

PACIFIC FINANCIAL TECHNICAL ASSISTANCE CENTRE

QUARTERLY REPORT



September 2016

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I. Introduction¹

This report covers PFTAC activities and finances in the period from May to July 2016 (FY2017 Q1), as well as planned activities through FY2017. During the quarter, PFTAC capacity development (CD) activity remained at a moderate pace, partly reflecting the departure of some resident advisors. The major country users of CD during the quarter were Timor-Leste, Vanuatu, Fiji, and Marshall Islands.

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Looking forward, the schedule of activity is expected to remain at a moderate pace through to the end of Phase IV in October. 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-April 2017 (see Annex 3). PFTAC's core programs will continue through the remainder of Phase IV, but the pace of activity will be moderated both by staff turnover and by the limited remaining funds.

II. PFTAC Developments

Staff news

In July Mr. Benjamin Stefanou, an Australian national took up the position of resident advisor for financial sector supervision, replacing Mr. Pierre Séguin. Mr. Stefanou has extensive experience, working as a bank supervisor with APRA, the Australian bank regulator, as well as working in the commercial banking sector. More recently, he has worked with the IMF as a TA advisor in the Caribbean.

Ron Hackett, one of PFTAC's two resident advisors for public financial management retired in July. His replacement will be Mr. Richard Neves, who is expected to begin work at PFTAC in October. Mr. Neves is an Australian national and most recently served as Permanent Secretary of Finance in the Cook Islands. He will be joining PFTAC in October.

IMF-PFTAC has also advertised for a resident advisor for government finance statistics, to continue the technical assistance and training previously conducted from IMF HQ under financing from the Japan Administered

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.



Account for Selected IMF Activities (JSA). This position is being advertised in the anticipation that PFTAC funding by donors and members will be sufficient to cover the net cost over and above the baseline program in the Phase V Program Document.

PFTAC Phase V (2016-22)

In June, New Zealand became the first country to commit to funding support for PFTAC in Phase V. the New Zealand government agreed to contribute NZ\$12 million towards the cost of PFTAC operations during Phase V. This represents an increase of over a third from New Zealand's substantial contribution in Phase IV. We are very grateful for New Zealand's contribution and indeed its ongoing support of PFTAC, and we look forward to continuing to work together.

Australia has also very recently approved proposed funding for Phase V. Details will be announced shortly.

A proposal for funding from the Asian Development Bank is being submitted to its Executive Board, with a decision expected by October.

Progress is being made in securing member contributions for Phase V. In June, Mr. Savenaca Narube circulated a revised proposal for member country contributions amounting to 10 percent of the Phase V budget, as agreed at the February Steering Committee Meeting. To date, six member countries have confirmed their agreement to contribute the amounts proposed. We would be most appreciative if the remaining members could follow through with confirmation at their earliest convenience. Payment schedules are flexible and can be geared to members' budget timetables.

June 2016 Proposed Distribution of Member Contributions

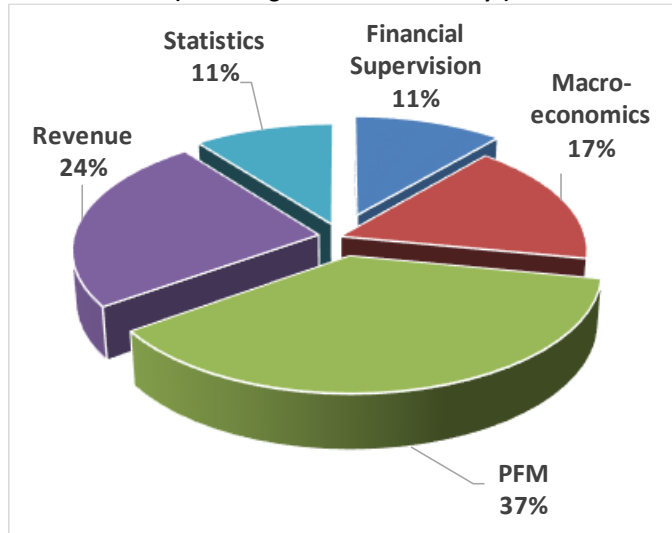
Countries	Proposed contribution per year (US\$000)	Confirmation of agreement to contribute
Papua New Guinea	250	Pending
Fiji	125	√
Timor-Leste	100	Pending
Solomon Islands	30	Pending
Samoa	30	√
Vanuatu	30	√
Tonga	20	Pending
Micronesia	20	Pending
Cook Islands	20	√
Palau	20	Pending
Marshall Islands	20	Pending
Kiribati	15	Pending
Nauru	15	Pending
Tuvalu	5	√
Niue	5	√
Tokelau	2	Pending

