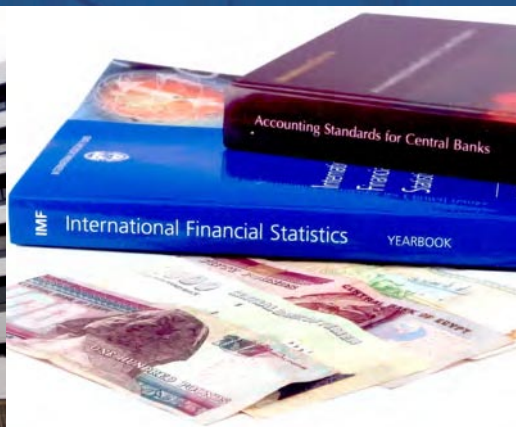
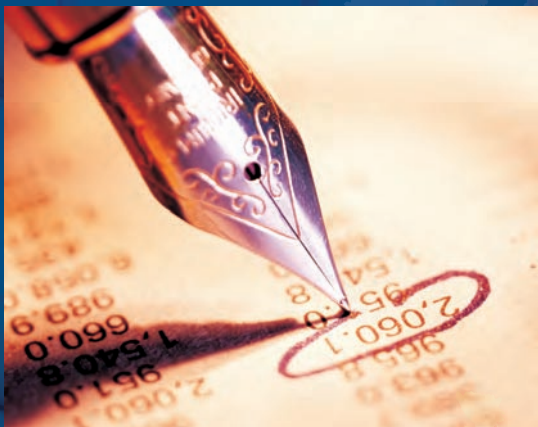


# Middle East Technical Assistance Center (METAC)



# Annual Report

Fiscal Year 2008



## Foreword by the METAC Coordinator



*This first annual report introduces **METAC** (Section I), describes briefly **METAC**'s activities over the past fiscal year (Section II), and provides an overview of the work plan for next year (Section III). Consistent with the strong advantages of **METAC**'s field presence, this work plan provides scope for flexibility and adaptability in implementation; and is guided principally by the technical assistance needs as identified and communicated to us by member countries, and by the Regional Strategy Note prepared by the IMF's Middle East and Central Asia Department (MCD).*

I joined **METAC** on November 1, 2007, taking over from Mr. Sami Geadah who oversaw the work for the first six months of fiscal year 2008 (May 2007-April 2008). On this occasion, I would like to express my sincere appreciation for the work he has done in establishing **METAC** and ensuring its smooth functioning.

As the new coordinator, I would like to highlight some observations I gathered over the past few months and outline some priorities for the future. Some of these observations are based on the meetings I had with **METAC** country officials in the countries I already visited (Lebanon, Syria, Jordan, and Yemen) and on my contacts with other **METAC** country officials. I did not have the chance to visit all **METAC** countries, but I intend to do so in the near future.

The general impression I came back with from these meetings is that there was a great appreciation for the work of **METAC** and if anything more technical assistance and more in-country and hands-on training are needed. Officials appreciate in particular the proximity of **METAC** advisors and their better understanding of recipient country needs. While donor coordination has improved, there was a sense that more needs to be done. These meetings also allowed me to have an idea about the next work plan and the priorities attached to various technical assistance needs.

Looking forward, **METAC** may not be able to carry a normal workload over the entire next phase (3 1/2 years) without much additional financial support, and thus the allocation of resources will need to be prioritized. Second, **METAC** will enhance the in-country training during technical assistance missions, and regional seminars and workshops will be reserved for topics that are high priority for all member countries and where experience sharing is most relevant. Third, there is need for enhancing collaboration with other regional technical assistance providers, which calls for a greater effort not only by **METAC** but also from donor and beneficiary-country representatives on the Steering Committee (SC).

While technical assistance is a continuous process the results of which take some time to materialize, we will endeavor to place more emphasis on monitoring the outputs and results on a continuous basis as suggested by most evaluations of regional technical assistance centers. However, the effectiveness of **METAC** depends as much on the beneficiary countries as it does on the quality of technical assistance provided. In this context, the sustainability of technical assistance depends on beneficiary countries' commitment to implement and follow through on **METAC** experts' advice and recommendations.

A handwritten signature in black ink, appearing to read 'S. Chami'.

Saade Chami  
METAC Coordinator



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## Selected Acronyms

|         |  |
|---------|--|
| AITRS   | Arab Institute for Training and Research in Statistics           |
| AMF     | Arab Monetary Fund   |
| AML/CFT | Anti-Money Laundering/Combating the Financing of Terrorism       |
| BOS     | Bank of Sudan  |
| CBI     | Central Bank of Iraq   |
| CBS     | Central Bank of Syria  |
| CPI     | Consumer Price Index   |
| DFID    | Department for International Development (United Kingdom)        |
| EIB     | European Investment Bank   |
| ESCWA   | Economic and Social Commission for Western Asia (United Nations) |
| EC      | European Commission  |
| FAD     | Fiscal Affairs Department, IMF                                   |
| GDDS    | General Data Dissemination System                                |
| GDP     | Gross Domestic Product   |
| GFMIS   | Government Financial Management Information System               |
| HBS     | Household Budget Survey  |
| IBAN    | International Bank Account Number                                |
| IFRS    | International Financial Reporting Standards                      |
| IIP     | International investment position                                |
| IMF     | International Monetary Fund                                      |
| LEG     | Legal Department, IMF  |
| LTO     | Large Taxpayers Office   |
| MCD     | Middle East and Central Asia Department, IMF                     |
| MCM     | Money and Capital Markets Department, IMF                        |
| METAC   | Middle East Technical Assistance Center                          |
| MTO     | Medium-size Taxpayers Office                                     |
| PFM     | Public Financial Management                                      |
| PMA     | Palestine Monetary Authority                                     |
| PPI     | Producer Price Index   |
| RTAC    | Regional Technical Assistance Center                             |
| RSN     | Regional Strategy Note   |
| SC      | Steering Committee   |
| SDDS    | Special Data Dissemination Standard                              |
| SNA 93  | System of National Accounts, 1993                                |
| STA     | Statistics Department, IMF                                       |
| STE     | Short Term Expert  |
| SMP     | Statistics Master Plan   |
| TOR     | Terms of Reference   |
| TSA     | Treasury Single Account  |
| UNDP    | United Nations Development Program                               |
| USAID   | United States Agency for International Development               |
| VAT     | Value Added Tax  |
| WPI     | Wholesale Price Index  |

Fiscal year (FY) 2008 refers to the period May 1, 2007-April 30, 2008.  
(FY) 2009 refers to the period May 1, 2008-April 30, 2009.



## SECTION 1: Overview of METAC

*The idea of setting up a Middle East Technical Assistance Center (METAC) was launched in October 2003 at the International Donors' Conference for the Reconstruction of Iraq in Madrid, Spain. By providing targeted capacity building, the Center assists post-conflict countries in restoring macroeconomic stability and in developing basic institutions for policy-making. METAC's location within the region and its close collaboration with regional organizations and other technical assistance providers facilitates improved coordination among donors and existing economic initiatives within the Middle East region.*

METAC was officially inaugurated on October 25, 2004 in Beirut, Lebanon. METAC serves Afghanistan, Egypt, Iraq, Jordan, Lebanon, Libya, Sudan, Syria, West Bank and Gaza, and Yemen. METAC is a collaborative effort between the International Monetary Fund (IMF), the recipient countries, and bilateral and multilateral donors; and its main mandate is to provide capacity-building assistance, facilitate the reform process in member countries, and support the region's integration in the world economy through a team of resident advisors—supplemented by short-term experts—with expertise in core areas of the IMF's work.

Located close to the countries/territories it serves, METAC offers several advantages that are typical of the IMF Regional Technical Assistance Centers (RTACs) including: (i) decentralized and better tailored delivery of technical assistance to the particular needs of the region; (ii) enhanced country ownership and accountability; (iii) faster and more efficient response to technical assistance requests; (iv) more effective follow up in implementing technical assistance country strategies as designed by IMF headquarters; (v) closer coordination with other technical assistance providers in the region; and (vi) more focused subject-specific and hands-on training for local officials. METAC's activities are complementary to other forms of IMF technical assistance, and are closely integrated into the IMF's technical assistance program. The IMF ensures accountability and quality control of METAC's technical assistance and training activities.

Regional technical assistance centers (RTACs) have become an increasingly important modality for technical assistance delivery by the International Monetary Fund (IMF). Since 1993, the IMF has used RTACs to provide technical assistance to groups of countries that are likely to derive added benefits from a field-based, regional approach for strengthening institutions and developing the skills needed for effective economic and financial management. The Pacific Financial Technical Assistance Center (PFTAC) was established in 1993 to serve Pacific Island countries. The Caribbean Regional Technical Assistance Center (CARTAC) followed in 2001 to serve countries in the Caribbean. In 2002 and 2003, respectively, two Africa Regional Technical Assistance Centers (AFRITACs) were established to serve countries in East and West Africa, and in 2004 the Middle East Technical Assistance Center (METAC) was opened for ten countries and territories in the Middle East region. Central AFRITAC was launched in Gabon in 2007.

