

Morocco

Capacity Development Activities in Fiscal Year 2023

Banking Supervision (June 20–24; November 9-17)

METAC conducted an in-person mission at Bank Al Maghrib (BAM) to assist the Banking Supervision Department (BSD) in the development of its Supervisory Review and Evaluation Process (SREP) methodology. The mission reviewed the methodology prepared by BSD, notably the rating approach of the various types of risks (credit, liquidity, market, IRBB and operational risks), other core elements of SREP (business model assessment, internal governance and risk management), and proposed amendments. BSD will perform pilots in several banks to test the newly developed methodology. Another mission is planned in FY23 to follow up on the results of these pilots and to assist BSD in drafting the supporting guidelines.

The mission successfully completed with Bank Al Maghrib (BAM) the development of the Supervisory Review and Evaluation Process Methodology SRP. The mission was the last part of a series of missions to assist BAM in developing its SRP methodology. The project started in June 2021 with a presentation of the European SSM methodology as an example for BAM to develop its own SRP methodology. In July 2022, a METAC mission reviewed the draft SRP methodology developed by BAM's project team and proposed a three-phase rating assessment process inspired by the ECB methodology. Based on these propositions and the continuous discussions between METAC and the BAM's project team, a comprehensive SRP manual was developed by the BAM, and a pilot test was conducted. In November 2022, the METAC mission reviewed the SRP manual and the pilot test. It also provided training to BAM's supervisors on SRP methodology and some selected areas of risks (credit, liquidity and business model), and it proposed some further recommendations to enhance implementation. BAM is the first METAC member country implementing SRP. BAM shared its experience in developing SRP at a January 2023 METAC outreach event for development partners and member countries.

Public Financial Management (June 20-July 8; July 5-7; November 21-30; January 30-Feb 10)

The mission, together with the central inspectorate, drafted a roadmap to strengthen capacities of the internal audit function within line ministries to perform regular audits of the upcoming internal control framework (CRCI – cadre de référence de contrôle interne). To this end, the mission met with several inspectorate departments in line ministries and the Supreme Audit Institution to gather feedback on the CRCI, questions on the internal audit function as well as training and organization needs. The mission also facilitated a webinar that garnered a participation of 30+ stakeholders to present (i) the results of the various interviews and practical recommendations to strengthen capacities of IGMs and (ii) case studies on how comparable countries organized themselves to perform regular audits of their own internal control framework.

A joint METAC/FAD workshop provided opportunity to discuss with the Ministry of Finance (MoF): (i) progress in and challenges of adopting multiannual budgeting since the implementation of the organic budget law; (ii) fiscal rule principles and lessons learnt from international experience; and (iii)

medium-term budget and expenditure frameworks. A follow-up joint METAC/FAD mission is planned in October.

METAC continued to support the Moroccan Ministry of Finance in enhancing the development of its internal control framework. This included reviewing the implementation of the reform project roadmap, and building capacity on the information system that will be implemented. The CD built on three previous METAC missions. It identified strengths and reform needs in the internal control system, reviewed the project roadmap, and took stock of progress in implementing previous recommendations. The mission also presented the tools and functionalities of the application used in France and discussed the expected functionalities of the future information system in Morocco to support the internal control reforms.

A joint FAD/METAC mission provided support to the Moroccan authorities on strengthening their fiscal framework with the introduction of a medium-term debt anchor and an operational rule which will enhance the credibility and consistency of the authorities' fiscal policy and facilitate debt-reduction. The mission also provided recommendations on how to incorporate the proposed fiscal anchor into the legal and fiscal frameworks.

Revenue Administration (January 12-20; April 3-14)

METAC arranged an expert visit to Morocco to assist the General Directorate of Taxes (GDT) in the development of a Compliance Improvement Plan (CIP) for the large taxpayer's segment (LTS). Since the last METAC mission conducted in March 2022, GDT has made progress in implementing a compliance risk management (CRM) framework and has established a centralized risk management function and a Compliance Risk Committee. An action plan was put forward to document the risk management processes which will enable GDT to finalize a CIP for the LTS.

METAC arranged an expert visit to Morocco to assist the General Directorate of Taxes (GDT) in the development of a governance framework for the Information Technology (IT) function, in particular the organizational structure, interface, and relationship with project management.