PFTAC Activity and Finances in the First Quarter of FY2017 (May-July 2016)

Overview

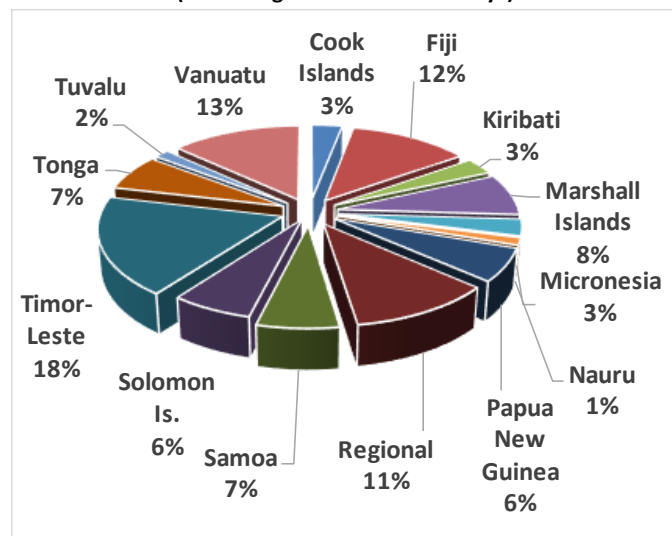
During the first quarter of PFTAC’s financial year (May-July) activity moderated, largely owing to the departure of some of PFTAC’s resident advisors. During the period, the total number of capacity development (CD) missions managed or carried out by PFTAC staff rose from the previous quarter to 36, including 28 country missions, and 8 regional workshops and seminars. However, the total number of mission days declined from 475 to 393 days, of which a little over half were conducted by STX or HQ-based staff. The share of TA in the areas of statistics and in financial supervision declined somewhat, reflecting the departures of resident advisors covering those sectors. Annex 1 provides a detailed listing of missions and workshops during the quarter.

Sectoral composition of PFTAC missions for May-July 2016
(Percentage of total mission days)



The major country users of CD during the quarter were **Timor-Leste**, **Vanuatu**, **Fiji**, and **Marshall Islands**. In **Timor-Leste**, TA focused on PFM (assessment of public investment management). In **Vanuatu** CD focused on macroeconomics (macro modeling and revenue forecasting) and revenue administration. In **Fiji**, CD covered a range of issues including PFM (accounting and reporting frameworks), Statistics (Government Finance Statistics), and macroeconomics (macro modeling and forecasting). In the **Marshall Islands**, CD focused on PFM (medium-term budgeting) and macroeconomics (macro modelling and forecasting). Additional details are shown in Annexes I and III.

