

PACIFIC FINANCIAL TECHNICAL ASSISTANCE CENTRE

QUARTERLY REPORT



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I. Introduction¹

This report covers PFTAC activities and finances in the period from August to October 2015 (FY2016 Q2), as well as planned activities in the period from through to the end of April 2016. During the quarter, there was a significant pick up in PFTAC capacity development (CD) activity, reflected in increased use of short-term experts (STX). The period included several regional events including annual meetings of the tax administrators association (PITAA) and the financial supervisors association (AFSPC), and a workshop on deep sea mining fiscal regimes. The major country recipients of CD during the quarter were Fiji (mainly revenue administration), Papua New Guinea (PNG) (mainly PFM and statistics), and Samoa (PFM, revenue administration, and financial supervision).

In this Issue

I	Introduction	1
II	PFTAC developments	1
III	PFTAC Activity and Finances in the August-October Quarter	3
IV	Sectoral Technical Assistance Developments and Prospects	4
	Annexes	17

Looking forward, the schedule of activity is expected to slow down over the next few months. The report provides a narrative overview of recent and planned activities by the TA advisors, as well as detailed tables on missions and workshops planned through to end-January 2016 (see Annex 3). Although some of the extensive assistance provided to PNG with its public sector financial information and cash management systems are expected to be scaled down, PFTAC's region-wide programs to assist with improving tax compliance and with on-site bank examination are still being ramped up. In the short term, TA in the area of macroeconomic statistics is likely to be delayed by the departure of one of our two resident advisors, Greg Legoff.

II. PFTAC Developments

Staff news

In August, Greg Legoff, one of PFTAC's two national accounts statisticians transferred to the Regional Technical Assistance Centre in Mauritius. His replacement will be Mr. Richard Wild, who will join PFTAC in January 2016. Mr. Wild is also an experienced specialist in national accounts statistics, and comes to PFTAC from the Office of National Statistics (ONS) in the United Kingdom.

Peter Amputch, PFTAC logistics assistant, was seriously injured in August. Peter was injured by electrical shock while rescuing passengers from a bus which had crashed through a power pole into a ditch. Fortunately, Peter has made a good recovery. In recognition of his courage and selflessness, he was awarded the President's Cross, one of Fiji's highest honors, by the President of Fiji. We are very proud of him.

¹ PFTAC's activities are funded by Australia, New Zealand, the European Union, Korea, and the Asian Development Bank. The Reserve Bank of Fiji provides office space for PFTAC, and the IMF covers salaries for the Coordinator and local staff, as well as various administrative costs.



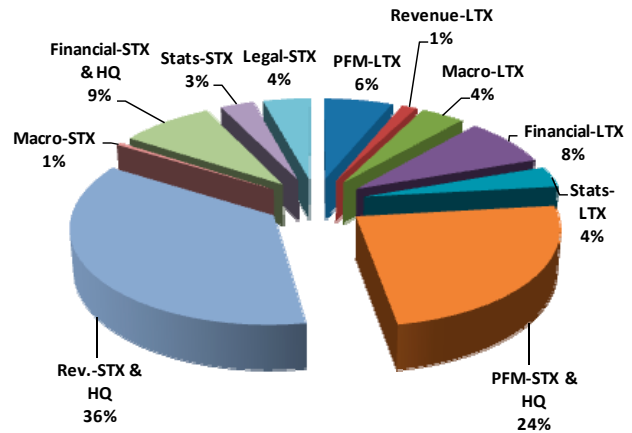
PFTAC Activity and Finances in the August-October Quarter of FY2016

Overview

Activity picked up sharply in the second quarter of PFTAC's financial year (August-October), mainly reflecting increased use of short-term experts (STX). During the period, PFTAC staff managed or carried out 48 capacity development (CD) missions, up from 37 in the previous quarter. This included 36 country missions, about the same as in the previous quarter, but a doubling in the number of regional workshops and seminars to 12. The total number of mission days rose by a third, to 654 from 486 in the previous quarter. This reflected a significant increase in the use of STX, especially in the areas of revenue administration and PFM. As a consequence STX and HQ-based staff accounted for three quarters of mission days in the quarter.

Annex 1 provides a detailed listing of missions and workshops during the August-October period. In the November-January quarter, activity is expected to subside, largely reflecting the reduced demand for CD and lack of regional meetings during the holiday season.

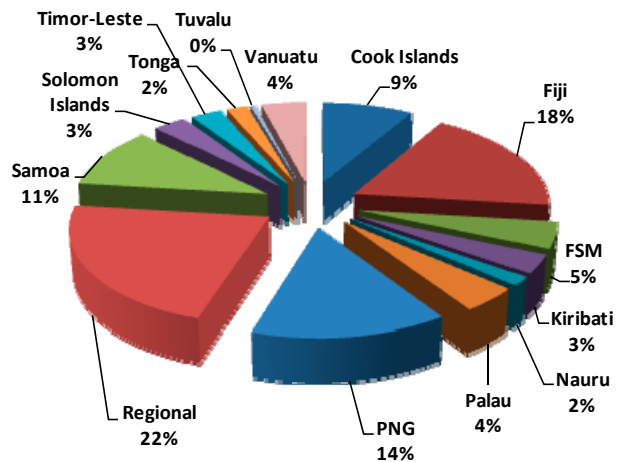
Sectoral composition of PFTAC missions for August-October 2015
(Percentage of total mission days)



Regional workshops and seminars accounted for 22 percent of PFTAC activity during the quarter, up from 17 percent in the previous quarter.

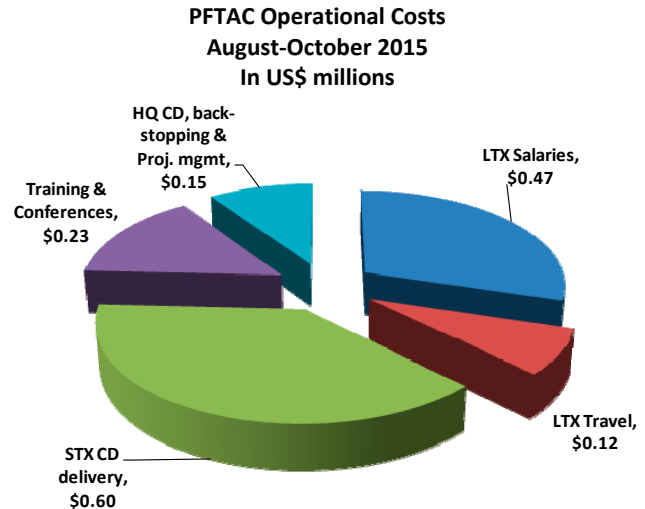
These included the annual meetings and associated workshops for the Pacific Islands Tax Administrators Association (PITAA) and the Association of Financial Supervisors of Pacific Countries (AFSPC), and a workshop on Deep Sea Mining fiscal regimes co-hosted with the Secretariat of the Pacific Community (SPC). The major country recipients of CD during the quarter were [Fiji](#), [Papua New Guinea \(PNG\)](#), and [Samoa](#). In [Fiji](#), CD focused primarily on revenue administration (tax audit, filing of tax returns, and compliance improvement). In [PNG](#), CD focused mainly on PFM issues (implementation the Integrated Financial Management Information System (IFMIS); improving cash management; and PEFA follow-up and roadmap development) and national accounts statistics. In [Samoa](#), CD was in several areas including PFM (fiscal oversight for SOEs); revenue administration (compliance risk management); and financial supervision (on-site bank examination). Additional details are shown in Annexes I and III.

Geographic distribution of PFTAC missions for August-October 2015
(Percentage of total mission days)



The total donor cost of PFTAC operations during the quarter is estimated at US\$ 1.7 million, significantly more than during the previous quarter (See Annex 2, Table 1). The main source of increased costs was for STX and HQ-based CD, reflecting a few lengthy and, therefore, costly STX missions, as well as HQ staff participation in workshops surrounding professional association meetings. Costs are expected to come down significantly in coming months, and will need to in order to ensure that the funds available last through to the end of the program in October.

On the income side, total contributions received to date amount to \$25.1 million. During the quarter, PFTAC received a final contribution payment of \$0.4 million from the EU. At end-October, a last contribution of \$0.2 million from New Zealand remained to be finalized. Details of donor contributions to PFTAC are shown in Annex 2, Table 2.



III. Sectoral Technical Assistance Developments and Prospects

In this section, the advisors provide a discussion of key TA projects and work streams in the August-October quarter FY2016 together with planned TA in the next several months. The aim is to provide a longer-term perspective on the various TA projects under way, as well as to help inform planning by others. The TA program is based on the current version of the work program, which is similar to that presented at the PFTAC Steering Committee meeting in March. Over the course of the year, the work program is progressively updated as missions are added, extended, delayed or canceled. Details of the work program through to the end of April 2016 are shown in Annex 3, including the relevant capacity building objectives or outcomes and specific developmental milestones associated with each TA mission and workshop. These tables are also available through the PFTAC website (<http://www.pftac.org/>), organized by sector and by country.

Public Financial Management

PFTAC's technical assistance on PFM issues continues to cover a broad spectrum of issues. These can be grouped into three basic areas of assistance: (i) PFM assessment and reform planning; (ii) fiscal strategy and budget management; and (iii) budget execution, monitoring, and accountability:

PFM Assessment and Reform Planning

- **PEFA² assessments & PFM Reform Roadmaps:** PFTAC's work on PEFA's and Roadmaps during the quarter was concentrated on PNG (finalizing the external assessment and assisting with the preparation of a Reform Roadmap). PNG Government endorsed the Roadmap in September. It placed highest priority on expanding coverage of PNG's new IFMIS, improving the efficiency of its operation, and resolving many cash management problems. During the February-April period PEFA self-assessments have been tentatively scheduled for Nauru (in coordination with AusDFAT's Assessment of

² PEFA: Public Expenditure and Financial Accountability

National Systems) and Kiribati; and follow-up discussions are planned with RMI on operationalizing the Roadmap endorsed by government in early 2015. In September PFTAC also participated in a joint case study development with the World Bank, ADB, and Australia DFAT to review strengths and weaknesses of approaches to PFM reforms (discussed in Box I, below).

- **Legal Framework Revisions:** Technical assistance to the [Cook Islands](#) was provided by PFTAC during the August-October quarter to review and revise their Financial Management Act (FMA), and comments to the draft bill were also provided by the IMF Legal Department. The draft bill is expected to be submitted to Parliament by January 2016.

