

AT THE END OF THE BIENNIUM.

The last transfer between the Exchange Rates Fluctuations Facility and the General Account would take place no later than October 1st of the second year of the biennium. Any positive remaining balance would, by definition, be free and could therefore either be returned immediately to the Member States or set aside for use in the Exchange Rates Fluctuations Facility for the next biennium.

Before either measure is taken, however, there should be a final correction to ensure that any transfers from investment earnings (if such were made at any time during the biennium to compensate for adverse conditions because the Facility had been temporarily exhausted) are returned in full to the Reserve Account. The purpose of this correction is to ensure that, as much as possible, investment earnings are first used in the context of the positive incentive scheme to encourage Member States to pay their assessed contributions early in the year. (See Paper XI A set of Proposals in Regard to Late-Payments, Arrears, Withholdings and Blocked Funds).