

**Brief Preliminary Narrative Report**  
**Utilization of RCF Funds**  
**March 12<sup>th</sup>, 2021**

**Background:**

The GRSS had applied for and negotiated for RCF with the IMF. A total amount equivalent to SDR 36.9 million (about \$ 52.2 million or 15% of the quota) was approved by the IMF Board on 11<sup>th</sup> November 2020 and disbursed two days later to the GRSS' account. The purpose of the RCF was to support the government's response to the negative socioeconomic impact of the COVID 19 pandemic in the country. The economy of South Sudan is heavily dependent on oil; hence the economy has been hit by the drop in global oil prices, with real GDP projected to fall to between -2.5 to 3.2 per cent in 2020. It is expected that the fiscal deficit will rise to 8.2% of GDP in FY 20/21, despite governments efforts to streamline expenditure. Oil revenues are expected to decline to 13.5% of GDP in FY 20/21 from 18% in FY 19/20. At the same time, tax revenues are expected to shrink further to 1.3% of GDP in FY 20/21 from 2.5% of GDP in FY 19/20.

GRSS initiated the discussions with the IMF on a possible Rapid Credit Facility to address the huge financing gap in the FY 2020/2021 Budget. This was in addition to a PFM reform program that would, hopefully, unlock access to a larger pool of resources in the medium term.

In October 2020, the GRSS decided from among other priorities that the RCF would be used to clear 5 months (June – October 2020) of salary arrears at the national level and transfers to states. The Ministry of Finance and Planning initiated the opening of a separate Bank Account in the Bank of South Sudan dedicated for the RCF funds and created a special fund code in IFMIS to track expense against RCF funds and to report.

This report provides a narrative of the utilization of the RCF funds.

1. **The NCBA BANK KENYA PLC**, Nairobi – Kenya, was the correspondent Bank into which the USD equivalent from IMF would be credited. On October 4<sup>th</sup>, 2020 a separate account was opened for the Ministry of Finance and Planning in both USD and SSP currencies in the Bank of South Sudan dedicated for the RCF funds. Upon receipt of this payment from IMF, the Bank of South Sudan will transfer the USD equivalent of **XDR 36,900,000** into the Ministry of Finance Account (RCF Account) at the Bank of South Sudan (BoSS). On 11<sup>th</sup> November 2020, the amount of **USD 52,328,252.72** was disbursed by IMF in Washington. It was credited to BoSS Account in Nairobi on 13<sup>th</sup> November 2020. The same amount was then credited to the Ministry of Finance RCF (USD Acct) at the Bank of South Sudan on the 15<sup>th</sup> November 2020.
2. The Memorandum of Understanding between the Ministry of Finance and Planning (MoFP) and the Bank of South Sudan (BoSS) was signed between the two parties on the 4<sup>th</sup> October 2020. This MoU stipulated that the International Monetary Fund (IMF) is expected to consider a disbursement for the Republic of South Sudan under the Rapid Credit Facility (RCF) in the total amount equivalent to SDR 36.9 million (about \$ 52.2