

PFTAC Steering Committee

March 27, 2018

Overview of FY2018
PFTAC Coordinator: David Kloeden



AGENDA OF COORDINATOR'S PRESENTATION

FY18 PROGRAM

Overview

Key program highlights and outcomes

Managing the FY18 workplan

Resource utilization and expected year-end outturn

TA delivery by country

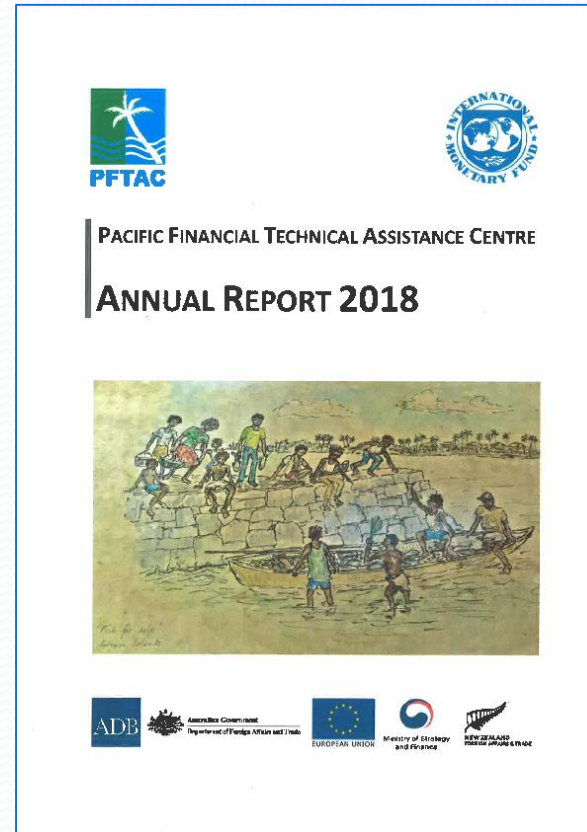


Australian Government
Department of Foreign Affairs and Trade



AN OVERVIEW OF THE *DRAFT* FY18 ANNUAL REPORT

- Only provided as **electronic draft** at this time
- Follows format of past Annual Reports, covers:
 - Projected **FY18 results**: activity & financial
 - Proposed **FY19 plan and budget**
- **Final version by June**:
 - Will follow new streamlined IMF standard
 - To be printed in Washington
 - To be updated to reflect final outturn & plan



FY18 HIGHLIGHTS: PFTAC OPERATIONS BACK TO NORMAL

- **First full Phase V fiscal year of operations:**
 - Approaching month 18 of Phase V that runs 66 months (Nov 2016 – April 2022) if fully funded
 - Strong execution of work plan, above 90 percent of missions and TA days delivered
 - Sufficient funds/liquidity to finance full FY18 budget – but likely budget outturn around 77%,
 - Fund raising reasonable, but still a gap
 - Good, but incomplete rate of member contributions
 - 2018 marks the 25th anniversary of the establishment of PFTAC in 1993
- **Staff stability:**
 - Other than early departure of Chita Marzan (PFM advisor) in February, stable staffing situation: coordinator and team of 7 resident advisors and 4 local support staff
 - Job Descriptions instituted for local staff, and two junior staff grades reclassified higher



PFTAC FY18 EFFORTS ARE DELIVERING SUSTAINABLE PFM RESULTS

PFM systems continue to improve, contributing to greater resilience and sustainability of public finance:

- Wide *PEFA* base, with new self-assessments supported in **Kiribati & Tokelau**
- With reform priorities clear, emphasis on *Action Plans/Roadmaps*, help to **Tuvalu**
- *Enhancing Surveillance and CD integration*, joined **Solomon Island & Timor Leste** A-IV
- *Budget Execution & Control gains*: Internal Audit training in **PNG** and **Vanuatu** and an Internal Audit Charter in **Fiji**

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Ongoing efforts to further improve outcomes and PEFA scores:

- *Stronger Fiscal Reporting*: robust advances in *IPSAS* compliance in **Fiji, PNG, Samoa, Solomon Islands, Tonga, & Vanuatu**
- *Asset Management*: Cash Management in **Samoa** (Policy & Manual); **Solomon Islands** (training on forecasting); forthcoming **Kiribati** PIMA with FAD.
- *Managing SOE Fiscal Risks*: **Fiji** and **Samoa** and a sub-regional workshop

..WITH IMPACTFUL REVENUE MOBILIZATION REFORMS...

