

Table 1. Tanzania: Quantitative Performance Criteria and Benchmarks Under the Poverty Reduction and Growth Facility Arrangement, June 2003 - June 2004

	2003						2004						
	June		September			December			March			June	
	Estimate	Actual	Performance Criteria	Adjusted	Actual	Rev. Benchmark	Adjusted	Actual	Performance Criteria	Adjusted PC	Preliminary Actual	Rev. Benchmark	Estimate
(In billions of shillings; end of period)													
Net domestic financing of the government of Tanzania (ceiling) 1/ 2/	-14	-36	-150	-146	-183	-267	-265	-252	-118	-60	-171	83	-18
Accumulation of budgetary arrears (ceiling; benchmark only)	0	0	0		0	0		0	0		0	0	0
Net domestic assets of the Bank of Tanzania (ceiling; benchmark only) 2/	-557	-592	-584	-580	-799	-731	-728	-832	-703	-644	-725	-600	-695
Reserve money (ceiling)	693	640	764		688	826		783	808		803	813	813
(In millions of U.S. dollars, unless otherwise indicated; end of period)													
Net international reserves of the Bank of Tanzania (floor) 3/	1,196	1,179	1,287	1,284	1,416	1,480	1,478	1,534	1,438	1,385	1,454	1,346	1,444
Accumulation of external payments arrears (ceiling) 4/	0	0	0		0	0		0	0		0	0	0
Contracting or guaranteeing of external debt on nonconcessional terms (ceiling)	0	0	0		0	0		0	0		0	0	0
Memorandum item:													
Foreign program assistance (grants and loans) 1/	464	436	267		264	424		425	528		479	563	566

Note: For precise definitions of the aggregates shown and details of the adjustment clauses, see the technical memorandum of understanding (TMU) attached to the government's letter of July 22, 2004.

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

2/ To be adjusted upward for the Tanzania shilling equivalent of any shortfall in foreign program assistance from the amounts shown in the memorandum item.

Figures are different from BOT (NDA) in the monetary authorities' accounts, as they are adjusted for the program exchange rate.

3/ To be adjusted downward for any shortfall in foreign program assistance from the amounts shown in the memorandum item.

4/ Continuous performance criterion; excludes arrears on debt-service payments pending the conclusion of debt-rescheduling agreements.

Table 2. Tanzania: Quantitative Performance Criteria and Benchmarks Under the Poverty Reduction and Growth Facility Arrangement, June 2004 - June 2005

	2004		2004		2005	
	June		September	December	March	June
	Rev. Benchmark	Estimate	Performance Criteria	Indicative targets	Indicative targets	Indicative targets
(In billions of shillings; end of period)						
Net domestic financing of the government of Tanzania (ceiling) 1/ 2/	83	-18	-122	-63	48	157
Accumulation of budgetary arrears (ceiling; benchmark only)	0	0	0	0	0	0
Net domestic assets of the Bank of Tanzania (ceiling; benchmark only) 2/	-600	-695	-1,117	-1,064	-903	-867
Reserve money (ceiling)	813	813	875	979	960	1,001
(In millions of U.S. dollars, unless otherwise indicated; end of period)						
Net international reserves of the Bank of Tanzania (floor) 3/	1,346	1,444	1,700	1,740	1,642	1,646
Accumulation of external payments arrears (ceiling) 4/	0	0	0	0	0	0
Contracting or guaranteeing of external debt on nonconcessional terms (ceiling)	0	0	0	0	0	0
Memorandum item:						
Foreign program assistance (grants and loans) 1/	563	566	366	483	558	671

Note: For precise definitions of the aggregates shown and details of the adjustment clauses, see the technical memorandum of understanding (TMU) attached to the government's letter of July 22, 2004.

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

2/ To be adjusted upward for the Tanzania shilling equivalent of any shortfall in foreign program assistance from the amounts shown in the memorandum item.

Figures are different from BOT (NDA) in the monetary authorities' accounts, as they are adjusted for the program exchange rate.

3/ To be adjusted downward for any shortfall in foreign program assistance from the amounts shown in the memorandum item.

4/ Continuous performance criterion; excludes arrears on debt-service payments pending the conclusion of debt-rescheduling agreements.

Table 3. Tanzania: Structural Performance Criteria and Benchmarks Under the Poverty Reduction and Growth Facility Arrangement, December 2003-June 2004

Measure	Date of Implementation	Status
<b>Tax policy and administration</b>		
Final consideration by Parliament of the new Income Tax Act, consistent with paragraph 30 of the letter of intent. 1/	April 2004	Observed
Implementation of a function-based Large Taxpayers Department that integrates VAT and income tax administration, and completion of transfer of an additional 100 large taxpayers to the LTD. 2/	June 2004	Observed
Announcement of revision of the value-added tax (VAT) threshold to reduce the number of VAT taxpayers, together with the abolition of remaining stamp duties on receipts, and revision of the threshold for the presumptive tax accordingly. 1/	June 2004	Observed
To curtail tax exemptions, no new companies will be added to the list of strategic investors maintained by the Tanzania Investment Center, and no companies will be licensed for the export processing zone, other than as specified in paragraph 47 of the letter of intent. 2/	Continuous	Partially observed
<b>Financial sector reform</b>		
Establishment of an interagency, interministerial financial sector reform committee to oversee FSAP reform agenda. 1/	March 2004	Observed
Introduction of short-term collateralized Lombard facility. 2/	March 2004	Observed
<b>Governance</b>		
Publicizing of the list of companies, individuals, and NGO's that have received tax exemptions each quarter, as specified in paragraph 31 of the letter of intent. 2/	Quarterly	Observed

1/ Performance criterion.

