

# PACIFIC FINANCIAL TECHNICAL ASSISTANCE CENTRE

## QUARTERLY REPORT



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### I. Introduction

This Report covers PFTAC activities and finances in the August-October 2014 period (FY2015 Q2), as well as planned activities in the period from November through to the end of FY2015 in April.<sup>1</sup> During the August-October period, PFTAC TA activity and spending picked up significantly, particularly in the area of Public Financial Management. Nauru, Papua New Guinea, Solomon Islands, Tonga, and Vanuatu, were particularly significant recipients of TA during the quarter.

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Looking forward, the schedule of activity is expected to remain heavy through the remainder of the financial year, as a number of TA programs, largely carried out using short-term experts, are implemented. 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 the end of the financial year in April 2015.

### II. PFTAC Developments

In November, Mr. Kenneth Watson conducted field interviews for the PFTAC mid-term External Evaluation. Mr. Watson visited six member countries (Cook Islands, Fiji, Kiribati, Samoa, Solomon Islands, and Tonga), where he met with government officials familiar with PFTAC, PFTAC staff, PFTAC donors, and other development partners.

Also in November, Mr. Doug Hostland ended his tenure as advisor in the area of macroeconomic analysis and forecasting. Fortunately for PFTAC, Doug continues to work with PFTAC as a short-term expert. His successor is Ms. Iris Claus, who is expected to join PFTAC in February 2015.<sup>2</sup> Ms. Claus has previously worked at the Bank of Canada, the Reserve Bank of New Zealand, the New Zealand Treasury and Inland Revenue Department, and the ADB.

In December, PFTAC Coordinator Scott Roger was on sick leave, but is now back at work.

In January, PFTAC is having a comprehensive overhaul of its IT infrastructure. In addition to substantially strengthening the security and resilience of our IT systems, the upgrading of facilities will greatly improve our capacity to conduct video conferences with members and development partners.

<sup>1</sup> 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.

<sup>2</sup> The position was posted on the IMF website. There were 68 applications. Five candidates were interviewed, of whom two were female, including a Pacific Islander.



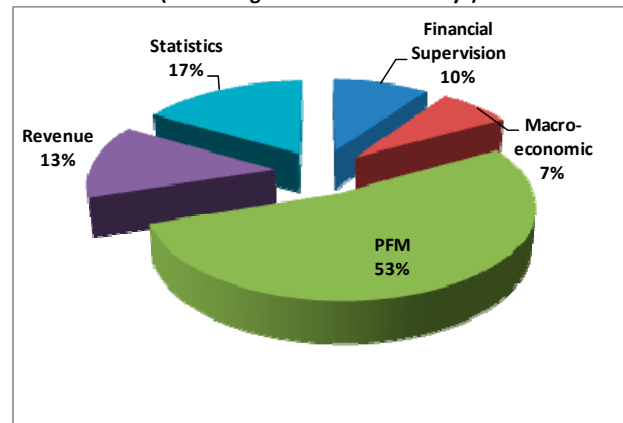
### III. PFTAC Activity and Finances in the August-October Quarter of FY2015

#### Overview

During the August-October 2014 period—the second quarter of the PFTAC 2015 financial year—there was a significant pick up in PFTAC activity. During the period, PFTAC staff managed or carried out 56 technical assistance (TA) missions, including 8 workshops, an increase of one third from the May-July quarter. In terms of person days, the increase was even more marked, with missions and workshops accounting for a total of 591 person days during the August-October quarter (compared with 334 days during the previous quarter).

There was heavy use of short-term experts during the quarter. Although roughly two-thirds of the missions were carried out by Suva-based advisors (LTX), nearly two-thirds of the mission days were accounted for by short-term experts (STX). This reflects that fact that STX missions tend to be much longer than the more frequent missions of the LTX. Annex 1 provides a detailed listing of missions and workshops during the August-October period.

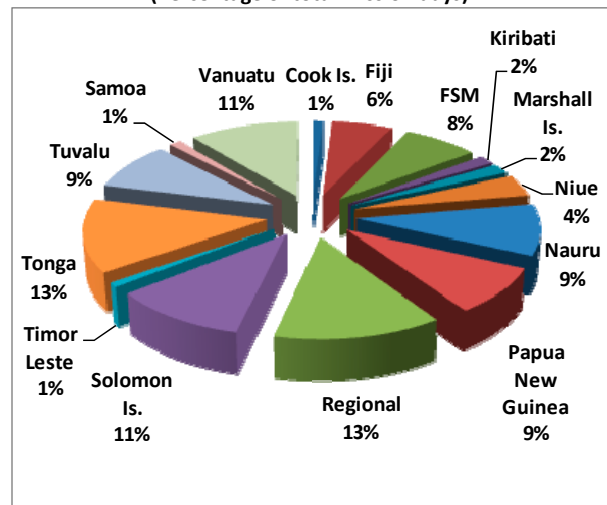
Sectoral distribution of PFTAC missions for August-October 2014 (Percentage of total mission days)



Much of the increase in TA activity reflected a heavy schedule of TA on Public Financial Management (PFM) topics. This included lengthy missions to assist with the roll-out of the Integrated Financial Management System (IFMS) in Papua New Guinea (PNG); development of Financial Instructions in Tuvalu; support for the PEFA self-assessment in Tonga; for PFM reform roadmap development and implementation in Niue, Solomon Islands and Tonga; training in internal audit in Vanuatu; and review of Fiji’s PFM legal framework.

Other major activities included a series of workshops held as part of the program to strengthen banking supervision; as well as capacity building courses on the use of HIES data and other data sources in the compilation of national accounts. In addition, during the quarter PFTAC provided support to Nauru in the areas of tax law and balance of payments statistics as part of a broad effort to strengthen its macroeconomic management framework in preparation for IMF membership.

Geographic distribution of PFTAC missions for August-October 2014 (Percentage of total mission days)



The total donor cost of PFTAC operations during the quarter is estimated at US\$ 1.6 million, significantly above earlier quarters. The most substantial increase was in the expenditure on STX fees, travel, and hotels, which amounted to US\$ 0.65 million, up from US\$ 0.28 million in the previous quarter. Salary expenses rose to US\$ 0.53 million from 0.46 million, while costs of workshops and courses were little changed at \$us 0.22 million. Other operational expenses, including HQ staff missions & backstopping, project management, and Trust Fund management fees were also little changed at US\$ 0.18 million.

The estimated costs are higher than the total expenditure figure of US\$ 1.2 million recorded by the IMF for this period, as shown in Annex 2, Table 1. The discrepancy arises from the lag in processing of costs relating to PFTAC missions, workshops and so on. At the Steering Committee meeting in July, we noted that actual expenditures typically exceed the amount based on the Resource Allocation Plan (RAP), both because missions often turn out to be longer than planned, and because missions are more often added to the work program than dropped.

In the Annual Report it was suggested that, on the basis of past experience, expenditure for the FY15 financial year could come out at around US\$ 4.5-4.7 million. It now looks likely that total expenditure will be closer to US\$ 5.5 million. Although quarter-to-quarter spending patterns are volatile, the significant increase in expenditure outcomes through the first half of FY15 also reflects the impact of ramping up spending on programs carried out mainly by STX, and this impact is likely to last. As discussed below, programs are underway in the non-tax revenue, taxation services, and financial supervision areas that all rely substantially on the use of additional short-term experts.

