

# PACIFIC FINANCIAL TECHNICAL ASSISTANCE CENTRE

Supporting Macro-Financial Stability and  
Sustainable and Inclusive Growth in the Pacific



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# ANNUAL REPORT 2025

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PFTAC is an IMF initiative supported by the following member countries and development partners:



Cook Islands



Fiji



Kiribati



Marshall Islands



FSM



Nauru



Niue



Palau



PNG



Samoa



Solomon Islands



Timor-Leste



Tokelau



Tonga



Tuvalu



Vanuatu



The Government of  
the Republic of Korea



Australian Government

Department of Foreign Affairs and Trade



EUROPEAN UNION



JAPAN GOV  
THE GOVERNMENT OF JAPAN



NEW ZEALAND  
FOREIGN AFFAIRS & TRADE  
Manatū Aorere



UK International  
Development  
Partnership | Progress | Prosperity



Asian Development Bank



# A MESSAGE FROM PFTAC STEERING COMMITTEE CHAIRPERSON



**Ms. Saoleititi Maeva Betham Vaai**  
**Chief Executive Officer, Samoa Ministry of Finance**

It is an honor to chair this year's PFTAC Steering Committee meeting. Over the years, PFTAC has been a crucial ally in empowering Pacific Island nations, including Samoa, through targeted capacity development, training, and specialized technical assistance as we navigate complex economic and financial landscapes toward sustainable growth and resilience.

The Pacific Island Countries continue to face significant economic and financial challenges, compounded by our vulnerability to external shocks, particularly the impacts of climate change and natural disasters. Despite these adversities, we remain committed to achieving economic stability and sustainable development.

In recent years, our region has undertaken extensive economic reforms across governance, public financial management, financial sector supervision, and environmental sustainability. These reforms are vital for boosting domestic revenue mobilization, enhancing public investment, and rebuilding fiscal spaces. Moreover, improvements in statistics, macroeconomic modeling, and

forecasting tools are essential for informed policy making that benefits our communities.

The COVID-19 pandemic tested our resilience but also underscored our unity and the importance of international cooperation. PFTAC's unwavering support has been instrumental in our recovery, and its flexible approach - expanding in-person activities and increasing remote engagements - has maintained momentum in implementing key reforms. This strategic collaboration with regional institutions has fostered meaningful interactions and prioritized interventions.

I would like to extend my heartfelt gratitude to our esteemed partners - Australia, the European Union, Japan, Korea, New Zealand, the United Kingdom, the United States, and the Asian Development Bank - for their steadfast support. Your contributions have been crucial to our collective success. I extend a special thanks to the EU and Korea for boosting their financial support, enabling PFTAC to increase their support and better address our growing demands in support of our reform agendas.

PFTAC's unique governance structure aligns strategic priorities among partners and member countries, exemplifying international cooperation and shared vision. Our contributions demonstrate our ownership and dedication to a prosperous future.

As we look ahead, let us recommit to the principles of cooperation, resilience, and sustainable development. Together with PFTAC and our international partners, we can overcome the challenges before us and secure a brighter future for the Pacific Island Countries.

I would like to express my deepest appreciation to the PFTAC staff for their tireless efforts and dedication. Your hard work has not only impacted our economies but has truly changed lives. To our partners and stakeholders, your ongoing support is invaluable. Together, we pave the way for a more resilient Pacific region.

# FOREWORD FROM THE PFTAC DIRECTOR



**Mr. Samir Jahjah**  
**PFTAC Director**

It is my pleasure to present the PFTAC annual report for FY 2025, marking the second year of Phase 6. Pacific Island Countries (PICs) are navigating in a fragmented world economy, faced with multiple shocks and impacted by regional conflicts. Broadly, the PICs have recovered from the COVID pandemic and are returning to trend growth, although the recovery has been uneven and influenced by country-specific factors. Many countries have surpassed their 2019 GDP levels, with exceptional growth noted in Fiji, Samoa, and Tuvalu. However, some countries remain below their pre-COVID levels, indicating prolonged impacts from the pandemic.

In FY 2025, PFTAC experienced an 8 percent increase in demand for technical assistance (TA) compared to FY 2024. With an execution rate above 90 percent, PFTAC has been effective in meeting member needs. Capacity development remained focused on core fiscal areas, with the largest share of its support directed towards Revenue Administration and Public Financial Management. This strategic focus strengthens fiscal systems to enhance resilience and promote sustainable growth, with tailored support aligning with individual country priorities and their readiness to implement reforms.

PFTAC continued to prioritize resources to Fragile and Conflict-Affected States (FCS). A significant and rising portion of PFTAC resources was allocated to fragile states, ensuring tailored support to enhance resilience and capacity building.

Regional cooperation has been essential, with workshops and peer-learning initiatives facilitating knowledge sharing among member countries. High-level participation from officials and partners in regional workshops has reinforced ownership and aligned support around common goals.

PFTAC and the Singapore Training Institute of the IMF (STI) have deepened their collaboration, expanding the scope and depth of training provided to the PICs. Building on training developed at HQ, STI has customized the workshops to meet the specific needs of the PICs. As a result, tailored-made macro-modeling, monetary policy design, and nowcasting tools have been developed and are now regularly utilized in several countries.

PFTAC has significantly deepened its collaboration with key donors, resulting in enhanced engagement with the European Union, Japan, and the Republic of Korea, resulting in more comprehensive support for capacity development initiatives across the Pacific. PFTAC advisors have engaged regularly with representatives from our partners and regional organizations, fostering closer relationships and ensuring alignment with regional priorities.

To meet the growing demand and needs of its members, PFTAC has implemented a hybrid engagement model that combines remote support with in-person missions. This approach ensures continuous assistance while maintaining momentum in key reforms. Collaborating with regional institutions, such as the Pacific Islands Tax Administrators Association (PITAA) and PACER Plus, also enhances regional training and learning. These partnerships also help prioritize reforms. For example, PITAA collaborates with its members to design and prioritize a reform agenda that is common to the region or specific group of countries. This collaborative approach ensures that the reform initiatives are tailored to the unique needs and challenges faced by the member countries.

The European Union's additional financial support for PFTAC will enhance our capacity to address climate-related challenges, which are macro-critical for Pacific Island Countries (PICs). The impacts of

climate change and natural disasters exacerbate fiscal pressures and elevate balance of payment needs, complicating economic recovery and stability in the region.

This support will enable PFTAC to develop targeted initiatives that strengthen the resilience of fiscal institutions and promote sustainable public investment strategies. By integrating climate change considerations into economic planning and capacity

development, we can better equip PICs to navigate the financial implications of climate risks.

I would like to express gratitude to the staff of PFTAC for their hard work and dedication in delivering capacity development programs and supporting member countries. I would also like to thank our partners and stakeholders for their ongoing support and collaboration.

# ACRONYMS AND ABBREVIATIONS

<b>ADB</b>	Asian Development Bank
<b>AFSPC</b>	Association of Financial Supervisors of Pacific Countries
<b>APD</b>	Asia Pacific Department
<b>CD</b>	Capacity Development
<b>CoA</b>	Chart of Accounts
<b>C-PIMA</b>	Climate - Public Investment Management Assessment
<b>FAD</b>	Fiscal Affairs Department
<b>FCS</b>	Fragile and Conflict-Affected States
<b>FPAS</b>	Nowcasting/ Forecasting Policy Analysis System
<b>FSS</b>	Financial Sector Supervision
<b>FY</b>	Fiscal Year
<b>GDP</b>	Gross Domestic Product
<b>GFS</b>	Government Finance Statistics
<b>HIES</b>	Household Income and Expenditure Surveys
<b>ICD</b>	Institute of Capacity Development
<b>IFRS</b>	International Financial Reporting Standards
<b>IMF</b>	International Monetary Fund
<b>ISORA</b>	International Survey on Revenue Administration
<b>LIC DSF</b>	Debt Sustainability Framework for Low Income Countries
<b>MCM</b>	Monetary and Capital Markets Department
<b>MPT</b>	Macro-projection Tool
<b>MTDS</b>	Medium Term Debt Strategy
<b>MTRS</b>	Medium Term Revenue Strategy
<b>OCO</b>	Oceania Customs Organization
<b>PACER Plus</b>	Pacific Agreement on Closer Economic Relations
<b>PCRIC</b>	Pacific Catastrophe Risk Insurance Company
<b>PEFA</b>	Public Expenditure and Financial Accountability

<b>PFM</b>	Public Financial Management
<b>PFTAC</b>	Pacific Financial Technical Assistance Centre
<b>PICs</b>	Pacific Island Countries
<b>PIF</b>	Pacific Islands Forum Secretariat
<b>PIM</b>	Public Investment Management
<b>PIMA</b>	Public Investment Management Assessment
<b>PITAA</b>	Pacific Islands Tax Administrators Association
<b>PSDS</b>	Public Sector Debt Statistics
<b>RBM</b>	Results Based Management
<b>RSS</b>	Real Sector Statistics
<b>SPC</b>	The Pacific Community
<b>SPR</b>	Strategy, Policy and Review Department
<b>STI</b>	Singapore Training Institute
<b>TA</b>	Technical Assistance
<b>TADAT</b>	Tax Administration Diagnostic Assessment Tool
<b>UNDP</b>	United Nations Development Programme
<b>VAT</b>	Value Added Tax

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SECTION I

# OVERVIEW

## EXECUTIVE SUMMARY

Pacific Island Countries (PICs) have made progress recovering from the COVID-19 shock, with regional GDP growing by 3.6 percent in 2024 supported by tourism and public investment. While Fiji, Samoa, and Tuvalu surpassed pre-pandemic levels, the recovery remains uneven, with growth expected to moderate to 3.1 percent in 2025 as the rebound slows.

Inflation has declined in most countries due to falling global food and fuel prices and tighter macroeconomic policies. However, risks from geopolitical tensions and commodity price volatility persist. A projected slowdown in global growth to 2.8 percent in 2025 may affect aid flows and remittance-dependent economies through key partners like Australia, New Zealand, and the US.

Structural and macroeconomic challenges continue to pose significant constraints on achieving sustained and inclusive growth. Many PICs continue to grapple with limited fiscal space, rising public debt, and small, undiversified economies highly vulnerable to external shocks. Climate change remains a defining threat, especially for atoll nations, with disasters causing annual losses exceeding 10 percent of GDP in some cases. While access to climate finance is

improving, absorptive capacity, complex procedures, and institutional readiness remain barriers. Only Papua New Guinea has accessed the IMF's Resilience and Sustainability Facility (RSF), with other countries encouraged to explore eligibility and readiness.

The Pacific's long-term resilience will require strategic reforms across several fronts: improving revenue mobilization, strengthening public financial management, expanding climate-resilient infrastructure, enhancing human capital, and investing in ocean-based (blue economy) and digital sectors. Regional coordination and targeted capacity development will be key to unlocking these transformations.

### PFTAC Contributions and CD Highlights

In this context, CD remains essential for strengthening institutions and advancing reform. In FY 2025, PFTAC delivered 137 activities over 2,269 technical TA days, an 8 percent increase from FY 2024. Support was tailored to individual country needs and regional priorities, with nearly half of all resources allocated to fragile states, in line with the IMF's strategic focus on fragile and conflict-affected countries.

TA remained concentrated in fiscal and statistics workstreams, with Revenue Administration accounting for 34 percent of delivery, Public Financial Management (26 percent). Ten long-term resident advisors and a pool of short-term experts delivered the program, supported by strong backstopping from IMF headquarters.

Flexible delivery approaches, including hybrid and remote missions enhanced engagement, while regional workshops promoted peer learning. Notable achievements include successful Public Expenditure and Financial Accountability (PEFA) and the Climate-Public Investment Management (C-PIMA) assessments in several countries, strengthening public investment planning and climate-responsive budgeting. Workshops addressed macroeconomic forecasting, debt sustainability, Value Added Tax (VAT) design, climate-related fiscal risks, and cyber risk regulation.

Regional outreach was expanded through high-level events, increased donor participation, and coordination with bodies such as PITAA, Association of Financial Supervisors of Pacific Countries (AFSPC), The Pacific Community (SPC), and Oceania Customs Organization (OCO). Peer learning and study visits reinforced

regional ownership and practical exchange of knowledge. Regional events and workshops took place across all PFTAC workstreams, except Public Financial Management, and were instrumental in fostering peer learning, technical exchange, and collective problem-solving. These workshops brought together Pacific officials to share experiences and deepen their understanding of key reform topics like debt sustainability and medium-term debt strategy. They aimed to enhance officials' abilities to assess and manage debt risks and to improve national forecasting capabilities using IMF-supported tools and models.

These events brought together officials from member countries, IMF headquarters staff, and regional partners like PITAA, AFSPC, SPC, and OCO. The involvement of HQ experts enriched technical discussions, while regional institutions provided valuable context and ensured continuity across initiatives. These workshops reinforced regional cooperation and strengthened networks among practitioners addressing common challenges and leading to "community of practices".

PFTAC uses RBM framework to plan, track, and assess the impact of its capacity development work. Each project is built around specific objectives, with clear outcomes and milestones to measure progress. In FY 2025, 43 percent of milestones were

rated as largely or fully achieved. The RBM approach helps ensure that support remains focused, accountable, and aligned with country priorities, making it easier to monitor results and adjust assistance where needed.

### **Institutional Framework and Governance**

Established in 1993, PFTAC is the IMF's first regional technical assistance center. Its inclusive governance structure, comprising member countries, donors, and the IMF ensures a collaborative approach to the region's challenges. Strategic oversight from the Steering Committee aligns PFTAC's initiatives with the evolving needs of PICs, enabling dynamic responses to ongoing and emerging priorities. PFTAC works are fully integrated with APD strategic priorities and the IMF CD Strategy.

The sixth phase of PFTAC operations began on May 1, 2023, and runs through April 30, 2028. Under Phase VI, PFTAC has expanded CD delivery, particularly to fragile states, and broadened its thematic scope to include Debt Management and new Climate stream in the PFM program, thanks to increased donor contributions. In particular, additional funding from the EU made possible the recruitment of a climate-focused PFM advisor, who will help countries systematically integrate climate

considerations into budget processes, investment frameworks, and fiscal risk assessments

### **Priorities for FY 2026**

PFTAC's Phase VI budget has risen to US\$50.6 million, with commitments at US\$45.6 million. A US\$5 million funding gap remains, but ongoing contributions from donors and members ensure strong liquidity, with US\$27.4 million covering three years of operations.

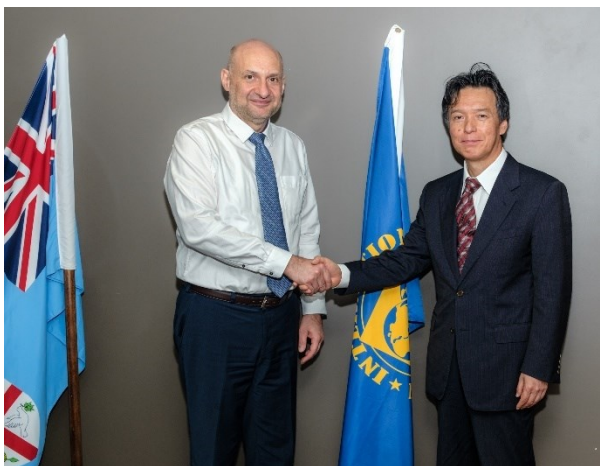
The FY 2026 work program will expand to 167 activities over 2,781 TA days, a 23 percent increase. Eleven long-term advisors will oversee the expanded workstreams, including the new Debt Management program and climate-responsive PFM stream. Key areas include domestic resource mobilization, climate finance, debt transparency, public investment efficiency, digitalization, and support for fragile states.

PFTAC is committed to high-impact and demand-driven capacity building initiatives, fully integrated with the IMF surveillance, and supported by extensive backstopping from HQ. Ongoing collaboration with donors, regional institutions, and members will ensure meaningful reform outcomes and long-term resilience for the Pacific region.



PFTAC resident advisors, member countries, donors and development partners at the 2024 Steering Committee Meeting held in Tonga.





PFTAC Director, Mr. Samir Jahjah with Ambassador, Permanent Representative of Japan to the PIF Mr. Rokuichiro MICHII



Members of the PFTAC Steering Committee at 2024 Meeting in Tonga



ICD Deputy Director Franck Bousquet and PFTAC Director Samir Jahjah with Department of Foreign Affairs and Trade Officials, Australia



PFTAC Director, Mr. Samir Jahjah and ICD Deputy Director, Mr. Franck Bousquet with the Honorable Tiofilusi Tuieti, Minister for Finance and National Planning, Tonga



Development Partners from Australia, France, Japan, United Kingdom at the PFTAC Macroeconomics of Climate Change Course



PFTAC Director Mr. Samir Jahjah with Fiji Deputy Prime Minister and Minister for Economy, Honorable Biman Prasad

## PFTAC PROGRAMS

## REVENUE ADMINISTRATION

In the area of revenue policy and administration, PFTAC supports member countries to strengthen the capacities of tax administrations, mobilizing tax revenue, improving taxpayer compliance, and promoting citizens' ownership of their role as taxpayers.

## OBJECTIVES

- (1) Strengthen revenue administration management and governance arrangements.
- (2) Strengthen core tax administration functions, including an accurate taxpayer base, quality taxpayer services supporting voluntary compliance, improvements in filing, payment, and audit services.

## PUBLIC FINANCIAL MANAGEMENT

The Center supports the planning and prioritization of PFM reforms based on the PEFA framework and assessments; strengthening legal frameworks; strengthening budget preparation, transparency, execution; and strengthening budget monitoring, reporting and accountability.

## OBJECTIVES

- (1) Improve PFM laws and effective institutions.
- (2) Comprehensive, credible, and policy-based budget preparation.
- (3) Improved budget execution and control supported by an efficient FMIS and with responsive internal audit.
- (4) Improve coverage and quality of fiscal reporting.
- (5) Improve asset and liability management.
- (6) Strengthen management of fiscal risks.
- (7) Improve public investment management.

## FINANCIAL SECTOR SUPERVISION

The Center helps the countries create resilience in their banking systems through sound regulation that helps promote financial stability and better access to finance.

## OBJECTIVES

- (1) Strengthen financial sector surveillance through upgrading of regulatory framework in line with international standards.
- (2) Make efficient use of supervisory resources to better oversee key risks in the banking system.
- (3) Ensure that banks have strong capital and liquidity positions that adequately cover their risks and contribute to financial system stability.
- (4) Improve supervisory effectiveness through enhanced capacity in IFRS knowledge related to provisioning.

## DEBT MANAGEMENT

The Center supports the member countries to strengthen their debt management capabilities, build capacity in debt-related analyses and reporting, implement debt and risk management strategies, strengthen institutional arrangements for debt management, and improve the functioning and depth of domestic debt markets.

### OBJECTIVES

- (1) Formulate and implement a medium-term debt management strategy.
- (2) Establish efficient institutional frameworks for debt management.
- (3) Develop/ strengthen processes for accurate debt recording, reporting and monitoring.
- (4) Develop market infrastructure and capacity for cost effective financing.

## MACROECONOMIC PROGRAMMING

This program aims to improve macroeconomic policy advice to governments and central banks through more effective medium-term economic frameworks and forecasting capacity, working closely with the macroframework work program .

### OBJECTIVES

- (1) Sound medium-term macroeconomic frameworks – these frameworks are comprehensive strategies that guide economic policy over the medium term. They include projections for major economic indicators like GDP growth, inflation, and fiscal balances. Their purpose is to ensure internal and external stability and sustainable economic growth.
- (2) Strong institutions for policy making – Central banks and Ministries of Finance, with the authority and capacity to formulate, implement, and enforce policies effectively.
- (3) Improved public access to key macroeconomic and fiscal information.
- (4) Sound macroeconomic surveillance and policy/ research available for policy making – macroeconomic surveillance involves the continuous monitoring of economic developments and the identification of potential vulnerabilities and imbalances.

## MACROECONOMIC FRAMEWORKS

The Macroeconomic Frameworks capacity development work supports and complements the Macroeconomic Programming work program, developing analytical, forecasting and policy analysis skills to reinforce economic policymaking processes.

### OBJECTIVES

- (1) Strengthen analytical skills, macroeconomic forecasting and policy analysis skills which drive economic policy making.
- (2) Develop capacity in macroeconomic forecasting and policy analysis to support policy decision making and communication.
- (3) Integration of macroeconomic projections and economic policy analyses into policy process, supported by better internal cooperation and communication.



## GOVERNMENT FINANCE STATISTICS

The Center supports the member states in compiling and harmonizing government finance statistics to ensure they are both reliable and consistent with international standards.

### OBJECTIVES

- (1) Strengthen compilation and dissemination of Government Finance Statistics.
- (2) Strengthen compilation and dissemination of Public Sector Debt Statistics.

## REAL SECTOR STATISTICS

In this area, the Center supports the member states in compiling national accounts and price statistics that are robust and compliant with international standards and in implementing effective economic policy tools.

### OBJECTIVES

- (1) Strengthen compilation and dissemination of national accounts statistics – comprehensive updates and rebasing.
- (2) Strengthen compilation and dissemination of National Production, Income and Expenditure Accounts.
- (3) Strengthen compilation and dissemination of Consumer Price Statistics.
- (4) Strengthen compilation and dissemination of Producer Price and Trade Price Statistics.



PFTAC Staff at the 2024 Steering Committee Meeting, Tonga

# MACROECONOMIC DEVELOPMENTS

The PICs have broadly recovered from the COVID shock with a return to trend growth. While the recovery has been uneven and driven by country specific factors, most countries have surpassed their 2019 GDP levels with extra normal growth recorded in a number of PICs such as in **Fiji, Samoa, and Tuvalu**. Nevertheless, a smaller number of countries remain below their pre COVID level, indicating the longer losses from the pandemic. In all PICs, there is evidence of scarring from recent global shocks including higher debt, cost-of-living pressures, and distorted labor markets. Regional GDP growth in 2024 reached 3.6 percent, underpinned by strong tourism activity, public investment, and external support. While growth is expected to moderate slightly to 3.1 percent in 2025 as the post COVID rebound tapers off, the region shows a return to trend growth. Inflation has broadly eased, supported by declining global food and fuel prices and tighter macroeconomic policies, though upside risks remain from geopolitical tensions and commodity price volatility.

However, such performance remains below what is needed for sustainable income growth, with the region still grappling with structural constraints, climate-related vulnerabilities, and limited policy space. **Fiji and Samoa** have led the recovery, supported by a

sustained rebound in tourism and renewed private sector confidence. **Papua New Guinea** continues to be benefitting from natural resource projects in energy and mining, though structural reform and diversification remain key challenges. **Tonga** is experiencing more moderate growth, nevertheless underpinned by remittances, aid flows, and reconstruction activity. **Solomon Islands** is sustaining moderate growth, supported by efforts to improve agriculture, mining and manufacturing sectors. **Kiribati, Tuvalu, and Nauru** are demonstrating resilience through trust fund utilization, aid inflows and infrastructure development. The **Federated States of Micronesia, Marshall Islands and Palau** have benefited from greater certainty around the Compact Trust Fund disbursements that support the post-pandemic recovery. **Vanuatu's** recovery has been adversely affected by the collapse of Air Vanuatu and a major earthquake.

The global environment has been broadly supportive with strong demand from key markets, but intensifying downside risks dominate the outlook. While global growth at 3.3 percent in 2024 has been slower than the pre COVID long-term trend, key markets for the PICs such as Australia, China and the US have supported

tourism, commodity exports and boosted domestic demand. The IMF projects global growth to moderate to 2.8 percent in 2025, a downward revision from previous estimates, before edging up slightly to 3.0 percent in 2026. This reflects the lingering effects of tighter monetary policy, weak productivity growth, and on-going global trade tensions. Inflation is expected to ease further, with headline global inflation projected to fall to 4.3 percent in 2025, aided by declining energy and commodity prices and slowing demand.

Despite global policy uncertainties, growth in the PICs is unlikely to be significantly directly affected by the global trade tensions but could face a number of headwinds from indirect effects. PICs exports to the US are relatively small but the region's growth could be affected by spillovers including indirect impacts on Australia, New Zealand, the US, and the Asian economies. Weaker fiscal positions resulting from slower growth could constrain the ability of key development partners to maintain assistance through concessional loans and grants and those PICs with significant sovereign wealth funds could be impacted by episodes of financial market turbulence. More positively, cost-of living pressures could be moderated by trade diversion

from Asian economies resulting in cheaper imported goods and lower shipping costs as demand for containers falls. Key downside risks include renewed energy price shocks from geopolitical conflicts, rising protectionism, and persistent supply chain vulnerabilities. These headwinds underline the importance of rebuilding fiscal buffers and advancing structural reforms to support medium-term growth prospects.

In addition to these challenges, the PICs continue to face a set of interlinked and structural challenges that constrain the sustainability and inclusiveness of growth. Chief among these is the intensifying climate crisis, which remains an existential threat to several low-lying atoll nations. Rising sea levels, coastal erosion, and more frequent extreme weather events are inflicting mounting economic damage—threatening infrastructure, livelihoods, and fiscal stability. In some countries, climate-related disasters have led to economic losses exceeding 10 percent of GDP annually. While access to global climate finance is critical, many PICs still struggle with limited institutional and absorptive capacity, complex application procedures, and project implementation bottlenecks. In this regard, the establishment of the Pacific Resilience Facility by the Pacific Islands Forum is an important step forward in creation of home grown capacity regarding the implications of climate change. The IMF's Resilience and Sustainability Facility (RSF), established to support long-term structural reforms related to climate and pandemic risks, has so far only been accessed in the region by **Papua New Guinea**, which secured a US\$259 million RSF arrangement in 2024. This program supports disaster risk management, climate-aligned public investment, and green finance development. Other PICs remain eligible and are encouraged to engage with the RSF, though broader

reforms and capacity upgrades will be necessary to fully benefit from such instruments. Enhancing project readiness, strengthening public investment systems, and aligning national climate strategies with financing pipelines remain key priorities. These climate-related risks compound a broader set of structural and macroeconomic challenges that demand urgent policy attention. Fiscal constraints, limited economic diversification, labor shortages, and financial connectivity risks continue to hinder development prospects across the region.

- **Limited Fiscal Space.** Fiscal space remains severely constrained in most PICs, reflecting the dual pressures of elevated debt burdens and rising development spending needs. While tourism and external grants have supported revenue recovery, tax bases remain narrow, and public expenditures, especially on wages, subsidies, and infrastructure—continue to grow. According to the IMF's 2025 regional assessments, public debt-to-GDP ratios remain above 50 percent in more than half of PICs, with some countries exceeding 70 percent. Debt vulnerabilities are further exacerbated by the high costs of climate adaptation and infrastructure resilience. Several countries have embarked on fiscal consolidation, but progress varies. For example, Fiji and Samoa have implemented tax and expenditure measures aimed at improving fiscal balances, while others remain reliant on donor support to fund capital and recurrent expenditures. The IMF recommends that consolidation be pursued gradually and anchored in credible medium-term frameworks that safeguard social spending and climate investment. Domestic revenue mobilization, particularly through modernizing tax administration and reducing

informality, remains a key priority across the region. At the same time, public financial management reforms—such as better budgeting, procurement, and investment appraisal—are needed to enhance spending efficiency and accountability.

- **Unlocking the Blue Economy.** PICs possess vast exclusive economic zones—more than 20 million square kilometers in total—offering significant potential for economic development through the blue economy. However, this potential remains underexploited due to structural constraints, including limited investment, weak maritime infrastructure, and insufficient ocean governance. Illegal, unreported, and unregulated (IUU) fishing continues to cost the region over US\$600 million annually, undermining both revenues and sustainability. Climate change also threatens fish stocks, coral reef ecosystems, and maritime livelihoods. Experience has shown that it is important to integrate blue economy strategies into national development plans. Countries like the **Federated States of Micronesia** and the **Solomon Islands** are piloting sustainable fisheries initiatives, while others, such as **Palau**, are promoting eco-tourism linked to marine conservation. To unlock greater returns from ocean resources, PICs need targeted investment in monitoring, enforcement, and marine infrastructure, coupled with regional collaboration on ocean governance frameworks and data sharing. Development finance institutions are increasingly supporting these efforts, but coordination, capacity building, and political will remain essential.
- **Migration, Labor Shortages, and Human Capital Gaps.** Labor mobility continues to provide a critical economic lifeline to many

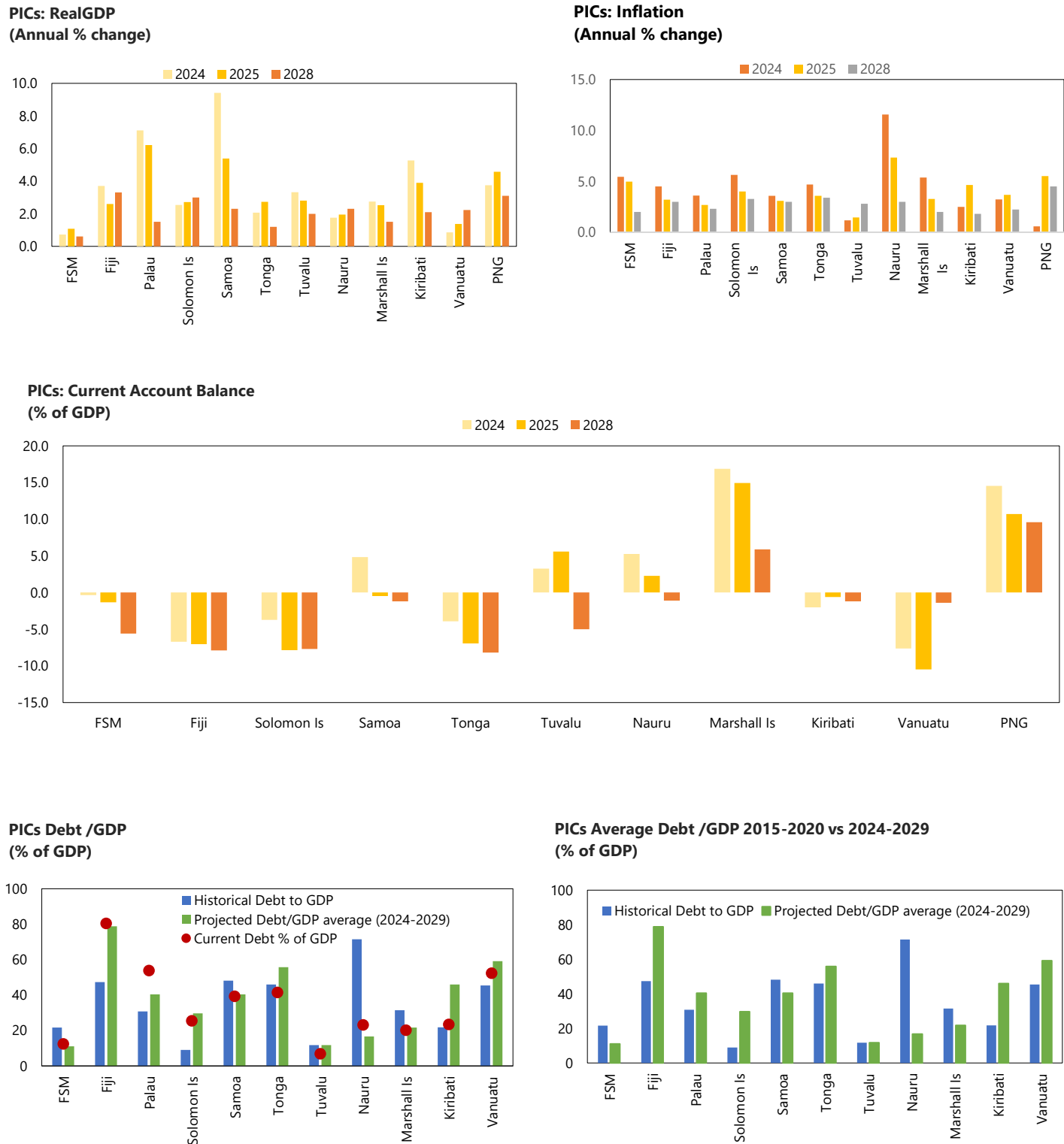
Pacific nations but also contributes to severe domestic skill shortages. Participation in labor mobility schemes with Australia and New Zealand surged post-pandemic, with thousands of seasonal and semi-skilled workers participating each year but there are signs that it might have peaked. **Tuvalu**, in particular, has a more structured emigration program with Australia that may have significant long-term implications. Remittances from these workers now account for up to 30 percent of GDP in countries such as **Tonga** and **Samoa**. While these inflows provide vital household income and foreign exchange, the departure of skilled workers, particularly in health, education, and construction—has left noticeable gaps in essential services at home. To leverage the impact of remittances, there is a need for more strategic human capital development and investments in vocational education, workforce planning, and the retention of skilled professionals are crucial for long-term growth. At the same time, countries should adopt integrated migration strategies that promote return migration, support diaspora engagement, and align labor mobility with domestic development goals. The region's growing youth population, one of the youngest in the world, offers a demographic dividend if coupled with education and employment opportunities, particularly in green and digital sectors.

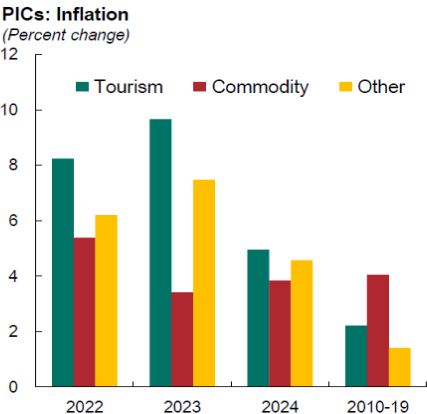
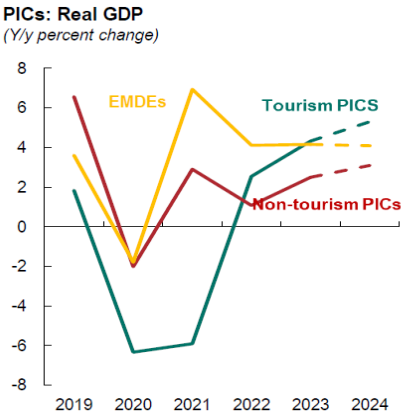
- **Correspondent Banking and Financial Connectivity.** The loss of correspondent banking relationships (CBRs) continues to present a serious risk to financial inclusion and external connectivity across the Pacific. De-risking by global financial institutions—driven by profitability concerns, compliance burdens, and perceived Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) deficiencies—has led to a significant reduction in CBRs in several PICs. In some cases, countries are dependent on a single correspondent partner, increasing vulnerability to financial isolation. This has affected cross-border payments, remittance flows, and trade financing, with direct implications for macroeconomic stability and private sector development. The IMF continues to work closely with countries and regional institutions to mitigate these risks and engages with the World Bank-Pacific Islands Forum project that offers a regional solution. Key priorities include strengthening AML/CFT frameworks, improving supervisory capacity, and enhancing data transparency. The G-20 Safe Payment Corridor (SPC) initiative, undertaken by the IMF, is a potential mechanism to support secure and cost-effective cross-border payments. The SPC is designed to facilitate legitimate remittance flows between remittance-sending and receiving countries by linking trusted payment providers and regulators. Although

still at an early stage, it offers promise for safeguarding vital remittance lifelines in a risk-sensitive environment.

