



Middle East Regional Technical Assistance Center
Quarterly Newsletter
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Key Highlights

The IMF's October 2022 [Regional Economic Outlook](#) highlights how economies in the Middle East and North Africa (MENA) have been facing an unprecedented combination of shocks, including as a result of Russia's war in Ukraine: a global slowdown, high and volatile food and energy prices, faster and stronger-than-expected tightening of financial conditions, and the risk of fragmentation. Policy trade-offs have become more challenging, as countries need to tackle the cost-of-living crisis by restoring price stability, protecting vulnerable groups through targeted support, and ensuring food security, while also preserving debt sustainability and financial stability. Oil exporters should take advantage of the oil windfall by building buffers and diversifying their economies. Limited policy space in many countries raises the urgency of structural reforms to bolster economic growth while transforming economies to become more resilient, sustainable, diversified, and inclusive. METAC continues to assist its member countries in addressing these economic policy challenges through technical advice and building stronger macroeconomic institutions.

METAC's team continues to evolve: In September, we had to bid farewell to Benoit Wiest, regional advisor for Public Financial Management. Benoit took on an important new assignment in the IMF's regional office in Brussels, Belgium, coordinating the IMF's CD cooperation with the EU and other European development partners. In October, Stefaan Ide joined METAC as Central Bank Operations advisor. He brings with him a rich experience as resident advisor in Algeria and the IMF's South Asia Training and Technical Assistance Center (SARTTAC). Also in October, Zeinab Hammoud joined as administrative assistant, and Rana Hariz took on her new responsibility as METAC's office manager at the beginning of November. We wish Benoit all the best for his new responsibilities in Brussels and are excited to welcome Rana, Zeinab, and Stefaan as our new colleagues!

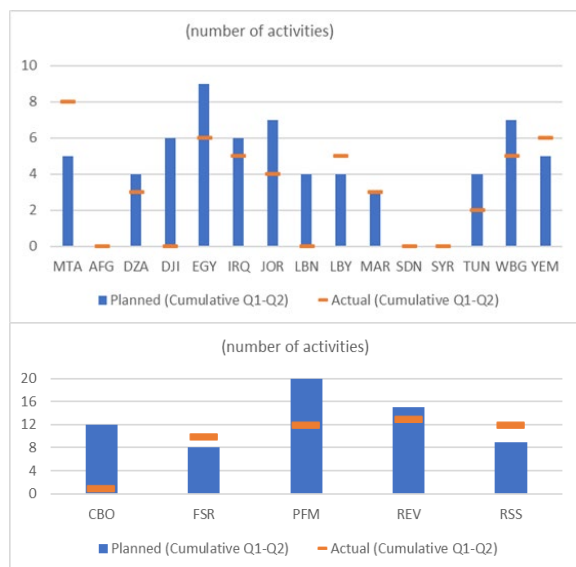
METAC delivered 21 CD activities and two outreach events in FY23-Q2. Due to the

regional advisor vacancy, no activities took place in the central bank operations workstream during the quarter, and some activities in the Public Financial Management workstream had to be postponed due to the departure of our PFM advisor Benoit Wiest. Details on the CD activities delivered are provided in the following sections. Some highlights include:

- A webinar organized together with the IMF's Monetary and Capital Markets department on Approaches to Climate Risk Analysis for financial stability drew a large audience and triggered a lively discussion.
- Tax administrators from 12 member countries collaborated in METAC's regional workshop on the "International Survey on Revenue Administration" (ISORA).
- METAC provided capacity development to the Central Bank of Egypt on consolidated supervision.
- METAC assisted the Central Bank of Iraq in revising and finalizing the draft capital adequacy framework for Islamic banks and the related regulatory templates in line with Basel and IFSB guidelines.
- METAC supported the Jordanian Ministry of Finance in the development of a first Fiscal Risks Statement, which was one of the key recommendations of the 2021 Fiscal Transparency Evaluation.
- METAC continued its programmatic support on expenditure control to Yemen's Ministry of Finance and helped to develop a strategy for the implementation of an integrated financial management information system.
- METAC supported the Libyan customs administration in the use of the ASYCUDA World IT management system.
- METAC assisted the Palestinian Central Bureau of Statistics in assessing the use of administrative records to compile national accounts for financial corporations.
- METAC aided the Jordanian Department of Statistics in compiling constrained supply and use tables and input-output tables.

