

THE UNITED REPUBLIC OF TANZANIA



MINISTRY OF FINANCE

**THE BUDGET EXECUTION REPORT FOR THE FINANCIAL YEAR 2023/24
(JANUARY - MARCH 2024)**

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MAY 2024

LIST OF ABBREVIATIONS

BoT	-	Bank of Tanzania
DSA	-	Debt Sustainability Analysis
EFD	-	Electronic Fiscal Device
GDP	-	Gross Domestic Product
LGAs	-	Local Government Authorities
MDAs	-	Ministries Departments and Agencies
PAYE	-	Pay as You Earn
REA	-	Rural Electrification Agency
SDL	-	Skills Development Levy
TRA	-	Tanzania Revenue Authority
USD	-	United States Dollar
VAT	-	Value Added Tax

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Executive Summary

During the fourth quarter (October – December) of 2023, the economy registered a real GDP growth of 4.6 percent compared to 3.6 percent in a corresponding quarter of 2022. During the same period, headline inflation remained steady at 3.0 percent compared to 4.8 percent recorded in the similar period in 2022/23. This stability is attributed to an ample domestic food supply and reduced inflation from imports, driven by moderation in global market prices.

During the third quarter of 2023/24, total domestic revenue collection (including LGAs own source) amounted to 7,273.6 billion shillings, which was 13.5 percent higher than 6,406.4 billion shillings collected in the corresponding period in 2022/23. On cumulative basis, for the first three quarters of 2023/24, total amount collected was 22,029.3 billion shillings against the target of 23,196.9 billion shillings, equivalent to 95.0 percent, and an increase of 11.1 percent when compared with the amount collected in the same period in 2022/23.

Government spending for the third quarter totaled 10,215.1 billion shillings, equivalent to 96.4 percent of the target of 10,597.0 billion shillings. Recurrent expenditure amounted to 7,078.8 billion shillings while development expenditure was 3,136.2 billion shillings. Cumulative expenditure performance amounted to 31,938.0 billion shillings against a target of 32,783.4 billion shillings, equivalent to 97.4 percent

During the third quarter of 2023/24, grants received were 201.1 billion shillings, equivalent to 60 percent of the estimated amount of 332.5 billion shillings. For the period of July 2023 to March 2024, grants received were 453.6 billion shillings, equivalent to 54 percent of the estimated amount of 838.8 billion shillings. Out of the total grants received, General Budget Support grants were 20.8 billion shillings, Project Grants were 359.1 billion shillings, Basket Funds were 73.7 billion shillings.

Total financing during the third quarter of 2023/24 was 1,463.2 billion shillings against the target of 2,410.4 billion shillings, which was 61 percent of the target. For the first three quarters of 2023/24, total financing was 4,632.7 billion shillings against the target of 5,414.0 billion shillings. Out of the total financing, total foreign net financing was a borrowing of 3,624.2 billion shillings and total domestic net financing was a borrowing of 1,008.4 billion shillings.

As at end March 2024, debt stock was 91,708.33 billion shillings compared to 77,010.45 billion shillings in the corresponding period in 2023. The increase in the Central

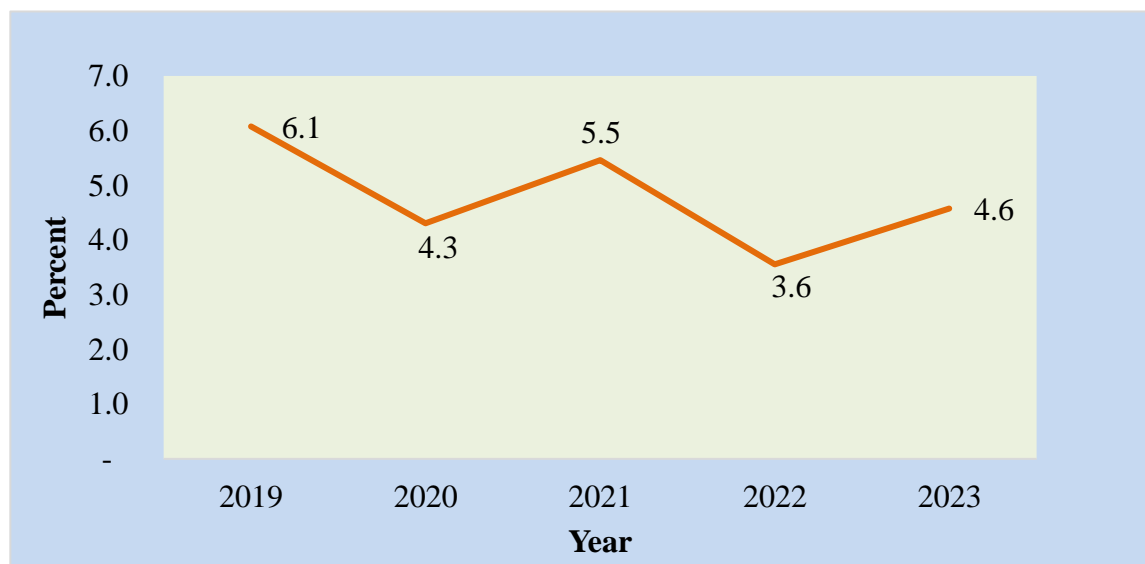
Government debt stock was due to Government borrowing to finance development projects. Out of the Central Government debt stock, domestic debt amounted 30,753.79 billion shillings and external debt amounted 60,954.55 billion shillings.

1.0 RECENT MACROECONOMIC PERFORMANCE

1.1 Real GDP Growth

During the fourth quarter of 2023 (October - December), Gross Domestic Product (GDP) at current prices increased to 51.2 trillion shillings from 46.1 trillion shillings in the corresponding quarter in 2022. In addition, the real GDP at 2015 constant prices increased to 39.9 trillion shillings in the fourth quarter from 38.1 trillion shillings recorded in the same period in 2022, equivalent to a growth of 4.6 percent compared with the growth of 3.6 percent registered in the corresponding quarter in 2022. The trend of GDP growth is indicated in **Chart 1.1**.

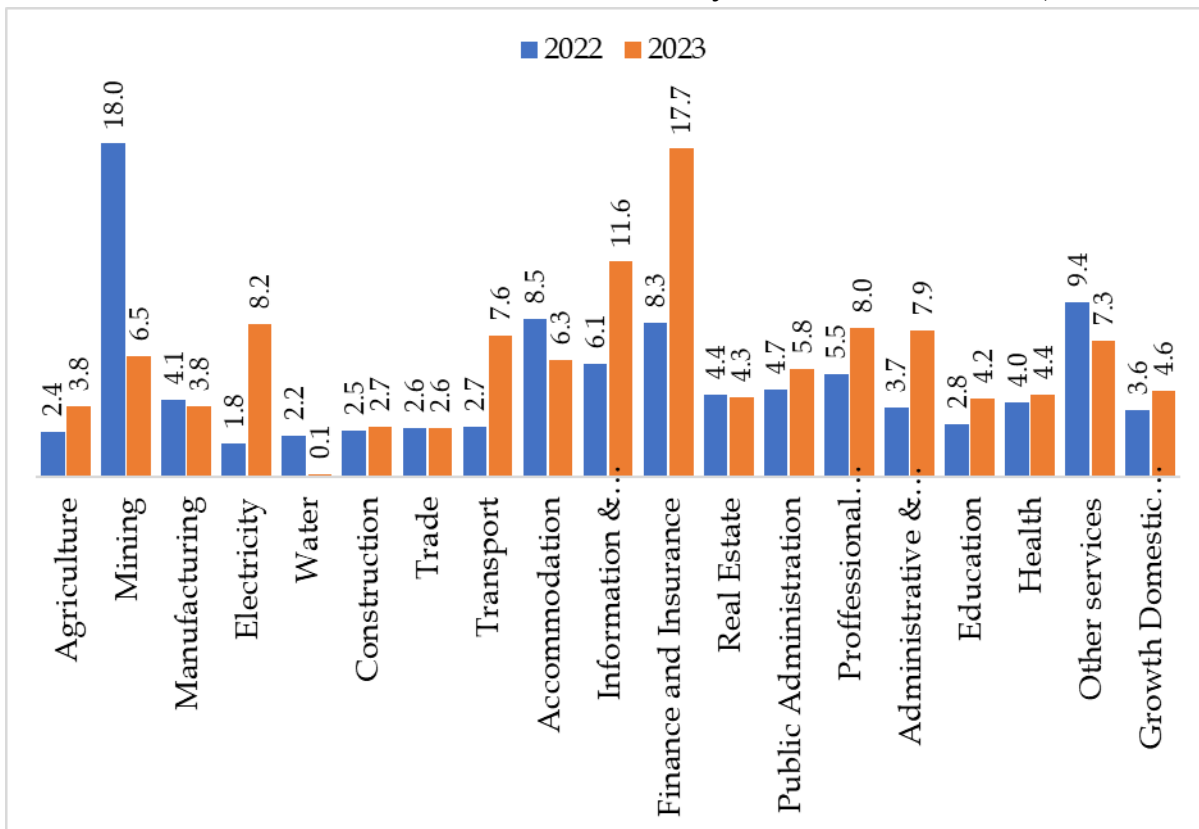
Chart 1.1: Trend of GDP Growth for the Fourth Quarters (October to December), 2019 to 2023



Source: National Bureau of Statistics

During the fourth quarter (October to December) of 2023, sectors that recorded high growth included: Financial and Insurance (17.7 percent); Information and Communication (11.6 percent); Electricity (8.2 percent); Professional, Scientific and Technical Services (8.0 percent); and Administrative Services (7.9 percent). Other economic activities include Arts, Entertainment and Recreation (7.3 percent); Accommodation (6.7 percent); Mining and Quarrying (6.5 percent); and Transport and Storage (6.3 percent). The trend of growth in economic activities for the fourth quarters from 2022 to 2023 is reflected in **Chart 1.2**.

