

Table 1. Tanzania: Financial Performance Criteria and Benchmarks Under the First Annual Program  
Under the Poverty Reduction and Growth Facility, January-December, 2000.  
(In billions of Tanzania shillings unless otherwise indicated)

	1999			2000					
	Jun.	Sep.	Dec.	Mar. Program	Mar. Actual	Jun.	Sep.	Dec.	
	Actual			Program (revised)					
Performance criteria 1/									
Net domestic assets of the Bank of Tanzania 2/ 3/ 4/	238.9	229.6	234.2	209.5		202.6	228.2	226.0	
Adjusted				242.1	194.3				
Net domestic financing of the government of Tanzania 2/ 3/ 5/ 6/		44.5	2.6	-9.0		0.0	9.6	28.3	
Adjusted				23.6	-10.0				
Net international reserves of the Bank of Tanzania 3/ 7/	260.8	285.3	398.9	373.1		373.1	371.8	452.5	
Adjusted				332.4	401.5				
Accumulation of external payments arrears 8/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Contracting or guaranteeing of external debt on nonconcessional terms 9/	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Benchmarks 10/									
Central government recurrent revenue 6/ 11/	689.3	174.4	376.4	576.4	573.5	768.7	202.8	423.9	
Increase in extrabudgetary expenditure 2/ 12/			0.0	0.0	0.0	0.0	0.0	0.0	
Accumulation of budgetary arrears 13/	...	...	...	...	...	...	0.0	0.0	

1/ Performance criteria for March and September 2000; benchmarks for June 2000 and December 2000.

2/ Ceiling.

3/ The benchmarks and performance criteria will be adjusted for a shortfall or excess in net foreign financing. In the case of an excess (shortfall), the floor for net international reserves will be adjusted upward (downward), and the ceiling on net domestic financing of the budget and on net domestic assets of the Bank of Tanzania (BoT) will be adjusted downward (upward) by 100 percent of the excess (shortfall). In the case of a shortfall, the adjustment for net international reserves will be limited to a maximum of US\$60 million and the ceiling on net domestic financing of the budget and on net domestic assets of the BOT will be adjusted upward for a maximum of the equivalent in Tanzania Shilling. The program envisages cumulative net foreign financing from July 1999 for March, June, September and December 2000 of US\$ 57.6 million, US\$68.8 million US\$109.3 million, and US\$105.4 million, respectively. Actual cumulative net foreign financing through March 2000 was US\$16.9 million.

4/ The benchmark for net domestic assets of the BoT will be adjusted for changes in the reserve requirement for an amount equal to the change in percentage points in the reserve requirement times deposits of the public held with the banks. It will also be adjusted for the effect on net international reserves and the IMF accounts from the difference between the actual and the programmed exchange rate.

5/ Defined as net domestic financing of the budget by the banking system and net sales of government debt to the nonbank public. Excludes privatization proceeds and the recapitalization of government-owned banks. The data for September and December 1999 was revised from T Sh 37.5 billion and T Sh -9.0 billion, respectively, provided in EBS/00/44 (March 10, 2000), Appendix I, Table 1.

6/ Cumulative from July, 1999.

7/ Floor, in millions of US dollars.

8/ Continuous performance criterion. Excludes arrears on external debt-service payments pending the conclusion of debt-rescheduling agreements.

9/ Excludes debts contracted in the context of rescheduling agreements; includes financial leases and other instruments giving rise to external liabilities, contingent or otherwise, on nonconcessional terms. In determining the level of concessionality of these obligations, the definition of concessional borrowing shall apply. Concessional borrowing is defined as having a grant element of 35 percent or more. For loans with a maturity of at least 15 years, the 10-year average commercial interest reference rates (CIRRs) published by the OECD should be used as the discount rate for assessing the level of concessionality, while the 6-month average CIRRs should be used for loans with shorter maturities. To both the 10-year and 6-month averages, the following margins for differing repayment periods should be added: 0.75 percent for repayment periods of less than 15 years; 1 percent for 15-19 years; 1.15 percent for 20-29 years; and 1.25 percent for 30 years or more.

