

Key Highlights

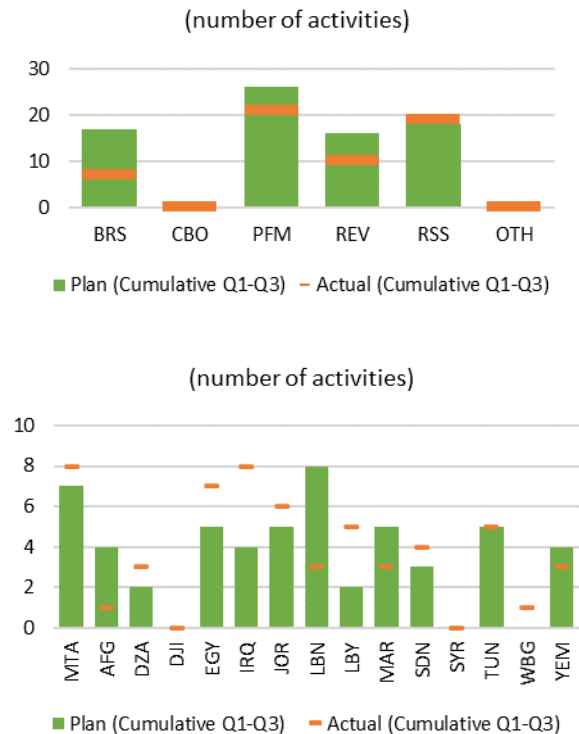
Despite continued challenges related to the pandemic and political instability in some member countries, METAC delivered its capacity development (CD) program at a strong pace in most workstreams. The exception was Banking Regulation and Supervision, due to a temporarily vacant expert position. Resources committed to Afghanistan and Sudan were swiftly shifted to other member countries, with additional CD delivery notably to Egypt, Iraq, Libya, and West Bank and Gaza. In their CD activities, METAC experts continue to collaborate closely with IMF headquarters, development partners (e.g., UNESCWA, USAID, ILO, UNSD), and member country partner institutions (e.g., Libya’s Accounting and Finance Training Institute or Lebanon’s Institute for Finance Basil Fuleihan).

In December, METAC premiered a new outreach initiative to engage with METAC stakeholders and brief on the Center’s CD work. The first event, on December 15, focused on METAC’s Public Financial Management (PFM) activities. Two country cases were presented in-depth to illustrate what METAC can do to support the building of stronger public finance institutions in member countries. Going forward, METAC will offer such thematic webinars periodically to update the Steering Committee and development partners on the Center’s various CD workstreams, and to gather feedback from CD users and other stakeholders.

We are excited to introduce two new arrivals in METAC’s resident advisor team: In mid-January, Ms. Nehmat Hantas joined the team as METAC’s new Banking Regulation and Supervision expert, coming from the Banking Control Commission of Lebanon (BCCL). Mr. Djamel Bouhabel, a Customs Administration expert from the Canada Border Services Agency (CBSA) joined METAC at the

beginning of February. Please find Nehmat and Djamel’s bios on page six.

Annual Cumulative CD Activities at End of January 2022¹



METAC delivered 20 CD activities to its members in Q3-FY22. Details are provided in the following sections. In addition, this newsletter also introduces an overview of the work done by the METAC-hosted IMF expert on anti-money laundering and combating the financing of terrorism (AML/CFT). Key METAC achievements at the country and regional levels include:

- METAC experts delivered two regional workshops in Q3: one on Measuring the Non-Observed Economy in collaboration

¹ BRS: banking regulation and supervision; CBO: central bank operations; PFM: public financial management; REV: revenue administration; RSS: real sector statistics; OTH: other, mainly outreach. AFG: Afghanistan; DZA: Algeria; DJI: Djibouti; EGY: Egypt;

IRQ: Iraq; JOR: Jordan; LBN: Lebanon; LIB: Libya; MAR: Morocco; SDN: Sudan; SYR: Syria; TUN: Tunisia; WBG: West Bank and Gaza; YEM: Yemen; MTA: regional activities.

with UNESCWA, and another one on Improving Tax Compliance in Tax Administration through Enhanced Data Acquisition, Management, and Utilization.

