TANZANIA – CONTINGENT LIABILITIES STUDY

INTERIM REPORT

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Ecorys Consultants
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ABBREVIATIONS

AG’s Office  Attorney General’s Office
ATCL  Air Tanzania Company Ltd
BoT  Bank of Tanzania
CPAD  Commissioner Policy Analysis Division
CRDB  Credit Rural Development Bank
CVC  Consolidated Holding Corporation
DAWASCO  Dar es Salaam Water and Sewerage Corporation
DAWASA  Dar es Salaam Water and Sewerage Authority
EWURA  Energy and Water Utilities Regulatory Authorities
HESLB  Higher Education Students’ Loans Board
MDAs  Ministries Departments and Agencies
MoF  Ministry of Finance
NBAA  National Board of Accountants and Auditors
NHIF  National Health Insurance Fund
NHC  National Housing Corporation
NMB  National Micro-Finance Bank
NSSF  National Social Security Fund
PAOBs  Public Authorities and Other Bodies
SSRA  Social Security Regulatory Authority
TANESCO  Tanzania Electric Supply Company Ltd
TAZARA  Tanzania Zambia Railway
TPA  Tanzania Port Authority
PSPF  Public Sector Pensions Fund
TRL  Tanzania Railways Limited
TTCL  Tanzania Telecommunications Company Limited
TR  Treasury Registrar
TSH  Tanzania Shillings
Section 1: Introduction and Scope of the Contingent Liabilities Study

1.1 Overview:

1.1.1 Contingent liabilities of the Government are liabilities that result in most cases from various types of guarantees offered by the Government and in some cases by abnormal events such as borrowing to resolve financial crises or natural disasters. Guarantees form the major part of contingent liabilities and the Government is legally obliged to resolve it when defaults or shortfalls happen when guaranteed amounts have to be repaid. There are also cases where Government has a moral obligation to address unexpected events such as financial crisis or helping disaster affected lives and physical assets.

1.1.2 Though it appears that Government faces high spending and borrowing due to contingent liabilities being realised, when properly formulated, monitored and risks well managed, Governments can gain many benefits and also facilitate private sector participation in sectors that traditionally belonged to the public sector. In general, the Government can derive many benefits by offering guarantees, some of which are as follows;

1) Public enterprises can obtain a lower cost financing if guarantees are provided

2) Promote private financing in infrastructure via public private partnership (PPP) arrangements by offering minimum revenue guarantee

3) Reduce government risk exposure by passing commercial risk to the private sector

4) Encourage co-financing, risk sharing and cost reduction

1.1.3 Managing the budget prudently, efficiently and effectively is a very important task for fiscal authorities in a country. There are several risks that can cause marked differences between actual and expected fiscal outcomes. In this regard, one of the main fiscal risks is in identifying and managing contingent liabilities. If contingent liabilities are realised then Governments may have to borrow significant amounts to fulfil the obligations due and this can subsequently lead to an unsustainable debt position and damage future borrowing possibilities.

A typical representation of Government Fiscal Risk matrix in the form of Direct/Contingent/Explicit/Implicit) can be seen below:

<table>
<thead>
<tr>
<th>Table 1.1 GOVERNMENT FISCAL RISK MATRIX</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Explicit</strong> (By Contractual law)</td>
</tr>
<tr>
<td><strong>Direct</strong></td>
</tr>
<tr>
<td>Sovereign external debt contracted and</td>
</tr>
<tr>
<td>issued domestic debt securities and</td>
</tr>
<tr>
<td>loans contracted</td>
</tr>
<tr>
<td><strong>Contingent</strong></td>
</tr>
<tr>
<td>One-off guarantee - loans to Public</td>
</tr>
<tr>
<td>Enterprises, private sector and</td>
</tr>
<tr>
<td>Sub national governments.</td>
</tr>
<tr>
<td>Standardised guarantees - Credit</td>
</tr>
<tr>
<td>guarantee schemes, student loans,</td>
</tr>
<tr>
<td>mortgages</td>
</tr>
</tbody>
</table>
1.1.4 In Tanzania, over time, the amount of guarantees requested and issued have been increasing, creating a potential risk to the Government budget and threatening fiscal sustainability. In some cases, Government guarantees issued amount to direct borrowing by the Government to bridge financing gaps to public institutions in development budgets. In addition, the Government has been borrowing funds and lending them to public institutions, and in some of these cases the loans are not being serviced by the final borrower. In addition to typical loan guarantees by Government, there are other forms of guarantees and unexpected take-over of liabilities by the Government. Examples of these are; the Bank of Tanzania (under an agency agreement with Government) issues guarantees for two schemes, namely, the Small and Medium Enterprises Credit Guarantee Scheme Export Credit Guarantee Scheme. The Government also has the responsibility to guarantee employee benefits in Pensions and social security schemes, liability take over under privatisation, proper risk sharing under PPP arrangements, settling litigations and disputes.

1.1.5 The Ministry of Finance conducted an in-house study\(^1\) on contingent liabilities with the overall objective of evaluating the impact of contingent liabilities to the government’s budget, public debt portfolio and fiscal risks associated with contingent liabilities. It proposed strategies to address government guarantees and on-lent loans in order to minimize risk exposure. It estimated the total contingent liabilities (as end June 2012), to be TZS 7.008 bn, in which the main contributors were; Claims by Social Security Funds (TZS 4.13 bn), Guarantees to MDAs (TZS 1.78 bn), on-Lent loans (TZS 664 mn) and Government guarantees to Public Corporations and Government Institutions (TZS 418 mn).

1.1.6 The key recommendations of the study included, among others, that i) the issuance of government guarantees to MDAs be permanently suspended and ii) the quantified actual liabilities, together with verified debt from transformation of provident funds to pension funds, which has immediate implication to the government’s fiscal policy, to be restructured into long term maturities and serviced through Consolidated Financial Statement (CFS).