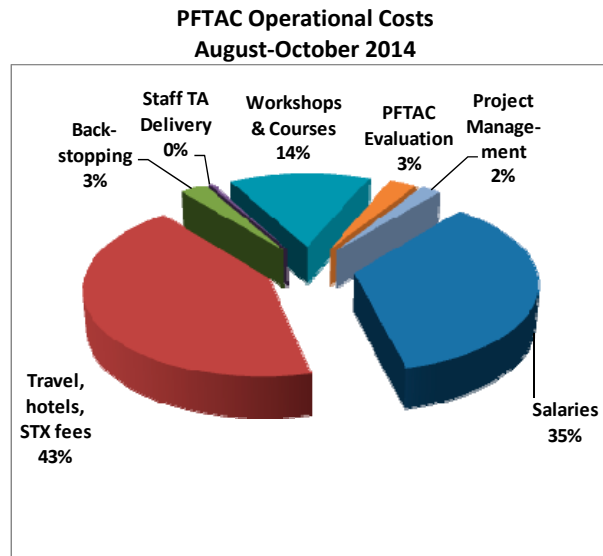
On the income side, inflows to the Trust Fund in the August-October period amounted to US\$ 60,000, reflecting a planned contribution by the Korean authorities. Details of donor contributions to PFTAC are shown in Annex 2, Table 2.

#### IV. Sectoral Technical Assistance Developments and Prospects

**In this section, the advisors provide a discussion of key TA projects and work streams in recent months together with planned TA over the period to end-April 2015.** 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, updated from the version presented at the July Steering Committee Meeting. Over the course of the year, the work program is progressively up-dated as missions are added, extended, delayed or canceled. Details of the work program through to the end of the fiscal year 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 will also be made available through the PFTAC website (<http://www.pftac.org/>)

##### Public Financial Management

PFTAC's technical assistance on PFM issues continues to cover a broad spectrum of issues. During the past quarter, TA has been provided on PEFA's and PFM Roadmaps, legal framework revisions, pension plan design, FMIS planning and management, cash management, internal audit, and planning for non-tax revenue reviews in additional PICs. Highlights of activities in these areas during the August-October period and underway or planned for the November-January and February-April quarters are summarized below:



- PEFAs & PFM Reform Roadmaps.** PFTAC's work on PEFAs and Roadmaps during the quarter was concentrated on [Fiji](#) (Roadmap), [Niue](#) (Roadmap), [PNG](#) (Self-assessment), the [Solomon Islands](#) (Roadmap), [Tonga](#) (Self-assessment and Roadmap), and completion of the PEFA-check requirements for the 2013 [Samoa](#) PEFA. During the November-December period a formal PEFA assessment was conducted in the [Cook Islands](#); detailed planning with development partners for implementation of [Tonga's](#) roadmap continued; and work progressed on [PNG's](#) PEFA self-assessment along with preliminary efforts to draft a reform roadmap. In the Jan-April quarter a formal PEFA assessment is scheduled for [PNG](#) and [Tuvalu](#) has requested a PEFA Self-assessment in conjunction with a review by Australia DFAT.
- Legal Framework Revisions.** Technical assistance was provided to [Fiji](#) to review its Financial Management Act (FMA) and to [Tuvalu](#) to update its Financial Instructions. Assistance to [Fiji](#) on FMA revisions is expected to continue into March.
- Pension Plan Design/Finance.** PFTAC provided [FSM](#) with a short-term expert in pension plan design and finance to develop for federal government employees a supplemental defined contribution pension plan consistent with international good practice. Some assistance to [FSM](#) on this plan may continue during the January-April period, along with TA to the [Fiji](#) and [Tonga](#) Provident Funds
- IFMS Design/Management.** During the August-September quarter [PNG](#) received technical assistance from a PFTAC short-term advisor to restructure its Integrated Financial Managements System (IFMS) implementation. Assistance continued into October-November, and is also planned for the January-April period. Also during the January-April period TA will be provided to [Tonga](#) to begin redesigning treasury business processes and planning for [Tonga's](#) upcoming FMIS upgrade.
- Cash management.** [PNG](#) requested assistance from PFTAC to improve its cash management. A preliminary assessment mission was conducted during November and additional assistance is scheduled for the January-April period.
- 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. A preliminary planning assessment was conducted during the quarter in the [Solomon Islands](#) and in a scoping mission in November, an action plan was proposed for [Vanuatu](#). More work in this area during the January-April period is anticipated in these countries as well as in [Fiji](#).
- Internal Audit.** [Vanuatu](#) received TA from PFTAC on internal audit business processes, including specialist training on the audit management software, Teammate.
- Asset Management Accounting and Reporting.** A fixed assets valuation expert finalized and submitted to the government of [Nauru](#) his report on the valuation of fixed assets, and ways of improving asset accounting and reporting. This was requested earlier as input to the preparation of the government's annual financial statements.
- Budget Preparation and Implementation for Results.** During December PFTAC and PICPA arranged for representatives from [Tonga](#) to meet the [Fiji](#) Budget Department for an overview of their organization and changes made by [Fiji](#) to their 2015 Budget Document adding more descriptive policy-focused narrative at the activity level. Continued interaction between the [Fiji](#) and [Tonga](#) budget staff is contemplated during the January-April period. In addition, during February PFTAC and the Australian Department of Finance will sponsor a two week Strategic Development Workshop for PICs hosted by Australian National University. The focus this year will be on "Budget Implementation for Results".

PFTAC PFM advisors are involved in regional workshops and seminars. During the August-October quarter the main activities included:

- On-going cooperation with PICPA to develop sustainable training for PFM professionals;
- A presentation to EU country liaison officers on PFM issues in the region.

Since the August-October quarter, several other regional activities have taken place or are planned for the period through to end-April 2015:

- A jointly sponsored ADB-PFTAC workshop on Fiscal Management Models in early December;
- A regional workshop on incorporating natural disaster risk into fiscal planning is tentatively scheduled for late February/early March;
- The annual Strategic Development Program, jointly sponsored by PFTAC and the Australian Department of Finance at the Australian National University. Held in the second half of February, the 2015 program will focus on Budget Implementation for Results;
- During April PFTAC anticipates a workshop that will bring together officials from, [Fiji](#), the [Solomon Islands](#), and [Vanuatu](#) to work jointly on implementation of non-tax revenue reviews.

### Revenue Administration and Policy

The August-October quarter has seen good progress with PFTACs plan to support revenue administration reforms being implemented across a number of countries. The activities have primarily focused on strengthening key elements of tax administration which has included advice on **improving organizational structures, strategic planning and compliance improvement strategies**. Below are some of the highlights of the technical assistance provided during the period, as well as assistance planned for the period ahead.

