



Key Highlights

The Middle East and North Africa (MENA) region continues to be in the global spotlight. As conflict risks in the Middle East are [reshaping the region's economies](#), the IMF released an update of the [Regional Economic Outlook \(REO\)](#) at end-January. Projected growth in the MENA this year was revised down by 0.5 percentage point to 2.9 percent relative to the October 2023 REO due to (i) the impact of the conflict in Gaza and Israel; (ii) oil production cuts; and (iii) continued tight policy settings in several economies. The REO followed the [World Economic Outlook \(WEO\) Update](#), which projected an upward revision in global growth to 3.1 percent in 2024 (0.2 percentage point higher than in the October 2023 WEO) on account of greater-than-expected resilience in the United States and several large emerging market and developing economies, as well as fiscal support in China.

The region also hosted the 28th meeting of the Conference of the Parties (COP 28) which convened from 30 November to 12 December 2023 in Dubai, United Arab Emirates. To support the IMF's dialogue on economic policies that can help our members and the wider international community reach shared climate goals, METAC inaugurated its new **webinar series** on the **Macroeconomics of Climate Change** with an introductory event on January 12th. The event series aims at raising awareness of the economic impact of climate change in the region. In this context, METAC will also be hosting a regional workshop on the Economics of Climate Change (March 5-7, 2024) in collaboration with several IMF Departments. A second regional workshop on Strengthening Budget Institutions for Climate Change Action and Gender Equality, in collaboration with the IMF's Fiscal Affairs Department, is planned for June 2024 in Cairo, Egypt.

The work program on cross-cutting Gender issues also kicked off with a **regional workshop on "Gender and Inequality: A Practical Approach to Evidence-Based Policy Design"** in November 2023, which was

organized together with the IMF's Strategy, Policy, and Review Department.

METAC Director Holger Floerkemeier initiated **gender-related collaboration** with the United Nations Population Fund (UNFPA) in meetings with UNFPA's Jordan office and UNFPA's Regional Director Laila Baker in Egypt.

Mr. Floerkemeier attended the 2023 **Regional Capacity Development Centers (RCDC) Retreat** in November in Washington, DC, which brought together RCDC Directors and Deputy Directors, as well as representatives from several Fund departments. The retreat focused, among others, on the strategic direction of Capacity Development (CD), and on enhancing CD delivery, including innovations in CD deliveries and the evolution of delivery modalities to tailor CD to the needs of member countries and to optimize impact and reach. In January, he also participated in the **MCD Resident Representative Retreat** in Cairo, Egypt, which discussed the IMF's strategic priorities in the current economic, political, and security context in the region, and ways to maximize the effectiveness of and collaboration between the IMF's field offices, RCDCs, and IMF headquarters.

The [METAC team](#) continues to expand as Mr. **Nasser Badra** joined METAC as Macroeconomic Framework Advisor, and Ms. **Sarah Bou Atmeh** joined METAC as a Tax Policy Advisor. Ms. Bou Atmeh's work will focus on METAC's fragile and conflict-affected states (FCS) member countries, and her position is financed by IMF resources. Together with Mr. Amir Hadziomeragic, METAC's Government Finance Statistics (GFS) Advisor, the advisor positions of all three new workstreams in METAC's portfolio have been filled in this quarter. A special section in this newsletter gives a brief overview of the CD delivery under METAC's [new workstreams](#).

METAC continues increasing its CD delivery despite disruptions due to the temporary relocation and mission suspensions to Lebanon and West Bank and Gaza. METAC delivered 38 CD activities in FY24-Q3, of which 31 were country activities, 5 regional

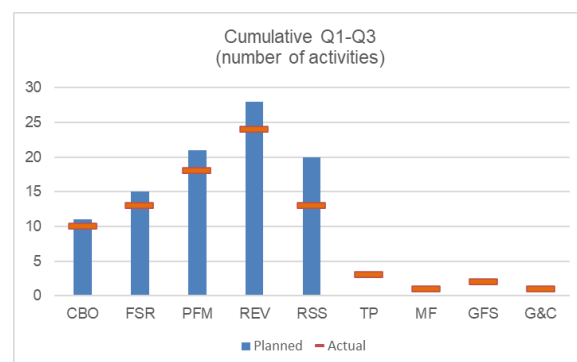
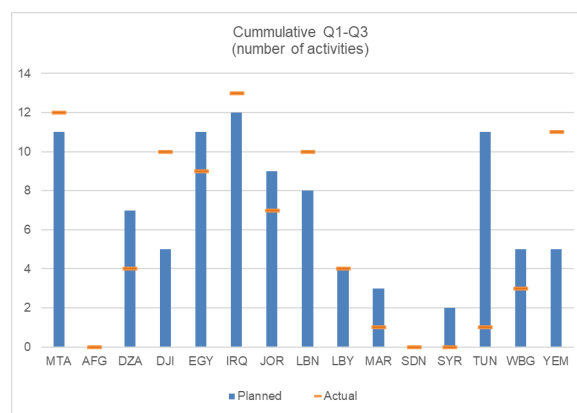
workshops, 1 outreach activity, and 1 webinar. Some highlights include:

- Several remote and offsite missions were organized for the Lebanese authorities, such as remote missions to support the Ministry of Finance in (1) developing a concept for strengthened budget reporting; (2) enhancing the Medium-term Fiscal Framework (MTFF) with a focus on revenue forecasting; and (3) support the Customs Administration in identifying a list of services for which the LCA may charge fees. These virtual missions will be followed by in-person offsite missions in early 2024. A first offsite mission in January supported the Lebanese tax authorities in developing data analytics for compliance, as well as organizational structure, compliance risk management, and large taxpayers.
- Revenue Administration advisor Rosen Bachvarov conducted a training on compliance risk management with representatives of the Ministry of Budget and Tax Administration from Djibouti.
- Macroeconomic framework advisor Nasser Badra joined his first mission to develop and operate a Macro-Framework Foundation Tool (MFT) for the Central Bank of Iraq.
- METAC co-organized a Regional Workshop on implementing the Protocol on Trade in Goods of the African Continental Free Trade Area (AfCFTA) in Cairo, Egypt with the IMF's Fiscal Affairs Department.
- Customs Administration Advisor Andrew Allan supported the Libya Customs Authority in the implementation of an automated customs clearance system.
- Financial Supervision and Regulation Advisor Nehmat Hantas conducted a regional workshop on Pillar 2 Supervisory Approaches in Istanbul.
- Real Sector Statistics Advisor Elirjeta Pepaj assisted the Jordanian Department of

Statistics in measuring the non-observed economy in Jordan's national accounts.

