

INTERNATIONAL MONETARY FUND

**Framework Administered Account for Selected Fund Activities: Switzerland
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

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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. The Switzerland Subaccount will be the fifth subaccount to be established under the SFA. This paper requests Executive Board approval to establish the Switzerland 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 Switzerland acting through the State Secretariat for Economic Affairs (SECO) (“Switzerland”), to finance capacity building (technical assistance and training) and related activities. On the basis of these understandings, the Managing Director has established the essential terms and conditions of the Subaccount, with which Switzerland 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 Switzerland and earnings that accrue as a result of investment of these amounts (net of any costs associated with such investments). The resources of the

¹ Establishment of a New Framework Administered Account for Selected Fund Activities (<http://www.imf.org/external/np/pp/eng/2009/030409.pdf>).

Subaccount will be used to finance projects that seek to enhance the capacity of Fund members to formulate and implement policies in the macroeconomic, fiscal, monetary, financial and related statistical fields, including training programs and projects that strengthen the legal and administrative framework in these core areas.

b. Switzerland and the Fund shall reach understandings upon operational features related to the activities to be financed from the Subaccount, consistent with the understandings that have been reached between Switzerland and the Fund and the Instrument governing the SFA.

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

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” (<http://www.imf.org/external/np/pp/eng/2009/032709a.pdf>).
 2. “Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Subaccount” (<http://www.imf.org/external/np/pp/eng/2009/032709.pdf>).
- “East Africa Regional Technical Assistance Center (AFRITAC East) Subaccount”
(<http://www.imf.org/external/np/pp/eng/2009/091509A.pdf>).
3. “West Africa Regional Technical Assistance Center (AFRITAC West) Subaccount”
(<http://www.imf.org/external/np/pp/eng/2009/091509b.pdf>).