



**Key Highlights**

The past months have been a period of transition for METAC. While overall capacity development (CD) delivery continued actively, the summer break notwithstanding, its pace slowed somewhat due to the departure of Didier Casier, METAC’s banking supervision advisor. Didier joined the Center in January 2019 and recently moved to continue his work at the IMF’s Regional Technical Assistance Center for Central Africa (AFRITAC Central). We thank Didier for his dedicated service supporting METAC member countries and look forward to introducing his successor in the next newsletter in early 2022.

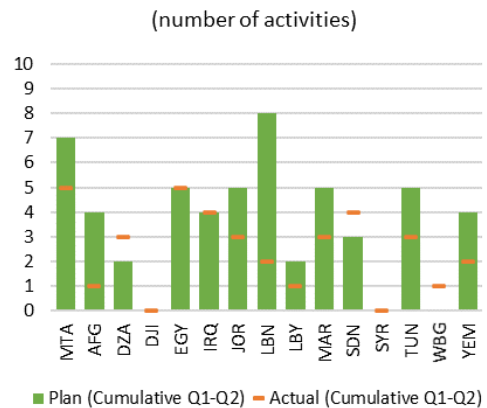
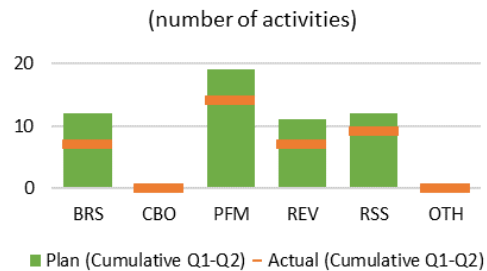
There has also been a handover at the helm of METAC, as Mario Mansour, director from November 2018 to September 2021, moved back to IMF HQ. He is succeeded by Holger Floerkemeier, who joins METAC from the Joint Vienna Institute (JVI), the IMF’s Regional Training Center for public sector officials from countries in Central, Eastern and Southeastern Europe, the Caucasus, and Central Asia.

Further change is in the air as METAC prepares to enter a new program phase in May 2022. The new five-year work program envisages an ambitious expansion of METAC’s CD services both in scale and scope. Fundraising efforts to make this expansion possible are ongoing and have made considerable progress in the past few months. Several of METAC’s key development partners already made sizable financial commitments to continue their support for the Center’s operations in the coming years: Switzerland will contribute CHF5 million, the Netherlands and the European Union committed EUR 3 million each, and France EUR 2 million.

Importantly, Algeria is the first METAC member country to contribute to the new program phase and has already disbursed USD 1 million to this end. We are grateful for our partners’ strong commitment to METAC and for their longstanding support of the Center’s CD work in the MENA region.

Finally, the search for new office premises was successfully concluded in October 2021, and preparations to reestablish a physical presence in the first half of 2022 are ongoing. METAC has been operating virtually since the onset of the pandemic and the destruction of its office in the catastrophic Beirut harbor explosion of August 2020.

**Annual Cumulative CD Activities at End of October 2021<sup>1</sup>**



<sup>1</sup> BRS: banking regulation and supervision; CBO: central bank operations; PFM: public financial management; REV: revenue administration; RSS: real sector statistics; OTH: other, mainly outreach. AFG: Afghanistan; DZA: Algeria; DJI: Djibouti; EGY: Egypt;

IRQ: Iraq; JOR: Jordan; LBN: Lebanon; LIBY: Libya; MAR: Morocco; SDN: Sudan; SYR: Syria; TUN: Tunisia; WBG: West Bank and Gaza; YEM: Yemen; MTA: regional activities.

