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# **Tanzania:** Letter of Intent, Memorandum of Economic and Financial Policies, and Technical Memorandum of Understanding

November 4, 2010

Letter of Intent

November 4, 2010

Mr. Dominique Strauss-Kahn
Managing Director
International Monetary Fund
Washington, D.C. 20431
U.S.A.

Dear Mr. Strauss-Kahn:

1. Tanzania has continued to benefit from policy advice from the Fund under the Policy Support Instrument (PSI). Good progress has been made during the implementation of the programme under the PSI and the Exogenous Shock Facility (ESF), which was concluded in June 2010. The programme under the current PSI, which was approved in June 2010, will continue to monitor the progress, whereby Tanzania is committed to maintaining sound policies aimed at consolidating the achievements realized in macroeconomic stability and implementing strategies geared towards accelerating growth and poverty reduction.

2. Performance against PSI targets remained on track with all quantitative assessment criteria for end-June 2010 being met, some with comfortable margins. Meanwhile, good progress has been made in implementing the structural reform program. All except two benchmarks due for end-June 2010 have been met, and one benchmark due for end-December 2010 was met early. The government requests re-phasing of the benchmarks pertaining to the National Social Protection Framework and issuance of pension fund investment guidelines to end-March 2011.

3. Based on the projected world economic outlook and the preliminary economic performance during the first two quarters, real GDP growth is expected to rebound to 7.0 percent in 2010 compared to 6.0 percent attained in 2009. The economy is projected to strengthen further as ongoing reforms and the public investment efforts yield fruit, with GDP growth at an average rate above 7 percent over the medium term.

4. There has been a notable decline in headline inflation, which dropped from 12.7 percent in October 2009 to 4.5 percent in September 2010, primarily due to decline in food inflation, which constitutes the largest share in the consumer basket.

5. The Government's main policy objectives for FY10/11 is to sustain the macroeconomic stability through implementation of appropriate fiscal and monetary policies, aimed at stimulating economic activities benefiting from the rebound in global economy. However, growing spending needs for infrastructure and maintaining social gains, particularly in education, put pressure on the resource envelope. The implementation of the budget will continue to be on cash basis, thereby ensuring that recurrent expenditure execution is aligned with the resource availability, while protecting development spending. Over the medium term, the government will continue to focus among other priority areas on infrastructure and agriculture geared towards accelerating economic growth and poverty

reduction in line with MKUKUTA II. The government will also aim at increasing domestic revenue collection and developing debt management and investment capacity to tap new financing sources and use them well.

6. The Government will cautiously assess the terms of nonconcessional borrowing, to ensure that they are consistent with medium-term fiscal sustainability, and will also strive to ensure funds from any such borrowing are used efficiently for high-priority infrastructure investments. If such financing is not available under appropriate terms, the government will still aim at maintaining, to the extent possible, domestically-financed infrastructure spending.

7. Following discussions and consultations with the Fund staff, I hereby transmit this letter of intent and the attached Memorandum of Economic and Financial policies and the Technical Memorandum of Understanding, which reviews the implementation of the programme during the fiscal year 2009/10 and describes the objectives and policies that the government intends to pursue during the fiscal year 2010/11 and over the medium term.

8. The Government of Tanzania requests the conclusion of the first review under the new PSI and the modification of the assessment criteria for end-December 2010, following good performance in programme implementation and appropriate policy intentions for the medium term.

9. The Government of Tanzania is confident that the policies set forth in the attached MEFP are adequate to achieve the objectives of its programme and will, in further consultation with the Fund, take any appropriate measures for this purpose. We will regularly update the Fund on developments in our economic and financial policies, and provide the data needed for the monitoring of the programme. In addition, the Government will consult regularly with the Fund on any relevant developments at the initiative of the Government or the Fund.

10. The Government of Tanzania intends to disseminate this letter and the attached MEFP as well as related Fund staff reports, and hereby authorizes the IMF to publish the same on its website after consideration by the Executive Board.

Yours Sincerely,

/s/

Mustafa H. Mkulo (MP)
**MINISTER FOR FINANCE AND ECONOMIC AFFAIRS**
**UNITED REPUBLIC OF TANZANIA**

**Attachments:**
Memorandum of Economic and Financial Policies
Technical Memorandum of Understanding

## Attachment I. Tanzania: Memorandum of Economic and Financial Policies

### VII. Recent Macroeconomic Developments

1. Tanzania, like many other economies in the world, suffered from the effects of the global financial crisis (GFC). The impact was manifested in a number of areas including foreign direct investment, export of goods, growth of credit to private sector and government revenue collection. In addition, the economy was affected by drought and floods that occurred in some parts of the country in 2008–2009. Nonetheless, the overall macroeconomic performance remained strong during 2009 with real GDP growing at 6.0 percent, slightly higher than the revised projection of 5.5 percent. The growth in 2009 was however lower than the 7.4 percent recorded in 2008, resulting from a slowdown in all economic activities except Communication, Education, and Electricity and gas. The growth of GDP in Tanzania was much higher than the average growth of 2.2 percent in Sub-Saharan Africa economies in 2009. This reflects the resilience of Tanzania's economy, which is partly attributed to the sustained economic reforms that have increased efficiency in economic activities over the past two decades, coupled with policy measures taken to mitigate the impact of the GFC.

2. The economy continued to experience inflationary pressures in 2009, primarily due to food supply shortages and a rebound in world oil prices. The average annual headline inflation rate rose to 12.1 percent in 2009, from 10.3 percent recorded in 2008, driven mostly by food inflation that increased to an average of 17.5 percent from 12.7 percent in the same period. The food supply shortages were caused by, among other reasons, drought in some parts of the country and neighbouring countries exacerbated by transport bottlenecks that caused higher distribution costs. Following favourable weather conditions in the 2009/10 crop season, food supply improved, leading to a downward trend in inflation from 12.7 percent in October 2009 to 4.5 percent in September 2010.

