

## Lebanon

### Technical Assistance in Fiscal Year 2020

#### **Public Financial Management** (June 19-21, July 15-24, December 4-10, March 3-5, April 14-16)

METAC provided training on IPSAS related to financial instruments and their implications to the key stakeholders of fiscal reporting (Debt, Accounting, and Treasury departments), and discussed possible development of balance sheet information related to financial instruments. This work is part of an ongoing project, which started in 2016, to improve the government's financial reporting practices. It is carried out in collaboration with a governmental working group in charge of implementing the Cash-Basis IPSAS.

METAC has designed a medium-term capacity development project to develop the human and institutional capacities to assess and manage the fiscal implications of public private partnership (PPP) projects. A METAC expert mission prepared a roadmap to (i) further clarify the roles and responsibilities of the Ministry of Finance in the management of PPPs, (ii) include PPPs within the budget process and documentation, and (iii) set up mechanisms to identify and approve contingent liabilities arising from PPPs. Lebanon's low level of public investment and significant infrastructure needs could be partially met by PPPs, but the country has limited experience in this area; it needs to ensure that PPP projects provide the expected benefits, without jeopardizing the sustainability of public finances.

METAC organized a one-week mission focused on updating the internal Fiscal Risk Statement (FRS) at the Ministry of Finance. It was attended by participants from the Macro Analysis and Study Department and the Public Debt Department. The mission analyzed with the authorities the various sections of the FRS, giving a perspective on practices in other countries. It also assessed how far the authorities have implemented previous TA recommendations, and suggested further improvements to the FRS.

A workshop on gender-Responsive budgeting, co-organized with the Institut des Finances Basil Fuleihan and attended by eleven senior officials from seven government institutions, advised on the design and implementation of a gender budget statement in a pilot ministry (Agriculture). This CD will continue in FY21, along a road map that was developed during the workshop, jointly among all participants. The purpose is to assist Lebanon to better reflect inclusive growth issues at the level of ministries.

METAC advised Lebanon on updating their macro fiscal framework in light of the covid19 crisis. It provided practical advice on how to update the macro fiscal framework using various scenarios given the uncertain outlook. Lebanese officials benefited also from the experience of staff in the Egyptian macro-fiscal unit.

#### **Revenue Administration** (August 26-September 6)

A METAC expert followed up on the development of a Compliance Improvement Plan (CIP) in the VAT and Revenue directorates of Lebanese Tax Authority. The Authority made progress in the development of some treatment strategies that focus on gathering information from third parties to identify unregistered taxpayers and transactions hidden by registered taxpayers. The expert provided further practical guidance (workshop style) to the Authority to identify, assess and rank compliance risks, and develop an initial register of high risks, which covered VAT, corporate income tax, and the wage tax. The expert also provided a sample CIP template was.

#### **Statistics** (September 30 - October 11, March 2-13)

METAC fielded a TA mission to the Central Administration of Statistics to assist with revising the national accounts compilation system. The mission updated the method used to estimate financial intermediation services indirectly measured, to bring it more in line with the recommendations of the System of National Accounts, 2008. In addition, the method to compile sector accounts for the commercial banking sub-sector was updated.

The mission advised the Central Administration of Statistics of Lebanon on developing an independent measure of GDP by expenditure. The key outcome was the development of a system to estimate household final consumption expenditure using benchmark estimates from the 2011 SUTs and volume indicators from multiple sources.