ANSAF
Agricultural Non State Actors Forum

2025/26 AGRICULTURE SECTOR PRE-BUDGET ANALYSIS

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2025 Agricultural Non-State Actors Forum

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About ANSAF

The Agricultural Non-State Actors Forum is a member-driven platform that advocates for supportive agricultural policy and practices through collaborative efforts to influence sustainable transformation of smallholder producers' livelihoods and agri-food systems.

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Abbreviations and Acronyms

~	Equivalent to
%	Percentage
ANSAF	Agricultural Non-State Actors Forum
ASA	Agricultural Seed Agency
ASDP II	Agricultural Sector Development Programme II
BoT	Bank of Tanzania
CAADP	Comprehensive African Agricultural Development Programme
CAG	Controller and Auditor General
CSOs	Civil Society Organizations
GDP	Gross Domestic Product
IMF	International Monetary Fund
LGAs	Local Government Authorities
MLF	Ministry of Livestock and Fisheries
MoA	Ministry of Agriculture
MoF	Ministry of Finance
NFRA	National Food Reserve Agency
PMO	Prime Minister's Office
TaCRI	Tanzania Coffee Research Institute
TARI	Tanzania Agricultural Research Institute
TFC	Tanzania Fertilizer Company
TFRA	Tanzania Fertilizer Regulatory Authority
TOSCI	Tanzania Seed Quality Assurance Institute
TZS	Tanzanian Shillings

1. Introduction

1.1 Background Information

Agriculture is the mainstay of Tanzanian economy, contributing 26.5% of the GDP, fulfilling 100% of all food requirements, supplying 65% of industrial raw materials and employing 65.6% of the population (MoA, 2024). Tanzania is committed to implementing the Comprehensive African Agricultural Development Programme (CAADP), currently operational through the commitments of the Malabo Declaration of 2014 (2015-2025). Through this framework, Tanzania and other African countries committed to allocating at least 10% of their government budgets to the agricultural sector and achieving an average annual sectoral growth of 6%. However, the latest Biennial Review Report (the 4th) of 2024 indicates that many countries, including Tanzania, are falling short of these targets, particularly in terms of investment in the sector.

In alignment with the vision, Tanzania had introduced the agenda 10/30, aimed at commercializing the agricultural sector and achieving a 10% growth in agriculture by 2030. Additionally, the fiscal year 2024/2025 marked the beginning of the second phase of the Agricultural Sector Development Programme II (ASDP II) and the National Agricultural Investment Plan (NAIP), which seeks to domesticate the CAADP framework within Tanzania. The country has recently seen a sharp increase in budgetary allocation to the agriculture sector; however, it still falls short of the 10% benchmark set by the African Union through the Malabo Declaration of 2014.

Moreover, timely and adequate disbursement of the approved budget has been a major persistent challenge. For instance, 600.15 billion TZS (~59%) was spent the Ministry of Agriculture and the Ministry of Livestock and Fisheries in 2022/23, compared to the allocated 1.019 trillion TZS. The total development expenditure was 439.77 billion TZS (~58%) out of the 752.38 billion TZS approved allocation.

This pre-budget analysis provides an overview of the agriculture sector performance, including previous budgets' implementation, interventions by the Government and other actors, policy issues that need reforms, challenges in budget implementation, and recommendations for the Government in the year 2025/26 budget focus. The recommendations intend to influence both Government and private sector investments to the sector and sustainable transformation through growth and income generation and employment creation.

1.2 Overview of Macro-economic Performance

1.2.1 Economic Growth

The global economy growth has been holding steady at an average of 3.3% in 2023, despite the ongoing socio economic and political challenges, and it is projected to grow by 3.2% in 2024 and by 3.3% in 2025 and 2026, below the historical (2000–19) average of 3.7%. In East Africa the average growth was 4.6% in 2023 compared to 4.2% in 2022, and it expected to be 5.4% in 2024 and 6.1% in 2025 (IMF, 2025; MoF, 2024).

In Tanzania, real GDP was about 148 trillion TZS in 2023 compared to 141 trillion TZS in 2022, equivalent to a growth of 5.1% below the annual target of 5.2% due to rising production costs in some sectors associated with increase in global commodity price; climate change impacts to infrastructure and agriculture production, as well as measures taken by developed countries to curb inflation that increased the cost of borrowing from the international financial markets thus affected implementation of some projects (MoF, 2024). This growth of 5.1% is higher than SADC projected growth of 3.6% in 2023.

The inflation rate is also under control at an average rate of 3.2% by 2022/23, which is within the required range of 5% by the EAC and SADC member states. In 2024, the real GDP growth was projected to be 5.4%, 5.8% in 2025 and 6.1% in 2026, driven by agriculture, manufacturing, and

tourism and supported by public investments and reforms to improve the business environment (MoF, 2024). Between January and September 2024, the real GDP growth was 5.6% (MoF, 2025).

1.2.2 The National Debt

In the last eight years, the national debt has been growing at an average rate of 11% as depicted in Figure 1. The Debt Sustainability Analysis (DSA) that was conducted in November 2024, disclosed the debt to remain sustainable in the short, medium to long-term since all the debt burden indicators were below the international agreed thresholds.

This indicates that, the country has space to borrow for funding development projects while meeting future financial obligations without sharp adjustment to revenue and expenditure (MoF, 2024).

