

## Tunisia

### Technical Assistance in Fiscal Year 2018

**Financial Supervision** (November 20-24, February 26 – March 2, April 16-20)

METAC supported the Central Bank of Tunisia's (CBT) efforts in two reforms:

- *Consolidated supervision:* A mission delivered training on consolidated supervision to 16 supervisors from the CBT Banking Supervision Directorate. The mission also worked with Banking Supervision Directorate on analyzing the structure of the financial system in Tunisia, assessing the adequacy of the current legal and regulatory frameworks for consolidated supervision, and identifying the aspects of the regulations that need to be developed or updated. Accordingly, the mission assisted the CBT in developing a medium-term road map to implement consolidated supervision. This road-map covers a time-frame of 18 months and could be piloted by a dedicated task force from the CBT. This mission helped in achieving one of the objectives for enhancing the supervisory framework in Tunisia and realized one milestone intended to upgrade Tunisia's prudential regulations.
- *Implementation of Pillar 2 of Basel II/III:* In February, METAC trained 15 supervisors of the banking supervision department at the CBT the staff on the objectives of the ICAAP, its framework and design, and stress-testing as an essential element in assessing capital needs under stressful conditions. The training presented the methodology and techniques to quantify risks, and the elements to be considered by supervisors in reviewing and assessing ICAAP as part of their supervisory review process. In April, METAC assisted the CBT in developing an ICAAP framework, which focused on assessing capital adequacy on solo and consolidated bases under normal and stressful situations, and emphasized on the principle of proportionality in assessing banks' capital vis-à-vis their risks in term of scope, frequency of reporting, and remittance dates. The mission recommended the CBT to discuss with banks' management and external auditors the draft ICAAP framework prior to its formal release, to test banks' readiness for its implementation. The mission also recommended developing regulations on IRRBB and for assessing banks' risk profiles, as needed.



*National Training on ICAAP, Tunisia  
February 26-March 2, 2018*

**Public Financial Management** (September 18-25, 19-25, January 8-12, February 1-5)

In the context of the ongoing program supported by the EFF, the Tunisian authorities are committed to improve the institutional arrangements related to cash management and to consolidate all central government banking accounts within the TSA, with a view to maximize cash availability and minimize financing costs. Against this background, METAC continued its assistance on TSA consolidation, short-term cash forecast, and the operationalization of a cash management office. It organized two missions and provided remote support in FY18:

- The first mission worked closely with the relevant stakeholders to build a detailed and operational roadmap to strengthen institutional arrangements related short-term cash management and consolidate all central government banking accounts within the TSA.

- The second mission supported the implementation of this roadmap. A METAC expert advised the authorities on practical issues related to the creation of a Cash Management Committee and the preparation of an agreement, formalizing the relationship between the MoF and CBT for the management of the TSA and other banking services. He also helped to identify key actions to improve cash forecasting. This visit was complemented by at-distance and on-demand expertise until late April 2018.
- From February to late April 2018, remote and on-demand expertise was provided to facilitate the preparation of key deliverables included in the roadmap, such as the establishment of the Cash Management Committee or the codification of financial operations transiting through the TSA.

Strengthening the framework to manage fiscal risk arising from the 104 SOEs is another priority in the Tunisia's ongoing program with the IMF. A METAC mission (i) shared international experiences regarding institutional arrangements and tools to manage fiscal risks, and (ii) proposed a short-term roadmap to strengthen the MoF ability to effectively monitor and mitigate these risks.

### **Revenue Administration** (November 19-30)

In March/April 2017, an IMF-FAD mission recommended integrating all tax administration functions into the LTO. It proposed a high-level action plan that includes the enactment of a decree modifying the organization and functioning of the LTO, the transfer of all tax administration functions to the LTO, and the initiation of the reform of existing business processes. In November, METAC reviewed the current LTO operations. It found that while there was some progress, more work was needed on several selected critical administrative areas including: risk management, audit and recovery. Accordingly, the mission advised on a LTO structure and operations that will facilitate improved compliance by large taxpayers, and worked with the General Directorate for Taxes on a detailed time-bound work plan for the establishment of a modern LTO that will have national jurisdiction and provide the full range of tax administration services to large taxpayers across Tunisia. To facilitate the implementation of its recommendations, METAC also delivered a workshop on the role, objectives, functional design, and business processes of a modern LTO.

### **Statistics** (January 15-19, February 19-23, April 16-27)

METAC mission assisted the NIS in strengthening the sectoral financial accounts and introducing sectoral financial balance sheets. To this end, it organized three missions in FY18:

- The first mission reviewed and assessed the sources and procedures currently applied in compiling the sequence of sectoral financial accounts and integrated economic accounts. It also developed a reconciliation framework of the stocks and flows of financial assets and respective liabilities between the institutional sectors. A new integrated Excel-based tool has been adopted for data entry that ensures consistency between assets and liabilities and between flows and stocks. The national accounts compilers could master this new framework and have started working on stocks tables.
- The second mission focused on reestablishing contacts with key data providers (CBT, MoF and the Comité Général des Assurances) and defining a roadmap to strengthen the Tunisian financial accounts. According to the established timeframe, the NIS will be ready to publish a full set of sectoral financial accounts and balance sheets by February 2020. The program includes milestones at crucial times in the compilation process: to set up formal agreements with the key data providers [by May 2018]; elaborate the compilation framework and experimental accounts for 2014 and 2015 [March 2019], integrate revised transaction tables

in assets and liabilities [September 2019], and publish the results and technical documentation [February 2020].

- The third mission assessed the consistency between the national accounts and ESS. The mission worked closely with compilers from CBT and NIS on reconciling trade in goods data in national accounts and BoP. It clarified the differences between trade in services published in the two datasets and recommended ways to close the gap.