



Key Highlights

After two years of pandemic-related disruption, METAC is gradually resuming in-person CD delivery. While virtual CD delivery has worked well, member countries' demand for in-person interaction that allows more in-depth training, and implementation support is very high. In April 2022, the IMF introduced a new mission travel framework that will enable staff to provide effective support to member countries while safeguarding health and safety. In-person mission travel is approved based on continuously updated country health risk status assessments provided by a leading public health company, which also provides this service to the World Bank.

METAC's first in-person CD mission took place in March/April 2022 (Lebanon, PFM: expenditure arrears). The transition was smooth, and the mission did not face major logistical problems. The main technical challenge was uneven internet connectivity in some government institutions, which initially hampered the conduct of hybrid meetings.

METAC will have to remain flexible and adjust travel plans to uncertain Covid-19 health risk developments, related destination country travel restrictions, and flight availability as airlines adjust their flight schedules gradually closer to pre-pandemic levels. This could potentially result in short-term mission travel cancellations or postponements, as well as higher travel cost. METAC will conduct its travel planning in a flexible and forward-looking manner and continue to adapt its CD delivery to a flexible model that will include in-person, virtual, and hybrid modalities.

As METAC is now able to resume traditional in-person delivery, the Center will build on the technological advances and professional experiences made over the past two years. It will continue to take advantage of the possibilities that virtual collaboration has created for CD delivery. METAC will adopt a hybrid CD delivery approach that combines the best aspects of in-person and virtual work. As in the transition to virtual CD delivery, this will bring about some challenges and require a learning process and investments in IT

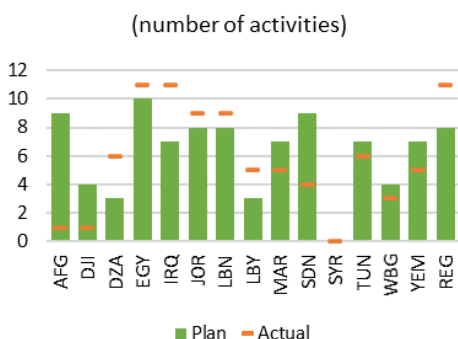
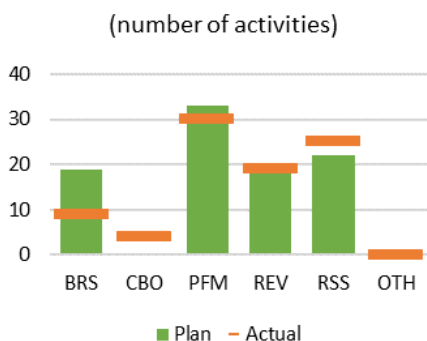
equipment to support hybrid meetings. At the same time, it will benefit the membership by enabling METAC experts to be most productive, allow greater and more flexible participation in meetings, and foster continuous collaboration before, after, and in between in-person missions.

The continued pandemic-related restrictions on in-person TA activities and regional workshops, together with a temporary LTX vacancy and the delayed opening of the center's new office premises, generated substantial savings in FY22 that will allow METAC to further extend Phase IV for several months. Given the lasting uncertainty regarding the full resumption of regular operations and engagement with all member countries, the Steering Committee endorsed a flexible phase extension of six to nine months to ensure that the METAC can make full use of available Phase IV resources.

METAC delivered 27 CD activities and two outreach events in Q4-FY22. Details are provided in the following sections. Some key achievements include:

- The new Central Banking Operations (CBO) workstream went onstream with a CD mission assisting the Bank of Algeria (BA) to improve forecasting models and procedures related to the BA's autonomous factors.
- METAC helped the Egyptian Central Bank develop an early intervention framework in line with best international practices, calibrated to the Egyptian legal framework.
- A joint-METAC/IMF HQ team helped the Lebanese authorities design a strategy to tackle expenditure arrears at the Central Government level.
- METAC supported the Customs and Excise Administration of Morocco in strengthening its fight against fraud, smuggling, tax evasion, and illicit financial flows.
- METAC continued to assist the Palestinian Central Bureau of Statistics with the compilation of institutional sector (current and capital) accounts.

