/2025 regarding the implementation of the Digital Economy Strategy for Tanzania; and
- vii. Overseeing the use of the enhanced O&OD (Opportunities and Obstacles to Development) system of 2019 in planning and budgeting;

#### **4.4.2 Local Government Authorities**

73. During the preparation of Plan and Budget, Accounting Officers of Local Government Authorities are directed to take the following into consideration:

- i. Allocating local revenue funds for development projects and recurrent expenditures in accordance with the council categories as per the guidelines from the Office of the Prime Minister – Regional Administration and Local Government (PMO-RALG).
- ii. Prepare and include in the plan and budget the revenue and expenditure estimates for Wards, Villages/Streets, and service delivery facilities;
- iii. Adhere to the directives of the Permanent Secretary PMO-RALG through the letter Ref. No. EB.175/369/01/73 dated 27/02/2025 regarding the implementation of the Digital Tanzania Economic Strategy;
- iv. Allocate budget to complete stalled projects, particularly incomplete structures (boma) initiated by community efforts. Furthermore, the establishment of new structures should be based on a thorough assessment of community needs and their capacity to complete them;
- v. Allocate a budget for the implementation of new development projects in line with the National Public Investment Management Manual 2025 and

- the Manual for the Implementation and Management of Revenue Generating Projects in Local Government Authorities 2025;
- vi. Allocate, disburse, and manage loans for entrepreneurship groups of women, youth, and persons with disabilities in accordance with Section 37A of the Local Government Finance Act, Cap 290;
  - vii. Allocate budget for the construction of education, health, and commercial infrastructure in multi-store designs to promote optimal land use;
  - viii. Allocate budget for identifying, organizing, and registering small-scale traders (informal vendors) in designated areas, including the construction and rehabilitation of business infrastructure;
  - ix. Councils with outstanding loan obligations for land surveying, planning, and titling projects must allocate funds to repay those loans to the Ministry of Lands, Housing, and Human Settlements Development;
  - x. Allocate budget for project preparation activities before implementation, in order to ensure effective and productive projects;
  - xi. Allocate budget for the construction, completion, and renovation of administrative buildings for Council, Ward, and Village/Street offices;
  - xii. Allocate not less than 200,000 shillings from the Council's own source revenues every quarter to support the operations of each Ward and Village/Street office. Additionally, Councils collecting less than 1.5 billion shillings in own source revenue are required to allocate at least 100,000 shillings per Ward and Village/Street every quarter;
  - xiii. Continue allocating 100,000 shillings per month for responsibility allowance of Ward Executive Officers;
  - xiv. Allocate budget for installation of the Centralized Government of Tanzania Health Operations Management Information System (GoT-HoMIS) in Local Government Authorities at health facilities where the system has not yet been installed;
  - xv. Allocate budget through own source revenues to contribute to the Local Government Loans Board, in line with the Local Government Finance Act, Cap 290;
  - xvi. Councils that have received loans from the Local Government Loans Board should allocate funds from their own source revenues for repayment;
  - xvii. Allocate budget for the distribution and spraying of malaria larvicide (bio-larvicides) produced by the TBPL factory in Kibaha;
  - xviii. Adhere to the 2024 Guidelines on the Establishment and Management of Special Purpose Companies for Managing Investment Projects in Local Government Authorities;
  - xix. Follow the 2022 National Guideline on Carbon Trading to enhance revenue in Local Government Authorities;
  - xx. Allocate budget to promote the use of clean energy;
  - xxi. Allocate budget for the implementation of social welfare activities;

- xxii. Oversee and implement the preparation of Corporate Social Responsibility (CSR) plans using the 2023 Regulations on the Responsibilities of Mining License Holders to Communities and the 2025 National CSR Guidelines for Companies and Institutions;
- xxiii. Allocate budget for District Committees on legal aid, ethics, legal support services, and the Second National Plan to End Violence Against Women and Children (MTAKUWWA-II) for the years 2024/25 – 2028/29;
- xxiv. Allocate budget to facilitate by-elections for Local Government leadership positions; and
- xxv. Use the improved 2019 Opportunities and Obstacles to Development (O&OD) system in planning and budgeting. Furthermore, village priorities included in the Council’s budget should stem from community efforts, including budgeting for capacity building for O&OD Coordinators and Ward-level facilitators.