2/ Structural benchmark.

Table 4. Tanzania: Structural Performance Criteria and Benchmarks Under the Poverty Reduction and Growth Facility Arrangement, July 2004-June 2005

Measure	Date of Implementation
<b>Tax policy and administration</b>	
Develop a plan to introduce a computerized risk management system aimed at expediting customs clearance primarily through reducing significantly the number of shipments that are physically inspected. 1/	end-December 2004
Submit to Parliament an amendment of the Tanzania Investment Act, to limit the applicability of fiscal stability clauses to at most 5 years. 1/	end-February 2005
<b>Financial sector reform</b>	
Issue final bid instructions for the sale of the National Microfinance Bank (NMB). 2/	end-January 2005
Submit to Parliament amendments to the Bank of Tanzania Act and the Banking and Financial Institutions Act. 2/	end-February 2005
<b>Governance</b>	
Draft anti-corruption strategies and action plans to be completed for all Local Government Authorities and submitted for final government approval. 1/	end-June 2005
Publicizing of the list of companies, individuals, and NGO's that have received tax exemptions each quarter under the Treasury voucher scheme. 1/	Quarterly
Promulgate the implementing regulations for the new Income Tax Act, consistent with para. 26 of the LOI. 1/	end-September 2004

1/ Structural benchmark.

2/ Performance criterion.

Table 1. Tanzania: Calculation of Net Domestic Financing of the Budget

(In billions of T Sh)

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1	Net bank claims on government (2+6)
2	Bank of Tanzania (Net) (3+4+5)
3	Advances
4	Securities and bills
5	Government Deposits (as reported by BoT)
6	Commercial Banks (Net) (7+8+9)
7	Advances
8	Securities and bills
9	Government Deposits
10	Adjustments to deposits (11+12+13+14)
11	NBC Special Bond
12	PRBS account 1/
13	Foreign currency deposits of the government 1/
14	Liquidity Facility
15	Deposits for budget financing (5+9-10)
<b>16</b>	<b>Net adjusted bank claims on government (1-10)</b>
17	Domestic Debt Report Ministry of Finance (18+19+20+21)
18	Stocks
19	Bonds
20	Treasury bills
21	Other 2/
	Less:
22	Securities held by banks
23	Other 3/
<b>24</b>	<b>Nonbank Financing of the Budget 4/ (17-22-23)</b>
<b>25</b>	<b>Total Domestic Financing (16+24)</b>
<b>26</b>	<b>Change in Net Domestic Financing</b>
27	From preceding quarter (item 25)
28	From end of preceding fiscal year -- June 30 (item 25)

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

1/ Adjustment to BoT balance sheet to include balances as government deposits rather than foreign liabilities.

2/ Includes duty drawback scheme, tax reserve certificates, sales agreement LAPF, and NSSF-Mabibo Hostel Agreement 2002/2012. Excludes mortgage on acquired sisal estates, compensation claims, and debt of parastatal companies assumed by the government.

3/ Includes NBC Special Bond, and debt swaps with COBELMO (Russia) and the government of Bulgaria.

4/ Nonbank financing is calculated as the residual.

Table 2. Tanzania: Calculation of the Program Adjuster  
(Program for the year 2004/05)

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**I. Adjustor to NIR floor**

Programmed foreign financing (in millions of U.S. dollars)

- 1 For the period
- 2 Cumulative since June 30

Actual net foreign financing (in millions of U.S. dollars)

- 3 For the period
- 4 Cumulative since June 30

Shortfall (-)/excess (+) (in millions of U.S. dollars)

- 6 For the period (3-1)
- 7 Cumulative since June 30 (4-2)

8 Adjuster to floor NIR (=7)

9 NIR Benchmark/performance criterion

**10 NIR Adjusted benchmark/performance criterion, floor (9-8)**

NIR Actual

**II. Adjuster to NDF and NDA ceilings**

11 Average period (qtrly) actual exchange rate (T Sh / US\$)

Shortfall (-)/excess (+) (in billions of T Sh)

- 12 For the period ( $6 \times 11 / 1000$ )
- 13 Cumulative since June 30

**NDF:**

14 Benchmark/performance criterion

**15 Adjusted NDF performance criterion ceiling (14-13)**

Actual NDF

**NDA:**

16 Benchmark/performance criterion

**17 Adjusted NDA benchmark ceiling (16-13)**

Adjuster to actual NDA for different exchange rate:

- 18 Program exchange rate (e.o.p.)
  - 19 Actual NIR in U.S.dollars millions (BOT)
  - 20 in T sh. billions, at program exch. rate ( $18 \times 19 / 1000$ )
  - 21 Medium- and long-term foreign liabilities
  - 22 Reserve money (actual)
  - 23 Adjusted actual NDA (22+21-20)**
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