2025/26 Agriculture Sector Budget

Agricultural Non State Actors Forum

Towards Building Inclusive and Resilient Food Systems.

Activity

Multi-stakeholders dialogue on the proposed 2025/26 Budget and Finance Act Bill, 2025

Presenter Name

Werner Hillary

Date

18 June 2025





OVERVIEW OF MACROECONOMIC PERFORMANCE

Real GDP Growth

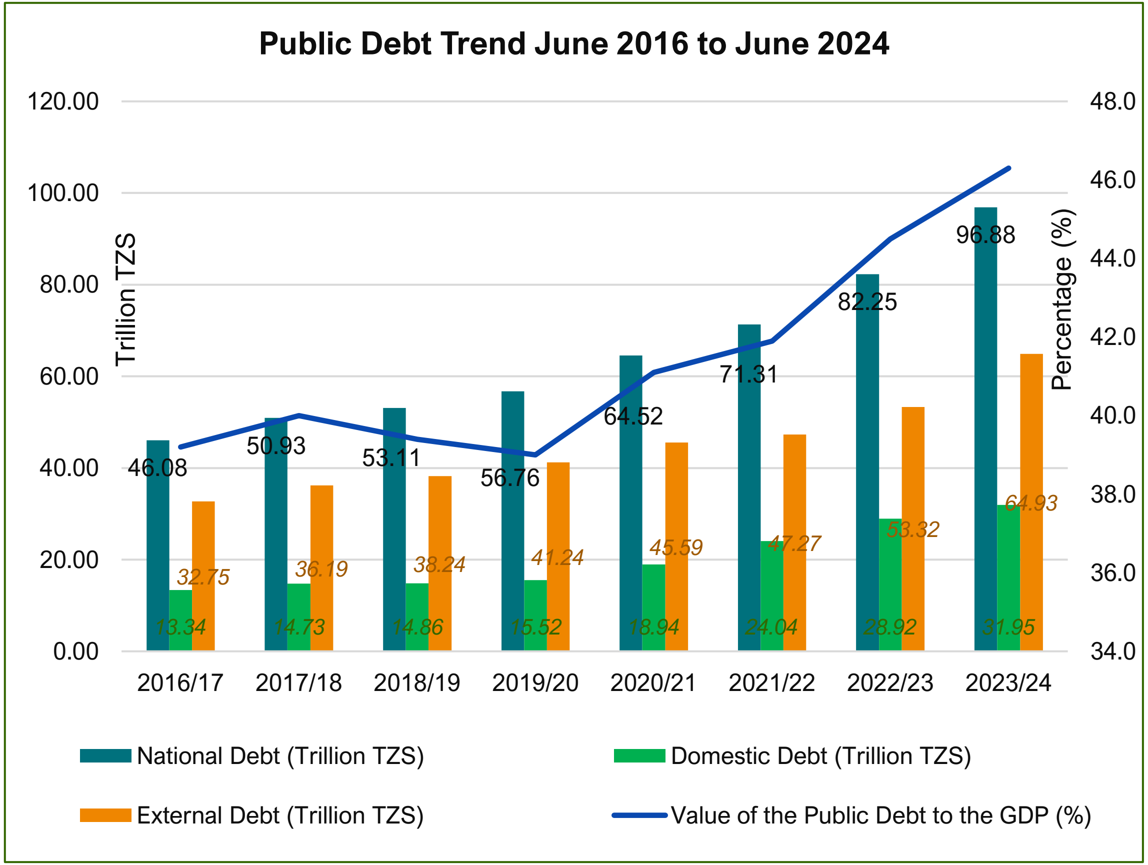
- Was 148 trillion TZS in 2023 compared to 141 trillion TZS 2022, ~ 5.1% growth
- Has grown by 5.5% in 2024, and is expected to grow by 6% in 2025, - contributed by agriculture, industries, tourism and stimulated by public investment and improvements to enhance business environment.
- Domestic Revenue: 15.8% of the GDP in 2024/25, expected to reach 16.7% in 2025/26.
- Tax Revenue: 12.8% of the GDP in 2024/25, expected to reach 13.3% in 2025/26.

Inflation rate

- 3.2% in 2022/23, within EAC na SADC member states’ range (5%)
- Targets: To maintain the inflation rate to a single digit at an average between 3.0% and 5.0%.

Source: IMF, MoA & MoF

OVERVIEW OF MACROECONOMIC PERFORMANCE

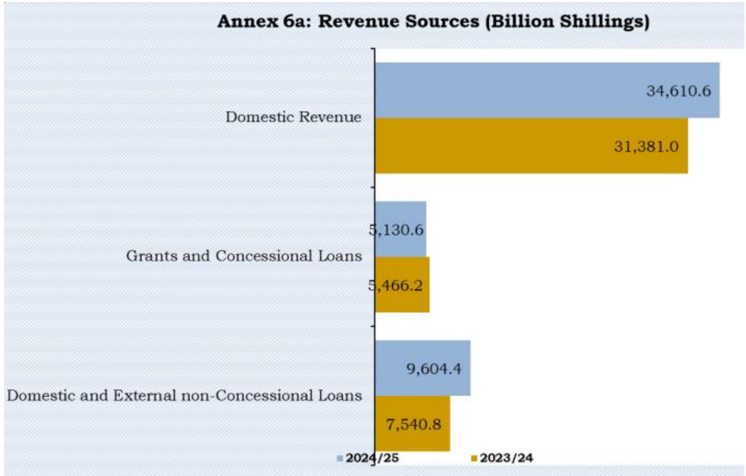


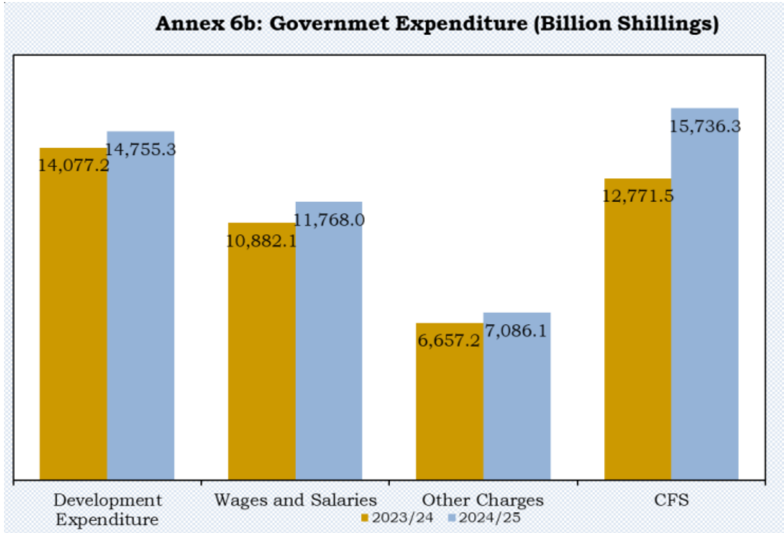
- By April 2025, the Public Debt Stock reached 107.70 trillion TZS, out of which external debt was 72.94 trillion TZS (~68%) and domestic debt was 34.76 trillion TZS (~32%).
- The Debt Sustainability Analysis conducted in October 2024 indicates the debt to be sustainable in the short, medium, and long term.
- The public debt value to GDP was 40.3% compared to the threshold of 55%
- External debt value to GDP was 23.6%, compared to the threshold of 40%
- External debt value to exports is 123.8%, compared to the threshold of 180%.

