

## ANNUAL REPORT

September 2011



# MIDDLE EAST REGIONAL TECHNICAL ASSISTANCE CENTER (METAC)



## Statement by the Chairperson of the METAC Steering Committee



In Fiscal Year (FY) 2011, the IMF Middle East Regional Technical Assistance Center (METAC) continued to deliver high quality technical assistance and achieve good results at the country as well as at the regional level, largely meeting the objectives and targets set in the work plan. At the regional level, METAC organized a number of workshops with the participation of Gulf countries as well as METAC members. These workshops enabled participants to share experiences and exchange views on common problems and issues, an important factor in the provision of quality technical assistance.

Lebanon has benefited from METAC's expertise and knowledge, notably in tax collection and arrears management; tax headquarters restructuring and integration plan; strengthening banking supervision practices; and improving external sector statistics. Lebanon again was an important contributor to METAC's resources in FY 2011.

METAC's activities in FY 2011 were somewhat affected by regional developments. As events further unfold in FY 2012 (that started in May 2011), the impact will be more strongly felt on the work of METAC, which is expected to slow down. However, following the stabilization of the region, it is expected that there will be a steep increase in demand for technical assistance for rehabilitating and strengthening institutions, and developing the skills needed for effective economic and financial management. METAC, as a field-based institution with a regional approach, will be well placed to quickly and flexibly respond to emerging needs and provide hands-on high quality assistance. Meanwhile, in the near term, efforts will concentrate on those countries with a relatively more stable environment.

In May 2010, METAC started its third five-year phase, consisting of a prioritized, well-defined assistance programme as laid out in the Program Document issued at the end of 2009. Unfortunately, the financing needs have not yet been covered by contributions, and this was complicated by the challenging situation in some member countries, creating an additional financing gap. METAC is a collaborative initiative between the IMF, the recipient countries, multilateral and bilateral donors. Within this purview, I would like to thank all donors who have already made generous contributions to METAC and call on all Governments and aid institutions, in particular Gulf countries and regional institutions, to substantially contribute to METAC so it remains a viable center in service of the region.

Finally, I express my gratitude and extend warm thanks to the METAC team for their contribution and efforts towards another successful year.

***Mohammad Safadi***  
***Minister of Finance of Lebanon***

## Foreword by the METAC Coordinator



METAC continued to deliver quality technical assistance (TA) and training in FY 2011, although activities were affected partially by regional events and the security conditions that led to the cancellation or postponement of a number of TA missions and regional workshops. Nonetheless, the overall implementation ratio of the original work plan was close to 80 percent. METAC was also involved in many outreach activities, and contacts with country authorities were intensified to discuss TA needs and solicit feedbacks on METAC's work with a view to enhance TA efficiency further.

The heaviest work load was in the area of revenue administration where a number of activities were added at the authorities' request, reflecting the demand driven nature of METAC's TA. Work was also heavy in the area of public financial management (PFM) concomitant with the increase in the International Monetary Fund (IMF) Fiscal Affairs Department's (FAD) activities in the region in this area and the active participation of METAC resident advisor in all Headquarters (HQ) based missions. Activities in the area of banking supervision remained high as well.

Syria continued to receive the largest share (25 percent) of METAC's resources, followed by Lebanon, Yemen, and Sudan. Given the amount of TA provided to Syria over the years (since the establishment of METAC), we decided to take a closer look at the relationship between METAC and Syria and to evaluate progress made on the ground to help charter a new course of action for the coming years (Section III).

In implementing the work plan for FY 2011, several initiatives were taken to reduce cost and enhance efficiency and cooperation with country authorities, donors and other TA providers. METAC agreed with a number of country authorities to co-sponsor some regional workshops, and every effort was made to use regional short-term experts. For example, in FY 2011, about 45 percent of short-term experts were local, compared to 38 percent in FY 2010.

The work plan for FY 2012 includes a good number of regional workshops, some of which were rescheduled from FY 2011. The work plan was based on the assumption that the regional tensions will subside and activities will go back to normal in the second half of the fiscal year. Otherwise, the implementation ratio is likely to be lower than in FY 2011.

Going forward, METAC's collaboration with member countries, donors and TA providers will be enhanced. Improving such cooperation avoids duplication of efforts and hence a waste of resources; ensures that donors are providing a consistent message to recipient countries; and benefits beneficiary countries through exchanging experiences with donors and making full use of respective comparative advantages. This is also in line with the Paris Declaration on aid effectiveness which calls for donors to harmonize their actions and work together to reduce duplication of work and promote joint training to share lessons learnt and build a community of practice. Discussions have already started with the EU, USAID, and other donors on specific activities where collaboration would be most useful for the region, especially in the areas of public financial management, revenue administration, and financial sector issues.

*Saade Chami*  
*METAC Coordinator*

## SELECTED ACRONYMS

ACD	Afghan Customs Department
AITRS	Arab Institute for Training and Research in Statistics
ASYCUDA	Automated System for Customs Data Management
BAC	Business Activity Classification
BCBS	Basel Committee on Banking Supervision
BCP	Basel Core Principles
BDL	Banque du Liban
BIS	Bank for International Settlements
BPM	<i>Balance of Payments Manual</i>
BSD	Banking Supervision Department
CAS	Central Administration of Statistics, Lebanon
CBE	Central Bank of Egypt
CBI	Central Bank of Iraq
CBJ	Central Bank of Jordan
CBL	Central Bank of Libya
CBS	Central Bank of Syria
CBStat	Central Bureau of Statistics, Syria
CBY	Central Bank of Yemen
CCS	Commitment Control System
CD	Certificates of Deposit
CDIS	Coordinated Direct Investment Survey
CMA	Capital Markets Authority, West Bank and Gaza
CMC	Credit and Money Council
COFOG	Classification of Functions of Government
COICOP	Classification of Individual Consumption According to Purpose
CPI	Consumer Price Index
CSO	Central Statistics Office, Yemen
DfID	Department for International Development, United Kingdom
DOS	Department of Statistics, Jordan
ECES	Egyptian Center for Economic Studies
ESCWA	Economic and Social Commission for Western Asia, United Nations
EU	European Union
EWS	Early Warning System
EXD	External Debt Statistics
FAD	Fiscal Affairs Department, IMF
FDI	Foreign Direct Investment
FY	Fiscal Year
GCC	Gulf Cooperation Council
GCTF	General Commission for Taxes and Fees, Syria
GDDS	General Data Dissemination System
GFS	Government Finance Statistics
GFSM	<i>Government Finance Statistics Manual</i>
GIA	General Information Authority, Libya
HBS	Household Budget Survey
HQ	Headquarters
IAS	International Accounting Standards
IBAN	International Bank Account Number
IFMIS	Integrated Financial Management Information System

IFRS	International Financial Reporting Standards
IFS	<i>International Financial Statistics</i>
IIP	International Investment Position
IMF	International Monetary Fund
ISIC	International Standard Industrial Classification
IT	Information Technology
ITAS	Integrated Tax Administration System
ITRS	International Transactions Reporting System
ITS	International Trade in Services
LTO	Large Taxpayers Office
MCD	Middle East and Central Asia Department, IMF
MCM	Monetary and Capital Markets Department, IMF
METAC	Middle East Regional Technical Assistance Center
MOF	Ministry of Finance
MOI	Ministry of Investment
MTEF	Medium-Term Expenditure Framework
MTFF	Medium-Term Fiscal Forecasting Framework
MTO	Medium Taxpayers Office
NA	National Accounts
NEPAD	New Partnership for Africa's Development
PCBS	Palestinian Central Bureau of Statistics
PD	Program Document
PFM	Public Financial Management
PMA	Palestine Monetary Authority
PPI	Producer Price Index
PRSP	Poverty Reduction Strategy Papers
QEDS	Quarterly External Debt Statistics
QNA	Quarterly National Accounts
RBM	Results-Based Management
ROSC	Report on the Observance of Standards and Codes
RR	Reserve Requirements
RTAC	Regional Technical Assistance Center
SC	Steering Committee
SDDS	Special Data Dissemination Standard
STA	Statistics Department, IMF
TA	Technical Assistance
TIN	Tax Identification Number
TPC	Tax Procedure Code
TSA	Treasury Single Account
USAID	United States Agency for International Development
VAT	Value Added Tax
WB	World Bank

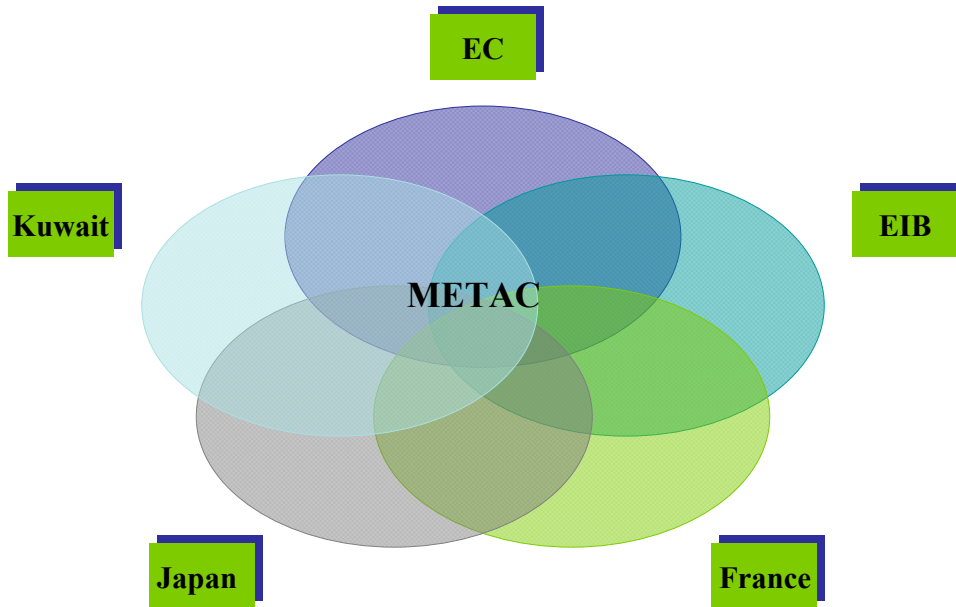
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## METAC COUNTRIES / CONTRIBUTORS



## METAC DONORS



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**S**ECTION **I**:

**THE IMF'S RTAC INITIATIVE AND METAC**

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# SECTION I: THE IMF'S RTAC INITIATIVE AND METAC

## Regional Technical Assistance Centers (RTACs)

### General Information on RTACs



Eight Regional Technical Assistance Centers (RTACs) in the Pacific, the Caribbean, in Africa, the Middle East, and Central America help countries strengthen human and institutional capacity to design and implement sound macroeconomic policies that promote growth and reduce poverty. Work is progressing on establishing a new regional center for Western Africa.

RTACs combine local expertise and on-the-ground capacity building with strategic advice from IMF headquarters. All technical assistance (TA) is integrated into the IMF's lending and surveillance operations, and coordinated with other IMF TA as well as that of other providers. All TA is backstopped by IMF headquarters, ensuring quality and consistency of policy advice.

### RTACs' Key Areas of Work and Delivery Modes

RTACs host a team of resident advisors who assist countries in implementing their reform programs. The composition of competencies is tailored to the specific needs of the region and may include: public finance management, medium-term expenditure frameworks, tax and customs policy and administration, revenue administration, debt management, financial sector supervision and regulation, financial sector development, capital market development, monetary policy and operations, economic and financial statistics, national accounts and price statistics, financial programming, and training in macroeconomics. The work of the resident advisors is supported by short-term experts, including in areas that require specialized knowledge. Other delivery modalities include workshops and seminars, courses on key macroeconomic issues in collaboration with the IMF Institute, as well as short-term professional attachments.

### RTACs' Regional Approach

The IMF's regional approach to technical assistance and training allows for better tailoring of assistance to the particular needs of a region, closer coordination with other assistance providers, and enhanced ability to respond quickly to emerging needs.

RTACs develop a deep knowledge of their countries and region, including cross-cutting and regional integration issues. They are close to their clients, and RTACs' resident advisors are in

frequent contact and travel to recipient countries to provide step-by-step assistance with TA implementation. Given their physical proximity, they can respond promptly to urgent TA requests and follow-up, and are less costly in the delivery of TA. RTACs are using and building local expertise.

### **RTACs' Governance Structure and Operational Arrangements**

RTACs are governed by Steering Committees (SC) composed of representatives of recipient countries, donors and the IMF. This governance structure has proven highly successful as it builds stakeholder ownership of work programs, facilitates peer review and networking, and provides a platform for donor coordination.

TA needs are identified and prioritized by the country authorities in cooperation with area and TA departments at IMF headquarters and the centre, and the work plans are endorsed by the Steering Committee.

The day-to-day management of the center falls into the responsibility of the center coordinator who is an IMF staff member. The center's professional staff (resident advisors and short-term experts) are recruited, supervised, and backstopped by the IMF, ensuring quality and consistency of policy advice.

### **Middle East Regional Technical Assistance Center (METAC)**



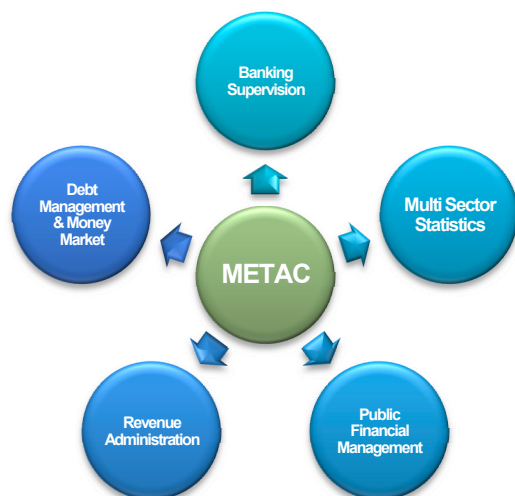
**The Middle East Regional Technical Assistance Center (METAC)** was established in Beirut, Lebanon, in 2004, to serve ten countries/territories in the Middle East (Afghanistan, Egypt, Iraq, Jordan, Lebanon, Libya, Sudan, Syria, West Bank and Gaza, and Yemen). METAC's main objective is to help strengthen capacity for effective macroeconomic and financial management in the region, and to support the region's integration into the world economy. METAC is designed to enhance coordination among development partners and to promote effective implementation of economic initiatives within the Middle East region. METAC's current program cycle is financed by contributions from the European Investment Bank, the European Commission, France, the IMF, Japan, Kuwait, and beneficiary countries.

