

EBS/82/38

CONFIDENTIAL

March 9, 1982

To: Members of the Executive Board

From: The Managing Director

Subject: Grenada - Repurchase due for Overcompensation  
in Compensatory Financing

Grenada has not repurchased an overcompensation of SDR 0.7 million in connection with a purchase of SDR 2.1 million made on April 1, 1981 under the compensatory financing decision. 1/

The authorities were notified of the overcompensation on November 27, 1981 and their response at the time was that the repurchase would be made as soon as their liquidity position permitted. Executive Directors were informed of Grenada's response at Executive Board Meeting 82/1, January 6, 1982. 2/

This matter was discussed by a Fund mission that was in Grenada earlier this year for a review of the existing stand-by arrangement. The Grenada authorities have been reminded of and asked to fulfill their undertaking to repurchase promptly.

It is considered unlikely that Grenada will be in a position to draw the balance of SDR 0.53 million under the existing arrangement before its expiration on May 10, 1982, but it may be possible for the Fund to approve a new one year stand-by arrangement for Grenada in the not too distant future. In keeping with the procedure followed in the case of Sudan, a request for Fund assistance would be brought to the Executive Board agenda after the staff have received an assurance from the authorities that the overcompensation would be discharged in full at the time of the next purchase from the Fund.

In view of the foregoing, I do not propose that any further action be taken by the Executive Board at the present time, but I shall keep the members of the Board informed on the matter.

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1/ See EBS/81/223 "Grenada - Compensatory Financing - Repurchase under paragraph 7 of 1979 Decision", November 16, 1981.

2/ See EBS/82/8 "Compensatory Financing Facility - Early Drawings".