

**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 25, 2022

(DAY 2 OF 2)

David Kloeden
PFTAC Director

Our Phase V Contributors (so far)



Agenda

- **IMF Strategy towards Mainstreaming Gender:**
 - **Presentation** by Ms. Lisa Kolovich from the IMF's Strategy, Policy and Review (SPR) Department including 5 minutes for questions and answers
- **Review and Report on FY2022:**
 - **Overview** and summary of PFTAC activities, outturn, challenges, accomplishments – David Kloeden
 - **Financial Report:** James Yoo, Global Partnerships, Institute for Capacity Development
 - **Briefing and Discussion of Programs:** resident advisors and country/partner interventions of CD programs: (1) Macroeconomic Analysis; (2) Revenue; (3) Public Financial Management; (4) Public Debt Management; (5) Financial Sector Supervision; and (6) Macroeconomic Statistics
- **Overview of the FY2023 Workplans and Budget**
- **Items for SC Endorsement**
 - Early launch of Phase VI Initiatives
 - FY2023 Workplan and Budget



IMF Strategy Toward Mainstreaming Gender

Lisa Kolovich
Strategy, Policy and Review Department

Vision and Positioning the Fund

Our Vision

Bring a gender lens to all aspects of the IMF's work

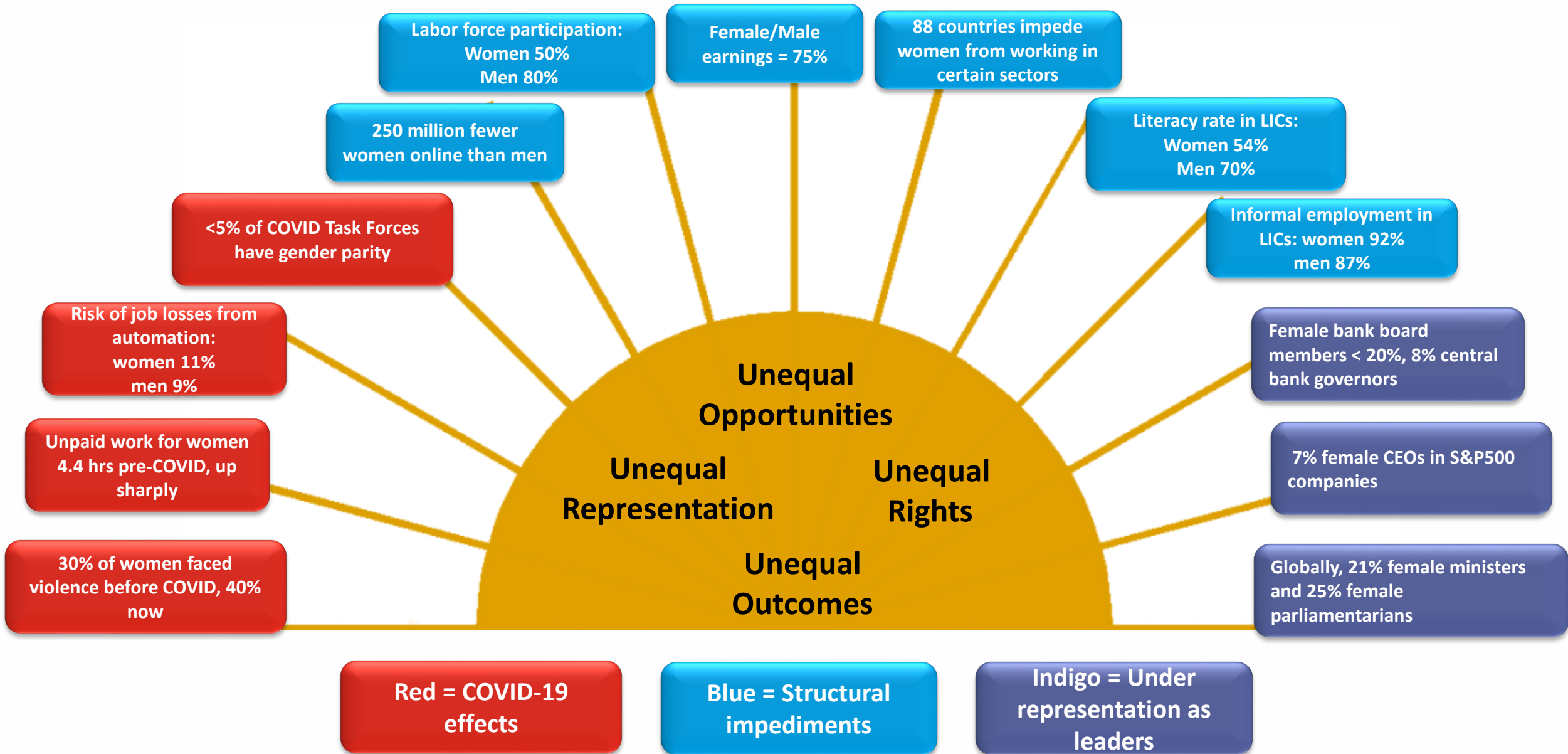
Focus on Fund's expertise—macro-criticality—where gap exists

Establish systematic and quantitative criteria for engagement

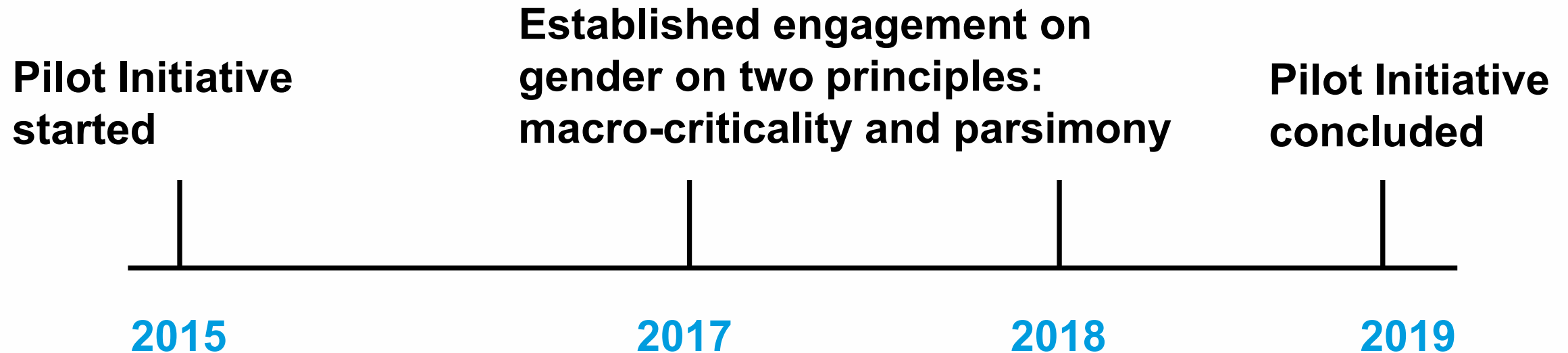
Provide tailored/granular advice and CD support to members

Leverage other IFIs/development partners to maximize impact

Many Gaps but Focus on Macro-criticality



Taking Stock: Approach and Support 2015-19



To date, gender issues have been covered in:

- Staff reports (43 case studies under the pilot Initiative + others and 5 programs)
- WEO (2018, 2020, 2021), Fiscal Monitor (2017, 2021)
- 2018 Note on how to incorporate gender issues in IMF's country work
- More than 30 workshops and peer learning events
- Targeted TA for at least 8 countries

Vision for Mainstreaming Gender to Serve Members

Where are we?

Surveillance

- ▶ Not yet systematic approach to country specific gender analysis
- ▶ Standalone, add-on: box/para/SIP
- ▶ Advice not systematically included in main policy discussion
- ▶ Limited follow up

Programs

- ▶ Five countries over four years
- ▶ No follow up SBs
- ▶ Need to better establish program criticality

Capacity Development

- ▶ Mainly workshops, amid rising demand for tailored CD

No systematic collaboration with other IFIs

Where do we want to go?

Surveillance

- ▶ Evenhanded and consistent approach based on macro-criticality
- ▶ Granular and country-specific advice
- ▶ Integrated in core policy discussions
- ▶ Follow-up in subsequent consultations
- ▶ Curate data & build internal data hub
- ▶ In-house toolkits and internal training of staff through structured curriculum

Programs

- ▶ Ownership by authorities
- ▶ Tailored and targeted; assess criticality

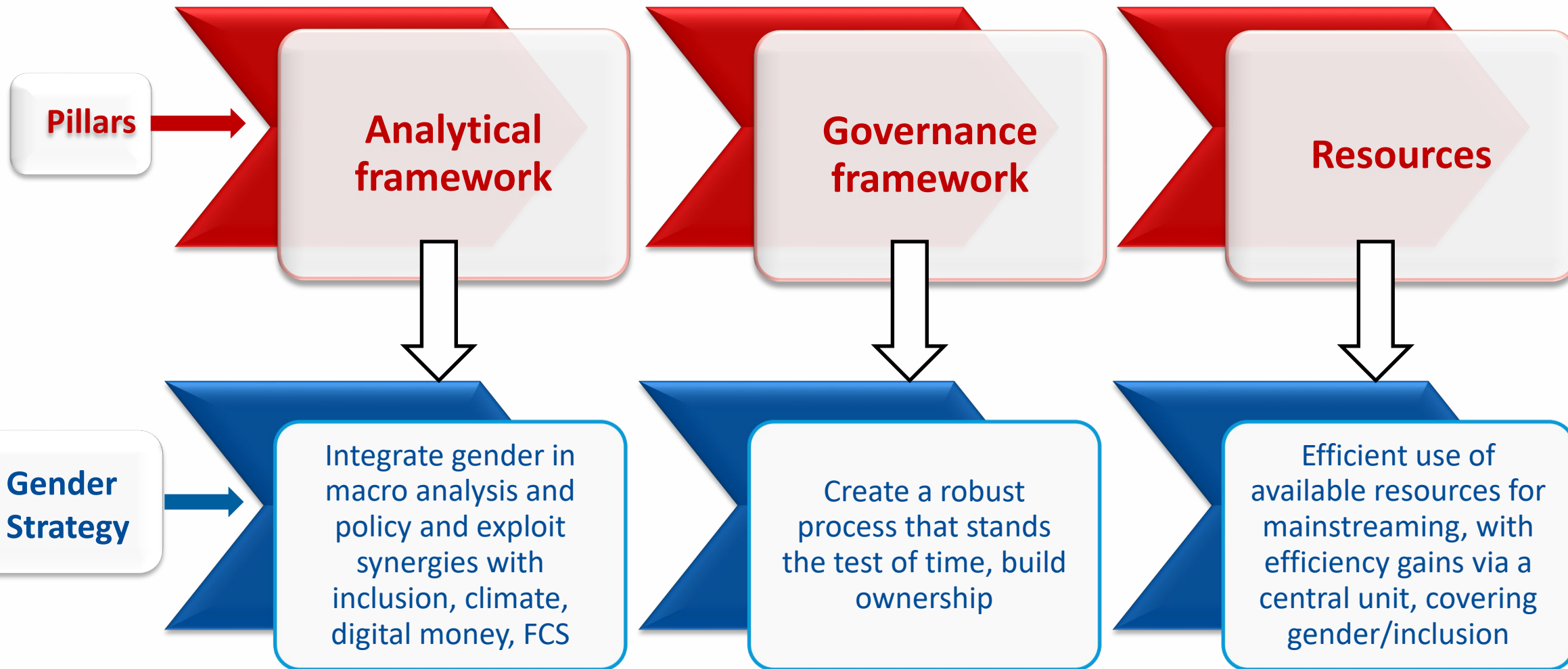
Capacity Development

- ▶ Integrated with surveillance & programs
- ▶ Provide more country-specific TA/training
- ▶ Add gender disaggregated analysis to existing TA products (e.g. FSSR).

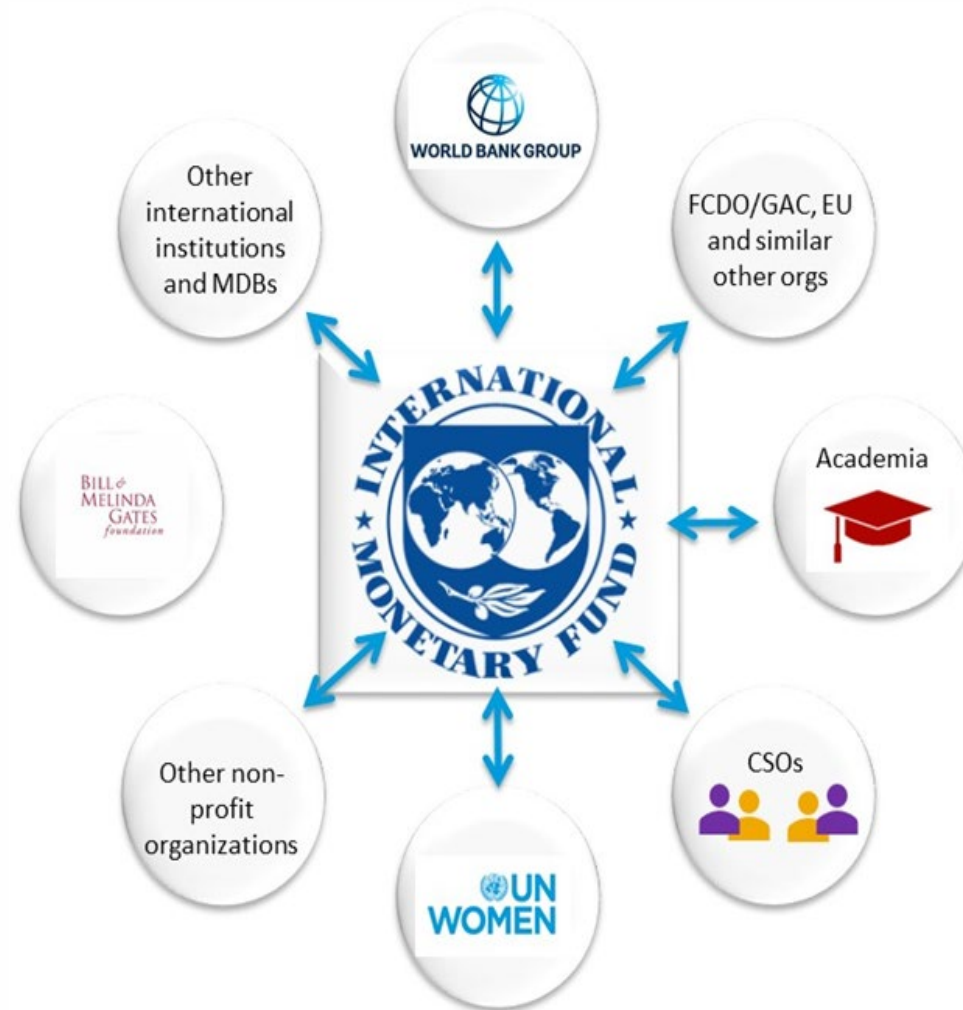
Strengthen collaboration with other IFIs

