

**FOR
AGENDA**

EBD/06/130

November 10, 2006

To: Members of the Executive Board

From: The Secretary

Subject: **Republic of Montenegro—Report of the Committee on Membership**

Attached is the report by the Chairman of the Committee on Membership for the Republic of Montenegro, recommending the approval of a draft membership Resolution for the Republic of Montenegro for submission to the Board of Governors for a vote without meeting.

This matter will be placed on the agenda of the Executive Board on **Wednesday, November 15, 2006.**

Att: (1)

Other Distribution:
Department Heads

November 9, 2006

To: Members of the Executive Board

From: S. Kashiwagi, Chairman, Committee on Membership—
Republic of Montenegro

Subject: Republic of Montenegro—Report on Membership

At EBM/06/66 (7/19/06), the Executive Board decided to proceed with the formal investigation of the application for membership in the Fund made by the government of the Republic of Montenegro on July 18, 2006 (EBD/06/87, 7/20/06), and appointed this Committee to study the application and to report to the Executive Board.

The Committee, after considering the size and characteristics of the economy of the Republic of Montenegro in relation to those of existing members and taking into account the existing structure of Fund quotas, concluded that an initial quota of SDR 27.5 million would be appropriate for the Republic of Montenegro.

The Committee considers that the Republic of Montenegro should be permitted to pay its initial subscription within six months after accepting membership in the Fund. The Committee further recommends that the Republic of Montenegro should pay an amount equivalent to 24.0 percent of its initial quota in SDRs or in currencies of other members acceptable to the Fund. Such payment would be in accordance with Article II, Section 2 of the Articles of Agreement and the guidelines adopted by the Executive Board in Executive Board Decision No. 6266–(79/156), adopted September 10, 1979, for the payment of reserve assets in connection with the initial quota payment. The balance of the subscription shall be paid in the currency of the Republic of Montenegro.

The authorities of the Republic of Montenegro have indicated that they accept the proposed terms and conditions for the membership of the Republic of Montenegro.

Accordingly, the Committee recommends that the attached draft decision be adopted by the Executive Board, and that the report and the draft Resolution appended thereto be sent to the Board of Governors, the latter for a vote without meeting.

DRAFT DECISION**MEMBERSHIP FOR THE REPUBLIC OF MONTENEGRO**

1. The Board of Governors is requested to vote without meeting pursuant to Section 13 of the By-Laws of the Fund on the attached draft Resolution.
2. The Secretary is directed to send the attached report and draft Resolution on Membership for the Republic of Montenegro to each member of the Fund by rapid means of communication on or before [], 2006.
3. To be valid, votes must be cast by Governors or Alternate Governors and must be received at the seat of the Fund before 6:00 p.m. Washington time on [], 2006. Votes received after that time will not be counted.
4. The effective date of the Resolution of the Board of Governors shall be the last day allowed for voting.
5. All votes cast pursuant to this decision shall be held in the custody of the Secretary until counted, and all proceedings with respect thereto shall be confidential until the Executive Board determines the result of the vote.
6. The Secretary is authorized to take such further action as he shall deem appropriate to carry out the purpose of this decision.

REPORT BY THE EXECUTIVE BOARD**MEMBERSHIP FOR THE REPUBLIC OF MONTENEGRO**

The Republic of Montenegro applied on July 18, 2006 for admission to membership in the International Monetary Fund in accordance with Article II, Section 2 of the Articles of Agreement of the Fund. Pursuant to Section 21 of the By-Laws, the Executive Board has consulted with the representative of the Republic of Montenegro and has agreed upon the terms and conditions which, in the opinion of the Executive Board, the Board of Governors may wish to prescribe for admitting the Republic of Montenegro to membership in the Fund.

The Executive Board has therefore approved the attached Resolution for submission to the Board of Governors for a vote without meeting pursuant to Section 13 of the By-Laws.

INTERNATIONAL MONETARY FUND**DRAFT RESOLUTION****MEMBERSHIP FOR THE REPUBLIC OF MONTENEGRO**

WHEREAS, the Republic of Montenegro, on July 18, 2006 applied for admission to membership in the International Monetary Fund in accordance with Article II, Section 2 of the Articles of Agreement of the Fund;

WHEREAS, pursuant to Section 21 of the By-Laws of the Fund, the Executive Board has consulted with the representative of the Republic of Montenegro and has agreed upon the terms and conditions, which, in the opinion of the Executive Board, the Board of Governors may wish to prescribe for admitting the Republic of Montenegro to membership in the Fund;

NOW, THEREFORE, the Board of Governors, having considered the recommendations of the Executive Board, hereby resolves that the terms and conditions upon which the Republic of Montenegro shall be admitted to membership in the Fund shall be as follows:

1. *Definitions:* As used in this Resolution:
 - (a) The term “Fund” means the International Monetary Fund;
 - (b) The term “Articles” means the Articles of Agreement of the Fund, as amended; and
 - (c) The term “SDRs” means Special Drawing Rights of the Fund.
2. *Quota:* The quota of the Republic of Montenegro shall be SDR 27.5 million.
3. *Payment of Subscription:* The subscription of the Republic of Montenegro shall be equal to its quota. The Republic of Montenegro shall pay twenty four percent of its subscription in SDRs or in the currencies of other members selected by the Managing Director from those currencies that the Fund would receive in accordance with the Fund’s quaterly financial transactions plan in effect at the time of payment. The balance of the subscription shall be paid in the currency of the Republic of Montenegro.

4. *Timing of Payment of Subscription:* The Republic of Montenegro shall pay its subscription within six months after accepting membership in the Fund.
5. *Exchange Transactions with the Fund and Remuneration:* The Republic of Montenegro may not engage in transactions under Article V, Section 3, or receive remuneration under Article V, Section 9, until its subscription has been paid in full.
6. *Exchange Arrangements:* Within 30 days after accepting membership in the Fund, the Republic of Montenegro shall notify the Fund of the exchange arrangements it intends to apply in fulfillment of its obligations under Article IV, Section 1 of the Articles.
7. *Representation and Information:* Before accepting membership in the Fund, the Republic of Montenegro shall represent to the Fund that it has taken all actions necessary to sign and deposit the Instrument of Acceptance and to sign the Articles as contemplated by paragraph 8(a) and 8(b) of this Resolution, and the Republic of Montenegro shall furnish to the Fund such information in respect of such action as the Fund may request.
8. *Effective Date of Membership:* After the Fund shall have informed the government of the United States of America that the Republic of Montenegro has complied with the conditions set forth in paragraph 7 of this Resolution, the Republic of Montenegro shall become a member of the Fund on the date when the Republic of Montenegro shall have complied with the following requirements:
 - (a) The Republic of Montenegro shall deposit with the government of the United States of America an instrument stating that it accepts in accordance with its law the Articles and all the terms and conditions prescribed in this Resolution, and that it has taken all steps necessary to enable it to carry out all its obligations under the Articles and this Resolution; and
 - (b) The Republic of Montenegro shall sign the original copy of the Articles held in the Archives of the government of the United States of America.
9. *Period of Acceptance of Membership:* The Republic of Montenegro may accept membership in the Fund pursuant to this Resolution not later than six

months after the effective date of this Resolution, which date shall be the date of its adoption by the Board of Governors; provided, however, that if the circumstances of the Republic of Montenegro are deemed by the Executive Board to warrant an extension of the period during which the Republic of Montenegro may accept membership pursuant to this Resolution, the Executive Board may extend such period until such later date as it may determine.