

Sudan

Technical Assistance in Fiscal Year 2021

Banking Supervision (February 6-11)

METAC assisted the Central Bank of Sudan (CBoS) to develop its capacity related to the Basel Committee on Banking Supervision standard on large exposures, which provides requirements for measuring, aggregating, and controlling single name concentration risk. It trained CBoS staff on the Basel large exposures standard, drafted regulation, and developed related prudential reporting. It also provided staff with the rationale and objectives of the large exposures' framework, its key aspects, and the implementation challenges that CBoS is likely to face.

The large exposures limits constrain the maximum loss a bank could face in the event of a sudden failure of a counterparty or a group of connected counterparties and help ensure that the bank remains a going concern. Especially where the bank's counterparty is another bank, large exposure limits can directly contribute towards the reduction of banking system contagion risk.

Public Financial Management (October 12-19; March 8-18)

METAC supported the MoF to assess fiscal risks from state-owned enterprises (SOEs). Gradually building up a comprehensive inventory of SOEs is a first important step towards more transparency. Timely and comprehensive financial reporting would allow fiscal risk assessments on operational profitability and balance sheet risks. The assessment of fiscal risk should initially focus on the largest SOEs and be expanded over time to smaller entities where build-up of risks is likely.

This joint IMF's Fiscal Affairs Department-METAC activity supported the treasury in the MoF and Economic Planning (MoFEP) in improving cash management practices, particularly with a view to extending the cash programming horizon from one to three months. This extension will lead to better management of scarce resources, provide predictability for budgetary units in planning their expenditure and improve coordination with the CBoS. It will be key that the cash program is built on a combination of bottom-up projections on cash requirements from the ministries and agencies and top-down analysis from the treasury. METAC also provided recommendations for expanding the coverage of the Treasury Single Account.

Revenue Administration (August 10-27; August 31-September 17; February 15- March 14))

METAC assisted the Sudan Taxation Chamber (STC) in the implementation of a compliance risk management structure and processes. This is a follow-up activity, which took participants through the risk identification, assessment and prioritization processes, and how to develop mitigation/treatment strategies (using the cash economy as a case study). The compliance risks were addressed by tax type (e.g. VAT, CIT, PIT) and pillars of compliance (e.g. registration, filing, payment). Future TA will focus on how to identify, assess and mitigate risk by economic sector.

METAC also assisted the STC in developing a business continuity plan to maintain tax collections and critical tax administration functions during the COVID-19 pandemic. Following in-depth discussions of how the STC had so far addressed these matters under lockdown, a customized plan was prepared for approval by STC's Secretary General. The plan identified which functions (including support functions) were mission critical and would need to be continued in the event of a further wave of infections—or future similar events. It also addressed priorities in dealing with work backlogs caused by the closure of STC offices during the lockdown.

METAC advised the Sudan Customs Authority (SCA) on the integration of risk management into the excise duty function. It provided recommendations on (i) a pilot program proposed by the SCA to implement voluntary compliance to iron producing sector ahead of a broader roll-out; (ii) developing an enhanced excise licensing system; (iii) developing reporting mechanisms to remotely monitor risk; (iv) extending current post clearance audit capabilities to excises; and (v) supporting industry in the new self-assessed environment.

Statistics (August 16-27; October 18-November 29; January 10-February 7; March 19-28)

METAC reviewed the status of the national accounts. It assessed the sources and methods, and provided training to the national accounts staff on revising the GDP estimates using a supply-use framework.

These two CD activities assisted the Central Bureau of Statistics (CBS) to update the consumer price index (CPI). Key outcomes included: (i) updating the weights and the product basket to 2014/15; (ii) producing the CPI with a new base year and advising on how to produce an index series for long-term analysis; and (iii) training on CPI compilation methods. Significant progress has been made, and the CBS expects to publish a new CPI in the second quarter of 2021.

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