Located close to the countries/territories it serves, METAC offers several advantages that are typical of the IMF RTACs (as noted above) particularly: (i) decentralized TA delivery that is tailored to the particular needs of the region; (ii) enhanced country ownership and accountability; (iii) faster and more efficient response to TA requests; (iv) more effective follow-up in implementing country TA strategies as designed by IMF headquarters; (v) closer coordination with other TA providers in

the region; and (vi) more focused subject-specific and hands-on training for local officials. METAC's activities are complementary to other forms of IMF TA, and are closely integrated into the IMF's TA program. The IMF ensures accountability and quality control of METAC's TA and training activities.

### Current Activities

METAC's current activities focus on the delivery of TA and training (regional and in-country) in the areas of banking supervision, public financial management, revenue administration, macroeconomic statistics, debt management and money market development, and central bank accounting and internal audit. These activities reflect the priorities set by member countries and could change according to their evolving needs.



### Banking Supervision

METAC assists member countries in creating a sound banking supervision environment to maintain public trust and confidence in the banking sector. This includes enhancing banking supervision procedures in accordance with international best practices; building the capacity of bank examiners through training, seminars, and workshops; strengthening the examination process through the development of new financial statements and early warning systems; and developing credit registry systems for better monitoring of credit risk.

### Public Financial Management

METAC assists member countries in building capacity for reforms in budget preparation and execution, to improve expenditure control and revenue monitoring. This includes improving organization and providing capacity building at ministries of finance; improving financial accounting and reporting; strengthening internal and external control mechanisms; reforming budgeting and accounting classifications; and improving treasury systems.

### Revenue Administration

METAC provides technical advice in planning and implementing revenue administration reforms by enhancing the organization and procedures of revenue administrations; implementing effective compliance control tools for tax collection; and developing legislative frameworks for tax administration.

## Afghanistan

### Did you know?

**Terrain:** Landlocked and mountainous

**Capital:** Kabul

**Area:** 652,230 sq km

**Climate:** Arid to semiarid; cold winters and hot summers

**Natural resources:** Natural gas, petroleum, coal, copper, chromite, talc, barites, sulfur, lead, zinc, iron ore, salt, precious and semiprecious stones

**Population:** 29,835,392

**Languages:** Mainly Afghan Persian or Dari. Pashto, Turkic languages and another 30 minor languages

**GDP-per capita:** \$900 (2010 est.)



### Multisector Statistics

The main purpose of TA in the area of statistics is to improve the overall quality of macroeconomic statistics and to promote the use of internationally-accepted concepts and statistical methodologies. This encompasses the development of data compilation and dissemination procedures, the identification of emerging data sources, the preparation and verification of data, and the documentation of data sources and compilation methods.

### Debt Management and Money Markets Development

TA in the area of debt management and money markets development aims to assist METAC countries in creating sound debt management practices based on clear debt management objectives and proper coordination between debt management and monetary and fiscal policy. Moreover developing money markets will improve the effectiveness of monetary policy. Work in these areas will include building capacity in debt and money markets development; strengthening the functioning of primary and secondary markets; and developing regulation and market infrastructure.

### METAC Governance and Management

METAC is guided by a SC comprising representatives of METAC beneficiary countries, multilateral and bilateral donor agencies, and the IMF. The SC provides strategic guidance and contributes to setting METAC's priorities. The chairman of the SC is the Minister of Finance of Lebanon. The SC meets once a year or on an "as needed" basis to discuss and endorse the work plan and priorities for the coming period.

METAC is managed by a coordinator, who ensures the proper management of the Center and its staff. The coordinator is the key interlocutor between the IMF and the SC. He has an important role in producing the work plan by drawing on the inputs of METAC beneficiary countries, resident advisors and IMF headquarters; and in following up with country authorities on the implementation of METAC's TA program. The coordinator reports to the Director of the Middle East and Central Asia Department (MCD) of the IMF in Washington, D.C.

### Resource Allocation

TA is allocated to beneficiary countries according to needs as identified by national authorities and the IMF, and the pace of delivery is influenced by the strength of a country's ownership of TA programs, as evidenced by progress in implementing previous METAC's TA mission recommendations. METAC does not provide TA to its members in an equal amount, nor does it seek to

provide TA commensurate with member countries' financial contributions. Resources are pooled and used according to countries' needs and priorities.



Workshop on Taxpayers' Services, Beirut, Lebanon, October 5-7, 2010

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# **S**ECTION **II**:

## **METAC'S TECHNICAL ASSISTANCE ACTIVITIES IN FY 2011**

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## Section II: METAC's Technical Assistance Activities in FY 2011

### Egypt

#### Did you know?

**Terrain:** Vast desert plateau interrupted by Nile valley and delta

**Capital:** Cairo

**Area:** 1,001,450 sq km

**Climate:** Desert; hot, dry summers with moderate winters

**Natural resources:** Petroleum, natural gas, iron ore, phosphates, manganese, limestone, gypsum, talc, asbestos, lead, rare earth elements, zinc

**Population:** 82,079,636

**Languages:** Arabic (official), English is widely understood by educated classes

**GDP-per capita:** \$2,162 (2010 est.)



The work plan for FY 2011 was implemented at about 80 percent, a very good rate given the cancellation of a number of missions and regional activities in the last quarter due to the disturbances that affected a number of METAC countries. The distribution of TA activities across areas was uneven, ranging from 55 percent in statistics to 105 percent in revenue administration.

The distribution of TA by area reflects in part the degree of uncertainty concerning the authorities' needs at the time when the individual work plans were prepared. For example, the work plan for debt management (with an implementation rate of 62 percent) was tentative due to the new arrival of the resident advisor. The low level of implementation in statistics was due in part to the two months' gap in replacing the former resident advisor.

The unevenness in delivery also reflects member countries' new requests for TA and the shift in their priorities during the course of the year. After all, TA is demand driven and METAC has the flexibility to respond to new requests expeditiously, one of the advantages of an RTAC. In terms of achievements, we highlight the publication of the Producer Price Index (PPI) and the improvement in Consumer Price Index (CPI) in Libya (before the latest events), and also some key milestones achieved in different areas as shown in Box 1.

#### A. Banking Supervision

Activities in the banking supervision area were intense. Despite the fact that the Banking Supervision Resident Advisor left METAC in mid-March, and notwithstanding the cancellation and postponement of some missions at the request of the authorities or for security concerns, about 83 percent of the work plan was implemented in FY 2011.

Improving supervisory standards in METAC countries is essential for financial stability both within the country and in countries where subsidiaries of the local banks exist. Promoting sound supervisory standards should be based on the full implementation of the core principles for effective banking supervision.

To be effective, the supervisory authority should be independent and have the proper legal framework. Sound supervisory practices require the implementation of good standards in: (1) licensing and structure; (2) prudential regulations and requirements; (3) banking supervision practices (both on-site and off-site); (4) accounting and disclosure; and (5) consolidated and cross-border banking supervision.

METAC's work in FY 2011 focused on: (i) prudential regulations and requirements; (ii) banking supervision practices; and (iii) accounting and disclosure.

### Technical Assistance Delivery

#### Prudential regulations and requirements

Since the issuance of the Basel capital accord, banking regulations have changed significantly:

- in **Iraq**, training was delivered to the Central Bank of Iraq's (CBI) examiners on the new prudential regulations and related supervisory call reports prepared by METAC in line with the requirements of Basel Committee on Banking Supervision (BCBS);
- in **Jordan**, METAC drafted regulations and licensing guidelines for credit bureaus. This should help lenders assess credit worthiness, the ability to pay back a loan, and help determine the interest rate on, and other terms of, a loan;
- in **Syria**, a time line was agreed to complete the implementation of Pillar 2 by the end of 2011. This project is part of the ongoing Basel II implementation project; several workshops were delivered in this area;
- in **Yemen**, METAC developed a market risk circular in addition to the templates and the manual for market risk calculation according to international standards. Supervisors must ensure that banks have adequate policies and processes in place for identifying, measuring, monitoring, and controlling market risk.

#### As for **risk management**

- in **Afghanistan and Libya**, METAC delivered workshops on risk management and market risk. The topics covered were designed to assist examiners with the implementation of best practices and techniques to monitor and conduct a prudent oversight on banks;



The "Monastery" (El-Deir) at Petra, Jordan



Sanaa, Yemen



## Iraq

### Did you know?

**Terrain:** Mostly broad plains; reedy marshes along Iranian border in south with large flooded areas; mountains along borders with Iran and Turkey

**Capital:** Baghdad

**Area:** 438,317 sq km

**Climate:** Mostly desert; mild to cool winters with dry, hot, cloudless summers

**Natural resources:** Petroleum, natural gas, phosphates, sulfur

**Population:** 30,399,572

**Languages:** Arabic (official), Kurdish (official in Kurdish regions), Turkoman (a Turkish dialect), Assyrian (Neo-Aramaic), Armenian

**GDP-per capita:** \$2,531 (2010 est.)



- in **Syria**, METAC participated in a project to establish a specialized unit in the Banking Supervision Department (BSD) to monitor risk. Guidelines for the tasks and responsibilities of this unit were drafted.

### Banking supervision practices

Basel Core Principles (BCPs 19, 20 and 21) mention that “Supervisors must have a means of collecting, reviewing and analyzing prudential reports and statistical returns. An effective banking supervisory system should consist of on-site and off-site supervision and requires that supervisors develop and maintain a thorough understanding of the operations of banks”:

- in **Libya and Yemen**, METAC provided on-the-job training to examiners in the area of on-site supervision. METAC experts developed the examination manual in line with the risk-based examination concept recommended by the BCBS. The manual provides guidance to develop a better understanding of the banks’ unique characteristics, identify and summarize the major risks, and formulate a supervisory strategy to address these risks;
- in **Iraq and Yemen**, METAC provided a training course on off-site supervision aimed at developing the capacity of examiners to prepare monthly and yearly reports for each bank following the CAMELS approach;
- in **Sudan and West Bank and Gaza**, METAC improved the existing credit registries, which are essential for: (i) reducing credit risk, (ii) enhancing the soundness of the banking system and making it more responsive to needs, and (iii) providing continuous up-to-date information on borrowers’ exposures and risks. In **West Bank and Gaza**, the credit registry became the first in the region and one of only a few worldwide that includes a credit scoring system. An initial assessment of the credit registry in **Syria** was recently conducted and work in this area will continue in FY 2012;

## BOX 1. METAC'S NOTABLE ACHIEVEMENTS

### Banking Supervision

- ✓ **Libya and Yemen:** Full implementation of inspection manuals by on-site examiners.
- ✓ **Iraq:** Enactment of prudential regulations.
- ✓ **West Bank and Gaza:** Launch of credit registry and credit scoring.

### Macroeconomic Statistics

- ✓ **Libya:** Release of the first Producer Price Index (PPI) in mid-2010.

### Public Financial Management

- ✓ **Afghanistan:** Development of new processes and procedures to introduce, on a pilot basis, financial planning.
- ✓ **Lebanon and Syria:** Improvement of budget classification and chart of accounts in line with the *Government Finance Statistics Manual 2001 (GFSM 2001)* and the Classification of Functions of Government (COFOG) international standards.
- ✓ **Jordan:** Improvement of capital expenditures management by specifying the role and function of the new Expenditure Policy Analysis Division.

### Revenue Administration

- ✓ **Yemen:** Introduction of self-assessment and implementation of Value Added Tax (VAT).
- ✓ **Syria:** Development of Tax Procedure Code (TPC) and Business Activity Classification (BAC).
- ✓ **Lebanon:** Development of an action plan to integrate VAT and income tax departments.
- ✓ **Jordan and Lebanon:** Development of a comprehensive collection enforcement strategy for effective processing of tax collections and arrears.
- ✓ **Afghanistan, Sudan, Syria, and West Bank and Gaza:** Development of comprehensive Information Technology (IT) strategy and partial automation of tax operations.



Crafts souk, Damascus, Syria

- in **Lebanon and Syria**, METAC conducted an assessment and evaluation mission to help the Lebanese Regulatory authorities (Banque du Liban (BDL) and the Banking Control Commission of Lebanon (BCCL)) and the Central Bank of Syria (CBS) in setting up an Early Warning System (EWS) based on prudential banking data.

### Accounting and disclosure

According to the BCPs *“Supervisors must be satisfied that each bank maintains adequate records drawn up in accordance with accounting policies and practices that are widely accepted internationally, and publishes, on a regular basis, information that fairly reflects its financial condition and profitability”*:

- in **Syria**, METAC provided a training course to CBS examiners on International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS). In addition, METAC assisted the CBS in developing a circular addressed to external auditors, and in preparing a set of controlling drafts to be used as a prudential tool to assess the reports issued by external auditors.

### B. Debt Management and Money Markets Development

Sound debt management should be based on having clear debt management objectives, proper coordination between debt management and monetary and fiscal policy, a prudent risk management framework, and a strong operational capacity.



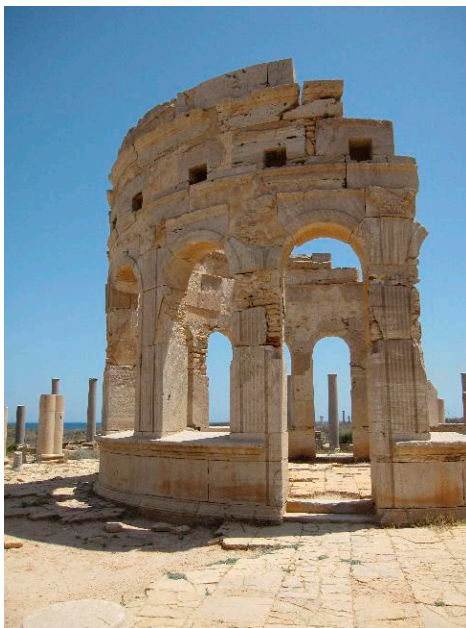
Bir Zeit University, a few miles north of Ramallah

Work in this area started in FY 2011 and the work plan presented was tentative and based on some initial contacts with country authorities and country teams in MCD. Subsequently, METAC Resident Advisor visited Afghanistan, Jordan, Lebanon, Libya, Sudan, Syria, West Bank and Gaza, and Yemen to assess the needs in the area of debt management and money markets developments.

In FY 2011, the work program was implemented at a rate of 62 percent, affected mainly by the cancellation of a few missions and two regional workshops during the last quarter due to the security situation in the region.

The main highlights of METAC’s debt management and money markets development activities were: (i) developing plans to improve the primary markets including primary issuance techniques (**Syria**); (ii) improving the secondary

markets for government securities and secondary market design (**Yemen**); (iii) developing capacity in debt management through workshops and seminars (**Libya, Syria, West Bank and Gaza, and Yemen**); (iv) developing plans to strengthen public debt management including debt management strategy development (**Lebanon and Syria**); (v) reviewing the monetary framework and central bank instruments and developing interbank and money markets (**Libya and Yemen**); (vi) developing primary markets for issuance of Certificates of Deposit (CDs) (**Libya**); (vii) developing the government securities market in **West Bank and Gaza** as part of the IMF's Monetary and Capital Markets Department (MCM) mission; and (viii) following up on debt management and financial market development (**Jordan**).



