



FY2022 Mid-Year PFTAC Steering Committee Meeting

DECEMBER 2, 2021

David Kloeden
PFTAC Director

Our Phase V Contributors (so far)





Introductory Speakers

Ms. Ann-Margret Westin

Deputy Division Chief, Global Partnership Division,
IMF Institute for Capacity Development (ICD)

Mr. Esala Masitabua

Deputy Governor of the Reserve Bank of Fiji (RBF)
Chairperson of the 2021 PFTAC Annual Steering Committee Meetings





Agenda

Time (Suva time)	Duration (minutes)	Description	Speaker	Organization
11:00 am - 11:12 am	2	Welcome	David Kloeden	PFTAC Director
	5	- Introductory remarks	Ann-Margret Westin	ICD/Global Partnership DDC
	5	- Opening comments by Fiji	Esala Masitabua	Fiji Chair - RBF Deputy Governor
11.12 a.m. – 11.30 a.m.		Review and report of First half of FY2022		
	5	- Summary of Outturn and Activities, Challenges, Accomplishments	David Kloeden	PFTAC Director
		- Budget Utilization and Projected Outturn	David Kloeden	
	5	- Questions and Answers		
	2	Endorsement of Updated FY2022 Work Plan (Item #1)	Esala Masitabua	SC Chairperson
		Endorsement of Affirmation of Phase V Extension (Item #2)	Esala Masitabua	SC Chairperson
11:30 am - 11:45 am	6	- Highlight Country TA Experience - Palau Tax Reforms	Mr. Rhinehart Silas	Head Palau Revenue Mgmt Div
		Phase V Mid-Term External Evaluation		
	10	- IMF Action Plan in response to Report Recommendations	James Yoo	IMF/ICD Global Partnerships
11:45 a.m. - 12:05 p.m.	5	- Questions and Answers		
		Unlocking Access to Climate Financing for Pacific Island Countries		
	15	- Presentation of Departmental Paper Findings and Recommendations	Natalija Novta	Economist, APD Pacific Division
12:05 p.m. - 12:35 p.m.	5	- Questions and Answers		
	30	Proposed Features of Phase VI of PFTAC Funding and Operations	David Kloeden	PFTAC Director
		- Overview of process, next steps, and timeline		
		- Proposed Priorities, Programs, and Resident Advisors		
		- Resources, Modalities, Fund-Raising		
12:35 p.m. - 12:50 p.m.		- Discussions, Questions and Answers		
	8	Proposals to Enhance Steering Committee Governance and Effectiveness	Esala Masitabua	SC Chairperson
		- Role, tenure, and succession of Chairperson and new Vice-Chairperson	David Kloeden	PFTAC Director
		- Proposal for Steering Committee Operational Guidelines		
12:50 p.m. - 1:00 p.m.	4	- Discussion and decision on Next Steps	Esala Masitabua	SC Chairperson
	2	Endorsement to Retain Phase V Member Contribution Formula (Item #3)	Esala Masitabua	SC Chairperson
		Wrap-up and Concluding Observations		
	5	- Final Observations of Macroeconomic Priorities and PFTAC future	Todd Schneider	IMF/APD Pacific Division Chief
	5	- Closing Remarks	Esala Masitabua	Fiji Chair - RBG Deputy Governor

Introduction of the New Revenue Advisor



Ms. Katrina Williams

Appointed Second PFTAC Revenue Admin advisor in October 2021

FY2022/H1 Highlights: In Numbers



834 field person days of CD delivered by PFTAC advisors and experts at mid-year



317 professional government staff (of which 45 percent women) were trained from the 16 PFTAC member countries in 8 regional training events totaling 1,033-person days of training to mid-year



57% of CD was fiscal at mid-year, either PFM or Revenue (477 of 834 field days), with 44% just Revenue (370 days)



50 activities delivered by midyear, comprising 8 regional training events and 42 remote country missions



31% of CD is delivered by the team of seven resident PFTAC advisors (258 of 834 TA field days), and 69 percent by members of the IMF's roster of short-term experts



