



UNITED REPUBLIC OF TANZANIA

July 2026

SIXTH AND SEVENTH REVIEWS UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT, REQUEST FOR A WAIVER OF NONOBSERVANCE OF A QUANTITATIVE PERFORMANCE CRITERION, AND THIRD AND FOURTH REVIEWS UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY ARRANGEMENT—PRESS RELEASE; STAFF REPORT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR THE UNITED REPUBLIC OF TANZANIA.

In the context of the requests for an arrangement under the extended credit facility and an arrangement under the resilience and sustainability facility, the following documents have been released and are included in this package:

- A **Press Release** including a statement by the Chair of the Executive Board.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on July 10, 2026, following discussions that ended on May 12, 2026, with the officials of the United Republic of Tanzania on economic developments and policies underpinning the IMF arrangement under the Extended Credit Facility and the Resilience and Sustainability Facility. Based on information available at the time of these discussions, the staff report was completed on June 10, 2026.
- A **Supplementary Information**
- A **Further Supplementary Information**
- A **World Bank Assessment Letter for the Resilience and Sustainability Facility**
- A **Statement by the Executive Director** for the United Republic of Tanzania.

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IMF Executive Board Completes the Sixth and Seventh Reviews Under the Extended Credit Facility Arrangement and Third and Fourth Reviews Under the Resilience and Sustainability Facility Arrangement with Tanzania

FOR IMMEDIATE RELEASE

- *The IMF Executive Board today completed the final sixth and seventh reviews under the Extended Credit Facility (ECF) arrangement and the final third and fourth reviews under the Resilience and Sustainability Facility (RSF) arrangement with Tanzania, allowing for an immediate disbursement of SDR 326.49 million (about US\$ 443.9 million) under both the ECF and the RSF arrangements.*
- *Tanzania has achieved robust growth and macro-financial stability. Real GDP growth was 5.9 percent in CY25, and is projected to reach about 6.2 percent over the medium-term, assuming a strong outlook for mining, agriculture and tourism.*
- *Tanzania's economic reform program, supported by the ECF and RSF arrangements, remained broadly on track. These arrangements supported the authorities' efforts to maintain macroeconomic stability, strengthen policy frameworks, and advance reforms to strengthen economic policy frameworks and institutions.*

Washington, DC – July 10, 2026: The Executive Board of the International Monetary Fund (IMF) completed today the final sixth and seventh reviews of the Extended Credit Facility (ECF) arrangement and final third and fourth reviews of the Resilience and Sustainability Framework (RSF) arrangement.

Completion of the sixth and seventh reviews under the ECF arrangement allows the immediate disbursement of SDR 113.37 million (28.5 percent of quota - about US\$ 154.1 million), bringing Tanzania's total access under the ECF arrangement to about US\$ 1,063 million. Completion of the third and fourth reviews under the RSF arrangement allows the immediate disbursement of SDR 213.12 million (53.5 percent of quota - about US\$ 289.7 million), bringing Tanzania's total access under the RSF arrangement to about US\$ 636.5 million.

The 40-month [ECF Arrangement](#) with Tanzania for total access of SDR 795.58 million (200 percent of quota - about US\$ 1,046 million at the time of program approval) was initially approved in July 2022, and extended by 6 months in June 2024 and by 3 months in May 2026. The arrangement aims to support economic recovery, preserve macro-financial stability, and promote sustainable and inclusive growth. The 23-month RSF arrangement with Tanzania, approved in June 2024 (150 percent of quota) and extended by 3 months in May 2026, supports the authorities' reforms to reduce prospective balance of payments risks and enhance economic resilience to climate change.

Tanzania's economic reform program under the ECF arrangement remained on track. All end-June 2025 quantitative performance criteria (QPC) were met. All end-September 2025 indicative targets were met, except the domestic primary balance. At end-December 2025, all QPCs were met, except for the QPC on net domestic assets, for which the authorities requested a waiver. All continuous PCs were met. Four structural benchmarks were implemented on time, and three other structural benchmarks were implemented with delay. Five reform measures (RMs) for the third and fourth reviews under the RSF arrangement were completed, while three RMs related to the energy sector were not completed.

Tanzania has continued to record strong economic growth and low inflation, but the impact of rising fuel prices is emerging. GDP growth reached 5.9 percent in CY25. Headline inflation has been contained at 4.0 percent (year-on-year) in June 2026, but the impact of rising fuel prices continues to be felt. Despite significant fiscal over-spending in the first quarter of FY2025/26, the end-December QPC for the domestic primary balance was met. The current account deficit is expected to remain broadly stable in FY2025/26, with gold exports providing a partial offset to import pressures from the war in the Middle East.

While the medium-term outlook is positive, downside risks have increased. In particular, a prolonged conflict in the Middle East would weaken the growth outlook and intensify inflation pressures. Against this backdrop, accelerated reform implementation is critical to promote inclusive and sustainable growth, while reform delays could weaken growth prospects and fiscal sustainability. Challenges to meet SDG targets and reduce poverty remain daunting, especially considering that the population size is expected to double by 2050.

At the conclusion of the Executive Board's discussion, Mr. Bo Li, Deputy Managing Director, and Acting Chair, made the following statement:

“Amid external and domestic shocks, Tanzania’s reform program supported by the Extended Credit Facility (ECF) has enabled the authorities to maintain macroeconomic stability and advance reforms. Macroeconomic stability has been preserved, with strong economic activity and low and stable inflation. Reforms have helped strengthen economic policy frameworks and institutions, notwithstanding the recent non-approval of VAT administration, central bank governance, and public investment management reforms. In that context, the authorities' commitment to implement measures towards the program's objectives is welcome, complemented by continued macroeconomic policy prudence, and accelerated structural reforms can help Tanzania reach the objectives of Vision 2050.

“Continued fiscal consolidation, supported by stronger domestic revenue mobilization, VAT refund reforms, and improved public financial management, remains important. Such efforts would create space for much needed spending on education and health. Strengthening social safety nets to reduce poverty is also paramount. In the medium term, further fiscal reforms will be critical for Tanzania to reach its development goals and maintain debt sustainability.

“Accommodative monetary policy remains appropriate, and the Bank of Tanzania should stand ready to further adjust its stance as needed. Persistent inflation pressures resulting from a prolonged fuel supply shock merit close attention. At the same time, maintaining adequate reserve levels and exchange rate flexibility will help cushion the economy against external shocks, as will further progress to enhance central bank independence and upgrade the financial supervisory framework.

“To ensure sufficient jobs and opportunities for Tanzania’s rapidly growing population, accelerated reforms to strengthen the business environment and support private sector development are critical. Continued reforms to further strengthen resilience to climate change and help mobilize climate finance will also be important to enhance broader economic resilience and reduce prospective balance of payments risks.”

Table 1. Tanzania¹: Selected Economic Indicators, 2024/25–2026/27

	2024/25 Act.	2025/26 Est.	2026/27 Proj.
Output, Prices and Exchange Rates			
Real GDP ²	5.7	5.9	6.0
Calendar year real GDP growth (percent)	5.9	6.0	6.0
Money and Credit			
Broad money (M3, end of period)	18.7	18.2	16.6
Credit to the private sector (end of period)	14.5	18.2	16.6
Overall T-bill interest rate (percent; end of period)	8.9	...	...
Central Government Operations			
Revenues and grants	16.5	17.3	17.5
Expenditures	19.4	20.3	20.4
Overall balance	-3.1	-3.0	-2.9
Primary balance	-0.8	-0.3	-0.3
Public Debt			
Gross nominal debt	50.3	49.1	47.4
Investment and Savings			
Investment	37.3	36.3	36.8
Domestic savings	34.8	33.4	33.6
External Sector			
Exports (goods and services)	20.4	20.6	20.2
Imports (goods and services)	21.2	21.5	21.9
Current account balance	-2.7	-2.7	-3.5
Gross international reserves			
In billions of U.S. dollars	6.0	5.9	6.7
Memorandum Items:			
GDP at current prices			
Trillions of Tanzanian shillings	217.0	240.1	267.2
Millions of U.S. dollars	83,340	92,896	100,065
GDP per capita (in U.S. dollars)	1,258	1,332	1,393
Population (million)	69.6	71.6	73.6

Sources: Tanzanian authorities and IMF staff estimates and projections.

¹ GDP, inflation and fiscal data refer to Mainland Tanzania only.

² Based on GDP by production.



UNITED REPUBLIC OF TANZANIA

June 10, 2026

SIXTH AND SEVENTH REVIEWS UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT, REQUEST FOR A WAIVER OF NONOBSERVANCE OF A QUANTITATIVE PERFORMANCE CRITERION, AND THIRD AND FOURTH REVIEWS UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY ARRANGEMENT

EXECUTIVE SUMMARY

Context. Tanzania has achieved strong economic growth and macro-financial stability, underpinned by prudent macroeconomic management. The medium-term outlook is favorable, contingent on sustained reform implementation, particularly to strengthen the business environment and support a more dynamic private sector. However, downside risks have increased in both the near and medium term, from the war in the Middle East, social tensions, and reform delays. To set the stage for long-term economic growth and resilience, converging to SDG targets and reducing poverty are critically important, especially considering that the population size is expected to double by 2050.

Fund arrangements. The authorities' economic program has been supported by two IMF arrangements:

- A 40-month ECF arrangement approved in July 2022 and extended by 6 months in June 2024 (200 percent of quota access). The ECF aims to preserve macroeconomic stability, strengthen the economic recovery, and promote sustainable and inclusive growth.
- A 23-month arrangement under the RSF approved in June 2024 (150 percent of quota). The RSF reduces prospective balance of payments risks and supports reforms to address risks and challenges associated with climate change and to enhance economic resilience.
- Following the October 2025 general election, the sixth ECF review could not be completed by end-December, and a 3-month technical extension of both arrangements (to August 17, 2026) was requested by the authorities and approved by the Executive Board on May 15, 2026. The extension allowed the authorities to implement policies and reforms to support the completion of the combined, and final, sixth and seventh ECF reviews.

Program performance. The ECF program remained broadly on track:

- All PCs for end-June 2025 were met. While the end-September IT for the domestic primary balance was missed by a wide margin, all other September targets were met. At end-December, all QPCs were met, except for the QPC on net domestic assets, for which the authorities are requesting a waiver. All continuous PCs have been met.
- Four structural benchmarks (SBs) were implemented on time: (i) revenue measures yielding at least 0.5 percent of GDP in FY25/26 and 1 percent of GDP starting in FY26/27 relative to FY24/25 were submitted to Parliament; (ii) Bank of Tanzania issued a revised collateral framework for standing facilities; (iii) BoT published a new ELA framework and prepared ELA guidelines; and (iv) a new *Secured Transactions Bill* was submitted to Parliament.
- Five SBs were not met. Of these, reform implementation is ongoing for: amendment of the *Planning Commission Act*; revision of the *Public Investment Management Operational Manual*; amendment of the *VAT Act*. However, income tax exemptions provided to export processing zones (EPZs) and special economic zones (SEZs) were only partially repealed due to competitiveness concerns, and automation of the VAT refund process will require additional time.
- For the 3rd and 4th RSF reviews, five RMs have been implemented (RMs 4, 11, 12, 13, 14).

Approved By

Andrea Richter Hume
(AFR) and Niamh
Sheridan (SPR)

Discussions took place in Dar es Salaam and Dodoma during April 28–May 12, 2026. The staff team comprised Nicolas Blancher (Head), Leni Hunter, Grace Li, Linda Spahia (AFR), Katja Funke (FAD), Agustin Velasquez (SPR), Sebastian Acevedo (Resident Representative), and Chelaus Rutachururwa (local economist). Dickson Lema (OEDAE) participated in the discussions. The team met with Minister of Finance Khamis Mussa Omar, Bank of Tanzania Governor Emmanuel Tutuba, and other officials. Staff also held discussions with the private sector, civil society organizations, and development partners. Ignacio Gutierrez and Christelle Ndome-Yandun (AFR) provided excellent support for the preparation of this report.

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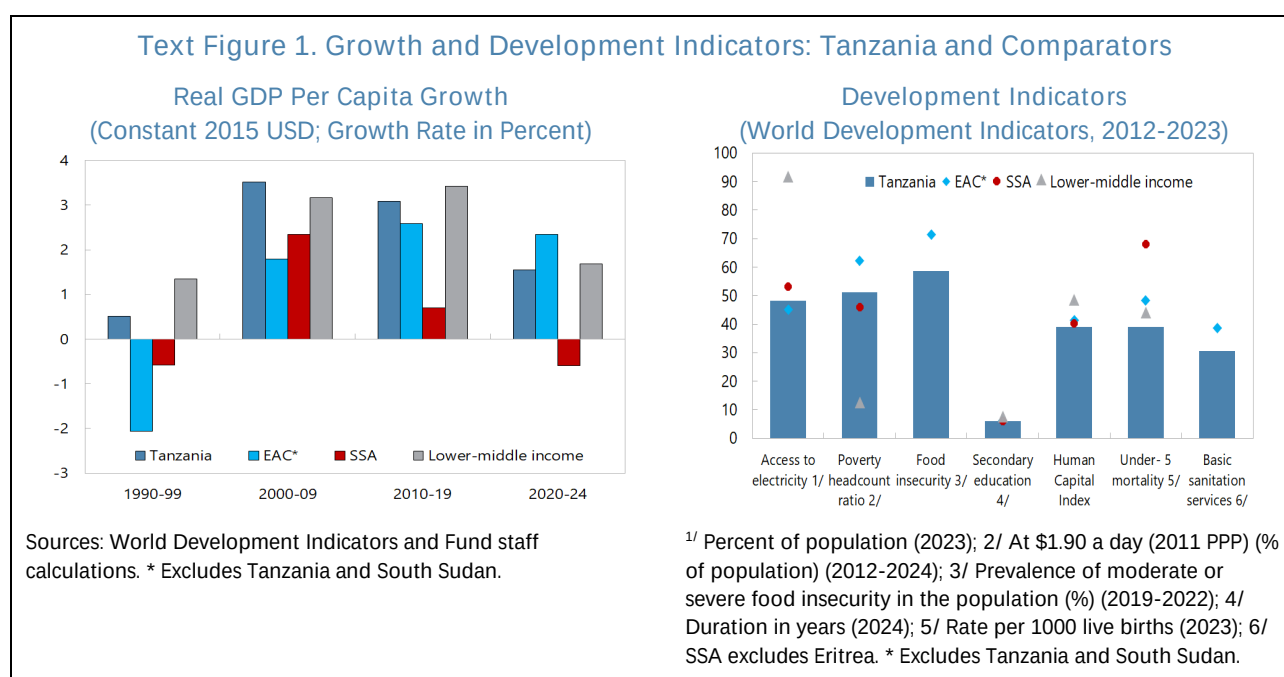
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CONTEXT

1. Tanzania has experienced strong growth, macro-financial stability and economic resilience in recent years, meeting key objectives of the ECF and RSF-supported program (Boxes 1 and 2). The ECF arrangement has helped Tanzania address balance of payments risks by supporting progress toward stable and sustainable macroeconomic positions, consistent with strong and durable poverty reduction and growth. The RSF arrangement has also helped enhance economic resilience and sustainability and contributed to Tanzania's prospective balance of payments stability, by mitigating risks arising from longer-term, climate-related challenges.

2. Looking ahead, amid increased downside risks, decisive measures are needed to reduce poverty and converge with SDG targets given rapid population growth and rising social expectations. Key challenges are to (i) meet development objectives in the areas of education and health and (ii) accelerate structural reforms to alleviate constraints to private sector development and job creation (Text Figure 1). Near-term pressures have intensified due to the war in the Middle East and disruptions to global supply chains. The CCM party remained in government following the October general election, which was marred by violence and social unrest driven by concerns about election fraud and heightened political repression.



Box 1. Tanzania's Achievements and Challenges Under the ECF Arrangement

The ECF arrangement aimed to support the authorities' efforts to maintain macroeconomic stability, strengthen policy frameworks, and advance structural reforms. Tanzania's ECF was approved in 2022 to assist with the recovery from the pandemic and spillovers from the war in Ukraine, and to support reforms toward sustainable and inclusive growth. It aimed in particular to help increase fiscal space to allow for much-needed social spending and high-yield public investment, through increased revenue mobilization and spending quality; enhance the fiscal, monetary and financial sector policy frameworks; and advance structural reforms to unlock Tanzania's growth potential, including by improving the business environment and competitiveness, and strengthening financial access and stability.

Macroeconomic stability has been strengthened, with robust economic activity and low and stable inflation. Economic growth has been strong but has not yet reached its potential (about 6.3 percent in the medium term), including due to repeated external shocks, while inflation remained low and stable. Important achievements were to increase tax revenues by about 1½ percent of GDP over the lifespan of the program and preserve fiscal space and sustainability by reducing the primary deficit from 2.6 percent of GDP in FY23 to 0.8 in FY26, despite reduced grant financing. The current account deficit narrowed from 6.6 percent of GDP in FY23 to 2.7 in FY26, and reserve coverage remained adequate, albeit less than initially projected.

Reforms have helped strengthen economic policy frameworks and institutions (Table 14). On the fiscal front, in addition to increased public revenue mobilization, implementation of the Medium-Term Revenue Strategy and improvements to public project evaluations as part of budget preparation will help further increase fiscal space. Some of the greatest achievements under the program relate to BoT's sustained efforts to transition to an interest rate-based monetary policy framework, develop the FX interbank market, increase exchange rate flexibility, and upgrade financial sector oversight. Furthermore, recent legal improvements have enhanced central bank financial and operational independence, which will support improved monetary policy credibility and transmission.

Additional efforts are needed to address Tanzania's pressing developmental challenges and achieve the country's economic potential. While priority social spending (PSS) increased to 7.2 percent of GDP in FY26 (higher than initially envisaged), much of this consisted of infrastructure spending or fertilizer subsidies, while spending on education has remained flat (at about 3.2 percent of GDP), and health sector spending has only increased marginally (to 1.3 percent of GDP in FY25/26 from about 1.1 percent in FY20/21). Continuing progress on domestic revenue mobilization will be critical to make greater space to address the needs of a rapidly growing population. It will also be important to improve spending efficiency through careful expenditure prioritization and strong fiscal risk monitoring (e.g., from SOEs, public-private partnerships, and Zanzibar). Finally, supporting private sector development, including by minimizing red tape and government interventions and fostering greater financial inclusion, remains crucial to ensure sufficient job creation and reduce informality and poverty.

Box 2. Tanzania's Achievements and Challenges Under the RSF Arrangement

Over the past two years, the RSF arrangement has supported efforts to address climate-related challenges and enhance macroeconomic and balance of payments stability (Tables 13 and 16).¹ Key goals were to: (i) enhance governance and coordination of climate change policies; (ii) strengthen the disaster risk management framework (DRF); (iii) mainstream climate policies in budgeting and public investment planning; (iv) align sectoral climate policies with national policies and commitments; and (v) enhance supervision of financial sector climate-related risks. RM implementation involved close engagement with the authorities and development partners, especially the World Bank (Tables 11 and 12), as well as targeted CD support, which has been effectively absorbed by relevant institutions.

RM implementation has helped build strong foundations for economic resilience against climate change. RMs were mutually reinforcing: they focused successively on the enabling legal and institutional framework, on improving analytical capacity and information availability, and on targeted resilience-building measures and improved risk management within sectors. They contributed to lasting institutional and policy changes and will help reduce climate-related fiscal risks and the potential need for additional external financing through multiple channels, including: vulnerability maps to manage climate risks and limit the costs of disaster risks; improved PIM practices to strengthen infrastructure resilience; climate-related KPIs for utilities to limit water scarcity risks; enabling a social safety net responsive to climate shock risks; and, DRF strategy helping to reduce the long-term impact of disasters on livelihoods and economic development.

Challenges emerged recently in implementing RMs in the energy sector (¶23). These RMs aimed to support increased access to electricity while continuing to leverage renewable energy sources, including through private investment in the power sector, by (i) improving the sector's economic viability through cost-reflective electricity tariffs, and (ii) aligning future investment decisions with the government's energy transition objectives through the introduction of a carbon-emission-reflective environmental tax. These reforms did not materialize during the program period, including due to conflicting policy objectives (e.g., on the taxation of natural gas in the context of the energy transition) or delays in reform preparation (e.g., in implementing a power tariff review to assess needed electricity tariff adjustments).

Going forward, the authorities intend to further pursue reform objectives supported by the RSF arrangement (MEFP). Staff will continue to engage with the authorities in implementing energy sector reforms, including putting the energy sector on an economically and financially sustainable footing. These efforts will help better align sectoral climate policies with national policies and strengthen the overall coherence and effectiveness of the RSF-supported program. They will also be critical to mobilize climate finance, especially private sector investment, and in the context of the *Mission 300* initiative and a climate finance roundtable for Tanzania to be organized later in CY26.

¹ IMF Country Report No. 24/187, including Annexes III and IV.

RECENT ECONOMIC DEVELOPMENTS

3. Tanzania has continued to record strong economic growth and low inflation, but the impact of rising fuel prices is emerging. Growth reached 5.9 percent in 2025, driven by the agriculture, financial services and transport sectors.¹ Headline and core inflation remain relatively low, but picked up to 4 percent and 3.1 percent (yoy, respectively) in April, from 3.2 and 2.2 percent in March (Text Figure 4), as fuel prices started to pass through to inflation.² The authorities are taking steps to secure fuel supply, with current stocks expected to meet demand until July. The government also announced a limited subsidy for diesel prices in May, and the administered [cap on fuel prices](#) was increased by about 50 percent (varying slightly by products and market segments) from March levels. In April, retail fuel prices for both petrol and diesel increased by about 29 percent (m/m).

4. Despite significant fiscal over-spending in FY25/26Q1, the end-December QPC for the domestic primary balance was met. Frontloaded and unbudgeted election-related spending (including for defense and police) resulted in a domestic primary balance of -0.9 percent of GDP in Q1 (July-September), exceeding both the end-September IT (-0.3 percent) and the full-year budget target (-0.8 percent). However, in Q2, a combination of strong tax and non-tax revenue performance,³ lower than projected tax refunds, and tight expenditure controls (including lower infrastructure investment) allowed the end-December QPC (-0.5 percent of GDP, Text Table 1) to be met.

5. BoT has maintained an accommodative monetary policy. With inflation expected to remain within the 3-5 percent target, the policy interest rate (CBR) has been kept at 5.75 percent, after having been lowered by 25 bp in July 2025 to support economic activity and private sector credit growth (25 percent in March yoy). In the second half of 2025, the BoT purchased domestic gold and left these operations largely unsterilized to accommodate market demand for liquidity (including due to seasonal factors) and keep the cash market rate within the CBR corridor (which was narrowed from CBR+/- 200 bp to +/-150 bp – Text Figure 2). This increase in BoT's holdings of domestic gold contributed to rapid NDA growth and caused the December QPC on NDA to be missed. Importantly, net credit to government remained stable.

¹ Economic activity was disrupted due to measures taken between October 29 and November 4, 2025, to contain protests during the general election, but with minimal impact given the short-lived nature of disruptions.

² GDP, CPI, and fiscal data are for Mainland Tanzania only. BoP and monetary data are for United Republic of Tanzania (URT), which includes Zanzibar.

³ These measures include new and higher excise tax rates, increases in withholding taxes for retained earnings of financial institutions, and the removal of some income and import duty exemptions.

Text Table 1. Tanzania: Fiscal Developments ¹
(In Percent of GDP, Cash-Based Accounting)

	FY2024/25 Budget (suppl.)	FY2024/25 Outturn	Difference	FY2025/26 H1 Budget	FY2025/26 H1 Outturn	Difference
Domestic revenue	15.9	16.1	0.1	10.9	11.2	0.3
Tax revenue	12.9	13.3	0.3	8.7	9.2	0.5
Non tax revenue	3.0	2.8	-0.2	2.3	2.0	-0.2
External grants	0.4	0.4	0.0	0.3	0.2	0.0
Expenditure	19.7	19.4	-0.3	12.9	13.1	0.2
Recurrent	12.7	12.3	-0.4	8.3	8.5	0.3
Wages and salaries	4.4	4.3	-0.1	3.0	3.1	0.1
Interest	2.6	2.4	-0.2	1.8	1.6	-0.2
Goods, services and transfers	5.7	5.6	-0.1	2.6	3.9	1.3
Development	7.0	7.1	0.1	4.7	4.5	-0.1
Locally financed	5.4	5.9	0.5	3.3	3.7	0.4
Externally financed	1.7	1.2	-0.4	1.3	0.8	-0.5
Primary balance	-0.8	-0.8	0.1	0.6	0.0	-0.6
<i>Domestic primary balance</i>	-1.2	-1.2	0.0	0.3	-0.2	-0.6
Overall balance	-3.4	-3.1	0.2	-1.2	-1.6	-0.4
Financing	3.4	3.1	-0.2	1.2	1.6	0.4
External, net	2.2	1.6	-0.6	1.2	0.6	-0.6
Domestic, net	1.2	1.6	0.4	0.0	0.9	1.0
<i>Memo:</i>						
<i>Primary expenditure (% of GDP)</i>	17.1	17.0	-0.1	11.1	11.5	0.4
<i>Priority social spending</i>	7.1	7.1	0.0	3.7	4.8	0.0
<i>Statistical discrepancy</i>	0	-0.2	...	0	0.0	
<i>Nominal GDP (TZS billions)</i>	217,000		...	239,908		...

Source: Ministry of Finance and Planning.

¹ Fiscal data cover Mainland Tanzania only.

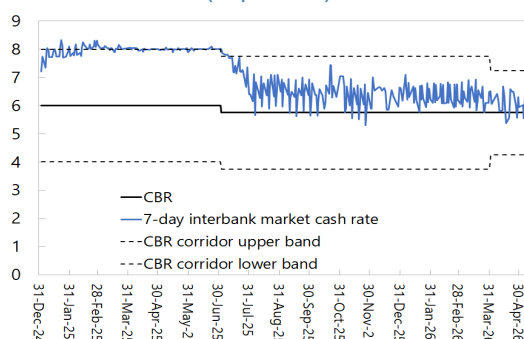
6. The current account is expected to remain steady in FY26, due to a combination of strong exports and imports of goods. The current account deficit is expected to remain at 2.7 percent of GDP in FY26, the same level as in FY25. Strong growth in goods exports (17.4 percent yoy) was driven by gold, manufacturing and traditional products. Imports of goods are expected to grow at about 14 percent. Gold exports, which now account for almost half of goods exports, are expected to partially offset import pressures from the war in the Middle East. Net services exports weakened in the early months of 2026, due to low tourist arrivals. The external position is assessed as stronger than implied by medium-term fundamentals and desirable policies (Annex III). Reserves stood at US\$6.1 billion in March 2026, an increase of US\$391 million since March 2025. Reserve coverage is currently adequate, at about 3.7 months of imports.

7. The exchange rate has remained flexible, and BoT has increased FX interventions to support market functioning. The TZS/USD rate has broadly followed seasonal trade flows and has continued to show increased flexibility. At the same time, it has also been supported by net FX sales

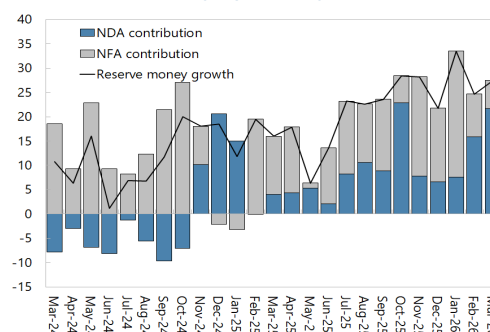
by BoT in 2025 (\$378 million) and early 2026 (US\$267 million to end-April).⁴ Activity in the Interbank Foreign Exchange Market (IFEM) remains limited, in part reflecting market segmentation, but has been on the rise (Text Figure 3). Consistent with increased exchange rate flexibility, parallel market activity has receded.

Text Figure 2. Monetary Policy and Reserve Money Growth

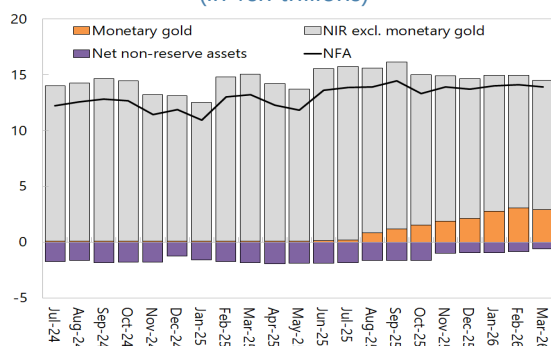
(i) CBR and 7-day Interbank Cash Market Rate (in percent)



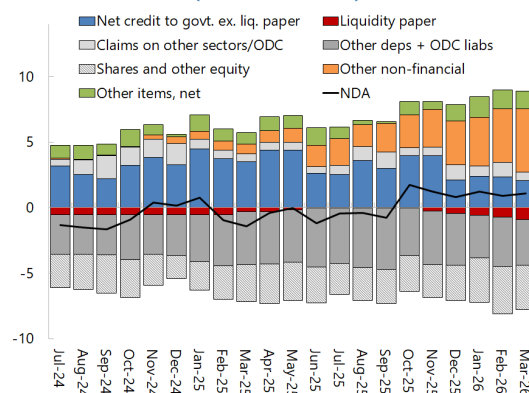
(ii) Growth in Reserve Money Liabilities, Contributions to y-o-y Growth from Asset Side (in percent)



(iii) BoT Net Foreign Assets (in Tsh trillions)



(iv) BoT Net Domestic Assets (in Tsh trillions)



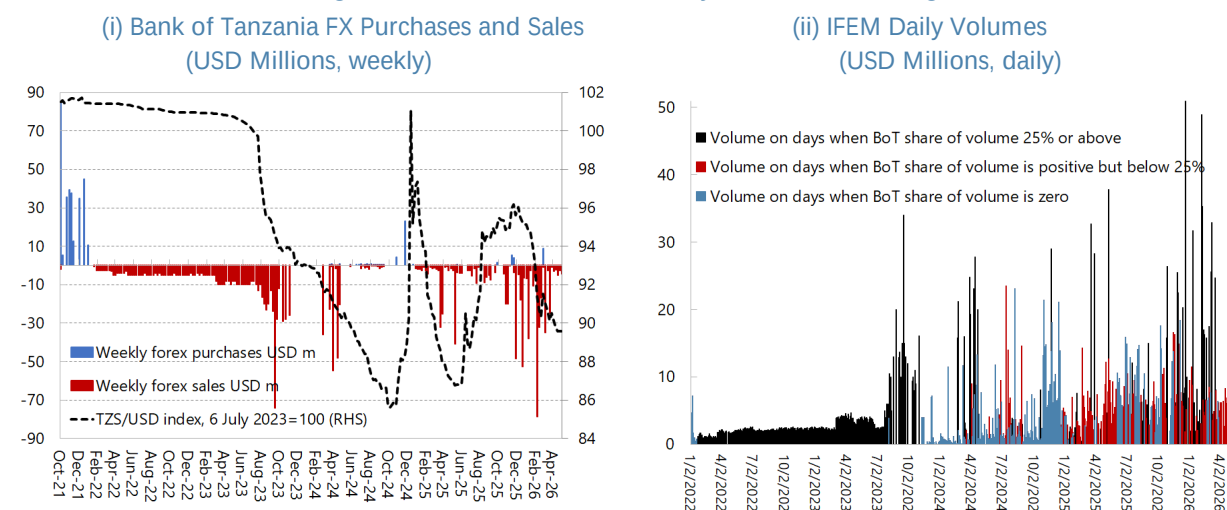
Sources: Bank of Tanzania, Fund staff calculations. ODC is other depository corporations. Other non-financial fixed assets includes purchases under BoT's Domestic Gold Purchasing Program.

8. The banking sector is broadly resilient and profitable, but pockets of vulnerability require close monitoring. The banking sector is well capitalized, and asset quality has improved with the NPL ratio reaching 3 percent in March 2026 (from 3.5 percent a year earlier) despite the strong pick up in loans growth (the largest share of which is personal lending, followed by

⁴ Tanzania maintains three exchange restrictions and one multiple currency practice (MCP) subject to Article VIII, Section 2(a) and Section 3, respectively, that predate the ECF program. The official action that resulted in the current MCP is the calculation of the official exchange rate in a manner that deviates from best practice criteria under the MCP policy, as the rate is not derived from transactions representative of the foreign exchange market. The last impermissible spread for this measure was observed was on January 27. This official action should be removed. On December 22, 2025, the authorities eliminated a pre-program MCP by removing the official action that gave rise to it.

agriculture and trade; Table 5). Sources of vulnerability include cyber risk and high loan concentration. Weaknesses persist in some smaller banks, including from FX liquidity and dollarization risk exposures, with a few small banks, including one government-owned bank, not meeting minimum requirements.⁵

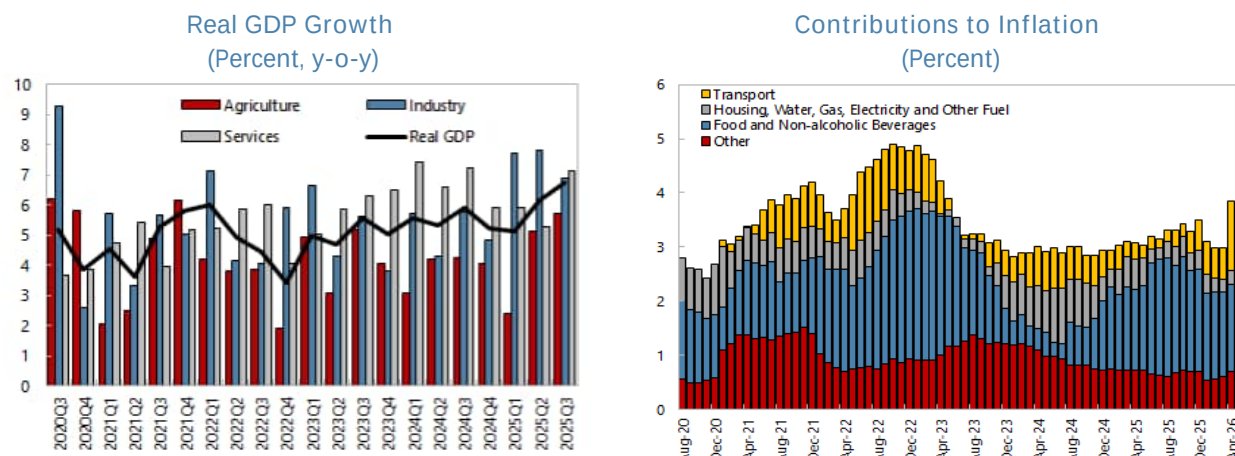
Text Figure 3. Forex Market Activity and the Exchange Rate



Text Figure 4. Overview of Recent Economic Developments

Growth was strong in FY26Q1, driven mainly by the industrial and services sectors.

Headline inflation was low and stable until recently, as increased food price inflation was offset by other CPI components.

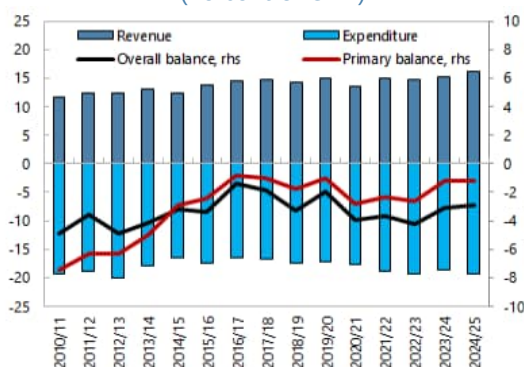


⁵ The government-owned bank represents around 0.7 percent of system assets, and remains below the minimum capital requirement. BoT has engaged with the Ministry of Finance and the Treasury Registrar regarding its recapitalization.

Text Figure 4. Overview of Recent Economic Developments (concluded)

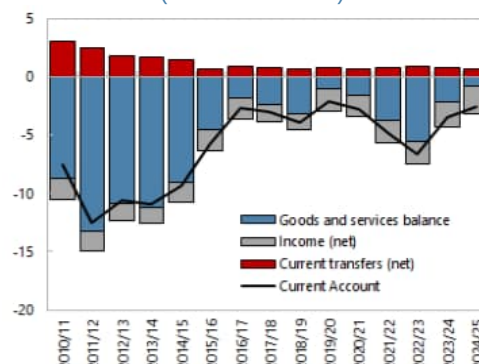
Tanzania's fiscal balance remained stable in FY24/25.

Fiscal Sector
(Percent of GDP)



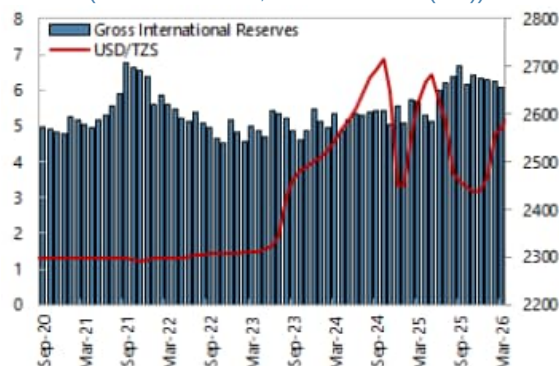
The current account deficit narrowed further in FY24/25, reflecting an improved trade balance.

External Sector
(Percent of GDP)



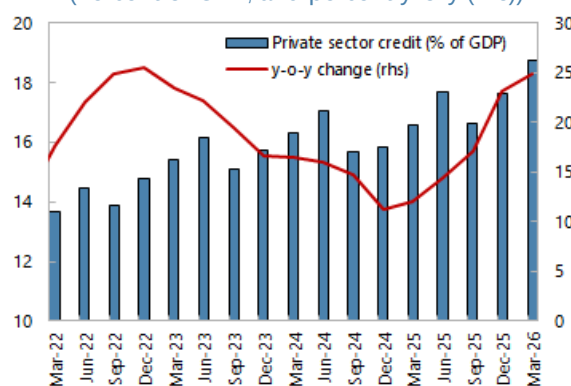
International reserves increased and the exchange rate appreciated in 2025.

International Reserves
(Billions of USD, and USD/TZS (rhs))



Private sector credit growth has picked up.

Credit to the Private Sector
(Percent of GDP, and percent y-o-y (rhs))



Sources: Tanzanian authorities; and IMF staff calculations and projections. Note: GDP, CPI, and fiscal data are for Mainland Tanzania only. BoP and monetary data are for United Republic of Tanzania, which includes Zanzibar.

OUTLOOK AND RISKS

9. Sustained reform implementation underpins a positive medium-term outlook. Growth is projected to remain at 5.9 percent in CY26 and to reach its potential of 6.3 percent over the medium term, assuming a strong outlook for mining, agriculture and tourism (Text Table 2). Inflation is expected to remain within the BoT's 3-5 percent target range, even though the war in the Middle East could increase average inflation in CY26 by about 0.4 percentage points relative to the pre-war baseline, reflecting higher energy and transport costs. Given surging import prices (oil and fertilizers, among others) the current account deficit is projected to deteriorate to 3 percent in FY2026/27 and recover in the medium term, aided by high gold prices (see Annex III). Similarly, reserve coverage is

expected to slightly weaken to 3.5 months of prospective imports by end FY2025/26, before rising to 3.8 months over the medium term.⁶

Text Table 2. Tanzania: Selected Economic and Financial Indicators, 2021/22–2030/31 (Annual Percentage Change, Unless Stated Otherwise)										
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	Act.	Act.	Act.	Act.	Prel.	Proj.	Proj.	Proj.	Proj.	Proj.
Real GDP	4.7	4.9	5.3	5.7	5.8	6.0	6.2	6.3	6.3	6.3
Calendar year Real GDP ¹	4.7	5.1	5.5	5.9	5.9	6.1	6.3	6.3	6.3	6.3
GDP deflator	118.3	123.3	128.6	134.6	140.4	147.3	154.6	162.3	170.4	179.8
CPI (period average)	4.0	4.6	3.1	3.1	3.5	4.5	4.0	4.0	4.0	4.0
Credit to the private sector (end of period)	22.1	22.2	16.1	14.5	18.0	16.5	15.0	14.5	14.5	14.5
Domestic primary balance (percent of GDP)	-2.4	-2.6	-1.2	-1.2	-0.8	-0.5	-0.5	-0.6	-0.6	-0.6
Fiscal overall balance (percent of GDP)	-3.8	-4.3	-3.2	-3.1	-3.0	-3.0	-3.0	-3.0	-3.0	-3.0
Public debt (percent of GDP)	43.5	45.9	49.2	50.3	49.1	47.7	46.2	44.9	43.7	42.4
Current account balance (percent of GDP)	-4.9	-6.6	-3.5	-2.7	-2.7	-3.0	-2.8	-2.8	-2.8	-2.8
Reserves (months of imports)	3.6	4.0	3.6	3.6	3.5	3.6	3.7	3.8	3.8	3.8

Sources: Tanzanian authorities and IMF staff estimates and projections.
¹ Fiscal year 2020/21 corresponds to calendar year 2021.

10. Risks to the outlook are tilted to the downside and have increased. The violence and social unrest in late 2025 may affect longstanding perceptions of socio-political stability, investor confidence, and tourism. The war in the Middle East could adversely impact the price or availability of key imports and tourism, through disruptions in air travel and trade routes (Annex III), while increased cost of living may exacerbate social tensions. Together with declining international aid, reduced FX inflows could put pressure on the exchange rate, fueling inflation pressures. While the rising gold price since early 2025 has supported the external balance, a sudden decline would significantly weaken the current account and reserves – of which monetary gold now represents 20 percent. Domestically, reform delays could weaken growth prospects and fiscal sustainability, while downside risks from climate change or new virus outbreaks remain. On the upside, commodity price increases or accelerated reforms could boost growth prospects.

POLICY DISCUSSIONS

A. Safeguarding Macro-Financial Stability

11. The authorities should stand ready to adjust the policy mix to absorb further shocks. The fiscal consolidation envisaged in the FY25/26 budget is important to keep Tanzania's risk of debt distress moderate. Under a severe external shock, such as a protracted war in the Middle East, temporary and targeted support to the most vulnerable groups should be prioritized (rather than broad subsidies) and financed through deferred spending on less urgent investment projects. The mildly stimulatory monetary stance remains appropriate given the current marginally negative

⁶ The macro framework is underpinned by the April 2026 WEO assumptions except for the main commodity prices in the reference scenario. Gold and crude oil prices have been revised following the methodology suggested by RES and reflect future prices as of May 27 2026.

output gap estimate and assuming inflation pressures from increased oil prices abate in 2027, and offsets fiscal consolidation while supporting credit growth (from a low base). However, BoT should be ready to tighten monetary policy as needed to contain persistent inflation pressures, including from a prolonged fuel supply shock, while continuing to allow increased exchange rate flexibility. BoT's FXI should continue to be limited, in line with its [FXI Policy](#) and to protect FX reserves, and should not substitute for needed macroeconomic policy adjustments.

Preserving Fiscal Space for Priority Social Spending

12. Staff anticipates that the authorities' fiscal consolidation goal for FY25/26 will be met, and further consolidation is expected in the FY26/27 budget. The strong revenue performance into Q3 (0.4 percent of GDP above the budget target) is expected to continue in the last quarter, reflecting the impact of tax and non-tax measures approved with the budget (¶4). In addition, based on the mid-year budget review, expenditure have been kept under tight control, offsetting the 0.6 percent of GDP over-spending in H1, while maintaining priority social spending at 7.1 percent of GDP. In FY26/27, the authorities plan to continue fiscal consolidation with an adjustment of 0.3 percent of GDP, lowering the domestic primary balance to -0.5 percent of GDP. This would reflect additional revenue mobilization (about 0.5 percent of GDP) and moderate expenditure growth, while maintaining social spending at 7 percent of GDP.