3. The trade deficit of the balance of payments in 2009/10 recorded a decline following higher growth in exports which offset the impact of an increase in the import bill. The value of goods and services exports in 2009/10 increased largely due to improved performance of gold exports and travel receipts. The volume of gold exports increased to 36.3 tons in 2009/10 from 28.4 tons in 2008/09, while the world market price increased to USD 1,094.2 from USD 873.6 per troy ounce in the same period. Despite a recovery of export prices in the global market, the value of traditional exports went down following a decline in the export volumes of all traditional cash crops as a result of a decline in domestic production. During the period under review, imports recorded a modest increase partly on account of an increase in value of oil imports associated with the increase of oil prices in the world market as the global economy recovers. Improvement in the trade account led to a reduction in current account deficit to USD 1,915.4 million in 2009/10, from a deficit of USD 2,130.0 million recorded in the preceding year. The current account deficit (excluding current transfers) was equivalent to 11.2 percent of GDP compared to 13.5 percent of GDP in 2008/09. The overall balance of payments recorded a surplus of USD 477.6 million, largely due to the improvement in the current account and allocation of Special Drawing Rights (SDR). This development, coupled with disbursement of funds for balance of payments support under the Exogenous Shock Facility arrangement led to an increase in gross official reserves to USD 3,482.6 million at the end of June 2010 from USD 2,929.8 million recorded at end June

2009. The official reserves at the Bank were sufficient to cover about 5.1 months of imports at the end of June 2010.

**Performance under the program**

4. Performance against PSI targets remained on track with all quantitative assessment criteria for June 2010 being met (Table 1). In particular, average reserve money closed at TShs. 3,138.5 billion, being within the band of TShs. 3,192.6 billion and TShs. 3,129.0 billion, while Net International Reserves (NIR) amounted to USD 3,143.3 million, being above the adjusted floor target of USD 2,896.3 million by USD 247.0 million. The good performance in NIR was partly explained by the allocation of SDR. Net domestic financing of the government was TShs. 559.8 billion, being below the adjusted ceiling of TShs. 746.1 billion by TShs. 186.3 billion.

5. Good progress has been made in implementing the structural benchmarks (Table 2). All except two benchmarks have been met. The government requests re-phasing of the two benchmarks pertaining to the National Social Protection Framework and to issuance of pension fund investment guidelines to March 2011. The end-December 2010 benchmark to establish a PPP unit has already been met.

**Fiscal policy**

6. Central Government operations for fiscal year FY09/10 experienced a shortfall in domestic revenue collections against budget targets. Total domestic revenue collection excluding revenue generated by Local Government Authorities (LGAs) in 2009/10 was TShs. 4,662 billion, 91.5 percent of budget estimate of TShs. 5,096 billion, partly due to the impact of the GFC that led to slower growth in taxable activities in the economy. In addition, non-tax revenue was further affected by postponement of the implementation of some revenue measures that were announced in the budget, including new charges in residency permits, visas, immigration fees and fire service charges. Implementation of these measures was postponed to avoid affecting adversely tourism activities at the onset of the global financial and economic crisis. They will be considered during FY11/12 budget preparation. The budget for FY09/10 had, for the first time, included projected revenue generated by LGAs amounting to TShs 138 billion. Efforts are being made to obtain data on LGAs' budgetary operations and it is expected that the strengthening of the public financial management (PFM) at LGAs will facilitate collection of data from that level.

7. Total expenditure for FY09/10 (excluding expenditure from LGAs' own revenues) was within available resources, reaching TShs. 8,174 billion or 92 percent of the budget estimates. Development spending for FY09/10 was 8.6 percent of GDP compared to 8.4 percent in 2008/09, while recurrent spending was 18.8 percent compared to 17.7 percent. Adjustment needs were largely accommodated by reprioritization of goods and services. Foreign financed development expenditure was 87.0 percent of the estimate, mainly on account of shortfall in disbursements of project funds. Domestic and foreign interest payments were below the estimates due to decline of domestic interest rates and un-concluded Paris Club negotiations with Brazil and Spain, for which debt service had been included in the projections.

8. Total grants for the year FY09/10 were TShs. 1,405.3 billion, equivalent to 67 percent of the estimate for the year, and an increase of 5 percent when compared with TShs. 1,339.6 billion recorded in the preceding year. The lower than projected grants were partly due to a shortfall in disbursement of project funds. During this period, total financing was TShs. 1,939.6 billion, out of which net domestic financing was TShs. 559.8 billion, which is 1.9 percent of GDP. Some development partners frontloaded their programme assistance, which had been initially planned for the FY10/11 budget, to complement government efforts in mitigating the adverse impact of the global financial crisis on the economy. However, overall program assistance fell short of forecasts. Against that background, agreed net domestic financing was increased to provide additional support to uninterrupted implementation of policies set in MKUKUTA.

9. The Government continued to implement the economic rescue plan in FY09/10, which was targeted at protecting employment and income, food security and investment in key infrastructural and social services, from the adverse effects of the global financial crisis. The provisions for loan rescheduling, loss compensation and enhancement of the SMEs and Export Credit Guarantee schemes helped to leverage banks' confidence in lending, which kept credit to the private sector growing, albeit at a slower rate. The plan also helped to maintain smooth implementation of power projects, while additional domestic borrowing helped fill the Government revenue gap for smooth execution of Government commitments in 2008/09 and 2009/10.

**MKUKUTA**

10. Good progress was made during implementation of MKUKUTA I, with overall macroeconomic stability remaining on track. Regarding improving quality of life and social well being, significant achievements were recorded in many of the set targets. For example, expansion of social services is encouraging, whereas enrolment at all levels of education improved significantly, almost surpassing the set targets. As it was noted globally during the MDGs Summit in New York in September 2010, Tanzania was awarded a certificate for performance toward the MDG enrolment target in education, which is on track, and likely to be achieved by 2015. The preliminary data from Tanzania Demographic and Health Survey 2009/10 indicates that there was a decline in infant and child mortality rates. In addition, the data indicates a decline in maternal mortality rates, from 578 women per 100,000 live births in 2004/05 to 454 in 2009/10. Water supply services have also improved, with the proportion of the population with access to clean and safe water in rural areas increasing from 53.1 percent in 2005 to 58.7 percent in 2009; and from 74 percent in 2005 to 84 percent in 2009 in urban areas. Progress is encouraging with regard to efforts to improve governance and accountability. Systems for public financial management, which include auditing, procurement and budgeting, are in place and functioning well. Democratic processes, including citizen's engagement and participation on matters of their concern, are improving; and the percentage of women holding higher positions has increased. Efforts to curb corruption and instil a culture of integrity have been also intensified under National Anti-Corruption Strategy and Action Plan (NACSAP). All these are under the auspices of the core public reform programmes. The review of the MKUKUTA I performance and analysis of the challenges during the implementation (2005/06-2009/10) has provided major inputs during the design of MKUKUTA II.

