

DOCUMENT OF INTERNATIONAL MONETARY FUND
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**IMMEDIATE
ATTENTION**

EBS/88/134
Supplement 1

CONFIDENTIAL

July 15, 1988

To: Members of the Executive Board

From: The Secretary

Subject: Haiti - Overdue Financial Obligations to the Fund -
Report and Complaint Under Rule K-1

Executive Directors were informed in EBS/88/134, (July 11, 1988) that Haiti was overdue in settling obligations to the Fund totalling SDR 4,699,954.

Since the issuance of EBS/88/134, Haiti made a payment of SDR 1,057,997 and new obligations of SDR 724,069 have fallen due. As a result Haiti's overdue obligations to the Fund total SDR 4,366,026 as of July 14, 1988. This payment has been attributed by Haiti to its longest overdue obligations, settling net SDR charges of SDR 182,337 due on May 1, 1988, a CT repurchase of SDR 874,861 due on May 6, 1988 and reducing a CT repurchase due on May 13, 1988 by SDR 799.

As a result of this payment, Haiti is now current in its financial obligations in the SDR department. Accordingly, the Managing Director's Complaint under Rule S-1 has been withdrawn. To reflect the withdrawal of the S-1 Complaint, a revised draft of the proposed decision in EBS/88/134 is attached together with the consequential revision of the Report and Complaint by the Managing Director to the Executive Board and a revised draft communication from the Managing Director to Haiti (Attachments IV and V of EBS/88/134).

Mr. Berthet (ext. 7633) or Mr. Ross (ext. 8254) is available to answer technical or factual questions relating to this paper prior to the close of business on Monday, July 18, 1988.

Att: (3)



Revised Proposed Decision

The following revised draft decision is proposed for adoption by the Executive Board:

1. The complaint of the Managing Director under Rule K-1 dated July 11, 1988 on Haiti in EBS/88/134, July 11, 1988, is noted. It shall be placed on the agenda of the Executive Board for August 22, 1988.
2. The Fund urges Haiti to become current in its financial obligations to the Fund promptly and to avoid thereby the need for the Fund to take remedial action.
3. Consideration of the complaint in accordance with Rule K-1 particularly affects Haiti. The member shall be informed by rapid means of communication of this matter and of its right to present its views through an appropriately authorized representative.

July 15, 1988

To: Members of the Executive Board

From: The Managing Director

Subject: Haiti - Overdue Financial Obligations to the Fund -
Report and Complaint Under Rule K-1

1. A number of communications have been addressed by the International Monetary Fund to Haiti, and contacts have taken place with the authorities of Haiti concerning the nonobservance of certain obligations under the Articles of Agreement of the Fund. These communications and contacts have not resulted in a resumption of the observance of these obligations.

2. The following complaint is made in accordance with Rule K-1 of the Fund's Rules and Regulations. It appears to me that Haiti is not fulfilling obligations under the Articles of Agreement relating to repurchases, the payment of charges, and interest in the General Department. As of July 14, 1988, these obligations were as follows:

(a) To repurchase the equivalent of SDR 396,928 relating to a repurchase due on May 13, 1988 in respect of a credit tranche purchase made on November 15, 1983;

(b) To pay quarterly charges of SDR 162,084 due on May 16, 1988 under Article V, Section 8(b);

(c) To repurchase the equivalent of SDR 477,273 relating to a repurchase due on May 20, 1988 in respect of a purchase made under the enlarged access policy on November 15, 1983;

(d) To repurchase the equivalent of SDR 132,102 relating to a repurchase due on June 6, 1988 in respect of a purchase made under the enlarged access policy on November 30, 1982;

(e) To repurchase the equivalent of SDR 900,000 relating to a repurchase due on June 9, 1988 in respect of a credit tranche purchase made on December 10, 1980;

(f) To repurchase the equivalent of SDR 539,773 relating to a repurchase due on June 29, 1988 in respect of a credit tranche purchase made on September 30, 1983;

(g) To repurchase the equivalent of SDR 454,542 relating to a repurchase due on June 29, 1988 in respect of a credit tranche purchase made on June 30, 1983;

(h) To pay interest of SDR 21,929 due on June 30, 1988 under Executive Board Decision No. 8240-(86/56) SAF, March 26, 1986, as amended by Decision No. 8542-(87/36) SAF, March 2, 1987;

(i) To repurchase the equivalent of SDR 545,455 relating to a repurchase due on July 6, 1988 in respect of a purchase made under the enlarged access policy on June 30, 1983;

(j) To pay special charges of SDR 2,070 due on July 11, 1988 under Executive Board Decision No. 8165-(85/189) G/TR, December 30, 1985, effective February 1, 1986 as amended by Decision No. 8496-(87/3) G/TR, January 7, 1987; and

(k) To pay charges of SDR 719,454 due on July 14, 1988 under Executive Board Decision No. 6783-(81/40), March 11, 1981.

The Honorable Onill Millet
Governor of the Fund
and Governor
Banque de la Republique d'Haiti
Port-au-Prince, Haiti

July 15, 1988

Dear Governor Millet:

I refer to the various communications of the International Monetary Fund to you concerning the nonobservance of obligations under the Articles of Agreement of the Fund.

I attach for your information the text of my memorandum of July 14, 1988 to the Executive Board setting forth the financial obligations under the Articles of Agreement of the International Monetary Fund that appear to me are not being observed by Haiti.

The Executive Board has decided to place on its agenda for a meeting to be held on August 22, 1988 the complaint set forth in my memorandum.

Consideration of the complaint under Rule K-1 could result in a declaration of ineligibility of Haiti to use the general resources of the Fund under Article XXVI, Section 2(a) of the Articles of Agreement, or a limitation of Haiti's use of the general resources of the Fund according to Rule K-2 of the Fund's Rules and Regulations.

The Government of Haiti is entitled under the Articles and By-Laws of the Fund, and therefore invited, to present its views, both orally and in writing, through an appropriately authorized representative at the meeting of the Executive Board referred to above, and at such subsequent meetings as the Executive Board may hold on this matter, at the Fund's headquarters in Washington, D.C. If you so desire, the Executive Director elected by Haiti may represent Haiti at any such meetings.

I am prepared to make arrangements at your request for the full briefing of your representative on all relevant matters.

Michel Camdessus
Managing Director
International Monetary Fund

Attachment