- Previous work to support the [Fiji](#) Revenue and Customs Organization (FRCA) in the design of an Information Technology strategy and new user requirements resulted in the issuance of tender for a new IT system scheduled to be implemented over the next 18 months. Additional technical assistance, through the resident advisor, was provided to: (a) support implementation of a renewed strategic plan designed under PFTAC guidance during the last quarter; (b) assist the authorities to more fully understand modern approaches to compliance risk management; and (c) suggested approaches to improve the audit function and debt collection processes. These activities resulted in additional TA requests from FRCA which are currently in the process of being delivered through three technical assistance missions. These activities are geared to supporting FRCA's new 10 year strategic outlook.
- In the [Federated States of Micronesia](#), a technical assistance mission to conduct a high level overview of reform status was conducted followed by a request from the authorities for PFTAC assistance in the design of a compliance improvement strategy to be introduced simultaneously with the creation of the new Unified Revenue Agency. A mission, the first of three planned for 2014–2015 took place in November, 2014 and included a compliance improvement strategy workshop which was attended by Customs and Tax Administration (CTA) staff from the Federal and State Offices. Workshop participants assisted in identifying key risk areas for inclusion in a pilot project based on the OECD Risk Management Process Model. The outcomes of this workshop, and additional technical assistance to be delivered in 2015, will be a compliance strategy that sets out how significant tax risks will be addressed and responded to. This approach, in line with modern tax administration, will over time deliver sustainable increases to tax revenue.
- In [Kiribati](#), the recent implementation of VAT, which was supported by PFTAC, is seen as a major milestone towards broadening the tax base to offset impacts of trade liberalization and to developing more stable sources of revenue. A mission to evaluate the implementation of VAT and the overall modernization program was conducted which included alignment of TA activities between PFTAC and the PACTAM resident advisor. This was followed by a request from the authorities for TA to assist in the development of a compliance improvement strategy which will take place in January 2015 and include a review of the current structure and a suggested approach to implement a more modern compliance management approach.

- In the [Marshall Islands](#), a technical assistance mission was carried out which reviewed the current reform status and provided a number of recommendations to improve tax administration including an approach to improve compliance management. The authorities have acknowledged these recommendations and currently looking into setting up a team that will work with PFTAC in the design of a reform plan.
- In [Nauru](#), PFTAC continued to support implementation of their modernization program through two technical assistance missions. The first assisted in the design of new processes for registration, filing and payment for the recently introduced employment and non-resident withholding tax. The second assisted in the design of a new organizational structure incorporating customs and revenue. Initial indications are that the new withholding tax regime is generating revenues above expectation. IMF legal provided assistance to finalize laws for the new withholding regime.
- In [Samoa](#), upon a request from the authorities, a mission took place to facilitate the adoption of a more strategic approach to compliance management. This assistance will be delivered through 3 technical assistance missions and will see the emergence of an integrated compliance risk management plan between customs and revenue. A request for IMF legal to conduct a review of the rewrite of VATGST legislation has recently been approved.
- In [Tonga](#), a technical assistance mission to review current reform progress was undertaken. Although good progress has been made over the last few years the authorities recognize that compliance levels can be improved and requested PFTAC assistance in the design of a compliance improvement strategy. The first in a series of three TA missions is scheduled to take place in February 2015. Meetings were also held with PACTAM advisors to ensure alignment of TA activities.
- In [Vanuatu](#), two PFTAC technical assistance missions were carried out, one to facilitate the renewal of the Department of Customs and Inland Revenues (DCIR) strategic and business plan and the other, carried out by PFTAC's resident advisor, to evaluate current reform progress. A request for PFTAC technical assistance to sharpen compliance management has been received and will take place in early 2015.

PFTAC [regional activities](#) have included the following:

- [Managing Modern Tax Administration Workshop](#). The main purpose of this workshop was to provide senior tax administrators with a complete and systematic overview of modern tax administration management. This workshop was designed specifically for and attended by the 6 largest PIC tax administrations.
- [Taxpayer Services Workshop](#). The workshop program, attended by fourteen PICs, covered the breadth of topic matter and linkages relating to the principles, concepts, strategy and delivery of effective taxpayer services in a modern tax administration.

The above training activities were coordinated with the Pacific Island Tax Administration Association (PITAA) which is playing an increasing role in supporting PFTAC in organizing and delivering these workshops.

Technical assistance activity in the period through to end-April 2015 will continue to emphasize assisting tax administrations implement new strategic frameworks, compliance risk management and assistance to improve core tax functions. A phased approach to implementing compliance improvement strategies is in place for 6 PICs ([Fiji](#), [FSM](#), [Kiribati](#), [Samoa](#), [Tonga](#), and [Vanuatu](#)) with two programs currently under development (Kiribati and RMI).

The demand for technical assistance is on the increase with tax administrations realizing that identifying, assessing, and prioritizing major compliance risks and treatment strategies to address those risks will over time lead to higher rates of voluntary compliance. In addition to the above ongoing activities, TA will be provided to deal with the following requests:



- **Palau** – a review of reform progress and assistance in the design of a compliance improvement strategy.
- **Tuvalu** – a review of current reform progress.
- **Timor-Leste** – disputes resolution.
- **Samoa** – IMF legal to conduct a review of Samoa’s rewrite of VATGST legislation.

In addition, several workshops are planned:

- **Management of tax arrears, filing and payment** - A workshop on best practices strategies to minimize increases in debt and outstanding returns.
- **Managing modern tax administration** – designed with a focus on smaller PIC tax administrations. This workshop will include a train-of-trainer program that will pass on responsibility to PITAA to conduct this training independently in the future.
- **Compliance risk management** – designed to provide a deeper understanding of best practice compliance management and exposure to the OECD Risk Management Process Model.
- **Industry Issues** – a workshop designed to address poor compliance through a cooperative compliance approach.

## Financial Sector Supervision

During the August-October period, PFTAC TA in the area of financial supervision focused on implementing a regional training program in Risk Based Banking for bank Supervisors and Examiners, which had been agreed at the 2013 annual meeting of the Association of Financial Supervisors of Pacific (AFSPC). To facilitate provision of appropriately focused training, workshops were targeted at three groups, comprise supervision management, examiners in the Northern Pacific region, and examiners in the Southern Pacific region.

The first workshop, on **managing a banking supervision department**, was based on the concept of thinking through and identifying important supervisory frameworks which enables the professional management of a Banking Supervision Department. Banking Supervisors from **Fiji, PNG, Samoa, Tonga, Palau, Micronesia, Marshall Islands, Solomon Islands** and **Vanuatu** attended the workshop. Group discussions were held on good management processes that work well for small jurisdictions and how they could be improved. There was a recommendation on how the group could work together to improve the supervision regime of each country. Staying relevant and strengthening relationships became the core topic of discussion during the workshop, which resulted in a desire to be collaborative as a group, including exchanging information. A number of management styles were explored and situational scenarios and case studies were defended.

Following the management workshop, a three day workshop on **consolidated supervision of conglomerates** was held in **Fiji** for the staff of the banking supervision department of the Reserve Bank of Fiji. The program included a technical component supported by a number of case studies. The group explored prudential risks related to the existence of a financial conglomerate and addressed loopholes in sector supervision including regulatory gaps, contagion risk, concentration risk and conflict of interest and regulatory arbitrage. A session was set aside to discuss prudential risks related to the supervision of risks arising from unregulated financial activities and entities. The group touched on the off-site and on-site monitoring of conglomerates and spent some time on lessons learnt from the global financial crisis.

In October, a workshop on **risk-based banking supervision** was held in Apia for Southern Pacific banking supervisors. The workshop was aimed at newly hired supervisors who will be expected to perform off-site supervisions and on-site examinations of financial institutions as part of their new duties. Eighteen supervisors participated from **Fiji, PNG, Samoa, Solomon Islands, Tonga** and **Vanuatu**. The workshop explored risk types in

banking, corporate governance and Basel Core Principles for Effective Banking Supervision. A number of sessions were dedicated to the study of financial statements and the analysis of risk, data gathering and the supervisory cycle. The group was presented with a number of case studies on asset quality and credit risk, principle indicators and concepts of ICCRS, capital measurement, key ratios and evaluation to name a few. Group discussions were held on the concepts of sensitivity to market risk, operational risk and measurement techniques. The week concluded with a case study on establishing the appropriate risk levels and appetite of a sample bank based on historical data and a number of key indicators. The groups then had to rank the risks and establish examination priorities.

