

*INTERNATIONAL ASSOCIATION OF
TREASURY SERVICES*

*EXECUTIVE BOARD MEETING
Paris – 25 June 2019
Preparatory document*



Participants

Board members:

President : Mr. Ekpao ADJABO, Togo

Vice-president : Mr. Mohamed Lemine OULD DHEHBY, Mauritania

Vice-president : Mr. Henri LOUNDOU, Congo

Administrators:

Mr. Jérôme FOURNEL, represented by Ms Sylvie STUREL, France

Mr. Herivelo ANDRIAMANGA, Madagascar

Mr. Noureddine BENSOUA, Morocco

Mr. Cheikh Tidiane DIOP, Senegal

Ms Tatiana SLYUZ, Ukraine

Guests:

Mr. Birahim GUEYE, Senegal

Mr. Pape Sidy NDOYE, Senegal

Secretariat-general:

Mr. Jean-Marc NIEL, Secretary-General

Mr. Abdessamad KASIMI, Deputy Secretary-General

Ms Christelle VOLPI, Advisor

External Auditor:

Mr. Laurent ROUSSEAU

Agenda:

1 – Financial point

2 - Activities in 2019

- 2.1 Thematic seminar - Hungary
- 2.2 International symposium - Togo

3 – Preparation of the General Assembly

- 3.1 Follow-up of the decisions of the General Assembly in Mauritania (2018) and of the meeting on strategy (25 January 2019)
- 3.2 Partial renewal of the Board
- 3.3 Preparation of the future events

4 – Various issues

1- Financial point

It is contained in **appendix 1**.

2– Activities in 2019

2.1 Thematic seminar - Hungary

This seminar will take place on 2 and 3 October 2019 and will focus on "the Treasury Single Account - CUT, Debt Management and Treasury". The draft programs and terms of reference will be contained in **appendix 2**.

2.2 Annual symposium - Togo

The theme of the conference is "risk management". It was proposed at the meeting of the Executive Board of 25 January 2019 as part of the implementation of the new strategy.

This event, followed by the General Assembly, will be held in Lomé (Togo), from Monday 2nd to Wednesday 4th December 2019, in agreement with the President of the AIST.

Like the Mauritanian colloquium, the General Assembly will take place after the symposium, on Wednesday, December 4, 2019 (morning). This positioning is part of a "protocolary" logic in the framework of the transmission of the presidency, not included in the statutes, and allows the outgoing President to preside over the event until the new President takes office from the General Assembly.

3 - Preparation of the General Assembly

3.1 Follow-up of the decisions of the General Assembly in Mauritania (2018)

3.1.1 Calculation basis for subscriptions

The General Assembly decided to apply a method of calculating the amount of contributions based on the contributory capacities of each state, determined according to the amount of its Gross Domestic Product per capita (GDP / capita), constant prices. For information: the reference year for contribution N is: N - 2).

The methods for calculating past contributions are shown below :

Category	Subscription
GNI/inhab < \$500	€1 500
GNI/inhab between \$ 500 and \$1 000	€2 000
GNI/inhab between \$ 1 000 and \$5 000	€2 500
GNI/inhab between \$ 5 000 and \$10 000	€3 000
GNI/inhab between \$ 10 000 and \$25 000	€4 000
GNI/inhab > \$25 000	€6 000

In addition, the three-year deferral principle in case of a change of contribution category is applied.

3.2 Renewal of the Executive Board

In accordance with the Statutes of AIST, a partial renewal of the Executive Board will be carried out at the end of the General Assembly, to be held in Togo.

The positions of President and of the two Vice-Presidents are designated by the statutes: the presidency is entrusted to the organizing country of the symposium of the following year, the vice-presidencies being allocated to the countries which organised the symposium in N-1 and N- 2. Thus, the Presidency of AIST will be ensured by the country that will organise the 2020 conference (to be determined), the vice-presidencies being entrusted to the countries organising the 2018 (Mauritania) and 2019 (Togo) conferences.

Since the General Assembly of Congo in 2017, the Executive Board comprises 6 administrators (decision of the General Assembly of Kuwait in resolution #12). Morocco and France have the status of permanent members and are therefore rightfully administrators

As a result, four administrator positions are available. Applications will be submitted to the vote of the General Assembly. Any member country may apply, insofar as membership is accompanied by all the rights and obligations provided for in the statutes.