1.2 ToR for the Contingent liabilities study

To study this subject in more detail, the Government has embarked on a Technical Assistance project with financial support from the European Union. This study was proposed by the Policy Analysis Division of the Ministry of Finance of Tanzania and the Bank of Tanzania to the PER Group. The activities and outputs of the study are set in the Terms of Reference (ToR)

(i) Analyse and quantify the consequences (both magnitude and impact on debt) of contingent liabilities; to do this, the assessment of contingent liabilities related to pensions (to be performed under the separate study carried by the World Bank) will have to be aggregated in this analysis;

(ii) Identify success stories within the region in managing contingent liabilities;

(iii) Identify the type, institutions and magnitude of contingent liabilities as well as government on-lent loans given to Local Government Authorities (LGAs) and Parastatal Organizations over the last ten years;

(iv) Identify expected sources of future contingent liabilities, including the risk from PPPs;

(v) Assess the efficiency of record keeping of contingent liabilities by the government;

(vi) Examine the impact of an implicit contingent liability to the fiscal risk and debt sustainability;

(vii) Analyze and advise on the best practice related to the disclosure of contingent liabilities in the consolidated financial statement based on the International Public Sector Accounting Standards (IPSAS);

(viii) Assess and make recommendations on non-performing guarantees from SMEs Guarantee Schemes, Export Credit Guarantee Scheme and guarantees to parastatal organizations, individuals and private companies;

(ix) Identify causes of defaults of Government guaranteed liabilities;

(x) Assess the adequacy of existing legal and regulatory frameworks in management of contingent liabilities;

(xi) Assess the level of compliance to existing legal and regulatory frameworks in management of contingent liabilities and enforcement mechanism;

(xii) Take stock of government’s efforts in reducing contingent liabilities and advise the government on; what worked, what didn’t work and why?

(xiii) Come up with the optimal level of contingent liabilities given the state of the economy and devise a contingent liabilities assessment management framework; and

(xiv) Make recommendations on how to manage contingent liabilities and reduce risk exposure relating to defaulting. Recommendations should be specific to each type of contingent liability and spell out possible needed changes to the legal and regulatory frameworks and/or administrative practices to avoid risk exposure.

The ToR can be simplified to represent five broad areas as illustrated in the diagram below;
1.3 Distinction between Liabilities and Contingent Liabilities

1.3.1 For the sake of clarity, it is very important at this stage to distinguish between liabilities and contingent liabilities. In our view, it is essential that a proper classification is adopted and conforms to accepted standards. We propose that the classifications and definitions described in the recently published Public Sector Debt Statistics by the IMF in 2011 be followed. In addition to the IMF, many other recognised institutions such as the Bank for International Settlements, OECD, World Bank, European Investment Bank, Eurostat, Commonwealth Secretariat, UN Conference on Trade and Development have contributed to the preparation of this document and therefore being acknowledged as a guide for proper compilation of public sector debt statistics. The diagram below shows the various items that fall in to the categories of liabilities and contingent liabilities.
Figure 2: Liabilities and Contingent Liabilities

- Liabilities
  - Guarantees
    - Guarantees in the form of financial derivatives
    - Provision for calls under standardized guarantee schemes
  - Other:
    - Special Drawing Rights (SDRs)
    - Currency and Deposits
    - Debt Securities
    - Loans
    - Nonlife insurance technical reserves
    - Life insurance and annuities entitlements
    - Pension entitlements, claims, of pension funds on sponsors, and entitlements to non pension funds
    - Equity and investment fund shares
    - Other financial derivatives and employee stock options
  - One-Off Guarantees
  - Loan and other debt instrument guarantees (publicly guaranteed)
  - Other One-Off Guarantees
  - Explicit Contingent Liabilities
  - Implicit Contingent Liabilities
    - Net Obligations for future social security benefits
    - Other implicit contingent liabilities
1.3.2 The TA has looked at the items that have been categorised within contingent liabilities in the Evaluation report (page 13, Table 1). A number of queries remain that need to be clarified. The table below shows the various items identified as contingent liabilities in the Evaluation report and the queries.

**Table 1.2 Queries related to contingent liabilities**

<table>
<thead>
<tr>
<th>Source of Contingent Liabilities</th>
<th>Queries</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Items covered</strong> (with quantifiable amounts)</td>
<td></td>
</tr>
<tr>
<td><strong>1</strong> Government guarantees issued to Ministries, Ministerial Departments and Agencies (MDAs),</td>
<td>If guarantees are offered to the Lender/Creditor but finally paid off from the budget, then this is a debt liability and not a contingent liability.</td>
</tr>
<tr>
<td><strong>2</strong> Government guarantees issued to Local Government Authorities (LGAs),</td>
<td>As Above</td>
</tr>
<tr>
<td><strong>3</strong> Government guarantees issued to Public Corporations and Government Institutions.</td>
<td>This is a contingent liability (one-off guarantee)</td>
</tr>
<tr>
<td><strong>4</strong> Government guarantees issued to private Companies through Credit Guarantee Schemes managed by the Bank of Tanzania;</td>
<td>This is referred to as Standardised guarantees, part of this can be a liability and the other part contingent liability</td>
</tr>
<tr>
<td><strong>5</strong> On lent loans by Government to its institutions;</td>
<td>This does not come under contingent liabilities. However, some cases (where the final borrower has to repay the Government out of its own revenues/income then there is a credit risk.</td>
</tr>
<tr>
<td><strong>6</strong> Government Issuance of Letters of Consent and No objection to borrow; and</td>
<td>These are ‘comfort’ letters, legally not binding but can become implicit contingent liability</td>
</tr>
<tr>
<td><strong>7</strong> Claims by Social Security funds.</td>
<td>This has to be more precise. Preferred approach is usually based on probable shortfall in pension benefit payments based on Actuarial valuation reports.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Items not Covered</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong> Cases under litigation (though not identified in the study, but used in the National DSA exercise in 2013)</td>
</tr>
<tr>
<td><strong>2</strong> Uncalled share capital</td>
</tr>
<tr>
<td><strong>3</strong> Indemnities</td>
</tr>
<tr>
<td><strong>4</strong> PPP contingent risks</td>
</tr>
<tr>
<td><strong>5</strong> Financial derivative - Credit Default Swap</td>
</tr>
</tbody>
</table>

2 Items not covered are generally considered to be part of contingent liabilities, but are usually excluded due to difficulties faced in obtaining data or valuation.
1.4 Scope and Coverage

1.4.1 It is important at this early stage to look the scope and coverage of contingent liabilities that can be examined in this study. Of the five areas mentioned above, the component that requires more time is the first which addresses i) the identification of all the different types contingent liabilities, ii) estimating the value and the trends and iii) the lessons learned. This TA will focus on the following:

1) One off Loan guarantees
   1.1 typical loan guarantees to public enterprises and other government entities

2) Standardised guarantees-
   2.1 Export guarantees
   2.2 SME guarantees
   2.3 Student loan guarantees

3) Guarantees Issued Under PPP Arrangement
   3.1 Minimum Revenue guarantee
   3.2 Bulk Concession guarantees

4) Guarantees under Pensions and Social Security Schemes
   4.1 Typical minimum pension income guarantees and potential shortfalls under defined benefit schemes

5) Other Contingent liabilities and Credit Risk related debt
   5.1 Litigation cases arising from some form of guarantees
   5.2 On-lent loans
   5.3 Liabilities take over under impending privatisation/divestiture
   5.4 Others such as indemnities, uncalled share capital and credit default swaps

1.4.2 The report addresses the above mentioned topics in the following sections and these form the major part of the TA study. This is followed by the impact of identifiable and quantifiable contingent liabilities on public sector debt sustainability. The last two sections deals with i) legislative framework and ii) disclosure and reporting standards for contingent liabilities.