Annual Cumulative Capacity Development Activities at End of April 2022¹



Outreach

Participation in the Regional Workshop on Measurement of Islamic Finance (Mar 14-16, 2022)

At the invitation of the United Nations Economic and Social Commission for West Asia (ESCWA), Mr. Alsammak attended the virtual Joint Workshop on Statistical Treatment of Islamic Finance in National Accounts and External Sector Statistics and Experimentation of Guidelines in GCC countries. He delivered a presentation on present and future methodological developments regarding Financial Intermediary Services Indirectly Measured.

¹ 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;

Capacity Development Outreach Event— Revenue Administration and Statistics (Apr 13, 2022)

METAC delivered a second stakeholder outreach event in April, this time focusing on the Center's revenue administration and real sector statistics workstreams. METAC advisors updated donors and country authorities on activities since May 2021 and presented METAC capacity development (CD) projects in Jordan and Egypt. The event provided space for the Jordanian and Egyptian country officials to share their experience with the implementation of their respective CD projects and reforms. Future events like this will be good opportunities to initiate peer exchanges on successful reform implementation, providing inspiration and lessons for other METAC members to follow their peers' lead.

Technical Assistance and Training

BANKING SUPERVISION

Egypt (Apr 11-30)

This CD mission provided the authorities with technical assistance on how to develop an early intervention framework in line with best international practices, calibrated to the Egyptian legal framework, notably the Banking Law 194 and integrated within the supervisory structure and processes. The mission prescribed the methodology to relate the risk category of banks to an array of early intervention measures, the adequate escalation system, and the necessary supervisory power to intervene early in a systemic and transparent way. The mission also advised how to address gaps in the current supervisory practices encountered during the review process.

Iraq (Feb 21-Mar 3)

METAC contributed to a five-day virtual IMF headquarter-led training on strengthening banking supervision. Twenty-one officials from

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

the Central Bank of Iraq (CBI) participated in the training. The program was guided by international regulatory and supervisory standards with a focus on their implementation. It was specifically designed to meet the capacity building needs of the CBI. It also included a session on “Banking Regulation and Supervision in Iraq: Key Issues and the Way Forward” with a view to identify and analyze the challenges impeding effective supervision and outline practical measures to strengthen the supervisory system. This enabled the IMF to design further engagements with the authorities for capacity building and technical assistance. Additionally, a case study on “Regulation and Supervision of Public Banks” was included in the training to address challenges arising from public bank ownership.

CENTRAL BANK OPERATIONS

Algeria (Nov 1-Apr 30; Mar 1-Apr 30)

In response to a request from the Bank of Algeria (BA), IMF and METAC delivered jointly a remote technical assistance mission to improve the forecasting models and the procedures related with the BA's autonomous factors. One part of the team covered the institutional arrangements between the Central Bank and the Ministry of Finance for the net government position and another part of the team worked on the forecasting models for the three autonomous factors - currency in circulation, net government position, and net foreign assets. The mission incorporated recent advances in the forecasting literature and international best practices.

Djibouti (Nov 1-Apr 30)

Building on the report “Djibouti. Technical Note. METAC CD Workplan for Central Banking Operations (FY22-26), March 2021”, METAC and the Central Bank of Djibouti (CBD) continued the analysis of CBD's operational framework for monetary policy and exchange rate policy to define the most appropriate technical assistance to be delivered by METAC. Liquidity management at the CBD relies on a Currency Board Arrangement. The CBD focuses on financial stability.

Tunisia (Nov 15-Apr 30)

Building on the report “Tunisia. Technical Note. METAC CD Workplan for Central Banking Operations (FY22-26), March 2021” and a Roadmap developed by the Central Bank of Tunisia (CBT), METAC and the CBT continued the analysis of CBT's operational framework for monetary policy and exchange rate policy. The objective was to define the most appropriate technical assistance to be delivered by METAC. Tunisia relies intensively on several Technical Assistance providers, with the implication that the right synergies have also to be identified.

PUBLIC FINANCIAL MANAGEMENT

Algeria (Feb 1-15)

This joint METAC/IMF mission supported the authorities in the implementation of their Organic Budget Law. The detailed roadmap has been updated to ensure a smooth transition to program-based budgeting and includes a revamped budget preparation process to improve credibility of the medium-term budgeting framework. Several workshops were held with authorities to prepare practical implementation of key aspects of program budgeting in line with the medium-term objective to issue a budget execution manual in programming mode. The mission also delivered seminars to present fiscal rules and expenditure commitment plans with examples from comparable countries.