#### **4.4.3 Sectoral Directives in Local Government Authorities**

- i. Allocate budget for improving the teaching and learning environment in primary and secondary schools in accordance with the 2014 Education and Training Policy, 2023 Edition;
- ii. Prepare, verify, and submit statistics to PMO-RALG to facilitate budget allocation for Primary and Secondary Education by 31st December, 2025;
- iii. Allocate budget for the purchase of medicines, equipment, medical supplies, reagents, and vaccines for health service delivery centres, and also allocate 1,000 shillings per child under five years of age to strengthen nutrition services;
- iv. Continue allocating budget to promote private sector participation in economic and social activities;
- v. To allocate and restore the budget for revenue from agricultural produce (20 percent), livestock (15 percent) and fisheries (5 percent) to improve and develop these sectors;
- vi. Promote urban planning and effective land use in villages, develop emerging small towns, and formalize unplanned settlements; and
- vii. Allocate budget for the management and development of natural resources, heritage sites, and the environment.

#### **4.4.4 Public Sector Reform Programmes**

74. The government continues to implement various Programmes for improvement in the public sector to keep pace with economic, social, scientific and technological changes. Thus, the Accounting Officers are directed to prioritize and allocate a budget for the continued implementation of the following Programmes:

- i. Improvements in the Public Service Phase Three (2021-2026) to ensure that the Public Service delivers services efficiently and productively;

- ii. Business and Investment Environment Improvement Plan Phase Two 2026 – 2030 (MKUMBI II) with the aim of improving the business and investment environment in the country by eliminating challenges in investment and business procedures;
- iii. Regional Governance and Local Government Authorities Strengthening Programme (2020/21 – 2029/30) to improve the economic and social services provided to citizens by reforming the operation and accountability of Local Government Authorities, enhancing the decentralisation of Power, promoting the Economy and changing attitudes;
- iv. Public Finance Management Improvement Programme Phase Six (2022/23 – 2026/27) for developing and improving the management of Public resources to provide better services to citizens; and
- v. Agricultural Sector Development Programme Phase Two (ASDP II, 2023/2024 – 2029/2030) with the aim of developing the country's Agricultural Sector.

#### **4.5 Other Important Issues to Consider in Planning and Budgeting**

75. In addition to the general and specific directives provided, other important issues that should be considered include: Union matters; regional and international cooperation; construction of the Government City and Public Institutions in Dodoma; Blue Economy; Digital economy; disability issues; gender issues; environment; nutrition interventions; HIV/AIDS, mental health, and non-communicable diseases; Combating Corruption; Fight Against Drug Abuse; Public Private Partnership; Economic empowerment; Criminal Justice Issues; Africa Cup of Nations (AFCON) tournament; and Dira 2050.

##### **4.5.1 Union matters**

76. Accounting Officers of Ministries, Independent Departments, Agencies, Institutions and Public Corporations are instructed to:

- i. Mainstream Union matters into plans and budgets as outlined in the First Schedule of the Constitution of the United Republic of Tanzania of 1977;
- ii. Allocate budget for meetings aimed at strengthening cooperation between Ministries/Departments and Government Institutions of the United Republic of Tanzania and the Revolutionary Government of Zanzibar;
- iii. Allocate budget for monitoring the implementation of Union matters and strengthening the functioning of Union Institutions on both sides of the Union; and
- iv. Allocate fund for Union development projects and ensure that such projects are implemented on both sides of the Union. In addition, Ministries must prepare and submit to the Vice President's Office reports on the implementation of these projects twice a year (January and July).

