

## 'CareEdge B+ /Stable' rating assigned to United Republic of Tanzania

---

Issuer rating (Long-Term Foreign Currency)

CareEdge B+ / Stable (Unsolicited)

---

### Rating Action

CareEdge Global Ratings has assigned a Long-Term Foreign Currency Rating of '**CareEdge B+ /Stable' (Unsolicited)** to the **United Republic of Tanzania**.

### Rationale

Tanzania's credit rating reflects structural and institutional constraints as fiscal flexibility remains limited by development spending pressures and rising interest costs, while the external position remains sensitive to commodity price and exchange-rate movements.

These constraints are partly mitigated by a sound macroeconomic environment, underpinned by sustained real GDP growth and a broadly stable macroeconomic management. Real GDP growth is estimated at 6.0% in 2025, up from 5.5% in 2024, supported by large-scale public infrastructure investment, expanding mining and quarrying activity, and a recovery in the services sector, particularly tourism and trade. Over the medium term, growth is expected to average around 6.4%, supported by continued investment in transport, energy, and extractive industries, alongside rising private-sector participation, notably in manufacturing and real estate. However, the outlook is subject to execution risks related to large infrastructure projects, including delays in implementation and potential cost overruns, and remains vulnerable to climate-related shocks, given the continued importance of agriculture.

Fiscal metrics are structurally constrained, as fiscal space remains limited by the narrow revenue base, sustained capital spending, and interest payments amounting to around 14% of revenue, which continue to affect budgetary flexibility. Nonetheless, general government debt remains below 50% of GDP, supporting overall debt sustainability. Fiscal deficits are projected to remain broadly contained at around 3.0% of GDP, compared with 3.9% in 2022, reflecting gradual revenue mobilisation alongside substantial development expenditure needs. Government revenue has increased to an estimated 16.9% of GDP in 2025, from 14.9% in 2021, supported by tax administration reforms and policy measures.

External sector indicators have improved but remain a key source of vulnerability. The external position remains exposed to commodity price volatility due to export concentration (gold accounts for around 46% of total goods exports) and to exchange-rate risks, given that US-dollar-denominated liabilities represent approximately 61.1% of total external debt. The current account deficit narrowed to approximately 2.6% of GDP in 2025, from a peak of 7.4% in 2022, supported by high gold export receipts and a strong recovery in tourism, with arrivals exceeding 2.3 million. Foreign exchange reserves have stabilised at around 3.4 months of

import cover, benefiting from commodity exports, tourism inflows, IMF disbursements under the ECF and RSF, and central bank gold purchases.

Monetary conditions remain cautiously supportive of macroeconomic stability. Inflation has stayed well anchored at around 3.5%, within the central bank's target range, reflecting prudent monetary policy, stable food prices, and improved liquidity management. The Bank of Tanzania has cautiously eased its policy stance amid contained inflationary pressures, with the policy rate declining from 5.30% to 4.75% between August and December 2025, while maintaining financial system stability. The banking sector remains sound, with non-performing loan ratios declining to around 3.5% in 2025. Nevertheless, episodic exchange-rate volatility and a still-evolving monetary transmission mechanism may limit policy effectiveness.

Institutional and governance indicators remain mixed. Tanzania benefits from relative political stability and policy continuity, which support macroeconomic management and reform implementation. However, governance effectiveness remains moderate, with ongoing challenges related to regulatory quality, state dominance in key sectors, and institutional capacity constraints. Social and political risks, including episodic unrest and governance concerns, continue to weigh on the sovereign's credit profile.

Overall, CareEdge Global is of the view that Tanzania's growth performance, high investment levels, and broadly stable macroeconomic framework provide important support to the credit profile. However, structural fiscal rigidities, external vulnerabilities, and institutional limitations continue to act as binding constraints on the rating level. The conflict in the Middle East can also weigh on inflation and the current account balance which can further add pressure on the credit profile and therefore remains a monitorable.

