

West Bank and Gaza

Fiscal Year 2025

Capacity Development Activities

Financial Supervision and Regulation

Enhancing Risk-Based Supervision with an updated Risk-Based Supervision Manual

During August 4-8, METAC supported the Palestine Monetary Authority in enhancing risk-based supervision by updating the risk-based supervision manual draft. This included defining the manual's structure, aligning it with the European Union's Supervisory Review and Evaluation Process, and refining the risk assessment system. The process involved revising risk categories from quantitative and qualitative angles, conducting reviews and training on Supervisory Review and Evaluation Process components.

Risk-based Supervision of Banks and Supervisory Review Process

METAC supported the Palestine Monetary Authority (PMA) during 3-7 November in enhancing risk-based supervision (RBS) of banks and advancing the Supervisory Review Process (SRP) project. This second follow-up mission was pivotal in refining the risk assessment system, introducing comprehensive updates to risk categories that blend quantitative metrics with qualitative insights. Furthermore, the mission facilitated in-depth capacity development focused on internal governance and risk management practices in banks, empowering PMA supervisors with enhanced skills and knowledge.

Framework for Banking Supervision

METAC supported the PMA in developing and implementing a robust framework for consolidated and cross-border supervision. To achieve this, an online workshop covered several key topics, including the concept of consolidation and the scope of supervision, enabling supervisors to better understand group structures. The workshop provided an overview of group risks, and discussed challenges related to domestic groups, such as regulatory arbitrage and financial cross-sectoral risks. Supervisory techniques were addressed, encompassing both off-site and on-site approaches. Participants explored risk matrices and supervisory rating systems based on international best practices. The workshop also examined the supervision of foreign bank branches within the domestic banking system, emphasizing necessary safeguards and oversight mechanisms. Additionally, it covered the consolidated, group-wide application of prudential requirements, including capital, liquidity, and other regulatory standards, while discussing broader group risks to help supervisors identify and mitigate systemic risks.

Enhance Risk-Based Supervision of Financial Institutions

In March, METAC supported the Palestine Monetary Authority (PMA) in its efforts to enhance risk-based supervision (RBS) of financial institutions and further develop the Supervisory Review Process (SRP) project. The mission served as a follow-up initiative to assess the outcomes of the initial testing and implementation of the draft SRP manual and risk matrix. It also provides an opportunity to identify key areas for improvement, fostering an environment of continuous enhancement in supervisory practices.

Real Sector Statistics

Improving quarterly GDP compilation

A remote technical assistance mission during 6-17 October worked with the Palestinian Central Bureau of Statistics on further improving quarterly GDP compilation and benchmarking techniques. In addition, training on the quarterly national accounts methodology was provided to enhance staff capacities. The mission also followed up on previous missions' recommendations and plans for compiling a new supply and use table.

Revenue Administration

TADAT assessment

In collaboration with the World Bank (WB), METAC supported [TADAT](#) pre-assessment training and the initial TADAT assessment of the Palestinian tax administration authority. A very constructive relationship was established with the Ministry of Finance and the tax administration, the World Bank, and European Union teams to identify next steps for the development and implementation of a post-TADAT reform roadmap.