The 2014 annual meeting of the AFSPC was held in Port Moresby in September. Discussions centered on the level of technical support most countries would require over the next few months. Discussion surrounding on-site examinations indicated that over the past few years, supervisory staff had received substantial training in principles of on-site bank supervision, including from PFTAC, but few supervisors have been involved in actual on-site situations.

PFTAC proposed a new program involving the introduction of a short-term expert program that would see the pairing of a TA expert with a supervision department to provide long-term support to the supervision department in **planning and scoping on-site bank examinations**, including attending the actual examination. The expert would not act as an examiner but as a mentor providing guidance and direction. His task would also include assisting in the drafting of the final report. Over a period of 18 months the expert could provide support for two or three on-site examinations as well as interim consulting on related issues.

The Supervisors agreed that it was time to move to actual on-site examinations and felt this approach would provide the added strength required to deliver a comprehensive examination program. PFTAC will follow up to clarify the interest of each Supervisor in moving forward with this initiative.

The **Credit Union Reform Program** is gathering steam following its introductory workshop in Guam. A number of countries have expressed an interest in participating. It is expected that by January 2015 we will expand the program from the current four to an additional three countries.

## Macroeconomic Statistics

Over the last six months, the work of the statistics advisors has focused on two main themes. The first of these was the introduction of **methodological improvements** (RBM 4.5), which were the focus of work done in the **Cook Islands, Kiribati, Marshall Islands, Nauru**, and source data analysis. The results of recent household income and expenditure surveys (HIES) in the Solomon Islands were analyzed during mission work and these will be incorporated in the national accounts estimates during 2015. These new data sources will enable the constant price national accounts to be rebased (RBM code 4.2) which is the next phase of the work being undertaken in the **Cook Islands, the Solomon Islands, and Vanuatu**.

A second major theme was reinforcing the work on **methodology and data analysis** with sub-regional training courses where countries in a similar stage of national accounts development receive formal training on specific issues and also take the opportunity to share their experiences with each other:

- The **Fiji** course focused on methodologies and data sources used to compile estimates in constant prices and attracted participants from the national statistics offices (NSOs) and central banks from nine Pacific countries.
- The **Vanuatu** course covered the use of HIES data in the national accounts and was attended by participants from the NSOs and central banks from **PNG, the Solomon Islands, and Vanuatu**. The presenters included the HIES statistician from the Secretariat of the Pacific Community, and a Consumer Price Index expert from the Australian Bureau of Statistics (ABS), in addition to the PFTAC Staff.



Support was provided to [Fiji](#) to expand their gross domestic product (GDP) measures to include GDP estimates by expenditures and by income (RBM 4.1) with the aim of publishing these by August 2015. GDP estimates were completed in [Nauru](#) and the [Solomon Islands](#), and balance of payments assistance (RBM 4.9) was provided to the [Cook Islands](#) and [Nauru](#), the latter with the use of a short-term expert. National accounts TA was provided to the [Marshall Islands](#) and also to [Kiribati](#) where the estimates for 2013 were published in September.

Looking ahead, the primary milestones being targeted over the next six months are **methodology and data improvements** (RBM 4.5) in the [Cook Islands](#), [Nauru](#), [PNG](#), [Tuvalu](#), and [Tonga](#) and the development of methodologies for quarterly measures of GDP (RBM 4.4) is targeted for completion in [Fiji](#) which will also continue processing additional data sources for the development of expenditure and income GDP measures (RBM 4.1).

The [Cook Islands](#) and [Vanuatu](#) will complete the **processing of input data and updating of compilation systems** as they rebase the constant price accounts (RBM 4.2) and in coordination with the ABS there are plans to engage short-term experts to provide assistance in prices (RBM 4.8) by analyzing the source data and rebasing the consumer price index in the [Solomon Islands](#) and [Vanuatu](#) and assist with the further development of producer price indexes in [Fiji](#).

Two sub-regional training courses will also be conducted. The [PNG](#) course will focus on the analysis of HIES data and producing household expenditure and production estimates and the [Palau](#) course will aim at implementing improved and simplified national accounts methodologies using recent business data.

## Macroeconomic Analysis and Forecasting

A key activity in the August-October period was the provision of assistance to [Palau](#), focused on developing their **fiscal planning framework** to address long-term fiscal pressures stemming from the expiry of Compact grants in 2023 (RBM objectives 5.2 and 5.3).

With Compact grants set to expire in 2023, policy makers in the [FSM](#), [Palau](#), and the [Republic of the Marshall Islands](#) (RMI) face the difficult challenge of putting in place a long-term fiscal plan to ensure that public expenditures can be funded on a sustained basis. PFTAC has been actively engaged in developing a framework for analyzing alternative fiscal adjustment scenarios. The purpose of the TA is not to address the policy issues per se, but rather to give policy makers a better understanding of the underlying policy objectives and trade-offs.

The framework developed for these purposes derives the fiscal effort (some combination of measures undertaken to raise revenues and reduce expenditures) required to make the fiscal situation sustainable over the long term (beyond 2023 when the Compact grants are set to expire). The analysis focuses on the government net financial position defined as the Compact Trust Fund (CTF) net of public debt. Sustainability in this context means that the government is able to provide a steady stream of expenditures indefinitely (on a real per capita basis). This requires building a net asset position that earns enough interest to compensate for the projected decline in grant revenue. The amount of fiscal adjustment required depends on a number of underlying assumptions, notably the projected trend growth rate and projected grant revenue to be provided by donors (in addition to the Compact grants). The framework has been developed for Palau but could be modified to address similar situations in [FSM](#) and [RMI](#).

PFTAC and the ADB jointly sponsored a workshop in Suva on macro-fiscal forecasting for Budget Planning for several PICS during early December. Several topics were covered including discussion of simple ways of getting started with medium-term budget planning with a particular emphasis on the importance of keeping track of “spending tails” associated with past Cabinet/Parliament decisions. Additional work in this area is planned for the January-April period including a regional workshop on incorporating natural disaster risk into fiscal planning, and in-country TA to the [Cook Islands](#), [Samoa](#), and [PNG](#).

## Annex 1: PFTAC Missions, Workshops, Meetings and Training August-October 2014

### Country Technical Assistance

#### Public Financial Management

Country	Description	Advisor Type	Mission Days	RBM Codes
Fiji	WFH-PFM Legal Framework Revisions Phase 1 - Fiji	Short-Term Expert	8	1.3
	PFM Legal Framework Revisions Phase 2	Short-Term Expert	21	1.3
FSM	Defined Benefit Pension Plan Proposal Review	Short-Term Expert	22	1.6
Niue	PFM Roadmap Implementation Support	Short-Term Expert	24	1.2
Papua New Guinea	Review Mission on PEFA Self-Assessment and FMIS/ICT TA	Resident Advisor	7	1.1
	Support for Roll-out of the Integrated Financial Management System	Short-Term Expert	39	1.7
Solomon Is.	Introductory mission to discuss request for NTR review and PFM roadmap implementation	Resident Advisor	7	1.6
	Detailing PFM Reform Roadmap Strategy	Short-Term Expert	30	1.2
Tonga	Follow-up on PFM Roadmap Development & PEFA Self-Assessment	Resident Advisor	9	1.1,1.2
	Tonga Donor Conference	Resident Advisor	8	1.2
	PEFA Self – Assessment	Short-Term Expert	19	1.1
	PEFA Self-Assessment	Short-Term Expert	19	1.1
Tuvalu	Financial Instructions revision – Phase 1	Short-Term Expert	29	1.3
	Financial Instructions revision – Phase 2	Short-Term Expert	24	1.3
Vanuatu	Introductory mission to discuss request for NTR review follow-up TA on internal audit	Resident Advisor	4	1.6
	Strengthening Internal Audit	Short-Term Expert	25	1.7
	Strengthening internal Audit	Short-Term Expert	22	1.7

