

### RECENT & UPCOMING TA MISSIONS

#### June

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

#### July

PFM	PNG	FMIS Capacity Planning & Performance Testing
	Regional- Fiji	International Accounting Standards Workshop (with PASAI)
	Fiji	Budget Analyst Training- Improving Budget Submission & Document Content
	Nauru	Review Govt. fixed asset accounting and management systems
Tax	Regional-Fiji	PITAA Heads Meeting
Statistics	Kiribati	National Accounts Production
	Fiji	National Accounts Expenditure and Income & PPI Review
Financial Supervision	Samoa	Banking Supervision

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#### July (cont.)

Macro	Solomon Is.	Develop financial programming framework
PFTAC/IMF	Fiji	PFTAC Steering Committee

#### August

PFM	FSM	Review Defined Contribution Pension Plan
	PNG	FMIS Capacity Planning & Performance Testing
		PEFA Self-Assessment Review
	Tonga	PEFA & PFM Roadmap
Tax	RMI	Review tax administration reform
	FSM	Review tax administration reform
Statistics	Cook Islands	National Accounts & BOP
	Fiji	National Accounts Expenditure and Income
		Producer Price Index Review
	Solomon Islands	National Accounts Production and Expenditure
Financial Supervision	Tonga	Banking Supervision
	Regional - Guam	Workshop on Credit Union Legislation (with LEG support) for FSM, Palau, RMI
Macro	PNG Vanuatu	Develop financial programming framework

## MEETINGS, SEMINARS & WORKSHOPS

### PACIFIC ISLANDS FORUM ECONOMIC MINISTERS MEETING, HONIARA, SOLOMON ISLANDS, 8-11 JULY

PFTAC Coordinator, Scott Roger, participated in the FEMM, making 3 presentations:

- An update on PEFA (Public Expenditure and Financial Accountability) Assessment and PFM (Public Financial Management) Roadmaps, together with an update on revenue administration issues and overview of new tax administration diagnostic tools being rolled out in the coming year;
- An update on PFTAC/IMF assistance with macroeconomic statistics and challenges in coordination with other TA providers assisting with the implementation of the Ten Year Pacific Statistics Strategy (TYPSS);
- A presentation, as part of the new private sector dialogue, on Public Financial Management and Revenue Administration Issues, with a particular focus on the issue of investment incentives.

The presentations were well-received, and FEMM expressed support for PFTAC's approach to PEFA's and PFM roadmaps (emphasizing the importance of involvement in and ownership of the processes by the authorities); the introduction and use of new revenue administration diagnostics; and the strengthening of coordination in implementation of the TYPSS.

The presentation to the private sector was particularly appreciated because it provided participants with a clearer overview of where their interests and those of governments converged and how they should be approaching the issue of investment incentives in a way that can more effectively engage effectively with governments. Participants are eager for PFTAC and the IMF to continue such outreach.

### PFTAC 2014 STEERING COMMITTEE MEETING, NADI FIJI, 14 JULY

The PFTAC Steering Committee Meeting in Nadi was co-hosted by PFTAC and the Reserve Bank of Fiji. Participants included 14 of PFTAC's 16 member states, PFTAC's donors (Australia, New Zealand, European Union, Korea, ADB, Fiji & IMF), as well as observers from other organizations.

The main topics discussed during the meeting included:

- Overviews of PFTAC's activities and financial performance over the 2013-14 financial year and key

directions and objectives in the 2014-15 financial year, together with more detailed reports on the 5 major areas of technical assistance;

- The use of long-term resident advisors and short-term experts in delivering technical assistance and training in the region;
- The timeline, process and focus of the mid-term PFTAC external evaluation now under way and expected to conclude by mid-2015;
- Strengthening cooperation and coordination between development partners and governments in the design and delivery of reforms and associated technical assistance.

Some notable takeaways from the meeting discussions included:

- TA needs to be carefully prioritized and coordinated to avoid overwhelming absorption capacity. Although PFTAC TA is primarily demand-driven, we still need to be conscious of the risk of trying to do too much, especially if coordination with other providers is not strong.
- PFTAC needs to strengthen its monitoring and presentation of progress against the objectives of the program. In particular, a better sense of cumulative progress over the program is needed, as well as more detail of progress on milestones for TA projects.
- Whether short-term experts or long-term resident advisors are used to deliver TA, members prize timeliness and continuity in delivery. They also wish to see more resources allocated to TA in tax administration, whether short-term or long-term.
- Participants in the mid-term evaluation feel that the scope of the exercise may be too broad. In their view, the priorities in the assessment should be effectiveness ("is PFTAC doing the right things?") and efficiency ("is PFTAC doing things right?").

### INTERNATIONAL ACCOUNTING STANDARDS WORKSHOP, SUVA, FIJI, 21-25 JULY

PFTAC and the Pacific Association of Supreme Audit Institutions (PASAI) jointly hosted a Regional Workshop on International Accounting Standards in Suva, Fiji. The Workshop brought together 45 participants from 12 Pacific Island nations, including Finance ministry officials responsible for the preparation of Government financial statements, and national Audit Office officials responsible for auditing and certifying Government annual financial statements.

The objectives of the Workshop were to:

- Update participants on the International Accounting Standards generally used by Pacific Island governments and entities;
- Strengthen the technical capacity of public sector accountants and auditors in accounting, reporting and auditing;
- Encourage formal adoption of international accounting standards; and
- Build a network of practitioners involved in preparation and auditing of Government financial statements.

The workshop encouraged participants to explore the strategic setting of accounting and fiscal reporting as well as technical aspects of the accounting framework. One of the key objectives was to provide participants with an understanding of the overarching goals of government accounting and reporting, including how they contribute to national economic and social goals, and how they contribute to transparent, accountable, effective and efficient public policy formulation and service delivery.