#### **4.5.2 Regional and International Cooperation**

77. In strengthening regional and international development cooperation, Accounting Officers are instructed to:

- i. Adhere to the Development Cooperation Framework (DCF) 2017/18 – 2029/30 together with its work plan;
- ii. Continue observing protocols, treaties, and agreements between Tanzania and other countries, as well as regional agreements including the African Union (AU), the Southern African Development Community (SADC), the East African Community (EAC), and International Organizations;
- iii. Submit to the Ministry of Finance the estimates of fees and contributions for Tanzania’s membership in regional and international institutions within the first week of December 2025, for inclusion in the budget;
- iv. Fully utilize opportunities available in bilateral, regional, and international agreements for the benefit of the Nation, taking into account economic diplomacy; and
- v. Allocate budget to finance the implementation of indicators identified by Development Partners as criteria for providing budgetary support, thereby enabling the country to meet the requirements for accessing such funds.

#### **4.5.3 Construction of the Government City and Public Institutions in Dodoma**

78. Accounting Officers are instructed to take into account the requirements for the construction of infrastructure and offices of Ministries and Institutions in the Government City and Dodoma Capital City. This includes considering the payment of debts and claims of contractors and consultants, as well as the costs of office furniture.

#### **4.5.4 Blue Economy**

79. Accounting Officers in sectors related to the Blue Economy are instructed to continue implementing the National Blue Economy Policy of 2024 and the National Strategy for the Implementation of the Blue Economy Policy 2024 - 2034, taking into account the following:

- i. Continue allocating budget for the implementation of Blue Economy to ensure that activities are carried out effectively, and submit implementation reports to the Vice President’s Office semi-annually; and
- ii. Continue utilizing financial opportunities available through various agreements and protocols related to the Blue Economy in implementing Blue Economy projects and programs.

#### **4.5.5 Digital Economy**

80. Accounting Officers are instructed to implement the National Digital Economy Strategy 2024–2034, taking into account the following:

- i. Allocate budget for the establishment of an integrated sectoral system and ensure interoperability with other systems;
- ii. Ensure that systems providing services to citizens are connected to the national identification system (Jamii Number);
- iii. Ensure that citizen service delivery centers are connected to the internet to improve service delivery;
- iv. Allocate budget for the preparation of digital usage guidelines for sectors;
- v. Allocate budget for providing education/training on ICT security and usage for sectors; and
- vi. Involve the private sector to enable innovation and technology, and to accelerate the installation of digital systems and infrastructure.

#### **4.5.6 Persons with Disabilities**

81. Accounting Officers are instructed to continue adhering to the National Policy on Disability of 2004 and the Persons with Disabilities Act, Cap. 183, particularly by:-

- i. Ensuring that budget for construction and rehabilitation of infrastructure take into account the needs of Persons with Disabilities;
- ii. Complying with directives of the Guidelines for Implementation, Inclusion, and Strengthening of Services for Persons with Disabilities (2022);
- iii. Allocating budget for providing community education on issues concerning Persons with Disabilities; and
- iv. Allocating budget resources to cater for the needs of public servants with disabilities, in line with the Guidelines on Services for Public Servants with Disabilities (2008).

#### **4.5.7 Gender Responsive Budgeting**

82. The Government is undergoing budgetary reforms for strengthening gender equality, in line with Sustainable Development Goal No. 5 (SDGs); Dira 2050; and the National Gender and Women's Development Policy (2023). The concept of gender-responsive budgeting aims to strengthen and ensure that all groups are appropriately considered in the plans and budgets of every Ministry, Independent Department, Government Agency, Institution, Region, and Local Government Authority.