- ▶ Build networks, systematically seek input

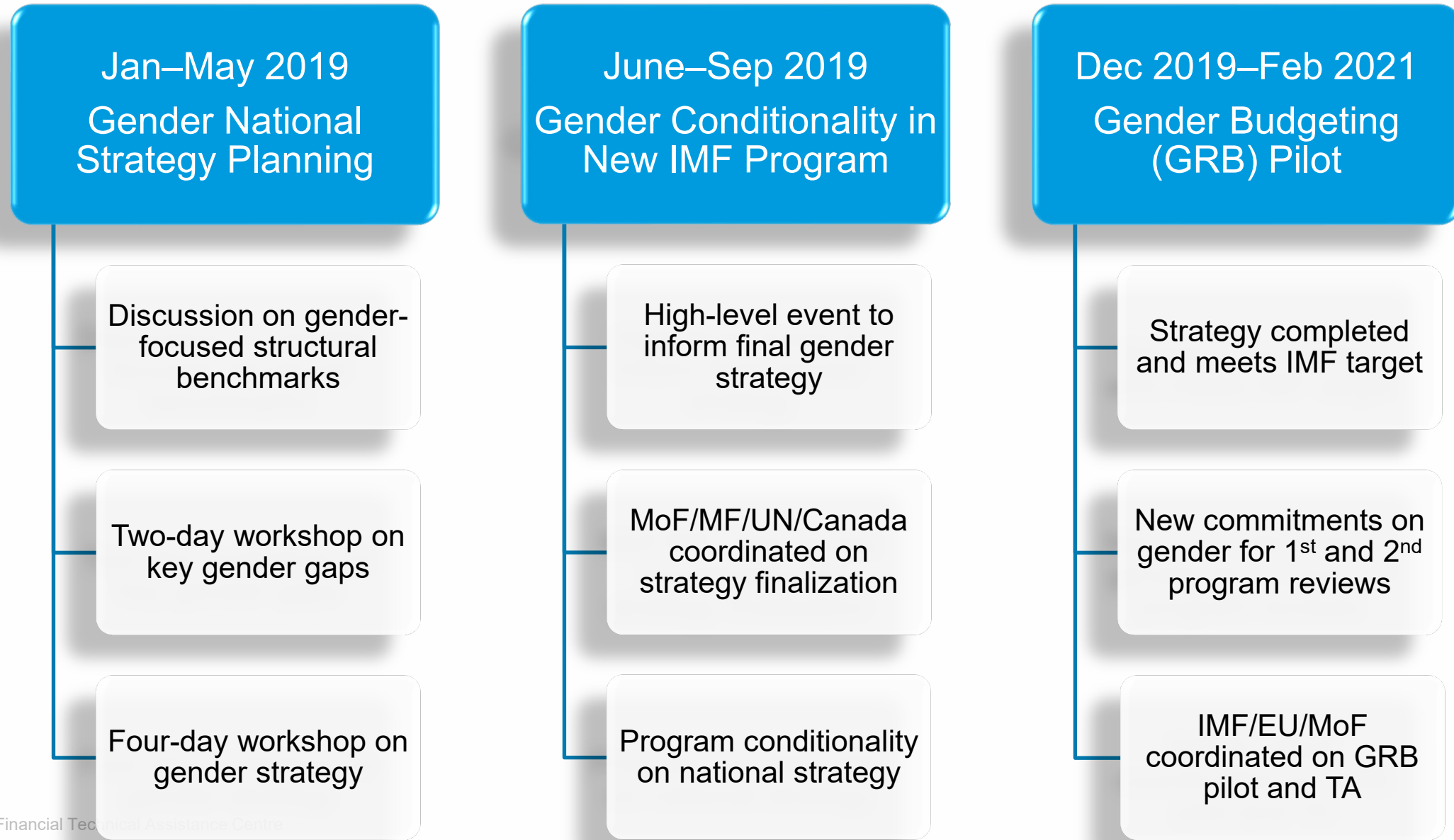
Mainstreaming Gender: Main Pillars



Fourth Pillar: External Collaboration



São Tomé and Príncipe: External Collaboration was Key for Inclusion of Gender Issues in IMF Program



Capacity Development, Tools and Data, Analytical/Policy Work

Capacity Development

- 2022 IMF/UN-Women external courses on gender economics
- Gender budgeting courses and TA
- Gender Seminar Series (kicked off end-2021)
- Pilot on gender-disaggregated FSSR
- Internal training on gender economics to be launched in the fall

Analytical Tools and Data

- Overlapping generation GEMs with heterogeneous agents
- Gender-disaggregated Financial Access Survey
- Gender Data Hub to be launched in early summer

Selected Analytical/Policy Work

- [Gender budgeting practices in G20 countries](#)
- [Gendered tax policy design](#)
- [Tackling legal impediments to women's economic empowerment](#)
- [Fiscal policies to support female labor force participation](#)

Review and Report on FY2022

- **Another challenging year, but better times on the horizon:**
 - **Worked Remotely:** mostly in Fiji working from home, gradually returning to office from early 2022
 - **Virtual Engagement grew more challenging:** missions taking longer, activities postponed, with pent-up demand to return to in-person missions and training as soon as possible
- **Continued delivery of critical Capacity Development :**
 - **Revenue program** maintained scaled-up response to demand with new second resident advisor
 - **Macroeconomic Analysis program** expanded delivery to additional countries and key topics
 - **Debt Management program** now fully operational
- **And a few highlights.....**
 - **PFM support:** PEFA and Gender PFM assessment in Nauru and Cook Islands PFM Roadmap
 - **Major tax reforms** supported in Palau launching early 2023 and wider model for region
 - **Stepped up support in fragile states** particularly Timor-Leste and microstates

FY2022 Highlights: In Numbers

Key indicators in execution of the FY2022 work program and with respect to PFTAC operations and governance were:

1,929

field person days of CD delivered

532

professional government staff (of which 51 percent were women) were trained from the 16 PFTAC member countries in 12 regional training events totaling 2,812-person days of training

64%

of CD was fiscal, either PFM or Revenue (1,244 of 1,929 field days), with 52% just Revenue (1,006 days)

111

activities executed by PFTAC advisors and experts, comprising 12 seminars and 99 missions to member countries or support for regional activities

29%

of CD was delivered by the team of seven resident PFTAC advisors (561 of 1,929 TA field days), and 71 percent by members of the IMF's roster of short-term experts

\$ 38.3 million

contributions received so far from seven donors and from 15 of 16 PFTAC countries of US\$ 39.5 million original fund-raising target

79%

execution rate of the mid-year updated work plan (1,929 TA days versus 2,455 planned), and 70% of missions (111 of 158 planned)

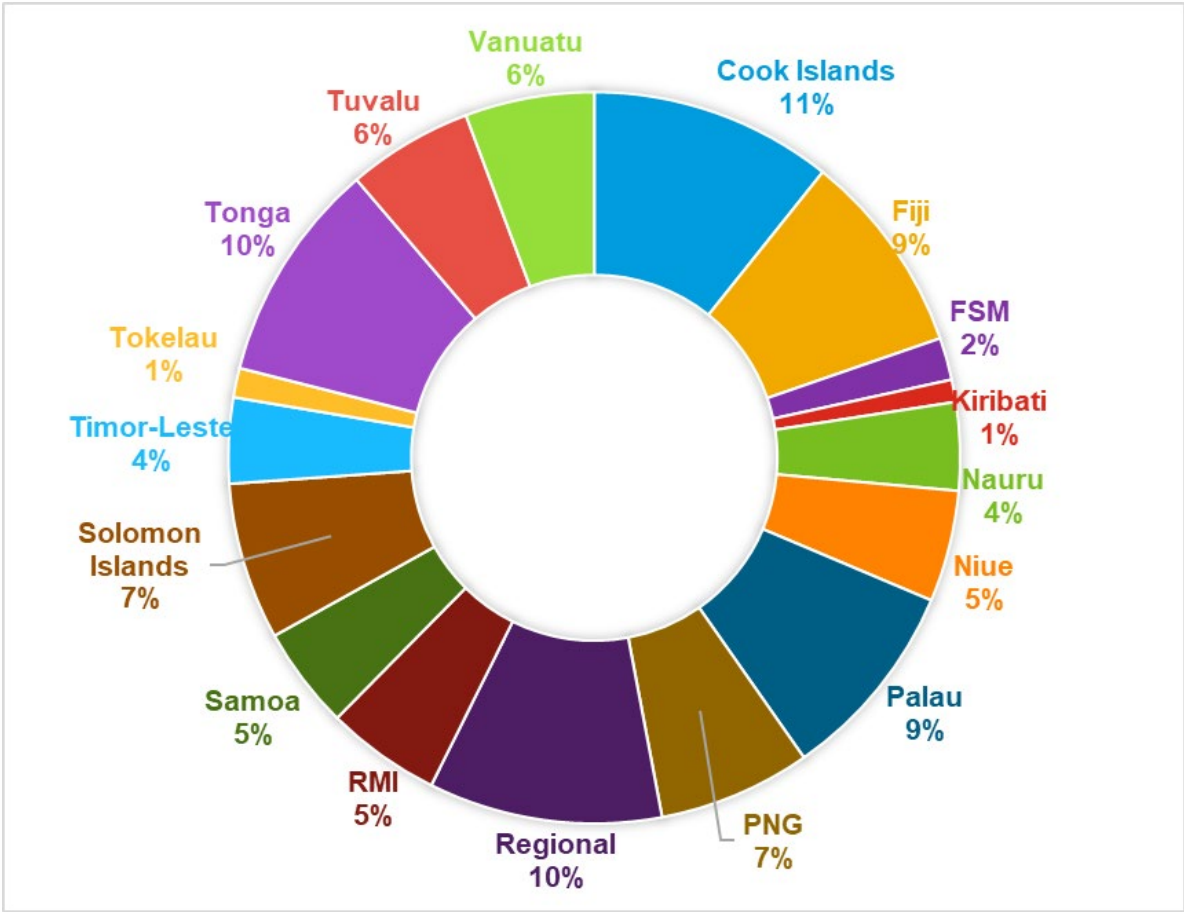
\$ 3.35 million

of projected expenses from a budget of US\$ 6.85 million (approx. 49%), excluding the 7% trust fund fee

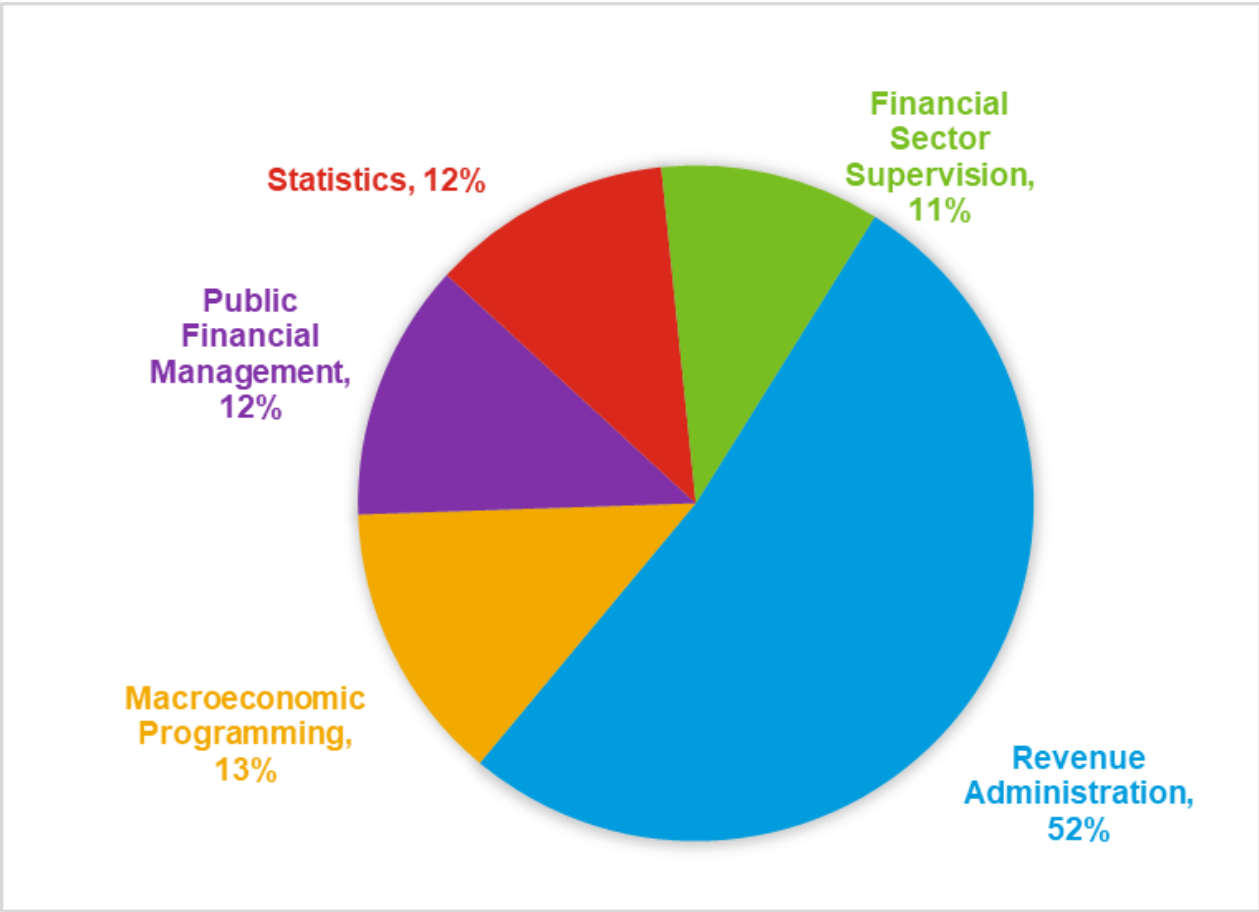
31%

of resources (597 days) provided to seven PFTAC countries designated as fragile (Kiribati, FSM, RMI, PNG, Solomon Islands, Timor Leste, and Tuvalu)

FY2022 TOTAL TA DAYS BY COUNTRY (1,929 DAYS)



FY2022 TOTAL 1,929 TA DAYS BY PROGRAM



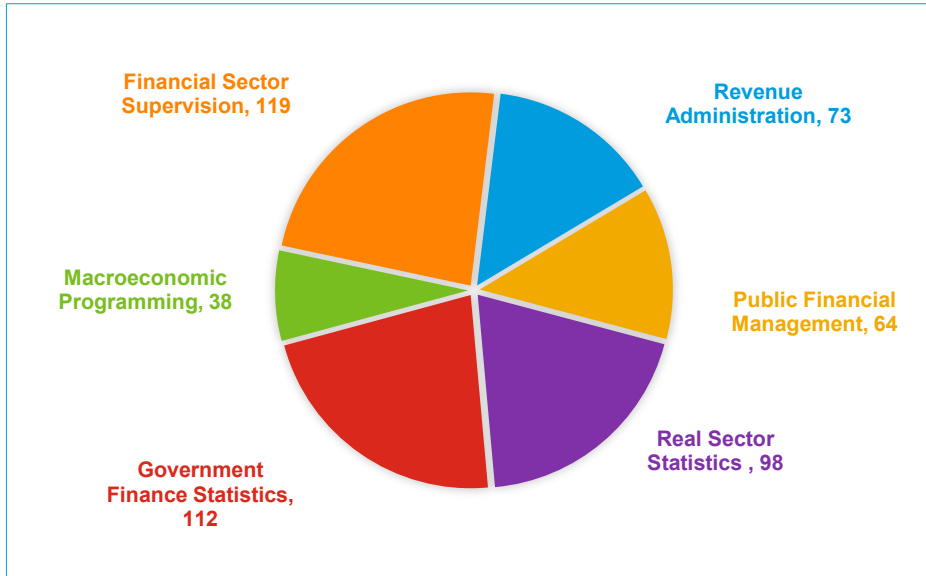
Training continues to be delivered virtually