METAC delivered 15 CD activities to its members in Q2-FY22. Key achievements at the country and regional levels included (details are provided in the following sections):

- Jointly with the IMF Middle East Center for Economics and Finance (CEF) in Kuwait, METAC delivered a [regional course](#) on “Methods and tools for medium-term budget planning”, which was very well received by attending country officials.
- **Iraq** drafted a roadmap to establish a commitment control system to address wide-spread expenditure arrears.
- **Morocco** drafted a detailed outline for a standardized internal control framework (ICF), with support from METAC and the IMF’s Legal Department.
- **Algeria** developed a three-ponged strategy to address tax arrears and improve on-time tax payment ratios.
- **Jordan** has made good progress in finalizing 2017 and 2018 GDP estimates in current and constant prices.
- **Sudan** updated the weights and the product basket of the consumer price index (CPI) based on the 2014/15 household budget survey.

METAC was also tremendously productive in delivering analytical output based on its CD work, publishing three new [Regional Notes](#) since July 2021. The objective of the Regional Notes is to foster peer-to-peer learning and encourage public debates on policies and their implementation.

## Webinars

### Methods and Tools for Medium-term Budget Planning (Sep 6-9)

A joint CEF-METAC regional course on “Methods and tools for medium-term budget planning” brought together 20 participants from 10 countries, principally senior managers and technical staff from ministries of finance. Adopting fiscal rules and medium-term fiscal frameworks can help governments to strengthen fiscal sustainability. Standardized methodologies for costing and compiling budget baselines can help identify much-

needed fiscal space. Ministries of finance should strengthen sector-specific knowledge on drivers of expenditure to guideline ministries in costing and multi-year budgeting, while ensuring effective monitoring of budget execution.

## Technical Assistance and Training

### PUBLIC FINANCIAL MANAGEMENT

#### Algeria (Oct 4-8)

METAC delivered training aimed at strengthening analysis of fiscal risks and costs from public-private partnerships (PPPs). The workshop garnered a large attendance including the budget directorate, the treasury department the accounting department, as well as two line ministries heavily involved in public investment. It focused on the impact of PPPs on public finances using the P-FRAM, a tool developed jointly by the World Bank and the Fiscal Affairs Department (FAD) of the IMF to assess fiscal costs and risks from PPPs. A hands-on session was dedicated to opportunities and challenges related to organization and processes for PPP management at the Ministry of Finance (MoF). Attendees actively participated in the workshop and raised several matters, mainly pertaining to fiscal risks from PPP projects that are user-funded and the design of internal processes to strengthen monitoring of fiscal costs and risks from PPPs. Other questions were related to the PPP framework for the subnational government level.

#### Egypt (Oct 12-28)

The mission held discussions with the authorities to advise on the preparatory steps to perform a PEFA self-assessment and drafted (i) a tentative timeline with various tasks to perform to undertake the self-assessment, (ii) a list of primary Central Government counterparts per each PEFA indicator and (iii) a training plan to be delivered by METAC over the medium-term to answer questions on the rating of specific indicators.

#### Iraq (Sep 8-30)

A remote mission supported the MoF’s efforts to strengthen expenditure control. Expenditure arrears are a recurrent challenge in Iraq. In the

decentralized expenditure control system, the Accounting Department has weak oversight over commitments incurred by Ministries, Departments and Agencies and upcoming payments. The mission elaborated a roadmap to put in place a commitment control system. Achieving oversight over commitments and linking them closer to available cash would prevent expenditure arrears accumulation while also contributing to budget credibility.

### **Libya (Sep 27-Oct 1)**

METAC, jointly with the Institute of Financial and Accounting Training of Libya, delivered a follow-up training to staff of the MoF and Central Bank of Libya on cash forecasting. The mission focused on (i) current practices regarding cash forecasting (ii) how to develop an initial cash-flow forecast, (iii) preparatory tasks for a Treasury Single Account reform, and (iv) drafting a roadmap together with participants with immediate follow-up actions to take. The team provided the authorities with a simple Excel tool to initiate a cash plan for fiscal year 2022 and shared experience from neighboring METAC countries.

### **Morocco (Oct 11-22)**

This was a follow-up mission to design a standardized internal control framework (ICF), a key feature of the Organic Budget Law voted in 2013. This mission was delivered jointly with IMF's Legal Department which assisted the authorities by advising on the appropriate legal authorization for the new ICF as well as the broader legal aspects of the new framework. The mission drafted, jointly with the Inspection Générale des Finances, a detailed outline for the ICF, followed by a seminar to present the first draft of the ICF and gather feedback from main stakeholders. The project roadmap was also updated to consider new tasks related to the implementation of the framework.

