

## ANNUAL REPORT

September 2012

# MIDDLE EAST REGIONAL TECHNICAL ASSISTANCE CENTER (METAC)



## Statement by the Chairperson of the METAC Steering Committee



The Fiscal Year 2012 was a difficult year for METAC, especially in view of the unrest in a number of member countries. Events in the region have adversely affected the ability of METAC to deliver technical assistance, in particular to some traditionally heavy users of technical assistance, such as Syria, Yemen and, to a lesser extent, Libya.

Nonetheless, I am happy to report, METAC has displayed the flexibility that is warranted by the circumstances, adopting a revised work plan and finally achieving an 88 percent implementation ratio, a successful outcome by any standard.

As the Report indicates, METAC's future work will be rooted in the newly adopted results-based management framework, which is based on a detailed assessment of the needs of member countries. This is a welcome development, and it is appreciated that METAC has already done much preparatory work in this regard, including the preparation of background materials.

Since 2004 METAC has been providing valuable technical assistance to its member countries in the region, including Lebanon. Through regional workshops and training, technical assistance has covered, in particular, banking supervision, debt management, macro-statistical methodology, revenue administration and public financial management in general.

As noted in the Steering Committee meeting, which I chaired on May 9, 2012 in the presence of the Deputy Managing Director of the IMF, Ms. Nemat Shafik, technical assistance is needed in the region for strengthening institutional capacity and for the effective conduct of macroeconomic policy. These objectives have now become critical for our region where many countries are in transition, witnessing rapid change in their political systems and institutions, and in need of extensive economic reforms. In other words, METAC's work has become more significant, and of greater consequence, for the formulation and implementation of effective economic policy in the region.

Unfortunately, METAC is under-funded and needs our continued support. This situation is incompatible with the increasing needs for more substantive technical assistance work that METAC is expected to deliver in the future. I would therefore like to strongly encourage member countries, and donors, to increase their financial support. The work and assistance that METAC is providing to the region is of great importance to its economic well-being, and will be needed in the next few years much more than it has ever been in the past.

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

## Foreword by the METAC Coordinator



METAC's activities in fiscal year 2012 were affected by the unrest in a number of member countries, especially Syria, Libya and Yemen and, to a lesser extent, Egypt. This has necessitated a mid-year revision of the annual work plan to take account of these events. Following this revision, METAC's focus has shifted to relatively stable countries, leading to a significant rebound in activities in the second half of the year. As a result, the implementation ratio reached 88 percent of the revised work plan (or 61 percent of the original work program), a good achievement under the circumstances.

The regional events altered the shares of beneficiaries with Jordan and Sudan receiving the largest shares of technical assistance (25 and 24 percent) followed by Lebanon at 17 percent. In view of the large share received by Sudan compared to last fiscal year (11 percent), and because of its enormous needs for technical assistance going forward, a closer look at the relationship between METAC and Sudan was highlighted in this report (Box 3).

METAC has stepped up its efforts to enhance donor coordination and harmonization of technical assistance delivery, and has been heavily engaged in outreach activities (Section II). In this respect, METAC organized a number of regional workshops jointly with the United States Agency for International Development (USAID) and intensified contact with other donors, namely the European Union (EU) and France. In addition, METAC organized, and participated in, a number of outreach activities on the role that the International Monetary Fund (IMF) and METAC are playing in the region and their contribution to capacity building that is needed for the effective conduct of macroeconomic policies.

In implementing the work plan for fiscal year 2012 (Annex IV), METAC continued to take cost-cutting initiatives which would allow it to remain within a restricted budget envelope. In addition to the joint workshops with USAID, which realized a great deal of saving for METAC, other initiatives were taken including partnering with some member countries on workshops, encouraging back-to-back missions, and using less (and preferably regional) short-term experts (see Annex V for a complete list of workshops).

Looking forward, the work of METAC will be rooted in the newly adopted results-based management framework, which will help in the formulation, delivery and measurement of technical assistance results in the future. The results-based management consists of a regional log frame for the Center and five log frames, one for each technical assistance area, covering the next three fiscal years, up to end fiscal year 2015. These log frames are based on a detailed assessment of the needs of member countries. This assessment was published earlier in a separate document entitled "Stepping Back and Looking Forward: a results-based management framework for future activities" which was posted on METAC's website. A brief description of the log frames is provided in Section V and the framework itself is presented in Annex II.

The work plan for fiscal year 2013 (Annex III) is part of the results-based management framework, and responds to the technical assistance needs as identified by the authorities, technical assistance departments, and the Regional Strategy Note of the Middle East and Central Asia Department. The work includes the medium-term outcomes in each area and well defined milestones for fiscal year 2013. The allocation of technical assistance and the tentative timing of missions take into account the tenuous security situation in some countries. Given the high degree of uncertainty, the situation will be re-assessed six months into the new fiscal year, and if need be, the work plan will be revised.

METAC's financing gap for Phase III remains large although the short-term cash position has improved recently, as a result of receiving the second installment from France and Lebanon and Libya's resumption of its contributions. METAC's available cash and expected pledges should be sufficient to cover activities until the end of fiscal year 2013.

METAC's financing needs to be strengthened going forward. Once the security situation stabilizes in the countries experiencing turmoil, the demand for METAC's technical assistance is expected to increase substantially. If no additional funding is available, activities will need to be curtailed and METAC will not be in a position to respond to those needs. We hope that international and regional donors will rally to support METAC and the region as it goes through historical fundamental transformation.

On a personal note, my assignment in METAC is coming to an end as I leave my post in late October. I would like to take this opportunity to thank donors and member countries, especially Lebanon, the host country, for their support and hope that this support will continue in the future so that METAC will remain a center of excellence in service for the region.

***Saade Chami***  
***METAC Coordinator***

## SELECTED ACRONYMS AND ABBREVIATIONS

AAOIFI	Accounting and Auditing Organization for Islamic Financial Institutions
BCCL	Banking Control Commission of Lebanon
BDL	Banque du Liban
BIS	Bank for International Settlements
BPM6	<i>Balance of Payments and International Investment Position Manual, sixth edition</i>
BSD	Banking Supervision Department
CAS	Central Administration of Statistics, Lebanon
CBE	Central Bank of Egypt
CBJ	Central Bank of Jordan
CBOS	Central Bank of Sudan
CBS	Central Bureau of Statistics, Sudan
CD	Certificate of Deposit
CDIS	Coordinated Direct Investment Survey
CMA	Capital Markets Authority, West Bank and Gaza
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, Afghanistan
DAB	Da Afghanistan Bank
DfID	Department for International Development, United Kingdom
DMD	Deputy Managing Director of the IMF
DOS	Department of Statistics, Jordan
EBI	Egyptian Banking Institute
EC	European Commission
EIB	European Investment Bank
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
FY	Fiscal Year
GBD	General Budget Department, Jordan
GCC	Gulf Cooperation Council
GFSM	Government Financial Management Information System
GIZ	German Society for International Cooperation
GRP	Government Resource Planning
HQ	Headquarters
IAS	International Accounting Standards
ICD	Institute for Capacity Development, IMF
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
ISTD	Income and Sales Tax Department, Jordan
IT	Information Technology
ITAS	Integrated Tax Administration System
ITRS	International Transactions Reporting System
KSE	Khartoum Stock Exchange
LTO	Large Taxpayers Office
MCD	Middle East and Central Asia Department, IMF
MENA	Middle East and North Africa
METAC	Middle East Regional Technical Assistance Center
MOF	Ministry of Finance
MOFNE	Ministry of Finance and National Economy, Sudan
MOPIC	Ministry of Planning and International Cooperation, Jordan
MOU	Memorandum of Understanding
MTBF	Medium-Term Budgeting Framework
MTDS	Medium-Term Debt Management Strategy
MTFF	Medium-Term Fiscal Forecasting Framework
MTO	Medium Taxpayers Office
NA	National Accounts
NRVA	National Risk Vulnerability Assessment, Afghanistan
OMO	Open Market Operations
PCBS	Palestinian Central Bureau of Statistics
PCBs	Private Credit Bureaus
PDD	Public Debt Directorate
PFM	Public Financial Management
PMA	Palestine Monetary Authority
PMACR	Palestine Monetary Authority Credit Registry
PPI	Producer Price Index
RBM	Results-Based Management
ROSC	Report on the Observance of Standards and Codes
RSN	Regional Strategy Note
RTAC	Regional Technical Assistance Center
SC	Steering Committee
SDDS	Special Data Dissemination Standard
SFSC	Sudan Financial Services Company
STA	Statistics Department, IMF
SUT	Supply and Use tables
TA	Technical Assistance
TC	Taxation Chamber, Sudan
TIN	Tax Identification Number
TPC	Tax Procedure Code
TSA	Treasury Single Account
UN	United Nations
USAID	United States Agency for International Development
VAT	Value-Added Tax
WB	World Bank

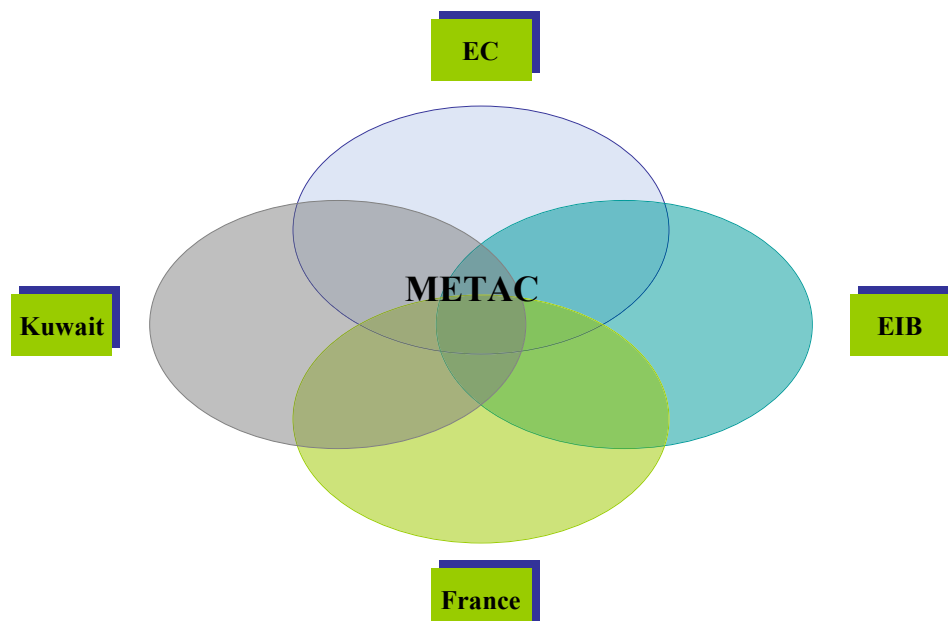
## CONTENTS

Section I: The IMF's RTAC Initiative and METAC .....	9
Section II: METAC's Technical Assistance Activities in FY 2012 .....	15
A. Banking Supervision.....	15
B. Debt Management and Money Markets Development .....	22
C. Macroeconomic Statistics .....	27
D. Public Financial Management .....	34
E. Revenue Administration.....	37
F. METAC's Other Activities .....	41
Section III: Technical Assistance inputs in FY 2012 .....	46
Section IV: Steering Committee Meeting.....	48
Section V: Results-Based Management (RBM) Framework.....	59
Section VI: Overview of the FY 2013 Work Plan.....	63
A. Banking Supervision.....	63
B. Debt Management and Money Markets Development .....	64
C. Macroeconomic Statistics .....	65
D. Public Financial Management .....	66
E. Revenue Administration.....	68
Section VII: Budget and Financing .....	71
<b>Annexes</b>	
Annex I: Existing Regional Technical Assistance Centers (RTACs).....	77
Annex II: Log Frames .....	79
Annex III: Work Plan for FY 2013.....	86
Annex IV: Updated Work Plan for FY 2012.....	109
Annex V: List of Seminars/Workshops FY2012.....	121
Annex VI: METAC Steering Committee Members.....	122
METAC Staff Profiles .....	124
<b>Boxes</b>	
<b>Box 1.</b> METAC's Notable Achievements.....	21
<b>Box 2.</b> The Central Statistics Organization releases the new Consumer Price Index for Afghanistan.....	33
<b>Box 3.</b> Sudan and METAC: Taking Stock and Looking Forward.....	53

## METAC COUNTRIES / CONTRIBUTORS



## METAC DONORS





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

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

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

## Regional Technical Assistance Centers (RTACs)

### General Information on RTACs



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

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

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

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

## RTACs' Regional Approach

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

RTACs develop a deep knowledge of their countries and region, including cross-cutting and regional integration issues. They are close to their clients, and 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 centre, and the work plans are endorsed by the Steering Committee.

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

## Middle East Regional Technical Assistance Center (METAC)

**The Middle East Regional Technical Assistance Center (METAC)** was established in Beirut, Lebanon, in 2004, to serve ten countries/territories in the Middle East (Afghanistan, Egypt, Iraq, Jordan, Lebanon, Libya, Sudan, Syria, West Bank

and Gaza, and Yemen). METAC's main objective is to help strengthen capacity for effective macroeconomic and financial management in the region, and to support the region's integration into the world economy. METAC is designed to enhance coordination among development partners and to promote effective implementation of economic initiatives within the Middle East region. METAC's current program cycle is financed by contributions from the European Investment Bank (EIB), the European Commission (EC), France, the IMF, Japan, Kuwait, and beneficiary countries.



On the road to Jebel Seraj, Afghanistan

Located close to the countries/territories it serves, METAC offers several advantages that are typical of the IMF RTACs (as noted above) particularly: (i) decentralized TA delivery that is tailored to the particular needs of the region; (ii) enhanced country ownership and accountability; (iii) faster and more efficient response to TA requests; (iv) more effective follow-up in implementing country TA strategies as designed by IMF HQ; (v) closer coordination with other TA providers in the region; and (vi) more focused subject-specific and hands-on training for local officials. METAC's activities are complementary to other forms of IMF TA, and are closely integrated into the IMF's TA program. The IMF ensures accountability and quality control of METAC's TA and training activities.

### **Current Activities**

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

### **Banking Supervision**

METAC assists member countries in creating a sound banking supervision environment to maintain public trust and confidence in the banking sector. This includes enhancing banking supervision procedures in accordance with international best practices; building the capacity of bank examiners through training, seminars, and workshops; strengthening the examination process through the

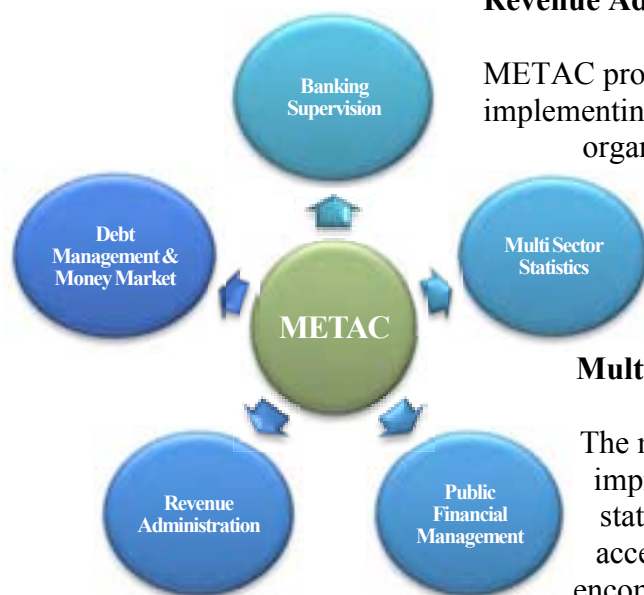
development of new financial statements and early warning systems; and developing credit registry systems for better monitoring of credit risk.

### **Public Financial Management**

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

### **Revenue Administration**

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



### **Multisector Statistics**

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

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

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

## Afghanistan

### Did you know?

*Robert Byron, travel writer, described the mosque of Hazrat Ali as "a cross between St. Mark's in Venice and an Elizabethan country house translated into blue faience". This most beautiful mosque in Afghanistan, dates to the seventh century.*



capacity in debt and money markets development; strengthening the functioning of primary and secondary markets; and developing regulation and market infrastructure.

### METAC Governance and Management

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

METAC is managed by a coordinator, who ensures the proper management of the Center and its staff. The coordinator is the key interlocutor between the IMF and the SC. He has an important role in producing the work plan by drawing on the inputs of METAC beneficiary countries, resident advisors and IMF 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 mission recommendations. METAC does not provide TA to its members in an equal amount, nor does it seek to provide TA commensurate with member countries' financial contributions. Resources are pooled and used according to countries' needs and priorities.



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

## **METAC'S TECHNICAL ASSISTANCE ACTIVITIES IN FY 2012**

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## Section II: METAC's Technical Assistance Activities in FY 2012

In view of the security situation in the region, the original work plan was revised and many missions shifted to relatively stable countries. As a result, the implementation ratio reached 88 percent of the revised work plan (or 61 percent of the original work plan) due to the substantial increase in TA delivery in the second half of the year.

TA delivery was the largest in the area of Revenue Administration at 112 percent, followed by Debt Management and PFM at close to 88 percent, Statistics reached 83 percent and Banking Supervision 74 percent.



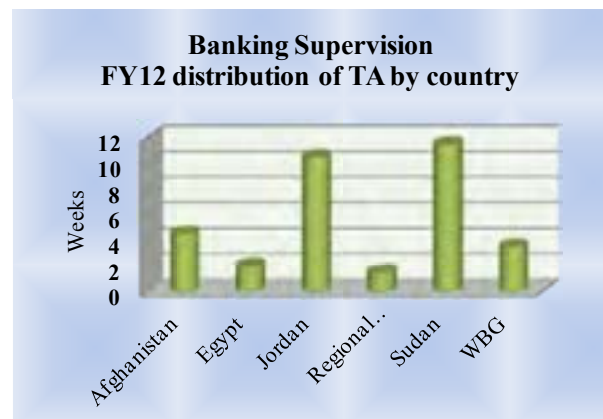
Luxor Temple, Egypt

### A. Banking Supervision

The regional situation took a heavy toll on banking supervision activities given the difficulties in the countries that have the most needs in this area (i.e. Syria and Yemen). The additional projects that were agreed with other supervisory authorities did not make up for the decline in TA to the affected countries. In

addition, the preparatory time required by the new banking supervision advisor, who was appointed in May 2011, to become familiar with METAC

activities and countries also had an impact during the first half of the year.



