

1. Zambia has consulted the Fund in accordance with paragraph 4 of the stand-by arrangement for Zambia approved by Decision No. 7383-(83/63), adopted April 18, 1983, and the fourth paragraph of the letter of February 25, 1983, attached to the stand-by arrangement for Zambia (EBS/83/67, Sup. 1) in order to review progress under the program and to reach understandings with the Fund on performance criteria for the remaining period of the program, as well as on exchange rate and interest rate policies.

2. The letter of the Prime Minister and Minister of Finance dated August 16, 1983, shall be attached to the stand-by arrangement for Zambia and the letter from the Prime Minister and Minister of Finance dated February 25, 1983 shall read as supplemented and modified by the letter of August 16, 1983.

3. (a) Purchases under this arrangement shall not, without the consent of the Fund, exceed the equivalent of SDR 76.5 million until November 30, 1983, and SDR 144 million until February 15, 1984.

(b) None of the limits in (a) shall apply to a purchase under this stand-by arrangement that would not increase the Fund's holdings of Zambia's currency in the credit tranches beyond 25 percent of quota or increase the Fund's holdings of that currency resulting from purchases of borrowed resources beyond 12.5 percent of quota.

4. Zambia will not make purchases under this stand-by arrangement that would increase the Fund's holdings of Zambia's currency in the credit tranches beyond 25 percent of quota or increase the Fund's holdings of that currency resulting from purchases of borrowed resources beyond 12.5 percent of quota:

(a) During any period in which the data at the end of the preceding period indicate that

(i) the target for reduction in external payments arrears described in paragraph 4 and Attachment I of the annexed letter, or

(ii) the understanding concerning arrears under debt rescheduling agreements described in paragraph 4 and Attachment I of the annexed letter, or

(iii) the limit on total net domestic assets described in paragraph 11 and Attachment I of the annexed letter, or

(iv) the limit on net credit to the Government described in paragraph 11 and Attachment I of the annexed letter, or

(v) the limit of Bank of Zambia credit to ZCCM described in paragraph 11 and Attachment I of the annexed letter has not been observed, or

(b) After November 30, 1983, until the review contemplated in paragraph 8 of the attached letter is completed, or

(c) After February 15, 1984, until the review contemplated in paragraph 10 of the attached letter is completed.

Decision No. 7531-(83/142), adopted
September 16, 1983