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:**
  - **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

- **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
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

<table>
<thead>
<tr>
<th>Capacity Development (by workstream)</th>
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<tbody>
<tr>
<td>1. Public Financial Management (3 LTX)</td>
<td>8.5</td>
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<tr>
<td>2. Revenue Administration (2 LTX)</td>
<td>8.5</td>
</tr>
<tr>
<td>3. Macroeconomic Programming (1 LTX)</td>
<td>3.3</td>
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<tr>
<td>4. Real Sector Statistics (1 LTX)</td>
<td>4.3</td>
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<tr>
<td>5. Government Finance &amp; Debt Statistics (1 LTX)</td>
<td>3.3</td>
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<tr>
<td>6. Macroeconomic Frameworks (1 LTX)</td>
<td>3.0</td>
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<tr>
<td>7. Financial Sector Supervision (1 LTX)</td>
<td>4.3</td>
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<tr>
<td>8. Finance and Fiscal Legislation</td>
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<tr>
<td>9. Debt Management (1 LTX)</td>
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<tr>
<td><strong>Administration</strong></td>
<td>0.8</td>
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<tr>
<td><strong>Governance and Evaluation</strong></td>
<td>0.3</td>
</tr>
<tr>
<td><strong>Strategic Budget Reserve</strong></td>
<td>0.4</td>
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<tr>
<td><strong>Sub-Total</strong></td>
<td>37.4</td>
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<tr>
<td><strong>Trust Fund Management Fee (7 percent of sub-total)</strong></td>
<td>2.6</td>
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<tr>
<td><strong>Total</strong></td>
<td>40.0</td>
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<tr>
<td><strong>IMF Expenses</strong></td>
<td>3.5</td>
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<tr>
<td><strong>Grand Total</strong></td>
<td>43.5</td>
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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