

EBD/06/130
Supplement 1

November 17, 2006

To: Members of the Executive Board

From: The Secretary

Subject: **Membership for the Republic of Montenegro—Report by the Executive Board to the Board of Governors**

Attached for the **information** of the Executive Directors is the Report by the Executive Board on Membership for the Republic of Montenegro. This report, along with the revised draft resolution, as adopted at the Executive Board Meeting 06/99 (11/17/06), is being transmitted to Governors for a vote without meeting.

This document will shortly be posted on the extranet, a secure website for Executive Directors and members country authorities.

Att: (1)

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Department Heads

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;

WHEREAS, pursuant to its national legislation, the Republic of Montenegro does not issue a currency of its own but uses the euro as legal means of payment, which for the purposes of the Articles of Agreement of the Fund is deemed to be the currency of the Republic of Montenegro;

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 quarterly 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.