

## ANNUAL REPORT

September 2013



# MIDDLE EAST REGIONAL TECHNICAL ASSISTANCE CENTER (METAC)



## Statement by the Chairperson of the METAC Steering Committee

---



The Fiscal Year (FY) 2013 was another difficult year for many of the Middle East Regional Technical Assistance Center (METAC) countries, which continue to face challenging security situation and political turmoil. Despite these difficulties, I am happy to report that METAC delivered strongly on its program with an overall implementation rate of about 91 percent. This performance was achieved mainly through shifting resources to relatively more stable countries and readiness to respond to emerging needs and requests from member countries.

Since its establishment in 2004, METAC has been playing a key role in helping its members build their capacity for effective macroeconomic policy. As is highlighted in this year's report and in previous reports, we continue to witness a number of success stories in METAC's technical assistance (TA) delivery.

METAC has also continued to focus on regional workshops, and seminars on issues that are common to the region. These events provide an excellent platform to strengthen relationships among officials from the region and to share experiences and exchange knowledge on the main challenges facing the countries of the region.

It is expected that, once the security situation normalizes, METAC will play a very active role in helping its member countries, currently going through major political transition, strengthen their institutional and human capacities in order to improve the management of public finances, develop strong financial systems, and produce reliable macroeconomic statistics.

For METAC to be able to carry-out its mandate and broaden its activities, we need to ensure that it has the needed resources. To that end, I am grateful to the German Agency for International Cooperation (GIZ) for making, on behalf the German Federal Ministry for Economic Cooperation and Development, a \$2.4 million contribution to METAC. I also look forward to the finalization in the near future of all the paper work related to the \$1.3 million grant from the United States Agency for International Development (USAID) to METAC.

I strongly encourage donors and member countries to contribute enough to METAC in the period ahead so that it can fulfill its mandate and be able to meet the TA and training needs of its member countries. I would like to assure you that we, in Lebanon, will make every effort to ensure that METAC achieves its objective and, as in previous years, we will continue to support it financially.

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

## Foreword by the METAC Coordinator

---



In FY2013, METAC's work continued to be hampered by the security situation and political turmoil in most of its member countries. Nevertheless, the overall implementation rate of the work program reached around 91 percent. This was made possible by changes in the work plan to take into account slow or no delivery to countries affected by conflicts and readiness to respond to emerging needs of member countries.

Reflecting the needs of our members, our capacity building efforts were guided by three objectives: (1) building strong institutions to establish accountability and good governance and support well-functioning institutions needed for macroeconomic stability and to support long term growth; (2) strengthening statistics to help make informed policy decisions, support accountability, and deliver on transparency; and (3) helping put in place equitable fiscal policies to make economies more inclusive and to create an environment of fairness and shared responsibility.

With the shift of work towards relatively more stable countries, Sudan and Lebanon received the largest share of TA, 23 and 20 percent, respectively, followed by Jordan at 14 percent. Given the amount of TA Lebanon has received since the inception of METAC, a special section in this report is dedicated to taking a closer look at the delivery of TA from METAC and to evaluate progress made in these areas (Box 3).

In total, in FY2013, 68 TA missions and 8 regional workshops took place in all METAC member countries, except Libya and Syria. TA delivery was largest in the areas of banking supervision and revenue administration at around 103 percent, followed by public financial management (PFM) at 91 percent, and statistics at 86 percent. Due mainly to relatively low demand, METAC work in the area of debt management was discontinued.

METAC continued to strengthen its cooperation with donors and to broaden its outreach activities (Section II). METAC organized a number of regional workshops with USAID, the United Nations Economic and Social Commission for Western Asia (ESCWA) and the IMF Middle East Center for Economics and Finance in Kuwait (CEF). Also, in cooperation with the French tax administration, METAC organized a study mission in France to allow delegates from Yemen to benefit from the French experience in the Integrated Tax Administration System. In addition, METAC participated in a number of outreach activities focusing on its role and that of the International Monetary Fund (IMF) and how they are helping the countries of the region develop their institutions and achieve macroeconomic and financial stability. Regional activities accounted for about 13 percent of METAC's work program.

The work plan for FY2014 (Annex III) is based on the assessment of the TA and training needs of member countries, feedback from those countries, METAC advisors' knowledge of the countries, and IMF TA priorities for the region. It is also guided by a rolling annual work plan within a results-based management framework. This approach ensures that activities are planned and implemented on the basis of beneficiary country needs, are complementary to other forms of IMF TA, and are an integral part of the overall IMF TA program.

In the period ahead, demand for METAC TA is expected to increase significantly when the political transitions that began in some Arab countries in 2011 have played out and economic management moves to the fore. Supporting capacity development in these countries is a priority for the IMF. To that end, METAC will play a key role in providing TA and training to Arab countries in transition in the areas of banking supervision, PFM, revenue administration, and statistics.

The METAC mid-term evaluation process has been launched, and we expect the final report to be discussed during the next steering committee (SC) meeting in May 2014. While this evaluation will focus on the third funding cycle (May 2010–April 2015), it will be informed by analysis of the previous two phases covering November 2004–April 2010. The focus of the evaluation is to assess the extent to which METAC is achieving its objectives efficiently and effectively and whether the TA delivered is sustainable. The evaluation will also look at the challenges and known risks that METAC has faced in conducting TA and training, and what has been done to address them. An Evaluation Sub-Committee (ESC) has been established to oversee the evaluation process, which will be chaired by the Minister of Finance of Lebanon, Chairperson of METAC SC, and will include representatives from member countries, donors, and IMF departments.

Financing pressure for the remaining two years FY2014–15 of this funding cycle has eased considerably. With a generous \$2.4 million contribution from GIZ, on behalf the German Federal Ministry for Economic Cooperation and Development, and the soon-to-be received \$1.3 million grant from USAID, METAC will have enough resources to implement its work plans for the next two years. However, once the situation in member countries stabilizes, for METAC to be able to fulfill its mandate and meet the huge TA and training needs of its countries during this critical time in the region's history, METAC's financing will have to be put on a more solid foundation.

*Mohamad Elhage*  
*METAC Coordinator*

## SELECTED ACRONYMS AND ABBREVIATIONS

AFRITACs	African Regional Technical Assistance Centers
AITRS	Arab Institute for Training and Research in Statistics
ARD	Afghanistan Revenue Department
ATAIC	Association of the Tax Authorities in the Islamic Countries
BAC	Business Activity Classification
BCCL	Banking Control Commission of Lebanon
BDL	Banque du Liban
BIS	Bank for International Settlements
BOP	Balance of Payments
BPM6	<i>Balance of Payments and International Investment Position Manual, sixth edition</i>
BSD	Banking Supervision Department
CARTAC	The Caribbean Regional Technical Assistance Center
CAS	Central Administration of Statistics, Lebanon
CBE	Central Bank of Egypt
CBJ	Central Bank of Jordan
CBOS	Central Bank of Sudan
CBSS	Central Bureau of Statistics, Sudan
CBY	Central Bank of Yemen
CCS	Commitment Control System
CDIS	Coordinated Direct Investment Survey
CEF	Middle East Center for Economics and Finance, IMF
CIASA	Credit Information and Scoring Agency
CMU	Cash Management Unit
COA	Chart of Accounts
COFOG	Classification of Functions of Government
CPI	Consumer Price Index
CPIS	Coordinated Portfolio Investment Survey
CSO	Central Statistical Organization
DAB	Da Afghanistan Bank
DGFA	French Directorate General of Fiscal Affairs
DGFIP	Direction Générale des Finances Publiques
DI	Direct Investment
DOS	Department of Statistics, Jordan
EBI	Egyptian Banking Institute
EC	European Commission
EIB	European Investment Bank
ESC	Evaluation Sub-Committee
ESCWA	Economic and Social Commission for Western Asia, United Nations

EU	European Union
EWS	Early Warning System
EXD	External Debt
FAD	Fiscal Affairs Department, IMF
FDI	Foreign Direct Investment
FMI	Fonds Monétaire Internationale
FSD	Financial Supervision Department
FY	Fiscal Year
GAFI	General Authority for Investment
GBD	General Budget Department, Jordan
GDB	Gross Domestic Product
GFSM	<i>Government Finance Statistics Manual</i>
GIFT	Governance Institutes Forum for Training
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
HQ	Headquarters
IFMIS	Integrated Financial Management Information System
IFRS	International Financial Reporting Standards
IFSB	Islamic Financial Services Board
IIP	International Investment Position
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
ISIC	International Standard Industrial Classification
IT	Information Technology
ITAS	Integrated Tax Administration System
ITRS	International Transactions Reporting System
LTO	Large Taxpayers Office
MCD	Middle East and Central Asia Department, IMF
MCM	Monetary and Capital Markets Department, IMF
MENA	Middle East and North Africa
METAC	Middle East Regional Technical Assistance Center
MFD	Macro-Fiscal Department
MOF	Ministry of Finance
MOPIC	Ministry of Planning and International Cooperation, Jordan
MOU	Memorandum of Understanding
MTBF	Medium-Term Budgeting Framework
MTDS	Medium-Term Debt Management Strategy
MTEF	Medium-Term Expenditure Frameworks
MTFs	Medium-Term Frameworks
MTFF	Medium-Term Fiscal Forecasting Framework
MTO	Medium Taxpayers Office

NA	National Accounts
NBFIs	Non-Bank Financial Institutions
NEPAD	New Partnership for Africa's Development
PCBS	Palestinian Central Bureau of Statistics
PCBs	Private Credit Bureaus
PFM	Public Financial Management
PFTAC	Pacific Financial Technical Assistance Center
PMA	Palestine Monetary Authority
PPI	Producer Price Index
PRSP	Poverty Reduction Strategy Paper
RBM	Results-Based Management
RMU	Risk Management Unit
RSN	Regional Strategy Note
RTACs	Regional Technical Assistance Centers
SC	Steering Committee
SDDS	Special Data Dissemination Standard
STA	Statistics Department, IMF
SUT	Supply and Use tables
TA	Technical Assistance
TC	Taxation Chamber, Sudan
TIN	Tax Identification Number
TOR	Terms of Reference
TPC	Tax Procedure Code
TSA	Treasury Single Account
UN	United Nations
UNDP	United Nations Development Program
USAID	United States Agency for International Development
VAT	Value Added Tax
WB	World Bank

## CONTENTS

Section I: The IMF’s RTAC Initiative and METAC .....	10
Section II: METAC’s Technical Assistance Activities in FY2013 .....	15
A. Banking Supervision .....	15
B. Debt Management and Money Markets Development .....	22
C. Macroeconomic Statistics .....	23
D. Public Financial Management .....	28
E. Revenue Administration .....	31
F. METAC’s Other Activities .....	36
Section III: Technical Assistance inputs in FY2013.....	41
Section IV: Overview of the FY 2014 Work Plan.....	49
A. Banking Supervision .....	49
B. Macroeconomic Statistics .....	51
C. Public Financial Management.....	52
D. Revenue Administration .....	54
Section V: Budget and Financing .....	57
 <b>Annexes</b>	
Annex I: The IMF Regional Technical Assistance Centers (RTACs).....	61
Annex II: Log Frames .....	65
Annex III: Work Plan for FY 2014.....	71
Annex IV: Updated Work Plan for FY 2013 .....	97
Annex V: List of Seminars/Workshops FY2013 .....	141
Annex VI: METAC Steering Committee Members .....	142
METAC Staff Profiles .....	145
 <b>Boxes</b>	
Box 1. The Banking Control Commission of Lebanon (BCCL) adopts a new risk-focused manual for supervision of non-bank financial institutions (NBFIs).....	21
Box 2. METAC’s Notable Achievements .....	35
Box 3. Lebanon and METAC: Taking Stock and Looking Forward.....	43



## METAC COUNTRIES / CONTRIBUTORS



## METAC DONORS



The European Commission



France



The European Investment Bank



Kuwait



Deutsche Gesellschaft für Internationale Zusammenarbeit



Oman

---

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

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

---

# 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 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 (MTEF), 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 TA 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 RTAC 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 Center, and the work plans are endorsed by the SC.

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)**

METAC was established in Beirut, Lebanon, in 2004 to serve ten countries/territories in the Middle East, including 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. A particular focus is to help post-conflict countries in the region achieve macroeconomic stability and develop basic institutions for policymaking. 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 (EIB), the European Union (EU), France, Germany, the IMF, Kuwait, Oman, the host country Lebanon, and beneficiary countries.

### **Current Activities**

METAC's current activities focus on the delivery of TA and training (regional and in-country) in the areas of banking supervision, PFM, revenue administration, and macroeconomic statistics. Until October 2012 METAC provided TA and training in the area of improving debt management and developing money markets for efficient financing of governments' needs and for better conduct of monetary policy.

## 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 (EWS); 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.



## 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. However, due mainly to relatively low demand and METAC's tight financial condition during the first three years (May 2010-April 2013) of Phase III, a decision was made to discontinue the work in this area in October 2012.

## **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 HQ; 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 missions' 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.

---

# **S**<sub>ECTION</sub> **II.**

**METAC'S TECHNICAL ASSISTANCE ACTIVITIES  
IN FY2013**

---

## Section II: METAC's Technical Assistance Activities in FY2013

Despite the postponement of some of METAC's missions due to the tenuous security situation in number of member countries, the implementation ratio reached 91 percent of planned missions.

TA delivery was the largest in the areas of banking supervision and revenue administration at around 103 percent followed by PFM at 91 percent and Statistics at 86 percent. Due to the relatively low demand for TA in the area of debt management this area was dropped from the program in October 2012.

### A. Banking Supervision

Activities in the banking supervision area witnessed a substantial growth in FY2013 in Afghanistan and Lebanon; and the resumption of TA to Yemen. TA to Syria, Libya, and Egypt continues to be impacted by the security situation in these countries.

While the region has been overwhelmed with the many conflicts over the last two years, the international standards on banking supervision continue to improve with the aim to foster higher level and quality of banks' capital in line with the Basel III framework. The latter work requires banks to hold higher minimum levels of good quality capital in addition to some capital buffers to ensure their ability to absorb losses in case of negative market developments and / or deteriorating economic situation. The new standards also set two measures that intend to address the liquidity problems banks might face in the short-term either due to bank-specific problems or market-wide issues, and in the long term due to mismatches in the asset-liability mix. While some more developed banking systems in the region have already implemented Basel II and embarked on preparing for the implementation of Basel III, others are still adopting Basel I without appropriate consideration for the implementation of Basel II. The latter set of countries would need to set a very ambitious reform plan to bridge the gaps in their current regulatory and supervisory framework as compared to international standards. It is worth mentioning that the Basel III new capital ratios may not have a high impact on the banks in the region due to the existing high quality of banks' capital and the more conservative capital minimum requirements adopted by many authorities across the region.





Given the differing state of banking supervision and financial systems across the region, the nature of banking supervision activities during FY2013 was also widely dispersed. Most METAC's activities focused on developing the supervisory frameworks in some countries to be more risk-focused and further aligned with best international practices. Some other activities were dedicated to develop the current regulatory framework to better embrace the most recent applicable international standards and best practices. Only few activities were dedicated to assisting the countries in the preparations for Basel II and Basel III implementation. In FY2013, METAC increased TA for Lebanon, while maintaining a substantial level of TA to other countries, namely Afghanistan, Sudan, and West Bank and Gaza.

The work of METAC in FY2013 revolved around four main areas: (1) helping authorities strengthen their supervisory and enforcement frameworks; (2) improving the regulatory framework in line with Basel standards and best practices; (3) continuing the enhancement of credit registries and bureaus; and (4) building the capacity of supervisors through seminars and workshops.

## Technical Assistance Delivery

### Strengthening the Supervisory and Enforcement Framework

Most of the TA in banking supervision focused on this aspect as it represents an important leap in transforming supervision into a more risk-based exercise and in addressing the challenges and problems faced by weak banks.

- In **Afghanistan**, METAC assisted the Financial Supervision Department (FSD) in enhancing the current enforcement framework through bringing some amendments to the enforcement regulation and instituting some changes to the techniques and approaches used for supervising and monitoring weak banks. This work is still ongoing with changes expected to be brought to the enforcement manual and more capacity building activities needed by the FSD staff in this regard. METAC is also assisting Da Afghanistan Bank (DAB) and FSD in developing a medium-term action plan for strengthening banking supervision that outlines the main objectives and milestones to be achieved in 3-5 years.
- In **Lebanon**, METAC assisted the Banking Control Commission of Lebanon (BCCL) in developing a risk-based framework for the supervision of non-bank financial

*During the last twelve months, the Banking Control Commission of Lebanon (BCCL) had the occasion to cooperate with the METAC in two areas, a "Training Program" on "Cross Border Supervision" with the IMF in April 2012 and assignment for the preparation of an "Operations Manual" for the supervision of "Non-Banks Financial Institutions" (NBFIs) in October 2012 to be delivered to the BCCL by the end of June 2013.*

*We appreciate METAC's assistance and cooperation and look forward to the continuation of this relationship.*

*Usama Mikdashi  
Chairman*

*Banking Control Commission of Lebanon*

institutions (NBFIs). This project entailed developing the current inspection techniques and procedures and enhancing the regulatory reporting framework currently in place. The project was completed in August 2014 (Box 1).

- In **Jordan**, METAC is participating with the IMF Monetary and Capital Markets Department (MCM) in a project to assist the Central Bank of Jordan (CBJ) in enhancing its current Basel II pillar 2 framework and in preparing for the implementation of Basel III. The project will involve more capacity building activities to evaluate and review the internal capital adequacy assessment performed by banks. On another front, an action plan was proposed for enhancing the risk-based features of the supervisory framework and for implementing Basel III in Jordan. Additional work will be performed jointly with MCM in this respect.
- In **Yemen**, METAC has performed an initial TA needs assessment to identify the main priorities and topics for the Central Bank of Yemen (CBY). During FY2013, some assistance was provided to CBY to strengthen its enforcement framework, including through developing a new regulation on prompt corrective action.
- In **Sudan**, METAC started assisting the Central Bank of Sudan (CBOS) in enhancing its onsite inspection process. An initial mission was performed to assess the current onsite supervisory framework and to bring about recommendations to enhance it and make it more risk-based and better aligned with international best practices. More work is expected in this respect during FY2014 particularly in developing a new risk-focused onsite inspection manual and training the CBOS inspectors on its implementation.
- In **West Bank and Gaza**, an ongoing project is taking place on transforming the supervisory framework at the Palestine Monetary Authority (PMA) into a more risk-oriented process through developing a new risk-based manual and changing the current procedures and practices accordingly. This work is being carried by the PMA through the help of peripatetic visits by METAC's short-term expert to guide and assist the process. Some progress has been achieved during FY2013 and the project is expected to be completed by end FY2014.

*The Central Bank of Jordan highly appreciates METAC efforts for providing us with technical assistance to develop and enhance our banking supervision practices and promoting financial stability and we look forward to continuing the work on the current projects with METAC.*

**Mohamad Amaireh**  
**Head of Financial Stability Department**  
**Central Bank of Jordan**

## **Improving the Regulatory Framework**

As the supervisory framework is being further developed for many countries in the region, some parallel work should be performed to enhance the prudential regulations and align them further with best practices and international standards. To that end, METAC assisted some countries in enhancing some

of their regulations in line with international benchmarks while giving adequate consideration to the country-specific factors.

- In **Sudan**, METAC assisted the CBOS in developing new draft regulations on liquidity measurement and liquidity risk management. The two proposed regulations were drafted in accordance with international standards and best practices and took into account the nature of banking activities that are entirely based on Islamic Shari'ah principles.
- In **Afghanistan** and **Yemen**, METAC assisted in developing the regulation on enforcement / prompt corrective action.
- In **Yemen**, METAC also assisted the CBY in improving its regulation on the management and control of foreign exchange risk. The proposed circular enhances the way the foreign exchange positions are computed and establishes new limits for those positions. The circular proposed some recommendations for the sound management of foreign exchange risk.

### Enhancement of Credit Registries and Bureaus

To achieve a better financial intermediation, the credit adjudication process should be based on transparent and accurate credit risk information. To that end, there is a need to develop credit registries and bureaus that capture the credit activities and exposures in the country and disclose them to interested parties in order to better inform the credit granting process. In this context, METAC has been assisting some countries in developing the infrastructure for setting up credit bureaus and expanding their existing credit registry.

وساهم ذلك في انجاز العديد من جوانب خطة التحول METAC منذ العام 2006 فقد حصلت سلطة النقد على دعم فني مقدم من الاستراتيجية التي أعدتها سلطة النقد للتحول إلى بنك مركزي كامل الصلاحيات. واستمرت سلطة بالحصول على هذا الدعم الفني خلال السنة الماضية وحتى تاريخه. وتضمن سلطة النقد وتقدر عاليا هذا الدعم الفني الذي ساهم في تطوير أعمالها وتعزيز إنجازاتها مما كان له الأثر الإيجابي في تطوير سياساتها وأدواتها الرقابية وخدم رؤيتها في تعزيز سلامة ومثانة واستقرار الجهاز المصرفي الفلسطيني وتطوير أعماله.

*Since 2006, METAC has provided technical assistance to the Palestine Monetary Authority (PMA), which has significantly contributed in achieving many aspects of the strategic transformation plan to turn the PMA into a full-fledged central bank. The PMA highly appreciates METAC TA as it had a positive impact in developing its activities and enhancing its achievements. This has helped the PMA develop its policies and supervisory tools and served well its mandate to foster the soundness and stability of the Palestinian banking system and to further develop its activities.*

**Riyad Mustafa Abu Shehadeh**  
**Director**  
**Supervision & Inspection Department**  
**Palestine Monetary Authority**

- In **Sudan**, METAC continued assisting the CBOS in expanding and upgrading its credit registry. As a result, the credit registry has made substantial progress in covering a more comprehensive set of borrowers with more detailed financial and demographic data. A new agency, the Credit Information and Scoring Agency (CIASA) was established and housed the CBOS credit registry. METAC has provided continued support to the credit registry project during FY2013 and assisted the CBOS in developing draft regulations for the CIASA in accordance with best practices.
- In **Jordan**, METAC continued its assistance in establishing a good regulatory framework for the licensing of new private credit bureaus (PCBs). Some assistance was delivered during the year in preparing guidelines on the establishment of PCBs and the related requirements. The CBJ has now a good infrastructure for the licensing of new PCBs.

### Capacity Building Activities in Banking Supervision

METAC provided a number of seminars and workshops at both regional and country levels. These events covered the latest developments in the banking supervision practice as well as some issues that are relevant for the specific countries and for the region as a whole.

#### Workshops

##### Regional Workshops

METAC delivered two regional workshops during FY2013, the first on Basel III and the second on Islamic banking:

- **Basel III and Implications for the Region** - METAC organized, jointly with USAID, a regional workshop for banking supervisors on the main Basel III enhancements and the implications for the region, in October 2012, in Egypt. The workshop was attended by senior supervisors from the Middle East and North Africa (MENA) region, and discussed the main capital and liquidity enhancements that were established in the Basel III framework and the impact on the banking sector and banking supervisors in the region. The workshop touched on other topics associated with the latest enhancements like macro-prudential supervision and stress testing tools and techniques. The event provided a good



Workshop on “Basel III: Challenges and Implications for the Region” in Cairo, Egypt, October 2012.

platform for sharing experiences and exchanging knowledge on the main challenges facing the region's supervisors in implementing the latest Basel III amendments.

