



**TANZANIA**

# INTEGRATING FINANCING FRAMEWORKS AT NATIONAL AND LOCAL LEVELS

INFF case study

### **Acknowledgement:**

This case study was prepared by the United Nations Development Programme (UNDP) in collaboration with national counterparts in the United Republic of Tanzania. It was led by Esther Schneider, UNDP Consultant and main author, with contributions from Emmanuel Nnko, Simon Moshy, Yali Wang and Tim Strawson.

The case study forms part of the Integrated National Financing Framework (INFF), a country-led process driven by the Government of the United Republic of Tanzania and the Revolutionary Government of Zanzibar. The progress documented here reflects national leadership in strengthening financing frameworks aligned with development priorities.

The INFF initiative was supported through the INFF Facility (UNDP, United Nations Department of Economic and Social Affairs, United Nations Children's Fund, Organisation for Economic Co-operation and Development, European Union, Governments of Canada, Italy, Spain and Sweden). Acknowledgement is also extended to the Ministry of Finance (Mainland), the Zanzibar Planning Commission (ZPC), the Ministry of Finance and Planning (Zanzibar), the Institute of Rural Development Programme (IRDP), Peter Middlebrook and UNDP technical teams whose coordination and expertise have advanced the INFF journey in Tanzania Mainland and Zanzibar.

**Copyright ©UNDP 2026. All rights reserved.**

One United Nations Plaza, New York, NY 10017, USA.

The United Nations Development Programme (UNDP) is the leading United Nations organization fighting to end the injustice of poverty, inequality, and climate change. Working with our broad network of experts and partners in 170 countries, we help nations to build integrated, lasting solutions for people and planet.

Learn more at [undp.org](https://undp.org) or follow at [@UNDP](https://twitter.com/undp).

**Disclaimer:** The views expressed in this publication are those of the author(s) and do not necessarily represent those of the United States Nations, including UNDP, or the UN Member States.

Cover photo credit: Pixabay / Jonas-Thoren

## KEY MESSAGES

---

- Tanzania's Integrated National Financing Framework (INFF) has been rolled out for both national and subnational governments level on the mainland, as well as in Zanzibar. This allows for a flexible approach where local authorities can develop alternative financing instruments in line with the specific context.
- Successful financing reforms require close collaboration, where domestic policy changes are combined with adjustments to international rules and practices. To enhance tax revenue from international corporations and better fight illicit financial outflows, Tanzania is actively supporting the UN Framework Convention on International Tax Cooperation. As part of the process towards a more favourable credit rating, the country is also contributing to the development of an African credit rating agency.
- SDG-themed bonds have been explored at the sovereign and municipal levels, which has also inspired corporate issuances. This is due to efforts in legal and regulatory framework as well as regional and international cooperation in credit rating.
- An SDG investor map has been developed both in mainland Tanzania and in Zanzibar to facilitate a sustainable private finance ecosystem. The integration of the SDG investor maps into the local websites of the Tanzania Investment Centre and the Zanzibar Investment Promotion Authority is not only a strong sign of ownership, but also an important opportunity to tailor the analysis to local needs.
- Institutional capacities for preparing bankable projects are crucial, especially to ensure financing is directed to ventures with sufficient returns and payment capacities. Going forward, particular focus will be on enhanced sustainability-linked project pipelines to attract investors and businesses at various levels, including through an Integrated Development and Growth Facility.



## INTRODUCTION TO TANZANIA'S INFF JOURNEY

---

Over the past five years, Tanzania has demonstrated strong commitment to expanding its financing framework for sustainable development beyond traditional finance. The country has pioneered an Integrated National Financing Framework (INFF) process characterized by **dynamic localization across all levels of government**, robust international cooperation for both public and private finance, and innovation to deepen capital markets.

To finance sustainable national development priorities and provide alternative tools for income generation at different levels of government, Tanzania's INFF process has been launched in both **mainland Tanzania and Zanzibar**. The INFF inception phase is currently being piloted with three mainland Tanzania local government authorities (LGAs).<sup>1</sup> To strengthen traditional and innovative financing mechanisms, the country's government is concentrating on enhancing public revenue and the fight against tax avoidance, fiscal policies aligned with the Sustainable Development Goals (SDGs), thematic bonds and sukus, and the creation of a local impact investing ecosystem, including SDG investor mapping and promotion, blended finance and inclusive insurance schemes. As part of the next phase, it will focus on the design of viable investment pipelines for different types of public and private projects at the local government level in mainland Tanzania and Zanzibar. The financing dialogue triggered through Tanzania's INFF came timely to further define alternative financing targets<sup>2</sup> and has created a more enabling environment for innovative mechanisms, contributing both directly and indirectly to their mobilization (Box 1).

Tanzania aligned its 2021 Development Finance Assessment (DFA) with the preparation of its Five-Year Development Plan (FYDP III), allowing financing and planning policies to be developed in parallel. This helped break silos within the Ministry of Finance and Planning (MOFP), enabled coordinated peer review across departments, and resulted in a more integrated financing strategy – the 2021/22 – 2025/26 Financing Strategy of the FYDP III in 2022. The financing strategy lays out concrete reform agendas to gradually fill the FYDP III resource envelope of TZS114.8 trillion/\$50 billion.<sup>3</sup>

Inspired by the mainland, the Revolutionary Government of Zanzibar has followed a similar approach starting from a DFA in 2023 and fully developing its Sustainable Financing Strategy in 2024, anchored in the 2021 – 2026 Zanzibar Development Plan (ZADEP).

Implementing the INFF is not a linear process in either mainland Tanzania or Zanzibar. In some cases, innovations such as sustainable bond and sukuk design, agricultural insurance schemes, SDG investment promotion tools and blended finance facilities were piloted before the financing strategies were finalized—contributing to their content and shaping their evolution. In other cases, these initiatives were launched as part of the strategies' implementation road maps. This iterative, learning-by-doing approach has enabled institutional strengthening to refine the INFF process and develop dynamic, living strategies that respond to rapidly changing realities.

---

1. The City Council of Dodoma, Kibaha Municipal Council and Temeke Municipal Council.

2. See MOFP (2021), Alternative Project Financing Strategy which was substantively shaped through the DFA financing dialogues.

3. URT (2022), Financing Strategy of the National Five-Year Development Plan 2021/22 – 2025/26, p. 13

Box 1 highlights selected **intermediate results** from early-stage reforms in mainland Tanzania and Zanzibar, showcasing the transformative potential of a broad set of financing innovations pinned down by the financing strategies.