Box I: Progress and Challenges to PFM Reforms

In early September Ron Hackett, PFTAC PFM advisor, participated in a mission with the World Bank, ADB, and Australian DFAT to begin a study of factors that drive the success or failure of PFM reforms in the Pacific Island Countries (PICs). The study was motivated by concerns that PFM Reform plans in Pacific Island countries may be:

- excessively ambitious and poorly attuned to political-economy realities;
- developed with inadequate consideration of whether basic PFM functionality is sufficient to support more advanced reforms;
- driven by the application of PEFA standards rather than by identification of key constraints; and
- reflect incorrect interpretation and application of PEFA standards.

This article gives some of our views on these issues. They do not necessarily reflect the opinions or conclusions of other members of that mission.

When donors and other TA providers, including PFTAC, originally became involved in conducting PEFA reviews and developing PFM Roadmaps, those efforts were heavily dominated by consultants. Ministry of Finance staff and officials were often involved mainly as providers of information and report recipients, not really as partners in developing assessments or plans. So country ownership was missing. Moreover, plans often were overly ambitious listing many changes in several aspects of PFM with low PEFA ratings, without giving any clear sense of prioritization. Beginning in 2011, PFTAC introduced a "Self-Assessment" phase for PEFA reviews and conducted the formal PEFA reviews with much greater MOF staff involvement in discussions of ratings criteria and assessments, and in preparing the documentation.

A similar process has evolved for development of PFM reform roadmaps, with PFTAC advisors functioning largely as mentors to PIC staff who shoulder primary responsibility for authoring the reform plans. What these changes revealed was that in most countries MOF staff and senior civil service officers understood their countries PFM weaknesses very well, and did not find the PEFA rating criteria inappropriate or "too advanced." Obstacles are mainly political.

Nonetheless, there is some confusion among both TA providers and recipients regarding what constitutes the "basics" in PFM. Some important areas in which a clearer understanding of the basics is needed are outlined below:

Policy-focused budgeting (linking plans and budgets). The PEFA framework emphasizes the importance of having "costed sector strategies" with at least a medium-term focus. Unfortunately, the practice in most PICs has been for the development of plans and budgets to be separate processes, involving different staff, following different timelines, and being communicated through separate documents. The consequence has been little consistency between plans and budgets. Very often plans too vague to actually be costed or used, and there are too many of them—national strategic development plans, sector plans, corporate plans and annual plans for individual ministries.

The PEFA framework is in fact silent on the specific form of plans. Certainly it does not require that plans be in documents separate from the budget. Plans can be simple forward-looking explanatory paragraphs in budget documents. The important point is that they should be clear and specific enough to be costed, cover full implementation, and that the costing information is comprehensive. Merging planning content into budget documents with a medium-term orientation is one way of "forcing" greater consistency between a government's policy plans and its budget. This is important for long-run accountability because it will improve the likelihood that promised service improvements will actually be implemented.

Medium-term budget planning. Successful implementation of improvements to such important government services as education and health, by their nature, are usually multi-year endeavours. Unfortunately, a major weakness affecting both annual budgeting and medium-term expenditure planning is often a failure to estimate and keep track of the impact of approved policy decisions on future government spending. Setting spending targets for an annual budget requires having good information on *past* spending commitments agreed by Cabinet, since these will drive costs in the *current* year. Likewise, information on the *future* expenditure consequences of *past* commitments needs to be factored into budget projections. Failure to do so will lead to systematic overestimation of the amount of fiscal space available for new spending or for fiscal buffers.

Disciplined medium-term budget planning is the major tool to avoid these problems. Unfortunately, implementation in the Pacific has been very weak, often because it has been approached only as a high level exercise with little attention to the specific policy or project level drivers of spending or revenues, including those that are functions of past decisions or demographic flows.

Accrual Accounting, Commitment Controls, and Asset Management. While accrual accounting may be considered a "gold standard" among professional government accountants, there is nothing in the PEFA rating criteria that requires it. The highest ratings simply require that "IPSAS or corresponding national standards are applied." Those can be either cash or accrual. Both IPSAS-Cash and IPSAS-Accrual do, however, have requirements for commitment recording/reporting³ and reporting on all assets (including non-financial) though the requirements are more stringent under IPSAS-Accrual.

Prerequisites of IPSAS-Cash adoption include the setting up of reliable internal controls such as commitment controls and establishing an asset monitoring system. Commitment controls and reporting are basic tools for containing spending and avoiding the build-up of arrears. The most important reasons for maintaining an asset registry are to enable disciplined planning for financing asset repair/replacement and monitoring asset theft. The revised PEFA Framework (expected to be finalized in 2016) contains a new indicator specifically focused on the maintenance of asset registers and the regularity of management reports produced from the information.

Fiscal Strategy and Budget Management

- **Policy-focused medium-term budgeting:** During the August-October quarter PFTAC continued periodic short consultations with the Fiji Budget Department on the new budget format adopted last year. The 2016 budget sustains the addition of policy-focused explanatory narrative at the program/activity level, and a clearer display of changes in funding levels, including for the medium-term. Other activity in this area includes a workshop (discussed below) on Medium-term Expenditure Planning for National Sustainable Development (conducted in coordination with PFTAC's Macroeconomics Advisor and UNESCAP)
- **IFMIS Design/Management:** Since May 2014 PNG has received technical assistance from a PFTAC short-term advisor to restructure the operation of its Integrated Financial Management Information System (IFMIS). Assistance continued during the August-October quarter. The TA has enabled expansion of the system to roughly 17 additional departments (compared to the 3 connected when assistance commenced last year) and roughly 10 additional departments are currently scheduled to come on-line by the end of December. PFTAC is also assisting Tonga on IFMIS enhancement. After a diagnostic mission in January 2015, PFTAC continued to advise off-site in planning and sequencing of reforms, and developing terms of reference for a proposed training and software enhancements by the provider based on earlier needs assessment. Tonga recently created an IFMIS Steering Committee within the Ministry of Finance to oversee and coordinate IFMIS reforms.

³ A commitment is made when a contract or purchase order is agreed. Most modern FMIS systems designed for government are capable of recording commitments at the point decisions are made, testing whether adequate appropriations are available to make a commitment, and regularly producing commitment reports. Unfortunately PFTAC has found that this functionality has oftentimes not been switched on with the result that commitments have been entered into beyond appropriations, usually adding to arrears.

- **Fiscal Oversight of Public Enterprises (PEs):** This TA was conceptualized in response to emerging demands from countries. The first to request was [Samoa](#), and a mission was conducted in September 2015 in time for the establishment of a new Ministry of Public Enterprises (MPE). MPE and MOF adopted the mission's recommendations and proposed implementation plan which mainly covered (i) improving fiscal risks management by developing a risk assessment framework; (ii) enhancing fiscal transparency by reporting all transfers from central government and between SOEs, as well as full accounting of community service obligations (CSO); and (iii) strengthening accountability by clarifying in the Statement of Corporate Objectives the financial expectations, and reporting accountabilities of SOE Boards. It is expected that the 2015 annual MPE report to the Cabinet will include information on transfers from central government and between SOEs, and outstanding CSO costs.
- **Non-Tax Revenue Reviews:** Work conducted jointly by PFTAC and the Australian Department of Finance to review [Samoa's](#) non-tax revenues has generated interest by other PICs. Other countries where PFTAC assistance in this area was provided earlier and work in progress includes [Vanuatu](#), [Solomon Islands](#), and [Fiji](#). A sub-regional workshop is tentatively planned for FY2017 for interested PICs. Further work in Solomon Islands and Vanuatu was moved to FY17 due to priority changes at the country level.

Budget Execution, Monitoring, and Accountability

- **Cash management:** This TA program covers the improvement of cash balances consolidation, banking arrangements, payment and collection procedures, cash flow planning and forecasting, cash allocation, and cash monitoring. PFTAC provided TA to PNG starting in February, which resulted to the adoption of an improved cash management strategy. Two follow-up missions in June-July then in September resulted in the development of standard procedures on bank reconciliation, creation of a Cash Management Unit (CMU), and coordinated planning among the Department of Finance, Department of Treasury, Internal Revenue Commission, and Bank of PNG for the adoption of a cash pooling/sweeping scheme. Timelier bank reconciliation and inflow of cash resources is expected upon implementation of this scheme.
- A mission to [Samoa](#) on improving cash management was conducted in November 2015 and a clear strategy was formulated, which focused on improving cash reporting, forecasting, and consolidation of cash balances.
- **Accounting and Reporting:** TA in this area includes review of accounting policies, chart of accounts, reconciliation procedures, consolidation, and transparency of reporting. The TA for [Fiji](#) on accounting reform started in a diagnostic mission in December 2013 and a progress review in March 2015. As a result of the review, an updated reform plan for the rest of 2015 and 2016 was adopted by the Ministry of Finance. Likewise, as a result of mentoring sessions by the PFTAC advisor, improvements were made in the 2014 financial statements, thus making them compliant to international public sector accounting standards (IPSAS-cash). In October 2015, PFTAC assisted in developing a debt accounting and reporting policy including a debt accounting manual. These improvements resulted to greater transparency in financial reporting. Priority improvements on debt reporting to be implemented in the short-term are to increase the transparency of reporting on outstanding liabilities and debt service costs and of reporting risks from loans issued to public enterprises. Assistance to Fiji is expected to continue in improving its accounting and reporting policies, as part of its transition to international accounting standards.
- Missions on improving accounting and reporting in [Tonga](#) and [Samoa](#), will also take place tentatively in January and March 2016, respectively.

- **Internal Audit:** TA on internal audit focuses on improving capacity in conducting risk-based audit. An initial mission to [Vanuatu](#) in October 2014 provided training to the staff on international standards, and in using the Teammate software for audit planning. This led to some improvements of the internal audit (IA) function as indicated by an improved rating in the June 2015 PEFA self-assessment (from D+ to C+). The number of internal audits has increased and audit reports have been issued more regularly and there has been slight improvement in the management responses to internal audit recommendations. A follow-up mission was conducted in October 2015 to further train the IA Unit in risk-based auditing focusing on payroll, and advanced modules of the software. As a result, the IA Unit has improved its Audit Plan and Risk Assessment Framework, and staff have improved their work efficiency and reliability by using the TeamMate software.