It is proposed to send a call for candidates to the positions of administrators before the General Assembly to enable interested countries to submit their application for voting.

Moreover, the five outgoing members (Congo, as Vice-President, Ivory Coast, Madagascar, Senegal and Ukraine as administrators) may apply if they wish to be reappointed, the members of the Board being re-eligible.

It is recalled that the statutes of the AIST provide that the composition of the Executive Board will "as far as possible, reflect the geographical diversity of the members of the Association".

4.3 Preparation of the future events

4.1 2020 Program

As part of the implementation of the new strategy, a thematic seminar and symposium will be organised. The precise themes of these actions will be decided at the end of the 2019 symposium.

4.2 Applications for hosting future events

In order to anticipate and prepare the events on the one hand, and in order to ensure a geographical balance in the choice of the host countries of our events on the other hand, it is proposed to identify the applications for next years (2020 and following), soliciting members by e-mail before the General Assembly.

The General Assembly is also an opportunity for countries to apply. It is important for countries wishing to host AIST events to make themselves known as soon as possible, the existence of multiple applications allowing to overcome the possible failure of the candidate countries.

This practice has the advantage of offering a better readability in the future work prospects and to have a fallback solution in case of withdrawal of a country for internal reasons. It is then up to the General Assembly to choose the successful candidate.

It is recalled that the candidate countries must be up to date with their contributions.

5 – Various issues



Financial report dated as of 31-12-2018
Accounting period from 01-01-2018 to 31-12-2018

1. AiST Income statement

The following table presents the balance sheet (profit and losses account) on 31 December 2018.

AiST Financial result			
from 1st January 2018 to 31 December 2018			
Expenditure		Profits	
Purchase of studies and service supplies	€ 2,681.14	Profit from contributions	€ 76,908.60
Non-stock purchases of materials and supplies	€ 296.94	Other exceptional income	€ 531.70
Annual symposium costs	€ 25,961.29		
Thematic seminar costs	€ 38,324.08		
Travels, missions and receptions	€ 684.00		
Banking services	€ 1,201.10		
Common management costs	€ 1,661.36		
Result	€ 6,630.39		
Total	€ 77,740.30	Total	€ 77,740.30

The collected proceeds (€ 77,740.30) exceed charges paid during this period (€ 70,809.91), generating a surplus of € 6,630.39.

1. Cashed and recorded profits

1.1 Profit from contributions

For the year 2018, the total amount of contributions theoretically due is € 69,000.00 from which should be subtracted the contributions from Djibouti and Chad until the regularisation of their situation (in accordance with Resolution nr. 3 of the General Assembly of Kuwait City of 16 November 2016).

In accounting, the proceeds of contributions collected from 1 January to 31 December 2018 amount to € 76,908.60.

As of December 31, 2018, 6 countries have an accounts receivable corresponding to prepayments for a total amount of € 19,973.94 on the 2019 and later subscriptions.

As of the same date, 16 countries are receivable for a total amount of € 53,659.45 representing unpaid contributions for 2018 and earlier, including:

- 9 countries owe a sum not exceeding € 100 due to the fact that international transfers support fees levied by banking institutions and result in the AIST cash net contribution lower than the one called;
- 4 countries owe € 19,878.52 (excluding the impact of bank charges on international transfers) broken down as follows:

Country	2013	2014	2015	2016	2017	2018	Total
Country 1	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	1,500.00	9,000.00
Country 2						2,000.00	2,000.00
Country 3	1,378.52			1,500.00	1,500.00	1,500.00	5,878.52
Country 4					1,500.00	1,500.00	3,000.00
Subtotal	2,878.52	1,500.00	1,500.00	3,000.00	4,500.00	6,500.00	19,878.52

- 2 pays suspendus (Djibouti et Tchad) doivent 32 625 €.

Après des relances mensuelles, un dernier rappel a été effectué le 5 décembre 2018 pour les pays qui n'avaient pas encore procédé au paiement de leur cotisation 2018.

