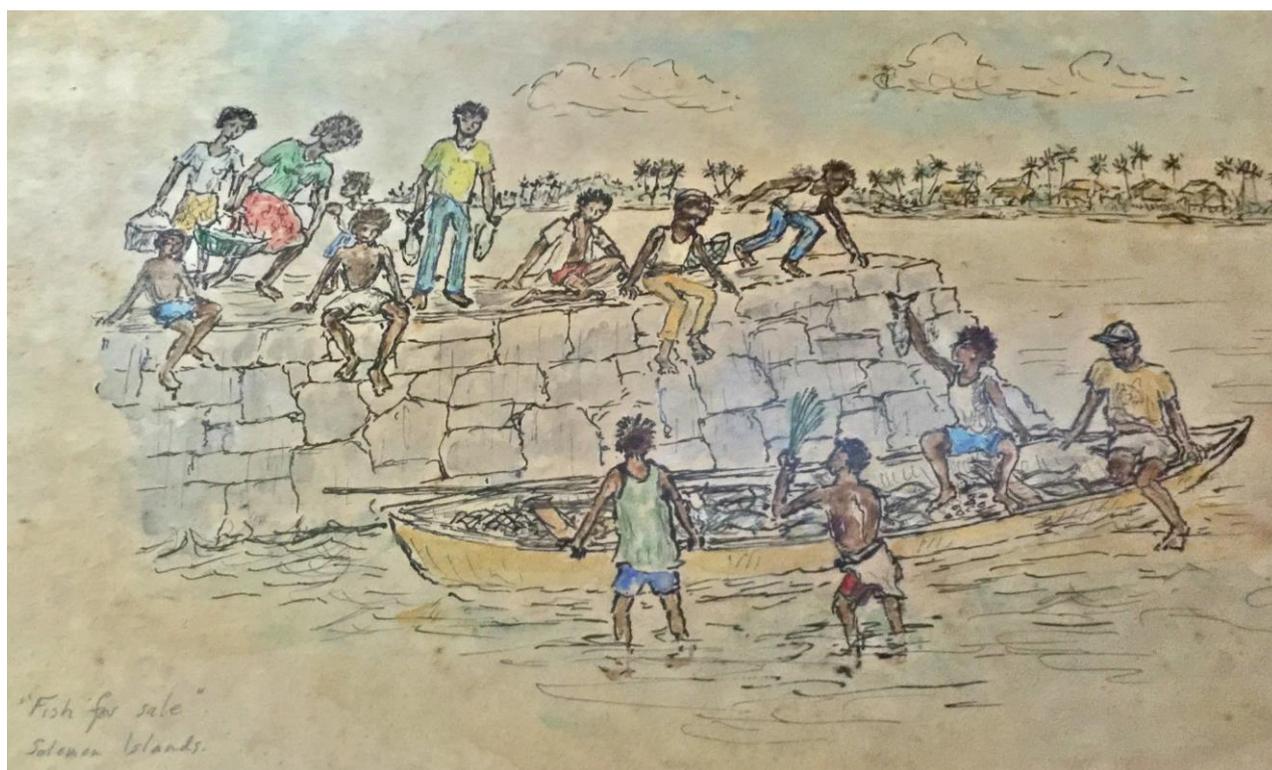




PACIFIC FINANCIAL TECHNICAL ASSISTANCE CENTRE

ANNUAL REPORT 2017



STATEMENT BY THE CHAIRMAN OF THE PFTAC STEERING COMMITTEE

It is my real pleasure to welcome our overseas participants to Solomon Islands and to chair the 2017 PFTAC Steering Committee Meeting.

PFTAC has been an important provider of technical assistance and training to ministries of finance, central banks, financial supervisors, tax authorities, and statistical offices throughout the region for nearly 25 years. As with any organization, however, PFTAC has to evolve to meet the changing needs of its members. Over the past year or so this has been reflected in the development of a new Phase V Program Document to guide PFTAC's capacity development strategy over the period through to 2022.

The Steering Committee meeting provides us with the opportunity to participate in turning the medium-term strategy into a practical work plan for the year ahead. It also provides us with an opportunity to share ideas and experiences with capacity development successes and challenges. In this year's meeting we will have sessions focusing on strengthening capacity and regional cooperation in statistics, revenue mobilization, and public financial management. I look forward to these discussions as we all have much to contribute and much that we can learn from each other's experiences.

The meeting will also cover two other topics of importance to PFTAC's members and donors. The first is to review progress on funding of PFTAC's Phase V Program. A key component we agreed on last year was to provide member contributions as part of PFTAC's funding. I am happy to note that almost all members have agreed to contribute. I hope that at this meeting we can secure all members' agreement to contribute. Even so, a funding gap of about \$10 million remains. We are hopeful that the European Union will help fill the gap, but additional sources of funding may be needed. The second topic is PFTAC accountability. As indicated in the Program Document, PFTAC is rolling out a new Results-Based Management (RBM) framework to help it plan, manage, and report on its activities. We look forward to hearing more about this at this year's meeting and how it will affect our interaction with PFTAC.

Lastly, I would like to welcome PFTAC's new staff members, Barend De La Beer, Richard Neves, Ben Stefanou, and, especially, PFTAC's new Coordinator, David Kloeden. We look forward to getting to know you and working with you in the years ahead.

Thank you very much



Denton Rarawa

Governor of the Central Bank of the Solomon Islands.

FOREWORD BY THE CENTRE COORDINATOR

It is an honor for me to have been appointed the new PFTAC coordinator from early February 2017, a role that has been so ably performed by Scott Roger over the past four years. I extend my sincere thanks to Scott and the PFTAC team for all of their hard work in making PFTAC such a great success that is so highly valued by our stakeholders. This is particularly evident with the transition to Phase V of operations from November 1, 2016. The very strong support and financial commitment from the donor community is testament to the perceived impact and value of PFTAC. Even more important is the signal from member countries by agreeing to contribute financially to around 10 percent of PFTAC operations in Phase V. For PFTAC operations and capacity development to continue at the level enjoyed by the region over recent years, it is crucial that the in-principle commitments that member countries have made now crystalize into signed Letters of Understanding followed by timely annual contributions.

I come to PFTAC with almost 25 years of IMF Capacity Development experience, predominantly in fiscal matters, specifically revenue administration at the IMF's Fiscal Affairs Department including for almost a decade as a resident IMF revenue administration advisor in various countries. Most recently I was the coordinator at the Caribbean equivalent of PFTAC, namely the IMF's Caribbean Regional Technical Assistance Center (CARTAC) located in Barbados serving 20 (soon to be 23) Caribbean member countries.

While I expect there are a range of similarities shared by Caribbean and Pacific Small Island Developing States (SIDS), I am sure I will learn of many differences. For example, financial sector de-risking with the loss of Correspondent Banking Relationships (CBR) is of grave concern to both regions, but conversely I note examples of brighter growth prospects in parts of the Pacific and lower debt dynamics. Comprising mostly small open economies, both regions are particularly subject to the vagaries of the global economy, and share significant vulnerability to natural disasters and the challenges of climate change, which emphasizes the importance of building resiliency that is increasingly reflected in our work programs.

Other PFTAC farewells and welcomes in FY2017 included the arrivals of Mr. Richard Neves to succeed PFM advisor Mr. Ron Hackett; Mr. Ben Stefanou as the new Financial Sector Supervision advisor replacing Mr. Pierre Séguin; and from March 10, 2017, Mr. Barend de la Beer in the new position of Government Finance Statistics advisor. While periodic resident advisor rotations are the norm, smooth PFTAC operations are highly dependent on the knowledge and commitment of the team of local staff who I would like to acknowledge, namely Ms. Nina Samuela, Ms. Elenoa Bogiwalu, Ms. Rusila Bituwaqa, and Mr. Josaia Nakete.

I look forward to a very productive time ahead at PFTAC, learning from and responding as effectively as possible to our member countries and various stakeholders including our generous donors.

David Kloeden, PFTAC Centre Coordinator

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¹ The cover photo on this Report is of a painting entitled “fish for sale”, provided by the Central Bank of the Solomon Islands.

Acronyms

ABS	Australian Bureau of Statistics
ADB	Asian Development Bank
AFSPC	Association of Financial Supervisors of Pacific Islands Countries
AGA	Autonomous government agency
APD	IMF Asia and Pacific Department
BCMI	Banking Commission of the Marshall Islands
BEPS	Base Erosion and Profit Shifting
BPM6	Balance of Payments Manual, 6 th edition
BPNG	Bank of Papua New Guinea
CBS	Central Bank of Samoa
CBSI	Central Bank of the Solomon Islands
CD	Capacity Development
CIS	Compliance Improvement Strategy
CMU	Cash Management Unit
CSO	Community Service Obligation
DFAT	Australian Department of Foreign Affairs and Trade
ESS	External Sector Statistics
EU	European Union
FAD	IMF Fiscal Affairs Department
FMA	Financial Management Act
FMIS	Financial Management Information System
FRCA	Fiji Revenue and Customs Authority
FSC	Financial Supervisory Commission
FSI	Financial Stability Indicator
FSM	Federated States of Micronesia
FP	Financial Programming
FY	Financial year
GDP	Gross Domestic Product
GFS	Government Financial Statistics
GFSM	Government Finance Statistics Manual
GIZ	German International Cooperation Agency
HIES	Household Income and Expenditure Survey
HLD	High level dialogue
HQ	(IMF) Headquarters
IA	Internal audit
ICD	IMF Institute for Capacity Development
IFMIS	Integrated Financial Management Information System
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
ISORA	International Survey on Revenue Administrations
IT	Information technology
KOICA	Korean International Cooperation Agency
LEG	IMF Legal Department
LOU	Letter of Understanding
LTX	Long-term expert or resident advisor

MCM	IMF Monetary and Capital Markets Department
MFAT	New Zealand Ministry of Foreign Affairs and Trade
MFEM	Ministry of Finance and Economic Management
MFNP	Ministry of Finance and National Planning
MOF	Ministry of Finance
MORC	Ministry of Revenue and Customs
NCD	Non-communicable disease
NRBT	National Reserve Bank of Tonga
NTR	Non-Tax Revenue
NSO	National Statistical Office
OCO	Oceania Customs Organization
OECD	Organization for Economic Cooperation and Development
PAC	Public Accounts Committee
PASAI	Pacific Association of Supreme Audit Institutions
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PFTAC	Pacific Financial Technical Assistance Centre
PIC	Pacific Island Country
PICPA	Pacific Islands Centre for Public Administration
PIF	Pacific Islands Forum
PIFS	PIF Secretariat
PIFMA	Pacific Islands Financial Management Association
PIMA	Public Investment Management Assessment
PINACLE	Pacific Islands National Accounts Compilers and Local Experts Association
PITAA	Pacific Islands Tax Administrators Association
PNA	Parties to the Nauru Agreement
PNG	Papua New Guinea
PSSC	Pacific Statistics Steering Committee
RAFIT	Revenue Administration Fiscal Information Tool
RAP	Resource Allocation Plan
RBM	Results-Based Management
RBF	Reserve Bank of Fiji
RBNZ	Reserve Bank of New Zealand
RBV	Reserve Bank of Vanuatu
RMI	Republic of the Marshall Islands
RTAC	Regional Technical Assistance Centre
SC	PFTAC Steering Committee
SDG	Sustainable Development Goal
SEACEN	South East Asian Central Banks Center
SERF	Samoa Economic and Revenue Forecasting model
SOE	State-Owned Enterprise
SNG	Sub-national government
SPC	Secretariat of the Pacific Community
STA	IMF Statistics Department
STI	Singapore Regional Training Institute
STX	Short-term Experts
TA	Technical Assistance

TADAT	Tax Administration Diagnostic Assessment Tool
TYPSS	Ten Year Pacific Statistics Strategy
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
USP	University of the South Pacific
VAT	Value Added Tax

I. OVERVIEW OF THE PACIFIC FINANCIAL TECHNICAL ASSISTANCE CENTRE

A. Institutional Framework

1. **The Pacific Financial Technical Assistance Centre (PFTAC) was established in 1993 to promote macro-financial stability in Pacific island countries (PICs) through a focused program of technical assistance and training.**² The goal of PFTAC is to strengthen the institutional capacity of Pacific countries to design and implement sound macroeconomic and financial policies. Macroeconomic and financial stability, in turn, are essential underpinnings for sustainable economic growth and the achievement of Sustainable Development Goals (SDGs).
2. **PFTAC assistance is provided to sixteen PICs.** These comprise 13 members of the IMF, including Federated States of Micronesia (FSM), Fiji, Kiribati, Nauru, Palau, Papua New Guinea (PNG), Republic of the Marshall Islands (RMI), Samoa, Solomon Islands, Timor-Leste, Tonga, Tuvalu and Vanuatu, plus the Cook Islands, Niue and Tokelau.
3. **PFTAC's operations are funded by contributions from a variety of sources.** In the Phase V funding cycle, running from November 2016 to April 2022, funding will be provided by PFTAC's traditional donors—the Asian Development Bank (ADB), Australia, the European Union (EU), Korea, and New Zealand—and also, for the first time, by its member countries. Member countries also contribute through in-kind support for training activities in the region, and development partners also contribute through co-funding of workshops. The IMF contribution finances the center coordinator and local support employees.
4. **The framework for PFTAC's operations, as well as for its accountability, is largely determined by the program established at the beginning of each funding cycle.** The recently established program for the Phase V cycle provides capacity development (CD), which comprises technical assistance (TA) and training, in five core areas: (i) public sector financial management (PFM); (ii) revenue policy and administration; (iii) financial sector supervision; (iv) macroeconomic statistics; and (v) macroeconomic management. In each area, the activities of the seven PFTAC resident advisors, as well as of supporting short-term experts (STX), are linked to specific outcomes in the IMF's Results-Based Management (RBM) framework. PFTAC staff work closely with IMF headquarters staff both in planning and implementing the work program. PFTAC provides accountability to its members through *Quarterly Reports*, which report on activities, finances, and performance in relation to those objectives; the *Annual Report*; and through its annual Steering Committee meetings. The program provides for an external independent evaluation of PFTAC midway through each phase.

B. Capacity Development Strategy

5. **TA and training provided by PFTAC reflects the priorities set out in the agreed program but also needs to adapt to evolving regional priorities and the needs of member countries.** The objectives set out in the funding program provide a basic medium-term framework for guiding PFTAC's activities. At the same

² See Annex I for an overview of the IMF Regional Technical Assistance Centers (RTACs).

time, however, PFTAC priorities and activities need to take into account the evolution of objectives set by regional leaders, as well as the activities of other development partners. The annual work program is agreed at the beginning of the financial year as part of the integrated IMF Resource Allocation Plan (RAP) but changes are made in the course of the year to accommodate emerging CD requests. The PFTAC RAP is prepared under leadership of the Asia Pacific Department (APD), in close collaboration with PFTAC staff and the functional departments supporting the delivery of TA and training in the region.

6. **PFTAC's specific objectives and performance indicators are set out in its RBM framework** (see Annexes III and V), and a range of specific activities are undertaken to attain these objectives over time while recognizing the varied needs in the region, as outlined below.

Public Financial Management

7. **The overall objective is to assist members with strengthening PFM systems.** Activities are guided by the regional PFM Roadmap approved by Pacific Islands Forum Leaders and Finance Ministers in 2010. They are concentrated in two main areas: (i) supporting the Public Expenditure and Financial Accountability (PEFA) assessment process and developing realistic reform priorities; and (ii) hands-on technical support and training in specific reform areas such as legal frameworks, budgeting cycles, budget preparation, medium-term fiscal planning, cash management, commitment control and accounting.

Revenue Policy and Administration

8. **The primary objective is to assist members with the design and implementation of broad-based and efficient revenue systems.** PFTAC's activities are guided by its previous analysis of regional priorities and lessons learned and by benchmarking national tax administrations against the requirements of a model tax office developed through the Pacific Islands Tax Administrators' Association (PITAA). Major areas of activity focused on in the first half of the program cycle included: (i) design and implementation of tax reforms, including value added taxes (VAT) and small business taxes; (ii) assistance with legislative changes needed to support tax reforms, including in the natural resources area. More recently revenue activity has focused on development and implementation of tax compliance improvement strategies and performance measurement.

Financial Sector Supervision

9. **The principal objective in this area is to promote development and implementation of sound financial system regulation and supervision,** so that financial systems may contribute to economic development and growth without excessive risks to financial stability. Activities involve assisting central banks and supervisory agencies with development of legislation and prudential regulations, and robust supervision frameworks. Technical assistance will focus on banking regulation and supervision, with resources also available for assistance in developing insurance supervision frameworks.

Macroeconomic Statistics

10. **The overall objective is to help members develop more timely and reliable macroeconomic datasets based on enhanced source data.** PFTAC's support to PIC's statistics takes place in the context of the Ten Year Pacific Statistics Strategy (TYPSS) created as a result of a regional statistical benchmarking study and implementation plan. National accounts statistics are the main current focus with additional advice and training being provided in external statistics, price indices and government finance statistics. PFTAC coordinates closely with Secretariat of the Pacific Community (SPC) which has a large program of support for social/demographic statistics and some support for economic source data.

Macroeconomic Management

11. **This area has the principal objective of improving macroeconomic policy advice to governments and central banks.** The work program seeks to achieve four main outcomes: (i) improved quality and frequency of macroeconomic surveillance and policy/research available for policymaking; (ii) sound medium-term macroeconomic frameworks (inclusive of GDP and inflation, commodity prices, the external and monetary sectors, and fiscal aggregates); (iii) strong institutional structures for macroeconomic policymaking; and (iv) improved public access to key macroeconomic and fiscal information. To achieve these outcomes PFTAC activities focus on assisting members to develop quantitative tools for use in policy analysis, forecasting, debt sustainability and external vulnerability analysis; strengthening inter-agency coordination; and sharing experience, knowledge and expertise among policy analysts and advisors across the region.

C. Management and Implementation of Capacity Development

12. **PFTAC is managed by a Centre Coordinator, and CD is provided by seven resident advisors with substantial expertise in their respective sectors, and supported by four administrative employees in our Suva office (see Annex II).** The advisors are based in Fiji and travel extensively throughout the region, which allows them to develop rapport with country authorities and familiarity with national and regional contexts and needs. The advisors also manage the short-term experts (STX) employed to assist with delivery of the CD programs. The skill mix of the advisors reflects the priority needs of the member countries. The Centre Coordinator and advisors are assisted in delivering the CD program, finances, reporting, travel arrangements, workshop and conference logistics and other Centre activities by four locally-engaged staff.

Work Planning

13. **The Phase V program objectives provide general guidance for planning the CD activities of PFTAC.** Developing more detailed annual work programs, including country strategies and individual CD activities draws on a range of other inputs, including IMF headquarters advice, collaboration with other development partners and regional organizations, and dialogue with PFTAC's member countries. Close integration with IMF headquarters staff enhances the focus and quality of PFTAC work. Under the umbrella of the broad strategic CD priorities defined by the IMF Board, the Asia and the Pacific Department (APD) plays a key role in identifying and prioritizing CD needs, in close collaboration with functional (CD) departments and country authorities. The CD departments (specifically, in the case of PFTAC, the Fiscal Affairs Department (FAD), the

Legal Department (LEG), the Monetary and Capital Markets Department (MCM), the Statistics Department (STA), and the Institute for Capacity Development (ICD)) are responsible for CD delivery. In conjunction with PFTAC resident advisors (otherwise referred to as long-term experts, or LTX), they lead the work plan development, and design, approve and direct the implementation of CD programs delivered by RTAC resident advisors, STX, and missions from headquarters. They also provide overall quality control, monitoring, backstopping, and supervision. This integration between PFTAC and IMF headquarters helps to provide depth as well as breadth of experience together with greater consistency of advice across countries and policy areas than would otherwise be possible.

14. PFTAC collaborates closely with regional organizations and development partners to ensure that CD programs are complementary. The Pacific Islands Forum (PIF) plays a key role in the region in setting priorities for reforms or capacity building that directly affects PFTAC's activities. As noted earlier, PFTAC's activities with regard to PFM follow the strategy established by the PIF leaders in 2010, while activities in the area of statistics come under the TYPSS. Additionally, and increasingly, CD priorities are being worked out in conjunction with regional professional associations supported by PFTAC, including PITAA, and the Association of Financial Supervisors of Pacific Countries (AFSPC). PFTAC also collaborates with other development partners in planning and delivering CD. Partners include multilateral organizations such as ADB, PIF, SPC, UN agencies, and the World Bank, as well as national agencies such as the Australian Department of Foreign Affairs and Trade (DFAT), the Australian Bureau of Statistics (ABS), the EU, the German International Cooperation Agency (GIZ), the New Zealand Ministry of Foreign Affairs and Trade (MFAT), the Reserve Bank of New Zealand (RBNZ), and Statistics New Zealand. Collaboration may take the form of information sharing in order to avoid duplication or working at cross-purposes, but can also involve more active cooperation in designing and delivering complementary CD.

15. CD programs are necessarily designed in close consultation with national authorities. Effective collaboration is greatly enhanced by being based within the region, and by having advisors who typically spend several years at PFTAC. These relationships form the bedrock of PFTAC's success and are crucial for adapting the knowledge and skills available through PFTAC to the specific needs, timetables, and constraints of its members. In addition to substantive country visits, resident advisors provide rapid responses to country officials, using email, phone and information technology. Work programs are regularly amended to enable urgent country requests to be responded to quickly while maintaining momentum towards strategic goals.

Modes of CD Delivery

16. PFTAC delivers country-specific TA and training. Country-specific CD primarily involves missions by resident advisors and STX to the member countries to provide specific assistance. Such assistance can be quite varied in terms of content. It may involve very hands-on help with generating outputs (e.g. national accounts statistics), or training more clearly focused on capacity building, or higher level advice on design and implementation of policy or organizational reform. Depending on the skills or knowledge needed, and to leverage the inputs of the resident advisors, PFTAC may staff such missions with STX drawn from the relevant IMF functional department's roster of experts.

17. PFTAC also delivers regional capacity-building TA and training through workshops and seminars. PFTAC uses small “sub-regional” workshops to deliver focused, hands-on assistance to countries with similar capabilities and interests in various areas. Such workshops effectively combine TA and training. They also allow for very helpful sharing of experiences and local solutions. Examples have included specialized workshops on national accounts compilation, medium-term expenditure forecasting, drafting of legislation on credit unions, and macroeconomic modeling issues for central banks or finance ministries. In addition, of course, there are also more traditional training courses aimed at the whole membership, addressing region-wide issues.

18. PFTAC often collaborates with other development partners in conducting workshops and seminars on topics of broad regional relevance. For example, PFTAC works with the Pacific Association of Supreme Audit Institutions (PASAI) on accounting and auditing issues; it has also collaborated with the SPC and the ABS in putting on workshops on macroeconomic statistics; and with the SPC on deep sea mining issues; and has been working with the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), the ADB, and the Pacific Islands Forum Secretariat (PIFS) to run workshops on macroeconomic modeling and applied analysis. Apart from facilitating regional level discussions of issues affecting the region as a whole, such workshops provide an opportunity for workshop participants to develop informal networks with their colleagues in the region.

Challenges

19. Effective translation of the CD provided by PFTAC into attaining the ultimate objectives of such assistance faces several important challenges. These include very limited absorptive capacity in several countries, diseconomies of scale that challenge small and micro-states, limited ownership of reforms, political economy factors that place low value on or reject the objectives, and coordination weaknesses with other development partners, as well as PFTAC’s own limitations:

- Almost all of PFTAC’s activities involve working with, and helping to develop, an adequate pool of skilled staff. However, human capacity, both in terms of numbers and education levels, is a particular challenge in many member countries. Staff turnover, which may be fairly easily coped with in larger countries, often leads to substantial reduction in technical capacity which is not easily replaced. As a consequence, an important part of TA and training in such circumstances is focused more on maintaining or restoring capacity, rather than on substantially raising it. In some other cases, where capacity is extremely limited or non-existent, TA really involves capacity *supplementation*, i.e. directly supporting production of outputs, rather than capacity *development*.
- Reforms may stall or be reversed unless there is broad political and popular support. This is particularly challenging in small countries, where personality politics are important and where the drive behind reforms may be associated with particular individuals. A change in government or finance minister can significantly affect the content and pace of a reform program. Moreover, PFM and tax reforms often involve changes that would limit the scope for unaccountable discretion in the use of public funds, and this may run against long-standing political or bureaucratic practices.
- Development partners with somewhat different objectives may well end up either competing over the allocation of scarce local human capacity, or may advocate inconsistent measures or priorities.

Examples include how much of a country's statistical capacity to allocate to economic statistics versus health or environmental data, or development partners seeking to insulate development project finance and management from the general government budget.

- PFTAC's own staff resources are limited, constraining the overall volume of TA and training, although effective use of STX allows PFTAC to extend its support well beyond the capacity of its staff based in Suva. Additionally, PFTAC is limited in the kinds of TA and training that it can provide. In particular, it does not provide long-term in-country experts or advisors to governments, and has no on-line training capacity, although the IMF's Institute for Capacity Development (ICD) provides on-line training courses available to a broad audience.

II. REVIEW OF FY2017 (MAY 2016-APRIL 2017)

This section provides an overview of PFTAC's major CD activities and outcomes in FY2017 and an update on PFTAC finances through the end of Phase IV and beginning of Phase V. It also provides a more detailed reporting on performance in relation to the FY2017 RBM objectives and work plan.

A. Overview

Main achievements

20. PFTAC's CD activities in FY2017 were aimed at supporting achievement of the overarching objectives set out in the Phase V Program Document:

- Strengthening the **resilience** of PIC economies and public finances to volatility associated with natural disasters as well as economic shocks to which the region is highly vulnerable;
- Ensuring that public finances are **sustainable** over the medium and long term so as to avoid fiscal or balance of payments crises;
- Promoting **inclusive economic growth**.

21. Important progress has been achieved in several areas:

- In the **PFM** area, CD has contributed to strengthening the resilience and sustainability of public finances:
 - Planning and prioritization of PFM reforms has been strengthened as PEFA assessments and PFM reform roadmaps were completed in [Nauru](#), and [FSM](#); and legal frameworks were strengthened in others, including [Fiji](#);
 - Budget preparation and planning, budget transparency, and liability and debt management has been enhanced in several countries. Budget preparation has been strengthened in [RMI](#); Cash management systems are being improved in [PNG](#), [Samoa](#), and [Solomon Islands](#), while [Timor-Leste](#) undertook a Public Investment Management Assessment (PIMA).
 - Budget execution, monitoring, reporting and accountability has also been strengthened in the region. Fiscal reporting was improved in [Fiji](#), [Samoa](#), and [Tonga](#); the Financial Management Information System (FMIS) in [PNG](#) has been developed further; and internal audit strengthened in [Vanuatu](#).
- In **revenue administration**, CD is contributing to fiscal sustainability by strengthening domestic revenue mobilization, and facilitating inclusive growth by promoting fairer, more efficient taxation:
 - Tax policies and legislation have been or are being reformed and updated in [Cook Islands](#), [Fiji](#), [Nauru](#), and [Vanuatu](#);
 - Significant steps have been taken towards improving tax administration organizational arrangements and tax compliance strategies in several countries, most notably [Fiji](#), and PFTAC is working with the Oceanic Customs Organization (OCO) to achieve a more integrated approach to improving tax compliance;

- Core tax functions are being strengthened across the region, including in [Fiji](#), [Kiribati](#), [FSM](#), [Palau](#), [RMI](#), [Samoa](#), [Tonga](#), and [Vanuatu](#).
- Cooperation between members is being strengthened with ongoing PFTAC support for PITAA.
- In **financial supervision**, CD is contributing to enhanced macro-financial resilience, and facilitating inclusive growth:
 - The program to build on-site bank examination capacity to complement off-site supervision continued, with assistance focused on [Marshall Islands](#) and [Samoa](#);
 - Several countries are in the process of modernizing credit union legal and supervision frameworks, including [Fiji](#), [PNG](#), [Solomon Islands](#), [Timor-Leste](#), and [Vanuatu](#).
- In **macroeconomic statistics**, CD is helping to promote macroeconomic resilience and sustainability by ensuring the timely availability and good quality of key macroeconomic data through:
 - Improvements in methodologies, timeliness and consistency of national accounts data have been made in several countries in the region, including [Cook Islands](#), [Fiji](#), [Kiribati](#), [Nauru](#), [Samoa](#), [Solomon Islands](#), [Tonga](#), [Tuvalu](#) and [Vanuatu](#);
 - Nonetheless, capacity supplementation continues to be required in PFTAC's smallest members as well as some larger members, pointing to inadequate resourcing of statistics in some countries;
 - PFTAC has taken on responsibility for CD in Government Finance Statistics (GFS) in the region, and has assisted several countries with strengthening their GFS.
 - PFTAC has also provided essential assistance on external sector statistics (ESS) to several member countries.
- In **macroeconomic management**, CD is enhancing medium-term, evidence-based policy making capacity in order to promote macroeconomic resilience and sustainability:
 - [Fiji](#) and [Vanuatu](#) have made significant progress in upgrading their macroeconomic and projection frameworks and using them in policy analysis. PFTAC is also assisting [RMI](#) to strengthen its projection framework;
 - PFTAC has also been assisting members to enhance their multi-year fiscal planning capacity by improving expenditure and revenue forecasting.

22. Specialized workshops, often at the sub-regional level, have continued to be an important element in PFTAC's delivery of TA and training. Such workshops are often held jointly with other TA providers. Examples in FY2017 include a PFTAC-PASAI workshop on risk-based auditing, and a PFTAC-OCO workshop on tax compliance risk management. A particularly notable and successful area of innovation in workshops during the year has been through cross-sectoral collaboration. This included workshops on:

- Pension reform and sustainability, provided jointly by PFTAC's PFM and macroeconomics advisors, together with Headquarters FAD staff;

- GDP compilation and forecasting, provided jointly by PFTAC's statistics and macroeconomic advisors;
- Compilation and use of Financial Stability Indicators, provided by IMF Statistics Department and the PFTAC financial supervision advisor and the Coordinator.
- Upgrading of the Reserve Bank of Fiji financial programming model, involving close collaboration between the PFTAC macroeconomics advisor, staff of the RBF, and staff of several other government agencies.

23. Much of PFTAC's work requires close cooperation with development partners and, increasingly, with regional professional associations and intra-regional collaboration. In 2017, examples included close cooperation between PFTAC PFM advisors and Australian DFAT in the Nauru PEFA assessment; PFTAC's collaboration with the German International Cooperation Agency (GIZ), and the PIFS on integrating climate change into PEFA assessments; the PFTAC revenue advisor's close cooperation with PITAA in developing their training and work program; and the Coordinator's participation in the Australian Bureau of Statistics (ABS) annual leadership forum for heads of national statistical organizations.

CD delivery in FY2017

24. Following two years of exceptionally heavy delivery of CD, the pace of PFTAC's activity slowed significantly in FY2017. CD delivery (in terms of person days) in FY2017 is estimated to be down nearly 25 percent from FY2016, and by about a third compared to the draft RAP presented to the Steering Committee in February 2016. The key factors accounting for the slowdown were staff turnover and the transition from Phase IV to Phase V in November 2016. Through the first half of the year, a cautious approach to CD delivery had to be taken so as to ensure that PFTAC did not overspend the resources remaining in the Phase IV budget. The need to stay well within the remaining Phase IV budget dampened PFTAC's ability to field missions beyond what was in the RAP. Priority was given to maintaining TA to member countries, so that several workshops and seminars were deferred to FY2018.

25. Staff turnover during the year effectively reduced PFTAC's staff complement by a little over one person-year, constraining CD delivery directly by resident advisors, and or indirectly through STX managed by them.³ The gaps in replacing advisors in the PFM, financial supervision, and statistics areas reduced the scope for them to deliver CD directly. The impact on STX use was mixed. In the area of statistics, the loss of one national accounts advisor was able to be offset by intensive use of STX in providing TA on GFS, but in the PFM and financial supervision areas, the absence of resident advisors constrained PFTAC's ability to manage STX missions and workshops.

