

**IMMEDIATE
ATTENTION**

EBS/03/105

July 15, 2003

To: Members of the Executive Board

From: The Secretary

Subject: **Framework Administered Account for Technical Assistance Activities—
Iraq Technical Assistance Subaccount**

Attached for consideration by the Executive Directors is a paper on the framework administered account for technical assistance activities—Iraq technical assistance subaccount. The staff does not propose publication of this paper,

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 Tuesday, July 22, 2003**. In the absence of such a request, the draft decision that appears on page 3 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 Mr. B. Christensen, OTM (ext. 39356), Mr. Fitzpatrick, FIN (ext. 37826), and Ms. Siegel, LEG (ext. 37711).

This document will shortly be posted on the extranet, a secure website for Executive Directors and member country authorities.

Att: (1)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

**Framework Administered Account for Technical
Assistance Activities:
Technical Assistance Subaccount for Iraq**

Prepared by the Legal and Finance Departments
and the Office of Technical Assistance Management

Approved by François Gianviti, Eduard Brau,
and Claire Liuksila

July 14, 2003

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 fourteen subaccounts (listed in the Attachment).

2. The Governments of Australia, Canada, Italy, 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 "Technical Assistance Subaccount for Iraq" (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 Australia, Canada, Italy, 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).

¹ Executive Board Decision No. 10942-(95/33), adopted April 3, 1995 (EBS/95/56 (3/29/95)), as amended by Decision No. 11162-(95/121), adopted December 19, 1995 (EBS/95/220 (12/14/95)) and by Decision No. 12641-(01/126), adopted December 6, 2001 (EBS/01/202 (11/29/01)).

- b. The resources of the Subaccount will be used to finance technical assistance activities that seek to enhance the capacity of Iraq to formulate and implement policies in the macroeconomic, fiscal, monetary, financial, and related statistical fields, including training programs 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.
 - 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 technical assistance activities in Iraq, 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 “Technical Assistance Subaccount for Iraq,” which shall be used by the Fund to administer resources to be contributed by the Governments of Australia, Canada, Italy, and the United Kingdom, and any subsequent Contributors, as described in EBS/03/105.

ATTACHMENT

Subaccounts established under the Framework Administered Account for Technical Assistance Activities:

- “Japan Advanced Scholarship Program Subaccount” (EBS/95/91 (5/30/95); Executive Board Decision No. 10996-(95/56), adopted June 6, 1995)
- “Rwanda Macroeconomic Management Capacity Subaccount” (EBS/95/221 (12/15/95); Executive Board Decision No. 11171-(95/122), adopted December 20, 1995)
- “Australia-IMF Scholarship Program for Asia Subaccount” (EBS/96/81 (5/29/96); Executive Board Decision No. 11271-(96/55), adopted June 5, 1996)
- “Switzerland Technical Assistance Subaccount” (EBS/96/132 (8/20/96); Executive Board Decision No. 11331-(96/80), adopted August 27, 1996)
- “French Technical Assistance Subaccount” (EBS/96/157 (9/26/96); Executive Board Decision No. 11353-(96/91), adopted September 30, 1996)
- “Denmark Technical Assistance Subaccount” (EBS/98/148 (8/19/98); Executive Board Decision No. 11783-(98/89), adopted August 25, 1998)
- “Australia Technical Assistance Subaccount” (EBS/00/36 (2/29/00); Executive Board Decision No. 12155-(00/23), adopted March 7, 2000)
- “The Netherlands Technical Assistance Subaccount” (EBS/00/150 (7/20/00); Executive Board Decision No. 12261-(00/78), adopted July 27, 2000)
- “The United Kingdom DFID Technical Assistance Subaccount” (EBS/01/96 (6/22/01); Executive Board Decision No. 12516-(01/68), adopted June 29, 2001)
- “Italy Technical Assistance Subaccount” (EBS/01/186 (11/9/01); Executive Board Decision No. 12622-(01/118), adopted November 16, 2001)
- “Pacific Financial Technical Assistance Centre Subaccount” (EBS/02/84 (5/15/02); Executive Board Decision No. 12751-(02/52), adopted May 22, 2002)
- “Africa Regional Technical Assistance Centers Subaccount” (EBS/02/135 (7/26/02); Executive Board Decision No. 12832-(02/88), adopted August 9, 2002)
- “Sweden Technical Assistance Subaccount” (EBS/02/91 (11/18/02); Executive Board Decision No. 12891-(02/117), adopted November 25, 2002)
- “China Technical Assistance Subaccount” (EBS/03/61 (05/16/03); Executive Board Decision No. 13015-(03/49), adopted May 23, 2003).