Revenue mobilization efforts are producing dividends:

- *Updated Revenue Legislation* in **Fiji**: life insurance, extractive sector, stamp duty; **Nauru**: Rev Admin Act; **Niue**: Income Tax Act; **PNG**: Tax Admin Act; **Tonga**: Consumption Tax Act; **Vanuatu**: draft Income Tax Act & Tax Admin Act
- *More Effective Organizational & Governance arrangements, and strengthened core functions:*
 - Move to Functional model in **Kiribati**, **Niue**, and **Vanuatu**, and design of an LTO in **PNG**
 - Strengthened Taxpayer Services in **Niue**, new strategies in **Fiji** & **Palau**, new unit in **PNG**, training in **RMI**
 - Addressing low filing/payment compliance in **Fiji**, **Solomon Islands**, and weak registration in **Kiribati**

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... working with partners and using latest tools, but increasing demand exceeds supply :

- *PITAA*: very strong collaboration in most training and increasingly TA delivery, and peer-to-peer initiatives (**Fiji** to **Niue**)
- *OCO*: joint workshop on VAT Fraud
- *Tools*: Medium-Term Revenue Strategy (MTRS) **Papua New Guinea** mission, ISORA workshop
- *...but demands grow to address revenue needs (e.g. Pacer Plus), but PFTAC delivery is constrained:*
 - Tax reforms launched or options being considered in **Palau**, **Solomon Islands**, **Timor-Leste**
 - Options to scale-up Revenue program being pursued

... AS FINANCIAL SECTOR VULNERABILITIES ARE ADDRESSED...

Financial systems are being strengthened to identify and address vulnerabilities, with TA to enhance supervisor capacity and utilization of tools and frameworks:

- *Developing and strengthening banking regulations and prudential norms, through diagnostic evaluations and development of Supervision Frameworks and Enhancement Strategies with progress in **Cook Islands, Papua New Guinea, Vanuatu**, and the **Solomon Islands***
- *Supporting banking regulatory reform in the Northern Pacific (**FSM, Palau, RMI**) through a sub-regional workshop with the IMF Legal Department.*
- *Strengthening bank supervision in **RMI**, and facilitated the creation of supervision capacity in **Tuvalu***
- *Responding to regional priorities and interests in PFTAC facilitated annual AFSPC meeting in the **Cook Islands**, with workshop topics of FinTech and Banking Resolution with agreed future focus on IT Risk Assessment.*

...AND RELIABLE MACROECONOMIC STATISTICS REMAIN CRUCIAL

Improvements with statistical methodologies, and working with partners, pushing for better dissemination to enhance wider, timelier and consistent use of data:

- *Most PICs received TA*, major beneficiaries **Cook Islands, FSM, RSI**, and **Solomon Islands**
- *National Accounts*: GDP rebasing using censuses and HIES (**Cook Islands, Nauru, Solomon Islands, Tonga, Tuvalu**, and **Vanuatu**); better use of admin/tax data in all countries, GDP enhancements (**Fiji** and **Kiribati**); more accurate GDP deflation (**Fiji, Nauru, PNG, Samoa**)
- *External Sector*: support to **Cook Islands, FSM & Solomon Islands** + 5 PICs from Thailand
- *GFS program scaled-up with new LTX*, Chart of Account reform in **Cook Islands, Fiji**, and **Tonga**; now 11 PICs (up from 8) reporting to *GFS Yearbook*; coverage expanding to General Government in **Samoa, Solomon Islands**, and **Vanuatu**; and public debts statistics compilation starting in **Fiji, Samoa, Solomon Islands** and **Vanuatu**; and regional GFS workshop.

...UNDERPINNED BY ROBUST MACROECONOMIC ANALYSIS AND FORECASTING

Greater capacity and use of appropriate models for sound national macroeconomic analysis and programming is being supported by the PFTAC macroeconomic program:

- *Macroeconomic Programming Frameworks* now contributing to policy analysis in 10 PICs: **Cook Islands, Fiji, Palau, PNG, RMI, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu.**
- *Assistance provided to model and forecast tax reform options* in **Palau, RMI, and Vanuatu**
- *Delivered hands-on, practical in-country and regional training*, including collaboratively with other PFTAC programs and development partners:
 - with real sector statistics program, a workshop of both developers and users of GDP data
 - with the PFM program, and jointly delivered with UN/ESCAP and Samoa MoF, regional workshop on *Medium-term Expenditure Planning for Sustainable Development*
 - innovative workshop with PFM program and ADB funding on *Fishing Revenue Forecasting and Management* for **PNA members** plus **Cook Islands** and **Tokelau**