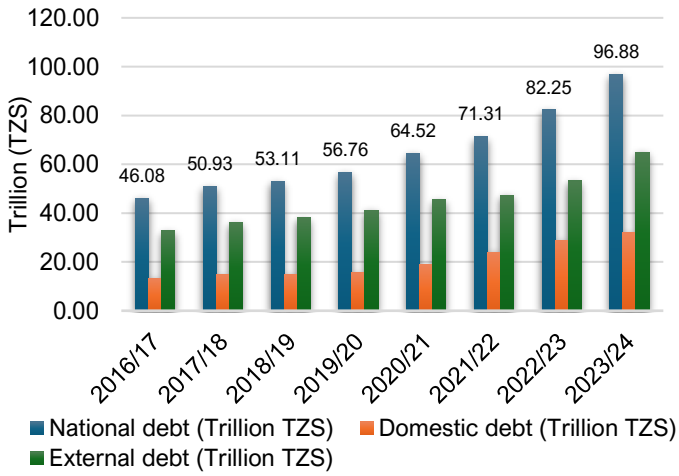

Figure 1: National debt trend from June 2017 to June 2024 (Data Source: CAG and MoF).

By the end of December 2024, Central Government debt stock was 93.69 trillion TZS, out of which 61.04 trillion TZS was external debt (65.1%) and 32.65 trillion TZS was domestic debt (34.9%). The debt increase is attributed to Government borrowing to finance development projects, depreciation of shilling against US Dollar and securitization of NSSF and PPL loans totalling 497.23 billion TZS (MoF, 2024; MoF, 2025)

1.2.3 Review of the Government Plan Implementation and Budget.

The country has been experiencing a steady increase in the budget allocation due to rising demand for financial resources. The budget implementation remarkably improved as depicted in Figure 2, indicating increasing country's capacity to effectively collect revenue for implementation of its plans.

The Government had approved approximately 49.35 trillion TZS for 2024/25, out of which 34.61 trillion TZS (70%) was expected to be collected from domestic revenue and 14.73 trillion TZS (30%) from external; 5.13 trillion TZS from grants and concessional loans and 9.60 trillion TZS from domestic and external non-concessional loans.

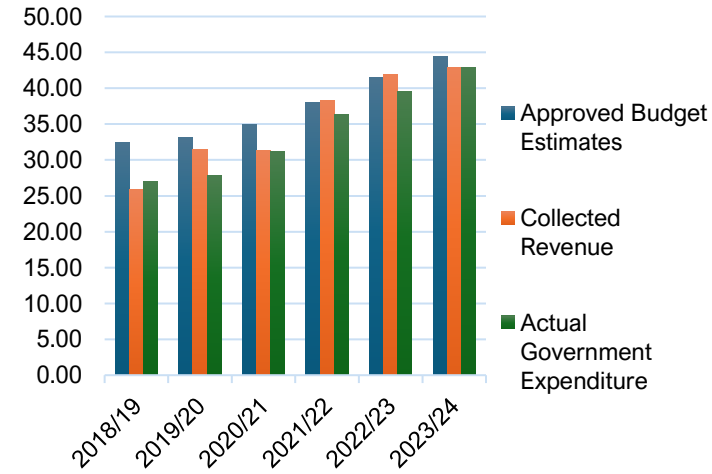

Figure 2: Government expenditure against approved budget (Data Source: CAG and MoF).

Between July and December 2024, about 20.926 trillion TZS had been collected; 17.42 trillion TZS from the domestic revenue, equivalent to 100.5% of the targeted 17.33 TZS for the period, 476 billion TZS received as grants, equivalent to 166.7% of the targeted 285.5 billion TZS and total financing was 3.03 trillion TZS against the targeted 3.38 trillion

TZS equivalent to 89.8%. However, total expenditure for the period was 12.21 trillion TZS below the targeted 13.67 trillion TZS due to delayed project implementation (MoF, 2025).

By January 2025, a total of about 29.31 trillion TZS had been collected, equivalent to 100.7% of the targeted 29.09 trillion TZS, whereby 29.6 trillion TZS equivalent to 101.8% of the target had been approved for spending between July 2024 and January 2025. The actual expenditure for this period exceeded the collected revenue by 298.5 billion TZS which was covered by a short term loan taken from BoT (MoF, 2025)

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). This increased the budget by about 1.9% to 50.29 trillion TZS from the approved 49.35 trillion TZS for 2024/25. Out of the 945.72 billion; 460 billion TZS had been received from the Africa Development Bank (AfDB) and 130 billion TZS from IMF by December 2024, and 356 billion TZS is expected to be received from IMF. The 460 billion from AfDB had been allocated in the 2023/24 budget but wasn't timely delivered (Bunge, 2025).

In 2025/26 the Government intends to collect and spend about 57.04 trillion TZS which is equivalent to 13.4% increase from the 50.29 trillion TZS approved estimates in 2024/25 (MoF, 2025).

1.2.4 Agriculture sector growth and contribution to the GDP.

Percentage of the total population employed in agriculture had been declining from 67.8% in 2015 to 58.1% in 2020 but increased to 65.6% in 2024. The agriculture sector annual growth which also had been declining from 4.4% in 2017 to 3.3% in 2021 has increased to 4.2 in 2024. However, this growth is very far from the Malabo/CAADP target of 6% by 2025 and the Agenda 10/30 target of 10% by 2030.

The share of the agriculture sector in total GDP decreased from 29.5% in 2019 to 26.1% in 2021 but started to increase to 26.5% in 2024. Considering that agriculture carries a large share (about 65.5%) of labour force to total the population, this trend raises concern. There is low productivity and higher levels of poverty among those who earn their livelihood from agriculture especially who live in rural areas. Moreover, the country has about 44 million hectares of arable land, however, only 10.8 equivalent to 24% is cultivated annually (Bunge, 2024).