\$ 37.6 million contributions received of approx. \$US 39.2 million pledged by seven donors and 15 of 16 PFTAC countries so far



33% execution rate of the updated work plan (834 of 2,455 TA days and 50 of 158 missions), versus 31% of 2,694 originally planned TA days and 25% of 200 originally planned missions



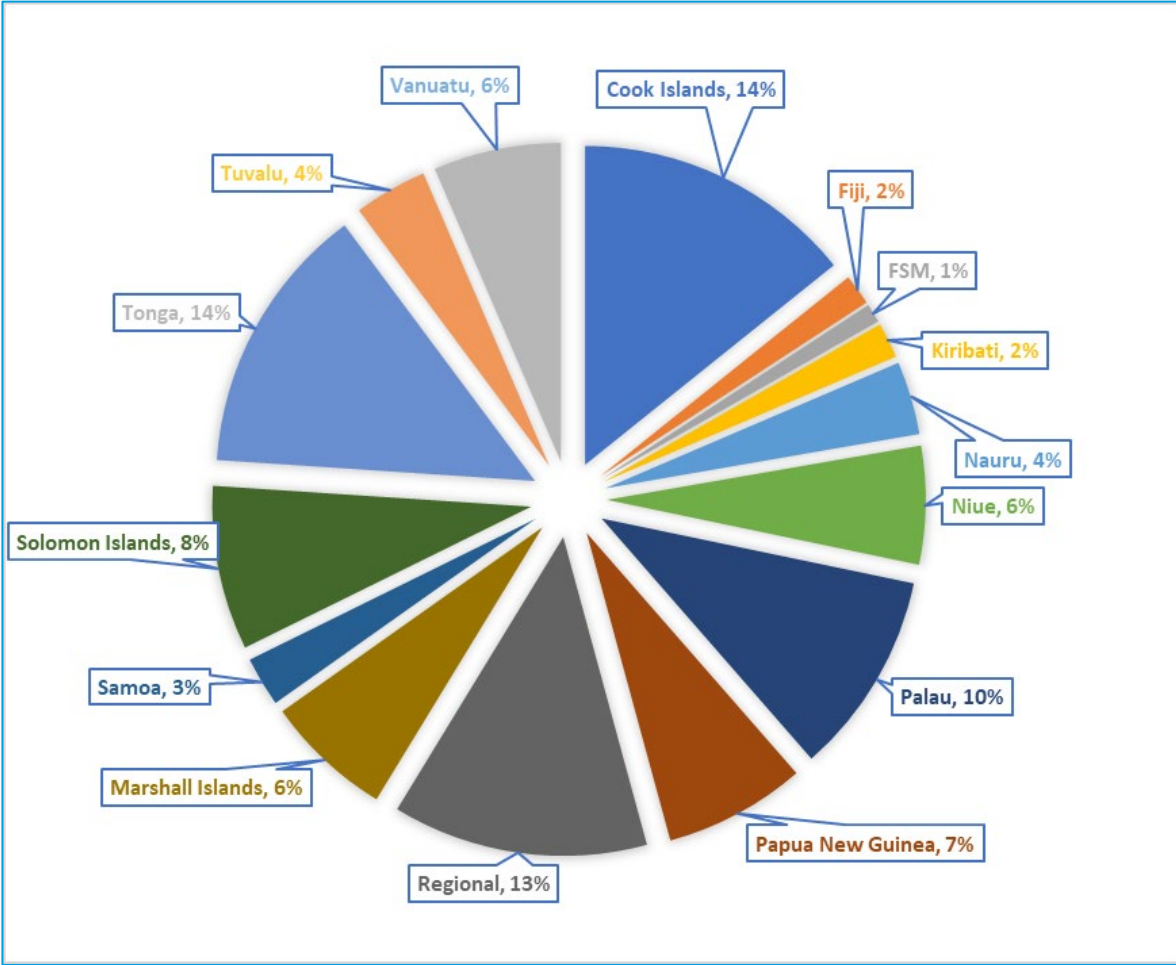
\$ 4.5 million expenses from a budget of \$US 7.33 million (approx. 61%) including the 7% trust fund fee projected through the end of FY2022



