



Key Highlights

METAC provided 19 capacity development (CD) activities to its members in Q4-FY20, bringing the execution rate of its annual workplan to 89 percent (Figure 1). The shortfall for the year is primarily due to travel restrictions related to the covid19 pandemic (March and April); without them, the Center would have exceeded its target by 5 percent.

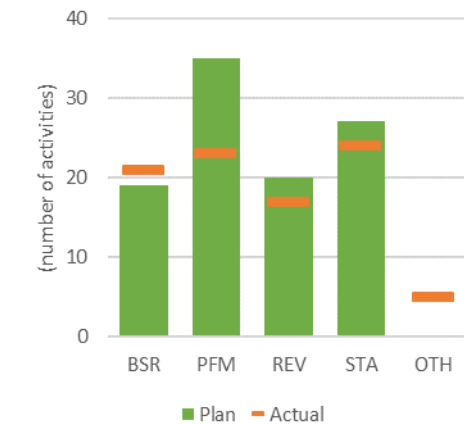
Several modalities were used to lessen the impact of the covid19 shock on CD activities in support of member countries. These included: (1) virtual presentations and discussion seminars; (2) short analytical notes and Excel-based analyses by METAC staff to help authorities in their decision-making in response to the covid19; and (3) facilitation of discussions between country authorities to share experiences on policy responses (and implementation) to challenges of covid19—e.g. rapid cash transfers to individuals; revising macro-fiscal projections to reflect higher health expenditures—and other emerging fiscal pressures; business continuity issues.

Key achievement at the country and regional levels included:

- **Djibouti** started work on the implementation of the recommendations of the IMF’s Financial Sector Stability Review undertaken in Q3-FY20.

- **Egypt’s** Customs Authority drafted a strategic plan for 2020-2023, and progressed on measuring corporate performance against strategic goals using key performance indicators.

Figure 1. CD Activities in Q4-FY20¹



¹ BSR: banking supervision; PFM: public financial management; REV: revenue administration; STA: statistics. Country codes are Algeria (DZA), Djibouti (DJI), Egypt (RGY), Iraq (IRQ), Jordan (JOR), Lebanon (LBN), Libya

(LBY), Morocco (MAR), Sudan (SDN), Syria (SYR), Tunisia (TUN), West Bank and Gaza (WBG), and Yemen (YMN). MTA includes regional workshops and outreach activities.

- **Jordan's** tax administration issued its first public and private tax rulings, which will provide taxpayers with greater certainty on how to manage their tax affairs. The tax administration is also progressing with making clear guidance around the operation of the rulings system available to taxpayers and ensuring consistent decision making across the institution.
- **Morocco** completed the regulatory and implementation framework of a modern internal capital adequacy assessment process for its banking supervision framework, in line with Basel rules, and set out an ambitious plan to improve cash management through an integrated approach cutting across various departments—the objective is to minimize short-term borrowing needs and costs.
- **Djibouti, Lebanon and Libya** worked on the health cost implications of covid19, and the corresponding impact on their macro-fiscal situations. These countries also benefited from the experiences in other countries, facilitated by METAC facilitated through virtual seminars.

Responding and Adapting to the covid19 Pandemic

The global shock brought by the pandemic has had significant human and economic consequences. Some of these will be short lived, while others will have long-lasting impact on the monetary and fiscal situations of METAC countries—which for some were already tense. One of the primary objectives of METAC CD in the next few years will be to assist countries in dealing with these repercussions, both through implementing and monitoring short-term measures, and for successful recovery. This assistance will be

fully integrated with other assistance from the IMF, whether financial or technical.

In addition to changes in the CD delivery modalities noted above to adapt to the physical restrictions imposed by covid19, METAC has taken the following actions:

- It started assisting countries on how they can benefit from the IMF special covid19 notes, which provide guidance to policymakers and government institutions on business-continuity, policy design and implementation, and recovery strategies. The notes, which can be found [here](#), cover policy and implementation issues in the fiscal, monetary, and legal drafting areas (more are being published). This assistance takes the form of webinars, and direct CD to tailor the guidance to countries' own situations.
- It reviewed its FY21 workplan to ensure business continuity of CD through remote delivery for Q1-FY21 (May to July), and will adapt delivery for the rest of the fiscal year should travel restrictions continue.
- It is reaching out to development partners and other CD providers to discuss collaboration opportunities, including pooling resources for CD delivery.

Analytical Corner

Among the multiple covid19 guidance notes published by the IMF ([here](#)) on policy responses and implementation issues, business continuity issues has taken high priority in METAC members. These range from how to ensure collection of revenues and proper delivery of financial aid to those in need, to how to collect data for high-frequency statistical indicators that rely on surveys from the markets. The business-continuity notes are valuable contributions to

central agencies in charge of macroeconomic management, both for dealing with the covid19 crisis, and for the recovery and future planning.

Regarding statistics, several international and regional organizations have joined efforts to create a shared digital workspace for national statistics organizations to exchange information and ideas in a pragmatic way on how to counter the impact of missing source data during the covid19 crisis. The platform is hosted by the OECD ([here](#)).

