2022 PFTAC Steering Committee Meeting

MAY 25, 2022

(DAY 2 OF 2)

David Kloeden
PFTAC Director

IMF | Pacific Financial Technical Assistance Centre
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
Unequal Opportunities
- Labor force participation: Women 50% Men 80%
- Female/Male earnings = 75%
- 88 countries impede women from working in certain sectors

Unequal Representation
- Informal employment in LICs: women 92% men 87%
- Literacy rate in LICs: Women 54% Men 70%
- <5% of COVID Task Forces have gender parity

Unequal Rights
- Risk of job losses from automation: women 11% men 9%
- Unpaid work for women 4.4 hrs pre-COVID, up sharply
- 30% of women faced violence before COVID, 40% now

Unequal Outcomes
- 250 million fewer women online than men
- 745 countries impede women from working in certain sectors
- 250 million fewer women online than men
- Female bank board members < 20%, 8% central bank governors
- 7% female CEOs in S&P500 companies
- Globally, 21% female ministers and 25% female parliamentarians
- 30% of women faced violence before COVID, 40% now
- Unpaid work for women 4.4 hrs pre-COVID, up sharply

Red = COVID-19 effects
Blue = Structural impediments
Indigo = Under representation as leaders
Taking Stock: Approach and Support 2015-19

Pilot Initiative started

Established engagement on gender on two principles: macro-criticality and parsimony

Pilot Initiative concluded

2015 2017 2018 2019

To date, gender issues have been covered in:
- Staff reports (43 case studies under the pilot Initiative + others and 5 programs)
- 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

Analytical framework
- Integrate gender in macro analysis and policy and exploit synergies with inclusion, climate, digital money, FCS

Governance framework
- Create a robust process that stands the test of time, build ownership

Resources
- Efficient use of available resources for mainstreaming, with efficiency gains via a central unit, covering gender/inclusion
Fourth Pillar: External Collaboration
São Tomé and Principe: External Collaboration was Key for Inclusion of Gender Issues in IMF Program

**Jan–May 2019**
Gender National Strategy Planning
- Discussion on gender-focused structural benchmarks
- Two-day workshop on key gender gaps
- Four-day workshop on gender strategy

**June–Sep 2019**
Gender Conditionality in New IMF Program
- High-level event to inform final gender strategy
- MoF/MF/UN/Canada coordinated on strategy finalization
- Program conditionality on national strategy

**Dec 2019–Feb 2021**
Gender Budgeting (GRB) Pilot
- Strategy completed and meets IMF target
- New commitments on gender for 1st and 2nd program reviews
- IMF/EU/MoF coordinated on GRB pilot and TA

São Tomé and Principe: 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

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

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)

64%
of CD was fiscal, either PFM or Revenue (1,244 of 1,929 field days), with 52% just Revenue (1,006 days)

$ 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

$ 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)
Training continues to be delivered virtually

- 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

- Revenue Administration, 73
- Public Financial Management, 64
- Real Sector Statistics, 98
- Macroeconomic Programming, 38
- Government Finance Statistics, 112
- Financial Sector Supervision, 119

PFTAC ACHIEVEMENT OF 504 MILESTONES BY APRIL 2022

<table>
<thead>
<tr>
<th>Program</th>
<th>Not Achieved</th>
<th>Partially Achieved</th>
<th>Largely Achieved</th>
<th>Fully Achieved</th>
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<tbody>
<tr>
<td>RSS</td>
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<tr>
<td>Revenue</td>
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<tr>
<td>PFM</td>
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<tr>
<td>Macro</td>
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<tr>
<td>GFS</td>
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<tr>
<td>FSS</td>
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</table>
# PFTAC: Results Based Management Progress for FY2022