Leptis Magna, about 100 km east of Tripoli, Libya is recognized as one of the most complete and best-preserved Roman ruins in the Mediterranean area

### Technical Assistance Delivery

#### Debt management (primary and secondary markets) and debt management strategy

- A visit was conducted to **Syria** to provide a framework for formulating and implementing a debt management strategy.
- In **Yemen**, METAC reviewed the organizational structure of the debt units and the new draft debt law and provided the Ministry of Finance (MOF) with comments and suggestions in this regard. In addition, hands-on training was provided to the domestic and external debt departments to strengthen the debt management capacity.
- Also in **Yemen**, a mission discussed with the Central Bank of Yemen (CBY) the domestic debt issuance procedures for government T-Bills and T-Bonds in the primary market and what needs to be done in order to develop the secondary market.
- In **Syria**, a manual on bonds issuance was prepared and delivered to the MOF regarding the primary market issuance of bonds, how to trade the bonds in the secondary market, their pricing, and the issuance calendar.
- In **Jordan**, a mission followed up on debt management and financial market development and on the recommendations of the two IMF and World Bank (WB) reports on public debt (May 2008 and June 2009, respectively).

## Jordan

### Did you know?

**Terrain:** Mostly desert plateau in east, highland area in west; Great Rift Valley separates East and West Banks of the Jordan River

**Capital:** Amman

**Area:** 88,794 sq km

**Climate:** Mostly arid desert; rainy season in west (November to April)

**Natural resources:** Phosphates, potash, shale oil

**Population:** 6,113,000

**Languages:** Arabic (official), English (widely understood among upper and middle classes)

**GDP-per capita:** \$4,326 (2010 est.)



### Money Markets Development

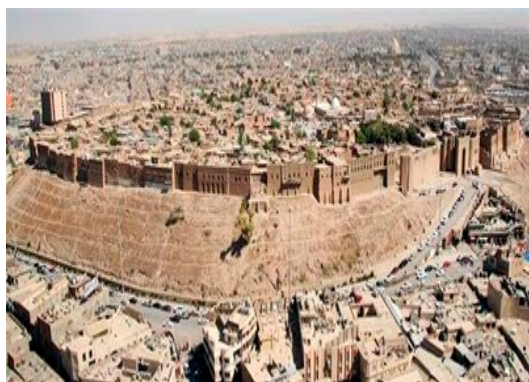
Work in this area consisted of reviewing the monetary framework and central banks' instruments and developing interbank, money markets and primary markets issuance.

- In **Libya**, METAC assessed the needs for money markets operations development. In particular, METAC assisted the Central Bank of Libya (CBL) in developing, introducing, and implementing an auction system for CDs, and strengthening CBL functions and capacity in this regard.
- In **Yemen**, METAC assisted the CBY in developing an interbank market and in averaging the Reserve Requirements (RR).
- In **Syria**, METAC prepared a manual for the CBS on money markets operations, Repo operations, reverse Repos, estimation of market liquidity, and standing facilities by the CBS.
- In **Afghanistan**, an assessment mission was conducted to identify the need for debt market and money markets development, in addition to assessing the feasibility of introducing Sukuk in Afghanistan.
- In **Sudan**, a METAC mission assessed the needs in the area of public debt management and money markets development.

### Workshops and in-country training

METAC provided workshops and in-country training in FY 2011 to:

- **Syria:** In collaboration with the MOF and the CBS, METAC organized a seminar on primary and secondary markets for debt and money markets instruments (T-bills, T-bonds, and CDs), their pricing, the yield curve and its estimation, and liquidity forecasting;
- **West Bank and Gaza:** METAC delivered a course to the MOF, the Palestine Monetary Authority (PMA) and the Capital Markets Authority (CMA) staff on securities issuance covering: (i) financial instruments; (ii) financial markets; (iii) primary markets; (iv) issuance procedures and issuance policy; and (v) secondary market and debt management as well as the roles of MOF, PMA and CMA in debt issuance and debt management process;



Irbil in northern Iraq

- **Libya:** Hands-on and capacity building training was provided to different departments in the CBL regarding the introduction and implementation of an auction system for CDs. In addition, two workshops were organized for banks to ensure a smooth implementation of the newly introduced auction system;
- **Yemen:** METAC conducted a debt management workshop for managers at the MOF and the CBY. The workshop focused on three topics: (i) the main prerequisites for efficient public debt management; (ii) the identification and management of debt risks; and (iii) ways to reduce the cost of debt.
- **Syria:** METAC assisted staff of the government securities department at the MOF in capacity building through a workshop on debt management and developing debt management strategy.

### C. Macroeconomic Statistics

Macroeconomic statistics are essential for economic analysis and the conduct of economic policies, and for the private sector to make informed decisions.

METAC provides TA and training in the areas of external sector statistics (balance of payments, international investment position (IIP), external debt statistics (EXD)), and supports the development of national accounts (NA) and price statistics. METAC's work aims at improving the collection, compilation, and dissemination of data in keeping with internationally agreed statistical methodologies. METAC has continued to collaborate with other regional agencies, such as the Arab Institute for Training and Research in Statistics (AITRS) and the United Nations Economic and Social Commission for Western Asia (ESCWA).



#### Technical Assistance Delivery

In FY 2011, METAC provided TA in the areas of CPI and PPI, NA, balance of payments, IIP statistics (including Foreign Direct Investment (FDI)), International Reserves, and EXD. METAC, where needed, also assisted some countries that are participants in the IMF's General Data Dissemination System (GDDS) or subscribers of the Special Data Dissemination Standard (SDDS) in updating their metadata (statistical information).



Place de l'Etoile, Beirut, Lebanon

In FY 2011, the implementation of the work plan in the area of macroeconomic statistics was only 55 percent because of a two months' gap in the replacement of the outgoing Statistics Resident Advisor and of the cancellation and/or postponement of a number of missions at the request of the authorities or in connection with the political uncertainties in some countries in the second part of the fiscal year.

Ongoing progress can be observed in the area of price statistics, and in the compilation and dissemination of external sector statistics, in particular regarding the IIP. Progress, however, is usually slow due to insufficient human and financial resources in most countries, which is an impediment to the timely production and dissemination of statistics. In many cases, for instance, the implementation of FDI surveys, an indispensable step for the collection of FDI data of good quality, has not been possible for lack of resources.

In addition, a more supportive legal framework would also be needed to endow the central banks in charge of the compilation of external sector statistics with the authority to collect data directly from the economic agents outside the banking sector, while guaranteeing the confidentiality of the data collected.

The main highlights of METAC's statistical activities were as follows:

### Price statistics

- In **Lebanon**, METAC reviewed progress made at the Central Administration of Statistics (CAS) on the preparation of the compilation of the PPI, which should be ready in 2011. METAC also provided further guidance to improve the CPI, which was introduced in 2008. METAC noted that the compilation of the CPI was at risk due to insufficient enumerators.
- In **Syria**, METAC reviewed with the Central Bureau of Statistics (CBStat) the compilation of the CPI and recommended improvements in the classification and specifications of products, and in the calculation of the index. METAC helped the CBStat with the first steps towards the compilation of the PPI, which is planned to be developed in parallel with the enhancement of industrial statistics. It should be ready in 2012.



The Dead Sea, Jordan

## National accounts

- In **Jordan**, a short-term expert visited the Department of Statistics (DOS) to review the compilation of Quarterly National Accounts (QNA) and noted that the change of the base year to a more recent period is the overarching condition for the improvement of the QNA and other economic statistics. The DOS has planned an economic census for 2011 and that will be a good opportunity for establishing a new base year.



Painting of Ancient Egyptians playing music

## External sector statistics

- In **Egypt**, METAC finalized with the Ministry of Investment (MOI) and the General Authority for Investment the questionnaire to be used when implementing the FDI survey. After several delays, the FDI survey was expected to be launched in early 2011. METAC also encouraged the authorities to participate in the Coordinated Direct Investment Survey (CDIS) of the IMF, even if they could only report the liabilities side of the survey (inward direct investments).
- In **Jordan**, METAC reviewed progress in the compilation of external statistics. The large errors and omissions that had been a preoccupation in previous years have come back to an acceptable magnitude, as a result of the improvements achieved in the compilation of current transfers and inward FDI, in particular.
- In **Lebanon**, METAC assessed the compilation of balance of payments statistics at the BDL and recommended some further improvements. METAC also worked with BDL on identifying data that are already available for the compilation of an IIP statement for Lebanon. BDL should be able to publish a first IIP statement in the course of 2011.
- In **Sudan**, METAC reviewed compilation practices for balance of payments and IIP statistics, and recommended some improvements in the recording of financial transactions that will enhance the consistency between the stocks in the IIP and the flows in the balance of payments.
- In **Syria**, METAC provided assistance in the compilation of remittances, and more generally, in improving the compilation of balance of payments and IIP statistics, and the consistency between the two datasets. The CBS aims at increasing the periodicity of the publication of balance of payments data from annual to semi-annual, in the course of 2011.



Sudan has a rich and unique musical culture





Traditional Jambiya daggar, Yemen

- In **West Bank and Gaza**, METAC reviewed the results of the first Foreign Investment Survey conducted between May and October 2010, and found the undertaking successful enough to allow the compilation of a first IIP statement that the Palestinian Central Bureau of Statistics (PCBS) and the PMA are expected to publish in 2011.
- In **Yemen**, METAC helped the CBY to finalize the new report form for the collection of data from banks, in the framework of the International Transactions Reporting System (ITRS), to be implemented in early 2011. METAC also provided guidance on the organization of the work flow, and on the use of external data sources.

### Workshops and in-country training

METAC participated in a workshop organized by the CBS for the staff of the Commercial Bank of Syria in charge of reporting cross-border transactions to the CBS, in the framework of the ITRS operated in Syria. Around 50 participants from the branches and headquarters of the Commercial Bank participated in the workshop. After a broad overview of balance of payments concepts, the discussions focused essentially on the recently-updated report form, introduced to improve the classification of the reported transactions.

METAC organized a regional workshop in Beirut on International Trade in Services (ITS) statistics, intended for compilers of balance of payments and NA statistics from its member countries; some non-METAC officials also attended. The collection of information on services transactions, an important element in the economy of most countries, poses specific challenges to the compilers, in particular because of elusive data sources and of insufficient resources to conduct the surveys that would be necessary. The workshop successfully achieved one of its main objectives, which was the exchange of experience among compilers to identify best practices.

As in previous years, METAC continued to emphasize in-country and hands-on training in FY 2011. In-country training was provided to: (i) Syria, Sudan, and Yemen on the basic principles of the balance of payments and the IIP statistics, and on the collection and compilation of data using an ITRS; (ii) Jordan, Sudan, Syria, and Yemen on the use of the International Banking Statistics of the Bank for International Settlements (BIS) to estimate the external deposits of the non-bank sector; (iii) Jordan, Lebanon, Syria, Sudan, and West



Workshop on International Trade in Services, Beirut, Lebanon, April 18-20, 2011

Bank and Gaza on the compilation or the improvement of the IIP; (iv) Jordan on the extrapolation of QNA estimates; and (v) Lebanon and Syria on specific techniques for the compilation of the CPI.

### **The General Information Authority publishes the first Producer Price Index in Libya and the updated Consumer Price Index**

In June 2010, the General Information Authority (GIA) published the first release of a monthly series of the Producer Price Index (PPI) for Libya, covering the period July to December 2009, to be followed by a quarterly release of the monthly index, according to a pre-announced release schedule. The PPI measures the rate at which the prices received by domestic producers of goods and services are changing overtime. It is a key statistic for economic and business decision-making and inflation monitoring.

This achievement was the result of a project undertaken at the beginning of 2008 and developed with the ongoing assistance of METAC. The success of this project was due in good part to a sustained effort by the authorities, illustrated by the allocation and training of additional permanent staff to the PPI team, leading to an index that reflects international standards and best practices. METAC was heavily involved in this project and provided technical support to make it happen.

The initial PPI covers mining/extraction, manufacturing, and utilities (gas and water); with the goal of expanding coverage to ultimately include all economic activities in Libya. Given the dominance of the petroleum industry in Libya, the GIA will aggregate the indexes with and without petroleum to facilitate a more meaningful analysis of price changes by users. However, due to the latest disturbances, the expansion of the coverage will likely be set back for some time until the situation improves and METAC's support resumes.

In parallel, the GIA has also released the first results of the new Consumer Price Index (CPI), revised and updated with assistance from METAC.

Based on data from the Household Budget Survey (HBS) conducted during the period November 2007 to October 2008, the weights have been updated and the geographic coverage of the CPI has been expanded to include eight urban and rural areas so that the new CPI now broadly represents all households, both urban and rural, in Libya, instead of the Tripoli-only area covered by the previous CPI. On this occasion, the GIA also implemented the Classification of Individual Consumption According to Purpose (COICOP), which is the internationally recommended classification of household expenditures used in the CPI. COICOP provides a structure for purposes of weighting and aggregation, and also a basis for stratifying the samples of products whose prices are collected.

## Lebanon

### Did you know?

**Terrain:** *Narrow coastal plain; Bekaa Valley separates Lebanon and Anti-Lebanon Mountains*

**Capital:** *Beirut*

**Area:** *10,400 sq km*

**Climate:** *Mediterranean; mild to cool, wet winters with hot, dry summers; Lebanon mountains experience heavy winter snows*

**Natural resources:** *Limestone, iron ore, salt, water-surplus state in a water-deficit region, arable land*

**Population:** *4,143,101*

**Languages:** *Arabic (official), French, English, and Armenian*

**GDP-per capita:** *\$8,467 (2010 est.)*



## D. Public Financial Management

In FY 2011, METAC's activities in the area of PFM continued to support the reform strategies adopted by member countries. METAC was also heavily involved in FAD's TA programmatic strategy (Syria) that started in FY 2010 to enhance TA coordination between FAD, METAC and other TA providers on a rolling three-year basis. These two complementary TA activities brought the delivery to around 90 percent of the work plan, despite adverse political conditions in some countries at the end of the fiscal year.

METAC's activities focused on the following areas: (i) budget classification in line with the *Government Finance Statistics Manual 2001 (GFSM 2001)* in **Afghanistan and Syria**; (ii) budget integration of capital and current budgets through program budgeting and "top-down" budget preparation in **Syria**; (iii) budget preparation and medium-term planning in **Sudan**; and (iv) cash management, financial planning, and banking arrangements for Treasury Single Account (TSA) in **Afghanistan and Sudan**.

METAC participated in seven FAD missions (Afghanistan, Jordan, Lebanon, Libya, Syria, West Bank and Gaza, and Yemen), covering the broad spectrum of PFM. Three missions were conducted with the WB. METAC benefited from up-to-date assessments of PFM reforms and of its TA activities jointly carried out with the IMF and other TA providers.