13. In the medium term, continued fiscal reforms will be critical to preserve fiscal space, reach development goals, and keep risks of debt distress moderate. The authorities are committed to keeping the overall fiscal balance at 3 percent of GDP, domestic borrowing at an average of 1.7 percent of GDP, and non-concessional borrowing at \$1.1 billion per year (1.1 percent of GDP) to finance priority projects. They also aim to increase domestic revenue mobilization and raise the tax-to-GDP ratio by up to 3 percentage points. To meet these objectives, priorities include:

- *Further improving tax administration* as set out in Medium-Term Revenue Strategy (MTRS). Further automating the VAT refund process (unmet SB) should be implemented, building on recent efforts to digitize the tax system. Other measures include improving the quality and completeness of the business register and the tax dispute process.
- *Streamlining tax exemptions*. Numerous tax exemptions should be repealed, including preferential corporate income tax (CIT) rates; income tax exemptions in export processing and special economic zones (unmet SB); and VAT exemptions for supplies to specific activities.⁷
- *Strengthening PFM and public investment management*. Revising the *Public Investment Operational Manual* (renamed as *National Development Approval Guideline*) is needed to enhance the selection, prioritization and implementation of public investment projects. Restructuring and recapitalizing SOEs should be achieved through transparent budget transfers, rather than by diverting 20-30 percent of SOE dividends into a public investment fund—which

⁷ The [Tax Expenditure Report for 2024](#) referred to exemptions equivalent to 1.5 percent of GDP, but this is likely to underestimate the total amount of existing exemptions.

would weaken public revenues, fiscal transparency, SOE oversight and financial discipline. Finally, the submission to Parliament of the medium-term budget alongside the annual budget is a welcome step toward enhancing budget credibility, improving transparency, and reinforcing the authorities' commitment to fiscal consolidation.

14. Improved public debt statistics are needed in Zanzibar to further develop fiscal risk management, including to account for a recent Sukuk issuance.⁸ Zanzibar's debt is not explicitly guaranteed by URT, but it remains important to publish integrated URT fiscal data and incorporate Zanzibar in URT fiscal risk management – especially at this juncture, given the recent scaling-up of Zanzibar's infrastructure development plans and associated increase in borrowing. Progress towards adopting GFSM 2014 is underway with IMF TA support.

Enhancing Monetary Policy and Central Bank Independence

15. Progress continues towards fully operationalizing the new interest rate-based framework. Better anchoring the cash rate within the CBR corridor will support interest rate transmission. Further efforts to develop the interbank cash market and horizontal repo operations include adopting a *Global Master Repurchase Agreement* (GMRA). In addition, BoT should (i) ensure that banks can readily access the Lombard standing facility; (ii) introduce a standing deposit facility; (iii) review the use of T-bills in liquidity management (in line with TA recommendations); and (iv) ensure liquidity management operations are well understood by market participants. Finally, BoT should also continue to improve its modelling and forecasting capacity, and policy communication.

16. Central bank independence needs strengthening. Further amendments to the BoT Act are expected to be submitted to Parliament in June 2026 to enhance BoT's institutional independence by eliminating the BoT Board's ability to issue waivers for non-compliance with the Act and regulations, and specifying the circumstances under which the limit on BoT's advances to government can be exceeded. This limit, currently set at 18 percent of government revenue, is comparatively high and should be lowered to support BoT's monetary policy independence. For instance, the 2019 limit (12 percent) could be reinstated, and it should apply in gross terms to all forms of financing. Absent these reforms, risks from fiscal dominance and weaker central bank credibility could undermine monetary policy effectiveness.

17. The authorities should continue to develop the FX market and clarify FX regulations. Important achievements include the 2023 [FXI policy](#), [IFEM Code of Conduct](#), and publication of the BoT's [FX auction rules](#). More recently, BoT has successfully introduced the [Electronic Matching System](#) (EMS) to support price discovery and designated IFEM [market makers](#). Further enhancement of competitive auction pricing can be achieved by removing the limit on maximum bid amounts of

⁸ Zanzibar's first Sukuk was launched in 2025, with a first tranche of TZS382 billion at 7-year maturity. The operation is off-balance sheet through an SPV, with a sinking fund replenished by an SOE (based on airport fees) to meet biannual payments,

20 percent by any single bank in the auction.⁹ In addition, BoT should amend the March 2025 [FX regulation](#) requiring FX transactions in Tanzania to be conducted and quoted in shillings to reflect concerns from affected sectors (including tourism) and provide needed implementation clarity.

Upgrading the Financial Sector Policy Framework

18. Steady progress is being made in strengthening financial sector supervision and oversight. Basel II/III migration was completed in 2025, and full implementation of a single risk-based rating system is expected in mid-2026. BoT is enhancing its stress testing capacity and monitoring of macro-financial and climate risks, and large exposures. The recently revised ELA framework should be further enhanced, including with regard to collateral eligibility, valuation and haircuts, and allocation of responsibilities. In addition, BoT's internal *Banking sector crisis management and resolution framework* should be strengthened in line with TA recommendations. Continued effort is needed to address risks in small banks, especially cases of non-compliance with prudential requirements in a few small banks.

B. Promoting Inclusive and Resilient Private Sector-Led Growth

19. More resources need to be allocated to human capital development to foster inclusive growth.¹⁰ In FY25/26, budget allocations to education and health each increased by 0.1 ppt of GDP – far below the estimated spending gap of 4.2 and 2.1 percent of GDP (respectively).¹¹ Urgent priorities are to address shortfalls in teachers and health workers, improve service delivery for basic education and preventive and community health care, and reduce child stunting which affects one-third of children. Access to the *Tanzanian Social Action Fund* (TASAF) program should also be broadened and more domestic financing for this program is needed to ensure its sustainability, especially in the current external environment. Greater financing for these priorities should come primarily from domestic revenue mobilization and reallocation of low-priority spending.

20. Resolute reforms to support private sector development are critical.¹² Priorities include:

- *Simplifying business regulations.* A revised regulatory *Blueprint*, expected to be finalized by end-June 2026, should lead to a clear implementation plan to streamline regulations and reduce regulatory fragmentation by consolidating regulatory institutions. This would help improve transparency, reduce compliance costs, and significantly strengthen the business environment.
- *Increasing tax transparency and predictability* and incorporating stakeholder inputs are essential to make tax policy and administration changes supportive of the business environment.

⁹ This limit on maximum bid amounts of 20 percent by any single bank is an official action under the MCP policy (IMF Country Report No. 25/163) as it creates market segmentation and deviates from best practice, and should be removed.

¹⁰ See 2025 Selected Issues Paper, Chapter II.

¹¹ This would be to reach the level of coverage and quality of services of the top performing countries among LICs, and an SDG3 index of at least 75 and an SDG4 index of at least 87.

¹² See [Privatizing Growth: A Country Economic Memorandum for the United Republic of Tanzania](#), World Bank, 2023.

In this context, publishing the Presidential Commission Report on Tax System reforms would help provide clarity to, and increase the confidence of existing and potential investors.

- *Improving access to finance.* Ongoing improvements of the credit bureau and the introduction of a Secured Transactions Act in June will support credit deepening. In addition, there is a need to (i) enhance the insolvency framework (e.g., out-of-court workout mechanisms); (ii) make land registries and occupancy rights more reliable; and (iii) develop domestic capital markets.
- *Reducing governance-related vulnerabilities.* Stronger AML/CFT supervision, particularly in higher-risk sectors, will be important to mitigate financial integrity risks and should be part of a new law formalizing the real estate sector and designating a Real Estate Regulatory Authority as AML/CFT supervisor, expected to be adopted in FY27.¹³ Additionally, publishing asset declarations of high-risk public officials and enhancing access to information on enforcement outcomes would strengthen the credibility of the anti-corruption framework.
- *Developing infrastructure.* Investment is underway to improve electricity availability through extended transmission lines, including under *Mission 300*. Electricity tariffs should reflect costs to enable TANESCO to operate without relying on budget support from the government.
- *Regional integration.* Recent excise taxes and a government order [prohibiting some business activities of non-citizens](#) affect trade and investment relationships with partner countries. These measures should be avoided, and at a minimum amended to clarify their intended scope.

PROGRAM AND OTHER ISSUES

Reform Implementation

21. The program remained broadly on track, and the authorities have requested a waiver for nonobservance of the end-December 2025 QPC on NDA. All PCs for end-June were met. All continuous PCs have also been met. While the end-September IT for the domestic primary balance was missed by a wide margin, all other September targets were met. At end-December, all QPCs were met (Table 15), except for the NDA QPC. As noted, this resulted from BoT's purchases of domestic gold in order to build FX reserves, while supporting the monetary policy stance, and not from government financing. The NDA increase will be corrected as BoT has reached its target gold holdings and is committed to reduce NDA by monetizing the domestic gold or selling it for foreign currency (and to mop up any excess liquidity, consistent with the monetary policy stance).¹⁴ These corrective actions should ensure that program objectives are preserved.

22. Out of nine SBs due for the 6th and 7th reviews:

¹³ This designation will help strengthen risk-based AML/CFT supervision by addressing resource constraints under the current supervisory arrangement.

¹⁴ The divergence from the QPC was also exacerbated by the low program price for gold in comparison to recent market rates: NDA is calculated as the difference between reserve money and NFA following the TMU definition, and using the program prices lowered the NFA program calculation and so raised NDA.

- Four SBs were implemented on time: (i) Parliament approved revenue measures yielding at least 0.5 percent of GDP in FY25/26 and 1 percent of GDP starting in FY26/27 (relative to FY24/25); (ii) BoT issued a revised collateral framework for standing facilities; (iii) BoT published a new ELA framework and prepared guidelines; and (iv) a Secured Transactions Bill was submitted to Parliament in February.
- Three SBs were not met, but reform implementation is ongoing: The authorities intend to submit amendments to Parliament in June for both (i) the *Planning Commission Act* (end-June 2025) and (ii) the *VAT Act* (end-Feb 2026). In June, they also intend to complete the preparation of revised public investment guidelines (*National Development Projects Approval Guidelines*) (end May).
- Two SBs were not met and will not be implemented: Significant progress has been made to digitize tax systems, but automation of VAT refund processes was not met. While the authorities repealed income tax exemptions for companies in EPZ/SEZ selling in the domestic market in June 2025, they do not plan to repeal *all* EPZ/SEZ income tax exemptions (end-June 2025 SB) due to competitiveness concerns.¹⁵

23. Recent RM implementation has been challenging, particularly in the energy sector. For the final two reviews under the RSF arrangement:

- Five RMs have been implemented:
 - o The authorities expanded the social registry to cover 4.7 percent of Tanzania's population, by prioritizing households that are vulnerable to climate shocks. This falls short of the 5 percent target under RM4, including due to the delayed completion of vulnerability maps (RM2). However, staff is of the view that the shortfall can be considered a minor deviation in the context of substantially meeting the reform objective to significantly expand coverage. Moreover, the 5 percent target is expected to be achieved before the end of 2026, with World Bank assistance. Staff will continue to monitor progress on this target.
 - o Climate policy-related KPIs have been integrated into existing conditional tariff structures and business plans of water utilities (RM11).
 - o The National Land Use Planning Commission has adopted Guidelines for Integrated and Participatory Village Land Use Planning, Management and Administration, and issued a Government Notice to formally require its implementation in all villages (RM12).
 - o BoT created a climate-related data repository to support analysis of climate-related risks in the financial system (RM13).

¹⁵ As noted in footnote 10, the [Tax Expenditure Report for 2024](#) referred to exemptions equivalent to 1.5 percent of GDP, but this is likely to underestimate the total amount of existing exemptions. However, the cost of exemptions is partially offset by the adoption of a strong package of tax measures (0.5 percent of GDP) with the budget.

- o BoT published its [analysis of climate risks](#) in the financial system in early April (RM14), noting that Tanzania's banking sector is increasingly exposed to climate-related risks that may undermine financial soundness and stability if not adequately managed.
- Three RMs are not implemented:
 - o The published long-term Power Sector Master Plan (PSMP) was not aligned with climate mitigation goals and long-term plans for other sectors (RM8), due to the need to align multiple policy documents and as Tanzania's NDCs are in the process of being updated.
 - o Designing a cost-reflective electricity tariff (RM9) was delayed: the authorities are still in the process of preparing a study to support the design of a cost-reflective electricity tariff.
 - o A carbon tax proposal (RM10) on natural gas and coal was submitted to Parliament in June 2025, but not approved, mainly due to concerns that such a tax would be inconsistent with plans to encourage domestic consumption of natural gas.

Program Financing

24. The program is fully financed through the remainder of its duration. The financing gap for FY26 is projected to be US\$155.4 million and will be financed by the ECF arrangement (SDR 113.37 million or about US\$155.4 million, Text Table 3). Program co-financing by the World Bank and AfDB was adequate and has been frontloaded.

Text Table 3. Tanzania: Financing Gap and Sources of Financing, 2022/23–2025/26
(Millions of US Dollars)

	2022/23	2023/24	2024/25	2025/26
	Act.	Act.	Act.	Prel.
1. Financing Gap Under Program Baseline	913	807	727	155
<i>In percent of GDP</i>	<i>1.2</i>	<i>1.0</i>	<i>0.9</i>	<i>0.2</i>
2. Expected Budget Support	609	500	423	0
World Bank	500	500	250	0
Other donors	109	0	173	0
3. Residual Financing Gap (1-2)	304	307	304	155
4. IMF Financing	304	307	304	155
<i>In percent of GDP</i>	<i>0.4</i>	<i>0.4</i>	<i>0.4</i>	<i>0.2</i>
ECF (200 percent of quota)	304	307	304	155
Remaining financing gap	0	0	0	0

Source: IMF staff calculations.

25. Capacity to Repay. Tanzania's capacity to repay the Fund is adequate and the authorities' track record of servicing IMF debt is strong (Table 6). Total debt service obligations to the Fund peak

at 0.2 percent of GDP (0.8 percent of exports of goods and services or 3.3 percent of gross FX reserves) in FY31.

26. Tanzania's latest Debt Sustainability Analysis (DSA) indicated moderate risk of external and overall debt distress, with some space to absorb shocks.¹⁶ It also showed that liquidity indicators had deteriorated due to higher repayments of short-term domestic debt obligations and lumped amortization of external loans, relative to the previous DSA. Total public debt is around 50 percent of GDP and expected to trend downwards over the medium term.

27. Continued efforts are needed to strengthen BoT's safeguards framework. Amendments to the BoT Act addressing certain aspects of institutional, personal, and financial autonomy have improved BoT's governance arrangements. However, addressing the legal gap resulting from the waiver for non-compliance of the BoT Act and regulations (¶16) is critical to reinforce institutional autonomy. Additional amendments to strengthen BoT's personal autonomy should be considered, through addressing the Board quorum (Section 11) and instituting required years of experience, and term limits for non-executive Board members (Section 9). Outstanding recommendations to be implemented from the 2022 *Safeguards Assessment* relate to IT audit capacity and review of the special loan program.

Other Issues

28. Capacity development priorities have been aligned with program objectives (Annex II). Tanzania continues to engage with Fund TA in multiple areas, including monetary policy and financial sector supervision, as well as Government Finance, Public Sector Debt and National Account Statistics. Recent fiscal TA has been provided on the MTRS, carbon taxation, and other climate-related policy in support of the RSF, as well as PFM TA to Zanzibar.

STAFF APPRAISAL

29. In recent years, Tanzania has achieved robust growth and macro-financial stability, but reaching development goals requires accelerated and sustained reforms. The ECF arrangement has supported the authorities' efforts to maintain macroeconomic stability, strengthen policy frameworks, and advance reforms. Macroeconomic stability has been preserved, with strong economic activity and low and stable inflation. Reforms have helped strengthen economic policy frameworks and institutions. Building on this progress, continued macroeconomic and structural reform efforts can help Tanzania reach the objectives of Vision 2050.

30. ECF-supported program performance remained broadly on track, while RSF reform implementation was mixed. All PCs for end-June were met. All continuous PCs have also been met. While the end-September IT for the domestic primary balance was missed by a wide margin, all other September targets were met. At end-December, all QPCs were met, except for the QPC on net

¹⁶ See IMF Country Report No. 25/163.

domestic assets, for which the authorities are requesting a waiver. Four structural benchmarks (SBs) were met under the ECF arrangement and reform implementation is continuing for some unmet SBs (¶22). Five RMs for the current reviews have been completed (Box 2, ¶23).

31. Continued fiscal consolidation supported by stronger domestic revenue mobilization and improved public financial management will be important. The authorities target a further improvement in the primary balance of about 0.3 percent of GDP in FY26/27. Under a severe external shock, temporary and targeted support to the most vulnerable groups should be prioritized and financed through deferred spending on less urgent investment projects. In the medium term, fiscal reforms will be critical to create fiscal space, reach development goals, and keep risks of debt distress moderate. Reforms should focus on further improving tax administration including by automating VAT refunds, streamlining tax exemptions, and strengthening PFM and public investment management. Fiscal prudence and improved debt reporting are needed in Zanzibar given the recent and rapid increase in Zanzibar's public debt.

32. Accommodative monetary policy remains appropriate, but BoT should stand ready to adjust its stance as needed. Persistent inflation pressures resulting from a prolonged fuel supply shock merit close attention. The narrowing of the CBR corridor should occur alongside improved operation of the interbank cash market. The limit on BoT lending to government should be reduced to improve central bank independence.

33. Maintaining exchange rate flexibility is important to absorb external shocks. The external position is assessed as stronger than implied by medium-term fundamentals and desirable policies (Annex III). Continuing to maintain adequate reserve levels and allowing exchange rate flexibility would help cushion the economy against external shocks. The authorities should remove the remaining MCP in line with the Fund's MCP policy, and eliminate the three exchange restrictions they currently maintain, which are inconsistent with their obligations under Article VIII.

34. Ongoing progress in upgrading the financial supervision framework helps enhance financial sector stability and deepening. The recent adoption of Basel II & III supervisory and regulatory standards, and the introduction of a new rating system to underpin risk-based banking supervision (RBS), expected in 2026, are important steps. Priorities ahead include enhanced monitoring of large exposures, and implementation of an FX liquidity coverage ratio and of FX reserve requirements, including to contain risks among smaller banks.

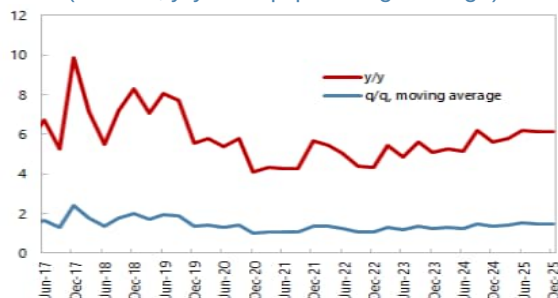
35. Accelerated reform implementation is critical to promote inclusive and sustainable private sector-led growth. More resources need to be dedicated to human capital development by increasing spending on education and health, and by strengthening social safety nets to reduce poverty. To ensure sufficient jobs and opportunities for Tanzania's rapidly growing population, resolute reforms to support private sector development are critical, and should aim to simplify business regulations, increase tax transparency and predictability, improving access to finance, reduce governance-related vulnerabilities, develop infrastructure, and remove obstacles to trade and regional integration. Finally, further reforms should strengthen the alignment between sectoral and national climate policies and commitments, and help mobilize climate finance.

36. Staff supports the disbursement of the seventh and eighth tranches under the ECF arrangement and the amount associated with implemented reforms under the RSF arrangement, totaling SDR 113.37 million and SDR 213.12 million, respectively, as well as the authorities' request for a waiver of nonobservance of the end-December 2025 QPC on net domestic assets. Support for the waiver is based on the corrective action taken by the authorities, which staff judges as credible. Staff proposes that Tanzania be moved to the standard 12-month Article IV consultation cycle. Given that Tanzania's credit outstanding to the Fund exceeds the applicable threshold, staff recommends initiating a post-financing assessment following the completion of the reviews.

Figure 1. Real Sector Developments

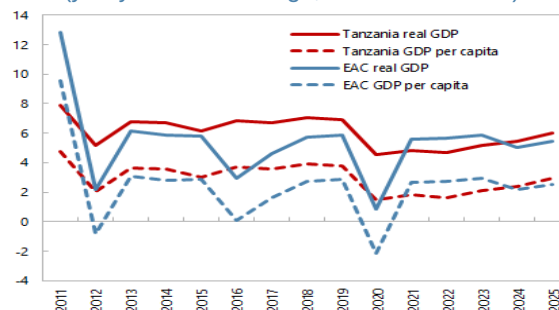
Growth has gradually picked up.

Recent Growth Trends
(Percent, y/y and q/q Moving Average)



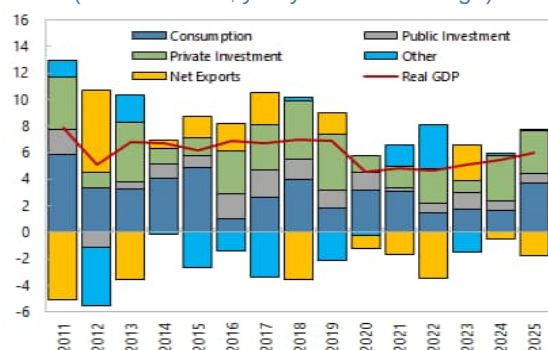
Real GDP and per capita growth has been stronger than EAC averages.

Real GDP and GDP per Capita
(y-o-y Percent Change, PPP 2017 dollars)



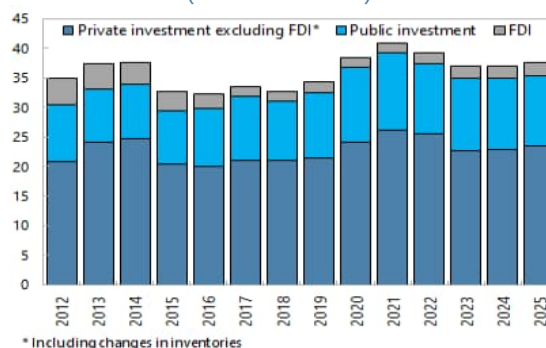
Consumption and private investment have been key contributors to GDP growth since 2024.

Contributions to Real GDP
(Demand Side, y-o-y Percent Change)



Public and private investment remained steady and continued to support growth.

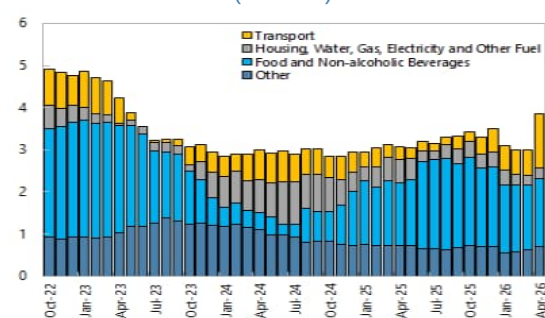
Investment
(Percent of GDP)



* Including changes in inventories

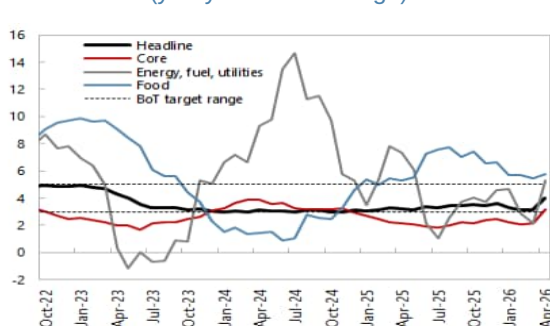
The fuel shock caused a sudden increase in transport price inflation in April...

Contributions to Inflation
(Percent)



... and headline inflation remains within BoT's target range.

Inflation
(y-o-y Percent Change)

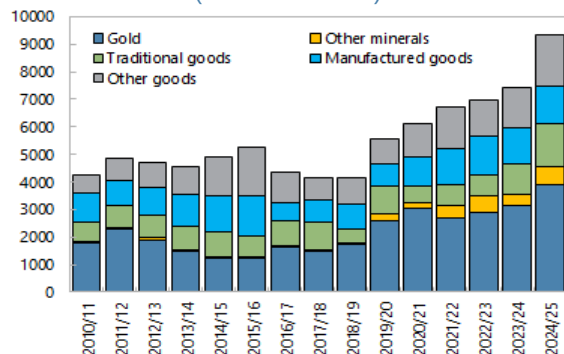


Sources: Tanzanian authorities; and IMF staff calculations and projections

Figure 2. External Sector Developments

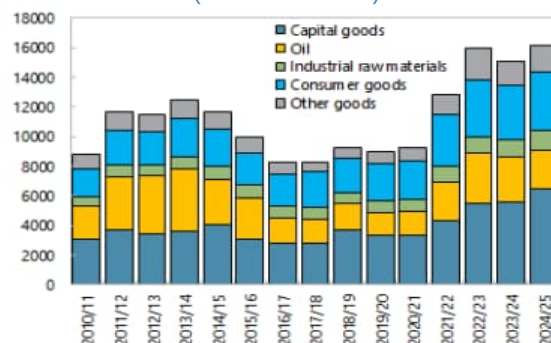
Goods exports saw rapid growth in FY24/25...

Composition of Goods Exports
(Millions of USD)



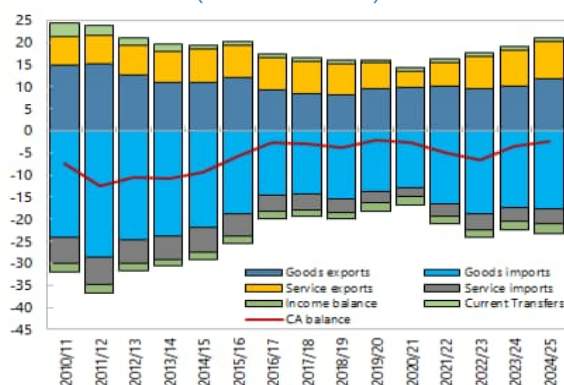
... while imports of goods remained stable...

Composition of Goods Imports
(Millions of USD)



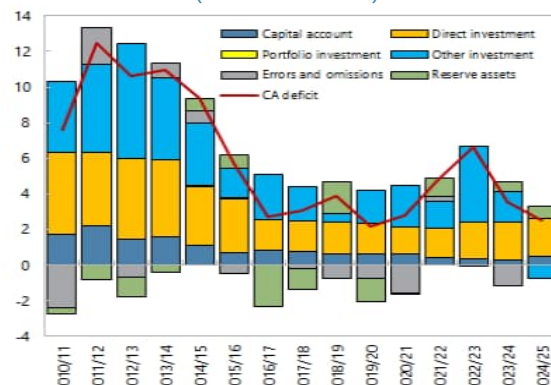
...leading to a narrowing of the current account deficit in FY24/25....

Current Account Balance Decomposition
(Percent of GDP)



... which was financed mostly by FDI.

Current Account Deficit and Financing
(Percent of GDP)



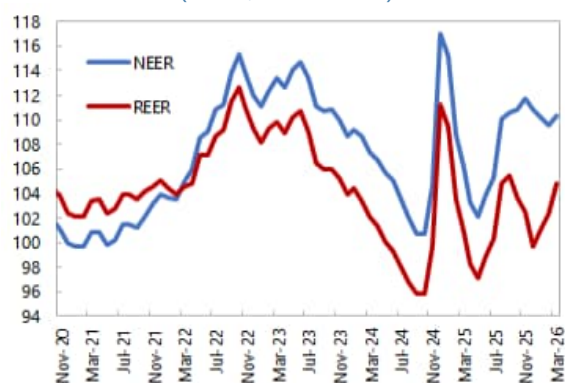
Reserves have remained stable ...

Gross International Reserves
(In US\$ Billions and Months of Prospective Imports)



...despite pronounced fluctuations of the real and nominal effective exchange rates.

Real and Nominal Effective Exchange Rates
(Index, 2016 = 100)

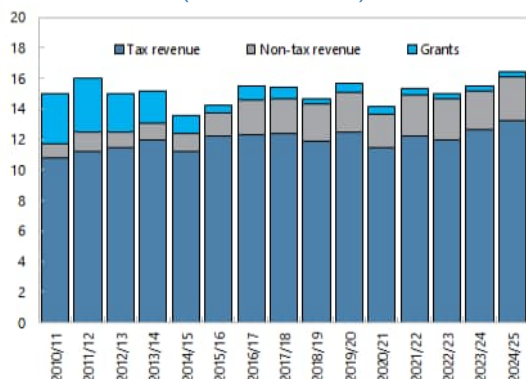


Sources: Tanzanian authorities; and IMF staff calculations and projections.

Figure 3. Mainland Tanzania: Fiscal Developments

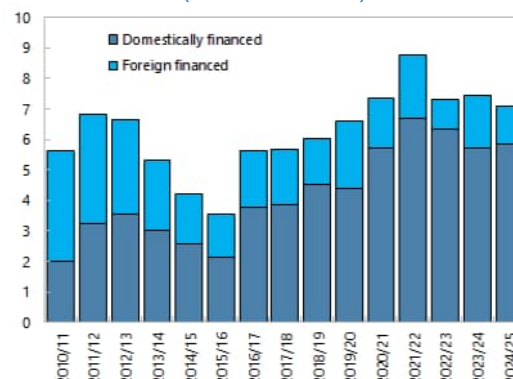
Domestic revenue mobilization improved in FY25...

Fiscal Revenues
(Percent of GDP)



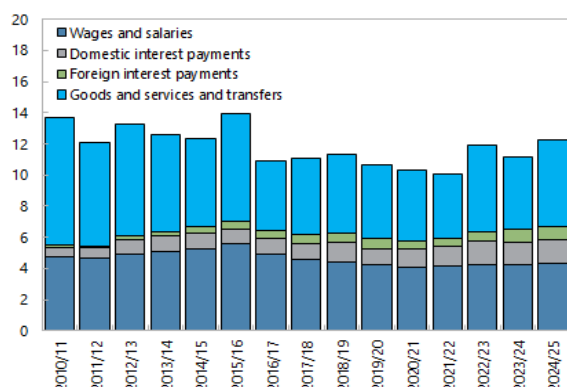
... while development expenditure declined...

Development Expenditure
(Percent of GDP)



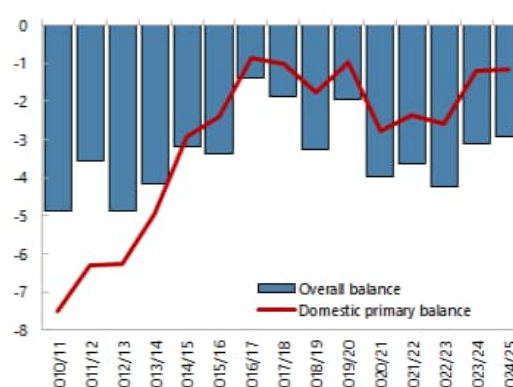
...and recurrent expenditure increased.

Current Expenditure
(Percent of GDP)



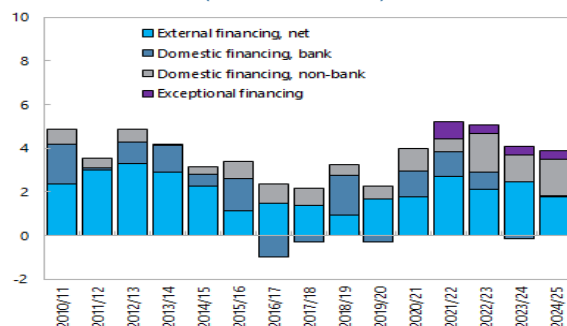
The budget deficit remained stable in FY25.

Overall Balance and Primary Deficit
(Percent of GDP)



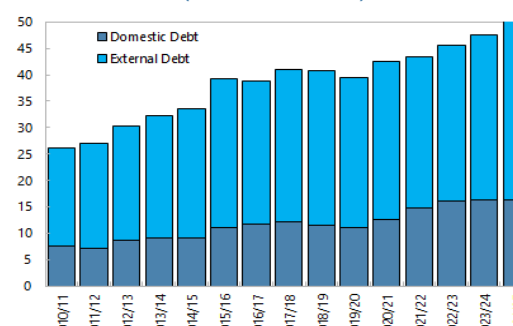
The deficit was financed largely by external borrowing ...

Sources of Financing of Overall Balance
(Percent of GDP)



... leading to a continued increase in external debt.

Total Public Debt
(Percent of GDP)

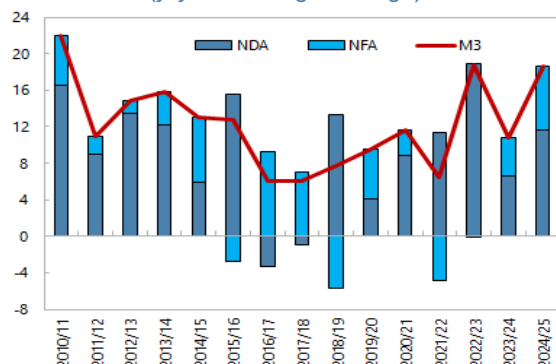


Sources: Tanzanian authorities; and IMF staff calculations and projections.

Figure 4. Monetary Developments

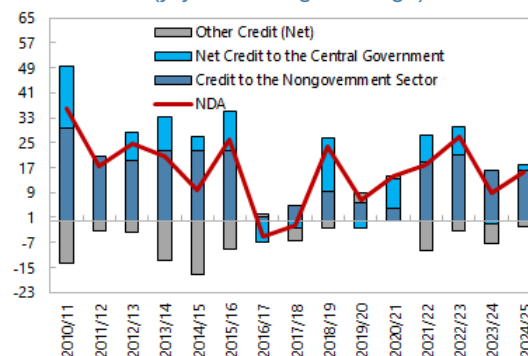
Monetary conditions stabilized in FY25

Contributions to Broad Money Growth (y/y Percentage Change)



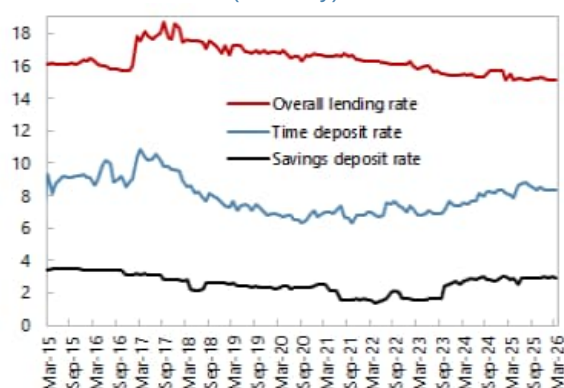
...contributing to a pickup in growth of credit to the private sector.

Contributions to Net Domestic Assets (y/y Percentage Change)



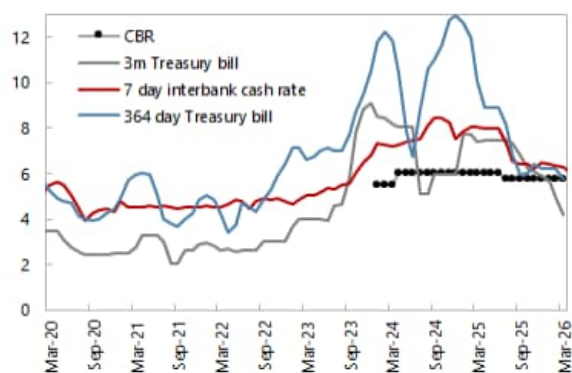
While retail lending and deposit rates tend to be relatively stable, deposit rates have increased recently.

Lending and Deposits Rates (Monthly)



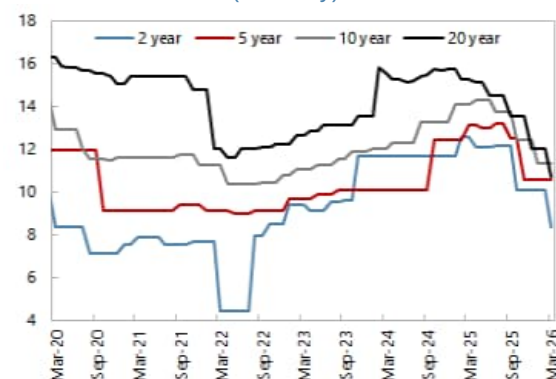
Short-term interest rates have declined, and volatility in the 364-day Treasury bill rate has subsided.

Interest Rates (Monthly)



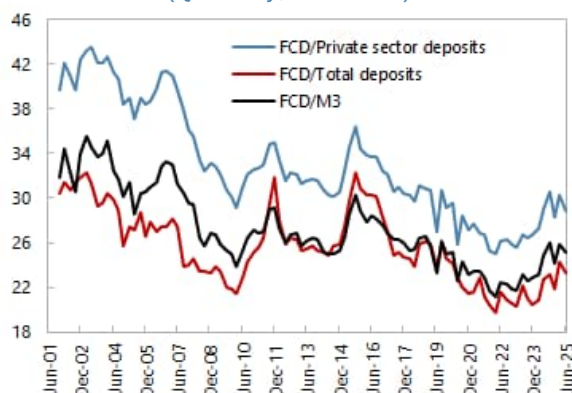
The rally in government bonds has reduced domestic financing costs.

Treasury Bond Rates (Monthly)



Deposit dollarization has declined over the years, but increased recently.

Foreign Currency Deposit (FCD) Ratios (Quarterly, In Percent)

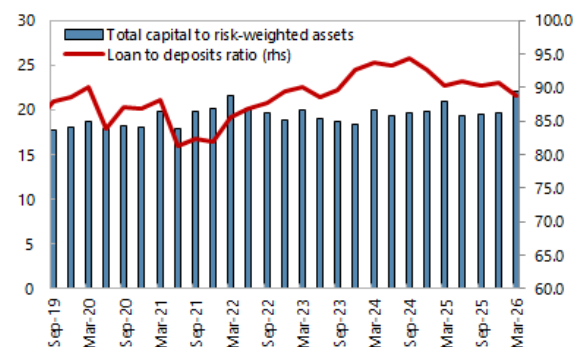


Sources: Tanzanian authorities; and IMF staff calculations.

Figure 5. Financial Sector Developments

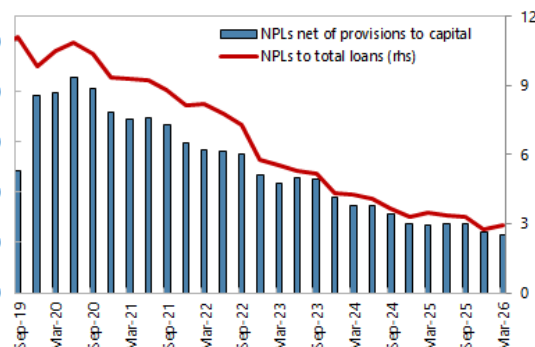
The banking sector remains well capitalized, and reliant on deposit funding.

Capital Adequacy and Loan to Deposit Ratio (Percent)



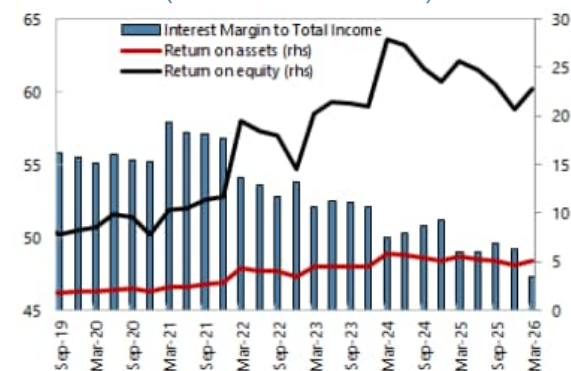
The NPL ratio has been significantly reduced in recent years.

Non-Performing Loans (Percent)



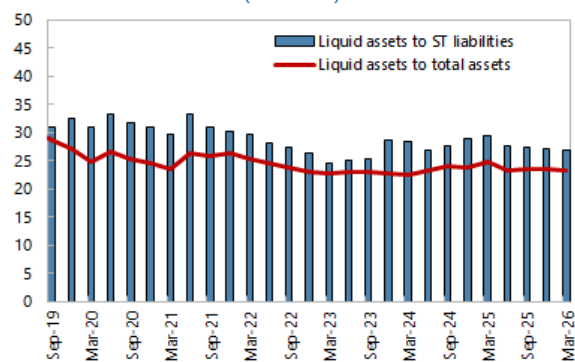
Bank profitability has been strong, even as the share of interest income declined.

Profitability and Source of Income (Percent of Total Assets)



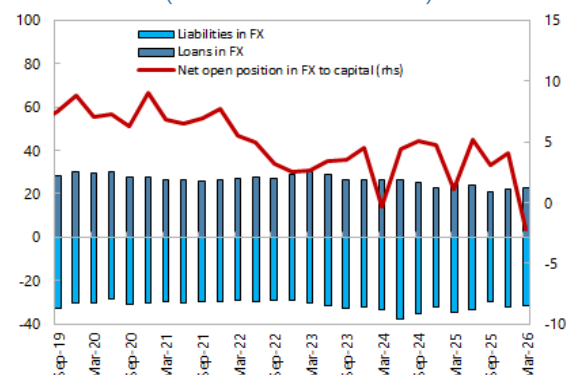
Liquidity in the sector remains adequate.

Liquid Assets Indicators (Percent)



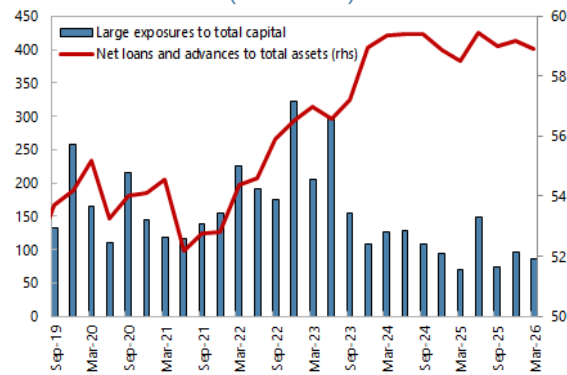
The net open FX position FSI dipped in March.

FX Exposures (Percent of Total Assets)



The loan-to-asset ratio has stabilized at a high level, and large exposures remain at a historically low level.

Large Exposures and Net Loans and Advances (In Percent)



Sources: IMF Financial Soundness Indicators; and IMF staff calculations.

