

Afghanistan

Technical Assistance in Fiscal Year 2020

Banking Supervision (December 15-19)

METAC provided advice and training to a delegation of six banking inspectors and supervisors of the Da Afghanistan Bank (DAB). The workshop identified issues to address for strengthening the regulation and supervision of related-party transactions, in order to better assess and manage in a timely manner the associated risks. These issues included the on-site supervision process, tools and techniques for identifying related-party transactions, the current presumption process used for categorizing a transaction as a related-party transaction. Discussion also covered the prudential reporting of related parties, and the structure and management of the database used for registering related parties. The workshop allowed participants to develop and enhance their understanding of the nature, characteristics and significance of related-party transactions in Afghan banks.

Public Financial Management (September 16 - 20, November 10-13)

METAC provided training to the Afghan authorities on cash management as a technical follow-up of last year general training. As well as forecasting and planning techniques, the workshop discussed how forecasts can be used in support of financial decisions, linkages between budget execution and cash management and institutional arrangements. The mission also made practical recommendation to improve coverage and relevance of cash management reports for better policy decision making.

METAC fielded a workshop focused on fiscal risks stemming from PPPs. It was attended by six individuals from various departments of the Ministry of Finance, with different levels of knowledge and experience with PPPs. It allowed participants to strengthen their knowledge of PPPs, fiscal risks, and learn how to use the PPP Fiscal Risk Assessment Model (P-FRAM), a tool co-developed by the IMF and the World Bank, with actual projects.

Revenue Administration (June 30-July 4; July 21-25, January 19-23)

METAC organized a study visit for Afghanistan Customs Department's (ACD) officials to Jordan Customs on the implementation of risk management. During the study visit the ACD delegation learned about the practical implementation and experience of Jordan Customs in the following areas: risk management and selectivity, including multi-criteria risk profiling; ASYCUDA functionality supporting risk management; review of the enforcement actions and audit results and their implication on risk profiling, including relevant information technology support; identification of shipments for post-clearance audit; the Authorized Economic Operator program and the "Golden list" initiative; and the implementation of the single window. Two off-site visits to the airport and a company from the "Golden list", gave the participants in-depth view of the working of customs clearance processes at the airport, and how a private company benefits from being on the "golden list."

METAC has been helping the Afghanistan Revenue Department (ARD) in managing compliance risks. A short-term expert advised Single Large Taxpayer Office (SLTO) on developing a compliance improvement plan that uses a range of actions to mitigate identified risks. This methodology applies treatment strategies that are differentiated according to the particular risks to revenue that large taxpayers pose to the revenue base. It is expected to achieve improvements in compliance and a more effective use of human resources.

This activity is part of a METAC project to strengthen core tax administration functions at ARD, and assist in preparing for VAT implementation in December 2020. The Afghanistan Revenue Department (ARD) progressed significantly in establishing the Single Large Taxpayer Office (SLTO);

it has completed registration and transfer of all large taxpayers' files to the centralized office. The mission assessed the progress of the activities undertaken by the SLTO for the implementation of VAT and provided advice on the main elements of VAT administration that need to be in place for the successful introduction of VAT. In this regard, it also assisted the SLTO in updating a detailed time-bound workplan.