### **Tunisia (Sep 6-17)**

This was a follow-up mission to further train authorities on the state-owned enterprise (SOE) health check tool, assist authorities in drafting an outline for a budget annex on fiscal risks from SOEs and update the project roadmap. The authorities made good progress in using the tool and strengthening the dialog with main SOEs. Synthetic flash cards to summarize the financial performance and main fiscal risks for

each reviewed SOE are now available to inform policy decisions.

## **REVENUE ADMINISTRATION**

### **Algeria (Oct 26-Nov 7)**

METAC provided remote CD to the Algerian General Directorate of Taxes, following up on previous advice on developing strategies to improve on-time payment ratios. The build-up of arrears is concentrated in small taxpayers and has escalated in 2020-2021 to well over 200 percent of annual net revenues, due to a large historic debt stock and the impact of the Covid19 pandemic. It was recommended to follow a three-pronged approach to deal with the tax arrears now and in the future. This approach consists of (i) removing non-recoverable debt from the debt stock, (ii) limiting to the extent possible the addition of new debt, and (iii) dealing efficiently with the debt that is recoverable, with a focus on new and large debts.

### **Sudan (Aug 22-Sep 8)**

METAC supported the Sudan Taxation Chamber (STC) in building capacity to improve compliance in the Large Taxpayer Office (LTO). METAC experts discussed with LTO staff members how to improve filing and payment performance by implementing maintenance registers for Large Taxpayers (LTs) as well as the compliance risk management (CRM) approach and risk indicators for LTs. Currently, the STC tax administration for LTs is not centralized in a single LTO. The criteria for determining what constitutes LTs differ between offices, and criteria have not been updated for many years. Timely filing performance by large companies falls well short of international good practice standards, CRM has not been applied to risks around large taxpayer registration or timely filing and payment. METAC experts recommended that STC should establish a single LTO to deal with all businesses that meet the relevant criteria, irrespective of their legal status, geographic location, or ownership (private or public sector). The criteria for LTs should be reconsidered, and priority should be given to improving timely Business Profits Tax and VAT return filing by large businesses.

## STATISTICS

### Egypt (Aug 1-5)

METAC assisted the Central Agency for Public Mobilization and Statistics of Egypt to improve the process to produce supply and use tables (SUTs) in current prices. The METAC expert proposed a classification system based on the published 2017/18 SUTs and helped set up a compilation system that uses enhanced manual and automated balancing tools.

### Jordan (Oct 3-26)

This was the third METAC mission in 2021 to assist the Department of Statistics of Jordan (DOS) to develop a compilation system for annual national accounts. The mission assisted DOS in progressing towards finalizing 2017 and 2018 current and constant price estimates of GDP and documenting the methodology to produce GDP estimates.

### Sudan (Aug 22-Sep 12; Sep 26-30)

In its ongoing collaboration with the Central Bureau of Statistics (CBS) of Sudan, METAC conducted a follow-up mission to assist with updating the weights and the product basket of the CPI based on the 2014/15 household budget survey. The mission revised the data entry and index compilation sheets and assisted with documenting the revisions for dissemination of the new CPI.

METAC also assisted the CBS to design a sampling strategy for the Comprehensive Industry Survey and for the Quarterly Industry Survey which will be used to produce an index of industrial production. The mission helped design a template to select samples; provided training to staff on index of industrial production compilation; and provided input to revise the data collection questionnaire.

### West Bank and Gaza (Aug 22-Sep 2)

METAC assisted the Palestinian Central Bureau of Statistics in initiating the development of current and capital accounts and trained six staff on conceptual and measurement issues related to institutional sector accounts. Data sources were assessed and deemed sufficient to compile current and capital accounts; concordance files to map the source data to System of National Accounts institutional and instrument category codes

were initiated; and a roadmap was proposed to complete the compilations by April 2023.