Chart 1.2: Growth Rates for the Fourth Quarter by Economic Activities (2022 to 2023)

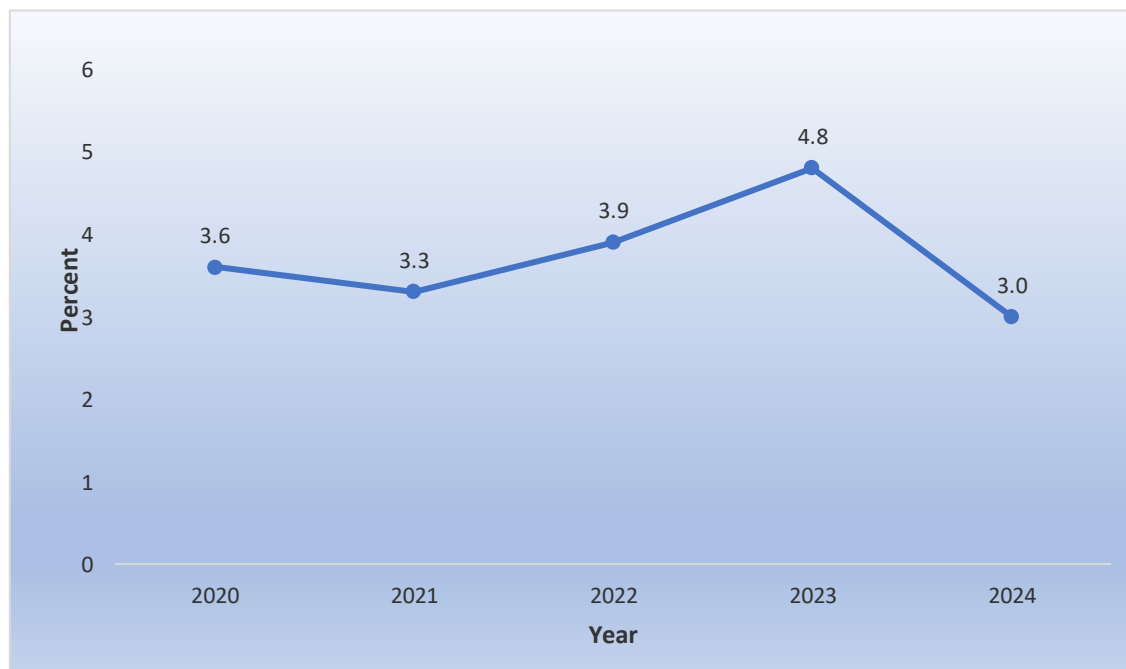


Source: National Bureau of Statistics

1.2 Inflation Development

During the third quarter of 2023/24, headline inflation remained steady at 3.0 percent compared to 4.8 percent recorded in the similar period in 2022/23, this is consistent with the country’s medium-term target of 3.0 – 5.0 percent, as well as benchmarks of the East African Community of not more than 8.0 percent and SADC benchmarks of between 3.0 and 7.0 percent. This stability is attributed to an ample domestic food supply and reduced imported inflation, driven by a moderation in global market prices. **Chart 1.3** presents the trends of inflation.

Chart 1.3: Trend of Headline Inflation from (January to March), 2020 to 2024



Source: Ministry of Finance

1.3 External Trade

During the quarter ending March 2024, the current account recorded a deficit of USD 625 million, compared to a deficit of USD 820.8 million in the corresponding quarter in 2022. This was mainly associated with the decrease in import bill. As a result, foreign exchange reserves increased to USD 5,327.1 million at the end of the quarter, from USD 5,012.5 million in the similar period in 2023. During the period under review reserves remained adequate, covering 4.5 months of projected imports of goods and services, in line with the country and EAC benchmarks of 4 and 4.5 months.

During the quarter ending March 2024, the value of goods exports rose by 2.1 percent to USD 1,690.3 million from the corresponding quarter of 2023. Much of the increase was registered in traditional exports, which rose to USD 233.6 million from USD 156.0 million, supported by exports of tobacco, cloves and cotton. Tobacco exports increased by 207.6 percent, Cloves (110 percent) and cotton (71.5 percent). During the review period, service receipts decreased by 15.5 percent to USD 55.2 million as compared to the same quarter in 2023.

During the quarter ending March 2024, imports of goods (f.o.b) rose to USD 3,246.8 million, as compared to USD 3,207.7million recorded in the corresponding quarter in 2023, largely driven by consumer and intermediate goods. Service payment during the period increased by 50.5

percent to USD 482.6 million, from the amount registered in a similar quarter in 2021, in line with increase in import.

1.4 Money Supply and Credit

In the quarter ending December 2024, extended broad money supply (M3) registered an average growth of 13.2 percent compared to a growth of 13.4 percent in similar period in 2023. In addition, broad money supply (M2) and narrow money (M1)2 grew by 11.4 percent and 10.0 percent compared to 12.7 percent and 8.4 percent in a quarter ending December 2023, respectively. During the quarter under review, growth of credit to private sector averaged at 17.0 percent compared to a growth of 22.8 percent recorded during the similar period in 2023.

1.5 Interest Rates Development

In the quarter ending March 2024, the overall lending rate decreased to 15.44 percent from 16.03 percent in the corresponding period in 2023. Likewise, one-year lending rate declined to 16.03 percent from 17.07 percent in the quarter ending March 2019. The overall time deposit interest rate and 12-months deposit rate decreased to an average of 7.45 percent and 9.05 percent in the quarter ending December 2024 compared to 7.12 percent and 8.46 percent in the corresponding period of 2023 respectively.

1.6 Exchange Rate

During the quarter ending March 2024, the value of the shilling averaged at shillings 2,527.58 per USD compared to shilling 2,309.82 per USD traded in the corresponding period in 2023, representing an average depreciation of 9.4 percent, owing to moderate current account deficit, low and stable domestic inflation.

2.0 GOVERNMENT OPERATIONS

2.1 Domestic Revenue

In the period ending March 2024, the Government persisted in implementing diverse strategies to meet the revenue target established for the fiscal year 2023/24. During the third quarter of 2023/24, total domestic revenue collection (including LGAs own source) amounted to 7,273.6 billion shillings, which was 13.5 percent higher than 6,406.4 billion shillings collected in the corresponding period in 2022/23. On cumulative basis, total amount collected from July 2023 to March 2024 was 22,029.3 billion shillings against the target of 23,196.9 billion shillings, equivalent to 95.0 percent and an increase of 11.1 percent when compared with the amount collected in the same period in 2022/23. Out of the amount, collection from Tanzania Revenue Authority (TRA) was 19,431.2 billion shillings against the target of 19,940.5 billion shillings, equivalent to 97.5 percent. Non tax revenue collected by MDAs was 1,749.9 billion shillings, equivalent to 72.8 percent of the target of 2,404.7 billion shillings and collection from LGAs own source was 848.1 billion shillings against the target of 851.7 billion shillings, equivalent to 99.6 percent.

2.2 Revenue by Source

2.2.1 Taxes on Imports

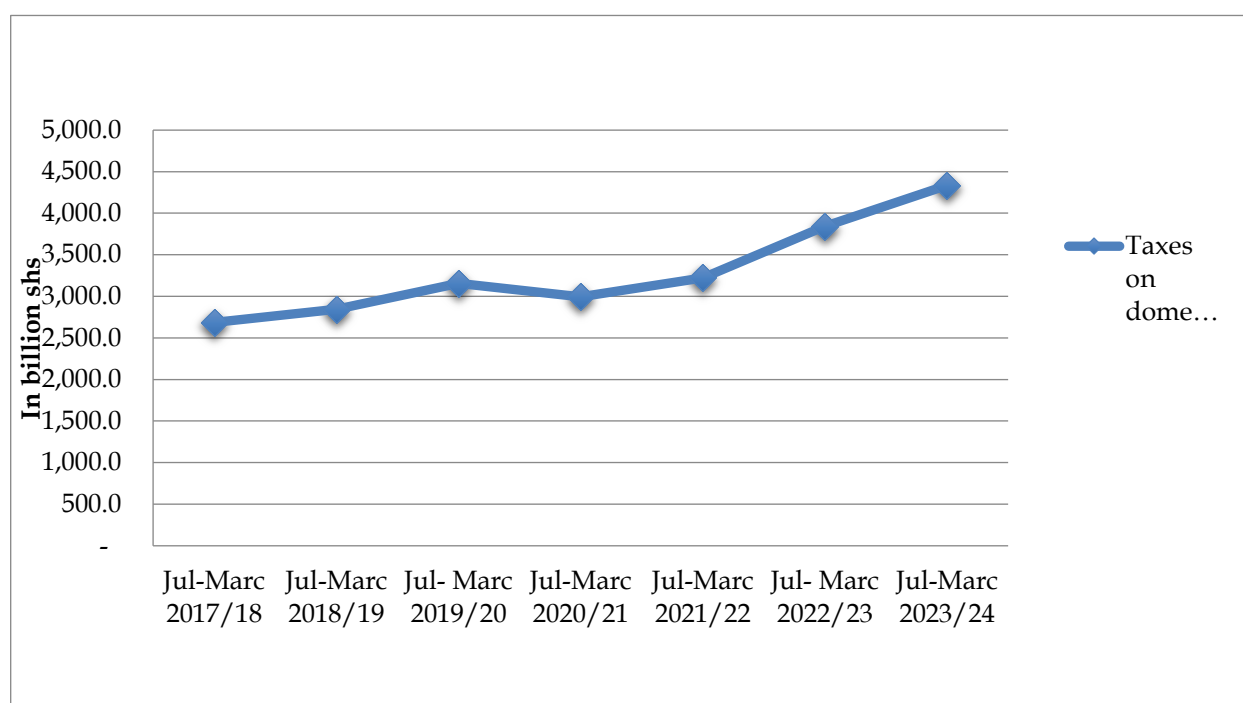
Import taxes and duties collection in the third quarter, amounted to 1,711.5 billion shillings, reflecting a performance of 95.5 percent of estimated 1,587.9 billion shillings, and 7.8 percent higher when compared to collections registered in the similar period in 2022/23. Cumulatively, import taxes and duties collection amounted to 5,317.1 billion shillings, reflecting a performance of 96.1 percent of estimated 5,535.8 billion shillings, and 6.3 percent higher when compared to collections registered in the similar period in 2022/23. The excise on petroleum imports recorded the performance of 899.5 billion shillings, which was 98.7 percent of the planned target of 911.5 billion shillings. Excise on other imports registered performance of 95.4 percent of the target by collecting 250.7 billion shillings. Import duty performed above the target by collecting 1,381.2 billion shillings, equivalent to 98.8 percent of the target and VAT on non-petroleum performed at 94.0 percent of the target by collecting 2,785.8 billion shillings. The underperformance of import taxes and duties was attributed to a decline in the importation of intermediate commodities and the volume of petroleum products.