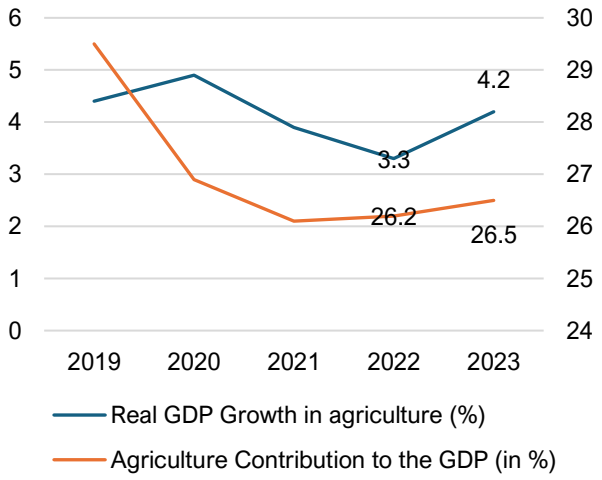

Figure 3: The real GDP Growth in agriculture and sectoral contribution to the national GDP.

2. Overview of the Agriculture Budget Performance.

2.1 Agriculture Budget Share in the National Budget.

The agriculture sector has recently experienced a remarkable increase in the budget allocation 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 as depicted in Figure 4. Its share in the national budget which had previously been declining since 2026/17 has increased from 1.3% in 2020/21 to 2.9% in 2022/23 and 3.9% in 2024/25.

Nonetheless, the country has failed to achieve its commitment to allocate at least 10% of the government budget to the agriculture sector by 2025, per the Maputo Declaration (2003), later reaffirmed under the Malabo Declaration 2014 ((implemented from 2015 to 2025), recently the Kampala CAADP Declaration on Building Resilient and Sustainable Agrifood Systems in Africa 2025 (to be implemented from 2026 to 2035).

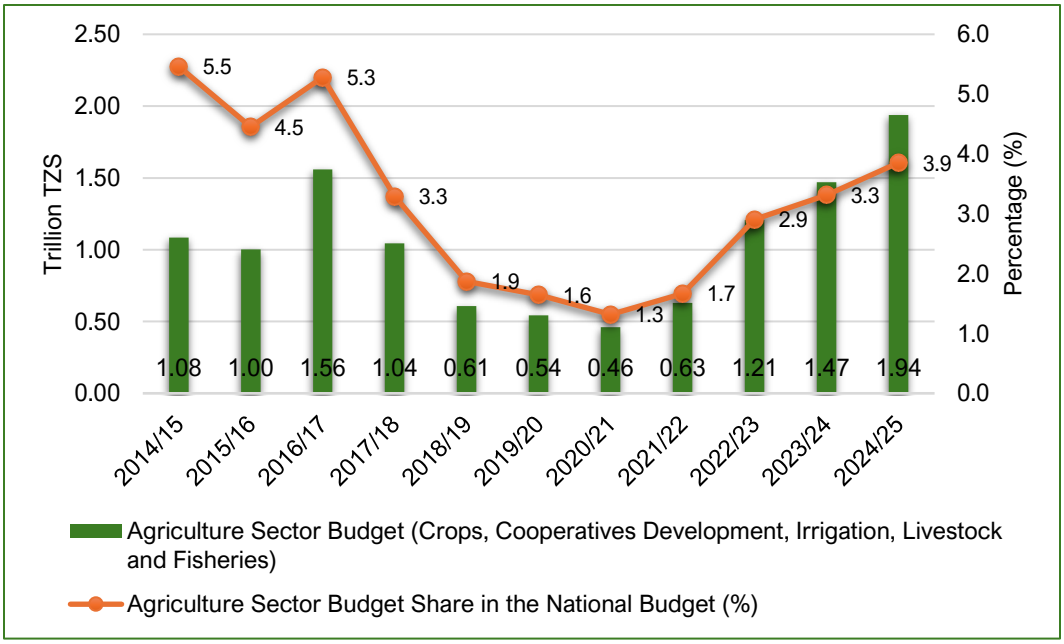

Figure 4: The trend of Agriculture Budget in the National Budget from 2014/15 to 2024/25.

2.2 Agriculture Sector Development Programme (ASDP II) Implementation.

The Agriculture Sector Development Programme (ASDP II) 2017/2018 - 2027/2028 aims at transforming agricultural sector (crops, livestock and fisheries) towards higher productivity, commercialization level and smallholder farmers income for improved livelihood, food and nutrition security and contribution to the GDP. Stakeholders' commitments in terms of resources (finance, human capital and technologies) are needed to attain these ambitions.

Figure 5 shows the commitments in terms of funding, where there the budget allocation (approved budget) is increasing over time. The approved budget has doubled from 518.87 million TZS in 2020/21 to 1.499 billion TZS in 2022/23.

However, the challenge lies in the disbursements of the committed fund for the ASDP II. Also, absorption capacity for released fund seems to fall short, for example in 2021/22 the disbursed amount was 850.45 million TZS, while only 590 million TZS was spent. This setback key actors along the commodities value chain their roles to

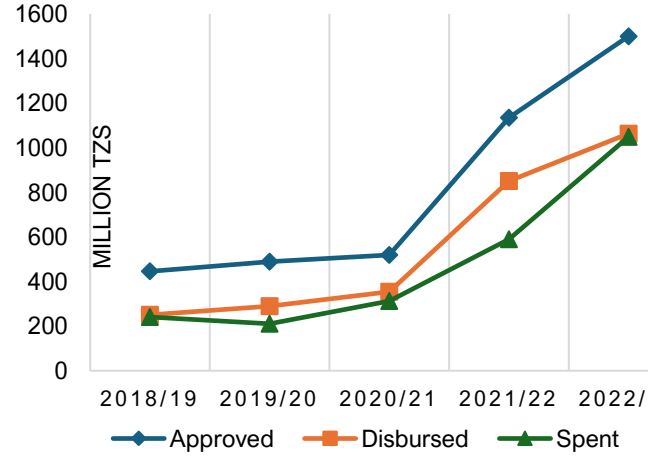

Figure 5: ASDP II financing, 2018/19 to 2022/23 (Data Source: PMO).

transform the sector towards the stated goals.

