

Table 1. Zambia: Quantitative Performance Criteria and Benchmarks During the First Year of the Three-Year Arrangement Under the Poverty Reduction and Growth Facility, January 1, 1999 - December 31, 1999

	1998		1999							
	Dec. Act.	Performance criteria				Indicative targets				
		End-Mar.		End-Jun.		End-Sep.		End-Dec.		
		Prog.	Act.	Prog.	Act.	Prog.	Act.	Prog.	Act.	
	(In billions of kwacha; cumulative from January 1, 1999)									
Ceiling on the increase in net domestic assets of the Bank of Zambia 1/ 2/	2,965 11/	-103	-17	-73	-1	-131	-104	-116	-8	
Ceiling on the increase in net bank claims on government 2/ 3/ 4/	581 11/	-1	58	90	11	-43	-7	-109	37	
Floor on the domestic budget balance of the government 5/	...	6	32	-115	60	-81	33	-44	30	
Ceiling on the outstanding stock of domestic arrears of the government	23	20	97	13	111	6	101	0	147	
	(In millions of U.S. dollars)									
Floor on net international reserves of the Bank of Zambia 6/	-1,180	-1,125	-1,188	-1,131	-1,179	-1,104	-1,160	-1,107	-1,185	
Ceiling on new external payments arrears 7/	19	0	0	0	1	0	0	0	10	
Ceiling on new medium- and long-term nonconcessional loans 8/	0	0	0	0	0	0	0	0	0	
Ceiling on the stock of short-term debt 9/	165	165	59	165	75	165	...	0	80	
	(Numbers of employees; cumulative from January 1, 1999)									
Change in the size of the public service 10/	113,853 11/	-1,750	-1,492	-3,500	-1,418	-5,250	-1,155	-7,000	-2,489	
Memorandum item:	(In millions of U.S. dollars; cumulative from January 1, 1999)									
Programmed balance of payments assistance	0	118.5	65.8	161.3	104.5	267.1	162.0	307.1	175.3	

1/ Net domestic assets are equivalent to reserve money minus net foreign assets, calculated at the end-December 1998 U.S. dollar-kwacha exchange rate (US\$1=K 2,317).

2/ In case of a shortfall in balance of payments assistance, the ceilings on the increase in net domestic assets and net bank claims on the government will be adjusted upward by the amount of the shortfall with a maximum of US\$30 million. The kwacha value of the cumulative shortfall will be calculated at the end-December 1998 U.S. dollar-kwacha exchange rate (US\$1=K 2,317).

3/ Net bank claims include the U.S. dollar-denominated foreign exchange bridge loan of the Bank of Zambia to the government. The balance of the loan is calculated at the end-December 1998 U.S. dollar-kwacha exchange rate (US\$1=K 2,317).

4/ Under the program adopted in August 1999, the ceiling on the increase in net bank claims on the government would be adjusted downward by the difference between the budgetary provision of K 151 billion and the actual payments made by the government for the settlement of ZCCM's short-term debt and arrears, which was expected in the fourth quarter of 1999. This adjuster is not applicable to the revised target for end-December.

5/ Under the program adopted in August 1999, the floor on the domestic budget balance of the government would be raised by the difference between the budgetary provision of K 151 billion and the actual payments made by the government for the settlement of ZCCM's short-term debt and arrears, which was expected in the fourth quarter of 1999. This adjuster is not applicable to the revised target for end-December.

6/ Foreign assets of the Bank of Zambia include the balance in the special Bank for International Settlements account established in accordance with the April 1999 Paris Club accord. In case of a shortfall in balance of payments assistance, the floor on net international reserves will be adjusted downward by the amount of the shortfall with a maximum of US\$30 million. Net international reserves exclude a US\$25 million deposit in Meridien Bank, which is under liquidation.

7/ The injunction against new external payments arrears is continuous.

8/ Loans contracted or guaranteed by the central government or the Bank of Zambia with grant elements of less than 35 percent.

9/ Includes debt contracted or guaranteed by the central government and Bank of Zambia with an original maturity of not more than one year, but excluding normal trade credits for imports.

10/ Measured on the basis of the payroll data of the Ministry of Finance.

11/ Stocks at end-1998.

Table 2. Zambia: Structural Performance Criteria and Benchmarks  
 During the First Annual Program Under the Poverty Reduction and Growth Facility,  
 January 1, 1999-December 31, 1999

<u>Action</u>	<u>Test Dates</u>	<u>Status</u>
The transfer of ownership of the major asset packages of the ZCCM (the Nchanga and Nkana Divisions, and the Konkola deep mining project). 1/	March 31, 1999	Not observed (completed in March 2000)
The submission to the President of recommendations on the establishment of an actuarially sound civil service pension system. 1/	April 30, 1999	Not observed (completed in October 1999)
The offering for sale of a minority share and management rights in the telecommunications company (ZAMTEL). 1/	September 30, 1999	Not observed (completed in January 2000)
The maintenance of positive real interest rates on treasury bills, as measured by the difference between the three-month moving average of the 28-day treasury bill rate and the annual rate of increase in the consumer price index. 2/	End of each quarter	Observed
The abstention from new tax reductions, exemptions, rebates, or any other preferential tax treatment, with the exception of the suspension of import duties on agricultural machinery and equipment, and the tax concessions agreed in the context of the privatization of the ZCCM. 1/	Continuous	Not observed

1/ Performance criterion.

