

**IMMEDIATE
ATTENTION**

EBS/09/208

December 16, 2009

To: Members of the Executive Board

From: The Acting Secretary

Subject: **Framework Administered Account for Selected Fund Activities—Middle East Regional Technical Assistance Center (METAC) Subaccount**

Attached for consideration by the Executive Directors is a paper that requests Executive Board approval to establish the Middle East Regional Technical Assistance Center (METAC) subaccount under the terms of the new Framework Administered Account to administer external financial resources for selected Fund activities (the “SFA Instrument”). The financing of activities under the terms of the SFA Instrument, which was established in March 2009 (EBS/09/27, 3/6/09), is implemented through the establishment and operation of a subaccount within the SFA.

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 Wednesday, December 23, 2009**. 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.

It is intended that this paper will be published on the Fund’s external website after December 30, 2009.

Questions may be referred to Ms. SenGupta, LEG (ext. 30032), Ms. Latortue, FIN (ext. 34975), and Ms. Kostial, OTM (ext. 35349).

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

Att: (1)

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Department Heads

INTERNATIONAL MONETARY FUND

**Framework Administered Account for Selected Fund Activities:
Middle East Regional Technical Assistance Center (METAC) Subaccount**

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

Approved by Sean Hagan, Andrew Tweedie, and Alfred Kammer

December 15, 2009

1. In March 2009, the Fund established a new Framework Administered Account to administer external financial resources for selected Fund activities (the “SFA Instrument”).¹ The financing of activities under the terms of the SFA Instrument is implemented through the establishment and operation of a subaccount within the SFA. This paper requests Executive Board approval to establish the METAC subaccount under the terms of the SFA Instrument.
2. Management has engaged in discussions with member countries in the Middle East region as well as donors on regional needs in capacity building, training and related activities. Because METAC has a proven track record to provide focused, flexible, and responsive technical assistance (TA) in a cost-effective manner,² both beneficiary countries of METAC and interested donors are supportive to continue the Fund’s involvement in this regard. The center’s activities will continue to focus on the following key areas representing common policy challenges to member countries, including those related to increased regional integration: (i) revenue administration; (ii) public financial management; (iii) banking supervision; and (iv) economic and financial statistics.
3. Contributions to METAC since its establishment in 2004 have been administered through the Framework Administered Account for Technical Assistance Activities (“FAA”). With the new funding cycle for METAC starting in May 2010, METAC will be administered solely under the SFA.³ On the basis of the above, the Managing Director has established

¹ Executive Board Decision on the Establishment of a New Framework Administered Account for Selected Fund Activities, adopted March 27, 2009 (EBS/09/27).

² See a recent external evaluation of METAC <http://www.imf.org/external/np/pp/eng/2009/100109.pdf>

³ See *Establishment of a New Framework Administered Account for Selected Fund Activities*, EBS/09/27 (3/6/09).

essential terms and conditions of the Subaccount, with respect to the nature, design, and implementation of the activities to be financed from the Subaccount. These essential terms and conditions include the following:

- a. The resources of the Subaccount will consist of amounts contributed to the Subaccount by donors and beneficiary countries of METAC, (“Contributors”), and earnings that accrue as a result of the investment of these amounts (net of any costs associated with such investments). The resources of the Subaccount will be used to finance capacity building, training and related activities, consistent with the purposes of the Fund for identified beneficiaries of METAC. The beneficiaries of METAC are Afghanistan, Egypt, Iraq, Jordan, Lebanon, Libya, Sudan, Syria, West Bank and Gaza, and Yemen. Additional beneficiary members of METAC may be added with the consent of the Managing Director and the concurrence of Contributors.
 - b. Each Contributor will consent to the essential terms and conditions of the Subaccount before the Managing Director may accept the Contributor’s resources into the subaccount.
 - c. Resources will be placed in the Subaccount by each Contributor after signature of a Letter of Understanding between the Contributor and the Fund. Contributors may transfer resources from any bilateral subaccount under the SFA into the METAC subaccount.
 - d. Contributors may join the Subaccount at any time. A Contributor’s consent to the essential terms and conditions of the Subaccount shall constitute the Contributor’s ex ante concurrence to any additional Contributor joining the Subaccount on the latter’s consent to the same essential terms and conditions.
 - e. A Contributor may withdraw from the Subaccount, and receive a retransfer of its net contributions, without precipitating the termination of the Subaccount.
 - f. To help defray the expenses incurred by the Fund in the management of the Subaccount that it will finance, reimbursement equal to 7 percent of the expenses financed from the Subaccount will be paid to the Fund from the Subaccount.
4. The essential terms and conditions of the Subaccount are consistent with the terms of the SFA Instrument, and the activities to be financed from the Subaccount are consistent with the purposes of the Fund. Accordingly, it is proposed that the Executive Board approve the establishment of the Subaccount.

PROPOSED DECISION

The following decision, which may be adopted by a majority of the votes cast, is proposed for adoption by the Executive Board:

In accordance with the terms and conditions of the Instrument establishing the Framework Administered Account for Selected Fund Activities, adopted March 27, 2009, the Fund approves the establishment of the Middle East Regional Technical Assistance Center (METAC) Subaccount, to administer contributed resources, as described in EBS/09/208 (12/16/09).

Attachment

List of Subaccounts established under the Framework Administered Account for Selected Fund Activities:

1. “Central America, Panama, and the Dominican Republic Technical Assistance Center (CAPTAC-DR) Subaccount” (EBS/09/40, 3/30/09).
2. “Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Subaccount” (EBS/09/42, 3/31/09).
3. “East Africa Regional Technical Assistance Center (AFRITAC East) Subaccount” (EBS/09/146) (9/17/09).
4. “West Africa Regional Technical Assistance Center (AFRITAC West) Subaccount” (EBS/09/147) (9/18/09).
5. “Switzerland Subaccount for Selected Fund Activities” (EBS/09/175) (11/13/09).
6. “Germany Subaccount for Selected Fund Activities” (EBS/09/176) (11/13/09).
7. “European Investment Bank Subaccount for Selected Fund Activities” (EBS/09/177) (11/13/09).
8. “The Socialist People’s Libyan Arab Jamahiriya Subaccount for Selected Fund Activities” (EBS/09/178) (11/13/09).
9. “European Commission Subaccount for Selected Fund Activities” (EBS/09/179) (11/13/09).
10. “Kingdom of the Netherlands—Netherlands Subaccount for Selected Fund Activities” (EBS/09/183) (11/20/09).