#### Revenue Policy and Administration

Country	Description	Advisor Type	Mission Days	RBM Codes
Fiji	Implementation of strategic objectives	Resident Advisor	5	2.8
FSM	Compliance risk and business process review (Mission 1)	Short-Term Expert	20	2.4,2.5
	Review overall reform progress and determining future TA needs	Resident Advisor	3	2.3

Country	Description	Advisor Type	Mission Days	RBM Codes
Kiribati	Review overall reform progress	Resident Advisor	5	2.3
Marshall Is.	Review overall reform progress and determining future TA needs	Resident Advisor	4	2.3
Nauru	Developing processes for registration filing and payment of taxes	Short-Term Expert	12	2.9
Tonga	Review overall reform progress and determine future technical assistance needs	Resident Advisor	5	2.3

### Financial Sector Supervision

Country	Description	Advisor Type	Mission Days	RBM Codes
Timor Leste	Credit Union Law	Advisor	5	3.8
Tonga	On-site examination	Resident Advisor	15	3.3-3.6

### Macroeconomic Statistics

Country	Description	Advisor Type	Mission Days	RBM Codes
Cook Islands	National Accounts: Quarterly NA and Balance of Payments	Resident Advisor	12	4.4,4.5, 4.7,4.9
Kiribati	National Accounts development of GDP estimates by expenditure	Resident Advisor	5	4.1,4.5, 4.6
Marshall Is.	National Accounts methodology review and improvements, compilation of 2012-2013 GDP estimates by production	Resident Advisor	13	4.5,4.7
Nauru	National Accounts methodology review and improvements compilation of 2012-13 GDP estimates by production	Resident Advisor	12	4.5,4.6, 4.8
	Balance of Payments methodology review and improvements compilation of 2012-13 estimates	Short-Term Expert	21	4.6,4.9
Solomon Is.	National accounts: compilation of GDP estimates and review of preliminary HIES data	Resident Advisor	26	4.5-4.7

### Macroeconomic Analysis & Forecasting

Country	Description	Advisor Type	Mission Days	RBM Codes
Fiji	To develop capacity to assess debt sustainability	Resident Advisor	5	5.1
Papua New Guinea	Develop more efficient data updating procedure	Resident Advisor	5	5.1

Country	Description	Advisor Type	Mission Days	RBM Codes
Samoa	Incorporated debt dynamics into macro/fiscal framework	Resident Advisor	7	5.1
Solomon Is.	Completed development of simplified financial programming framework	Resident Advisor	7	5.1
Tonga	Train staff on how to update the macroeconomic framework for the budget preparation process	Resident Advisor	5	5.1
Vanuatu	Introduce simplified version of financial programming framework	Resident Advisor	9	5.1
	Developed data updating procedure for macro/fiscal framework	Resident Advisor	5	5.1

### Meetings, Seminars and Training (August-October 2014)

TA Sector	Description	Location	Advisor Type	Mission Days	Number of Participants	RBM Codes
Revenue	Training: Managing modern tax administration	Fiji	STX	3	24	2.9
	Training: Core functions: Taxpayer Services Management	Fiji	STX	5	15	2.5
Financial Supervision	PFTAC Regional AFSPC Annual Meeting	Papua New Guinea	Resident Advisor	3	16	3.10
	Examiner workshop: Consolidated Supervision	Fiji	STX	5	24	3.3-3.4
			Resident Advisor	3		
	Credit union Legal workshop	Guam	Resident Advisor	5	10	3.8
			HQ staff	5		
	Workshop: Managing a Risk Based Banking Supervision Department	PNG	STX	3	16	3.3-3.4
Southern Pacific Regional Banking Supervision Workshop	Samoa	STX	3	19	3.3-3.4	
Statistics	Training course on the use of HIES data for the compilation of GDP estimates and CPI	Vanuatu	Resident Advisors	10	10	4.1-4.9
			HQ staff	5		
	Training course on methodologies and data sources used for the compilation of national account estimates in constant prices	Fiji	Resident Advisors	10	17	4.1-4.9
			Coordinator	2		
Pacific Leadership Forum	Fiji	Resident Advisor	2	30+	n.a.	
		Resident Advisor	2			

## Annex 2: PFTAC Expenditure and Income: August-October 2014

Table 1: PFTAC Expenditure FY14Q3 - FY15Q2  
(US\$)

Expenditure Area	FY2014			FY2015		
	Q3	Q4	Q1	Q1	Q2	Q2
	IMF	IMF	PFTAC	IMF	PFTAC	IMF
Long-term experts	518,130	580,191	458,553	458,553	534,739	534,739
Short-term experts	178,241	150,090	153,283	113,466	520,201	289,328
Travel	181,425	275,252	132,635	77,084	127,960	128,344
Seminars	55,756	187,485	228,492	27,715	215,235	78,518
Staff TA delivery	55,243	19,175	35,196	35,196	-6,321	-6,321
Miscellaneous	12,138	35,779	1,035	1,035	881	881
Backstopping	33,395	30,315	31,386	31,386	40,187	40,187
Project management	17,331	13,026	8,582	8,582	29,748	29,748
<b>Total TA Delivery</b>	<b>1,051,659</b>	<b>1,291,313</b>	<b>1,049,162</b>	<b>753,017</b>	<b>1,462,625</b>	<b>1,095,424</b>
Evaluation		29,157	1,789	1,789	43,089	43,089
Total Trust Funds (7%)	73,616	92,433	73,567	52,836	105,400	79,696
<b>Total</b>	<b>1,125,275</b>	<b>1,412,903</b>	<b>1,124,518</b>	<b>807,642</b>	<b>1,611,119</b>	<b>1,218,209</b>

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

	Secured (US\$)	LOU Status	Contribution Currency	Pledge (Contribution Currency)	Contributions Received (US\$)	Balance (US\$)
<b>Phase IV - Signed Agreements:</b>						
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	-
NZAID, New Zealand	7,166,932	<i>signed 06/16/2011</i>	<i>NZD</i>	8,900,000	5,781,826	1,385,106
AusAID	7,500,000	<i>signed 05/25/2011</i>	<i>U.S. dollars</i>	7,500,000	7,500,000	-
Korea	2,306,596	<i>signed 02/15/2012</i>	<i>Korean Won</i>	2,500,000,000	1,727,515	579,081
EU (ACP)	1,391,400	<i>signed 10/04/2013</i>	<i>Euros</i>	1,000,000	1,391,400	-
EU (2nd LOU)	4,688,016	<i>signed 12/27/2013</i>	<i>Euros</i>	3,500,000	4,281,795	406,221
<b>Subtotal</b>	<b>25,398,283</b>				<b>23,027,875</b>	<b>2,370,408</b>
<b>Phase IV - Pledges - Under discussion</b>						
Australia	2,500,000		<i>U.S. dollars</i>	2,500,000		
<b>Grand Total</b>	<b>\$ 27,898,283</b>				<b>23,027,875</b>	<b>4,870,408</b>



