



BANK OF TANZANIA

EMERGENCY LIQUIDITY ASSISTANCE FRAMEWORK

SEPTEMBER 2025

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1.0 Introduction

In accordance with sections 40 and 41 of the Bank of Tanzania Act, Cap.197, the Bank of Tanzania may, at its discretion, provide emergency liquidity funding to a bank or financial institution experiencing financial difficulties. The objective is to address temporary liquidity issues of a bank or financial institution in order to preserve financial stability.

This Emergency Liquidity Assistance (ELA) Framework provides guidance to banks and financial institutions on the requirements and criteria for accessing emergency liquidity assistance from the Bank of Tanzania.

1.1 Citation

This ELA framework may be cited as the Emergency Liquidity Assistance Framework, 2025.

1.2 Application

- 1.2.1. This ELA framework shall apply to all Domestic Systemically Important Banks (D-SIBs) and financial institutions as identified by the Bank of Tanzania's D-SIBs framework; and
- 1.2.2. Any other bank or financial institution whose failure may erode public trust and confidence in the financial system or may pose a high contagion risk, or as it may be deemed necessary by the Bank.

1.3 Authorization

This ELA framework is made under section 71 of the Banking and Financial Institutions Act, (Cap 342).

1.4 Interpretation

- 1.4.1. "Act" means the Bank of Tanzania Act, 2006;
- 1.4.2. "Applicant" refers to a bank or financial institution requesting Emergency Liquidity Assistance;
- 1.4.3. "Bank" has the meaning ascribed to it under the Act;
- 1.4.4. "bank" has a meaning ascribed to it under the Banking and Financial Institutions Act, 2006;

1.4.5. “financial institution” has the meaning ascribed to it under the Banking and Financial Institutions Act, 2006; and

1.4.6. “Emergency Liquidity Assistance” means a loan facility that provides liquidity to a solvent bank or financial institution with a liquidity shortage to overcome a failure to settle its payment obligation, which may undermine public confidence and lead to a systemic liquidity challenge.

1.5 Effective date

This Framework shall come into force on the date of publication.

2.0 Objectives of Emergency Liquidity Assistance

The Bank’s Emergency Liquidity Assistance Framework has the following objectives:

- (a) Safeguarding the stability of, or public confidence in, the financial sector;
- (b) Mitigating the risk that temporary liquidity issues for banks and financial institutions may lead to financial instability; and
- (c) Mitigating the risk of contagion by alleviating liquidity risks that could result in the failure of systemically important banks, disruption of system-wide liquidity, dislocation of wholesale funding markets and adverse functioning of payment systems.

3.0 Request for Emergency Liquidity Assistance

3.1 A bank or financial institution in need of an emergency liquidity support facility shall submit a request to the Governor as prescribed in the application form attached to this ELA framework as Annex 1.

3.2 The request shall be based on the following:

- (a) a routine self-assessment indicating that a bank or financial institution is unable to meet the projected cash outflow given its cash inflows; and
- (b) a failure to source funding from the interbank cash market or elsewhere as a first resort.

3.3 In relation to the request above, an applicant shall indicate the following:

- (a) Amount of funds needed;

- (b) Details of the pledged collateral; However, the Bank retains the total discretion to select what collateral to take, including the type, amount, valuation, and haircut to apply following the pre-determined internal procedures.
- (c) Attachments including:
 - (i) Duly signed Board minutes for which the need for Emergency Liquidity Assistance (ELA) was discussed and approved;
 - (ii) Liquidity contingency plan and implementation approved by the Board;
 - (iii) A copy of the resolution by the applicant's Board of Directors, duly signed by the Chairman and Chief Executive Officer, verifying that the Board has concluded that the bank or financial institution is solvent;
 - (iv) For domestic securities offered as collateral, a properly exercised lien;
 - (v) A copy of the latest financial statements of the bank or financial institution;
 - (vi) List of all maturing debt obligations and customer deposits;
 - (vii) Causes of the liquidity challenges, the persistence of the situation, and mitigation plans;
 - (viii) Detailed daily ELA utilization plan covering the duration of the liquidity assistance;
 - (ix) Proof that the applicant is currently solvent but experiencing temporary liquidity pressures;
 - (x) Proof of the applicant's efforts to raise liquidity from its parent or shareholder and failure to access the same;
 - (xi) A statement duly signed by the Chief Executive Officer on the reasons why it has been unable to meet its liquidity needs from market sources; and
 - (xii) Funding Plan.

