

# **Egypt**

## **Technical Assistance in Fiscal Year 2016**

### **Banking Supervision**

The Central Bank of Egypt (CBE) received six missions from METAC on the implementation of Pillar 2 of Basel II and III. A framework for internal capital adequacy assessment process (ICAAP) was developed to be implemented by banks in Egypt as a minimum requirement for assessing their capital adequacy vis-à-vis their risk profiles in addition to the development of a supervisory review process (SRP) manual to be used by the CBE supervisors in evaluating ICAAP reports submitted by banks and assessing the adequacy of their capitals. METAC also assisted the CBE in preparing draft regulations on concentration risk, and on interest rate risk in the banks' books. In addition, training was provided to the CBE staff on all the TA topics covered during METAC missions, in particular, on stress testing techniques to assess banks vulnerabilities.

### **Public Financial Management**

A Fiscal Affairs Department, IMF (FAD) mission took note of the many challenges facing the authorities in extending the program and performance budgeting (PPB) pilot program and recommended that the authorities should move cautiously with these pilot activities and in close coordination with others, in some cases more urgent, changes to the PFM system is needed. These views were endorsed by a more recent World Bank mission in February 2015 which also focused on the necessary sequencing of a broadly-based PFM reform strategy, including the development of PPB. In line with these recommendations, METAC delivered a four-day workshop on PPB and provided recommendations on taking the PPB forward.

METAC long-term resident advisor participated in an FAD led mission that focused on strengthening fiscal risk management and budget planning. The mission made an assessment of potential sources of fiscal risks and provided recommendations on how the ministry of finance (MoF) can build capacity to better monitor, manage, and disclose these risks. The mission also provided recommendations on how the MoF can take steps toward a more unified and comprehensive medium-term budget framework (MTBF) that better links budget planning with the macro-fiscal framework.

### **Revenue Administration**

METAC resident advisor joined a HQ-led TADAT assessment of the Egyptian Tax Authority, and a subsequent HQ mission to define a framework for future TA support. The TADAT assessment has been used to develop a coordinated TA program for IMF HQ, METAC and other development partners.

It has recently been announced that the introduction of value-added tax (VAT) will take place imminently, and a METAC mission was undertaken to review implementation plans and identify priority areas for pre- and post-implementation support.

The Resident Advisor led a diagnostic review of the Egyptian customs authority (ECA) to assess the status of customs administration and provide advice on the customs reform

strategy and modernization program. The mission also assessed future TA needs and priorities.

Following the diagnostic review of the ECA organization review, METAC undertook a mission to support the development of a new ECA organizational structure that aligns with the new Egyptian Customs law and reflects international good practice in customs administration.

## **Statistics**

### **National Accounts**

METAC conducted a mission on NA to the Central Agency for Public Mobilization and Statistics (CAPMAS). The mission reviewed the ongoing activities in compiling NA, discussed and agreed on areas for further cooperation in developing NA statistics produced at CAPMAS, including sources required and procedures for adopting the 2008 *System of National Accounts (SNA)*.

### **External Sector Statistics**

In response to a request from the General Authority for Investment and Free Zones, Egypt (GAFI), METAC delivered an ESS mission in Cairo to follow up on the work on the inward direct investment (DI) survey and to assess progress in the implementation of previous mission recommendations. The mission assessed progress on the inward DI survey, its coverage, methodology, and its adherence to the sixth edition of the *BPM6*. The mission validated the data prepared by GAFI for the years 2012 and 2013, and assessed the scope and quality of data collected. The mission also reviewed the preliminary results prepared by GAFI, and compared the results with the outward DI statistics reported on the coordinated DI survey.

# National Workshops in Fiscal Year 2016

## Statistics

### External Sector Statistics

METAC organized a mission on trade in services statistics and provided training to improve the trade in services compilation methods. The mission reviewed and discussed trade in services compilation as set forth in the sixth edition of *BPM6*, *BMP6* Compilation Guide and the 2010 Manual on Statistics of International Trade in Services. The mission also assisted CAPMAS in identifying new data sources and methods for trade in services.