### **Outlook: Stable**

The Stable outlook reflects expectations that Tanzania will maintain healthy economic growth, supported by continued high public and private investment, robust mining activity, and steady services sector performance. Fiscal outcomes are expected to remain broadly stable, with gradual consolidation balancing development spending pressures and incremental revenue gains. External buffers are projected to remain adequate, supported by elevated gold exports, recovering tourism inflows, and continued access to concessional financing.

### **Upside scenario**

We could revise the outlook to positive if Tanzania achieves a sustained strengthening of fiscal flexibility, particularly through sustained revenue mobilisation leading to a reduction in interest-to-revenue ratios. Further improvement in the external position, including higher reserve coverage, reduced exposure to foreign-currency debt, and greater export diversification, would also be credit positive.

## Downside scenario

Downward pressure on the outlook could arise from weaker fiscal performance, including revenue underperformance or persistent expenditure overruns that negatively affect debt dynamics. A material slowdown in growth, driven by adverse climate events, weaker commodity prices, or delays in major infrastructure projects, could weaken economic resilience. Higher inflation rates arising from rising fuel prices as a result of the Middle-East crisis can also affect the outlook.

## Key Rating Drivers

### Economic Structure & Resilience

Tanzania's economic structure is moderately diversified, with services contributing around 47% of GDP, followed by industry at around 28%, and agriculture accounting for the rest. Growth remains strong and investment-led, providing a key rating support, at 6.0% in 2025 and 6.4% over the medium term, supported by continued capital formation, expansion in extractive industries, and resilient services activity, notably tourism and trade.

Major public investment programmes such as the SGR railway, the Julius Nyerere Dam and the East African Crude Oil Pipeline; and private sector investment in commercial housing, mining and manufacturing continue to underpin economic growth. Total GFCF relative to GDP stands at 37.5% in 2025 compared with an average of around 5.3% during 2022–2024 and is expected to exceed 40% by 2028. The services sector on the other hand has benefitted from a strong rebound in tourism with tourist arrivals exceeding 2.3 million in 2025, while manufacturing activity has been supported by increased private investment and value-addition initiatives as Government continues to emphasize on beneficiation of natural resources.

Nonetheless, the large informal sector, which employs a significant share of the population, continues to constrain productivity gains and revenue mobilisation. The informal economy furthermore continues to weigh on the per capita income, limiting it to USD 3,746 in 2025 despite high GDP growth levels. In addition, the growth outlook remains exposed to downside risks from climate-related shocks affecting agricultural output and execution risks associated with large infrastructure projects, and potential shortfalls in tourist arrivals, in particular in the face of rising geopolitical tensions.

Looking ahead, Tanzania's ability to sustain high growth will depend on effective project execution, improvements in human capital, and continued progress in economic diversification beyond primary commodities.

### Fiscal Strength

Fiscal metrics are moderate, supported by a relatively low public debt burden, but fiscal flexibility remains constrained by structural pressures. General government debt remains low at 49.6% of GDP in 2025, although it has been on a rising trend since 2019 when it stood at 40.4%. By 2023 however, debt to GDP is projected to fall to 42.9%. Fiscal deficits have narrowed from earlier levels and are expected to remain broadly contained at around 3.0%

of GDP over the medium term, reflecting a balance between development expenditure needs and gradual consolidation efforts.

Revenue mobilisation has improved steadily, with government revenue rising to approximately 16.9% of GDP in 2025 from 16.1% in 2024 and 14.9 in 2021, supported by tax administration reforms and policy measures aimed at broadening the tax base and by encouraging the formalisation of the informal sector. Despite this improvement, revenue performance remains structurally constrained, limiting fiscal space. Expenditure on the other hand has been on an upward trend, increasing from 19.1% of GDP in 2024 to 19.9% in 2025. By 2030, revenue to GDP is expected to increase to 20.8% while expenditure to GDP would reach 17.8%.

