

Sudan

Technical Assistance in Fiscal Year 2018

Financial Supervision (May 21– June 1, July 17-19, August 7-9, August 14-16, August 21-23, December 10-14)

METAC continued its assistance to the Credit Information and Scoring Agency, which is owned by the Central Bank of Sudan, to help them improve the credit registry system, develop a credit scoring system, and strengthen the authorities' capacity to monitor credit risk concentration and to detect non-performing loans at an early stage. In this context, a mission followed up on the implementation of METAC's recommendations provided in December 2016, determined the status of the effectiveness of the Credit Information and Scoring Agency credit scoring system, and advised on some key technical components related to credit scoring. The credit scoring system was rolled out to banks and micro finance institutions on August 1, 2017.

In FY 18, METAC also assisted Central Bank of Sudan in upgrading its inspection manual and examination procedures, to align them with risk-based supervisory practices. Four remote missions developed procedures covering corporate governance, internal and external audit, and regulatory compliance. These procedures form important building blocks for a sound risk management system, and are the basis for examiners' capacity in evaluating bank risk management practices. A timetable of milestones was developed relative to the revision of the inspection manual and examination procedures.

In December, a follow-up on-site mission reviewed progress in implementing these examination procedures. The mission discussed ways to address the problems encountered in implementing these new procedures. It provided recommendations to enhance RBS, which include the restructuring of Central Bureau of Statistics (CBS) Banking Supervision Department to (i) promote collaboration between on- and off-site functions and (ii) develop teams of supervisors responsible for all aspects of supervisory activities in a set of banks. The mission also advised modifying some procedures to reflect Sudanese banking practices.

Public Financial Management (July 23-30, February 25 – March 5, April 25-29, April 25-29)

FAD and METAC assist the MoF and Economic Planning of Sudan in designing and implementing PFM reforms. These reforms are essential to cope with macroeconomic challenges arising, inter alia the loss of oil revenues following the secession of South Sudan in 2011 and US sanctions.

METAC has set up a work program aiming at providing sound macroeconomic foundations to the budget formulation. In July 2017, an expert supported the development of capacities related to macro-fiscal forecasting within the Sudanese government. The expert delivered hands-on training on forecasting and reporting, and provided support to update the macro fiscal framework, using in-year forecast of the 2017 budget. Then, during February 25 – March 5, 2018, the expert facilitated the preparation of a baseline forecast and helped the MTFF team to prepare a brief management report outlining the baseline results. Following this visit, the Financial Programming and Policies framework was updated; the MTFF team developed its ability to analyze the performance of the various sectors and understand how they are interlinked; and a template for a quarterly baseline report was prepared.

In April 2018, a mission provided training on fiscal risk management, with a special emphasis on public corporations. It worked closely with the recently created Fiscal Risk Unit to review its

objectives and institutional arrangements. The mission also helped the authorities initiate a review of their budget documentation against the standards defined by the IMF's Fiscal Transparency Code, and initiated discussions on a possible roadmap to implement program budgeting over the medium term. At the end of the mission, a medium-term roadmap for follow-up TA from METAC was proposed.

In April 2018, an expert took stock of the TSA implementation and current cash management practices. She discussed extensively her findings and shared international experiences. At the end of her visit, she proposed a roadmap to further strengthen institutional arrangements related to cash management, develop cash forecasting practices, and enhance the TSA structure that could be supported by METAC TA.

Revenue Administration (October 22 – November 2, December 10-21, April 10-12, April 15-26)

In FY18, METAC assisted both Sudan Customs Administration (SCA) and Sudan Taxation Chamber (STC):

METAC continued to support SCA in rolling out risk management to the Red Sea ports and implementing the World Trade Organization Valuation Agreement. To this end, it organized two missions in Khartoum, and a study visit for SCA officials in Jordan:

- The first mission found that the risk management rollout has made significant progress, with the launch at the three main ports in the Red Sea Directorate on October 29, 2017. Over 60 percent of import cargo is now handled under risk-based approaches. The high level of revenue fraud in unaccompanied baggage has been markedly reduced. Nevertheless, procedures for free zone administration at Garri (Aljaily) free zone are of considerable concern in terms of revenue leakage and SCA requested METAC for TA to help them address this issue. The mission also proposed a study visit to Jordan Customs and Jordan Police for a small group of SCA officers, to be facilitated by METAC, to help them gain understanding of the use of software of risk management, and to benefit from the training available for risk and intelligence analysts.
- The second mission helped SCA to develop revised procedures for the free zone administration to improve the control over the goods entering the Garri (Aljaily) free zones. The mission also identified the legal barriers to strengthen control, and advised on the necessary legislative changes.
- In response to SCA's request, and to help build its human capacity, METAC organized a study visit for SCA officers to Jordan Customs. The visit allowed the official to learn how to use the software for risk management, and how ASYCUDA can be used to strengthen control. During their visits, SCA officers also received a briefing on the Jordan Police analyst training, and discussed the possibility of attaching SCA officers to several of these courses.

METAC assisted the STC improve its performance reporting and develop links to management decision-making, using all the information available in the new IT system. It also conducted a workshop on the implications of the digital economy for tax administration. During the mission the STC Secretary General requested additional assistance on selected critical administrative areas including: risk management; large taxpayer operations; and VAT administration, which will be delivered in the future.

Statistics (January 21-25)

METAC assisted the CBS in improving the annual national accounts, based on an updated benchmark compilation framework. The mission worked with the CBS staff to assess and organize the relevant information from the 2014 household survey and the 2012-14 economic

survey, which will then be integrated in the new benchmark GDP estimates. Attention was paid to the administrative data (including companies' income statements, balance sheets and VAT and customs declarations) as an important supplementary source of information for national accounts estimates. The mission also visited the Tax Chamber office and discussed possibilities for using the tax data bases as a source for the national accounts and economic statistics.