

Iraq

Technical Assistance in Fiscal Year 2019

Banking Supervision (September 9-13, 2018, November 13-16, 2018):

METAC supported the Central Bank of Iraq (CBI) in addressing the shortcomings in their regulatory framework and improving prudential regulations in BSR to align them with BCBS standards and guidelines, while considering the appropriate Iraqi context. This included assisting a team of the CBI in drafting supervisory guidelines on internal audit and compliance functions.

METAC delivered a training in Jordan to a team of supervisors from the CBI on early identification of banks risks and how to deal with weak banks. The training included early intervention of supervisors, corrective actions and their enforcement, banking crisis management and the supervisor's role, and techniques of liquidating unviable banks. Case studies of how weak banks were dealt with in some countries were provided as practical examples.

Public Financial Management (July 2-4, 2018, July 9-12, 2018, March 3-5, 2019):

The Cash Management Unit, established in 2017, is still at an early stage of development. METAC supported the unit in building its capacity to prepare forecasts that could better inform the financial decision-making process. By identifying the future cash-flow peaks and troughs over some months ahead, cash and debt managers could enhance the planning of financing strategies. A three-day workshop, based on a set of presentations and practical exercises, gathered key stakeholders of cash planning and forecasting. In addition to strengthening their technical skills related to cash-flow forecasts, METAC supported the development of methods and tools to prepare monthly and weekly cash-flows forecasts.

The MoF is planning to implement an Integrated Financial Management Information System with the support of the World Bank. The adoption of an updated budget classification and a chart of accounts is a prerequisite to initiate the conceptual design phase of this project. Following a recommendation formulated by the World Bank, the authorities asked METAC to support the development of budget classification and chart of accounts consistent with international standards and addressing their functional needs. METAC organized a four-day mission that gathered key PFM officials from the MoF and World Bank representatives. Using a set of briefing and working sessions, the mission identified changes required to converge the Iraqi system with international standards and practices and proposed a short-term workplan to finalize the budget classification and chart of accounts.

This activity assisted Iraq in finalizing its revised budget classification, which the authorities prepared based on METAC's action plan of July 2018. The following tasks were completed: (i) review of the budget classification tables; (ii) identification of remaining gaps relative to international standards and practices; and (iii) definition of a short-term action plan to ensure the timeline for the implementation of the new classification and chart of accounts is consistent with the requirements of the Integrated Financial Management Information System project. World Bank's representatives participated in the mission as observers. This new classification will be used in the preparation of the 2020 budget of the government of Iraq.

Revenue Administration (August 12-16, 2018):

METAC assisted the General Commission of Taxes of Iraq in developing an implementation plan for the new sales tax, which was introduced in the 2018 budget. A mission reviewed and assessed the status of implementation and the administrative impact of the new sales tax and advised on the full range of necessary activities and procedures for a smooth implementation of the new sales tax. It developed a time-bound implementation plan, which was extensively discussed and agreed with Iraqi officials. The mission also addressed the issue of a proper legal basis for the imposition of sales tax rather its reliance on a temporary budget law. It recommended drafting a comprehensive sales tax legislation and advised on its scope and coverage.

Statistics (August 26-30, 2018, September 30–October 4, 2018):

METAC assisted the Central Statistical Organization (CSO) of Iraq in updating the national accounts compilation system, on annual and quarterly bases. The mission assessed the coverage, data sources and estimation procedures, particularly for oil sector activities and conflict-affected areas and provided recommendations for further improvements. The following topics were discussed, and training was provided to six CSO participants: enhancing the data sources and the compilation framework; introducing a new base/benchmark year; implementing basic concepts and definitions of the SNA 2008; rebasing and reconciling annual and quarterly time series.

METAC assisted the CSO in reviewing the CPI and the PPI and provided recommendations to achieve reliable price statistics that are in line with international standards. This activity was organized in coordination with the fragile states' module of the Enhanced Data Dissemination Initiative funded by the United Kingdom Department for International Development.