Sector	Partner	Location	Topic	Duration (Days)	Male	Female	Total	Training Days
Macro	STI	Virtual	GDP Forecasting/ Now casting	3	15	39	54	162
Macro	STI	Virtual	Inflation Forecasting	3	24	24	48	144
FSS	MCM	Virtual	Building Cyber Resilience	3	13	13	26	78
FSS	MCM	Virtual	Implications of Climate Change Risk on Financial Sector Supervision	1	15	12	27	27
FSS	MCM	Virtual	Basel III	4	26	30	56	224
RSS		Virtual	Quarterly National Accounts (QNA)	5	4	12	16	80
RSS		Virtual	Annual National Accounts (ANA)	5	6	12	18	90
PFM		Virtual	SOE Fiscal Risk Oversight and Management	4	23	25	48	192
Revenue	PITAA	Virtual	Taxpayer Services and Communication	5	35	28	63	315
Revenue	PITAA	Virtual	Leadership, Integrity and Good Governance #1	2	31	21	52	104
Revenue	PITAA	Virtual	Taxpayer Register and Data Cleansing	5	26	26	52	260
Revenue	PITAA	Virtual	Leadership, Integrity and Good Governance #2	2	22	15	37	74
TOTAL				42	240	257	497	1750
Debt Management		Virtual	Fundamentals of Debt Reporting and Monitoring	10	13	13	26	260
GRAND TOTAL				52	253	270	523	2010

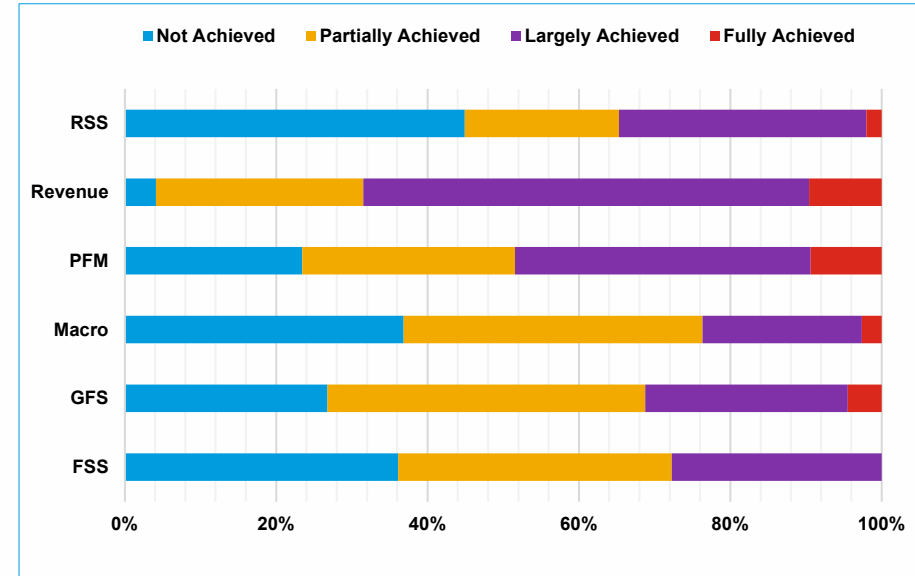
- 13 events all virtually delivered, in an environment of strong development partner competition
- 497 trainees (steady from 493) of which 52 percent female participation (up from 45 percent)
- Average event duration 3.5 days (down from 4 days)
- 1,750 Training Days (down from 1,850) – excluding debt management
- Strong partner collaboration with PITAA and STI

FY22: Tracking Milestones towards Outcome Achievement













































































































































504 MILESTONES DUE BY APRIL 2022 BY PROGRAMS



PFTAC ACHIEVEMENT OF 504 MILESTONES BY APRIL 2022



PFTAC: Results Based Management Progress for FY2022

	 Change in avg. milestone score	 No change in avg. milestone score	 New milestones defined	 Milestones achieved	 No activity during FY22												
	PFTAC Region	Cook Islands	Fiji	FSM	Kiribati	Nauru	Niue	Palau	PNG	RMI	Samoa	Solomon Islands	Timor Leste	Tokelau	Tuvalu	Tonga	Vanuatu
Public Financial Management																	
1. Improved PFM laws and effective institutions																	
2. Comprehensive, credible, and policy-based budget preparation																	
3. Improved budget execution and control																	
4. Improved coverage and quality of fiscal reporting																	
5. Improved asset and liability management																	
6. Strengthened identification, monitoring, and management of fiscal risks																	
Revenue Policy and Administration																	
1. Strengthened revenue administration management and governance arrangements																	
2. Strengthened core tax administration functions																	
Financial Sector Supervision																	
1. Develop/strengthen banking regulations and prudential norms																	
2. Implement a risk-based supervision (RBS) system and upgrade other supervisory processes																	
6. Improved financial stability via early detection of and effective and timely res																	
Develop/ strengthen cybersecurity regulations and prudential norms																	
Macroeconomic Programming																	
1. Well functioning macroeconomic policy and institutions: improved macroeconomic policy advice to government																	
Government Finance Statistics																	
1. Strengthen compilation and dissemination of data on macroeconomic and financial statistics.																	
Real Sector Statistics																	
1. Strengthen compilation and dissemination of data on macroeconomic and financial statistics.																	

PFTAC People

Newcomers:

- New RSS Advisors **Matthew Powell**
- New Revenue Advisor **Katrina Williams**

Departures:

- Farewell to RSS Advisor **Marcus Scheiblecker**
- Farewell to GFS Advisor **Luis Temes**

And the Rest of the Team:





PFTAC

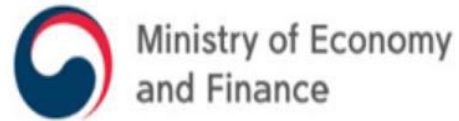
Phase V: FY17-FY23

FY22 Financial Report

MAY 25, 2022

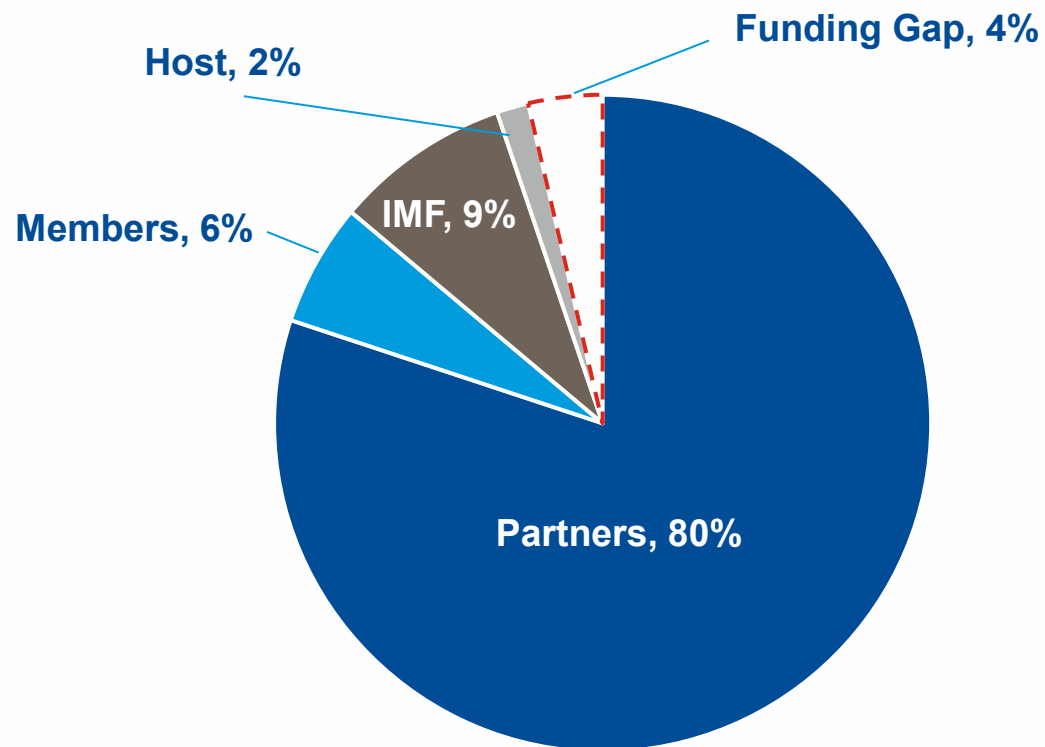
James Yoo
Senior Technical Assistance Officer
Global Partnerships Division, ICD

Thank you to PFTAC Partners



Funding Status

(in thousands of U.S. dollars; as of April 2022)



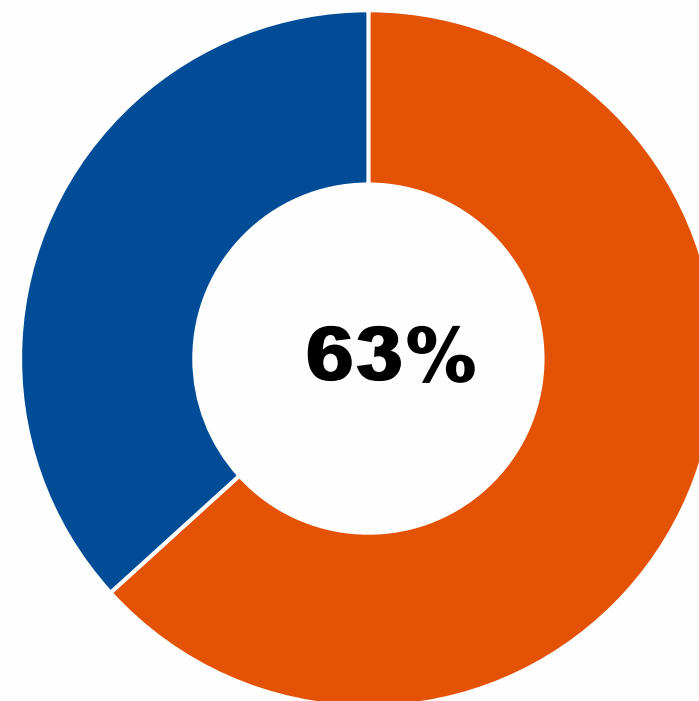
Agreement Information	
Partners/Members	Amount
Partners	34,678
New Zealand	12,145
Australia	9,268
European Commission	6,829
Korea	2,500
United States	2,000
Canada	1,136
Asian Development Bank	800
Members	2,654
Papua New Guinea	1,375
Solomon Islands	168
Samoa	165
Vanuatu	165
Cook Islands	110
Marshall Islands	110
Micronesia	110
Palau	110
Tonga	110
Kiribati	83
Nauru	83
Niue	28
Tuvalu	28
Tokelau	11
Partners and Members Total	37,331
Transfers and Rollovers	518
Under Negotiation	550
Timor Leste	550
IMF Contribution	3,809
Host Country (Fiji)	688
Grand Total	42,896
Program Document Budget	43,509
Funding Gap	613

FY22 Execution

(in thousand of U.S. dollars; as of April 2022)

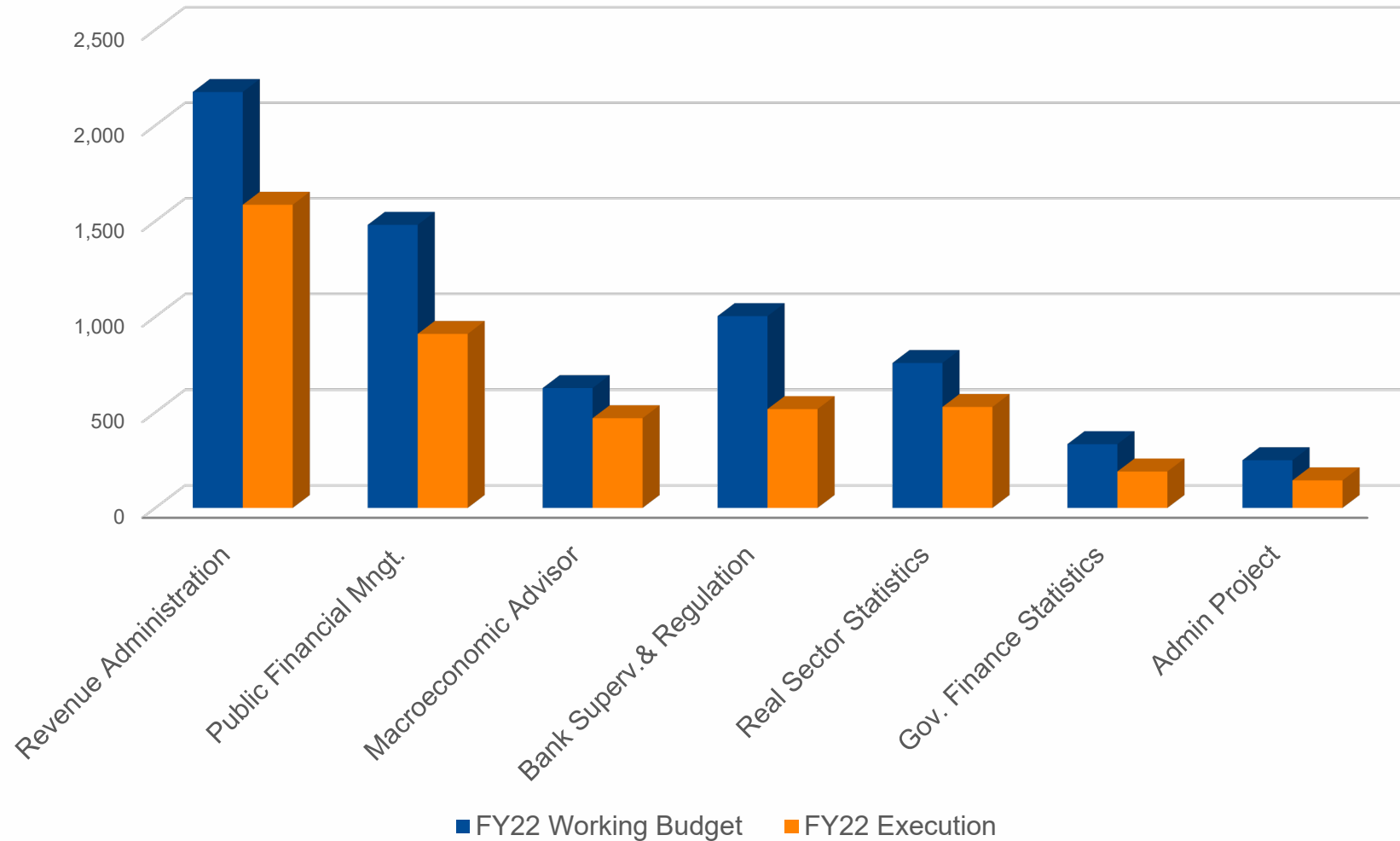
Project	Phase			FY22		
	Working Budget	Expenses	Execution(%)	Working Budget	Expenses	Execution
Public Financial Management	8,440	6,781	80%	1,480	910	61%
Revenue Administration	11,280	9,034	80%	2,175	1,585	73%
Macroeconomic Advisor	3,548	2,852	80%	627	469	75%
Banking Supervision and Regulation	4,931	3,994	81%	1,003	517	52%
Real Sector Statistics	4,043	3,284	81%	758	528	70%
Government Finance Statistics	2,593	2,130	82%	334	190	57%
Financial and Fiscal Law	427	324	76%	103	-1	-1%
Admin Project	1,293	1,048	81%	250	144	58%
Training project	99	99	100%	-	0	
Governance and Evaluation	424	416	98%	164	88	54%
Strategic Budget Reserve	55	0		110	0	
Subtotal	37,134	29,962	81%	7,003	4,431	63%
Trust Fund Management	2,599	2,097		490	310	
Total	39,733	32,059	81%	7,494	4,741	63%