### **Box 1: Intermediary results of early stage financing reforms incubated through the INFF process**

- Local Government Revenue collection systems (ZANMUTM) are now used by 10 out of 11 regional administrations in Zanzibar
- Zanzibar's first sovereign sukuk worth \$ 450 million was launched in February 2025
- A first subnational Tanga Urban Water Supply and Sanitation Authority Water Green Bond worth \$20.5 million was launched in 2024
- Four SDG-aligned Corporate bonds worth \$380 million launched and over-subscribed
- A \$60 million Road Infrastructure Bond to empower local contractors
- \$ 5.5 million mobilized through Zanzibar's Investment Promotion Authority following re-design of its SDG Investor Map an INFF-aligned investment promotion marketing tool
- Growing blended finance: the Tanzania Agricultural Development Bank has facilitated credits of \$16 million for approximately 570,000 farmers



# STRENGTHENING TAXATION AND DIGITALIZATION AT NATIONAL AND LOCAL LEVEL THROUGH INTERNATIONAL COOPERATION

---

Tanzania has a significant **unmet tax potential**. According to estimates from the Tax Justice Network, 2 percent of Tanzania's tax revenue, equivalent to TZS 287 billion/\$125 million is lost through corporate tax abuse by multinational companies and tax evasion by individuals. This is 14 percent of the national health budget and 6 percent of the education budget.<sup>4</sup>

To address these challenges, Tanzania is pursuing comprehensive reforms at the local, national and international levels, leveraging both localization and international cooperation as key strategies for sustainable tax revenue generation.

## High-level national ambition

At the core of Tanzania's efforts to strengthen its tax system is the **Medium-Term Revenue Strategy (MTRS)**, launched in 2025/2026. The MTRS aims to enhance revenue collection and improve the efficiency of tax policies. Adopted for a period of three years, the MTRS is reviewed regularly to adjust to the national context and ensure actual tax collection efforts are deepened and more closely aligned to the priorities of the FYDP III. This iterative process ensures that tax reform remains responsive to the country's changing needs and is increasingly integrated into the government's development objectives.

The creation of the **Presidential Commission on Tax Reforms**, launched in August 2024, is a significant milestone in driving these reforms. The Commission will provide the necessary high-level platform for dialogue and action on national tax policies, building on the momentum of Tanzania's INFF process.

**An evaluation of SDG 5 (Gender equality) and SDG 17 (Global Partnership for Sustainable Development)** took place in 2023 to better align taxation with SDGs. The diagnostic was the first in a series of priority SDG assessments and has enabled the government to identify how to use tax policies and tax administration to support these SDGs. The evaluation highlighted the country's notable progress in strengthening domestic resource mobilization through tax administration improvements and digitalization (SDG 17). It also noted positive advancements in gender equality in the workplace and fair taxation of the small- and medium-sized enterprise sector. However, there is room for further progress, particularly the reduction of gender inequality through targeted labour, consumption, corporate and capital taxation. Additionally, Tanzania is advancing its sustainable taxation framework for SDG 13 (Climate Action), with a new climate finance unit to operationalize climate goals and further align public finance with national climate commitments.

The Tanzania Revenue Authority, with support from the United Nations Development Programme (UNDP), has incorporated the recommendations of a 2024 digital transformation maturity model (DTTM)

---

4. Tax Justice Network, [Tanzania Country profile](#) (website)s

assessment report<sup>5</sup> into its **digitalization strategy**. The self-assessment found that assessed areas of tax administration were either established (one out of six) or progressing (five out of six). It recommended key steps in the areas of taxpayer digital identity and touchpoints, data management and standards, management of tax rules and applications, development of new skill sets within the tax administration and overall governance and legal framework.<sup>6</sup> **Eighteen initiatives** have been implemented to strengthen these areas, including through expanding digital identity use, improving data management and information technology skill sets, and strengthening information and communications technology governance and risk management.

## Dynamic local endeavours

Cities such as **Mwanza** and **Dodoma** have made notable strides in improving their own-source revenue collection. The Mwanza Municipal Authority initiated dialogues on adequate tax laws to enhance compliance with small- and medium-sized enterprises.<sup>7</sup> The city of Dodoma inaugurated a **Medium Taxpayers Division** in charge of raising awareness and educating around existing regulations.<sup>8</sup>

To further enhance its financial capacity, Dodoma has recently kicked off the development of its local integrated financing framework. In partnership with the President's Office Regional Administration and Local Government (PO-RALG), and based on Tanzania's decentralization-by-devolution agenda, Dodoma City Council will submit findings from the local DFA to inclusive financing dialogues before the end of 2025. As an administrative hub with a growing number of development partnerships, the country's capital city is strategically placed to reduce its reliance on central government transfers (close to 60 percent of Dodoma's budget is from central government transfers according to preliminary findings from the local DFA). Dodoma is participating in the pilot exercise alongside the industrial hubs Kibaha and Temeke. Going forward, the process aims to identify dedicated financing solutions in line with the comparative advantage of the respective LGAs and develop an actionable financing strategy that can be replicated across Tanzania's remaining 181 LGAs.

In Zanzibar, where the Public Service Reform Programme has adopted a strong focus on strengthening local accountability,<sup>9</sup> the subnational government verified the modalities of its revenue collection and redesigned electronic systems. This has allowed it to strengthen interoperability and establish **digital collection systems that are now used by 10 of Zanzibar's 11 regional administrations**. Assessments on the amount of additional revenue generated will be forthcoming in 2026.

“The INFF assistance enables Zanzibar LGA to recheck the modality of revenue collection—redesigning the electronic systems and enhancing all 11 regional administrations.”

**Commissioner Mohammed Salim**  
Zanzibar Planning Commission

5. A DTMM builds on the OECD's Forum on Tax Administration framework.

6. DTTM Assessment Report, p. 22

7. <https://tccia.or.tz/regional-tax-forum-engages-mwanza-business-community/>

8. <https://www.ipppmedia.com/the-guardian/business/read/tra-grills-central-zones-taxpayers-on-new-services-2024-05-15-104521>

9. RGoZ (2024), Zanzibar Sustainable Financing Strategy, p. 3.

## International cooperation and the fight against illicit financial flows

Addressing tax losses due to illicit financial flows requires robust international cooperation and information exchange. Tanzania has taken an active role in the global conversation on tax reform, as demonstrated by its votes in favour of the Terms of Reference of a **UN Framework Convention on International Tax Cooperation**.<sup>10</sup> If adopted, this shall allow for a binding international treaty to enhance the effective and more equitable taxation of multinational corporations and high-net worth individuals.