...REGIONAL TRAINING HAS NOW SCALED BACK UP

Table X. PFTAC FY18 Workshop details

Sector	Partner	Location	Topic	Duration (Days)	Male	Female	Total	Participant Days
Revenue		Fiji	Auditing Financial Statements	5	13	12	25	125
Revenue		Fiji	VAT Fraud	5	21	7	28	140
Revenue	PITAA	Samoa	Senior Managers Workshop	3	13	8	21	63
Revenue		FSM	Developing Effective Taxpayer Services	3	14	4	18	54
Revenue	IMF/FAD	Fiji	International Survey on Revenue Administration (ISORA)	5	18	12	30	150
FSS	AFSPC	Cook Islands	Annual AFSPC Meeting and Workshop	5	13	12	25	125
FSS	IMF/LEG	Guam	Financial Sector Regulatory Reform for the Northern Pacific	5	4	6	10	50
Statistics/GFS		Fiji	Government Finance Statistics	5	13	17	30	150
Macro/ Stats		Fiji	Compiling and Forecasting GDP	5	8	21	29	145
Macro/Statistics		FSM	Compiling GDP and Forecasting Revenue	5	7	8	15	75
PFM		Fiji	Fiscal Oversight of State Owned Enterprises	5	8	7	15	75
PFM		Fiji	Strengthening Budget Execution Controls	5	10	5	15	75
PFM/ Macro	UN/ESCAP	Samoa	Medium-term Expenditure Planing for National Sustainable Development	5	38	36	74	370
PFM/ Macro	ADB	RMI	Fishing Revenue Forecasting Management	5	28	20	48	240
			Totals:	66	208	175	383	1,837

- 14 events: up from 8 in FY17
- 383 trainees (up from 178), 1,837 days (up from 796 days)
- 46 percent female participation
- Cross-sector events leverage programs and bring different agency staff together
- Strong collaboration with regional partners(e.g., PITAA, AFSPC, ADB, UN/ESCAP, USP) supports sustainability & impact

MANAGING THE FY2018 WORKPLAN

- **Monitoring, Updating, and Reporting of Workplan was Enhanced:**
 - Applying consistent resource utilization accounting across programs:
 - More accurate counting of LTX and STX days, plus LTX work time at PFTAC
 - Instituted local '*Dashboards*' to track expenses and commitments for STX and Workshop Costs and LTX Travel
 - ***Capacity Development Portal (CD-PORT)*** IT platform is now operational:
 - for Results Based Management purposes – more later
 - with summary financial data drawn from back-office IMF systems
 - Advisors now more closely managing and monitoring budget utilization:
 - using local dashboards
 - and CD-PORT financials

MANAGING THE FY2018 WORKPLAN

- **Monitoring, Updating, and Reporting of Workplan was Enhanced:**
 - Streamlined and repackaged the previous workplan format, with two perspectives: (1) by Program (e.g. PFM), and (2) by Country, with each plan:
 - 1 to 3 pages long listing missions/activities in country order
 - missions are grouped by RBM objectives and outcomes of the TA and the targeted milestones
 - with details of resources (LTX/STX), mission duration and dates, and expert names
 - Mid-year (end-October) review of program execution, with updated plan reflecting delivery so far, and amendments. Circulated with November Quarterly Report
 - Year-End Outturn – clearly reflecting original and updated plan and projected delivery through end-April

FY2018 WORKPLAN MONITORING & REPORTING

Work Plan - May 2017 to April 2018: Public Financial Management (PFM) - PROJECTED OUTTURN THROUGH END-APRIL 2018

TA Area	Objective	Country	Outcome Targeted	Activity	Planned Inputs (in person-days)				Updated Inputs at Nov 1 (person-days - changes in)				Delivery Status	Projected Outturn to end-April (person-days - changes in red)			Number of Missions/Activities	% of updated plan delivered at end-Oct	Milestones	Comments	Experts
					LTX	STX	Total	#	LTX	STX	Total	#		PFTAC resident advisors	ST experts	Total					
Public Financial Management	6. Strengthen identification, monitoring, and management of fiscal risks	Fiji	6.2 Central fiscal oversight and analysis of public corporation risks are strengthened	Identification, monitoring, and management of SOE fiscal risks	12	0	12	1	12	0	12	1	May 1- 12	12	0	12	1	100%	Fiscal risk assessment and reporting framework developed by PFTAC and adopted by authorities by August 2017.	Part of PFM Roadmap.	Marzan
		Niue	6.2 Central fiscal oversight and analysis of public corporation risks are strengthened	Scoping mission to improve fiscal risk analysis	11	0	11	1	11	0	11	1	Not requested	0	0	0	0	0%	1. Deliver seminar on fiscal risks to MoF staff. 2. Key issues and TA needs identified and prioritized.		Marzan
		Samoa	6.2 Central fiscal oversight and analysis of public corporation risks are strengthened	Improve fiscal oversight of the financial sector and non-commercial SOEs	0	18	18	1	0	15	15	1	July 10 - 17	0	15	15	1	100%	Performance and fiscal risk indicators to monitor SOEs developed by PFTAC and adopted by authorities by October 2017.	Builds on TA on general fiscal oversight of SOEs. To be coordinated with MCM and FSS advisor	Savenaca
		Regional	6.2 Central fiscal oversight and analysis of public corporation risks are strengthened	Identification, monitoring, and management of SOE fiscal risks	0	0	0	0	0	0	0	1	Replaced by Kiribati PIMA	0	0	0	0	0%	Fiscal risk assessment and reporting framework developed by PFTAC by April 2018.		from PFTAC budget; changed to PIMA in Kiribati, subject to
		Regional	6.2 Central fiscal oversight and analysis of public corporation risks are strengthened	Workshop of Fiscal Oversight of SOEs	7	12	19	1	7	12	19	1	February 2018	7	12	19	1	100%	1. Workshop delivered. 2. Participant countries identify gaps, next steps and TA needs	Priority for countries with a C or D PEFA score in PEFA category 9 and 10	Marzan/Colvin