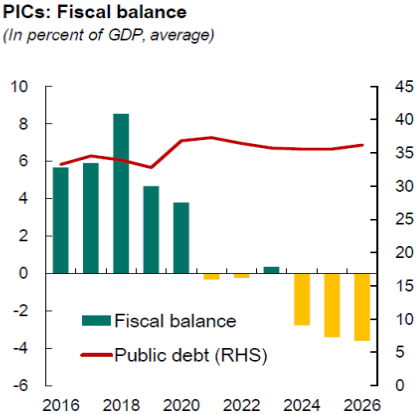
To ensure a more resilient and inclusive recovery, PICs must adopt a multi-pronged approach that blends sound macroeconomic management with targeted reforms. Key priorities include diversifying away from overdependence on tourism and aid; expanding climate-smart infrastructure; strengthening human capital and digital capacity; and improving regional economic integration. The IMF continues to support these efforts through tailored surveillance, lending, and capacity development—including through PFTAC and the Pacific Resident Representative Office in Fiji. International support will remain vital. Given their small size, remoteness, and vulnerability to shocks, PICs require concessional finance, predictable aid flows, and access to global funds—particularly for climate adaptation. Key actions include a better alignment between donor programming and national strategies, ensuring streamlined access to climate finance, and stronger global mechanisms to address the unique development challenges of small island developing states. Looking ahead, building resilient institutions, transparent governance, and effective public investment systems will be central to converting recovery momentum into sustainable prosperity.

FIGURE 1. KEY MACROECONOMIC INDICATORS FOR PFTAC REGION





Source: World Economic Outlook Database; and IMF staff calculations.  
Note: PICs = Pacific island countries.



Source: World Economic Outlook and Staff Calculations

SECTION II

FY 2025  
RESULTS



## OVERVIEW

## Building Resilience Through Capacity Development

### Capacity development remains essential for building resilient institutions in PICs.

In 2025, the region faced a complex landscape characterized by climate vulnerability, geographic isolation, and economic recovery efforts from recent global shocks. While several countries experienced modest growth, they continued to grapple with structural challenges, including limited revenue and small tax bases, reliance on external aid, capacity constraints, and vulnerability to natural disasters. This unique context underscores the critical need for sustained, improved public financial management, and strengthened institutions across the 16 member countries.

### High demand from PFTAC members resulted in increased TA delivery during FY 2025.

PFTAC delivered 137 activities over 2,269 technical days (TA), including 130 in-country activities and 7 regional workshops, representing an 8 percent increase over FY 2024. The Debt Management program delivered 12 activities across 238 TA days (Table 1). Compared to the mid-year revised workplan, the execution rate was 92 percent for TA days and 87 percent in terms of activity level. This accounted for US\$6.8 million of budgetary spending, or

92 percent of the planned budget for the fiscal year (Table 9). Ten PFTAC advisors delivered the programs, complemented by short term experts (STX), with resident advisors providing 40 percent of total CD days and STXs contributing 60 percent.

### Capacity development remained concentrated in core fiscal areas, reflecting historical trends and a strong focus on macro-fiscal priorities.

The largest share of technical assistance was directed to Revenue Administration (34 percent) and Public Financial Management (26 percent), underscoring member countries' emphasis on strengthening core fiscal systems. Real Sector Statistics received 13 percent support, while Financial Sector Supervision and Government Finance Statistics accounted for 9 percent and 6 percent, respectively. Smaller but targeted contributions were made through Macroeconomic Programming (7 percent) and Macroeconomic Framework (5 percent). This distribution underscores the extensive support provided across all workstreams central to the IMF mandate. (Figure 3).

**The allocation of CD in FY 2025 reflected country-specific priorities, with support tailored to demand, economic size, and reform readiness.** Capacity development was delivered across all 16 member countries and was complemented by

regional activities and peer-learning exchanges. The highest recipients of CD were Fiji, Papua New Guinea, Timor-Leste, Tuvalu, and Kiribati (each at 8 or more percent). A second group, including Palau, Samoa, Vanuatu, the Cook Islands, and the Marshall Islands, received between 5 and 7 percent of total TA. The remaining countries - Niue, Solomon Islands, Tonga, Nauru, FSM, and Tokelau, received smaller shares ranging from 1 to 4 percent (Figure 4).

## Enhancing Capacity Development through Flexible Approaches and Targeted Support to Fragile and Small States

**In line with the IMF strategic priority to better support Fragile and Conflict-Affected States,** 42 percent of PFTAC resources targeted the seven countries classified as fragile, up from 36 percent in FY 2024.

**Flexible and hybrid approaches strengthened CD implementation and impact.** Eighty percent of activities were conducted in person, while 17 TA activities and 11 regional events were delivered virtually or in hybrid formats (Table 1). This flexibility improved engagement, facilitating preparatory work, follow-up discussions, and continuity in implementation. Hybrid activities,



combining in-country missions with remote support, effectively managed delivery costs and maintained quality in challenging environments. For example, the Revenue program's workshops linked activities with remote support over time, while PFM and RSS provided targeted remote assistance to Kiribati and Samoa, respectively. These strategies improved efficiency and enabled sustained capacity development.

### **Regional assistance was vital for knowledge sharing and peer learning.**

Activities included workshops on *Macroeconomics of Climate Change*, *Cyber Risk Regulation*, and *Government Finance Statistics*. Collaborations with SPC and the Statistical Institute for Asia and the Pacific (SIAP) focused on *Consumer Price Index* issues, while the Revenue program addressed *Taxpayer Registration* and *Complex Tax* issues. The Debt Management program held events on *Debt Sustainability Analysis* and *Local Currency Bond Markets*. These efforts were crucial for building capacity, fostering regional cooperation, and tackling shared challenges.

### **To enhance partner engagement and foster collaboration, senior officials and development partners were invited to participate in regional workshops.**

Their involvement provided valuable context, reinforced country ownership, and aligned support around shared priorities. High-level participation included representatives from Fiji's Ministry of Finance, the Reserve Bank of Fiji, the Australian High Commission, the Japanese Embassy, the EU Delegation, the UK and the US Embassies in Suva. They took part in events such as the tax audit workshop, the macroeconomics of climate change course, the government finance statistics workshop, and discussions on local currency and bond market. PFTAC will continue to invite partners and explore opportunities for their participation in technical segments to further strengthen collaboration and visibility of joint efforts.

PFTAC missions in member countries regularly engage with diplomatic missions

and development partners. These outreach efforts include briefings on the mission's objectives, findings, and areas of potential collaboration, helping to ensure coordination across stakeholders.

### **PFTAC remains dedicated to promoting gender balance and diversity in its regional events.**

Initiatives encouraged broad participation, including participants with disability, highlighting inclusion and accessibility in capacity development. A total of 190 participants attended the workshops and training, with 55 percent being women, marking an improvement in gender balance from FY 2024 (Table 8).

### **PFTAC is supporting collaborative learning initiatives.**

In addition to traditional technical assistance and workshops, PFTAC facilitated two peer learning initiatives: a GFS study visit connecting officials from the Central Bank of Solomon Islands and the Cook Islands Statistics Office, and a FSS cyber risk on-site examination program, implemented across four Pacific countries. These peer learning activities enable authorities that have implemented similar reforms to share their experiences, fostering direct exchanges among practitioners and enhancing capacity to apply international frameworks to regional contexts. The debt management advisor organized a "Train-the-Trainers" workshop on Medium-Term Debt Management Strategy. He helped equip officials from five countries to become future contributors to regional TA delivery. Interactive and highly practical, the training deepened participants' technical and strategic skills, reinforced regional ownership, and served as a model for sustainable peer-led capacity development.

### **PFTAC also invested in nurturing future talent through its student attachment program.**

Two high school students from Fiji's St Joseph's Secondary School completed a one-week internship where they learned data analysis, gained hands on experience on developing GDP forecasts under PFTAC advisors

mentorship, and engaged with technical staff, offering them early exposure to economic policy and IMF capacity-building efforts. These initiatives reflect PFTAC's evolving approach to building a regionally sustainable pool of expertise.

## **Enhancing Collaboration with Regional and International Partners**

### **PFTAC strengthened its collaboration with regional and international institutions through active participation in several strategic events.**

At the 26<sup>th</sup> OCO *Annual Conference* in Rarotonga, PFTAC's Revenue Advisor and IMF FAD Senior Economist introduced the IMF customs administration capacity development approach and engaged in bilateral discussions with the OCO Secretariat and development partners to shape future collaborations. PFTAC also contributed to the *Fifth Pacific Statistics Standing Committee Meeting* in Vanuatu, where the RSS Advisor supported discussions on enhancing statistical systems, aligning with international standards, and coordinating timelines for major statistical updates. In Fiji, PFTAC's PFM Advisor participated in the *PCRIC Climate and Disaster Risk Finance Workshop*, emphasizing the integration of disaster risk financing into public financial management frameworks to build regional resilience. Further collaboration occurred through the *PACER Plus DRM Workshop* in Samoa, co-designed by PFTAC, where the Revenue Advisor and experts facilitated dialogue on optimizing VAT and improving coordination between tax and customs administrations. Across these engagements, PFTAC reinforced its role as a partner in advancing regional reform agendas, supporting peer learning, and aligning technical assistance with country and development partner priorities.

## **Integrating Capacity Development with IMF Surveillance and Lending**

### **PFTAC activities are fully integrated with the IMF surveillance and lending activities and backstopped by capacity**

**development departments.** Across its workstreams, PFTAC regularly draws on HQ expertise. For example, PFM assessments are undertaken with the lead of the Fiscal Affairs Department (FAD). The Revenue program collaborates closely on Tax Administration Diagnostic Assessment Tool (TADAT) assessments and domestic revenue mobilization missions from HQ. The FSS and GFS programs have also strengthened their regional engagement by inviting HQ experts to join regional workshops, enriching discussions with broader institutional experience. Both macroeconomic workstreams maintain strong partnerships with the IMF's Institute of Capacity Development (ICD) and the Singapore Training Institute (STI), ensuring training and technical assistance are grounded in the latest analytical tools and practices. The Macro advisor also joined a FAD led mission to Fiji on Tax Expenditures.

Where feasible, PFTAC experts also coordinate with IMF surveillance teams, participating in Article IV missions to provide context and continuity between technical and policy engagement. This close collaboration strengthens the integration of capacity development with surveillance, amplifying the impact of both and ensuring consistency in policy advice and institutional reform.

The backstopping provided by Fund experts at headquarters is crucial for maintaining the highest quality of TA delivery, ensuring effective division of responsibilities between PFTAC and HQ, drawing on experiences and successes from other regions, and promoting consistency in recommendations across the membership.

**Comprehensive PEFA and C-PIMA assessments enhance reform planning across the region.** This year, PFTAC recorded an unprecedented number of comprehensive PFM assessments, reflecting both the growing demand for assessments and PFTAC's capability to support these diagnostics. Three *Agile*PEFA assessments were conducted in Fiji, Tuvalu,

and Vanuatu to evaluate the current state of PFM systems. These resource-intensive assessments identify strengths, weaknesses, and reform priorities. In Tuvalu and Vanuatu, the findings will inform updated PFM reform roadmaps. Fiji's assessment has already passed the PEFA Check quality assurance and is guiding targeted reform actions.

**Two Climate Public Investment Management Assessments (C-PIMA) were conducted in Fiji and Papua New Guinea.** These assessments evaluate the climate responsiveness of public investment systems, crucial given the region's climate-related risks. In Papua New Guinea, the C-PIMA identified urgent reforms to integrate climate considerations into the capital project cycle, including establishing a lead agency for hazard mapping and enhancing project screening processes. The C-PIMA conducted in Fiji outlined practical measures to improve infrastructure planning, multiyear budgeting, and the integration of climate goals into public investment management. Together, these assessments provide governments with the evidence base and structured guidance needed to prioritize reforms, strengthen fiscal institutions, and align national investment strategies with climate resilience and development objectives. These reforms are macro-critical, as they foster sustainable economic growth and mitigate the risks posed by climate change to national economies.

### **Increased Donor Commitments Boost PFTAC's Initiative**

**PFTAC's donor base has expanded and now includes eight partners supporting Phase VI operation.** They are the Republic of Korea, Australia, European Union, The Government of Japan, New Zealand, United Kingdom, United States and the Asian Development Bank. Total donor commitments amounted to US\$30.5 million. During the year, Korea increased its contribution by US\$5 million, and the European Union raised its contribution by US\$1.85 million. These contributions have

raised total commitments to US\$37.3 million as of April 2025. (Table 10)

**Increased funding from Korea and the European Union boosts PFTAC's Phase VI Budget to US\$50.6 million, allowing to meet rising demand from the membership.** These additional pledges allow PFTAC to expand its original Phase VI budget of US\$43.5 million, as outlined in the Program Document. As stated in the Program Document, it was agreed that, subject to securing further funding, PFTAC would add a Green PFM advisor and absorb the Debt Management Program, previously funded by the IMF HQ Japan Sub-Account (JSA). Each will require approximately US\$3 million over the next three fiscal years. With the confirmed support, both additions are now fully funded, along with modest increases in the Macroeconomic Frameworks and Real Sector Statistics programs, bringing the total Phase VI budget to US\$50.6 million.

**Despite strong support, a small funding gap of US\$5 million remains.** PFTAC members have pledged a total of US\$4 million, with the IMF contributing US\$3.5 million, internal transfers of US\$0.7 million – bringing the total identified funding to US\$45.6 million (Table 10). This leaves a funding gap of US\$5 million against the revised budget of US\$50.6 million, compared to US\$4.8 million reported in the FY 2024 Annual Report.

**A robust financial foundation support the liquidity position and program delivery.** To date, total cash contributions of US\$27.4 million have been received, equivalent to roughly three years of operational needs. This reflects strong support from development partners, who have contributed US\$26.1 million, alongside contributions from five member countries (Cook Islands, Fiji, Samoa, Timor-Leste, Tonga), totaling US\$0.7 million. (Table 10). Contributions from other members will significantly enhance PFTAC's liquidity, enabling it to effectively execute its workplans.

Encouragingly, seven member countries (Cook Islands, Fiji, Niue, Samoa, Timor-Leste, Tokelau, and Tonga) have already signed funding agreements, and there is strong momentum for others to follow. With continued collaboration and timely support, PFTAC is well-positioned to maintain high-impact delivery and meet the evolving needs of its members.

**Leveraging Results-Based Management to Enhance Capacity Development Effectiveness**

**IMF’s Results Based Management (RBM) guides the implementation of PFTAC workplans and tracks the effectiveness of CD interventions.** Advisors design CD projects with a clear set of log frame components – objectives, outcomes, indicators and milestones – derived from the IMF’s RBM catalog. The RBM rates outcomes on a scale of 1 (not achieved) to 4 (fully achieved). Milestones, also rated from 1 to 4, capture the significant steps country authorities take toward achieving these outcomes.

Member countries continue to make progress on the realization of targeted outcomes and milestones. During FY 2025, PFTAC programs worked towards outcomes associated with 24 high level objectives and 557 milestones. At the end of FY 2025, 43 percent of milestones were rated as largely or fully achieved. RBM ratings are frequently updated and reflect changes as a project proceeds. A rating of ‘not achieved’ usually indicates projects are in the early stages of delivery and therefore have not achieved significant progress towards completion (Figure 5 and Table 5).

FIGURE 2. FY 2025 KEY HIGHLIGHTS

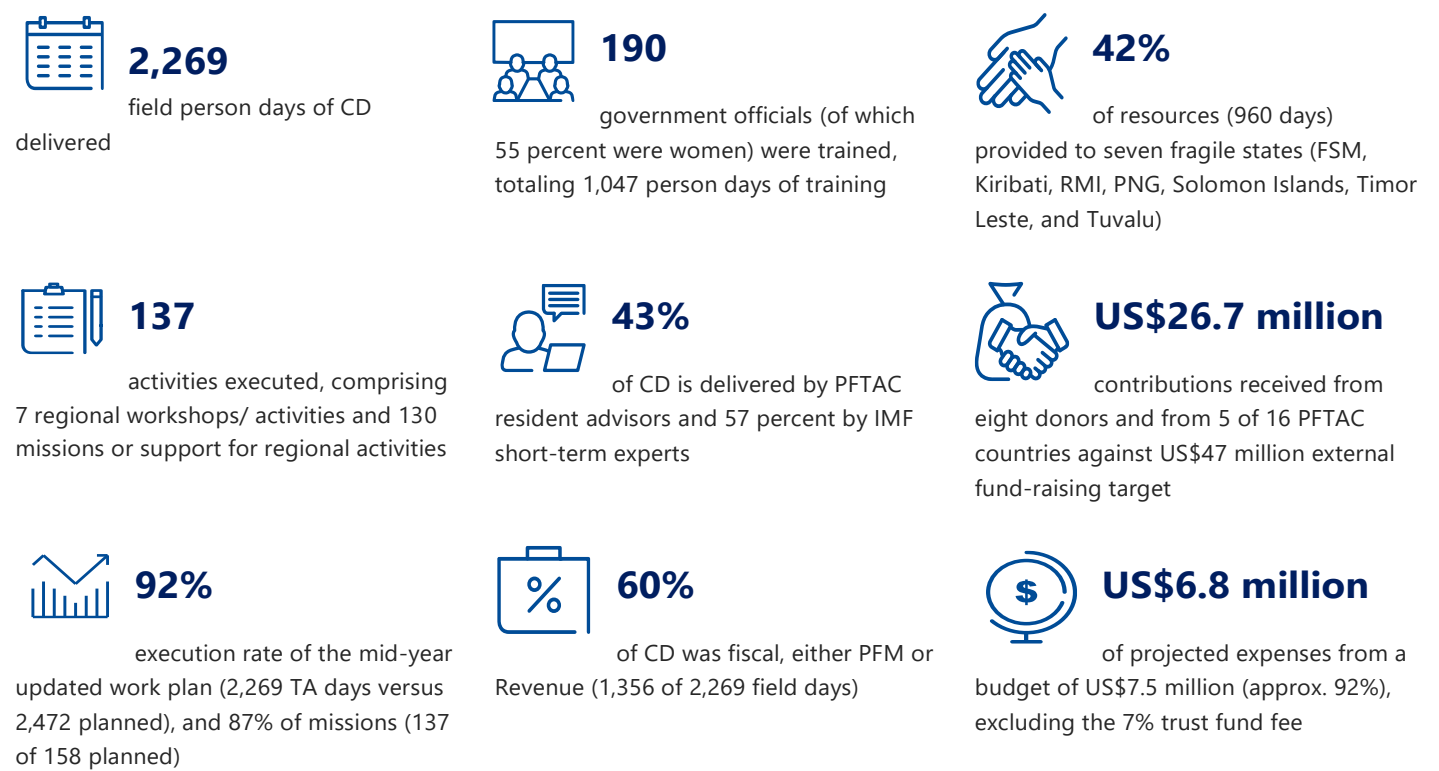


TABLE 1. FY 2025 WORK PROGRAM EXECUTION AND CD MODALITY

PROGRAM	LTX	STX	TOTAL	MISSIONS	VIRTUAL	HYBRID	IN-PERSON
Public Financial Management (PFM)	244	343	587	17	1		16
Financial Sector Supervision (FSS)	100	91	191	18	2		16
Government Finance Statistics (GFS)	93	45	138	10		1	9
Real Sector Statistics (RSS)	89	213	302	19	1		18
Revenue Administration (REVENUE)	237	532	769	56	18	3	35
Macroeconomic Programming and Analysis (MACRO)	95	67	162	7		2	5
Macroeconomic Frameworks (MFR)	115	5	120	10			10
<b>Sub-Total</b>	<b>973</b>	<b>1296</b>	<b>2269</b>	<b>137</b>	<b>22</b>	<b>6</b>	<b>109</b>
Debt Management (DM)	54	184	238	12	3	1	8
<b>TOTAL</b>	<b>1027</b>	<b>1480</b>	<b>2507</b>	<b>149</b>	<b>25</b>	<b>7</b>	<b>117</b>

TABLE 2. PFTAC TA DELIVERY BY EXPERT DAYS AND MISSIONS: FY24, F25 (Actual), FY26 (Planned)

PROGRAM	STX DAYS			LTX DAYS			TOTAL TA DAYS			MISSIONS		
	FY24	FY25	FY26	FY24	FY25	FY26	FY24	FY25	FY26	FY24	FY25	FY26
PFM	253	343	510	165	244	269	418	587	779	18	17	25
FSS	96	91	121	115	100	103	211	191	224	16	18	16
GFS	26	45	31	102	93	88	128	138	119	11	10	13
RSS	154	213	258	80	89	113	234	302	371	16	19	24
REVENUE	645	532	472	127	237	201	772	769	673	63	56	47
MACRO	92	67	49	103	95	117	195	162	166	12	7	11
MFR	0	5	0	147	115	193	147	120	193	11	10	18
DBM			178			78			256			14
<b>TOTAL</b>	<b>1266</b>	<b>1296</b>	<b>1441</b>	<b>839</b>	<b>973</b>	<b>1084</b>	<b>2105</b>	<b>2269</b>	<b>2781</b>	<b>147</b>	<b>137</b>	<b>167</b>
DBM*	149	184	0	0	54	0	149	238	0	8	12	0
<b>GRAND TOTAL</b>	<b>1415</b>	<b>1480</b>	<b>1441</b>	<b>839</b>	<b>1027</b>	<b>1084</b>	<b>2254</b>	<b>2507</b>	<b>2781</b>	<b>155</b>	<b>149</b>	<b>167</b>

\* The Debt Management program, funded by the IMF -HQ Japan Subaccount (JSA) in FY2024 and FY 2025, transitions to PFTAC funding from FY 2026.

TABLE 3. PFTAC TA DELIVERY – PERCENT CHANGE

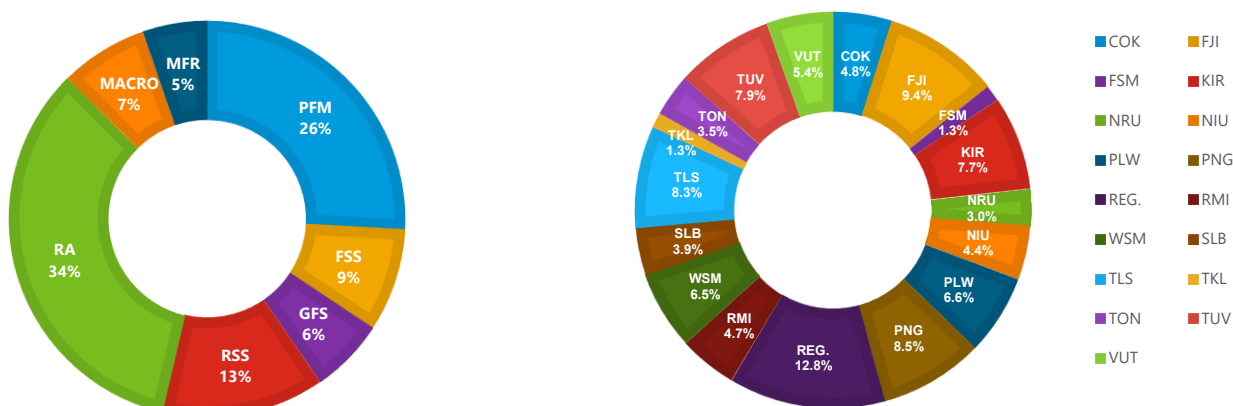
PROGRAM	STX DAYS			LTX DAYS			TOTAL TA DAYS			MISSIONS		
	FY24	FY25	FY26	FY24	FY25	FY26	FY24	FY25	FY26	FY24	FY25	FY26
PFM		36%	49%		48%	10%		40%	33%		-6%	47%
FSS		-5%	33%		-13%	3%		-9%	17%		13%	-11%
GFS		73%	-31%		-9%	-5%		8%	-14%		-9%	30%
RSS		38%	21%		11%	27%		29%	23%		19%	26%
REVENUE		-18%	-11%		87%	-15%		0%	-12%		-11%	-16%
MACRO		-27%	-27%		-8%	23%		-17%	2%		-42%	50%
MFR		-	-100%		-22%	68%		-18%	61%		-9%	75%
DBM		-	-3%		-	44%		-	8%		-	17%
<b>TOTAL</b>		<b>2%</b>	<b>11%</b>		<b>16%</b>	<b>11%</b>		<b>8%</b>	<b>23%</b>		<b>-7%</b>	<b>22%</b>
DBM*		23%	0%		-	0%		60%	0%		50%	0%
<b>GRAND TOTAL</b>		<b>5%</b>	<b>-3%</b>		<b>22%</b>	<b>6%</b>		<b>11%</b>	<b>11%</b>		<b>-4%</b>	<b>12%</b>

\* The Debt Management program, funded by the IMF -HQ Japan Subaccount (JSA) in FY2024 and FY 2025, transitions to PFTAC funding from FY 2026.

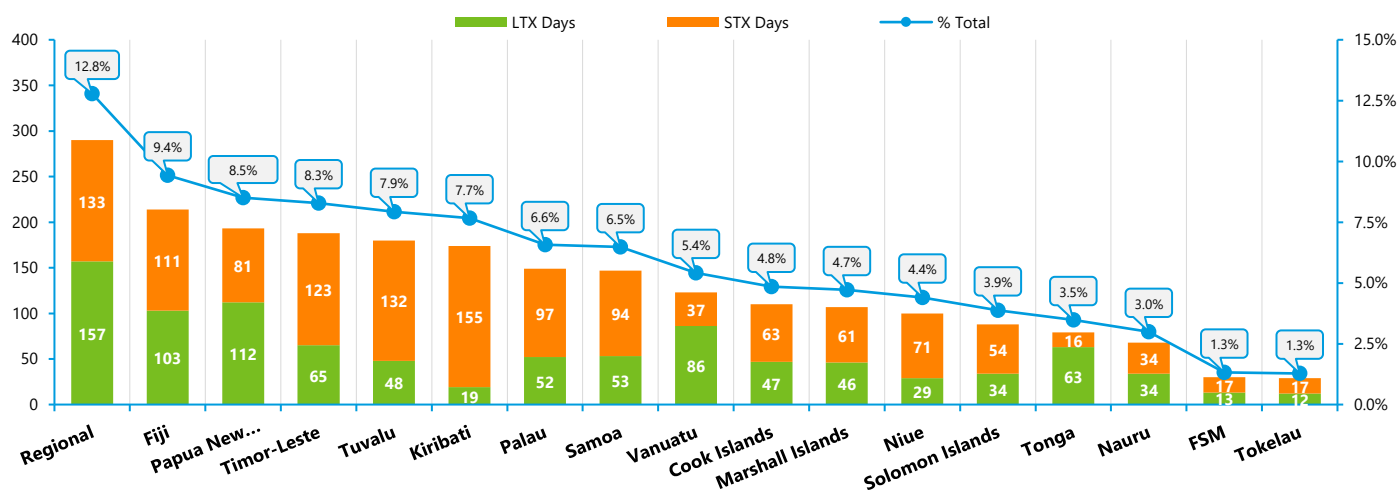
TABLE 4. FY 2025 KEY ACHIEVEMENTS IN SELECT PFTAC MEMBER COUNTRIES (MAY 2024 – APRIL 2025)

REVENUE ADMINISTRATION	KEY ACHIEVEMENTS	FJI	PNG	RMI	TLS	TON	TUV	WSM	
	Improved staff capability to undertake risk analysis					■		■	
	Improved tax compliance through taxpayer segmentation	■			■				
	Enhanced taxpayer compliance	■			■		■	■	
	Completion of TADAT Assessment		■						
	Implementation of tax reform – Consumption Tax			■					
PUBLIC FINANCIAL MANAGEMENT	KEY ACHIEVEMENTS	FJI	KIR	NIU	PLW	PNG	TUV	VUT	
	Completion of <i>Agile</i> PEFA Assessments	■					■	■	
	Completion of Climate-Public Investment Management Assessment	■				■			
	Revisions to PFM Act		■	■					
	Strengthened Green PFM Budget Practices				■				
MACROECONOMIC PROGRAMMING AND FRAMEWORKS	KEY ACHIEVEMENTS	FJI	KIR	PLW	PNG	TLS	TON	VUT	WSM
	Creation of macro-fiscal and VAT model		■						
	Establishment of a Macroeconomic Committee			■					
	Enhancements to financial programming model					■		■	
	Excel based model developed for budget preparation						■		
	Refine the Macro-Projection Tool				■	■		■	
	Training provided on Nowcasting/ Forecasting Policy Analysis Systems	■			■			■	■
GOVERNMENT FINANCE STATISTICS	KEY ACHIEVEMENTS	COK	KIR	NIU	RMI	WSM			
	Developed GFS template reduced manual entry	■							
	Successful compilation of fiscal statistics for all sub-sectors		■						
	Establishment of basic compilation process			■					
	Mapping of the Chart of Accounts to GFS taxonomy refined				■				
	Aligned fiscal statistics with public accounts and introduced a GFS-based revision policy					■			
REAL SECTOR STATISTICS	KEY ACHIEVEMENTS	COK	KIR	PLW	TKL	TLS	TUV	WSM	
	Developed Producer Price Indexes			■					
	Compiled GDP estimates for latest year		■	■		■		■	
	National accounts and CPI missions re-established after several years						■		
	Commenced Population of the Supply and Tables							■	
FINANCIAL SECTOR SUPERVISION	KEY ACHIEVEMENTS	COK	FJI	FSM	PNG	SLB	TLS	TON	
	Supporting the enhancement of regulatory frameworks for financial institutions	■		■	■		■		
	Upgrading risk-based supervision	■				■		■	
	Enhancing supervisory capacity		■		■		■		
DEBT MANAGEMENT	KEY ACHIEVEMENTS	KIR	PLW	PNG	PNG	SLB	TLS	TON	VUT
	Strengthening institutional frameworks for debt management	■	■				■		
	Development of a Debt Management Strategy					■			■
	Development of the Local Currency Bond Market				■	■		■	■

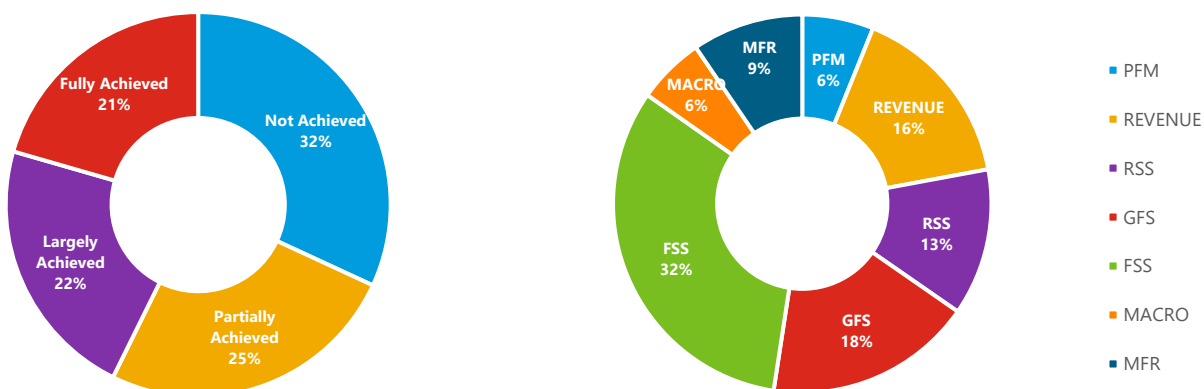
**FIGURE 3. FY 2025 DISTRIBUTION OF TOTAL TA DAYS BY WORKSTREAM AND COUNTRY**



**FIGURE 4. FY 2025 WORK PROGRAM EXECUTION BY COUNTRY**



**FIGURE 5. AGGREGATE PERFORMANCE ON MILESTONES AND DISTRIBUTION OF RATED MILESTONES BY WORK PROGRAM**



Note: Milestones are project-specific and not standardized or generally comparable. Milestones do not represent project results but reflect smaller steps authorities take to achieve results.

**TABLE 5. PFTAC'S IMPLEMENTATION OF RESULTS BASED LOGFRAMES AS AT APRIL 2025**

		<div><div></div>4. Results Achieved (4.0&lt;=3.5)</div>	<div><div></div>3. Results Broadly Achieved (3.5&lt;=2.5)</div>	<div><div></div>2. Results Partially Achieved (2.5&lt;= 1.5)</div>	<div><div></div>1. Results Not Achieved (1.5&lt;=1.0)</div>	<div><div></div>No activity during FY25</div>											
	Cook Islands	Fiji	FSM	Kiribati	Nauru	Niue	Palau	PNG	RMI	Samoa	Solomon Islands	Timor Leste	Tokelau	Tonga	Tuvalu	Vanuatu	
Public Financial Management																	
Comprehensive, credible, and policy based budget preparation																	
Improved asset and liability management																	
Improved budget execution and control																	
Improved coverage and quality of fiscal reporting																	
Improved PFM laws and effective institutions																	
Strengthened identification, monitoring, and management of fiscal risks																	
Improved Public Investment Management																	
Revenue Administration																	
Strengthened revenue administration management and governance arrangements																	
Strengthened core tax administration functions																	
Financial Sector Supevision																	
Develop/strengthen banks’ regulation and supervision frameworks																	
Develop/strengthen cybersecurity regulations and prudential norms																	
Develop/strengthen insurance companies’ regulation and supervision frameworks																	
Develop/strengthen non-bank credit institutions’ regulation and supervision frameworks																	
Strengthen the toolkit for the identification of threats to financial stability and corrective policies																	
Strengthened capacity in financial stability policy making and implementation supported by a systematic approach																	
Macroeconomic Programming																	
Stronger analytical skills and better macroeconomic forecasting and policy analysis																	
Macroeconomic Frameworks																	
Develop capacity in macroeconomic forecasting and policy analysis to support policy decision making and communications																	
Stronger analytical skills and better macroeconomic forecasting and policy analysis																	
Developing modeling and analytical capacity, establishing processes and organizational structure of FPAS																	
Government Finance Statistics																	
Strengthen compilation and dissemination of Government Finance Statistics (GFS)																	
Real Sector Statistics																	
Strengthen compilation and dissemination of Consumer Price Statistics																	
Strengthen compilation and dissemination of NAS - Comprehensive updates and rebasing																	
Strengthen compilation and dissemination of National Production, Income and Expenditure Accounts																	
Strengthen compilation and dissemination of Producer Price and Trade Price Statistics																	



## **RBM PROGRAM UPDATE AS OF APRIL 2025**

Across PFTAC's workstreams, implementation of the RBM framework continues to guide strategic planning and track meaningful progress. Revenue administrations are steadily advancing, with milestone achievement shaped by country needs and strengthened by assessments and partnerships, though progress often requires revisiting past efforts. The PFM program, while tracking fewer milestones, reflects ongoing reform through steady, targeted progress. In statistics, RSS achieved over half of its milestones in national accounts and producer prices, while CPI work remains at an early stage. GFS saw 32 percent of milestones largely or fully achieved, with progress reliant on inter-agency collaboration and system upgrades. Macroeconomic Programming recorded notable gains in macro-fiscal forecasting, though embedding fiscal frameworks remains a work in progress. MFR achieved over half of its milestones, with key project completions expected by FY 2026. Meanwhile, FSS reflects the long-term nature of supervisory reform, with banking oversight advancing and cybersecurity milestones achieved, while work in non-bank sectors remains at an early stage.

