

## ANNUAL REPORT

September 2011

# MIDDLE EAST REGIONAL TECHNICAL ASSISTANCE CENTER (METAC)





## **STATEMENT BY THE CHAIRPERSON OF METAC STEERING COMMITTEE**



*Middle East Regional Technical Assistance Center (METAC)'s annual report for fiscal year 2016 comes at an important time, with four countries (Algeria, Djibouti, Morocco, Tunisia) joining the center as the fourth funding cycle is launched.*

This year has been marked by the successful completion of METAC's third funding cycle (Phase III, Fiscal Year (FY) 2011-16). Despite the difficult security situation in the Middle East, the Center continued to help build capacity by delivering technical assistance (TA) and training that is relevant, effective, and demand driven. This is an impressive result under such circumstances; METAC was able to implement 90 percent of its FY2016 work program. Furthermore, it responded flexibly to the needs of the region, and remained engaged with all countries, except with Syria and Yemen, due to the prevailing security concerns. I'm also pleased to point out that for some countries with precarious security situation; METAC was able to provide capacity development through missions in third countries.

Indeed, it's very gratifying to report that METAC succeeded in achieving tangible results and successes in delivering TA and training in the core areas of the IMF expertise. In Lebanon, for example, METAC recently assisted in (i) improving the Ministry of Finance medium-term fiscal revenue and expenditure projections; (ii) dealing with non-compliance tax behavior; and (iii) upgrading the Banking Control Commission's inspection manual in line with risk-based supervision. All active members have, as well, benefited from the diverse assistance provided by METAC experts, and from the regional knowledge-sharing activities that were organized by METAC.

I take this opportunity to welcome the new members to METAC. Algeria, Djibouti Morocco, and Tunisia have recently joined, and without doubt they will benefit in a tangible way from METAC expertise as we begin Phase IV mandate (May 2016 - April 2021). The expansion of METAC's coverage also provides all member countries with greater opportunities to learn from each other's experiences. Once the security situation normalizes in the region, we also look forward to an active role by METAC in strengthening the institutional and human capacity in post-conflict countries, helping them improve the management of public finances, develop strong financial systems, and produce reliable macroeconomic statistics.

On behalf of the Steering Committee, I would like to express my appreciation and gratitude for METAC's important achievements in the completion of the third funding cycle (Phase III), and look forward with confidence to yet another successful cycle (Phase IV). These achievements would not have been possible if it were not for the generous contributions from donors and member countries. For the benefit of all, I encourage all donors and member countries (including the new members) to provide timely financial support to METAC so that it could fully implement its Phase IV work program. Lebanon, for its part will continue to adhere to its commitment to host METAC, to support it financially, and to do our best to strengthen and further enhance its effectiveness.

***Ali Hassan Khalil***  
***Minister of Finance of Lebanon***

## FOREWORD BY METAC COORDINATOR

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*Capacity and institutional development needs in the Middle East and North Africa region are large and growing.* The ongoing political transitions, conflicts, and dislocations have impacted the human and institutional capacity in many countries in the region. For some host countries, the large movements of refugees have entailed high fiscal costs and strained their domestic absorption capacity. Mitigating the economic costs of conflicts and the refugee crisis, and fostering growth and inclusiveness in the region require deep macroeconomic and structural reforms, and capacity development (CD) assistance from the international community. In addition, substantial TA efforts will be required in conflict countries, once conditions allow.

*As part of the IMF's CD efforts in the region, METAC aims to respond to these needs in a flexible way.* In this context, METAC's FY2016 assistance focused on strengthening domestic revenue administration and fiscal institutions, fostering financial stability, and enhancing macroeconomic statistics. Achieving these results wouldn't have been possible without METAC's readiness and ability to continuously adjust its work program in an uncertain environment to respond to the emerging needs of the members. In addition, METAC has found ways to work around the constraints posed by perilous security conditions, by increasing its off-site assistance.

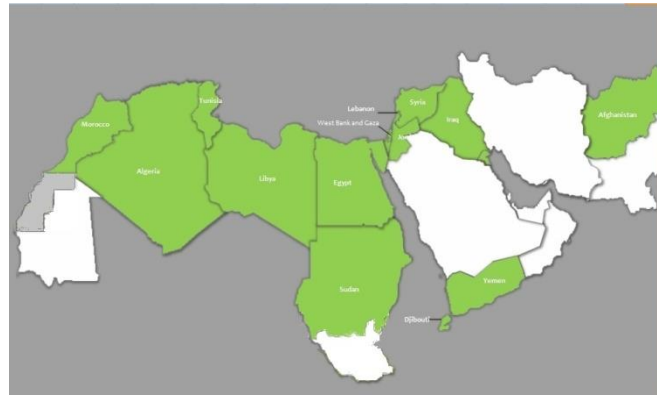
*METAC has also made headway in peer-to-peer CD engagements, which aim to build synergies among surveillance, program work, TA and training.* In FY2016, the Center organized seven regional workshops on cross-border and consolidated supervision, credit registry and credit scoring, budget preparation, fiscal reporting and transparency, tax policy and administration, price indices, and national accounts. These workshops have created a basis for important peer sharing and learning across the region.

*Cooperation and coordination with other TA providers and development partners has helped to foster synergies and complementarities, and avoid overlaps and duplication of efforts.* In addition to IMF headquarter (HQ) coordination with development partner HQs on a strategic level, METAC cooperates with external partners in several ways, including through regular briefings in the field, and the publication of METAC work plans and mission schedules.

*Going forward, METAC will expand its activities and pay more attention to policies that could help countries achieve higher, sustainable and inclusive growth, while reducing vulnerabilities.* Four new members (Algeria, Djibouti, Morocco, and Tunisia) have joined METAC at the start of the Phase IV in May 2016, and the Center's activities are expected to increase accordingly. To help members address the growing socio-economic challenges, METAC will focus on protecting/ developing economic institutions, helping countries prioritize their budget space and mobilize revenues, maintain financial stability, and enhance macroeconomic statistics. In response to the IMF's Fragile States Initiative, METAC will also boost its activities in fragile states.

*While implementation risks remain, METAC is equipped to mitigate these risks and welcomes the continued support of donor partners and member countries.* The security situation in a number of member countries will likely continue to impact the Center's ability to deliver TA. METAC will remain engaged with its members and partners, continue to adopt a flexible approach to ensure that emerging needs are met, including through off-site TA missions for countries with difficult security situations. Given the tremendous challenges facing the region, it will be vital for partner and member countries to continue their financial support to METAC in Phase IV, to enable the Center deliver high-quality TA and training to its members.

***Taline Koranchelian***  
***METAC Coordinator***



**Partners  
Contributing to  
Phase III**



GERMANY



FRANCE



EUROPEAN UNION



UNITED STATES AGENCY FOR  
INTERNATIONAL DEVELOPMENT



EUROPEAN INVESTMENT  
BANK



OMAN



KUWAIT

**Members  
Contributing to  
Phase III**



LEBANON



LIBYA



EGYPT



JORDAN



SYRIA



AFGHANISTAN



IRAQ



SUDAN



WEST BANK AND GAZA



YEMEN

**New Members**



ALGERIA



DJIBOUTI



MOROCCO



TUNISIA

## Contents

<b>STATEMENT BY THE CHAIRPERSON OF METAC STEERING COMMITTEE</b>	<b>1</b>
<b>FOREWORD BY METAC COORDINATOR</b>	<b>3</b>
<b>ACRONYMS AND ABBREVIATIONS</b>	<b>7</b>
<b>SECTION I: MACROECONOMIC CONTEXT</b>	<b>12</b>
<b>SECTION II: METAC’S PHASES III AND IV</b>	<b>16</b>
A. Capacity Development during Phase III (May 1, 2010-April 30, 2015)	16
B. Agenda for Phase IV	19
C. Integration and Synergies with Other TA Providers	21
<b>SECTION III: METAC’S TECHNICAL ASSISTANCE ACTIVITIES IN FY2016</b>	<b>24</b>
A. METAC’s TA inputs in FY2016	24
B. METAC’s TA results in FY2016	26
C. METAC’s Activities in FY2016 by Country	30
D. METAC’s Other Activities	51
<b>SECTION IV: OVERVIEW OF THE FY2017 WORK PROGRAM</b>	<b>56</b>
A. Banking Supervision	57
B. Macroeconomic Statistics	59
C. Public Financial Management	61
D. Revenue Administration	62
<b>SECTION V: BUDGET AND FINANCING</b>	<b>66</b>
<b>METAC STAFF PROFILES</b>	<b>144</b>
<b>ANNEXES</b>	
Annex I: The IMF Regional Technical Assistance Centers and METAC	72
Annex II: Log Frames	75
Annex III: METAC Work Plan for FY2017	84
Annex IV: Updated Work Plan for FY2016	112
Annex V: List of Seminars and Workshops in FY2016	139
Annex VI: METAC Steering Committee Members	140
<b>BOXES</b>	
Box 1. Challenges facing the new METAC countries	22
Box 2. METAC’s Notable Achievements	29

**TABLES**

Table 1. METAC FY16 TA Delivery by Area and Beneficiary Country _____	26
Table 2. Consolidated Financial Status _____	67
Table 3. Status of Financial Contributions _____	68
Table 4. FY2017 Budget _____	69

## ACRONYMS AND ABBREVIATIONS

BCBS	Basel Committee on Banking Supervision
BCCL	Banking Control Commission of Lebanon
<i>BPM6</i>	<i>Balance of Payments and International Investment Position Manual, Sixth edition</i>
CAS	Central Administration of Statistics, Lebanon
CBA	Central Bank of Algeria
CBD	Central Bank of Djibouti
CBE	Central Bank of Egypt
CBI	Central Bank of Iraq
CBJ	Central Bank of Jordan
CBL	Central Bank of Libya
CBOS	Central Bank of Sudan
CBS	Central Bureau of Statistics, Sudan
CBT	Central Bank of Tunisia
CBY	Central Bank of Yemen
CD	Capacity Development
CEF	IMF Middle East Center for Economics and Finance
CIASA	Credit Information and Scoring Agency, Sudan
COFOG	Classification of the Functions of Government
CPI	Consumer Price Index
CRS	Credit Registry System
DAB	Da Afghanistan Bank
DfID	United Kingdom Department for International Development
DG ECFIN	Directorate General for Economic and Financial Affairs
DI	Direct Investment
DOS	Department of Statistics, Jordan
EC	European Commission
EDS	External Debt Statistics
ESS	External Sector Statistics
EU	European Union
EWS	Early Warning System
FAD	IMF, Fiscal Affairs Department
FfD	Financing for Development
FY	Fiscal Year
GAFI	General Authority for Investment and Free Zones, Egypt
GDDS	General Data Dissemination System
GDP	Gross Domestic Product
GFMIS	Government Financial Management Information System
<i>GFSM 2001</i>	<i>Government Finance Statistics Manual 2001</i>
HQ	IMF, Headquarters



ICAAP	Internal Capital Adequacy Assessment Process
IFSB	Islamic Financial Services Board
IIP	International Investment Position
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
IT	Information Technology
LTO	Large Taxpayers' Office
MCD	IMF, Middle East and Central Asia Department
MENA	Middle East and North Africa
METAC	Middle East Regional Technical Assistance Center
MFU	Macro Fiscal Unit
MoF	Ministry of Finance
MTBF	Medium-Term Budgeting Framework
MTEF	Medium-Term Expenditure Framework
MTF	Medium-Term Framework
MTFF	Medium-Term Fiscal Framework
NA	National Accounts
OECD	Organization for Economic Cooperation and Development
PAD	Public Account Directorate
PBB	Program Based Budgeting
PCB	Private Credit Bureau
PCBS	Palestinian Central Bureau of Statistics
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PMA	Palestine Monetary Authority
PPB	Program and Performance Budgeting
PPI	Producer Price Index
PW	Person Week
QNA	Quarterly National Accounts
RA	Revenue Administration
RBM	Results-Based Management
RBS	Risk-Based Supervision
RTACs	IMF, Regional Technical Assistance Centers
SC	Steering Committee
SDDS	Special Data Dissemination Standard
SMP	Staff Monitored Program
SNA	<i>System of National Accounts</i>
STA	IMF, Statistics Department
SUT	Supply and Use Table
TA	Technical Assistance
TADAT	Tax Administration Diagnostic Assessment Tool
TSA	Treasury Single Account

USAID	United States Agency for International Development
VAT	Value-Added Tax
WBG	West Bank and Gaza
WTO	World Trade Organization

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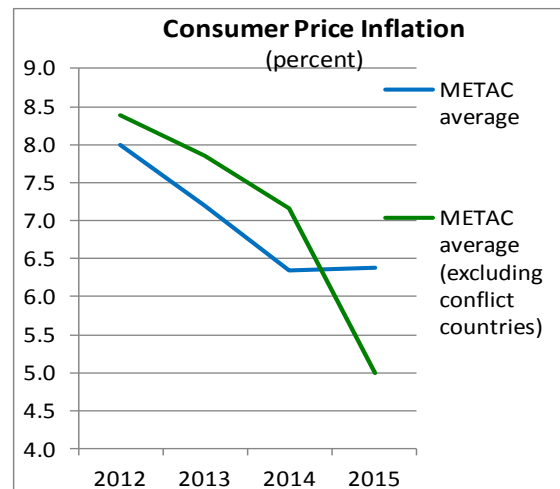
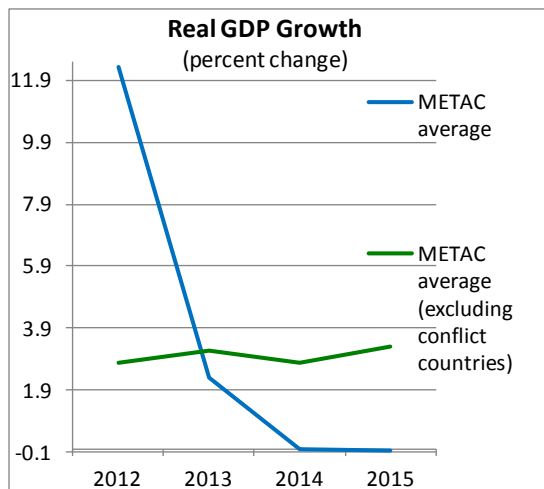
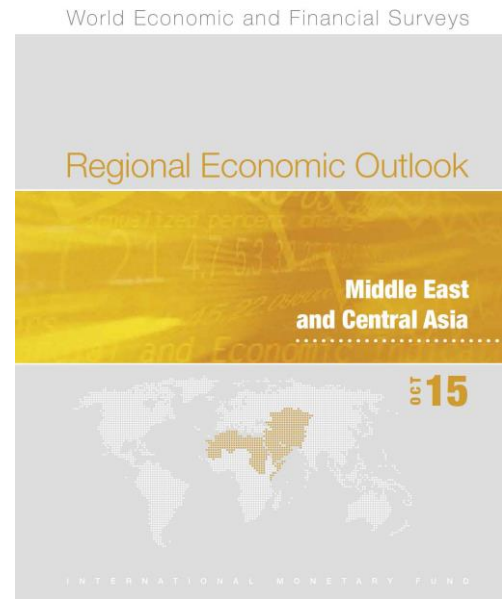
# SECTION I:

## Macroeconomic Context

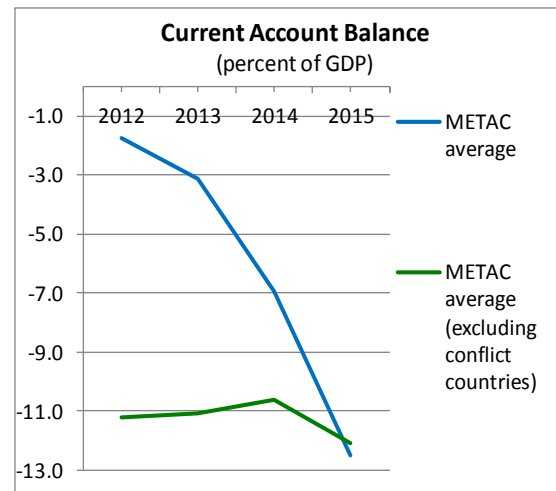
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## SECTION I: MACROECONOMIC CONTEXT

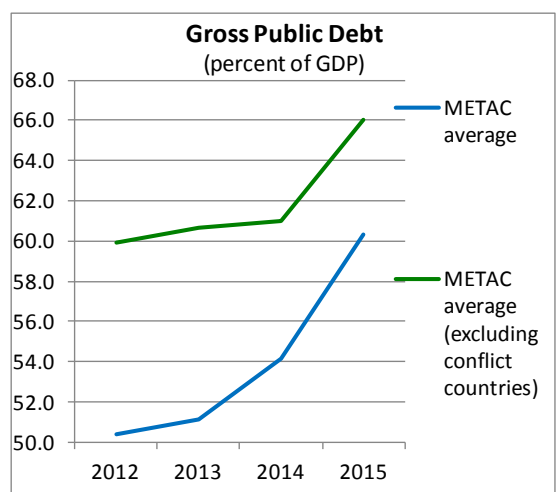
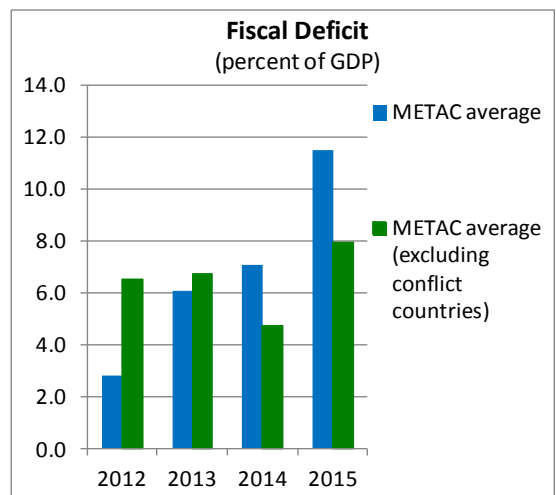
**Deepening conflicts and security tensions have weighed on economic activity in the countries covered by Middle East Regional Technical Assistance Center (METAC).** Average real GDP growth declined from 12 percent in 2012 to zero percent in 2014, reflecting security tensions and heightened conflicts in Afghanistan, Libya, and Yemen, as well as weak external environment. While growth rates have recovered somewhat in non-conflict countries, they remain significantly below levels needed to reduce high unemployment rates (10 percent and 25 percent among the youth). Absent deep and sustained structural reforms, supported by sound macroeconomic policies, growth prospects for the medium term are modest. Negative output gaps and low food prices have reduced inflation in most countries. These pressures were partly offset by energy subsidy phase-outs, public wage increases, and in some cases accommodative monetary policies, including monetization of fiscal deficits.



**External vulnerabilities have increased, with widening current account deficits, growing external debt, and substantial external financing needs.** With a drawn-out Euro area recovery and Gulf Cooperation Council (GCC) countries adapting to lower oil prices, exports from—as well as tourism revenues and remittances to—many METAC countries are taking a hit. Reducing external vulnerabilities will require capacity to set adequate and well-coordinated fiscal and monetary policies, supported by more flexible exchange rates. To address external vulnerabilities, many countries in the region also need to strengthen macro-economic statistics to ensure that reliable and timely data are available for analysis and decision-making.



**Fiscal consolidation continues to be a key challenge.** Public debt and deficit levels have grown in the aftermath of the global financial crisis and the political transition in Arab countries, becoming a source of vulnerability in many countries, undermining investor confidence, and raising debt servicing costs. While reforms of generalized energy subsidies have helped stabilize public debt and preserve macroeconomic stability, additional fiscal consolidation is still needed to put public debt firmly on a sustainable path and rebuild policy buffers. At the same time, fiscal consolidation should take into account the more challenging economic outlook, and continuing to improve targeted safety-nets would help protect the vulnerable. In this context, fiscal strategies should ensure that preconditions for sustainable growth are put in place, including by modernizing education and upgrading public infrastructure. Greater exchange rate flexibility could also help fiscal consolidation and competitiveness. Shifting the focus of monetary policy away from the exchange rate requires stronger monetary transmission mechanisms, including through expansion of interbank markets and active liquidity management, as well as the adoption of alternative monetary anchors.



**A challenging economic outlook highlights the need to maintain financial stability.**

While the banking sector remains liquid and capitalized, absent deeper financial markets, high public sector loan concentrations could pose risks to the stability of the banking sector. Further developing banking supervision, continuing the progress toward implementing Basel principles, and strengthening legal and regulatory frameworks will be important to ensure that the financial sector can support economic recovery while controlling banking sector risks. Continuing to develop, liberalize and diversify financial markets could also help ensure well-functioning financial intermediation.

