

Memorandum of Understanding
between
the Swiss Federal Council
and
the Government of the Republic of Poland

on Cooperation in the Joint Constituency in the
International Monetary Fund and the World Bank Group

1. Preamble

Switzerland and Poland have been members of the same constituency both in the International Monetary Fund (IMF) and the World Bank Group since its establishment in 1992.

The purpose of this Memorandum is to spell out the modalities of cooperation in this joint constituency, to enhance the good and close cooperation in these international financial institutions and to ensure a strong position of the constituency in the IMF and the World Bank.

The Swiss Federal Council and the Government of the Republic of Poland reached the following political understandings:

2. General principles

Switzerland and Poland are ready to cooperate on the basis of the existing principles, modalities and practice of cooperation in their joint constituency as referred to in the Constituency Memorandum to be agreed by all members of the constituency (Annex). The present Memorandum complements the terms of the Constituency Memorandum and, in case of doubt, has priority in the bilateral relations between Switzerland and Poland.

3. Cooperation in the IMF

3.1. Appointment of Executive Director and First Alternate Executive Director

Switzerland and Poland are ready to enter into the following rotation scheme for the position of Executive Director in the IMF:

- Executive Directors will rotate on an equal basis every two years. Conditional on the implementation of the XIV General Review of Quotas and Reform of the Executive Board (BG resolution No. 66-2), rotation will start in 2014 with Switzerland nominating a candidate for the first two-year period.
- Poland and Switzerland vote for the nominee proposed by Switzerland or Poland, respectively. A rotation normally takes place following the regular elections of Executive Directors.
- The country not holding the position of Executive Director nominates a suitable candidate for the position of First Alternate Executive Director in the IMF, to be appointed by the Executive Director.
- In the event that an Executive Director or First Alternate Executive Director cannot complete his or her term, a suitable replacement will be nominated by the country holding that position to finish the term.

3.2. Other Representation in the Office of the Executive Director

Switzerland and Poland are ready to have the following further representation in the office of the IMF Executive Director:

Switzerland nominates one Senior Advisor, one Advisor and one Administrative Assistant. It will forego a current second Advisor position, funded externally, in case of an enlargement of the constituency.

Poland nominates one Advisor and one Administrative Assistant.

Switzerland and Poland may each nominate and fund one government provided Advisor.

3.3. Membership in the International Monetary and Financial Committee (IMFC)

Switzerland will assume the responsibility for the constituency as member of the IMFC in accordance with Resolution 54-9 of the Board of Governors. Switzerland may cede its seat to Poland on an ad-hoc basis on IMFC agenda items of specific Polish interests. It strives to include Poland in restricted sessions of the IMFC and in the meetings of IMFC Deputies.

4. Cooperation in the World Bank Group

4.1 Appointment of Executive Director and Alternate Executive Director

Switzerland and Poland recognize the principle of a future rotation between them for the positions of Executive Director and Alternate Executive Director of the WBG. Both sides will agree within twelve months after the entry into force of the rotation at the IMF on concrete targets triggering rotation in the WBG as well as on the modalities of the rotation.

Bearing in mind the role of both countries in the WBG as well as the role of the WBG in the development agenda, Switzerland and Poland concur that representation of the constituency on the World Bank Executive Board as well as in the Development Committee (DC) is determined by a country's relative weight in the world economy, its systemic relevance for the international monetary and financial system, its voting shares, as well as its contributions to the resources and technical assistance activities of the World Bank Group.

Switzerland is ready to support Poland in strengthening its institutional capacity related to the development assistance to reach the concrete trigger targets.

In the interim, the current arrangement with a permanent Swiss Executive Director and a permanent Polish Alternate Executive Director is maintained. The current arrangement for Advisors and Senior Advisors, respectively from Poland and Switzerland, is also maintained, subject to review necessitated by possible changes in the composition of the constituency.

4.2. Membership in the Development Committee (DC)

Switzerland represents the constituency as member of the DC in accordance with Resolution 294 of the Board of Governors. Switzerland may cede her seat to Poland on an ad-hoc basis on DC agenda items of specific Polish interests. It strives to include Poland in restricted sessions of the DC and in the meetings of DC Deputies to the extent possible.

5. Cooperation both in the IMF and World Bank Group

5. 1. Dialogue between capitals

The Governors, Alternate Governors or their designated Deputies will meet on a regular basis, usually every six months. These meetings will normally take place in the month preceding the Spring and Annual Meetings of the IMF and the World Bank Group. They should be held alternately in Berne and Warsaw or in another agreed location.

The agencies responsible on the working level agree to set up regular contacts on IMF and on World Bank matters.

5.2. Funding of additional positions in the Executive Directors' Offices

Switzerland will provide external funding for up to two positions in the office of the Executive Director in the IMF, and for up to three positions in the office of the Executive Director in the World Bank Group, if such costs cannot be covered as part of the regular budgets of the IMF and the World Bank Group. For the IMF, in addition, the provisions under point 3.2 apply. Switzerland and Poland agree to consult on changes to these funding arrangements, which may include Poland sharing in these costs.

5.3. Formulation of the constituency's views

Regarding the formulation of the constituency's views, Switzerland and Poland are ready to apply the following procedures:

- Switzerland and Poland will cooperate closely in formulating the constituency's views for deliberation in the Executive Boards. In cases where no agreement can be found on the working level, the Governors or their designated Deputies will consult directly.
- If a significant divergence of views remains, the Executive Director will be guided by the view of the majority of the constituency. Depending on the circumstances, he or she will refer also to the diverging minority view. In case of a vote in the Executive Board, the Executive Director will abstain if so requested by the other signatory.
- The representatives of the constituency in the Executive Boards of the IMF and the World Bank Group, in the IMFC and in the Development Committee represent the interests of the members of the constituency. They speak only on their behalf and based solely on their inputs.
- Switzerland chairs the meetings of the constituency in preparation of the meetings of the IMFC and the Development Committee.

5.4. Coordination among the Offices of the Executive Directors in the IMF and the World Bank Group

The offices of Executive Directors in the IMF and the World Bank Group cooperate closely, including on positions taken on issues of common responsibility and interest.

6. Application and validity

This Memorandum becomes effective on the day of the last signature by the representatives of the Governments of Switzerland and Poland, respectively.

The functioning of the arrangements in this Memorandum will be reviewed periodically. A review of its main provisions will take place if Switzerland and Poland agree on such a review or in case Poland joins the Euro area.

This Memorandum of Understanding is not intended to create any legally binding obligations between the signatories and replaces the bilateral Memorandum of Understanding concluded in 1992.

Annex

Signatures

For the Swiss Federal Council

For the Government of the
Republic of Poland

Date, Place

Date, Place

For the National Bank of Poland

Date, Place