Following the Workshop, PFTAC will be engaged a number of technical support and follow-up activities, including the development of an Accounting and Financial Reporting Community of Practice, using the PFTAC/PIFMA website as the vehicle for sharing information on national accounting and reporting laws, regulations, policies and procedures, as well as a forum for discussion of accounting policy and implementation issues, and updates on country reform projects.

### **PACIFIC ISLANDS TAX ADMINISTRATORS' ASSOCIATION ANNUAL MEETING, SUVA, FIJI, 23-25 JULY**

The purpose of the workshop was to strengthen PITAA through the appointment of an executive committee and permanent secretariat; and also to exchange knowledge and encourage dialogue between revenue authorities on common challenges and measures that could be taken to improve revenue administration.

The conference was hosted by the Fiji Revenue and Customs Authority (FRCA), and included participants from 14 PFTAC member states, international organizations, and development partners. Additional attendees included the International Finance Corporation (IFC), International Monetary Fund (IMF), New Zealand Inland Revenue Department (NZIRD), New Zealand Ministry of Finance and Trade (MFAT), the Organization for Economic Development and Cooperation (OECD), Pacific Technical

Assistance Mechanism (PACTAM), Australian Department for Foreign Affairs and Trade (DFAT) and the Pacific Financial and Technical Assistance Center (PFTAC).

The first day was dedicated to strengthening PITAA as an organization through the appointment of an executive committee and permanent secretariat. It was agreed that PITAA had matured to the extent where more resources were needed to manage day to day activities through organizing workshops and training interventions, managing its budget and ensuring good governance. This is a fundamental step forward that will strengthen the organization and sets the tone for a more proactive training agenda for 2014–2015. This decision was strongly supported by PFTAC who have committed to a number of training activities identified through a recently conducted regional training needs analysis.

Days two and three of the conference included a number of interesting topics which included:

- The IMF's Revenue Administration Fiscal Information Toolkit (RAFIT);
- The Tax Administration Diagnostic Assessment Tool (TADAT);
- Recent Trends in Tax Policy Reform in Asian Countries;
- Taxation of Small and Medium Enterprises.
- OECD presentations focused on the exchange of information and base erosion and profit shifting (BEPS).
- NZIRD presented on the Cash and Hidden Economy and Tax Administration for the 21st Century.
- The IFC presented issues regarding international taxation and DFAT provided the findings of an evaluation conducted on donor support to tax reforms in the Pacific.

The presentations and discussions during the conference revealed that much work had been done on tax reform in the Pacific, but many significant challenges still need to be addressed. Countries to a large degree are facing the same challenges, and PITAA as an association has the potential to provide training and capacity building to help overcome these hurdles. A strengthened PITAA will also facilitate the development of donor partnerships geared towards addressing regional challenges. Participants expressed their appreciation for being able to attend the conference and engage with their peers from other tax administrations and international experts as this is essential to making progress.

## COUNTRY TA STRATEGIES



### TIMOR-LESTE

#### Strategy 2014-2015

PFTAC's TA strategy is guided by the APD regional strategy note and is planned within the Results-Based Management (RBM) framework for the current PFTAC funding cycle.<sup>1</sup>

PFTAC TA is expected to remain relatively small, given the large scale efforts of other development partners. The new phase of the substantial World Bank administered PFM reform project caters for many of the TA needs in PFTAC's specialist areas. In addition, Timor-Leste receives significant amounts of IMF TA, including resident advisors, which is expected to continue. This will limit the scope for PFTAC TA. PFTAC inputs are expected to focus on areas where the Pacific experience is most relevant, most likely in the revenue and statistics areas.

In the **public financial management** and macroeconomics areas, IMF assistance is expected to continue through a resident budget advisor and peripatetic macro-fiscal advisor and there will be broader support through the World Bank administered PFM reform project. PFTAC advisors will participate in IMF review missions and look to build links between Timor-Leste officials and those in Pacific countries working with similar issues. This is likely to be focused on sharing tools and techniques in the area of macroeconomic management of resource revenues (RBM objective 5.5).

In the **revenue administration** area, PFTAC has not provided any TA to Timor-Leste but will continue to encourage the revenue authorities to request a general review of tax administration. Timor-Leste has received considerable international support since its independence and continues to have an in-country revenue adviser. TA will be provided if requested but the does not appear to

be any appetite to review revenue administration at present.

In **financial sector supervision**, the Central Bank will benefit from IMF HQ assistance. PFTAC integrated central bank officials within the Association of Financial Supervisors of Pacific Island Countries (AFSPC) as a means of peer-learning and to identify the need for bilateral PFTAC TA (RBM objective 3.10). PFTAC agreed to provide support in drafting a new Credit Unions Act with the support of LEG, including technical assistance in setting up an oversight regime and the delivery of regulatory capacity building and reporting within this sector (RBM objective 3.9).

In **macroeconomic statistics**, PFTAC conducted a TA mission in coordination with the Australian Bureau of Statistics (ABS) during May 2013 to start reviewing the methodologies and the system used to compile national accounts statistics (RBM objective 4.5). The TA mission found that the methodology was sound and recommended simplifying the compilation system. PFTAC will continue to coordinate capacity building with the ABS but has not planned further TA mission on national accounts statistics at this stage due to the extensive ABS assistance program in economic statistics in Timor-Leste.

Strengthening of balance of payments (RBM objective 4.9) and GFS is now supported by IMF headquarters-managed projects.

No TA is currently planned in the area of **macroeconomic analysis**.

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<sup>1</sup> Specific objectives in the RBM framework are identified in italics in the section. For example, (RBM objective 1.1), refers to the PEFA framework objective code 1.1 in the RBM framework.