

INTERNATIONAL MONETARY FUND

Termination of the Administered Account for Liberia

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1. On March 14, 2008 the Fund established the Administered Account for Liberia (“Liberia Administered Account” or LAA) to facilitate fundraising for, and delivery of, debt relief to Liberia with respect to obligations owed to the Fund. Specifically, the account was intended to: (i) receive resources contributed for the financing of the IMF’s share of debt relief to Liberia; and (ii) use these resources, as provided for in the Instrument to establish the LAA, to make contributions in the context of debt relief to Liberia under the Heavily Indebted Poor Country (HIPC) Initiative, and to deliver “beyond-HIPC” debt relief to Liberia (Attachment). As stipulated in the Instrument (paragraph 10(a)), the LAA shall remain in effect for as long as necessary, in the judgment of the Fund, to conduct and wind up the business of the account. Following Liberia’s successful achievement of the HIPC completion point in June 2010 and the full delivery of “beyond-HIPC” debt relief, which exhausted the balances in the account, the LAA can be terminated as it has no pending business.¹

¹ Three other administered accounts were established for the Liberia arrears clearance operation. The Liberia Interim Administered Account, established at the request of Denmark, and the Japan Administered Account for Liberia were terminated in FY 2012 following the complete transfer of their resources. The SCA-1/Deferred Charges Administered Account remains open and holds balances from Brazil, who has requested the account’s availability until March 13, 2014. See [Amendment of the Instrument to Establish the SCA-1/Deferred Charges Administered Account—Extension of Termination Date](#) (3/3/12).

2. A number of members have yet to deliver on their pledged contributions to the Fund's debt relief to Liberia. Not all members who had pledged resources had completed the internal procedures necessary to effect their contributions by June 2010 when Liberia reached the HIPC completion point, and the Fund relied on other resources in the PRG-HIPC Trust to finance the debt relief.² These pending contributions, once received, will be placed in the PRG-HIPC Trust.

3. Accordingly, the following decision, which may be adopted by a majority of the votes cast, is proposed for adoption by the Executive Board:

The Fund considers the purpose of the Administered Account for Liberia (the "Account") has been fulfilled. Pursuant to Paragraph 10 of the Instrument for the establishment of the Account, set forth in Decision No. 13973-(07/80) adopted September 14, 2007 and effective March 14, 2008, the Account is hereby terminated.

² As of end-January 2013, pledged contributions totaling SDR 17.7 million (March 2008 NPV terms) from eight members have yet to be received to replenish the PRG-HIPC Trust. See Table 10, [*Update on the Financing of the Fund's Concessional Assistance and Debt Relief to Low-Income Member Countries*](#) (10/4/12).

Instrument to Establish the Administered Account for Liberia

To help fulfill its purposes, the International Monetary Fund (the “Fund”) has adopted this Instrument to Establish the Administered Account for Liberia in accordance with Article V, Section 2(b) (the “Account”), which shall be governed by, and administered in accordance with, the following provisions:

Paragraph 1. Purpose of the Account

The purpose of the Account is to provide a vehicle to facilitate fundraising for, and delivery of, debt relief to Liberia in respect of obligations owed to the Fund. Specifically, the Account will (a) receive resources contributed for the financing of debt relief to Liberia; and (b) use these resources, pursuant to the terms and conditions set forth in paragraph 6 below, to make contributions in the context of HIPC Initiative debt relief to Liberia, and to deliver “beyond-HIPC” debt relief to Liberia.

Paragraph 2. Resources of the Account

The resources held in the Account shall consist of:

- (a) SCA-1 balances and proceeds of deferred charges adjustments transferred to the Account pursuant to paragraphs 3 and 4, respectively, of Decision No. 13973-(07/80);
- (b) grant contributions made to the Account; and
- (c) net earnings from the investment of resources held in the Account.

Paragraph 3. Contributions to the Account

The Fund may accept contributions of resources to the Account on such terms and conditions as may be agreed between the Fund and the respective Contributors, subject to the provisions of this Instrument.

Paragraph 4. Unit of Account

The SDR shall be the unit of account.

Paragraph 5. Media of payment of contributions and exchange of resources

- (a) Resources provided to the Account shall be in SDRs, any freely usable currency, or such other media as may be agreed by the Fund and the Contributor.
- (b) The Fund may exchange any of the resources held in the Account provided that any balance of a currency held in the Account may be exchanged only with the consent of the issuer of such currency.
- (c) Payments made by the Account shall be made in SDRs, any freely usable currency, or such other media as may be determined by the Fund.