Banking supervision is currently undergoing some major changes following the world financial crisis. Reforms are mainly focused on enhancing the quality and adequacy of banks' capital to absorb losses resulting from unfavorable macroeconomic conditions, and setting quantitative measures and criteria to strengthen banks' liquidity positions to

## Egypt

### Did you know?

*Alexandria's oceanfront library is arguably the first great design of the new millennium.*

*Completed in 2002, it is inspired by the original Alexandrina library, founded in the 3rd century BC and acclaimed as the greatest of all classical institutions.*

*The building's sloped design represents a second sun rising beside the Mediterranean. The vast rotunda space can hold eight million books.*



withstand shocks in the short as well as the long term. The ability of METAC countries to apply the needed reforms varies. Some supervisory authorities, with well established banking systems and developed banking supervision functions, are steadily preparing for the implementation of Basel III principles. Others are still struggling to apply Basel II standards. Political instability and the security situation in some countries have slowed the pace of banking reforms and the effectiveness of their banking supervision functions.

During fiscal year (FY)12, most of the banking supervision activities were focused on Sudan and Jordan. West Bank and Gaza and Afghanistan also received a good portion of METAC resources. Activities in Lebanon were less than anticipated, reflecting changing priorities by the Lebanese supervisory authorities. TA to Iraq also did not materialize due to the absence of Iraqis in workshops and the inability of the IMF staff to travel to Iraq. TA in banking supervision to Egypt was almost inexistent since the inception of METAC as many donors, especially some European central banks, have offered substantial TA in this area. In an effort to help in the ongoing transformation process, METAC is in discussions with the Central Bank of Egypt (CBE) to respond to TA needs and priorities. METAC organized in March a workshop on Basel II and III with the Egyptian Banking Institute (EBI), the training arm of the CBE.

The work of METAC in FY12 focused on four main areas: (1) improving the operations of credit registries and bureaus in the region; (2) helping authorities to strengthen their supervisory and enforcement frameworks; (3) updating the regulatory framework in line with Basel standards and best practices; and (4) building the capacity of supervisors through seminars and workshops.

### Technical Assistance Delivery

#### Enhancement of Credit Registries and Establishment of Credit Bureaus

METAC continued to develop and expand the credit registry function in several countries. It also started to help in setting a strong regulatory framework for licensing and supervising private credit bureaus (PCBs).

- In **West Bank and Gaza**, the credit registry at the Palestine Monetary Authority (PMA) has been undergoing, through METAC assistance, a series of expansions and enhancements that have placed it among the best credit registries in the region. In FY12, the PMA credit registry (PMACR) introduced new customer protection requirements. METAC performed an assessment of the PMACR and confirmed the compliance of its data, reports and functions with international best practices. The PMACR was also highly regarded by its user group and by the PMA. This project has come to a close.
- In **Sudan**, METAC continued its TA to strengthen the function of the credit registry at the Central Bank of Sudan (CBOS). This project, which started a few years earlier, is close to completion. The main TA delivered during FY12 focused on helping the credit registry overcome some difficulties in data availability and quality as well as the implementation of new credit registry software. While some issues with data quality are still being resolved, the credit registry software has been successfully implemented and tested.

*Under METAC, the PMA was very lucky to get extensive technical support during the last years. The Supervision Department has much benefited from the METAC support. The Credit Registry was developed with the help of METAC experts. It is considered one of the best Credit Registries in the World. It is an automated, 24/7 and online credit registry. Customers on the credit registry have a scoring and the credit registry has helped a lot expanding more credit in the country. The Non-Performing Loan ratio went down very much as a result of the credit registry.*

*METAC has also helped through providing technical assistance and experts as to resolve and restructure the weak banks. Very good results were achieved.*

**Mr. Riyad Abu-Shehadeh**  
**Director of Supervision & Inspection Department**  
**Palestine Monetary Authority**

- In **Jordan**, a new law on credit information was issued in 2010 followed by a bylaw on establishing PCBs in July 2011. These regulations allow the establishment of new PCBs that will be licensed and supervised by the Central Bank of Jordan (CBJ). At the request of the CBJ, METAC stepped in during FY12 and prepared draft detailed guidelines and a licensing manual to help the CBJ in the licensing process for new PCBs. METAC also delivered some training to the CBJ supervisors on the implementation of the manual.

### **Strengthening the Supervisory Framework**



“Cross Border Supervision Workshop” in Beirut, Lebanon  
April 2012

Many countries in the region are moving towards enhancing their supervisory frameworks and bring them in line with best practices and standards. METAC has been assisting the authorities in this process.

- In **Jordan**, METAC started a new project aimed at enhancing the offsite supervision, in particular establishing a statistical-based Early Warning System (EWS) model. This will help the CBJ to early identify and address potential weaknesses in banks and vulnerabilities in the overall banking system. Recommendations were given to the CBJ in terms of strengthening the offsite function and collecting the data required for the EWS model. This project will continue throughout FY13.
- In **Afghanistan**, METAC participated in a HQ mission to assess the overall supervisory and regulatory framework at Da Afghanistan Bank (DAB). The mission also aimed to help DAB address the aftermath of the Kabul Bank crisis as well as weaknesses in other banks in Afghanistan. In addition, METAC helped DAB in reviewing its enforcement manual in order to allow for a more effective supervision and follow-up of weak and problem banks.
- In **Sudan**, METAC helped the Banking Supervision Department (BSD) at the CBOS in enhancing its monitoring of banks’ liquidity. In addition to developing new circulars on liquidity (mentioned in next section), METAC helped the CBOS develop a new manual for helping onsite supervisors assess the liquidity risk management at banks. On another note, METAC is starting a new project to assess the onsite supervision function at CBOS and develop recommendations to enhance it. This would also lead to the development of a new risk-focused onsite inspection manual and the training of CBOS supervisors on its application.
- In **West Bank and Gaza**, METAC started a new project to strengthen the risk-focused aspects of banking supervision at the PMA. This will encompass developing new manuals for

onsite and offsite supervision in order to transform the current compliance-based approach into a risk-based framework in line with best practices. The work in FY12 focused on onsite inspection by reviewing the onsite practices currently employed by the PMA and proposing recommendations to enhance them, in addition to setting a main scheme for the development of an onsite inspection manual.

### **Developing the Regulatory Framework**

To be effective, any supervisory framework should rely on a solid set of banking regulations and instructions that are constantly updated to keep abreast of latest developments and to reliably address weaknesses in the system. In this context, METAC offered its expertise to develop regulations that are in line with best practices and international standards, while paying close attention to other country-specific factors.



Mission on banks' liquidity in Sudan

- In **Sudan**, METAC supported the BSD at the CBOS to revise its regulations on liquidity to allow for a more effective monitoring of banks' liquidity position and to increase banks' awareness of this important issue. New computations for the general liquidity ratio were introduced and new liquidity limits and reports, in particular liquidity gaps, were established and discussed with BSD. The circular on liquidity risk management was also reviewed and amended to bring it in line with best practices and international standards.

- In **Afghanistan**, METAC supported DAB in revising the regulations on related party exposures and on loan classification and provisioning, in light of the aftermath of the Kabul Bank crisis.

### **Workshops**

As part of its TA strategy, METAC is keen on holding country-level and regional workshops that expose participants to the



latest developments in banking supervision and to share countries' experiences and knowledge.

In FY12, METAC held with the Banking Control Commission of Lebanon (BCCL) a regional workshop on cross-border supervision in **Lebanon**. This workshop was attended mainly by Lebanese supervisors, with the participation of other supervisors from the region. The purpose of the workshop was to highlight the main challenges in supervising cross-border banks, their risk assessment methodologies and the role of supervisory colleges in cross-border supervision.

*TA in licensing credit bureaus is effective and highly appreciated. The expert's experience enhanced our knowledge especially in practical issues, in a way that goes in line with the best practices.*

**Ziad Ghanma**  
**Director of Banking Supervision**  
**Central Bank of Jordan**

In **Sudan**, METAC held two workshops that were attended by CBOS supervisors. The first was on Islamic banking, focusing on the main risks, supervisory tools, and the computation of capital adequacy in accordance with Basel II accord and Islamic Financial Services Board (IFSB) standards. The second workshop was on International Financial Reporting Standards (IFRS) and touched on the main IFRS related to banks. Participants were introduced to the latest developments in IFRS especially in terms of consolidation of accounts and accounting for financial instruments. The workshop also addressed the main differences and similarities between IFRS and the standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

In **Egypt**, METAC delivered a workshop on Basel II and III in coordination with the EBI. The workshop, which was attended by bankers and supervisors, addressed the main components of the Basel II agreements and the latest Basel III reforms in Capital Adequacy and Liquidity.

## BOX 1. METAC'S NOTABLE ACHIEVEMENTS

### Banking Supervision

- ✓ **Sudan:** Major progress achieved in the credit registry enhancement project and better tools adopted for monitoring liquidity risk at banks.
- ✓ **Jordan:** Establishment of a manual for licensing private credit bureaus.
- ✓ **Afghanistan:** New prudential regulations were drafted and the enforcement manual was reviewed and enhanced.

### Debt Management and Money Market Development

- ✓ **West Bank and Gaza:** Fulfilled the basic prerequisites for the successful issuance of the government securities, including establishing suitable rules and procedures and building local capacity of staff.
- ✓ **Afghanistan:** Establishment of a roadmap to move ahead expeditiously with the issuance of Islamic securities (Sukuk).
- ✓ **Sudan:** Delivered a prioritized and sequenced action plan for the development of an interbank market.

### Macroeconomic Statistics

- ✓ **Afghanistan:** Release of the extended and updated consumer price index by end of FY12 or early FY13.
- ✓ **West Bank and Gaza:** First release of an international investment position statement in mid-2012.
- ✓ **West Bank and Gaza:** Formal application for subscription to the special data dissemination standard in December 2012.

### Public Financial Management

- ✓ **Jordan:** Establishment of an expenditure analysis unit and building capacity of relevant staff by providing them with methodologies and techniques to better understand and control the growth in spending, and ultimately improve the quality of existing expenditure policies so as to increase their economic and social impact.

### Revenue Administration

- ✓ **Lebanon:** Major progress achieved in the integration of income tax and value-added tax departments.
- ✓ **Sudan:** Central taxpayer register moved from customs to the Taxation Chamber. Similarly, commendable progress achieved in cleansing and firming-up the taxpayer database.

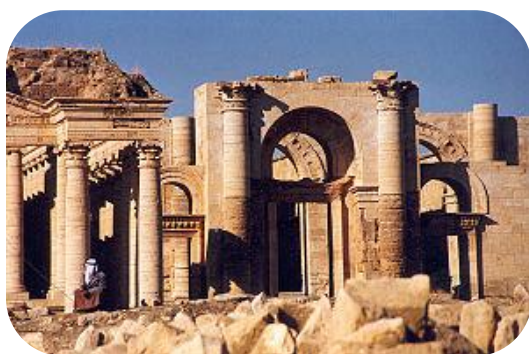
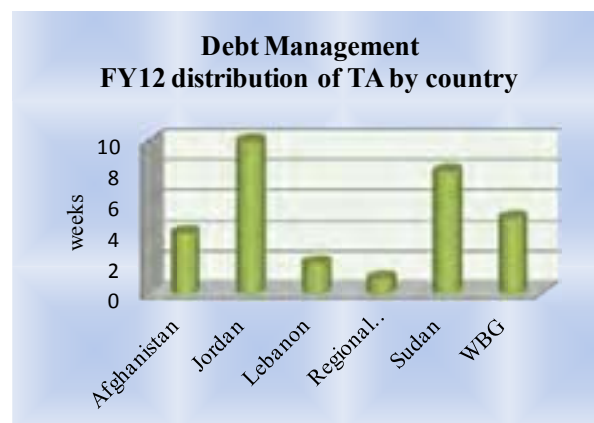
## B. Debt Management and Money Markets Development

Sovereign debt management is the process of establishing and executing a strategy for managing the government's debt in order to raise the required amount of funding, achieve its risk and cost objectives and meet any other sovereign debt management goals the government may have set, such as developing and maintaining an efficient market for government securities (*from the guidelines for Public Debt Management*

*prepared by the staff of the IMF and the World Bank (WB) and amended on December 9, 2003).*

Sound debt management

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



Ancient City of Hatra, Iraq

The main highlights of METAC's debt management and money markets development activities were: (i) developing the money and capital markets for government securities (**Jordan**); (ii) strengthening the public debt department and its reorganization (**Sudan**); (iii) developing capacity in debt management through workshops and seminars (**Jordan, Sudan, West Bank and Gaza, and Afghanistan**); (iv) developing plans to strengthen public debt management including debt management strategy development (**Jordan and Sudan**); (v) analyzing and evaluating debt strategy, risk management, and risk indicators (**Jordan**); (vi) reviewing the monetary framework and central bank instruments and developing an interbank market (**Sudan**); (vii) assessing the needs for capacity building or training for debt management

## Iraq

### Did you know?

*Babylon, the remains of which are found in present-day Al Hillah was an Akkadian city-state of ancient Mesopotamia founded in 1867 BC. The old city was built upon the Euphrates, and divided in equal parts along its left and right banks, with steep embankments to contain the river's seasonal floods. The Hanging Gardens of Babylon were one of the Seven Wonders of the Ancient World.*



(**Lebanon**); (viii) following up on developing the government securities market (**West Bank and Gaza**); and (ix) Sukuk issuance, the legal and regulatory framework and preconditions (**Afghanistan**).

### Technical Assistance Delivery

#### Debt Management (Primary and Secondary Markets) and Debt Management Strategy

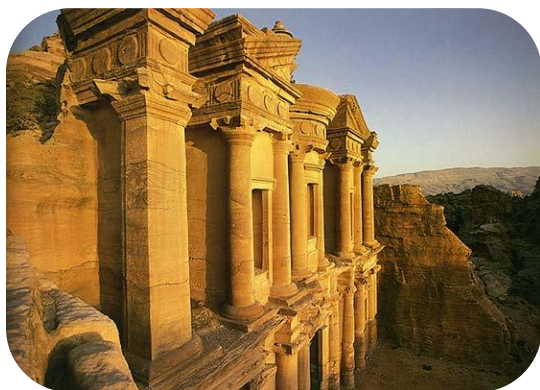
- At the request of the authorities, METAC Resident Debt Management Advisor visited the Ministry of Finance (MOF) of Lebanon to take a closer look at debt management and assess any needs for capacity building or training that could be provided by METAC. However, there was no follow-up as there were no identified needs for TA from METAC or the IMF.

- In **Sudan**, METAC reviewed the organizational structure of the debt management department and prepared in cooperation with the staff a new organizational structure with main functions and responsibilities of a debt management office according to international standards. Hands-on training and capacity building were provided to the staff with regard to the organizational structure of the department. A follow-up mission found out that the new structure was not implemented due to changes in management.

- In **Jordan**, a mission provided TA capacity building and hands-on training on debt management, risk management, portfolio analysis, and risk indicators. In addition, at the request of the authorities, the mission commented on the debt management strategy and on improving the primary market, the role of the CBJ as fiscal agent, in addition to some suggestions on the public debt bulletin.

- Also in **Jordan**, the authorities requested TA on capacity building and developing the money and capital markets for government securities. METAC developed an action plan with

specific recommendations for the development of the money and capital markets for government securities.



Petra, Jordan

- A TA mission visited **West Bank and Gaza** to follow up on past TA and assist the authorities in fulfilling the conditions for the successful issuance of government securities, concentrating on building local capacity and establishing suitable procedures. The mission provided draft rules and procedures for the auction of government securities and a draft of the Memorandum of Understanding (MOU) setting the role of each institution in the auction and in issuing the government securities. An action plan with a timeline setting the role of each institution was also prepared.

### **Sukuk Issuance**

- In **Afghanistan**, and following the assessment visit in FY11 on the feasibility of introducing Sukuk, METAC Resident Debt Management Advisor participated in a workshop organized by HQ in Dubai for Afghan officials. Discussions focused on preparing the ground for Sukuk issuance, including necessary preconditions and type of Sukuks. To benefit from other country experiences, meetings were arranged with other Middle Eastern issuers.
- Also in **Afghanistan**, and following the Dubai TA, METAC advisor participated in a HQ TA mission to Kabul to provide further assistance to the authorities on Sukuk issuance. A roadmap was discussed with the authorities that would have three pillars: assessment and due diligence; law, regulatory, and Shariah; as well as the Sukuk issuance.

### **Money markets development**

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



- In **Sudan**, with the objective of assessing what is needed to develop an interbank market to facilitate an effective monetary policy implementation, METAC reviewed the current situation at the CBOS, its standing facility, its role as lender of last resort, reviewed the procedures to auction certificates and open market operations taking into consideration the fully fledged Islamic nature of the banking system. In addition, the mission met with other market participants, such as government, private and foreign banks, the Khartoum Stock Exchange (KSE), and the Sudan Financial Services Company (SFSC). An action plan was prepared with recommendations for the development of an interbank market.
- In **Jordan**, a METAC mission reviewed the current situation and prepared a report that deals with the issue of further developing the money market.

### Workshops



Workshop on “Designing a Strategy for Effective Risk Mitigation” in Amman, Jordan, June 2011

METAC organized a regional workshop on “Designing a Strategy for Effective Risk Mitigation” in Amman, Jordan. This workshop focused on the issue of developing sound debt management strategies that are effective at mitigating a comprehensive set of risks. It focused on strategies that better account for macroeconomic vulnerabilities, exposure to contingent liabilities-both explicit and implicit, potential cross-country spillovers, and vulnerabilities in the investor base. This regional workshop provided an important opportunity for officials in the region to network with their peers and counterparts and facilitated a broad sharing of experiences and transfer of knowledge across the region.

In **Sudan**, in collaboration with the MOF, METAC conducted three workshops on (i) debt management; (ii) institutional arrangements; and (iii) debt management strategy. Participants included staff from the domestic debt, external debt, development and international cooperation departments at the MOF, and officials from the CBOS.



In **Jordan**, a mission provided hands-on training and capacity building to staff members of the Public Debt Directorate (PDD), which covered debt management issues i.e. risk management, portfolio analysis, risk indicators including the role of debt sustainability analysis and the necessary techniques for approaching the market. Also, METAC facilitated a workshop for MOF and CBJ officials on the development of government securities markets.

In **West Bank and Gaza**, METAC delivered a specialized training course to the MOF, the PMA and the Capital Markets Authority (CMA) staff on money and capital market instruments, their issuance procedures, pricing, evaluation, the yield curve and their trading on the secondary market.



Workshop on “Designing a Strategy for Effective Risk Mitigation” in Amman, Jordan, June 2011



Beirut, Lebanon

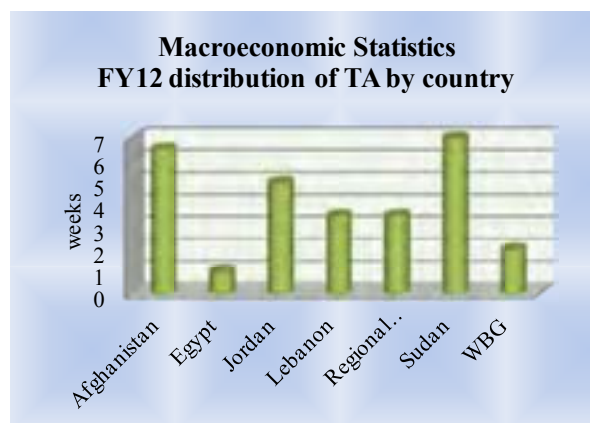
### C. Macroeconomic Statistics

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

METAC provides TA and training in the areas of external sector statistics (balance of payments, international investment position (IIP), external debt statistics (EXD)) and supports the development of national accounts (NA) and price statistics.

