



Key Highlights

On June 9, METAC held its annual Steering Committee meeting, which was conducted in hybrid modality in Lebanon. The honorable Minister of Finance of Lebanon, Mr. Youssef Khalil, opened and chaired the meeting, and the Deputy Directors of the IMF's Middle East and Central Asia Department and the IMF Institute for Capacity Development, Messrs. Zeine Zeidane and Roger Nord, respectively, delivered opening remarks. Both took the opportunity to express gratitude to METAC's development partners (Germany, Netherlands, Switzerland, France, and the European Union) and contributing members (Algeria, Morocco) for their financial support and collaboration in METAC's capacity development work.

The Steering Committee meeting comprised two sessions. The first focused on METAC governance, covering the reporting on the FY22 execution, FY23 workplan, budget and fundraising, and other issues requiring Steering Committee endorsement. The second covered broader strategic issues of interest to METAC member countries, including the regional economic outlook, the IMF's new fragile states strategy, country case presentations, and new IMF training offerings.

The Steering Committee reviewed METAC's performance over the past fiscal year (May 2021-April 2022) and discussed priorities for the period ahead. In the coming year, METAC will significantly expand its CD delivery, as envisaged in the Phase V program document. A special emphasis will be on intensifying CD delivery in fragile and conflict-affected member states. In-person CD delivery is finally resuming, and METAC will increasingly adopt a hybrid delivery model, which combines in-person and virtual elements for higher effectiveness and efficiency. METAC also plans to intensify its outreach activities, both in-country and via webinars.

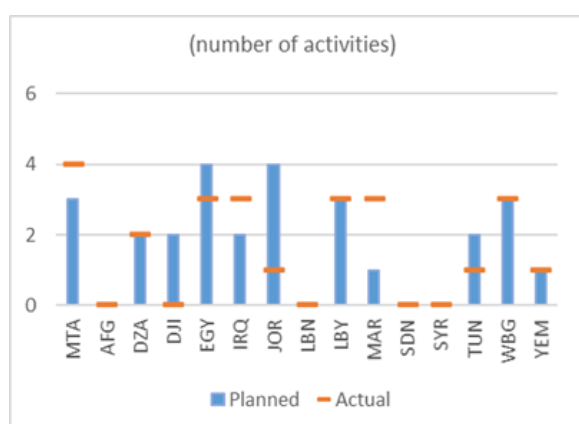
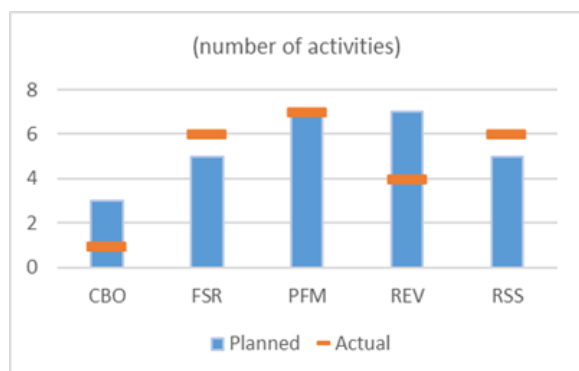
Regarding staff news, Joey Ghaoui joined METAC as administrative assistant in June. METAC's central bank operations advisor, Michel Stubbe, retired in July, and Ingrid Nehme joined the new IMF Resident Representative office as Office Manager.

METAC delivered 24 CD activities in FY23-Q1. Workplan execution was strong in the PFM and real sector statistics areas, while delivery stalled in the central bank operations (CBO) workstream due to the departure of the CBO regional advisor, Mr. Stubbe. Several activities in the revenue administration workstream had to be postponed to Q2 at the request of the authorities due to scheduling conflicts with other CD projects, delays in preparatory work, or other external factors. Details on METAC CD activities in FY23-Q1 are provided in the following sections. Some key achievements include:

