

EBS/83/50

CONFIDENTIAL

March 2, 1983

To: Members of the Executive Board  
From: The Acting Managing Director  
Subject: Tanzania - Repurchase of Overcompensation in  
Compensatory Financing

Tanzania has been overcompensated by SDR 15.9 million in a drawing made on June 4, 1981 under the compensatory financing facility and was advised of this in August 1982. <sup>1/</sup> The Tanzanian authorities have proposed that the overcompensation would be reversed in instalments over a one year period ending September 30, 1983. As indicated in EBS/82/241 Tanzania has paid SDR 2 million on December 31, 1982 as partial reversal of the overcompensation and the Managing Director has advised the authorities that the balance would need to be settled at an early date.

The staff has been informed that the authorities do not see the possibility of discharging the balance immediately but hope to be able to pay a further instalment toward settlement of the overcompensation before the end of March.

In addition to the outstanding compensatory financing overcompensation, Tanzania has financial obligations to settle that are overdue for about three weeks. These are a compensatory financing repurchase of about SDR 2.5 million and quarterly charges somewhat over SDR 0.9 million. The staff is pursuing with the authorities early settlement of these obligations.

A Tanzanian representative is expected to visit Washington next week and the matter will again be taken up then. In the meantime, I have informed the Tanzanian authorities that in the absence of reversal of the overcompensation and settlement of other overdue payments to the Fund it would be difficult to resume discussions on further use of the Fund's resources.

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<sup>1/</sup> See EBS/82/148, August 18, 1982; EBS/82/178, October 5, 1982; and EBS/82/241, December 28, 1982.