Iraq

Jan 31-Feb 18:

A two-day workshop (February 8-9, 2022) provided opportunity for a peer exchange among the Ministry of Finance (MoF) and the Ministry of Planning to discuss the role of program and performance budgeting in Iraq. The workshop underscored the demanding nature of program and performance budgeting in the PFM context of Iraq, where fungibility of resources at the program level would need to be ensured while safeguarding transparency in the use of resources.

Apr 11-28:

As a follow-up to assistance on cash forecasting, METAC supported the building of

an annual cash forecast in a step-by-step approach. Attainable steps were identified to expand the forecasting horizon and factor in updated information on revenues and in key expenditure areas. Updated cashflow forecasts are a critical tool to inform fiscal policy decisions and assess risks to budget implementation.

Lebanon

Feb 15-17:

METAC organized a training following up on a 2021 workshop, delivered jointly with the Institute of Finance Basil Fuleihan. The training spanned over three days and built the authorities' capacity to use the state-owned enterprise (SOE) health check tool (refresher from last year's course) and on reporting and transparency of SOEs. The mission presented a reporting template to gather data from the SOEs to be input directly into the SOE Health Check Tool for analysis by the MoF, as well as a roadmap to take immediate actions and strengthen surveillance of SOEs. The training was attended by 15 participants, including financial controllers from SOEs, the Public Accounting Directorate (the entity responsible for supervising the SOE sector) and the team working directly with the General Director of the MoF on the issue of SOEs.



Mar 21-Apr 4:

The second mission was delivered jointly with IMF headquarters and designed a strategy to tackle expenditure arrears at the Central Government level. The mission took stock of the current situation on expenditure arrears,

provided a tentative definition of arrears, and advised authorities on how to quantify and monitor the stock of expenditure arrears. This was the first in-country public financial management mission since the begin of the pandemic. The mission used a hybrid mode (opening a virtual channel to allow participants to connect remotely to in-person meetings) which worked to some extent, but there were some logistical limitations related to the IT equipment and translation.

Apr 1-13:

A three-day virtual workshop organized jointly with the Institute of Finance Basil Fuleihan allowed for a peer exchange of the MoF and line ministries on budgeting. Consideration should be given to further strengthening macro fiscal planning and establishing multi-year ceilings for different sectors and ministries. Increasing budget coverage and introducing consistent baseline estimates and forward costing would enhance planning and improve resource use.

Yemen

Mar 1-22:

The three-session virtual workshop supported the "cash planning team" of the MoF to develop risks scenarios for the 2022 annual cashflow forecast, which is currently under elaboration. Discussions underscored key risks related to oil price volatility and potential constraints on domestic debt issuance, while the use of the Central Bank of Yemen overdraft facility would need to be minimized. The workshop was implemented jointly by METAC and the USAID Economic Recovery and Livelihoods Program (USAID/ERLP) implemented by the Pragma Corporation.

Feb 16-Apr 26:

As part of a project on budget execution in Yemen, METAC continued with its programmatic support to a technical working group of the MoF to adopt a new commitment control process. Currently, the support is in its second phase aimed at refining the process steps and testing them with three pilot entities (planned for June 2022), previous to their initial implementation (end-July 2022 forward). The activities follow a joint work plan with the MoF and the USAID Economic Recovery and

Livelihoods Program (USAID/ERLP), implemented by the Pragma Corporation. METAC plans to continue the work in the coming months.

REVENUE ADMINISTRATION

Egypt

Feb 28-Mar 16:

METAC assisted the Egyptian Tax Authority (ETA) in assessing the new Integrated Tax Core System (ITCS), the E-Invoicing/E-Receipt systems and reviewed the status of the data warehouse project. One of the main recommendations to ETA was to postpone the roll-out of the ITCS in Great Cairo, planned for June 2022, and to limit the roll-out of the ITCS to four centers: Large Taxpayers, Medium Taxpayers, large Professional Taxpayers and Cairo4th which are positively change-oriented and already equipped with the necessary equipments (IT, furniture and others)

Apr 26-May 16:

METAC provided a remote CD activity to assist the Egyptian Tax Authority to better implement the risk management approach. An action plan including all needed actions to roll out all components of a modern risk management function was developed.

