

DEVELOPMENT PARTNERS: European Union | France | Germany | Switzerland | The Netherlands

MEMBERS - CONTRIBUTORS: Algeria | Egypt | Iraq | Lebanon | Sudan

MEMBERS: Afghanistan | Djibouti | Jordan | Libya | Morocco | Syria | Tunisia | West Bank & Gaza | Yemen

Technical Assistance (TA) and Training Missions

Banking Supervision



Djibouti

METAC continued its TA program to the Central Bank of Djibouti (CBD) aimed at improving the regulatory and supervisory framework for conventional and Islamic banks, considering Djibouti's specifics. A mission addressed the gaps identified in the CBD's medium-term action plan to strengthen banking supervision in Djibouti. It worked with the authorities on developing new prudential guidelines on: (i) credit risk management; (ii) inter-bank risk management; (iii) foreign exchange risk management; and (vi) corporate governance, which also address the particularities of Shari'ah compliant activities. The mission adapted its working agenda by giving priority to assessing and fostering the implementation of past recommendations, and following up on the progress made by the CBD in enforcing the draft guidelines proposed in previous missions.



Tunisia



To support the Central Bank of Tunisia (CBT)'s efforts to implement Pillar 2 of Basel II and III, METAC trained 15 supervisors on the objectives of the internal capital adequacy assessment process (ICAAP), its framework and design, and stress-testing as an essential element in assessing capital needs under stressful conditions. The training presented the methodology and techniques to

quantify risks, as well as the elements to be considered by supervisors in reviewing and assessing ICAAP as part of their supervisory review process. METAC will continue support the CBT in implementing Pillar 2 of Basel II and III; a mission is scheduled for April 2018 to help the authorities in developing an ICAAP framework.



West Bank and Gaza

METAC helped the Palestine Monetary Authority (PMA) on the implementation of the International Financial Reporting Standard (IFRS) 9 of the International Accounting Standards Board. A mission focused on the new loan loss provisioning requirements, based on expected credit losses effective in 2018. It also assisted the PMA in implementing the new guidance on "loan loss provisioning", and integrating it into the PMA's risk-based supervision manual. To facilitate implementation, the mission delivered a seminar to 70 professionals from 15 banks and their audit firms, as well as to the PMA supervisors and inspectors. The seminar focused on the IFRS 9's new loan classification and measurement, the expected credit losses provisioning requirements, as well as on the new guidance.

Public Financial Management



Afghanistan

To support the ongoing consolidation of PFM reforms, METAC organized an off-site training to Afghani officials, during which it presented good practices and international experiences on budget formulation, budget execution, and public investment management, and discussed approaches and measures to further strengthen the budget reliability and the predictability and control in budget execution. This off-site mission also supported the development of institutional arrangements and capacities required to prepare

a realistic budget, strengthen controls on key steps of budget execution, and foster the development of an adequate public investment management framework.



The Iraqi economy has been severely affected by the collapse of oil prices and the conflict with the Islamic State of Iraq and Syria (ISIS), which resulted in an increased fiscal deficit and the accumulation of payment arrears.

Since 2017, with the support of IMF Fiscal Affairs Department (FAD) and METAC, the authorities have taken measures to clear the stock of payment arrears and strengthen monitoring of commitments. During February 28 – March 5, 2018, a joint FAD-METAC mission worked with representatives of the ministry of finance, line ministries, Federal Board of Supreme Audit, Central Bank, and State banks to take stock of the progress made, explore remaining challenges, and define an action to build a more resilient budget execution process and prevent the resurgence of payment arrears.

Facing cash constraints resulting from the collapse of oil prices and the cost of the conflict with ISIS, Iraq has also embarked in a set of reforms aiming at improving the efficiency of its cash management. During February March 6-9, 2018, a joint FAD-METAC mission worked with representatives of the ministry of finance, line ministries, Central Bank, and State banks to strengthen the institutional arrangements related to cash management and further develop a phased approach to implement a Treasury Single Account. METAC will work in the coming months with the recently created Cash Management Unit to further develop its capacity to forecast cash and effectively inform financial management and budget execution choices.