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# **S**ECTION **II**:

**METAC'S PHASES III AND IV**

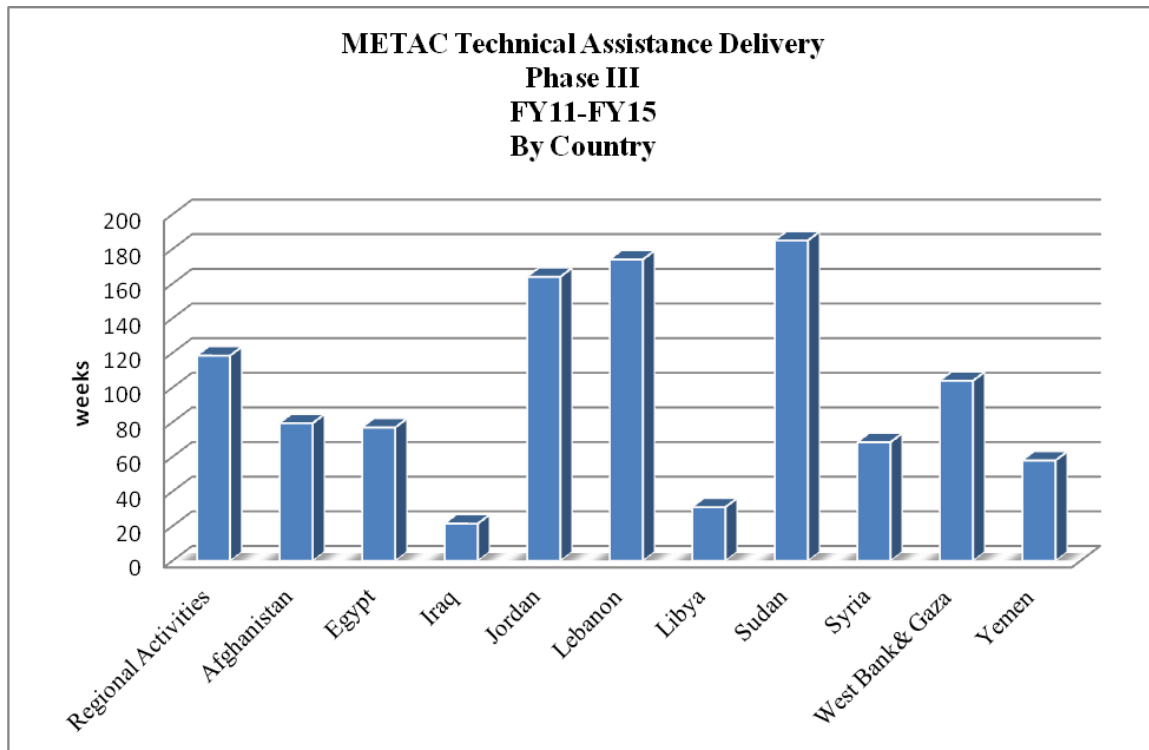
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## SECTION II: METAC'S PHASES III AND IV

### A. Capacity Development during Phase III (May 1, 2010-April 30, 2015)<sup>1</sup>

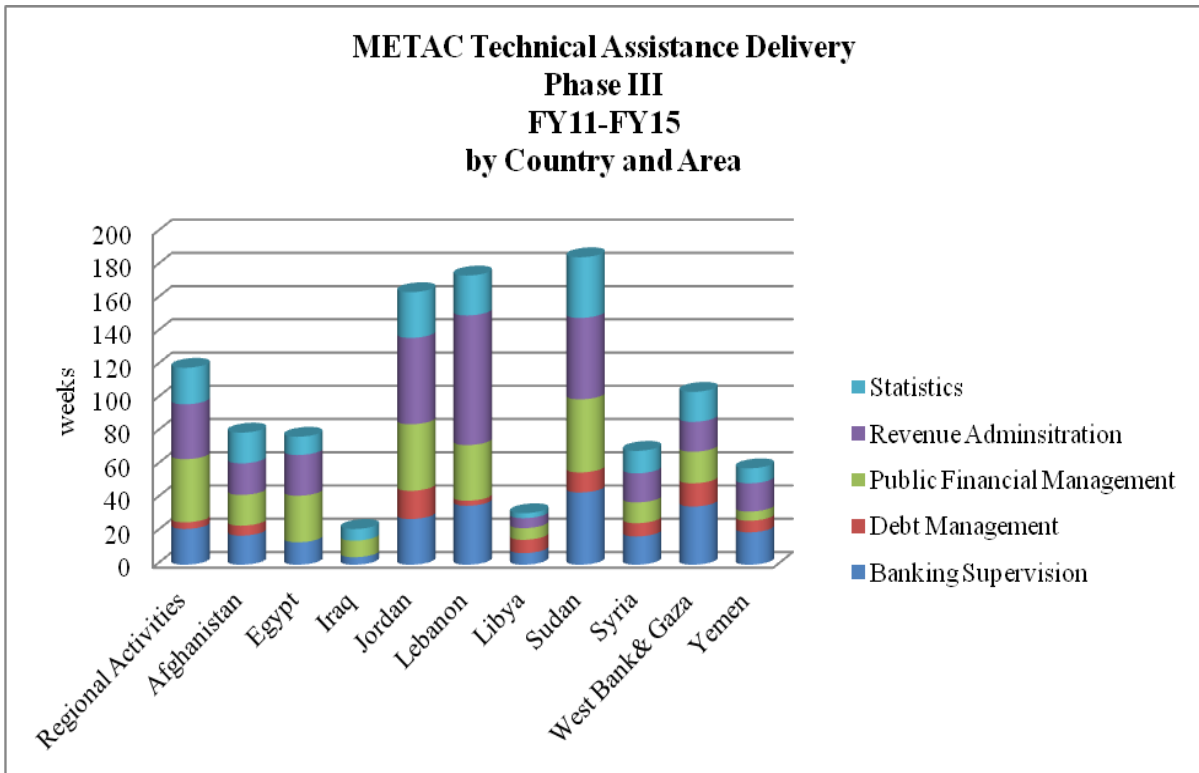
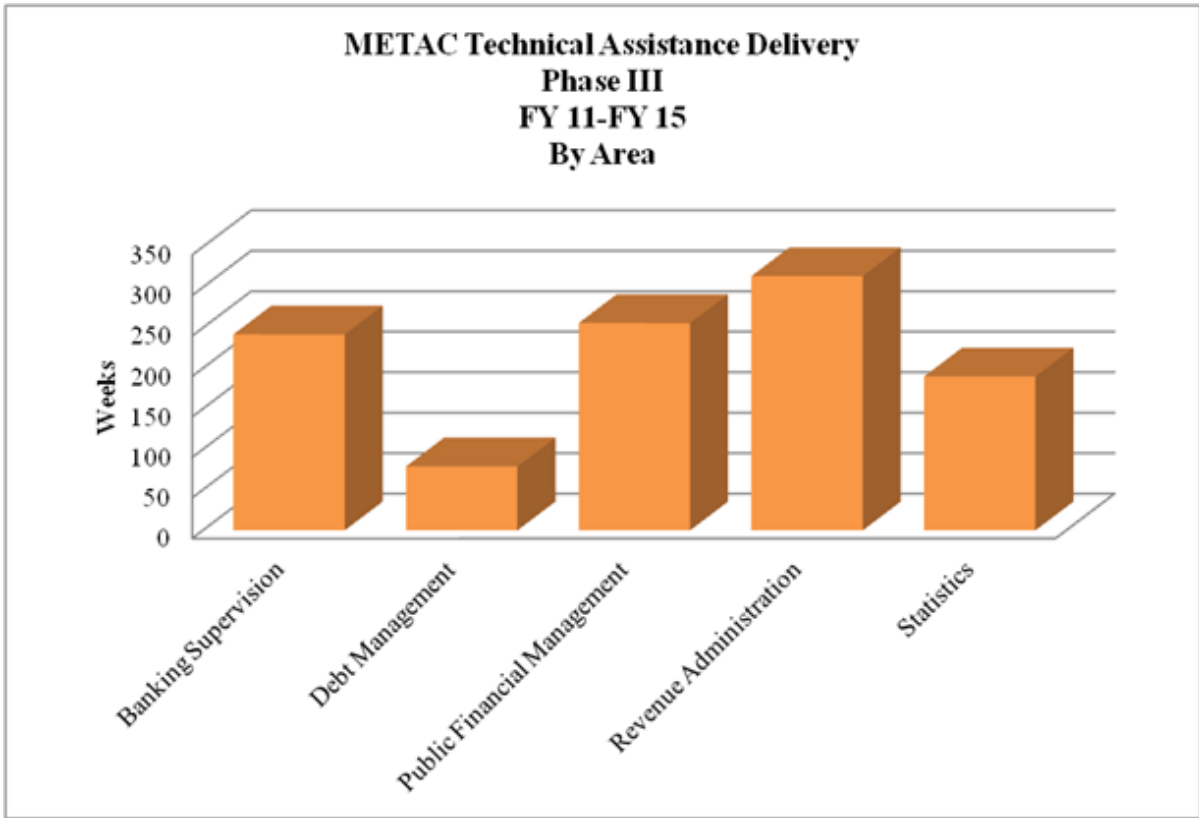
**During Phase III, METAC achieved a 78 percent execution rate, despite the eruption of conflicts in half of its member countries.** It delivered around 1080 person weeks (PW) of technical assistance (TA) to all member countries, although the turmoil affected TA delivery in some countries. While in Fiscal Year (FY) 2011, all ten METAC countries received TA, in FY2012, Syria, Yemen and Libya did not receive any TA due to difficult security situations and during FY2013-15, some off-site missions were introduced.

**During Phase III, Sudan, Lebanon and Jordan were the highest recipients of METAC TA,** accounting for 48 percent of total delivery (Sudan 17 percent, Lebanon 16 percent and Jordan 15 percent). The second largest activity was peer-to-peer learning through regional workshops, which accounted for 11 percent of total delivery. In terms of TA area, the demand for revenue administration (RA) and public financial management (PFM) were the highest (RA at 29 percent, and PFM at 24 percent) followed by banking supervision at 22 percent.



<sup>1</sup> METAC Phase III was extended to April 30, 2015. This section refers to TA delivery during FY2011-15.





**METAC's CD activities have resulted in important achievements in the areas of banking supervision, PFM, RA, and macroeconomic statistics, across its membership.** These activities reflected the priorities set by member countries—in consultation with the relevant departments at the IMF—and aim at helping countries strengthen their macroeconomic management to build the foundation for sustainable growth. In several countries, METAC also supported the implementation of structural benchmarks incorporated in IMF lending or staff-monitored programs.

In **banking supervision**, CD efforts focused mainly on: (i) developing and strengthening risk-based and consolidated supervision (e.g., Lebanon, Jordan, West Bank and Gaza (WBG))—to help supervisors be forward-looking in supervising individual banks and the banking system as a whole, and able to develop plans for intervening early, if a material problem surfaces at one or more of their domestic systemically-important banks, and assess the implications of one problem-bank subsidiary to the rest of the group; (ii) strengthening regulations in line with the requirements of Basel Committee on Banking Supervision (BCBS) and international best practices (e.g., Egypt); and (iii) upgrading credit registry systems (CRS) (e.g. Yemen and WBG), which are critical for safeguarding financial stability.

Capacity development in **PFM** aimed at strengthening the efficiency in the management of public resources to support METAC countries in achieving their fiscal objectives. Areas covered include modernizing budget laws (Iraq and Jordan), strengthening budget preparation (Jordan), establishing a treasury single account (TSA) (Egypt and Sudan), improving cash-flow forecasts (Afghanistan and Lebanon), and modernizing charts of accounts and processes (Egypt, Iraq and Sudan).

In the area of **RA**, METAC supported organizational, strategic and operational reform programs throughout its member countries, both in tax administrations, and increasingly in customs administrations. Organizational reforms included functional integration and introducing taxpayer segmentation (Egypt, Jordan, Lebanon and WBG). Strategically, METAC focused on making greater use of revenue risk analysis to develop appropriate compliance management approaches (Jordan, Lebanon, Sudan and WBG). Operationally, METAC focused on improving audit practices (Jordan and Sudan); and enhancing processes and automation throughout the region. METAC has also supported the effective introduction of value-added tax (VAT) (Egypt and Afghanistan).

**On statistics, METAC provided TA and training on external and real sector statistics.** Its assistance focused on improving the coverage, accuracy, reliability and timeliness of balance of payments statistics; implementing the sixth edition of the IMF's *Balance of Payments and International Investment Position Manual, sixth edition (BPM6)*; compiling and disseminating the international investment position (IIP), and external debt statistics (EDS); implementing the *2008 System of National Accounts (SNA)*, rebasing GDP estimates, and disseminating quarterly GDP by economic activity at current and constant prices. TA has also been provided to improve,

update, and revise the concepts and methods used to compile consumer and producer price indexes (PPIs) and trade price indices.

**TA on debt management and money markets development** was discontinued in October 2012, mainly due to relatively low demand and lack of funding during the first three years (May 2010-April 2013) of METAC's Phase III. Prior to that, METAC's TA in these areas has helped to establish the foundations for issuance of government securities (e.g., Afghanistan and WBG) and develop interbank markets (e.g., Sudan).

## **B. Agenda for Phase IV**

**The political and economic transitions and dislocations underway revealed the need to pay more attention to policies that could help METAC countries achieve higher, sustainable and inclusive growth, while reducing vulnerabilities.** This will require deep structural reforms—especially in education, the institutional and business environment, and labor markets, together with continued macroeconomic stabilization efforts. Further fiscal consolidation together with a more transparent and effective system of revenue collection and public spending, and stronger fiscal institutions would help put public debt on a sustainable path. Promoting financial stability and fostering financial development would strengthen buffers for dealing with adverse shocks. Better economic data will be key for identifying and monitoring risks and vulnerabilities, and for better macroeconomic management.

**METAC's Phase IV work program aims to help countries design, implement and monitor strong macroeconomic policies to meet their policy objectives.** The large movements of refugees, predominantly from Syria, but also from Afghanistan, Iraq, Libya, and Yemen, have involved high fiscal costs for some countries and strained their absorption capacity. This, along with eventual reconstruction needs, may become an important source of CD demand. Accordingly, METAC will focus on strengthening domestic resource mobilization and fiscal institutions, fostering financial stability, enhancing the compilation and dissemination of macroeconomic statistics, stepping up support for fragile states,<sup>2</sup> and helping member countries make steady progress toward the Sustainable Development Goals.

**On strengthening fiscal institutions, METAC tailors its efforts on enhancing PFM and strengthening RA to country needs.** Enhancing PFM will be critical to improve the effectiveness of public spending, create fiscal space for infrastructure investment and social spending, and facilitate budgetary support from donors in fragile states. Similarly, enhancing revenue mobilization and administration will be critical to provide governments with enough

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<sup>2</sup> METAC's fragile states include: Afghanistan, Iraq, Libya, Sudan, Syria, WBG, and Yemen.

resources to invest on employment enhancing projects and public infrastructure, as well as to eventually reduce aid dependency in fragile states.

**In the financial sector, METAC’s efforts during Phase IV will focus on promoting financial stability.** This includes strengthened banking supervision, putting in place a regulatory environment that fosters improvements in macro prudential policy framework, and tools to maintain financial stability. In fragile states, METAC will also assist countries in improving their monetary operations, including by developing money markets and building capacity for reserve management.

**During Phase IV, METAC will also provide further assistance to strengthen the quality of macroeconomic data.** This will be critical for improving macroeconomic policy management. Data gaps and the volume of TA needed varies across METAC countries; some countries would require comprehensive assistance to improve all facets of economic statistics, while work in others would be marginal.

**As of May 1, 2016, METAC’s coverage expanded to 14 countries which was welcomed by many of the donor partners.** The new member countries (Algeria, Djibouti, Morocco, and Tunisia) face the common challenge of creating enough jobs to satisfy the yearnings of the younger generation (Box 1). METAC’s CD assistance in these countries—particularly by helping them strengthen domestic resource mobilization and prioritize budget space—is expected to contribute to their macroeconomic stability and sustainable development. Their participation in METAC is expected to increase synergies across the region, including peer-to-peer learning opportunities through regional workshops organized by METAC. The addition of these countries also provides for greater balance in METAC’s membership, given the diversity of TA needs—i.e., between emerging countries with more advanced CD challenges and the existing members dominated by fragile states with basic TA needs.

**In response to the IMF’s Fragile States Initiative, METAC’s Phase IV also aims to increase CD activities in fragile states.**<sup>3</sup> This approach will help to align METAC’s work with the IMF’s commitment to the Financing for Development (FfD) agenda and to respond donor partners’ calls to strengthen our engagement with fragile states. Over the medium term, support will be scaled up under a broader IMF HQ Capacity Building Framework for Fragile States.

**The anticipated risks during Phase IV are similar to the risks METAC faced during the Phase III, particularly the last three years.** Risks include (i) the political and security conditions in a number of METAC countries, which have impacted the Center’s ability to deliver TA to those countries; the commitment to reform by the country authorities; and member country

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<sup>3</sup> In this context, broader goals for institutional building will help to identify immediate and planned TA and training from the Fund and other development partners, and allow for fine-tuning of support, where needed, based on the evolving needs of fragile states.

macroeconomic institutions' capacity to absorb and implement TA recommendations. To mitigate the security risk, for countries with serious security problems, METAC will continue to deliver TA off-site. Implementation risks are mostly addressed through complementary TA. In particular, in countries where absorption capacity is weak, the IMF fields resident advisors to provide day-to-day assistance to help strengthen implementation.

### **C. Integration and Synergies with Other TA Providers**

**METAC TA activities are coordinated with those of other TA providers and integrated with the member countries' reform programs and development strategies.** Such coordination is essential to ensure the effectiveness of TA and partner assistance. It is all the more important because IMF TA is mainly upstream, building the economic policy and legislative frameworks. Other TA providers often rely on this work to ensure the effectiveness of their own TA work or donor assistance.

**To help ensure complementarities and synergies with other TA, METAC will continue to strengthen coordination with other TA providers and donor partners, in its core areas of expertise.** To this end, in addition to the annual Steering Committee (SC) meetings that give strategic guidance and endorse the Center's work program for the following year, the METAC coordinator will continue to ensure that:

- METAC TA missions and assignments planned during the FY are posted on the Center's website;
- TA reports are circulated to the SC and, upon request, other relevant stakeholders if the TA recipient consents (consent by the TA recipient would be given on a no-objection basis according to the IMF's dissemination policy). This will provide METAC recipient countries, donors, and other TA providers with the information needed to better coordinate with METAC TA.
- Donors are briefed, including through the IMF's Resident Representative Offices. Information on METAC missions will continue to be posted on METAC's website. METAC missions will also provide donor briefings in the field.

### **Box 1. Challenges Facing the New METAC Countries**

#### **Algeria**

The oil price shock has hit Algeria's economy hard and exposed longstanding vulnerabilities. The fiscal and external positions have deteriorated significantly as oil revenues have plummeted. The magnitude and likely durability of the external shock that hit the economy call for a vigorous policy response. The strategy should primarily rely on fiscal consolidation over the medium term together with structural reforms that promote diversification and private sector-led growth, while monetary, exchange rate, and financial policies should support these efforts.

#### **Djibouti**

Faced with scarcity of resources, Djibouti has pursued a strategy of developing infrastructure to exploit its strategic geographic location so as to foster rapid growth, reduce poverty and create much needed jobs. Djibouti has had to resort to non-concessional financing, which has raised its external debt. Reform is crucial to generate the revenues needed to return to a sustainable external debt and fiscal path, achieve higher growth, and reduce widespread poverty and unemployment.

#### **Morocco**

A sound policy framework and prudent macroeconomic management have served Morocco well over the last few years, even though challenges remain. In response to shocks to external demand and terms of trade, the authorities undertook fiscal consolidation and important structural reforms, including subsidy reforms. These measures have helped reduce vulnerabilities, but challenges to growth, employment, and poverty reduction remain. Ongoing institutional reforms remain critical to stronger fiscal outcomes, and the ongoing decentralization initiatives will need to be designed and implemented carefully.

#### **Tunisia**

Tunisia has managed to preserve macroeconomic stability and initiate fiscal and banking reforms in a context marked by a prolonged political transition, spillovers from the crisis in Libya, and numerous exogenous shocks, including terror attacks. However, important vulnerabilities remain: economic activity is weak, employment is low, social tensions linger, spending composition has deteriorated, and external imbalances are high. To tackle these issues, the authorities have developed a comprehensive economic reform program that aims at achieving more inclusive growth and create jobs, with implementation centered around four pillars: i) consolidating macroeconomic stability; ii) reforming public institutions, iii) promoting financial intermediation, and iv) improving the business climate.