- Financial Supervision and Regulation Advisor Lusine Margaryan and Nehmat Hantas conducted a workshop on assessing banks' licensing applications for the Central Bank of Yemen.

FY24 Capacity Development Activities May 2023 to January 2024¹



¹ CBO: Central Bank Operations; FSR: Financial Supervision and Regulation; PFM: Public Financial Management; REV: Revenue Administration; RSS: Real Sector Statistics; TP: Tax Policy; MF: Macroeconomic Frameworks; GFS: Government Finance Statistics; G&C: Gender and Climate.

AFG: Afghanistan; DZA: Algeria; DJI: Djibouti; EGY: Egypt; IRQ: Iraq; JOR: Jordan; LBN: Lebanon; LIBY: Libya; MAR: Morocco; SDN: Sudan; SYR: Syria; TUN: Tunisia; WBG: West Bank and Gaza; YMN: Yemen; REG: Regional Activities.

New Workstreams

With the start of Phase V, METAC added three new workstreams to its portfolio: government finance statistics (GFS) and Public Sector Debt Statistics (PSDS), Macroeconomic Frameworks (MF), and tax policy (TP).

The workstream on **Government Finance Statistics (GFS) and Public Sector Debt Statistics (PSDS)** focuses on addressing gaps in the fiscal accounts that hinder fiscal management and IMF surveillance, particularly in fragile states. Technical assistance in the GFS/PSDS area will assist authorities to develop and upgrade their fiscal statistics by introducing international standards, expand coverage, and increase the quality and timeliness of data. IMF-METAC will assist its member countries improving their data collection processes, classifications in accordance with international standards, data processing, proper identification of the general government and the public sector, and better data dissemination and reporting.

The **Macroeconomic Frameworks (MF)** work-stream helps central banks and ministries of finance to improve their macroeconomic analysis and forecasting capacity, in particular developing tools to support evidence-based policymaking. It will develop the authorities' capacity to simulate and forecast the impact of various external shocks and policy changes on the real, external, monetary, and fiscal sectors to gauge and quantify the impact of these shocks and their transmission mechanism into the economy. The workstream will also help member states to assess the efficacy of monetary policy under various exchange rate regimes and inflation targeting rules, allowing to diagnose the effect of monetary policy on growth and inflation. It will further provide CD in the area of nowcasting, using econometric and machine learning methods.

METAC's **Tax Policy (TP)** workstream provides advice on how to design member countries' tax systems in support of domestic revenue mobilization goals to cover spending needs, and how to structure their tax system to balance key objectives including tax efficiency and equity, as well as allocative efficiency such as the impact of taxes on incentives to invest, work, and save.

Outreach

VITARA Partner Meeting (Dec 7)

Rosen Bachvarov, METAC's Resident Tax Administration Advisor, attended the VITARA Partner Meeting in December 2023. Mr. Bachvarov had the opportunity to share how VITARA training content is used both in the provision of technical assistance missions and in METAC's workshops. The event was attended by internal and external stakeholders such as the OECD, World Bank, and the Intra-European Organization of Tax Administrations. VITARA partners discussed knowledge transfer methodologies, the role of VITARA content in discussions with the authorities, and language specificities and the existing training infrastructure of the IMF and external partners.

Regional Workshops

Regional workshop on gender and inclusion (Nov 7-9)

METAC hosted a workshop on gender and inclusion in Amman, Jordan, in collaboration with the Inclusion and Gender Unit of the IMF's Strategy and Policy Review Department. The workshop covered the main indicators and trends of gender disparities and highlighted the channels through which gender inequality affects macroeconomic outcomes, making gender considerations macro-critical. It showcased user-friendly toolkits developed by the IMF to facilitate the analysis of gender inequality's macro impact. For instance, the child marriage toolkit demonstrates the potential increase in GDP per capita growth rate that could result from reducing child marriage. The course also discussed various measures of inclusion and presented a modelling framework to analyze the distributional impacts of policy reforms. Participants included staff from the ministries of finance and central banks from Egypt, Jordan, Lebanon, Libya, Morocco, and Tunisia. Representatives from the United Nations Population Fund (UNFPA) and the Jordanian National Commission for Women also attended. The workshop received positive feedback, and METAC is exploring potential avenues for further engagement on inclusion and gender.

METAC-CEF Course on Tools for Monetary Policy Implementation (Nov 12-16)

METAC and the Central Bank Operations Division of the Monetary and Capital Markets Department (MCMCO) provided a course at CEF-Kuwait on the **monetary policy implementation tools** currently developed by MCMCO. The course presented how to i) use advanced forecasting techniques to estimate autonomous factors of the central bank balance sheet; ii) estimate and implement foreign exchange intervention rules based on a risk approach; and iii) introduced the participants to stress testing central bank balance sheets. 21 participants from 14 central banks of the METAC and GCC region attended. They valued both the concepts conveyed in the lectures as well as the practical usefulness of the hands-on workshops. Participants suggested to lengthen the duration of the course to allow for more in-depth coverage of all aspects of the tools, including i) theoretical framework; ii) software language; and iii) hands-on applications. METAC and MCMCO have suggested to CEF to plan a similar course for FY25.



METAC-CEF Course on Budget Execution and Commitment Control (Dec 6-8)

The first edition of this hybrid course on budget execution, conducted at the CEF, involved 26 participants from 13 countries in the MENA region. The course brought together mid- to senior-level officials from ministries of finance to enhance their understanding of and share practical experiences in supporting international good practices in budget

execution and its linkages to cash management and arrears prevention. In addition to lively interaction, the course offered well-received peer learning opportunities in which participants presented their countries' experiences in budget execution.

Modernizing Customs Procedures to Achieve the Objectives of the African Continental Free Trade Area (AfCFTA) (Jan 16-18)

METAC supported a Regional Workshop for its member countries implementing the Protocol on Trade in Goods of the African Continental Free Trade Area (AfCFTA) in Cairo, Egypt. Participants, which included METAC members Egypt, Libya, Morocco and Tunisia; additionally, Somalia and the Arab Maghreb Union were also represented. The workshop was opened by the IMF, the Representative of the Embassy of Japan in Egypt, and the Commissioner General of Egyptian Customs Authority (ECA), who emphasized the criticality of this agreement between 54 signatory countries to



boost trade, economic integration, and growth. The group discussions covered the need to improve the management and control of African preferential origin of goods; progressive intra-African tariff elimination and adoption of further trade facilitation measures/ removal of non-tariff barriers.