Original Plan Total Days:	172	390	562	38
Updated Plan Total Days:	197	364	561	43
Delivered by Oct 31:	99	234	332	
Percentage of Revised Plan:	50%	64%	59%	
Projected Outturn by April 30, 2018:	196	308	504	37
Percentage of Mid-Year Revised Plan:	99%	85%	90%	86%
Percentage of Original Plan:	114%	79%	90%	97%

RBM Objective and Outcome/s

Originally planned resources

Updated plan at mid-year

Projected Final Outturn at year-end

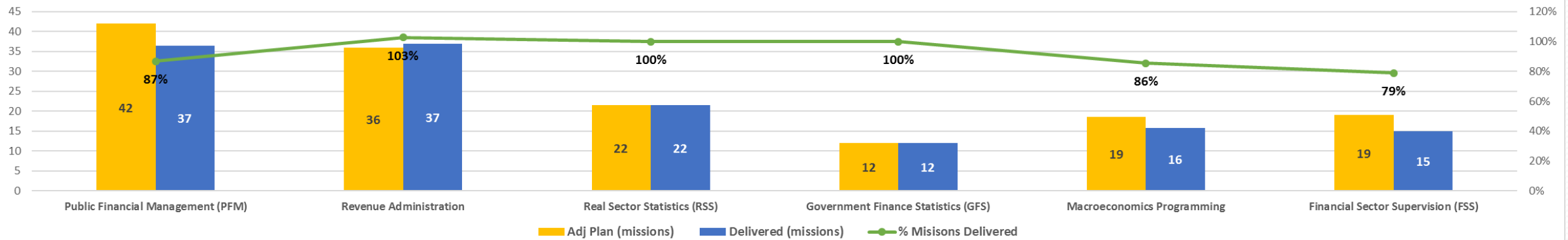
RBM Milestones

FY2018 PROJECTED OUTTURN

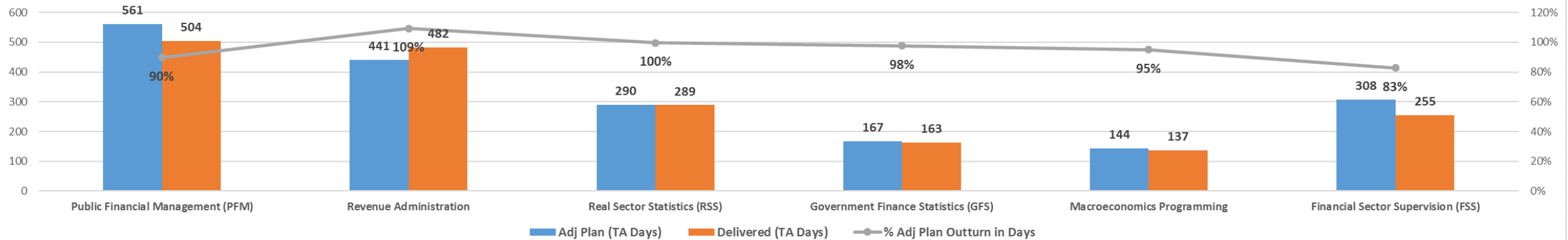
- **Financial: Budget \$6.9 m, estimated Outturn \$5.3 m (77 percent), of which:**
 - Resident Advisors (LTX): budget \$2.24 m, outturn \$2.10 m (94 percent)
 - Short-Term Experts (STX): budget \$2.04 m, outturn \$1.46 m (77 percent)
 - Travel: budget \$0.44 m, outturn \$0.34 m (78 percent)
 - Workshops/seminars: budget \$1.22 m, outturn \$0.89 m (73 percent)
 - Other costs: budget \$0.64m, outturn \$0.29m (46 percent)
- **Activity: (measured in LTX/STX field person days):**
 - Planned 149 missions, 138 delivered (93 percent)
 - Planned 1,911 TA days, outturn 1,830 days (96 percent)
 - Of which, PFM: 504 of 561 days (90%); Revenue: 482 of 441 days (109%); FSS 255 of 308 days (83%); RSS 289 of 290 days (100%); GFS 163 of 167 days (98%); Macro 137 of 144 days (95%)
 - Plus 732 days of LTX time at PFTAC, with 740 LTX and 1,090 STX mission days = **2,562 TA Days**