FY22 Execution



PFTAC - Phase V (FY17-23) FY22 Execution

(in thousand of U.S. dollars; as of April 30, 2022)



Overview of the Macroeconomic Analysis Program



Mr. Andrew Beaumont

Appointed PFTAC Macroeconomic Analysis advisor in February 2020

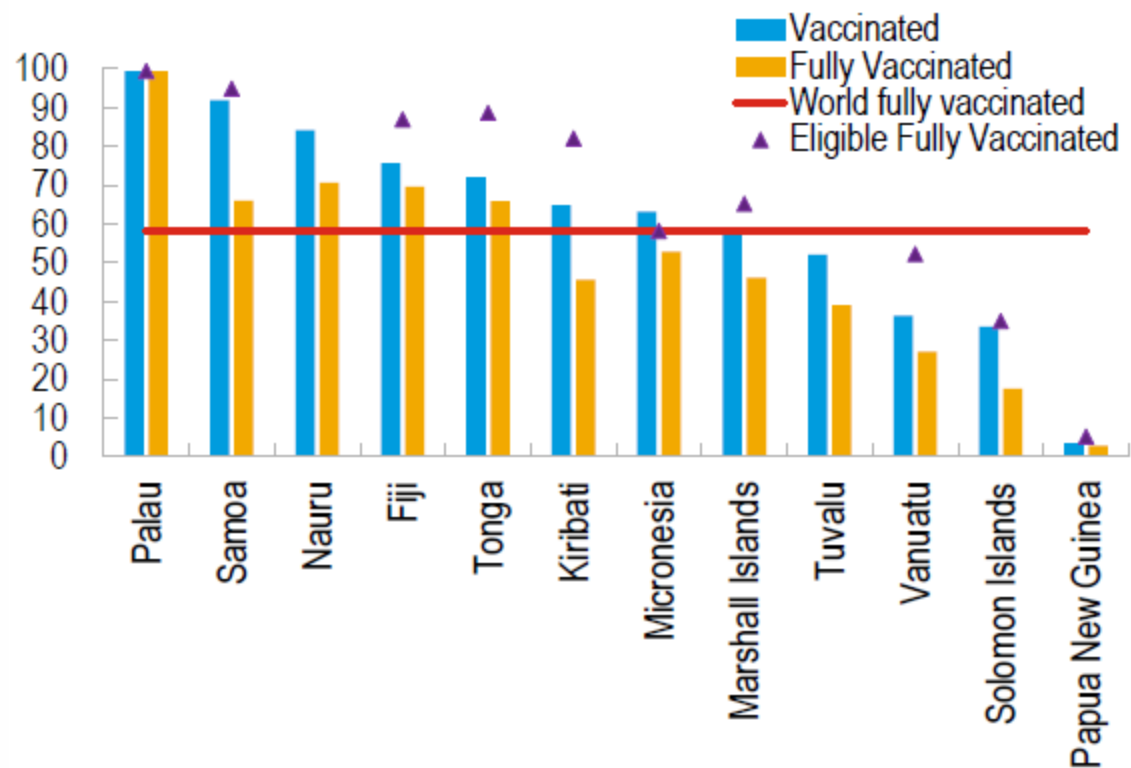
Comments by: Mr. Isikeli Voceduadua

Deputy Finance Secretary, Ministry of Finance, **Nauru**

Acceleration in vaccination rate will allow faster reopening

Vaccination Progress in the Pacific

(% of total population)

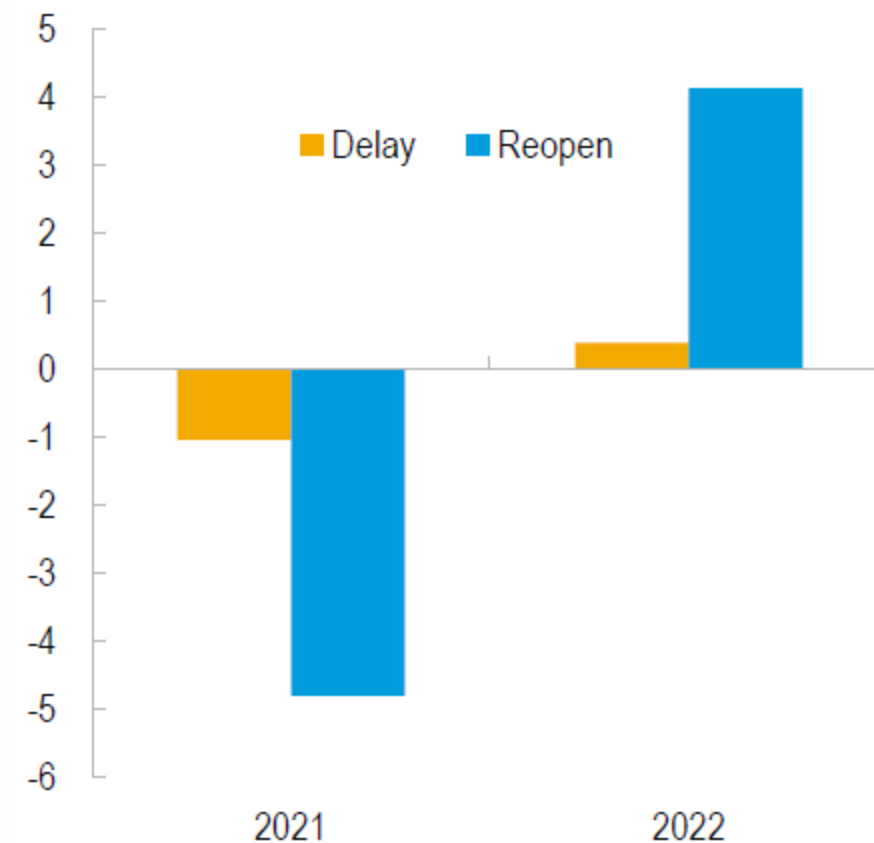


Sources: Our World in Data, CDC, UN Population division, and IMF Staff Calculations.

Note: Data as of 04/05/2022. "Vaccinated" means at least one dose received, "Fully vaccinated" means receiving a full course of the vaccine (one or two doses). Eligible population aged 18+ or 20+ when data is available. For Marshall Islands, Micronesia and Palau, population aged 5+; for Fiji and Tonga, population aged 12+.

Divergent recoveries

(average of real GDP growth, percent change)

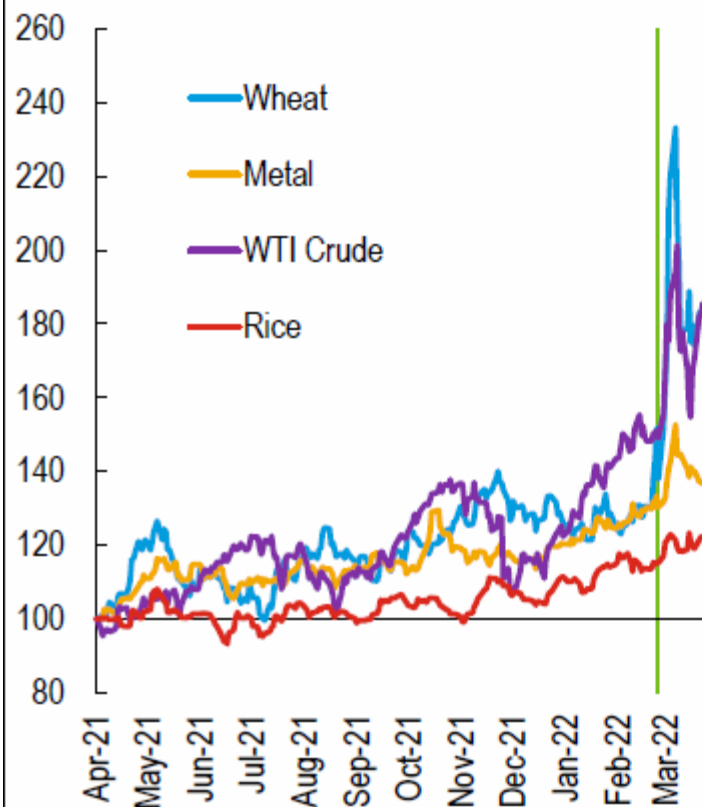


Sources: IMF's World Economic Outlook. Countries which reopened are Fiji, Palau, Papua New Guinea, and Tonga.

Economic impact of the war in Ukraine

Commodity prices

(Index; April 2021=100)



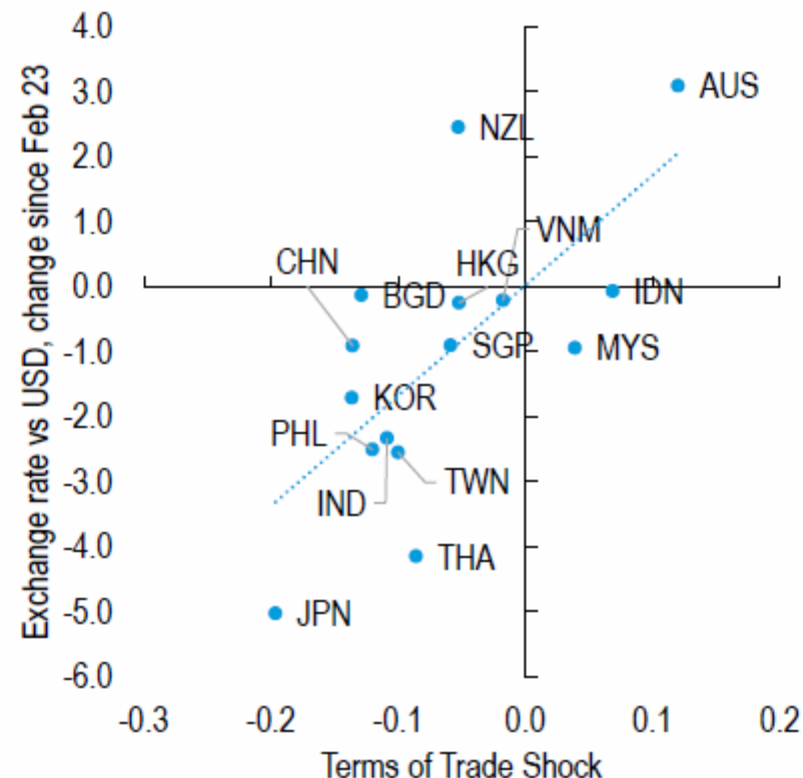
Source: Bloomberg LLP.

Note: Metals index based on Bloomberg Base Metals Spot Price Commodity Index with the following weights: Aluminum (45%), Copper (25%), Nickel (2%), Lead (12%), Zinc (15% and Tin (1%).

IMF | Asia and Pacific Department

Exchange rate and commodity terms of trade

(Percent change)

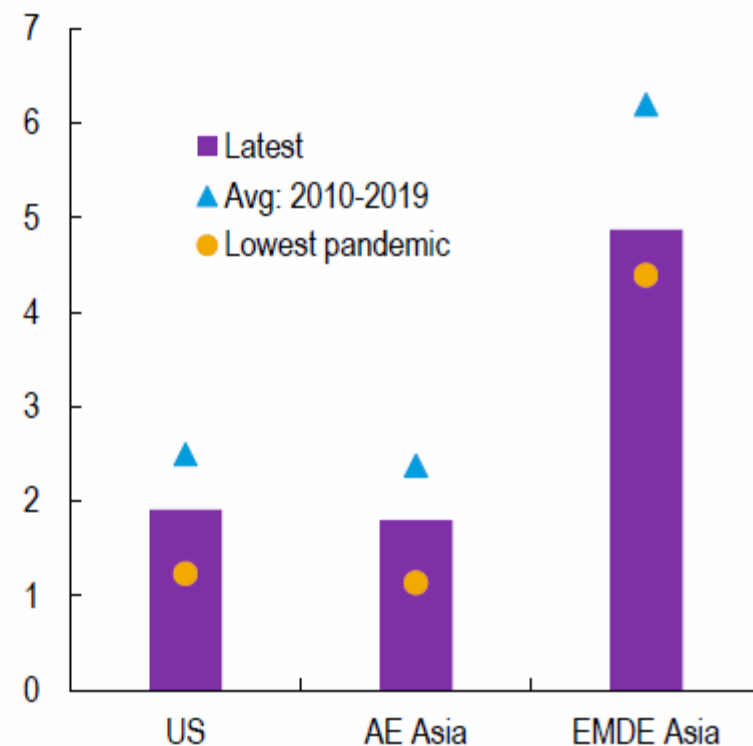


Source: Gruss and Kebhaj (2019) and IMF staff calculations.

Note: Commodity Terms of Trade shock (ToT) measured as projected change March-May 2022 compared to Dec 2021-February 2022. Exchange rates measured as March 23 compared to February 23, 2022.