- With METAC support, **Jordan** and **Lebanon** strengthened cash management practices.
- The Large Taxpayers Department of **Iraq's** General Commission for Taxes developed new industry-based compliance risk management methods.
- **Jordan** established a sustainable annual GDP compilation system and compiled 2017-18 GDP estimates in current and constant prices.
- **Tunisia** is modernizing its consumer price index with the use of alternate data sources in the form of scanner data and web scraping.

Outreach

Capacity Development Update (Dec 15)

METAC facilitated a webinar to update donors and country authorities on (i) PFM activities since May 2021 and (ii) two capacity development project country cases in Morocco and Yemen. Messrs. Jonas Frank and Benoit Wiest, both PFM advisors at METAC, discussed how the center is supporting (i) Morocco with the Internal Control Framework, a project co-executed with other donors that will help to improve fiscal transparency and Governance, and (ii) the Government of Yemen to rebuild its PFM capacity with a focus on effective budget execution and cash management. The advisors also presented the next steps to strengthen engagement with fragile states and advance the agenda on the management of fiscal risks and fiscal transparency. Participants thanked the center for the support provided. The next event, focusing on statistics and revenue administration is planned for early March 2022.

Participation in the eighth meeting of the Steering Committee of the Arab Statistics Initiative (Arab Stat) (Nov 11-12)

At the invitation of the Arab Monetary Fund, METAC real sector statistics advisor Mr. Issam Alsammak attended the eighth (remote) meeting of the Steering Committee of the Arab Statistics Initiative (ArabStat) during November

10–11, 2021. Taking the opportunity of the virtual meeting, Mr. Alsammak delivered a presentation on present and future methodological developments regarding Financial Intermediary Services Indirectly Measured.

Webinars

Webinar on Improving Tax Compliance in Tax Administration through Enhanced Data Acquisition, Management, and Utilization (Dec 6-9)

METAC planned and presented a regional webinar during the period December 6-9, 2021. The primary objective of this webinar was to provide guidance on how tax administrations in METAC countries can better utilize the data they hold to deliver improved services to taxpayers, enhance compliance management, and drive better revenue outcomes. The daily on-line webinar sessions were attended by up to 45 participants from 9 METAC countries in addition to one participant from Germany, one of METAC's key development partners. Discussions were informed by the results of a questionnaire completed in advance by the participating administrations. Characteristics of an effective tax administration data and analytics capability were shared with participants. These include (i) legal and regulatory framework underpinning sound data collection; (ii) organizational structure; (iii) human resources; and (iv) basic analysis of taxpayer data across core tax processes (Register, File, On-Time Payment, Correct Reporting etc.). Participants also learned how to develop a data-driven compliance improvement strategy based on a specific risk (identification of unregistered e-commerce sellers).

Virtual Events on Measuring the Non-Observed Economy (Nov 15-18)

METAC and the Middle East Center for Economics and Finance, in collaboration with the United Nations Economic and Social Commission for Western Asia (UNESCWA), conducted a three-day virtual workshop on Measuring the Non-Observed Economy. It was attended by 58 participants from 17 Arab countries and covered concepts and frameworks, data sources, and measurement

methods to help achieve exhaustive estimates of GDP. The workshop was preceded by a one-day webinar that informed on progress related to measuring the informal economy in the context of the update of the 2008 SNA and the BPM6 and the work of the Informal Economy Task Team. The webinar included presentations from the United Nations Statistics Division and the International Labor Organization.

Technical Assistance and Training

PUBLIC FINANCIAL MANAGEMENT

Iraq (Nov 4-30)

A remote mission assisted eight staff of the Cash Management Unit of the Ministry of Finance (MoF) of Iraq to strengthen its cashflow forecasting activities which are currently very short term. Using historical budget data, it assisted staff in the identification of trends in main revenue and expenditure components to assess cash availability; in the estimation of funding gaps and borrowing needs; and in reporting to MoF senior management with regards to fiscal policy decisions and risks to budget implementation.

Jordan (Nov 29-Dec 16)

A joint team of experts from the IMF headquarters and METAC assisted the MoF to strengthen cash management. To address cash management -related challenges, the experts recommended to incorporate, where feasible, government bank accounts in the Treasury Single Account (TSA). This would increase the TSA's coverage and strengthen cash forecasting by ensuring that forecasts are based on realistic revenue collection projections. Developing annual financing plans based on realistic cash flow forecasts, announcing one-month securities issuance plans, and enhancing market communication practices, would also improve the predictability of funding availability.