FY2018 PROJECTED OUTTURN

FY2018 Projected Program Outturn - Number of Missions/Activities Planned and Delivered

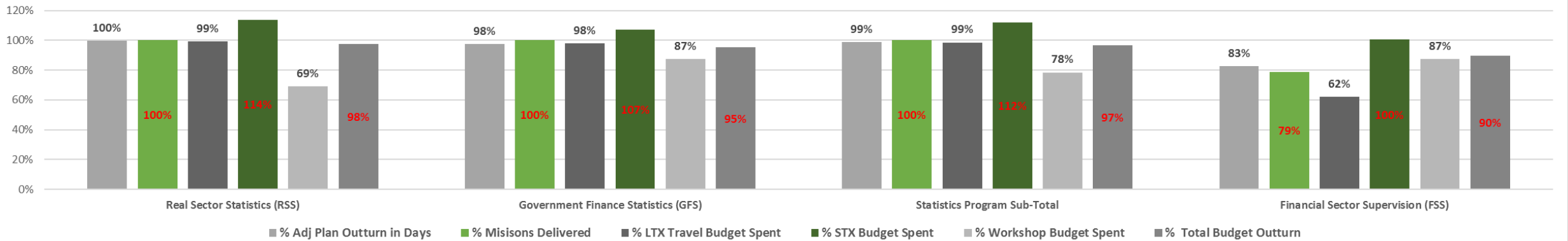


FY2018 Projected Program Outturn - Days of TA Planned and Delivered