10/ Indicative targets for December 2000.

11/ Floor, defined to exclude dividend payments from the Bank of Tanzania in excess of the programmed amount of T Sh 4.5 billion in September 2000, and privatization proceeds.

12/ Defined as expenditure financed outside the regular budgetary accounts.

13/ Defined as arrears accumulated during the fiscal year, including arrears on wages, to suppliers, and on domestic interest and tax refunds.

Table 1a. Tanzania: Calculation of Net Domestic Financing of the Budget, June 1999-December 2000  
(In billions of T Sh)

	1999 Jun.	1999 Sep.	1999 Dec.	2000 Mar.	2000 Jun. Prog.	2000 Sep. Prog.	2000 Dec. Prog.
Monetary survey:							
Net claims on government	314.1	346.5	374.3	369.2			
Advances	3.1	0.5	0.5	0.6			
BoT	0.0	0.0	0.0	0.0			
Banks	3.1	0.5	0.5	0.6			
Securities and bills	407.7	462.5	491.2	507.4			
BoT	82.7	93.7	152.7	163.6			
Banks	325.0	368.7	338.4	343.8			
Deposits	-96.7	-116.4	-117.4	-138.8			
BoT	-70.9	-97.4	-95.8	-118.6			
Banks	-25.7	-19.1	-21.6	-20.2			
Adjustments	-6.9	-19.7	-66.1	-71.6			
Government of Zanzibar deposits	0.0	0.0	0.0	0.0			
Recapitalization banks and arrears owed to the BoT	...	...	-60.3	-60.3			
MDF account 1/	-3.2	-17.1	-5.8	-11.3			
Balance in special 2-year bond account 2/	-3.7	-2.6	...	...			
Net claims on government monetary survey (adjusted)	307.2	326.8	308.2	297.6			
Domestic Debt Report Ministry of Finance							
Stocks	175.9	175.9	236.3	236.3			
Bonds	406.4	418.6	420.1	420.3			
Treasury bills	92.1	164.7	114.7	128.8			
Promissory notes	20.0	18.9	12.4	12.4			
Duty drawback scheme	0.0	0.0	0.0	0.0			
Privatized parastatal loans	14.5	14.5	14.5	14.5			
Crop authority debt	4.1	...	...	...			
Southern paper mills	0.6	0.6	0.6	0.6			
Fertilizer subsidy	0.0	...	...	...			
Mortgages sisal estates	0.8	0.8	0.8	0.8			
Compensation acquired buildings	0.3	0.3	0.3	0.3			
Tax reserve certificates	0.0	0.1	0.1	0.1			
Sales agreement LAPF	4.9	4.9	4.9	4.9			
Total	719.6	799.3	804.7	818.9			
Total domestic financing							
Loans and advances	3.1	0.5	0.5	0.6			
Deposits	-103.6	-136.2	-123.2	-150.1			
From monetary survey	-96.7	-116.4	-117.4	-138.8			
Adjustment MDF	-3.2	-17.1	-5.8	-11.3			
Adjustment 2-year bond account 2/	-3.7	-2.6	...	...			
Stocks, bonds, bills etc domestic debt report MoF	719.6	799.3	804.7	818.9			
Adjustment for BoT/Bank recapitalization	...	...	-60.3	-60.3			
Total	619.1	663.6	621.7	609.1			
Bank 3/	307.2	326.8	307.7	297.6			
Nonbank 3/	311.9	329.8	302.4	311.6			
Net domestic financing							
Change for the period		44.5	-41.9	-12.6	10.0	9.6	18.7
Change from June 30, 1999		44.5	2.6	-10.0	0.0	9.6	28.3

Source: Monetary Survey and balance sheets BoT and banks; Domestic Debt Report Ministry of Finance.

1/ Correction to BoT balance sheet to include balances in the Multilateral Development Fund in government deposits.

2/ Correction to BoT balance sheet for misclassification 2-year bonds account from February 1999 through September 1999.

3/ Bank financing is the change in net claims on government from the monetary survey and nonbank is calculated as the residual.

Table 1b. Tanzania: Calculation of the Program Adjuster for the Shortfall (Excess) of Net Foreign Financing of the Budget.