4.0 Eligibility

The Bank shall grant an emergency liquidity assistance loan to an applicant who meets the following conditions:

- (a) the bank or financial institution has either a systemic significance to stability in the financial system, or any other bank or financial institution whose failure may erode public trust and confidence in the financial system, or may pose a high contagion risk;
- (b) the bank or financial institution is, on a forward-looking basis, solvent, viable and meets the Bank's prescribed minimum Capital Adequacy Ratio (CAR) and is experiencing temporary liquidity challenges.

Whereas the bank or financial institution may be granted ELA if:

- (i) it is solvent, viable, and meets the Bank's prescribed minimum Capital Adequacy Ratio (CAR);
 - (ii) it currently meets the minimum CAR but is at risk of falling below the regulatory threshold, in which case it shall be subject to an intensive assessment before ELA is granted; and
 - (iii) it does not currently meet the minimum CAR but demonstrates credible prospects of restoring compliance within the ELA time frame.
- (c) demonstrates that it has exhausted all avenues for addressing its temporary liquidity challenges;
- (d) failure of the Liquidity Contingency Plan (LCP) to remedy the situation;
- (e) the bank or financial institution has adequate collateral;
- (f) the request for financial assistance is based on the need to improve liquidity; and
- (g) Any other condition prescribed by the Bank as it may deem necessary.

5.0 Conditionality

- 5.1 A bank or financial institution that has secured Bank support under the ELA arrangement shall;

- (a) utilize the facility to honour customer withdrawals and meet maturing non-capital-related debt obligations as indicated in the request to the Bank;
 - (b) not use the facility to make payments to affiliates, insiders and related parties; and
 - (c) not utilize the facility to pay dividends, bonuses and salary increments.
- This will be applied to all funding available to the beneficiary bank.

- 5.2 Notwithstanding items under 5.1, the Bank may institute any other conditionalities as it may deem necessary;
- 5.3 Where a bank or financial institution fails to comply with the terms of the ELA, the Bank shall enhance conditionalities and intensify supervision.

6.0 Eligible Collaterals

- 6.1 ELA operation must be fully collateralized at all times, with values of eligible collateral maintained at the outstanding amount of ELA extended to sufficiently protect the Bank against risks emerging from the provision of ELA.
- 6.2 The Bank shall retain full discretion to determine, on a case-by-case basis, the eligibility status of collateral submitted for ELA. This includes establishing or adjusting the valuation methodology and imposing specific risk control measures deemed appropriate.
- 6.3 The Bank shall determine collateral adequacy by applying appropriate haircuts based on the list of eligible collateral for ELA and their risk characteristics.
- 6.4 All collateral shall be valued, encumbered, and haircuts applied.
- 6.5 The valuation of various classes of collateral shall be as follows:
- (a) Government Securities valuations shall be based on market prices, and the Bank shall ensure the market prices used are not outdated;
 - (b) The Bank shall use a theoretical pricing model to value individual assets that are temporarily illiquid when market prices are outdated;
 - (c) Deposits with other banks and other marketable securities will be valued by the Bank based on mark-to-market value; and

- (d) Encumbrance of collateral and legal considerations shall be as follows:
 - (i) Government securities shall be encumbered by registering a lien through the CDS;
 - (ii) Corporate bonds shall be encumbered through a lien, registered with the appropriate authority; and
 - (iii) Performing secured loans shall be under lien with the Bank.

6.6 The legal treatment for deposits held with other banks and loans shall be through contract, as follows:

- (a) For deposits held with other banks, the Bank shall enter into a tripartite contract with the borrowing institution and the bank where the deposit is held, giving the Bank the first right over the pledged deposit in the event of default by the applicant bank; and
- (b) For mortgages and other secured loans, the Bank shall sign a contract with the applicant bank, ring-fencing the loans that are pledged as security.

6.7 Management of collateral:

- (a) The applicant bank remains responsible for managing the collateral;
- (b) The Bank reserves the right to transfer these pledged assets to a third party for collection, should the need arise; and
- (c) The Bank shall require the applicant bank to replace or provide additional collateral whenever due diligence indicates a divergence between the book value and the market value of the pledged collateral.

7.0 Provision of ELA to Subsidiaries of Foreign Banks

7.1 A Parent bank or holding company of a foreign bank applying for this facility shall provide a guarantee to the Bank to cover the full exposure, and the beneficial bank shall demonstrate to the Bank's satisfaction that its parent bank or holding company is not able to provide funding to address the urgent liquidity needs in the last resort test.

