

Egypt

Capacity Development Activities in Fiscal Year 2023

Banking Supervision (October 23-26; March 1-9)

METAC provided capacity building for the banking supervisors of the Central Bank of Egypt (CBE) on consolidated supervision. The four-day in-person workshop's 14 sessions covered topics ranging from the objectives of consolidated supervision to capital, liquidity, and other regulatory issues, accounting and auditing, offsite and onsite supervision, cross-border supervision, financial conglomerates, recovery and resolution. Around 12 staff from regulatory, supervisory and macroprudential functions participated throughout the workshop, with others attending selected sessions. The sessions were highly interactive with extensive discussions of every topic. The presentations and the discussions helped the supervisors to build a sound understanding of consolidated supervision practices and their implementation.

METAC conducted a technical assistance mission to the Central Bank of Egypt (CBE) to enhance the regulatory and supervisory frameworks for the assessment of the banks' liquidity risk. The mission proposed several regulatory improvements to the qualitative risk management guideline and to the quantitative liquidity requirements on Liquidity Coverage ratio (LCR) and Net Stable Funding Ratio (NSFR) regulations. It also developed, in collaboration with the CBE's Basel department, a new regulation on ILAAP (Internal Liquidity Adequacy Assessment Process) and enhanced the reporting templates to implement supervisory liquidity monitoring tools. In addition, the mission organized a four-day capacity building workshop to supervisors from onsite and offsite departments on banks' liquidity risk assessment methodology, monitoring tools, stress testing, intraday liquidity risk management, and Pillar III disclosure requirements.

Public Financial Management (March 12-17)

The mission worked closely with MoF staff on using the IMF-developed PFRAM tool for analyzing projects and portfolio-level costs and fiscal risks, and to eventually incorporate the analysis into the budget planning process. The importance of having accurate, up to date project information was demonstrated. The mission also conducted a workshop to raise awareness about fiscal costs and risks from PPP projects. The mission advised the authorities on practices in budgeting for PPP projects, coverage in the fiscal risks report, and in medium-term planning.

Revenue Administration (September 3-18; December 4-8; December 19-21; March 12-17)

METAC LTX revenue advisors participated in a joint IMF HQ-METAC mission to advance Egypt's Medium Term Revenue Strategy (MTRS). The 2020 MTRS was evaluated and updated by the mission. A structured MTRS implementation plan was also developed. The mission recommended urgent establishment of a performance management system together with the establishment of a Project Management Office at the level of the Ministry of Finance (MOF), as these will be critical for timely, efficient, and effective MTRS implementation.

METAC assisted the Ministry of Finance and the revenue authorities in the development and implementation of a performance management framework. It shared best practices in the field of performance management, assessed the current state and maturity level of performance management, and advised how to further develop SMART objectives and monitoring and evaluation of the formulated objectives. Assistance also included the development of an action plan with timeline for implementation.

METAC organized a peer-to-peer engagement activity for the officials of the Egyptian Revenue Administrations to the Belgian General Administration of Taxes (GAT). The latter was identified as a highly suitable organization which applies internationally recognized good practice in performance management and measurement. During the study tour, GAT focused its sharing of experience on general organizational management from strategy to implementation, and in particular on the area of performance management. Additional areas covered upon the Egyptian Ministry of Finance's request ahead of the study tour included data management, cash register, e-invoicing, e-reporting, international taxation, human resource management and Value Added Tax (VAT) gap analysis. The peer-to-peer engagement included presentations by senior officials from the relevant departments of GAT and in-depth bilateral discussions between the Egypt delegation and GAT staff.

METAC assisted the Egyptian Customs Authority (ECA) in reviewing the post-clearance audit (PCA) strategy, drawing up related action plans, and monitoring implementation. Shifting the customs control from the border to the post clearance audit will improve the customs compliance strategies, facilitate legitimate trade, and significantly increase revenue collection. The mission also helped ECA in developing PCA verification tools as templates, and audit programs for the most important areas (customs valuation, tariff classification, drawback, duty relief programs, and warehouses).

Statistics (May 15-19; July 17-21; July 24-28; February 5-16; March 26-April 6; April 2-13)

METAC assisted the Ministry of Planning and Economic Development to assess and provide recommendations on the benchmark revisions to the official GDP estimates. The mission provided recommendations on the source data, methodology, and communication of the revision.

As part of a project to assist the Central Agency for Public Mobilization and Statistics of Egypt in implementing an improved supply and use tables compilation process, METAC conducted a remote mission to assist with developing initial estimates to compile 2019/20 supply and use tables.

METAC assisted MPED with revising the expenditure components of GDP, in line with the revisions introduced by MPED to production-based GDP. A method was developed to revise expenditure-based GDP, especially household final consumption expenditure and gross capital formation, as direct sources for these components do not fully cover the economy.

METAC conducted an onsite mission as part of a project to assist the Central Agency for Public Mobilization and Statistics of Egypt (CAPMAS) in the implementation of an improved supply and use tables (SUTs) compilation process to produce 2019/20 SUTs. In addition to assistance in generating the initial estimates for a few industries, the mission helped CAPMAS to finalize the correspondence files for the industry survey. The mission also developed a system of interlinked files to produce balanced SUTs at purchasers' prices, SUTs at basic prices, and an input-output table.

This mission followed up on the February mission, assisting CAPMAS to improve SUT compilation. The system to generate estimates for the general government was upgraded; initial SUT estimates for private sector manufacturing were generated; and initial SUT estimates for Economic Authorities were improved.

METAC is assisting the Egyptian Ministry of Planning and Economic Development to compile sectoral financial and balance sheet accounts. The fourth mission within this project was conducted in April 2023. Assistance was provided with detailing the vertical and horizontal balancing process and coding the financial instruments. There are still important data shortcomings that were identified and that need to be addressed to ensure adequate quality balance sheet account estimates.