Workshops and Seminars

- PFTAC PFM advisors are involved in regional workshops and seminars. In August PFTAC collaborated with the Secretariat of the Pacific Community to host a workshop on fiscal issues related to managing revenues from Deep Sea Mineral mining.
- A workshop on Medium-term Expenditure Planning for National Sustainable Development was held in Nadi in early November, jointly coordinated by PFTAC's PFM and Macroeconomics advisors, and UNESCAP. Participants included representatives from budget and planning departments in countries on financial years other than calendar years (CY)⁴. The workshop will be repeated in February for countries with CY financial years. Topics covered included:
 - cost pressures from demographic movements,
 - developing and maintaining disciplined fiscal note review processes on all new policy or project proposals being considered by Cabinets,
 - keeping track of cost tails on previously adopted policies or projects requiring a multi-year phase-up,
 - improving the integration of planning and budgeting to insure future fiscal space for developing quality spending; and
 - estimating fiscal buffers for managing debt service payments, asset repair/replacement, and response to natural disasters
- Likewise, a joint PFTAC-PASAI workshop in November, 2015 for government accountants and auditors is scheduled in Nadi, Fiji, from November 23-27, 2015. The workshop aims to enhance capacity and better coordination in planning and implementing accounting and auditing reforms. This workshop will be participated by 30 accountants and auditors from Fiji, Cook Islands, Marshall Islands, Papua New Guinea, Samoa, Solomon Islands, and Tonga. It is expected that after this workshop, countries will be able to formulate a more relevant and realistic reform plan in adopting international accounting standards.
- In March a sub-regional workshop on defined benefit social security systems is planned for RMI, FSM, and Palau. It will focus on issues related to both benefit policies and achieving sustainable financing.

⁴ This selection was done in order to avoid taking officials on CY financial years away from their budget preparation activities; and also to keep the discussion groups to a more comfortably interactive size.

Revenue Administration and Policy

Good progress is being made in introducing Compliance Improvement Strategies in Pacific Island Countries

A core component of PFTAC's Revenue Administration technical assistance program has focused on assisting Pacific Island Countries introduce risk based Compliance Improvement Strategies (CIS). A key prerequisite to introducing a CIS is creating a good understanding of the Compliance Risk Management approach. This has been achieved through numerous workshops which have provided PICs with an understanding of the theory and practice behind the OECD's Compliance Risk Management Cycle. To further support the process PFTAC facilitated a workshop for PICs which highlighted the important linkages between a CIS, data analysis, performance management and measurement. This concept represents a new operational approach for PICs and will take time to fully implement. Nevertheless good progress has been made which is summarized below:

- **Fiji Revenue and Customs Authority (FRCA).** PFTAC assisted FRCA design their first Compliance Improvement Strategy based on a comprehensive environmental scan conducted across its core tax functions. The CIS strategies captured within a document, outlines two administration areas (taxpayer services and trade facilitation) and six taxpayer segments (large, medium, small, construction, real estate and supermarkets). Senior management has expressed strong support for this initiative and intends to publicly release the CIS. A communication strategy, to support the CIS has been launched with numerous tax articles and radio broadcasts – see Box II below.

Box II. FRCA Compliance Improvement Strategy Communication Plan

- Tax dodgers beware – Fiji Broadcasting Corporation
- FRCA clamps down on businesses – Fiji Broadcasting Corporation
- FRCA uncovers accounting firm – Communications Fiji Ltd
- FRCA intends to create level playing field – Fiji Times
- Audit uncovers forged VAT returns – Fiji Sun
- \$5 million tax fraud probe – Fiji Times
- FRCA warns businesses involved in fraud – Fiji Broadcasting Corporation
- FRCA warns against unaccounted tax – Fiji Television Ltd
- Supermarket find – Communications Fiji Ltd
- Focus on tackling criminal activities – Fiji Times

In addition FRCA management participated in other Radio and TV coverage initiatives.

- **Federated States of Micronesia - Customs and Tax Administration (CTA).** PFTAC TA missions to FSM highlighted high levels of non-compliance and suggested the implementation of a Compliance Improvement Strategy (CIS) Pilot Project. After conducting a comprehensive analysis of current compliance trends, three high risk areas were identified: fuel, tobacco and alcohol. Following this step, PFTAC worked closely with the authorities in designing a CIS which to date has shown positive results. A new Taxpayer Services unit, to support the CIS, launched a public tax education and awareness week which was carried out in October 2015 across all municipalities in Pohnpei. This successful initiative was supported by banners, radio advertising and notices placed in businesses where taxpayers were encouraged to attend meetings arranged by the CTA. A booklet setting out taxes and filing responsibilities was also distributed. Future plans include rolling this initiative out to other states in early 2016. Although

the project has delivered good results at this early stage much needs to be done to improve governance, reporting and further strengthening headquarters. Box III highlights results achieved to date.

Box III: Federated State of Micronesia – Compliance Improvement Strategy Pilot Project

- National cigarette tax was up \$646,000 (101 percent) on last calendar year to date;
- National fuel tax was up \$195,000 (46 percent);
- Total import duty was up \$796,000 (17 percent) as of September. Inspections averaged 21percent (target 30 percent) per month and there were 27 smuggled or incorrect cargoes detected from February to September 2015;
- GRT was down \$60,000 (1 percent) for the calendar year to October, likely due to deductions for utilities and communications from April 1, 2015;
- Sales tax / Excise on cigarettes and alcohol was up \$148,000 (27 percent) for February to June; and
- Post Clearance Audits were done in all states except Yap and raised \$14,000.

- **Vanuatu Department of Customs and Inland Revenue (DCIR).** PFTAC assisted the DCIR in the development of a Pilot Project CIS which commenced from 1 July 2015. Developing the strategy commenced with a comprehensive environmental scan which provided valuable data which was taken into account in developing the CIS. This included gaining a better understanding of DCIR taxpayer segments and their percentage contribution to revenue, audit performance across segments, and a profile of current tax arrears, and outstanding returns. To track newly designed performance standards the DCIR developed a “dashboard management system” and is currently adapting reports from the IT system to support the CIS. Results at this early stage include improved performance across arrears and returns management - supported by an outbound calling project. Initial results from the Industry Partnership focus (shipping, wholesale and retail, and tourism) have seen a reduction in tax arrears and outstanding returns. A risk management group, created to design and oversee implementation of the CIS played a valuable role in extracting data, analysing compliance behaviour and deciding the focus of the strategy shown in Box IV.

Box IV: DCIR – Compliance Improvement Strategy Pilot Project

- **Audit** – A VAT focus on newly determined high risk taxpayers;
- **Arrears Collection** – A plan which includes an outbound calling project, top 50 debtor project and a focus on State Owned Enterprises and the implementation of a new range of performance standards;
- **Outstanding VAT returns** – An outbound calling project, introduction of performance standards and a focus on the largest outstanding return cases;
- **An Industry Partnership approach has been designed to improve compliance in the Shipping Industry, Wholesale and Retail Industry and Tourism Industry.** These plans include taxpayer services initiatives, a focus on arrears and outstanding returns and an audit plan all coupled to a set of performance standards.

Other PFTAC Revenue Administration Activities

Fiji Revenue and Customs Authority (FRCA):

- **Strengthening the tax audit function.** Over the last year PFTAC has provided technical assistance to Fiji in rebuilding its audit function. The latest mission conducted in September, 2015 included: (i) assisting the newly created Risk Management Unit in finalizing key risk filters developed to streamline risk management; (ii) assistance in key data extraction that is being used to develop a three year comparative analysis auditor's toolkit and a framework to be used in financial ratio's to test compliance performance across industry sectors; and (iii) finalizing FRCA's new audit plan for 2016. Good progress is being made by FRCA in implementing PFTAC recommended reforms – the most notable is the creation of the Audit Planning and Risk Management Unit which has played a major role in designing and implementing modern audit practices.
- **Designing a Compliance Improvement Strategy (CIS).** A further PFTAC TA mission assisted FRCA complete the design of its first (CIS) which is targeted for implementation from 1 January, 2016. The strategy document outlines two administration areas (taxpayer services and trade facilitation) and six taxpayer segments (large, medium, small, construction, real estate and supermarkets. A Compliance Council, part of the governance framework to oversee and monitor the implementation of the CIS has also been established.
- **Strengthening the filing of tax returns.** The findings of the Tax Administration Diagnostic Assessment Tool (TADAT) showed that on-time filing rates in Fiji were very low. Upon a request from the authorities PFTAC provided technical assistance to conduct an in-depth review of the current return filing program, including strategic and operational planning, work procedures, regulations, enforcement powers, and organizational arrangements. PFTAC recommendations to improve performance in this area have been accepted by the authorities and are currently being implemented and monitored by the Reform Projects Team.

Kiribati

- **Improving core tax functions.** The Kiribati Tax Department (KTD) implemented a new function based organizational structure based on PFTAC recommendations. A follow-up mission was undertaken to further assist the authorities institutionalize the new structure and provide recommendations to improve core tax functions. A project plan to implement additional PFTAC recommendations is scheduled for implementation by 31 December, 2015, after which technical assistance will be provided to facilitate the development of a CIS Pilot Project.

Palau

- **Designing a new strategic plan and business plan.** PFTAC assisted Palau's Division of Revenue and Tax (DRT) in the design of a strategic and business plan and a new function based organizational structure. Working together with DRT staff and Minister of Finance the following core strategic priorities were agreed to: (i) high levels of voluntary compliance will be achieved through effectively managing risk; (ii) DRT will have the knowledge, skills and integrity needed to achieve its desired outcomes; (iii) systems, processes and structure will effectively contribute to DRT's business outcomes; and (iv) work in partnership with key stakeholders. A PFTAC mission to facilitate implementation of the new structure and the design of new job descriptions is currently underway.

Samoa

- **Introducing a Compliance Improvement Plan (CIP).** PFTAC is assisting the Ministry of Revenue's Inland Revenue Services (IRS) and Customs Services (CS) to develop a renewed CIP and risk response plan that addresses the most significant compliance risks. A third mission undertaken in September 2015, built on previous two missions where assistance was provided to embed the compliance risk management process. Key features of the new plan include: (i) including the Customs Services division in the compliance management framework; (ii) developing a bigger external focus; and (iii) developing a more integrated functional approach in the design of treatments to address top compliance risks. A new governance framework to support CIP implementation has been established through the newly created Compliance Risk Management Committee.

