

- ESTABLISHMENT OF AN EXCHANGE RATES FLUCTUATIONS FACILITY -

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Executive Board would be able to take any one or any combination of the three additional measures:

- open the possibility for a "contingency contribution" which Member States would pay as part of their assessed contributions for the second year of the biennium. The funding level of the contingency contribution would be set right at that moment, and would constitute the maximum that could be requested by the Agency. If, later on, requirements proved to be greater than the funding level, programmes would be placed on Stand-by;
- open the possibility for transferring monies earned from interest or other income on contributions (which accumulate in the Reserve Account) to the Exchange Rates Fluctuations Facility. Again the funding level of this contingency contribution would be pre-set and any latter-day additional requirements would be met by placing programmes on Stand-by;
- during the biennium, transfer monies from the Inflation Facility, if it appears that funds in it will lapse.

THE EXCHANGE RATES FLUCTUATIONS FACILITY:

In the model, therefore, as the Budget Work-Programme is prepared, estimates are made of the funding level required for the Exchange Rates Fluctuations Facility. Shortly before the beginning of the biennium, the initial funding level is confirmed. 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 Exchange Rates Fluctuations Facility remains in it and serves to augment its level.

The Executive Board exercises the following responsibilities in regard to the Exchange Rates Fluctuations Facility:

- it monitors how the Agency prepares its costs estimates and the calculation of the funding requirements for the Exchange Rates Fluctuations Facility;