By participating in these high-level international discussions, Tanzania is positioning itself as a key player in shaping new international tax rules, which have so far mostly been discussed by members of the Organisation for Economic Co-operation and Development. Civil society and academia support this initiative through their own stakeholder sensitization initiatives.<sup>11</sup>

Next-generation transfer pricing regulations, aimed at ensuring that prices of transactions within a multinational group and taxes paid are comparable to their actual market value, are currently being finalized through MOFP. Supported by **Tax Inspectors without Borders**, the review process includes both an update of the regulatory framework and trainings of tax administrators to ensure it is fully implemented.

## UNTAPPING DOMESTIC AND INTERNATIONAL DEBT MARKETS FOR NATIONAL AND LOCAL DEVELOPMENT PRIORITIES

---

The development of domestic and international debt markets through lower-interest sustainable instruments is a strong focus of Tanzania's FYDP III, its integrated financing strategy, the Alternative Project Financing Strategy and Zanzibar's ZADep and Sustainable Financing Strategy. The INFF process has been key to initiate concrete steps towards establishing an adequate legal framework and building the required capacities.

### Sovereign sustainable debt framework

Tanzania's first Sovereign Sustainable Financing Securities Framework is currently being finalized to secure a second-party opinion about its alignment with the principles of the International Capital Markets Association. It aims to raise additional domestic and international capital towards Tanzania's environmental and social goals by issuing sustainable sovereign securities (Figure 1). This is also reflected in the 2024/2025–2026/2027 Medium-Term Debt Management Strategy, which envisages the issuance of Eurobonds to address potential delays in the disbursement of semi-concessional loans as an option for its alternative financing strategies.<sup>12</sup>

---

10. UN News (2024) [Why the world needs a UN Global Tax Convention](#); UN (2024), [Concluding its session, 2nd Committee approves 4 resolutions, 2 decisions, including texts on tax cooperation, affordable energy access](#); The adoption of the treaty is currently foreseen for 2027

11. The Citizen (2024), [UN Tax Convention: A push for tax justice, global equality](#)

12. URT (2024), [Medium-Term Debt Management Strategy](#)

Figure 1: Eligible Projects



Source: Author based on URT, Sovereign Sustainable Financing Securities Framework (Draft)

## Issuance of Municipal bonds

In partnership with the **Capital Markets and Securities Authority**, the **Dar es Salaam Stock Exchange**, and the **United Nations Capital Development Fund**, four municipalities—**Tanga, Mwanza, Arusha** and **Ilemela**—received support to develop market-ready projects with viable financing structures for capital markets. This collaboration culminated in the **Tanga Urban Water Supply and Sanitation Authority** issuing a **\$17.8 million**, 10-year infrastructure bond in February 2024.<sup>13</sup> The bond, listed on the Dar es Salaam Stock Exchange and the Luxembourg Stock Exchange, will help increase water supply coverage in Tanga City from 96% to 100%, ensure 24-hour reliable water service, and expand network coverage in the townships of Muheza and Pangani from 70% to over 95%.<sup>14</sup> This **first-of-its-kind transaction in East Africa** serves as a model for other subnational governments looking to access capital markets to finance development projects.<sup>15</sup>

## Sukuk issuance in Zanzibar

The Revolutionary Government of Zanzibar, with the support of the UNDP country office and Debt for SDGs teams, is focused on the development of its sovereign sukuk framework, which is equally awaiting a second party opinion. Zanzibar aims to attract funding for projects with measurable social and climate impacts in the blue economy, tourism and infrastructure sectors. Zanzibar’s President’s Office launched an initial TZS 1.115 trillion/\$ 450 million sukuk with a 10.5 percent rate of return in February 2025. It aims to finance 12 large-scale projects in the fishing, health, road infrastructure (TZS 498.4 billion), port (TZS 399.8 billion) and airport sectors (TZS 62.4 billion).<sup>16</sup>

13. <https://www.uncdf.org/article/8807/tanga-uwasa-brings-east-africas-first-subnational-green-bond-to-luxse>

14. <https://fsdafrica.org/tanga-uwasa-issues-east-africas-first-ever-water-green-bond/>

15. FSD Africa (2024), [Tanga UWASA issues East Africa’s first ever Water Green Bond](#)

16. The Citizen (2025), [How Sh 1.115 trillion Islamic bonds will fund 12 key Zanzibar projects](#); For more information on the sukuk, see official website: <https://zanzibarsukuk1.co.tz/>

## International cooperation for fairer credit rating

A critical factor in securing SDG-aligned financing instruments at attractive interest rates is access to favourable credit ratings. However, credit rating assessments by international agencies often rely on methodologies and data that may not fully reflect the unique circumstances of African countries, leading to rating outcomes that sometimes reflect perceived rather than actual risks. With increasing reliance on capital markets, the cost of debt for African countries has risen substantially, with interest payments growing by 131 percent since 2015.<sup>17</sup>

To address these challenges, Tanzania has adopted a two-tiered approach: contributing to the development of an African credit rating agency (Box 2), and strengthening local capacities to enhance understanding of the rating process and foster an enabling policy environment.

**As a result of Tanzania's reform efforts and improved debt management capacity,** Moody's gave Tanzania a **B1 Positive Rating**, up from B2 in March 2024;<sup>18</sup> and has a B Positive Rating (Fitch) affirmed since 2023.<sup>19</sup> Zanzibar's first sukuk has a BBB+ long-term rating based on its government guarantee, financial safeguards and economic foundation.<sup>20</sup>

Going forward, professionals from the central government, the Dodoma LGA and Zanzibar are rolling out a dedicated road map to further strengthen capacities and gradually establish the conditions for an enhanced rating trajectory. This is facilitated by a web-based portal, access to expert advice from senior rating experts, and a regional community of practice to facilitate sharing of best practices and cross-coordination between African officials. The dedication of Tanzanian professionals from different ministries and the recent credit rating success signal transformative potential for the continent.<sup>21</sup>

### Box 2: African Credit Rating Agency

To step away from an often biased and costly approach of international credit rating agencies, the African Union plans to officially launch the Africa Credit Rating Agency (AfCRA) in June 2025. AfCRA aims to establish African-owned credit ratings in line with the unique realities of the region. Its rating will complement and fill data gaps of the [three international credit rating agencies](#) operating on the continent.