The ASDP II targets inclusive and sustainable agricultural growth of 6% per annum 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 and 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.

The review of the ASDP II 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 realised (PMO, 2024).

2.3 Agriculture budget implementation

There has been a notable budget allocation increase in the past four years; however, budget disbursement and actual spending doesn't match the approved allocation as depicted in figure 6.

The insufficient investment in the sector hinders public entities from effectively and efficiently carrying out their operations, hence undermining the quality and quantity of services delivered to the public, particularly rural smallholder producers whose livelihood predominantly depend.

The Public Expenditure Review on Agricultural Sector 2017/18 - 2019/20 had recommended setting a realistic target for sector allocation with a marginal increase each year; potentially a realistic target of 5% in a five-year timeframe (PMO, 2021).

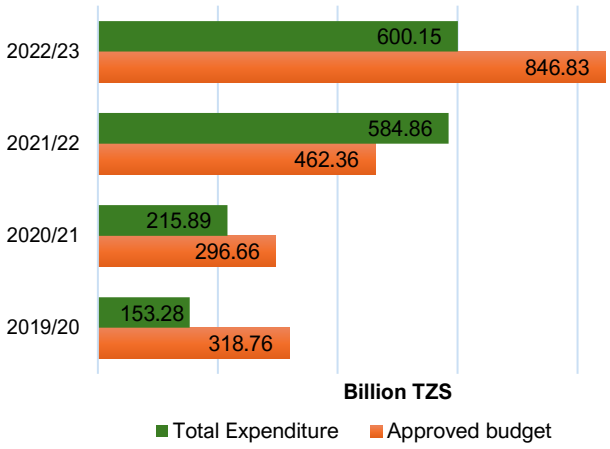

Figure 6: Actual Expenditure against the Approved Budget for MLF and MoA from 2019/20 to 2022/23 (Data Source: MoF).

In 2024/25, out of the 1.94 trillion TZS budget estimates to the sector;

- 1.2 trillion TZS was allocated to the Ministry of Agriculture; 1.03 trillion TZS (82.7%) for development expenditure and 215.92 billion TZS (17.3%) for recurrent expenditure,
- 460.33 billion TZS was allocated to the Ministry of Livestock and Fisheries; 363.12 billion TZS (78.9%) for development expenditure and 97.22 billion TZS (21.1%) for recurrent expenditure (MoF, 2024).

2.3.1 Planned Development Expenditure and Implementation trends.

2.4.1 Development budget Allocation Trend.

The overall trend for development budget allocation in the agriculture sector has been improving as depicted in Figure 7, except for cooperatives development (vote 024), whose budget has decreased by about 62% in 2024/25. Notably, cooperative development had no development budget allocation for six consecutive years from 2016/17 to 2020/21.

In 2024/25, the total estimated allocation for development expenditure for the Ministry of Agriculture and the Ministry of Livestock and Fisheries increased by 44.8%, from 964.17 billion TZS in 2023/24 to 1.396 trillion;

- To the Ministry of Agriculture, from 767 billion TZS in 2023/24 to 1.03 trillion TZS in 2024/25 whereby:
  - To the crops subsector (Vote 043), it increased by 50% from 465.7 billion TZS in 2023/24 to 700 billion TZS in 2024/25,
  - To irrigation (Vote 005), by 21% from 299.96 billion TZS to 331.90 billion TZS,
  - However, to Cooperative Development (Vote 024), it decreased by 62% from 2.17 billion TZS in 2023/24 to 830 million TZS in 2024/25.
- To the Ministry of fisheries and Livestock, it increased by 85% from 196.34 billion TZS in 2023/24 to 363 billion TZS in 2024/25.

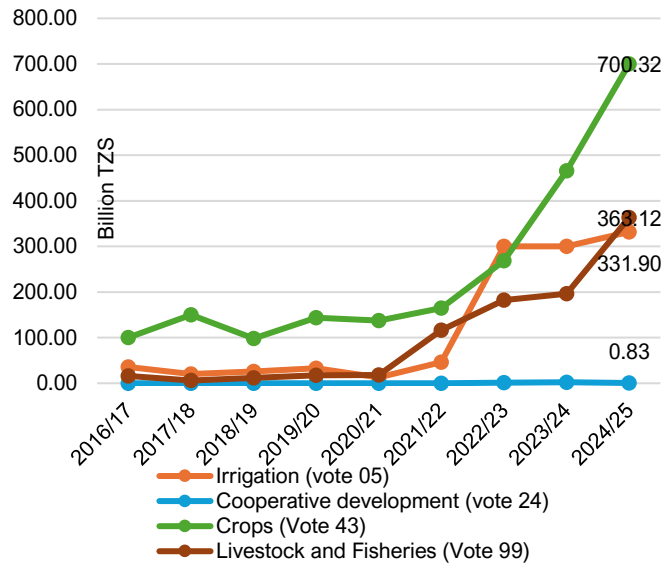

Figure 7: Development budget allocation by category from 2016/17 to 2024/25.

2.3.2 Development Budget Implementation Trend.

Despite the increased allocation, the sector is challenged by persistent inadequate and untimely release of the allocated funds by Government as seen in Figure 8, whereby the rate of development budget expenditure for the past seven years has been far below the approved budget for livestock, fisheries, irrigation and cooperatives development.

In 2022/23, only 85.495 billion TZS, equivalent to 28.5% of the allocated 299.96 billion TZS was spent in irrigation (Vote 05), 840 million TZS (~76%) out of the allocated 1.1 billion TZS was spent for Cooperative development (Vote 24) and 61.76 billion TZS (~33.9%) of the allocated 182.41 billion TZS was spent in Livestock and Fisheries (MoF, 2024).