FY23 Capacity Development Activities

May to October 2022¹



Outreach

Webinar on Approaches to Climate Risk Analysis (Oct 3)

Climate-related financial risks have moved to the forefront of the agenda for financial institutions, central banks, and other financial sector regulators. The topic is of particular relevance to the financial supervisors and regulators of the Middle East region being a hotspot for climate change. The Monetary and Capital Markets Department (MCM) and the Middle East Technical Assistance Center (METAC) jointly organized a webinar on “Approaches to Climate Risk Analysis”. The webinar presented approaches to identify, monitor, and respond to climate-related financial stability risks. It introduced the key terms and concepts used in climate risk analysis. It also explained the approaches to standard risk analysis used in the Financial Stability Assessment Process (FSAP) and how these approaches could be modified to incorporate climate risk, both for physical and transition risk. Data needs and challenges in

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;

climate risk analysis were also discussed. About 90 participants from various countries in the region attended and actively participated in the webinar. Delegates from the European Union and Swiss SECO participated as discussants and shared their insightful views which enriched the discussions. Prior to the webinar, a survey on the analysis of climate-related risks was distributed to the participating member countries, and the results were discussed during the event.

The 9th Meeting of the Technical Committee of the Arab Statistics Initiative “ArabStat” (Nov 9-10)

At the invitation of the Arab Monetary Fund (AMF), METAC attended the ninth (virtual) meeting of the Steering Committee of the Arab Statistics Initiative (ArabStat) during November 9-10, 2022. Participants from the IMF’s Statistics Department presented on New Technologies in Real Sector Statistics and discussed the regional data availability and policy uses of sectoral financial accounts. The meeting also discussed remittances, statistical challenges during pandemics, public debt statistics, and financial soundness indicators.

Regional Workshops

METAC Regional ISORA workshop (Oct 31-Nov 4)

METAC delivered a regional workshop on the “International Survey on Revenue Administration (ISORA)” in Amman, Jordan. The workshop, which was attended by 31 participants from 12 METAC countries and



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

three Gulf Cooperation Council countries, raised the importance of ISORA and explained how to complete an ISORA survey. The training sessions were delivered by experts from the IMF's Fiscal Affairs Department's Revenue Administration Fiscal Information Tool (RA-FIT) team. All participants made short presentations about their tax administrations, including information on data collected that can be used in measuring revenue performance.

Challenges to implement WTO Valuation Agreement in METAC region, and the IMF Customs book (Oct 12-13)

METAC organized this event to initiate peer-to-peer learning among customs administrations in METAC member countries to support the effective implementation of the WTO Customs Valuation Agreement (CVA). The workshop focused on a review of the rules governing the use of the transaction value for the assessment of the imported goods. Officials from five customs administrations presented their experience and the challenges with the implementation of the CVA agreement. Three presentations discussed the use of new technologies, including mirror data analysis, artificial intelligence in customs, and an introduction to machine learning for customs administration. The IMF also presented its new book on *Customs Matters: Strengthening Customs Administration in a Changing World*. This workshop was organized in cooperation with the IMF's Middle East Center for Economics and Finance (CEF).

Technical Assistance and Training

BANKING SUPERVISION

Egypt (Oct 23-26)

METAC provided capacity building for the banking supervisors of the Central Bank of Egypt (CBE) on consolidated supervision. The four-day in-person workshop's 14 sessions covered topics ranging from the objectives of consolidated supervision to capital, liquidity, and other regulatory issues, accounting and auditing, offsite and onsite supervision, cross-border supervision, financial conglomerates, recovery and resolution. Around 12 staff from regulatory, supervisory and macroprudential

functions participated throughout the workshop, with others attending selected sessions. The sessions were highly interactive with extensive discussions of every topic. The presentations and the discussions helped the supervisors to build a sound understanding of consolidated supervision practices and their implementation.

Iraq (Jul 29-Aug 2)

METAC continued to assist the Central Bank of Iraq (CBI) in strengthening its regulatory framework. The mission was conducted offsite in Jordan to assist the CBI in revising and finalizing the draft capital adequacy framework for Islamic banks and the related regulatory templates in line with Basel and IFSB guidelines. It provided comprehensive training to a group of CBI supervisors on the various regulation components (eligible regulatory capital; credit, operational, and market risk; risk-weighting calculation and methodology), to ensure sound understanding and effective implementation of the revised regulation and related templates.

