

**IMMEDIATE
ATTENTION**

EBS/10/229

December 7, 2010

To: Members of the Executive Board

From: The Secretary

Subject: **Framework Administered Account for Selected Fund Activities—
Caribbean Regional Technical Assistance Center (CARTAC) Subaccount**

Attached for consideration by the Executive Directors is a paper that requests Executive Board approval to establish the Caribbean Regional Technical Assistance Center (CARTAC) 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 the **close of business on Monday, December 13, 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, December 20, 2010.

Questions may be referred to Ms. Kardas, OTM (ext. 37389), Mr. Hyman Bouchereau, LEG (ext. 38422), and Ms. Latortue, FIN (ext. 34975).

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:
Caribbean Regional Technical Assistance Center (CARTAC) Subaccount**

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

Approved by Sean Hagan, Andrew Tweedie, and J.R. Rosales

December 6, 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 Caribbean Regional Technical Assistance Center (CARTAC) subaccount (the “Subaccount”) under the terms of the SFA Instrument.
2. Management and Staff have engaged in discussions with donors as well as member countries in the Caribbean region on regional needs in capacity building, training and related activities. CARTAC has a proven track record as an effective provider of technical assistance to the region with high quality inputs,² and its activities will continue to focus on key areas representing common policy challenges to member countries. These include: (i) revenue administration; (ii) public financial management; (iii) capital markets development; (iv) financial sector regulation and supervision; (v) macroeconomic management; and (vi) macro-fiscal management and economic statistics.
3. CARTAC was set up in 2001 as a United Nations Development Program (UNDP) cost-shared project in which the Fund is the executing agency. This arrangement with the UNDP was chosen because at the time the Fund did not have a suitable framework to administer funds itself. In the new funding cycle, starting February 2011, CARTAC will be administered solely by the Fund under the SFA as any other RTAC.³ On the basis of the above, the Managing Director has established essential terms and conditions of the

¹ Executive Board Decision on the Establishment of a New Framework Administered Account for Selected Fund Activities, Decision No. 14294-(09/31), adopted March 27, 2009.

² See an Independent External Evaluation of CARTAC of February 2010 (<http://www.imf.org/external/np/pp/eng/2010/020110.pdf>).

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

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 shall consist of amounts contributed to the Subaccount by donors and beneficiary countries of CARTAC (“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 CARTAC. The beneficiaries of CARTAC are Anguilla, Antigua and Barbuda, Barbados, Belize, Bermuda, British Virgin Islands, Cayman Islands, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, The Bahamas, Trinidad and Tobago, and Turks and Caicos Islands. Additional beneficiary members of CARTAC 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. The subaccount will permit Contributors to transfer resources from any bilateral subaccount under the SFA into the CARTAC subaccount.
 - d. Contributors may join the Subaccount at any time. A Contributor’s consent to the essential terms and conditions of the Subaccount will 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 seven 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 (Decision No. 14294-(09/31) adopted March 27, 2009, the Fund approves the establishment of the “Caribbean Regional Technical Assistance Center (CARTAC) Subaccount”, to administer contributed resources, as described in EBS/10/229.

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) (1/11/10).
13. “United Kingdom Department for International Development Subaccount for Selected Fund Activities” (EBS/10/50) (3/22/10).
14. “Japan Subaccount for Selected Fund Activities” (EBS/10/60) (4/05/10).

15. “Catch-All Subaccount for the Administration of Selected Smaller-Scale Capacity Building Activities” (EBS/10/64) (4/15/10).
16. “United States Subaccount for Selected Fund Activities” (EBS/10/145) (7/16/10).
17. “Central African Regional Technical Assistance Center (AFRITAC Central) Subaccount” (EBS/10/151) (7/26/10).
18. “Kuwait Subaccount for Selected Fund Activities” (EBS/10/155) (8/12/10).
19. “Belgium Subaccount for Selected Fund Activities” (EBS/10/184) (9/24/10).
20. “IMF-Middle East Center for Economics and Finance Subaccount for Selected Fund Activities” (EBS/10/196) (10/22/10).
21. “Tax Policy and Administration Topical Trust Fund Subaccount” (EBS/10/203) (11/11/10).
22. “Managing Natural Resource Wealth Topical Trust Fund Subaccount” (EBS/10/204) (11/11/10).
23. “Sweden Subaccount for Selected fund Activities” (EBS/10/212) (11/18/2010).