In 2023/24, only about 53% of the allocated budget for development to the Ministry of Agriculture, and the Ministry of Livestock and Fisheries had been disbursed by April 2024 - two months before the financial year ended, (MoA, 2024; MLF, 2024).

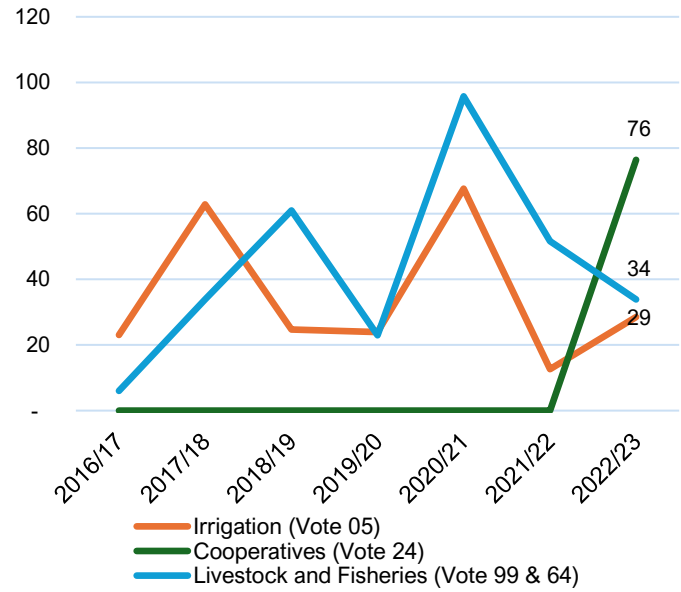

Figure 8: The Rate of Development Expenditure against Approved Budget from 2016/17 to 2021/22 (Data Source: MoF).

- To the Crop (Vote 043), Cooperative Development (Vote 024), and Irrigation (Vote 005) subsectors, only 522.16 billion TZS (68%) out of the approved 767.84 billion TZS was disbursed.

- To Fisheries (Vote 064), 81.21 billion TZS (60.4%) out of 134.41 billion TZS was disbursed.
- To the Livestock subsector (Vote 99), 12.43 billion TZS (20%) out of 61.92 billion TZS was disbursed.

The untimely and under-releasing of the development budget ultimately undermines execution of development activities as it often results in delayed project completion and in some cases incompletion. Moreover, there are persistent shortfalls the management of development projects in public entities. For example;

- In 2022/23, NFRA paid 315.8 million TZS to an absent contractor for unexecuted civil works, including walls, frame concrete works, in-situ concrete, reinforcement to drainage structures, excavation and earthwork for soak pits in Songea and Shinyanga projects.

  NFRA spent TZS 1.26 billion to hire extra storage capacity since the incompletion and abandonment of the silo projects caused a 64.7% shortage of the targeted storage capacity. Moreover, there was no security to safeguard the abandoned deteriorating Silos construction materials from vandalism (CAG, 2024).

The photo was taken on 13 October 2023 at the Dodoma Construction site.

The photo was taken on 27 October 2023 at the Shinyanga site.

Figure 9: The abandoned Silos material in Dodoma and Shinyanga (Source: CAG, 2024).

- In 2021/22, 27 LGAs carried over a total of TZS 19.79 billion for various development activities due to late disbursements and delayed approval resulting to the non-completion of approved projects and subsequent delays in service delivery to beneficiaries. The carried over funds were not utilized during the first quarter of the financial year 2022/23 (CAG 2024).

  7 LGAs (Shinyanga, Bahi, Kilolo, Mpimbwe, Nsimbo, Sikonge and Makete district councils) transferred unspent 824.37 million TZS back to the Treasury, which was not refunded from the Treasury to allow implementation of pending activities in 2022/23.

Regional Secretariats and LGAs are not only challenged by insufficient budgetary control but also weak adherence to government directives and budgetary guidelines, which leads to insufficient allocation and unauthorised diversion of development funds to finance other projects and recurrent activities (CAG, 2024). An example can be drawn in 2022/23 where;

- 4 LGAs (Mwanza, Dodoma, Sumbawanga and Mpimbwe) reallocated budgeted 4.88 billion TZS without obtaining approval from relevant authorities including the full Council and from the Minister for Finance contrary to Section 41(2) of the Budget Act of 2015.
- 20.24 billion TZS worth projects were abandoned, 11.21 billion TZS worth projects unused, 272.88 billion TZS worth projects were incomplete, and 20.57 billion TZS worth were not implemented by Regional Secretariats and LGAs.
- 7 LGAs did not allocate 0.77 billion TZS (from own source) for agriculture, fishing and livestock operation funds contrary to PO-RALG directive.

The Guidelines for the Preparation of Plans and Budget for 2022/23, Paragraph 1.7.2 (107) (B (xi-xiii)) directs LGAs to allocate 20% of crop cess revenue to agricultural operational activities, 15% of livestock products revenue to promote livestock farming and 5% of fishing products revenue to the development of fishing activities (CAG 2024), however, LGAs have been incompliant. The

Parliamentary Committee for Industries, Trade, Agriculture and Livestock proposed amendment of the Local Government Finance Act, 1982 to enforce LGAs allocation of the 20% of crop cess revenue to agricultural development (Bunge, 2022).

To attain the aspired sectoral growth and poverty reduction targets, it is vital for the Government to ensure credibility of the budget estimates submitted by public entities, as well as timely and fully disbursement of the approved budgeted funds to mitigate delays, enhance implementation and facilitate robust project management and monitoring practices.