The most important section in terms of depth and coverage are identifying and quantifying the various contingent liabilities and therefore to complete a satisfactory study that satisfies the ToR. Many potential risks (as shown in Table below) exist and these must be minimised or avoided to complete the study successfully.
Table 1.3 Sources and potential risks

<table>
<thead>
<tr>
<th>Sources</th>
<th>Potential Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data and information</td>
<td></td>
</tr>
<tr>
<td>1. Statistical</td>
<td>Not available on time</td>
</tr>
<tr>
<td>2. Accounting and financial</td>
<td>Inaccurate</td>
</tr>
<tr>
<td>3. Legal</td>
<td>Not updated</td>
</tr>
<tr>
<td>4. Policy related</td>
<td>Not relevant</td>
</tr>
<tr>
<td>Meetings and discussions</td>
<td>Requested meetings and subsequent discussions are not held or not held on time</td>
</tr>
<tr>
<td>Responsible Officials</td>
<td>Wrong officers are met</td>
</tr>
<tr>
<td></td>
<td>Senior officers are not met</td>
</tr>
<tr>
<td>Availability of documents</td>
<td></td>
</tr>
<tr>
<td>1. Statistical</td>
<td>Non availability of documents</td>
</tr>
<tr>
<td>2. Accounting and financial</td>
<td>Late availability of documents</td>
</tr>
<tr>
<td>3. Legal</td>
<td>Wrong/ not revised version of documents are provided</td>
</tr>
<tr>
<td>4. Policy related</td>
<td></td>
</tr>
<tr>
<td>Systems and procedures</td>
<td></td>
</tr>
<tr>
<td>1. Computer based</td>
<td>Non accessibility of systems that are used for data base management</td>
</tr>
<tr>
<td>2. Procedures</td>
<td>Existing procedures/applications are not clearly explained/understood</td>
</tr>
</tbody>
</table>

1.4.3 There are less potential risks when carrying out the functions and activities required to meet the other outputs set in the ToR. The table below shows the various potential risks faced when completing the sections on i) debt sustainability taking into account contingent liabilities ii) Legislative requirements and compliance and iii) disclosure and reporting.

Table 1.4 Other outputs and potential risks

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Potential risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Sustainability</td>
<td>Availability of data of all contingent liabilities for carrying out a DSA</td>
</tr>
<tr>
<td>Legislative framework and compliance</td>
<td>Accessibility to existing legal documents and intention to comply</td>
</tr>
<tr>
<td>Disclosure and Reporting</td>
<td>Intention to acknowledge best practices and to make smooth progress in reaching accepted standards</td>
</tr>
</tbody>
</table>
Section 2: Loan Guarantees

2.1 Application Process for Guarantees
Process for application for a one off loan Guarantee and approval is given below by the following diagram.

![Diagram showing the process from Public Enterprise to Parliament]

2.2 Trends and Stocks:
Some initial aggregate figures (June 2013) have been obtained from Treasury Registrar. Need to carry out an in-depth study for some selected PAOBs and other agencies.

Table 2.1 Outstanding guarantees to public corporations

<table>
<thead>
<tr>
<th>Public Corporations</th>
<th>June 2012</th>
<th>June 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding Guarantees (TSH bn)</td>
<td>418.01</td>
<td>396.1</td>
</tr>
</tbody>
</table>

Source: Treasury Registrar Statements, end June 2013

2.3 In-depth study;
In addition to obtaining an overall stock figure there will be an in-depth study of selected enterprises and institutions. The entities for this study have been selected on the basis of:

1) all stakeholder discussions,
2) The value of existing guarantees and on lending, and
3) Significant role played (supervisory or regulatory) in guarantees or loans given.

The selected Pension funds will be examined for meeting guaranteed pension benefits and as agencies that offer loans to other PAOBs under government guarantee. The meetings with the 15 entities are planned to be held between 11th and 25th June 2014.
In addition to the list above, there are a few more agencies identified under standardised guarantees and other related issues.

These corporations were selected after reviewing the data given by Treasury Registrar. These entities have taken loans under a guarantee provided by the Government. The purpose of this specified area of study is to understand what factors enable some corporations to easily pay off the loan and while others find it difficult to repay and default on their obligations. These factors fall in to the following categories:

1) Financial and economic factors
2) Organisational factors
3) Technological factors
4) Legal factors

The first questionnaire will be sent in advance before interviews are held. Table below shows the variables and indicators under each factor.

<table>
<thead>
<tr>
<th>Factors</th>
<th>Past 5-10 years data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial</td>
<td>Capital structure, Balance sheet, profit and loss account, liquidity, financial performance ratios</td>
</tr>
<tr>
<td>Economic</td>
<td>Demand and price variables</td>
</tr>
<tr>
<td>Technological</td>
<td>Application of modern technology, quality, capital output ratios</td>
</tr>
<tr>
<td>Organisational</td>
<td>Management structure, Political interference, skill to non-skilled ratio, unbundling</td>
</tr>
<tr>
<td>Legal/regulatory</td>
<td>Price determination, minimum quantity</td>
</tr>
</tbody>
</table>

The second set of questionnaire will be on the specific loan features, terms and conditions and status (prompt payments, guarantees under negotiation, guarantees defaulted, under litigation etc.). Questions will be also asked about any identified plans for the future such as debt restructuring, arrears clearance, divestiture/privatisation and liability take-over by Government. These have been prepared and sent to the selected public corporations and other agencies.
Future work:
The next stage is to meet up with these public corporations and other agencies and discuss the financial performance of the loans guaranteed, defaults and litigations and restructuring plans. Adequate and relevant data will be obtained, verified and trends and forecasts to be made.
Section 3: Standardised Guarantees

3.1 Introduction:

The loan and credit schemes that covered here are; Export Credit, Small and Medium Enterprises and Higher education student loans. Unlike one-off loan guarantees these are umbrella schemes that run continuously. With regards to these schemes the following Policies and procedures were examined:

i. Export Credit Guarantee Scheme (ECGS, 2003/2004)
ii. Small and Medium Enterprises Credit Guarantee Scheme (SME-CGS, 2005)
iii. Higher Education Student Loan scheme

3.2 Export Credit Guarantee Scheme:

The Scheme seeks to promote economic development in general by encouraging high value exports such as horticulture and floriculture and value added exports that will generate high level of employment and foreign exchange earnings.