<table>
<thead>
<tr>
<th>Public Financial Management</th>
<th>Change in avg. milestone score</th>
<th>No change in avg. milestone score</th>
<th>New milestones defined</th>
<th>Milestones achieved</th>
<th>No activity during FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Improved PFM laws and effective institutions</td>
<td>✗</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>2. Comprehensive, credible, and policy-based budget preparation</td>
<td>✗</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>3. Improved budget execution and control</td>
<td>✗</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>4. Improved coverage and quality of fiscal reporting</td>
<td>✗</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>5. Improved asset and liability management</td>
<td>✗</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>6. Strengthened identification, monitoring, and management of fiscal risks</td>
<td>✗</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Revenue Policy and Administration</th>
<th>Change in avg. milestone score</th>
<th>No change in avg. milestone score</th>
<th>New milestones defined</th>
<th>Milestones achieved</th>
<th>No activity during FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Strengthened revenue administration management and governance arrangements</td>
<td>✗</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>2. Strengthened core tax administration functions</td>
<td>✗</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<thead>
<tr>
<th>Financial Sector Supervision</th>
<th>Change in avg. milestone score</th>
<th>No change in avg. milestone score</th>
<th>New milestones defined</th>
<th>Milestones achieved</th>
<th>No activity during FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Develop/strengthen banking regulations and prudential norms</td>
<td>✗</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>2. Implement a risk-based supervision (RBS) system and upgrade other supervisory processes</td>
<td>✗</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>6. Improved financial stability via early detection of and effective and timely res</td>
<td>✗</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Develop/strengthen cybersecurity regulations and prudential norms</td>
<td>✗</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<table>
<thead>
<tr>
<th>Macroeconomic Programming</th>
<th>Change in avg. milestone score</th>
<th>No change in avg. milestone score</th>
<th>New milestones defined</th>
<th>Milestones achieved</th>
<th>No activity during FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Well functioning macroeconomic policy and institutions; improved macroeconomic policy advice to government</td>
<td>✗</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Government Finance Statistics</th>
<th>Change in avg. milestone score</th>
<th>No change in avg. milestone score</th>
<th>New milestones defined</th>
<th>Milestones achieved</th>
<th>No activity during FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Strengthened compilation and dissemination of data on macroeconomic and financial statistics</td>
<td>✗</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Real Sector Statistics</th>
<th>Change in avg. milestone score</th>
<th>No change in avg. milestone score</th>
<th>New milestones defined</th>
<th>Milestones achieved</th>
<th>No activity during FY22</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Strengthened compilation and dissemination of data on macroeconomic and financial statistics</td>
<td>✗</td>
<td>✗</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>
**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)

IMF, 9%
Members, 6%
Funding Gap, 4%
Host, 2%
Partners, 80%

<table>
<thead>
<tr>
<th>Agreement Information</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Partners/Members</strong></td>
<td></td>
</tr>
<tr>
<td>Partners</td>
<td></td>
</tr>
<tr>
<td>New Zealand</td>
<td>12,145</td>
</tr>
<tr>
<td>Australia</td>
<td>9,268</td>
</tr>
<tr>
<td>European Commission</td>
<td>6,629</td>
</tr>
<tr>
<td>Korea</td>
<td>2,500</td>
</tr>
<tr>
<td>United States</td>
<td>2,000</td>
</tr>
<tr>
<td>Canada</td>
<td>1,135</td>
</tr>
<tr>
<td>Asian Development Bank</td>
<td>800</td>
</tr>
<tr>
<td><strong>Members</strong></td>
<td>2,654</td>
</tr>
<tr>
<td>Papua New Guinea</td>
<td>1,375</td>
</tr>
<tr>
<td>Solomon Islands</td>
<td>166</td>
</tr>
<tr>
<td>Samoa</td>
<td>165</td>
</tr>
<tr>
<td>Vanuatu</td>
<td>165</td>
</tr>
<tr>
<td>Cook Islands</td>
<td>110</td>
</tr>
<tr>
<td>Marshall Islands</td>
<td>110</td>
</tr>
<tr>
<td>Micronesia</td>
<td>110</td>
</tr>
<tr>
<td>Palau</td>
<td>110</td>
</tr>
<tr>
<td>Tonga</td>
<td>110</td>
</tr>
<tr>
<td>Kiribati</td>
<td>83</td>
</tr>
<tr>
<td>Nauru</td>
<td>83</td>
</tr>
<tr>
<td>Niue</td>
<td>28</td>
</tr>
<tr>
<td>Tuvalu</td>
<td>28</td>
</tr>
<tr>
<td>Tokelau</td>
<td>11</td>
</tr>
<tr>
<td><strong>Partners and Members Total</strong></td>
<td>37,331</td>
</tr>
<tr>
<td>Transfers and Rollovers</td>
<td>518</td>
</tr>
<tr>
<td>Under Negotiation</td>
<td>550</td>
</tr>
<tr>
<td>Timor Leste</td>
<td>550</td>
</tr>
<tr>
<td>IMF Contribution</td>
<td>3,809</td>
</tr>
<tr>
<td>Host Country (Fiji)</td>
<td>688</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td>42,896</td>
</tr>
<tr>
<td>Program Document Budget</td>
<td>43,509</td>
</tr>
<tr>
<td><strong>Funding Gap</strong></td>
<td>613</td>
</tr>
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## FY22 Execution