Lebanon (Nov 8-26)

The mission aimed at strengthening the TSA and cash management practices. A simplified roadmap both with immediate measures to tackle the current crisis and medium- to long-term actions has been drafted together with the

cash management department of the Ministry of Finance. The mission also facilitated a capacity development workshop to work on two main outputs: (i) a new reporting template on cash execution and forecasting with key indicators for Senior Management of the MoF and (ii) a revised cash buffer to better take into account variances between cash forecasts and actuals.

Libya (Nov 21-25; Jan 23-30)

In November, METAC conducted a follow-up capacity development workshop to restore core PFM functions in Libya, jointly with the Accounting and Finance Training Institute, the training arm of the Ministry of Finance. The training aimed at continuing the work to strengthen the credibility of the medium-term fiscal framework (MTFF) and contribute to comprehensive, credible, and policy-based budget preparation. The training updated the MTFF based on actual data to facilitate fiscal projections for the short- and medium-term. The workshop also developed an outline for the budget circular of 2023 and shared the experience of Egypt in that regard.

In January, METAC, jointly with the Accounting and Finance Training Institute of Libya, facilitated a training to draft an outline for a budget circular for the fiscal year 2023 budget preparation process. The training focused on (i) basic issues such as the purpose and objective of a budget circular; (ii) the tools available; and (iii) presenting practices in peer countries such as Egypt, Sudan, and Lebanon. The training then developed the outline together with participants and brainstormed on the content of each section to include major elements such as macro estimates, fiscal targets, and policy reforms. METAC will follow up regularly with the authorities over the coming months to help them draft a fully-fledged budget circular for the year 2023.

Yemen (Jan 17-31)

As part of a project on expenditure control in Yemen, METAC is supporting a technical MoF working group to implement a new commitment control process. The objective is to provide stronger expenditure control, thereby providing the MoF the ability to authorize commitments in line with cash availability. The initial focus is on defining in detail the process steps and

workflow; identifying adequate legal changes; and assessing any capacity challenges both in the MoF as well as in line ministries. This follows a joint work plan with the MoF and the USAID Economic Recovery and Livelihoods Program (USAID/ERLP). This project will continue in the coming months.

REVENUE ADMINISTRATION

Iraq (Dec 13-23)

METAC aided the Large Taxpayer Department (LTD) at the General Commission for Taxes in developing good industry-based compliance risk management (CRM) methods. Several workshops on industry-based compliance practices were provided during the assignment. This includes understanding of an industry; identifying industry compliance risks; and auditing industries, in particular the telecommunications and construction sectors. METAC recommended to introduce an LTD compliance strategy; expand LTD's CRM functions; and establish a compliance risk register. Two recommendations are priorities and require immediate LTD action: (i) fill approved staffing positions as soon as possible, conditioned on the availability of skilled specialist staff; (ii) move all large taxpayers and LTD industries onto a self-assessment basis in line with good international tax administration practice.

Jordan (Jan 17-Feb 1)

METAC's revenue administration advisor participated in an IMF headquarter-led mission to the Income and Sales Tax Directorate (ISTD) of Jordan to review various active and planned reform projects. The mission outlined the major development areas that would modernize and transform Jordan's tax administration over the medium term. The mission also prepared a capacity development plan for the next two years and a broad workplan for the resident revenue administration advisor recruited to support the ISTD in implementing reforms that are aligned with the reform plan.

STATISTICS

Egypt (Nov 21-Dec 2; Dec 5-16)

The November mission assisted the Egyptian Ministry of Planning and Economic Development to progress towards the development of annual financial accounts and

balance sheets statistics. Newly received data sources were assessed, and intermediate working files by institutional sector were set up. The mission is part of a project to compile these statistics by the end of 2023.

As part of a project to assist the Central Agency for Public Mobilization and Statistics of Egypt to implement an improved supply and use tables (SUT) compilation process, METAC conducted a remote mission in December. The mission worked on the compilation infrastructure, producing a finalized SUT classification framework, and initiating the creation of correspondence files to map the source data to the classification framework.

