

#### Arrangement to Monitor Economic Program

1. Attached to EBS/85/149 is a letter dated May 27, 1985 from the Minister of Finance and the General Manager of the Banco de la Republic of Colombia ("their letter") to which is attached a memorandum entitled, "Summary of the Economic Policies of Colombia" setting forth the objectives and policies that the authorities of Colombia intend to pursue during the period through December 31, 1985. By their letter, the authorities of Colombia have requested that the Fund (i) review these objectives and policies ("the program"); (ii) monitor the implementation of the program; (iii) provide to the authorities, for communication to the creditors referred to in their letter, the results of the Fund's initial review and continued monitoring of the program; and (iv) review the policies, including appropriate quantitative targets, that the member intends to pursue under the program in 1986 in order to continue the adjustment effort that is under way.

2. The Fund has reviewed the objectives to be achieved under the program and the policies that the Colombian authorities intend to implement as set forth in their letter and memorandum. The Fund finds that, on the basis of this program, Colombia would have qualified for access to the Fund's resources under an arrangement in the upper credit tranches.

3. The Fund will keep the implementation of the program under review during 1985 and 1986. The authorities of Colombia will be advised, through communications of the Managing Director transmitted after the end of each quarter, whether, on the basis of the information supplied by the authorities of Colombia:

- (a) the performance criteria as set forth below have been observed at the end of each calendar quarter for the period through December 31, 1985;
  - (i) the limit on the net domestic assets of the Banco de la Republica specified in Table 3 of the memorandum attached to their letter,
  - (ii) the limit on the net credit of the Banco de la Republica to the nonfinancial public sector specified in Table 4 of the memorandum attached to their letter,
  - (iii) the target on the net international reserves of the Banco de la Republica specified in Table 5 of the memorandum attached to their letter,
  - (iv) the limit on the total outstanding external debt of, or guaranteed by, the public sector specified in Table 6 of the memorandum attached to their letter;
- (b) during the preceding calendar quarter, the intention relating to exchange restrictions, multiple currency practices, bilateral payments agreements and trade restrictions for balance of payments purposes specified in paragraph 17 of the memorandum attached to their letter has been observed;
- (c) with respect to the program during 1986:
  - (i) after a review, the policies and quantitative targets to serve as performance criteria submitted as proposed in 1(iv) above would have qualified Colombia for the continuation of an

- arrangement in the upper credit tranches, and
- (ii) the performance criteria thus established are being observed at the relevant times during the remaining period of the program.

4. If a communication sent under paragraph 3 indicates that any of the performance criteria set forth in that paragraph are not met, but the Fund finds that the deviations are minor or self-reversing and that it, therefore, would have waived the noncompliance for the purpose of a purchase under a stand-by arrangement, it will so inform Colombia.

5. The Fund notes the statement by Colombia that it will provide all the information and assistance required to facilitate the assessment of the implementation of its program during 1985 and 1986.

Decision No. 8040-(85/114), adopted  
July 26, 1985