

IMF Publication

Framework Administered Account for Select Fund Activities - The Republic of South Sudan Macroeconomic Capacity Building

INTERNATIONAL MONETARY FUND

**Framework Administered Account for Selected Fund Activities:
Republic of South Sudan Macroeconomic Capacity Building**

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”).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 Republic of South Sudan Macroeconomic Capacity Building Subaccount (the “Subaccount”) under the terms of the SFA Instrument.
2. Management and staff have discussed with donors a program of capacity building for the new government of the Republic of South Sudan, focusing principally on: (i) supporting the development of an integrated macroeconomic framework for monetary and fiscal policy implementation; (ii) establishment of a fully functioning central bank; (iii) improving tax and customs policy and implementation; (iv) building capacity for the production of macroeconomic statistics, and (v) strengthening public financial management. The partnerships with donors will take the form of a multi-donor subaccount.
3. On the basis of the above, the Managing Director has established essential terms and conditions of the Subaccount, 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 essential terms and conditions include the following:
 - a. The resources of the Subaccount shall consist of amounts contributed to the Subaccount by donors (“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 Subaccount.

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

- b. Each Contributor will consent to 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 or other legal agreement between the Contributor and the Fund. The Subaccount will permit Contributors to transfer resources from any bilateral subaccount under the SFA Instrument into the Republic of South Sudan Macroeconomic Capacity Building 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.

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>).
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>).
27. “Pacific Financial Technical Assistance Center (PFTAC) Subaccount” (<http://www.imf.org/external/pp/longres.aspx?id=4541>).
28. “World Bank Subaccount for Selected Fund Activities” (<http://www.imf.org/external/pp/longres.aspx?id=4560>).
29. “Denmark Subaccount for Selected Fund Activities” (<http://www.imf.org/external/pp/longres.aspx?id=4564>).

30. “African Development Bank (AfDB) Subaccount for Selected Fund Activities” (<http://www.imf.org/external/pp/longres.aspx?id=4574>).

Annex I

Annex on the Essential Terms and Conditions for the Administration of the Republic of South Sudan Macroeconomic Capacity Building Subaccount

The Republic of South Sudan Macroeconomic Capacity Building Subaccount (the “Subaccount”) has been established by the International Monetary Fund (the “IMF”) on January 25, 2012.

(1) General Conditions and Use of Funds

- (a) The administration of resources and the activities financed under the Subaccount will be governed by the Instrument for a Framework Administered Account for Selected Fund Activities (the “SFA Framework Instrument”).
- (b) This Annex on the essential terms and conditions for the administration of the Republic of South Sudan Macroeconomic Capacity Building Subaccount (the “Annex”) sets out the essential terms and conditions for the administration and the activities financed under the Subaccount that apply to all contributors (the “Contributors”) and contributions (the “Contributions”) to the Subaccount. It is supplemented, with respect to individual Contributors, by their respective Letters of Understanding (the “LOU”) and as further specified in the Program Document (the “Program Document”) describing the scope of the activities financed, for the period specified in the Program Document.
- (c) In case of any discrepancies among the documents under (a) and (b) above, the controlling order of importance is as follows: the SFA Framework Instrument, the Annex, the LOU, and the Program Document.
- (d) The IMF will identify and employ the personnel for the activities under the Subaccount. For the purposes of this Annex, personnel will include IMF staff, experts, or administrative personnel. The personnel will be supervised and managed by the IMF.
- (e) Goods and services financed under the activities financed under the Subaccount will be procured in accordance with the IMF’s guidelines and procedures.

(2) Governance Structure

- (a) Contributors’ participation in the use of resources of the Subaccount and the activities financed hereunder are as specified in the SFA Framework Instrument, this Annex, LOUs, and the Program Document. Rules and regulations of Contributors will not be applicable to the use of resources or activities financed under the Subaccount.
- (b) The activities financed under the Subaccount are technical assistance and related activities of the IMF. Unless otherwise specified in these terms and conditions, the

IMF's policies, rules and regulations will apply to the activities financed and administration of resources under the Subaccount.

- (c) The Republic of South Sudan Macroeconomic Capacity Building Subaccount will be guided by a steering committee (the "Subaccount Steering Committee"). The Subaccount Steering Committee will include representatives of the Contributors and the IMF. The Steering Committee will provide strategic guidance and assist in setting the priorities of the workplan. The Steering Committee will meet as required to endorse work plans.

(3) Responsibilities of the Parties

- (a) The Contributors will provide the Contributions to the Subaccount as set out in the respective LOUs. In accordance with paragraph 4(b) of the SFA Framework Instrument, additional Contributors may be added to the Subaccount. The Contributors herewith concur to adding further Contributors to the Subaccount.
- (b) The Contributors will not be responsible for the activities of any person or third-party engaged by the IMF as a result of the Contributor's, this Annex, or the Program Document, nor will the Contributors be liable for any costs incurred by the IMF in terminating the engagement of any such person or third-party.
- (c) The LOUs, this Annex, and the Program Document will have no bearing on any other arrangement(s) that the Contributors or the IMF may have with the beneficiary countries.
- (d) In discharging its responsibilities with respect to the Subaccount, the IMF will apply its normal procedures and will exercise the same care as it exercises with respect to the administration and management of its own affairs, but will be under no further obligation to the Contributors in respect thereof.

(4) Reporting and Evaluation of Activities Financed under the Subaccount

- (a) The IMF will keep the Contributors informed on the progress of the activities under the Subaccount, by posting once a year on the IMF's donor gateway² to which each Contributor has access (i) a financial statement regarding the operations and transactions under the Subaccount³ and (ii) a progress report. The IMF will inform the Contributors when these documents have been posted on the donor gateway. The

² The donor gateway is a secure web-site that Contributors may access through <https://extranet.imf.org/>.

