

Tunisia

Technical Assistance in Fiscal Year 2021

Banking Supervision (May 4-8; November 23-27)

METAC assisted the Central Bank of Tunisia (CBT), General Directorate of Banking Supervision (GDDBS), on business continuity issues, notably with regard to liquidity contingency planning, and the development of an Internal Liquidity Adequacy Assessment Process (ILAAP) framework. This involved three tasks: (i) determining how to best address the crisis management and the assessment of banks' business continuity planning; (ii) developing an ILAAP framework and training staff; and (iii) reemphasizing the importance of ICAAP and ILAAP as a critical aspect of the overall Supervisory Review and Evaluation Process. The daily sessions, which were set as training in the morning and workshop-style discussions in the afternoon, proved very effective in answering the authorities' concerns and motivating active participation.

METAC continued its support to the CBT, GDDBS, to develop its capacity to assess banks' asset quality, through planning for the performance of an asset quality review (AQR) in 2021, including the design of a loan tape format aimed at supporting the performance of an AQR and drafting an AQR methodology, paying attention to adopting harmonized assessment methods and criteria. Emphasis was on: (i) implementing a thorough cash-flow analysis at the appropriate level; (ii) assessing debtors' solvency condition on "a going concern" basis only if the repayment capacity allowed for repayment with a reasonable time horizon; (iii) adopting "liquidation approach" where such repayment capacity was not granted; (iv) adopting a harmonized but prudent approach in assessing value and effectiveness of collateral and guarantees; and (v) conducting all such assessments at debtors-group's level where repayments are dependent on an exclusive or predominant cash-flows source. The experts also issued reporting templates aimed at simplifying reporting and aggregating AQR outcomes, to address additional provisioning needs, losses occurred from the implementation of the liquidation approach, and impacts on risk-weighted assets on Tier 1 capital and on the solvency ratio.

Public Financial Management (December 8-January 8)

METAC provided support to the IMF Article IV consultations, focusing on the financial situation and implications of SOEs. This was also an opportunity to discuss more broadly with officials from the Ministry of Finance technical assistance in this area. METAC's key outputs consisted of a presentation to senior officials on good practices in monitoring and reporting on SOEs, and an annex on this issue for the Article IV report.

Statistics (June 15-26)

METAC assisted the Institut National de la Statistique (INS) in the development of sectoral financial accounts. This included the compilation of a preliminary table for stocks of financial assets and liabilities. Sectoral financial accounts contribute to better macroeconomic management as they offer a complete picture of the flow of funds in the economy. They also inform macroprudential policies by reporting the gross and net debt positions, evolutions of the domestic sectors, and the interrelations between them.