

Iraq

Technical Assistance in Fiscal Year 2021

Banking Supervision (June 4-11)

METAC continued assisting the Central Bank of Iraq (CBI) in strengthening its regulatory framework. It developed a fact-finding survey, and then coordinated with the authorities on the responses obtained, which were considered during the development of the capital adequacy regulation for Islamic banks in order to reflect the specificities of the Iraqi banking sector. The experts also developed the prudential reporting templates and explained how to use them, including for the purpose of performing a quantitative impact study. A guidance note was also developed to ensure that both the draft regulation and the reporting templates can be easily understood, used, and enforced by the CBI and the Iraqi Islamic banks.

Public Financial Management (December 7-21)

METAC supported the Ministry of Finance of Iraq to strengthen the management of guarantees, a source of significant fiscal risk. It provided assistance to enhance the existing guarantee registry so that it facilitates comprehensive financial monitoring. One of the key challenges for the Ministry is to assess the timing and likelihood of a guarantee being called, and to devise payment plans consistent with medium-term fiscal planning.

Revenue Administration (January 10-31; January 17-February 4)

METAC continued its support to the General Commission for Taxes (GCT) on management and governance arrangements for a new tax IT system. There are significant delays in implementing previous advice, due to the fact that the current contract has not been signed and cooperation with the IT supplier has been cancelled. As such, METAC recommended that the authorities issue a new tender and redesign and validate a new IT strategic plan; it also mentioned the importance of not funding the IT system implementation and operation by increasing taxes.

METAC advised the General Customs Authority (GCA) on the development and application of procedures for valuation, origin and tariff classification of goods. Iraq's trade system is heavily regulated; the goods clearance process demands a large volume of documents, most of which are paper based. An IT system to support new business procedures meeting international commitments and standards is needed. METAC recommended that GCA should (i) review the legal and regulatory framework for customs; (ii) implement a modern customs transactions processing IT system to support operations (strengthen compliance, secure borders, combat fraud and corruption, improve productivity); and (iii) accelerate its recent bid to join the World Trade Organization. To achieve the above, a comprehensive strategic plan should be prepared, and a modernization project office should be created to be responsible for managing and monitoring all the reform activities and coordinate technical assistance from various donors.

Statistics (July 19-30; October 25-February 4)

METAC assist the Central Organization of Statistics and Information Technologies (COSIT) of Iraq with the development of the producer price index (PPI), in particular rebasing it to 2020 using weights from the economic survey of 2018. Training was also provided to COSIT staff on how more detailed data collection could be carried out.

METAC assisted the COSIT of Iraq to set up a system to compile supply and use tables. It provided training on key concepts and helped develop a supply-use classification framework and organize the source data files.