**REVENUE:** Revenue administrations are making steady progress, achieving significant milestones. With a focus on the outcomes, milestones are shaped by the needs of the administrations through surveillance, perception benchmarking, assessment (like TADAT), bilateral visits, and coordination with other partners. This progress is not always linear and can require revisiting and reinforcing past capacity development efforts. Overall, and over time, advancement continues, reflecting the resilience and commitment of the revenue administrations.

**PUBLIC FINANCIAL MANAGEMENT:** The PFM program uses fewer targeted and focused milestones. This explains the low percentage of overall milestones for the program. Many of the PFM ratings are showing largely achieved as opposed to fully complete, as reforms are still ongoing.

**REAL SECTOR STATISTICS:** Result-based management plays a crucial role in shaping the strategic prioritization of our workplan. During FY 2025, 53 percent of RSS milestones were fully achieved, including the successful completion of all PPI milestones and 55 percent of national accounts milestones. Additionally, there are ongoing national accounts milestones (28 percent) with expected completion in the coming years, alongside 17 percent that have yet to start. In the case of the CPI, 50 percent of milestones are still pending initiation, as this work program has just begun. Nevertheless, we have seen partial achievement in 38 percent of CPI milestones and full achievement in 13 percent. As a result, the RSS work program will maintain its focus on enhancing the compilation and dissemination of national accounts and CPI statistics.

**GOVERNMENT FINANCE STATISTICS:** By the end of FY 2025, significant progress was made in the GFS technical assistance program across PFTAC member countries, showcasing the impact of result-based management. Approximately 22 percent of targeted milestones were largely or fully achieved. Many outcomes achieved thus far have depended on strong inter-agency cooperation. Progress in GFS relies on timely access to source data and inputs from other government entities. Thus, continued collaboration and shared accountability across institutions are crucial for sustaining momentum and achieving reform objectives. For instance, while regional FMIS upgrades slowed implementation, these systems are expected to enhance data quality and operational efficiency over time.

**MACROECONOMIC PROGRAMMING:** The Results-Based Management indicators in the Macroeconomic Programming and Analysis workstream represent long-term goals focused on enhancing macro-fiscal forecasting, budget presentation, and embedded fiscal rules. Steady progress has been achieved in several countries through multiple targeted missions. Notably, there has been significant advancement in adopting macro-fiscal models for economic and fiscal forecasting, with five countries receiving an improved rating in this regard over the past year. However, further improvements are necessary to establish embedded based fiscal policy frameworks.

**MACROECONOMIC FRAMEWORKS:** 51 percent of MFR milestones were fully achieved by FY 2025 with key milestones being completed for projects in Samoa and Vanuatu. It is anticipated that the objectives for several MFR projects will be fully achieved by the end of FY 2026; this will require commitment from authorities to complete the final steps. For the new projects that commenced in FY 2025, the MFR work program will focus on tools and model development, supported by developing stronger analytical skills and better macroeconomic forecasting and policy analysis.

**FINANCIAL SECTOR SUPERVISION:** As of end-April 2025, 14 percent of milestones were fully achieved, 12 percent largely achieved, and 20 percent partially achieved, reflecting the long-term nature of most work, expected to be fully implemented over the next 2-3 years. This highlights the ongoing need for PFTAC support during implementation. Most milestones focus on banking regulation and supervision, emphasizing the dominance of banking sectors in PICs' financial systems. Furthermore, milestones related to developing and strengthening cybersecurity regulations and prudential norms have been fully achieved, showing the PICs' awareness of heightened risks. In contrast, progress in the non-banking sector remains low, partly because this work began only in the last three years and partly due to the authorities' focus on banking sector issues.



**TABLE 6. IMPLEMENTATION OF FY 2025 WORK PROGRAM (TA DAYS)**

BENEFICIARY COUNTRY	LTX DAYS	STX DAYS	FINAL OUTTURN	BASLINE PLAN	BASLINE EXECUTION RATE	REVISED PLAN	REVISED EXECUTION RATE
REGIONAL	157	133	290	320	91%	298	97%
COOK ISLANDS	47	63	110	129	85%	103	107%
FIJI	103	111	214	195	110%	283	76%
FSM	13	17	30	19	158%	18	167%
KIRIBATI	19	155	174	187	93%	161	108%
NAURU	34	34	68	48	142%	64	106%
NIUE	29	71	100	41	244%	67	149%
PALAU	52	97	149	120	124%	133	112%
PAPUA NEW GUINEA	112	81	193	227	85%	203	95%
MARSHALL ISLANDS	46	61	107	73	147%	105	102%
SAMOA	53	94	147	216	68%	171	86%
SOLOMON ISLANDS	34	54	88	155	57%	109	81%
TIMOR-LESTE	65	123	188	204	92%	202	93%
TOKELAU	12	17	29	29	100%	29	100%
TONGA	63	16	79	121	65%	120	66%
TUVALU	48	132	180	160	113%	188	96%
VANUATU	86	37	123	222	55%	218	56%
<b>TOTAL</b>	<b>973</b>	<b>1296</b>	<b>2269</b>	<b>2466</b>	<b>92%</b>	<b>2472</b>	<b>92%</b>
<b>FRAGILE STATES</b>	<b>337</b>	<b>623</b>	<b>960</b>	<b>1025</b>	<b>94%</b>	<b>986</b>	<b>97%</b>

**TABLE 7. IMPLEMENTATION OF FY 2025 WORK PROGRAM (TA ACTIVITIES)**

BENEFICIARY COUNTRY	ACTIVITIES DELIVERED	BASLINE PLAN	BASLINE EXECUTION RATE	REVISED PLAN	REVISED EXECUTION RATE
REGIONAL	21	24	88%	23	91%
COOK ISLANDS	7	9	78%	7	100%
FIJI	11	14	79%	17	65%
FSM	2	2	100%	3	67%
KIRIBATI	9	9	100%	8	113%
NAURU	5	4	125%	4	125%
NIUE	4	3	133%	3	133%
PALAU	7	7	100%	8	88%
PAPUA NEW GUINEA	16	18	89%	18	89%
MARSHALL ISLANDS	6	5	120%	7	86%
SAMOA	10	12	83%	12	83%
SOLOMON ISLANDS	8	12	67%	8	100%
TIMOR-LESTE	11	14	79%	12	92%
TOKELAU	2	2	100%	2	100%
TONGA	6	5	120%	7	86%
TUVALU	7	7	100%	8	88%
VANUATU	5	16	31%	11	45%
<b>TOTAL</b>	<b>137</b>	<b>163</b>	<b>84%</b>	<b>158</b>	<b>87%</b>
<b>FRAGILE STATES</b>	<b>59</b>	<b>67</b>	<b>88%</b>	<b>64</b>	<b>92%</b>

## BOX 1. FY 2025 REGIONAL WORKSHOPS: BUILDING CAPACITY AND FOSTERING COLLABORATION ACROSS THE PACIFIC

### PFTAC's Regional Engagements Impact Snapshot:

- 230+ participants from 16 countries
- 55 percent women representation
- 9 regional events advancing resilience, transparency, and modernization
- Partnerships with PITAA, AFSPC, SPC, SIAP, and the IMF (FAD, ICD, MCM, SPR, STI)

### STRENGTHENING TAX AUDIT CAPABILITY

**Focus:** Complex tax audit issues for senior tax auditors

**Achievement:** Strengthened technical capacity to address evolving audit challenges and fostered peer collaboration for improved enforcement and voluntary compliance.

### CYBER RISK REGULATION & SUPERVISION

**Focus:** Cyber governance, risk management, incident reporting

**Achievement:** Introduced a model prudential standard, enhanced supervisory capacity, and set the stage for broader adoption and tailored support across PICs.

### AFSPC ANNUAL MEETING & WORKSHOP

**Focus:** Basel Pillar 2 implementation and emerging financial risks

**Achievement:** Identified priority supervisory needs, launched a working group on IFRS 17, and advanced dialogue on cyber, climate, and virtual asset risks.

### TAX REGISTRATION FOR REVENUE MOBILIZATION

**Focus:** High-integrity taxpayer registers and VITARA training

**Achievement:** Action plans developed to improve taxpayer registers; Post training quiz attained 90% success rate.

### DEBT SUSTAINABILITY FRAMEWORK TRAINING

**Focus:** Joint IMF-World Bank Debt Sustainability Framework (LIC DSF)

**Achievement:** Trained 30 middle and senior-level officials on the LIC DSF, providing essential tools to assess public debt sustainability, support financing decisions, and reduce future debt risks in low-income countries.

### PITAA ANNUAL HEADS MEETING

**Focus:** Modernizing tax administration in the Pacific

**Achievement:** Developed PITAA strategic and CD plans, discussed tax policy needs in the region, prioritized digital transformation and advanced expert knowledge-sharing in tax administration good practice.

### CONSUMER PRICE INDEX FUNDAMENTALS

**Focus:** CPI methods, HIES updates, and imputation techniques

**Achievement:** 22-point post-test score increase; participants gained practical skills in index compilation and quality adjustment methods.

### LOCAL CURRENCY BOND MARKET DEVELOPMENT

**Focus:** LCBM assessment using IMF/World Bank framework

**Achievement:** Countries produced heatmaps and reform roadmaps; enhanced coordination between ministries and central banks for market reforms.

### MACROECONOMICS OF CLIMATE CHANGE

**Focus:** Climate adaptation, fiscal resilience, green financing

**Achievement:** First-of-its-kind course in the Pacific; equipped policymakers with strategic tools for clean energy transitions and risk buffering.

### GOVERNMENT FINANCE & PUBLIC SECTOR DEBT STATISTICS

**Focus:** GFS/PSDS concepts, classification, and transparency

**Achievement:** Introduced DAA framework and climate indicators; strengthened regional coordination on accurate fiscal and public sector debt reporting.

TABLE 8. FY 2025 REGIONAL WORKSHOPS AND TRAININGS

SECTOR	PARTNER	LOCATION	TOPIC	DAYS	MALE	FEMALE	TOTAL	TRAINING DAYS
MACRO	ICD/ STI	Suva, Fiji	Macroeconomics of Climate Change Workshop	9	12	21	33	297
	FAD		From Data to Adaptation Policies: Climate Scenarios and Sea-Level Rise	1				33
FSS		Suva, Fiji	Workshop on Cyber Risk Regulation and Supervision	3	18	16	34	102
FSS	MCM	Suva, Fiji	Association of Financial Supervisors of Pacific Countries (AFSPC) Meeting	5	14	17	31	155
GFS	STA	Suva, Fiji	Government Finance Statistics Workshop	5	14	22	36	180
RSS	SPC/ SIAP	Nadi, Fiji	Workshop on Consumer Price Index (CPI) Compilation Issues	5	9	8	17	85
REVENUE	PITAA	Suva, Fiji	Workshop - Navigating Complex Tax Technical Issues, Evasion and Use of Powers	5	9	7	16	80
REVENUE	PITAA	Suva, Fiji	Workshop - Registration for Revenue Mobilization	5	6	17	23	115
			<b>TOTAL</b>	<b>38</b>	<b>82</b>	<b>108</b>	<b>190</b>	<b>1047</b>
DBM	SPR	Nadi, Fiji	Pacific Regional DSA training (non DMF - Cook Islands, Niue, Nauru)	5	14	12	26	130
DBM		Suva, Fiji	Regional Workshop on Local Currency Bond Market	5	12	14	26	130
DBM		Nadi, Fiji	Medium-Term Debt Management Strategy (MTDS) - Training for Trainers	5	4	3	7	35
			<b>GRAND TOTAL</b>	<b>53</b>	<b>112</b>	<b>137</b>	<b>249</b>	<b>1342</b>
					<b>45%</b>	<b>55%</b>		

TABLE 9. FY 2025 FINAL PROGRAM OUTTURN (US DOLLAR) AND PERCENT OF BUDGET EXPENDED

Project	Phase Summary			FY 2025			FY 2026
	Program Budget	Working Budget	Expenses	Working Budget	Expenses	Execution (%)	Working Budget
Public Financial Management	11,500,000	8,411,001	3,084,245	1,700,000	1,512,229	89%	2,700,000
Revenue Administration	8,500,000	8,484,639	3,448,009	1,700,000	1,753,370	103%	1,700,000
Financial Sector Supervision	4,300,000	1,740,133	1,718,047	860,000	897,914	104%	860,000
Real Sector Statistics	4,600,000	4,526,737	1,673,172	860,000	886,435	103%	960,000
Government Finance Statistics	3,300,000	1,814,257	984,699	660,000	490,442	74%	660,000
Macroeconomic Programming	3,300,000	1,965,098	1,328,442	660,000	683,344	104%	660,000
Macroeconomic Frameworks	3,300,000	1,855,677	1,078,340	600,000	522,662	87%	700,000
Debt Management	3,000,000	2,600,000	-	-	-	-	860,000
Financial and Fiscal Law	700,000	700,000	90,499	140,000	18,120	13%	140,000
Admin Project	800,000	438,336	153,277	160,000	58,941	37%	160,000
Governance and Evaluation	300,000	120,000	18,980	30,000	18,980	63%	150,000
Strategic Budget Reserve	400,000	-	-	80,000	-	-	80,000
<b>Sub Total</b>	<b>44,000,000</b>	<b>32,655,878</b>	<b>13,577,710</b>	<b>7,450,000</b>	<b>6,842,437</b>	<b>92%</b>	<b>9,630,000</b>
Trust Fund Management	3,080,000	2,285,911	950,440	521,500	478,971		674,100
<b>Total</b>	<b>47,080,000</b>	<b>34,941,789</b>	<b>14,528,150</b>	<b>7,971,500</b>	<b>7,321,408</b>	<b>92%</b>	<b>10,304,100</b>
IMF Expenses	3,500,000	2,859,120	1,716,636	365,587	886,710	243%	917,745
<b>GRAND TOTAL</b>	<b>50,580,000</b>	<b>37,800,909</b>	<b>16,244,786</b>	<b>8,337,087</b>	<b>8,208,118</b>	<b>98%</b>	<b>11,221,845</b>

\*Trust Fund Fee is 7 percent of the funds utilized for TA delivery

**TABLE 10. PFTAC PHASE VI (MAY 2023 – APRIL 2028) FUNDING STATUS AS AT APRIL 2025**

Agreement/Amendment Information					Contribution Received	Contribution Expected <sup>2</sup>
Partners/Members	Signed Date <sup>1</sup>	Currency	Amount	U.S.Dollars	U.S.Dollars	(U.S. Dollars)
<b>Partners</b>				<b>37,347,087</b>	<b>26,040,074</b>	<b>9,377,845</b>
Asian Development Bank	12/12/2022	USD	1,000,000	1,000,000	1,000,000	-
Australia	5/7/2024	AUD	11,000,000	7,340,674	4,327,950	2,877,845
European Commission	12/13/2022	USD	5,183,000	5,183,000	5,183,000	-
European Commission	Pending	USD	1,846,750	1,846,750	-	-
Japan	5/7/2024	USD	6,000,000	6,000,000	3,600,000	2,400,000
Korea	12/19/2022	USD	3,500,000	3,500,000	3,500,000	-
Korea	1/21/2025	USD	5,000,000	5,000,000	900,000	4,100,000
New Zealand	6/21/2023	NZD	6,000,000	3,699,821	3,705,594	-
United Kingdom	5/23/2024	GBP	2,000,000	2,542,912	2,589,600	-
United States	12/16/2024	USD	1,233,930	1,233,930	1,233,930	-
<b>Members</b>				<b>4,067,500</b>	<b>646,000</b>	<b>1,296,500</b>
Cook Islands	3/21/2024	USD	115,000	115,000	23,000	92,000
Fiji	3/27/2024	USD	705,000	705,000	282,000	423,000
Kiribati	Pending	USD	85,000	85,000	-	-
Marshall Islands	Pending	USD	115,000	115,000	-	-
Micronesia	Pending	USD	115,000	115,000	-	-
Nauru	Pending	USD	85,000	85,000	-	-
Niue	6/11/2024	USD	37,500	37,500	-	37500
Palau	Pending	USD	115,000	115,000	-	-
Papua New Guinea	Pending	USD	1,410,000	1,410,000	-	-
Samoa	9/14/2023	USD	170,000	170,000	34,000	136,000
Solomon Islands	Pending	USD	170,000	170,000	-	170000
Timor Leste	5/3/2023	USD	560,000	560,000	224,000	336,000
Tokelau	5/2/2023	USD	10,000	10,000	-	10,000
Tonga	5/17/2023	USD	175,000	175,000	83,000	92,000
Tuvalu	Pending	USD	30,000	30,000	-	-
Vanuatu	Pending	USD	170,000	170,000	-	-
<b>Partners and Members Total</b>				<b>41,414,587</b>	<b>26,686,074</b>	<b>10,674,345</b>
<b>Internal Transfers <sup>3</sup></b>				<b>713,805</b>	<b>713,805</b>	
Korea				128,539	128,539	
New Zealand				577,009	577,009	
Samoa				7,741	7,741	
Tokelau				516	516	
<b>IMF</b>				<b>3,500,000</b>		
<b>Grand Total</b>				<b>45,628,392</b>	<b>27,399,879</b>	<b>10,674,345</b>
<b>Program Document Budget</b>				<b>50,600,000</b>		
<b>Funding Gap</b>				<b>(4,971,608)</b>		

1/ May also refer to agreements that are under negotiation and approval date for Capacity Development Partnership agreements (e.g., flexible/umbrella agreements).

2/ The future contributions amount is set to zero for completed installments.

3/ Refers to transfers from one program phase to another (e.g., phase rollovers).

## BOX 2. PHASE VI BUDGET AUGMENTATION

**In accordance with the Phase VI Program Document covering FY 2024 – FY 2028 (May 2023 – April 2028), the overall program budget has been revised from US\$43.5 million to US\$50.6 million.**

This augmentation enables the integration of the Debt Management Program and the establishment of a Green Public Financial Management initiative, each with a dedicated allocation of US\$3 million over the remaining three fiscal years of the phase (FY 2026 – FY 2028). Additionally, minor increases have been allocated to the Real Sector Statistics and Macroeconomic Frameworks workstreams in response to increased demand.

The inclusion of Japan, the United Kingdom, and the United States as new development partners has significantly contributed to narrowing the funding gap. Additional contributions of US\$5 million from the Republic of Korea and US\$1.85 million from the European Union (with a portion of the funding softly earmarked for climate PFM initiatives) have enabled PFTAC to increase its overall budget and fulfill the commitments outlined in the Phase VI Program Document.

As of April 31, 2025, total signed contributions and pledges under negotiation amount to US\$45.6 million, or 90 percent of the revised budget. This includes:

- US\$37.3 million in signed agreements from eight development partners (Australia, New Zealand, European Union, Japan, Republic of Korea, United Kingdom, United States, and Asian Development Bank);
- US\$3.5 million IMF contribution;
- US\$4.0 million in pledges from member countries; and
- US\$0.7 million in internal transfers.

Steering Committee members were formally informed of this budget augmentation on February 27, 2025. A comprehensive financial update, including detailed information on partner and member disbursements, is presented below.

**The additional contributions, consistent with the objectives set out in the Phase VI Program Document, will support the implementation of the following key priorities:**

**Establishment of the Green Public Financial Management program:** This initiative will support the integration of climate-related risks into national PFM systems through a structured and country-tailored approach. It will be delivered through the recruitment of a third long-term PFM advisor based at PFTAC for an initial three-year period, complemented by targeted technical assistance from IMF HQ in the areas of Climate PFM and Public Investment Management (PIM).

**Integration of the Debt Management Program into PFTAC's Core Budget:** The program, which commenced in FY 2021 with funding from Japan under the IMF HQ Japan Subaccount (JSA), will be fully transitioned to PFTAC's core operations. A dedicated long-term advisor will be appointed to provide sustained capacity development in debt management over the remaining three years of Phase VI.

**Enhancement of the RSS and MFR Programs:** To respond to growing demand from member countries, the budgets of both the RSS and MF programs will be increased by US\$300,000 each for the remainder of the phase. These enhancements will strengthen member countries' ability to compile high-quality economic statistics and develop robust macroeconomic forecasting frameworks.

**TABLE 11. PFTAC PHASE VI BUDGET – BASELINE VS. REVISED BUDGET**

BUDGET (US DOLLAR MILLION)	PHASE VI BUDGET	AUGMENTATION	REVISED PHASE VI BUDGET
<b>CD DELIVERY WORKSTREAM</b>	<b>35.9</b>	<b>6.6</b>	<b>42.5</b>
1. Public Financial Management	8.5	3.0	11.5
2. Revenue Administration	8.5		8.5
3. Macroeconomic Programming	3.3		3.3
4. Real Sector Statistics	4.3	0.3	4.6
5. Government Finance & Public Sector Debt Statistics	3.3		3.3
6. Macroeconomic Frameworks	3.0	0.3	3.3
7. Financial Sector Supervision	4.3		4.3
8. Finance And Fiscal Legislation	0.7		0.7
9. Debt Management	0.0	3.0	3.0
<b>NON-CD DELIVERY</b>	<b>1.5</b>	<b>0.0</b>	<b>1.5</b>
1. Administration	0.8		0.8
2. Governance and Evaluation	0.3		0.3
3. Strategic Budget Reserve	0.4		0.4
<b>SUB-TOTAL</b>	<b>37.4</b>	<b>6.6</b>	<b>44.0</b>
Trust Fund Management Fee (7 Percent of Sub-Total)	2.6	0.5	3.1
<b>TOTAL</b>	<b>40.0</b>	<b>7.1</b>	<b>47.1</b>
IMF Expenses	3.5	0.0	3.5
<b>GRAND-TOTAL</b>	<b>43.5</b>	<b>7.1</b>	<b>50.6</b>

**TABLE 12. PFTAC PHASE VI FUNDING STATUS AS OF APRIL 2025**

FINANCING (US DOLLAR MILLION)	COMMITMENTS	ADDITIONAL CONTRIBUTIONS	FUTURE CONTRIBUTIONS	CONSOLIDATED
<b>DONORS</b>	<b>30.5</b>	<b>5.0</b>	<b>1.8</b>	<b>37.3</b>
1. Asian Development Bank	1.0			1.0
2. Australia	7.3			7.3
3. European Commission	5.2		1.8	7.0
4. Republic of Korea	3.5	5.0		8.5
5. New Zealand	3.7			3.7
6. Japan	6.0			6.0
7. United Kingdom	2.5			2.5
8. United States	1.2			1.2
<b>MEMBER COUNTRIES</b>	<b>4.1</b>			<b>4.1</b>
<b>INTERNAL TRANSFERS</b>	<b>0.7</b>			<b>0.7</b>
<b>IMF CONTRIBUTION</b>	<b>3.5</b>			<b>3.5</b>
<b>TOTAL</b>	<b>38.8</b>			<b>45.6</b>
<b>FINANCING GAP</b>	<b>4.7*</b>			
<b>REVISED FINANCING GAP</b>				<b>5.0</b>

\* The difference between the funding gap reported in the FY24 annual report (US\$4.8 million) and the current financing gap reported in this table (US\$4.7 million) is due to transfer of Korea's balance from Phase 5 to Phase 6).

## REVENUE ADMINISTRATION

## KEY ACHIEVEMENTS IN FY 2025

**Improving efficiency and effectiveness of revenue administrations through benchmarking.** For a second year in a row, most tax administrations completed a self-assessment using the PFTAC/PITAA Benchmarking Tool. Improvements were noted in gender, capability, risk management, analytics, registration, and international engagement. Notable achievements included a 10-point improvement in gender initiatives, an 8-point enhancement in capability, and a 7-point advancement in risk management.

**Domestic Revenue Mobilization (DRM) is driving CD.** Countries seeking to improve revenue collection are increasingly focusing on DRM, supported through various approaches. Partnering PACER Plus and OCO, we delivered in-depth training on maximizing the benefits of VAT and managing tax expenditures. **Samoa** and **Tonga** have increased their staff capability to undertake risk analysis to target cases with likelihood of tax discrepancies. We helped segment the taxpayer base in both **Timor-Leste** and **Fiji** to improve tax compliance and revenue collection. **Samoa, Timor-Leste, Tuvalu, Fiji** and **Cook Islands** are enhancing taxpayer compliance with PFTAC's CD on taxpayer services, collections and audit. **Papua New**

**Guinea** undertook a TADAT assessment to identify areas for tax system improvement.

**Enabling small countries to achieve important reforms.** The Marshall Islands is implementing a tax reform to create a fairer and more efficient system, including introducing the Marshall Islands Consumption Tax (MICT) and adjusting income tax rates. PFTAC has provided crucial policy advice and technical assistance for this strategy and its phased implementation. Additionally, PFTAC supported Timor-Leste in preparing to implement a VAT by reviewing their VAT implementation plan and developing proposals on organizational structure and job descriptions.

**Applying expertise to digital enablement.** As many countries in the region have no or an 'end of life' tax processing system, PFTAC continues to help countries prepare for the future. PFTAC continues to support the five smallest Pacific countries (**Kiribati, Nauru, Niue, Palau, and Tuvalu**.) involved in the joint PITAA, PFTAC and ADB initiative. New system business case development support was provided to **Tonga**. Detailed analysis was undertaken on the potential benefits of the Pacific One Stop Shop (POSS). PFTAC facilitated the development of a digital strategy, vision and road map for **Fiji**. There has been good progress in new

tax systems procurement: **Papua New Guinea** signed a contract for a new tax processing system; **Marshall Islands** prepared an RFP and **Kiribati** secured funding for an upgrade. The **Solomon Islands** continued the implementation of their new system,

**Collaborating to achieve results.** The cooperation between PFTAC and development partners, as well as providers of CD, has increased. In Fiji, Palau, Papua New Guinea, Solomon Islands, Tuvalu, Marshall Islands, and FSM, knowledge is being shared, efforts are being aligned, and work is being complemented to support tax reform and modernization. Collaboration ensures that CD meets the specific needs of each country, providing a structured and unified approach to improving DRM and strengthening tax administration systems. We acknowledge the Australian Tax Office (ATO), Asian Development Bank (ADB), World Bank, Australia Pacific Partnership Platform, Graduate School USA, OCO, PACER Plus, PITAA.

**Fostering inter-country collaboration and networking.** A tax technical network was established to strengthen collaboration among Pacific Island revenue administrations through knowledge sharing and tax technical training. Key outcomes included the formal

establishment of network connections, the appointment of Samoa's Ministry of Customs and Revenue CEO as network champion, and the identification of priorities for fostering engagement and leadership. In the first two webinars, participants engaged in discussions on transfer pricing and domestic deduction rules. Following the webinars, discussions are continuing between countries on a dedicated platform such as "Teams" channel. This supports ongoing peer-learning and knowledge exchange.

## PROGRESS IN THE IMPLEMENTATION OF THE FY 2025 WORKPLAN

The Revenue Administration program focuses on strengthening: (1) revenue administration management and governance arrangements and (2) core tax administration functions.

The program is fully integrated with FAD's overall Medium-Term Work Program. In close collaboration with the FAD Revenue administration divisions in HQ, the two resident advisors as well as a pool of short term experts will implement the workplan. In addition, the FAD Tax Policy Division, in coordination with the revenue administration division, provides tax policy expertise to review and advise on tax policy options in the Pacific.

The approach to CD delivery includes in-country and remotely delivered activities and workshops. Prior to workshops, country officials are contacted to explain the workshop's purpose and expectations with follow-up remote assistance to assess further needs.

PFTAC facilitated the delivery of **regional** events, mostly in partnership with PITAA and a joint event with PACER Plus and OCO.

- 25 officials attended a five-day practical workshop on **Tax Registration** in Fiji. A post workshop was provided with bi-lateral support and mentoring was provided.
- Building on the 2024 Complex Tax Technical workshop, a regional **Pacific Tax Technical Network** has been established. Meeting virtually during this period, the network is led by the CEO of Samoa Revenue and Customs, to promote peer learning and collaboration on complex tax issues. Training was provided on technical topics, and countries shared current and emerging issues and learning.

A four-day joint workshop with PACER Plus and PITAA was conducted in collaboration with OCO and NZ and Australia Customs. The workshop focused on **Domestic Resource Mobilization**, optimizing VAT and reducing tax foregone through review of tax expenditures as a means to address revenue losses from trade liberalization.

- The International Survey of Revenue **Administrations (ISORA)** is an annual feature of the Revenue program with the approach refined each year to meet needs of each member country.
- Detailed analysis of VAT data was undertaken to understand potential benefits of the **POSS** for PFTAC jurisdictions.
- PFTAC initiated a **Pacific Digitalization Project** to support Kiribati, Nauru, Niue, Palau, and Tuvalu. Delivered by the ADB, PFTAC provided support in the inception phase to undertake a technical analysis.

The assistance to the **Cook Islands** provided the administration guidance on enhancing revenue mobilization for both current needs and future sustainability:

- An introduction to Medium Term Revenue Strategy (MTRS) was completed with the Cook Islands Ministry of Finance and Economic Management. To maintain tax to GDP ratio between 26 to 30 percent of GDP, the focus remains on enhancing collection of non-tax revenues and tax administration improvements.
- A streamlined CD plan was developed to help focus on the basics of core tax compliance.
- Training was conducted for the Collections team on strategic compliance approaches, enhancing skills in tax return filing, debt management and establishing measurable key performance indicators.

Support for **Fiji** focused on enhancing the broader enablers of tax compliance and re-



evaluating strategies for managing large business taxpayers:

- A digitalization vision, strategy and road map was developed to guide the future digital investment decisions by Fiji Revenue and Customs Service (FRCS).
- A comparative study was completed to learn from tax agent models in NZ and Australia; and address unregistered tax advisors. Recommendations included establishing a second tier of tax intermediaries for Small and Medium Enterprises (SMEs) and developing a value proposition to formalize informal tax services.
- Measures aimed at improving resource management, addressing high risks, and enhancing compliance for large businesses were proposed. These included further segmentation of large businesses and a specific focus within the compliance improvement strategy. Regular compliance checks for the gold card program were proposed to ensure adherence to regulations and an all-encompassing approach by FRCS to manage large business compliance.
- Standard operating procedures for the gold card program were updated and aligned to large new business criteria. A standardized taxpayer analysis framework and report were developed to guide gold card membership decisions and support consistent analysis.

Assistance to the **Kiribati** Tax Department (KTD) focused on enhancing taxpayer services and ensuring compliance with updated tax regulations:

- The taxpayer communications plans, products and standard operating procedures were reviewed and updated. Training systems and processes for managing conflict of interest were an additional focus. Communications plans were created for filing and payment,

common taxpayer errors, and non-resident withholding taxes.

- The audit and compliance staff were trained on the new Income Tax Act 2023 and emphasized high-risk areas such as withholding taxes and taxable incomes. Enhancements in debt collection strategies were also identified.
- Implementation plans for new tax measures, including International Transportation Income Tax (ITIT), non-profits and donations, and VAT changes were developed. The plans outlined tasks, accountabilities, dependencies, and timeframes, as well as communication strategies for taxpayers.

The **Marshall Islands** Division of Customs, Treasury, Revenue and Taxation is embarking on the tax regime modernization including the introduction of VAT and the shift from turnover to profit taxes for larger businesses. Supported by IMF and PFTAC included:

- A review of the tax administration information system was completed, and advice was provided to support the procurement of tax administration management software.
- The request for proposal documentation for the Integrated Revenue Management System (IRAS) was reviewed to ensure it is market ready.
- The operational roadmap, stakeholder engagement plan, and communication plan were developed to strengthen wages and salary tax reforms.

Following a training needs assessment conducted by the newly appointed Deputy Secretary of **Nauru** Revenue Office (NRO), PFTAC enhanced the skills and capabilities of NRO staff in implementing the compliance improvement strategy and improved the skills of auditors for compliance action with small businesses.

- A needs assessment and an inception report were developed as part of the Digitalization Roadmap project being led by the ADB. The Digitalization Roadmap will inform options for a tax administration system upgrade or replacement.
- In conjunction with ADB, additional activity on digital enablement and risk management was completed.

In **Palau**, assistance was provided to align operational capabilities with modernization plans.

- Support provided to improve headquarter functions and progress implementation of a contemporary organization structure, management and operational arrangements.
- PFTAC facilitated peer-to-peer learning by bringing together Palau and Marshall Islands revenue administrations to collaborate on tax reform and digital transformation.

Further support was provided to **Papua New Guinea** Internal Revenue Commission (IRC) to transition to a new organizational structure and improve planning and performance measures. Advice was provided on enhancing performance indicators, refining reporting cycles, and improving report content for both internal and external stakeholders. This work was conducted in preparation for the upcoming TADAT reassessment.

- Previous HR planning and organizational change implementation activities were progressed. This included support to adopt a learning and development framework. Employee skills and skill gaps were identified, and a learning and development strategy was developed in line with IRC's goals, while promoting inclusiveness and continuous improvement.
- FAD led the TADAT, with the support of PFTAC revenue administration advisor. The first activity focused on TADAT

preparation and training while the second on TADAT formal assessment.

Strengthening audit capability remains an ongoing priority for the **Samoa** Ministry of Customs and Revenue (MCR). This includes the development of risk assessment capabilities through the establishment of foundational processes, the formation of a dedicated risk assessment team and the design of a comprehensive pilot plan to test its application and evaluate its effectiveness:

- Tax evasion training was delivered to all audit staff. Coaching, support and training for team leaders and their staff on emerging tax issues were provided.
- Continuing the risk focus, a review of the MCR compliance improvement strategy and plans was completed. Guidance was provided to formulate robust estimates of segment tax gaps and training to improve case selection analytics. Training on the use of the IMF risk differentiation tool was delivered.

The **Solomon Islands** Inland Revenue Division (IRD) is undergoing tax modernization reforms through ADB. PFTAC supports the ADB delivered reform program by providing complementary support with debt collection to enhance the timely payment of taxes and debt management.

- Improvements to staff engagement and the development of a staff capability framework and implementation plan was completed. The latter included identifying key capabilities for teams.

- Assistance was provided to develop a post assessment section and quality assurance function.