## Annex 3: PFTAC Work plan January-April 2015

## Public Financial Management Work Plan: January–April 2015

Measurable Outcomes	Country	Progress against Milestones at end-FY2014 <sup>1</sup>	Planned activity January 2015-April 2015	Person days	Relevant Milestone	Comments
<b>1.1 At least 1 PEFA assessment conducted in each PFTAC country during the funding cycle.</b>						
	PNG	3 (self-assessment started 2014)	Review progress on PEFA self-assessment and provide checks for proper interpretation of PEFA rating standards Conduct formal PEFA	5(LTX) 15 LTX 40 HQ	<b>RBM Milestone #1:</b> Number of self-assessments conducted <b>RBM Milestone #2:</b> Number of formal PEFA assessments conducted with significant country staff involvement	
	Cook Islands	4 (Formal Assessment work conducted Nov/Dec 2014)	In coordination with CI officials finalize PEFA Report & Submit to PEFA Secretariat for review	5 LTX	<b>RBM Milestone #2:</b> Number of formal PEFA assessments conducted with significant country staff involvement	
<b>1.2 Reform road maps developed following each PEFA assessment.</b>						
	Fiji	4	Review and comment on MOF drafts of PFM Roadmap	5 LTX	<b>RBM Milestone #3:</b> Number of PFM reform roadmaps developed	
<b>1.3 Modernized legal frameworks and financial instructions implemented</b>						
	Fiji	3	Assist Fiji MOF officials in identifying changes in current Financial Management Act for improved PFM and compliance with new Constitution.	20 STX	<b>RBM Milestone #4:</b> Number of countries with identified legal obstacles ( in law or financial instructions) to implementing good	

<sup>1</sup> 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.

Measurable Outcomes	Country	Progress against Milestones at end-FY2014 <sup>1</sup>	Planned activity January 2015-April 2015	Person days	Relevant Milestone	Comments
					PFM practice (as reflected in PFTAC's RBM outcomes 1.4 – 1.9) who were provided TA for improvements	
	Fiji	3	Review of operations issues for the Fiji National Provident Fund	5 STX	Same as above	
	FSM	3	Provide follow-up support to FSM officials in preparing a legal framework for a supplemental defined contribution pension plan for government employees	5 STX	Same as above	
	Tonga	3	Review of investment issues for the Tonga National Provident Fund	5 STX	Same as above	
<p><b>1.4 Budget Credibility Improves (PEFA Indicators 1-4)</b></p> <p><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></p> <p>Note: Several of the activities identified under Outcome Groups 1.5, 1.6, and 1.7 will support achievement of milestones for Outcome Group 1.4</p>						
<p><b>1.5 Budget Comprehensiveness and Transparency Progresses Toward International Standards (PEFA Indicators 5-10)</b></p> <p><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></p>						
	Fiji	2	(Periodic during Jan - April 2015): Assist with improvements of budget document content including improved medium-term focus with greater policy/strategy content at the program/activity level; and review drafts	5 LTX	<b>RBM Milestone #12:</b> Budget documentation presented for each line ministry should integrate information at the program level on medium-term objectives, issues, strategies, and finances for <u>all</u> funds (recurrent and development, including any funds "off-budget")	

Measurable Outcomes	Country	Progress against Milestones at end-FY2014 <sup>1</sup>	Planned activity January 2015-April 2015	Person days	Relevant Milestone	Comments
<b>1.6 Budgeting Becomes More Policy Focused with a Medium-term Orientation (PEFA Indicators 11-12)</b>						
<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	2	(Periodic during Jan - April 2015): Training of budget analysts to improve the quality of activity-level budget narrative including improved medium-term focus with greater policy/strategy content	5 LTX	<b>RBM Milestone #16:</b> Budget documents clearly explain the policies and strategies driving funding changes; <b>#17:</b> Budget process focuses on a medium-term time-frame at the program/sub-program level.	
	Fiji	2	(Periodic during Jan - April 2015): In country mentoring of budget analysts on country specific non-tax revenue review issues	5 LTX	Same as above	
	Solomon Islands	3	In country mentoring of budget analysts on country specific non-tax revenue review issues	3 STX	Same as above	Scoping started in prior quarter; Australia DOF will assist on this activity
	Tonga	3	Secondment of Tonga budget officials to Fiji Budget Department and/or workshop in Tonga supported by Fiji budget analysts focused on budget document improvement	5 LTX	Same as above	
	Vanuatu	3	In country mentoring of budget analysts on country specific non-tax revenue review issues	5 LTX	Same as above	Scoping started in prior quarter
	Regional	Average = 2	A sub-regional workshop bringing together staff and officials from Samoa, Fiji, Solomon Islands, and Vanuatu will focus on common issues in the review of non-tax revenues with a particular emphasis on balancing considerations of social equity (ability to pay), government objectives, and resource requirements	20 LTX 10 STX	Same as above	Australia DOF and PICPA will assist on this activity
	Regional	Average = 2	Collaboration with PICPA on development of training for annual delivery through PICPA/USP on "Budget Analysis" and "Review of Non-Tax Revenues"		Same as above	Activity was started in 2014

Measurable Outcomes	Country	Progress against Milestones at end-FY2014 <sup>1</sup>	Planned activity January 2015-April 2015	Person days	Relevant Milestone	Comments
<b>1.7 Budget Execution Progresses Toward International Standards (PEFA Indicators 16-21)</b>						
<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>						
	PNG	2	Continuation of review/planning for IFMS restructuring	54 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: <b>RBM Milestone #22:</b> 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: <b>RBM Milestone 24:</b> 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. <b>RBM Milestone 26:</b> In-year budget reports allowing direct comparison to the original budget are prepared quarterly or more frequently, and issued within 4 weeks of end of period. <b>RBM Milestone 27:</b> A consolidated government financial statement is prepared annually according to internationally acceptable standards; submitted to external audit within 6 months of fiscal year end, and includes full information on revenue, expenditure and financial assets/liabilities.
	Fiji	2	Organization review for Treasury division	5 LTX	RBM Milestone #s: 18-22; and 24,26-27	
	PNG	2	Review of cash management	15 LTX 15 STX	<b>RBM Milestone #18:</b> Cash flow forecasts are prepared for the fiscal year and are monitored and updated monthly	

Measurable Outcomes	Country	Progress against Milestones at end-FY2014 <sup>1</sup>	Planned activity January 2015-April 2015	Person days	Relevant Milestone	Comments
	Tonga	3	Review line agency and central ministry financial information requirements and provide recommendations for Treasury business process reforms as input to conceptual design for FMIS upgrade	18 LTX 3 STX	<p><b>RBM Milestone #18:</b> Cash flow forecasts are prepared for the fiscal year and are monitored and updated monthly</p> <p><b>RBM Milestone # 20:</b> Personnel database and payroll are directly linked to ensure data consistency and monthly reconciliation.</p> <p><b>RBM Milestone # 22:</b> Comprehensive expenditure commitment controls are in place and effectively limit commitments to actual cash availability and approved budget allocations</p>	<p>Activity is also highly relevant to effective achievement of many other RBM Milestones, particularly :</p> <p><b>RBM Milestone 24:</b> 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.</p> <p><b>RBM Milestone 26:</b> In-year budget reports allowing direct comparison to the original budget are prepared quarterly or more frequently, and issued within 4 weeks of end of period.</p> <p><b>RBM Milestone 27:</b> A consolidated government financial statement is prepared annually according to internationally acceptable standards; submitted to external audit within 6 months of fiscal year end, and includes full information on revenue, expenditure and financial assets/liabilities.</p>
	Regional	Average = 2	Strategic Development Program (with AusDOF) Feb 17-28 – Budget Execution for Results	32 LTX	Training is relevant to multiple milestones in Outcome Group 1.7 as well as Outcome Group 1.6 (Budgeting becomes More Policy-Focused with a Medium-term Orientation)	While the workshop will focus on several aspects of “execution” the underlying focus will be on how budgets can be used to achieve policy objectives.