AfCRA's methodology and governance will be enhanced through the African Peer Review Mechanism, the African Union's instrument for accountability and self-monitoring. Its operationalization is supported by [UNDP's Africa Credit Ratings Resource Platform](#) and partnerships with African governments to ensure fairer ratings and lower borrowing costs.

*Source: Author based on [African Union, Press Release February 2027](#); [Africa Credit Ratings Platform](#)*

17. UNDP (2024), [Africa's Development Context and Credit Ratings](#).

18. UNDP (2025), [Latest Credit Rating Updates](#) [Last visit: 13.10.2025]

19. Fitch Ratings (2024), [Tanzania](#) [Last visit: 13.10.2025]

20. Further Africa (2025), Zanzibar Secures BBB+ Rating for Groundbreaking Sukuk Issuance.

21. UNDP/AfriCatalyst (2024), Tanzania Mission Report, Navigating the Credit Ratings Process, 2024; UNDP(2024), [Africa's Development Context and Credit Ratings](#);

## Corporate sustainable bonds

The sovereign-level sustainable bond issuance has showcased how environmental and social impacts can be leveraged to generate financial benefits for issuers. Tanzania has seen a significant increase in the issuance of corporate bonds since 2023. This illustrates a **shift away from a market that was previously dominated by treasury bonds**, leaving new opportunities for investors and providing an important step for building a sustainable private finance ecosystem. Several corporate green, blue and social bonds, as well as two smaller corporate sukus,<sup>22</sup> have been significantly oversubscribed, reflecting the great appetite of investors for more innovative and sustainable investment opportunities.

**Tanzania's CRDB Bank issued Tanzania's first corporate green bond in October 2023, a key milestone in this growth.** With a total value of nearly TZS 780 billion/\$300 million, it is the largest corporate green bond ever issued in sub-Saharan Africa. The bond's success was boosted by anchor investments from the International Finance Corporation, which subscribed 29.3 percent of the bond and committed to investing 40 percent of the total value. Such anchor investments are crucial to mitigating currency risk and reducing issuance costs, which remain higher in Africa.<sup>23</sup> Building on this success, CRDB Bank issued a TZS 150 billion/\$60 million government-backed road infrastructure bond in 2025 to address liquidity challenges for local contractors.<sup>24</sup>

**In addition, Tanzania's National Microfinance Bank (NMB) issued the Jamii Sustainability Bond in October 2023 and the Jasiri Gender Bond in April 2022,** which provide further capital to sustainability linked and women-owned or -serving businesses. Both bonds benefited from anchor investments through the International Finance Corporation. British International Investment, the UK's development finance institution, also made a \$15 million commitment to the Jamii Sustainability Bond.<sup>25</sup> The bonds have been cross-listed on international capital markets (the Jasiri Gender Bond on the Luxemburg Stock Exchange and Jamii Sustainability Bond on both the Luxembourg Stock Exchange and the London Stock Exchange), an important step towards attracting international investments.<sup>26</sup>

Less than one year after its issuance, proceeds from the Jasiri Gender Bond had been fully allocated through 3,205 new loans to micro, small- and medium-sized enterprises. Seventy-seven percent of the total value of loans went to micro and small enterprises.<sup>27</sup>

---

22. The ever first TZS 2 billion sukuk to enhance the Sharia-compliant loan portfolio of Imaan Finance and a TZS 1.2 billion Premier Girls Secondary School Sukuk in 2024. More information under: The Citizen (2025), [Tanzania's Capital Markets flourish under President Samia's four years of noble leadership](#)

23. FSD Africa (2025), [Impact of Green bonds in Africa](#), p.4

24. Tanzania Invest (2025), [Tanzania launches tax-exempt TZS 150 billion Samia Infrastructure Bond with 12% annual interest](#)

25. BII (2023), [BII makes \\$15 million anchor commitment to NMB Bank's sustainability bond](#)

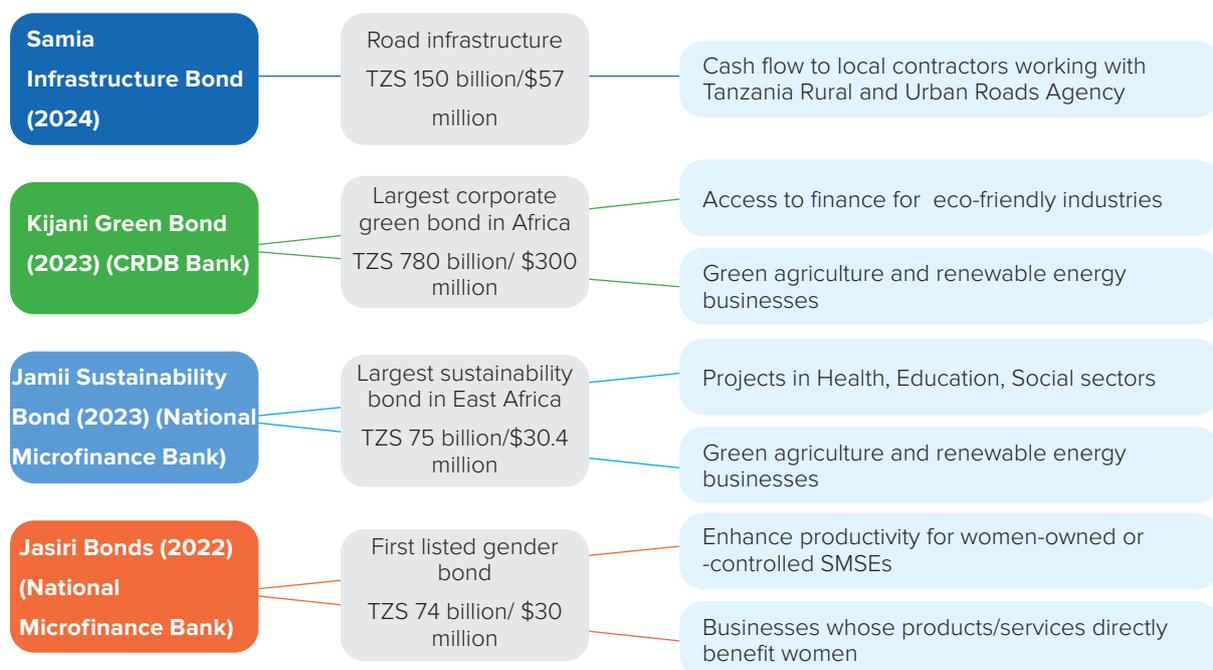
26. Tanzania Invest (2024), [Tanzania Bank Lists Sustainability Bond at London Stock Exchange](#); UN Women (2023), [Tanzania Social Bond Issued By a Commercial Bank](#).

