

Morocco

Capacity Development Activities in Fiscal Year 2024

Financial Supervision and Regulation (January 16-20; April 15-19)

METAC assisted the Bank Al Maghrib (BAM) in reviewing the requirements of Basel III Fundamental Review of the Trading Book (FRTB) and identifying the main gaps in BAM's current market risk framework. The mission presented to BAM the major enhancements to the market risk framework provided by FRTB and how the European Union (EU) incorporated these new requirements in its regulatory framework and addressed certain implementation issues. The mission discussed the various simplified, standard, and advanced approaches of FRTB, outlined several specificities of the Moroccan banking system that would require more investigations to assess the implications of FRTB and recommended BAM to decide on the most appropriate approach. It also discussed the structure of the regulation and developed a roadmap for FRTB implementation.

METAC assisted Bank Al Maghrib (BAM) in preparing the implementation of the Fundamental Review for the Trading Book (FRTB) requirements under Basel III market risk capital requirements, achieving the first actions defined with BAM in the roadmap set in January 2024. The mission developed (i) a draft circular on the boundary between the Trading Book (TB) and the Banking Book (BB), (ii) a methodological guide for calculating capital requirements under the standard approach and Excel templates for calculating standard approach sensitivities for the Generalized Interest Rate Risk (GIRR) instruments, including the calculations of delta, vega, and curvature sensitivities under three scenarios.

Public Financial Management (February 15-26; April 15-24)

Morocco has taken several steps in implementing mitigation and adaptation policies, mainly to address climate shocks including repeated droughts during the last few years. The Ministry of Economy and Finance introduced an analytical section on fiscal risk analysis in its annual budget reports but didn't yet include climate related fiscal risks. A joint HQ/METAC mission supported the authorities in assessing the long-term impact of climate change and rising sea level on debt and GDP, using new IMF models and tools. The aim was to enhance fiscal risk analysis by adding climate change-related fiscal risks.

During the last few years, METAC supported the Ministry of Economy and Finance, through the "Inspection Generale des Finances" (IGF), in the rollout of an internal control system in the government's ministries. The recent METAC mission continued the work with focus on internal auditing. Morocco has made significant progress in developing internal auditing. The mission assessed the progress of the internal auditing function in eight ministries, identifying the training needs, and developing an audit training plan and provision of tools necessary for this plan, in addition to the identification of needs in the

information systems. An update on the deployment of internal audit's roadmap was also provided.

Revenue Administration (February 5-14; February 12-23)

Morocco Customs hosted a METAC training on 'Improving the use of new emerging data analysis technologies in customs', at their Rabat HQ. Comprehensive training on this niche but important work area was delivered to a select group of eleven officers with the requisite skillsets. This activity is closely aligned with Morocco's customs strategy for development in this area. The 10-day training was split between familiarization on the relevant computer languages, followed by a deep dive into the intricacies of crafting a sophisticated machine learning model, with the explicit goal of detecting fraudulent activities within the Moroccan customs data set.

The mission advised the Direction Générale des Impôts (DGI) on the design of a reform governance framework. During the visit, international good practices in this field were presented to support the recently established Project Management Office. Several workshops were held to ensure that the core reform management team at DGI was aware of the methods, tools, processes, and systems required for effective reform program/project management and the relevant governance arrangements. The mission provided advice on the change of the organizational structure according to reform/project management priorities. It delivered three dedicated workshops based on the VITARA content to representatives from most of the key tax administration functions.