Source: MoF, CAG

GOVERNMENT BUDGET 2024/25

- Budget Estimates for 2024/25 was **49,345,687,645,000 TZS**
- 34.61 trillion TZS (70%) from domestic revenue and 14.73 trillion TZS (30%) from foreign sources.



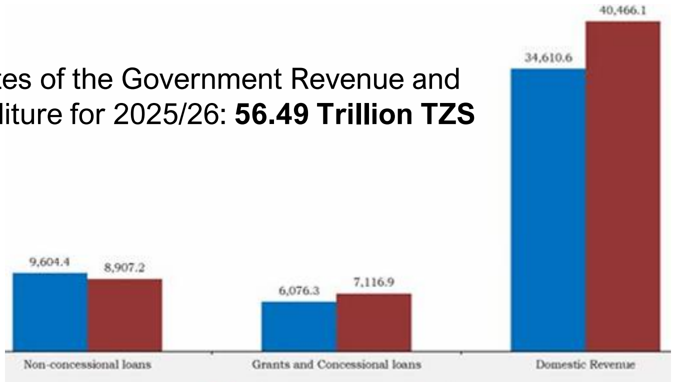


- In February 2025, a Bill that was submitted to the National Assembly approved authorization of supplementary expenditure of 945,720,571,662.79 TZS out of Consolidated Fund, to be spent in the education and health sectors, tourism and road infrastructure (about 583 billion TZS for development expenditure and 362 billion TZS for recurrent expenditure).
- Out of the 945.72 billion; 460 billion TZS had been received from AfDB (a delayed delivery from the 2023/24 budget) and 130 billion TZS from IMF by December 2024, and 356 billion TZS was expected from IMF, increasing the budget by about 1.9% to 50.29 trillion TZS.
- The Government plans to collect and spend 56.49 trillion TZS in 2025/26 (~12% increase).

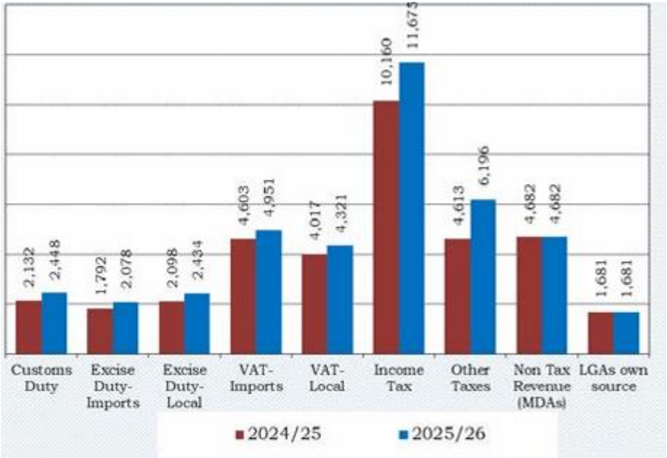
Source: CAG, MoF, OAG

2025/26 GOVERNMENT BUDGET PLANS

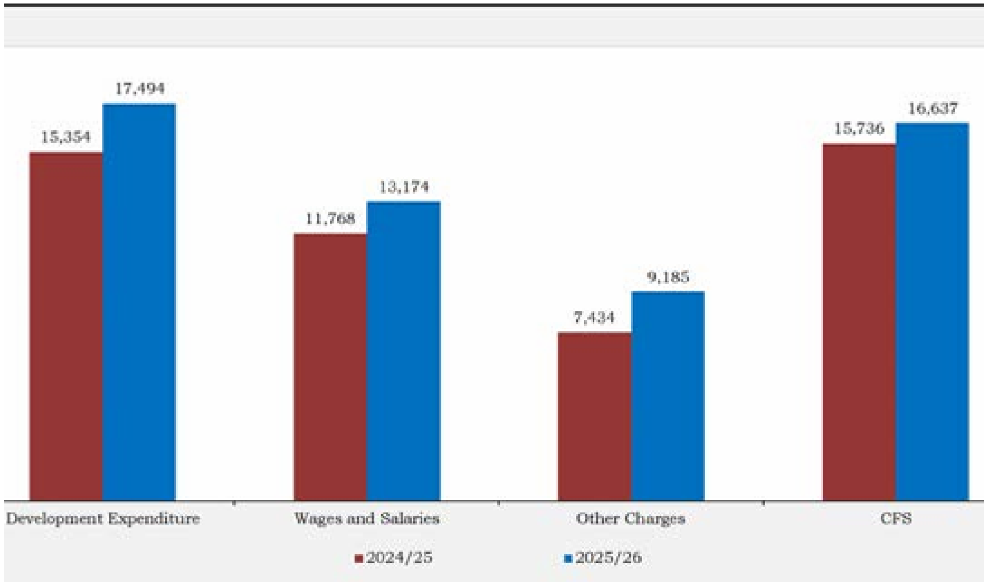
Estimates of the Government Revenue and Expenditure for 2025/26: **56.49 Trillion TZS**



Domestic Revenue Sources (Billion Shillings)



Government Expenditure (Billions shillings)



Source: MoF

AGRICULTURE SECTOR

- Accounts 26.3% of the GDP,
- 100% of all food requirement in the country, and employs 61.4% of the population,
- Sectoral growth in 2024: **4.1%**
- Food Sufficiency Ratio: **128%**

AJENDA 2063	• Hunger Eradication and Food Security
CAADP/ Malabo Declaration	• 10% of the national budget to agriculture • Reducing post-harvest losses by 50%.
ASDP II	• Inclusive and sustainable agricultural growth of 6% annually by 2024/2025. • Reduced rural poverty; reducing the percentage of rural population below the poverty line from 33.3% in 2011/2012 to 24% in 2025. • Enhanced food security and nutrition including reduced percent of rural households below food poverty line from 11.3% in 2011/2012 to 5% in 2025.
AGENDA 10/30	• 10% sectoral growth by 2030

Source: AU, MoA & PMO.