CD for **Timor-Leste** Tax Authority (TLTA) focused on Audit, VAT implementation and taxpayer services. Building on previous development of audit standard operating procedures, an audit training and development plan was developed, and training provided on developing a domestic revenue full audit case plan.

- A second audit activity finalized the standard operating procedures, delivered further targeted training covering technical tax issues and explored approaches to auditing large taxpayers in key sectors.
- A series of three CD assignments were conducted, focusing on implementing the Taxpayer Services Plan for the Petroleum Mineral Department (PMD), compliance trends, and creating a Taxpayer Perception Survey. Key initiatives, including launching an e-services pilot have progressed well, enhancing service delivery and compliance facilitation. The TPS interim structure has increased taxpayer engagement, with effective marketing efforts leading to significant e-filing uptake among PMD taxpayers.
- The taxpayer service operational plan was updated, an implementation plan to address taxpayer perception survey findings was developed, and a business process was created to expedite the approval of new educational materials and products. Renewed efforts for TLTA to take full control of the taxpayer

registration process and the issuance of taxpayer identification numbers were facilitated with the external provider to improve taxpayer registration. All TLTA staff attended a two-day workshop to create organizational awareness of the taxpayer service function.

The **Tonga** Ministry of Revenue and Customs (MoRC) sought assurance that their plan and business case for a new tax processing system were aligned with a forward-looking perspective on broader reform and modernization plans, digital needs, and opportunities.

- The CD focused on enhancing the compliance risk management capabilities in MoRC. This included a review of enterprise risk management compliance improvement strategy and plan. Training was provided on estimating segment tax gaps for compliance risk management prioritization and case selection analytics, using the IMF Excel Risk Differentiation Framework (RDF) tool.

Assistance to **Tuvalu** Revenue and Customs Department (TRCD) aimed to strengthen staff capabilities in administering the Tuvalu Consumption Tax. Targeted training on compliance, enforcement, and audit processes was delivered, a forerunner to further CD to develop approved forms, standard operating procedures, practice statements, and an audit manual.

A draft strategic plan was developed with the **Vanuatu** Department of Customs and Internal Revenue (DCIR) through workshops with senior leadership and staff.

### BOX 3. TRANSFORMING TAXPAYER SERVICES IN TIMOR-LESTE: A SUCCESS STORY

#### **Innovative Pilots and Achievements in the Petroleum and Mining Directorate:**

At the request of the Commissioner of the TLTA, a series of activities were conducted from July 2024 to February 2025. These efforts concentrated on implementing the Taxpayer Services (TPS) Plan for the Petroleum and Mining Directorate (PMD), establishing compliance trends, and creating a tailored taxpayer perception survey.

**Key Success and Results:** The implementation of the PFTAC CD recommendations, initiated in March 2024, has been commendable. Significant progress includes the launch of an e-services pilot for PMD taxpayers, the appointment of a project manager, and the approval of an interim PMD structure with a TPS function. The establishment of a working group for the SIGTAS implementation has been pivotal, focusing on PMD taxpayers, and the approval of a TPS Project plan has ensured structured progress.



**Pilot Projects: A Pathway to Innovation:** The e-services pilot project has been a highlight, demonstrating the value of pilots in introducing new initiatives. With effective marketing efforts, 32 of 36 PMD taxpayers have successfully completed e-tax training, which includes registration, tax return submission, and portal navigation. This pilot has significantly boosted e-filing uptake, highlighting the potential of pilot projects to facilitate smooth transitions and adoption.

**Recognizing Achievements:** The interim TPS structure has markedly enhanced service delivery and compliance facilitation. It has heightened awareness of the need for taxpayer engagement, leading to initiatives such as compliance-promoting articles and the TPS survey. These efforts underscore the importance of considering TPS as a core tax function.

**Operational Progress and Future Planning:** The TPS Operational Plan has gained momentum, focusing on developing educational material on tax obligations, deadlines, and procedures, and promoting e-services through targeted outreach and communication programs. The PMD TPS perception survey has provided valuable insights into areas for improvement, encompassing service levels, filing processes, staff helpfulness, policy clarity, website quality, and e-filing ease. Addressing these concerns is a priority to enhance efficiency and taxpayer experience.

Overall, the series of capacity development assignments has yielded significant progress in implementing the TPS Plan for PMD. The success of key initiatives, including the e-services pilot and effective marketing efforts, has been instrumental in enhancing service delivery and compliance facilitation. Recognizing the achievements along the way has demonstrated the value of pilots in introducing new initiatives and fostering taxpayer engagement.



Revenue Workshop on Navigating Complex Tax Technical Audit Issues



Revenue Workshop on Tax Registration for Revenue Mobilization

#### BOX 4. PACIFIC REVENUE ADMINISTRATION TECHNICAL NETWORK

Following a successful five-day training session on tax technical matters, the Tax Technical Network was officially launched. This initiative aims to build a strong technical community to collaboratively address tax-related challenges through knowledge sharing and peer-to-peer learning. The network is championed by the CEO of the Samoa Ministry for Customs and Revenue, with ongoing support from PFTAC.

The Network facilitated peer-to-peer learning and collaboration among PFTAC member countries, including the Cook Islands, Fiji, Papua New Guinea, Samoa, Solomon Islands, and Tonga. Participants have engaged in virtual roundtable discussions to explore complex tax issues, share experiences, and receive targeted tax technical training. The introduction of a network champion has promoted active engagement and leadership within the network.

The Network has provided several benefits, including:

- **Enhanced Collaboration:** Members have been paired with countries within the network to encourage mutual engagement and shared learning. This has fostered meaningful relationships and open communication.
- **Knowledge Sharing:** The network champion has played a critical role in promoting collaboration and knowledge sharing, highlighting the importance of leadership in encouraging active engagement.
- **Capacity Building:** Participants have received expert guidance on complex technical issues, contributing to the overall technical capacity of the network.
- **Sustained Commitment:** The long-term viability and success of the network rely on the continued commitment of its members, ensuring the network remains sustainable over.

Since its establishment, several key learnings have emerged—most notably, that a network does not form on its own. It depends on the active engagement of its members to contribute, communicate, connect, collaborate, share capabilities, and remain committed. While PFTAC will continue to support the network, the long-term vision is for it to become increasingly self-sustaining, with oversight provided through PITAA.



## BOX 5. MARSHALL ISLANDS: FROM INCOME TAX REFORM TO A MODERN TAX SYSTEM

The Republic of the Marshall Islands is undertaking a **comprehensive tax reform**, structured in a two-phase strategy and bolstered by strong regional collaboration. Preliminary reform efforts in the 2010s, including the 2012 draft legislation and Graduate School USA modeling, established the foundation but were not implemented.

Recent years have seen renewed momentum culminating in the commencement of phase one in October 2024. This phase concentrated on reforming personal income tax by raising the tax-free threshold to correspond with the new minimum wage and introducing a more progressive rate structure. These changes are intended to provide immediate relief to low-income earners and prepare the public for broader reforms. Additionally, phase one encompassed the development of a communications strategy, stakeholder engagement plan, and operational readiness roadmap.

Phase two, slated for October 2026, will introduce the Marshall Islands Consumption Tax (MICT), a Net Profits Tax (NPT), and further revisions to income tax. The objective of this phase is to replace obsolete turnover and import-based taxes with a modern, equitable, and efficient tax regime. The reform is designed to be revenue-neutral, incorporating offsetting measures such as Universal Basic Income (UBI) and reductions in wage taxes.

A notable aspect of the reform process has been peer-to-peer engagement with Palau. In January 2025, a delegation from Marshall Islands visited Palau to gain insights from its recent tax reform experience. This collaboration has informed RMI's approach to digital transformation and MICT implementation, fostering a spirit of regional cooperation.

Throughout this journey, PFTAC and IMF have provided critical support. Along with ADB, their assistance has included technical guidance, legislative drafting, procurement advice, and capacity building. The request for proposal for the Integrated Revenue Administration System (IRAS) was finalized and released in May 2025, with contract award expected by September. Legislative drafting is underway, and a taxpayer registration campaign is planned for early 2026.

With strong government support, regional partnerships, sustained technical assistance, and ongoing capacity development, the Marshall Islands is well-positioned to modernize its tax system and enhance fiscal resilience.



PACER Plus Joint Workshop on Domestic Resource Mobilization



Revenue Workshop on Tax Registration

# PUBLIC FINANCIAL MANAGEMENT

## KEY ACHIEVEMENTS IN FY 2025

### Completing PEFA Assessments -

*Agile*PEFA assessments were completed for **Fiji**, **Tuvalu**, and **Vanuatu**. The PEFA check (quality assurance) was issued for each of the assessments. All three evaluations noted improvements compared to previous assessments, indicating progress in the implementation of reforms over the years. Notably, the assessment for Fiji showed more significant advancements across the PFM cycle.

**Developing a PFM Roadmap**- based on the findings of the *Agile*PEFA assessment, a PFM Roadmap was formulated for **Tuvalu** focusing on the priority areas for action. In November 2024 **Palau** formally endorsed and started implementing the roadmap developed in FY 2024.

### Undertaking Public Investment

**Management Assessments** - A PIMA was undertaken in **Fiji** and Climate PIMAs (C-PIMAs) were undertaken in **Papua New Guinea** and **Fiji**. Prioritized action plans were developed for delivering resilient infrastructure.

**Legislation drafting** – Completed drafting revisions to PFM Acts for **Kiribati** and **Niue** aimed at modernizing their legislative frameworks. It is envisaged the legislation

for Kiribati and Niue will be updated in FY 2026.

**Green PFM** – Assistance was provided to **Palau** to strengthen PFM practices to build resilience into budget and investment policy and practices.

### Improving Budget Function –

Strengthened the presentation of the budget and budget execution reporting in the **Marshall Islands**, updated the Medium-Term Fiscal Framework in **Nauru**.

**Strengthening Internal Control** – drafted internal control procedures and standards for **Tokelau**.

### Strengthening Cash Management -

Templates were provided to **Kiribati** for consolidating cash resources, and revised institutional arrangements were proposed.

### Chart of Accounts (CoA) revision - in

conjunction with the implementation of the new FMIS in **Fiji**, assisted with mapping the new CoA to the international standards of GFS and COFOG classifications.

### Refining Asset Management Framework

– an asset management framework was developed and approved for **Cook Islands**.

### Fiscal Risk Management – Samoa

continues to enhance its analysis and

expand disclosure of fiscal risks in its Fiscal Strategy. Risk analysis of State-Owned Enterprises (SOEs) was extended to corporate plans, adopting a forward-looking perspective on risk. A simple what-if analysis highlighted the potential impact in the event of revenue shortfalls. An annual forum has been established for disseminating SOE risk analysis.

The PFM program also supported the **Pacific Region Disaster Risk Finance Workshop** organized by PCRIC and supported by the Pacific Islands Forum Secretariat (PIFS). The workshop raised awareness on the importance of financial protection against disasters and strengthened the understanding of disaster risk financing at both the national and regional level. Strong PFM systems and processes were highlighted critical for effective management of climate and disaster risk financing.

## PROGRESS IN THE IMPLEMENTATION OF THE FY 2025 WORKPLAN

The PFM program focused on seven key objectives during the year, and the work program delivered by two resident advisors.

At the regional level, PFTAC plays an active role in coordinating its workplan with other partners to leverage synergies and maximize impact and return to countries:

- Supported a workshop on **Disaster Management and Parametric Insurance** organized by PCRIC and supported by PIFs.

Support to **Cook Islands** focused on:

- Asset Management Framework strengthened and enhanced.

In **Fiji**:

- Mapped the program segment of the CoA to the international standard – Classification of Functions Of Government (COFOG).
- Mapped the Account segment to *GFSM2014* and provided advice on improving the segment, including rationalizing program elements in the classification.
- Undertook an *AgilePEFA* assessment to identify the strengths and weaknesses in the PFM system. Significant progress was noted over the previous assessment. The results will feed into the revision of the PFM Improvement Plan in FY 2026.

Support to **Kiribati**:

- Provided guidance on monitoring of cash resources, to facilitate more timely investment of surplus funds.
- Provided advanced drafts for the revised PFMA due to be enacted in FY 2026.

In the **Marshall Islands**:

- Provided further support and training on producing the budget book and budget execution reports from the new FMIS.

In **Niue**:

- Undertook drafting of the revised PFM Act, to be enacted in FY 2026.

In **Palau**:

- Identified four key entry points for Green PFM: Fiscal Strategy (including disaster risk mitigation); planning and budget decision making; resilient public investment; and resilient asset management. An action plan was provided for implementing recommendations.

In **Papua New Guinea**:

- Undertook a C-PIMA and provided a prioritized action plan for delivering a network of resilient infrastructure.

Support to **Samoa** comprised the following:

- Extending the use of fiscal risk tools in the Ministry of Finance, and Ministry of Public Enterprises. Initiated review of specific fiscal risks available in the Fiscal Risk Assessment Tool (FRAT), and use of the SOE Health Check Tool (HCT) on corporate plans, highlighting a forward-looking perspective. Provided guidance

on what-if analysis on corporate plans to determine potential impact of revenue shortfalls.

Assistance to **Tokelau** included:

- Drafting internal control procedures and standards to strengthen the internal control framework.

In **Tonga**:

- Assisted the MoF in updating its MTF and formulating a fiscal strategy and developing more credible and affordable budget ceilings.

Support to **Tuvalu**:

- Undertook an *AgilePEFA* to diagnose strengths and weaknesses in PFM processes and practices. The *AgilePEFA* Report has been published on the PEFA website.
- Using the findings of the *AgilePEFA*, assisted MFED to develop a PFM prioritized and sequenced roadmap.

CD delivery to **Vanuatu** included:

- Undertook an *AgilePEFA* to diagnose strengths and weaknesses in PFM processes and practices. The *AgilePEFA* Report has been approved for publication on the PEFA website. The findings will be used to inform the development of the PFM roadmap in FY 2026.



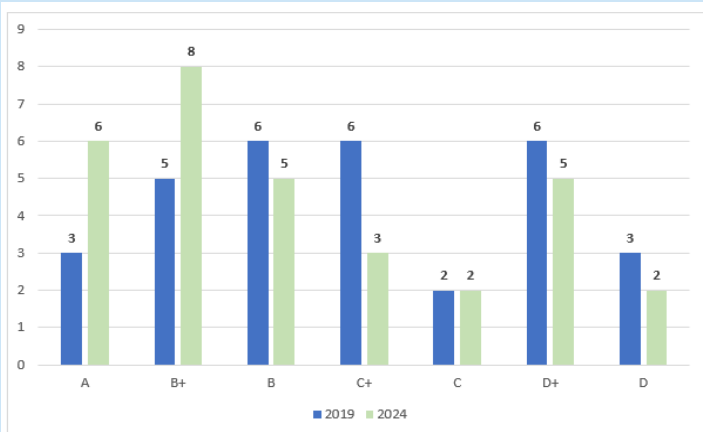
BOX 6. AGILE-PUBLIC EXPENDITURE AND FINANCIAL ACCOUNTABILITY ASSESSMENT (PEFA) FOR FIJI

The Ministry of Finance, Strategic Planning, National Planning and Development (MoF) requested PFTAC to undertake a PEFA as an update to the previous assessment undertaken in 2019—the assessment was undertaken in November 2024. MoF wanted to assess its progress achieved since 2019 through the implementation of its PFM improvement plan and an update on the strengths and weaknesses in the PFM system.

PFTAC has adopted the AgilePEFA approach for all assessments over the past four to five years. The AgilePEFA approach maintains all the rigor of the traditional approach but has proved to be less onerous for the recipient country and it is easier to disseminate the findings through the presentation of data in the tables of the standard reporting template. The assessment received the PEFA check seal of quality assurance in May 2025.

The 2024 assessment reflects significant advancements in many PFM areas, as demonstrated in the chart below, with 19 of the 31 indicators (61%) rated as B or higher (A, B+, or B). Under the previous assessment only 14 indicators (45%) attained this level of performance. This is a testament to the great efforts made in implementing the PFM improvement plan. Improvements were realized in general budget credibility; transparency of public finances; and policy based fiscal strategy and budgeting amongst others.

The MoF has agreed to the publication of the Assessment Report on the PEFA Secretariat website. The findings of the assessment will form the basis for developing an updated PFM improvement plan, for which PFTAC has scheduled technical assistance early in FY 2026.



## BOX 7. STRENGTHENING GREEN PFM PRACTICES IN PALAU

In FY 2024, PFTAC assisted the Government of Palau with the development of a PFM reform roadmap. This Roadmap (which was formally endorsed in November 2024) set out a framework for mainstreaming climate consideration into PFM activities. Following this, the Minister of Finance requested a mission to assess the potential for introducing Green Public Financial Management (PFM) practices in Palau, utilizing the IMF's Green PFM framework. The mission evaluated how well climate change considerations are incorporated into the PFM and investment management cycle and identified key entry points for green PFM:

- **Incorporating Climate Change into the Medium-Term Fiscal Strategy and Risk Management:** Guidance was provided on integrating key climate change priorities and strategies into the 2025-2028 Medium Term Fiscal Strategy, which is currently under development. Presentations were delivered stressing the importance of introducing an annual contingency line in the national budget for unexpected expenditures and creating a comprehensive Disaster Risk Financing Strategy to help mitigate the fiscal impacts of major disasters.
- **Incorporating Climate Considerations into Planning and Budget Decision-Making:** Establishing national strategic policy goals through a short-term climate change strategy at the beginning of the budget cycle, which is necessary for coordinating government responses to climate change. Amendments to the budget call circular were proposed to require that submissions clearly articulate how proposed new policies and projects will align with climate change objectives. Expanding the budget's coverage will facilitate the implementation of a basic climate budget tagging system and the subsequent publication of a green budget statement.
- **Incorporating Climate Considerations into Public Investment Management:** Enhancing narrative on environmental impact during project appraisals and a requirement to demonstrate the resilience of proposed projects to natural disasters.
- **Incorporating Climate Considerations into Asset Management:** Highlighting modalities for incorporating climate exposure and vulnerability information in fixed asset registers to ensure resilience of the infrastructure network and developing methodologies for determining appropriate levels of maintenance in response to climate related and natural disaster hazards.



## D

MACROECONOMIC ANALYSIS  
AND FRAMEWORKSMACROECONOMIC PROGRAMMING  
AND ANALYSIS

## KEY ACHIEVEMENTS IN FY 2025

The Macroeconomic program delivers CD to countries in four main areas:

**Macro-fiscal modeling** – Many countries seek to enhance their understanding of both short-term and long-term economic and fiscal outlooks, particularly with regard to debt sustainability. This provides insights into the necessary adjustments in revenue collections and expenditure required to maintain fiscal sustainability. Effective macro-fiscal modeling aids in informed decision-making, enabling governments to implement policies that promote economic stability and resilience.

**GDP Modeling** – Improving GDP forecasting techniques are critical for assessing the economic outlook and informing fiscal and monetary policy responses.

**Tax Modeling** – The program has supported the design of tax models, which allowed authorities to inform their tax reforms. The models allow governments to capture the revenue, and welfare impacts of various tax policy options.

**Other Support** – Forecasting a range of economic variables, such as inflation,

industry contribution analysis, and macro-fiscal budget presentation.

PROGRESS IN THE IMPLEMENTATION OF  
THE FY 2025 WORKPLAN

The rising demand for technical assistance in macro-fiscal modeling is evident, as demonstrated by the strong interest in utilizing excel based macroeconomic models capable of running detailed macro fiscal scenarios in real time.

As PFTAC countries continue to assess their economic and fiscal outlook, many are opting to enhance revenue collections in order to better ensure fiscal sustainability.

The macroeconomic analysis program has therefore facilitated joint development with member countries of macro-fiscal and VAT-specific models, along with providing comprehensive training on their application.

In **Fiji**, the IMF's Fiscal Affairs Division, in conjunction with the Macroeconomic Analysis Program, undertook a review of tax expenditures in Fiji. The Macroeconomic Analysis Program specifically handled the VAT tax expenditures component of the mission, utilizing the Fiji VAT model supported by PFTAC.

In **Kiribati**, PFTAC supported the creation of a macro-fiscal model, allowing the

authorities to assess and adjust their medium term fiscal policy setting. The model emphasizes fiscal forecasting and incorporates the Revenue Equalization Reserve Fund. A separate mission also jointly constructed a VAT model with authorities to assist in revenue policy setting.

In **Niue**, a new macro-fiscal model was jointly constructed with authorities in order to allow them to fully assess their medium and long term macro-fiscal outcomes, including the outlook for their sovereign wealth fund.

In **Palau**, a macro-fiscal forecasting mission assisted authorities in establishing a Macroeconomic Committee. This brought together expertise from the Palau Ministry of Finance and the Palau Statistics Office.

In **Timor-Leste**, two missions provided support and training to the Ministry of Finance and Central Bank staff in relation to their Financial Programming model.

In **Tonga**, a macro-fiscal mission collaborated with the authorities to develop an Excel-based model for Budget preparation and medium term macro-fiscal analysis. The Minister for Finance found the model's control panel, which allows for real time scenarios analysis, to be particularly useful.

In **Vanuatu**, support was provided for a Financial Programming model. The model's

control panel was utilized to examine a range of macro-fiscal scenarios.

## BOX 8. MACROECONOMICS OF CLIMATE CHANGE COURSE

Climate change represents a key risk to the macroeconomic outlook for a number of Pacific Island countries. In particular, rising sea levels and changing weather patterns threaten to impose significant economic and fiscal costs on affected countries.

PFTAC with the Singapore Training Institute (STI) and the Institute for Capacity Development (ICD) of IMF HQ conducted a two-week course on **Macroeconomics of Climate Change**.

33 participants from 14 PFTAC members attended the course. In the opening sessions, the Fijian Deputy Prime Minister and Minister for Finance, the Hon Professor Biman Prasad stated that:

*"Green financing is a priority. I see the suit of green financing as part of the course. Mobilizing the support for sustainable development generally is vital for addressing climate change. As I said, a lot of these different models of financing can be quite onerous for the Pacific Island countries."*

The Australian Deputy High Commissioner, Clair McNamara also noted Australia's strong commitment to assisting the Pacific region with the impacts of climate change.

The Governor of the Reserve Bank, Ariff Ali, in his closing address, discussed the outlook and risks for the Fiji economy, including in the context of climate change.

While their share of global emissions is negligible, the Pacific Island countries are among the most severely impacted by climate change, due to the increasing threat posed by sea level rise and changing weather patterns. As such, a major interest for the participants was adaptation, and in particular improving access to adaptation funding and capacity for the implementation of adaptation projects.

The course covered the science and economics of climate change, frameworks for global action, mitigation approaches, carbon pricing, adaptation and financial and monetary stability.

Participants actively engaged in the course by presenting what they had learned and discussing how they could apply this knowledge in their respective countries.

A one-day FAD workshop was presented at the conclusion of the Macroeconomics of Climate Change course. This workshop used current data from across a number of Pacific countries to examine the impacts of climate change, including in relation to their macroeconomic impacts and their macro-fiscal outlook.

The course received a high degree of positive user feedback, with participants expressing their satisfaction:

*"This course is very important and timely, more relevant to my work. and for the PICs. More importantly it broaden up my capacity/knowledge and equip me to work with date. I will use this knowledge, skills and tools learned in this MCC course to work with the climate data to analysis macroeconomic impact of climate change issue and provide advice to the policy maker, based on the analysis."*

*"The workshops on debt sustainability, green financing and financial stability were truly useful and relatable to the work I do. I could use these back in my country to carry out stress testing to any policies intended to be undertaken or shocks in sectors. This will assist in policy advice papers to my superiors and also assist in incorporating climate impact into our MPT."*

*"With the knowledge of cost of Climate changes, I am to apply this method into our current Mid Term Fiscal strategy, to redesign a new composition of Macroeconomic incorporated with Climate Change aspect. In summary, it is basically incorporating Climate Change into the Macroeconomic framework."*





Macroeconomics of Climate Change Course



Macroeconomics of Climate Change Course

## MACROECONOMIC FRAMEWORKS

### KEY ACHIEVEMENTS IN FY 2025

The PFTAC Macroeconomic Frameworks program provided CD support to Fiji, Papua New Guinea, Samoa, Timor-Leste and Vanuatu, in close collaboration with the Macroeconomic Programming work program.

All countries participate in shared projects that focus on macro-projection tools, whereas Fiji, Papua New Guinea, Samoa and Vanuatu are also involved in specific projects related to Nowcasting/ Forecasting Policy Analysis System (FPAS) in their central banks. These tools and models that are developed under these projects enhance each country's ability to analyze the current economic environment, forecast key macroeconomic variables as well as develop and support macroeconomic policy decision making.

**Macroeconomic Frameworks for Forecasting and Policy Analysis** – The aim is to provide a consistent approach to projecting and analyzing each country's economy across all the pertinent sectors of the economy. The Macro-Projection Tool (MPT) is integral to the Macroeconomic Programming's macro fiscal and GDP modeling projects in Papua New Guinea, Timor-Leste and Vanuatu. All of the MPT models being developed are Excel

accounting-based models. Nowcasting and Near-term forecasting tools are being developed in several countries to support the MPT and enhance authorities' policy analysis and decision-making.

**Nowcasting/ Forecasting Policy Analysis Systems** – The Fund has had projects in Fiji, Papua New Guinea, Samoa, Solomon Islands, Tonga and Vanuatu. The PFTAC directly supported projects in Fiji, Papua New Guinea, Samoa and Vanuatu.

### PROGRESS IN THE IMPLEMENTATION OF THE FY 2025 WORKPLAN

The FY 2025 work program consisted of MPT project missions to **Timor-Leste** and **Vanuatu** that furthered the development of their respective MPTs, continued CD support to develop staff at the Reserve Bank of Fiji (RBF), assisted two IMF HQ led projects to **Samoa** and **Papua New Guinea**, and initiated a new CD monetary policy focused forecasting project with the Bank of Papua New Guinea (BPNG).

The previously IMF-HQ led CD support to the Reserve Bank of Fiji (RBF) has been led from PFTAC since the start of FY 2025. The support to the RBF commenced in FY 2023 with the RBF to assist its monetary policy objective. Ad hoc support to the RBF's Economics Department occurred throughout FY 2025, with customized training on selected topics in Nowcasting

and Monetary Policy delivered over several weeks in February and March 2025.

A mission to **Papua New Guinea** supported the IMF HQ led MPT project and a scoping mission to the BPNG. The MPT mission furthered the development of the MPT tool to the point where one additional mission is likely to see a conclusion of the project. The BPNG scoping mission has been followed by three subsequent missions to enhance the BPNG's monetary policy macroframework. The enhancements focused on developing a core macro forecasting tool, supported by the development of nowcasting tools, and assisting the BPNG in reforming its forecasting policy analysis process. All these are in support of the framework of major reforms subsequent to the amendments of the Central Bank Act in September 2024.

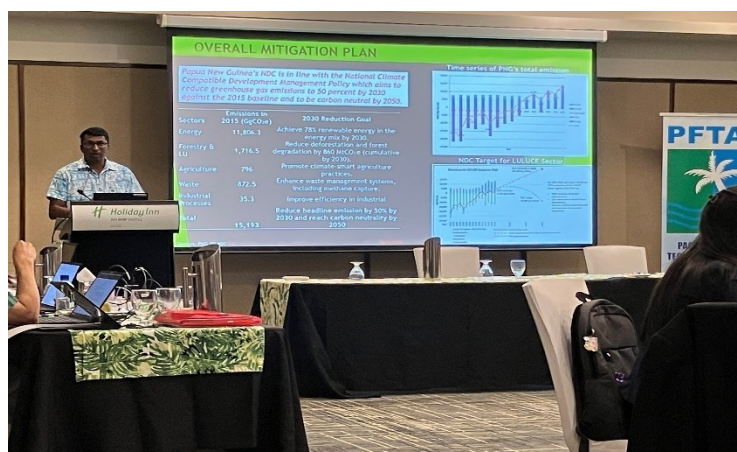
PFTAC delivered two missions to **Timor-Leste** that continued to further develop their MPT. The mission to the Ministry of Finance, conducted in October 2025, completed the enhancements initiated in 2023 with staff demonstrating that they could make changes to the MPT to develop scenarios. Through ad hoc remote support, the MPT was simplified to facilitate maintenance and general use of the MPT. Each mission required interpretation support which has been well received by authorities.

During the course of the Central Bank of Samoa (CBS) macroframework project, PFTAC in collaboration with the ICD HQ team has supported the CBS to develop a Nowcasting/ FPAS model and tools. These models allow CBS to inform its monetary policy. The Nowcasting tool generates monthly nowcasting reports that can be used to brief the board and management of the CBS. The core CPI measure provides a more accurate indication of near-term inflationary trends. In combination they provide additional insights into the inflation dynamics and monetary policy transmission in Samoa. CBS staff drafted a working paper that describes the GDP nowcasting model

developed during the project. The paper, published as *IMF Working Paper 25/92, Nowcasting Real GDP in Samoa*, concludes noting that regular updates to the nowcasts are essential for providing policymakers with real-time economic assessments, which are crucial for shaping monetary and financial policies as well as informing fiscal policy decisions during budget planning processes.

**Vanuatu** completed enhancements to their macroframeworks projection model during the August 2024 mission. The core group comprises officials from the technical group that support Vanuatu's Macroeconomic Committee (MEC) who are

drawn from Vanuatu's Ministry of Finance and Economic Management (MFEM) and the Reserve Bank of Vanuatu (RBV). The core group relies on the MPT to develop macroeconomic projections for the MEC. These projections are used by the MEC, MFEM and RBV. Following the December 2024 earthquake, in-person missions have been suspended until officials have a stable accommodation environment. Some ad hoc virtual support has been provided but has been limited due to telecommunications and working environment problems.



PFTAC member country delegates presenting at the Macroeconomics of Climate Change Course

# MACROECONOMIC STATISTICS

## GOVERNMENT FINANCE STATISTICS

### KEY ACHIEVEMENTS IN FY 2025

**Modernizing the compilation process** to make best use of a series of FMIS upgrades across the region for optimal production of GFS data.

**Complementing the institutional capacity with supplementation** to ensure up-to-date fiscal estimates continue to be made available for the smallest countries.

**Inaugural peer-to-peer study visit held** to foster knowledge sharing among the statistical compilers in the region.

### PROGRESS IN THE IMPLEMENTATION OF THE FY 2025 WORKPLAN

Amid a wave of upgrades to financial management information systems (FMIS) across the region, authorities focused on modernizing the use of administrative data and developing automated tools. Excel-based compilation tools have been developed to allow a comprehensive mapping of the chart of accounts (COA) to the GFS taxonomy, improving compliance with GFS requirements.

These new, or in some countries improved, processes strengthen the sustainability and timeliness of fiscal statistics production. With the compilation of fiscal statistics often dependent on a single compiler, building in resilience to the production process is paramount. Additionally, optimizing the workflow enables a stronger focus on analysis.

Close coordination between GFS and PFM advisors ensured better compliance of the COA with GFSM 2014 requirements, to the benefit of the member countries.

PFTAC facilitated a peer-to-peer study visit between Cook Islands and Solomon Islands. Recognizing the numerous common challenges faced by the countries across the region, a study visit took place in conjunction with a regular PFTAC mission. The study visit aimed to promote

knowledge sharing among statistical compilers. An experienced GFS compiler from the Solomon Islands visited the Cook Islands to offer insights into the routine data processing and implement technical solutions that are suited to the regional environment.

In addition to the technical support, training has been provided when requested by the country. Such training can be focused on the individual country's needs and support the country's planned developments. Furthermore, relevant stakeholders, such as budget compilers and national planning and development authorities, are invited to attend in order to promote GFS awareness and enhance inter-agency cooperation.

A regional GFS workshop was held in Suva, Fiji covering the core concepts, classifications and minimizing discrepancies in reported data. A number of new officials attended the workshop, and so increased focus was given to the conceptual framework and statistical classifications.

While there has been notable progress in achieving outcomes and milestones by the end of FY 2025, challenges such as FMIS upgrades, and staff turnover have impacted the pace of development. Approximately 22 per cent of outcomes were largely/fully achieved and a further 70



per cent of outcomes partially achieved at end FY 2025. In terms of milestones, just over 30 per cent were largely/fully achieved.

As the new and upgraded FMIS become embedded it is hoped that quality and efficiencies will benefit future development. Staff turnover remains a persistent challenge.

Country specific updates from FY 2025 include:

A new template was developed in **Cook Islands** to significantly reduce manual data entry. This new approach facilitated a shift from cash to accrual-based estimates. Reviewing the evolution of accounting practices identified divergences between RSS and GFS which led to an updated methodology being incorporated into the new system.

Support to **RMI** focused on GFS development following the deployment of a new FMIS. The mapping of the COA to the GFS taxonomy was refined and training was provided to staff to increase the self-sufficiency of the compilation process.

**Kiribati** has successfully compiled fiscal statistics for all sub-sectors making use of

methodologies developed by TA missions. Work continues to update the bridging tools to maintain the quality of GFS. A financial balance sheet was successfully compiled during FY 2025.

**Niue** established a basic GFS compilation process for the first time with the support of PFTAC. This represents a significant achievement for a country with limited capacity.

Work with **Samoa** focused on aligning the fiscal statistics with the public accounts by consistently applying the GFS taxonomy and development of a revision policy to capture accounting adjustments that can occur at year-end in the public accounts.

In **Tonga**, the mission fully reconciled the public accounts with the GFS estimates. However given the substantial definitional discrepancies almost every definition in the COA would need an update, something that would require a wider project on modernization of the COA. An Excel-based compilation template provided to the authorities in previous missions was updated and expanded.

For **Solomon Islands** the priority of recent missions was the development and use of data from the FMIS upgrade. The quality of

GFS data had temporarily deteriorated during the project and so resumption of the previous level of coverage and quality of reporting was the main focus. The mapping from the COA to GFS taxonomy was reviewed and updated.

**Fiji** presents an example of the sharing of statistical compilation between the Ministry of Finance and the national statistical institute. While this allows the compilation of the broader public sector it also requires coordination among compilers working in separate agencies. The mission has recommended stronger and formalized coordination by the authorities.

In **Papua New Guinea**, a joint PFTAC-HQ mission, making use of funding from the Data for Decisions (D4D) fund, explored the expansion of coverage for provincial governments and reviewed the classifications of the functions of government mapping. A time-series of public corporations' balance sheet data was expanded to report gross debt results.

PFTAC continued to coordinate its GFS missions with the TA provided by the IMF headquarters. The TA to **Timor-Leste** funded by the D4D trust fund complemented the PFTAC activities in the region.



PFTAC Director Mr. Samir Jahjah, PFTAC GFS Advisor, Mr. Stephen Mc Donagh, and IMF-HQ Senior Economist, Mr. Barend de la Beer with PFTAC donors and officials opening the GFS Workshop held in Suva, Fiji.

