

EBS/84/254
Supplement 1

CONFIDENTIAL

December 7, 1984

To: Members or the Executive Board

From: The Secretary

Subject: Nicaragua - Overdue Financial Obligations - Completion
of Review of Decision on Complaint Under Rule K-1 and
Issuance of Complaint Under Rule S-1

Attached for the records of Executive Directors is the text of
the decision adopted by the Executive Board at EBM/84/176 (12/6/84).

Att: (1)

INTERNATIONAL MONETARY FUND

Nicaragua - Overdue Financial Obligations -
Completion of Review of Decision on Complaint Under
Rule K-1 and Issuance of Complaint Under Rule S-1

Executive Board Decision - December 6, 1984

1. The complaint of the Managing Director dated December 4, 1984 regarding Nicaragua's obligations in the SDR Department, in EBS/84/254, is noted. It shall be placed on the agenda of the Executive Board January 30, 1985. If at that time Nicaragua is not current in its obligations to pay charges in the SDR Department, the Fund will consider suspending the right of Nicaragua to use SDRs it acquires after the suspension pursuant to Article XXIII, Section 2(b). Consideration of the complaint in accordance with Rule S-1 particularly affects Nicaragua. The member shall be informed of its right to present its views through an appropriately authorized representative.

2. The Fund has completed its review of Decision No. 7720-(84/88) (6/6/84), regarding the nonobservance by Nicaragua of obligations to the General Department, in the light of recent developments as described in EBS/84/254 (12/4/84).

3. The Fund regrets the continuing nonobservance by Nicaragua of its financial obligations to the Fund and again urges Nicaragua to settle the overdue obligations promptly. However, the Fund notes the statement made on December 6, 1984 in the Executive Board on behalf of the Nicaraguan authorities regarding their intention to meet the overdue charges in the SDR and General Departments on December 7, 1984 and to make further payments in respect of the overdue obligations in the General Department before January 17, 1985.

4. Nicaragua is urged to take steps to achieve a substantial acceleration of payments to the Fund, with the objective of prompt and full settlement of its obligations to the Fund, and to advise the Fund of its plans as a matter of urgency and in any event, as proposed by the Nicaraguan authorities, not later than January 17, 1985.

5. The Fund shall review further Decision No. 7720-(84/88) on January 30, 1985, taking into account any further developments. Unless at that time Nicaragua is current in its financial obligations to the Fund in the General Department, the Fund will consider the appropriateness of further steps, including the possibility of declaring Nicaragua ineligible to use the general resources of the Fund pursuant to Article XXVI, Section 2.