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**IMMEDIATE
ATTENTION**

EBS/91/45

CONFIDENTIAL

March 15, 1991

To: Members of the Executive Board

From: The Secretary

Subject: Zambia - Settlement of Overdue Financial Obligations to the
Fund in the SDR Department, and Termination of Suspension
of the Right to Use SDRs

It is not proposed to bring the attached memorandum from the Managing Director to the agenda of the Executive Board for discussion unless an Executive Director so requests by noon on Thursday, March 21, 1991. In the absence of such a request, the draft decision will be deemed approved by the Executive Board and it will be so recorded in the minutes of the next meeting thereafter.

Mr. Blalock (ext. 8341) is available to answer technical or factual questions relating to this paper.

Att: (1)

To: Members of the Executive Board

March 15, 1991

From: The Managing Director

Subject: Zambia - Settlement of Overdue Financial Obligations to the Fund in the SDR Department, and Termination of Suspension of the Right to Use SDRs

In recent days, Zambia has made payments to the Fund totaling SDR 82.1 million. These payments reduced the member's arrears to the Fund to SDR 861.9 million as of March 15, 1991. This amount is US\$35 million above the level of Zambia's arrears to the Fund on July 1, 1990, as envisaged in the statement by the staff representative at Executive Board Meeting 91/15 on February 8, 1991. ^{1/} As further envisaged in that statement, a rights accumulation program for Zambia is expected to be presented for endorsement by the Executive Board in the course of April 1991.

The authorities have attributed SDR 19.3 million of these payments to the full settlement of Zambia's overdue obligations in the SDR Department. Accordingly, I propose that the suspension of Zambia's right to use SDRs, as provided in Executive Board Decision No. 8670-(87/116) S/TR, adopted August 3, 1987, be terminated. This would be accomplished by adoption of the decision proposed below, which provides for termination of the suspension with effect on the date on which the settlement of the overdue obligations in the SDR Department was effected.

The following draft decision is proposed for adoption by the Executive Board:

Proposed Decision

The Fund decides that the suspension of the right of Zambia to use SDRs, as provided in Executive Board Decision No. 8670-(87/116) S/TR, adopted August 3, 1987, is terminated with effect on March 7, 1991.

^{1/} See Buff document 91/23 (2/7/91).