## BOX 9. GOVERNMENT FINANCE STATISTICS AND PUBLIC SECTOR DEBT STATISTICS WORKSHOP

PFTAC and IMF HQ conducted a one-week workshop on government finance statistics (GFS) and public sector debt statistics (PSDS) in Suva, Fiji. The workshop was attended by thirty-six delegates from fifteen countries. Participation included officials from Ministries of Finance, Central Banks and National Statistics Offices.

To support several officials who were new to GFS and PSDS concepts, the workshop included core conceptual training on the GFS framework and definitions of revenue, expenditure and financing. An increased focus was given to classification and ensuring consistent above- and below-the-line compilation to minimize statistical discrepancies.

The presenters made use of several case studies using regional annual financial

statements as a source. This allowed the presenters to demonstrate how to identify and classify institutional units and perform the market test on government-controlled units. This is a vital step to delineate the general government and public sector.

A session was dedicated to the annual GFS questionnaire highlighting common issues during the compilation process. Early-stage proposals to streamline the questionnaire were shared with the participants.

An overview of PSDS methodology, compilation and dissemination was provided including hands-on training in compiling the joint IMF/World Bank quarterly public sector debt (QPSD) data questionnaire.

The workshop also presented on the IMF Statistics Departments' climate indicators

dashboard and the fiscal data needed to update the dashboard. A briefing on the updates to the international statistical standards was also included.

Finally, the workshop provided participants with an opportunity to discuss and share their experiences on GFS/PSDS implementation challenges and expanding coverage. Resources, capacity and staff turnover were raised as the biggest challenges. Additionally, participants noted that political and senior management support was important, particularly regarding developing and expanding coverage of fiscal statistics.

## REAL SECTOR STATISTICS

### KEY ACHIEVEMENTS IN FY 2025

**National Accounts and CPI missions to Timor-Leste** were undertaken after several years.

**Producer Price Indexes in Palau** were developed.

**Population of the Supply and Use Tables in Samoa** has commenced.

**A joint CPI workshop** resulted in participants demonstrating a better understanding of the fundamentals of consumer price index compilation. The workshop highlighted the importance of the HIES and identified significant limitations across the Pacific countries, with CPI weights and baskets in urgent need of updating, which is being addressed with many Pacific countries updating their CPIs with the support of the SPC and PFTAC.

### PROGRESS IN THE IMPLEMENTATION OF THE FY 2025 WORKPLAN

The program prioritized enhancing RSS capacity development through PFTAC's expertise, regular missions and continuous engagement. This initiative was coordinated with other PFTAC advisors and IMF statistics programs dedicated to external and government finance statistics. Besides in-country missions, substantial support was also provided through desk-based work.

The program actively coordinated with various regional capacity development providers to improve impacts and results. This included hosting a regional workshop with the SPC and SIAP focused on the Consumer Price Index. Collaborative work with the Australian Bureau of Statistics advanced capacity development activities in specific countries within the region. The program also engaged in World Bank and ADB project development meetings and

conducted overlapping missions with Article IV surveillance, consulting with IMF country teams to ensure that capacity development delivery better aligns with country needs.

In the **Cook Islands**, annual estimates of GDP by expenditure (GDP(E)) in current prices from 2010 to 2023 were developed as well as a GDP rebase strategy document.

In **Fiji**, support was provided to Bureau of Statistics to reduce the discrepancy in balance of payments and reviewed the annual national accounts estimates for FY 2022.

GDP estimates for 2023 were produced for **Kiribati** and a new source and methods document was created.

In the **Marshall Islands**, preliminary 2023 estimates are available and importance of funding necessary surveys to rebase the national accounts was discussed.



GDP estimates for FY2023 were compiled in **Nauru**. Work is continuing to access tax data for use in GDP compilation.

**Niue** updated the national accounts for 2022/23 and provided a provisional estimate for 2023/24. External sector statistics (ESS) were also updated from 2020/21 to 2023/24. The last ESS estimate was for 2019/20, and this mission included aid flows in the updated estimates, which were reviewed and approved by STABP.

Producer price indexes, particularly for activities related to tourism services in **Palau**, have been developed. Areas for improvement in GDP compilation methods were identified in a separate national accounts mission, and a draft National Accounts rebase strategy was developed in preparation for the upcoming Household Income and Expenditure Survey.

In **Papua New Guinea**, reviewed the current data sources and methods used to

compile GDP by production, discussed rebasing the national accounts as well as developing GDP by expenditure estimates.

**Samoa** benefitted from one remote and one in-country mission to produce and commence population of the Supply and Use Tables (SUT) as well as developing the data processing system for the Business Activity Survey.

In the **Solomon Islands**, GDP by production estimates for 2023 were compiled as well as updating the GDP estimates for 2021 and 2022 based on a review of source data and methodology. The ongoing Household Income and Expenditure Survey will aid in the rebasing of national accounts.

Current data sources and methods used to compile (GDP) by production and expenditure (GDP(E)) were reviewed in **Timor-Leste**. The strategy to rebase the

national accounts was discussed. A CPI mission focused on the update of the CPI.

Following the resumption of publishing the national accounts, PFTAC revised the 2022/23 GDP publication for **Tonga** and assisted with the preparation of the bulletin and presentation for the Macro Technical Committee.

In **Tuvalu**, PFTAC assisted the Central Statistics Division to compile GDP for 2023 in current and constant 2016 prices. PFTAC also funded an ESS mission which assisted in compiling the 2023 balance of payments (BOP) and international investment position (IIP) statistics.

In **Tokelau**, the annual GDP by production at current and constant prices and expenditure estimates in current prices for the financial year 2023/2024 were compiled.



Elias do Santos Ferreira, President of INE Timor-Leste with PFTAC mission team and National Accounts and Prices teams of INE Timor-Leste



RSS Short Term Advisor, Mr. Bimlesh Krishna with the Tokelau Statistics Office



Regional Workshop on Fundamentals of Consumer Price Index, Fiji



RSS Advisor at Fifth Pacific Statistics Standing Committee Meeting, Vanuatu

## F

FINANCIAL SECTOR  
SUPERVISION

## KEY ACHIEVEMENTS IN FY 2025

**Promoting macroeconomic stability and sustainable growth** through financially inclusive practices and the establishment of stable, well-supervised financial institutions.

**Supporting the enhancement of regulatory frameworks for financial institutions by :** (i) conducting a diagnosis and providing a roadmap for implementing the suggested enhancements (**Timor-Leste**), (ii) reviewing existing standards (**FSM, Papua New Guinea and Samoa**) (iii) developing new prudential standards on areas not covered by current prudential standards issued by the PIC authorities (**FSM, Papua New Guinea and Cook Islands**), and (iv) training the supervisory staff to conduct impact studies of the new draft prudential standards (**Tuvalu**).

**Upgrading risk-based supervision** by introducing prudential returns aligned with revised prudential standards, improved supervisory risk rating models for banks and preparing supervisory manuals (**Solomon Islands, Cook Islands, Tonga, and Vanuatu**).

**Enhancing supervisory capacity** in advanced topics (cyber risk management, implementation of IFRS 9 and IFRS 17) through combination of workshops and

on-site examination trainings (**Fiji, Timor-Leste and PNG**).

PROGRESS IN THE IMPLEMENTATION  
OF THE FY 2025 WORKPLAN

The FSS FY 2025 program continued to support the PICs in upgrading their regulatory and supervisory frameworks by aligning them with the Basel Framework and Core Principles, applying proportionality.

The Basel Framework is the full set of standards of the Basel Committee on Banking Supervision (BCBS), which is the primary global standard setter for the prudential regulation of banks. It includes Basel Core Principles contained in BCBS document entitled "Core Principles for Effective Banking Supervision," April 2024.

The FSS program spread across five objectives, consists of 180 milestones. As at end-April 2025, 14 percent of milestones had been fully achieved, 12 percent largely achieved, and 20 percent partially achieved. The low level of achievement reflects the fact that most of the work, being long-term in nature is still ongoing and will be implemented fully over the next 2-3 years.

**Enhancements to Prudential and Risk Management Standards**

Over the past five years, several PICs have thoroughly reviewed their prudential regulations with support from PFTAC.

Currently, most PICs are consulting with banks and conducting impact studies to ensure smooth implementation. **Cook Islands and Papua New Guinea** benefited from PFTAC support to strengthen the liquidity risk management of banks by implementing the Basel III Net Stable Funding Ratio. Considering the size of its banking sector and being home to a few large regional financial institutions, **Papua New Guinea** has commenced implementation of Pillar 2 of the Basel Framework to strengthen the supervision of financial institutions. This will allow the Bank of PNG to align prudential regulation and supervision to the risk profile of individual institutions. Additionally, the TA helped **FSM** to advance the review of its existing standards.

The status of implementation of prudential standards in the PICs, where PFTAC is actively collaborating with the authorities in reviewing/ developing these standards is presented in Table 11.

### Enhancements to the Supervision Frameworks

PFTAC continued working with the authorities to upgrade their supervision frameworks and align them with the upgraded prudential and risk management standards and to support risk-based supervision.

The improvements involved (i) revisions to the prudential returns associated with the prudential standards reviewed or developed, identification of key risk indicators to serve as an early warning system and to monitor the evolution of risks in banks, training staff in risk analysis, development of templates for maintaining risk profile of banks, and preparing banking system risk reports based on information received through prudential returns (**Samoa, FSM and Papua New Guinea**), (ii) review of supervisory risk rating models (**Cook Islands and Tonga**), and (iii) preparation of banking supervision manuals (**Vanuatu**).

### Implementation of IFRS 9 and IFRS 17

To strengthen supervisory oversight of implementation of IFRS 9 by banks, especially the expected credit loss-based provisioning for loans, PFTAC delivered in-person training for the staff of Bank of PNG and Banco Central de **Timor-Leste** (BCTL).

With support from MCM, a mission supported the Reserve Bank of **Fiji** (RBF) in understanding and implementing the prudential implications of IFRS 17 for insurance contracts. Following a workshop in April 2023, a working group had reviewed and aligned prudential reporting forms with IFRS-based standards, completing its activities in late 2024. RBF staff received intensive training informed by on-site meetings with insurance companies, actuaries, and auditors. This mission has enhanced RBF's capacity to assess IFRS 17 and improve insurance company reporting forms. Overall, it has strengthened the supervision of the insurance sector in Fiji.

### Cyber Risk Regulation and Supervision

With the MCM Department, PFTAC has been implementing a cyber risk regulation and supervision CD project in the Pacific since FY2020. The project has two components: (i) Cyber risk regulation, and (ii) Cyber risk supervision.

Four countries (**Fiji, Papua New Guinea, Samoa, and Tonga**) have been working to finalize their national prudential standard on cyber security drawing on an example prudential standard provided to all PFTAC members to use in developing their own country-specific standards. **Fiji, Samoa, and Tonga** have issued the prudential standards on cyber security. Until FY 2024, PFTAC had organized on-site cyber risk examination of commercial banks in **Samoa, Fiji and Tonga** as part of training in cyber risk supervision. Staff members from two other countries from the Group also participated in the training apart from the host-country staff.

Similar on-site examination training was conducted for the staff of Bank of PNG in August 2024. Staff members from two other supervisory authorities within the group participated in the training.

### Annual Meeting of the Association of Financial Supervisors of Pacific Countries

PFTAC organized the 19<sup>th</sup> Annual Meeting and Workshop of the AFSPC in Suva during August 2024. The meeting hosted by PFTAC was chaired by BCTL, Deputy Chair of the AFSPC. The event comprising a two-day meeting and a three-day workshop was attended by 31 participants (including 17 female participants) from member countries. In addition, the Australian Prudential Regulatory Authority (APRA) and Reserve Bank of New Zealand (RBNZ) participated in the event as observers and the representative of APRA supported the workshop as one of the speakers. Besides them, a representative of the World Bank also attended the meeting as an observer. Ms. Ebru Sonbul Iskender, Senior Financial Sector Expert from MCM, participated in the meeting and delivered opening and closing remarks and a session at the workshop. Representatives of 13 PICs, Australia and New Zealand presented their country reports at the meeting. The workshop following the meeting was aimed at providing introductory training to staff of the supervisory authorities on the implementation of Pillar 2 of the Basel Framework.

The participants considered the meeting and the workshop to be highly successful event. The main highlights of the meeting were as follows:

- The participants identified high proportion of non-performing loans (Vanuatu), cyber security risk (all countries), climate change risk (all countries), absence of regulatory and supervisory frameworks for virtual assets service providers (Palau), inadequate supervisory infrastructures (Tuvalu and Kiribati), absence of regulatory and

supervisory frameworks for pension and provident funds (all countries), off-shore lending (Federated States of Micronesia), and potential liquidity problems (Republic of the Marshall Islands) as the major issues engaging the attention of the respective supervisory authorities.

- Members supported the establishment of the AFSPC working group to develop prudential returns for insurance companies compliant with IFRS 17 given that it is considered a priority for most.
- The members also supported the ongoing work on cyber risk and

emphasized that it should continue to be expanded to countries that are yet to develop their regulations.

- The members requested technical assistance on the following priority topics:
  - Review of the supervisory risk rating models for banks,
  - Regulatory and supervisory frameworks for insurance sector,
  - Strengthening regulation and supervision of superannuation/provident funds as these are considered

systemically important in most jurisdictions.

- Inclusive green finance as this topic coupled with financial inclusion is consuming a significant portion of the already limited resources for prudential supervision.

- BCTL has assumed the chair of the AFSPC from January 1, 2025. The next meeting of AFSPC will be held in Dili, Timor-Leste.

**Table 13. Prudential Standards – Alignment with Basel III Framework**

Countries	Definition of Capital	Leverage Ratio	Credit Risk	Counter-party credit risk	Market Risk	Operational risk	LCR	NSFR	Large Exposures	Related Party Trans.	IRRBB
C1	●						●		●	●	●
C2	●		●			●	●	●	●	●	●
C3	●		●				●		●	●	●
C4	●		●				●		●	●	●
C5	●						●		●	●	●
C6							●		●	●	
C7	●		●			●		●	●	●	●
C8	●						●				
C9	●	●	●				●	●			
C10	●		●				●		●		
C11											
C12	●										
C13	●						●		●		

C1-C13 refers to 13 PICS, for confidentiality reasons, the countries have not been displayed in any specific order.

	PFTAC TA not yet commenced
●	Draft under preparation
●	Standard issued and in force
●	Information not available

**Table 14. Risk Management Standards – Alignment With Basel Core Principles And Basel III Guidance**

Countries	Governance	Risk Management	Credit Risk	Forex risk	IRRBB	Operational risk	Business Continuity Management	Cyber Risk	Liquidity Risk	Stress Testing
C1	●	●	●	●	●	●	●		●	
C2	●	●	●	●	●	●	●		●	
C3	●	●	●	●	●	●	●	●	●	
C4	●	●	●	●	●	●	●		●	
C5	●	●	●	●	●	●	●	●	●	
C6	●	●	●	●	●	●	●		●	
C7	●	●	●	●	●	●	●		●	
C8	●	●	●	●	●	●	●	●	●	●
C9										
C10	●	●	●						●	
C11										
C12	●	●		●			●	●	●	
C13	●	●	●						●	

C1-C13 refers to 13 PICS, for confidentiality reasons, the countries have not been displayed in any specific order.



## BOX 10. JOURNEY OF PICs TOWARDS IMPLEMENTATION OF BASEL III STANDARDS AND UPGRADING RISK-BASED SUPERVISION

**Over the last five years, PFTAC has worked with the PICs to upgrade and align their prudential standards for banks with the Basel Framework, including the Banking Core Principles (BCPs).** A key contribution of PFTAC has been the careful application of proportionality, while ensuring that the revised standards remain robust and comparable across the PICs and with the Basel Framework. Special attention was given to applying the upgraded standards to the foreign banks branches, as there is no internationally agreed standard for them. The challenge was addressed by ensuring that the proposed standards reflect a risk-based approach and are consistent with the relevant provisions of BCPs and good international practices.

The PICs are at different stages of implementing the revised prudential regulations reflecting different start dates and varying supervisory capacity. While the authorities are committed to adopting the revised standards, the pace of implementation has been hindered by the fragility of several PICs, which face periodic disruptions from socio-political events and natural disasters. Additionally, many PICs,

particularly the smaller ones, contend with significant staff attrition and shortages. On the supervision side, the work has included assisting the authorities in improving prudential reporting, strengthening financial risk analysis of banks, taking supervisory actions based on risks identified, upgrading the supervisory rating models, and developing supervision manuals. As this work has been undertaken over the last two years after upgrading the prudential standards, it is yet to be embedded in the routine supervisory activities.

The authorities have recognized the benefits of the upgraded financial risk analysis training and have planned to start using the improved analysis framework soon. The adoption of upgraded prudential returns will follow as soon as the upgraded prudential standards are issued. These returns will enable the authorities to track the changes in risk profile of banks and take timely supervisory actions to address any elevated risks in a timely manner. The enhancements to supervisory rating models would ensure alignment of the longer-term supervisory stances with respect to individual banks more closely

with their risk profiles. Supervisory manuals have been drafted in three countries and are in the finalization stage. These manuals will not only serve as authoritative reference documents on supervision policy, procedures, and role and responsibilities of the supervisory staff, but also as a useful training resource for new staff joining the supervisory authorities in the future.

In addition to the implementation of Basel Framework, with the support received from PFTAC the PICs have been active in enhancing their supervisory capacity to improve oversight of cyber risk management and implementation of IFRS 9 by banks and IFRS 17 by insurance companies, the two new international accounting standards with significant supervisory implications. More recently, some of the PICs have started work on implementing Pillar 2 of Basel Framework. Overall, in close collaboration with PFTAC, PICs have embarked on a journey to improve their regulatory and supervisory frameworks. While progress is still needed, PFTAC will continue to extend its support to all PICs until the ongoing upgrades are fully realized.



Annual Meeting of the Association of Financial Supervisors of Pacific Countries



FSS CD to Timor-Leste: Diagnostic Mission on Implementation of Basel III Standards and Enhancements to RBS





FSS CD to Vanuatu: Development of Supervisory Manual for Banks



FSS CD to Samoa: Development of a Financial Risk Analysis Framework and Training



# DEBT MANAGEMENT

## KEY ACHIEVEMENTS IN FY 2025

**Increased transparency in debt management**, through expanded support to produce debt reports and debt management strategies.

**Developing the local currency bond markets** in the region through the LCBM framework and diagnostic missions.

**Promoting regional expertise** through Training for Trainers workshop.

## PROGRESS IN THE IMPLEMENTATION OF THE FY 2025 WORKPLAN

In FY 2025, the Public Debt Management Program for the Pacific region, funded by the Government of Japan, continued the implementation of country specific CD programs. The programmatic approach builds the foundation for good debt management practice adapted to each country's context, needs and resources. Additionally, the program successfully used regional workshops to introduce new frameworks and practices into the Region.

Considering the limited capacity and the nascent stage of debt management in the region, coupled with a high risk of debt distress in seven Pacific countries with low debt carrying capacity, assistance efforts have focused on the four primary pillars of the debt management program. These include enhancing debt transparency and strengthening institutional arrangements for effective debt management; formulating a medium-term debt management strategy; promoting local currency debt markets; and assessing debt sustainability.

While each individual technical assistance is essential, it is important to recognize that the cumulative effect over time is key to achieving meaningful outcomes. In areas where debt management was more advanced, the assistance has focused on

strengthening the domestic debt market to enable cost effective financing.

## Transparency, Institutional framework and Debt Fundamentals

Two missions were conducted in **Palau** and **Kiribati** to assist the governments in enhancing their institutional frameworks for debt management in line with international best practices. In parallel, support was extended to their Debt Management Offices (DMOs) for the development of an annual debt fact sheet, which both countries are expected to prepare and publish on their respective Ministry websites. Lastly, a remote support mission was organized to train newly appointed debt management personnel at the Treasury Department of the Ministry of Finance in **Timor-Leste**, which has recently been assigned back and middle office functions. The mission to Kiribati was designed and implemented jointly with the World Bank.

## Development of a Debt Management Strategy

PFTAC has provided significant support to the **Solomon Islands** and **Vanuatu** in assisting Debt Management Offices (DMOs) to develop and publish comprehensive debt management strategies. In the **Solomon Islands**, a recent mission reviewed a previous technical assistance report that facilitated

the government's comprehensive assessment of the domestic debt market. This assessment identified initial actions needed to strengthen the local market, such as improving communication with market participants and enhancing the transparency of debt management operations. These efforts aim to create a more robust and efficient domestic debt environment, ultimately contributing to better fiscal management.

In the case of **Vanuatu**, PFTAC's support has been essential in assisting the government to incorporate the revised macro framework and financing assumptions into its debt management strategy, especially in light of the nation's designation as being at high risk of debt distress. It is essential to evaluate funding sources to understand the cost-risk trade-off and ensure alignment with current economic conditions. The recent shift from loans to grants has transformed the financial landscape, prompting a strategic overhaul to address pressing challenges related to fiscal sustainability and economic recovery.

### Development of the Local Currency Bond Market

A regional workshop was organized to introduce the five countries with active local debt markets—**Fiji, Papua New Guinea, Tonga, Solomon Islands, and Vanuatu**—to the Local Currency Bond Market (LCBM) framework. Through a series of structured presentations, the

workshop engaged participants in key topics essential for LCBM development. These topics included the six foundational building blocks of LCBM. Additionally, the workshop addressed the sequencing of reforms and the inter-linkages among these building blocks, as well as the operating framework for bond issuance and its coordination with other policies. Participants were also encouraged to conduct a self-assessment of their respective stages of LCBM development, fostering an environment of shared learning and collaborative growth.

Following the introduction of the Local Currency Bond Market (LCBM) framework in the region, individual country diagnostic missions were organized to bolster implementation efforts. Papua New Guinea was the first country to host such an event, during which a comprehensive country assessment was conducted. In response to a subsequent request from the government, PFTAC promptly mobilized to assist Papua New Guinea in enhancing its capacity to establish the necessary market infrastructure for a functional primary market that utilizes market-based instruments. The focus of the follow up mission was to support Government in designing an issuance calendar and to report on auctions. All these initiatives have been executed in collaboration with the World Bank, ensuring a coordinated

approach to strengthening debt management practices in the region.

### Debt Sustainability Analysis

During FY 2025, PFTAC, jointly with SPR and the World Bank organized a regional LIC Debt Sustainability Analysis (DSA) workshop. The workshop delivered a comprehensive five-day program focusing on the key features of the LIC DSA framework, alongside hands-on training in the application of the LIC DSF template. This regional workshop aimed at enhancing countries' understanding of debt vulnerabilities and equipping them with the skills necessary to effectively utilize the LIC DSA framework in their respective countries.

### Training for Trainer Workshop

As part of the debt management work program, PFTAC delivered a workshop on developing a medium-term debt management strategy. The seven participants were drawn from the debt management units of **Fiji, Papua New Guinea, Solomon Islands, Tonga, and Vanuatu**. The workshop strengthened participant's capacity to formulate a debt management strategy in their own countries. In addition, the workshop facilitated the identification and ongoing development of officials with sufficient expertise to contribute in future to technical assistance activities within the region.



Regional Workshop on Local Currency Bond Market, Fiji



DM CD to Solomon Islands: Medium-Term Debt Management Strategy Development and Implementation



## BOX 11. REGIONAL WORKSHOP: LOCAL CURRENCY BOND MARKET (LCBM)

PFTAC, in collaboration with the IMF's Monetary and Capital Markets (MCM) and Legal (LEG) departments, and the World Bank, organized a regional workshop targeting member countries that are actively tapping their domestic debt markets, specifically **Fiji, Papua New Guinea, Solomon Islands, Tonga, and Vanuatu**. This initiative aimed to enhance understanding and capacity among these nations concerning LCBMs, thereby fostering a more robust framework for debt management.

The primary objective of this one-week regional workshop was to introduce the LCBM framework, which serves as a comprehensive guide for assessing the development status of local government securities markets within the region. Participants included a total of 26 staff members from the debt and cash management departments of the Ministries of Finance, as well as representatives from the financial market units at the Central Banks of the five invited countries. This diverse participation underscored the collaborative effort to strengthen local debt management capabilities.

Using the IMF/World Bank LCBM framework and associated Excel-based tools, the workshop featured a blend of technical presentations and practical engagement designed to facilitate country-specific assessments. The six building blocks of LCBM development covered in the workshop were the money market, primary market, secondary market, investor sector, financial markets infrastructure, and legal framework. At the workshop's conclusion, each country team presented a heatmap illustrating the developmental stage of each block, along with their priority assessments and timelines for proposed reforms. The teams also discussed the need for a governance structure, such as a monitoring committee, to oversee the Reform Plan's implementation. Although the workshop outputs were preliminary, they laid the groundwork for more comprehensive analyses during future in-country LCBM assessment missions.

This workshop represented the first opportunity to deliver LCBM training in the region. The methodology used was based on the IMF and the World Bank's

previously published Guidance Note on LCBM Development in 2021. Bond markets in the region remain largely underdeveloped, with significant variation in market maturity among the highlighted countries. Some nations are in the early stages of issuing government securities, while others are focusing on refining their processes, including exploring benchmark securities, enhancing secondary market development, and improving market pricing mechanisms.

The development of LCBMs has emerged as a priority in the region as a viable source of financing, with additional countries beginning initial steps to tap into their domestic markets. This focus is particularly important for countries seeking to enhance securities issuance to foster the growth of overall capital markets, especially in light of limited and costly access to international capital markets. Furthermore, LCBM development is anticipated to yield positive externalities, contributing to advancements in money market development and improving the effectiveness of monetary policy transmission mechanisms.



Pacific Regional Debt Sustainability Analysis (DSA) Training, Fiji



Regional Workshop on Medium-Term Debt Strategy, Fiji

SECTION III

# PRIORITIES FOR FY 2026

## OVERVIEW

**In FY 2026, CD will continue to support PFTAC member countries in building stronger institutions and responding to regional challenges.**

The planned work program consists of 167 activities including 150 TA missions and 17 regional activities. The regional activities comprise 12 workshops while 5 activities will aim to strengthen engagement with countries on specific topics or offer tailored learning sessions. All activities will be delivered over 2,781 TA days, an increase of 23 percent over FY 2025. The proposed FY 2026 budget including management fee, is US\$10.3 million, an increase of around US\$2 million from last FY, and above the FY 2025 budget outturn. This accommodates the integration of the Debt Management program, the new climate-focused PFM workstream, and modest increases in the RSS and MFR programs. Most CD activities will be conducted in person, with some remote. Eleven LTXs (compared to ten in FY 2025) will manage the programs and will be backed up by STXs.

**PFTAC workstreams will expand with the integration of the Debt Management program and the introduction of a climate-focused PFM stream.** In FY 2026, PFTAC's workstreams will grow with the integration of the Debt Management program into core

operations and the introduction of a climate-focused stream under the PFM program. These expansions are supported by the PFTAC Phase VI Program Document, which stated that, subject to increased funding, both initiatives would be absorbed into PFTAC's core structure.

The Debt Management program, introduced in March 2021, has been fully funded by Japan and delivered in collaboration with the Debt Capital Markets Division of the IMF's Monetary and Capital Markets Department. From FY 2026, continued direct support from the Government of Japan will enable its full integration. This will strengthen debt management capacity and support member countries in addressing debt vulnerabilities.

In parallel, the increasing importance of climate issues across the Pacific has led to their growing incorporation into PFM work. Member countries are strengthening their approaches to managing environmental risks, responding to disasters, and building climate resilience, particularly in infrastructure planning.

PFTAC has progressively mainstreamed climate-responsive PFM practices into its capacity development activities. The addition of a third PFM advisor, supported

by European Union funding, will further assist countries in systematically integrating climate considerations into PFM tools and processes, such as adapting diagnostic tools like PEFA Climate and C-PIMA. The advisor will also help countries strengthen core PFM functions to improve fiscal responsiveness to natural disasters.

**CD priorities are established in consultation with member countries and IMF departments.**

Experts consult with counterparts and authorities of CD beneficiaries to determine TA needs and requests and collaborate with APD country teams to fully integrate the IMF surveillance and lending activities with TA. Additionally, regional bodies like PITAA and AFSPC also support PFTAC advisors and country authorities in identifying reform priorities. To remain responsive and agile, the workplans are reviewed at mid-point of the financial year to ensure the TA activities are realistic, relevant and feasible for countries to implement, and to integrate emerging priorities and requests.

**Most programs will increase their support in FY 2026.** All programs except Revenue and GFS are planned to provide more TA days. The PFM program will scale up significantly with a third advisor, focusing on budget systems, PEFA/C-PIMA assessments, and reform roadmaps. The

FSS program will advance financial supervision through updated standards, legislative reviews, and training on credit, risk, and supervisory tools.

The RSS program will support 15 of 16 countries in producing more robust GDP estimates and expand assistance for price statistics and balance of payments. Macro and MFR programs will continue to build analytical capacity through modeling, forecasting, diagnostics, and climate-related training.

Revenue will focus on risk management, core tax functions, and reform monitoring via TADAT and MTRS, with slightly reduced TA days but added legal missions through JSA funding. GFS, also with reduced days, will focus on improving data quality and coverage, including balance sheets and automation, alongside regional training.

The Debt Management program will strengthen strategy development, institutional frameworks, and transparency, with additional work on debt sustainability, investor relations, and local currency bond markets.

To meet growing member demands within budget limits, the share of delivery by LTXs will remain around 40 percent consistent with the last FY and an increase from the traditional 30 percent, with the remainder delivered by external experts.

**Beyond climate, the FY 2026 workplan highlights several themes critical to strengthening resilience and capacity across the Pacific.** Digitalization is a key focus, especially in revenue administration and financial management systems, to improve efficiency and data-driven decision-making. Debt sustainability and transparency are also central, with support for developing medium-term debt strategies, strengthening institutional frameworks, and enhancing reporting. Public investment efficiency is being addressed through PIMA and C-PIMA assessments, as well as through the Public Investment Management Workshop and

the joint PFTAC/FAD workshop on macro-critical climate adaptation, which aim to build capacity in planning and managing climate-resilient infrastructure. Legal and institutional reforms continue across tax, PFM, and financial supervision to align with global standards. The workplan also prioritizes regional collaboration, peer learning, and training to build local capacity.

**Country level planning is driven by reform momentum and diagnostic needs.** Compared to FY 2025, 11 countries are expected to receive increased TA support (Figure 6). Several will undergo resource-intensive diagnostic assessments, including PEFA and C-PIMA in Niue, Solomon Islands, Samoa, and Papua New Guinea. In the Revenue program, TA days will increase for Marshall Islands, Timor-Leste, and Papua New Guinea, where major tax reforms, such as the implementation of VAT, consumption, and income taxes, are underway. Additional support for the medium-term fiscal framework in Tonga, and a local currency bond market diagnostic for both Tonga and Solomon Islands, will also contribute to higher TA levels. Under the Statistics program, planned assistance is expected for FSM and Vanuatu. A modest increase is also noted in the regional category, while support for Cook Islands, Fiji, Palau, Tuvalu, Kiribati, and Nauru has moderated following substantial assistance in the previous fiscal year. Notably, Fragile and Conflict-Affected States will receive a significantly higher share of resources, with a 26 percent increase in TA days.

**Nearly half of the planned delivery days focus on supporting fragile and conflicted affected states.** PFTAC will intensify its support to fragile states by allocating almost half of TA days (1,208 of 2,781) to enhance their capacity and resilience. Planned interventions will target ongoing reforms and assist authorities to successfully implement projects with tailored advice and guidance.

**Regional events constitute 11 percent of the total TA days with 12 activities planned for FY 2026.** The *Workshop on Macro-Critical Adaptation Issues* will help countries integrate climate science and data into macro-fiscal planning, while sessions on *Macroeconomic Forecasting* and *Macroeconomic Diagnostics* will strengthen forecasting accuracy and policy analysis. A peer learning *Workshop on Monetary Policy* will facilitate knowledge exchange among Pacific central banks. The *AFSPC Meeting and Workshop* will support financial sector supervisors in enhancing regulatory practices and cooperation. The *GFS and PSDS Workshop* aims to improve the compilation and use of government finance and debt statistics to promote transparency and fiscal oversight. Climate-responsive budgeting will be addressed in the *Green PFM Workshop*, and the *Public Investment Management Workshop* will build capacity to plan and manage infrastructure investments more effectively. On the revenue side, the *Taxpayer Services Workshop* will focus on improving service delivery and engagement, while two *Building Design & Monitoring Capability Workshops* will equip officials with tools to design and monitor tax reform initiatives. Finally, the *Investor Relations Workshop* will strengthen countries' ability to communicate with markets and support sound debt management practices. Separately, at the PFTAC Steering Committee meeting, it was confirmed that the *Macroeconomics of Climate Change Course*, first held in January 2025, will be convened again this fiscal year in collaboration with STI and ICD.

**The expansion of the donor base has strengthened the overall financing position, but sufficient liquidity remains critical for operational continuity.** The total budget for Phase VI, which includes both external funding and IMF contributions, has increased to US\$50.6 million. Of this, US\$47.1 million is expected from donors and member countries, with the IMF contributing US\$3.5 million.

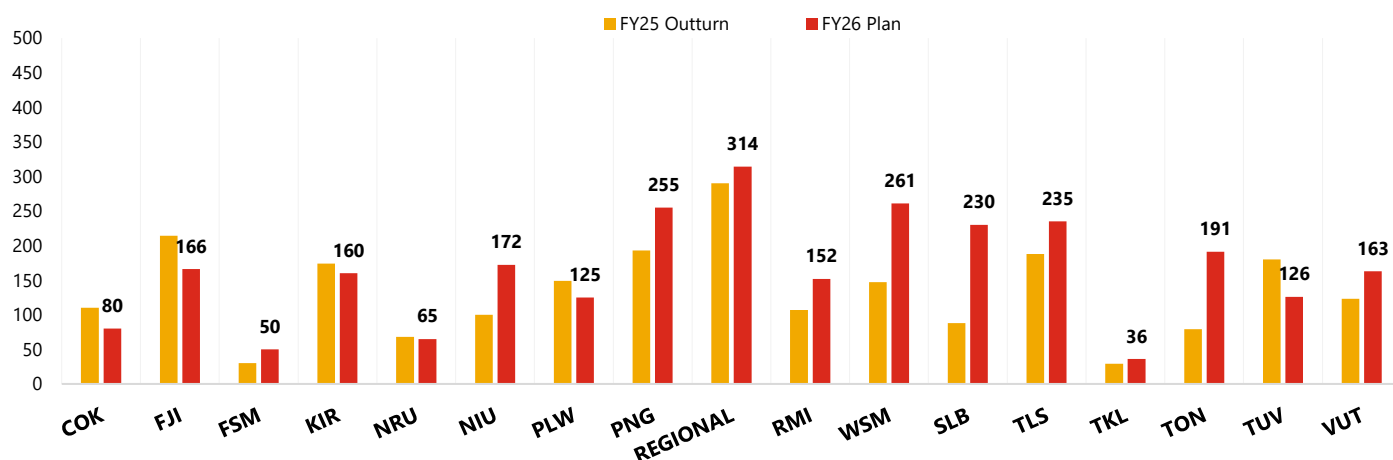


As of the end of FY 2025, 90 percent of the total Phase VI budget (US\$45.6 million) has been committed. Of these commitments, approximately 60 percent of contributions have been received, including at least one payment from all donors and five member

countries. Additional contributions are expected from member countries that have recently finalized Letters of Understanding (LOUs), while remaining countries are encouraged to conclude their funding agreements. Strong support from donors

and resource availability will enable PFTAC to meet growing demand for CD, tackle critical issues, and effectively implement reforms as countries work towards fiscal sustainability.