³ In accordance with paragraph 11 of the SFA Framework Instrument, the operations and transactions conducted through the Subaccount during the financial year of the IMF will be audited as part of the SFA Framework Account. The report of the External Audit Firm on the SFA Framework Account will be posted on the IMF's external website as part of the IMF's Annual Report.

IMF's electronic notification to Contributors that documents have been posted on the donor gateway will constitute reporting for purposes of paragraph 11 of the SFA Framework Instrument.

- (b) Within twelve months of the completion of the activities financed under the Subaccount relating to the respective LOUs and the Program Document, the IMF will furnish the Contributors with a final report including financial statements of activities financed under the Subaccount.
- (c) A Contributor may conduct an ex-post evaluation of the activities financed under the Subaccount. The IMF may participate in such an evaluation at its discretion. Such evaluation will be planned ahead and, if the IMF chooses to participate, understandings on procedural matters such as timing, scope of the review or evaluation, questions the review or evaluation wishes to raise, nature of the financial information, will be reached between the Contributor and IMF in advance. The cost of any such evaluation will be borne by the Contributor. The terms of reference and the final report of this evaluation will be shared with the Subaccount Steering Committee and other Contributors.

(5) Administration of Funds and Expenses of Trust Fund Administration

- (a) Contributions to the Subaccount, which is a multi-Contributor subaccount, are commingled funds.
- (b) In accordance with paragraph 10 of the SFA Framework Instrument, the Contributors may authorize the IMF to transfer amounts directly to this Subaccount from other subaccounts under the SFA Framework Account, at a Contributor's request.
- (c) In accordance with paragraph 5 of the SFA Framework Instrument, an amount equivalent to 7 (seven) percent of costs charged to the subaccount for Selected Fund Activities will be charged to the Subaccount, so as to help cover the expenses incurred by the IMF in the administration of the Subaccount.

(6) Consultation, Revision, Amendment, and Dispute Resolution

- (a) The Contributors and the IMF will consult each other from time to time, as necessary, on all matters relating to the Subaccount.
- (b) Revisions for purposes of this Annex include major changes to planned activities or to the budget for the activities in the Program Document, or extensions to the Program Document duration without adding new Contributions. Such revisions will be endorsed by the Subaccount Steering Committee. If revisions are needed which cannot await a Subaccount Steering Committee meeting, the IMF will propose such revisions in writing to the Subaccount Steering Committee for their endorsement on a non-objection basis within one month after receipt of the IMF's proposal. Unless the IMF receives an objection, the proposed revision will be deemed approved.

- (c) Amendments for the purposes of this Annex include all other fundamental changes to the understandings reached between Contributors and the IMF (such as, the joining of new Contributors, or fundamental changes to the budget). The IMF will communicate to Contributors the proposed amendments and the Contributors will indicate whether they object to such proposed amendments on a non-objection basis within one month after receipt of the IMF's proposal through official communications as set out in the LOU. Unless the IMF receives an objection, the proposed amendment will be deemed approved.
- (d) Without limitations to the foregoing, the Contributors and the IMF will promptly inform each other and, to the extent reasonably practicable, consult with each other regarding proposed suspension or termination of disbursements, or any event which would interfere or threaten to interfere with the successful implementation of the activities financed under the Subaccount.
- (e) Any disputes arising under these understandings will be settled in accordance with the IMF's normal dispute resolution mechanism.

(7) Confidentiality, Visibility, and Intellectual Property

- (a) The IMF will preserve the confidentiality of any document, information, or other materials directly related to the activities financed under the Subaccount in accordance with IMF policies, such as the IMF's dissemination policy aimed at reinforcing coordination with the Contributors and other TA providers while safeguarding confidentiality and IMF candidness of advice.
- (b) The IMF will take all appropriate measures to publicize the fact that the Republic of South Sudan Macroeconomic Capacity Building Subaccount has received funding from the Contributors. Information given to the press, all related publicity material, official notices, reports and publications, will acknowledge that the activities were carried out "with funding by" the Contributors and, if provided, will display in an appropriate way any logo or emblem representing the Contributors.
- (c) All publications by the IMF pertaining to the Republic of South Sudan Macroeconomic Capacity Building Subaccount financed under the Subaccount, in whatever form and whatever medium, including the internet, will carry the following or a similar disclaimer: "This document has been produced with the financial assistance of the [name of the Contributors]. The views expressed herein can in no way be taken to reflect the official opinion of the [name of the Contributors]."
- (d) All technical assistance outputs are the intellectual property of the IMF.

(8) Withdrawal and Termination

- (a) In accordance with paragraph 13 of the SFA Framework Instrument, upon a Contributor's withdrawal, the Contributor's pro rata share of any balances remaining in the Subaccount, net of any amounts of continuing liabilities and commitments, at the time of effectiveness of the withdrawal will be retransferred to the Contributor or to another subaccount, at the request of the Contributor.
- (b) In accordance with paragraph 15 of the SFA Framework Instrument, upon termination of the Subaccount, a Contributor's pro rata share of any balances remaining in the Subaccount at the time of termination, net of any amounts of continuing liabilities and commitments, will be retransferred to each Contributor or to another Subaccount, at the request of the Contributor.
- (c) Following any retransfer to a Contributor, the Contributor will have no further claims with respect to the Subaccount or the governance of activities financed under the Subaccount.