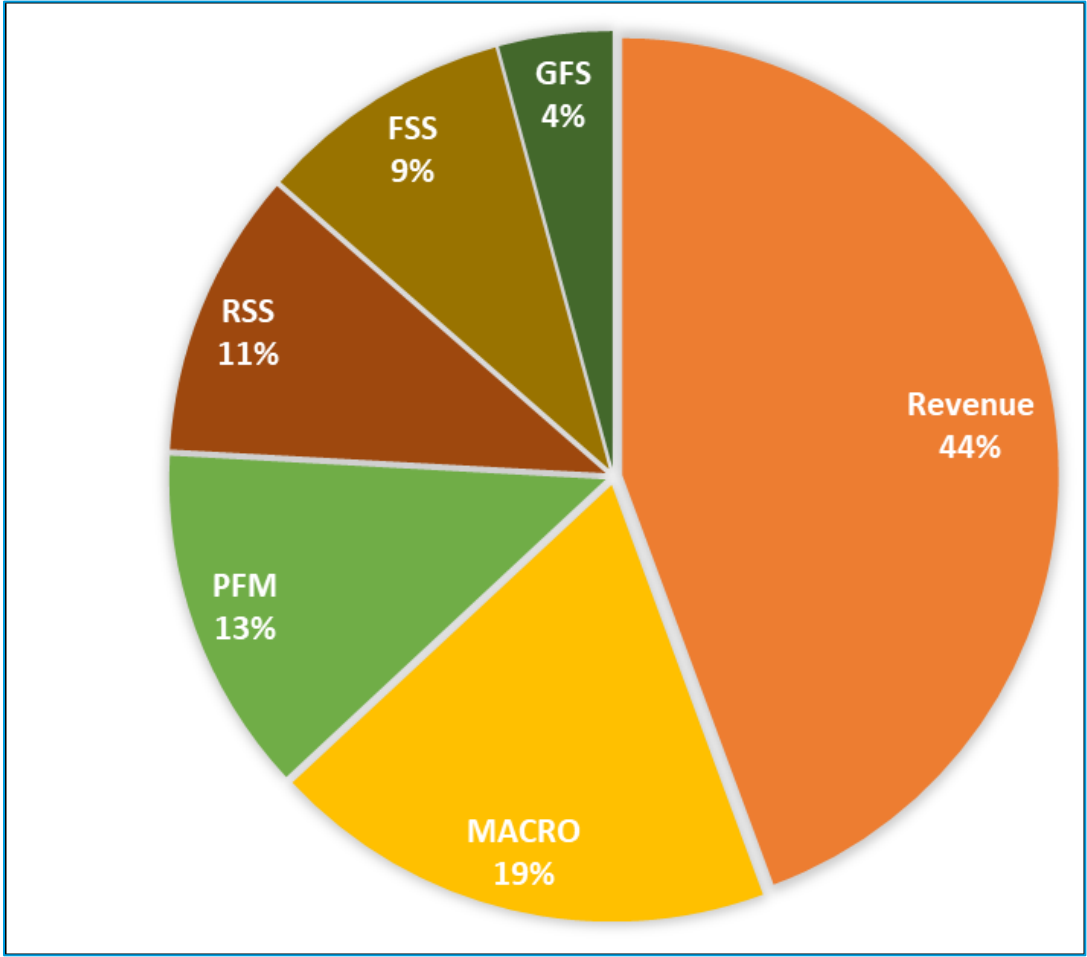
28% of resources (238 days) provided to seven PFTAC countries designated as fragile (Kiribati, FSM, RMI, PNG, Solomon Islands, Timor Leste, and Tuvalu)



FY2022/H1 TOTAL TA DAYS BY COUNTRY (834 DAYS)