10-year yields and their long-term average

(Percent)

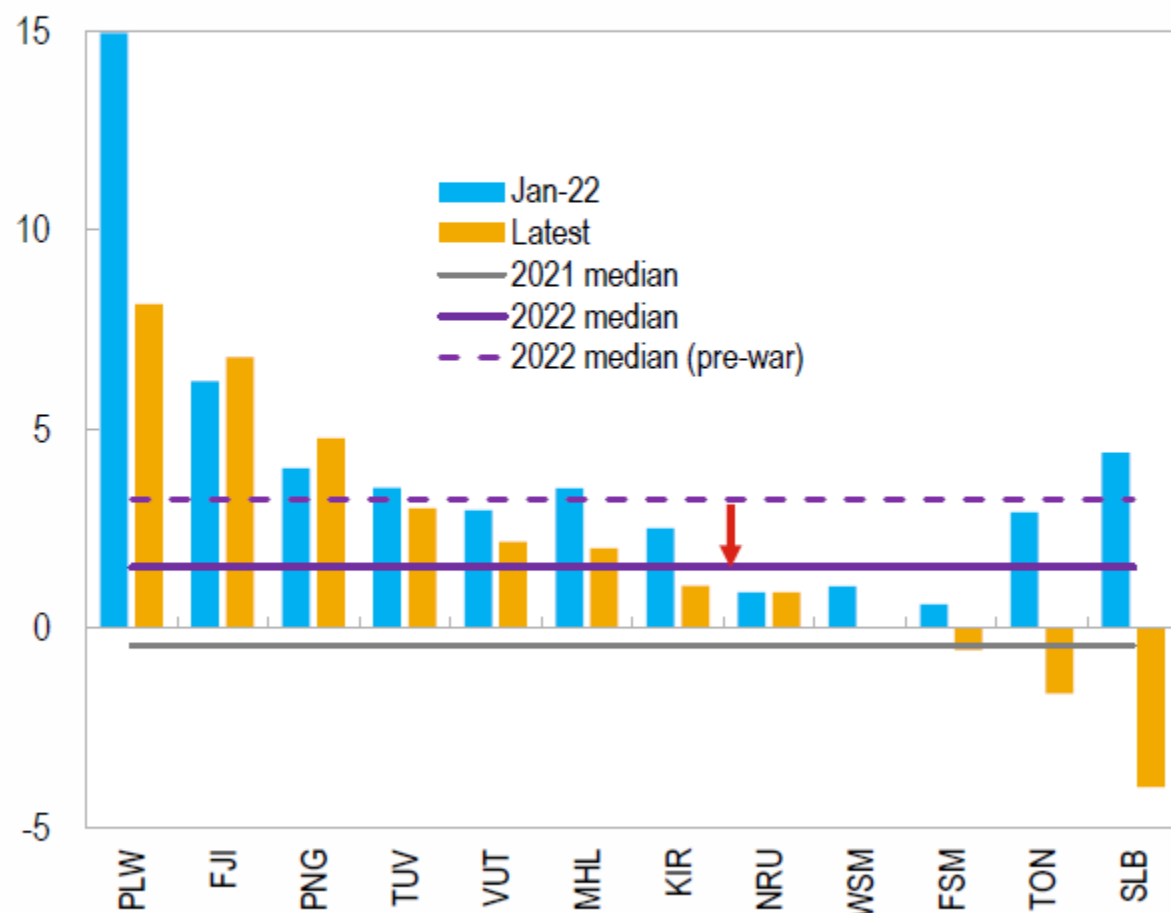


Source: Federal Reserve Bank of San Francisco, Bloomberg LLP, and IMF staff calculations.

Note: Simple average of 10-year yields. EMDE Asia includes China, India, Indonesia, Malaysia, Philippines, Sri Lanka, Thailand and Vietnam. AE Asia includes Australia, Hong Kong SAR, Japan, Korea, New Zealand, Singapore, and Taiwan Province of China.

Lower growth and higher inflation ahead for PICs

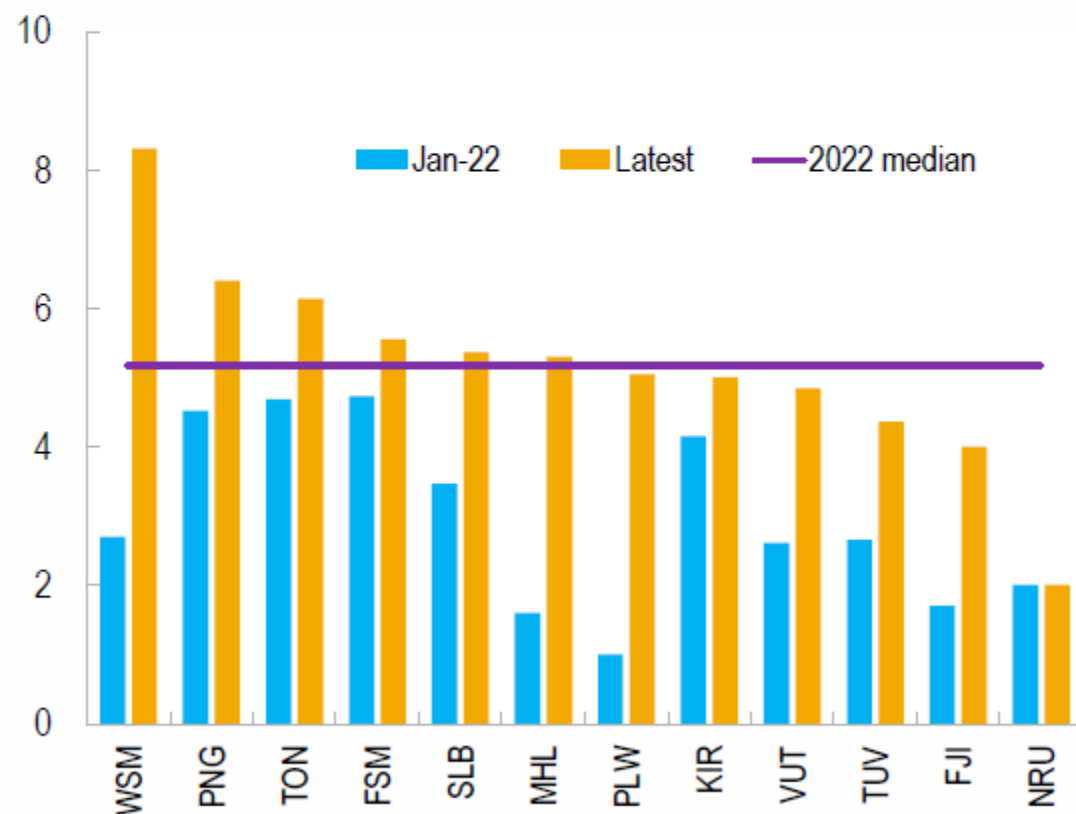
Growth Projections, 2022



Source: World Economic Outlook Database

Inflation Projections, 2022

(Latest vs. Jan 2022 WEO)



Source: World Economic Outlook Database

GDP Growth forecast revised down globally



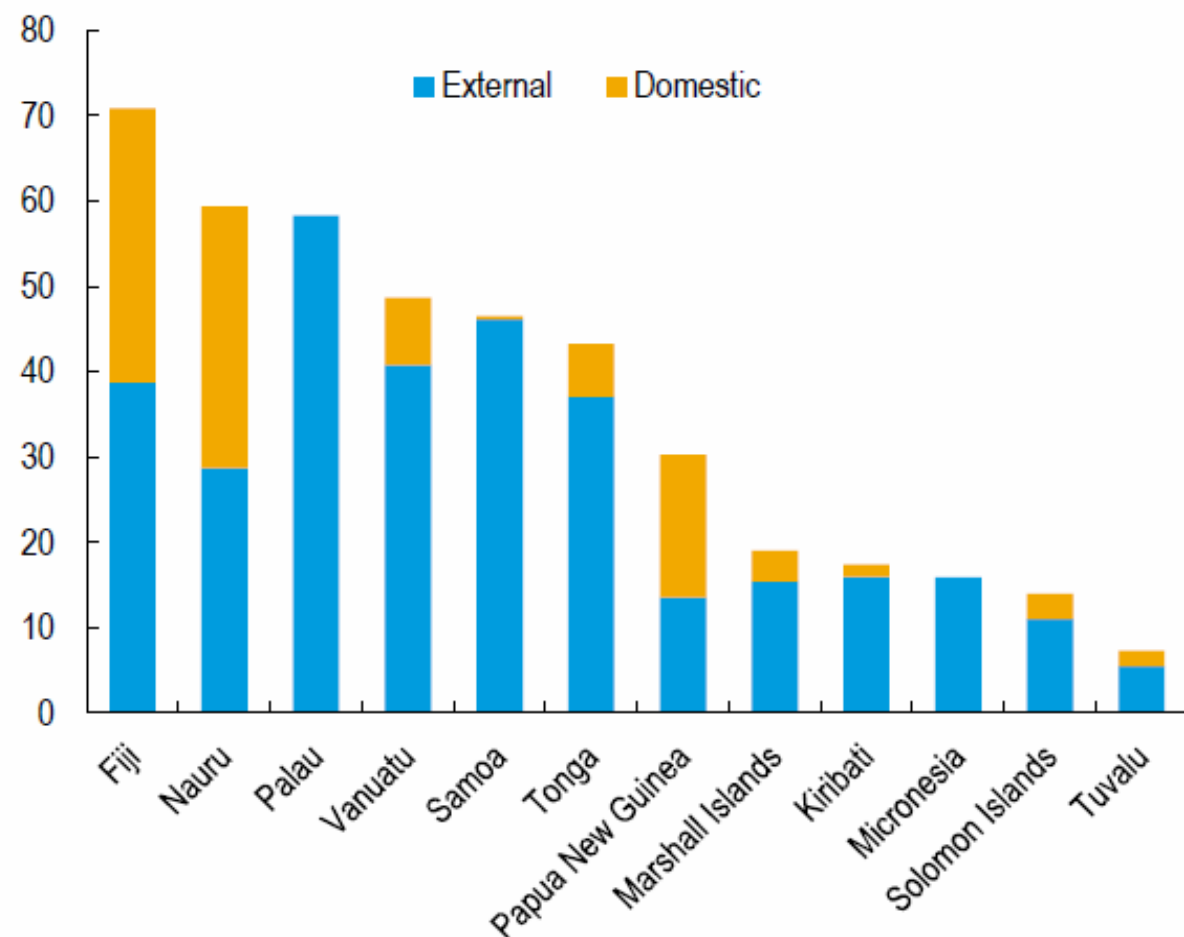
	World	Asia	AE	EMDE	Australia	New Zealand	China	Japan	Korea	India	ASEAN	PICs and Small States
2021	6.1	6.5	3.6	7.2	4.7	5.5	8.1	1.6	4.0	8.9	3.1	4.4
2022	3.5	4.9	2.7	5.4	4.2	3.0	4.4	2.4	2.5	8.2	5.2	4.9
Revision: Jan. 2022 to Apr. 22	-0.9	-0.5	-0.6	-0.5	0.1	-0.3	-0.4	-0.9	-0.5	-0.8	-0.1	-0.6
Revision: Oct. 2021 to Jan. 2022	-0.4	-0.3	-0.1	-0.4	0.0	0.0	-0.8	0.1	-0.3	0.5	-0.2	0.0
2023	3.5	5.1	2.7	5.6	2.3	2.1	5.1	2.3	2.9	6.9	5.6	5.3

Source: IMF World Economic Outlook as of 3-31-2022; may not include updates for all countries.

Gradual shift to fiscal consolidation in the medium term

Pacific Islands: Composition of Public Debt

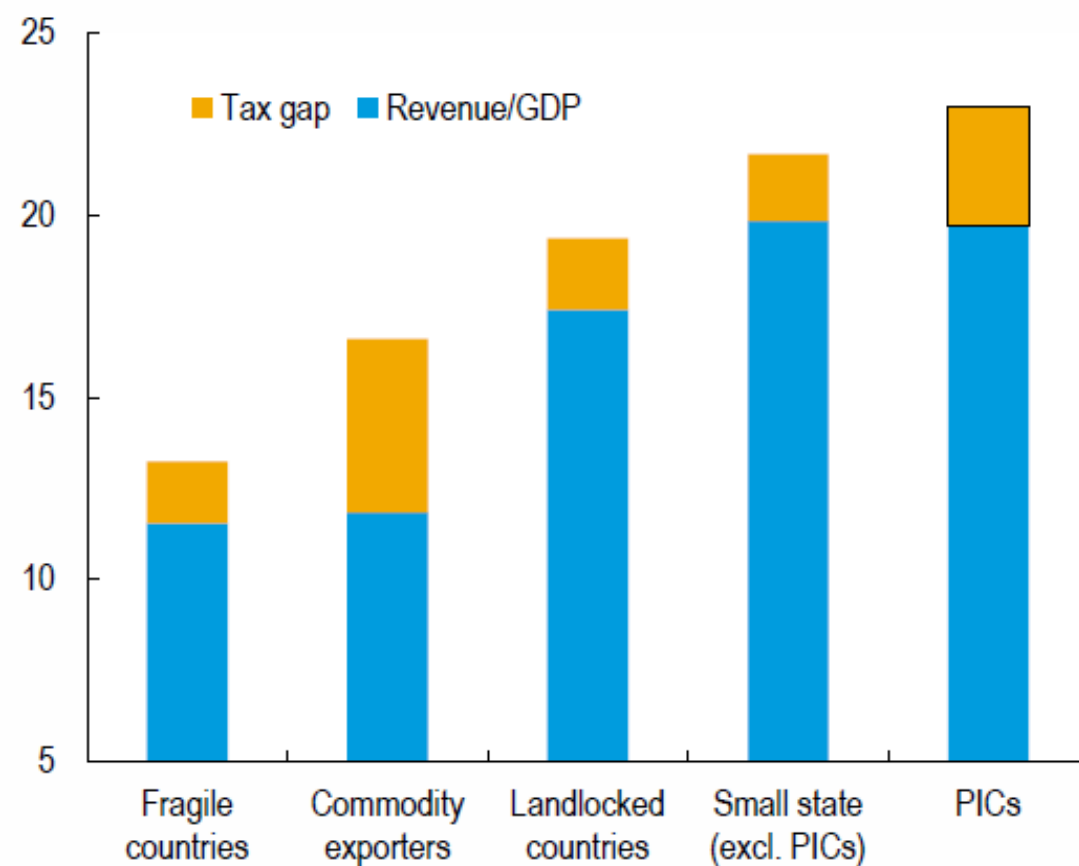
(% of GDP, 2020)



Source: World Economic Outlook; and Country Desk Data.

Potential Additional Domestic Revenue

(In percent of GDP)



Source: IMF: Domestic Resource Mobilization in the Pacific Island Countries (forthcoming).

