

INTERNATIONAL MONETARY FUND

**Framework Administered Account for Selected Fund Activities:  
Pacific Financial Technical Assistance Center (PFTAC) Subaccount**

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

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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”). The financing of activities under the terms of the SFA Instrument is implemented through the establishment and operation of subaccounts under the SFA. This paper requests Executive Board approval to establish the Pacific Financial Technical Assistance Center (PFTAC) subaccount (the “Subaccount”) under the terms of the SFA Instrument.
2. Management has engaged in discussions with countries and territories in the Pacific islands region as well as donors on regional needs in capacity building, training and related activities. Because PFTAC has a proven track record to provide focused, flexible, and responsive technical assistance (TA) in a cost-effective manner,<sup>1</sup> both beneficiary countries and territories of PFTAC and interested donors are supportive to continue the Fund’s involvement in this regard. The center’s activities will continue to focus on five key areas representing common policy challenges to beneficiary countries and territories of PFTAC, including those related to increased regional integration: (i) public financial management; (ii) revenue policy and administration; (iii) economic statistics; (iv) financial sector supervision, and (v) macroeconomic management.
3. Contributions to PFTAC since 2003 have been administered through the Pacific Financial Technical Assistance Center Subaccount under the Framework Administered Account for Technical Assistance Activities.<sup>2</sup> Under the new funding cycle, PFTAC will be administered solely under the SFA.<sup>3</sup> On the basis of the above, the Managing Director has

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<sup>1</sup> See a recent external evaluation of PFTAC (<http://www.imf.org/external/np/pp/eng/2009/030109.pdf>).

<sup>2</sup> See *Framework Administered Account for Technical Assistance Activities – Pacific Financial Technical Assistance Center Subaccount*.

<sup>3</sup> Establishment of a New Framework Administered Account for Selected Fund Activities (<http://www.imf.org/external/np/pp/eng/2009/030409.pdf>).

established 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 and territories of PFTAC (the “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 PFTAC. The beneficiaries of PFTAC are member countries and territories and a non-member country in the Pacific islands region (as listed in the Attachment). Since one of the fifteen island countries and territories is a non-member country, the provision of technical assistance to such country through PFTAC requires approval by the Executive Board pursuant to Rule N-16(d).<sup>4</sup> Additional beneficiary countries or territories of PFTAC 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 Instrument into the 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.

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<sup>4</sup> Rule N-16(d) provides that “[t]he advance approval of the Executive Board shall be necessary for technical services by persons on the staff of the Fund in response to requests by non-members or international agencies.”

- 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.

## Attachment 1

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>).
3. “East Africa Regional Technical Assistance Center (AFRITAC East) Subaccount” (<http://www.imf.org/external/np/pp/eng/2009/091509A.pdf>).
4. “West Africa Regional Technical Assistance Center (AFRITAC West) Subaccount” (<http://www.imf.org/external/np/pp/eng/2009/091509b.pdf>).
5. “Switzerland Subaccount for Selected Fund Activities” (<http://www.imf.org/external/pp/longres.aspx?id=4392>).
6. “Germany Subaccount for Selected Fund Activities” (<http://www.imf.org/external/pp/longres.aspx?id=4393>).
7. “European Investment Bank Subaccount for Selected Fund Activities” (<http://www.imf.org/external/pp/longres.aspx?id=4394>).
8. “The Socialist People’s Libyan Arab Jamahiriya Subaccount for Selected Fund Activities” (<http://www.imf.org/external/pp/longres.aspx?id=4395>).
9. “European Commission Subaccount for Selected Fund Activities” (<http://www.imf.org/external/pp/longres.aspx?id=4396>).
10. “Kingdom of the Netherlands—Netherlands Subaccount for Selected Fund Activities” (<http://www.imf.org/external/np/pp/eng/2009/112009.pdf>).
11. “Middle East Regional Technical Assistance Center (METAC) Subaccount” (<http://www.imf.org/external/np/pp/eng/2009/121509a.pdf>).
12. “Norway Subaccount for Selected Fund Activities” (<http://www.imf.org/external/np/pp/eng/2010/010810a.pdf>).
13. “United Kingdom Department for International Development Subaccount for Selected Fund Activities” (<http://www.imf.org/external/np/pp/eng/2010/032210.pdf>).

14. “Japan Subaccount for Selected Fund Activities” (<http://www.imf.org/external/np/pp/eng/2010/040510.pdf>).
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” (<http://www.imf.org/external/pp/longres.aspx?id=4450>).
16. “United States Subaccount for Selected Fund Activities” (<http://www.imf.org/external/pp/longres.aspx?id=4514>).
17. “African Regional Technical Assistance Center (AFRITAC Central) Subaccount” (<http://www.imf.org/external/pp/longres.aspx?id=4507>).
18. “Kuwait Subaccount for Selected Fund Activities” (<http://www.imf.org/external/pp/longres.aspx?id=4508>).
19. “Belgium Subaccount for Selected Fund Activities” (<http://www.imf.org/external/pp/longres.aspx?id=4509>).
20. “IMF-Middle East Center for Economics and Finance Subaccount for Selected Fund Activities” (<http://www.imf.org/external/pp/longres.aspx?id=4510>).
21. “Tax Policy and Administration Topical Trust Fund Subaccount” (<http://www.imf.org/external/pp/longres.aspx?id=4511>).
22. “Managing Natural Resource Wealth Topical Trust Fund Subaccount” (<http://www.imf.org/external/pp/longres.aspx?id=4512>).
23. “Sweden Subaccount for Selected fund Activities” (<http://www.imf.org/external/pp/longres.aspx?id=4513>).
24. “Liberia Macro-Fiscal Subaccount for Selected Fund Activities” (<http://www.imf.org/external/pp/longres.aspx?id=4517>).
25. “Caribbean Regional Technical Assistance Center (CARTAC) Subaccount for Selected Fund Activities” (<http://www.imf.org/external/pp/longres.aspx?id=4518>).
26. “Africa Regional Technical Assistance Center South (AFRITAC South) Subaccount for Selected Fund Activities” (<http://www.imf.org/external/pp/longres.aspx?id=4538>).

**Attachment 2**

PFTAC Beneficiaries

Fund Members

The Federated States of Micronesia  
Fiji  
Kiribati  
Marshall Islands, Republic of the  
Palau, Republic of  
Papua New Guinea  
Samoa  
Solomon Islands  
Timor Leste  
Tonga  
Tuvalu  
Vanuatu

Fund Members' Territories/Associated States

The Cook Islands (self-governing parliamentary democracy in free association with New Zealand)  
Niue (self-governing parliamentary democracy in free association with New Zealand)  
Tokelau (territory of New Zealand)

Non- Member Independent Country

Nauru