

## Libya

### Fiscal Year 2025

#### Capacity Development Activities

##### Central Bank Operations

###### *Improving Foreign Reserve Management*

At the request of the Central Bank of Libya (CBL), METAC provided an off-site mission in Tunis during 24-28 June on enhancing the CBL's foreign reserve management and bringing it in line with international best practices. The mission team concentrated on structural features of a reserve management framework to incorporate economics and financial logic into the existing framework. Furthermore, the mission team stressed the importance of completing the CBL's foreign exchange management documentation with a Foreign Reserve Strategy to strengthen the link between the CBL's monetary policy objectives and foreign reserve management.

##### Public Financial Management

###### *Restore Core PFM Functions*

During June 23-27, a joint FAD/METAC team met with officials from the Libyan Government of National Unity (GNU) Ministry of Finance in Tunis, Tunisia. The activity focused on strengthening budget preparation processes amid ongoing political instability and fragmentation. Key recommendations included formalizing the budget timetable, developing a Fiscal Strategy Paper, and enhancing budget transparency through the publication of key budget documents that are already being produced. The mission also highlighted the role of the medium-term fiscal framework in guiding budget discussions and improving fiscal planning. Despite the challenges faced in Libya, officials were confident they would be able to implement achievable and practical improvements in the budget preparation processes.

###### *Off-site mission in Tunis to strengthen strategic budget preparation*

METAC facilitated a one-week workshop in during 6-10 October to support the Libyan Ministry of Finance in strengthening its macro-fiscal unit's role and capacity in strategic budget preparation. The workshop fostered cross-departmental collaboration, welcoming participants from various MoF units, who gained insights into medium-term fiscal frameworks (MTFF) and macro-fiscal planning. Sessions covered Libya's current budget process, underscored the MTFF's importance in supporting fiscal discipline, and emphasized aligning budget preparation with the MTFF. Participants expressed a strong interest in empowering the Macroeconomic Unit to play a central role in setting expenditure ceilings and producing macroeconomic parameters. The event concluded with a review of recommendations and next steps to bolster Libya's budget preparation and macro-fiscal capacity.

##### Real Sector Statistics

###### *Compilation of Producer Price Indices*

During 17-21 November, METAC assisted the Bureau of Statistics and Census for Libya in the compilation of producer price indices. Key outcomes included i) the provision of training in price index methodology and practices; ii) an approach for developing weights based on the 2022 Economic Survey;

iii) confirmation of the methods for sampling and enumeration of the PPIs; and iv) the development of an agreed action plan to guide the authorities to compilation and dissemination.

#### *Development of Supply and Use Tables*

A hybrid off-site mission from 15-19 December and 26-30 January assisted the Libyan Ministry of Planning and the Bureau of Statistics and Census in the development of supply and use tables (SUT), the assessment of the source data, and the improvement of annual national accounts. Ms. Ameena Khasseb, senior statistician from the Arab Monetary Fund, also participated in the mission.

#### *Improving the Consumer Price Index*

In response to a request from the Bureau of Statistics and Census for Libya, METAC conducted a remote technical assistance mission during 26-30 January to assess the consumer price index (CPI), identify areas with possible improvements, and prepare an updated CPI in line with the 2020 CPI Manual. The mission also provided training on the CPI methodology to enhance staff capacities.

### **Revenue Administration**

#### *Developing a National Standard Operating Procedure for Libya Customs*

METAC assisted Libya Customs in improving its clearance process with a hybrid mission (4-8 August field-based and 19 August – 6 September remote) to support the development of a National Standard Operating Procedure, which documents the new automated clearing process using ASYCUDA World. This document will be made available to both officers and traders to promote efficiency and transparency.

#### *Reforming the organizational structure of the Tax Authority*

METAC supported the Libyan Tax Authority (LTA) in advancing its structural reform project—a vital component of LTA's reform agenda. The mission built on TA provided in February 2024 that proposed a high-level organizational structure. During this remote mission conducted in January 2025, discussions focused on reviewing and refining the proposed structure. The mission proposed additional subordinate levels introducing divisions within each department. Moreover, the possibility of merging, adding, and renaming departments was explored to better align to the Libyan context. Mandates were established for each of the General Administrations and supporting departments within the proposed new structure, and a Projected Initial Resourcing Requirements for the LTA headquarters was proposed.

#### *Tax Procedures Code Development*

In February, METAC conducted a mission as the first phase of a joint project with the IMF Legal Department to develop a Tax Procedures Code (TPC) for Libya. This project consists of three distinct phases: (i) diagnostic phase, (ii) drafting phase, and (iii) TPC draft finalization phase. During the diagnostic phase, the mission team facilitated a series of workshops with Libyan tax authorities, focusing on good practices in legislating tax procedures. The team also assessed the current legal framework for tax procedures and its practical application. The discussions were crucial in identifying the most suitable approaches for the Libyan context and in outlining a comprehensive legal reform strategy that will guide the drafting of the TPC in the upcoming phase scheduled for FY26.

#### *Enhancing the Management of the Large Taxpayers Office*

The April mission assisted the Libyan Tax Authority (LTA) in reviewing and improving the management of the Large Taxpayers Office (LTO), which is essential for securing a substantial portion of tax revenues for the administration. Through workshops and discussions, the mission team engaged with LTA officials to examine the current management approach for large taxpayers and to introduce international good practices for LTOs. The sessions identified several key areas for enhancement, which include developing a tailored LTO compliance strategy, redefining the classification of large taxpayers, and establishing a separate organizational structure for the LTO. Additionally, the mission emphasized the importance of creating a centralized Risk Management Unit (RMU), modernizing casework processes and practices, and developing a tailored capability development plan for the LTO.

#### *Enhancing the Implementation of the Cargo Manifest and Guarantees Functionalities*

METAC organized a workshop in Amman to enhance the Libyan Customs Authority's (LCA) implementation of the cargo manifest and guarantees functionalities within ASYCUDA World (AW). It focused on evaluating the system's capability to manage cargo manifests under various operational scenarios and the automatic write-off of declarations. Additionally, the workshop examined LCA's current guarantee procedures and explored technical and organizational measures to ensure their effective integration with AW.