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

### Phase FY22 Execution (%)

<table>
<thead>
<tr>
<th>Project</th>
<th>Working Budget</th>
<th>Expenses</th>
<th>Execution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Financial Management</td>
<td>8,440</td>
<td>6,781</td>
<td>80%</td>
</tr>
<tr>
<td>Revenue Administration</td>
<td>11,280</td>
<td>9,034</td>
<td>80%</td>
</tr>
<tr>
<td>Macroeconomic Advisor</td>
<td>3,548</td>
<td>2,852</td>
<td>80%</td>
</tr>
<tr>
<td>Banking Supervision and Regulation</td>
<td>4,931</td>
<td>3,994</td>
<td>81%</td>
</tr>
<tr>
<td>Real Sector Statistics</td>
<td>4,043</td>
<td>3,284</td>
<td>81%</td>
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<tr>
<td>Government Finance Statistics</td>
<td>2,593</td>
<td>2,130</td>
<td>82%</td>
</tr>
<tr>
<td>Financial and Fiscal Law</td>
<td>427</td>
<td>324</td>
<td>76%</td>
</tr>
<tr>
<td>Admin Project</td>
<td>1,293</td>
<td>1,048</td>
<td>81%</td>
</tr>
<tr>
<td>Training project</td>
<td>99</td>
<td>99</td>
<td>100%</td>
</tr>
<tr>
<td>Governance and Evaluation</td>
<td>424</td>
<td>416</td>
<td>98%</td>
</tr>
<tr>
<td>Strategic Budget Reserve</td>
<td>55</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td><strong>37,134</strong></td>
<td><strong>29,962</strong></td>
<td><strong>81%</strong></td>
</tr>
<tr>
<td>Trust Fund Management</td>
<td><strong>2,599</strong></td>
<td><strong>2,097</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>39,733</strong></td>
<td><strong>32,059</strong></td>
<td><strong>81%</strong></td>
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<thead>
<tr>
<th>FY22 Working Budget</th>
<th>Expenses</th>
<th>Execution</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,460</td>
<td>910</td>
<td>61%</td>
</tr>
<tr>
<td>2,175</td>
<td>1,585</td>
<td>73%</td>
</tr>
<tr>
<td>627</td>
<td>469</td>
<td>75%</td>
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<tr>
<td>1,003</td>
<td>517</td>
<td>52%</td>
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<tr>
<td>758</td>
<td>528</td>
<td>70%</td>
</tr>
<tr>
<td>334</td>
<td>190</td>
<td>57%</td>
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<tr>
<td>103</td>
<td>-1</td>
<td>-1%</td>
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<tr>
<td>250</td>
<td>144</td>
<td>58%</td>
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<td>-</td>
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<tr>
<td>164</td>
<td>88</td>
<td>54%</td>
</tr>
<tr>
<td>110</td>
<td>0</td>
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<tr>
<td><strong>7,003</strong></td>
<td><strong>4,431</strong></td>
<td><strong>63%</strong></td>
</tr>
<tr>
<td><strong>490</strong></td>
<td><strong>310</strong></td>
<td></td>
</tr>
<tr>
<td><strong>7,494</strong></td>
<td><strong>4,741</strong></td>
<td><strong>63%</strong></td>
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</table>
PFTAC - Phase V (FY17-23)
FY22 Execution

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

*Excludes Trust Fund Management fee (7%).
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)

Divergent recoveries
(average of real GDP growth, percent change)

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+.