Fiscal Year 2022 (May 2021 – April 2022)

Republic of Marshall Islands

- GDP and Revenue forecasting

Nauru

- Macro-fiscal modelling and scenario analysis

Niue

- Non-tax revenue modelling and advice

Palau

- VAT implementation modelling

PNG

- Financial Programming Mission – phase 1

Samoa

- International tax change modelling

Solomon Islands

- Inflation forecasting modelling

Timor-Leste

- Financial Programming – phases 1 and 2

Tuvalu

- GDP forecasting

Vanuatu

- Financial Programming Phase 1

Workshops

- GDP forecasting
- Inflation forecasting

Correspondent Banking

- Secretariat support

Fiscal Year 2023 (May 2022 – April 2023)

Fiji

- Macro-fiscal modelling

Kiribati

- Macro-fiscal modelling

Republic of Marshall Islands

- Macro-fiscal modelling

Micronesia

- Macro-fiscal modelling

Palau

- Macro-fiscal modelling

PNG

- Financial Programming Mission – phases 2 and 3

Samoa

- Macro-fiscal modelling

Solomon Islands

- Macro-fiscal modelling

Timor-Leste

- Financial Programming – phases 3 and 4

Vanuatu

- Financial Programming Phases 2 and 3

Workshops

- Revenue forecasting
- Fishing revenue
- Economic Leadership
- GDP(E) forecasting

Correspondent Banking

- Secretariat support (dependent on Governors' decision in June)

Overview of the Revenue Program



Mr. Georg Eysselein

Appointed PFTAC Revenue Advisor in November 2019



Ms. Katrina Williams

Appointed PFTAC Revenue Advisor in October 2021

Comments by: Mr. Mark Dixon

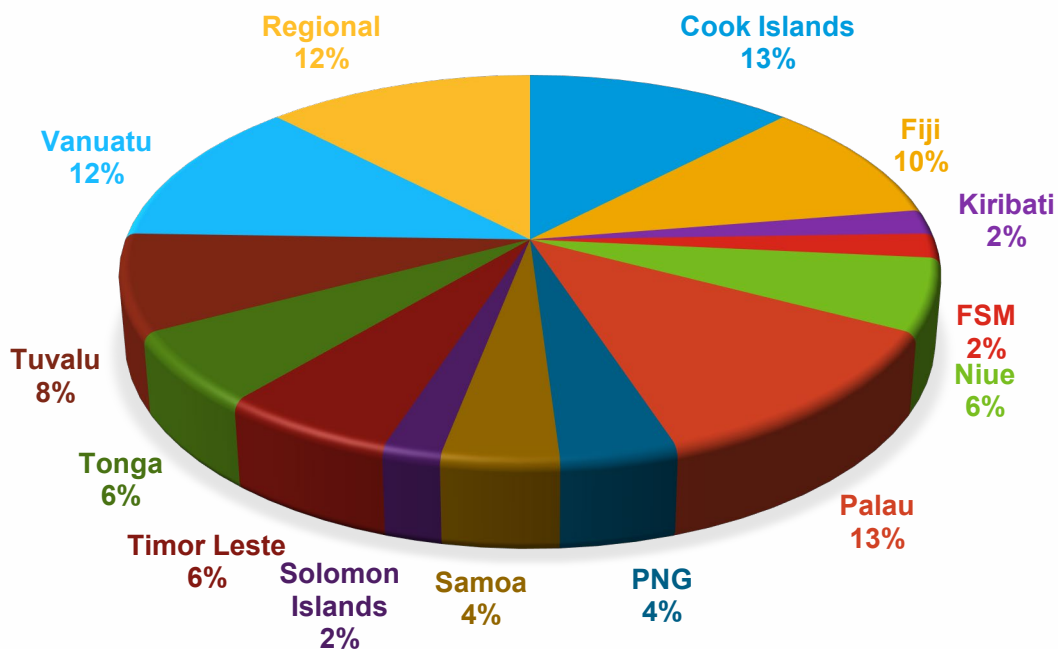
Chief Executive Officer, **Fiji** Revenue and Customs Service

Revenue Program FY 2022 Overview

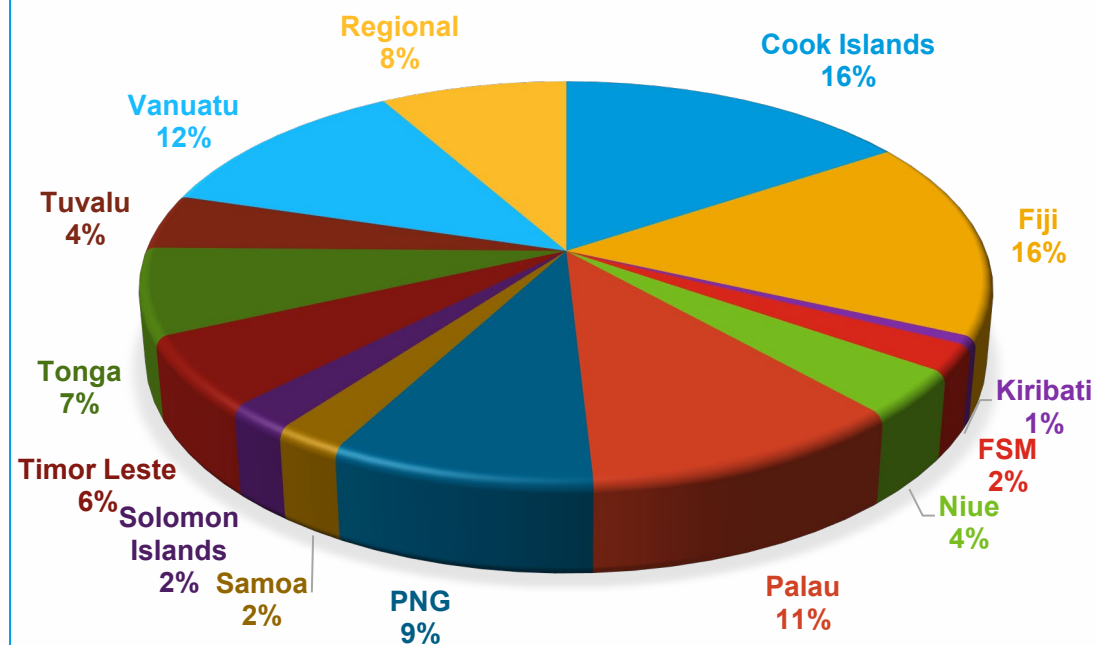
- **TA delivery consistent with previous years despite challenges**
- **Shift from high-usage countries to first time users of PFTAC TA**
- **Workshop approach adapted to accommodate high work-load in Tax Administrations**
- **Increased cooperation with development partners – EU, ADB, ATO**
- **Continued strong partnership with PITAA**
- **Ms. Katrina Williams appointed as Revenue Administration Advisor**

Revenue Program: Delivery per Country FY22

NUMBER OF MISSIONS/ACTIVITIES



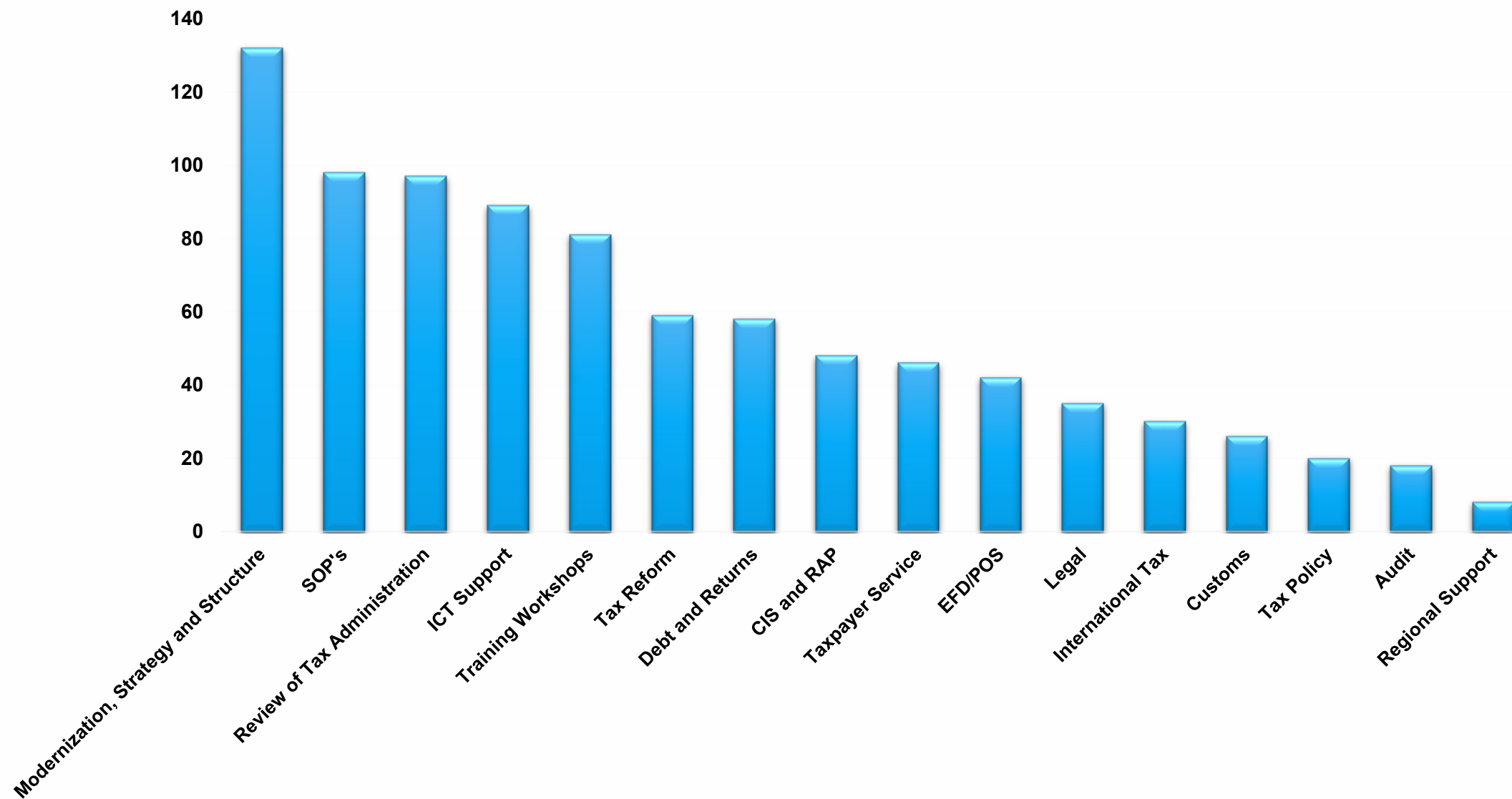
NUMBER OF TA DAYS



Revenue Program TA highlights for FY22

- **Tax reform – ongoing assistance**
- **International Tax – BEPS, AEOI**
- **Foundational work – SOPs, accuracy of registers**
- **Focus on tax arrears and returns as well as taxpayer service**
- **ICT support**
- **Compliance improvement and revenue activation plans - COVID**
- **Training – Leadership, Governance and Integrity**
- **Customs**

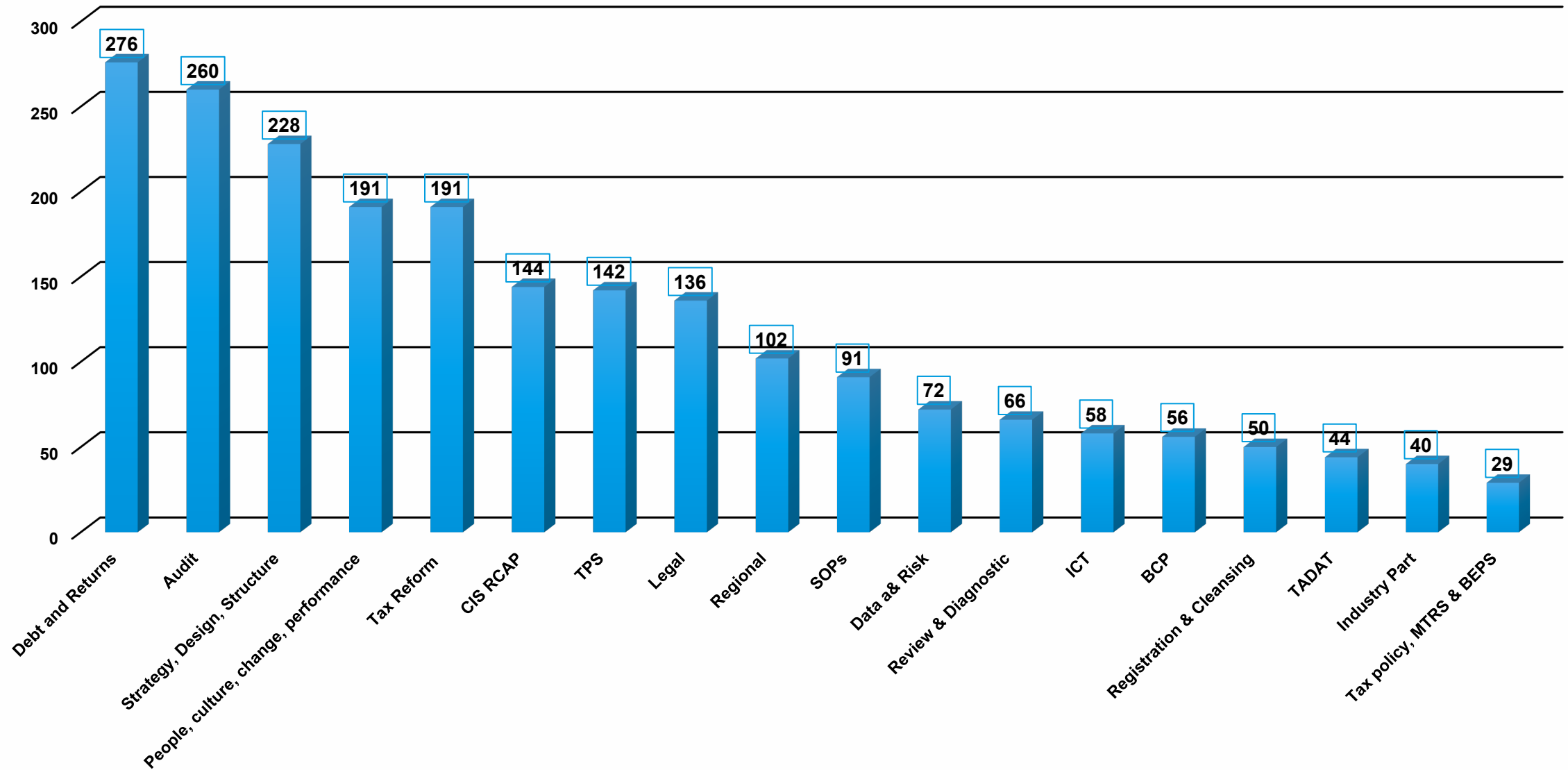
FY22 Revenue Program TA: days delivered



Revenue Program FY 2023

- **High demand reflected in significant increase in TA planned:**
 - 116 Missions for FY 23 compared to 51 for FY 22
 - 2126 TA Days for FY 23 compared to 1006 for FY 22
- **Embedding capacity development with increased post CD monitoring and assistance**
- **Optimizing performance is a key feature of FY23 CD – through reform, organizational design and change, compliance, enforcement**
- **Blended (hybrid) approach will continue, with in-country missions starting June 2022**

Revenue Program: FY 23 - TA days per Topic



Revenue Program - Key Themes for FY 23

- **Alignment - line of sight from strategy through to delivery: increased cooperation and coordination with development partners**
- **Delivery Planning – collecting more revenue; recovering from COVID; preparing for the unexpected**
- **Strengthening foundations – core functions; risk management; performance management**
- **Working together – regional focus on training, development, problem solving with emphasis on the Pacific way; shift towards networked ways of working**
- **Leadership – strengthening leadership capability: more focus on people and culture practice; Pacific women’s leadership network**

Overview of the Public Financial Management Program



Mr. Iulai Lavea

Appointed PFTAC PFM Advisor in August 2020



Mr. Paul Seeds

Appointed PFTAC PFM Advisor in October 2020

Comments by: Mr. Taufia Patolo

Chief Executive Officer, Ministry of Finance, **Tuvalu**

PFM FY22: Selected Achievements

PEFA

Cook Islands: PEFA Check
Nauru: Agile & Gender PEFA:

Drives roadmap design

PFM Roadmap

Cook Island - Aligned to specific context on the ground

PFM Legislation

Niue, Tonga, and Kiribati: Updated and modernized PFM Acts

Enables & underpins PFM reforms

Budget Preparation

Tokelau – Better alignment with resource envelope.
RMI - Development of transparent Budget Book