Pillar 2 Supervisory Approaches with a focus on Interest Rate in the Banking Book (IRRBB) (Jan 29-Feb 1)

The regional workshop was conducted in Istanbul, Turkey, and aimed at enhancing the supervisors' knowledge of (1) the Pillar 2 supervisory review approaches, (2) IRRBB risk and its measurement techniques, (3) to learn how to review the ICAAP submission by banks, and (4) how to use stress test results to develop Pillar 2 capital and liquidity buffers. The workshop was rich in round table discussions and case studies on business model and IRRBB measurement in which the participants were actively engaged. In addition to the two in-person core speakers, the workshop included a remote participation of five other speakers from the Basel Committee for Banking Supervision BCBS (Secretary General), the Financial Stability Institute (Deputy Chairman), the IMF, and the Bank of Finland. The presenters shared their views on the lessons learned from recent bank crisis, notably the banks' business model and the aspect of digitalization, the active topics on BCBS agenda, the aspects of good supervision, climate related risks, and the role of countercyclical buffer from an economic angle. The course was attended by 22 participants from 12 Arab countries. The participants expressed great appreciation on the value of the course, its relevance to their work and the broadness it brought to their perspective in supervision practices.

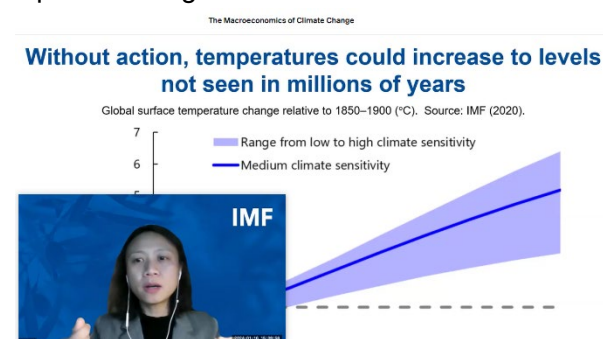


Webinars

The Macroeconomics of Climate Change (Jan 16)

In collaboration with the IMF Institute for Capacity Development (ICD), METAC launched the first webinar of its event series on

the Economics of Climate Change. The webinar "Macroeconomics of Climate Change" gave a comprehensive overview of the science and economics of climate change, including its causes, economic consequences, and impact on human welfare. The webinar discussed how the IMF engages its member countries to address climate change issues and presents adaptation and mitigation policy options for tackling climate change. The webinar was attended by more than 130 participants which raised a lot of questions during the following Q&A session. The vivid engagement highlighted the considerable interest in the topic in the region.



Technical Assistance and Training

CENTRAL BANK OPERATIONS

Algeria (Jan 29-Feb 1)

At the request of the Banque d'Algérie, METAC provided a follow-up technical assistance mission to set up a credit rating system for non-financial corporations to allow bank credit claims to be accepted as collateral in central bank liquidity-providing operations. Under this project METAC delivers short and targeted follow-up missions at regular intervals conditional on the actual progress made. This mission delivered tools for the hands-on



implementation of the methodology based on the country-specific calibrations of the relevant financial balance sheet ratios to achieve a credit rating scale for Algerian non-financial corporations. The next steps of the project will be the mapping of the credit rating scale into a haircut schedule for credit claims.

Djibouti (Dec 17-21)

At the request of the Banque Centrale de Djibouti (BCD), METAC provided CD on the implementation of reserve requirements. This mission followed a first METAC mission on this topic in June 2023. The BCD has expressed its intention to introduce reserve requirements in early 2024. Throughout the mission there was an intensive collaboration with the staff of the newly created “Pôle Réserves Obligatoires”. The mission was hands-on in nature and provided regulatory texts and ready-to-use tools. An updated, granular roadmap should provide sufficient guidance to the BCD to achieve an immediate implementation. METAC stands ready to further support the implementation of the reserve requirements through remote or field-based delivery.

FINANCIAL SUPERVISION AND REGULATION

Egypt (Dec 17-21)

The mission assisted the Central Bank of Egypt (CBE) on the **development of consolidated supervision**. It built on a previous mission in October 2022, which discussed the main aspects of consolidated supervision of the banking sector, including international standards and practices. The mission’s focus was on the development of internal guidelines to support CBE’s supervisors in the implementation of consolidated supervision. The guidelines set out the nature and purpose of consolidated supervision and the application of key regulatory requirements and supervisory practices and crisis preparedness. They highlight the importance of a good



understanding of group structures, to construct a comprehensive view of all group risks, and to ensure that bank groups are adequately supervised in practice.

Jordan (Nov 1-3)

Upon the request of the Central Bank of Jordan (CBJ), METAC conducted a **desk review of the draft regulation on loan classification and loan loss provisioning** prepared by the CBJ’s team, which amended the old regulation no. 24/2009. The regulation was revised based on the last FSAP recommendations to close important gaps in the existing regulation. The mission provided a list of recommendations to further enhance the amended regulation, address the gaps and align with international best practices, notably in the areas of loan restructuring, loan provisioning, write-off, and assets acquired in settlement of debts.

Morocco (Jan 16-20)

METAC assisted the Bank Al Maghrib (BAM) in **reviewing the requirements of Basel III Fundamental Review of the Trading Book (FRTB)** and identifying the main gaps in BAM’s current market risk framework. The mission presented to BAM the major enhancements to the market risk framework provided by FRTB and how the European Union (EU) incorporated these new requirements in its regulatory framework and addressed certain implementation issues. The mission discussed the various simplified, standard, and advanced approaches of FRTB, outlined several specificities of the Moroccan banking system that would require more investigations to assess the implications of FRTB and recommended BAM to decide on the most appropriate approach. It also discussed the structure of the regulation and developed a roadmap for FRTB implementation.



Yemen

Nov 8-10

Upon the request of the Central Bank of Yemen (CBJ), METAC conducted a **desk review of the draft regulation on the appointment requirements for board members** and senior positions at banks. The purpose of this regulation is to (i) determine the senior positions in banks that require CBY's written prior approval for appointment; (ii) set out the minimum criteria in education and expertise that the candidates should possess to be appointed to senior positions; and (iii) set out the minimum fit and proper criteria and disclosure requirements that the banks should adopt to assess the fitness and propriety of candidates. The mission provided a list of recommendations to further enhance the draft regulation in line with best practices with due care to proportionality consideration and to the special conditions of the Yemeni banking and financial system.