Measurable Outcomes	Country	Progress against Milestones at end-FY2014 <sup>1</sup>	Planned activity January 2015-April 2015	Person days	Relevant Milestone	Comments
<b>1.8 Accounting, Recording and Reporting Improves in line with international standards (PEFA indicators 22-25)</b>						
<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>						
Note: Several of the activities identified under 1.7 (Budget Execution) will support achievement of milestones for Outcome Group 1.8						
<b>1.9 Processes for External Scrutiny and Audit Improvement</b>						
No missions planned during this period						
<b>Cross-cutting Regional</b>						
	PIFMA Website		Continue developing PIFMA website as a training tool to reach more PFM staff at all levels	12 LTX	Add module on "Budget Implementation for Results"	

<sup>1</sup> 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.



Revenue Administration Work Plan: January—April 2015

Measurable Outcomes	Country	Progress against Milestones at end-FY2014 <sup>1</sup>	Planned activity January 2015-April 2015	Person days	Relevant Milestone	Comments
<b>2.1 Modern tax policy frameworks are adopted</b>						
No missions planned during this period						
<b>2.2 Appropriate legislation and regulations for effective policy implementation are adopted</b>						
No missions planned during this period						
<b>2.3 Modern and integrated processes are adopted to verify &amp; maintain taxpayer information &amp; compliance obligations</b>						
	Regional		Workshop: Managing modern tax administration (workshop 2)	5	Improve tax administration management capability	STX mission: Training to be provided for second and third tier tax administrations – overlap with 2.7 (Organization and Operating structures)
	Regional		Workshop: Industry compliance issues	3	Improve capability to improve compliance in cash economy sectors	STX mission: All PIC's to be invited – overlap with 2.5 (Compliance Improvement strategies)
	Regional		Workshop: Introducing a compliance risk management approach	4	Improve compliance risk management capability	STX mission: All PICs to be invited – overlap with 2.5 (Compliance Improvement strategies)
	Regional		Prepare a centralized data base for PICs to include information on: (a) the development of IT strategies; (b) disaster recovery; (c) tender and evaluation processes.	20	Provide PICs with a data base where they can access information on IT strategies, disaster recovery and an IT tender and evaluation process	STX remote mission: Documentation to be prepared and displayed on PITAA website – overlap with 2.6 (Modern IT Operating Systems)
	Kiribati	1	Review core tax functions	10	Core tax functions reviewed and advice provided on the introduction of a compliance improvement strategy.	STX mission to review effectiveness of core tax functions

<sup>1</sup> 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.

Measurable Outcomes	Country	Progress against Milestones at end-FY2014 <sup>1</sup>	Planned activity January 2015-April 2015	Person days	Relevant Milestone	Comments
	Palau	4	Review overall reform program	3	Review modernization progress - identify TA needs	LTX mission to review strategic and operational progress
	Tuvalu	3	Review overall reform progress	5	Review modernization progress - identify TA needs	LTX mission to review strategic and operational progress
<b>2.4 Business systems &amp; processes are based on risk-management principles</b>						
	Fiji	2	Improving risk management and introducing a compliance improvement strategy	20	Risks identified, assessed and addressed	STX missions (2) – overlap with 2.5 (Compliance Management)
	Fiji	2	Improving core tax functions, taxpayer services, audit and tax arrears	10	Improve management of core tax functions leading to improved compliance	LTX mission
	Fiji	2	Improve the audit function	20	Improved audit capability	STX mission (2 missions)
	Fiji	2	Improve the collection of arrear taxes and outstanding returns	10	Improved returns and debt collection processes	STX mission
	Tonga	3	Implement self assessment and compliance risk management	30	Modernized business systems and improved compliance management	STX mission - overlap with 2.5 (Compliance Management)
	Kiribati	10	Improve risk management and introduce a compliance improvement strategy	20	Compliance improvement strategy introduced	STX missions (2) – overlap with 2.5 (Compliance Management)
	Samoa	3	Enhance compliance risk management and expand performance standards	20	Compliance improvement strategy and performance standards expanded	STX missions (2) – overlap with 2.5 (Compliance Management) and 2.8 (Management information)
<b>2.5 Compliance improvement strategies use a mixture of service and enforcement approaches</b>						
	Fiji	1	Develop a compliance improvement strategy	10	Compliance management strategies enhanced	STX mission – overlap with 2.4 (Risk Management)
	Kiribati	1	Improve risk management and introduce a compliance improvement strategy	20	Compliance improvement strategy introduced	STX mission - overlap with 2.4 (Risk Management)
	Samoa	3	Introduce modern compliance management.	20	Compliance management strategies enhanced	STX mission (2) – overlap with 2.4 (Risk Management)

Measurable Outcomes	Country	Progress against Milestones at end-FY2014 <sup>1</sup>	Planned activity January 2015-April 2015	Person days	Relevant Milestone	Comments
	Tonga	3	Introduce modern compliance management	20	Compliance management strategies enhanced	STX mission (2) – overlap with 2.4 (Risk Management)
	Vanuatu	3	Design and implement a new generation compliance improvement strategy	4	Compliance strategy implemented	LTX mission
	Regional		Workshop: Industry compliance issues	3	Enhance capability to improve compliance in the cash economy sector	STX mission – all PICs to be invited – overlap with 2.3 (Modern and integrated processes)
	Regional		Workshop: Introducing a compliance risk management approach	10	Improve compliance risk management capability	STX mission: All PICs to be invited
<b>2.6 Modern IT operating systems and infrastructure are in place and operate effectively.</b>						
	Regional		Development of a centralized data base for PICs which includes information which can assist countries in the development of an IT strategy, disaster recovery and procurement plans	20	Enhanced IT management	STX mission will deliver IT products that will be made available to all PICs
<b>2.7 Organizational and operating structures are relevant to the business and allow for the effective use of resources.</b>						
	Regional		Workshop: Managing Modern Tax Administration	5	Improved tax administration management capability	STX mission - overlap with 2.3 (modern and integrated processes)
<b>2.8 Good corporate strategies, business planning processes and management information reports are adopted, implemented and updated regularly.</b>						
	Fiji	3	Implementation of strategic objectives	5	Develop roll-out plan for implementation of strategic objectives	LTX mission (Strategic plan designed - implementation to follow)
<b>2.9 The organization is transparent and accountable with adequate dispute resolution processes.</b>						
No missions planned during this period						

## Financial Supervision Work Plan: January 2015—April 2015

Measurable Outcomes	Country	Progress against Milestones at end-FY2014 <sup>1</sup>	Planned activity January 2015-April 2015	Person days	Relevant Milestone	Comments
<b>3.1 Development and Implementation of Prudential Returns</b>						
Completed. No further missions planned						
<b>3.2 Implementation of Financial Sector Information System (FSIS)</b>						
No activity.						
<b>3.3 Strengthened Off-site Supervision</b>						
	Tonga	3	Preparedness for on-site examination TA	6	Scoping and planning examination of one bank. Ratio analysis performed.	
<b>3.4 Strengthened On-site Examination</b>						
	Cook Island	1	On-site examination review	5	Review current operation and recommend action plan.	
	Tonga	3	On site examination TA	20	Examination report issued	On-site examination TA Dev Bank
<b>3.5 Development of Standardized Examination Reports</b>						
	Tonga	3	On-site examination and report writing	10	Draft report issued	On-site examination TA
<b>3.6 Implementation of Sound Examination Policy and Procedures</b>						
No missions planned during this period						
<b>3.7 Financial Statement Analysis and Templates Developed</b>						
No missions planned during this period						

<sup>1</sup> 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.