2.2.2 Taxes on Domestic Sales

In the third quarter of 2023/24, actual tax collection from domestic sales increased by 14.7 percent to 1,442.1 billion shillings from 1,257.4 billion shillings collected in the corresponding period in 2022/23 and equivalent to 87.4 percent of the target of 1,649.7 billion shillings. On

cumulative basis, in the first three quarters of 2023/24 actual tax collection from domestic sales increased by 12.9 percent to 4,336.4 billion shillings from 3,841.8 billion shillings collected in the same period in 2022/23 and 91.5 percent of the target of 4,740.5 billion shillings. Out of the total domestic sales tax, the excise duty was 1,483.3 billion shillings, equivalent to 102.4 percent of the target of 1,448.0 billion shillings while VAT on domestic sales amounted to 2,853.1 billion shillings, which was 86.7 percent of the target and 8.0 percent higher when compared to similar period in 2022/23. The underperformance of VAT on domestic sales was due to a decrease in product demand in the market caused by adverse weather conditions, as well as VAT payments in the mining and quarrying sector. In the third quarter, domestic excise duty recorded 103.3 percent against the target due to increase in production volume of commodities other than spirit, beer, and wines such as soft drinks and excise on money transfers. Chart 2.1 shows the trend of tax on domestic sales for the first three quarters of the financial years (2017/18 – 2023/24).

Chart 2.1: Trend of Tax on Domestic Sales for the Period of July-March (2017/18 to 2023/24)



Source: Tanzania Revenue Authority

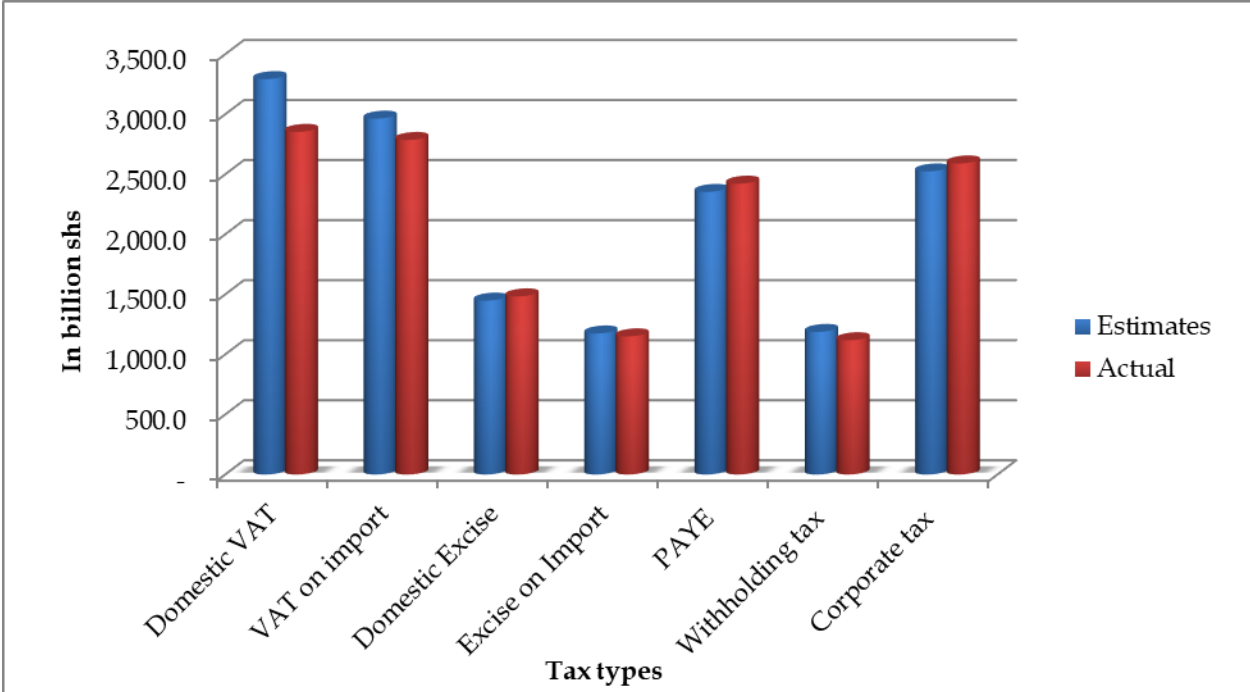
2.2.3 Income Tax

The overall income tax collection during the third quarter of 2023/24 amounted to 2,193.9 billion shillings which was 101.2 percent of the target of collecting 2,168.1 billion shillings, reflecting an increase of 11.8 percent compared to collections registered in the same period in 2022/23. Cumulatively, up to March 2024 income tax collection was 6,674.8 billion shillings, which was 100.2 percent of estimates of 5, 67.8 billion shillings. In the third quarter of 2023/24, PAYE collection was 836.5 billion shillings, equivalent to 110.3 percent of the target and 16.1 percent higher compared to the same period in 2022/23. Cumulatively, during the first three

quarters of 2023/24, PAYE collection was 2,421.8 billion shillings against the target of 2,353.0 billion shillings, signifying the performance of 102.9 percent and higher by 14.5 percent when compared to 2,114.7 billion shillings collected in the corresponding period in 2022/23. The overperformance was due to close follow up of employers to settle their tax obligations on time.

During the third quarter of 2023/24, revenue collection from the corporate tax was 786.5 billion shillings, which was 94.7 percent of the target of 830.4 billion shillings, recorded an increase of 7.3 compared to the similar period in 2022/23. Cumulatively, amount collected from corporate tax was 2,590.3 billion shillings equivalent to 102.6 percent of the target. The reasons for the performance are as follows: collection of provisional tax, close monitoring of the quarter provisional instalment and engagement for payment of tax arrears and increase in corporate paid in financial and insurance activities. During the period ending March 2024, collection from withholding taxes was 1,118.2 billion shillings against the target of 1,187.2 billion shillings, equivalent to 94.2 percent and 20.0 percent higher compared to the same period of 2023/24. Revenue performance by major tax items is shown in Chart 2.2.

Chart 2.2: Revenue Performance by Major Tax Item (July 2023 – March 2024)