## CURRENT ACTIVITIES

METAC's current activities focus on the delivery of technical assistance and training (regional and in-country) in the areas of banking supervision, public financial management, revenue administration, central bank accounting and internal audit, and macroeconomic statistics. These activities reflect the priorities set by member countries and could change according to their evolving needs.

### Banking Supervision

METAC's assistance in this area is aimed at strengthening regulations governing financial sector operations; enhancing bank supervisory procedures in accordance with international best practices; strengthening the regulation and supervision of nonbank financial institutions; upgrading credit registry functioning; building capacity in banking supervision techniques; and improving and implementing international accounting standards for financial institutions.

### Public Financial Management

METAC assists member countries in designing and implementing strategies to improve public expenditure management by adopting proper budget preparation procedures; upgrading the budget execution system, particularly to improve expenditure control; improving financial accounting and reporting and strengthening internal and external control mechanisms; formulating modern state financial management legislation; and improving the organization of—and providing capacity building to—ministries of finance.

### Revenue Administration

METAC provides technical advice on planning and implementing revenue administration reforms by (i) enhancing revenue administration organization



METAC's resident bank supervision advisor discussing proposals for a bank supervision regulation with the authorities at the Central Bank of Libya.

and procedures; (ii) implementing effective compliance control tools for tax collection; and (iii) developing legislative frameworks for tax administration. These capacity building initiatives are based on the strategies agreed by the authorities, and build on the fundamentals of the revenue administration reform strategies recommended by the IMF's Fiscal Affairs Department (FAD).

### Central Bank Accounting and Internal Audit

METAC assists the central banks and monetary authorities of member countries in modernizing central bank accounting systems, procedures, policies, and controls; and provides technical support for the transition to integrated financial management information systems (FMIS).

METAC also provides technical advice on improving the financial and management reports in compliance with International Financial Reporting Standards (IFRS), and on developing the internal audit function.



## Macroeconomic Statistics

With the aim of improving the quality of macroeconomic statistics, **METAC** provides technical assistance in developing national accounts, price, and balance of payments statistics. Key focus areas include establishing and maintaining underlying basic data collection; promoting the use of internationally-accepted concepts and statistical methodologies; and helping countries to develop compilation and dissemination procedures, including the identification of emerging data sources, data preparation and verification, and documentation of data sources and compilation methods. In partnership with other regional agencies, including the Arab Institute for Training and Research in Statistics (AITRS) and the UN Economic and Social Commission for Western Asia (ESCWA), **METAC** has also provided regional training in data quality, trade in services, and government finance statistics.

## METAC GOVERNANCE AND MANAGEMENT

**METAC** is guided by a Steering Committee (SC) comprising representatives of **METAC** beneficiary countries, multilateral and bilateral donor agencies, and the IMF. The SC provides strategic guidance and contributes to setting **METAC**'s priorities. The chairman of the SC is His Excellency the Minister of Finance of Lebanon, Dr. Jihad Azour. The SC meets twice a year to discuss and endorse the work plan and priorities for the coming period.

**METAC** is managed by a coordinator, who ensures the proper management of the Center and its staff. The coordinator is the key interlocutor between the IMF and the SC. He has an important role in producing the work plan by drawing on the inputs of **METAC** beneficiary countries, resident

advisors and IMF headquarters; and in following up with country authorities on the implementation of **METAC**'s technical assistance program. The coordinator reports to the Director of the Middle East and Central Asia Department (MCD) of the IMF in Washington, D.C.

## FUNDING

**METAC** is funded through grant contributions from:

- Lebanon, which in addition to its large financial contribution, finances **METAC**'s office facilities and local staff;
- participating countries: Egypt, Jordan, Lebanon, Libya, Syria and Yemen; and
- the IMF, the European Commission (EC), the European Investment Bank (EIB), France, Japan, and Oman.

## RESOURCE ALLOCATION

Technical assistance is allocated to beneficiary countries according to needs as identified by national authorities and the IMF, and the pace of delivery is influenced by strong country ownership of technical assistance programs evidenced by progress in implementing previous **METAC** mission recommendations. **METAC** does not provide technical assistance to its members in an equal amount, nor does it seek to provide technical assistance commensurate with member countries' financial contributions.





## SECTION 2: METAC's Activities, FY 2008

*During FY 2008, METAC's technical assistance and training program continued to provide tangible and intangible results across member countries. Notable outcomes include the strengthening of central banks' capacity in risk-focused supervision of banks; developing the capacity for improved government cash management; establishing unified tax administrations; developing survey-based data collection programs in foreign direct investment statistics; and quality improvements in consumer price indices.*

*The scope of activities expanded to include new areas such as technical assistance in central bank accounting and internal audit, and training in government finance statistics. There was a marked increase in regional and in-country training activities, some of which were conducted in collaboration with the IMF, member country institutions and regional partners. Country trends in the usage of METAC's technical assistance largely mirrored those of the previous year, with Syria accounting for the largest share of METAC technical assistance. The use of short term experts (STEs) also increased during the fiscal year; their time accounted for 51 percent of the total person weeks deployed by METAC in technical assistance delivery. METAC also responded to the recommendations of the independent 2007 mid term evaluation in a number of areas, including on the sharing of regional knowledge and expertise. Fifteen of the nineteen new short-term experts recruited for METAC training and technical assistance missions are from the Middle East.*

METAC's technical assistance resulted in a number of outcomes, as highlighted in Box 1.

METAC hosted fourteen (14) regional and country-specific seminars/workshops covering the areas of banking supervision, public financial management, revenue administration, central bank accounting and internal audit, and macroeconomic statistics (Annex 1). A total of 373 officials from central and commercial banks, revenue authorities, ministries of finance and national statistical benefited from these training opportunities. A number of these seminars/workshops were hosted in collaboration with the IMF, the Arab Monetary Fund, central banks, the Ministry of Investment (Egypt) or AITRS.



Staff from the Central Bank of Iraq review the chart of accounts with technical assistance from METAC.



### Box 1: Notable Achievements FY 2007-08

- Central banks in Syria and Libya are establishing a banking supervision framework in line with international best practices.
- The new budget classification based on the Government Finance Statistics Manual 2001 (GFSM 2001) was implemented in Sudan.
- A cash management unit was established in Lebanon's Ministry of Finance.
- A Treasury Single Account (TSA) was established at the Bank of Sudan.
- Syria is establishing a unified tax administration responsible for all tax functions, and has finalized drafts of the value added tax (VAT) law and the tax procedure code.
- Lebanon launched a new All-Lebanon monthly consumer price index (CPI).
- Jordan began compiling and disseminating external debt statistics in line with the international statistical methodology.
- Survey-based programs for compiling foreign direct investment (FDI) statistics were developed in Egypt, Lebanon, and West Bank and Gaza.
- A Household Budget Survey (HBS) was completed in Sudan to provide weights for developing a new CPI.
- Syria joined the IMF's General Data Dissemination System (GDDS).

A summary assessment of METAC's activities during FY 2008 is provided below and a list of missions (by country) is provided in Annex 2.

## BANKING SUPERVISION

Across METAC's member countries, modernizing the banking sector and building regulatory and supervisory capacity for risk-focused inspections of banks have assumed increasing importance in financial systems reform. METAC supported the countries' reform agenda by assisting central banks and monetary authorities in developing sound prudential regulations and bank reporting and supervision systems in accord with the Basel II Framework and international best practices,<sup>1</sup> and on improving credit registry systems. The main highlights are as follows.

<sup>1</sup>The Basel II Framework describes a more comprehensive measure and minimum standard for capital adequacy that national supervisory authorities are now working to implement through domestic rule-making and adoption procedures. It seeks to improve on the existing rules by aligning regulatory capital requirements more closely to the underlying risks that banks face. In addition, the Basel II Framework is intended to promote a more forward-looking approach to capital supervision, one that encourages banks to identify the risks they may face, today and in the future, and to develop or improve their ability to manage those risks. As a result, it is intended to be more flexible and better able to evolve with advances in markets and risk management practices.

*Source: Bank for International Settlements*



- In both Syria and Libya, **METAC** helped established a banking supervision framework in line with the Basel Committee on Banking Supervision recommendations and international best practices. The outputs are evidenced by a number of prudential regulations and supervisory call reports that have been developed in line with those recommendations. Most banks in Syria have begun implementing the regulations, while a few banks in Libya are beginning to report in line with these regulations. In addition, examiners in both central banks are currently implementing the offsite call supervisory reports designed with **METAC** technical assistance.

- **METAC** technical assistance to the Palestine Monetary Authority (PMA) resulted in (i) improving and upgrading the call reporting system; (ii) improving the PMA credit registry through the creation of an automated system that allows banks in the West Bank and Gaza to obtain more comprehensive and detailed information about their borrowers; and (iii) the development of a secure online automated registry database on the exposures of West Bank and Gaza's borrowers. **METAC** also assisted the Central Bank of Yemen in improving the functioning of the credit registry system.

- In Sudan, **METAC** continued to provide training in the field of conventional banking supervision through a series of workshops and training courses. The training responds to the Bank of Sudan's request for assistance in developing a dual banking system in Sudan (Islamic in the North and conventional in the South).