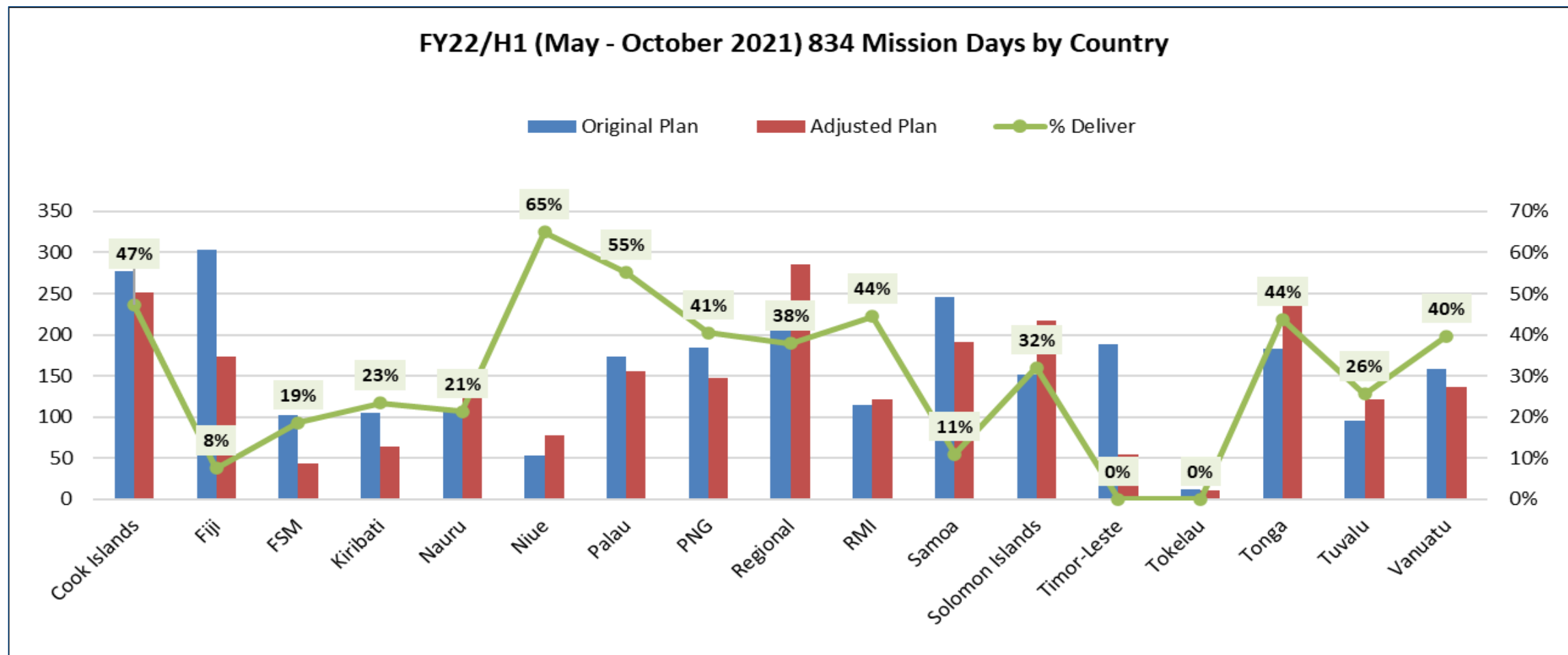


FY2021/H1 TOTAL 834 TA DAYS BY PROGRAM



Items for Steering Committee Endorsement #1

Changes to FY2022 Workplan



Items for Steering Committee Endorsement #2

Affirmation of Phase V Extension

Phase V Financial Update @ December 1, 2021				
(all amounts in USD millions)				
Ph V Program Document (PD) Fund-Raising Target:				\$ 39.7
- Program period 66 months (Nov 1, 2016 - Apr 30, 2022)				
- Proposed 12 month extension, 78 months, through April 2023				
Funds Raised (or assured):				\$ 38.1
- From 7 Donors (ADB, Australia, Canada, EU, Korea, NZ, USA)		\$ 34.7		
- From 14 countries (except Palau, Timor Leste):		\$ 2.9		
- Brought forward from Phase IV:		\$ 0.5		
Expenses through April, 2021 (end FY21):				\$ 25.5
- Actual for FY17 through FY21 (incl Trust Fund Fee):		\$ 25.5		
Funds Available for Balance of Phase V (FY22 plus FY23 Extension):				\$ 12.6
Endorsed FY2022 Budget:				\$ 7.3
- less projected FY2022 outturn				
- Conservative Outturn Estimate:		\$ 4.0		
- Most Likely Outturn Estimate:		\$ 4.5		
- Optimistic Outturn Estimate:		\$ 5.0		
Funds Available for Phase V Extension in FY2023 (most likely):				\$ 8.1
- Upper Estimate:		\$ 4.0	\$ 8.6	
- Lower Estimate:		\$ 5.0	\$ 7.6	