METAC's work aims to improve the collection, compilation, and dissemination of data in keeping with internationally agreed statistical methodologies. In FY12, METAC

has continued cooperating with other regional agencies, such as the United Nations Economic and Social Commission for Western Asia (ESCWA).



### Technical Assistance Delivery

In FY12, the implementation of the work plan in the area of macroeconomic statistics was heavily affected by the regional situation. Numerous missions from the work plan were cancelled because of security concerns or changing priorities for the authorities. Under these circumstances, the missions scheduled for Egypt, Libya, Syria, and Yemen did not take place. To take stock of this situation, a revised work plan was elaborated for the second part of the FY, which included some additional missions.

In FY12, METAC provided TA in the areas of consumer price index (CPI), NA, balance of payments, IIP statistics (including Foreign Direct Investment (FDI)), and EXD.

METAC also provided support to West Bank and Gaza for subscription to the Special Data Dissemination Standard (SDDS).



METAC and Banque du Liban (BDL) jointly organized a workshop on “Asymmetries in Bilateral Remittances Data” Beirut, Lebanon, November 2011

Overall, the most notable progress can be observed in the area of price statistics, with all countries compiling a monthly CPI. Progress is also ongoing in the compilation and dissemination of external sector statistics, in particular regarding the IIP. However, progress has been slow due to insufficient human and financial resources in most countries, which is an impediment to the timely production and dissemination of statistics. In many cases, for instance, the implementation of FDI surveys, an indispensable step for the collection of FDI data of good quality, has not been possible for lack of resources.

In addition, a more supportive legal framework would also be needed to 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 these statistics, should be endowed with the authority to collect data directly from economic agents outside the banking sector, contrary to the current situation.

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

### Price statistics

- In **Afghanistan**, with METAC guidance, the Central Statistical Organization (CSO) successfully extended the coverage of the index from six to ten provinces, made the expenditure data from the 2008 National Risk Vulnerability Assessment (NRVA) available, and updated the weights (provincial structure, prices) for the calculation of the index. METAC also

## Jordan

### Did you know?

*The Dead Sea is not actually a sea at all! The Dead Sea is a saltwater lake. It is argued that Egyptians used mud from the Dead Sea in their mummification of the deceased.*

*The Dead Sea is 3 million years old and the deepest hypersaline lake in the world at 377 m. It is also one of the world's saltiest bodies of water.*



assisted the CSO in preparing a continuous time series by chain-linking the current CPI and the new CPI to allow the CSO to publish a consistent CPI series and inflation estimates without breaks or revisions, while introducing the new methodology into the index. The release of the new CPI is expected by end-April or early May 2012.

### National accounts

- In **Jordan**, a short-term expert visited the Department of Statistics (DOS) to review the Supply and Use tables (SUT) for 2006 on which work had been ongoing for some years already, and made recommendations for their finalization, as a way for the staff involved to acquire experience before moving on to a more recent period (2010). In this respect, the mission prepared an action plan for the compilation of the 2010 SUT in agreement with the authorities.

### External sector statistics

- In **Jordan**, METAC organized a training workshop on EXD statistics, at the request of the MOF. Eleven officials attended the workshop, representing the MOF and the CBJ. The lectures covered the conceptual framework of EXD statistics, the data presentation format, and some important issues such as debt reorganization and contingent liabilities. The forthcoming update of the *External Debt Statistics- Guide for Compiler and Users*, aimed at addressing the changes brought about by the sixth edition of the *Balance of Payments and International Investment Position Manual (BPM6)*, was also discussed. Finally, a presentation was made of the various websites developed by the IMF and the WB under the aegis of the Task Force on Finance Statistics relating to EXD and public sector debt statistics; in respect of the latter, the attention of participants was drawn on the existence of the *Public Sector Debt Statistics—Guide for Compiler and Users*.

- In **Lebanon**, several short visits to the Banque du Liban (BDL) were devoted, in particular, to the review of the preparatory steps towards the compilation of a first full IIP statement for Lebanon. METAC noted that the IIP data result 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)) and from the accumulation of balance of payments flows, in particular to estimate FDI stocks. METAC recommended the implementation of an FDI survey as soon as possible to improve the overall quality of the IIP and its consistency with the current account trend of the balance of payments.



ESCWA workshop on FDI  
Beirut, Lebanon, September 2011

- In **Sudan**, METAC reviewed compilation practices for balance of payments and IIP statistics, and recommended some improvements in the recording of financial transactions that will enhance the consistency between the stocks of the IIP and the flows of the balance of payments. METAC also helped the CBOS and the Ministry of Investment in the initial phases of the preparation of an FDI survey. Guidance was provided on the impact of the split of the country in July 2011 on the compilation of external statistics.

- In **West Bank and Gaza**, METAC noted significant improvements since the previous FY in the compilation of external statistics, in connection with the authorities' willingness to subscribe to the SDDS as early as possible. METAC reviewed in detail the first IIP statement compiled and published by the Palestinian Central Bureau of Statistics (PCBS) and the PMA and recommended to further improve the coverage of inward FDI stocks by collecting information from municipalities on investments in real estate by non-residents (essentially Palestinian expatriates). METAC also helped the authorities finalize a bridging table to ensure perfect consistency between EXD and corresponding IIP liabilities.



## Lebanon

### Did you know?

*Byblos Marina is believed to be one of the oldest continuously inhabited cities in the world, the modern port city of Jbeil (Byblos) is built upon multiple layers of ruins, dating back to as early as the Stone Age and extending to the more recent Ottoman days. Perhaps the Phoenicians' most impressive contribution to the world is the development of the first alphabetic phonetic script, where it is believed that scholars of Byblos developed the Phoenician alphabet.*



### Workshops

METAC participated in a workshop organized by ESCWA in September 2011 in Beirut, on FDI statistics in the region. ESCWA launched in 2002 a project on the improvement of FDI statistics in its 14 member countries (eight of which are also METAC countries) through the implementation of surveys. Subsequently, workshops were held in a number of countries, and questionnaires consistent with international methodology were provided. This new workshop was organized to take stock of recent developments; so far, eight member countries of ESCWA have implemented a regular FDI survey (Saudi Arabia, Bahrain, Oman, Syria, the United Arab Emirates, Jordan, Qatar, and most recently, West Bank and Gaza). METAC presented an overview of its activities, and then focused on the Center's assistance in the area of FDI statistics, which concurs with ESCWA's activities.

METAC and the BDL jointly organized a workshop on asymmetries in bilateral remittances data, in Beirut, in November 2011. The BDL presented the results of an exercise launched during a previous workshop, in 2009, aimed at collecting bilateral data on remittances to identify asymmetries between partner countries. The main objective of the new workshop was to discuss the possible causes of these asymmetries, thereby enabling member countries to improve their respective estimates. Only two countries had provided a geographical breakdown of flows of remittances; however, the comparison of these two sets of data proved very instructive as it highlighted huge discrepancies in mirror data. The ensuing discussions revealed a different application by the two countries of the residence concept concerning seasonal workers, as well as large differences in the estimation of their number. The two countries agreed to work together on solving these discrepancies. Participants saw a great interest in doing the exercise again in the near future, but with the participation of Gulf Cooperation Council (GCC) countries from which most of the remittances originate.



METAC organized a workshop on the new *Balance of Payments and International Investment Position Manual, sixth edition (BPM6)* in Beirut, in February 2012, for the benefit of balance of payments compilers of member countries. Twenty four participants from nine countries attended the meeting. Following a recall of basic concepts for international accounts, the workshop focused on the changes brought about by this new edition of the *Balance of Payments Manual* which provides updated global standards for the compilation and presentation of external sector statistics. The updated manual reflects significant developments in international trade and finance since the previous edition of the manual was released in 1993. In view of this, the IMF recommends a timely implementation of *BPM6*, which the workshop aimed to facilitate.

*This specialized workshop on International Financial Reporting Standards had a favorable impact on supervisors due to their diverse background and functions. It also gave them further practical knowledge about the International Accounting Standards through the practical examples and case studies that were discussed throughout the workshop.*

**Asmaa Khairi**  
**General Manager of Prudential**  
**Supervision Central Bank of Sudan**

Besides regular workshops or seminars, METAC continued in FY12, as in previous years, to emphasize hands-on training during country visits, to share the benefits of experience with the staff of the institutions visited. METAC missions also gave opportunities to facilitate, or even to initiate, contacts between and within institutions; these contacts are indispensable for compilers in a statistical area to improve data sources and/or to ensure consistency with statistics of another area produced by different compilers.

### **The Central Statistics Organization releases the new Consumer Price Index for Afghanistan**

On June 10, 2012, an official ceremony, in Kabul, marked the launch by the Central Statistics Organization (CSO) of Afghanistan of the new Consumer Price Index (CPI) for Afghanistan. The main purpose of the consumer price index is to provide the Government, enterprises and households with a general measure of consumer price inflation. The CPI and its monthly movements are used as key targets for monetary and fiscal policy. They are also widely used for adjusting for inflation in business contracts, employees' salaries and retirees' pensions and other social benefits.

This achievement was the result of a project undertaken in September 2008 and developed with the ongoing assistance of METAC. The success of the project is to be attributed largely to the efforts and dedication of the staff in charge of price statistics at the CSO in a context of scarce resources. The new, updated index is now in line with international standards and best practices. METAC provided technical support all along the life of the project.

The CSO had previously published a CPI for Kabul, the capital city, and a national CPI that also included five other major cities. The new CPI now covers ten provinces, using updated market basket weights based on the 2007/2008 National Risk Vulnerability Assessment (NRVA) data for all provinces. The CPI consumer basket was enlarged to include 290 items, and the compilation methodology was updated. The old and the new index have been chain linked together to ensure availability of a consistent time-series and to avoid revisions to recent CPI data. The new CPI has a base period of March 2011 and the first new index refers to the first month of the Afghan year 1391, or April 2012.



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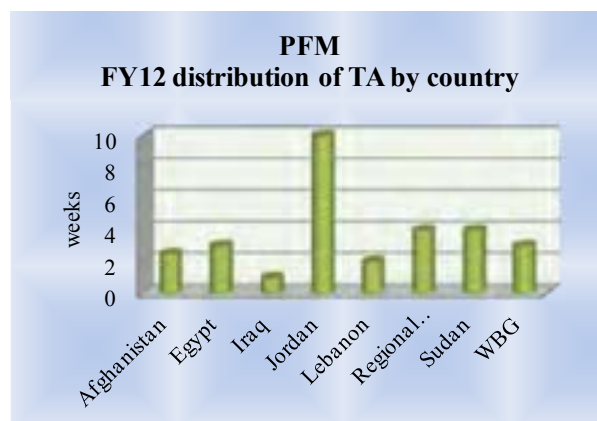


City of Sabratha, Libya

## D. Public Financial Management

METAC's activities focused on the following areas: (i) budget planning and expenditure analysis in Jordan; (ii) cash management, financial planning and banking arrangements for treasury single accounts (TSA) in Sudan; and (iii) PFM reform strategy and action plan in Lebanon.

METAC participated in four Fiscal Affairs Department (FAD) missions (Afghanistan, Egypt, Iraq, and West Bank and Gaza), covering a broad spectrum of PFM. The mission to Egypt was held with the WB. METAC benefited from up-to-date assessment for PFM reforms and its TA activities jointly with the IMF and other TA providers.



As part of its regional activities, METAC organized two workshops on internal control and audit, and on budget preparation processes.

## Technical Assistance Delivery

**In Jordan**, METAC provided support to the General Budget Department (GBD) on procedures for appraising and evaluating capital projects, and contributed to the establishment of a relevant expenditure analysis and review function in GBD. The mission discussed two case studies of expenditure policy analysis with GBD staff, and found that a considerable scope exists for improving the efficiency and effectiveness of some government expenditures. A good start has been made but building the capacity and necessary skills of GBD will require sustained technical support and training.

- In **Lebanon**, METAC conducted a brief review of recent developments in PFM, and outlined a strategy and draft action plan of PFM reforms.
- In **Sudan**, METAC assisted the authorities with the preparation of a detailed action plan for the implementation of the TSA, and provided guidance and hands-on training to enhance the implementation of cash planning. METAC also delivered follow-up TA and training on the budget preparation process including revision of the budget calendar, improvement of the participation of line ministries in the budget preparation process, and improvement of the link between the budget and the Five-Year Plan.

METAC resident and short-term experts participated in FAD led missions to Afghanistan, Egypt, Iraq, and West Bank and Gaza that focused on:

- **Afghanistan:** assisting the authorities with reviewing their PFM roadmap and identifying specific issues that need to be addressed to attain the envisioned reform objectives/targets.



Workshop on “Budget Preparation Process”  
Beirut, Lebanon, March 2012

- **Egypt:** launching a four-year action plan for advancing PFM reforms and identifying measures that can be done at a technical level, before moving to measures that require political consensus and changes in the legislative framework. METAC’s work program in Egypt is anchored in a medium-term action plan and is fully integrated with other TA providers’ activities.
- **Iraq:** reviewing the implementation status of the Iraqi Financial Management Information System, and looking also at debt reporting, and payments in kind.
- **West Bank and Gaza:** assessing overall progress in the implementation of the PFM reform agenda that was agreed in 2009 and further updated in 2010; recommending an updated framework for PFM reforms for the period 2012-2014; and

providing further strategic advice on advancing the reform process across the four main pillars: (i) legal and regulatory framework for PFM; (ii) budget integration reforms; (iii) PFM infrastructure reforms; and (iv) external accountability.

## Workshops



“Expenditure Control and Internal Audit” Workshop  
Egypt, May 2011

METAC organized two regional workshops in partnership with the United States Agency for International Development (USAID), the first (June 2011) on expenditures control and internal audit and the second (March 2012) on budget preparation process. These two workshops received excellent feedback from the participating countries. The workshops also gathered officials from GCC countries. These workshops opened the space for peer-to-peer learning, sharing of experience and lessons learnt, and demonstrated a high degree of collaboration between donors. They will help in (i) avoiding duplication of efforts and waste of resources; (ii) providing more consistent messages to recipient countries; and (iii) benefiting participants from exchanging experiences with donors and making full use of respective comparative advantages.



## E. Revenue Administration

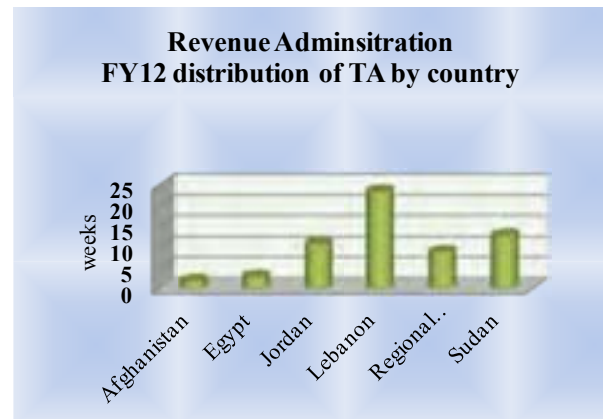
METAC's revenue administration activities in FY12 focused on assisting member countries in implementing key reform initiatives in support of their modernization programs. Despite the difficult regional environment, revenue administration delivered activities exceeded the work plan with an overall implementation ratio of 112 percent, reflecting 41.5 weeks of direct TA delivered by the resident advisor and 18.5 weeks by short-term experts.

### Technical Assistance Delivery

TA in FY12 focused on members' revenue administrations' priorities in both tax and customs areas. TA was synchronized with FAD's

priorities and activities, and METAC's Resident Revenue Administration Advisor participated in FAD's diagnostic

missions on tax administration. Regional and international short-term experts supplemented the direct assistance provided by METAC's resident advisor.



Pyramids of Meroe, Sudan

TA covered key components in modernization of revenue administration, including:

### Strengthening the Organizational Structure and Arrangements

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.

- In **Lebanon**, METAC assisted the tax authorities with their plans to integrate Value-Added Tax (VAT) and income tax departments. Detailed plans were developed outlining transition arrangements for each key HQ function and proposing future staffing levels for the integrated organization.
- In **Jordan**, METAC provided assistance to the Income and Sales Tax Department (ISTD) in strengthening HQ structural and organizational arrangements and improving strategic and operational planning.

### Strengthening Compliance and Enforcement Management



Workshop on “Organizational Trends in Tax Administration”  
Sharm El Sheikh, Egypt, April 2012

Designing and implementing an efficient risk-based compliance strategy is a major concern for tax administrations. It is particularly important for self-assessment where performing administrations aim to achieve better compliance rates at a reasonable cost through well-targeted compliance and enforcement programs relying on risk analysis and modern audit techniques. METAC provided TA in this area to a number of tax administrations, with a particular focus on large and medium-sized taxpayers.

- In **Jordan** and **Lebanon**, METAC assisted the authorities with strengthening the compliance management of the banking sector. As such, METAC worked with the large taxpayers’ offices (LTO) in both countries on designing effective risk management and enforcement schemes, and trained LTO staff on efficient compliance methods and audit techniques.
- In **Sudan**, TA was provided to strengthen risk-based compliance management within the Taxation Chamber (TC), and to build capacity in addressing risks and developing enforcement programs.

## Strengthening VAT

During FY12, Lebanon and Sudan benefited from METAC's assistance to strengthen the capacity of the tax administration in the effective implementation of VAT.

- In **Lebanon**, METAC provided

TA to strengthen the VAT refund management to prevent abusive activities and fraudulent claims.

- In **Sudan**, TA focused on improving VAT proceedings and developing adequate risk-based compliance programs and enforcement practices.

## Streamlining and Automation of Tax Operations

METAC assisted the TC in **Sudan** in firming up the taxpayer database and streamlining the registration process. To this end, METAC helped the TC in strengthening the state of taxpayer register and related update schemes, and in developing a comprehensive data cleansing to eradicate duplicate taxpayers and correct erroneous information.

## Support to Customs

In FY12, METAC delivered TA to the customs administration in **Lebanon**. It examined high priority issues that impact the customs administration, and recommended a set of immediate and medium-term measures. METAC's assistance covered both technical and managerial components and stressed the need to coordinate the reforms' initiatives within a formal change program. It also outlined further TA that would be needed to support the implementation of the recommended measures, covering structural, operational, and risk management areas.

## Workshops

In coordination with USAID, METAC organized two regional workshops in FY12.