**Public financial management**

11. The Government has made good progress in strengthening public financial management, both at central and local Government level, to ensure that public resources are utilized efficiently and effectively. The Government introduced the economic classification of Government statistics in 2009/10 in line with the GFS 2001 Manual, and annual accounts are now being prepared using the International Public Sector Accounting Standards (IPSAS) format, which facilitates improved expenditure tracking and monitoring. Further, the Government has adopted the functional classification of budget items, and budget books for fiscal year 2010/11 were prepared in line with Classification of Functions of Government (COFOG). This is an important step towards developing a matrix for monitoring public expenditure by functions, particularly in priority social sector spending (an end-December 2010 structural benchmark under the PSI).

12. The Government has begun making some payments through Tanzania Inter-bank Settlement System (TISS), effectively from July 2010, which is expected to address the problem of expenditure float. Amendments to the Public Finance Act, 2004 (Cap 348) were passed by the Parliament in July 2010, which among others, provided for the establishment of a centralized independent Internal Audit Department. The process is underway for the department to be operational before the end of 2010/11. Further, other amendments to Cap 348 empowered the Treasury through the Accountant General to control the use of public funds in Local Authorities. Efforts have been made to enhance the capacity of the cash management unit (CMU), the staff of line Ministries, Independent Departments and other spending agencies (MDAs) in order to improve in-year cash flow projection. These MDAs have been trained on how to prepare cash flows based on their action plans and procurement plans. The exercise was piloted in nine MDAs and will be monitored during the implementation of 2010/11 budget in terms of quarterly cash releases from Treasury against cash flow plans.

13. The Government continued to strengthen commitment control and expenditure tracking and monitoring. In this regard, the Ministry of Finance and Economic Affairs (MoFEA) has issued a circular No. 8 of 2009/10 to all MDAs directing them to prepare and submit, by end September 2010, a detailed schedule of outstanding payment claims as at the end of June 2010. As of end September 2010, MDAs had submitted their schedules and the compilation exercise is being undertaken to come up with a comprehensive list of outstanding payment claims (an end-December benchmark). This will now be an ongoing process that will require all MDAs to submit the same on quarterly basis. The process is expected to facilitate monitoring of expenditure development to enable a more accurate projection of cash flow needs and smooth implementation of monetary policy.

14. In July 2010, the Parliament approved the Public Private Partnership (PPP) Act, which will govern the PPP arrangements. The Act specifies the scope of PPP operations and the role of various stakeholders. The Law established the administrative arrangements between various players within the Government, including the Tanzania Investment Centre, Ministry of Finance and Economic Affairs (MoFEA), MDAs, LGAs and public bodies who are the ultimate owners of the PPP projects on behalf of the Government. A PPP Unit has been established at MoFEA to manage associated fiscal risks, in advance of the end-

December 2010 PSI deadline. The PPP strategy and regulatory framework are being developed to implement the Law.

15. The Controller and Auditor General's report indicated that there has been significant improvement in audited reports with an increase in unqualified (clean) audit opinions from 70 percent in 2007/08 to 86 percent in 2008/09, while qualified audit opinions decreased from 26 percent to 11 percent and adverse opinions decreased from 5 percent to 3 percent. Further, the National Audit Office carried out audit of the Integrated Financial Management System (IFMS) and some recommendations from the report have been included in the fiscal year 2010/11 for implementation. MoFEA has classified the agreed recommendations into short, medium and long term and some short term issues have already been acted upon.

16. The Government has been taking measures to strengthen management of public corporations and institutions with a view to improve efficiency, productivity and revenue collections in order to reduce the burden on government budget. The amendments to the Public Corporations Act, CAP 257 and Treasury Registrar (Powers and Functions Act) CAP 370 were passed by Parliament in April 2010 to empower the Office of the Treasury Registrar to be an autonomous authority. This will enable the Treasury Registrar to oversee management and operations of public corporations and institutions. Relevant steps have been taken including developing the institutional framework (organizational structure), which has already been approved. Currently regulations are being developed and other institutional arrangements will follow to operationalize the authority.

**Monetary and exchange rate policies**

17. Monetary policy for FY09/10 was designed to accommodate the countercyclical fiscal measures adopted to address the adverse effects of the GFC. Monetary targets were revised upwards in line with the program agreed under the PSI arrangement. In addition, the Bank rate and Lombard rate were reviewed downwards with a view to making them more active instruments of monetary policy and to enhance flexibility in provision of liquidity to the economy. The annual growth rate of the extended broad money supply was 25.1 percent at end-June 2010, compared with 18.5 percent recorded at end-June 2009, while that of the broad money supply was 26.2 percent compared with 19.5 percent, partly reflecting an increase in net foreign assets of the banking system. Despite these developments, average reserve money remained within the PSI program target.

18. Notwithstanding the relaxed monetary policy stance pursued during the period, the growth of credit to the private sector remained significantly lower than in the preceding years. This was explained by the cautious approach adopted by banks, following the global economic downturn and other associated risks. The sluggish growth of credit to private sector was mirrored by a sharp increase in net foreign assets of banks and demand for Treasury securities. Credit to the private sector grew by 16.7 percent in the year ending June 2010, compared with the growth rate of 33.1 percent recorded in the year ending June 2009, whereas net foreign assets holdings by banks registered an annual growth rate of 64.2 percent, up from 40.8 percent recorded in the same period. The Bank of Tanzania maintained moderate tender sizes of Treasury securities consistent with the monetary policy stance,

which, coupled with slowdown in credit to the private sector, led to a build up in liquidity among banks and a significant decline in money market interest rates.

19. Despite the high liquidity among banks, the shilling value against US dollar remained fairly stable during the first nine months of 2009/10—largely due to a moderate import bill, coupled with the Bank of Tanzania's regular sales of US dollars in the interbank foreign exchange market for liquidity management purposes. However, towards the end of the year the Shilling depreciation against the US dollar accelerated, largely due to strengthening of the US dollar against major currencies across the world.

## VIII. Programme for 2010/11 and in the Medium term

20. During 2010/11 and in the medium term, the government will continue to focus on sustaining macroeconomic stability through implementation of prudent monetary and fiscal policies. This includes enhancing efficiency in the use of public funds with particular emphasis on potential areas for accelerating growth for poverty reduction. This will be made possible through government commitment to scale up investment, particularly in infrastructure, and Government intention to increase the share of domestic revenue in development spending. Economic activity is expected to pick up in the medium term, with real GDP growth returning to 7 percent in 2010 and increasing further to above 7 percent in the medium term. Meanwhile, with the assumptions that the food supply improves and fuel prices stabilize, the inflation rate is expected to continue exhibiting a downward trend, reaching 5.5 percent by June 2011 and remaining around 5.0 percent in the medium term.