- METAC delivered a successful training workshop on the Tax Administration Diagnostic Assessment Tool (TADAT) jointly with the TADAT Secretariat.
- METAC supported the Banque d'Algérie in developing regulation on the accounting and valuation of financial instruments.
- METAC assisted the Bank Al Maghrib in the development of its Supervisory Review and Evaluation Process methodology.
- Jointly with the Accounting and Finance Training Institute of Libya, METAC trained Libyan officials in updating their macro fiscal framework and managing fiscal risks.
- METAC helped the Ministry of Finance of West Bank and Gaza strengthen its quarterly macro-fiscal reporting.
- METAC launched a CD program to assist the Libya Customs Administration Authority in the full deployment of the ASYCUDA World IT customs management system.
- METAC supported the Egyptian authorities in (i) assessing recent GDP revisions; (ii) developing supply-and-use tables, and (iii) developing methodology to improve expenditure-based GDP statistics.
- METAC helped Iraq's Central Statistics Organization develop a residential property price index and compiling supply-and-use tables.

Capacity Development Activities

May to July 2022¹



Outreach

Participation in UNECA Webinar on System of National Accounts (Jun 6-9)

METAC's real sector statistics advisor attended the United Nations Economic Commission for Africa (UNECA) Third Regional Thematic Webinar on the System of National Accounts Update Program. The webinar briefed participants on progress made in developing new Guidance Notes and informed them on how to participate in testing and early implementation of the new standards.

Regional Workshops

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;

Reserve Requirements (Jun 21-22)

METAC organized a virtual regional workshop on Reserve Requirements on June 21-22, 2022, as part of its new Central Bank Operations Technical Assistance workstream.

Reserve requirements are a monetary policy operation (MPO) used to influence the demand for central bank reserves. The virtual regional workshop examined how this MPO helps central banks to meet their mandate of price and financial stability, and how its effectiveness depends on the alignment of its design and calibration with the purpose for which it is targeted. For example, if reserve requirements are used for monetary policy implementation (the most common objective), central banks should allow commercial banks to average the reserve requirements over a sufficiently long maintenance period to help stabilize short-term interest rates. As different objectives may conflict, central banks should seek alternative instruments to delimit the purposes of reserve requirements and improve their efficiency.

targeted senior officials with responsibility for reserve requirements and other central bank liquidity management and operations tasks. Eleven senior officials from six METAC member countries attended the event.

Risk-Based Supervision (Jun 27-30)

METAC and the IMF Center for Economics and Finance (CEF) in Kuwait jointly organized a regional course on "Risk-Based Banking Supervision (RBS) for the New Normal." The purpose of the workshop was to enlighten supervisors on the concepts, elements, and benefits of risk-based supervision, highlight the new risk drivers that are added to their supervisory dashboard amid the challenging macroeconomic conditions resulting from Covid-19 and the Ukraine war. The virtually delivered course was attended by more than 50 participants from 10 Arab countries, of which one third of the participants were from Fragile and Conflict-Affected States (FCS). Participants actively engaged in round-table

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

discussions and case studies. Two guest lecturers, a senior financial expert from the IMF and the deputy chair of the Financial Stability Institute (FSI), discussed current banking supervision topics, including supervisory policy responses to Covid-19 and the challenges of exit strategies, as well as key topics on the agenda of the Basel committee, including current financial risks, crypto assets, and climate change.

Fiscal Transparency (Jun 6-9)

The course was delivered virtually at the CEF jointly with the International Budget Partnership (IBP), as a follow-up of the series of workshops on fiscal transparency in June-July 2020. The course garnered a large participation of 30+ attendees from Egypt, Iraq, Jordan, Lebanon, Libya, Morocco, Saudi Arabia, Somalia, Tunisia, and West Bank and Gaza. The course included (i) a presentation of the Open Budget Survey 2021 results for the MENA region, along with perspective from the civil society (Jordan case), and a country case study of fiscal transparency reforms via the Global Initiative for Fiscal Transparency network, as well as (ii) presentations on the key indicators of the four pillars of the Fiscal Transparency Code with examples from comparable countries. All sessions included a practical workshop with three virtual breakout rooms (by language), where countries would (i) individually rate themselves on selected indicators of the OBI and the FTC and identify challenges and quick wins, (ii) discuss results within the group, and (iii) report in the plenary session.