- Export Diversification- This would be done by improving product mix by increasing the share of high value exports of horticulture and floriculture products, increasing the share of manufactured products and reducing market concentration by firms seeking alternative markets
- Employment Creation- This would be done through providing labour intensive employment and productivity.
- Financial Deepening- This would be achieved by increasing the share of financial assets to GDP, that ensures broad export financing and credit facilities e.g. structured finance/loan syndication, risk diversification/sharing, this would result into rapid increase in exports.

In terms of the institutional arrangements, the Government placed the responsibility to the Bank of Tanzania for the development and implementation of the scheme under an Agency Agreement until a fully-fledged Export Credit Guarantee institution is formally established.

3.3 Small and Medium Enterprise Credit Guarantee Scheme:

The purpose of the scheme is to provide credit guarantees to financial institutions lending to SMEs. Financial institutions are expected cover shortfalls in the collateral and provide credits to SMEs. Eligible projects are Start-up and existing productive SME projects but not available for trading and retail businesses. An SME Borrower must be a formally registered business and majority share had to be owned by Tanzanian citizens.

When applying for a Loan, the SME should provide business plan and other requirements. When the Public Financial Institution (PFI) has been satisfied with credit worthiness of the SME, it will approve the loan. The lending decision will remain with the PFI.
3.4 Higher Education Student Loan Scheme

The Higher Education Students Loan Board runs the scheme. The original loan was received from Public Sector Pensions Fund.

3.5 Value of Guarantees:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Export Credit Guarantees (TSH bn)</td>
<td>57.743</td>
<td>39.807</td>
<td>197.84</td>
<td>233.0</td>
<td>295.4</td>
</tr>
<tr>
<td>SME Guarantees (TSH bn)</td>
<td>3.687</td>
<td>1.303</td>
<td>1.262</td>
<td>0.574</td>
<td>0.574</td>
</tr>
<tr>
<td>Higher Education Loan Guarantees (TSH bn)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>90.59</td>
</tr>
</tbody>
</table>

Source: Bank of Tanzania

3.6 Agencies and institutions to visit:

1. CRDB Bank
2. NMB Bank
3. HESLB - Higher Education Students' Loans Board

3.7 Future work:

_The three above mentioned agencies will be visited and questions related to performance of guarantees and default rates will be discussed. A questionnaire has already been sent. Adequate and relevant data will be obtained, verified and trends and forecasts to be made._
Section 4: Guarantees Issued Under PPP Arrangement

4.1 Introduction:

4.1.1 In the past Tanzania had entered into some form of Public Private Partnership arrangement and these have not been subject to the recently enacted legislation or policy guidelines. Some of these arrangements have been in the form of management contract/leases and joint venture projects. A typical PPP arrangement has three distinct advantages. First, since the funding comes from the private sector, and therefore does not require government funding which in general is limited. Second, the participation by the private sector brings in modern skills and technology so that the infrastructure created has ‘state of the art’ technology. When constructed and run by the private sector the service delivery will be efficient and reliable. However, in return for these positive contributions, private sector expects some form of revenue guarantees and use of land. How much to guarantee and how to identify and share the risks when offering guarantees will be an important assessment/analysis that needs to be conducted by the Government.

4.1.2 Three main documents – legislation and policy guidelines- in the form of an Act (2010), Regulations (2011), Policy (2009) has been prepared for promoting and managing PPPs. The Policy document states that all sectors- productive, infrastructure and social services- are included and can be developed under a PPP arrangement. The TA team has reviewed these documents.

4.2 Procedural steps for a PPP arrangement

- Government agencies make their own development plans and then assess whether it should be done under a PPP arrangement
- A feasibility study before decision taken for promoting PPP arrangement
- Call for Tenders for Private sector participation
- Submission of applications to Treasury Registrar before going to the MoF where they submissions are analysed by a Technical Committee
- Submissions are made to the National Debt Committee for review and advise to the Minister responsible for finance
- After Minister accepts the application subject to the advice received from the NDC, he would then request a legal opinion from the AG
- PPP listing of projects and guarantees given are supposed to be disclosed in the Financial Statements of Government including a fiscal risk assessment
- PPP guarantees are monitored and reported to MoF on a quarterly basis

4.3 Current Institutional Arrangements and Capacity:

Though commenting on the institutional arrangements regarding PPPs are not within the purview of this TA study, serious attention should be placed on who will be responsible for guarantee issuance. The responsible institutions and agencies must possess the knowledge and experience in risk sharing methodologies and coordination of all the PPP related activities. This will ensure the twin purposes of value for money and cost/ risk trade-off considerations.
4.3.1 The role of the Technical Committee should be clear and a competent level of expertise has to be established. Methodologies applied and analysis carried out for risk assessment of PPP must be relevant and competent. It is the TA’s impression that the newly formed PPP Unit needs to be strengthened in terms of capacity, expertise and application. Though at present there are no PPP type projects completed or under construction, a number of negotiations have taken place in recent years. For the projects to be successfully launched (under new legislation and Policy guidelines) it is important that a capable team is built up so that it can assess the benefits, costs and risks prior to any engagement in promoting, negotiating or contracting for PPPs. The TA learnt that several positive negotiations have taken place and in-progress in a number of infrastructure projects and each of them is at a different stage of progress. The strong potential for PPPs is in the power generation, sea port and airport development and transport sectors.

4.3.2 On the disclosure side, it is important that assets built under PPP should be identified in terms of ownership and potential transfer from Private to Government. These must be properly recorded in the balance sheet and disclosed.

4.4 Future work:

TA will provide recommendations on how to strengthen the technical capacity in estimating and managing risks under PPP arrangements. These risks must be confined to financial risks – minimum revenue guarantee, revenue sharing arrangements when significant profits are made, exchange rate guarantee risks, tax exemptions risks, dividend transfer guarantee risks etc.
Section 5: Guarantees under Pensions and Social Security Schemes

5.1 Introduction:

5.1.1 There are five Pension Funds and one Health Insurance Fund that makes up for providing pensions and health benefit providers. These are;

1) NSSF - National Social Security Fund
2) PSPF - Public Sector Pensions Fund
3) LAPF - Local Authorities Pensions Fund
4) PPF - Parastatal Pensions Fund
5) GEPF - Government Employees Pensions Fund
6) NHIF - National Health Insurance Fund

The Authority that regulates these funds is the Social Security Regulatory Authority (SSRA).