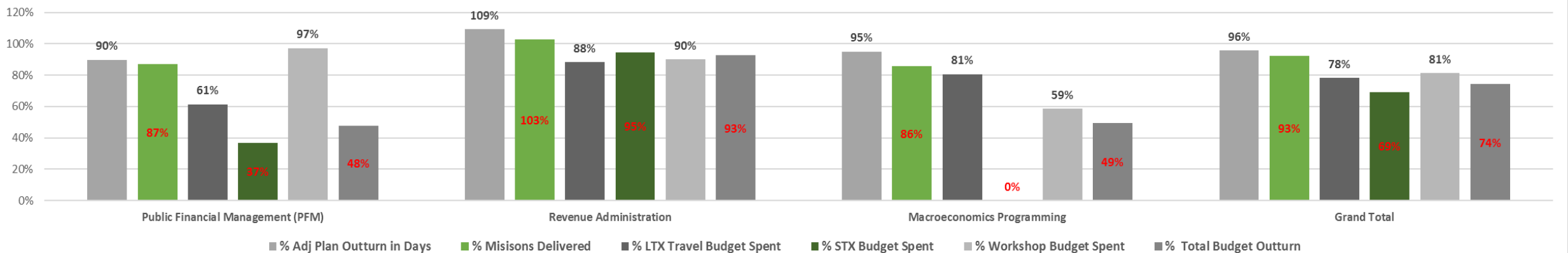


FY2018 PROJECTED OUTTURN

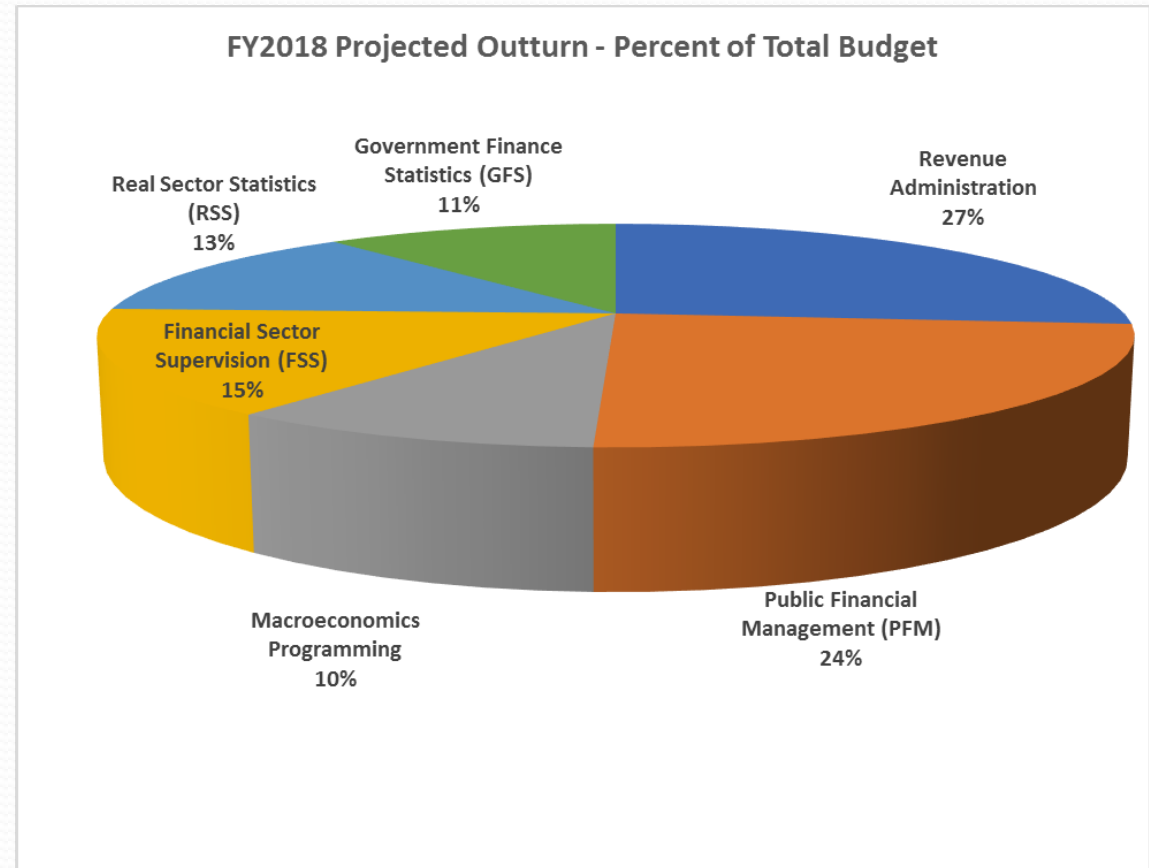
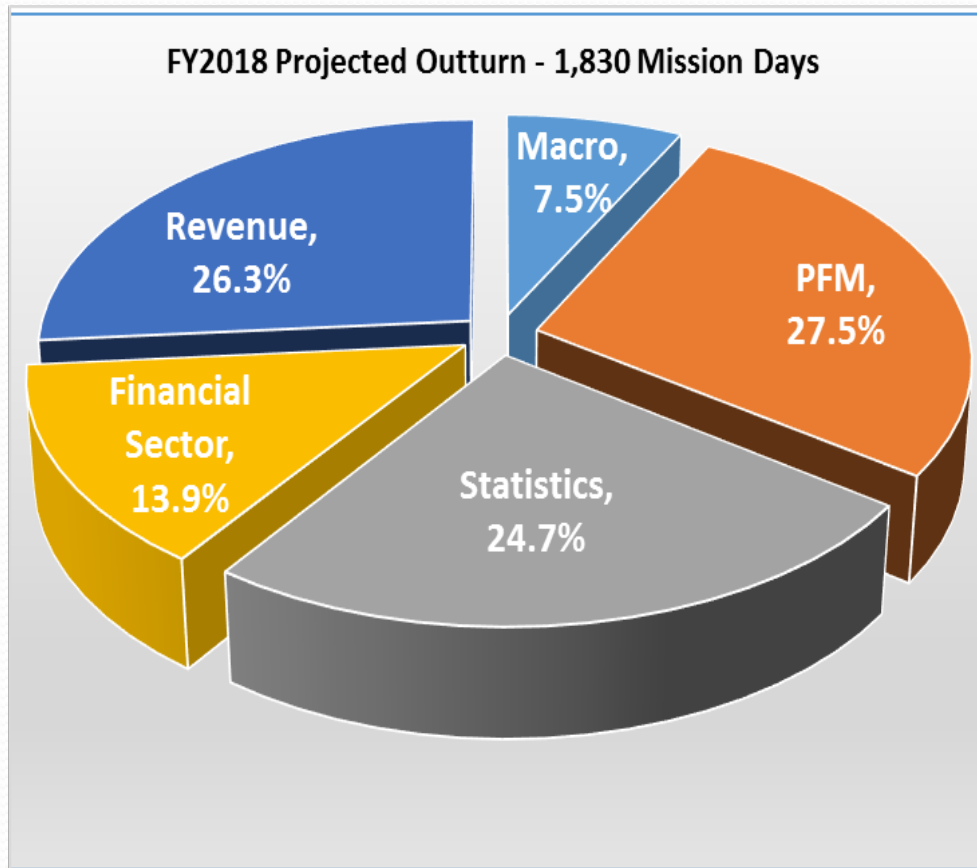
FY2018 Projected Program Outturn - Percent of Planned TA Delivered and Budget Expended