- Regarding training activities, **METAC** continued to provide training to Da Afghanistan Bank on risk-based supervision and other banking supervision issues not covered by the IMF and the Swedish International Development Agency. **METAC** also participated in the joint IMF/US Federal Reserve banking supervision training program provided to the staff of the Central Bank of Iraq.

## PUBLIC FINANCIAL MANAGEMENT

During FY 2008, **METAC**'s activities continued to support the Public Financial Management (PFM) reform strategies adopted by member countries. **METAC** technical assistance in this area covered cash management and expenditure control in Afghanistan, Egypt, and Lebanon; budget unification (integration of the capital and current budgets) in Afghanistan and Syria; a new budget classification in Sudan; and developing PFM reform programs in Iraq, and West Bank and Gaza.

### In the area of **cash management and expenditure control**:

- **METAC** assisted the Sudanese authorities in rationalizing cash management systems through the establishment of a Treasury Single Account (TSA) at the Bank of Sudan. In Egypt, **METAC** support for TSA reform continued alongside a major restructuring of the budget execution processes, including the development of a new computerized accounting system.

- **METAC** consulted the Jordanian authorities to identify areas where technical assistance could be most usefully provided.<sup>2</sup> The focus was on support for the macrofiscal unit, and supporting earlier reform efforts with the TSA. As a result of the consultations, strategies were developed with **METAC** looking to take the lead on TSA work.

- **METAC** provided advice that has guided the establishment of a cash management unit in Lebanon's Ministry of Finance.

<sup>2</sup> There are a large number of other technical assistance providers in Jordan. The World Bank has been involved in budget preparation reforms, German Technical Cooperation (GTZ) has an ongoing project in Jordan to assist macroeconomic modeling and expenditure analysis, and USAID has a project to support the introduction of a Government Financial Management Information System (GFMIS).



- In Afghanistan, METAC worked with the IMF resident treasury advisor who is supporting work in expenditure control and cash management. METAC's work in Afghanistan complements that being provided by other donors including USAID, the World Bank, United Nations Development Program (UNDP), and the Asian Development Bank.

#### In the area of budget preparation:

- METAC's work in Afghanistan and Syria focused on reforms linked to the **integration of the capital and current budgets** in the ministries of finance. In Syria, a reform team has been established, and work on a new budget format was undertaken with two pilot ministries.
- METAC has provided training to support the development of a macrofiscal unit in Egypt.
- METAC provided advice on improvements to the budget preparation process in Lebanon. Further work on budget reforms awaits the implementation of earlier METAC recommendations.

In Sudan, METAC was heavily involved in introducing a new budget classification based on the GFSM 2001. The new classification is being used for the 2008 budget. The project involved both the Chamber of Accounts and the Budget Department within the Ministry of Finance and National Economy, and has led to a substantial improvement in the quality of fiscal information available to the authorities. During FY 2008, METAC became actively involved in PFM reform in West Bank and Gaza. An initial assessment was made of the integrity of the public finance system in view of steps taken by the new emergency government. METAC subsequently participated in an IMF headquarters mission that set out an action plan that focused on reforming budget execution.

There are a number of other donors involved in supporting public financial management reforms including the United Kingdom's Department for International Development (DFID), the World Bank and the EC.

METAC also participated in an IMF headquarters mission that developed an action plan for PFM reform in Iraq.

Two regional workshops were conducted to provide training and opportunities for the sharing of country experiences. The first workshop was on treasury management, including expenditure control and cash management; and the second focused on good practices in budget preparation and fiscal management.

## REVENUE ADMINISTRATION

During FY 2008, METAC technical assistance in tax administration focused on three main areas: modernization and integration of tax administration, implementation of self-assessment, and administrative preparations for the introduction of a VAT. METAC also hosted a regional workshop on tax administration reforms in the Middle East. The METAC revenue administration advisor also participated in FAD revenue administration follow-up missions to Syria and Egypt.

### Modernization and integration of tax administration

Following IMF advice, the majority of METAC countries have taken steps towards building a modern organizational structure and integrating the administration of income tax and the VAT. However the progress achieved varies and depends on the availability of the required key success factors for each country.

The following are the key results realized through METAC's technical assistance:

- Syria decided to establish a unified tax administration responsible for all tax functions and organized along functional lines.
- Support for the establishment of new tax administration headquarters organization structure in Jordan, Sudan and Syria. Hands on assistance was provided through on the job training and workshops.
- Syria and Sudan have significantly improved their capacity through training of the project reform teams and by establishing the proper reform governance structures.
- The large taxpayer office (LTO) operations were strengthened in Syria, Jordan, Sudan, Lebanon and Yemen.

- The operations of medium-sized taxpayer offices (MTO) in Jordan and Sudan were strengthened, and support provided for establishing MTOs in Syria, Lebanon and Yemen.
- Implementation of the reforms was actively monitored through frequent follow-up visits by the resident advisor.



METAC's Revenue Administration Advisor conducting a VAT Fraud and Audit Issues Workshop in Beirut.





### Implementation of self-assessment

This component is a major task undertaken by most of the METAC countries following the implementation of the VAT and the ongoing efforts at integrating its administration with that of the income tax. With the support of FAD and METAC, Egypt, Lebanon, Jordan, Sudan and Syria took initiatives to implement self-assessment principles and procedures. They are in the process of developing risk management programs covering taxpayer profiling and risk analysis, designing audit case selection criteria, training on new audit techniques and implementing improved business processes.

### Simplification of tax administration legislations and preparations for the VAT

As most METAC countries have established LTOs and are in the process of integrating their tax administrations, they have found that many

of the powers and regulations in individual tax laws deal with matters that are common to both direct and indirect taxes. Therefore, METAC has provided technical assistance in preparing a separate law called a tax procedure code. With the support of FAD and METAC, Lebanon and Syria have progressed considerably in preparing this law and the draft versions are ready. Egypt has already launched the preparatory work for a tax procedure code, while plans for future work exist in Yemen, Sudan and Jordan.

Following previous FAD tax policy advice in designing a VAT, Syria has received extensive support from FAD and METAC to prepare the tax administration for the introduction of the VAT, now planned for 2009. With METAC's assistance, a detailed implementation plan was prepared and is being implemented. METAC is also supporting the administrative preparations for the VAT by focusing on the establishment of MTOs in the main regions, and the reengineering



Participants at METAC's workshop on international financial reporting standards for central banks



of the business processes. In addition, technical assistance was provided to improve the VAT operations in Sudan, and further advice provided to Yemen for fully implementing the General Sales Tax/VAT legislation adopted in 2005.

### Training

During FY 2008, METAC organized a workshop on tax reforms for senior officials. Nine METAC countries (represented mostly by the head of the tax organizations), along with Saudi Arabia and Oman participated. There was a strong consensus among participants that high level workshops on important common reform issues should be held more frequently.

## CENTRAL BANK ACCOUNTING AND INTERNAL AUDIT

With the appointment of a resident advisor in central bank accounting in April 2007, METAC initiated work on central bank accounting and internal audit. During the year under review, METAC conducted mainly assessment-type missions aimed at identifying the priorities and scope of technical assistance required by central banks/monetary authorities. Central banks in five of the METAC member countries already comply with the IFRS while the remaining five are in the process of bringing their accounting policies in line with the IFRS.

Assessment visits were done for all member countries except Egypt, Jordan and Yemen. These visits resulted in follow up technical assistance in a number of areas as follows:

- In Syria, METAC is playing an important role in the ongoing central bank accounting reform project. Monthly visits were undertaken to the Central Bank of Syria (CBS) to provide technical

advice and support on the accounting reform process.

- METAC reviewed the current accounting system of the Central Bank of Iraq (CBI), with support from the Central Bank of Jordan, during a seminar held in Amman, Jordan. A work plan for enhancing the reform process was finalized, and the software requirements for a Financial Management Information System (FMIS) were also discussed. Follow up discussions on the status of the CBI's accounting system were also held at a seminar organized in Abu Dhabi, U.A.E by the IMF's Money and Capital Markets Department (MCM), and attended by 15 accountants from the CBI. With METAC's technical assistance, the CBI's chart of accounts was revised in line with the IFRS-based accounting policies.

- In Libya, METAC joined two IMF missions focusing on central bank modernization. Technical assistance in the accounting implications of the proposed domestic money market and in the development of risk-based internal audit were also provided.

- The current status of Da Afghanistan Bank's accounting and internal audit was assessed by METAC, and a work plan identifying technical assistance requirements was developed with inputs from the authorities and USAID consultants. METAC assisted with a short term expert, specializing in accounting systems.

- METAC conducted an evaluation of the existing accounting and internal audit functions at the Bank of Sudan, Banque du Liban and the Palestinian Monetary Authority.

- In the area of training, METAC hosted a regional seminar on the Application of the IFRS in Central Banks.