Short Country Intervention

Recent PFTAC CD Support to:

- **Palau** - recent assistance with revenue reforms
- Rhinehart Silas, Director of Revenue



Access to Climate Finance in Pacific Islands Countries

DECEMBER 2, 2021



Ms. Natalija Novta, APD

Asia and Pacific Department
Fiscal Affairs Department



Phase V Mid-Term External Evaluation Action Plan

Mr. James Yoo

Global Partnerships Division, IMF Institute for Capacity Development



PFTAC Phase V Mid-Term Evaluation Action Plan

DECEMBER 1, 2021

James Yoo
Global Partnerships Division
Institute for Capacity Development

Overview of Recommendations

1. PFTAC Governance
2. Hybrid model
3. Long-term sustainable solutions in states
4. Improve HR Practices for LTXs
5. Improve support to advisors from Center staff
6. Use of RBM to support program-based approach
7. Integration of Priority Thematic Areas into PFTAC programs
8. Develop regional expertise for use in the program

PFTAC Governance

Recommendation 1: PFTAC Steering Committee should encourage and support member countries in playing a more active role in PFTAC governance

- Broadly Agree
- Additional virtual meetings planned between annual SC meetings
- Draft guidance note
- Seek Steering Committee's guidance on Executive Committee
- Proposed tenure for Chair and new Vice-Chair
- Opportunities for peer learning and exposure

Hybrid Model

Recommendation 2: In Phase VI, the IMF and PFTAC should consider adopting a hybrid in-person/remote model for PFTAC TA delivery as well other modalities and initiatives that will enhance member countries' engagement and role in CD delivery

- Fully agree
- IMF is actively working on future hybrid model
- Pilot activities to explore best practice for CD operations
- PFTAC will be part of discussion
- Seek opportunities for more peer-to-peer exchanges and attachments

Addressing Development Gaps and Capacity Supplementation

Recommendation 3: PFTAC and the IMF should work together with development partners and other regional partners to develop long-term, sustainable, Pacific-centric solutions to pervasive gaps in states requiring capacity supplementation in PFTAC program areas.

- Partially Agree
- IMF works closely with a wide range of development partners, regional institutions
- Gaps primarily evident in NSOs in fragile states
- Fund intends to increase engagement with fragile states
- Country ownership and partnerships are essential

HR Practices

Recommendations 4 and 5: PFTAC and the IMF should improve HR practices with respect to LTXs; PFTAC should improve its support to advisors from Center staff

- Broadly Agree
- Propose actions to improve succession planning, on boarding and continuity of operations
- Several measures have improved support to LTXs: local staff performance assessments, harmonization with HQ, access to training programs
- Creation of Office Manager

Results Based Management (RBM)

Recommendation 6: PFTAC should improve its use of RBM in the design and delivery of CD to support a program-based approach to country prioritization of needs and resource use, and sequencing of CD delivery to member countries within country programs.

- Agree
- CDMAP: Strengthening logframes and harmonizing practices across Fund
- SC meeting: Setting RBM expectations and agreed strategic program objectives

Integration of Priority Themes

Recommendation 7: PFTAC and the IMF should better integrate priority thematic areas into PFTAC programs

- Partially agree
- PFTAC highly responsive to cross cutting issues of climate change and gender
- Potential opportunities for further expansion with budget augmentation
- Should be demand driven and reflective of PIC priorities

Development of Regional Expertise

Recommendation 8: PFTAC should allocate resources to develop regional expertise for engagement and use in the program

