

Public Financial Management

Capacity Development Activities in Fiscal Year 2024

Djibouti

May 7-11, 2023: A METAC mission supported the Ministry of Budget in its objective to develop its budget preparation process, mainly on improving the budget projections and medium-term forecasting. The mission developed, in close collaboration with the budget preparation department, a new framework that is user-friendly and well-focused on the budget details. Medium-term forecasting, mainly on the revenue side, was prepared with the participation of tax agencies, with discussions focusing on the main factors influencing revenue performance. The MTFE complements the Ministry of Finance and Economy's efforts and output of the country's economic model.

January 8-18, 2024: A joint mission from the IMF's Fiscal Affairs Department (FAD) and METAC visited Djibouti to assist the authorities in strengthening the budget preparation process and advise on the prerequisites for effective implementation of the medium-term budget framework (MTBF) and performance-based budgeting (PBB). The mission worked with the authorities to support their reform plans in budget preparation including strengthening the strategic approach, reviewing the budget calendar, building capacity and in taking experimental steps when considering MTBF and PBB.

January 18-25, 2024: A METAC mission supported the Ministry of Budget to present and implement the analytical tool for preparing cash forecasting (CFAT), developed by the fiscal affairs department (FAD) at the IMF. It is a continuation of METAC's technical support to help improve cash management in Djibouti during the last few years. The mission worked with the team responsible for forecasting in the treasury department for the use of the CFAT to enhance the quality of forecasting and improve cash management. Discussions also included the process for collecting data and enhancing coordination between the forecaster and the various departments (debt, budget, etc.) to enrich the cash flow forecast, in addition to start preparing the pre-requisites for the implementation of the treasury single account (TSA).

February 11-22, 2024: A METAC mission supported the Ministry of Budget (MoB) in preparing a roadmap to enhance the role of the training institute in building capacity in the public finance topics. The MoB aims to improve staff skills and knowledge to support the public financial management reforms. The roadmap proposed by the mission includes steps to develop the strategy, resources, operations, trainers, and resources to upgrade the quality of training. Improving training will have a positive impact, mainly on the MoB and the Ministry of Economy and Finance's performance in fiscal and financial related issues.

Egypt

May 23-June 1, 2023: A METAC scoping mission identified progress made, and challenges faced in the implementation of the new PFM law, mainly regarding Performance-Based Budgeting (PBB), Medium-Term Budget Framework (MTBF) and the production of a fiscal strategy document. A phased implementation has started but should be completed before the four-year transition period. The mission highlighted that the work done on PBB over the last three years has to be considered as a pilot phase and recommended to take stock of the lessons learned in linking the program designs to the Sustainable Development Strategy, Egypt 2030. The authorities are about to produce a Fiscal Strategy paper and implement an MTBF. The mission stressed that these reforms are useful in the context of a top-down budget process, where achieving fiscal targets is a clear priority.

December 3-14, 2023: In response to a request of the Ministry of Finance, a joint FAD and METAC mission supported the authorities in drafting a detailed action plan for the full implementation of the new Public Finance Law in the areas of medium-term budget framework (MTBF) and fiscal strategy paper. The Law, adopted in February 2022, includes a comprehensive array of reforms and tools aiming at reinforcing fiscal discipline, strengthening oversight mechanisms, and fostering a more efficient and effective allocation of public resources. The mission provided support on the key design elements of a Fiscal Strategy Paper (FSP) and MTBF that will be adopted in the coming years.

February 11-15, 2024: A joint FAD–METAC mission supported the Ministry of Finance (MoF) in the implementation of medium-term budgeting stipulated in the new PFM law. The law introduces top-down budgeting which will require new roles for the Budget Department and line ministries. Several workshops helped (i) guiding MoF through different options on setting budget ceilings and ensuring these are in line with the fiscal target/anchor; and (ii) discussing the key methodological steps for baseline budgeting and identifying implementation steps. The mission was co-funded by Swiss SECO as part of a work program with FAD.