5.1.2 Under this contingent liabilities study there are three important assessments to be made. First, since the pension scheme is largely based on a `Defined Benefit` programme, it is important that the forecast of any shortfall in the benefit payments must be based on a good actuarial valuations. This will have an impact on potential borrowing requirements. This will consequently have an impact on public sector debt sustainability.

5.1.3 Second, is to examine whether any of the Funds offer loans to public sector agencies with or without government guarantees. This will have an impact on the investment income of that Fund, if loans are not repaid on time or defaulted. Third, is to determine whether the loans that are being offered are disclosed in submitted accounts. The table below shows the various asset value, total contributions and total benefits from 2008/09 to 2012/13.

Table 5.1: Asset position, total contributions and total benefits

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>NSSF</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asset Value</td>
<td>921.2</td>
<td>1129.2</td>
<td>1448.5</td>
<td>1970.6</td>
<td>2239.9</td>
</tr>
<tr>
<td>Total contribution</td>
<td>255.3</td>
<td>300.1</td>
<td>356.5</td>
<td>420.2</td>
<td>476.1</td>
</tr>
<tr>
<td>Total benefits</td>
<td>85.1</td>
<td>110.1</td>
<td>136.6</td>
<td>178.7</td>
<td>228.1</td>
</tr>
<tr>
<td>PPF</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asset Value</td>
<td>624.8</td>
<td>722.5</td>
<td>894.5</td>
<td>1091.5</td>
<td>1487.4</td>
</tr>
<tr>
<td>Total contribution</td>
<td>127.0</td>
<td>147.7</td>
<td>185.2</td>
<td>229.0</td>
<td>275.0</td>
</tr>
<tr>
<td>Total benefits</td>
<td>47.2</td>
<td>63.8</td>
<td>71.9</td>
<td>99.4</td>
<td>132.0</td>
</tr>
<tr>
<td>PSPF</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asset Value</td>
<td>716.1</td>
<td>732.4</td>
<td>924.5</td>
<td>1086.3</td>
<td>1251.2</td>
</tr>
</tbody>
</table>
### Fund Contributions and Benefits

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
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<tr>
<td>Total contribution</td>
<td>232.0</td>
<td>239.3</td>
<td>392.9</td>
<td>444.1</td>
<td>516.5</td>
</tr>
<tr>
<td>Total benefits</td>
<td>142.4</td>
<td>272.3</td>
<td>282.0</td>
<td>356.0</td>
<td>543.7</td>
</tr>
<tr>
<td>LAPF Asset Value</td>
<td>271.5</td>
<td>361.3</td>
<td>450.2</td>
<td>539.6</td>
<td></td>
</tr>
<tr>
<td>Total contribution</td>
<td>47.0</td>
<td>54.2</td>
<td>80.5</td>
<td>89.1</td>
<td></td>
</tr>
<tr>
<td>Total benefits</td>
<td>14.9</td>
<td>22.5</td>
<td>26.5</td>
<td>38.1</td>
<td></td>
</tr>
<tr>
<td>GEPF Asset Value</td>
<td>72.5</td>
<td>91.3</td>
<td>119.4</td>
<td>154.4</td>
<td></td>
</tr>
<tr>
<td>Total contribution</td>
<td>13.8</td>
<td>16.3</td>
<td>25.7</td>
<td>30.1</td>
<td></td>
</tr>
<tr>
<td>Total benefits</td>
<td>1.6</td>
<td>3.3</td>
<td>3.7</td>
<td>5.2</td>
<td></td>
</tr>
<tr>
<td>NHIF</td>
<td>Asset Value</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total contribution</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total benefits</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: World Bank Pensions Consultants

5.1.4 With reference to the 'Benefit shortfall', the TA will obtain the results from the Pensions study that is being conducted by the World Bank experts. Their actuarial valuation report would contain this information under a baseline scenario and an alternative scenario. With respect to the other two issues raised earlier in section 5.1.3, the TA team will visit some of the Funds, the Regulatory authority and relevant Government agencies.

5.1.5 With reference to liaison with the WB pension experts, TA has provided to the WB experts data on long term Tanzania Government bond (15-year) data and US Treasury Bond (10-year) as requested. The WB experts have provided the initial aggregate data from 2008/09 to 2012/13 showing trends on benefits, expenditures and contributions for the 5 Pension Funds. This excludes National Health Insurance Fund which will be addressed separately.

### 5.2 Future work:

*On estimating the Pension benefits and likely shortfalls, the TA expects to receive the Actuarial Valuation report from the World Bank consultants by mid-June. The TA will also visit the selected Pension Funds to ascertain their role in offering loans to PAOBs. The value of these loans, status and trends and disclosure of these loans will be discussed during the meetings. Already a questionnaire has been prepared and sent to these Pension Funds.*
Section 6: Other Contingent liabilities and Credit Risk related debt

6.1 Introduction:

This section discusses the following:

i. Legal claims
ii. Debt assumption/ liability takeover by the Government
iii. On-lent loans
iv. Others – Indemnities, uncalled share capital, financial derivatives (Credit Default Swaps)

6.2 Legal Claims:

These cover claims that are being made by outside entities and individuals on the Government and could result in additional unexpected losses for the Government. In order to estimate the total value of these litigation cases and the probability of losing them, the TA will visit and discuss the matter with the Attorney General’s (AG) Chambers. It is important to note that only cases where there is a genuine dispute or grievance will fall in to the category of contingent liabilities. For example, default on loan repayments (under a signed loan contract) would not fall under this category.

6.3 Debt assumption/Liability take-over

These cover mainly divestiture/privatisation of PAOBs where the existing debt had to be taken over by the Government. This can also include other liabilities such as tax arrears, accounts payable and redundancy payments for retrenched staff. To assess and estimate this, the TA will visit Consolidated Holding Corporation (CHC).

6.4 Indemnities and share capital

Indemnities are commitments to accept the risk of loss or damage another party might suffer. Uncalled ‘share capital’ is an obligation to an entity such as public corporations or international and regional financial organisations to provide additional capital. The Government may be called upon any time to provide this capital. However to quantify these two items can be a difficult task but an attempt will be made.

