

Afghanistan

Technical Assistance in Fiscal Year 2018

Financial Supervision (July 9-13)

METAC continued its support to Da Afghanistan Bank (DAB) on how to supervise weak banks, and address poor governance practices in the banking sector, based on the BCBS Guidelines for Identifying and Dealing with Weak Banks. The mission developed a framework's structure to deal with weak banks together with guidelines on corrective actions that DAB may take against these banks. It also advised reorganizing DAB's Financial Supervision Department to improve the supervision of weak banks. DAB officials, will start drafting the framework and guidelines back in Kabul as to send the completed parts to METAC for review and comments.



*Offsite Mission on Dealing with Weak Banks, Jordan
July 9-13, 2017*

Public Financial Management (October 2-6, March 26-30)

In the context of the ongoing program supported by the Extended Credit Facility, the authorities are committed to continue to implement strong fiscal reform efforts. In the PFM area, their priorities include (i) improving formulation, execution and reporting of the budget, (ii) ensuring a pro-growth composition of expenditures, and (iii) strengthening commitment control and cash management.

To support the ongoing consolidation of PFM reforms, in October 2017, METAC organized a one-week seminar aimed at deepening the understanding of PFM issues for staff who are engaged in capacity building projects and institutional reform. Using a mixture of lectures and group discussions, the seminar built understanding of priority reforms, effective sequencing, and the linkages between the components of PFM capacity building activities and improved economic and fiscal performance.

In March 2017, METAC experts presented good practices and international experiences on budget formulation, budget execution, and public investment management, and discussed approaches and measures to further strengthen the budget reliability and the predictability and control in budget execution. This off-site mission supported the development of institutional arrangements and capacities required to prepare a realistic budget, strengthen controls on key steps of budget execution, and foster the development of an adequate public investment management framework.



*Off-site Mission on Budget Formulation and Execution,
Beirut
March 26-30, 2018*

Revenue Administration (December 10-14)

An off-site mission worked with the Afghanistan Revenue Department (ARD) on an implementation plan for creating a National Large Taxpayers Office (NLTO). This office will provide the full range of tax administration services to large taxpayers—who contribute to a substantial share of national tax revenues—across Afghanistan. The mission focused on supporting ARD finalize the criteria for determining who is considered “large” taxpayer so that revenue projections can be estimated by the NLTO. It also reviewed the implementation plan and provided support to the ARD, to help them meet the milestones for key business process modernizations around taxpayer registration, tax return filing, and tax audit. The mission also shared international good practice on (i) the functions of a NLTO; (ii) factors that need to be applied in the risk profiles of large taxpayers and in the assessment of compliance risk; and (iii) outcome-based performance measurement in the key tax administration areas of filing, tax payment, and management of debt arrears.

Statistics (July 16-20, March 12-22)

In FY18, METAC continued to assist Afghanistan on national accounts and ESS:

- METAC assisted the Central Statistics Office (CSO) of Afghanistan in updating the base year for GDP estimates to 2013/14 (1393 Solar year). The off-site mission, which took place in Amman, assessed the household surveys results, and trained the CSO staff on using the data to estimate independently household final consumption expenditure and informal household production. It recommended updates on the household survey questionnaire to more comprehensive data needed for estimating the informal activities of households. Data sources for government accounts were also reviewed and recommendations provided. The authorities completed a provisional version of the benchmark GDP estimates for 2014/15 by December 2017.
- STA and METAC organized an off-site mission to help DAB in improving the quality of the BoP and IIP. The mission focused on filling data gaps, by developing new estimation methods based on existing and possible new data sources. It assessed the coverage, source data availability, and compilation techniques for compiling BoP and IIP statistics, suggested improvements in the statistical techniques, and promoted the use of adequate source data for compiling and disseminating BoP and IIP in line with BPM6. To enhance interagency coordination on ESS, the mission included staff from the DAB, CSO, MoF, and Customs Department.