Yemen

Sep 20

METAC reviewed the amended regulation issued by the Central Bank of Yemen on Money Exchange Dealers. The amendments introduce a new category for money exchange dealers "Money transfer agents – remote areas" and increase the minimum capital requirements for all categories of money exchange dealers. The comments and recommendations prepared by METAC were presented and discussed with the authorities during the meetings of the IMF country team with the authorities in October.

Oct 27

METAC contributed to the EU-OECD workshop on Restoring Trust and Capacities in the Yemeni Banking Sector. METAC's banking supervision expert shared with the participants from the Central Bank of Yemen (CBY) lessons learned from countries that faced similar crisis challenges (such as the Lebanese crisis) and elaborated on regulatory and supervisory reforms to restore trust in the banking sector. These include proper identification of losses for adequate recapitalization and restructuring of

banks, relevant resolution options, approaches for the restoration of correspondent banking activities, building liquidity restoration plans, enhancing corporate governance, and reinforcing the supervisory resources.

PUBLIC FINANCIAL MANAGEMENT

Jordan

Sep 20-Nov 7

METAC supported the Macro-Fiscal Unit and the Fiscal and Contingent Liability Unit of the Ministry of Finance to elaborate a first Fiscal Risks Statement (FRS) for Jordan, one of the key recommendations of the 2021 Fiscal Transparency Evaluation (FTE). This will provide greater transparency about key risks affecting public finances, including macroeconomic risks and those related to public-private partnerships (PPP). The latter are particularly relevant, as the country has one of the highest PPP/GDP stocks in the world. The initial FRS should be expanded over time to provide further detail and cover additional risk areas.

Sep 26

Based on a partnership with the United Nations Economic and Social Commission for Western Asia (UNESCWA), a discussion forum on the role of budgeting for efficient social expenditures was conducted with stakeholders from Jordan. Highlighting the results of UNESCWA's social expenditure monitor (SEM) and efficiency analysis, the event concluded that Jordan could achieve more in terms of educational attainments or public health indicators with given resources. Building on advances to strengthen budget procedures (medium-term budgeting, gender-responsive budgeting), key drivers for efficiency are more robust costing; a strengthened result approach; more rigorous ex-post evaluations; and budgetary transparency that traces the flow of funds to service delivery units.

Yemen

Aug 6-8

A joint METAC/USAID-Pragma workshop was conducted in Amman/Jordan during August 6-8 as part of the programmatic support on

expenditure control in Yemen. The event allowed 13 participants from MoF and three pilot entities (Customs Agency; Ministry of Public Works; University of Aden/Ministry of Higher Education) to design an action plan to implement the new control framework in these entities as of January 2023. The sessions allowed staff to test the initial processes and gain a deeper understanding of responsibilities in MoF and MDAs; adopt further adjustments to workflows and templates; and agree on types of commitments and different approvals. The support will be continued in Phase 4 aimed at finalizing the manual and adopting an automated procedure.

Aug 23-Sep 12

A joint IMF HQ-METAC remote mission supported the Ministry of Finance (MoF) in developing a strategy for the implementation of an integrated financial management information system (IFMIS) that is tailored to the Yemen context. A low-cost, agile and scalable IFMIS is an enabler to rebuild core PFM functions at the MoF, overcoming manual processes while enhancing oversight and communication with Ministries, Departments and Agencies (MDAs). Mission observers included representatives from the USAID-Pragma Economic Recovery and Livelihoods Program (ERLP) as well as the Saudi Development and Reconstruction Program for Yemen (SDRPY).

REVENUE ADMINISTRATION

Egypt (Sep 3-18)

METAC LTX revenue advisors participated in a joint IMF HQ-METAC mission to advance Egypt's Medium Term Revenue Strategy (MTRS). The 2020 MTRS was evaluated and updated by the mission. A structured MTRS implementation plan was also developed. The mission recommended urgent establishment of a performance management system together with the establishment of a Project Management Office at the level of the Ministry of Finance (MOF), as these will be critical for timely, efficient, and effective MTRS implementation.

Iraq (Aug 21-29)

METAC provided assistance to Iraq's General Commission of Taxes (GCT) on good practice in organizational design to modernize the organizational structure of GCT headquarter and regional offices. The current organizational structure has deficiencies that constrain GCT in its core business activities and reform implementation. Major structural reform is contingent upon improved automated and networked systems, the ability to have greater flexibility and autonomy in administrative operations and improved policy support. Advice on good practices in organizational design was provided, and an option for structural improvement was developed, including an action plan for implementation.