### ورشات إدارة المبيعات للمستهلكين - الأردن

نشارك إدارة ضريبة الدخل والمبيعات الأردنية في تحقيق أهدافها من خلال تقديم الدعم الفني والمالي من قبل منظمة الأسياد. في هذا الصدد، شاركنا في ورشة العمل التي نظمتها إدارة ضريبة الدخل والمبيعات الأردنية في عمان، والتي كان لها أثر إيجابي في تعزيز التعاون بين الطرفين. ونتبادل الخبرات مع المسؤولين في الإدارة الضريبية الأخرى وسد احتياجاتهم الفنية لتطوير الإدارة الضريبية ورفع الوعي الضريبي لدى الملتزمين، حيث تسعى إلى تحسين مستوى الشفافية في العمل مع الملتزمين الضريبيين، والالتزام بالخطط الاستراتيجية التي وضعتها الإدارة الضريبية وللتزام بالخطط طوعاً، الذي يؤدي إلى دفع المبيعات وتسريع انجاز الامتيازات الضريبية.

فيصل عبد الله  
الأمثلة لأعمال الضرائب  
سلطنة عمان

A workshop on “Tax Compliance Management” was held during January 29-31, 2012 in the Dead Sea, Jordan. The workshop provided a platform for knowledge exchange related to building modern tax compliance approach. It highlighted best practices and challenges in designing a comprehensive compliance strategy and implementing effective risk-based compliance schemes.

A second workshop on “Organizational Trends in Tax Administration” was held during April 28-30, 2012 in Sharm El Sheikh, Egypt. The workshop shared experiences, best practices and challenges in the design, implementation and management of modern organizational arrangements for tax administrations. It analyzed options for establishing and managing a successful functional organization, and highlighted the particular reform drivers that could enable the attainment of sustainable institutional settings for modern tax administration.

Both events gathered heads of tax administrations and senior tax officials from METAC and non-METAC countries. Several presentations were delivered by representatives of tax administrations, and dynamic discussions characterized the sessions.



Cultural tour organized by the Egyptian Tax Authority for the participants of the workshop on “Organizational Trends in Tax Administration”, in Sharm El Sheikh, Egypt April 2012

## Libya

### Did you know?

*Ghadames is an oasis in the west of Libya, near the borders with Algeria and Tunisia.*

*The old part of the town, which is surrounded by a wall, has been declared a World Heritage site by UNESCO. Here you'll find a tranquil old city made of mud, lime and palm tree trunks. A network of covered alleyways and attached roofs allows passage from one house to the next.*



## F. METAC's Other Activities

### Donors' Coordination

#### Cooperation with USAID

As part of METAC's efforts to enhance donors' cooperation in the field, METAC Coordinator visited Egypt in May 2011 and met with USAID Regional Director to discuss possible coordination. Another meeting took place in October 2011 in Beirut with USAID's Regional Deputy Controller to discuss how to take this collaboration forward focusing first on regional workshops. USAID agreed to co-sponsor five regional workshops with METAC in 2012 (until October 2012) mainly in the areas of PFM, revenue administration, and banking supervision. Four workshops have already taken place and the feedback received was very positive. METAC has been trying to expand this kind of cooperation to other donors and TA providers in the region.

#### Cooperation with the EU

Several meetings took place between METAC Coordinator, Mr. Saade Chami, and the European Union (EU) delegations in Beirut and Amman to strengthen donor harmonization. The discussions focused on holding joint activities and on the need to have a clear delineation of responsibilities on certain projects in the region, particularly in Jordan and Lebanon.

In this context, Mr. Chami held meetings with the EU representatives in Beirut and a delegation coming from Brussels. He briefed them on METAC's activities and future work program, emphasizing the importance of coordination on issues of common interest. The EU representatives indicated that they had a large TA program with the MOF of Lebanon on PFM and hoped for further cooperation in this area. It was agreed to intensify contact in the future to enhance coordination further and avoid any overlap in our work in Lebanon.

During a visit to Jordan in June 2011, Mr. Chami met with the EU Delegation in Amman to explore possible ways of enhancing coordination in the work on Jordan. During the same visit, Mr. Chami also met with the USAID in Jordan and with the German Society for International Cooperation (GIZ) to explore possible collaboration in the future in the provision of TA.



### **External Monitoring Mission of the EU**

An External EU Monitoring Mission visited METAC in December 2011 and assessed its work. It concluded that METAC remains a relevant and useful project, with a steady demand for its services that is likely to grow in the aftermath of the Arab Spring. It identified the shortfall in funding as the most important limiting factor.

### **Meetings with other donors**

Two meetings took place in Beirut with the Minister Counselor and Head of Economic Department for the Middle East of the French Embassy in Beirut. The French delegation remains supportive of METAC's activities and follows with interest the work of the Center.

Mr. Chami participated in a donor coordination meeting that took place at the Ministry of Planning and International Cooperation (MOPIC) in Amman, Jordan. Several donors and TA providers discussed briefly their work in this area. He stressed the need for better coordination between donors to enhance the efficiency of TA provided and ensure that donors are sending consistent messages citing the coordination between METAC and USAID as a good example.

## Outreach Activities

### Seminars on the “Role and Responsibilities of the IMF in the Middle East and North Africa (MENA) Region”



Joint Seminar with the IMF and the BDL on the "Role and Responsibilities of the IMF in the MENA Region"  
Beirut, Lebanon, October 2011

As part of its outreach activities, METAC organized two seminars jointly with the BDL and the IMF External Relations Department for Media and Civil Society Organizations, Academia, and Think Tanks in Beirut on October 26 and 27, 2011. These seminars provided a good opportunity to introduce the IMF and explain its role in the region. Participants raised several questions and made numerous suggestions regarding the work of the IMF. They found the seminars very useful and asked that such meetings be repeated and expanded in the future.

METAC was present in several activities during FY12.  
METAC Coordinator:

- participated in a discussion on the “***Impact of Regional Disturbances on the Economies of the Region***” in the context of the Arab Investment Conference, organized by the General Union of Arab Chambers. Mr. Chami gave a brief overview of the global and regional economic outlook and discussed in general terms the impact of the regional unrest. He stressed the need for striking a good balance between increasing social spending, to mitigate the impact of higher prices on the less privileged, while at the same time maintaining macroeconomic stability. Mr. Chami emphasized the importance of TA provided by the IMF and METAC in building human and institutional capacity for the effective conduct of macroeconomic policy;
- participated, as part of the United Nations (UN) Country Team, in a meeting with Lebanon’s Prime Minister to present the UN work in the country. He raised the issue of compilation of the NA in Lebanon, and stressed the need for the country to improve the capacity of the Central Administration for Statistics (CAS);





Arab Investment Conference, organized by the General Union of Arab Chambers, Beirut, Lebanon September 2011

- engaged, as part of the UN day, in some outreach activities including two television interviews and one interview with a regional newspaper focusing on the work of METAC and the services it is providing to the region;
- participated in a workshop on the ***“Impact of Credit Rating on Banking and Financial Sectors”*** organized by the Union of Arab Banks in Beirut in November 2011. He focused on the spillover impact of sovereign credit rating and stressed that in integrated financial markets, a sovereign rating downgrade has an adverse impact across countries and financial markets.
- participated in a forum organized by the General Union of Arab Chambers on the ***“Crisis of Sovereign Debt in the Euro Area and its Implications for the Region”***. Mr. Chami provided a brief overview of the latest developments and the impact of the Europe crisis on the MENA region. He explained how the IMF is helping the region cope with the crisis, in term of policy advice, TA, and potential financial support given the fundamental transformation that is taking place in a number of countries.

## Collaboration with Member Countries

### Contacts with Member Countries

METAC Coordinator continued to meet regularly with country authorities to receive their feedback on the work done and to ask for their TA needs going forward. In this context, he met with Lebanese officials, at the MOF, BDL, and BCCL to discuss joint activities and their TA needs. Agreements were reached on holding joint activities, the first of which was a workshop on cross border banking supervision that took place in April 2012 and another one on financial consumer protection that will take place early in next FY.

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

**TECHNICAL ASSISTANCE INPUTS IN FY 2012**

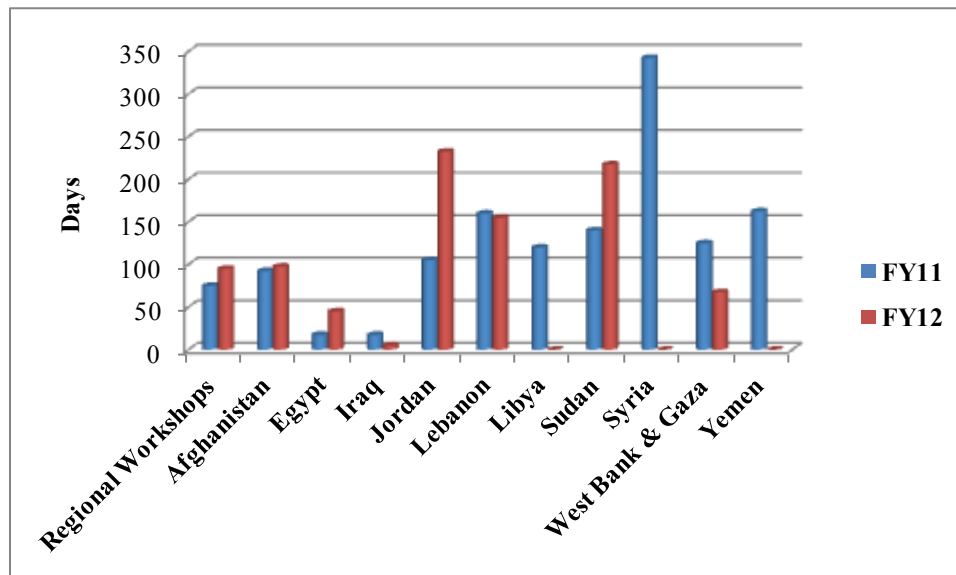
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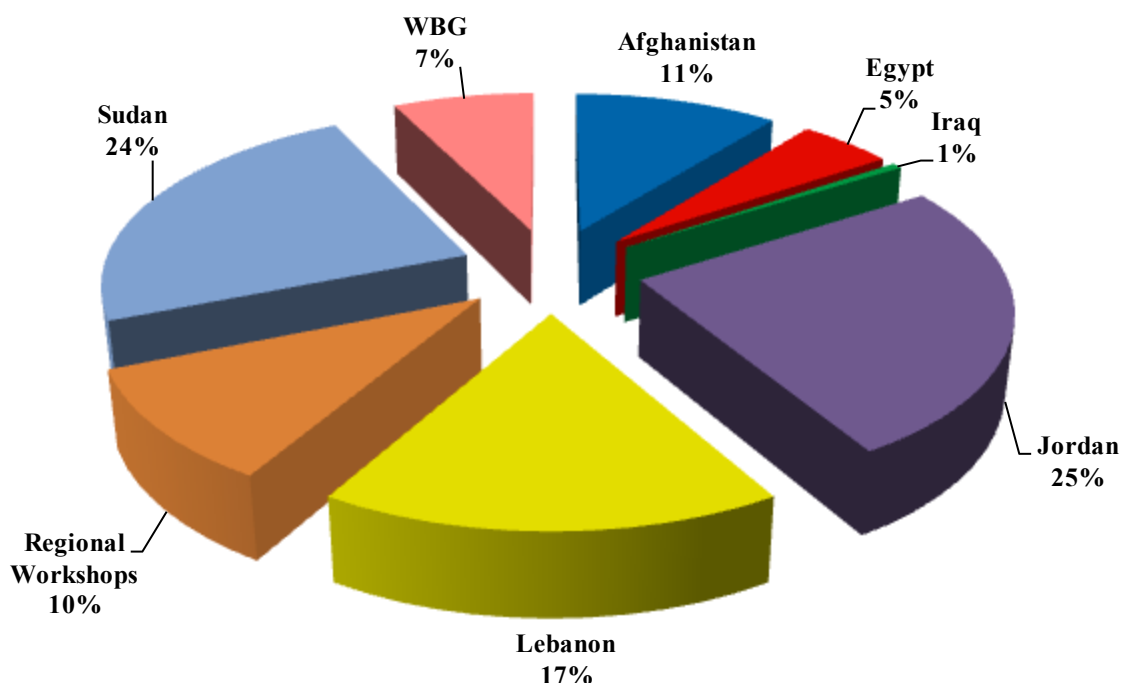
## SECTION III: TECHNICAL ASSISTANCE INPUTS IN FY 2012

During FY12, 66 TA activities and regional workshops took place in all ten METAC countries except Libya, Syria and Yemen.

Figure 1 shows the distribution of TA by area and country in person weeks and figure 2 shows allocation of resources by country during FY11.

Figure 1: Distribution of METAC TA by Area and Country  
FY11 and FY12 (in person days)



**Figure 2: FY 12 Allocation of METAC TA by Beneficiary Country****Table 1: METAC Technical Assistance Delivery by Area and Beneficiary Country  
FY12 (in person weeks)**

	Macro economic Statistics	Banking Supervision	Public Financial Management	Revenue Administration	Debt Management	Total
Regional Activities	3.5	1.5	4	9	1	19
Afghanistan	6.5	4.5	2.5	2	4	19.5
Egypt	1	2	3	3	0	9
Iraq	0	0	1	0	0	1
Jordan	5	10.5	10	11	10	46.5
Lebanon	3.5	0	2	23.5	2	31
Sudan	7	11.5	4	13	8	43.5
West Bank & Gaza	2	3.5	3	0	5	13.5
<b>Total</b>	<b>28.5</b>	<b>33.5</b>	<b>29.5</b>	<b>61.5</b>	<b>30</b>	<b>183</b>
<b>Activity Distribution as % of total</b>	<b>15.6</b>	<b>18.3</b>	<b>16.1</b>	<b>33.6</b>	<b>16.4</b>	<b>100</b>

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

**STEERING COMMITTEE MEETING**

METAC held its annual SC meeting on May 9, 2012, in Beirut. The meeting was jointly opened by H.E. Minister Mohamad Safadi, Minister of Finance of Lebanon and Chairperson of the SC, Mr. Riad Salamé, Governor of the BDL, and Ms. Nemat Shafik, Deputy Managing Director (DMD) of the IMF.



METAC staff with Minister Safadi and DMD Shafik at the Steering Committee Meeting

In his speech, Minister Safadi emphasized the importance of TA especially under the current circumstances and indicated that METAC's work has become even more significant for the formulation and implementation of effective economic policy in the region. He also praised METAC for its work in delivering TA in its areas of expertise and noted that Lebanon itself has greatly benefited from METAC's assistance. He stressed, however, that unlike other centers, METAC is underfunded, which is unfortunate in view of increasing demand for TA. He strongly encouraged member countries and donors to increase their financial support, in particular that the assistance provided by METAC will be more needed in the coming years.

H.E. Riad Salamé, BDL Governor, underlined that METAC has been effective since its creation. The BDL and the BCCL have worked on several projects with METAC. Mr. Salamé reiterated, in the presence of H.E. Minister Safadi, the commitment of Lebanon to provide the necessary funds and hoped that all other countries will also give their support to METAC, especially as the countries currently undergoing turmoil will need to rebuild their economies and their banking and financial sector.

Ms. Nemat Shafik, noted that given the importance of TA in the work of the Fund, a new strategy has recently been developed to increase TA's efficiency. The new strategy puts emphasis on the critical role of RTACs in delivering the kind of hands-on, follow-up, detailed advice that the authorities need. Another aspect of the new strategy is to increase the Fund's focus on results by adopting a Results Based Management (RBM) framework.

The DMD praised METAC for its work in the region as evidenced by several evaluations which showed appreciation of the quality of advice provided, of regional workshops frequently reaching out beyond METAC's constituency to Northern Africa and Gulf countries. The existence of METAC





Ancient City of Palmyra, Syria

has made it easier to coordinate with other donors to deliver TA more effectively, in particular by organizing events jointly with other institutions.

Looking to the future of METAC, Ms. Shafik said it is clear that the demand for TA will increase in this historic, challenging period. Numerous new governments will come into office in the region, and they will need much technical support in light of the huge economic challenges they will be facing. Hence, it is critical that METAC continues to provide technical support, especially to new governments, on how to face these economic challenges. Donor support is getting more and more important for TA delivery by the Fund.

Given that METAC is largely underfunded, the DMD considers this as a great concern that needs to be addressed collectively. She also expressed her fears that, if METAC is not able to provide capacity building in the period ahead due to financial pressures, it will need to cut back its activities at the worst possible time. Hence, she urged SC members to convince their authorities to increase their contributions.

To give a more detailed picture of METAC's financing, Mr. Chami explained that pledges amount to around US\$ 20 million, while the 5-year budget (ending in FY15) requires US\$ 33 million. Moreover, some pledges, in particular from countries experiencing major difficulties, may not be delivered. He noted that despite the cost-cutting measures, available resources will not be sufficient, especially if demand picks up.

For the current phase and if the situation does not change, METAC may need to cut the number of resident experts, and regional activities need to be severely curtailed in order for METAC to survive until the end of the phase in FY 2015. Against this backdrop, Mr. Chami called also on all SC members to make further efforts and convince the relevant authorities in their countries and institutions to raise their contributions to METAC.

Mr. Ulrich Jacoby, from the Institute for Capacity Development (ICD) at the IMF, highlighted METAC's financial figures and budget stand in comparison with other IMF RTACs in the world. He noted that METAC's budget would classify on the lower end relatively to other RTACs. He said that several donors were approached and while there is

quite some interest in METAC's work, and more generally in supporting the region, this interest has not been materialized yet in terms of added financial support. Mr. Jacoby stressed that efforts to gather more financial support to METAC will continue especially in light of the expected surge in demand for METAC's activities to support the economic and financial reforms as stability is gradually restored in the region.

For the first time, USAID participated in the SC meeting. Mr. Clinton White, from the Egypt office, talked about the collaboration that has been taking place with METAC over the past year. He mentioned that this collaboration served to harmonize efforts and involved more direct coordination with host governments, and thus is in line with the Paris Declaration. He highlighted that the partnership with METAC which started in the middle of 2011 has been very successful and should continue. He praised METAC team and the competence of its staff and indicated that based on that experience, USAID seeks not only to continue but also to establish a longer-term relationship with METAC, serving as a model for other donors in the region and worldwide.

Mr. Jacques De Lajugie, Head of the Economic Mission for the Middle East at the French Embassy in Lebanon, indicated that France has actively supported METAC and will continue to do so. France values the work that METAC has been performing over the last period. Referring to the huge underfunding status of METAC and the expected deficit at the end of the current phase in FY15, Mr. De Lajugie indicated that he will make efforts with some donors to close the expected financing gap.



Mr. Simon Bojsen-Moller, from the EU Delegation in Lebanon, indicated that the EU, as a donor, has been monitoring METAC's activities. While the outcome has been very positive, some comments for potential further improvement were outlined in these assessment reports. He indicated that the public needs to better understand what METAC is doing to improve the countries' economic and financial situation. This is not a challenge only to METAC but to all donor-based activities and events in the region.