**FIGURE 6. FY 2026 PLANNED WORKPLAN (2,781 DAYS) VS. FY 2025 OUTTURN (2,269 DAYS)**



**TABLE 15. FY 2026 REGIONAL WORKSHOPS AND TRAININGS**

SECTOR	PARTNER	LOCATION	TOPIC	EST. DATE	DURATION (DAYS)
MACRO	FAD	Fiji	Workshop on Macro-Critical Adaptation Issues in the Pacific Island Countries: from Science and Data to Policies	Aug 4 - 8, 2025	5
MACRO	MFR	Fiji	Topics in Macroeconomic Forecasting	Sep 22 - 26, 2025	5
MFR	MACRO	Fiji	Macroeconomic Diagnostics	Mar 16 - 27, 2026	10
MFR	ICD/ STI	Samoa	Peer Learning Workshop Monetary Policy for Pacific Central Banks	Jul 3 - 9, 2025	5
MFR	ICD/ STI	Fiji	Macroeconomics of Climate Change Course*	Mar 2 - 13, 2026	10
FSS		Timor-Leste	Association of Financial Supervisors of Pacific Countries (AFSPC) Meeting and Workshop	Sep 8 - 12, 2025	5
GFS	STA	Fiji	Regional Workshop Government Finance Statistics (GFS) and Public Sector Debt Statistics (PSDS)	Aug 25 - 29, 2025	5
PFM		Fiji	Green PFM Workshop	Dec 1 - 5, 2025	5
PFM		Fiji	Public Investment Management Workshop	Nov 10 - 14, 2025	5
REVENUE	PITAA	Fiji	Taxpayer Services Workshop	Jun 2 - 6, 2025	5
REVENUE	PITAA	Palau	Building Design & Monitoring Capability (North) Workshop	Sep 22 - 26, 2025	5
REVENUE	PITAA	Fiji	Building Design & Monitoring Capability Workshop	Feb 16 - 20, 2026	5
DBM		Fiji	Investor Relations Workshop	Apr 13 - 17, 2026	5
GRAND TOTAL					75

\* Confirmed at PFTAC Steering Committee Meeting between STI and PFTAC.

FIGURE 7. FY 2026 PLANNED WORK PROGRAM BY COUNTRY – NUMBER OF ACTIVITIES AND PERCENT OF TA DAYS

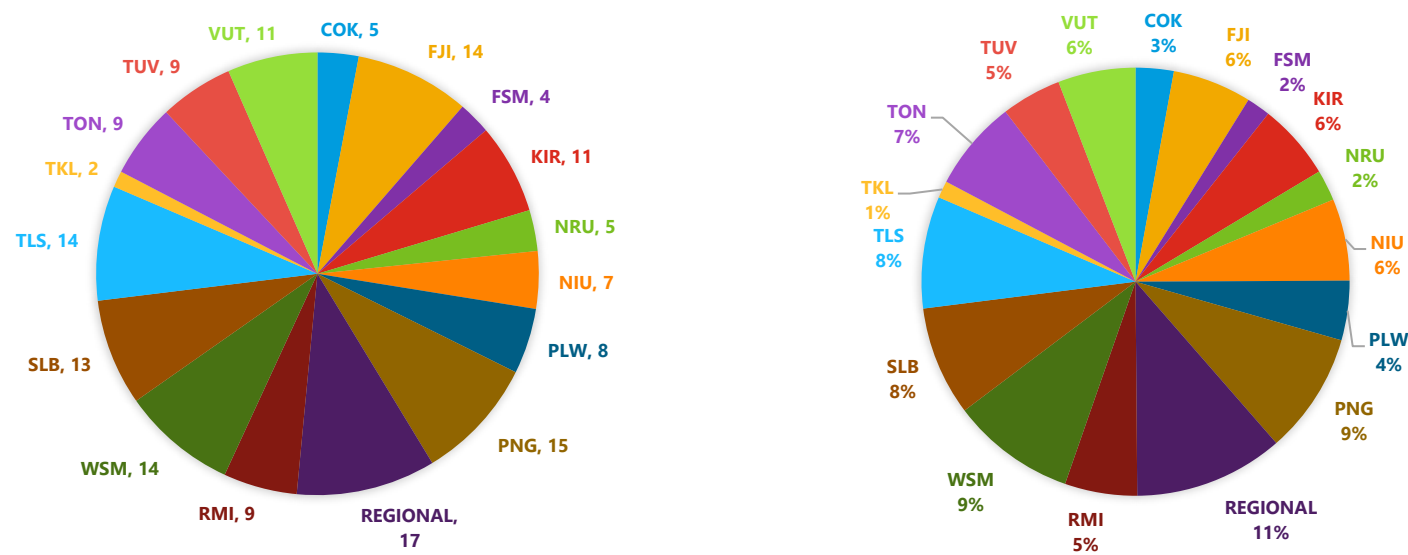
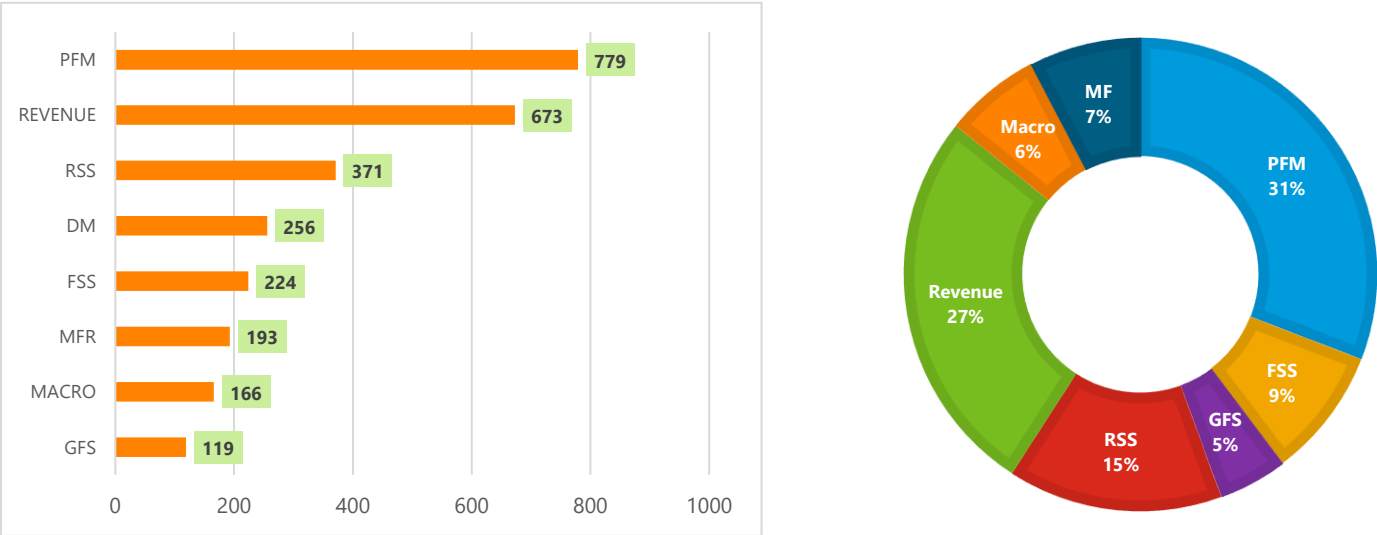


FIGURE 8. FY 2026 CD COMPOSITION BY PROGRAM – NUMBER OF TA DAYS AND PERCENT OF TA DAYS



**TABLE 16. FY 2026 PROPOSED BUDGET (US DOLLARS)**

PROJECT	PHASE VI	FY 2026	FY 2026
	Working Budget	Budget	Percent
PUBLIC FINANCIAL MANAGEMENT	11,500,000	2,700,000	28%
REVENUE ADMINISTRATION	8,500,000	1,700,000	18%
BANKING SUPERVISION AND REGULATION	4,300,000	860,000	9%
REAL SECTOR STATISTICS	4,600,000	960,000	10%
GOVERNMENT FINANCE STATISTICS	3,300,000	660,000	7%
MACROECONOMIC PROGRAMMING AND ANALYSIS	3,300,000	660,000	7%
MACROECONOMIC FRAMEWORKS	3,300,000	700,000	7%
DEBT MANAGEMENT	3,000,000	860,000	9%
OTHERS	2,200,000	530,000	6%
<b>TOTAL TA PROVISION/ DELIVERY</b>	<b>44,000,000</b>	<b>9,630,000</b>	<b>100%</b>
TRUST FUND MANAGEMENT	3,080,000	674,100	
<b>TOTAL</b>	<b>47,080,000</b>	<b>10,304,100</b>	
IMF CONTRIBUTION	3,500,000	917,745	
<b>TOTAL</b>	<b>50,580,000</b>	<b>11,221,845</b>	

\*Trust Fund Fee is 7 percent of the funds utilized for TA delivery

## REVENUE ADMINISTRATION

## OVERALL OBJECTIVES

The FY 2026 revenue program is fully aligned with FAD Capacity Development Strategy. It is fully integrated with the IMF surveillance and lending, and demand driven. PFTAC will also focus on fragile states, and tailor its support to the needs and capacity of the revenue administration.

The Revenue Administration will implement a range of activities that combine regional workshops, continuous remote engagement, and in-person hands-on technical assistance missions. Planned activities include a *Tax Expenditures* workshop in collaboration with Tax Policy, a *Taxpayer Services* workshop in Suva with PITAA, and two *Planning, Design, Monitoring, and Reporting* workshops in Palau and Fiji. Furthermore, existing regional networks will be maintained, and new ones will be established to facilitate peer-to-peer learning.

Revenue Advisors will conduct workshops, carry out bilateral missions, and promote collaboration with member countries. Additionally, IMF short-term experts will provide specialized support, with careful consideration given to the most effective delivery methods, whether in-person, remote, hybrid, or longer visits. This approach will prioritize the specific needs of each country, while also leveraging regional and local expertise.

## Key Themes and Strategic Initiatives

**Digital Transformation and Revenue Mobilization** – The digital transformation of revenue systems is crucial for enhancing efficiency and service delivery, though it poses challenges like cybersecurity risks and the digital divide among taxpayers. PFTAC aims to assist PICs in adopting digital technologies to streamline tax collection, broaden the tax base, and reduce the tax gap. Efforts will focus on improving data quality, enhancing cross-border coordination, governance, and implementing risk-based compliance strategies to foster sustainable economic growth and achieve fiscal independence.

**Enhancing Revenue Administration** – Efforts to enhance revenue administration will focus on strengthening foundational tax administration areas such as registration, filing, payment, and reporting. Practices will be elevated across these areas to fully leverage digital technologies. To this end, tax administrations will be equipped with necessary resources to identify and address risks effectively. Mechanisms for sharing data will be enhanced, and networks for peer-to-peer learning will be promoted. These networks will facilitate skill exchange and dissemination of best practices among member countries, contributing to more efficient revenue administration.

**Tax Policy and Legal** – PFTAC will contribute to the Fund efforts to enhance tax policy and legal frameworks across member countries. These activities are made possible thanks to three-year funding from the Government of Japan.

**Equality and Diversity** – Tax administration plays a crucial role in promoting inclusivity and fairness. Efforts will focus on ensuring equal career opportunities within revenue administration. PFTAC is committed to helping PICs build resilient and inclusive tax systems.

## PLANNED ACTIVITIES IN FY 2026

In the **Cook Islands**, efforts will focus on establishing fundamental tax administration practices, including registration, filing, payment, and reporting. These measures aim to create a solid foundation for all tax-related activities and enhance revenue administration management and governance. Additionally, understanding compliance risks and improving overall compliance will be prioritized.

**Fiji** will enhance staff capability in transfer pricing and progress legal work related to transfer pricing, nonprofit regulations, and digital transactions. Core tax administration functions will be improved using a TADAT assessment. PFTAC will support the authorities in establishing a baseline of

current revenue administration through TADAT training and preparation, which will be led by a team from HQ. This process will include a reassessment based on the 2015 TADAT assessment, followed by a follow-up session and capacity development planning. PFTAC will actively participate in these HQ-led activities to ensure effective implementation.

**FSM** aims to improve strategy and reforms by reviewing digitalization progress and updating capacity development plans. Micronesia is implementing tax administration reforms, including the Tax Revenue Management System.

**Kiribati** plans to boost reform capacity through capability development. Support will focus on implementing the VAT (Amendment) Act, improving VAT legislation administrability, helping taxpayers understand requirements, and developing compliance strategies. There will also be ongoing attention to modernizing the tax system and advancing the digitalization roadmap.

The **Marshall Islands** are introducing tax reforms, including the Marshall Islands Consumption Tax (MICT) and Net Profit Tax. The IMF and PFTAC will aid in legislation, implementation, public education, business preparation, and tax administration modernization. PFTAC will also help implement a new Integrated Revenue Administration System.

**Nauru** is committed to enhancing effective risk management by improving compliance strategies for small and medium enterprises and advancing digital revenue administration. PFTAC will support these initiatives through targeted compliance activities, peer-to-peer learning, progression of the digitalization roadmap initiative in collaboration with ADB, and

assistance with the implementation of suitable digital enhancements.

**Niue** will focus on enhancing core tax administration functions to strengthen foundational practices such as registration, filing, payment, and reporting. A roadmap for digitalization in collaboration with the ADB will be developed, amendments to the Tax Administration Act will be finalized, and the re-writing of the Income Tax Act will commence.

**Palau** will focus on enhancing core tax administration functions to strengthen foundational practices such as registration, filing, payment, and reporting. A roadmap for digitalization in collaboration with the ADB will be developed, amendments to the Tax Administration Act will be finalized, and the re-writing of the Income Tax Act will commence.

**Papua New Guinea** will work on the effective implementation of the modernized Income Tax legislation. This includes supporting the implementation of the Act and evaluating the changes necessary for effective administration. PFTAC will be available to help implement the Tax Administration Act and support the review of corporate income tax incentives. At the same time, working with the Internal revenue Commission, PFTAC will, on request, assist in priority areas from the TADAT reassessment.

**Samoa** will focus on supporting functions that enable more effective delivery of strategy and reforms. This includes analyzing the tax processing system's impact on the organizational model and analyzing tax gaps to better inform risk management and compliance activities. This will include international tax compliance. A review of their tax laws will also be completed.

The **Solomon Islands** are working on enhancing organizational arrangements to deliver tax administration more effectively through a modernization project. PFTAC is assisting with this effort by developing capabilities for the future organizational structure, establishing headquarters design, and monitoring processes, improving taxpayer services, and supporting reform management.

PFTAC will support **Timor-Leste** in its preparation to implement VAT in 2027. Concurrently, efforts will focus on improving key tax administration functions, including taxpayer services, tax collections, and audits.

**Tonga** aims to modernize its tax and customs laws to meet current standards and international protocols. This includes aligning consumption, income, and revenue taxes, and addressing international tax issues. Staff will receive training to improve tax audit skills and an assessment of international tax capabilities undertaken. Additionally, Tonga is updating its outdated tax management system.

**Tuvalu** will continue to strengthen the audit capability of its staff, improve the efficiency of its operations and focus on compliance improvement.

When **Vanuatu** is ready, following the devastating earthquake, PFTAC will work with them to understand the current state of the government's revenue administration, management, and governance arrangements. This includes reviewing tax policy, focusing on operational efficiency and effectiveness in domestic resource mobilization, and enhancing compliance risk management, analysis, and intelligence.

# PUBLIC FINANCIAL MANAGEMENT

## OVERALL OBJECTIVES

In FY 2026, PFTAC will provide support in the following PFM topic areas:

The finalization of *AgilePEFA* assessments in **Niue** and the **Solomon Islands**. Peer review of the **Samoa AgilePEFA** self-assessment.

Updated PFM reform roadmaps will be developed for **Fiji, Niue, Solomon Islands** and **Vanuatu**, appropriately sequenced and prioritized to reflect institutional and capacity strengths and constraints.

PIMAs/ C-PIMAs are planned for **Samoa** and **Papua New Guinea**. The Papua New Guinea core PIMA follows the C-PIMA undertaken in FY 2025. These diagnostic assessments will also include action plans for strengthening the core stages of planning, allocation, and implementation of capital investment projects. The action plan will highlight approaches for incorporating climate considerations throughout the PIM stages.

Strengthening budgeting practices and enhancing transparency of budget documentation and budget credibility in **Niue**, the **Marshall Islands**, **Timor-Leste**, and **Tuvalu**. In **Palau**, Green PFM reforms will include the incorporation of climate criteria into the budget circular and other

budget documentation. PFTAC will support the implementation of a medium-term fiscal framework in **Tonga**.

**Kiribati** and **Marshall Islands** will receive assistance in implementing quarterly budget execution reporting. Support will also be provided to **Papua New Guinea** to strengthen compliance with cash based International Public Sector Accounting Standards (IPSAS).

Budget execution and control will be strengthened in **Kiribati** and **Tuvalu**, through the implementation of a quarterly warranting process, and automation of commitment controls in the FMIS.

Ongoing programs supporting **Fiji** and **Samoa** in fiscal risk management will continue in FY 2026.

A **regional** workshop is planned as part of the series of PIM capacity development interventions is also planned.

The FY 2026 PFM workplan is ambitious and reflects the proactive approach taken despite the turnover of the PFM advisors. With the addition of a third advisor, the program is expanding to enhance its capacity, helping to address competing commitments or emerging crises, to ensure its successful implementation.

Climate and Green PFM related matters are increasingly being integrated into PFM activities.

PFTAC will continue to coordinate with other providers of PFM CD in the region to ensure consistency and sustainability of CD impact.

## PLANNED ACTIVITIES IN FY 2026

At the regional level, two workshops are planned drawing on the resources of the PFTAC resident advisors, FAD staff and STX:

- Part of an ongoing series, a workshop on **Public Investment Management**, including incorporation of climate criteria into the PIM cycle.
- A workshop on **Green PFM** will explore appropriate entry points for initiating Green PFM initiatives in countries.

In terms of country activities, planned delivery includes the following:

In **Fiji**, support will be given to developing an updated PFM improvement plan (roadmap) based on the findings of the *AgilePEFA* undertaken in FY 2025. Continued assistance will be given to strengthening analysis and disclosure of fiscal risks.



Assistance will be provided to **Kiribati** to strengthen budget execution and control through a quarterly warranting system, and to institute quarterly in-year fiscal reporting.

Support to the **Marshall Islands** with continue aimed at strengthening budget documentation and in-year budget execution reporting.

Building on the Green PFM mission to **Palau** in FY 2025, further support will be delivered to assist the implementation of recommendations, including incorporation of climate criteria into the budget call circular and other budget documents.

In **Papua New Guinea**, a core PIMA is planned, following the C-PIMA undertaken in FY 2025—this will provide a diagnostic

of PIM practices, highlighting strengths and weaknesses, and an action plan for strengthening public investment management. Assistance will also be provided to strengthen the compliance of annual financial reports with cash based IPSAS.

In support of **Samoa**, PFTAC will peer review the planned *Agile*PEFA self-assessment. Continued support will be provided to strengthen management of fiscal risks.

An *Agile*PEFA will be undertaken in the **Solomon Islands**, after which a mission will be undertaken to assist the formulation of a prioritized and sequenced PFM Roadmap to guide future PFM reforms.

Support is planned to strengthen medium term orientation of budgeting practices in **Timor-Leste**.

Support to **Tonga** will focus on reviewing its medium-term fiscal framework to ensure the assumptions remain valid to support sound fiscal management.

In **Tuvalu** medium-term orientation of the budget will be strengthened and automated commitment controls will be implemented in the FMIS.

In **Vanuatu** drawing upon the findings of the *Agile*PEFA undertaken in FY 2025, a PFM reform roadmap will be developed to provide a clear strategic direction for reforms to strengthen Vanuatu's PFM system.

## D

# MACROECONOMIC ANALYSIS AND FRAMEWORKS

## MACROECONOMIC PROGRAMMING AND ANALYSIS

### OVERALL OBJECTIVES

The Macroeconomic Analysis program aims to provide all members of PFTAC with macro-fiscal modeling capacity that is relevant to their needs and tailored to the specific circumstances of each country.

Three training workshops are planned on Macroeconomic Diagnostics; Macro-Critical Adaption Issues in Pacific Island Countries; and Topics in Macroeconomic Forecasting to foster peer learning and enhance capacity among all members of PFTAC.

The missions and workshops will contribute to four key outcomes:

**Outcome 1** - Timely, high quality macroeconomic monitoring, analysis, and research available for policy making.

**Outcome 2** - Ready public access to key monetary, fiscal, and financial soundness information.

**Outcome 3** – Sound medium-term macroeconomic framework.

**Outcome 4** – Strong institutional structures for macroeconomic policy making

### PLANNED ACTIVITIES IN FY 2026

A total of 12 missions to 9 member countries will be carried out in FY 2026. Macro-fiscal missions, covering both economic and fiscal forecasting are planned for the Cook Islands, Fiji, Marshall Islands, PNG, Samoa, Solomon Islands and Tokelau. VAT model training is planned for Kiribati while EVIEWS training is planned for Samoa. Both Timor Leste and Vanuatu will receive support for Financial programming style models.

In addition, three major regional workshops are planned. The first of these will be a workshop led by FAD, with APD and PFTAC support on macro-critical climate adaptation issues. Climate change has a range of macroeconomic impacts, including on economic growth, the fiscal sector and the balance of payments. It should be noted that government measures to address climate change can bring macroeconomic benefits. For example, many PFTAC supported countries import fuel for electricity generation, placing downward pressure on their current account balance. A shift to renewables and storage has the potential to reduce these imports, thereby strengthening the resilience of these economies external sectors.

Further courses will be held on Macroeconomic Forecasting and on Macroeconomic Diagnostics.

Overall, assistance is tailored on a country-by-country basis, depending on starting capacity and desired outcomes:

**Basic budgeting** – ensuring the use of basic fiscal models in budget preparation along with relevant economic parameter inputs including forward estimates. National government and development budgets should (ideally) be integrated. This includes: (1) expenditure and revenue forecasts; (2) economic parameter forecasts; (3) ideally on a GFS basis; and (4) incorporation of the model into the budget process.

**Medium term forecasting** - use of a fully integrated macro-fiscal model for medium to long run forecasting.

**Scenario analysis** – use of a macro-fiscal model to undertake shock and scenario analysis to aid understanding of the relationships between fiscal and other macroeconomic variables.

**Fiscal strategy** - countries devise, publish, and implement (including in legislation where appropriate) prudent fiscal frameworks.

**Broader macroeconomic policy** - overall, incorporating the relationships between

fiscal policy, monetary policy, and exchange rate regimes into macroeconomic policy making, that is critical for the promotion of stable economic growth and development.

In addition, the Macroeconomic program regularly receives a range of ad hoc requests from member countries including:

- Standalone forecasting models for GDP and inflation.
- Tax modeling in support of tax reform, such as VAT implementation.
- Industry contribution analysis.

## MACROECONOMIC FRAMEWORKS

### OVERALL OBJECTIVES

The primary objective of the Macroeconomic Frameworks program is to develop capacity in macroeconomic forecasting and policy analysis at central banks, ministries of finance and relevant government agencies. Forecasting and policy analysis are essential to support policy decision making and communications: which in turn promote macroeconomic stability, economic growth, and development.

The Macroeconomic Frameworks program will continue to collaborate closely with the other PFTAC work programs, in particular the Macroeconomic Analysis program, specifically focusing on 'Outcome 3': developing sound medium-term macroeconomic frameworks.

### PLANNED ACTIVITIES IN FY 2026

Based on the members' requests, the FY 2026 workplan will support projects in **Fiji, Papua New Guinea, Samoa, Timor-Leste, and Vanuatu.**

The **Reserve Bank of Fiji** training will improve analytical skills and macroeconomic forecasting and policy analysis capacity. Training will be undertaken in three planned missions. The topics to be delivered in each mission will be determined by the RBF after consultation with the Macroeconomic Frameworks advisor.

The TA program with the **Papua New Guinea Treasury** is expected to be concluded during FY 2026. The missions will complete the development of a macroeconomic projection model and its integration into the Treasury's work practices.

The **Bank of Papua New Guinea** (BPNG) TA project, which began in FY 2025, with support from the Singapore Training Institute (STI), to enhance the Bank's

forecasting capacity, will continue in FY 2026. Three missions are planned to continue the training and development of staff, integrate the new forecasting tools into the monetary policy process, and support the BPNG in transitioning into their new policy process.

The last mission at the **Central Bank of Samoa** for the development of forecasting tools is planned for September 2025. The main purpose of the mission will be to review the project with the authorities. This review will include an assessment of the tools development, their implementation, and their role in supporting policy decision making.

FY 2026 begins with a new joint project with STI in Timor-Leste, aimed at supporting the **Banco Central de Timor-Leste** (BCTL) in training its staff across the full range of central bank functions. Two missions are planned for FY 2026. The first mission is to: (i) provide participants with foundational knowledge and a common understanding of the role and functions of a central bank; and (ii) allow peer-to-peer sharing across the different departments and offices of the BCTL. The second mission is to provide focused training on financial development and financial inclusion.

The mission to the **Timor-Leste Ministry of Finance** will ensure that the macroeconomic projection tool is fully integrated into the ministry's economic forecasting work and the overall policy and analysis process.

The Macroeconomic Frameworks projects in **Vanuatu** have two missions planned for FY 2026. The missions coordinated with the Vanuatu Macroeconomic Committee's technical group which includes officials from the Ministry of Finance and Economic Management's (MFEM) Department of Finance & Treasury (DoFT) and the Reserve Bank of Vanuatu (RBV) are to ensure that the MPT is embedded into the policy and decision-making processes, both at the DoFT and the Reserve Bank of Vanuatu

(RBV). The RBV focused project has been suspended since early 2025 and is expected to be reactivated following a re-scoping mission in early 2026.

A regional central bank workshop will be delivered in Samoa. The workshop will provide opportunities for PFTAC central bank officials to share their experiences with forecasting policy analysis systems

(FPAS): integrating nowcasting, near-term forecasting and quarterly projection model tools into policymaking and communications. The first two days of the workshop will focus on customized training, incorporating elements from ICD courses. Peer-exchange sessions will occur throughout the week and will dominate the last three days of the workshop. These sessions will feature presentations and

panel discussions with central bank officials involved in implementing FPAS.

The Macroeconomic Frameworks program will also support a one-week macro forecasting course to be run jointly by PFTAC and STI and the introduction of “Cohort Training” along with STI.

## MACROECONOMIC STATISTICS

## GOVERNMENT FINANCE STATISTICS

## OVERALL OBJECTIVES

The GFS framework had been designed to provide a comprehensive assessment of the financial performance and position of public sector units, including the impact on the economy, and to assist with informed decision-making and effective policy formulation. PFTAC has supported the implementation of the latest version of the framework in the region, based on the Government Finance Statistics Manual 2014 (GFSM 2014).

The main limitation to fully implementing the framework and to further develop national dissemination is the scarcity of skilled resources. The lack of accessible source data is also a challenge which limits many PICs from fully adhering to the international statistical standard in its entirety.

Accordingly, the aim of PFTAC is to foster a sustainable and timely production of key fiscal indicators, tailoring the coverage and scope to take account of each country's individual resource position. By delivering capacity development and support the objective is to ensure that while only a subset of data envisaged by the statistical framework may be produced by some countries, that it will be of a high-quality standard.

FY 2026 will continue to build on the foundations of strengthening statistical classifications and balance sheet reporting – the two overarching priorities identified for the initial years of Phase VI. Leveraging recent FMIS upgrades for improving GFS will remain on the agenda for this year with an increased use of the source data leading to more accurate classifications within GFS.

PFTAC will continue to complement institutional capacity development with supplementation activities for those countries with severe resource constraints. The direct involvement in production ensures that up-to-date fiscal estimates remain available to stakeholders.

## PLANNED ACTIVITIES IN FY 2026

In **Fiji**, the planned mission will focus on the coordination among the Ministry of Finance and Fiji Bureau of Statistics and work towards the full coverage of consolidated general government.

The focus with **Kiribati** will be maintaining and further developing the new balance sheet statistics.

For **Cook Islands**, the focus will be on automating production and expanding analysis capability.

The **Marshall Islands** TA will concentrate on improving the timeliness of data and building national expertise.

Limited capacity in both **Nauru** and **Tuvalu**, means that PFTAC will continue supporting the domestic production of basic statistics and seek to simplify and improve the production tools. The roadmap for progress will be balanced to take into account compiler capacity.

The TA to **Samoa** will seek to improve national collaboration and coordination to share knowledge and data; and work to further improve the mapping of fiscal data to the GFS framework.

In **Solomon Islands**, the use of the FMIS upgrades will be monitored and coordination with PFM on improvements to the CoA is planned. Work on extending the coverage of GFS will also take place.

The mission to **Vanuatu** will focus on extending the sector coverage, compilation of accrual-based GFS and developing a balance sheet.

The D4D funded mission to **Papua New Guinea** will build on extending compilation to cover provincial governments and using the rollout of the FMIS to support the GFS reporting for lower tiers of government. The mission to Port Moresby is expected to



provide week-long training for provincial officials from across this large country.

Missions to **Palau** and **Tonga** will seek to improve the processes for compilation of GFS to make more efficient use of the available resources.

Work with **Niue** will seek to expand the scope of GFS outputs over the medium term. By collaboration with PFM work improvements to the COA to support GFS will be investigated.

PFTAC will also continue providing remote assistance, in particular to those countries where no missions are planned during FY 2026.

## REAL SECTOR STATISTICS

### OVERALL OBJECTIVES

In coordination with the IMF's Statistics Department, PFTAC will continue to promote the compilation and dissemination of high-quality national accounts and price statistics data reflecting international standards and good practices.

The coming year will see the preparation for implementation of the 2025 System of National Accounts and the International Standard Industrial Classification of All Economic Activities Revision 5 commence.

Statistical needs vary across PFTAC member countries; small nations face staff shortages, hindering regular updates, while others enhance their quality and timeliness. The RSS program addresses these disparities, offering capacity development and support.

### PLANNED ACTIVITIES IN FY 2026

Planned country activities includes the following:

Assistance to the **Cook Islands** will focus on updating the annual GDP estimate and review progress on rebasing the national accounts.

Review the rebased National Accounts estimates of **Fiji** as well as develop constant price GDP(E) estimates.

Assist **FSM** in anonymizing tax data.

Assistance to **Kiribati** will focus on compiling the annual GDP estimate.

Review the quarter two Consumer Price Index (CPI) price collection in the **Marshall Islands**, to ensure that both prices and associated metadata have been correctly recorded, following the update of the CPI.

Assistance to **Nauru** will focus on producing an updated annual GDP estimate, review the quality of the tax data

and prepare for the rebase of the national accounts.

Assistance to **Niue** will focus on producing an updated annual GDP estimate.

Assistance to **Palau** will focus on updating the CPI.

Assistance to **Papua New Guinea** is coordinated together with Australian Bureau of Statistics (ABS). The focus will be on rebasing the national accounts and developing GDP by expenditure estimates.

Assistance to the **Solomon Islands** will focus on mentoring the new staff who will have to take over National Accounts and trying to ensure that the GDP release is timely.

Along with the ABS, PFTAC will support **Timor-Leste** in rebasing the national accounts and updating the CPI.

Assistance to **Tokelau** to develop GDP estimates for the latest year and encourage them to publish.

Assistance to **Tonga** will review the rebased estimates and commence development of the quarterly national accounts.

The two missions to **Tuvalu** will focus on rebasing the national accounts and converting the national accounts to a fiscal year.

PFTAC will fund an external sector statistics mission to Vanuatu.

## F

FINANCIAL SECTOR  
SUPERVISION

## OVERALL OBJECTIVES

The FSS work program for FY 2026 will focus on three core strands:

- Review of **financial sector legislation**.
- Completing the review and the development of **prudential standards**.
- Completing the remaining elements of enhanced **risk-based supervision framework**.
- **Training supervisory staff** in the technical aspects of the prudential standards already reviewed/ developed including the impact studies and risk based supervision.

## PLANNED ACTIVITIES IN FY 2026

PFTAC will continue to support the annual meeting of the AFSPC that includes a workshop on supervisory topics. The 2025 annual meeting will be held in Timor-Leste followed by a workshop on a supervisory theme of interest for the region. Planned activities will focus on:

#### Review of the Financial Sector Legislation

Revisions to the financial sector legislations have been progressing rather slowly due to staffing and other constraints faced by the relevant countries (**FSM, Palau and RMI**).

FY 2026 is expected to see relatively better- resourced countries initiate or advance the work on review of banking and insurance sector legislation. **Fiji** is in the process of developing an amended Banking Act based on desk review already conducted by the IMF. Fiji has also developed an amended draft insurance law based on technical assistance provided by PFTAC. The revised law is expected to be presented to parliament for approval during FY 2026.

**Samoa** will review its Financial Institutions Act and finalize an amended insurance legislation.

IMF will also support the review of Banking and Financial Institutions Act of **Papua New Guinea** in line with recommendations of the Financial System Stability Review of the country conducted last year.

#### Enhancements to the Prudential and Risk Management Standards

PFTAC has been assisting its member countries in upgrading and aligning their prudential standards to ensure effective coverage of financial risks facing financial institutions. In this effort, relevant elements of Basel Framework are incorporated in the standards as needed following the concept of proportionality. From FY 2021, this project has been expanded to include the relevant elements of Basel III reforms package (Definition of Capital, Standardized Approaches for Credit and Operational Risks, Large Exposures, Liquidity Standards and monitoring tools, IRRBB).

In most member countries, the revised prudential standards aligned with Basel Framework and Basel Core Principles are ready for impact studies. During FY 2026, PFTAC will support **Papua New Guinea** and **Solomon Islands** in commencing implementation of Pillar 2 of Basel Capital Framework to ensure closer alignment of the regulatory and supervisory frameworks with the risk profiles of individual banks.

**Kiribati** has set up a new Financial Services Authority and PFTAC will now be working with them to introduce regulatory and supervisory frameworks for financial institutions.