- **The Regulation and Supervision of Islamic banks** - METAC organized, jointly with the IMF CEF, a regional workshop on the regulation and supervision of Islamic banking, in March 2013, in Kuwait. The workshop was very timely since most supervisors in the region are preparing to foster Islamic banking further in their jurisdictions and are trying to develop the necessary regulatory and supervisory infrastructure to oversee these new activities. The workshop discussed mainly the key risks inherent in Islamic banking products, the risk management and stress testing techniques for Islamic banks and their capital adequacy requirements in line with the guidance issued by the Islamic Financial Services Board (IFSB) in this respect. Each country's delegation also presented briefly the supervisory and regulatory framework they have for Islamic banks and the associated main challenges, which enriched the discussion and made it more relevant to the supervisors.

### Country Workshops

METAC also organized two workshops addressed to specific countries based on their needs.

- In **Afghanistan**, a workshop was delivered to DAB supervisors on offsite supervision and analysis. The workshop touched on the analysis and monitoring of banks' financial statements and their financial soundness indicators, the main offsite reports that can be prepared, the special tools and techniques for analyzing the position of weak banks and the coordination requirements with the onsite supervision function.
- In **Sudan**, a workshop was delivered to the CBOS supervisors on the liquidity requirements for banks. The workshop discussed the liquidity measurement tools applicable for Islamic banks, the good practices on liquidity risk management, liquidity stress testing techniques and monitoring liquidity for weak banks.

**BOX 1. THE BANKING CONTROL COMMISSION OF LEBANON (BCCL) ADOPTS A NEW RISK-FOCUSED MANUAL FOR SUPERVISION OF NON-BANK FINANCIAL INSTITUTIONS (NBFIs)**

During December 2012, METAC started a new project with the BCCL to review its regulations and supervisory practices for NBFIs and develop a new risk-focused approach and manual for supervising them. This project was performed with the assistance of a METAC short-term expert, with direct backstopping by METAC banking supervision advisor. BCCL also assigned an internal team to work under the expert's mentorship throughout the project implementation.

Since the start of the project, METAC expert performed ten peripatetic work-from-home and field missions. This involved getting a thorough understanding of the local regulations governing NBFIs in Lebanon and the supervisory practices applied by BCCL for NBFIs. Based on this, the expert developed a risk-focused manual for supervising NBFIs.

The success of the project was due to the expert's practical experience as well as the continued commitment and efforts of the BCCL board and team throughout the various implementation phases. Another factor that added to the success of this project is the practical nature of the TA that was delivered. This was mostly reflected in two final activities that involved a pilot inspection of a Lebanese NBFi according to the new approach and manual and a training event to explain the manual.

The project was finalized in August 2013 with a workshop that was delivered to 23 BCCL supervisors explaining the new manual and risk-focused supervision procedures, presenting the process of the pilot inspection and the findings and conclusions from this exercise, and working on an illustrative case study that was solved based on group analysis and discussions.



## B. Debt Management and Money Markets Development

This area was dropped from the program in October 2012. During May – September 2012 the focus was on:

### Technical Assistance Delivery

- In **Sudan**, as a follow-up visit to a TA mission conducted in November 2011 on development of an Interbank Market, METAC resident advisor visited the CBOS in June 2012. The mission worked closely with the CBOS staff in the different departments and with the Shari'ah board to: (i) assess the progress made in the implementation of the action plan agreed on in November 2011; (ii) assist them in organizing the steps needed for implementing the recommendations; (iii) agree with the CBOS on the training needs in the various areas; and (iv) clarify the role of each department involved in the implementation of the action plan and assign a focal person or a committee to follow up on the implementation.
- In **Jordan**, a training course on debt sustainability was delivered to the Ministry of Finance (MOF) and the CBJ staff. The mission developed a simple cost and risk model that could be used for analyzing different borrowing options and providing guidelines for a debt management strategy, and that could be used for debt sustainability analysis and for the analysis of various borrowing strategies.



*“Sukuk, Developing Government Securities under Islamic Finance” workshop in Amman, Jordan, September 2012.*

### Regional Workshops

- **Islamic Sukuk** - METAC organized a regional workshop in Amman, Jordan, in September 2012. The purpose of the workshop was to provide the participants from ministries of finance and central banks from METAC and non-METAC countries through a series of presentations and case studies, with the knowledge and understanding on how best to issue Sukuk.

## C. Macroeconomic Statistics

Macroeconomic statistics are the basis of economic analysis and are equally important for the conduct of economic policies by the authorities and informed decision-making by the private sector.

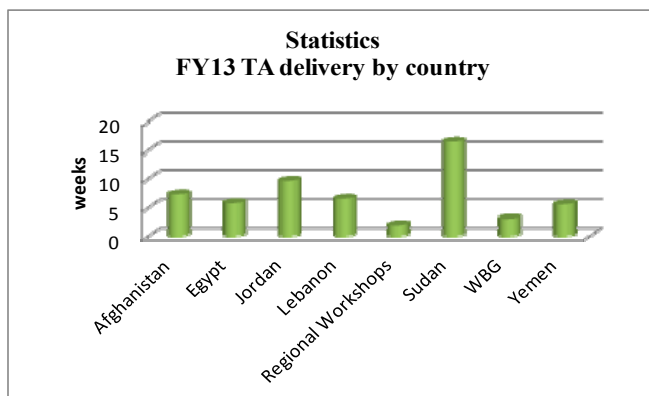
METAC provides TA and training in the areas of external sector statistics: (i) balance of payments (BOP); (ii) international investment position (IIP); and (iii) external debt statistics (EXD). It also supports the development of national accounts (NA) and price statistics consumer price index (CPI) and producer price index (PPI). METAC's work aims to improve the collection, compilation, and dissemination of data in keeping with internationally agreed statistical methodologies. In FY2013, METAC worked in cooperation with the United Nations Economic and Social Commission for Western Asia (ESCWA), the CBJ, and with the Banque du Liban (BDL) to organize a workshop on asymmetries in bilateral remittances data.

### Technical Assistance Delivery

In FY2013, the implementation of the work plan in the area of macroeconomic statistics continued to be influenced by the unrest in several member countries, albeit to a lesser extent than in FY2012. Security concerns led to numerous rescheduling of missions, rather than outright cancellations; however, when the security concerns abated, not all missions could be rescheduled within FY2013 and some had to be postponed into FY2014.

In FY2013, as in previous years, METAC provided TA in the areas of CPI, PPI, NA, BOP, IIP statistics (including Direct Investment (DI)), and EXD. METAC also provided ad hoc training on consistency between macroeconomic statistics at the request of the BDL. Over time, the most notable results can be observed in the area of price statistics, with all countries compiling a monthly CPI, and several compiling a quarterly PPI. Ongoing progress is also noted in the compilation and dissemination of external sector statistics, in particular regarding the IIP, but it 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 several cases, for instance, the implementation of DI surveys, an

indispensable step for the collection of DI data of good quality, has not been possible for lack of resources. In addition, a more supportive legal framework would also be needed to facilitate the collection of source data, in particular in the area of international accounts, where central banks, which are generally in charge of the compilation of statistics, should be endowed with the authority to collect data directly from economic agents outside the banking sector, contrary to the current





situation. In some of the METAC countries that have experienced unrest, progress achieved before the events may have been stalled or reversed and new assessments will be necessary.

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

### Price Statistics

- In **Jordan**, a short-term expert assisted the Department of Statistics (DOS) in improving the compilation of the CPI, regarding, in particular, the update of the CPI weighting structure and the outlet and item samples using the results of recent surveys, a household budget survey conducted in 2008 and an establishment census conducted in 2010. Currently, the DOS compiles and releases an urban-only CPI based on 12 geographic areas covering all Jordan. The DOS has fully tested and implemented handheld devices for price collection.
- In **Libya**, METAC had, over the years provided substantial TA to update and expand the CPI and to initiate the compilation of a PPI. The first release of both indices took place in June 2010. A new METAC mission was scheduled at the end of FY2013 to assess the circumstances and evaluate further TA needs to resume the compilation of these two indices in the aftermath of the Revolution. The mission has been postponed until FY 2014.
- In **Sudan**, with METAC guidance, which followed assistance provided by the Arab Institute for Training and Research in Statistics (AITRS), the Central Bureau of Statistics (CBSS) completed the compilation of a quarterly PPI for the industry sector, based on a 2009 Industrial Survey that was used to develop weights and select a sample of establishments. The PPI was first published in early January 2013.
- In **Yemen**, the events that started in early 2011 prevented the finalization of the compilation of a PPI. A short-term expert visited Sana'a in December 2012 to assist the Central Statistical Organization (CSO) in resuming work on the compilation of the PPI. The mission provided advice on developing procedures for initiating and recruiting establishments into the PPI sample, and demonstrated the methodology for selecting and defining the representative products and their associated terms of transaction that will be priced within each establishment. The mission noted that development of price indices that reflect international standards and best practices is a critical priority for the authorities.



Central Bank of Sudan

## National Accounts

- In **Jordan**, a short-term expert visited the DOS to review progress on the compilation of Supply and Use Tables (SUT) for 2006 and recommended to move on to a more recent period (2010); an action plan was prepared, in agreement with the authorities, for the finalization of the 2010 SUT, which would serve directly the estimation of quarterly NA for which assistance is being provided by ESCWA.
- In **Sudan**, a short-term mission with the CBS reviewed the compilation of NA. The mission noted that the accounts were prepared on the basis of outdated information and that new surveys should be conducted (e.g. household survey, establishment survey, economic survey, agriculture survey). These surveys should be implemented in the framework of the National Strategy for the Development of Statistics launched in November 2011.
- In **Yemen**, a mission was scheduled in April 2013 to assist the CSO in improving the accuracy and timeliness of Gross Domestic Product (GDP) estimates by the production and the expenditure approach at current and constant prices, as well as in extending estimations of the non-observed economy to additional activities to increase the coverage of GDP statistics. However, due to security concerns, the mission has been postponed.

## External Sector Statistics

- In **Afghanistan**, a mission found that the situation had improved significantly since the previous mission in October 2009, for the compilation of BOP statistics. An interagency Statistics Panel was created, to: (i) streamline the compilation of statistics of trade in goods; (ii), the development of new survey questionnaires or the update of existing ones to improve the scope of data on transactions in services; and (iii) the improvement of the rate of response to the questionnaires. With further guidance, DAB was able to submit to the IMF a full set of quarterly BOP data, covering the period 2nd quarter 2008–4th quarter 2011, that were published for the first time ever, in the March 2013 edition of International Financial Statistics. A preliminary IIP statement prepared with the mission is expected to be published in the course of FY2014.
- In **Egypt**, METAC continued its engagement for the implementation of a DI survey and reviewed the results of a pilot survey conducted by the General Authority for Investment (GAFI) on a limited sample of companies, from its financial statements database, following the recommendation of a previous mission. An expert hired by USAID assisted in the review of the pilot survey. The mission and the USAID expert concluded that a full scale DI survey could be carried-out using GAFI's balance sheet database, and recommended the creation of a dedicated unit in GAFI. Once the unit was created, training was provided by USAID and METAC, to the staff of the new unit on DI concepts and basic accounting principles to ensure a proper

exploitation of the financial statements and a successful dialogue with companies' accountants, as needed.

- In **Jordan**, a mission provided guidance to the Public Debt Department of the MOF on the classification of domestic and external debt liabilities, based on the residence status of the creditors, regardless of the currency of denomination of the liabilities, and on the classification of the so-called own-budget agencies.
- In **Lebanon**, several short visits to the BDL were devoted, in particular, to the preparation and the review of a preliminary IIP statement for Lebanon, calculated partially from real stock data (e.g. balance sheets of the monetary sector, surveys of portfolio investment assets, data published by the Bank for International Settlements (BIS), EXD of the government) and partially from the accumulation of BOP flows, in particular to estimate DI stocks. On this occasion, the mission also provided guidance on international standards for the reporting of EXD statistics, the same that are applied in the compilation of BOP and IIP statistics.
- In **Sudan**, in addition to a multisector statistics mission from the IMF Statistics Department (STA), METAC fielded two missions to follow up on the implementation of a DI survey, the estimation of informal trade in goods, and the improvement of the coverage of current and capital transfers. Regarding the DI survey, cooperation between the Ministry of Investment, the CBOS and the CBSS at national and at regional levels should make it possible to conduct the survey without seeking external financing. Similarly, estimations of informal trade can be made jointly by the regional offices of the CBSS and the regional branches of the CBOS.
- In **West Bank and Gaza**, METAC apprised the authorities of the forthcoming changes in the requirements for Special Data Dissemination Standard (SDDS) subscribers and provided guidance for the compilation of the IIP on a quarterly basis. The mission also discussed the requisites for participation in the IMF's Coordinated Portfolio Investment Survey (CPIS). The Palestinian Central Bureau of Statistics (PCBS) presented an innovative method to implement the recommendation of a previous mission regarding the collection of information on investment in real estate by non-residents, to be included in DI: the estimations are based on the housing surveys, the 2007 population census, and estimated prices per square meters for rural and urban areas, by region.



Palestinian Monetary Authority, Ramallah

## Workshops

### Regional Workshops

- **Asymmetries in Bilateral Remittances Data** - METAC, jointly with ESCWA organized a workshop on asymmetries in bilateral remittances data, hosted by the CBJ, in Amman, in April 2013, to follow up on the previous one at the BDL, in Beirut, in November 2011. The objective of this new workshop, enlarged to include Gulf Countries, was to exchange bilateral data between senders and receivers of remittances to identify causes of asymmetries between partner countries and to discuss possible concrete solutions to solve the issue. Ultimately, the goal is to establish a networking relationship among compiling institutions of the region, to possibly arrive at setting up a database of bilaterally reconciled remittances data. Both the CBJ and the BDL made essential contributions to the workshop.

### Country Workshops

- In **Lebanon**, a workshop on Consistency of Macroeconomic Statistics was organized by METAC at BDL at the request of the latter, as a previous mission had identified the need to raise the awareness of staff regarding the interconnectedness of macroeconomic datasets as a means to improve the skills of both compilers and users of statistics. In this respect, METAC underlined the STA's efforts to actively promote cross-sector data consistency, including the establishment of a Cross-Sector Consistency Group to look into consistency of data that are reported to STA for different economic sectors, such as the real sector, external sector, government sector, and financial institutions sector. The workshop presented the macroeconomic framework of an economy to highlight the linkages between the macroeconomic sectors defined in statistical standards. The following sessions presented the macroeconomic framework for Lebanon over recent years, based on data provided by the authorities or on IMF's staff estimates. In the last sessions, similar to projections made during financial programming courses at the IMF, the participants estimated a macroeconomic framework for Lebanon for the previous year and discussed the results of this exercise in a final session. This hands-on and interactive approach was very much appreciated. The workshop evidenced in concrete terms the need for consistency across the various macroeconomic statistics; and its corollary, the necessary cooperation between the agencies in charge of producing the statistics.



Joint Regional Workshop on “*The Compilation of Workers’ Remittances*” between METAC, ESCWA and the Central Bank of Jordan, April 2013.

## D. Public Financial Management

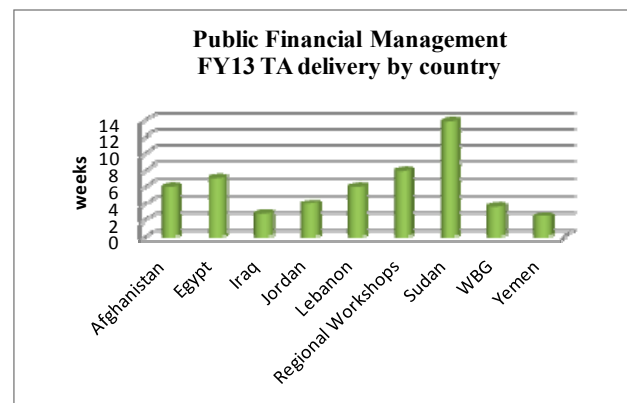
As in previous years, METAC continued to assist member countries to improve the management of public resources. TA missions were delivered to all member countries, except Libya and Syria. PFM activities focused on the following areas: (i) cash management, financial planning and banking arrangements in Afghanistan and Egypt; (ii) budget planning and expenditure analysis in Jordan; (iii) capacity building for the macro-fiscal unit in Lebanon; and (iv) assessment of recent developments in PFM in West Bank and Gaza.

METAC participated in four IMF Fiscal Affairs Department (FAD) missions (Iraq, Jordan and Sudan), covering a broad spectrum of PFM.

As part of its regional activities, METAC organized two workshops on International Public Sector Accounting Standards (IPSAS) Cash Accounting and on Medium-Term Frameworks for Fiscal Policy and Budgeting.

### Technical Assistance Delivery

- In **Afghanistan**, METAC reviewed the recent forecasting performed by the Cash Management Unit (CMU) in the Treasury Department; provided a template for cash flow forecast submissions and for presenting three-month forecast; and delivered a half-day workshop on cash management.
- In **Egypt**, METAC conducted a comprehensive review of the budget execution function, highlighted key issues constituting pre-requisites required to have a functioning CMU and recommended a number of actions to address those issues.
- In **Jordan**, METAC provided capacity building training to the General Budget Department (GBD) on methods and approaches for undertaking effective analysis of new and existing public expenditure policies and programs.
- In **Lebanon**, METAC conducted a review of the structure, organization and output of the newly established Macro-Fiscal Department output and delivered a four-day training session comprising a consistent macro-fiscal framework, forecasting techniques for budget revenue, expenditure and deficit financing, and the use of medium-term budget projections in the design of alternative fiscal policy strategies, together with their associated impacts on debt sustainability.



- In **Sudan**, METAC provided TA and hands-on training on implementing the main necessary measures to adopt the Classification of Functions of Government (COFOG) functional classification; and improve the quality of the fiscal reporting.
- In **West Bank and Gaza**, METAC prepared a revised PFM strategy framework in which recent developments and emerging needs were identified.
- In **Yemen**, METAC conducted a brief review of recent development in PFM and identified with the authorities their TA needs.

METAC resident and short-term experts participated in FAD-led missions to Jordan, Iraq, and Sudan that focused on:

- **Jordan:** Reviewing progress in implementation of reforms in the budget execution area, identifying issues, and guiding on further work to be done.
- **Iraq:**
  - In cooperation with the World Bank (WB), developing a roadmap for the implementation of the Integrated Financial Management Information System (IFMIS), reviewing the implementation status of this system, and looking also at debt reporting and payments in kind.
  - Organizing a workshop with the authorities to review the newly drafted PFM law and recommend improvements related to: the roles and responsibilities of key institutions and actors in PFM; macro-fiscal management; budget formulation; budget execution; accounting, fiscal reporting and audit.
- **Sudan:** Identifying the main issues and providing recommendations in the following areas of budget management reform: Medium-term fiscal forecasting and analysis, Budget planning and preparation, Expenditure control, and Fiscal accounting and reporting.

## Workshops

### Regional Workshops

METAC organized two regional workshops:

- **IPSAS Cash Accounting** - In partnership with USAID, METAC has organized a workshop in Beirut, on the IPSAS Cash Accounting, in July 2012. The workshop assisted in creating sensitization and awareness of IPSAS but more importantly it helped countries to appreciate the need for adopting international standards, the requirements of IPSAS and pronouncements, the evaluation of the countries' gaps in terms of meeting IPSAS requirements.



Workshop on “*International Public Sector Accounting Standards (IPSAS) Cash Accounting*” in Beirut, Lebanon, July 2012.

- **Medium-Term Frameworks for Fiscal Policy and Budgeting** - Another METAC workshop on Medium-Term Frameworks (MTFs) for Fiscal Policy and Budgeting, was held in Beirut, in March 2013. During this workshop, participants were exposed to the key aspects of the strategic, top-down fiscal policy approach; and to how a multi-year plan permits fiscal strategies including expenditure plans for the entire interval to be set out and for plans for the upcoming year to be cast within this multiyear context.



Workshop on “*Medium-Term Frameworks (MTFs)*”, Beirut, Lebanon, March 2013.

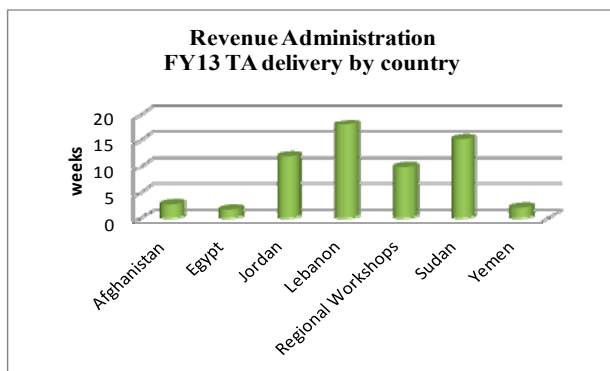
These two workshops received excellent feedback from the participants, and provided an opportunity for peer-to-peer learning, sharing of experience and lessons learnt.

## E. Revenue Administration

In the area of revenue administration, METAC strongly supported the revenue reform strategies and modernization programs of member countries. A number of factors challenged the delivery of planned activities, primarily the unstable political regional environment and the difficult security conditions in several member countries. Nonetheless, flexibility in re-allocating resources and responding to supplemental needs led to an excess of delivered activities in respect of the initial work plan. An overall implementation ratio of around 103% was attained, reflecting 59 weeks of direct TA delivered by METAC's revenue administration resident advisor and a number of regional and international short-term experts.

### Technical Assistance Delivery

During FY2013, METAC was the main TA provider within the Fund to the revenue administrations in the region. TA focused on member revenue administrations' priorities in both tax and customs areas,



and was synchronized with FAD's priorities.

Delivered activities were aligned with the RBM framework that METAC applied starting this FY, and reflected the needs identified in the corresponding METAC's revenue administration log frame. In addition to the direct assistance provided by METAC's resident advisor, regional and international short-term experts delivered focused TA and trainings to tax and customs administrations.

METAC's assistance covered the following components:

### Embedding Risk-Based Compliance Management

METAC activities in this field aim at raising tax compliance rates through the design and implementation of appropriate compliance and enforcement management. In the framework of self-assessment systems that are being implemented in METAC countries, there are growing needs to strengthen the compliance and enforcement management relying on risk analysis and modern audit techniques. In this regard, METAC assisted Jordan and Sudan to enhance their compliance and enforcement programs.

- In **Jordan**, METAC assisted the authorities with strengthening the main components of the enforcement cycle (audit planning, audit cases' selection and allocation, monitoring and evaluation of the audit results) with a particular focus on large and medium-sized taxpayers.



- In **Sudan**, a large group of tax auditors was trained on risk-based audit planning and risk analysis and modeling, and modern practices to design effective enforcement programs.

### Strengthening Tax Arrears Management

METAC assisted **Jordan** in developing strategies and programs to reduce the stock of debts. Focused TA was provided to identify the major contributors to the escalating arrears and to develop a comprehensive risk management approach to debt collection, including: analyzing and profiling the stock of arrears; prioritizing collections of debts by age and size; implementing stronger and more integrated procedures tailored to different debt categories and segments according to the risks they pose; imposing tight management scrutiny and control over the largest debtors; and establishing clear annual targets, measured quarterly, on operational units to reduce the debt.

### Building Integrated and Function-Based Headquarters (HQ) and Operational Offices

Strengthening the organizational arrangements of tax administrations has been a key area of METAC's support given its strategic importance in tax modernization programs. While a number of METAC countries have made good progress towards establishing function-based HQ and operational offices, substantial assistance is still needed to support modernization of structural and organizational arrangements of tax administrations.