FY2018 Projected Program Outturn - Percent of Planned TA Delivered and Budget Expended



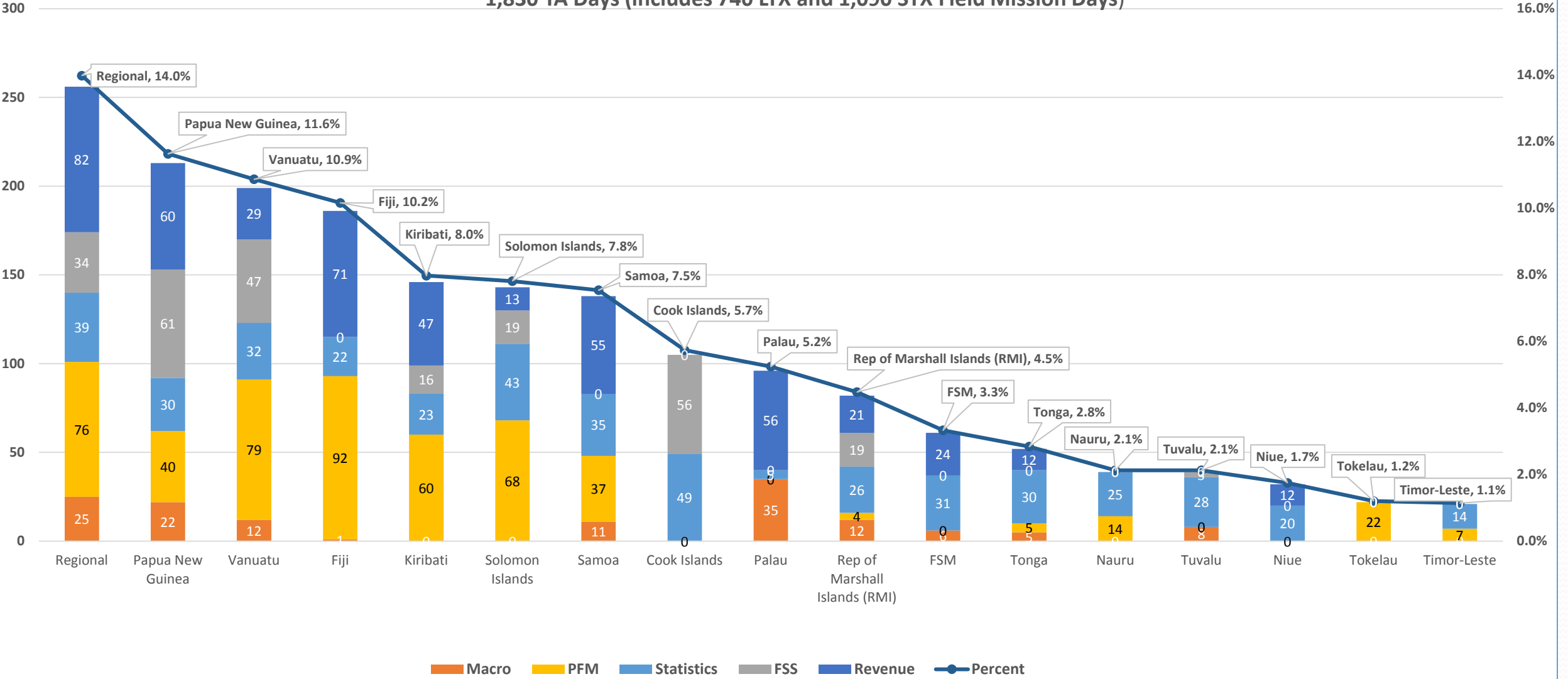
FY2018 PROJECTED OUTTURN



FY18 OUTTURN BY COUNTRY

- **Major beneficiaries/activities (10 percent or more of resources):**
 - (Sub-)Regional, mostly workshops, plus LTX time at PFTAC: 560 days, 21.8 % of resources
 - Papua New Guinea: 292 days, 11.4 % of resources
 - Vanuatu: 257 days, 10.0 % of resources
- **Moderate beneficiaries (4 < 10 percent of resources):**
 - Fiji (250 days, 9.8 %); Solomon Islands (184 days, 7.2%); Samoa (176 days, 6.9 %); Kiribati (166 days, 6.5 %); Cook Islands (116 days, 4.5 %); RMI (113 days, 4.4 %)