Steering Committee Meeting, Beirut, Lebanon  
May 2012

Mr. Pedro de Lima, Head of the Country and Financial Analysis Division at the EIB, congratulated METAC for another year of great achievements and for the flexibility and resilience demonstrated during the Arab Spring. He also expressed satisfaction on the use of EIB funds in the area of banking supervision. He found that it would be very unfortunate if METAC had to scale down its activities.

Most member countries representatives praised the work that was carried out by METAC and expressed their satisfaction with the quality of TA provided.

At the end, METAC resident advisors presented a summary of their work in FY12 and highlighted successes and challenges in conducting their work.



From left to right: Mr. Chami, Ms. Shafik and Mr. Safadi

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

### **INTRODUCTION**

Sudan has been one of the largest users of METAC's resources given its tremendous technical assistance (TA) needs and the absence of other TA providers. The response of the authorities to the TA provided by METAC has been mixed, due in part to the lack of human and institutional capacity in Sudan. With the separation of South Sudan last year, the economic situation has become more difficult given the loss of a major source of revenue coming basically from oil, and the need for capacity building is likely to increase substantially.

It is expected that Sudan will continue to rely heavily on METAC to build up on the progress made. The pace of METAC's delivery of TA will depend also on the authorities' commitment to reforms and their implementation of capacity building measures. In the context of the results-based management (RBM) framework, this will be monitored through the implementation of milestones as specified in the fiscal year (FY) 13 work plan.

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

#### **Banking Supervision**

Since its inception, most activities provided by METAC to Sudan in banking supervision focused on training of supervisors in addition to the development of the credit registry operations.

The training provided to the Central Bank of Sudan (CBOS) supervisors covered a broad range of topics, including the following: accounting for banks in accordance with International Financial Reporting Standards (IFRS); banking operations and Basel Committee recommendations and principles; banks' risk assessment and management; Islamic banking operations and supervision; and risk-focused supervision and offsite supervision.

METAC also assisted the CBOS in upgrading its credit registry function through expanding the demographic and financial database on borrowers and installing a new software for the credit registry. Although some challenges remain for the credit registry to become fully operational, substantial progress has been achieved. Once completed, the credit registry will serve as a risk monitoring tool for risk-based supervision, and will assist the banks and financial institutions in their credit adjudication process.

Over the next few years, METAC aims to assist the CBOS in further enhancing its supervisory and regulatory framework to align it further with the latest standards issued by the Islamic Financial Services Board (IFSB) and the best practices in Islamic banking supervision. This will involve substantial TA in developing some regulations, in particular on

liquidity risk measurement and management and techniques for conducting stress tests. The assistance will also involve developing a new onsite supervision approach and manuals that encompass the latest and best practices on Islamic banking supervision. This would require a strong ownership by the CBOS of these new projects and a rigorous commitment by the Banking Supervision Department (BSD) to effectively implement these new reforms.

In addition, METAC will continue the assistance that has been provided to the CBOS to develop and expand the operations of the credit registry. METAC's plan is to help the CBOS overcome some difficulties and challenges faced during the process, particularly in relation to data quality and availability issues. This will strengthen the credit culture and risk assessment at banks in Sudan and will lead to a more risk-oriented approach in managing credit risk. The completion and full operation of the new credit agency will be considered as an important achievement that will benefit both commercial banks as well as the CBOS.

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

Work began in these areas in 2010 when a METAC mission, in close collaboration with the Ministry of Finance and National Economy (MOFNE) and the CBOS, assessed TA needs in the areas of public debt management and money market development and the coordination between debt management and monetary policy.

This was followed by other missions where METAC reviewed the organizational structure of the debt management department and prepared in cooperation with the staff a new organizational structure with main functions and responsibilities of a debt management office according to international standards and provided hands-on training to the staff in this regard. In collaboration with the MOFNE, METAC conducted three workshops on (i) debt management; (ii) institutional arrangements; and (iii) debt management strategy.

In the area of money market development, and with the aim to meet the authorities' request to develop an interbank market which will facilitate the implementation of the monetary policy, METAC reviewed the current situation at CBOS, its standing facility, its role as lender of last resort, reviewed the procedures to auction certificates and open market operations taking into consideration the fully fledged Islamic nature of the banking system. In addition, the mission met with other market participants, such as government, private and foreign banks, the Khartoum Stock Exchange (KSE) and the Sudan Financial Services Company (SFSC).

Going forward, METAC's plan is to continue to provide TA to strengthen debt management including capacity building and hands-on training, in particular (i) improvement in legal and risk management framework consistent with the Medium-Term Debt Management Strategy (MTDS) framework for debt management, (ii) reorganization of the debt management office according to international standards, (iii) development of primary and secondary markets for government securities, and (iv) strengthening coordination between debt management, fiscal, monetary and cash management.



In the area of money market development, METAC plans to support the authorities' efforts in (i) developing the interbank market, (ii) developing an auction system for the issuance of money market instruments to manage liquidity, (iii) improving the liquidity forecasting, and (iv) improving and strengthening Open Market Operations (OMO).

### **Macroeconomic Statistics**

Since its inception, METAC has provided TA in statistics to Sudan in the areas of National Accounts (NA), Price Statistics, and External Sector Statistics (balance of payments, international investment position (IIP) and external debt statistics (EXD)).

The authorities have always welcomed TA provided by METAC but implementation has been rather slow owing to lack of resources, in particular at the Central Bureau of Statistics (CBS), and to the difficulties in collecting source data, mainly from the southern part of the country, before the split in July 2011. The CBOS has made good efforts to improve balance of payments statistics and to compile an IIP statement.

The TA provided in balance of payments and IIP statistics, including international reserves, has resulted in the improvement in the quality of data (better coverage, classification, and timeliness). The international transactions reporting system (ITRS) has been updated, with a more detailed and accurate reporting form. EXD statistics are now compiled in accordance with international standards. The staffing of the Balance of Payments Statistics Division is adequate, which reflects the importance that the CBOS attaches to the compilation of external statistics.

Going forward, METAC TA seems necessary on an ongoing basis to build up on progress made and consolidate any advances. In particular, the adaptation of the compilation system to the new context created by the split of the country needs to be closely monitored. In addition, the effective implementation of a foreign direct investment (FDI) survey remains critical, even under the new circumstances, as the oil companies have so far remained essentially headquartered in Sudan and have become both direct investment enterprises and direct investors in South Sudan; this situation needs to be recognized both in balance of payments and in IIP statistics. The recording of foreign aid and estimations of informal trade transactions are also major areas where TA will be needed. METAC will assist the CBOS in bringing the dissemination of external statistics in full compliance with international standards.

### **Public Financial Management**

During the past few years, Sudan received a significant program of TA activities by the IMF Fiscal Affairs Department (FAD) and METAC, mainly on budget classification, cash management, treasury single account (TSA), and budget preparation process. Progress in implementation of reforms recommended by previous FAD missions is mixed mainly due to a difficult and complex economic and political situation.



There has been good progress in implementing a Government Resource Planning (GRP) system, a standard Integrated Financial Management Information System (IFMIS) software. The system is now installed in the MOFNE and Chamber of Accounts and before the end of the year 2012, ten spending units will be linked with the system. Ultimately, all federal units will be incorporated in the system and in a following phase also the States will be incorporated. The infrastructure is already well catered for. A federal optic fiber network covering most spending units is already in place and is rolled out further. The system will support a decentralized budget execution process where the line ministries will continue to conduct the payments. The system is not yet configured to meet the requirements of a TSA.

Some progress has been made in implementing a TSA: in February 2011, the President of Sudan issued an order that all government bank accounts in principle should be in the CBOS. As a result, commercial bank accounts have been closed. After closure of 58 dormant bank accounts in CBOS, the federal government now has access to 269 bank accounts in the CBOS used for payment processing by the line ministries. The CBOS submits lists of these bank accounts as well as MOFNE bank accounts with the balances on a daily basis to the Chamber of Accounts.

Going forward, METAC plans to continue to provide TA to further strengthen the capacity of the MOFNE to: (1) strengthen the current preparation process and enhance budget credibility; and (2) enforce the TSA and improve cash management processes and procedures.

The following outcomes are expected to be achieved:

- A Medium-Term Fiscal Forecasting Framework (MTFF) is developed and is used on a rolling basis for budget preparation.
- Central government's banking arrangements are consolidated into a TSA. This should make it possible to reduce the cash balances and therefore the borrowings also and /or provide financial benefits on the cash balances.
- The production of an updated and realistic cash plan to be used for informed decisions on budget fund releases in the GRP.

### **Revenue Administration**

Sudan has engaged in an exhaustive tax reform program since 2006. Following FAD and METAC recommendations, Sudan has developed a tax administration modernization strategy focusing on four key components: (1) establishing a function-based headquarters (HQ) structure and restructuring the network of tax offices for corporate businesses (with separate offices for large, medium-sized, and small taxpayers); (2) integrating administration of value-added tax (VAT) and income tax for large and medium-size taxpayers above the VAT registration threshold; (3) introducing self-assessment methods for these taxpayers; and (4) simplifying the small business taxation system.

Since early 2007, METAC has strongly supported the launching of these reforms and has been the major TA provider to the tax authorities. Good progress has been reported in key areas including:

- Adoption and on-going implementation of a function-based HQ structure;
- Establishment of large, medium-sized and small taxpayers' offices in Khartoum;
- Implementation of self-assessment;
- Increase of the VAT registration threshold;
- Development of an information technology (IT) strategy evolving around the acquisition of a modern Integrated Tax Administration System (ITAS) and the development of an interim IT solution to be used in the transitional period;
- Streamlining and automation of key front-office processes within the interim IT solution.

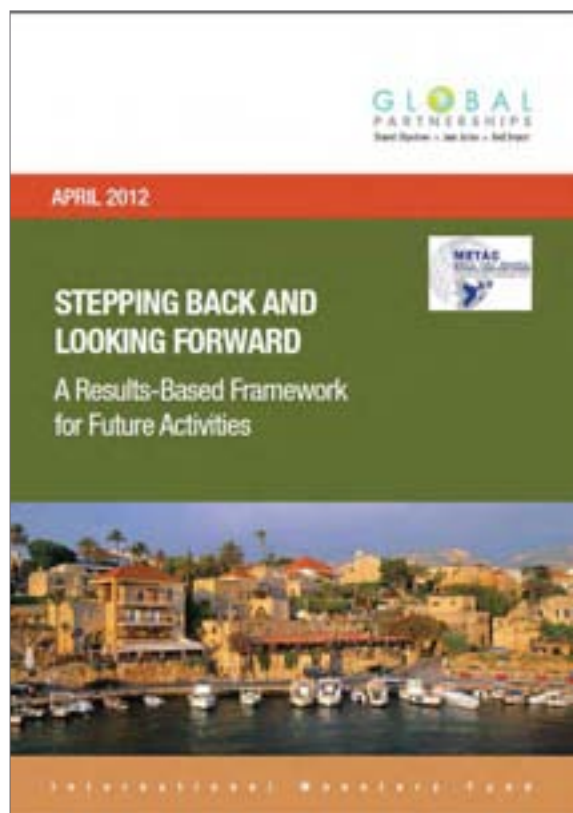
While the Taxation Chamber (TC) in Sudan was able to improve a number of components in tax administration, the reform process is being challenged by persisting weaknesses in taxpayer registration, business processes and procedures, compliance management, and use of IT to support operations. The August 2011 FAD mission reiterated the problematic context of tax reform implementation and recommended a set of urgent TA, to be delivered primarily by METAC. It also raised concerns in respect of the apparent slow-down in the pace of reform.

Going forward, METAC will continue to strongly support the modernization plans of the TC towards improving revenue performance. TA will focus on key components in tax reform that should strengthen operations' delivery and increase compliance rates. Priority in TA delivery will be directed to the following areas: (1) firming-up the taxpayer register; (2) improving risk-based compliance management; (3) streamlining business processes; (4) automating operations and implementing an efficient integrated tax administration system; (5) strengthening the large and medium-size taxpayers' offices (LTO and MTOs) – for both income tax and VAT; and (6) embedding tax administration performance management information in the day-to-day running of the TC.

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

## **RESULTS-BASED MANAGEMENT (RBM) FRAMEWORK**

## SECTION V: RESULTS-BASED MANAGEMENT (RBM) FRAMEWORK



In line with the Fund's decision to adopt an RBM for TA, METAC prepared an overall strategic regional log frame for FY13-15, a regional log frame for each TA area, and an annual work plan for FY13. This framework is presented in Annex II and has been communicated to country authorities and donors and will be discussed and endorsed by the SC.

The overall regional log frame consists of a strategic regional objective, regional program objectives of each functional area, and general assumptions and risks. The strategic objective of the METAC is to improve institutional and human capacity for effective macroeconomic policy. The regional strategic and program objectives are set for FY15, which coincides with the end of Phase III but it will be updated regularly to reflect the changing macroeconomic and political situation in the region.

To move toward realizing the strategic objective of METAC, the program will focus on five areas with specific objectives. The areas covered are: (i) banking supervision; (ii) debt management and money markets development; (iii) PFM; (iv) revenue administration; and (v) macroeconomic statistics. (Fig. 1)

### METAC Regional Strategic Objective

**Improve institutional and human capacity for effective macroeconomic policy that aims to achieve a higher and sustainable growth in the region and respond to the needs of the population while preserving macroeconomic stability**



### **Regional Program Objectives**

<b>Banking Supervision</b>	<b>Debt Management</b>	<b>Public Financial Management</b>	<b>Revenue Administration</b>	<b>Statistics</b>
Achieving a more risk-oriented banking supervisory and a regulatory framework that enhances financial stability	Improving debt management and developing money markets for efficient financing of governments' needs and for better conduct of monetary policy and coordination with debt management	Establishing an integrated PFM framework that effectively links policies to public resource allocation and improves transparency in, and accountability for, managing public finances	Upgrading revenue administration to bring it closer to best international standards to improve revenue performance	Bringing member countries closer to compliance with international standards for the compilation of external statistics, NA, and price statistics

For each topic area, we specify a set of outcomes and for each outcome a few verifiable indicators along with the inputs and outputs that will be required to reach the outcomes. Given METAC's experience on the ground, we attempted to specify which countries will realize which indicators and outcomes. While this is subject to a large degree of uncertainty, it gives some indication of the results that are expected to be achieved as a result of METAC TA to those countries. Defining specific outcomes for specific countries and measuring their achievement on the basis of clear verifiable indicators will allow us to measure better the performance of TA and improve accountability and reporting.

In addition to the regional and topic log frames, annual work plans describe the activities for each country for a given year and link these activities to the medium-term outcomes. The

annual work plan specifies in details the inputs required in terms of missions and the time spent on each activity whether by resident advisors or short-term experts. More importantly, the annual work plans set milestones for each project or activity which would give an indication on progress throughout a project and provide signals as to when certain actions should be taken.

As shown in the topical log frames, the engagement of METAC in member countries and the degree to which verifiable indicators are expected to be achieved vary according to needs and the ability of each country to implement reforms. TA needs in countries that have experienced uprisings and in fragile states will be substantial once the security and political situation stabilizes. TA in these countries will be directed mainly to building institutions capable of conducting macroeconomic policy to achieve sustained growth while protecting social sectors and reducing poverty.



Mukalla City, Yemen

Regional workshops will continue to provide hands-on training and a platform for sharing knowledge and exchanging experiences. Training will be focused on those areas identified in need of improvement in TA reports, to exploit the synergies between TA and training and to respond to country priorities. In this context, METAC will continue to enhance its partnership with donors and other TA providers to increase the efficiency of its capacity-building activities.

Reaching the objectives of the Center rests on some assumptions and is subject to a high degree of risks in view of the fundamental transformation that is taking place in the region. For METAC to reach its strategic objectives it is assumed that political and security stability is restored in the region and that there is sufficient buy-in from the country authorities for the assistance provided by the Center. At the same time, METAC will need to have the required resources to carry out its mandate, otherwise activities would need to be curtailed and the expected increase in demand for TA from countries in the post conflict era will not be satisfied.



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

## **OVERVIEW OF THE FY 2013 WORK PLAN**

## SECTION VI: OVERVIEW OF THE FY 2013 WORK PLAN

### A. Banking Supervision



Ramallah, West Bank

The FY13 work plan was prepared in line with the RBM approach. This means linking clearly the results to be achieved to METAC's input. The activities in the work plan respond to the authorities' needs and address any weaknesses in the supervisory frameworks. The activities in FY13 focus mainly on making progress towards achieving the following four outcomes:

#### **Enhancement of risk-based supervisory frameworks in both onsite and offsite functions**

- Reviewing the onsite supervision approach in **Sudan** and **West Bank and Gaza** and developing a risk-focused inspection manual to replace the compliance-based system.
- Helping the **Lebanese** authorities develop a new manual for the supervision of non-bank financial institutions.
- Enhancing the risk-focused features of offsite supervision in **West Bank and Gaza** and in **Jordan**, and continue the establishment of a statistical-based EWS in **Jordan**.
- Assessing the enforcement framework in **Afghanistan** and **Sudan** and enhancing it in line with best practices.
- Helping in upgrading the supervisory reporting framework in **Yemen**.
- Providing recommendations to **Lebanon** and **Jordan** to enhance their stress testing techniques and methodologies.

#### **Further alignment of the regulatory framework with Basel principles and standards**

## Sudan

### Did you know?

*The Meroe Pyramids: When one thinks of pyramids, one thinks of Egypt. But a few of Egypt's neighbors have been influenced. One such place is a city named Meroe in Sudan. The Pyramids are smaller than their Egyptian cousins but equally impressive due to their number. They're angled more steeply than the Egyptian pyramids.*



- Helping **Jordan** in establishing and implementing a roadmap for Basel III application.

- Assisting in developing prudential regulations in **Afghanistan, Yemen, Libya and Sudan**.

- Assisting in developing new regulations and reports for Islamic banking products in **Libya** and **Afghanistan**.

### Enhancement of the function of public credit registries and PCBs in line with international best practices

- Continuing the assistance to **Sudan** in expanding the credit registry function.

- Helping the **CBJ** in establishing a framework for the licensing and supervision of PCBs.

### Development of the skills and building the capacity of supervisors in the region on the latest practices and standards

- Workshops on stress testing and early warning indicators in **Lebanon** and **Jordan**.

- Workshops on IFRS and Islamic banking for **Libya** and **Iraq**.

- Seminar on financial consumer protection for **Lebanon, West Bank and Gaza, Jordan, and Egypt**.

- Workshops on liquidity risk management in **Lebanon** and **Sudan**.

- Regional workshops on Basel III and on Islamic banking.

### B. Debt Management and Money Markets Development

The work plan for FY13 has been developed to respond to METAC countries' needs for debt management and money

markets development and to follow up on the work done in FY12.