83. In the 2026/27 budget, the Government will commence the implementation of Gender Responsive Budgeting (GRB) across nine pilot Ministries that have received training. These Ministries are: Agriculture; Education, Science and Technology; Constitution and Legal Affairs; Water; Health; Communication and Information Technology; Livestock and Fisheries; Industry and Trade; and Home Affairs. In addition, GRB will be applied in Geita and Singida Regions, as well as in Tandahimba and Chalinze District Councils. Accounting Officers are instructed to take into account the following:

- i. Conduct gender analysis in order to identify gender gaps in access to and use of resources, and to allocate funds for interventions aimed at reducing such gaps;
- ii. Pilot Institutions shall prepare and submit to the Ministry of Finance a Gender Budget Statement (GBS) in February 2026, in accordance with Annex No. 1G, to facilitate the preparation of GBS which will form part of the Government's main budget;
- iii. Prepare and implement plans that take into account gender-disaggregated data, for easier measurement of outcomes;
- iv. Allocate budgets for training on the preparation of gender-responsive plans and budgets, in order to promote gender equality and build an inclusive society; and
- v. Implement the Second National Action Plan to End Violence Against Women and Children (MTAKUWWA II 2024/25 – 2028/29).

#### 4.5.8 Environment and Climate Change

84. Accounting Officers are instructed to take into account of climate change issues in the preparation and implementation of plans and budgets, including:

- i. Allocate budget under **Objective X**, in line with Dira 2050 priorities, including international plans and agreements to which the country is committed for addressing climate change issues, such as the Nationally Determined Contribution (NDC 3.0, 2025–2035);
- ii. Continue implementing the National Environmental Master Plan for Strategic Interventions (2022–2032), together with the National Climate Change Strategy, to enhance efficiency in addressing environmental conservation and climate change;
- iii. Continue implementing the National Strategy for the Use of Clean Cooking Energy (2024–2034), by attracting investment and increasing the use of clean energy in institutions serving more than 100 people;
- iv. Continue implementing the Carbon Trading Guidelines of 2022 and encourage institutions to prepare proposals for utilizing carbon trading opportunities, to increase government revenue while conserving the environment;
- v. Provide education and promote community awareness to enhance national benefit from carbon trading opportunities;
- vi. Strengthen efforts in developing projects and utilizing opportunities for accessing funds from international environmental and climate change financing mechanisms (GEF, AF, LDCF, GBFF, UNCDF, and the Loss and Damage Fund);
- vii. Develop innovative approaches to facilitate access to financing from international development banks, the private sector, and domestic financial sources for environmental and climate change projects/programs;

- viii. Identify and assign specific codes to programs and activities within Ministries related to environment and climate change, in line with Objective X, and submit them to the Ministry of Finance; and
- ix. Continue integrating environmental and climate change issues, while ensuring gender equality is considered in strategies for adaptation and mitigation of climate change impacts during the preparation and implementation of plans and budgets.

#### **4.5.9 Nutrition Interventions**

85. Accounting Officers are instructed to continue allocating budget for nutrition interventions under **Objective Y**, for the implementation of nutrition initiatives including: Providing community awareness to address the problem of overweight, obesity, and the importance of proper food utilization to improve nutritional status; strengthening the involvement of various sectors including private sector; increasing access to quality nutrition services at the community level and service delivery facilities; and financing coordination, monitoring, and evaluation of activities regarding the implementation of nutrition interventions at all levels.

#### **4.5.10 HIV and AIDS and Non-Communicable Diseases (NCDs)**

86. Accounting Officers are instructed:
- i. Implement the National Policy on HIV/AIDS 2001 and the HIV/AIDS (Prevention and Control) Act, Cap 431;
  - ii. Allocate budget and observe the directives of Public Service Circular No. 2 of 2014 concerning the control of HIV, AIDS, and Non-Communicable Diseases in the workplace within the Public Service;
  - iii. Allocate budget for the implementation of the National Strategic Plan for the Prevention and Control of Non-Communicable Diseases 2021–2026; and
  - iv. Allocate budget to implement interventions to address mental health challenges and provide psychosocial support for public servants;

#### **4.5.11 Combating Corruption**

87. Accounting Officers are instructed to allocate budgets for overseeing the implementation of the National Anti-Corruption Strategy and Action Plan Phase Four (NACSAP IV) 2023/24–2029/30 and its interventions, as well as to strengthen the use of ICT in the delivery of public services. Furthermore, they are directed to enhance collaboration with Non-Governmental Organizations in the implementation of the Strategy. In addition, they are encouraged to submit implementation reports of the Strategy through the e-Maboresho system.

