

## AFRICA RISK CONSULTING

### Tanzania Monthly Briefing June 2026

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#### Tanzania Summary 12 June 2026

*President Samia Suluhu Hassan (2021-present) conducts an official three-day visit to Russia on 3 June, meeting with her counterpart, Vladimir Putin (2000-2008; 2012-present), to discuss expanding ties between the two countries. Finance minister Khamis Mussa Omar presents a TSh 62.33 trillion (\$23.79 billion) national budget for the 2026/2027 financial year to parliament on 11 June, with GDP growth forecast at 6.3% and a budget deficit of 2.9%. The budget includes a series of tax and other adjustments to bolster the economy. United States (US) secretary of state Marco Rubio announces on 21 May that the US State Department has sanctioned Tanzania Police Force (TPF) senior assistant commissioner Faustine Jackson Mafwele, citing credible information that he was involved in gross violations of human rights.*

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#### Hassan visits Russia

President **Samia Suluhu Hassan** (2021-present) conducted an official three-day visit to **Russia** on 3 June, meeting with her counterpart, **Vladimir Putin** (2000-2008; 2012-present), to discuss expanding ties between the two countries. The trip was notable in being the first by a Tanzanian president since 1969, when **Julius Nyerere** (1964-1985) visited Russia. The trip was also Hassan's first since her inauguration in November for a second term in office, which Putin acknowledged during the trip.

The visit comes as relations between Tanzania and western partners, including the **European Union (EU)** and **United States (US)**, remain tense. The EU suspended disbursement of approximately \$170m in funding after the October elections, and this remains at risk (see *ARC Briefing Tanzania Dec 2025*). In May, two members of the US senate foreign relations committee [submitted](#) a bipartisan bill, the **Reassessing the United States-Tanzania Bilateral Relationship Act**, which required a full review of US-Tanzania relations following the general election (see *ARC Briefing Tanzania May 2026*).

Bilateral trade between Russia and Tanzania is not significant, reaching just over \$307m annually. However, Putin [noted](#) that there was a 20%-25% increase on the previous year which is a "good indicator" of the potential between the two. The two countries have slowly been [increasing](#) bilateral ties in other areas, including establishing a **Russia-Tanzania Business Council** in January and the launching of flights from **Dar es Salaam** to **Moscow** (Russia) with **Air Tanzania** by the end of 2026. In February, foreign affairs minister **Mahmoud Thabi Kombo** [met](#) with his Russian counterpart, **Sergey Lavrov**, in Moscow on 9 February to discuss expanding bilateral relations (see *ARC Briefing Tanzania Feb 2026*).

During the visit, Hassan [attended](#) the **St Petersburg International Economic Forum** where discussions indicated that Tanzania expects to attract \$2 billion in investments and business from Russia in the next three to five years, specifically in the pharmaceutical, mining, oil and gas, agriculture and technology sectors. The **Tanzania-Russia Business Forum** took place concurrently.

The trip was primarily diplomatic, and a way for Hassan to assert that Tanzania has a diverse pool of international partners that it can turn to. During the visit, Hassan [commented](#) to journalists that:

*"Given the changes in global politics and economies, Tanzania does not choose who to work with. We welcome everyone who can work with us for mutual benefit."*

Tanzanian officials [commented](#) after the visit that it does not signal a break in ties with western partners.

### 2026/2027 budget presented

Finance minister **Khamis Mussa Omar** [presented](#) the national budget for the 2026/2027 financial year to parliament on 11 June under the theme 'Building a resilient economy through digital transformation, strategic investment, and sustainable fiscal policies for inclusive economic growth'. The budget [forecasts](#) GDP growth of a strong 6.3%, up from 5.9% in 2025, driven by the mining, agricultural, construction and tourism sectors. This is [slightly](#) above the **World Bank's** forecast of 6.2% and the **International Monetary Fund (IMF)** forecast of 5.9%.

The budget has been set at TSh 62.33 trillion (\$23.79 billion), a 10% increase from the 2025/26 budget. Government expects to mobilise TSh 46.79 trillion (\$17.84 billion) via the following, mainly domestic, sources:

- Tax revenue: TSh 36.99 trillion (\$14.11 billion);
- Non-tax revenue: TSh 9.24 trillion (\$3.52 billion);
- Grants: TSh 563.1 billion (\$214.92m).