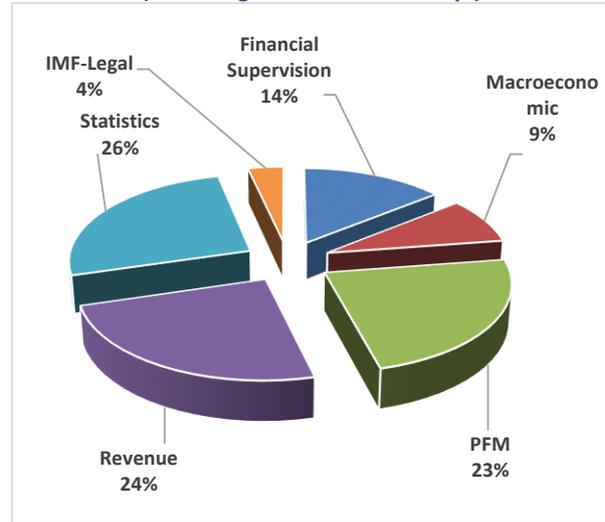
26. Additionally, the draft RAP presented to the Steering Committee was based on a scenario anticipating an increase in PFTAC staffing in Phase V. The expectation was that the number of missions to

³ In April 2016, one statistics advisor departed, and is only being replaced in March 2017; one PFM advisor departed in July, with his replacement arriving in October; and the financial supervision advisor departed in June, with his replacement arriving in August.

be ramped up in the second half of FY2017, but as this did not materialize, CD delivery fell further below what was planned in the 2017 RAP.

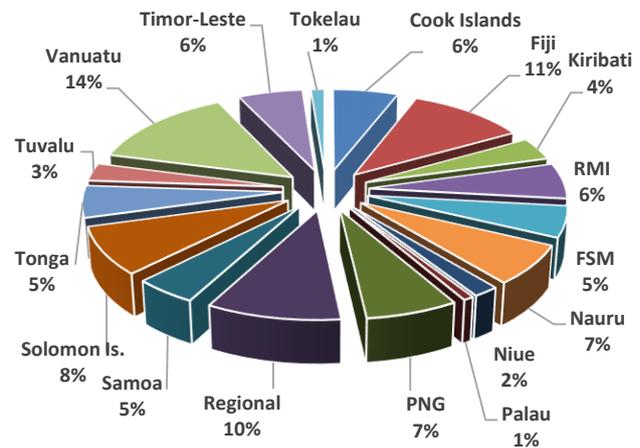
27. In FY2017, STX were used extensively in providing CD, especially in revenue administration. A little over a third of the CD has been provided by PFTAC resident advisors, with the rest provided mainly by STX. In the revenue area, only 20% of CD was provided directly by the resident advisor, reflecting the extensive use of STX to boost delivery of CD on tax core processes and compliance, as well as use of STX to provide legal TA, and HQ staff for diagnostic missions. In statistics, TA delivery has been boosted by PFTAC’s assumption of responsibility for TA on GFS, which has been provided by STX through most of FY2017. In the PFM area, STX have been used mainly to meet needs for specific expertise, notably in financial management information systems (FMIS), cash management, and internal audit. Similarly, in financial supervision, STX have been used to provide specialized training in on-site bank examination. In the area of macroeconomic management, in contrast, TA delivery in FY2017 was provided entirely by the resident advisor.

Fig. 1: Sectoral distribution of PFTAC TA in FY2017 (Percentage of total mission days)



28. Vanuatu, Fiji, Solomon Islands, and Nauru were the largest users of PFTAC CD in FY2017. In Vanuatu, TA focused heavily on supporting tax reform (including legal and institutional elements) and related macroeconomic analysis and modeling. In Fiji, TA included various aspects of tax administration, PFM (accounting and reporting) and macroeconomic model development. TA in Nauru focused on PFM issues (the PEFA assessment and financial instructions) and statistics (national accounts and Balance of payments). In the Solomon Islands, TA was provided mainly in PFM (cash management) and statistics (national accounts and GFS). CD at the regional and sub-regional level declined to 10 percent of the total from 18 percent in FY2016. In FY2016, the number of workshop mission days had been boosted by numerous workshops on revenue management issues, as well as the regional workshop and high-level dialogue on *Natural Disasters and Strengthening Fiscal Frameworks*.

Fig. 2: Country distribution of PFTAC TA in FY2017 (Percentage of total mission days)



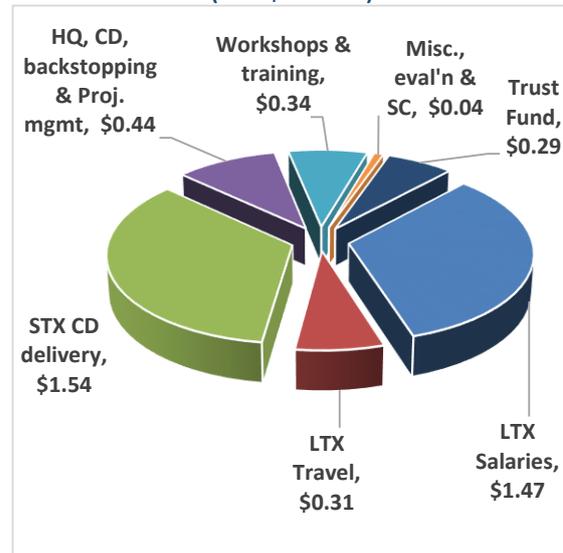
B. PFTAC Spending and Financing in FY2017

29. In FY2017, PFTAC spending is estimated at US\$ 4.4 million, down from US\$ 5.4 million in FY2016, and significantly below the budget projection of US\$ 6.8 million (Table 1).⁴ Three main factors account for the underspend:

- **The FY2017 budget assumed a significant increase in staffing**, in line with the addition of three resident advisors proposed in the Draft Program Note. This was anticipated to lead to a significant increase in activity and expenditure in the second half of the year. Since this increase in staffing did not occur, the level of expenditure in FY2017 is more meaningfully compared with the level of spending in FY2016, with the same staff complement.
- **Staff turnover in FY2017, and associated gaps in re-staffing, effectively cut staffing by over one person-year.** This not only cut salary expenditures significantly below the FY2016 level, but also reduced the number of workshops and seminars able to be provided during the year. Had PFTAC's staffing remained at full complement, spending would have been similar to the previous year's level.
- **The conclusion of Phase IV half way through FY2017 constrained allocation of resources.** To reduce the risk of incurring a deficit at the end of Phase IV, a buffer of about US\$0.3 million was planned. In the event, delays in re-staffing of resident advisor positions led to a somewhat larger Phase IV underspend of about US\$0.7 million (Table 1). The surplus achieved in the first half of the fiscal year was not available for use in the second half due to the commencement of the Phase V funding cycle.

30. **A final figure for the remaining funds from Phase IV will be available soon**, making reasonable allowance for the submission or processing of invoices under Phase IV. The IMF's Institute for Capacity Development (ICD), which administers the trust fund that finances PFTAC will discuss the disposition of the remaining balance with the donors.

Fig. 3 PFTAC expenditure components in FY2017 (in US\$ millions)



⁴ The estimate is based on PFTAC data on travel costs for LTX as well as fees and expenses for STX for the financial year up to end-January, and expected costs associated with missions and workshops in the work plan through to end-April. The out-turn of US\$5.4 million in FY2016 is a little below the estimate of US\$5.6 million reported in the 2016 Annual Report.

Table 1: PFTAC Budget Outcomes in Phase IV (June 2012 - November 2016) and FY2017
in US\$ millions

Activity	FY 2012 – FY 2016			FY 2016	FY 2017	FY 2017	Difference
	2015 Revised Program Budget	Phase IV Expenses	Remaining	Expenses	Budget Projection	Estimated out-turn ²	
	Long-term experts	9.87	9.77	0.09	2.09	2.59	
Short-term experts	6.06	5.84	0.23	1.54	1.83	1.53	-0.31
Travel	2.39	2.22	0.17	0.26	0.56	0.32	-0.24
Workshops and seminars	2.65	2.40	0.26	0.55	0.67	0.34	-0.34
Staff TA delivery, backstopping & project management	1.92	2.03	-0.11	0.47	0.52	0.45	-0.08
Miscellaneous	0.25	0.26	-0.01	0.05	0.06	0.05	-0.02
Total TA Delivery	23.14	22.51	0.63	4.96	6.24	4.14	-2.09
Evaluation	0.45	0.45	0.00	0.07	0.13	0.00	-0.13
Trust fund management (7%)	1.65	1.61	0.04	0.35	0.45	0.29	-0.16
Grand Total¹	25.24	24.57	0.67	5.37	6.82	4.43	-2.38

³ Host Country and IMF contribution is not included

31. **Funding of the PFTAC Phase V program, which began on November 1, 2016, is well under way.** Funding from key donor countries is gratefully acknowledged:

- **In June, New Zealand became the first country to commit to funding support for PFTAC in Phase V.** The New Zealand government agreed to contribute NZ\$12 million towards the cost of PFTAC operations during Phase V. This represents an increase of over a third from New Zealand's substantial contribution in Phase IV. We are very grateful for New Zealand's contribution and indeed its ongoing support of PFTAC, and we look forward to continuing to work together;
- **The Asian Development Bank has made a contribution of US\$0.8 million.** Although the ADB direct financial contribution to PFTAC is not large compared with those of other donors, we work closely with ADB in delivering capacity development across the region and greatly value PFTAC's partnership with them;
- **The Korean government has also agreed to contribute US\$2.5 million, and completion of a Letter of Understanding (LOU) is expected shortly.** This contribution is also very much appreciated, and we look forward to working more closely with KOICA, the Korean International Development Agency, through its recently established regional office in Fiji;
- **Australia has recently approved proposed substantial funding for Phase V, and completion of an LOU is expected shortly.** The contribution consists of A\$10 million over 4 years, with the possibility of an additional A\$3 million in support of domestic revenue mobilization. Altogether, this represents an increase of over 70 percent in Australian dollar terms and 30 percent in US dollar

terms. We greatly appreciate the confidence in PFTAC this reflects at a time when the Australian aid budget is under pressure. As with New Zealand, we look forward to working closely with Australian authorities in implementing capacity development in the Pacific during Phase V;

- **Discussions are ongoing with the European Union to secure a continuation of their support for PFTAC.**

32. Significant progress has been made in securing member country contributions for Phase V (Table 2). To date, eleven member countries have confirmed their agreement to contribute the amounts proposed. Following confirmation, LOUs are sent to the countries to formalize the agreement and to establish a payment schedule. In general, members are opting for annual contributions linked to their budget cycles. As of mid-February, six LOUs have been completed, and five are in process. PFTAC would be most appreciative if the remaining members could promptly confirm their contribution.

Table 2: Member Contributions to PFTAC funding

Countries	Proposed contribution per year (US\$000)	Confirmation of agreement to contribute	Letter of Understanding in process	Letter of Understanding Complete
Cook Islands	20	√		√
Fiji	125	√		√
Kiribati	15	√		√
Marshall Islands	20	Pending		
Micronesia	20	Pending		
Nauru	15	√		√
Niue	5	√	√	
Palau	20	Pending		
Papua New Guinea	250	√		
Solomon Islands	30	√	√	
Samoa	30	√	√	
Timor-Leste	100	Pending		
Tokelau	2	√		√
Tonga	20	√	√	
Tuvalu	5	√	√	
Vanuatu	30	√		√
Donors	Contribution over Phase V			
ADB	0.8 million	√		√
Australia	AUD 10 million + 3	√	√	
EU		Pending		
Korea	2.5 million	√		√
New Zealand	NZD 12 million	√		√

33. PFTAC has also finalized a rental agreement for office space at the Reserve Bank of Fiji.

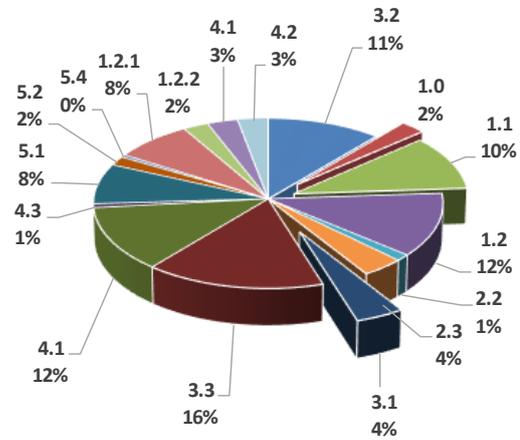
34. **Overall contributions are still well short of program funding needs.** Assuming that all members follow through on the agreement to contribute to PFTAC funding, and that the additional Australian offer of AUD\$ 3 million to support DRM activities eventuates, PFTAC’s total funding would approach US\$ 25.6 million at current exchange rates. This is nearly US\$ 10 million less than the baseline program in the Program Document. This shortfall does not make allowance for any EU contribution, and underscores its importance to PFTAC. The ICD will also continue to seek other sources of funding to ensure that the program can be fully funded.

C. Sectoral Achievements in FY2017

Public Financial Management

35. **In FY2017, PFTAC carried out 33 country missions (totaling 359 person days) and conducted or participated in 9 regional workshops and meetings on PFM topics.** Nearly 40 percent of the missions, in terms of person days, were conducted by the two Suva-based PFM advisors, with the remainder accounted for by STX and HQ staff. The major users of PFM TA during the year were **Timor-Leste, Nauru, FSM, and Fiji**. The major topics of assistance were with PFM legal frameworks, PEFA assessments and Roadmap development (RBM objectives 1.1 & 1.2); internal and external audit, and public investment management (RBM objectives 3.2 & 3.3); and improving charts of accounts (RBM objective 4.1).

Fig. 4: 2016 PFM missions: Distribution of mission days by RBM objectives (in percent; RBM codes in Annex III)



36. **In accordance with the PFTAC Phase V program objectives (Annex III), PFTAC’s PFM work during FY17 was focused on strengthening members’ capacity in six areas:**

- PFM laws and institutions (RBM code 1.1-1.3);
- Budget preparation (RBM code 2.1-2.4);
- Budget execution and control (RBM code 3.1-3.3);
- Coverage and quality of fiscal reporting (RBM code 4.1-4.3);
- Integration of asset and liability management (RBM code 5.1-5.4);
- Identification, monitoring and management of fiscal risks (RBM code 6.1-6.3).

Annex III provides a detailed log frame reporting of missions, outputs and outcomes, while Annex IV summarizes the country-specific TA and training delivered to achieve the objectives.

1. PFM Laws and Institutions. This involves assisting countries to improve their legal frameworks and institutional capacity to meet their responsibilities. The overall status of progress with periodic PEFA assessments and Roadmaps is summarized in Box 1. During FY17, the main achievements were:

- **New PEFA assessments**
 - **Nauru and FSM:** PFTAC supported PEFA self-assessments in FSM (November 2016) and Nauru (August 2016, simultaneously with DFAT's Assessment of National Systems).
- **Updated PFM Roadmaps**
 - **Cook Islands, Fiji, PNG, Tuvalu, and Vanuatu:** The Cook Islands, Fiji, and PNG have recently approved medium term PFM Roadmaps. Vanuatu has developed a draft PFM Reform Roadmap in October 2016, following a PEFA self-assessment in April 2015.

Box 1: PEFA Assessments and PFM Roadmaps in Pacific Island Countries								
	PEFA Activities in the PFTAC Region					PFM Roadmap Activities		
	Most Recent External	PEFA Support	Number of PEFAs (final)	PFTAC-Guided Self-Assessment	Planned PEFAs	Most Recent Roadmap	Roadmap Development Support	Planned Roadmap Dev't
Cook Islands	2014	PFTAC	2	2013	-	2016	Self	-
FSM	2012	PFTAC	1	2016	-	In process	PFTAC	FY18
Fiji	2012	PFTAC	1	2012	-	2016	PFTAC	-
Kiribati	2009	EU	1	-	Self: FY18	2011	EU	FY18
Nauru	2010	ADB	1	2016	-	Revised 2014	ADB/ PFTAC	FY18
Niue	2011	PFTAC	1	-	-	Revised 2014	PFTAC	FY18
Palau	-	-	0	2013	Full: FY18	-	-	FY18
PNG	2015	PFTAC/IMF-HQ	3	2014-15	-	2015	PFTAC/IMF-HQ	-
RMI	2012	PFTAC	1	2012	-	2013	PFTAC	-
Samoa	2013	PFTAC	3	2013	-	2014	Self	-
Solomon Islands	2012	EU ^{1/}	2	2012	-	2014	PFTAC	-
Timor-Leste	2014	-	3	-	-	-	-	-
Tokelau	-	-	0	2014-partial	Self: FY18	-	-	FY18
Tonga	2010	AusAid	2	2014	-	2014	PFTAC	-
Tuvalu	2011	ADB	2	2015	-	2012	PFTAC	-
Vanuatu	2012	EU	3	2015	-	2016	PFTAC	-

1/ PFTAC assisted a Self-Assessment and served on the PEFA Oversight Committee

- **Improved and updated PFM legal frameworks**

- **Fiji:** Recently enacted revisions to the Financial Management Act, which were drafted with PFTAC support.
- **Nauru:** PFTAC is currently assisting in drafting the Government's Finance Instructions.
- **Solomon Islands:** Cash management regulations prepared by PFTAC for inclusion in the new Finance Instructions were adopted.

2. Budget Preparation. This involves assisting countries to develop more comprehensive, credible, and policy-based budgets. Progress in FY17 included:

- **Fiji:** PFTAC assisted in the presentation of a more policy-focused and analytical narrative in the budget document in the 2015/16 budget which continued in the 2016/17 budget.
- **RMI:** In conjunction with the PFTAC macroeconomic adviser, the PFTAC PFM adviser recommended significant revisions to the Marshall Islands Fiscal Model (MI-FM), which were adopted by authorities in the 2016/17 Budget.
- **Pension workshop:** A sub-regional workshop (in cooperation with IMF's Expenditure Policy Division) for **FSM**, **Palau** and **RMI** focused on benefit policies and sustainable financing. The RMI Government has undertaken reforms that go some way towards sustainability of their system.

3. Budget execution and control. PFTAC assists countries to improve controls on commitments, payments, virements, and other internal procedures, with the support of an efficient financial management information system (FMIS), and responsive internal audit. Achievements during FY17 included:

- **Improving Financial Management Information Systems**

PFTAC supports a regional approach that promotes better conceptualization, planning, and execution of FMIS reforms.⁵ PFTAC is coordinating with development partners who provide financial support to improve utilization or acquisition of FMIS software. PFTAC TA involves mainly the review of treasury policies and processes that would contribute to FMIS efficiency.

- **PNG:** Ongoing PFTAC TA enabled the roll-out of the new central system to 30 central government departments as at December 2016 (compared to 3 in 2014). Central government roll-out is expected to be completed⁶ by March 2017.
- **Tonga:** Based on FMIS users' assessment in January 2015 and an accounting framework mission in January 2016, the Ministry of Finance and National Planning identified system and non-system issues. PFTAC is supporting the Ministry to address non-system issues,

⁵ Aside from PNG and Tonga, other countries that have planned or currently undertaking FMIS reforms are Cook Islands, Fiji, Kiribati, RMI, and Vanuatu. Both ADB and World Bank are providing financial and technical assistance.

⁶ The European Union is currently supporting the government's Financial Management Improvement Program which includes the IFMS reform.

(continued)

such as the accounting and reporting framework including control specifications that would drive the configuration of a proposed new FMIS.⁷

- **Internal Audit**

- **Vanuatu:** Since October 2014 PFTAC has assisted in improving: the internal audit plan and risk assessment framework consistent with international standards; and staff work efficiency through the use of *TeamMate* software. PFTAC is also assisting to develop the capacity of staff to conduct payroll and procurement system audits.
- **Workshop on risk-based auditing:** PASAI and PFTAC conducted a joint regional workshop on risk-based auditing. Internal and external auditors from seven countries ([Cook Islands](#), [Fiji](#), [PNG](#), [Samoa](#), [Solomon Islands](#), [Tonga](#), [Vanuatu](#)), have presented measures to improve their relevance to the PFM goals, harmonizing audit activities, and sharing audit reports. TA needs have also been identified.

4. **Fiscal Reporting.** PFTAC assisted countries to improve the coverage and quality of fiscal reporting:

- **Fiji:** With PFTAC support the Ministry of Economy has improved financial accounting and reporting in compliance with the IPSAS-cash basis standards. The audit of the 2015 financial statements was unqualified.⁸ PFTAC also supported the development of four new government accounting and reporting policies (debt, expense, revenue, and financial assets). Subsequent TA will be to improve the Chart of Accounts, and implement the new accounting policies.
- **Samoa:** PFTAC TA in March 2016 identified gaps and formulated an accounting and reporting reform strategy paper and roadmap. Improvements were implemented in the 2015/16 reports: separately presenting equity investments, and Community Service Obligations (CSOs) to State Owned Enterprises (SOEs); integrating all extra-budgetary funds; disclosing details of external assistance including third party payments; and disclosing SOE financial performance. Follow-up TA drafted a new General Accounting Framework and Regulations, and to comply with the amended provision in the PFM Act.
- **Tonga:** PFTAC TA to Tonga in early 2016 developed an accounting and reporting reform strategy paper and roadmap. Initial recommendations to improve the 2015/16 financial statements in accordance with IPSAS-cash were implemented, and new General Government Accounting Framework and Regulations were drafted. Follow-up TA in March 2017 will aim to improve the Chart of Accounts.
- **Joint PFTAC-PASAI efforts on adoption of International Public Sector Accounting Standards (IPSAS):** Since the 2015 workshop, [Samoa](#) and [Tonga](#) have developed a pathway for the gradual implementation of IPSAS. [Fiji](#) has since adopted IPSAS cash standards. In Tonga, the Audit Office and the Treasury have been meeting to discuss how each can

⁷ DFAT and ADB are supporting the software upgrading.

⁸ Audit emphasis was however indicated on the non-consolidation of the state-owned enterprises reports with that of the central government. This standard is now being reconsidered by IPSAS Board to become only an encouraged, no longer a mandatory practice, due to common difficulties of developing countries.

improve PFM performance. In Samoa, the timeliness of the financial statements has improved due to frequent discussions between accountants and auditors.

5. Asset and Liability Management. PFTAC assists countries to strengthen management of financial and non-financial assets, and debt. Advances in FY17 included:

- **Cash management**
 - **PNG:** PFTAC work resulted in the adoption of an improved cash management strategy and development of standard procedures on bank reconciliation, creation of a Cash Management Unit (CMU), and consideration of a cash pooling/sweeping scheme. Catch up on bank reconciliations has been successful with subsequent support through the EU.⁹
 - **Samoa:** Electronic funds transfers were introduced for all government domestic bank accounts. FMIS monitoring of all payments has led to improved timeliness. PFTAC assisted in developing an improved Cash Management Policy and Manual and forecasting model. Staff have utilised the seasonality module of cash flow forecasting which was developed by PFTAC, but may require further training.
 - **Solomon Islands:** PFTAC prepared a cash management strategy paper and roadmap which was adopted by the authorities.¹⁰
- **Public investment and capital asset management.** This involves assisting countries to improve public investment and asset management. This TA is integrated with the program on budgeting, accounting and reporting.
 - **Timor-Leste:** The first PFTAC country to use the Public Investment Management Assessment (PIMA) Toolkit developed by the IMF Fiscal Affairs Department. A mission led by IMF Headquarters identified gaps in the public investment framework and advised on reforms to strengthen the overall public investment framework.

6. Fiscal Risks Management. PFTAC assists countries to strengthen: fiscal oversight of public entities outside the central government; transparency of reporting; and management of contingent liabilities.

- **Samoa:** The Ministry of Public Enterprises adopted PFTAC's fiscal oversight strategy paper and roadmap. This led to inclusion in the quarterly report of the amount of loan guarantees and on-lending issued by the Government to SOEs, as well as inter-SOE lending. The 2017-20 strategic plans of each SOE presents a medium-term financial framework and risk management strategy. Further strengthening of the risk monitoring and reporting is required.

⁹ Continuity of the EU consultant's term is however uncertain.

¹⁰ The PFTAC TA focused on procedures to improve the implementation of the cash management policy framework which was formulated with support from ADB.

Regional Workshops and Seminars

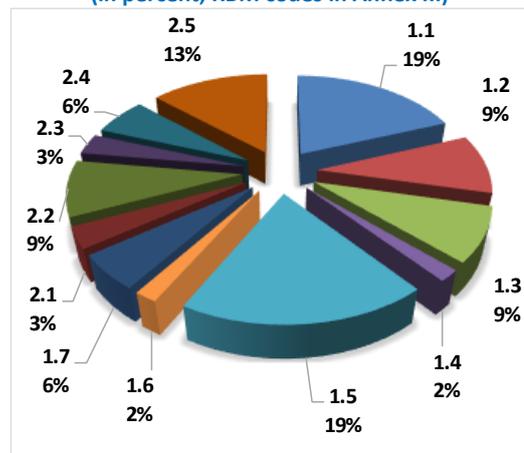
- The new PFM Adviser conducted a familiarization visit to PNG in Oct 2016, and is visiting RMI and Palau in February 2017.
- PFM advisors also participated in various workshops and seminars organized by IMF Headquarters, other PFTAC sectors, regional institutions and development partners.

Revenue Administration

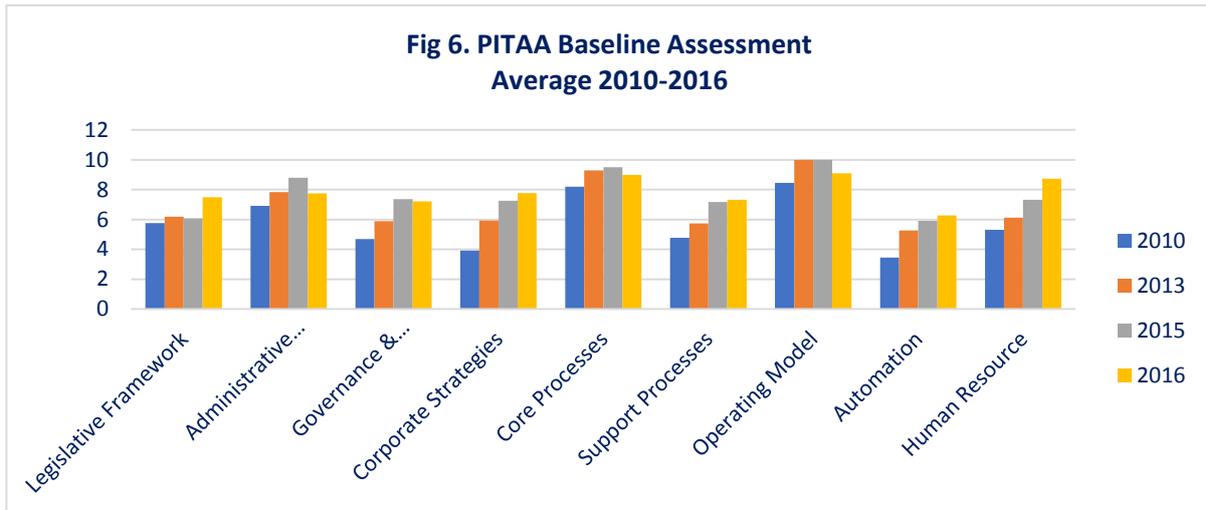
37. PFTAC’s Revenue Administration work program in FY2017 was aligned to a new log frame, with three broad objectives: (i) to strengthen revenue administration and governance arrangements; (ii) to strengthen core tax administration functions; and (ii) to support regional activities. Progress towards these objectives is expected to pay off over time in terms of increasing administrative efficiency, increased equity of the revenue system, and improved domestic resource mobilization. These main project areas are closely aligned to international good practice in tax administration as outlined in the new Tax Administration Diagnostic Assessment Tool (TADAT) and provide a solid framework for enhancing revenue administration under Phase V.

38. In FY2017, PFTAC carried out 38 missions on revenue administration issues, involving 419 person days, including TA on related legal issues, and conducted four regional workshops. Of these missions, 80 percent were conducted by STX and HQ based staff, with the rest conducted by the Suva-based revenue advisor. The major users of revenue administration TA were Vanuatu, Fiji, Kiribati, and Tonga. The major areas of work involved support for strengthening reform strategy and implementation of governance frameworks (RBM 1.1); compliance improvement strategies (RBM 1.5); strengthening tax audit and other verification programs (RBM 2.5).

Fig. 5: 2017 Revenue Administration missions: Distribution of mission days by RBM objectives (in percent; RBM codes in Annex III)



39. The Baseline Assessment tool, developed by PFTAC in 2010, allows PIC tax administrations to self-assess the operational capacity of their tax administrations against a regional benchmark. The assessment, based on nine core components of tax administration, is self-assessed and provides stakeholders with an important perspective of how tax administrations view their progress and areas where additional work is needed. The Baseline Assessment model will run concurrently with the IMF’s newly developed Tax Administration Diagnostic Assessment Tool (TADAT), which assesses against international good practice in revenue administration. The TADAT, over the next few years will gradually replace the Baseline Assessment. Figure 6 below reflects findings from the most recent regional Baseline Assessment carried out in January – February, 2017.



40. **PICs also continue to make good progress in the adoption of modern policy and legal frameworks.** This, an important component of tax administration sets in place the legal framework that enables the tax administration to operate efficiently and effectively, while safe guarding the rights of taxpayers at the same time. Box 2 provides an overview of PFTAC facilitated legal progress made during FY2017 following significant achievements in FY2016.

Box 2. Adoption of Modern Tax Policy and Legal Frameworks

Cook Islands: Review of tax legislation;

Fiji: Updating the Income Tax Act;

Vanuatu: The authorities requested IMF assistance with the drafting of income tax laws in line with the overall tax reform currently underway. Drafts currently under review by the authorities include an Income Tax Act and Tax Administration Act. The intention is to have these laws passed in March, 2017.

Nauru: Introduced a Business Tax Act (BTA), effective July 1, 2016. The new BTA imposes a business profits tax, small business tax, non-residents tax and an international transportation business tax.

Tonga: A mission provided assistance in modernizing the Revenue Services Administration Bill and assisted in drafting Regulations and technical notes.

Papua New Guinea: With the finalization of PNG's Tax Review Recommendation in 2015, the Government continued with a progressive approach to implementing the recommendations. The 2017 budget introduced a number of significant tax measures which are intended to be broadly consistent with the Taxation Review Recommendations.

1. *Strengthening revenue administration management and governance arrangements*

41. **PICS have made significant steps in improving organizational arrangements to enable more effective delivery of strategy and reforms.** PFTAC has assisted PICs in restructuring with emphasis on shifting from outdated tax type structures to a more functional approach which encompasses grouping together of activities that require similar skills. This proven approach increases productivity and has the advantage of increasing the depth of knowledge in core areas of business expertise. This is an encouraging sign and confirms that PFTAC technical assistance and training is well targeted and stimulates thinking across the region to improve overall tax administration. Box 3 highlights main achievements during FY2017.

2. *Support for Regional Activities*

42. **PITAA has made considerable progress in providing a platform to improve tax administration across PICs.** This has included the appointment of a permanent secretariat, formalizing a constitution, a charter, collecting annual subscriptions from member countries and coordinating regional training activities. From a donor perspective, PFTAC has played a valuable role in supporting PITAA by funding/part funding training programs and conferences and facilitating regional knowledge sharing. PFTAC also assisted in the development of a PITAA strategic and business plan for the next five years that sets out the specific results that PITAA wants to achieve. PFTAC will continue to build upon this relationship by supporting regional training and capacity building activities.

43. **PFTAC and the OCO formed a strategic relationship to work together towards improving overall tax compliance in PICs.** The OCO, based in Suva, Fiji, is the primary vehicle supporting the implementation of their customs reforms programs. PFTAC, on the other hand, focuses on tax administration and supports the development of integrated (both customs and tax) corporate strategies and risk-based compliance improvement strategies for those countries that have combined tax and customs offices. This relationship, which includes joint and co-funded workshops, promotes a closer and more integrated approach between tax and customs administrations to identify and collaboratively address compliance issues.

44. **DFAT funded a TADAT training workshop hosted by the IMF.** This initiative provided four PICs with training and awareness of TADAT's Performance Outcome Areas, Performance Indicators and Scoring Methodology and provided an enhanced understanding of good practice tax administration. TADAT provides a baseline of tax administration performance that can be used to determine reform priorities.

45. **PFTAC continued assisting PICs improve operational performance through promoting risk-based Compliance Improvement Strategies (CIS).** This, a fairly new concept for PICs, based on the OECD's Risk Management Cycle, provides tax administrations with a systematic approach in identifying and treating current and emerging tax risks and often necessitates an element of reorganization which includes risk management and data analysis capability. The concept, already adopted by the Cook Islands, Fiji, Samoa, Tonga and Vanuatu will remain a key deliverable under Phase V and include the design of strong risk mitigation tools and appropriate legislation, effective taxpayer services, audit, and arrears collection. Box 4 provides an overview of progress made during FY2017.