Nauru

- **Drafting legislation to implement business profits tax and small business tax.** A TA mission was undertaken to assist the authorities to finalize the drafting of new legislation in the form of the Business Tax Bill – the implementation date is yet to be decided but indications are that it may become effective from 1 July, 2016. The next phase of TA will involve implementing a broad-based consumption tax on a date yet to be determined.

Regional Activities

During the August-October period, the following activities were conducted at the regional level:

- **2015 Pacific Islands Tax Administrators Association (PITAA) Annual Heads Meeting.** The theme of this year's annual meeting was "Modernizing Tax Administration in the Region". The first day of the meeting focused on development of PITAA as an organization whilst the last two days focused on topical regional issues.
- **Workshop on arrears and returns management.** The main purpose of this workshop was to: (a) assist PIC's in developing strategies to improve on time filing and the recovery of outstanding returns; and (b) improve capability to streamline arrears collections processes and enforcement programs to keep tax arrears at acceptable levels.
- **Workshop on managing the audit function.** This workshop provide PICs with leading practices on good audit management in terms of strategy, planning, organization, management, staffing, reporting, monitoring, and staff integrity.
- **Managing modern taxpayer services workshop.** The main purpose of this workshop was to provide management and key staff involved in the taxpayer services function with a comprehensive overview of modern taxpayer services management. In addition, the training incorporated a train-of-trainer program which will gradually facilitate the handover of this training module to PITAA.
- **Performance management workshop.** The purpose of this workshop on data usage and performance measurement in modern tax administration provided tax administrations with a strong foundation on how to interrogate and manipulate data to identify risk and develop compliance strategies.

Financial Sector Supervision

PFTAC's financial sector TA covers 2 main areas: (i) banking supervision; and (ii) non-bank oversight. In the February-April quarter, PFTAC's TA focused on banking supervision issues, particularly in the area of on-site examination, and non-bank oversight, focusing on credit union reforms. At the annual meeting of the Association of Financial Supervisors of Pacific Countries (AFSPC), held in Solomon Islands during the quarter, the group agreed that continued emphasis on targeted programs would be the most effective use of PFTAC's resources.

Banking Supervision

This quarter PFTAC's on-site examination program progressed in a number of countries with actual examinations performed in Samoa and Timor-Leste.

- **Samoa:** the Supervision department performed an on-site examination of a commercial bank with the support of a STX provided by PFTAC. The expert combined a training and mentorship approach during the three week mission aimed at preparing the staff for the execution of an examination while providing technical support during the on-site examination with the interpretation of findings. The mission culminated with the drafting of an examination report. A second mission is planned for November 2016 and will address the on-site examination of a local commercial bank.
- **Timor-Leste:** A second STX held a similar mission in Timor-Leste for examiners from the Central Bank of Timor-Leste. This resulted in the issuance of an examination report and additional training in credit risk which enabled the examiners to perform their tasks. There are plans to perform a second mission in early 2016.

The on-site examination program is now active and plans are in place to execute on-site examinations of commercial banks, with the support of the STX this coming November in Palau and Samoa while Micronesia will be held in early 2016.

Non-bank Oversight

The credit Union program moved forward with the delivery of a number of workshops which were held in FSM and Fiji during the quarter. Emphasis was on building capacity of the sector and preparing the supervisory authorities with the upcoming transfer of this sector's oversight to them.

- **Fiji** was the recipient of a comprehensive sector review executed by PFTAC with the support of the Reserve Bank's Supervision Department. We concentrated in the analysis of each credit union's financial statements. Emphasis was placed in establishing each credit union's adherence to the requirements of a modern Act, including the establishment of reserves, liquidity and capital requirements. Based on the result of the review it became apparent that most credit union currently operating in Fiji would be compliant with the requirements of the proposed legislation. Approximately 20 credit unions participated.
- The program moved to the **Federated States of Micronesia** where a similar series of workshops were held. The review revealed that they also present healthy financial results and compliance with modern standards would not deter their operations.
- PFTAC staged two workshops during the annual **Credit Union Congress** held in Suva this October. Representatives from the Pacific region attended this event. The topics of the workshops were; governance and financial stability. Participants were provided with directives on how to adequately

manage a board and committee including relationship between board and management. The second workshop concentrated on sound financial practices with emphasis on building capital, reserves and liquidity, including how to adequately calculate the allowance for doubtful loans. Credit unions were urged to adapt to international standards especially with regards to the provisioning of non-performing loans.

- The quarter ended with a [workshop hosted by the Reserve Bank of Fiji on drafting a Credit Union Act](#). Representatives from the Reserve Bank, Ministry of Finance, Attorney General and Registrar participated in this one week workshop which was moderated by a lawyer from the IMF Legal Department. By the end of the week participants were able to complete the drafting process and prepare the Bill for its next step. A second regional workshop is planned for early in November and will concentrate on supporting Tonga, Samoa, Vanuatu and Solomon Islands with either amending or drafting a new Credit Union Act.
- PFTAC provided legal support to the [National Reserve Bank of Tonga](#) with the revision of its portfolio of Prudential Statements and Regulations. The Bank had received technical assistance with the amendments of its banking and financial institutions Act. There was therefore a need to ensure that supporting Prudential Statements, Regulations and Guidelines were compatible with the amended Act. A STX reviewed them and made recommendations as to changes required, if any, and the NRBT further use this opportunity to have an Operational Regulation prepared for review.

Other Regional Activities

AFSPC Annual meeting

The Association of Financial Supervisors of Pacific Countries held its annual meeting this August. Hosted by the Central Bank of Solomon Islands, delegates met in Honiara to reflect on past accomplishments and plan for the next year, including providing PFTAC with some direction for future technical assistance. The week was divided into three distinct components:

- A two day workshop was held on the theme:” [how to examine bank board’s performance and good governance](#)”. Under the leadership of an expert provided by PFTAC the group focused its discussions and simulations on Basel core principle 14, the revised Corporate Governance Principles and OECD standards. Participants considered typical governance structures, scalability and ways to evaluate the effectiveness of governance including best practices and regional experience was shared by all. Supervisors were urged to adapt these standards when performing their next series of examinations.
- The second workshop saw [the introduction, by the IMF, of a new Technical Assistance Needs Assessment Questionnaire](#). The completion of the questionnaire will help in the evaluation of technical assistance needs for financial sector. Participants were guided through the design features of the questionnaire, its purpose and applications. They were invited to provide input and discuss some of the parameters. The day culminated with an agreement that the final draft will be completed and circulated to all members for completion. A follow-up session is planned for the 2016 annual meeting.
- The final component was the actual annual meeting. [Each delegation provided an update on their supervisory activities and an overview of the financial Institution sector within their respective jurisdiction](#). PFTAC, acting as secretariat, submitted an overview of the technical support PFTAC provided during the year. Discussions were held on the level and sector of support currently available. Delegates are satisfied with the level of technical support provide by PFTAC with concentration on: on-site examination and credit union legal and capacity building.
- PFTAC took this opportunity to provide a general outline of the 2016/2017 activities it plans to introduce, including preparations for the upcoming Phase Five programming that will cover the 2017 / 2021 period.

- The next AFSPC annual meeting will be hosted by the Financial Institution Commission of Palau during the month of June 2016.

Next Quarter Events and Missions

PFTAC will continue with its planned on-site examination support program targeting Samoa and Palau. The credit union program will be expanded to include a workshop on Credit Union law for Tonga, Samoa, Vanuatu and Solomon Islands with the support of the IMF Legal Department. The Phase V planning and programming will also take center stage as PFTAC prepares for the next phase of its operation.

Macroeconomic Statistics

Over the last quarter, we were reduced to one statistics advisor—transferred to AFRITAC South in Mauritius—from the end of August. He will be replaced in January but we will continue to supplement our TA with the use of short term experts as they are available. The statistics work continued to focus on two or three main themes. The first of these was the introduction of **methodological and data improvements** which was the focus of work done in the [Niue](#), [Papua New Guinea \(PNG\)](#), and the [Solomon Islands](#). The second was **expanding data sources and data analysis** with TA provided in the [Cook Islands](#), [Niue](#), and [PNG](#).

Methodological and Data Improvements

- In [PNG](#) —which has become an important focus of PFTAC support, we continue to work in coordination with the Australian Bureau of Statistics on the project to reform the national statistics office. Previous missions developed a work plan for the National Statistics Office to produce estimates of gross domestic product (GDP) for the first time in many years. A technical assistance mission noted that progress in implementing this work plan was slow and recommended a number of procedural changes to be implemented immediately. These changes included the need for more focused hands-on staff training and greater emphasis on the use of administrative tax data.
- In the [Solomon Islands](#) coordination between the Central Bank and the Statistics Office was improved with government finance data prepared by the former now being fully incorporated in the national accounts estimates. Assistance was provided in preparing the latest GDP estimates and these will be completed by the local compilers without further TA which reflects the increased capacity of the local staff.
- The assistance in [Niue](#) provided last quarter was supplemented with remote TA to complete the updating the national accounts estimates and what was a major revision of the underlying methodology. The revision was supported by detailed methodology notes which will assist both the ease and consistency of future compilation work and assist with the goal of having increased local input to the process and moving away from supplementation.

Expanding Data Sources and Data Analysis

- A very important part of the developments now completed in [Niue](#) and continuing in [PNG](#) is the introduction of new data sources especially those obtained from tax sources. For [PNG](#) the success of the current plan is dependent on both tax data and household survey data so the training provided by both the ABS and PFTAC will continue to focus on analyzing and understanding these data sources.
- Balance of payments assistance provided by a PFTAC short term expert to the [Cook Islands](#) office, identified a number of steps and expanded data sources which together are expected to enable the publication of current account data up to 2014, by the end of March 2016.

Strengthening Serviceability and Accessibility of Data

- PFTAC has been assisting headquarters with a consumer price index (CPI) data collection initiative which is aimed at improving the timeliness and scope of the dissemination of CPI data. We are also encouraging, along with SPC, improved dissemination of GDP data on country office websites.