For several years, Jordan has faced challenges to prevent the growth of government's payment arrears related to the health sector and clear their stock. In this context, a METAC expert joined an FAD mission on expenditure rationalization to propose a package of measures to prevent the occurrence of such arrears. He identified weaknesses of the public financial management arrangements at the level of the Civil Health Insurance Fund, which are contributing to the accumulation of arrears, and proposed a set of actions to address them. In addition, the expert stressed the need to improve budget execution and cash management, and establish a proper framework for in-year monitoring and reporting of arrears at the level of the central government. An action plan to support the objective of zero accumulation of new health arrears starting in fiscal year 2019 has been proposed, and could benefit from further METAC's support, if requested.



METAC continued to support Sudan's government's efforts strengthen macro-fiscal forecasting and prepare the integration of the medium-term fiscal framework (MTFF). In this context, a METAC expert facilitated the preparation of a baseline forecast and helped the MTFF team to prepare a brief management report outlining the baseline results. Following this visit, the Financial Programming and Policies framework was updated; the MTFF team developed its ability to analyze the performance of the various sectors and understand how they are interlinked; and a template for a quarterly baseline report was prepared.

Financial Law



A joint IMF Legal Department/METAC mission worked with the Central Bank of Egypt (CBE) on bringing the CBE Law closer to international good practice in respect of central banking, bank supervision, and bank resolution. The mission prepared draft amendment articles for specific articles that need to be modernized.



METAC, in cooperation with the IMF Statistics Department, Balance of payment Division, conducted an off-site mission on external sector statistics in Beirut, with the participation of representatives from Da Afghanistan Bank, Ministry of Finance, Central Statistics Organization, and Customs Department. The mission assisted the authorities in improving the quality of the balance of payments and international investment position, with a particular focus on filling data gaps. The participation of representatives from different organizations enhanced the interagency cooperation and established the basis for a partnership between institutions compiling external sector statistics.



A METAC mission assisted the Office of National Statistics (ONS) in developing a system of annual financial accounts and balance-sheets by institutional sector. The mission assessed the source data and technical capacity available at the ONS, and recommended developing new data sources and establishing the compilation framework of financial accounts and balance sheets in line with the 2008 system of national accounts. Institutional arrangements and responsibilities for developing the accounts were discussed and recommendations provided to strengthen cooperation between relevant data providing agencies.



METAC assisted the Directorate of Statistics and Demographic Studies in restoring and developing the national accounts compilation system. The mission focused on the available sources and short-term indicators for establishing a compilation system for timely GDP estimates by activity and by final expenditure components. Hands-on training was provided on designing and testing the compilation framework based on the available source data. Preliminary GDP estimates for 2015 and 2016 were produced, the framework for the 2017 GDP estimates was updated, and recommendations were provided to finalize the estimates by July 2018.



METAC assisted the Central Agency for Public Mobilization and Statistics in updating the producer price index (PPI) weights and expanding its coverage to include exports. The mission worked closely with the staff and confirmed data sources for updating PPI, based on 2016/17 economic census; advised on procedures for developing detailed PPI weights; and determined expenditure data for updating consumer price index (CPI) weights. The mission also discussed with the authorities a program for expanding further the PPI coverage to include construction. Recommendations and hands-on training were provided on improving the statistical techniques for the treatment of missing prices in both CPI and PPI.

Regional Workshops

National Accounts Compilation Issues



METAC and the IMF Statistics Department, in cooperation with the IMF Center for Economics and Finance in the Middle East held a workshop on “National Accounts” in Kuwait during March 5-8, 2018. The workshop addressed specific issues and challenges in compiling quarterly national accounts of participating countries. International standards and best practices were discussed regarding common and specific issues in compiling quarterly GDP. Overall, 29 participants from nine METAC countries (Afghanistan, Djibouti, Egypt, Lebanon, Libya, Morocco, Sudan, Tunisia, and West Bank and Gaza) as well as from Kuwait and Qatar attended the workshop.