Iraq

June 13-15, 2023: Jointly with the World Bank, METAC conducted a workshop in Amman/Jordan to design a roadmap for Treasury Single Account (TSA) implementation. The event gathered 30 participants from key stakeholders including the Ministry of Finance (MoF), Central Bank of Iraq (CBI), and six State-owned banks (SOBs). Participants developed an initial roadmap for TSA implementation, which will be overseen by the newly formed “TSA higher committee”. A census of more than 12’000 bank accounts has recently started and will continue in the coming months. A limitation for an efficient TSA will be the still limited roll-out of the recently procured core banking system. It is anticipated that development partner support, including from METAC, is required along key steps of the roadmap. The German development corporation Gesellschaft für Internationale Zusammenarbeit (GIZ) participated in the workshop as observer.

March 6-9, 2024: The METAC mission conducted a workshop in Amman/Jordan to follow-up on the implementation of a Treasury Single Account (TSA). The event gathered 37 participants that represent the operational committee from key stakeholders including the Ministry of Finance (MoF), Central Bank of Iraq (CBI), and six State-owned banks (SOBs). Participants discussed main progress and challenges and updated the roadmap for TSA implementation. The government aims to accelerate the process to better control public expenditures. A census of more than 12'000 bank accounts has recently started and will continue in the coming months. A limitation for an efficient TSA is the still limited roll-out of the recently procured core banking system. The roadmap includes specific steps to be implemented during the next few months to address main challenges.

Jordan

May 15-18, 2023: METAC supported the Fiscal Commitment Unit (FCU) of the Ministry of Finance (MoF) to strengthen PPP fiscal risk management practices. The mission developed recommendations for the short-and medium term based on meetings with technical staff of line ministries, the PPP Unit, and Public Investment Management (PIM) Unit. It provided a workshop attended by 35 participants (seven from MoF; 28 from line ministries of Energy and Mineral Resources, Investment, Planning and International Cooperation, Water Authority, Water and Irrigation, Transport, and the Greater Amman Municipality/GAM). The event concluded that three years after the enactment of the 2020 PPP Law, fiscal risk management, reporting, and mitigation measures are still at the initial stages. While MoF has the powers to stop PPP projects at three critical stages (pre-feasibility, feasibility, contract award), adequate fiscal risk management tools (among others, P-FRAM) would still need to be applied, their use more focused, and embedded in the institutional framework.

September 25-28, 2023: In support to the Fiscal Commitment Unit (FCU) of the Ministry of Finance (MoF), METAC conducted a three-day training workshop on the PPP Fiscal Risk Assessment Model (PFRAM), including a total of 19 participants from MoF and seven line ministries. An application of the tool on the largest PPP projects in execution would facilitate monitoring and addressing fiscal risk. The mission also reviewed a draft of the PPP chapter of Jordan's first Fiscal Risks Statement (FRS) which has been finalized by now.

March 10-14, 2024: The mission on expenditure arrears management assisted the Ministry of Finance (MoF) of Jordan to identify the key drivers of expenditure arrears and craft an approach to prevent further buildup. This included a workshop with Senior MoF officials to validate findings. Building on the institutional strengths, improved budget execution and comprehensive monitoring can mitigate risks of arrears.

Lebanon

July 31-August 4, 2023: The scoping mission focused on identifying main challenges and opportunities in reviving the macro-fiscal functions at the ministry of finance and enhancing the medium-term fiscal framework (MTFF). The mission worked with the core

technical team at the ministry of finance, on reviewing analysis and forecasting for main macroeconomic sectors, including the real economy, balance of payments, monetary sector, and the fiscal sector (revenue, expenditure, and financing). In addition to building capacity on MTFF topics, the mission agreed with the team on practical steps for updating, simplifying, and using the framework for fiscal and economic analysis and forecasting, towards higher contribution in budget preparation and policy formulation.