### MKUKUTA

21. MKUKUTA II was approved in mid-October (an end-June 2010 benchmark), somewhat delayed due to comprehensive consultation processes, which involved MKUKUTA I study reviews, involvement of different stakeholders at different levels and review of the second draft of MKUKUTA II through the national consultative workshop in June 2010. However, spending plans to support MKUKUTA II objectives were included in the FY10/11 budget, and are already underway. MKUKUTA II focuses on accelerating pro-poor growth in a sustainable manner drawing experience from the implementation of MKUKUTA I. The new strategy will ensure that there is adequate prioritization and coordination of policies; emphasis on harnessing PPP potentials; and aligning various reform processes with the strategy. Among the priorities identified, agriculture has been accorded higher priority and will be scaled up under the Kilimo Kwanza initiative. Agriculture as a growth driver supports the majority of the poor rural population and has the potential of lifting the majority of the population out of poverty. Besides agriculture, infrastructure also plays an important role in economic growth by attracting private investment, linking markets and ensuring timely delivery of services. Priorities within MKUKUTA will be given special attention while maintaining progress made in education and health with specific focus on improving the quality of social service delivery.

22. The National Social Protection Framework (NSPF, an end-June 2010 benchmark) has been developed and is expected to be approved by end March 2011. There were some delays in the approval due to extensive consultation processes, which included building consensus

on key issues with key stakeholders. Final approval will be considered by the new government. NSPF is developed to improve coordination and speed up the implementation of policies and measures on social protection designed to improve the lives of the extremely poor and most vulnerable groups in line with MKUKUTA II priorities. It establishes guidelines for stakeholders involved in the planning, funding, and provision of social protection measures in Tanzania. NSPF provides a mechanism for collective state-led measures implemented by the government and its partners – the private sector, civil society, religious groups, communities, and development partners. It identifies measures to protect the extremely poor and vulnerable groups such as: orphans and children; people with disabilities; the elderly; people living with HIV & AIDS and long term illnesses; vulnerable women; former inmates and people disabled by accidents, wars and conflicts. It is expected that the implementation of social protection interventions will foster the achievement of MKUKUTA II and MDGs targets.

**Fiscal policies**

23. The 2010/11 budget included plans to scale up spending to build up infrastructure as well as maintaining social gains, particularly in education and health. This spending was to be financed by a rebound in domestic revenue, continued program and project assistance, and access to external nonconcessional borrowing. However, domestic revenue collection, although recovering from last year's low levels, is expected to be around 16.3 percent of GDP in 2010/11, below the budgeted level. Domestic revenue collection in the first two months (July, and August) of FY2010/11 has underperformed in almost all categories, prompting new efforts to strengthen administration and limit tax leakages including: (i) strengthening block management; (ii) implementation of electronic fiscal devices for VAT registered taxpayer; (iii) strengthening and intensifying audit; (iv) strengthen large taxpayers' units in the Domestic Revenue Department; (vi) monitoring of declarations and physical examination of goods in Customs; (vii) revenue tracking; (viii) enforcement in collection of tax arrears; and (ix) managing performance in order to improve operational efficiency.

24. Total expenditure is estimated at 29.1 percent of GDP in 2010/11. Development spending would rise to 10.5 percent of GDP while current spending would reach 18.7 percent of GDP, somewhat below budget. The implementation of the budget will continue to be on a cash basis, thereby ensuring that recurrent expenditure execution is aligned with the resource availability. The government is committed to protect spending in key priority areas, in particular development expenditures and will reduce and reschedule spending in other areas as needed to ensure that the PSI targets are met. If access to nonconcessional external financing were to fall short of projections, the government will seek to rearrange spending so as to maintain, to the extent possible, a high level of domestically-financed development outlays. The projects will be further scrutinised to ensure that they contain activities of development nature.

25. In the medium term, the Government will continue to strengthen domestic resource mobilization with the view to scaling up investment needs while containing the growth in the level of recurrent spending. This involves widening the tax base and bringing the informal sector into the tax net. The measures to enhance revenue collection include: (i) harmonization of taxpayers' registration database; (ii) implementation of properties and businesses

formalization programme; (MKURABITA); (iii) implementation of the national identity cards project; and (iv) implementation of physical postal codes in the block management system (BMS). In addition policy measures and administrative efforts will be considered to manage and control tax exemptions to bring tax efficiency rates in line with the region. Tax measures will also take into account the impact of harmonization on tax collection under the East Africa Community.

26. Borrowing decisions will be made within the framework of a sound debt management strategy and a public investment management process to help maximize returns on investments. The government will continue to rely primarily on concessional borrowing to finance its scaling up of spending to address critical infrastructure gaps. The government reasserts its commitment to use the programmed domestic financing of 1 percent of GDP each year and nonconcessional external financing of up to USD1.5 billion over the three-year PSI period to address infrastructure needs. For the nonconcessional financing, negotiations are in progress with various banks and financial institutions. The government is scrutinizing the proposals to identify possible candidates to raise the total borrowing of USD 525 million without endangering fiscal or debt sustainability-in line with the PSI programme. In addition, the government will cautiously evaluate and use nonconcessional borrowing for key infrastructure projects designed to ensure efficiency gains. The projects to be implemented include those aimed at increasing capacity for energy generation, and construction and rehabilitation of roads and railways that are critical for improving the integration of transportation networks within the country and in the region. It is also expected that in the medium term, more infrastructure projects will be developed through the Public Private Partnership (PPP) arrangements.

27. The government is in the process of procuring consultancy services on sovereign credit rating, which will facilitate issuance of Euro bond when needs arise. Tanzania conducted its own Debt Sustainability Analysis (DSA) using the joint IMF-World Bank Debt Sustainability Framework (DSF) which quantified and incorporated nonconcessional borrowing and contingent liabilities, including those arising from government guarantees. The analysis indicated that Tanzania’s public debt is expected to remain sustainable. The DSA report is expected to be published by end December 2010. Meanwhile, the Government has adopted the Medium Term Debt Strategy (MTDS) tool in May 2010 for conducting the MTDS. Technical assistance is expected in December to assist government to prepare a draft new MTDS. Completion is expected by March 2011, and the government requests a re-phasing of the related structural benchmark to that date to incorporate the technical assistance. The Government will continue to control the issuance of guarantees on loans to various public institutions in order to maintain sustainability of the public debt.