Measurable Outcomes	Country	Progress against Milestones at end-FY2014 <sup>1</sup>	Planned activity January 2015-April 2015	Person days	Relevant Milestone	Comments
<b>3.8 Modernized Legal Framework</b>						
	Tuvalu	3	Implementation of a Banking Commission	8	Develop and implement a banking commission structure.	With only two banks the intent is to have a simple oversight regime installed in Tuvalu
	Palau	4	Drafting CU Act	5	Draft completed and reviewed by the relevant authority	IMF Legal Department support
	RMI	3	Drafting CU Act	5	Draft completed and reviewed by the relevant authority	IMF Legal Department support
	Samoa	2	Drafting CU Act	5	Draft completed and reviewed by the relevant authority	IMF Legal Department support
	Fiji	2	Drafting CU Act	5	Draft completed and reviewed by the relevant authority	IMF Legal Department support
	Tonga	2	Drafting CU Act	5	Draft completed and reviewed by the relevant authority	IMF Legal Department support
<b>3.9 Non-banks, Credit unions, and Microfinance institutions have Strengthened Legal, Supervisory and Operational Frameworks</b>						
	Fiji	2	Planning The deployment of a CU Reform program	10	TOR Implementation of comprehensive CU reform program	PFTAC to implement a CU reform program - Include Sector capacity building and supervisory oversight regime
	Palau	3	Workshop: Capacity building credit union	5	Implementation of standard Financial and Statutory Reporting templates	Palau and PFTAC to implement a CU Reform Program
	Timor-Leste	1	Mission: Development of a CU Capacity building program	10	Deployment of program Sector capacity building	Timor-Leste and PFTAC to implement a CU reform program.
<b>3.10 Effective Outreach on Financial Sector Issues</b>						
	Regional (1)		Regional Partners' meeting	3	Partners meeting	Australia March

## Macroeconomic Statistics Work Plan: January 2015—April 2015

Measurable Outcomes	Country	Progress against Milestones at end-FY2014 <sup>1</sup>	Planned activity January 2015-April 2015	Person days	Relevant Milestone	Comments
<b>4.1 At least 8 countries compile at least two independent measures of GDP</b>						
	Fiji	4	Staff will review draft GDP estimates by expenditure and income	2	Good quality estimates compiled using sound methodologies	Experimental estimates expected in early 2015
<b>4.2 Constant price GDP estimates are rebased at least every 10 years</b>						
	Regional		Sub-regional training course in HIES.	10	Sound methods in place.	Also includes 4.8 CPI rebase.
	Cook Islands	2	Staff will undertake admin data collection.	5	Surveys conducted at least every 10 years.	Focus changing from 4.4 to 4.2.
	Solomon Islands	2	Plan for the GDP rebase scheduled during the second quarter of 2015	0.5	Plans developed.	Initial focus on HIES analysis.
	Vanuatu	2	Staff will undertake admin data collection.		Surveys conducted at least every 10 years.	Has a number of RBM codes.
<b>4.3 At least 8 member countries compile regular annual GNI, GNDI, saving and net lending/borrowing aggregates</b>						
No missions planned during this period						
<b>4.4 At least 4 countries compile quarterly national accounts</b>						
	Cook Islands	4	Focus on improving timeliness	5	Quarterly series available within 90 days and benchmarked against annual.	Rebase will improve annual estimates.
	Fiji	2	Review draft QNA methodology	5	Methodologies developed.	February mission: split between methodology and sources.

<sup>1</sup> 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.



Measurable Outcomes	Country	Progress against Milestones at end-FY2014 <sup>1</sup>	Planned activity January 2015-April 2015	Person days	Relevant Milestone	Comments
<b>4.5 Data sources are adequate and methodologies are sound</b>						
	Regional (2)		Sub-regional training course in national accounts.	10	Sound methods in place.	For North Pacific countries. Palau.
	Fiji	3	Review QNA data sources.	5	Quarterly data assessed.	
	Fiji	4	Review GDP estimates by income and expenditure.	1	Available independent data assessed.	
	Nauru	2	Improve national accounts methodology. Staff training.	5	Sound methods in place.	Taken over from SPC.
	PNG	1	Improve national accounts methodology. Staff training.	7	Sound methods in place.	Assist with the NSO reform process in collaboration with the Australian Bureau of Statistics.
	Tonga	3	Assist with the incorporation of business survey data and improve national accounts methodology. Staff training	5	Sound methods in place	
	Tuvalu	2	Improve national accounts methodology. Staff training.	10	Sound methods in place.	Taken over from SPC. Some remote inputs.
<b>4.6 National accounts statistics are consistent with other statistics including balance of payments and government finance statistics</b>						
	Nauru	1	Coordinate TA in national accounts and external sector statistics...	2	Datasets and methodologies consistent.	
	Cook islands	2	Revamp BOP compilation system...		Sound methods in place.	
<b>4.7 National accounts statistics and associated metadata are readily available.</b>						
	Cook Islands	Joined GDDS	Complete metadata and post on GDDS website.		Metadata published	Assisted by IMF HQ GDDS project.

<sup>1</sup> 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.

Measurable Outcomes	Country	Progress against Milestones at end-FY2014 <sup>1</sup>	Planned activity January 2015-April 2015	Person days	Relevant Milestone	Comments
	Nauru	2	Assist in compiling GDP estimates for publication	2	2014 GDP published	
	RMI	3	Write up methodology as part of staff training.		Metadata published	Secondary RBM code.
<b>4.8 Price statistics are of good quality and base years up to date.</b>						
	Vanuatu	2	Update CPI base year.	10	HIESs conducted, processed, analyzed.	HIES complete. STX will be used.
<b>4.9 Improvement in the coverage, quality and timeliness of balance of payments estimates.</b>						
	Cook Islands	2	Data collection. Training in BOP methodology.	5	Data assessed, data collected.	
	Nauru	1	Data collection. Training in BOP methodology.	8	Data assessed, data collected.	STX mission

<sup>1</sup> 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.

### Macroeconomic Analysis Work Plan: January 2015—April 2015

Measurable Outcomes	Country	Progress against Milestones at end-FY2014 <sup>1</sup>	Planned activity January 2015-April 2015	Person days	Relevant Milestone	Comments
<b>5.1 Development of integrated macroeconomic monitoring / projection frameworks</b>						
No missions planned during this period						
<b>5.2 Development of multi-year fiscal planning processes</b>						
No missions planned during this period						
<b>5.3 Develop ability to assess debt sustainability</b>						
No missions planned during this period						
<b>5.4 Development of contingency plan to provide financing in the event of a natural disaster</b>						
No missions planned during this period						

<sup>1</sup> 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.