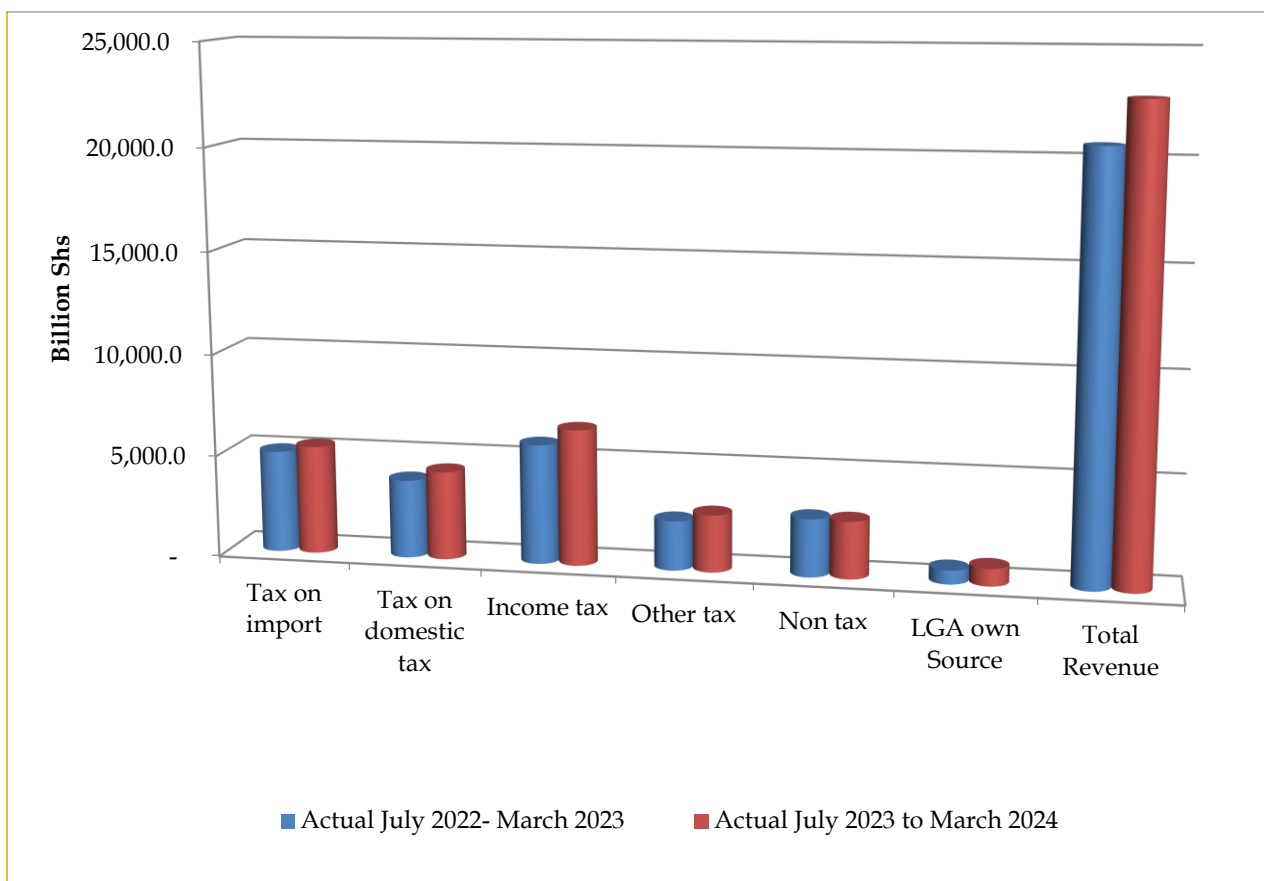
Source: Tanzania Revenue Authority

2.2.4 Other Taxes

During the period (January – March 2024), actual collections from this category amounted to 861.3 billion shillings, which was 99.1 percent of the period estimate of 869.4 billion shillings. On cumulative basis, amount collected from this source was 2,798.8 billion shillings, which

was 104.2 percent of the target of 2,695.0 billion shillings, and an increase of 15.6 percent when compared to the amount collected in the same period in 2022/23. Out of the amount, Fuel Levy and Transit Fee amounted to 1,354.9 billion shillings, equivalent to 119.8 percent of estimates; collections meant for National Water Development Fund was 146.1 billion shillings, which was 94.2 percent of estimates; and collections for Rural Energy Agency (REA) amounted to 310.4 billion shillings, or 96.7 percent of estimates. On the other hand, collections from other sources performed as follows: the Railway Development Fund collected 372.2 billion shillings, equivalent to 98.1 percent of estimates; the Business Skill Development Levy (SDL) recorded 254.8 billion shillings, equivalent to 81.5 percent of estimates; and Departure Service Charges reached 65.6 percent of estimates, amounting to 65.5 billion shillings, which is higher than the 53.4 billion shillings recorded in 2022/23. The overperformance of SDL was attributed to employers closely monitoring the filing of employment taxes and ensuring that every employee has a TIN number. Overperformance of Departure Service Charges was mainly due to an increase in the number of both international and domestic flights following the strengthening of international trade and diplomatic relations. For instance, during the quarter under review the number of inward aircrafts and inward passengers increased by 113.4 percent and 138.2 percent respectively while outward aircrafts and outward passengers increased by 114.6 percent and 136.0 percent respectively when compared with the same period in 2022/23 The trend of revenue performance is indicated in **Chart 2.3**.

Chart 2.3: Revenue Performance (July 2023 to March 2024) Compared to (July 2022 to March 2023)



Source: Tanzania Revenue Authority

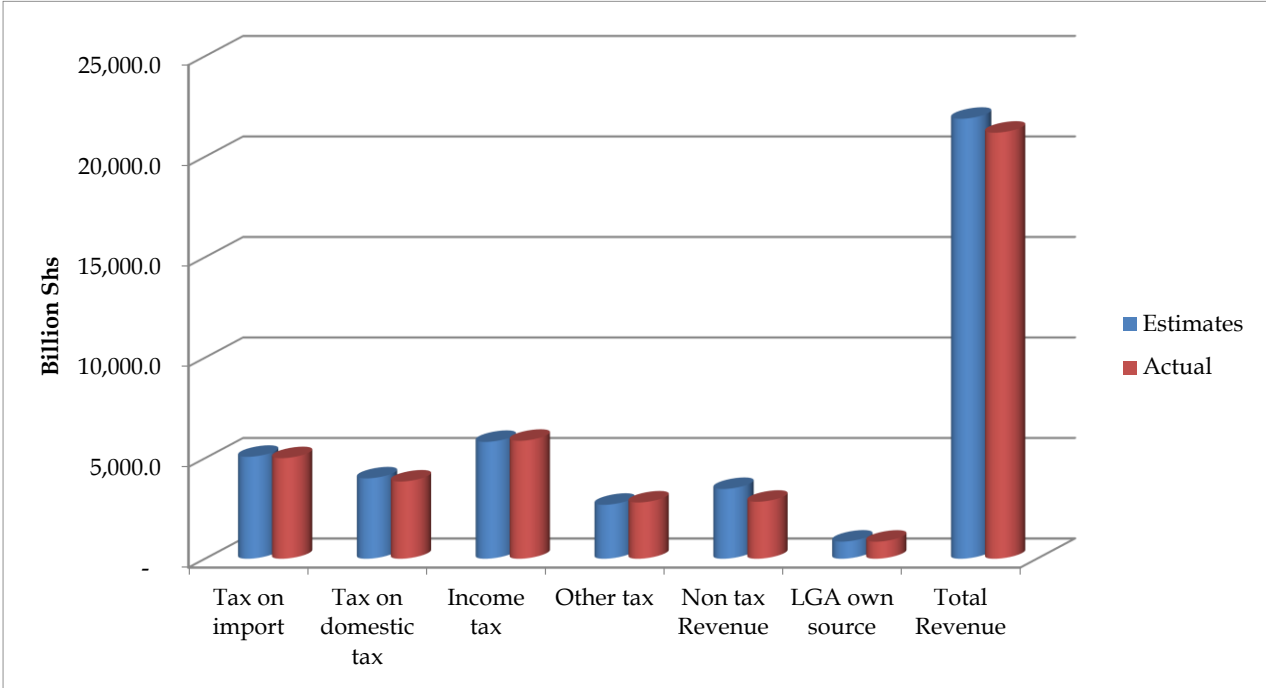
2.2.5 Non Tax Revenue

Collections of non-tax revenue in the third quarter of 2023/24 were 957.6 billion shillings, equivalent to 80.6 percent of quarter estimates of 1,306.2 billion shillings and 9.8 percent higher compared to the same period in 2022/23. For the period of July 2023 to March 2024, collections of non-tax revenue were 2,801.0 billion shillings equivalent to 78.4 percent of period estimates of 3,570.8 billion shillings. Out of the total amount, ministries collected non-tax revenues amounting to 1,344.0 billion shillings, achieving 75.3 percent of the target of 1,785.3 billion shillings. Dividends and contributions from Government Institutions reached 405.9 billion shillings, representing 65.5 percent of the target. Additionally, non-tax revenues collected by TRA (including money transactions levy, billboard fee, property tax, tourism sector, and others) amounted to 1,051.1 billion shillings, equivalent to 90.1 percent of the period's estimates of 1,166.1 billion shillings. The performance of non-tax revenue was largely attributed to some of Institutions or Parastatals fail to pay 15 percent contribution and dividend to the Consolidated Fund timely; existence of properties which are not included in the system to pay the property rate; low compliance in paying land rent and presence of high number of loans beneficiaries in the informal sector.

Collections from LGAs own source in the third quarter of 2022/23, was 284.4 billion shillings,

equivalent to 105.1 percent of estimates. For the first three quarters of 2023/24, LGAs own source recorded 848.1 billion shillings, which was 99.6 percent of the target, and higher by 22.7 percent when compared to same period in 2022/23. Domestic revenue performance up to March 2024 compared to estimates is depicted in Chart 2.4.

Chart 2.4: Domestic Revenue Performance (July 2023 to March 2024) Compared to Estimates



Source: Tanzania Revenue Authority

2.3 Expenditure

Government spending for the third quarter totaled 10,215.1 billion shillings, equivalent to 96.4 percent of the target of 10,597.0 billion shillings. The spending was higher compared to quarter three of 2022/23 where expenditure amounted to 9,488.1 billion shillings.

2.3.1 Recurrent Expenditure

The total recurrent expenditure was 7,077.8 billion shillings equivalent to 99.9 percent of the quarterly target, with a significant portion allocated to priority social spending.

2.3.1.1 Wages and Salaries

A total of 2,504.3 billion shillings was spent on wages and salaries, equivalent to 97.6 percent of the target. Budget execution under this category was subject to Government’s wage bill for the period under review.

2.3.1.2 Debt Service

The Government has continued to service its debt timely whereby for the period under review 2,707.4 billion shillings was released under this category. The amount released includes 1,855.4 billion shillings for principal repayment and 852.0 billion shillings for interest payment.