Transparent Budget Documentation

Financial Reporting

Nauru, Tonga and Tuvalu: Implementing Cash IPSAS and Asset Registration

Standards a key element of transparency and accountability

Internal Controls

Fiji: Strengthening internal audit practices – Risk Based Audit and adoption of IIA standards

Modernizing practices strengthening control environment

PFM FY22 Implementation activities

- 14 activities: 12 missions, 2 workshops - 238 TA Days
- **Workshops:**
 - ▶ SOE Fiscal Risk
 - ▶ PIFS Symposium: PFM Reforms in PICs; Balancing fiscal risk of multiple shocks with constrained resources; Sustainable funding for COVID recovery; and strengthening fiscal transparency, accountability
- **Other activities:**
 - ▶ **Samoa** fiscal risk
 - ▶ **Tuvalu** warranting, commitment control, and expenditure arrears
 - ▶ **Tonga** formulation of an asset management framework

Forward Looking – FY23 Work Plan

I. IMPROVED LAWS AND EFFECTIVE PFM INSTITUTIONS

- **PFMA** – Kiribati, Niue
- **PEFA Climate Change** – Vanuatu
- **Agile PEFA** – Palau, Tuvalu
- **PFM Roadmap** – Kiribati, Nauru, Palau, Tuvalu
- **Regional** – 1. PEFA & PFM Reform Prioritization Workshop; 2) Regional Leadership Workshop for Heads of Finance, Central Banks, Revenue, and Statistics

II. STRENGTHEN BUDGET PREPARATION TOWARDS MORE COMPREHENSIVE, CREDIBLE & POLICY ORIENTED BUDGET

- **Marshall Islands** - Strengthening Budget Transparency & Presentation & Strengthening Budget Preparation;
- **Timor Leste** - Strengthening Top-Down Approaches to Budgeting
- **Tonga** - Review Tonga's Medium Term Fiscal Framework;
- **Tuvalu** - Strengthening Budget Process;
- **Regional Workshops** – 1. Forecasting Fisheries Revenue Workshop and; 2. Workshop on Gender Budgeting;

III. IMPROVE BUDGET EXECUTION AND CONTROL

- **Fiji** – Quality assuring arrangements for Internal Audit Charters and implementing an Internal Audit Quality Assurance program;
- **PNG** - Effective Management of Payroll system in terms of arrears, commitment control and payroll expenses;
- **Samoa** - Implementing a Quality Assurance Improvement Program Risk Based Audit

IV. IMPROVE COVERAGE AND QUALITY OF FISCAL REPORTING

- **Marshall Islands** - Strengthening Financial Reporting and Chart of Accounts

V. IMPROVED ASSET AND LIABILITY MANAGEMENT

- **Kiribati** - Consolidation and effective use of cash resources
- **PNG** - Review of institutional arrangements for debt and cash management
- **Samoa** - Progressing cash management reforms
- **Tuvalu** - Strengthening Cash Management Practices

VI. STRENGTHEN IDENTIFICATION, MONITORING, AND MANAGEMENT OF FISCAL RISKS

- **Fiji** - Improving fiscal risk analysis
- **Timor Leste** - Strengthening SOE fiscal risk oversight

Overview of the Public Debt Management Program (financed by the Government of Japan)



Ms. Briar Ferguson

Public Debt Management advisor in March 2021

Comments by: Mr. Garth Henderson

Chief Executive Officer, Ministry of Finance, **Cook Islands**

FY22 Output & Achievements

Development of inaugural PFTAC Debt Management Program

Cook Islands

- Medium-Term Debt Management Strategy – developing an inaugural debt management strategy

Tonga

- Debt Reporting and Monitoring Workshop – establishing a quarterly debt bulletin

Palau

- Developing first Debt Management Policy

Papua New Guinea

- Loan and Financial Analysis Workshop
- Strengthening Institutional Arrangements for debt management

Regional

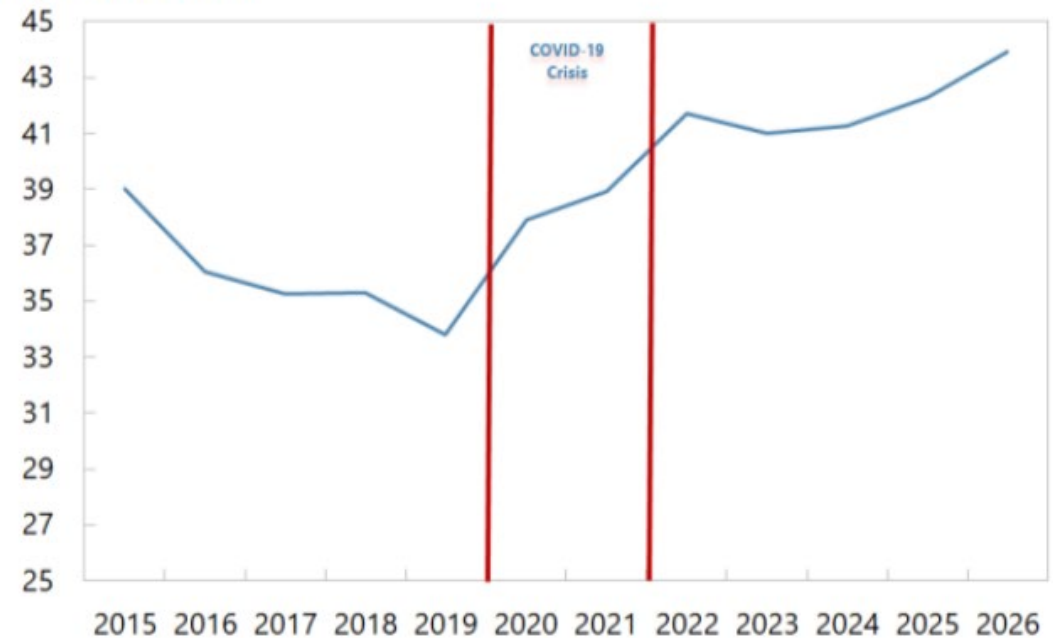
- Inaugural regional workshop - Debt Reporting and Monitoring (29 debt managers, 12 countries)

Key Themes for Debt Management in the Pacific

- Increasing debt levels – adequate frameworks and capacity
- Increasing debt servicing
- ESG financing
- Debt transparency

Average Public Debt, 2015-26

(In percent of GDP)

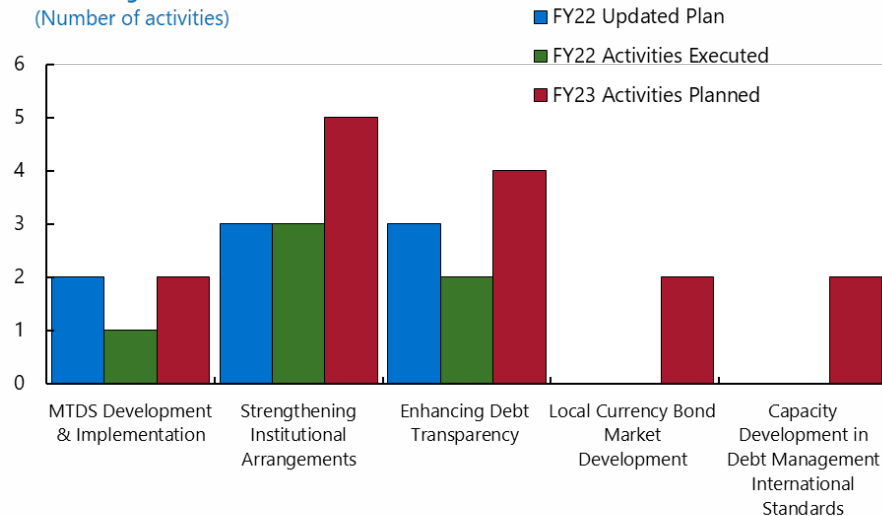


Sources: World Economic Outlook; and IMF staff estimates.

Areas of Opportunity

- Developing capacity for effective debt management
- Building foundations for good debt management:
 - Enhancing debt transparency
 - Strengthening institutional arrangements
 - MTDS
 - Local currency bond markets

Work Program FY22 and FY23
(Number of activities)



Sources: Staff calculations

Pacific Islands Debt Management Dashboard

	Formal Debt Management Unit	Current Debt Management Strategy	Regular Debt Bulletin	Formal Debt Recording and Reporting System
Cook Islands	●	●	●	●
Fiji	●	●	●	●
FSM	●	●	●	●
Kiribati	●	●	●	●
Marshall Is.	●	●	●	●
Nauru	●	●	●	●
Niue	●	●	●	●
Palau	●	●	●	●
PNG	●	●	●	●
Samoa	●	●	●	●
Solomon Islands	●	●	●	●
Timor-Leste	●	●	●	●
Tokelau	●	●	●	●
Tonga	●	●	●	●
Tuvalu	●	●	●	●
Vanuatu	●	●	●	●

Source: IMF Staff Calculations

Overview of the Financial Sector Supervision Program



Mr. Rajinder Kumar

Appointed FSS Advisor in August 2020

Comments by: Governor Luke Forau

Governor, Central Bank of the **Solomon Islands**

Financial Sector Supervision

- **Key PFTAC Activities during FY 2022**
 - Aligning banking prudential regulation with international standards mainly Basel Framework
 - Implementing risk-based supervision for banks
 - Expanding TA to address cyber security and climate risks
 - Greater focus on training in the prudential standards and off-site supervision frameworks developed during FY 2021
- **COVID 19 and other disruptions impacted delivery of FSS programs**
 - 14 remote missions delivered though the original plan was much more ambitious
 - Missions are taking much longer to be completed than planned
 - Countries have shown varying degrees of preference and adjustments to remote TA delivery – ranging between full adjustment to minimal adjustment - TA delivery across all FSS programs continues remotely with a few exceptions where counterparts prefer to wait for travel to resume for on-site engagement
 - Socio-political events and natural disasters added to the disruptions already caused by COVID-19- leading to delay in execution of projects

Financial Sector Supervision

- **Phase VI will build on the work done during Phase V**
 - Phase V projects remain work in progress in many countries.
 - Building on the financial sector regulatory and supervisory reforms initiated in Phase V, the priorities and objectives of Phase VI reflect the further work needed to enhance the alignment of the financial stability frameworks of PICs with the international standards (Basel Framework).
 - PICs are yet to explore the extent to which they may benefit from selectively adopting latest international regulatory standards and supervisory practices that have been significantly enhanced drawing lessons from global financial crisis. PFTAC will assist PICs in identifying and adopting relevant standards and practices.
 - Topics of common interest for Phase VI identified based on survey – will be the basis for workshops and conferences – Individual country priorities will determine the bilateral TA topics.

Overview of the Macroeconomics Statistics Program



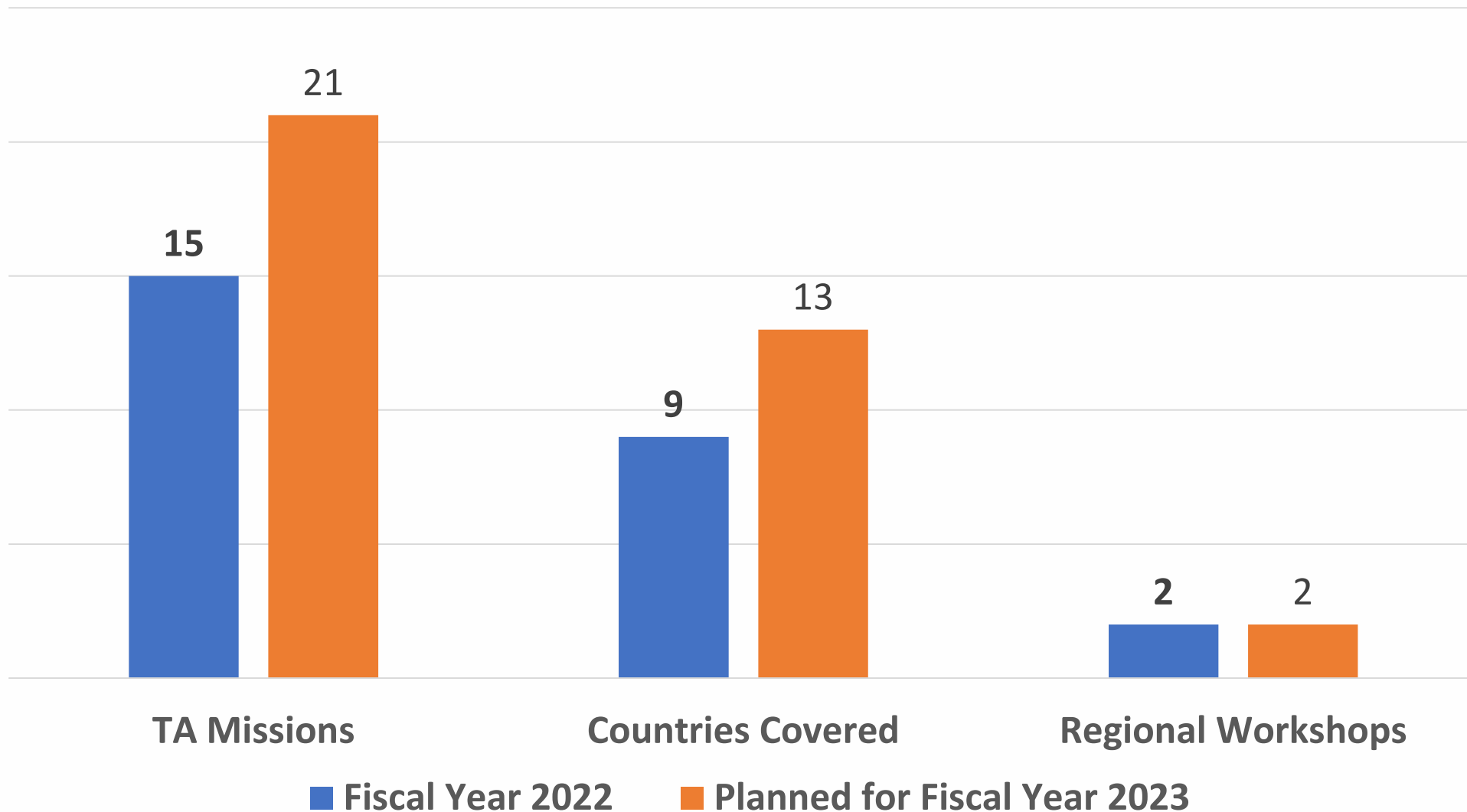
Mr. Matthew Powell

Appointed Real Sector Statistics Advisor in April 2022

Comments by: David Abbott

Acting Director, Statistics for Development Division (SDD) of the **Secretariat of the Pacific Community (SPC)**