على الرغم من التحديات التي تتمر بها المنطقة ولبنان، لم يتردد المركز الإقليمي للمساعدة الفنية للشرق الأوسط التابع لصندوق النقد الدولي (METAC) في تقديم الدعم الفني لوزارة المال اللبنانية. وقد استفادت الإدارة الضريبية من جميع أوجه الدعم (استقدام الخبراء، دورات تدريبية، ورش عمل، آراء استشارية...) الذي قدمه المركز في تعزيز قدراتها واعتماد أفضل الممارسات العالمية، وساهم في نجاح الإصلاحات التي قامت بها، وفي تحسين أداء الإدارة الضريبية اللبنانية على كافة المستويات. وهذه النتائج الضخمة لم تكن ستظهر لولا جهود (METAC) وكفاءة ودناميكية وإخلاص السيدة منال الأسير التي ما وقرت جهداً لمساعدة إدارتنا الضريبية وكافة الإدارات الضريبية على الإرتقاء بقدراتها وخدماتها. وتتطلع وزارة المالية إلى مزيد من التعاون مع المركز وتأمل أن يستمر بنشاطاته ودعمه الفني الذي يؤدي دوراً أساسياً في تطوير الإدارات الضريبية وتحديثها.

*Despite the challenges experienced by the region and Lebanon, METAC did not hesitate in providing technical support to the Lebanese Ministry of Finance. Tax administration has benefited from all aspects of support provided by METAC (bringing in experts, training courses, workshops, advice and recommendations ...) in strengthening its capacity and adoption of the best international practices. Technical Assistance provided has contributed to the success of the reforms and to the improvement of Lebanon's tax administration performance. These results were not to be achieved without the efforts put by METAC and the efficiency and sincerity of Ms. Manal ElAssir.*

*The Ministry of Finance looks forward to further cooperation with METAC, which plays a key role in the development and modernization of tax administrations.*

**Louay Hajj Chehade**  
Head of the tax administration in Lebanon

- In **Lebanon**, METAC assisted the tax authorities with their efforts to integrate Value Added Tax (VAT) and income tax departments and consequently establish a unified tax administration. Detailed plans were developed proposing the organizational structure and staffing levels, and recommending adjustments to the draft law provisions.
- In **Jordan** and **Sudan**, METAC provided assistance to strengthen the organizational structure and role of the central tax compliance division and the corresponding compliance units in tax offices.

### Streamlining and Automating Tax Operations

METAC continued to support member administrations in modernizing and streamlining tax operations, particularly with regard to taxpayers' register and integrated automated information systems.

- In cooperation with the French tax administration, METAC organized a study mission in France to allow delegates from **Yemen** to look at the key modules of the ITAS in France, and subsequently explore possibilities of cooperation to strengthen the information technology (IT) development efforts in Yemen TA.
- METAC assisted the tax authorities in **Lebanon** with strengthening Business Activity Classification (BAC) in the central taxpayers' database. TA was provided to implement BAC based on the latest release of the International Standard for Industrial Classification (ISIC - version 4).

### Enhancing Tax Systems

METAC supported the efforts of Afghanistan and Sudan in this area.

- METAC organized a study mission in **Lebanon** for a delegation from the Afghanistan Revenue Department (ARD). The purpose of the study mission was to enable ARD representatives to benefit from Lebanon tax department's experience and expertise in VAT administration pre, during and post implementation. It was designed to support ARD's capacity building required for the preparation and introduction of VAT.
- Focused TA was provided to the Taxation Chamber (TC) of **Sudan** to develop a Tax Procedures Code (TPC). As a result, a preliminary draft was developed and reviewed. Further METAC's support will be needed to finalize the TPC and submit it to the MOF.

## Supporting Customs

TA was delivered to the customs administration in **Lebanon** to strengthen the work of the central Risk Management Unit (RMU), design appropriate risk parameters and schemes that would improve targeting and selectivity, establish an effective monitoring and evaluation framework, and streamline the risk management procedures.

## Workshops

### Regional Workshops

METAC organized two regional workshops in FY2013.

- Workshop on “**Effective Administration of VAT**”, in cooperation with USAID, during November 27-29, 2012 in Rabat, Morocco. The workshop offered an excellent opportunity for sharing experiences, best practices and challenges in the design and management of an effective VAT system. It explored key issues and global trends in VAT administration and their impact for tax organizations, as well as effective approaches to strengthen compliance.
- Workshop on “**Risk Management of Tax Compliance**” during April 28-30, 2013 in Amman, Jordan. The workshop shared experiences, best practices and challenges in the design and implementation of a modern risk-based compliance strategy. It discussed the principles and approaches under which the tax authorities can deliver tax compliance risk management to remain effective in identifying and analyzing risks, and building appropriate treatment strategies to raise the compliance rates and influence the behavior of the tax population.



Workshop on “*Effective Administration of the Value Added Tax (VAT)*” in Rabat, Morocco, November 2012

In addition, METAC participated in the 9th annual conference of the Association of the Tax Authorities in the Islamic Countries (ATAIC) delivered in Amman, Jordan. The event discussed international and regional best practices to combat tax evasion and improve tax collection. It gathered senior tax officials from twenty countries – including most of METAC’s tax commissioners – and representatives of international organizations.

## BOX 2. METAC'S NOTABLE ACHIEVEMENTS

### Banking Supervision

- ✓ **Lebanon:** Major progress achieved in establishing a risk-based approach, including a manual, for the supervision of Non-Bank Financial Institutions (NBFIs).
- ✓ **Afghanistan:** The performance of a quick self-assessment with Basel Core Principles for effective banking supervision in order to develop a medium-term action plan for strengthening banking supervision.
- ✓ **Yemen:** Major progress achieved in establishing a prompt corrective framework for dealing with weak and problematic banks.

### Macroeconomic Statistics

- ✓ **Afghanistan:** The IMF has published BOP data for Afghanistan for the first time ever, in March 2013.
- ✓ **Sudan:** First publication of a full IIP statement. The CBSS released its first PPI in January 2013.
- ✓ **West Bank and Gaza:** First publication of the gross EXD table prescribed by the SDDS.

### Public Financial Management

- ✓ **Afghanistan:** Progress achieved with the CMU and establishment of a template for cash flow forecast submissions and a template for presenting three month forecast.
- ✓ **Lebanon:** Preparation of an action plan for PFM reform over the period 2012-2015, focusing on selected actions where the prospects of reform in the next few years seem relatively favorable.

### Revenue Administration

- ✓ **Lebanon:** Positive progress achieved in the integration process of Income Tax and VAT departments: draft law submitted to the MOF; one single head appointed for both administrations; integration of systems and procedures in progress.
- ✓ **Lebanon:** Central Risk Management Unit (RMU) established at customs to strengthen risk management schemes and procedures, improve targeting and selectivity, and set up an effective monitoring and evaluation framework.
- ✓ **Sudan:** Development of a draft TPC to streamline and harmonize tax procedures across all tax types.
- ✓ **Sudan:** Central taxpayer register moved from customs to the TC. Similarly, commendable progress achieved in cleansing and firming-up the taxpayer database.

## F. METAC's Other Activities

### Cooperation with USAID

Cooperation with USAID in FY2013 included three workshops, in Lebanon, Jordan and Morocco (see Annex V). Also, numerous discussions were held to explore the possibility of USAID becoming a donor to METAC. Regarding the latter, all legal issues have been addressed and an agreement is expected to be signed soon.

### Cooperation with ESCWA

METAC organized a workshop jointly with ESCWA for BOP compilers of METAC and Gulf countries, specifically dedicated to the compilation of workers' remittances in cooperation with the CBJ and BDL.

### Cooperation with the French Tax Administration

In cooperation with the French tax administration, METAC organized a study mission in France to allow delegates from Yemen to look at the key modules of the ITAS in France, and subsequently explore possibilities of cooperation to strengthen the IT development efforts in Yemen TA. This cooperation is also highlighted by:

- 1) The protocol recently signed with the IMF (initiated by the willingness of METAC and Direction Générale des Finances Publiques (DGFIP) to establish a collaboration framework which resulted in a draft cooperation agreement);
- 2) The constructive participation of DGFIP delegates in the regional workshops on revenue administration and the key input they have been providing.

### Collaboration with Member countries

**Jordan-** The CBJ hosted a joint METAC-ESCWA regional workshop in April, 2013 on Statistics which was a follow-up to another workshop hosted by the BDL in **Lebanon** in November 2011.

### Collaboration with the IMF Center for Economics and Finance (CEF)

METAC, jointly with the CEF organized a regional workshop on **“Regulation and Supervision of Islamic banking”**. The workshop included participants from 22



Workshop on *“Regulation and Supervision of Islamic Banks”*, Kuwait, March 2013.

countries and was held in Kuwait. More joint workshops with the CEF are planned for FY2014.

## **Outreach Activities**

### **Meetings of the Directors of Training Institutes and Annual Conference of the Governance Institutes Forum for Training (GIFT) MENA Network**

For its 2012 edition, the GIFT-MENA network of civil service school and institutes organized its annual conference entitled “**Training and Cooperation for change in the MENA Region**”. Mr. Saade Chami, METAC Coordinator participated in this conference, held in Tunis, Tunisia from October 8 to 12, 2012 in collaboration with the National School of Finance of Tunis.

The GIFT-MENA Annual Conference offered a space for dialogue, experience-sharing and exchange of knowledge. The conference’s main objective was to initiate the debate around the issues of training and capacity development to foster change and instigate a soft transition towards a more “democratic” civil service in the MENA region. It addressed the needs of the region in a particular format, culminating in regional recommendations. The conference was designed as a mix of presentations by world-leading experts and practitioners and the analysis of regional country cases.

### **Cooperation with the IMF Communications Department (COM)**

Mr. Mohamad Elhage, the newly appointed Center Coordinator, participated in a media and IMF training workshop that was held for Arab journalists in Beirut during April 2-4, 2013. Mr. Elhage delivered one lecture on the role of the IMF in which he gave a historical perspective why the IMF was established, how its role has changed over time, its governance structure, and how it is helping the countries in the MENA region achieve macroeconomic and financial stability and develop basic institutions for policymaking. In the second lecture, Mr. Elhage discussed the economic outlook for the World and the MENA region. Participants said that lectures delivered during the workshop corrected their misconceptions about the IMF, provided a wealth of information, and were a valuable introduction to the work of the Fund, as well as an excellent way to reach out to the people in the region.

## **METAC Mid-Term Evaluation**

The terms and conditions governing the establishment and operation of the METAC multi-donor trust fund call for independent evaluation of the Center’s activities. The evaluation will cover the third funding cycle (May 2010-April 2015). Its objective is to assess the extent to which METAC is achieving its objectives efficiently and effectively and whether the TA delivered is sustainable. The evaluation will also assess



Media and IMF training workshop for Arab Journalists, Beirut, Lebanon, April 2013.

whether the results of the previous two three-year cycles (November 2004-April 2010) were sustained in the current phase.

The evaluation will assess the extent to which METAC is achieving the advantages typically associated with delivering TA through Regional Technical Assistance Centers (RTACs): sound identification of country TA needs, rapid and flexible TA delivery, closer interaction with beneficiary country authorities, stronger country ownership, and effective exchange of information with other TA providers and donors in the region. The evaluation will also look at the challenges and known risks that METAC has faced in conducting TA and training, and what has been done to address the challenges and mitigate the risks.

An Evaluation Sub-Committee (ESC) has been established to guide the evaluation. The creation of ESCs is part of IMF evaluation practice and allows the SC to actively participate in the evaluation process. The role of the ESC is to provide strategic guidance for the evaluation and to ensure that it takes into account issues relevant to stakeholders. The ESC will (i) review, comment, and agree on the draft terms of reference (TOR); (ii) review and advise on the Inception Note prepared by evaluators; and (iii) review and comment on the draft evaluation report. The ESC has 12 members: 4 member countries, 3 donors, and 5 members representing different IMF departments. The ESC will be chaired by the Minister of Finance of Lebanon, Chairperson of the SC and the final report will be discussed during the next SC meeting in May 2014.

### **METAC Annual Steering Committee Meeting**

METAC held its annual SC meeting on May 14, 2013 in Beirut. The meeting was opened by His Excellency Mohamad Safadi, Minister of Finance of Lebanon and Chairperson of the SC, Ms. Kristina Kostial, Assistant Director of the IMF MCD, and Mr. Mohamad Elhage, METAC Coordinator.

In his speech, Minister Safadi highlighted the role of METAC since its launch in 2004, in providing TA and training to the countries of the region. He emphasized Lebanon's positive experience with METAC, and stressed the importance of supporting METAC financially to enable it to meet the TA and training needs of its member countries, in particular those that are currently going through political transition.



Annual Steering Committee (SC) Meeting, Beirut, Lebanon, May 2013.

Ms. Kristina Kostial stated that METAC has been doing an outstanding job in building capacity in the region and that the authorities always express their satisfaction with the TA and training METAC is providing. She highlighted the importance of ensuring sufficient funding for the next cycle, 2015-2020.

Mr. Saad Andari, Second Vice-Governor of BDL, and Mr. Alain Bifani, Director General, MOF of Lebanon, shared Lebanon's experience with METAC since its inception highlighting METAC's notable achievements in all four areas: (i) Banking Supervision;(ii) Public Financial Management; (iii) Revenue Administration; and ( iv) Statistics. They noted that the cooperation with METAC will continue and be further enhanced in the period ahead.

Mr. Ulrich Jacoby discussed METAC's Mid-Term Evaluation, noting that it is a regular feature for all RTACs and Topical Trust Funds. He noted that the purpose of the evaluation is to assess to what extent METAC is achieving the objective set in the 2009 Program Document and whether the TA and training delivered is sustainable. He pointed out that an ESC will be established to oversee and ensure that the process is transparent and inclusive.

IMF Representatives and Donors expressed their appreciation of the work that METAC has been doing in the region, noting the flexibility of METAC in delivering TA. For the first time, GIZ on behalf of the German Federal Ministry for Economic Cooperation and Development, was represented in the SC as the newest donor of METAC.



---

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

**TECHNICAL ASSISTANCE INPUTS IN FY2013**

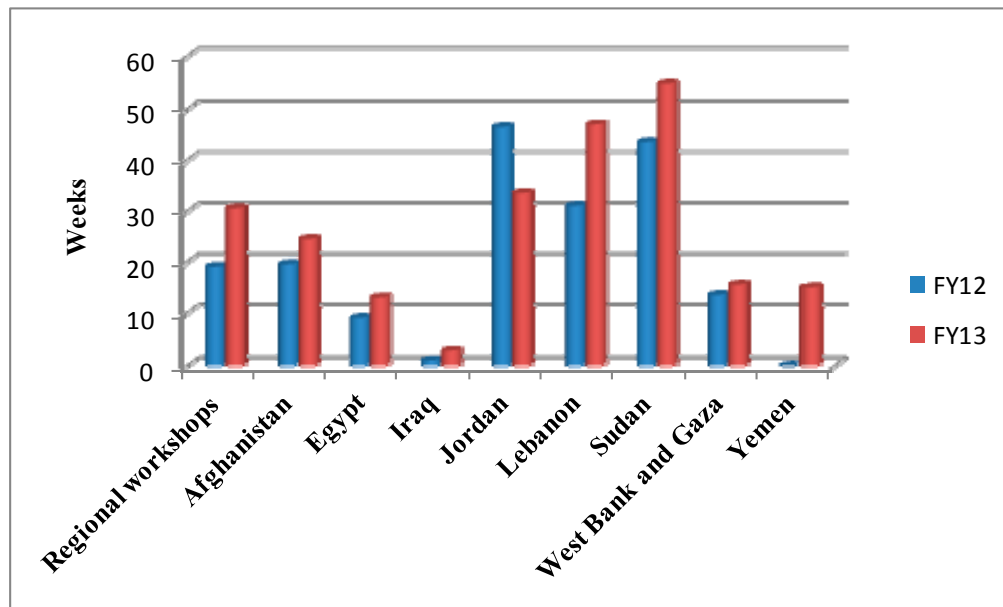
---

## SECTION III: TECHNICAL ASSISTANCE INPUTS IN FY2013

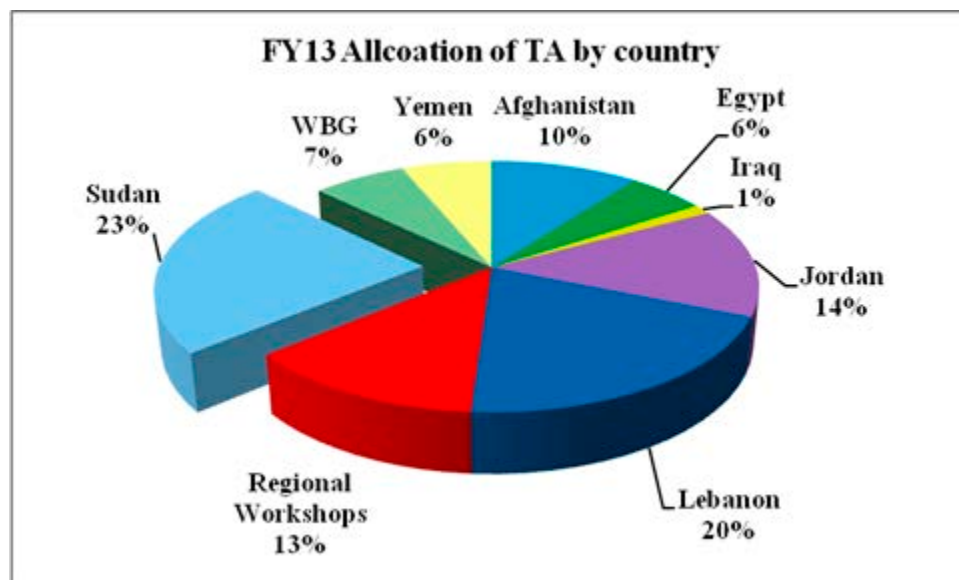
During FY2013, 68 TA missions and 8 regional workshops took place in all METAC member countries except Libya and Syria.

As shown in the figure below, Sudan received the largest part of TA, followed by Lebanon and Jordan. Total delivery weeks for FY2013 reached 237 person weeks.

**Figure 1: Distribution of METAC TA by Area and Country  
FY2012 and FY2013 (in person days)**



**Figure 2: Allocation of METAC TA by Country**



**Table 1: METAC TA delivery by Area and Beneficiary Country FY2013 (in persons in week)**

	Macro economic Statistics	Banking Supervision	Public Financial Management	Revenue Administration	Debt Management	Total
Regional Activities	1.5	8	8	10	3	30.5
Afghanistan	6	9.5	6	3	0	24.5
Egypt	6	0	5	2	0	13
Iraq	0	0	3	0	0	3
Jordan	8	4	4.5	12	5	33.5
Lebanon	7.5	18.5	4.5	16.5	0	47
Sudan	13.5	14.5	12	13	2	55
West Bank & Gaza	3	7.5	3	0	2	15.5
Yemen	4	6	2.5	2.5	0	15
<b>Total</b>	<b>49.5</b>	<b>68</b>	<b>48.5</b>	<b>59</b>	<b>12</b>	<b>237</b>
Activity Distribution as % of total	20.9	28.7	20.45	24.9	5.05	100

### **BOX 3. LEBANON AND METAC: TAKING STOCK AND LOOKING FORWARD**

#### **INTRODUCTION**

Since the inception of METAC, Lebanon has been one of the top users of TA.

Over the years and due to the advanced supervisory framework in Lebanon, TA in the area of Banking Supervision was limited to capacity building activities. In the area of Statistics, TA provided by METAC was always welcomed by the authorities. However, more work is needed especially in the capacity building area.

In PFM, the focus was on budget classification, cash management and micro fiscal forecasting; progress is not steady due to a complex economic and political situation.

In the area of Revenue Administration, METAC supported the authorities in their efforts to design the reform strategies for modernization of revenue administration among other activities.

Going forward, TA will focus on building up on progress made and new areas of emerging needs.

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

##### **Banking Supervision**

The Lebanese financial sector and the supervisory framework in Lebanon is one of the most advanced among the METAC countries. The BDL plays a key oversight role in ensuring financial stability; at the same time the BCCL is the supervisory body for all banks and financial institutions operating in Lebanon.

Due to the developed banking supervision framework, the TA needs for Lebanon in banking supervision were historically limited to some capacity building activities. These were reflected in workshops and seminars on various banking supervision topics, including: corporate governance, credit risk management, assessing banks' strategies and business plans, stress testing, and consolidated supervision.

In addition to the capacity building programs, METAC started assisting BDL and BCCL in developing a statistical-based Early Warning System (EWS) model. The BDL and BCCL have completed aggregating the data required and developing the EWS statistical model.

METAC also started a new project with the BCCL to adopt a risk-based approach for the supervision of NBFIs including developing a manual for this purpose. This project was completed in August FY2014. It allows a more risk-oriented approach to the supervision of NBFIs and better coordination between offsite and onsite supervision functions.

METAC plans to continue to provide its assistance to BDL and BCCL in the areas of financial stability and banking supervision. One key TA area is to enhance the financial stability framework at both BDL and BCCL through better use of the early warning data, in order to be well integrated within the whole supervisory process and to better inform the policy making process at both BDL and BCCL. Another key TA area would be to assist the BCCL in enhancing its cross-border supervision of banks, in particular for domestic systemically important banks that have active presence in the region.

METAC will also continue to deliver seminars and workshops to build the capacity of BCCL and BDL staff focusing on the latest international standards and Lebanon's TA needs. This may include training on macro-prudential analysis and supervision, stress testing, Basel III enhancements, and cross-border supervision.

### **Macroeconomic Statistics**

Since its inception, METAC has provided TA in macroeconomic statistics to Lebanon in the areas of price statistics, external sector statistics, and NA. TA was also provided towards the design of a Statistics Master Plan, and the improvement in the consistency of the macroeconomic framework used by the Research Department of the BDL.

The beneficiary institutions were the Central Administration of Statistics (CAS) for price statistics and NA, and the BDL for external statistics.

The authorities have always welcomed TA provided by METAC; however, with more stable resources there is room to improve implementation, in particular at the CAS. The most notable achievement was the update and improvement of the CPI and the initial steps towards the compilation of a PPI. However, because of slow administrative procedures, the CPI is occasionally not compiled, and progress on the PPI has come to a halt due to staff turnover at CAS. An official decision was made to transfer the compilation of NA from the Cabinet of the Prime Minister to CAS, which marks a positive development. However, some time will be necessary to build capacity among the staff newly recruited by CAS for the compilation of the NA. In-house expertise exists but is too limited. Following this transfer, METAC will be in a position to resume its assistance in the area of NA.

The TA provided in BOP has resulted in the improvement in the quality of data, especially in the financial account. An improvement in the ITRS is forthcoming; it will help capture global transactions below the reporting threshold. The BDL should be ready to publish the first IIP for Lebanon by the end of FY2013 or in early FY2014. Improvements in the classification of public debt between domestic and nonresident creditors should also be made public within the same time frame.

Going forward, METAC TA seems necessary on an ongoing basis to build up on progress made and consolidate any advances, in particular in the area of prices and NA, subject to the existence of

absorption capacity. In connection with NA and BOP, the coverage of travel services could be significantly improved by a better access to the General Security data on entries/exits at border stations. As in other countries of the region, a DI survey has become indispensable to improve this important item of the financial account. METAC can provide assistance in this respect.

### **Public Financial Management**

During the past few years, Lebanon received significant TA from the IMF FAD and METAC, mainly on budget classification, cash management, treasury single account (TSA), and macro-fiscal forecasting.