Tax Administration Diagnostic Assessment Tool (Jun 27-30)

A virtual Tax Administration Diagnostic Assessment Tool (TADAT) training course was provided jointly with the TADAT Secretariat team to enhance METAC member tax administrations' knowledge of the TADAT methodology and raise awareness of internationally recognized good practices and the process to request TADAT assessments. The daily online training sessions were attended by 18 participants from 9 METAC countries. The course was delivered through interactive sessions covering the nine performance outcome areas and exercises developed around real country case scenarios.

The discussions and reflections from participants moderated by the three trainers helped officials prepare for a future TADAT assessment.

Technical Assistance and Training

BANKING SUPERVISION

Algeria (Jul 10-14)

METAC conducted an in-person mission to support the Banque d'Algérie (BA) in developing its regulation on the accounting and valuation of financial instruments. The mission and the BA team completed the draft regulation, modified the chart of accounts in line with the amended regulation, and introduced additional regulatory reports on financial instruments. The mission aimed to converge the initially proposed regulation with IFRS 9, while respecting the Algerian legal accounting framework. It introduced IFRS 9 concepts to the draft regulation, including the business model basis for classification of financial instruments, the derecognition criteria, and the accounting and valuation methodology for the various categories of financial instruments. The mission also identified the remaining gaps to converge with the international standard.

Iraq (Jul 29-Aug 2)

METAC continued to assist the Central Bank of Iraq (CBI) in strengthening its regulatory framework. The mission was conducted offsite in Jordan. METAC assisted the CBI in revising and finalizing the draft capital adequacy framework for Islamic banks and the related regulatory templates in line with Basel and IFSB guidelines. It also provided a comprehensive capacity-building training to a group of CBI supervisors on the various components of the regulation (eligible regulatory capital; credit, operational and market risk; risk-weighting calculation and methodology) to ensure sound understanding and effective implementation of the revised regulation and templates.

Jordan (Jul 24-26)

The mission built the capacity of the Central Bank of Jordan (CBJ) on Risk-Based Supervision through a three-day virtual workshop to a large group of bank supervisors. The mission provided CBJ supervisors with a clear and comprehensive understanding of the best practices for developing a risk-based supervision framework and presented in detail the European SREP (Supervisory Review and Evaluation Process), its objectives, overall architecture, and risk-by-risk analysis, as an illustration for a sound risk-based methodology. The workshop concluded with a discussion session on the takeaways and the key identified areas to enhance CBJ's supervisory framework. Following the mission, the CBJ requested METAC assistance to design a progressive multi-step project towards implementing a proportionate and robust SREP framework for analyzing and scoring banks.

Morocco (Jun 20-24)

METAC conducted an in-person mission at Bank Al Maghrib (BAM) to assist the Banking Supervision Department (BSD) in the development of its Supervisory Review and Evaluation Process (SREP) methodology. The mission reviewed the methodology prepared by BSD, notably the rating approach of the various types of risks (credit, liquidity, market, IRBB and operational risks), other core elements of SREP (business model assessment, internal governance and risk management), and proposed amendments. BSD will perform pilots in several banks to test the newly developed methodology. Another mission is planned in FY23 to follow up on the results of these pilots and to assist BSD in drafting the supporting guidelines.

West Bank and Gaza (Jun 26-Jul 7)

In response to a request from the Palestine Monetary Authority (PMA), METAC provided support for the further development of risk-based supervision (RBS). The mission focused on PMA's onsite supervisory work and supported it in addressing recommendations made by the 2018 Financial Sector Stability Review (FSSR), particularly to enhance inspection reports to provide a clear understanding of the bank, its risks, and the adequacy of capital. Together with PMA supervisors, the mission developed a new

template for inspection reports, as well as an illustrative completed report, which includes a full summary and focuses on business risk and Pillar 2 assessment, in addition to improved communication of key messages to banks.

PUBLIC FINANCIAL MANAGEMENT

Algeria (Jul 18-29)

This was a follow-up mission to take stock of progress made in the implementation of program-based budgeting and advise authorities accordingly. The mission mainly consisted of plenary sessions of questions and answers with participants from key sectors of the budgeting department with the aim to share experience and review the documentation that should be attached to the Initial Finance Law. A seminar gathering 50+ participants was also organized to present key upcoming changes to the budget preparation process. The mission also took stock of progress made on critical recommendations and actions of the project roadmap to ensure a smooth implementation of program-based budgeting in 2023 and advised authorities on priorities over the next few months.

