



PRESS RELEASE

REGISTRATION OF FOREIGN LOANS WITH BANK OF TANZANIA

Private Sector External Debt (PSED) has increased significantly in line with the government policy to liberalize the economy, encourage private sector participation in economic activity through external borrowing. However, the increase in PSED needs to be carefully monitored, so as to ensure that the economy has the capacity to honour its debt obligations. There is, therefore, a strong need for the country to put in place prudent measures including among others a good database on private sector external debt. In Tanzania, the Bank of Tanzania is entrusted with the responsibility to monitor PSED data including utilizing information on private sector external borrowing available in commercial banks. It is, however, worth noting that although significant information on PSED has been captured by utilizing information sourced from commercial banks, the flow of information has not been very smooth. The general public particularly those with foreign loans or intending to borrow abroad are key for the success of this undertaking.

To facilitate monitoring of PSED by the Bank of Tanzania, borrowing entities should, avail to the Bank through their commercial banks, the following:

1. Duly signed loan agreements containing at a minimum the following information:
 - (i) Name of lender and borrower;
 - (ii) Contact details such as postal address, fax number, telephone number and physical address of lender and borrower;
 - (iii) Loan amount and currency of transaction;
 - (iv) Purpose of the loan;
 - (v) The applicable interest rate;
 - (vi) Loan maturity period;
 - (vii) Loan repayment schedule with clearly indicated dates;
 - (viii) Clauses on events of defaults and consequences thereof;
 - (ix) A clause indicating applicable law;
 - (x) Company's seal affixed on the loan document;

- (xi) Attestation by a notary public and commissioner for oaths; and
- (xii) The party responsible for paying withholding tax

2. Related loan information (updated periodically):

- Disbursements indicating amount, disbursement date and currency;
- Debt service payments indicating principal and interest paid and value dates;
- Other charges paid, i.e. commitment fee, management fees etc;
- Details on loan enhancements or cancellations; and
- Details on loan restructuring or refinancing.

The general public is advised to read section 3.1 of the Foreign Exchange Circular number 6000/DEM/EX.REG/58 of 24th September, 1998 for further details. It is also important to note that section 57 of the Bank of Tanzania Act, 2006 empowers the Bank of Tanzania to request public offices, banks and financial institutions as well as private enterprises or any organization to provide any information the Bank considers necessary for compilation of any monetary, financial or other statistics on the financial sector. The Bank may institute penalties to entities for non-compliance. The purpose of this notice therefore is to request for the cooperation of the general public in providing information on private external borrowing to the Bank of Tanzania through commercial banks by ensuring that all private external borrowing is registered with the Bank. We wish to emphasize that information collected in respect of PSED is used strictly for statistical purposes and can only be published in aggregate form to preserve the privacy of individual borrowers.

For more information, clarifications or questions regarding registration of foreign loans, please contact:

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