- **Targeted TA users:**
 - Palau (96 days, 3.7 %); FSM (70 days, 2.7%); Tonga (67 days, 2.6 %); Tuvalu (61 days, 2.4 %); Nauru (49 days, 1.9 %); Niue (41 days, 1.6%); Timor-Leste (39 days, 1.5 %); Tokelau (25 days, 1.0 %)

Expert Mission Field Days Delivering TA
FY18: May 2017 - April 2018
1,830 TA Days (includes 740 LTX and 1,090 STX Field Mission Days)

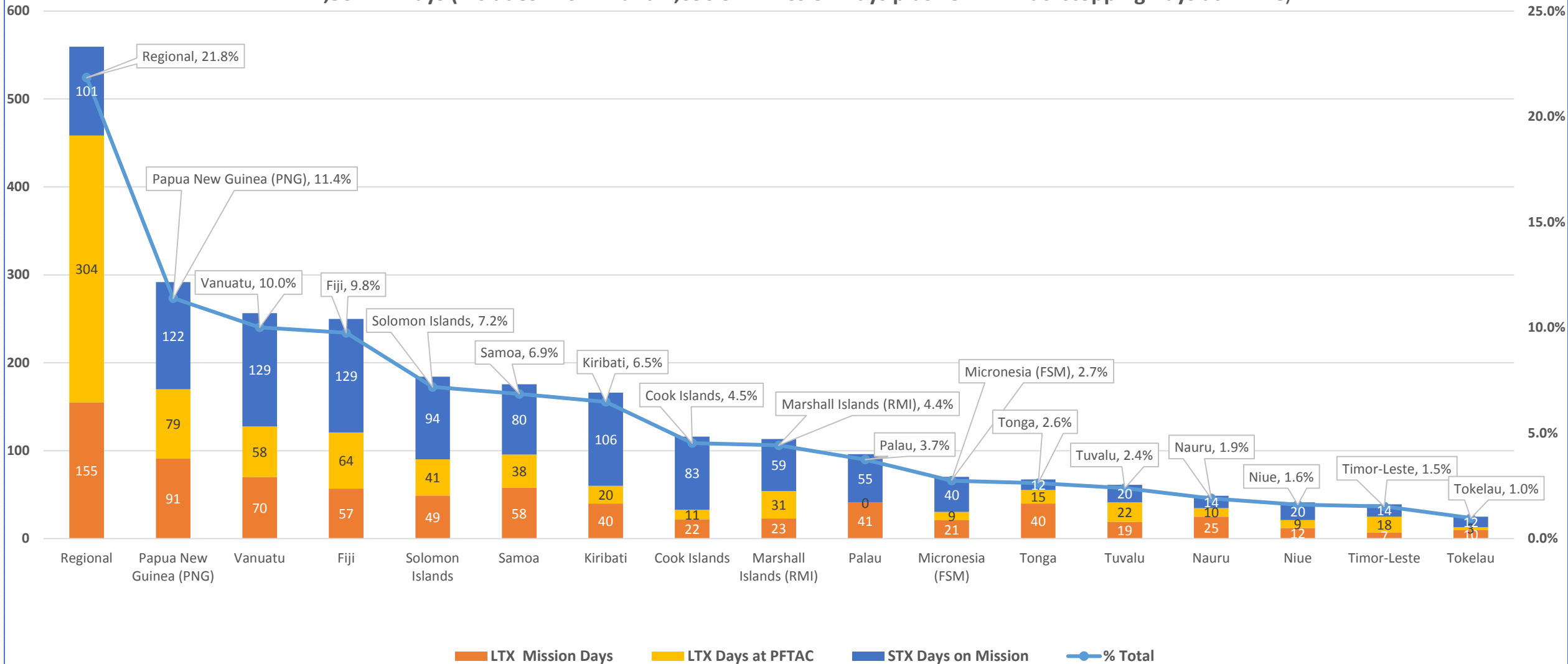


■ Macro
 ■ PFM
 ■ Statistics
 ■ FSS
 ■ Revenue
 ● Percent

Expert Days Delivering and Backstopping TA

FY18: May 2017 - April 2018

2,562 TA Days (includes 740 LTX and 1,090 STX Mission Days plus 732 LTX Backstopping Days at PFTAC)





Thankyou.