Table 1. Tanzania: Selected Economic Indicators, 2021/22–2030/31¹

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	Act.	Act.	Act.	5th Rev.	Act.	5th Rev.	Est.	Proj.	Proj.	Proj.
(Percent change, unless otherwise indicated)										
Output, Prices and Exchange Rates										
Real GDP ²	4.7	4.9	5.3	5.7	5.7	6.2	5.8	6.0	6.2	6.3
GDP deflator	118.3	123.3	128.6	134.6	134.6	140.4	140.4	147.3	154.6	162.3
CPI (period average) ³	4.0	4.6	3.1	3.3	3.1	3.7	3.5	4.5	4.0	4.0
CPI (end of period) ³	4.4	3.6	3.1	3.5	3.3	3.6	4.0	4.0	4.0	4.0
Core inflation (end of period) ³	3.1	3.1	3.1	...	3.1	...	...	...	...	...
Terms of trade (deterioration, -)	-7.9	-0.7	8.8	14.5	14.7	6.6	23.0	5.2	0.7	2.2
Exchange rate (period average, TSh/USD)	2,298	2,310	2,505	...	2,619	...	...	...	...	...
Real effective exchange rate (end of period; depreciation)	4.4	3.2	-10.4	...	0.7	...	...	...	...	...
Money and Credit										
Broad money (M3, end of period)	6.5	18.8	10.9	11.1	18.7	11.6	18.0	16.5	15.0	14.5
Average reserve money	12.8	8.1	12.7	11.0	10.2	11.0	16.5	12.0	12.0	12.0
Credit to the private sector (end of period)	22.1	22.2	16.1	12.5	14.5	13.0	18.0	16.5	15.0	14.5
Overall T-bill interest rate (percent; end of period)	4.6	6.5	6.8	...	8.9	...	...	...	...	...
Non-performing loans (percent of total loans, end of per	7.8	5.3	4.1	...	3.3	...	...	...	...	...
(Percent of GDP, unless otherwise indicated)										
Central Government Operations										
Revenues and grants	15.4	15.0	15.5	16.3	16.5	17.3	17.3	17.6	17.8	17.9
Of which: grants	0.4	0.3	0.3	0.4	0.4	0.4	0.4	0.2	0.2	0.2
Expenditures	18.9	19.3	18.6	19.7	19.4	20.3	20.3	20.5	20.8	21.0
Current	10.1	11.9	11.2	12.7	12.3	13.0	13.0	13.3	13.6	13.8
Development	8.8	7.3	7.5	7.0	7.1	7.3	7.3	7.2	7.2	7.2
Overall balance	-3.8	-4.3	-3.2	-3.4	-3.1	-3.0	-3.0	-3.0	-3.0	-3.0
Excluding grants	-4.2	-4.7	-3.5	-3.8	-3.5	-3.5	-3.5	-3.2	-3.2	-3.2
Primary balance	-2.0	-2.3	-0.9	-0.8	-0.8	-0.3	-0.3	-0.3	-0.3	-0.4
Excluding grants	-2.4	-2.6	-1.2	-1.2	-1.2	-0.8	-0.8	-0.5	-0.5	-0.6
Public Debt										
Gross nominal debt	43.5	45.9	49.2	48.5	50.3	47.3	49.1	47.7	46.2	44.9
of which: external debt ⁴	28.8	29.7	32.9	32.8	33.9	32.0	33.4	32.2	30.5	28.9
Investment and Savings										
Investment	40.0	38.1	37.1	37.4	37.3	38.4	36.1	36.5	37.4	38.3
Government ⁵	12.4	12.1	12.1	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Nongovernment ⁶	27.6	26.0	24.9	25.5	25.3	26.4	24.1	24.5	25.4	26.3
Domestic savings	35.1	31.5	33.6	34.9	34.8	35.7	33.4	33.6	34.5	35.5
External Sector										
Exports (goods and services)	15.5	16.7	18.3	19.5	20.4	19.1	20.6	20.6	20.0	19.8
Imports (goods and services)	19.3	22.3	20.5	20.5	21.2	20.2	21.5	21.7	20.8	20.5
Current account balance	-4.9	-6.6	-3.5	-2.6	-2.7	-2.6	-2.7	-3.0	-2.8	-2.8
Excluding current transfers	-5.0	-6.7	-3.7	-2.7	-2.8	-2.7	-2.8	-3.1	-2.9	-2.9
Gross international reserves	5.1	5.4	5.3	5.8	6.0	6.4	6.4	6.8	7.6	8.6
In billions of U.S. dollars	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
of which: SDR allocation	3.6	4.0	3.6	3.8	3.6	3.9	3.5	3.6	3.7	3.8
In months of next year's imports	3.6	4.0	3.6	3.8	3.6	3.9	3.5	3.6	3.7	3.8
Memorandum Items:										
Calendar year real GDP growth (percent) ⁷	4.7	5.1	5.5	6.0	5.9	6.3	5.9	6.1	6.3	6.3
GDP at current prices	163.5	178.8	196.3	217.0	217.0	240.7	239.9	266.7	297.2	331.7
Trillions of Tanzanian shillings	71,069	76,270	78,802	82,695	83,340	89,406	92,777	99,693	108,455	119,038
Millions of U.S. dollars	1,147	1,195	1,199	1,249	1,258	1,311	1,331	1,388	1,466	1,562
GDP per capita (in U.S. dollars)	63.8	65.7	67.6	66.2	66.2	68.2	71.6	73.6	75.6	77.7
Population (million)	63.8	65.7	67.6	66.2	66.2	68.2	71.6	73.6	75.6	77.7

Sources: Tanzanian authorities and IMF staff estimates and projections.

¹ GDP, inflation and fiscal data refer to Mainland Tanzania only.² Based on GDP by production.³ The inflation index uses price data collected from all 26 regional headquarters of the statistical office in Tanzania Mainland.⁴ Excludes external debt under negotiation for relief.⁵ Includes investments made by parastatals and other public sector institutions.⁶ Historical figures are based on official data up to 2022.⁷ Fiscal year 2020/21 corresponds to calendar year 2021.

Table 2a. Tanzania: Central Government Operations, 2021/22–2030/31 1/
(Trillions of Tanzanian Shillings)

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	Act.	Act.	Act.	5th Rev.	Act.	5th Rev.	Est.	Proj.	Proj.	Proj.
(Trillions of Tanzanian Shillings)										
Total Revenue	24.4	26.2	29.8	34.6	34.8	40.5	40.5	46.2	52.3	58.8
Tax revenue	20.0	21.4	24.8	28.0	28.8	32.3	32.8	36.8	41.6	46.4
Import duties	1.5	1.6	1.8	2.0	2.0	2.2	2.2	2.4	2.7	3.0
Value-added tax	5.3	6.2	6.6	7.4	8.0	8.5	9.3	10.7	12.3	13.7
Excises	2.9	2.9	3.5	4.1	4.0	4.9	4.5	5.0	5.6	6.3
Income taxes	7.5	7.6	9.1	10.2	10.4	11.7	12.0	13.3	15.0	16.8
Other taxes	2.8	3.1	3.7	4.3	4.3	4.9	4.8	5.4	6.0	6.7
Nontax revenue	4.4	4.8	5.1	6.6	6.1	8.2	7.7	9.4	10.7	12.4
Total Expenditure	30.9	34.4	36.6	42.8	42.1	48.8	48.8	54.7	61.7	69.6
Recurrent expenditure	16.5	21.4	21.9	27.5	26.7	31.3	31.3	35.5	40.4	45.7
Wages and salaries	6.8	7.7	8.3	9.6	9.4	10.9	10.9	13.9	15.5	17.6
Interest payments	2.8	3.7	4.5	5.6	5.2	6.5	6.5	7.3	8.0	8.9
Domestic	2.0	2.6	2.8	3.1	3.2	3.7	3.7	4.3	4.7	5.3
Foreign ²	0.8	1.0	1.7	2.4	1.9	2.8	2.8	3.0	3.3	3.6
Goods and services and transfers	6.9	10.0	9.1	12.3	12.1	13.9	13.9	14.4	16.9	19.2
Development expenditure	14.4	13.1	14.6	15.3	15.4	17.5	17.5	19.2	21.4	23.9
Domestically financed	10.9	11.4	11.2	11.6	12.7	12.1	12.1	13.9	15.5	17.3
Foreign (concessionally) financed	3.4	1.7	3.5	3.6	2.7	5.4	5.4	5.3	5.9	6.6
Grants	0.7	0.6	0.6	0.8	0.9	1.1	1.1	0.6	0.6	0.7
Program (including basket grants) ²	0.2	0.1	0.2	0.1	0.1	0.3	0.3	0.3	0.3	0.3
Project	0.5	0.5	0.4	0.6	0.7	0.8	0.8	0.6	0.6	0.7
Statistical Discrepancy	-0.2	-0.1	-0.1	0.0	-0.5	0.0	0.0	0.0	0.0	0.0
Overall balance (cash basis)	-6.1	-7.8	-6.2	-7.3	-6.8	-7.2	-7.2	-7.9	-8.8	-10.1
Overall balance excluding grants	-6.8	-8.4	-6.8	-8.1	-7.7	-8.3	-8.3	-8.5	-9.4	-10.8
Primary balance (cash basis)	-3.3	-4.1	-1.7	-1.8	-1.6	-0.7	-0.7	-0.7	-0.8	-1.2
Primary balance excluding grants	-4.0	-4.7	-2.4	-2.6	-2.5	-1.8	-1.8	-1.2	-1.4	-1.9
Financing	6.0	7.7	6.2	5.4	6.8	6.6	6.8	7.9	8.8	10.1
Foreign (net)	3.1	3.1	4.0	3.3	3.4	3.9	4.6	4.4	3.2	3.6
Foreign loans	5.9	6.0	7.0	6.8	6.6	8.3	8.6	9.0	8.0	8.7
Program (including basket loans) ³	1.3	1.9	2.1	1.0	2.4	1.3	1.6	1.8	0.0	0.0
Of which: basket loans	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Project	2.8	1.1	2.9	2.9	1.8	4.3	4.3	4.7	5.5	6.0
Nonconcessional borrowing	1.8	3.0	2.1	3.0	2.4	2.6	2.6	2.4	2.5	2.7
Amortization	-2.8	-2.9	-3.0	-3.5	-3.2	-4.4	-3.9	-4.6	-4.8	-5.1
Domestic (net)	2.9	4.6	2.2	2.1	3.4	2.7	2.2	3.5	5.5	6.4
Bank financing	1.8	1.4	-0.3	1.8	-0.3	2.2	1.6	2.3	2.6	3.1
Nonbank financing	1.0	3.2	2.4	0.3	3.7	0.5	0.6	1.2	3.0	3.3
Financing Gap	0.0	0.0	0.0	-1.9	0.0	-0.7	-0.4	0.0	0.0	0.0
External sources of financing the gap	...	...	...	1.1	...	0.3	0.0	0.0	0.0	0.0
African Development Bank	...	...	...	0.5	...	0.0	0.0	0.0	0.0	0.0
World Bank	...	...	...	0.6	...	0.3	0.0	0.0	0.0	0.0
Other donors	...	...	...	0.0	...	0.0	0.0	0.0	0.0	0.0
Residual financing gap	...	...	...	0.8	...	0.4	0.4	0.0	0.0	0.0
IMF-ECF	...	...	...	0.8	...	0.4	0.4	0.0	0.0	0.0
Remaining Financing Gap	...	...	...	0.0	...	0.0	0.0	0.0	0.0	0.0
Memorandum Items:										
Domestic arrears stock (verified claims)	3.0	1.9	1.4	0.7	0.5	0.6	0.5	0.5	0.5	0.5
Priority social spending ⁴	10.9	10.6	13.1	15.4	15.5	17.2	17.2	19.1	21.3	23.8
Nominal GDP	163.5	178.8	196.3	217.0	217.0	240.7	239.9	266.7	297.2	331.7

Sources: Ministry of Finance; Bank of Tanzania; and IMF staff projections.

¹ Fiscal data covers Mainland Tanzania only.

² Excludes interest payments on external debt obligations that are under negotiation for relief with a number of creditors.

³ Basket funds are sector-specific accounts established by the government to channel donor support to fund-specific activities.

⁴ Priority social spending comprises government spending (recurrent and development) to on education, health, water, and rural roads, including transfers to local governments.

Table 2b. Tanzania: Central Government Operations, 2021/22–2030/31¹
(Percent of GDP)

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	Act.	Act.	Act.	5th Rev.	Act.	5th Rev.	Est.	Proj.	Proj.	Proj.
(In percent of GDP)										
Total Revenue	14.9	14.7	15.2	15.9	16.1	16.8	16.9	17.3	17.6	17.7
Tax revenue	12.3	12.0	12.6	12.9	13.3	13.4	13.7	13.8	14.0	14.0
Import duties	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Value-added tax	3.3	3.4	3.4	3.4	3.7	3.5	3.9	4.0	4.1	4.1
Excises	1.8	1.6	1.8	1.9	1.8	2.0	1.9	1.9	1.9	1.9
Income taxes	4.6	4.3	4.6	4.7	4.8	4.9	5.0	5.0	5.1	5.1
Other taxes	1.7	1.7	1.9	2.0	2.0	2.1	2.0	2.0	2.0	2.0
Nontax revenue	2.7	2.7	2.6	3.0	2.8	3.4	3.2	3.5	3.6	3.7
Total Expenditure	18.9	19.3	18.6	19.7	19.4	20.3	20.3	20.5	20.8	21.0
Recurrent expenditure	10.1	11.9	11.2	12.7	12.3	13.0	13.0	13.3	13.6	13.8
Wages and salaries	4.2	4.3	4.2	4.4	4.3	4.5	4.6	5.2	5.2	5.3
Interest payments	1.7	2.1	2.3	2.6	2.4	2.7	2.7	2.7	2.7	2.7
Domestic	1.3	1.5	1.4	1.5	1.5	1.5	1.5	1.6	1.6	1.6
Foreign ²	0.5	0.6	0.8	1.1	0.9	1.2	1.2	1.1	1.1	1.0
Goods and services and transfers	4.2	5.6	4.6	5.7	5.6	5.8	5.8	5.4	5.7	5.8
Development expenditure	8.8	7.3	7.5	7.0	7.1	7.3	7.3	7.2	7.2	7.2
Domestically financed	6.7	6.4	5.7	5.4	5.9	5.0	5.1	5.2	5.2	5.2
Foreign (concessionally) financed	2.1	1.0	1.8	1.7	1.2	2.2	2.2	2.0	2.0	2.0
Unidentified expenditure measures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Grants	0.4	0.3	0.3	0.4	0.4	0.4	0.4	0.2	0.2	0.2
Program (including basket grants) ³	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Project	0.3	0.3	0.2	0.3	0.3	0.4	0.4	0.2	0.2	0.2
Statistical Discrepancy	-0.1	-0.1	-0.1	0.0	-0.2	0.0	0.0	0.0	0.0	0.0
Overall balance (cash basis)	-3.8	-4.3	-3.2	-3.4	-3.1	-3.0	-3.0	-3.0	-3.0	-3.0
Overall balance excluding grants	-4.2	-4.7	-3.5	-3.8	-3.5	-3.5	-3.5	-3.2	-3.2	-3.2
Primary balance (cash basis)	-2.0	-2.3	-0.9	-0.8	-0.8	-0.3	-0.3	-0.3	-0.4	-0.4
Primary balance excluding grants	-2.4	-2.6	-1.2	-1.2	-1.2	-0.8	-0.8	-0.5	-0.5	-0.6
Financing	3.6	4.3	3.2	2.5	3.1	2.7	2.8	3.0	3.0	3.0
Foreign (net)	1.9	1.7	2.1	1.5	1.6	1.6	1.9	1.7	1.1	1.1
Foreign loans	3.6	3.3	3.6	3.2	3.0	3.4	3.6	3.4	2.7	2.6
Program (including basket loans) ³	0.8	1.0	1.0	0.4	1.1	0.5	0.7	0.7	0.0	0.0
Of which: basket loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Project	1.7	0.6	1.5	1.3	0.8	1.8	1.8	1.8	1.9	1.8
Nonconcessional borrowing	1.1	1.7	1.1	1.4	1.1	1.1	1.1	0.9	0.8	0.8
Amortization	-1.7	-1.6	-1.5	-1.6	-1.5	-1.8	-1.6	-1.7	-1.6	-1.4
Domestic (net)	1.7	2.6	1.1	1.0	1.6	1.1	0.9	1.3	1.9	1.9
Bank financing	1.1	0.8	-0.1	0.8	-0.1	0.9	0.7	0.9	0.9	0.9
Nonbank financing	0.6	1.8	1.2	0.1	1.7	0.2	0.3	0.5	1.0	1.0
Financing Gap	0.0	0.0	0.0	-0.9	0.0	-0.3	-0.2	0.0	0.0	0.0
External sources of financing the gap	...	...	...	0.5	...	0.1	0.0	0.0	0.0	0.0
African Development Bank	...	...	...	0.2	...	0.0	0.0	0.0	0.0	0.0
World Bank	...	...	...	0.3	...	0.1	0.0	0.0	0.0	0.0
Other donors	...	...	...	0.0	...	0.0	0.0	0.0	0.0	0.0
Residual financing gap	...	...	...	0.4	...	0.2	0.2	0.0	0.0	0.0
IMF-ECF	...	...	...	0.4	...	0.2	0.2	0.0	0.0	0.0
Remaining Financing Gap	...	...	...	0.0	...	0.0	0.0	0.0	0.0	0.0
Memorandum Items:										
Total public debt	43.5	45.9	49.2	48.5	50.3	47.3	49.1	47.7	46.2	44.9
Domestic arrears stock (verified claims)	1.8	1.1	0.7	0.3	0.2	0.3	0.2	0.2	0.2	0.1
Priority social spending ⁴	6.7	5.9	6.7	7.1	7.1	7.1	7.2	7.2	7.2	7.2

Sources: Ministry of Finance; Bank of Tanzania; and IMF staff projections.

¹ Fiscal data covers Mainland Tanzania only

² Excludes interest payments on external debt obligations that are under negotiation for relief with a number of creditors.

³ Basket funds are sector-specific accounts established by the government to channel donor support to fund-specific activities.

⁴ Priority social spending comprises central government spending (recurrent and development) on education, health, water, and rural roads, including transfers to local governments.

Table 3a. Tanzania: Balance of Payments, 2021/22–2030/31
(Millions of U.S. Dollars, Unless Otherwise Indicated)

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	Act.	Act.	Act.	5th Rev.	Act.	5th Rev.	Est.	Proj.	Proj.	Proj.
(Millions of U.S. dollars, unless otherwise indicated)										
Current Account	-3,464	-5,054	-2,767	-2,129	-2,224	-2,332	-2,525	-2,989	-3,040	-3,327
Trade balance	-4,616	-7,094	-5,954	-5,000	-4,594	-5,237	-4,901	-5,479	-6,021	-6,985
Exports, f.o.b.	7,097	7,352	7,832	9,119	9,872	9,802	11,585	12,578	12,990	13,838
Traditional agricultural products	738	752	1,066	1,407	1,440	1,579	1,779	1,837	1,983	2,184
Gold	2,692	2,909	3,122	3,846	4,049	4,278	5,561	6,112	6,051	6,177
Other	3,668	3,690	3,644	3,866	4,382	3,945	4,245	4,629	4,956	5,477
Imports, f.o.b.	-11,713	-14,446	-13,785	-14,119	-14,466	-15,038	-16,485	-18,057	-19,010	-20,823
Of which: Oil	-2,606	-3,399	-3,083	-2,622	-2,520	-2,437	-2,676	-3,083	-3,122	-3,267
Services (net)	1,904	2,814	4,219	4,193	3,951	4,309	4,017	4,368	5,155	6,064
Of which: Travel receipts	1,778	2,945	3,680	3,827	4,096	4,002	4,137	4,325	4,716	5,190
Income (net)	-1,327	-1,420	-1,654	-1,843	-2,068	-1,967	-1,856	-2,094	-2,386	-2,619
Of which: Interest on public debt	-161	-452	-64	-203	-203	-203	1,111	200	200	200
Current transfers (net)	574	646	621	521	487	563	214	215	212	213
Of which: Official transfers	81	85	111	85	94	83	93	93	93	93
Capital Account	295	285	224	345	423	446	446	339	359	381
Of which: Project grants ¹	26	219	159	276	331	373	381	269	290	312
Financial Account	2,221	4,811	3,033	1,134	1,544	1,795	1,759	3,082	3,664	4,099
Foreign Direct Investment	1,151	1,532	1,683	1,772	1,772	1,967	1,299	1,495	1,952	2,381
Public Sector, net	817	2,087	1,415	1,222	1,031	738	1,543	1,727	1,575	1,785
Program loans	-100	609	517	0	477	0	572	685	0	0
Non-concessional borrowing	787	2,248	211	1,471	458	660	735	880	1,000	1,000
Project loans	1,226	483	1,871	1,089	1,434	1,603	1,641	1,749	2,021	2,143
Scheduled amortization ²	-1,197	-1,252	-1,184	-1,338	-1,338	-1,526	-1,404	-1,586	-1,447	-1,358
Commercial Banks, net	84	504	-221	-124	-899	54	-297	-212	-212	-212
Other private inflows	-374	687	156	-1,736	-360	-964	-785	71	349	146
Errors and Omissions ³	202	-10	-897	0	523	0	0	0	0	0
Overall Balance	-746	32	-407	-650	266	-91	-320	431	983	1,154
Financing	746	-32	407	-74	-266	-160	165	-431	-983	-1,154
Change in BoT reserve assets (increase= -)	180	-336	101	-412	-626	-614	-407	-378	-860	-969
Use of Fund credit	566	304	307	360	360	454	572	-54	-123	-184
O/w RSF	...	...	...	338	56	454	572	...	...	...
CCRT debt relief	...	...	...	...	...	...	...	...	...	...
Financing Gap	0	0	0	724	0	251	155	0	0	0
Exceptional financing	...	...	...	724	...	251	155	0	0	0
IMF Financing	...	...	...	301	...	151	155	0	0	0
of which: IMF ECF	...	...	...	301	...	151	155	...	...	...
Debt relief	...	...	...	0	...	0	0	0	0	0
World Bank	...	...	...	250	...	100	0	0	0	0
Global Fund	...	...	...	0	...	0	0	0	0	0
Other donors	...	...	...	173	...	0	0	0	0	0
Residual financing gap	...	...	...	0	...	0	0	0	0	0
Memorandum Items:										
Gross official reserves (BoT)	5,110	5,446	5,346	5,758	5,972	6,372	6,378	6,756	7,616	8,585
of which: SDR allocation	543	...	...	...	...	...	...	...	...	...
Months of prospective imports of goods and services	3.6	4.0	3.6	3.8	3.6	3.9	3.5	3.6	3.7	3.8
Exports of goods (percent of GDP)	10.0	9.6	9.9	11.0	11.8	11.0	12.5	12.6	12.0	11.6
Exports excl. gold (percent of GDP)	6.2	5.8	6.0	6.4	7.0	6.2	6.5	6.5	6.4	6.4
Imports of goods and services (percent of GDP)	-19.3	-22.3	-20.5	-20.5	-21.2	-20.2	-21.5	-21.7	-20.8	-20.5
Imports of goods (percent of GDP)	-16.5	-18.9	-17.5	-17.1	-17.4	-16.8	-17.8	-18.1	-17.5	-17.5
Imports excl. oil (percent of GDP)	-12.8	-14.5	-13.6	-13.9	-14.3	-14.1	-14.9	-15.0	-14.6	-14.7
Current account deficit (percent of GDP)	-4.9	-6.6	-3.5	-2.6	-2.7	-2.6	-2.7	-3.0	-2.8	-2.8
Foreign direct investment (Percent of GDP)	1.6	2.0	2.1	2.1	2.1	2.2	1.4	1.5	1.8	2.0
Foreign program and project assistance (percent of GDP)	1.7	1.8	3.4	1.8	2.8	2.3	2.9	2.8	2.2	2.1
Nominal GDP	71,069	76,270	78,802	82,695	83,340	89,406	92,777	99,693	108,455	119,038

Sources: Tanzanian authorities and IMF staff estimates and projections.

¹ The Bank of Tanzania adjusts the estimated outturn to reflect information on project grants provided by ministries.

² Relief on some external debt obligations is being negotiated with a number of creditors.

³ Includes valuation changes in gross reserves resulting from changes in exchange rates among major currencies.

Table 3b. Tanzania: Balance of Payments, 2021/22–2030/31
(Percent of GDP, Unless Otherwise Indicated)

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	Act.	Act.	Act.	5th Rev.	Act.	5th Rev.	Est.	Proj.	Proj.	Proj.
(Percent of GDP, unless otherwise indicated)										
Current Account	-4.9	-6.6	-3.5	-2.6	-2.7	-2.6	-2.7	-3.0	-2.8	-2.8
Trade balance	-6.5	-9.3	-7.6	-6.0	-5.5	-5.9	-5.3	-5.5	-5.6	-5.9
Exports, f.o.b.	10.0	9.6	9.9	11.0	11.8	11.0	12.5	12.6	12.0	11.6
Traditional agricultural products	1.0	1.0	1.4	1.7	1.7	1.8	1.9	1.8	1.8	1.9
Gold	3.8	3.8	4.0	4.7	4.9	4.8	6.0	6.1	5.6	5.2
Other	5.2	4.8	4.6	4.7	5.3	4.4	4.6	4.6	4.6	4.8
Imports, f.o.b.	-16.5	-18.9	-17.5	-17.1	-17.4	-16.8	-17.8	-18.1	-17.5	-17.5
Of which: Oil	-3.7	-4.5	-3.9	-3.2	-3.0	-2.7	-2.9	-3.1	-2.9	-2.7
Services (net)	2.7	3.7	5.4	5.1	4.7	4.8	4.3	4.4	4.8	5.1
Of which: Travel receipts	2.5	3.9	4.7	4.6	4.9	4.5	4.5	4.3	4.4	4.4
Income (net)	-1.9	-1.9	-2.1	-2.2	-2.5	-2.2	-2.0	-2.1	-2.2	-2.2
Of which: Interest on public debt	-0.2	-0.6	-0.1	-0.2	-0.2	-0.2	1.2	0.2	0.2	0.2
Current transfers (net)	0.8	0.8	0.8	0.6	0.6	0.6	0.2	0.2	0.2	0.2
Of which: Official transfers	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Capital Account	0.4	0.4	0.3	0.4	0.5	0.5	0.5	0.3	0.3	0.3
Of which: Project grants ¹	0.0	0.3	0.2	0.3	0.4	0.4	0.4	0.3	0.3	0.3
Financial Account	3.1	6.3	3.8	1.4	1.9	2.0	1.9	3.1	3.4	3.4
Foreign Direct Investment	1.6	2.0	2.1	2.1	2.1	2.2	1.4	1.5	1.8	2.0
Public Sector, net	1.1	2.7	1.8	1.5	1.2	0.8	1.7	1.7	1.5	1.5
Program loans	-0.1	0.8	0.7	0.0	0.6	0.0	0.6	0.7	0.0	0.0
Non-concessional borrowing	1.1	2.9	0.3	1.8	0.5	0.7	0.8	0.9	0.9	0.8
Project loans	1.7	0.6	2.4	1.3	1.7	1.8	1.8	1.8	1.9	1.8
Scheduled amortization ²	-1.7	-1.6	-1.5	-1.6	-1.6	-1.7	-1.5	-1.6	-1.3	-1.1
Commercial Banks, net	0.1	0.7	-0.3	-0.2	-1.1	0.1	-0.3	-0.2	-0.2	-0.2
Other private inflows	-0.5	0.9	0.2	-2.1	-0.4	-1.1	-0.8	0.1	0.3	0.1
Errors and Omissions ³	0.3	0.0	-1.1	0.0	0.6	0.0	0.0	0.0	0.0	0.0
Overall Balance	-1.0	0.0	-0.5	-0.8	0.3	-0.1	-0.3	0.4	0.9	1.0
Financing	1.0	0.0	0.5	-0.1	-0.3	-0.2	0.2	-0.4	-0.9	-1.0
Change in BoT reserve assets (increase= -)	0.3	-0.4	0.1	-0.5	-0.8	-0.7	-0.4	-0.4	-0.8	-0.8
Use of Fund credit	0.8	0.4	0.4	0.4	0.4	0.5	0.6	-0.1	-0.1	-0.2
O/w RSF	...	...	...	0.4	0.1	0.5	0.6	...	...	...
CCRT debt relief	...	...	...	...	...	...	...	...	...	...
Financing Gap	0.0	0.0	0.0	0.9	0.0	0.3	0.2	0.0	0.0	0.0
Exceptional financing	...	...	...	0.9	...	0.3	0.2	0.0	0.0	0.0
IMF Financing	...	...	...	0.4	...	0.2	0.2	0.0	0.0	0.0
of which: IMF ECF	...	...	...	0.4	...	0.2	0.2	...	...	...
Debt relief	...	...	...	0.0	...	0.0	0.0	0.0	0.0	0.0
World Bank	...	...	...	0.3	...	0.1	0.0	0.0	0.0	0.0
Global Fund	...	...	...	0.0	...	0.0	0.0	0.0	0.0	0.0
Other donors	...	...	...	0.2	...	0.0	0.0	0.0	0.0	0.0
Residual financing gap	...	...	...	0.0	...	0.0	0.0	0.0	0.0	0.0
Memorandum Items:										
Gross official reserves (BoT)	7.2	7.1	6.8	7.0	7.2	7.1	6.9	6.8	7.0	7.2
of which: SDR allocation	0.8	...	...	...	...	...	...	...	...	...
Months of prospective imports of goods and services	3.6	4.0	3.6	3.8	3.6	3.9	3.5	3.6	3.7	3.8
Exports of goods	10.0	9.6	9.9	11.0	11.8	11.0	12.5	12.6	12.0	11.6
Exports excl. gold	6.2	5.8	6.0	6.4	7.0	6.2	6.5	6.5	6.4	6.7
Imports of goods and services	-19.3	-22.3	-20.5	-20.5	-21.2	-20.2	-21.5	-21.7	-20.8	-20.5
Imports of goods	-16.5	-18.9	-17.5	-17.1	-17.4	-16.8	-17.8	-18.1	-17.5	-17.5
Imports excl. oil	-12.8	-14.5	-13.6	-13.9	-14.3	-14.1	-14.9	-15.0	-14.6	-14.7
Current account deficit	-4.9	-6.6	-3.5	-2.6	-2.7	-2.6	-2.7	-3.0	-2.8	-2.8
Foreign direct investment	1.6	2.0	2.1	2.1	2.1	2.2	1.4	1.5	1.8	2.0
Foreign program and project assistance	1.7	1.8	3.4	1.8	2.8	2.3	2.9	2.8	2.2	2.1
Nominal GDP (Millions of U.S. dollars)	71,069	76,270	78,802	82,695	83,340	89,406	92,777	99,693	108,455	119,038

Sources: Tanzanian authorities and IMF staff estimates and projections.

¹ The Bank of Tanzania adjusts the estimated outturn to reflect information on project grants provided by ministries.

² Relief on some external debt obligations is being negotiated with a number of creditors.

³ Includes valuation changes in gross reserves resulting from changes in exchange rates among

Table 4. Tanzania: Central Bank and Depository Corporations Survey, 2022–2026

	2022		2023				2024				2025				2026
	Jun	Dec.	Mar	Jun	Sep	Dec.	Mar	Jun	Sep	Dec.	Mar	Jun	Sep	Dec	Mar
	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.
(Billions of Tanzania shillings, unless otherwise indicated; end of period)															
<i>Bank of Tanzania</i>															
Net Foreign Assets	10,585	10,733	10,251	11,333	10,647	12,079	11,982	12,350	12,804	11,863	13,218	13,623	14,467	13,707	13,916
Net international reserves ¹	11,761	11,409	11,564	12,666	12,055	13,364	13,607	14,033	14,675	13,132	15,041	15,524	16,121	14,652	14,514
(Millions of U.S. dollars) ¹	5,104	4,941	5,003	5,440	4,858	5,342	5,314	5,335	5,402	5,530	5,661	5,960	6,603	5,980	5,622
Net non-reserve foreign assets	-1,176	-677	-1,313	-1,333	-1,409	-1,285	-1,625	-1,683	-1,871	-1,269	-1,823	-1,901	-1,654	-945	-598
Net Domestic Assets	-1,308	-997	-1,015	-483	-703	-1,979	-1,796	-1,424	-1,670	161	-1,425	-1,171	-750	801	1,083
Net credit to government	2,217	2,231	2,179	2,840	2,695	2,123	1,631	2,072	1,695	2,716	3,167	2,593	2,978	1,696	1,150
Of which: Excluding counterpart of liquidity paper	2,264	2,470	2,887	3,386	3,418	2,230	1,904	2,608	2,225	3,249	3,483	2,613	3,002	2,123	2,058
Credit to other economic sectors	107	102	100	135	95	115	124	125	99	99	100	105	99	101	125
Claims on other depository corporations	352	163	229	310	354	538	374	622	1,648	1,547	515	399	1,133	1,035	554
Other items (net)	-3,984	-3,493	-3,522	-3,767	-3,847	-4,756	-3,925	-4,242	-5,113	-4,201	-5,207	-4,269	-4,960	-2,031	-745
REPOs	0	-275	-756	-125	-15	0	0	0	0	0	0	-600	-415	-360	0
Other items, excluding REPOs (net)	-3,984	-3,217	-2,767	-3,642	-3,832	-4,756	-3,925	-4,242	-5,113	-4,201	-5,207	-3,669	-4,545	-1,671	-745
Reserve Money	9,277	9,736	9,236	10,851	9,944	10,100	10,186	10,926	11,134	12,024	11,793	12,452	13,718	14,508	14,999
Currency outside banks	5,334	5,709	5,371	6,161	6,476	6,485	6,326	7,076	7,354	7,352	7,190	7,875	7,731	8,492	8,078
Bank reserves	3,943	4,027	3,865	4,689	3,468	3,615	3,860	3,850	3,780	4,673	4,603	4,577	5,978	6,016	6,921
Currency in banks	1,024	1,039	972	1,031	1,057	1,170	953	963	1,113	1,321	980	1,044	1,265	1,373	1,237
Deposits	2,918	2,988	2,893	3,659	2,411	2,445	2,907	2,887	2,667	3,352	3,623	3,533	4,722	4,643	5,684
Required reserves	1,566	1,797	1,851	1,942	1,981	2,059	2,191	2,250	2,280	2,395	2,592	2,619	2,932	3,026	3,269
Excess reserves	1,361	1,001	1,053	1,716	436	385	715	637	387	935	1,422	914	1,561	1,616	2,415
Memorandum Items:															
Average reserve money	9,063	9,481	9,402	9,797	10,388	10,184	10,535	11,040	11,223	11,989	12,139	12,165	13,839	15,303	15,227
<i>Depository Corporations Survey</i>															
Net Foreign Assets	10,504	9,438	8,697	10,455	10,122	11,302	11,635	12,238	13,704	13,558	15,442	15,510	15,897	15,286	14,824
Bank of Tanzania ¹	10,585	10,733	10,251	11,333	10,647	12,079	11,982	12,350	12,804	11,863	13,218	13,623	14,467	13,707	13,916
Commercial banks	-81	-1,295	-1,554	-878	-525	-777	-347	-112	900	1,695	2,224	1,886	1,429	1,579	908
Net Domestic Assets	24,996	29,143	30,416	31,730	33,020	32,706	32,892	34,524	34,360	35,347	36,700	39,974	41,957	45,703	49,422
Domestic credit	34,053	37,557	39,140	41,586	42,587	43,456	44,223	46,461	47,161	47,559	50,109	52,139	54,854	57,230	59,877
Credit to government (net)	9,460	10,185	10,604	11,751	11,795	11,354	10,877	11,480	10,987	11,462	12,110	11,590	12,854	12,627	12,661
Claims on other financial corporations	578	573	663	667	683	760	769	1,051	1,607	1,146	1,415	1,580	1,562	1,682	1,652
Claims on state and local governments	46	58	57	55	54	53	51	34	33	23	23	22	20	15	22
Claims on non-financial public enterprises	364	298	270	258	427	428	460	404	540	610	625	616	595	647	642
Claims on non-financial private sector	23,605	26,443	27,545	28,855	29,628	30,862	32,065	33,491	33,994	34,319	35,937	38,332	39,822	42,259	44,901
Other items (net)	-9,057	-8,415	-8,724	-9,856	-9,567	-10,750	-11,330	-11,937	-12,801	-12,212	-13,409	-12,166	-12,897	-11,527	-10,455
M3	35,500	38,580	39,113	42,185	43,141	44,009	44,528	46,762	48,065	48,905	52,142	55,483	57,854	60,989	64,247
Foreign currency deposits	7,878	8,201	8,618	9,591	9,716	10,001	10,397	11,496	12,428	11,765	13,606	13,769	13,337	13,256	14,999
M2	27,622	30,379	30,495	32,594	33,425	34,008	34,130	35,266	35,637	37,140	38,536	41,714	44,517	47,733	49,248
Currency in circulation	5,334	5,709	5,371	6,161	6,476	6,485	6,326	7,076	7,354	7,352	7,190	7,875	7,731	8,492	8,078
Deposits (TSh)	22,288	24,670	25,124	26,432	26,949	27,523	27,805	28,190	28,283	29,788	31,346	33,839	36,786	39,241	41,170
Memorandum Items:															
(12-month percent change, unless otherwise indicated)															
M3 growth	6.5	11.6	15.9	18.8	14.5	14.1	13.8	10.9	11.4	11.1	17.1	18.7	20.4	24.7	23.2
M3 (percent of GDP)	21.7	21.6	21.9	23.6	22.0	22.4	22.7	23.8	22.1	22.5	24.0	25.6	24.1	25.4	26.8
Private sector credit growth	22.1	25.5	23.4	22.2	19.4	16.7	16.4	16.1	14.7	11.2	12.1	14.5	17.1	23.1	24.9
Private sector credit (percent of GDP)	14.4	14.8	15.4	16.1	15.1	15.7	16.3	17.1	15.7	15.8	16.6	17.7	16.6	17.6	18.7
Private sector credit growth, inflation-adjusted	16.9	19.7	17.8	18.0	15.6	13.3	13.0	12.6	11.2	7.8	8.5	10.8	13.3	18.8	21.1
Velocity of money (nominal GDP/ M3)	4.8	5.0	4.8	4.6	4.9	4.7	4.6	4.5	4.8	4.7	4.5	4.3	4.5	4.3	4.1
Average reserve money growth	12.8	8.1	8.8	8.1	6.1	7.4	12.0	12.7	8.0	17.7	15.2	10.2	23.3	27.6	25.4
Reserve money multiplier (M3/average reserve money)	3.9	4.1	4.2	4.3	4.2	4.3	4.2	4.2	4.3	4.1	4.3	4.6	4.2	4.0	4.2
Nonbank financing of the government (net) ²	1,004	827	1,352	2,168	583	1,038	1,319	2,446	1,042	1,859	2,466	3,694	613	741	1,110
Bank financing of the government (net) ²	1,846	725	1,144	2,291	45	-397	-874	-271	-493	-18	630	110	1,264	1,037	1,070
Bank and nonbank financing of the government (net) ²	2,850	1,552	2,497	4,459	628	642	445	2,175	549	1,841	3,096	3,804	1,877	1,777	2,180

Sources: Bank of Tanzania and IMF staff estimates and projections.

¹ Includes short-term (less than 1 year) foreign exchange liabilities to residents.² In billions of Tanzanian shillings; cumulative from the beginning of the fiscal year (July 1).

Table 5. Tanzania: Financial Soundness Indicators, 2021–2026

	2021			2022				2023				2024				2025				2026
	Sep		Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun	Sep	Dec	Mar
	(Percent, end of period)																			
Capital Adequacy																				
Total capital to risk-weighted assets	19.9	20.1	21.6	20.2	19.7	18.9	20.0	19.0	18.6	18.4	19.9	19.3	19.7	19.9	21.0	19.4	19.4	19.4	19.7	22.1
Total capital to total assets	12.8	13.1	14.3	13.5	13.2	12.9	13.7	12.6	12.5	12.6	13.9	13.2	13.2	13.3	14.5	13.5	13.5	13.2	12.9	14.1
Asset Composition and Quality																				
Net loans and advances to total assets	52.8	52.8	54.4	54.6	55.9	56.6	57.0	56.6	57.2	59.0	59.4	59.4	59.4	58.9	58.5	59.4	59.0	59.0	59.2	58.9
Sectoral distribution of loans																				
Personal	37.0	36.8	38.9	38.2	38.6	38.2	38.3	37.5	38.1	37.2	38.2	36.2	37.2	37.6	36.4	35.3	36.7	35.8	35.8	35.3
Trade	16.8	16.7	16.5	16.4	15.7	16.8	15.9	16.3	15.4	13.6	12.9	13.0	12.7	12.7	12.7	13.6	13.6	13.6	15.3	14.6
Manufacturing and mining	12.0	11.8	12.8	12.8	13.5	12.1	11.9	11.8	11.6	11.9	12.3	11.9	11.8	11.1	11.2	10.8	10.7	9.3	9.6	9.6
Agricultural production	6.8	7.3	7.6	8.3	8.2	8.6	8.7	9.5	10.4	10.2	10.9	12.0	11.8	12.6	13.0	13.4	12.9	13.2	13.4	13.4
Transport and communication	1.8	1.9	1.7	1.7	1.7	1.7	1.6	1.7	1.8	1.6	1.6	1.6	1.6	1.7	1.6	1.6	1.6	1.6	1.6	1.6
Real Estate	3.4	3.2	3.2	3.0	3.0	2.8	2.5	2.3	2.3	2.5	2.5	2.4	2.4	2.2	2.2	2.3	2.2	2.1	2.2	2.2
Building and construction	4.8	4.6	4.7	4.6	4.6	4.4	4.4	4.5	4.6	4.5	4.1	4.3	4.7	4.4	4.9	4.6	4.7	4.5	4.8	4.8
Foreign exchange loans to total loans	25.7	26.4	27.3	27.5	27.1	28.9	30.0	29.2	26.5	26.3	26.6	26.7	25.4	23.1	24.5	23.7	21.2	22.2	22.2	22.7
Non-performing loans (NPLs) to total loans	8.8	8.2	8.2	7.8	7.3	5.8	5.6	5.3	5.2	4.3	4.3	4.1	3.7	3.3	3.5	3.3	3.3	2.8	3.0	3.0
NPLs net of provisions to capital	33.3	29.9	28.4	28.2	27.6	23.5	21.6	22.7	22.5	19.1	17.3	17.4	15.7	13.8	13.4	13.8	13.8	12.1	11.6	11.6
Large exposures to total capital	139.4	154.3	225.4	191.7	175.7	323.1	205.2	295.7	155.4	109.2	126.3	128.2	109.0	94.5	69.0	148.9	74.4	96.3	86.5	86.5
Net open positions in foreign exchange to total capital 1/	6.9	7.8	5.5	4.9	3.2	2.5	2.6	3.4	3.5	4.5	-0.3	4.4	5.1	4.7	1.1	5.2	3.1	4.0	-2.2	-2.2
Earnings and Profitability																				
Return on assets	2.7	2.8	4.4	4.1	4.1	3.5	4.5	4.5	4.6	4.5	5.9	5.7	5.4	5.2	5.6	5.3	5.1	4.7	5.1	5.1
Return on equity	11.4	11.6	19.5	18.5	18.0	14.6	20.3	21.5	21.4	21.0	27.9	27.3	24.8	23.5	25.7	24.7	23.2	20.6	22.8	22.8
Interest margin to total income	57.1	56.8	54.1	53.6	52.8	53.8	52.1	52.5	52.4	52.1	50.0	50.4	50.8	51.2	49.0	49.1	49.6	49.3	47.3	47.3
Noninterest expenses to gross income	50.9	50.0	44.5	45.2	44.4	43.7	41.1	41.0	40.8	40.4	36.5	36.5	36.8	37.3	36.0	36.1	36.1	35.8	34.1	34.1
Personnel expenses to noninterest expenses	51.9	51.9	52.8	52.1	51.7	51.4	52.7	51.1	50.2	49.4	50.0	48.7	48.9	48.6	50.0	49.8	49.5	49.0	51.6	51.6
Liquidity																				
Liquid assets to total assets	25.8	26.2	25.4	24.4	23.8	23.1	22.7	22.9	22.9	22.8	22.6	23.2	24.0	23.9	24.7	23.3	23.4	23.5	23.4	23.4
Liquid assets to total short term liabilities	30.9	30.2	29.7	28.1	27.5	26.4	24.4	25.1	25.3	28.7	28.4	26.9	27.7	29.0	29.3	27.7	27.4	27.2	26.9	26.9
Total loans to customer deposits	82.4	81.9	85.7	86.8	87.7	89.3	90.1	88.5	89.7	92.7	93.6	93.3	94.5	92.6	90.2	90.9	90.4	90.8	88.8	88.8
Foreign exchange liabilities to total liabilities	29.4	29.8	29.0	29.6	29.1	29.4	30.3	31.4	32.8	32.2	33.3	37.4	35.0	32.2	34.8	33.2	30.0	32.4	31.6	31.6

Source: Bank of Tanzania.

1/ Net open position calculation includes off-balance sheet letters of credit as FC denominated liabilities.