Macroeconomic Analysis and Forecasting

The key elements of the program in macroeconomic analysis and forecasting include assistance to strengthen the capacity of central banks and finance ministries to conduct analysis for: (i) macroeconomic forecasting; (ii) maintaining fiscal sustainability; and (iii) addressing long-term fiscal pressures. During the August-October quarter, PFTAC TA focused on:

Macroeconomic Forecasting

- **Cook Islands:** The development of an integrated macroeconomic and fiscal framework, which is undertaken jointly with staff at the Ministry of Finance and Economic Planning (MFEM), is almost complete. It involved constructing a proxy nominal expenditure based gross domestic product (GDP) measure because GDP is only compiled on a production basis but more and better information is available to forecast expenditure GDP. Specifically, tourism (exports of services) is estimated to contribute about 60 percent to the Cook Island economy and detailed information is available from the government accounts (about public consumption and gross capital formation). The framework has been set up to forecast to 2040 to support medium-term fiscal planning and to undertake debt sustainability analysis. It allows for changes in the population growth rate and a next step is to enhance economic and fiscal forecasts by incorporating demographic projections, e.g. from the Secretariat of the Pacific Community or the United Nations.
- **Tonga:** Staff from the Ministry of Finance and National Planning (MFNP), the Tonga Department of Statistics (TDS) and the Ministry of Revenue and Customs (MORC) participated in a five day workshop on practical applications of the Tonga financial programming (FP) framework. Key outcomes of the workshop were a better understanding by the three organizations of the uses of their data by the other organizations; an agreement to develop processes for greater data and knowledge sharing to enhance economic and revenue forecasts; and a recommendation by workshop participants to their Chief Executive Officers to adopt the Tonga Standardized Industry Classification developed by the TDS across government. The development of the FP framework will be completed in December so staff can start using it in the upcoming budget preparations. The Tongan framework has two unique features, which are forecasts for remittances and seasonal workers' income and the enhancement of tax revenue forecasts with detailed taxpayer information collected and monitored by the Ministry of Revenue and Customs. These aspects of the Tongan framework will serve as a model for other Pacific Island countries' frameworks, which do not have these features.
- **Vanuatu:** Staff from the Reserve Bank of Vanuatu (RBV) completed the construction of the database for the Vanuatu financial programming framework and updated the framework to incorporate the 2014 national accounts. The development of a forecasting and monitoring tool for GDP also commenced and indicators were identified to forecast components of expenditure GDP. The next step is to construct a leading indicator for GDP. The leading indicator will provide additional information to the business sentiments data gathered through onsite visits, interviews and surveys that form the basis of the official

real production based GDP forecasts for the next three years by the Macroeconomic Committee.⁵ A high level of motivation and dedication by RBV staff is leading to substantial progress in developing the Vanuatu financial programming framework, which is being shared with colleagues at the Department of Finance and Treasury.

Maintaining Fiscal Sustainability

- **Cook Islands:** The government financing part of the integrated macroeconomic and fiscal framework was developed in offsite support. Moreover, MFEM staff have incorporated a public debt analysis tool into the framework, which allows assessing different debt sustainability scenarios including the issuance of new debt. MFEM staff have offered to share the tool with other PFTAC countries to assist with debt management including the establishment of a loan reserve fund (LRF). The government of the Cook Islands recently established such a fund to manage the repayment of government debt and of guaranteed debt of state owned enterprises. The aim of the LRF is to quarantine funds for loan repayments and to prevent them from being utilized for anything outside of debt servicing requirements.
- The focus for the next quarter is on improving medium-term budgeting and fiscal planning with sub-regional workshops on expenditure and tax revenue forecasting. Government expenditures typically involve multi-year programs and projects, requiring medium-term fiscal planning and for governments to have accurate forecasts of revenue collections.

⁵ The Macroeconomic Committee comprises members from the Department of Finance and Treasury, the Prime Minister's Office, the Reserve Bank of Vanuatu, and the Vanuatu Statistics Office.

Annex 1: PFTAC Missions, Workshops, Meetings and Training August-October, 2015

Country Technical Assistance

Public Financial Management

Country	Description	Advisor Type	Mission Days	RBM Codes
Cook Is.	Review and revision legal framework – Phase 1	STX	8	1.3
	Review and revision of CI's PFM law – Phase 2	STX	7	1.3
	Final draft revised CI's PFM Legal Framework – Phase 3	STX	12	1.3
Fiji	Mentoring on implementation of accounting reforms	RA	9	1.8
	Improve medium term focus of the annual budget process	RA	1	1.6
Papua New Guinea	Technical support for accelerated implementation of PNG's new IFMIS	STX	32	1.7,1.8
	PEFA Follow-up and Action Plan Development	HQ	27	1.1,1.2
	PEFA follow-up and PFM Roadmap Development	RA	7	1.1,1.2
	Improve Cash Management	STX	17	1.7
Samoa	Develop strategy on fiscal oversight for state-owned enterprises	STX	18	1.8
		RA	16	1.8
Tonga	PFM case study with World Bank and Australia DFAT	RA	5	1.2,1.6
Vanuatu	Strengthening Internal Audit	STX	20	1.7
Regional	Preparation for Deep Sea Minerals (DSM) Workshop	STX	7	1.6
	Deep Sea Minerals Workshop	STX	7	1.6
	Deep Sea Minerals Workshop	RA	3	1.6
	Finalizing Results Documents on DSM Fiscal Regime	STX	3	1.6

Revenue Policy & Administration

Country	Description	Advisor Type	Mission Days	RBM Codes
Fiji	Risk Management Assessment	RA	5	2.5
	Improving the Audit Function	STX	18	2.3
	Strengthen the Filing of Tax Returns	STX	17	2.3
	Compliance Improvement Strategy	STX	7	2.4
	Compliance Improvement Strategy	STX	20	2.4
FSM	Compliance Risk Management	STX	20	2.4
Kiribati	Improve core tax functions	STX	21	2.3
Nauru	Finalize Business Profits Tax Legislation	HQ	10	2.2
Palau	Strategic Planning and Compliance Risk Management	STX	28	2.4
Samoa	Compliance Risk Management	STX	16	2.4
Regional	Arrears and Debt Management Workshop	STX	5	2.3
	Deep Sea Minerals Workshop	STX	8	n.a.
	Measuring Tax Administration Performance Workshop	STX	11	2.3
	Measuring Tax Administration Performance Workshop	HQ	6	2.3
	Measuring Tax Administration Performance Workshop	HQ	9	2.3
	Pacific Islands Tax Administrators Association Annual Meeting	STX	11	n.a.
	Pacific Islands Tax Administrators Association Annual Meeting	RA	3	n.a.

Revenue Policy & Administration

Country	Description	Advisor Type	Mission Days	RBM Codes
	Pacific Islands Tax Administrators Association Annual Meeting	HQ	7	n.a.
	Management of the Taxpayer Services Function Workshop	STX	9	2.3
	Management of the Audit Function Workshop	STX	22	2.3
	Management of the Audit Function Workshop	RA	1	2.3

Financial Sector Supervision

Country	Description	Advisor Type	Mission Days	RBM Codes
Fiji	Capacity Building, Supervisory Oversight and sector financial reporting: Credit Union	RA	15	3.9
	Credit Union Law Workshop	RA	7	3.8
	Credit Union Law Workshop	HQ	7	3.8
FSM	Support Banking Commission with public consultation (Credit Union Act)	RA	10	3.9
Samoa	On-site examination of a commercial Bank	STX	19	3.4,3.5
Timor-Leste	On-site examination of a commercial Bank	STX	19	3.4,3.5
Tuvalu	Setting up a banking commission and Financial reporting	RA	3	3.8
Regional	Association of Financial Supervisors (AFSPC) Annual Meeting	RA	7	3.10
	AFSPC: Governance Audit Workshop	STX	6	3.4
	TA Needs assessment questionnaire	HQ	5	3.4
	Credit Unions Pacific Congress Workshop	RA	4	3.9
	Pacifica Microfinance Conference	RA	7	3.9

Macroeconomic Statistics

Country	Description	Advisor Type	Mission Days	RBM Codes
Cook Islands	Balance of Payment Statistics	STX	20	4.5,4.6, 4.9
Papua New Guinea	National Accounts Statistics	RA	11	4.2,4.5,4.6
Solomon Is.	National Accounts – Capacity Supplementation for the compilation of GDP estimates	RA	12	4.5,4.6,4.7

Macroeconomic Analysis and Forecasting

Country	Description	Advisor Type	Mission Days	RBM Codes
Cook Islands	Developing an integrated macroeconomic and fiscal framework	RA	9	5.1, 5.3
Solomon Islands	Offsite technical assistance to incorporate debt dynamic into financial programming framework (Home Base)	STX	3	5.3
Tonga	Training workshop with MFNP and MORC staff on practical application of the Tonga FP framework	RA	8	5.1
Vanuatu	Follow-up on practical applications for the FP Framework	RA	7	5.1
Regional	Workshop on the Economics of Climate Change	RA	2	5.4

Meetings, Seminars and Training

TA Sector	Description	Location	Advisor Type	Mission Days	No. of Participants	RBM Codes
PFM	Deep Sea Minerals Workshop	Fiji	RA	3	36	1.6
			STX	7	36	1.6
Revenue	Arrears and Debt Collection Workshop	Fiji	STX	5	18	2.3
	Measuring Tax Administration Performance Workshop	Fiji	STX	11	25	2.3
			HQ	9		
	Pacific Islands Tax Administrators Association (PITAA) Annual Meeting	PNG	STX	11	35	n.a.
			RA	3	35	n.a.
			HQ	7	35	n.a.
Management of the Taxpayer Services Function Workshop	Fiji	STX	9	21	2.3	
Management of the Audit Function Workshop	Fiji	STX	22	23	2.3	
		RA	1	23	2.3	
Financial Supervision	Association of Financial Supervisors Annual Meeting (AFSPC)	Solomon Is.	RA	7	15	3.10
	AFSPC: Governance Workshop	Solomon Is.	STX	6	15	3.4
	AFSPC: TA Needs assessment questionnaire	Solomon Is.	HQ	5	15	3.4
	Credit Unions Pacific Congress Workshop	Fiji	RA	4	n.a.	3.9
	Pacifica Microfinance Conference	Solomon Is.	RA	7	n.a.	3.9
Macro-economics	Workshop on the Economics of Climate Change	China	RA	2	n.a.	5.4

Annex 2: PFTAC Expenditure and Income: August-October 2015

Table 1: PFTAC Expenditure FY2015-FY2016
(US\$)