**Vanuatu** will introduce a prudential standard implementing NSFR thereby enhancing regulation of liquidity risk management of banks.

**Tonga** plans to improve governance of banks by upgrading the Prudential Standards for Banks on Audit Arrangements and Fit and Proper Policies.

Several member countries that have completed the review of prudential

regulations will proceed to finalize them in consultation with banks and taking into account the outcomes of the impact studies. PFTAC will support them in this effort as needed.

### Enhancements to Risk-Based Supervision

During FY 2026, a follow-up mission will assist **Marshall Islands** in developing capacity for credit and liquidity risk supervision of banks.

Supervisory staff of **Timor Leste** (BCTL) and **FSM** (FSMBB) will receive training in financial risk analysis of banks.

Follow-up mission to **Cook Islands** would train staff in practical application of the supervisory rating model already developed, while a new supervisory rating model will be developed for **Tuvalu** Banking Commission.

### Implementation of IFRS 9

PFTAC will continue its support for developing capacity to assess supervisory implications of IFRS 9 and exercise oversight over banks to ensure robust implementation of the accounting standard especially the expected credit loss-based provisioning. In this context, PFTAC will organize an in-person training of the staff of CBSI in **Solomon Islands**.

# DEBT MANAGEMENT

## OVERALL OBJECTIVES

All Monetary and Capital Markets Department's (MCM) CD is tailored specifically to country needs, in coordination with the IMF's country teams, as well as the Fiscal Affairs Department (FAD), Legal Department (LEG), Strategy, Policy and Review Department (SPR), and the Institute for Capacity Development (ICD), and through regional debt management advisors. More specifically, the Debt Management work program in PFTAC for FY 2026, will continue to aim at strengthening public debt management capacity by focusing on the following topics:

- Strengthening the **institutional arrangements** for debt management.
- Building capacity on **debt related analysis, recording and reporting**.
- Building capacity to formulate and **implement debt management strategy** and risk management frameworks.
- Improving the functioning of **domestic debt markets**.
- Enhancing knowledge of the **debt sustainability analysis framework** and tool.

Demand for debt management CD in the Pacific region remains high. There is an increased demand for improving transparency and accountability in debt management within the Pacific region to foster trust among investors and to enable informed decision-making. The need to develop effective debt management strategies in the region is critical as countries work to address the challenges posed by high debt levels and economic vulnerability.

CD will focus on strengthening the core principles of public debt management, including supporting the institutional framework for debt management and transparency. Additionally, CD will strengthen local currency government debt markets in the five countries with existing markets, to develop long-term cost-effective financing.

Collaboration is essential during the program's implementation in the Pacific region. By coordinating with institutions like the World Bank or the Asian Development Bank, we can enhance the effectiveness of assistance in strengthening local currency bond markets and medium-term debt strategies and promote a comprehensive approach to debt reporting and training for small island states.

Another priority for the program is to develop regional technical capacity to

enable experts to participate in technical assistance in the region. Lastly, the program aims to boost its impact by utilizing current delivery methods, including remote support from staff and consultants, as well as the MCM online training tools. This approach provides flexible and accessible training for Pacific region stakeholders, equipping them with the skills to manage public debt effectively.

## PLANNED ACTIVITIES IN FY 2026

### Regional Events

PFTAC will organize one regional workshop, focusing on building capacity in undertaking effective **Investor Relations** in domestic debt markets. This workshop will build on previous regional workshops that introduced the local currency bond market development framework, as well as individual missions to various countries in the region. Additionally, PFTAC will participate in a UNDP sponsored regional workshop on **Debt Transparency And Accountability** for the northern countries (Federated States of Micronesia, Marshall Islands, and Palau).

### Formulate and Implement Debt Management Strategy

PFTAC will continue to support countries in the development and implementation of a medium-term debt strategy by providing

capacity development in the use of the joint IMF-World Bank framework and Analytical Tool (AT). Activities will also build capacity in the development of an annual borrowing plan and issuance calendar.

Support will be customized to meet the specific needs of each country, based on the capacity of the debt management office. For more advanced countries with established debt management frameworks, assistance will primarily be provided through remote channels, allowing for efficient knowledge transfer and resource sharing. Conversely, countries that are in the early stages of designing a debt management strategy will receive in-person support to ensure a comprehensive understanding of the processes involved along with hands-on support by the advisor.

To increase the number of countries preparing and publishing their own debt management strategies, **Solomon Islands** will receive remote support while **Palau**, **Timor-Leste**, **Tonga** and **Tuvalu** will receive in-person support.

#### **Strengthening Institutional Arrangements for Debt Management**

In FY 2026, the program will provide a follow-up mission to **Kiribati** to implement the recommended debt management organizational structure.

#### **Develop and Strengthen Processes for Accurate Debt Recording, Reporting, and Monitoring**

Capacity development will be undertaken in **Nauru** to further enhance debt transparency. Training on debt management fundamentals and on preparing a debt bulletin will be delivered during the mission.

#### **Develop Market Infrastructure and Capacity for Cost Effective Financing**

After a successful regional workshop to introduce the local currency bond market framework, PFTAC will continue to strengthen local currency bond markets, specifically the development of the primary market for domestic market-based issuance, including issuance practices, investor relations, and market infrastructure. A full diagnostic mission to **Tonga** has been scheduled as well as follow up missions to **Solomon Islands**, **Vanuatu**, and **Papua New Guinea**. These missions will assess on a regular basis, the

progress made in implementing prior recommendations and in overcoming specific obstacles faced by countries in their reform programs. This ongoing support will not only assist countries implement recommendations to strengthen the local currency bond market but also facilitate the sharing of sound practices and lessons learned.

#### **Debt Sustainability Framework**

Following the regional workshop on the LIC DSA methodology organized last year, PFTAC will organize a debt sustainability analysis national workshop for **Papua New Guinea** to enhance the understanding and application of debt sustainability frameworks. This workshop aims to bring together key stakeholders to discuss the critical components of debt sustainability. Participants will engage in practical sessions that cover methodologies for assessing debt levels, evaluating fiscal risks, and determining the long-term viability of public debt. By equipping participants with the necessary tools and knowledge, the workshop will facilitate informed decision-making and promote effective debt management practices in Papua New Guinea, ultimately contributing to the country's economic stability and growth.



# ANNEX

## ANNEX 1. WORK PROGRAM EXECUTION IN FY 2026

### A. REVENUE ADMINISTRATION

Beneficiary	Mode	Activities	Current Position	Expected Outcomes	Comments/ Risk
<b>STRATEGIC OBJECTIVE 1: BETTER REVENUE ADMINISTRATION, MANAGEMENT AND GOVERNANCE ARRANGEMENTS</b>					
<b>Cook Islands</b>	STX	Data Analytics and Risk Management	Risk assessment capability limited	Key staff are able to analyze data and apply to apply tangible risks to revenue	
<b>Fiji</b>	LTX	TADAT Training and Preparation	FRCS planning to undertake TADAT to identify opportunities for improvement in efficiency and effectiveness	Staff of FRCS are trained and formally certified in the TADAT process	
<b>Fiji</b>	LTX/ HQX	Tax Administration Diagnostic Assessment Tool (TADAT) Assessment	FRCS planning to undertake TADAT to identify opportunities for improvement in efficiency and effectiveness	FRCS receives a formal assessment of their performance across the nine performance outcome areas	
<b>Fiji</b>	LTX/ HQX	TADAT Follow-up and CD Planning	FRCS planning to undertake TADAT to identify opportunities for improvement in efficiency and effectiveness	FRCS develops an improvement plan to address any areas for improvement identified through the TADAT assessment.	
<b>FSM</b>	LTX	Digitalization progress review and CD update	A new tax administration system is being implemented, and tax reform considered.	Clear understanding of digitalization progress and where additional assistance may be required. CD plan to support consideration of tax reform requests.	
<b>Kiribati</b>	LTX	Support Implementation of Tax reforms and Digitalization	A digitalization roadmap is in progress which will interact with tax reforms. Need to understand support required.	Clear plan for digital implementation and CD plan to support this.	
<b>Kiribati</b>	STX	VAT Reform (Legislation administrability)	The VAT (Amendment) Bill is before Parliament. KTD has requested support for implementation.	KTD have a clear understanding of the changes, the impact and how to progress introduction.	
<b>Kiribati</b>	STX	Amendments to the Value Added Tax (VAT) Act and Tax Administration Act (TAA)	Legislative amendments before Parliament. Assistance requested to implement.	Legislative changes implemented and taxpayers aware of their obligations.	
<b>Marshall Islands</b>	STX	Improve Tax Reform Services and Communication	Taxpayer communication is not a strong capability, and taxpayers need to be aware, engage, understand and act to implement the reforms.	Clear plan for implementation of taxpayer services to support tax reform voluntary compliance.	Limited resources, tight timeframes.
<b>Marshall Islands</b>	LTX	MICT Implementation Support	Tax reform is in early stages with Marshall Islands requesting ongoing assistance to implement.	Ongoing CD support leading to successful implementation of MICT and NPT.	
<b>Nauru</b>	STX	Develop Compliance Improvement Strategy (CIS) for SME	Capability is growing in the audit and compliance areas, with ore support requested to further develop skills.	Audit team will have improved skills and awareness of more complex matters in Small and Medium business compliance.	
<b>Nauru</b>	LTX	Support Digitalization	A digitalization roadmap is in progress with a request to support identification of suitable tax administration software options.	Completion of the digitalization roadmap, identification of micro-state software solutions, and advice on requirements for procurement.	
<b>Niue</b>	LTX	Develop Digitalization Roadmap	A digitalization roadmap is in progress with a request to support identification of suitable tax administration software options.	Completion of the digitalization roadmap, identification of micro-state software solutions, and advice on requirements for procurement.	

Beneficiary	Mode	Activities	Current Position	Expected Outcomes	Comments/ Risk
Niue	STX	Progress Re-write of Income Tax Act (ITA)	This work is being restarted having been paused while NCTD focused on the TAA	Previous draft legislation reviewed, and a plan and timeline developed to progress ITA	Legal funding
Palau	LTX	Medium Term Revenue Strategy (MTRS) and Progress Review and Participation in Article IV surveillance mission	Palau has requested training in TADAT and MTRS with a view to incorporating into future recommendations and plans.	Clear understanding of what TADAT and MTRS require and equipped to decide on the level of investment and implementation to make.	
Palau	STX	Strengthen organizational structure - develop new organization position descriptions	Palau BRT operates in a less than ideal structure, particularly having made progressive tax reforms.	Advice provided on an optimal organization tax administration design, in the Palauan context.	
Palau	STX	Upskilling Design and Monitoring Capability	Having identified the need to separate the HQ function from the Operations functions, capacity developed is required to skill staff in this role.	Improved understanding and capability in undertaking planning, design, monitoring, and reporting functions.	
Papua New Guinea	STX	Support implementation of Income Tax Act	PNG has passed changes to the Income Tax Act. This needs to be implemented.	IRC has a clearer understanding of the changes required and how to go about implementing Income Tax Act changes.	
Papua New Guinea	STX	Evaluation of Organizational Structure Change and Implementation/ Organization Planning and Performance	Having introduced a functional organizational structure, IRC should undertake a review and refine any issues identified.	Review the organizational structure, its implementation and operation providing advice on potential improvements.	
Papua New Guinea	STX	Develop Business Continuity Plan	IRC has many aspects of a business continuity plan (BCP), but they are not centrally coordinated.	Provide advice and guidance to IRC to create an overarching BCP and how to implement and maintain it.	
Papua New Guinea	LTX	TADAT Support	From the TADAT report there are opportunities to improve. Assistance is available subject to request.	Support IRC in a priority area raised from the TADAT.	
Samoa	LTX/ LTX	Conduct impact analysis of tax processing system on organization operating model	With the establishment of a new Revenue Ministry (MCR), and the procuring of a new tax processing system there is an opportunity to transform the operating model and supporting processes.	Review of current state completed, and draft first level future state operating model developed.	
Samoa	STX	Conduct Tax Gap Analysis	The creation of a new Revenue Ministry is expected to result in increased revenue performance. A Tax gap assessment will help identify areas operating sub-optimally	The Revenue Ministry is able to prioritize its focus and enhance its revenue collection.	
Samoa	STX	Harmonizing Tax Laws	With possible new law proposed and an increase in digital transactions, MCR wants to ensure the legal framework is fit for purpose and agile.	A plan is developed to transition where necessary the current law into a modern framework.	Legal funding
Solomon Islands	STX	Organization Structure Implementation Review	Having implemented a new organizational structure, improvements to taxpayer services have been identified as a priority need.	Developed complaint process, Taxpayer charter, and post registration program along with plans and actions for further services.	
Solomon Islands	STX	Establish HQ Design and Monitoring	Support is requested to improve understanding of management of a tax reform program. Aligned with IRD reform project objectives.	A clearer understanding of good practice, and action plans to make it real and applicable to the IRD.	
Timor-Leste	STX	Redefine and modify approach to Large Taxpayers	The majority of revenue comes from a few large taxpayers but there is no strategy to ensure they are paying their full share of tax	Large taxpayers pay the right amount of tax on time.	
Timor-Leste	STX	VAT Implementation	Planning is underway to implement VAT in January 2027	Support is provided in line with the VAT Implementation plan to ensure go-live in January 2027	

Beneficiary	Mode	Activities	Current Position	Expected Outcomes	Comments/ Risk
Timor-Leste	STX	VAT Implementation	Planning is underway to implement VAT in January 2027	Support is provided in line with the VAT Implementation plan to ensure go-live in January 2027	
Timor-Leste	LTX	Reform Progress and Planning	Significant CD has been provided over the last two years aligned with needs assessment. A revision is required to assess progress and align with VAT implementation planning.	CD plan approved	
Tonga	STX	Alignment of Consumption, Income, and Revenue Services Taxes Acts	With ad-hoc law changes, Tonga wants to ensure their legal framework is fit for the future and that taxes work in harmony.	A plan is developed to transition where necessary the current laws into a modern framework.	Legal funding
Tonga	STX	International Tax	A scoping exercise to identify areas where Tonga needs to make changes to meet the of international conventions; and to strengthen capability in cross border transactions	An international tax work plan is endorsed and resourced.	
Tuvalu	STX	Data Analytics and Compliance Improvement	Low level of capability in data analytics and compliance	Staff capability improves, resulting in an improvement in revenue collection.	
Tuvalu	LTX	Digitalization Core Tax admin System	A digitalization roadmap is in progress with a request to support identification of suitable tax administration software options.	Completion of the digitalization roadmap, identification of micro-state software solutions, and advice on requirements for procurement.	
Vanuatu	STX	Tax Policy Review	Request to ensure Vanuatu has the right tax policy settings to improve DRM; and explore other potential revenue options.	The DCIR is able to prioritize its focus and enhance its revenue collection and informed decisions can be made on possible new taxes.	Tax Policy funded
Vanuatu	STX	Domestic Resource Mobilization - Operational efficiency and effectiveness	With many disruptions to operations and a little external CD in recent times, there is a need to ensure the administration is operating as well as it could.	Areas are identified for improvement, plans put in place with measures to monitor effectiveness.	
Vanuatu	STX	Compliance Risk Management, Analysis and Intelligence	Staff have basic level capability in CRM and data analysis and risk	Staff capability enhanced and data analysis skills applied to identify real risk to revenue	
Regional	STX/ STX	Webinar - Legal Interpretation & Powers	With changes in staff, and incomplete training in tax law operation, there is a gap in the knowledge of staff and the ability to exercise powers within tax law.	Participants will have an improved understanding of tax law, its powers, how they can be used and cautions to be taken in revenue administration.	
Regional	LTX/ LTX/ HQX	PITAA Heads Meeting		Attend and contribute to PITAA Heads Meeting	
Regional	LTX	Webinar - Building Design & Monitoring Capability	Most countries do not have a formal function that undertakes planning, monitoring and reporting, and ensures the administration is applying its effort in the best places for optimum return.	Leaders understand the role and function of Design and Monitoring and support their workshop participants in implementation.	
Regional	LTX/ LTX	Regional Workshop - Building Design & Monitoring Capability	A sub-region (South) workshop to improve the understanding of the separation of the HQ function from the Operations functions, and the capabilities required for role.	Improved understanding and capability in undertaking planning, design, monitoring, and reporting functions. An action plan for implementation on return to the office.	
Regional	STX	Regional Workshop - Building Design & Monitoring Capability (North)	A sub-region (North) workshop to improve the understanding of the separation of the HQ function from the Operations functions, and the capabilities required for role.	Improved understanding and capability in undertaking planning, design, monitoring, and reporting functions. An action plan for implementation on return to the office.	

Beneficiary	Mode	Activities	Current Position	Expected Outcomes	Comments/ Risk
<b>Regional</b>	LTX/ LTX	Regional Workshop - Building Design & Monitoring Capability - Follow-up	To improve the adoption of workshop learning this is to provide follow up and support to participants in applying what was learnt and the action plans.	To see progress in the implementation of action plans, provide advice on overcoming challenges and recommendations to improve training programs.	
<b>Regional</b>	STX	Webinar - Tax Gap Assessment methods	Countries need to collect the most revenue possible within their tax policy settings.	Countries identify areas to enhance revenue collection and take action to close the gap.	Tax Policy funded
<b>Regional</b>	STX	Regional-ISORA Data Collection Support	Over successive years improvements in ISORA data responses has been achieved. However, without support this will not continue and may slip.	A greater number of PFTAC countries complete ISORA on time and with improved accuracy and completeness.	
<b>Regional</b>	LTX/ STX	Webinar - Tax Technical Network (3)	A Regional tax technical network has been established enabling countries to share knowledge, risks and support peer to peer learning	Network members are working together, sharing knowledge, problem solving and receiving training on common needs.	
<b>STRATEGIC OBJECTIVE 2: STRENGTHENED CORE FUNCTIONS EVIDENCED BY AN ACCURATE TAXPAYER BASE, TAXPAYER SERVICES SUPPORTING VOLUNTARY COMPLIANCE, IMPROVEMENTS IN FILING, PAYMENT AND AUDIT SERVICES</b>					
<b>Fiji</b>	STX	Transfer Pricing-technical review and progress	With good basic transfer pricing knowledge, this series of four training sessions will enhance the application of cross border transactions at sector level.	Staff audit capability and confidence is enhanced when dealing with key industries and sectors.	
<b>Kiribati</b>	STX	VAT Taxpayer services #1	Communication materials will be required for new VAT payers, affected Kiribati residents, and staff once the Bill is passed.	Communication and training materials that KTD will use for taxpayers, and in training staff.	
<b>Niue</b>	STX	Monitor implementation of core tax functions	With few staff and low level capability, training is needed to ensure all processes and procedures are known by all staff and applied consistently.	Staff capability and consistency of applying core tax processes is improved.	
<b>Samoa</b>	STX	Review of Tax Audit Progress	Audit is an area of focus for MCR to improve compliance where PFTACX has supported improvement planning. This is a further stage of that improvement plan.	Staff capability is enhanced and knowledge applied to progress Audit cases.	
<b>Solomon Islands</b>	STX	Audit Capability Training	Audit is an area outside the reform program, where capacity is limited.	PFTAC will undertake small group peer review to enhance these skills through on-the-job training, assessment of progress in small and medium business audits.	
<b>Timor-Leste</b>	STX	Progress debt and return improvements, tax clearance and write offs	Filing and payment were identified through previous CD as areas in need of improvement however up until now absorptive capacity was an issue.	Staff capability is enhanced and knowledge applied to understand the value of the debt book, and what is collectable within the law.	
<b>Tonga</b>	STX	Strengthening Audit Capability	With a small team and current and emerging risks Tonga has identified the need to enhance its Audit capability.	Staff capability in Audit results in improved audit assessments and results.	
<b>Tonga</b>	STX	Strengthen Audit Capability (2)	With a small team and current and emerging risks Tonga has identified the need to enhance its Audit capability.	Staff capability in Audit results in improved audit assessments and results.	
<b>Regional</b>	STX	Taxpayer Service Workshop - Follow up	Workshop participants have draft improvement plans to progress when they return to their country.	Participants are confident in their ability to implement the TPS initiatives they identified. Further bi-lateral support is identified.	
<b>Regional</b>	LTX	PFTAC-Leaders Webinar-Taxpayer Services	Leaders do not understand the role and function of TPS	Leaders give support and resources to enable the implementation of TPS improvement plans	
<b>Regional</b>	LTX/ STX	Taxpayer Services Workshop	Taxpayer Service was identified by countries as an area for CD	Countries will support the implementation of the plans that their participants developed at the workshop.	



Beneficiary	Mode	Activities	Current Position	Expected Outcomes	Comments/ Risk
<b>Fiji</b>	STX	Transfer Pricing-technical review and progress	With good basic transfer pricing knowledge, this series of four training sessions will enhance the application of cross border transactions at sector level.	Staff audit capability and confidence is enhanced when dealing with key industries and sectors.	
<b>Kiribati</b>	STX	VAT Taxpayer services #1	Communication materials will be required for new VAT payers, affected Kiribati residents, and staff once the Bill is passed.	Communication and training materials that KTD will use for taxpayers, and in training staff.	
<b>Niue</b>	STX	Monitor implementation of core tax functions	With few staff and low level capability, training is needed to ensure all processes and procedures are known by all staff and applied consistently.	Staff capability and consistency in applying core tax processes is improved.	
<b>Samoa</b>	STX	Review of Tax Audit Progress	Audit is an area of focus for MCR to improve compliance where PFTACX has supported improvement planning. This is a further stage of that improvement plan.	Staff capability is enhanced and knowledge applied to progress Audit cases.	
<b>Solomon Islands</b>	STX	Audit Capability Training	Audit is an area outside the reform program, where capacity is limited.	PFTAC will undertake small group peer review to enhance these skills through on-the-job training, assessment of progress in small and medium business audits.	
<b>Timor-Leste</b>	STX	Progress debt and return improvements, tax clearance and write offs	Filing and payment were identified through previous CD as areas in need of improvement however up until now absorptive capacity was an issue.	Staff capability is enhanced and knowledge applied to understand the value of the debt book, and what is collectable within the law.	

## B. PUBLIC FINANCIAL MANAGEMENT

Beneficiary	Mode	Activities	Current Position	Expected Outcomes	Comments/ Risk
<b>STRATEGIC OBJECTIVE 1: IMPROVED LAWS AND EFFECTIVE PFM INSTITUTIONS</b>					
<b>Fiji</b>	LTX/ STX	Develop PFM Roadmap	Request from Authority and planning in progress	PFM Roadmap approved, providing a phased approach to PFM improvement.	No significant risk
<b>Kiribati</b>	STX	Finalize PFM Act	Advanced draft prepared	Debate draft Bill and submit to parliament for enactment	Limited capacity could impact finalization
<b>Niue</b>	LTX / STX	Conduct a PEFA Assessment	Request from Authority and planning in progress.	PEFA Assessment and reporting, leading onto the development of Roadmap.	Resource intensive for Authority and lengthy process. Extensive planning mitigates risks.
<b>Niue</b>	LTX/ STX	Develop PFM Roadmap	Request from Authority and planning in progress.	PFM Roadmap, providing a phased approach to PFM improvement.	Compilation of PEFA Assessment is prerequisite.
<b>Samoa</b>	LTX	Peer Review of PEFA Self-Assessment	PEFA self-assessment not yet undertaken	PEFA self-assessment undertaken and peer reviewed	Competing reforms and lack of time to undertake self-assessment
<b>Solomon Islands</b>	LTX / STX	Conduct a PEFA Assessment	Request from Authority and planning in progress.	PEFA Assessment and reporting, leading onto the development of Roadmap.	Resource intensive for Authority and lengthy process. Extensive planning mitigates risks.
<b>Solomon Islands</b>	LTX / STX	Develop PFM Roadmap	Request from Authority and planning in progress.	PFM Roadmap, providing a phased approach to PFM improvement.	Compilation of PEFA Assessment is prerequisite.
<b>Vanuatu</b>	LTX / STX	Develop PFM Roadmap	Following on from PEFA and planning in progress.	PFM Roadmap, providing a phased approach to PFM improvement.	Recent natural disasters have impacted the work throughout Government, including MoF, which represents a risk in securing the necessary engagement
<b>STRATEGIC OBJECTIVE 2: COMPREHENSIVE, CREDIBLE, AND POLICY BASED BUDGET PREPARATION</b>					
<b>Niue</b>	STX	Strengthening Budgetary Process	Identified piece of work, further planning and discussion to be held.	Improvements in budgetary process and approach.	Timing of work in conjunction with PEFA Assessment.
<b>Palau</b>	LTX / STX	Budget Analysis of Climate Impact	Recent Green PFM action plan developed	Budget Call Circular includes climate criteria and implementation of Green PFM action plan commences	Will coordinate and harmonize with the new Green PFM Advisor
<b>Marshall Islands</b>	LTX / STX	Strengthening Budget Preparation - Follow-up	MoF produced estimates book for 2024/25 but not submitted to Nitijela	Budget Estimate Book 2025/26 submitted to with Appropriation Bill	Capacity is a constraint
<b>Timor-Leste</b>	LTX / STX	Strengthening Budget Preparation	Well organized budget process but issues impacting budget credibility and enforcing binding budget ceilings	More reliable annual and medium term budgets.	Political level acceptance of recommendations. Engagement with MoF is a challenge
<b>Tuvalu</b>	STX	Strengthening Budget Process	Limited readiness for initiating medium term budgeting	Foundations built for medium-term budgeting; budget circular timelier allowing line ministries more time for budget formulation	Chronic shortage of staff
<b>Regional</b>	LTXs/ STXs	Green PFM Workshop	PICs at various stages on building climate and green issues into their PFM cycles	Member countries have a better understanding of modalities for incorporating climate considerations into PFM	Will coordinate and harmonize with the new Green PFM Advisor

Beneficiary	Mode	Activities	Current Position	Expected Outcomes	Comments/ Risk
<b>STRATEGIC OBJECTIVE 3: IMPROVED BUDGET EXECUTION AND CONTROL</b>					
<b>Kiribati</b>	STX	Quarterly warranting and commitment controls	Annual General warrant issued with no mechanism for adjusting to changing fiscal circumstances	Action plan developed for strengthening warranting and commitment control	Capacity constraints
<b>Tonga</b>	LTX/ HQXs/ STX	Strengthen Medium Term Fiscal Framework (MTFF)	Request from Authority and planning in progress.	Recommendations to improve the MTFF.	HQ led.
<b>Tuvalu</b>	LTX / STX	Strengthening FMIS controls	FMIS functionality lacking with only a few modules implemented	Action plan produced for implementing PO module and automated commitment control in the FMIS.	Chronic shortage of staff
<b>STRATEGIC OBJECTIVE 4: IMPROVE COVERAGE AND QUALITY OF FISCAL REPORTING</b>					
<b>Kiribati</b>	LTX / STX	Strengthening in-year reporting	No in-year reporting undertaken	Budget Execution Reports produced and published quarterly	Chronic shortage of staff
<b>Papua New Guinea</b>	STX	IPSAS Reporting and Chart of Accounts	Financial statements partially compliant with cash based IPSAS	Financial statements largely compliant with cash based IPSAS	DoF accepts and implements recommendations
<b>Marshall Islands</b>	LTX / STX	Strengthening Financial Reporting	No in-year budget execution reporting undertaken	Budget Execution Reports produced and published quarterly	Capacity constraints
<b>STRATEGIC OBJECTIVE 5: STRENGTHEN IDENTIFICATION, MONITORING, AND MANAGEMENT OF FISCAL RISKS</b>					
<b>Fiji</b>	STX	Follow up on Broadening fiscal risks analysis	Some fiscal risk narrative included in the annual Fiscal Strategy	Reporting of fiscal risk in the Fiscal Strategy progressively enhanced	MoF accepts and implements recommendations
<b>Samoa</b>	LTX / STX	Extending the use of fiscal risk tools	Some fiscal risk narrative included in the annual Fiscal Strategy	Reporting of fiscal risk in the Fiscal Strategy progressively enhanced	Need for strengthening coordination between MoF and MPE on SOE fiscal risks
<b>STRATEGIC OBJECTIVE 6 : IMPROVE PUBLIC INVESTMENT MANAGEMENT (PIM)</b>					
<b>Papua New Guinea</b>	LTX / STX/ HQX	Conduct Public Investment Management Assessment (PIMA)	C-PIMA undertaken in FY25 but not the core PIMA due to logistical constraints	Core PIMA undertaken identifying strengths and weaknesses in the Public Investment Management (PIM) processes, and action plan delivered for strengthening PIM.	Effective implementation of the action plan will require strong collaboration between responsible Departments
<b>Samoa</b>	LTX/ STX/ HQX	Conduct PIMA and C-PIMA	Generally sound PFM processes but no diagnostics of PIM practices yet undertaken.	PIMA will diagnose strengths and weaknesses in PIM processes and provide a focused action plan to strengthen practices.	MoF has a significant PFM reform agenda. Competing reforms could impinge on undertaking the PIMA/C-PIMA
<b>Regional</b>	LTX/ STX	Public Investment Management Workshop	There is scope for significantly strengthening PIM practices in most member countries.	Improved quality of project appraisals and selection (including effective for maintenance).	Capacity issues in some countries impact skills retention, impacting implementation of improved practices.

## C. MACROECONOMIC ANALYSIS AND PROGRAMMING

Beneficiary	Mode	Activities	Current Position	Expected Outcomes	Comments/ Risk
<b>STRATEGIC OBJECTIVE 1: STRONGER ANALYTICAL SKILLS AND BETTER MACROECONOMIC FORECASTING AND POLICY ANALYSIS</b>					
<b>Cook Islands</b>	LTX	Macro-Fiscal Modeling	CGE model with endogenous fiscal sector	Ability to easily run a range of macro-fiscal scenarios under different parameter input assumptions.	
<b>Fiji</b>	LTX	Macro-Fiscal Modeling	Operational three sector model (Fiscal, Real, External).	Undertake scenario analysis, add a Monetary component.	
<b>Fiji</b>	LTX	Macro-Fiscal Modeling Follow-up	Medium Term Fiscal Plan	Detailed analysis of potential Fiscal rules.	
<b>Kiribati</b>	STX	VAT Modeling Training	PFTAC VAT model operational	Further training in its use requested	
<b>Marshall Islands</b>	STX	Macro-Fiscal Modeling	No macro-fiscal model utilized	Joint creation of a new excel based macro-fiscal model	
<b>Papua New Guinea</b>	LTX	Macro-Fiscal Modeling	Standalone GDP and fiscal models. No integrated model with an endogenous fiscal sector.	Joint creation of a new three sector macro-fiscal model with endogenous fiscal sector.	
<b>Samoa</b>	LTX	Macro-Fiscal Modeling	Standalone GDP and fiscal models. No integrated model with an endogenous fiscal sector.	Joint creation of a new three sector macro-fiscal model with endogenous fiscal sector.	
<b>Samoa</b>	LTX	Training in E-Views	Have access to EViews	1 week workshop type training provided	
<b>Solomon Islands</b>	LTX	Macro-Fiscal Modeling	Standalone GDP and fiscal models. No integrated model with an endogenous fiscal sector.	Joint creation of a new three sector macro-fiscal model with endogenous fiscal sector.	
<b>Timor-Leste</b>	LTX	Support for Financial Programming and Policies (FPP)	Operational PFTAC supported FPP style model	Support for model use	
<b>Tokelau</b>	STX	Macro-Fiscal Modeling	No macro-fiscal model utilized	Joint creation of a new excel based macro-fiscal model	
<b>Vanuatu</b>	LTX	Support for Financial Programming and Policies (FPP)	Operational PFTAC supported FPP style model	Support for model use	
<b>Regional</b>	LTX/ LTX	Macroeconomic Diagnostics	A need for additional formal training in macroeconomic analysis	30 participants provided with intensive 2 week workshop	
<b>Regional</b>	LTX	PFTAC/ FAD Workshop on Macro-Critical Adaptation Issues in Pacific Island Countries: from Science and Data to Policies	A greater need to understand fiscal and other adaption approaches.	30 participants provided with an intensive 1 week workshop	
<b>Regional</b>	LTX/ LTX	Topics in Macroeconomic Forecasting	A need for additional formal training in macroeconomic analysis	30 participants provided with an intensive 1 week workshop	

## D. MACROECONOMIC FRAMEWORKS

Beneficiary	Mode	Activities	Current Position	Expected Outcomes	Comments/ Risk
<b>STRATEGIC OBJECTIVE 1: DEVELOP CAPACITY IN MACROECONOMIC FORECASTING AND POLICY ANALYSIS TO SUPPORT POLICY DECISION MAKING AND COMMUNICATIONS</b>					
<b>Fiji</b>	LTX	Macroeconomic Frameworks Training	Limited training on key topics required for core monetary policy function - Training on topics selected by the Reserve Bank of Fiji.	Officials receive training customized to the specific needs of the Reserve Bank of Fiji that support forecasting, monetary policy formation and analysis for improved monetary policy decision making.	
<b>Fiji</b>	LTX	Macroeconomic Frameworks Training	Limited training on key topics required for core monetary policy function - Training on topics selected by the Reserve Bank of Fiji.	Officials receive training customized to the specific needs of the Reserve Bank of Fiji that support forecasting, monetary policy formation and analysis for improved monetary policy decision making.	
<b>Fiji</b>	LTX	Macroeconomic Frameworks Training	Limited training on key topics required for core monetary policy function - Training on topics selected by the Reserve Bank of Fiji.	Officials receive training customized to the specific needs of the Reserve Bank of Fiji that support forecasting, monetary policy formation and analysis for improved monetary policy decision making.	
<b>Papua New Guinea</b>	LTX	Financial Programming	Standalone GDP and fiscal models. No integrated model with an endogenous fiscal sector.	Joint creation of a new three sector macro-fiscal model with endogenous fiscal sector.	
<b>Papua New Guinea</b>	LTX	Financial Programming	Standalone GDP and fiscal models. No integrated model with an endogenous fiscal sector.	Joint creation of a new three sector macro-fiscal model with endogenous fiscal sector.	
<b>Papua New Guinea</b>	LTX/ STI - LTX	Macroeconomic Frameworks	Base development of macroframework GDP Expenditure tool and nowcasting tools.	Tools developments further progressed. Work practices evolving to enhance support to the Monetary Policy Committee's decision making process.	
<b>Papua New Guinea</b>	LTX/ STI - LTX	Macroeconomic Frameworks	Macroframework GDP Expenditure tool and nowcasting tools nearing completion	Tools nearing completion. Work practices are further developed to enhance support to the Monetary Policy Committee's decision making process.	
<b>Papua New Guinea</b>	LTX/ STI - LTX	Macroeconomic Frameworks	Macroframework GDP Expenditure tool and nowcasting tools at pre-deployment stage.	Tools ready for deployment. Work practices on a continuous improvement basis supporting the Monetary Policy Committee's decision making process.	
<b>Samoa</b>	LTX	Forecasting and Nowcasting	Review of operational near-term forecasting (NTF) models and tools that have been developed.	Project concluded	
<b>Timor-Leste</b>	LTX/ STI - LTX	Training - Topics in Macroeconomics Foundation	Limited training across the central bank.	Delivery of foundation training for all staff on central banking.	
<b>Timor-Leste</b>	LTX/ STI - LTX	Training - Topics in Macroeconomics Foundation	Limited training on financial development and financial inclusion.	Base training on financial development and financial inclusion to select staff with responsibility in this area.	
<b>Timor-Leste</b>	LTX/ LTX	Macroeconomic Frameworks (Phase II)	PFTAC supported FPP style model is in production	Model, model use, implementation reviewed, and project concluded.	One additional mission required
<b>Timor-Leste</b>	LTX	Macroeconomic Frameworks (Phase II)	PFTAC supported FPP style model is in production	Project concluded	
<b>Vanuatu</b>	LTX	Macroeconomic Frameworks	Reserve Bank of Vanuatu forecasting and policy analysis project dormant due to staffing issues.	Re-scoped project	Appropriate staff not recruited

Beneficiary	Mode	Activities	Current Position	Expected Outcomes	Comments/ Risk
<b>Vanuatu</b>	LTX	Macroeconomic Frameworks (Phase II)	PFTAC supported FPP style model is in production	Model, model use, implementation reviewed, and project concluded.	One additional mission required
<b>Vanuatu</b>	LTX	Macroeconomic Frameworks (Phase II)	PFTAC supported FPP style model is in production	Project concluded	
<b>Regional</b>	LTX/ HQXs	Peer Learning Workshop Monetary Policy for Pacific Central Banks	Training in forecasting topics, peer-exchange on technical assistance forecasting and policy analysis projects.	Improved analytical skills, and better macroeconomic forecasting and policy analysis capacity	
<b>STRATEGIC OBJECTIVE 2: PARTICIPANTS EFFECTIVELY ACQUIRE KNOWLEDGE AND SKILLS TAUGHT IN THE MACROECONOMETRIC FORECASTING AND ANALYSIS (MFA) COURSE</b>					
<b>Regional</b>	LTX	Topics in Macroeconomic Forecasting	A need for additional formal training in macroeconomic analysis	30 participants provided with intensive 2 week workshop	
<b>STRATEGIC OBJECTIVE 3: PARTICIPANTS EFFECTIVELY ACQUIRE KNOWLEDGE AND SKILLS TAUGHT IN THE MACROECONOMIC DIAGNOSTICS (MDS) COURSE</b>					
<b>Regional</b>	LTX/ LTX	Macroeconomic Diagnostics	A greater need to understand fiscal and other adaptation approaches.	30 participants provided with an intensive 1 week workshop	
<b>STRATEGIC OBJECTIVE 4: STRONGER ANALYTICAL SKILLS AND BETTER MACROECONOMIC FORECASTING AND POLICY ANALYSIS</b>					
<b>Cook Islands</b>	LTX	Macro-Fiscal Modeling	CGE model with endogenous fiscal sector	Ability to easily run a range of macro-fiscal scenarios under different parameter input assumptions.	Working toward publishing GDP(E)
<b>Samoa</b>	LTX	Macro-Fiscal Modeling	Standalone GDP and fiscal models. No integrated model with an endogenous fiscal sector.	Joint creation of a new three sector macro-fiscal model with endogenous fiscal sector.	
<b>Solomon Islands</b>	LTX	Macro-Fiscal Modeling - Follow-up	Standalone GDP and fiscal models. No integrated model with an endogenous fiscal sector.	Joint creation of a new three sector macro-fiscal model with endogenous fiscal sector.	
<b>STRATEGIC OBJECTIVE 5: PARTICIPANTS EFFECTIVELY ACQUIRE KNOWLEDGE AND SKILLS TAUGHT IN THE INCLUSIVE GROWTH (IG) COURSE</b>					
<b>Regional*</b>	LTX/ ICD/ STI	Macroeconomics of Climate Change Course	Initial course delivered in January 2025.	Improved understanding of climate change impacts and associated policy making.	