7.2 The Bank should establish direct communication with the home supervisor to coordinate the ELA lending.

7.3 The other eligibility criteria under this framework will apply.

8.0 Maturity

8.1 The maturity of the ELA facility shall not exceed three months as provided under section 40(1) of the Act.

8.2 The ELA envelope specifying lending limit will be approved and reassessed on a monthly basis;

8.3 Without prejudice to item 8.1, the Bank may decide otherwise depending on the assessment made by the Bank.

9.0 Approval and renewal

9.1 The bank or financial institution may apply for renewal of the ELA facility.

9.2 The renewal will be granted at the discretion of the Bank.

10.0 Pricing

The Bank shall apply interest on a loan advanced to a bank or financial institution as per Section 41 of the Act, and the applicable rate for ELA shall be the Lombard rate, plus a loaded factor of 100 basis points.

11.0 Size of the facility

11.1 Size of ELA may vary depending on the needs of the applicant and available collateral.

11.2 The decision on the size of ELA to be extended remains under the discretion of the Bank.

12.0 Enhanced supervisory oversight

12.1 A bank or financial institution shall provide a liquidity restoration plan within seven (7) working days after receipt of ELA, giving detailed projections for liquidity flows arising from changes in the level of assets and liabilities.

12.2 The Bank shall monitor the liquidity position of the beneficiary institution on an ongoing basis and take appropriate action until its liquidity condition is restored.

13.0 Default Situations

Where the bank or financial institution defaults, the Bank may take possession of the collateral and dispose of or transfer it to a third party for collection.

.....

Mr. Emmanuel M. Tutuba

GOVERNOR

ANNEX 1: Sample Template Letter for Requesting ELA

[DATE]

[Governor]

Dear Governor,

[Applicant bank] is currently solvent but is experiencing liquidity pressures that pose an immediate threat to its ability to make payments. Accordingly, I hereby request that the Bank of Tanzania provide emergency liquidity assistance by advancing funds to [Applicant bank], in accordance with the Bank's powers under statute and on the terms and conditions that may be set by the Bank.

I would like to request that an amount of TZS XXX be advanced for a period of X months.

Yours sincerely,

Chairman

Enclosures:

- i) Application form for Emergency Liquidity Assistance
- ii) Collaterals

ANNEX 2: Application Form for Emergency Liquidity Assistance

1. Name and address of applicant bank: _____
2. Name and title of authorized representative: _____
3. Authorized signature: _____

(The person signing the request form must be the CEO and Chairman of the Board of a respective bank or financial institution)

4. Type of liquidity assistance requested:

Amount (TZS):	
Transaction date:	
Settlement date:	
Term (month):	

5. Collateral offered

- (a) Government Securities

S/N	Security Type	Holding No.	Face Value	Maturity

- (b) Other collaterals

S/N	Collateral Type	Holding No.	Value	Maturity

6. Documents attached:

- (a) For domestic securities offered as collateral, a properly exercised lien.
 - (b) A copy of the decision of the applicant's Board of Directors signed by the Chairman and Chief Executive Officer verifying that the Board has concluded that the bank or financial institution is solvent.
 - (c) A copy of the latest financial statements of the bank or financial institution.

- (d) A statement signed by the Chief Executive Officer on the reasons why it has been unable to meet its liquidity needs from market sources.

Signature -----

Address -----

Qualification -----

Witness:

Name -----

Signature -----

Address -----

Qualification -----

ANNEX 3: Loan Agreement Between the Bank and the Applicant

LOAN AGREEMENT

BETWEEN

THE BANK OF TANZANIA

AND

..... BANK

THIS AGREEMENT made thisday of.....20.. **BETWEEN** the **BANK OF TANZANIA** established under the Bank of Tanzania Act, 2006 (the ACT) of Post Office Box 2939, Dar es Salaam (hereinafter referred to as "**the Lender**") of the one part

AND

..... a body corporate established under the Companies Act, Cap. 212 of the Laws of Post Office Box....., Dar es Salaam (hereinafter referred to as "**the Borrower**") of the other party.

WHEREAS the Lender is empowered under the provisions of section 40 (1) of the ACT to lend to a bank or financial institution;

WHEREAS the Lender is empowered under section 4 (2), (C) of the Act to acquire, own, possess and dispose of property

AND WHEREAS at the Borrower's request, the Lender is desirous of extending a credit facility to the Borrower on the terms and conditions hereinafter set forth, which terms and conditions have generally and wholly been accepted by the Borrower.

NOW THEREFORE IT IS HEREBY AGREED as follows: -

1. By this Agreement, the Lender hereby extends a credit facility to the Borrower to the tune of **Tanzanian Shillings** (hereinafter referred to as "the Credit Facility Amount). The Credit Facility Amount shall be granted against the eligible collaterals as specified under section 40 of the BOT Act.
2. The Credit Facility Amount, together with interest thereon, at the rate of the Lombard plus a loaded factor of 100 basis points per annum payable on the maturity date, shall be repaid by the Borrower to the Lender within 90 days from disbursement date. For purposes of this Agreement, the applicable rate is for the date of signing hereof, which rate is per annum.

