



**BANK of ZAMBIA**

**OFFICE OF THE DEPUTY GOVERNOR - OPERATIONS**

BOZ/EXEC/DGO/bsd/bp

December 11, 2020

CB Circular No. : 30/2020

To : All Heads of Financial Service Providers

**CHANGES TO THE TERMS AND CONDITIONS FOR THE TARGETED  
MEDIUM-TERM REFINANCING FACILITY – INTEREST RATE**

---

Reference is made to the captioned matter and the Terms and Conditions document issued on September 18, 2020, wherein the Bank of Zambia provided detailed prescriptions of how the funds advanced under the Targeted Medium Term Refinancing Facility (TMTRF) should be administered.

Please be informed that the Bank has amended some aspects of Section 9.0 of the Terms and Conditions document on the interest rate as follows:

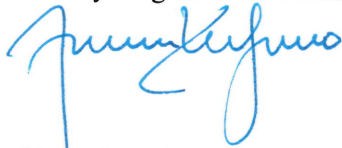
1. Interest rate applicable on the TMTRF shall continue to be the prevailing Monetary Policy Rate (MPR), which is currently at 8.0%, and shall remain fixed over the life of each advance. However, where there is a downward adjustment to the MPR, the interest rate shall be revised and aligned to the new level for the remaining life of the Advance. Further, no adjustment to the interest rate shall be effected whenever there is an upward adjustment to the MPR.
2. All outstanding Advances (already drawn amounts) irrespective of when they were obtained from the Bank of Zambia shall be priced at this prevailing rate, 8.0%, with effect from January 1, 2021.
3. For the undrawn portion of the approved Advances, all amounts will be disbursed at 8.0% interest rate with immediate effect;
4. Financial Service Providers (FSPs) shall ensure that the benefits of this price realignment on all existing facilities, that is, the difference between the interest rate at which the advance was granted to the FSP by the Bank of Zambia and the new interest rate of 8%, shall accrue to the clients in full. This shall be with effect from January 1, 2021;

...2/-

5. The pricing adjustments on existing advances on the TMTRF shall not be impacted by any possible future upward adjustments to the MPR. This should also apply to any client loans originated from the funds under the TMTRF; and

The Bank of Zambia will continue to monitor progress in the implementation of the TMTRF and make any further amendments to the Terms and Conditions as and when deemed necessary. The revised Terms and Conditions document reflecting these changes under Section 9 is enclosed for your ease of reference.

Kindly be guided accordingly.



**Francis Chipimo (PhD)**  
**DEPUTY GOVERNOR – OPERATIONS**

cc Governor