Interest payments are estimated at around 14% of revenue, which, while moderate, continue to absorb a meaningful share of government resources and reduce budgetary flexibility. As such, Tanzania's fiscal position remains sensitive to expenditure pressures arising from infrastructure spending and social demands. The composition of public debt represents an additional constraint. External debt accounts for around 67% of total public debt, increasing exposure to exchange-rate movements and external financing conditions. While Tanzania continues to rely largely on concessional financing, the evolution of debt composition, contingent liabilities from state-owned enterprises, and increased use of public-private partnerships remain important monitorables for fiscal sustainability.

### **External Position & Linkages**

Tanzania's external position has strengthened in recent years, although vulnerabilities persist. The current account deficit narrowed significantly to around 2.6% of GDP in 2025, from a peak of 7.4% in 2022, supported by record gold export receipts and a strong recovery in tourism. Tourist arrivals exceeded 2.3 million, contributing meaningfully to foreign exchange earnings and supporting the services balance. Import growth has remained relatively contained despite high capital goods imports related to infrastructure projects.

Foreign exchange reserves have stabilised at approximately 3.4 months of imports, supported by gold exports, tourism inflows, IMF disbursements under the Extended Credit Facility and Resilience and Sustainability Facility, and the central bank's domestic gold-purchase programme. These buffers provide some capacity to absorb near-term external shocks, although reserve adequacy remains modest relative to external exposure.

External vulnerabilities persist due to high export concentration and foreign-currency exposure. Gold accounts for approximately 46% of total goods exports, leaving the external balance sensitive to commodity price volatility. Additionally, the predominance of US-dollar-denominated external debt heightens vulnerability to exchange-rate depreciation and shifts in global financial conditions.

---

### **Monetary & Financial Stability**

Monetary stability remains a key rating support. Inflation has remained low and well anchored at around 3.5%, within the central bank's target range of 3.0% to 5.0%, reflecting prudent monetary management, stable food prices, and effective liquidity control. This has provided room for the Bank of Tanzania to gradually ease its policy stance while maintaining price stability, with the repo rate gradually brought down to 4.75% in December 2025 from 5.30% in August 2025.

The banking sector has shown notable improvement. The non-performing loan ratio declined to around 3.5% in 2025 from a high of 11.5% in 2017, well below regulatory thresholds, supported by stronger credit growth, improved asset quality, and enhanced supervisory oversight. Capitalisation and liquidity levels in the banking system remain adequate.

However, monetary policy effectiveness continues to be constrained by episodic exchange-rate volatility and a still-developing monetary transmission mechanism. While recent currency stability has been supported by improved external inflows and policy measures, the exchange rate remains sensitive to external shocks and shifts in investor sentiment.

### **Institutions & Quality of Governance**

Institutional and governance indicators remain mixed. Tanzania benefits from relative political stability and policy continuity, which support macroeconomic management and reform implementation. Nonetheless, several irregularities were reported by independent assessors in the last general elections.

Governance indicators show gradual improvement in some areas, including government effectiveness and control of corruption, albeit from a low base. At the same time, challenges persist in regulatory quality, institutional capacity, and transparency, which continue to weigh on the investment environment and policy effectiveness. State involvement in key sectors and governance risks associated with public enterprises remain relevant considerations. Social and political risks, including episodic unrest and governance concerns, continue to cap the sovereign's institutional strength and overall credit profile.