Box 3. Strengthening Revenue Administration and Governance Arrangements

Fiji

- Designed a new strategic plan, introduced a functional structure, launched a risk-based compliance improvement strategy and created two new divisions: (1) the Reforms and Transformation Team to manage change and facilitate the implementation of various projects, business process improvement, and IT enhancements; and (2) the Risk Assessment and Planning Team responsible for the overall design and monitoring of FRCA's compliance improvement strategy;
- Introduced a project management framework to oversee organizational reforms;
- Introduced a new streamlined disputes resolution process;
- Commenced the design of a Public and Private Binding Rulings Regime.

Federated States of Micronesia

- Included a taxpayer services division.

Niue

- Adopted a new function based structure currently being implemented.

Palau

- Introduced a new functional structure with new position descriptions, improved business and management processes supported by a modernization project plan.

Samoa

- A newly created Compliance Risk Management Committee and a new unit tasked with data extraction and interrogation has been created.

Solomon Islands

- Currently implementing a plan designed to improve business processes and IT capability.

Tonga

- A new function based structure with emphasis on risk management and a renewed taxpayer services focus.

Vanuatu

- A new function based structure with a clear distinction between the role of headquarters (design, planning and support) and functional operational responsibilities;
- A governance and project management structure to facilitate legal and administrative reforms.

Box 4. Corporate priorities and compliance better managed through effective risk management

Fiji

- Created a Risk Assessment and Planning Team responsible for the overall design and monitoring of FRCA's Compliance Improvement Strategy which was publically launched in FY2017;
- Designed a strategy to address tax risks identified in the High Net Worth Individuals (HNWI) sector;
- A full review to identify progress and next steps to ensure the successful implementation of FRCA's Compliance Improvement Strategy.

Samoa

- Created a data analysis team and publically launched a Compliance Improvement Plan and strategy to address high risk cash economy sectors.

Vanuatu

- Refined a "dashboard" management system to monitor compliance trends after launching a Compliance Improvement strategy in FY 2016.

3. Strengthening core tax administration functions

46. **PFTAC's FY2017 work plan placed strong emphasis on strengthening core tax functions.** This included improving taxpayer registration, taxpayer services, arrears collection, and audit which need to be enhanced to address current and emerging tax compliance risks. Initiatives included on the ground technical assistance to identify key weaknesses in core business functions that often contribute to low levels of taxpayer compliance. Although progress has been made over the last year to develop plans additional technical assistance will be required to help with implementation. Box 5 provides an overview of FY2017 achievements.

Box 5. Strengthen Core Tax Administration Functions

Fiji

- Created a new taxpayer services division;
- Improved on-time filing and on-time payment through reengineered business processes;
- Continued efforts to improve audit capability;
- Developed a performance management system to track efficiency of core tax functions.

Kiribati

- Introduced a plan to improve the audit function;
- Strengthened the taxpayer services function.

Republic of the Marshall Islands

- Developed a plan to improve the collection of tax arrears and returns management.
- Developed a taxpayer services strategy.

Federated States of Micronesia

- Introduced a taxpayer services function and taxpayer education campaign;
- Developed a plan to improve the collection of tax arrears.

Palau

- Introduced a new taxpayer services function.

Samoa

- Improved core tax functions as part of an Industry Partnership initiative to improve tax compliance.

Tonga

- Further enhancements to the taxpayer services function introduced in 2014 with a services strategy linked to the Ministry's overall compliance improvement strategy.

Vanuatu

- Redesigned core tax functions under the umbrella of a new functional structure.

47. **PFTAC continues to encourage PICs to participate in completing the IMF's International Survey on Revenue Administration (ISORA).** Key objectives of the ISORA, formally known as the Revenue Administration Fiscal Information Tool (RA-FIT) initiative is to: (a) assist member administrations in evaluating their operations by providing key performance indicators using data gathered from a large group of revenue administrations globally; (b) assist in the improvement of member administrations' performance management systems, permitting benchmarking with other countries and groups of countries; and (c)

provide a larger set of both quantitative and qualitative revenue administration information to improve advice (technical assistance) and analysis.

48. PFTAC has funded numerous training programs, conferences and facilitated regional knowledge sharing from which PICs have benefited. Box 6 provides an overview of PFTAC/ PITAA and OCO training activities conducted in FY2017.

Box 6. PFTAC Regional Revenue Administration Training Activities in FY2017

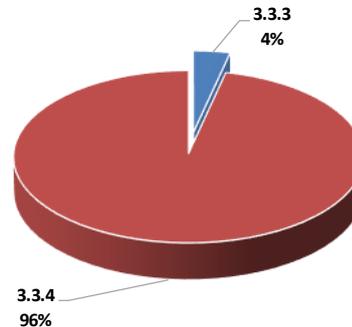
- **Improving tax compliance in the tourism sector.** This workshop, at the request of those countries with developed tourism sectors, requested PFTAC assistance to gain a better understanding of their tourism sectors and to design a risk management framework that involves a structured approach in identifying, assessing, prioritizing, and mitigating tourism tax risks.
- **2016 PITAA Annual Heads Meeting.** This 3-day conference “PITAA Entering the New Era” included subjects ranging from Base Erosion Profit Shifting (BEPS), e-taxation, managing revenue administration reforms and PICs delivering presentations on reforms achieved in their respective countries (5 PITAA members self-funded their attendance at this meeting).
- **Designing a Strategic Plan for PITAA.** Covering the period 2016 – 2020.
- **PFTAC/OCO improving tax compliance.** This workshop outlined the requirements of an effective compliance risk management plan and the benefits of a closer and more integrated compliance management approach between customs and tax.

49. FAD conducted a strategic tax policy and administration review mission of five PFTAC member countries in February 2017. The aim of the mission was to assess the overall impact on revenue and equity of recent tax reforms in select PICs, and inform the revenue reform strategy for member countries during Phase V. The mission also provides an opportunity to update the findings from the last strategic review in 2008, given the tax reforms since that time. The outcome of this mission will be lessons learned on tax reform in PICs that can guide future tax policy and administration reforms in the region.

Financial Sector Supervision

50. In FY2017, PFTAC delivered 17 missions in the area of financial sector supervision, involving 218 person days, and organized or participated in four regional workshops and meetings. About one-third of the missions were carried out by the resident advisor, and the others by STX. The major users of CD in financial supervision were PNG, Cook Islands, Solomon Islands, and Vanuatu. The focus of TA and training was almost entirely on strengthening risk-based supervision capacity (RBM 3.3.4) through the ongoing on-site bank examination program; and the credit union reform program. The latter program is now largely completed.

Fig. 7: 2017 Financial Sector Supervision missions: Distribution of mission days by RBM objectives (in percent; RBM codes in Annex III)



51. In FY2017, PFTAC's financial sector supervision activity focused on credit union supervision capacity building. This work is important for the development of credit union supervision in the region, with the majority of central banks now tasked with supervising the sector. The credit union work will continue in FY2018 to ensure strong supervisory foundations as the sector grows in relevance. However, recognizing the small relative size of the sector across the region, Phase V activities will be re-focused somewhat onto capacity building in the supervision of banks, with some PFTAC resources also being assigned to the larger non-bank financial sectors, such as insurance and pensions.

52. PFTAC undertook ten on-site missions and participated in two regional workshops in FY2017. The number of missions is down on FY2017 in part due to the transition to a new Financial Sector Supervision Advisor and multiple missions being undertaken as joint LTX and STX missions. The areas in which assistance was provided were development of legal and supervisory frameworks for credit unions (RBM objective 3.9) and strengthening on-site supervision (RBM objective 3.4).

53. The credit union program expanded in FY2017 with Fiji, Papua New Guinea, Timor-Leste, Solomon Islands and Vanuatu receiving direct technical assistance in developing credit union legislation.

- Fiji:** The Reserve Bank of Fiji's (RBF) credit union regulatory framework developed further in 2017, with the draft Credit Union Act released for industry consultation and draft Credit Union By-laws developed. With the support of PFTAC, the RBF held two public consultation sessions during the year. The sessions were chaired by representatives from the RBF with technical support provided by PFTAC's Resident Advisor. The consultation process included a detailed review of every section of the Act which provided participants with an opportunity to comment and make. Over 50 representatives from 22 credit unions were in attendance. Responses from the credit union industry on the proposed new law were received by the RBF and were reviewed by PFTAC and the IMF Legal Department. Assistance was provided to the RBF in formulating its response to the industry. Further assistance was provided by PFTAC in reviewing and clarifying drafting and intention of provisions in the proposed Standard Credit Union By-laws, in preparation for industry consultation. The next

steps for the RBF are to finalize the draft law and by-laws, and then start developing the credit union supervision framework.

- **Papua New Guinea:** The Bank of Papua New Guinea's (BPNG) credit union regulatory framework developed further in FY2017. PFTAC assisted BPNG with the Savings and Loan Societies of Papua New Guinea annual technical workshop, at which the PFTAC Resident Advisor delivered a three-day workshop on topics relevant to the credit union sector, including the introduction of sector specific financial statements, ratio analysis and PEARLS standards. In excess of 30 participants representing 15 credit unions attended the sessions. PFTAC's assistance then continued with a mission to BPNG to develop a standard financial account framework for credit unions. This is vital for BPNG's ability to appropriately assess the financial soundness of the sector and as a first step in encouraging consolidation in the sector.
- **Timor-Leste:** The Central Bank of Timor-Leste received technical support from PFTAC in FY2017 with its assessment of the financial health of its credit union sector, in anticipation of the government's enacting a new Credit Union Act to be administered by the Central Bank. Meetings were held with credit union sector representatives which culminated in an analysis of the sector's financial position. A presentation was made by PFTAC on credit union ratio standards and how the sector fared against international standards. The draft Credit Union Act is currently being reviewed by IMF legal Department.
- **Solomon Islands:** The Central Bank of the Solomon Islands' (CBSI) supervision of credit unions further developed in FY2017 with a PFTAC mission to provide guidance on the Credit Risk and Operational Risk on-site examination of credit unions. The mission provided the CBSI with a proposed on-site examination framework for credit unions; assisted the Central Bank in the financial assessment of credit unions; and recommended the development of a credit union risk rating and supervisory stance framework, as a means of establishing a framework to deal with high risk credit unions.
- **Vanuatu:** PFTAC further assisted the Reserve Bank of Vanuatu's (RBV) development of its credit union regulatory framework in FY2017. PFTAC made recommendations for improvement of the current credit law and provided the RBV with a proposed draft licensing framework for credit unions and recommended a suite of prudential guidelines, with specified sections to be included. The mission also recommended that the RBV focus its supervision on obtaining and assessing up to date financial information from the credit unions; and develop a greater understanding of the financial co-operative sector in Vanuatu, as it is likely that a significant number of these very small entities will be captured under revised credit union law. It is vital that the RBV understands how these entities will fit into its regulatory regime.

54. **FY2017 also saw the continued implementation of PFTAC's on-site examination program for banks.** Following the 2015 roll-out of the program and ensuing regional workshops a number of countries requested technical support aimed at improving their on-site examination programs. This was provided by a number of short-term experts.

- **Samoa:** A technical mission was held in May to assist the Central Bank of Samoa (CBS) with executing the on-site examination of a Public Financial Institution. This was PFTAC's third mission to Samoa in the program which aimed at expanding on previous training and concentrated on credit risk. The short term expert provided additional content to an examination manual the CBS is developing, based on a template developed by PFTAC.
- **Marshall Islands:** The Banking Commission of the Marshall Islands (BCMI) is in the process of re-establishing its prudential supervision of banks, with a new structure and staff, and is focusing on establishing an on-site examination program. BCMI supervisors have limited experience in conducting on-site examinations and assessments of risk management frameworks and as such PFTAC provided training and guidance to the BCMI in the actual on-site examination of a bank in the Marshall Islands. The technical assistance provided developed the BCMI's on-site examination infrastructure and built capacity of examiners to undertake assessments of the banks inherent risk and risk management and controls.

55. Other technical assistance provided by PFTAC included assistance for Tuvalu in solving the long running problem of a lack of actual supervisory resources and supervisory capacity. Despite having banking legislation enacted for over seven years, and a Banking Commission mandated to undertake supervision since 2011, no prudential supervision has been undertaken on the banks in Tuvalu. This situation has occurred in spite of repeated TA missions to Tuvalu to assist in the establishment of an operational regulatory regime and supervision framework. A PFTAC mission assisted the Ministry of Finance and Economic Development in Tuvalu to develop a proposed arrangement whereby the ongoing supervision of the two banks in Tuvalu is undertaken by a TA provider, with funding to be provided by a development partner. This more direct approach to providing actual supervisory resources will be the most effective way to ensure Tuvaluan banks are appropriately supervised over the medium term, whilst PFTAC can assist in developing appropriate supervisory infrastructure and capacity.

56. Comprehensive and current prudential standards are a foundation of effective supervision frameworks. A number of countries in the region have not updated their prudential standards for a number of years, nor do they have a comprehensive suite of prudential standards covering the supervision of all key banking risk areas. PFTAC plans to provide TA to help ensure regional supervisors embark on enhancement programs for their prudential standards. PFTAC provided such TA to **Tonga** in FY2016 and continued that work in FY2017 with **Samoa**:

- **Samoa:** A PFTAC mission assisted the CBS establish baseline assessment of required suite of prudential standards and develop templates for the required prudential standards. The CBS is tasked with finalizing the draft standards. PFTAC will provide follow-up assistance with industry consultation and finalization of the prudential standards.

57. In January 2017 PFTAC undertook a relatively new type of technical assistance mission in the region, with the Financial Supervisory Commission (FSC) of the Cook Islands. The mission undertook a diagnostic on the FSC's supervision framework, and established a supervision framework enhancement strategy and technical assistance plan. The strategy and plan will be implemented to assist the FSC in enhancing the operational effectiveness of its supervision framework. The rationale for the mission was to address the following key issues:

- Appropriateness of the supervision framework for size and complexity of banking sector, and against international standards;
- Structural soundness of the supervision framework;
- Operational effectiveness of the supervision framework; and
- Strategic approach to delivering TA.

Other regional supervisors have expressed a desire to undertake a similar mission with PFTAC, so as to help ensure their supervision frameworks are developing in a comprehensive and effective way.

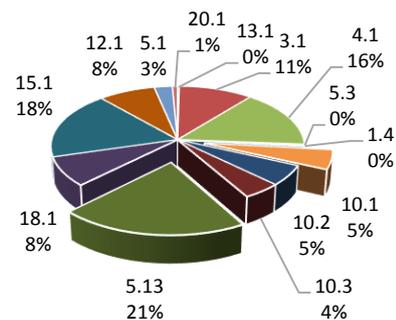
58. The Association of Financial Supervisors Pacific Countries (AFSPC) annual meeting was held in Palau in FY2017, with the theme "Natural Disaster Preparedness and Recovery Planning". The Financial Institution Commission of Palau hosted the meeting and PFTAC presented a sample regulation for commercial banks on disaster preparedness requirements. This facilitated the development of business continuity planning supervisory requirements in a number of jurisdictions, and provided a check against existing regulations.

59. PFTAC also participated in a workshop in December with the IMF Statistics Department on the compilation and use of Financial Stability Indicators (FSIs). The workshop introduced participants to the use of FSIs in analysis of the health of individual banks, the banking sector as a whole, and the stability of the broader financial sector including non-banks. A follow-up workshop on financial stability issues is planned for FY2018.

Macroeconomic Statistics

60. In FY2017, PFTAC carried out 25 missions, totaling 401 person days, and conducted or participated in 4 regional workshops in the area of macroeconomic statistics, focusing mainly on national accounts and government finance statistics (GFS). PFTAC’s resident advisors delivered 30% of the CD (in terms of person days), with the rest provided by STX. The principal users of TA and training were [Nauru](#), [Solomon Islands](#), [Cook Islands](#), and [Tonga](#). The primary areas in which TA was provided included methodological improvements (RBM objective 4.1); broader, timelier and more consistent use of data (RBM 10.1-3; 15.1-2); improving capacity (RBM objective 3.1); and supplementation (RBM objective 18.1).

Fig 8: FY2017 Macroeconomic Statistics missions: Distribution of mission days by RBM objectives (in percent; RBM codes in Annex III)



National Accounts and External Sector Statistics

61. Only one national accounts advisor was in post from May 2016 onwards as the second advisor retired in lieu of the post being repurposed to cover GFS in Phase V of the budget (further details below). This change was partially offset by making increased use of STXs for national accounts. In FY2017, PFTAC carried out 13 national accounts missions and 5 ESS missions, totaling 298 person days. The limited use of STXs to conduct essential balance of payments TA missions followed the loss of a much bigger funding stream from the original Japan Sub-Account (JSA1) project, which concluded in September 2015.

62. Methodological improvements (RBM objective 4.1) were the focus of work done in most member countries. Major cross-cutting themes for national accounts work continued to include:

- Defining methods to transform tax and other administrative data to supplement or replace business surveys ([Cook Islands](#), [Samoa](#), [Tonga](#) and [Tuvalu](#));
- Methods to measure GDP on a quarterly basis ([Fiji](#));
- Efforts to rebase constant price GDP to an appropriate, more recent year ([Samoa](#), [Solomon Islands](#));
- Work to design new systems to measure GDP by expenditure ([Kiribati](#), [Tokelau](#)).
- Peripheral work on prices also continued where pertinent to deflation.

63. For external sector statistics (ESS), work included developments to compilation frameworks for the balance of payments and international investment positions ([Cook Islands](#), [PNG](#)). All methods improvements were guided respectively by the principles of the *2008 System of National Accounts (2008 SNA)* and for ESS work, the *Balance of Payments Manual, 6th edition (BPM6)*.

64. The results of the recent household income and expenditure surveys (HIES) in Solomon Islands, Samoa and Tokelau were analyzed and will be incorporated in the national accounts estimates during 2017 (RBM objectives 10.1-3). In the [Cook Islands](#), [Nauru](#), [Niue](#), [Tonga](#) and [Tuvalu](#), recent survey results are expected to be utilized later in 2017. HIESs are carried out every five years or so for each country on a rolling basis and provide a wealth of socio-economic data. For national accounts, they are a crucial element of ten-yearly (or ideally, five-yearly) rebasing exercises that ensure constant price GDP is based on a more current economic structure (RBM objective 9.1). Such work is very intensive and tends to require several TA missions to complete. In addition to HIES data, use is made of all outstanding new data, particularly recent population and agricultural censuses.

65. Essential supplementation was provided to several countries to improve their national accounts measures (RBM objective 18.1). In the smallest island nations, including [Nauru](#), [Niue](#), [Tokelau](#) and [Tuvalu](#), as well as some medium-sized nations facing resource shocks, PFTAC provided direct compilation assistance, coupled to fundamental training, to assist in bringing new estimates towards publication. In some countries, assistance was also given on consumer prices. Supplementation also formed the TA focus of ESS missions to [Nauru](#) and [Tonga](#).

66. Training on specific topical methodology issues and data analysis was provided through sub-regional training workshops (RBM objectives 3.1). These courses are an effective way of using the budget

to deliver TA on common compilation issues to such geographically dispersed countries. A new combined GDP compilation and forecasting workshop was held in [Fiji](#) for local participants and also staff from NSOs, finance ministries, tax office and central banks in [PNG](#), [Samoa](#), [Solomon Islands](#), [Tonga](#), [Tuvalu](#) and [Vanuatu](#). This was a great success and allowed over 50 analysts to receive core training and to forge stronger inter-agency links. A similar workshop is now scheduled to be held in April, likely in Guam, for the Northern Pacific countries ([Marshall Islands](#), [Micronesia](#), and [Palau](#)). For this event, PFTAC intends to combine GDP compilation, forecasting and revenue administration advisors' knowledge to deliver an even more holistic program to local NSO and ministerial staff.

67. PFTAC also contributed to bilateral and multilateral coordination of regional statistics (to support all RBM objectives). In [Solomon Islands](#) and [Nauru](#), PFTAC worked alongside staff from the ABS and SPC respectively to share data and methods, ensuring greater consistency between price, trade, GDP and ESS statistics. PFTAC also continued to contribute to regional statistical coordination through participation at PSSCs 12 and 13 and helped sharpen the new focus on dissemination. At PSSC13, PFTAC received endorsement to set up a working level TA coordination mechanism. 'PESTAC' is a virtual group of all Pacific economic statistics TA providers, including the SPC, ABS, SNZ and the Graduate School and uses a shared online calendar to catalyze web meetings and better coordinate TA work, at no direct cost.

Government Finance Statistics

68. Government Finance Statistics (GFS) capacity development continued to be delivered through PFTAC following the completion in October 2015 of the three-year GFS capacity building projected funded by the Japanese government (JSA1). In FY2017, seven GFS TA missions (totaling 103 person days) were carried out primarily by short-term experts. Recipients of the technical assistance (TA) during this period were the [Cook Islands](#), [Fiji](#), [Marshall Islands](#), [Micronesia](#), [Palau](#), [Solomon Islands](#), [PNG](#), and [Timor-Leste](#). A GFS Resident Adviser, Mr. De La Beer, was appointed with a commencement date of March 1, 2017, in place of the second national accounts advisor.

Capacity development activities focused on improvements in collection and use of source data and dissemination of high frequency data:

- **Cook Islands:** A mission helped the authorities to compile annual estimates for the public sector for FY2009-FY2013 in the *Government Finance Statistics Manual (GFSM) 2014* format. Work was also carried out to improve institutional units' sectoral classifications and to explore options to use additional data to broaden coverage and produce sub-annual data.
- **Fiji:** A mission assisted the authorities in finalizing the sectorization of the public sector and general government units and reviewing progress on the collection of additional data required to compile GFS for the consolidated general government and the consolidated non-financial public sector.
- **Marshall Islands, Micronesia and Palau:** Three back-to-back missions were conducted to the Northern Islands in October 2016. The missions assisted the authorities in completing GFS for budgetary central government and state government for FY2015. The mission also delivered unconsolidated general government GFS time series for FY2011-FY2015 for all three countries.

- **Papua New Guinea:** Assistance continued to be delivered through the second phase of the GFS Asia Project funded by the Government of Japan (JSA 2). In the FY2017 the main focus of GFS TA to PNG was the refinement of the budget summary tables for Volume I and guidance on concepts and principles for implementing GFS in the budget volumes II and III.
- **Solomon Islands:** The mission worked with the authorities to identify issues pertaining to data sources and compilation for the budgetary central government, particularly by reconciling the budget execution data with GFS.
- **Timor-Leste:** The coverage and scope of data classification, compilation and dissemination for GFS were the main focus of assistance during the February 2017 mission. The mission addressed the treatment of institutional units, the classification of transactions of the central government with particular reference on reporting of disbursement and spending of donor grants, subsidies versus grants, cash balances, equity, government net lending and net incurrence of liabilities.

Box 7: GFS Achievements and Challenges

GFS Achievements

During FY2017 six PFTAC members submitted data for the IMF Government Finance Statistics Yearbook (GFSY). Data produced and disseminated included budgetary central government and state governments ([Micronesia](#)). For [Kiribati](#), general government data was produced. PFTAC members are now in a position to use GFS for making policy decisions and reviewing fiscal performance. Macroeconomic data sets have been made more consistent across sectors. Several PFTAC members have produced unconsolidated general government GFS for five years or longer.

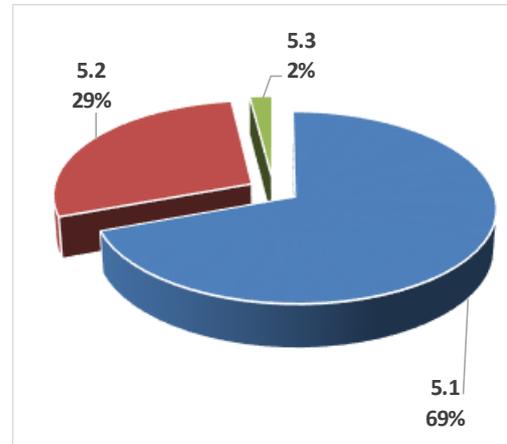
GFS Challenges

Staff capacity and resources continue to pose challenges in a number of PFTAC members in compiling and disseminating timely GFS. Staff turnover is high, and in some instances resources are inadequate to collect, compile, analyze and disseminate GFS. GFS compilers in a number of countries are involved in a range of activities or compilation of other macroeconomic statistics, and they do not have sufficient opportunity to improve GFS and expand its coverage. Outdated hardware and software also hamper delivery of technical assistance.

Macroeconomic Analysis and Forecasting

69. In FY2017, PFTAC carried out 11 missions, involving 134 person days, and conducted or participated in five regional workshops and meetings in the area of macroeconomic analysis and forecasting. All missions were undertaken by the Suva-based macroeconomics advisor, and workshops were facilitated in collaboration with other PFTAC advisors. The principal users of bilateral TA in these areas were [Fiji](#), [RMI](#), and [Vanuatu](#). The main areas of activity involved providing assistance with developing and using integrated macroeconomic monitoring and projection frameworks (RBM objective 5.1); and building capacity in multi-year fiscal planning (RBM objective 5.2).

Fig. 9: 2017 Macroeconomic Analysis missions: Distribution of mission days by RBM objectives (in percent; RBM codes in Annex III)



70. **Sound macroeconomic management requires the empirical analysis of economic developments.** Substantial progress was achieved in [Fiji](#), [RMI](#), and [Vanuatu](#) to develop and apply quantitative tools to evaluate macroeconomic performance, identify vulnerabilities, prepare policy scenarios, and evaluate the sustainability of policies.

- Fiji:** Analysts at the RBF are leading the upgrade of the Fiji financial programming (FP) framework, which was one of the first macroeconomic and fiscal frameworks to be developed in the region. The upgrade is supported by PFTAC and undertaken in collaboration with the Fiji Bureau of Statistics (FBoS), the Fiji Revenue and Customs Authority (FRCA), the Ministry of Economy (MoE), and the Ministry of Industry, Trade and Tourism (MITT). The fiscal sector in the upgraded framework adopts GFS methodology, which produces internationally comparable fiscal data and is particularly useful for sustainability analysis. It remains the main area in the framework to be developed further as work progresses at FBoS and MoE to enhance GFS data. A key challenge in Fiji is a change in the fiscal year from a calendar year basis to August to July. Methodology is being developed to convert calendar year fiscal forecasts to fiscal year forecasts and vice versa using monthly government transactions historical payment patterns. A unique feature of the Fiji framework is that it includes financial stability indicators.
- RMI:** Staff at the Ministry of Finance (MoF) and the Economic Policy, Planning and Statistics Office (EPPSO) are working together to develop the Marshall Islands Fiscal Model (MI-FM). The MI-FM builds around the GFS produced by EPPSO and the US Graduate School economic forecasts. The innovative feature of the MI-FM is detailed public expenditure forecasts from the budget that underlie medium-term fiscal projections. Methodology and processes are being developed to include the financial impact of past decisions and cost estimates of policies. The MI-FM will serve as a template for enhancing government expenditure projections in other countries. Moreover, it

will allow assessing the implications of some grants terminating in 2023 under the Amended Compact Agreement.

- **Vanuatu:** Significant progress in capacity building and evidence-based policy advice was achieved by staff in **Vanuatu**. Staff at the RBV completed, with PFTAC assistance, the development of the Model Of the Vanuatu Economy (MOVE), a macroeconomic programming framework. A paper documenting the MOVE was prepared for the Macroeconomic Committee (MEC) to formally endorse the use of the MOVE to inform official GDP forecasts for the next three years which are produced and published by the MEC. Staff at the Ministry of Finance and Economic Management (MFEM), with PFTAC assistance, developed a national framework for revenue forecasting which enhances the fiscal sector within the MOVE. The national framework for revenue forecasting is being used by the MFEM Tax Policy Unit to develop revenue reform options, prepare for public consultation, and evaluate submissions from the public. A consultation paper detailing the proposed reform package, an information paper describing the methodology, assumptions, and data used to evaluate various revenue raising options, a report on the public submissions, frequently asked questions and answers, a tax calculator and other material can be found at the Vanuatu Revenue Review website: <http://revenuereview.gov.vu/>.
- Macroeconomic programming continues to be developed and used in **Cook Islands, PNG, Samoa, Solomon Islands, and Tonga**.

71. GDP is a key statistic in macroeconomic programming frameworks and having accurate estimates is crucial. To enhance the quality of GDP estimates and GDP forecasts PFTAC facilitated a multi-topic, sub-regional workshop on *Compiling and Forecasting GDP*. This training event brought together GDP compilers from the national statistics offices and main users of economic statistics from the central banks, ministries of finance, and tax offices from **Fiji, PNG, Samoa, Solomon Islands, Tonga, and Vanuatu**. Fifty participants shared their knowledge and expertise on compiling and forecasting GDP and on the last day presented their new insights into compilation, dissemination and coordination as well as country specific recommendations towards implementing the improvements and solutions found. The training event was valuable for sharing knowledge and skills of GDP compilation and forecasting across the various country agencies involved. It also helped harmonize PFTAC training and technical assistance to improve the timeliness and reliability of economic statistics and enhance medium-term planning and policy analysis. A workshop on *Compiling GDP and Forecasting Revenues* is planned for April with participants from the statistics offices, the ministries of finance, the tax offices, and the social security administrations from **FSM, RMI, and Palau**.

III. OBJECTIVES AND WORK PLAN FOR FY2018

This section describes PFTAC's principal objectives and activities proposed for FY2018 (May 2017 to April 2018). It outlines the main themes in PFTAC's technical assistance strategy over the period and provides sectoral detail of activities planned to achieve the objectives in the RBM framework, as well as a budget projection based on the draft work plan. The proposed work program is, of course, subject to the availability of funding in Phase V.

A. Overview

72. In FY2018 PFTAC's CD will continue to implement the strategy underlying the Phase V program. In FY2017 PFTAC already began moving in this direction, and in FY2018 will go further. The aim is to sharpen the focus on building capacity to address key policy objectives: (i) strengthening macro-financial resilience to natural disasters, terms of trade shocks, and financial shocks; (ii) promoting long-term macro-financial sustainability; and (iii) supporting inclusive growth. These themes will generally involve a cross-cutting approach drawing on different areas of PFTAC expertise, often in collaboration with development partners, as outlined below:

- **Strengthening macro-financial resilience:** Key requirements in this area include properly assessing vulnerabilities, and taking a more medium-term approach to fiscal planning in order to effectively address risks. Relevant PFTAC CD will include:
 - Improving the capacity of countries to deal with the ongoing impacts of climate change, particularly in terms of improving processes for managing public infrastructure and improving access to climate change finance through improved PFM practices;
 - Strengthening of efforts to better integrate fiscal planning and budgeting processes into a consistent medium-term framework and enhancing capacity to make medium-term public expenditure and revenue projections;
 - Technical assistance to develop frameworks and processes for budget execution by managing financial commitments, debt including contingent liabilities, and other fiscal risks according to the fiscal strategy;
 - Support for institutional reforms to establish or strengthen fiscal buffers;
 - Modification to macroeconomic projection frameworks to facilitate analysis of natural disasters and other shocks;
 - Assisting with identification and assessment of financial vulnerabilities of the household, business, bank and non-bank financial sectors, and the public sector;
 - Enhanced monitoring of financial system risk through on-site bank examinations and development of credit union oversight;
 - Assistance with use of administrative data, especially tax data, in national accounts compilation.
- **Promoting long-term fiscal sustainability:** Key elements include estimating and incorporating long-term risks to sustainability (e.g., climate change, termination of aid grants, demographics, and costs

of non-communicable diseases (NCDs)) into macroeconomic projection and debt-sustainability frameworks, and promoting frameworks or processes for taking these into consideration in fiscal policy in a sustainable manner. Relevant PFTAC CD will include:

- Strengthening of tax and non-tax revenue frameworks to increase domestic revenue mobilization;
 - Modification of public spending and macroeconomic projection frameworks to take long-term risks to sustainability into account;
 - Technical assistance to generate/report relevant, reliable, and timely fiscal data that will be used to monitor the trends of fiscal performance and financial position
 - Support for PFM reforms aimed at building processes for addressing long-term fiscal and balance of payments risks;
 - Assistance with ensuring consistency between national accounts, balance of payments, and government financial statistics.
- **Facilitating sustainable, inclusive growth:** Although there is only limited scope for PFTAC CD to influence sustainable long-term growth or inclusiveness, CD may indirectly facilitate achievement of these objectives:
 - CD in the tax and non-tax revenue areas should help reduce or eliminate many tax distortions inhibiting growth, as well as promote greater tax equity, with benefits for inclusiveness;
 - Support for PFM reforms in budget formulation, budget execution, reporting and accountability should all help improve public sector efficiency, freeing resources for productive use. Reforms should also potentially facilitate access to external finance, especially for adapting to climate change, with benefits both for growth and inclusiveness;
 - CD to strengthen legislation and oversight for credit unions should promote competition and efficiency in the financial system, as well as improving access in particular for small and medium enterprises as well as households with limited access to bank finance. This should enhance growth as well as its inclusiveness.