The grants budget is a [significant](#) 39.1% lower than the previous financial year, reflecting cuts in aid to Tanzania from various donors. This has forced the government to increase domestic revenue and become less reliant on external financing – 74.2% of this budget is financed through domestic sources. The budget reflects an increase in domestic revenue collection from 16.5% of GDP in the previous financial year, to 17.1% of GDP. However, this includes only a slight increase in tax revenue, from 13.2% of GDP in the previous financial year to 13.7% of GDP in this budget.

To finance the rest of the budget, the government will [borrow](#) TSh 15.54 trillion (\$5.93 billion) through a combination of sources, namely domestic loans, (TSh 6.56 trillion (\$2.5 billion)); external concessional loans (TSh 6.55 trillion (\$2.5 billion)); and external commercial loans (TSh 2.43 trillion (\$927.53m)).

Expenditure has been set at TSh 54.5 trillion (\$20.8 billion) for the upcoming financial year. This excludes debt repayments, which will cost the government TSh 7.84 trillion (\$2.99 billion).

Expenditure under the budget is as follows:

- Subsidies: TSh 25.35 trillion (\$9.67 billion). This is the largest budget item and is being aimed at the energy, agriculture and other strategic sectors.
- Wages and pensions: TSh 10.13 trillion (\$3.86 billion);
- Interest payments: TSh 6.86 trillion (\$2.61 billion);
- Goods and services: TSh 5.22 trillion (\$1.99 billion);
- Development expenditure on non-financial assets: TSh 2.33 trillion (\$889.31m);
- Other expenditure: TSh 3.63 trillion (\$1.38 billion);
- Transfers and pension benefits: TSh 1.01 trillion (\$385.49m).

The budget projects that inflation will remain in the **Bank of Tanzania's** (central bank) target of 3%-5% over the medium term, withstanding global shocks. The budget deficit will be approximately 2.9%, one of the lowest regionally.

The budget includes a series of tax and other [adjustments](#) to bolster the economy. Major adjustments include:

- Proposed one-year 'tax holiday' for newly registered companies;
- Increased income tax on foreign digital service providers from 2% to 3% to help increase revenue from the growing digital economy;
- Tax exemptions for electric vehicle charging equipment and compressed natural gas (CNG) production chains;
- Value-added tax (VAT) reforms including refunds being paid within 30 days of date of submission and VAT exemptions for the aviation and clean energy sectors;

- Levies on certain imported goods, such as steel and fishing nets, in a bid to promote and protect local manufacturers;
- Adjustments to excise duties to help fund the universal health coverage;
- Moving toward a cashless economy through measures such as requiring digital payments for asset transfers.

The budget has both pros and cons. It has shown an increase in domestic revenue mobilisation and adjustment to the new reality of less external financial support, presenting strong economic growth forecasts and highlighting low inflation. The budget is driving forward digital transformation, which can result in significant costs for individuals and businesses to meet these expectations and requirements. In its commentary on the budget, **Deloitte Tanzania**, highlighted:

*“Government should review the excise duty framework on bank and mobile money transactions, while telecom and financial institutions should reduce transaction costs to support a more accessible digital ecosystem and benefit from higher transaction volumes.”*

The government also needs to be prudent around its borrowing. Debt remains low, but a significant portion of the budget is being spent on servicing existing debt. The government is heavily reliant on domestic borrowing – domestic debt has increased from TSh 14.73 trillion (\$5.62 billion) in 2020 to TSh 38.45 trillion (\$14.67 billion) in 2026 – a tactic that the IMF has previously [warned](#) developing economies against as repayment issues exposes these domestic financial institutions and the wider economy to increased risks.

### US sanctions police chief

US secretary of state **Marco Rubio** [announced](#) on 21 May that the US State Department had sanctioned **Tanzania Police Force (TPF)** senior assistant commissioner **Faustine Jackson Mafwele**, citing credible information that he was involved in gross violations of human rights. The sanction prevents Mafwele from travelling to the US.

The designation note reads that the TPF detained, tortured and sexually assaulted **Ugandan** activist **Agather Atuhaire** and **Kenyan** activist **Boniface Mwangi** in May 2025 when they travelled to Tanzania to observe the trial of opposition leader **Tundu Lissu** (*see ARC Briefing Tanzania Jun 2025*). Atuhaire and Mwangi told a press conference on in June 2025 that they had been abducted from their hotel rooms by security officers who allegedly interrogated and tortured them before dumping them near the borders of their respective home countries.