Table 6. Tanzania: Indicators of Fund Credit, Baseline Scenario (PRGT and RSF arrangements)
(In millions of SDRs, unless otherwise indicated)

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40	2040/41	2041/42	2042/43	2043/44	2044/45	2045/46
	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.	Proj.
Fund Obligations Based on Existing Credit (millions of SDRs)																					
Principal	19.1	59.4	110.8	156.2	201.6	235.6	195.9	144.5	99.0	55.8	34.5	44.5	44.0	43.4	42.8	42.2	41.7	41.1	40.5	37.8	24.6
Charges and interest	0.0	39.8	91.1	136.6	182.0	216.0	176.2	124.9	79.4	36.1	14.9	25.6	25.6	25.6	25.6	25.6	25.6	25.6	25.6	23.4	10.7
	19.1	196	197	196	196	196	197	196	196	196	195	195	184	178	173	166	161	155	150	143	139
Fund Obligations Based on Existing and Prospective Credit (millions of SDRs)																					
Principal	19.1	63.5	115.6	161.0	206.4	240.4	223.4	172.0	126.5	83.2	61.9	70.5	69.5	68.5	67.5	66.3	65.3	64.3	63.2	60.0	46.3
Charges and interest	0.0	39.8	91.1	136.6	182.0	216.0	198.9	147.6	102.0	58.8	37.6	46.9	46.9	46.9	46.9	46.9	46.9	46.9	46.9	44.8	32.0
PRGT	0.0	39.8	91.1	136.6	182.0	216.0	198.9	147.6	102.0	58.8	37.6	46.9	46.9	46.9	46.9	46.9	46.9	46.9	46.9	44.8	32.0
RSF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.1	14.9	46.9	46.9	46.9	46.9	46.9	46.9	46.9	46.9	44.8	32.0
	19.1	237	245	244	244	244	245	244	244	244	243	23.6	22.7	21.6	20.6	19.5	18.4	17.4	16.4	15.2	14.4
Total Obligations Based on Existing and Prospective Credit																					
Millions of SDRs	19.1	63.5	115.6	161.0	206.4	240.4	223.4	172.0	126.5	83.2	61.9	70.5	69.5	68.5	67.5	66.3	65.3	64.3	63.2	60.0	46.3
Percent of exports of goods and services	0.1	0.3	0.5	0.7	0.8	0.8	0.7	0.5	0.3	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0
Percent of debt service	0.4	1.9	3.4	5.1	6.7	8.6	7.6	6.0	4.3	3.8	4.3	4.1	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	1.06
Percent of GDP	0.0	0.1	0.1	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Percent of gross international reserves	0.4	1.3	2.1	2.6	3.1	3.3	2.8	2.1	1.3	0.8	0.5	0.6	0.5	0.5	0.4	0.4	0.3	0.3	0.2	0.2	0.1
Percent of quota	6.6	22.0	40.1	55.9	71.8	83.8	77.9	60.0	44.1	29.0	21.6	24.6	24.2	23.9	23.5	23.1	22.8	22.4	22.0	20.9	16.2
Principal	0.0	10.0	22.9	34.3	46.7	54.3	50.0	37.1	25.6	14.2	5.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PRGT	0.0	10.0	22.9	34.3	46.7	54.3	50.0	37.1	25.6	14.2	5.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RSF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	3.7	11.8	11.8	11.8	11.8	11.8	11.8	11.8	11.8	11.3	8.0
Outstanding Fund Credit Based on Existing and Prospective Credit																					
Millions of SDRs	1662.2	1622.4	1531.3	1394.7	1212.7	996.7	797.8	650.2	548.2	489.4	451.8	404.9	358.0	311.1	264.3	217.4	170.5	123.6	76.7	32.0	0.0
PRGT	1193.4	1153.6	1062.5	925.9	743.9	527.9	329.0	181.4	79.4	22.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RSF	468.8	468.8	468.8	468.8	468.8	468.8	468.8	468.8	468.8	468.8	451.8	404.9	358.0	311.1	264.3	217.4	170.5	123.6	76.7	32.0	0.0
Percent of exports of goods and services	2286.9	2236.2	2113.4	1927.1	1678.7	1382.4	1106.5	901.8	780.3	678.7	626.6	561.6	496.6	431.5	366.5	301.5	238.5	171.4	106.4	44.3	0.0
Percent of debt service	12.0	10.9	9.8	8.2	6.4	4.9	3.5	2.6	2.0	1.7	1.4	1.1	0.9	0.7	0.6	0.4	0.3	0.2	0.1	0.0	0.0
Percent of GDP	49.6	66.7	63.1	61.3	54.6	54.7	42.6	39.9	36.3	35.4	38.4	34.5	29.4	24.7	21.3	22.5	17.1	16.8	10.8	4.5	0.0
Percent of gross international reserves	2.5	2.2	1.9	1.6	1.3	1.0	0.7	0.5	0.4	0.3	0.3	0.2	0.2	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Percent of quota	36.2	33.4	28.0	22.6	18.2	13.6	9.9	8.1	5.7	4.6	3.9	3.2	2.6	2.1	1.6	1.2	0.8	0.5	0.3	0.1	0.0
PRGT	417.9	407.9	385.0	350.6	304.9	250.6	200.6	163.5	137.8	123.0	113.6	101.8	90.0	78.2	66.4	54.6	42.9	31.1	19.3	8.0	0.0
RSF	300.0	290.0	267.1	232.7	187.0	132.7	82.7	45.6	19.9	5.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	117.9	117.9	117.9	117.9	117.9	117.9	117.9	117.9	117.9	117.9	113.6	101.8	90.0	78.2	66.4	54.6	42.9	31.1	19.3	8.0	0.0
Net Use of Fund Credit (millions of SDRs)																					
Disbursements and purchases	539.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Repayments and repurchases	0.0	39.8	91.1	136.6	182.0	216.0	198.9	147.6	102.0	58.8	37.6	46.9	46.9	46.9	46.9	46.9	46.9	46.9	46.9	44.8	32.0
Memorandum Items:																					
Exports of goods and services (millions of U.S. dollars)	19,092	20,525	21,668	23,521	26,205	28,354	31,281	34,235	37,468	41,006	44,879	49,117	53,755	58,831	64,670	71,692	79,793	88,613	98,431	109,553	121,933
Debt service (millions of U.S. dollars)	4,612	3,350	3,142	3,075	2,526	2,599	2,599	2,259	2,094	1,915	1,631	1,628	1,688	1,745	1,720	1,339	1,380	1,023	987	977	438
Nominal GDP (millions of U.S. dollars)	92,777	99,693	108,455	119,038	130,660	144,114	158,636	173,616	190,011	207,954	227,591	249,083	272,604	298,346	327,961	363,566	404,650	449,381	499,168	555,574	618,354
Gross international reserves (millions of U.S. dollars)	6,320	6,697	7,557	8,526	9,233	10,189	11,125	11,125	13,362	14,624	16,005	17,516	19,170	20,981	23,063	25,567	28,456	31,602	35,103	39,070	43,485
Average exchange rate SDR per U.S. dollar	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Quota (millions of SDRs)	397.8	397.8	397.8	397.8	397.8	397.8	397.8	397.8	397.8	397.8	397.8	397.8	397.8	397.8	397.8	397.8	397.8	397.8	397.8	397.8	397.8

Source: IMF staff calculations.

Note: RSF financing terms according to Group A.

Table 7. Tanzania: External Financing Requirements and Sources, 2021/22–2025/26
(Millions of U.S. Dollars)

	2021/22	2022/23	2023/24	2024/25	2025/26	
	Act.	Act.	Act.	Act.	5th Rev.	Est.
Financing Needs	3,284	5,390	2,667	2,793	2,492	2,361
Current account deficit	3,464	5,054	2,767	2,224	2,332	2,525
Reserves accumulation (without RSF; +=increase)	-180	336	-101	570	160	-165
of which: SDR allocation	543	...	...	...	...	...
Financing Sources	3,082	4,487	2,757	1,544	2,241	2,205
Capital account	295	285	224	423	446	446
Financial account	2,221	4,202	2,533	1,121	1,795	1,759
of which: FDI inflow	1,151	1,532	1,683	1,772	1,967	1,299
Use of Fund credit	566	...	...	...	454	572
Net Errors and Omissions	202	-10	-897	523	0	0
Financing Gap	0	913	807	727	251	155
Additional Financing Sources	0	913	807	727	251	155
IMF (ECF)	...	304	307	304	151	155
World Bank	...	500	500	250	100	0
Global Fund	...	0	0	0	0	0
Other donors	...	109	0	173	0	0
Remaining Financing Gap	0	0	0	0	0	0
RSF disbursement	...	...	...	56	454	572
Reserve accumulation (with RSF)	...	...	...	626	614	407

Source: Tanzanian authorities and IMF staff estimates and projections.

Table 8. Tanzania: Access and Phasing Under the ECF Arrangement

Availability Date	Condition for Disbursement	Disbursements				
		Percentage of quota ¹	SDRs (millions)	US dollars (millions) ²	Tsh (billions) ³	Percent of GDP
July 18, 2022	Approval of the ECF Arrangement	29.0	115.36	151.70	372.03	0.21
March 29, 2023	Observance of the PCs for end-December 2022, continuous PCs and completion of the first review	28.5	113.37	152.60	374.23	0.21
September 29, 2023	Observance of the PCs for end-June 2023, continuous PCs and completion of the second review	28.5	113.37	149.97	367.79	0.19
March 29, 2024	Observance of the PCs for end-December 2023, continuous PCs and completion of the third review	28.5	113.37	149.97	367.79	0.19
September 27, 2024	Observance of the PCs for end-June 2024, continuous PCs and completion of the fourth review	28.5	113.37	149.97	367.79	0.17
March 27, 2025	Observance of the PCs for end-December 2024, continuous PCs and completion of the fifth review	28.5	113.37	149.97	367.78	0.17
September 26, 2025	Observance of the PCs for end-June 2025, continuous PCs and completion of the sixth review	14.3	56.68	74.98	183.89	0.08
March 29, 2026	Observance of the PCs for end-December 2025, continuous PCs and completion of the seventh review	14.3	56.69	75.00	183.92	0.08
	Total	200.0	795.58	1052.42	2580.93	1.28

Source: IMF staff projections and calculations.

¹ United Republic of Tanzania's quota is SDR 397.8 Million. Figures in percent of quota have been rounded.

² Future US dollar values use the exchange rate to SDR as of September 6, 2023 (1 SDR = 1.3228 US\$).

³ Tanzanian shilling values use the exchange rate to US dollar as of September 6, 2023 (1 USD = 2,452.4 Tanzanian shillings).

Table 9. Tanzania: External Borrowing Plan, FY2025/26

PPG external debt contracted or guaranteed	Volume of new debt, US million ^{1/}	Present value of new debt, US million ^{1/}
Sources of debt financing	<u>3,690</u>	<u>2,748</u>
Concessional debt, of which ^{2/}	2,690	1,749
Multilateral debt	2,690	1,749
Bilateral debt	0	0
Non-concessional debt, of which ^{3/}	999	999
Semi-concessional debt ^{3/}	0	0
Commercial terms ^{4/}	999	999
Use of debt financing	<u>3,690</u>	<u>2,748</u>
Infrastructure	2,649	2,072
Budget financing	1,041	676
<i>Memorandum items</i>		
Indicative projections		
Year 2	3,040	1,800-2,300
Year 3	3,243	1,900-2,400

Sources: Tanzanian authorities; and IMF staff estimates and projections.

^{1/} The present value of debt is calculated using the terms of individual loans and applying the 5 percent program discount rate.

^{2/} Debt with a grant element that exceeds a minimum threshold. This minimum is typically 35 percent but could be established at a higher level.

^{3/} Debt with a positive grant element which does not meet the minimum grant element.

^{4/} Debt without a positive grant element. For commercial debt, the present value would be defined as the nominal/face value.

Table 10. Tanzania: Schedule of Disbursement Under the RSF Arrangement, 2024-2026

Date of availability	Disbursement amount		Conditions (implementation of RMs)
	(in millions of SDR)	(in percent of quota) ^{1/}	
December 1, 2024	42.62	10.7	Implementation of RM1
December 1, 2024	42.62	10.7	Implementation of RM5
June 1, 2025	42.62	10.7	Implementation of RM2
June 1, 2025	42.62	10.7	Implementation of RM3
June 1, 2025	42.62	10.7	Implementation of RM6
June 1, 2025	42.62	10.7	Implementation of RM7
October 31, 2025	42.62	10.7	Implementation of RM4
October 31, 2025	42.62	10.7	Implementation of RM8
October 31, 2025	42.62	10.7	Implementation of RM10
October 31, 2025	42.62	10.7	Implementation of RM13
April 30, 2026	42.62	10.7	Implementation of RM9
April 30, 2026	42.62	10.7	Implementation of RM11
April 30, 2026	42.62	10.7	Implementation of RM12
April 30, 2026	42.64	10.7	Implementation of RM14
Total	596.70	150.0	

^{1/}Tanzania's quota is SDR 397.80 million.

Table 11. Tanzania: IMF-World Bank Jointly Identified Challenges, Reform Objectives, and CD Support

Key Challenge	Diagnostic reference	Key Objectives of Proposed Reforms	Expected CD/TA Output	Role of other development partners	Authorities' Readiness	Key Impediments
National coordination and management of climate change is incomplete and not able to ensure cross sector coordination; no common national view on climate change; and limited appreciation of long-term nature of climate challenge.	IMF CPD (2024); WB CCCR (2024)	Enhance governance and coordination of climate change policies through- (i) clearly defining the institutional framework for climate change-related policies in the legal framework; (ii) strengthening institutional coordination across all MDA's, including local government, by assigning clearer responsibilities for coordination, implementation and monitoring & evaluation; (iii) preparing and publishing common climate scenarios and vulnerability maps; and (iv) requiring use of common climate scenarios and vulnerability maps in land use planning and civil construction design.	IMF FAD to provided support through desk review. The WB under the CAT DDO is supporting the revision of EMA in Zanzibar.	The GCA would apply its expertise in developing hazard risk maps to support the Tanzanian authorities in developing risk maps for floods, land-slides and droughts.	The Environmental Management Act is being ammended and the authorities are making progress on RM2 with support from GCA.	Tight timeline
Effective implementation of disaster risk management policy faces challenges.	IMF CPD (2024); WB CCCR (2024)	Strengthen the distaster risk management framework through- (i) developing and implementing a disaster risk financing framework; (ii) mainstreaming DRM into sectoral development plans, strategies, budgets and programs, particularly in infrastructure, construction and land use planning; (iii) strenghtening emergency preparedness and response, including early warning system and weather data; and (iv) strengthening community level preparedness.	IMF FAD is supporting the authorities in defining and implementing a DRF framework. WB CAT/DDO will focus on community level preparedness.		Work in progress with IMF on TA support.	Limited capacity to implement.
Limited integration of climate considerations into efforts to build human capital and social protection.	IMF CPD (2024); IMF C-PIMA (2022)	(i) Increase resilience through safety nets - transforming the current Productive Social Safety Net (PSSN) into an adaptive social protection system and expanding the register to include households who could fall under the extreme poverty line if climate and disaster risks materialize; (ii) plan for restoring school infrastructure as part of climate recovery program; (iii) ensure that climate-related health risks are integrated into national, regional, and local programs and associated budgets.	World Bank interventions through investment financing in SPJ, Education, and HNP.	World Bank supporting the authorities with the design, implementation, and financing of the PSSN program. Expansion of the coverage of the register and adaptive SP design are envisaged for the next phase of the PSSN program and will be supported by the WB in collaboration with other partners like WFP.	TASAF started initial steps; finalization will depend on the vulnerability map and budget availability	Limited technical and financial prioritization
Budget formulation and public investment planning do not adequately take into account climate change considerations; and climate related fiscal risks not assessed.	IMF CPD (2024); IMF C-PIMA (2022), WB CCCR (2024)	(i) Mainstream climate policies in budget and public investment planning through integrating climate into core public financial management and processes including developing budget guidelines and manuals on how to consider climate in the budget; (ii) requiring climate impact and climate vulnerability assessments for large projects and all climate-relevant projects at all stages of project appraisal; (iii) include the outcome of climate assessments of all climate-relevant projects in the Budget document; and (iv) enhance health system resilience to climate-related hazards and ensure that climate-related health risks are integrated into national, regional, and local programs and associated budgets.	IMF FAD is supporting the authorities' effort to enhance the climate responsiveness of PIM as well as develop methods for assessing and managing fiscal risks related to natural disasters.		Work in progress with IMF on TA support.	Tight timeline and limited capacity.

Table 11. Tanzania: IMF-World Bank Jointly Identified Challenges, Reform Objectives, and CD Support (concluded)

Key Challenge	Diagnostic reference	Key Objectives of Proposed Reforms	Expected CD/TA Output	Role of other development partners	Authorities' Readiness	Key Impediments
Long-term sectoral plans in infrastructure need to be better aligned with Tanzania's NDC.	IMF CPD (2024)	Align sectoral climate policies with national policies and commitments through- (i) presenting and implementing a long-term power sector plan that is aligned with climate mitigation goals and coordinated with the long-term plans of other sectors, including water and agriculture; (ii) determining and implementing cost-recovery rate for the provision of electricity (fully reflecting operational and investment cost of the energy transition); (iii) improving the coverage, quality and reliability of high capacity public transport services, including electrification of the sector; (iv) identifying and integrating climate policy-related key performance indicators (KPIs) in the existing conditional tariff structure and business plans of the water utilities; and (v) applying an environmental tax on domestic consumption of sources of carbon emissions tailored to Tanzania's circumstances and in line with IMF technical assistance and consistent with Tanzania's commitment under the NDC.	IMF FAD to support: (i) the design and implementation of environmental taxes that would be consistent with Tanzania's NDC commitments; and (ii) identification of climate policy-related KPIs to be integrated into the conditional tariff structure of water utilities. WB to support: (i) preparation of the long-term power sector plan; and (ii) determination and implementation of cost-recovery rate for the provision of electricity (fully reflecting operational and investment cost of the energy transition).	AFD, EU, JICA, and USAID are supporting the authorities to improve power sector service efficiency and coverage. GIZ (Germany) supports water sector reforms and climate-sensitive water resources management to improve drinking water supply and sanitation.	The authorities are updating the power sector master plan. They are also conducting financial analysis to determine cost of services, taking into account the energy transition plan.	The impact of cost recovery tariffs on the poor and access to electricity.
Tanzania's potential in mitigation, including in land-based GHG emission reduction, can be leveraged better.	IMF CPD (2024), WB CCDR (2024)	Enhance Tanzania's climate mitigation through- (i) sustainable production in forest sector and conservation, and substitution of biomass-based energy; (ii) sustainable intensification for Livestock Production and Systems; and (iii) adopting the guideline for Integrated and Participatory Village Land Use Planning, Management and Administration to formally require its implementation in all villages across the country.			Draft guideline for village land use has been completed and will be issued in December. Next step will be implementation.	Limited capacity to implement.
Monitoring of financial sector climate-related risk is limited.	CCDR (2024) Climate-related risks in the financial sector background paper to the CCDR	Enhance supervision of financial sector climate-related risks through- (i) creating a repository of climate-related data to support assessment of climate-related risks; and (ii) publishing, on an annual basis, analysis of climate risks in the financial system.	World Bank is supporting the BoT through CD/TA		Work in progress with World Bank TA support.	Limited capacity to implement.

Table 12. Tanzania: Timeline of Proposed Reforms and Synergies Under the Enhanced IMF-World Bank Framework for Scaled Up Climate Action

REFORM AREA 1: Institutional and legal framework for climate change management					
EXPECTED COMPLETION DATE	Nov-24	Mar-25	May-25	Sep-25	Mar-26
MEASURE	Environmental Management Act	Vulnerability maps			
supporting cd	IMF	GCA			
SUPPORTING INSTRUMENT	IMF RSF RM1	IMF RSF RM2			
REFORM AREA 2: Disaster risk management and social protection					
EXPECTED COMPLETION DATE	Nov-24	Mar-25	May-25	Sep-25	Mar-26
MEASURE	Disaster Risk Management Policy and implementation strategy	Disaster Risk Financing framework		Productive Social Safety Net register expanded	Unified social registry
supporting cd	WB	IMF		WB	WB
SUPPORTING INSTRUMENT	WB CAT-DDO ^{1/2/}	IMF RSF RM3		IMF RSF RM4; WB DPF2 PA#6 ^{2/}	WB DPF2 PA#6
REFORM AREA 3: Climate resilient PFM					
EXPECTED COMPLETION DATE	Nov-24	Mar-25	May-25	Sep-25	Mar-26
MEASURE	Climate Impact Assessment regulation		Climate Impact Assessment reporting	Integrate climate concerns into investment project appraisal	
supporting cd	IMF	IMF		WB	
SUPPORTING INSTRUMENT	IMF RSF RM5		IMF RSF RM6 and WB PforR DLI 5 RM7	WB DPF1 PA#8	
REFORM AREA 4: Climate resilient sectoral policies					
EXPECTED COMPLETION DATE	Nov-24	Mar-25	May-25	Sep-25	Mar-26
MEASURE	Approval of the first Zanzibar Energy Policy to enhance energy resilience and diversify energy sources	Development of Climate Resilience Plan	Development of Zanzibar Integrated Resource Plan	Long-term power sector plan	Electricity tariff adjustment
supporting cd	WB	WB	WB	WB / EU	WB / EU
SUPPORTING INSTRUMENT	WB CAT-DDO	WB TA	WB ZESTA project	IMF RSF RM8	IMF RSF RM9
MEASURE	Tanzania Mainland and Zanzibar to adopt policies to enhance water resource management to address water use and supply challenges due to climate change.			Environmental tax	1) 5 million people reached by the Operational Decision Support System early warning and flood forecasting bulletins in Wami Ruwu Basin. 2) Climate-related Key Performance Indicators added for Water Supply and Sanitation Authorities monitored by the Energy and Water Utilities Regulatory Authority (EWURA).
supporting cd	WB			IMF	IMF/World Bank TA
SUPPORTING INSTRUMENT	WB CAT-DDO			IMF RSF RM10	IMF RSF RM11, WB Tanzania Water Sector Support project
MEASURE					Guidelines for Integrated and Participatory Village Land Use Planning, Management and Administration
supporting cd					
SUPPORTING INSTRUMENT					IMF RSF RM12
REFORM AREA 5: Financial sector climate risk management					
EXPECTED COMPLETION DATE	Nov-24	Mar-25	May-25	Sep-25	Mar-26
MEASURE		Introduction of Geo-enabled initiative for monitoring & supervision (GEMS) with BOT and MOF		Climate risk related data repository	Publication of climate risk analysis
supporting cd		WB		WB	
SUPPORTING INSTRUMENT		FAST Growth IPF (P500471)		IMF RSF RM13	IMF RSF RM14

^{1/} CAR-DDO is subject to management review (expected in Q3 of FY25)^{2/} Timing for WB DPF measures is set by FY.

Table 13. Tanzania: RSF Reform Measures, 2024–26

Key Challenge	Reform Measure	Tentative Completion Date	Completion Status	Availability Date	TA Provider	Development Partner Role	RM Expected Outcome	Prospective BoP risk reduction
National coordination and management of climate change is incomplete and not able to ensure cross sector coordination; no common national view on climate change; and limited appreciation of long-term nature of climate challenge.	RM1. Amend the Environmental Management Act to clearly define the institutional framework for climate change related policies.	30-Nov-24	Completed	1-Jun-25		The World Bank under the forthcoming CAT DDO is supporting the revision of EMA to anchor a carbon trading mechanism. SIDA (Sweden) is supporting the authorities' efforts in the implementation and assessment of the Environmental Management Act.	The Environmental Management Act amended to establish the institutional framework and grant the VPO a legal mandate for coordinating and monitoring the government's climate policy formulation and implementation.	<i>Improved fiscal and external sustainability.</i> - Better coordination of climate policy formulation and monitoring of implementation reduces fiscal and private sector costs of climate hazards, as well as related domestic and external financing needs. It also helps improve the impact of other RMs and macro-critical reforms.
	RM2. Prepare and publish common climate scenarios and vulnerability maps; and include in the legal framework for land use planning and civil construction design a requirement to take the so identified climate vulnerabilities into account in land use planning and civil construction design.	31-Mar-25	Completed	1-Jun-25	World Bank (WB)\Global Center on Adaptation (GCA)	The GCA would apply its experience in developing hazard risk maps to support the Tanzanian authorities in developing risk maps for floods, land-slides and droughts. The World Bank, in the context of the CAT DDO engaged in vulnerability risk assessments for Zanzibar and Dar Es Salaam and could assist the authorities in expanding this work to vulnerable parts of Tanzania's territory.	Common climate scenarios and vulnerability maps published and disseminated; Circular issued requiring use of the scenarios and maps in project appraisal, land use planning, and construction design issued.	- Improves planning, reducing fiscal costs of climate shocks and related external financing needs. - Support private sector risk management and investment decisions, and lower search costs
Effective implementation of disaster risk management policy faces challenges of inadequate funding and gaps in social protection and early warning system.	RM3. Develop and implement a Disaster Risk Financing (DRF) framework, taking into account the efficient use of risk retention and transfer, and ex-ante and ex-post DRF, based on a DRF needs assessment including for social protection.	31-Mar-25	Completed	1-Jun-25	IMFIWB	The World Bank is working to arrange for a CAT DDO, which would support DRF. In addition, reforms under the CAT DDO will aim to strengthen the financing arrangements of the Disaster Risk Fund, a key component of DRF.	Issuance of DRF legal and policy framework, taking into account the efficient use of risk retention and transfer, and ex-ante and ex-post DRF; and/or adequate provision in budget.	<i>Improved fiscal, external and growth resilience.</i> - Promotes household sector resilience, reduces the need for after-shock support, and mitigates the growth impact of climate shocks - Reduces the impact of unforeseen disasters on the fiscal position and BoP, thereby reducing ex-post external financing needs.
	RM4. Expand the Productive Social Safety Net (PSSN) register to include households who could fall under the extreme poverty line if climate and disaster risks materialize.	30-Sep-25	Completed	31-Oct-25		The World Bank and WFP are cooperating to support the authorities with the design, implementation, and financing of the PSSN program. Expansion of the coverage of the register and shock responsive benefit design are envisaged for the next phase of the PSSN program and will be supported by the World Bank and the WFP.	The Productive Social Safety Net (PSSN) register expanded to include at least 5 percent of households who could fall under the extreme poverty line when climate and disaster risks materialize.	
Budget formulation and public investment planning do not adequately take into account climate change considerations; and climate related fiscal risks not assessed.	RM5. Amend the Environmental Impact Assessment regulation to require climate impact and climate vulnerability assessments for large projects and all climate relevant projects at all stages of project appraisal.	30-Nov-24	Completed	1-Dec-24	IMF		The Environmental Impact Assessment regulation amended requiring climate impact and climate vulnerability assessments for large projects and all climate relevant projects at all stages of project appraisal.	<i>Improved fiscal and external sustainability.</i> - Reduces fiscal costs and risks from climate-related hazards and the implications of changing climate conditions, and minimizes disruptions to the economy;
	RM6. Include the outcome of climate assessments of all climate-relevant projects in the Budget document submitted to Parliament, starting in the FY2025/26 budget.	31-May-25	Completed	1-Jun-25	IMF		Proposed budget for FY2025/26 includes climate assessment outcomes of all climate-relevant projects.	- Reduces the need for external financing and import demand for reconstruction; and facilitates a quick recovery of growth and net exports.
	RM7. Starting in the FY2025/26 Budget, include assessment of natural disaster related fiscal risks in the budget document.	31-May-25	Completed	1-Jun-25	IMF		The FY2025/26 draft Budget includes assessment of natural disaster related fiscal risks.	

**Table 13. Tanzania: RSF Reform Measures, 2024–26
(concluded)**

Key Challenge	Reform Measure	Tentative Completion Date	Completion Status	Availability Date	TA Provider	Development Partner Role	RM Expected Outcome	Prospective BoP risk reduction
Energy, water, forestry, and land use policies are not fully aligned with Tanzania's NDC decarbonization commitments; limited synergy among sectoral plans.	RM8. Present and implement a long-term power sector plan that is aligned with climate mitigation goals and coordinated with the long-term plans of other sectors, including water and agriculture.	30-Sep-25	Ongoing	31-Oct-25		The World Bank has a long-standing engagement, supporting energy sector related policy discussions and activities in Tanzania, including for power sector transition.	Power sector plan consistent with energy transition goals and other sectoral plan prepared and started to be implements.	<i>BOP and fiscal resilience to shocks.</i> - Strengthen resilience to climate change of vulnerable economic sectors - Reduces long-term reliance on expensive fossil fuel imports, whose prices are volatile. - Protects key resources and assets (including utilities), reducing the fiscal cost of and risks from climate change, and the related need for external financing. - Limits the need for increased imports for reconstruction in the aftermath of natural disasters. - Increased productivity, growth, investment, net exports thanks to continued reliable access to electricity and water over the long term.
	RM9. To support energy transition plans: (i) determine the cost-recovery rate for the provision of electricity (fully reflecting operational and investment cost of the energy transition); and (ii) establish and implement a methodology for adjusting electricity tariffs to the identified cost-recovery rates, with transparent periodic adjustments while protecting poor and vulnerable groups.	31-Mar-26	Ongoing	30-Apr-26		The World Bank has undertaken some economic and financial assessments of the energy sector and engaged with the authorities on supporting a cost-of-service assessment for the national power company. Other development partners including AFD, EU, JICA, and USAID are also providing assistance in this area.	Cost-recovery electricity tariff rates determined; methodology for adjusting electricity tariffs to the identified cost-recovery rates, with transparent periodic adjustments, while protecting poor and vulnerable groups established and published online; and implementation of the new tariff adjustment begins.	
	RM10. Apply an environmental tax on domestic consumption of sources of carbon emissions (including coal and natural gas) tailored to Tanzania's circumstances and in line with IMF technical assistance and consistent with Tanzania's commitment under the NDC.	30-Sep-25	Ongoing	31-Oct-25	IMF		Environmental tax on domestic consumption of sources of carbon emissions (including coal and natural gas) formulated and applied in line with IMF technical assistance and consistent with Tanzania's commitment under the NDC.	
	RM11. Identify and integrate climate policy-related key performance indicators (KPIs) in the existing conditional tariff structure and business plans of the water utilities.	31-Mar-26	Completed	30-Apr-26	IMF	GIZ (Germany) supports water sector reforms and climate-sensitive water resources management to improve drinking water supply and sanitation.	Key climate policy related KPIs identified and integrated to the conditional water tariff setting.	
	RM12. The National Land Use Planning Commission finalizes and adopts the Guidelines for Integrated and Participatory Village Land Use Planning, Management and Administration in Tanzania - 3rd Edition and issues a Government Notice to formally require its implementation in all villages across the country.	31-Mar-26	Completed	30-Apr-26			The Guidelines for Integrated and Participatory Village Land Use Planning, Management and Administration in Tanzania - 3rd Edition finalized and a Government Notice issued to formally require its implementation in all villages across the country.	
Monitoring of financial sector climate-related risk is limited.	RM13. Create a repository of climate-related data to support assessment of climate-related risks by supervised financial institutions and BoT.	30-Sep-25	Completed	31-Oct-25	WB		A repository of climate-related database created to support assessment of climate-related risks by supervised financial institutions and BoT.	<i>Financial sector resilience.</i> - Reduced financial sector losses when climate risks materialize, lowering recapitalization needs for banks.
	RM14. The BoT will publish, on an annual basis, its analysis of climate risks in the financial system, including an assessment of the key transmission channels, starting in CY2025.	31-Mar-26	Completed	30-Apr-26	IMF		BoT publishes annual report for CY2025, including a qualitative analysis focusing on key transmission channels of climate risks in the financial system.	<i>Financial Deepening/ Private sector credit growth.</i> - Clarifying financial system stability risks from climate-related exposures supports bank lending in climate-affected areas including agriculture, leading to increased investments and supporting the BoP.

Table 14. Tanzania: Structural Benchmarks

Reform Targets	Macroeconomic Rationale	Target Date	Status
Existing Structural Benchmarks			
1. Prepare and begin implementing a plan to clear all expenditure arrears.	Improve fiscal management, the business environment and reduce potential for corruption	End-Dec. 2022	Met
2. Complete and publish the post-crisis audit of pandemic-related spending.	Improve fiscal management and enhancing economic governance	End-Dec. 2022	Not met; implemented with delay
3. The BoT will submit an amendment to the Banking and Financial Institutions Act (BAFIA) to the government to allow compliance with the requirements of capital adequacy as a step to the migration to Basel II/III risk-based supervision standards.	Enhance financial stability and strengthen bank oversight	End-Dec. 2022	Met
4. Submit the FY2023/24 Preliminary Budget draft to the Parliament with the statistical reclassification of Transfers to HESLB and the fee-free basic education program.	Improve fiscal management and official statistics, and enhance economic governance and transparency	End-Feb. 2023	Not met; implemented with delay
5. Publish the operational guidelines of the interest rate-based monetary policy framework, including documentation and regulations on the use of standing facilities.	Enhance financial stability and transparency	End-Jun. 2023	Met
6. Appoint additional 15,000 teachers for primary education to improve quality of education and reduce the student/teacher ratio, particularly in rural areas. And hire 10,000 additional health workers to address gaps.	Build human capital	End-Jun. 2023	Met
7. Reconcile national accounts (NA) and BOP external sector data and publish revised NA historical data.	Improve GDP quality and transparency	End-Jun. 2023	Met
8. The government will include a proposal in the FY2023/24 budget for indirect tax policy measures for 0.3 percent of GDP and submit to Parliament.	Enhance revenue performance	End-Jun. 2023	Met
9. The Revenue Authority will interface its information technology system with that of prioritized government institutions.	Enhance revenue performance	End-Dec. 2023	Met
10. The BoT will formalize and publish its forex intervention policy stating the objectives, the triggers, the mechanism and modality of the intervention.	Strengthen the transparency of forex interventions	End-Dec. 2023	Met
11. The government, in consultation with the IMF, will establish an AML/CFT risk-based supervisory approach that: assigns a supervisor for each sector (financial institutions and designated non-financial businesses and professions), details a template sectoral money-laundering terrorist financing risk assessment methodology, establishes a template onsite and offsite supervisory manual, and a supervisory plan for the highest risk sectors.	Strengthen financial stability	End-Dec. 2023	Not met; implemented with delay
12. Submit to Parliament draft amendment to the VAT Act, requiring that legitimate VAT refunds are paid by the end of the month following the month in which the VAT refund was filed.	Enhance revenue administration efficiency	End-Jun. 2024	Met ¹
13. Prepare a medium-term revenue strategy (MTRS) with an implementation plan and submit to Cabinet for approval.	Enhance revenue performance	End-Jun. 2024	Not met;
14. Begin preparation and publication of annual report on tax expenditures and their budget implications.	Strengthen fiscal transparency	End-Jun. 2024	Not met; implemented with delay
15. Review and publish a revised "Interbank Foreign Exchange Market (IFEM) Code of Conduct", adopting international best practices following the "FX Global Code" and in consultation with IMF staff.	Support forex market development	End-Jan. 2024	Met
16. Revise and publish the schedule for the monetary policy committee meetings, noting in the schedule the announcement dates for any monetary policy decisions taken by the MPC.	Enhance the monetary policy framework	End-Jun. 2024	Met

Table 14. Tanzania: Structural Benchmarks Through February 2026 (continued)

Reform Targets	Macroeconomic Rationale	Target Date	Status
17. Prepare draft amendments to the BoT Act in consultation with IMF staff to strengthen governance arrangements as well as personal and financial autonomy, including addressing the issue of the composition of the Board to be comprised of a clear majority of non-executive (independent) members in line with leading practices, and submit to Parliament.	Strengthen governance of the BoT	End-Jun. 2024	Not met; reset for end-March 2025
18. Submit to Parliament revenue measures with net positive revenue yield of 0.5 percent of GDP a year.	Enhance revenue performance	End-Jun. 2024	Met
19. Draft a secured transactions Act that allows collateral recovery and broadens the pool of acceptable collateral to movable collateral and submit to Parliament.	Foster financial deepening and promote financial inclusion	End-Sep. 2024	Not met; reset for end-March 2025
20. Enhance the risk-based supervision (RBS) framework by creating a single RBS rating system.	Enhance financial stability	End-Dec. 2024	Met
21. Prepare and publish a timetable for implementation of key de-regulations envisaged in the Blueprint for Regulatory Reforms along with a clear delineation of responsibilities among government entities.	Streamline business regulations	End-Dec. 2024	Met
22. Prepare a medium-term revenue strategy (MTRS) with an implementation plan and submit to Cabinet for approval.	Enhance revenue performance	End-March 2025	Not met; implemented with delay
23. Draft a secured transactions Act that allows collateral recovery and broadens the pool of acceptable collateral to movable collateral and submit to Parliament.	Foster financial deepening and promote financial inclusion	End-March 2025	Not met; reset for end-Feb. 2026
24. Prepare draft amendments to the BoT Act in consultation with IMF staff to strengthen governance arrangements as well as personal and financial autonomy, including addressing the issue of the composition of the Board to be comprised of a clear majority of non-executive (independent) members in line with leading practices, and submit to Parliament.	Strengthen governance of the BoT	End-March 2025	Not met; implemented with delay
25. Submit to Parliament a draft amendment to the Planning Commission Act 2023 that explicitly requires appraisal of public investment projects, including climate change impact assessments, before they are included in the budget.	Strengthen public investment management	End-Jun. 2025	Not met
26. Repeal income tax exemptions provided to export processing zones and special economic zones.	Enhance revenue performance	End-Jun. 2025	Not met
27. Tanzania Revenue Authority to complete automation of the VAT refund process.	Enhance revenue administration efficiency	End-Jun. 2025	Not met
28. Issue a revised collateral framework for the standing facilities to facilitate banks' access the standing facilities while protecting the BoT from credit risk, in consultation with IMF staff.	Enhance the monetary policy framework	End-Jun. 2025	Met
29. Prepare and publish an Emergency Liquidity Assistance (ELA) framework including frameworks for ELA collateral and governance and prepare guidelines, in line with FSAP recommendations.	Strengthen financial stability	End-Sep. 2025	Met
30. Submit to Parliament revenue measures, including streamlining and simplifying tax exemptions, with a revenue yield of at least 0.5 percent of GDP in FY25/26 and 1 percent of GDP a year starting in FY26/27 relative to FY2024/25.	Enhance revenue performance	End-Jun. 2025	Met
31. Issue a revised PIM-OM with clear methodologies for appraisal of public investment projects that include assessment of a project's benefits, costs, and risks, from a social, economic, climate, and financial perspective.	Improve public financial management	End-Dec. 2025	Not met

Table 14. Tanzania: Structural Benchmarks Through February 2026 (concluded)

Reform Targets	Macroeconomic Rationale	Target Date	Status
32. Resubmit to Parliament an amendment of the VAT Act requiring that legitimate VAT refunds be paid by the end of the month following the month in which the VAT refund was claimed.	Improve public financial management	End-Feb. 2026	Not met
33. Draft a secured transactions Act that allows collateral recovery and broadens the pool of acceptable collateral to movable collateral and submit to Parliament.	Foster financial deepening and promote financial inclusion	End-February 2026	Met
¹ Act submitted to Parliament as per the end-June 2024 SB but was not approved by Parliament.			

Table 15. Tanzania: Quantitative Performance Criteria and Indicative Targets
(Tsh Billions, Unless Otherwise Indicated)

	2024						2025																	
	End-June			End-September			End-March			End-June			End-September			End-December								
	Target	Actual	Status	IT	IT-adj	Actual	Target	Actual	Status	IT	IT-adj	Actual	Target	Actual	Status	IT	IT-adj	Actual	Target	Actual	Status			
	adj					adj						adj						adj						
Continuous Performance Criteria																								
Ceiling on accumulation of new external payment arrears incurred by the central government or the BoT	0	0	Met	0	0	0	Met	0	0	0	Met	0	0	0	Met	0	0	0	0	0	Met			
Ceiling on the PV of new external public and publicly guaranteed debt contracted by the central government or the Bank of Tanzania (millions of U.S. dollars) 1/	6,500	6,500	Met	3,000	3,000	421	Met	5,500	5,500	1,455	Met	6,500	6,500	3,069	Met	3,000	2,778	1,371	Me:	5,500	5,165	1,446	Met	
Performance Criteria																								
Floor on domestic primary balance 1/	-2,537	-2,591	-2,363	Met	-695	15	Met	-1,359	-1,565	-3,045	Not met	-2,559	-2,820	-2,513	Met	-727	-727	-2,062	Not met	-1,155	-1,155	-1,122	Met	
Ceiling on net domestic assets (NDA) of the BoT	566	736	-195	Met	272	272	229	Met	457	350	-140	Met	657	381	-89	Met	691	701	-449	Me:	659	689	2,647	Not met
Change in net international reserves of the Bank of Tanzania (floor: millions of U.S. dollars) 2/	8	-18	295	Met	58	58	326	Met	208	5	482	Met	308	308	811	Met	508	508	1,220	Me:	608	608	655	Met
Indicative Targets																								
Floor on priority social spending 1/	3,023	13,023	13,147	Met	3,076	3,076	3,540	Met	11,793	11,793	11,874	Met	15,393	15,464	Met	3,479	3,479	3,665	Me:	8,373	8,373	8,974	Met	
Ceiling on the stock of domestic arrears 1/	1,397	1,397	1,367	Met	1,247	1,247	1,247	Met	947	947	731	Met	697	657	526	Met	647	647	620	Me:	622	622	618	Met
Ceiling on the newly disbursed external non-concessional borrowing by the central government or the BoT (millions of U.S. dollars) 1/	1,631	1,631	874	Met	1,500	1,500	250	Met	1,600	1,600	960	Met	1,600	1,600	1,167	Met	1,500	1,500	343	Me:	1,600	1,600	347	Met
Memorandum Items																								
Foreign assistance grants and loans (US\$ mils) 1/	2,160	--	2,810	--	448	--	448	--	1,379	--	1,156	--	2,339	--	2,459	--	332	--	661	--	1,069	--	1,118	--
WAT refunds in arrears	0	--	0	--	0	--	0	--	0	--	0	--	0	--	0	--	0	--	0	--	0	--	0	--
Expenditure arrears	1,397	--	1,367	--	1,247	--	1,247	--	1,087	--	945	--	947	--	697	--	647	--	620	--	622	--	618	--
Wage bill on education and health workers 1/	4,844	--	5,114	--	1,259	--	1,411	--	2,519	--	2,793	--	5,033	--	5,716	--	1,310	--	1,644	--	2,520	--	3,303	--

Sources: Tanzanian authorities; and IMF staff projections.

1/ The quarterly figures represent cumulative values from the start of each fiscal year.

2/ Cumulative change from June 2022. A positive change denotes an accumulation of net international reserves.

Note: Precise definitions of the aggregates shown and details are included in the Technical Memorandum of Understanding (TMU).

Table 16. Tanzania: Evaluating Progress Towards Reducing Long-Term BOP Risks Through the RSF

Strengthening Tanzania's prospective balance of payments stability requires a range of macroeconomic economic policies and reforms covered by the RSF, including related to: (i) Climate change governance and coordination; (ii) Disaster risk management and social safety nets; (iii) Green public financial management; (iv) Sectoral policies aligned with national climate commitments; and (v) Enhancing information and supervision of financial sector climate-related risks. In each of these areas, the Table below provides an assessment of the status at the start of the RSF arrangement, together with the description of the desired long-term policy outcome and the related prospective BOP reduction (two right-most columns) Policy outcomes include in addressing market failures and closing policy or institutional gaps that may give rise to external financing needs. In the ++++center column, the green arrow presents RSF-supported reform (both RMs and commitments in the MEFP) helping Tanzania progress toward these outcomes, while the blue arrow represents additional reforms that will be necessary to fully achieve them. Such additional reforms may be carried forward by the authorities, with support from development partners—building on RSF-supported reform progress. The relative length of the green and blue arrows provides an indication of progress expected through RSF-supported reforms, as well as limits to the Fund's expertise in certain areas.