Libya

Aug 4-12

METAC supported the Libyan customs administration (LCA) with the ASYCUDA World (AW) IT management system. Following a diagnostic of the IT system and development of an implementation road map in May/June, this second intervention helped to update the AW prototype. The mission also advised on the implementation of the investigation function and provided guidance to strengthen the Customs and Excise Administration's capacity in transfer pricing policy and customs valuation audit. It further assisted the Customs and Excise Administration in developing communication tools to sensitize the private sector to the fight against fraud, smuggling, tax evasion, and illicit financial flows.

Aug 13-15

METAC organized a two-day study tour for an LCA delegation to the Al Aqaba Port in Jordan. The Jordan customs administration delivered a presentation on the management and control of exemptions and duty relief programs. LCA officials learned about the processes and methodologies used to clear imported goods through the AW customs IT management system. In particular, the mission addressed the issues of the control framework related to free zone customs operations and the clearance of imported goods.

Yemen

Aug 7-18

METAC assisted the Yemen General Taxation Department in developing its tax audit program. Specifically, the mission (i) reviewed the current audit strategy, (ii) advised how to proceed with centralizing audit case selection and planning the audit program, and (iii) advised on planning, conducting, and finalizing individual audits. Advice on governance and audit quality review was also provided.

Sep 12-16

METAC provided advice to the Yemen General Taxation Department (GTD) on improving taxpayer services. The assignment reviewed the way in which taxpayer services are currently carried out by GTD and evaluated the current performance of the taxpayer services function; assessed the organizational structure for taxpayer services and how it manages taxpayer services in a uniform manner within the entire organization at a national level and advised on potential solutions for developing an international standard taxpayer services function; and with GTD, developed a draft Taxpayer Services Strategy.

STATISTICS

Iraq (Oct 23-27)

METAC conducted a virtual mission to assess the CPI currently produced by the Iraqi Central Statistics Organization (CSO) to identify opportunities to improve the accuracy of the data, and to help with implementing these improvements. Topics addressed included imputing missing prices, updating expenditure weights, and implementing expenditure weights for higher-level index aggregation.

Jordan (Sep 18-29)

A TA mission assisted the Department of Statistics in compiling constrained 2017 and 2018 supply and use tables (SUTs) and input-output tables (IOTs). The IMF's automated SUT balancing tool was used to generate balanced SUTs that are aligned with the annual GDP estimates and a sustainable compilation system was developed to produce annual IOTs using a top-down approach.

Tunisia (Sep 26-30)

A TA mission to Statistiques Tunisie assessed the feasibility of developing balance sheet accounts of non-financial assets and found that sufficient data exists to start compiling such accounts annually. Compilation of this new data set would lead to the completion of the full sequence of national accounts for Tunisia.

West Bank and Gaza

Jul 31-Aug 4

A METAC mission assisted the Palestinian Central Bureau of Statistics (PCBS) in assessing the use of administrative records to compile national accounts for financial corporations. Using administrative data to replace or complement field surveys would result in higher-quality data with less response burden and cost, thereby increasing the accuracy of national accounts compilation and increasing efficiency in producing them. The mission reviewed the available source data and compared their results with the results from using field surveys and developed a method to calculate output and value added for banking and insurance.

Oct 2-13

The mission followed up on the work done in July and assisted the Palestinian Central Bureau of Statistics to estimate value added for financial corporations using administrative data. As a result, a sustainable compilation system was developed, covering industries that produce over 95 percent of the value added of the sector, including deposit-taking institutions and insurance companies.

Staff News



Mr. Stefaan Ide joined METAC in October 2022 as Central Bank Operations Resident Advisor. He previously was an IMF resident advisor to the Governor of the Central Bank of Algeria and worked

at the IMF's South Asia Regional Training and Technical Assistance Center (SARTTAC) in Delhi as Monetary and Foreign Exchange Operations advisor. In the latter position, he

provided technical assistance to the central banks in the South Asia region to modernize their monetary policy frameworks as well as providing training on monetary policy implementation. Before joining the IMF in 2016, he worked at the National Bank of Belgium's Research & Economics Department with a focus on International Macroeconomics and on Monetary Policy Strategy and Implementation. He holds a degree from the KU Leuven and Bocconi University.



