

Morocco

Technical Assistance in Fiscal Year 2022

Banking Supervision (June 25–July 27)

METAC assisted Bank Al-Maghrib, Banking Supervision Department, in developing the architecture of its Pillar 2 supervisory review process (SRP) and to prepare for performing a first SRP assessment of a limited number of banks (as a test) in the second half of 2021. The Pillar 2 supervisory review process is an integral part of the Basel Framework, and is intended to ensure that banks not only have adequate capital to support all the significant risks in their business, but also develop and use better risk management techniques in monitoring and managing these risks. Under the Basel Framework, a bank's management bears responsibility for ensuring that the bank has adequate capital to support its risks beyond the minimum requirements. In addition, under Pillar 2, supervisors evaluate how well banks assess their capital needs relative to their risks and take measures, where appropriate. By using the newly developed SRP, Banking Supervision Department will strengthen its supervisory evaluation of banks and be able to generate a more active dialogue between banks and supervisors in order to take prompt and decisive action when needed, to reduce risk, address deficiencies or restore capital.

Public Financial Management (October 11-22; June 21-24)

This was a follow-up mission to design a standardized internal control framework (ICF), a key feature of the Organic Budget Law voted in 2013. This mission was delivered jointly with IMF's Legal Department which assisted the authorities by advising on the appropriate legal authorization for the new ICF as well as the broader legal aspects of the new framework. The mission drafted, jointly with the Inspection Générale des Finances, a detailed outline for the ICF, followed by a seminar to present the first draft of the ICF and gather feedback from main stakeholders. The project roadmap was also updated to consider new tasks related to the implementation of the framework.

METAC launched a medium-term capacity development project to assist the Central Inspectorate (Inspection Générale des Finances) to adopt and implement an internal control framework, in the context of the recently voted Organic Budget Law. It discussed with the authorities the scope of the project, the tools to use, and designed a roadmap including include the role of METAC. It also facilitated a seminar to present to the authorities the Committee of Sponsoring Organizations of the Treadway Commission framework—is an internationally recognized set of good practices regarding risk management and internal control—and recent experiences on internal control from comparable countries.

Revenue Administration (April 4-15; March 14-25)

METAC supported the Customs and Excise Administration of Morocco in improving their approach to fight against fraud, smuggling, tax evasion, and illicit financial flows. The mission also advised on the implementation of the investigation function and provided guidance to strengthen the Customs and Excise Administration's capacity in transfer pricing policy and customs valuation audit. Further assistance was provided to assist the Customs and Excise Administration in developing communication tools to sensitize the private sector to the fight against fraud, smuggling, tax evasion, and illicit financial flows.

METAC advised the General Directorate of Taxes (GDT) on developing the compliance risk management (CRM) process approach. This included presentations to GDT staff on CRM and a case study on identifying, assessing, and ranking risks for recording within the compliance risk register. The mission also advised on the key elements of a compliance improvement plan for large and medium taxpayers and provided examples of compliance improvement plans from other jurisdictions.