Progress in implementation of reforms recommended by previous FAD missions is mixed mainly due to a difficult and complex economic and political situation.

The reform objectives were broadly designed to:

- Make the budget an effective mechanism for aligning immediate expenditure and revenue decisions with medium-term fiscal priorities.
- Streamline control systems, and improve the quality of fiscal reporting.

Since 2006, FAD has concentrated its TA in Lebanon through METAC which also coordinated with other TA providers, notably the WB and the European Commission (EC). METAC provided support to the MOF with the implementation of the Paris Declaration agenda, in both the overall implementation of the plan, and more specifically with a focus on the following areas:

- Cash management: METAC contributed to the implementation of a CMU at MOF and the development of a cash planning tool which encompasses most public funds.
- TSA: TSA reform was fully worked out by a dedicated mission in November 2009 with a comprehensive action plan.
- Budget Classification: comprehensive review of the budget classification and Classification and Charts of Account (COA) in order to operate its modernization in line with the *Government Finance Statistical Manual 2001 (GFSM 2001)* and COFOG standards (April 2010 mission).
- PFM Reform strategy: METAC outlined a strategy and a draft action plan of PFM reforms (March 2012 mission).
- Macro-Fiscal Department (MFD): METAC reviewed the structure organization, and output of the newly established MFD, proposed enhancements, and shared lessons from the experience of the establishment of the relatively successful Egyptian MFD (September 2012 mission).

Going forward, METAC plans to support the PFM reform plan and will provide TA and training to (i) the macro-fiscal department; and (ii) review the budget system, its fiscal institutions, and decision-making processes.

## Revenue Administration

Revenue mobilization through improved tax and customs systems remains a key priority, with the high level of government debt. Lebanon has embarked on a wide reform program to modernize the tax system and its administration and to improve tax collections. METAC has supported the efforts of the authorities in designing the reform strategies and developing a phased implementation plan to modernize the revenue administration. During the last three years, Lebanon has been one of the largest users of METAC resources in the area of revenue administration.

Following the successful introduction of VAT in 2002, a number of structural measures were taken to modernize the tax administration towards a unified function-based structure, fully automated business processes, risk-based compliance programs, and improved legislations.

TA focused on the following main areas: (1) re-organizing the tax administration – including the network of field offices – along functional lines based around a strong HQ; (2) strengthening operations in the Large Taxpayers Office (LTO) that was established in 2005; (3) integrating the administration of the VAT and income tax using modern systems and processes under the framework of a new tax procedure code; (4) developing risk-based compliance strategies; and (5) strengthening collection enforcement.

The authorities responded well to the TA provided by METAC despite the political uncertainty and unfolding crisis. Several key results were achieved, including:

- Establishment of a LTO.
- Development of risk-based auditing.
- Re-structuring of tax offices on a function basis.
- Establishment of new HQ units, serving as a basis for future HQ functions.
- Ratification of a TPC.

The Lebanese authorities have been successful in introducing significant reforms to the tax administration and in setting up a sound platform for building a modern administration on a full self-assessment basis. Nevertheless, several obstacles are still hindering the overall tax performance and preventing the tax administration from securing significant improvements in tax compliance, including: fragmented organizational arrangements (with VAT being administered separately), on-going amnesties on penalties and interest, unsatisfactory performance of the LTO, and collection enforcement embargoes.

During the past two years, some progress was made in implementing FAD and METAC recommendations with regard to establishing a unified tax administration. In this respect the MOF has appointed one head for both VAT and Revenue directorates and has launched the integration process.

Preparations are underway to harmonize systems and procedures and finalize the draft law establishing the single tax administration.

In addition to supporting the tax administration, METAC is deploying its assistance to another major revenue agency, the customs administration. Lebanon imports a sizable share of consumer goods, about 80 percent of total consumption. Taxes on international trade contribute significantly to the government revenues. In terms of VAT, the principal share of revenue (more than 70 percent) is collected by customs at the stage of importing.

A first METAC activity was delivered in September 2011; it performed a high-level review of the current status of customs modernization, provided technical advice in relevant operational areas, and assessed needs going forward. A second visit was organized in July 2012 to address risk management; TA was provided to strengthen the work of the central RMU, design appropriate risk parameters and schemes that would improve targeting and selectivity, establish an effective monitoring framework, and streamline the risk management procedures.

Going forward, METAC will continue to strongly support the modernization plans of Lebanon towards improving revenue performance. TA will focus on key components in tax and customs reforms that should strengthen operations' delivery and increase compliance rates.

In tax administration, priority in TA delivery will be directed to: (1) the establishment of a new unified tax administration across all types of taxes; (2) the strengthening of the operations at the LTO; (3) the development of segment-based compliance and enforcement strategies; (4) the strengthening of VAT operations; and (5) the revision of the tax code and the development of a simplified scheme for small taxpayers.

In customs administration, TA will be needed in the following areas: (1) development of a structured modernization and change program; (2) review and redesign of the organizational structure; (3) design and implementation of a risk management system including a dynamic valuation database, offences database and the operation of a risk management unit; (4) business process re-engineering, including the 'Single Window' for sharing of information by businesses and other ministries; and (5) review of the valuations system.



---

# **S**<sub>ECTION</sub> **IV** :

## **OVERVIEW OF THE FY 2014 WORK PLAN**

---

## SECTION IV: OVERVIEW OF THE FY2014 WORK PLAN

### A. Banking Supervision

The FY2014 work plan on banking supervision will focus on achieving the four main outcomes as outlined in the RBM approach that was adopted by METAC in the beginning of FY2013. Since some long-term projects had started previously with the country authorities but are not completed yet, some of the activities represent a continuation of those projects until their completion in FY2014 or beyond. The following illustrates a summary of the main activities that are planned during FY2014 as classified under each of the four regional outcomes:

#### Enhancement of Risk-Based Supervisory and Enforcement Frameworks

- Continue the assistance to **Lebanon** in developing a risk-based supervision manual for NBFIs.
- Continue the project started in **West Bank and Gaza** on developing a risk-based supervision manual for banks and launch the project with **Sudan** on developing a risk-based onsite inspection manual.
- Continue the assistance provided to **Afghanistan and Yemen** in developing their enforcement framework for dealing with weak banks.
- Continue the project launched with **Jordan** on developing a statistical-based EWS.
- Assist **Jordan and Lebanon** in developing their financial stability frameworks to better address the risks emanating from systemic and sector-wide factors and to achieve better-informed and well-coordinated regulations and policies.
- Complete the assistance provided to **Afghanistan** in developing a medium term action plan for strengthening banking supervision.



Banque du Liban.

## Enhancements of the Regulatory Frameworks

- Assist Libya and Yemen in developing new regulations for Islamic banking activities.
- Continue the project started in Jordan to improve the current Basel II – pillar 2 framework and assist in drafting some regulations and template reports in preparation for Basel III, and assess the potential for launching a similar project with Egypt.
- Developing some prudential regulations for Afghanistan, Libya, Sudan and Yemen.

## Credit Registries and Bureaus

Continue the final phases of assistance provided to **Sudan** in expanding the functionalities of the credit registry.

## Capacity Building Activities

- Workshops on financial stability, stress testing and macro-prudential supervision in Jordan and Lebanon.
- Training to Afghanistan and Yemen, on the supervision of weak banks and the application of the enforcement powers and tools available to supervisors.
- Workshops on Islamic banking activities in Yemen, Libya, and Afghanistan.
- Training to West Bank and Gaza on various Basel principles and standards.
- Regional workshops on financial stability (including macro-prudential supervision) and on Islamic banking.



Da Afghanistan Bank

## B. Macroeconomic Statistics

Consistent with the RBM framework, the work program in statistics, in line with STA and MCD strategies, also responds to member countries' requests and benefits from METAC's accumulated experience in the region. Activities in macroeconomic statistics in FY2014 will continue to focus on improving the quality of the external sector statistics, price statistics, and support the work on NA. In particular, METAC will assist:

- **Egypt, Lebanon, and Sudan** in completing the DI surveys.
- **Lebanon and Afghanistan** in achieving publication of their first IIP, and **Libya** in completing a preliminary IIP.
- **Afghanistan, Lebanon, Sudan, Syria and Yemen** in improving the overall quality of the BOP and IIP.
- **Afghanistan, Libya, and Yemen** in improving their CPI and in compiling a PPI (Afghanistan and Yemen) or resuming the PPI compilation (Libya);
- **Jordan, Lebanon, Sudan, and Yemen** in improving their NA (annual and/or quarterly, as relevant).

METAC will organize two regional workshops on: (1) on the general economy of an International Transactions Reporting System (ITRS), postponed from FY2013; and (2) the International Reserves template.

## C. Public Financial Management

The FY2014 work plan remains in line with the core objectives of the Program Document. The focus will be on assisting member countries to further strengthen their PFM systems, including: improving legal frameworks; reforming planning and budget processes; enhancing budget and accounting classification systems; upgrading cash management systems; modernizing government banking arrangements; strengthening internal control environment; and reforming accounting and budget execution reporting systems.

For **Libya**, METAC will resume TA missions on treasury reforms and will be ready to respond to any new TA needs as they emerge.

METAC will continue to participate in FAD diagnostic missions to **Afghanistan, Egypt, Jordan, Libya, Sudan and West Bank and Gaza**, and will adjust its work program on the basis of the missions' findings.

METAC's work plan for FY2014 will focus on the following activities:

- METAC will continue its support for the modernization of legal and regulatory frameworks in **Iraq and Lebanon** by providing guidance on strengthening PFM legislation, and developing consistent financial regulations.
- Macro-Fiscal and Medium-Term Budget Framework (MTBF): METAC will contribute to building the capacity of the staff of the macro-fiscal unit in **Afghanistan**, and will provide training on MTBF to **Yemen**.
- METAC will provide guidance on reforms to cash management and banking arrangements. As a follow-up to support the implementation of recommendations from previous missions METAC will provide support to **Sudan**.

*La contribution de la Direction Générale des Finances Publiques françaises aux actions conduites par le METAC et plus largement par le FMI s'est construite sur une relation de confiance durable, fondée sur l'expertise des personnels de la DGFIP.*

*Désormais intégrée au sein d'un MoU entre la DGFIP et le Fonds, la collaboration avec le METAC, déjà ancienne, s'est intensifiée sur des sujets stratégiques d'intérêt commun, tels la conduite du changement, la lutte contre la fraude fiscale... Cette collaboration est très importante pour la DGFIP dans la mesure où elle lui permet de valoriser son savoir-faire et d'échanger au sein d'une zone géographique de coopération prioritaire.*

\*\*\*

*The contribution of the French Directorate General of Fiscal Affairs (DGFA) to the operations conducted by METAC and, more widely by the IMF, has been built on a durable relationship of confidence, based on the expertise of the DGFA staff.*

*Being already integrated in a Memorandum of Understanding (MOU) between the IMF and the DGFA, this long-standing collaboration with METAC has intensified on strategic issues of common interest, such as managing change, fighting tax fraud ... In fact, a very important collaboration, since it allows us to increase our know-how and extend our reach to a priority geographic zone.*

**Josiane LANTERI**  
*Administratrice Générale des Finances Publiques*  
*Direction Générale des Finances Publiques*

- Budget Classification and COA: METAC will provide assistance to **Iraq** and **Libya** in reviewing the budget classification and the COA in line with the *GFSM 2001* and the COFOG standards.
- Treasury reforms: METAC will (i) provide assistance in the area of commitment, cash and expenditure management to **Jordan**; (ii) follow up on the preventive and detective controls over payments in **Egypt**; and (iii) deliver training on treasury functions to **Yemen**.
- Internal controls: METAC will assist **Egypt** in strengthening the internal controls within the line agencies, leading the overall systems of internal controls, accounting and reporting to be consistent with internationally accepted standards.

METAC plans to organize two regional workshops: one on the policy choices and operational techniques required for efficient treasury functions, and specifically (i) budget execution and control options, (ii) payment arrangements, (iii) banking arrangements and the TSA, and (iv) management of government cash balances including interaction with the central bank and banking sector; and the other on MTBF and specifically (i) the key aspect of the strategic, top-down fiscal policy approach; and (ii) how a multi-year plan permits fiscal strategies including expenditure plans for the entire interval to be set out and for plans for the upcoming year to be cast within a multiyear context.

## D. Revenue Administration

In the area of revenue administration, METAC's work plan for FY2014 has been developed to respond to the modernization programs of member administrations towards improving revenue performance. TA will cover key components of tax and customs operations aiming at increasing compliance rates and improving revenue collection. Relevant support will be provided through on-site missions, regional and country-specific workshops, and focused trainings. TA activities will be delivered by the resident revenue administration advisor as well as regional and international experts, resulting in a total of 64 planned person weeks.

The proposed work plan reflects several considerations pertaining to IMF's and METAC's approach to TA delivery, as well as member countries' needs and priorities. In particular, the following factors have driven the development of the FY2014 work plan:

The status of revenue reforms in METAC countries and priority actions needed to strengthen revenue performance, as identified by METAC's resident revenue administration advisor, FAD, and METAC follow-up and TA missions:

- FAD's plans and programs for member countries, and the strategy notes prepared by the area department.

تضمنت السنة 2012 العديد من الأنشطة مع صندوق النقد الدولي (METAC) من خلال الزيارات والتقارير التي قدمها الخبراء للدائرة.

وذلك بهدف تعزيز الإدارة الضريبية ، وقد تضمنت التقارير الوصفة العلاجية في مجالات الأنشطة الرئيسية لعمل الدائرة ، وكان أهمها تخفيض المتأخرات الضريبية ، تحسين سجل المكلفين ، رفع نسبة الالتزام الطوعي ورفع مستوى جودة عمليات التدقيق ، مما كان لذلك الأثر على تحسين مستوى الأداء للدائرة من خلال التعاون مع فريق متخصص من خبراء الدائرة في المجالات المختلفة ، وما زال التعاون مستمراً لتحسين العمل في الدائرة وخاصة من خلال الزيارات المتكررة والاتصالات بكافة أشكالها مع الخبرة منال الأسير والتي لم تتردد في تقديم المعلومة والمشورة في جميع ما يطلب منها بهدف دعم الدائرة.

*The year 2012 included several activities with METAC where visits and reports were delivered by tax experts. These visits aimed to strengthen the tax administration, and the reports have stroke the main concerns of the department. The most important activities worked on where: reducing tax arrears; improving record holders; raising the proportion of voluntary compliance and quality of audits, which had an impact on improving the level of performance of the department through cooperation with a dedicated team of experts in different areas. Cooperation to improve work of the Tax department is ongoing with the assistance of METAC expert Manal Assir that did not hesitate to provide information, advice, and support to the department.*

**Riad Shreideh**  
**Director General of Income and Sales Tax Department**  
**Jordan**

- TA requests of member countries.
- The RBM framework for TA that METAC adopted starting in FY2013 and the corresponding revenue administration log frame that sets clear objectives, outcomes, verifiable indicators, and risks and assumptions.
- Security conditions in some member countries that may restrain delivery of onsite visits.

The FY2014 proposed work plan covers the following activities:

- Entrenching self-assessment and improving compliance management of large taxpayers, in preparation for introduction of VAT in **Afghanistan**.
- Strengthening VAT operations and refunds management in **Jordan** and **Lebanon**.
- Improving compliance management and risk-based audit in **Egypt, Jordan, Lebanon, and Sudan**.
- Developing a TPC in **Egypt**.
- Strengthening LTO operations in **Jordan** and **Lebanon**.
- Strengthening the central taxpayer database and streamlining processes in **Sudan** and **Yemen**.
- Developing an audit manual in **Sudan**.
- Supporting the establishment of an integrated tax administration in **Lebanon**.
- Supporting customs administration in **Egypt** and **Lebanon**.
- Supporting tax reforms in **Libya, Syria** and **Yemen**.

In addition to direct TA, METAC will continue promoting regional cooperation on critical matters affecting operations' delivery in member revenue administrations. In this context, METAC will organize two regional workshops that aim to strengthen information sharing, knowledge exchange and regional networking in the following topics: (1) audit trends of large taxpayers, and (2) information systems in tax administration.



---

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

**BUDGET AND FINANCING**

---

## SECTION V: BUDGET AND FINANCING

### **Project Status – Third Funding Cycle (Phase III)**

The program budget for Phase III, covering May 2010 through April 2015, was \$33 million. The work program assumed that donors' resources would support five resident advisors and the historical average of short-term experts to deliver specialized TA. In the December 2009 Program Document, the program would support salaries for experts, travel, seminars, backstopping, and project management. At the June 2010 meeting, the SC adopted the Program Document and the proposed budget for METAC Phase III.

At the October 10, 2010 pledging session in Washington DC, donors and member countries pledged a total of \$15 million. The total included contributions already made by the EC and the EIB under a separate framework agreement and a generous financial contribution from Lebanon. There were also pledges received from France, Kuwait, Oman, and METAC beneficiary countries Egypt, Jordan, Libya, Syria, Sudan, and Yemen. These pledges, together with about \$6 million in contributions from the IMF and host country Lebanon for the Center's operating cost, brought the total to about \$21 million, or about two-thirds of Phase III requirements.

### **The Budget for FY 2013**

Given the uncertainty of full funding for METAC Phase III, the budget for the funding cycle was revised down in line with available resources beginning in 2011. The \$2.97 million FY2013 budget was presented during the 2012 SC meeting (Table 1). The budget took into account reductions in demand and financing challenges arising from civil unrest throughout the region. METAC continued to collaborate on sponsoring workshops with other agencies operating in the region, such as the USAID, as well as with member countries. The FY2013 budget outturn was \$2.3million.

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

The total funding pledged for Phase III has reached about \$17 million (Table 2) with GIZ contributing and disbursing \$2.4 million in FY2013. The composition of the pledges continued to reflect a strong regional ownership, with METAC countries contributing more than half of total resources. The EC, an early contributor, has already paid 90% of the amount it pledged. Scheduled installments were also received during the last fiscal year from France, Egypt, Jordan, Lebanon, and Libya. Discussions are underway with the EIB under a separate framework agreement, to extend use of its resources through April 30, 2015, to support METAC as a flexible vehicle to respond to emerging TA needs for stabilizing monetary and capital market operations in the region. Documentation is nearly completed for the USAID's \$1.3 million contribution.

## The FY2014 Budget

The FY2014 budget for TA to member countries is scheduled to be \$3.4 million (Table 3). Given the expectation that TA needs will intensify once the region stabilizes, the FY2014 work plan aims to optimize resource use. The mid-program entry of two new donors (GIZ and USAID) will make available resources to meet these increased TA demands. The FY2014 budget also includes the mid-term independent evaluation of METAC. Outcome of the evaluation will be presented at the next SC meeting in 2014.

International Monetary Fund  
Middle East Regional Technical Assistance Center  
Third Funding Cycle (Phase III) May 2010 - April 2015

**Table 1. Consolidated Financial Status**

*(US\$ millions)*

ACTIVITY	FY 2010– FY 2015			FY 2013		
	BUDGET	EXPENSES	REMAINING	BUDGET	EXPENSES	REMAINING
Long-term experts	6.75	3.50	3.25	1.44	1.24	0.20
Short-term experts	3.76	2.06	1.70	0.60	0.51	0.10
Travel	0.72	0.48	0.24	0.14	0.14	0.01
Seminars	1.06	0.40	0.66	0.25	0.16	0.09
Staff TA delivery	0.03	0.03	0.00	0.000	0.00	0.00
Miscellaneous	0.08	0.04	0.04	0.02	0.018	0.00
Backstopping	0.99	0.29	0.70	0.23	0.05	0.16
Project management	0.46	0.20	0.26	0.10	0.04	0.06
<b>Total TA Delivery</b>	<b>13.85</b>	<b>7.00</b>	<b>6.85</b>	<b>2.78</b>	<b>2.16</b>	<b>0.62</b>
Evaluation	0.3	-	0.3			-
Trust fund management (7%)	0.99	0.49	0.50	0.19	0.15	0.04
<b>GRAND TOTAL</b>	<b>15.14</b>	<b>7.48</b>	<b>7.65</b>	<b>2.97</b>	<b>2.31</b>	<b>0.66</b>

International Monetary Fund  
 Middle East Regional Technical Assistance Center  
 Third Funding Cycle (Phase III) May 2010 - April 2015

**Table 2. Status of Financial Contributions**

	Pledge (US\$ dollars)	LOU Status	Contributor Currency	Pledge (Contributor Currency)	Contributions Received (US\$)	Future Installments (US\$)
<b>Phase III - Signed Agreements:</b>						
<b>(A) Under Multi-Donor SFA</b>						
European Commission	1,875,000	12/29/2009	<i>Euros</i>	1,500,000	1,647,000	228,000
Libya	1,500,000	5/24/2010	<i>U.S. dollars</i>	1,500,000	900,000	600,000
Syria	500,000	8/27/2010	<i>U.S. dollars</i>	500,000	100,000	400,000
Kuwait	250,000	10/27/2010	<i>U.S. dollars</i>	250,000	250,000	-
Egypt	1,000,000	12/1/2010	<i>U.S. dollars</i>	1,000,000	600,000	400,000
Jordan <sup>2</sup>	500,000	12/9/2010	<i>U.S. dollars</i>	500,000	200,000	300,000
Sudan	500,000	12/1/2010	<i>U.S. dollars</i>	500,000	-	500,000
Lebanon <sup>1</sup>	5,000,000	01/31/2011	<i>U.S. dollars</i>	5,000,000	3,000,000	2,000,000
France	2,502,000	3/15/2011	<i>Euros</i>	1,800,000	1,473,156	1,028,844
Oman	500,000	8/9/2011	<i>U.S. dollars</i>	500,000	500,000	-
Germany-GIZ	2,434,036	11/12/2012	<i>Euros</i>	1,880,000	2,434,036	-
<i>Subtotal</i>	<b>16,561,036</b>				<b>11,104,192</b>	<b>5,456,844</b>
<b>(B) UNDER FAA</b>						
European Investment Bank	578,552	4/3/2008	<i>U.S. dollars</i>	578,552	\$578,552	-
<i>Subtotal</i>	<b>17,139,588</b>				<b>\$11,682,744</b>	
<b>Phase III - Pledges - Pending</b>						
Syria 2	250,000	<i>sent 4/2011</i>	<i>U.S. dollars</i>	250,000		250,000
Yemen	500,000	<i>sent 12/2010</i>	<i>U.S. dollars</i>	500,000		500,000
USAID	1,300,000		<i>U.S. dollars</i>	1,300,000		1,300,000
<i>Subtotal</i>	<b>2,050,000</b>			<b>2,050,000</b>		<b>2,050,000</b>
<b>GRAND TOTAL</b>	<b>19,189,588</b>				<b>\$11,682,744</b>	<b>\$7,506,844</b>

<sup>1</sup> Lebanon contributes an additional \$1.5 million for hosting the center, and has disbursed \$0.9 million thereof as of March 2013.

<sup>2</sup> Contribution of \$100,000 received on May 28, 2013 (FY14) is not included.