**Monetary policies**

28. During FY10/11, monetary policy will be directed towards maintaining an appropriate level of liquidity in the economy to contain inflation and provide enough room for recovery of credit to the private sector. In addition, the Bank’s liquidity windows namely Intraday Loan Facility (ILF), Lombard and discount window will remain open for banks in need of liquidity. The commencement of government payments through the Tanzania Inter-bank Settlement System (TISS) is expected to reduce government expenditure float and hence improve predictability of government budgetary flows. During the financial year

2010/11, the Bank is targeting annual growth rate of average reserve money of 20 percent and broader monetary aggregates, M2 and M3 at 20.6 percent and 20.2 percent, respectively. These monetary targets give room for credit to private sector to grow by 22.3 percent in the year ending June 2011. Potential risks to sustaining low inflation could be an increase in world oil prices and insufficient rainfall.

29. The exchange rate will remain market determined and the Bank of Tanzania will participate in the foreign exchange market with the main objective of liquidity management and strengthening oversight in the market. The Bank will remain vigilant in ensuring orderly developments in the money market and safety in payment systems to preserve financial stability.

**Financial sector stability**

30. The Bank of Tanzania remains committed to ensure stability and soundness of the financial sector. In this regard, the Bank will spearhead the establishment of a coordinated framework of all financial services regulators by establishing a financial regulators forum to assume joint responsibility of safeguarding the stability of the financial system, and coordinating crisis management and resolution. It will also establish a framework for emergency liquidity assistance to banks beyond day-to-day liquidity management and tools (an end-March 2011 structural benchmark). Meanwhile, measures have been taken to raise the minimum capital requirement for commercial banks from TShs 5.0 billion to TShs 15.0 billion. To this effect, the Bank has forwarded a draft order to the Attorney General in August 2010, which will be published in the Government Gazette. Three years have been provided for the existing banks to comply with the new capital requirement, while newly established banks will be required to comply with the new regulation. Regarding deposit insurance, the Minister for Finance and Economic Affairs approved an increase in the maximum insurance cover from TShs 500,000 to TShs 1,500,000 per depositor per bank effective May 2010 and the Government Notice to that effect was published in June 2010 (a structural benchmark under the PSI). In addition, the Premium Assessment Rate payable by banks to Deposit Insurance Fund has been increased from 0.1 percent to 0.5 percent of the average total deposit liabilities through the Government Notice also published in June 2010. Members of the deposit insurance fund have already complied with the new requirements.

31. The financial sector in Tanzania continues to strengthen following the ongoing Second Generation Financial Sector Reform programme. For the banking sector as a whole, financial indicators were sound as of end-June 2010. Progress has been made in the establishment of a credit reference system. The credit reference and licensing guidelines were finalized and gazetted in May 2010. The procurement process for a consultant to assist in the establishment of this credit reference databank is ongoing. Regarding improving access to long term development finance, the Government has approved a framework which will allow the Tanzania Investment Bank to operate as a Development Finance Institution with a window for lending to the agricultural sector became operational in July 2010. With regard to relocation of credit guarantee schemes that are currently operated by the Bank of Tanzania on behalf of Government, a draft report on the structure and mode of operation of the schemes are being reviewed by the Bank.

32. Following the enactment of new Social Security (Regulatory Authority) Act in November 2008, the Ministry of Labour, Employment, and Youth Development finalized regulations to implement the law. The National Social Security Authority has been formed and the CEO of the Authority was appointed in September 2010. The process of preparing and issuing investment guidelines for the pension funds, in consultation with the regulator, is expected to be completed by March 2011 in order to take into account the findings of recent World Bank audits. Procurement of a consultant to conduct actuarial valuation for all pension funds is in the final stages and the engagement of the consultant is expected to be done by December 2010. Meanwhile, the BoT has adopted the IMF Standard Reporting Format for other financial institutions that will be used to capture data from the pension funds. A template was prepared and shared with the pension funds and the insurance regulator and training on how to fill the information is expected by end March 2011.

33. The Bank continued to implement the recommendations of the IMF Safeguards Assessment Mission of August 2009. The Consultant on corporate-wide risk assessment commenced work in August 2010 and is expected to complete the exercise in six months. With regard to building capacity for internal audit staff, technical evaluation of tender offers from the consultants has been finalized and short listed firms forwarded to the World Bank for No Objection. With World Bank's No Objection, the next phase will be to evaluate the financial proposals prior to selecting the consultant. Regarding Bank of Tanzania's 2009/10 financial statements, external auditors conducted an interim audit on the accounts of the first nine months, in May 2010. The 2009/10 draft financials have already been prepared and reviewed by the Directorate of Internal Audit and the Management. It is expected that the Audited financial statements will be adopted by the Board before the end of December 2010.

34. The Bank has reconvened a team of experts to draw a roadmap towards full liberalization of the capital account transactions in Tanzania. The team will work with experts from the Capital Markets and Securities Authority, the Dar es Salaam Stock Exchange and other relevant institutions. In the roadmap, an action plan for removal of each restriction will be developed to ensure that the existing restrictions are eliminated in the period of five years (up to 2015), in line with Tanzania's commitment under the EAC Common Market Protocol. The removal process will be gradual and driven by the achievement in the areas of risk management capacity as well as addressing the preconditions of liberalizing capital account transactions.

35. The Bank understands the need to develop capacity for monitoring capital flows, particularly the short-term ones, in order to manage the process. The Bank also intends to strengthen and foster development of financial and capital markets including developing risk hedging instruments such as debentures. In addition, the Bank is planning to build capacity for the development of market-based fiscal and monetary instruments for managing capital flows in the country. The measures are intended to safeguarding financial stability, improving financial intermediation, promoting long-term finance and deepening financial access.

**Statistical issues**

36. Revision of the composition of the consumer basket is being finalized by the National Bureau of Statistics (NBS) on the basis of results from 2007 household budget survey (HBS) and the new CPI series are expected to be published by November 2010. NBS has improved the CPI compilation methodology from arithmetic mean to geometric in the production of elementary indices basing on the International recommendations. All item indices will continue using the modified Laspeyers formula. The new series will facilitate computation of core inflation which excludes supply-side effects/products with most volatile prices to provide a better assessment of monetary policy measures. The Government requests a re-phasing of this benchmark to end-March 2011, so that the core inflation series can take into account the new CPI basket and further consultations within the EAC. The NBS will also produce the harmonized consumer price index for SADC/COMESA member states from January 2011. Pilot indices will be available from November 2010. The harmonised CPI (HCPI) for SADC/COMESA member states will be implemented in phases with the first one being launched in January 2011; NBS has met all the requirements to comply with the first phase regulations.