## Analytical Corner

### IMF Fiscal Risk Management Portal

The IMF has just launched a publicly available [Fiscal Risk Management portal](#), which brings together IMF fiscal risk assessment tools, guidance materials, publications, and seminars in one place to help governments identify, assess, and manage fiscal risks.

The portal includes the IMF's new Fiscal Risk Toolkit, comprising the *Fiscal Risk Assessment Tool*, *SOE Health Check Tool*, *SOE Stress Test Tool*, and *COVID-19 Fiscal Stress Test Module* – as well as existing tools and templates. The IMF will continue updating the Portal, both to incorporate improvements and extensions to the existing tools and to launch two new public loan and guarantee tools next year.

### METAC Regional Notes

METAC published four new Regional Notes since July 2021 (available [here](#)). The Regional Notes (RNs) build on analytical work conducted in the context of METAC's regional workshops and summarize the results of peer discussions among participating experts and policymakers. The objective of the Regional Notes is to foster peer-to-peer learning and encourage public debates on policies and their implementation.

- RN#5 [Improving Fiscal Management in the METAC Region: The Role of Macro-Fiscal Units](#) (July 2021) explores the institutional arrangements, organizational capacities, and tools and outputs of macro-fiscal units (MFUs). MFUs' role for guiding fiscal policy analysis remains limited in most METAC countries due to limited ICT infrastructures and data availability, lack of information sharing and coordination within and across government institutions, and resource constraints. The note offers some lessons and suggestions to strengthen the outputs and role of MFUs in METAC countries.
- RN#6 [Strengthening Fiscal Transparency in METAC Countries: Progress, Challenges, and Lessons Learned](#) (September 2021),

prepared jointly with collaborators from the IMF and the International Budget Partnership (IBP) and building on the 2019 Open Budget Survey (OBS), reviews progress in improving fiscal transparency in the region. It stresses the need for better and timely data produced by ministries of finance, and a strengthened role of oversight institutions and civil society organizations through dialogue and a participative approach to budget development.

- RN#7 [Government Finance and Public Sector Debt Statistics in METAC Countries: State of Play, Key Challenges, and Priorities Ahead](#) (September 2021) finds that despite varying institutional and technical capacities, METAC countries' key priorities in statistics compilation are similar: increasing sectoral coverage, improving compilation methods, and enhancing access to data. The note calls for creating an enabling environment through increased training, data-sharing agreements, and enhanced dissemination practices to address these issues.

## New Staff



Holger Floerkemeier was appointed Director of METAC effective September 27. Prior to joining METAC, Holger was Deputy Director of the [Joint Vienna Institute \(JVI\)](#). From 2013 to 2017, he worked as Deputy

Division Chief in the [IMF's Institute for Capacity Development](#), leading the Regional Technical Assistance Center (RTAC) team. Having joined the International Monetary Fund in 2002, he has held positions in the African, the European, and the Middle East and Central Asian Departments, working on IMF-supported programs and surveillance relations in close to 20 member countries. Before joining the IMF, he was an assistant professor for statistics and empirical economic research at University of Freiburg, Germany, and worked in several roles in the market research field. Holger is a Chartered Financial Analyst (CFA).

Earlier this year, METAC hosted Peter El Sharoni, an IMF Legal Department Regional



Advisor for Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT).

Peter enjoys more than 18 years of experience in the fields of AML/CFT and banking

supervision. He comes from the Middle East and North Africa Financial Action Task Force (MENAFATF) where he was an Executive Officer for Policy Development and Quality Assurance. He was mainly responsible for overseeing and contributing to the work related to the development and review of the AML/CFT policies and ensuring quality and consistency of AML/CFT mutual evaluation reports, follow-up reports and technical documents. He also worked as a Short-Term Expert for the IMF and provided technical assistance to several countries in the Middle East. He previously held the position of Assistant Manager in the Research and Strategic Analysis Department at the Egyptian Money Laundering and Terrorist Financing Combating Unit (EMLCU) which was preceded by other roles at the EMLCU and the Central Bank of Egypt. He is also an instructor and speaker in various fora since 2005 and was an author of a number of specialized AML/CFT training programs. Peter holds both CBA (Certified Bank Auditor) and CAMS (Certified Anti-Money Laundering Specialist) certificates.