International Monetary Fund  
 Middle East Regional Technical Assistance Center  
 Third Funding Cycle (Phase III) May 2010 - April 2015

**Table 3. FY 2013 Budget May 2013 - April 2014**

*(US\$ millions)*

DESCRIPTION	FY 2014 BUDGET
Long-term experts	1.49
Short-term experts	0.63
Travel	0.14
Seminars	0.26
Miscellaneous	0.02
Backstopping	0.24
Project Management	0.10
<b>Total TA Delivery</b>	<b>2.88</b>
Evaluation	0.30
Trust fund management fee (7%)	0.22
<b>GRAND TOTAL</b>	<b>3.40</b>

---

# ANNEXES

---

## **ANNEX I: THE IMF REGIONAL TECHNICAL ASSISTANCE CENTERS (RTACs)**

### **Existing RTACs**

**The Pacific Financial Technical Assistance Center (PFTAC)** was established in Suva, Fiji, in 1993, now serves 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 EU, the IMF, Korea, 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, Bermuda, 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 current program cycle is funded by Australia, Canada, the Caribbean Development Bank, the EU, the IMF, the United Kingdom, the host country Barbados, and beneficiary countries.

**The African Regional Technical Assistance Centers (AFRITACs)** 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 Poverty Reduction Strategy Paper (PRSP) process. As part of the Initiative, four African Regional Technical Assistance Centers have been established. East AFRITAC was opened in Dar es Salaam, Tanzania, in 2002, now serves seven countries in East Africa (Eritrea, Ethiopia, Kenya, Malawi, Rwanda, Tanzania, and Uganda). West AFRITAC was opened in Bamako, Mali, in 2003 and moved to Abidjan, Côte d'Ivoire, in mid-2012 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, the Democratic Republic of the Congo, and São Tomé and Príncipe. AFRITAC South was opened in Port Louis, Mauritius, in June 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 in 2013, 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 EIB, the EU, France, Germany, Italy, Kuwait, Luxembourg, the Netherlands, Switzerland, and the United Kingdom.

**The Middle East Regional Technical Assistance Center (METAC)** was established in Beirut, Lebanon, in 2004 to serve ten countries/territories in the Middle East, including 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. A particular focus is to help post-conflict countries in the region achieve macroeconomic stability and develop basic institutions for policymaking. 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 EIB, the EU, France, Germany, the IMF, Kuwait, Oman, the host country Lebanon, and beneficiary countries.

**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 TA is focused on financial sector supervision, tax and customs administration, medium-term expenditure frameworks and public financial management, money 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 EU, Germany, the Inter-American Development Bank, the IMF, Mexico, Spain, the host country Guatemala, and beneficiary countries.



## **ANNEX II: LOG FRAMES**

## METAC Regional Log Frame FY2013-15

### Strategic Objective

Improve institutional capacity for effective macroeconomic management to achieve higher and sustainable growth.

1. Achieve a more risk-oriented banking supervisory and regulatory framework that enhances financial stability in the region and aligns it further with international standards and best practices.
2. Establish an integrated budget planning and management process that effectively links policies to public resource allocation, and further develop treasury systems, including government banking arrangements, commitment controls, cash management and financial management information system.
3. Upgrade revenue administration to bring it to best international standards, focusing on enhanced organization and procedures and effective compliance tools, to improve revenue performance and increase revenue collection.
4. Bring member countries closer to compliance with international standards for the compilation of external statistics, NA, and price statistics.

1. Restoration of political and security stability in a number of METAC countries that would allow delivery of TA in a timely manner
2. Sufficient ownership of reform measures by the country authorities and commitment to provide resources to carry-out their duties and implement reform measures
3. Mobilization of sufficient financing for METAC
4. Complementary TA by HQ and other TA providers is available

## 1. Banking Supervision

Outcomes	Indicators for end FY2015	AFG	Egypt	Iraq	Jordan	Lebanon	Libya	Sudan	Syria	WBG	Yemen
1. Enhancement of risk-based supervisory and enforcement frameworks in both onsite and offsite supervision functions.	1.1 Risk-based onsite inspection and enforcement manuals are developed and enhanced and are well integrated within the overall supervisory framework.										
	1.2 Early Warning System Models are developed and effective risk assessment is being prepared using offsite supervisory tools and prudential reports.										
	1.3 New Onsite and Offsite manuals are adopted for supervision of Islamic banking activities.										
	2.1 New regulations are issued in line with Basel core principles.										
2. Further alignment of the regulatory framework with Basel principles and standards, in particular Basel II and III frameworks.	2.2 Issuance of new regulations and application of new supervisory tools and techniques that are in further compliance with Basel II accord and Basel III reforms.										
	2.3 New supervisory regulations and guidelines are issued for Islamic banking activities.										
	3.1 The public credit registries will be fully operational with an expanded financial and demographic database along with an effective software and comprehensive reporting.										
3. Enhancement of the function of public credit registries and PCBs to be in line with international best practices.	3.2. A framework for licensing and supervising PCBs is developed and effectively applied.										
	3.3. Increased access to credit and reduction in the level of payment delinquencies and default rates.										
	4.1 Offsite and onsite supervisors apply the developed risk-based frameworks effectively and show a thorough knowledge of the new regulations and apply them effectively throughout their work.										
4. Banking supervisors in the region have a better understanding of the latest practices and standards on banking supervision and develop their supervisory skills and capabilities accordingly.	4.2 Weak and problem banks are identified early and dealt with through prompt corrective action plans that are rigorously followed up.										
<b>Inputs</b>	<b>Assumptions/Risks</b>										
Resident Advisor in Banking Supervision.	1. Political stability and security conditions allow the delivery of METAC TA and the implementation of needed reforms.										
Short-term experts.	2. Supervisory authorities support the implementation of projects assisted by METAC, show continued commitment to apply the new manuals and the draft regulations, and take all necessary and timely actions to put METAC's recommendations into effect.										
Collaboration / Participation in HQ missions.	3. Banking supervisors make good use of the knowledge and technical assistance provided by METAC and apply them effectively in the course of supervising banking and financial activities.										
Draft laws, regulations, reports and manuals. Workshops, seminars and on-the-job training.	4. Sufficient Financing for METAC is mobilized.										

## 2. Macroeconomic Statistics

Outcomes	Indicators for end-FY 2015	AFG	Egypt	Iraq	Jordan	Lebanon	Libya	Sudan	Syria	WBG	Yemen	
<p>1. Better compliance with international standards for the compilation and dissemination of external sector statistics (BOP, IIP reserves data template, and EXD statistics).</p> <p>2. Increased participation in CDIS and CPIS to enhance regional data on financial interconnectedness.</p> <p>3. Better compliance with international standards for the compilation of annual, and for some countries, quarterly NA.</p> <p>4. Better compliance with international standards for the compilation of monthly price statistics.</p>	1.1. Timely reporting of BOP data for IMF publications.											
	1.2. Timely reporting of IIP data for IMF publications.											
	1.3. Balance of Payments and International Investment Position Manual, sixth edition (BPM6) methodology implemented.											
	1.4. Reporting of the Reserves Data Template.											
	1.5. Participation in the Quarterly External Debt (EXD) Statistics database.											
	2.1. Participation in the CDIS.											
	2.2. Participation in the CPIS (including enhancements).											
	3.1. Timely reporting of annual NA for IMF publications.											
	3.2. Timely reporting of quarterly NA for IMF publications.											
	4.1. Updated CPI.											
4.2. Developed PPI.												
4.3. Updated PPI												
<b>Inputs</b>	<b>Assumptions/Risks</b>											
One Resident Advisor in External Statistics. Short-term experts (Real Sector). HQ-based diagnostic missions and backstopping.	<ol style="list-style-type: none"> <li>Sufficient ownership of reforms by the country authorities, including implementation of missions' recommendations.</li> <li>Sufficient funding by the country authorities and other donors for needed resources.</li> <li>Sufficient funding for METAC TA activities.</li> <li>Complementary HQ and other donors' TA is available.</li> <li>Political/security conditions in member countries allow for TA delivery and reforms' implementation.</li> </ol>											
<b>Outputs</b>												
TA reports. Hands-on training. Country workshops. Regional workshops and seminars.												



#### 4. Revenue Administration

Outcomes	Indicators for end-FY2015	AFG	Egypt	Iraq	Jordan	Lebanon	Libya	Sudan	Syria	WBG	Yemen
1. More efficient and effective organizational structures.	1.1 Integrated function-based HQ.										
	1.2 Established large taxpayers' offices (L TO.)										
	2. Streamlined and automated operations.										
3. Strengthened self-assessment and risk-based compliance.	2.1 Enhanced registration system with unique Tax Identification Number (TIN).										
	2.2 Effective computerized ITAS.										
	2.3 Streamlined filing and payment procedures										
4. Enhanced tax systems.	3.1 Move from administrative to self-assessment systems.										
	3.2 Increased compliance rates.										
	3.3 Increased collection rates.										
5. More effective customs administration.	4.1 Introduction of VAT.										
	4.2 Enactment of a tax procedures code (TPC).										
	4.3 Simplified regime for small taxpayers.										
Inputs	5.1 Reduced pre-clearance.										
	5.2 Increased risk-based post-clearance.										
Resident Advisor in Revenue Administration. Short-term experts. HQ-based diagnostic missions.											
Outputs											
TA reports. Draft laws, regulations, manuals. Hands-on training. Country workshops. Regional workshops and seminars.	<ol style="list-style-type: none"> <li>1. Sufficient ownership of reforms by the country authorities.</li> <li>2. Sufficient funding by METAC for TA activities.</li> <li>3. Complementary HQ and other donors' TA is available.</li> <li>4. Political/security conditions in member countries allow for TA delivery and reforms' implementation.</li> <li>5. Sufficient funding by the country authorities and other donors for needed resources.</li> </ol>										

**ANNEX III: WORK PLAN FOR FY 2014**

TA Area	Medium-Term Outcome	Milestone(s) for FY2014	Activity in FY2014	Output(s)	Tentative Date	Inputs			
						METAC Funded			Total
						RA (Beirut)	RA (Mission)	ST Expert	
<b>Regional Activities</b>									
Banking Supervision	Banking supervisors in the region have a better understanding of the latest practices and standards on banking supervision and develop their supervisory skills and capabilities accordingly		Macro prudential Supervision and Financial Stability	Training	Oct.13	1.5	0.5	0.5	2.5
			Islamic Banking	Training	Mar.14	1.5	0.5	0.5	2.5
Public Financial Management	Better understanding of budget execution and reporting in compliance with international standards		Workshop on Treasury Reforms	Regional Workshop	Jul.13	1	0.5	1	2.5
			Medium Term Budget Framework	Regional Workshop	Jan.14	1	0.5	1	2.5



TA Area	Medium-Term Outcome	Milestone(s) for FY2014	Activity in FY2014	Output(s)	Tentative Date	Inputs			
						METAC Funded			Total
						RA (Beirut)	RA (Mission)	ST Expert	
Revenue Administration	Strengthened self-assessment and risk-based compliance Management		Audit trends of large taxpayers	Regional Workshop	Sep.13	2	0.5	1	3.5
	Streamlined and automated operations		Information Systems: challenges & opportunities for tax administration	Regional Workshop	Feb.14	2	0.5	1	3.5
Statistics	Improved reporting of the International Reserves Template		Regional workshop on International Reserves Template	Training on concepts of international reserves and reporting of the template.	Jun.13	1	1	-	2
	Improved compilation of BOP Statistics		Regional workshop on the operation of an ITRS.	Training on the general economy and practical operation of an ITRS.	Oct.13	1	0.5	0.5	2
<b>Regional Activities Total</b>						<b>11</b>	<b>4.5</b>	<b>5.5</b>	<b>21</b>

TA Area	Medium-Term Outcome	Milestone(s) for FY2014	Activity in FY 2014	Output(s)	Tentative Date	Inputs			
						METAC Funded			
						RA (Beirut)	RA (Mission)	ST Expert	Total
<b>Afghanistan</b>									
Banking Supervision	DAB has an enhanced risk-focused supervisory framework that addresses weak and problem banks in an effective manner	New Enforcement Framework implemented by end FY2014	Follow-up and training on New Enforcement Framework	revised draft Enforcement Manual	Oct.13	1	1.5	-	2.5
	DAB has an updated regulatory framework that establishes relevant limits and adequate standards for the conduct of banking operations in line with best practices and with Basel principles for effective banking supervision	New action plan for Strengthening Banking Supervision approved by DAB by December 2013	Finalize Action plan for Strengthening Banking Supervision	Action plan for Strengthening banking supervision	Jun.13	1	1.5	-	2.5
Public Financial Management	A top-down, multi-year budget preparation process is adopted.	Budget circular includes a macro-fiscal framework and revenues forecasting prepared by the macro-fiscal unit. (December 2013)	Capacity building of the macro-fiscal unit	Set of capacity building activities including seminars and workshops to the macro-fiscal unit	Aug.13	1	1.5	1.5	4
	Improved PFM system (measured through internationally recognized diagnostic tools, such as PEFA)	PFM reform strategy and action plans updated. (Mar 2014)	FAD / METAC follow-up mission on PFM assessment	Assessment of progress related to PFM reform	Mar.14	1	1.5	-	2.5

TA Area	Medium-Term Outcome	Milestone(s) for FY2014	Activity in FY 2014	Output(s)	Tentative Date	Inputs			
						METAC Funded			
						RA (Beirut)	RA (Mission)	ST Expert	Total
Revenue Administration	Strengthened self-assessment and risk-based compliance Management	Improved compliance management of large taxpayers	Strengthen LTO operations	TA Report	Jan.14	1	1	1.5	3.5
Statistics	<p>External statistics</p> <ul style="list-style-type: none"> <li>- Better estimates of DI flows and stocks</li> <li>- The quality of data collected via the ITRS has improved</li> <li>- BOP statistics are of sufficient quality for inclusion in IMF publications</li> </ul> <p>Price statistics</p> <ul style="list-style-type: none"> <li>• Further improve the CPI</li> <li>• Develop a PPI</li> <li>• Develop import and export price indices</li> </ul>	<ul style="list-style-type: none"> <li>- Publication of the IIP (end FY2014)</li> <li>- Improved coverage of current and capital transfers (end FY2014)</li> <li>- Implementation of an FDI survey (end FY2014)</li> <li>• Detailed item descriptions and sample selection geographic areas, outlets, and items reviewed.</li> <li>• Plans prepared for developing a PPI and price indices for external trade</li> </ul>	<ul style="list-style-type: none"> <li>Improvement of BOP statistics and development of an IIP</li> <li>• Improving compilation of the CPI</li> <li>• Preparing the compilation of a PPI and of external trade indices</li> </ul>	Mission report	Jun.13	1	1	-	2
				Mission report	Apr.14	1	2	-	3
				Mission report	Oct.13	1	0	2	3
<b>Afghanistan Total</b>						<b>8</b>	<b>10</b>	<b>5</b>	<b>23</b>

TA Area	Medium-Term Outcome	Milestone(s) for FY2014	Activity in FY2014	Output(s)	Tentative Date	Inputs			
						METAC Funded			
						RA (Beirut)	RA (Mission)	ST Expert	
Egypt									
Banking Supervision	The CBE has a strong regulatory and supervisory framework that is in line with the latest Basel principles on banking supervision including Basel II and Basel III.	SREP Manual adopted by CBE by end FY2014	Develop a manual for Supervisory Review and Evaluation Process (SREP)	Draft SREP Manual	Sep.13	0.5	1	1	2.5
Public Financial Management	Overall systems of internal controls (including internal audit) and accounting and reporting are consistent with internationally accepted standards.	Action plans, developed and approved by MOF, to support the implementation of PFM reforms on internal control. (Feb 2014)	TA mission on preventive and detective controls over payments across Accounting Units	Carry-out a study on how to develop own financial control in line agencies (ref. Law No. 127 of 1981)	Aug.13	1	2	2	5
	Cash management and commitment controls functions are consistent with internationally accepted standards	Action plan developed and approved by MOF to support implementation of PFM reforms on cash management and commitments controls (Dec 2013)	FAD / METAC follow-up mission on PFM assessment	Advancing TSA and cash management reforms	Oct.13	1	2	-	3



TA Area	Medium-Term Outcome	Milestone(s) for FY2014	Activity in FY2014	Output(s)	Tentative Date	Inputs			
						METAC Funded			
						RA (Beirut)	RA (Mission)	ST Expert	
Iraq									
Banking Supervision	CBI supervisors have a thorough understanding of the banking regulations and possess the necessary skills to perform an effective onsite and offsite supervision of banks operating in Iraq.		Training on Miscellaneous Basel Requirements	Training	Jan.14	0.5	1	-	1.5
Public Financial Management	Budget classification is improved and permits a better tracking of expenditures according to the COFOG.	Budget department has prepared a guide explaining how to use the functional classification. (Jan 2014)	TA mission on functional classification COFOG	Assistance in adopting a new functional classification compliant with COFOG	Jun.13	1	1	1	3
		Final PFM draft is submitted to cabinet (December 2013)	Review of PFM draft Law	Revised PFM draft Law	Jun.13	1	1	-	2
<b>Iraq Total</b>						2.5	3	1	<b>6.5</b>

TA Area	Medium-Term Outcome	Milestone(s) for FY2014	Activity in FY2014	Output(s)	Tentative Date	Inputs			
						METAC Funded			Total
						RA (Beirut)	RA (Mission)	ST Expert	
<b>Jordan</b>									
Banking Supervision	The CBJ has a risk-focused and effective offsite supervisory framework, including a good and well functioning EWS	Develop a historical database for all banks going back at least 5 years on a quarterly basis by end Sep. 13	Review Historical Database for EWS	TA Report	Jul.13	0.5	1	1	2.5
		An action plan for developing the financial stability framework adopted by end December 2013	Developing Financial Stability Framework	TA Report	Jun.13	0.5	1	1	2.5
		- Quantitative impact Study and regulations on Basel III are issued by Apr.14	Assist in revision of QIS on Basel III	TA Report	Nov.13	1	1	-	2

TA Area	Medium-Term Outcome	Milestone(s) for FY2014	Activity in FY2014	Output(s)	Tentative Date	Inputs			
						METAC Funded			
						RA (Beirut)	RA (Mission)	ST Expert	Total
Public Financial Management	The monitoring of the stock of arrears is improved as well as the commitment control module in GFMS.	Action plan developed and approved by MOF to support implementation of PFM reforms on cash management and commitments controls (July 2013)	FAD / METAC stock taking mission	Full FAD / METAC mission on PFM assessment	May 13	1	2	-	3
	A Commitment Control System (CCS) is included in the GFMS to register, report and account for expenditure commitments against cash allocations	Implementation plan to introduce a CCS is approved by MOF (March 2014)	TA mission on CCS	Assistance in establishing a reporting system to report stocks of arrears quarterly, and assistance in amending the commitment control module in GFMS to cap quarterly expenditure commitments	Aug.13	1	1.5	1.5	4



TA Area	Medium-Term Outcome	Milestone(s) for FY2014	Activity in FY2014	Output(s)	Tentative Date	Inputs			
						METAC Funded			
						RA (Beirut)	RA (Mission)	ST Expert	Total
Revenue Administration	Strengthened self-assessment and risk-based compliance Management	Improved Taxpayer Register	Strengthen Business Activity Classification (BAC) in Taxpayer Register	TA Report	Jun.13	1	1	1.5	3.5
	Strengthened self-assessment and risk-based compliance Management	Improved VAT compliance rates and refunds practices	Strengthen VAT operations & refunds	TA Report	Sep.13	1	1	1.5	3.5
	Strengthened self-assessment and risk-based compliance Management	Improved audit methods & techniques	Strengthen risk-based audit for specific sectors	TA Report	Feb.14	1	1	1	3
Statistics	National Accounts								
	<ul style="list-style-type: none"> <li>Improved compilation of annual NA, based on assumptions consistent with the current reality of the Jordanian economy</li> <li>As a cascading effect, improvements in the quality of quarterly NA</li> <li>Regular production of SUTs</li> </ul>	<ul style="list-style-type: none"> <li>Updating the base year using 2011 survey data by end-FY2014</li> <li>The SUTs for 2010 completed by end-FY2014</li> </ul>	Follow up on the implementation of a new base year and finalization of 2010 SUTs.	Mission report	Sep.13	1	-	2	3

TA Area	Medium-Term Outcome	Milestone(s) for FY2014	Activity in FY2014	Output(s)	Tentative Date	Inputs			
						METAC Funded			Total
						RA (Beirut)	RA (Mission)	ST Expert	
	<p>External statistics</p> <ul style="list-style-type: none"> <li>Improved coverage of the external assets of the private, non-bank sector</li> <li>The compilation of remittances data has been further improved</li> <li>EXD statistics are fully consistent with international standards</li> <li>The BOP and IIP compilation system have been updated to implement BPM6</li> </ul>	<p>Public EXD is based on the nonresident status of the holders rather than on currency of denomination of the liabilities.</p>	<p>Improving BOP, IIP and EXD statistics.</p>	<p>Mission report</p>	<p>Mar.14</p>	1	2	-	3
<b>Jordan Total</b>						9	11.5	9.5	<b>30</b>

TA Area	Medium-Term Outcome	Milestone(s) for FY2014	Activity in FY2014	Output(s)	Tentative Date	Inputs			
						METAC Funded			Total
						RA (Beirut)	RA (Mission)	ST Expert	
<b>Lebanon</b>									
Banking Supervision	The BDL and the BCCL have an updated EWS that enhances the supervisory and regulatory framework.	- A framework for EWS and for Financial Stability is agreed upon between BDL and BCCL by Apr.14	Assist in the implementation of the EWS	TA Report	Sep.13	0.5	1	1	2.5
	The BCCL has an enhanced regulatory and supervisory framework, including improved loan classification and provisioning rules, manuals to supervise non-bank financial institutions, and introducing supervisory colleges to oversee cross-border activities of the largest banks	A supervisory college for supervising activities of large banks is established by end FY2014	Assist in cross border supervision of large banks	TA Report	Jul.13	0.5	1	1	2.5
	The BCCL has an enhanced regulatory and supervisory framework that complies to the largest extent possible with the Basel core principles for effective banking supervision.	- Manual for supervision of non-bank financial institutions (NBFIs) is approved by BCCL in Jun.13 -Manual is implemented by end FY2014	Review and Finalization of Manual for NBFIs  Pilot Test the new Manual  Training on Manual	Manual  On-the-job Training  Training	May 13  Jun.13  Jul.13	0.5  0.5  0.5	1  -	1  1.5  1	2.5  2  1.5

TA Area	Medium-Term Outcome	Milestone(s) for FY2014	Activity in FY2014	Output(s)	Tentative Date	Inputs			
						METAC Funded			
						RA (Beirut)	RA (Mission)	ST Expert	Total
Public Financial Management	The budget cycle is streamlined in line with international good practice with the introduction of a sound and practical new budget system law (BSL)	Final BSL draft is submitted to cabinet. (December 2013)	Capacity building of MOF and other GOL agencies on law and regulations	Set of capacity building activities including seminars and workshops to the different stakeholders (MOF, COA, MPs, State Council...)	Jul.13	1	1.5	1.5	4
	The budget cycle is streamlined in line with international good practice with the introduction of a sound and practical new budget system law (BSL)	Final BSL draft is submitted to cabinet. (December 2013)	Review draft of the budget system law	Diagnostic review of the budget system, its fiscal institutions, and decision-making processes	Nov.13	1	1	1	3
Revenue Administration	Strengthened self-assessment and risk-based compliance Management	Improved VAT refunds practices	Strengthen VAT refunds	TA Report	Jul.13	1	1	1	3
	Strengthened self-assessment and risk-based compliance Management	Improved LTO compliance rates	Strengthen LTO operations	TA Report	Oct.13	1	1	1.5	3.5