## MACROECONOMIC STATISTICS

During FY 2008, METAC provided technical assistance in the areas of consumer and producer price statistics, national accounts, balance of payments and international investment position (IIP) statistics (including foreign direct investment), international reserves, and external debt statistics. METAC also assisted the statistics-producing agencies in compiling statistical information (metadata) to facilitate Jordan's planned subscription to the Special Data Dissemination Standard (SDDS), and assisted—in collaboration with STA—the Syrian authorities in participating in the GDDS. Syria became the 90<sup>th</sup> GDDS participant in December, 2007.<sup>3</sup>

A number of ongoing statistical projects in price statistics generated tangible results. In Lebanon, a new monthly consumer price index (CPI) was launched; and in Egypt—a revised CPI and new Producer Price Index (PPI) were compiled and disseminated. Sudan also made significant progress in executing their work plan for developing a new CPI.

Director of the IMF Statistics Department Robert Edwards welcomed Syria's GDDS participation and observed: "Syria's participation in the GDDS is a milestone in Syria's statistical development. Participation in the GDDS should allow Syria to take full advantage of the framework to enhance its statistical capacity; this would encourage other countries in the region to follow the same path. The IMF and the Middle East Technical Assistance Center are ready to further collaborate with Syria."

<sup>3</sup>The GDDS was established by the IMF in 1997. It provides a framework to help countries develop their statistical systems to produce comprehensive and accurate statistics for policymaking and analysis.

The main highlights of METAC's statistical activities are as follows:

### Price Statistics

- In Lebanon, METAC provided technical advice on the compilation and dissemination of a new monthly all-Lebanon consumer price index (CPI) using new weights based on the 2004-05 HBS. The new CPI, launched in March 2008, replaces the quarterly CPI that was first compiled by Lebanon's Central Administration for Statistics (CAS) beginning with the reference period 1999 using weights derived from the 1997 HBS conducted in the Beirut metropolitan area.
- METAC's technical assistance in price statistics has also resulted in a revised CPI for Egypt (launched in October 2007) and in the development of a PPI to replace the outdated wholesale price index (WPI).
- In Sudan, METAC's assistance focused on the execution of an HBS to provide new weights for developing a new CPI, which is scheduled to be launched in June 2008.

### National Accounts

- In Syria, METAC advised the Central Bureau of Statistics on the appropriate statistical treatment of implicit large subsidies and on compiling GDP constant price estimates of output and value added.
- METAC assisted the Palestine Central Bureau of Statistics in revising the annual GDP estimates (2000-2005) at current and constant prices.





## External Sector Statistics

- Technical assistance in establishing and maintaining basic balance of payments data collection programs in Libya and Syria.
- Developing a survey program for foreign direct investment (FDI) statistics in Egypt, Lebanon, and West Bank and Gaza.
- Technical advice on compiling IIP statistics in Jordan, Syria and West Bank and Gaza. Jordan now meets the SDDS coverage requirements for IIP.
- Technical advice on the reserves template (in collaboration with STA) and on external debt statistics in Jordan. Jordan began disseminating external debt statistics (and accompanying methodological notes) on the central bank and ministry of finance websites.

## Data Standards

- Assisted the statistics-producing agencies in compiling statistical information (metadata) to facilitate Jordan's planned subscription to the SDDS.
- Following the completion and posting of the GDDS metadata during the joint STA/METAC multisector statistics mission in December 2007, Syria began formal participation in the GDDS.

## Training

- METAC—in partnership with the AITRS—conducted regional workshops on Government Finance Statistics (GFS), and on implementing the 1993 System of National Accounts (1993 SNA).
- METAC's multisector statistics advisor also made presentations on the topics of data quality and the IMF's data dissemination standards at the AITRS Directors' Meeting and the First Arab Statistics Conference (hosted by AITRS), respectively.



Lebanon's Prime Minister, His Excellency, Fuad Siniora along with the METAC Coordinator, Saade Chami, and Director General of the Central Administration for Statistics, Dr. Maral Tutelian at the launching of the new CPI in Lebanon.



METAC staff and other invitees at the CPI launching ceremony.





## Technical Assistance Inputs

**During FY 2008, 165 technical assistance and training missions were conducted, reflecting a 70 percent implementation ratio, and a 15 percent increase over the previous year.**

Technical assistance in banking supervision increased by 11 percent, while activities in central bank accounting and internal audit were initiated with the appointment of a resident central bank accounting advisor. However, with the departure of the resident national accounts advisor, statistical activities were curtailed, resulting in a 48 percent decline in technical assistance delivery in macroeconomic statistics, compared to the previous year.

The implementation of the FY 2008 work program was affected by a number of factors. These included delays—and in some cases, inaction—by country authorities, in completing tasks required for follow-up technical assistance, and limited institutional capacity for technical assistance absorption. On METAC's side, the identification of suitable STEs and budgetary constraints affected the delivery of the work program.<sup>4</sup> While a number of missions were part of ongoing technical assistance projects to member countries, technical assistance in central bank accounting and internal audit was initiated following the appointment of a resident advisor in central bank accounting in April 2007.

Syria continued to be the largest beneficiary of technical assistance, accounting for 23 percent; followed by Libya and Sudan each utilizing approximately 12 percent. The four countries regarded as “post-conflict” (Afghanistan, Iraq, Sudan, and West Bank and Gaza) absorbed 35.7 percent of the technical assistance delivered during FY 2008 compared with 38.5 percent in the previous fiscal year. The relative share of METAC technical assistance delivery to these countries also reflects the existence of other technical assistance providers, including the IMF. Graph 1 shows the distribution of technical assistance by

beneficiary country for 2007 and 2008 in person weeks; Graph 2 shows the country allocation of technical assistance (by both resident and short-term experts) during 2008.

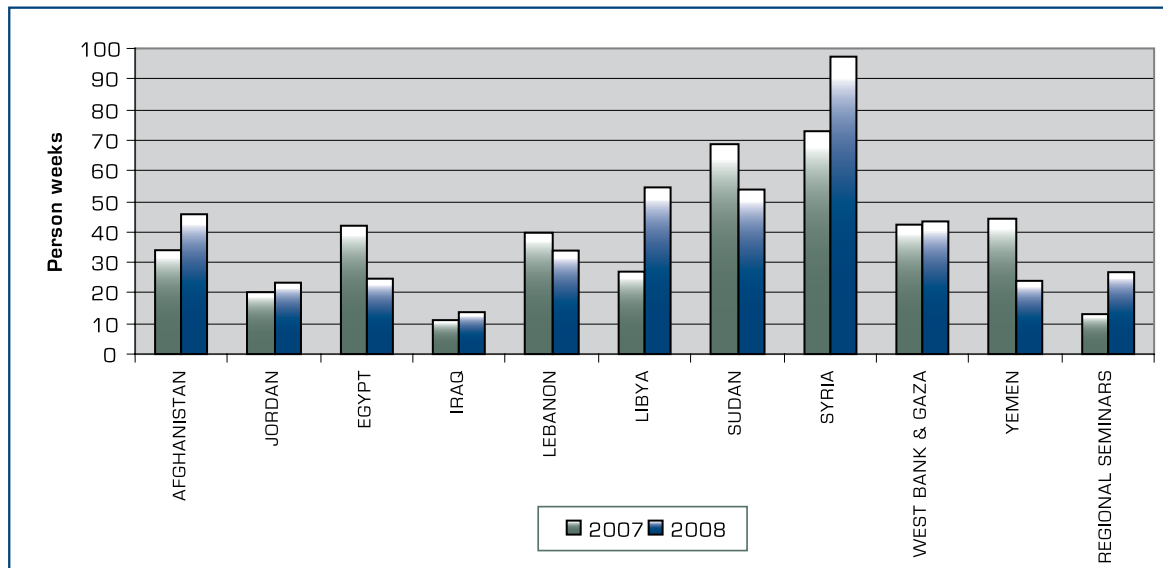
During FY 2008, the use of short-term expert resources increased by 16 percent (in person weeks), reflecting new and increased activities in central bank accounting and banking supervision, respectively.