PUBLIC INVESTMENT IN AGRICULTURE

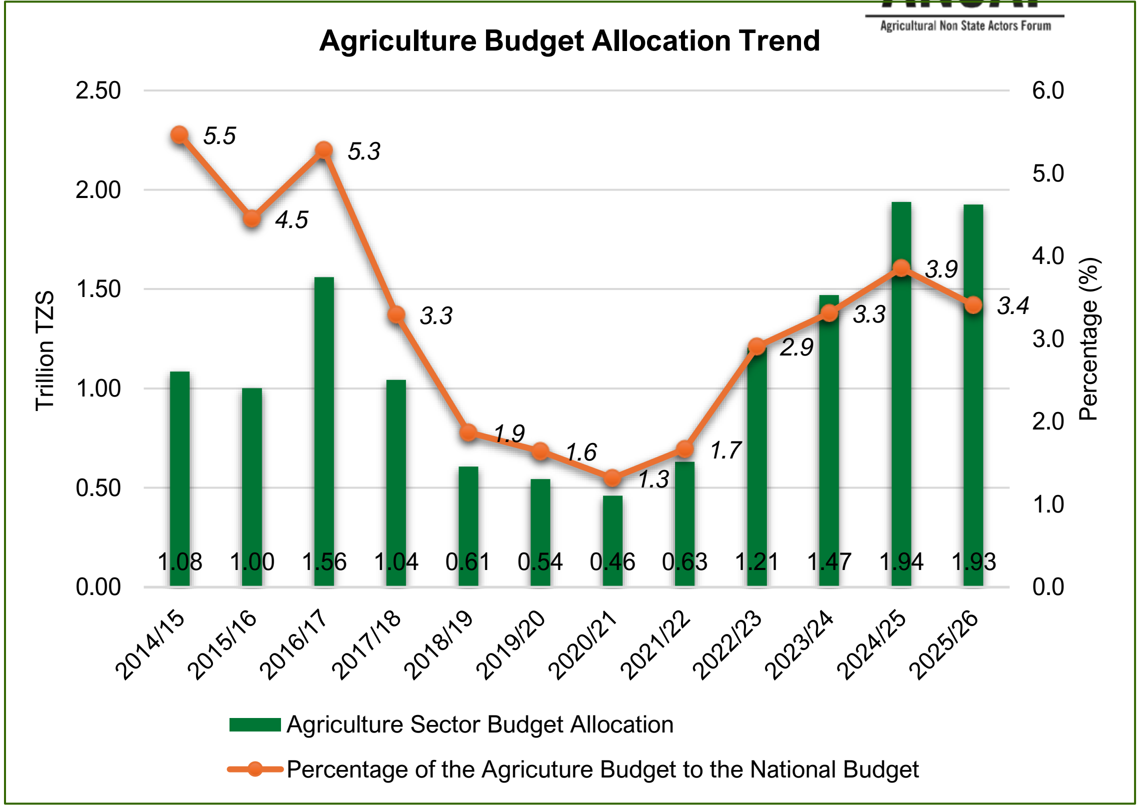
- **Increased production** of traditional cash crops *Eg. Cashew; from 210,786 tons in 2020/2021 season to 528,263.82 tons in 2024/2025 season, Coffee; 59,318 tons to 81,366 tons in 2024/2025.*
- **Increased agriculture export earnings** from 1.2 Billion USD in 2019/2020 to 3.54 Billion USD in 2023/2024.
- Establishment of the **Agriculture Development Fund – ADF** through the Public Finance Act, CAP 348 which commenced its operations in January 2025.
- Establishment of the **Cooperatives Bank of Tanzania** – with 58 billion TZS capital, 4 branches in Dodoma, Tabora, Mtwara and Kilimanjaro, 58 Cooperative Unions to be registered as agents.
- Review of the Cooperatives Act No.6 of year 2013 to give the **Registrar the authority** to take **immediate action upon noticing embezzlement** right after receiving the audit report.
- The **ASDP II mid-term review** of first five years implementation that was conducted in 2023/2024 showed that the targeted results were reached by 66% and emphasized the need to enhance investment in the crop and fisheries subsectors for the intended targets to be fully realized.
- Completion of the **Agriculture Transformation Masterplan 2050**

Source: MoA & PMO

PUBLIC INVESTMENT IN AGRICULTURE

CAADP/ Malabo Declaration

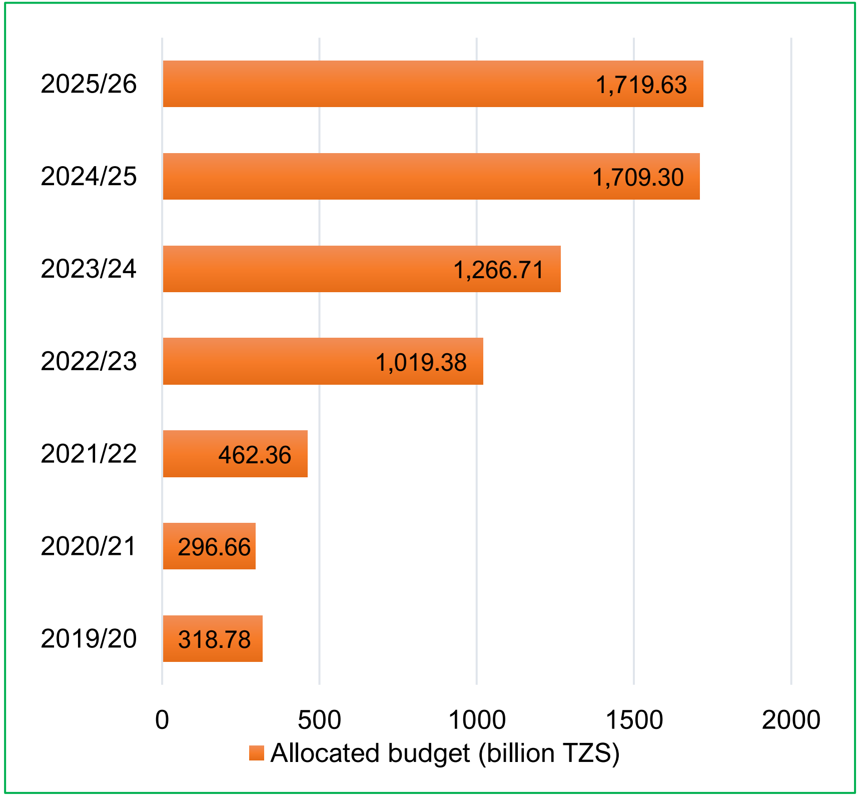
- Allocating 10% of the national budget to agriculture .
- Achieving 6% sectoral growth annually by 2025.
- There has been a significant increase in sectoral budget allocation for the past five years.
- Agriculture budget allocation increased from **459.74 billion TZS** in **2020/21** to **1.2 trillion TZS** in **2022/23**, **1.47 trillion TZS** in **2023/24** and **1.94 trillion TZS** in **2024/25**.
- **~1.3%** of the total budget in 2020/21 to **3.9%** 2024/25 and **3.4%** in **2025/26**.