Iraq (Jan 23-Feb 3)

As part of the project to assist the Central Statistics Organization (CSO) of Iraq compile SUT for reference year 2018, METAC reviewed new datasets and helped the CSO classify the source data line items using the SUT classification framework in order to generate initial SUT estimates.

Jordan (Nov 21-Dec 24)

METAC conducted the fourth and final mission in the technical assistance project to assist the Department of Statistics of Jordan in compiling 2017 and 2018 GDP estimates in current and constant prices. Key project outcomes were i) finalizing a sustainable annual GDP compilation system; ii) training on analyzing the constant price estimates and selecting appropriate price indexes for deflation; and iii) improving the estimation of output and value-added for certain industries.

Libya (Jan 9-20; Jan 23-27)

METAC provided guidance and training to the Libyan Ministry of Planning and the Bureau of Statistics and Census (BSC) on the compilation of annual national accounts. In addition to providing training on concepts, it assisted with the refinement of establishment questionnaires, and provided guidance on the calculation of the output of financial services, such as financial intermediation services indirectly measured, insurance services, and central bank services, as per the recommendations of the 2008 SNA.

METAC assisted the BSC to improve their consumer price index (CPI). The BSC has

launched a household budget survey, which will run throughout 2022. The activity provided training in the basics of rebasing a CPI and assisted the BSC develop a roadmap for the rebasing of the CPI.

Tunisia (Dec 6-10; Jan 24-28)

A METAC short-term expert conducted a mission to Tunisian National Institute of Statistics (INS) to assist in modernizing the consumer price index with the use of alternate data sources in the form of scanner data and web scraping. The mission provided hands-on guidance and training on web scraping using local websites and provided guidance on obtaining and using scanner data.

METAC conducted a general review of the INS's Producer Price Index (PPI) and provided advice on expanding PPI coverage to include agricultural products. The review covered various aspects of index construction, including scope, coverage, collection, calculation, maintenance, and dissemination. A PPI basket update may be conducted in 2022 Q3.

ANTI-MONEY LAUNDERING AND COMBATING THE FINANCING OF TERRORISM (AML/CFT)

The METAC-based AML/CFT expert and IMF HQ-based staff continued to assist countries in the region in their AML/CFT efforts. A technical assistance project was initiated for Yemen to assist the authorities in strengthening their AML/CFT legal and institutional frameworks. The project is intended to last until the end of 2022. The IMF also continues to implement its AML/CFT TA project for Jordan which aims at assisting the authorities in addressing the main deficiencies identified in Jordan's mutual

evaluation report. The project started in September 2020 and is intended to continue until August 2022. The technical assistance activities in Yemen and Jordan were made possible thanks to the generous support of the AML/CFT Topical Trust Fund.² Additionally, the IMF provided technical assistance on AML/CFT supervision to the Central Bank of Sudan. The assistance included a review of the supervisory tools designed to assist with the evaluation and monitoring of money laundering and terrorist financing risks of supervised entities and with the implementation of a risk-based approach to AML/CFT supervision.

Contribution to the global FATF³ Network

IMF staff participated in the MENAFATF⁴ plenary and working group meetings (November 2021). The plenary mainly discussed the completion of the FATF plan to increase the effectiveness of the MENAFATF and proposed amendments to MENAFATF's Memorandum of Understanding. The Group also adopted the Strategic Plan 2022 – 2024 and accepted the Russian Federation as a new observer. Follow-up reports for the Islamic Republic of Mauritania, UAE, Morocco, and Tunisia were also discussed and adopted. More information can be found on the MENAFATF website.

² At the time, the Trust Fund was financed by contributions from Canada, France, Germany, Japan, Luxembourg, the Netherlands, Qatar, Saudi Arabia, South Korea, and Switzerland.

³ The Financial Action Task Force (FATF) is the global money laundering and terrorist financing watchdog. The inter-governmental body sets international standards that aim to prevent these illegal activities and the harm they cause to society. As a policy-making body, the FATF works to generate the necessary political will to bring about national legislative and regulatory reforms in these areas. The IMF Executive

Board endorsed the FATF Recommendations as the relevant international standards for its AML/CFT work.

⁴ The MENAFATF is one of nine FATF-style regional bodies and covers the Middle East and North Africa region. As per its website, it is a voluntary and independent body that is co-operative in nature and was established by agreement between the governments of its members (currently 21 members from the MENA region). It sets its own work, regulations, rules and procedures and co-operates with other international bodies, notably the FATF, to achieve its objectives.