Activity	FY2015				FY2016	
	Q1	Q2	Q3	Q4	Q1	Q2
LTX Salaries	0.46	0.53	0.49	0.42	0.53	0.47
LTX travel	0.13	0.16	0.08	0.29	0.13	0.12
STX fees & travel	0.17	0.52	0.41	0.49	0.40	0.60
Workshops & Seminars	0.23	0.22	0.04	0.26	0.05	0.23
Staff TA delivery, backstopping & project management	0.08	0.08	0.04	0.18	0.04	0.15
Miscellaneous	0.00	0.00	0.02	0.02	0.00	0.01
Total TA Delivery	1.07	1.50	1.08	1.65	1.16	1.58
Evaluation	0.00	0.04	0.03	0.05	0.00	0.04
Trust fund management (7%)	0.08	0.11	0.08	0.12	0.08	0.11
Grand Total	1.15	1.65	1.19	1.81	1.24	1.73

Table 2: Status of Financial Contributions
As of 31 October 2015
(Currency as indicated)

	Secured (US\$ dollars)	LOU Status	Contribution Currency	Pledge (Contribution Currency)	Contributions Received (US\$)	Balance (US\$)
Phase IV - Signed Agreements:						
ADB	1,000,000	<i>signed 07/29/2011</i>	<i>U.S. dollars</i>	1,000,000	1,000,000	-
EU	1,345,339	<i>signed 07/01/2011</i>	<i>Euros</i>	1,000,000	1,345,339	-
New Zealand NZAID	7,052,475	<i>signed 06/16/2011</i>	<i>NZD</i>	8,900,000	7,052,475	-
Australia DFAT	7,500,000	<i>signed 05/25/2011</i>	<i>U.S. dollars</i>	7,500,000	7,500,000	-
Korea	2,181,029	<i>signed 02/15/2012</i>	<i>W (Korean Won)</i>	2,500,000,000	2,181,029	-
EU (ACP)	1,391,400	<i>signed 10/04/2013</i>	<i>Euros</i>	1,000,000	1,391,400	-
EU (2nd LOU)	4,656,781	<i>signed 12/27/2013</i>	<i>Euros</i>	3,500,000	4,656,781	-
TOTAL	25,127,024				25,127,024	-
FAA transfer of remaining funds - under discussion:						
New Zealand	165,058		<i>U.S. dollars</i>	165,058		165,058
<i>Subtotal</i>	165,058					
GRAND TOTAL	25,292,082				25,127,024	165,058

Annex 3: PFTAC Work plan August 2015 - January 2016

Public Financial Management Work Plan: August 2015-April 2016						
Measurable Outcomes	Country	Progress against Milestones at end-FY2015 ¹	Planned Activity August 2015-April 2016	Person days	Relevant Milestone	Comments
1.1 At least 1 PEFA assessment conducted in each PFTAC country during the funding cycle.						
	Nauru	1	TA to conduct PEFA self-assessment	28 (14 LTX + 14 STX)	RBM Milestone #1: Number of self-assessments conducted	Tentatively scheduled for Feb-April quarter of 2016 in cooperation with Australia DFAT
	Kiribati	1	TA to conduct PEFA self-assessment	14 LTX	RBM Milestone #1: Number of self-assessments conducted	Tentatively scheduled for Feb-April quarter of 2016
	PNG	4	PEFA follow-up	combined with PNG Roadmap effort below	RBM Milestone #1: Number of self-assessments conducted	PEFA was finalized in August after review by PEFA Secretariat
1.2 Reform road maps developed following each PEFA assessment.						
	PNG	4	PEFA follow-up and commencement of PFM Reform Roadmap	27 (7 LTX + 27 STX)	RBM Milestone #3: Number of PFM reform roadmaps developed	Government adopted the PFM Reform Roadmap in September
	Tonga	3	PFM Case Study with World Bank, ADB, and Australia DFAT	5 LTX	RBM Milestone #3: Number of PFM reform roadmaps developed	This joint September mission with the World Bank, ADB, and AusDfat was intended primarily to identify strengths/weaknesses of past approaches to Roadmap development and implementation
	RMI		Strengthen capacity to operationalize PFM Reform Plan	4	RBM Milestone #3: Number of PFM reform roadmaps developed	Tentatively scheduled for Jan 2016

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

Public Financial Management Work Plan: August 2015-April 2016						
Measurable Outcomes	Country	Progress against Milestones at end-FY2015 ¹	Planned Activity August 2015-April 2016	Person days	Relevant Milestone	Comments
1.3 Modernized legal frameworks and financial instructions implemented						
	Cook Islands	3	TA for the revision of the MFEM/PFM Act	46	RBM Milestone #4: Number of countries with identified legal obstacles (in law or financial instructions) to implementing good PFM practice (as reflected in PFTAC's RBM outcomes 1.4 – 1.9) who were provided TA for improvements Same as above	TA started in August as home-based work, followed by in-country mission in September, and follow-up home-based work to finalize a draft in October. Expected to be submitted to Parliament in January 2016. Tentatively planned for April 2016
	Solomon Islands	3	Improve Financial Instructions	11		
1.4 Budget Credibility Improves (PEFA Indicators 1-4)						
<i>Note: the rating given each country is an arithmetic average of the ratings for the relevant PEFA indicators from each country's most recent PEFA review</i>						
1.5 Budget Comprehensiveness and Transparency Progresses Toward International Standards (PEFA Indicators 5-10)						
<i>Note: the rating given each country is an arithmetic average of the ratings for the relevant PEFA indicators from each country's most recent PEFA review</i>						
1.6 Budgeting Becomes More Policy Focused with a Medium-term Orientation (PEFA Indicators 11-12)						
<i>Note: the rating given each country is an arithmetic average of the ratings for the relevant PEFA indicators from each country's most recent PEFA review</i>						
	Fiji	3	Training of budget analysts to improve the quality of activity-level budget narrative including improved medium-term focus with greater policy/strategy content	2 LTX	RBM Milestone #16: Budget documents clearly explain the policies and strategies driving funding changes; #17: Budget process focuses on a medium-term time-frame at the program/sub-program level.	Training commenced in March 2015 with an early focus on non-tax revenue reviews. Training continued periodically on an as-need basis through October.
	Tonga	2	High Level Dialog with Cabinet on PFM issues and improving the integration of planning and budgeting	10 STX		

Public Financial Management Work Plan: August 2015-April 2016

Measurable Outcomes	Country	Progress against Milestones at end-FY2015 ¹	Planned Activity August 2015-April 2016	Person days	Relevant Milestone	Comments
1.7 Budget Execution Progresses Toward International Standards (PEFA Indicators 16-21)						
	PNG	2	TA to Improve cash management	12	Milestone 18: Ministries are provided good cash flow information on the periodic availability of funds for commitment of expenditures.	First mission from June 22 to July 10, and second mission in September 2015 conducted by Stephen Mayes. Recommendations to implement a cash pooling scheme accepted by Ministry of Finance and BPNG. Cash Management Unit created by DOF to resolve delay in bank reconciliation..
	Samoa	1	TA to Improve cash management	28	Milestone 18: Ministries are provided good cash flow information on the periodic availability of funds for commitment of expenditures.	Scheduled on November 3-16, 2015 with Mark Silins
	PNG	3	Continuation of review/planning for IFMS restructuring	60 STX	Effective operation of an IFMS has implications for many milestones within both this outcome group, as well as outcome group 1.8 (accounting, recording, and reporting). Most important for outcome group 1.7 is: RBM Milestone #22: Comprehensive expenditure commitment controls are in place and effectively limit commitments to actual cash availability and approved budget allocations	Activity is also highly relevant to effective achievement of many other RBM Milestones, particularly : RBM Milestone 24: Bank reconciliation for all central government bank accounts takes place at least monthly at aggregate and detailed levels, usually within 4 weeks of end of period. Significant changes made to the organization, operation, and coverage of PNG's "new" IFMS. Outsourcing of communications linkages and other IT services has occurred, and number of departments covered by the system has increased from 3 to 17 (in September 2015) since PFTAC TA commenced (May 2014)

Public Financial Management Work Plan: August 2015-April 2016						
Measurable Outcomes	Country	Progress against Milestones at end-FY2015 ¹	Planned Activity August 2015-April 2016	Person days	Relevant Milestone	Comments
	Vanuatu	3	Follow-up TA to improve internal audit	11	Internal audit focusing on systems risks	Follow-up TA conducted in October 2015 by Tony Prceвич. Report indicated progress in using the audit software and risk-based auditing Planned for April 2016
	Solomon Islands	1	Improve cash management	11 LTX	Milestone 18: Ministries are provided good cash flow information on the periodic availability of funds for commitment of expenditures.	
	Marshall Islands	1	Scoping mission on improving budget execution internal controls	5	Milestone #22: Comprehensive expenditure commitment controls are in place and effectively limit commitments to actual cash availability and approved budget allocations	Tentatively scheduled January 18-22, 2016
1.8 Accounting, Recording and Reporting Improves in line with international standards (PEFA indicators 22-25)						
	Fiji	3	Mentoring on implementation of accounting reforms	9	Milestone #27: Consolidated government financial statement is prepared annually according to internationally acceptable standards; submitted to external audit within 6 months of fiscal year end, and includes full information on revenue, expenditure and financial assets/liabilities.	Continuing advisory provided, and resulted to improving presentation of the 2014 financial statements, and in developing debt accounting and reporting policy and manual.
	Tonga	2	Review of accounting and reporting frameworks	28	Milestone #27: Consolidated government financial statement is prepared annually according to internationally acceptable standards; submitted to external audit within 6 months of fiscal year end, and includes full information on revenue, expenditure and financial assets/liabilities.	Tentatively planned in February 2016 with Eroni Vatuloka