The main objectives of the work plan for FY13 for Debt Management are to develop:

- Primary and/or secondary markets for government securities: **Jordan, West Bank and Gaza, and Yemen.**
- Legal and regulatory framework: **Afghanistan.**
- Risk management framework: **Jordan, Sudan, and Yemen.**
- New organizational structure of debt management offices: **Sudan, West Bank and Gaza, and Yemen.**

The main objectives for Money Market Development work plan for FY13 are to develop:

- Money market and implement auction systems for managing liquidity: **Libya, Sudan, and Yemen.**
- Interbank Markets: **Libya, Sudan, Syria, and Yemen.**

In FY13, METAC plans to organize two regional workshops on “Islamic Sukuk” and “Developing the Government Securities Markets”.

### C. Macroeconomic Statistics

Consistent with the newly implemented RBM framework, the work program in statistics, in line with the IMF Statistics Department (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 FY13 will continue focusing on improving the quality of the external sector statistics, price statistics, and support the work on NA. In particular, METAC will assist:



Abou Simbel Temple in upper Egypt

- **Egypt, Lebanon, and Sudan** in completing the FDI surveys.
- **Lebanon and Libya** in completing the IIP, and **Afghanistan** in initiating the compilation of an IIP.
- **Lebanon, Sudan, Syria, and Yemen** in improving the overall balance of payments and/or IIP,
- **Libya, Jordan, and Yemen** in improving their CPI, and **Yemen** in compiling producer price index (PPI) statistics.
- **Jordan, Syria, West Bank, and Yemen** in improving their NA (annual and/or quarterly, as relevant).



Temple of Jupiter in Baalbek, Lebanon

METAC will organize two regional workshops on: (1) asymmetries in remittances data, as follow-up to the November 2011, if participation of GCC countries can be secured; and (2) the general economy of an International Transactions Reporting System (ITRS).

#### **D. Public Financial Management**

The FY13 work plan remains in line with the core objectives of the Program Document. In some countries, however, the work plan may have to be adjusted to respond to emerging needs particularly in light of the latest events in some METAC countries.

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

METAC will continue to participate in FAD diagnostic missions to **Afghanistan** and will adjust its work program on the basis of the mission's findings.

METAC's work plan for FY13 will focus on the following activities:

## Syria

### Did you know?

*Described by TE Lawrence as the „finest castle in the world“, “Krak des Chevaliers”, east of Tartus is perhaps the best preserved example of a Crusader fortress in existence today might be 800 years old but, stands tight and taut against the ravages of time. Inside, it’s a minitown, complete with a chapel, baths, and a great hall.*



- Legal and regulatory framework: METAC will support modernization of the Budget System Law in **Lebanon** and **Jordan**.

- Medium-Term Fiscal Framework (MTFF): METAC will assist **Libya** and **Sudan** to develop and implement an MTFF, and will contribute to building the capacity of the staff of the newly established macro-fiscal unit in **Lebanon**.

- Budget Classification and Chart of Account (COA): METAC will provide assistance to **Iraq**, **Libya**, **Sudan** and **Yemen** in reviewing the budget classification and the COA in line with the Government Financial Management Information System (GFSM) 2001 and the Classification of the Functions of Government (COFOG) standards.

- Cash Management and TSA: METAC will (i) follow up on the implementation of the TSA and an effective cash management system in **Libya**, **Sudan**, and **Yemen**; (ii) build cash management unit (CMU) capacity to develop accurate in-year cash plans with what-if scenario analysis in **Egypt**; (iii) and assist **West Bank and Gaza** in their efforts to include all donors’ accounts in the TSA.

- Commitment, cash and expenditure management: METAC will (i) provide assistance in these areas to **Afghanistan**; (ii) follow up on the development of the expenditure review functions and capacities in **Jordan**; and (iii) assist **West Bank and Gaza** in linking commitments to cash availability and consequently avoid the build-up of arrears.

- 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 International Public Sector Accounting Standards (IPSAS) cash accounting in cooperation with other TA providers (EU, USAID and the WB), and the other on Medium-Term Budgeting Framework (MTBF).

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

### **E. Revenue Administration**



Temple of Hercules in Jordan

Revenue mobilization through improved tax and customs compliance remains a priority in most METAC countries. During FY13, METAC will continue to support the modernization plans of its member administrations towards improving revenue performance. TA will focus on key components in revenue reform that should strengthen operations' delivery and increase compliance rates. Relevant TA will be provided through a combination of onsite missions in members' administrations, and workshops – both regional and country-specific. TA activities will be delivered by the resident revenue administration advisor as well as regional and international Fund experts. This will result in a total of 60.5 person weeks, of which 42 are planned to be delivered by the revenue administration advisor and 18.5 by the short-term experts.

The proposed work plan for FY13 is designed to respond to priority needs of METAC revenue administrations, as requested by the authorities and identified by METAC and FAD follow-up and TA missions. It is therefore aligned with FAD's strategies for member countries and the Regional Strategy Note (RSN) prepared by the area department. Distribution of TA activities across METAC countries has been driven by the pressing needs in key components of revenue

## West Bank and Gaza

### Did you know?

*It is argued that Jericho is the oldest continuously inhabited city in the world; it has been home to human beings for 10,000 years.*

*During the Roman rule, Mark Anthony gave the city as a present to his beloved Cleopatra. After her suicide, it reverted to Augustus Caesar, who himself gave it to Herod. With the development of irrigated agriculture Jericho earned the name "City of Palms."*



reforms and also by the security conditions in some countries that may constrain delivery of onsite visits.

### Technical Assistance

The proposed work plan reflects the RBM framework for TA that the Fund decided to adopt starting FY13. It is aligned with the METAC's revenue administration log frame that sets clear objectives, outcomes, verifiable indicators, and risks and assumptions. This RBM approach should ensure better delivery and monitoring of TA by linking activities to results.

The FY13 proposed work plan covers the following activities:

- Supporting preparations to introduce VAT in **Afghanistan**.
- Strengthening compliance management and risk-based audit in **Jordan, Lebanon, and Sudan**.
- Supporting collection enforcement and arrears management in **Jordan**.
- Developing a tax procedures code (TCP) in **Egypt and Sudan**.
- Supporting the establishment of an integrated tax administration in **Lebanon**.
- Strengthening the central taxpayer database and streamlining processes in **Sudan and Yemen**;
- Supporting customs administration in **Egypt and Lebanon**.
- Supporting tax reforms in **Libya and Syria**.

In line with METAC's strategy to strengthen regional networking and knowledge exchange, two regional workshops are planned in FY13: one on VAT; and the other on risk management of large and medium-sized taxpayers.

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**S**<sub>ECTION</sub> **VII.**  
**BUDGET AND FINANCING**

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## SECTION VII: 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 donor 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 Steering Committee (SC) adopted the Program Document and the proposed budget for METAC Phase III.



Ouem El Ma Lake in Libya

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 European Commission (EC) and the European Investment Bank (EIB) under a separate 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 FY12

Given the uncertainty of full funding for METAC Phase III, the budget for the funding cycle was revised down in line with available resources in 2011. The FY2012 budget was originally \$3.2 million as presented during the 2011 SC meeting, but later adjusted to \$2.8 million (Table 1) to take into account reduced demand and financing challenges arising from civil unrest throughout the region. To stay within the resource envelope, several cost saving initiatives begun in FY 2011 were

## Yemen

### Did you know?

*The old fortified city of Sanaa has been inhabited for more than 2,500 years and contains many intact architectural gems. It was declared a World Heritage Site by the United Nations in 1986. Many of the houses resemble ancient skyscrapers, reaching several stories high and topped with flat roofs. They are decorated with elaborate friezes and intricately carved frames and stained-glass windows.*



continued in FY 2012. For instance, METAC collaborated on sponsoring workshops with other agencies operating in the region, such as the US Agency for International Development (USAID), as well as with member countries; used fewer short-term experts with resident advisors filling in where possible; hired more local short-term experts; and scheduled back-to-back missions. The FY 2012 budget outturn was \$2.4 million.

### Contribution Roster – Phase III

The total funding pledged for Phase III was about \$15 million (Table 2). The composition of the pledges reflected strong regional ownership, with METAC countries contributing about 63% 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, Kuwait, Oman, Egypt, Jordan, Lebanon, and Libya, which, in spite of recent events also managed to meet its obligations. As reported last year, the European Investment Bank (EIB) under a separate agreement has agreed to extend use of its resources through April 30, 2013, to support METAC as a flexible vehicle to respond to emerging TA needs for stabilizing monetary and capital market operations in the region.

### The FY13 Budget

The FY 2013 budget for TA to member countries is scheduled to be \$2.97 million (Table 3). Given METAC's limited resources and the expectation that TA needs will intensify, the FY 2013 work plan aims to optimize resource use. METAC will continue to take cost-cutting measures and use its resources prudently while responding to evolving TA needs.

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 2011– FY 2015			FY 2012			
	BUDGET	EXPENSES	REMAINING	BUDGET	EXPENSES		REMAINING
				In May 2011	REV. Jan. 2012	Actual As of April 30, 2012	
Long-term experts	6.75	2.26	4.49	1.46	1.35	1.35	0.00
Short-term experts	3.76	1.55	2.21	0.48	0.79	0.48	0.31
Travel	0.72	0.33	0.39	0.24	0.09	0.15	(0.06)
Seminars	1.06	0.23	0.83	0.34	0.15	0.11	0.04
Staff TA delivery	0.03	0.03	0	0.07	0.007	0.00	0.007
Miscellaneous	0.08	0.02	0.06	0.01	0.02	0.004	0.02
Backstopping	1	0.24	0.76	0.2	0.15	0.10	0.05
Project management	0.46	0.17	0.29	0.14	0.045	0.05	0.00
<b>Total TA Delivery</b>	<b>13.85</b>	<b>4.83</b>	<b>9.03</b>	<b>2.94</b>	<b>2.61</b>	<b>2.24</b>	<b>0.36</b>
Evaluation	0.3	-	0.3	-	-		-
Trust fund management							
-7%	0.99	0.34	0.65	0.21	0.18	0.16	0.02
<b>GRAND TOTAL</b>	<b>15.14</b>	<b>5.17</b>	<b>9.98</b>	<b>3.15</b>	<b>2.79</b>	<b>2.40</b>	<b>0.39</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**

	<b>Pledge (US\$ dollars)</b>	<b>LOU Status</b>	<b>Contributor Currency</b>	<b>Pledge (Contributor Currency)</b>	<b>Contributions Received (US\$)</b>	<b>Balance (US\$)</b>
<b>Phase III - Signed Agreements:</b>						
<b>(A) Under Multi-Donor SFA</b>						
<b>European Commission</b>	1,855,500	12/29/2009	Euros	1,500,000	1,647,000	208,500
<b>Libya</b>	1,500,000	05/24/2010	U.S. dollars	1,500,000	600,000	900,000
<b>Syria</b>	500,000	08/27/2010	U.S. dollars	500,000	100,000	400,000
<b>Kuwait</b>	250,000	10/27/2010	U.S. dollars	250,000	250,000	-
<b>Egypt</b>	1,000,000	12/01/2010	U.S. dollars	1,000,000	400,000	600,000
<b>Jordan</b>	500,000	12/09/2010	U.S. dollars	500,000	100,000	400,000
<b>Sudan</b>	500,000	12/01/2010	U.S. dollars	500,000	-	500,000
<b>Lebanon<sup>1</sup></b>	5,000,000	01/31/2011	U.S. dollars	5,000,000	2,000,000	3,000,000
<b>France</b>	2,499,336	03/15/2011	Euros	1,800,000	998,136	1,501,200
<b>Oman</b>	500,000	08/9/2011	U.S. dollars	500,000	500,000	-
<b>Subtotal</b>	<b>14,104,836</b>				<b>6,595,136</b>	<b>7,509,700</b>
<b>(B) Under FAA</b>						
<b>European Investment Bank</b>	578,552	04/03/2008	U.S. dollars	578,552	\$578,552	
<b>Subtotal</b>	<b>14,683,388</b>				<b>7,173,688</b>	
<b>Phase III-Pledges - Pending</b>						
<b>Syria 2</b>	250,000	Sent 4/14/2011	U.S. dollars	250,000		250,000
<b>Yemen</b>	500,000	Sent 12/2010	U.S. dollars	500,000	-	500,000
<b>Subtotal</b>	<b>750,000</b>			<b>750,000</b>		<b>750,000</b>
<b>GRAND TOTAL</b>	<b>\$ 15,433,388</b>				<b>7,173,688</b>	<b>8,259,700</b>

<sup>1</sup>Lebanon contributes an additional \$1.5 million for hosting the center, and has disbursed \$0.6 million thereof as of April 2012.

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

**Table 3. FY 2013 Budget May 2012 – April 2013**

*(US\$ millions)*

DESCRIPTION	FY 2013 BUDGET
Long-term experts	1.44
Short-term experts	0.60
Travel	0.14
Seminars	0.25
Miscellaneous	0.02
Backstopping	0.23
Project management	0.10
<b>Total TA Delivery</b>	<b>2.78</b>
Trust fund management fee (7%)	0.19
<b>GRAND TOTAL</b>	<b>2.97</b>

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# ANNEXES

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## **ANNEX I: EXISTING REGIONAL TECHNICAL ASSISTANCE CENTERS (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 European Union, 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 European Union, the IMF, the United Kingdom, the host country Barbados, and beneficiary countries. Discussions with several other donors are ongoing.

**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 and the Democratic Republic of the Congo. 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 European Investment Bank, the European Commission, 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 (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, the European Commission, France, 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 technical assistance 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 European Commission, 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 FY 2013-2015

## 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 align it further with international standards and best practices.

2. Improve debt management to ensure that governments' financing needs are met at the lowest possible cost over the medium to long term; and develop further money markets to enhance the conduct of monetary policy and enhance its coordination with debt management.

3. 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.

4. 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.

5. Bring member countries closer to compliance with international standards for the compilation of external statistics, national accounts, 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 FY 2015	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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	1.2 Early Warning System Models are developed and effective risk assessment is being prepared using offsite supervisory tools and prudential reports.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	1.3 New Onsite and Offsite manuals are adopted for supervision of Islamic banking activities.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Further alignment of the regulatory framework with Basel principles and standards, in particular Basel II and III frameworks.	2.1 New regulations are issued in line with Basel core principles.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	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.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	2.3 New supervisory regulations and guidelines are issued for Islamic banking activities.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Enhancement of the function of public credit registries and PCBs to be in line with international best practices.	3.1 The public credit registries will be fully operational with expanded financial and demographic database along with an effective software and comprehensive reporting.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	3.2. A framework for licensing and supervising PCBs is developed and effectively applied.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	3.3. Increased access to credit and reduction in the level of payment delinquencies and default rates.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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.	4.1 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.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
	4.2 Weak and problem banks are identified early and dealt with through prompt corrective action plans that are rigorously followed up.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Inputs</b>	<b>Assumptions/Risks</b>										
Resident Advisor in Banking Supervision	<ol style="list-style-type: none"> <li>Political stability and security conditions allow the delivery of METAC TA and the implementation of needed reforms.</li> <li>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.</li> <li>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.</li> <li>Sufficient Financing for METAC is mobilized</li> </ol>										
Short-term experts											
Collaboration / Participation in HQ missions.											
<b>Outputs</b>											
Draft laws, regulations, reports and manuals. Workshops, seminars and on-the-job training.											



### 3. Macroeconomic Statistics

Outcomes	Indicators for end-FY 2015	AFG	Egypt	Iraq	Jordan	Lebanon	Libya	Sudan	Syria	WBG	Yemen
1. Better compliance with international standards for the compilation of external statistics (balance of payments, international investment position, reserves data template, and external debt statistics)	1.1. Timely reporting of BOP data for IMF publications.										
	1.2. Timely reporting of IIP data for IMF publications.										
	1.3. BPM6 methodology implemented.										
	1.4. Reporting of the Reserves Data Template.										
	1.5. Participation in the Quarterly External Debt Statistics database.										
2. Increased participation in Coordinated Direct Investment Survey (CDIS) and Coordinated Portfolio Investment Survey (CPIS) to enhance regional data on financial interconnectedness	2.1. Participation in the CDIS										
	2.2. Participation in the CPIS										
3. Better compliance with international standards for the compilation of annual, and for some countries, quarterly national accounts	3.1. Timely reporting of annual national accounts for IMF publications										
	3.2. Timely reporting of quarterly national accounts for IMF publications										
4. Better compliance with international standards for the compilation of monthly price statistics	4.1. Updated CPI										
	4.2. Developed/updated PPI										
Inputs	Assumptions/Risks										
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>										
Outputs											
TA reports Hands-on training Country workshops Regional workshops and seminars											



## 5. Revenue Administration

Outcomes	Indicators for end-FY 2015	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 (LTO)										
2. Streamlined and automated operations	2.1 Enhanced registration system with unique Tax Identification Number (TIN)										
	2.2 Effective computerized ITAS										
	2.3 Streamlined filing and payment procedures										
3. Strengthened self-assessment and risk-based compliance	3.1 Move from administrative to self-assessment systems										
	3.2 Increased compliance rates										
	3.3 Increased collection rates										
4. Enhanced tax systems	4.1 Introduction of VAT										
	4.2 Enactment of a tax procedures code (TPC)										
	4.3 Simplified regime for small taxpayers										
5. More effective customs administration	5.1 Reduced pre-clearance										
	5.2 Increased risk-based post-clearance										
Inputs	Assumptions/Risks										
Resident advisor in revenue administration Short-term experts HQ-based diagnostic missions	<ol style="list-style-type: none"> <li>Sufficient ownership of reforms by the country authorities</li> <li>Sufficient funding by METAC for 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> <li>Sufficient funding by the country authorities and other donors for needed resources</li> </ol>										
Outputs											
TA reports Draft laws, regulations, manuals Hands-on training Country workshops Regional workshops and seminars											



### **ANNEX III: WORK PLAN FOR FY 2013**

TA Area	Medium-Term Outcome	Milestone(s) for FY 13	Activity in FY 13	Output(s)	Tentative Date	Inputs			
						METAC Funded			
						RA (Beirut)	RA (Mission)	ST Expert	Total
Regional Activities									
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	Training BTO	Jul.12	0.5	0.5	0.5	1.5
			Islamic Banking	Training BTO	Nov.12	0.5	0.5	0.5	1.5
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	Capacity Building	Jun.12	1	0.5	1	2.5
	Facilitate a broad sharing of experiences and transfer of knowledge across the region		Developing the Government securities markets	Capacity Building	Jan.13	1	0.5	1	2.5
Public Financial Management	Consistency with international good practices and standards: IPSAS cash accounting		Workshop on IPSAS cash accounting		Sep.12	1	0.5	0.5	2
	Consistency with international good practices and standards: medium-term budget framework: MTBF		Workshop on MTBF		Feb.13	1	0.5	0.5	2
Revenue Administration	Enhanced tax systems		Workshop on VAT	Regional Workshop	Sep.12	2	0.5	1	3.5
	Strengthened self-assessment and risk-based compliance Management		Workshop on Risk Management of large and medium-sized taxpayers	Regional Workshop	Feb.13	2	0.5	1	3.5
Statistics	Improved remittances data through regional cooperation		Regional workshop on asymmetries in bilateral data on remittances.	Network for exchange of bilateral data.	Nov.12	1	0.5	0	1.5
	Improved balance of payments data through a better understanding and operation of international transactions reporting systems in METAC countries		Regional workshop on the operation of an ITRS.	Training on the general economy and practical operation of an ITRS.	Feb.13	1	0.5	0.5	2
Regional Activities Total						11	5	6.5	22.5
TA Area	Medium-Term Outcome	Milestone(s) for FY 13	Activity in FY 13	Output(s)	Tentative	Inputs			

