

Libya

Capacity Development Activities in Fiscal Year 2024

Central Bank Operations (March 18-April 26)

METAC provided a remote diagnostic mission on foreign reserve management to the Central Bank of Libya (CBL). This was the first IMF engagement with the CBL on central bank operations in over a decade. The mission recommended strengthening the governance of the reserve management activity by assigning the appropriate hierarchical decision-making levels. All foreign reserve management processes should have clear rules and formal documentation of authority. The mission also recommended introducing benchmarked portfolio management. METAC will support the CBL in implementing the recommendations of the diagnostic mission in FY25.

Public Financial Management (May 14-18)

The mission worked with an MoF team, on an offsite mission in Tunis, to continue developing the MTFE and enhance the staff's capacity to self-manage the framework. This will help to ensure ownership and continuity of using the framework in the future budget preparation and fiscal analysis. The members of the macroeconomic unit were trained on basic forecasting techniques and in creating different economic and fiscal scenarios by using the framework. The mission also provided an outline of a policy document, to be prepared by the unit, to initiate fiscal policy discussions in the government.

Revenue Administration (May 29-June 2; August 28-September 1; January 8-13; February 24-28; April 21-29)

The METAC mission to the Libyan Customs Administration (LCA) complemented IMF Fiscal Affairs Department (FAD) support to pilot testing of ASYCUDA World (AW) at the Port of Tripoli. The FAD expert worked closely with a core team of LCA responsible for AW implementation, offsite in Tunis, Tunisia. The LCA team was given an in-depth view of AW functionalities relating to the management of suspensive regimes and the related system of guaranties. Therefore, LCA team was enabled to better understand the functional aspects of AW regarding the management of suspensive regimes, and the measures, both technical and organizational, needed to enhance the AW prototype in testing. The LCA team committed to start with the submission of new types of declarations before end of June 2023.

As part of capacity development to the Libya Customs Authority, METAC delivered an off-site training on Post Clearance Audit (PCA) and Risk Management (RM) in Amman, Jordan. Four specialist officers from the RM Unit, Training Unit, Misrata Airport Audit Unit, and the Benghazi Audit Unit participated. Training covered PCA technical issues and RM matters, including the importance of relations and interaction between RM, PCA,

intelligence and Enforcement functions. The participants left with a clearer view of PCA and RM, the requirements for its implementation, and were provided knowledge of risk indicators related to classification of goods and customs valuation in the framework of PCA.

An offsite CD event was held with Libya Customs Authority (LCA) in Cairo, Egypt. This CD activity, 'Support to Preparatory Work for the Roll-Out of ASYCUDA World', is the latest in a series of activities supporting the implementation of an automated customs clearance system, ASYCUDA World (AW), by the LCA. With support from METAC, the core team of the LCA AW implementation team identified the measures to be taken for the roll-out of the system to another customs site. A comprehensive review of the current clearance process was conducted, with essential changes made to certain roles/functions in the existing clearance process, establishing a new process that enables the LCA to introduce a risk-based approach to customs controls/ selectivity. The LCA team has embedded this new process into the AW structure, allowing the system to impose a standard processing path for the declaration. The LCA team is committed to implementing the new process in the next office where the system will be rolled out. As an expression of thanks to the METAC team, the Libyan Customs presented Mr. Allan with a certificate of appreciation for the office.

An offsite mission to Amman, Jordan, assisted the Libyan Taxation Authority (LTA) to modernize its organizational headquarters (HQ) and regional offices' structure. The mission recommended a hybrid model organizational structure and emphasized the need to strengthen critical HQ functions. Discussions were held to gain a deeper understanding of the regional offices' structure and review the work of the various departments and offices within this structure. The mission delivered workshops to introduce the participants to the principles of governance and autonomy; good practices in organizational design; the main organizational models used by tax administration; and the role of the HQ. Deliberations took place to develop a high-level organizational structure that best aligns with Libya's specific context.

A remote mission supported the Libyan Taxation Authority (LTA) in the identification of data and reporting requirements for the administration of income taxes. The mission clarified current approaches for income tax administration, including processes for registration, declaration, payment, and verification of liabilities; and identified a preliminary set of data requirements for a re-design of tax forms covering tax registration, and annual Personal Income Tax (PIT) and Corporate Income Tax (CIT) declarations. The authorities acknowledged that the analytical capacity for monitoring and managing an income tax system is lacking and expressed their will to take more immediate steps to improve the income tax administration. The proposed tax forms should be reviewed by the LTA to examine their legislative impacts and confirm their technical feasibility for short-term implementation in the interim LTA computer platform.