

## Yemen

### Technical Assistance in Fiscal Year 2022

#### **Public Financial Management** (February 16-April 26; March 1-22; July 5-23)

As part of a project on budget execution in Yemen, METAC continued with its programmatic support to a technical working group of the MoF to adopt a new commitment control process. Currently, the support is in its second phase aimed at refining the process steps and testing them with three pilot entities (planned for June 2022), previous to their initial implementation (end-July 2022 forward). The activities follow a joint work plan with the MoF and the USAID Economic Recovery and Livelihoods Program (USAID/ERLP), implemented by the Pragma Corporation. METAC plans to continue the work in the coming months.

The three-session virtual workshop supported the “cash planning team” of the MoF to develop risks scenarios for the 2022 annual cashflow forecast, which is currently under elaboration. Discussions underscored key risks related to oil price volatility and potential constraints on domestic debt issuance, while the use of the Central Bank of Yemen overdraft facility would need to be minimized. The workshop was implemented jointly by METAC and the USAID Economic Recovery and Livelihoods Program (USAID/ERLP) implemented by the Pragma Corporation.

METAC assisted the Ministry of Finance in cash management, to help rebuild capacity in key PFM functions—central to this project is re-instating a cash management unit. Twelve Ministry of Finance officials discussed and analyzed how cashflow forecasts can be structured and help inform fiscal policy decisions, including the level of budget deficit and government debt. The cash management unit will also take on the critical task of setting spending ceilings in support of budget execution.

#### **Revenue Administration** (May 23-June 1)

METAC assisted the Yemeni General Taxation Department (GTD) in identifying issues and risks with the processes and systems for registering taxpayers and advised on mitigation actions. The absence of an electronic, integrated tax administration system severely impacts the GTD’s ability to identify unregistered taxpayers and maintain timely and reliable taxpayer information. Advice was provided on the identification and use of new third-party data sources. The capacity development also noted that the high level of operational tasks being undertaken by headquarters staff is impacting their ability to focus on the development of strategic policies and frameworks. METAC also proposed a list of prioritized actions for implementation by GTD.