27. NMB (2023), [Jasiri Gender Bond Impact Report](#).

**The significant oversubscription of all of these bonds not only reflects robust international interest, but also highlights the growing capacity of local investors.** The first issuance of the Kijani bond was oversubscribed by 429.6 percent, raising TZS 171.8 billion/\$70 million, far exceeding the target of TZS 55 billion/\$22.4 million. Similarly, the inaugural issuance of the Jamii Sustainability Bond was oversubscribed by 284 percent in the Tanzanian market, raising TZS 400 billion/\$159 million, instead of the anticipated TZS 75 billion/\$30 million. This represented over 5,600 local investors, demonstrating growing appetite and increasing capital participation from domestic businesses and individual investors.<sup>28</sup>

These trends correspond to the findings of Tanzania’s FYDP III Financing Strategy. It emphasizes the growing volume of domestic savings (from 13.1 percent of GDP in 2010 to 17.1 percent of GDP in 2019) and the stock of bank deposits (from TZS9.7 trillion to TZS 22.7 trillion) as a signal for the availability of investable domestic private funds.<sup>29</sup>

Figure 2: Key SDG-aligned corporate bonds and their investments



Source : Author based on data from [FSD Africa](#), [UN Women](#) and [Tanzania Invest](#).

28. FSD Africa (2024), [Catalysing Africa's growth through sustainable capital markets](#).

29. URT (2022), Financing Strategy FYDP III (op.cit.), p.10

## MARKET INTELLIGENCE AND FINANCIAL INNOVATION TO BOOST SUSTAINABLE INVESTMENTS

Tanzania's private sector investments are on a growth path, with an annual average growth rate of 18 percent over the past decade, mainly through investments into the real estate and transport sectors.<sup>30</sup> The INFF emphasizes the need to align this growth with the SDGs, particularly at the subnational level, by identifying impactful investment opportunities and leveraging innovative financial instruments that support both national and local development.

### SDG Investor Maps to identify bankable opportunity areas at the national and subnational level

A key initiative in Tanzania's private investment strategy is **National SDG Investor Mapping**, which provides investors with valuable market intelligence and viable business models. Finalized in late 2022, the SDG Investor Map identified 13 Investment Opportunity Areas (IOAs) (Figure 3). Many of these IOAs hold the potential to promote Tanzania's role in regional value chains and competitiveness under the African Continental Free Trade Area.

Figure 3: SDG priority areas and estimated market in Tanzania

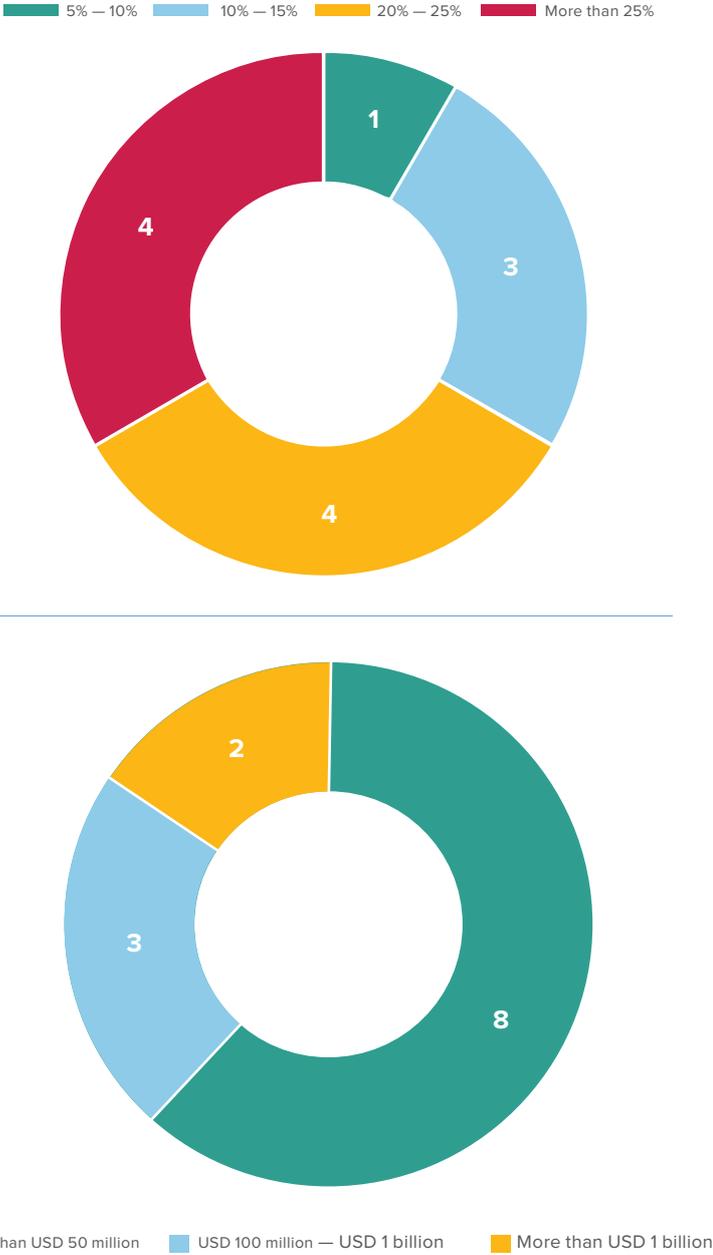


Source: [Author based on SDG Investor Platform](#)

30. URT/MFP (2021), Financing Strategy of the National FYDP 2021/22 – 2025/26, p. 10

Championed by Tanzania’s Prime Minister’s Office, the SDG Investor Map was developed in partnership with the **Ministry of Investment, Industry, and Trade** and the **Tanzania Investment Centre (TIC)**, with support from the **United Nations Capital Development Fund** and **UNDP**. Officially launched in November 2022, the map was presented during TIC’s first **SDG Investment Forum**, which attracted potential investors and businesses. This forum promoted bankable projects aligned with the SDG Investor Map and businesses from the **Growth Stage Impact Ventures (GSIV)** programme, which works to scale high-impact ventures. TIC pursues investment promotion for key sectors and has incorporated the mapping into its website. This allows it to publish substantive additional information on the different opportunities (Figure 4).

