

Morocco

Technical Assistance in Fiscal Year 2021

Banking Supervision (November 2-6; January 30-February 5; February 1-5)

These two activities supported Bank Al-Maghrib (BAM), Banking Supervision Department (BSD), to improve its market risk supervision capacity, following the authorities' decision to move to a more flexible foreign exchange rate regime. During the first activity, METAC assisted BSD to address and answer banks' comments on the revised ICAAP regulation, identified the regulations that require adjustments in order to further enhance the supervision of market risk, reviewed the current market risk prudential reporting, and organized workshops with BSD staff in charge of on-site and off-site supervision in order to understand how they supervise market risks and identify how they could strengthen their effectiveness.

During the second activity, METAC assisted in the development of methodological guides in the following areas: (i) market risk, (ii) liquidity risk, and (iii) interest rate risk in the banking book. The guides contain supervisory attention points, tools and procedures to be followed by BSD's on-site and off-site supervisors to analyze and assess the adequacy and effectiveness of banks' risk management framework. The guides focus on strengthening the effectiveness of the supervisory actions and provide additional criteria in the current risk assessment and scoring methodology (which is currently transitioning to a full SREP-like approach).

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Public Financial Management (October 26-November 3; March 8-19)

METAC continued its support in setting an analytical framework to analyze the fiscal risks associated with public-private partnerships (PPPs). At a workshop attended by more than 20 participants from the Ministry of Finance, the analysis provided in March 2019, which was based on simplified cases, was extended to a real PPP contract. The METAC team also discussed with participants and provided recommendations on the desired role of the budget department and the Treasury in strengthening the integration of PPPs in the public investment and the budget process.

METAC trained the authorities on practical tools to analyze key SOEs financial ratios and associated fiscal risks. It discussed with participants the international experience related to surveillance of financial performance and risks of SOEs, including fiscal support provided by the government to SOEs during the COVID-19 pandemic. METAC also assisted the authorities in drafting a roadmap to progressively integrate in their risk framework some of the tools and experience presented at the workshop.

Revenue Administration (March 1-15)

METAC supported the General Directorate of Taxes (GDT) on the development of a structure and governance arrangements for sound risk management. As risk management in the GDT is currently

fragmented, METAC recommended to consolidate all types of risks into one risk management unit and to create a risk committee.

Statistics (September 8-October 9)

METAC assisted the *Haut Commissariat au Plan* of Morocco to begin development of producer price indexes for the service sector (SPPIs). It provided training on SPPI compilation to ten members of staff and set out an initial roadmap to guide staff in the compilation of SPPIs. The development of SPPIs will lead to a better understanding of the origins of inflation and their incorporation in the compilation of national accounts will improve the measurement of economic growth in volume terms in Morocco.