

PFTAC, Reserve Bank of Fiji T7, Pratt St., Suva, Fiji

Web site: www.pftac.org E-mail: apdpftac1@imf.org Phone: (679) 3304866 Fax: (679) 3304045

RECENT & UPCOMING TA MISSIONS

April

PFM	Nauru	Roadmap revisions and medium-term budgeting
	Solomon Is.	Strengthening Non Tax Revenue (NTR) 1 st Stage
	Vanuatu	Strengthening Internal Audit
	Fiji	Support PFM roadmap Development, Budget Analyst training - MTB
	PNG	FMIS/ICT Assessment and PEFA Self-assessment follow-up
	Niue	Planning/Budgeting coordination
Tax	Nauru	Develop Tax Reform Agenda
	Palau	Prepare Tax Reform Agenda
Statistics	Fiji	National Accounts E&I
	Vanuatu	National Accounts Rebase
	Kiribati	National Accounts
	Regional-Noumea	Workshop on household income and expenditure surveys
Financial Supervision	Tonga	Preparation for On-Site Examination
	Regional - Guam	Risk Based Banking Supervision Training for Palau/RMI/FSM
Macro	Palau	Develop revenue forecasting methodology
	Samoa	Develop macro-fiscal projection framework

May

PFM	Nauru	Fixed Asset Valuation/ Annual Financial Statements
	PNG	FMIS/ICT Assessment
	Cook Is.- Regional	Deep Sea Mining Workshop
	Tuvalu	Budget Analyst training
	Niue	Medium term budgeting at line agency level
	Nauru	Develop Tax Reform Agenda

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May (cont'd)

Tax	Fiji	Scoping Options for Replacement of Current IT System Phase 2
Statistics	Regional – Guam	National Accounts Workshop for Palau/RMI/FSM
	Regional-Fiji	Pacific Steering Committee meeting
Financial Supervision	Regional-Guam	Risk Based Banking Supervision Training for Palau/RMI/FSM
Macro	Samoa	Medium term fiscal planning

June

PFM	Fiji	PFM Roadmap Development – Phase 2
	Tuvalu	Budget Analyst training
	Samoa	Non-Tax Review
Tax	Regional-Fiji	PITAA Working Group workshop
	Tuvalu	Review the progress improvements in Revenue Administration
	Kiribati	Revenue Administration
	Nauru	Drafting legislation to implement Phase 1 of the tax reform project
Financial Supervision	Timor Leste	Credit Union Oversight
Statistics	Regional-Guam	National Accounts Workshop for Palau/RMI/FSM
Macro	PNG	Develop macro-fiscal projection framework

MEETINGS, SEMINARS & WORKSHOPS

SUB-REGIONAL WORKSHOP ON RISK-BASED BANKING SUPERVISION, GUAM, 26 APRIL - 4 MAY, 2014

The theme of the workshop, presented by PFTAC financial supervision advisor [Pierre Séguin](#), was risk-based banking supervision and the oversight of non-banks (RBM 3.3, 3.4, 3.9), and is the first component of PFTAC's sponsored training program undertaken under the auspices of the AFSPC. The training was aimed at PFTAC members in the Northern Pacific: Palau, Marshall Islands, and Micronesia. The workshop was held in Guam and included representatives from the region's supervisory authorities, including a few Directors from banking commissions.

Workshop participants exchanged experiences and views on various topics including: off-site supervision; statutory reporting; on-site examination; credit unions examination; and AML issues, including know your client legislation and how this has an impact on the operation of the Regulator. The group also invited representatives from the Bank of Guam to join the workshop one afternoon and asked them to provide an overview of the Bank's operation in the region. The next workshop in the program will be held in Samoa this October for supervisors in Southern Pacific members.

PACIFIC STATISTICS STEERING COMMITTEE (PSSC) MEETING, SUVA, FIJI 5-8 MAY, 2014

The meeting organized by SPC had two parts. The first part, from 5-7 May, involved an externally-facilitated brainstorming on the implementation of phase II of the Ten-Year Pacific Statistics Strategy (TYPSS). The second part, on May 8, was the PSSC meeting itself. PFTAC statistics advisors [Russel Freeman](#) and [Greg Legoff](#) participated, as did coordinator [Scott Roger](#).