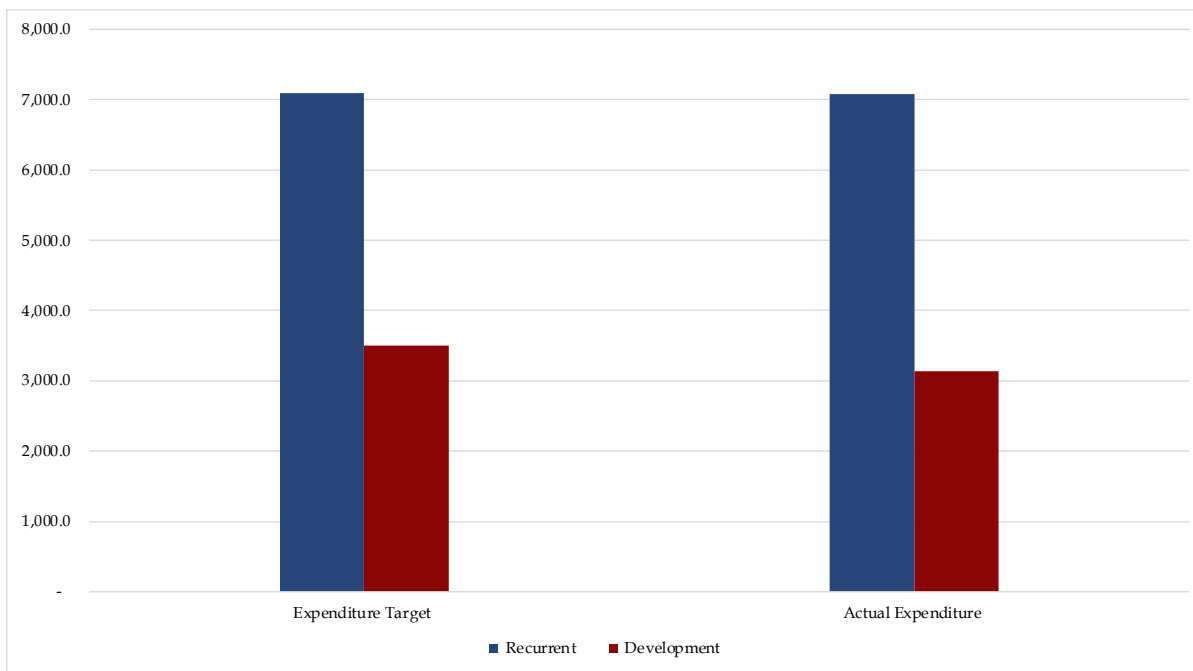
2.3.1.3 Goods, Services and Transfers

The spending under goods, services and transfers amounted to 1,867.1 billion shillings against the target of 1,904.3 billion shillings.

2.3.2 Development Expenditure

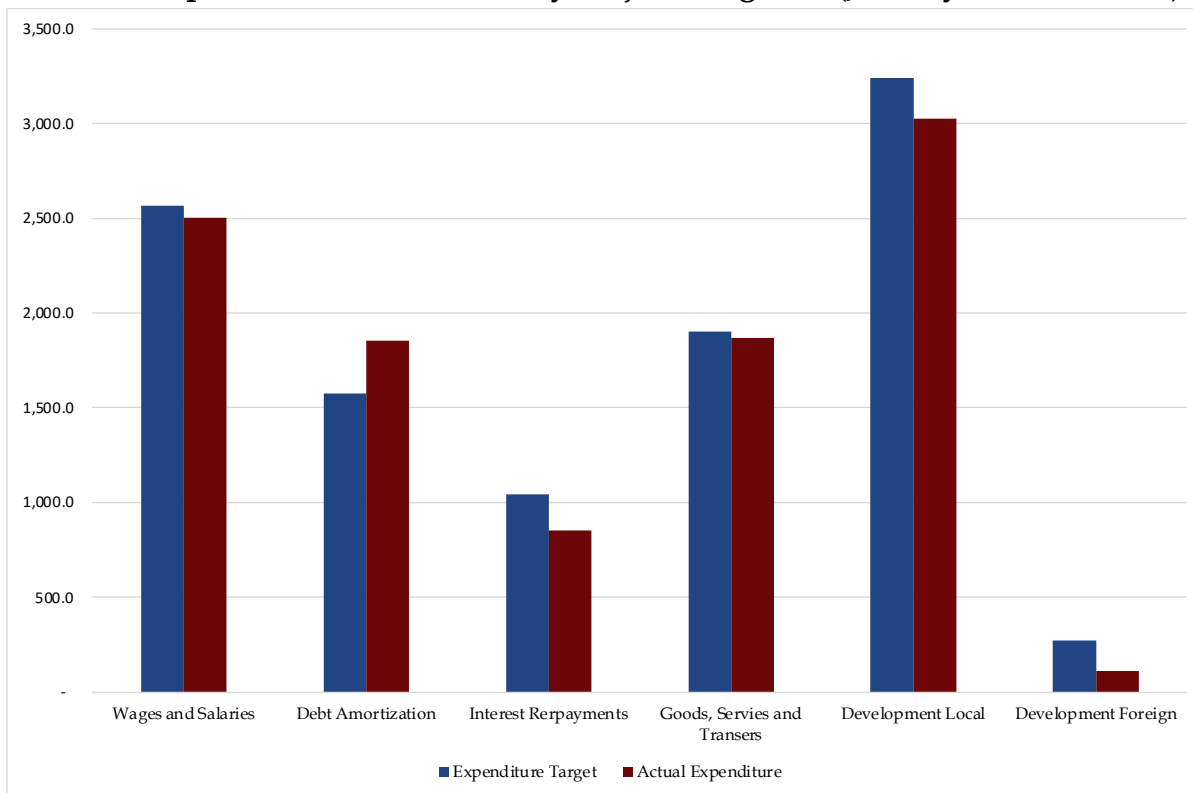
In the third quarter of 2023/24, the Government estimated to spend 3,508.3 billion shillings for development expenditure of which, 3,239.1 billion shillings was for domestic expenditure and 269.2 billion shillings for foreign expenditure. The Government released 3,025.9 billion shillings from domestic sources while 110.2 billion shillings was from foreign sources. The expenditure performance by major categories and economic classification for the second quarter is as shown in **Chart 2.5** and **Chart 2.6**.

Chart 2.5: Expenditure Performance by Economic Classification (January to March 2024)



Source: Ministry of Finance

Chart 2.6: Expenditure Performance by Major Categories (January to March 2024)

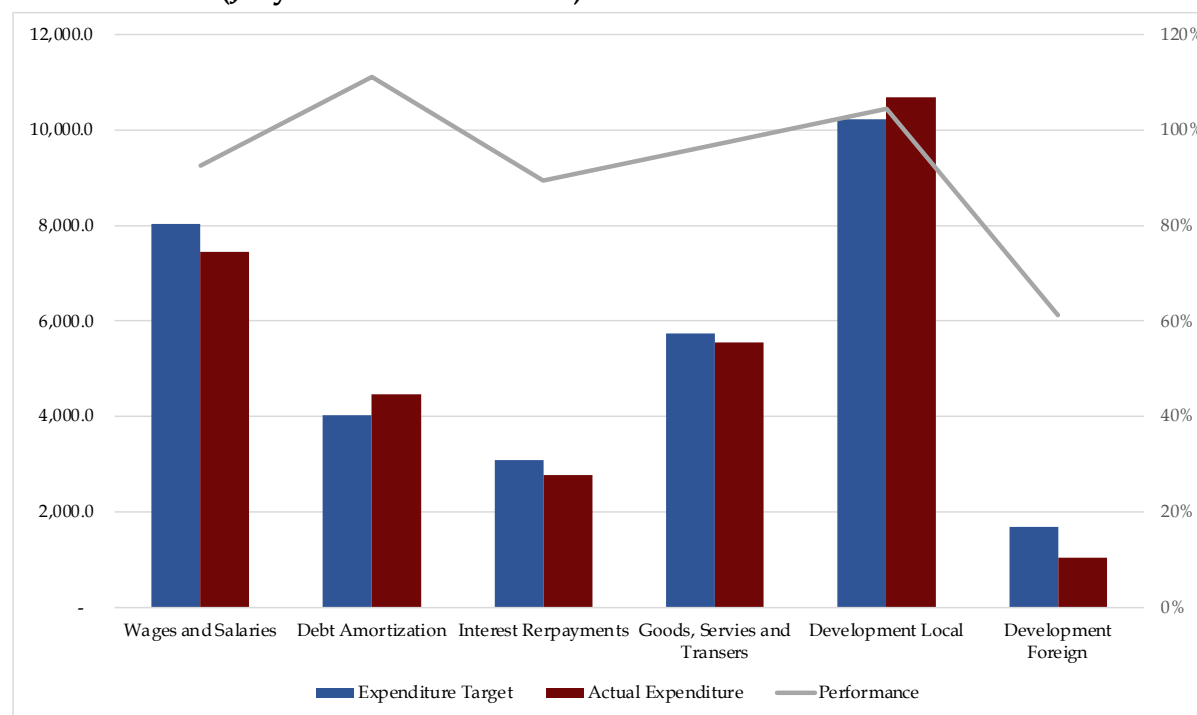


Source: Ministry of Finance

2.3.3 Cumulative Expenditure Performance (July 2023 to March 2024)

The cumulative expenditure performance amounted to 31,938.0 billion shillings against a target of 32,783.4 billion shillings, equivalent to 97.4 percent. Recurrent expenditure was an aggregate of 20,232.0 billion shillings reflecting a performance of 96.9 percent of a target. Development expenditure, totaled to 11,706.0 billion shillings, equivalent to 98.3 percent of the estimates, the released amount was for financing projects and programs. The expenditure comprised of 10,675.4 billion shillings from domestic sources and 1,030.6 billion shillings from foreign sources. The cumulative performance of budget execution in major categories for July to March 2024 is as shown in Chart 2.7.