TA Area	Medium-Term Outcome	Milestone(s) for FY2014	Activity in FY2014	Output(s)	Tentative Date	Inputs			
						METAC Funded			
						RA (Beirut)	RA (Mission)	ST Expert	Total
	Strengthened self-assessment and risk-based compliance Management	Improved audit methods & techniques	Strengthen risk-based audit for specific sectors	TA Report	Apr.14	1	1	1	3
	More effective customs administration	Improved risk-based clearance	Strengthen valuation system and risk management at customs	TA Report	Jun.13	1	1	1.5	3.5
	More efficient and effective organizational structures	Development of integrated systems & procedures	Follow-up visits to support integration process	Technical Report	Apr.14	1	2	-	3
Statistics	External statistics - The DI survey is conducted on a regular basis (at least every other year). - Data from the General Security are available for estimating travel services.	- In the ITRS, transactions below the threshold are reported as global figures.	Improving BOP and IIP statistics.	Mission report	Jul.13	1	1	-	2

TA Area	Medium-Term Outcome	Milestone(s) for FY2014	Activity in FY2014	Output(s)	Tentative Date	Inputs			
						METAC Funded			
						RA (Beirut)	RA (Mission)	ST Expert	Total
	<ul style="list-style-type: none"> <li>- IIP statements are compiled and published on a regular basis (at least annually).</li> <li>- BOP and IIP statistics are compiled in accordance with BPM6 methodology.</li> </ul>	<ul style="list-style-type: none"> <li>- DI survey of financial institutions completed.</li> <li>- IIP compiled and published.</li> </ul>	<ul style="list-style-type: none"> <li>Reviewing results of the DI survey of financial institutions.</li> </ul>	Mission report	Dec.13	0.5	1	-	1.5
	<p>National Accounts</p> <ul style="list-style-type: none"> <li>- The surveys needed for the compilation of NA are conducted periodically.</li> <li>- In line with international standards, sustainable compilation of annual NA at current and constant prices by production and expenditure has been developed.</li> </ul>	<ul style="list-style-type: none"> <li>- CAS is officially in charge of the compilation of NA.</li> <li>- Sustainable unit established within CAS for compilation of NA.</li> <li>- CAS receives data needed for the compilation of NA from the MOF and the Ministry of Municipalities and uses the data in compliance with the detailed guidelines provided by the July 2010 mission.</li> </ul>	<ul style="list-style-type: none"> <li>Improving compilation of NA</li> </ul>	Mission report	Nov.13	1	-	2	3
<b>Lebanon Total</b>						12	13.5	15	<b>40.5</b>

TA Area	Medium-Term Outcome	Milestone(s) for FY2014	Activity in FY2014	Output(s)	Tentative Date	Inputs			
						METAC Funded			
						RA (Beirut)	RA (Mission)	ST Expert	Total
<b>Libya</b>									
Banking Supervision	The CBL has an adequate level of supervisory returns that allow for effective supervision of banks' activities and monitoring of their financial performance	- Basic supervisory returns are reviewed and issued by CBL by Apr.14	Review Basic Supervisory Returns	Draft templates for basic supervisory returns	Jun.13	1	1	-	2
	The CBL has a good regulatory and supervisory framework for supervising the Islamic banking activities in the Libyan financial sector.	- Some new Islamic Banking Circulars are issued by Apr. 14	Draft Islamic Banking Regulations	Draft Regulations	Sep.13	1	1	-	2
Public Financial Management	An improved accounting framework capable of, among others, classifying and reporting information in a manner consistent with internationally accepted standards	Revised classification approved by MOF. (April 2014)	TA on budget classification	Assistance in developing and implementing a budget classification and COA based on GFSM 2001	Sep.13	1	1.5	1.5	4
	PFM reform strategy and action plans developed	Action plan approved by MOF. (Feb 2014)	Full FAD / METAC mission on PFM assessment	Full FAD / METAC mission on PFM assessment	Feb.14	1	1.5	1.5	4

TA Area	Medium-Term Outcome	Milestone(s) for FY2014	Activity in FY2014	Output(s)	Tentative Date	Inputs			
						METAC Funded			
						RA (Beirut)	RA (Mission)	ST Expert	Total
Revenue Administration	Strengthened self-assessment and risk-based compliance Management	Dependent upon recommendations made	Follow-up visit to support implementation of reforms	Technical Report	Mar.14	1	1	-	2
Statistics	External statistics - The quality of BOP has improved gradually, in particular regarding remittances  - A DI survey has been conducted  - Libya compiles and publishes an IIP	- The population of companies to be included in a DI survey has been identified (end-FY2014)  - First elements of an IIP have been assembled (end-FY2014)	Improving BOP statistics and initiating compilation of an IIP (assessment)	Mission report. Hands-on training on IIP compilation (postponed from FY2013)	May 13	1	1	-	2
	Price statistics - The CPI weights have been updated based on the results of a new household budget survey  - Expanded coverage of the PPI to include agriculture, construction, services, and other activities to align with the production accounts compiled by the NA staff	- Coverage of the CPI expanded.  - Continuous time series of data for Tripoli-only index available.	Improving BOP statistics and initiating compilation of an IIP (follow-up)	Mission report	Nov.13	1	0.5	2	3.5
<b>Libya Total</b>						8	7.5	7	<b>22.5</b>



TA Area	Medium-Term Outcome	Milestone(s) for FY2014	Activity in FY2014	Output(s)	Tentative Date	Inputs			
						METAC Funded			Total
						RA (Beirut)	RA (Mission)	ST Expert	
<b>Sudan</b>									
Banking Supervision	The CBOS has a well functioning credit registry that is in line with international standards and best practices.	- CIASA operational framework is revised by end FY2014	Review of the CIASA structure and Framework	TA Report	May 13	1	-	1.5	2.5
	The CBOS has an updated regulatory framework that includes comprehensive instructions and guidelines about the supervision of Islamic banking services and products including regulations about the measurement and management of liquidity risk and about stress testing principles and practices.	- CBOS issues new regulations on stress testing and performs some stress tests by Apr.14	Assist in stress testing	- Draft Regulations - Training	Nov.13	1	1	-	2
			Draft Onsite Inspection Manual	- Part of Inspection Manual	Jun.13	1	1	1	3
	The CBOS has effective operational frameworks including manuals for effective supervision over Islamic banks and a strong enforcement framework.	- CBOS reviews its onsite inspection Approach by Apr.14	Follow-up on Drafting Onsite Inspection Manual	Part of Inspection Manual	Sep.13	1	1	1	3
			Follow-up on Drafting Onsite Inspection Manual	Part of Inspection Manual	Jan.14	1	1	1	3

TA Area	Medium-Term Outcome	Milestone(s) for FY2014	Activity in FY2014	Output(s)	Tentative Date	Inputs			
						METAC Funded			
						RA (Beirut)	RA (Mission)	ST Expert	Total
Public Financial Management	An active cash management function is developed to identify at the earliest opportunity temporary and permanent (or structural) cash shortfalls so that the latter is effectively used for expenditure adjustments	Cash management plans approved by the Cabinet. (April 2014)	Follow-up assistance on cash management	Follow up assistance in developing a modern cash planning and management function	Nov.13	1	1.5	1.5	4
	A medium term plan consistent with the macro-framework and integrated with annual budget allocations is developed, together with a comprehensive financing plan with both cash and noncash financing	Implementation of the July 2012 FAD mission recommendations. (April 2014)	FAD / METAC follow-up mission on PFM assessment	Assessment of progress related to PFM reform	Apr.14	1	1.5	1.5	4
Revenue Administration	Streamlined and automated operations	Bring register up to date & simplify registration procedure	Strengthen registration and support re-engineering of business processes in LTO/ Medium Taxpayers Office (MTO)	TA Report	Sep.13	1	1.5	1.5	4
	Strengthened self-assessment and risk-based compliance Management	Draft Audit manual developed within six months after TA	Support development of audit manual	TA Report	Jan.14	1	1	1	3

TA Area	Medium-Term Outcome	Milestone(s) for FY2014	Activity in FY2014	Output(s)	Tentative Date	Inputs			
						METAC Funded			
						RA (Beirut)	RA (Mission)	ST Expert	Total
Statistics	<p>External statistics</p> <ul style="list-style-type: none"> <li>- The DI survey is conducted, and the results are published. Sudan effectively participates in the CDIS.</li> <li>- Capital transfers are identified and recorded in the BOP.</li> <li>- The compilation system is adapted to the new economic territory of the country (e.g. residence status of bank account holders, DI relationships with South Sudan).</li> <li>- BOP and IIP are compiled according to BPM6 methodology.</li> </ul>	<ul style="list-style-type: none"> <li>- DI survey conducted.</li> <li>- DI survey results analyzed and published.</li> <li>- Data on current and capital transfers are collected.</li> <li>- Estimates of informal trade are made regularly.</li> </ul>	<p>Implementation of a DI survey, training of dedicated staff</p>	<p>Mission report</p>	<p>Jul.13</p>	1	1	-	2
						0.5	2	-	2.5
	<p>National Accounts</p> <ul style="list-style-type: none"> <li>- A new base year has been implemented.</li> <li>- Source data have improved.</li> </ul>	<ul style="list-style-type: none"> <li>- Establishment census conducted.</li> <li>- Classification of imports reviewed</li> </ul>	<p>Improving compilation of NA</p>	<p>Mission report</p>	<p>Jan.14</p>	1	-	2	3
<b>Sudan Total</b>						11.5	12.5	12	<b>36</b>

TA Area	Medium-Term Outcome	Milestone(s) for FY2014	Activity in FY2014	Output(s)	Tentative Date	Inputs			Total
						METAC Funded			
						RA (Beirut)	RA (Mission)	ST Expert	
<b>Syria</b>									
Banking Supervision	The CBS has an effective regulatory framework that addresses the main risks faced by banks and the banking system.	Action Plan for strengthening banking supervision and TA priorities approved by authorities by end of FY2014	TA needs assessment	TA Report	Apr.14	1	1	-	2
Public Financial Management	Improved PFM system (measured through internationally recognized diagnostic tools, such as PEFA)	PFM action plan approved by the Minister of Finance	FAD / METAC follow-up mission on PFM assessment	Full FAD / METAC mission on PFM assessment	Apr.14	1	1	-	2
Revenue Administration	Strengthened self-assessment and risk-based compliance Management	Dependent upon recommendations made	Follow-up visit to support implementation of reforms	Technical Report	Apr.14	1	1	-	2
Statistics	External statistics <ul style="list-style-type: none"> <li>The quality of balance of payments and IIP has improved gradually</li> <li>Balance of payments statistics are compiled at a higher frequency (quarterly)</li> <li>External debt statistics are submitted quarterly to the QEDS database</li> </ul>	Submissions of BOP and IIP data have resumed.	Improving balance of payments and IIP statistics	Mission report	14-Apr	1	2	-	3
<b>Syria Total</b>						<b>4</b>	<b>5</b>	<b>0</b>	<b>9</b>

TA Area	Medium-Term Outcome	Milestone(s) for FY2014	Activity in FY2014	Output(s)	Tentative Date	Inputs			
						RA (Beirut)	RA (Mission)	ST Expert	Total
<b>West Bank and Gaza</b>									
Banking Supervision	<p>- The PMA has a new risk-focused onsite inspection manual that is tailored to the risk profile of each banking institution and that takes into consideration the latest developments in banking supervision.</p> <p>- The PMA has a new offsite supervision system that enhances the work of their offsite monitoring and analysis in order to complement the activities performed at the level of onsite supervision</p>	<p>- New Risk-Based Supervisory Framework is adopted by PMA by End FY2014</p>	Draft Onsite Inspection Manual	-Part of Draft Manual - Training	Jul.13	0.5	-	1.5	2
			Continue Drafting Supervisory Manual	-Part of Draft Manual Training	Nov.13	0.5	-	1.5	2
			Continue Drafting Supervisory Manual	-Part of Draft Manual Training	Feb.14	0.5	-	1.5	2
Public Financial Management	Improved PFM system (measured through internationally recognized diagnostic tools, such as PEFA)	PFM reform strategy and action plans updated. (Feb 2014)	FAD / METAC follow-up mission on PFM assessment	Assessment of progress related to PFM reform	Jan.14	1	-	1.5	2.5

Statistics	External statistics - Aid-related transactions are appropriately classified - Consistency between BOP flows (current and capital accounts) and IIP stocks has been ascertained - The BOP and the IIP are compiled according to BPM6 methodology - An ITRS is being developed, subject to a positive feasibility study	- BOP and IIP data are consistent. - Both time series are consistent over time. - EXD data published in a timely manner, with the appropriate breakdowns.	Improving BOP and IIP statistics	Mission report	Feb.14	1	1	6	2
<b>West Bank and Gaza Total</b>						3.5	1	6	<b>10.5</b>



TA Area	Medium-Term Outcome	Milestone(s) for FY2014	Activity in FY2014	Output(s)	Tentative Date	Inputs			
						METAC Funded			
						RA (Beirut)	RA (Mission)	ST Expert	Total
	CCS is consistent with internationally accepted standards	Action plan approved by MOF. (Feb 2014)	Workshop on treasury functions	Action plan for the implementation of a treasury system	Dec.13	1	1	1	3
Revenue Administration	Strengthened self-assessment and risk-based compliance Management	Dependent upon recommendations made	Follow-up visit to support implementation of reforms	Technical Report	Dec.13	1	1	-	2
	Streamlined and automated operations	Bring register up to date & simplify registration procedure	Strengthen registration and support re-engineering of business processes in LTO/MTOs	TA Report	Mar.14	1	1.5	1.5	4
Statistics	Price statistics - The CPI is compiled on sound bases, using appropriate item classifications and specifications - The CSO compiles and publishes regularly a PPI	- Establishments recruited - Weights available at the 4-digit level of ISIC Rev 4	Updating the CPI and compiling a PPI	Mission report	Apr.14	1	-	2	3



TA Area	Medium-Term Outcome	Milestone(s) for FY2014	Activity in FY2014	Output(s)	Tentative Date	Inputs			
						METAC Funded			Total
						RA (Beirut)	RA (Mission)	ST Expert	
NA - Annual NA at current and constant prices are compiled on sound methodological bases and use the most recent economic surveys results	- Coverage of GDP estimates improved. - GDP estimates by production and expenditure reconciled.	Improving compilation of NA	Mission report	Oct.13	1	-	2	3	
External statistics - Improved coverage of remittances data; better estimates of Foreign Direct Investment (FDI) flows and stocks - Semi-annual BOP data are available within six months of the reference period	- New ITRS forms implemented. - BOP Unit structured and responsibilities defined.	Improving BOP statistics and IIP statistics	Mission report	May 13	1	1	-	2	
		Improving BOP statistics and IIP statistics (follow-up)	Mission report	Sep.13	1	0.5	2	3.5	
<b>Yemen Total</b>					10	8	9.5	<b>27.5</b>	

Total person weeks

87

89

78

254

## **ANNEX IV: UPDATED WORK PLAN FOR FY 2013**

Area	Medium-Term Outcome	Milestone(s) for FY2013	Activity in FY2013	Activity Status	Execution Date	Inputs				Notes
						METAC Funded				
						RA (Beirut)	RA (Mission)	STX	Total	
<b>Regional Activities</b>										
Banking Supervision	Banking supervisors in the region have a better understanding of the latest practices and standards on banking supervision and develop their supervisory skills and capabilities accordingly		Basel III	Done	Oct-12	2.5	0.5	1	4	
			Islamic Banking	Done	Mar-13	2.5	0.5	1	4	
Debt Management and Money Market Development	Share experience and expertise and advice. Foster the regional exchange of experiences and expertise in these areas		Islamic Sukuk	Done	Sep-12	1.5	0.5	1	3	
			Developing the Government securities markets	Canceled		-	-	-	-	
Public Financial Management	Consistency with international good practices and standards: IPSAS cash accounting		Workshop on IPSAS cash accounting	Done	Jun-12	2	1	1	4	Delivered

	Consistency with international good practices and standards: MTBF		Workshop on MTBF	Done	Mar-13	2	1	1	1	4	Delivered
	Enhanced tax systems		Workshop on VAT	Done	Nov-12	3	1	1	1	5	Delivered in Rabat, Morocco
Revenue Administration	Strengthened self-assessment and risk-based compliance Management		Workshop on Risk Management of Tax Compliance	Done	Apr-13	3	1	1	1	5	Delivered in Amman, Jordan
	Improved remittances data through regional cooperation		Regional workshop on asymmetries in bilateral data on remittances	Done	Apr-13	1	0.5	-	-	1.5	
Statistics	Improved BOP data through a better understanding and operation of ITRS in METAC countries		Regional workshop on the operation of an ITRS	Postponed		-	-	-	-		Priority given to remittances workshop, which had to be rescheduled several times.
<b>Regional Activities Total</b>						17.5	6	7		30.5	

TA Area	Medium-Term Outcome	Milestone(s) for FY2013	Activity in FY2013	Activity Status	Execution Date	Inputs				Notes
						METAC Funded				
						RA (Beirut)	RA (Mission)	STX	Total	
<b>Afghanistan</b>										
Banking Supervision	DAB has an enhanced risk-focused supervisory framework that addresses weak and problem banks in an effective manner	Enforcement Manual adopted by DAB - July 2012 Enforcement Manual Fully Implemented December 2012	Enhancement of Enforcement Manual	Done	Jun-12	1	1	-	2	- Partial completion: Enforcement draft regulation discussed with DAB. - Regulation issuance is pending the approval of a new banking law
			Review of off-site function	Done	Nov-12	1	1.5	-	2.5	
			Follow-up on Enforcement Framework	New/Done	Jan-13	1	1.5	-	2.5	
			Develop action plan for strengthening banking supervision	New/Done	Apr-13	1	1.5	-	2.5	- Draft core principles self assessment completed - First draft action plan discussed with Financial Supervision Department at DAB.

TA Area	Medium-Term Outcome	Milestone(s) for FY2013	Activity in FY2013	Activity Status	Execution Date	Inputs				Notes
						METAC Funded				
						RA (Beirut)	RA (Mission)	STX	Total	
	DAB has an updated regulatory framework that establishes relevant limits and adequate standards for the conduct of banking operations in line with best practices and with Basel principles for effective banking supervision	Issuance of new regulations on Liquidity, Relates Party transactions April 2013	Review Liquidity Regulations	Canceled		-	-	-	-	Regulation will be drafted with the assistance of the resident banking supervision advisor in Kabul.
Debt Management and Money Market Development	Improvement in legal framework and risk management consistent with the Medium-Term Debt Management Strategy (MTDS) framework for Debt Management	A Sukuk law is prepared and presented to the parliament by January 2013	Assist in the preparation of the Sukuk Law	Canceled		-	-	-	-	The area of Debt Management ceased
Public Financial Management	Financial planning format used by pilot ministries to explain their key expenditure programs is consistent with international good practices	Financial plans included in Budget Circular (March 2013)	TA mission on financial plans	Done	Nov-12	1	1	1	3	Partially achieved, the financial plans are not yet integrated in the budget circular

	Active cash management techniques are adopted by the Cash Management Unit (CMU)	CMU has a good understanding of the active cash management techniques and is able to prepare what-if scenario on Excel (April 2013)	Assist with Cash Management	Done			1	1	1	3	Achieved, CMU has a good understanding of the active cash management techniques
Revenue Administration	Enhanced tax systems	Fine-tuning of VAT implementation strategy	Support VAT preparations	Done	Sep-12	2	1	-	3	Study visit of the VAT system in Lebanon to strengthen preparations to introduce VAT in Afghanistan	
Statistics	<ul style="list-style-type: none"> <li>Better estimates of FDI flows and stocks</li> <li>The quality of data collected via the ITRS has improved</li> <li>BOP statistics are of sufficient quality for inclusion in IMF publications</li> </ul>	<ul style="list-style-type: none"> <li>A study of FDI based on available data sources has been conducted by end-FY2013</li> <li>Available elements of an IIP have been collected and put together (end of FY2013)</li> </ul>	Improvement of BOP statistics and development of an IIP	Done	Jun-12	2	1	-	3	<ul style="list-style-type: none"> <li>Staff turnover in one agency (AISA) prevented progress in this area</li> <li>A preliminary IIP was prepared. IIP likely to be published by the end of FY2013</li> </ul>	
			Improvement of BOP statistics and development of an IIP	New/Done	Feb-13	2	1	-	3		
<b>Afghanistan Total</b>											
										<b>24.5</b>	
								<b>12</b>	<b>10.5</b>	<b>2</b>	<b>2</b>

TA Area	Medium-Term Outcome	Milestone(s) for FY2013	Activity in FY2013	Activity Status	Execution Date	Inputs				Notes
						METAC Funded				
						RA (Beirut)	RA (Mission)	STX	Total	
<b>Egypt</b>										
Banking Supervision	The CBE has a strong regulatory and supervisory framework that is in line with the latest Basel principles on banking supervision including Basel II and Basel III	SREP Manual adopted by CBE in December 2012	Develop a manual for Supervisory Review and Evaluation Process (SREP)	Canceled		-	-	-	-	No response from Central Bank of Egypt (CBE) and constraining security conditions
			Training on the SREP manual	Canceled		-	-	-	-	No response from Egyptian Banking Institute (EBI) and constraining security conditions
			Workshop on Corporate Governance (with EBI)	Canceled		-	-	-	-	Not a priority during FY2013
Public Financial Management	Overall systems of internal controls (including internal audit) and accounting and reporting are consistent with internationally accepted standards	Action plans, developed and approved by MOF to support the implementation of PFM reforms on internal control (February 2013)	Assessment of Financial control in Line Agencies	Postponed		-	-	-	-	



TA Area	Medium-Term Outcome	Milestone(s) for FY2013	Activity in FY2013	Activity Status	Execution Date	Inputs				Notes
						METAC Funded			Total	
						RA (Beirut)	RA (Mission)	STX		
Revenue Administration	CMU has a good competence in cash flow planning and in active cash management techniques.	CMU has a good understanding of the active cash management techniques and is able to prepare what-if scenario on Excel	Assist with Cash Management	Done	Jan-13	2	1.5	1.5	5	Not achieved, additional efforts on the commitment preventive controls is needed as a pre-requisite to have a reliable cash plans from line agencies
	Enhanced tax systems	Draft TPC developed within 6 months after TA	Support development of TPC	Postponed		-	-	-	-	Resuming of tax TA contingent upon re-assessment of priorities by FAD in light of the preparations to finalize the program with Egypt
	More effective customs administration	Dependent upon recommendations made	Support customs	Postponed		-	-	-	-	Postponed due to security reasons
	Enhanced tax systems		Follow-up visit	New/Done	Oct-12	1	1		2	Follow-up on tax and customs

TA Area	Medium-Term Outcome	Milestone(s) for FY2013	Activity in FY2013	Activity Status	Execution Date	Inputs				Notes
						METAC Funded				
						RA (Beirut)	RA (Mission)	STX	Total	
Statistics	<ul style="list-style-type: none"> <li>The FDI survey has been conducted, and the results have been published. Egypt effectively participates in the CDIS</li> <li>The quality of merchandise trade statistics and of flows and stocks of the private sector's EXD has improved; remittances data are collected by country of origin</li> <li>Statistics are consistent with NA</li> <li>The BOP and the IIP are compiled according to BPM6 methodology</li> </ul>	<ul style="list-style-type: none"> <li>A pilot survey has been conducted from GAFI database by end-June 2012</li> <li>Survey population has been updated by end-September 2012</li> <li>Subject to a positive result of the pilot, a full scale survey has been carried out by end-FY2013</li> </ul>	<p>Reviewing results of the FDI pilot survey</p> <p>Follow up on the FDI survey</p>	Done	Jul-12	2	1	-	3	<ul style="list-style-type: none"> <li>Pilot conducted successfully on schedule.</li> <li>Survey population updated on schedule.</li> <li>Following positive result of the pilot, training was provided and full-scale survey to be conducted in early FY2014 (initial deadline was meant for end-2011 data, while the survey will also cover end-2012 data)</li> </ul>
						7	4.5	1.5	13	
<b>Egypt Total</b>										