73. The provision of CD will continue to involve a mix of delivery by resident advisors, STX, and HQ-based staff. STX will be used either to provide quite specialized TA, as is usually the case in PFM and revenue administration, or to supplement TA that is being provided to more countries than can readily be handled by the resident advisors, as has been the case in revenue administration, financial supervision, and statistics. HQ staff will also be used from time to time to provide TA and training on specialized issues, or on policy issues.

74. CD will continue to involve country-specific TA, workshop training, and on-line learning. TA will continue to rely heavily on LTX and STX-missions to individual member countries. Occasionally country staff may come to PFTAC for TA, and PFTAC staff will generally be available for consultations by email and video-conferencing. Training will mostly be through focused, sub-regional workshops, which have been found to be particularly effective for facilitating sharing of country experiences and allowing more detailed treatment of technical issues than is possible in larger, less homogeneous groups. PFTAC will continue to innovate in

the use of cross-sectoral workshops, which can bring together different areas of expertise in productive collaboration.

75. In April 2017, PFTAC will team up with IMF colleagues and other development partners in organizing a region-wide workshop, funded by ADB and the Japan International Cooperation Agency (JICA), on building resilience to climate change and natural disasters. The workshop, aimed at mid-level officials, will be followed by a high level dialogue on related policy issues. PFTAC will also continue to alert members as to relevant training being made available from the IMF both at the Singapore Regional Training Institute (STI), where a new training curriculum is being introduced, and through the IMF on-line courses.

76. PFTAC delivery of TA and training requires coordination and collaboration with development partners and regional association:

- A basic requirement for good coordination and collaboration is good sharing of information. And although we seek to be transparent, there is always room for improvement. Currently, PFTAC provides regular updates on its recent and planned activities through its *Quarterly Report*, as well as through briefings at meetings of development partners. One area where we see room for strengthening information sharing is through more frequent briefings of development partners by the resident advisors, either in the field or in post-mission briefings from Suva. This happens informally, but a more systematic approach may be helpful.
- PFTAC already has very good cooperation with development partners in the provision of workshops. Coordination with regional associations, however, is an area for improvement. Currently, PFTAC has very productive working relationships with AFSPC, PASAI and PITAA. In FY2018, PFTAC looks forward to strengthening its cooperation with SPC as it begins to implement reforms to its CD strategy. Lastly, in the area of macroeconomic analysis, PFTAC will explore the scope for promoting stronger regional cooperation in the area of macroeconomic modeling and analysis;
- PFTAC will also explore the scope for more effective cooperation with other training bodies, including the STI, the South East Asian Central Banks Centre (SEACEN), as well as better integrating on-line training with PFTAC's own training.

77. In FY2018, the full implementation of the IMF's new RBM framework will be a priority and a major undertaking. Over the past year, the IMF CD departments have been developing a catalogue of RBM objectives and measurable indicators which are being incorporated into the logical frameworks being used at PFTAC. In coming months, we will also begin using software specifically developed to assist with monitoring progress against these objectives. This framework will be used increasingly in planning PFTAC's work programs as well as in providing accountability to PFTAC's members and donors.

78. On a sectoral basis, planned TA and training activities are described below, and more details are provided in the FY2018 Logical Framework (Annex V). Nonetheless, some highlights may be noted here:

- **In PFM, CD will focus on:**
 - Planning and prioritization of PFM reforms based on the results of PEFA assessments, development of PFM reform roadmaps; and support for strengthening of legal frameworks;
 - Strengthening budget preparation, including better integration of planning and budgeting; improved budget transparency, execution; and stronger debt, asset, and risk management;

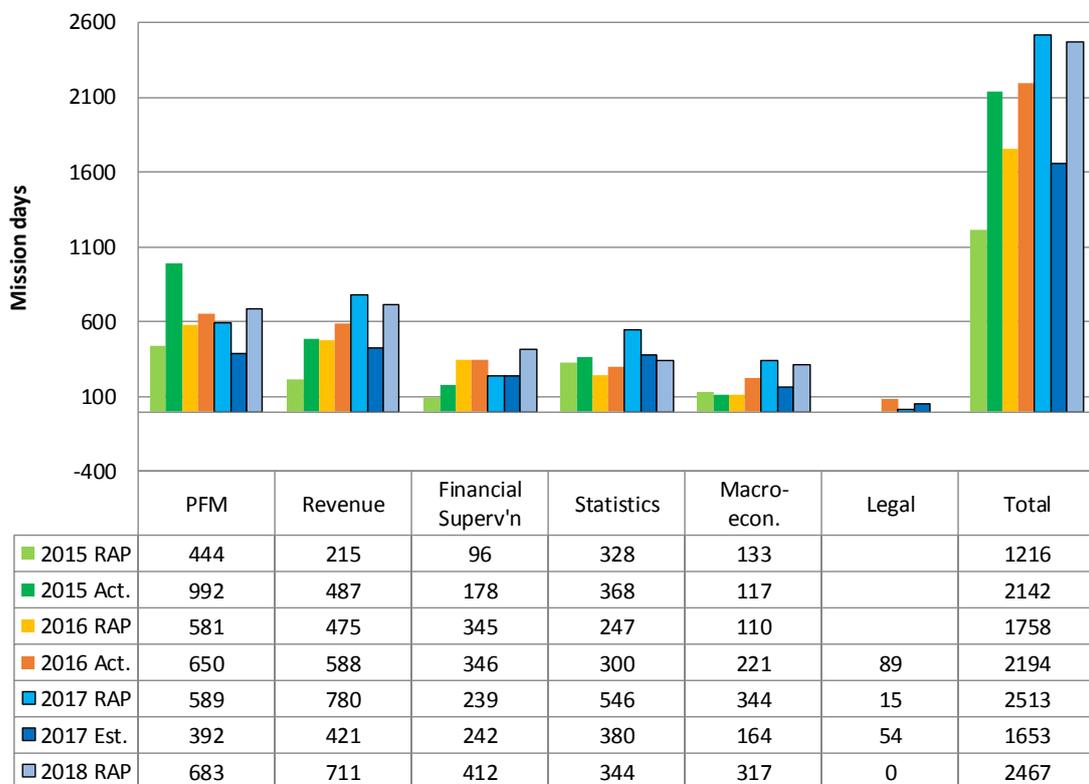
- Strengthening budget monitoring, reporting and accountability.
- **TA and training in tax administration will focus on two main areas:**
 - Strengthening revenue administration management and governance arrangements, including: (a) developing reform strategies and implementation frameworks; (b) improving organizational arrangements to enable the more effective delivery of strategy and reforms; and (c) better managing compliance through effective risk management.
 - Strengthening core tax administration functions, including: (a) improving the integrity of taxpayer registration data bases; (b) improving taxpayer services to promote voluntary compliance; (c) building capability to facilitate on-time filing of tax returns; (d) building capability to strengthen on time payment of taxes and the management of tax arrears; and (e) improving audit capability.
- **In the area of financial supervision, CD will primarily involve:**
 - Assisting with enhancing bank supervision frameworks, including through: (a) identification of strengths and weaknesses in frameworks; (b) assessment of the quality of institutional infrastructure and staff capacity; and (c) assessment of the operational efficiency of supervisory frameworks.
 - Assisting with reviewing and updating of prudential standards;
 - Strengthening oversight of non-bank financial institutions.
- **TA and training in statistics will concentrate on:**
 - Assisting member countries in compiling and improving national accounts statistics with a focus on: (a) rebasing constant price estimates; (b) developing additional measures of GDP; (c) improving existing methodologies;
 - Assisting member countries with compilation and dissemination of GFS, including: (a) adoption of current GFS concepts and definitions; (b) broadening GFS coverage to general government and subsectors; and (c) facilitating integration of GFS data into fiscal and debt sustainability frameworks;
 - Strengthening dissemination of national accounts and GFS data more broadly within government and externally and their use in policy analysis;
- **Key priorities for TA and training in the macroeconomic area for FY2018 are:**
 - Continuing to develop integrated macro frameworks tailored to meet the diverse needs of countries and capacity levels of staff;
 - Continuing to work with staff on improving the multi-period fiscal planning process with an emphasis on generating medium-term projections in a coherent manner.
 - Building the capacity of staff to conduct their own debt sustainability assessments, taking into account the fiscal implications of natural disasters.

B. Work Program and Budget

79. The PFTAC work program forms part of a much larger exercise at the IMF to plan and budget for all of its activities in the coming fiscal year—the Resource Allocation Plan (RAP). Within that is a RAP specifically for capacity development, including TA, and the PFTAC work plan is one element of that. APD plays a key role in defining the strategic priorities for Fund CD in the region. They engage functional (CD) departments and country authorities at an early stage in discussions about CD needs and strategic priorities. The CD departments, responsible for TA delivery by the resident advisors, work in conjunction with the PFTAC resident advisors, and lead the work plan development, and design. The CD departments approve and direct the implementation of TA programs delivered by RTAC resident advisors and STX. PFTAC’s input involves proposing missions largely reflecting discussions between long-term advisors and country authorities, ensuring that the work plan is properly resourced from within the PFTAC budget and leading the discussions with the RTAC SC to obtain endorsement of the proposed work program.

80. The FY2018 PFTAC work program is at the draft stage. The proposed work program largely reflects the input of the resident advisors, based on their discussions with country authorities, together with the ongoing roll-out of established TA and training programs. Additional input will be received from APD staff, as well as from the CD departments. PFTAC also welcomes the input from development partners and country authorities at and following the SC. The reason for holding the meeting early in the year is to gain broad input before the process is finalized in April.

Fig. 10: PFTAC Work Program: FY2018 vs. FY2015 - FY2017
In mission days^{1/}



1/ FY2017 figures based on estimates as of January 20, 2017. FY2018 figures based on draft RAP as of January 20, 2017.

81. **The FY2018 draft work program envisages a significant increase in activity** (fig. 10). As discussed earlier, the delivery of CD in FY2017 was adversely affected by staff turnover and by the transition from Phase IV to Phase V. In FY2018, as the PFTAC number of resident advisors returns to the normal seven, and as PFTAC’s finances return to normal, CD delivery in the draft RAP is projected to rise to 167 missions (close to 2500 mission days) from 105 mission (a little under 1700 mission days) in FY2017. The number of workshops is expected to rise significantly, and more extensive use of STX is planned.

82. **The draft work program of missions in FY2017 has been used together with PFTAC’s information on costs of different missions to estimate budget expenditure projection for FY2018.** Overall expenditure is projected at US\$ 6.5 million, as shown in Table 3. The main increases in costs are expected to be in:

- Salaries, as the number of advisors returns to the full complement of seven in March 2017;
- Workshops & training, as the planned level of workshops in Phase V is implemented;
- Greater use of STX in TA delivery, partly associated with the recovery in the number of resident advisors, as well as more use of STX in delivery of CD in macroeconomic analysis and forecasting.

Expenditure areas	FY2016 Outcome	FY2017 Estimate	FY2018 Projection
Advisor salaries	2.09	1.47	2.21
STX mission costs	1.54	1.53	2.00
Travel	0.26	0.32	0.32
Workshops & Training	0.55	0.34	0.90
HQ missions & backstopping	0.47	0.45	0.56
Evaluation & SC	0.07	0.00	0.06
Misc.	0.05	0.05	0.03
Subtotal	4.96	4.14	6.08
Trust Fund management fee	0.35	0.29	0.43
Total	5.37	4.43	6.51
1/ Based on PFTAC data.			

C. Sectoral Work Plans in FY2018

Public Financial Management

83. **In FY2018, PFTAC technical assistance will continue to assist members using various modalities to strengthen capacity in three broad areas, consistent with the objectives set out in the Program Document:**

- Planning and prioritization of PFM reforms based on the results of PEFA assessments, development of PFM reform roadmaps; and support for strengthening of legal frameworks;
- Strengthening budget preparation, including better integration of planning and budgeting; improved budget transparency, execution; and stronger debt, asset, and risk management;
- Strengthening budget monitoring, reporting and accountability.

84. **TA and training will be delivered in a variety of forms** including:

- TA provided directly to member countries through missions by PFTAC’s resident advisors or by STX. A little under half the missions will involve STX, but since their missions tend to be longer than those of the resident advisors, almost two-thirds of mission days are expected to be accounted for by STX;
- Regional or sub-regional workshops involving PFTAC advisors, IMF HQ staff, STX and experts from other development partners including the World Bank and ADB;
- Regional, sub-regional, and country-specific training jointly sponsored by PFTAC and regional partners like PICPA, PASAI, or PIFS;

85. **Key objectives and milestones are outlined in Box 8:**

Box 8: PFM Objectives and Milestones in FY2018¹¹	
Objectives	Major Milestones
(I) Improve PFM institutions and legal frameworks.	<ul style="list-style-type: none"> ▪ A more comprehensive legal framework covering all stages of the public financial management cycle is enacted by Governments of Fiji, and Solomon Islands. ▪ PEFA self-assessments are conducted in Kiribati, Palau and Tokelau with significant country staff involvement and ownership. ▪ PFM Reform road maps are developed/updated with significant involvement and ownership by country officials for FSM, Nauru, Kiribati, Palau and Tokelau. ▪ TA is coordinated regionally with development partners.
(II) Strengthen budget preparation towards more comprehensive, credible and policy-oriented budgets.	<ul style="list-style-type: none"> ▪ Fiji: Improved budget documentation. ▪ RMI: Improved budget development and documentation. ▪ Staff capacity on expenditure forecasting of several finance ministries and revenue authorities is enhanced through regional workshops on expenditure forecasting.
(III) Improve budget execution and control.	<ul style="list-style-type: none"> ▪ Staff capacity on budget execution controls of at least 6 finance ministries is enhanced through a regional workshop on strengthening budget execution controls, including improved plan prioritization in treasury processes, and coordination with external auditors. ▪ Internal audit charter and internal control risk framework developed in Fiji. ▪ Payroll and procurement audit manual developed and auditors in Vanuatu are trained.
(IV) Improve coverage and quality of fiscal reporting.	<ul style="list-style-type: none"> ▪ The new chart of accounts of Fiji and Tonga is aligned with international financial reporting standards. ▪ Comprehensiveness and quality of fiscal reports in Fiji, Nauru, PNG, Samoa, Solomon Islands, Tonga, and Vanuatu, is enhanced.

¹¹ The PFM logical framework for the FY2018 is in accordance with the Phase V program document.

Box 8: PFM Objectives and Milestones in FY2018 ¹¹	
Objectives	Major Milestones
(V) Improve integration of asset and liability management framework.	<ul style="list-style-type: none"> ▪ Cash flow forecasting capacity in Samoa and Solomon Islands is enhanced. ▪ Improved Cash Management Regulations is approved and implemented in Solomon Islands.
(VI) Strengthen identification, monitoring and management of fiscal risks.	<ul style="list-style-type: none"> ▪ Performance indicators for monitoring SOE's in the financial sector, and non-commercial sector SOE's in Samoa, are improved. ▪ Framework for monitoring and reporting of contingent liabilities arising from SOE's in Fiji is developed. ▪ Key issues and capacity-development needs of Niue, as well as quick wins, in monitoring and managing fiscal risks, are identified. ▪ Governments in the region aware of good practices of SOE fiscal oversight through a workshop on improving fiscal oversight of SOEs.

1. Improve PFM institutions and legal frameworks

- **PEFA assessment:** PFTAC will guide Kiribati, Palau and Tokelau in using the 2016 PEFA framework in their self- assessment.
- **PFM Reform Roadmaps developed/updated and monitored:** PFTAC will provide suggestions to Kiribati, Palau, FSM, Nauru and Tokelau to improve and periodically monitor their PFM Roadmap. Future TA needs from PFTAC will also be identified.
- **Comprehensive legal frameworks enacted:** TA will assist Fiji and Solomon Islands with revising their Financial Instructions, so that these will be aligned to international standards and good practices, and would address existing limitations of PFM.
- **Continued Cooperation with Development Partners:** There is a significant amount of PFM assistance being provided by other donors which needs to be coordinated with PFTAC efforts.

2. Strengthen budget preparation towards more comprehensive, credible and policy-oriented budgets

- **A more comprehensive and unified annual budget is published:** PFTAC's planned FY2018 work in this area includes TA to Fiji to continue making improvements in the annual budget document.
- **A more credible medium-term macro-fiscal framework is included in budget documentation:** Regional workshops on Expenditure Forecasting/Budget Documentation are also planned, further developing topics introduced during successful workshops conducted in FY2017.
- Working with the macroeconomic advisor to improve the budget development process using the Marshall Islands Financial model (MI-FM) as a tool to improve budget preparation and move further towards the development of a policy-oriented budget.

3. *Improve budget execution and control*

- **Regional workshop on Budget Execution Controls:** PFTAC will invite accountants and internal auditors from [at least 6 countries](#) to this workshop which is aimed at improving skills in identifying and addressing the more significant internal control issues on treasury processes. Priority will be given to countries whose recent PEFA ratings on PI-20 (revenue accounting) and PI 23-25 (payroll, procurement, and non-payroll expenditure) were on the scale of C and D. During FY2018, it is expected that these countries would implement initial improvements.
- **Risk based internal audit functions are established in central government agencies.** This TA aims to improve countries' rating under PEFA PI-25 by implementing more audit of PFM processes, rather than transactions, and focusing on more significant risks. TA will continue in FY2018 to improve payroll and procurement systems auditing in [Vanuatu](#). Support to [Fiji](#) will focus on updating the risk framework and development of an internal audit charter. PFTAC will also monitor improvements in coordination between internal and external auditors as an outcome of the December 2016 workshop with PASAI on risk-based auditing.

4. *Improve coverage and quality of fiscal reporting*

- **The chart of accounts is aligned to international standards.** TA will be provided to [Fiji](#) and [Tonga](#) to complete the work started in FY2017 on their Chart of Accounts. Specifically, the objective is to be consistent with the GFSM2001 and COFOG on budget classification and also respond to relevant requirements for fiscal analysis, budget presentation, accounting and financial reporting, and statistical reporting, including management reporting. Implementation of the new Chart of Accounts is expected to start in the countries' next budget preparation.
- **Comprehensiveness and quality of fiscal reports is enhanced.** PFTAC TA will focus on countries that are expected to continue accounting and reporting reforms during FY2018. In general, TA aims to improve financial data integrity (PEFA PI-26), and align accounting practices to international standards (PEFA PI-28). For FY2018, the specific objectives are assist countries to:
 - **Fiji:** Develop skills of line ministries in preparing financial reports to management, as well as financial statements consistent with international public sector accounting standards (IPSAS-cash); improve the accounting and reporting procedures according to the new accounting policies that were developed in FY2017, on key financial assets and liabilities, and grant expenditures;
 - **Nauru:** Adopt and start implementing IPSAS-cash in reporting the financial statements;
 - **PNG:** Adopt and start implementing IPSAS-cash in preparing the financial statements;
 - **Samoa:** Comply fully with the remaining IPSAS-cash requirements, and improve the accounting procedures and reporting of financial assets and liabilities;
 - **Solomon Islands:** Adopt and start implementing IPSAS-cash in reporting the financial statements;
 - **Tonga:** Comply with IPSAS-cash in reporting the financial statements; and

- **Vanuatu:** Develop an accounting manual and train the staff towards improving the transparency and timeliness of the financial statements.

5. *Improve integration of asset and liability management framework*

- **Cash flow forecasts for all of central government are more accurate and timely:** Follow-up TA for FY2018 is planned for [Samoa](#) and [Solomon Islands](#) to improve capacity on cash flow forecasting, planning, and monitoring, a requirement under PEFA PI-21 (predictability of in-year resource allocation). A second objective for [Solomon Islands](#) is to finalize and implement the new Cash Management Regulations that was drafted in 2016.

6. *Strengthen identification, monitoring and management of fiscal risks*

- **Central fiscal oversight and analysis of public corporations.** A [sub-regional seminar](#) is planned in FY2018 to promote sharing of ideas and good practices in oversight of SOE's in [at least 6 countries](#). Priority participants will be countries whose latest PEFA rating in PI-9/10/1 (fiscal risks reporting) were on scale of C and D. In addition, TA will continue for [Samoa](#) to improve the monitoring, reporting, and fiscal oversight of the different categories of SOEs.
- **Disclosure and management of contingent liabilities and other specific fiscal risks.** As part of [Fiji's](#) reporting reform, TA is planned to develop a framework for assessing contingent liabilities, as well as other fiscal risks that may arise from SOEs. After this activity, the government is expected to regularly compile and analyze SOEs' financial indicators as basis for recording highly probable risks as contingent liabilities, and considering them in the annual fiscal policy framework, and debt management strategy. [Niue](#) has also indicated interest in this area. In response to [Niue's](#) request, a scoping mission that will lead to further activities to improve the monitoring of fiscal risks shall be conducted.

Revenue Administration

86. **As in FY2017, PFTAC's FY2018 work plan will be guided by the view that a major goal of a revenue administration is to promote voluntary compliance.** PFTAC's efforts over the last few years have highlighted the need to understand concepts of risk and compliance management and the importance of achieving a balance between service and enforcement in promoting voluntary compliance. PFTAC, accepting that adopting this approach requires a change in mindsets and will take time, will continue to facilitate change in this direction which is strongly supported by FAD's RBM framework, which will focus on:

- **Strengthening revenue administration management and governance arrangements.** FY2018 will focus on assisting PICs: (a) developing reform strategies and implementation frameworks; (b) improving organizational arrangements to enable the more effective delivery of strategy and reforms; and (c) better managing compliance through effective risk management.
- **Strengthening core tax administration functions.** PFTAC will continue to build capability across: (a) improving the integrity of taxpayer registration data bases; (b) improving taxpayer services to promote voluntary compliance; (c) building capability to facilitate on-time filing of tax returns; (d)

building capability to strengthen on time payment of taxes and the management of tax arrears; and (e) improving audit capability.

- **Support for regional activities.** PFTAC will continue supporting PITAA to become a respected regional tax administration association. The formal establishment of PITAA and the creation of a permanent secretariat provides an opportunity for an active regional program which PFTAC will support through funding training programs, conferences and facilitating regional knowledge sharing. PFTAC, which assisted PITAA in the design of a strategic plan, will also provide advice and expertise in stimulating regional capacity building and the development of training material and trainers.

PFTAC's Revenue Administration CD plan FY2018

87. PFTAC's CD strategy for revenue administration FY2018 largely represents a continuation of technical assistance activities which commenced during FY2017. Although most PICs are continuing to make progress in tax reform broad scope still remains to improve efficiencies, streamline and simplify tax systems. The complexity and difficulty of tax reform calls for a continued focus and commitment from governments to support what potentially could take many years to achieve.

88. TA and training will continue to employ a variety of delivery methods:

- TA on revenue administration provided to member countries by the resident advisor and STX. As in recent years, a high proportion of such TA will be provided by STX, managed and backstopped by the resident advisor and HQ staff;
- Regional, sub-regional, and country-specific training workshops will be provided by the resident advisor, STX, and HQ staff; often in conjunction with PITAA, OCO, or development partners.

89. Box 9 provides a high level overview of the focus of TA and training in FY2018.

Box 9. Focus of PFTAC Revenue Administration Technical Assistance Plan in FY2018		
RBM Objective	RBM Description	Countries
1. Strengthen Revenue Administration and Governance arrangements	1.1 Reform strategy and implementation governance framework adopted and institutionalized.	RMI, FSM, RMI, Palau, Vanuatu.
	1.2 Organizational arrangements enable more effective delivery of strategy and reforms.	Kiribati, Niue, Palau, Tuvalu, Vanuatu.
	1.5 Corporate priorities and compliance better managed through effective risk management.	Fiji, Kiribati, Samoa, Tuvalu, Vanuatu.
2. Strengthen Core Tax Administration Functions	2.1 Integrity of the registered taxpayer base strengthened.	Kiribati, RMI, PNG.
	2.2 Taxpayer services initiatives to support voluntary compliance strengthened.	Fiji, Kiribati, RMI, PNG, Niue, Palau.
	2.3 Larger proportion of taxpayers meet their filing obligations as required by law.	Fiji, RMI, PNG, WSM, Tonga, Vanuatu.

Box 9. Focus of PFTAC Revenue Administration Technical Assistance Plan in FY2018		
	2.4 Larger proportion of taxpayers meet their payment obligations as required by law.	RMI, FSM, PNG, Tonga, Vanuatu.
	2.5 Audit and other verification programs more effectively ensure completeness and accuracy of reporting.	Fiji, Kiribati, RMI, FSM, PNG, Samoa.
3. Regional activities (under the umbrella of PITAA)	VAT fraud workshop.	
	Workshop on modern revenue administration for senior management.	
	Management training for the audit function.	
	Management training for improving efficiencies in return and debt management.	
	Interpretation and analysis of corporate financial statements.	

90. **Improving on-time filing (RBM 2.3) is increasingly becoming a top priority and needs to be formally adopted as a deliverable under PFTAC's Phase V Program Document.** Filing compliance trends across most PIC's reflect potential for improvement that could be addressed through improved business processes and a more stringent application of sanctions when a taxpayer fails to comply. Expanding PFTAC's RBM framework to include this objective would further strengthen compliance management across PICs.

91. **PFTAC will continue to promote the use of the ISORA and the TADAT,** which are important tools aimed at strengthening tax administration systems and domestic revenue mobilization.

Financial Sector Supervision

92. **Risk-based supervision frameworks are being developed and implemented across the region with supervisors targeting on-site bank examinations to risk and utilizing, in various forms, risk rating models and supervisory action planning processes.** Risk-based supervision frameworks can generally be divided into four component parts: regulatory framework; risk identification and assessment; risk rating; and supervisory action planning. It is important for the effectiveness and efficiency of supervision that each component part is comprehensively developed, and the components work together to produce an appropriate supervisory response to identified risk.

93. **PFTAC is planning 17 technical assistance missions and three regional workshops in FY2018, with a large part of the missions focusing on assisting regional supervisors improve the effectiveness and efficiency of their supervision frameworks.** This proposed work aims to assist the supervisory authorities to commence a supervision framework enhancement program by developing a supervision framework enhancement strategy and medium term technical assistance plan. Upon development of the strategy and plan, PFTAC will assist in implementing the enhancement program, with cooperation and assistance from other development partners where appropriate and available. These missions' initial tasks aim to:

- Identify structural weaknesses and gaps in supervision framework i.e. prudential standards covering all key risk areas, risk rating model in place, supervisory action planning process;
- Assess quality (identify weaknesses) of infrastructure i.e. prudential standards not providing sufficient coverage within each key risk area, risk rating model is only qualitative or does not

have a rating characteristic framework guidance, supervisory action planning not focused on key identified risks;

- Assess ability of supervisory staff to implement framework (skills and experience - training and capacity needs);
- Assess efficiency of the operation of the framework i.e. does a changed risk rating lead to a reassessment of supervisory action, is financial analysis incorporated into an overall risk assessment of institution, are supervisory action plans dynamic documents;
- Develop supervision framework enhancement strategy based on assessment; and
- Establish multi-year technical assistance plan based on the assessment.

94. Enhancement of the effectiveness and efficiency of supervision frameworks is the essence of the Financial Sector Supervision Phase V strategic objectives through:

- Strengthened financial sector surveillance through upgrading of regulatory framework in line with international standards; and
- More efficient use of supervisory resources to better oversee key risks in the banking system.

95. As such it is both an opportune and appropriate time for PFTAC to undertake supervision framework diagnostics, in order to provide a current assessment of the effectiveness of supervision frameworks across the region, and establish supervision framework enhancement strategies and multi-year technical assistance plans, in line with the expected outcomes of the Phase V program.

96. PFTAC will also assist with the review and updating of prudential standards suites across the region where requested. As stated above this is a vital component of prudential supervision and an area that PFTAC can provide tangible value to effectiveness of supervision frameworks. These missions will be very hands-on and working directly with supervision departments to develop the structure of proposed prudential standards and the initial drafting.

97. PFTAC regional workshops in FY2018 will focus on regulatory updates (northern sub-region), supervision frameworks (southern sub-region) and supervisory preparedness (AFSPC annual meeting workshop). The planning for all these workshops is in its infancy. However, the northern sub-regional workshop is being planned to focus on reviewing and updating the banking legislation and prudential standards of FSM, Palau, and RMI. The workshop will provide participants with an update on current international best practice banking legislation and prudential standards; require participants to assess their legislation and prudential standards against international best practice; and agree and drafting and development plan with PFTAC. The AFSPC workshop will provide participants with guidance on how to develop and use industry analysis; on how to supervise emerging “fintech” risks; and on operational options in dealing with failed banks. The southern sub-regional workshop for FY2018 will focus on the development of a risk-based supervision component.

98. PFTAC will also deliver TA in non-bank financial institution supervision. A number of member countries have requested TA in the supervision of non-bank financial institutions, including insurance. Whilst PFTAC has not traditionally provided assistance in these areas, the Phase V program specifically

includes a focus on strengthening the legislative and supervision frameworks for these sectors, in recognition of their importance to financial system stability and financial inclusion.

Macroeconomic Statistics

National accounts and external sector statistics

99. PFTAC will continue to assist member countries in compiling and improving national accounts statistics with a focus on rebasing constant price estimates, developing additional measures of GDP, improving existing methodologies and the provision of tailored training and workshops. We will also fund two ESS missions to continue the most essential work following the end of the JSA1 project to improve source data use, bring methods closer to *BPM6* and make ESS and GDP compilation more consistent. In addition, there has been a universal recognition across development partners that dissemination requires significant improvement and so work will be undertaken to understand and overcome the barriers member countries face. These key objectives align with the new IMF RBM framework that was designed to better monitor statistical support provided in the Pacific region. These objectives and related milestones—common to all regional TA centers around the world—are shown in the RBM framework tables in Annex V.

- **Regular rebases of constant price GDP estimates (RBM objective 4.1) are essential to maintain an accurate measure of the economy as new activities develop and relative prices change.** PFTAC recommends rebasing national accounts statistics in constant prices ideally every five years and no more than ten. During FY2017 work already begun will be continued in several countries in the region including the [Cook Islands](#), [Fiji](#), [Samoa](#) and the [Solomon Islands](#) and rebasing plans and work are now due in [Kiribati](#), [Nauru](#), [Tuvalu](#) and [Vanuatu](#). Rebasing requires both the appropriate utilization of detailed new source data from HIESs, censuses and other irregular collections and a comprehensive review and update of existing methods. Due to limited local resources, efforts will be made to ensure rebasing tasks do not fall behind due to the demands of other major activities such as population censuses. This work will enable most countries to keep rating high against the milestones for this RBM objective.
- **Developing additional measures of GDP is another area of development for countries where data sources are suitable (RBM objectives 5.1; 12.1).** The compilation of quarterly GDP estimates enables a better short-term tracking of the state of the economy leading to improved and timelier decision-making. This has been a particular focus of IMF and PFTAC TA in recent years. Currently two countries, the [Cook Islands](#) and [Samoa](#) regularly compile quarterly estimates of GDP, while [Fiji](#) is close to doing so and [Tonga](#) has the right data to support this development. In [Kiribati](#) and [Samoa](#), PFTAC will continue to assist in developing internal estimates of GDP by expenditure, though where rebasing is now due this should take precedence.
- **Another key area of assistance remains the improvement of methodologies and data sources (RBM objectives 4.1; 10.1-3) in all countries.** This involves improving the coverage, quality and timeliness of national accounts and ESS statistics. In many countries, existing data collections do not accurately capture true economic activity and corrective adjustments are out-of-date. PFTAC will continue to push for the greater use of tax and other administrative data to support or replace these sources in GDP. While administrative data often requires careful work to account for

differences in concepts and timing, it tends to offer far superior coverage, consistency and—in the case of VAT—frequency. When combined with more robust annual income tax data, VAT data. PFTAC will look to refine existing usage in the [Cook Islands](#), [Fiji](#), [PNG](#), [Samoa](#) and [Vanuatu](#) as well as working to implement usage in Tonga and Tuvalu; some gains may also be possible in [Nauru](#) if sufficient data become available from the new tax environment. A sub-focus will also look to update and align various common models required to estimate, e.g. areas of agriculture and imputed rental.

