

Table 1. Zambia: Indicative Targets Under the Staff Monitored Program 1/  
(In billions of Kwacha unless otherwise indicated)

2003  December Stocks														
		January Prog.	January Act.	Status Observed	February Prog.	February Act.	Status Observed	March Prog.	March Prel. Act.	Status Observed	April Prog.	May Prog.	June Prog.	
1	Ceiling on the cumulative increase in net domestic assets (NDA) of the Bank of Zambia 2/ 3/ 4/ 5/ 6/ Adjusted NDA	6,274	119 112	88	Yes	81 225	161	Yes	113 257	199	Yes	178	185	225
2	Ceiling on the cumulative increase in net domestic financing (NDF) 3/ 6/ Adjusted NDF	3,093	133 126	20	Yes	131 275	148	Yes	207 351	207	Yes	272	308	391
3	Floor on the stock of gross international reserves (GIR) of the Bank of Zambia (In millions of U.S. dollars) 3/ 7/ Adjusted GIR	197	173 190	191	Yes	187 171	163	No	187 171	177	Yes	175	178	46
4	Ceiling on the stock of short-term debt and on contracting or guaranteeing of nonconcessional debt (In millions of U.S. dollars) 8/		0	0	Yes	0	0	Yes	0	0	Yes	0	0	0
5	Ceiling on cumulative new concessional loans collateralized or guaranteed by the central government or the Bank of Zambia for ZESCO.		20	0	Yes	20	0	Yes	20	0	Yes	20	20	20
6	Floor on the cumulative payment of domestic arrears of the government 6/		4	0	No	8	4	No	13	17	Yes	19	25	32
7	Cumulative ceiling for the Central Government wage bill 6/		169	147	Yes	338	301	Yes	506	460	Yes	675	843	1,012
8	Ceiling on the cumulative arrears on the Central Government wage bill		0	10	No	0	13	No	0	16	No	0	0	0
9	Floor on the cumulative deposits into the HIPC Account 49 at the BoZ		58	0	No	87	70	No	117	120	Yes	165	205	244
<u>Memorandum item:</u>														
10	Cumulative net balance of payments support (In millions of U.S. dollars)		-19	-2		-4	-34		-3	-38		-19	-18	-32
	Balance of payments assistance		0	0		17	0		22	0		25	29	29
	Central Government debt service obligations (excl. IMF)		-19	-2		-21	-34		-25	-38		-43	-47	-61
	Shortfall (-)/Excess (+) net BOP support			17			-30			-35				

1/ The definitions of the indicative targets are contained in the Technical Memorandum of Understanding (TMU).

2/ Net domestic assets are equivalent to reserve money minus net foreign assets, calculated at the end-December 2003 U.S. dollar-kwacha exchange rate (US\$ 1=K 4645).

3/ Adjustors, including for balance of payments support are defined in the TMU.

4/ Excludes HIPC debt relief from the IMF.

5/ The ceiling will be adjusted for changes in the legal reserve requirements.

6/ Cumulative from the end of 2003.

7/ Excludes Fund disbursements during 2004.

8/ Nonconcessional loans are defined as having a grant element of less than 40 percent.

Table 2. Zambia: Structural Reforms for the 2003-04 SMP 1/

	Timing	Status under SMP
-Submission to Parliament of a budget for 2004 including tax measures specified in paragraph 17 of the MEFP and a wage bill consistent with the macroeconomic framework for the SMP.	End-February 2004	Observed
-Preparation of a multi-year plan for clearing the stock of audited arrears identified in the database maintained by the Office of the Accountant General.	End-March 2004	Observed
-No payment will be made for clearance of arrears other than the items included in the audited list of arrears.	Continuous	Observed
-Submission to Parliament of legislation to grant full autonomy to the Office of the Auditor General.	End-June 2004	On-going
-Publication of quarterly budgetary execution reports, including full coverage of poverty-reducing spending.	45 days after the end of each quarter	On-going
-Award a contract for the procurement of hardware and software for IFMIS.	End-April 2004	Delayed
-Creation of a program-monitoring group comprised of key officials from MoFNP, BoZ, and the Cabinet office.	End-December 2003	Observed
-Final decisions taken and action plans agreed in consultation with Bank and Fund staff for the resolution of the Zambia National Building Society, National Savings and Credit Bank, and Development Bank of Zambia.	End-March 2004	Delayed
-Provide no further budgetary support to the nonbank financial institutions until the financial sector development plan is	Continuous	Observed
-The Government will refrain from paying any amounts for which it is not legally liable and which are not included in the budget.	Continuous	Observed

1/ The definition of the structural measures are contained in the Technical Memorandum of Understanding (TMU).

