

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

	2003																		
	June Est.	July Prog.	July Est.	Status Observed	Aug. Prog.	Aug. Est.	Status Observed	Sept. Prog.	Sept. Est.	Status Observed	Oct. Prog.	Oct. Est.	Status Observed	Nov. Prog.	Nov. Est.	Status Observed	Dec. Prog.	Dec. Est.	Status Observed
1 Ceiling on the cumulative increase in net domestic assets (NDA) of the Bank of Zambia 2/3/4/5/ Adjusted (NDA)	0	107 45	-12	Yes	169 105	50	Yes	254 198	87	Yes	327 306	183	Yes	228 47	212	No	319 249	169	Yes
2 Ceiling on the cumulative increase in net domestic financing (NDF)3/ Adjusted (NDF)	0	59 -4	11	No	125 60	119	No	199 142	348	No	202 181	503	No	164 233	568	No	201 270	624	No
3 Floor on gross international reserves (GIR) of the Bank of Zambia (In millions of U.S. dollars) 3/ 6/ Adjusted GIR	233	206 220	238	Yes	197 211	234	Yes	183 196	220	Yes	166 171	200	Yes	201 185	189	Yes	149 133	179	Yes
4 Ceiling on new external payments arrears (In millions of U.S. dollars) 7/	13.0	0.0	4.6	No	0.0	2.9	No	0.0	0.0	Yes	0.0	0.0	Yes	0.0	0.0	Yes	0.0	...	N/A
5 Ceiling on the stock of short-term debt and on contracting or guaranteeing of new medium- and long term nonconcessional debt (In U.S. dollars) 8/	0.0	0.0	0.0	Yes	0.0	0.0	Yes	0.0	0.0	Yes	0.0	0.0	Yes	0.0	0.0	Yes	0.0	0.0	Yes
6 Ceiling on cumulative new concessional loans collateralized or guaranteed by the central Government or the Bank of Zambia for ZESCO.	0.0	10.0	0.0	Yes	10.0	0.0	Yes	10.0	0.0	Yes	10.0	0.0	Yes	10.0	0.0	Yes	10.0	0.0	Yes
7 Floor on the cumulative payment of domestic arrears of the Government 6/ Other arrears Housing allowance	23 23 ...	34 34 0	24 24 0	No No Yes	44 44 0	29 29 0	No No Yes	62 55 7	49 43 7	No No Yes	74 61 13	55 49 7	No No No	87 67 20	58 50 8	No No No	100 73 27	62 52 10	No No No
8 Cumulative ceiling for the central government wage bill 6/ Monthly wage bill	814	967 153	973 159	No No	1,121 153	1,126 153	No No	1,281 160	1,281 155	No Yes	1,441 160	1,431 150	Yes Yes	1,600 158	1,581 150	Yes Yes	1,758 158	1,728 148	Yes Yes
9 Ceiling on the cumulative arrears on the central government wage bill 6/	232	255	255	Yes	278	272	Yes	271	277	No	264	283	No	257	290	Yes	251	...	N/A
10 Floor on the cumulative deposits into the HIPC Account 49 at the BoZ	0	42	0	No	83	42	No	125	84	No	167	126	No	208	126	No	250	167	No
Memorandum item:																			
11 Cumulative net balance of payments support (In US dollars) 6/ Balance of payments assistance Central government debt service obligations (excl. IMF) Shortfall (-)/Excess (+) net BOP support 6/		-22.0 0.0 -22.0	-7.6 0.0 -7.6		-26.9 0.0 -26.9	-12.1 0.0 -12.1		-35.3 0.0 -35.3	-22.3 0.0 -22.3		-47.9 0.0 -47.9	-43.1 0.0 -43.1		-9.1 45.8 -54.9	-46.1 0.0 -46.1		-24.4 45.8 -70.2	-18.6 45.3 -63.9	

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 2002 U.S. dollar-kwacha exchange rate (US\$ 1=K 4334).

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 2002.

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

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

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

	Timing	Status at End-June	Status under SMP
Privatization			
Conclude evaluation of bids for the sale of the majority (controlling) interest in the ZNCB, and approve negotiations with the preferred bidders.	End-June 2003	Observed	Observed
Improve Public Expenditure Management:			
-Payments of audited domestic arrears pertaining up to December 2002 would be only made by the Accountant General's Office. Line ministries will not clear any arrears.	Continuous	Observed
-Complete a computerized database of all outstanding arrears as of end-December 2002 as verified by the Controller of Internal Audit. 2/	End-June 2003	Observed	Observed
-No payment will be made for clearance of arrears other than the items included in the audited list of arrears.	Continuous	Not Observed	Observed
-The government will refrain from paying any amounts for which it is not legally liable, including ZNOC's liabilities on liquidation.	Continuous	Observed	Not Observed
-To improve cash management, issue quarterly expenditure ceilings before the beginning of each quarter and make monthly cash releases accordingly.	Continuous	Observed	Not Observed
-Fully implement the commitment control system (CCS) to all ministries in line with the Treasury Circular of September 2002.	End-July 2003	Observed	Observed
-Award a contract for the procurement of hardware and software for IFMIS.	End-December 2003	On-going	On-going
Strengthen the financial sector and public enterprises:			
-Prepare a comprehensive financial sector development plan to address the weaknesses of the nonbank financial institutions, including institutional structures for providing financial services to rural areas.	End-November 2003	On-going	On-going
-Provide no further budgetary support to the nonbank financial institutions until the financial sector development plan is finalized.	Continuous	Observed	Observed
-Complete the review of entry conditions for the strategy to commercialize ZESCO.	End-September 2003	On-going	Observed with a delay
Improve transparency and governance:			
-Accountant General to submit to the Office of the Auditor General, accounts for 2002, to facilitate timely preparation of final audited accounts as required by law.	End-September 2003	Partially Observed	Observed
Other:			
The abstention from new tax reductions, exemptions, rebates or any other preferential tax treatment.	Continuous	Observed	Observed