As part of its regional activities, METAC organized two workshops, in Beirut on fiscal forecasting and multi-year budgeting, and in Damascus on cash management and banking arrangements.

The implementation of the work plan was uneven—some countries did not receive much TA, like Egypt and Jordan, while others regained momentum, like Libya and Yemen, to follow up on the PFM strategy prepared by FAD TA missions, with METAC participation.

### Technical Assistance Delivery

#### Treasury banking arrangements, cash management, and budget execution

METAC's work focused on cash management with a view to integrate cash projections and budget management in the budget execution cycle, and on TSA reform to rationalize and

consolidate public funds between the central bank and the MOF.

- In **Afghanistan**, METAC reviewed, as part of an FAD mission, cash management practices and delivered shortly after a follow-up TA on developing annual financial planning to remedy cash rationing weaknesses.

- In **Jordan**, METAC reviewed, in the context of an FAD mission and with the participation of the WB, its previous TA on cash management, Commitment Control System (CCS), and TSA.

- In **Lebanon**, METAC participated in an FAD mission, with the WB, that reviewed the progress made with cash management as a direct result of the TA delivered in previous years, particularly in preparing more accurate forecasts.

- In **Libya**, METAC, in an FAD mission, assessed treasury functions through cash management, banking arrangements, and budget execution and control. An action plan was issued and could be executed with METAC's support, when the situation permits.

- In **Sudan**, METAC delivered a TA mission on cash management and reviewed likely options for TSA with a view to help the MOF organize study tours in countries managing different systems. A follow-up TA is expected in FY 2012.

- In **Syria**, within a joint mission with FAD and the WB, METAC appraised cash management and TSA. Due to slow progress, the mission recommended that METAC should redeploy its TA activities towards these areas, jointly with the European Union (EU).

- In **West Bank and Gaza**, METAC participated in an FAD mission and reviewed TA options to address new cash management challenges in the context of scarcity of donor funds.

- In **Yemen**, METAC was part of a diagnostic FAD mission, on ways to develop treasury functions at MOF (cash management and TSA). While supported by the WB, PFM reform may benefit from complementary TA from METAC.

### **Budget preparation, integration, and classification**

METAC delivered TA in its traditional areas of expertise: budget classification and chart of accounts in line with *GFSM*



Geita Grotto, Lebanon, one of the finalists of New 7Wonders of Nature



Meroe, Sudan

2001; budget preparation and budget integration; and through its participation in several FAD missions, METAC provided TA on multi-year budgeting and program structure.

**Direct METAC TA** provided to Afghanistan, Sudan, and Syria focused on:

- **Afghanistan:** Budget classification (economic/functional) to revise current classification in line with the *GFSM 2001* and the Classification of Functions of Government (COFOG);
- **Sudan:** Budget preparation, to help revise the budget preparation calendar and associate more effectively line ministries in this preparation in order to have a more realistic budget, and improve ministries' ownership during the execution cycle;
- **Syria:** Budget integration, supported by METAC since 2008, to extend the reform to additional ministries in 2011. A subsequent FAD mission assessed positively this TA and even recommended that METAC's assistance should be reduced in this area, given the capacity built at the MOF.

**METAC TA delivered through FAD missions** focused on:

- **Afghanistan:** Multi-year and program budgeting, recommending further actions to make these an effective supporting tool for fiscal policy and decision-making. While supported by the United States Agency for International Development (USAID) and the United Kingdom Department for International Development (DfID), program budgeting may benefit from further METAC TA in FY 2012;
- **Jordan:** Budget preparation, results-oriented budget, and capital expenditure, to enhance program formulation of the budget with performance indicators, and strengthen capital projects' appraisal;
- **Lebanon:** Setting up budget ceilings and multi-year budgeting, and improving the budget circular, to improve estimates and conduct budget preparation process with line ministries. While the PFM reform is widely supported by the WB since 2009, METAC may deliver TA on these issues as needed.



Roman Arch in Tyre, Lebanon

## Libya

### Did you know?

**Terrain:** Mostly barren, flat to undulating plains, plateaus, depressions

**Capital:** Tripoli

**Area:** 1,759,540 sq km

**Climate:** Mediterranean along coast; dry, extreme desert interior

**Natural resources:** Petroleum, natural gas, gypsum

**Population:** 6,597,960

**Languages:** Arabic, Italian, English (all are widely understood in the major cities)

**GDP-per capita:** \$11,000 (2010 est.)



## Workshops

METAC organized two regional workshops: one in June 2010 on fiscal forecasting and budgeting, and the other in March 2011 on cash management and banking arrangements in full partnership with the MOF of Syria. These two workshops received excellent feedback from the participating countries, including from the GCC countries. At the end of each seminar, and as was done in previous years, a results-oriented framework was established identifying gaps in each country with international practices. This allowed the countries and METAC to better identify TA needs and monitor progress towards international best practices.

### E. Revenue Administration

During FY 2011, METAC continued to strongly support the revenue reform strategies and modernization programs of member countries. Despite a number of factors that challenged the implementation of planned tasks – particularly the security developments in several member countries during the last two quarters, the delivered activities exceeded the initial work plan. An overall implementation ratio of 105% was attained, reflecting 44 weeks of direct TA delivered by METAC Revenue Administration Resident Advisor and 28.5 weeks delivered by short-term experts.

### Technical Assistance Delivery

TA in FY 2011 focused on member administration priorities, and activities were implemented in coordination with FAD. In addition to the direct assistance provided by the METAC Revenue Administration Resident Advisor – including participation in HQ diagnostic missions, a number of regional and international short-term experts delivered focused TA, training and seminars to tax and customs administrations. METAC assisted member administrations (except Egypt and Iraq) with the implementation of key revenue reform endeavors, focusing on the following areas:

#### Introduction of self-assessment

As most member tax administrations have shifted to a self-assessment system – away from traditional administrative assessment, METAC has supported the efforts of Syria and Yemen in introducing this concept.

- In Syria, METAC continued assisting the General Commission for Taxes and Fees (GCTF) with its plans to

## Sudan

### Did you know?

**Terrain:** Generally flat, featureless plain; mountains in far south, northeast, and west; desert dominates the north

**Capital:** Khartoum

**Area:** 2,505,813 sq km

**Climate:** Tropical in south; arid desert in north; rainy season varies by region (April to November)

**Natural resources:** Petroleum, small reserves of iron ore, copper, chromium ore, zinc, tungsten, mica, silver, gold, hydropower

**Population:** 40,133,913

**Languages:** Arabic (official), English (official), Nubian, Ta Bedawie, diverse dialects of Nilotic, Nilo-Hamitic, Sudanic languages

**GDP-per capita:** \$1,715 (2010 est.)



introduce self-assessment for large and medium-sized taxpayers. To this effect, workshops were delivered to senior tax officials of the GCTF HQ and main tax offices on effective self-assessment implementation, focusing on taxpayers' compliance provisions (accounting, invoicing, filing, and payment obligations), tax administration's compliance programs and enforcement measures – particularly during the transitory phase – and taxpayers' awareness and education campaigns. In addition, a Tax Procedure Code (TPC) was developed and will serve as a legislative umbrella for the implementation of self-assessment.

- In **Yemen**, METAC supported the implementation of self-assessment that took effect in January 2011, and TA was delivered to strengthen the readiness of the tax administration in the effective implementation of this new system. In addition to organizing workshops to present self-assessment principles and critical implementation issues to senior tax officials, METAC provided needed TA to review / propose adequate compliance measures and legislative provisions.

### Streamlining and automation of tax operations

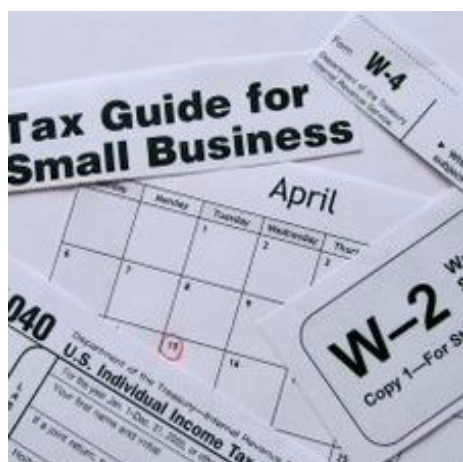
METAC continued supporting member tax administrations in modernizing and streamlining the operations, particularly with respect to business process reengineering, integrated automated information systems, and taxpayers' registration.

- METAC organized a workshop on tax information systems for the revenue department in **Afghanistan** to assist the authorities in implementing a modern automated tax administration system. The workshop addressed the challenges brought about by the automation of tax operations and the associated changes in management processes.
- Substantial support was provided to the tax administrations in **Sudan, Syria and West Bank and Gaza** to develop and implement a new Information Technology (IT) strategy revolving around the acquisition of a modern Integrated Tax Administration System (ITAS) and the development of an interim IT solution to be used in the transitional period.
- METAC assisted the Taxation Chamber in **Sudan** with streamlining the registration and front-office operations in the Large Taxpayers' Office (LTO).
- The Business Activity Classification (BAC) was reviewed in the tax administration in **Syria** in order to

strengthen the central taxpayers' database and implement a modern BAC based on the International Standard Industrial Classification (ISIC). The streamlining of the BAC is critical for the issuance of coherent and reliable statistics to be used throughout the tax operations, including compliance planning, operations' reporting, risk-based audit and fiscal analysis.

### **Strengthening the organizational structure**

Strengthening the organizational arrangements of tax administrations has been a key area of METAC's support given its strategic importance in tax modernization programs. In FY 2011, METAC assisted the authorities in **Lebanon** with their plans to re-organize the tax administration structure and integrate Value Added Tax (VAT) and income tax departments. Consequently, an integration implementation plan was developed including specific provisions for the transitory phase.



### **Strengthening compliance and enforcement management**

In the framework of the self-assessment systems that are being implemented by METAC countries, there are growing needs to strengthen the compliance and enforcement management relying on risk analysis and modern audit techniques, and effective collection programs and arrears management. METAC provided TA in this area to a number of tax administrations, with a particular focus on large and medium-sized taxpayers' offices (LTO and MTOs).

- In **Jordan** and **Lebanon**, METAC assisted the authorities with the development of a comprehensive collection enforcement strategy leading to the effective processing of tax collections and arrears.
- In **Sudan**, TA was provided to strengthen risk-based audit methodology and techniques, and to build capacity in developing compliance programs for specific business activity sectors.

### **Introduction of VAT**

METAC is providing substantial TA to support VAT introduction in some of its member tax administrations. During FY 2011, Syria and Yemen benefited from METAC's assistance to, respectively, undertake required preparations to introduce VAT and strengthen the capacity of the tax administration in its effective implementation.





Afghanistan's mountains

- In **Syria**, METAC organized on-site workshops to present VAT critical issues and develop an action plan covering major components of the preparatory phase.
- In **Yemen**, and further to the decision to implement VAT starting July 2010, METAC assisted the authorities in developing appropriate compliance and awareness programs and organized training sessions and on-site workshops focusing on essential operations, taxpayers' compliance provisions, and tax administration's compliance programs and enforcement measures.

### Support to Customs

In FY 2011, METAC delivered its first activity in the area of customs administration. TA was delivered to the customs administration in **Afghanistan**. It examined options for changes to the HQ organization of the Afghan Customs Department (ACD) and to the customs delivery structure within provinces. It also provided advice and guidance to the Government on an evaluation of alternative governance arrangements for customs including options for changes to the autonomy and status of the ACD within the MOF.

### Workshops

METAC organized a regional workshop on "Taxpayers' Services" in October 2010 in Beirut with the participation of 35 senior officials from 14 countries, including three GCC countries and France. The workshop presented international best practices in designing, developing and implementing modern and efficient strategies and tools to promote and modernize the relationship with the taxpayers. The workshop served as a platform to share experiences and challenges facing participating countries. The workshop was moderated by METAC Revenue Administration Resident Advisor, and led by two international senior experts.



Opening session of the workshop on Taxpayers' Services, Beirut, Lebanon, October 2010

## F. METAC's Other Activities

### METAC Annual Report

METAC third Annual Report, for FY 2010, was issued in September 2010. The report describes METAC's TA and training activities, highlights some of the main achievements in FY 2010, and the main features of the work plan for FY 2011. It also discusses some of the recommendations of the external evaluations conducted in FY 2010. Two successful projects were highlighted in the report: the mandatory implementation of the International Bank Account Number (IBAN) as of July 1, 2010 in Lebanon, and the reform of the PMA credit registry, which is now considered by many as one of the most effective public credit registries in the region.

### Conference on “Reshaping the Global Financial Landscape”

On July 12, 2010, MCM, MCD and METAC organized a high level seminar in Beirut on the regional implications of global financial market reform. Representatives from the IMF and senior officials from central banks attended the event to discuss issues of reshaping financial regulations, the balance between stability and efficiency of the financial system, the implications of international reforms and more. The IMF called on regulators and supervisory authorities in the Middle East and Central Asia to play an active role in efforts to repair the international financial system and to implement the reforms needed to render the region's financial systems more resilient.

### Outreach Activities

As part of its outreach program, METAC was present in several activities during FY 2011. Mr. Saade Chami, METAC Coordinator:

- participated in a panel discussion on the “*Role of the Youth of the Region*” during the **Arab Economic Forum** in Beirut in May 2010;
- participated in the opening panel of a regional workshop on “*Public Finance Reform: a Roadmap for Modernization and Good Governance*”, organized by the **Basil Fuleihan Institute of Finance of Lebanon and ESCWA** in May 2010;
- presented the IMF “*Regional Economic Outlook*” in the **Egyptian Center for Economic Studies (ECES)** in Cairo in July 2010;



IMF High-Level Seminar on Reforms in Financial Regulations, Reshaping International Financial Regulation—Implications for the Middle East and Central Asia, Beirut, Lebanon, July 2010

## Syria

### Did you know?

**Terrain:** Primarily semiarid and desert plateau; narrow coastal plain; mountains in west

**Capital:** Damascus

**Area:** 185,180 sq km

**Climate:** Mostly desert; hot, dry, sunny summers (June to August) and mild, rainy winters (December to February) along coast; cold weather with snow or sleet periodically in Damascus

**Natural resources:** Petroleum, phosphates, chrome and manganese ores, asphalt, iron ore, rock salt, marble, gypsum, hydropower

**Population:** 22,517,750

**Languages:** Arabic (official), Kurdish, Armenian, Aramaic, Circassian, French, English

**GDP-per capita:** \$2,838 (2010 est.)



- participated in the “*Toward a MENA Banking Schengen: Turkey, Syria and Lebanon*” conference organized by **Al Bank Wal Mustathmer Group** in November 2010 in Beirut. The conference was attended by Governors and Deputy Governors of the Central Banks of Lebanon, Syria and Turkey, as well as a number of senior-level officials working in the banking sector of the three countries. Mr. Chami delivered a presentation on “*Shaping the New Financial System*” in the context of the discussion on “*The Future of Financial Regulation and International Supervisory and Regulatory Initiatives Underway*”.