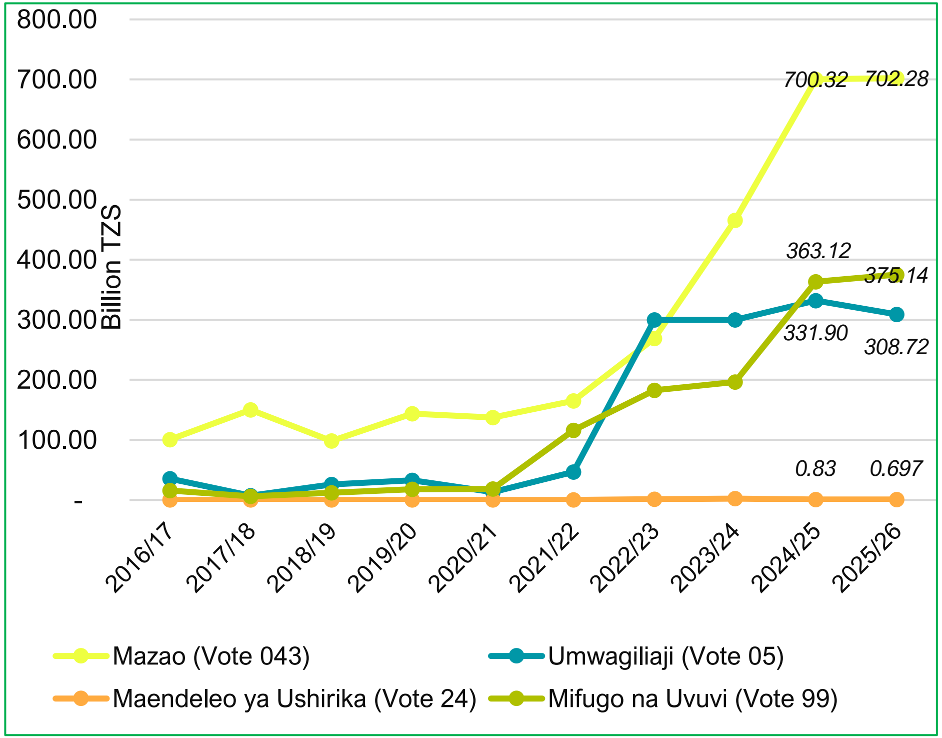
Source: MoF, MoA & MLF

PUBLIC INVESTMENT IN AGRICULTURE

Budget Plans - Ministry of Agriculture, and Ministry of Livestock and Fisheries



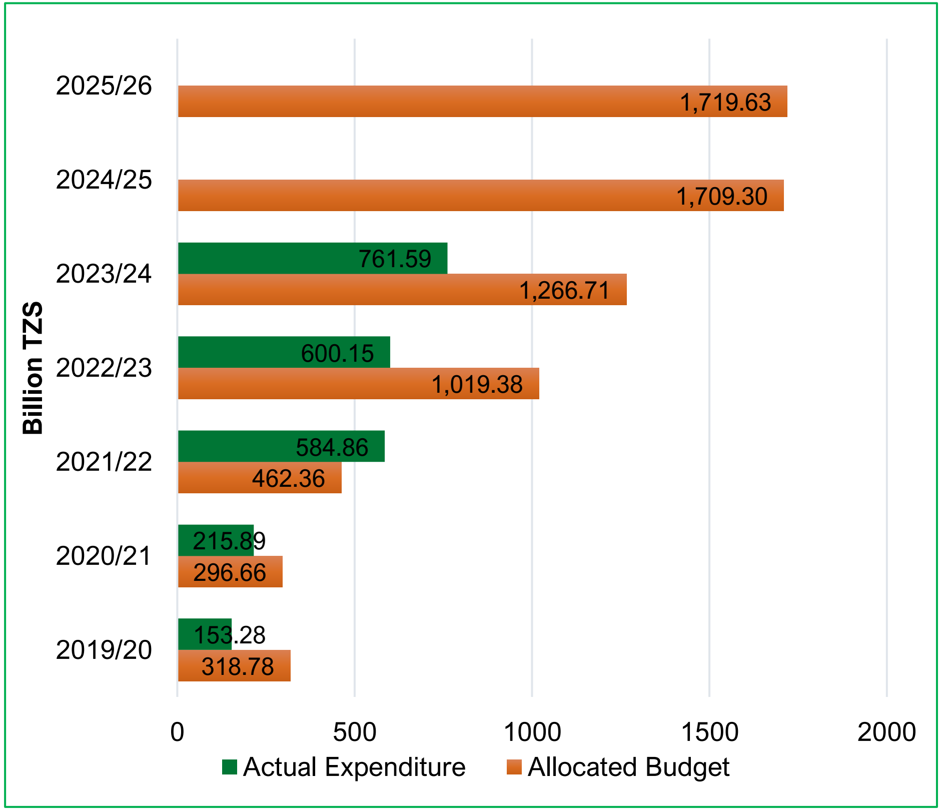
Agriculture Development Budget Allocation



Source: MoA, MLF & MoF.

PUBLIC INVESTMENT IN AGRICULTURE

Ministry of Agriculture and Ministry of Livestock and Fisheries Budget



To the Ministry of Agriculture;
By April 2025, 664.36 Billion TZS equivalent to 53.19% of total approved budget was disbursed - 568.06 billion TZS for development expenditure and 96.299 billion TZS for recurrent.

