

**IMMEDIATE
ATTENTION**

EBS/02/135

CONFIDENTIAL

July 26, 2002

To: Members of the Executive Board

From: The Secretary

Subject: **Framework Administered Account for Technical Assistance
Activities—Africa Regional Technical Assistance Centers Subaccount**

Attached for consideration by the Executive Directors is a paper on the framework administered account for technical assistance activities—Africa Regional Technical Assistance Centers Subaccount.

It is not proposed to bring this matter to the agenda of the Executive Board for discussion unless an Executive Director so requests by **noon on Friday, August 9, 2002**. In the absence of such a request, the draft decision that appears on page 4 will be deemed approved by the Executive Board and it will be so recorded in the minutes of the next meeting thereafter.

Questions may be referred to Mrs. Liuksila (ext. 38768) and Mr. B. Christensen (ext. 39356) in OTM.

Att: (1)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

**Framework Administered Account for Technical
Assistance Activities:
Africa Regional Technical Assistance Centers Subaccount**

Prepared by the Legal and Treasurer's Departments
and the Office of Technical Assistance Management

Approved by François Gianviti, Eduard Brau,
and Claire Liuksila

July 26, 2002

1. In April 1995, the Fund established the Framework Administered Account for Technical Assistance Activities ("Framework Account") to receive and administer resources contributed to finance technical assistance activities consistent with the Fund's purposes.¹ The financing of technical assistance activities from the Framework Account is implemented through the establishment and operation of a subaccount within the Framework Account. The establishment of a subaccount requires the approval of the Executive Board. Since the creation of the Framework Account, the Executive Board has approved the establishment of eleven subaccounts; namely, the "Japan Advanced Scholarship Program Subaccount"², the "Rwanda Macroeconomic Management Capacity Subaccount"³, the "Australia-IMF Scholarship Program for Asia Subaccount"⁴, the "Switzerland Technical Assistance Subaccount"⁵, the "French Technical Assistance Subaccount"⁶, the "Denmark Technical Assistance Subaccount"⁷, the "Australia Technical Assistance Subaccount"⁸, "The Netherlands Technical Assistance Subaccount"⁹, the "United Kingdom DFID Technical

¹ EBS/95/56 (3/29/95); Executive Board Decision No. 10942-(95/33), adopted April 3, 1995, as amended by Decision No. 11162-(95/121), adopted December 19, 1995, and by EBS/01/202 (11/29/01), adopted December 6, 2001.

² EBS/95/91 (5/30/95); Executive Board Decision No. 10996-(95/56), adopted June 6, 1995.

³ EBS/95/221 (12/15/95); Executive Board Decision No. 11171-(95/122), adopted December 20, 1995.

⁴ EBS/96/81 (5/29/96); Executive Board Decision No. 11271-(96/55), adopted June 5, 1996.

⁵ EBS/96/132 (8/20/96); Executive Board Decision No. 11331-(96/80), adopted August 27, 1996.

⁶ EBS/96/157 (9/26/96); Executive Board Decision No. 11353-(96/91), adopted September 30, 1996.

⁷ EBS/98/148 (8/19/98); Executive Board Decision No. 11783-(98/89), adopted August 25, 1998.

⁸ EBS/00/36 (2/29/00); Executive Board Decision No. 12155-(00/23), adopted March 7, 2000.

⁹ EBS/00/150 (7/20/00); Executive Board Decision No. 12261-(00/78), adopted July 27, 2000.

Assistance Subaccount”¹⁰, the “Italy Technical Assistance Subaccount”¹¹, and the “Pacific Financial Technical Assistance Centre Subaccount”¹².

2. The Governments of France, the Federal Republic of Germany, Italy, The Netherlands, Norway/Ministry of Foreign Affairs, Sweden, and the United Kingdom, and the Fund (represented by management in accordance with the Framework Account Instrument) have reached understandings regarding the establishment and operation of a new subaccount within the Framework Account, to be called the “Africa Regional Technical Assistance Centers Subaccount” (the “Subaccount”). The essential terms of these understandings are as follows:

- a. The resources of the Subaccount shall consist of amounts contributed to the Subaccount by the Governments of France, the Federal Republic of Germany, Italy, the Netherlands, Norway/Ministry of Foreign Affairs, Sweden, and the United Kingdom, and other governments or official agencies of countries, and intergovernmental agencies that subsequently reach understandings with the Managing Director to contribute to the Subaccount (Contributors), and earnings that accrue as a result of the investment of these amounts (net of any costs associated with such investments).
- b. The resources of the Subaccount will be used to finance activities of the Africa Regional Technical Assistance Centers (AFRITACs) that seek to support the Poverty Reduction Strategy Paper (PRSP) process in sub-Saharan African countries through fostering the capacity for sound macroeconomic management, strong fiscal institutions and financial systems, and timely and accurate collection and dissemination of economic data, including training and activities that strengthen the legal and administrative framework in these core areas.
- c. The Contributors and the Fund shall agree upon operational features related to the technical assistance activities agreed to be financed from the Subaccount. These features, which shall be consistent with the understandings that have been reached between the Contributors and the Fund and the Instrument governing the Framework Account, shall include the design of the technical assistance supported by the Subaccount, the types and amounts of expenses that may be financed from the Subaccount, and the procedures to be followed. The understandings shall also determine the conditions governing and methods used for the disposition of any net contributions for purposes of paragraph 13 of the Instrument governing the Framework Account.

¹⁰ EBS/01/96 (6/22/01); Executive Board Decision No. 12516-(01/68), adopted June 29, 2001.

¹¹ EBS/01/186 (11/9/01); Executive Board Decision No. 12622-(01/118), adopted November 16, 2001.

¹² EBS/02/84 (5/15/02); Executive Board Decision No. 12751-(02/52), adopted May 22, 2002.

d. Resources will be placed in the Subaccount by the Contributors after signature of Letters of Understanding between the Contributors and the Fund relating to the activities to be undertaken by the Africa Regional Technical Assistance Centers (AFRITACs), and before commitments are made by the Fund to finance any technical assistance activities.

e. To help defray the expenses incurred by the Fund in the administration of the Subaccount and the technical assistance activities that it will finance, reimbursement equal to 13 percent of the expenses financed from the Subaccount will be paid to the Fund from the Subaccount.

f. The investment, accounting, reporting, and auditing procedures will be consistent with the provisions set forth in the Instrument governing the Framework Account.

3. Since the technical assistance activities to be financed from the Subaccount would be consistent with the purposes of the Fund, it is recommended that the proposed establishment and operation of the Subaccount be approved.

Proposed Decision

The following decision is proposed for adoption by the Executive Board:

In accordance with the terms and conditions of the Instrument establishing the Framework Administered Account for Technical Assistance Activities (Decision No. 10942-(95/33)), as amended, the Fund hereby approves the establishment of the “Africa Regional Technical Assistance Centers Subaccount,” which shall be used by the Fund to administer resources to be contributed by the Governments of France, the Federal Republic of Germany, Italy, the Netherlands, Norway/Ministry of Foreign Affairs, Sweden, and the United Kingdom, and any subsequent Contributors, as described in EBS/02/135.