And, as part of the youth dialogue launched by the IMF, METAC organized a “*Youth Roundtable Discussion*” in Beirut in October 2010. The event attracted 35 students from eight universities in Lebanon. Ms. Ratna Sahay, Deputy Director of MCD led the discussion with the participation of Mr. Andreas Bauer, IMF Mission Chief for Lebanon, and Mr. Eric Mottu, IMF Resident Representative for Lebanon.

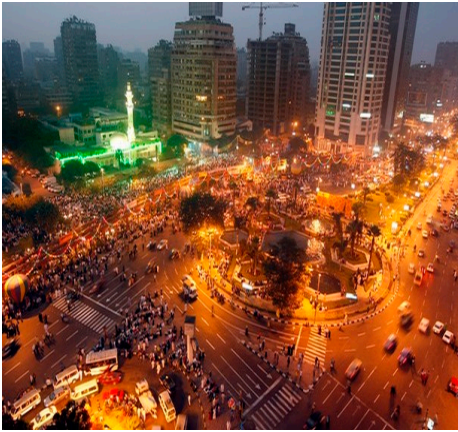
### Collaboration with Member Countries

Several (informal) cooperation agreements were reached between METAC and some member countries. Cooperation between the BDL and METAC continued and an agreement was reached to work jointly on the following projects: (i) a short seminar on the IBAN (which was held on November 8, 2010); (ii) a workshop on cross-border banking supervision; (iii) a possible workshop on stress testing and EWS; and (iv) a training seminar for the media and civil society organizations.

Officials at the MOF of Syria also agreed to co-sponsor a regional workshop on “Budget Execution, Banking Arrangement and Cash Management”. The workshop took place in Damascus at the end of March with the participation of eight countries.

An agreement was also reached with the Central Bank of Jordan (CBJ) to organize a joint regional workshop in Amman on “*Developing Debt Management Strategies: Designing a Strategy for Effective Risk Mitigation*”.

## Contacts with member countries



Cairo at night

- **Visit to Syria:** METAC Coordinator visited Damascus in November 2010 where he met with the Minister of Finance, the Governor of the CBS, the Director of the CBStat, and other senior officials. The authorities were highly appreciative of METAC's work, agreed to increase Syria's financial contribution to METAC Phase III and to sign the confidentiality agreement as part of the Fund's procedures and policies on dissemination of TA information. The visit also led to an agreement between METAC and the MOF to hold joint regional workshops in Syria.

- **Visit to Egypt:** METAC Coordinator visited Cairo in June 2010 to discuss ways of increasing Egypt's engagement with METAC, assess Egypt's needs for TA going forward, and ascertain Egypt's willingness to contribute to METAC Phase III. Several meetings were held with officials from the MOF, the MOI, the Central Bank of Egypt (CBE), and Tax Authorities. Officials reiterated their support for METAC.

- **Visit to Jordan:** In August 2010 meetings were held to listen to the authorities' views on METAC's TA and assess future TA needs. Meetings were held with the Minister of Finance, the Secretary General of the MOF, the Deputy Governor of the CBJ, the Director of the DOS, and other high officials. Overall, the authorities were appreciative of the work done by METAC and noted Jordan's increased benefit from METAC in the past couple of years.



Jerash, Jordan

- **Visit to Libya:** The visit took place in September 2010 and included meetings with high officials from the MOF, the CBL and the General Information Authority (GIA). Libyan officials were also very appreciative of METAC's work and expressed interest in receiving more TA in the areas of banking supervision, money market development, statistics and PFM. Officials of the GIA were especially pleased with the work provided by METAC on overhauling the CPI, which now covers the whole country, and in the production of the PPI. They noted that this was a success story resulting from the high quality TA and the close cooperation between the experts and the staff of the GIA.

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# **S**ECTION **III**:

**TECHNICAL ASSISTANCE INPUTS IN FY 2011**

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## SECTION III: TECHNICAL ASSISTANCE INPUTS IN FY 2011

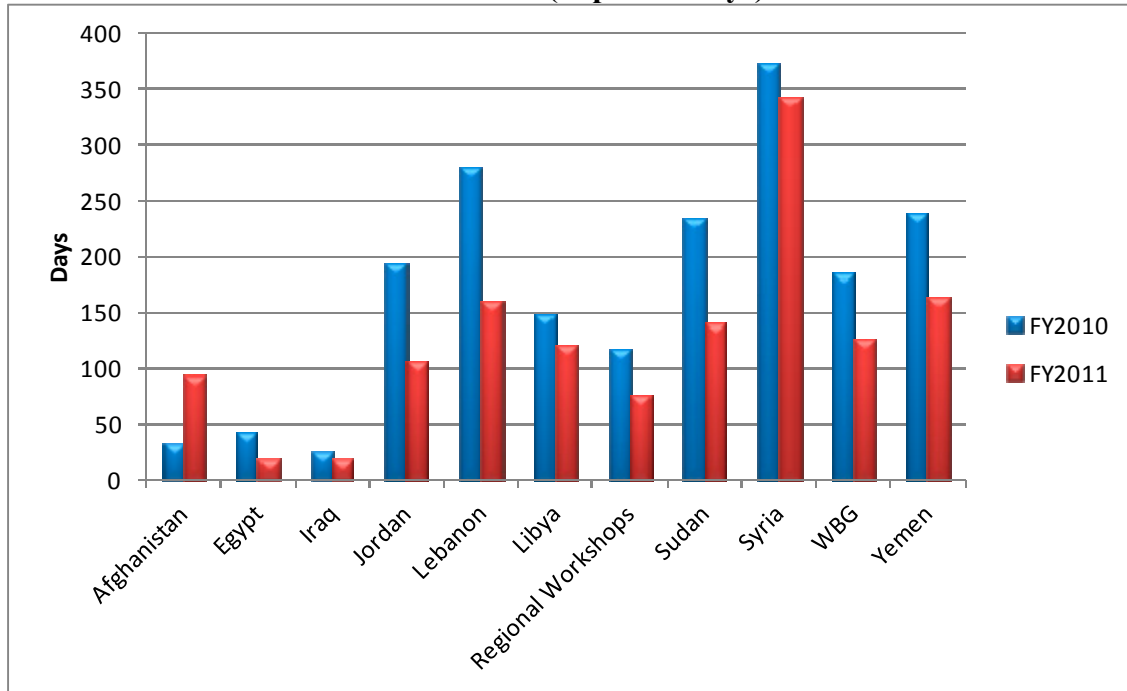
During FY 2011, 97 TA activities and regional workshops took place in all ten METAC countries. Several factors affected METAC's work this fiscal year particularly the crises in some METAC countries and the postponement or cancellation of missions due to a shift in authorities' priorities. The overall implementation ratio as compared to the original work plan was close to 80 percent. The demand for TA in Revenue Administration was the highest this fiscal year, leading to an implementation ratio of 105 percent in this area, as a number of missions were added to respond to some member countries' requests.

Syria continued to be the largest beneficiary of TA, accounting for 25 percent of total use of METAC's resources. Yemen and Lebanon had the second largest share, accounting for 12 percent each of total use of resources and Sudan came in close third at 11 percent. There was a noticeable increase in activities compared to last fiscal year in Afghanistan, while Iraq and Egypt once again used the least of METAC's resources. Regional activities consumed about 5 percent of total resources, less than expected due to the cancellation of a few workshops for security concerns especially in the last quarter of the fiscal year.

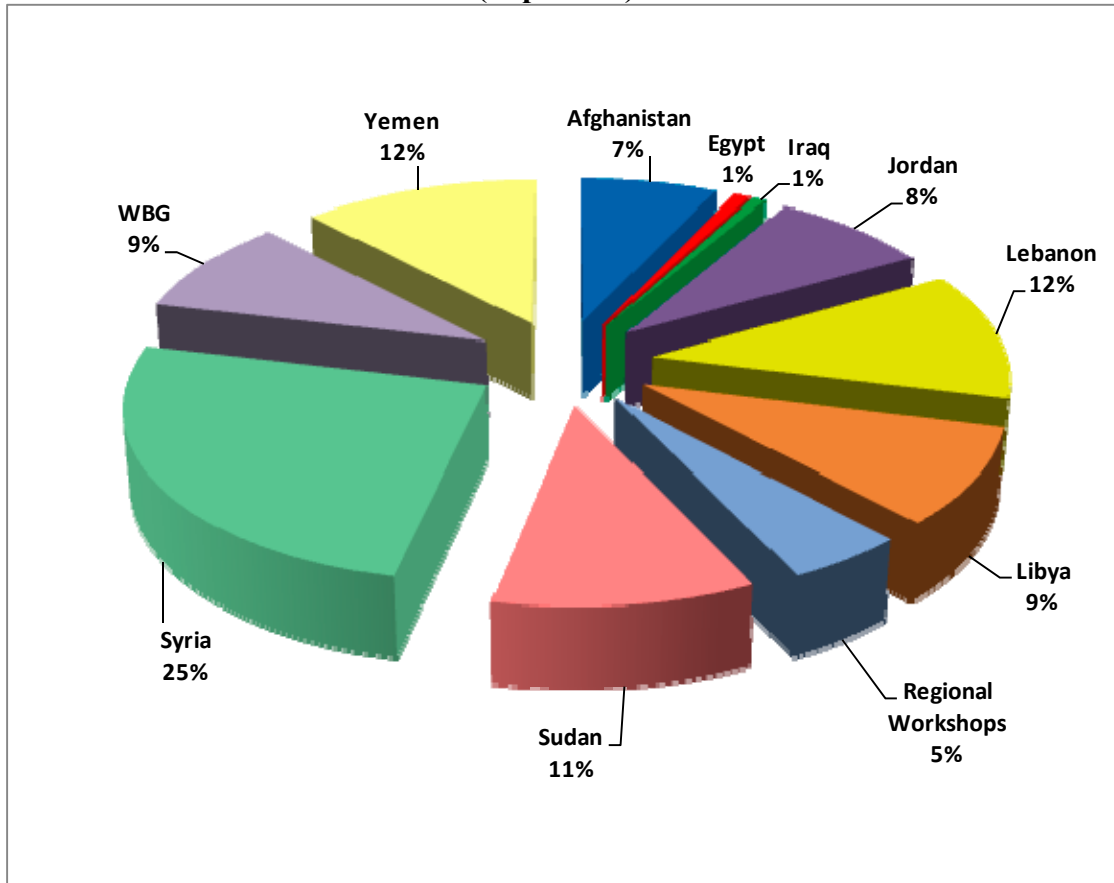
Figure 1 shows the distribution of TA by area and country in person weeks and figure 2 shows allocation of resources by country during FY 2011.



**Figure 1: Distribution of METAC Technical Assistance by Area and Country  
FY2010 and FY2011 (in person days)**



**Figure 2: Allocation of Technical Assistance Delivery by Beneficiary Country  
FY2011 (in percent)**



**Table 1: METAC Technical Assistance Delivery by Area and Beneficiary Country  
FY2011 (in person weeks)**

	Macro economic Statistics	Banking Supervision	Public Financial Management	Revenue Administration	Debt Management	Total
Regional Activities	5	0	6	4	0	15
Afghanistan	0	3.5	7	6	2	18.5
Egypt	2	0	1.5	0	0	3.5
Iraq	0	3.5	0	0	0	3.5
Jordan	5	5	5	4	2	21
Lebanon	5	5.5	9.5	11	1	32
Libya	0	7	7	2	8	24
Sudan	2	5	7	12	2	28
Syria	13.5	17	12.5	17.5	8	68.5
West Bank & Gaza	3	5	6	4	7	25
Yemen	2	8.5	3	12	7	32.5
<b>Total</b>	<b>37.5</b>	<b>60</b>	<b>64.5</b>	<b>72.5</b>	<b>37</b>	<b>271.5</b>
Activity Distribution as % of total	13.8	22	23.8	26.8	13.6	100



## **SYRIA AND METAC: TAKING STOCK AND LOOKING FORWARD**

### **INTRODUCTION**

Syria has been consistently one of the largest users of METAC resources for several reasons: (1) TA needs are very large; (2) unlike some other countries, Syria does not benefit from the presence of many other TA providers; (3) Syria was identified by MCD and FAD as a high priority country, and the TA delivery program was agreed with heavy engagement of METAC so far; and (4) the proximity of Damascus and the relatively lower cost of missions make it easier to respond to Syria's requests.

Generally, the Syrian authorities responded well to the TA provided by METAC and they have been committed to reforms. Progress has been made in several areas, although at a slow pace. Going forward, it is expected that Syria will continue to rely heavily on METAC to build up on the progress made while METAC's delivery will take into account implementation on the ground.

### **TECHNICAL ASSISTANCE, KEY RESULTS AND FUTURE AGENDA**

#### **Banking Supervision**

After the inception of private banks in 2004, the CBS made good efforts to put in place a sound banking supervision framework in line with Basel Committee requirements and international best practices. For that purpose, the CBS requested METAC's assistance in strengthening banking supervision practices and bringing them in line with BCPs and international standards, and in developing the skills of its staff.

Over the past few years, METAC supported the CBS in creating a sound banking supervision environment through : (1) delivering several workshops and seminars (including on risk management, banks' licensing, market risk, and Basel capital accord) to build up the capacity of examiners; (2) developing new sets of regulations that were approved and released by the Credit and Money Council (CMC); (3) assessing the credit registry system which is essential for reducing credit risk and enhancing the banking system soundness; (4) updating the accounting and financial reporting; and (5) assisting the CBS in implementing Basel capital accord according to a road map developed by METAC.

The CBS responded generally well to METAC's TA and took important steps in developing banking regulation and supervision. It started the implementation of Basel II (Pillar 1 has been implemented) according to an action plan developed with the assistance of METAC. Banks have started submitting the financial statements and banks returns to the CBS on a regular basis, allowing for off-site supervision using the CAMELS approach. However, improvements were made mainly in private banks while public banks are still lagging behind. For private banks, the supervisory structure is now characterized by: (1) competent examiners; (2) a strong legal framework; (3) an adequate flow of information to supervisors; and (4) good implementation of international best practices such as banking supervision principles and accounting standards.

Improving banking supervision is an ongoing process and METAC will continue to assist the CBS in taking this reform forward. METAC's TA will cover several projects which are

already underway: establishing an EWS, implementing Pillar 2 of Basel II, establishing a new market risk unit, and developing a public credit registry.