3. Key strategic areas

3.1 Dairy

Over the last ten years milk production has been steady increasing from about 2.06 billion litres in 2014/15 to 3.97 billion litres in 2023/24 as depicted in figure 10. Milk processing has also increased by 5.4% from 77.6 million litres in 2021/22 to 77.3 million litres in 2022/23 to 81.8 million litres (~2% of the total country's production) in 2023/24 (MoF, 2024; PMO, 2024).

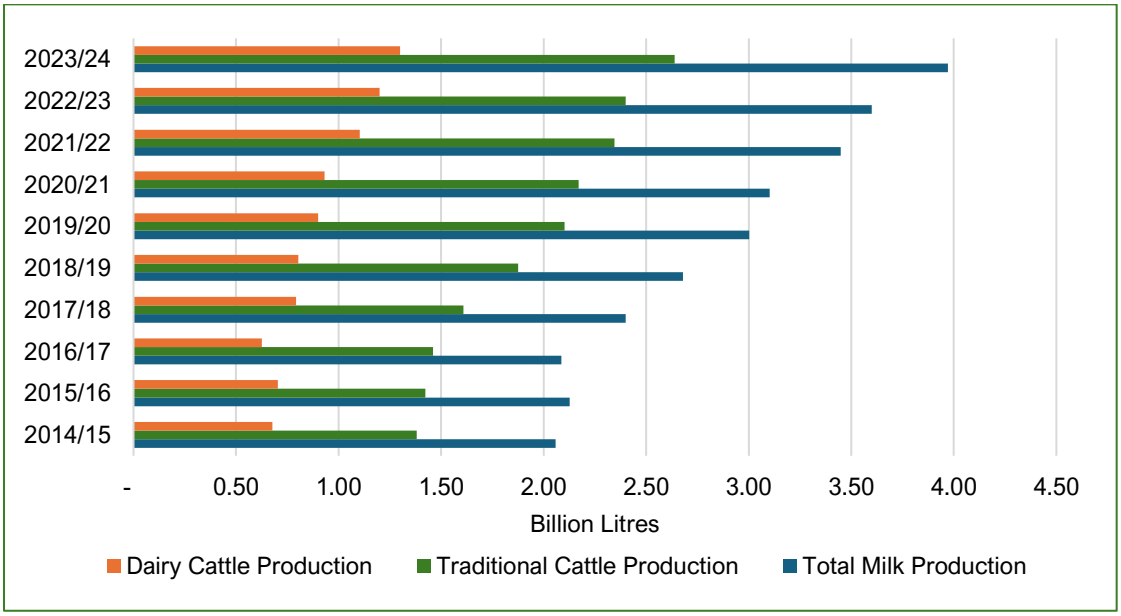

Figure 10: Milk production in the country 2014/15 to 2023/24 (Data Source: MLF).

The country targets to process 14% of the total produced milk by 2025/26 from the current 2.2% through attractive environment and incentives to enhance investment for increased production and milk waste reduction (Bunge, 2024). However, growth of the dairy sector is challenged with several constraints related multiple compliance costs from regulatory entities including NEMC, TBS, OSHA, TDB, Fire, LGAs, LATRA, BRELA, TRA and other additional fees for inspection, barcodes and revenue income (TAMPA, 2025).

Local milk processors also described limited working capital, lack of incentives for domestic packaging production, and unfavourable tax policies including inconsistent exemptions on packaging materials, VAT on value added products such as yogurt and cheese, as well as additional charges on dairy products traded from mainland to Zanzibar as major challenges impending the sub-sector growth.

To reduce costs of milk production in the country, enhance employment creation and promote local investment in dairy sector, it is crucial to incentivize and harmonize the regulations and taxation in the dairy industry.

3.2 Agricultural Inputs

3.2.1 Seeds

Domestic seed production has been improving from 38,508 tons in 2019 to 49,414 tons in 2023 as seen in figure 11. The country requires about 127,650 tons of seeds yearly. By April 2024 about 68,473.67 tons of high quality seeds were available ~ 54% of the 127,650 tons annual requirement whereby domestic production was 49,414 tons ~ 11.4% compared to the 44,344.4 tons produced in 2023. For 2024/2025, the government estimated domestic production of 80,000 tons of seeds, leaving a deficit of 47,650 tones ~ 37% to be imported (MoA, 2024).

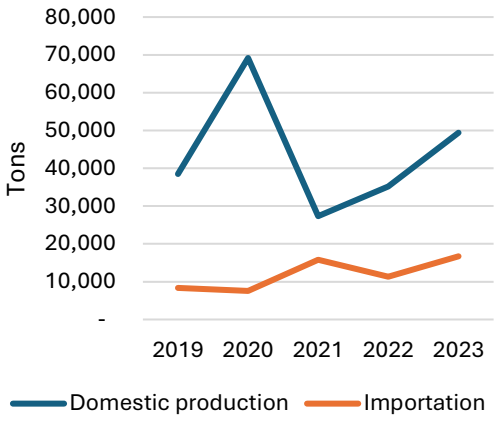

Figure 11: Domestic seed production and imports.

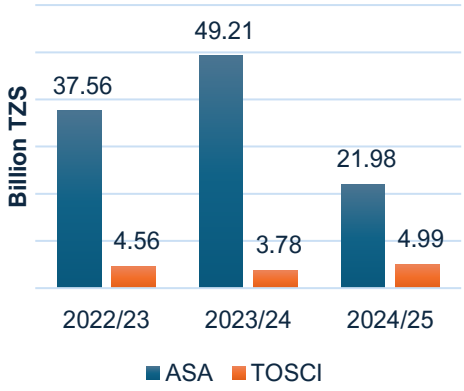

Figure 12: Allocation for grants and subsidies transfers to ASA and TOSCI for the past 3 years.

Budget allocation for grants and subsidies transfers to ASA and TOSCI has been improving for the past 3 years as seen in Figure 12, enhancing the quality of produced and imported agricultural seeds. TARI and Crop Boards have also been producing and distributing seeds and seedling to farmers.