#### **4.5.12 Fight Against Drug Abuse**

88. Accounting Officers are instructed to continue adhering the National Policy on the Control and Fight Against Drug Abuse of 2024, the Drug Control and Enforcement Act, Cap 95, and the directives of the 2022 Guidelines on Providing Education Regarding the Problem of Drug Abuse in the Country.

#### **4.5.13 Public Private Partnership**

89. In attracting the private sector to contribute resources (finance, technology, and expertise) through the PPP mechanism, Accounting Officers are instructed to take into account the following;

- i. Observe the Public–Private Partnership Act, Cap 103, the Budget Act, Cap 439, and the 2025 Public Investment Management Guidelines regarding development projects implemented under the Public–Private Partnership (PPP) arrangement;
- ii. Establish and allocate budget for strengthening the performance of PPP Node and PPP desks;
- iii. Allocate budget for capacity building of officers responsible for identification, preparation, and management of PPP projects at sectoral, regional, and local government levels;
- iv. Allocate budget for awareness creation on the concept and importance of using PPP arrangement;
- v. Complete the preparation of existing projects to accelerate implementation;
- vi. Government Agencies, Independent Departments, Institutions, and Public Organizations should identify and prepare not less than four (4) projects that can be implemented under PPP arrangement and submit them to the Ministry of Finance after obtaining approval from the National Planning Commission;
- vii. Local Government Authorities, in collaboration with Regional Commissioners’ Offices, should identify and prepare not less than three (3) projects that can be implemented under the PPP arrangement and submit them to the Ministry of Finance after obtaining approval from PMO-RALG and the National Planning Commission; and
- viii. Allocate budgets for project preparation, taking into account the size and type of the project. Furthermore, for PPP projects requiring subsidies during implementation, budgets shall be allocated in accordance with the annual subsidy requirements.

#### **4.5.14 Opportunities and Data on Generated Employment**

90. In achieving the goals identified in development plans regarding the production and availability of accurate employment information, Accounting Officers are instructed to take into account the following:

- i. Coordinate the availability of opportunities and jobs created in both public and private sectors, including overseas employment;
- ii. Register in the National Electronic Labour Market Information System through [www.nlmis.go.tz](http://www.nlmis.go.tz);
- iii. Input employment projections to be created from the implementation of their budgets, programs, and projects through the National Electronic Labour Market Information System; and

- iv. Complete Forms No. 15A and 15B and upload them into the National Electronic Labour Market Information System on a quarterly basis;

#### **4.5.15 Economic empowerment**

- 91. Accounting Officers are instructed to take into account the following:
  - i. National Economic Empowerment Policy of 2004 and the National Economic Empowerment Act, Cap 386;
  - ii. Allocate budget to promote awareness on opportunities available in projects that can be implemented by citizens;
  - iii. Provide preferential treatment to indigenous people, special groups, and locally produced or extracted goods, as well as to domestic companies in public procurement, in accordance with the Public Procurement Regulations of 2024;
  - iv. Allocate budget for enabling infrastructure to strengthen practical training, including the purchase of equipment, machinery, technology, and teaching tools, with the aim of aligning with current labor market demands;
  - v. Comply with laws and guidelines regarding the implementation of economic empowerment interventions and submit reports to Prime Minister's Office – Policy, Parliament and Coordination; and
  - vi. Establish an enabling environment to facilitate access to affordable loans for local contractors and suppliers for the implementation of development projects.