Jan 6-11

METAC conducted a workshop with the objectives of (i) building the capacity of Central Bank of Yemen's (CBY) supervisors on **assessing of banks' licensing applications and fitness and propriety of board directors (BOD) and Senior Management (SM)**, and (ii) finalizing the **draft regulation prepared by the CBY on fit and proper criteria requirements for BOD and SM**. The mission took place in Amman, Jordan, with six participants from CBY's licensing department, including the deputy head of supervision and the head of the licensing department. It presented the licensing and fit and proper assessment and highlighted the importance of having in place an adequate due diligence as a first line of defense to new licensed players in the financial system. The mission also presented METAC's recommendations on the draft regulations for licensing of micro-finance banks and the fit and proper criteria for BOD and SM, explained the rationale behind and the proposed measures to align with best practices with proportionality consideration. It discussed the challenges faced by CBY's licensing staff in the process of licensing new banks and assessing the appropriateness of the BOD and SM. The participants expressed great satisfaction with the outcome of the mission and revealed

preparedness to implement the mission's takeaways.



GOVERNMENT FINANCE STATISTICS AND PUBLIC SECTOR DEBT

Lebanon (Nov 14-Dec 12)

The remote joint mission with the IMF Statistics Department (STA) supported the Ministry of Finance (MoF) to strengthen **budget reporting**. The mission assessed the feasibility to enhance the Public Finance Monitor report with critical reporting elements (arrears; reporting on budget advances and treasury advances; payables; and commitments), while ensuring timely issuance in the current context of staffing constraints and long information backlogs. The concept has been validated in the mission and further METAC and STA assistance will be required to define operational details within a timebound plan.

Yemen (Nov 13-Dec 8)

The mission developed a **draft institutional table** for the Yemen public sector with two levels of government: central government (budgetary central government and extrabudgetary units) and local governments. The mission and authorities worked on domestic and external debt data and discussed the treatment of the different domestic debt instruments and their classification according to international standards. Regarding external debt, the Yemeni authorities have advanced on gathering data sources and have introduced most of the external loans, so preliminary data series for external debt are prepared. Finally, the mission and the Yemeni officials worked on the GFS and PSDS compilation work plan and defined the needs and dates for the forthcoming technical assistance meetings.

MACROECONOMIC FRAMEWORKS

Iraq (Dec 10-15)

With the help of TA provided by METAC and IMF headquarters (HQ), the Central Bank of Iraq (CBI) developed and operated a **Macro-Framework Foundation Tool (MFT)** to promote and bolster policy formulation. As a result, CBI is now well-versed to obtain timely and quality forecasts for internal and external sectors and levels of foreign reserves in response to various economic shocks including shocks to oil prices and other internal and external shocks. The tool is expected to enhance formulating monetary policies by gauging the impact of different shocks on economic sectors and, ultimately, safeguarding an appropriate level of net foreign assets.

PUBLIC FINANCIAL MANAGEMENT

Djibouti

Jan 8-18

A joint mission from the IMF's Fiscal Affairs Department (FAD) and METAC visited Djibouti to assist the authorities in **strengthening the budget preparation process** and advise on the prerequisites for effective implementation of the medium-term budget framework (MTBF) and performance-based budgeting (PBB). The mission worked with the authorities to support their reform plans in budget preparation including strengthening the strategic approach, reviewing the budget calendar, building capacity and in taking experimental steps when considering MTBF and PBB.

Jan 18-25

A METAC mission supported the Ministry of Budget to present and implement the **analytical tool for preparing cash forecasting (CFAT)**, developed by the fiscal affairs department (FAD) at the IMF. It is a continuation of METAC's technical support to help improve cash management in Djibouti during the last few years. The mission worked with the team responsible for forecasting in the treasury department for the use of the CFAT to enhance the quality of forecasting and improve cash management. Discussions also included the process for collecting data and enhancing coordination between the forecaster and the

various departments (debt, budget, etc.) to enrich the cash flow forecast, in addition to start preparing the pre-requisites for the implementation of the treasury single account (TSA).

Egypt (Dec 3-14)

In response to a request of the Ministry of Finance, a joint FAD and METAC mission supported the authorities in drafting a detailed action plan for the full **implementation of the new Public Finance Law** in the areas of medium-term budget framework (MTBF) and fiscal strategy paper. The Law, adopted in February 2022, includes a comprehensive array of reforms and tools aiming at reinforcing fiscal discipline, strengthening oversight mechanisms, and fostering a more efficient and effective allocation of public resources. The mission provided support on the key design elements of a Fiscal Strategy Paper (FSP) and MTBF that will be adopted in the coming years.

Lebanon

Nov 14-Dec 12

The remote joint METAC-STA mission supported the Ministry of Finance in **developing a concept for strengthened budget reporting**, based on a stepwise approach. The mission assessed the feasibility to enhance the Public Finance Monitor report, stopped in December 2021, with critical reporting elements—such as arrears; alignment of reporting on budget advances and treasury advances; payables; and commitments—while ensuring timely issuance in the current context of staffing constraints and nearly two years of information backlog. The mission validated the concept. Further assistance will be required to define operational details within a timebound plan.

Dec 12-14

The remote joint METAC-STA mission supported the Ministry of Finance (MoF) to **enhance the Medium-Term Fiscal Framework**. The mission worked with the MoF team to develop a user-friendly framework that considers the current constraints, while ensuring it is comprehensive, coherent, and includes the core fiscal and economic variables. The main objective is to support the budget

preparation process, and to ensure that fiscal policies are prepared and analyzed within a medium-term macro-fiscal perspective. This mission will be followed by additional support to continue building capacity and improve the tools used in analysis and forecasting.

Yemen (Jan 27-30)

A joint workshop with USAID/PRAGMA provided assistance to six officials from the Ministry of Finance of Yemen to plan for the **next steps in the new budget execution processes**. The “cash flow forecasting team” was supported to review the 2024 cash plan and Q1 forecast previous to its finalization. The “expenditure control team” was supported to feed cash forecasts into the approval steps and update the training plan to line ministries. The commitment control procedures are now based on a cabinet approval and are expected to be rolled across all line ministries in the coming months. This will usefully contribute to the critically important goal of adjusting the rate of spends with available resources.