Jordan (Feb 7-21)

METAC provided assistance to the Income and Sales Tax Department of Jordan to follow up on: (i) the implementation of two key taxpayer segment compliance improvement plans (CIPs) for large taxpayers and free professionals, (ii) other recommendations of earlier missions and TA in the area of large taxpayer compliance management, and (iii) to carry out a risk assessment of the contractors and housing developers' sub-sector. The CIPs for the large taxpayers and the free professionals have been largely implemented. The medical professionals' campaign was approved and has been implemented.

Lebanon

Feb 16-28:

A plan for immediate and short-term revenue improvement from administrative measures was proposed by IMF HQ in November 2021.

In METAC's remote activity, more detailed action plans were put forward in seven areas where progress seems feasible this year. A plan to re-activate tax collection will start with (i) businesses that are less affected by the crisis and (ii) the largest tax debtors. A broad-ranging offer to clear the accumulated tax arrears through instalments will follow. A reform to the large taxpayer office to incorporate VAT will not take effect until 2023.

Mar 28-Apr 8:

METAC provided remote CD activity to assess the tax IT system of the Lebanese Tax Administration. The IT function of the General Directorate of Finance lacks proper financing and is in a precarious situation. The mission proposed recommendations for immediate support of the IT function to avoid a breakdown of the IT systems. It also provided medium- and long-term recommendations for the IT modernization to be aligned with international good practices.

Mar 30-Apr 11:

METAC also provided technical assistance in the customs area, based on the November 2021 IMF report on "Short-and-Medium-Term Actions for Stabilizing Revenue Administration." The proposed measures will be prioritized based on available resources and capacity. The mission helped the Lebanese Customs Administration identify the organizational units that will be responsible for the implementation of the selected measures.

Morocco

Mar 14-25:

METAC advised the General Directorate of Taxes (GDT) on developing the compliance risk management (CRM) process approach. This included presentations to GDT staff on CRM and a case study on identifying, assessing, and ranking risks for recording within the compliance risk register. The mission also advised on the key elements of a compliance improvement plan for large and medium taxpayers and provided examples of compliance improvement plans from other jurisdictions.

Apr 4-15:

METAC supported the Customs and Excise Administration of Morocco in improving their approach to fight against fraud, smuggling, tax evasion, and illicit financial flows. The mission also advised on the implementation of the investigation function and provided guidance to strengthen the Customs and Excise Administration's capacity in transfer pricing policy and customs valuation audit. Further assistance was provided to assist the Customs and Excise Administration in developing communication tools to sensitize the private sector to the fight against fraud, smuggling, tax evasion, and illicit financial flows.

West Bank and Gaza (Feb 18-25)

METAC delivered a three-day training to help the tax administration strengthening tax compliance in the digital economy. This includes the international context of the digital economy and platform typologies; CRM principles and their application to the compliance risks posed by platforms and platform vendors. The sessions also provided an overview of common international practices for the tax treatment of the digital economy, as well as the organizational implications related to creating a working group to bring focus to managing compliance risks.

STATISTICS

Egypt (Feb 13-Apr 28)

As part of a project to assist the Central Agency for Public Mobilization and Statistics of Egypt to implement an improved supply and use tables (SUTs) compilation process, METAC conducted a remote activity spread over February to April 2022. The mission focused on developing the initial estimates to populate the SUTs. This included setting up files as part of a sustainable compilation system that may be used in future years.

Iraq (Mar 6-17)

The Central Statistics Organization of Iraq is aiming to compile a new producer price index (PPI) that covers all large companies, with weights and sample from data from the 2018 industrial survey. The authorities aim to release the new PPI in May 2022. A METAC mission

reviewed the calculation files to confirm the methodology and recommend improvements. These improvements included the use of the short-term index calculation approach, data quality checks, imputations, replacements, product descriptions and sampling of varieties and production units.

