

Egypt

Technical Assistance in Fiscal Year 2020

Banking Supervision (July 7-11, December 8-12)

METAC provided capacity building to the staff of the Central Bank of Egypt (CBE) and assisted in implementing the Basel III capital adequacy framework. It reviewed the CBE's roadmap and held extensive discussion with CBE staff to identify the main operational issues, provide practical guidance and advice on implementation, and assess future technical assistance needs. Experts assessed the CBE's draft consultative paper on operational risk. They also provided training on the following topics: (i) latest developments in Basel and implementation considerations, (ii) capital requirements, (iii) credit risk standardized approach, (iv) market risk standardized approach, (v) operational risk standardized approach, (vi) leverage ratio, and (vii) disclosure requirements.

METAC continued to provide capacity building activities to the Central Bank of Egypt, to help implement the Basel III international regulatory framework for banks, finalized in December 2017. The Basel III Capital and Liquidity standards are an internationally agreed set of measures developed by the Basel Committee on Banking Supervision in response to the global financial crisis of 2007-09. The measures aim to strengthen the regulation, supervision and risk management of banks. During the mission, which focused on two important elements of the Basel framework (the new market risk standard approach and the updated leverage ratio), the Basel framework was analyzed and illustrated in detail for the most complex topics, the draft regulations developed by Central Bank department were reviewed and suggestions for improvements or clarification were made, and the way forward was discussed (including the performance of a quantitative impact study).

Public Financial Management (November 17-21, February 23-March 3, February 24-March 5)

A mission helped the authorities draft a Fiscal Risk Statement analyzing risks stemming from various sources and identifying mitigating measures. The METAC team also facilitated a half-day workshop that gathered around 30 participants from the Ministry of Finance to present practices on fiscal risks disclosure from emerging markets and take stock of fiscal risks management practices in Egypt.

METAC provided training to Ministry of Finance officials on oversight and risks related to state-owned enterprises and public private partnerships, through the analysis of financial ratios. It also advised on how to strengthen reporting and transparency in relation to these two vehicles.

Revenue Administration (July 28-August 8, February 23-March 5, April 6-16)

METAC organized an expert visit to follow-up on the implementation of the national roll-out of the improved filing and payment procedures by the Egyptian Tax Authority. The Authority has completed on time and successfully the deployment of the new procedures across the field offices. The expert helped the Authority to assess the results of the national roll-out, identify lessons for the future, and evaluate regularly the measurable impacts on filing and payment performance. The implementation of new procedures improved the collection rate of undisputed debt and resulted in improvement in filing compliance.

METAC assisted the Egyptian Tax Authority (ETA) in expanding compliance management in its operations and developing a first draft of a compliance risk register—based on 2019 recommendations on the identification, assessment and ranking of compliance risks. METAC's experts also assisted the ETA on implementation issues of compliance improvement initiatives included in the draft medium-term revenue strategy. This activity also addressed organizational

issues regarding the management of compliance risks, in particular establishing a department dedicated to this function.

METAC advised the Egyptian Customs Authority (ECA) on measuring corporate performance against strategic goals and objectives. The assistance was based on the development and use of key performance indicators and the identification of information sources and data retrieval mechanisms. Advice was also provided on the development of accountability contracts and on enhancements to the current employee and management appraisal processes.

Statistics (July 28 - August 8, November 17-28, January 27-February 6)

A METAC mission assisted with the valuation of output of conventional and Islamic financial services institutions in the national accounts, working with the two government organizations that are responsible for the national accounts in Egypt: the Ministry of Planning, Monitoring, and Administrative Reform, which publishes the official national accounts of Egypt; and the Central Agency for Public Mobilization and Statistics, which publishes the supply and use tables. The mission increased staff knowledge through training, practical examples, and exercises; it improved statistical techniques to value insurance and financial intermediation services; and it proposed a workplan to fill data gaps.

METAC continued its assistance to the Central Agency for Public Mobilization and Statistics (CAPMAS) to improve the compilation of key price indexes. The mission noted that excellent progress has been made by CAPMAS over the previous 18 months. A number of compilation challenges for both the producer price index (PPI) and consumer price index (CPI) were discussed. Detailed work plans for the continued improvement of PPI and CPI have been updated and agreed with the authorities.

METAC provided conceptual and practical hands-on training on measurement methods for supply-use tables (SUTs) and input-output tables (IOTs). In cooperation with CAPMAS (Egypt's national statistics agency), a processing system was put in place and experimental estimates of SUTs in volume terms and IOTs for 2016/17 were compiled. In line with assessments from previous missions, this mission emphasized the importance of integration of production processes and statistical outputs with the Ministry of Planning and Economic Development, the compiler of the official national accounts of Egypt.