

EBS/82/158

CONFIDENTIAL

September 2, 1982

To: Members of the Executive Board

From: The Managing Director

Subject: Zambia - Overdue Financial Obligations

This is to inform members of the Executive Board that Zambia has not settled the following financial obligations:

<u>Type of Obligation</u>	<u>SDR Amount</u>	<u>Due Date</u>
Semi-annual charges	13,886,044	July 14, 1982
Stand-by repurchase	3,125,000	July 22, 1982
Compensatory financing	6,093,750	July 30, 1982
Quarterly charges	6,313,443	August 5, 1982
Stand-by repurchase	6,250,000	August 11, 1982
Oil facility repurchase	674,375	August 11, 1982
Stand-by repurchase	6,250,000	August 20, 1982
Stand-by repurchase	<u>3,125,000</u>	August 29, 1982
Total	45,717,612	

I have communicated with the Zambian authorities and strongly urged that these outstanding obligations be settled immediately. As Zambia has a reserve tranche position of SDR 7.5 million, I suggested that a purchase be made and the proceeds used to discharge part of the outstanding obligations.

On August 31, 1982, the Zambian authorities informed me that settlement would be made of the outstanding semi-annual charges of SDR 13.9 million, partly by purchasing the reserve tranche and partly by an acquisition of SDRs.

Discussions will be held with the Zambian authorities during the Annual Meetings in Toronto regarding the prompt discharge of the other outstanding obligations.

In these circumstances, I do not propose any action by the Executive Board at this time, but I shall keep the members of the Board informed on this matter.

Issued in Toronto and Washington, D.C.