

# Public Financial Management

## Technical Assistance in Fiscal Year 2019

### Egypt (September 2 – 12)

METAC provided two technical assistance missions that were part of the medium-term support to the Egyptian authorities on fiscal risk identification, management, and disclosure. Over the last two years, they have initiated actions to strengthen their fiscal risk management practices, including (i) publication of a Fiscal Risk Statement annexed to the Budget Statement, (ii) development of an in-year fiscal risk monitoring exercise, (iii) streamlining of the guarantee policy, and (iv) preparation of hedging against movements in imported oil prices. In this context, the visit supported the development of capacities and identified avenues for progress, including through a special focus on State Owned Enterprises (SOEs). It included a workshop on (i) standards, good practices, and international experiences related to fiscal risk identification and disclosure, (ii) tools for monitoring fiscal risks, including the ones resulting from SOEs, and (iii) their integration within the budget cycle. It gathered representatives of all key units involved in fiscal risk management within the Ministry of Finance.

### Jordan (May 1 – 8)

The 2017 Public Investment Management Assessment highlighted the need to strengthen the capacity to identify and manage fiscal risks arising from PPP contracts. In this context, a METAC expert joined an FAD mission to assess the exposure to PPPs contracts and propose measures to improve the capacity to manage related fiscal risks. The expert identified the PPP contracts that might result in fiscal risks and proposed a full stock-take to identify and quantify specific risks within each contract. In addition, he proposed a framework to strengthen the oversight of proposed PPP projects at the *ex-ante* stage together with institutional responsibilities. Finally, he advised a number of ongoing monitoring and reporting measures, the implementation of which would significantly improve the sustainability and management of fiscal risks from Jordan's substantial PPPs program.

### Iraq (July 9 – 12)

The Ministry of Finance is planning to implement an Integrated Financial Management Information System with the support of the World Bank. The adoption of an updated budget classification and a chart of accounts is a prerequisite to initiate the conceptual design phase of this project. Following a recommendation formulated by the World Bank, the authorities requested METAC's assistance to support the development of a budget classification and chart of accounts consistent with international standards and good practices and addressing their functional needs. A 4-day mission gathered key stakeholders of Iraq's financial management, World Bank representatives, and METAC. Using a set of briefing and working sessions, the mission (i) identified changes required to



converge with international standards and practices and (ii) proposed a work plan to finalize the budget classification and chart of accounts in the short term.

#### **Lebanon** (June 26 – July 6)

Lebanon plans to scale-up public investment to tackle its large infrastructure gaps. The authorities have prepared a Capital Investment Plan (CIP), which contemplates about USD 16 billion of investment over a decade (32 percent of GDP). The CIP envisions that the infrastructure be partly financed using public-private partnerships. This ambitious plan, in a difficult economic, political and fiscal context, calls for necessary reforms in the infrastructure governance. Using the IMF's Public Investment Management Assessment framework, a joint Fiscal Affairs Department-METAC mission evaluated the strength of the Lebanon's public investment management practices. The mission assessed the efficiency of Lebanon's public investment, outlined its relative institutional strengths and weaknesses, and provided practical recommendations to enhance the efficiency and impact of public investment.

#### **Morocco** (October 22-31)

In Morocco, public corporations are instrumental in the implementation of the national development plan and undertake about 60 percent of public investment. Building on the METAC regional workshop on public corporations and fiscal risks (February 2018) and a follow-up workshop at the Public Enterprises and Privatization Directorate (May 2018), a joint Fiscal Affairs Department (FAD)-METAC mission assisted the authorities in further strengthening the control and disclosure of fiscal risks arising from public corporations and Public-Private Partnerships. METAC also provided expertise on fiscal risks and oversight related to investment implemented by public corporations.

#### **Sudan** (July 29 – August 2)

In the context of METAC's work program aiming at improving medium-term macro-fiscal forecasting and preparing the integration of the medium-term fiscal framework (MTFF) within the budget preparation process, an expert (i) took stock of the progress made since the February 2018 visit; (ii) identified the remaining steps to advance the current macroeconomic framework into a complete MTFF, and (iii) supported the integration of the MTFF within the 2019 budget process.

#### **West Bank and Gaza** (August 12 – 23)

In July 2017, the Ministry of Finance and Planning adopted a Public Financial Management Sector Reform Strategy, which emphasized the need to formulate the budget within a medium-term perspective, underpinned by a sound MTFF. In this context, the Macro-Fiscal Unit (MFU) is expected to play a key role in the preparation of comprehensive, credible and policy-based budgets. As part of its contribution to the development of the capacity of the MFU, METAC organized a set of expert visits. Following the first visit in April 2018, an expert provided training and hands-on support in data management and macro-fiscal analysis and reporting, which are key elements in building the MTFF.