Reform Area	Initial Status	Main Reforms: RSF-Supported (Green) and Other Reforms Needed (Blue)	Desired LT Policy Outcome	Prospective BoP Risk Reduction
Climate change governance and coordination	National coordination and management of climate change is incomplete. Limited appreciation of long-term nature of climate challenge.	Feasible under current RSF - Environmental Management Act - Climate scenarios and vulnerability maps. - Climate vulnerabilities integrated into land use planning. - Fully integrate climate considerations into land use and building codes. - Fully integrate climate into national development strategies. Ongoing or Future Reforms by Development Partners/Authorities (as appropriate)	Coherent long term policy vision and implementation cutting across all sectors and layers of government. Mainstreaming or integrating climate change in planning and decision-making processes.	<i>Improved fiscal and external sustainability:</i> -Better coordination and monitoring of climate policies reduces fiscal and private sector costs of climate shocks, as well as related domestic and external financing needs. - Improved impact of other RMs and macro-critical reforms.

Table 16. Tanzania: Evaluating Progress Towards Reducing Long-Term BOP Risks Through the RSF (continued)

Reform Area	Initial Status	Main Reforms: RSF-Supported (Green) and Other Reforms Needed (Blue)	Desired LT Policy Outcome	Prospective BoP Risk Reduction
Disaster risk management and social safety nets	Disaster risk management policy challenges from inadequate funding. Gaps in social protection and early warning system.	Feasible under current RSF - DRF framework. - Expand PSSN register. - Strengthen multi-hazard early warning system. - Incentive for agriculture index insurance. Ongoing or Future Reforms by Development Partners/Authorities (as appropriate)	Disaster relief sufficiently funded. Disaster risk management coordinated with social assistance framework.	<i>Improved economic, fiscal and external resilience.</i> - Reduced need for after-shock support - Reduced impact of climate shocks on growth, the fiscal position, and external financing needs.
Green public financial management	Budget formulation and public investment planning do not adequately take climate change into account. Climate related fiscal risks not assessed.	Feasible under current RSF - Climate impact assessments for large projects. - Assessment of natural disaster related fiscal risks in the budget document. - Mainstream climate across the entire budgeting cycle. Ongoing or Future Reforms by Development Partners/Authorities (as appropriate)	Climate change mainstreamed into fiscal policy design and planning. Public projects subject to climate-related analysis. Tracking of climate-related investment in the budget. Climate risks incorporated in budget cycle and reporting.	<i>Improved fiscal and external sustainability.</i> - Reduced fiscal costs and risks from climate shocks - Reduced risks of economic disruption from climate change. - Reduced external financing need and import demand for reconstruction. - Quicker recovery of growth and net exports.

Table 16. Tanzania: Evaluating Progress Towards Reducing Long-Term BOP Risks Through the RSF
(continued)

Reform Area	Initial Status	Main Reforms: RSF-Supported (Green) and Other Reforms Needed (Blue)	Desired LT Policy Outcome	Prospective BoP Risk Reduction
Alignment of sectoral policies with national climate commitments	Energy, water, forestry, and land use policies not aligned with Tanzania's NDC commitments. Limited synergies among sectoral plans.	Feasible under current RSF - Power sector plan aligned with climate mitigation goals. - Electricity tariffs ensure cost-recovery. - Tax on domestic consumption of sources of carbon emissions. - Climate policy-related KPIs for water utilities. - Integrated Participatory Village Land Use Planning. - Water resources management framework. - Introduce Payment for Environmental Services (PES) to slow deforestation. - Greening Public Transport Ongoing or Future Reforms by Development Partners/Authorities (as appropriate)	Sustainable and financially sound management of key sectors, including energy, water, forestry and agricultural sectors.	<i>BOP and fiscal resilience to shocks.</i> - Strengthened sectoral resilience to climate change. - Reduced fiscal risks and external financing needs from climate events. - Reduced reliance on fossil fuel imports. - Reduced imports for reconstruction following natural disasters.

Table 16. Tanzania: Evaluating Progress Towards Reducing Long-Term BOP Risks Through the RSF
(concluded)

Reform Area	Initial Status	Main Reforms: RSF-Supported (Green) and Other Reforms Needed (Blue)	Desired LT Policy Outcome	Prospective BoP Risk Reduction
Enhancing information and financial sector supervision of climate-related risks	Limited information and management of climate-related risks in the financial system.	Feasible under current RSF - Repository of climate-related data. - Qualitative assessment of key transmission channels. - Develop roadmap for greening the financial sector. - Training companies on climate risk disclosure requirements. Ongoing or Future Reforms by Development Partners/Authorities (as appropriate)	Climate-informed financial sector regulation and supervision. Increased availability of information about climate-related risks and investments.	<i>Financial sector resilience.</i> - Reduced bank losses and recapitalization needs from climate shocks. - Strengthen macrofinancial stability by improving risk assessment, reducing systemic vulnerabilities, and aiding institutions in managing climate-related exposures. <i>Investment promotion.</i> - Reduced uncertainty from climate-related exposures attracts investments, including foreign investment, and supports the BoP.

Not covered by RSF: waste management policies.

Sources: IMF Climate Policy Diagnostics Report for Tanzania (2025); IMF Public Investment Management Assessment with Climate Module (C-PIMA, 2025) and staff assessment.

Annex I. Risk Assessment Matrix¹

Source of Risks	Likelihood	Expected Impact if Realized	Possible Policy Response
Conjunctural Risks			
Commodity price volatility. Supply and demand imbalances—triggered by geopolitical tensions, coordinated production decisions, shifts in investor preferences, or structural changes in demand—fuel commodity price swings, amplifying external and fiscal pressures, social unrest, and macro instability.	High	High - Higher food and energy prices would hurt domestic economic activity and corporate profits. - Rising prices would erode household's purchasing power and increase poverty levels.	- Allow exchange rate flexibility. - Provide targeted fiscal support as needed; avoid policies that could distort market incentives. - Tighten monetary policy if needed to combat inflation.
Social discontent. Persistently high living costs, youth unemployment and inequality, amid an erosion in governance standards and pressures from geoeconomic realignments, trigger social unrest, political repression and instability, affecting countries' capacity to pursue economic reforms.	Medium	Medium Social discontent in the lead up to the election could affect investor confidence and growth.	Maintain macroeconomic stability through targeted fiscal support where needed.
Trade-related Risks - Protectionism and Trade Disruptions. Tariff and nontariff measures disrupt global supply chains. Trade diversion triggers broader protectionism. - New Trade Agreements. Tangible progress in trade talks reduces uncertainty and trade barriers. Wider cooperation on services, FDI, and taxation boosts investment and bolsters public finances.	High	Medium - Lower trade and investment flows, largely through spillover effects on Tanzania's trade and investment partners. - Increased pressure on the FX market.	- Allow exchange rate flexibility. - Speed up efforts to promote regional trade integration and diversify trade partners. - Provide targeted fiscal support as needed; avoid policies that could distort market incentives. - Tighten monetary policy if needed to combat inflation.
	Low	Medium - Improved trade and investment flows, largely through spillover effects on Tanzania's trade and investment partners. - Reduced pressure on the FX market.	- Allow exchange rate flexibility. - Diversify sources of imports.

¹ Based on the February 2026 Global Risk Assessment Matrix, which shows events that could materially alter the baseline path. The relative likelihood is the staff's subjective assessment of the risks surrounding the baseline ("low" is meant to indicate a probability below 10 percent, "medium" a probability between 10 and 30 percent, and "high" a probability between 30 and 50 percent). The RAM reflects staff views on the source of risks and overall level of concern as of the time of discussions with the authorities. Non-mutually exclusive risks may interact and materialize jointly. The conjunctural shocks and scenarios highlight risks that may materialize over a shorter horizon (between 12 to 18 months) given the current baseline. Structural risks are those that are likely to remain salient over a longer horizon.

Source of Risks	Likelihood	Expected Impact if Realized	Possible Policy Response
Fiscal Vulnerabilities and Higher Interest Rates. Higher public debt and deficit levels put further upward pressure on long-term interest rates, sharply tightening global financial conditions, amplifying currency volatility, and reducing consumption and investment that exacerbate adverse debt dynamics. Concurrently, capital outflows from emerging and developing economies elicit a sharp increase in short-term rates.	High	Medium • High cost of borrowing. • Limited access to external financing. • Lower public investment and growth. • Increased FX pressures. • Risk of depreciation increasing debt servicing costs and passing-through to higher domestic prices.	• Allow exchange rate flexibility. • Provide targeted fiscal support as needed; avoid policies that could distort market incentives. • Tighten monetary policy if needed to combat inflation. • Conduct FXI in accordance with the FXI policy, while maintaining adequate FX reserves.
Regional conflicts. Intensification of conflicts (e.g., in the Middle East, Ukraine, Sahel, and East Africa) or terrorism disrupt trade in energy and food, tourism, supply chains, remittances, FDI and financial flows, payment systems, and increase refugee flows.	Medium	High • Conflict in DR Congo may disrupt trade flows and create humanitarian needs. • Higher commodity imports could worsen external accounts, raise domestic prices and dampen economic activity. • Risk of disrupted tourism flows.	• Allow exchange rate flexibility. • Provide targeted fuel and food subsidies to the poor and vulnerable groups. • Enhance tourism promotion in alternative markets, including regional markets.
Tighter financial conditions and systemic instability. Higher-for-longer interest rates and term premia amid looser financial regulation, rising investments in cryptocurrencies, and higher trade barriers trigger asset repricing, market dislocations, weak bank and NBFIs in distress, and further U.S. dollar appreciation, which widens global imbalances, worsens debt affordability, and increases capital outflow from EMDEs.	Medium	High • Increased FX pressures. • Risk of depreciation increasing debt servicing costs and passing-through to higher domestic prices.	• Allow exchange rate flexibility. • Provide targeted fiscal support as needed; avoid policies that could distort market incentives. • Tighten monetary policy if needed to combat inflation. • Conduct FXI in accordance with the FXI policy, while maintaining adequate FX reserves.
Structural Risks			
Deepening geoeconomic fragmentation. Persistent conflicts, inward-oriented policies, protectionism, weaker international cooperation, labor mobility curbs, and fracturing technological and payments systems lead to higher input costs, hinder green transition, and lower trade and potential growth.	High	Medium • Disruptions in trade and investment flows.	• Improve business environment and competitiveness to attract more foreign investment. • Strengthen regional integration.

Source of Risks	Likelihood	Expected Impact if Realized	Possible Policy Response
Cyberthreats. Cyberattacks on physical or digital infrastructure, technical failures, or misuse of AI technologies could trigger financial and economic instability.	High	Medium • Interruption in economic activity, loss of important data and endanger financial stability.	• Strengthen cyber security. • Ensure financial service providers frequently test the resilience of their IT systems.
Climate change. Extreme climate events and rising temperatures could cause loss of life, damage to infrastructure, food insecurity, supply disruptions, and heighten economic and financial instability.	Medium	High • Lower agriculture sector output, increase in poverty levels, need for increased development and social spending.	• Implement counter-cyclical fiscal and monetary policies, provide fiscal support as needed. • Implement climate adaptation policies.
Reemergence of FX market pressures.	Medium	High • Distortions and resources misallocation weakening economic activity.	• Allow the exchange rate to be flexible and clear markets. • Supportive fiscal and monetary policy measures.

Annex II. Capacity Development Strategy

1. The ECF and RSF arrangements have provided an opportunity to align Fund technical assistance (TA) with the authorities' reform agendas. Fund TA is critical to support the authorities' goal to: (i) create fiscal space through improved revenue mobilization and public finance management; (ii) advance structural reform agenda through enhancing governance and the quality of national statistics; (iii) safeguard macro-financial stability and promote financing deepening through upgrading the monetary policy framework and improving supervision; and (iv) enhance resilience to climate change.

2. TA activity picked up in recent years following the launch of the ECF arrangement. Since late 2022, Tanzania received TA in the areas of tax policy diagnostics, revenue administration effectiveness, public investment management including with climate module, monetary policy, national statistics, climate policy diagnostics, disaster risk financing framework, and climate sensitive PFM. These TAs support the authorities' ongoing effort to enhance revenue collections, strengthen efficiency of public investment, modernize their monetary policy framework, improve national statistics, and strengthen their climate policy frameworks.

3. Going forward, CD priorities will build on recent TA and focus on areas related to ECF and RSF program objectives. The authorities agree that Tanzania's CD strategy should focus on supporting their effort to enhance revenue mobilization, PFM, resilience to climate change, governance, the monetary policy framework, and the quality of statistics compilation (Table 1).

- *Revenue mobilization.* Follow up TA to support the authorities' effort to: (i) implement the medium-term revenue strategy (MTRS), including robust and high-yield tax policy and administrative reforms; and (ii) develop the capacity of the Tax Policy Unit.
- *Public finance management.* Support the authorities' effort to strengthen budget formulation, expenditure controls, cash management, and public investment management.
- *Climate.* Support the authorities' effort to: (i) strengthen climate sensitive PFM and PIM; (ii) develop disaster risk financing framework and make the social safety net program responsive to natural disasters; (iii) formulate and implement environmental tax on domestic consumption of sources of carbon emissions.¹
- *Monetary policy and FX intervention.* Support the BoT to implement measures underpinning the smooth implementation of the interest-rate based monetary policy framework, and the new Emergency Liquidity Assistance framework.
- *National statistics.* Support the authorities' effort to: (i) strengthen national accounts and prices data with a focus on GDP rebasing and reconciling GDP by expenditure and GDP by production, as they deviate by more than 2 percent of 2022 and 2023 GDP by production; (ii) improve the quality and coverage of fiscal and public sector debt statistics, including extra-budgetary units, social security funds and local government units as well as integrating fiscal statistics from

¹ TA support for the authorities' effort to create a repository of climate-related data to support assessment of climate-related risks is provided by the World Bank.

Zanzibar, and finalize the transition to *GFSM2014*; (iii) revise the percentage allocation of the revenue resulting from government budget support between the government of United Republic of Tanzania and the Revolutionary Government of Zanzibar; and (iv) improve the quality, coverage, and frequency of external sector statistics, including the dissemination of the international investment position (IIP) on a quarterly basis, and achieve full consistency between macroeconomic statistics; and (v) resume the timely dissemination of core economic statistics in line with the authorities' timeliness goals under the e-GDDS data standard through the National Data Summary Page (NSDP).

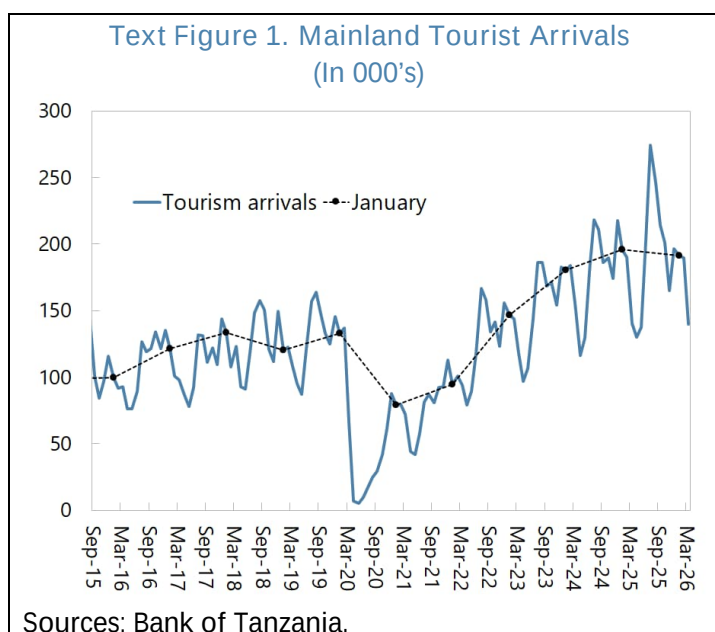
Table 1. Tanzania: Capacity Development Priorities, 2024–26¹

Priorities	Objectives
Revenue mobilization	Formulate tax policy and administrative reforms based on the MTRS.
Public finance management	- Improve costing, prioritization, and implementation of public investments in line with the 2022 C-PIMA TA mission recommendation. - Strengthen budget formulation, implementation, and reporting (including the medium-term budget framework, cash management, revenue forecasting and commitment controls), improve financial risk reporting and coverage, and strengthen risk and cost analysis in debt management office.
Climate	- Climate sensitive PFM and PIM - Disaster risk financing and social safety nets - Environmental taxation on sources of carbon emission - Monitoring of climate-related financial sector risks
Monetary and financial sector	- Implement measures underpinning the ongoing transition to an interest-rate based monetary policy framework - Implement the Emergency Liquidity Assistance framework - Develop the Forecasting and Policy Analysis System (FPAS)
Strengthen statistics compilation and dissemination	- Revise the percentage allocation of the fiscal revenue between the government of United Republic of Tanzania and the Revolutionary Government of Zanzibar - Improve the quality and coverage of the national accounts, prices, BOP, international investment position, fiscal and debt data. - To enhance data transparency, ensure timely compilation and dissemination of prices, labor market indicators, industrial production index, fiscal statistics, BOP, international reserves, and debt statistics, in line with the recommendations of the e-GDDS framework implemented in 2016.
¹ TA projects in Table 1 are either ongoing or at an advanced planning stage.	

Annex III. Implications of the Middle East War for Tanzania

The conflict that erupted in the Middle East in March 2026 has created disruptions in global and regional energy markets, shipping routes, and financial conditions. This is impacting Tanzania, which relies heavily on trade and investment relationships with Middle Eastern countries, through multiple channels:

- **Trade and logistics.** Heightened security risks and insurance premiums for transit through the Strait of Hormuz have raised freight costs and disrupted shipping routes. Since Tanzania relies heavily on maritime trade for imports of fuel, wheat, fertilizers, and machinery (about 20 percent of Tanzania's imports are from GCC countries), these disruptions could increase the import bill and lengthen delivery times. Airspace closures in the GCC region also constrain cargo capacity and may affect time-sensitive exports, including gold and perishables. Tourism, which was already affected by social unrest since the October election, is also likely to suffer from the closure of the Gulf airspace, as airlines from the UAE and Qatar represent a large share of international passenger traffic to Tanzania.
- **Energy prices.** Given Tanzania's near-complete dependence on imported refined fuel, a sustained increase in oil prices would raise the fuel import bill and contribute to higher domestic transportation and production costs. On April 1st, Tanzania's regulatory authority adjusted fuel prices upwards, allowing for a partial pass through of increases international prices. Based on their formula, a full pass through could be reached after a quarter. Higher fertilizer prices would raise agricultural production costs and potentially affect domestic food prices and Tanzania's agricultural exports.



In the adverse scenario of a prolonged conflict in the Middle East, the combined effects of higher fuel and fertilizer prices, weaker tourism inflows, tighter global financial conditions, and potential declines in gold prices would have broader macroeconomic implications:²

- **Growth.** Real GDP growth could slow by about additional 0.5 percentage points relative to the baseline, reflecting higher import costs, reduced tourism activity, and weaker investment.

² The adverse scenario follows the global assumptions set in the April 2026 WEO (as opposed to the baseline and severe scenarios), assuming in particular an average oil price of US\$100 per barrel in 2026 and US\$75 in 2027, as well as higher global inflation expectations and tighter external financial conditions until 2027.

Disruptions to logistics and high energy costs would also weigh on transport and services. Ongoing diversification towards alternative local fertilizer sources will help mitigate pressures.

- **Inflation.** Inflationary pressures could intensify and rise by about 0.4 percentage points, driven by higher fuel and transport costs as well as second-round effects from food prices due to increased fertilizer costs, alongside depreciation pressures.
- **Fiscal balance.** Fiscal pressures could increase through both revenue and expenditure channels. Lower growth and tourism activity would weigh on tax revenues, while expenditures may rise if the authorities take measures to cushion the impact of higher energy and food prices on vulnerable households.
- **Current Account.** A prolonged increase in imports (from oil, fertilizers, etc.) and lower services exports would adversely affect the trade balance. Furthermore, a reversal of currently elevated gold prices—e.g., due to weaker global demand or tighter global financial conditions—would reduce export receipts and reserves – 20 percent of which consists of monetary gold. These compounding effects could widen the current account balance to more than 5 percent of GDP.
- **External financial conditions.** Capital outflows may be triggered by monetary policy tightening in advanced economies, and/or global capital flight to safety. This would entail depreciation pressures on the Tanzanian shilling, further increasing the import bill and the burden of servicing external debt denominated in foreign currency.

Annex IV. External Sector Assessment

Overall Assessment: The external position of Tanzania in 2025 is assessed as stronger than the level implied by fundamentals and medium-term desirable policies. As of end-December 2025, the level of international reserves stood at US\$6.3 billion and is assessed to be adequate by the Fund's ARA metric. Since the last assessment, the external position has strengthened due to a higher growth of exports (mainly through the surge in gold prices) compared to imports. The current account deficit is estimated to have narrowed to 2.3 percent in 2025, from 3 percent in 2024, on the back of higher growth of exports (mainly through the surge in gold prices) compared to imports. Meanwhile, the real exchange rate in 2025 depreciated by about 1.4 percent on average compared to 2024. However, it displayed a depreciation in the first half of the year and a large appreciation in the second half.

Potential Policy Responses: Exchange rate flexibility is needed to cushion the economy against external shocks and potential FX shortages in the market. Continued maintenance of an adequate reserves level, and possible accumulation of reserves to 4.4 months of prospective imports to create buffers, remains key considering large uncertainties from recent global developments. In addition, removing barriers to private credit expansion can boost private investment and contribute to rebalancing the external sector.

Foreign Assets and Liabilities: Position and Trajectory

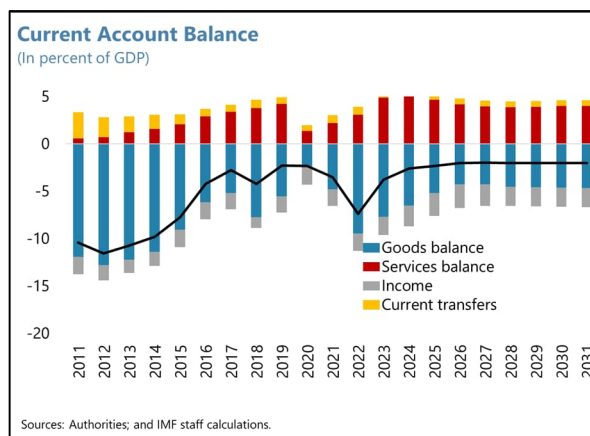
Background. Data on the international investment position (IIP) was -61.5 percent in 2024 (latest available). Foreign assets are mainly composed of net foreign reserves (7.3 percent of GDP). Foreign liabilities include direct investments (25.3 percent of GDP) and loans (44.9 percent of GDP). External debt obligations (25.9 billion USD), include as main creditors multilateral institutions (16.6 billion USD) and commercial lenders (6.6 billion USD). The IIP negative position increased by about 6.8 percentage points in the past 5 years driven by an increase in debt liabilities.

Assessment. Risks to the outlook include less available concessional financing and/or foreign aid. FDI inflows (around 2 percent of GDP) are a slight mitigating factor.

2024 (% GDP)	NIIP: - 61.5	Gross Assets: 12.3	Debt Assets: 1.7	Gross Liab.: 73.8	Debt Liab.: 44.9
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Current Account

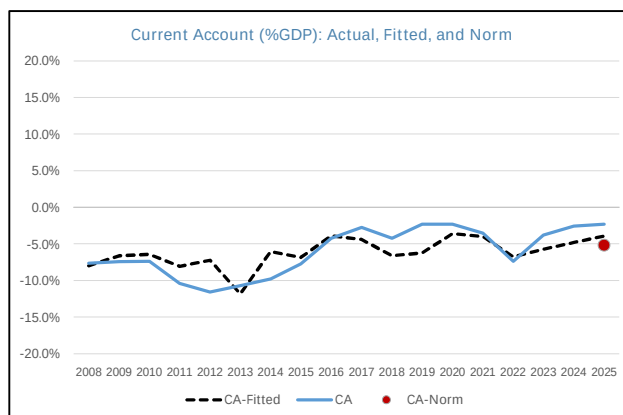
Background. The current account deficit contracted to 2.3 percent of GDP in 2025, from 3 percent of GDP in 2024, as rising exports more than offset the increase in imports. This marks the third consecutive year of a narrowing current account since 2022. The current account deficit is expected to widen in 2026 due to higher import prices triggered by the War in the Middle East. In the medium term the CA is expected to remain stable, under the expectation of sustained high gold prices, and declining oil prices.



Assessment. The EBA-lite methodology shows that Tanzania's external position in 2025 was stronger than fundamentals and desirable policies. With an estimated CA norm of -5.2 percent of GDP against a cyclically adjusted CA of -2.8 percent of GDP, the current account model shows a CA gap of 2.3 percent of GDP. This displays a strengthening of the external sector compared to the 2024 assessment, which was moderately stronger than fundamentals and desirable policies. From a savings minus investment point of view, one of the drivers of the large CA gap is subdued private investment relative to savings. Although overall investment is significant, private sector investment appears to have declined, constrained by structural bottlenecks and limited participation. Private credit (in percent of GDP) is one of the lowest in the region. Consequently, domestic savings are not fully channeled into productive investment, dampening import demand and contributing to a smaller-than-expected current account deficit.

Tanzania: EBA-lite Model Results, 2025		
	CA model	REER model
(in percent of GDP)		
CA-Actual	-2.3	
Cyclical contributions (from model) (-)	0.6	
Additional temporary/statistical factors (-) 2/	0.2	
Natural disasters and conflicts (-)	-0.3	
Adjusted CA	-2.8	
CA Norm (from model) 3/	-5.2	
Adjustments to the norm (+)	0.0	
Adjusted CA Norm	-5.2	
CA Gap	2.3	-0.1
o/w Relative policy gap	0.7	
Elasticity	-0.1	
REER Gap (in percent)	-16.6	0.7

1/ Based on the EBA-lite 3.0 methodology
2/ Additional adjustment to account for the temporary impact of price of agricultural products which are not included in the model (e.g., cashew nuts)
3/ Cyclically adjusted, including multilateral consistency adjustments.

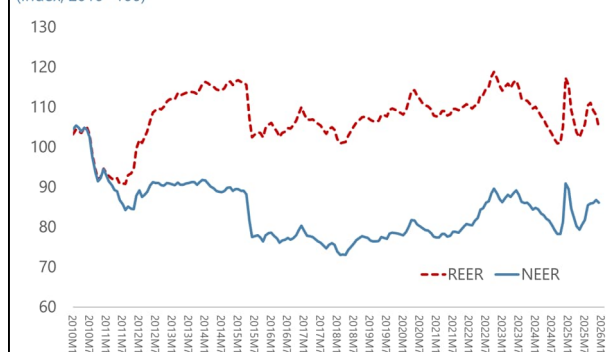


Real Exchange Rate

Background. On average, during 2025 the Tanzanian shilling depreciated slightly at 1.4 percent in real terms against a basket of currencies of trading partners, mainly reflecting nominal exchange rate movements. The nominal effective exchange rate depreciated by about 2.1 percent on average in 2024. The depreciation was observed in the first half of the year reversing the sudden appreciation of the Shilling from end-2024 caused by local conditions. In the second half of 2025, the Shilling appreciated in line with the narrowing of the current account and the weakening of the USD. Compared to 2020, the real exchange rate has appreciated by about 3 percent, reflecting the balance of payments' recovery from the impact of the COVID-19 shock.

Real and Nominal Effective Exchange Rates

(Index, 2010=100)



Sources: Authorities; and IMF staff calculations.

Assessment. The REER gap implied by the CA model shows an undervaluation of the REER of 16.6 percent of GDP. The EBA-Lite REER index model instead does not suggest an exchange rate misalignment. Overall,

consistent with the CA gap, staff assesses the REER to be moderately undervalued by about 16.6 percent. Staff recommends continuing pursuing flexibility to contribute to external rebalancing.

Capital and Financial Accounts: Flows and Policy Measures

Background. Historically, Tanzania's current account deficit was financed mainly by FDI, capital grants, and concessional public-sector borrowing. In recent years, however, the current account deficit has been financed mainly by FDI and public sector borrowing.

Assessment. Tanzania's relatively closed capital account regime has made its financial system less vulnerable to global financial volatilities. Going forward, FDI inflows are expected to pick up driven by improved business conditions, reflecting ECF supported reforms.

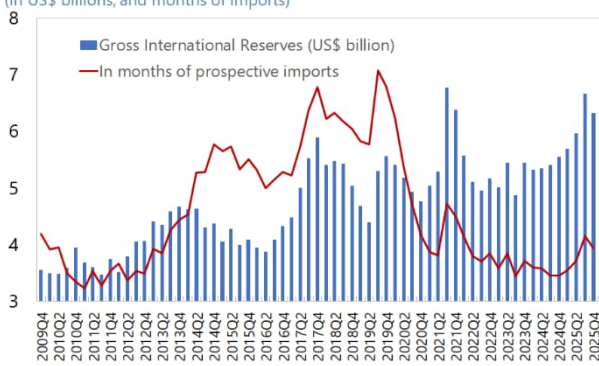
FX Intervention and Reserves Level

Background. At US\$6.3 billion at end-December 2025 (an increase of USD 782 million from end-December 2024), the level of international reserves is assessed to be adequate. Reserves coverage, at around 3.7 months of imports and 7 percent of GDP, falls below the midrange of the ARA metric (3.5 to 5.3) for credit-constrained economies, that compares the marginal costs of holding reserves against marginal benefits (see Figure below).

Assessment. The ARA metric models an indicative adequate level of reserves. Nonetheless, other risks faced by Tanzania may not be fully captured by the model, such as borrowing from international financial markets, opening the capital account, currency risks in the banking system, among others. For these reasons, a higher level of international reserves, as suggested by the mid-range of the ARA metric range at 4.4 months of imports, would be desirable for Tanzania. In this regard, the BoT should conduct FXI in accordance with the new FXI policy, which states that foreign exchange intervention by the Bank is intended to address disorderly market conditions and contain excessive fluctuations in the exchange rate; and increase the level of international reserves to reduce external vulnerability and improve access conditions to external funding.

Gross International Reserves

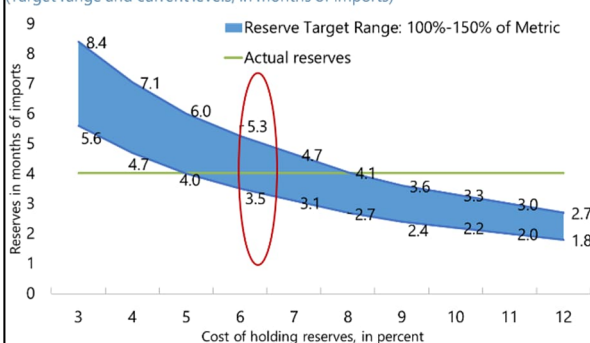
(In US\$ billions, and months of imports)



Sources: Authorities; and IMF staff calculations and projections.

Tanzania Optimal Reserves 1/

(Target range and current levels, in months of imports)



1/ Assuming no IMF program and unconditional probability of a large shock event of 0.5.
Source: IMF staff calculations.

Appendix I. Letter of Intent

Dodoma, United Republic of Tanzania
June 9, 2026

Ms. Kristalina Georgieva
Managing Director
International Monetary Fund
Washington, DC
USA

Dear Madam Managing Director,

1. We would like to thank the IMF for its support under the Extended Credit Facility (ECF) arrangement and Resilience and Sustainability Facility (RSF) arrangement. Supported by the ECF arrangement, we have implemented reforms to: (i) help the economy recover from the impacts of the pandemic and geopolitical conflicts; (ii) preserve macroeconomic stability despite continued global economic and climate change-related challenges; (iii) strengthen governance and reinforce the anti-corruption framework and (iv) address long-term challenges to support sustainable and inclusive growth, drawing on the reform agenda and development plans envisaged in our Third National Five Year Development Plan (FYDP III).
2. After the program ends our economic policies and reforms will continue to focus on: (i) maintaining fiscal space to allow for much-needed social spending and high-yield public investment by improving revenue mobilization and spending quality; (ii) advancing the structural reform agenda to unlock growth potential, improve the business environment and competitiveness; and (iii) enhancing financial deepening and stability, including through strengthening the monetary policy framework and improving financial sector supervision.
3. Our reform program supported by the ECF arrangement has remained on track. All quantitative performance criteria (QPCs) under both ECF reviews were met, except for the end-December QPC on net domestic assets which was not met, but for which we request a waiver, based on the corrective actions discussed in the MEFP. Four structural benchmarks (SBs) due between end-June 2025 and end-February 2026 were completed on time, we expect to implement three SBs with delay, and two SBs were not met.
4. Reducing vulnerabilities and strengthening resilience to climate change is a top priority for the Government of Tanzania as climate change poses significant risks to our goal of achieving a sustainable and inclusive growth. The RSF arrangement has helped us to implement climate Reform Measures (RMs) that aim to: (i) enhance governance and coordination of climate change policies; (ii) strengthen the disaster risk management (DRM) framework; (iii) mainstream climate policies in budgeting and public investment planning; (iv) align sectoral climate policies with national policies and commitments; and (v) enhance supervision of financial sector climate-related risks. We have continued to make progress under the RSF arrangement with the successful completion of five RMs for the third and fourth reviews. These are: expansion of the Productive Social Safety Net register (RM 4); adoption of climate policy-related KPIs for water utilities (RM11); adoption of Guidelines for Integrated and Participatory Village Land Use Planning (RM12); creation of the climate-related data

repository to support analysis of climate-related risks in the financial system (RM13); and publication of BoT's analysis of climate-related risks in the financial system (RM14).

5. We request completion of the sixth and seventh reviews of the ECF arrangement and the disbursement of the seventh and eighth tranches in the amount equivalent to SDR 113.37 million (28.5 percent of quota), and a waiver of non-observance of the end-December QPC on net domestic assets. As before, IMF resources will be used for direct budget support and will be maintained in government accounts at the Bank of Tanzania. We also request completion of the third and fourth reviews of the RSF arrangement with respect to the completed RMs and the associated disbursement equivalent to SDR 213.12 million (53.5 percent of quota). The RSF resources will help support the government's ongoing efforts to address climate change challenges and enhance Tanzania's prospective BoP stability.

6. The attached MEFP reports on recent economic developments and implementation of our economic program, and sets out policies and reforms that we plan to pursue following the expiry of the program supported by the ECF and RSF arrangements. In line with the IMF safeguards policy, the Bank of Tanzania (BoT) commits to comply with the recommendations of the 2022 safeguards assessment of the BoT.

7. We agree to the publication of this Letter of Intent and the attached Memorandum of Economic and Financial Policies for FY2022/23–FY2025/26 and Technical Memorandum of Understanding, as well as the IMF staff report related to the sixth and seventh reviews under the ECF arrangement, and the third and fourth reviews under the RSF arrangement, after approval by the Executive Board of the IMF.

Sincerely yours,

/s/

Khamis Mussa Omar
Minister of Finance

/s/

Emmanuel Mpawe Tutuba
Governor, Bank of Tanzania

Attachments (2):

1. Memorandum of Economic and Financial Policies
2. Technical Memorandum of Understanding

Attachment I. Memorandum of Economic and Financial Policies

This Memorandum of Economic and Financial Policies (MEFP) reviews recent economic developments and performance under the Extended Credit Facility (ECF) and Resilience and Sustainability Facility (RSF) arrangements, and lays out economic objectives that the government of Tanzania intends to pursue following the expiry of these arrangements. The macroeconomic policies and structural reforms included in this MEFP are consistent with the objectives of the Third National Five-Year Development Plan 2021/22–2025/26 (FYDP III) to raise inclusive growth and become a competitive middle-income country. They aim to preserve macroeconomic stability, increase fiscal space, strengthen financial sector stability and development, and build resilience to climate-related shocks.

A. Economic Developments and Performance Under the ECF and RSF Arrangements

1. The growth of our economy remains strong and macroeconomic fundamentals are healthy despite global shocks. Real GDP growth picked up to 5.9 percent in 2025 (yoy), driven by the construction, agriculture, and financial sectors. Inflation has remained within the BoT's 5 percent target, anchored by prudent fiscal and monetary policy management, and supported by adequate food supply. The current account deficit narrowed to 2.3 percent of GDP in CY2025, from 3 percent in CY2024, on the back of strong exports and tourist arrivals, and modest import growth. International reserves remained adequate at US\$6.1 billion (about 3.7 months of prospective imports) in March 2026. The financial sector is stable reflecting sound macroeconomic and business environment, but with pockets of vulnerabilities.

2. While medium-term economic prospects remain favourable, short-term risks have increased in the current international environment. Growth is forecast to reach 6.3 percent in 2026, with sustained fiscal policy consolidation and prudent monetary policy. However, the war in the Middle East could have strong adverse impact on the price or availability of key imports of fuel and fertilizer, as well as tourism, adding to downside risks from reduced foreign development assistance. While the diversified nature of the economy helps absorb these shocks, an abrupt global slowdown or recession and increased volatility of commodity prices could worsen the external position and increase financing needs.

3. Our reform program supported by the ECF arrangement has remained on track. The ECF program has been evaluated based on quantitative performance criteria, indicative targets, and structural benchmarks (MEFP, Tables 1 and 2) and semi-annual reviews. Definitions of key concepts and indicators, as well as reporting requirements, are set out in the accompanying Technical Memorandum of Understanding (TMU).

4. All but one quantitative performance criteria (QPC) under both ECF reviews were met. All PCs for end-June and end-December were met, except for the end-December QPC on net

domestic assets which was missed due to BoT's purchases of gold in the domestic market, aiming to build FX reserves while supporting the monetary policy stance, and not to provide monetary financing to the government. We note that domestic gold is only held for the purpose of building FX reserves, and BoT has reached its target gold holdings and plans to sell gold going forward.¹ We will take corrective action to ensure that NDA decline, including by monetizing the gold or selling it for foreign currency, and by mopping up liquidity through liquidity management operations, consistent with the monetary policy stance.

5. Four SBs due between end-June 2025 and end-February 2026 were completed on time: (i) Parliament approved revenue measures yielding at least 0.5 percent of GDP in FY25/26 and 1 percent of GDP starting in FY26/27 (relative to FY24/25); (ii) BoT issued a revised Collateral framework for standing facilities; and (iii) BoT published a new Emergency Liquidity Assistance framework and prepared guidelines; and, (iv) a Secured Transactions Bill was submitted to parliament.

6. We expect that three more SBs will be implemented with delay in time for the Executive Board's assessment for this review. The government will (i) submit an amendment to the *Planning Commission Act* requiring appraisals of climate impact assessments for public investment projects included in the budget to Parliament; (ii) revise the *National Development Project Approval Guideline*; and (iii) submit an amendment to the *VAT Act* to reduce the timeframe for VAT refunds to Parliament.

7. Two SBs will not be met: (i) full VAT refund automation could not be completed on time, but we will continue to further digitize and modernize this refund system, and (ii) income tax exemptions for companies operating in Special Economic Zones (SEZs) and Export Processing Zones (EPZs) were not all repealed in order to preserve Tanzania's competitiveness and ability to attract foreign investment.

8. We continued to make progress under the RSF arrangement. RSF implementation monitoring has been conducted by means of the reform measures (RMs) presented in Table 3 of the MEFP. We successfully completed five RMs for the third and fourth reviews— namely: (i) expansion of our Productive Social Safety Net (PSSN) register to include poor households who could fall under extreme poverty when disaster risks materialize (RM4); (ii) adoption of climate policy-related KPIs for water utilities (RM11); (iii) adoption of Guidelines for Integrated and Participatory Village Land Use Planning (RM12); (iv) creation of the climate-related data repository to support analysis of climate-related risks in the financial system (RM13); and (v) publication of BoT's analysis of climate-related risks in the financial system (RM14). Regarding RM4, the expansion of the PSSN registry reached 4.52 percent of the population, in part due to the late completion of vulnerability maps (RM 2). However, we will continue our efforts to expand the registry and expect to reach the 5 percent

¹The divergence from the QPC was also exacerbated by the low program price for gold in comparison to recent market rates (which lowered the NFA program calculation and raised NDA).

target by the end of CY 2026. We will also continue our efforts to implement the reforms associated with the remaining three RMs after the RSF arrangement ends.

B. Policy Objectives

9. In response to the impact of the war in the Middle East, the government is prepared to adjust its macroeconomic policies. The government's responses could combine: (i) exchange rate flexibility to help absorb further external shocks (e.g. higher commodity prices or lower tourism demand); (ii) reprioritizing spending including lowering investment spending, where necessary to help protect the most vulnerable population groups and sectors (a limited subsidy on diesel fuel was introduced in early May); and (iii) maintaining data-dependent monetary policy to contain second-round price pressures and preserve price stability. The government will also ensure that higher fuel and food prices do not weaken the financial situation of SOEs and that social protection needs are met without endangering fiscal and debt sustainability.

10. The government remains committed to sustaining fiscal consolidation to safeguard fiscal sustainability and increase fiscal space to address medium-term development needs. The government is committed to pursuing fiscal consolidation and meeting its domestic primary balance target of -0.8 percent of GDP in FY2025/26, primarily through enhanced revenue mobilization. Any spending pressures will be accommodated through other expenditure prioritization. Fiscal consolidation will continue in FY2026/27 with an improvement of the primary balance of 0.4 percent of GDP, mainly driven by increased domestic revenue mobilization (0.5 percent of GDP) through both tax administration and tax policy measures. We will continue to prioritize social spending by keeping it at 7 percent of GDP. In the medium term, reforms will aim to increase fiscal space for scaling up human capital investment necessary to cater for Tanzania's young and growing population and the country's developmental needs. Medium-term fiscal reforms will be underpinned by improved domestic revenue mobilization and public finance management (see below).

11. The government will continue to prioritize external financing on concessional terms and through grants to preserve debt sustainability. Tanzania faces a moderate risk of external debt distress and will follow prudent debt management to improve its risk rating. Newly contracted public debt will favor loans offered on concessional terms, while some long-term non- and semi-concessional borrowing will be used to support high-yield investment projects. In line with the debt management strategy, the government will generally avoid non-concessional short-term external borrowing (with original maturity of less than one year) and improve the debt repayment profile and reduce refinancing risks through liability management operations.

12. Efforts to improve tax policy and revenue administration in the near and medium term will be based on: (i) broadening the tax base by reducing the informal sector through greater reliance on electronic declarations and payments; (ii) bringing the digital economy into the tax net; (iii) reducing tax exemptions; (iv) strengthening tax administration; (v) enhancing human resources

through recruitment and training; (vi) better enforcing the issuance of electronic fiscal devices (EFD) receipts; and (vii) enhancing risk-based programming and recovery actions. To support the operationalization of the MTRS, an interagency MTRS steering committee has been set with the mandate to monitor and oversee MTRS implementation.

13. The integration of the domestic and customs tax information systems (IDRAS and TANCIS) will further strengthen data analytics and compliance risk management. Over time, this will facilitate more systematic data sharing, improve risk identification, and support more effective targeting of compliance efforts, while underpinning planned amendments to the VAT law to reduce refund processing timelines to 60 days. While the IDRAS system is partly operational, key modules—particularly the audit model and data analysis components—are yet to be completed. Fully developing and integrating these modules, including with the VAT system, will bring about significant improvements to the efficiency and effectiveness of tax administration.

14. Increasing social spending will remain a priority for the government to promote human capital development and sustainable and equitable growth. Under the ECF arrangement, the government has increased the recruitment of health workers and teachers to promote access to health and education, notably in rural areas, and maintained priority social spending at 7 percent of GDP in FY2025/26 (from 5.9 percent of GDP in FY23). In FY2026/27, the government commits to maintain budgetary allocations for education and health as a share of GDP at the same level as in FY2025/26, i.e. 3.1 percent of GDP for education and 1.3 percent of GDP for health. Moving forward, the government will implement the [Education Sector Development Plan 2025/26-2029/30](#); continue expanding the coverage of Universal Health Insurance, which was rolled out in January, 2026; and continue to operate the TASAF safety net under the World Bank's TASAF – PSSN III, with proper targeting to help reduce poverty and inequality and enhance human capital accumulation of poor households.

