

**IMMEDIATE
ATTENTION**

EBS/10/151

July 26, 2010

To: Members of the Executive Board

From: The Secretary

Subject: **Framework Administered Account for Selected Fund Activities—Central African Regional Technical Assistance Center (AFRITAC Central) Subaccount**

Attached for consideration by the Executive Directors is a paper that requests Executive Board approval to establish the Central African Regional Technical Assistance Center (AFRITAC Central) 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, August 2, 2010**. 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.

It is intended that this paper will be published on the Fund’s external website after Monday, August 9, 2010.

Questions may be referred to Ms. Latortue, FIN (ext. 34975), Mr. Hyman, LEG (ext. 38422), 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)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

**Framework Administered Account for Selected Fund Activities:
Central Africa Regional Technical Assistance Center (AFRITAC Central) Subaccount**

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

Approved by Ross Leckow, Andrew Tweedie, and J.R. Rosales

July 23, 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 a subaccount within the SFA. This paper requests Executive Board approval to establish the AFRITAC Central subaccount under the terms of the SFA Instrument.
2. Management has engaged in discussions with member countries in the Central Africa region as well as donors on regional needs in capacity building, training and related activities. Because AFRITAC Central has a proven track record to provide focused, flexible, and responsive technical assistance (TA) in a cost-effective manner,² both beneficiary countries of AFRITAC Central 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) public debt management; (iv) banking supervision; and (v) economic and financial statistics.
3. Contributions to AFRITAC Central since its establishment in 2007 have been administered through the Framework Administered Account for Technical Assistance Activities (“FAA”). In the new funding cycle for AFRITAC Central starting in

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 an external evaluation of the 3 AFRITACs (Central, East and West) of March 2009 (<http://www.imf.org/external/np/pp/eng/2009/030109.pdf>).

October 2010, AFRITAC Central will be administered solely under the SFA.³ Accordingly, the Managing Director proposes the establishment of a new Subaccount on the basis of the essential terms and conditions of the Subaccount established by management 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 AFRITAC Central, (“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 AFRITAC Central. The beneficiaries of AFRITAC Central are Burundi, Cameroon, the Central African Republic, Chad, Equatorial Guinea, Gabon, the Republic of Congo, the Democratic Republic of Congo, and São Tomé and Príncipe. Additional beneficiary members of AFRITAC Central 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 AFRITAC Central subaccount.
- d. Additional 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.

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

- 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 Central Africa Regional Technical Assistance Center (AFRITAC Central) Subaccount, to administer contributed resources, as described in EBS/10/151.

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).
14. “Japan Subaccount for Selected Fund Activities” (EBS/10/60) (04/05/10).
15. “Establishment of an Administered Account for Interim Holdings of Voluntary Contributions for Fund Activities and Establishment of a Framework Administered Account

for Selected Fund Activities: Subaccount for the Administration of Selected Smaller-Scale Capacity Building Activities” (EBS/10/64) (04/15/10).

16. “United States Subaccount for Selected Fund Activities” (EBS/10/145) (07/16/2010).