

Libya

Technical Assistance in Fiscal Year 2020

Banking Supervision (October 7-11, December 15-19)

METAC trained six employees of the Central Bank of Libya on risk-based supervision and assisted them to develop a plan in that regard. The following topics were covered: (i) elements of a risk-based supervision framework, (ii) assessing banks' risks, identifying emerging risks and developing the risk matrix, (iii) supervisory rating system and yearly inspection planning process, (iv) on-site and off-site risk-based supervision. The training sessions were interactive, using case studies and group discussions to gain an in-depth knowledge of the topics covered.

METAC provided capacity building activities to inspectors and supervisors of the Central Bank of Libya. After having reviewed and discussed the responses to a detailed questionnaire provided to the participants in order to develop an in-depth understanding of the nature and characteristics of the Libyan banking sector, the workshop addressed key capital adequacy issues to be considered by the Central Bank in regulating and supervising Islamic finance transactions. The mission reviewed the existing Basel I regulation on capital adequacy and assisted in developing draft Guidelines on Capital Adequacy for Islamic banks and related reporting templates consistent with Basel II and standards of Islamic Financial Services Board.

Public Financial Management (November 4-7, April 13-15)

METAC reengaged with Libya, after a long hiatus, with a workshop to assess the framework for fiscal policy, and the pertinence of creating a macro-fiscal unit (MFU) at the Ministry of Finance. Participants in the workshop were trained and advised on: (i) basic functions, tasks and responsibilities of a MFU, (ii) roadmap for the operationalization of the newly created MFU, and (iii) further TA needs to assist in implementing the MFU and other related fiscal issues. This workshop allowed METAC to provide practical advice and suggest short-term actions to strengthen macro-fiscal functions, and enhance the budgeting process.

METAC provided remote assistance to Libya to advise on updating their macro fiscal framework in light of the covid19 crisis. It provided practical advice on how to update the macro fiscal framework using various scenarios given the uncertain outlook. Libyan official also benefited from the Egyptian experience in this regard.