Libya (May 30-Jun 3)

Jointly with the Accounting and Finance Training Institute of Libya, the mission trained authorities on (i) how to update the macro fiscal framework with the latest fiscal data available and (ii) the management of fiscal risks. The training spanned over five days and was attended by eight officials coming from the budgeting department and the macro fiscal unit of the Ministry of Finance and the Central Bank of Libya. The training included practical exercise on fiscal risks to identify the main sources of fiscal risks for Libya, their likelihood, impact, and quantification, as well as mitigation measures. Furthermore, the mission worked extensively on updating the macro framework, focusing on the wage bill and estimating the fiscal impact of a series of envisaged fiscal reforms, with the objective to create both a baseline and a reform scenario.

Morocco

Jun 20-Jul 8

The mission, together with the central inspectorate, drafted a roadmap to strengthen capacities of the internal audit function within line ministries to perform regular audits of the upcoming internal control framework (CRCI – *cadre de référence de contrôle interne*). To this end, the mission met with several inspectorate departments in line ministries and the Supreme Audit Institution to gather feedback on the CRCI, questions on the internal audit function as well as training and organization needs. The mission also facilitated a webinar that garnered a participation of 30+ stakeholders to present (i) the results of the various interviews and practical recommendations to strengthen capacities of IGMs and (ii) case studies on how comparable countries organized themselves to perform regular audits of their own internal control framework.

Jul 5-7

A joint METAC/FAD workshop provided opportunity to discuss with the Ministry of Finance (MoF): (i) progress in and challenges of adopting multiannual budgeting since the implementation of the organic budget law; (ii) fiscal rule principles and lessons learnt from international experience; and (iii) medium-term budget and expenditure frameworks. A follow-up joint METAC/FAD mission is planned in October.

West Bank and Gaza (Jun 1-14)

The remote mission supported the Macro-Fiscal Unit of the Ministry of Finance to strengthen quarterly macro-fiscal reporting. This entailed an analysis of statistical information; the elaboration process; and uses of reports for fiscal policy decisions. A more focused budget reporting approach can provide timely information to address budget implementation challenges and fiscal risks.

Yemen (May 26-Jul 30)

As part of programmatic support on expenditure control, METAC assisted the Ministry of Finance (MoF) in further defining the suggested workflows and producing a first version of the “Commitment Control Manual”. The activity also provided training to the three pilot entities (Customs Agency; Ministry of Public Works; University of Aden/Ministry of

Higher Education) to get acquainted with the new procedures which will be implemented in the coming months, including testing planned in early August 2022.

REVENUE ADMINISTRATION

Libya

May 30-Jun 7

METAC provided a remote capacity development activity to assist the Libya Customs Administration Authority in the full deployment of the ASYCUDA World IT customs management system. The mission established a primary diagnosis of the IT system in place and proposed a detailed roadmap that will allow, in a second phase, to unlock the various functionalities of the IT system (customs declaration processing, selectivity, control of the customs value, manifest modules, transit). The second phase started in August with an offsite mission in Amman, Jordan.

Jun 14-16

METAC delivered a three-day interactive training to expand the knowledge of the senior tax officials of the Libyan Tax Administration (LTA) on the integrity of taxpayer registers. LTA officials were initially engaged in a fact-finding discussion to better understand their tax system, their organizational structure and the process and procedures for taxpayers' registration. The training was designed to introduce them to the good practices for taxpayer registers.

West Bank and Gaza

May 10-26

This joint METAC/IMF mission was initiated in response to a request by the Minister of Finance and Planning (MOFP) in the Palestinian Authority (PA) for a diagnostic review of revenue administration (tax and customs). The mission assessed the reform proposals in the PA's 2022-2025 revenue strategy and provided capacity development in priority reform areas, including administrative measures to lift domestic tax and customs compliance. Proposals for a tighter integration of tax and customs organizations at the PA and measures to enhance digitization and access

to information from financial institutions were examined and recommendations developed. The mission reviewed the draft of the new customs code. Its provisions were discussed, and the mission made concrete proposals to amend some of them (particularly those related to dispute process).

