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ATTENTION**

MASTER FILES

ROOM C-120

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EBD/83/339

December 28, 1983

To: Members of the Executive Board

From: The Acting Secretary

Subject: Executive Board Consideration of Review of Exchange  
Rate Policy Under the Stand-By Arrangement with  
Zambia (EBS/83/274, 12/23/83)

In the attached memorandum, Mr. Sangare requests that the paper on a review of exchange rate policy under the stand-by arrangement with Zambia be considered by the Executive Board on January 9, 1984; Board consideration by January 9 is needed to enable Zambia to make the next purchase under the arrangement by mid-January. The paper is not a major review under the stand-by arrangement and scheduling the discussion on January 9, 1984 would result in shortening the customary circulation period for the paper by four days.

In the absence of objection by the close of business tomorrow, Thursday, December 29, 1983, Board consideration of Review of Exchange Rate Policy Under the Stand-By Arrangement with Zambia would be scheduled on Monday, January 9, 1984.

Att: (1)

Other Distribution:  
Department Heads



# Office Memorandum

TO : The Secretary

DATE: December 28, 1983  
No. 1941

FROM : N'Faly Sangare

SUBJECT : Zambia - Review of the Stand-by Arrangement

The Executive Board approved a one-year Stand-by Arrangement on April 18, 1983 for Zambia under which, among other things, Zambia would have been able to make a purchase of SDR 67.5 million at the end of November, 1983 subject to complying with the required performance criteria as of end-October, 1983. In the event, all performance criteria as at end-October were observed, but owing to an unexpected deterioration in the price of copper Fund management and staff considered that there should be a further depreciation of the currency in order to ensure that the program remains on track throughout its term. The authorities and the Fund staff have now reached a compromise on this point and implementation has already started.

The purpose of this short memorandum is to seek Executive Directors' agreement to discuss the Review Paper which was issued on December 23 on January 9, 1984 to enable Zambia to make the purchase in mid-January. As explained above the purchase would have been made at end-November, 1983; and the Zambian authorities have had to seek bridge loans in order to meet their contractual obligations re Paris Club reschedulings etc. They are anxious to minimize the interest they are already paying on such loans which only exacerbates their already strained payments situation.