Figure 4: Rate of return and market value (number of IOAs in a particular range)



Source : [Tanzania Investment Centre](#)

**The GSIV programme, launched in 2019, has identified key impact business ventures** with products and services that have the potential to be scaled rapidly. The programme was linked to the findings of the SDG Investor Map in 2022. Out of 80 candidates, five were selected from a highly competitive process to receive capacity-building to enhance their investment readiness and comprehensive SDG impact measurement (Figure 5).<sup>31</sup> **Zanzibar has developed its own SDG Investor Map**, providing an even more granular

Figure 5: Finalists of the 2022 GSIV



Source: Author based on [2022 UNDP press release](#)

31. UNDP(2022), [UNDP announces Tanzania Five Finalists of GSIV](#); UNDP (2023), [Inaugural SDG Impact Standards Training](#)

picture of investable sectors and businesses. Launched in 2024, the mapping emphasizes the IOAs of the 2021–2026 ZADEP to drive social and economic resilience.<sup>32</sup> Eight IOAs were identified from a shortlist of four sectors and subsectors (Figure 6). The mapping has allowed Zanzibar’s Investment Promotion Authority to redesign its investment promotion marketing tool in line with the INFF approach and has already attracted \$5.5 billion in private investment.<sup>33</sup> To translate these IOAs into actionable projects, it will be critical to develop investment pipelines across

Figure 6: SDG priority areas and estimated market in Zanzibar



Source: [Author based on SDG Investor Platform](#)

various levels of government. Several sources of potential pipelines, such as the flagship projects of the FYDP III, private sector projects registered and supported through TIC, and project pipelines at LGA level, have strong potential to be refined to enhance sustainability and investment readiness (Figure 7).

TIC’s focus on international diplomacy, investment roadshows and the regulatory environment has allowed it to multiply the number of registered private sector projects across a variety of sectors in recent years. Registered ventures have grown from a total of 256 projects worth TZS 8.5 trillion/\$3.7 billion in investment capital in 2021 to 901 projects worth TZS 20 trillion/\$7.7 billion in 2024.<sup>34</sup> By mid-2024, about 60 percent of these investments were foreign direct investment, which dominated the manufacturing sector.<sup>35</sup> Domestic investments, although also with a primary focus on manufacturing, dominated the commercial building, human resource, transport and tourism sectors.<sup>36</sup>

32. Zanzibar (2024, [SDG Investor Map](#), p. 7

33. INFF (2025), [Inside INFFs: Experience from the Zanzibar Planning Commission](#)

34. Tanzania Invest (2025), [Tanzania breaks investment records in 2024 with US\\$7.7 billion in projects](#)

35. Other sectors with high foreign direct investments are commercial building, tourism, financial institutions and energy.

36. TIC (2024), [Quarterly Bulletin April to June 2024](#), p.13

In alignment with the INFF’s **localization** goals, a special focus has been placed on enhancing local revenue through project pipelines identified through LGAs. Under the leadership of the President’s Office- Regional Administration and Local Government (PO-RALG), Tanzania pioneered the development of bankable projects through LGAs in 2023. In early 2023, a seminar for experts from 13 LGAs and 12 Regional Secretariats identified 13 bankable projects across a range of sectors such as construction, agroprocessing, education and infrastructure with an overall investment value of TZS 192 billion/(\$76 million).<sup>37</sup> Following this approach, Zanzibar has also developed its 17 local projects worth TZS105 billion/\$42 million (Figure 7).<sup>38</sup> Going forward, the local DFA initiatives will explore ways to further expand this initiative to other LGAs.

Figure 7: Pipelines at national and subnational levels



Source: Author based on: UNDP (2024), Proposal for the establishment of the TIDGF, PPT; Lists of bankable projects – mainland Tanzania and Zanzibar; TIC Monthly Investment Bulletins; [TanzaniaInvest](#)

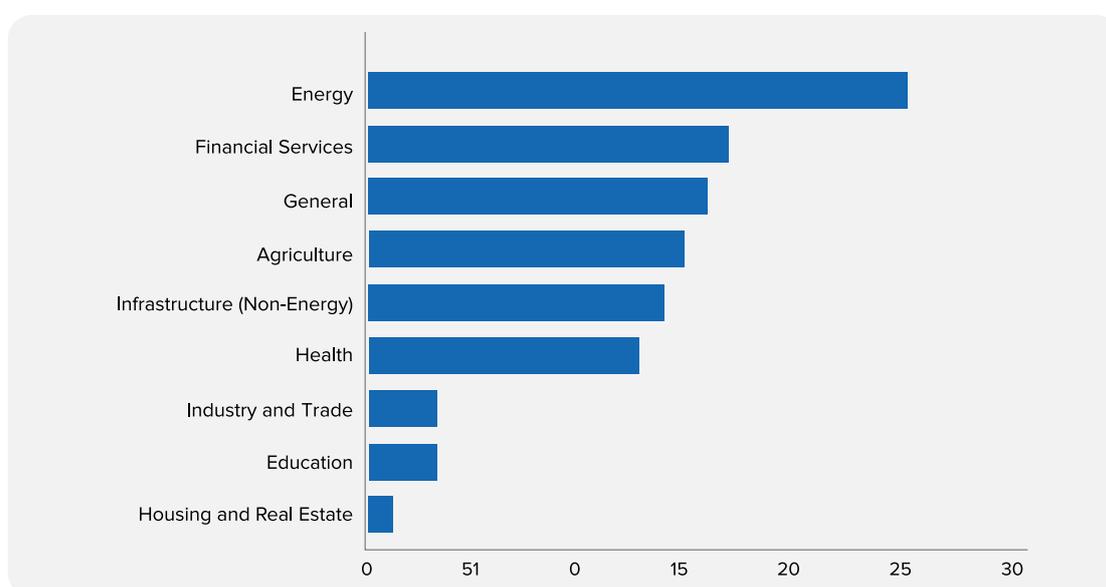
37. URT (2023), List of Draft Bankable Projects – mainland Tanzania

38. RGoZ (2023), List of Draft Bankable Projects - Zanzibar

## Blended finance to leverage additional private investments

Tanzania has been exploring blended finance solutions since 2005. With solid growth in transactions recently, the country is now ranked fifth in sub-Saharan Africa in frequency of blended finance deals. A total of 81 deals with an aggregated value of \$11 billion have been concluded since then, largely in sectors related to SDG 8 (Decent Work and Economic Growth) and SDG 9 (Industry, Innovation, and Infrastructure) (Figure 8). Twenty of these deals were directly invested into companies, namely in the agriculture and energy sectors, others were invested through investment funds, projects, facilities or corporate bonds (see above).<sup>39</sup> To further consolidate experience in this area, several authorities commissioned the 2025 Blended Finance White Paper, outlining opportunities in blue economy, tourism, agriculture and other sectors.