Table 2.7: Cumulative Expenditure Performance by Major Categories and Economic Classification (July 2023 to March 2024)



Source: Ministry of Finance

2.3.4 Government Expenditure on Arrears

During the period of July 2023 to March, 2024 total of 1,068.9 billion shillings was released for payment of verified arrears. The released amount per arrears category is as shown in Table 2.3.

Table 2.3: Arrears Paid July - March, 2024

No.	Arrears Category	Amount Paid
1	Staff	105.0
2	Suppliers	726.0
3	Services	14.6

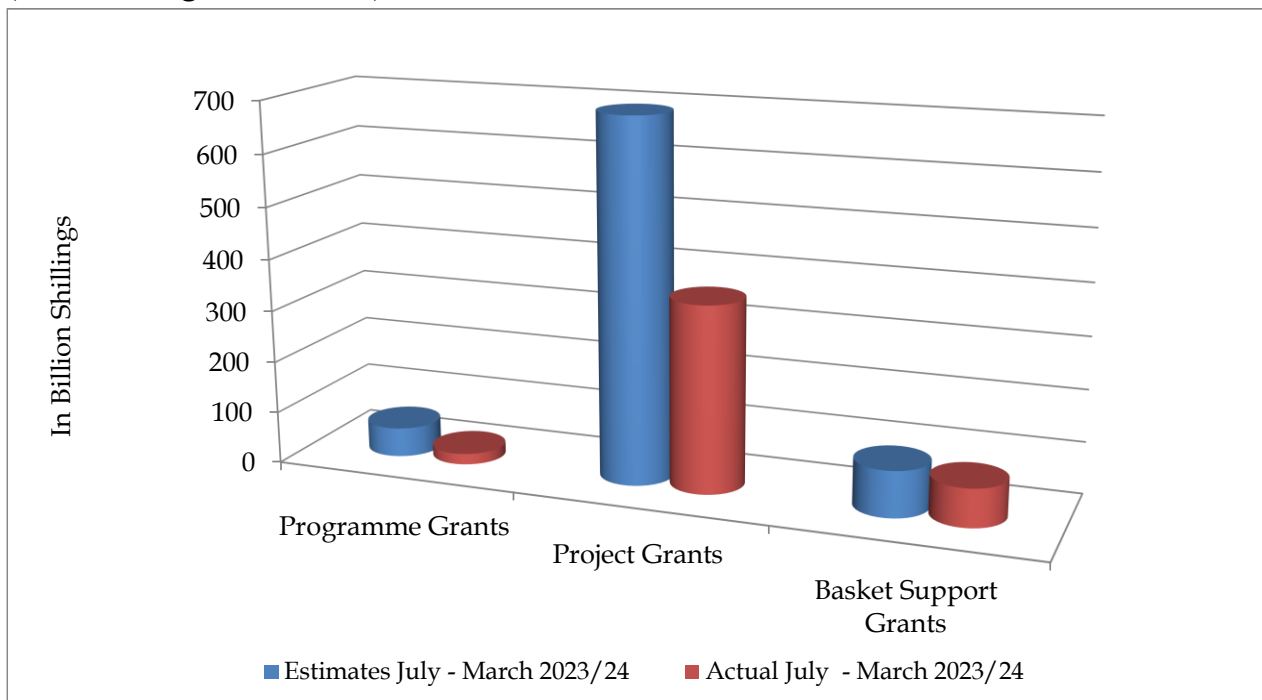
4	Construction	223.3
	Total	1,068.9

Source: Ministry of Finance

2.4 Grants

During the third quarter of 2023/24, grants received were 201.1 billion shillings, equivalent to 60 percent of the estimated amount of 332.5 billion shillings. Out of the total grants, General Budget Support grants was 20.9 billion shillings, equivalent to 37 percent of the estimates of 56.4 billion shillings, Project Grants were 169.8 billion shillings, equivalent to 72 percent of the estimates of 237.0 billion shillings and Basket Funds were 10.4 billion shillings, equivalent to 27 percent of estimates of 39.1 billion shillings. For the period of July 2023 to March 2024, grants received were 453.6 billion shillings, equivalent to 54 percent of the estimated amount of 838.8 billion shillings. Out of the total grants received, General Budget Support grants were 20.8 billion shillings equivalent to 37 percent of the period estimates, Project Grants were 359.1 billion shillings equivalent to 52 percent of the estimates of 693.5 billion shillings, Basket Funds were 73.7 billion shillings against the target of 89.0 billion shillings, equivalent to 83 percent of the estimates.

Chart 2.8: Performance of Foreign Grants for the First Three Quarters of the year 2023/24 (Estimates against Actual)



2.5 Financing

Total financing during the third quarter of 2023/24 was 1,463.2 billion shillings against the target of 2,410.4 billion shillings which was 61 percent of the target. Out of the total financing, total foreign net financing was a borrowing of 1,096.5 billion shillings against a borrowing target of 531.9 billion shillings and total domestic net financing was 366.7 billion shillings against the target of borrowing 1,878.5 billion shillings equivalent to 20 percent. For the first three quarters of 2023/24, total financing was 4,632.7 billion shillings against the target of 5,414.0 billion shillings which was 86 percent of the target. Out of the total financing, total foreign net financing was a borrowing of 3,624.2 billion shillings against a borrowing target of 3,210.3 billion shillings equivalent to 113 percent and total domestic net financing was a borrowing of 1,008.4 billion shillings against the target of borrowing 2,203.6 billion shillings equivalent to 46 percent of the target.

2.5.1 Domestic Financing

In the Government budget of 2023/24, domestic borrowing was planned at 5,440.4 billion shillings, whereas 3,542.1 billion shillings were for financing rolling over of maturing Treasury Bills and Bonds and 1,898.3 billion shillings were new loans for financing development projects. During the third quarter of 2023/24, a total of 1,677.0 billion shillings were borrowed from domestic market against the target of borrowing 1,725.8 billion shillings equivalent to 97 percent. Out of the amount borrowed, 1,310.3 billion shillings was for redemption (rollover) of matured obligations and 366.7 billion shillings was borrowed for financing development projects. Cumulatively, for the period of July 2023 to March 2024, a total of 3,455.3 billion shillings were borrowed from domestic market against the target of borrowing 4,516.1 billion shillings equivalent to 77 percent. Out of the amount borrowed, 2,446.9 billion shillings was for redemption (rollover) of matured obligations and 1,008.4 billion shillings was borrowed for financing development projects.

2.5.2 Foreign Financing

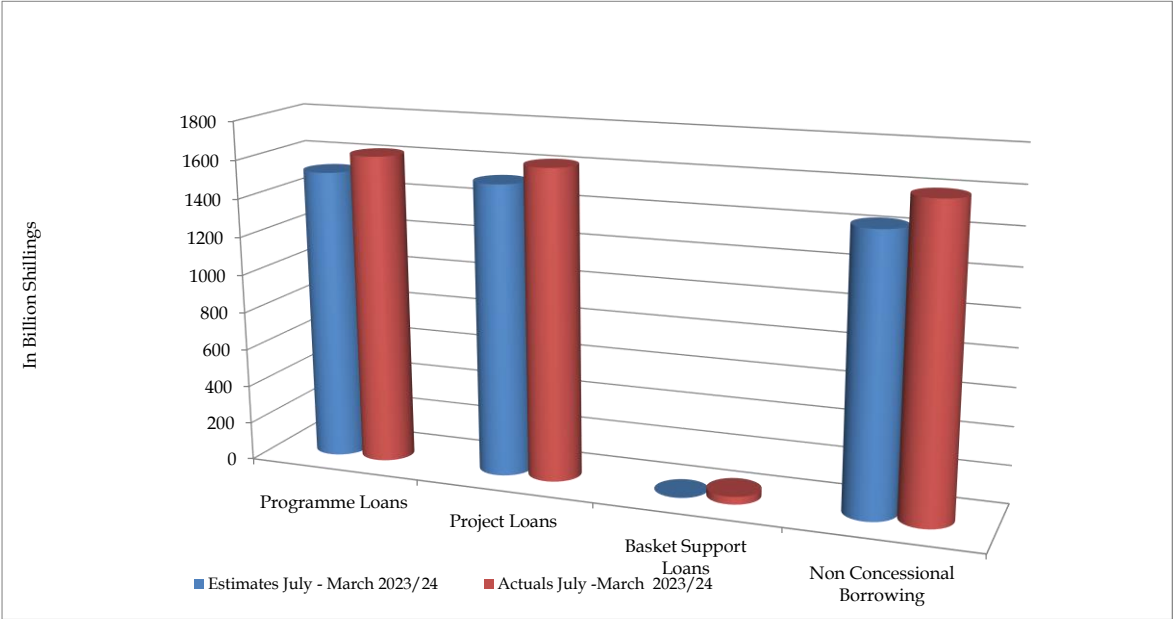
Net foreign financing for the third quarter was a borrowing of 1,463.2 billion shillings against a borrowing target of 2,410.4 billion shillings. During the quarter under review, disbursements of concessional loans were 705.0 billion shillings against the target of 600.4 billion shillings, disbursed concessional loans were from project source. Disbursement of non-concessional loans were 833.3 billion shillings against the target of 820.8 billion shillings equivalent to 102 percent. In addition, amortization of foreign loans was 441.8 billion shillings against estimates of 425.2 billion shillings. From July 2023 to March 2024, Net foreign financing was a borrowing of 3,624.2 billion shillings against a borrowing target of 2,654.8 billion shillings equivalent to 137 percent. Out of the amount, disbursements of concessional loans were 3,960.2 billion shillings against the target of 3,124.8 billion shillings equivalent to 127 percent. Disbursement of non-concessional loans were 1,596.6 billion shillings against the target of 1,435.8 billion shillings equivalent to 111 percent. In addition, amortization of foreign loans was 1,932.5 billion shillings against estimates of 1,905.8 billion shillings. The trend of grants and external

concessional loans is shown in Table 2.2 and the performance of foreign financing for the first three quarters of the year 2023/24 is presented in Chart 2.9.