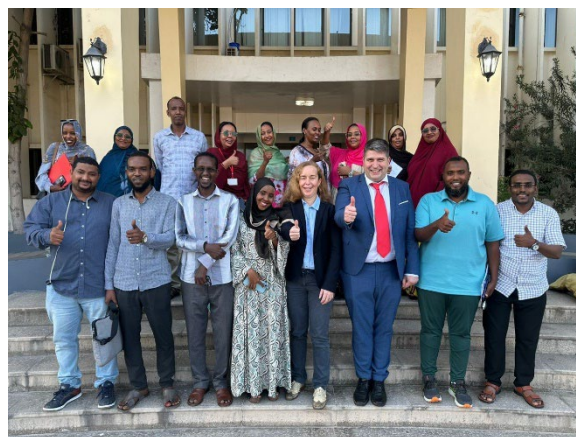
REVENUE ADMINISTRATION

Djibouti

Jan 7-11

A dedicated **training on compliance risk management (CRM)** was conducted with representatives of the Ministry of Budget and Tax Administration. The quality and usefulness of the workshop and the expertise of the IMF team were highly appreciated by the participants (4.7 average rating as measured by standardized questionnaire). In addition, the mission concluded that a **simplified CRM**

framework for low-capacity countries could be jointly developed and piloted in Djibouti. A series of meetings were held with the Secretary General of the Ministry of Budget and the Head of the Tax Administration to identify capacity development (CD) needs for the remainder of FY24 and FY25. A coordination meeting was held with the local World Bank team to ensure that CD initiatives do not overlap.



Jan 28-Feb 1

In a five-day **training on Project Management skills** with the Direction des Douanes et Droits Indirects (Customs), participants received training on what a project is; formulating a project; a project life cycle; roles of project stakeholders; etc. and were introduced to templates useful in documenting and managing projects. The participants have been requested to complete the WCO and/or the IMF VITARA online Project Management training courses to build on the in-person training and will be supported remotely as they put this into practice, developing several project documents using correct methodology. In addition to the training, the mission worked with senior customs managers to validate and



give preliminary priorities to activities for Djibouti Custom's strategic plan.



Iraq

Nov 6-16

This mission was conducted offsite in Amman, Jordan, in collaboration with the IMF's Legal Department (LEG). The mission (i) **reviewed the current law of 1984** and the draft amendments prepared by the Iraqi authorities to identify gaps against international standards; (ii) **suggested amendments to the customs law** with respect to the implementation of risk management, authorized economic operators, post-clearance audits, and customs valuation. The mission also assisted the General Authority of Customs (GAC) to draft a function-based organization for GAC, and (iii) identified further CD needs in this area.

Dec 4-15

This joint HQ and METAC offsite mission to Turkey supported the General Commission of Taxes (GCT) of Iraq in developing a **medium-term reform plan**. The operational environment of the GCT has informed specific design criteria, leading to the identification of six core reform areas: (i) establishing a reliable taxpayer base; (ii) improving core functions through implementation of the self-assessment system; (iii) focusing on large taxpayers' compliance; (iv) organizational design and workforce planning; (v) transitioning to a digital environment; and (vi) reform governance, as foundations of the plan. These were translated into specific and sequenced initiatives categorized for the short and medium term. It was recommended that all reforms should undergo a pilot phase within the Large Taxpayers Office and be accompanied by a

corresponding restructuring of the workforce and by a simplified reform governance structure to manage the proposed plan. An integrated FAD/METAC mid-term capacity development plan was also developed and is currently under review by the GCT.

Jan 5-Feb 29

METAC provided a remote CD activity spread over eight weeks in continued support to the **development of amendments to the Iraq Customs Law**. METAC, in cooperation with IMF LEG, worked with the Iraq Customs Legal Working Group to advise on the content of amendments to the Customs Law and on determining timelines for the amendments to be finalized and submitted. This was achieved through multiple online meetings over the course of the period. The stretching of the remote CD delivery period allowed for internal discussion, comment, drafting and translation of the proposed amendments. Following consolidation of the amendments drafted in this remote mission, it is envisaged that an off-site mission will take place before the end of FY24 to assist in the finalization of the drafts.

Lebanon

Nov 27-Dec 15

This remote METAC CD activity supported the Lebanon Customs Administration (LCA) in identifying services currently provided, or to be offered by Customs, and whether legally supported fees are being, or may be, charged. **A list of services for which the LCA may charge fees** based on good international practice was developed and submitted to the LCA for review and approval. The LCA was advised to review its services list to determine a final list of services to be charged.

Jan 8-26

During an **offsite CD event**, extensive work was done on data analytics and 3 workshops were held in the following areas (i) compliance risk management; (ii) organization, reform and change management (based on VITARA content); (iii) large taxpayers office and tax directorates merger reform projects. Data reports on compliance were produced, together with numerous statistics to identify potential risks in registration, correct filing, payment, and collection in the VAT segment.

A database diagnosis of the core IT system SIGTAS was carried out, identifying challenges at the level of data governance, database architecture and data transfer and analysis processes. The mid-term agenda of the FAD-METAC CD was discussed with the participants and 2 tax directorates heads, and the activities for FY24 and FY25 were framed.



Libya (Jan 8-13)

An offsite CD event was held with Libya Customs Authority (LCA) in Cairo, Egypt. This CD activity, 'Support to Preparatory Work for the Roll-Out of ASYCUDA World', is the latest in a series of activities supporting the **implementation of an automated customs clearance system**, ASYCUDA World (AW), by the LCA. With support from METAC, the core team of the LCA AW implementation team identified the measures to be taken for the roll-out of the system to another customs site. A comprehensive review of the current clearance process was conducted, with essential changes made to certain roles/functions in the existing clearance process, establishing a new process that enables the LCA to introduce a risk-based approach to customs controls/selectivity. The LCA team has embedded this new process into the AW structure, allowing the system to impose a standard processing path for the declaration. The LCA team is



committed to implementing the new process in the next office where the system will be rolled out. As an expression of thanks to the METAC team, the Libyan Customs presented Mr. Allan with a certificate of appreciation for the office.



Yemen (Jan 15-19)

An offsite CD event in Amman, Jordan, support the Yemeni General Taxation Department (GTD) in **piloting a Compliance Improvement Plan (CIP) for the Yemen banking sector**. The five-day workshop covered: (i) broad knowledge of Compliance Risk Management (CRM) using the VITARA course; (ii) general knowledge on the banking sector internationally; (iii) the Yemen banking sector, its compliance risks, and suitable treatments of the risks with practical focus on how to identify risks based on published Yemen Bank's Annual Report; and (iv) advise on the capability workforce plan to achieve the CIP expected results. The mission made progress in developing the banking sector CIP with a clear plan for next steps. Discussions during the workshops were particularly active and enthusiastic.



TAX POLICY

Djibouti (Jan 14-18)

A joint FAD-METAC mission supported **revenue mobilization** in Djibouti, focusing on tax policy. Key messages from the latest activity include: (1) priority should be given to promoting good governance, with the aim of consolidating tax provisions within the General Tax Code so as to enhance transparency, strengthen centralized control by the Budget Ministry over tax policy, and ensure strict adherence with the rule of law; (2) informed decision-making around the selection of sound tax policy reforms would be best served by the creation of a dedicated tax policy unit; (3) there is no quick fix or easy reform, and the authorities should think about tax policy measures in the context of a medium-term agenda which has government-wide support; and (4) the value added tax, personal income tax (wage tax in particular), and business profits tax (incl. tax incentives within special regimes) should take center stage in the reform agenda. Tax policy CD engagement is currently focusing on wage and income taxation.

