

MEMORANDUM OF UNDERSTANDING

BETWEEN

THE MINISTRY OF FINANCE AND PLANNING

AND

THE BANK OF SOUTH SUDAN

ON

TREASURY SINGLE ACCOUNT OPERATIONS

JUBA, SOUTH SUDAN,

MARCH 30th 2023

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This **MEMORANDUM of UNDERSTANDING** (hereinafter referred to as the "**MoU**") between the Ministry of Finance and Planning (**Ministry**) {hereinafter referred to as the "**Ministry**") on the one part and the Bank of South Sudan (**Bank**) (hereinafter referred to as the "**Bank**") on the other part, it sets out the role of each party and explains how they work together towards the common objective of financial stability in South Sudan. The division of responsibilities is based on four guiding principles;

- **Clear accountability.** Each party must be accountable for its actions, each must have unambiguous and well-defined responsibilities.
- **Transparency.** Parliament, the market and the public must know who is responsible for what;
- **Avoidance of duplications.** Each party must have clearly defined role to avoid second guessing, inefficiency and unnecessary duplication of efforts. This will help ensure proper accountability;
- **Regular Information exchange.** This helps each party to discharge its responsibilities as efficiently and effectively as possible.

WHEREAS the Bank in its capacity as banker, advisor, and monetary agent of the Government, provides to the Ministry banking arrangements according to Treasury Single Account (TSA) principles. For its services to the Ministry, the Bank is entitled to fees according to this MoU. This MoU complements the existing MoU dated September 21, 2021. The sections 1.3.1, 1.3.6 and 1.3.8 are repealed in the MoU of September 21, 2021, when this MoU is signed and becomes effective.

NOW THEREFORE the Bank and the Ministry agree as follows:

1. INTRODUCTION

This MoU between the Ministry and the Bank covers the banking arrangements provided by the Bank for the Government of the Republic of South Sudan (GRSS). The MoU defines the roles and responsibilities of both parties, the services provided as well as the fee and remuneration structure.



2. THE BANK'S RESPONSIBILITIES

The bank contribute to the maintenance of the stability of the financial sector as a whole involving;

- I. Ensure stability of the monetary system as part of the monetary policy functions;
- II. Overseeing the financial system infrastructure in particular payment systems and closely involved in developing and improving the infrastructure and strengthening the system to help systemic risk;
- III. The bank advises on the implications of South Sudan's financial stability developments in the domestic and international markets.

3. THE MINISTRY'S RESPONSIBILITIES

- I. To ensure consolidating government cash balances, provide oversight of central government cash flows and brings improvement in budget controls and monitoring;
- II. Discharge comprehensive coverage that includes cash balances of central government entities, both budgetary and extrabudgetary, to ensure full consolidation of government's cash resources;
- III. Help to develop an electronic transaction processing (e.g., IFMIS) and payment systems facilities the establishment and operations of a TSA. Modern payments processes rely increasingly on electronic transactions, centralizing receipts and payments and processing government transactions with a minimum of intermediate handling steps. This avoids unnecessary paperwork, thus reducing operational risk.

4. SUB-COMMITTEE

4.1 There shall be Sub-Committee with a representation from each party chaired by the Ministry. It shall be the principal forum for coordinating policies, share information and agree on actions pertinent to Cash Management. It shall also be an important channel for exchanging information.

4.2. The sub-Committee shall meet on monthly basis, unless otherwise stated. The meeting can be called at other time by each party if it considers there to be an



issue which needs to be addressed urgently. Each party to nominate representatives who can be contacted, and meet a short notice.

5. INFORMATION SHARING

Representatives from the two parties meet regularly in the Ministry's Cash Management Committee. At these meetings a standard discussing point on the agenda should be the banking arrangements, the development of new banking arrangements as well as any issues regarding operational banking matters.

6. TREASURY SINGLE ACCOUNT (TSA) ARRANGEMENTS

6.1 TSA refers to Treasury Single Account, a public accounting system using a single account, or a set of linked by the Ministry of Finance and Planning to ensure all revenue receipts and payments are done through a designated accounts at the Bank of South Sudan (BOSS). TSA ensures compliance with the principle of unity of the cash management and treasury operations. It emphasizes the need for all revenues to be fully collected and accounted to support service delivery, while spending efficiency by ministries and agencies is encouraged and institutionalized.

6.2 The pilot TSA scheme commenced on 30th day of March 2023 using a unified structure of accounting for all government Ministries, Departments and Agencies (MDAs).

6.3 TSA Objectives and Benefits.

- i. The primary objective of a TSA is to ensure effective aggregate control over government cash balances. The consolidation of cash resources through a TSA arrangement facilitates government cash management by minimizing borrowing costs.
- ii. Minimizing transaction costs during budget execution, notably by controlling the delay in the remittance of government revenues (both tax and not-tax) by collecting banks and making rapid payments of government expenses; facilitating reconciliation between banking and accounting data; efficient control and monitoring of funds allocated to various government agencies and facilitating better coordination with monetary policy implementation.