### **Central Banking Accounting**

From 2007 to 2010, METAC played an important role in the accounting reform project in Syria. The CBS began implementing this reform by modernizing its accounting system. METAC supported the accounting reform process which includes self accounting of all branches and the development of internal audit functions. Achievements include: (1) the implementation of a uniform chart of accounts; (2) the conversion of the existing manual accounting system to a computerized one; and (3) the decentralization and introduction of self accounting.

METAC also developed an action plan for the reform of the internal audit function. The main purpose of the project was to bring the internal audit system and organization of the CBS in line with internationally accepted standards and to further develop the risk-based audit concepts.

### **Debt Management and Money Markets Development**

METAC began recently working in this area and an assessment visit was made in May 2010, starting with an assessment of TA needs in the area of public debt management and debt and money markets development.

There is a definite need for capacity building at MOF and CBS and training on primary and secondary markets for debt and money markets instruments (issuance of T-Bills, T-bonds and CDs, their pricing, the yield curve estimation, and the liquidity forecasting). A training course was delivered to the staff of MOF and CBS by two short-term experts in September 2010. In addition, a framework (manual) for bonds issuance and a manual on money market operations were delivered to MOF and CBS respectively during that mission.

In December 2010, the MOF started the issuance of T-Bills and Bonds but at pre-determined maximum interest rates—more work will be needed to have market-determined interest rates.

Going forward, METAC will intensify its work in this area and will train the MOF staff on developing a framework for formulating a debt management strategy. The work will focus on improving debt management and primary market issuance procedures, formulating a debt management strategy, and developing a retail debt program. In addition, METAC's assistance will be needed to develop the interbank market and indirect monetary policy instruments.

### **Macroeconomic Statistics**

Since its inception, METAC has provided TA in statistics to Syria in the areas of NA, Price Statistics, Multisector Statistics, GDDS, and External Sector Statistics (balance of payments, IIP and EXD statistics).

The authorities have taken the TA provided by METAC seriously, but implementation is rather slow, in particular at the CBStat where resources are scarce. CBStat has made good

efforts in the implementation of a Household Budget Survey (HBS) in 2009, which will allow for the update of weights in the CPI; in this respect, CBStat is expecting some further assistance from METAC. CBStat is also developing in-house software to modernize and improve the collection of prices using handheld devices.

At the CBS, the TA provided in balance of payments and IIP statistics, including international reserves, has resulted in the improvement in the quality of data (better coverage, classification, and timeliness). EXD statistics are now compiled in accordance with international standards. The staffing of the Balance of Payments Statistics Unit has recently been increased, reflecting the willingness of the CBS to devote additional resources to the compilation of these statistics. With IMF Statistics Department (STA) and METAC's assistance to the CBStat and CBS in preparing the metadata, Syria joined the GDDS in December 2007.

Going forward, METAC TA seems necessary to build up on progress made and consolidate any advances. Balance of payments and IIP statistics will continue to require short missions for data validation; support will also be necessary to improve the periodicity of balance of payments statistics (from annual to semi-annual, and maybe quarterly further down the road). METAC will assist the CBS and the MOF in submitting quarterly EXD statistics to the joint IMF/WB Quarterly External Debt Statistics database (QEDS). METAC will work with the CBS to initiate the monthly submission of data on International Liquidity for publication in the IMF International Financial Statistics database (IFS) (to be produced by the Monetary Statistics section of the CBS). METAC will also help the CBStat exploit the results of the 2009 HBS, in particular to update the weights for the CPI, and implement the PPI that the CBStat intends to link with the enhancement of industrial statistics planned for 2011.

### **Public Financial Management**

Since 2006, METAC's activities have focused on budget integration. Two diagnostic missions (January 2010 and January 2011) were conducted by FAD with METAC participation as part of the programmatic approach. These missions reviewed the PFM reform and updated the action plan. So far, METAC's work on budget integration has focused on institutional, managerial, and financial issues.

The responsiveness of the authorities to TA provided by METAC was good on the three fronts:

- the amendment of the Basic Budget Law prior to undertaking integration of capital and current expenditures was completed in October 2006;
- the transfer of competences and staff from the State Planning Commission (in charge of capital expenditures) to the MOF in 2008 for 2009 budget preparation (as recommended by METAC) was effectively done in mid 2008;
- a "top-down" budgeting and a Medium-Term Fiscal Forecasting (MTFF) were implemented. A three-staff forecasting team, set up in 2009 at the Budget Directorate, developed the first forecasts in early 2010 with the support of METAC. Work in this area was recently taken over by the WB in consultation with METAC;

- following up on METAC TA in 2008-09, a program based budget for 2010 was completed starting with two pilot ministries (Education and Agriculture). In 2012, seven ministries (including important ministries such as finance and local administration) will be included in the program presentation of the budget. Most others should be included in the 2013 and 2014 budgets.

Going forward, METAC TA has recently been re-prioritized to shift towards enhancing treasury area. The January 2011 FAD/METAC/WB diagnostic mission took stock of the good progress in the budget integration reform and indicated that, thanks to METAC's support, the MOF had now sufficiently upgraded its capacity to run the budget reform on its own. The mission also appreciated the full commitment of line ministries to the reform. The mission noted the lag of progress in treasury reform and recommended increasing TA in this area on the basis of two missions per year. The 2012 METAC work program will reflect this new priority.

### **Revenue Administration**

Since METAC was established, Syria has benefited from substantial TA aimed at strengthening the capacity of the tax administration in implementing an ambitious reform program. During 2004-2005, and in coordination with FAD and donors (mainly EU), several assessment visits took place to design the reform strategies and the preliminary work program for key TA areas and topics.

Since 2006, TA in tax administration focused on the following main areas: (1) re-structuring and re-organization of the tax administration; (2) implementing a taxpayer segmentation and establishing LTO and MTOs; (3) streamlining tax operations including the development of a taxpayer numbering/identification system; and (4) simplifying tax administration legislations in preparation of the implementation of self-assessment and introduction of VAT.

Syria responded well to METAC's TA and several key results have been achieved:

- the GCTF was established according to modern functional models;
- the LTO was established and is serving as a pilot site for the operations' modernization;
- key processes have been reengineered and automated within the interim IT solution;
- the Registration system has been developed and the unique Tax Identification Number (TIN) has been implemented in the LTO;
- plans for implementing the BAC based on the ISIC have been developed;
- the TPC has been drafted;
- the VAT draft law has been developed;
- preparation plans for launching the MTO pilot site in Damascus have been finalized.

METAC will continue to provide TA to further strengthen the capacity of the tax administration to: (1) implement self-assessment; (2) introduce VAT; (3) strengthen and roll out taxpayers' segmentation (LTO and MTOs); (4) streamline and automate tax operations; (5) apply risk-based compliance management schemes; (6) modernize / strengthen enforcement measures; (7) simplify tax administration legislations; and (8) develop a simplified scheme for small and micro-small taxpayers.

In addition to supporting tax administration, METAC will support customs administration in order to improve its readiness to implement VAT. Urgent TA will be needed in the following customs areas: (1) automation of operations and implementation of the Automated System for Customs Data Management (ASYCUDA); (2) review of the valuation system; (3) development of a risk management system; (4) strengthening of post clearance audit; (5) streamlining of procedures, particularly collection and accounting procedures; and (6) re-organization and re-structuring of customs' offices.



Temple ruins at Palmyra, Syria

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# **S**ECTION **IV** :

## **OVERVIEW OF THE FY 2012 WORK PLAN**

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## SECTION IV: OVERVIEW OF THE FY 2012 WORK PLAN

### A. Banking Supervision

The FY 2012 work plan responds to the needs and priorities of the country as identified by the authorities and the resident advisor, taking into consideration the objectives set in the PD for METAC's Phase III. In addition, the work plan was synchronized with the IMF's TA priorities set out in MCD's regional TA note. The work plan will cover the following areas:

- building the capacity of examiners through several workshops and training courses in most countries;
- creating a regulatory framework in **Libya, Syria, and Yemen** through the development of prudential regulations and requirements;
- targeting a higher level of compliance with IAS through the update of financial statements and bank returns (**West Bank and Gaza**) and the delivery of training courses with emphasis on latest amendments (**Afghanistan, Libya, and Sudan**<sup>1</sup>);
- strengthening banking supervision practices: monitoring credit risk in **Sudan and Syria** through the development of credit registry systems; developing an EWS in **Lebanon**; assessing the on-site and off-site supervision in **Iraq**; and enhancing stress testing in **Jordan**;
- providing TA on Islamic finance (**Afghanistan and Sudan**), structured products and mutual funds (**Lebanon**), in addition to engaging for the first time in consumer protection (**Lebanon**);
- promoting regional cooperation through the organization of regional workshops and meetings of bank supervisors to exchange information and synchronize to the extent possible banking supervision practices. Such an exchange of information and experiences will help in the implementation of the Basel II Framework. In this context, METAC will organize two regional workshops in FY 2012 on Islamic Banking and cross-border supervision.



<sup>1</sup> Following the secession of South Sudan, TA in the future will be for Sudan only. South Sudan might be applying for membership in AFRITAC East.

## West Bank and Gaza

### Did you know?

**Terrain:** Mostly rugged dissected upland, some vegetation in west, but barren in east

**Area:** 6,020 sq km

**Climate:** Temperate; temperature and precipitation vary with altitude, warm to hot summers, cool to mild winters

**Natural resources:** Arable land

**Population:** 4,108,631

**Languages:** Arabic, Hebrew (spoken by Israeli settlers and many Palestinians), English (widely understood)

**GDP-per capita:** \$1,416 (2009 est.)



### B. Debt Management and Money Markets Development

The work plan for FY 2012 has been developed to respond to METAC countries' needs for debt management and money markets development and to follow up on the work done in FY 2011. The main objectives of the work plan for FY 2012 are to develop:

- a secondary market for T-Bills: **Afghanistan and Yemen;**
- a debt management strategy: **Jordan, Sudan, Syria, and Yemen;**
- an interbank market and a secondary money market: **Libya, Sudan, Syria, and Yemen;**
- indirect instruments of monetary operations: **Libya and Syria;**
- an auction system and money markets: **Sudan;**
- a government securities market: **West Bank and Gaza;** and to
- improve primary markets, support broader capital markets development and strengthen the public debt department: **Jordan, Sudan, and Yemen.**

In FY 2012, METAC plans to organize two workshops, postponed from FY 2011, on debt strategy and Islamic Sukuk.

### C. Macroeconomic Statistics

The work program in statistics, consistent with STA strategy, responds to member countries' requests and benefits from METAC's accumulated experience in the region. Activities in macroeconomic statistics in FY 2012 will continue focusing on improving the quality of the external sector statistics, price statistics, and support the work on NA. In particular, METAC will assist:

- **Egypt and Sudan** in completing the FDI surveys;
- **Lebanon, Libya, and West Bank and Gaza** in completing the IIP;
- **Sudan, Syria, and Yemen** in improving the overall balance of payments and IIP;



- **Syria and Yemen** in compiling PPI statistics, and **Afghanistan and Libya** in improving their CPI (work on most other countries' CPI is underway);



- **Yemen** in improving its annual NA, and **Jordan** its QNA.

METAC will organize two regional workshops on: (1) the changes from *Balance of Payments Manual, fifth edition (BPM5)* to the *Balance of Payments and International Investment Position Manual, sixth edition (BPM6)*; and (2) mirror statistics (bilateral data) with partner countries from the METAC area.

#### D. Public Financial Management

The FY 2012 work plan remains in line with the core objectives of the PD, with emphasis on the ongoing activities in the budget and treasury areas. In some countries, however, the work plan may have to be adjusted to respond to emerging needs particularly in light of the latest events in some METAC countries.

In the case of Egypt, work may need to focus on fiscal decentralization, and in Libya, the action plan that was drawn after the HQ mission may need to be revisited. For Yemen, METAC will continue to be involved in the reform of Treasury and will be ready to respond to any new TA needs.

METAC will continue to participate in FAD diagnostic missions as part of the programmatic approach implemented since FY 2010 (in particular in Egypt). METAC will participate in an FAD mission to Egypt and will adjust its work program on the basis of the mission's findings. Visits are also scheduled for Afghanistan (fiscal ROSC), Iraq, Sudan, and West Bank and Gaza.

METAC's work plan for FY 2012 will focus on the following activities:

- **TSA in Lebanon and Sudan** to channel more public funds through the treasury system;
- cash management and integration with budget management in **Afghanistan** (financial planning), **Jordan**, **Lebanon**, **Sudan**, **Syria**, and **West Bank and Gaza** (as part of

the FAD mission mentioned above), to reduce the time-horizon used for cash forecasting from monthly to weekly or daily;

- budget preparation in **Egypt** (if confirmed by the authorities), **Jordan, Sudan, and Syria** where success will be measured by the number of budget ceilings issued during the budget process (Egypt), the number of budgets presented under a program structure integrating current and capital expenditures (Syria), the effectiveness of the presentation of the budget under an MTEF (Syria) or Medium-Term Expenditure Framework (MTEF) (Jordan), and the time left to line agencies to prepare their budget requests after receiving their budget ceilings (Sudan).

METAC plans to organize two regional workshops: one on internal control and audit in cooperation with other TA providers (EU, USAID, WB), and the other on accounting issues.

METAC will keep a close partnership with other TA providers, in particular in countries with large donors' presence. Cooperation will be enhanced further with USAID in Egypt and Jordan; EU in Egypt, Jordan, and Syria; WB in Jordan, Lebanon, Syria, and Yemen; and DfID mostly in West Bank and Gaza.

### E. Revenue Administration



During FY 2012, METAC will continue to support member countries revenue administrations in implementing their reform programs. TA will focus on strengthening the operations' delivery in the respective administrations of METAC countries. Needed support will be provided through a combination of TA missions and workshops – both regional and country specific.

The proposed work plan for FY 2012 reflects the following main considerations:

- the status of revenue reforms and related priority actions needed to support revenue administration, as identified by the Revenue Administration Resident Advisor and by FAD and METAC follow-up missions;
- the TA requests of member countries;
- FAD's strategies and harmonization of planned activities with FAD's TA delivery in FY 2012 (diagnostic missions and short-term experts' visits).