Ms. Rana Hariz, a Lebanese national, joined METAC in November 2022 as Office Manager. She has more than 18 years of diverse professional experience in areas of office management,

project management, research, auditing and reporting. In her previous assignment, Rana worked with ESCWA as a consultant. Formerly, she was the Director of the BPA Worldwide Middle East Regional Office in Dubai, which provides third-party compliance services to defined government, industry, and organizational standards. Rana holds a degree in Banking and Finance with focus on economics and human development. She is fluent in Arabic, English, and French.



Ms. Zeinab Hammoud joined METAC in October 2022 as administrative assistant. Prior to joining METAC, she worked in the field of international relations and diplomatic services for the past four years.

She holds a master's degree in international relations and a bachelor's degree in political science and international affairs from the Lebanese American University in Beirut (LAU).



Benoit Wiest, PFM advisor for METAC from October 2019 to September 2022, moved to the IMF's Europe office in Brussels, where he serves as representative for the Institute for Capacity

Development's Global Partnerships team for European development partners.

Analytical Corner

[Regional Economic Outlook for the Middle East and Central Asia](#). Risks highlighted in the April 2022 World Economic Outlook have materialized—commodity prices remain high, global financial conditions have tightened faster and by more than previously expected, and a worldwide slowdown is underway. Mitigating a cost-of-living crisis while preserving fiscal sustainability is the most pressing policy priority for the MENA region.

[Promoting Inclusive Growth in the Middle East and North Africa: Challenges and Opportunities in a Post-Pandemic World](#). This book presents a comprehensive view of policies to boost job-rich and inclusive growth within a resilient macroeconomic policy framework and suited to the MENA context. Its goal is to provide guidance to policymakers in the region to frame how best to promote inclusive growth, including in their engagement with all stakeholders.

[A Low-Carbon Future for the Middle East and Central Asia: What are the Options?](#) The purpose of this paper is to identify the menu of fiscal policy options which would allow the region to fulfil its emissions' reduction commitment. Specifically, the paper examines and estimates the tradeoff between two broad categories of fiscal policies: public investments in renewable sources of energy and measures that raise the effective price of fossil fuels. Such a dichotomy captures the key medium-term macroeconomic and long-term intergenerational trade-offs that are arguably the most pertinent for the countries in the Middle East and Central Asia where governments are likely to play a leading role in the low-carbon transition.

[How Fiscal Policy Can Help Middle East, Central Asia Reduce Emissions](#) (IMF Blog) Nearly all 32 countries in the Middle East and Central Asia have pledged to contain greenhouse gas emissions as part of the Paris Agreement. To meet these commitments, countries need to urgently integrate climate policies into national economic strategies.

[Inflation-at-Risk in the Middle East, North Africa, and Central Asia](#). This paper investigates inflation risks for 12 Middle East and Central Asia countries, with an equal share

of commodities exporters and importers. The paper uncovers interesting features of inflation dynamics in the region, including the role of backward versus forward-looking drivers, non-linearities, and heterogeneous and delayed exchange rate pass-through.

[Jordan: Selected Issues](#). This IMF paper discusses (i) boosting female employment opportunities in Jordan, (ii) Jordan's tourism industry as an engine for economic growth, and (iii) an analysis of past economic growth performance and growth prospects in the aftermath of the pandemic.

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 \(imfconnect.org\)](#)

Public Financial Management
WBG: Macro Fiscal Planning and Quarterly Reporting – September 2022
Revenue Administration
Morocco: Lutte contre la fraude fiscale et les flux financiers illicites – September 2022
Yemen: Developing the Tax Audit Program – September 2022
Statistics
Egypt: GDP revisions – September 2022
Egypt: Supply and Use Tables – October 2022
Iraq: Residential Property Price Index and Producer Price Index – August 2022
Tunisia: Comptes nationaux trimestriels selon l'optique des dépenses – September 2022
WBG: Annual National Accounts Source Data – October 2022

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](#)

