

**IMMEDIATE
ATTENTION**

EBS/10/60

April 5, 2010

To: Members of the Executive Board

From: The Secretary

Subject: **Framework Administered Account for Selected Fund Activities—Japan
Subaccount for Selected Fund Activities**

Attached for consideration by the Executive Directors is a paper that requests Executive Board approval to establish the Japan 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 Monday, April 12, 2010**. 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.

It is intended that this paper will be published on the Fund’s external website after Monday, April 19, 2010.

Questions may be referred to Ms. SenGupta, LEG (ext. 30032), Mr. DiMaina, FIN (ext. 38455), 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: Japan Subaccount for Selected Fund Activities

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

Approved by
Sean Hagan, Andrew Tweedie, and Alfred Kammer

April 5, 2010

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 subaccounts within the SFA. This paper requests Executive Board approval to establish the Japan Subaccount for Selected Fund Activities (the “Subaccount”) under the terms of the SFA Instrument.

2. The Fund, represented by the Managing Director, has reached understandings with Japan acting through the Ministry of Finance of Japan (“Japan”) for the administration of contributions to finance capacity building and related activities of the Fund. Based on these understandings, the Managing Director has established the essential terms and conditions of the administration of the Subaccount, with which Japan concurs, with respect to the nature, design, and implementation of the activities to be financed and the method by which the costs of the activities will be financed from the Subaccount. These terms and conditions include the following:

a. The resources of the Subaccount shall consist of amounts contributed to the Subaccount by Japan and earnings that accrue as a result of investment of these amounts (net of any costs associated with such investments).

¹ Establishment of a New Framework Administered Account for Selected Fund Activities (EBS/09/27, 03/06/2009).

b. Japan and the Fund shall reach understandings on the operational modalities related to the activities to be financed from the Subaccount, consistent with the understandings that have been reached between Japan and the Fund under the SFA Instrument.

c. Resources will be placed in the Subaccount by Japan on the basis of Letters of Understandings signed between Japan and the Fund relating to specific activities to be undertaken. The Subaccount will also permit Japan to transfer resources from the Japan Subaccount to any subaccount under the SFA.

d. 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 by the Subaccount will be paid to the Fund from the Subaccount.

3. The essential terms and conditions of the Subaccount are consistent with the terms and conditions 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 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, Decision No. 14294-(09/31) adopted March 27, 2009, the Fund approves the establishment of the “Japan Subaccount for Selected Fund Activities” to administer resources contributed by Japan, as described in EBS/10/60.

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).
11. “Middle East Regional Technical Assistance Center (METAC) Subaccount” (EBS/09/208) (12/16/09).
12. “Norway Subaccount for Selected Fund Activities” (EBS/10/4) (01/11/10).
13. “United Kingdom Department for International Development Subaccount for Selected Fund Activities” (EBS/10/50) (03/22/10).