## Yemen

### Did you know?

**Terrain:** *Narrow coastal plain backed by flat-topped hills and rugged mountains; dissected upland desert plains in center slope into the desert interior of the Arabian Peninsula*

**Capital:** Sanaa

**Area:** 527,968 sq km

**Climate:** *Mostly desert; hot and humid along west coast; temperate in western mountains affected by seasonal monsoon; extraordinarily hot, dry, harsh desert in east*

**Natural resources:** *Petroleum, fish, rock salt, marble; small deposits of coal, gold, lead, nickel, and copper; fertile soil in west*

**Population:** 24,133,492

**Languages:** *Arabic (official)*

**GDP-per capita:** \$1,280 (2010 est.)



In addition to responding to METAC member countries' needs, the proposed work plan also reflects the TA strategy for Phase III (2010 – 2015) as laid out in the PD. In this context, emphasis will be put on the following activities:

- supporting the establishment of an integrated tax administration and reinforcing the head office organizational structure in **Jordan and Lebanon**;
- supporting the preparations to introduce self-assessment and VAT in **Syria**;
- strengthening compliance management and risk-based audit in **Afghanistan, Jordan, Lebanon, Sudan, and Syria**;
- developing a TPC in **Sudan**;
- streamlining processes and supporting the implementation of integrated automated systems in **Afghanistan, Sudan, and Yemen**;
- developing an audit manual in **Syria**;
- strengthening the central taxpayer database in **Sudan and Syria**;
- supporting the tax reform program and following up on the state of reforms in **Egypt and Iraq** through the participation of METAC Revenue Administration Resident Advisor to FAD diagnostic missions;
- supporting customs operations in **Egypt and Lebanon**;
- supporting tax reforms in **Libya**.

In line with METAC's strategy to strengthen regional networking and knowledge exchange, two workshops will be organized in FY 2012:

- regional workshop on compliance and risk management, to be held in Syria;
- regional workshop on organizational trends in tax administration, to be held in Egypt.

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**S**ECTION **V** :

**BUDGET AND FINANCING**

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## SECTION V: BUDGET AND FINANCING

### **Project Status – Phase III**

The budget for Phase III, May 2010-April 2015, was estimated at about \$33 million. It was based on the assumption of maintaining five resident advisors in the Center and using short-term experts in line with historical averages, in addition to the other expenses related to travel, backstopping, and management fees as explained in the PD. In its June 2010 meeting, the Steering Committee (SC) adopted the December 2009 PD and the budget for the third funding cycle of METAC.

At the pledging session held on October 10, 2010 in Washington DC, a total of \$15.4 million was raised from contributions already made by the European Commission (EC) and pledges from France, Kuwait, and Oman as well as the METAC beneficiary countries –Egypt, Jordan, Lebanon, Libya, Syria, Sudan, and Yemen. The pledges received and the IMF contribution of about \$6 million (a total of \$21.5 million) cover about two thirds of the Center's requirements.

### **The Budget for FY 2011**

In view of the shortfall in financing and the uncertainty regarding future funding of METAC, the Phase III budget was revised to reflect available resources of \$21.5 million. To stay within the budget envelope, several initiatives and measures were adopted to reduce spending in FY 2011. These include holding joint workshops with member countries, using fewer short-term experts while having resident advisors do more of the work when possible, hiring more local short-term experts, and organizing back-to-back missions. In addition, with the reduction in study tours, seminars, travel, backstopping, and project management, the FY 2011 budget outturn at \$2.8 million, about \$0.5 million less than the revised budget of \$3.3 million and about \$1.3 million less than the original \$4.1 million budget presented at last year's SC meeting.

### **Contribution Roster – Phase III**

Donors and recipients pledged a total of around \$21.5 million for Phase III. The composition of these pledges reflected METAC's strong regional ownership, with METAC partner countries contributing around 65% of total resources. Early contributors included the EC (which paid the full amount pledged) and Libya, which, due to the prevailing

circumstances, has not yet made any payment. In addition, in November 2010, the European Investment Bank (EIB) agreed to extend the use of its resources (that have not been utilized during Phase II) under a separate framework agreement to support METAC operations until April 30, 2013.

### **The FY 2012 Budget**

Given METAC's limited resources, the FY 2012 work plan was prepared with a view to contain cost. The use of short-term experts would be cut by about 35 percent compared to FY 2011, and by using more local experts, the cost is expected to be lower. Hiring local short-term experts will also help in identifying potential resident advisors for METAC in the future. In addition, the work plan did not budget for any study tour and a number of workshops will be conducted in full partnership with country authorities. Every effort will be made to use short-term experts traveling from outside the region in back-to-back missions or in seminars to save on travel cost. Experts from HQ who are traveling to the region under separate resources will also participate in seminars and training organized by METAC. As a result, the FY 2012 budget is targeting to deliver TA to member countries at a cost of \$3.15 million.

**S**ECTION **VI.**

**STAFFING NEWS**

## SECTION VI: STAFFING NEWS

Mr. Mohamad Ali Hassan, METAC Resident Advisor in Banking Supervision for the past two years, left METAC in mid-March to re-join Lebanon's Banking Control Commission (BCC).

Mr. Rachid Awad has replaced Mr. Ali Hassan and joined METAC in May 2011 as the new Banking Supervision Resident Advisor. Before joining METAC, Mr. Awad served for more than two years as the IMF resident advisor for Banking Supervision at the Central Bank of Libya. Prior to that, Mr. Awad worked for more than eleven years at the BCC as a senior examiner in the off-site supervision function. During his career at the BCC, Mr. Awad played an active role in drafting many regulations and developing supervision practices, in particular those related to implementing international financial reporting standards and Basel standards in the Lebanese banking sector.

Mr. Pierre Messali, METAC Resident Advisor in Public Financial Management for the past two years, left METAC in end-June to re-join the World Bank.

Mr. Jacques Charaoui has been selected as the next METAC resident advisor for Public Financial Management. He will join METAC in September 2011 after serving as a Project Manager for a World Bank reform project at the MOF of Lebanon. The project aims at improving efficiency of public financial resources by assisting in the implementation of a number of core inter-linked reforms in budget, debt and aid management. He provided technical guidance on various project components, focusing mainly on Budget Classification and Chart of Account in line with GFSM2001, and on a new modern budget system law. Earlier in his career, he worked for over 10 years in consulting firms in Europe where he conducted several evaluation and TA missions.



METAC and IMF bidding farewell to Pierre Messali, METAC resident advisor in PFM



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# ANNEXES

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## **ANNEX 1: EXISTING REGIONAL TECHNICAL ASSISTANCE CENTERS (RTACs)**

**The Pacific Financial Technical Assistance Center (PFTAC)** was established in Suva, Fiji, in 1993, now serving 16 Pacific island countries and territories, including the Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Timor-Leste, Tokelau, Tonga, Tuvalu, and Vanuatu. Its current program cycle is funded by the Asian Development Bank, Australia, the IMF, New Zealand, and the host country Fiji.

**The Caribbean Regional Technical Assistance Center (CARTAC)** was established in Bridgetown, Barbados in 2001. It serves 20 Caribbean island countries and territories, including Anguilla, Antigua and Barbuda, Bahamas, Barbados, Belize, British Virgin Islands, Cayman Islands, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago, and Turks and Caicos. Its new program cycle is funded by Australia, Canada, the Caribbean Development Bank, the United Kingdom, the host country Barbados, beneficiary countries, and the IMF. Discussions with several other donors are ongoing.

**The African Regional Technical Assistance Centers** are part of the IMF's Africa Capacity-Building Initiative launched in May 2002. Responding to calls from African leaders, including under the New Partnership for Africa's Development (NEPAD), the Initiative promotes strengthening the capacity of African countries to design and implement their poverty-reducing strategies, as well as to improve the coordination of capacity-building technical assistance in the PRSP process. As part of the Initiative, **four** African Regional Technical Assistance Centers (AFRITACs) have been established. East AFRITAC was opened in Dar es Salaam, Tanzania, in 2002, and now serves seven countries in East Africa (Eritrea, Ethiopia, Kenya, Malawi, Rwanda, Tanzania, and Uganda). West AFRITAC was opened in Bamako, Mali, in 2003, to serve ten countries in West Africa (Benin, Burkina Faso, Côte d'Ivoire, Guinea, Guinea-Bissau, Mali, Mauritania, Niger, Senegal, and Togo). Central AFRITAC was opened in Libreville, Gabon, in 2007, to serve countries in the CEMAC group, plus Burundi and the Democratic Republic of the Congo. South AFRITAC was opened in Port Louis, Mauritius, in May 2011, to serve 13 countries in Southern Africa (Angola, Botswana, Comoros, Lesotho, Madagascar, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Zambia, and Zimbabwe). Work is in progress to open one more AFRITAC, covering the non-francophone countries in West Africa (AFRITAC West 2). The AFRITACs are financed by contributions from a number of donors, the IMF, as well as host and beneficiary countries. Current donors include the African Development Bank, Australia, Brazil, Canada, the European Investment Bank, the European Commission, France, Germany, Italy, Kuwait, Luxembourg, the Netherlands, Switzerland, and the United Kingdom.

**The Central America, Panama and the Dominican Republic Regional Technical Assistance Center (CAPTAC-DR)** started operations in May 2009 in Guatemala. It serves Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, and Panama. The Center's technical assistance is focused on financial sector regulation and supervision, tax and customs policy and administration, public financial management, money

and public debt markets, and macroeconomic statistics. Improved institutions and increased regional integration are the objectives. The Center is funded by Canada, the Central American Bank for Economic Integration, the European Union, Germany, the Inter-American Development Bank, the IMF, Mexico, Spain, the host country Guatemala, and beneficiary countries.

## ANNEX 2: METAC PLANNED ACTIVITIES, FY2012

	BANKING SUPERVISION	STATISTICS
<b>Regional Activities</b>	Two workshops: Islamic Banking and Cross Border Supervision.	Two workshops on balance of payments: Reducing asymmetries in bilateral data and Conversion from BPM5 to BPM6.
<b>Afghanistan</b>	Providing training/workshops on Islamic Banking, IAS/IFRS, and Basel accord.	TA and training on improving the Consumer Price Index, and follow-up mission on improving balance of payments statistics.
<b>Egypt</b>	To be determined.	Validation of FDI survey results to improve FDI statistics.
<b>Iraq</b>	Providing TA and training on Letter of credits, On-site and Off-site supervision.	To be determined.
<b>Jordan</b>	TA missions on Basel III, Liquidity Risk, and Stress testing.	Improving compilation of QNA and rebasing the accounts, and improving collection and compilation practices for balance of payments and IIP statistics.
<b>Lebanon</b>	Training on Mutual funds, Structured products, and Consumer protection. Providing TA in developing a statistical model to enhance the function of the EWS.	Assisting and following up with the BDL on compiling the first IIP statement. Reviewing progress and training staff in PPI. Workshop at the BDL on consistency of macro-economic statistics.
<b>Libya</b>	Training on International Accounting Standards, Banks licensing process and Liquidity risk management.	Improving BOP components and compiling IIP statistics. Reviewing collection and compilation methods for the CPI and PPI.
<b>Sudan</b>	Training on Islamic banking, IAS/IFRS, and Risk management. Delivering TA to improve the function of the Credit registry at BOS.	Reviewing implementation of new ITRS. Validating FDI survey results.
<b>Syria</b>	Training on Operational risk and Basel 2. Delivering TA in implementing Basel 2 (Pillar 2) and in improving the work of the credit registry.	Improving balance of payments/IIP statistics and validating them for BOPSY. Reviewing the functioning of the ITRS. Finalizing the revision of the CPI and follow up on the PPI.
<b>West Bank and Gaza</b>	Updating call reports sent by banks to comply with IFRS, IAS and Basel II requirements.	Finalizing the production and publication of the first IIP statement.
<b>Yemen</b>	Developing circulars.	Improving balance of payments and IIP statistics. Improving compilation of International Trade in Goods and Services, for balance of payments and NA. Improving the compilation of NA.

	<b>PUBLIC FINANCIAL MANAGEMENT</b>	<b>REVENUE ADMINISTRATION</b>
<b>Regional Activities</b>	Two workshops: Internal control-audit and Accounting issues.	Two workshops: Compliance & risk management, and Organizational trends in tax administration.
<b>Afghanistan</b>	Follow-up TA mission on financial planning.	Workshop on risk-based audit to improve compliance management and follow up to support implementation of reforms.
<b>Egypt</b>	Participating in full FAD / METAC mission on PFM assessment. Assisting with MT fiscal forecasting and top-down budgeting (budget ceilings) and with the development of internal controls and audit.	Participation in HQ diagnostic mission on tax administration and visit to support customs.
<b>Iraq</b>	Participating in a full FAD / METAC mission on PFM assessment.	Participating in a HQ diagnostic mission on tax administration to support reforms.
<b>Jordan</b>	Follow-up TA mission on capital expenditures, and on CCS and cash management.	Reviewing and strengthening structural arrangements of HQ functions, and strengthening compliance management of financial sector.
<b>Lebanon</b>	Assisting with improving IFMIS, cash management and TSA.	Supporting establishment of integrated HQ functions, and of customs. Strengthening compliance management of financial sector in the LTO.
<b>Libya</b>	To be determined.	Supporting implementation of revenue administration reforms.
<b>Sudan</b>	Participating in a full FAD / METAC mission on PFM assessment. Assisting with cash management, TSA, and budget preparation.	Strengthening VAT administration including audit skills training. Reviewing Business processes in LTO/MTO. Supporting development of TPC.
<b>Syria</b>	Assisting with Budget integration. Participating in an FAD / METAC follow-up mission on PFM assessment. Assisting with developing cash management and fiscal reporting.	Introducing compliance management strategy and risk-based audit. Developing an audit manual. Following-up on BAC implementation. Supporting VAT preparations.
<b>West Bank and Gaza</b>	Participating in an FAD / METAC follow-up mission on PFM assessment.	To be determined.
<b>Yemen</b>	Participating in a full FAD/METAC mission on PFM assessment.	Reviewing front-office business processes in LTO/MTOs.

	<b>DEBT MANAGEMENT AND MONEY MARKET DEVELOPMENT</b>
<b>Regional Activities</b>	Two workshops: Developing debt management strategies and Islamic Sukuk.
<b>Afghanistan</b>	Developing a secondary market for central Bank Capital Notes.
<b>Egypt</b>	To be determined.
<b>Iraq</b>	Improving Central bank operations including capacity building for T Bills auctions.
<b>Jordan</b>	Capacity building on building, analyzing and evaluating debt strategies and on development of money and capital markets.
<b>Lebanon</b>	To be determined.
<b>Libya</b>	Final implementation of CD auction. Developing an interbank market and a secondary market for CD.
<b>Sudan</b>	Strengthening public debt department and its reorganization. Developing a debt management strategy and an auction system at CBOS and interbank market.
<b>Syria</b>	Further training and assistance on developing a debt management strategy. Developing a retail debt program and an interbank market, and calculating liquidity position in the market on daily basis.
<b>West Bank and Gaza</b>	Developing the government securities market and prerequisites. Capacity building and training for market participants. Drafting an MOU between PA and PMA and between PMA and banks. Preparing infrastructure and trading framework for T Bills.
<b>Yemen</b>	Developing MOF capacity for debt management, an interbank market, and a secondary market for T bills. Developing and formulating a debt policy document.