## IX. Programme Monitoring

37. Progress in the implementation of the policies under this program will be monitored through assessment criteria (ACs), indicative targets (IT), and structural benchmarks (SBs) detailed in the attached Tables 3 and 4 and through semi-annual reviews. Assessment criteria are proposed for end-December 2010 and end-June 2011, to be monitored respectively at the second and third reviews. The second review is expected to be completed by end-May 2011 and the third review by end-December 2011. The attached Technical Memorandum of Understanding—which is an integral part of this Memorandum—contains definitions and adjustors.

**MINISTRY OF FINANCE AND ECONOMIC AFFAIRS**
**DAR ES SALAAM,**
**TANZANIA**

November 4, 2010

**Table 1. Tanzania: Quantitative Assessment Criteria and Indicative Targets, June - September 2010**

| | June | | | September | |
|---|---|---|---|---|---|
| | Assessment Criteria | Adjusted Criteria | Actual | Indicative Targets | Actual |
| | (Billions of Tanzania Shillings; end of period, unless otherwise indicated) | | | | |
| Net domestic financing of the government of Tanzania (cumulative, ceiling) [1 2] | 506 | 746 | 560 | 250 | … |
| Average reserve money (upper bound) [3] | 3,193 | 3,193 | 3,138 | 3,406 | 3,451 |
| Average reserve money target [3] | 3,161 | | | | |
| Average reserve money (lower bound) [3] | 3,129 | | | | |
| | (Millions of U.S. dollars; end of period) | | | | |
| Net international reserves of the Bank of Tanzania (floor) [4] | 3,079 | 2,899 | 3,143 | 3,061 | 3,233 |
| Accumulation of external payments arrears (ceiling) | 0 | 0 | 0 | 0 | … |
| Contracting or guaranteeing of external debt on nonconcessional terms (continuous ceiling) [5] | 0 | 0 | 0 | 525 | 0 |
| *Memorandum item:* | | | | | |
| Foreign program assistance (cumulative grants and loans) [1] | 1,416 | … | 1,236 | 329 | … |

Note: For precise definitions of the aggregates shown and details of the adjustment clauses, see the Technical Memorandum of Understanding (TMU).

[1] Cumulative from the beginning of the fiscal year (July 1).
[2] To be adjusted upward by up to TSh 250 billion for the U.S. dollar equivalent of a shortfall in foreign program assistance from the amounts shown in the memorandum item.
[3] Assessment criteria and benchmarks apply to upper bound only.
[4] Floor will be adjusted downward for any shortfall in foreign program assistance from the amounts shown in the memorandum item up to the equivalent of TSh 250 billion.
[5] To be used exclusively for infrastructure investment projects. Continuous assessment criteria; ceiling applies throughout the year.

**Table 2. Tanzania: Structural Benchmarks for FY 2010/11**

| Measure | Target Date | Status |
|---|---|---|
| **Poverty Reduction Strategy** | | |
| Adoption of MKUKUTA II by Cabinet. | End-June, 2010 | Met with delay. |
| Approval by new Government of a new National Social Protection Framework. | End-June, 2010 | Not met. Proposed as an to end-March, 2011 benchmark. |
| **Financial Sector** | | |
| Appoint Head of Social Security Regulatory Agency and issue investment guidelines for pension funds. | End-June, 2010 | Partly met with delay. The Regulator was appointed in September, but investment guidelines have not yet been issued. The benchmark for investment guidelines is proposed as an end-March 2011 benchmark, so results of World Bank audits can be taken into account. |
| Introduce data collection and reporting system for pension funds. | End-June, 2010 | Met. |
| Submit Financial Stability Report to the BoT Board. | End-June, 2010 | Met. |
| Notification to banks to increase contributions to the Deposit Insurance Fund. | End-June, 2010 | Met. |
| Establish framework for emergency liquidity assistance beyond day-to-day liquidity management and tools. | End-March, 2011 | In progress. |
| **Fiscal** | | |
| Debt management: Prepare a Medium-Term Debt Strategy consistent with resource needs under the new PRS and reflecting contingent liabilities. | End-December, 2010 | In progress. Proposed as an end-March 2011 benchmark to incorporate results of additional Fund-Bank TA in December. |
| Establish a PPP unit within the MoFEA. | End-December, 2010 | Met. |
| Develop an index for monitoring priority social spending. | End-December, 2010 | In progress. |
| Collect data, on a quarterly basis, on payment claims outstanding over 30, 60, and 90 days in Ministries of Infrastructure, Health, and Home Affairs. End-June data to be provided by end-September. | End-June, 2010 | Met. |
| **Statistics** | | |
| Develop core inflation index. | End-December, 2010 | In progress. Proposed as an end-March 2011 benchmark in order to incorporate new CPI basket and additional consultation with EAC members. |

## Table 3. Tanzania: Quantitative Assessment Criteria and Indicative Targets Under the Policy Support Instrument, December 2010 - June 2011

| | | 2011 | |
|---|---|---|---|
| | December | March | June |
| | Proposed Assessment Criteria | Proposed Indicative Targets | Proposed Assessment Criteria |
| | (Billions of Tanzania Shillings; end of period, unless otherwise indicated) | | |
| Net domestic financing of the government of Tanzania (cumulative, ceiling) [1,2] | 465 | 246 | 347 |
| Average reserve money (upper bound) [3] | 3,558 | 3,683 | 3,804 |
| Average reserve money target [3] | 3,523 | 3,647 | 3,766 |
| Average reserve money (lower bound) [3] | 3,488 | 3,610 | 3,729 |
| | (Millions of U.S. dollars; end of period) | | |
| Net international reserves of the Bank of Tanzania (floor) [4] | 3,262 | 3,518 | 3,435 |
| Accumulation of external payments arrears (ceiling) | 0 | 0 | 0 |
| Contracting or guaranteeing of external debt on nonconcessional terms (continuous ceiling) [5] | 525 | 525 | 525 |
| *Memorandum item:* | | | |
| Foreign program assistance (cumulative grants and loans) [1] | 643 | 1,020 | 1,055 |

Note: For precise definitions of the aggregates shown and details of the adjustment clauses, see the Technical Memorandum of Understanding (TMU).

1 Cumulative from the beginning of the fiscal year (July 1).

2 To be adjusted upward by up to TSh 250 billion for the U.S. dollar equivalent of a shortfall in foreign program assistance from the amounts shown in the memorandum item.