3.2.2 Fertilizer and soil testing

For the past three years, the allocation for grants and subsidies transfer to TFRA and TFC has increased from 6 billion TZS in 2022/23 to about 170 billion TZS in 2023/24 and 301.5 billion in 2024/25 as portrayed in Figure 13. Domestic fertilizer production has also been improving from 23,903 tons in 2020 to 75,399 ton in 2024 as depicted in Figure 14.

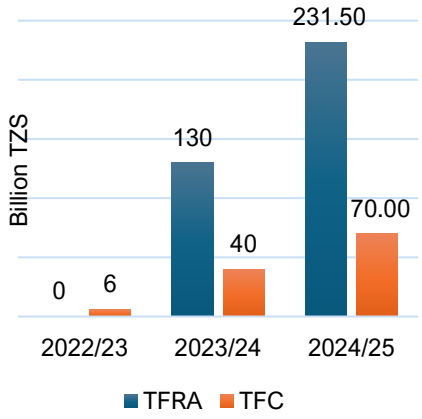

Figure 12: Allocation for grants and subsidies transfers to TFRA and TFC 2022/23 - 2024/25 (Data Source: MoF).

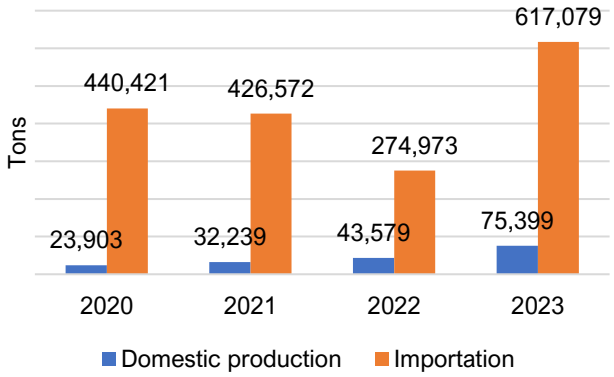

Figure 14: Domestic fertilizer production against importation (Data Source: MoA).

For 2024/25, the government planned to import 1,086,115 tons of fertilizer for distribution to farmers through the subsidy programs. The government through TFC also planned to sign an MoU with the Tanzania Biotech Products Limited (TBPL) industry, under the National Development Corporation (NDC) to produce and distribute Bio- fertilizers in collaboration with experts from Cuba (MoA, 2024).

Between July 2024 and January 2025, the government kept providing 388,619.9 tons of subsidized fertilizer to farmers whereby 131.7 billion TZS had been spent (MoF, 2025).

3.3 Extension services and capacity building

Budget allocation for extension has improved from 603 million in 2020/21 to 11.5 billion TZS in 2021/22 and 15 billion TZS in 2023/24, facilitating interventions to strengthen extension officers' capacities, and provision of extension kits, soil scanners, tablets and motor vehicles. In 2023/24, the Ministry of Agriculture in collaboration with the Sokoine University of Agriculture (SUA) established the Agricultural Extension Entrepreneurship Scheme under BBT program, and a total of 230 students started working in 40 wards to provide extension services on in cotton farming (MoA, 2024).

The Ministry of Agriculture had also established e-extension services, such as M-Kilimo and a call centre where farmers send free short messages (SMS) to request advisory services and provision of transport facilities to extension officers to reach more farmers in a short period of time.

The Ministry and its organs including TaCRI, TARI, and Crop Boards have been capacitating extension officers and facilitating extension services delivery. However, there is a significant shortage of extension officers. The Annual Report of the CAG on the Performance Audit for the Financial Year 2022/23 disclosed an average deficit gap of extension officers by 98.6% at the AMCOS level, where primary production activities are taking place, whereby the cashew subsector experienced the biggest gap with shortage of 734 extension officers, equivalent to 100%, followed by tobacco, which had a gap of 97%.

In 2024/25 the Government amended the Cashew nut Industry Act, (CAP. 203) to grant the Cashew nut Board of Tanzania (CBT) remittance of all export levy collected under subsection (1) for a period of five years to stimulate development of the cashew industry and facilitate the availability of fund for subsidy and research (OAG, 2024). By the end of 2024, CBT employed 500 agricultural officers under the BBT program (CBT, 2024) and later distributed work equipment to them, including 152 motorcycles and 152 tablets for updating cashew farmers' information and facilitating services delivery in cashew producing regions (CBT, 2025).

3.4 Youth and Women Engagement

3.4.1 The Building Better Tomorrow: Youth Initiative for Agribusiness (BBT-YIA)

The Building Better Tomorrow - Youth Initiative for Agribusiness (BBT-YIA) 2022-2030 aims to enhance Tanzanian youth engagement in agribusiness for sustainable and improved livelihoods, and targets 1200 profitable enterprises hence contributing to the desired 10% of agriculture sector growth by 2030.

Budget allocation to the AGITF for providing loans (with less than 4.5% interest) to youth and women engaged in agricultural value chains through BBT-YIA has been improving from 500 million TZS to 2.8 billion TZS in 2023/24, and 11.5 billion TZS in 2024/25 (MoA, 2024, MoF, 2024). Moreover, in 2024/25 the Government expanded BBT-YIA implementation to LGAs level to reach more youth and increase efficiency, whereby the Ministry planned to reach 100 LGAs which will allocate 200 hectares of lands each and construct irrigation infrastructure (MoA, 2024).