The designation coincided with the US senate tabling a bill to review relations with Tanzania, and while the sanction is largely [symbolic](#), it could be an indication of more serious action to come. The designation comes after the government-appointed commission into the post-election violence in October announced its findings on 23 April, including that at least 518 people were killed, but caveating that this was largely due to the protestors’ violence, essentially absolving state actors, including TPF, of any responsibility (*see ARC Briefing Tanzania Apr 2025*).

Showcasing her support for the TPF, Hassan told a graduation ceremony for police officers and assistant inspectors at the **Kurasini Police Academy** on 28 May that she commended the police on their actions during the election crisis, calling it necessary to keep peace and stability. The message from the government is that security organs can act as they wish, and that while western partners may be critical of their actions, the government views these actions as necessary.

## Planner

Oct 2026 **(Tanzania and Uganda)** Exports of oil via the **East African Crude Oil Pipeline (EACOP)**

19 – 21 Nov 2026 **(Tanzania)** 7<sup>th</sup> **Tanzania Mining and Investment Conference**

2026 **(Tanzania)** **Ntorya Gas Project** to begin operations

19 Jun – 17 Jul 2027 **Dar es Salaam (Tanzania)** Tanzania, **Uganda** and **Kenya** to co-host the **Africa Cup of Nations 2027 (AFCON)**

## Chronology

11 Jun 2026 **Dar es Salaam (Tanzania)** *The Citizen*. Finance minister **Khamis Mussa Omar** presents a TSh 62.33 trillion (\$23.79 billion) national budget for the upcoming fiscal year amid prevailing economic risks;

11 Jun 2026 **Dar es Salaam (Tanzania)** *Tanzania Insight*. Finance minister **Khamis Mussa Omar** announces a plan to establish an **International Financial Centre** in Dar es Salaam, a strategic initiative designed to attract global investment and solidify Tanzania's position as a premier destination for foreign capital on the continent;

9 Jun 2026 **Dar es Salaam (Tanzania)** *The Citizen*. President **Samia Suluhu Hassan** hosts **Singapore's** President **Tharman Shanmugaratnam**, signing a series of agreements aimed at deepening economic ties, boosting trade and driving investment growth;

8 Jun 2026 **Dar es Salaam (Tanzania)** *The Citizen*. Foreign affairs ministry's director of economic diplomacy, **John Ulanga**, says Tanzania is targeting a \$2 billion boost in **Russian** investment following a recent official visit by President **Samia Suluhu Hassan**;

3 Jun 2026 **Dar es Salaam (Tanzania)** *The Citizen*. President **Samia Suluhu Hassan** is scheduled to hold bilateral talks with **Russia's** President **Vladimir Putin** at the **Kremlin** during her official visit to Russia from 3 to 5 June;

2 Jun 2026 **Dar es Salaam (Tanzania)** *The Citizen*. Finance minister **Khamis Mussa Omar** presents the ministry's plan and budget priorities to parliament, highlighting that debt servicing costs have hit a significant milestone of TSh 15.1 trillion (\$5.76 billion) and is a key focus area;

1 Jun 2026 **Dar es Salaam (Tanzania)** *The Citizen*. President **Samia Suluhu Hassan** is scheduled to embark on a historic three-day official visit to **Russia**, highlighting the country's evolving foreign policy strategy;

1 Jun 2026 **Dar es Salaam (Tanzania)** *Africa Energy*. **Petroleum Upstream Regulatory Authority (PURA)** says **United States**-headquartered **Chevron** has expressed an interest in oil and gas exploration in Tanzania;

31 May 2026 **Dar es Salaam (Tanzania)** *The Citizen*. **Registrar of Political Parties** issues a new warning to opposition party **Chadema** for making "*scandalous and inciteful*" remarks that criticised the government's handling of the 2025 general election, renewing tensions between the two organisations;

28 May 2026 **Dar es Salaam (Tanzania)** *The Citizen*. The **African Development Bank (AfDB)** projects that Tanzania's economy will grow by 5.4%, despite facing global geopolitical risks;

27 May 2026 **Dar es Salaam (Tanzania)** *The Citizen*. Members of Parliament call for a strong diplomatic response to a proposed **United States (US)** sanctions bill targeting the country;

25 May 2026 **Dar es Salaam (Tanzania)** *The Citizen*. Outgoing **World Bank** country director **Nathan Belete** meets with President **Samia Suluhu Hassan** to praise the country's recent economic advancements;

22 May 2026 **Dar es Salaam (Tanzania)** *BBC*. The **United States (US)** sanctions senior Tanzanian police official **Faustine Jackson Mafwele** over credible allegations of human rights violations, including the detention and sexual torture of **East African** rights activists last year;

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