**Banking Supervision** (June 24-28, September 16-20, November 11-15, November 25-29)

METAC continued its support to the Central Bank of Tunisia in developing and implementing an internal capital adequacy assessment process, including: providing guidance to perform an in-depth assessment of governance, processes and procedures, and implications on banks’ profit and loss and on risk measurements; providing training to the banking inspectors to build their supervisory capacity on market and liquidity risks and stress testing; and, issuing on-site examination guidelines. The guidelines accounted for the feedback received from the inspectors during the training regarding the difficulties they encounter with the performance of on-site inspections.

METAC assisted the Central Bank of Tunisia to implement the Basel III Capital and Liquidity standards, which are created after the 2008 crisis to strengthen the regulation, supervision and risk management of banks. The following activities were performed: (i) provision of hands-on training to the project team, (ii) definition of the various exposure types, risk weights and credit risk mitigation techniques, (iii) update the draft regulation, (iv) prepare the templates to be used by the banks for the quantitative impact study and prudential reporting, and (v) provide the authorities with the background elements and rationale for the approval of the recommended regulatory options.

METAC assisted the Central Bank of Tunisia to implement the Basel III international regulatory framework. The mission focused on the new credit risk standardized approach, in addition to the following tasks: (i) provision of hands-on training to the project team, (ii) definition of the various exposure types, risk weights and credit risk mitigation techniques taken into account for the implementation, (iii) drafting the updated regulation, and (iv) preparing the templates to be used by the banks for the quantitative impact study and prudential reporting.

METAC also continued its support for the implementation of a consolidated supervision framework. A mission team assisted the Central Bank in (i) finalizing the templates and the methodology supporting the quantitative impact study (launched in December 2019), (ii) finalizing the drafting of new regulation on consolidated supervision and existing regulation 2018-06 on capital adequacy, (iii) harmonizing the drafting of other regulations, including the amended circular on the governance of banking institutions, (iv) drafting a memorandum of understanding (MOU) framing cooperation agreements and information exchanges between the Central Bank and other supervisory authorities, and (v) envisaging a roadmap to operationalize consolidated supervision in the longer term.

**Public Financial Management** (July 1-5)

METAC fielded its third expert visit under the METAC’s medium-term program aiming at strengthening the institutional and organizational arrangements related to cash management within the public sector in Tunisia. It reviewed the draft agreement between the Ministry of Finance and the Central Bank for the management of the Treasury Single Account (TSA) and facilitated the technical meetings between the two institutions. It also updated the roadmap for strengthening cash management, with a focus on: (i) progress regarding treasury systems developments; (ii) development of cashflow forecasting, and (iii) status of the TSA design.

**Statistics** (June 10-14, January 13-17)

METAC continues to support *Statistiques Tunisie* in developing a full set of financial accounts. In collaboration with the authorities, it worked on the financial and non-financial corporations’ sectors, with a special focus on the valuation of unlisted shares and other equity. Sectoral financial accounts contribute to better macroeconomic management as they offer a complete picture of the flow of
funds in the economy. They also inform macroprudential policies by reporting the gross and net debt positions and evolutions of the domestic sectors and the interrelations between them.

METAC continued its support to L’Institut National de la Statistique (INS), to develop a full set of financial accounts, on the basis of a workplan established in early 2018. The mission assisted INS staff with the compilation of data for (unlisted) non-financial corporations and the social security sub-sector.