In the TYPSS discussions, it was agreed that significant progress in expanding the production of key statistics had been made in phase I, but it was also recognized that greater emphasis needs to be placed in phase II on effective close coordination and integration of TA, as well as strengthening of national statistics strategies and making more effective use of existing data. The facilitators will

report back to PSSC members on proposals for moving forward.

At the PSSC meeting, PFTAC presented an update on its statistics TA activities. PFTAC also provided an updated note to PSSC on a proposed framework for strengthening coordination in the area of macroeconomic statistics.

WORKSHOP ON DEEP SEA MINING, RAROTONGA, COOK ISLANDS, 13 - 16 MAY, 2014

PFTAC presented jointly with SOPAC (the geoscience division of the South Pacific Community (SPC)) a workshop on financial aspects of deep sea mining (DSM). Mining of deep sea minerals has the potential to generate substantial income in the Pacific, if properly managed. The workshop focused on legal and taxation issues involved in setting up deep sea mining frameworks in the region and on the management of revenues, including the design of sovereign wealth funds. Participants came from 12 PFTAC/SPC members, as well as several regional NGOs, academic institutions, and DSM exploration and mining companies.

IMF tax policy specialist [Peter Mullins](#) and PFTAC tax law consultant [Lee Burns](#) made presentations on the design, legal framework, and administration of DSM regimes, and included a practical exercise for participants to get a better feel for the issues and choices that have to be addressed.

With regard to management of DSM revenues, a key theme was the need to manage such wealth carefully to avoid the benefits becoming a curse. PFTAC PFM advisor [Ron Hackett](#) stressed the need for strong PFM systems and PFTAC consultant [Vidar Ovesen](#) made a presentation on the use and design of Sovereign Wealth Funds in managing revenues, drawing on experiences with Norway, Timor Leste, and South Sudan.

Given the importance of putting appropriate policy and legal regimes in place ahead of the development of DSM resources, and the interest expressed by participants in the workshop, a follow up workshop is likely to be run in collaboration with SOPAC next year.

TECHNICAL ASSISTANCE ISSUES:

TAX ADMINISTRATION DIAGNOSTIC ASSESSMENT TOOL (TADAT)

By John Hayes, PFTAC tax administration advisor

An effective program of providing technical assistance in any area of economic policy formulation and implementation requires both diagnosing weaknesses and TA needs, and monitoring the effectiveness of TA in addressing the needs. And, with 16 members of PFTAC, we need to do this in a consistent manner across countries.

To address these needs in the area of tax administration, the IMF is partnering with a number of other organizations¹ on a new initiative, the Tax Administration Diagnostic Assessment Tool (TADAT). TADAT is a country assessment framework that measures tax administration performance by outcome area and helps to identify priority areas for improvement. The framework is expected to contribute to strengthened tax administration, enhanced revenue mobilization, improved services to taxpayers and better taxpayer compliance and discipline. It will also help in guiding delivery of TA as well as in monitoring its impact.

IMF technical assistance for many of its member countries has brought to light a common array of challenges to effective tax administration reform. In 2011, a feasibility study commissioned by the Public Expenditure Financial Accountability (PEFA) program concluded that it would be feasible and desirable to develop a tool for assessing tax administration performance. The IMF, with the Fiscal Affairs Department in the lead, responded to this call by developing TADAT, modeled on the PEFA. Just as PEFA helps assess public financial management, the TADAT framework aims to provide an objective, evidence-based assessment and baseline of a tax administration's performance and reform priorities.

TADAT adopts a standardized approach to assessing a tax administration. The tool will pinpoint the relative strengths and weaknesses of a country's tax administration, providing a clear and objective assessment to all stakeholders. A TADAT assessment will focus on outcomes rather than inputs or

processes. Nine high-level performance outcome areas will drill down to 27 indicators, and ultimately 60 scored dimensions.