TA Area	Medium-Term Outcome	Milestone(s) for FY2013	Activity in FY2013	Activity Status	Execution Date	Inputs				Notes
						METAC Funded				
						RA (Beirut)	RA (Mission)	STX	Total	
<b>Iraq</b>										
Banking Supervision	CBI supervisors have a thorough understanding of the banking regulations and possess the necessary skills to perform an effective onsite and offsite supervision of banks operating in Iraq		Training on International Financial Reporting Standards (IFRS)	Canceled		-	-	-	-	No response From Central Bank of Iraq.
Public Financial Management	Budget classification is improved and permits a better tracking of expenditures according to the COFOG	Budget department has prepared a guide explaining how to use the functional classification (September 2012)	TA mission on functional classification COFOG	Postponed		-	-	-	-	Postponed by the MOF. TA missions to be reprioritized with the new Minister of Finance and to be discussed with the IMF during Spring Meetings
	A roadmap for IFMIS implementation is developed and approved	A roadmap for IFMIS implementation is developed and approved	IFMIS Roadmap	New/Done	May-12	-	1	-	1	Achieved, the IFMIS roadmap was approved by authorities
	Final PFM draft is submitted to cabinet	Final PFM draft is submitted to cabinet	Review of PFM draft Law	New/Done	Dec-12	1	1	-	2	Achieved, follow up mission is required with a legal expert
<b>Iraq Total</b>						<b>1</b>	<b>2</b>	<b>0</b>	<b>3</b>	

TA Area	Medium-Term Outcome	Milestone(s) for FY2013	Activity in FY2013	Activity Status	Execution Date	Inputs				Notes
						METAC Funded				
						RA (Beirut)	RA (Mission)	STX	Total	
<b>Jordan</b>										
Banking Supervision	The CBJ has a risk-focused and effective offsite supervisory framework, including a good and well functioning EWS	<ul style="list-style-type: none"> <li>- Develop a historical database for all banks going back at least 5 years on a quarterly basis in June 2012</li> <li>- Finalize development of historical database &amp; estimation of statistical EWS in December 2012</li> </ul>	Review Historical Database	Postponed		-	-	-	-	CBJ is still collecting data for the EWS. Mission likely to take place in July 2013.
			Assist in Assessment of QIS on Basel III	Done	Jan-13	1	1	-	2	<ul style="list-style-type: none"> <li>- Project is being performed jointly with MCM.</li> <li>- An action plan was proposed during the mission on how and when to implement Basel III.</li> </ul>
		<ul style="list-style-type: none"> <li>- An action plan for implementation of Basel III is set by CBJ in September 2012</li> <li>- Regulations on Basel III are issued by April 2013</li> </ul>	Draft Regulations on Basel III	Postponed		-	-	-	-	

TA Area	Medium-Term Outcome	Milestone(s) for FY2013	Activity in FY2013	Activity Status	Execution Date	Inputs				Notes
						METAC Funded				
						RA (Beirut)	RA (Beirut)	RA (Beirut)	RA (Beirut)	
	The CBJ has a good regulatory and supervisory framework for licensing new PCBs and for performing effective supervision over their activities	- Licensing Manual for PCBs Approved by June 2012	Assist CBJ in drafting regulations on Supervision of PCBs	Canceled						CBJ is getting TA from other donors on supervision of PCBs
	The CBJ has a good regulatory and supervisory framework for licensing new PCBs and for performing effective supervision over their activities	- New Licenses for PCBs granted by December 2012	Draft Guidelines for Establishment of PCBs	New/Done	Oct-12	1	-	1	2	- Licensing manual and guidelines for establishment of PCBs were approved by CBJ - No PCBs have been licensed yet. This is expected in FY2014
	The CBJ supervisors are well trained and have a thorough understanding of the latest international banking supervision standards, especially the application of Basel III	- CBJ supervisors are more capable to implement Basel III by April 2013	Workshop on Basel III	Postponed		-	-	-	-	TA on Basel III was performed later than the original schedule. This has impacted the Basel III workshop which will be performed in FY2014

TA Area	Medium-Term Outcome	Milestone(s) for FY2013	Activity in FY2013	Activity Status	Execution Date	Inputs				Notes
						METAC Funded				
						RA (Beirut)	RA (Mission)	STX	Total	
Debt Management and Money Market Development	Improvement in legal framework and risk management consistent with the MTDS framework for Debt Management	Issuance of Debt Strategy by January 2013	Capacity Building in Risk Analysis according to the MTDS framework and Debt Sustainability Analysis	Done	Sep-12	1	2	2	5	
	Development of primary and secondary markets for government securities	New auction procedures are introduced to the market and an auction calendar is issued by February 2013	Assist in primary market issues	Canceled		-	-	-	-	
Public Financial Management	The General Department (GBD) will have improved expenditure policies so as to increase their economic and social impact	<b>Policy recommendations are included in budget 2013 in Jordan (April 2013)</b>	Expenditure review on capabilities and methods	Done	Jan-13	1	0.5	1	2.5	
	Systems to prevent and monitor over commitment and arrears are implemented	<b>PFM structural benchmarks are identified</b>	PFM assessment	New/Done	Dec-12	1	-	1	2	

TA Area	Medium-Term Outcome	Milestone(s) for FY2013	Activity in FY2013	Activity Status	Execution Date	Inputs				Notes
						METAC Funded			Total	
						RA (Beirut)	RA (Mission)	STX		
Revenue Administration	Strengthened self-assessment and risk-based compliance Management	Analysis of stock of debt (as per FAD mission recommendations)	Support collection enforcement and arrears management	Done	Nov-12	1.5	-	2	3.5	Positive progress made and working group established to develop and oversee implementation of an action plan. Further work is needed to strengthen management of tax arrears
		Dependent upon recommendations made	Follow-up visit	Done	Aug-12	1	1	-	2	Progress made in addressing FAD's recommendations. Committees established to prepare action plans, but further commitment is needed to expedite implementation
		Improved audit methods in LTO & MTOs (as per FAD mission recommendations)	Strengthen risk-based audit	Done	Apr-13	1	2	2	5	Monitor progress during FY2014 and assess need for further TA

TA Area	Medium-Term Outcome	Milestone(s) for FY2013	Activity in FY2013	Activity Status	Execution Date	Inputs				Notes
						METAC Funded				
						RA (Beirut)	RA (Mission)	STX	Total	
	Strengthened self-assessment and risk-based compliance Management		Follow-up visit	Done	Mar-13	0.5	1	-	1.5	
Statistics	<ul style="list-style-type: none"> <li>- Improved compilation of annual NA, based on assumptions consistent with the current reality of the Jordanian economy</li> <li>- As a cascading effect, improvements in the quality of quarterly NA</li> <li>- Regular production of SUTs</li> </ul>	<ul style="list-style-type: none"> <li>- The base year has been changed (2011 survey) by end-FY2013</li> <li>- The SUTs for 2010 have been completed by end-FY2013</li> </ul>	<ul style="list-style-type: none"> <li>Following up on previous SUT missions and implementing a new base year for NA. (postponed from FY2012)</li> </ul>	Done	May-12	1	-	2	3	Work is still ongoing at end-FY2013
	<ul style="list-style-type: none"> <li>- Improved coverage of the CPI</li> <li>- Improved compilation practices</li> </ul>	<ul style="list-style-type: none"> <li>- Establishment list has been updated by end-FY2013</li> <li>- Handheld devices are in use by end-FY2013</li> </ul>	Updating the CPI	Done	Jan-13	1	-	2	3	<ul style="list-style-type: none"> <li>- Work is still ongoing at end-FY2013</li> <li>- Handheld devices are in use</li> </ul>



TA	Medium-Term Outcome	Milestone(s) for FY2013	Activity in FY2013	Activity Status	Execution Date	Inputs				Notes
						METAC Funded				
						RA (Beirut)	RA (Mission)	STX	Total	
	<ul style="list-style-type: none"> <li>- Improved coverage of the external assets of the private, non-bank sector</li> <li>- The compilation of remittances data has been further improved</li> <li>- EXD statistics are fully consistent with international standards</li> <li>- The BOP and IIP compilation system have been updated to implement BPM6</li> </ul>	<ul style="list-style-type: none"> <li>- External and domestic debts are appropriately classified (end of December 2012)</li> <li>- External assets of the private non-bank sector are estimated based on BIS statistics by end-FY2013</li> </ul>	Improving BOP statistics and IIP statistics	Done	Sep-12	1	1	-	2	<ul style="list-style-type: none"> <li>- Classification not amended yet</li> <li>- The Central Bank is not fully confident in BIS statistics</li> </ul>
<b>Jordan Total</b>						12	8.5	13	<b>33.5</b>	

TA Area	Medium-Term Outcome	Milestone(s) for FY 13	Activity in FY 13	Activity Status	Execution Date	Inputs				Notes
						METAC Funded				
						RA (Beirut)	RA (Mission)	STX	Total	
<b>Lebanon</b>										
Banking Supervision	The BDL and the BCCL have an updated EWS that enhances the supervisory and regulatory framework	A framework for EWS and for Financial Stability is agreed upon between BDL and BCCL by December 2012	Assist in the implementation of the EWS	Postponed		-	-	-	-	- EWS model has been established by BDL. - Search still ongoing for a short-term expert on Financial Stability / EWS
	The BDL staff and the BCCL supervisors develop a thorough understanding of the components of the EWS model and of its various uses throughout the banking supervision process		Training on Early Warning Indicators and EWS	Postponed		-	-	-	-	This was delayed as a result of the delay in the previous activity.
	The BCCL has an enhanced regulatory and supervisory framework that complies to the largest extent possible with the Basel core principles for effective banking supervision	- Manual for supervision of non-bank financial institutions (NBFIs) is approved by BCCL in September 2012 -Manual is implemented by April 2013	Prepare for drafting Supervision Manual for NBFIs	Done	Dec-12	1	1	1	3	- There were some delays in finding suitable short-term expert. - Substantial progress has been made up till now and some main parts of the manual have been completed
			Drafting Manual for Supervision of NBFIs	Done	Jan-13	1	-	2.5	3.5	

TA Area	Medium-Term Outcome	Milestone(s) for FY 13	Activity in FY 13	Activity Status	Execution Date	Inputs				Notes
						METAC Funded			Total	
						RA (Beirut)	RA (Mission)	STX		
			Follow-up on Drafting Manual for NBFIs	New/Done	Feb-13	1	1	1	3	and discussed with BCCL - The manual is expected to be finalized during the first two months of FY14.
			Continue Drafting Manual for NBFIs	New/Done	Mar-13	1	-	2	3	
			Follow-up on Drafting Manual for NBFIs	New/Done	Mar-13	1	1	1	3	
			Draft remaining of manual for NBFIs	New/Done	Apr-13	1	-	2	3	
			Review and Finalization of Manual for NBFIs	Postponed		-	-	-	0	
		- More regulations are issued on Financial consumer protection and	Seminar on Financial Consumer Protection	Canceled		-	-	-	-	- Seminar and Framework on financial consumer protection is currently not a very high priority

The BCCL has an enhanced regulatory and supervisory framework that complies to the largest extent possible with the Basel core principles for effective banking supervision

The supervisors at BCCL have a thorough and enhanced knowledge of the latest banking supervision standards and principles

TA Area	Medium-Term Outcome	Milestone(s) for FY 13	Activity in FY 13	Activity Status	Execution Date	Inputs				Notes
						METAC Funded			Total	
						RA (Beirut)	RA (Mission)	STX		
		increased compliance by banks - June 2013 - More stress tests are conducted by BCCL by September 2013	Workshop on Stress Testing Tools and Techniques	Postponed		-	-	-	given the demands for other topics - The BCCL is conducting regular stress tests for the banking sector. The Workshop has been postponed till FY14 to enable finalization of the manual for NBFIs as a first priority.	
Public Financial Management	A top-down, multi-year budget preparation process is adopted	Budget circular includes a macro-fiscal framework and revenues forecasting prepared by the macro-fiscal unit (April 2013)	Capacity building of the macro-fiscal unit	Done	Sep-12	1.5	1.5	1.5	4.5	Partially achieved, budget circular for budget 2014 should be enhanced accordingly.

TA Area	Medium-Term Outcome	Milestone(s) for FY 13	Activity in FY 13	Activity Status	Execution Date	Inputs				Notes
						METAC Funded			Total	
						RA (Beirut)	RA (Mission)	STX		
	The budget cycle is streamlined in line with international good practice with the introduction of a sound and practical new budget system law (BSL)	Final BSL draft is submitted to cabinet (December 2012)	Capacity building of MoF and other GOL agencies on law and regulations	Postponed		-	-	-	-	This activity is pending the finalization of the draft Budget System Law by the MOF
	The budget cycle is streamlined in line with international good practice with the introduction of a sound and practical new budget system law (BSL)	Final BSL draft is submitted to cabinet (December 2012)	Review draft of the budget system law	Postponed		-	-	-	-	The MOF did not finalize the draft budget system law
Revenue Administration	More efficient and effective organizational structures	Draft law establishing unified tax administration within 6 months after TA	Support establishment of integrated tax administration	Done	May-12	1	1	1.5	3.5	Positive progress made and draft law submitted to the MOF. Final decisions to be taken on critical issues such as VAT operations de-centralization

TA Area	Medium-Term Outcome	Milestone(s) for FY 13	Activity in FY 13	Activity Status	Execution Date	Inputs				Notes
						METAC Funded				
						RA (Beirut)	RA (Mission)	STX	Total	
	More effective customs administration	Revised organizational framework for customs	Strengthen organizational arrangements at customs	Postponed		-	-	-	-	Replaced by TA on risk management
		Improved risk management and control schemes	Establish and mandate the central Risk Management Unit (RMU)	New/Done	Jul-12	1.5	1.5	2	5	RMU established, but stronger commitment is needed to strengthen its mandate and operations
	Strengthened self-assessment and risk-based compliance Management	Improved audit methods & techniques	Strengthen risk-based audit for specific sectors	Postponed		-	-	-	0	Replaced by TA on Business Activity Classification (BAC) in taxpayer register
	Enhanced tax systems	Improved taxpayer register	Strengthen Business Activity Classification (BAC) in Taxpayer Register	New/Done	Feb-13	1	2	2	5	Final implementation of BAC based on ISIC version 4 expected by August 2013

TA Area	Medium-Term Outcome	Milestone(s) for FY 13	Activity in FY 13	Activity Status	Execution Date	Inputs				Notes
						METAC Funded				
						RA (Beirut)	RA (Mission)	STX	Total	
	More efficient and effective organizational structures	Development of integrated systems & procedures	Follow-up visits to support integration process	Done		1	2	-	3	Work plan for systems' integration submitted
Statistics	<ul style="list-style-type: none"> <li>- The FDI survey is conducted on a regular basis (at least every other year)</li> <li>- Data from the General Security are available for estimating travel services</li> <li>- IIP statements are compiled and published on a regular basis (at least annually)</li> <li>- BOP and IIP statistics are compiled in accordance with BPM6 methodology</li> </ul>	<ul style="list-style-type: none"> <li>- Cooperation between BDL, CAS, and General Security on arrivals/departures data is effective by end-FY13</li> <li>- External and domestic debts are appropriately classified (end-December 2012)</li> <li>- An FDI survey of financial institutions has been conducted by end-FY13</li> </ul>	Seminar on consistency of macro-economic statistics	Done	May-12	1	1	1	3	<ul style="list-style-type: none"> <li>- Cooperation not effective yet.</li> <li>External funding may be necessary to equip General Security with appropriate server.</li> <li>- Revision of classification in process.</li> <li>- The FDI survey of financial institutions was delayed by a few months due to administrative procedures and lack of resources.</li> </ul>
			Improving EXD and IIP statistics	Done	Nov-12	1	1	-	2	
			Reviewing results of the FDI survey of financial institutions	Postponed		-	-	-	-	
			Improving BOP statistics and IIP statistics	Done	Jun-12	1	0.5	-	1.5	
			Improving BOP statistics and IIP statistics	New/Done	Mar-13	0.5	0.5	-	1	
<b>Lebanon Total</b>						15.5	14	17.5	47	

TA Area	Medium-Term Outcome	Milestone(s) for FY2013	Activity in FY2013	Activity Status	Execution Date	Inputs				Notes
						METAC Funded				
						RA (Beirut)	RA (Mission)	STX	Total	
<b>Libya</b>										
Banking Supervision	The CBL has an adequate level of supervisory returns that allow for effective supervision of banks' activities and monitoring of their financial performance	Basic Supervisory Returns are reviewed and issued by CBL by April 2013	Review Basic Supervisory Returns	Postponed		-	-	-	-	TA has not fully resumed yet due to security conditions and pending a TA needs assessment that was performed by MCM during March 2013.
	The CBL has a good regulatory and supervisory framework for supervising the Islamic banking activities in the Libyan financial sector.	Some new Islamic Banking Circulars are issued by April 2013	Draft Islamic Banking Regulations	Postponed		-	-	-	-	TA has not fully resumed yet due to security conditions and pending a TA needs assessment that was performed by MCM during March 2013.
Debt Management and Money Market Development	Auctions System for Managing liquidity is in place	An auction system is implemented and used for issuance of money market instruments by Oct. 2012	Training for CBL staff and market participants for the final implementation of the auction system.	Canceled						



TA Area	Medium-Term Outcome	Milestone(s) for FY2013	Activity in FY2013	Activity Status	Execution Date	Inputs				Notes
						METAC Funded			Total	
						RA (Beirut)	RA (Mission)	STX		
	Auction system for Managing Liquidity is in place	Excess liquidity is announced regularly starting October 2012	Hands-on training for calculation of excess liquidity.	Canceled		-	-	-	-	
Public Financial Management	Financial compliance is strengthened through an effective CCS as an integral component of the accounting framework, along with more stringent reporting requirements, and better defined internal audit functions	Action plan approved by MOF (February 2013)	TA on Financial control and CCS	Postponed		-	-	-	-	Postponed by FAD
	An improved accounting framework capable of, among others, classifying and reporting information in a manner consistent with internationally accepted standards	Revised classification approved by MOF (April 2013)	TA on budget classification	Postponed		-	-	-	-	On-hold, the pre-requisite was the mission with FAD
Revenue Administration	Strengthened self-assessment and risk-based compliance Management	Dependent upon recommendations made	Follow-up visit to support implementation of reforms	Postponed		-	-	-	-	Postponed due to security conditions

TA Area	Medium-Term Outcome	Milestone(s) for FY2013	Activity in FY2013	Activity Status	Execution Date	Inputs				Notes	
						METAC Funded					
						RA (Beirut)	RA (Mission)	STX	Total		
Statistics	<ul style="list-style-type: none"> <li>- The quality of BOP has improved gradually, in particular regarding remittances</li> <li>- An FDI survey has been conducted</li> <li>- Libya compiles and publishes an IIP</li> </ul>	<ul style="list-style-type: none"> <li>- The population of companies to be included in an FDI survey has been identified (end-FY2013)</li> <li>- First elements of an IIP have been assembled (end-FY2013)</li> </ul>	Improving BOP statistics and initiating compilation of an IIP	Canceled							
			Improving BOP statistics and initiating compilation of an IIP (follow-up)	Postponed							

TA Area	Medium-Term Outcome	Milestone(s) for FY2013	Activity in FY2013	Activity Status	Execution Date	Inputs				Notes
						METAC Funded			Total	
						RA (Beirut)	RA (Mission)	STX		
	<ul style="list-style-type: none"> <li>- The CPI weights have been updated based on the results of a new household budget survey</li> <li>- Expanded coverage of the PPI to include agriculture, construction, services, and other activities to align with the production accounts compiled by the NA staff</li> </ul>	<ul style="list-style-type: none"> <li>- The CPI is published regularly using 2008 weights and the COICOP approach (end-FY2013)</li> <li>- The PPI is published regularly (end-FY2013) after missing data for 2010 and 2011 have been estimated (end-FY2013)</li> <li>- ISIC Rev. 4 has been implemented (end-FY2013)</li> </ul>	Improving collection and compilation practices for the CPI	Postponed		-	-	-	-	The mission was postponed to early FY2014 because of visa issues.
<b>Libya Total</b>						0	-	0	0	0

TA Area	Medium-Term Outcome	Milestone(s) for FY2013	Activity in FY2013	Activity Status	Execution Date	Inputs				Notes
						METAC Funded				
						RA (Beirut)	RA (Mission)	STX	Total	
<b>Sudan</b>										
Banking Supervision	The CBOS has a well functioning credit registry that is in line with international standards and best practices	Credit Registry is in full operation by December 2012	Follow-up on Credit Registry	Done	Sep-12	2	-	2	4	Credit Registry is in full operation and credit registry software went into live production by end 2012. Some minor deficiencies remain to be addressed.
			Draft credit bureau regulations	New / Done	Dec-12	1	-	1	2	
	The CBOS has an updated regulatory framework that includes comprehensive instructions and guidelines about the supervision of Islamic banking services and products including regulations about the measurement and management of liquidity risk and about stress testing principles and practices	- CBOS issues new Regulations on Liquidity measurement and risk management by July 2012 - CBOS issues new regulations on stress testing by April 2013	Review of regulations on Liquidity Measurement and Risk Management	Done	May-12	2	1	-	3	- Liquidity measurement and risk management regulations have been completed and discussed with the Banking Supervision Department (BSD) at CBOS. These regulations are still being discussed at the higher level of CBOS management for issuance at a later stage.
			Draft new regulations on stress testing	Postponed		-	-	-	-	
			Draft Onsite Inspection Manual	Postponed		-	-	-		

TA Area	Medium-Term Outcome	Milestone(s) for FY2013	Activity in FY2013	Activity Status	Execution Date	Inputs				Notes
						METAC Funded				
						RA (Beirut)	RA (Mission)	STX	Total	
Debt Management and Money Market Development	The CBOS has effective operational frameworks including manuals for effective supervision over Islamic banks and a strong enforcement framework.	CBOS adopts the new onsite methodology and manual by Apr. 2013	Assessment of Onsite Supervision Practices	Done	Nov-12	2.5	1.5	1.5	5.5	- Assessment of onsite supervision practices was completed and discussed with CBOS.
			Draft Onsite Inspection Manual	Postponed		-	-	-	-	- No response from CBOS yet on the drafting of the new inspection manual.
	Reorganization of Debt Management office according to international standards	New organizational structure for debt office is implemented by September 2012	Training and capacity building for new functions of debt management office	Canceled			-	-	-	
	Auctions System for Managing liquidity is in place	Rules for auction system issued to banks by October 2012	Rules for auction system prepared	Canceled		-	-	-	-	

TA Area	Medium-Term Outcome	Milestone(s) for FY2013	Activity in FY2013	Activity Status	Execution Date	Inputs				Notes
						METAC Funded				
						RA (Beirut)	RA (Mission)	STX	Total	
	Existence of an interbank market	Rules for interbank market issued by April 2013	Strengthen CBOS capacity for the development of an interbank market	Done	Jun-12	1	1	-	2	
Public Financial Management	An MTFF is developed and is used on a rolling basis for budget preparation	MTFF guidelines submitted to cabinet (April 2013)	Assist with MTFF	Done	Jul-12	2	2	2	6	Partially achieved, priority measures in the areas of medium-term fiscal forecasting and analysis, budget planning and preparation, expenditure control, and fiscal accounting and reporting were identified. Further support by the authorities is needed.