1.2 Paid and recorded costs

Main expenses paid in 2018 are divided as follows:

▪ Annual expenses of the symposium	€ 25,961.29
<p><u>Brazzaville (Congo, 2017):</u></p> <ul style="list-style-type: none"> • Transcript and audio recording expenses € 709.50 • Translation work (Minutes 2017 + summary of the XI Symposium – Brazzaville, Congo) € 1,656.56 <p><u>Nouakchott (Mauritania, 2018):</u></p> <ul style="list-style-type: none"> • Symposium preparatory mission (08-12/01/2018) of the Secretary-General and the deputy Secretary-General – catering and accomodation € 1,021.12 • Purchase of flight tickets (Secretary-General, deputy Secretary-General, advisor, external auditor) € 1,801.62 • Catering - Secretariat General € 595.73 • Accommodation Tfeila Hotel € 18,677.46 • Taxi transfers (Secretariat General) € 168.30 	
▪ Thematic seminar expenses	€ 38,324.08
<i>Hanoi (Vietnam) – 28 - 29 March 2018</i>	
<ul style="list-style-type: none"> • Accomodation Hotel Army € 18,643.13 • Taxi transfers (Secretariat-General) € 189.80 • Catering – Secretariat General € 106.58 	
<i>Agadir (Morocco) – 27 - 28 November 2018</i>	
<ul style="list-style-type: none"> • Purchase of flight ticket (round flight Paris-Agadir) for Secretary-General and advisor € 378.00 • Taxi transfers (Secretariat-General) € 119.70 • Catering – Secretariat General 	

	€ 18,886.87
▪ Purchase of studies and services supply	€ 2,681.14
• Work on the AIST website	€ 2,681.14
▪ Non-stock purchases of materials and supplies	€ 296.94
• Order of pens (with the logo of the AIST)	€ 296.94
▪ Travel, missions and reception costs	€ 684.00
• Lunch fee (Meeting of the AIST Executive Board on 29/06/2018) + purchase of water bottles	€ 600.00
• Reimbursement of train ticket for External auditor - 2018 Executive Board meeting	€ 84.00
▪ Banking services costs	€ 1,201.10
• Bank charges charged by Caisse des Dépôts, which holds a current account of the association (bank account management fees, credit card charges, currency change fees, account maintenance fees...)	€ 233.00
• Bank charges charged by Crédit Agricole, holder of a current account of the association (received bank transfers fees)	€ 764.10
• Subscription for credit card (Crédit Agricole)	€ 204.00
▪ Various common management costs	€ 1,661.36
• Deposit on the AIST share of the CREDAF-AIST common expenses 2018	€ 1,501.36
• Subscription to the journal "Gestion et Finances publiques"	€ 160.00

NB : AIST owes € 3,571.42 to CREDAF for mixed charges borne in 2018 by the latter association.

2. AIST balance sheet

The following table presents the assets and financial situation as of 31 December 2018.

	Situation as of 31/12/2017	Situation as of 31/12/2018
ASSETS		
1- Liquid assets		
Current account CDC*	€ 13,034.43	€ 27,542.04
Current account CA**	€ 7,792.22	€ 5,181.03
Cash	€ 232.03	€ 132.87
2- Saving account		
Account Livret A – CA**	€ 60,998.71	€ 55,434.37
Total	€ 82,057.39	€ 88,290.31
LIABILITIES		
1- Retained earnings		
Credit balance	€ 99 692.74	€ 81,659.92
2- Result of the financial year		
Result	- € 18,032.82	€ 6,630.39
Total	€ 82,057.39	€ 88 290.31

* CDC : Caisse des Dépôts

** CA : Crédit Agricole



**Thematic Seminar
Budapest - Hungary
2 - 3 October 2019**

**Single Treasury Account - STA -, and debt management
Provisional agenda**

Tuesday 2 October 2019		
Morning	9:00 AM	Opening ceremony – Group photo
	9:30 AM	<i>Coffee break</i>
	10:00 AM	Plenary session: Presentation of country experiences and discussions
	1:00 PM	<i>Lunch</i>
Afternoon	2:30 PM	Workshop tasks: <ul style="list-style-type: none"> ▪ Workshop 1: TSA: Organisational structure and model ▪ Workshop 2: the constraints to the implementation of the TSA
	4:00 PM	<i>Coffee break</i>
	4:30 PM	Workshop (continuation)
	6:00 PM	End of works
Wednesday 3 October 2019		
Morning	9:00 AM	Workshop tasks: <ul style="list-style-type: none"> ▪ Workshop 3: What incidence of the TSA on the optimisation of the management of the Treasury ▪ Workshop 4: TSA as support of the debt management
	10:30 AM	<i>Coffee break</i>
	11:00 AM	Workshop (continuation)
	12:30 PM	<i>Lunch</i>
Afternoon	2:00 PM	Preparation for the general synthesis by rapporteurs and speakers
	3:00 PM	Plenary session: general synthesis
	4:00 PM	Closing ceremony



Thematic seminar Budapest - HUNGARY 2 - 3 October 2019

Single Treasury Account - STA -, and debt management

Terms of reference

1- Background

In an international and regional context undergoing profound changes and marked by a scarcity of resources, the willingness of the administration to report accurately and completely the operations of public administrations, but also the quest for efficiency and increased transparency in the management of public funds with a focus on better governance, the establishment of the STA is a key step in the renovation process of the State system.

