



Bank of Zambia

OFFICE OF THE DEPUTY GOVERNOR - OPERATIONS

BOZ/EXEC/DG/fsp/am

November 22, 2024

CB Circular No. : 19/2024

To : All Heads of Financial Service Providers

**STAKEHOLDER ENGAGEMENT ON THE PROPOSED BANK OF ZAMBIA
STABILITY AND RESILIENCE FACILITY**

Reference is made to the above subject.

The Bank of Zambia is set to introduce the Stability and Resilience Facility (SRF) to strengthen and enhance resilience of the financial sector in the wake of the 2023/24 drought. The impact of the drought on our economy is now evident: food production has been low, and the economy faces extended periods of load shedding. These have contributed to a rise in food and energy prices, leading to higher costs of production and a steady increase in inflation levels. Growth for 2024 has also been adversely affected, and has now been revised down to between 1.2 and 1.5 percent from the earlier projection of 2.3 percent, with potentially adverse consequences on the ability of businesses and households to meet their financial obligations. The intervention through the SRF is therefore consistent with the broader mandate of the Bank of Zambia of supporting and engendering price and financial system stability.

Like the Targeted Medium Term Refinancing facility (TMTRF), the SRF will be available to eligible financial service providers (FSPs) for onward lending to businesses and households in the agricultural sector and those negatively impacted by the electricity power crisis. The Bank has since developed the terms and conditions and now wishes to engage relevant stakeholders for their input.

In view of the forgoing, I propose a virtual meeting with all commercial banks' Chief Executive Officers, preferably on Monday, November 25, 2024, at 17:30 hours on the Microsoft Teams Platform. While the meeting with the non-bank financial institutions will be held on Tuesday, November 26, 2024, at 14:30 hours. The link for the meetings will be shared, accordingly.

Attached herewith for your comments are the proposed Terms and Conditions. Should you have any matters of clarification either regarding the document or the proposed meeting, please contact Ms Lyness Phiri Mambo, Director – Prudential Supervision Department on lmambo@boz.zm or Mr Goodson Kataya, Director – Financial Stability Department on gkataya@boz.zm



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DEPUTY GOVERNOR AND REGISTRAR OF FINANCIAL SERVICE PROVIDERS

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BAZ Chief Executive Officer