3.4.2 10% LGAs Loans to Groups of Women, Youth and Persons with Disabilities

The 10% Local Government Authorities (LGAs) loans to Women Youth and Persons with Disabilities operate as a revolving fund whereby the Local Government Finance Act (Cap 290, Section 37A) directs

all LGAs to allocate 10% of their annual own-source revenues for disbursing free interest loans to groups of women (4%), youth (4%), and persons with disabilities (2%). The loans are intended to bolster income-generating activities of women, youth and persons with disabilities with no formal employment, thereby enhancing their overall livelihoods.

Provision of the loans had been suspended from April 2023 to July 2025, following a President's directive after the CAG Annual General Report on Audit of LGAs for 2021/22 disclosed several shortcomings in the management and governance of the loans. While awaiting the implementation of the new loan disbursement system in financial year 2022/23; 62 LGAs did not fully contribute the required 10% to the Fund, resulting in unremitted contributions amounting to 7.27 billion TZS and 19 LGAs issued a total of 2.6 billion TZS to 851 non-existent groups (CAG 2024).

In 2024/25 the Government amended the Local Government Finance Act, (CAP. 290) Section 37(A) adding "Provided that, where there are no application for loan among the groups specified under this section, a local government authority may issue loan to any specified group under this section from the percent set aside for the group from which the application have not been received" (OAG, 2024).

It is imperative to enhance enforcement of LGAs compliance to the 10% allocation to the fund and effective disbursement as stipulated by the Local Government Finance Act, through strengthened supervision and close follow up with LGAs, as well as enhancing efficiency and management of the funds by allocating and disbursing sufficient resources, particularly increasing the loan management budget, and recruiting additional government officials to oversee and administer the fund effectively.

3.5 Lending to the agriculture sector

The percentage share of commercial lending to agriculture sector has been increasing from 7.4% in 2021 to 10.6% in 2023 as depicted in figure 15 (BoT, 2024). 3.317 trillion TZS out of the total 33.159 trillion TZS lending by financial institutions was allocated to the agriculture sector in 2023. The financial institutions include TADB (138.119 billion TZS), CRDB (1.41 trillion TZS), NMB (1.7 trillion TZS), and the remaining amount from other institutions (MoA, 2024).

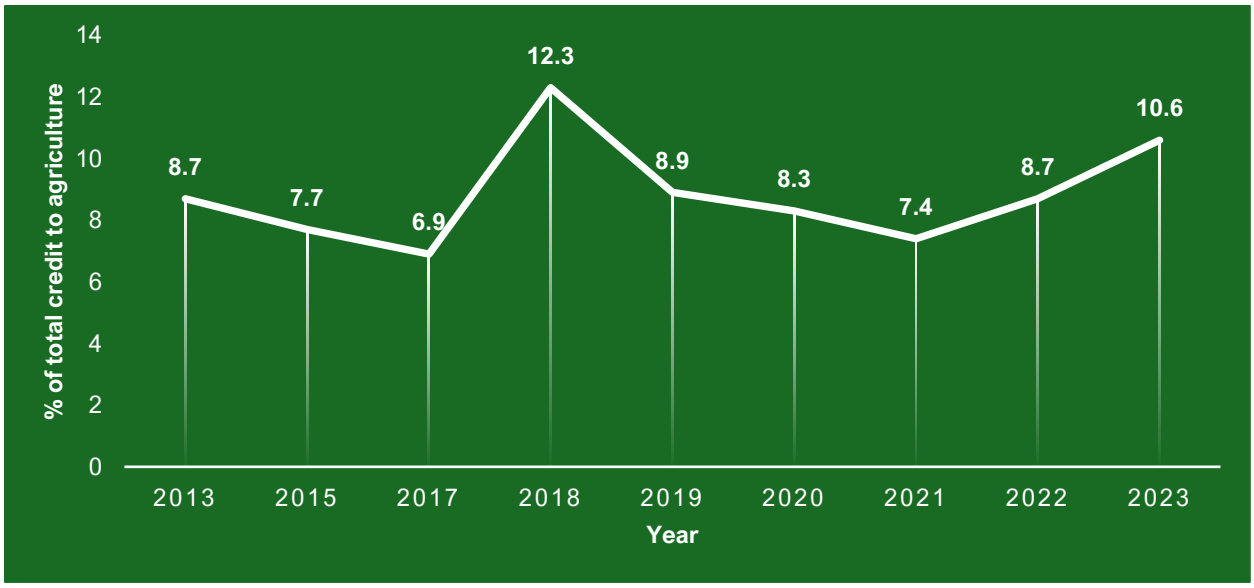

Figure 15: Credit share to agriculture sector (Data Source: BoT)

4. Conclusion and Recommendations

4.1 Conclusion

Despite the remarkable contribution of the agriculture sector to the country's livelihood and economy, insufficient public resource allocation and untimely inadequate disbursement of the budgeted funds by Government has been a major challenge impending sectoral growth and transformation.

4.2 Recommendations

For the Government to create a more inclusive, sustainable, and effective fiscal framework that fosters economic resilience, supports agricultural transformation, and promotes equitable development; ANSAF and her members recommends the following:

1. **Ensure Timely Fund Disbursement and Reinforce Budgetary Controls**

The Government through the Ministry of Finance to ensure timely fund disbursement per the approved budget and LGAs effectively to reinforce budgetary controls to minimize unauthorized reallocations during budget execution, thereby ensuring compliance with approval processes and safeguarding the integrity of the budget.

2. **Increase Public Investment in Agriculture**

The government should allocate at least 10% of the national budget to agriculture, in line with its commitment under the Malabo Declaration. This will enhance food security, support rural livelihoods, and drive sectoral growth.

3. **Amend the Local Government Finance Act for Sector-Specific Allocations**

Amend the Local Government Finance Act to enforce LGAs allocation of 20% of crop cess revenue to agricultural development, 15% of livestock product revenue to livestock farming, and 5% of fishing product revenue to fisheries development. This will ensure dedicated funding to critical sectors at the grassroots level.

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