15. The government plans to further strengthen public finance management (PFM) and the efficiency of public investments, building on IMF TA recommendations, the amended Planning Commission Act and the revised PIM-OM which were implemented with delay (respectively, end-June and end-December SBs). Since FY2025/26, budget transparency has been enhanced by including in publicly available budget documents for each public investment project: (i) total estimated project costs, (ii) previous budget years' actual spending, (iii) estimated spending in the current budget year, (iv) committed expenditure for the next budget year, (v) estimated spending and contractual commitments for the two outer years, and (vi) the balance of funding required to complete the project. Starting with the FY2026/27 budget, the government will submit a medium-term budget to parliament. Finally, the government will continue to clear domestic arrears and prevent their accumulation through stronger commitment controls and sanction enforcement against unauthorized spending commitments, in line with existing regulations.

17. The government is committed to strengthening public finance statistics. It will take steps to include all public entities, in addition to the central government, to establish and periodically update a public sector balance sheet covering all assets and liabilities. This will help the

process of harmonizing and integrating fiscal and debt statistics from Zanzibar into General Government reporting. Furthermore, the government is adopting the provisions of the government finance statistics manual (GFSM 2014), with technical assistance from the IMF.

18. The government also plans to publish data on investments made by other public entities (e.g., public enterprises and local governments) or through Public-Private Partnerships (PPPs). Regarding public enterprises, all SOEs have been mandated to publish their annual audited financial statements since FY2024. The monitoring of PPPs will be strengthened through their full consideration in budget documents and documents related to public debt sustainability, given their potential as contingent liabilities.

19. Enhancing fiscal risk management is important to safeguard fiscal space in an uncertain external environment. The government has implemented various measures to strengthen fiscal risk management, including to consolidate fiscal risk analysis across government; maintenance of a Fiscal Risk Register to track exposures across government operations; and annual publication of a Fiscal Risk Statement that covers macro-economic risks, contingent liabilities stemming from SOEs and local governments and climate related risks. Efforts will also focus on reducing fiscal risks from the national airline (Air Tanzania) and energy company (TANESCO). In the case of Air Tanzania, the government will halt the expansion of the company's activities until its financial situation is rectified and its reliance on budgetary resources eliminated going forward.

20. The government commits to further strengthen central bank independence. Draft amendments to the BoT Act were approved by Parliament in June 2025, strengthening governance arrangements, including personal and financial autonomy, and the composition of the Board, in line with leading practices. In addition, an amendment to Section 69 of the BoT Act was introduced to Parliament in February 2026 to remove the ability of the BoT Board to issue a waiver for non-compliance with the Act and regulations, and to specify the circumstances under which the limit on government financing specified in the Act can be exceeded. The government strongly supports this amendment and will resubmit it to parliament for the June 2026 session. Furthermore, to enhance monetary policy effectiveness, government borrowing from the BoT will be kept at a minimum within the set target.

21. BoT will continue to strengthen the interest rate-based monetary policy framework. BoT published a monetary policy communication strategy in February 2024, and now regularly publishes the schedule of MPC meetings, MPC press releases to explain decisions, and a Monetary Policy Report. BoT will ensure that the inflation target range of 3 to 5 percent is consistently stated in its *Monetary Policy Statements*, *Monetary Policy Reports*, and website. To develop the interest rate channel and the interbank cash market, BoT is working with Frontclear and preparing legislative amendments to support the introduction of a Global Market Repurchase Agreement. Furthermore, BoT issued a revised collateral framework in 2025 to help banks access its standing facilities while protecting BoT from credit risk. These efforts will help BoT ensure that: (i) liquidity conditions align the 7-day cash rate with the +/- 150 bp CBR corridor, based on liquidity forecasts; and (ii) the Lombard facility provides an effective ceiling on the 7-day interbank rate.

22. BoT is committed to enhancing exchange rate flexibility as the first line of defense against external shocks. FX interventions will be limited to addressing disorderly market conditions in line with the 2023 FXI policy, and international reserves will be maintained at a comfortable level as a buffer against external shocks. The BoT will aim to limit reliance on FXI for domestic liquidity management purposes. To enhance the transparency of FX auctions, BoT released [FX auction](#) rules in 2025, and will transact FX in pre-announced amounts based on competitive price-based criteria, and accept the market-clearing price to sell desired volumes. BoT will continue to publish the results of its FX auctions on the same day, including the number of bids received and allotted, total value of bids accepted, amount on offer and allotted, highest bid rate received and accepted, lowest bid rate allocated, and the weighted average rate.

23. BoT will continue its active support of FX market development. BoT has undertaken a number of measures to support FX market development and price discovery. In 2024, BoT adopted a revised “Interbank Foreign Exchange Market (IFEM) Code of Conduct”, in line with international best practices under the “FX Global Code” and in consultation with the IMF and market participants. In April the BoT launched the [Electronic Matching System](#) as the designated IFEM trading platform and appointed [market makers](#). To support monetary policy, improve FX availability, and lower FX demand, the government issued the Use of Foreign Currency regulations in 2025 requiring goods and services prices to be quoted in shillings, and requiring all domestic transactions to be conducted in shillings. We will amend the 2025 Use of Foreign Currency regulations to recognize the specific needs of a limited number of sectors, including the tourism sector, and provide additional clarity regarding implementation. To support continued development of the FX market, and prevent parallel FX market activity, BoT will continue to encourage market participants to trade at a market-clearing exchange rate in interbank and retail markets.

24. BoT is committed to enhancing financial sector stability and mitigating near-term banking sector vulnerabilities, building on the migration to Basel II/III risk-based bank supervision in 2025. BoT has stepped up its monitoring and enforcement of prudential guidelines, particularly in relation to undercapitalization, NPLs and restructured loans. Key priorities include enhancing capacity in risk-based supervision, solvency stress testing, and climate related risks; maintaining low NPLs and increasing provisioning, and enhancing buffers to manage near-term liquidity, credit, and concentration risks, with IMF technical assistance support. BoT also introduced a single risk-based rating system, increased staffing for AML/CFT risk-based supervision, and upgraded its Emergency Liquidity Assistance (ELA) framework in 2025. BoT will continue to enhance the ELA framework, including with regard to collateral eligibility, valuation and haircuts, allocation of responsibilities, and updating the annexes to the public framework.

25. The government and BoT will implement policies to further promote financial inclusion. Building on recent progress, the National Financial Inclusion Framework 2023-28 (NFIF) aims to ensure that all adults and businesses can use a broad range of affordable and high-quality financial products and services. These efforts are guided by the Tanzania Development Vision 2050, the Financial Sector Development Master Plan 2020/21- 2029/30, and a public-private sector

partnership under a National Council, which include Ministries, Regulatory Authorities, Agencies, financial service providers, and consumer associations, with BoT serving as secretariat. The promotion of financial inclusion is supported by the ongoing rollout of the National Identification Number, the National Financial Education Program, increased mobile phone access. In addition, a new Secured Transactions Bill to allow collateral recovery and broaden the pool of acceptable collateral to include movable collateral, was submitted to Parliament in February 2026 .

26. To promote private sector development, the government will continue to strengthen business regulatory frameworks. The government has published a timetable for the implementation of key de-regulations envisaged in the Blueprint for Regulatory Reforms along with a clear delineation of responsibilities among government entities. Looking ahead, the government is in the process of revising the Blueprint along with an action plan, expected to be completed by end-June 2026, in consultation with relevant stakeholders to address their concerns in the planning and implementation of reforms. Key guiding principles include: (i) minimizing non-tariff trade barriers and continuing to implement a risk-based approach for all inspections; (ii) enhancing engagement with the private sector and other stakeholders in the formulation of new legislation to improve the business environment; and (iii) improving accountability and predictability in government policies by publishing the implementation plan with specific timelines, key performance indicators to monitor progress, and clear delineation of responsibilities among government ministries and entities.

27. The government will improve the quality of National Accounts statistics to further enhance credibility, improve budget forecasting and attract investment. The government will finalize and publish rebased GDP using 2019 base year by June 2026. External sector data in the national accounts and balance of payment statistics have been reconciled, and revised national accounts data for 2017–22 have been published. The government is also committed to continuously update and revise national accounts statistics to maintain the consistency of statistics across the country, complying with the e-GDDS timely submission of data.

28. The government will strengthen implementation and enforcement of comprehensive anti-corruption strategy and legislation. As a part of The National Anti-Corruption Strategy and Action Plan Phase Four (NACSAP IV) 2023-30 was launched in 2023, aiming for zero tolerance for corruption. To enhance successful implementation of NACSAP IV, efforts are being made to: (i) promote society participation in the fight against corruption by developing citizens' competence to demand better services and to enforce service providers' accountability and transparency; (ii) strengthen Watchdog Oversight Institutions' reviews of integrity and anti-corruption legislations, overseeing legal compliance in regular bases and by enhancing the tracing and recovery of proceeds of corruption; (iii) enhance the use of ICT-based service delivery; and (iv) actively engage non-state actors in anti-corruption initiatives and in the promotion of integrity.

29. Significant progress has been made in aligning our legal framework with the FATF standards to improve the effectiveness of the AML/CFT framework. Following good progress in implementing our Action Plan, Tanzania was delisted as a jurisdiction under increased monitoring during the June 2025 FATF Plenary. The government remains committed to continue sustaining the

efforts to combat ML/TF/PF and upholding the international standards, and expects to submit a Real Estate bill to the Parliament by end-2027, to establish a new dedicated real estate AML/CFT supervisory authority with sufficient resources.

30. The government will continue to address climate-related challenges and implement reforms to enhance economic resilience and sustainability. Important reforms already implemented under the RSF will be taken forward. For example, vulnerability maps (RM2) support the preparation of the fiscal risk statement (FRS) and a risk-based rollout of the social safety net. As part of the Disaster Risk Financing Strategy (DRFS) (RM3), the government signed a Cat DDO with the World Bank and is working with development partners and the private sector to develop climate hazard-related insurance products. Overall, 11 of 14 RMs were completed, of which five were completed under the third and fourth reviews as noted above (RM 4, 11, 12, 13, 14). While three RMs were not completed in time for the review (RM 8, 9, 10), the government is committed to achieving the objectives of these RMs. Recognizing the need for private sector involvement in order to reach our energy sector goals, we will determine the cost-recovery rate for the provision of electricity and start implementing a methodology for adjusting electricity tariffs accordingly, with transparent periodic adjustments while protecting poor and vulnerable groups. To address our critical need for climate finance, we will also organize a climate finance roundtable in collaboration with the IMF and World Bank.

C. Other Issues

31. The government will continue to strengthen collaboration and engagement with the IMF and other development partners on the implementation of technical assistance. The government values the technical assistance received from the IMF and other partners. To ensure that the TA is effective and brings lasting benefits, the government will assess specific TA needs and ensure ownership by being fully involved at each stage of the process from the identification of needs to implementation and monitoring progress. TA provision will be instrumental for progress to address new needs and challenges arising from the implementation of the government's economic reform agenda.

32. The BoT is committed to implementing the recommendations from the 2022 safeguards assessment. In accordance with safeguards recommendations, a further amendment of the BOT Act was submitted to Parliament in February 2026 (paragraph 20). Given that IMF financing is for budget support, the existing MoU between the BoT and the Ministry of Finance on respective responsibilities for servicing financial obligations to the IMF have been revisited.

33. The government will continue a close policy dialogue with the IMF to maintain macroeconomic stability and strengthen Tanzania's balance of payments position. The government will refrain from measures or policies that would compound balance of payments difficulties. The government does not intend to impose new, or intensify existing, restrictions on the making of payments and transfers for current international transactions, introduce new, or modify

existing, multiple currency practices, introduce new, or intensify existing, import restrictions for balance of payments purposes, or enter into bilateral payments agreements which are inconsistent with Article VIII of the Fund's Articles of Agreement.

34. While data provision is broadly adequate for surveillance and program monitoring, the government remains committed to allocating sufficient human, financial, and material resources to the production of statistics. The government will continue to support the National Bureau of Statistics (NBS) in fulfilling its missions and counts on continued technical and financial assistance from development partners. The government will continue to collaborate with the IMF and other stakeholders to address shortcomings and strengthen data provisioning and ensure full transparency and access to data and methods.

Table 1. Tanzania: Quantitative Performance Criteria and Indicative Targets,
December 2023 – December 2025
(Tsh billions, unless otherwise indicated)

[illegible]

17 The quarterly figures represent cumulative values from the start of July till the end of June of each fiscal year.

2) Cumulative charge from June 2022. A positive change denotes an accumulation of net international reserves.

Note: Precise definitions of the aggregates shown and details are included in the Technical Memorandum of Jrd.

Table 2. Tanzania: Proposed RSF Reform Measures, 2024–26

Key Challenge	Reform Measure	Tentative Completion Date	Completion Status	Availability Date	TA Provider	Development Partner Role	RM Expected Outcome	Prospective BoP risk reduction
National coordination and management of climate change is incomplete and not able to ensure cross sector coordination; no common national view on climate change; and limited appreciation of long-term nature of climate challenge.	RM1. Amend the Environmental Management Act to clearly define the institutional framework for climate change related policies.	30-Nov-24	Completed	1-Jun-25		The World Bank under the forthcoming CAT DDO is supporting the revision of EMA to anchor a carbon trading mechanism. SIDA (Sweden) is supporting the authorities' efforts in the implementation and assessment of the Environmental Management Act.	The Environmental Management Act amended to establish the institutional framework and grant the VPO a legal mandate for coordinating and monitoring the government's climate policy formulation and implementation.	<i>Improved fiscal and external sustainability.</i> - Better coordination of climate policy formulation and monitoring of implementation reduces fiscal and private sector costs of climate hazards, as well as related domestic and external financing needs. It also helps improve the impact of other RMs and macro-critical reforms.
	RM2. Prepare and publish common climate scenarios and vulnerability maps; and include in the legal framework for land use planning and civil construction design a requirement to take the so identified climate vulnerabilities into account in land use planning and civil construction design.	31-Mar-25	Completed	1-Jun-25	World Bank (WB)\Global Center on Adaptation (GCA)	The GCA would apply its experience in developing hazard risk maps to support the Tanzanian authorities in developing risk maps for floods, land-slides and droughts. The World Bank, in the context of the CAT DDO engaged in vulnerability risk assessments for Zanzibar and Dar Es Salaam and could assist the authorities in expanding this work to vulnerable parts of Tanzania's territory.	Common climate scenarios and vulnerability maps published and disseminated; Circular issued requiring use of the scenarios and maps in project appraisal, land use planning, and construction design issued.	- Improves planning, reducing fiscal costs of climate shocks and related external financing needs. - Support private sector risk management and investment decisions, and lower search costs
Effective implementation of disaster risk management policy faces challenges of inadequate funding and gaps in social protection and early warning system.	RM3. Develop and implement a Disaster Risk Financing (DRF) framework, taking into account the efficient use of risk retention and transfer, and ex-ante and ex-post DRF, based on a DRF needs assessment including for social protection.	31-Mar-25	Completed	1-Jun-25	IMF\WB	The World Bank is working to arrange for a CAT DDO, which would support DRF. In addition, reforms under the CAT DDO will aim to strengthen the financing arrangements of the Disaster Risk Fund, a key component of DRF.	Issuance of DRF legal and policy framework, taking into account the efficient use of risk retention and transfer, and ex-ante and ex-post DRF; and/or adequate provision in budget.	<i>Improved fiscal, external and growth resilience.</i> - Promotes household sector resilience, reduces the need for after-shock support, and mitigates the growth impact of climate shocks - Reduces the impact of unforeseen disasters on the fiscal position and BoP, thereby reducing ex-post external financing needs.
	RM4. Expand the Productive Social Safety Net (PSSN) register to include households who could fall under the extreme poverty line if climate and disaster risks materialize.	30-Sep-25	Completed	31-Oct-25		The World Bank and WFP are cooperating to support the authorities with the design, implementation, and financing of the PSSN program. Expansion of the coverage of the register and shock responsive benefit design are envisaged for the next phase of the PSSN program and will be supported by the World Bank and the WFP.	The Productive Social Safety Net (PSSN) register expanded to include at least 5 percent of households who could fall under the extreme poverty line when climate and disaster risks materialize.	
Budget formulation and public investment planning do not adequately take into account climate change considerations; and climate related fiscal risks not assessed.	RM5. Amend the Environmental Impact Assessment regulation to require climate impact and climate vulnerability assessments for large projects and all climate relevant projects at all stages of project appraisal.	30-Nov-24	Completed	1-Dec-24	IMF		The Environmental Impact Assessment regulation amended requiring climate impact and climate vulnerability assessments for large projects and all climate relevant projects at all stages of project appraisal.	<i>Improved fiscal and external sustainability.</i> - Reduces fiscal costs and risks from climate-related hazards and the implications of changing climate conditions, and minimizes disruptions to the economy;
	RM6. Include the outcome of climate assessments of all climate-relevant projects in the Budget document submitted to Parliament, starting in the FY2025/26 budget.	31-May-25	Completed	1-Jun-25	IMF		Proposed budget for FY2025/26 includes climate assessment outcomes of all climate-relevant projects.	- Reduces the need for external financing and import demand for reconstruction; and facilitates a quick recovery of growth and net exports.
	RM7. Starting in the FY2025/26 Budget, include assessment of natural disaster related fiscal risks in the budget document.	31-May-25	Completed	1-Jun-25	IMF		The FY2025/26 draft Budget includes assessment of natural disaster related fiscal risks.	

Table 2. Tanzania: Proposed RSF Reform Measures, 2024–26 (concluded)

Key Challenge	Reform Measure	Tentative Completion Date	Completion Status	Availability Date	TA Provider	Development Partner Role	RM Expected Outcome	Prospective BoP risk reduction
Energy, water, forestry, and land use policies are not fully aligned with Tanzania's NDC decarbonization commitments; limited synergy among sectoral plans.	RM8. Present and implement a long-term power sector plan that is aligned with climate mitigation goals and coordinated with the long-term plans of other sectors, including water and agriculture.	30-Sep-25	Ongoing	31-Oct-25		The World Bank has a long-standing engagement, supporting energy sector related policy discussions and activities in Tanzania, including for power sector transition.	Power sector plan consistent with energy transition goals and other sectoral plan prepared and started to be implements.	<i>BOP and fiscal resilience to shocks.</i> - Strengthen resilience to climate change of vulnerable economic sectors - Reduces long-term reliance on expensive fossil fuel imports, whose prices are volatile. - Protects key resources and assets (including utilities), reducing the fiscal cost of and risks from climate change, and the related need for external financing. - Limits the need for increased imports for reconstruction in the aftermath of natural disasters. <i>Increased productivity, growth, investment, net exports</i> thanks to continued reliable access to electricity and water over the long term.
	RM9. To support energy transition plans: (i) determine the cost-recovery rate for the provision of electricity (fully reflecting operational and investment cost of the energy transition); and (ii) establish and implement a methodology for adjusting electricity tariffs to the identified cost-recovery rates, with transparent periodic adjustments while protecting poor and vulnerable groups.	31-Mar-26	Ongoing	30-Apr-26		The World Bank has undertaken some economic and financial assessments of the energy sector and engaged with the authorities on supporting a cost-of-service assessment for the national power company. Other development partners including AFD, EU, JICA, and USAID are also providing assistance in this area.	Cost-recovery electricity tariff rates determined; methodology for adjusting electricity tariffs to the identified cost-recovery rates, with transparent periodic adjustments, while protecting poor and vulnerable groups established and published online, and implementation of the new tariff adjustment begins.	
	RM10. Apply an environmental tax on domestic consumption of sources of carbon emissions (including coal and natural gas) tailored to Tanzania's circumstances and in line with IMF technical assistance and consistent with Tanzania's commitment under the NDC.	30-Sep-25	Ongoing	31-Oct-25	IMF		Environmental tax on domestic consumption of sources of carbon emissions (including coal and natural gas) formulated and applied in line with IMF technical assistance and consistent with Tanzania's commitment under the NDC.	
	RM11. Identify and integrate climate policy-related key performance indicators (KPIs) in the existing conditional tariff structure and business plans of the water utilities.	31-Mar-26	Completed	30-Apr-26	IMF	GIZ (Germany) supports water sector reforms and climate-sensitive water resources management to improve drinking water supply and sanitation.	Key climate policy related KPIs identified and integrated to the conditional water tariff setting.	
	RM12. The National Land Use Planning Commission finalizes and adopts the Guidelines for Integrated and Participatory Village Land Use Planning, Management and Administration in Tanzania - 3rd Edition and issues a Government Notice to formally require its implementation in all villages across the country.	31-Mar-26	Completed	30-Apr-26			The Guidelines for Integrated and Participatory Village Land Use Planning, Management and Administration in Tanzania - 3rd Edition finalized and a Government Notice issued to formally require its implementation in all villages across the country.	
Monitoring of financial sector climate-related risk is limited.	RM13. Create a repository of climate-related data to support assessment of climate-related risks by supervised financial institutions and BoT.	30-Sep-25	Completed	31-Oct-25	WB		A repository of climate-related database created to support assessment of climate-related risks by supervised financial institutions and BoT.	<i>Financial sector resilience.</i> - Reduced financial sector losses when climate risks materialize, lowering recapitalization needs for banks.
	RM14. The BoT will publish, on an annual basis, its analysis of climate risks in the financial system, including an assessment of the key transmission channels, starting in CY2025.	31-Mar-26	Completed	30-Apr-26	IMF		BoT publishes annual report for CY2025, including a qualitative analysis focusing on key transmission channels of climate risks in the financial system.	<i>Financial Deepening/ Private sector credit growth.</i> - Clarifying financial system stability risks from climate-related exposures supports bank lending in climate-affected areas including agriculture, leading to increased investments and supporting the BoP.

Table 3. Tanzania: Structural Benchmarks

Reform Targets	Macroeconomic Rationale	Target Date	Status
Existing Structural Benchmarks			
1. Prepare and begin implementing a plan to clear all expenditure arrears.	Improve fiscal management, the business environment and reduce potential for corruption	End-Dec. 2022	Met
2. Complete and publish the post-crisis audit of pandemic-related spending.	Improve fiscal management and enhancing economic governance	End-Dec. 2022	Not met; implemented with delay
3. The BoT will submit an amendment to the Banking and Financial Institutions Act (BAFIA) to the government to allow compliance with the requirements of capital adequacy as a step to the migration to Basel II/III risk-based supervision standards.	Enhance financial stability and strengthen bank oversight	End-Dec. 2022	Met
4. Submit the FY2023/24 Preliminary Budget draft to the Parliament with the statistical reclassification of Transfers to HESLB and the fee-free basic education program.	Improve fiscal management and official statistics, and enhance economic governance and transparency	End-Feb. 2023	Not met; implemented with delay
5. Publish the operational guidelines of the interest rate-based monetary policy framework, including documentation and regulations on the use of standing facilities.	Enhance financial stability and transparency	End-Jun. 2023	Met
6. Appoint additional 15,000 teachers for primary education to improve quality of education and reduce the student/teacher ratio, particularly in rural areas. And hire 10,000 additional health workers to address gaps.	Build human capital	End-Jun. 2023	Met
7. Reconcile national accounts (NA) and BOP external sector data and publish revised NA historical data.	Improve GDP quality and transparency	End-Jun. 2023	Met
8. The government will include a proposal in the FY2023/24 budget for indirect tax policy measures for 0.3 percent of GDP and submit to Parliament.	Enhance revenue performance	End-Jun. 2023	Met
9. The Revenue Authority will interface its information technology system with that of prioritized government institutions.	Enhance revenue performance	End-Dec. 2023	Met
10. The BoT will formalize and publish its forex intervention policy stating the objectives, the triggers, the mechanism and modality of the intervention.	Strengthen the transparency of forex interventions	End-Dec. 2023	Met
11. The government, in consultation with the IMF, will establish an AML/CFT risk-based supervisory approach that: assigns a supervisor for each sector (financial institutions and designated non-financial businesses and professions), details a template sectoral money-laundering terrorist financing risk assessment methodology, establishes a template onsite and offsite supervisory manual, and a supervisory plan for the highest risk sectors.	Strengthen financial stability	End-Dec. 2023	Not met; implemented with delay
12. Submit to Parliament draft amendment to the VAT Act, requiring that legitimate VAT refunds are paid by the end of the month following the month in which the VAT refund was filed.	Enhance revenue administration efficiency	End-Jun. 2024	Met ¹
13. Prepare a medium-term revenue strategy (MTRS) with an implementation plan and submit to Cabinet for approval.	Enhance revenue performance	End-Jun. 2024	Not met;
14. Begin preparation and publication of annual report on tax expenditures and their budget implications.	Strengthen fiscal transparency	End-Jun. 2024	Not met; implemented with delay
15. Review and publish a revised "Interbank Foreign Exchange Market (IFEM) Code of Conduct", adopting international best practices following the "FX Global Code" and in consultation with IMF staff.	Support forex market development	End-Jan. 2024	Met
16. Revise and publish the schedule for the monetary policy committee meetings, noting in the schedule the announcement dates for any monetary policy decisions taken by the MPC.	Enhance the monetary policy framework	End-Jun. 2024	Met

Table 3. Tanzania: Structural Benchmarks Through February 2026 (continued)

Reform Targets	Macroeconomic Rationale	Target Date	Status
17. Prepare draft amendments to the BoT Act in consultation with IMF staff to strengthen governance arrangements as well as personal and financial autonomy, including addressing the issue of the composition of the Board to be comprised of a clear majority of non-executive (independent) members in line with leading practices, and submit to Parliament.	Strengthen governance of the BoT	End-Jun. 2024	Not met; reset for end-March 2025
18. Submit to Parliament revenue measures with net positive revenue yield of 0.5 percent of GDP a year.	Enhance revenue performance	End-Jun. 2024	Met
19. Draft a secured transactions Act that allows collateral recovery and broadens the pool of acceptable collateral to movable collateral and submit to Parliament.	Foster financial deepening and promote financial inclusion	End-Sep. 2024	Not met; reset for end-March 2025
20. Enhance the risk-based supervision (RBS) framework by creating a single RBS rating system.	Enhance financial stability	End-Dec. 2024	Met
21. Prepare and publish a timetable for implementation of key de-regulations envisaged in the Blueprint for Regulatory Reforms along with a clear delineation of responsibilities among government entities.	Streamline business regulations	End-Dec. 2024	Met
22. Prepare a medium-term revenue strategy (MTRS) with an implementation plan and submit to Cabinet for approval.	Enhance revenue performance	End-March 2025	Not met; implemented with delay
23. Draft a secured transactions Act that allows collateral recovery and broadens the pool of acceptable collateral to movable collateral and submit to Parliament.	Foster financial deepening and promote financial inclusion	End-March 2025	Not met; reset for end-Feb. 2026
24. Prepare draft amendments to the BoT Act in consultation with IMF staff to strengthen governance arrangements as well as personal and financial autonomy, including addressing the issue of the composition of the Board to be comprised of a clear majority of non-executive (independent) members in line with leading practices, and submit to Parliament.	Strengthen governance of the BoT	End-March 2025	Not met; implemented with delay
25. Submit to Parliament a draft amendment to the Planning Commission Act 2023 that explicitly requires appraisal of public investment projects, including climate change impact assessments, before they are included in the budget.	Strengthen public investment management	End-Jun. 2025	Not met
26. Repeal income tax exemptions provided to export processing zones and special economic zones.	Enhance revenue performance	End-Jun. 2025	Not met
27. Tanzania Revenue Authority to complete automation of the VAT refund process.	Enhance revenue administration efficiency	End-Jun. 2025	Not met
28. Issue a revised collateral framework for the standing facilities to facilitate banks' access the standing facilities while protecting the BoT from credit risk, in consultation with IMF staff.	Enhance the monetary policy framework	End-Jun. 2025	Met
29. Prepare and publish an Emergency Liquidity Assistance (ELA) framework including frameworks for ELA collateral and governance and prepare guidelines, in line with FSAP recommendations.	Strengthen financial stability	End-Sep. 2025	Met
30. Submit to Parliament revenue measures, including streamlining and simplifying tax exemptions, with a revenue yield of at least 0.5 percent of GDP in FY25/26 and 1 percent of GDP a year starting in FY26/27 relative to FY2024/25.	Enhance revenue performance	End-Jun. 2025	Met
31. Issue a revised PIM-OM with clear methodologies for appraisal of public investment projects that include assessment of a project's benefits, costs, and risks, from a social, economic, climate, and financial perspective.	Improve public financial management	End-Dec. 2025	Not met

Table 3. Tanzania: Structural Benchmarks Through February 2026 (concluded)

Reform Targets	Macroeconomic Rationale	Target Date	Status
32. Resubmit to Parliament an amendment of the VAT Act requiring that legitimate VAT refunds be paid by the end of the month following the month in which the VAT refund was claimed.	Improve public financial management	End-Feb. 2026	Not met
33. Draft a secured transactions Act that allows collateral recovery and broadens the pool of acceptable collateral to movable collateral and submit to Parliament.	Foster financial deepening and promote financial inclusion	End-February 2026	Met
¹ Act submitted to Parliament as per the end-June 2024 SB but was not approved by Parliament.			

Attachment II. Technical Memorandum of Understanding

1. This Technical Memorandum of Understanding (TMU) describes concepts and defines the quantitative performance criteria and indicative targets described in the Memorandum of Economic and Financial Policies (MEFP) for the financial program supported by an arrangement under the IMF's Extended Credit Facility (ECF) over the period of July 2022 – March 2026.

A. Definitions

2. The principal data sources are the standardized reporting forms, 1SR, 2SR, NDF table provided by the Bank of Tanzania (BoT) to the IMF, the government provisional budget execution tables provided by the Ministry of Finance (MoF), the government debt tables provided by the Accountant General's office, and the data on the national accounts, inflation and high frequency indicators provided by the National Bureau of Statistics (NBS).

3. The stock of all foreign assets and liabilities will be converted into the U.S. dollars at each test date using the cross-exchange rate referred to in the Text Table 1 for the various currencies, and then converted into Tanzanian Shillings (TSh) using the program U.S. dollar-Tanzanian Shillings exchange rate for end-June 2022, unless otherwise indicated in the text.

4. For purposes of this TMU, "external" and "domestic" shall be defined on a residency basis.

5. Performance criteria included in the program, as defined below, refer to the new external payments arrears, new external debt contracted by the central government or the BoT, domestic primary balance, net domestic assets (NDA) and net international reserves.

6. In addition to the specific PCs listed in paragraph 5, as for any Fund arrangement, continuous PCs also include the non-introduction of exchange restrictions and multiple currency practices. Specifically, such continuous performance criteria cover: (i) the non-imposition or intensification of restrictions on the making of payments and transfers for current international transactions; (ii) the non-introduction or modification of multiple currency practices; (iii) the non-conclusion of bilateral payments agreements that are inconsistent with Article VIII; and (iv) the non-imposition or

**Text Table 1. United Republic of Tanzania:
Program Exchange Rate and Prices
(end-June 2022)**

Currency	US\$ per currency unit
British pound	1.2235
Euro	1.0568
Japanese yen	0.0073
Australian dollar	0.6999
Canadian dollar	0.7752
Chinese yuan	0.1507
SDR	1.3474
Swedish Krona	0.0969
Kenyan Shilling	0.0085
South African Rand	0.0609
Gold price	1822.85

intensification of import restrictions for balance of payments reasons. These continuous PCs, given their non-quantitative nature, are not listed in the PC table annexed to the MEFP.

B. Provision of Data to the Fund

7. The following information will be provided to the IMF staff for the purpose of monitoring the program (see Table 1 for details):

- Data with respect to all variables subject to quantitative periodic performance criteria and indicative targets will be provided to Fund staff monthly or quarterly with a lag of no more than the period specified in Table 1. The authorities will promptly transmit any data revisions to the Fund. As set out below, for continuous performance criteria, the authorities will provide the relevant data to IMF staff immediately.
- For variables assessing performance against program objectives but which are not specifically defined in this memorandum, the authorities will consult with Fund staff as needed on the appropriate way of measuring and reporting.

Quantitative Performance Criteria

C. External Debt

Ceiling on Accumulation of New External Payment Arrears Incurred by the Central Government or the Bank of Tanzania

8. The ceiling on the accumulation of new external payments arrears is zero. This limit, which is to be observed on a continuous basis, applies to the change in the stock of overdue payments on debt contracted by the central government or the BoT from their level at end-June 2022. External payment arrears consist of the total amount of external debt service obligations (interest and principal) of the central government and the BoT that have not been paid at the time they are due, excluding arrears on external debt service obligations pending the conclusion of debt-rescheduling arrangements and arrears previously accumulated and reported to the Executive Board. For the purposes of this continuous PC, which is monitored continuously, the government will immediately report to the IMF staff any new external payment arrears it accumulates.

Ceiling on the Present Value of New External Public and Publicly Guaranteed Debt Contracted by the Central Government or the Bank of Tanzania

Definition, Coverage

9. For program purposes, the definition of debt is set out in paragraph 8(a) of the Guidelines on Public Debt Conditionality in Fund Arrangements attached to Executive Board Decision No. 15688-(14/107), effective June 30, 2015. A debt is considered contracted when all conditions for its entrance into effect have been met, including approval by the government. Contracting of credit lines with no

predetermined disbursement schedules or with multiple disbursements will be also considered as contracting of debt.

10. External debt is any debt contracted by the central government or the BoT on both concessional and non-concessional terms with non-residents. For purposes of the program target, the measure of external debt will exclude IMF disbursements.

Concessional

11. For program purposes, a debt is concessional if it includes a grant element of at least 35 percent, calculated as follows: the grant element of a debt is the difference between the present value (PV) of debt and its nominal value, expressed as a percentage of the nominal value of the debt. The PV of debt at the time of its contracting is calculated by discounting the future stream of payments of debt service due on this debt. For debts with a grant element equal or below zero, the PV will be set equal to the nominal value of the debt. The discount rate used for this purpose is the unified discount rate of 5 percent set forth in Executive Board Decision No. 15248-(13/97).

12. For debts carrying a variable interest rate in the form of a benchmark interest rate plus a fixed spread, the PV of the debt would be calculated using a program reference rate plus the fixed spread (in basis points) specified in the debt contract. The program reference rate for the six-month USD Secured Overnight Financing Rate (SOFR) is 2.7 percent and will remain fixed for the duration of the program. The spread of six-month Euro EURIBOR over six-month USD SOFR is -140 basis points. The spread of six-month JPY LIBOR over six-month USD SOFR is -270 basis points. The spread of six-month GBP Sterling Overnight Interbank Average Rate (SONIR) over six-month USD SOFR is -60 basis point. For interest rates on currencies other than Euro, JPY, and GBP, the spread over six-month USD SOFR is 15 basis points¹. Where the variable rate is linked to a benchmark interest rate other than the six-month USD SOFR, a spread reflecting the difference between the benchmark rate and the six-month USD SOFR (rounded to the nearest 50 bps) will be added.

13. A ceiling applies to the present value of external debt, newly contracted by the central government or the BoT. The ceiling applies to debt contracted for which value has not yet been received. The quantitative target does not apply to normal import-related commercial debt having a maturity of less than one year, and rescheduling agreements. For the purposes of this continuous PC, which is monitored continuously, the government will immediately report to the IMF staff any new external loans it contracts, stating the conditions of these loans.

¹ The program reference rate and spreads are based on the average projected rate for the six-month USD SOFR over the following 5 years from the July 2022 World Economic Outlook (WEO) Update.

D. Fiscal Aggregates

Floor on Domestic Primary Balance

14. A floor on domestic primary balance will apply. The domestic primary balance is defined as the overall fiscal balance of the government (central and local governments) excluding foreign assistance grants and net interest payments on public debt.

15. The fiscal balance is the fiscal deficit of the government measured on a cash basis from the financing side and defined as the sum of: (i) net domestic financing (NDF) of the government; (ii) net external financing; and (iii) privatization receipts. Any amounts in foreign currency will be converted into TSh at the exchange rates prevalent on the dates of the transactions.

- i. NDF is calculated as the cumulative change from the beginning of each Fiscal Year, in the sum of:
 - a. Loans and advances to the government by the BoT and holdings of government securities and promissory notes (including liquidity paper issued for monetary policy purposes), minus all government deposits with the BoT, which comprise government deposits as reported in the BoT balance sheet, 1SR (including counterpart deposits in the BoT of liquidity paper issued for monetary policy purposes) and foreign currency-denominated government deposits at the BoT (including the PRBS accounts and the foreign currency deposit account).
 - b. All BoT accounts receivable due from the government of Tanzania that are not included under item (a) above.
 - c. Loans and advances to the government by other domestic depository corporations and holdings of government securities and promissory notes, minus all government deposits held with other domestic depository corporations.
 - d. Loans and advances to the government, and holdings of government securities and promissory notes by other public entities (e.g., pension funds) not covered by the central government accounts.
 - e. The outstanding stock of domestic debt held outside domestic depository corporations and other public entities excluding government debt issued for the recapitalization of the NMB and TIB; debt swaps with COBELMO (Russia) and the government of Bulgaria; mortgage on acquired sisal estates; compensation claims; and debt of parastatal companies assumed by the government.
- ii. Net external financing is measured on a cumulative basis from the beginning of each Fiscal Year and is defined as the sum of disbursements minus amortization of budget support loans, project loans, external non-concessional borrowing (ENCB) including project ENCB directly disbursed to project implementers, and any other forms of Government external debt. The term “debt” will have the meaning set forth in paragraph 9 above. Government external debt is understood to mean a direct, i.e., not contingent, liability to non-residents of the government of Tanzania.

- iii. Privatization receipts consist of net proceeds to the government of Tanzania in connection with the sale/purchase of financial assets that are not included in NDF and the sale of intangible nonfinancial assets, such as leases and the sale of licenses with duration of 10 years or longer.

E. Monetary Aggregates

Ceiling on Net Domestic Assets (NDA) of the Bank of Tanzania

16. The target ceiling on NDA of the BoT is evaluated using the end of period stock. The NDA of the BoT are defined as the difference between reserve money and the NFA of the BoT valued in TZS using the program exchange rates as described in text Table 1. The calculation includes net credit to the government, claims on other sectors, claims on banks, other liabilities to banks, deposits and securities other than shares excluded from the monetary base, shares and other equity, and other items (net). As an illustration, at end-April 2022, using the Tanzanian shillings per US dollar exchange rate of 2,299 as of April 30, 2022, NDA of the BoT was TZSh -2,658 billion, calculated as shown in Text Table 2.

**Text Table 2. United Republic of Tanzania:
Calculating NDA of the BoT
(End-April 2022)**

Net Foreign Assets	
USD millions	4,934
TZSh billions (A)	11,343
Reserve Money	
TZSh billions (B)	8,684
Net Domestic Assets	
TZSh billions = (B) - (A)	-2,658

F. International Reserves

Change in Net International Reserves of the BoT

17. Net international reserves (NIR) of the BoT are defined as reserve assets of the BoT minus short-term foreign currency liabilities of the BoT.⁴ The change in NIR is calculated as the cumulative change since June 30, 2022. The BoT's reserve assets, as defined in the IMF BOP Manual (6th edition) and elaborated in the reserve template of the IMF's Special Data Dissemination Standards (SDDS), include: (i) monetary gold; (ii) holdings of SDRs; (iii) the reserve position at the IMF; (iv) all holdings of foreign exchange; and (v) other liquid and marketable assets readily available to the monetary authorities. Reserve assets exclude assets pledged or otherwise encumbered, including but not limited to assets used as collateral or as guarantee for a third-party external liability (assets not readily available). The BoT's short-term foreign currency liabilities include: (i) all foreign exchange liabilities to nonresidents and residents, including the government's foreign currency deposits, with residual maturities of less than one year; and (ii) outstanding purchases and loans from the IMF, as

⁴ The definition of short-term foreign currency liabilities of the BoT has been modified to include short-term forex liabilities to residents in line with best practices. The definition of reserve assets has also been modified to remove exclusion of assets acquired through short-term currency swaps' as these are already excluded from the NIR on the liability side.

recorded in the financial position of Tanzania with the IMF by the Finance Department of the Fund, which is on the balance sheet of the BoT.

18. NIR are monitored in U.S. dollars, and for program monitoring purposes, assets and liabilities in currencies other than U.S. dollars will be converted into dollar equivalent values using the program exchange rates as of as displayed in the text Table 1. Monetary gold will be valued in USD at the exchange rates and gold prices that prevailed as of end_June 2022 (see Table 1).

Indicative Targets

G. Floor on Priority Social Spending

19. A floor on priority social spending will be set. Priority social spending is defined as central government spending (recurrent and development) for education, health, water, social safety nets (including cash transfers through Tanzania's Social Action Fund -TASAF), rural electrification, agricultural inputs, as well as for upgrading and maintenance of rural roads, including transfers to local governments for health, education, and rural water supply. The indicative target for the floor on priority social spending by the central government will be calculated cumulatively from the beginning of the fiscal year.

H. Ceiling on the Stock of Domestic Arrears

Domestic arrears are defined as the sum of expenditure arrears and VAT refunds in arrears. A ceiling applies to the stock of domestic arrears by the government measured cumulatively from the beginning of the fiscal year in July. An unpaid bill is defined as any verified outstanding payment for more than 30 days owed by any entity that forms part of the central government votes for the following: utilities, rent, employee costs, other recurrent, court awards, compensation, contributions to international organizations, development, taxes, and other deductions. For construction work an unpaid bill is defined as any verified outstanding payment for more than 90 days owed by any entity that forms part of the central government. Expenditure arrears are the total stock of unpaid bills at the end of each quarter as verified by Chief Internal Auditors. The ceiling on the stock of domestic arrears also includes unpaid VAT refunds which include: (i) VAT refund claims for which adequate information has been submitted by the taxpayer but not processed by the authorities within 90 days from the time the taxpayer submitted the refund claim; and (ii) VAT refund claims that have been processed but not paid by the authorities within 90 days from the time the taxpayer submitted the refund claim. Refund claims for which complete information has not been submitted by taxpayers are not considered as outstanding unpaid VAT refund claims.

I. Ceiling on the New External Non-Concessional Borrowing Disbursed by the Central Government or the Bank of Tanzania

21. For program purposes, the definition of debt is set out in paragraph 9 above. The coverage of new external non-concessional borrowing in this indicative target comprises the central

government and the central bank. The ceiling is inserted on disbursed rather than contracted new external non concessional borrowing.

22. For program purposes, a debt is concessional if it includes a grant element of at least 35 percent, calculated as follows: the grant element of a debt is the difference between the present value (PV) of debt and its nominal value, expressed as a percentage of the nominal value of the debt. IMF disbursements are also excluded from the indicative target.

23. A ceiling applies to new external non-concessional borrowing disbursed by the central government or the Bank of Tanzania. The indicative target will be assessed on a cumulative basis for each test date with disbursements based on the schedule announced in the authorities' borrowing plan for debt disbursements. Any change in the disbursement schedule should be immediately reported to the IMF staff, stating the conditions of the changes in the disbursement schedule.

Memorandum Items

24. Foreign assistance grants and loans are defined as the sum of external budget support (including IMF financing); program, project and basket grants; and concessional loans received by MoF through BoT accounts and accounts at other depository corporations. This memorandum item is calculated as the cumulative sum of the receipts from program loans and program grants since the beginning of the fiscal year.

25. VAT refunds in arrears and expenditure arrears are defined in paragraph 20 above. They will be monitored separately as two different memorandum items to indicate transparently their respective clearance scheduling plans.

26. The wage bill on education and health workers will be defined as the sum of budget spending on wages and salaries of public sector employees in education and health sectors—according to economic budgetary classification, including but not limited to employer pension contributions and other social security contributions, and other remunerations (such as bonus payments).