Analytical Corner

RECENT IMF PUBLICATIONS

State-Owned Enterprises in Middle East, North Africa, and Central Asia: Size, Costs, and Challenges

The paper on [“State-Owned Enterprises in Middle East, North Africa, and Central Asia: Size, Costs, and Challenges” \(Departmental Paper No 2021/019\)](#) sheds light on the sizable state-owned enterprise (SOE) footprint in the region and its cost to governments. The paper also highlights how METAC supports ministries of finance to strengthen fiscal risk analysis and management related to SOEs. In fragile states, aware of capacity limitations, METAC takes a pragmatic approach, favoring simple but effective reform steps such as putting together a basic inventory of SOEs (“know what you own”), clarifying the role of government ownership, and designing practical risk-based supervision matrices. Several country cases illustrate the steps that ministries of finance are taking to address the key fiscal risks related to SOEs.

Jordan: Fiscal Transparency Evaluation - Technical Assistance Report

[The 2021 Fiscal Transparency Evaluation \(FTE\) of Jordan \(Country Report No. 2021/224\)](#) highlights that many elements of sound fiscal transparency are in place; however, there is room to improve the current ratings against the IMF’s Fiscal Transparency Code. Jordan’s performance is generally better on fiscal reporting (Pillar I of the Code) than on forecasting and budgeting (Pillar II) and fiscal risk analysis and management (Pillar III). Key recommendations include improving the quality of fiscal reports for the general government sector; enhancing the government’s macro-fiscal forecasting credibility; building capacity in the Ministry of Finance for preparing fiscal policy objectives and goals that provide an anchor for medium- and long-term fiscal planning; and strengthening the overall management of fiscal risk, with a focus on public-private partnerships (PPPs) and SOEs.

Morocco’s Monetary Policy Transmission in the Wake of the COVID-19 Pandemic (IMF Working Paper No. 2021/249)

Tackling Legal Impediments to Women’s Economic Empowerment (IMF Working Paper No. 2022/037). Case studies of six countries (including **Tunisia**) demonstrate how legal reforms have been implemented in differing contexts to help achieve women’s economic empowerment.

New Staff



Ms. Nehmat Hantas recently joined METAC as the new banking regulation and supervision advisor. She has 25 years of professional experience in banking supervision with the Banking Control Commission of Lebanon (BCCL). Prior to joining METAC, she was leading the offsite supervision division at BCCL. She has also established, in 2014, the macro-prudential and regulation department at BCCL. During her career in supervision, she played an active role in the development of supervisory tools, methodologies, local regulatory frameworks, and implementation supervisory guidelines in line with Basel, FSB, and IFRS standards and other international supervisory best practices. She was a member in core committees related to financial stability, supervisory strategy, and bank restructuring. She was also a speaker in several trainings delivered to supervisors in Lebanon and in the region. Nehmat holds a master’s degree in money and banking from the American University of Beirut.



Mr. Djamel Bouhabel, joined METAC in February 2022. He has more than 25 years of experience in customs administration and international trade. Before joining METAC, he served in different technical and managerial positions at the Canada Border Services Agency (CBSA) for more than 22 years. Djamel’s professional experience covers multiple facets of customs

administration, including, commercial import processing, tariff classification, customs valuation and transfer pricing, rules of origin, drawbacks, exonerations, audit, and investigations. He has significant experience as an international expert in customs and trade facilitation. He delivered technical assistance on customs reform and modernization projects in more than a dozen countries in Africa, the Caribbean, and the MENA region. Djamel has experience in developing, reviewing, and updating commercial compliance verification manuals, programs, and standard operational procedures (SOPs). As a certified training specialist, he delivered training in a wide range of technical customs issues. Djamel has a master's level education in economics and finance.