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)

Exchange rate and commodity terms of trade
(Percent change)

10-year yields and their long-term average
(Percent)

Source: Bloomberg LLP.
Note: Metals index based on Bloomberg Base Metals Spot Price Commodity Index with the following weights: Aluminum (46%), Copper (25%), Nickel (2%), Lead (12%), Zinc (15%) and Tin (1%).

Source: Gruss and Kehbaj (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.

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

Inflation Projections, 2022
(Latest vs. Jan 2022 WEO)

Source: World Economic Outlook Database
### GDP Growth forecast revised down globally

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

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)

Potential Additional Domestic Revenue
(In percent of GDP)

Source: World Economic Outlook; and Country Desk Data.

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 Programing Mission – phase 1

Samoa
- International tax change modelling

Solomon Islands
- Inflation forecasting modelling

Timor-Leste
- Financial Programing – phases 1 and 2

Tuvalu
- GDP forecasting

Vanuatu
- Financial Programing 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 Programing Mission – phases 2 and 3
- **Samoa**
  - Macro-fiscal modelling
- **Solomon Islands**
  - Macro-fiscal modelling
- **Timor-Leste**
  - Financial Programing – phases 3 and 4
- **Vanuatu**
  - Financial Programing 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

- Cook Islands: 13%
- Fiji: 10%
- Kiribati: 2%
- FSM: 2%
- Niue: 6%
- Palau: 13%
- PNG: 4%
- Samoa: 4%
- Solomon Islands: 2%
- Tuvalu: 8%
- Tonga: 6%
- Vanuatu: 12%
- Regional: 8%

NUMBER OF TA DAYS

- Cook Islands: 16%
- Fiji: 16%
- Kiribati: 2%
- FSM: 1%
- Niue: 4%
- PNG: 9%
- Palau: 11%
- Samoa: 2%
- Solomon Islands: 2%
- Tuvalu: 12%
- Vanuatu: 8%
- Tonga: 7%
- Timor Leste: 6%
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

**PFM Roadmap**
- **Cook Island** - Aligned to specific context on the ground

**Financial Reporting**
- Nauru, Tonga and Tuvalu: Implementing Cash IPSAS and Asset Registration

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

**PFM Legislation**
- Niue, Tonga, and Kiribati: Updated and modernized PFM Acts

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

**Internal Controls**
- Fiji: Strengthening internal audit practices – Risk Based Audit and adoption of IIA standards

**Transparent Budget Documentation**

**Drives roadmap design**

**Enables & underpins PFM reforms**

**Modernizing practices strengthening control environment**

**Standards a key element of transparency and accountability**
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


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
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

Pacific Islands Debt Management Dashboard

<table>
<thead>
<tr>
<th>Country</th>
<th>Formal Debt Management Unit</th>
<th>Current Debt Management Strategy</th>
<th>Regular Debt Bulletin</th>
<th>Formal Debt Recording and Reporting System</th>
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</thead>
<tbody>
<tr>
<td>Cook Islands</td>
<td>★</td>
<td>★</td>
<td>★</td>
<td>★</td>
</tr>
<tr>
<td>Fiji</td>
<td>★</td>
<td>★</td>
<td>★</td>
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</tr>
<tr>
<td>FSM</td>
<td>★</td>
<td>★</td>
<td>★</td>
<td>★</td>
</tr>
<tr>
<td>Kiribati</td>
<td>★</td>
<td>★</td>
<td>★</td>
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<tr>
<td>Marshall Is.</td>
<td>★</td>
<td>★</td>
<td>★</td>
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<tr>
<td>Nauru</td>
<td>★</td>
<td>★</td>
<td>★</td>
<td>★</td>
</tr>
<tr>
<td>Niue</td>
<td>★</td>
<td>★</td>
<td>★</td>
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<tr>
<td>Palau</td>
<td>★</td>
<td>★</td>
<td>★</td>
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<tr>
<td>PNG</td>
<td>★</td>
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<td>★</td>
<td>★</td>
</tr>
<tr>
<td>Samoa</td>
<td>★</td>
<td>★</td>
<td>★</td>
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</tr>
<tr>
<td>Solomon Islands</td>
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<td>★</td>
<td>★</td>
</tr>
<tr>
<td>Timor-Leste</td>
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<td>Tokelau</td>
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<td>Tonga</td>
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<td>Tuvalu</td>
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<tr>
<td>Vanuatu</td>
<td>★</td>
<td>★</td>
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</tr>
</tbody>
</table>