- **Dissemination improvements will receive higher attention in FY2018, which often go hand-in-hand with capacity supplementation (RBM objective 18.1).** Much of regional development partners' recent focus has been on developing sources and methods, but there is now clear evidence that much of this work has not achieved its ultimate goal of reaching the public domain. Even for many core economic statistics, including GDP, ESS and prices, local NSOs have been unsuccessful in either completing or publishing regular releases on their websites, and further in providing agreed data to the IMF (via the enhanced general data dissemination system, or 'eGDDS') and other international agencies, leaving users unaware of the extent of completed time series. For the smallest NSOs, PFTAC will continue to assist directly in GDP and ESS compilation tasks, though as before will involve local staff so that they pick up the right skills along the way. For estimates that are complete but remain internal, it is hoped that specific inter-agency TA will be able to resolve many of the issues in FY2018 and identify sustainable solutions.
- **In-country, hands-on training will be supported by two multi-sector, themed workshops in FY2018 (RBM objective 3.1).** Following the recent success of the combined GDP compilation and forecasting workshop, PFTAC will use this format to reach a wider audience on a wider range of issues while improving cost-effectiveness. A sub-regional course will continue to be conducted for countries from the Northern Pacific ([FSM](#), [Palau](#), and [RMI](#)) while a large, sub-regional workshop for other PFTAC members will be held in a suitable Melanesian location. However, country-specific TA will still represent the bulk of PFTAC's GDP and ESS support, to be provided while on mission and, to a lesser degree, remotely.

100. PFTAC will lead on a new approach to TA coordination in the region, as well as continuing to participate in the PSSC and other multilateral meetings (to support all RBM objectives). PFTAC will initially lead on administering the PESTAC coordination mechanism for FY2018, acting as the manager of the shared, online calendar and identifying overlaps as well as gaps in TA provision to other group members. The group will function independently of development partners and NSOs but will provide updates at least on an annual basis.

Government finance statistics

101. PFTAC appointed a second resident statistic advisor in March 2017, specializing in GFS. The advisor will continue to assist member countries in compiling and improving GFS. TA and advice aim at strengthening the compilation and dissemination of GFS for decision making based on data compiled according to the IMF *GFSM 2014*, the relevant internationally accepted statistical standard. The GFS Resident Advisor's work will cover developing and improving statistical infrastructure, source data, serviceability and metadata. Progress will be monitored across countries against each RBM objective

according to the detailed and harmonized milestones developed by PFTAC. These objectives and related milestones are shown in the RBM framework tables in Annex V.

- **Compilation and dissemination of GFS using concepts and definitions outlined in the *GFSM 2014* (RBM objective 4.1).** In FY2018 TA will be provided to countries who have not yet fully migrated from the *GFSM 2001* or have not yet adopted the guidelines provided through the updated *GFSM 2014*. [Nauru](#) as a new member country of the IMF will benefit from TA. Countries, such as [Tuvalu](#) and [Tonga](#), which received limited TA under the JSA1 project will be able to move forward and make progress in GFS compilation and dissemination.
- **GFS is compiled for the general government and its subsectors (RBM objective 7.2).** Assistance in FY2018 will focus on starting to compile a GFS time series for the rest of the general government for PFTAC members which are already producing annual GFS for the budgetary central government. In the [FSM](#), [Palau](#), and [RMI](#) efforts will be concentrated on the improvement, refinement and finalization of issues in preparation of general government consolidation.
- **Data are compiled and disseminated using appropriate statistical techniques, including to deal with data sources, and/or assessment and validation of intermediate data and statistical outputs (RBM objective 9.6).** Collaboration between various disciplines will take place to assist in the financial programming framework as part of the macroeconomic and fiscal framework initiatives in the region. The framework adopts the GFS methodology, which produces internationally comparable fiscal data and are particularly useful for debt sustainability analysis. TA provided will ensure that the national chart of accounts and its linkages to the bridge tables derive appropriate GFS that can be used as input into the financial programming framework.
- **Higher frequency data are compiled and disseminated internally and to the public (RBM objective 12.1).** PFTAC in collaboration with its member countries will explore if adequate source data are readily available enabling the compilation of GFS for budgetary central government operations on a quarterly basis.

102. Regional and sub-regional GFS training workshops are planned for FY2018. However, country-specific TA will still represent most of PFTAC's support with advisory in-country missions and remote support.

Macroeconomic Programming and Analysis

103. TA and training in FY2018 will continue to focus on developing and supporting the use of quantitative tools. Strengthening the capacity of staff at the central banks and ministries of finance to evaluate macroeconomic performance, identify vulnerabilities, prepare policy scenarios, and evaluate the sustainability of policies will remain the principal objective of the program. Macroeconomic programming frameworks have been developed in [Cook Islands](#), [Fiji](#), [RMI](#), [PNG](#), [Samoa](#), [Solomon Islands](#), [Tonga](#), and [Vanuatu](#). They are a useful empirical tool for the analysis of economic developments and will be enhanced further to undertake medium-term projections, debt sustainability and external vulnerability assessments.

104. Macroeconomic programming frameworks will take a longer time frame into account. This will require expanding the projection horizon in the [PNG](#), [Samoa](#), and [Solomon Islands](#) frameworks. Medium-term projections are important for maintaining macro-financial stability and prudent fiscal management. Government spending often involves multi-year programs and projects requiring medium-term fiscal planning and accurate forecasts of public expenditures and revenue collections. Medium-term fiscal planning is critical to deliver quality public goods and services, productive government investments, better maintenance of public assets, and building greater resilience to shocks including natural disasters.

105. PFTAC TA will assist countries in modifying and adapting macroeconomic programming frameworks for policy analysis, as well as developing methodology to forecast key economic variables that underlie frameworks. The emphasis will be on practical applications and learning by doing. A key advantage of programming frameworks is that they are flexible—they can be adapted and modified to users' needs. Developing these tools, the strategy is to construct a core framework that is consistent with the financial programming frameworks used by the IMF, built around the key macroeconomic data sources, the main linkages in the economy, and the monitoring and forecasting processes of institutions. Core frameworks can be modified and adapted for particular policy analysis scenarios, e.g. to evaluate revenue reform options in Vanuatu. Having a sound understanding of the macroeconomic and fiscal linkages and the channels in a macroeconomic programming framework is therefore crucial.

106. In countries with advanced macroeconomic programming frameworks macro-financial stability indicators will be developed. Countries with advanced frameworks include [Cook Islands](#), [Fiji](#), where some financial stability indicators are already included, [Samoa](#), [Solomon Islands](#), [Tonga](#), and [Vanuatu](#). Different financial institutions operate in countries, e.g. commercial banks, development banks, provident funds, insurance companies, credit unions, micro finance lenders, but knowledge of their relative contribution to financial intermediation and their importance in the economy is limited. PFTAC TA will assist members compile and construct indicators to monitor macroeconomic and financial stability.

107. To support regional sharing of knowledge, experiences, resources, and best practices PFTAC will facilitate a sub-regional workshop on macroeconomic analysis and programming frameworks. All countries' macroeconomic programming frameworks, while having the same core structure, have unique features and characteristics. A key objective of the workshop will be to encourage greater collaboration between institutions in the region in capacity building and analysis of common macroeconomic issues.

108. Demographic changes are at the forefront of macroeconomic management challenges in the Pacific region. Some countries are experiencing high and rising birth rates, while others face large outward migration, internal migration to larger islands, and population ageing. Furthermore, the incidence of non-communicable diseases (NCDs) is increasing in many countries. TA and training will develop tools and methodologies for evaluating and managing the fiscal risks of changing demographics. In countries that have a macroeconomic programming framework ([Cook Islands](#), [Fiji](#), [RMI](#), [PNG](#), [Samoa](#), [Solomon Islands](#), [Tonga](#), and [Vanuatu](#)) population projections from the UN and/or SPC will be incorporated into those frameworks to enhance medium-term fiscal planning and budgeting. For PFTAC's other members, TA and training will be tailored and delivered according to needs.

109. Governments need revenue to finance the provision of essential public goods and services, such as healthcare, education, and infrastructure. Work will continue to enhance tax revenue forecasting in [Samoa](#), [Tonga](#), and [Vanuatu](#) including to quantify the effects of tax expenditures (i.e. tax reliefs, tax subsidies, tax incentives, tax aids, tax concessions). The focus is on complementing the top-down revenue forecasts by ministries of finance based on economic projections with bottom-up forecasts that make use of the internal knowledge on tax trends, including on compliance improvement and risk management activities, by tax administrations and more use of individual taxpayer data.

110. TA and training will develop tools and methodologies for forecasting fishing revenues which present a significant source of funds for several governments in the region. Members of the Parties to the Nauru Agreement (PNA), who include [Kiribati](#), [RMI](#), [FSM](#), [Nauru](#), [Palau](#), [PNG](#), [Solomon Islands](#), and [Tuvalu](#), control the world's largest tuna purse seine fishery. As a result of their strong collective approach towards getting the value for their natural "renewable" resource in fish stocks, countries in the Pacific now receive a fairer distribution from the value chain (in financial terms) from their "ownership" of the stocks. Careful management of the fishery to ensure that it is not depleted should see that resource continuing to provide a sustainable source of income and ongoing revenues over the medium term. Prudent fiscal management will be critical to improve the welfare and living standards of current and future generations. In FY2018 PFTAC will host a workshop with participants from PNA member countries and other countries with significant fishing revenues to develop tools and methodologies to forecast and manage fishing revenues.

111. Enhancing the compilation and forecasting of GDP remains a high priority. A further workshop on *Compiling and Forecasting GDP* is planned for participants from the statistics offices, the ministries of finance, and the tax offices of [Cook Islands](#), [Kiribati](#), [Nauru](#), [Niue](#), [Timor-Leste](#), [Tokelau](#), and [Tuvalu](#) to increase inter-disciplinary knowledge sharing and pooled use of data and economic and statistical expertise. Moreover, PFTAC will collaborate with ICD and the STI to better tailor capacity development activities to the data and resources available in Pacific countries. The ICD and STI training events and online courses are an important complement to PFTAC TA.

ANNEX I: THE IMF REGIONAL TECHNICAL ASSISTANCE CENTERS (RTACs)

A. General Information on RTACs

Ten Regional Technical Assistance Centers (RTACs) in the Pacific, South Asia, the Caribbean, Africa, the Middle East, and Central America help countries strengthen human and institutional capacity to design and implement sound macroeconomic policies that promote growth and reduce poverty.

RTACs combine local expertise and on-the-ground capacity building with strategic advice from IMF headquarters. All technical assistance (TA) and training is integrated into the IMF's lending and surveillance operations, and coordinated with other IMF TA as well as that of other providers. All TA is backstopped by IMF headquarters, ensuring quality and consistency of policy advice.

B. RTACs' Key Areas of Work and Delivery Modes

RTACs host a team of long-term resident advisors who assist countries in implementing their reform programs. The composition of competencies is tailored to the specific needs of the region and may include: public finance management, medium-term expenditure frameworks, tax and customs policy and administration, revenue administration, debt management, financial sector supervision and regulation, financial sector development, capital market development, monetary policy and operations, economic and financial statistics, national accounts and price statistics, financial programming, and training in macroeconomics. The work of the resident advisors is supported by short-term experts (STX), including in areas that require specialized knowledge. Other delivery modalities include workshops and seminars, courses on key macroeconomic issues in collaboration with the IMF Institute, as well as short-term professional attachments.

C. RTACs' Regional Approach

The IMF's regional approach to technical assistance and training allows for better tailoring of assistance to the particular needs of a region, closer coordination with other assistance providers, and enhanced ability to respond quickly to emerging needs.

RTACs possess a deep institutional knowledge of their countries and region, including cross-cutting and regional integration issues, and are both using and building local expertise. Given the resident advisors' close physical proximity, they can respond promptly to urgent capacity development (CD) requests, and are in frequent contact with the member countries which they travel regularly.

D. RTACs' Governance Structure and Operational Arrangements

RTACs are governed by Steering Committees (SC) composed of representatives of member countries, donor partners and the IMF. This governance structure has proven highly successful as it builds stakeholder ownership of work programs, facilitates peer review and networking, and provides a platform for donor coordination.

CD needs are identified and prioritized by the countries' authorities in cooperation with area and CD departments at IMF headquarters and the respective RTAC. The work plans are endorsed by the Steering Committee.

The day-to-day management of the RTAC falls into the responsibility of the center coordinator who is an IMF staff member. The RTAC's professional staff (resident advisors and STX) are recruited, supervised, and backstopped by the IMF, ensuring quality and consistency of policy advice.

E. Existing RTACs

The **Pacific Financial Technical Assistance Center** (PFTAC) was established in Suva, Fiji, in 1993 and now serves 16 PICs and territories, including the Cook Islands, FSM, Fiji, Kiribati, Nauru, Niue, Palau, Papua New Guinea, RMI, Samoa, Solomon Islands, Timor-Leste, Tokelau, Tonga, Tuvalu, and Vanuatu. The Phase V program cycle is funded by the ADB, Australia, the European Union, Korea, New Zealand, and the IMF. The recipient countries have committed to contribute 10 percent of the program cycles' operating costs, and a number of Letters of Understanding have been signed.

The **South Asia Regional Training and Technical Assistance Center** (SARTTAC) was established in Delhi, India, in 2016 and will start operations in 2017. It will be the first center that fully integrates training and technical assistance. It serves Bangladesh, Bhutan, India, Maldives, Nepal, and Sri Lanka. Its program cycle is funded by India, Korea, Australia, and the European Union. In addition, there are ongoing funding discussions with Bangladesh, Sri Lanka, Nepal, and the United Kingdom.

The **Caribbean Regional Technical Assistance Center** (CARTAC) was established in Bridgetown, Barbados in 2001. It serves 20 Caribbean island countries and territories, including Anguilla, Antigua and Barbuda, Bahamas, Barbados, Belize, Bermuda, British Virgin Islands, Cayman Islands, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago, and Turks and Caicos. Its current program cycle is funded by Canada, the European Union, the IMF, the United Kingdom, the host country Barbados, and member countries.

The **African Regional Technical Assistance Centers** (AFRITACs) are part of the IMF's Africa Capacity-Building Initiative, launched in May 2002. Responding to calls from African leaders, including under the New Partnership for Africa's Development (NEPAD), the Initiative promotes strengthening the capacity of African countries to design and implement their poverty-reducing strategies, as well as to improve the coordination of capacity-building technical assistance in the Poverty Reduction Strategy Paper (PRSP) process. As part of the Initiative, five African Regional Technical Assistance Centers (AFRITACs) have been established:

AFRITAC East was opened in Dar es Salaam, Tanzania, in 2002, now serves seven countries in East Africa (Eritrea, Ethiopia, Kenya, Malawi, Rwanda, Tanzania, and Uganda).

AFRITAC West was opened in Bamako, Mali, in 2003 and moved to Abidjan, Côte d'Ivoire, in mid-2012 to serve ten countries in West Africa (Benin, Burkina Faso, Côte d'Ivoire, Guinea, Guinea-Bissau, Mali, Mauritania, Niger, Senegal, and Togo).

AFRITAC Central was opened in Libreville, Gabon, in 2007, to serve Burundi, Cameroon, Central African Republic, Chad, Democratic Republic of the Congo, Equatorial Guinea, Gabon, Republic of Congo, and São Tomé and Príncipe.

AFRITAC South was opened in Port Louis, Mauritius, in June 2011, to serve 13 countries in Southern Africa (Angola, Botswana, Comoros, Lesotho, Madagascar, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Zambia, and Zimbabwe).

AFRITAC West 2, based in Accra, Ghana, started operations in December 2013, covering the non-francophone countries from the Economic Community of West African States (ECOWAS) that are not served by the current AFRITAC West: Cape Verde, The Gambia, Ghana, Liberia, Nigeria, and Sierra Leone.

The AFRITACs are financed by contributions from a number of donor partners, the IMF, as well as host and member countries. Current donor partners include the African Development Bank, Australia, Brazil, Canada, China, the European Investment Bank, the European Union, France, Germany, Italy, Kuwait, Luxembourg, the Netherlands, Switzerland, and the United Kingdom.

The **Middle East Regional Technical Assistance Center** (METAC) was established in Beirut, Lebanon, in 2004 to serve ten countries/territories in the Middle East: Afghanistan, Egypt, Iraq, Jordan, Lebanon, Libya, Sudan, Syria, West Bank and Gaza, and Yemen. METAC's main objective is to strengthen capacities for effective macroeconomic and financial management in the region, and to support the region's integration into the world economy. A particular focus is to help post-conflict countries in the region achieve macroeconomic stability and develop basic institutions for policymaking. METAC is designed to enhance coordination among development partners and to promote effective implementation of economic initiatives within the Middle East region. METAC's current program cycle is financed by contributions from France, Germany, the IMF, the Netherlands, Switzerland, the host country Lebanon, and member countries.

The **Central America, Panama and the Dominican Republic Regional Technical Assistance Center** (CAPTAC-DR) started operations in May 2009 in Guatemala. It serves Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, and Panama. The center's technical assistance is focused on financial sector supervision, tax and customs administration, medium-term expenditure frameworks and PFM, money markets, and macroeconomic statistics. Improved institutions and increased regional integration are the objectives. The center's new program phase is currently funded by the European Union, Mexico, Luxembourg, Canada, the IMF, the host country Guatemala, and member countries. Negotiations with other donor partners of Phase I (Germany the Inter-American Development Bank) as well as potential new donor partners are ongoing.

ANNEX II: PFTAC STAFF

The Center is managed by a Coordinator and comprises seven resident advisors and four local administrative staff. PFTAC also employs STX from the region and the IMF roster of experts. Below are short background notes on all the staff who worked at PFTAC during FY2017.

DAVID KLOEDEN, PFTAC COORDINATOR (SINCE FEBRUARY 2017)

David joined PFTAC in February 2017. David is an Australian national, and prior to coming to PFTAC served as Coordinator of CARTAC – the IMF’s Caribbean Regional Technical Assistance Center based in Barbados. With 20+ years as an IMF tax administration specialist, he has extensive Domestic Revenue Mobilization experience. He is a CPA, has an undergraduate degree in information technology and post graduate degrees respectively in financial management, tax law, and economics.



IRIS CLAUS, MACROECONOMIC ADVISOR

Iris joined PFTAC in February 2015. Iris has dual German and Canadian nationality. Before joining PFTAC she held policy and research positions at the Asian Development Bank, the New Zealand Inland Revenue, the New Zealand Treasury, the Reserve Bank of New Zealand, and the Bank of Canada. She is on the editorial boards of the *Journal of Economic Surveys* and *Asian Economic Papers* and is a Senior Fellow at the University of Waikato, New Zealand.



BAREND DE LA BEER, GOVERNMENT FINANCE STATISTICS ADVISOR

Barend joined PFTAC in March 2017. Barend is South African but becoming a New Zealander. Many PFTAC members will already be familiar with Barend, as he has been working with the IMF as an STX in the Japanese-sponsored project on GFS capacity building in the Pacific since 2013. Previously, Barend worked as a senior financial analyst with the Auckland Council, and, from 1997-2011, with the National Treasury of South Africa.



RON HACKETT, PUBLIC FINANCIAL MANAGEMENT ADVISOR

Ron joined PFTAC in July 2011. Ron is American and served for many years as a financial manager in the Minnesota State Government. Later he provided advice to many countries in the Middle East and Africa before joining PFTAC. Ron’s term at PFTAC ended in July 2016.



CHITA MARZAN, PUBLIC FINANCIAL MANAGEMENT ADVISOR

Chita joined PFTAC in September 2014. Chita is a Filipina, and served in senior positions in financial and budget management in the Philippines government during the first part of her career. Subsequently she worked as a PFM adviser with the UNDP in Rwanda and Bangladesh before joining the IMF Fiscal Affairs Department as a PFM technical adviser.

**SCOTT ROGER, PFTAC COORDINATOR (UNTIL JANUARY 2017)**

Scott joined PFTAC in January 2013. Scott is a Canadian and New Zealander, and served in the Bank of Canada, the Reserve Bank of New Zealand and at the Bank for International Settlements before joining the IMF. At the IMF he served in the Asia and Pacific Department and the Monetary and Capital Markets Departments and, most recently, in the IMF European Office. Scott's term at PFTAC ended in January 2017.

**PIERRE SÉGUIN, FINANCIAL SECTOR SUPERVISION ADVISOR**

Pierre Séguin joined PFTAC in July 2013. Pierre is Canadian and has over 30 years' experience in financial sector regulation in the Ontario Ministry of Financial Institutions, as a Senior Inspector, the Canadian government, and as a technical advisor in Asia, Africa and the Caribbean. Pierre's term at PFTAC ended in June 2016.

**STAN SHROSBREE, REVENUE ADMINISTRATION ADVISOR**

Stan joined PFTAC in June 2014. Stan is South African and started his career in the South African Revenue Services before joining the IRD in New Zealand. He later served as Advisor to the Directorate General Taxation in Indonesia. Since joining the IMF in 2006, he has been involved in tax reform initiatives in South Eastern Europe.

**BEN STEFANOU, FINANCIAL SECTOR SUPERVISION ADVISOR**

Ben joined PFTAC in July 2016, and is an Australian national. Ben has extensive experience both as a bank supervisor with APRA, the Australian bank regulator, and working in the commercial banking sector. More recently, he has worked with the IMF as a TA advisor in the Caribbean.



RICHARD WILD, NATIONAL ACCOUNTS STATISTICS ADVISOR

Richard joined PFTAC in January 2016. A British national, Richard began his career as a macroeconomic researcher at Cardiff University, Wales, before working as an economist for the UK Office for National Statistics, specializing in the national accounts. Prior to joining PFTAC, Richard worked for the IMF as a short-term expert.

**RICHARD NEVES, PUBLIC FINANCIAL MANAGEMENT ADVISOR**

Joined PFTAC in October 2016. Richard is an Australian who has worked in the budget areas of the Australian Department of Finance and the ACT Treasury. Richard has also worked in Timor Leste for five years as the lead budget advisor and was the Cook Islands Financial Secretary from 2011 to 2015.

**RUSILA BITUWAQA, TEAM ASSISTANT**

Rusila is PFTAC's receptionist and is also responsible for PFTAC travel arrangements and assists with accounting, security and conference logistics. She has a Diploma in Business Accounting from FIT.

**ELENOA BOGIWALU, SENIOR INFORMATION ASSISTANT**

Elenoa is responsible for the general administration of the Centre, including mission documentation, IT systems, external communications and publications. She worked previously at the RBF and the ILO.

**JOSAIA NAKETE, LOGISTICS ASSISTANT**

Josaia Nakete joined PFTAC in December 2015, and supports the administration of travel and payment processing, mission documentation and manages PFTAC security arrangements. Previously he spent nine years with the Government of Fiji, including seven years with Fijian Elections Office, and more recently with the Ministry of Finance.



MARIA NINA SAMUELA, SENIOR OPERATIONS ASSISTANT

Nina is responsible for accounting and payments and coordinating travel and seminar arrangements. She has been working for the Centre since 1993. Prior to this, she worked in the travel industry and with USAID.



ANNEX III: PFTAC RESULTS-BASED MANAGEMENT LOGICAL FRAMEWORK FY2017

Public Financial Management Logical Framework FY2017

Measurable Outcome	Country	Progress against Milestone as at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
1.0 Improved PFM laws and institutions						
1.1 More comprehensive legal frameworks covering all stages of the PFM cycle are enacted <i>Government approves changes to legal frameworks or financial instructions in order to achieve PFM in line with recognized good international practices.</i>						
	Fiji	Deferred	Develop amended Financial Instructions based on amended PFM Act	---		Deferred to FY18, Proposed PFM Act amendment to the PFM Act has been submitted by the Ministry of Economy to National Parliament.
	Nauru	3	Revise Financial Instructions	STX:35	Completed set of Financial Instructions for approval by the Government.	Commenced in Nov-16, is expected to be completed by Mar-17.
	Solomon Islands	Deferred	Develop Financial Instructions on Constituency Fund and review of other draft instructions	---	Cash management regulations prepared by PFTAC for inclusion in the new Finance Instructions were adopted.	Deferred to FY18; The authorities are drafting the relevant sections for further review.

¹ Ratings defined as follows: 1= Very limited progress towards objective; 2= Some progress towards objective; 3= Substantial progress towards objective; 4= Objective largely or fully achieved.

² These are in accordance with the IMF-prescribed Results-based Management framework for PFM Technical Assistance Programs.

Public Financial Management Logical Framework FY2017

Measurable Outcome	Country	Progress against Milestone as at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
1.2 The capacity of ministries of finance to meet the PFM responsibilities are enhanced						
<i>At least 1 PEFA assessment conducted in each PFTAC country during the funding cycle with significant country staff involvement and ownership involvement and ownership. Priority Reform road maps developed with significant involvement and ownership by country officials following each PEFA assessment, including support to high-level dialogue</i>						
	FSM	4	Support to PEFA self-assessment & Roadmap Development	LTX: 28 STX: 14	Completed PEFA self-assessment.	Drafting of Roadmap by the authorities is ongoing.
	Kiribati	Deferred	Support to PEFA self-assessment & Roadmap Development	----		Deferred to May-17
	RMI	1	Familiarization visit to update on progress of PFM reforms.	LTX: 5	Familiarization visit in Feb-17 to provide updates on TA plans and priorities. Further activity also in RBM 2.3 continuing support on medium term fiscal and budget reform.	Combined with a trip to Palau in Feb-17
	Nauru	4	Support to PEFA self-assessment	LTX: 12 STX: 24	Completed PEFA self-assessment.	PEFA assessment was conducted in mid of August, 2016. Drafting of Roadmap by the authorities is ongoing.
	Palau	1	Familiarization visit to update on progress of PFM reforms	LTX: 3	Familiarization visit in Feb-17 to provide updates on TA plans and priorities.	Combined with RMI mission.
	PNG	4	Familiarization visit to update on progress of PFM reforms	LTX: 3	Familiarization visit in Oct-16 provided updates on achievements and new TA plans for PNG.	

Public Financial Management Logical Framework FY2017

Measurable Outcome	Country	Progress against Milestone as at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
	Vanuatu	4	Review PFM Reform Roadmap	LTX: 5	Draft PFM Roadmap developed with support of PFTAC in Oct-16.	The Ministry of Finance will seek Cabinet approval for the roadmap.
1.3 Enhanced regional coordination						
	Regional	3	Support to Steering Committee meeting	LTX:12	Scheduled for Mar 17 activities. PFM work plan for FY18 approved as planned.	Steering committee will have a day for panel discussions on certain topics of interest to Ministers and higher level officials.
	Regional	4	Strengthen regional coordination	LTX: 3	PFTAC advisers participated in the World Bank workshop on Fiduciary Management held in Sydney in May-16; an EU workshop in Oct-16, and Friends of Budget Support workshop in Sydney in Nov-16.	This is an ongoing activity and PFTAC will attend these events where considered appropriate.
	Regional	4	Workshop for PFM advisers	LTX: 5	Strengthened coordination with IMF departments, and periodic sharing of ideas and experiences with other PFM advisers, as well as enhanced knowledge of new PFM toolkits.	This activity was organized by Fiscal Affairs Department of IMF Headquarters, which was held from June 26 to July 1, 2016.
2.0 Budget preparation becomes more comprehensive, credible and policy oriented						
2.1 A more credible medium-term macro-fiscal framework is included in budget documentation						
<i>[Note: No activities currently planned in this area]</i>						

Public Financial Management Logical Framework FY2017						
Measurable Outcome	Country	Progress against Milestone as at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
2.2 A more comprehensive and unified annual budget is published						
<i>Budget process shows evidence of a multi-year perspective in fiscal planning, expenditure policy and budgeting.</i>						
	Fiji	3	Continued refinement of budget documents and process	LTX:5	Improvements sustained in the 2016 budget document.	
2.3 A more credible medium-term budget framework is integrated with the annual budget						
<i>Budget process shows evidence of a multi-year perspective in fiscal planning, expenditure policy and budgeting.</i>						
	RMI	3	Support for Development of 2017 Budget & Medium-term Estimates (with Macro Advisor)	LTX: 4	Baseline PEFA Indicator 12.1 (2012) D TA conducted in May to Jun-16 where a fiscal model and template for appropriation schedules were developed. Follow-up TA is planned during Feb - 17 period in conjunction with familiarization for new PFM advisor.	Working with the macro advisor on the Marshall Islands Financial Model (MIFM).
	Regional	2	Sub-regional workshop on incorporating demographic changes into budget processes (with Macro Advisor)- North Pacific	---	Baseline PEFA Indicator 12.1 RMI (2012) D Baseline PEFA Indicator 16.1 FSM (2016 SA) B	Deferred to February 2018.
	Regional	Deferred	Sub-regional (South Pacific) workshop on incorporating demographic changes into budget processes (with Macro Advisor)	---	A presentation on expenditure forecasting was made during the pension workshop in late April 2016.	Tentatively scheduled for the Sep-17

Public Financial Management Logical Framework FY2017

Measurable Outcome	Country	Progress against Milestone as at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
2.4 Information on resources and performance by program is included in budget documentation						
No activities planned						
3.0 Improved budget execution and control						
3.1 Controls over expenditure commitments and payments are strengthened						
<i>Comprehensive expenditure commitment controls are in place and effectively limit commitments to actual cash availability and approved budget allocations</i>						
	Cook Islands	cancelled	Support planning for IFMIS change	----	NA	Originally planned Jan-17; However, a resident consultant engaged by the authorities would be able to do the work, hence no need for TA from PFTAC.
	Kiribati	cancelled	Support planning for IFMIS change	----	NA	Originally planned Apr-17; However, the ADB will provide support instead.
	PNG	4	Review/support IFMS implementation enhancements progress	STX: 17	Last mission was carried out in May-16. Roll-out has significantly progressed with full rollout in central government anticipated by Mar-17	The ongoing rollout of the IFMIS beyond central government will be continued on by the Ministry of Finance with the support of other development partners (particularly EU).
	RMI	Deferred	Develop strategy to improve design of treasury business processes	----	NA	Originally planned April 2017subject to the result of FMIS scoping mission by ADB, which is still ongoing. No TA request anticipated in FY18.
	Tonga	4	Participation in Development Partners Forum on PFM Reforms in Tonga	LTX: 2	This is a periodic meeting of development partners with the government on the joint policy matrix. Most recent forum was held in Jul-16.	The JPM will be continually monitored and updated as agreed. PFTAC will provide assistance where required.

Public Financial Management Logical Framework FY2017

Measurable Outcome	Country	Progress against Milestone as at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
3.2 Risk-based internal audit functions are established in central government						
<i>Internal Audit is operational covering major central government entities, and generally meets international standards</i>						
	Vanuatu	4	Follow-up TA to improve risk-based auditing	STX:18	Baseline PEFA Indicator 21.1 (2015 SA) C. TA was completed in Nov-16. Audit plan and risk assessment framework were improved.	To achieve an improved rating will require implementation of the framework, which PFTAC will assist in development of the manual and subsequent training.
	Regional	4	Workshop to strengthen coordination with PASAI on improving internal and external audit	LTX:6	The workshop in Dec-16 provided training on international standards to participants from seven countries (Internal and external auditors), as well as presenting strategies to improve coordination.	PASAI (external audit) and PFTAC (internal audit) will monitor progress on coordination in those seven countries. The follow up workshop in FY18 will be on internal controls which will focus on internal auditors and accountants.
3.3 Planning, appraisal, selection, and implementation of public investments is improved						
<i>The total cost and physical progress of major investment projects are monitored during implementation by the implementing government unit. There is a high level of compliance with the standard procedures and rules for project implementation that have been put in place. Information on the implementation of major investment projects is published in the budget documents or in other reports annually.</i>						
	Timor-Leste	4	Diagnostic of Public Investment Management	STX: 32	No baseline as 2014 PEFA framework did not include any diagnostics on PIM. This was carried out by IMF HQ. Report was provided to authorities on the outcomes to assist in understanding where procedural processes could be changed to improve effectiveness.	A follow-up visit by PFTAC adviser involved in PIMA is planned in Mar-17 to look at overall TA and coordination with other development partners.