The TADAT framework has been put to the test in two pilot assessments; Zambia (November 2013) and Norway (December 2013). The pilot assessments showed the framework worked well overall and also highlighted the need for adjustments in some areas. Based on those experiences, TADAT Field Guide was developed and is currently under review. Several more pilot assessments in other countries are planned for 2014 to refine the tool further. By mid-2015, the TADAT Secretariat will launch the final version of the assessment tool, and the TADAT framework will become fully operational.

When released, a comprehensive Field Guide containing the Performance Measurement Framework will be fully accessible. This will allow for any Tax Administration to undertake a review on any of the indicators and dimensions that form part of the framework. However, an official TADAT assessment will need to be undertaken by accredited assessors and be subject to review by the TADAT Secretariat. TADAT is not a tax policy tool but is focused on assessing tax administration outcomes on the basis of existing tax policy framework be it VAT, (or other indirect tax regime), business income tax, and business withholdings of employee taxes.

For more information see:

<http://www.tadat.org/>

http://www.tadat.org/files/TADAT_Brochure.pdf

<http://www.imf.org/external/pubs/ft/survey/so/2014/new030314a.htm>

¹ World Bank, European Commission, Germany, Japan, Netherlands, Norway, Switzerland, & the United Kingdom.

COUNTRY TA STRATEGIES



TUVALU

PFTAC TA to Tuvalu has been moderate and concentrated in the revenue and statistics sectors. Recent PFTAC TA has been focused on assisting the authorities achieve the gains planned from revenue reforms through on-the-job assistance in revenue administration following the completion of an ADB project that supported the PFTAC-designed reforms. There has also been significant assistance in developing national accounts and balance of payments statistics, in part to allow Tuvalu to meet the requirements of IMF membership. PFTAC provided TA in 2012 to develop a PFM Reform Roadmap.

Strategy 2014-2015

PFTAC's TA strategy is guided by the APD regional strategy note and is planned within the results framework for the current PFTAC funding cycle.

Going forward, Tuvalu needs assistance with strengthening fiscal management, banking supervision, and national accounts statistics. PFTAC will continue to work closely with the broader development partner group to ensure coherence and will aim to support implementation of actions in the authorities' shared policy matrix.

In the **Public Financial Management** area, PFTAC will support a repeat PEFA (RBM 1.1) and provide TA when requested in areas specified in the authorities' PFM Roadmap. In the short-term assistance is expected to focus on streamlining information systems that underlie the budgeting and treasury management processes (RBM 1.7), supporting the continued development of medium-term budgeting through training of central and line agency staff (RBM 1.6), and providing follow-on TA related to earlier PFTAC support for the preparation of laws governing debt management and a mineral resources trust account (RBM 1.3). A PFTAC PFM advisor is conducting a budget analyst training mission to Tuvalu in late-May 2014, and will have the opportunity to assess TA and training needs in greater detail.

In the **revenue** area, direct support to the tax administration is provided by an AusAID funded resident advisor who is helping the administration implement reforms recommended in previous PFTAC TA. A major focus in the past 12 months has been implementing compliance improvement activities and there have been considerable gains. All SOEs have been brought up to date and work has now shifted to larger businesses. The PFTAC revenue adviser will visit Tuvalu in June 2014 to review revenue administration and TA will be provided if necessary to assist implementing reforms.

In **statistics**, PFTAC will resume providing regular assistance on national accounts compilation (RBM 4.1), taking over from SPC which has been doing this since 2010. Training will also be provided to increase capacity in the statistics office so that ultimately broader measures of national income and saving (RBM 4.3) can be regularly produced. PFTAC has been providing support on balance of payments compilation (RBM 4.6, 4.9) but this has been taken over by the JSA Project on the Improvement of External Sector Statistics in the Asia and Pacific Region.

In **financial sector supervision**, PFTAC will be available to provide strategic support should the authorities begin implementing the financial institutions act passed in 2010. Given the lack of in country capacity, establishing a basic on and off-site supervision program (RBM 3.3, 3.4) will require TA resources in excess of PFTAC's availability. The PFTAC financial supervision advisor is planning to conduct a scoping mission to assess needs in FY2015. As in other sectors though, PFTAC would be able to provide strategic oversight to the process if other partners were able to provide resources for on the job support.

No direct support for **macroeconomic forecasting and analysis** is currently planned.