Use of Adjusters

27. The performance criterion on the present value of newly contracted external public and publicly guaranteed debt will be adjusted in line with deviations from amounts projected. A downward adjuster is applied to cover World Bank lending projects that feature in the authorities' borrowing plan and are expected to be contracted within the program period. The size of this adjuster is limited to the value of the identified projects and should be revisited at each program

review to incorporate updated information. Schedule A presents the current PV of World Bank lending projects.

Text Table 3. United Republic of Tanzania:
Schedule A. PV of Lending Projects with the World Bank¹
(US\$ Million)

	2022/23				2023/24				2024/25				2025/26	
	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.
World Bank lending projects	494	560	629	689	40	274	588	769	55	55	327	696	222	335

¹ Cumulative flows from July 1st of the corresponding Fiscal Year.

28. The performance criterion on the change in net international reserves will be adjusted downward by the amount (in U.S. dollars) of any shortfalls, up to a limit of US\$500 million, in: (a) foreign program assistance, defined as the sum of budget support grants and loans; and (b) external non-concessional borrowing (ENCB) financing of the government budget, excluding non-concessional foreign program assistance, if any, included in (a), calculated relative to the projections shown in Schedule B below.

Text Table 4. United Republic of Tanzania:
Schedule B. Support and External Non-Concessional Borrowing for the Budget¹
(US\$ Million)

	2022/23				2023/24				2024/25				2025/26	
	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.
Budget support grants	0	0	0	0	10	28	104	106	9	23	24	67	9	21
Budget support loans	0	350	350	350	0	500	500	607	171	421	439	439	0	24
External non-concessional borrowing	1,252	1,331	1,331	1,331	103	186	348	699	7	350	650	742	6	312

¹ Cumulative flows from July 1st of the corresponding Fiscal Year.

29. The performance criterion on the domestic primary fiscal balance will be adjusted in line with deviations, downward (upward) by any excess (shortfall) in the amount of government domestic arrears settled, compared to those displayed in the Schedule C below which are based on the Indicative Target on the decline of the stock of domestic arrears presented in Table 1 of the MEFP.

Text Table 5. United Republic of Tanzania:
Schedule C. Payment of Domestic Arrears¹
(TSh\$ Billion)

	2022/23				2023/24				2024/25				2025/26	
	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.	Mar.	Jun.	Sep.	Dec.
Payment of domestic arrears	238	692	692	1,109	118	294	441	588	150	300	450	600	50	75

¹ Cumulative flows from July 1st of the corresponding Fiscal Year

30. The ceiling on NDA of the Bank of Tanzania will be adjusted upward (downward) by the cumulative deviation of actual from projected budget support (official external program support, shown above in Schedule B). This adjustment will be capped at the equivalent of US\$500 million, evaluated at program exchange rates as described in text Table 1.

RSF Reform Measures

31. Preparation of climate scenarios and vulnerability maps (RM2). The common climate scenarios will be developed for 2030, 2050, and 2080. The hazard maps will be based on the climate scenarios and will cover flood, landslide, and drought risks.

32. Expanding Productive Social Safety Net (PSSN) register (RM4). The coverage of the PSSN register will be expanded by adding at least another 5 percent of the population. The expansion will be targeting the population under the poverty line, prioritizing registration based on vulnerability to natural disaster risks.

33. Large projects and climate relevant projects (RM 5 and 6). 'Large projects' refer to projects with total project cost of US\$50 million or above and 'climate-relevant projects' refer to all investment projects and policies related to energy, transport, water, agriculture, forestry, and land-use planning/management.

34. Banking sector coverage and definition of loans in the climate data repository (RM 13). RM13 will include data from banks representing 50 percent of banking system assets. For the purpose of RM13 loans data is for loans at origination.

Table 1. United Republic of Tanzania: Summary of Reporting Requirements

Information	Reporting Institution	Frequency	Submission Lag
Consumer price index	NBS	Monthly	2 weeks
The annual national account statistics in current and constant prices	NBS	Annually	3 months
The quarterly national account statistics in constant prices	NBS	Quarterly	3 months
Daily data on reserve money and its components	BoT	Weekly	3 days
Daily retail foreign exchange rate and volumes transacted in banks and in bureau de changes	BoT	Weekly	3 days
Balance sheet of the BoT (1SRF) and the currency composition of official foreign assets and official foreign liabilities	BoT	Monthly	2 weeks
Consolidated accounts of other depository corporations and the depository corporations survey (2SRF and the DCS)	BoT	Monthly	4 weeks
Information on foreign exchange cashflow, with detailed inflows and outflows (cashflow table)	BoT	Monthly	4 weeks
BoT's foreign exchange liabilities to residents and non-residents due in the next 12 months	BoT	Monthly	4 weeks
Foreign exchange swaps: outstanding balance and new contracts with amounts, contract date, maturity dates	BoT	Monthly	4 weeks
Information on gross reserves assets and liabilities (NIR table)	BoT	Monthly	4 weeks
Summary of stock and projections of external debt, external payment arrears, and committed undisbursed loan balances by creditor	MoF	Quarterly	4 weeks
Yields on government securities	BoT	Monthly	1 week
Daily data on transactions through IFEM by exchange rate and volume, separating BoT and commercial bank transactions	BoT	Monthly	1 week
External trade	BoT	Monthly	4 weeks
Balance of payments	BoT	Quarterly	1 quarter

Table 1. United Republic of Tanzania: Summary of Reporting Requirements (continued)

Information	Reporting Institution	Frequency	Submission Lag
Standard off-site bank supervision indicators for other depository corporations, including sectoral breakdown of credit and NPLs	BoT	Quarterly	4 weeks
Financial Soundness Indicators for other depository corporations	BoT	Quarterly	4 weeks
Commercial banks interest rate structure	BoT	Monthly	4 weeks
The flash report on revenues and expenditures	MoF/ACGEN	Monthly	4 weeks
The TRA monthly revenue report	TRA	Monthly	4 weeks
Report on priority social spending with the breakdown by each spending category, with quarterly budget allocation and execution	MoF	Monthly	4 weeks
Monthly report on central government operations	MoF	Monthly	6 weeks
The monthly domestic debt report ¹	MoF	Monthly	4 weeks
Data on external and domestic debt by creditor; amortizations, and interest payments	MoF	Monthly	6 weeks
Detailed central government account of disbursed budget support grants and loans, and ENCB, and external debt service due and paid	MoF	Monthly	4 weeks
Statement on new external loans contracted and guarantees provided by the entities listed in paragraph 2 of the TMU during the period including terms and conditions according to loan agreements as well as quarterly borrowing plans during the program years	MoF	Monthly	4 weeks
Report on loans and advances to government by pension funds and other public entities not covered by the central government accounts	MoF	Monthly	4 weeks
Number of public sector teachers and health workers employed	MoF	Monthly	4 weeks
Quarterly expenditure arrears verified by the Chief Internal Auditors	MoF	Quarterly	6 weeks

¹ The MoF and BoT will reconcile data on BoT claims on the government, to ensure that such claims recorded in the BoT balance sheet are the same as those reported by the Accountant General of the MoF.

Table 1. United Republic of Tanzania: Summary of Reporting Requirements (concluded)

Information	Reporting Institution	Frequency	Submission Lag
Quarterly verified unpaid VAT refunds	TRA	Quarterly	4 weeks
Monthly tourist arrivals	NBS	Monthly	4weeks
Cement production and consumption (imports, exports, and production)	NBS	Quarterly	4 weeks
Monthly construction inputs from index of construction material sourced from the national construction council (sand, clay and chalk, gravel and stone, lime, paints, putty and varnish etc., plastic kitchen and sanitary ware products, timber and wood products, cut stone and the like, glass, iron and steel sheets, bars, tanks and other products, other metal pipes, tubes, wire, sheets, etc., padlocks, metal mountings, soldering and welding wire, electrical wiring and fittings)	NBS	Monthly	4 weeks
Monthly electricity generation and consumption by sources of production/imports	NBS	Quarterly	4 weeks
Quarterly crop production of maize, cashew nuts, coffee, rice, wheat, cotton)	NBS	Quarterly	4 weeks
Monthly mobile phone airtime use in minutes	NBS	Monthly	4 weeks
Monthly gas consumption (volumes and values) for industry, tourism, and prisons	NBS	Monthly	4 weeks



UNITED REPUBLIC OF TANZANIA

June 23, 2026

SIXTH AND SEVENTH REVIEWS UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT, REQUEST FOR A WAIVER OF NONOBSERVANCE OF A QUANTITATIVE PERFORMANCE CRITERION, AND THIRD AND FOURTH REVIEWS UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY ARRANGEMENT—SUPPLEMENTARY INFORMATION

Approved by
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Hume (AFR) and
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(SPR)

Prepared by the African Department in consultation with the
Strategy, Policy, and Review Department.

This Statement provides information additional to the Staff Report circulated to the Executive Board on June 12, 2026 regarding staff's assessment of the implementation status of three ECF Structural Benchmarks. Staff recommendations, the thrust of the staff appraisal, and the proposed Board decisions are unchanged.

1. ECF structural benchmarks (SB). The status of three unmet SBs is updated from "unmet" to "unmet, implemented with delay", given the following:

- i. Amendments to the *VAT Act* meeting SB requirements were included in the Finance Bill submitted to Parliament on June 11 (Table 1, SB #32).
- ii. Amendments to the *Planning Commission Act* meeting SB requirements were included in the Finance Bill submitted to Parliament on June 11 (Table 1, SB #25).
- iii. The *National Development Projects Approval Guideline* (NDPAG) has been revised and was issued in early June, in line with SB requirements (Table 1, SB #31).

This brings the total of implemented SBs to seven out of nine due for the 6th and 7th ECF reviews (Table 1, attached). As the number of completed RSF reform measures remains unchanged, the proposed Board decisions and the Letter of Intent provided in are not affected.

Table 1. Tanzania: Structural Benchmarks

Reform Targets	Macroeconomic Rationale	Target Date	Status
Existing Structural Benchmarks			
1. Prepare and begin implementing a plan to clear all expenditure arrears.	Improve fiscal management, the business environment and reduce potential for corruption	End-Dec. 2022	Met
2. Complete and publish the post-crisis audit of pandemic-related spending.	Improve fiscal management and enhancing economic governance	End-Dec. 2022	Not met; implemented with delay
3. The BoT will submit an amendment to the Banking and Financial Institutions Act (BAFIA) to the government to allow compliance with the requirements of capital adequacy as a step to the migration to Basel II/III risk-based supervision standards.	Enhance financial stability and strengthen bank oversight	End-Dec. 2022	Met
4. Submit the FY2023/24 Preliminary Budget draft to the Parliament with the statistical reclassification of Transfers to HESLB and the fee-free basic education program.	Improve fiscal management and official statistics, and enhance economic governance and transparency	End-Feb. 2023	Not met; implemented with delay
5. Publish the operational guidelines of the interest rate-based monetary policy framework, including documentation and regulations on the use of standing facilities.	Enhance financial stability and transparency	End-Jun. 2023	Met
6. Appoint additional 15,000 teachers for primary education to improve quality of education and reduce the student/teacher ratio, particularly in rural areas. And hire 10,000 additional health workers to address gaps.	Build human capital	End-Jun. 2023	Met
7. Reconcile national accounts (NA) and BOP external sector data and publish revised NA historical data.	Improve GDP quality and transparency	End-Jun. 2023	Met
8. The government will include a proposal in the FY2023/24 budget for indirect tax policy measures for 0.3 percent of GDP and submit to Parliament.	Enhance revenue performance	End-Jun. 2023	Met
9. The Revenue Authority will interface its information technology system with that of prioritized government institutions.	Enhance revenue performance	End-Dec. 2023	Met
10. The BoT will formalize and publish its forex intervention policy stating the objectives, the triggers, the mechanism and modality of the intervention.	Strengthen the transparency of forex interventions	End-Dec. 2023	Met
11. The government, in consultation with the IMF, will establish an AML/CFT risk-based supervisory approach that: assigns a supervisor for each sector (financial institutions and designated non-financial businesses and professions), details a template sectoral money-laundering terrorist financing risk assessment methodology, establishes a template onsite and offsite supervisory manual, and a supervisory plan for the highest risk sectors.	Strengthen financial stability	End-Dec. 2023	Not met; implemented with delay
12. Submit to Parliament draft amendment to the VAT Act, requiring that legitimate VAT refunds are paid by the end of the month following the month in which the VAT refund was filed.	Enhance revenue administration efficiency	End-Jun. 2024	Met ¹
13. Prepare a medium-term revenue strategy (MTRS) with an implementation plan and submit to Cabinet for approval.	Enhance revenue performance	End-Jun. 2024	Not met;
14. Begin preparation and publication of annual report on tax expenditures and their budget implications.	Strengthen fiscal transparency	End-Jun. 2024	Not met; implemented with delay
15. Review and publish a revised "Interbank Foreign Exchange Market (IFEM) Code of Conduct", adopting international best practices following the "FX Global Code" and in consultation with IMF staff.	Support forex market development	End-Jan. 2024	Met
16. Revise and publish the schedule for the monetary policy committee meetings, noting in the schedule the announcement dates for any monetary policy decisions taken by the MPC.	Enhance the monetary policy framework	End-Jun. 2024	Met

Table 1. Tanzania: Structural Benchmarks Through February 2026 (continued)

Reform Targets	Macroeconomic Rationale	Target Date	Status
17. Prepare draft amendments to the BoT Act in consultation with IMF staff to strengthen governance arrangements as well as personal and financial autonomy, including addressing the issue of the composition of the Board to be comprised of a clear majority of non-executive (independent) members in line with leading practices, and submit to Parliament.	Strengthen governance of the BoT	End-Jun. 2024	Not met; reset for end-March 2025
18. Submit to Parliament revenue measures with net positive revenue yield of 0.5 percent of GDP a year.	Enhance revenue performance	End-Jun. 2024	Met
19. Draft a secured transactions Act that allows collateral recovery and broadens the pool of acceptable collateral to movable collateral and submit to Parliament.	Foster financial deepening and promote financial inclusion	End-Sep. 2024	Not met; reset for end-March 2025
20. Enhance the risk-based supervision (RBS) framework by creating a single RBS rating system.	Enhance financial stability	End-Dec. 2024	Met
21. Prepare and publish a timetable for implementation of key de-regulations envisaged in the Blueprint for Regulatory Reforms along with a clear delineation of responsibilities among government entities.	Streamline business regulations	End-Dec. 2024	Met
22. Prepare a medium-term revenue strategy (MTRS) with an implementation plan and submit to Cabinet for approval.	Enhance revenue performance	End-March 2025	Not met; implemented with delay
23. Draft a secured transactions Act that allows collateral recovery and broadens the pool of acceptable collateral to movable collateral and submit to Parliament.	Foster financial deepening and promote financial inclusion	End-March 2025	Not met; reset for end-Feb. 2026
24. Prepare draft amendments to the BoT Act in consultation with IMF staff to strengthen governance arrangements as well as personal and financial autonomy, including addressing the issue of the composition of the Board to be comprised of a clear majority of non-executive (independent) members in line with leading practices, and submit to Parliament.	Strengthen governance of the BoT	End-March 2025	Not met; implemented with delay
25. Submit to Parliament a draft amendment to the Planning Commission Act 2023 that explicitly requires appraisal of public investment projects, including climate change impact assessments, before they are included in the budget.	Strengthen public investment management	End-Jun. 2025	Not met; implemented with delay
26. Repeal income tax exemptions provided to export processing zones and special economic zones.	Enhance revenue performance	End-Jun. 2025	Not met
27. Tanzania Revenue Authority to complete automation of the VAT refund process.	Enhance revenue administration efficiency	End-Jun. 2025	Not met
28. Issue a revised collateral framework for the standing facilities to facilitate banks' access the standing facilities while protecting the BoT from credit risk, in consultation with IMF staff.	Enhance the monetary policy framework	End-Jun. 2025	Met
29. Prepare and publish an Emergency Liquidity Assistance (ELA) framework including frameworks for ELA collateral and governance and prepare guidelines, in line with FSAP recommendations.	Strengthen financial stability	End-Sep. 2025	Met
30. Submit to Parliament revenue measures, including streamlining and simplifying tax exemptions, with a revenue yield of at least 0.5 percent of GDP in FY25/26 and 1 percent of GDP a year starting in FY26/27 relative to FY2024/25.	Enhance revenue performance	End-Jun. 2025	Met
31. Issue a revised PIM-OM with clear methodologies for appraisal of public investment projects that include assessment of a project's benefits, costs, and risks, from a social, economic, climate, and financial perspective.	Improve public financial management	End-Dec. 2025	Not met; implemented with delay

Table 1. Tanzania: Structural Benchmarks Through February 2026 (concluded)

Reform Targets	Macroeconomic Rationale	Target Date	Status
32. Resubmit to Parliament an amendment of the VAT Act requiring that legitimate VAT refunds be paid by the end of the month following the month in which the VAT refund was claimed.	Improve public financial management	End-Feb. 2026	Not met; implemented with delay
33. Draft a secured transactions Act that allows collateral recovery and broadens the pool of acceptable collateral to movable collateral and submit to Parliament.	Foster financial deepening and promote financial inclusion	End-February 2026	Met
¹ Act submitted to Parliament as per the end-June 2024 SB but was not approved by Parliament.			



UNITED REPUBLIC OF TANZANIA

July 6, 2026

SIXTH AND SEVENTH REVIEWS UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT, REQUEST FOR A WAIVER OF NONOBSERVANCE OF A QUANTITATIVE PERFORMANCE CRITERION, AND THIRD AND FOURTH REVIEWS UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY ARRANGEMENT—FURTHER SUPPLEMENTARY INFORMATION

Approved by
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(SPR)

Prepared by the African Department in consultation with the Strategy, Policy, and Review Department, as well as the Legal Department.

This Supplement provides additional information to the Staff Report circulated to the Executive Board on June 12. It provides an update on program implementation in light of the recent rejection by Parliament of several ECF-supported reforms, and the authorities' plans to pursue the objectives of these reforms going forward. The thrust of the staff appraisal is broadly unchanged.

1. On June 26, the Board meeting on Tanzania was postponed to allow time for further consultation on the implications of Parliament's rejection of some reforms, including two for which submission to Parliament constituted structural benchmarks under the program. Further consultation between staff and the authorities was required to ensure that the Board can be fully informed of the implications for program implementation of Parliament's decisions and the authorities' responses.

2. Key decisions by Parliament are as follows:

a. **VAT Act amendments (SB).** Parliament rejected amendments submitted by the government to shorten VAT refund timelines, arguing that implementing this before

completing VAT refund process automation would raise risks of erroneous or fraudulent claims, and potentially revenue losses. Given delays in achieving VAT refund automation (non-implemented SB – paragraph 23 of the staff report), ECF Implementation in this key reform area has therefore weakened, with adverse impact on the business environment.

- b. **Planning Commission Act amendments (SB).** Parliament rejected amendments submitted by the government related to explicitly requiring environmental assessments of national development projects, arguing that this could complicate project approval processes, including with development partners. A related issue is that the government did not submit to Parliament climate assessments of relevant projects as part of budgetary documents, as expected under the continued implementation of RM6 (completed in June 2025).
- c. **BoT Act amendments.** Parliament rejected amendments to Section 69 of the BoT Act, which would have enhanced BoT's institutional independence and safeguards against monetary financing by (i) eliminating the BoT Board's ability to issue waivers for non-compliance with the BoT Act and regulations, and (ii) specifying (and hence restricting) the circumstances under which the legal limit on BoT's advances to government can be exceeded. In 2025, similar amendments to section 69 had also been rejected. Arguments for the rejection included the need to preserve flexibility and operational safeguards for government to carry out its duties under emergency situations. Parliament did approve a reduction of the statutory limit on BoT financing of the government, from 18 to 14 percent of previous-year's domestic revenue.

3. The authorities provided the following information regarding their plans to pursue key reform objectives despite Parliament's rejection of proposed amendments:

- a. **VAT Act.** The authorities intend to strengthen the VAT refund process through further development and testing of the *Integrated Domestic Revenue Administration System*, but indicated that this will take time. They noted that additional resources have been allocated to these tasks, including through an increase in the customs processing fee from 0.6 percent to 1 percent in FY26/27.
- b. **Planning Commission Act.** Rather than explicitly requiring environmental assessments in the law, the authorities intend to set out technical, financial, economic, environmental, and other criteria in regulations or implementing guidelines. They noted that this would preserve the importance of climate considerations while providing flexibility to add other criteria over time. They also indicated that climate assessments under RM6 implementation will be published with final versions of the budget documents, by end-July 2026.
- c. **BoT Act.** The authorities emphasized that the reduction in the legal limit for BoT's provision of financing to government (from 18 to 14 percent of previous year's domestic revenue) was a significant step, building on improvements to BoT's governance arrangements achieved under the program. The authorities intend to present a medium-term plan to further reduce this limit to single-digit levels.

4. Program implementation has weakened as a result of the above developments, reinforcing the critical need to accelerate reforms. These reforms were considered important to achieve program objectives and their rejection is a setback in program implementation. In particular, the rejection of amendments to Section 69 of the BoT Act limits progress toward BoT's institutional independence and safeguards against monetary financing, and the delayed automation and shortening of VAT refund processes maintains a significant weakness in the business environment. This reinforces the emphasis in the staff appraisal on accelerating reform implementation, and staff will continue to engage with the authorities on these key priorities.

5. Revised macroeconomic framework tables are attached. The updates incorporate the latest global assumptions for growth and commodity prices, as well as the postponement of expected program disbursements to FY26/27 (which started on July 1). These revisions do not materially alter the macroeconomic framework underpinning the staff report.

Table 1. Tanzania: Selected Economic Indicators, 2021/22–2030/31¹

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	Act.	Act.	Act.	5th Rev.	Act.	5th Rev.	Est.	Proj.	Proj.	Proj.
(Percent change, unless otherwise indicated)										
Output, Prices and Exchange Rates										
Real GDP ²	4.7	4.9	5.3	5.7	5.7	6.2	5.9	6.0	6.1	6.2
GDP deflator	118.3	123.3	128.6	134.6	134.6	140.4	140.5	147.4	154.7	162.5
CPI (period average) ³	4.0	4.6	3.1	3.3	3.1	3.7	3.6	4.6	4.0	4.0
CPI (end of period) ³	4.4	3.6	3.1	3.5	3.3	3.6	4.2	4.0	4.0	4.0
Core inflation (end of period) ³	3.1	3.1	3.1	...	3.1	...	...	...	...	...
Terms of trade (deterioration, -)	-7.9	-0.7	8.8	14.5	14.7	6.6	23.3	2.0	2.4	1.0
Exchange rate (period average, TSh/USD)	2,298	2,310	2,505	...	2,619	...	...	...	...	...
Real effective exchange rate (end of period; depreciation = -)	4.3	3.3	-10.3	...	0.7	...	...	...	...	...
Money and Credit										
Broad money (M3, end of period)	6.5	18.8	10.9	11.1	18.7	11.6	18.2	16.6	14.9	14.5
Average reserve money	12.8	8.1	12.7	11.0	10.2	11.0	16.6	12.1	11.9	12.0
Credit to the private sector (end of period)	22.1	22.2	16.1	12.5	14.5	13.0	18.2	16.6	14.9	14.5
Overall T-bill interest rate (percent; end of period)	4.6	6.5	6.8	...	8.9	...	...	...	...	...
Non-performing loans (percent of total loans, end of period)	7.8	5.3	4.1	...	3.3	...	...	...	...	...
(Percent of GDP, unless otherwise indicated)										
Central Government Operations										
Revenues and grants	15.4	15.0	15.5	16.3	16.5	17.3	17.3	17.5	17.8	17.9
Of which: grants	0.4	0.3	0.3	0.4	0.4	0.4	0.4	0.2	0.2	0.2
Expenditures	18.9	19.3	18.6	19.7	19.4	20.3	20.3	20.4	20.8	20.9
Current	10.1	11.9	11.2	12.7	12.3	13.0	13.0	13.3	13.6	13.7
Development	8.8	7.3	7.5	7.0	7.1	7.3	7.3	7.2	7.2	7.2
Overall balance	-3.8	-4.3	-3.2	-3.4	-3.1	-3.0	-3.0	-2.9	-3.0	-3.0
Excluding grants	-4.2	-4.7	-3.5	-3.8	-3.5	-3.5	-3.5	-3.1	-3.2	-3.2
Primary balance	-2.0	-2.3	-0.9	-0.8	-0.8	-0.3	-0.3	-0.3	-0.3	-0.4
Excluding grants	-2.4	-2.6	-1.2	-1.2	-1.2	-0.8	-0.8	-0.5	-0.5	-0.6
Public Debt										
Gross nominal debt	43.5	45.9	49.2	48.5	50.3	47.3	49.1	47.4	46.0	44.6
of which: external debt ⁴	28.8	29.7	32.9	32.8	33.9	32.0	32.9	32.1	30.3	28.7
Investment and Savings										
Investment	40.0	38.1	37.1	37.4	37.3	38.4	36.3	36.8	37.7	38.6
Government ⁵	12.4	12.1	12.1	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Nongovernment ⁶	27.6	26.0	24.9	25.5	25.3	26.4	24.3	24.8	25.7	26.6
Domestic savings	35.1	31.5	33.6	34.9	34.8	35.7	33.4	33.6	34.5	35.5
External Sector										
Exports (goods and services)	15.5	16.7	18.3	19.5	20.4	19.1	20.6	20.2	19.8	19.4
Imports (goods and services)	19.3	22.3	20.5	20.5	21.2	20.2	21.5	21.9	20.9	20.5
Current account balance	-4.9	-6.6	-3.5	-2.6	-2.7	-2.6	-2.7	-3.5	-3.1	-3.1
Excluding current transfers	-5.0	-6.7	-3.7	-2.7	-2.8	-2.7	-2.8	-3.6	-3.2	-3.2
Gross international reserves	5.1	5.4	5.3	5.8	6.0	6.4	5.9	6.7	7.7	8.7
In billions of U.S. dollars	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
of which: SDR allocation	3.6	4.0	3.6	3.8	3.6	3.9	3.3	3.5	3.7	3.8
In months of next year's imports	3.6	4.0	3.6	3.8	3.6	3.9	3.3	3.5	3.7	3.8
Memorandum Items:										
Calendar year real GDP growth (percent) ⁷	4.7	5.1	5.5	6.0	5.9	6.3	6.0	6.0	6.2	6.5
GDP at current prices										
Trillions of Tanzanian shillings	163.5	178.8	196.3	217.0	217.0	240.7	240.1	267.2	297.5	332.2
Millions of U.S. dollars	71,069	76,270	78,802	82,695	83,340	89,406	92,896	100,065	109,110	120,194
GDP per capita (in U.S. dollars)	1,147	1,195	1,199	1,249	1,258	1,311	1,332	1,393	1,475	1,577
Population (million)	63.8	65.7	67.6	66.2	69.6	68.2	71.6	73.6	75.6	77.7

Sources: Tanzanian authorities and IMF staff estimates and projections.

¹ GDP, inflation and fiscal data refer to Mainland Tanzania only.² Based on GDP by production.³ The inflation index uses price data collected from all 26 regional headquarters of the statistical office in Tanzania Mainland.⁴ Excludes external debt under negotiation for relief.⁵ Includes investments made by parastatals and other public sector institutions.⁶ Historical figures are based on official data up to 2022.⁷ Fiscal year 2020/21 corresponds to calendar year 2021.

Table 2a. Tanzania: Central Government Operations, 2021/22–2030/31¹

(Trillions of Tanzanian Shillings)

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	Act.	Act.	Act.	5th Rev.	Act.	5th Rev.	Est.	Proj.	Proj.	Proj.
(Trillions of Tanzanian Shillings)										
Total Revenue	24.4	26.2	29.8	34.6	34.8	40.5	40.5	46.2	52.3	58.8
Tax revenue	20.0	21.4	24.8	28.0	28.8	32.3	32.8	36.8	41.6	46.5
Import duties	1.5	1.6	1.8	2.0	2.0	2.2	2.2	2.4	2.7	3.0
Value-added tax	5.3	6.2	6.6	7.4	8.0	8.5	9.3	10.7	12.3	13.7
Excises	2.9	2.9	3.5	4.1	4.0	4.9	4.5	5.1	5.6	6.3
Income taxes	7.5	7.6	9.1	10.2	10.4	11.7	12.0	13.3	15.0	16.8
Other taxes	2.8	3.1	3.7	4.3	4.3	4.9	4.8	5.4	6.0	6.7
Nontax revenue	4.4	4.8	5.1	6.6	6.1	8.2	7.7	9.4	10.7	12.3
Total Expenditure	30.9	34.4	36.6	42.8	42.1	48.8	48.8	54.5	61.9	69.5
Recurrent expenditure	16.5	21.4	21.9	27.5	26.7	31.3	31.3	35.6	40.5	45.6
Wages and salaries	6.8	7.7	8.3	9.6	9.4	10.9	10.9	14.1	15.7	17.8
Interest payments	2.8	3.7	4.5	5.6	5.2	6.5	6.5	6.9	8.0	8.7
Domestic	2.0	2.6	2.8	3.1	3.2	3.7	3.7	4.0	4.5	5.1
Foreign ²	0.8	1.0	1.7	2.4	1.9	2.8	2.8	2.8	3.6	3.5
Goods and services and transfers	6.9	10.0	9.1	12.3	12.1	13.9	13.9	14.7	16.8	19.1
Development expenditure	14.4	13.1	14.6	15.3	15.4	17.5	17.5	19.3	21.4	23.9
Domestically financed	10.9	11.4	11.2	11.6	12.7	12.1	12.1	14.0	15.6	17.4
Foreign (concessionally) financed	3.4	1.7	3.5	3.6	2.7	5.4	5.4	5.3	5.9	6.6
Grants	0.7	0.6	0.6	0.8	0.9	1.1	1.1	0.6	0.6	0.7
Program (including basket grants) ²	0.2	0.1	0.2	0.1	0.1	0.3	0.3	0.3	0.3	0.3
Project	0.5	0.5	0.4	0.6	0.7	0.8	0.8	0.5	0.5	0.6
Statistical Discrepancy	-0.2	-0.1	-0.1	0.0	-0.5	0.0	0.0	0.0	0.0	0.0
Overall balance (cash basis)	-6.1	-7.8	-6.2	-7.3	-6.8	-7.2	-7.2	-7.7	-9.0	-10.0
Overall balance excluding grants	-6.8	-8.4	-6.8	-8.1	-7.7	-8.3	-8.3	-8.3	-9.6	-10.7
Primary balance (cash basis)	-3.3	-4.1	-1.7	-1.8	-1.6	-0.7	-0.7	-0.8	-1.0	-1.4
Primary balance excluding grants	-4.0	-4.7	-2.4	-2.6	-2.5	-1.8	-1.8	-1.4	-1.6	-2.1
Financing	6.0	7.7	6.2	5.4	6.8	6.6	7.2	7.3	9.0	10.0
Foreign (net)	3.1	3.1	4.0	3.3	3.4	3.9	3.9	5.2	3.3	3.8
Foreign loans	5.9	6.0	7.0	6.8	6.6	8.3	7.8	9.8	8.1	8.8
Program (including basket loans) ³	1.3	1.9	2.1	1.0	2.4	1.3	0.8	2.6	0.0	0.0
Of which: basket loans	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Project	2.8	1.1	2.9	2.9	1.8	4.3	4.3	4.7	5.6	6.1
Nonconcessional borrowing	1.8	3.0	2.1	3.0	2.4	2.6	2.6	2.4	2.5	2.7
Amortization	-2.8	-2.9	-3.0	-3.5	-3.2	-4.4	-3.9	-4.6	-4.8	-5.0
Domestic (net)	2.9	4.6	2.2	2.1	3.4	2.7	3.4	2.1	5.7	6.3
Bank financing	1.8	1.4	-0.3	1.8	-0.3	2.2	2.8	0.8	2.7	3.0
Nonbank financing	1.0	3.2	2.4	0.3	3.7	0.5	0.6	1.2	3.0	3.3
Financing Gap	0.0	0.0	0.0	-1.9	0.0	-0.7	0.0	-0.4	0.0	0.0
External sources of financing the gap	...	...	...	1.1	...	0.3	0.0	0.0	0.0	0.0
African Development Bank	...	...	...	0.5	...	0.0	0.0	0.0	0.0	0.0
World Bank	...	...	...	0.6	...	0.3	0.0	0.0	0.0	0.0
Other donors	...	...	...	0.0	...	0.0	0.0	0.0	0.0	0.0
Residual financing gap	...	...	...	0.8	...	0.4	0.0	0.4	0.0	0.0
IMF-ECF	...	...	...	0.8	...	0.4	0.0	0.4	0.0	0.0
Remaining Financing Gap	...	...	...	0.0	...	0.0	0.0	0.0	0.0	0.0
Memorandum Items:										
Domestic arrears stock (verified claims)	3.0	1.9	1.4	0.7	0.5	0.6	0.5	0.5	0.5	0.5
Priority social spending ⁴	10.9	10.6	13.1	15.4	15.5	17.2	17.2	19.1	21.3	23.8
Nominal GDP	163.5	178.8	196.3	217.0	217.0	240.7	240.1	267.2	297.5	332.2

Sources: Ministry of Finance; Bank of Tanzania; and IMF staff projections.

¹ Fiscal data covers Mainland Tanzania only.² Excludes interest payments on external debt obligations that are under negotiation for relief with a number of creditors.³ Basket funds are sector-specific accounts established by the government to channel donor support to fund-specific activities.⁴ Priority social spending comprises government spending (recurrent and development) to on education, health, water, and rural roads, including transfers to local governments.

Table 2b. Tanzania: Central Government Operations, 2021/22–2030/31¹
(Percent of GDP)

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	Act.	Act.	Act.	5th Rev.	Act.	5th Rev.	Est.	Proj.	Proj.	Proj.
(In percent of GDP)										
Total Revenue	14.9	14.7	15.2	15.9	16.1	16.8	16.9	17.3	17.6	17.7
Tax revenue	12.3	12.0	12.6	12.9	13.3	13.4	13.7	13.8	14.0	14.0
Import duties	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Value-added tax	3.3	3.4	3.4	3.4	3.7	3.5	3.9	4.0	4.1	4.1
Excises	1.8	1.6	1.8	1.9	1.8	2.0	1.9	1.9	1.9	1.9
Income taxes	4.6	4.3	4.6	4.7	4.8	4.9	5.0	5.0	5.0	5.0
Other taxes	1.7	1.7	1.9	2.0	2.0	2.1	2.0	2.0	2.0	2.0
Nontax revenue	2.7	2.7	2.6	3.0	2.8	3.4	3.2	3.5	3.6	3.7
Total Expenditure	18.9	19.3	18.6	19.7	19.4	20.3	20.3	20.4	20.8	20.9
Recurrent expenditure	10.1	11.9	11.2	12.7	12.3	13.0	13.0	13.3	13.6	13.7
Wages and salaries	4.2	4.3	4.2	4.4	4.3	4.5	4.5	5.3	5.4	5.4
Interest payments	1.7	2.1	2.3	2.6	2.4	2.7	2.7	2.6	2.7	2.6
Domestic	1.3	1.5	1.4	1.5	1.5	1.5	1.5	1.5	1.5	1.6
Foreign ²	0.5	0.6	0.8	1.1	0.9	1.2	1.2	1.1	1.2	1.0
Goods and services and transfers	4.2	5.6	4.6	5.7	5.6	5.8	5.8	5.5	5.6	5.7
Development expenditure	8.8	7.3	7.5	7.0	7.1	7.3	7.3	7.2	7.2	7.2
Domestically financed	6.7	6.4	5.7	5.4	5.9	5.0	5.0	5.2	5.2	5.2
Foreign (concessionally) financed	2.1	1.0	1.8	1.7	1.2	2.2	2.2	2.0	2.0	2.0
Unidentified expenditure measures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0
Grants	0.4	0.3	0.3	0.4	0.4	0.4	0.4	0.2	0.2	0.2
Program (including basket grants) ³	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Project	0.3	0.3	0.2	0.3	0.3	0.4	0.4	0.2	0.2	0.2
Statistical Discrepancy	-0.1	-0.1	-0.1	0.0	-0.2	0.0	0.0	0.0	0.0	0.0
Overall balance (cash basis)	-3.8	-4.3	-3.2	-3.4	-3.1	-3.0	-3.0	-2.9	-3.0	-3.0
Overall balance excluding grants	-4.2	-4.7	-3.5	-3.8	-3.5	-3.5	-3.5	-3.1	-3.2	-3.2
Primary balance (cash basis)	-2.0	-2.3	-0.9	-0.8	-0.8	-0.3	-0.3	-0.3	-0.4	-0.4
Primary balance excluding grants	-2.4	-2.6	-1.2	-1.2	-1.2	-0.8	-0.8	-0.5	-0.6	-0.6
Financing	3.6	4.3	3.2	2.5	3.1	2.7	3.0	2.7	3.0	3.0
Foreign (net)	1.9	1.7	2.1	1.5	1.6	1.6	1.6	2.0	1.1	1.2
Foreign loans	3.6	3.3	3.6	3.2	3.0	3.4	3.3	3.7	2.7	2.6
Program (including basket loans) ³	0.8	1.0	1.0	0.4	1.1	0.5	0.4	1.0	0.0	0.0
Of which: basket loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Project	1.7	0.6	1.5	1.3	0.8	1.8	1.8	1.8	1.9	1.8
Nonconcessional borrowing	1.1	1.7	1.1	1.4	1.1	1.1	1.1	0.9	0.8	0.8
Amortization	-1.7	-1.6	-1.5	-1.6	-1.5	-1.8	-1.6	-1.7	-1.6	-1.4
Domestic (net)	1.7	2.6	1.1	1.0	1.6	1.1	1.4	0.8	1.9	1.8
Bank financing	1.1	0.8	-0.1	0.8	-0.1	0.9	1.1	0.3	0.9	0.8
Nonbank financing	0.6	1.8	1.2	0.1	1.7	0.2	0.3	0.5	1.0	1.0
Financing Gap	0.0	0.0	0.0	-0.9	0.0	-0.3	0.0	-0.2	0.0	0.0
External sources of financing the gap	...	...	...	0.5	...	0.1	0.0	0.0	0.0	0.0
African Development Bank	...	...	...	0.2	...	0.0	0.0	0.0	0.0	0.0
World Bank	...	...	...	0.3	...	0.1	0.0	0.0	0.0	0.0
Other donors	...	...	...	0.0	...	0.0	0.0	0.0	0.0	0.0
Residual financing gap	...	...	...	0.4	...	0.2	0.0	0.2	0.0	0.0
IMF-ECF	...	...	...	0.4	...	0.2	0.0	0.2	0.0	0.0
Remaining Financing Gap	...	...	...	0.0	...	0.0	0.0	0.0	0.0	0.0
Memorandum Items:										
Total public debt	43.5	45.9	49.2	48.5	50.3	47.3	49.1	47.4	46.0	43.3
Domestic arrears stock (verified claims)	1.8	1.1	0.7	0.3	0.2	0.3	0.2	0.2	0.2	0.1
Priority social spending ⁴	6.7	5.9	6.7	7.1	7.1	7.1	7.2	7.2	7.2	7.2

Sources: Ministry of Finance; Bank of Tanzania; and IMF staff projections.

¹ Fiscal data covers Mainland Tanzania only

² Excludes interest payments on external debt obligations that are under negotiation for relief with a number of creditors.

³ Basket funds are sector-specific accounts established by the government to channel donor support to fund-specific activities.

⁴ Priority social spending comprises central government spending (recurrent and development) on education, health, water, and rural roads, including transfers to local governments.

Table 3a. Tanzania: Balance of Payments, 2021/22–2030/31
(Millions of U.S. Dollars, Unless Otherwise Indicated)

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	Act.	Act.	Act.	5th Rev.	Act.	5th Rev.	Est.	Proj.	Proj.	Proj.
(Millions of U.S. dollars, unless otherwise indicated)										
Current Account	-3,464	-5,054	-2,767	-2,129	-2,224	-2,332	-2,528	-3,549	-3,429	-4,015
Trade balance	-4,616	-7,094	-5,954	-5,000	-4,594	-5,237	-4,901	-5,780	-6,259	-7,269
Exports, f.o.b.	7,097	7,352	7,832	9,119	9,872	9,802	11,585	12,481	12,993	13,682
Traditional agricultural products	738	752	1,066	1,407	1,440	1,579	1,779	1,798	1,916	2,128
Gold	2,692	2,909	3,122	3,846	4,049	4,278	5,561	6,058	6,120	6,083
Other	3,668	3,690	3,644	3,866	4,382	3,945	4,245	4,626	4,956	5,471
Imports, f.o.b.	-11,713	-14,446	-13,785	-14,119	-14,466	-15,038	-16,485	-18,262	-19,252	-20,951
Of which: Oil	-2,606	-3,399	-3,083	-2,622	-2,520	-2,437	-2,676	-3,237	-3,182	-3,306
Services (net)	1,904	2,814	4,219	4,193	3,951	4,309	4,017	4,118	5,018	5,946
Of which: Travel receipts	1,778	2,945	3,680	3,827	4,096	4,002	4,137	4,141	4,600	5,064
Income (net)	-1,327	-1,420	-1,654	-1,843	-2,068	-1,967	-1,858	-2,101	-2,400	-2,644
Of which: Interest on public debt	-161	-452	-64	-203	-203	-203	1,111	200	200	200
Current transfers (net)	574	646	621	521	487	563	214	215	212	213
Of which: Official transfers	81	85	111	85	94	83	93	93	93	93
Capital Account	295	285	224	345	423	446	446	311	328	349
Of which: Project grants ¹	26	219	159	276	331	373	381	241	259	279
Financial Account	2,221	4,811	3,033	1,134	1,544	1,795	1,762	3,605	4,210	4,601
Foreign Direct Investment	1,151	1,532	1,683	1,772	1,772	1,967	1,301	1,501	1,964	2,404
Public Sector, net	817	2,087	1,415	1,222	1,031	738	1,543	1,784	1,616	1,837
Program loans	-100	609	517	0	477	0	572	738	0	0
Non-concessional borrowing	787	2,248	211	1,471	458	660	735	880	1,000	1,000
Project loans	1,226	483	1,871	1,089	1,434	1,603	1,641	1,752	2,063	2,195
Scheduled amortization ²	-1,197	-1,252	-1,184	-1,338	-1,338	-1,526	-1,404	-1,586	-1,447	-1,358
Commercial Banks, net	84	504	-221	-124	-899	54	-297	-212	-212	-212
Other private inflows	-374	687	156	-1,736	-360	-964	-785	533	842	572
Errors and Omissions ³	202	-10	-897	0	523	0	0	0	0	0
Overall Balance	-746	32	-407	-650	266	-91	-320	367	1,109	1,196
Financing	746	-32	407	-74	-266	-160	320	-522	-1,109	-1,196
Change in BoT reserve assets (increase= -)	180	-336	101	-412	-626	-614	42	-761	-986	-1,011
Net use of Fund credit	566	304	307	360	360	454	279	240	-123	-184
O/w RSF	...	...	...	338	56	454	279	293	...	...
CCRT debt relief	...	...	...	...	...	...	...	...	...	...
Financing Gap	0	0	0	724	0	251	0	155	0	0
Exceptional financing	...	...	...	724	...	251	0	155	0	0
IMF Financing	...	...	...	301	...	151	0	155	0	0
of which: IMF ECF	...	...	...	301	...	151	0	155	0	0
Debt relief	...	...	...	0	...	0	0	0	0	0
World Bank	...	...	...	250	...	100	0	0	0	0
Global Fund	...	...	...	0	...	0	0	0	0	0
Other donors	...	...	...	173	...	0	0	0	0	0
Residual financing gap	...	...	...	0	...	0	0	0	0	0
Memorandum Items:										
Gross official reserves (BoT)	5,110	5,446	5,346	5,758	5,972	6,372	5,930	6,691	7,677	8,688
of which: SDR allocation	543	...	...	...	...	...	...	...	...	...
Months of prospective imports of goods and services	3.6	4.0	3.6	3.8	3.6	3.9	3.3	3.5	3.7	3.8
Exports of goods (percent of GDP)	10.0	9.6	9.9	11.0	11.8	11.0	12.5	12.5	11.9	11.4
Exports excl. gold (percent of GDP)	6.2	5.8	6.0	6.4	7.0	6.2	6.5	6.4	6.3	6.3
Imports of goods and services (percent of GDP)	-19.3	-22.3	-20.5	-20.5	-21.2	-20.2	-21.5	-21.9	-20.9	-20.5
Imports of goods (percent of GDP)	-16.5	-18.9	-17.5	-17.1	-17.4	-16.8	-17.7	-18.2	-17.6	-17.4
Imports excl. oil (percent of GDP)	-12.8	-14.5	-13.6	-13.9	-14.3	-14.1	-14.9	-15.0	-14.7	-14.7
Current account deficit (percent of GDP)	-4.9	-6.6	-3.5	-2.6	-2.7	-2.6	-2.7	-3.5	-3.1	-3.1
Foreign direct investment (Percent of GDP)	1.6	2.0	2.1	2.1	2.1	2.2	1.4	1.5	1.8	2.0
Foreign program and project assistance (percent of GDP)	1.7	1.8	3.4	1.8	2.8	2.3	2.9	2.8	2.2	2.1
Nominal GDP	71,069	76,270	78,802	82,695	83,340	89,406	92,896	100,065	109,110	120,194

Sources: Tanzanian authorities and IMF staff estimates and projections.