\* Confirmed at PFTAC Steering Committee Meeting between STI and PFTAC.



## E. GOVERNMENT FINANCE STATISTICS

Beneficiary	Mode	Activities	Current Position	Expected Outcomes	Comments/ Risk
<b>STRATEGIC OBJECTIVE 1: STRENGTHEN COMPILATION AND DISSEMINATION OF FISCAL STATISTICS</b>					
<b>Cook Islands</b>	LTX	Compilation of GFS for GG operations - Strengthening data analysis and building quality assurance	The compilation process has been semi-automated; however, the COA is not fully compliant with GFSM 2014 taxonomy.	Ensure that an appropriate level of detail is used in the process to ensure accurate GFS reporting. Work to develop and automate processes to facilitate analysis.	The current process is outside of FMIS therefore routine maintenance is required to ensure full consistency between GFS and budget data.
<b>Fiji</b>	LTX	Compilation of GFS for GG operations - Working towards consolidated general government compilation	Compilation of GFS from the new FMIS is due to take place later this year. PFM and GFS advice has focused on the economic coding of the COA.	Focus on development of COFOG data from the FMIS and scope out a plan to consolidate general government data.	Coordination between the Ministry of Finance and Fiji Bureau of Statistics requires enhancement in order to integrate the diverse data sources and fully consolidate GFS.
<b>Kiribati</b>	STX	Compilation of GFS for GG operations - Developing balance sheet statistics and expanding coverage to non-financial public corporations	Pending implementation of recommendations to the COA, an offline process will continue to be used. A balance sheet has been compiled for the first time.	As the FMIS matures, high-frequency reporting will be developed.	Availability of timely data and implementing previous TA recommendations are a risk to continued statistical development.
<b>Marshall Islands</b>	LTX	Expanding coverage to general government operations - Establish high-frequency compilation of aggregate data	A mapping tool has been developed aimed at reducing the reliance on supplementation.	Ensuring that the FMIS structures will support GFS production will free up resources to focus on further development.	Timeliness of source data remains a challenge.
<b>Nauru</b>	LTX	Expanding coverage to general government operations	A streamlined process to compile the basic GFS statements has been established.	Developing a balance sheet will be supported by PFTAC TA.	Expanding beyond the basic GFS statements will be a challenge given the scarcity of resources.
<b>Niue</b>	LTX	Expanding GFS coverage - Automating the mapping from FMIS to produce GFS data	A basic compilation process has been established focusing on BCG sector.	Training is necessary to build the statistical knowledge of staff and expand the scope of GFS outputs.	Limited resources are the primary constraint to development of statistical outputs.
<b>Palau</b>	LTX	Compilation of GFS for GG operations	A new FMIS has simplified and sped up GFS compilation.	Develop the GFS reports within the FMIS to support the production of a balance sheet.	Priorities must be made to account for the scarce resources for compilation of fiscal statistics.
<b>Papua New Guinea*</b>	HQ (D4D)	Compilation of GFS for GG operations	The authorities are in a good position to develop reporting for provincial government.	Expanding the coverage of GFS for other sectors of government.	Delays in availability of audit accounts are a challenge. Provincial Government execution data is now in the FMIS.
<b>Samoa</b>	LTX	Compilation of GFS for GG operations - Continued development of GFS outputs	Enhancing coordination between budget and fiscal compilers for improving consistency of GFS data.	Greater coherence between budget and GFS data will deliver better quality GFS and reduce discrepancies.	Coordination among the national compiles and ongoing cooperation necessary for success.
<b>Solomon Islands</b>	LTX	Compilation of GFS for GG operations - Expanding coverage beyond budgetary central government	Compilation of GFS from the new FMIS is being tested. Further work to develop GFS reports directly from FMIS will reduce offline processing.	Granular GFS reporting will be possible.	Maintenance and updates of the FMIS may prioritize other developments ahead of GFS. Ongoing engagement among authorities is therefore important.

Beneficiary	Mode	Activities	Current Position	Expected Outcomes	Comments/ Risk
<b>Tonga</b>	LTX	Compilation of GFS for GG operations - Improving process for compilation of GFS	Process files have been developed during previous TA however limited progress due to resource constraints.	Focused support on specific priorities raised by the authorities and aim to expand compilation beyond BCG sector.	Limited progress on previous mission recommendations has been made.
<b>Tuvalu</b>	LTX	GFS for BCG operations - Development of national compilation process	GFS compilation tools have been developed and provided to the compilers.	Focus on building statistical capacity and reducing supplementation.	Training and continuous development required in order to support domestic compilation.
<b>Vanuatu</b>	LTX	Compilation of GFS for GG operations - Focus on balance sheet data	GFSM 2014 based tables are included in the national budget, however sector coverage requires development	Expanding the current set of fiscal statistics to include a balance sheet	Limited resources is the primary constraint to future expansion of fiscal statistics.

\* To be delivered by HQ; not reported in PFTAC workplan.

## F. REAL SECTOR STATISTICS

Beneficiary	Mode	Activities	Current Position	Expected Outcomes	Comments/ Risk
<b>STRATEGIC OBJECTIVE 1: STRENGTHEN COMPILATION AND DISSEMINATION OF REAL SECTOR STATISTICS - NATIONAL ACCOUNTS</b>					
<b>Cook Islands</b>	LTX	Update GDP	Latest year GDP estimates need to be produced	Latest year GDP estimates are produced	Source data needs to be available
<b>Fiji</b>	LTX	Development of GDP(E) and Rebase	NA base year needs to be updated	NA are rebased	
<b>FSM</b>	STX	Anonymize Tax Data	Tax data available to be used in compiling GDP	Tax data available to be used in compiling GDP	
<b>Kiribati</b>	LTX	Update GDP	Latest year GDP estimates need to be produced	Latest year GDP estimates are produced	Source data needs to be available
<b>Nauru</b>	STX	Update GDP	Latest year GDP estimates need to be produced	Latest year GDP estimates are produced	Source data needs to be available
<b>Niue</b>	STX	Update GDP	Latest year GDP estimates need to be produced	Latest year GDP estimates are produced	Source data needs to be available
<b>PNG</b>	LTX	Developing GDP(E) and Rebasing	NA base year needs to be updated	NA are rebased	HIES funding needs to be secured before the rebase can commence
<b>Samoa</b>	STX	2023 SUT and Rebasing GDP	Rebasing exercise well underway. SUT balancing to be finalized.	NA are rebased and SUT balanced	
<b>Solomon Islands</b>	LTX	Update GDP	Latest year GDP estimates need to be produced	Latest year GDP estimates are produced	Source data needs to be available
<b>Timor-Leste</b>	LTX	Rebasing ANA and QNA development	NA base year needs to be updated. QNA not compiled.	NA are rebased and QNA developed	Resources are appropriate
<b>Tokelau</b>	STX	Update GDP	Latest year GDP estimates need to be produced	Latest year GDP estimates are produced	Source data needs to be available
<b>Tonga</b>	LTX/ STX	Updating GDP	Latest year GDP estimates need to be produced	Latest year GDP estimates are produced	Source data needs to be available
<b>Tuvalu</b>	LTX/ STX	National Accounts - Convert to Fiscal Year	NA produced on a calendar year basis	NA will be compiled on a fiscal year basis	Source data needs to be available
<b>Tuvalu</b>	STX	Update GDP	Latest year GDP estimates need to be produced	Latest year GDP estimates are produced	Source data needs to be available
<b>Vanuatu</b>	LTX	Updating GDP	Latest year GDP estimates need to be produced	Latest year GDP estimates are produced	Source data needs to be available
<b>STRATEGIC OBJECTIVE 2: STRENGTHEN COMPILATION AND DISSEMINATION OF REAL SECTOR STATISTICS - PRICES</b>					
<b>Marshall Islands</b>	STX	Follow-up on Consumer Price Index (CPI) Update	CPI recently updated, following up on the implementation of new processes	New processes have been implemented	
<b>Palau</b>	STX	Updating Consumer Price Index	CPI weights and basket need to be updated	CPI weights and basket are updated	Source data needs to be available
<b>Samoa</b>	STX	Updating Consumer Price Index	CPI weights and basket need to be updated	CPI weights and basket are updated	Source data needs to be available

Beneficiary	Mode	Activities	Current Position	Expected Outcomes	Comments/ Risk
<b>Timor-Leste</b>	STX	Updating Consumer Price Index	CPI weights and basket need to be updated	CPI weights and basket are updated	Source data needs to be available
<b>STRATEGIC OBJECTIVE 3: STRENGTHEN COMPILATION AND DISSEMINATION OF BOP/ IIP</b>					
<b>Vanuatu</b>	STX	Balance of Payments/ International Investment Position (BOP/IIP) - Closing data gaps	Data inconsistencies generating net errors and omissions in the BOP	Addressed data inconsistencies to reduce errors and omissions in the BOP	Introducing enhanced source data and compilation techniques in BOP statistics

## G. FINANCIAL SECTOR SUPERVISION

Beneficiary	Mode	Activities	Current Position	Expected Outcomes	Comments/ Risk
<b>STRATEGIC OBJECTIVE 1: DEVELOP AND STRENGTHEN BANKING REGULATIONS AND SUPERVISION FRAMEWORK</b>					
<b>Cook Islands</b>	LTX/ STX	Training and follow-up - Supervisory rating model and Standardized Approach for Credit Risk	With the assistance received from PFTAC, the authorities are implementing various regulations and supervisory tools.	The proposed activity will enable the authorities to implement the reforms indicated.	The authorities remain committed to implementing the reforms and therefore the risk of non-implementation is low.
<b>Fiji</b>	LTX/ STX	Development of prudential standards for credit unions	Fiji is at an advanced stage of introducing a law to regulate credit unions.	The activity will assist RBF in introducing a prudential regulation framework.	The authorities remain committed to implementing the reforms and therefore the risk of non-implementation is low.
<b>FSM</b>	LTX	Training in financial risk analysis of banks	FSM Banking Board (FSMBB) has been working with PFTAC to introduce prudential regulations for banks and expects to start strengthening the supervision framework as well.	The proposed training will develop capacity within FSMBB to monitor and evaluate risks faced by banks on an ongoing basis.	Given a very small level of staff at the FSMBB, there is some risk that the knowledge gained through training may not get applied soon and thus be lost due to delay in issuing the prudential regulations and revised prudential returns.
<b>Kiribati</b>	LTX/ STX	Development of prudential standards for banks	Kiribati has recently set up Financial Supervisory Authority (FSA) but there exist no prudential regulations or supervisory framework.	The proposed mission seeks to assist the authorities to identify supervisory priorities and prepare a roadmap for establishing regulatory and supervisory frameworks for the financial sector.	The authorities are very keen to operationalize the FSA and the supervisory processes soon. However, full staff complement is yet to be put in place. Delays in recruiting staff may delay the implementation of regulations and supervisory frameworks.
<b>Marshall Islands</b>	LTX	Training in supervision of credit and liquidity risks management of banks	The Banking Commission of Marshall Islands (MIBC) has been working with PFTAC to upgrade its prudential regulations and supervisory framework for banks. Most of these reforms are at an advanced stage of completion.	The proposed activity will enhance the capacity of MIBC to supervise credit and liquidity risks of banks.	The authorities remain committed to implementing the reforms and therefore the risk of non-implementation is low.
<b>Marshall Islands</b>	STX	Training in on-site examination of banks (the format could be attachments with other supervisory authorities)	Same as above.	The proposed training will enhance the effectiveness of on-site examinations conducted by MIBC.	Same as above.
<b>Papua New Guinea</b>	LTX/ STX	Training in evaluation of ICAAP Reports of banks and risk analysis under SREP	The Bank of PNG has been working with PFTAC to upgrade its prudential regulations and supervisory framework for banks. Most of these reforms are in the process of being implemented. However, despite being home to some large regional financial institutions, Bank of PNG is yet to implement Pillar 2 of the Basel Framework.	The proposed activity will assist the Bank of PNG in implementing Pillar 2 to ensure closer alignment of the regulatory and supervisory frameworks with the risk profiles of individual banks.	Though a substantial amount of technical assistance has been provided to Bank of PNG during last five years, most of the reforms are still working in progress. However, considering the expertise available with the central bank, it is expected that the reforms will be implemented albeit with some delay.
<b>Papua New Guinea</b>	LEG	Review of Banking and Financial Institutions Act of PNG	The current Banking and Financial Institutions Act of PNG is outdated.	Review of the Act will ensure its alignment with the current international standards including the Basel Core Principles.	Same as above.
<b>Samoa</b>	STX	Review of Draft Insurance Act of Samoa	Samoa has recently drafted a revised Insurance Act with technical assistance provided by PFTAC.	The proposed mission will review the revised Act to ensure its alignment with the international standards. The revised Act will strengthen the regulation of insurance companies in Samoa.	The authorities have a proven record of implementing the reforms and remain committed to introducing the intended reform, and therefore the risk of non-implementation is low.

Beneficiary	Mode	Activities	Current Position	Expected Outcomes	Comments/ Risk
<b>Samoa</b>	STX	Review of Banking and Financial Institutions Act of Samoa	The current Banking and Financial Institutions Act of Samoa is outdated.	Review of the Act will ensure its alignment with the current international standards including the Basel Core Principles.	Same as above.
<b>Solomon Islands</b>	LTX	Implementation of Pillar 2 of Basel Framework	The CBSI has been working with PFTAC to upgrade its prudential regulations and supervisory framework for banks. Most of these reforms are at an advanced stage of implementation. CBSI is now keen to implement Pillar 2 of the Basel Framework.	The proposed activity will assist CBSI in implementing Pillar 2 to ensure closer alignment of the regulatory and supervisory frameworks with the risk profiles of individual banks.	The authorities remain committed to implementing the reforms and therefore the risk of non-implementation is low.
<b>Timor-Leste</b>	LTX/ STX	Training in financial risk analysis of banks	BCTL has recently upgraded its prudential standards. To implement a risk-based supervision approach, it is now keen to train its staff in financial risk analysis of banks.	The proposed training will develop capacity within BCTL to monitor and evaluate risks faced by banks on an ongoing basis thereby contributing to the implementation of risk-based supervision of banks.	The authorities remain committed to implementing the reforms and therefore the risk of non-implementation is low.
<b>Tonga</b>	LTX	Review of prudential standards for banks- Audit arrangements and 'fit and proper' policies	The National Reserve Bank of Tonga (NRBT) has been working with PFTAC to upgrade its prudential regulations and supervisory framework for banks. A few regulations remain to be reviewed.	The proposed TA is expected to enhance the corporate governance of banks.	The authorities remain committed to implementing the reforms and therefore the risk of non-implementation is low.
<b>Tuvalu</b>	LTX	Developing a supervisory rating model for banks in Tuvalu	Tuvalu Banking Commission has been working with PFTAC to strengthen prudential regulation and supervision of banks. While the work on regulations and prudential retorting is in process, that on a few remaining elements of risk-based supervision is yet to be initiated.	The proposed activity will enhance the risk-based supervision of banks in Tuvalu by enabling the authorities to anchor the supervisory intensity with the supervisory rating of banks.	Given the acute shortage of staff at the Commission, the TA delivery during FY 2026 will be conditional on the authorities posting a minimum number of staff. Due to the lack of adequate staff, the recommendations of the previous missions are also yet to be implemented.
<b>Vanuatu</b>	LTX	Developing a prudential standard implementing Basel III Net Stable Funding Ratio for Banks	The Reserve Bank of Vanuatu (RBV) has been working with PFTAC to upgrade its prudential regulations and supervisory framework for banks. RBV is yet to implement Basel III Net Stable Funding Ratio (NSFR).	Implementing Basel III NSFR will strengthen liquidity risk management of banks by enhancing their longer-term resilience to liquidity shocks.	Though a substantial amount of technical assistance has been provided to RBV during the last five years, most of the reforms are still work in progress. The main reason is frequent disruption of normal life in Vanuatu caused by natural disasters. However, it is expected that the reforms will be implemented albeit with some delay.
<b>Regional</b>	LTX/ STX	Association of Financial Supervisors of Pacific Countries (AFSPC) Meeting and Workshop	PICs need training in emerging supervisory topics.	AFSPC workshop of 2025 will focus on creating awareness about and capacity in supervising the climate-related financial risks faced by banks.	The workshop will be pitched at an introductory level and is expected to achieve its objective.
<b>STRATEGIC OBJECTIVE 2: IMPROVE ACCOUNTING AND PRUDENTIAL PROVISIONING REGULATORY GUIDELINES</b>					
<b>Solomon Islands</b>	STX	Training on IFRS 9 - Financial Instruments	While financial institutions in Solomon Islands have implemented IFRS-9 especially the expected credit loss (ECL)-based provisioning, CBSI is yet to start supervising its implementation.	The proposed training will equip the CBSI staff with the necessary skills to supervise the implementation of IFRS-9 (mainly ECL-based provisioning)	The authorities are committed to implementing the reforms and therefore the risk of non-implementation is low.



## H. DEBT MANAGEMENT

Beneficiary	Mode	Activities	Current Position	Expected Outcomes	Comments/ Risk
<b>STRATEGIC OBJECTIVE 1: FORMULATE AND IMPLEMENT A MEDIUM-TERM DEBT MANAGEMENT STRATEGY (MTDS)</b>					
<b>Palau</b>	LTX/ STX	Medium-Term Debt Management Strategy Development and Implementation	New request by authorities	MTDS developed, documented and published	Political and senior official approval and support
<b>Solomon Islands</b>	STX	Medium-Term Debt Management Strategy Development and Implementation	Update to expiring MTDS	MTDS developed, documented and published	Political and senior official approval and support
<b>Timor-Leste</b>	LTX/ STX	Medium-Term Debt Management Strategy Development and Implementation	New request by authorities	MTDS developed, documented and published	Resource absorptive capacity
<b>Tonga</b>	LTX/ STX	Medium-Term Debt Management Strategy Development and Implementation	Update to expiring MTDS	MTDS developed, documented and published	Resource absorptive capacity
<b>Tuvalu</b>	LTX	Medium-Term Debt Management Strategy Development and Implementation	New request by authorities	MTDS developed, documented and published	Political and senior official approval and support
<b>STRATEGIC OBJECTIVE 2: DEVELOP/ ENHANCE STAFF CAPACITY TO CONDUCT DEBT SUSTAINABILITY ANALYSES</b>					
<b>Papua New Guinea</b>	LTX	Debt Sustainability Analysis Workshop	New request by authorities	MTDS developed, documented and published	Resource absorptive capacity
<b>STRATEGIC OBJECTIVE 3: ESTABLISH EFFICIENT INSTITUTIONAL FRAMEWORK FOR DEBT MANAGEMENT</b>					
<b>Kiribati</b>	LTX	Develop and implement debt management organizational structure	Follow up previous mission	Staff trained in debt fundamentals	Resource absorptive capacity
<b>Nauru</b>	LTX/ STX	Develop and implement debt management organizational structure	New request by authorities	Staff trained in debt fundamentals	Resource absorptive capacity
<b>Regional</b>	LTX	Sub-Regional Workshop to improve debt reporting for three countries (Marshall Islands, FSM, and Tuvalu).	Engage with northerner countries	Staff aware of transparency and accountability issues	Management and technical staff support and commitment
<b>STRATEGIC OBJECTIVE 4: DEVELOP MARKET INFRASTRUCTURE AND CAPACITY FOR COST EFFECTIVE FINANCING</b>					
<b>Papua New Guinea</b>	STX	Investor Relations	New request by authorities	Financing through market-based instruments	Management and technical staff support and commitment
<b>Solomon Islands</b>	STX/ STX	Local currency bond market development Diagnostic Mission	New request by authorities	An effective primary market, with market-based issuances	Resource absorptive capacity
<b>Tonga</b>	LTX/ STX/ STX	Local currency bond market development Diagnostic Mission	New request by authorities	An effective primary market, with market-based issuances	Resource absorptive capacity
<b>Vanuatu</b>	STX	Local currency bond market development Diagnostic Mission	New request by authorities	An effective primary market, with market-based issuances	Resource absorptive capacity
<b>Regional</b>	LTX/ STX	Investor Relations Workshop	New request by authorities	An effective primary market, with market-based issuances	Management and technical staff support and commitment

## ANNEX 2. PFTAC STAFF PROFILE

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**Centre Director - Samir Jahjah** joined PFTAC in August 2022. Prior to joining the PFTAC team Samir served as Center Director of AFRITAC West – the IMF’s West African Assistance Center based in Abidjan. With more than 20 years as an IMF economist, he has extensive experience in program and surveillance work – his most recent assignments include IMF mission chief for the Central African Republic, IMF Resident Representative for Ghana and for the Democratic Republic of Congo. In these assignments he played a key role in program design, negotiations, and program monitoring – supporting the authorities implement their development, capacity development, and economic agenda and engaging closely with development partners and various stakeholders. Before joining the IMF, Samir was an assistant professor for several years at the Université Libre de Bruxelles in Belgium. Samir holds a PhD in Economics and a Master in Econometrics. Samir is a Belgian national.

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**PFM Advisor - Paul Seeds** joined PFTAC on October 1, 2020, from East AFRITAC, IMF’s technical assistance center for East Africa, where he had worked for the previous five years. Starting his overseas career in Kiribati, he has worked extensively with many development partners covering 20 countries, in a career spanning nearly 40 years. Paul has a wealth of experience designing and implementing broad ranging PFM reforms, including the implementation of financial management information systems in several countries. Paul is a fellow of the Chartered Institute of Management Accountants and holds an MBA from the CASS Business School, City University of London.

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**PFM Advisor - Colin Owen** joined PFTAC in May 2025. Previously, he worked at CARTAC, the Caribbean Regional Technical Assistance Centre, for five years. At CARTAC, Colin provided invaluable advice on PFM to various governmental bodies across the Caribbean region, demonstrating his commitment to enhancing financial governance and accountability. With over 30 years of dedicated service in the public sector, he held key positions as an Audit Manager at both the Audit Commission and PKF. His expertise in audit processes led to his appointment as the Auditor General for Saint Helena, where he played a crucial role in ensuring transparency and integrity in the territory’s financial operations. Colin transitioned to the role of Financial Secretary, a position he held for eight years. He served first in Saint Helena and then in Montserrat, where he was instrumental in driving financial reforms aimed at improving fiscal policies and enhancing public service efficiency. Colin’s academic foundation includes a Bachelor of Arts in Business Studies from Birmingham City University. He is also a qualified accountant and a Fellow of both the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Association of Chartered Certified Accountants (ACCA).

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**GFS Advisor - Stephen McDonagh** joined PFTAC in January 2025 as the Government Finance Statistics advisor. An Irish national, Stephen has almost 20 years’ experience with the Irish Central Statistics Office across balance of payments and national accounts. He was the Senior Statistician for the Government Accounts Compilation and Outputs Division which played a pivotal role in compiling and analyzing government financial statistics, contributing to the transparency and accountability of public finances in Ireland. Stephen has worked on promoting the use and enhancing the understanding of government finance statistics among users by engaging with stakeholders and increasing and simplifying dissemination of data and analysis. He has also worked on the Irish national advisory committee on the implementation of accrual accounting in the public sector ensuring that these reforms will complement and support fiscal analysis.

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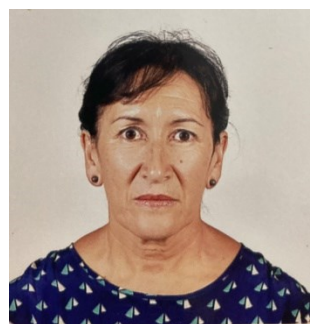
**RSS Advisor - Donna Grcman** joined PFTAC in June 2024 as the Real Sector Statistics (i.e., national accounts and price statistics) Advisor. Before her assignment at PFTAC, Donna spent five years working as the real sector statistics advisor in AFRITAC West 2 and five years in AFRITAC South. Prior to this, she worked for the Australian Bureau of Statistics in various economic statistical areas. She spent the majority of time working on the production of the Australian National Accounts as well as classifications and business surveys. She has also been engaged as an expert in the IMF missions on national accounts statistics: to Botswana, Namibia and Mauritius in Africa; and Laos in South-East Asia prior to working at AFRITAC West 2.

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**Revenue Advisor - John McAlister** comes from Thimphu Bhutan where he was the Resident Advisor. Over 35 years, John has led large and complex change programs that have changed the way that people deal with tax authorities, how businesses deal with government and each other. This includes working in Whole-of Government programs, the Australian Taxation Office, private sector business change and digital enablement and with IMF. Most recently John has supported the Royal Government of Bhutan with preparation for a Goods and Services Tax, including development of skills, capability, and design processes for all aspects of the implementation along with the new Bhutan Integrated Taxation (Administration) System (BITS). John is passionate about innovation, business process reengineering and the transformational benefits of 'digital' in addressing disadvantage, creating transparency, delivering better business outcomes and improved user experience. He understands that data is the lifeblood of administration and has never been more in focus than in the modern digital economy.

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**Revenue Advisor - Katrina Williams** joined PFTAC as the second resident Revenue Administration Advisor in October 2021. She has 40 years public sector experience, the last 24 years in Inland Revenue in New Zealand. She brings expertise in the design and delivery of all core revenue functions, in strategic and multi-year planning, and in compliance-related intervention design. With an extensive background in organizational reform, revenue administration modernization, and change and innovation, latterly Katrina led Inland Revenue's organizational design and change group. Before joining PFTAC on a full-time basis contributed to the PFTAC revenue program as an IMF short-term expert.

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**FSS Advisor - Rajinder Kumar** joined PFTAC on August 1, 2020. Before PFTAC, Rajinder completed a multi-topic three-year assignment as an IMF advisor on banking regulation, supervision, and financial stability with the Bank of Albania. He has extensive experience in financial sector regulation, banking supervision, and macro prudential policies, which he gained through his 28-year long career with Reserve Bank of India. Rajinder also worked for three years with the Bank for International Settlements at Basel where he supported Basel Committee's Regulatory Consistency Assessment Program and a few of Basel Committee's technical policy making groups. In Albania, Rajinder has helped Bank of Albania introduce Basel III reforms in the country and complete implementation of Pillar 2 of Basel capital adequacy framework. Rajinder holds an MBA in Financial Management and FRM certification from GARP.

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**Macro Advisor - Andrew Beaumont** joined PFTAC in February 2020 and has 20 years of experience in macro-fiscal and broader macroeconomic analysis and forecasting including at the Australian Treasury where he worked on monetary and fiscal policy, macroprudential regulation and the labor market. Additionally, Andrew has five years of experience in the Pacific region, having worked as an Australian Treasury embedded technical advisor in both PNG (macro-fiscal) and Solomon Islands (economic reform). Andrew was also previously the Senior Advisor G20 and International economy at the Australian Department of Prime Minister and Cabinet working on global debt sustainability and macroeconomic policy responses to the Global Financial Crisis. Most recently, he was the Executive Branch Manager responsible for economic and revenue forecasting, macroeconomic reporting, demographic projections, long term fiscal modelling and tax expenditure analysis for the ACT Treasury.

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**Macro Advisor - Ian Nield** joined PFTAC in February 2023. Ian comes from the IMF's Africa Training Institute (ATI) where he taught across the breadth of the ICD curriculum and supported numerous technical assistance missions with African colleagues, primarily on fiscal matters. Prior to joining ATI in October 2016, Ian was the Monetary Operations Advisor with the IMF's Bangkok-based Capacity Development Office in Thailand (CDOT). Ian has worked in and around financial stability in many ways for more than two decades. During his professional life he has been a research scientist and university lecturer. He also acquired financial market experiences in the private sector. From 1998-2013 he was a senior central bank official with the Reserve Bank of New Zealand. Ian studied at the University of Waikato in Hamilton, New Zealand and at Cranfield University in England. He read Chemistry, Mathematics and Physics at Waikato where he was awarded an MSc (Hons) degree. At Cranfield he read Physics for his PhD.

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**Debt Management Advisor - Juan Carlos** recently joined the IMF as LTX in May 2024 as Public Debt Management Resident Advisor in PFTAC. He is a Spanish national with over 25 years professional experience in strategic analysis of debt in a policy advisory context, including, public debt management strategy, fiscal sustainability analysis and resource mobilization strategies. His experience covers over 30 countries in Africa, Asia, Europe, Latin America and the Pacific. He has been supporting Government officials, at various levels, in formulating debt management strategies, developing domestic currency bond market and assessing the existing debt management framework.

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**Office Manager - Nina Samuela** joined the Centre in 1993. Prior to this she worked in Tapa Tours Ltd as a travel consultant and American Express Supervisor and 3 years with USAID. Nina leads a team of four local staff who provide support to the 6 PFTAC programs, Financial Sector Supervision, Government Finance Statistics, Macro-Economics, Public Financial Management, Real Sector Statistics and Revenue Administration. She provides support to the Center Coordinator and is responsible for office management.

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**Economic Analyst - Shane Prasad** joined PFTAC in August 2018. She assists the Centre Director and Resident Advisors in the production of annual workplans, preparing quarterly and annual reports, and monitoring the implementation of program activities and budget. She also supports the development and maintenance of the results-based management (RBM) framework at the Centre. Before joining PFTAC, Shane worked at Fiji Revenue and Customs Service and holds a bachelor's degree in Accounting and Economics with a Master of Commerce in Accounting from University of the South Pacific.

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**Administrative Assistant – Kalara Raidruta** joined the PFTAC team in June 2019. In addition to general administrative responsibilities of the Centre, she provides support to the Financial Sector Supervision, Revenue Administration and Public Financial Management programs. Kalara previously worked at the Australian High Commission in Suva.

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**Administrative Assistant – Roznin Rukshana** joined the Centre in September 2023. Prior to this she worked at the High Commission of India. She comes with 16 years of experience in Diplomatic Organization, Ticketing officer, International / Domestic and Human Resources at Air Fiji Limited. In addition to the administrative responsibilities of the Centre, including the first face and voice of PFTAC for visitors and callers, Roznin provides support to the Macroeconomic Advisors.

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**Administrative Assistant – Spencer Nigel Robinson** joined PFTAC in July 2024. Prior to joining the PFTAC team, Spencer served as a Procurement Officer (Goods & Travel) for the German Development Cooperation (GIZ) Office in Suva. In his other previous assignments, he worked for the Pacific Islands Development Forum (PIDF) Secretariat, Biosecurity Authority of Fiji, and the Ministry of Agriculture. Spencer has more than 15 years of work experience in the areas of executive and administrative support, general agriculture, and trade facilitation from a biosecurity lens. He holds a Postgraduate Diploma in Governance & Public Policy (UniFiji), Master of International Relations & Diplomacy (UniFiji), Postgraduate Diploma in International Relations (UniFiji), Advanced Diploma of Management (TAFE WSI) and a Diploma in Tropical Agriculture.

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A stylized world map in a lighter shade of blue, centered on the Pacific Ocean, serves as the background for the entire page. The map shows the outlines of continents and major islands.

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