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# **S**ECTION **III:**

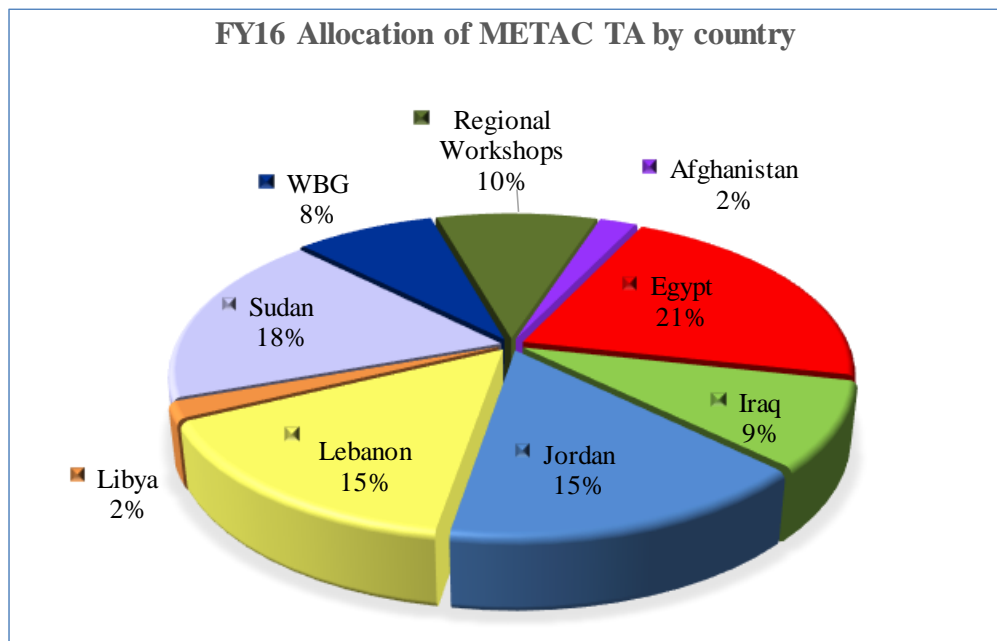
**METAC'S TECHNICAL ASSISTANCE  
ACTIVITIES IN FY2016**

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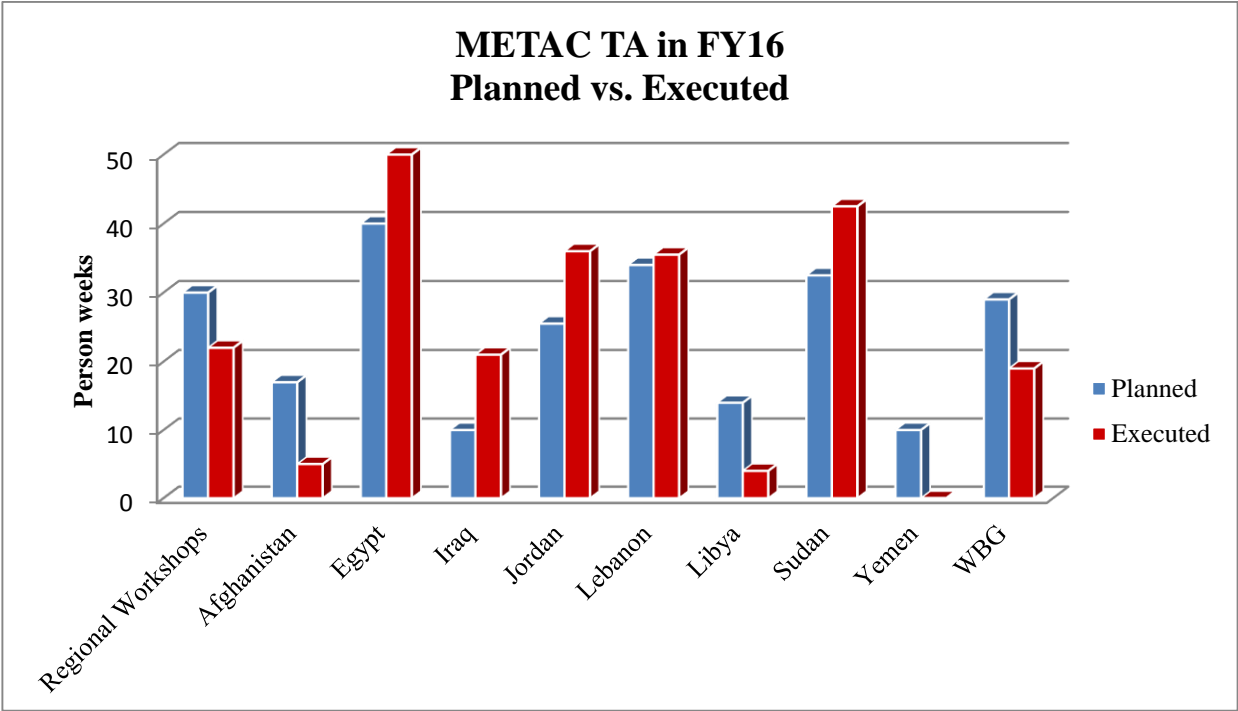
## SECTION III: METAC'S TECHNICAL ASSISTANCE ACTIVITIES IN FY2016

### A. METAC's TA inputs in FY2016

**Despite the conflicts and dislocations in half of member countries, METAC's capacity development activities grew by 8½ percent in FY16.** During FY2016, METAC fielded 63 missions and seven regional workshops accounting for 235 PWs versus 216 PWs in FY2015. The increased activity reflected more mission engagement by long-term experts with member countries. TA was delivered to all countries except Syria and Yemen, and METAC achieved an overall implementation rate of 90 percent compared to 85 percent in FY2015. Egypt received the largest share of TA resources (21 percent), followed by Sudan (18 percent) and Lebanon and Jordan (15 percent each). For Iraq, delivery increased from one percent in FY2015 to nine percent FY2016. In terms of area, banking supervision accounted for 30 percent of TA delivery followed by RA (28 percent).







**Table 1. METAC FY16 TA Delivery by Area and Beneficiary Country**  
(in person weeks)

	Banking Supervision	Public Financial Management	Revenue Administration	Statistics	Total
Regional Activities	4	12	3	3	22
Afghanistan	0	0	1	4	5
Egypt	21	7	16	6	50
Iraq	4	8	0	9	21
Jordan	5	9	17	5	36
Lebanon	12	10	10.5	3	35.5
Libya	4	0	0	0	4
Sudan	12	14	9.5	7	42.5
WBG	8	0	9	2	19
<b>Total</b>	<b>70</b>	<b>60</b>	<b>66</b>	<b>39</b>	<b>235</b>
<b>Area share (in percent)</b>	<b>29.8</b>	<b>25.5</b>	<b>28.0</b>	<b>16.7</b>	<b>100</b>

## B. METAC's TA results in FY2016

### Banking Supervision

**METAC countries made steady efforts to implement risk-based supervision (RBS) and comply with BCBS guidelines and standards**, particularly those related to Pillar 2 of Basel II and III. In the last few years, the BCBS has released new guidelines and standards aimed at efficiently managing and measuring different types of risks related to credit, market, interest rate risk in the banking books; and at stress-testing to further enhance the quantity and quality of banks' capital. Within this context, METAC's activities during FY2016 focused mostly on responding to requests from member countries to assist them in implementing pillar 2 of Basel II and risk-based supervision. METAC provided TA in banking supervision to Egypt, Iraq, Jordan, Lebanon, Libya, Sudan and WBG.

### Macroeconomic Statistics

**METAC is supporting individual countries' efforts to improve their statistics, including by targeted TA on data collection, compilation, and dissemination.** Good data are the basis for sound decision-making and accountability. Data are equally important to policymakers, market participants, and all other stakeholders in the economy. Yet, only a handful of countries among METAC countries (Egypt, Jordan, and WBG) subscribe to the IMF's Special Data Dissemination Standard (SDDS).<sup>4</sup> During FY2016, METAC continued to help member countries build capacity in improving and further developing macroeconomic statistics for better adherence to the international standards and good practices.

<sup>4</sup> The SDDS prescribes good practices in 18 data categories across the four sectors of the economy (real, financial, fiscal and external), and prescribes the frequency and timeliness with which data for these categories are to be disseminated (for more information see <http://dsbb.imf.org/Pages/SDDS/Home.aspx>).

**Capacity building assistance aimed at enhancing the quality, timeliness, scope and coverage of national accounts (NA), price statistics, and external sector statistics (ESS).** METAC supported its members in their efforts to improve the source data, and to upgrade the methodological basis for compilation of NA. In the area of price statistics, the TA and training provided by METAC focused on expanding the coverage of price indices, and aligning methodologies to international standards. On ESS, METAC capacity building assistance aimed to improve coverage, accuracy, reliability and timeliness of ESS and implementation of the sixth edition of the IMF *BMP6*.

### **Public Financial Management**

**METAC focused on helping member countries strengthen their PFM systems in line with international practices and standards.** Capacity building aimed at strengthening fundamental PFM practices (such as fiscal forecasting and reporting, budget preparation and execution, and cash management and planning functions) to support countries in achieving their fiscal objectives and to foster regional convergence. During FY2016, METAC was active in five member countries (Egypt, Iraq, Jordan, Lebanon, and Sudan), helping them improve their budget processes and harmonize their legal and reporting frameworks. METAC was heavily engaged in the development of a new Fiscal Management Law in Iraq, the establishment of a TSA and a medium-term fiscal framework (MTFF) in Sudan.

### **Revenue Administration**

**In RA, METAC broadened and deepened the scope of TA provided to member countries.**

- On **Tax Administration** the principal focus has been on introducing the newly launched Tax Administration Diagnostic Assessment Tool (TADAT), and in this regard METAC has:
  - (i) participated in a HQ-led TADAT assessment of the Egyptian Tax Authority;
  - (ii) conducted a TADAT assessment of the Income and Sales Tax Department, Jordan (ISTD) in cooperation with United States Agency for International Development (USAID) and
  - (iii) held a regional workshop and two national workshops in Jordan and Lebanon to provide TADAT training to tax administration and Ministry of Finance (MoF) officials.
- FY2016 has also continued to expand TA in the area of **Customs Administration**. The first engagement with Jordan Customs took place in FY2015, and in Sudan in FY2016. Engagement with West Bank Customs has been initiated in FY2016 and will commence in FY2017. The focus has been on supporting more effective risk management, both for revenue protection and for national/regional security purposes.

### **Off-Site Missions**

**Implementation of METAC's TA has fallen below planned levels in a number of countries in the last several years, particularly in Afghanistan, Iraq, Libya, and Yemen.** While this

has provided flexibility in responding to the needs of the remaining countries, it also meant that METAC has not been able to meet all CD needs in conflict countries. Off-site missions to countries with weak security have helped mitigate these hurdles. To overcome budgetary constraints and cumbersome procedures, METAC's SC approved in May 2015 the decision that METAC bears the cost of travel of officials of METAC country members participating in off-site missions under strict conditions.

**In FY2016, METAC held seven off-site missions for Afghanistan, Iraq, and Libya.** These missions were undertaken after discussion with member countries of: (i) the terms of reference of the missions, where applicable (ii) the implementation progress of prior recommendations, (iii) participation of the relevant officials, and (iv) follow-up on progress made.

## Box 2. METAC's Notable Achievements

### Banking Supervision

- ✓ **Egypt:** A framework for internal capital adequacy assessment process under which banks can assess their capital needs in respect to their risk profiles, and a supervisory review and evaluation process's manual for central bank supervisors to evaluate internal capital adequacy assessment process reports submitted by banks and assess the adequacy of their capitals.
- ✓ **Lebanon:** Upgraded inspection manual to a risk-based supervision approach. The new manual is being tested on two banks under a pilot program.

### Macroeconomic Statistics

- ✓ **Afghanistan:** Improved coverage of balance of payments and international investment position statistics.
- ✓ **Iraq:** Assessed sources and methods for compiling price indexes (consumer price index and producer price index); identified areas for improvements of price statistics towards the international standards.
- ✓ **Lebanon:** Assessed sources and methods, and recommendations, for compiling national accounts for general government, and for more extensive use of value-added tax data for the purposes of national accounts.

### Public Financial Management

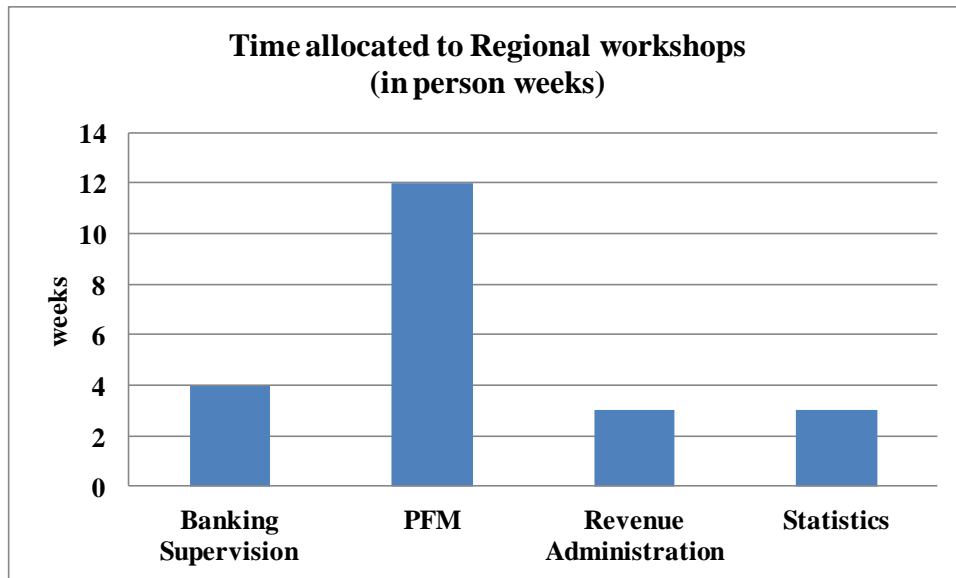
- ✓ **Jordan:** Preparation of a cash flow statement in line with the cash reporting requirements included in both the cash and accrual bases of the international public sector accounting standards.
- ✓ **Sudan:** Establishment of a treasury single account. The closure of expenditure accounts of ministries, departments and agencies in commercial banks and transfer of their balances to the treasury single account at the central bank led to a substantial inflow of cash of nearly 1 billion Sudanese pounds (or about 0.17 percent of GDP) between April and July 2015.

### Revenue Administration

- ✓ **Egypt, Jordan and Lebanon:** Introduction of the TADAT in order to establish strategic development priorities, and provide a framework for focused technical assistance support.
- ✓ **Egypt, Jordan and Sudan:** Engagement with the Customs authorities to support the more effective use of risk management and intelligence functions.
- ✓ **West Bank and Gaza:** Continued support to the tax administration to maximize the benefits derived from the new revenue management system.

## C. METAC's Activities in FY2016 by Country

### Regional Workshops



#### Banking Supervision

##### *Cross Border and Consolidated Supervision*

METAC held a regional workshop on “Cross-Border and Consolidated Supervision” in Beirut-Lebanon. The workshop provided guidance on the methodologies and approaches for implementing efficient cross-border and consolidated supervision. It also provided a good setting for exchanging views, sharing experiences on how banking groups are supervised in the various countries. Twenty directors, deputy directors, and senior bank examiners from the region have attended the workshop.

#### Public Financial Management

##### *Budget Preparation*

METAC held a workshop on “Budget Preparation” in the Dead Sea, Jordan. The workshop focused on the techniques and processes required for successful preparation of annual and medium-term budgets in the context of governments’ fiscal policies and financial constraints. It also served as a platform for sharing the participating countries’ experience in improving public sector efficiency and effectiveness, and for discussion of potential alternatives to overcome fiscal pressures.

### ***Fiscal Reporting and Transparency***

The IMF Middle East Center for Economics and Finance (CEF) and METAC jointly organized a workshop on “Fiscal Reporting and Transparency” in Kuwait. The workshop focused on: (i) the conceptual framework of fiscal reports, including latest changes in the methodology; (ii) the institutional and data coverage, accounting rules, classifications, balance sheets and other instruments used for fiscal data compilation according to government finance statistics manual 2014; (iii) selected issues of fiscal analysis; (iv) the treatment of Islamic Finance; (v) and international good practices and practical issues of fiscal data compilation and dissemination using countries' experiences.

### **Revenue Administration**

#### ***Tax Administration Diagnostic Assessment Tool***

METAC held a regional workshop on the recently launched TADAT in Amman, Jordan, in association with the TADAT Secretariat in Washington DC. 23 participants from seven METAC countries attended the workshop. The workshop helped familiarize participants with TADAT, which provides a rigorous and objective method for reviewing tax authority performance against standard definitions of international good practice.

#### ***Tax Policy and Administration***

METAC’s RA advisor participated as a presenter at an IMF Fiscal Affairs Department (FAD) course on “Tax Policy and Administration: Theory and Practice” organized by the CEF in Kuwait. Participants from finance ministries, central banks and tax authorities of both METAC and non-METAC countries in the Middle East and North Africa (MENA) region attended the course. This was the first time FAD had run a course covering both policy and administrative issues in the area of taxation.

### **Statistics**

#### ***Price Indices***

METAC and the IMF Statistics Department (STA) held a workshop on “Price Index Compilation Issues” in Beirut, Lebanon. The workshop addressed specific price statistics compilation issues of participating countries. International standards and best practices were also discussed. The interactive workshop facilitated extensive discussions and included practical exercises. In a final wrap-up session, participants were given the opportunity to identify potential areas for future METAC TA support. Twenty-four officials from national statistical offices in the MENA region who were involved in the compilation of price statistics attended the workshop.

*National Accounts*

METAC and STA held a workshop on “National Accounts Compilation Issues” in Beirut, Lebanon. Twenty officials from eight national statistical offices in the MENA region attended the workshop. The workshop focused on country-specific issues and challenges identified by participants in compiling NA. International standards and best practices with regard to the compilation of NA were discussed, in particular, those related to the implementation of the requirements of 2008 SNA and their impact on estimating the GDP. During the workshop, participants were given the opportunity to identify potential areas for future METAC TA.





**Regional workshop on “Cross Border and Consolidated Supervision”, Beirut, June 2015**



**Regional Workshop on “Budget Preparation Process”, Jordan, October 2015**



**Regional Workshop on “TADAT”, Jordan, December 2015**



**CEF Regional Workshop on “Fiscal Reporting and Transparency”, Kuwait, March 2016**

## Afghanistan

### Macroeconomic Statistics

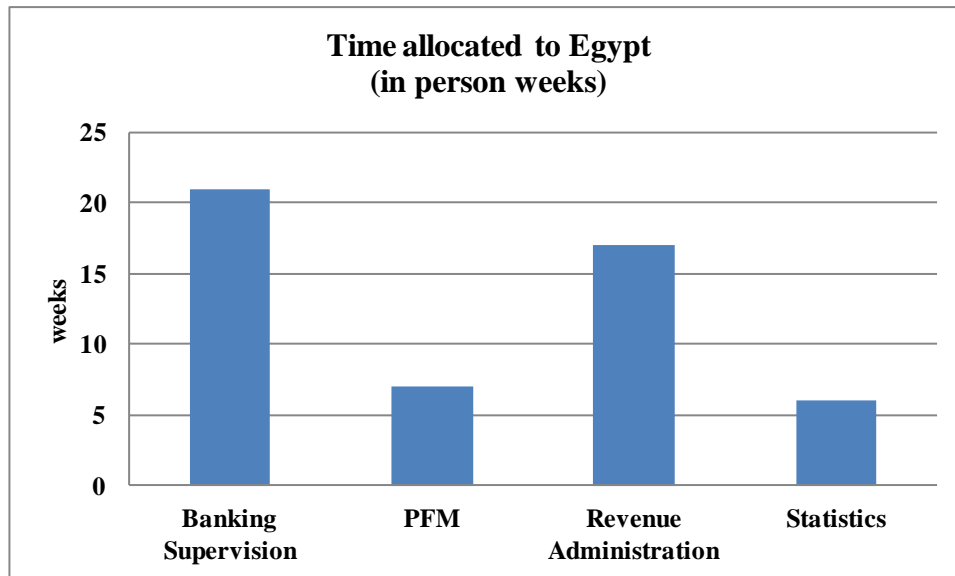
#### *External Sector Statistics*

An off-site ESS mission to Da Afghanistan Bank (DAB) was conducted in Jordan. The mission provided guidance to DAB in addressing outstanding balance of payments issues, in particular regarding the collection of data on trade in goods and aids flows; and provided training in the methodology of the IMF's sixth edition of the *BPM6*. Improvements have been achieved since METAC's November 2014 mission in the areas of data sources reporting to the DAB as well as in the data compiled.

#### Revenue Administration

The METAC Resident Advisor joined the IMF mission for the review under the Staff- Monitoring Program to evaluate whether the structural benchmark on tax administration had been met.

## Egypt



### Banking Supervision

The Central Bank of Egypt (CBE) received six missions from METAC on the implementation of Pillar 2 of Basel II and III. A framework for internal capital adequacy assessment process (ICAAP) was developed to be implemented by banks as a minimum requirement for assessing their capital adequacy vis-à-vis their risk profiles. A supervisory review process manual was developed for the use of CBE supervisors in evaluating ICAAP reports submitted by banks and in assessing the adequacy of their capitals. METAC has also assisted the CBE in preparing draft regulations on concentration risk, and on interest rate risk in the banking books. Training was provided to the CBE staff on all the TA topics covered during METAC missions, including on stress-testing techniques to assess banks vulnerabilities under stressed conditions.

### Macroeconomic Statistics

#### *National Accounts*

METAC conducted a mission on NA to the Central Agency for Public Mobilization and Statistics (CAPMAS). The mission reviewed the ongoing activities in compiling NA, discussed and agreed on areas for further cooperation in developing NA statistics produced at CAPMAS, including sources required and procedures for adopting the 2008 SNA.

### ***External Sector Statistics***

In response to a request from the General Authority for Investment and Free Zones, Egypt (GAFI), METAC delivered an ESS mission in Cairo to follow up on the work on the inward direct investment (DI) survey and to assess progress in the implementation of previous recommendations. The mission assessed progress on the inward DI survey, its coverage, methodology, and its adherence to the *BPM6*. The mission validated the data prepared by GAFI for the years 2012 and 2013, and assessed the scope and quality of data collected. The mission also reviewed the preliminary results prepared by GAFI, and compared the results with the outward DI statistics reported on the coordinated DI survey.

METAC organized a mission on trade in services statistics and provided training to improve the trade in services compilation methods. The mission reviewed and discussed trade in services compilation as set forth in *BPM6*, *BMP6* Compilation Guide and the 2010 Manual on Statistics of International Trade in Services. The mission also assisted CAPMAS in identifying new data sources and methods for trade in services.

### **Public Financial Management**

METAC delivered a four-day workshop on program and performance budgeting (PPB) and provided recommendations on taking the PPB forward. The workshop was a follow-up to the IMF FAD mission, which recommended a cautious approach on extending PPB pilot programs and in some cases changes to the PFM system. These views were endorsed by a World Bank mission in February 2015, which also focused on the necessary sequencing of a broadly-based PFM reform strategy, including the development of PPB.

METAC resident advisor joined a HQ-led mission that focused on strengthening fiscal risk management and budget planning. The mission made an assessment of potential sources of fiscal risks and provided recommendations on how to better monitor, manage, and disclose these risks. The mission also provided recommendations on how the MoF can take steps toward a more unified and comprehensive medium-term budget framework (MTBF) that better links budget planning with the macro-fiscal framework.