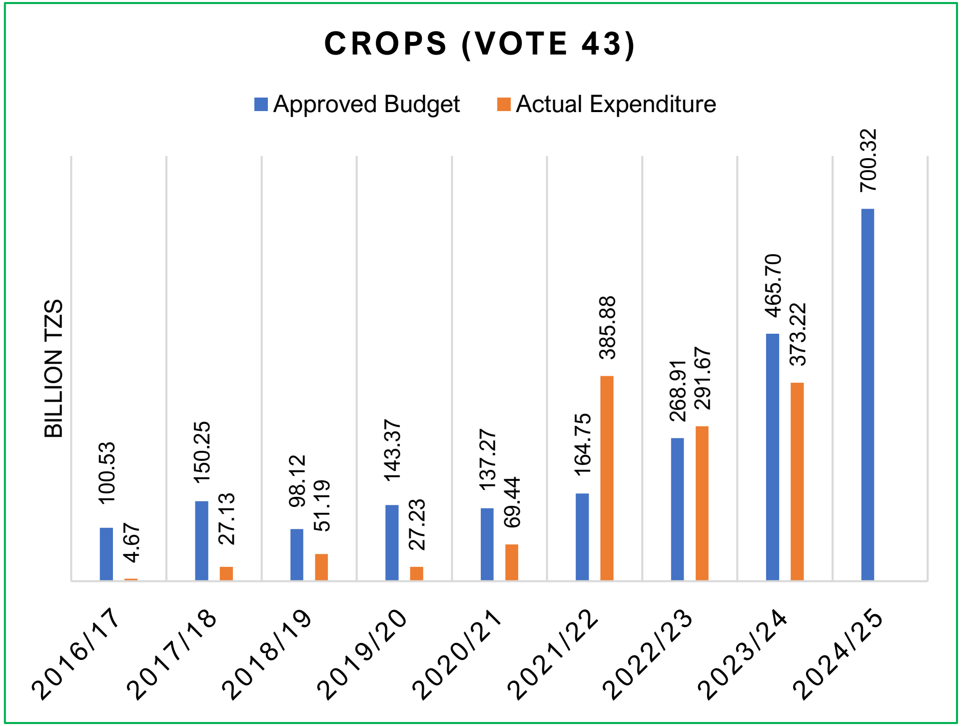
To the Ministry of Livestock and Fisheries;

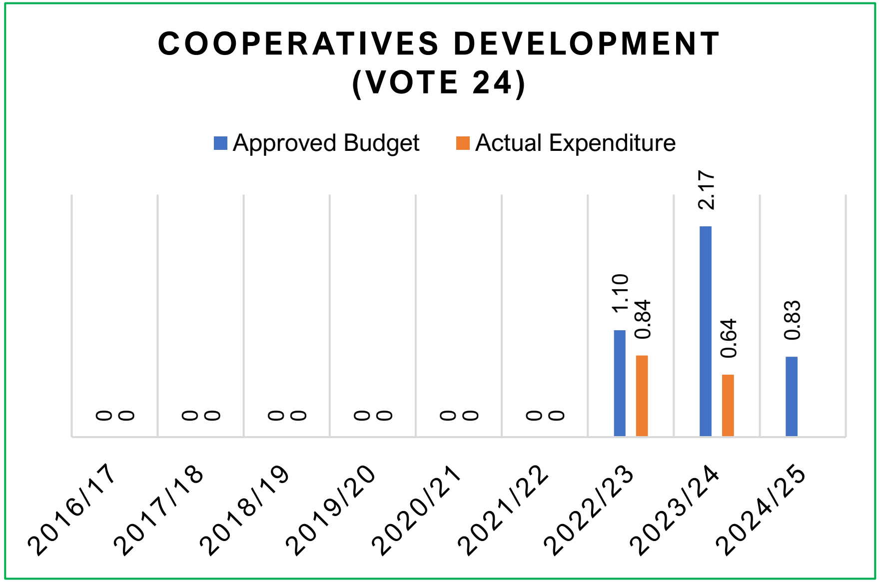
- By February 2025 ~ 23.2% of the approved budget had been received;
- By April 2025, 131.96 billion TZS ~ 28.67% of the approved budget had been disbursed.

Late disbursement and under-releasing, particularly of the development budget ultimately undermines execution of development activities as it often results in delayed project completion and in some cases incompletion.

Source: Bunge, MoA, MLF & MoF.

