

I. COUNTRY REFORM PROGRESS

The Tanzanian authorities are pursuing a comprehensive reform agenda focused on preserving macro-financial stability, fostering sustainable and inclusive economic growth, and strengthening resilience to climate change. Key reforms include implementing fiscal consolidation measures, enhancing domestic revenue mobilization through a new medium-term revenue strategy (MTRS), and improving public financial and investment management to safeguard debt sustainability and create space for priority development needs. Structural reforms target improvements in public sector governance, business regulation, tax administration, access to finance and infrastructure development, alongside efforts to close gender gaps and upgrade health and education spending. These reforms are driven by the need to maintain macroeconomic stability, respond to demographic pressures, meet Sustainable Development Goals, reduce poverty, and promote private sector-led job creation while also addressing risks from climate change and an uncertain external environment.

On revenue administration, strengthening domestic resource mobilization is carried out under the MTRS approved by the Cabinet in June 2025. The governance structures, including the Steering Committee, the Technical Teams, and the MTRS Secretariat, have been formed and were officially launched in September 2025. These steps have been taken in line with advice of this project funded by the Global Public Finance Partnership (GPFP), which has also collaborated with the IMF's Regional Technical Assistance Center (RTAC) for East Africa (AFE) on advising the Tanzania Revenue Authority (TRA) regarding the alignment of its new Corporate Plan 7 with the MTRS. The authorities have requested support in implementing MTRS reforms, including guidance on effective value-added tax refunds management, international taxation, and completing the rollout and integration of the Integrated Domestic Revenue Administration System, IDRAS; and the Tanzania Customs Integrated System, TANCIS.

In terms of public financial management (PFM), GPFP-funded support for the government to develop an Investment Project Climate Change Reporting Template for Tanzania, populate it with the key larger investment projects, and include these in the budget was successfully implemented when the national budget was passed on June 27, 2025. This reform fulfilled Reform Measure (RM) 6 of the Resilience and Sustainability Facility (RSF) program agreement between the IMF and the Government of Tanzania. The larger effort with respect to introducing resilience and sustainability elements in the public investment process has been closely coordinated with the World Bank. The current task is to update the Public Investment Management Operational Manual by the end of calendar year 2025. The IMF submitted detailed draft comments to the authorities in December 2025. AFE is in discussion with the authorities on how to further support integrating resilience and sustainability in the Tanzanian Fiscal Risk Statement, and with Zanzibar on possible follow-up on gender budgeting reform.

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration

Key Progress in FY26: Cabinet approved the MTRS in June 2025 and the Principal Secretary launched the Steering Committee, Technical Teams and the MTRS Secretariat in September 2025. The approval missed the revised structural benchmark date of March 31, 2025. The TRA started the process to develop its Corporate Plan 7 and are working on aligning it to the MTRS.

Previous Progress: The authorities developed a first draft of the MTRS with support from the IMF's Fiscal Affairs Department (FAD) and consulted stakeholders for inputs and buy-in. They initially submitted the MTRS to the Interministerial Task Team for approval, but on advice got it approved by Cabinet— signaling government commitment to the reforms.

Next Steps: Future support will focus on implementing MTRS especially guiding the Secretariat on becoming a center of excellence for reforms and supporting the technical team leaders and the Steering Committee on driving the needed reforms.

SM II: Spending Module II – Managing Public Finance

Key progress in FY26: No follow-up regarding gender budgeting in Zanzibar during this assessment period, but it is part of the ongoing PFM reform assistance agenda anchored in the RTAC. On climate, the Project Climate Change Reporting Template has been included in the 2025-26 Budget as stipulated in RSF RM 6. The budget was passed on June 27, 2025.

Previous progress: On gender budgeting, a diagnostic mission and workshop was held with authorities to discuss the roadmap and mission's recommendations and provide general capacity building. The reform action roadmap was well received by authorities and sets out near- and medium-term actions for incrementally implementing gender budgeting and expanding the pilot. On climate, an FAD mission in Dodoma (January 29–February 11, 2025) supported the authorities with two RSF RMs: RM6, which requires climate assessments for public investment projects to be included in the 2025-26 Budget; and RM7, which mandates the integration of natural disaster-related fiscal risks into budget documentation. The mission assisted officials in developing and applying an Investment Project Climate Change Reporting Template and training on fiscal risk analysis.

Next Steps: Follow up support for introducing gender budgeting was requested and might be included in the RTAC work program. On climate, a QCRAFT mission has been discussed with authorities but due to work pressures in the Ministry of Finance the mission has not been scheduled yet.

III. LOGICAL FRAMEWORK

Country – Tanzania		
RM II: Objective – Strengthened revenue administration management and governance arrangements (SDG 17.1) - RAM		Rating - 3
Outcome	Rating	Narrative
Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized	3 Largely Achieved	MTRS and its implementation plan was approved in June 2025 and launched for implementation in September 2025. MTRS governance bodies- Executive Committee, Technical Committee and Secretariat were formed and inaugurated in September 2025. key risk remains inadequate resources for implementation.

SM II: Objective – Build Sustainable Fiscal Institutions - SFI		Rating - 3
Outcome	Rating	Narrative
Strengthened capacity to plan, implement and sustain priority area reforms including climate, gender, and SDGs	3 Largely Achieved	The Government of Zanzibar initiated a gender budgeting reform in the 2024/25 budget through a pilot of six ministries. FAD CD is ongoing to support implementing gender budgeting and expanding the pilot, with the ultimate goal being to help the country advance gender equality. As stipulated in the RSF RMs, the Project Climate Change Reporting Template has been included in the 2025-26 Budget (passed in June 2025). A QCRAFT mission planned for December 2025 has yet to be confirmed by the MoF.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
RM II, SM II: None	N/A	N/A
Political Support		
RM II: Government strong oversight of the MTRS reforms and monitoring of results	High	Strong engagement of government on MTRS implementation in liaison with the country team. Monitoring of Key MTRS milestones in IMF-Tanzania program discussions.
SM II: A lack of political decision-maker support can undermine progress and implementation.	High	Strong engagement with government in the context of RSF reform measures and priorities identified by central and sub-national governments in coordination with the African Department.
Management and Technical Staff Support and Commitment		
RM II: Commitment of Ministry of Finance, TRA, and all other implementing agencies' management to oversee MTRS reforms implementation and hold technical committees accountable for achievement of results.	Very High	Guide authorities on MTRS strong governance and leadership of the MTRS process. Also guide authorities on strong stakeholder engagement process to garner support.
SM II: Local resources may be insufficient for reaching all counterparts for reform	High	Foster coordination by inviting multiple stakeholders to trainings and workshops.

Description	Rating	Mitigation Measures
Resource Adequacy		
RM II: MTRS reforms not allocated adequate resources for implementation.	Medium	Authorities strongly encouraged to make a cost-benefit analysis of the MTRS and provide resources to implement high priority measures.
Other Risks		
RM II, SM II: With the completion of RM6 and RM7, there is a risk that supporting work (such as QCRAFT) will not be prioritized by authorities.	N/A	QCRAFT has been repeatedly raised with Tanzanian officials by RTAC and the country team of the IMFs African Department and in the recent regional PIM Workshop in Nairobi where interest was confirmed.

V. PROJECT MANAGERS: CONTACT INFORMATION

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