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

Table 3. Zambia: Indicative Targets Under the Staff Monitored Program 1/
(In billions of Kwacha, unless otherwise indicated)

	2004					
	January	February	March	April	May	June
1 Ceiling on the cumulative increase in net domestic assets (NDA) of the Bank of Zambia 2/3/4/5/6 Adjusted (NDA)	119	81	113	178	185	225
2 Ceiling on the cumulative increase in net domestic financing (NDF)3/ 6/ Adjusted (NDF)	133	131	207	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	173	187	187	175	178	46
4 Ceiling on the stock of short-term debt and on contracting or guaranteeing of nonconcessional debt (In U.S. dollars) 8/	0	0	0	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	20	20	20	20	20
6 Floor on the cumulative payment of domestic arrears of the Government 6/	4	8	13	19	25	32
7 Cumulative ceiling for the central government wage bill 6/	169	338	506	675	844	1,012
8 Ceiling on the cumulative arrears on the central government wage bill	0	0	0	0	0	0
9 Floor on the cumulative deposits into the HIPC Account 49 at the BoZ	58	87	117	165	205	244
Memorandum item:						
10 Cumulative net balance of payments support (In millions of U.S. dollars)	-19.0	-4.0	-3.0	-18.0	-18.0	-32.0
Balance of payments assistance	0.0	17.0	22.0	25.0	29.0	29.0
Central government debt service obligations (excl. IMF)	-19.0	-21.0	-25.0	-43.0	-47.0	-61.0
Shortfall (-)/Excess (+) net BOP support						

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 4,645).

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

	Timing
-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
-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
-No payment will be made for clearance of arrears other than the items included in the audited list of arrears.	Continuous
-Submission to Parliament of legislation to grant full autonomy to the Office of the Auditor General.	End-June 2004
-Publication of quarterly budgetary execution reports, including full coverage of poverty-reducing spending.	45 days after the end of each quarter
-Award a contract for the procurement of hardware and software for IFMIS.	End-April 2004
-Creation of a program-monitoring group comprised of key officials from MoFNP, BoZ, and the Cabinet office.	End-December 2003
-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
-Provide no further budgetary support to the nonbank financial institutions until the financial sector development plan is finalized.	Continuous
	Continuous
-The Government will refrain from paying any amounts for which it is not legally liable and which are not included in the budget.	

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

Table 1. Net Domestic Financing

	2002		2003
	End-Dec.	End-Dec. Program Base	End-Oct. Est.
Total domestic financing (program)	2,405,403	2,241,148	2,861,627
Adjustment for BOP shortfall	0	0	20,842
Adjusted program DF	2,405,403	2,241,148	2,840,785
Excess/shortfall	0	0	-322,100
Total domestic financing	2,405,403	2,241,148	3,162,885
Bank financing	1,932,299	1,768,044	2,578,291
Commercial banks	803,869	803,869	1,543,719
Treasury bills 1/	516,252	516,252	961,926
Bonds 1/	395,676	395,676	696,474
Loans and advances	4,383	4,383	1,762
less: Support to MBZ	-8,423	-8,423	-8,423
less: Deposits	-104,018	-104,018	-108,020
Bank of Zambia	1,128,430	964,175	1,034,571
Treasury bills /	52,539	52,539	24,156
Bonds 1/	1,650	1,650	59,453
Kwacha bridging loan	467,804	0	261,029
GRZ position	-674,406	-674,406	-956,413
Donor suspense balance	-62,351	-62,351	-397
GRZ long-term security IFO BoZ	0	1,646,743	1,646,743
Other	1,343,194	0	0
Nonbank financing	473,104	473,104	584,594
Treasury bills 1/	248,823	248,823	248,069
Bonds 1/	224,281	224,281	336,525

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)

	2004				
	January February March April May June				
	Amount	Current	End-2003		
Exch rate or price		U.S. dollars	Exch rate or price	U.S. dollars	
Official reserve assets 2/					
Foreign Currency Reserves					
Securities					
In U.S. dollars					
In U.K. pounds					
In Euro					
Other currencies					
Deposits 3/					
In U.S. dollars					
In U.K. pounds					
In Euro					
In South African Rand					
Other currencies					
IMF reserve position					
SDR (excludes IMF interim assistance under the HIPC Initiative)					
Monetary gold					
Other reserve assets					
Memo: Other foreign currency assets 4/					
Predetermined short-term net drains 5/					
Liabilities to IMF					
Other foreign currency loans and securities					
In U.S. dollars					
In U.K. pounds					
In other currencies					
Aggregate short and long positions in forwards, futures and swaps					
Other					
Contingent short-term net drains					
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.