Technical Assistance and Training

BANKING SUPERVISION

Algeria (Apr 19-23)

METAC continued assisting the Bank of Algeria in enhancing the supervisory review and evaluation process. It established and action plan for the Bank to develop a risk assessment and risk rating system by the end of 2020. METAC will accompany the Bank of Algeria in this reform.

Djibouti (Feb 16-27, Mar 23-27)

In line with a comprehensive action plan developed in November 2016, METAC assisted the Central Bank of Djibouti to implement the Basel II and III international regulatory framework for banks. The mission focused on developing a new capital adequacy regulation, including: (i) provision of hands-on training to the supervisors, (ii) definition of the various exposure types and risk weights, (iii) drafting the updated regulation, and (iv) preparing the templates to be used by the banks for the quantitative impact study and prudential reporting.

Following-up on this, METAC assisted Central Bank of Djibouti in finalizing draft capital adequacy regulation by integrating the specific provisions related to Islamic banking products—in line with standards of the

Islamic Financial Services Board. It also developed the related prudential reporting and quantitative impact study template, and drafted a guidance note illustrating how Islamic banking products should be reported in the quantitative impact study template.

Morocco (Mar 23-27)

METAC continued its assistance to the Bank Al Maghreb in improving its regulatory and supervisory frameworks related to the ICAAP. This second FY20 activity, which was delivered remotely, had the following results: (i) finalized regulation for its internal capital adequacy assessment process and brought them in line with recent international developments; (ii) finalized the draft manual to assist and guide banking supervisors to assess the ICAAPs; and (iii) developed a risk taxonomy to use for benchmarking the ICAAP provided by each bank.

PUBLIC FINANCIAL MANAGEMENT

Djibouti (Mar 3-13, Apr 23)

As a follow-up to the IMF 2017 recommendations, and using the experience from Cameroon, METAC advised the authorities on: (1) drafting a monthly cash forecast plan as an appendix to the annual Budget Law; and (2) improving exchange of information for better cash forecasts. This activity also produced a roadmap to set up a Treasury Single Account.

METAC facilitated a peer-to-peer exchange between Côte d'Ivoire and Djibouti on how to handle PFM aspects of the covid19 crisis. Djibouti benefit from this exchange in the following areas: (i) sanitary response; (ii) various PFM arrangements to ensure a robust governance and transparent framework in implementing fiscal policies to respond to the economic consequences of covid19; and (iii) practical issues in organizing cash transfers to vulnerable populations.

Egypt (Feb 23-Mar 3, Feb 24-Mar 5)

METAC provided training to Ministry of Finance officials on oversight and risks related to state-owned enterprises and public private partnerships, through the analysis of financial ratios. It also advised on how to strengthen reporting and transparency in relation to these two vehicles.

Lebanon (Mar 3-5, Apr 14-16)

A workshop on gender-Responsive budgeting, co-organized with the Institut des Finances Basil Fuleihan and attended by eleven senior officials from seven government institutions, advised on the design and implementation of a gender budget statement in a pilot ministry (Agriculture). This CD will continue in FY21, along a road map that was developed during the workshop, jointly among all participants. The purpose is to assist Lebanon to better reflect inclusive growth issues at the level of ministries.

METAC advised Lebanon on updating their macro fiscal framework in light of the covid19 crisis. It provided practical advice on how to update the macro fiscal framework using various scenarios given the uncertain outlook. Lebanese officials benefited also from the experience of staff in the Egyptian macro-fiscal unit.

Libya (Apr 13-15)

METAC provided remote assistance to Libya to advise on updating their macro fiscal framework in light of the covid19 crisis. It provided practical advice on how to update the macro fiscal framework using various scenarios given the uncertain outlook. Libyan official also benefited from the Egyptian experience in this regard.

Morocco (Jan 28-Feb 6)

A workshop on strengthening cash management for the central government, provided practical recommendations to improve data collection and effectiveness of cash management arrangements.

Sudan (Feb 16-25)

The mission trained members of the Fiscal Risk Unit of the Ministry of Finance and Economic Planning on: (i) how to identify and complete the next steps in a roadmap for reporting on fiscal risks; and (ii) how to assess macroeconomic risks and risks from subnational governments.

REVENUE ADMINISTRATION

Egypt (Feb 23-March 5, Apr 6-16)

METAC assisted the Egyptian Tax Authority (ETA) in expanding compliance management in its operations and developing a first draft of a compliance risk register—based on 2019 recommendations on the identification, assessment and ranking of compliance risks. METAC's experts also assisted the ETA on implementation issues of compliance improvement initiatives included in the draft medium-term revenue strategy. This activity also addressed organizational issues regarding the management of compliance risks, in particular establishing a department dedicated to this function.

METAC advised the Egyptian Customs Authority (ECA) on measuring corporate performance against strategic goals and objectives. The assistance was based on the development and use of key performance indicators and the identification of information sources and data retrieval mechanisms. Advice was also provided on the development of accountability contracts and on enhancements to the current

employee and management appraisal processes.