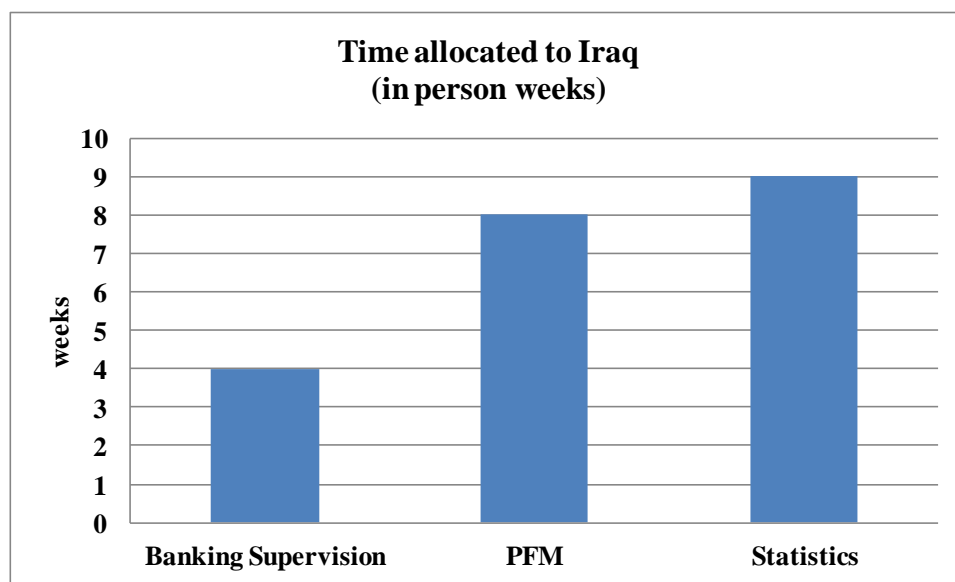
### **Revenue Administration**

METAC resident advisor joined a HQ-led TADAT assessment of the Egyptian Tax Authority, and a subsequent HQ mission to define a framework for future TA support. The TADAT assessment has been used to develop a coordinated TA program for IMF HQ, METAC and other development partners.

In preparation for the introduction of VAT, a METAC mission reviewed implementation plans and identified priority areas for pre- and post-implementation support.

METAC led a diagnostic review of the Egyptian Customs Authority (ECA) to assess the status of customs administration and advise on the customs reform strategy and modernization program. The mission also assessed future TA needs and priorities. Subsequently, METAC undertook a mission to support the development of a new ECA organizational structure that aligns with the new Egyptian Customs law and reflects international good practice in customs administration.

## Iraq



### Banking Supervision

METAC reviewed the Central Bank of Iraq (CBI) prudential regulations in banking supervision based on the requirements of Basel Core Principles and the stipulation of the CBI's Banking Law 94 of 2004. The mission produced a detailed report identifying the regulations that need to be amended and upgraded, and recommended the development of additional regulations that should be in place to enhance the regulatory framework at the CBI.

### Macroeconomic Statistics

#### *National Accounts*

A METAC mission to the central organization of statistics and information technologies (COSIT) reviewed the progress on the new benchmark year for NA estimates a very important step forward from the 1998 base used before. The mission observed some inconsistencies in the applied procedures for price and volume measures, which require further assistance. Furthermore, the development of data sources for regular NA compilation is one of the key priorities for further TA.

#### *Price Statistics*

METAC reviewed and assessed the price indexes compiled by COSIT, namely monthly consumer price index (CPI) and PPI. It provided recommendations for

possible further expansion of the coverage of the indexes, and better methodological compliance with the international standards and good practices.

### *External Sector Statistics*

A METAC mission held in Amman, Jordan, worked with the officials from the CBI and key representatives from the Ministry of Oil, the MoF, and the Central Statistics Organization on developing further the ESS in accordance with international standards and good practices. The mission assisted the CBI in analyzing possible reasons for growing statistical discrepancy in external sector: inadequate coverage of payments to international oil companies; absence of transactions from the Kurdistan region; and incomplete recording of the counterparts for the increased net borrowing. It advised the CBI on developing further the compilation system and broadening the range of administrative data sources.

### **Public Financial Management**

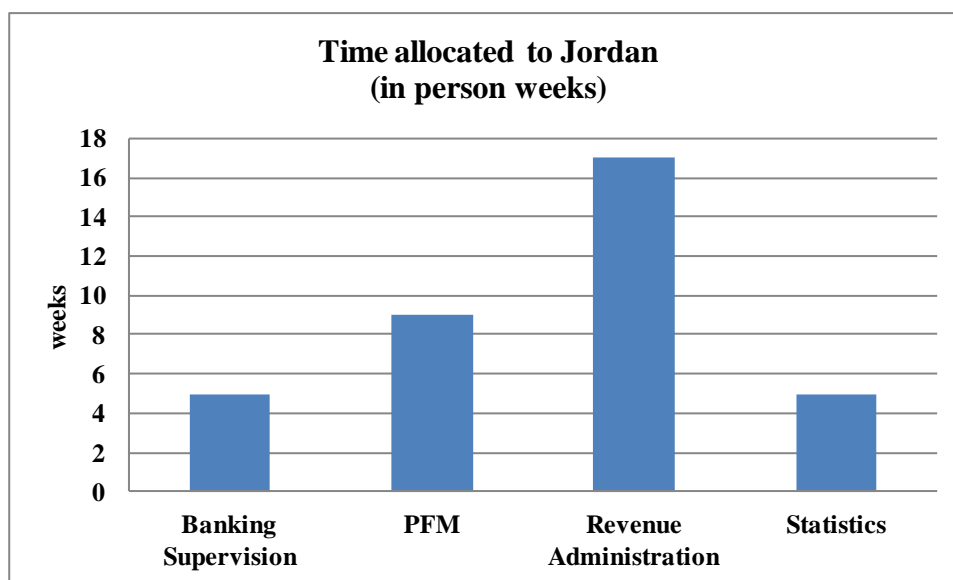
The IMF Middle East and Central Asia Department (MCD) and METAC fielded a joint mission to review overall progress made in the implementation of PFM reforms, discuss TA needs, and prepare the grounds for the next FAD mission. The mission focused on cash management system in place; status of the TSA implementation in light of the draft PFM law; status of the law; and progress achieved following the March 2015 mission on Government Financial Statistics.

METAC long-term resident advisor participated in the FAD-led mission, which took place concurrently with the MCD negotiation mission for the staff-monitored program (SMP). The mission provided guidance on the steps to (a) review the latest draft of the financial management law, (b) discuss the design of and steps required to implement commitment controls and strengthen cash management, and (c) assess the practicality of the government's plans to implement program based budgeting.

METAC long-term resident advisor joined a follow-up FAD led mission that provided assistance to the authorities to meet the SMP structural benchmark related to the financial management law.



## Jordan



### Banking Supervision

METAC provided training on stress testing to the supervisors of the Central Bank of Jordan (CBJ) during two missions. The training focused on implementing sound risk management assessment practices, and adopting a forward-looking measurement of banks' risks including designing, developing, and conducting stress tests as a fundamental risk-management tool. The CBJ has started to implement the stress test techniques supervisors are currently assessing the resilience of banks under strained conditions.

### Macroeconomic Statistics

#### *National Accounts*

METAC assisted the Department of Statistics, Jordan (DOS) on further developing the NA, including by rebasing the annual and quarterly GDP time series to 2010. The mission reviewed and assessed the ongoing work and provided recommendations for finalizing the rebasing procedures. According to the agreed action plan, the GDP time series updated to 2010 base year will be ready for dissemination in July 2016. A follow-up mission is planned for final assessment of the results before publishing the data.

### **Public Financial Management**

A METAC mission which focused on developing benchmarks for the new Fund arrangement under an Extended Fund Facility (EFF). Proposed benchmarks on improving fiscal management included: (i) approving a concept note, to produce the final accounts for the central government in line with international public sector accounting standards (IPSAS); and (ii) classifying the trust accounts by purpose and use, and consolidating them into the fiscal tables published in the government finance bulletin. METAC reviewed the 2014 final accounts of the central government budget, undertook a gap analysis, and highlighted the major deviations from IPSAS. METAC also assisted the authorities in classifying the trust accounts by purpose and use, and provided recommendations on how to consolidate the trust accounts into the fiscal tables.

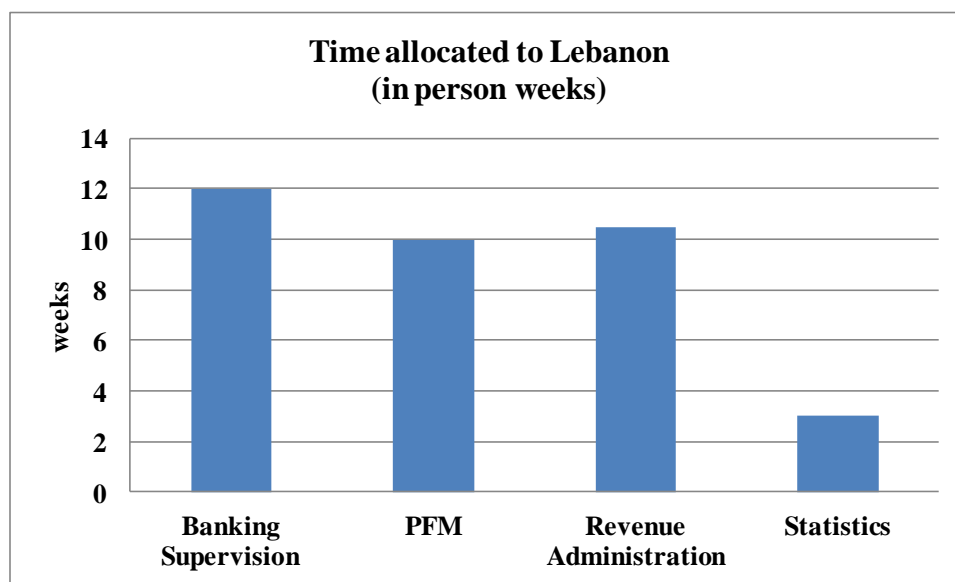
### **Revenue Administration**

In preparation for a TADAT assessment of the ISTD METAC, in conjunction with the TADAT Secretariat and the USAID, delivered a national TADAT workshop in Jordan. Participants included 24 senior staff from the ISTD, who were actively involved in the TADAT assessment that was then conducted by a joint METAC-USAID team.

A METAC mission evaluated impediments to maintaining an accurate and up-to-date taxpayer register, and made recommendations to address the identified impediments based on international good practice.

For Jordan Customs, a METAC mission provided assistance in defining a 'target' intelligence function, as a basis for enhanced risk management and operational effectiveness.

## Lebanon



### Banking Supervision

Over a period of seven months, METAC updated and upgraded the Banking Control Commission of Lebanon (BCCL)'s inspection manual to further align it with RBS. This project was completed through 12 work-from-home missions and two on-site missions in accordance with a predefined timetable agreed with the authorities. In FY2017, METAC will assist the BCCL in implementing this manual and testing it on two domestic systematically important banks.

### Macroeconomic Statistics

#### *National Accounts*

A METAC mission to the Central Administration of Statistics, Lebanon (CAS) assessed the compilation of the government sector accounts and identified areas for further improvement. The mission also assisted CAS in updating the General Data Dissemination System (GDSS) metadata for compilation of NA, based on the applied new source data and procedures.

### Public Financial Management

METAC reviewed the accounting procedures of the Public Account Directorate (PAD) and provided guidance to (i) strengthen the data quality, (ii) consolidate the quarterly reports on budget execution, and (iii) streamline the work related to accounting between the relevant departments.

METAC assisted the macro fiscal department at the MoF in improving the medium-term fiscal revenue and expenditure projections, as well as in assessing the accuracy of fiscal projections. It delivered a series of training sessions, including presentations and hands-on training focused on the main concepts and commonly used methods for forecasting and analyzing trends of fiscal variables.

METAC also provided follow-up guidance on how to assess the fiscal impact of the Syrian refugees' crisis on the budget.

### **Revenue Administration**

METAC reviewed the available information regarding the reasons for non-compliant taxpayer behavior, and advised on how to improve the gathering and use of such information as a basis for setting compliance strategy. METAC also reviewed current practices for raising assessments and making adjustments to taxpayers' returns in cases where fraudulent behavior is suspected, or supporting documents and records are inadequate.

In conjunction with the TADAT Secretariat, METAC delivered a national TADAT workshop to 23 senior staff from the Revenue and VAT Directorates, in preparation for a TADAT assessment that will be conducted in FY2017.



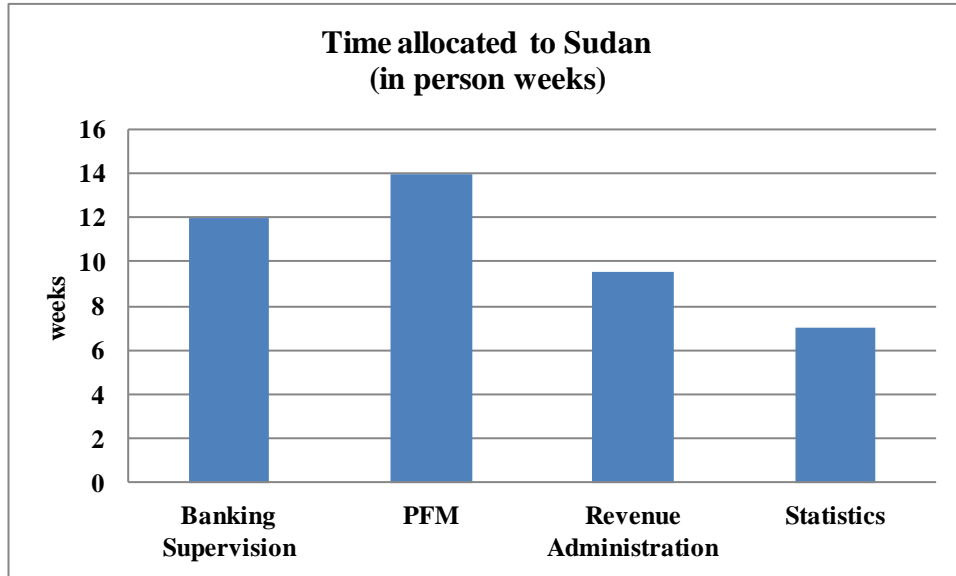
**National Workshop on “TADAT”, Lebanon, March 2016**

## Libya

### Banking Supervision

Two off-site missions were held in Amman, Jordan, to train supervisors from the Central Bank of Libya (CBL) on risk management in Islamic banks and on “Shariah Governance and Shariah Supervision”. The training provided guidance on the methodologies and approaches for assessing risks related to Islamic banks in addition to Shariah governance, Shariah risk management, and Shariah non-compliance risk.

## Sudan



### Banking Supervision

METAC continued its assistance to the Central Bank of Sudan (CBOS) to enhance the functioning of the public credit registry that is operated by the Credit Information and Scoring Agency (CIASA) in Sudan. The significant progress made by the authorities in implementing the recommendations will help move CIASA credit registry closer to international credit reporting and best practices. METAC also provided training on stress testing to the supervisors of the CBOS to assist them in adopting a forward-looking approach in measuring banks' risks and assessing their resilience to stress, and assisted in the development of stress test guidelines in line with the Islamic Financial Services Board (IFSB)'s framework on stress testing.

### Macroeconomic Statistics

#### *National Accounts*

A METAC mission to the Central Bureau of Statistics, Sudan (CBS) reviewed the ongoing work on rebasing of GDP time series and provided recommendations to overcome the difficulties emerged with data collection, in particular by enhancing the administrative data exchange and integrating the administrative source data into the NA compilation system. Based on the assessment, the mission agreed with the authorities an action plan for finalizing the rebasing of the GDP time series and improving further the NA data.

## Public Financial Management

METAC long-term advisor joined an FAD-led PFM mission, which reviewed progress and recommended next steps in five areas: (i) TSA; (ii) government cash-flow forecasting; (iii) budget preparation; (iv) fiscal reporting; and (v) information technology (IT)-based information systems. The mission also conducted a number of training workshops for the staff of the MoF and Economic Planning and line ministries. The mission's findings and recommendations were well received and the authorities asked for further support from METAC to implement the mission's recommendations in three areas: (i) building the capacity of the fiscal policy unit (FPU) in relation to the MTFF; (ii) developing cash flow forecasting techniques and advice on designing centralized payment modules; and (iii) improving fiscal reporting. METAC assisted the FPU in developing a MTFF to strengthen the capacity of the budget sector. The mission delivered a series of training sessions and formal presentations to assist the FPU in fully applying the MTFF and utilizing it for policy analysis, particularly in (a) regular revisions of in-year budget forecasts, (b) setting out the strategic phase that guides in preparation of a new year's budget—through its role in setting and anchoring overall fiscal policy objectives and debt targets—and (c) integrating the MTFF into the country's 5-year National Economic Reform Plan.

## Revenue Administration

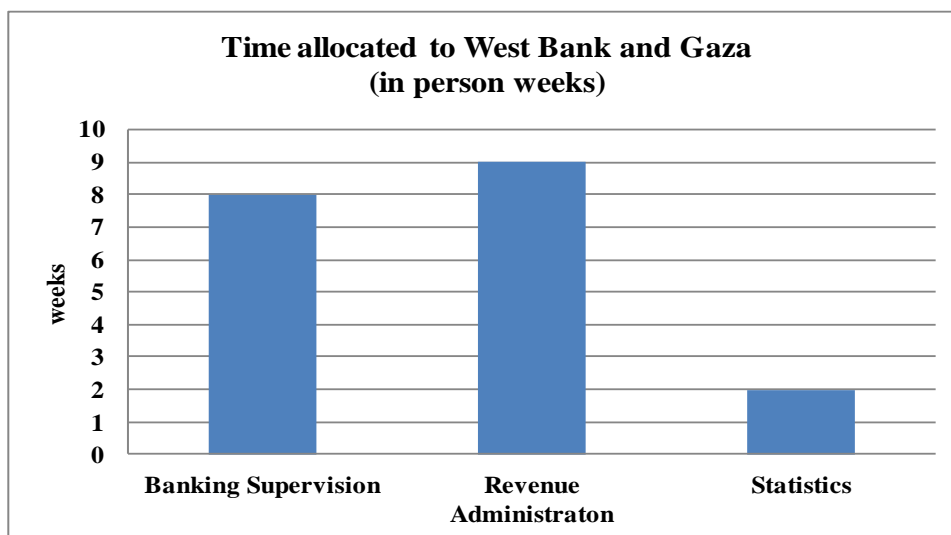
METAC undertook its first engagement with the Sudan Customs Authority to assess the key challenges faced in implementing the World Trade Organization (WTO) valuation standards, and assess the current situation and priorities for future TA. One of the key recommendations of this initial engagement was the introduction of risk management on a more formalized basis, which was acted upon immediately. A subsequent METAC mission undertook an assessment of the pilot implementation of the enhanced risk management arrangements at Khartoum International Airport.



**TA mission, PFM – Sudan, August 2015**



## West Bank and Gaza



### Banking Supervision

METAC's TA to the Palestine Monetary Authority (PMA) continues with the goal to transform the supervisory framework into a risk-based approach and to complete a RBS manual in line with international best practices. The PMA supervisors have already started implementing the risk assessment model of this manual.

### Macroeconomic Statistics

#### *National Accounts*

A METAC mission to the Palestinian Central Bureau of Statistics (PCBS) assessed the ongoing work on rebasing the NAs, and provided recommendations for completing the rebasing procedures.

### Revenue Administration

A METAC expert visited the West Bank tax authorities to support the development of a detailed specification of the reporting requirements for the revenue management system, to maximize the benefits of revenue management and macro-fiscal analysis.

A METAC mission reviewed the current file preparation practices in use in the tax directorates, and assessed the extent to which they meet the forensic requirements for successful prosecution of tax litigation cases. The purpose was to support the effective and efficient recovery of outstanding tax liabilities through better application of the legal process.

## **D. METAC's Other Activities**

### **METAC Steering Committee Meeting**

METAC held its annual SC meeting on May 19, 2016, in Beirut, Lebanon to assess the implementation of the Center's work program since May 2015, inaugurate the Center's fourth program phase; welcome four new member countries; and discuss the work program for the coming year. The meeting was chaired by Mr. Alain Bifani, Director General of the MoF of Lebanon. Officials from eight member countries attended the meeting, together with representatives of donor partners (EC, France, Germany, and Kuwait) and IMF staff.

In his opening remarks, Mr. Bifani said that despite the complex political transformation and difficult security situation in most METAC countries, METAC remained engaged in most of its member countries and delivered 63 missions and seven regional workshops. He expressed his gratitude to METAC's donor partners, whose support has been critical for the Center's assistance to members, and stressed that their support would continue to be crucial in the Center's efforts to carry out its mandate and broaden its activities in the period ahead. Mr. Bifani also urged member countries to contribute to METAC's next program phase, which covers the period of May 2016-April 2021. He assured the SC that Lebanon will make every effort to ensure that METAC achieves its objectives and despite the difficult budgetary situation Lebanon is facing, every effort will be made to continue to support it financially.

Mr. Mohamad Elhage, METAC Coordinator, discussed the work in the areas covered by METAC in FY2016 (May 2015 - April 2016). He noted that despite the difficulties some member countries faced, overall it was a relatively successful year for METAC and that the Center delivered TA to all its members except Syria and Yemen. He also discussed METAC's strategy for the next program phase, which was developed based on consultations with member country authorities, the experience acquired by METAC and IMF departments with beneficiary countries over the years, and member countries' requests. METAC advisors discussed developments in their areas in FY2016 and their work programs for the next FY. They also highlighted the notable achievements in member countries as a result of METAC assistance.

Representatives from the IMF HQ shared their departments' TAs strategies for the region, especially to METAC's new members. External partners were pleased with METAC's capacity development activities. Mr. Heliodoro Temprano Arroyo, Head of Unit at the European Commission's (EC), Directorate General for Economic and Financial Affairs (DG ECFIN) discussed macroeconomic developments in the MENA and the EC's reform priorities in the region.

Mr. Elhage concluded the meeting by thanking members of the SC for their continuous support of the Center and bid farewell to the SC members as his tenure at METAC ended in June 2016.



**METAC Steering Committee Meeting, Lebanon, May 2016**

### **METAC Program Document for Phase IV**

METAC's Program Document for Phase IV was finalized in May 2016. Among other topics, the report highlights the Center's agenda and the needed resources for the next five years. It also discusses coordination with other TA providers, how METAC will help its member countries address macroeconomic and financial challenges, and the IMF response to METAC's mid-term evaluation. The report is available on METAC website at <http://www.imfmetac.org>.