Paragraph 6. Use of the Resources of the Account and Modalities for Use

- (a) The resources of the Account shall be used, pursuant to the terms and conditions set forth in this paragraph: (i) to make contributions to the Trust for Special PRGF Operations for the Heavily Indebted Poor Countries and Interim PRGF Subsidy Operations established pursuant to [Decision No. 11436-\(97/10\)](#) (“PRGF-HIPC Trust”), in the context of the delivery by the PRGF-HIPC Trust of HIPC Initiative debt relief to Liberia, and (ii) to enable the Account itself to deliver “beyond-HIPC” debt relief to Liberia on the full amount of Liberia’s “eligible debt” (as defined below) by repaying such debt to the Fund on behalf of Liberia.
- (b) For purposes of the beyond-HIPC debt relief to be delivered by the Account pursuant to subparagraph (a)(ii), “eligible debt” shall refer to any portion of Liberia’s debt to the Fund (including to the Fund as Trustee) that (i) arises from the first purchase and/or first loan disbursement under arrangements approved by the Fund (including the Fund as Trustee) for Liberia immediately following arrears clearance, (ii) is equal to the amount of Liberia’s arrears to the Fund immediately before arrears clearance, and (iii) is still outstanding when Liberia reaches the completion point under the HIPC Initiative, and is not scheduled to be repaid by assistance committed or disbursed to Liberia under the HIPC Initiative (including any topping-up assistance that may be approved but not disbursed at the completion point).
- (c) All contributions from the Account to the PRGF-HIPC Trust shall be made shortly before Liberia is scheduled to receive debt relief from the PRGF-HIPC Trust. Contributions may be made from the Account to the PRGF-HIPC Trust at the discretion of the Fund, in the context of any interim assistance to be delivered by that Trust to Liberia. Shortly before Liberia is scheduled to reach the completion point under the HIPC Initiative, the amount needed for beyond-HIPC debt relief to Liberia under the

terms of this Instrument shall be estimated and set aside. The remaining resources in the Account, up to the amount of HIPC Initiative debt relief that is scheduled to be approved and/or disbursed at the completion point, shall then be provided as a contribution to the PRGF-HIPC Trust.

- (d) The resources set aside for beyond-HIPC debt relief pursuant to subparagraph (c) shall be used at the completion point to repay to the Fund, on behalf of Liberia, an amount equivalent to Liberia's eligible debt.

Paragraph 7. Authority to Invest Resources in the Account

- (a) Resources held in the Account and not immediately needed for operations of the Account shall be invested at the discretion of the Managing Director, subject to the provisions of subparagraph (b).
- (b) Investments may be made in any of the following: (i) marketable obligations issued by international financial organizations and denominated in SDRs or in the currency of a member of the Fund, (ii) marketable obligations issued by a member or by a national official financial institution of a member and denominated in SDRs or in the currency of that member, and (iii) deposits with a commercial bank, a national official financial institution of a member, or an international financial institution that are denominated in SDRs or in the currency of a member. Investment which does not involve an exchange of currency shall be made only after consultation with the member whose currency is to be used, or, when an exchange of currency is involved, with the consent of the issuers of such currencies.

Paragraph 8. Administration of the Account

- (a) Assets held in the Account shall be kept separate from the assets and property of all other accounts of, or administered by, the Fund. The assets and property held in such other accounts shall not be used to discharge or meet any liabilities, obligations or losses incurred in the administration of the Account; nor shall the assets of the Account be used to discharge or meet any liabilities, obligations or losses incurred in connection with any such other accounts of, or administered by, the Fund.
- (b) The Fund shall maintain separate financial records and financial statements for the Account. The financial statements for the Account shall be expressed in SDRs and prepared in accordance with International Financial Reporting Standards.
- (c) The external audit firm selected under Section 20 of the Fund's By-Laws shall audit the operations and transactions conducted through the Account. The audit shall relate to the financial year of the Fund.

- (d) The Fund shall report on the resources and position of the Account in the Annual Report of the Executive Board to the Board of Governors and shall include in that Annual Report the audit report of the external audit firm on the Account.
- (e) Subject to the provisions of this Instrument, the Fund, in administering the Account, shall apply, mutatis mutandis, the same rules and procedures as apply to operations of the General Resources Account of the Fund.
- (f) The Managing Director is authorized (i) to make all arrangements, including the establishment of accounts in the name of the Fund, with such depositories as he deems necessary to carry out the operations of the Account, and (ii) to take all other measures he deems necessary to implement the provisions of this Instrument.

Paragraph 9. Fees

- (a) No charge shall be levied in respect of the services rendered by the Fund in the administration, operation, and termination of this Account.
- (b) All investment costs, including but not limited to costs associated with the exchange of currencies, purchase of securities, and hiring of external asset managers and custodian banks, shall be borne by, and deducted from, the Account.

Paragraph 10. Period of Operation and Liquidation

- (a) The Account shall remain in effect for as long as is necessary, in the judgment of the Fund, to conduct and to wind up the business of the Account.
- (b) Any balance remaining in the Account on the date of its termination and after the discharge of all obligations of the Account shall be transferred to the PRGF-HIPC Trust for use in accordance with the provisions of the PRGF-HIPC Trust Instrument; provided that, at the request of a Contributor, its pro rata share of any such resources remaining in the Account, or any portion of such share, shall be distributed to the Contributor.

Paragraph 11. Amendments

The provisions of this Instrument may be amended only by a decision of the Fund. Should the Fund amend the terms and conditions of this Instrument in a manner that changes the purpose for which contributions may be used, each Contributor shall have the right to either consent to the change or withdraw its individual unused contribution (which shall be that proportion of unused resources that the SDR equivalent of its contribution bears to the SDR equivalent of total contributions).

Paragraph 12. Settlement of Questions

Any questions arising under this Instrument between a Contributor and the Fund shall be settled by mutual agreement between the Contributor and the Fund.