Public Financial Management Work Plan: August 2015-April 2016						
Measurable Outcomes	Country	Progress against Milestones at end-FY2015 ¹	Planned Activity August 2015-April 2016	Person days	Relevant Milestone	Comments
	Samoa	1	Review of accounting framework	28	Milestone #27: Consolidated government financial statement is prepared annually according to internationally acceptable standards;	Tentatively scheduled in March 2016
	Samoa	2	Improving Fiscal Oversight of SOEs	28	Consolidated fiscal risk issues on SOEs submitted on an annual basis according to international standards	Conducted on August 24 to September 4, 2015 with James Colvin. Recommendations accepted, and expected to be implemented starting in the 2015 report on SOEs.
Cross-cutting Regional						
	<i>Regional</i>	4	Deep Sea Minerals workshop focusing on PFM and tax policy issues	10	#17: Budget process focuses on a medium-term time-frame at the program/sub-program level.	Workshop conducted August 24-28
	<i>Sub-regional</i>	2	Workshop on Accounting and Auditing Reforms jointly with PASAI	5	Milestone #27: Consolidated government financial statement is prepared annually according to internationally acceptable standards	Tentatively scheduled on November 23-27, 2015
	<i>Sub-regional</i>	4	Expenditure Forecasting- Group A	5 LTX	RBM Milestone #16: Budget documents clearly explain the policies and strategies driving funding changes; #17: Budget process focuses on a medium-term time-frame at the program/sub-program level.	Nov 2-6, Nadi (With Macro-Forecasting Advisor & UNESCAP)
	<i>Sub-regional</i>		Expenditure Forecasting- Group B	5 LTX	RBM Milestone #16: Budget documents clearly explain the policies and strategies driving funding changes; #17: Budget process focuses on a medium-term time-frame at the program/sub-program level.	Tentative-Early February (With Macro-Forecasting Advisor & UNESCAP)
	<i>Sub-regional</i>	0	Pension funding challenges and potential options	28 (14 LTX + 14 STX)	RBM Milestone #16: Budget documents clearly explain the policies and strategies driving funding changes; #17: Budget process focuses on a medium-term time-frame at the program/sub-program level.	Tentatively scheduled for early December

Revenue Administration Work Plan: August 2015-April 2016						
Measurable Outcomes	Country	Progress against Milestones at end-FY2015 ¹	Planned Activity August 2015-April 2016	Person days	Relevant Milestone	Comments
2.1 Modern tax policy frameworks are adopted						
	Regional		Formulation of appropriate Deep Seabed Minerals Regime	3	Policy formulation for deep sea minerals	STX
2.2 Appropriate legislation and regulations for effective policy implementation are adopted						
	Nauru	2	Finalize Business Profits Tax Legislation	10	Finalize new Business Profits Tax Legislation	STX Mission
2.3 Modern and integrated processes are adopted to verify & maintain taxpayer information & compliance obligations						
	Regional		Workshop: Arrears and Returns Management	5	Improve management of core tax functions	STX Mission: All PICs to be invited
	Regional		PITAA conference "Modernizing Tax Administration in the region"	14	Improving tax administration functions and use of data	LTX (2) STX (4)
	Cook Islands	2	Review of core tax functions	15	Improve operating structures	STX Mission (Overlap with 2.7)
	Kiribati	2	Improve core tax functions/Improving organizational structure	10	Implement a functional organizational structure	STX Mission (Overlap with 2.7)
	Regional		Workshop: Management of the audit function	5	Improved management of the audit function	STX mission: All PIC's to be invited
	Fiji	2	Improving core tax functions	10	Improving operational performance	LTX mission (Overlap with 2.7)

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Revenue Administration Work Plan: August 2015-April 2016						
Measurable Outcomes	Country	Progress against Milestones at end-FY2015 ¹	Planned Activity August 2015-April 2016	Person days	Relevant Milestone	Comments
	Kiribati	2	Review overall reform progress	10	Review overall reform progress and agree on next modernization steps	LTX mission
	Regional		Workshop: Revenue Forecasting	10	Joint workshop with Macroeconomics	LTX (2workshops)
	Regional		Taxpayer Services Workshop	4	Improving the delivery of taxpayer services	STX
	Samoa	3	Review overall reform progress	10	Review overall reform progress and agree on next modernization steps	LTX
	Tonga	2	Review overall reform progress	10	Review overall reform progress and agree on next reform steps	LTX
	Vanuatu	3	Improving core tax functions	10	Improving operational performance	STX
	Regional		VAT Fraud Workshop	5	Improve the audit function	STX
	Regional		Revenue Forecasting Workshop	5	Building capability between the MoF and Revenue Administration	LTX (2 workshops)
2.4 Business systems & processes are based on risk-management principles						
	Fiji	2	Improving the audit function	20	Improved audit capability	STX mission
	Fiji	2	Improving risk management and introducing a compliance improvement strategy	20	Compliance Strategy introduced	2 STX missions (Overlap with 2.5)
	Fiji	2	Developing new processes to streamline on time filing	10	Improving the management of outstanding returns	STX mission (Overlap 2.3)
	FSM	2	Improving risk management and introducing	5	Compliance Strategy introduced	STX mission (Overlap with 2.5)

Revenue Administration Work Plan: August 2015-April 2016						
Measurable Outcomes	Country	Progress against Milestones at end-FY2015 ¹	Planned Activity August 2015-April 2016	Person days	Relevant Milestone	Comments
			a compliance improvement strategy			
	Samoa	3	Compliance risk management and introducing a compliance improvement strategy	10	Compliance Strategy introduced	STX mission (Overlap with 2.5)
	Tonga	2	Improving risk management and introducing a compliance improvement strategy	10	Compliance Strategy introduced	STX mission (Overlap with 2.5)
	Vanuatu	3	Evaluating implementation of the Compliance Improvement Strategy		Compliance Strategy introduced	LTX mission (Overlap with 2.5)
	Regional		Risk management workshop (2)	10	Improving risk management	STX (2) (Overlap with 2.5)
	Fiji	2	Developing new processes to streamline returns management	10	Improving the management of outstanding tax returns	STX mission
	Samoa	3	Strengthen arrears and returns management	10	Improving the management of arrears and outstanding returns	STX (Overlap with 2.4)
2.5 Compliance improvement strategies use a mixture of service and enforcement approaches						
	Fiji	2	Improving risk management and introducing a compliance improvement strategy	20	Compliance Strategy introduced	2 STX missions (Overlap with 2.4)
	Fiji	2	Improving risk management and introducing a compliance improvement strategy	10	Compliance Strategy introduced	LTX mission (Overlap with 2.4)
	FSM	2	Improving risk management and introducing a compliance improvement strategy	10	Compliance Strategy introduced	STX mission (Overlap with 2.4)
	Samoa	3	Compliance risk management and introducing a compliance improvement strategy	5	Compliance Strategy introduced	STX mission (Overlap with 2.4)
	Tonga	2	Improving risk management and introducing a compliance improvement strategy	10	Compliance Strategy introduced	STX mission (Overlap with 2.4)

Revenue Administration Work Plan: August 2015-April 2016						
Measurable Outcomes	Country	Progress against Milestones at end-FY2015 ¹	Planned Activity August 2015-April 2016	Person days	Relevant Milestone	Comments
	Vanuatu	3	Evaluating implementation of the Compliance improvement strategy	10	Compliance Strategy introduced	LTX mission (Overlap with 2.4)
2.6 Modern IT operating systems and infrastructure are in place and operate effectively.						
No missions planned during this period						
2.7 Organizational and operating structures are relevant to the business and allow for the effective use of resources.						
	Palau	1	Develop a strategic plan and design a new structure	15	Strategic plan and new structure developed	STX mission (Overlap with 2.8)
	Palau	1	Implement a new organizational structure	10	Functional structure implemented	STX mission (Overlap with 2.8)
	Cook Islands	2	Review core tax functions	10	Improve operating structures	STX mission (Overlap with 2.3)
	Kiribati	1	Improve core tax functions/Improve organizational structure	10	Implement a functional organizational structure	STX mission (Overlap with 2.3)
	RMI	1	Strengthen core tax functions	10	Improve operational capability	STX mission (Overlap with 2.3)
	Fiji	2	Improving core tax functions	10	Improve operational capability	LTX mission (Overlap with 2.3)
2.8 Good corporate strategies, business planning processes and management information reports are adopted, implemented and updated regularly.						
	Fiji	3	Designing a modernization change management plan	10	Introduction of a change management strategy	LTX mission
	Palau	1	Develop a strategic plan and design a new structure	15	Strategic plan and new structure developed	STX mission (Overlap with 2.7)
	Palau	1	Implement a new organizational structure	10	Functional structure implemented	STX mission (Overlap with 2.7)
	Regional		Introducing PICs to good practice performance management and use of data to drive performance	20	Introduction of performance management and use of data to improve tax administration	LTX/STX mission

Revenue Administration Work Plan: August 2015-April 2016						
Measurable Outcomes	Country	Progress against Milestones at end-FY2015 ¹	Planned Activity August 2015-April 2016	Person days	Relevant Milestone	Comments
2.9 The organization is transparent and accountable with adequate dispute resolution processes.						
No missions planned during this period						

Financial Supervision Work Plan: August 2015-April 2016						
Measurable Outcomes	Country	Progress against Milestones at end-FY2015 ¹	Activity August 2015 to April 2016	Person days	Relevant Milestone	Comments
3.1 Development and Implementation of Prudential Returns						
<i>Completed</i>						
3.2 Implementation of Financial Sector Information System (FSIS)						
<i>No activity.</i>						
3.3 Strengthened Off-site Supervision						
<i>No activity.</i>						
3.4 Strengthened On-site Examination						
Perform statutory examinations of banks						
	Samoa (1)	3	On-site examination of a commercial bank	20	Examination report issued	STX Joel Hefty
	Solomon Is	3	On-site examination of a commercial bank	20	Examination report issued	LTX P. Seguin
	Palau	3	On-site Examination of a commercial bank	20	Examination report issues	STX M. Joel Shapiro
	Timor-Leste	2	On-site examination of a commercial bank	20	Examination report issued	STX M. Guilfoyle
	Tonga	3	On-site examination of a commercial bank	15	Examination report issued	LTX P. Seguin
	Samoa (2)	3	On-site examination of a commercial Bank	15	Examination report issued	STX Mr. Joel Hefty
	FSM	2	On-site examination of a commercial bank	20	Examination report issued	STX Mr. Joel Shapiro
3.5 Development of Standardized Examination Reports						
Ability to convey examination findings						
	Samoa	3	Drafting on-site examination report	2	Report drafted	In conjunction with 3.5
	Solomon Is	2	Drafting on-site examination report	2	Report drafted	In conjunction with 3.5
	Timor-Leste	2	Drafting on-site examination report	2	Report drafted	In conjunction with 3.5
	Tonga	3	Drafting on-site examination report	2	Report drafted	In conjunction with 3.5
	Palau	2	Drafting on-site examination report	2	Report drafted	In conjunction with 3.5
	Samoa (2)	2	Drafting on-site examination report	2	Report drafted	In conjunction with 3.5
	FSM	2	Drafting on-site examination report	2	Report Drafted	In conjunction with 3.5