Table 3. Zambia: Quantitative Performance Criteria (PC), Benchmarks and Indicative Targets Under the PRGF Program  
(In billions of Kwacha, unless otherwise indicated)

	2003	2004	
	Dec. Stocks	Sep.	Dec.
<u>Performance Criteria</u>			
1 Ceiling on the cumulative increase in net domestic assets (NDA) of the Bank of Zambia 2/ 3/ 4/ 5/ Adjusted NDA	6,274	131	127
2 Ceiling on the cumulative increase in net domestic financing (NDF) 2/ 5/ Adjusted NDF	3,093	577	573
3 Floor on the stock of gross international reserves (GIR) of the Bank of Zambia (In millions of U.S. dollars) 2/ 6/ Adjusted GIR	197	164	175
4 Ceiling on new external payment arrears		0	0
5 Ceiling on the stock of short-term debt and on contracting or guaranteeing of nonconcessional debt (In millions of U.S. dollars) 7/		0	0
6 Ceiling on cumulative new concessional loans collateralized or guaranteed by the central government or the Bank of Zambia for ZESCO.		20	20
7 Floor on the cumulative payment of domestic arrears of the government 5/		66	77
<u>Quantitative Benchmarks</u>			
8 Cumulative ceiling for the Central Government wage bill 5/		1,492	2,018
9 Ceiling on the cumulative arrears on the Central Government wage bill		0	0
10 Floor on the cumulative deposits into the HIPC Account 49 at the BoZ		383	522
<u>Memorandum item:</u>			
11 Cumulative net balance of payments support (In millions of U.S. dollars)		-63	-60
Balance of payments assistance		49	69
Central Government debt service obligations (excl. IMF)		-112	-129
Shortfall (-)/Excess (+) net BOP support			

1/ The definitions of the indicative targets are contained in the Technical Memorandum of Understanding (TMU).

2/ Adjustors, including for balance of payments support are defined in the TMU.

3/ Excludes HIPC debt relief from the IMF.

4/ The ceiling will be adjusted for changes in the legal reserve requirements.

5/ Cumulative from the end of 2003.

6/ Includes Fund disbursements during 2004.

7/ Nonconcessional loans are defined as having a grant element of less than 40 percent.

Table 4. Zambia: Prior Actions, Structural Benchmarks and Performance Criteria 1/

	<b>Timing</b>
<b>Prior Actions 2/</b>	
Cabinet approval of the PEMFA program.	
Submission to Cabinet, for consideration and approval, of an action plan for initial implementation of the Financial Sector Development Plan.	
<b>Benchmarks and Performance criteria</b>	
<b>1. Public Expenditure Management</b>	
The Government will refrain from paying any amounts for which it is not legally liable and which are not included in the budget. 3/	Continuous
Publication of quarterly budget execution reports using the activity-based budgeting classification, within 45 days of the end of each quarter.	Continuous
Award a contract for the supply and installation of the hardware and software needed to implement the IFMIS.	Jun 2004
Start negotiations for settlement of domestic arrears identified in the multiyear plan for clearing domestic arrears	Jul 2004
Initiate the pilot implementation of the IFMIS in at least three line ministries. 3/	Sep 2004
<b>2. Tax Policy</b>	
Define a policy for the granting of tax concessions.	Sep 2004
<b>3. Financial Sector Reform</b>	
Cabinet approval of a proposal to repeal sections of the Building Societies Act, the National Savings and Credit Bank Act and the Development Bank of Zambia Amendment Act which are in conflict with the Banking and Financial Services Act.	Nov 2004
Adoption by the government and the Bank of Zambia of action plans finalized in consultation with the World Bank and IMF staff, for the resolution of the Zambia National Building Society, the National Savings and Credit Bank and the Development Bank of Zambia. 3/	Oct 2004
<b>4. Governance and Transparency</b>	
Unforeseen expenditures will be funded only to the limits of the budget contingency or after Cabinet approval including the identification of savings elsewhere in the budget.	Continuous

1/ The definitions of the prior actions, structural benchmarks and performance criteria are contained in the Technical Memorandum of Understanding (TMU).

