

**PACIFIC FINANCIAL
TECHNICAL ASSISTANCE
CENTRE**

Supporting Macro-Financial Stability and
Sustainable and Inclusive Growth in the Pacific



**ANNUAL
REPORT
2022**



2022 PFTAC Steering Committee Meeting

MAY 24, 2022

(DAY 1 OF 2)

David Kloeden
PFTAC Director

Our Phase V Contributors (so far)



Agenda

■ Phase Six:

- **Overview** of the focus, design, and resource requirements by PFTAC Director Kloeden – see final Program Document here: <https://bit.ly/3wfKp5J>
 - **Member Country Perspectives:** (1) Fiji; (2) Cook Islands; and (3) Solomon Islands
 - **IMF Perspective:** Deputy Managing Director Bo Li
 - **Donor Perspectives**
 - **Summing Up:** IMF Asia Pacific Department Pacific Division Chief Todd Schneider
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- **Steering Committee Governance:**
 - **Overview** of issues for discussion and consideration – David Kloeden
 - **Decisions by Issue:** (1) **Operational Guidelines;** (2) **Tenure/term of Chair;** (3) **Vice-Chair Position;** (4) **Executive Committee;** (5) **Quorum;** and (6) **Constituencies**

Phase VI Proposal – the Macroeconomic Context

- **Heavily influenced by post-COVID priorities**
- **Climate change and disaster vulnerabilities still dominate**
- **Recovery likely to be slow and divergent, with new head-winds**
- **Some longstanding issues have worsened**
- **Need and demand for PFTAC more essential now than ever**

Phase VI Proposal – the Process

- **Five Virtual Working Groups (VWG) from Feb – June 2021**
- **VWGs presented at SC meeting July 2, 2021**
- **Internal IMF processes concluded Nov 2021**
- **Phase VI design presented at SC meeting December 2, 2021**
- **Draft Program Document circulated for comment & review Feb 2022**
- **Final Program Document published late April 2022**

Phase VI – Programs & Resources

- **Recognize July 2 SC meeting call to maintain all current programs**
- **Excluding Debt Management, increase from 7 to 10 LTX**
- **LTX unchanged: 2 revenue, 1 each FSS, RSS, Macro (APD backstop)**
- **Return of GFS program/LTX with extra Debt Statistics focus**
- **A new Macro Frameworks program/LTX backstopped by ICD**
- **PFM program increase from 2 to 3 LTX, with new climate change focus**

Phase VI Proposal – Costs and Fundraising

- **Funding period is 5 years – May 2023 through April 2028**
 - ▶ **versus 5 ½ years planned for Phase V that extended to 6 ½ years**
- **Fund-raising target for donors/member countries – US\$ 40 million**
 - ▶ **US\$ 36 million from donors**
 - ▶ **US\$ 4 million from member countries (10 percent)**
- **Approximately 25 percent more each year in budget and delivery versus actual Phase V outturn**
- **Plus, US\$ 3 million from IMF (US\$ 0.6 m annually)**
 - ▶ **Possibly marginally more for admin costs freeing up funds for CD**
 - ▶ **And possibility of extra funds for CD efforts in expanding areas of IMF focus like climate change and fragile states**

Phase VI Proposal – Costs and Fundraising

Capacity Development (by workstream)	
1. Public Financial Management (3 LTX) ^{1/}	8.5
2. Revenue Administration (2 LTX)	8.5
3. Macroeconomic Programming (1 LTX) ^{2/}	3.3
4. Real Sector Statistics (1 LTX)	4.3
5. Government Finance & Debt Statistics (1LTX) ^{3/}	3.3
6. Macroeconomic Frameworks (1 LTX) ^{4/}	3.0
7. Financial Sector Supervision (1 LTX)	4.3
8. Finance and Fiscal Legislation ^{5/}	0.7
9. Debt Management (1 LTX) ^{6/}	0.0
Administration^{7/}	0.8
Governance and Evaluation	0.3
Strategic Budget Reserve	0.4
Sub-Total	37.4
Trust Fund Management Fee (7 percent of sub-total)	2.6
Total	40.0
IMF Expenses	3.5
Grand Total	43.5
Notes:	
1/ Extra LTX focused on Climate Change PFM Issues	
2/ Backstopped by Asia Pacific Department (APD)	
3/ Return of GFS LTX also covering Debt Statistics	
4/ New program backstopped by Institute for CD (ICD)	
5/ STX inputs to PFM, Revenue, and FSS Programs	
6/ Finance by Government of Japan	
7/ All Local Staff paid by IMF	

Phase VI – Member Country Observations

- **Fiji** – Mr. Shiri Gounder, Permanent Secretary, Ministry of Economy
- **Cook Islands** – Mr. Garth Henderson, Financial Secretary, Ministry of Finance and Development
- **Solomon Islands** – Governor Luke Forau, Central Bank of Solomon Islands

Phase VI – Perspectives of the IMF

- Deputy Managing Director Bo Li

Phase VI – Donor Observations

- **Phase V Donors:**
 - **Australia**
 - **New Zealand**
 - **European Union**
 - **Korea**
 - **United States**
 - **Asia Development Bank**
 - **Canada**

- **Prospective New Donors:**
 - **United Kingdom**
 - **Others?**

Phase VI – Summing Up

- **Asia Pacific Department Pacific Division Chief Todd Schneider**

Steering Committee Governance Issues

- **Background and impetus for possible change**
- **Strengthening SC governance and effectiveness**
- **Results of SC Member Survey**
- **Issues for Consideration**
- **Item-by-Item Discussion and Endorsement**

Survey Results and Issues for Consideration

- **On-line survey of SC members in April (see note)**
 - All members invited to respond and hastened several times
 - Responses from 4 of 7 donors and 5 of 16 member countries
- **Need for SC Operational Guidelines – Supported by 9 of 9 responses**
- **Tenure/duration of SC Chairperson term:**
 - Retain status quo and rotate annually – 1 of 9 responses
 - Defined Term – 8 of 9 responses
- **Defined term of SC Chair:**
 - Two-year Term – 5 of 8 responses
 - Three-year Term – 3 of 8 responses
- **Need for a Vice-Chair to succeed and deputize for Chair with same tenure:**
 - Supported by 8 of 9 responses
 - Without a vice-chair, one response suggested Secretary deputize for Chair

Survey Results and Issues for Consideration

- **Option to create Sub-Committees such as an Executive Committee:**
 - Supported by 7 of 9 responses
- **Need for decision making Quorum:**
 - Supported by 7 of 9 responses
 - Definition of Quorum between 20 – 30 percent of membership – 1 of 7 responses
 - Definition of Quorum between 30 – 50 percent of membership – 3 of 7 responses
 - Definition of Quorum more than 50 percent of membership – 3 of 7 responses
- **SC Meeting Frequency and Modality:**
 - Keep to once a year – 7 of 9 responses
 - Of which 5 prefer maintaining in-person meeting and 2 meeting virtually
 - Twice a Year – 2 of 9 responses, one in-person, one virtual
- **Need for Constituencies:**
 - Supported by 5 of 9 responses of various possible arrangements

Wrap-Up

- **Closing Remarks by the Chairperson**