Technical Assistance Reports

The following reports were uploaded to IMF Partners Connect website. Steering Committee members of countries and donors who have signed a confidentiality agreement with the IMF may access the reports at [TA Reports \(imfconnect.org\)](https://imfconnect.org)

Statistics
WBG: Institutional Sector Accounts – November 2021

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>

The IMF Institute offers online training to both member countries officials and the general public. Microlearning videos are available at: [IMF Institute Learning Channel - YouTube](#)

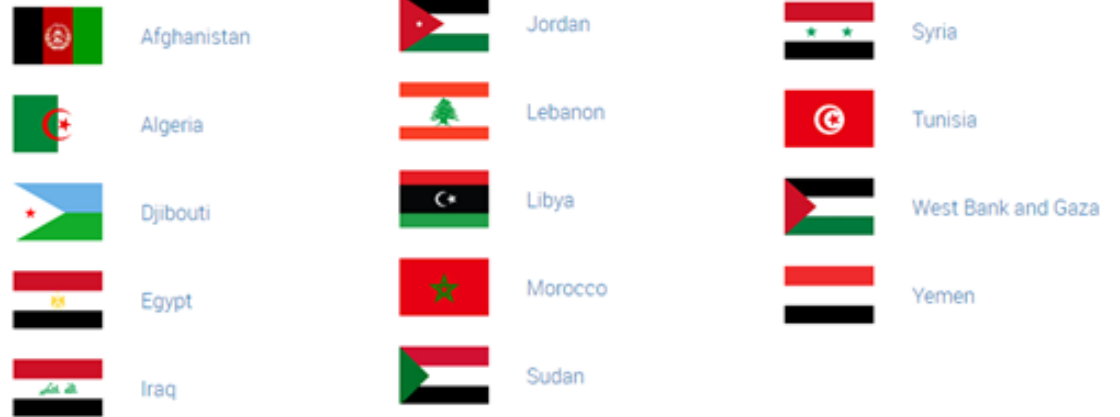
Activities Planned During February-April

Country	Topic and Lead METAC Advisor	Month/Day
Banking Regulation and Supervision		
EGY	Development of early intervention framework	04
IRQ	HQ-led training on banking supervision	02/28-03/03
JOR	Training on risk-based supervision	04
YEM	HQ-led activity on reviewing the draft on the banking license regulation and amendments to microfinance license regulation	02/16-03/02
Central Bank Operations – Mr. Michel Stubbe		
DZA	Forecasting of the autonomous factors and on the institutional aspects of liquidity management (government deposits with the central bank)	03/01-04/30
Public Financial Management – Mr. Jonas Frank		
IRQ	Follow up to build an annual cash forecast	03/31-04/28
LBN	Training on basic budget planning for MoF officials and line ministries	04/01-13
YEM	Training on cash forecasting and risk analysis	03/01-15
	Introducing commitment controls: testing (peripatetic advisor phase 2)	02/17-03/20
	Introducing commitment controls: initial implementation (peripatetic advisor phase 3)	03/21-04/28
Public Financial Management – Mr. Benoit Wiest		
DZA	Follow-up on program-based budgeting	02/01-15
EGY	Development of capacity to assess fiscal costs and risks from public- private partnerships	04/04-07
LBN	Fiscal reporting and transparency	03/14-25
	Development of the institutional framework for governance and transparency of public	02/15-17
LBY	Development of the macro-fiscal function	04/05-08
TUN	Development of institutional arrangements and capacity to develop a MTF	04/12-29
Customs Administration – Mr. Djamel Bouhabel		
LBN	Developing a workplan for immediate and short-term measures for improving revenue mobilization in the customs administration	03/30-04/11
WBG	Review of revenue administration reform strategies	04/12-27
Tax Administration – Ms. Fadia Sakr		
EGY	Follow-up on the development of a CRM function	04/26-05/16
	Assessment of the new tax integrated core systems	02/28-03/09
JOR	Follow-up on developing a compliance improvement plan for the large taxpayer office and for free professionals' sector	02/07-21
LBN	Developing a workplan for immediate and short-term measures for improving revenue mobilization in the tax administration	02/16-28
	Diagnostic of the tax IT system	03/28-04/08
MAR	Improving compliance risk management (CRM)	03/14-25
WBG	Improving tax compliance in digital economy	02/18-25
Statistics – Mr. Issam Alsammak		
EGY	Compilation of financial accumulation accounts and balance sheets	04/10-21
	Supply and use tables compilation	02/13-03/28
IRQ	PPI development	03/06-17
JOR	PPI development	02/20-03/03
	GDP - Annual national accounts source data improvement	03/13-24
WBG	Compilation of sector accounts	02/27-03/10

Development Partners



Members



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