Iraq (Apr 12-20)

METAC advised the General Commission of Taxes (GCT) of Iraq on its planned IT modernization. The advice covered the management arrangements and implementation of a new IT system to support GCT's main business processes. The progress made in the project for this implementation was reviewed and governance needs were addressed, including the reorganization of the IT department and the main elements of future information technology strategy plan that need to be in place. In addition, the CD identified the key elements and success factors for the implementation of the new tax IT system.

Jordan (Jan 22-Feb 4, Apr 21-30)

METAC participated in a mission to Jordan led by the IMF Fiscal Affairs Department. The mission provided a high-level review of the structure, operations, and performance of the Income and Sales Tax Department (ISTD) and the Customs Department. It recommended steps to modernize the two administrations in the medium-term, followed up on implementation of advice on revenue-generating actions from earlier recommendations, and identified further potential short-term actions. The mission also reviewed the governance framework underpinning special economic zones and its impact on revenue administration, and recommended enhancement of coordination between ISTD and Customs for managing the compliance of businesses operating in the zones. It also reviewed the institutional arrangements and capability at ISTD and Customs to manage major reform programs.

This second activity, undertaken remotely by METAC, pursued support to ISTD in implementing binding public and private

rulings system, which will provide taxpayers with greater certainty on how to manage their tax affairs. The activity provided the ISTD with further guidance on how best to refine and improve the earlier action plan. It also advised on making clear guidance around the operation of the rulings system available to taxpayers and suggested improvements to ensure consistent decision making across the institution.

STATISTICS

Egypt (Jan 27-Feb 6)

METAC provided conceptual and practical hands-on training on measurement methods for supply-use tables (SUTs) and input-output tables (IOTs). In cooperation with CAPMAS (Egypt's national statistics agency), a processing system was put in place and experimental estimates of SUTs in volume terms and IOTs for 2016/17 were compiled. In line with assessments from previous missions, this mission emphasized the importance of integration of production processes and statistical outputs with the Ministry of Planning and Economic Development, the compiler of the official national accounts of Egypt.

Iraq (Feb 9-13)

This activity reviewed current data holdings and developed a plan for compiling the sequence of accounts by institutional sector. The staff was introduced to key concepts through lectures and practical exercises.

Lebanon (Mar 2-13)

The mission advised the Central Administration of Statistics of Lebanon on developing an independent measure of GDP by expenditure. The key outcome was the development of a system to estimate household final consumption expenditure using benchmark estimates from the 2011

SUTs and volume indicators from multiple sources.

Technical Assistance Reports

The following reports were uploaded to METAC's website. Steering Committee members of countries and donors who have signed a confidentiality agreement with the IMF may access the reports at www.imfmetac.org

Public Financial Management
Lebanon
Managing Fiscal Implications of Public Private
Tunisia
Renforcement de la gestion de trésorerie : Suivi de la
Revenue Administration
Sudan
Improving Compliance Risk Management
Statistics
Afghanistan
External Sector Statistics
Egypt
Financial Accounts
Price Statistics
Jordan
Supply and Use Tables
Consumer Price Index
Lebanon
National Accounts Statistics

IMF Online Courses

General information is available at: <https://www.edx.org/school/imfx>.

Registration for online courses, available to government officials and, in some cases, to the public can be accessed at: <http://imf.smartcatalogiq.com>

Planned Activities during May-July 2020

Country	Topic	Advisor	Dates
Banking Supervision			
Afghanistan	Supervision of Corporate Governance (including related parties)	Mr. Casier	06/07-11
Algeria	Supervisory review and evaluation process		05/03-10
	Implementation of Basel II and III standards		06/07-14
Egypt	Training (workshop format) credit risk and counterparty credit risk		07/05-09
Iraq	Prudential framework for Islamic banks		05/31-06/04
Libya	Prudential framework for Islamic banks		06/14-21
Tunisia	Basel Pillar 2		05/01-08
Yemen	Prudential framework for Islamic banks		05/10-17
Public Financial Management			
Afghanistan	Contingent liabilities and OBL revision	Mr. Frank	June
Egypt	Update of the fiscal risk statement to account for the covid19 crisis	Mr. Wiest	June
	Development of the institutional framework for governance and transparency of public corporations		
Jordan	Setting up of a new macro fiscal unit	Mr. Frank	May
Lebanon	Development of institutional arrangements and capacity to identify and monitor fiscal costs and risks from PPPs	Mr. Wiest	July
	Training at Institut des Finances: Medium-term budget planning	Mr. Frank	July
	Ministerial gender budget statement in a pilot ministry (Agriculture)		May
Libya	Development of the macro-fiscal function	Mr. Wiest	July
Yemen	Diagnostic of public financial management systems	Mr. Frank	May
Revenue Administration			
Afghanistan	Follow-up on VAT implementation	Mr. Markov	07/19-28
	Improving compliance risk management implementation in customs administration		06/21-24
Egypt	Advise on improving performance in respect of disputed tax debt		06/14-25
Statistics			
Jordan	Training on input-output modeling	Mr. Alsammak	June
Lebanon	Development of a producer price index		June
Tunisia	Compilation of sectoral financial accounts		June
	Compilation of the rest of the world account		July
	Improvement of the industrial producer price index		July

DEVELOPMENT PARTNERS



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