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)

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

- **TA Missions**: 15 (Fiscal Year 2022) | 21 (Planned for Fiscal Year 2023)
- **Countries Covered**: 9 (Fiscal Year 2022) | 13 (Planned for Fiscal Year 2023)
- **Regional Workshops**: 2 (Fiscal Year 2022) | 2 (Planned for Fiscal Year 2023)
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.

<table>
<thead>
<tr>
<th>Project</th>
<th>FY23 Proposed Budget</th>
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</thead>
<tbody>
<tr>
<td>Revenue Administration</td>
<td>2,246</td>
</tr>
<tr>
<td>Public Financial Management</td>
<td>1,659</td>
</tr>
<tr>
<td>Banking Supervision and Regulation</td>
<td>937</td>
</tr>
<tr>
<td>Real Sector Statistics</td>
<td>758</td>
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<tr>
<td>Macroeconomic Advisor</td>
<td>697</td>
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<tr>
<td>Government Finance Statistics</td>
<td>463</td>
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<tr>
<td>Macroeconomic Frameworks</td>
<td>380</td>
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<tr>
<td>Admin Project</td>
<td>246</td>
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<tr>
<td>Financial and Fiscal Law</td>
<td>103</td>
</tr>
<tr>
<td>Strategic Budget Reserve</td>
<td>55</td>
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<tr>
<td>Governance and Evaluation</td>
<td>8</td>
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<tr>
<td><strong>Subtotal</strong></td>
<td><strong>7,552</strong></td>
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<tr>
<td><strong>Trust Fund Management</strong></td>
<td><strong>529</strong></td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>8,081</strong></td>
</tr>
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</table>
Liquidity Status
(cumulative as of fiscal year-end)

Projection¹/

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.
# Workplan and Budget for FY2023

## FY2023 BASELINE WORKPLAN

<table>
<thead>
<tr>
<th>Program</th>
<th>LTX</th>
<th>STX</th>
<th>Total</th>
<th>Missions</th>
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<tbody>
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<td>Public Financial Management</td>
<td>240</td>
<td>388</td>
<td>628</td>
<td>29</td>
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<tr>
<td>Financial Sector Supervision</td>
<td>136</td>
<td>331</td>
<td>467</td>
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<tr>
<td>Government Finance Statistics</td>
<td>79</td>
<td>75</td>
<td>154</td>
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<tr>
<td>Real Sector Statistics</td>
<td>117</td>
<td>155</td>
<td>272</td>
<td>21</td>
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<tr>
<td>Revenue Administration</td>
<td>102</td>
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<td>1990</td>
<td>105</td>
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<td>Legal/Tax Policy</td>
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<td>136</td>
<td>136</td>
<td>11</td>
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<td>Macroeconomic Programming and Analysis</td>
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<td>140</td>
<td>315</td>
<td>23</td>
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<tr>
<td><strong>Sub-Total</strong></td>
<td>849</td>
<td>3113</td>
<td>3962</td>
<td>228</td>
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<tr>
<td>Debt Management</td>
<td>70</td>
<td>269</td>
<td>339</td>
<td>15</td>
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<td><strong>TOTAL</strong></td>
<td>919</td>
<td>3382</td>
<td>4301</td>
<td>243</td>
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</table>

## PROPOSED FY2023 BUDGET BY PROGRAM (US DOLLARS MILLIONS)

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

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