					Date	METAC Funded			
						RA (Beirut)	RA (Mission)	ST Expert	Total
Afghanistan									
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	Revised draft Enforcement Manual BTO	Jun.12	1	1	0	2
			Review of offsite function	Technical Report Draft Offsite Report(s) BTO	Oct.12	1	1	0	2
	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	Draft Liquidity Regulations BTO	Jan.13	1	1	0	2
Debt Management and Money Market Development	Improvement in legal framework and risk management consistent with the 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	Sukuk Law is prepared	Nov.12	1	1	0	2
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	Training MOF staff on how to prepare and update financial plans	Oct.12	1	0.5	1.5	3

TA Area	Medium-Term Outcome	Milestone(s) for FY 13	Activity in FY 13	Output(s)	Tentative Date	Inputs			
						METAC Funded			
						RA (Beirut)	RA (Mission)	ST Expert	Total
	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	Build CMU capacity to develop accurate in-year cash plans with what-if scenario analysis	Mar.13	1	0.5	1.5	3
Revenue Administration	Enhanced tax systems	Fine-tuning of VAT implementation strategy	Support VAT preparations	Country workshop	Nov.12	1	1	0	2
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-FY13</li> <li>• Available elements of an IIP have been collected and put together (end of FY13)</li> </ul>	Improvement of balance of payments statistics and development of an IIP	Mission report	May-12	1	1	0	2
<b>Afghanistan Total</b>						8	7	3	18

TA Area	Medium-Term Outcome	Milestone(s) for FY 13	Activity in FY 13	Output(s)	Tentative Date	Inputs			
						METAC Funded			
						RA (Beirut)	RA (Mission)	ST Expert	Total
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 in December 2012	Develop a manual for Supervisory Review and Evaluation Process (SREP)	Draft SREP Manual BTO	Sep.12	0.5	1	1	2.5
			Training on the SREP manual	BTO	Mar.13	0.5	0	1	1.5
	The CBE supervisors are well trained and possess high technical supervisory skills		Workshop on Corporate Governance (with EBI)	Training BTO	Jul.12	1	1	0	2
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	Carry out a study on how to develop own financial control in line agencies (ref. Law No. 127 of 1981)	Oct.12	1	1	1.5	3.5
	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	Build CMU capacity to develop accurate in-year cash plans with what-if scenario analysis	Jun.12	1	1	1	3

TA Area	Medium-Term Outcome	Milestone(s) for FY 13	Activity in FY 13	Output(s)	Tentative Date	Inputs			
						METAC Funded			
						RA (Beirut)	RA (Mission)	ST Expert	Total
Revenue Administration	Enhanced tax systems	Draft TPC developed within 6 months after TA	Support development of TPC	TA Report	Jun.12	1	1	1.5	3.5
	More effective customs administration	Dependent upon recommendations made	Support customs	TA Report	Oct.12	1	1	1.5	3.5
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 external debt has improved; remittances data are collected by country of origin</li> <li>Statistics are consistent with national accounts</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-FY13.</li> </ul>	Reviewing results of the FDI pilot survey	Mission report	Jul.12	1	1		2
			Follow up on the FDI survey	Mission report	Jan.13	0.5	1		1.5
<b>Egypt Total</b>						7.5	8	7.5	23



TA Area	Medium-Term Outcome	Milestone(s) for FY 13	Activity in FY 13	Output(s)	Tentative Date	Inputs			
						METAC Funded			
						RA (Beirut)	RA (Mission)	ST Expert	Total
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 IFRS	Training BTO	Dec.12	0.5	1	0	1.5
Public Financial Management	Budget classification is improved and permits a better tracking of expenditures according to the Classification of the Functions of Government (COFOG).	Budget department has prepared a guide explaining how to use the functional classification (September 2012)	TA mission on functional classification COFOG	Assistance in adopting a new functional classification compliant with COFOG	Jul.12	1	0.5	1	2.5
Iraq Total						1.5	1.5	1	4

TA Area	Medium-Term Outcome	Milestone(s) for FY 13	Activity in FY 13	Output(s)	Tentative Date	Inputs			
						METAC Funded			
						RA (Beirut)	RA (Mission)	ST Expert	Total
Jordan									
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 in June 2012 - Finalize development of historical database & estimation of statistical EWS in December 2012	Review Historical Database	Technical Report BTO	Jul.12	0.5	1	1	2.5
	The CBJ has a regulatory framework that is in line with the latest standards issued by Basel Committee on Capital, Leverage and Liquidity	- An action plan for implementation of Basel III is set by CBJ in September 2012 - Regulations on Basel III are issued by April 2013	Assist in Assessment of QIS on Basel III	Technical Report BTO	Aug.12	0.5	1	1	2.5
			Draft Regulations on Basel III	Draft Regulations BTO	Jan.13	1	1	0	2
	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 - New Licenses for Credit Bureaus granted by December 2012	Assist CBJ in drafting regulations on Supervision of Credit Bureaus	Draft Regulations BTO	Mar.13	0.5	0	1	1.5
	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	Training BTO	Jan.13	0.5	1	0.5	2

TA Area	Medium-Term Outcome	Milestone(s) for FY 13	Activity in FY 13	Output(s)	Tentative Date	Inputs			
						METAC Funded			
						RA (Beirut)	RA (Mission)	ST Expert	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	Hands on training, Risk management improved at MOF	Aug.12	1		2	3
	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	New Regulations and rules for auctions are prepared	Oct.12	1	1	0	2
Public Financial Management	The GBD will have improved expenditure policies so as to increase their economic and social impact	Policy recommendations are included in budget 2013 in Jordan (April 2013)	Expenditure review on capabilities and methods	Follow-up on the development of the expenditure review functions and capacities	Sep.12	1	0.5	1	2.5
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	TA Report	Jun.12	1	1	1.5	3.5
	Strengthened self-assessment and risk-based compliance Management	Dependent upon recommendations made	Follow-up visit	BTO Report	Nov.12	0.5	1		1.5
	Strengthened self-assessment and risk-based compliance Management	Improved audit methods in LTO & MTOs (as per FAD mission recommendations)	Strengthen risk-based audit	TA Report	Jan.13	1	1	1	3

TA Area	Medium-Term Outcome	Milestone(s) for FY 13	Activity in FY 13	Output(s)	Tentative Date	Inputs			
						METAC Funded			
						RA (Beirut)	RA (Mission)	ST Expert	Total
	Strengthened self-assessment and risk-based compliance Management	Dependent upon recommendations made	Follow-up visit	BTO Report	Apr.13	0.5	1		1.5
Statistics	<ul style="list-style-type: none"> <li>Improved compilation of annual national accounts, based on assumptions consistent with the current reality of the Jordanian economy</li> <li>As a cascading effect, improvements in the quality of quarterly national accounts</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-FY13</li> <li>The SUTs for 2010 have been completed by end-FY13</li> </ul>	Following up on previous SUT missions and implementing a new base year for national accounts. (postponed from FY12)	Mission report. Hands-on training on updating base year	Mar.13	1		2	3
	<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-FY13</li> <li>Handheld devices are in use by end- FY13</li> </ul>	Updating the Consumer Price Index.	Mission report. Hands-on training on updating establishment and product lists, and on use of handheld devices	Nov.12	1		2	3
	<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>External debt 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-FY13</li> </ul>	Improving balance of payments statistics and IIP statistics	Mission report	Sep.12	1	1		2
<b>Jordan Total</b>						13	10.5	13	36.5

TA Area	Medium-Term Outcome	Milestone(s) for FY 13	Activity in FY 13	Output(s)	Tentative Date	Inputs			
						METAC Funded			
						RA (Beirut)	RA (Mission)	ST Expert	Total
Lebanon									
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	Technical Report BTO	Jun.12	0.5	1	1	2.5
	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	Training BTO	Oct.12	0.5	0.5	0.5	1.5
	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 September 2012 -Manual is implemented by April 2013	Prepare for drafting Supervision Manual for NBFIs	Technical Report BTO	Jul.12	0.5	1	1	2.5
			Drafting Manual for Supervision of NBFIs	Draft Manual BTO	Aug.12	0.5	0	2	2.5
			Review and Finalization of Manual for NBFIs	Manual BTO	Oct.12	0.5	1	1	2.5
	The supervisors at BCCL have a thorough and enhanced knowledge of the latest banking supervision standards and principles	- More regulations are issued on Financial consumer protection and increased compliance by banks - June 2013. - More stress tests are conducted by BCCL by September 2013	Seminar on Financial Consumer Protection	Training BTO	May-12	0.5	0.5	0.5	1.5
			Workshop on Stress Testing Tools and Techniques	Training BTO	Mar.13	0.5	0.5	0.5	1.5
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 (April 2013)	Capacity building of the macro-fiscal unit	Set of capacity building activities including seminars and workshops to the Macro-Fiscal Unit, Budget, Treasury and Revenues Departments	Mar.13	1	1	1	3

TA Area	Medium-Term Outcome	Milestone(s) for FY 13	Activity in FY 13	Output(s)	Tentative Date	Inputs			
						METAC Funded			
						RA (Beirut)	RA (Mission)	ST Expert	Total
	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	Set of capacity building activities including seminars and workshops to the different stakeholders (MoF, COA, MPs, State Council...)	Mar.13	1	1		2
	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	Diagnostic review of the budget system, its fiscal institutions, and decision-making processes	Jul.12	1			1
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	TA Report	May-12	1	1	1.5	3.5
	More effective customs administration	Revised organizational framework for customs	Strengthen organizational arrangements at customs	TA Report	Jul.12	1	1	1	3
	Strengthened self-assessment and risk-based compliance Management	Improved audit methods & techniques	Strengthen risk-based audit for specific sectors	TA Report, Training	Jan.13	1	1	1	3
	More efficient and effective organizational structures	Development of integrated systems & procedures	Follow-up visits to support integration process	BTO Report		1	2		3



TA Area	Medium-Term Outcome	Milestone(s) for FY 13	Activity in FY 13	Output(s)	Tentative Date	Inputs			
						METAC Funded			
						RA (Beirut)	RA (Mission)	ST Expert	Total
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, Central Administration of Statistics (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 macroeconomic statistics		May-12	1	1	1	3
			Improving external debt and IIP statistics.	Mission report	Mar.13	1	1		2
			Reviewing results of the FDI survey of financial institutions.	Mission report	Dec.12	0.5	0.5		1
			Improving balance of payments statistics and IIP statistics.	Mission report	Feb.13	0.5	0.5		1
Lebanon Total						13.5	14.5	12	40

TA Area	Medium-Term Outcome	Milestone(s) for FY 13	Activity in FY 13	Output(s)	Tentative Date	Inputs			
						METAC Funded			
						RA (Beirut)	RA (Mission)	ST Expert	Total
Libya									
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	Draft templates for Basic Supervisory Returns	Sep.12	1	1	0	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 April 2013	Draft Islamic Banking Regulations	Draft Regulations BTO	Feb.13	1	1	0	2
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	Training delivered	Jul.12	2	2	2	6
	Auction system for Managing Liquidity is in place	Excess liquidity is announced regularly starting October 2012	Hands-on training for calculation of excess liquidity	Hands-on training is delivered	Jul.12	1	1	1	3
Public Financial Management	PFM reform strategy and action plans developed	Action plan approved by MOF (February 2013)	Full FAD / METAC mission on PFM assessment	Full FAD / METAC mission on PFM assessment	Jan.13	1	0.5	1	2.5
	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	Assistance in developing and implementing a budget classification and chart of accounts based on GFSM 2001	Apr.13	1	1	1	3

TA Area	Medium-Term Outcome	Milestone(s) for FY 13	Activity in FY 13	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	BTO Report	Mar.13	0.5	1		1.5
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-FY13)</li> <li>First elements of an IIP have been assembled (end-FY13)</li> </ul>	Improving balance of payments statistics and initiating compilation of an IIP	Mission report. Hands-on training on IIP compilation	Sep.12	1	2		3
			Improving balance of payments statistics and initiating compilation of an IIP (follow-up)	Mission report	Mar.13	1	1		2
	<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-FY13)</li> <li>The PPI is published regularly (end-FY13) after missing data for 2010 and 2011 have been estimated (end-FY13)</li> <li>International Standard Industrial Classification (ISIC) Rev. 4 has been implemented (end-FY13)</li> </ul>	Improving collection and compilation practices for the CPI	Mission report. Hands-on training on updating weights, and estimating missing data	Feb.13	1		2	3
Libya Total						10.5	10.5	7	28

TA Area	Medium-Term Outcome	Milestone(s) for FY 13	Activity in FY 13	Output(s)	Tentative Date	Inputs			
						METAC Funded			
						RA (Beirut)	RA (Mission)	ST Expert	Total
Sudan									
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	Technical Report BTO	Jul.12	0.5	0	1.5	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	- Draft New Regulations - Training - BTO	Jun.12	0.5	1	0	1.5
			Draft new regulations on stress testing	- Draft Regulations - BTO	Nov.12	0.5	1	0	1.5
	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	- Technical Report - BTO - Outline for new onsite inspection manual	Mar.13	1	1	1	3
			Draft Onsite Inspection Manual	- Draft Onsite Inspection Manual	Jun.12	0.5	0	2	2.5
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	Training is delivered for amendments to the organizational structure of the debt office	May-12	1	1	0	2
	Auctions System for Managing liquidity is in place	Rules for auction system issued to banks by October 2012	Rules for auction system prepared	Hands-on training delivered and rules for auction system are prepared	May-12	1	1	0	2

TA Area	Medium-Term Outcome	Milestone(s) for FY 13	Activity in FY 13	Output(s)	Tentative Date	Inputs			
						METAC Funded			
						RA (Beirut)	RA (Mission)	ST Expert	Total
	Existence of an interbank market	Rules for interbank market issued by April 2013	Strengthen CBOS capacity for the development of an interbank market	Hands-on training is delivered	Dec.12	1	1	1	3
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	Assistance in developing and implementing an MTFF	Nov.12	1	1	1	3
	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	Follow-up assistance in developing a modern cash planning and management function	Dec.12	1	1	1	3
	Budget classification is improved and permits a better tracking of expenditures according to the Classification of the Functions of Government (COFOG)	Budget department has prepared a guide explaining how to use the functional classification (March 2013)	TA mission on functional classification COFOG	Assistance in adopting a new functional classification compliant with COFOG	Jan.13	1	1		2
Revenue Administration	Enhanced tax systems	Draft TPC developed within 6 months after TA	Support development of TPC	TA Report	Sep.12	1	1	1	3
	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	Feb.13	1	1	1	3
	Strengthened self-assessment and risk-based compliance Management	Improved audit capacity	Strengthen risk-based audit and develop audit manual	TA Report	Dec.12	1	1	1.5	3.5

TA Area	Medium-Term Outcome	Milestone(s) for FY 13	Activity in FY 13	Output(s)	Tentative Date	Inputs			
						METAC Funded			
						RA (Beirut)	RA (Mission)	ST Expert	Total
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-FY13).</li> </ul>	Implementation of an FDI survey	Mission report	Jul.12	1	1		2
			Follow-up on April/May 2012 multisector statistics mission and on implementation of FDI survey.	Mission report	Oct.12	1	1		2
	<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>Subject to findings of the multisector statistics mission of April/May 2012.</li> </ul>	Follow up on multisector statistics mission of April/May 2012	Mission report	Oct.12	1		2	3
<b>Sudan Total</b>						15	14	13	42

TA Area	Medium-Term Outcome	Milestone(s) for FY 13	Activity in FY 13	Output(s)	Tentative Date	Inputs			
						METAC Funded			
						RA (Beirut)	RA (Mission)	ST Expert	Total
Syria									
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	- Technical Report - BTO	Apr.13	0.5	0	1	1.5
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	TA Report and recommendations	Feb-12	1	1		2
	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	Rules for interbank market are prepared	Apr.13	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 (April 2013)	FAD / METAC follow-up mission on PFM assessment	Full FAD / METAC mission on PFM assessment	Mar.13	1	2	0	3
Revenue Administration	Strengthened self-assessment and risk-based compliance Management	Dependent upon recommendations made	Follow-up visit to support implementation of reforms	BTO Report	Mar.13	0.5	1		1.5
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>	<ul style="list-style-type: none"><li>• Annual balance of payments and IIP data for 2010 and 2011 are ready for METAC review by end-FY13</li><li>• Semi-annual data are also available (end of FY13)</li></ul>	Improving balance of payments and IIP statistics	Mission report	Mar.13	0.5	1		1.5
Syria Total						4.5	6	1.0	11.5



TA Area	Medium-Term Outcome	Milestone(s) for FY 13	Activity in FY 13	Output(s)	Tentative Date	Inputs			
						METAC Funded			
						RA (Beirut)	RA (Mission)	ST Expert	Total
West Bank and Gaza									
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	- New onsite inspection Manual is adopted by PMA by October 2012 - Onsite manual is in process of implementation by April 2013	Draft Onsite Inspection Manual	- Draft Manual - BTO	May-12	0.5	0	1.5	2
			Training on Onsite Inspection Manual	- Training - BTO	Sep.12	0.5	0	1	1.5
	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	- New offsite supervision manual is adopted by PMA by April 2013	Assessment of offsite supervision	- Technical Report - BTO - Outline for new offsite supervision manual	Oct.12	0.5	0	1	1.5
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	Hands-on training and country workshop	Jan.13	1	1	1	3
	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	Prepare functions and role of the department	Sep.12	1	1	1	3
	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	Hands-on training and country workshop delivered	Sep.12	1	1	1	3