Tanzania– Select Indicators									
	Unit	2020	2021	2022	2023	2024	2025	2026 F	2027F
<b>Economic Indicators</b>									
Nominal GDP	USD Billion	63.4	68.0	74.2	78.4	79.2	87.4	95.3	104.7
GDP Per Capita (Constant-PPP)	USD	3,366.1	3,426.9	3,482.9	3,556.3	3,642.1	3,748.8	3,871.0	4,004.8
Real GDP Growth	%	4.5	4.8	4.7	5.1	5.5	6.0	6.3	6.5
GFCF/GDP	%	40.5	40.8	39.3	37.1	37.1	37.5	38.0	38.8
Gross Domestic Savings/GDP	%	37.7	37.3	31.9	33.4	34.6	34.9	35.3	36.1
Exports (G&S)/GDP	%	13.5	14.1	15.4	17.2	19.8	-	-	-
Working-Age (15-64) Population (% Share in Total)	%	53.6	53.8	54.0	54.2	54.4	54.6	54.8	55.0
Old-Age (65+) Population (% Share in Total)	%	3.0	3.0	3.0	3.0	3.1	3.0	3.0	3.0
<b>Fiscal Indicators – General Government</b>									
Fiscal Balance/GDP	%	-2.6	-3.6	-3.9	-3.7	-3.0	-3.0	-3.0	-3.0
Revenue/GDP	%	14.9	14.9	15.2	15.3	16.1	16.9	17.5	17.7
Expenditure/GDP	%	17.4	18.4	19.1	19.0	19.1	19.9	20.5	20.6
GG Gross Debt/GDP	%	41.3	43.4	44.9	47.8	49.9	49.6	48.3	46.7
GG External Debt (by Creditor)/GG Gross Debt	%	-	40.3	51.7	40.3	64.5	61.1	-	-
Interest/Revenue	%	10.4	11.5	11.4	13.2	13.9	-	-	-
<b>External Indicators</b>									
Current Account Balance/GDP	%	-2.3	-3.5	-7.4	-3.8	-2.6	-2.6	-2.7	-2.8
FDI, Net Inflows/GDP	%	1.5	1.8	1.9	2.1	2.1	2.0	-	-
Outstanding FII Liabilities/GDP	%	0.03	0.01	0.04	0.02	0.02	-	-	-
NIIP/GDP	%	-54.7	-56.3	-58.9	-58.0	-64.2	-	-	-
Foreign Exchange Reserves	USD Billion	5.2	5.3	5.1	5.4	5.3	5.8	6.4	6.9
Import Cover	Months	6.30	4.60	3.60	4.00	3.80	3.90	3.90	3.90
External Debt/GDP	%	35.0	38.5	36.2	37.9	36.9	41.6	-	-
<b>Monetary and Financial Indicators</b>									
CPI Inflation	%	3.3	3.7	4.4	3.8	3.1	3.3	3.5	4.1
Exchange Rate (Average)	LC per USD	2,294.1	2,297.8	2,303.0	2,383.0	2,597.9	2,537.3	-	-
Non-Performing Loans/Total Gross Loans	%	9.3	8.2	5.8	4.3	3.3	3.5	-	-
Private debt, loans and debt securities/GDP	%	12.8	13.4	15.4	16.3	16.4	-	-	-

Sources: International Monetary Fund, World Bank, Bank for International Settlements, National Sources, CareEdge Global

Note: F - Forecast; PPP – Purchasing Power Parity; GFCF – Gross Fixed Capital Formation; Exports (G&S) – Exports of Goods and Services; GG – General Government; FDI – Foreign Direct Investment; FII – Foreign Institutional Investment; NIIP – Net International Investment Position; Data refers to fiscal/calendar year and actual/estimate as reported by the source; Where general government data is unavailable, central government data is used; Latest available data for 2025

### Solicitation Status

The rating is unsolicited

### Rating History

Instrument	Type	Rating	Date
Issuer Rating	Long-Term Foreign Currency (Unsolicited)	CareEdge B+/Stable	March 31, 2026

### Criteria Applied

[CareEdge Sovereign Rating Methodology](#)

### Analytical Contacts

Kiran Kavala

[kiran.kavala@careedgeglobal.com](mailto:kiran.kavala@careedgeglobal.com)

Zaakirah Ismail

[zaakirah.ismail@careratingsafrica.com](mailto:zaakirah.ismail@careratingsafrica.com)

Sanroy Seechurn

[c-sanroy.seechurn@careratingsafrica.com](mailto:c-sanroy.seechurn@careratingsafrica.com)

### Media Contact

Mradul Mishra

[mradul.mishra@careedge.in](mailto:mradul.mishra@careedge.in)

## About Us

CareEdge Global IFSC Limited (CareEdge Global) is a full-service Credit Rating Agency (CRA) with a mission of **Empowering Global Capital Market Participants Through Unrivalled Insights and Expertise**. As the first CRA registered and authorized by the International Financial Services Centres Authority (India), CareEdge Global is uniquely positioned to provide comprehensive ratings on a global scale. A part of the CareEdge Group, which is a knowledge-based analytical organisation offering a wide range of services in Credit Ratings, Analytics, Consulting, and Sustainability. Established in 1993, our parent company, **CARE Ratings Limited (CareEdge Ratings)**, stands as India's second-largest rating agency.