November 14-December 12, 2023: The remote joint METAC-STA mission supported the Ministry of Finance in developing a concept for strengthened budget reporting, based on a stepwise approach. The mission assessed the feasibility to enhance the Public Finance Monitor report, stopped in December 2021, with critical reporting elements—such as arrears; alignment of reporting on budget advances and treasury advances; payables; and commitments—while ensuring timely issuance in the current context of staffing constraints and nearly two years of information backlog. The mission validated the concept. Further assistance will be required to define operational details within a timebound plan.

December 12-14, 2023: The remote joint METAC-STA mission supported the Ministry of Finance (MoF) to enhance the Medium-Term Fiscal Framework. The mission worked with the MoF team to develop a user-friendly framework that considers the current constraints, while ensuring it is comprehensive, coherent, and includes the core fiscal and economic variables. The main objective is to support the budget preparation process, and to ensure that fiscal policies are prepared and analyzed within a medium-term macro-fiscal perspective. This mission will be followed by additional support to continue building capacity and improve the tools used in analysis and forecasting.

February 6-10, 2024: A METAC mission worked with an MoF team, representing several departments and divisions, on an offsite mission in Amman, to continue developing the Medium-Term Fiscal Framework (MTFF) and enhancing capacity in fiscal analysis and forecasting. This has helped to ensure ownership and continuity of using the framework in internal work related to budget preparation and fiscal analysis. The mission focused on updating the fiscal database and revenue forecasting. Members of the macroeconomic unit were trained on basic forecasting techniques and in creating alternative economic and fiscal scenarios by using the framework.

Libya

May 14-18, 2023: The mission worked with an MoF team, on an offsite mission in Tunis, to continue developing the MTFF 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.

Morocco

February 15-26, 2024: 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.

April 15-24, 2024: 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.

West Bank and Gaza

May 30-June 1, 2023: The three-day workshop was attended by the Macro Fiscal Unit, the Budget Directorate, and the PFM Coordinator. It assessed fiscal policy documents, instruments, and processes currently in use. The workshop concluded that fiscal strategy needs to be more focused, leaner, and more connected to the budget process. MoF officials developed an outline and initial content of a pre-budget statement, which can set fiscal strategy and a frame for budget planning and implementation. This instrument can still be used for the 2024 annual budget if it is launched before the end of July 2023 along with the budget circular. The FCDO-sponsored PFM program "Takamol" participated as observer in the workshop.

Yemen

July 8-12, 2023: As part of the programmatic support on budget execution in Yemen, METAC conducted an off-site mission in Amman, Jordan. The mission (i) tested the new expenditure control procedures and supported the Ministry of Finance team to adjust the Excel tool previous to its roll-out to all line ministries; (ii) developed a concept and implementation plan to bring to scale a prototype for a mobile phone application that allows the sending of financial data between the Ministry of Finance and spending units; this built on the FAD-METAC Hackathon event conducted in Amman in March 2023, during which several prototypes were developed and ranked. The mission was attended by eleven officials of the Ministry of Finance with staff from the expenditure control team; the cash forecasting team; as well as IT specialists.

July 8-12, 2023: As part of programmatic support on expenditure control, METAC delivered an off-site workshop in Amman that was attended by 12 Ministry of Finance officials. The workshop (i) finalized the commitment control processes, adjusting the Draft Manual and templates; (ii) advanced on developing an Excel tool for tracking information and financial monitoring; (iii) developed a concept to address internet connectivity issues based on a mobile phone application, as a follow-up to the Hackathon from March 2023. MoF aims at rolling out the commitment control processes in early 2024.

January 27-30, 2024: A joint workshop with USAID/PRAGMA provided assistance to six officials from the Ministry of Finance of Yemen to plan for the next steps in the new budget execution processes. The “cash flow forecasting team” was supported to review the 2024 cash plan and Q1 forecast previous to its finalization. The “expenditure control team” was supported to feed cash forecasts into the approval steps and update the training plan to line ministries. The commitment control procedures are now based on a cabinet approval and are expected to be rolled across all line ministries in the coming months. This will usefully contribute to the critically important goal of adjusting the rate of spends with available resources.