

Regional Workshops in Fiscal Year 2018

Banking Supervision

Stress-testing as an Important Supervisory Tool

The International Monetary Fund's Middle East Regional Technical Assistance Center (METAC) organized a regional workshop on "Stress-testing as an Important Supervisory Tool" during March 26-30, 2018, in Beirut, Lebanon. Twenty senior bank supervisors from 10 METAC member countries (Afghanistan, Djibouti, Egypt, Iraq, Jordan, Lebanon, Libya, Morocco, Tunisia, and West Bank and Gaza) attended the workshop.



The workshop presented methodological guidance to assess bank vulnerabilities under severe but plausible shocks, and provided a forum to exchange views and share country, regional, and international experience on stress-testing. Discussions covered a number of topics related to risks that are common in the participants' jurisdictions, including credit risk, market risk, contagion risk, interest rate risk in the banking book, as well as solvency and liquidity risks. Practical case studies provided an opportunity to build hands-on expertise in dealing with the stress-testing tool.

Supervisory Review and Assessment Process in Islamic Finance

CEF and METAC organized jointly a regional workshop on "Supervisory Review and Assessment Process of Institutions offering Islamic Financial Services (IIFS)" in Kuwait during December 18-21, 2017, which was attended by 27 deputy directors and senior bank supervisors from 10 Arab League countries (Iraq, Jordan, Kuwait, Morocco, Saudi Arabia, Sudan, Syria, Tunisia, United Arab Emirates, and West Bank and Gaza).



The workshop discussed a number of thematic topics related to establishing an effective Islamic banking supervisory regime, including (i) Recent Developments of Islamic Banking; (ii) Risk-Based Supervision Framework; (iii) Activities and Inherent Risks in IIFS; (iv) Capital Adequacy Standard and Determination of Alpha in the Calculation of Capital Adequacy Ratio; (v) Internal Capital Adequacy Assessment Process (ICAAP); (vi) Liquidity Management and Measurement; (vii) Stress Testing as a Supervisory Tool; (viii) Assessing Governance Oversight; and (ix) Supervisory Review and Evaluation Process (SREP) Approach.

Participants acquired practical methods on identifying and measuring risks in IIFS. They shared experiences on how IIFS in their jurisdictions are supervised, and were provided with case studies on the identification of key risks in IIFS and measuring capital adequacy ratio under stressed situations.

Public Financial Management

Cash Management and Treasury Single Account

Improving cash management and optimizing banking arrangements are high priorities reforms to ensure the effective implementation of public policies and the timely payment of public expenditure. Experience in the Middle East and North Africa region shows that the development of a Treasury Single Account is a prerequisite for modernizing cash management and improving oversight over government's cash resources.



In this context, a regional workshop on “Cash Management and Treasury Single Account” was organized by the Middle East Center for Economics and Finance (CEF) and METAC in Kuwait City during November 26-29, 2017. It gathered 25 senior managers and technical staff of ministries of finance and central banks from 12 METAC member countries to share ideas and experiences in addressing weaknesses in cash planning and forecasting, developing active cash management, strengthening banking arrangements, and using financial markets to finance short-term funding needs. Building on a set of analytical work, best practices, and templates, the workshop provided participants with practical tools to develop operational cash plans and forecasts.

Public Corporations and Fiscal Risk

While public corporations play a major role in all the METAC member-countries, they often lag private firms in terms of financial, economic, and operational performance. In addition, many state-owned banks show signs of vulnerabilities, such as weak balance sheets and low capitalization, poor underlying profitability, and high levels of non-performing loans compared to the private sector. As a result, public corporations create large and persistent fiscal risks.



In this context, during February 5-8, 2018, METAC gathered 20 officials who oversee public corporations and manage the related financial and fiscal risks to share international and regional experiences and discuss methodological guidance to monitor and mitigate fiscal risks related to public corporations. The discussions illustrated countries' exposure to a wide-range of fiscal risks related to public corporations, the challenges to identify and mitigate them, and the need to improve fiscal transparency practices within the region. Participants expressed strong interest in follow-up technical assistance from METAC to strengthen their fiscal risk management framework and in further peer-to-peer experience sharing.

Budget Transparency

Launched in 2006 by the International Budget Partnership (IBP), the Open Budget Survey (OBS) measures whether central governments provide adequate public access to national budget information and opportunities to participate in the budget process. It also examines the role and effectiveness of legislators and auditors in the budget process. Released on January 31, 2018, the OBS 2017 shows that progress have been limited in the MENA region since the 2015 survey. On 10 countries assessed, only Jordan is above the score of 61, which is considered by the IBP as the benchmark for sufficient budget transparency.

