

Tanzania: Relations with the Fund
(As of December 31, 2003)

| | | | | | | | |
|-------------|---|----------------------|------------------------|--------------------------------------|-----------------------------------|-------------|-------------|
| I. | Membership Status: Joined 09/10/62; Article VIII | | | | | | |
| II. | General Resources Account: | | <u>SDR million</u> | <u>% Quota</u> | | | |
| | Quota | | 198.90 | 100.00 | | | |
| | Fund holdings of currency | | 188.90 | 94.97 | | | |
| | Reserve position in Fund | | 10.00 | 5.03 | | | |
| III. | SDR Department: | | <u>SDR million</u> | <u>% Allocation</u> | | | |
| | Net cumulative allocation | | 31.37 | 100.00 | | | |
| | Holdings | | 0.34 | 1.08 | | | |
| IV. | Outstanding Purchases and Loans: | | <u>SDR million</u> | <u>% Quota</u> | | | |
| | Poverty Reduction and Growth Facility | | 294.25 | 147.94 | | | |
| V. | Financial Arrangements: | | | | | | |
| | <u>Type</u> | <u>Approval date</u> | <u>Expiration date</u> | <u>Amount approved (SDR million)</u> | <u>Amount drawn (SDR million)</u> | | |
| | PRGF | 08/16/2003 | 08/15/2006 | 19.60 | 2.80 | | |
| | PRGF | 04/04/2000 | 08/15/2003 | 135.00 | 135.00 | | |
| | PRGF | 11/08/1996 | 02/07/2000 | 181.59 | 181.59 | | |
| VI. | Projected Obligations to Fund (without HIPC assistance) | | | | | | |
| | (SDR million; based on existing use of resources and present holdings of SDRs): | | | | | | |
| | | | Forthcoming | | | | |
| | | | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
| | Principal | | 27.50 | 38.32 | 46.32 | 46.61 | 42.89 |
| | Charges/interest | | 1.90 | 1.73 | 1.52 | 1.28 | 1.05 |
| | Total | | 29.41 | 40.05 | 47.84 | 47.88 | 43.95 |
| | Projected Obligations to Fund (with Board-approved HIPC assistance) | | | | | | |
| | (SDR million; based on existing use of resources and present holdings of SDRs): | | | | | | |
| | | | Forthcoming | | | | |
| | | | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
| | Principal | | 17.36 | 31.40 | 40.43 | 39.32 | 38.49 |
| | Charges/interest | | 1.91 | 1.73 | 1.52 | 1.28 | 1.05 |
| | Total | | 19.26 | 33.13 | 41.96 | 40.60 | 39.54 |

VII. Implementation of HIPC Initiative:

| | <u>Enhanced framework</u> |
|--|-------------------------------|
| Commitment of HIPC assistance | |
| Decision point date | Apr 2000 |
| Assistance committed (NPV terms) ²² | end-June 1999 |
| Total assistance (US\$ million) | 2,026.00 |
| <i>Of which:</i> Fund assistance (SDR million) | 88.95 |
| Completion point date | 11/21/01 |
| Delivery of Fund assistance (SDR million) | |
| Amount disbursed | |
| Interim assistance | 88.95 |
| Completion point balance | 26.68 |
| Additional disbursement of interest income ²³ | 62.27 |
| Amount applied against member's obligations (cumulative) | 55.30 |

VIII. Safeguards Assessments:

The safeguards assessment of the Bank of Tanzania (BoT), which was completed on December 5, 2003, found that, while the bank had a relatively strong internal control environment, some vulnerabilities existed, notably in the external audit and financial reporting areas. In order to mitigate these vulnerabilities, staff recommended that the BoT should (i) contract annual external audits that are conducted in accordance with International Standards on Auditing; (ii) adopt International Accounting Standards as the financial reporting framework; (iii) establish a formal process of reconciling accounting data to the program data reported to the Fund; (iv) publish the full audited financial statements on a timely basis, within five months of the financial year's end; and (v) adopt an audit charter for the internal audit function to strengthen audit methodologies and procedures.

IX. Exchange Arrangements:

The currency of Tanzania is the Tanzania shilling. The official exchange rate is market determined on the basis of the interbank foreign exchange market. The middle rate in terms

²² Net present value (NPV) terms at the decision point under the enhanced framework.

²³ Under the enhanced Initiative for Heavily Indebted Poor Countries (HIPC) Initiative, an additional disbursement is made at the completion point corresponding to interest income earned on amounts committed but not disbursed during the interim period, calculated using the average return (during the interim period) on the investment of resources held by, or for, the benefit of the PRGF-HIPC Trust.

of the U.S. dollar, the intervention currency, was T Sh 1,073.6 per U.S. dollar as of January 14, 2004. The exchange system is free of restrictions on the making of payments and transfers for current international transactions.

X. Article IV Consultation:

The last Article IV consultation was concluded on November 18, 2002 (EBS/02/187).

XI. Technical Assistance, 2000–2003:

| Departments | Timing | Form | Purpose |
|--------------------------------|----------------------|-----------------------|--|
| Fiscal Affairs | October 2000 | Mission | Public expenditure management |
| | March 2001 | Mission | Fiscal decentralization |
| | May 2001 | Short-term consultant | Translation of government accounts and operationalization to the standard classifications |
| | October 2001 | Mission | Report on Observance of Standards and Codes (ROSC) fiscal transparency module and preparation of an assessment and action plan for tracking poverty-reducing expenditure |
| | 2001–02 | Long-term consultant | Strengthening of fiscal analysis at the Ministry of Finance |
| | October 2002 | Mission | Tax administration |
| | 2002 – 03 | Long-term consultant | Public expenditure management |
| | Mar. – May 2003 | Peripatetic advisor | Tax administration |
| | April 2003 | Mission | Inspection and tripartite review |
| | June – Sep. 2003 | Long-term consultant | Public expenditure management |
| | Sep. – Oct. 2003 | Peripatetic advisor | Tax administration |
| | Oct. 2003 | Mission | Tax administration |
| Legal | Oct. 2002 – Jan 2003 | Mission | Income tax law |
| Monetary and Financial Systems | March 2001 | Mission | Monetary policy operations |
| | 2003-04 | Long-term consultant | Banking supervision and regulation |
| | Feb. 2003 | Mission | FSAP premission |
| | June 2003 | Mission | Payments systems workshop |
| Statistics | October 2000 | Multitopic mission | Macroeconomic statistics |
| | May 2002 | Mission | Balance of payments statistics |
| | 2002 – 03 | Long-term consultant | Multisector statistics |
| | June 2003 | Mission | Government finance statistics course |

XII. Resident Representative:

Mr. Ali Abdi has been the Senior Resident Representative since October 2001.