Jordan

Feb 20-Mar 3:

A METAC mission assisted the Department of Statistics of Jordan (DOS) with the updating of the PPI. This included the introduction of product-level indices to allow national accounts to conduct double deflation and established a forward work plan. Training was provided on compiling PPIs for the service sector, to allow DOS to begin work to broaden PPI coverage.

Mar 13-24:

Following up on the work done with the DOS of Jordan to compile annual GDP, a METAC activity was conducted to provide guidance to DOS on how to improve the quality of the main data sources used to compile annual national accounts. In particular, the mission addressed issues including sample design, data validation, treatment of non-responses, imputation, and estimation.

West Bank and Gaza (Feb 27-Mar 10)

METAC conducted a second activity to assist the Palestinian Central Bureau of Statistics with the compilation of institutional sector (current and capital) accounts. Building upon the work of the first activity in August, the mission helped with processing new source data on financial corporations, rest of the world, general government, and households. The mission also set up a central tool to integrate and make manual adjustments to the accounts.

Analytical Corner

April 2022 Regional Economic Outlook (REO): Middle East and Central Asia

The [April 2022 REO](#) details the profound economic impact Russia's invasion of Ukraine and associated sanctions are having on the region. The MENA region's oil importers are being hit hard by higher commodity prices and tightening financial conditions, and their

reliance on wheat and energy imports from Russia and Ukraine. Meanwhile, oil and gas exporters will benefit from higher energy prices, which will offset the impact of tightening financial conditions and lower tourism revenues.

Significant uncertainty surrounds the outlook and risks are tilted to the downside, including a prolonged war in Ukraine and further sanctions on Russia. This could lead to trade disruptions, higher commodity prices, and extended supply shortages of vital food items, raising food security concerns and risks of social unrest. Other risks to the outlook include tighter-than-expected global financial condition and persistent inflation resulting in de-anchoring of inflation expectations.

Policy tradeoffs have become increasingly complex, particularly for oil-importing countries given their already limited policy space. The REO outlines ways countries can both address immediate challenges and tackle longer-term needs. In the near term, adjusting monetary policy based on country circumstances to control inflation and avoid derailing the recovery will be critical. On fiscal policy, while oil exporters have the chance to rebuild buffers, emerging market and middle-income countries should pursue growth-friendly fiscal consolidation that prioritizes health and social spending. All countries need to mitigate the impact of soaring food prices on the vulnerable, ideally through well-targeted support.

Longer-term structural reforms have become more pressing to prevent scarring from the pandemic and war and ensure a private sector-led inclusive recovery. Priorities include reallocating public expenditures toward expanded and better-targeted safety nets, increasing revenue-generating capacity, reducing informality to foster inclusion, and adapting to climate change.

IMF Strategy for Fragile and Conflict-Affected States

IMF recently released a [Strategy for fragile and conflict affected states](#) (FCS). This Strategy aims to enhance the Fund's efforts to provide robust, well-tailored, and longer-term support to help FCS achieve macroeconomic stability, strengthen resilience, promote sustainable and

inclusive growth, and exit fragility. The Strategy also emphasizes the role of partnerships with humanitarian, development, peace and security actors, who play a key role in FCS.

Building Cash Management Capacity in Fragile States and Low-Income Developing Countries

A recent IMF [How-To Note](#) sets out the key objectives and building blocks of a cash management function in fragile states and low-income developing countries. It suggests several measures to progressively build cash management capacity in three interrelated areas: consolidating cash resources, forecasting cash flows, and managing cash balances with sound institutional setups.

Recent IMF Blogs

[Middle East and North Africa's Commodity Importers Hit by Higher Prices](#)

[Without Adaptation, Middle East and Central Asia Face Crippling Climate Losses](#)

[Cooperation Critical to Reducing Divergent Paths to Recovery in Middle East and Central Asia](#)

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 \(imfconnect.org\)](#)

Public Financial Management
Egypt: Improving Surveillance of Private-Public Partnerships – October 2021
Revenue Administration
Algeria: Development of Strategies to Improve On-time Payment Ratio – January 2022
Iraq: Advice on Audit and Verification for the Large Taxpayer Department – February 2022
Jordan: Development of an Independent and Effective Tax Dispute Resolution Process – February 2022
Lebanon: Follow-up on how to Identify, Assess and Prioritize Compliance Risks – February 2022