Public Financial Management Logical Framework FY2017

Measurable Outcome	Country	Progress against Milestone as at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
4.0 Improved coverage and quality of fiscal reporting						
4.1 The chart-of-accounts is aligned with international financial reporting standards						
<i>A consolidated government financial statement is prepared annually according to internationally acceptable standards; submitted to external audit within 6 months of fiscal year end, and includes full information on revenue, expenditure and financial assets/liabilities</i>						
	Fiji	2	Improve the Chart of Accounts	STX:21	TA delivered in Feb-17 to develop the economic segment (GFS) in the COA.	Second phase to include functional, administrative and other relevant classifications is planned for FY18.
	Regional	cancelled	Workshop to improve fiscal reporting and Chart of Accounts	----	N/A	Cancelled due to budget limitation. Instead, workshop shall be pursued by each country.
	Tonga	1	Improve the Chart of Accounts	STX:12	Baseline PEFA FA Indicator 5.1 2010 C (2014 SA) A TA scheduled in Mar-17 to develop the economic segment (GFS) in the COA.	Second phase to include functional, administrative and other relevant classifications is planned for FY18.
4.2 Comprehensiveness and quality of fiscal reports is enhanced						
<i>A consolidated government financial statement is prepared annually according to internationally acceptable standards; submitted to external audit within 6 months of fiscal year end, and includes full information on revenue, expenditure and financial assets/liabilities</i>						
	Fiji	4	Improve financial statements presentation according to IPSAS-cash basis	LTX8	As of the 2015 financial statements, Fiji has fully complied with IPSAS-cash requirements.	As per the Fiji roadmap, authorities are now anticipating a move towards IPSAS-accrual which will commence in FY18.

Public Financial Management Logical Framework FY2017

Measurable Outcome	Country	Progress against Milestone as at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
	Fiji	3	Develop accounting policies	LTX:32	In 2016 a General Government Accounting Framework, accounting policies on debt, expense, revenue, and financial assets were drafted for Ministerial approval. Policy on non-financial assets will be developed within Jan to Apr-17.	Approval is anticipated in FY 2018 and this will be required to be in place prior to doing the IPSAS accrual move.
	Samoa	3	Improve accounting and reporting frameworks	LTX:4	PEFA Baseline Indicator 24.3 2010 C; 25.1 2010 C TA conducted in Jul-16 resulted in improvements to the financial statements. The general accounting framework drafted in August 2016 will soon be implemented.	In FY-18 it is expected that the 2016/17 financial statements for Samoa will be in full compliance with IPSAS cash. Authorities have outlined the desire to report on financial assets and liabilities which requires the general accounting framework to be approved.
	Tonga	3	Improve accounting and reporting frameworks	LTX:8	PEFA Baseline Indicator 24.3 2010 A; 24.3 2014 SA A 25.1 2010 C; 25.1 2014 SA A Based on PFTAC mission in Feb-16, gaps were identified. Suggested improvements were implemented in the 2015/16 reports. PTAC also assisted in Jun-16 to draft a general accounting policy framework.	In FY-18 it is expected that the 2016/17 financial statements for Tonga will be in full compliance with IPSAS cash. Authorities have outlined the desire to report on some financial assets and liabilities which requires the general accounting framework to be approved.

Public Financial Management Logical Framework FY2017

Measurable Outcome	Country	Progress against Milestone as at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
4.3 Audited annual financial statements are published and scrutinized by parliament						
<i>Audited financial statements are published within 12 months after reference fiscal year.</i>						
Regional		4	Strengthen regional coordination with PASAI	LTX: 3	PEFA indicator 26.2 Published 1 * A, 2 * B, 2 *C, 3 *D	Implementation of these strategies is monitored by PASAI. No specific topic has been established for the workshop to be held in FY18. Since the 2015 workshop, Samoa and Tonga have developed a pathway for the gradual implementation of IPSAS. Fiji has since adopted IPSAS cash standards. In Tonga, the Audit Office and the Treasury have been meeting to discuss how each can improve PFM performance. In Samoa, the timeliness of the financial statements has improved due to frequent discussions between accountants and auditors.
5.0 Improved Integration of Asset & Liability Management						
5.1 More central government revenues & expenditures are deposited and disbursed through a Treasury Single Account						
<i>All bank and cash balances are consolidated on a daily basis.</i>						
Solomon Islands		3	Develop strategy and policy to improve cash management	LTX: 11 STX:10	PEFA Baseline Indicator (2012) C Cash Management strategy and regulations were drafted in Nov-16.	The regulations should be approved and implemented during FY18. Follow-up TA planned for Apr-17 will train on cash flow forecasting.

Public Financial Management Logical Framework FY2017

Measurable Outcome	Country	Progress against Milestone as at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
	Timor-Leste	4	Diagnostic of Public Investment Management	LTX: 16 STX: 66	No baseline as 2014 PEFA framework did not include any diagnostics on PIM. This was carried out by IMF HQ. Report was provided to authorities on the outcomes to assist in understanding where procedural processes could be changed to improve effectiveness.	A follow-up visit by PFTAC adviser involved in PIMA is planned in Mar-17 to look at overall TA and coordination with other development partners.
5.2 Cash flow forecasts for all central government are more accurate and timely						
<i>Ministries are provided good cash flow information on the periodic availability of funds for commitment of expenditures</i>						
	Samoa	2	Follow-up TA to improve cash management	STX:7	PEFA Baseline Indicator (2014) B Additional support in Jul to Sep-16 developed the Cash Management manual and training the staff in cash management forecasting.	Further training will be provided in FY18 and implementation of the manual. Following the adoption of the new cash management strategy (supported by PFTAC previously).
5.3 Cash and debt management are better integrated						
No activities undertaken						
5.4 Disclosure and management of state assets is improved						
<i>The government maintains a register of its holdings of fixed assets, land, and (where relevant) subsoil assets, including information on their usage and age, which is published at least annually.</i>						
	Regional	4	Strengthen regional coordination workshop on asset management	LTX: 2	PFTAC participated in a PICPA-sponsored regional workshop held on May-16 to share experiences and ideas to improve asset management across the Pacific.	Further work with PICPA will be undertaken if and when required.

Public Financial Management Logical Framework FY2017						
Measurable Outcome	Country	Progress against Milestone as at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
6.0 Strengthened Identification, Monitoring, and Management of Fiscal Risks						
6.1 Central fiscal oversight and analysis of sub-national governments is strengthened						
No activities undertaken						
6.2 Central fiscal oversight and analysis of public corporations is strengthened						
<i>Fiscal Policy includes AGAs, SOEs, and SNGs; performance and fiscal risks are monitored and reported, at least on annual basis</i>						
	Fiji	Deferred	Develop SOEs fiscal risk assessment framework	----	N/A	Due to other priorities of the government, this activity was deferred to FY18.
	Samoa	2	Mentoring on fiscal oversight of SOEs	LTX: 5	PEFA Baseline Indicator 10.1 (2014 C) Follow-up TA in Jul-16 delivered an introductory seminar on fiscal risk assessment and reporting. MPE implemented some improvements in the quarterly reporting to Cabinet.	Not all recommendations were fully implemented, it is anticipated assistance will be provided to support the implementation of the remaining recommendations during FY18.
6.3 Disclosure and management of contingent liabilities and other specific fiscal risks is more comprehensive						
No activities undertaken. Disclosure of fiscal risks is integrated into the TA for accounting and reporting reforms.						

Revenue Administration Logical Framework FY2017						
Measurable Outcome	Country	Progress against Milestone as at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
1. Strengthened revenue administration management and governance arrangements						
1.1 Reform strategy and implementation governance framework adopted and institutionalized						
	Fiji	3	Review overall reform progress	LTX: 10	Facilitate implementation of PFTAC recommendations	RBM 1.1 (LTX) (17FAO1201) Good progress made in establishing a reform strategy, business plans and performance indicators to support overall modernization
	PNG	2	Review reform progress	LTX: 10	Provide guidance on future reforms.	RBM 1&2 (LTX) (17FA60407) To be delivered
	Samoa	2	Renew strategic plan	----	New strategic plan designed and implemented	RBM 1.2 (STX) (17FAC9600) Not delivered
	Tuvalu	2	Review reform progress	LTX: 6	Facilitate implementation of PFTAC recommendations	RBM 1&2 (LTX) (17 FA01210) TA provided recommendations to improve the current structure. Additional TA requested to assist with implementation
	Timor-Leste	1	Review revenue administration management	----	Contribute to IMF Article IV mission	RBM 1&2 LTX) (17FA60414) Not delivered
1.2 Organizational arrangements enable more effective delivery of strategy and reforms						
	Regional	-	Develop a strategic plan for the Pacific Island Tax Administrators Association (PITAA)	STX: 10	A PITAA strategic plan that provides a foundation to achieve its vision	RBM 1.2 (STX) (17FAM9500) A PITAA strategic plan developed and currently being implemented

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² These are in accordance with the IMF-prescribed Results-based Management framework for Technical Assistance Programs.

Revenue Administration Logical Framework FY2017

Measurable Outcome	Country	Progress against Milestone as at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
	Regional	-	PITAA Annual Conference	LTX: 3	Improved awareness of regional development needs to stimulate reforms	(LTX) (17FA001206) Members benefited from technical presentations and deepened their understanding of regional tax administration challenges. A training needs analysis to identify future training needs conducted following the conference
	Vanuatu	2	Review organizational structure and governance arrangements	STX: 12	Clear organization structure along functional lines	RBM 1.2 (STX) (17FA69200) To facilitate reforms and the introduction of an income tax a new structure and governance arrangements was designed and adopted. This included the creation of a reforms team to manage implementation of a modernization project plan
	Vanuatu	2	Facilitate implementation of the new structure and governance arrangements	STX: 35	Clear organizational structure along functional lines	RBM 1.2&1.2 (STX) 17FA86600) Met with the authorities to identify future TA needs to implement reforms and agreed to a strategy currently being implemented
	Vanuatu	2	Meet with the authorities to discuss reforms and TA needs	LTX: 3	TA needs identified and agreed to	RBM 1&2 (LTX) (17FA01215) Agreed with the authorities that PFTAC would facilitate drafting of new laws (targeted for implementation by March 31, 2017) and provide technical assistance to support administration reforms. Additional support secured through DFAT to fund a resident project manager
	Vanuatu	2	Review implementation of reforms and governance arrangements	LTX: 3	Reforms and governance arrangements in place to support modernization and the introduction of an income tax	RBM 1&2 (LTX) (17FA60408) Reviewed reform and governance arrangements to confirm a project management approach is in place to facilitate roll-out of reforms

Revenue Administration Logical Framework FY2017						
Measurable Outcome	Country	Progress against Milestone as at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
1.3 Support functions enable more effective delivery of strategy and reforms						
	Solomon Islands	2	Develop a new IT strategic plan	STX: 13	Improved IT strategies and systems to support tax administration	RBM 1.3 (STX) (17FA01100) Strategic IT advice provided including recommendations to improve core processes
	Vanuatu	2	Conduct due diligence on IT upgrade	STX: 9	Improved IT strategies and systems to support tax administration	RBM 1.3 (STX) 17FA99500) TA assistance provided to check functionality, costs, governance processes and scheduling of the IT upgrade. Recommendations were accepted by both the tax administration and DFAT who are funding the upgrade
1.4 Transparency and accountability more effectively supported by independent external oversight and internal controls						
No activities undertaken						
1.5 Corporate priorities and compliance better managed through effective risk management						
	Fiji	3	Review implementation of the PFTAC facilitated Compliance Improvement Strategy	STX: 12	Compliance improvement strategy in place to mitigate identified risks	RBM 1.5 (STX) (17FA36900) Conducted a review of the compliance improvement strategy (publicly launched in 2016) and provided additional inputs to widen the scope for the 2017 plan by including customs
	Fiji	2	Introduce a High Net Worth Individual (HNWI) compliance strategy	STX:13	A strategy improving compliance in the HNWI segment	RBM 1.5 (STX) (17FA93900) Commenced the design of a HNWI Strategy to be included in the overall compliance strategy for 2017
	Samoa	2	Launching a compliance improvement strategy	LTX: 3	Compliance improvement strategy in place to mitigate identified risks	RBM 1.5 (LTX) (17FA01213) A risk based compliance improvement strategy launched and communicated to tax agents and the wider public

Revenue Administration Logical Framework FY2017						
Measurable Outcome	Country	Progress against Milestone as at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
	Regional	-	Assist PICs develop a compliance improvement strategy for the tourism sector	STX: 10	A strategy to assist PICs improve compliance in the tourism sector	RBM 1.5 (STX) (15FAF1200) Delivered a training package to highlight risks in those countries with established and developing tourism sectors
	Regional (Tuvalu)	-	Participate in OCO conference	LTX: 3	Improve linkages between customs and tax administration to improve risk management	RBM 1.5 (LTX) (17FA01211) PFTAC relationship with the OCO established and joint activities are being undertaken to raise the importance of both agencies working together to improve overall tax compliance
	Regional (Fiji – PFTAC/OCO)	-	Compliance risk management workshop	LTX: 5	Highlighting the need for tax and customs organizations to integrate risk management	RBM 1.5 (LTX) 17FA60406 The workshop highlighted the importance of integrating risk management processes and tax/customs administrations working more closely together to improve tax compliance across PICs
	Vanuatu	2	Review implementation of PFTAC facilitated Compliance Improvement Strategy	LTX: 12	Compliance improvement strategy in place to mitigate identified risks	RBM 1.5 (LTX) (17FA01212) Compliance improvement strategy evaluated and further advice provided to improve design and monitoring
1.7 More independent, accessible, effective and timely dispute resolution mechanisms in place						
	Fiji	2	Introduce a rulings program	STX: 12	Independent, workable and graduated dispute resolution process available	RBM 1.7 (STX) (17FA4700) TA provided help to develop processes to implement a public and private rulings program

Revenue Administration Logical Framework FY2017						
Measurable Outcome	Country	Progress against Milestone as at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
2. Strengthened core tax functions evidenced by an accurate taxpayer base, taxpayer services supporting voluntary compliance, improvements in filing, payment and audit activities						
2.1 Integrity of the registered taxpayer base strengthened						
	Niue	1	Review core tax functions	LTX: 12	Strengthen core tax administration functions	RBM 2.1-2.5 (LTX) (17FA01216) A review provided the authorities with recommendations to improve core tax functions. Recommendations were accepted with a TA request for additional assistance
2.2 Taxpayer Services initiatives to support voluntary compliance strengthened						
	Marshall Islands	1	Develop a taxpayer services strategy to improve voluntary compliance	STX: 18	Accessibility of information, service performance standards and improved taxpayer perceptions	RBM 2.2 (STX) (17FA37000) The authorities accepted recommendations to implement a taxpayer services strategy to facilitate improved tax compliance
	Tonga	3	Conduct a review of the taxpayer services function	STX: 14	Accessibility of information, service performance standards and improved taxpayer perceptions	RBM 2.2 (STX) (16FAY1100) Taxpayer services function reviewed with new recommendations accepted – this formed part of the development and implementation of a new functional structure
	Federated States of Micronesia	1	Develop a taxpayer services strategy to improve voluntary compliance.	STX: 16	Accessibility of information, service performance standards and improved taxpayer perceptions	RBM 2.2 (STX) (17FA37400) Mission planned
2.3 Larger proportion of taxpayers meet their filing obligations as required by law						
	Marshall Islands	1	Strengthen filing and payment ratios	STX: 16	Increased on-time filing and payment ratios	RBM 2.3 – 2.4 (STX) (17FA37100) TA provided the authorities with a plan to improve filing and payment which is currently being introduced. Additional TA requested to further assist with implementation

Revenue Administration Logical Framework FY2017						
Measurable Outcome	Country	Progress against Milestone as at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
	Federated States of Micronesia	1	Strengthen filing and payment ratios	STX: 18	Increased on-time filing and payment ratios	RBM 2.3 – 2.4 (STX) (16FAY5400) Assisted the authorities design a plan to improve filing and payment performance. Additional TA requested to further assist with implementation
2.4 Larger proportion of taxpayers meet their payment obligations as required by the law						
	Marshall Islands	1	Strengthen arrears and returns management	STX: 10	Increased on-time filing and payment ratios	RBM 2.4 – 2.3 (STX) (17FA37100) Conducted a review of arrears and returns management and provided the authorities with a plan to improve compliance. Additional TA requested to facilitate implementation
	Federated States of Micronesia	1	Strengthen arrears and returns management	STX: 16	Increased on-time filing and payment ratios	RBM 2.4 – 2.3 (STX) (16FAY5400 & 17FA37300) To be delivered
2.5 Audit and other verification programs more effectively ensure completeness and accuracy of reporting						
	Fiji	3	Strengthen audit and other verification programs	STX: 16	Appropriate range of tax audits used to detect and deter inaccurate reporting	RBM 2.5 (STX) - 17FA36600 TA provided to improve audit capability – good progress to date with detailed audit plans and risk processes being developed. Further technical assistance requested
	Kiribati	2	Strengthen audit and other verification programs	STX: 13	Appropriate range of tax audits used to detect and deter inaccurate reporting	RBM 2.5 (STX) (16FAB4900 17FA36800) TA provided to build an audit plan and improve audit skills. Additional TA to be delivered in FY2017

Financial Supervision Logical Framework 2017						
Measurable Outcome	Country	Progress against Milestone as at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
3.1	<i>Regulatory and Prudential Framework: Strengthened financial sector oversight through upgrading of regulatory framework in line with international standards</i>					
3.1.1	<i>Supervisors and regulations require banks to apply sound policies and processes to identify, measure, monitor and control their financial risks on a timely basis and assess their capital adequacy in relation to their risk profile.</i>					
	No activities undertaken					
3.1.2	<i>Supervisors require banks to have robust governance policies and processes covering among others effective board and senior management oversight and sound control environment</i>					
	Regional	2	PFTAC Workshop AFSPC	LTX: 5	Natural Disaster Preparedness Guidelines developed	AFSPC Meeting Palau June 2016
3.1.3	<i>Supervisors monitor banking groups and their prudential ratios on consolidated basis</i>					
	No activities undertaken					
3.1.4	<i>Legal/regulatory frameworks underpinning the Licensing regime lay out key steps and criteria for granting (and withdrawing) a license and imposing prudential conditions where appropriate</i>					
	No activities undertaken					
3.1.5	<i>Legal and regulatory framework equips supervisors with an adequate range of tools to bring about timely corrective actions for banks' problem and weaknesses.</i>					
	No activities undertaken					
3.1.6	<i>Supervisors have the necessary capacity to upgrade banking regulations and effectively apply them</i>					
	No activities undertaken					

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Financial Supervision Logical Framework 2017						
Measurable Outcome	Country	Progress against Milestone as at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
3.2	<i>Financial Sector Law (Legal Department:) Promote financial stability by strengthening the financial sector's legal and regulatory framework</i>					
3.2.1	<i>New or amended laws adopted or regulations or other legal or policy instruments (e.g., memorandum of understanding, interagency cooperation arrangements) issued</i>					
	Timor-Leste	2	PFTAC Drafting Credit Union Act	LTX: 8	Credit Union Act drafting completed	Draft Act currently with IMF LEG for desk review.
3.3	<i>Risk Based Supervision & other Supervisory Processes: More efficient use of supervisory resources to better oversee key risks in the banking system</i>					
3.3.1	<i>Clear supervisory process to review licensing applications, on a timely basis, and ensuring that it meets required criteria, implemented</i>					
	No activities undertaken					
3.3.2	<i>Amended legal/regulatory frameworks underpinning the implementation of risk-based supervision implemented</i>					
	Samoa	2	PFTAC Review Prudential Statements	LTX: 7 STX: 12	Prudential statement updated	To be undertaken in April 2017. Assistance to review and propose drafting for full suite of prudential statements
3.3.3	<i>Bank risk assessment frameworks strengthened: (a) Quality and timeliness of regulatory data enhanced; and (b) Flexibility of reporting system improved</i>					
	No activities undertaken					
3.3.4	<i>Strengthened institutional structure and operational and procedures for RBS implementation</i>					
	Cook Islands	2	RBS Enhancement Program	LTX: 7 STX: 11	RBS Enhancement Strategy and technical assistance plan developed.	Risk-based supervision enhancement program initiated. The program will provide technical assistance in key components of risk-based supervision framework – regulations; risk identification and assessment; risk rating; and supervisory action planning.
	PNG	1	Foundation Supervision Training	LTX: 5 STX: 7	Provision of supervision training to new examiners	

Financial Supervision Logical Framework 2017						
Measurable Outcome	Country	Progress against Milestone as at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
	PNG	1	PFTAC Credit Union Reform Program	LTX: 7 STX: 15	Credit Union Financial reporting drafted	
	Marshall Islands	3	PFTAC On-site examination program	STX:22	Examination report issued	On-site examination program documentation updated.
	Samoa	3	PFTAC On-site examination program	STX: 20	Examination report issued	On-site examination program documentation updated.
	Solomon Is	2	PFTAC On-site examination program	LTX: 12 STX:19	Examination report issued	On-site examination program documentation recommendation with drafts provided.
	Timor-Leste (1)	2	PFTAC On-site examination program	STX: 8	Examination Manual updating	On-site examination program documentation updated.
	Tuvalu	1	PFTAC On-site examination program	LTX: 6 STX: 19	Examination report issued	Banking Supervision Program, initiated by PFTAC in FY2017, and now planned to be jointly implemented with the World Bank.
	Vanuatu (1)	2	PFTAC On-site examination program	STX: 16	On-site examination framework for credit unions proposed	
	Vanuatu (2)	2	PFTAC On-site examination program	LTX: 12	On-site examination framework for credit unions proposed	
3.3.5	<i>Supervisors timely address unsafe and unsound practices or activities that could pose risks to banks or to the banking system</i>					
	No activities undertaken					
3.3.6	<i>Supervisors have sufficient capacity to effectively implement risk-based supervision and other supervisory processes</i>					
	No activities undertaken					

Macroeconomic Statistics Logical Framework 2017						
Measurable Outcome	Country	Progress against Milestone as at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
4.1 <i>Compilation methodologies in line with international standards are in place for national accounts and government finance statistics</i>						
4.1.1 <i>Strengthening methodologies-in line with international standards used for the compilation of gross domestic product (GDP) estimates by production</i>						
	Kiribati (17STA2400; 17STB0400)	3	Further improve annual estimates of GDP by production alongside expenditure developments	STX: 21	Deviations from 2008 SNA are reduced and/or eliminated [RBM NA 4.1]	First completed; second delayed until FY18 (STX 12 days planned)
	PNG (17STB0100)	3	Review new GDP(P) system and identify improvements	LTX: 11	Improvements to source data used for periodic benchmark estimates and/or annual estimates are made [RBM NA 10.1; 10.2]	New estimates published by NSO with ABS input in May 2016/January 2017
	Sub-regional workshop (16ST31411)	-	Delivery of training to compilers from FSM, Palau and RMI	LTX: 5	Deviations from 2008 SNA are reduced and/or eliminated [RBM NA 4.1]	Combined workshop – compilation, forecasting and tax advisors delivered training sessions
	Joint sub-regional workshop (16ST31407)	-	Delivery of training to compilers from Fiji, PNG, Samoa, Solomon Islands, Tonga and Vanuatu	LTX: 5	Deviations from 2008 SNA are reduced and/or eliminated [RBM NA 1.4; 3.1; 4.1; 5.3; 13.1]	Completed in expanded format – was originally intended as LTX/STX delivery to PNG, Solomon Islands and Vanuatu only.
4.1.2 <i>Increasing the scope of national accounts estimates by developing expenditure measures</i>						
	Kiribati (17STA2400; 17STB0400)	2	Further improve annual estimates of GDP by expenditure alongside production developments	STX: 7	Additional accounts/aggregates are developed to meet national data requirements and ISWGNA minimum requirements and/or recommended tables and accounts [RBM NA 5.1]	First completed; second delayed until FY18 (STX 12 days planned)

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Macroeconomic Statistics Logical Framework 2017						
Measurable Outcome	Country	Progress against Milestone as at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
	Tokelau 17STC9700	3	Develop new measure of GDP by expenditure	STX: 21	Additional accounts/aggregates are developed to meet national data requirements and ISWGNA minimum requirements and/or recommended tables and accounts [RBM NA 5.1]	Mission completed. New GDP system created and new estimates produced
4.1.3 Improving the frequency of GDP by developing quarterly measures						
	Fiji (15STN8442) (17STB0200)	3	Assist in the development of quarterly GDP estimates	LTX 10	Frequency of national accounts compilation and/or dissemination improves from annual to quarterly, or from quarterly to monthly [RBM NA 12.1]	Mission completed. Various key actions to be addressed before new system is ready. Further TA required
4.1.4 Improving the coverage and quality of Government Finance Statistics (GFS).						
<i>GFS data should cover the whole of general government (budgetary government and extra-budgetary units).</i>						
<i>Debt data should cover the entirety of the public sector (general government activity plus quasi-government units and public corporations)</i>						
	Cook Islands (17ST91600)	2	Improve GFS scope and quality	STX 18	The institutional scope includes all significant general government (and/or public sector) institutional units [RBM GO 5.13]	Mission completed
	FSM (17ST91900)	2	Mission to improve and update annual and quarterly estimates up to general government level	STX: 10	The institutional scope includes all significant general government (and/or public sector) institutional units [RBM GO 5.13]	Mission completed
	Nauru (17STA8500)	1	Initial GFS mission following their joining the IMF	---	The institutional scope includes all significant general government (and/or public sector) institutional units [RBM GO 5.13]	Delayed until FY18 due to changes in GFS modalities (STX 12 days planned)
	Palau (17STA1000)	2	Mission to improve and update annual and quarterly estimates up to general government level	STX: 10	The institutional scope includes all significant general government (and/or public sector) institutional units [RBM GO 5.13]]	Mission completed

Macroeconomic Statistics Logical Framework 2017						
Measurable Outcome	Country	Progress against Milestone as at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
	RMI (17STA0900)	2	Mission to improve and update annual and quarterly estimates up to general government level	STX: 10	The institutional scope includes all significant general government (and/or public sector) institutional units [RBM GO 5.13]	Mission completed
	Solomon Is. (17ST91800)	2	Carry out general government consolidation	STX: 19	The institutional scope includes all significant general government (and/or public sector) institutional units [RBM GO 5.13]	Mission completed
	Timor-Leste (17STA8400)	3	Improve GFS scope and quality	STX: 18	The institutional scope includes all significant general government (and/or public sector) institutional units [RBM GO 5.13]	Mission completed
	Vanuatu (17STA8300)	3	Improve GFS scope and quality	----	The institutional scope includes all significant general government (and/or public sector) institutional units [RBM GO 5.13]	Delayed to FY18 (STX 12 days planned)
4.1.5 Improving the frequency of GFS by developing quarterly measures						
No activity planned						
4.2 Accurate and reliable macroeconomic statistics are available						
4.2.1 Strengthening the accuracy and reliability of GDP estimates by making full use of administrative data supplemented by surveys where needed.						
	Tonga (16ST31414)	3	Improve estimates of GDP by production using tax data	STX: 19	Improvements to source data used for annual estimates are made [RBM NA 10.2]	Mission completed. TA on dissemination issues also provided. Further TA required

Macroeconomic Statistics Logical Framework 2017						
Measurable Outcome	Country	Progress against Milestone as at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
4.2.2 Strengthening of GDP estimates by improving compilation procedures and source data analysis						
	Nauru (15STN8330; 16ST31409)	3	Review various aspects of production methodology while collating/analyzing key source data	LTX: 25	Improvements are made to the compilation system [RBM NA 9.1]	Missions completed. Data and methods improved; draft estimates for 2014-15 compiled
4.2.3 Improving the usefulness of national accounts with timely rebasing						
	Cook Islands (17ST99300)	3	Rebase GDP by production, as well as updated sources and methods	STX: 23	Deviations from 2008 SNA are reduced and/or eliminated [RBM NA 4.1]	March 2017
	Samoa (16ST31405)	3	Assist with rebasing GDP from 2009 to 2013	LTX: 15	Deviations from 2008 SNA are reduced and/or eliminated [RBM NA 4.1]	Completed. Internal rebasing work continues, NSO aims to publish mid-2017
	Solomon Is. (16ST31402; 17STB0300)	3	Rebase GDP by production and expenditure and conduct benchmarking	STX: 19	Deviations from 2008 SNA are reduced and/or eliminated [RBM NA 4.1]	First mission completed; second March 2017
4.2.4 Improving the coverage, quality and timeliness of data sources for GFS.						
	Fiji (17ST91700)	3	Complete and consolidate local government data sets	STX 18	Source data for general government (public sector) are complete and enable the compilation of GFS [RBM GO 10.3]	Completed
4.3 Timely and consistent data are produced. They are readily available, presented clearly and well-documented						
4.3.1 Ensuring the national accounts data are disseminated in a timely manner and are consistent with other datasets such as GFS and External Sector Statistics						
	Cook Islands (17ST92000)	2	Improvements to BOP current account	STX: 20	The BOP and/or IIP are consistent or reconcilable with the national accounts [RBM BP 15.1]	Mission completed
	Nauru (17ST91500); (15STN8330; 16ST31409)	2	Improve BOP coverage and methodology	STX: 23	The BOP and/or IIP are consistent or reconcilable with the national accounts [RBM BP 15.1]	Mission completed

Macroeconomic Statistics Logical Framework 2017						
Measurable Outcome	Country	Progress against Milestone as at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
	Nauru	3	Provide supplementation to produce latest estimates of GDP by production	LTX: 25	New national accounts statistics, as set out in the latest System of National Accounts (2008) manual, are available [RBM NA 18.1; 3.1]	Mission completed
	Niue (17STA2500)	3	Provide supplementation to produce latest estimates of GDP by production	STX: 20	New national accounts statistics, as set out in the latest System of National Accounts (2008) manual, are available [RBM NA 18.1; 3.1]	Mission completed
	PNG (17ST85900)	1	Mission to improve external debt statistics	STX: 21	The BOP and/or IIP are consistent or reconcilable with the national accounts [RBM BP 15.1]	Mission completed. Significant progress on EDS; further TA planned for FY18
	Tonga (17STA0200)	2	Improve BOP coverage and methodology	STX: 19	The BOP and/or IIP are consistent or reconcilable with the national accounts [RBM BP 15.1]	Mission completed. Good progress but further training is required for local staff – TA has been requested for FY18
	Tuvalu (17STA2600)	2	Assist in production of latest estimates and train local staff	STX: 20	New national accounts statistics, as set out in the latest System of National Accounts (2008) manual, are available [RBM NA 18.1; 3.1]	Mission completed. New estimates compiled for 2015
	Vanuatu (16ST31415)	2	Assist with latest year's compilation and train new GDP compilers to produce GDP(P) and GDP(E)	LTX: 8	Improvements to source data used for periodic benchmark estimates are made [RBM NA 18.1; 3.1]	Mission completed, though NSO has not yet finalized and published latest estimates
4.3.2 Ensuring the national accounts metadata is available and up to date.						
	Regional (16ST31406)	2	Participation in the Pacific Statistics Steering Committee which coordinates TA in the region	LTX: 3	More metadata have been compiled and/or made available to users to support data analysis [RBM NA 20.1]	Mission completed November; unable to attend May meeting; now moving to annual meetings so February meeting postponed until November 2017

Macroeconomic Statistics Logical Framework 2017						
Measurable Outcome	Country	Progress against Milestone as at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
4.3.3 Ensuring the GFS data are disseminated in a timely manner and are consistent over time						
No activity planned						
4.3.4 Ensuring the GFS data are available to users and adequately documented						
No activity planned						

Macroeconomic Analysis Logical Framework FY2017						
Measurable Outcomes	Country	Progress against Milestones at end-FY2016 ¹	Activity May 2016-April 2017	Person days	Relevant Milestone	Comments
5.1 Enhanced monitoring, forecasting and policy analysis tools						
5.1.1 Consistent macroeconomic and fiscal frameworks are used for policy analysis						
	Fiji	3	Develop a macroeconomic and fiscal framework for Fiji.	LTX: 25	A consistent macroeconomic and fiscal framework is used to produce economic and fiscal projections.	
	Vanuatu	4	Support the analysis of tax reform options.	LTX: 14	The framework for revenue forecasting within the Model of the Vanuatu Economy (MOVE) is used to evaluate tax reform options.	
		4			The effects of reform options are quantified and reported.	
	Vanuatu	4	Support preparations for public consultation on tax reform options.	LTX: 21	A consultation paper and other material (e.g. tax calculator, frequently asked questions and answers) are prepared.	
		4			Reform options are consulted on.	
	Vanuatu	4	Support the analysis of submissions from the public on tax reform options; contribute to a report documenting the MOVE.	LTX: 14	Public submissions on tax reform are analyzed using the national framework for revenue forecasting and findings are incorporated in the final report to government.	
		3			A report documenting the MOVE is drafted and presented to the Macroeconomic Committee (MEC). The MEC endorses the use of the MOVE to produce real and nominal GDP forecasts.	