TA Area	Medium-Term Outcome	Milestone(s) for FY 13	Activity in FY 13	Output(s)	Tentative Date	Inputs			
						METAC Funded			
						RA (Beirut)	RA (Mission)	ST Expert	Total
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	Assessment of progress related to PFM reform	Jan.13	1		1.5	2.5
Statistics	<ul style="list-style-type: none"> <li>Aid-related transactions are appropriately classified</li> <li>Consistency between balance of payments flows (current and capital accounts) and IIP stocks has been ascertained</li> <li>The balance of payments 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-FY13)</li> <li>Revised IIP data with appropriate composition of reserve assets have been submitted to STA for publication (end-June 2012)</li> </ul>	Improving balance of payments and IIP statistics	Mission report	Jun.12	1	1		2
			Improving balance of payments and IIP statistics (follow-up)	Mission report	Jan.13	1	1		2
	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	Mission report	Oct.12	1		2	3
<b>West Bank and Gaza Total</b>						8.5	5	10	23.5

TA Area	Medium-Term Outcome	Milestone(s) for FY 13	Activity in FY 13	Output(s)	Tentative Date	Inputs			
						METAC Funded			
						RA (Beirut)	RA (Mission)	ST Expert	Total
Yemen									
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	- Draft Regulations - BTO	Apr.13	0.5	1	0	1.5
	CBY supervisors possess the necessary skills to perform an effective prudential supervision of banks' activities.		Training on Basel Requirements	Training BTO	Nov.12	1	1	0	2
Debt Management and Money Market Development	Development of primary and secondary markets for government securities		Training in debt management	Training and capacity building delivered	Jun.12	1	1	1	3
	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	Training is delivered	Feb.13	1	1	1	3
	Auctions systems for managing liquidity are in place	Excess liquidity is announced regularly starting July 2013	Hands-on training for calculation of excess liquidity	Hands-on training delivered	Mar.13	1	1	0	2
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	Full FAD / METAC mission on PFM assessment	Feb.13	1	2	0	3
	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	METAC TA follow-up on developing cash management and TSA	Nov.12	1	1	2	4
Revenue Administration	Strengthened self-assessment and risk-based compliance Management	Dependent upon recommendations made	Follow-up visit to support implementation of reforms	BTO Report	Jun.12	0.5	1		1.5

TA Area	Medium-Term Outcome	Milestone(s) for FY 13	Activity in FY 13	Output(s)	Tentative Date	Inputs			
						METAC Funded			
						RA (Beirut)	RA (Mission)	ST Expert	Total
	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	Aug.12	1	1.5	1.5	4
Statistics	<ul style="list-style-type: none"> <li>The CPI is compiled on sound bases, using appropriate item classifications and specifications</li> <li>The CSO compiles and publishes regularly a PPI</li> </ul>	<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	Mission report	Sep.12	1		2	3
	<ul style="list-style-type: none"> <li>Annual NA at current and constant prices are compiled on sound methodological bases and use the most recent economic surveys results</li> </ul>	<ul style="list-style-type: none"> <li>The results of the 2007 economic surveys are taken into account for the compilation of national accounts (end-FY13)</li> </ul>	Improving collection and compilation practices for national accounts	Mission report	Dec.12	1		2	3
	<ul style="list-style-type: none"> <li>Improved coverage of remittances data; better estimates of FDI flows and stocks</li> <li>Semi-annual balance of payments data are available within six months of the reference period</li> </ul>	<ul style="list-style-type: none"> <li>Balance of payments data for 2010 and IIP data for 2008 and 2009 have been compiled and submitted to STA by end-FY13</li> </ul>	Improving balance of payments statistics and IIP statistics	Mission report	Oct.12	1	1		2
			Improving balance of payments statistics and IIP statistics (follow-up)	Mission report	Apr.13	1	1		2
Yemen Total						12	12.5	9.5	34

Total person weeks	105	95	83	283
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## **ANNEX IV: UPDATED WORK PLAN FOR FY 2012**

					METAC Funded			HQ Funded P/W	METAC Total Persons Week	Notes
Areas	Technical Assistance Objective	Activity	Execution Month/year	Status	Resident Advisor (Beirut)	Resident Advisor (mission)	ST Expert			
Regional Activities										
Statistics	Balance of Payments	Reducing asymmetries in bilateral data	Nov-11	Done	1	0.5	0	0	1.5	
		Conversion from BPM5 to BPM6	Feb-12	Done	1	1	0	1	2	
Banking supervision	Strengthening banking supervision practices	Basel III		Postponed	0	0	0	0	0	Postponed till July 2012 with USAID
		Cross border supervision	Apr-12	Done	0.5	0.5	0.5	0	1.5	
Revenue Administration	Tax Administration	Workshop on compliance & risk management	Jan-12	Done	3	1	0.5	0	4.5	
		Workshop on organizational trends in tax administration	Apr-12	Done	3	1	0.5	0	4.5	
Public Financial Management	Improved PFM	Workshop on Internal control-audit	May-11	Done	0.5	0.5	1	0	2	
		Workshop on Budget Process	Mar-12	Done	0.5	0.5	1	0	2	Topic changed from original plan
Debt Management and Money Market Development	Strengthening and developing Debt market and Money Market	Developing debt management strategies	Jun-11	Done	0.5	0.5	0	1	1	
		Islamic Sukuk		Canceled	0	0	0	0	0	Per Authorities request
Regional Activities Total					10	5.5	3.5	2	19	

					METAC Funded						
Areas	Technical Assistance Objective	Activity	Execution Month/year	Status	Resident Advisor (Beirut)	Resident Advisor (mission)	ST Expert	HQ Funded P/W	METAC Total Persons Week	Notes	
Afghanistan											
Statistics	Assessment of TA needs	Visit to authorities on TA needs		Canceled	0	0	0	0	0	Security situation	
	Improving the Consumer Price Index	TA and Training	Dec-11	Done	1.5	0	2	0	3.5		
	Improving BOP statistics	Follow up mission		Canceled	0	0	0	0	0		
	Improving the Consumer Price Index	Finalization of the updated CPI	Apr-12	New/Done	1	0	2	0	3		
Banking Supervision	strengthening banking supervision practices	General banking supervision issues	Oct-11	Done	1	0	0	1.5	2.5		
		Developing regulations	Apr-12	Done	1	1	0	0	2		
		problem bank's supervision		Canceled	0	0	0	0	0	Per Security instructions from HQ	
Revenue Administration	Support reforms	METAC advisor follow-up visit to support implementation of reforms	Jan-12	Done	1	1	0	0	2		
Public Financial Management	Improved PFM	METAC participation in fiscal Report on the Observance of Standards and Codes (ROSC) with FAD	Apr-12	Done	1	1.5	0	0	2.5		
Debt management and Money Market development	Strengthening and developing Debt market and Money Market	Islamic Sukuk	Jul-11	Done	1	0	0	1	2		
	Strengthening and developing Debt market and Money Market	Islamic Sukuk	Feb-12	New/Done	1	0	0	1	2		
Afghanistan Total					8.5	3.5	4	3.5	19.5		



					METAC Funded			HQ Funded P/W	METAC Total Persons Week	Notes
Areas	Technical Assistance Objective	Activity	Execution Month/year	Status	Resident Advisor (Beirut)	Resident Advisor (mission)	ST Expert			
Egypt										
Statistics		preparation of the FDI survey	Mar-12	New/Done	0.5	0.5	0	0	1	
Banking Supervision	Strengthening banking supervision practices	ICAAP		Canceled	0	0	0	0	0	no response from authorities
	Strengthening banking supervision practices	ICAAP		Canceled	0	0	0	0	0	no response from authorities
	Strengthening banking supervision practices	Basel II/III workshop (EBI)	Mar-12	New/Done	1	1	0	0	2	
Revenue Administration	FAD diagnostic mission	Participation in HQ diagnostic mission on tax administration	Jul-11	Done	1	2	0	0	3	
	Support customs operations	Short term expert visit to support customs		Canceled	0	0	0	0	0	Per request from authorities
Public Financial Management	Improved PFM	Full FAD / METAC mission on PFM assessment	Nov-11	Done	1	2	0	0	3	
Egypt Total					3	5	0	0	9	

Areas	Technical Assistance Objective	Activity	Execution Month/year	Status	METAC Funded			HQ Funded P/W	METAC Total Persons Week	Notes
					Resident Advisor (Beirut)	Resident Advisor (mission)	ST Expert			
Iraq										
Banking Supervision	strengthening banking supervision practices	offsite supervision		Canceled	0	0	0	0	0	no response from authorities
Public Financial Management	Improved PFM	Full FAD / METAC mission on PFM assessment	Mar-12	Done	0	1	0	0	1	held in Jordan
Debt management and Money Market development	Strengthening and developing Debt market and Money Market	Improving Central bank operations including capacity building for T Bills auctions		Canceled	0	0	0	0	0	
Iraq Total					0	1	0	0	1	

					METAC Funded			HQ Funded P/W	METAC Total Persons Week	Notes
Areas	Technical Assistance Objective	Activity	Execution Month/year	Status	Resident Advisor (Beirut)	Resident Advisor (mission)	ST Expert			
Jordan										
Statistics	Improving quarterly national accounts	Improving compilation of QNA and rebasing the accounts		Postponed	0	0	0	0	0	Postponed to FY13
	Improving national accounts	Initiate compilation of SUTs	Sep-11	Done	1	0	2	0	3	
	Improving BOP and IIP statistics	Training on the External Debt Guide	Dec-11	Done	1	1	0	0	2	
Banking Supervision	strengthening banking supervision practices	TA assessment	Jul-11	Done	0.5	0.5	0	0	1	
		BASEL III		Canceled	0	0	0	0	0	a circular related to the mission is delayed
		EWS	Dec-11	Done	0.5	1	1	0	2.5	
		Licensing Credit Bureaus	Dec-11	Done	0.5	1	1	0	2.5	
		Licensing Credit Bureaus	Jan-12	Done	1	0	1	0	2	
		Training on Licensing Credit Bureaus	Apr-12	New/done	0.5	1	1	0	2.5	
Revenue Administration	Strengthen organization	Review and strengthen structural arrangements of HQ functions	Jun-11	Done	1.5	1	2	0	4.5	
	Improve compliance management	strengthen compliance management on financial sector	Oct-11	Done	1.5	0	2	0	3.5	
	Improve compliance management	HQ diagnostic mission on tax administration	Mar-12	Done	1	2	0	0	3	

Areas	Technical Assistance Objective	Activity	Execution Month/year	Status	METAC Funded			HQ Funded P/W	METAC Total Persons Week	Notes
					Resident Advisor (Beirut)	Resident Advisor (mission)	ST Expert			
Jordan										
Public Financial Management	Improved PFM	Follow-up TA mission on capital expenditures	May-11	Done	1	0.5	2	0	3.5	
	Improved PFM	Assessment visit	Oct-11	Done	1	0.5	0	0	1.5	
	Improved Budget execution	Expenditure review on capabilities and methods	Feb-12	Done	1	2	2	0	5	
Debt management and Money Market development	Strengthening and developing Debt market and Money Market	Debt Management capacity building	Jul-11	Done	1	1	1	0	3	
	Strengthening and developing Debt market and Money Market	Capacity building on building, analyzing and evaluating debt strategies	Jul-11	Done	1	1	1	0	3	
	Strengthening and developing Debt market and Money Market	Capacity building on development of money and capital markets	Feb-12	Done	1	1	2	0	4	
Jordan Total					15	13.5	18	0	46.5	

					METAC Funded			HQ Funded P/W	METAC Total Persons Week	Notes
Areas	Technical Assistance Objective	Activity	Execution Month/year	Status	Resident Advisor (Beirut)	Resident Advisor (mission)	ST Expert			
Lebanon										
Statistics	Compilation of an IIP	Assist the BDL in compiling the first IIP statement	May-11	Done	1	1	0	0	2	
	Compilation of an IIP	Follow up on compiling the first IIP statement	Jan-12	Done	1	0.5	0	0	1.5	
	Improving consistency of macro-economic statistics	Workshop at the BDL on consistency of macro-economic statistics		Canceled	0	0	0	0	0	Postponed until FY13
Banking Supervision	strengthening banking supervision practices	Training on Early Warning Indicators		Canceled	0	0	0	0	0	not a priority for the authorities
		Seminar on consumer protection		Canceled	0	0	0	0	0	postponed until May 2012
Revenue Administration	Strengthen organization & prepare for integration	Sort term expert visit to support establishment of integrated HQ functions	Jun-11	Done	1.5	1.5	2	0	5	
	Improve compliance management	Strengthen compliance management of financial sector in the LTO	Sep-11	Done	1.5	1.5	2	0	5	
	Support customs operations	Short term expert visit to support customs	Sep-11	Done	2	2	2	0	6	
	Support implementation	METAC advisor follow-up visits		Done	1	2	0	0	3	
	Support implementation	Strengthen VAT refund management	Apr-12	New/Done	1.5	1.5	1.5	0	4.5	topic different from original plan
Public Financial Management	Improved PFM	PFM reform strategy	Mar-12	done	1	0.5	0.5	0	2	Topic different from original plan
Debt management and Money Market development	Strengthening and Developing Debt market and Money Market	Assessing their capacity building and training needs for debt management	Sep-11	Done	1	1	0	0	2	
Lebanon Total					11.5	11.5	8	0	31	

Areas	Technical Assistance Objective	Activity	Execution Month/year	Status	METAC Funded			HQ Funded P/W	METAC Total Persons Week	Notes
					Resident Advisor (Beirut)	Resident Advisor (mission)	ST Expert			
Libya										
Public Financial Management	Improved Budget preparation	To be determined with FAD		Canceled	0	0	0	0	0	FAD/WB mission took place in January. METAC was not involved
Debt management and Money Market development	Strengthening and developing Debt market and Money Market	Final implementation of certificates of deposits (CD) auction		Canceled	0	0	0	0	0	Security reasons
Libya Total					0	0	0	0	0	

					METAC Funded			HQ Funded P/W	METAC Total Persons Week	Notes
Areas	Technical Assistance Objective	Activity	Execution Month/year	Status	Resident Advisor (Beirut)	Resident Advisor (mission)	ST Expert			
Sudan										
Statistics	Improving BOP and IIP statistics	Reviewing implementation of new ITRS	Jun-11	Done	1	1	0	0	2	
		Preparation of an FDI survey	Oct-11	Done	1	1	0	0	2	
		Follow up on implementation of FDI survey	Jan-12	Done	1	1	0	0	2	
		mission on Multisector statistics	Apr-12	New/Done	1	0	0	2	1	
Banking Supervision	Strengthening banking supervision practices	Islamic banking	Jul-11	Done	1	1	1	0	3	
		Credit registry	Jul-11	Done	0.5	0	2	0	2.5	
		International Accounting Standards (IAS)/IFRS	Nov-11	Done	1	1.5	0	0	2.5	
		Credit registry	Dec-11	Done	0.5	0	1	0	1.5	
		liquidity risk measurement&management	Feb-12	Done	1	1	0	0	2	
		Developing Onsite Inspection Manual		Postponed	0	0	0	0	0	Postponed till next FY per authorities request
Revenue Administration	Improve compliance management	Short term expert visit to strengthen VAT administration including audit skills training	Nov-11	Done	1.5	1	2	0	4.5	
	Strengthen operations	Review of Business processes in LTO/MTO		Postponed	0	0	0	0	0	

Areas	Technical Assistance Objective	Activity	Execution Month/year	Status	METAC Funded			HQ Funded P/W	METAC Total Persons Week	Notes
					Resident Advisor (Beirut)	Resident Advisor (mission)	ST Expert			
Sudan										
		strengthen compliance management	Feb-12	Done	1.5	1	2	0	4.5	
		strengthen taxpayer database	Nov-11	Done	1	1	2	0	4	
Public Financial Management	Improved cash management	Assist with cash management and TSA	Mar-12	Done	1	1	2	0	4	
	Improved PFM	Assist with budget preparation		Postponed	0	0	0	0	0	Postponed per authorities request
Debt Management and Money Market Development	Strengthening and developing Debt Market and Money Market	Strengthening public debt department and its reorganization	May-11	Done	1	1	0	0	2	
		Develop a debt management strategy	May-11	Done	1	1	0	0	2	
		Develop an auction system at CBOS and interbank market	Nov-11	Done	2	2	0	0	4	
Sudan Total					17	14.5	12	2	43.5	



					METAC Funded			HQ Funded P/W	METAC Total Persons Week	Notes
Areas	Technical Assistance Objective	Activity	Execution Month/year	Status	Resident Advisor (Beirut)	Resident Advisor (mission)	ST Expert			
West Bank&Gaza										
Statistics	Improving BOP and IIP Statistics	Finalizing the production and publication of the first IIP statement	Nov-11	Done	1	1	0	0	2	
	Progress towards SDDS	Assist the PCBS and PMA towards meeting SDDS requirements		Canceled	0	0	0	0	0	Authorities already applied for SDDS subscription
Banking Supervision	Strengthening banking supervision practices	Final Assessment of credit registry	Dec-11	Done	0.5	0	1	0	1.5	
		Developing Onsite Inspection manual	Mar-12	Done	0.5	0	1.5	0	2	
Public Financial Management	Improved PFM	FAD / METAC follow-up mission on PFM assessment	Nov-11	Done	1	0	2	0	3	
Debt management and Money Market Development	Strengthening and developing Debt market and Money Market	Develop the government securities market and prerequisites	Jan-12	Done	2	2	1	0	5	
West Bank&Gaza Total					5	3	5.5	0	13.5	
Total Persons Week					70	57.5	51	7.5	183	

## ANNEX V: LIST OF SEMINARS/WORKSHOPS FY2012

Title of Seminar/ Workshop	Location	Collaborating Institution	No. of Participants
Workshop on Asymmetries in Bilateral Balance of Payments Data	Lebanon	Banque du Liban	10
New Balance of Payments and International Investment Position Manual (BPM6)	Lebanon		22
Course on External Debt Statistics	Jordan		11
Workshop on Cross Border Supervision	Lebanon	Banking Control Commission of Lebanon	33
Workshop on Basel II and Basel III	Egypt	Egyptian Banking Institute	26
Workshop on Tax Compliance Management	Jordan	USAID	40
Workshop on Organizational Trends in Tax Administration	Egypt	USAID	45
Seminar on Expenditure Control and Internal Audit	Egypt	EU and USAID	50
Workshop on Budget Preparation	Lebanon	USAID	37
Workshop on Preparing Debt Strategy	Jordan		25
<b>Total</b>			<b>299</b>

## ANNEX VI: METAC STEERING COMMITTEE MEMBERS

### METAC Country Representatives

#### Afghanistan

##### Mr. Khan Afzal Hadawal

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#### Jordan

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#### Lebanon

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

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## METAC STAFF PROFILES

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

### **Center Coordinator**

**Mr. Saade Chami**

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



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

### **Banking Supervision Advisor**

**Mr. Rachid Awad**

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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**

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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**

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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**

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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.

## Public Debt Management and Money Markets Development Advisor

**Ms. Nelly Batchoun**

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

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



Mrs. Sawsan Saidi  
Office Manager



Mrs. Mona Demian  
Administrative Assistant



Mrs. Rita Faddoul  
Administrative Assistant



Mr. Fadi Mehrez  
Driver / Messenger

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