## Farewells

Mario Mansour, METAC director from November 2018 to September 2021, returned to IMF headquarters to become the chief of the tax policy division responsible for promoting tax reform and providing tax policy CD services to IMF member countries in Francophone Africa, Europe, the Middle East, and Central Asia, with a view to improving transparency and good governance.

Didier Casier, METAC Banking Supervision advisor from January 2019 to August 2021, moved to the IMF's AFRITAC Central, where he will serve nine Central African member countries strengthen their institutional capacity in banking regulation and supervision.

We thank Mario and Didier for their dedicated service and far-reaching contributions to METAC member countries, and we wish them all the best in their new responsibilities.

### Technical Assistance Reports

The following reports were uploaded to IMF Partners Connect website. Steering Committee members of countries and donors who have signed a confidentiality agreement with the IMF may access the reports at [TA Reports \(imfconnect.org\)](https://imfconnect.org).

<b>Public Financial Management</b>
<b>Tunisie:</b> Renforcer la surveillance des entreprises publiques – Août 2021
<b>Revenue Administration</b>
<b>Lebanon:</b> Follow-up on the Development of a Strategy for Debt Reduction and Debt Prevention – July 2021
<b>Statistics</b>
<b>Iraq:</b> Supply and Use Tables – August 2021
<b>Lebanon:</b> Sector Accounts – July 2021
<b>Jordan:</b> Annual National Accounts – July 2021
<b>Egypt:</b> Financial Accounts – July 2021
<b>Egypt:</b> Measuring the Non-Observed Economy in the National Accounts – August 2021
<b>Djibouti:</b> National Accounts – June 2021

### IMF Online Courses

General information is available at: <https://www.edx.org/school/imfx>. Registration for online courses, available to government officials and, in some cases, to the public can be accessed at: <http://imf.smartcatalogiq.com>





### Activities Planned During November-January

Country	Topic and Lead METAC Advisor	Month/Day
<b>Public Financial Management – Mr. Jonas Frank</b>		
IRQ	Training on cash forecasting	11/04-30
	Developing an arrears clearing plan	12/13-21
JOR	Strengthening cash management (jointly with FAD)	11/29-12/16
	Strengthen PPP fiscal risk analysis and processes at MoF	01/24-01/28
WBG	Follow-up to macro fiscal assistance from 2019, addressing gaps in medium-term fiscal framework	01/17-28
YEM	Introducing commitment controls	11/15-12/15
	Testing phase of new commitment control process	01/03-01/28
<b>Public Financial Management – Mr. Benoit Wiest</b>		
EGY	Development of the institutional framework for governance and transparency of public corporations	12/13-17
	Development of capacity to assess fiscal costs and risks from PPPs	01/03-14
LBN	Treasury single account and cash management	11/08-19
	Fiscal reporting and transparency	12/07-17
LBY	Development of the macro-fiscal function	11/21-25
<b>Revenue Administration – Ms. Fadia Sakr</b>		
IRQ	Advice on audit and verification for industry sectors in the large taxpayer department	12/13-23
JOR	Transformational tax administration reform	01/17-02/01
MTA	Improving tax compliance in Revenue Administration through enhanced data acquisition, management, and utilization	12/06-09
<b>Statistics – Mr. Issam Alsammak</b>		
EGY	Compilation of financial accumulation accounts and balance sheets	11/21-12/02
	Supply, use, and input-output tables	12/05-16
IRQ	Supply and use tables	01/23-02/03
LBY	Annual National Accounts	01/09-20
MTA	ArabStat	11/11-12
	Regional workshop on NOE	11/15-18
TUN	Improvement of the CPI (Web scraping, scanner data)	12/06-10
	Improvement of the producer price index	01/24-02/04

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-  Morocco
-  Sudan
-  Syria
-  Tunisia
-  West Bank and Gaza
-  Yemen



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