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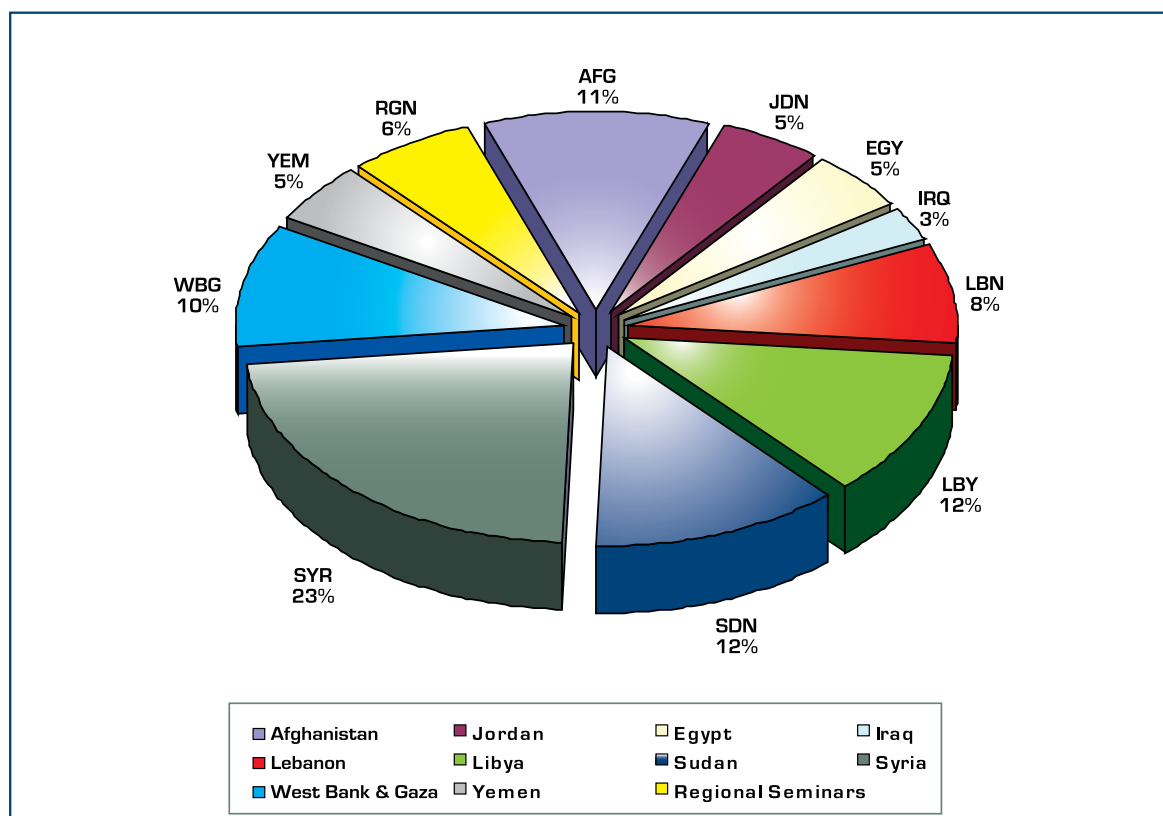
<sup>4</sup> For budgetary reasons, the two resident statistics advisor positions were consolidated into one position in November, 2007 and a number of missions were postponed from FY 2008 to FY 2009.



**Graph 1: METAC Technical Assistance Delivery by Beneficiary Country FY 2007 and 2008 (in person weeks)**



**Graph 2: Allocation of Technical Assistance Delivery by Beneficiary Country FY 2008 (in percent)**



**Table 1: METAC Technical Assistance Delivery by Area and Beneficiary Country  
FY 2008 (in person weeks)**

|  | Banking<br>Supervision | Public<br>Financial<br>Management | Revenue<br>Administration | Central<br>Bank<br>Accounting | Macroeconomic<br>Statistics |
|--|------------------------|-----------------------------------|---------------------------|-------------------------------|-----------------------------|
| <b>Afghanistan</b>                             | 17                     | 11                                | 0                         | 17                            | 2                           |
| <b>Jordan</b>                                  | 0                      | 3                                 | 10                        | 0                             | 10                          |
| <b>Egypt</b>                                   | 0                      | 8                                 | 2                         | 0                             | 14                          |
| <b>Iraq</b>                                    | 0                      | 1                                 | 1                         | 9                             | 0                           |
| <b>Lebanon</b>                                 | 3                      | 6                                 | 3                         | 5                             | 17                          |
| <b>Libya</b>                                   | 25                     | 2                                 | 2                         | 14                            | 12                          |
| <b>Sudan</b>                                   | 25                     | 12                                | 7                         | 4                             | 6                           |
| <b>Syria</b>                                   | 15                     | 8                                 | 29                        | 32                            | 14                          |
| <b>West Bank &amp; Gaza</b>                    | 15                     | 10                                | 0                         | 5                             | 13                          |
| <b>Yemen</b>                                   | 12                     | 9                                 | 3                         | 0                             | 0                           |
| <b>Regional Activities</b>                     | 2                      | 11                                | 7                         | 1                             | 7                           |
|  | <b>114</b>             | <b>81</b>                         | <b>64</b>                 | <b>87</b>                     | <b>95</b>                   |
| <b>Activity Distribution<br/>as % of total</b> | 25.9                   | 18.4                              | 14.5                      | 19.7                          | 21.5                        |

## METAC Mid-term Evaluation

A mid-term external evaluation of METAC's activities and performance was conducted in the first quarter of 2007 by Oxford Policy Management. The evaluation had the objective of reviewing the management and operations of METAC, helping funding agencies and beneficiary countries/territories foster a greater understanding of METAC's work, and promoting greater accountability for performance.

The overall finding is that beneficiary countries are highly satisfied with the performance of METAC. On operational effectiveness, the evaluation found that the process of identifying technical assistance needs works reasonably effectively, and that METAC technical assistance has provided important value added to IMF activities in relation to providing capacity building, follow up, and implementation support. The evaluation saw scope for strengthening country ownership at the overall program level, and for METAC to

play a more active role in the sharing of regional knowledge and expertise.

The evaluation made a number of recommendations to which METAC has been responding (see Annex 3). METAC has enhanced the role of the SC members, and is encouraging experience sharing through hiring short-term experts from one member country to help other members. During FY 2008, nineteen new short-term experts were added to the IMF panel of experts based on METAC's recommendations, and were deployed for METAC training and technical assistance missions. Fifteen of these experts are from the Middle East.



## SECTION 3: Overview of the FY 2009 Work Plan

***METAC's proposed FY 2009 work plan<sup>5</sup> is premised on continued support for the financial sector and fiscal reforms being undertaken in METAC countries, and on the further development of central bank accounting and national statistical systems. Consistent with the strong advantages of METAC's field presence, the work plan provides scope for flexibility and adaptability in implementation. The work plan is designed to remain within the financial envelope, and country allocations are influenced by the requirements of some donors to earmark their contributions to certain sectors and specific countries.<sup>6</sup> The activities are developed according to needs identified by national authorities through previous mission assessments, onsite visits by the METAC Coordinator and/or resident advisors, and close collaboration with METAC SC members. The work plan is also guided by the IMF's technical assistance priorities articulated in MCD's Regional Strategy Note (RSN).***

*The proposed work plan (Table 2) is streamlined to take account of the budgetary constraints with key modifications including a reduction in the number of regional seminars, and in the use of short-term experts (STEs).<sup>7</sup> However, on-the-job training will be intensified as part of capacity building activities, and two workshops (Understanding Financial Markets and Financial Programming and Policies) will be conducted by the IMF Institute.*

In the area of **banking supervision**, METAC would continue providing technical assistance to support financial system reforms being undertaken by METAC countries. These include improvements in credit registry systems (Sudan, West Bank and Gaza, and Yemen); development of prudential supervisory regulations in line with Basel Committee on Banking Supervision's recommendations; implementation of Basel II requirements (Syria and Libya); and capacity building in banking supervision techniques (Afghanistan, Iraq, Jordan and Lebanon). A regional workshop on credit registry is scheduled for November 2008.

Activities in the field of **public financial management** cover a range of topics in all METAC countries.<sup>8</sup> METAC will use short term experts to support broad treasury reforms in Egypt, Jordan, West Bank and Gaza and Yemen, while more specific technical assistance for the development of cash management capability will

continue in Lebanon and Sudan. The METAC PFM Advisor will provide direct technical assistance along side the work of short term experts in the area of budget integration. Projects on budget integration through developing a simple program structure for the budget are being implemented in Afghanistan and Syria. A regional workshop on budget integration is also planned. The PFM advisor will work with the Libyan authorities to identify areas where future support might be provided.

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<sup>5</sup> This proposed work plan is subject to formal approval by the METAC Steering Committee at its biannual meeting in May, 2008.

<sup>6</sup> EIB allocations to METAC are used for capacity-building activities in the financial sectors of Egypt, Jordan, Lebanon, Syria, and West Bank & Gaza.

<sup>7</sup> Further revisions to the work program may be required if additional financing is not secured [see Budget and Financing].

<sup>8</sup> Technical assistance in PFM for Iraq is being led directly by the IMF Fiscal Affairs Department.



**Table 2: METAC Planned Activities, FY 2009**

|                      | BANKING SUPERVISION  | PUBLIC FINANCIAL MANAGEMENT   |
|----------------------|--|---|
| Afghanistan          | Capacity building on off-site supervision, and Basel principles on risk management and measurement.  | Budget integration through the use of a simple program structure, and complementing the work by the IMF treasury advisor on cash management and expenditure control.                        |
| Egypt                |  | Support the establishment of the TSA and associated reforms in budget execution.  |
| Iraq                 | Capacity building on risk-based supervision, off-site supervision and on IAS and IFRS.   | Continued assistance in PFM reform.   |
| Jordan               | Capacity building on early warning system, stress testing, and on the implementation of Basel II requirements.                                     | Support the development of the TSA reform by extending the coverage of the TSA in a number of areas.  |
| Lebanon <sup>9</sup> | Capacity building on early warning system, stress testing, risk-based supervision, and consolidated supervision.                                   | Further development of the cash management unit; technical assistance in budget preparation; and training in performance budgeting.   |
| Libya                | Development of prudential regulations in line with the recommendations of Basel Committee on Banking Supervision and international best practices. |   |
| Sudan                | Upgrading credit registry functioning.   | Further support the TSA reform and contribute to the development of cash planning and cash management capability in the Ministry of Finance.  |
| Syria                | Further assistance with the implementing Basel II requirements.  | Budget integration reform in preparation for major changes in the compilation of the 2010 budget.   |
| West Bank & Gaza     | Assistance with the improvement of the credit registry system and follow-up on the implementation of early warning system.                         | Support the recommendations of the March 2008 IMF (FAD) mission, with an initial focus on reforming cash management, and assisting the development of a new computerized accounting system. |
| Yemen                | Training in offsite supervision; and technical assistance in establishing a framework for implementing Basel II requirements.                      | Supporting the establishment of the treasury.   |
| Regional Activities  | Workshop on Credit Registry  |   |