### **MENA Organization for Economic Cooperation and Development (OECD) network of Senior Budget Officials**

METAC PFM advisor participated in the 8<sup>th</sup> meeting of the MENA-OECD network of Senior Budget Officials that was held in Doha, Qatar in December 2015. The PFM advisor gave a presentation focusing on the PFM reform measures needed to reduce the fiscal pressure impacting most of MENA countries.

### **Panel Discussion on States in Distress by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH and the European Commission**

METAC Coordinator participated in a panel discussion in Brussels on "How Good Financial Governance Can Strengthen States in Distress." Mr. Elhage discussed METAC's approach to

PFM reform processes for its fragile state members and discussed the IMF engagement in FS. He highlighted the areas of TA in the PFM area that METAC is providing and discussed the channels the Fund uses with its fragile state members: surveillance through macroeconomic advice, Fund-supported programs, TA, and training.



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# **S**ECTION **IV**:

## **OVERVIEW OF THE FY2017 WORK PROGRAM**

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## SECTION IV: OVERVIEW OF THE FY2017 WORK PROGRAM

**The work program for FY2017 assumes a 20 percent increase in METAC activities relative to FY2016.** This reflects mainly the addition of Algeria, Djibouti, Morocco, and Tunisia in METAC's membership. The allocation of resources across countries takes into account the extent of macroeconomic vulnerabilities, the degree of ownership of reforms, absorption capacity, as well as conflicts. Accordingly, while some reallocation of resource would be expected, the net additional needs will be met through short-term experts, and the hiring of an additional regional advisor in public financial management, in the second half of the FY.

**The program aims to help countries address the growing socio-economic challenges, in light of the regional conflicts and refugee crisis.** It was developed taking into account the macroeconomic challenges and priorities of member countries, as stated in the Program Document; the regional TA strategy note of MCD; TA needs as identified by countries, the experience accumulated by METAC advisors on members' TA needs, and following consultations with donor partners. The focus will be on protecting/developing economic institutions, helping countries prioritize their budget space and mobilize revenues, maintain financial stability, and enhance macroeconomic statistics. In each TA area, the work program includes well-defined and measurable milestones.

**The work program for FY2017 was developed with the view to keep the center engaged with its member countries.** It provides an overall direction for METAC's work in FY2017, and will be updated regularly and applied flexibly to reflect new developments and emerging needs. For the new countries, the work programs rely mainly on inputs received from IMF departments working on these countries, and will be updated following consultations with the county authorities. For countries with serious security situation, missions will be held outside those countries to ensure continued engagement. The situation will be re-assessed after six months into the new FY, and if need be, the work program will be revised.

The work program will focus on the following priorities:

- **Fiscal reform and consolidation across all countries.** The three main priorities in the fiscal sector are to enhance basic PFM, mobilize revenue, and reform tax and custom administrations. Enhancing PFM will help to improve the effectiveness and transparency of public spending. Revenue mobilization is critical to provide governments with enough resources to invest in employment enhancing projects and public infrastructure as well as to eventually reduce aid dependency. Strengthening tax and customs administrations is needed to create fair and equitable revenue environments.
- **Financial sector development and strengthening banking supervision, to different degrees, are needed in most METAC countries.** METAC will continue to assist member countries in strengthening their financial systems and provide TA in other related banking



area, such as building supervisors' capacity in Islamic banking and developing and improving CRS. METAC will focus on implementation of pillar 2 of Basel II, and on moving supervision practices from a compliance-based to a risk-based approach.

- **Most METAC countries would benefit from improving their monetary operations and developing efficient money markets.** TA requests from member countries in this area will be met by short-term experts and will be backstopped by HQ departments.
- **Several TA priorities will require member countries to reform their legal systems.** TA and training will be provided to ensure that the reforms implemented in the different macroeconomic sectors are legally robust and fit in with the countries' broader legal context. TA requests from member countries in this area will be met by short-term experts and will be backstopped by HQ departments.
- **Strengthening macroeconomic statistics.** Building statistical capacity in the region to produce quality, sound, and timely statistics is essential for macroeconomic analysis and policy making and remains a top priority for many member countries. METAC will cover the following areas: (i) NA; (ii) price indices; and (iii) balance of payments statistics.

**Regional workshops will be reduced somewhat, and replaced with national workshops.** In line with the IMF new security guidelines, METAC will no longer hold regional workshops in Lebanon until further notice. Regional workshops will be held other METAC member countries or organized jointly with CEF, in Kuwait. METAC's regional events will also involve non-METAC Arab countries to enhance knowledge sharing and provide a wider regional context. Given the significant additional resources required to hold workshops outside of METAC location, the number of regional workshops will be reduced somewhat. In parallel, METAC will deliver more national workshop at the time it delivers TA missions.

### **A. Banking Supervision**

The FY2017 banking supervision work program was based on four outcomes of the results-based management (RBM): (i) Enhancing RBS frameworks in both onsite and off-site functions; (ii) aligning the regulatory framework with Basel principles and standards, in particular Basel II and III frameworks and with those of the IFSB, wherever is applicable; (iii) enhancing the functioning of public credit registries and Private Credit Bureau (PCB) to be in line with international best practices; and (iv) developing supervisory skills and capabilities in banking supervision.

The FY2017 work program includes the following activities:

#### **1- Enhancing RBS in both onsite and off-site functions:**

- **Lebanon:** Assist the BCCL in the implementation of the risk-based inspection manual including on-the job training.
- **Sudan:** Upgrade the inspection manual and align it with RBS.
- **Tunisia:** Assist in developing a risk-based and consolidated supervision framework.
- **WBG:** Continue to provide assistance on the establishment and implementation of RBS framework, and align the regulatory framework with BCBS and IFSB principles and standards.
- **Algeria:** Improve the regulation on related parties and enhance the enforcement and corrective framework.
- **Djibouti:** Improve the prudential regulations of the Central Bank of Djibouti (CBD) for conventional banks in line with the BCBS guidelines and standards and international best practices.
- **Iraq:** Upgrade and improve the CBI prudential regulations in banking supervision and further aligning them with BCBS guidelines and standards and international best practices in banking supervision.
- **Morocco:** Enhance the regulatory and supervisory frameworks including consolidated and cross-border supervision.
- **Tunisia:** Improve the Central Bank of Tunisia (CBT) regulatory framework on consolidated supervision.
- **Yemen:** Improve the prudential regulations in banking supervision for conventional and Islamic banks to further aligning them with BCBS and the IFSB's guidelines and standards.

## **2- Enhancing the functioning of public credit registries and Private Credit Bureaus:**

- **Algeria:** Improve the functioning of the Central Bank of Algeria (CBA)'s CRS to align it to international best practices to support the supervision of credit concentration risk. and large exposures.
- **Sudan:** Continue to assist the CIASA to improve Sudan's public credit registry and credit scoring systems.

## **3- Developing bank supervisor's skills and capabilities in banking supervision.**

- **Regional workshop:** Regional workshop on Islamic banking jointly with the CEF.

- **Afghanistan:** Deliver off-site training on dealing with problem and weak banks.
- **Egypt:** Develop capacity on Basel II/III standards and guidelines and on risk assessment.
- **Jordan:** Develop capacity on stress testing and assessing individual banks vulnerabilities under stressed conditions.
- **Lebanon:** Provide training on consolidated and cross-border supervision, stress test and International Financial Reporting Standards related to the measurement of credit risk expected loss.
- **Libya:** Provide training on risk assessment and sharia supervision in Islamic banks.
- **Morocco:** Develop capacity on on-site RBS.

**METAC will organize jointly with the CEF a regional workshop in Kuwait City on the “Necessary Infrastructure for Effective Supervision of Institutions Offering Islamic Financial Services”.** The workshop aims at explaining key elements for an efficient supervision of Islamic banks and providing an overview on a number of thematic Islamic banking subjects related to capital adequacy and liquidity measurement, in addition to explaining key risks in Islamic banking risks and how to supervise them.

## **B. Macroeconomic Statistics**

Activities in macroeconomic statistics will continue to focus on assisting countries to improve the quality, timeliness and dissemination of the real and ESS. The program responds to the priorities of the METAC member countries, and reflects the IMF strategy for CD in statistics in the region. More specifically, TA in this area aims to achieve the following outcomes of the RBM: (i) enhance source data and update the compilation systems in broad conformity with the last methodological requirements; (ii) improve and develop short-term indicators and quarterly NA; and (iii) improve timeliness and dissemination practices according to the IMF data dissemination standards.

- **Afghanistan:** METAC, in cooperation with the STA project on Enhanced Data Dissemination Initiative (funded by United Kingdom Department for International Development (DfID)), will assist the authority in strengthening the institutional capacity for compilation of NA and price statistics, notably: in rebasing NA, updating the CPI, and staff training. METAC will also assist Afghanistan in further development of ESS, towards implementation of BMP6.
- **Algeria:** METAC will assess sources and procedures for compilation of NA, and will assist the authorities in updating the CPI weighting system.

- **Djibouti:** A METAC mission will assess sources and procedures for GDP estimates at current and constant prices and will establish a program for further TA.
- **Egypt:** METAC will assist the authorities for better integration of source data in compiling annual and quarterly NA consistent with the supply and use table (SUT). TA will continue for further development of the CPI compilation, based on the 2004 CPI Manual.
- **Iraq:** METAC, in cooperation with the STA project on Enhanced Data Dissemination Initiative (funded by DfID), will continue to assist Iraq in improving and further development of NA, price statistics, and ESS, particularly: for enhancing the source data; improving the procedures in compiling price indexes; and minimizing errors and omissions in the balance of payments.
- **Jordan:** METAC will assist the DOS in completing the rebasing of annual and quarterly GDP time series, and improving the compilation of CPI.
- **Lebanon:** METAC will continue the TA provided to the CAS in enhancing the administrative source data and their better use for the purposes of NA compilation. Further training will be provided in organizing the resources, required data sources and procedures for compiling PPI.
- **Libya:** METAC will assess sources and procedures for GDP estimates at current and constant prices and establish a program for further TA.
- **Morocco:** METAC will assess sources and procedures for compilation of NA, and will assist the authorities in updating the CPI weighting system.
- **Sudan:** METAC will continue to assist the CBS in introducing a new base year for NA estimates and rebasing the GDP time series at current and constant prices; and in updating the weights for CPI based on the latest household budget survey results.
- **Tunisia:** METAC will support the authorities in updating the CPI weighting system, and will assess sources and methods for compiling NA. Based on the assessment, a program for further TA will be established for better compliance with the international standards and good practices.
- **WBG:** METAC will continue to assist the PCBS in rebasing of the annual and quarterly GDP time series at current and constant prices. The assistance will be expanded in developing a set of institutional sector accounts. In cooperation with the STA project on Enhanced Data Dissemination Initiative (funded by DfID), METAC will assist PCBS in updating the PPI weighting system.

- **Yemen:** METAC, in cooperation with the IMF SD project on Enhanced Data Dissemination Initiative (funded by DfID), will assist the authorities in updating the weighting system for CPI calculation.

**METAC will organize a regional workshop on NA statistics**, focusing on the countries experience and recent developments in using the available source data for the purposes of NA compilation.

### C. Public Financial Management

The work program for FY2017 is classified according to the following six PFM objectives of the RBM catalog developed by FAD for classifying all Fund PFM TA in a consistent manner: improved laws and effective PFM institutions, comprehensive, credible and policy-based budget preparation, improved budget execution and control, improved coverage and quality of fiscal reporting, improved integration of asset and liability management framework, and strengthened identification, monitoring and management of fiscal risks.

- Improved Laws and Effective PFM Institutions: Assistance to **Egypt** will focus on improving the budget legislation and to **Iraq** on improving the draft PFM law and introducing practices such as commitment control.
- Comprehensive, Credible and Policy-Based Budget Preparation: Demand in this area is strong as countries are focusing on improving fiscal outcomes through (i) revenue mobilization and (ii) a better prioritization and efficiency of expenditure. METAC will continue to build macro-fiscal capacity in **Lebanon** and **Sudan**, and assist **Algeria, Djibouti, Morocco** and **Tunisia** in strengthening macro-fiscal forecasting and budget practices, including increasing credibility of budgets and improving allocation decisions through tighter links between the annual budget and strategic priorities; setting the annual budget in the context of robust medium-term frameworks (MTF); setting programs focused on outputs and outcomes; and improving public investment decision-making and management.
- Improved Budget Execution and Control: METAC will assist **Afghanistan** in reviewing and strengthening the planning, execution and monitoring of public investment expenditure; and will provide **Yemen** with practical guidance on setting up an action plan to transfer the Treasury function from the Central Bank of Yemen (CBY) to the MoF. METAC will assist **Algeria** and **Tunisia** on strengthening treasury and cash management.
- Improved Coverage and Quality of Fiscal Reporting: In **Jordan** METAC will support the progressive implementation of IPSAS and will provide additional guidance on how to classify the trust accounts.
- Improved Integration of Asset and Liability Management Framework: METAC will provide a follow-up TA to **Sudan** to guide the extension of the TSA arrangement and develop cash

management capabilities. Support will be provided to *Algeria* to strengthen their cash management capacity.

- Strengthened Identification, Monitoring and Management of Fiscal Risks: Planned activities include assisting *Egypt* and *Tunisia* in enhancing the Analysis and Management of Fiscal Risks and provide support in the preparation of their fiscal risk statements.

**METAC plans to conduct a regional PFM workshop on the institutional framework for monitoring, managing, and disclosing fiscal risks**, including the concept of a Statement of Fiscal Risks. METAC will also continue to participate in HQ-led missions to METAC member countries and will adjust its work program on the basis of the missions' findings.

#### **D. Revenue Administration**

The FY2017 work program for RA builds on the progress made in FY2016. It aims to provide strategically focused TA based on objective analysis, and discussion with the tax and customs authorities of member countries. TADAT was formally launched in FY2016. It will be used increasingly to identify those areas of a tax administration's operations that require the greatest development effort, and in which the greatest benefit from TA is likely to be achieved. TA in customs administration, which increased appreciably in FY2016, will be maintained. While potential support in the full range of customs activities will be considered, the regional security environment makes it likely that the immediate focus will be in the area of risk management.

Specifically, the work program for FY2017 includes:

- *Algeria*: Support for rigorous tax compliance management in the large and medium taxpayer segments.
- *Djibouti*: Assistance in the design and establishment of an integrated large taxpayer office.
- *Egypt*: Continued support to the Egyptian Tax Authority for the introduction of VAT, and in developing practices to generate improved compliance in the informal sector; and assistance to the Egyptian Customs Authority to prepare strategically focused plans for HR and ICT.
- *Jordan*: Following up the results of the TADAT assessment conducted in FY2016 to formulate a structured and prioritized TA program; and further engagement with Jordan Customs to support the successful introduction of enhanced risk management practices.
- *Lebanon*: TADAT assessment and follow-up to develop a structured and prioritized program of future support; and development of improved practices to reduce the risk of VAT refund fraud.
- *Morocco* and *Tunisia*: The resident advisor will liaise closely with IMF HQ to define a future support program.

- *Sudan*: Support to introduce risk management in Sudan Customs will continue.
- *WBG*: Continued support to introduce automated risk management in tax administration; and engage with WBG customs to develop a risk management function, and to ensure that case files are structured to meet the requirements for successful prosecution.

**To develop common standards in tax administration practices across the region**, METAC will hold a regional workshop on performance measurement and management.





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# **S**ECTION **V:**

## **BUDGET AND FINANCING**

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## SECTION V: BUDGET AND FINANCING

### Contributions to Phase III

The total confirmed funding pledged for Phase III were about \$19.9 million (Table 2). Total contributions received in Phase III until April 2016 amount to \$18.6 million, 94 percent of total pledges (excluding IMF in-kind contribution). The composition of the pledges and contributions reflects a strong regional ownership and shows firm commitment to the Center, with member countries contributing more than half (55 percent) of total resources.

### FY2016 Budget and Expenses

Spending during FY2016 amounted to \$3.1 million, compared to the \$3.4 million planned annual budget. Despite an under-spend relative to the FY2016 annual budget, the FY2016 outturn represents a relative continuity of delivery of capacity development in the region. While planned resources for seminars, backstopping and project management generated some savings, spending on resident advisors and short-term expert's averaged 100 percent of budgeted resources.

### Fundraising for Phase IV

May 1, 2016 marks the beginning of METAC's new five-year Phase IV. The fundraising goal for METAC Phase IV is \$28 million. Firm commitments to the new cycle include Germany (€5 million), France (€2 million), Algeria (\$1 million), Iraq (\$0.5 million), and Sudan (\$0.1 million). Lebanon as the host country intends to make another substantial contribution to the Center (\$6.5 million in Phase III). In addition to the prospects of rollovers from savings from Phase II and III (details below), METAC is also continuing discussions with other Phase III partners (the European Union and the United States of America), and with the center's member countries, and working with potential new partners. Funding for the first year of operations has been timely secured.

Should a funding shortfall occur, in order to avoid a disruptive downscaling of activities, resident advisor contracts and long-term TA programs will be safeguarded first. Standalone short-term experts' interventions and seminars will be (i) either progressively reduced over the duration of the phase, or (ii) downscaling could be back-loaded. Any decision affecting the work program of MEATC will be discussed and agreed upon by the SC.

### FY2017 Budget

The FY2017 budget, the first year of the new phase, reflects the expanded membership of the Center and a planned 20 percent increase in TA and training delivery to existing member countries, for a total of \$6.2 million (including \$1 million in-kind contribution from the IMF).

## Expected Carryover at the End of the Current Funding Cycle

Subject to the SC members' approval, the projected carryover as of April 2016 amounting to \$2.2 million from Phase III, in addition to up to \$1.1 million anticipated from the previous Phase II funding cycle will be transferred to Phase IV.

**Table 2. Consolidated Financial Status**

Third Funding Cycle (Phase III) May 2010 April 2016<sup>1</sup>  
(US\$ millions)

Activity	FY 2011– FY 2016			FY2016		
	Budget <sup>2</sup>	Expenses	Remaining	Budget	Expenses <sup>3</sup>	Remaining
Long-term experts	6.18	6.14	0.04	0.93	0.87	0.06
Short-term experts	4.53	4.62	-0.10	0.90	0.96	-0.06
Travel	0.87	0.88	-0.01	0.15	0.15	0.00
Seminars	1.07	0.91	0.16	0.34	0.18	0.17
Staff TA delivery	0.03	0.03	0.00	0.00	0.00	0.00
Miscellaneous	0.32	0.36	-0.04	0.17	0.22	-0.05
Backstopping	0.77	0.67	0.10	0.23	0.12	0.11
Project Management	0.43	0.38	0.06	0.13	0.06	0.07
Center Management	1.01	0.98	0.03	0.35	0.33	0.02
<b>Total TA Delivery</b>	<b>15.21</b>	<b>14.97</b>	<b>0.24</b>	<b>3.21</b>	<b>2.89</b>	<b>0.32</b>
Evaluation	0.13	0.13	0.00	0.00	0.00	0.00
Trust fund management (7%)	1.07	1.06	0.02	0.22	0.20	0.02
<b>GRAND TOTAL<sup>4</sup></b>	<b>16.41</b>	<b>16.16</b>	<b>0.26</b>	<b>3.43</b>	<b>3.09</b>	<b>0.34</b>

<sup>1</sup>At the May 2014 meeting, METAC SC endorsed extension of Phase III through April 2016

<sup>2</sup>At the June 2015 meeting, METAC SC approved proposed scaled up budget for Phase III

<sup>3</sup>Actual expenses as of April 30, 2016

<sup>4</sup>This does not include IMF in-kind contribution of \$5M

**Table 3. Status of Financial Contributions**

Third Funding Cycle (Phase III) May 2010 April 2016  
(In millions)

	<b>Pledge (US\$ dollars)</b>	<b>LOU Signed Date</b>	<b>Contributor Currency</b>	<b>Pledge (Contributor Currency)</b>	<b>Contributions Received<sup>1</sup> (US\$)</b>
<b>Phase III - Signed Agreements:</b>					
<b>(A) Under Multi-Donor SFA</b>					
<b>European Commission</b>	1.81	12/29/2009	<i>Euros</i>	1.50	1.65
<b>Libya</b>	1.50	5/24/2010	<i>U.S. dollars</i>	1.50	1.50
<b>Syria</b>	0.50	8/27/2010	<i>U.S. dollars</i>	0.50	0.10
<b>Kuwait</b>	0.25	10/27/2010	<i>U.S. dollars</i>	0.25	0.25
<b>Egypt</b>	1.00	12/1/2010	<i>U.S. dollars</i>	1.00	0.80
<b>Sudan</b>	0.50	12/1/2010	<i>U.S. dollars</i>	0.50	0.00
<b>Jordan</b>	0.50	12/9/2010	<i>U.S. dollars</i>	0.50	0.50
<b>Lebanon</b>	6.50	01/31/2011	<i>U.S. dollars</i>	6.50	6.50
<b>France</b>	2.38	3/15/2011	<i>Euros</i>	1.80	2.38
<b>Oman</b>	0.50	8/9/2011	<i>U.S. dollars</i>	0.50	0.50
<b>Germany</b>	2.43	11/12/2012	<i>Euros</i>	1.88	2.43
<b>USAID</b>	1.30	9/25/2013	<i>U.S. dollars</i>	1.30	1.30
<b>Jordan 2</b>	0.14	8/5/2014	<i>Jordan dinars</i>	0.10	0.14
<i>Subtotal</i>	<b>19.31</b>				<b>18.05</b>
<b>(B) Under FAA</b>					
<b>European Investment Bank</b>	0.58	4/3/2008	<i>U.S. dollars</i>	0.58	0.58
<b>GRAND TOTAL</b>	<b>19.89</b>				<b>18.63</b>

**Table 4. FY2017 Budget**

Fourth Funding Cycle (Phase IV) May 2016 April 2021  
(US\$ millions)

FY 2017	
Activity	Budget
<b>Public Financial Management</b>	<b>1.33</b>
Resident Advisors	0.49
Travel	0.07
HQ Delivery	0.06
Short-term Experts	0.31
TA Seminars	0.16
Backstopping	0.07
Other <sup>2</sup>	0.17
<b>Revenue Administration</b>	<b>0.94</b>
Resident Advisors	0.32
Travel	0.03
HQ Delivery	0.06
Short-term Experts	0.31
TA Seminars	0.05
Backstopping	0.04
Other <sup>2</sup>	0.12
<b>Banking Supervision</b>	<b>1.09</b>
Resident Advisors	0.32
Travel	0.03
Short-term Experts	0.42
TA Seminars	0.11
Backstopping	0.05
Other <sup>2</sup>	0.15
<b>Macroeconomic Statistics</b>	<b>0.97</b>
Resident Advisors	0.32
Travel	0.03
Short-term Experts	0.31
TA Seminars	0.11
Backstopping	0.04
Other <sup>2</sup>	0.15
<b>Legal</b>	<b>0.09</b>
Short-term Experts	0.09
Backstopping	0.00
<b>Administration</b>	<b>0.40</b>
Center Coordinator Regional Travel	0.02
Local Staff	0.09
Lease - Utilities	0.26
Other <sup>3</sup>	0.02
<b>Governance</b>	<b>0.01</b>
<b>Total TA Delivery</b>	<b>4.82</b>
Trust fund management (7%)	0.34
<b>GRAND TOTAL<sup>4</sup></b>	<b>5.16</b>

<sup>1</sup>Budget composition of topic envelopes may be modified during the fiscal year.