6.5 On-Lent loans and credits

In general, either borrowed externally or raised internally by the Government and on-lent to PAOBs or other agencies does not fall in to the category of contingent liabilities. The borrowing is carried out by the Government and therefore it is responsible to repay the loan. However, if there are cases where Government stipulates that the final borrower should make repayments of the loan to the Government who will subsequently repay the lender, then there could be delayed payments or defaults. Under these circumstances, the Government faces ‘credit risk exposure’ and therefore these could be interpreted as contingent liabilities. The TA team will examine the On- Lending database to estimate the amount of on-lending and the past defaults/delays in
repayment (final borrower to Government) and comment on them. The TR database shows that at end June 2013, the total on-lending loans were TSH 562.4 bn.

6.6 Others:

Two other categories need to be mentioned. The first is the Credit Default Swaps that may arise out of Sovereign debt instruments such as international bonds. According to the definition in Public Sector Debt Statistics (IMF, 2011), these will fall under explicit contingent liabilities. The second is accounts receivable (i.e. supplier/contractor arrears) where some guarantee was provided.

6.7 Future Work

For these contingent liabilities the TA will focus on the following;

i) Clarify definitions and scope
ii) If identifiable and measurable attempt will be made to complete this exercise
Section 7: Sustainable Level of Total Liabilities

7.1 Introduction:

7.1.1 Though an exact definition is yet to be found, an acceptable definition is that `Debt is sustainable in a country, both on the external side and in the public sector, when that country does not have to make major economic policy modifications to service the debt. This means that for example, in the public sector, debt is sustainable when no major drastic fiscal policy changes have to be made to service the public sector debt burden while in the external sector, no major monetary and external policy changes are required to pay off the total external debt.

7.1.2 Sustainability takes in to account, solvency and liquidity issues and it is essentially a forward looking exercise. Sustainability is assessed in terms of the future usually in the medium to long-term. When carrying out sustainability analyses, two types of sustainability are examined. The first and the more important one to Governments when assessing their sustainability position is the public sector debt sustainability, usually derived from the total public sector accounts and in some cases the narrower base of central government accounts. The second, external sustainability is derived from the Balance of Payments accounts.

7.1.3 It is worth noting that a National Debt Sustainability Analysis was last carried out in September 2013 by the national authorities. This DSA included some of the major categories of contingent liabilities mainly 1) Liabilities from Guarantees issued to Pension Funds in favour of MDAs for implementing various projects and 2) Liabilities from Government Employees’ Contributions to PSPF and expected shortfalls under an alternative scenario. In addition, in this scenario other contingent claims such as litigation was also included.

7.1.4 The DSA report concludes that under a baseline scenario (without the inclusion of contingent liabilities) the debt is sustainable and the level of debt distress is low. However when the contingent liabilities are included, it reaches higher levels though still under sustainable thresholds. If more and more contingent liabilities are realised then there is a stronger case for debt sustainability ceilings to be breached.

7.2 Future work - Planned DSA:

7.2.1 The TA mission is planning to carry out a DSA that will take to account i) a more up to date amount of existing and near future contingent liabilities, ii) more clarity on the actual amount of loans offered by Pension funds under government guarantee to MDAs for infrastructure development and iii) unfunded deficits arising out of pension commitments. There is also need to examine likely short falls and default probabilities for existing credit schemes, litigations, other claims.

7.2.2 When more reliable and up dated data becomes available, the TA with the authorities will re-run the scenarios using the IMF· DSF template. The data will include all the contingent liabilities (stock figures), shortfalls in funding (flows) and how it will be financed (projected cash flows of repayments.
7.2.3 The results will be examined to see whether sustainability thresholds are breached. As in the typical DSA, base line and alternative scenarios, bound tests, debt dynamics, debt stabilising position and debt distress assessment will be discussed.

Section 8: Legislative Framework

8.1 Legal framework:

Under a `Guarantee' the Government is legally obliged to pay the entire sum of loan payments to a creditor when the borrower defaults on the loan payments.

The primary legislation titled `Government Loans, Guarantees and Grants Act 1974, revised edition 2004' covers the basics in legal clauses covering guarantees in Part IV. The TA has examined this Act and wishes to propose the following:

**Recommendation 1**: section 13 only covers loan guarantees whereas it is felt that all guarantees should be included here.

**Recommendation 2**: Section 13 A, under (b), guarantee limit is stipulated as 70 per cent, while when all other guarantees are included the maximum is 85 per cent. Also though there is a need to mention the limit, it is not important to mention a figure such as 70 per cent. The figure for the limit can be mentioned in the regulations and respective policy guidelines.

**Recommendation 3**: In general the regulations contain some sections on the guarantee process which clearly should be in policy guidelines or procedures. It is recommended that these sections are reviewed and clear distinction is made between what should be in the regulations and what should be in policy guidelines. This TA can provide some advice.

**Recommendation 4**: A guarantee application must be accompanied by a minimum set of financial performance in the recent past and the organisational structure of the applying enterprise. It is advised that a proper credit scoring model is developed (i.e. South Africa) and applied based on various financial performance indicators to see whether the entity applying for guarantee is potentially capable of repaying the guaranteed loan.

**Recommendation 5**: The Government may wish to consider issues relating to guarantee fee, recourse action for defaults, etc.

This TA project can provide further assistance in many of these areas. By adopting these recommendations the Government will create a well organised procedure to offer and manage guarantees. If it finds that some of these procedures are too restrictive for a particular loan application, then it can waive or by-pass some of the steps. What is important is to have a sound procedure that can be followed.

In addition to the legislative framework for Loans, Guarantees and Grants, the Public Corporation Act of 1992 and Amended Act of 1993 were also examined. The TA also examined the PPP Act (2010) and PPP Regulations (2011)

8.2 Future work;
So far the TA has reviewed and made recommendations on broad legislative framework. Regulations related to individual cases such as energy and water tariff setting, pension fund reforms, divestiture plans, corporation restructuring programmes and reforms, it is envisaged that the planned visits and meetings with selected regulatory authorities will help to examine, review and make relevant recommendations.