Sudan: Improving Compliance in the Large Taxpayer Office – February 2022
Statistics
Tunisia: Web Scraping and Scanner Data for CPI – January 2022

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>

The IMF Institute offers online training to both member countries officials and the general public. Microlearning videos are available at: [IMF Institute Learning Channel - YouTube](#)

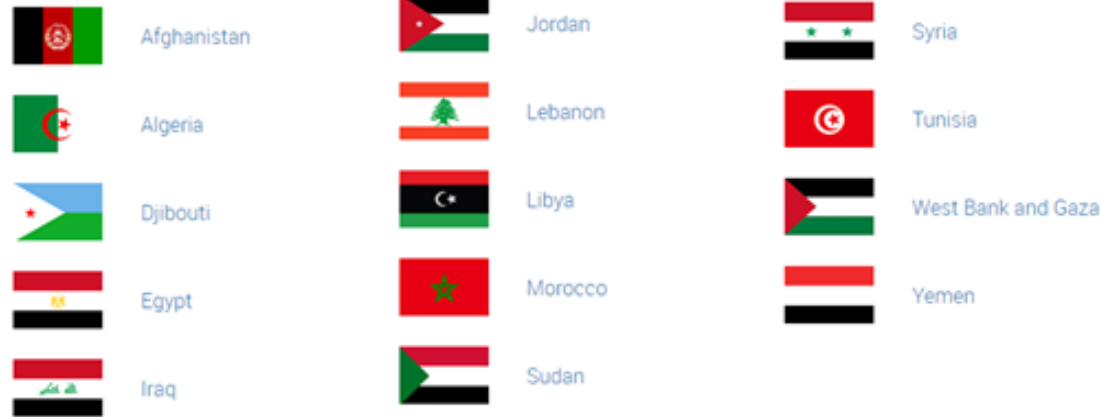
Activities Planned During May-July

Country	Topic and Lead METAC Advisor	Month/Day
Banking Regulation and Supervision		
DZA	Accounting of financial instruments	07/10-14
JOR	Workshop on risk-based supervision	07/24-26
MAR	Supervisory review and evaluation process methodology review	06/19-23
REG	METAC-CEF risk-based supervision for the new normal	06/27-30
WBG	Strengthening on-site risk-based supervision	06/26-07/05
Central Bank Operations – Mr. Michel Stubbe		
DJI	Strengthen efficient implementation of monetary policy under the existing monetary regime - liquidity forecasting	07/04-11
YEM	Capacity development workplan for (FY22-26) production	06/06-10
Public Financial Management – Mr. Jonas Frank		
YEM	Continuation of Phase 2: testing of expenditure control processes with pilot entities	05/26-07/15
	Phase 3: initial implementation of expenditure control processes in pilot entities	07/20-09/30
WBG	Quarterly reporting on the macroeconomic framework and the medium-term fiscal framework	06/07-12
Public Financial Management – Mr. Benoit Wiest		
DZA	Fiscal risks from private-public partnerships	06/27-07/08
EGY	Private-public partnerships management	06/13-24
LBY	Training on the medium-term fiscal framework	07/04-07
REG	CEF course on fiscal transparency	05/30-06/17
TUN	Surveillance of state-owned enterprises	05/02-13
Customs Administration – Mr. Djamel Bouhabel		
LBY	Effective application of procedures for customs valuation of goods and intangibles	05/29-06/02
WBG	Participation in a headquarters remote activity on customs	05/10-06/07
YEM	Custom risk management, post clearance audit	07/03-15
Tax Administration – Ms. Fadia Sakr		
LBY	Training on good practices for taxpayer register	06/07-16
REG	TADAT Training	06/27-07/08
YEM	Training on audit and verification	07/23-08/04
Statistics – Mr. Issam Alsammak		
EGY	GDP-supply and use tables	07/17-28
	GDP revisions	05/15-19
IRQ	Property Price Statistics-residential property price indexes	06/12-23
	GDP-Supply and use tables	06/19-23
TUN	Quarterly GDP by expenditure	07/18-22

Development Partners



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