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The use of the same procedure would also make it possible for Member States to take system-wide decisions as to whether or not they apply the principle of full budgeting. In order to maintain fairness, a decision to adopt partial budgeting should in principle be applied without discrimination across the full system of Agencies.

THE INFLATION FACILITY:

In the model, the estimation of the total inflation cost, which takes place in the context of the preparations for the next biennial budget, provides the funding level of the Inflation Facility. Member States contribute to the facility in accordance with the normal scale of assessments. The monies are part of the Back-up Envelope. Investment revenue earned on the monies in the Inflation Facility remains in it and augments its level.

The Executive Board exercises the following responsibilities in regard to the Inflation Facility:

- it monitors how the Agency prepares its costs estimates and the calculation of the total inflation cost;
- it decides whether to adopt full or partial budgeting for the next biennium;
- it sets the level of the Inflation Facility;
- it monitors the financial transfers from the Reserve to the General Account for the purpose of compensating for inflation;
- if it had decided to adopt full-budgeting, and actual requirements are greater than estimated (i.e. call for more than the Facility holds), and if there are funds in the Currency fluctuations Facility that will lapse, it has the authority to transfer monies from the Currency Fluctuations Facility (see Paper XIII) to the Inflation Facility;