Section 9: Disclosure and Reporting of Contingent liabilities

9.1 Statistical Presentation:

9.1.1 This section covers the disclosure and reporting requirements of contingent liabilities. Better disclosure helps to become more transparent about contingent liabilities and reporting them has to meet accepted standard practices. There are also different views on whether contingent liabilities are actually liabilities when they are entered into or become so only when the contingent event occurs. For example, current accounting standards (accrual such as IPSAS) recognize contingent liabilities as liabilities if it is deemed to have a more than 50 per cent chance of a default occurring. This requires reliable measurement and in this case the expected value of the payments is recognized as a liability on the balance sheet and expense in the income statement. Current statistical standards (UN-SNA), on the other hand, recognize contingent liabilities only if and when the contingency actually materializes and the obligation must be met by Government.

9.1.2 Since liabilities reporting generally has a statistical bias, it is acknowledged and recommended that it follows, as stated earlier (section 1.3.1), the standards set in the Public Sector Debt Statistics – Guide for Compilers and Users, Mainly authored by the International Monetary Fund and supported by:

- Bank for International Settlements
- Commonwealth Secretariat
- European Investment Bank
- Eurostat
- Organisation for Economic Cooperation and Development
- Paris Club
- United Nations (UNCTAD) and
- World Bank

This Guide was finalised in 2011.
9.2 Fiscal Risk Reporting of Contingent Liabilities

9.2.1 In line with IMF’s Code for Fiscal transparency (revised 2013, Section 3 under Fiscal Risk analysis and management) and IMF’s Public Sector Debt Statistics-Guide for Compilers and Users (2012, chapter 9 section D Fiscal Risk and Vulnerability) Fiscal risk reporting is becoming more relevant for better governance. When preparing and attaching a Fiscal Risk statement to the budget, it is important that it includes the likely fiscal risks caused by contingent liabilities.

9.2.2 A brief definition of fiscal risk can be defined in terms of any potential deviation between actual and expected fiscal outcomes. These differences can be caused by implicit and explicit contingent liabilities. As a first step in preparing a fiscal risk statement that includes contingent liabilities and submitted as an attachment to the budget document, a list of all contingent liabilities should be identified and listed. If it is possible, the likely risks of defaults, expected outcomes and efforts that are to be taken to mitigate it, can be expressed in a narrative form, even if it is not possible to prepare a presentation that contains measurement or quantitative analysis.

9.2.3 The TA advises the Government to also adhere to standards set in IMF’s Code for Fiscal Transparency (revised version 2013), especially section III) Fiscal Risk Analysis and Management (Risk Disclosure sub sections 3.1.2 and 3.2.5) and (Fiscal Coordination subsection 3.3.4). The Government is advised to adopt these standards using a gradual phased approach.

9.3 Accounting Disclosure of Contingent Liabilities

9.3.1 The National Board of Accountants and Auditors in Tanzania, since 2004, adopted fully International Accounting Standards for use by both private and public entities in the country. Consequently, the private entities and government business enterprises are required to report their financial statements according to the International Financial Reports Standards (IFRS) while public entities (including government non-business entities) are required to report their financial statements according to International Public Sector Accounting Standards (IPSAS). There is also IFRS for SMEs focusing only on the Small and Medium Enterprises. The Government of Tanzania since July 2012 adopted the use of accrual basis of Accounting in its reporting of central government financial affairs. In 2006 Government of Tanzania had migrated to cash-basis IPSAS and the financial statements since then to June 30, 2011, have been prepared under cash basis and audited by the Controller and Auditor General — National Audit Office, Tanzania.

9.3.2 The TA has been informed that the Government Consolidated Financial Statements for the period ended June 2013 were for the first time prepared using accrual basis of accounting. Local Government Authorities and government business enterprises are already preparing the financial reports using accrual-based IPSAS or IFRS. The Standards requires that an entity that prepares and presents financial statements under the accrual basis of accounting apply IPSAS 19 in accounting for Provisions, contingent liabilities, and Contingent assets. According to IPSAS 19, a contingent liability is:

(a) A possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the reporting entity; or

(b) A present obligation that arises from past events, but is not recognized because:
i. It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or

ii. The amount of the obligation cannot be measured with sufficient reliability.

A legal obligation is an obligation that derives from a contract, legislation or other operation of law. According to IPSAS 19, contingent liabilities are not recognized as liabilities because they are either:

(i) Possible obligations, as it has yet to be confirmed whether the entity has a present obligation that could lead to an outflow of resources embodying economic benefits or service potential; or

(ii) Present obligations that do not meet the recognition criteria in the Standard (because either it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, or a sufficiently reliable estimate of the amount of the obligation cannot be made).

9.3.3 An entity shall not recognize a contingent liability, a contingent liability is disclosed, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. Where an entity is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability to the entity. For example, in the case of joint venture debt, that part of the obligation that is to be met by other joint venture participants is treated as a contingent liability. Government guarantees and litigations of civil nature against the government are some of the examples of issues that could qualify as contingent liabilities.

9.4 Contingent liabilities of Public Authorities and other Bodies (PAOBs) and LGAs

9.4.1 The contingent liabilities of PAOBs or LGAs are not normally under the direct control of the Central Government. However, any contingent liabilities which the entities concerned might not be able to meet from within their own resources could fall to the Central Government. The Central Government should therefore be satisfied that there are adequate arrangements in place to ensure that the acceptance of contingent liabilities by the entities concerned is consistent with the entities’ defined powers and that, in the event of the contingent liabilities maturing, the bodies would have the ability to meet the costs from within their own resources. Any contingent liability which the entities might not be able to meet from within their own resources should be treated in the same way as the Central Government’s own contingent liabilities.

9.5 Accounting treatment of contingent liabilities

9.5.1 The accounting treatment depends on the assessment of the likelihood of adverse outcome; either likely, medium or unlikely to crystalize for an entity.

**Likely**

Contingent liabilities that are assessed as likely to result in an adverse outcome and which can be estimated, are totalled and recorded as an estimated liability and recognised. No disclosure is provided of either the individual estimates or the total amount of the allowance. In the case where an accrual is recorded but only covers a portion of the estimated range of liability, the
difference between the amount recorded and the top of the range should be considered for disclosure in the notes to the financial statements.

**Medium**

Contingent liabilities where the likelihood of an adverse outcome is assessed as medium or where the likelihood cannot be determined and for which a potential liability has been estimated are totalled and disclosed in the notes to the financial statements. The fact that the estimate covers only a portion of all claims against the Government is also disclosed.

**Unlikely**

Contingent liabilities that are assessed as unlikely to result in an adverse outcome are provided no accounting treatment.