2/ Benchmark.

Table 3. Zambia: Quantitative Performance Criteria and Benchmarks During the Second Year of the Three-Year Arrangement Under the Poverty Reduction and Growth Facility, January 1, 2000 - December 31, 2000

	1999	2000			
	Act. End-Dec.	Est. End-Mar.	Ind. Tar. End-June	Performance criteria	
				End-Sep.	End-Dec.
Ceiling on the increase in net domestic assets of the Bank of Zambia 1/ 2/	3,233	76	127	28	-50
Ceiling on the increase in net bank claims on government 2/ 3/	693	167	201	126	36
Floor on the domestic budget balance of the government	...	-89	-184	-217	-227
Ceiling on the outstanding stock of domestic arrears of the government	147	152	142	100	55
Floor on net international reserves of the Bank of Zambia 4/	-1,155	-1,190	-1,159	-1,114	-1,074
Ceiling on new external payments arrears 5/	...	15	0	0	0
Ceiling on new medium- and long-term nonconcessional loans 6/	...	0	0	0	0
Ceiling on the stock of external short-term debt 7/	...	23	0	0	0
Ceiling on new loans collateralized or guaranteed by the central government or the Bank of Zambia for ZESCO and ZNOC	...	...	0	0	0
Ceiling on the accumulation of new tax arrears from ZESCO and ZNOC to the central government	...	...	0	0	0
Memorandum item:					
Programmed balance of payments assistance	...	1.5	74.7	149.2	241.7

1/ Net domestic assets are equivalent to reserve money minus net foreign assets, calculated at the end-December 1999 U.S. dollar-kwacha exchange rate (US\$ 1=K 2,632).

2/ In case of a shortfall in balance of payments assistance, the ceilings on the increase in net domestic assets and net bank claims on the government will be adjusted upward by the amount of the shortfall with a maximum of US\$45 million. The kwacha value of the cumulative shortfall will be calculated at the end-December 1999 U.S. dollar-kwacha exchange rate (US\$1=K 2,632).

3/ Net bank claims include the U.S. dollar-denominated foreign exchange bridge loan of the Bank of Zambia to the government. The balance of the loan is calculated at the end-December 1999 U.S. dollar-kwacha exchange rate (US\$1=K 2,632).

4/ Foreign assets of the Bank of Zambia include the balance in the special Bank for International Settlements account established in accordance with the April 1999 Paris Club accord. In case of a shortfall in balance of payments assistance, the floor on net international reserves will be adjusted downward by the amount of the shortfall with a maximum of US\$45 million. Net international reserves exclude a US\$25 million deposit in Meridien Bank, which is under liquidation. Until end-March, it also excludes a US\$ 30 million deposit held as collateral in KBC, Belgium. Net international reserves are defined otherwise, consistent with the definition of the special data dissemination standard (SDDS) template, as external assets readily available to, or controlled by, the Bank of Zambia net of external liabilities of the Bank of Zambia. Pledged or otherwise encumbered reserve assets including but not limited to reserve assets used as collateral or guarantee for third party external liability are to be excluded.

5/ The injunction against new external payments arrears is continuous.

6/ Loans contracted or guaranteed by the central government or the Bank of Zambia with grant elements of less than 35 percent. Excludes debts contracted in the context of rescheduling agreements; includes financial leases and other instruments giving rise to external liabilities, contingent or otherwise, on nonconcessional terms.

7/ Includes debt contracted or guaranteed by the central government and Bank of Zambia or public enterprises with an original maturity of not more than one year, but excludes normal trade credits for imports.

Table 4. Zambia: Structural Performance Criteria and Benchmarks During the Second Annual Program under the PRGF, January 1, 2000-December 31, 2000

Publication of monthly cash allocations to each of the line ministries in Ministry of Finance's <i>Monthly Macroeconomic Indicators</i> . <u>2/</u>	Continuous
The abstention from new tax reductions, exemptions, rebates or any other preferential tax treatment. <u>1/</u>	Continuous
Appointment of a project manager to implement the Integrated Financial Management Information System (IFMIS). <u>2/</u>	September 30, 2000
Issuance of a supervisory directive from BoZ to ZNCB. <u>1/</u>	September 30, 2000
Implement a program of action that effectively privatizes the petroleum sector, with the government retaining responsibility for maintaining a strategic petroleum reserve. <u>2/</u>	December 31, 2000
Each controlling officer to consolidate their commercial bank accounts into a single account at one bank only. <u>1/</u>	December 31, 2000
Submission to Cabinet by the Zambia Privatization Agency (ZPA) on modalities for the privatization of the electricity company ZESCO, and the Zambia National Commercial Bank (ZNCB). <u>1/</u>	December 31, 2000

1/ Performance Criterion    2/ Benchmark