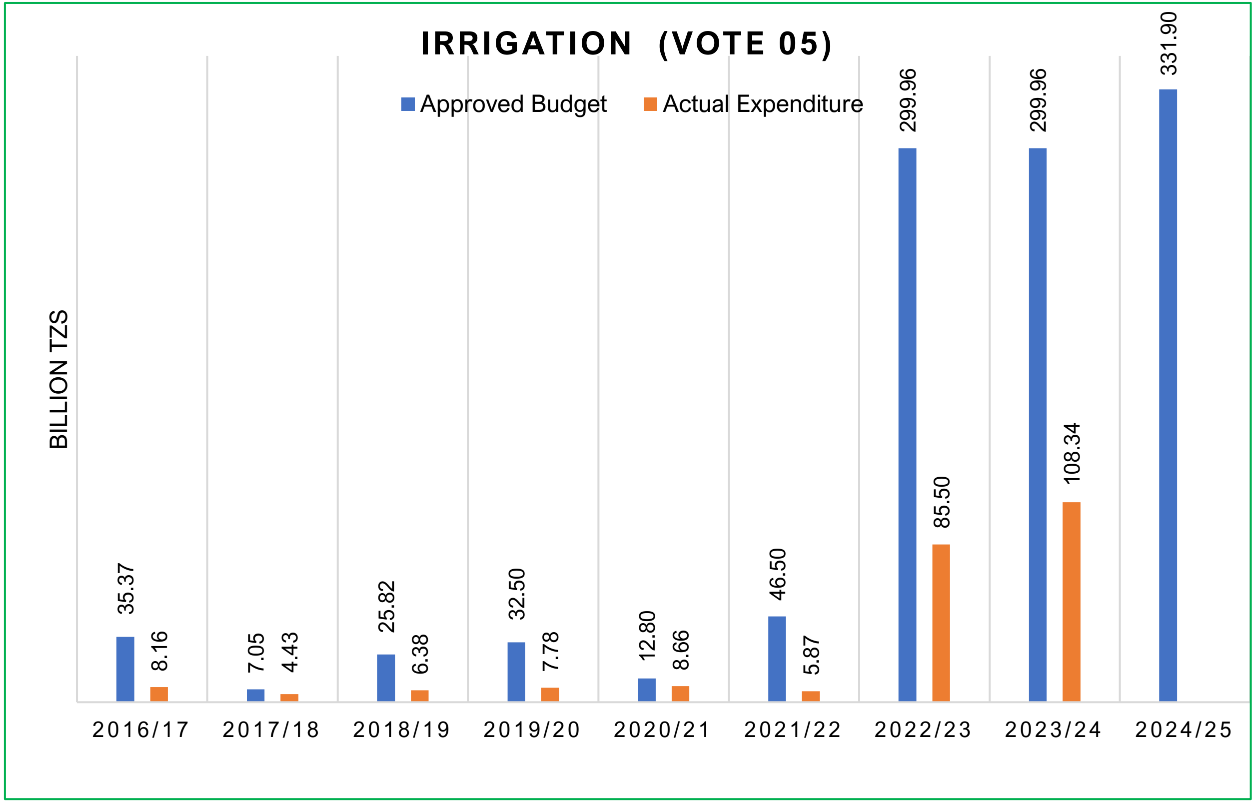
DEVELOPMENT BUDGET PERFORMANCE





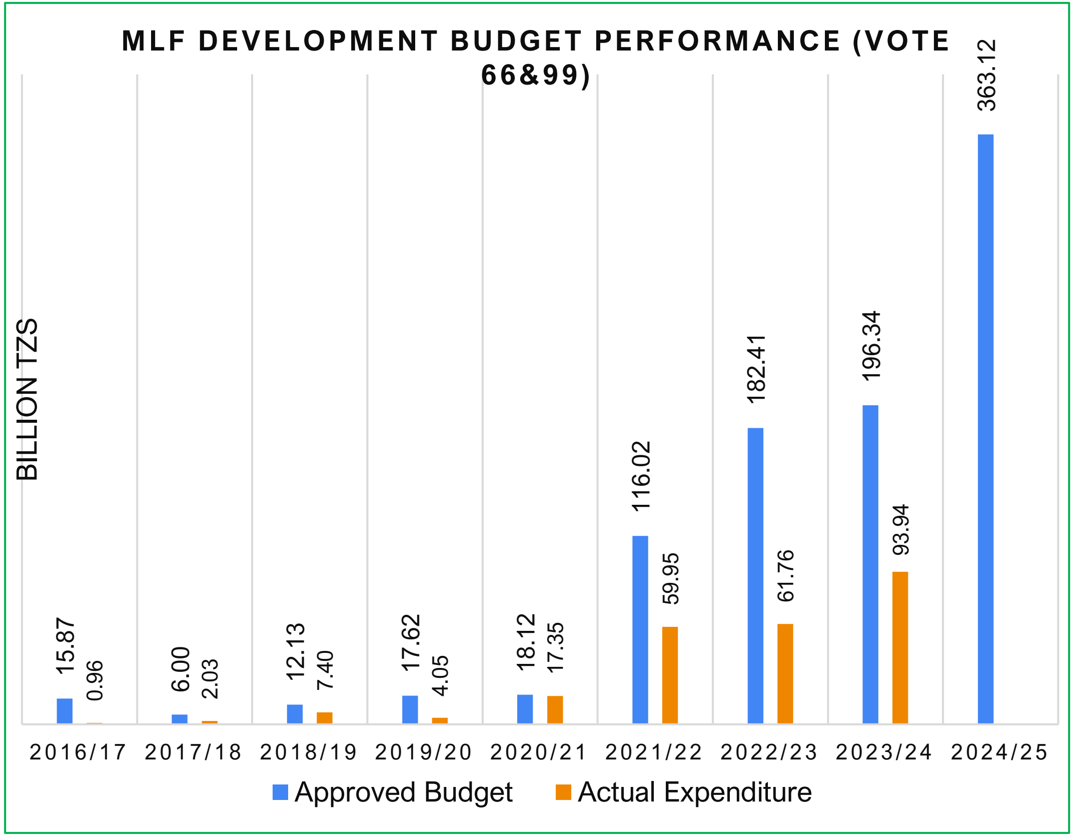
Source: MoA & MoF.

DEVELOPMENT BUDGET PERFORMANCE



Source: MoA & MoF.

DEVELOPMENT BUDGET PERFORMANCE



By February 2025,

Only 65.64 billion TZS ~ **18.07%** of the approved development budget had been received by the Ministry of Livestock and Fisheries.

By April 2025,

Only 86.56 billion TZS ~ **23.84%** of the approved development budget for 2024/25, had been received by the Ministry of Livestock and Fisheries.

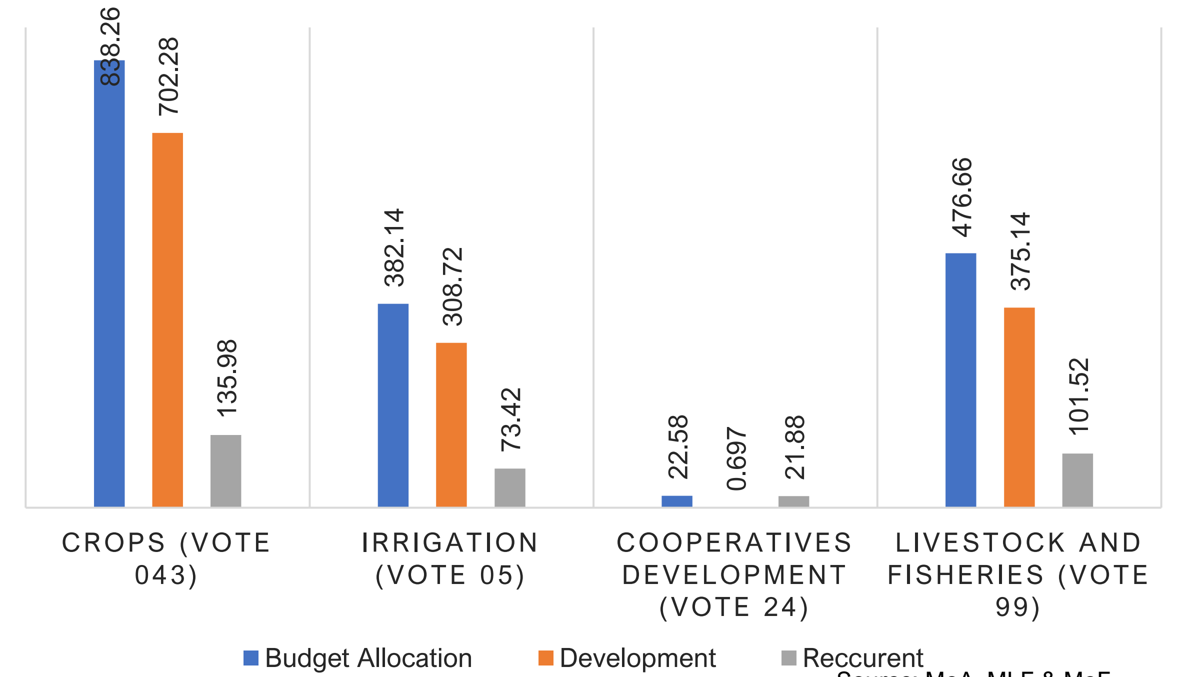
Source: Bunge, MLF & MoF.