	1999/2000			2000/01	
	Jul-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
<b>In millions of US dollars:</b>					
Programmed net foreign financing					
1 For the period		43.1	12.3	40.5	-3.9
2 Cumulative since July 1, 1999	14.5	57.6	68.8	109.3	105.4
Actual net foreign financing					
3 For the period		2.4			
4 Cumulative since July 1, 1999	14.5	16.9			
Shortfall (-)/excess (+)					
6 For the period (3-1)	0	-40.7			
7 Cumulative since July 1, 1999 (4-2)	0	-40.7			
8 Adjuster to floor NIR (=7) 1/	0	-40.7			
9 Average period exchange rate (T Sh / US\$)		800.6			
<b>In billions of T Sh:</b>					
Actual net foreign financing					
10 For the period		1.9			
11 Cumulative since July 1, 1999 2/	11.3	13.2			
Shortfall (-)/excess (+)					
12 For the period (6*9/1000)	0	-32.6			
13 Cumulative since July 1, 1999 3/	0	-32.6			
14 Adjuster to ceiling NDA and NDF 4/	0	32.6			

1/ If the shortfall is more than US\$60 million, the adjuster is US\$60 million.

2/ Net foreign financing previous period plus net foreign financing present period.

3/ Shortfall (excess) previous period plus shortfall (excess) present period.

4/ If the shortfall is more than US\$60 million, the adjuster is US\$60 million times the end-period exchange rate.

**Table 2. Tanzania: Structural Benchmarks and Performance Criteria for the First Annual Program Under the PRGF Arrangement**

<b>Sector</b>	<b>Measure (P--Performance Criterion)</b>	<b>Timing</b>	<b>Status</b>
External	Base minimum dutiable values on international prices (except sugar)	July 2000	Implemented March 2000
Fiscal	Establish new duty drawback system	March 2000	Implemented
	Submit Public Finance Management Bill and Public Audit Bill to Parliament (P)	June 2000	Implemented
	Issue implementing regulations for Public Finance Management Act and Public Audit Act	August 2000	Expected February 2001 <sup>1</sup>
	Unify the withholding tax on interest earnings, dividends and royalties for holders and nonholders of TIC certificates (P)	July 1, 2000	Implemented
	Apply VAT to petroleum products at standard rate and simplify other petroleum taxes	July 1, 2000	Implemented
	Establish unified tax appeals mechanism	August 2000	Expected on schedule
	Begin producing comprehensive monthly flash commitment and expenditure reports	July 2000	Expected on schedule
	Begin reporting revenue collections through IFMS	April 2000	Partly implemented
	Complete inventory of all budgetary arrears, and allocate funds to eliminate them during 2000/01	June 2000	Expected July 2000
Financial	Adopt microfinance policy	April 2000	Implemented
	Issue 10 revised prudential regulations 5 regulations Remainder	June 2000 December 2000	7 issued
Petroleum	Eliminate earmarking of any petroleum revenues for TPDC	June 2000	Implemented
	Include Energy Fund in budget	June 2000	Implemented
Parastatal	Select winning bidder for TTCL and begin final negotiations (P)	June 2000	Implemented
	Select consultants to prepare detailed plan for unbundling TANESCO	June 2000	Expected January 2001
	Remove 40 parastatal entities from government control: 20 entities 40 entities (cumulative)	June 2000 December 2000	13 entities privatized
	Adopt policy on retrenchment compensation in parastatal divestiture	May 2000	Implemented
	Adopt policy on debt treatment in parastatal divestiture	May 2000	Implemented
Poverty	Complete primary school mapping in 50 percent of district authorities	December 2000	Expected on schedule
	Increase percentage of children under 2 years immunized (measles and DPT) from 71 percent (1996) to 75 percent	December 2000	Expected on schedule
Governance	Complete sectoral action plans under the National Anti-Corruption Strategy	December 2000	Expected on schedule
Statistics	Complete household budget survey	December 2000	Expected April 2001

<sup>1</sup> The benchmark for August 2000 has been revised to a performance criterion for February 2001.