<sup>9</sup> Technical assistance on payment systems will also be provided.



| REVENUE ADMINISTRATION  | CENTRAL BANK ACCOUNTING  | MACROECONOMIC STATISTICS   |
|---|--|--|
| Assessment of implementation of revenue administration reforms.                               | Monitor progress in implementing systems and controls; IFRS implementation ; and the development of the internal audit towards risk based auditing.                        | Training in CPI methodology and compilation; and strengthening the compilation of balance of payments.                                 |
| Support implementation of small business tax offices.   |  | Development of FDI statistics.   |
| Support revenue administration modernization  | Develop IFRS compatible accounting entries; review the internal audit function; initiate reform process to move toward risk based audit methodology; and provide training. |  |
| Support for implementing the tax administration reform strategy                               |  | Review coverage of external debt statistics, and support implementation of SNA 93 and the development of GDP estimates by expenditure. |
| Integration of VAT and Revenue Departments in the Ministry of Finance.                        | Shift of internal audit from compliance to risk based audits and the application of IFRS in the accounting policies and financial reporting.                               | Further refinements to the CPI; and strengthening the compilation of balance of payments/IIP. Development of SMP.                      |
| Assessment of implementation of revenue administration reforms.                               | Application of IFRS in the accounting and financial policies; and assist in the development of the risk based audit methodology.   | Improving balance of payments source data; and development of CPI/PPI statistics   |
| Support to the tax administration reforms program.  | Development of the risk based audit methodology and further improvements in the accounting policies and financial statements to comply with IFRS.                          | Development of FDI statistics; and strengthening the compilation of national accounts and CPI statistics.                              |
| Support the tax administration reforms program, including the introduction of VAT.            | Development of the accounting systems and internal audit function; implementation of the core banking software.  | Strengthening the compilation of balance of payments, FDI and external debt statistics.  |
| Assessment of implementation of revenue administration reforms.                               | Implementation of the core banking software; and the development of IFRS-related accounting policies and financial reports.  | Development of FDI statistics, and rebasing the national accounts (GDP constant price series).   |
| Assessment of, and support for, implementation of revenue administration reforms.             | Review of the internal audit process and accounting system.  | Strengthening the compilation of national accounts, CPI and balance of payments statistics.  |
| Seminars on Performance Measurement of Tax Operations and Self Assessment of Tax Liabilities. | Seminar on the Development and Application of IFRS in Central Banks.   | Seminars on Remittances and Use of Economic Surveys for National Accounts.   |



The technical assistance program in the **revenue administration** area reflects priorities and progress to date in implementing modernization strategies and other technical assistance providers' involvement in each **METAC** country. Consistent with IMF-recommended tax administration strategies, **METAC** will continue to support the implementation of modern organizational structures (with focus on headquarters and large and medium-sized taxpayer offices) and the introduction of self-assessment principles for the income tax in Egypt, Lebanon, Sudan, and Syria. In coordination with FAD, **METAC** will also provide support to facilitate the administrative preparations for the introduction of a VAT in Syria and integration of the income tax and VAT departments in Lebanon. The **METAC** Revenue Administration Advisor will undertake advisory follow-up visits and will provide direct technical assistance to complement the work of STEs. Other revenue administration activities would include advice on tax administration automation (Syria and Sudan), and the development of tax procedure codes (Syria, Egypt, Jordan and Sudan).

In the area of **central bank accounting**, **METAC's** technical assistance will focus on shifting the central bank internal audits towards risk based audits; further development of the accounting systems; and compliance with IFRS in terms of the chart of accounts, accounting policies and financial reports. In this regard, another seminar on IFRS targeting directors of central banks' accounting departments and senior accounting staff is planned for 2009. The purpose is to assess the progress made in the implementation of IFRS, and discuss issues, in implementing the IFRS.

Activities in **macroeconomic statistics** will focus primarily on improving the quality of balance of payments, national accounts and price statistics. In all **METAC** countries except Iraq,<sup>10</sup> technical assistance in external sector statistics will focus

on the development of FDI statistics (Egypt, Lebanon, Sudan, Syria, and West Bank and Gaza); strengthening balance of payments data collection programs and compilation methods (Afghanistan, Libya, Syria and Yemen); and on quality improvements in external debt statistics (Jordan and Syria). In national accounts, the work program will cover Sudan, West Bank and Gaza, and Yemen. STA has received approval for a Japan Sub-Account-funded regional advisor on national accounts to be appointed for Lebanon and Syria; thus **METAC**-funded activities in national accounts for these two countries will be discontinued. Training in the CPI methodology would be delivered in Afghanistan, while work on price statistics will continue in Lebanon, Libya, Sudan and Yemen.

Other statistical activities include two regional workshops on (i) remittances, and (ii) economic surveys for national accounts; the latter will be organized jointly with AITRS. **METAC** will also continue its collaboration with Lebanon's stakeholders and the World Bank in the development of a Statistics Master Plan (SMP).

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<sup>10</sup> Ongoing technical assistance in balance of payments statistics is provided to Iraq directly by the IMF Statistics Department.

## Budget and Financing

The funding cycle of METAC II is planned to cover a period of three and a half years starting in November 2007 and ending in April 2011. The extension of the funding cycle from the original three year period to three and a half years is aimed at bringing the METAC cycle in line with the IMF fiscal year and with the METAC's work plan periods.

Financial support and in-kind resources for METAC Phase II have been committed by the Lebanese government, bilateral and multilateral donors, participating countries, and the IMF. As in the first phase of METAC, a number of participating countries have agreed to be part of the METAC's group of donors and have committed to support METAC with sizeable financial contributions. As of the end of March 2008, the following donors have provided or pledged resources to finance the activities of METAC II: the EC, the EIB, Egypt, France, Japan, Jordan, Lebanon, Libya, Oman, Syria and Yemen.

METAC's total operational costs in its second phase is estimated at US\$ 21.5 million, of which about US\$ 12.5 million are financed by donor contributions, approximately US\$ 5.5 million represent the IMF contribution, including the METAC coordinator position, backstopping and administrative support from the IMF headquarters, and an estimated in-kind contribution of the host country of US \$3.5 million.

The financial support of member countries confirms the high quality of METAC services and the relevance of METAC's technical assistance, as well as the high level of commitment and ownership of these beneficiary countries. However, despite the achievements of the first phase and the broad regional support, METAC II has not yet achieved its target of raising US\$ 12.5 million in donors' financing. At the end of March 2008, total donors' commitment to METAC II amounted to approximately US\$ 9.6 million (inclusive of the rollover funds from the

first phase). An additional US\$ 2.9 million are therefore still needed to fully finance the METAC II work program for the planned three and a half year cycle.

We are hopeful that additional financing will come forward to close METAC financing gap. While technical assistance helps directly the recipient country, it has an element of an international (or in this context regional) public good in the sense that improvements in the performance of recipient country may benefit its neighbors and the region as a whole. We are confident that countries in the region and regional institutions will help METAC achieve its objectives and prosper further so it can be a center of excellence for the region.



METAC's Multisector Statistics Advisor provides technical advice to his counterpart at the Central Bank of Syria.



## ANNEX 1: List of METAC Seminars/Workshops, FY 2008

| Title of Seminar/<br>Workshop   | Location | Collaborating<br>Institution | Number of<br>Participants | Participating<br>countries |       |
|---|----------|------------------------------|---------------------------|----------------------------|-------|
|   |          |                              |                           | METAC                      | Other |
| Iraq: Issues in Tax Policy  | Lebanon  | FAD/IMF                      | 12                        | 1                          | 0     |
| Treasury Management<br>Seminar  | Lebanon  |                              | 21                        | 9                          | 0     |
| Syria: International<br>Transactions Reporting System<br>Workshop                   | Syria    | Central Bank of Syria        | 81                        | 1                          | 0     |
| Regional Workshop on<br>Government Finance Statistics                               | Jordan   | AITRS                        | 29                        | 9                          | 6     |
| Financial Programming Policies<br>Course (Lebanon and West<br>Bank and Gaza)        | Lebanon  | IMF Institute                | 31                        | 2                          | 0     |
| Consolidated Supervision<br>Workshop  | Lebanon  |                              | 31                        | 10                         | 0     |
| Regional Seminar for Heads of<br>Training in Arab Countries                         | U.A.E    | IMF Institute/AMF            | 19                        | 6                          | 6     |
| Tax Administration Reform   | Lebanon  |                              | 22                        | 9                          | 2     |
| Regional Workshop on System<br>of National Accounts 1993<br>(SNA 93) Implementation | Lebanon  | AITRS                        | 20                        | 9                          | 4     |
| Foreign Direct Investment<br>Statistics Workshop                                    | Egypt    | Ministry of Investment       | 33                        | 4                          | 0     |
| IFRS Issues for Central Banks   | Lebanon  |                              | 17                        | 8                          | 0     |
| AML/CFT Workshop on<br>Typologies of Money Laundering<br>and Terrorism Financing    | Lebanon  | LEG/IMF                      | 19                        | 7                          | 3     |
| Workshop on Budget<br>Preparation and Fiscal<br>Management                          | Lebanon  |                              | 18                        | 8                          | 0     |
| Iraq: Liquidity Forecasting and<br>Management 2008                                  | Lebanon  | MCM/IMF                      | 20                        | 1                          | 0     |