The STA is also part of the accounting reforms whose trend is looming internationally and which pushes for a certain normalisation and standardisation of accounting systems.

The STA contributes to the substantial improvement of the financial governance.

The implementation of the STA crystallises two major issues, namely: **optimisation of cash management and improvement of the debt management of the State.**

2- Single Treasury Account – STA -: concept and structures

2.1 Definition and interest of the STA

The STA consists of centralising all public funds in a single bank account. It is based on the principle of the single State coffer and treasury. The latter is itself based on the principle of fungibility of all liquid assets, whatever their ultimate use.

The STA firstly allows States to meet their commitments in a timely manner, avoiding the accumulation of arrears that strangle the private sector's operators. Secondly, it allows to manage optimally public liquidity in order to prevent the Government from bearing high borrowing costs while idle liquidity exists in bank accounts of public entities. The STA also provides consolidated and real-time information on all public resources and available cash.

2.2 The scope of the STA varies from one country to another

The scope of the STA is a central issue that varies according to the institutional, legislative and regulatory framework of each country and can have a structuring effect on the way of the implementation of the concept.

The STA does not mean "single account". It can indeed result in an aggregation of several accounts that will represent as many sub-accounts.

With regard to the architecture of the STA, it must be emphasised that there is no single model or configuration. Two main models exist:

- ✓ the centralised structure when all receipts and disbursements of the State pass through a single account opened at the Central Bank;
- ✓ the distributed structure when there are other related bank accounts outside the STA main account.

3- Difficulties related to setting up a STA

There are several ways to implement a STA according to country-specific contingencies (regulation, banking system, payment system, etc.) and the desired degree of centralisation (or decentralisation) of the execution of operations.

Ownership and political support is key to the success of the STA reform. An appropriate strategy should be put in place to involve all stakeholders, converge views and sustain the effects of the reform.

These aspects can be debated in order to capitalise on the good practices of the different countries.

4- The impact of the STA on cash management

Far from being a secondary activity, cash management is a vital function of public financial management in that it aims at ensuring, at all times, the financial continuity of the State.

Structural cash flow difficulties are mainly related to two factors: firstly, the shortfall in revenue and secondly, the lack of precision in the forecast of expenditure, which results in significant differences between the forecast and the future budget execution.

Cash-flow pressures resulting from the mismatch between revenue flows and the pace of expenditure execution require the establishment of an effective system that allows the government to meet its commitments, limit the use of borrowing and to place cash surplus on the best terms.

If managing a single account and ways to improve its efficiency are a major focus of cash management, it is not just about gathering up-to-date balances and cash flow information, but about making the STA a forecasting tool for dynamic cash management.

However, the implementation of a cash management system is highly dependent on the existence of a dynamic and robust financial market.

5- The impact of the STA on the debt management

Cash management and debt management are naturally linked because, on the one hand, debt instruments finance a portion of the cash requirements, on the other hand, the outstanding amount of cash contributes to the repayment of maturities of the debt and may be subject to financial investments.

Problems of shortfall in cash, particularly the scattering of public funds, generate significant opportunity costs for the states. Thus, instead of mobilising existing resources because of their scattering in several banks, the States are forced to borrow on the markets, which considerably increases the cost of this resource, and increases the public debt. In the end, the banks can end up lending to the State with the resources of the latter.

Therefore, the STA enables the optimisation of the debt management. Its existence exempts the State from borrowing and incurring additional interest charges to finance the expenses of certain public bodies when some others keep in their bank accounts idle cash balances.

6- Central Prior information systems to the implementation of the STA

To successfully implement a STA, improving the information system is an essential prerequisite. The banking system must have the technological capabilities to support the functioning of the STA, IT security therefore makes sense in these automated exchanges.

The reliability and integrity of STA operations depend on several key requirements, as all processes (from initiation to final payment and reconciliation) should be automated and performed on secure platforms.