

MEMORANDUM OF UNDERSTANDING
BETWEEN THE MINISTRY OF FINANCE AND PLANNING
AND
THE BANK OF SOUTH SUDAN

Regarding the Respective Responsibilities of the Ministry of Finance and Planning and the Bank of South Sudan in connection with the Republic of South Sudan's Rapid Credit Facility through the Food Shock Window from the International Monetary Fund

January 9, 2023

4
 

The **Ministry of Finance and Planning ("MOFP")** and the **Bank of South Sudan ("BOSS")** herein after called the "Parties"

considering:

- that on January 23, 2023, the International Monetary Fund ("IMF") is expected to consider a disbursement to the Republic of South Sudan under the Rapid Credit Facility – Food Shock Window (RCF-FSW) in the total amount of SDR 86 million (35 percent of quota);
- SDR 51.6 million of the funds received by the Republic of South Sudan under the RCF-FSW will be used to provide direct budget financing. Of this amount, an amount equivalent to US\$ 20 million will be earmarked to address food insecurity and channeled to the World Food Program (WFP) and the International Organization for Migration (IOM).
- SDR 34.4 million of the funds received by the Republic of South Sudan under the RCF-FSW will be kept as international reserve assets by the BOSS to improve the international reserve position of South Sudan; and
- that both Parties shall act in accordance with relevant domestic laws and regulations, including the Bank of South Sudan Act and the Public Financial Management and Accountability Act, while agreeing with the following framework on the modalities of the use, accounting treatment, and repayment of IMF financing and the servicing of any related costs, and enter under this Memorandum of Understanding (MoU) under the following terms:

Article 1

Request and Receipt of the RCF-FSW from the IMF

1. The full RCF-FSW disbursement will be made to the BOSS in the first instance, which will create a separate monitored account for this purpose at the Bank for International Settlement (BIS) or the US Federal Reserve (Fed).
2. With respect to the portion of the RCF-FSW disbursements made available for budget financing, the MOFP, as the fiscal agent of the Republic of South Sudan, will identify in the disbursement request to the IMF the accounts of the BOSS to which the disbursed amounts shall be credited.
3. Pending use by the MOFP, disbursements from IMF intended for direct budget financing will be held in the MOFP foreign currency (US\$) account number **NO. 00269212001216** with the BOSS.
4. US\$ 15 million and US\$ 5 million will be allocated to the World Food Program and the International Organization for Migration, respectively, in accordance with Memoranda of Understanding to be signed shortly with each of these organizations.



5. The remaining foreign currency amount will be converted, as needed, to local currency for deposit into the MOFP account at the BOSS, at the prevailing FX reference rate.

6. The BOSS, through its BIS or Fed account, shall receive the remaining portion of the disbursed amount and record it in its accounts and balance sheet along with all assets and liabilities resulting from it, including any interest payment due or charges to be paid.

Article 2

Service and Repayment of the RCF-FSW Received from the IMF

1. The funds received from the IMF for direct budget financing under the RCF-FSW are a liability of the Republic of South Sudan.

2. Servicing of the obligations to the IMF that relate to the direct budget financing is fulfilled without a financial burden to the BOSS. Repayments and all costs related to this amount, including interest (if any), are the responsibility of the MOFP.

3. The payments to the IMF will be made through the BOSS under its role as the MOFP fiscal agent, from the MOFP accounts at the BOSS in accordance with domestic legislation including the BOSS Act, the repayment schedule, and procedures of the IMF.

4. The BOSS will inform the MOFP about any repayment due to the IMF, including the currency composition. The MOFP is responsible for foreign exchange differences arising from the RCF obligations to the IMF.

5. The MOFP will ensure that there will be sufficient funds in the designated accounts to cover payments. In the event that the MOFP does not hold sufficient funds in the designated accounts, the BOSS would proceed with the due payment amount, which would become a liability of the MOFP to the BOSS.

6. The institutional arrangements between the MOFP and BOSS in this regard, including accounting treatment, are governed by the laws of the Republic of South Sudan.

Article 3

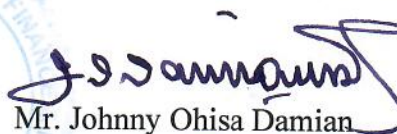
Term of Validity of this Agreement

This memorandum, which may be amended in writing by mutual agreement, shall be in effect until all repayments to the IMF related to the RCF-FSW disbursement have been made.



Mr. Dier Tong Ngor

Minister, Ministry of Finance and Planning



Mr. Johnny Ohisa Damian

Governor, Bank of South Sudan