3 Assessment criteria and benchmarks apply to upper bound only.

4 Floor will be adjusted downward for any shortfall in foreign program assistance from the amounts shown in the memorandum item up to the equivalent of TSh 250 billion.

5 To be used exclusively for infrastructure investment projects. Continuous assessment criteria; ceiling applies throughout the year.

**Table 4. Tanzania: Structural Benchmarks for the Remainder of FY 2010/11**

| Measure | Target Date | Macro Criticality and Status |
|---|---|---|
| **Poverty Reduction Strategy** | | |
| Approval by Government of a new National Social Protection Framework. | End-March, 2011 | Provides a reliable and comprehensive social safety net targeted to the most vulnerable. |
| **Financial Sector** | | |
| Issuance of investment guidelines for pension funds. | End-March, 2011 | Mitigates risk to the financial system and public finances of large, unregulated pension funds (accounting for 25 percent of financial sector assets) |
| Establish framework for emergency liquidity assistance beyond day-to-day liquidity management and tools. | End-March, 2011 | Provides mechanism for expedited handling of liquidity problems with systemic implications. In progress. An outline of financial crisis management framework has already been prepared. |
| **Fiscal** | | |
| Debt management: Prepare a Medium-Term Debt Strategy consistent with resource needs under the new PRS and reflecting contingent liabilities. | End- March, 2011 | Critical for ensuring sustainability of the government's borrowing strategy and for facilitating broader access to capital markets. In progress. Re-phased to end March 2011 so that the input from a Bank/Fund TA mission in December can be incorporated. |
| Develop an index for monitoring priority social spending. | End-December, 2010 | Facilitates monitoring the implementation of social spending. In progress. The Government has adopted the functional classification of budget items and budget books for fiscal year 2010/11 were prepared in line with COFOG, which will enable monitoring of spending by economic functions. |
| Prepare a report on payment claims outstanding over 30, 60, and 90 days in Ministries of Infrastructure, Health, and Home Affairs for end-June, 2010. | End-December, 2010 | Enables a more accurate monitoring of the fiscal situation, and facilitates better projections of cash flow needs and smoother implementation of monetary policy. |
| **Statistics** | | |
| Develop core inflation index. | End-March, 2011 | Provides more meaningful indicator to guide monetary policy. In progress. Revision of the composition of the Consumer Basket is being finalized by the National Bureau of Statistics. |

**Attachment II. Technical Memorandum of Understanding on Selected Concepts and Definitions Used in the Monitoring of the PSI-Supported Program**

## I. Introduction

1. The purpose of this Technical Memorandum of Understanding (TMU) is to describe concepts and definitions that are being used in the monitoring of the quantitative PSI assessment criteria and indicative targets under Tanzania's program supported by the PSI arrangement. The principal data sources are the standardized reporting forms, 1SR and 2SR, as provided by the Bank of Tanzania to the IMF, and the government debt tables provided by the Accountant General's office.

## II. Definitions

### Net international reserves

2. Net international reserves (NIR) of the Bank of Tanzania (BoT) are defined as reserve assets minus reserve liabilities. The BoT's reserve assets, as defined in the IMF BOP manual ($5^{th}$ edition) and elaborated in the reserve template of the IMF's special data dissemination standards (SDDS), include: (i) monetary gold; (ii) holdings of SDRs; (iii) the reserve position at the IMF; (iv) all holdings of foreign exchange; and (v) other liquid and marketable assets readily available to the monetary authorities. Reserve assets exclude assets pledged or otherwise encumbered, including but not limited to assets used as collateral or guaranteed for a third party external liability (assets not readily available). The BoT's reserve liabilities include: (i) all short-term foreign exchange liabilities to nonresidents, of original maturities less than one year; and (ii) outstanding purchases and loans from the IMF.

### Reserve money and reserve money band

3. Reserve money is defined as the sum of currency issued by the BoT and the deposits of commercial banks with the BoT. The reserve money targets are the projected daily averages of March, June, September, and December within a symmetrical one percent band. The upper bound of the band serves as the assessment criterion or indicative target.

### Net domestic financing of the Government of Tanzania

4. Net domestic financing of the Government of Tanzania (NDF) includes financing of the budget of the central (union) government of Tanzania ("government") by the banking system (BoT and commercial banks) and the nonbank public. NDF is calculated as the cumulative change since the beginning of the fiscal year in the sum of: (i) loans and advances to the government by the BoT and holdings of government securities and promissory notes (including liquidity paper issued by the BoT for monetary policy purposes), minus all government deposits with the BoT; (ii) all BoT accounts receivable due from the Government of Tanzania that are not included under (i) above; (iii) loans and advances to the government by other depository corporations and holdings of government securities and promissory notes, minus all government deposits held with other depository corporations; and (iv) the outstanding stock of domestic debt held outside depository corporations, excluding: government debt issued for the recapitalization of the NMB and TIB; debt swaps with COBELMO (Russia) and the government of Bulgaria; mortgage on acquired sisal estates; compensation claims; and debt of parastatal companies assumed by the government.

**Government deposits at the BoT**

5. Government deposits at the BoT include government deposits as reported in the BoT balance sheet, 1SR -including counterpart deposits in the BoT of liquidity paper issued for monetary policy purposes, and foreign currency-denominated government deposits at the BoT, including the PRBS accounts and the foreign currency deposit account.

**External payments arrears**

6. External payments arrears consist of the total amount of external debt service obligations (interest and principal) of the government and the BoT that have not been paid at the time they are due, excluding arrears on external debt service obligations pending the conclusion of debt-rescheduling arrangements. The ceiling on external payments arrears is continuous and applies throughout the year.

**Contracting or guaranteeing of external debt on nonconcessional terms**

7. The term "external debt" will have the meaning set forth in Point 9 of the Guidelines on Performance Criteria with Respect to External Debt (Executive Board's Decision No. 6230-(79/140), as amended by Decision No. 14416-(09/91), effective December 1, 2009). External debt will be determined on the basis of currency of denomination of the debt. Government external debt is outstanding debt owed or guaranteed by the Government of Tanzania, the Bank of Tanzania, subnational governments, and companies in which the government has at least 50 percent ownership, unless otherwise stipulated.[6] The ceiling on external debt is continuous and applies throughout the year.