Source: METAC

## ANNEX 2: List of METAC Missions, FY 2008

### Afghanistan

| Sector                      | Mission Activities   | Mission Dates                |
|-----------------------------|--|------------------------------|
| Banking Supervision         | Technical assistance on the implementation of an inspection manual.  | July 2007                    |
| Banking Supervision         | Training on International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS). | September 2007               |
| Banking Supervision         | Training on risk-focused examination.  | November 2007                |
| Banking Supervision         | Training on licensing with emphasis on business/strategic plan and business policy analysis.                 | March 2008                   |
| Public Financial Management | Review progress on program budget reforms.   | August 2007                  |
| Public Financial Management | Improving cash management.   | August 2007                  |
| Public Financial Management | Improving treasury reforms.  | October 2007                 |
| Central Bank Accounting     | Assessing the existing accounting system; and identifying activities to further improvements.                | June 2007                    |
| Central Bank Accounting     | Reforming the accounting systems.  | November 2007 - January 2008 |
| Macroeconomic Statistics    | Compilation of balance of payments statistics.   | May 2007                     |

### Egypt

| Sector                      | Mission Activities  | Mission Dates                                |
|-----------------------------|---|--|
| Public Financial Management | Guidance to macro fiscal unit on financial programming.   | June 2007<br>January 2008                    |
| Public Financial Management | Improving cash management.  | October 2007                                 |
| Revenue Administration      | Supporting the implementation of tax administration reforms.  | August 2008<br>March 2008 (2 missions)       |
| Macroeconomic Statistics    | Development of survey methodology for compiling FDI statistics (including training for survey field staff). <sup>11</sup> | August 2007<br>November 2007<br>January 2008 |
| Macroeconomic Statistics    | Development of price statistics (CPI and PPI).  | November 2007                                |

<sup>11</sup> Lebanon, Libya and West Bank and Gaza also participated in the FDI training seminar conducted in collaboration with the Egypt Ministry of Investment.

## ANNEX 2: List of METAC Missions, FY 2008 (continued)

### Iraq

| Sector                      | Mission Activities  | Mission Dates                                  |
|-----------------------------|---|--|
| Public Financial Management | Developing a public financial management action plan.   | March 2008                                     |
| Revenue Administration      | Supporting the revenue administration modernization.  | May 2007                                       |
| Central Bank Accounting     | Assessing the existing accounting system. Identifying and finalizing activities for further improve the existing accounting system. | August 2007<br>September 2007<br>November 2007 |
| Central Bank Accounting     | Revising CBI chart of accounts in line with IFRS.   | March 2008                                     |

### Jordan

| Sector                      | Mission Activities  | Mission Dates  |
|-----------------------------|---|--|
| Public Financial Management | Assessing options for technical assistance to develop the TSA and fiscal reporting. | February 2008  |
| Revenue Administration      | Supporting the implementation of the tax reform strategy.                           | July 2007 (2 missions)<br>December 2007<br>February 2008 |
| Macroeconomic Statistics    | Assist in the compilation of IIP and external debt statistics for SDDS.             | June 2007  |
| Macroeconomic Statistics    | Assist in SDDS metadata compilation.  | July 2007  |

### Lebanon

| Sector                      | Mission Activities  | Mission Dates  |
|-----------------------------|---|--|
| Public Financial Management | Improving cash management.  | January 2008   |
| Revenue Administration      | Supporting the implementation of tax administration reforms: compliance and audit strategy.             | September 2007   |
| Revenue Administration      | Supporting the implementation of revenue administration reform strategy.                                | January 2008 (2 missions)                              |
| Central Bank Accounting     | Assessing existing accounting and internal audit functions.   | January 2008   |
| Macroeconomic Statistics    | Development of FDI statistics and technical advice on improving the quality of the balance of payments. | March 2008   |
| Macroeconomic Statistics    | Consultations on Statistics Master Plan.  | November 2008  |
| Macroeconomic Statistics    | Compilation and dissemination of a new monthly All-Lebanon CPI.   | May 2007<br>October 2007<br>January 2007<br>March 2008 |

## ANNEX 2: List of METAC Missions, FY 2008 (continued)

### Libya

| Sector                   | Mission Activities   | Mission Dates  |
|--------------------------|--|--|
| Banking Supervision      | Upgrading the inspection manual; and implementing the loan classification and provisioning regulation.                       | May 2007 (2 missions)<br>September 2007<br>November 2007 |
| Banking Supervision      | Developing key prudential regulations.   | July 2007<br>September 2007                              |
| Banking Supervision      | Developing supervisory regulations.  | November 2007<br>February 2008<br>March 2008             |
| Revenue Administration   | Supporting the implementation of revenue administration reform strategy by following-up on restructuring tax administration. | November 2007  |
| Central Bank Accounting  | Assessing the existing accounting system, and identifying activities for technical assistance.                               | July 2007  |
| Central Bank Accounting  | Developing the internal audit.   | November 2007<br>January 2008                            |
| Central Bank Accounting  | Evaluating and developing future strategy for the computerization of the accounting system.                                  | November 2007<br>February 2008                           |
| Macroeconomic Statistics | Training and technical advice on improving the balance of payments data collection system.                                   | January 2008   |
| Macroeconomic Statistics | Developing CPI/PPI statistics.   | April 2008   |

### Sudan

| Sector                      | Mission Activities   | Mission Dates   |
|-----------------------------|--|---|
| Banking Supervision         | Training on International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS). | May 2007  |
| Banking Supervision         | Training on conventional banking operations.   | September 2007  |
| Banking Supervision         | Training on Basel recommendations on risk management.  | July 2007   |
| Banking Supervision         | Training on conventional banks' accounting.  | August 2007   |
| Banking Supervision         | Training on credit registry.   | December 2007   |
| Banking Supervision         | Training on money exchange operations.   | January 2008  |
| Banking Supervision         | Training on risk-focused examination.  | January 2008  |
| Public Financial Management | Improving cash management.   | November 2007   |
| Public Financial Management | Implementing the new budget classification.  | September 2007  |
| Revenue Administration      | Supporting the tax administration reforms program.   | July 2007<br>November 2007<br>March 2008 (2 missions) |
| Central Bank Accounting     | Assessing the existing accounting system; and identifying activities to enhance the existing system.         | August 2008   |
| Macroeconomic Statistics    | HBS design and execution for compiling new CPI weights; and development of new CPI.                          | September 2007<br>March 2008                          |



## ANNEX 2: List of METAC Missions, FY 2008 (continued)

### Syria

| Sector                      | Mission Activities  | Mission Dates   |
|-----------------------------|---|---|
| Banking Supervision         | Technical advice on implementation of Basel II.   | June 2007<br>August 2007<br>October 2007<br>December 2007<br>February 2008<br>April 2008  |
| Banking Supervision         | Training on on-site inspection.   | February 2008<br>April 2008   |
| Banking Supervision         | Participating in a banking conference organized by the Central Bank of Syria.                             | November 2007   |
| Public Financial Management | Assisting the Ministry of Finance in assuming responsibility for the management of the investment budget. | May 2007<br>February 2008   |
| Revenue Administration      | Supporting revenue administration reforms program.  | July 2007 (2 missions)<br>October 2007<br>December 2007   |
| Revenue Administration      | Supporting tax administration reforms program.  | July 2007<br>October 2007<br>December 2007<br>January 2008<br>February 2008<br>April 2008   |
| Revenue Administration      | Supporting the implementation of FAD recommendations on revenue modernization.                            | November 2007 (2 missions)<br>January 2008  |
| Central Bank Accounting     | Assessing the existing accounting system, and identifying activities for technical assistance.            | May 2007  |
| Central Bank Accounting     | Evaluating progress and providing advisory support.   | July 2007<br>August 2007<br>September 2007<br>October 2007<br>November 2007<br>December 2007<br>January 2008<br>February 2008<br>March 2008 |
| Central Bank Accounting     | Technical advice on self accounting of branches.  | December 2007<br>January 2008<br>April 2008   |
| Central Bank Accounting     | Evaluating the internal audit.  | February 2008   |
| Central Bank Accounting     | Introducing the IBAN system.  | January 2008  |
| Macroeconomic Statistics    | Improving balance of payments data collection system.   | July 2007<br>December 2007<br>April 2008  |
| Macroeconomic Statistics    | Assessment of foreign trade statistics.   | December 2007   |
| Macroeconomic Statistics    | Technical assistance on national accounts statistics.   | December 2007   |