### ANNEX 3: LIST OF SEMINARS / WORKSHOPS, FY2011

Title of Course/Seminar	Location	Collaborating Institution	# Participants	Target Countries	
				METAC	Other
IMF--Reshaping International Financial Regulation—Implications for the Middle East and Central Asia	Lebanon	MCD & MCM	31	4	10
Medium Term Fiscal Frameworks and Budget Planning	Lebanon		32	9	1
Statistics on International Trade in Services	Lebanon		23	9	4
IMF--Stress Testing and Risk Management	Lebanon	MCM	16	1	0
IMF--Islamic Banking: Supervisory Issues and Challenges	Lebanon	MCM	11	1	0
Budget Execution, Banking Arrangement and Cash Management	Syria	Ministry of Finance	25	7	0
Taxpayers' Services	Lebanon		33	10	3
Data Dissemination Standards	Jordan	Organized by AITRS	23	9	5

## ANNEX 4: LIST OF METAC MISSIONS, FY2011

Afghanistan		
Sector	Mission Activities	Month
Banking Supervision	Risk management	2010/06
Revenue Administration	To support customs	2010/09
	Workshop to senior tax officials on tax administration modernization strategy	2011/01
Public Financial Management	Full FAD / METAC mission on PFM assessment	2010/10
	Follow up on Government Finance Statistics (GFS) and financial planning	2011/01
Debt Management and Money Market Development	Monetary instruments, liquidity forecasting, forecasting of monetary aggregates	2010/06
Egypt		
Sector	Mission Activities	Month
Statistics	Assist in planning for full-scale FDI Survey and work with the CBE on ROSC outstanding issues	2010/11
Public Financial Management	Full FAD / METAC mission on PFM assessment	2010/12
Iraq		
Sector	Mission Activities	Month
Banking Supervision	Training on newly developed regulations and call reports	2011/01
	Develop an off-site supervision report	2011/01



<b>Jordan</b>		
<b>Sector</b>	<b>Mission Activities</b>	<b>Month</b>
<b>Statistics</b>	Assist in improving BOP and IIP Statistics	2011/02
	Improving quarterly national accounts statistics	2010/10
<b>Banking Supervision</b>	Develop credit registry regulation and manual	2010/07
		2010/08
<b>Revenue Administration</b>	Strengthen collection operations & arrears management	2010/07
<b>Public Financial Management</b>	FAD / METAC follow-up mission on PFM assessment	2011/01
<b>Debt Management and Money Market Development</b>	Follow up on Debt Management and Financial Market Development	2010/09

<b>Lebanon</b>		
<b>Sector</b>	<b>Mission Activities</b>	<b>Month</b>
<b>Statistics</b>	Improving BOP components and compiling IIP statistics	2011/02
	Assist Lebanon in collecting source data and compiling PPI statistics	2010/07
<b>Banking Supervision</b>	Develop an Early Warning System	2010/11
	Review examination templates	2011/01
<b>Revenue Administration</b>	Strengthen collection operations & arrears management	2010/11
	Support restructuring & integration: integration plan, functional statements & staff estimates	2010/08
<b>Public Financial Management</b>	Full FAD / METAC mission on PFM assessment	2010/11
	Inspection mission with FAD	2010/06
<b>Debt Management and Money Market Development</b>	Debt Strategy	2010/05
	Assess the needs for debt management and money market development	2010/05
<b>Central Banking</b>	Final mission on International Bank Account Number (IBAN)	2010/06

Libya		
Sector	Mission Activities	Month
Banking Supervision	On-site training on inspection manual	2010/05
		2010/07
		2010/10
Revenue Administration	METAC advisor follow-up visit to assess progress in implementing the reforms: HQ structure, establishment of LTO and MTOs	2010/07
Public Financial Management	Full FAD/METAC mission on PFM assessment	2010/11
Debt Management and Money Market Development	Assess the needs for debt management and money market development	2010/06
	Develop interbank and secondary markets	2010/10
	Primary market for issuing CDs, Auction System for CD	2010/10

Sudan		
Sector	Mission Activities	Month
Statistics	Improve BOP components, compile IIP statistics, and provide training	2010/12
Banking Supervision	Follow-up mission on the implementation of the credit registry	2010/06
		2011/1
Revenue Administration	Short-term expert visit to assess progress in implementing the IT strategy	2010/06
	Short-term expert visit to strengthen audit techniques and implementation of self-assessment specially in the LTO (with on-site workshop)	2011/03
	Short-term expert visit to review front office business processes in LTO/MTOs, specially registration and tax returns filing	2011/02
Public Financial Management	Assist with budget preparation	2010/12
	Assist with cash management and TSA	2010/05
Debt Management and Money Market Development	Assess the needs for debt management and money market development	2010/12

## Syria

Sector	Mission Activities	Month
Statistics	Review of ITRS, CDIS preparation, and follow up on remittances	2010/06 (2)
		2010/10
		2010/12
	Follow up on BOP/IIP	2011/01
	Review collection and compilation methods for producing a CPI and provide advice regarding compilation of PPI	2010/11
Banking Supervision	Develop a manual on small and micro finance institutions, measure its risks and evaluate its performance	2010/08
	Training course on IAS and IFRS	2010/07
	Assessment of Credit Registry System	2011/03
	Implementation of Pillar II	2010/12
		2011/02
	Follow-up mission on the implementation of BASEL II	2011/04
		2010/09
Revenue Administration	Short-term expert visit to support implementation of self-assessment	2010/10
	Short-term expert visit to strengthen the TIN implementation including the business activity code (ISIC)	2010/06
	Short-term expert visit to support preparations for VAT	2010/11
	Support TPC	2010/11
	Visit to support finalization of TPC	2011/04

<b>Public Financial Management</b>	FAD/METAC follow-up mission on PFM assessment	2011/01
	Assist with Budget integration	2010/11
	Assist with Budget integration	2010/06
	Budget Classification	2011/03
<b>Debt Management and Money Market Development</b>	Assess the needs for debt management and money market development	2010/05
	Develop a government securities market	2010/09
	Develop formal debt strategy, produce regular reporting on the size and composition of debt	2011/03

### West Bank and Gaza

<b>Sector</b>	<b>Mission Activities</b>	<b>Month</b>
<b>Statistics</b>	Review Foreign Investment Survey and assist in finalizing IIP data	2010/12
<b>Banking Supervision</b>	Follow-up mission on the implementation of the credit registry	2010/05
		2010/10
<b>Revenue Administration</b>	Visit to support tax administration	2011/03
	Study visit for Tax officials on IT systems	2010/12
<b>Public Financial Management</b>	FAD/METAC follow-up mission on PFM assessment	2010/08
	Inspection visit	2010/06
<b>Debt Management and Money Market Development</b>	Assess the needs for Debt Management	2010/08
	Legal, Operational Aspects, Internal Procedures (registrar, accounting, IT)	2010/11

<b>Yemen</b>		
<b>Sector</b>	<b>Mission Activities</b>	<b>Month</b>
<b>Statistics</b>	Improving collection and compilation practices for BOP and IIP statistics	2010/11
<b>Banking Supervision</b>	On-the job training on inspection manual	2010/07 2010/10
	Development of new circulars	2011/01
	Off-site supervision training	2010/10
<b>Revenue Administration</b>	METAC advisor follow-up visit to assess progress in implementing the reforms	2010/05
	Short term expert visit to support self assessment	2010/09
	Support preparations for VAT	2010/07
	Participation in a HQ diagnostic mission	2011/02
	METAC advisor short term expert installation visit support self assessment	2010/12
<b>Public Financial Management</b>	Full FAD/METAC mission on PFM assessment	2010/10
<b>Debt Management and Money Market Development</b>	Review of monetary framework and central bank instruments/Money and Exchange Regimes	2011/01
	Developing interbank Market/capital market development	2010/10
	Assess the needs for debt management and money market development	2010/07

## ANNEX 5: METAC STEERING COMMITTEE MEMBERS

### METAC Country Representatives

#### Afghanistan

**Mr. Mohibullah Safi**

First Deputy Governor  
Central Bank of Afghanistan  
E-mail: mohibullahsafi@yahoo.com

#### Egypt

**Ms. Amina Ghanem**

Deputy Minister for International Relations  
Ministry of Finance  
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#### Iraq

**Mr. Azez Jaafar Hassan**

Senior Personal Advisor to the Minister of Finance  
Ministry of Finance  
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#### Jordan

**Dr. Hamzeh Jaradat**

Advisor to the Minister  
Ministry of Finance  
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#### Lebanon

**H.E. Minister Mohammad Safadi**

Minister of Finance  
Ministry of Finance  
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#### Libya

**Mr. Ali Ramadan Shnebish**

Director Research and Statistics Department  
Central Bank of Libya  
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#### West Bank and Gaza

**Mr. Muhannad I. Tull**

Director of Human Resources Department  
Palestine Monetary Authority  
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#### Sudan

**Mrs. Amal Ahmed Elhassan Elkabeir**

Deputy Director of the Budget Control Unit  
Ministry of Finance and National Economy  
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**Syria****Mr. Mohammad Issa**

Director of International Co-operation Department  
 Ministry of Finance  
 E-mail: mofissa@mail.sy

**Yemen****Mr. Tarek A. Al Sharafi**

Director General of External Financial Relations Department  
 Ministry of Finance  
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**Donor Representatives****European Commission****Mr. Andrew Jacobs**

Head of Unit  
 Europe Aid Co-operation Office  
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**European Investment Bank****Mr. Pedro José Frias de Lima**

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**France****Mr. Frederic Kaplan**

Head of Economic Mission for the Near East  
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**Japan****Mr. Shinichi Imoto**

Economic Attache and Second Secretary  
 Embassy of Japan in Lebanon  
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**Kuwait****Mr. Ishaq Abdulkarim**

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**Oman****Mr. Rashid Ali Al Khaify**

Director of Treasury  
 Ministry of Finance  
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## METAC STAFF PROFILES

The Center is staffed with a Center coordinator, five resident advisors, and four support staff. The Center coordinator has responsibility for leadership and management of the Center's activities and staff. The resident advisors deliver training and advice in their respective areas of competence, and coordinate with other TA providers. The Center also makes significant use of short-term experts.

### **Center Coordinator**

**Mr. Saade Chami**

**E-mail: [schami@imf.org](mailto:schami@imf.org)**



Prior to METAC, Mr. Chami was Division Chief in the Middle East and Central Asia Department (MCD) where he led missions to several countries in the region including Jordan and Yemen. While on leave without pay from the IMF, Mr. Chami spent a few months in Lebanon in 2005-2006 to help the Lebanese government in the preparation of the main document for the Paris III donors meeting. Mr. Chami also worked on several countries in the Middle East, Europe, Africa and Asia. Before joining the IMF, Mr. Chami was Director of the Graduate School of Business and Management at the American University of Beirut where he taught economics and finance for six years and served as an advisor to the Central Bank of Lebanon and a board member of the Deposit Insurance Corporation.

### **Banking Supervision Advisor**

**Mr. Mohamad Ali Hassan**

**E-mail: [malihassan@imf.org](mailto:malihassan@imf.org)**



Before joining METAC in March 2009, Mr. Ali Hassan was Senior Manager at the Lebanon's Banking Control Commission (BCC). He has 19 years of experience in banking supervision. For the last 7 years at the BCC, he was the Head of Financial Institutions and Market Risk Department. From 1990 to 2001, Mr. Ali Hassan worked as on-site examiner for banks and financial institutions. Prior to joining the BCC in 1990, Mr. Ali Hassan worked in the banking sector for four years. He has held a part-time instructor position at the American University of Beirut where he taught accounting for 9 years.



### **Multisector Statistics Advisor**

**Mr. Jean Galand**

**E-mail: [jgaland@imf.org](mailto:jgaland@imf.org)**

Mr. Galand joined METAC in August 2010, after five years as a Senior Economist in the Balance of Payments Division of the IMF Statistics Department, dealing in particular with external debt statistics methodology and development. Earlier in his career, he worked for over 10 years in various positions in the Balance of Payments Directorate of the Banque de France, before taking up a three-year assignment for the IMF as a resident expert at the Central Bank of West African States in Dakar, to oversee the overhaul of the regional balance of payments statistics compilation system. Mr. Galand then joined the External Statistics Division of the European Central Bank in Frankfurt where his main responsibility was to help Accession Countries meet the external statistics requirements prior to their joining the European Union.



### **Revenue Administration Advisor**

**Ms. Manal Assir**

**E-mail: [massir@imf.org](mailto:massir@imf.org)**

Ms. Assir has more than 16 years of experience in tax administration and tax system reforms. Before joining METAC in December 2009, she was the Director of the United Nations Development Program (UNDP) Tax Reform Program in Lebanon. Since 2005, she has been a member of the IMF Fiscal Affairs Department panel of experts. From 2001 until 2005, she directed a World Bank project aiming at the modernization of the Cadastre / Land Registry operations in Lebanon. She has been a panel expert of a number of international organizations and conducted several evaluation and TA missions. She had also worked as a senior management consultant in modeling and developing financial and tax information systems in Canada and the Middle East. Ms. Assir had held a part-time instructor position at the Saint-Joseph University where she taught project management modules.



### **Public Financial Management Advisor**

**Mr. Pierre Messali**

**E-mail: [pmessali@imf.org](mailto:pmessali@imf.org)**

Before joining METAC in September 2008, Mr. Messali was for seven years a Senior Public Financial Management advisor at the World Bank (Headquarters) working on African and Middle Eastern countries. Prior to the World Bank, Mr. Messali was at the Ministry of Finance in France where he held several positions in different areas: public financial management at the Budget Directorate and the Parliament (Budget Committee), tax policy in a State-Owned Enterprise, and human resources at the French Ministry for the development of the Euro currency.

**Public Debt Management and Money Markets Development Advisor**

**Ms. Nelly Batchoun**

**E-mail: [nbatchoun@imf.org](mailto:nbatchoun@imf.org)**



Prior to joining METAC in April 2010, Ms. Batchoun spent most of her career at the Central Bank of Jordan where she held several high level positions dealing with Public Debt Management, Open Market Operations, Payment Systems and Domestic Banking Operations, Banking Supervision and Reserve Management. Ms. Batchoun also worked at the World Bank in Washington D.C. for the period 1994-1996 on financial sector restructuring, financial markets development, and private sector development. Ms. Batchoun served also as consultant for the Jordan Securities Commission. In February 2007, His Majesty King Abdullah II of Jordan granted Ms. Batchoun Wissam Al-Istiqlal (Order of Independence), First Class in appreciation of services while at the Central Bank of Jordan.

**METAC operations are also supported by four local staff:**



Mrs. Sawsan Saidi  
Office Manager



Mrs. Mona Demian  
Administrative Assistant



Mrs. Rita Faddoul  
Administrative Assistant



Mr. Fadi Mehrez  
Driver / Messenger