2/ Prior actions should be carried out and reported at least 5 working days prior to the Executive Board discussion.

3/ Performance criteria.

Table 1. Net Domestic Financing

	2003 End-Dec. (at cost value)
Total Domestic Financing (Program)	3,093,096
Adjustment for BOP shortfall	0
Adjustment for RAMCOZ	0
Adjusted Program DF	3,093,096
Excess/Shortfall	0
Total domestic financing	3,093,096
Bank financing	2,473,417
Commercial banks	1,396,970
Treasury bills 1/	876,921
Bonds 1/	721,381
Loans and advances	737
less: Support to MBZ	-8,423
less: Deposits	-193,646
Bank of Zambia	1,076,447
Treasury bills 1/	4,171
Bonds 1/	47,066
Kwacha bridging loan	261,029
GRZ position	-882,162
Donor suspense balance	-401
GRZ long-term security IFO BoZ	1,646,743
Other	0
Nonbank financing	619,679
Treasury bills 1/	246,495
Bonds 1/	373,185

Source: BoZ net domestic financing table.

1/ Measured at cost (face value less discount) starting from end-December 2003.

Table 2. Zambia: Gross International Reserves 1/  
(In thousands of U.S. dollars)

	2003					2004				
	November					January, February, March, April, May, June				
	Amount	Current Exch rate or price	U.S. dollars	End-2002 Exch rate or price	U.S. dollars	Amount	Current Exch rate or price	U.S. dollars	End-2003 Exch rate or price	U.S. dollars
Official reserve assets 2/			199.9		188.8					
Foreign Currency Reserves			164.8		157.1					
Securities			0.0		0.0					
In U.S. dollars	0.0	1.0	0.0	1.0	0.0					
In U.K. pounds	0.0	1.7	0.0	1.6	0.0					
In Euro	0.0	1.2	0.0	1.0	0.0					
Other currencies	0.0	0.0	0.0	0.0	0.0					
Deposits 3/			164.8		157.1					
In U.S. dollars	100.3	1.0	100.3	1.0	100.3					
In U.K. pounds	0.1	1.7	0.1	1.6	0.1					
In Euro	54.4	1.2	64.3	1.0	56.7					
In South African Rand	0.1	0.2	0.0	0.1	0.0					
Other currencies		0.0	0.0	0.0	0.0					
IMF reserve position										
SDR (excludes IMF interim assistance under the HIPC Initiative)	24.4	1.4	35.1	1.3	31.7					
Monetary gold	0.0	0.0	0.0	0.0	0.0					
Other reserve assets	0.0	0.0	0.0	0.0	0.0					
Memo: Other foreign currency assets 4/	0.0	0.0	0.0	0.0	0.0					
Predetermined short-term net drains 5/										
Liabilities to IMF	659.4	1.4	949.2	1.3	857.2					
Other foreign currency loans and securities	0.0	0.0	0.0	0.0	0.0					
In U.S. dollars	0.0	0.0	0.0	0.0	0.0					
In U.K. pounds	0.0	0.0	0.0	0.0	0.0					
In other currencies	0.0	0.0	0.0	0.0	0.0					
Aggregate short and long positions in forwards, futures and swaps	0.0	0.0	0.0	0.0	0.0					
Other	0.0	0.0	0.0	0.0	0.0					
Contingent short-term net drains	0.0	0.0	0.0	0.0	0.0					
Contingent liabilities										
Securities with embedded options										
Undrawn, unconditional credit lines										
Aggregate short & long term positions of options										
Memorandum items:										
Short-term domestic currency debt indexed to the exchange rate										
Financial instruments denominated in foreign currency settled by other means										
Pledged assets										
of which: Balance of IMF interim HIPC assistance										
Securities lent and on repo										
Financial derivatives (net, marked to market)										
Derivatives w/ residual maturity > 1 year, subject to margin calls										

1/ As defined in the TMU or IMF, "Data Template on Int'l Reserves and Foreign Currency Liquidity: Operational Guidelines."

2/ Corresponds to gross international reserves for program monitoring.

3/ Excludes deposits at resident banks, unless assets held abroad by the bank are explicitly connected to the foreign exchange deposits of the BoZ and are totally and effectively controlled by BoZ and are available for balance of payment needs.

4/ Includes foreign currency deposits at resident banks.

5/ The program target for gross international reserves will be adjusted as described in the TMU.