#### **4.5.16 Criminal Justice Issues**

- 92. Accounting Officers involved in the Criminal Justice chain are instructed to prioritize the implementation of the recommendations of the Criminal Justice Commission by allocating funds and executing plans and strategies for the implementation of those recommendations. Additionally, they are also instructed to implement the following:
  - i. Allocate budget for capacity building of employees responsible for criminal justice to promote effectiveness and professionalism;
  - ii. Allocate budgets for public awareness on the rights and responsibilities of every citizen within the criminal justice chain for the promotion of good governance in the country;
  - iii. Oversee and strengthen ICT infrastructure and systems to enable institutions within the criminal justice chain to continue exchanging information and improving performance;
  - iv. Continue strengthening collaboration with the private sector to accelerate and enhance the implementation of the recommendations of the Criminal Justice Commission;
  - v. Implement reform programs and coordinate legal amendments to improve the performance of criminal justice institutions and the justice delivery system in the country;

- vi. Strengthen and promote the use of the coordination and management system for implementing the recommendations of the Criminal Justice Commission;
- vii. Prepare and implement strategies for identifying and preventing crime in line with the mandates of the institutions; and
- viii. Institutions involved in the criminal justice chain should submit quarterly reports on the implementation of the recommendations of the Criminal Justice Commission through the e-Maboresho system.

#### **4.5.17 Africa Cup of Nations (AFCON) Tournament**

93. Accounting Officers in sectors involved in the preparations for AFCON are directed to allocate budget for;

- i. Construction of core infrastructure for the tournament, including stadiums and training grounds;
- ii. Construction of enabling infrastructure, including roads, water, electricity, and communications;
- iii. Preparation of a special strategy to ensure the Nation benefits from business and tourism opportunities in collaboration with the private sector;
- iv. Provision of quality health services;
- v. Preparation of the National Team; and
- vi. Strengthening peace and security.

#### **4.5.18 Dira 2050**

94. In ensuring that Dira 2050 is fully implemented, including aligning it with national plans and strategies, Accounting Officers are instructed to implement the following:

- i. Allocate budget for conducting reviews and evaluations of policies, laws, plans, strategies, and guidelines to align with Dira 2050;
- ii. Prepare tools for measuring performance outcomes in accordance with the goals of Dira 2050;
- iii. Strengthen the monitoring and evaluation system;
- iv. Engage the private sector in the implementation of Dira 2050; and
- v. Provide public awareness and strategic communication regarding Dira 2050.

#### **4.6 Monitoring, Evaluation, and Reporting on Plans and Budgets Implementation**

95. In carrying out monitoring, evaluation, and reporting on the implementation of plans and budgets, Accounting Officers are instructed to observe the following:

- i. Allocate budget and build capacity of monitoring and evaluation to experts, including knowledge transfer to new employees;

- ii. Embed monitoring and evaluation costs within development project budget to ensure effective implementation and value for money;
- iii. Prepare the Monitoring and Evaluation Plan in alongside with the institutional Work Plan and Cash Flow through the NPMIS, CBMS, and Plan-Rep systems;
- iv. Submit quarterly implementation reports to the Ministry of Finance within 30 days after the end of each quarter in accordance section 55(4) of the budget Act, Cap.439;
- v. Submit development project monitoring, evaluation and implementation report to the National Planning Commission in line the Public Investment Management Guideline 2025;
- vi. Oversee the preparation of monitoring, evaluation, and performance reports in line with the formats specified in the Integrated Monitoring and Evaluation Guidelines (2024) and submit them to the Office of the Prime Minister – Policy, Parliament, and Coordination every quarter and whenever required; and
- vii. Ensure that copies of quarterly and annual implementation reports from Regional Secretariats and Local Government Authorities are submitted to the Prime Minister’s Office – Regional Administration and Local Government (PMO–RALG), while reports from Public Institutions and Agencies/Parastatals are submitted to the Office of Treasury Registrar, with copies sent to the parent Ministry.