Lebanon (Nov 14-15)

This mission supported the Lebanese authorities in identifying reform options to strengthen income taxation and modernize the income tax law. A new income tax design is needed to move toward a more efficient, effective, and inclusive tax system in the medium term.

REAL SECTOR STATISTICS

Egypt

Dec 18-22

Four national accounts staff of MPED and two staff from CAPMAS participated in a peer-to-



peer activity at the High Commission Plan in Morocco. The peer-to-peer activity increased staff capacities on the full integration of annual national accounts and supply and use tables.

Jan 21-Feb 1

At the request of the Egyptian Ministry of Planning and Economic Development (MPED), the mission assisted MPED with the improvement of GDP volume measurement. The mission reviewed the volume and price data available and advise on other methods of



estimating the GDP by the production and expenditures approaches at constant prices. National accountants and price statisticians from the Central Agency for Public Mobilization and Statistics (CAPMAS) joined the mission as prices and some volume indicators are produced and compiled by this institution. As this was Elirjeta Pepaj's first visit in Egypt as METAC's new regional statistics advisor, the mission visited CAPMAS offices to meet Mr. Mustapha Saad Badawi, the Head of the Economic and Mobilizing statistics and other key staff and to discuss their capacity development needs and priorities.



Iraq (Nov 26-28)

METAC assisted the Central Statistics Organization (CSO) of Iraq in creating an experimental CPI compilation system based on chained short-term relatives and geometric means in Excel. The new compilation system was tested on real data from August 2023, and the results compared to those generated by the

current system. CSO plans to introduce the new compilation system in early 2024.

Jordan (Dec 3-14)

In response to a request from the Jordan Department of Statistics, the mission assisted the authorities in the assessment of the data sources and developing methods for the compilation of the non-observed economy in Jordan national accounts. Key outcomes included: i) training on concepts, definitions, and estimation methods; ii) review of source data for the non-observed economy; and iii) identification of improvements required to enhance GDP exhaustiveness and accuracy.

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

Somalia (Dec 11-15 and Jan 2024)

At the request of the Somali authorities, a CD mission led by the AML/CFT Regional Advisor was conducted in Dubai, United Arab Emirates, from December 11-15, 2023. The purpose of the mission was to assist the authorities in preparing for the AML/CFT Mutual Evaluation to be conducted by the Middle East and North Africa Financial Action Task Force (MENAFATF) in 2024.

The mission included a mock assessment of the effectiveness of implementation of Targeted Financial Sanctions and a discussion of the draft amendments to the AML/CFT law that the IMF recently proposed to the authorities. Officials from the National AML/CFT Committee, the Financial Intelligence Unit, the Central Bank of Somalia, and other authorities responsible for AML/CFT supervision of Non-Bank Financial Institutions and Designated Non-Financial Businesses and Professions, and authorities responsible for investigating and prosecuting ML/TF participated in this mission.



Follow-up meetings were conducted via videoconference in January 2024 to resolve pending issues in the review of the AML/CFT legal framework. These meetings led to the finalization of the draft amendments. The authorities plan to submit the amendments to the parliament for enactment by the end of March this year.

Yemen (Dec 17-21)

As part of the Yemen AML/CFT CD project, the AML/CFT Regional Advisor participated in a mission in Dubai, United Arab Emirates, from December 17–21, 2023. The mission discussed IMF staff's legal drafting advice recently to review the AML/CFT law and its implementing regulations. If adopted, the revised draft law and regulations should bring Yemen's AML/CFT framework further in line with the Financial Action Task Force (FATF) standards.



Staff News



Mr. Nasser Badra joined METAC in December 2023 as macroeconomic frameworks advisor. Previously, he worked at UNDP as National Economic Advisor at the office of the Lebanese deputy prime minister

where he contributed to the Staff Level Agreement with the IMF following the Lebanese financial and economic crisis. He also worked at the International Labor Organization as Economic Consultant. Between July 2019 and May 2022, he worked as Consultant and Associate Economic Officer at UN-ESCWA, Economic Development and Integration Division analyzing sources of exchange rate misalignment in the MENA region and fiscal policy efficacies. Before joining ESCWA, Mr. Badra worked as full-time Research Associate and Consultant at the American University of Beirut, Institute of Financial Economics. He obtained his master's in economics from the American University of Beirut and California State University, Sacramento.



Ms. Sarah Bou Atmeh joined METAC as a Tax Policy Advisor in December 2023. Ms. Bou Atmeh is a policy economist with over 20 years' experience working in the public and private sectors, on both

tax policy formulation and implementation. She has worked with the Lebanese Ministry of Finance, PWC, the United Arab Emirates' Federal Tax Authority and the Department of Finance of Dubai on Value Added Tax, Excise Tax, Corporate Income Tax, Petroleum and Natural Resources Taxes. In addition, she has led and delivered several tax related capacity development activities in the GCC and the MENA regions. Ms. Bou Atmeh holds a master's degree in policy economics from Williams College in the U.S. and a "Diplôme d'Études Approfondies en Management" from the Saint Joseph University of Beirut, Lebanon.

Analytical Corner

Flagship publications

[World Economic Outlook Update](#) (January 2024)

Global growth is projected at 3.1 percent in 2024, 0.2 percentage point higher than that in the October 2023 World Economic Outlook on account of greater-than-expected resilience in the United States and several large emerging market and developing economies, as well as fiscal support in China. The forecast for 2024–25 is, however, below the historical (2000–19) average of 3.8 percent, with elevated central bank policy rates to fight inflation, a withdrawal of fiscal support amid high debt weighing on economic activity, and low underlying productivity growth. With inflation falling faster than expected and steady growth, the likelihood of a hard landing has receded, and risks to global growth are broadly balanced.

[Regional Economic Outlook Update for MENA](#) (January 2024) and associated [blog](#)

The conflict in Gaza and Israel is yet another shock to the Middle East and North Africa (MENA) region. It is causing immense human suffering and exacerbating an already challenging environment for neighboring economies and beyond. Major factors weighing on regional growth in MENA are (i) the impact of the conflict; (ii) oil production cuts; and (iii) continued necessary tight policy settings in several economies. Projected growth in the MENA region this year is downgraded by 0.5 percentage point to 2.9 percent (relative to the October 2023 REO), from already weak growth of 2.0 percent in 2023. The outlook for the MENA region is highly uncertain, and downside risks are resurgent. An escalation or spread of the conflict beyond Gaza and Israel, as well as an intensification of the disruptions in the Red Sea, could have a severe economic impact, including on trade and tourism.