The GRSS bank accounts are arranged according to TSA principles by having all GRSS bank account balances in the Bank (according to the scope defined in section



7 and the template in consolidated in a daily report from the Bank. The Bank accepts deficits on the Consolidated Block Account (bank account 00269112001002) if it is covered from surpluses on other GRSS bank accounts, defined in section 9. In this way the Ministry can take advantage of idle funds in other GRSS bank accounts. The arrangements do not permit any transfer of funds from other bank account holders to the bank accounts controlled by the Ministry.

7. TSA SCOPE AND ACCOUNTS ENTITLED TO HAVE DEFICITS

The TSA covers the GRSS bank accounts held by the Bank. This includes the Central Government Ministries, Agencies (including Commissions) and Development Partners bank accounts. GRSS bank accounts included in the TSA are generally not allowed to be in overdraft. Only the Ministry's Consolidated Block Account may have deficits covered from surpluses on other GRSS accounts within the scope of TSA.

8. REMUNERATION AND REVENUE CREDITING

The net daily aggregate GRSS position is remunerated with the official Central Bank Rate (CBR) and credited to the Consolidated Block Account. All GRSS revenue deposited into the Bank is credited to the Ministry bank accounts the same day.

9. MAXIMUM DEFICIT ON THE CONSOLIDATED BLOCK ACCOUNT

The maximum deficit on the Consolidated Block Account, at the end of the day, may amount to the sum of: a) the aggregate balance, of the other GRSS bank accounts controlled by the Ministry, and b) Up to (40%) of the aggregate balance on all other bank accounts included in the TSA arrangements.

10. REPORTING REQUIREMENTS

The Bank provides a daily report on the bank accounts with balances included in the TSA arrangements and the calculated maximum deficit on the Consolidated Block Account and submit it to the Ministry no later than in the morning of the following day.

The Bank also provides bank statements to GRSS entities having bank accounts included in the TSA arrangements.



11. BANK FEES AND CHARGES

The Bank provides the GRSS with effective payment facilities and is remunerated according to the agreed fees and charges schedule. GRSS may have [a number of] transactions free of charges each month.

12. AMENDMENTS

The terms and conditions stated in this MoU may be altered or amended by mutual agreement in writing of both parties, represented by the Minister on the part of Ministry of Finance and Planning and the Governor of the Bank of South Sudan on the part of the Bank.

13. MONITORING AND COMPLIANCE

Both parties to this MoU shall each appoint a person or persons to be principal point of contact between the two parties to monitor compliance with the MoU and to ensure the efficiency and effectiveness in coordination and exchange of information between the two parties.

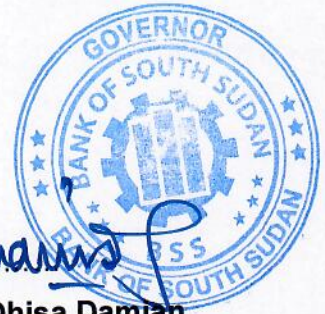
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Signatures

.....
Hon. Dr. Dier Tong Ngor
Minister,
Ministry of Finance & Planning

.....
Hon. Johnny Ohisa Damian
Governor,
Bank of South Sudan



Witnesses

.....
Hon. Ocum Genes Karlo
1st Undersecretary for Finance
Ministry of Finance & Planning

.....
Hon Dr. Addis Ababa Othow
1st Deputy Governor for Policy & Banking
Bank of South Sudan

Annex 1

TREASURY SINGLE ACCOUNTS

BANK INVENTORY			
S/No.	Account Number	Account Name	Currency
1	002 6911 2001 002	Consolidated Block	SSP
2	002 6911 2001 003	Operating	SSP
3	002 6911 2001 004	Non-oil Revenue	SSP
4	002 6911 2001 005	Personal Income Tax	SSP
5	002 6911 2001 008	Salary	SSP
6	002 6912 2271 227	Rapid Credit Facility	SSP
7	002 6912 1222 229	SDR SSP Account	SSP
8	002 6911 2001 007	Reserve	SSP
9	002 6921 0001 024	Taxation	USD
10	002 6921 0001 005	Non-oil Revenue	USD
11	002 6921 0001 096	2% Oil producing States	USD
12	002 6921 0001 097	3% Oil producing Communities	USD
13	002 6921 2249 194	Future Generation Fund	USD
14	002 6921 2001 216	Rapid Credit Facility	USD
15	002 6921 2248 193	Oil Revenue	USD
16	002 6921 1222 229	SDR USD Account	USD