Table 2.2: Trend of Grants and External Concessional Loans for the Period of July-March 2023/24

AID MODALITY	Type of assistance	Annual commitment as per budget	Estimates July - March 2023/24	Actual Disbursement July - March 2023/24	% of Commitment
GBS	Grants	56,363	56,363	20,873	37.0%
GBS	Concessional Loan	2,127,770	1,523,653	1,622,697	106.5%
Sub Total		2,184,134	1,580,017	1,643,570	104.0%
Basket Funds	Grants	130,123	88,971	73,663	82.8%
Basket Funds	Concessional Loan	-	-	40,312	0.0%
Sub Total		130,123	88,971	113,975	128.1%
Development Projects	Grants	924,836	693,477	359,091	51.8%
Development Projects	Concessional Loan	2,127,770	1,523,653	1,622,697	106.5%
Sub Total		3,052,606	2,217,130	1,981,787	89.4%
Grand Total		5,366,863	3,886,119	3,739,332	96.2%

Chart 2.9: Performance of Foreign Financing for the period of July - March 2024 (Estimates Vs Actual)

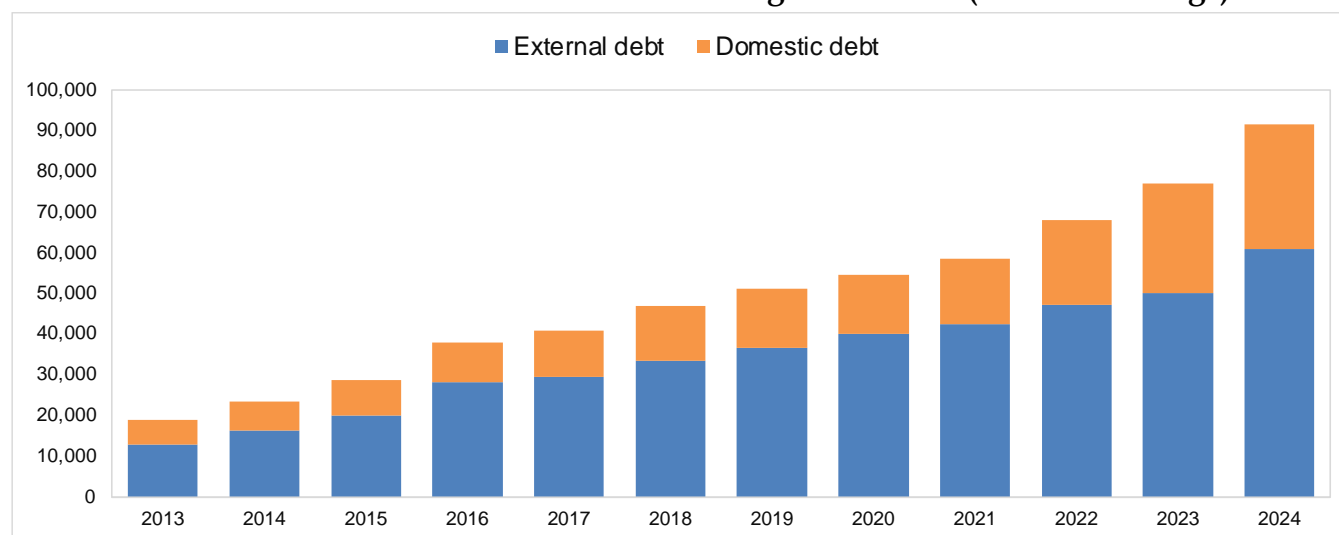


3.0 GOVERNMENT DEBT DEVELOPMENT

3.1 Overall Debt Stock

As at end March 2024, Central Government debt stock was 91,708.33¹ billion shillings compared to 77,010.45 billion shillings in the corresponding period in 2023, equivalent to an increase of 19.09 percent (**Chart 3.1**). The increase in the Central Government debt stock was due to Government borrowing to finance development projects. Out of the Central Government debt stock, domestic debt amounted 30,753.79 billion shillings (equivalent to 33.53 percent) and external debt amounted 60,954.55 billion shillings (equivalent to 66.47 percent).

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



Source: Ministry of Finance

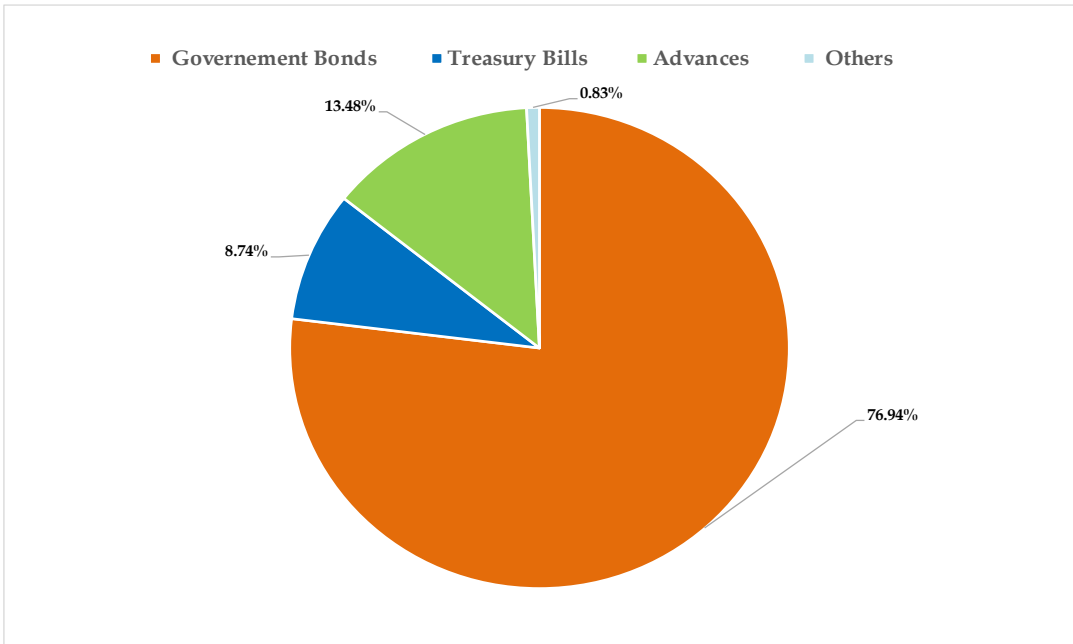
3.2 Central Government Domestic Stock

At end of March 2024, the domestic debt stock was 30,753.79 billion shillings compared with 36,851.73 billion shillings in the corresponding period in 2023, equivalent to an increase of 14.53 percent. The increase in domestic debt was due to the issuance of securities for financing development projects and the rollover of the matured securities. The composition of domestic debt by instruments shows that Government bonds accounted for 76.94 percent of total domestic debt stock, followed by advances from the central bank debt² instruments 13.48 percent and treasury bills 8.74 percent and others account for the remaining 0.83 percent. The composition of domestic debt by instrument category is depicted in **Chart 3.2**.

¹ Namba ya awali (*provisional number*)

