

I. COUNTRY REFORM PROGRESS

The GPFP funds three initiatives in Tanzania (mainland and Zanzibar) covering revenue mobilization, gender budgeting and climate budgeting.

- To mobilize revenue and fund economic and social development goals for Tanzania, the authorities and with FAD support, have developed a medium-term revenue strategy (MTRS) for FY2024/25 to FY26/27. The MTRS aims to increase tax to GDP ratio from 12 percent in 2023/24 to 13.7 percent in FY2026/27. The MTRS spells out governance arrangements to oversee its implementation and aims to establish an MTRS secretariat to ensure effective and efficient functioning of the MTRS Steering Committee, Technical Committees, and various project managers who shall be appointed by implementing agencies to lead MTRS transformation projects. The authorities have also developed and costed an MTRS implantation plan. The MTRS has been submitted to the Inter-Ministerial Technical Committee to clear for Cabinet approval.
- The Government of Zanzibar initiated a gender budgeting reform in the 2024/25 budget through a pilot of six ministries. Building on this momentum, a team from FAD provided capacity development support in August 2024 to the President's Office for Finance and Planning (PoFP). The team worked with the PoFP to develop a roadmap to strengthen implementation and guide the next steps of this reform. A workshop was also held with the authorities to discuss the roadmap and mission recommendations. The reform action roadmap was well received by the authorities and sets out near and medium-term actions for incrementally implementing gender budgeting and expanding the pilot with the goal being to help the country advance gender equality.
- At the request of Tanzania's Ministry of Finance (MoF), a FAD mission visited in Dodoma from January 29 to February 11, 2025 to provide capacity development regarding climate budgeting. The mission supported the authorities with two Resilience and Sustainability Facility (RSF) reform measures: 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. To support these reforms, the mission assisted officials in developing and applying an Investment Project Climate Change Reporting Template, which will classify public investment projects based on climate risks and be appended to the 2025-26 Budget. The team also provided training on fiscal risk analysis and worked with the authorities to develop a Fiscal Risk Statement template, incorporating natural disaster-related fiscal risks.

II. PROJECT DELIVERY HIGHLIGHTS

RM II: Revenue Module II – Revenue Administration

Key Progress in FY25: The authorities have submitted the MTRS to the Inter-ministerial technical committee to clear for Cabinet approval. The approval missed the revised date of March 31, 2025. The MTRS spelled out governance arrangements and provided detailed terms of reference for the Steering Committee, Technical Committee, and MTRS Secretariat. It also included a costed implementation plan; however, the implementation budget is yet to be approved. An FAD April 2025 mission guided authorities on better preparing for implementation.

Previous Progress: The Authorities have developed a first draft of the MTRS with FAD support. Stakeholders including developing partners are being consulted on the MTRS for inputs and authorities plan to submit the final draft to Cabinet for approval in December 2024. Support will focus on supporting the

authorities' readiness to implement the MTRS including setting up needed governance arrangements, implementation plans and guiding authorities on ongoing stakeholder engagement (October 2024).

Next Steps: Future support will focus on implementing MTRS revenue administration measures.

SM II: Spending Module II – Managing Public Finance

Key Progress in FY25: The Government of Zanzibar initiated a gender budgeting reform in the 2024/25 budget through a pilot of six ministries. To maintain momentum, FAD worked with the President's Office for Finance and Planning (PoFP) to develop a roadmap to guide the incremental expansion and next steps of this reform. A workshop was also held with the authorities to discuss the roadmap and mission's recommendations and provide general capacity building on gender budgeting.

Previous Progress: 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. In the near term the authorities are going to clearly define Zanzibar's gender equality goals and integrate these into budget planning and prioritization each budget cycle; improve gender budgeting guidance to pilot ministries; improve and expand the information on gender equality included in the budget speeches for pilot ministries; and develop clear terms of reference for the National Gender and Equity Budgeting Coordination Task Force.

The Tanzanian Government requested support developing templates that incorporates climate sensitivity in public investment and fiscal risk analysis (consistent with the ongoing RSF RMs). A February mission undertook this task and developed templates with the authorities.

Next Steps: Follow up on implementing and further developing the templates and an additional regulation may be forthcoming requests from the authorities.

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 at stakeholder consultation level before submission to Cabinet for approval (missed the SB deadline for June 2024). A staff visit in July guided the authorities on advancing progress (October 2024). MTRS submitted to the Inter-ministerial Technical Committee to clear for Cabinet Approval. MTRS proposes a steering Committee, a Technical Committee, and an MTRS Secretariat and clarifies

		their terms of reference. It also includes a costed implementation plan. Budget for MTRS implementation not yet approved (April 2025).
SM II: Objective - Frameworks to Build Sustainable Fiscal Institutions and Frameworks - FIF		Rating - 2
Outcome	Rating	Narrative
Strengthened capacity to plan, implement and sustain priority area reforms including climate, gender, and SDGs	4 Achieved	Support for Zanzibar gender budgeting reform in the 2024/25. FAD team worked with the authorities to develop a roadmap to strengthen implementation and guide the next steps of this reform. The reform action roadmap was well received and sets out near and medium-term actions for incrementally implementing gender budgeting. The mission supported the authorities with two Resilience and Sustainability Facility (RSF) reform measures. The mission assisted officials in developing and applying an Investment Project Climate Change Reporting Template and worked with the authorities to develop a Fiscal Risk Statement template, incorporating natural disaster-related fiscal risks.

IV. RISK ASSESSMENT

Description	Rating	Mitigation Measures
External Climate/Conditions		
N/A	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 IMF's African Department team.
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: Government commitment to MTRS implementation.	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.

Resource Adequacy		
RM II: MTRS reforms not costed, and necessary resources not provided for MTRS implementation.	High	Authorities will be strongly encouraged to make a cost/benefit analysis of the MTRS and provide resources to implement high priority measures.
SM II: Local resources may be insufficient for reaching all counterparts for reform	Medium	CD will aim to foster collaboration through workshops and collective discussions.
Other Risks		
N/A	N/A	N/A

V. PROJECT MANAGERS CONTACT INFORMATION

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