## Disclaimer

This disclaimer applies to each credit rating report and/ or credit rating rationale ('report') that is provided by CareEdge Global IFSC Limited ('CareEdge Global').

Ratings from CareEdge Global are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold or sell any securities/ instruments or to make any investment decisions. The report is not a solicitation of any kind to enter into any deal or transaction with the entity to which the report pertains. Any opinions expressed here are in good faith, are subject to change without notice, and are only current as of the stated date of their issue. CareEdge Global assumes no obligation to update its opinions following publication in any form or format although CareEdge Global may disseminate its opinions and analysis. The rating contained in the report is not a substitute for the skill, judgment and experience of the investor, user, its management, employees, advisors and/ or clients when making investment or other business decisions. The recipients of the report should rely on their own judgment and take their own professional advice before acting on the report in any way. Therefore, the report is not intended to and does not constitute an investment advice. The report should not be the sole or primary basis for any investment decision. CareEdge Global is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CareEdge Global. CareEdge Global does not act as a fiduciary by providing the rating.

Any unsolicited ratings assigned by CareEdge Global are based on publicly available information as CareEdge Global may or may not have access to documents / information or participation from management of such issuers. While CareEdge Global has obtained information from sources it believes to be reliable, CareEdge Global does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives and/ or relies on in its reports. CareEdge Global ratings are subject to a periodic review, which may lead to revision in ratings. CareEdge Global has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process. CareEdge Global has in place a ratings code of conduct and policies for managing conflict of interest.

Neither CareEdge Global nor its affiliates, third-party providers, as well as their directors, officers, shareholders, employees or agents guarantee the accuracy, completeness or adequacy of the report, and shall not have any liability for any errors, omissions or interruptions therein, regardless of the cause, or for the results obtained from the use of any part of the report. CareEdge Global DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING BUT NOT LIMITED TO ANY WARRANTIES OF MERCHANTABILITY, SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall any CareEdge Global or its associated entities or persons be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of any part of the report even if advised of the possibility of such damages.

This report does not constitute an offer of services. This report is solely for use in the jurisdiction of IFSCA, GIFT City in Gandhinagar. Without limiting the generality of the foregoing, nothing in the report is to be construed as CareEdge Global providing or intending to provide any services in jurisdictions where CareEdge Global does not have the necessary licenses and/ or registration to carry out its business activities referred to above. Access or use of this report does not create a client relationship between CareEdge Global and the user.

For latest rating information on any instrument of any company rated by CareEdge Global, you may visit our website [www.careedgeglobal.com](http://www.careedgeglobal.com).

This report should not be reproduced or redistributed to any other person or in any form without prior written consent from CareEdge Global.

© 2026, CareEdge Global IFSC Limited, a wholly owned subsidiary of CARE Ratings Limited. All Rights Reserved.

This content is being published for the purpose of dissemination of information required as per applicable law and regulations and CareEdge Global IFSC Limited holds exclusive copyright over the same. Any reproduction, retransmission, modification, derivative works or use or reference to the contents, in whole, in part or in any form, is prohibited except with prior express written consent from CareEdge Global IFSC Limited.

CareEdge Global IFSC Limited  
(A subsidiary of CARE Ratings Ltd.)  
501, FlexOne, GIFT SEZ, Block 15, Gandhinagar, Gujarat – 382050, India. Phone: +91-79-6519 0701 | [www.careedgeglobal.com](http://www.careedgeglobal.com)  
CIN-U66190GJ2024PLC151103