- Agree
- Support expansion of a pool of experts from the region for regional activities (with caveats), supporting further south-south and peer-to-peer initiatives
- Intern program
- Collaboration with universities



Phase VI Proposal

- **Macroeconomic Context**
- **Process so far and going forward**
- **Proposed Programs and Resources**
- **Costs and Fund-Raising**
- **Comments, Suggestions, Questions, and Answers**



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**
- **Some longstanding issues have worsened**
- **Need and demand for PFTAC more essential now than ever**



Phase VI Proposal – the Process

- **Internal IMF processes recently concluded**
- **Availability now of a draft Program Document was too ambitious**
- **Program Document drafting is underway targeted for end-January**
- **Feedback today and from a review period in February will feed into final version by early-April for publication**
- **Hoping for initial donor pledges at May 2022 SC meeting**



Phase VI – Proposed 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**
- **PFM program increase from 2 to 3 LTX, with new climate change focus**
- **A new Macro Frameworks program/LTX backstopped by ICD**



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**



Steering Committee Issues

- **Background and impetus for possible change**
- **Strengthening SC governance and effectiveness**
- **Draft SC Operational Guidelines**
- **Issues for Consideration**
- **Endorsement Item #3: retention of member country contribution model**



Steering Committee Issues – Appetite/Need for Change?

- **Phase IV and V External Evaluations noted opportunities to strengthen SC governance and effectiveness**
- **Start of country contributions in Phase V expected to increase SC engagement by member countries**
- **In late Phase IV, proposal for 2-year term of SC Chair, but chair has rotated annually in Phase V to SC hosting country representative**
- **Phase V external evaluation proposes an SC Executive Committee**
- **IMF suggestion to consider the Caribbean experience**



Operational Guidelines Issues for Consideration

- **Tenure and Succession of Chair (# 13 & 14)**
 - ▶ Retain status quo and rotate annually, or have a defined term?
 - ▶ Succession of chair – would a Vice-Chair be useful?

- **Frequency and Timing of SC Meetings (# 5 & 6)**

- **Sub-Committees (#8) and Constituencies (#10)**

- **Quorum (#11)**

- **Decision Making (#9)**
 - ▶ Workplans (# 19 – 23)

Endorsement Item #3: Member Country Contributions

■ History:

- **PFTAC was last IMF center** to introduce member contributions.
- **Contribution Sharing Formula:** developed by consensus across the 16 member countries from start of Phase V to cover 10 percent of budget
- **Application of the Formula:** all contributions voluntary but requires LoU that were signed by all but one country. Of \$US3.9m expected for Phase V, \$US2.96 million received so far

■ Formula model:

- **Three weighted components:** (1) economy size (GDP) – 70 %; (2) average per-capital income – 15 %; and (3) share of Phase IV resources received from PFTAC – 15 %.
- **Reasonableness** – annual country contribution falls within 0.01 and 0.02 percent of annual national budget expenditure, with an outlier adjustment for PNG at 0.005 percent
- **Country cohorts for Phase V:** to generate \$US 707,000 annually if fully paid: \$250K – PNG; \$125K – Fiji; \$100K – Timor-Leste; \$30K – Samoa, Solomon Islands, and Vanuatu; \$20K – Cook Islands, RMI, FSM, Palau, and Tonga; \$15K – Kiribati and Nauru; \$5K – Niue and Tuvalu; and \$2K – Tokelau

■ Applying the Formula in Phase VI requires an average 13 percent increase in annual contributions:

- **To generate \$US 800,000 annually if fully paid:** \$282K – PNG; \$141 – Fiji; \$112K – Timor-Leste; \$34K – Samoa, Solomon Islands, and Vanuatu; \$23K – Cook Islands, RMI, FSM, Palau, and Tonga; \$17K – Kiribati and Nauru; \$6K – Niue and Tuvalu; and \$2K – Tokelau

Wrap-Up

- **Closing Remarks by IMF Steering Committee Representative**
 - **Mr. Todd Schneider, Chief, Pacific Islands Division, Asia Pacific Department**

- **Closing Remarks by the Chairperson**
 - **Deputy Governor Esala Masitabua, Reserve Bank of Fiji**