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Financial Supervision Work Plan: August 2015-April 2016						
Measurable Outcomes	Country	Progress against Milestones at end-FY2015 ¹	Activity August 2015 to April 2016	Person days	Relevant Milestone	Comments
3.6 Implementation of Sound Examination Policy and Procedures : No Activity						
3.7 Financial Statement Analysis and Templates Developed : No Activity						
3.8 Modernized Legal Framework						
Modern legislation	Fiji	2	October workshop Credit union Law	5	Draft Credit Union Act completed	Support IMF Legal Dept.
Modern legislation	Regional Fiji	2	November workshop Credit Union Law	7	Draft Credit Union Law completed	Support IMF Legal Dept Participants; Samoa Tonga, Vanuatu, Solomon Island
Prudential Statement	Tonga	3	Review prudential statements and or upgrade content as required.	15	Full set of prudential statements are in compliance with the FI Act	STX G. Gegenheimer, work out of home in the USA
Applicable legislation	Tuvalu	2	Setting up a Banking Commission. Change to the Act Financial reporting templates deployed.	4	Amendments to the Act approved Financial reporting templates training completed.	LEGAL Dept submitted comments Financial reporting system implementation at 1 bank
Modern Legislation	Samoa	3	IMF Legal Department review Financial Institutions Act	10	Revue completed and recommendation issued	Performed by the IMF Legal
3.9 Non-banks, Credit unions, and Microfinance institutions have Strengthened Legal, Supervisory and Operational Frameworks						
Ability to report accurate financial results	Fiji	3	Capacity building CU Financial reporting September and October 2015	15	Financial reporting template deployed at each Credit Union	Reserve Bank of Fiji
	Solomon Islands	2	Capacity building CU Financial Reporting Feb 2016	10	Financial reporting templates deployed at each Credit Union	Coordinate with Central Bank
	Samoa	2	Capacity building CU Financial Reporting Feb 2016	10	Financial reporting templates deployed at each Credit Union	Coordinate with Central Bank
	Tonga	2	Capacity building CU Financial Reporting March 2016	10	Financial reporting templates deployed at each credit Union	Coordinate with Reserve Bank.
						Coordinate with Reserve Bank

Financial Supervision Work Plan: August 2015-April 2016						
Measurable Outcomes	Country	Progress against Milestones at end-FY2015 ¹	Activity August 2015 to April 2016	Person days	Relevant Milestone	Comments
	Vanuatu	2	Capacity building CU Financial Reporting April 2016	10	Financial reporting templates deployed at each credit union	
	FSM	2	Capacity building CU Financial reporting October 2015	12	Financial reporting template deployed at each Credit Union	Coordinate with Banking Commission
3.10 Effective Outreach on Financial Sector Issues						
	Regional Solomon Islands	4	Annual meeting Association Financial Supervisors Pacific Countries. August	8	Knowledge on Board Governance, Basel Core principle review, Plan for PFTAC TA for 2015/16	Workshop on Bank board Governance STX J. Hefty Workshop on Core Principles Chris Wilson Meeting and discussion on PFTAC program delivery LTX
	Regional Solomon Islands	4	Bi-annual Microfinance conference. August	7	Knowledge acquired on Microfinance	
	Fiji	4	Annual Credit Union Congress. October	4	Workshop on sound business practice and financial reporting	To support the implementation of the new Act in the region.
	New Zealand	4	Annual Governors' meeting December	4	Present outline of a workshop "Audit of Disaster Programs and Procedures"	To be delivered next year AFSPC
	Samoa	4	Annual PFTAC Steering committee meeting	4	Present Financial sector activities	Introduce Phase five plan components

Macroeconomic Statistics Work Plan: August 2015-April 2016						
Measurable Outcomes	Country	Progress against Milestones at end-FY2015 ¹	Activity August 2015-April 2016	Person days	Relevant Milestone	Comments
4.1 At least 8 countries compile at least two independent measures of GDP						
	Samoa	2	National accounts expenditure estimates review.	10	Work on second measure nearly complete.	Resuming TA to Samoa after a government- funded project.
4.2 Constant price GDP estimates are rebased at least every 10 years						
	Cook Islands	2	National accounts rebase and methodology improvements.	10	Surveys and other data sources available for rebase.	Focus changing from 4.4 to 4.2.
	Solomon Is.	1	National Accounts: Incorporating HIES data and rebasing constant price accounts.	10	Base year less than 10 years old, plans in place to keep it thus.	This will take two missions to complete. One in February and next fiscal year.
	PNG	2	National Accounts: Strengthening methodologies and assist with rebasing GDP estimates in constant prices. Assist with the NSO reform process.	20	GDP estimates published.	The PNG NSO needs substantial TA to resume regular compilation of national accounts. This is two missions in October and February assuming adequate progress.
4.3 At least 8 member countries compile regular annual GNI, GNDI, saving and net lending/borrowing aggregates						
4.4 At least 4 countries compile quarterly national accounts						
	Fiji	2	National accounts: assist in the development of quarterly GDP estimates.	7	Country has QNA methodology under development.	The aim is to publish by the end of March 2016.
4.5 Data sources are adequate and methodologies are sound						
	Tuvalu	2	National accounts update, review, and training.	5	National accounts produced but with major deficiencies.	Country compiler will travel to Suva.

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Macroeconomic Statistics Work Plan: August 2015-April 2016

Measurable Outcomes	Country	Progress against Milestones at end-FY2015 ¹	Activity August 2015-April 2016	Person days	Relevant Milestone	Comments
	Kiribati	3	National Accounts: Strengthening methodologies for the compilation of GDP estimates by production and developing an expenditure measure of GDP.	15	Sound methods in place.	Undertaken by an STX.
	Tonga	2	Review national accounts methodology especially fixed ratios and use of tax data.	3	Adequate national accounts produced but with some deficiencies	Introduce new STX to Pacific work.
	Federated States of Micronesia	2	National accounts update, review, and training.	5	National accounts produced but with major deficiencies.	Plan to include Palau and Marshall Islands and extend this into a regional training course.
	Regional	2	Participation in the Pacific Statistics Steering Committee which coordinates Statistics TA in the region.	2	TA Coordination improved. Phase II of the Ten Year Pacific Statistics Strategy implemented.	Coordination with the SPC which plays a key role in the Committee has been challenging.
4.6 National accounts statistics are consistent with other statistics including balance of payments and government finance statistics (GFS)						
	Cook Islands	2	Completion of GFS classifications, data input	17	Improvement of GFS	New area. Previously IMF HQ.
	FSM, Palau, Marshall islands	2	Inclusion of extra-budgetary units, Social Security funds, Public Corporations	15	Improvement of GFS	Work similar for each country
4.7 National accounts statistics and associated metadata are readily available.						
4.8 Price statistics are of good quality and base years up to date.						
	Regional	2	Training course for compilers of consumer price indexes.	8	CPI produced, imputations, item replacement reasonable.	Course to be run jointly with SPC who take the lead on price statistics in the region. Training to be supplemented with a component on the IMF HQ preferred compilation software, using an STX.
	Vanuatu	2	CPI rebasing and training.	17	CPI produced, weights <10 years old.	Compiler has been provided training. Mission will proceed if demand confirmed and STX can be found.

Macroeconomic Statistics Work Plan: August 2015-April 2016

Measurable Outcomes	Country	Progress against Milestones at end-FY2015 ¹	Activity August 2015-April 2016	Person days	Relevant Milestone	Comments
4.9 Improvement in the coverage, quality and timeliness of balance of payments estimates.						
	Cook Islands	1	BOP: Current Account development	34	Draft balance of payments produced. Coverage and methodology weak.	One STX mission complete. Aim to have publishable current account next time.
	Nauru	2	BOP update.	10	Draft Balance of payments produced. Coverage and methodology weak.	Follow-up STX mission. Nauru expected to join IMF in February.

Macroeconomic Analysis Work Plan: August 2015-April 2016						
Measurable Outcomes	Country	Progress against Milestones at end-FY2015 ¹	Planned Activity August 2015 – April 2016	Person days	Relevant Milestone	Comments
5.1 Development of integrated macroeconomic monitoring / projection frameworks						
	Cook Islands	3	Integrate existing models to generate macroeconomic and fiscal projections.	5 LTX	Macroeconomic and fiscal projections are consistent; the integrated model is less resource intensive to maintain.	Progress is made through offsite TA support.
	Samoa	3	Continue working with ministry of finance and central bank staff on developing the Samoa Economic and Revenue Forecasting (SERF) model; enhance coordination between the institutions.	5 STX	Staff use a consistent macroeconomic and fiscal framework.	
	Tonga	2	Develop a FP framework of the Tongan economy. Facilitate a practical, hands-on workshop on using the FP framework.	5 LTX	Data required in the framework are compiled and quality checked. Development of a macroeconomic and fiscal framework. Staff use a consistent macroeconomic and fiscal framework.	Technical assistance is provided jointly with the ADB.
	Vanuatu	3	Facilitate practical, hands-on workshops on updating, maintaining, and using the FP framework.	5 LTX	Staff use a consistent macroeconomic and fiscal framework in policy analysis and advice.	The high level of cooperation between public sector agencies in Vanuatu greatly supports the development of the FP framework. Progress is made through

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Macroeconomic Analysis Work Plan: August 2015-April 2016						
Measurable Outcomes	Country	Progress against Milestones at end-FY2015 ¹	Planned Activity August 2015 – April 2016	Person days	Relevant Milestone	Comments
						offsite TA support.
5.2 Development of multi-year fiscal planning processes						
	Samoa	2	Train ministry of finance staff on using the SERF model for medium-term fiscal planning.	2.5 STX	Staff are able to generate medium-term projection scenarios.	
5.3 Develop ability to assess debt sustainability						
	Samoa	2	Train ministry of finance staff on using the SERF model for debt sustainability analysis.	2.5 STX	Staff are able to use the SERF model to assess debt sustainability.	
	Solomon Islands	2	Complete specification of public debt dynamics. Train staff on using the FP framework for debt sustainability analysis.	8 STX	Staff are able to use the Solomon Islands FP framework to assess debt sustainability.	Progress is made through offsite TA support.
	Vanuatu	2	Strengthen capacity of to assess debt sustainability.	5 LTX	Staff use the FP framework for debt sustainability analysis.	Required public data need to be compiled.
5.4 Development of contingency plan to provide financing in the event of a natural disaster						
No activity planned in this period						