² Other debt instruments include NMB bank Plc standard loan and duty drawback

Chart 3.2: Share of Domestic Debt by Instrument Category

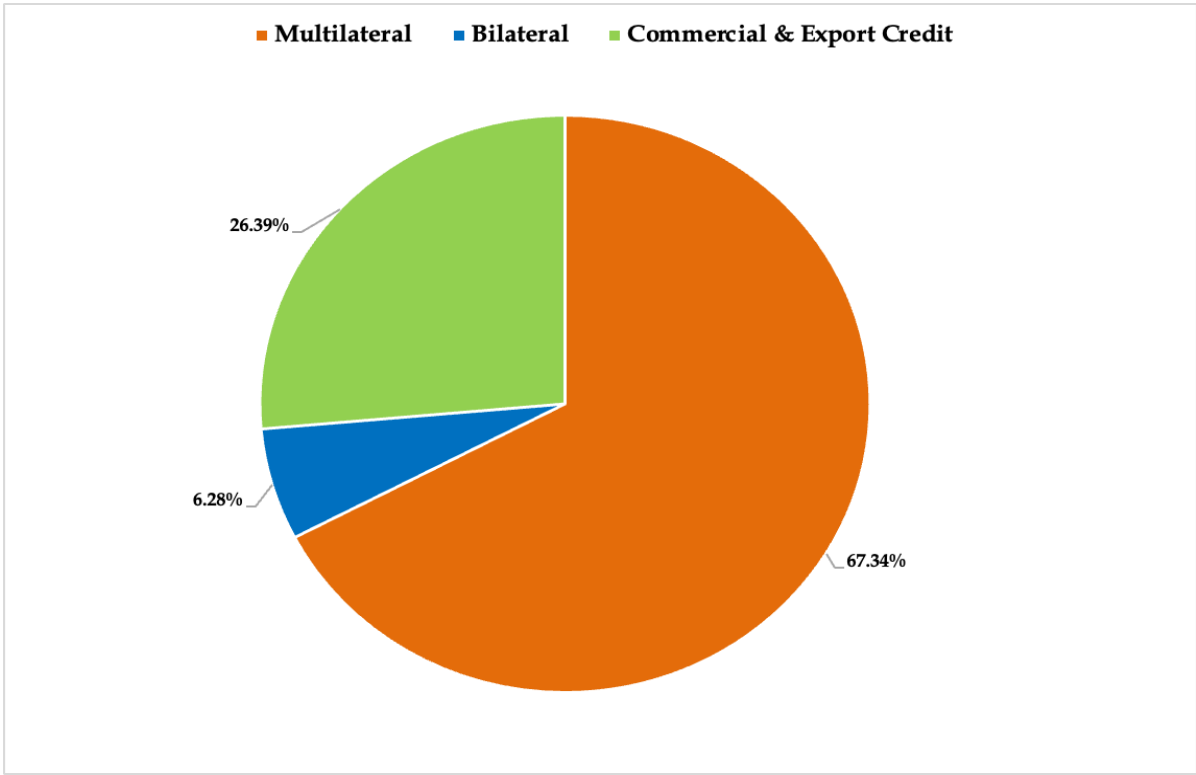


Source: Ministry of Finance

3.3 Central Government External Debt

The stock of external Central Government debt as of end of March 2024, stood at TZS 60,954.55 billion (USD 23,720.86 million) from 50,158.72 billion (USD 21,700.20 million) end March 2023 which is an increase of 9.31 percent. The increase was mainly attributed by new external borrowing and the depreciation of local currency over the foreign currency most specifically US Dollar. The external debt portfolio consisted of loans mainly contracted on concessional terms, multilateral creditors accounting for 67.34 percent of the total external debt portfolio, Commercial banks and Export Credit Agency (ECA) 26.38 percent and Bilateral 6.28 percent. The multilateral institutions remained dominant, accounting for more than half of the total external debt stock **Chart 3.3**

Chart 3.3: Government External Debt by Creditor Category



Source: Ministry of Finance

3.4 The Result of Debt Sustainability Analysis

The Debt Sustainability Analysis (DSA) conducted in December 2023 revealed that, Tanzania’s debt remains sustainable in the short, medium to long-term. However, country debt carrying capacity has been impacted by the negative effects of COVID-19 pandemic and Russia - Ukraine war on growth of the economy and slowdown of exports. The debt burden indicators were below the international agreed baseline thresholds (see **Table 3.1 and 3.2**). This implies that, the country has space to borrow for funding development projects while meeting future financial obligations without sharp adjustment to revenue and expenditure.

Table 3.1: Projected External Public Debt Burden Indicators

External DSA	Threshold	2022/23 ³	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2033/34
PV of debt-to GDP ratio	40	19.0	20.1	20.4	19.8	18.6	18.1	17.6	15.8
PV of debt-to-exports ratio	180	113.2	114.2	114.9	111.1	104.3	101.4	105.1	93.8
Debt service-to-exports ratio	15	12.7	11.1	11.5	11.2	12.2	11.3	12.2	10.0
Debt service-to-revenue ratio	18	14.3	11.6	11.9	11.7	12.9	12.0	12.2	10.0

Source: Ministry of Finance

Table 3.2: Projected Overall Public Debt Burden Indicators

Public DSA	Threshold	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2033/34
PV of debt-to GDP ratio	55	35.6	36.4	36.7	35.7	34.9	33.8	33.0	30.3
PV of debt-to-revenue and grant ratio	N/A	232.9	209.2	207.3	204.2	200.7	194.7	189.6	172.8
Debt service-to-revenue and grant ratio	N/A	34.2	44.3	33.6	31.1	31.3	31.1	30.9	25.2

Source: Ministry of Finance

4.0 LIKELY BUDGET OUT TURN TO JUNE 2024

The Bank of Tanzania (BoT) will continue to implement its reserve money program targeting framework with a view to keeping core inflation at single digit levels. Going forward, inflation is projected to remain at single digit despite unfavourable weather condition. The exchange rate will remain market determined and the BoT will continue to participate in the foreign exchange market for liquidity management purposes and to smooth out short-term fluctuations in the exchange rate, while maintaining an adequate level of international reserves. On domestic revenue, the Government is striving to address challenges experienced in the first three quarters of 2023/24 by several interventions including strengthening tax administration in order derive effectiveness in revenue collections. Expenditure will be adjusted in line with available resources while protecting key expenditure items. The Government has made progress in raising funds from external non-concessional borrowing. To end June 2024, the Government is expected to raise a total of USD 280 million so as to meet annual target.

³ Represent actual ratios as of 30th June 2023

Revenue Performance July 2023 - March 2024						
Billion Shillings						
	Budget Estimates	July 2023 - March 2024			July 2022- March 2023 Actual	Year on year change
		Estimates	Actual	Percent of estimate		
Revenue (Including LGAs own sources)	31,381.0	23,196.9	22,029.2	95.0%	19,823.9	11.1%
Revenue (Excluding LGAs own sources)	30,237.1	22,345.1	21,181.1	94.8%	19,132.8	10.7%
Tax Revenue	25,197.2	18,774.4	18,380.1	97.9%	16,297.7	12.8%
Taxes on Imports	7,411.7	5,535.8	5,317.1	96.0%	5,003.8	6.3%
Import Duty	1,872.0	1,398.2	1,381.2	98.8%	1,225.3	12.7%
Excise on Petroleum	1,220.3	911.5	899.5	98.7%	728.0	23.6%
Excise	1,220.3	911.5	899.5	98.7%	728.0	23.6%
Others	4,319.4	3,226.2	3,036.4	94.1%	3,050.6	-0.5%
Excise	352.0	262.9	250.7	95.4%	309.9	-19.1%
VAT on Non-Petroleum imports	3,967.4	2,963.3	2,785.8	94.0%	2,740.7	1.6%
Taxes on Domestic Sales	6,330.0	4,740.5	4,336.4	91.5%	3,841.8	12.9%
Excise	1,926.1	1,448.0	1,483.3	102.4%	1,199.6	23.6%
Value Added Tax (VAT)	4,403.9	3,292.4	2,853.1	86.7%	2,642.2	8.0%
Income Tax	9,007.6	6,658.3	6,674.8	100.2%	5,867.8	13.8%
PAYE	3,142.2	2,353.0	2,421.8	102.9%	2,114.7	14.5%
Corporate and Parastatals	3,433.3	2,523.6	2,590.3	102.6%	2,272.2	14.0%
Individuals	291.3	209.2	212.2	101.4%	192.6	10.1%
Withholding Taxes	1,528.7	1,187.2	1,118.2	94.2%	931.9	20.0%
Rental Tax	165.7	120.0	106.5	88.8%	104.4	2.0%
Other Income	446.5	265.2	225.9	85.2%	252.0	-10.4%
Other Taxes	3,553.5	2,685.0	2,798.8	104.2%	2,421.2	15.6%
Business Skill Development Levy	421.6	312.7	254.8	81.5%	285.7	-10.8%
Fuel Levy and transit fee	1,514.4	1,131.1	1,354.9	119.8%	1,041.1	30.1%
Stamp Duty	35.6	27.7	18.6	67.2%	25.1	-25.9%
Departure Service Charges	83.3	65.5	65.6	100.2%	53.4	22.9%
Processing Fee-dry cargo-TRA	126.7	94.6	91.1	96.3%	83.9	8.6%
Export Duty	85.1	63.5	101.2	159.2%	67.5	49.8%
Railway Development Fund	508.2	379.5	372.2	98.1%	339.0	9.8%
National Water Development Fund	207.8	155.2	146.1	94.2%	140.7	3.9%
Motor vehicle taxes	83.2	90.9	69.3	76.2%	76.9	-9.9%
Treasury Voucher Cheque	57.762	43.1	14.5	33.7%	11.85	22.6%
Transer to REA	429.9	321.1	310.4	96.7%	296.1	4.8%
Refunds	-1,105.7	-845.2	-747.1	88.4%	-837.0	-
Refunds - VAT	-913.2	-702.6	-675.1	96.1%	-708.8	-
Refunds - other	-192.5	-142.6	-72.0	50.4%	-128.2	-
Non Tax Revenue	5,039.9	3,570.8	2,801.0	78.4%	2,835.2	-1.2%
Parastatal Dividends	1,069.5	619.4	405.9	65.5%	625.5	-35.1%
Ministries and Regions	2,442.2	1,785.3	1,344.0	75.3%	1,247.0	7.8%
TRA Non Tax	196.1	146.4	203.0	138.6%	161.5	25.6%
Tourism Sector	713.0	579.2	654.9	113.1%	520.8	25.7%
Transaction levy on Mobile money	366.7	275.0	153.3	55.7%	233.5	-34.3%
Property tax	194.9	147.2	39.5	26.8%	29.4	34.3%
Billboard Fee Collections	57.4	18.2	0.5	2.7%	17.4	-97.2%
LGAs own source	1,143.9	851.7	848.1	99.6%	691.0	22.7%

Source: Ministry of Finance