Figure 8: Blended finance deals across sectors



Source: UNDP/Convergence 2025

For example, Private Agricultural Sector Support (PASS), an agrifinance trust supported by the Governments of Tanzania and Denmark, has been instrumental in helping farmers and micro, small- and medium-sized enterprises access finance since its establishment in 2002. Through blended finance, PASS provides a range of guarantee products, including traditional, linkage banking, portfolio, digital, and green guarantees, to support agribusinesses across sectors like agriculture, livestock and fishing. The Swedish International Development Cooperation Agency has enhanced PASS's efforts by providing a re-guarantee cover, strengthening its capacity to mobilize private capital and drive sustainable agricultural growth.<sup>40</sup>

**A more recent example of successful blended finance in action is the Tanzania Agricultural Development Bank (TADB), which has used initial investments of \$8.5 million to mobilize syndicated loans worth \$36 million in support of sugar, animal vaccine, edible oil and agricultural packaging value**

39. UNDP/Convergence (2025), [Mobilizing Private Capital Through Blended Finance to Drive Tanzania's Growth](#), p. 11ff.

40. Ibid, p.19.

41. Ibid, p.18

chains.<sup>41</sup> In 2022, the bank further leveraged a UNDP grant of \$200,000 and support from other partners to bring 10 projects in the agriculture sector to a stage of investment readiness, to blend with project owners' investment and totalled \$16 million of capital for these 10 projects.<sup>42</sup>

Additionally, with the support of the African Development Bank, TADB's smallholder credit guarantee scheme focuses on de-risking commercial bank credits both through guarantees of 50 percent to 70 percent and through liquidities to banks that provide agriloans to smallholder farmers. By the end of 2024, this mobilized TZS 381.5 billion/\$147 million for almost 570,000 farmers across 19 commercial banks and 36 value chains (Figure 9).<sup>43</sup>

Figure 9: TADB smallholder credit guarantee scheme by 2024



Source: TADB (2025), [Q4 Financial Statements](#)

## Deep dive into inclusive Insurance and Risk financing in the agriculture sector

Tanzania and Zanzibar, which are both highly vulnerable to natural disasters, droughts, earthquakes and epidemics, recognize the need to strengthen the insurance sector. Following the launch of Tanzania's FYDP III Financing Strategy, MOFP carried out a comprehensive insurance and disaster risk finance diagnostic through the Tanzania Insurance Regulatory Authority with the support of UNDP's Insurance and Risk Finance Facility. It identified a lack of inclusive insurance schemes and sovereign risk transfer solutions, resulting in a significant burden of disaster-related costs on the public budget and households.

The diagnostic developed key recommendations to strengthen client-centric products based on effective partnerships between government institutions, regulators and market actors. Key steps include the enhancement of market-based research and sovereign risk transfer solutions. This will go hand-in with the set-up of risk information and modelling systems to detail economic and fiscal losses due to different disasters.<sup>44</sup>

**A particular focus is the agricultural sector.** While the sector is critical for employment, food security and overall wealth creation under FYDP III, it represents only a very small fraction of the insurance market (<1 percent of premiums), with premiums being unaffordable for smallholder farmers, despite the fact that they contribute 75 percent of the country's agricultural output.<sup>45</sup>

42. INFF Facility (2024), Making Finance work for people and planet, p.87; N.B. 50% from each party

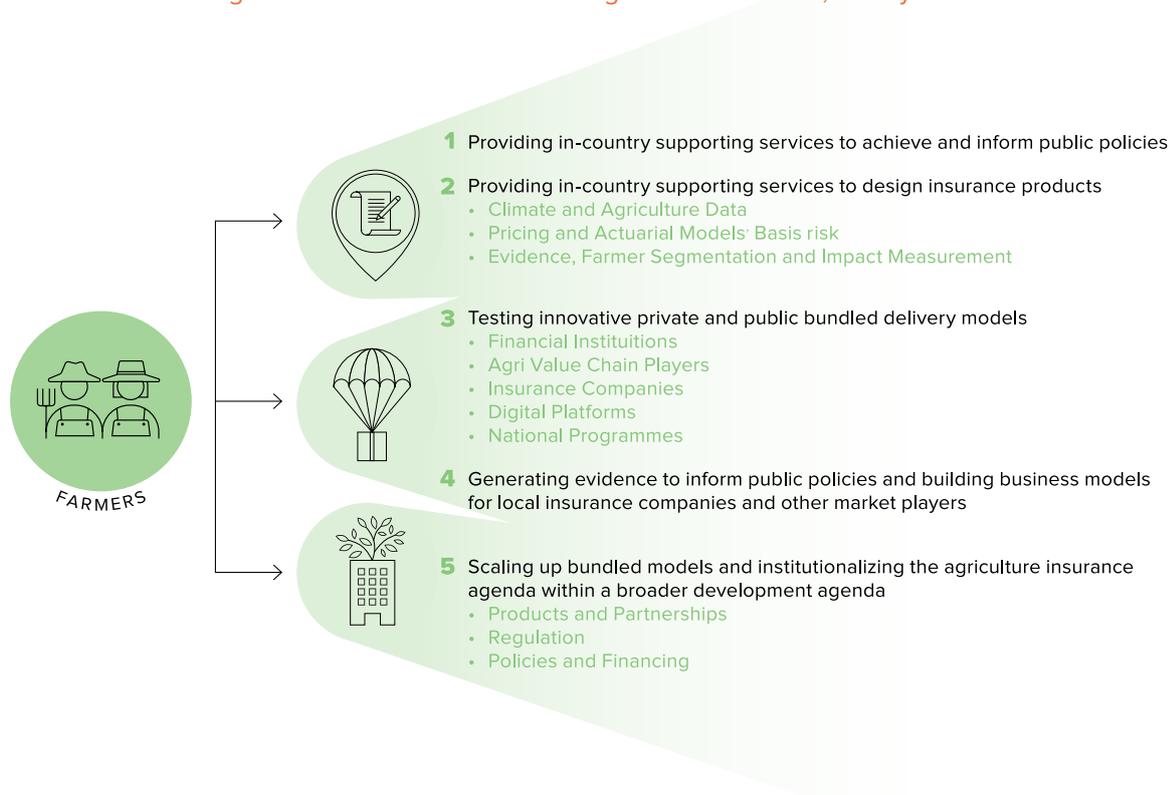
43. Convergence (2024), [How Tanzania is leveraging blended finance to drive growth](#); TADB (2025), [Q4 Financial Statements](#)