¹ Ratings defined as follows: 1= Very limited progress against milestone; 2= Some progress against milestone; 3= Substantial progress against milestone; 4= large progress against milestone.

Macroeconomic Analysis Logical Framework FY2017						
Measurable Outcomes	Country	Progress against Milestones at end-FY2016 ¹	Activity May 2016-April 2017	Person days	Relevant Milestone	Comments
	Solomon Islands	3	Continue developing the Solomon Islands' financial programming (FP) framework.	LTX: 7	A consistent macroeconomic and fiscal framework is used to produce medium-term projections.	
5.1.2 Forecasting tools and methodologies are developed for (i) key sectors of the economy (e.g. tourism, natural resource extraction); (ii) economic variables of importance for monetary and fiscal policy (e.g. inflation, GDP, government expenditure and revenue); and (iii) other defining aspects of countries (e.g. remittances)						
	Fiji	3	Facilitate a cross institution workshop (Fiji Bureau of Statistics, Fiji Revenue and Customs Authority, Ministry of Economy, Reserve Bank of Fiji) on forecasting and sharing data.	LTX: 3	An action plan for improving forecasting and data sharing is agreed and implemented.	
	Samoa	2	Continue developing the Ministry for Revenue's tax forecasting tool.	LTX: 7	Discrepancies between tax collection estimates and actual collections are reduced.	
	Sub-regional		Workshop on compiling and forecasting GDP.	LTX: 5	Inter-disciplinary knowledge and pooled use of data and economic and statistical expertise are increased. The quality of the measurement of GDP and GDP forecasts is enhanced.	The workshop was organized in collaboration with PFTAC's Real Sector Statistics Advisor.
	FSM, Palau, RMI		Sub-regional workshop on compiling GDP and forecasting revenues.	LTX: 12	Tax revenue forecasts are based on economic projections.	The workshop will be organized in collaboration with PFTAC's Real Sector Statistics and Revenue Policy and Administration Advisors and the US Graduate School. Staff from the national statistics offices, ministries of finance, the tax offices and social security administrations will be invited to participate.

Macroeconomic Analysis Logical Framework FY2017						
Measurable Outcomes	Country	Progress against Milestones at end-FY2016 ¹	Activity May 2016-April 2017	Person days	Relevant Milestone	Comments
	Sub-regional	2 2	Support and advise on econometric estimations, including of a measure of the output gap, and empirical analysis.	LTX: 5	A range of statistical and econometric tools are used in empirical analysis. Policy advice is empirically based.	Technical assistance is provided from Fiji.
5.1.3 A Pacific Islands Macroeconomic Analysis and Modeling Association is established						
	Regional		Consult on establishing a Pacific Islands Macroeconomic Analysis and Modeling Association.	LTX: 5	A proposal is presented at the South Pacific Central Banks Governors' Meeting.	
5.2 Strengthened capacity to develop sustainable policies, including to incorporate medium-term trends and risks into forecasting and policy analysis						
5.2.1 Consistent macroeconomic and fiscal frameworks are regularly used in budgeting and planning processes and policy decisions						
	RMI	3	Enhance the usability of the RMI Financial Management Model (FMM).	LTX: 16	1. Fiscal forecasts are consistent with economic forecasts produced by the US Graduate School. 2. Government expenditure forecasts incorporate spending commitments.	Technical assistance was provided with PFTAC's PFM Advisor.
	RMI	3	Continue developing the Marshall Islands Fiscal Model (MI-FM).	LTX: 12	1. Fiscal forecasts are consistent with economic forecasts produced by the US Graduate School. 2. Government expenditure forecasts incorporate spending commitments. 3. The MI-FM is used for policy analysis.	
	Vanuatu	3	Support the use of the MOVE in preparations for the IMF Article IV.	LTX: 14	The MOVE is used to inform IMF Article IV consultations.	
5.2.2 Long-term revenue and expenditure pressures (e.g. due to demographic changes and the rising incidence of non-communicable diseases) are taken into account in fiscal policy						
	No activity					

Macroeconomic Analysis Logical Framework FY2017						
Measurable Outcomes	Country	Progress against Milestones at end-FY2016 ¹	Activity May 2016-April 2017	Person days	Relevant Milestone	Comments
5.2.3 Debt dynamics are incorporated into macroeconomic and fiscal frameworks						
	Fiji	2	Use the macroeconomic and fiscal framework to undertake debt sustainability and external vulnerability scenarios.	LTX: 2	The sustainability of policy scenarios is evaluated.	
5.2.4 Fiscal risks due to contingent liabilities are explicitly accounted for in fiscal planning						
	No activity					
5.3 Strengthened capacity to build greater resilience to shocks, including to manage the fiscal consequences of significant shocks (including natural disasters)						
5.3.1 Enhanced formulation of fiscal and monetary policy reduces economic fluctuations						
	No activity					
5.3.2 Governments have fiscal resources to respond to shocks						
	Fiji		Participate in a workshop and high-level dialogue on building resilience to natural disasters.	LTX: 3	Ongoing engagement with mid- and high-level officials of Pacific countries on topical macroeconomic issues in the region is strengthened. Collaboration between the IMF and development partners is promoted. Pacific countries share their experience in addressing development challenges in the region.	The event is organized by the IMF, ADB, and JICA.

ANNEX IV: PFTAC MISSIONS AND MEETINGS IN FY2017

Public Financial Management

Country	Description	Advisor Type	Mission Days	RBM Codes
Fiji	Strengthen accounting and reporting frameworks	Resident Advisor	32	4.1
	Improve Chart of Accounts	Short-term expert	12	4.1, 4.2
	Continued refinement of budget documents and process	Resident advisor	5	2.2
FSM	PEFA Self-Assessment & PFM roadmap development	Resident Advisor	28	1.2
		Short-term Expert	14	1.2
Marshall Islands	Support for development of 2017 Budget & Medium-term estimates	Resident Advisor	12	2.3
	Introductory visit (combined with Palau)	Resident Advisor	5	1.2
Nauru	PEFA Assessment	Short-term Expert	12	1.2.1
	PEFA Assessment & PFM roadmap development (with AUSDFAT)	Short-term Expert	12	1.2.1
	Financial Instructions – Phase 2	Resident Advisor	5	1.2.1
	Financial Instructions – Phase 3	Short-term Expert	12	1.1
	Financial Instructions – Work from Home- Phase 1 and 3	Short-term Expert	18	1.1
Palau	Introductory visit (combined with Marshall Is.)	Resident Advisor	3	2.3
PNG	Support for IFMS implementation	Short-term Expert	17	3.1
	Introductory visit	Resident Advisor	3	1.0
Samoa	Improve cash management	Short-term Expert	7	5.2
	Improve accounting and reporting frameworks	Resident Advisor	4	4.1
	Improve Fiscal Oversight of SOEs	Resident Advisor	2	4.1
Solomon Is.	Improve cash management	Short-term Expert	5	5.1
	Improve cash management	Resident Advisor	11	5.1
	Improve cash management – Work from Home	Short-term Expert		
Timor-Leste	Public Investment management	IMF-HQ	32	3.3
		Short-term Experts	32	3.3
Tonga	Follow-up TA to improve accounting and reporting	Resident Advisor	10	4.1
	Follow-up on FMIS Reform and Chart of Accounts	Short-term Expert	12	4.1, 4.2
	Attended the Development Partners Forum	Resident Advisor	2	1.2
Vanuatu	Review of PFM roadmap	Resident Advisor	5	1.2.2
	Follow-up TA to improve risk-based auditing	Short-term Expert	18	3.2
Regional	Participation in Fiduciary Management Workshop by World Bank	Resident Advisor	2	1.0
	Participation in Symposium on Asset Management by PICPA	Resident Advisor	2	5.4
	Participation in PASAI workshop on Strategy Framework for Supreme Audit Institutions	Resident Advisor	3	4.3
Regional	Workshop for PFM advisors by Fiscal Affairs Department, IMF	Resident Advisor	5	1.0
	Friends of Budget Support Meeting	Resident Advisor	5	3.2
	Joint PFTAC/PASAI Regional Workshop on risk-based auditing	Resident Advisor	5	3.2
	Participate in a IMF-ADB-JICA workshop and high-level dialogue on building resilience to natural disasters	Resident Advisors	10	2.3
	PFTAC Steering Committee Meeting	Resident Advisors	8	n.a.

Country	Description	Advisor Type	Mission Days	RBM Codes
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Revenue Policy & Administration

Country	Description	Advisor Type	Mission Days	RBM Codes
Cook Islands	TA in Fiscal Law	IMF-Legal	3	n.a.
Fiji	Review overall reform progress	Resident Advisor	10	1.1-1.7; 2.1-2.5
	Strengthen the audit function	Short-term Expert	13	1.5
	Develop a Public and Private Binding Rulings Regime	Short-term Expert	12	1.7
	Strengthening compliance management	Short-term Expert	12	1.5
	Develop a high net worth individual strategy	Short-term expert	13	1.5
	Strategic review of tax policy and administration reforms	IMF-HQ Resident Advisor	12 3	1.1-1.7; 2.1-2.5
Kiribati	Strengthen the audit function	Short-term Expert	12	2.5
	Strengthen the audit function	Short-term Expert	12	2.5
	Strategic review of tax policy and administration reforms	IMF-HQ Resident Advisor	16 4	1.1-1.7; 2.1-2.5
Marshall Is.	Strengthen arrears and returns management	Short-term Expert	10	2.3, 2.4
	Develop a taxpayer services strategy	Short term expert	9	2.2
Micronesia	Strengthen arrears and returns management	Short-term Expert	12	2.4, 2.5
	Strengthen arrears and returns management	Short-term Expert	6	2.4, 2.5
	Develop a taxpayer services strategy	Short-term Expert	6	2.2
Nauru	Business Tax regulations	IMF-Legal	10	n.a.
Niue	Review core tax functions	Resident Advisor	12	2.1-2.5
Papua New Guinea	Review overall reform progress	Resident Advisor	10	1.1-1.7; 2.1-2.5
Samoa	Compliance improvement strategy launch	Resident Advisor	3	1.5
	Develop a new strategic plan	Short-term Expert	12	1.1
	Strategic review of tax policy and administration reforms	IMF-HQ Resident Advisor	12 3	1.1-1.7; 2.1-2.5
Solomon Is.	Develop an IT strategic plan	Short-term Expert	13	1.3
	Strategic review of tax policy and administration reforms	IMF-HQ Resident Advisor	12 3	1.1-1.7; 2.1-2.5
Timor-Leste	Review of revenue administration management and core tax functions	Resident Advisor	10	1.1-1.7; 2.1-2.5
Tonga	Taxpayer services review	Short-term Expert	14	2.2
	Strategic review of tax policy and administration reforms	IMF-HQ Resident Advisor	8 2	1&2
	TA in Fiscal Law	IMF-Legal	8	n.a.
Tuvalu	Review current reform progress	Resident Advisor	6	1.1-1.7; 2.1-2.5
Vanuatu	Review organizational structure	Short-term Expert	12	1.2
	Implement new structure and governance arrangements	Short-term Expert	35	1.1
	Facilitate implementation of new structure and governance arrangements.	Short-term Expert	12	1.1&1.2
	Review implementation of CIS	Resident Advisor	12	1.5
	Discuss PFTAC Technical Assistance package to support legal and administrative reforms	Resident Advisor	3	1.1-1.7; 2.1-2.5

Country	Description	Advisor Type	Mission Days	RBM Codes
	Review implementation of reforms	Resident Advisor	3	1.1-1.5
	Designing legislation for introducing an Income Tax	IMF-Legal	12	n.a.
	Conduct due diligence for an IT upgrade	Short-term Expert	9	1.3
	TA in Income Tax reform	IMF-Legal	15	n.a.
Regional	Develop a strategic plan for PITAA	Short-term Expert	10	1.1
	Tourism compliance workshop	Short-term Expert	10	1.5
	OCO Conference	Resident Advisor	3	1.1-1.7; 2.1-2.5
	PITAA heads meeting	Short-term Expert	3	1.1-1.7; 2.1-
		Resident Advisor	3	2.5
		IMF legal	3	
		IMF HQ staff	3	1.2
	Compliance risk management workshop co-funded with the OCO	Resident Advisor	5	1.1-1.7; 2.1-2.5
	PFTAC Steering Committee meeting	Resident Advisor	4	n.a.
	Workshop on Compiling GDP & forecasting revenues	Resident Advisor	12	n.a.

Financial Sector Supervision

Country	Description	Advisor Type	Mission Days	RBM Codes
Cook Is.	On-site examination	Short-term Experts	30	3.3.4
		Resident Advisor	7	3.3.4
Fiji	Credit Union Capacity Building	Resident Advisor	6	3.3.4
Marshall Is.	On-site examination	Short-term Expert	22	3.3.4
PNG	Credit Union Capacity Building	Resident Advisor	7	3.3.4
	On-site examination program	Resident Advisor	12	3.3.4
	On-site examination program	Short-term Expert	15	3.3.4
	Assist in developing a standardized financial account structure for Credit Union	Short-term Expert	15	3.3.4
Samoa	On-site examination program	Short-term Expert	12	3.3.4
	Regulatory reform	Resident Advisor	12	3.3.4
		Short-term Expert	12	3.3.4
Solomon Is.	On-site examination program	Resident Advisor	12	3.3.4
	On-site examination program	Short-term Expert	19	3.3.4
Timor-Leste	Credit Union Capacity Building	Resident Advisor	8	3.3.4
Tuvalu	Supervision of the Development Bank and National Bank	Resident Advisor	6	3.3.4
		Short-term Expert	19	3.3.4
Vanuatu	Credit Union Program and Capacity Building	Resident Advisor	12	3.3.4
		Short-term Expert	16	3.3.4
Regional	AFSPC Annual Meeting	Resident Advisor	5	3.3.3
	PFTAC Orientation	Resident Advisor	6	n.a.
	Global Policy Forum	Resident Advisor	3	n.a.
	South Pacific Central Bank Governor's Meeting	Resident Advisor	3	n.a.
	Financial Soundness Indicator Workshop	Resident Advisor	3	n.a.
	PFTAC Steering Committee Meeting	Resident Advisor	4	n.a.

Macroeconomic Statistics

Country	Description	Advisor Type	Mission Days	RBM Codes
Cook Is.	Government Finance Statistics	Short-term Expert	18	5.13
	National Accounts	Short-term Expert	23	12.1
	External Sector Statistics	Short-term Expert	20	15.1
Fiji	Government Finance Statistics	Short-term Expert	18	10.3
	National Accounts	Resident Advisor	10	12.1
FSM	Government Finance Statistics	Short-term Expert	10	5.13
Kiribati	National Accounts	Short-term Expert	21	4.1, 5.1
Marshall Is.	Government Finance Statistics	Short-term Expert	10	5.13
Nauru	National Accounts	Resident Advisor	25	10.2, 18.1, 3.1
	External Sector Statistics	Short-term Expert	23	15.1
Niue	National Accounts	Short-term Expert	20	18.1; 3.1
Palau	Government Finance Statistics	Short-term Expert	10	5.13
PNG	National Accounts	Resident Advisor	14	4.1
	External Debt Statistics	Short-term Expert	21	15.1
Samoa	National Accounts	Resident Advisor	15	4.1
Solomon Is.	National Accounts	Resident Advisor	24	4.1
	Government Finance Statistics	Short-term Expert	19	5.13
Timor-Leste	Government Finance Statistics: Development and Training	Short-term Expert	18	5.13
Tokelau	National Accounts	Short-term Expert	21	5.1
Tonga	External Sector Statistics	Short-term Expert	19	15.1, 3.1
	National Accounts	Resident Advisor	14	10.2
Tuvalu	National Accounts	Short-term Expert	20	18.1, 3.1
Vanuatu	National Accounts Statistics	Resident Advisor	8	18.1, 3.1
Regional	PSSC Meeting	Resident Advisor	3	20.1
	Workshop on compiling and forecasting GDP	Resident Advisor	5	1.4,3.1,4.1,5.3,13.1
	Workshop on compiling GDP & forecasting revenues	Resident Advisor	9	1.4,3.1,4.1,5.3,13.1
	PFTAC Steering Committee	Resident Advisor	2	n.a.

Macroeconomic Analysis and Forecasting

Country	Description	Advisor Type	Mission Days	RBM Codes
Fiji	Develop the Fiji financial programming framework and facilitate a cross-institution workshop	Resident Advisor	25	5.1
Marshall Islands	Develop the Marshall Islands Fiscal Model (MI-FM)	Resident Advisor	32	5.2
Samoa	Continue developing the Ministry for Revenue's tax forecasting tool	Resident Advisor	7	5.1
Solomon Islands	Continue developing the Solomon Islands' FP framework	Resident Advisor	7	5.1
Vanuatu	Support the analysis of tax reform options	Resident Advisor	14	5.1
	Support the use of the MOVE in preparations for the IMF Article IV	Resident Advisor	14	5.2
	Support preparations for public consultation on tax reform options	Resident Advisor	21	5.1
	Support the analysis of submissions from the public on tax reform options; contribute to a report documenting the MOVE	Resident Advisor	14	5.1
Regional	Workshop on compiling and forecasting GDP	Resident Advisor	5	5.1
	Workshop on compiling GDP and forecasting revenues	Resident Advisor	12	5.1
	Participate in the 2016 South Pacific Central Bank Governors' Meeting	Resident Advisor	5	5.1
	Participate in the 2017 Steering Committee Meeting	Resident Advisor	4	n.a.
	Participate in a IMF-ADB-JICA workshop and high-level dialogue on building resilience to natural disasters	Resident Advisor	3	5.3
	Support, advise on, and peer review research	Resident Advisor	5	5.1

Meetings, Seminars and Training in FY2017

TA Sector	Description	Location	Advisor Type	Mission Days	No. of Participants	RBM Codes
PFM	World Bank Fiduciary Management workshop	Aus.	Resident Advisor	2		1.2
	PICPA Symposium on Asset Management	Fiji	Resident Advisor	2		5.4
	PASAI workshop on Strategy Framework	N.Z.	Resident Advisor	2		4.3
Revenue	Develop a Strategic Plan for PITAA	Fiji	Short-term Expert	5	12	1.2
	Tourism Compliance Workshop	Fiji	Short-term Expert	10	17	1.2
	OCO Conference	Fiji	Resident Advisor	3		1.5
	Pacific Islands Tax Administrators Annual Meeting	Fiji	Short-term Expert Resident Advisor	3	35	1.2
Financial Supervision	Compliance Workshop	Fiji	Resident Advisor	5	20	1.5
	Annual Meeting of the Financial Supervisors (PICs)	Palau	Resident Advisor	5	10	3.3.3
Financial Supervision; Statistics	Global Policy Forum	Fiji	Resident Advisor	3		n.a.
	Workshop on compiling and using FSIs	Fiji	Resident Advisor HQ staff STX	3 10 5		n.a.
Macro-economics; Statistics	Workshop on compiling and forecasting GDP	Fiji	Resident Advisors (Macro; Statistics)	10	22 female and 28 male participants	Macroeconomics : 5.1 Statistics: 1.4, 3.1, 4.1, 5.3, 13.1
Macro-economics; Statistics; Revenue	Workshop on compiling GDP and forecasting revenue	RMI	Resident Advisors (Macro; Statistics; Revenue)	36	15	Macroeconomics : 5.1 Statistics: 1.4, 3.1, 4.1, 5.3, 13.1
IMF/PFTAC	IMF/ADB/JICA Workshop and High Level Dialogue on Building Resilience for Natural Disasters	Fiji	Resident Advisors	9	50	n.a.

ANNEX V: PFTAC RESULTS-BASED MANAGEMENT LOGICAL FRAMEWORK FY201

Public Financial Management Logical Framework for FY2018						
Measurable Outcome	Country	Progress against Milestones at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
1.0. Improved laws and effective PFM institutions.						
1.1 A more comprehensive legal framework covering all stages of the public financial management cycle is enacted.						
	Fiji	0	Financial Instructions Revision	STX: 43	Revised Financial Instructions developed by PFTAC and adopted by the authorities.	Milestone assumes Parliamentary approval of PFM Act amendments during first half of FY18.
	Solomon Islands	0	Financial Instructions Revision	STX: 36		PFTAC role is to review the first version drafted by the authorities. Milestone assumes MOFT draft completed during first half of FY18.
1.2 The capacity of Ministry of Finance (or equivalent) to meet its PFM responsibilities is enhanced						
	Kiribati	3	PEFA Self-Assessment	LTX: 15 STX: 24	2016 PEFA self-assessment conducted with significant country staff involvement and ownership, and reviewed by PFTAC.	A PEFA self-assessment has been scheduled on first week of May-17.
	FSM	4	PFM Roadmap Development	LTX: 9	Priority Reform road maps developed with significant involvement and ownership by country officials, and reviewed by PFTAC.	This TA will involve mainly offsite work on the assumption that the drafting will be initiated by the authorities.
	Kiribati	4	PFM Roadmap Development	LTX: 8		FSM- Jul-17 Kiribati- Aug-17
	Nauru	4	PFM Roadmap Development	LTX: 7		Nauru- May-1

¹ Ratings defined as follows: 1= Very limited progress towards objective; 2= Some progress towards objective; 3= Substantial progress towards objective; 4= Objective largely or fully achieved.

² These are in accordance with the IMF-prescribed Results-based Management framework for PFM Technical Assistance Programs.

Public Financial Management Logical Framework for FY2018						
Measurable Outcome	Country	Progress against Milestones at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
	Palau	4	PEFA Self-Assessment and Roadmap Updating	LTX: 11 STX: 11		Palau- Feb-18
	Tokelau	0	PEFA Self-Assessment and Roadmap Development	LTX: 9 STX: 15		Tokelau- Sep-17
1.3 Strengthening PFTAC institutional capacity						
	Regional	0	Annual PFTAC Steering Committee Meeting	LTX: 9	FY19 work plan approved by Steering Committee	Steering Committee meeting is tentatively planned in March 2018.
	Regional	0	Strengthening regional coordination with development partners	LTX: 21	PFTAC participation achieved as required.	PFTAC PFM advisers are expected to participate in activities upon invitation by other development partners and where considered appropriate.
2. Strengthen budget preparation towards more comprehensive, credible and policy- oriented budget						
2.1 A more credible medium term macro fiscal framework is included in budget documentation						
	RMI	1	Refinement of budget documents and process including estimates of expenditure	LTX: 9	PEFA Baseline Indicator (2012) 10.1 D	With macro advisor.

Public Financial Management Logical Framework for FY2018						
Measurable Outcome	Country	Progress against Milestones at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
2.2 A more comprehensive and unified annual budget is published						
	Fiji	3	Refinement of budget documents and process	LTX: 5	Fijian budget document continues to expand in terms of content.	Work to be conducted in-house.
2.3 A more credible medium term budget frameworks integrated with the annual budget process						
	Sub-regional		Workshop on Expenditure Planning & Budget Documentation for PICs	LTX: 6	PEFA Baseline Indicator 12.1 B*2,C*4,D*4 12.4 C*6,D*5 Workshop objective achieved	With macro advisor, ADB, PIFS, UNESCAP Sep-17
3. Improve budget execution and control.						
3.1 Controls over expenditure and payments are strengthened						
	Regional	0	Workshop on Strengthening Budget Execution Controls	LTX: 4 STX: 17	PEFA Baseline Indicator 4.18 B+*2, D+*4, C+*4 4.19 D+*2,C+*1,C*2, D*5 4.20 B+*1, D+*3, C+*4, C*2 1. Workshop delivered as planned; 2. Workshop participating countries have planned priority improvements in their treasury processes, and identified TA needs.	Workshop is planned on Aug-17. Heads of Treasury and Internal Audit are the target participants.

Public Financial Management Logical Framework for FY2018						
Measurable Outcome	Country	Progress against Milestones at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
3.2 Risk-based internal audit functions are established in central government agencies						
	Fiji	0	Development of internal audit charter	STX: 24	Internal Audit Charter developed by PFTAC and adopted by the authorities.	This is the initial mission of this project which is tentatively scheduled in Jun-17, and would involve one week offsite and one-week onsite work.
	Fiji	1	Development of risk framework and audit strategy	STX: 24 LTX: 5	Risk Framework, and Strategic Internal Audit Plan improved by PFTAC and adopted by the authorities.	This follow-up activity is tentatively planned in Oct-17.
	Vanuatu	1	Strengthening internal audit, Phase 2	STX: 36	PEFA Baseline Indicator (2013) 21.1 C 1. Payroll and procurement audit manual developed by PFTAC; 2. Auditors trained by PFTAC and started to apply the Manual.	Introduction to proper payroll and procurement audit was done in 2016. In FY18, the training will be documented into a manual, so it can be used also by ministry auditors. TA is planned on Oct-17.
	PNG	0	Training needs assessment and conduct of training for internal auditors of departments, phase 1	STX:24	One training on PFM systems audit planning conducted for internal auditors of at least the large departments.	The 2015 PEFA assessment scored low on internal audit due to lack of system-based audits. Most are only compliance audits. Likewise, only 15% of audit plans were achieved. Tentatively scheduled on March 2018.
4. Improve coverage and quality of fiscal reporting.						
4.1 The chart of accounts is aligned with international financial reporting standards.						
	Fiji	2	Improving the Chart of Accounts, Phase 2	STX : 24 LTX : 4	With PFTAC support, all required classifications are developed and integrated into the new Chart of Accounts, and adopted by the authorities.	Phase 1 on the economic segment will have been completed in Feb 2017. Phase 2 will be to complete the rest of the classifications for implementation in FY2018-19. Tentatively planned on June-17.

Public Financial Management Logical Framework for FY2018						
Measurable Outcome	Country	Progress against Milestones at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
	Tonga	2	Improving the Chart of Accounts, Phase 2	STX : 29	PEFA Baseline Indicator (2010) 5.1 C; (2014 SA) A All required classifications are developed and integrated into the new Chart of Accounts, and adopted by the authorities.	Phase 1 on the economic segment will have been completed in March 2017. Phase 2 will be to complete the rest of the classifications for implementation in FY2018-19. Tentatively planned on Jul-17.
4.2 Comprehensiveness and quality of fiscal reports is enhanced.						
	Fiji	1	Implementing the new government accounting and reporting policies, Phase 1	LTX: 21	1. Ministries' staff trained and implement the IPSAS-cash templates and instructions; 2. MOE staff trained and implement the new financial reporting on financial assets and liabilities and grant expenditures.	Tentatively planned from Jun-17 onwards. This is part of the Fiji reporting reform and in line with the government intention to give greater responsibility to ministries.
	Nauru	0	Implementing IPSAS-cash	STX : 24	PEFA Baseline Indicator (2010) 25.3 NR 1.Gap analysis, action plan and template developed by PFTAC and adopted by the authorities; 2.Staff trained on IPSAS-cash	Tentatively planned Sept-17. This reform is part of the priorities in the PFM Roadmap.
	PNG	0	Implementing IPSAS-cash	STX : 29	PEFA Baseline Indicator (2015) 26,27 and 28 D 1.Gap analysis, action plan and template developed by PFTAC and adopted by the authorities; 2.Staff trained on IPSAS-cash	Tentatively planned on July-17. This reform is part of the priorities in the PFM Roadmap.

Public Financial Management Logical Framework for FY2018						
Measurable Outcome	Country	Progress against Milestones at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
	Samoa	1	Improving accounting frameworks on financial assets and liabilities	LTX: 22	PEFA Baseline Indicator 24.3 2010 C; 25.1 2010 C 1. PFTAC suggestions adopted and full compliance with IPSAS-cash by the authorities; 2. Accounting regulations on financial assets and liabilities developed and adopted by the MOF for 2017-18 implementation.	This is part of the Samoa reporting reform. Initial TA in FY17 resulted to some improvements and a general accounting framework. Tentatively planned on Sep-17.
	Solomon Islands	0	Implementing IPSAS-cash	STX : 24	PEFA Baseline Indicator (20120) 25.3 B 1.MOFT staff trained on IPSAS-cash implementation; 2. 2016 financial report partially fulfill IPSAS-cash requirements.	Tentatively planned on Jan-18. This reform is part of the priorities in the PFM Roadmap.
	Tonga	3	Improving accounting and reporting frameworks, follow up	LTX :9	PEFA Baseline Indicator 24.3 2010 A; 24.3 2014 SA A 25.1 2010 C; 25.1 2014 SA A 1. 2016-17 financial statements reviewed by PFTAC and suggestions adopted by the authorities. 2. General government accounting framework towards adopting basic accrual accounting is finalized and approved by the authorities.	This TA is a continuation from 2016 to implement accounting reform. Tentatively planned on Oct-17.

Public Financial Management Logical Framework for FY2018						
Measurable Outcome	Country	Progress against Milestones at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
	Vanuatu	0	Capacity-development on accounting and reporting, scoping mission	LTX :12 STX :20	PEFA Baseline Indicator 24.3 (2013) B; 25.1 (2013) A 1. Gap analysis and training needs identified and adopted by the authorities. 2. Staff oriented on basic accounting concepts under IPSAS.	This TA is to address the timeliness and capacity issue on financial reporting. Initial TA tentatively planned on Nov-17
	Vanuatu	0	Development of accounting manual, part 1	STX :24	PEFA Baseline Indicator 24.3 (2013) B; 25.1 (2013) A 1.Revenue accounting Manual drafted and adopted by the authorities	Tentatively planned on Dec-17
5. Improve integration of asset and liability management framework						
5.4 Cashflow forecasts for all central government are more accurate and timely						
	Samoa	2	Strengthening cash management, follow up	STX: 17	PEFA Baseline Indicator (2014) C 1. New Cash Management Regulations finalized and approved by the authorities. 2.New cash management staff trained and regularly preparing cash flow forecast after the training.	Initial training was provided in 2016. Tentatively planned on Jul-17.
	Solomon Islands	1	Strengthening cash management, follow-up	STX: 16	PEFA Baseline Indicator: (2012) B 1.Cash management guidelines finalized, approved and implemented by the authorities. 2. Staff trained and apply the cash flow forecasting model.	This is a follow-up to the TA in 2016. Tentatively planned on May-17.

Public Financial Management Logical Framework for FY2018						
Measurable Outcome	Country	Progress against Milestones at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
6. Strengthen identification, monitoring, and management of fiscal risks						
6.2 Central fiscal oversight and analysis of public corporations.						
	Samoa	2	Improving fiscal oversight of the financial sector and the non-commercial SOEs	STX :24	PEFA Baseline Indicator (2011) 9.1 B Performance and fiscal risks indicators for monitoring SOEs in the financial sector, and non-commercial sector, developed by PFTAC, and adopted by the authorities.	Last year's TA was on general fiscal oversight strategy, focusing on commercial SOEs. This follow-up TA is tentatively planned on June-17. Coordination with the financial sector adviser and MCM Department will be done for this TA.
	Fiji	1	Identification, monitoring, and management of fiscal risks from SOEs	LTX : 14	Fiscal risk assessment and reporting framework developed by PFTAC, and adopted by the authorities.	This is an initial TA tentatively planned on Feb-18.
	Niue	1	Improving fiscal risk analysis, scoping mission	LTX: 18	PEFA Baseline Indicator (2011) 9.1 A 1.Introductory seminar on fiscal risks delivered to MOF staff. 2. Key issues, TA needs identified, and prioritized.	This initial mission is tentatively planned on Apr-18. TA plan would be clearer after this mission.
	Regional	0	Workshop on Fiscal Oversight of SOE's	LTX: 8 STX: 17	1.Workshop objective achieved. 2.Participating countries identify gaps, next step, and TA needs.	Priority will be for countries with a C or D PEFA score on PEFA 9/10. Tentatively planned for Apr-18

Revenue Administration Logical Framework FY2018						
Measurable Outcome	Country	Progress against Milestone as at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
1. Strengthened revenue administration management and governance arrangements						
1.1 Reform strategy and implementation governance framework adopted and institutionalized						
RMI		1	Strategy and governance arrangements in place to support reform initiatives.	LTX:5	Reform strategy and governance framework designed and agreed to.	Review overall reform progress and support the development of a more structured approach to reforms.
FSM		1	Strategy and governance arrangements in place to support reform initiatives.	LTX:5	Reform strategy and governance framework designed and agreed to.	Review overall reform progress and support the development of a more structured approach to reforms.
Palau		2	Strategy and governance arrangements in place to support reform initiatives. Review overall reforms and governance framework.	LTX:5	Reform strategy and governance framework designed and agreed to.	Review overall reform progress and support the development of a more structured approach to reforms.
Vanuatu		2		STX:12	Reform strategy and governance framework adopted and in operation.	Review overall reform progress and reform governance framework.