STATISTICS

Egypt

May 15-19

METAC assisted the Ministry of Planning and Economic Development to assess and provide recommendations on the benchmark revisions to the official GDP estimates. The mission provided recommendations on the source data, methodology, and communication of the revision.

Jul 17-21

As part of a project to assist the Central Agency for Public Mobilization and Statistics of Egypt in implementing an improved supply and use tables compilation process, METAC conducted a remote mission to assist with developing initial estimates to compile 2019/20 supply and use tables.

Jul 24-28

METAC assisted MPED with revising the expenditure components of GDP, in line with the revisions introduced by MPED to production-based GDP. A method was developed to revise expenditure-based GDP, especially household final consumption expenditure and gross capital formation, as direct sources for these components do not fully cover the economy.

Iraq (Jun 12-23)

Supply and Use Tables

The mission assisted the Central Statistics Organization of Iraq in compiling supply and use tables for reference year 2018. SUTs provide a benchmark for rebasing the national accounts, thereby improving the GDP compilation process, and leading to more accurate measures of GDP. The mission assisted with the generation of initial estimates for several industries in preparation for the integration of the estimates into a central file.

Residential Property Price Index

METAC assisted the Central Statistics Organization of Iraq to develop a residential property price index. Training was provided on all steps of the compilation process, including coding the regression model in R. Support was also provided on data analysis, interpretation of results, and dissemination. The mission also provided additional guidance on aggregation and publication of the producer price Index.

Tunisia (Jul 18-22)

METAC organized a mission to assist Statistiques Tunisie with the development of quarterly estimates of GDP by the expenditure approach. Producing quarterly GDP estimates by expenditure provides a second quarterly GDP measure, thereby increasing the quality of this key economic measure. The mission provided training, reviewed potential economic indicators, and provided advice regarding the benchmarking process between quarterly and annual GDP estimates.

Staff News

Michel Stubbe, METAC's Central Bank Operations advisor since July 2021, left METAC in mid-July. He was instrumental in developing a work program for this new workstream at METAC. Michel's successor is expected to join METAC in October.

After seven years with METAC, Ingrid Nehme joined the new IMF Resident Representative office for Lebanon as Office Manager. We thank Michel and Ingrid for their important contributions to METAC and wish them well for their future plans and new work responsibilities!



Mr. Joey Ghaoui joined METAC in June 2022 as administrative assistant. Prior to joining METAC, he worked in the marketing field in the fast-moving consumer goods sector handling international brands for the past seven years. He also has three years of experience working in the private banking sector.

Analytical Corner

Revenue Mobilization for a Resilient and Inclusive Recovery in the Middle East and Central Asia (IMF, July 2022).

This paper examines the scope for additional tax revenue mobilization and discusses policies to gradually raise tax revenue while supporting resilient growth and inclusion. Excluding hydrocarbon revenues, the region’s average tax intake lags those of other regions, and there is considerable scope to raise additional tax revenue; countries have made efforts to raise revenue through improving tax policy design (tax rates and tax exemptions) and strengthening tax compliance by reforming tax administration. The paper’s analysis points to these priorities for the region to improve both efficiency and equity of tax systems.

Also see the respective IMF Blog: **Middle East Needs Fairer Taxes to Aid Growth and Ease Inequality** published by [Jihad Azour](#), [Priscilla Muthoora](#), and [Geneviève Verdier](#) in July.

The IMF Blog **Middle East and North Africa’s Commodity Importers Hit by Higher Prices** by [Jihad Azour](#), [Jeta Menkulasi](#) and [Rodrigo Garcia-Verdu](#), published in May, discusses the significant economic impact on the region of higher commodity prices, which have been propelled upwards by the war in Ukraine.