44. Insurance and Risk Finance Facility (2023), [Inclusive Insurance and risk financing in Tanzania. Snapshot and way forward 2023](#)

45. Ibid; TanzaniaInvest, [Smallholder Farmers](#)

The high cost of insurance in this sector stems from a market-based approach that lacks comprehensive data on past disasters, making it difficult to tailor affordable solutions.<sup>46</sup> To respond to this challenge, the Financial Resilience in Agriculture Initiative, supported by UNDP and the Bill and Melinda Gates Foundation, provides a government-led approach that aims to make innovative agricultural insurance coverage affordable to every local farmer. The initiative is connected to a global platform that provides access to a community of practice, risk information and modelling systems, as well as policy and regulatory support to develop country-led agricultural solutions.<sup>47</sup> Tanzania’s Ministry of Agriculture is leading this step-by-step approach (Figure 10) to institutionalize the agriculture insurance agenda within FYDP III by 2027.

Figure 10: Financial resilience in agriculture initiative, theory of action



Source : UNDP (2024), Advancing Smallholder Farmer’s Resilience

In Zanzibar, women seaweed farmers face significant barriers to scaling their businesses due to limited access to finance. The **Joint Programme on Transforming Seaweed Farming**, supported by the **UN Joint SDG Fund** and implemented by **FAO, UNDP, IFAD and the World Food Programme**, addresses these challenges by providing **innovative financing solutions**. Microinsurance is one of the major solutions under development. This initiative, which aims to serve **15,000 households** by 2028, enables farmers to expand production, diversify products and access new markets. It complements Zanzibar’s broader **blue economy** strategy, empowering local communities and promoting sustainable, **gender-inclusive growth** in the seaweed sector.<sup>48</sup>

46. UNDP(2024), [Putting Farmers first in Tanzania](#)

47. UNDP (2023), [Advancing Small-Scale Farmers’ Financial Resilience to Climate Risks.](#)

48. <https://jointsdgfund.org/article/how-tanzanian-women-are-cultivating-independence-waves>

## LESSONS LEARNED FROM TANZANIA'S EXPERIENCE

---

Tanzania's journey with the INFF process highlights the growing importance of **localization** and **international cooperation** in unlocking sustainable financing for development. By integrating **green and blue economy goals** with socioeconomic development priorities under frameworks like the **FYDP III** and **ZADEP**, Tanzania has successfully leveraged both domestic and international resources to drive investments in key sectors. The government's focus on enhancing local public revenue, improving **tax systems** and scaling up **SDG-enabling investments** has set the stage for a more resilient and sustainable future.

Through efforts like the **SDG Investor Map**, **blended finance** initiatives and **agriculture insurance schemes**, Tanzania is addressing critical gaps in financing while fostering inclusive growth. Zanzibar has demonstrated the value of subnational leadership in developing **bankable projects**, and LGAs have become key drivers of investment readiness at the regional level.

The lessons learned from Tanzania's experience, including the need for **flexibility**, **timely coordination** and **capacity-building**, offer valuable insights for other countries and local governments aiming to replicate Tanzania's success in mobilizing sustainable finance.

- **Strengthen Domestic Public Finance as the Foundation of the INFF**

A strong public finance system remains the cornerstone of Tanzania's INFF and of all other financing flows. Enhancing domestic revenue mobilization, strengthening tax administration, reducing tax avoidance, and aligning fiscal policies with the SDGs are critical to creating fiscal space for development priorities. Sound public financial management and debt sustainability frameworks are essential to mitigate debt-related risks and create fundamental conditions to enable private and international finance.

- **Prioritize Local Ownership and Institutional Capacity**

Countries should focus on strengthening local ownership of the INFF process by building the capacity of LGAs and regional institutions to design and implement financing strategies. This should include training local actors in project development, investment readiness and sustainable finance, ensuring that regional needs and priorities are central to financing decisions.

- **Integrate Sustainable Financing into Subnational Development Plans**

Subnational governments should integrate sustainable financing principles into their regional development plans, ensuring that investments contribute to both economic growth and climate resilience. Using tools like SDG Investor Maps, local governments can identify bankable projects and attract private capital that aligns with both local and national development goals.

- **Foster system-wide collaboration among governments, international finance institutions (IFIs), development institutes and private sector**

that align both national and subnational priorities. These partnerships should focus on impact-driven investments in sectors like infrastructure, agriculture and green energy. Engaging both local businesses and international investors will ensure the benefits of these projects are widely distributed and contribute to long-term sustainable growth.

- **Promote Blended Finance and Risk Reduction Mechanisms**

To unlock private sector capital, countries and local governments should explore blended finance mechanisms that combine catalytic public or philanthropic funding with additional high-impact investments. This approach helps de-risk – especially early-stage – investments and make them more viable for private investors, particularly in sectors like agriculture, climate action and infrastructure. Additionally, risk reduction mechanisms such as credit guarantees and insurance schemes should be integrated into financing strategies to protect both investors and communities.

- **Strengthen International Cooperation**

Countries should actively engage in international cooperation to attract global financing for sustainable investments. This includes collaborating with multilateral institutions, development partners, impact investors and rating agencies to tap into global climate finance and other sustainable investment funds. Sharing best practices and lessons learned through international communities of practice will help countries align financing strategies with global development goals and SDGs.





**United Nations Development Programme**

One United Nations Plaza  
New York, NY 10017

[www.undp.org](http://www.undp.org)

© UNDP 2026