8. Government debt is considered nonconcessional if the grant element is lower than 35 percent, calculated using discount rates based on Organization for Economic Cooperation and Development (OECD) commercial interest reference rates (CIRR), adjusted as appropriate for different maturities. For maturities of less than 15 years, the grant element will be calculated based on 6-month averages of commercial interest rates. For maturities longer than 15 years, the grant element will be calculated based on 10-year averages. This PSI assessment criterion applies not only to debt as defined in Point 9 of the Guidelines on Performance Criteria with Respect to External Debt (Executive Board's Decision No. 6230-(79/140), as amended by Decision No. 14416-(09/91), effective December 1, 2009), but also to commitments contracted or guaranteed for which value has not been received.

**Foreign program assistance and program exchange rates:**

9. Foreign program assistance is defined as budget support and basket grants and loans received by the Ministry of Finance and Economic Affairs (MoFEA) through BoT accounts and accounts at other depository corporations and is calculated as the cumulative sum, since the beginning of the fiscal year, of the receipts from (i) program loans and (ii) program grants.

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[6] Excluded for these purposes, except if the government offers an explicit guarantee on the debt, are: Tanzania Investment Bank; Tanzania Port Authority; Tanzania Petroleum Development Corporation; Dar es Salaam Rapid Transport Authority; Economic Processing Zones Authority; National Development Corporation; Small Industries Development Organization; National Housing Corporation; National Identity Authority; Dar es Salaam Water and Sewage Authority; and Tanzania Airport Authority.

Program assistance does not include nonconcessional external debt as defined in paragraphs 7 and 8.

10. Foreign program assistance and program exchange rates for the period July 1, 2010 through June 30, 2011 are:

| | Q1<br>End-Sept | Q2<br>End-Dec | Q3<br>End-Mar | Q4<br>End-June | Annual |
|---|---|---|---|---|---|
| Cumulative Program assistance (US$ millions) | 334 | 643 | 1020 | 1055 | |
| Tsh/US$ average | 1447.1 | 1508.6 | 1532.2 | 1537.7 | 1504.1 |
| Tsh/US$ end of period | 1501.3 | 1515.9 | 1530.4 | 1545.0 | |

## III. ADJUSTERS

**Net international reserves**

11. The end-June, end-September, end-December 2010 and end-March 2011 quantitative targets for the BoT's net international reserves will be adjusted downward by the amount in U.S. dollars of any shortfall in foreign program assistance in U.S. dollars (up to a limit of TSh 250 billion, with each quarterly shortfall converted from U.S. dollars to Tanzanian shillings using that quarter's program average exchange rate. The cumulative shortfall will be the sum of all quarterly shortfalls in Tanzanian shillings up to the date of assessment), relative to projections shown in the Quantitative PSI Assessment Criteria and Indicative Targets Table attached to the applicable Letter of Intent and Memorandum of Economic and Financial Polices of the Government of Tanzania.

**Net domestic financing**

12. The end-June, end-September, end-December 2010 and end-March 2011 quantitative limits on the net domestic financing of the Government of Tanzania will be adjusted upward for any shortfall in foreign program assistance in U.S. dollars (up to a limit of TSh 250 billion), relative to projections shown in the Quantitative PSI Assessment Criteria and Indicative Targets Table attached to the applicable Letter of Intent and Memorandum of Economic and Financial Polices of the Government of Tanzania. Each quarterly shortfall will be converted from U.S. dollars to Tanzanian shillings using that quarter's program average

exchange rate. The cumulative shortfall will be the sum of all quarterly shortfalls in Tanzanian shillings up to the date of assessment.

## IV. Data Reporting Requirements

13. For purposes of monitoring the program, the Government of Tanzania will provide the data listed in Table 1 below.

Table 1. Summary of Reporting Requirements

| Information | Reporting Institution | Frequency | Submission Lag |
|---|---|---|---|
| Issuance of government securities. | BoT | Bi-weekly | 1 week |
| Yields on government securities. | BoT | Bi-weekly | 1 week |
| Consumer price index. | NBS | Monthly | 2 weeks |
| The annual national account statistics in current and constant prices. | NBS | Annually | 6 months |
| The quarterly national account statistics in constant prices. | NBS | Quarterly | 3 months |
| Balance sheet of the BoT (1SR). | BoT | Monthly | 1 week |
| Consolidated accounts of other depository corporations and the depository corporations survey (2SR and the DCS). | BoT | Monthly | 4 weeks |
| Summary of stock of external debt, external arrears, and committed undisbursed loan balances by creditor. | BoT | Monthly | 2 weeks |
| External trade developments. | BoT | Monthly | 4 weeks |
| Balance of payments | BoT | Quarterly | 4 weeks |
| Standard off-site bank supervision indicators for other depository corporations. | BoT | Quarterly | 6 weeks |
| Financial Soundness Indicators for other depository corporations. | BoT | Quarterly | 6 weeks |
| Other depository corporation lending by activity. | BoT | Monthly | 4 weeks |
| Commercial banks interest rate structure. | BoT | Monthly | 4 weeks |

| Information | Reporting Institution | Frequency | Submission Lag |
|---|---|---|---|
| Summary table of: (i) average reserve money; (ii) net domestic financing of the government; (iii) stock of external arrears; (iv) new contracting or guaranteeing of external debt on nonconcessional terms; and (v) net international reserves.[1] | BoT and MoFEA | Quarterly | 4 weeks |
| Amount of payment claims outstanding of more than 30 days, 60 days, and 90 days in the Infrastructure, Health and Home Affairs ministries. For each ministry, total claims outstanding to be divided into: (i) unverified claims; and (ii) claims verified but not yet paid. | MoFEA | Quarterly | 3 months |
| The flash report on revenues and expenditures. | MoFEA | Monthly | 4 weeks |
| The TRA revenue report | TRA | Monthly | 4 weeks |
| The monthly domestic debt report.[1] | MoFEA | Monthly | 4 weeks |
| Monthly report on central government operations. | MoFEA | Monthly | 4 weeks |
| Detailed central government account of disbursed budget support grants and loans, and external debt service due and paid. | MoFEA | Monthly | 4 weeks |
| Detailed central government account of disbursed donor project support grants and loans. | MoFEA | Monthly | 4 weeks |
| Statement on new external loans contracted and guarantees provided by the entities listed in paragraph 7 of the TMU during the period including terms and conditions according to loan agreements. | MoFEA | Quarterly | 4 weeks |

[1] The MoFEA and BoT will reconcile data on BoT claims on the government, to ensure that such claims recorded in the BoT balance sheet are the same as those reported by the Accountant General of the MoFEA.