AGRICULTURE BUDGET PLANS FOR 2025/26

ANSAF
Agricultural Non State Actors Forum

Ministry of Agriculture; **1.24298 rillion TZS** *from 1.24896 trillion TZS in 2024/25*

Ministry of Livestock and Fisheries; **476.66 billion TZS** *from 460.33 billion TZS in 2024/25.*



Source: MoA, MLF & MoF.

AGRICULTURE BUDGET PRIORITIES FOR 2025/26

Ministry of Agriculture

1. Increasing Productivity

Seed research, seed, seedling, fertilizer and pesticides subsidies, farmers database, capacity building, extension services, soil testing, irrigation, agriculture zones, services centers and inputs purchase.

2. Increasing Decent Jobs for Youth and Women

Land accessibility and large-scale farms, BBT at LGAs, water/dams, loans to youth and women, seedling production, value addition, and extension.

3. Improving Food and Nutrition Security

Reach 3 million tons storage capacity by 2030, increase NFRA purchase capacity, and use biofortification.

4. Strengthening Market Accessibility, Capital and Export Trade

Market infrastructure, value addiction, private sector, domestic and export trade, capital, and high-quality laboratory.

5. Improving ICT use

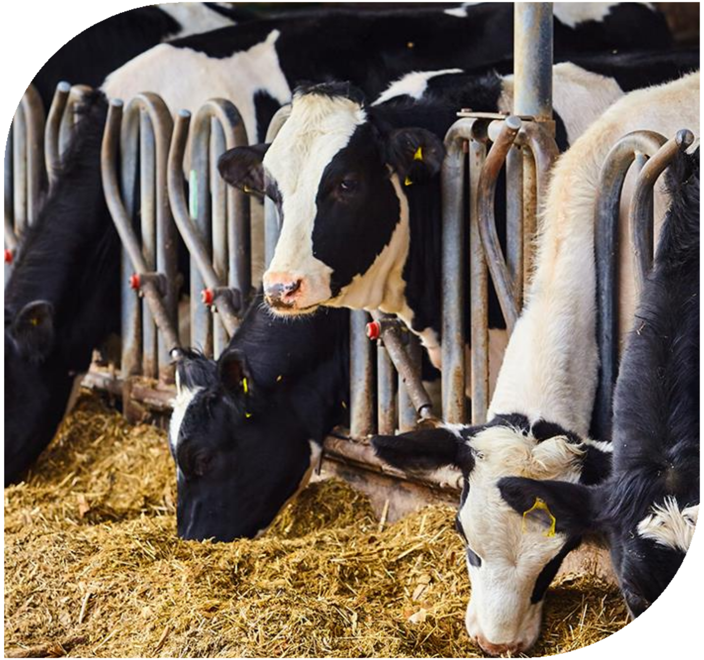
6. Cooperatives Development

Source: MoA

AGRICULTURE BUDGET PRIORITIES FOR 2025/26

Ministry of Livestock and Fisheries

1) Increasing production, markets and value addition for livestock and fisheries produce.
2) Enhancing protection and management of livestock and fisheries resources.
3) Promoting investment in the Livestock and Fishing Sectors.
4) Improving research, training and extension services.



Source: MLF

PROPOSED REFORMS ON REVENUE MEASURES IN 2025/26

❑ **Value Added Tax, CAP 148;**

- Exempt VAT on pesticides- HS Codes 3808.61.00, 3808.62.00 and 3808.69.00.
- Exempt VAT for one year on edible oil produced locally using locally grown seeds.
- Exempt VAT on agricultural tractor tires - HS Code 4011.70.00; dam liners - Heading 39.20; forks (HS Code 8201.90.00); forks (HS Code 8201.30.00); and axes (HS Code 8201.40.00) - subject to the Minister for Agriculture’s approval.
- Zero rate VAT for one year for textile products made from locally grown cotton.
- Zero rate VAT for locally produced fertilizers for three years.
- Reduce VAT to 16% for purchase of goods with online payment (B2C).

Source: MoF

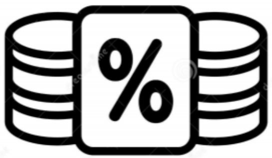
PROPOSED REFORMS ON REVENUE MEASURES IN 2025/26

- **The Income Tax Act, CAP 332;**
- Introduce a new procedure for estimating income tax for goods-carrying vehicles; 120,000 TZS for those with load capacity not exceeding 500 kgs, including Guta, and 250,000 TZS for those between 500 kg and 1 ton.
- Impose an income tax at a rate of 3.5% on income derived from the sale of forest products, to be paid in a single installment for each consignment value.
- Abolish the 10-year tax holiday for Export Processing Zone (EPZ) and Special Economic Zone (SEZ) entities that sell any goods or services in the domestic market.

- **The Excise (Management and Tariff) Act, CAP 147)**
- Introduce excise duty at a rate of 100 TZS per kg on imported crisps and 50 TZS per kg on locally manufactured crisps - HS Codes 1905.90.90, 2005.20.00 na 2008.99.00.
- Introduce excise duty at a rate of 10% on imported ice cream and other edible ice, and 5% on locally manufactured ice cream - HS Code 2105.00.00
- To introduce excise duty at a rate of 10% on imported sausages and similar products and 5% on locally manufactured - HS Code 1601.00.00.
- Introduce excise duty at a rate of 500 TZS per kg on imported margarine - Heading 15.17.
- Exempt excise duty on un-denatured ethyl alcohol - HS Code 2207.10.00 used in manufacturing of goods other than alcohol, including food flavor such as cocoa, vanilla and coffee.

Source: MoF

PROPOSED REFORMS ON REVENUE MEASURES IN 2025/26



- **The Local Government Finance Act CAP 290**
  - Reduce service levy from the current rate of not exceeding 0.3% of the gross revenue to a fixed rate of 0.25% of gross revenue.
  - Remove loading and offloading fees charged by LGAs related to transportation of goods.

- **The Budget Act, CAP 439 and The Public Finance Act, CAP 348**
  - Establish a requirement for Ministries, Government Institutions, Agencies, and LGAs to consult the Minister of Finance prior introducing or reviewing any levies or fees.