The central government has set for itself a 5 years’ transition period from July 2012 to fully comply with IPSAS and that includes, IPSAS 19 on contingent liabilities. Government Business Enterprises are guided by IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

**9.6 Future Work:**

i) Ensuring that contingent liabilities disclosure and reporting follows widely accepted best practices with some country examples. These examples will also highlight the limits observed when disclosing information as more than required may have adverse impact.

ii) TA will look at the level of compliance in the disclosure of contingent liabilities by LGAs, Public Authorities and Other Bodies (PAOBs) and Central Government using a sample of a selected few financial statements. For the case of central government, the team will review the 2012/13 Consolidated Financial Statements.
Annex 1: Work plan

The Work schedule for the Tanzanian Contingent Liabilities study consists of two phases. The first phase began on 12th of April and concluded on 20th May. At the end of this phase a draft inception report was completed.

### Phase 1: Inception Period

<table>
<thead>
<tr>
<th>Phase 1</th>
<th>Main Activities</th>
<th>Team Leader</th>
<th>Expert</th>
</tr>
</thead>
<tbody>
<tr>
<td>12th April - 20th May</td>
<td>Home – preparation</td>
<td>Number of days</td>
<td>Number of days</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>24</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>Preparation of data requirements tables, accessing/reading reports on Debt Sustainability Analysis (2013) and Contingent Liabilities study (2012),</td>
<td>4(UK)</td>
<td>4(Tanzania)</td>
</tr>
</tbody>
</table>

### Main outputs (in line with Terms of Reference)

1. Identify the Contingent liabilities and estimate the value and trends

   - Reviewed Contingent Liabilities study (2012) conducted by Authorities
   - Initial aggregate values and trends on guarantees collected.
   - Trends on stock of Credit Schemes – Export, SME and Student loan prepared
   - Liaised with World Bank Pension consultants and exchanged data on 5 pension funds (from WB) and Treasury Bond data (TA)
   - Discussions on PPP with Finance Unit and World Bank

   - Total: 5 days

2. Identify a selected group of PAOBs and provide an in-depth study

   - After reviewing the size of guarantees and credit schemes and holding discussions with other stakeholders 20 entities were selected for in-depth study. Questionnaires and study process identified. Next step is to officially approach these

   - Total: 4 days
<table>
<thead>
<tr>
<th>Phase 1</th>
<th>Main Activities</th>
<th>Team Leader</th>
<th>Expert</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. Conducting a Debt Sustainability Analysis</td>
<td>Review of the National DSA (Sept 2013)</td>
<td>1</td>
<td>1</td>
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<tr>
<td>5. Disclosure and Reporting of Contingent Liabilities</td>
<td>Reviewed the current status on disclosure and Reporting Debt reports, Fiscal risk reports, Public Financial regulations, CAG reports etc</td>
<td>2</td>
<td>2</td>
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<tr>
<td>6. Regional Study Visits</td>
<td>Initial approach to South African Treasury made</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>7. Inception report and Interim report</td>
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<td>3</td>
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## Phase 2: Execution Period

<table>
<thead>
<tr>
<th>Phase 2</th>
<th>Date</th>
<th>Main Activities</th>
<th>Team Leader</th>
<th>Expert</th>
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<tr>
<td></td>
<td></td>
<td><strong>Total Days</strong></td>
<td>28</td>
<td>26</td>
</tr>
<tr>
<td>9th June - 15th July</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>1. Inception Report Presentation</td>
<td>10th June</td>
<td>Finalisation of Magnitudes and trends</td>
<td>1</td>
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<tr>
<td></td>
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<td>Liaised with World Bank Pension consultants and exchanged data on 5 pension funds (from WB) and Treasury Bond data (TA)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Identify a selected group of PAOBs and provide an in-depth study</td>
<td></td>
<td>Visit the 20 entities that were selected for in depth study. Complete study</td>
<td>12</td>
<td>12</td>
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<tr>
<td>3. Conducting a Debt Sustainability Analysis</td>
<td></td>
<td>Conduct DSA and Finalise report to be included in the Final Contingent liabilities report</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>4. Legislative Framework and Guidelines</td>
<td></td>
<td>Finalise recommendations for Guarantees Act, Regulations and guidelines</td>
<td>2</td>
<td>2</td>
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<tr>
<td>5. Disclosure and Reporting of Contingent Liabilities</td>
<td></td>
<td>Final recommendations Debt/contingent liabilities statistical reports, Fiscal risk reports, Public Financial regulations, CAG reports etc</td>
<td>1</td>
<td>2</td>
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<tr>
<td>6. Regional Study Visits</td>
<td></td>
<td>South African Treasury</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>7. Finalisation of Draft Report on Contingent Liabilities</td>
<td>July 11th</td>
<td></td>
<td>3</td>
<td>2</td>
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<tr>
<td>8. Presentation of Final Report</td>
<td>15th July</td>
<td></td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>9. Finalisation of Report after receiving comments</td>
<td>31st July</td>
<td></td>
<td>5</td>
<td>2</td>
</tr>
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</table>
Annex 2: People met and their Organisations

1. Mr. Bwire Magere – CPAD, Ministry of Finance
2. Mr. Alice Matembele – PER Secretariat, Ministry of Finance
3. Mr. Sigsbert Kavishe – PER Secretariat, Ministry of Finance
4. Mr. Elias Mwakibinga – Treasury Registrar Office
5. Mr. William Bohunire – Treasury Registrar Office
6. Mr. Peter Gwagiro – Treasury Registrar Office
7. Mr. Guy Anderson – East AFRITAC-IMF
8. Mr. Tawafiq Ramtoolah – East AFRITAC-IMF
9. Mr. Fazeer Sheik Rahim – East AFRITAC-IMF
10. Mr. Samuel Mayiku – PPP Unit, Ministry of Finance
11. Dr. Frank Mhilu – PPP Unit, Ministry of Finance
12. Ms. Virginie De Ruyt – European Union
14. Ms. Fatuma Kimario – Bank of Tanzania
15. Mr. Ismail Lasekwa – Accountant General’s Office
16. Mr. Phillip Mlewo – Accountant General’s Office
17. Ms. Tatyana Bogomolova – WB, Pensions Study
18. Ms. Barbara Calvi – WB, Pensions Study
19. Mr. Sergi Biletsky – WB, Pensions Study
20. Mr. Thomas Baansgaard – IMF, Resident Representative
21. Mr. Jeff Delmon – WB, PPP Advisor
22. Mr. Idan Makala – Treasury Registrar Office
23. Mr. Elikana Ally – Treasury Registrar Office
24. Ms. Irene Kisaka – SSRA, Director General
25. Ms. Lightness Mauki – SSRA