

Executive Board Decision No. 6230-(79/140) (Guidelines on Performance Criteria with Respect to Foreign Debt) adopted August 3, 1979, as amended by Executive Board Decision No. 11096-(95/100) adopted October 25, 1995, and as amended on August 24, 2000

Point No. 9

(a) For the purpose of this guideline, the term "debt" will be understood to mean a current, i.e., not contingent, liability, created under a contractual arrangement through the provision of value in the form of assets (including currency) or services, and which requires the obligor to make one or more payments in the form of assets (including currency) or services, at some future point(s) in time; these payments will discharge the principal and/or interest liabilities incurred under the contract. Debts can take a number of forms, the primary ones being as follows:

(i) loans, i.e., advances of money to the obligor by the lender made on the basis of an undertaking that the obligor will repay the funds in the future (including deposits, bonds, debentures, commercial loans and buyers' credits) and temporary exchanges of assets that are equivalent to fully collateralized loans under which the obligor is required to repay the funds, and usually pay interest, by repurchasing the collateral from the buyer in the future (such as repurchase agreements and official swap arrangements);

(ii) suppliers' credits, i.e., contracts where the supplier permits the obligor to defer payments until some time after the date on which the goods are delivered or services are provided; and

(iii) leases, i.e., arrangements under which property is provided which the lessee has the right to use for one or more specified period(s) of time that are usually shorter than the total expected service life of the property, while the lessor retains the title to the property. For the purpose of the guideline, the debt is the present value (at the inception of the lease) of all lease payments expected to be made during the period of the agreement excluding those payments that cover the operation, repair or maintenance of the property.

(b) Under the definition of debt set out in point 9(a) above, arrears, penalties, and judicially awarded damages arising from the failure to make payment under a contractual obligation that constitutes debt are debt. However, arrears arising from the failure to make payment at the time of delivery of assets or services are not debt.

NEWS BRIEF

FOR IMMEDIATE RELEASE

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International Monetary Fund
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IMF Approves US\$65 Million Tranche Under Stand-By Credit to Federal Republic of Yugoslavia

The Executive Board of the International Monetary Fund (IMF) today completed the first review of the Federal Republic of Yugoslavia's economic program supported by a stand-by credit. The completion of the review will enable the FRY to draw another SDR 50 million (about US\$65 million) from the IMF immediately.

The stand-by credit of a total of SDR 200 million (about US\$259 million) was approved on June 11, 2001, and will expire March 31, 2002 (see Press Release No. 01/31).

Following the Executive Board discussion, Shigemitsu Sugisaki, Deputy Managing Director and Acting Chairman, said:

"The FRY authorities have made good progress in stabilization and reform since late last year under difficult conditions, through the firm implementation of prudent policies. However, the tasks ahead are extremely challenging, requiring continued perseverance and clear ownership of the program by the authorities as well as strong support from donors and creditors.

"Prudent macroeconomic policies have reduced inflation pressures and strengthened foreign exchange reserves, while supporting a recovery of output. On the structural front, the tax system was streamlined, and the exchange, trade, and price systems were almost completely liberalized earlier this year. With the recent adoption of a new privatization framework and the formulation of a bank resolution strategy, an appropriate legal and regulatory framework have been put in place to guide the market transformation of the economy. Problems in fiscal policy

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