- **The Public Finance Act, CAP 348**
  - Introduce varying rates of contribution from Government Agencies, Parastatals, and Government Institutions, ranging from 15% to 60% of gross revenue, to be remitted to the Consolidated Fund on a monthly basis, instead of the current practice of remitting a fixed rate of 15% of gross revenue for every quarter.

Source: MoF

PROPOSED REFORMS ON REVENUE MEASURES IN 2025/26

Agricultural Non State Actors Forum

❑ The East African Community Customs Management, 2004

- Grant stay of application of EAC CET rate of 35% and apply a duty rate of 35% or USD 300/MT whichever is higher for one year on refined vegetable oils - HS Codes 1507.90.00; 1508.90.00; 15.09; 15.10; 1511.90.30; 1511.90.90; 1512.19.00; 1512.29.00; 1513.19.00; 1514.19.00; 1515.29.00; 1514.99.00; 1515.50.00; 1513.29.00; 1515.19.00; 1515.60.00 na 1515.90.00.
- Grant stay of application of EAC CET rate of 0% and apply a duty rate of 10% for one year on cocoa powder, not containing added sugar or other sweetening matter - HS Code 1805.00.00.
- Grant duty remission at a duty rate of 0% instead of 25% for one year on packaging materials used for processed coffee- HS Codes 7310.21.00; 6305.10.00; 4819.20.90; na 5407.44.00.
- Grant duty remission at a duty rate of 0% instead of 25% for one year on packaging materials used by local producers of agricultural seeds - HS Codes 6305.10.00; 4819.40.00; 7310.29.90; 6305.33.00; 6305.20.00; 6304.91.90 na 7607.19.90.
- Grant duty remission at a duty rate of 10% instead of 35% on imported wheat grain - HS Codes 1001.99.10 na 1001.99.90 for one year.

Source: MoF

PROPOSED REFORMS ON REVENUE MEASURES IN 2025/26

❑ The East African Community Customs Management, 2004

- Grant stay of application of the EAC CET rate of 25% and apply a duty rate of 0% for one year on iron and steel cans used in the dairy industry - HS Codes 7310.10.00 and 7310.29.90.
- Grant duty remission and stay of application on raw materials, accessories and machineries used to manufacture textiles and leather products.
- Grant duty remission at a duty rate of 0 instead of 35% or 10% for one year on raw material used in leather processing - HS Codes 3208.20.10; 3208.20.20; 3208.90.20 and 3210.00.10.
- Grant duty remission at a duty rate of 0% instead of 25% or 10% for one year on raw materials used to manufacture fertilizers - HS Codes 2710.99.00, 2528.00.00 and 3505.20.00.
- Grant duty remission at a duty rate of 0% instead of 25% for one year on packaging materials used by local tea blenders - HS Codes 4819.20.90; 5407.44.00 and 3923.29.00.
- Grant duty remission at a duty rate of 10% instead of 25% for one year on CKD for three-wheel motorcycle excluding chassis and its components - HS Code 8704.21.90.
- Grant stay of application of EAC CET rate of 105 and apply a duty rate of 25% for one year on cotton yarn under Headings 52.05, 52.06 na 52.07 except HS Code 5205.23.00.

Source: MoF

PROPOSED REFORMS ON REVENUE MEASURES IN 2025/26

Agricultural Non State Actors Forum

The East African Community Customs Management, 2004

- Grant stay of application of the EAC CET rate of 25% and apply a duty rate of 35% on horticultural products - HS Codes 0604.20.00; 0604.90.00; 0808.10.00; na 0808.30.00 for one year.
- Grant duty remission at a duty rate of 0% instead of 10 percent or 25% for one year on inputs - HS Codes 4804.39.00; 4805.11.00; 4805.19.00; 4805.24.00; na 4805.25.00; used to manufacture corrugated boxes.
- Grant stay of application of EAC CET rate of 25% and apply a duty rate of 25% or 0.25 USD per meter whichever is higher on imported cotton grey fabric - HS Codes 5208.11.00; 5208.12.00; 5208.13.00; 5208.19.00; 5209.11.00; 5209.19.00; 5211.11.00; 5210.11.00; 5211.12.00; 5209.12.00; 5210.19.00; 5211.19.00; 5212.11.00; na 5212.21.00 for one year.
- Grant stay of application of EAC CET rate of 100% or US$ 460/MT whichever is higher and apply a duty rate of 35% for one year on cane sugar under HS Code 1701.14.90 imported under the Tanzania Sugar Board permit to cover the sugar production gap in the country.

Source: MoF

PROPOSED REFORMS ON REVENUE MEASURES IN 2025/26

❑ The East African Community Customs Management, 2004

- Grant duty remission at a duty rate of 0% instead of 25% or 35% for one year on inputs used by domestic manufacturers of yoghurt, powdered or UHT milk – HS Codes 3923.50.90; 4819.20.90; 4819.30.00; 4819.50.00; 4821.90.00; na 7607.19.90.
- Grant stay of application of the EAC CET rate of 35% and apply a duty rate of 50% for one year on table salt - HS Code 2501.00.90.
- Grant stay of application of EAC CET of 0% and apply a duty rate of 10% for one year on crude vegetable oils of soya-beans, groundnuts, coconuts, mustard and linseed - HS Codes 1507.10.00; 1508.10.00; 1513.11.00; 1513.21.00; 1514.11.00; 1514.91.00; na 1515.11.00.

Moreover, the East African Community Partner States have agreed to introduce the East African Community Assembling and Manufacturing of Goods Regulations with the implementation set to take effect on 1st July 2026.

Source: MoF

PROPOSED REFORMS ON REVENUE MEASURES IN 2025/26

- **The Business Licensing Act, CAP. 101**

  - Repeal section 3(4) of the Act, which obliges business licensing authorities to order the closure of a business upon a breach of the Act by the business owner, to address the challenges encountered by business owner and implement the Government's directive to avoid the closure of businesses.

- **Fees and Levies of the Government Agency and the Implementation of the Blueprint Improvement Plan**

  - Reduce the market and export fee charge from 31,000 TZS to 30,000 TZS for cattle and large animals, and from 7,000 TZS to 6,500 TZS for sheep and goats.
  - Reduce the import fee for fin fish except Tilapia, from USD 2.5 to 1,300 TZS per kilogram of the fish.
  - Impose a requirement that interest on OSHA fines not exceed 100% of the original fine instead of the current practice of charging interest at the rate of 5% of the fine for each day.

Source: MoF

THANK YOU FOR LISTENING….

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