<sup>2</sup>Includes activities related to security, translation, project management, and governance.

<sup>3</sup>Includes project management for IMF's Finance, and Middle East and Central Asia (MCD) Departments.

<sup>4</sup>This does not include IMF contribution of ~\$1M.



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# **A**NNEXES

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## **ANNEX I: THE IMF REGIONAL TECHNICAL ASSISTANCE CENTERS AND METAC**

### **IMF and RTACs**

The IMF's regional technical assistance centers (RTACs) are effective CD vehicles well suited to help member countries' commitments to the FfD agenda, facilitating the attainment of the Sustainable Development Goals. RTACs are collaborative ventures between the IMF, beneficiary countries, and bilateral and multilateral partners, combining strategic technical advice from IMF HQ with local expertise and hands-on capacity development implementation support. Their strategic goal is to help member countries strengthen institutional and human capacity to design and implement macroeconomic and financial policies that promote growth and reduce poverty. The IMF's regional approach to capacity development allows for better tailoring of assistance to the particular needs of a region, closer coordination with other assistance providers, and an enhanced ability to respond quickly to emerging needs.

### **Key Areas of Assistance and Results**

RTACs have a strong track record in assisting member countries to implement reforms in core areas of IMF expertise, which are macroeconomic policy, RA, PFM, debt management, monetary policy and operations, financial sector supervision, and macroeconomic and financial statistics. There are numerous concrete examples of how RTACs have contributed to the achievements of recipient countries, such as by assisting in establishing large taxpayer offices (LTOs) to strengthen domestic revenue mobilization; supporting reforms of customs administration; helping implement effective tax regimes for extractive industries; strengthening fiscal analysis and the quality of public spending through better PFM systems; acquiring capacity for debt sustainability analyses and designing sustainable medium-term borrowing policies, including for public investment; setting up risk-based supervisory frameworks for the financial sector; modernizing payments systems; and improving macroeconomic statistics as a basis for better economic policy decision-making.

### **Governance and Operational Arrangements**

The RTACs' governance structure is designed to promote member countries' ownership, partner involvement and the Center's accountability. Strategically guided by SC, consisting of representatives from beneficiary countries, partners, and the IMF, RTACs facilitate coordination of the design, implementation, and monitoring of CD programs in member countries (including many fragile states). Broad capacity development needs and work plans are identified in conjunction with the SC and in close coordination with the IMF's area and TA departments. All RTAC CD is both integrated into the core lending and surveillance operations of the Fund and closely coordinated with CD from IMF HQ (including CD provided by the Fund's topical trust funds). Backstopped and supported by HQ experts and services, RTACs have become a highly



successful model of delivering well targeted, effective, efficient, and responsive IMF TA and training.

**The Middle East Regional Technical Assistance Center (METAC)** was established in Beirut, Lebanon, in 2004 to serve ten countries/territories in the Middle East: Afghanistan, Egypt, Iraq, Jordan, Lebanon, Libya, Sudan, Syria, WBG, and Yemen. METAC's main objective is to help strengthen capacity for effective macroeconomic and financial management in the region, and to support the region's integration into the world economy. A particular focus is to help post-conflict countries in the region achieve macroeconomic stability and develop basic institutions for policymaking. METAC is designed to enhance coordination among development partners and to promote effective implementation of economic initiatives within the Middle East region. METAC's current program cycle is financed by contributions from the European Investment Bank, the European Union, France, Germany, the IMF, Kuwait, Oman, the USAID, the host country Lebanon, and beneficiary countries.

### **Current Areas of Activity**

METAC's current activities focus on the delivery of TA and training (regional and in-country) in the areas of banking supervision, PFM, RA, and macroeconomic statistics. Until October 2012, METAC provided CD in the area of improving debt management and developing money markets for efficient financing of governments' needs and for better conduct of monetary policy.

**Banking Supervision:** METAC assists member countries in creating a sound banking supervision environment to maintain public trust and confidence in the banking sector. This includes enhancing banking supervision procedures in accordance with international best practices; building the capacity of bank examiners through training, seminars, and workshops; strengthening the examination process through the development of new financial statements and early warning systems (EWS); and developing credit registry systems for better monitoring of credit risk.

**Public Financial Management:** METAC supports member countries in building capacity for reforms in budget preparation and execution, to improve expenditure control and revenue monitoring. This includes improving organization and providing capacity building at ministries of finance; improving financial accounting and reporting; strengthening internal and external control mechanisms; reforming budgeting and accounting classifications; and improving treasury systems.

**Revenue Administration:** METAC provides technical advice in planning and implementing revenue administration reforms by enhancing the organization and procedures of revenue administrations; implementing effective compliance control tools for tax collection; and developing legislative frameworks for tax administration.

**Multi Sector Statistics:** The main purpose of CD in the area of statistics is to improve the overall quality of macroeconomic statistics and to promote the use of internationally-accepted concepts and statistical methodologies. This encompasses the development of data compilation and dissemination procedures, the identification of emerging data sources, the preparation and verification of data, and the documentation of data sources and compilation methods.

## ANNEX II: LOG FRAMES

Improve institutional and human capacity for effective macroeconomic policy that aims to achieve a higher and sustainable growth in the region and to respond to the needs of the population while preserving macroeconomic stability.

1. Achieve a more risk-oriented banking supervision and a regulatory framework that enhances financial stability; and support long-term capacity building to efficiently supervise, monitor and assess the soundness of conventional and Islamic banks and to reduce financial sector vulnerabilities.
2. Establish an integrated budget planning and management process that effectively links policies to public resource allocation, and develop further treasury systems, including government banking arrangements, commitment controls and financial management information systems.
3. Improve revenue performance through enhancing strategic focus and optimizing the allocation and development of resources and systems, and increase taxpayer compliance through enhanced transparency and governance procedures.
4. Bring member countries closer to compliance with international standards for the compilation of ESS, NA and price statistics.

1. Restoration of political and security stability in a number of METAC countries that would allow delivery of TA in a timely manner.
2. Sufficient ownership of reform measures by country authorities and commitment to provide resources to carry out their duties and implement reform measures.
3. Mobilization of sufficient financing for METAC.
4. Complementary TA by HQ and other TA providers is available.



<b>Inputs</b>	<b>Assumptions/Risks</b>
Resident advisor in banking supervision.	a. Political stability and security conditions allow the delivery of METAC TA and the implementation of needed reforms.
Short-term experts.	b. Supervisory authorities support the implementation of projects assisted by METAC, show continued commitment to apply the new manuals and the draft regulations, and take all necessary actions in a timely way to put METAC's recommendations into effect.
Collaboration/participation in HQ missions.	c. Banking supervisors make good use of the knowledge and TA provided by METAC and apply them effectively in the course of supervising banking and financial activities.
<b>Outputs</b>	d. Sufficient financing for METAC is mobilized.
Draft laws, regulations, reports and manuals.	
Workshops, seminars and on-the-job training.	



Inputs	Assumptions/Risks
One resident advisor in real sector statistics. Short-term experts (price statistics and ESS). HQ-based diagnostic missions and backstopping.	<ol style="list-style-type: none"> <li>1. Sufficient ownership of reforms by country authorities, including implementation of missions' recommendations.</li> <li>2. Sufficient funding for METAC activities.</li> <li>3. Complementary HQ and other donors' TA are available. Statistics Real Sector Department of the DfID project will collaborate with METAC and provide complementary TA in NA (Afghanistan and Yemen) and price statistics (Afghanistan, Iraq, and WBG).</li> <li>4. Initial work with the four new member countries will entail diagnostic missions to determine further TA needs.</li> <li>5. Political/security conditions in member countries allow for TA delivery and reform implementation.</li> </ol>
<b>Outputs</b>	
TA reports. Hands-on training. Country workshops. Regional workshops and seminars.	





<b>Inputs</b>	<b>Assumptions/Risks</b>
Short-term experts	<ol style="list-style-type: none"> <li>1. <b>Assumptions</b> <ol style="list-style-type: none"> <li>a. Country authorities remain committed to the implementation of the PFM reform agenda.</li> <li>b. Political conditions in member countries allow for TA delivery and reform implementation.</li> </ol> </li> <li>2. <b>Risks</b> <ol style="list-style-type: none"> <li>a. The authorities face major challenges in the fiscal area, mainly as a result of recent political, economic, and security developments in the region. These developments may impede the implementation of a comprehensive PFM reform agenda because of the need to focus on urgent policy issues rather than on medium-term oriented fiscal structural reforms.</li> <li>b. HQ-based TA, backstopping and guidance available in particular on diagnostic assessments, institutional framework, and PFM reform strategies.</li> </ol> </li> </ol>
HQ-based diagnostic missions and backstopping	
<b>Outputs</b>	
TA reports.	
Draft regulations and manuals.	
Hands-on training.	
Country workshops.	
Regional workshops and seminars.	



<b>Inputs</b>	<b>Assumptions/Risks</b>
Resident Advisor	<ul style="list-style-type: none"> <li>a. Continued commitment to reform objectives by country authorities and resident advisors.</li> <li>b. Continued funding for METAC activities.</li> <li>c. Complementary TA from HQ and other donors.</li> <li>d. Political/security conditions in member countries allow for TA delivery and reform implementation.</li> <li>e. Sufficient funding available to support resourcing of reform programs.</li> </ul>
Short-term experts	
<b>Outputs</b>	
TA Reports, including implementation plans	
Training interventions	
Regional and country workshops	

## ANNEX III: METAC WORK PLAN FOR FY2017

May 2016 - April 2017

TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Tentative Date	LTX	STX	TOTAL
<b>Regional Activities</b>									
Banking Supervision	Prerequisite for effective supervision of Islamic banks	Workshop on prerequisite for effective Islamic banking supervision		Enhanced institutional capacity	Delivered workshop, TA materials: presentations, case studies, exercises	Q3	3	2	5
Public Financial Management	Strengthen Planning and Budget Practices	Workshop on monitoring and management of fiscal risks		Enhanced institutional capacity	Delivered workshop, TA materials: presentations, case studies, exercises	Q2	3	2	5
Revenue Administration	Enhance Strategic Management capability in Tax Administration	Workshop on Performance Measurement and Management in Tax Administration		Enhanced institutional capacity	Delivered workshop, TA materials: presentations, case studies, exercises	Q4	3	2	5
Statistics	Improve compilation and dissemination of NA according to the international standards	Workshop: NA		Enhanced institutional capacity	Delivered workshop, TA materials: presentations, case studies, exercises	Q4	3	2	5
<b>Regional Activities Total</b>							<b>12</b>	<b>8</b>	<b>20</b>

TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Tentative Date	LTX	STX	TOTAL
<b>Afghanistan</b>									
Banking Supervision	Improve off-site supervision and detect vulnerable banks at an early stage	Training on dealing with problem and weak banks	The DAB can identify and detect weak banks at an early stage and enhance financial stability	Enhanced institutional capacity; Presentations and materials to be provided to DAB supervisors	Delivered training and mission's report	Q3	1	1	2
Public Financial Management	Improve planning, appraisal, selection, and implementation of public investments	TA on strengthening planning, execution and monitoring of investment expenditure	Improvement of the PEFA PI-11: Public investment management	Regulations that require comprehensive plans for the full life-cycle costs of the investment exist and are partially implemented and included in Ministries, Departments or Agencies project proposals	TA	Q4	2	1	3

TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Tentative Date	LTX	STX	TOTAL
Statistics	Improve compilation and dissemination of NA according to the international standards	Training: NA compilation issues, with DfID	Staff capacity increased through training, especially on developing source data, compilation methods, and dissemination	Enhanced staff capacity in assessment of source data and compiling NA	TA materials: presentations, case studies, exercises	Q1	2	1	3
		Annual NA: rebasing NA time series, with DfID	Data are compiled using the concepts and definitions of the latest manual/guide: rebased NA	Data sources assessed, organized and integrated in the NA compilation framework for the new base year	TA report, Project Framework Summary (PFS) updated	Q3	2	1	3
	Improve compilation and dissemination of price statistics according to the international standards	CPI: updating weighting system, with DfID	Data are compiled using the concepts and definitions of the 2004 CPI Manual	Weighting system updated	TA report	Q2	1	1	2
	Improve compilation and dissemination	Balance of Payments: assessment of sources and	Data are compiled using the concepts and	Source data and methods assessed	TA report, PFS	Q4	1	2	3

<b>TA AREA</b>	<b>Objective</b>	<b>Description /Activity</b>	<b>Medium-Term Outcome</b>	<b>Milestones</b>	<b>Output</b>	<b>Tentative Date</b>	<b>LTX</b>	<b>STX</b>	<b>TOTAL</b>
	of ESS according to the international standards	methods	definitions of the latest manual/guide						
<b>Afghanistan Total</b>							<b>9</b>	<b>7</b>	<b>16</b>





TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Tentative Date	LTX	STX	TOTAL
Public Financial Management	Strengthen macro-fiscal forecasting and budget practices	METAC/FAD TA mission to cover: (i) increasing credibility of budgets and improving allocation decisions through tighter links between the annual budget and strategic priorities; (ii) setting the annual budget in the context of robust MTFs; (iii) establishing programs focused on outputs and outcomes; and (iv) improving public investment decision-making and management	A more credible MTBF is integrated with the annual budget process	Sectoral strategies exist for sectors representing at least 50% of primary expenditure with full costing of recurrent and investment expenditure as a basis for annual and medium-term budget proposals	TA	Q2	2	1	3

TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Tentative Date	LTX	STX	TOTAL
	Build Treasury Directorate capacity to develop accurate in-year cash plans with what-if scenario analysis	Assist with cash management	Active cash management techniques are adopted by the Treasury Directorate	Treasury Directorate has a good understanding of the active cash management techniques and is able to prepare what-if scenario on Excel	TA	Q4	2	1	3
Revenue Administration		Support compliance planning in the LTO and MTOs				Q3	2	2	4
Statistics	Improve compilation and dissemination of NA according to the international standards	NA: assessment of sources and methods	Data are compiled using the concepts and definitions of the latest manual/guide:	Sources and methods for compiling annual and quarterly accounts assessed	TA report, PFS	Q2	3	-	3
	Improve compilation and dissemination of price statistics	CPI: updating weights	Data are compiled using the concepts and definitions of the 2004 CPI Manual	Data sources for updating weighting system updated	TA report, PFS	Q3	1	2	3
<b>Algeria Total</b>							<b>13</b>	<b>8</b>	<b>21</b>



<b>TA AREA</b>	<b>Objective</b>	<b>Description /Activity</b>	<b>Medium-Term Outcome</b>	<b>Milestones</b>	<b>Output</b>	<b>Tentative Date</b>	<b>LTX</b>	<b>STX</b>	<b>TOTAL</b>
Statistics	Improve compilation and dissemination of NA according to the international standards	NA: assessment of sources and methods	Data are compiled using the concepts and definitions of the latest manual/guide:	Sources and methods for compiling NA assessed	TA report, PFS	Q4	3	-	3
<b>Djibouti Total</b>							<b>8.5</b>	<b>5</b>	<b>13.5</b>

TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Tentative Date	LTX	STX	TOTAL
<b>Egypt</b>									
Banking Supervision	Develop capacity on Basel II/III standards and guidelines, particularly on advanced approaches to assess and measure banks' risks	Training on the advanced approaches related to credit risk measurement and assessment	The CBE has skilled and experienced supervisors able to efficiently supervise and examine banks	Qualified and well trained supervisors	Presentations to be delivered and missions' reports	Q2	1.5	1	2.5
		Training on the advanced approaches related to market risk measurement and assessment				Q1	1.5	1	2.5
		Training on the assessment of internal audit function at banks				Q2	1.5	1	2.5
Public Financial Management	Strengthen Identification, Monitoring, and Management of Fiscal Risks	FAD/ METAC follow-up mission to assist the authorities (a) budget preparation; and (b) fiscal risk management	Central fiscal oversight and analysis of sub-national governments and public corporation is strengthened	A fiscal risk flash report is produced on a quarterly basis	TA	Q1	2	2	4
	Improve PFM laws and institutions	TA on Budget legislation	A more comprehensive legal framework covering all stages of the PFM cycle is enacted	Fiscal Transparency Evaluation (FTE)	TA	Q3	3	2	5

TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Tentative Date	LTX	STX	TOTAL
Revenue Administration	Support the implementation of VAT	Follow-up mission on VAT compliance	VAT compliance in registration, filing, payment and reporting in line with international good practice norms	Compliance plan approved and implemented	TA	Q1	2	2	4
	Improve management of tax arrears	Analyze debt stock, and develop strategies and implementation timetable for debt reduction and debt prevention	Improved tax collection and reduced arrears	ETA has an established compliance and debt management strategy against which results are regularly reported	TA	Q2	2	2	4
	Improve Customs operations	Develop costed IT plan for Customs	Multi-year planning horizon for Customs IT investment	IT strategy and investment plan prepared and approved	TA	Q3	2	2	4
Statistics	Improve compilation and dissemination of NA according to the international standards	Annual NA	Data are compiled using the concepts and definitions of the latest manual/guide: Integration of SUT into annual estimates	Source data and compilation procedures for annual accounts assessed	TA report, PFS updated	Q4	2	-	2
		Annual NA: Supply-use tables	Data are compiled using the concepts and definitions of the latest manual/guide: SUT are compiled in current and constant prices	Source data and compilation procedures for SUT assessed	TA report, PFS updated	Q4	2	-	2

TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Tentative Date	LTX	STX	TOTAL
	Improve compilation and dissemination of price statistics according to the international standards	CPI: improving data collection, selection of outlets, quality adjustments	Data are compiled using the concepts and definitions of the 2004 CPI Manual	Data collection, outlet selection procedures, and methods for quality adjustments improved	TA report, PFS on further development of price statistics updated	Q1	1	2	3
<b>Egypt Total</b>							<b>20.5</b>	<b>15</b>	<b>35.5</b>

TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Tentative Date	LTX	STX	TOTAL
<b>Iraq</b>									
Banking Supervision	Upgrade and improve the regulatory framework in banking supervision	Develop new supervisory regulations and upgrade the existing ones in line with BCBS standards and best practices	The CBI regulatory framework is in line with BCBS guidelines and standards and best practice in banking supervision	Improved prudential regulations in line BCBS standards and best practices, and skilled supervisors able to assess the implementation of these regulations efficiently	Updated and upgraded prudential regulations and mission's report	Q2	1.5	1	2.5
Public Financial Management	Adopt a modern PFM Law in line with International good practices	Follow-up TA mission to review the latest version of the draft law along the recommendations included in FAD report (December 2015)	Draft Law approved by Parliament	MoF to approve final PFM draft law in line with World Bank and IMF recommendations	TA	Q1	2	1	3
Statistics	Improve compilation and dissemination of NA according to the international standards	Annual NA: enhance data sources	Data are compiled using the concepts and definitions of the latest manual/guide	Source data and procedures for annual GDP estimates by final expenditure categories at current and constant prices assessed	TA report, PFS updated	Q3	2	-	2
	Improve compilation and dissemination of price statistics according to the international standards	Consumer price/Producer price: improve compilation procedures, with DfID	Data are compiled using the concepts and definitions of the 2004 CPI Manual and 2004 PPI Handbook: Improved coverage of price indices	Better used classification standards, consistent aggregation of the regional indexes into the national index, and an appropriate index formula applied	TA report	Q3	-	1	1



TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Tentative Date	LTX	STX	TOTAL
				at the elementary levels					
	Improve compilation and dissemination of ESS according to the international standards	Balance of Payments: enhance accuracy of the data	Data are compiled using the concepts and definitions of the latest manual/guide	Minimized errors and commissions	TA report, PFS updated	Q2	-	2	2
<b>Iraq Total</b>							<b>5.5</b>	<b>5</b>	<b>10.5</b>

TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Tentative Date	LTX	STX	TOTAL
<b>Jordan</b>									
Banking Supervision	Improve off-site supervision and detect vulnerable banks at an early stage	Capacity building in stress testing and assessing individual banks vulnerabilities under stressed conditions	The CBJ supervisors can detect at an early stage unsafe and vulnerable banks that could pose risks to the banking system	Enhanced internal system and practices to monitor banks and assess their vulnerabilities under stressed conditions	Training materials and mission's report	Q2	1	1	2
		Follow up on the implementation of EWS and capacity-building on stress testing. Assist in developing an EWS and capacity building on stress testing	The CBJ supervisors can detect at an early stage unsafe and vulnerable banks that could pose risks to the banking system			Q3	1	1	2
Public Financial Management	Classify trust accounts adequately to measure their impacts on fiscal discipline; and improve financial reporting by adopting accounting standards compliant with the cash-basis IPSAS	Follow-up mission on IPSAS and Trust Accounts	The authorities to implement cash-basis IPSAS for the 2016 financial statements by mid-2017	Compliance with all requirements of Phase II of the Jordanian Road Map for IPSAS Implementation for the financial statements for the year 2015 and following years	TA	Q3	3	2	5
			The level of unreported extra-budgetary expenditure and revenue is between 1% and 5% of total expenditure						
Revenue Administration	Improve ISTD performance based on TADAT analysis	Agree priorities arising from TADAT assessment and draft TA support program	Coordinated TA support program	TA support plan approved by ISTD and agreed with key donors	TA	Q2	2	2	4
	Improve service delivery measurement and management in	Introduce enhanced methods and procedures for acquittal, release and performance reporting	Improved release times and service delivery standards	Improved procedures developed, documented and	TA	Q3	2	2	4

TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Tentative Date	LTX	STX	TOTAL
	Jordan Customs			staff trained					
Statistics	Improve compilation and dissemination of NA according to the international standards	Annual and quarterly NA: rebase of time series	Data are compiled using the concepts and definitions of the latest manual/guide:	NA time series rebased to 2010; quarterly time series benchmarked to annual GDP estimates	TA report	Q1	1	2	3
	Improve compilation and dissemination of price statistics according to the international standards	CPI: improve compilation procedures	Data are compiled using the concepts and definitions of the 2004 CPI Manual	Regularly updated CPI	TA report	Q3	1	2	3
<b>Jordan Total</b>							<b>11</b>	<b>12</b>	<b>23</b>

TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Tentative Date	LTX	STX	TOTAL
<b>Lebanon</b>									
Banking Supervision	Further enhance the supervisory framework and implement RBS	Assist in the implementation of the risk-based inspection manual	The BCCL has an efficient on-site supervisory framework based on forward looking assessment of Banks' risks	New risk-based supervisory manual	Risk-based supervisory manual and mission's report	Q1	1	1	2
	Build the capacity of the BCCL supervisors to efficiently supervise and assess banking risks	CD on stress testing	The BCCL is able to identify vulnerable banks at an early stage and adequately assess banks capital adequacy under stressful conditions	Delivered training and skilled and qualified supervisors	Delivered training and mission report	Q2	1	1	2
		CD on consolidated and cross-border supervision	The BCCL is able to assess banks risks on consolidated basis and banks supervisors are adequately trained to supervise cross-border banks subsidiaries			Q3	1	1	2
Public Financial Management	Strengthen capacity of the Macro-Fiscal Unit (MFU)	Training on monitoring and management of fiscal risks	Fiscal Risk Statement is published on an annual basis	Preparation of a fiscal risk statement	TA	Q1	2	1	3
	Develop PFM reform plan	Assessment mission	PFM reform plan updated	Action plan approved by MoF	TA	Q4	3	2	5
Revenue Administration	Reduce refund fraud risk	Review current systemic weaknesses in the area of refund fraud, and develop enhanced risk management procedures	Reduced revenue leakage arising from refund fraud	Improved procedures developed, documented and staff trained	TA	Q2	3	2	5
	Provide strategically focused framework for	TADAT assessment	Agreed program of development partner interventions	TADAT PAR and agreed support strategy	TA	Q1	3	6	9

TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Tentative Date	LTX	STX	TOTAL
	future development								
Statistics	Improve compilation and dissemination of NA according to the international standards	Annual NA: CD in using administrative source data	Data are compiled using the concepts and definitions of the latest manual/guide	Enhanced compilation capabilities of staff	TA report	Q1	3	-	3
		Annual NA: CD in using administrative source data, follow up	Data are compiled using the concepts and definitions of the latest manual/guide	Enhanced compilation capabilities of staff	TA report	Q3	3	-	3
	Improve compilation and dissemination of price statistics according to the international standards	PPI, Training and CPI	Data are compiled using the concepts and definitions of the 2004 PPI Handbook	Enhanced staff capacity in assessment of source data and compiling NA	TA materials: presentations, case studies, exercises	Q2	-	2	2
<b>Lebanon Total</b>							<b>20</b>	<b>16</b>	<b>36</b>

TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Tentative Date	LTX	STX	TOTAL
<b>Libya</b>									
Banking Supervision	Build the capacity of the CBL supervisors to efficiently supervise and assess Islamic banking risks	Capacity-building in risk management and supervisory requirements in Islamic banks.	CBL supervisors are capable to supervise Islamic banks operations and efficiently asses their risks	Delivered training and skilled and qualified supervisors able to assess Islamic banks risks	Delivered training and mission report	Q4	1	1	2
Statistics	Improve compilation and dissemination of NA towards international standards and good practices	Annual NA, assessment of sources and methods	Data are compiled using the concepts and definitions of the latest manual/guide	Assessed source data and procedures for GDP estimates current and constant prices	TA report, PFS updated	Q2	3	-	3
<b>Libya Total</b>							<b>4</b>	<b>1</b>	<b>5</b>



TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Tentative Date	LTX	STX	TOTAL
Statistics	Improve compilation and dissemination of NA according to the international standards	NA: assess sources and methods	Data are compiled using the concepts and definitions of the latest manual/guide	Sources and methods for compiling annual and quarterly accounts assessed	TA report, PFS	Q3	3	-	3
	Improve compilation and dissemination of price statistics according to the international standards	CPI: update weights	Data are compiled using the concepts and definitions of the 2004 CPI Manual	Data sources for updating weighting system updated	TA report, PFS	Q1	1	2	3
<b>Morocco Total</b>							<b>14</b>	<b>7</b>	<b>21</b>



TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Tentative Date	LTX	STX	TOTAL
<b>Sudan</b>									
Banking Supervision	Follow up on the implementation of METAC's recommendations related to the credit registry and credit scoring systems	Follow up on the smooth functioning of the credit registry and the scoring systems	The CBOS is able to allocate the appropriate scoring to borrowers, collect information and data related to these borrowers and closely and efficiently monitor credit risk	Credit registry and credit scoring systems are in place and reports on borrowers' scoring and exposures in the financial sector	Mission's report.	Q3	1	1	2
	Enhance the supervisory framework and implement RBS	Upgrade the inspection manual and align it to RBS	The CBOS has an efficient risk-focused supervision framework based on forward looking assessment of Banks' risks	New risk-based supervisory manual	Mission's report	Q4	1.50	1	2.50
Public Financial Management	Establish a TSA and Modernize Cash Management	Follow-up mission to review progress on TSA and provide guidance	TSA established	TSA action plan approved by MoF	TA	Q2	2	1	3
	Strengthen Macro fiscal forecasting and budget practices.	FAD/METAC Follow- up mission to assist the authorities on (a) budget preparation and (b) MTFE	An MTFE is developed and updated on a regular basis	Improve staff capacity in macroeconomic analysis	TA	Q4	2	1	3
Revenue Administration	Consolidate developments in Sudan Customs	Follow-up mission based on recommendations in FY16 report	Improved capacity in defined areas of Customs operation	Agreed plan for future engagement and intervention	TA	Q4	2	2	4

Statistics	Improve compilation and dissemination of NA according to the international standards	Annual NA, rebasing GDP time series	Data are compiled using the concepts and definitions of the latest manual/guide: Rebasing annual NA, improved timeliness	Regional business survey results assessed for integration in new base year GDP estimates	TA report	Q2	2	1	3
		Annual NA, rebase GDP time series, follow up	Data are compiled using the concepts and definitions of the latest manual/guide: Rebasing annual NA improved timeliness	Preliminary GDP estimates 2013-2014 revised, based on the new source data	TA report	Q4	1	1	2
	Improve compilation and dissemination of price statistics according to the international standards	CPI: improve methodological compliance	Data are compiled using the concepts and definitions of the 2004 CPI Manual	Improved methodological compliance, staff trained	TA report	Q3	1	2	3
<b>Sudan Total</b>							<b>12.5</b>	<b>10</b>	<b>22.5</b>

TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Tentative Date	LTX	STX	TOTAL
<b>Tunisia</b>									
Banking Supervision	Improve the CBT supervisory and regulatory frameworks and Implement risk-based and consolidated supervision	Assist in developing a risk-based and consolidated supervision framework and provide training to the CBT examiners in this subject	The CBT has an efficient risk-focused supervision framework based on forward looking assessment of Banks' risks, and skilled banks examiners	Improved banks supervision system based on forward looking assessment of banks risks	Mission's report	Q1	1.5	1	2.5
					Mission's report	Q2	1.5	1	2.5
Public Financial Management	Extend the horizon of fiscal and budgetary forecasts; and state and report on measurable medium-term fiscal policy objectives	Assist with further development of medium term expenditure frameworks and program budgets	Measurable fiscal policy objectives for the medium-term are established	The MTBF is used on a rolling basis for budget preparation	TA	Q1	3	2	5
	Develop MoF's capacity in the areas of TSA, cash management and fiscal risk management	Assist with TSA and cash management, identify main fiscal risks in Tunisia and provide advice on the institutional framework for monitoring and managing these risks	Fiscal Risk Statement is published on an annual basis	Preparation of a fiscal risk statement that provides a consolidated view of all major risks to public finances	TA	Q3	2.5	1.5	4
Revenue Administration	Improve tax compliance and taxpayer service levels	Support the establishment of an integrated Large Taxpayer Office	Improved tax collection	Compliance planning introduced, compliance monitored and collections		Q4	2	2	4

TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Tentative Date	LTX	STX	TOTAL
				increased					
Statistics	Improve compilation and dissemination of NA according to the international standards	NA: assess sources and methods	Data are compiled using the concepts and definitions of the latest manual/guide	Sources and methods for compiling annual and quarterly accounts assessed	TA report, PFS	Q3	3	-	3
	Improve compilation and dissemination of price statistics according to the international standards	CPI: update weights	Data are compiled using the concepts and definitions of the 2004 CPI Manual	Data sources for updating weighting system updated	TA report, PFS	Q4	1	2	3
<b>Tunisia Total</b>							<b>14.5</b>	<b>9.5</b>	<b>24</b>

TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Tentative Date	LTX	STX	TOTAL
<b>West Bank and Gaza</b>									
Banking Supervision	Implement RBS and enhance risk management culture at the PMA	Assist in the establishment of an enterprise risk management (ERM) framework at the PMA	The PMA has a modern and up to date risk management function	Inspection manual	Drafted inspection manual.	Q2	1	1	2
				On-the job training on the implementation of the RBS	Mission report.	Q4	1	1	2
Public Financial Management	Develop PFM reform plan	Follow-up mission to assist the authorities in reviewing the PFM reform plan	PFM reform plan updated	PFM reform plan updated	TA	Q2	1	1	2
Revenue Administration	Develop the application of automated risk assessment for compliance management	Provide TA input to guide the development of the automated Revenue Management System based on international good practice experience	Enhanced capacity in the Tax Administration to use automated risk management	Development of the Risk Management module in the RMS	TA	Q2	2	2	4
	Introduce risk management in WBG Customs	Provide TA to advise on the structure and staffing of a Risk Management Unit within WBG Customs	More strategically focused Customs operations	Risk Management Unit structure approved and staffed	TA	Q1	2	2	4
	Prepare Customs files to support successful	Develop file preparation standards that support the requirements of successful prosecution	Increase in number and proportion of Customs cases successfully prosecuted in court	Standards developed, and manuals prepared and	TA	Q2	2	2	4

TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Tentative Date	LTX	STX	TOTAL
	prosecution outcomes			introduced					
Statistics	Improve compilation and dissemination of NA according to the international standards	Annual NA: rebase annual and quarterly time series	Data are compiled using the concepts and definitions of the latest manual/guide	Rebased annual and quarterly NA	TA report	Q3	3	-	3
		Annual NA: assess data sources for generation of income accounts	Data are compiled using the concepts and definitions of the latest manual/guide: enhanced NA compilation framework	Source data assessed for compilation of generation of income accounts	TA report	Q4	1	2	3
	Improve compilation and dissemination of price statistics according to the international standards	PPI: update weights, selection of products/ producers, with DfID	Data are compiled using the concepts and definitions of the 2004 PPI Handbook	Updated PPI	TA report	Q2	1	2	3
<b>West Bank and Gaza Total</b>							<b>14</b>	<b>13</b>	<b>27</b>

TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Tentative Date	LTX	STX	TOTAL
<b>Yemen</b>									
Banking Supervision	Improve the regulatory and supervisory framework	Assist in the implementation of the medium-term action plan to enhance banking supervision	The CBY implements a regulatory framework in line with the IFSB and the BCBS recommendations	Draft supervisory regulations for Islamic and conventional banks	Drafted regulations and mission's report	Q4	1	1	2
Public Financial Management	Establish a Treasury Function	Conduct a comprehensive study and devise an action plan to transfer the Treasury function from CBY to the MoF	Treasury Function established	Action plan approved by MoF	TA	Q2	0.5	0.5	1
Statistics	Improve compilation and dissemination of price statistics according to the international standards	CPI: update weighting system, with DfID	Data are compiled using the concepts and definitions of the 2004 CPI Manual	Updated CPI	TA report	Q4	1	2	3
<b>Yemen Total</b>							<b>2.5</b>	<b>3.5</b>	<b>6</b>
<b>Total Person Weeks</b>							<b>161</b>	<b>120</b>	<b>281</b>

## ANNEX IV: UPDATED WORK PLAN FOR FY2016

### METAC FY2016 Work program

May 2015 - April 2016

TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Status	Date	LTX	STX	TOTAL
<b>Regional Activities</b>										
Banking Supervision	Cross-border and consolidated supervision.	Deliver regional workshop on cross-border and consolidated supervision.		Workshop's agenda and delivered capacity building.	Delivered training and workshop's evaluation.	Completed	Jun-15	2	2	4
	Credit registry enhancement and credit scoring.	Deliver regional workshop on credit registry and credit scoring.		Workshop's agenda and delivered capacity building.	Delivered training and workshop's evaluation.	Canceled		-	-	-



TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Status	Date	LTX	STX	TOTAL
Public Financial Management	Strengthen planning and budget practices.	Workshop on the capital budgeting process.		Workshop delivered	Workshop	Completed	Oct-15	3	3	6
	Adoption of international standards with a focus on the Government financial statistics.	Workshop on fiscal reporting and transparency.		Workshop delivered	Workshop	Completed	Mar-16	3	3	6
Revenue Administration	To encourage and facilitate the use of TADAT in preparing development strategies in tax administration.	Workshop	Raised awareness of TADAT as a strategic development tool.	Workshop delivered	Workshop	Completed	Dec-15	1.5	-	1.5
	<del>Customs workshop on single window systems.</del> Regional Tax Policy and Administration course at CEF.	HQ regional course	Increase cross-functional understanding of policy/administration issues.	Course delivered	Course	Replaced	Jan-16	1.5	-	1.5

TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Status	Date	LTX	STX	TOTAL
Statistics	Improve NA compilation.	Regional workshop on annual NA.			Training / evaluation	Completed	Mar-16	1.5	1.5	3
	<del>Improve ESS.</del> Price Statistics.	Regional workshop on IIP compilation.			Training / evaluation	Completed	Feb-16	-	-	-
<b>Regional Activities Total</b>								<b>12.5</b>	<b>9.5</b>	<b>22</b>

TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Status	Date	LTX	STX	TOTAL
<b>Afghanistan</b>										
Banking Supervision	Improve off-site supervision and detect vulnerable banks at an early stage.	Training on off-site supervision.	DAB has an efficient off-site supervisory framework including a system for detecting vulnerable banks at an early stage.	Training held and periodic reports on the status of banks.	Delivered training and mission's report.	Canceled		-	-	-
Public Financial Management	Strengthening linkages between MTFE, MTBF and how to move towards medium-term expenditure framework (MTEF).	Training on MTEF.	Approved roadmap to move to a MTEF.	Budget Department at MoF has a good understanding of top-down budgeting techniques, MTFE, MTBF and MTEF.	TA	Canceled		-	-	-
	Improve the budget classification system.	Workshop to demonstrate how the Classification of the Functions of Government (COFOG) can be used during budget preparation phases.	Strengthen Planning and Budget Practices.	Workshop delivered.	TA	Canceled		-	-	-

TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Status	Date	LTX	STX	TOTAL
Revenue Administration	<del>Customs valuation and tariff classification.</del> Join MCD mission.	Assess whether Structural Benchmark in tax administration has been met.		Advice submitted to Afghanistan Country Team.		Replaced	Feb-16	1	-	1
Statistics	Improve annual NA.	Annual NA.	Rebased NA.	NA estimates improved.	Mission report. Hands-on training.	Completed	Apr-16	2	-	2
	Improve price statistics.	CPI.	Rebased and expanded geographical coverage.	The coverage and scope of CPI improved.	Mission report. Hands-on training	Canceled		-	-	-
	Improve ESS.	Improve trade, current and capital transfers.	Improved ESS compilation.	Improved trade, current and capital transfers.	Mission report. Hands-on training.	Completed	Sep-15	2	-	2
<b>Afghanistan Total</b>								<b>5</b>	<b>0</b>	<b>5</b>

TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Status	Date	LTX	STX	TOTAL
<b>Egypt</b>										
Banking Supervision	Further strengthening the banking supervision framework.	Review, update and upgrade the current prudential and regulatory framework and align it to Pillar 2 of Basel II requirements. Review the draft supervisory review and evaluation process.	The CBE implements a strong regulatory and supervisory framework in line with Basel principles on banking supervision. The CBE is further working on strengthening and enhancing this framework, and improving the supervisory tools.	New prudential regulatory framework in line with Basel Committee on banking supervision.	Mission report and upgraded supervisory regulation.	Completed	Jun-15	2	2	4
		Review, update and upgrade the current prudential and regulatory framework and align them to Pillar 2 of Basel II requirements: review the draft concentration risk regulation and capacity building.	The CBE implements a strong regulatory and supervisory framework in line with Basel principles on banking supervision. The CBE is further working on strengthening and enhancing this framework, and improving the supervisory tools.	New prudential regulatory framework in line with Basel Committee on banking supervision.	Mission report and upgraded supervisory regulation.	Completed	Sep-15	1.5	2	3.5

TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Status	Date	LTX	STX	TOTAL
		Review, update and upgrade the current prudential and regulatory framework and align them to Pillar 2 of Basel II requirements: review the regulation on Interest Rate Risk in the Banking Book and capacity-building.	The CBE implements a strong regulatory and supervisory framework in line with Basel principles on banking supervision. The CBE is further working on strengthening and enhancing this framework, and improving the supervisory tools.	New prudential regulatory framework in line with Basel Committee on banking supervision.	Mission report and upgraded supervisory regulation.	Completed	Dec-15	1.5	2	3.5
		Develop the skills of the CBE in banking supervision and promote forward looking assessment of banks capital: capacity-building in capital planning.	The CBE implements a strong regulatory and supervisory framework in line with Basel principles on banking supervision. The CBE is further working on strengthening and enhancing this framework, and improving the supervisory tools.	Delivered training and skilled and qualified supervisors able to assess banks risks and their capital adequacy.	Mission report and upgraded supervisory regulation.	Completed	Mar-16	2	2	4

TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Status	Date	LTX	STX	TOTAL
		Develop the skills of the CBE in banking supervision and promote forward looking assessment of banks capital: capacity-building in stress testing.	The CBE implements a strong regulatory and supervisory framework in line with Basel principles on banking supervision. The CBE is further working on strengthening and enhancing this framework, and improving the supervisory tools.	Skilled and qualified supervisors able to assess banks risks and their capital adequacy.	Delivered training and mission report.	Completed	Mar-16	2	3.5	5.5
Public Financial Management	Strengthen risk management and budget planning.	Join FAD HQ mission.			TA	Replaced	Nov-15	3	-	3
		Follow up on Government Financial Management Information System (GFMS) roadmap.		Achievement of 50% of the roadmap.	TA	Canceled		-	-	-
		Follow up on GFMS roadmap.		Achievement of 75% of the roadmap.	TA	Canceled		-	-	-

TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Status	Date	LTX	STX	TOTAL
	Strengthen planning and budget practices.	Introducing program based budgeting (PBB) to four pilot ministries.	Strengthening policy-based feature of budget.	Four pilot ministries ready for migration to PBB.	TA	Completed	Oct-15	2.5	1.5	4
Revenue Administration	Support VAT introduction.	Update implementation, compliance and risk management plans.	Effective management of the VAT implementation process.	Plans updated and implemented.	TA Report	Completed	Aug-15	2	2.5	4.5
	<del>VAT refund management.</del> TADAT	Join HQ TADAT assessment team for the Egyptian Tax Authority.	TADAT assessment will be used to identify ETA development priorities, and provide a framework for future TA.	TADAT report prepared and submitted.	TA Report	Replaced	Oct-15	2	-	2
	Post TADAT mission.	Join HQ mission to follow up the TADAT Performance Assessment Report.	HQ, METAC and other development partner TA support defined for FY17.	Recommendations submitted and agreed.	TA Report	New/Completed	Apr-16	2	-	2
	Egypt Customs Authority mission.	Diagnostic assessment of ECA's current status and modernization program.	Recommendations to be used in guiding ECA's development strategy and establishing priorities for future TA.	Recommendations submitted and agreed.	TA Report	New/Completed	Nov-15	3	-	3



TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Status	Date	LTX	STX	TOTAL
	Review of ECA organization structure.	Review proposed restructuring measures in light of internationally recognized good practice.	Recommendations to be approved as part of the broader public service restructuring currently being undertaken.	Recommendations submitted and agreed.	TA Report	New/Completed	Feb-16	2	2.5	4.5
Statistics	Improve annual NA.	Annual NA.	Integration of SUT into annual estimates.	NA compilation improved.	Mission report. Hands-on training.	Canceled		-	-	-
	Improve annual NA.	SUT.	Annual SUT are compiled in current and constant prices.	NA compilation improved.	Mission report. Hands-on training.	Completed	Mar-16	2	-	2
	Improve price statistics.	CPI.	A review of the implementation of recommendations on outlet selection, system quality checks, etc.	The quality and scope of price statistics improved.	Mission report. Hands-on training.	Canceled		-	-	-

TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Status	Date	LTX	STX	TOTAL
	Compile sound DI statistics and improve IIP compilation program.	Improve DI position and flows data.	Compile sound DI statistics and improve IIP compilation program.	DI statistics improved. IIP compilation improved.	Mission report. Hands-on training.	Completed	Jun-15	2	-	2
	Improve trade and services compilation.	Review the current compilation practices.	Improve Balance of Payments Statistics.	Improved coverage of services.	Mission report. Hands-on training.	Completed	Jul-15	2	-	2
<b>Egypt Total</b>								<b>32</b>	<b>18</b>	<b>50</b>

TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Status	Date	LTX	STX	TOTAL
<b>Iraq</b>										
Banking Supervision	Review and asses the CBI prudential regulations on banking supervision.	Identify those regulations that need to be amended, upgraded or developed to be in line with BCBS standards and guidelines to enhance banking supervision in Iraq.	The CBI has an efficient regulatory framework in line with the BCBS and international best practices in banking supervision.	New prudential regulatory framework in line with BCBS on banking supervision.	TA report	New/Completed	Nov-15	2	2	4
Public Financial Management	<del>Improve the budget classification in line with the classification of the functions of the government and the <i>Government Finance Statistics Manual 2001(GFSM 2001)</i>.</del> Updating PFM reform.	Status of PFM reforms.	Budget classification is improved and permits a better tracking of expenditures according to the COFOG.	Budget department has prepared a guide explaining how to use the functional classification (Jan 2015).	TA	Replaced	May-15	3	-	3
	Finalizing the financial management law	Improving the financial management law.	Budget classification is improved and permits a better tracking of expenditures according to the COFOG.	Budget department has prepared a guide explaining how to use the functional classification (Jan 2015).	TA	New/Completed	Mar-16	2	-	2

TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Status	Date	LTX	STX	TOTAL
	Joining HQ mission	Draft PFM law, cash management, expenditure control and program budgeting.			TA	New/Completed	Nov-15	3	-	3
Statistics	Improve annual NA.	Annual NA.	Increase source data availability and review expenditure measure of GDP.	NA compilation improved.	Mission report. Hands-on training.	Completed	Jan-16	3	-	3
	Improve annual NA.	Annual NA.	Increase source data availability and review expenditure measure of GDP.	NA compilation improved.	Mission report. Hands-on training.	Canceled		-	-	-
	Improve price statistics.	CPI	Improve coverage - with DfID	The quality and coverage of price statistics improved.	Mission report. Hands-on training	Completed	Nov-15	1	2	3
	Improve ESS	Review coverage of government international transactions.	Improve data sources and coverage.	Improved coverage and quality of data.	Mission report. Hands-on training.	Completed	Mar-16	1	2	3
<b>Iraq Total</b>								<b>15</b>	<b>6</b>	<b>21</b>

TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Status	Date	LTX	STX	TOTAL
<b>Jordan</b>										
Banking Supervision	Improve off-site supervision and detect vulnerable banks at an early stage.	Follow-up on the implementation of EWS and capacity building on stress testing.	The CBJ has an efficient off-site supervisory framework including a system for detecting vulnerable banks at an early stage.	A better system to identify vulnerable banks.	Mission report.	Completed	Sep-15	1	1.5	2.5
		Follow up on the implementation of EWS and capacity-building on stress testing.	The CBJ has an efficient off-site supervisory framework including a system for detecting vulnerable banks at an early stage.	A better system to identify vulnerable banks.	Mission report.	Completed	Mar-16	1	1.5	2.5
Public Financial Management	<del>Improve the budget preparation process.</del> Capacity building in IPSAS and Trust accounts' classification.	Introducing IPSAS cash basis and providing guidance on the classification of the trust accounts.	Budget preparation follows a more disciplined, top-down sequence with a clear distinction between current and new policy.	Budget preparation calendar is amended for FY16.	TA	Replaced	Jan-16	4	5	9
Revenue Administration	Participate in the TADAT study.	METAC experts to participate in the TADAT assessment team.	Prioritized TA requirements.	Study completed.	TADAT Report.	Completed	Mar-16	1	5	6

TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Status	Date	LTX	STX	TOTAL
	<del>Consolidation of the risk-management function in the ISTD.</del> National workshop on TADAT.	Deliver TADAT training workshop to prepare ISTD staff to participate in a TADAT assessment.	Trained counterparts to participate in the TADAT assessment and assist in institutionalizing the TADAT approach in ISTD.	Workshop delivered.	Workshop	Replaced	Dec-15	2	-	2
	Assess impediments to maintaining an accurate taxpayer register.	Improve accuracy of taxpayer data for compliance management.	Improved accuracy of data in the taxpayer register.	Recommendations agreed.	TA Report.	New/Completed	Nov-15	2	2.5	4.5
	<del>Promote the use of indirect audit techniques.</del> Develop the Intelligence function in Jordan Customs.	Support the development of a well-structured intelligence function.	Target' structure agreed and approved.	Recommended structure implemented.	TA Report.	Replaced	Feb-16	2	2.5	4.5
Statistics	Improve QNA.	QNA	Rebased quarterly GDP.	NA compilation improved.	Mission report. Hands-on training.	Completed	Jan-16	2	3	5
	Improve price statistics.	CPI	Continue improvements in quality of CPI and capacity building.	the quality and scope of price statistics improved	Mission report. Hands-on training.	Canceled		-	-	-
<b>Jordan Total</b>								<b>15</b>	<b>21</b>	<b>36</b>

TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Status	Date	LTX	STX	TOTAL
<b>Lebanon</b>										
Banking Supervision	Further enhancing the supervisory framework and implement RBS (includes 12 work from home missions).	Update the supervisory inspection manual and further align it with risk-based approach.	The BCCL has an efficient on-site supervisory framework based on forward looking assessment of Banks' risks.	New risk-based supervisory manual.	Risk-based supervisory manual and mission's report.	Completed	Jun-15	1	5	6
		Update the supervisory inspection manual and further align it with risk-based approach.	The BCCL has an efficient on-site supervisory framework based on forward looking assessment of Banks' risks.	New risk-based supervisory manual.	Risk-based supervisory manual and mission's report.	Completed	Jan-16	1	5	6
Public Financial Management	Strengthening capacity of the MFU.	Training on (a) methodology for forecasting government revenues and expenditures; and (b) analysis of policies' efficiency and repercussion on the economy.	A top-down, multi-year budget preparation process is adopted.	Macro-Fiscal Department has a good understanding of top-down budgeting techniques, MTFF, MTBF and MTEF.	TA	Completed	Jun-15	3	2	5
		Review and improve the accounting procedures used by the PAD.	Strengthening capacity of the PAD.	New accounting procedures adopted and enforced by the MoF.	Recommendations accepted and capacity built.	TA	Completed	Sep-15	3	2

TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Status	Date	LTX	STX	TOTAL
Revenue Administration	Compliance modeling in income tax.	Review the development and deployment of compliance management resources based on a risk-based analysis of the reasons for non-compliance.	Comprehensive compliance management planning based on a broad based understanding and analysis of compliance risks.	Recommendations accepted and implemented.	TA Report.	Completed	Jun-15	2	2.5	4.5
	Promote the use of indirect audit techniques.	Develop the use of techniques for raising assessments of tax liability in cases of suspected fraud and incomplete taxpayer records.	Increased capacity to raise defensible assessments of taxpayer liability.	Recommendation accepted and capacity built.	TA Report.	Completed	Oct-15	2	2.5	4.5
	<del>Document the coordinated treatment of financial issues in the oil &amp; gas sector.</del> National workshop on TADAT.	Deliver TADAT training workshop to prepare ISTD staff to participate in a TADAT assessment.	Trained counterparts to participate in the TADAT assessment and assist in institutionalizing the TADAT approach in ISTD.	Workshop delivered.	Workshop	Replaced	Mar-16	1.5	-	1.5
STA	Improve annual NA.	Annual NA.	Increase source data availability (business financial statements).	NA compilation improved.	Mission report. Hands-on training.	Completed	Mar-16	3	-	3
	Improve annual NA.	Annual NA.	Improve estimates for latest year.	NA compilation improved.	Mission report. Hands-on training.	Canceled		-	-	-



TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Status	Date	LTX	STX	TOTAL
	Improve price statistics.	CPI	Continue improvements in quality of CPI and capacity-building.	The quality and scope of price statistics improved.	Mission report. Hands-on training.	Canceled		-	-	-
<b>Lebanon Total</b>								<b>17</b>	<b>19</b>	<b>35.5</b>

TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Status	Date	LTX	STX	TOTAL
<b>Libya</b>										
Banking Supervision	Building the capacity of the CBL staff in understanding Islamic banking services and risks.	Capacity-building in risk management and supervisory requirements in Islamic banks.	CBL supervisors are capable to supervise Islamic banks operations and efficiently asses their risks.	Delivered training and skilled and qualified supervisors able to assess Islamic banks risks.	Delivered training and mission report.	Completed	Jul-15	1	1	2
		Training on Sharia supervision.	CBL supervisors are capable to supervise Islamic banks operations and efficiently asses their risks.	Delivered training and skilled and qualified supervisors able to assess Islamic banks risks.	Delivered training and mission report.	Completed	Jul-15	1	1	2
Public Financial Management	Establish a TSA and modernize cash management.	Assist with the development of TSA strategy and its implementation plan.	TSA established.	Idle bank balances are eliminated (April 2015).	TA	Canceled		-	-	-
Statistics	Improve annual NA.	Annual NA.	Assessment of methodology and source data.	NA compilation improved	Mission report. Hands-on training.	Canceled		-	-	-

TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Status	Date	LTX	STX	TOTAL
	Improve price statistics.	CPI.	Continue improvements in quality of CPI and capacity-building.	The quality and scope of price statistics improved.	Mission report. Hands-on training.	Canceled		-	-	-
	Improving balance of payments and IIP compilation program.	Improving balance of payments statistics and initiating compilation of an IIP.	The quality of balance of payments has improved gradually. • A DI survey has been conducted • Libya compiles and publishes an IIP.	The population of companies to be included in a DI survey has been identified • First IIP statement compiled and published	Mission report. Hands-on training.	Canceled		-	-	-
<b>Libya Total</b>								<b>2</b>	<b>2</b>	<b>4</b>

TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Status	Date	LTX	STX	TOTAL
<b>Sudan</b>										
Banking Supervision	Upgrading the credit registry functioning.	Assess and select a preferred vendor for credit scoring system.	The CBOS is able to allocate the appropriate scoring for borrowers and closely and efficiently monitor credit risk.	Credit scoring system in place and reports on borrowers' scoring.	Mission report.	Completed	May-15	2	3	5
		Follow-up on the smooth functioning of the credit scoring system and the credit registry.	The CBOS is able to allocate the appropriate scoring for borrowers and closely and efficiently monitor credit risk.	Credit scoring system in place, reports on borrowers' scoring, and a well-functioning CRS.	Mission report.	Completed	Feb-16	2	2	4
	Improving the regulatory and supervisory framework.	Capacity-building in stress testing.	The CBOS has the capacity to assess operating banks resilience in time of stress and their capital adequacy.	Delivered Training.	Delivered training and mission report.	Completed	Mar-16	1.5	1.5	3
Public Financial Management	<del>Reliable and timely financial reports.</del> HQ mission on PFM.	TSA, cash flow forecasting, budget preparation and fiscal reporting reforms.			TA	Replaced	Jul-15	3	6	9

TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Status	Date	LTX	STX	TOTAL
	Development of a MTFF.	Developing MTFF.	An MTFF is developed and updated on a regular basis.	Improve staff capacity in macroeconomic analysis.	TA	Completed	Aug-15	3	2	5
Revenue Administration	Support the rationalization of the debt register, and promote better debt management.	Review tax arrears records and make recommendations for a clean-up of the debt register.	More accurate and up-to-date information available for the management and control of tax debt.	Recommendation agreed and adopted.	TA Report.	Canceled		-	-	-
	<del>Introduce performance measurement and management in the Sudan Taxation Chamber.</del> Improved use of risk management in Sudan Customs.	Access progress in the pilot implementation of the risk management system	Risk management introduced as a basis for supporting better Customs compliance management, including the introduction of the WTO valuation method	Assessment conducted and recommendations adopted	TA Report.	Replaced	May-15	1.5	2.5	4

TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Status	Date	LTX	STX	TOTAL
	Support the application of the WTO valuation system in Sudan Customs and diagnostic assessment.	Review the current application of the WTO valuation system and provide development workshop; and the need for future TA.	Enhanced capability to use the WTO valuation system; and definition of future TA requirements.	Workshop conducted and future TA agreed.	Workshop and TA Report.	Completed	Apr-16	2	3.5	5.5
Statistics	Improve annual NA.	Annual NA.	Increase source data availability (business financial statements).	NA compilation improved.	Mission report. Hands-on training.	Completed	Nov-15	3.5	3.5	7
	Improve annual NA.	Annual NA.	Increase source data availability (business financial statements).	NA compilation improved.	Mission report. Hands-on training.	Canceled		-	-	-
	Improved price statistics.	CPI.	Continue improvements in quality of CPI and capacity--building.	The quality and scope of price statistics improved.	Mission report. Hands-on training.	Canceled		-	-	-
<b>Sudan Total</b>								<b>19</b>	<b>24</b>	<b>42.5</b>

TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Status	Date	LTX	STX	TOTAL
<b>West Bank and Gaza</b>										
Banking Supervision	Implement RBS.	Develop a RBS manual.	PMA implements RBS and forward looking approach for assessing banks' risks.	Inspection manual	Drafted inspection manual.	Completed	Feb-16	2	2.5	4.5
		Develop a RBS manual		Inspection manual	Drafted inspection manual.	Completed	Apr-16	1	2.5	3.5
		Assist in the implementation of the RBS manual.		On-the job training on the implementation of the RBS.	Mission report.	Canceled		-	-	-
Public Financial Management	PFM reform plan.	FAD/ METAC follow-up mission to assist the authorities in reviewing the PFM reform plan.	PFM reform plan updated.	PFM reform plan updated.	TA Report.	Canceled		-	-	-
Revenue Administration	Support the development of user requirements for the newly implemented revenue management system.	Conduct stakeholder workshops to define user requirements and maximize the compliance benefits of using the new revenue management	Enhanced compliance management capability.	User requirements adopted and reports in use.	TA Report.	Completed	Aug-15	2	2.5	4.5

TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Status	Date	LTX	STX	TOTAL
		system.								
	Promote the use of indirect audit techniques. To support the development of the Risk management module is the new Revenue Management system To ensure the forensic adequacy of tax case file preparation in the Tax Directorates.	Develop the use of techniques for raising assessments of tax liability in cases of suspected fraud and incomplete taxpayer records. Review current file preparation practices and recommend necessary improvements.	Increased capacity to raise defensible assessments of taxpayer liability. Improved success rates in tax litigation cases.	Recommendation accepted and capacity built implemented.	TA Report.	Replaced	Jan-16	2	2.5	4.5
Statistics	Improve annual NA.	Annual NA.	Continue improvements in source data and methodology, including volume estimates.	NA compilation improved.	Mission report. Hands-on training.	Completed	Apr-16	2	-	2
	Improve annual NA.	Annual NA.	Continue improvements	NA compilation improved.	Mission report.	Canceled		-	-	-



TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Status	Date	LTX	STX	TOTAL
			in source data and methodology, including volume estimates.		Hands-on training.					
	Improve annual NA.	Annual NA.	Continue improvements in source data and methodology, including volume estimates.	NA compilation improved.	Mission report. Hands-on training.	Canceled		-	-	-
	Improve price statistics.	CPI.	Continue improvements in quality of CPI and capacity-building.	The quality and scope of price statistics improved.	Mission report. Hands-on training.	Canceled		-	-	-
<b>West Bank and Gaza Total</b>								<b>9</b>	<b>10</b>	<b>19</b>

TA AREA	Objective	Description /Activity	Medium-Term Outcome	Milestones	Output	Status	Date	LTX	STX	TOTAL
<b>Yemen</b>										
Banking Supervision	Improving the regulatory and supervisory framework.	Assist in the implementation of the medium-term action plan to enhance banking supervision.	The CBY implements a regulatory framework in line with the IFSB and the BCBS recommendations.	Draft supervisory regulations for Islamic and conventional banks.	Drafted regulations and mission's report.	Canceled		-	-	-
Public Financial Management	Establish a treasury function	Conduct a comprehensive study and devise an action plan to transfer the treasury function from the CBY to the MoF.	Treasury function established.	Action plan approved by the MoF.	Workshop	Canceled		-	-	-
Statistics	Improve annual NA.	Annual NA.	Continue improvements in source data and methodology - with DfID.	NA compilation improved.	Mission report. Hands-on training.	Canceled		-	-	-
	Improve price statistics.	CPI.	Continue improvements in quality of CPI and capacity-building.	The quality and scope of price statistics improved.	Mission report. Hands-on training.	Canceled		-	-	-
<b>Yemen Total</b>								<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Person Weeks</b>								<b>125</b>	<b>110</b>	<b>235</b>

## ANNEX V: LIST OF SEMINARS AND WORKSHOPS IN FY2016

Title of Seminar/Workshop	Location	Collaborating Institution	Number of Participants
Cross-Border and Consolidated Supervision	Lebanon	METAC	20
Budget Preparation Process	Jordan	METAC	23
TADAT	Jordan	METAC & IMF	23
Tax Policy and Administration, Theory and Practice	Kuwait	METAC & CEF	32
Price Index Compilation Issues	Lebanon	METAC & IMF	24
Fiscal Reporting and Transparency	Kuwait	METAC & CEF	28
NA Compilation Issues	Lebanon	METAC	24

## ANNEX VI: METAC STEERING COMMITTEE MEMBERS

### METAC Country Representatives

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## METAC STAFF PROFILES

The Center is staffed with a Center Coordinator, four resident advisors, and four support staff. The Center Coordinator has responsibility for leadership and management of the Center's activities and staff. The resident advisors deliver training and advice in their respective areas of competence, and coordinate with other TA providers. The Center also makes significant use of short-term experts.

### Center Coordinator

**Ms. Taline Koranchelian**

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Prior to joining METAC, Ms. Koranchelian was Assistant Director in the Strategy, Policy, and Review Department of the IMF, leading the institutional work on surveillance policy. Throughout her more than 15 years of experience at the IMF, Ms. Koranchelian held various positions in the MCD, FAD, Strategy, Policy, and Review Department, and the Executive Board of the IMF. She led surveillance and TA missions to many countries in the Middle East, Central Asia, and Europe, and headed the preparation of various IMF policies. Before joining the IMF in 2000, Ms. Koranchelian worked in the central bank of Lebanon and was advisor to the Minister of Economy and Trade in Lebanon.

### Banking Supervision Advisor

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Before rejoining METAC, Mr. Ahmad El Radi worked for five years as the Group Chief Risk Officer for a leading Lebanese Bank with subsidiaries in the Middle East, North Africa and Europe. There, his duties included assisting the Board of Directors and senior management in developing the group's risk strategy and policies, following up on their implementation, and identifying, evaluating and monitoring the group's risks. Prior to that, Mr. El Radi worked for four years at METAC as the banking supervision Advisor, where he assisted the supervisory authorities in some countries of the Middle East region in enhancing their practices in banking supervision and providing them with advices in line with BCBS and the IFSB. Before METAC, Mr. El Radi occupied the position of the IMF Resident Advisor in banking supervision at the Central Bank of Syria for three years (January 2002 till December 2004), where he assisted in the development of the bank supervision framework including drafting supervisory regulations in line with Basel Committee recommendations and in building the staff capacity. Before joining the IMF, he worked at the Banking Control Commission – Banque du Liban – for a period of nineteen years (February 1983 till December 2001) during which he has occupied several senior functions in On-Site and Off-Site



banking supervision, and was nominated as an Interim Manager at an insolvent bank.

### **Public Financial Management Advisor**

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Before joining METAC, Mr. Jacques Charaoui served as a project manager for a World Bank reform project at the MoF of Lebanon. The project aims at improving efficiency of public financial resources through the implementation of a number of core inter-linked reforms in budget preparation and execution and in debt and aid management. He provided technical guidance on various project components, focusing mainly on Budget Classification and Chart of Account in line with GFSM2001, and on a new modern budget system law. Earlier in his career, Mr. Charaoui worked for over 10 years in consulting in Europe where he conducted several evaluation and TA missions.

### **Real Sector Statistics Advisor**

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Before joining METAC in September 2015, Mr. Todor Todorov served for four years as a regional advisor at the IMF AFRITAC South. He started working for the IMF as a short term expert on NA statistics in 2006 conducting missions to countries in Africa, Central Asia, Eastern Europe, and also to Jordan and WBG in the Middle East. He has more than twenty-five years of experience in economic statistics and particularly in development of NA at the National Statistical Institute of his home country, Bulgaria.

### **Revenue Administration Advisor**

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Mr. Jenkins has been involved in the field of public revenue administration for over twenty years, both as a private sector consultant with Deloitte and PricewaterhouseCoopers, and as an executive manager. He has assisted tax and customs authorities in numerous countries in the areas of strategic development, organizational integration and change, new systems implementation, and performance management. He has also served as the Commissioner General of the Revenue Authority in Lesotho.

**METAC Operations are also supported by four Local Staff:**

			
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