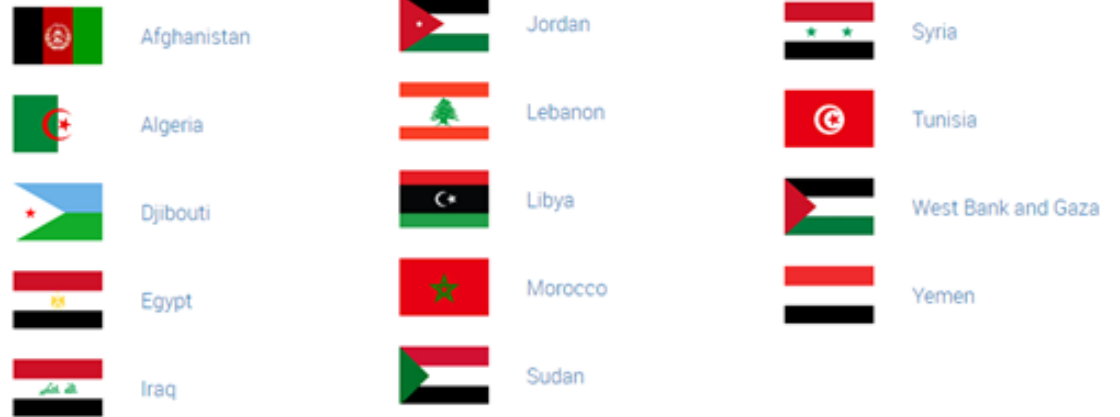
Activities Planned During November-January

Country	Topic and Lead METAC Advisor	Month/Day
Banking Regulation and Supervision – Ms. Nehmat Hantas		
DZA	Enhancing Risk Rating Framework	11/06-10
JOR	Risk-Based Supervision	11/01-03
MAR	SREP Methodology Development	11/09-11
	SREP Guidelines Review and training	11/14-17
Public Financial Management – Mr. Jonas Frank		
JOR	Public Private Partnership fiscal risk	01/23-26
REG	CEF course on Cash management	12/12-15
YEM	Phase 4: Expenditure control – Automation and Training	11/15-12/30
	Phase 5: Pilot implementation of expenditure control	01/10-03/30
Public Financial Management – Mr. Yasser Sobhi		
DJI	TSA and cash forecasting	01/06-19
	Medium-term fiscal framework	01/09-20
LBN	Follow-up on TSA and cash management	01/30-02/10
LBY	HQ/METAC - PFM Diagnostic Mission	12/12-16
	Training on core PFM functions	11/21-23
MAR	Internal Control Framework - v2	11/21-30
TUN	Surveillance of SOEs	01/09-20
Customs Administration – Mr. Djamel Bouhabel		
JOR	Support to the PCA function (PCA audit manual)	01/15-26
LBN	Follow up on the development of workplan for immediate and short-term measures	01/09-20
MAR	Support to the data analysis (mirror data analysis-learning machine)	12/19-30
TUN	Support to the PCA function (PCA audit manual)	01/15-26
Tax Administration – Ms. Fadia Sakr		
DZA	Development of strategies to improve on-time payment ratio	01/08-17
EGY	Assist ETA and RETA in the design and the implementation of a PMMF	12/04-08
	Study tour visit to the Belgium tax administration	12/19-21
LBN	Assist MoF in the establishment of a reform governance framework	11/21-28
LBY	Development of a HL roadmap and priority actions for the digitalization of TA	11/20-29
	High level requirements for core business process for tax IT system	01/22-31
MAR	Enhancing the tax compliance in the digital economy	01/31-02/12
SDN	Modernization of the organizational structure of the HQ and RO	01/09-26
TUN	Advise on identification and mitigation of IT risks for AEOI purposes	01/09-18
WBG	Improving Compliance in the large taxpayer offices	11/27-12/9
YEM	Developing a tax audit manual	01/09-02/09
Statistics – Mr. Issam Alsammak		
EGY	GDP - Financial and balance sheet accounts I	01/08-19
JOR	National Accounts program review	11/27-12/08
	PPI development	01/15-26
LBY	CPI - Consumer Price Index development	01/29-02/09
TUN	CPI - Consumer price index development	01/23-27
REG	CEF/METAC – Consumer Price Index Workshop	11/27-12/02
Central Bank Operations – Mr. Stefaan Ide		
DZA	Central Bank Collateral Framework	12/12-22
TUN	Short-term Liquidity Forecasting Framework	11/14-22
	Inflation expectations survey	01/16-20
IMF Fiscal Affairs Department / METAC		
REG	Tax expenditures workshop	12/12-14

Development Partners



Members



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