TA Area	Medium-Term Outcome	Milestone(s) for FY2013	Activity in FY2013	Activity Status	Execution Date	Inputs				Notes
						METAC Funded				
						RA (Beirut)	RA (Mission)	STX	Total	
Debt Management and Money Market Development	Reorganization of Debt Management office according to international standards	New organizational structure for debt office is implemented by September 2012	Training and capacity building for new functions of debt management office	Canceled		-	-	-	-	
	Auctions System for Managing liquidity is in place	Rules for auction system issued to banks by October 2012	Rules for auction system prepared	Canceled		-	-	-	-	
	Existence of an interbank market	Rules for interbank market issued by April 2013	Strengthen CBOS capacity for the development of an interbank market	Done	Jun-12	1	1	-	2	

TA Area	Medium-Term Outcome	Milestone(s) for FY2013	Activity in FY2013	Activity Status	Execution Date	Inputs				Notes
						METAC Funded				
						RA (Beirut)	RA (Mission)	STX	Total	
Public Financial Management	An MTFF is developed and is used on a rolling basis for budget preparation	MTFF guidelines submitted to cabinet (April 2013)	Assist with MTFF	Done	Jul-12	2	2	2	6	Partially achieved, priority measures in the areas of medium-term fiscal forecasting and analysis, budget planning and preparation, expenditure control, and fiscal accounting and reporting were identified. Further support by the authorities is needed.
	An active cash management function is developed to identify at the earliest opportunity temporary and permanent (or structural) cash shortfalls so that the latter is effectively used for expenditure adjustments	Cash management plans approved by the Cabinet (April 2013)	Follow-up assistance on cash management	Postponed		-	-	-	-	Postponed by the authorities
	Budget classification is improved and permits a better tracking of expenditures according to the COFOG	Budget department has prepared a guide explaining how to use the	TA mission on functional classification COFOG	Done	Apr-13	2	2	2	6	Partially achieved, a guide should be prepared during FY2014



TA Area	Medium-Term Outcome	Milestone(s) for FY2013	Activity in FY2013	Activity Status	Execution Date	Inputs				Notes
						METAC Funded			Total	
						RA (Beirut)	RA (Mission)	STX		
		functional classification (March 2013)								
Revenue Administration	Enhanced tax systems	Draft TPC developed within 6 months after TA	Support development of TPC	Done	Jun-12	1	1	2	4	Preliminary draft submitted in March 2013
	Streamlined and automated operations	Bring register up to date & simplify registration procedure	Strengthen registration and support re-engineering of business processes in LTO/MTOs	Postponed		-	-	-	-	Replaced by TA on TPC finalization
	Strengthened self-assessment and risk-based compliance Management	Improved audit capacity	Strengthen risk-based audit and develop audit manual	Done	Jan-13	1	1.5	2.5	5	Recommendations made on strengthening the mandate and operational role of the central compliance division. Further commitment is needed to foster implementation.

TA Area	Medium-Term Outcome	Milestone(s) for FY2013	Activity in FY2013	Activity Status	Execution Date	Inputs				Notes
						METAC Funded				
						RA (Beirut)	RA (Mission)	STX	Total	
	Enhanced tax systems	Draft TPC finalized within 3 months after TA	Support development of TPC	New/Done	Mar-13	1	1	2	4	Monitor progress during FY14 and assess need for further TA
Statistics	<ul style="list-style-type: none"> <li>The FDI survey is conducted, and the results are published. Sudan effectively participates in the CDIS</li> <li>Capital transfers are identified and recorded in the BOP</li> <li>The compilation system is adapted to the new economic territory of the country (e.g. residence status of bank account holders, FDI relationships with South Sudan)</li> <li>BOP and IIP are compiled according to BPM6 methodology</li> </ul>	<ul style="list-style-type: none"> <li>The FDI survey population has been identified (end-June 2012)</li> <li>The Central Bureau of Statistics has provided an estimate of the cost of the survey (end-September 2012)</li> <li>If necessary, external funding has been secured by the authorities (end-FY2013)</li> </ul>	Implementation of an FDI survey	Done	Jul-12	1	1	-	2	The survey population has been identified. -The recommendation is to conduct the survey as a joint undertaking between CBOS, Ministry of Investment and CBS to minimize costs
			Follow-up on April-May 2012 multi-sector statistics mission and on implementation of FDI survey.	Done	Jan-13	2	1	-	3	
			Follow up on multi-sector statistics mission of April/May 2012	Done	Jan-13	2.5	-	2	4.5	

TA Area	Medium-Term Outcome	Milestone(s) for FY2013	Activity in FY2013	Activity Status	Execution Date	Inputs				Notes
						RA (Beirut)	RA (Mission)	STX	Total	
	Better compliance with international standards for the compilation of price statistics		Follow up on multi-sector statistics mission of April/May 2012 for PPI compilation	New/Done	Sep-12	2	-	2	4	Mission setup in FY13 to follow up on the multi-sector mission. No milestones had been defined.
<b>Sudan Total</b>						23	13	19	<b>55</b>	

	TA Area	Milestone(s) for FY2013	Activity in FY2013	Activity Status	Execution Date	Inputs				Notes
						METAC Funded				
						RA (Beirut)	RA (Mission)	STX	Total	
<b>Syria</b>										
Banking Supervision	The CBS has a well functioning credit registry	Credit Registry has a reviewed action plan for implementation of enhancements	Follow-up on Credit Registry	Postponed		-	-	-	-	Postponement due to security situation.
Debt Management and Money Market Development	Improve Market infrastructure	Issuance of government securities according to best market practices by May of 2013	Review of government securities issued	Canceled		-	-	-	-	
	Existence of an interbank market	Rules for interbank market are issued by August 2013	Issuance of money market instruments or the use of debt instruments for interbank market and trading	Canceled		-	-	-	-	
Public Financial Management	Improved PFM system (measured through internationally recognized diagnostic tools, such as PEFA)	PFM action plan approved by the Minister of Finance (April 2013)	FAD / METAC follow-up mission on PFM assessment	Postponed		-	-	-	-	On-hold, for security reasons

TA Area	Medium-Term Outcome	Milestone(s) for FY2013	Activity in FY2013	Activity Status	Execution Date	Inputs				Notes
						METAC Funded				
						RA (Beirut)	RA (Mission)	STX	Total	
Revenue Administration	Strengthened self-assessment and risk-based compliance Management	Dependent upon recommendations made	Follow-up visit to support implementation of reforms	Postponed		-	-	-	-	due to on-going unrest
Statistics	<ul style="list-style-type: none"> <li>- The quality of BOP and IIP has improved gradually</li> <li>- BOP statistics are compiled at a higher frequency (quarterly)</li> <li>- EXD statistics are submitted quarterly to the QEDS database</li> </ul>	<ul style="list-style-type: none"> <li>- Annual BOP and IIP data for 2010 and 2011 are ready for METAC review by end-FY2013</li> <li>- Semi-annual data are also available (end of FY2013)</li> </ul>	Improving BOP and IIP statistics	Postponed		-	-	-	-	Postponement due to security situation
<b>Syria Total</b>						-	-	-	<b>0</b>	

TA Area	Medium-Term Outcome	Milestone(s) for FY2013	Activity in FY2013	Activity Status	Execution Date	Inputs				Notes
						METAC Funded				
						RA (Beirut)	RA (Mission)	STX	Total	
<b>West Bank and Gaza</b>										
Banking Supervision	The PMA has a new risk-focused onsite inspection manual that is tailored to the risk profile of each banking institution and that takes into consideration the latest developments in banking supervision	<ul style="list-style-type: none"> <li>- New onsite inspection Manual is adopted by PMA by October 2012</li> <li>- Onsite manual is in process of implementation by April 2013</li> </ul>	Draft Onsite Inspection Manual	Done	Oct-12	2	-	1.5	3.5	- New expert was appointed for the assignment - the project will be taking more time to address the risk-focused aspect of overall supervision and not only inspection. - Some progress has been made towards the drafting of the new manual which is expected to be completed by end of FY2014.
			Follow-up on Risk-Focused Supervision Manual	Done	Apr-13	2	-	2	4	
			Training on Onsite Inspection Manual	Postponed			-	-	-	
	The PMA has a new offsite supervision system that enhances the work of their offsite monitoring and analysis in order to complement the activities performed at the level of onsite supervision	<ul style="list-style-type: none"> <li>- New offsite supervision manual is adopted by PMA by April 2013</li> </ul>	Assessment of offsite supervision	Canceled		-	-	-	-	This is being done as part of the above project.

TA Area	Medium-Term Outcome	Milestone(s) for FY2013	Activity in FY2013	Activity Status	Execution Date	Inputs				Notes
						METAC Funded			Total	
						RA (Beirut)	RA (Mission)	STX		
Debt Management and Money Market Development	Reorganization of Debt Management office according to international standards	Operational Guidelines and Manuals are prepared by April 2013	Capacity building in debt management functions	Canceled		-	-	-	-	
	Development of primary and secondary markets for government securities	A special department at PMA, is established to facilitate issuance of government T Bills by January 2013	Assist in institutional set up at PMA for auctions of Government securities	Canceled		-	-	-	-	
	Development of primary and secondary markets for government securities	Issuance of government T bills by January 2013	Capacity building for staff at PMA and MOF and training for market participants	Done	Dec-12	-	-	2	2	
Public Financial Management	Improved PFM system (measured through internationally recognized diagnostic tools, such as PEFA)	PFM reform strategy and action plans updated (February 2013)	Follow-up mission on the December 2011 FAD mission	Done	Jan-13	1.5	-	1.5	3	Achieved

TA Area	Medium-Term Outcome	Milestone(s) for FY2013	Activity in FY2013	Activity Status	Execution Date	Inputs				Notes
						RA (Beirut)	RA (Mission)	STX	Total	
Statistics	<ul style="list-style-type: none"> <li>- Aid-related transactions are appropriately classified</li> <li>- Consistency between BOP flows (current and capital accounts) and IIP stocks has been ascertained</li> <li>- The BOP and the IIP are compiled according to BPM6 methodology</li> <li>- An ITRS is being developed, subject to a positive feasibility study</li> </ul>	<ul style="list-style-type: none"> <li>- The PCBS has collected data on real estate investment by non-residents from Municipalities (end-FY2013)</li> <li>- Revised IIP data with appropriate composition of reserve assets have been submitted to STA for publication (end-June 2012)</li> </ul>	Improving BOP and IIP statistics	Done	Jan-13	2	1	-	3	<ul style="list-style-type: none"> <li>- The PCBS has implemented estimations of real estate investment by non-residents by combining several sources (e.g. housing surveys, geographical distribution of real estate prices).</li> <li>- Lack of resources has prevented timely execution of the milestone; should be completed by end-FY2013.</li> </ul>
			Improving BOP and IIP statistics (follow-up)	Postponed		-	-	-	0	
	A set of leading and high frequency indicators useful for early detection of economic trends and risks has been developed		Developing a set of leading & high frequency indicators	Postponed		-	-	-	0	The mission was supposed to be carried out in cooperation with IMF STA. It was postponed because of difficulties in identifying a suitable expert.
<b>West Bank and Gaza Total</b>						7.5	1	7	<b>15.5</b>	



TA Area	Medium-Term Outcome	Milestone(s) for FY2013	Activity in FY2013	Activity Status	Execution Date	Inputs				Notes
						METAC Funded				
						RA (Beirut)	RA (Mission)	STX	Total	
<b>Yemen</b>										
Banking Supervision	The CBY has an updated regulatory framework that is in line with Basel core principles for effective banking supervision	- Regulatory framework in Yemen is assessed by July 2012	Drafting new regulations	Canceled		-	-	-	-	Different priorities for authorities
	CBY supervisors possess the necessary skills to perform an effective and prudential supervision of banks' activities.		Training on Basel Requirements	Canceled		-	-	-	-	Different priorities for authorities
			TA needs assessment mission	New/Done	Oct-12	1.5	1	-	2.5	
			Draft Regulation and manual on corrective action	New/Done	Mar-13	1	1	-	2	
	The CBY has a good corrective action framework able to deal effectively with weak and problematic banks		Follow-up on Corrective Action Framework	New/Done	Mar-13	1	0.5	-	1.5	

TA	Medium-Term Outcome	Milestone(s) for FY2013	Activity in FY2013	Activity Status	Execution Date	Inputs				Notes
						METAC Funded			Total	
						RA (Beirut)	RA (Mission)	STX		
Debt Management and Money Market Development	Development of primary and secondary markets for government securities		Training in debt management	Canceled		-	-	-	-	
	Reorganization of Debt Management office according to international standards	Guidelines and rules for debt office are prepared by July 2013	Training and capacity building to prepare operational guidelines and manuals for debt management office	Canceled		-	-	-	-	
	Auctions systems for managing liquidity are in place	Excess liquidity is announced regularly starting July 2013	Hands-on training for calculation of excess liquidity	Canceled		-	-	-	-	
Public Financial Management	PFM reform strategy and action plans developed	PFM action plan approved by the Minister of Finance (March 2013)	Full FAD / METAC mission on PFM assessment	Postponed		-	-	-	-	Postponed by FAD
	More effective cash management and coverage of existing TSA in improved	Coverage of existing TSA is improved (January 2013)	Assist with cash management and TSA	Canceled		-	-	-	-	Canceled, the WB project is working on establishing a CMU
	Identification of PFM TA needs	Identification of PFM TA needs	Assessment visit	Done	Feb-13	1.5	1	-	2.5	Achieved

TA	Medium-Term Outcome	Milestone(s) for FY2013	Activity in FY2013	Activity Status	Execution Date	Inputs				Notes
						METAC Funded				
						RA (Beirut)	RA (Mission)	STX	Total	
	Strengthened self-assessment and risk-based compliance Management	Dependent upon recommendations made	Follow-up visit to support implementation of reforms	Postponed		-	-	-	-	Resuming of tax TA contingent upon re-assessment of priorities by FAD. HQ assessment mission postponed until FY14
Revenue Administration	Streamlined and automated operations	Bring register up to date & simplify registration procedure	Strengthen registration and support re-engineering of business processes in LTO/MTOs	Postponed		-	-	-	-	Resuming of tax TA contingent upon re-assessment of priorities by FAD. HQ assessment mission postponed until FY14
	Streamlined and automated operations	Development/procurement of an effective Integrated Tax Administration System (ITAS)	Study visit on ITAS	New/Done	Nov-12	1.5	1	-	2.5	Study visit of the ITAS in France to strengthen IT development efforts and explore possibilities of cooperation

TA	Medium-Term Outcome	Milestone(s) for FY2013	Activity in FY2013	Activity Status	Execution Date	Inputs				Notes
						METAC Funded				
						RA (Beirut)	RA (Mission)	STX	Total	
Statistics	- The CPI is compiled on sound bases, using appropriate item classifications and specifications - The CSO compiles and publishes regularly a PPI	<ul style="list-style-type: none"> <li>A national classification system has been developed as an extended version of COICOP (end-FY13)</li> <li>Survey questionnaires have been amended to reflect the COICOP coding structure (end-FY13)</li> </ul>	Improving collection and compilation practices for the CPI and resume preparation of a PPI	Done	Dec-12	1	-	2	3	The mission was devoted to the PPI rather than the CPI.
	- Annual NA at current and constant prices are compiled on sound methodological bases and use the most recent economic surveys results	- The results of the 2007 economic surveys are taken into account for the compilation of NA (end-FY13)	Improving collection and compilation practices for NA	Postponed			1	-	-	1

TA	Medium-Term Outcome	Milestone(s) for FY2013	Activity in FY2013	Activity Status	Execution Date	Inputs				Notes
						METAC Funded			Total	
						RA (Beirut)	RA (Mission)	STX		
	- Improved coverage of remittances data; better estimates of FDI flows and stocks - Semi-annual BOP data are available within six months of the reference period	- BOP data for 2010 and IIP data for 2008 and 2009 have been compiled and submitted to STA by end-FY13	Improving BOP statistics and IIP statistics	Canceled		-	-	-	-	
			Improving BOP statistics and IIP statistics (follow-up)	Postponed		-	-	-	-	Postponement due to security situation
<b>Yemen Total</b>						8.5	4.5	2	15	

<b>Total person weeks</b>	<b>104</b>	<b>64</b>	<b>69</b>	<b>237</b>
---------------------------	------------	-----------	-----------	------------

**-ANNEX V: LIST OF SEMINARS/WORKSHOPS FY2013**

<b>Title of Seminar/ Workshop</b>	<b>Location</b>	<b>Collaborating Institution</b>	<b>No. of Participants</b>
Workshop on IPSAS Cash Accounting	Lebanon	USAID	20
Workshop on Islamic Sukuk	Jordan		27
Workshop on Basel III: Challenges and Implications for the region	Egypt	USAID	26
Effective Administration of the VAT	Morocco	USAID	38
Workshop on Regulation and Supervision of Islamic banks	Kuwait	CEF	29
Workshop on Medium-Term Frameworks for Fiscal Policy and Budgeting	Lebanon		27
Workshop on Asymmetries in Bilateral Remittances Data	Jordan	ESCWA / CBJ / BDL	35
Effective Risk Management of Tax Compliance	Jordan		35
<b>Total</b>			<b>237</b>

## ANNEX VI: METAC STEERING COMMITTEE MEMBERS

### METAC Country Representatives

#### Afghanistan

**Mr. Khan Afzal Hadawal**

First Deputy Governor  
Central Bank of Afghanistan  
E-mail: khan.afzal@centralbank.gov.af

#### Egypt

**Ms. Azza El-Sayed**

Director General of International Institutions Department  
Ministry of Finance  
E-mail: aelsayed@mof.gov.eg

#### Iraq

**Mr. Ali Yousef Al Shukri**

Acting Minister of Finance / Minister of Planning  
Ministry of Finance  
E-mail: Iraqmof2008@yahoo.com

#### Jordan

**Dr. Omar Al Zoubi**

Economic Advisor to the Minister  
Ministry of Finance  
E-mail: omar.zo@mof.gov.jo

#### Lebanon

**H.E. Minister Mohammad Safadi**

Minister of Finance  
Ministry of Finance  
Email: minister@finance.gov.lb

#### Libya

**Mr. Ali Ramadan Shnebish**

Director Research and Statistics Department  
Central Bank of Libya  
E-mail: ecoresat@cbl.gov.ly; arsh1950@yahoo.com

**Sudan****Ms. Amal Ahmed Elhassan Elkabeir**

Deputy Director for the Budget Control Unit  
 Ministry of Finance and National Economy  
 E-mail: amalekabeir@gmail.com

**Syria****Mr. Mohammad Issa**

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

**West Bank and Gaza****Mr. Ragheb Budeiri**

Development Projects Management Unit / Governor's Office  
 Palestine Monetary Authority  
 E-mail: rbudeiri@pma.ps

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

Director General of External Financial Relations Department  
 Ministry of Finance  
 E-mail: sharafi73@yahoo.com

**Donor Representatives****European Commission****Ms. Raffaella Iodice**

Head of Unit  
 Geographical Coordination Neighbourhood South  
 Europe Aid Co-operation Office  
 Brussels, Belgium  
 E-mail: Raffaella.IODICE@ec.europa.eu

**European Investment Bank****Mr. Pedro José Frias de Lima**

Economic Advisor/Head of the Development Economics Unit  
 Luxembourg  
 E-mail: p.delima@eib.org; delima@eib.org



**France****Mr. Jacques de Lajugie**

Head of Economic Mission for the Near East

Embassy of France

Beirut, Lebanon

E-mail: jacques.delajugie@dgtresor.gouv.fr

**Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH****Mr. David Nguyen-Thanh**

Head of Section - Public Finance and Administrative Reform

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

E-mail: david.nguyen-thanh@giz.de

**Kuwait****Mr. Ishaq Abdulkarim**

Director of International Economic Co-operation Dept. Economic Affairs

Ministry of Finance

E-mail: iabdulkarim@mof.gov.kw

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

Director of Treasury

Ministry of Finance

E-mail: rashid.khaifi@mof.gov.om

## METAC STAFF PROFILES

The Center is staffed with a Center Coordinator, four 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 technical assistance providers. The Center also makes significant use of short-term experts.



### **Center Coordinator**

**Mr. Mohamad Elhage**

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

Prior to METAC, Mr. Elhage was an Advisor and Senior Budget Manager in the Institute for Capacity Development in the International Monetary Fund (IMF). Mr. Elhage has more than 20 years experience at the IMF. He served on the Executive Board and as a Senior Economic Advisor at the Central Bank of Libya. His Fund experience includes dealing with all aspects of training, managing technical assistance programs, and leading surveillance and program missions to countries in the Middle East and Central Asia region. He was the IMF mission chief for Afghanistan, Libya, and United Arab Emirates. Before joining the IMF in 1992, Mr. Elhage worked as an economist in the United States Department of Commerce.



### **Banking Supervision Advisor**

**Mr. Rachid Awad**

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

Before joining METAC in May 2011, Mr. Awad served for more than two years as the IMF resident advisor for banking supervision at the Central Bank of Libya (CBL). He assisted the CBL in implementing the Bank Restructuring program that started in 2005 and in developing and implementing an action plan to align Banking Supervision in Libya with international standards and best practices. Prior to that, Mr. Awad worked for more than 11 years at the Banking Control Commission of Lebanon (BCCL) as a senior examiner in the Off-Site supervision function. During his career at the BCCL, Mr. Awad played an active role in drafting many regulations and developing supervision practices, in particular those related to implementing IFRS and Basel standards in the Lebanese Banking Sector.

**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. Jacques Charaoui****E-mail: [jcharaoui@imf.org](mailto:jcharaoui@imf.org)**

Before joining METAC in September 2011, Mr. Jacques Charaoui served as a Project Manager for a World Bank reform project at the Ministry of Finance of Lebanon. The project aims at improving efficiency of public financial resources through the implementation of a number of core inter-linked reforms in budget preparation and execution and in debt and aid management. He provided technical guidance on various project components, focusing mainly on Budget Classification and Chart of Account in line with Government Finance Statistics Manual 2001 (GFSM2001), and on a new modern budget system law. Earlier in his career, Mr. Charaoui worked for over 10 years in consulting in Europe where he conducted several evaluation and technical assistance missions.

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



Mrs. Sawsan Saidi  
Office Manager



Mrs. Mona Demian  
Administrative Assistant



Mrs. Nathalie Tawil  
Administrative Assistant



Mr. Fadi Mehrez  
Driver / Messenger

---

### **Middle East Regional Technical Assistance Center**

Bourie House 119  
Abdallah Beyhum Street  
Marffaa - Solidere  
Beirut 2012-6903, Lebanon  
☎ Tel: +961 (0) 1 972480 | 📠 Fax: +961 (0) 1 972429  
✉ E-mail: [info@imfmetac.org](mailto:info@imfmetac.org) | 🌐 Website: [www.metacimf.org](http://www.metacimf.org)

**Institute for Capacity Development  
Global Partnerships Division**

700 19th Street NW  
Washington, DC 20431  
USA

Tel.: 1-202-623-7646

Fax: 1-202-623-7106

Email: [GlobalPartnerships@imf.org](mailto:GlobalPartnerships@imf.org)