Web Document 5.E: Year 2000 Facility

Decision No. 12058-(99/110) Y2KF, adopted September 24, 1999

1. From October 15, 1999, through March 31, 2000, the Fund will be prepared to extend financing, in accordance with the provisions of this Decision, to a member that encounters balance of payments difficulties arising from loss of confidence or other problems related to potential or actual failures of computer systems, within or outside the member's territory, to recognize the year “00” as the year 2000 (hereinafter referred to as “Y2K-related problems”).

I. Eligibility and qualification

2. Requests for financing under this Decision will be met where the Fund is satisfied that:
   (a) the member has a balance of payments need arising from Y2K-related problems and is taking steps necessary to deal with such problems that are within its control;
   (b) it has adequate assurance of the member's capacity to make repurchases in accordance with this Decision, taking into account the relevant actions taken by the member, its plan of further measures to be implemented, and, if applicable, the measures taken and to be taken in other countries, to resolve the member's Y2K related problems;
   (c) the member is pursuing sound general economic and financial policies, including policies to address other sources of balance of payments difficulties, if any;
   (d) the member is making appropriate use of its reserves and other available sources of external financing to meet its balance of payments difficulties; and
   (e) the member is cooperating with the Fund in accordance with paragraph 5.

II. Access

3. Financing under this Decision shall not exceed 50 percent of the member's quota, unless there are exceptional circumstances, and shall be in the form of one or more outright purchases. Each request for a purchase shall satisfy the requirements set forth in this Decision.
4. In providing financing under this Decision, the Fund, as under any other policies, shall pay due attention to the member's capacity to service its financial obligations to the Fund, and, having regard to the outstanding financial obligations of the member to the Fund, may determine the amount of financing to be provided accordingly.

III. Cooperation

5. A member shall be deemed to be cooperating with the Fund if:
   (a) the last Article IV consultation with the member was completed broadly in accordance with its consultation cycle and thereafter the member's authorities have provided to the Fund timely information on economic developments and maintained a constructive dialogue with Fund staff on their economic and financial policies;
   (b) the member has a Fund arrangement, under which performance is satisfactory; or
   (c) the Fund approves an arrangement at the time of the request.

IV. Charges

6. During the first six months from the date of each purchase under this Decision, the rate of charge under Article V, Section 8(b) on holdings acquired as a result of purchases under this Decision shall be 300 basis points per annum above the rate of charge referred to in Rule I-6(4) as adjusted for purposes of burden sharing. Such surcharge shall be increased by 50 basis points at the end of that period subject to the provisions of paragraph 7. Pending a decision on the use to be given to the income generated under this Decision, such income shall not be taken into account when determining the amount of net income in excess of the net income target for purposes of paragraph 2 of Decision No. 11944-(99/49), April 30, 1999.

7. The provisions of Decision No. 8165-(85/189) G/TR, December 30, 1985, except Section IV, shall apply to overdue financial obligations arising under this Decision, subject to the following provision:
The rate of charge on overdue repurchases shall be determined by the Fund but shall not be less than the maximum rate of charge determined under paragraph 6.

V. Repurchases

8. A member making purchases under this Decision shall repurchase the outstanding amounts of its currency resulting from such purchases within one year from the date of each purchase.
9. The member will be expected to repurchase the outstanding amounts of its currency resulting from purchases under this Decision after six months of each purchase, provided that the Fund may, upon the request of the member, decide to extend each such repurchase expectation until the repurchase becomes due under paragraph 8.

10. The Fund shall not approve, and the Managing Director shall not recommend for approval, a request for the use of the general resources of the Fund by a member that is failing to meet a repurchase expectation under paragraph 9. Provision shall be made in each stand-by and extended arrangement for the suspension of further purchases under the arrangement whenever a member fails to meet a repurchase expectation under paragraph 9.

VI. Other provisions

11. Purchases under this Decision and holdings resulting from such purchases shall be excluded for purposes of the definition of reserve tranche purchase pursuant to Article XXX(c).

12. Except for the purpose of determining the level of conditionality applied to purchases in the credit tranches, the Fund's holdings of a member's currency resulting from purchases under this Decision shall be considered separate from the Fund's holdings of the same currency resulting from purchases under any other policy on the use of the Fund's general resources. In cases of concurrent requests for purchases under this Decision and for purchases in the credit tranches, purchases under this Decision shall be deemed to be made first.

13. In order to carry out the purposes of this Decision, the Fund will be prepared to grant a waiver of the limitation of 200 percent of quota in Article V, Section 3(b)(iii), whenever necessary to permit purchases under this Decision or to permit other purchases that would raise the Fund's holdings of the purchasing member's currency above that limitation because of purchases outstanding under this Decision.

14. When requesting a purchase under this Decision, the member will represent that, as long as it has outstanding purchases under this Decision, it will consult with the Fund from time to time, at its own initiative or at the request of the Managing Director.