PROVIDED THAT in the event of the Borrower being wound up before the total repayment of the Credit Facility Amount, the Lender shall have priority against all other existing or future creditors on the Borrower's security assets.

3. The arrangement in this Agreement has the effect of creating a Mortgagee/Mortgagor relationship, and the powers of the Mortgagee, including the power to sue for the money due, sell, and take possession of the security, shall operate hereto mutatis mutandis.

4. **IT IS FURTHER AGREED AND DECLARED** as follows: -

- i. The Borrower may, at any time, redeem this security upon payment of all moneys due to the Lender

- ii. The covenants implied in every registered mortgage by virtue of the Land Registration Act (Cap. 334) or any statute amending or re-enacting the same if and so far as they are inconsistent with the covenants herein contained shall not apply to this security arrangement.

5. CONDITIONS FOR ELA

A bank or financial institution that has secured Bank support under the ELA arrangement shall;

- i. utilize the facility to honour customer withdrawals and meet maturing non-capital-related debt obligations as indicated in the request to the Bank;
- ii. not use the facility to make payments to affiliates, insiders, and related parties; and
- iii. not utilize the facility to pay dividends, bonuses, and salary increments.

IN WITNESS WHEREOF, the parties thereto have caused this Agreement to be executed on the day and year hereinafter appearing:-

Signed and **Sealed** with the Common Seal of **BANK OF TANZANIA**

Name -----

Signature -----

Address -----

Qualification -----

Witness:

Name -----

Signature -----

Address -----

Qualification -----

Signed and **Sealed** with the Common Seal of **BANK**

Name -----

Signature -----

Address -----

Qualification -----

Witness:

Name -----

Signature -----

Address -----

Qualification -----

ANNEX 4: Funding Plan

	31-Dec-25	31-Dec-25	31-Dec-25	31-Dec-25	30-Mar-26	30-Jun-26	30-Sep-26	31-Dec-26
ASSETS								
Cash and deposits	0	0	0	0	0	0	0	0
Cash on hand								
Deposits at the National Central Bank								
Deposits in foreign central banks								
Other cash like reserves								
Loans and advances to Financial corporations								
of which, to resident banks								
of which, to foreign banks								
Loans to the Public sector								
Loans and advances to Non-financial corporations	0	0	0	0	0	0	0	0
Residents								
Non-residents								
Loans and advances to Households	0	0	0	0	0	0	0	0
Government debt securities	0	0	0	0	0	0	0	0
Central Bank issued debt certificates/securities								
Other debt securities								
Impaired loans								
Equity securities and derivatives								
Tangible assets								
of which, investment property								
Intangible assets								
Tax assets								
Other assets								
TOTAL ASSETS	0	0	0	0	0	0	0	0
LIABILITIES								
Borrowing from Central banks	0	0	0	0	0	0	0	0
Borrowing from National Central bank								
of which, monetary policy refinancing								
of which, ELA								
Borrowing from foreign central banks								
Deposits/loans from Financial corporations	0	0	0	0	0	0	0	0
Residents								
of which, secured								
of which, unsecured								
Foreigns								
of which, own-group								
of which, secured								
of which, unsecured								
Deposits from the Public sector	0	0	0	0	0	0	0	0
Residents								
Foreigns								
Deposits from Non-financial corporations								
of which, covered by deposit guarantee scheme								
Deposits from Households	0	0	0	0	0	0	0	0
Sight deposits								
of which, covered by deposit guarantee scheme								
Term deposits								
of which, covered by deposit guarantee scheme								
Debt securities issued	0	0	0	0	0	0	0	0
Short term debt securities								
Long term debt securities								
Tax liabilities								
Derivatives, other financial liabilities								
Provisions								
Own funds								
TOTAL LIABILITIES	0	0	0	0	0	0	0	0
Central bank funding need								
Monetary policy refinancing	0	0	0	0	0	0	0	0
ELA	0	0	0	0	0	0	0	0
Minimum reserve requirements								
Minimum reserve requirements								
Central bank funding need (% total assets)								
Monetary policy refinancing (% total assets)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
ELA (% total assets)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Collateral pool								
Eligible for monetary credit instruments (after haircuts)								
Available for emergency liquidity assistance (unencumbered, estimate)								
of which, marketable assets								
of which, non-marketable assets								