¹ Ratings defined as follows: 1= Very limited progress towards objective; 2= Some progress towards objective; 3= Substantial progress towards objective; 4= Objective largely or fully achieved.

² These are in accordance with the IMF-prescribed Results-based Management framework for PFM Technical Assistance Programs.

Revenue Administration Logical Framework FY2018

Measurable Outcome	Country	Progress against Milestone as at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
1.2 Organizational arrangements enable more effective delivery of strategy and reforms						
	Kiribati	2	Strengthen organizational design.	STX:7	An organizational structure in place and suitably staffed.	Kiribati has introduced a new structure with more TA needed to facilitate implementation.
	Niue	2	Strengthen organization design.	LTX:5	An organizational structure in place and suitably staffed.	Niue has accepted PFTAC recommendations to introduce a new structure and will require additional TA moving forward.
	Palau	2	Strengthen organizational design.	STX:5	Organizational structure in place and suitably staffed.	Palau has accepted PFTAC recommendations and implemented a function based structure. Additional TA is required to support implementation.
	Tuvalu	2	Strengthen organizational design.	LTX:12	Organizational structure in place and suitably staffed.	Tuvalu has accepted PFTAC recommendations to improve its current structure and adopt a more functional approach.
	Vanuatu	2	Strengthen organizational design.	STX:12	Organizational structure in place and suitably staffed.	Vanuatu recently introduced a new function based structure under PFTAC guidance – additional TA needed to refine the model.
1.3 Support functions enable more effective delivery of strategy and reforms						
No activities planned.						
1.4 Transparency and accountability more effectively supported by independent external oversight and internal controls						
No activities planned.						

Revenue Administration Logical Framework FY2018						
Measurable Outcome	Country	Progress against Milestone as at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
1.5 Corporate priorities and compliance better managed through effective risk management						
	Fiji	3	Strengthen compliance risk management	STX:12	Risk based compliance improvement strategy institutionalized and supported by a governance framework.	Fiji has introduced a risk based compliance strategy which needs to be further embedded and integrated with customs.
	Kiribati	1	Develop a risk based compliance improvement strategy	STX:5	Risk based compliance improvement strategy adopted.	Kiribati has introduced a new structure with the next phase of modernization linked to introducing a compliance improvement strategy.
	Samoa	3	Further strengthen compliance risk management.	STX:12 LTX:12	Compliance risks identified and addressed through a compliance improvement strategy.	Samoa introduced a compliance improvement strategy and Industry Partnership initiative - additional TA required to further embed the approach.
	Vanuatu	3	Further strengthen compliance risk management.	LTX:12	Risk based compliance improvement strategy institutionalized and supported by a governance framework in line with TADAT dimensions.	Vanuatu introduced a compliance improvement strategy and has made some progress – additional TA is required to institutionalize the approach.
2. Strengthened core tax functions evidenced by an accurate taxpayer base, taxpayer services supporting voluntary compliance, improvements in filing, payment and audit activities						
2.1 Integrity of the registered taxpayer base strengthened						
	Kiribati	1	Strengthen the integrity of the registered taxpayer base.	STX:5	A reliable and accurate taxpayer base aligned to TADAT dimensions.	Evidence suggests that TA is required in this area.
	RMI	1	Strengthen the integrity of the registered taxpayer base.	STX:7	A reliable and accurate taxpayer base aligned to TADAT dimensions.	The authorities have requested TA in this area.

Revenue Administration Logical Framework FY2018

Measurable Outcome	Country	Progress against Milestone as at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
	PNG	2	Strengthen core tax functions.	STX:7	Core tax functions operating at high efficiency levels in line with TADAT dimensions.	PFTAC has not provided direct TA to PNG but will provide a baseline of current performance against TADAT dimensions.
2.2 Taxpayer Services initiatives to support voluntary compliance strengthened						
	Fiji	2	Strengthen the taxpayer services function.	STX:12	Taxpayer services strategy in place and operating at high efficiency rates in line with TADAT dimensions.	Fiji's taxpayer services initiatives are to be consolidated under a new structure. TA will be provided to assist in the process.
	Kiribati	2	Strengthen the taxpayer services function.	STX:5	Taxpayer services strategy in place and operating at high efficiency rates in line with TADAT dimensions.	A new taxpayer services function has been created under a new structure. Additional TA will be provided to guide implementation
	RMI	1	Strengthen the taxpayer services function.	STX:5	Taxpayer services strategy in place and operating at high efficiency rates in line with TADAT dimensions.	Additional TA required in setting up a taxpayer services program.
	Niue	1	Strengthen the taxpayer services function.	STX:5	Taxpayer services strategy in place and operating at high efficiency rates in line with TADAT dimensions.	A new structure to be implemented will require assistance in setting up the taxpayer services component.
	Palau	1	Strengthen the taxpayer services function.	STX:12	Taxpayer services strategy in place and operating at high efficiency rates in line with TADAT dimensions.	Palau has accepted PFTAC recommendations to introduce a new function based structure and will need additional TA to build an effective taxpayer services program.

Revenue Administration Logical Framework FY2018

Measurable Outcome	Country	Progress against Milestone as at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
2.3 Larger proportion of taxpayers meet their filing obligations as required by law						
	Fiji	2	Improve on-time filing ratios over time.	STX:12	On-time filing operating at high efficiency levels in line with TADAT dimensions.	On-time filing has improved but opportunity exists to further enhance performance. Additional TA will assist to further improve business processes.
	RMI	1	Improve on-time filing ratios over time.	STX:7	On-time filing operating at high efficiency levels in line with TADAT dimensions	An environmental scan shows potential to improve on-time filing.
	FSM	1	Improve on-time filing ratios over time.	STX:7	On-time filing operating at high efficiency levels in line with TADAT dimensions.	An environmental scan shows potential to improve on-time filing.
	Samoa	2	Improve on-time filing ratios over time.	STX:12	On-time filing operating at high efficiency levels in line with TADAT dimensions.	The authorities have requested TA to improve on-time filing rates.
	Tonga	2	Improve on-time filing rates over time.	STX:12	On-time filing operating at high efficiency levels in line with TADAT dimensions.	Opportunity exists to further strengthen on-time filing.
	Vanuatu	2	Improve on-time filing rates over time.	STX:7	On-time filing operating at high efficiency levels in line with TADAT dimensions.	Progress has been made to improve on-time filing with more work required to improve internal business processes.
2.4 Larger proportion of taxpayers meet their payment obligations as required by the law						
	RMI	2	On-time payment compliance and management of arrears improves over time.	STX:5	On-time payment operating at high efficiency levels in line with TADAT dimensions.	An environmental scan shows potential to improve on-time payment of taxes.

Revenue Administration Logical Framework FY2018

Measurable Outcome	Country	Progress against Milestone as at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
	FSM	1	On-time payment compliance and management of arrears improves over time.	STX:5	On-time payment operating at high efficiency levels in line with TADAT dimensions.	An environmental scan shows potential to improve on-time payment of taxes.
	Samoa	2	On-time payment compliance and management of arrears improves over time.	STX:12	On-time payment operating at high efficiency levels in line with TADAT dimensions.	Opportunity exists to further strengthen on-time payment of taxes.
	Tonga	2	On-time payment compliance and management of arrears improves over time.	STX:12	On-time payment operating at high efficiency levels in line with TADAT dimensions.	Opportunity exists to further strengthen on-time payment of taxes.
	Vanuatu	2	On-time payment compliance and management of arrears improves over time.	STX:5	On-time payment operating at high efficiency levels in line with TADAT dimensions.	Vanuatu requested additional TA after an environmental scan showed opportunity to improve on-time payment ratios.
2.5 Audit and other verification programs more effectively ensure completeness and accuracy of reporting						
	Fiji	2	Strengthen audit capability and programs to ensure completeness and accuracy of reporting.	STX:12	The audit function operating at high efficiency levels in line with TADAT dimensions.	Fiji has commenced the restructuring of audit and require additional TA moving forward.
	Kiribati	2	Audit and other initiatives effectively detect inaccurate reporting.	STX:12	The audit function operating at high efficiency levels in line with TADAT dimensions.	Kiribati has requested additional TA to build audit capability.
	RMI	2	Strengthen audit capability and programs to ensure completeness and accuracy of reporting.	STX:12	The audit function operating at high efficiency levels in line with TADAT dimensions	RMI has a low audit skills base and requested TA to build capability.

Revenue Administration Logical Framework FY2018

Measurable Outcome	Country	Progress against Milestone as at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
	FSM	2	Strengthen audit capability and programs to ensure completeness and accuracy of reporting.	STX:12	The audit function operating at high efficiency levels in line with TADAT dimensions.	Building audit capability is a long term effort which will require TA moving forward.
	Samoa	2	Building audit capability and programs to ensure completeness and accuracy of reporting.	STX:12	The audit function operating at high efficiency levels in line with TADAT dimensions.	Building audit capability is a long term effort which will require TA moving forward.
	Regional Activities - Training		Regional capacity building facilitated through the Pacific Islands Tax Administrators Association (PITAA).	25	Good practice tax administration practices adopted through training and capacity development.	PFTAC regional training initiatives have had a positive impact on influencing PIC's to adopt good tax administration practices. (5 training initiatives planned FY2018)

Financial Supervision Logical Framework 2018						
Measurable Outcome	Country	Progress against Milestone as at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
3.1 Regulatory and Prudential Framework: Strengthened financial sector oversight through upgrading of regulatory framework in line with international standards						
3.1.1 Supervisors and regulations require banks to apply sound policies and processes to identify, measure, monitor and control their financial risks on a timely basis and assess their capital adequacy in relation to their risk profile.						
	Cook Islands	2 1	RBS framework enhancement program. First follow-up mission. Develop a comprehensive suite of prudential statements.	LTX: 12 STX: 15	1. Applicable guidelines and regulations are passed 2. Banking risks and activities are reviewed and appropriate recommendations for risk identification, measurement and mitigation are provided	Risk-based supervision enhancement program was initiated in FY2017. The program will provide technical assistance in key components of risk-based supervision framework – regulations; risk identification and assessment; risk rating; and supervisory action planning.
	Sub-regional: Palau, FSM, Marshall Islands	2 1	Workshop on Banking Legislation and Prudential Standards	LTX: 9 STX: 20	1. Applicable guidelines and regulations are passed 2. Banking risks and activities are reviewed and appropriate recommendations for risk identification, measurement and mitigation are provided	Practical workshop to review and establish revision plan for banking legislation and prudential standards. Workshop will be followed up with bilateral missions to each country to follow-up on and progress reform.
3.1.2 Supervisors require banks to have robust governance policies and processes covering among others effective board and senior management oversight and sound control environment						
	Cook Islands	2 1	RBS framework enhancement program. First follow-up mission. Develop a comprehensive suite of prudential statements.	LTX: 12 STX: 15	1. Applicable guidelines and regulations are passed 2. Governance risk and activities are reviewed and appropriate recommendations for risk identification, measurement and mitigation are provided	Risk-based supervision enhancement program was initiated in FY2017. The program will provide technical assistance in key components of risk-based supervision framework – regulations; risk identification and assessment; risk rating; and supervisory action planning.

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Financial Supervision Logical Framework 2018						
Measurable Outcome	Country	Progress against Milestone as at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
3.1.3	<i>Supervisors monitor banking groups and their prudential ratios on consolidated basis</i>					
	No activities planned					
3.1.4	<i>Legal/regulatory frameworks underpinning the Licensing regime lay out key steps and criteria for granting (and withdrawing) a license and imposing prudential conditions where appropriate</i>					
	No activities planned					
3.1.5	<i>Legal and regulatory framework equips supervisors with an adequate range of tools to bring about timely corrective actions for banks' problem and weaknesses.</i>					
	Cook Islands	2	RBS framework enhancement program. First follow-up mission. Revise banking legislation to ensure appropriate supervisory powers and depositor protection	IMF Legal	1. Amendments and/or redrafting of laws, regulations and guidelines are made by relevant authorities, significantly along lines recommended by IMF and the Core Principles (BCP5 / ICP 4). 2. New and revised laws, regulations and guidelines are issued.	Comprehensive assessment and redrafting of the Banking Act 2011 (1 on-site mission with additional desk review)
		2				
	Fiji	2	Assistance with finalizing draft Credit Union legislation and by-laws	STX: 15	1. Amendments and redrafting of laws, regulations and guidelines are made by relevant authorities, significantly along lines recommended by IMF and the Core Principles (BCP5 / ICP 4). 2. New and revised laws, regulations and guidelines are issued.	Continuation of credit union sector work initiated by previous PFTAC LTX
		2				
	FSM	2	Assist with finalizing draft revised banking legislation	LTX: 9 STX: 15	1. Amendments and redrafting of laws, regulations and guidelines are made by relevant authorities, significantly along lines recommended by IMF and the Core Principles (BCP5 / ICP 4). 2. New and revised laws, regulations and guidelines are issued.	Continuation of work from planned Northern Regional Workshop
		2				

Financial Supervision Logical Framework 2018						
Measurable Outcome	Country	Progress against Milestone as at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
	Palau	2	Assist with finalizing draft revised banking legislation	LTX: 9 STX: 15	1. Amendments and redrafting of laws, regulations and guidelines are made by relevant authorities, significantly along lines recommended by IMF and the Core Principles (BCP5 / ICP 4). 2. New and revised laws, regulations and guidelines are issued.	Continuation of work from planned Northern Regional Workshop
		2				
	Marshall Islands	2	Assist with finalizing draft revised banking legislation	LTX: 9 STX: 15	1. Amendments and redrafting of laws, regulations and guidelines are made by relevant authorities, significantly along lines recommended by IMF and the Core Principles (BCP5 / ICP 4). 2. New and revised laws, regulations and guidelines are issued.	Continuation of work from planned Northern Regional Workshop
		2				
	Timor-Leste	2	Assistance with finalizing draft Credit Union legislation	IMF Legal (Desk)	1. New and revised laws, regulations and guidelines are issued.	Continuation of credit union sector work initiated by previous PFTAC LTX
	Kiribati	1	Assistance with implementation of credit union supervision	STX: 20	1. New and revised laws, regulations and guidelines are issued.	Continuation of credit union sector work initiated by previous PFTAC LTX
3.1.6	<i>Supervisors have the necessary capacity to upgrade banking regulations and effectively apply them</i>					
	No activities planned					
3.2	<i>Financial Sector Law (Legal Department:) Promote financial stability by strengthening the financial sector's legal and regulatory framework</i>					
3.2.1	<i>New or amended laws adopted or regulations or other legal or policy instruments (e.g., memorandum of understanding, interagency cooperation arrangements) issued</i>					
	No activities planned					

Financial Supervision Logical Framework 2018						
Measurable Outcome	Country	Progress against Milestone as at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
3.3 Risk Based Supervision & other Supervisory Processes: More efficient use of supervisory resources to better oversee key risks in the banking system						
3.3.1 Clear supervisory process to review licensing applications, on a timely basis, and ensuring that it meets required criteria, implemented						
No activities planned						
3.3.2 Amended legal/regulatory frameworks underpinning the implementation of risk-based supervision implemented						
No activities planned						
3.3.3 Bank risk assessment frameworks strengthened: (a) Quality and timeliness of regulatory data enhanced; and (b) Flexibility of reporting system improved						
	Tuvalu	1	Development of basic prudential reporting framework	LTX: 9	1. Revised Reporting templates are developed 2. Banks start reporting to new requirements regularly and with high degree of accuracy and timeliness	This work will be in addition to the Banking Supervision Program, initiated by PFTAC in FY2017, and now planned to be jointly implemented with the World Bank.
		1				
3.3.4 Strengthened institutional structure and operational and procedures for RBS implementation						
	Papua New Guinea	2	RBS framework enhancement program. Diagnostic to assess effectiveness and efficiency of RBS framework and develop TA strategy and plan	LTX: 0 STX: 20	1. Organizational structures, processes and staffing are reviewed and amended to implement RBS 2. Risk-based supervision and inspection manuals are developed and adopted 3. Risk-based timetable of inspections implemented	Initial mission to determine current RBS implementation status and identify priority TA
		2				
		2				

Financial Supervision Logical Framework 2018						
Measurable Outcome	Country	Progress against Milestone as at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
	Solomon Islands	2	RBS framework enhancement program. Diagnostic to assess effectiveness and efficiency of RBS framework and develop TA strategy and plan	LTX: 7 STX: 15	1. Organizational structures, processes and staffing are reviewed and amended to implement RBS 2. Risk-based supervision and inspection manuals are developed and adopted 3. Risk-based timetable of inspections implemented	Initial mission to determine current RBS implementation status and identify priority TA
	Timor-Leste	2	RBS framework enhancement program. Diagnostic to assess effectiveness and efficiency of RBS framework and develop TA strategy and plan	LTX: 9 STX: 15	1. Organizational structures, processes and staffing are reviewed and amended to implement RBS 2. Risk-based supervision and inspection manuals are developed and adopted 3. Risk-based timetable of inspections implemented	Initial mission to determine current RBS implementation status and identify priority TA. First follow-up mission to be in FY19.
	Vanuatu	2	RBS framework enhancement program. Diagnostic to assess effectiveness and efficiency of RBS framework and develop TA strategy and plan	LTX: 7 STX: 15	1. Organizational structures, processes and staffing are reviewed and amended to implement RBS 2. Risk-based supervision and inspection manuals are developed and adopted 3. Risk-based timetable of inspections implemented	Initial mission to determine current RBS implementation status and identify priority TA. First follow-up mission to be in FY19.
	Papua New Guinea	2	RBS framework enhancement program. First follow-up mission from diagnostic. Focus to be on a key RBS component: Regulation; Risk Identification and Assessment; Risk Rating; or Supervisory Action Planning	LTX: 7 STX: 15	Dependent on mission scope - TBD	Continuation of RBS framework enhancement program. Mission scope determined by diagnostic mission.

Financial Supervision Logical Framework 2018						
Measurable Outcome	Country	Progress against Milestone as at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
	Solomon Islands	2	RBS framework enhancement program. First follow-up mission from diagnostic. Focus to be on a key RBS component: Regulation; Risk Identification and Assessment; Risk Rating; or Supervisory Action Planning	LTX: 7 STX: 15	Dependent on mission scope - TBD	Continuation of RBS framework enhancement program. Mission scope determined by diagnostic mission.
3.3.5	<i>Supervisors timely address unsafe and unsound practices or activities that could pose risks to banks or to the banking system</i>					
	Cook Islands	2	RBS framework enhancement program. Second follow-up mission from diagnostic.	LTX: 12 STX: 20	1. Supervisory processes are reviewed for gaps in monitoring weak banks and enforcement	Assisting with documenting on-site examination framework, on-the-job training and technical training in assessment of key bank risk areas.
		2	Develop more in-depth and risk-based on-site examination assessment.		2. Supervisory processes are amended to address existing gaps	
		2			3. Enforcement processes are formalized and documented as needed (enforcement manual)	
		2			4. Supervisors are trained to implement the new processes and manuals	
	Regional - AFSPC	1	Introduction to: Industry Analysis; Resolution Frameworks; and emerging information technology risks	LTX: 7 STX: 29	1. Supervisory processes are reviewed for gaps in monitoring weak banks and enforcement	
		1			2. Supervisory processes are amended to address existing gaps	
3.3.6	<i>Supervisors have sufficient capacity to effectively implement risk-based supervision and other supervisory processes</i>					
	Federated States of Micronesia	2	Provide training to supervisors on supervision and assessment of banking key risk areas	LTX – 9 STX - 15	1. A training program is designed and delivered to supervisors.	Training is the assessment of credit risk, operational risk, liquidity risk, market risk and investment risk. Training mission to be followed up in 2019 with on-site examination on-the-job training.

Financial Supervision Logical Framework 2018						
Measurable Outcome	Country	Progress against Milestone as at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
	Timor-Leste	2	Provide training to supervisors on supervision and assessment of banking key risk areas	LTX – 9	1. A training program is designed and delivered to supervisors.	Training is the assessment of credit risk, operational risk, liquidity risk, market risk and investment risk. Training mission to be followed up in 2019 with on-site examination on-the-job training.
	Sub-regional: Southern Region Workshop	2	Insurance supervision - Legislation and prudential standards	LTX: 7 STX: 15	1. Current regulations are reviewed and recommendations for improvement are provided.	Initiation of Insurance Supervision TA by PFTAC. Workshop to be followed-up by bilateral insurance supervision TA from IMF HQ.

Macroeconomic Statistics Logical Framework 2018						
Measurable Outcome	Country	Progress against Milestone as at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
4.1 <i>Compilation methodologies in line with international standards are in place for national accounts and government finance statistics</i>						
Strengthening methodologies-in line with international standards used for the compilation of gross domestic product (GDP) estimates by production						
	Kiribati	3	Further improve annual estimates of GDP by production alongside expenditure developments	STX: 21	Deviations from 2008 SNA are reduced and/or eliminated [RBM NA 4.1]	
	PNG	3	Review new GDP by production system and update road map	STX: 21	Deviations from 2008 SNA are reduced and/or eliminated [RBM NA 4.1]	Joint work with ABS advisor(s)
	Sub-regional workshop	-	Delivery of training to compilers from FSM, Palau and RMI	LTX: 7 STX: 14	Deviations from 2008 SNA are reduced and/or eliminated [RBM NA 4.1]	Combined workshop – multiple advisors linking topic areas
	Joint sub-regional workshop	-	Delivery of training to compilers excluding Micronesian countries	LTX: 7 LTX: 7	Deviations from 2008 SNA are reduced and/or eliminated [RBM NA 1.4; 3.1; 4.1; 5.3; 13.1]	Combined workshop – multiple advisors linking topic area
Increasing the scope of national accounts estimates by developing expenditure measures						
	Fiji	4	Refine expenditure estimates within the Supply and Use framework	LTX: 5	Additional accounts/aggregates are developed to meet national data requirements and ISWGNA minimum requirements and/or recommended tables and accounts [RBM NA 4.1]	

¹ Ratings defined as follows: 1= Very limited progress towards objective; 2= Some progress towards objective; 3= Substantial progress towards objective; 4= Objective largely or fully achieved.

² These are in accordance with the IMF-prescribed Results-based Management framework for PFM Technical Assistance Programs.

Macroeconomic Statistics Logical Framework 2018						
Measurable Outcome	Country	Progress against Milestone as at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
	Kiribati	2	Develop GDP by expenditure estimates	STX: 21	Additional accounts/aggregates are developed to meet national data requirements and ISWGNA minimum requirements and/or recommended tables and accounts [RBM NA 5.1]	
	Samoa	3	"	LTX: 14	Additional accounts/aggregates are developed to meet national data requirements and ISWGNA minimum requirements and/or recommended tables and accounts [RBM NA 5.1]	
Improving the frequency of GDP by developing quarterly measures						
	Fiji	3	Assist in refining new quarterly GDP estimates	LTX: 5	Frequency of national accounts compilation and/or dissemination improves from annual to quarterly, or from quarterly to monthly [RBM NA 12.1]	
Improving the coverage and quality of Government Finance Statistics (GFS). GFS data should cover the whole of general government (budgetary government and extra-budgetary units). Debt data should cover the entirety of the public sector (general government activity plus quasi-government units and public corporations)						
TBA						
Improving the frequency of GFS by developing quarterly measures						
TBA						
4.2 Accurate and reliable macroeconomic statistics are available						
Strengthening the accuracy and reliability of GDP estimates by making full use of administrative data supplemented by surveys where needed.						
	Tonga	3	Finalize new estimates of GDP by production, based on tax data	STX: 21	Relative to the baseline, improvements to source data used for annual estimates are made [RBM NA 10.2]	

Macroeconomic Statistics Logical Framework 2018						
Measurable Outcome	Country	Progress against Milestone as at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
<i>Strengthening of GDP estimates by improving compilation procedures and source data analysis</i>						
	Solomon Islands	3	Review business survey editing and imputation and use of other key sources	STX: 21	Relative to the baseline, improvements are made to the compilation system. [RBM NA 9.1]	
<i>Improving the usefulness of national accounts with timely rebasing</i>						
	Cook Islands	3	Assist with rebasing GDP, as well as updating sources and methods	STX: 21	Improvements to source data used for periodic benchmark estimates are made [RBM NA 4.1]	
	Nauru	1	Assist with rebasing GDP, as well as updating sources and methods	LTX: 14	Improvements to source data used for periodic benchmark estimates are made [RBM NA 4.1]	
	Tonga	1	Assist with rebasing GDP by production and expenditure and conduct benchmarking	STX: 14	Improvements to source data used for periodic benchmark estimates are made [RBM NA 4.1]	
	Tuvalu	2	Assist with rebasing GDP by production and conduct benchmarking	STX: 14	Improvements to source data used for periodic benchmark estimates are made [RBM NA 4.1]	
	Vanuatu	1	Assist with rebasing GDP by production and expenditure and conduct benchmarking	STX: 21	Improvements to source data used for periodic benchmark estimates are made [RBM NA 4.1]	
<i>Improving the coverage, quality and timeliness of data sources for GFS.</i>						
	TBA					

Macroeconomic Statistics Logical Framework 2018						
Measurable Outcome	Country	Progress against Milestone as at end-FY2017 ¹	Activity/Mission Description	Person Days	Relevant Milestone ²	Comments
4.3 <i>Timely and consistent data are produced. They are readily available, presented clearly and well-documented</i>						
Ensuring the national accounts data are disseminated in a timely manner and are consistent with other datasets such as GFS and External Sector Statistics						
	Cook Islands	2	Improvements to BOP current account	STX: 21	The BOP and/or IIP are consistent or reconcilable with the national accounts [RBM BP 15.1]	
	Nauru	2	Improve BOP coverage and methodology	STX: 21	The BOP and/or IIP are consistent or reconcilable with the national accounts [RBM BP 15.1]	
		3	Provide supplementation to produce latest estimates of GDP by production	LTX: 7	New national accounts statistics, as set out in the latest System of National Accounts (2008) manual, are available [RBM NA 18.1; 3.1]	
	Niue	3	Provide supplementation to produce latest estimates of GDP by production	STX: 21	New national accounts statistics, as set out in the latest System of National Accounts (2008) manual, are available [RBM NA 18.1; 3.1]	
Ensuring the national accounts metadata is available and up to date.						
	Regional	2	Participation in the Pacific Statistics Steering Committee which coordinates TA in the region	LTX: 5	More metadata have been compiled and/or made available to users to support data analysis [RBM NA 20.1]	
Ensuring the GFS data are disseminated in a timely manner and are consistent over time						
No activity planned						
Ensuring the GFS data are available to users and adequately documented						
No activity planned						

Macroeconomic Programming and Analysis Logical Framework FY2018						
Measurable Outcomes	Country	Progress against Milestones at end-FY2017 ¹	Activity May 2017-April 2018	Person days	Relevant Milestone	Comments
5.1	<i>Improved quality and frequency of macroeconomic surveillance and policy / research available for policymaking</i>					
	Samoa	2	Develop GDP forecasting methodology.	STX: 29	Three-year forecasts of real GDP by industries and the GDP deflator are produced.	
	Tonga	3	Continue developing the Ministry of Revenue and Customs' revenue forecasting tool.	LTX: 7	Discrepancies between tax collection estimates and actual collections are reduced.	
	Sub-regional		Workshop on compiling and forecasting GDP.	LTX: 9 STX: 17	Inter-disciplinary knowledge and pooled use of data and economic and statistical expertise are increased. The quality of the measurement of GDP and GDP forecasts is enhanced.	The workshop will be organized in collaboration with PFTAC's Real Sector Statistics Advisor.
	Sub-regional		Workshop on forecasting fishing revenues.	LTX: 9 STX: 22	Inter-regional knowledge sharing is increased. Fishing revenue forecasts are enhanced.	The workshop will be organized in collaboration with PFTAC's PFM Advisor.
	Regional		Workshop on incorporating demographic changes into budget processes.	LTX: 8 STX: 15	Fiscal provisions are made for demographic changes.	The workshop will be organized in collaboration with PFTAC's PFM Advisor. Population projections by the Secretariat of the Pacific Community and / or the United Nations will be used.
	Sub-regional	2 2	Support and advise on econometric estimations, including of a measure of the output gap, and empirical analysis.	LTX: 8 STX: 13	A range of statistical and econometric tools are used in empirical analysis. Policy advice is empirical based.	Technical assistance will be provided offsite.

¹ Ratings defined as follows: 1= Very limited progress against milestone; 2= Some progress against milestone; 3= Substantial progress against milestone; 4= large progress against milestone.

Macroeconomic Programming and Analysis Logical Framework FY2018						
Measurable Outcomes	Country	Progress against Milestones at end-FY2017 ¹	Activity May 2017-April 2018	Person days	Relevant Milestone	Comments
5.2 <i>Sound medium-term macroeconomic framework (inclusive of GDP and inflation, commodity prices, the external and monetary sectors, and fiscal aggregates)</i>						
	Cook Islands	3	Support the use of the Cook Islands macroeconomic framework.	LTX: 12	The macroeconomic framework is used in budget preparations.	
	Fiji	3	Develop the Fiji financial programming framework to undertake debt sustainability and external vulnerability assessments.	LTX: 10	The sustainability of policy scenarios is evaluated.	
	PNG	2	Continue developing a macroeconomic and fiscal framework.	LTX: 18	A consistent framework is used to support monitoring and projection activities.	
	RMI	3	Support the use of the MI-FM in budget preparations.	LTX: 20	Fiscal forecasts are consistent with economic forecasts produced by the US Graduate School.	
		1			Government expenditure forecasts incorporate spending commitments.	
		2			The MI-FM is used for policy analysis.	
	Samoa	3	Develop the Samoa Economic and Revenue Forecasting (SERF) Model to undertake debt sustainability analysis and monitor cash and foreign reserves.	LTX: 9	The impact of economic shocks on target variables is assessed and appropriate policy responses are implemented.	
		1			The sustainability of policy scenarios is evaluated.	
	Solomon Islands	3	Develop the Solomon Islands financial programming framework to undertake debt sustainability and external vulnerability assessments.	LTX: 9	The sustainability of policy scenarios is evaluated.	Required public debt data need to be compiled.

Macroeconomic Programming and Analysis Logical Framework FY2018						
Measurable Outcomes	Country	Progress against Milestones at end-FY2017 ¹	Activity May 2017-April 2018	Person days	Relevant Milestone	Comments
	Vanuatu	1 1	Incorporate cash reserve monitoring into the MOVE. Develop a debt analysis tool.	LTX: 9	Adequate cash reserves are maintained. Better provision for debt servicing payments and management of exchange rate risks reduce fiscal volatility.	
		3 2	Support the use of the national framework for revenue forecasting in budget preparations. Quantify the price and inflation effects of import duty reductions.	LTX: 9 LTX: 9	Fiscal and economic forecasts are consistent. Medium-term projections including debt sustainability analysis are produced. Expected price reductions are announced prior to import duty reductions.	The mission is part of the TA PFTAC has been providing to support the implementation of income tax in Vanuatu.
	Sub-regional		Workshop on macroeconomic policy analysis.	LTX: 8 STX: 22	Collaboration between central banks and ministries of finance is strengthened in the development of policy tools. Capacity is increased to undertake empirical based policy analysis. Peer learning takes place and professional networks are formed in the region.	
5.3	<i>Strong institutional structures for macroeconomic policymaking</i>					
	Samoa	1	Facilitate a cross institution (Ministry of Finance, Ministry for Revenue, Central Bank of Samoa, Samoa Bureau of Statistics) workshop on forecasting and sharing data.	LTX: 9	An action plan for improving forecasting and data sharing is agreed and implemented.	The establishment of a forecasting committee will be discussed at the workshop.

Macroeconomic Programming and Analysis Logical Framework FY2018						
Measurable Outcomes	Country	Progress against Milestones at end-FY2017 ¹	Activity May 2017-April 2018	Person days	Relevant Milestone	Comments
	Solomon Islands	1	Facilitate a cross institution workshop (Ministry of Finance and Treasury, Central Bank of Solomon Islands, Solomon Islands National Statistics Office) on forecasting and sharing data.	LTX: 9	An action plan for improving forecasting and data sharing is agreed and implemented.	
5.4	<i>Improved public access to key macroeconomic and fiscal information</i>					
	No activity planned					