In this context, METAC and the IBP co-organized a workshop in Amman Jordan during February 14-15, 2018, gathering representatives of finance ministries and civil society from Afghanistan, Egypt, Iraq, Jordan, Morocco, Sudan, Saudi Arabia, and Tunisia, as well as international experts in public finance. The workshop highlighted how effectively governments, civil society organizations, and international organizations can work together to implement actions or reforms that increase transparency and strengthen institutions aiming at improving governance, tackling corruption, and ensuring responsibility for inclusive policies – a key objective of the Marrakesh Call for Action at the end of the conference on “Opportunity for All: Promoting Growth, Jobs, and Inclusiveness in the Arab World” organized jointly by the IMF, the Arab Fund for Economic and Social Development (AFESD), and the Arab Monetary Fund (AMF).

Revenue Administration

Tax Administration Diagnostic Assessment Tool- February 2018

The International Monetary Fund's Middle East Center for Economics and Finance (CEF) and the Middle East Regional Technical Assistance Center (METAC) organized a regional workshop on "Tax Administration Diagnostic Assessment Tool (TADAT)", in Kuwait City, Kuwait during February 19-22, 2018. TADAT has been designed to deliver an objective and standardized assessment of the key outcomes of any country's system of tax administration. Twenty-nine senior representatives of tax authorities and finance ministries from 13 countries attended the workshop. The countries represented were: Afghanistan, Djibouti, Egypt, Iraq, Jordan, Lebanon, Morocco, Sudan, Syria, Tunisia, West Bank and Gaza, Oman and Somalia.



Given the comprehensive nature of TADAT and the volume of material to be covered, a series of three workshops have been planned during 2017-18. This workshop was the last in the series. It provided participants with an initial awareness session on the TADAT process, followed by detailed discussions on the internationally recognized good practices espoused in the TADAT methodology on the effective tax dispute resolution, efficient revenue management, as well as accountability and transparency. The workshop included recap of the previous two workshops, and country presentations on the achievements and main challenges that country authorities are currently facing.

Participants provided very favorable feedback. Many comments focused on the good practices that they would like to see implemented in their own tax administrations. Accordingly, discussions covered the practical implementation aspects of the presented good practices.

METAC will continue to provide support on TADAT assessments throughout the region, in partnership with other development partners.

Tax Administration Diagnostic Assessment Tool- September 2017

METAC held a regional workshop on TADAT in Amman, Jordan during September 11-13, 2017. Twenty senior representatives of tax authorities and ministries of finance from 10 countries attended the workshop. The countries represented were: Afghanistan, Algeria, Egypt, Iraq, Jordan, Lebanon, Morocco, Sudan, West Bank and Gaza (all METAC members), and Oman.



Given the comprehensive nature of TADAT, and the volume of material to be covered, a series of three workshops have been planned. This workshop was the second in the series. It started with an awareness session on the TADAT process, and was followed by detailed discussions on

the internationally recognized good practices espoused in the TADAT methodology related to the effective risk management, both for compliance and institutional risks. Examples of the practical application of these good practices helped to demonstrate how they add to better tax administration.

METAC will be providing future TA support for TADAT assessments throughout the region, in partnership with other development partners, where appropriate. So far, METAC has contributed to the TADAT assessment and implementation of its recommendations in Egypt and Jordan. Following the workshop and a subsequent FAD-METAC mission on future TA needs, Morocco also requested a TADAT assessment, which would be undertaken jointly by FAD and METAC.

Statistics

Quarterly National Account

STA, METAC, and CEF held a joint workshop on “National Accounts Compilation Issues” in Kuwait during March 5-8, 2018. Twenty-nine officials from national statistical offices involved in the compilation of national accounts and users from the government institutions in the Middle East, North Africa and the Gulf attended the workshop. Participating countries included Afghanistan, Djibouti, Egypt, Kuwait, Lebanon, Libya, Morocco, Qatar Sudan, Tunisia, and West Bank and Gaza.

The workshop aimed to improve participants’ capacity to compile quarterly national accounts, reflecting international standards and best practices, based on the revised IMF Quarterly National Accounts Manual, 2017. Topics discussed include: data sources; price and volume measures; benchmarking and reconciliation of quarterly estimates with annual national accounts; seasonal adjustment; revisions; and dissemination policy. The program also included countries’ presentation on the status of quarterly national accounts in Egypt, Morocco, Tunisia, and West Bank and Gaza, which facilitated peer-to-peer discussions. In the final session, participants identified potential areas for future METAC support.

Price Index Compilation Issues

METAC held a workshop on “Price Index Compilation Issues” in Amman, Jordan during November 6-9, 2017. Twenty-five officials from the national statistical offices of 13 countries in the Middle East and North Africa attended the workshop. The represented countries comprise: Afghanistan, Algeria, Djibouti, Egypt, Iraq, Jordan, Lebanon, Libya, Morocco, Pakistan, Sudan, Tunisia, and West Bank and Gaza.



The workshop addressed specific price statistics compilation issues and challenges of participating countries. It discussed international standards and good practices related to the compilation and dissemination of price indexes, and included practical exercises. The interactive nature of the workshop facilitated extensive discussions among participants, who, in wrap-up session, were given the opportunity to identify potential areas for future METAC technical assistance in their countries.