Stress-testing as an Important Tool

METAC organized a regional workshop on “Stress-Testing as an Important Supervisory Tool” in Beirut, Lebanon, during March 26-30, 2018. Overall, 20 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.

Available to government officials and, in some cases, to the general public through www.imf.org/institute-online and <https://www.edx.org/school/imfx>. Current and forthcoming online courses include:

- **Financial Programming and Policies, Part 1: Macroeconomic Accounts & Analysis (FPP.1x)**
Language: Arabic, April 11 – May 23, 2018 (6 Weeks)
Course Conducted Online
Apply online by April 4, 2018
- **Macroeconomic Diagnostics (MDSx)**
Language: English, May 2 – June 13, 2018 (6 Weeks)
Course Conducted Online
Apply online by April 25, 2018
- **Public Financial Management (PFMx)**
Language: English, May 9 – July 4, 2018
Course Conducted Online
Apply online by May 2, 2018
- **Financial Programming and Policies, Part 2: Program Design (FPP.2x)**
Language: French, May 23 – July 11, 2018
Course Conducted Online
Apply online by May 16, 2018
- **Financial Market Analysis (FMAx)**
Language: English, June 13 – August 1, 2018
Course Conducted Online
Apply online by June 6, 2018



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.

TA Reports

The following TA reports were uploaded on METAC's website during March 2018. Steering Committee members of countries and donors who have signed a confidentiality agreement with the IMF may access the reports @ www.imfmetac.org

Banking Supervision	Algeria
	La Mise en Oeuvre du Dispositif - Internal Capital Adequacy Assessment Process
	Morocco
	Adapting Supervisory Methods and Regulations to Floating Foreign Exchange Rate Regime
Public Financial Management	Egypt
	State-owned Enterprises, Guarantees, and Fiscal Risks
	Lebanon
	Developing Fiscal Risk Management
	Strengthening Fiscal Reporting
	Sudan
	Enhancing Macro-Fiscal Forecasting

METAC Planned Missions

METAC planned missions for April 2018 are:

Country	Topics	Resident Advisor	Short-Term Expert	Dates
Banking Supervision				
Algeria	ICAAP	Ahmad El Radi	Francois Gomez	04/ 08 -12
Tunisia	ICAAP	-	Thierry Bangratz	04/ 16 -20
Public Financial Management				
Egypt	Medium-Term Expenditure Baseline and Cost Estimates	-	Gregoire Tiro	04/ 01 -10
Sudan	Fiscal Risk Management	Xavier Rame	Gerhard Steger	04/ 25 -29
Sudan	Treasury Single Account and Cash Management	-	Merle Wilkinson	04/ 25 -29
West Bank and Gaza	Medium-Term Fiscal Framework	-	Harry Snoek	04/ 08 -19
Revenue Administration				
Egypt	Participation in FAD revenue administration technical assistance mission	Stoyan Markov	-	04/ 01 -12
Iraq	Follow-up mission on the establishment and functioning of a modern LTO	-	John Middleton	04/ 29 -05/03
Jordan	Provide advice on how to identify, assess and rank compliance and institutional risks and how to develop a compliance improvement program to mitigate identified risks	-	Rodney Ettridge	04/ 15 -26
Lebanon	TADAT assessment	Stoyan Markov	Thomas Story (mission chief), Paul Martens, John Middleton, Frode Lindseth	04/ 16 -27
Sudan	Study visit for SCA officials to Jordan to learn how the Jordan Customs use the software for risk management	-	Darryn Jenkins	04/ 10 -12
Sudan	Assistance to develop revised procedures for the free zone administration to improve the control over the goods entering the free zones	-	Darryn Jenkins	04/ 15 -26
Statistics				
Tunisia	National accounts	-	Simon Humphries	04/ 16 -27