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
Iraq: Preparing an Annual Cashflow Forecast – April 2022
Iraq: Strengthening Expenditure Control-Guidance Note – May 2022
Revenue Administration
Iraq: Advice on Audit and Verification for the Large Taxpayers Department – April 2022
Jordan: Follow-up on Developing a Compliance Improvement Plan for the Large Taxpayer Office and for the Free Professionals Sector – April 2022
Statistics
Egypt: Sector Accounts – March 2022
Iraq: Supply and Use Tables – May 2022
Jordan: Annual National Accounts – March 2022
Jordan: National Accounts – May 2022

Libya: Consumer Price Index – March 2022
Libya: National Accounts Statistics – March 2022
Tunisia: Producer Price Index Development – March 2022
WBG: Current and Capital Accounts by Institutional Sector – May 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](#)

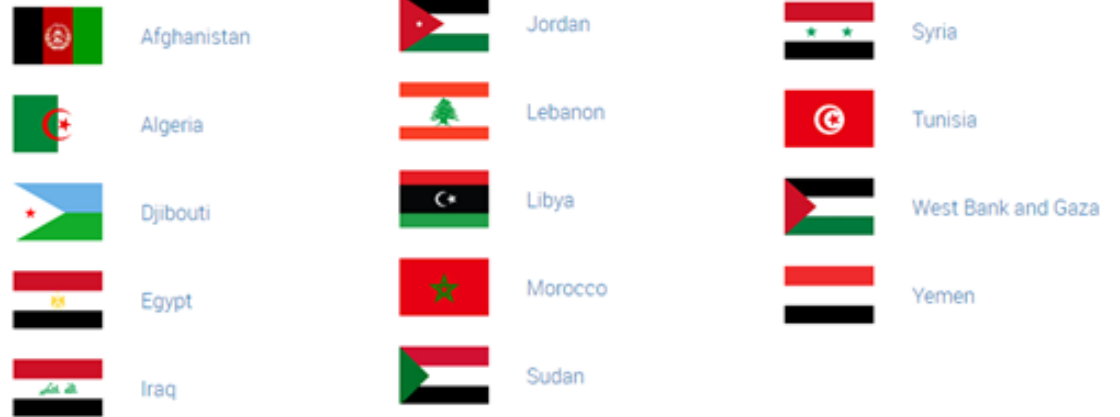
Activities Planned During August-October

Country	Topic and Lead METAC Advisor	Month/Day
Banking Regulation and Supervision – Ms. Nehmat Hantas		
EGY	Consolidated Supervision	10/24-27
JOR	Risk-Based Supervision	10/09-13
LBN	Training on onsite assessment of governance, compliance and cyber risks	10/17-21
REG	METAC-HQ webinar on approaches to climate risk analysis	10/03
WBG	IFRS 9 Implementation	9/26-30
YEM	Enhancing regulatory and Supervisory framework for Exchange houses	9/01-02
Public Financial Management – Mr. Jonas Frank		
JOR	Preparing a fiscal risk statement	09/20-10/31
YEM	METAC Expenditure control - Phase 3 Testing	08/06-09
YEM	IFMIS Strategy support	08/29-09/12
YEM	FY23 Budget planning	09/21-27
YEM	METAC Expenditure control - Phase 4 Automation and Training	10/01-12/10
Public Financial Management – Mr. Benoit Wiest		
DZA	IFMIS and program-based budgeting	09/19-30
LBY	Training on budget execution and audit	10/03-06
TUN	Cash and debt management	10/03-14
MAR	HQ / METAC mission – fiscal rules	10/17-28
Customs Administration – Mr. Djamel Bouhabel		
EGY	MTRS Inception phase FY23	09/03-18
LBY	Support to Asycuda World customs IT management system-Phase II	08/09-13
LBY	Study tour to the Jordanian customs authority	08/13-15
Tax Administration – Ms. Fadia Sakr		
EGY	MTRS Inception phase FY23	09/03-18
IRQ	Modernizing the organizational structure of the headquarter and the regional offices	08/21-29
JOR	Audit techniques for large taxpayers	10/09-17
REG	Regional training on ISORA survey	10/31-11/04
YEM	Training on audit	08/07-18
YEM	Improving taxpayers services	09/12-16
Statistics – Mr. Issam Alsammak		
IRQ	CPI - Diagnostic	10/23-27
JOR	Supply and use tables	09/18-29
TUN	Non-financial balance sheets	09/26-30
WBG	National accounts source data I	07/31-08/04
WBG	National accounts source data II	10/02-13
Central Bank Operations		
	To be determined	

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