Macroeconomics Statistics Program – Some Numbers



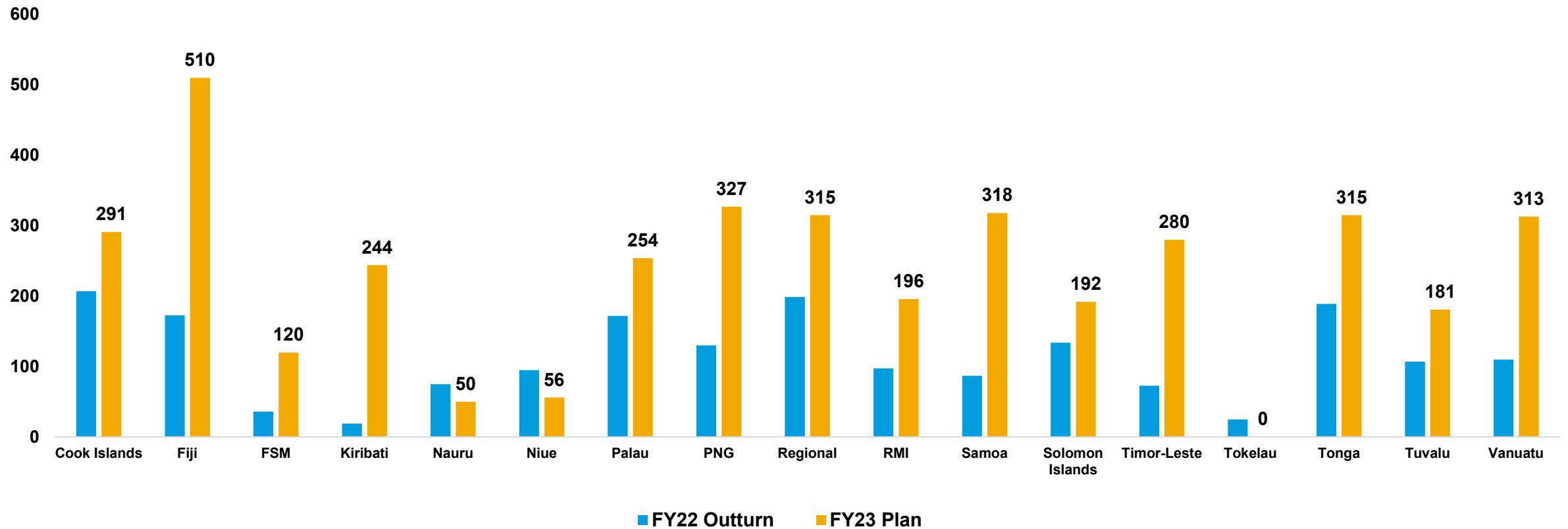
Macroeconomics Statistics Program – Themes for FY23

Joined up working:

- **With other PFTAC LTXs (data use - Macro, data supply – Tax/PFM)**
- **With other IMF statistics programs (ESS, GFS, e-GDDS)**
- **With IMF Mission Chiefs**
- **With other TA providers in the region (including PIC NSOs)**

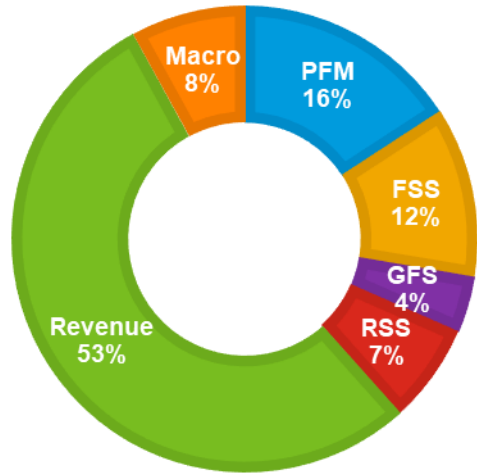
Emphasize Annual GDP, GDP(E), SUT tables, source data & dissemination

FY23 Workplan (3,962 days) vs. FY22 Outturn (1,929 days)

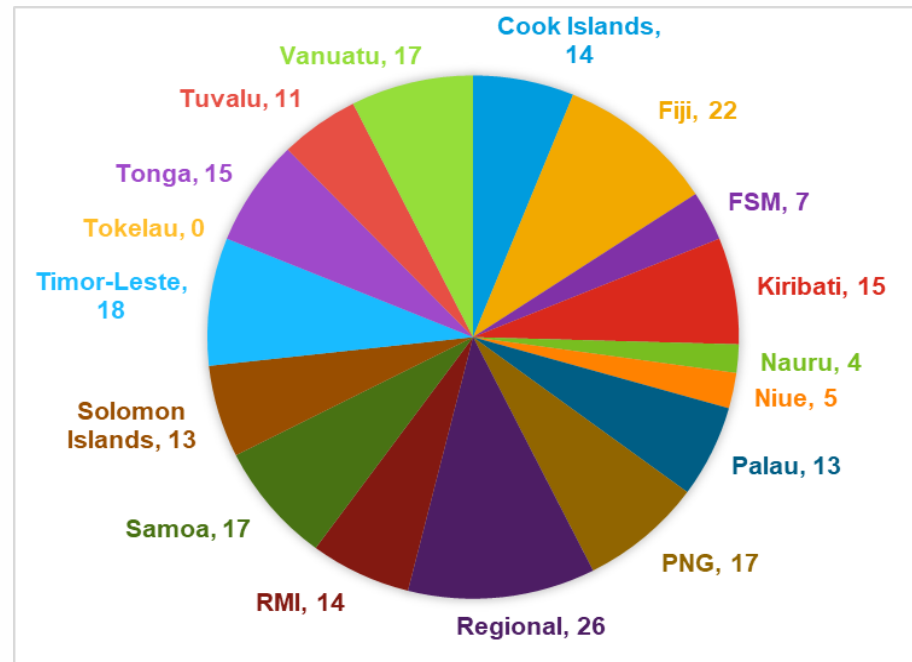


Overview of FY2023 Work Program

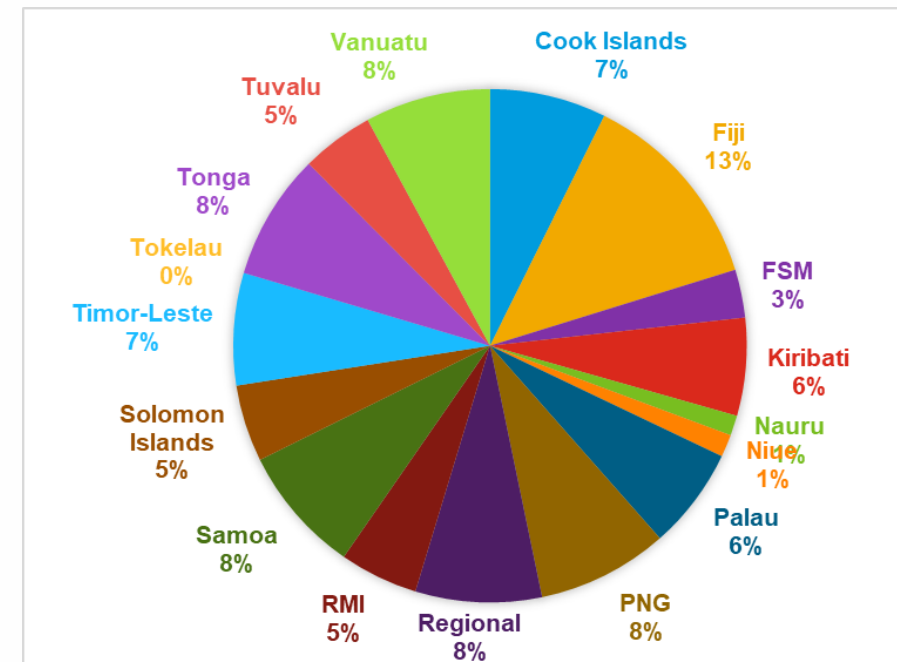
DISTRIBUTION OF FY2023 MISSION DAYS BY PROGRAM



FY2023: 228 PLANNED MISSIONS/ ACTIVITIES



FY2023: 3,962 PLANNED TA FIELD DAYS



FY23 Budget Proposal

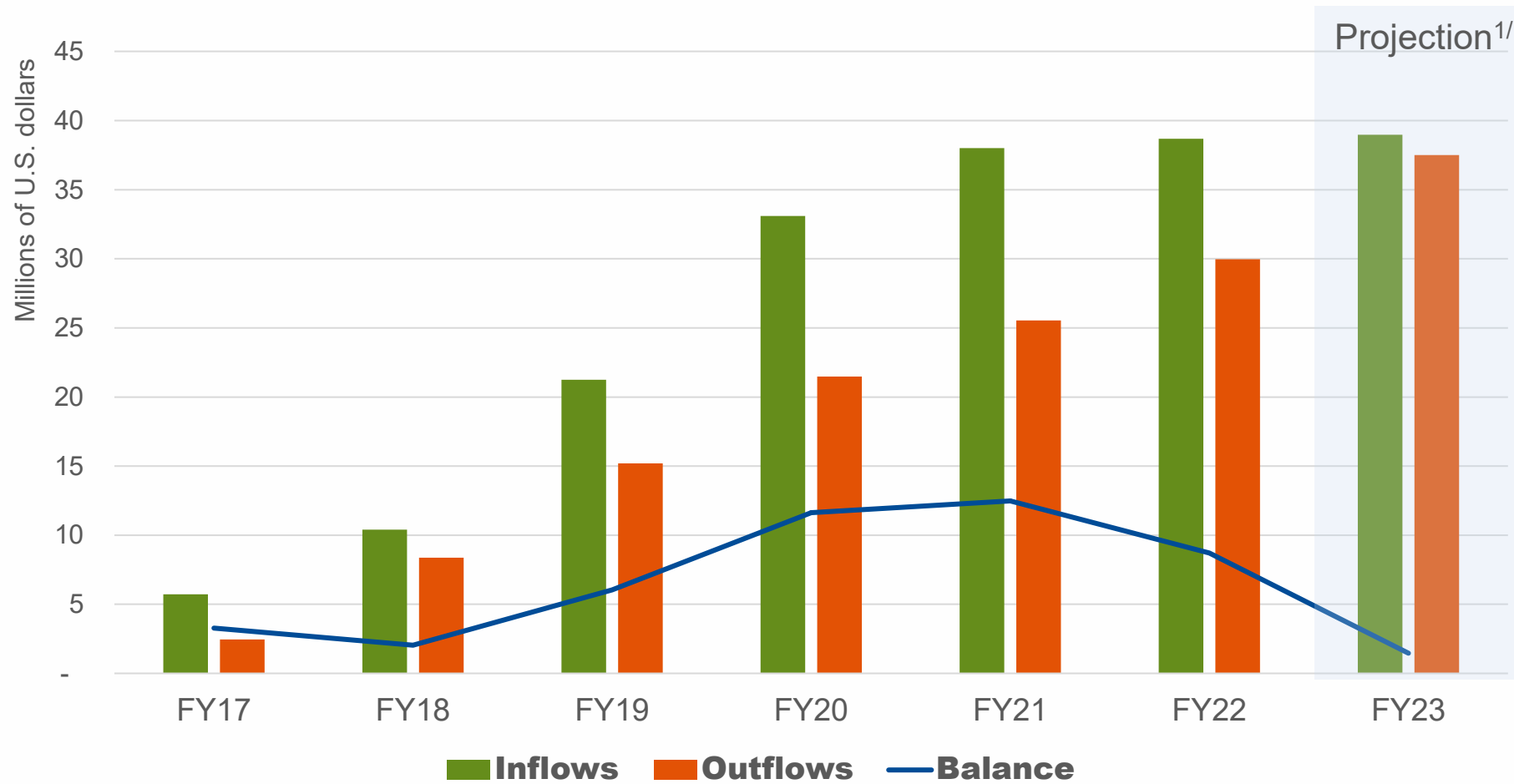
(in thousand of U.S. dollars)

- Budget proposal supports the delivery of several new initiatives in FY23 across work plan, incl. RA, PFM and macro programs
- Proposal is responsive to demand for a return to in-person delivery and new or delayed CD.
- Budget performance will be closely monitored and limited to available resources.

Project	FY23 Proposed Budget
Revenue Administration	2,246
Public Financial Management	1,659
Banking Supervision and Regulation	937
Real Sector Statistics	758
Macroeconomic Advisor	697
Government Finance Statistics	463
Macroeconomic Frameworks	380
Admin Project	246
Financial and Fiscal Law	103
Strategic Budget Reserve	55
Governance and Evaluation	8
Subtotal	7,552
Trust Fund Management	529
Total	8,081

Liquidity Status

(cumulative as of fiscal year-end)



^{1/} Projection based on current pledges and workplan.

Capacity Development Information

Dissemination Policy

- On May 1, 2022, the IMF revised its policy on the dissemination of Capacity development (CD) information

What has stayed the same?

- For **publication**: your explicit consent will continue to be required.
- For sharing with your **Executive Director**: unless you request otherwise, TA Reports are shared with the Executive Director of your IMF constituency when they are transmitted to you.

What has changed?

- The number of days before your consent is assumed if the IMF does not receive objection after a TA report is transmitted to you is 30 business days (reduced from 60 days) when **sharing with the IMF Executive Board, direct financing partners, and other parties with legitimate interest** (e.g., other CD providers) upon your request.

In addition

- The IMF will produce a high-level summary in addition to the TA reports for strategic CD* to the TA reports for strategic CD*

* [Full policy can be accessed through - Staff Operational Guidance on the Dissemination of Capacity Development Information](#)

Items for Steering Committee Endorsement #1

Proposed Early Launch of Phase VI Initiatives in FY2023

- Recruitment and appointment of three new resident advisor positions from around mid-FY2023 (e.g. October/November 2022):
 1. the return of a resident advisor supporting the Government Finance Statistics (GFS)/Public Sector Debt Statistics (PSDS) program;
 2. the appointment of a third PFM advisor focused on climate change issues; and
 3. the launch of a new Macroeconomics Frameworks program and advisor.

Items for Steering Committee Endorsement #2

Workplan and Budget for FY2023

FY2023 BASELINE WORKPLAN

Program	Baseline FY23 Workplan			
	LTX	STX	Total	Missions
Public Financial Management	240	388	628	29
Financial Sector Supervision	136	331	467	26
Government Finance Statistics	79	75	154	13
Real Sector Statistics	117	155	272	21
Revenue Administration	102	1888	1990	105
Legal/Tax Policy	0	136	136	11
Macroeconomic Programming and Analysis	175	140	315	23
Sub-Total	849	3113	3962	228
Debt Management	70	269	339	15
TOTAL	919	3382	4301	243

PROPOSED FY2023 BUDGET BY PROGRAM (US DOLLARS MILLIONS)

	Revenue	PFM	Macro	FSS	RSS	GFS	MF	Other	Total
Resident Advisors (Long Term Experts - LTX)	680,000	850,000	351,790	342,083	360,000	180,000	180,000	-	2,943,873
Direct TA Delivery	2,785,932	809,351	345,000	737,598	398,173	377,226	30,000	253,889	5,737,169
Total TA Provision/Delivery	3,465,932	1,659,351	696,790	1,079,681	758,173	557,226	210,000	253,889	8,681,042
Trust Fund Management Fee	242,615	116,155	48,775	75,578	53,072	39,006	14,700	17,772	607,673
Total Trust Charges	3,708,547	1,775,506	745,565	1,155,259	811,245	596,232	224,700	271,661	9,288,715

Wrap-Up

- **Closing Remarks by the Secretary**
 - **Next Annual Meeting – venue and timing**
 - **Next Virtual Meeting?**
- **Closing Remarks by the Chairperson**