¹ The Bank of Tanzania adjusts the estimated outturn to reflect information on project grants provided by ministries.

² Relief on some external debt obligations is being negotiated with a number of creditors.

³ Includes valuation changes in gross reserves resulting from changes in exchange rates among major currencies.

Table 3b. Tanzania: Balance of Payments, 2021/22–2030/31

(Percent of GDP, Unless Otherwise Indicated)

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	Act.	Act.	Act.	5th Rev.	Act.	5th Rev.	Est.	Proj.	Proj.	Proj.
(Percent of GDP, unless otherwise indicated)										
Current Account	-4.9	-6.6	-3.5	-2.6	-2.7	-2.6	-2.7	-3.5	-3.1	-3.1
Trade balance	-6.5	-9.3	-7.6	-6.0	-5.5	-5.9	-5.3	-5.8	-5.7	-6.0
Exports, f.o.b.	10.0	9.6	9.9	11.0	11.8	11.0	12.5	12.5	11.9	11.4
Traditional agricultural products	1.0	1.0	1.4	1.7	1.7	1.8	1.9	1.8	1.8	1.8
Gold	3.8	3.8	4.0	4.7	4.9	4.8	6.0	6.1	5.6	5.1
Other	5.2	4.8	4.6	4.7	5.3	4.4	4.6	4.6	4.5	4.6
Imports, f.o.b.	-16.5	-18.9	-17.5	-17.1	-17.4	-16.8	-17.7	-18.2	-17.6	-17.4
Of which: Oil	-3.7	-4.5	-3.9	-3.2	-3.0	-2.7	-2.9	-3.2	-2.9	-2.8
Services (net)	2.7	3.7	5.4	5.1	4.7	4.8	4.3	4.1	4.6	4.9
Of which: Travel receipts	2.5	3.9	4.7	4.6	4.9	4.5	4.5	4.1	4.2	4.2
Income (net)	-1.9	-1.9	-2.1	-2.2	-2.5	-2.2	-2.0	-2.1	-2.2	-2.2
Of which: Interest on public debt	-0.2	-0.6	-0.1	-0.2	-0.2	-0.2	1.2	0.2	0.2	0.2
Current transfers (net)	0.8	0.8	0.8	0.6	0.6	0.6	0.2	0.2	0.2	0.2
Of which: Official transfers	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Capital Account	0.4	0.4	0.3	0.4	0.5	0.5	0.5	0.3	0.3	0.3
Of which: Project grants ¹	0.0	0.3	0.2	0.3	0.4	0.4	0.4	0.2	0.2	0.2
Financial Account	3.1	6.3	3.8	1.4	1.9	2.0	1.9	3.6	3.9	3.8
Foreign Direct Investment	1.6	2.0	2.1	2.1	2.1	2.2	1.4	1.5	1.8	2.0
Public Sector, net	1.1	2.7	1.8	1.5	1.2	0.8	1.7	1.8	1.5	1.5
Program loans	-0.1	0.8	0.7	0.0	0.6	0.0	0.6	0.7	0.0	0.0
Non-concessional borrowing	1.1	2.9	0.3	1.8	0.5	0.7	0.8	0.9	0.9	0.8
Project loans	1.7	0.6	2.4	1.3	1.7	1.8	1.8	1.8	1.9	1.8
Scheduled amortization ²	-1.7	-1.6	-1.5	-1.6	-1.6	-1.7	-1.5	-1.6	-1.3	-1.1
Commercial Banks, net	0.1	0.7	-0.3	-0.2	-1.1	0.1	-0.3	-0.2	-0.2	-0.2
Other private inflows	-0.5	0.9	0.2	-2.1	-0.4	-1.1	-0.8	0.5	0.8	0.5
Errors and Omissions ³	0.3	0.0	-1.1	0.0	0.6	0.0	0.0	0.0	0.0	0.0
Overall Balance	-1.0	0.0	-0.5	-0.8	0.3	-0.1	-0.3	0.4	1.0	1.0
Financing	1.0	0.0	0.5	-0.1	-0.3	-0.2	0.3	-0.5	-1.0	-1.0
Change in BoT reserve assets (increase= -)	0.3	-0.4	0.1	-0.5	-0.8	-0.7	0.0	-0.8	-0.9	-0.8
Net use of Fund credit	0.8	0.4	0.4	0.4	0.4	0.5	0.3	0.2	-0.1	-0.2
O/w RSF	...	...	...	0.4	0.1	0.5	0.3	...	...	...
CCRT debt relief	...	...	...	...	...	...	...	...	...	...
Financing Gap	0.0	0.0	0.0	0.9	0.0	0.3	0.0	0.2	0.0	0.0
Exceptional financing	...	...	...	0.9	...	0.3	0.0	0.2	0.0	0.0
IMF Financing	...	...	...	0.4	...	0.2	0.0	0.2	0.0	0.0
of which: IMF ECF	...	...	...	0.4	...	0.2	0.0	0.2	...	...
Debt relief	...	...	...	0.0	...	0.0	0.0	0.0	0.0	0.0
World Bank	...	...	...	0.3	...	0.1	0.0	0.0	0.0	0.0
Global Fund	...	...	...	0.0	...	0.0	0.0	0.0	0.0	0.0
Other donors	...	...	...	0.2	...	0.0	0.0	0.0	0.0	0.0
Residual financing gap	...	...	...	0.0	...	0.0	0.0	0.0	0.0	0.0
Memorandum Items:										
Gross official reserves (BoT)	7.2	7.1	6.8	7.0	7.2	7.1	6.4	6.7	7.0	7.2
of which: SDR allocation	0.8									
Months of prospective imports of goods and services	3.6	4.0	3.6	3.8	3.6	3.9	3.3	3.5	3.7	3.8
Exports of goods	10.0	9.6	9.9	11.0	11.8	11.0	12.5	12.5	11.9	11.4
Exports excl. gold	6.2	5.8	6.0	6.4	7.0	6.2	6.5	6.4	6.3	6.3
Imports of goods and services	-19.3	-22.3	-20.5	-20.5	-21.2	-20.2	-21.5	-21.9	-20.9	-20.5
Imports of goods	-16.5	-18.9	-17.5	-17.1	-17.4	-16.8	-17.7	-18.2	-17.6	-17.4
Imports excl. oil	-12.8	-14.5	-13.6	-13.9	-14.3	-14.1	-14.9	-15.0	-14.7	-14.7
Current account deficit	-4.9	-6.6	-3.5	-2.6	-2.7	-2.6	-2.7	-3.5	-3.1	-3.1
Foreign direct investment	1.6	2.0	2.1	2.1	2.1	2.2	1.4	1.5	1.8	2.0
Foreign program and project assistance	1.7	1.8	3.4	1.8	2.8	2.3	2.9	2.8	2.2	2.1
Nominal GDP (Millions of U.S. dollars)	71,069	76,270	78,802	82,695	83,340	89,406	92,896	100,065	109,110	120,194

Sources: Tanzanian authorities and IMF staff estimates and projections.

¹ The Bank of Tanzania adjusts the estimated outturn to reflect information on project grants provided by ministries.² Relief on some external debt obligations is being negotiated with a number of creditors.³ Includes valuation changes in gross reserves resulting from changes in exchange rates among major currencies.

Table 4. Tanzania: Central Bank and Depository Corporations Survey, 2022–2026

	2022		2023				2024				2025				2026
	Jun	Dec.	Mar	Jun	Sep	Dec.	Mar	Jun	Sep	Dec.	Mar	Jun	Sep	Dec.	Mar
	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.	Act.
(Billions of Tanzania shillings, unless otherwise indicated; end of period)															
<i>Bank of Tanzania</i>															
Net Foreign Assets	10,585	10,733	10,251	11,333	10,647	12,079	11,982	12,350	12,804	11,863	13,218	13,623	14,467	13,707	13,916
Net international reserves ¹	11,761	11,409	11,564	12,666	12,055	13,364	13,607	14,033	14,675	13,132	15,041	15,524	16,121	14,652	14,514
(Millions of U.S. dollars) ¹	5,104	4,941	5,003	5,440	4,858	5,342	5,314	5,335	5,402	5,530	5,661	5,960	6,603	5,980	5,622
Net non-reserve foreign assets	-1,176	-677	-1,313	-1,333	-1,409	-1,285	-1,625	-1,683	-1,871	-1,269	-1,823	-1,901	-1,654	-945	-598
Net Domestic Assets	-1,308	-997	-1,015	-483	-703	-1,979	-1,796	-1,424	-1,670	161	-1,425	-1,171	-750	801	1,083
Net credit to government	2,217	2,231	2,179	2,840	2,695	2,123	1,631	2,072	1,695	2,716	3,167	2,593	2,978	1,696	1,150
Of which: Excluding counterpart of liquidity paper	2,264	2,470	2,887	3,386	3,418	2,230	1,904	2,608	2,225	3,249	3,483	2,613	3,002	2,123	2,058
Credit to other economic sectors	107	102	100	135	95	115	124	125	99	99	100	105	99	101	125
Claims on other depository corporations	352	163	229	310	354	538	374	622	1,648	1,547	515	399	1,133	1,035	554
Other items (net)	-3,984	-3,493	-3,522	-3,767	-3,847	-4,756	-3,925	-4,242	-5,113	-4,201	-5,207	-4,269	-4,960	-2,031	-745
REPOs	0	-275	-756	-125	-15	0	0	0	0	0	0	-600	-415	-360	0
Other items, excluding REPOs (net)	-3,984	-3,217	-2,767	-3,642	-3,832	-4,756	-3,925	-4,242	-5,113	-4,201	-5,207	-3,669	-4,545	-1,671	-745
Reserve Money	9,277	9,736	9,236	10,851	9,944	10,100	10,186	10,926	11,134	12,024	11,793	12,452	13,718	14,508	14,999
Currency outside banks	5,334	5,709	5,371	6,161	6,476	6,485	6,326	7,076	7,354	7,352	7,190	7,875	7,731	8,492	8,078
Bank reserves	3,943	4,027	3,865	4,689	3,468	3,615	3,860	3,850	3,780	4,673	4,603	4,577	5,987	6,016	6,921
Currency in banks	1,024	1,039	972	1,031	1,057	1,170	953	963	1,113	1,321	980	1,044	1,265	1,373	1,237
Deposits	2,918	2,988	2,893	3,659	2,411	2,445	2,907	2,887	2,667	3,352	3,623	3,533	4,722	4,643	5,684
Required reserves	1,566	1,797	1,851	1,942	1,981	2,059	2,191	2,250	2,280	2,395	2,592	2,619	2,932	3,026	3,269
Excess reserves	1,361	1,001	1,053	1,716	436	385	715	637	387	935	1,422	914	1,561	1,616	2,415
Memorandum Items:															
Average reserve money	9,063	9,481	9,402	9,797	10,388	10,184	10,535	11,040	11,223	11,989	12,139	12,165	13,839	15,303	15,227
<i>Depository Corporations Survey</i>															
Net Foreign Assets	10,504	9,438	8,697	10,455	10,122	11,302	11,635	12,238	13,704	13,558	15,442	15,510	15,897	15,286	15,246
Bank of Tanzania ¹	10,585	10,733	10,251	11,333	10,647	12,079	11,982	12,350	12,804	11,863	13,218	13,623	14,467	13,707	13,916
Commercial banks	-81	-1,295	-1,554	-878	-525	-777	-347	-112	900	1,695	2,224	1,886	1,429	1,579	1,330
Net Domestic Assets	24,996	29,143	30,416	31,730	33,019	32,706	32,892	34,524	34,360	35,347	36,700	39,974	41,957	45,703	49,001
Domestic credit	34,053	37,557	39,140	41,586	42,587	43,456	44,223	46,461	47,161	47,559	50,109	52,139	54,854	57,230	59,877
Credit to government (net)	9,460	10,185	10,604	11,751	11,795	11,354	10,877	11,480	10,987	11,462	12,110	11,590	12,854	12,627	12,661
Claims on other financial corporations	578	573	663	667	683	760	769	1,051	1,607	1,146	1,415	1,580	1,562	1,682	1,652
Claims on state and local governments	46	58	57	55	54	53	51	34	33	23	23	22	20	15	22
Claims on non-financial public enterprises	364	298	270	258	427	428	460	404	540	610	625	616	595	647	642
Claims on non-financial private sector	23,605	26,443	27,545	28,855	29,628	30,862	32,065	33,491	33,994	34,319	35,937	38,332	39,822	42,259	44,901
Other items (net)	-9,057	-8,415	-8,724	-9,856	-9,567	-10,750	-11,330	-11,937	-12,801	-12,212	-13,409	-12,166	-12,897	-11,527	-10,876
M3	35,500	38,580	39,113	42,185	43,141	44,009	44,527	46,762	48,065	48,905	52,142	55,483	57,854	60,989	64,247
Foreign currency deposits	7,878	8,201	8,618	9,591	9,716	10,001	10,397	11,496	12,428	11,765	13,606	13,769	13,337	13,256	14,998
M2	27,622	30,379	30,495	32,594	33,425	34,008	34,130	35,266	35,637	37,140	38,536	41,714	44,517	47,733	49,248
Currency in circulation	5,334	5,709	5,371	6,161	6,476	6,485	6,326	7,076	7,354	7,352	7,190	7,875	7,731	8,492	8,078
Deposits (TSh)	22,288	24,670	25,124	26,432	26,949	27,523	27,805	28,190	28,283	29,788	31,346	33,839	36,786	39,241	41,170
Memorandum Items:															
	(12-month percent change, unless otherwise indicated)														
M3 growth	6.5	11.6	15.9	18.8	14.5	14.1	13.8	10.9	11.4	11.1	17.1	18.7	20.4	24.7	23.2
M3 (percent of GDP)	21.7	21.6	21.9	23.6	22.0	22.4	22.7	23.8	22.1	22.5	24.0	25.6	24.1	25.4	26.8
Private sector credit growth	22.1	25.5	23.4	22.2	19.4	16.7	16.4	16.1	14.7	11.2	12.1	14.5	17.1	23.1	24.9
Private sector credit (percent of GDP)	14.4	14.8	15.4	16.1	15.1	15.7	16.3	17.1	15.7	15.8	16.6	17.7	16.6	17.6	18.7
Private sector credit growth, inflation-adjusted	16.9	19.7	17.8	18.0	15.6	13.3	13.0	12.6	11.2	7.8	8.5	10.8	13.3	18.8	21.1
Velocity of money (nominal GDP/ M3)	4.8	5.0	4.8	4.6	4.9	4.7	4.6	4.5	4.8	4.7	4.5	4.3	4.5	4.3	4.1
Average reserve money growth	12.8	8.1	8.8	8.1	6.1	7.4	12.0	12.7	8.0	17.7	15.2	10.2	23.3	27.6	25.4
Reserve money multiplier (M3/average reserve money)	3.9	4.1	4.2	4.3	4.2	4.3	4.2	4.2	4.3	4.1	4.3	4.6	4.2	4.0	4.2
Nonbank financing of the government (net) ²	1,004	827	1,352	2,168	583	1,038	1,319	2,446	1,042	1,859	2,466	3,694	613	741	1,110
Bank financing of the government (net) ²	1,846	725	1,144	2,291	45	-397	-874	-271	-493	-18	630	110	1,264	1,037	1,070
Bank and nonbank financing of the government (net) ²	2,850	1,552	2,497	4,459	628	642	445	2,175	549	1,841	3,096	3,804	1,877	1,777	2,180

Sources: Bank of Tanzania and IMF staff estimates and projections.

¹ Includes short-term (less than 1 year) foreign exchange liabilities to residents.² In billions of Tanzanian shillings; cumulative from the beginning of the fiscal year (July 1).



UNITED REPUBLIC OF TANZANIA

June 22, 2026

SIXTH AND SEVENTH REVIEWS UNDER THE EXTENDED CREDIT FACILITY ARRANGEMENT, REQUEST FOR A WAIVER OF NONOBSERVANCE OF A QUANTITATIVE PERFORMANCE CRITERION, AND THIRD AND FOURTH REVIEWS UNDER THE RESILIENCE AND SUSTAINABILITY FACILITY ARRANGEMENT—WORLD BANK ASSESSMENT LETTER FOR THE RESILIENCE AND SUSTAINABILITY FACILITY

This first update to the RSF Assessment Letter – Tanzania (dated June 3, 2024) highlights relevant changes that have occurred since the RSF Assessment Letter Issuance.

Background. On June 20, 2024, the IMF Executive Board approved a six-month extension of the Extended Credit Facility (ECF) arrangement and a three-year Resilience and Sustainability Facility (RSF) arrangement of SDR 596.7 million (approximately US\$786.2 million, equivalent to 150 percent of quota) for the United Republic of Tanzania. The World Bank provided its initial Assessment Letter in June 2024 at the time of RSF approval. This letter is prepared in the context of the staff-level agreement reached on May 12, 2026, covering the sixth and seventh reviews under the ECF and the final third and fourth reviews under the RSF. The World Bank's updated assessment draws on the Tanzania Country Climate and Development Report (CCDR), published in December 2024, which provides a comprehensive, integrated analysis of Tanzania's climate-development nexus and underpins the priority areas identified in the sections below.

A. Country Vulnerability to Climate Change

1. Tanzania remains highly vulnerable to climate-induced natural disasters including droughts and floods, with low capacity and preparedness to address climate shocks. There have been no major changes in the underlying vulnerability profile since the June 2024 Assessment Letter and RSF approval.

B. Government Policies and Commitments for Climate Change Adaptation and Priority Areas to Strengthen Resilience

2. Since the June 2024 Assessment Letter, the authorities have continued to advance reforms and investments that strengthen resilience of livelihoods and infrastructure to climate shocks, especially through coastal management and biodiversity conservation, secure water and food access, and urban resilience investments. The government has increased its readiness with the development of strategic climate policy documents and continues to prioritize the key intervention areas, such as reversing deforestation and forest degradation through landscape and watershed management, sustainable fisheries and aquaculture, low carbon energy transition, social protection mechanisms, and disaster risk management. Key updated policies include:

- **Third Nationally Determined Contribution (NDC 3.0):** Alongside the NDC 3.0 process, Tanzania is developing a Long-Term Vision to 2050 as a precursor to a formal Long-Term Low Emission Development Strategy under Article 4.19 of the Paris Agreement. A second draft was prepared in May 2025 and, while not yet submitted to the United Nations Framework Convention on Climate Change, it articulates Tanzania's aspiration to become a net-zero, climate-resilient economy by 2050, anchored in the Tanzania Development Vision 2050 (Dira 2050). The revision of the Long-Term Vision also seeks to improve governance, distinguish between domestic and international financing, cover additional sectors, and strengthen reporting and transparency mechanisms.
- **National Adaptation Plan (NAP) 2025–2035:** Tanzania's NAP 2025–2035 was launched in November 2025 as a 10-year roadmap for integrating adaptation into national and local development planning, budgeting, and investment decisions at all levels (national, sectoral, local). It prioritizes nine sectors: agriculture, water, tourism, infrastructure and human settlement, health, livestock, coastal and marine systems, fisheries, and wildlife.
- **Environmental Impact Assessment Regulation Amendments:** Tanzania amended its Environmental Impact Assessment and Audit Regulations in late 2024 to explicitly integrate climate change considerations into project planning, requiring new projects to be environmentally sound and climate-resilient, as well as enhanced environmental and social monitoring during construction and operational phases.

C. Government Policies and Commitments for Climate Change Mitigation and Priority Areas to Reduce Greenhouse Gas Emissions

3. **Since the June 2024 Assessment Letter, the authorities have continued to advance reforms and investments that strengthen improved management of solid waste.**

In addition, the country is expressing new interest in REDD+ actions, and the need to translate Tanzania's large natural capital endowment into resilient and inclusive development outcomes. A National Clean Cooking Strategy 2024–2034 was launched to ensure 80% of Tanzanians use clean cooking solutions by 2034. This is directly relevant to the NDC targets and the shift from biomass (the dominant cooking fuel).

D. Other Challenges and Opportunities

4. **Strengthening institutional coordination for climate change continues to be critical to make progress on the climate change agenda.**

The institutional coordination for climate change agenda continues to be too fragmented. A functional coordination mechanism will require a high-level one stop center for the climate change agenda and strong incentives to implement climate change commitments. Additionally, the financial sector, dominated by the banking sector, continues to be exposed to climate risks and the capacity to identify and price risks remains weak. In collaboration with the regulators, the financial sector will need to continue to strengthen capacity in the areas of identifying and pricing risks. Furthermore, key priorities on governance and strategy include setting up inter-ministerial taskforce, setting up internal governance within financial sector authorities, deepening capacity building and training with banks and other financial institutions, building financial literacy, and developing a roadmap for greening the financial sector.

E. World Bank Engagement

5. The WBG continues to support Tanzania's climate agenda through a mix of investment project finance and budget support, regional programs, and analytical work. Since the previous update, implementation has advanced in several areas, and the active portfolio has expanded. The climate elements in the World Bank's portfolio span a range of key sectors and include:

- Tanzania Scaling-up Sustainable Marine Fisheries and Aquaculture Management Project (P179969; US\$112 million) approved in June 2025 supports climate adaptation and mitigation by promoting a sustainable and climate-resilient blue economy, including the development of policy frameworks, marine spatial planning, marine protected areas, and restoration of blue carbon ecosystems.
- Development Policy Financing (DPF; US\$100 million), with a catastrophe deferred-drawdown option (Cat DDO; US\$200 million) (P507912) approved in June 2025 directly complements the RSF across three pillars: (i) strengthening institutional and financial capacity for disaster preparedness and response; (ii) mainstreaming disaster risk management in key sectors,

including urban planning, water, and energy; and (iii) enhancing economic resilience and establishing foundations for carbon market access.

- Scaling-up Locally Led Climate Action Program (P180742; US\$100 million) approved in June 2025 supports climate action, financing community-led adaptation investments such as agroforestry, reforestation, water-efficient irrigation, and watershed management, alongside early warning systems and emergency preparedness, and strengthens Tanzania's institutional capacity.
- AFR RI-3A Tanzania-Zambia Transmission Interconnector (P163752; US\$615 million) was approved in December 2024 to support the cross-border transmission interconnector that improves the security and reliability of power supply, reducing vulnerability to climate-induced disruptions, and supports regional low-carbon energy trade.
- Tanzania Roads to Inclusion and Socioeconomic Opportunities Project (P164920; US\$400 million) approved in December 2024 upgrades and rehabilitates rural roads with explicit climate resilience measures and supports the development of a climate change resilience strategy and action plan for Tanzania's road sector.
- Dodoma Integrated and Sustainable Transport Project (P176623; US\$200 million) approved in March 2025 supports corridor upgrades designed with climate-resilient drainage informed by a city-wide climate change vulnerability study, as well as flood risk mitigation measures across transport and neighborhood infrastructure.
- Second Tanzania Intermodal and Rail Development Project (P176682; US\$200 million) supports the improved climate resilience and operational efficiency of the Dar es Salaam-Isaka railway and addresses climate adaptation by financing analytical studies and the rehabilitation of six flood control reservoirs to reduce chronic flooding along this critical rail corridor.
- TZ-Rural Electrification Expansion Program (P177140; US\$535 million) The project supports climate mitigation by expanding rural electrification through renewable energy mini-grids and solar systems (estimated to avoid over 2.2 million tCO₂ over the lifetime of investments) and mobilizes private sector financing through a credit line facility for small power producers.
- Tanzania Transport Integration Project (P165660; US\$550 million) supports upgrading of approximately 510 km of trunk and regional roads with embedded climate resilience measures, including improved drainage, raised road formations, and flood-level considerations, and targeting roads identified as climate-vulnerable bottlenecks, and rehabilitates regional airports exposed to climate change impacts.
- Dar es Salaam Urban Transport Improvement Project (P150937; US\$425 million) supports Dar es Salaam's Bus Rapid Transit (BRT) system, delivering significant GHG emission reductions through improved fuel efficiency compared to minibuses and private cars contributing to lower-carbon mobility.

- Tanzania Accelerating Sustainable and Clean Energy Access Transformation (P179631; US\$300 million) supports climate mitigation by expanding distributed renewable energy — including mini-grids, solar standalone systems, and clean cooking solutions.
- Boosting Inclusive Growth for Zanzibar: Integrated Development Project (P165128; US\$150 million) finances climate adaptation through urban drainage upgrades, greening of public spaces, and sustainable drainage infrastructure in flood-prone neighborhoods, and strengthens institutional capacity for climate risk data collection, climate-resilient building codes, and strategic urban planning.
- Dar es Salaam Metropolitan Development Project Phase 2 (P180298; US\$385 million) finances resilient transport and drainage infrastructure informed by a city-wide climate vulnerability study as well as solid waste management with potential for landfill gas capture or solar energy at closed dumpsites, while strengthening urban institutions to mainstream climate-informed land use planning and infrastructure standards.
- Msimbazi Basin Development Project (P169425; US\$200 million) addresses climate adaptation through flood control infrastructure to reduce chronic urban flooding in Dar es Salaam, strengthening institutional capacity for integrated river basin management, watershed planning, hydro-meteorological monitoring, and emergency contingency planning.
- Zanzibar Energy Sector Transformation and Access Project (P169561; US\$117 million) supports Zanzibar's first grid-scale solar PV plant with battery storage and builds institutional capacity in climate- resilient energy planning and supports grid modernization to improve community resilience to climate- related power disruptions.
- Tanzania Cities Transforming Infrastructure & Competitiveness Project (P171189; US\$278 million) finances urban resilience investments in drainage, river channelization, and greening in flood-vulnerable areas, while also supporting climate-informed urban planning.
- Sustainable Rural Water Supply and Sanitation Program Phase II (P508698; US\$200 million) strengthens climate-resilient water resources management by financing aquifer mapping, basin-level planning, dam inventories, hydromet stations, and digital monitoring systems.
- Second Tanzania Water Sector Support Project (P150361; US\$238.90 million) supports climate adaptation through integrated water resources management. It also strengthens institutional capacity for climate-resilient investment planning and improves coordination and knowledge tools for managing water resources under changing climate conditions.
- Tanzania Food Systems Resilience Program (P179818; US\$300 million) promotes climate-smart agriculture by financing the development and dissemination of drought-resistant seed varieties, agroforestry, and integrated soil fertility management. It also supports climate-resilient and energy- efficient warehouse management models to reduce post-harvest losses and associated GHG emissions.

F. Analytical and Policy Support

- The Lake Victoria Basin Programmatic ASA (P505077) helps identify pathways to unlock the Basin's economic potential through green, resilient, and inclusive development and mitigate the risks from expected climate migration to the Basin region of Tanzania through a coordinated multi-country approach.

**Statement by Mr. Adriano Isaias Ubisse, Executive
Director
Mr. Pedro Rodrigo Silva, Alternate Executive Director
Ms. Vuyelwa Vumendlini, Alternate Executive Director
and Mr. Dickson Lema, Senior Advisor to the Executive
Director on the United Republic of Tanzania
July 10, 2026**

Introduction

1. On behalf of our Tanzanian authorities, we express our sincere appreciation to the Fund staff, Management, and the Executive Board for their continued support and constructive engagement, including during the Sixth and Seventh Reviews under the Extended Credit Facility (ECF) and the Third and Fourth Reviews under the Resilience and Sustainability Facility (RSF). The authorities highly value the candid and productive policy dialogue underpinning these engagements. They broadly concur with staff's assessment that program objectives have largely been achieved, while recognizing that sustained reform momentum will be essential to preserve macroeconomic stability, strengthen resilience, and advance Tanzania's long-term development goals.
2. At the same time, the authorities wish to express their concern regarding the last-minute postponement of the Board discussion originally scheduled for June 26, 2026, particularly in light of their demonstrated commitment to program implementation and their strong record of maintaining macroeconomic stability amid overlapping global and domestic shocks. The postponement disrupted FY2025/26 budget execution, contributed to a temporary shortfall in reserve accumulation, and created uncertainty among development partners, with broader implications for economic confidence. In this context, the authorities encourage the Fund to continue applying a balanced assessment that takes into account country-specific circumstances, political economy realities, and the authorities' sustained reform efforts.
3. Over the 2022-26 program period, the authorities have established a strong track record of policy implementation under the ECF and RSF arrangements, supporting economic recovery from successive shocks and preserving macro-financial stability. Looking ahead, they reaffirm their commitment to advancing reform momentum under Vision 2050, which is now being implemented through the Fourth National Five-Year Development Plan (FYDP IV, 2026/27 – 2030/31).

Program Performance

4. **Program performance under the ECF and RSF arrangements remains broadly satisfactory.** All end-June 2025 performance criteria were met, and end-December quantitative performance criteria were also observed, except for the ceiling on net domestic assets (NDA). The temporary deviation reflected domestic gold purchases by the Bank of Tanzania to strengthen reserve buffers, seasonal liquidity pressures, and valuation effects

linked to the program gold price assumptions, and not policy slippage or fiscal dominance. Importantly, net credit to the government remained stable. The authorities have committed to corrective measures to realign NDA with program objectives, including sterilization operations and, where appropriate, monetization or sale of domestic gold for foreign currency. Against this background, they request a waiver for the nonobservance of the end-December 2025 NDA performance criterion.

5. **Structural reform implementation has progressed well.** Four structural benchmarks were completed on time, while two were submitted to Parliament in June 2026. Although Parliament did not approve the proposed amendments to the Planning Commission Act, the authorities remain committed to the reform objective. Instead, they will establish a comprehensive public project appraisal framework through regulations and implementation guidelines, covering technical, financial, economic, environmental, and other relevant criteria, rather than limiting the framework to environmental assessments alone. The proposed amendments to the VAT Act aimed at shortening VAT refund timelines were also not approved, pending completion of VAT refund automation. The authorities are concerned that introducing the amendments before full deployment of the IDRAS system could increase revenue losses from fraudulent claims. Nevertheless, they remain committed to improving the efficiency, transparency, and integrity of the VAT refund process. Progress was also made in public investment management, with the revised National Development Project Approval Guideline becoming operational on July 1, 2026. Two benchmarks were not met. Full automation of the VAT refund system requires additional time to complete, while the repeal of income tax exemptions for Export Processing Zones and Special Economic Zones was only partially implemented, reflecting the authorities' concerns about maintaining competitiveness. Nonetheless, the authorities remain committed to completing the automation and testing of the IDRAS system and fully digitalizing the VAT refund process by end-2027 to strengthen revenue administration and improve the business climate. To support these efforts, additional resources have been allocated, including through an increase in the customs processing fee from 0.6 percent to 1 percent in FY2026/27.
6. **Reforms under the RSF arrangement remain a high priority, and progress has been meaningful.** The authorities successfully implemented five reform measures for the current RSF reviews, including: expanding the social registry to better capture climate-vulnerable households; integrating climate-related KPIs into water utilities; strengthening participatory village land-use planning; establishing a centralized climate data repository; and publishing the Bank of Tanzania's assessment of climate-related financial sector risks. These measures have strengthened climate governance, disaster risk management, fiscal reporting, and the analytical capacity to monitor climate risks in the financial system. At the same time, progress in energy sector reforms, particularly the transition toward cost-reflective electricity tariffs and the design of environmental taxation, have taken longer than anticipated due to their complexity and the need to reconcile multiple policy objectives. The authorities recognize the importance of these reforms and are taking steps toward a more financially sustainable and

climate-resilient energy sector. To support this goal, they are updating the Power Sector Master Plan (PSMP) to align with climate mitigation objectives and the long-term strategies of related sectors, including agriculture and water, alongside the finalization of National Determined Contribution 3.0.

In view of the authorities’ broadly satisfactory program performance and strong reform ownership, we request Directors’ support for completion of the Sixth and Seventh Reviews under the ECF, the Third and Fourth Reviews under the RSF, and the requested waiver for the temporary NDA deviation and associated decisions.

Recent Economic Developments and Outlook

7. **The Tanzanian economy continues to expand at a robust pace.** Real GDP growth is estimated at 5.9 percent in 2025, supported by broad-based performance across sectors, and is expected to remain strong in 2026, converging toward its medium-term potential. However, risks are tilted to the downside, reflecting spillovers from the Middle East conflict, higher energy and fertilizer prices, and uncertainties in external financing conditions. The authorities are closely monitoring these risks and stand ready to adjust policies as needed, including through targeted and temporary measures to mitigate the impact on vulnerable groups. In this regard, they have introduced time-bound subsidies for domestic fertilizer producers and limited diesel price subsidies to ease cost pressures. At the same time, efforts are underway to diversify energy sources, including through greater use of domestic natural gas and renewable energy.
8. **Inflation remains contained within the Bank of Tanzania’s 3–5 percent target range, with headline inflation standing at 4.2 percent in May 2026.** This reflects prudent macroeconomic policies, orderly foreign exchange market conditions, and strong domestic food supply. The authorities remain vigilant to emerging pressures, particularly from global energy and fertilizer prices, and stand ready to adjust the monetary stance as needed to maintain well-anchored inflation expectations.
9. **The external position has strengthened,** with the current account deficit narrowing from 6.6 percent of GDP in FY2022/23 to about 2.7 percent of GDP in FY2025/26, supported by strong exports, notably gold, manufacturing, and tradable services, and some import substitution efforts. International reserves remain adequate, at about 3.7 months of import cover. The authorities remain committed to exchange rate flexibility, with interventions limited to preserving orderly market conditions and safeguarding reserve buffers.

Policy Priorities

Fiscal Policy and Debt Management

10. **Preserving macroeconomic stability while creating space for priority social and development spending remains central to fiscal policy.** Fiscal performance in FY2025/26 has remained broadly in line with program objectives, supported by strong domestic revenue collection, including from income taxes and mining-related revenues. The authorities aim to achieve a domestic primary balance of -0.8 percent of GDP in FY2025/26 and -0.5 percent in FY2026/27, consistent with continued fiscal consolidation. They will continue implementing the Medium-Term Revenue Strategy (MTRS), including tax administration reforms and digitalization at the Tanzania Revenue Authority, supported by the newly established inter-agency steering committee.
11. **The authorities are modernizing tax systems and further rationalizing tax expenditures to broaden the revenue base.** Integration of domestic and customs tax information systems (IDRAS and TANCIS) is underway to enhance data analytics, compliance, and risk-based tax enforcement. The authorities are determined to automate the VAT refund system which will expedite refunds and improve the business climate. They will also revisit remaining tax exemptions to balance competitiveness with fairness and revenue needs, while simplifying the tax regime and closing loopholes.
12. **Expenditure policy remains anchored on prioritization and safeguarding macro-fiscal stability amid rising pressures.** In the face of increased demands from social needs, arrears clearance, Middle East-related shocks, and reduced external financing, the authorities have maintained discipline through reprioritization within the approved budget envelope and deferral of lower-priority spending. At the same time, they have protected priority social spending at about 7.1 percent of GDP, in line with program commitments. Going forward, they are determined to accelerate implementation of the Productive Social Safety Net (PSSN III), with a clear focus on improving targeting accuracy, enhancing shock-responsiveness, including to climate-related shocks, and ensuring timely and transparent delivery of benefits to vulnerable households. Complementary efforts will aim to rebalance spending toward human capital, notably education (through the implementation of Education Sector Development Plan (2025/26 – 2029/30)) and health (under the expansion of the Universal Health Insurance), to meet the needs of a growing population. These measures will be essential to reinforce the poverty-reducing impact of public spending and support inclusive growth. Our authorities continue strengthening budget planning including gender responsive budgeting to ensure equal access to resources and opportunities among women, men, girls and boys, as well as people with disabilities to ensure inclusive and promote social cohesion for sustainable development.

13. **The authorities are also strengthening public finance management (PFM) and fiscal risk oversight.** With Fund technical assistance, they are enhancing budget transparency and public investment management (PIM) practices, including adoption of the National Development Project Approval Guideline to improve the appraisal, climate-risk assessment, and selection of high-quality public projects. To institutionalize prudent investment decisions, the revised National Development Project Approval Guidelines has been operationalized in FY2026/27 and climate-sensitive planning will be fully embedded in project selection processes. They are also bolstering oversight of Public-Private Partnerships (PPPs) by fully integrating PPP commitments into budget and debt sustainability analyses, and strengthening fiscal risk monitoring of state-owned enterprises (SOEs). Recognizing the potential fiscal risks of SOEs, our authorities are reinforcing oversight and transparent reporting of their finances and contingent liabilities. They will continue to emphasize arrears prevention and have made strides by clearing legacy arrears while taking steps to avert their recurrence.
14. **Debt sustainability remains a central policy priority.** Tanzania faces a moderate risk of debt distress, and the authorities are committed to prudent debt management. They favour concessional financing and grants for development needs, while limiting long-term semi- and non-concessional borrowing to high-yield investments. Medium-term debt management capacity is being strengthened, alongside efforts to deepen the domestic debt market, while publishing comprehensive fiscal risk statements. Importantly, the authorities are enhancing debt transparency to strengthen risk management and safeguard debt sustainability.

Monetary, Exchange Rate, and Financial Sector Policies

15. **The Bank of Tanzania (BoT) remains committed to a data-dependent, interest rate-based monetary policy framework to anchor inflation expectations.** With inflation contained near the mid-point of the 3–5 percent target band, the Central Bank Rate (CBR) was maintained at 5.75 percent from July 2025 through June 2026. To mitigate potential second-round inflationary effects from rising energy and fertilizer prices, the CBR was raised to 6.25 percent effective July 2026 through September 2026. The BoT stands ready to adjust its policy stance further should inflationary pressures intensify. Meanwhile, the BoT continues to refine its operational toolkit, strengthen communication strategy and transparency to improve liquidity management and policy transmission. The 7-day interbank cash market rate is now consistently maintained within the CBR corridor, which was narrowed from ± 200 to ± 150 bps in April 2026. Progress is also being made in deepening the interbank cash market and expanding horizontal repo operations, including through the adoption of the Global Master Repurchase Agreement.
16. **The authorities will continue to deepen the foreign exchange market and uphold external stability.** Guided by the 2023 Foreign Exchange Intervention Policy, BoT's exchange rate management remains focused on flexibility, intervening only to smooth excessive volatility. To foster market development, the BoT launched an electronic interbank foreign exchange

market trading platform (Electronic Matching System) in April 2026 and designated market makers, contributing to better price discovery. The authorities are also refining foreign exchange regulations in consultation with stakeholders, addressing implementation issues from recent rules requiring the use of the domestic currency for local transactions, to ensure regulations support market confidence and do not unintentionally hinder key sectors like tourism.

17. **The authorities remain committed to strengthening central bank independence, governance and accountability.** Although Parliament retained Section 69 of the BoT Act in its current form, to preserve flexibility in the event of force majeure or other unforeseeable economic events of significant national interest, a significant reform was achieved through the reduction of the statutory ceiling on central bank financing of government from 18 percent to 14 percent of the previous fiscal year's actual revenue, effective July 2026. Building on this progress, the authorities intend to develop a medium-term roadmap to reduce this limit to single-digit levels over time. These steps, along with continuous efforts to enhance policy communication and modeling capacity, will support the credibility and effectiveness of monetary policy.
18. **The financial sector remains sound, and efforts continue to strengthen its resilience.** Banks are well-capitalized and profitable, despite some challenges among a few smaller institutions. Asset quality has improved with non-performing loans reaching 3 percent in March 2026, down from 3.5 percent a year earlier, amid robust private credit growth. The authorities are closely monitoring pockets of vulnerabilities such as FX liquidity and concentration risks in a few smaller banks and are engaging with relevant stakeholders to address capital shortfalls. Ongoing reforms to supervisory and crisis-management frameworks, notably the recent full migration to Basel II/III standards, enhanced risk-based supervision, improved stress testing (including climate risks), and a revised Emergency Liquidity Assistance framework are helping reinforce financial stability. Financial inclusion continues to advance through digital financial services, microfinance expansion, and financial literacy programs. Progress toward secured transactions reforms is expected to complement these efforts.

Structural Reforms

19. **Structural reforms remain central to the authorities' medium-term strategy to unlock growth potential.** Under Vision 2050, the authorities are advancing a broad reform agenda to improve the business environment and support private sector-led, inclusive growth. The second phase of the Blueprint for Regulatory Reforms (Blueprint II), launched in FY2026/27, aims to streamline regulations, reduce bureaucratic barriers, and promote private investment. The authorities remain committed to maintaining a stable, predictable, and rules-based investment climate that attracts both domestic and foreign investors. They will avoid unnecessary restrictions that could discourage private sector participation and will carefully calibrate

policies to foster competition, innovation, and regional integration. At the same time, efforts to expand access to finance will continue, building on recent financial inclusion gains to enable entrepreneurs and small and medium-sized enterprises to grow, create jobs, and support economic diversification. Governance and transparency reforms also remain a priority. The authorities are strengthening engagement with non-state actors in anti-corruption efforts, implementing the National Anti-Corruption Strategy and Action Plan (NACSAP IV), leveraging digital technologies to improve public service delivery, and further reinforcing the AML/CFT framework to safeguard financial integrity and strengthen investor confidence.

20. **Climate change poses a significant macro-critical risk to Tanzania, and our authorities are determined to press ahead with climate mitigation and adaptation policies.** To date, 11 of the 14 targeted RSF reform measures have been completed during the program period, laying a solid foundation in areas such as climate governance, climate-informed budgeting, disaster risk management, and green public investment planning. The authorities will also maintain momentum on improving climate-related financial risk analysis, advancing climate-resilient land use and water management, and enhancing human capital investments to build a more resilient economy. They plan to co-host a climate finance roundtable later in 2026, in partnership with the IMF and World Bank, to leverage additional resources, including private climate finance, for the green transition.

Conclusion

21. Our authorities reiterate their unwavering commitment to preserving macroeconomic stability, strengthening policy frameworks, and advancing critical reforms in an increasingly uncertain global environment. Looking ahead to the post-program era, they are fully resolved to maintain prudent, growth-friendly fiscal consolidation while protecting social spending and high-yield public investments, in order to sustain gains and meet Tanzania's development needs. They attach top priority to completing the unfinished reform agenda to bolster resilience and foster private sector-led, inclusive growth under Vision 2050. The authorities greatly appreciate the Fund's support and look forward to maintaining close engagement with the IMF and other development partners as Tanzania strives to achieve its long-term goals.