Regional

[How the Middle East and Central Asia Can Better Address Climate Challenges](#) (November 2023)

The Middle East and Central Asia face a sobering climate reality. Temperatures have risen twice as fast as the global average, and rainfall has become scarcer and less

predictable. Fragile states are disproportionately affected, and conflicts may worsen. The United Nations Climate Change Conference, or [COP28](#), provides a forum to discuss the policies needed to stave off more disruptive climate change. Frontloading action on climate change is a must. So, governments in the Middle East and Central Asia must step up their goals both to adapt to climate change and to reduce their own contribution to global warming.

[Higher Interest Rates Testing Banks in Middle East, North Africa, and Pakistan](#) (December 2023)

Central banks will likely keep interest rates higher for longer in economies with persistently elevated core inflation (excluding food and energy prices). The high-interest-rate environment, which recently triggered banking sector stress in some advanced economies, could be a harbinger of more systemic risks. It could tighten financial conditions, trigger credit stress, and reduce funding for financial institutions, including in the Middle East, North Africa, and Pakistan. Such stress could threaten bank profits and willingness to lend, materially impacting financial stability and economic growth. This blog provides a summary of the first region-wide stress test. It uses four scenarios to assess the risks of higher-for-longer interest rates in the region's emerging market and middle-income countries and the six Gulf Cooperation Council economies.

[U.S. Monetary Policy Spillovers to Middle East and Central Asia: Shocks, Fundamentals, and Propagations](#) (January 2024)

This working paper empirically examines U.S. monetary policy spillovers to the Middle East and Central Asia (ME & CA) region by decomposing U.S. interest rates changes into two orthogonal shocks: the pure monetary policy shock and the information news shock. The authors find that when interest rates increase, the two shocks have opposite spillovers on the region. Tightening driven by contractionary monetary policy shocks hinders growth, while tightening driven by positive information news shocks boosts growth despite higher interest rates. Countries with weaker fundamentals face more negative spillovers from contractionary monetary policy

shocks but may sometimes benefit more from positive information news shocks.

[Event on Implementing the Marrakech Call for Action - Policy Priorities to Build Resilience and Support Economic Transformation in the MENA Region](#) (January 2024)

The IMF and the Government of Egypt organized a joint seminar on inclusive growth, as a follow-up to the [Marrakech call for Action](#) on policy priorities to Build Resilience and Support Economic Transformation in the MENA Region.

[Inflation Dynamics in the Gulf Cooperation Council \(GCC\): What is the Role of External Factors?](#) (December 2023)

This paper aims to provide a comprehensive analysis of inflation dynamics in the Gulf Cooperation Council (GCC) region, with a focus on external factors because of GCC's high reliance on international trade. The authors find that external factors such as the imported inflation from main trading partners, and nominal effective exchange rate are the main drivers of inflation in the GCC region. Additionally, the direct pass-through of international commodity price shocks is somewhat limited, which can be explained by the prevalence of subsidies and administered prices in the region. Overall, since external factors are the main drivers of domestic inflation in the GCC, an increased focus on diversification, promoting food security, and ensuring prudent central bank policies, including through effective liquidity management frameworks, can play a key role in managing this impact.

[Gulf Cooperation Council: Economic Prospects and Policy Challenges for the GCC Countries](#) (December 2023)

The GCC region's non-hydrocarbon growth momentum remains strong, driven by higher domestic demand, increased gross capital inflows, and reform implementation. Oil production – which depends on OPEC+ decisions – will be subdued in the near term. Inflation is contained and current account surpluses are high. Fiscal balances remain healthy, supported by fiscal reforms and high oil prices. The primary non-oil deficits are expected to decrease to 24 percent of GDP by 2028, with higher non-oil revenue reflecting

sustained fiscal and structural reforms and contained expenditures. High global uncertainty is weighing on the outlook.

Algeria

[IMF Staff Completes 2023 Article IV Mission to Algeria](#) (December 2023)

Economic growth is projected to reach 4.2 percent in 2023, supported by robust activity in the hydrocarbon, industry, construction, and services sectors. The current account is expected to record a surplus for the second year in a row despite lower hydrocarbon prices, and international reserves are at a comfortable level. Near-term prospects are broadly favorable. Growth in 2024 is expected to remain robust, inflation to moderate, and the current account would record a small surplus as hydrocarbon prices are expected to ease further and imports would pick up moderately.

Iraq

[IMF Staff Concludes Staff Visit with Iraq](#)

The staff visit concluded that economic activity is recovering, although oil production cuts are weighing on overall growth, and at the same time inflation has declined. The large fiscal expansion in the three-year budget law poses significant risks to fiscal and external sustainability over the medium term. Ensuring fiscal sustainability, in context of uncertain outlook for oil prices, requires gradually tightening the fiscal policy stance while safeguarding critical infrastructure and social spending needs. The mission welcomed the government's plans to strengthen public financial management including steps towards the establishment of the Treasury Single Account.

Jordan

[Jordan: Request for an Extended Arrangement Under the Extended Fund Facility and Cancellation of the Current Arrangement Under the Extended Fund Facility](#) (January 2024)

Jordan has weathered a series of shocks relatively well, owing to adept policy making and sizable international support. Despite a challenging global and regional environment, Jordan has maintained macro stability, its economy is growing, albeit at a moderate pace,

and inflation is low. However, despite progress achieved, unemployment is still very high, public debt is elevated and above pre-pandemic levels, and structural challenges weigh on private sector development.

[IMF Executive Board Approves US\\$1.2 Billion Extended Arrangement Under the Extended Fund Facility for Jordan](#) (January 2024)

The IMF Executive Board approved a new 4-year Extended Fund Facility (EFF) arrangement with Jordan, in the amount of about US\$1.2 billion, to support the authorities' economic program. The new arrangement replaces and succeeds the previous EFF arrangement that was approved in March 2020 and that was set to expire in March 2024. Building on Jordan's consistently strong performance under the previous program, the new EFF arrangement will support the authorities' efforts toward maintaining macro-stability, further building resilience, and accelerating structural reforms to achieve stronger, more inclusive growth and job creation.