## ANNEX 2: List of METAC Missions, FY 2008 (concluded)

### West Bank and Gaza

| Sector                      | Mission Activities  | Mission Dates                            |
|-----------------------------|---|--|
| Banking Supervision         | Development of call reports about banks investment in securities and coordinating with the Capital Market Authority.    | July 2007<br>January 2008                |
| Banking Supervision         | Implementation of credit registry.  | September 2007<br>February 2008          |
| Public Financial Management | Improving public financial management.  | July 2007<br>February 2008<br>April 2008 |
| Central Bank Accounting     | Assessing the existing accounting system. Identifying the activities to further improve the existing accounting system. | May 2007                                 |
| Central Bank Accounting     | Evaluating and developing future strategy for Central Bank Accounting.  | March 2008                               |
| Macroeconomic Statistics    | Improving foreign direct investment statistics.   | February 2008                            |
| Macroeconomic Statistics    | Training in IIP and external debt statistics.   | February 2008                            |
| Macroeconomic Statistics    | Development of annual national accounts statistics.   | May 2007<br>February 2008                |

### Yemen

| Sector                      | Mission Activities  | Mission Dates              |
|-----------------------------|---|----------------------------|
| Banking Supervision         | Strengthening banking supervision by providing direct TA on the upgrade of the inspection manual.   | September 2007             |
| Banking Supervision         | Strengthening banking supervision by providing direct technical assistance on the reorganization of the credit registry department.                         | April 2008                 |
| Banking Supervision         | Strengthening banking supervision by providing training on International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS). | November 2007              |
| Public Financial Management | Improving budget execution.   | July 2007<br>February 2008 |
| Revenue Administration      | Supporting the tax administration reforms program.  | February 2008              |

Source: METAC



## ANNEX 3: METAC Mid Term Evaluation Recommendations and Implementing Actions

| METAC Evaluation Recommendations  | Implementing Actions   |
|---|--|
| Continued attention to be given to the simplification and streamlining of administrative procedures, to enable the full potential benefits of METAC's activities to be realized.  | While METAC is bound by IMF administrative procedures aimed at ensuring proper accounting and contracting procedures and ensuring quality control, METAC has done all it can to simplify and streamline these procedures so as to respond quickly and effectively to the demands of country members.   |
| The role and responsibility of Steering Committee members should be clarified. SC members from METAC countries should be encouraged to play a more active role in the sharing of information between beneficiary organizations, the determination and communication of priorities, and the development of effective ways to assess and monitor performance.   | METAC has enhanced the role of the Steering Committee (SC) members, including by: sharing all relevant information with them; making them act as the contact person in their countries by liaising with other government agencies on all issues related to METAC; involving them in setting the work program ahead of the SC meetings; keeping them informed of all METAC activities in their respective countries; and engaging them in identifying qualified people from the region to act either as short-term experts or long-term advisors. |
| Terms of reference (TOR) and other key information for missions should be seen by and agreed with beneficiary organization. Beneficiary organizations should be encouraged to circulate and discuss these TORs more widely as appropriate.  | This is being done consistently. All TORs are shared with the beneficiary organizations. These organizations are being encouraged to circulate these TORs widely to other relevant agencies but we are not sure if this is being done.   |
| METAC's website should be used much more actively as a way of sharing information and experience.   | METAC website has been updated and is now part of the RTAC websites and can be accessed easily. Further improvements on the website are ongoing.   |
| METAC should develop (in close consultation with beneficiaries) a strategy to guide its activities in networking and experience sharing.  | This is being done. METAC is encouraging experience sharing through hiring short-term experts from one member country to help other members. Also, organizing regional workshops on issues that are common to most countries and asking participants to make presentations is enhancing experience sharing. These workshops also have helped in a networking among member countries.   |
| The selection of Resident Advisors (RAs) should take place against a job description, and role profile that should be agreed with the SC. There is scope for exploring whether a more transparent and competitive process for selection could be used and whether there could be a performance and evaluation role for the METAC Coordinator as a basis for learning about how RAs could be most effective. | SC members are involved in the choice of METAC advisors' expertise, evidenced by the creation of a new position for central bank accounting. During FY 2008, vacancies for the RA positions in statistics and public financial management were advertised on the METAC and IMF websites, respectively; and SC members were informed of the vacancies and were encouraged to circulate the vacancy information.   |
| METAC should actively seek to assist HQ functional departments in developing a network of STEs with skills and experience that are especially relevant to the region.   | During FY 2008, nineteen new short-term experts were added to the IMF panel of experts based on METAC's recommendations, and were deployed for METAC training and technical assistance missions. Fifteen of these experts are from the Middle East.  |
| A full office procedures manual should be developed, to include procedures related to staff/HR terms and conditions, health and safety requirements, all general office procedures and operations, and travel arrangements (for instance guidance on travel costs). METAC's internet communication should be upgraded.  | This is done to the extent possible. Procedures related to staff/HR terms and conditions, and health and safety requirements are usually governed by the IMF rules and procedures, and there is no need for separate procedures. METAC's internet communication is scheduled to be updated by end-September, 2008.   |

Source: *Mid-term Evaluation of the Middle East Technical Assistance Center, Final Report, March 2007 (for evaluation recommendations).*

## METAC Staff Profiles

METAC is staffed by a coordinator and five resident experts. The METAC coordinator has the responsibility for leadership and management of the Center's activities and staff. METAC's activities are leveraged with the assistance of additional short-term experts hired for specific tasks.



**Center Coordinator:**  
**Mr. Saade Chami**  
(E-Mail: [schami@imf.org](mailto:schami@imf.org))

Prior to METAC, Mr. Chami was Division Chief in the IMF Middle East and Central Asia Department (MCD) where he led missions to Jordan, Yemen, and Mauritania. While on leave without pay from the IMF, Mr. Chami spent a few months in Lebanon during 2005-06 to help the Lebanese government in the preparation of the main document for the Paris III donors meeting. Mr. Chami also worked on several countries in the Middle East, Europe, Africa and Asia. Before joining the IMF, Mr. Chami was Director of the Graduate School of Business and Management at the American University of Beirut where he taught economics for six years and served as an advisor to the Banque du Liban.



**Banking Supervision Advisor:**  
**Mr. Ahmad El-Radi**  
(E-Mail: [aelradi@imf.org](mailto:aelradi@imf.org))

Before joining METAC in January 2005, Mr. El Radi was for three years the IMF Monetary and Financial Systems Department resident advisor in banking supervision at the Central Bank of Syria, where he assisted with the development of the supervisory framework and staff capacity building. His previous assignment was at the Banking Control Commission-Banque du Liban—which started in 1983—included senior supervisory functions in on-site inspections and off-site supervision.



**Public Financial Management Advisor:**  
**Mr. Mark Ahern**  
(E-Mail: [mahern@imf.org](mailto:mahern@imf.org))

Mr. Ahern worked for fifteen years in the New Zealand Treasury and had roles in the areas of tax policy, expenditure analysis, and budget management. For the four years from 1997 to 2000 he was the New Zealand Budget Director. From December 2000 until September 2004, Mr. Ahern worked on IMF public financial management assignments in Kenya, Malawi and Armenia.



## METAC Staff Profiles



### Revenue Administration Advisor:

**Mr. Chaouki Hamad**

(E-Mail: [chamad@imf.org](mailto:chamad@imf.org))

From 1996 to 2005, Mr. Hamad was head of the Canadian technical assistance program to the Ministry of Finance in Lebanon, in charge of the tax administration and tax system reforms. Since 2003, he was a member of the IMF Fiscal Affairs Department panel of experts. He ran a tax and accounting practice in Canada in the 1990s. Prior to that, he worked as management consultant in modeling financial information systems in the Middle East and North Africa.



### Central Bank Accounting Advisor:

**Mr. Silan Nadarajah**

(E-Mail: [snadarajah@imf.org](mailto:snadarajah@imf.org))

A Fellow of the Institute of Chartered Accountants in England and Australia since 1980, Mr. Nadarajah worked in the accounting and internal audit development in the central banks of Papua New Guinea, Mongolia, Montenegro, Kosovo, Timor Leste, and Syria. He has had accounting, tax and audit experience in Malaysia and the United Kingdom since 1963, and he worked for the IMF as a technical expert in Mongolia, Kosovo, Timor Leste, and Syria between 1995 and 2006.



### Multisector Statistics Advisor:

**Mr. Paul Austin**

(E-Mail: [paustin@imf.org](mailto:paustin@imf.org))

Senior economist at the IMF Statistics Department, Mr. Austin has fifteen years experience in macroeconomic statistics. Prior to joining the IMF in 2000, Mr. Austin was responsible for compiling balance of payments and national accounts statistics at the Bureau of Statistics in Guyana, South America. At the IMF, he has worked in the areas of balance of payments and external debt statistics, and the IMF's data dissemination standards, providing technical assistance and training to a number of European and Middle Eastern countries.

## METAC's operations are also supported by four local staff:



Mrs. Rowaida Khalife  
(Office Manager)



Mrs. Mona Demian  
(Administrative Assistant)



Mrs. Rita Faddoul  
(Administrative Assistant)



Mr. Fadi Mehrez  
(Driver / Clerk)



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