[Jordan: Health Spending Efficiency: Issues and Reform Directions](#) (January 2024)

This report reviews Jordan's public health expenditure and develops options to enhance spending efficiency that support the government's health and fiscal consolidation efforts. The particular focus of the mission was to provide support on: (1) overall health spending analysis, (2) support country efforts to develop and implement an affordable path to expand health coverage, (3) identify areas where the Ministry of Finance can build capacity and support reform efforts.

Lebanon

[Lebanon: Tax and Customs Administration: An Urgent Need for Intervention](#) (December 2023)

This summary provides an overview of guidance provided to Lebanon's Ministry of Finance, its VAT and Revenue Directorates, and the Lebanese Customs Administration. Building on prior IMF advice, it conveys an urgent need for intervention to address loss of staff and a risk of failure with key IT operations in the respective agencies. Separately, the accompanying technical assistance report

provides confirmation of broader reform and capacity development priorities for the next 36 months.

[Lebanon: Technical Assistance Report-Tax and Customs Administration: An Urgent Need for Intervention](#) (December 2023)

Four years into the ongoing economic crisis, a concern exists that operations in Lebanon’s tax and customs administrations could collapse. This report describes the challenges faced, encourages that immediate interventions be made, identifies structural mechanisms to finance reforms, and provides guidance on reform and capacity development priorities for the next 36 months.

Libya

[IMF Staff Concludes Visit to Libya](#) (November 2023)

Despite the devastating floods, Libya’s medium-term economic outlook remains positive due to the projected high oil prices. Although estimates of the damage due to the floods are not available yet, the impact of the disaster on measured GDP is likely to be relatively small given that Libya’s economy is largely dependent on oil and gas production. The medium-term economic outlook remains positive on the back of high projected global oil prices. There is an urgent need for a clear economic vision for the country.

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
Djibouti: Renforcement du Cadrage Macro-Budgétaire – October 2023
Egypt: Fiscal Strategy and Performance Budgeting – October 2023
Revenue Administration
Djibouti: Appui à la Direction Générale des Douanes et Droits Indirects pour la conception de son premier plan stratégique – October 2023
Egypt: Assist the Customs Administration in Designing and Implementing a Performance Management Framework/Strategic Plan – October 2023
Iraq: Transitioning to a Functional Based Organizational Structure – October 2023
Iraq: Customs Law review and legal drafting mission – December 2023
Sudan: Developing a Revised Organizational Structure for the Sudan Taxation Chamber – October 2023
Yemen : Post Clearance Audit – October 2023
Statistics
Egypt: Supply and Uses Tables – October 2023
Iraq: Report on Residential Property Price Index Mission – November 2023
Iraq: Iraq Supply and Use Tables – December 2023
Jordan: Measure the Production of Financial Corporations Using Administrative Data – November 2023

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
Central Bank Operations – Mr. Stefaan Ide		
DJI	Professional Attachment on Reserve Requirements	03/04-05
LBN	FX Trading Platform	02/01-14
LBY	Foreign Reserve Management	03/19-27
REG	Monetary Policy workshop for GCC	04/16-18
Customs Administration – Mr. Andrew Allan		
DJI	Follow-up on the Customs strategic plan	04/22-27
EGY	METAC LTX Support to customs FY24 visit on CD planning	03/04-08
IRQ	Customs Law Review follow-up	04/15-24
LBN	Services Fees Review	03/03-07
	Services Fees Review follow-up	04/13-21
	ASYCUDA World Review	04/01-22
	Customs Law Review	03/13-22
MAR	Improving the use of new emerging data analysis technologies in customs	02/05-14
Government Finance Statistics (GFS) and Public Sector Debt Statistics (PSDS) – Mr. Amir Hadziomeragic		
TUN	Government Finance Statistics	04/15-26
Financial Supervision and Regulation – Ms. Nehmat Hantas		
MAR	Developing Regulation on FRTB	TBD
Financial Supervision and Regulation – Ms. Lusine Margaryan		
IRQ	Enhancing Regulatory Reporting for Islamic Banks	04/14-18
WBG	Enhancing Risk Based Supervision - Risk Matrices	TBD
Macroeconomic Frameworks – Mr. Nasser Badra		
IRQ	Macroeconomic Framework	03/24-28
REG	Monetary Policy workshop for GCC	04/16-18
Public Financial Management – Mr. Jonas Frank		
EGY	Baseline budgeting and ceiling setting	02/11-15
JOR	Arrears management workshop	03/10-14
Public Financial Management – Mr. Yasser Sobhi		
IRQ	Treasury single account implementation	03/05-08
LBN	Enhancing the medium-term fiscal framework	02/06-11
MAR	Assessment of fiscal risks related to climate change	02/14-26
	Enhancing the internal control	04/15-24
Statistics – Ms. Elirjeta Pepaj		
IRQ	Consumer Price Index Statistics	02/25-03/07
LBN	Construction Costs Index	04/22-26
TUN	Non-financial Balance sheets	02/19-23
	Rest of the Word accounts	04/15-19
SYR	Quarterly National Accounts	04/21-25
YMN	Annual National Accounts	04/13-18
Tax Administration – Ms. Sabine Corm		
IRQ	Develop mandates for headquarters and field offices functions	TBD
LBY	Reviewing the organizational structure of the HQ and the regional offices	02/24-28
YMN	Reviewing the organizational structure of the HQ and the regional offices	02/24-28

Tax Administration – Mr. Rosen Bachvarov		
DJI	Support tax administration in development of stakeholder engagement and communication program to support compliance	04/01-10
	Support tax administration in establishment of large taxpayers' office	TBD
DZA	Support tax administration in establishment of risk management framework	04/20-30
JOR	Follow up on transfer pricing	02/04-10
	Assist the tax administration in addressing digital economy risks	02/20-29
LBN	Assisting the tax administration in assessing the training needs of auditors	03/25-04/05
MAR	Support the tax administration in reform management (project management office)	02/12-23
TUN	Support tax administration in establishment of risk management framework	TBD
Tax Policy – Ms. Sarah Bou Atmeh		
DJI	Wage taxation	03/10-21
Anti-Money Laundering and Combating the Financing of Terrorism – Mr. Peter El Sharoni		
DZA	Virtual session on AML/CFT Risk-based supervision for Algeria	02/07 and 02/28
Climate Change and Gender Equality		
REG	Webinar on A Low-Carbon Future for the Middle East and Central Asia	02/12
REG	Webinar on Adapting to Climate Change in the Middle East and Central Asia	02/27
REG	Regional Workshop on the Macroeconomics of Climate Change	03/05-07
REG	Webinar on Climate Risk Insurance	04/23

Note: OA: Outreach activity; REG: Regional activity

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