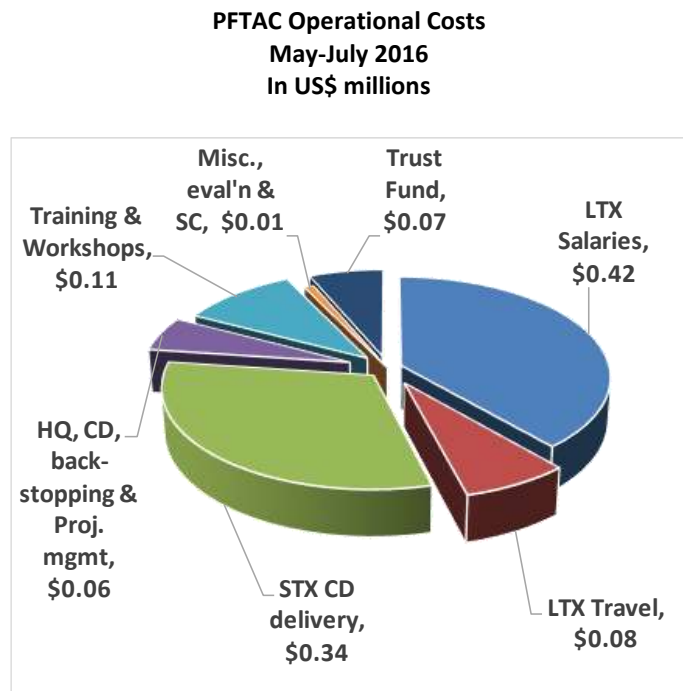
Geographic distribution of PFTAC missions for May-July 2016
(Percentage of total mission days)



During the quarter PFTAC continued to emphasize an increasingly cross-sectoral approach. In the **Marshall Islands**, for example, assistance with implementing a medium-term approach to budgeting was paired with assistance to strengthen the authorities’ financial management projection model, while in **Vanuatu** CD in the macroeconomic modeling area has been applied to analysis of tax reforms. In **Fiji**, an important element of the CD on strengthening macroeconomic modeling has involved improving the quality and availability of macroeconomic statistics.

The total donor cost of PFTAC operations during the May-July quarter were just over US\$1.0 million (based on PFTAC estimates), down significantly from the previous quarter, though more in line with the same quarter of FY2016. Although spending on STX was up compared with the previous quarter, spending on LTX salaries and travel was significantly lower owing to the departure of three of our LTX staff. (See Annex 2, Table 1).

Total contributions in Phase IV amounted to \$25.3 million. Details of donor contributions to PFTAC are shown in Annex 2, Table 2. With cumulative spending in Phase IV of \$23.2 million as of end-July, the remaining funds to cover PFTAC CD expenditure through to end-October amount to \$2 million. This should be sufficient to cover the planned work program in next quarter (see Annex 3), and leave a necessary cushion at the end of Phase IV to cover claims submitted after the end of the quarter.



III. Sectoral Technical Assistance Developments and Prospects

In this section, the advisors provide a discussion of key TA projects and work streams in the May-July quarter of FY2017 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 updated from the version presented at the PFTAC Steering Committee meeting in February. 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 2017 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. The IMF's Results-Based Management Framework, aligned with the 2016 PEFA,² divides these into six work-streams:

- PFM Laws and Institutions;
- Budget Preparation;
- Budget execution and control;
- Fiscal Reporting;
- Asset Management; and
- Fiscal Risks.

² PEFA: Public Expenditure and Financial Accountability

- 1. PFM Laws & Institutions.** The objective of this work-stream is to improve PFM laws and institutions. Major activities include assisting countries to conduct PEFA assessments and update PFM reform roadmaps, and update their PFM legal frameworks.
- **PEFA assessments and PFM Roadmaps.** PFTAC work on PEFA and Roadmaps during the quarter was concentrated on assisting with roadmap implementation in selected areas. During the quarter, [Cook Islands](#), [Tuvalu](#) and [Vanuatu](#) were in the process of updating/developing their new roadmaps. In April 2016, PFTAC conducted a seminar on PFM reform planning, and assisted Vanuatu in drafting the overall framework of the PFM Roadmap. Follow-up TA to Vanuatu is tentatively scheduled for September 2016, to review proposed reforms.
 - [Nauru](#), [Micronesia](#), and [Kiribati](#) are scheduled to do PEFA self-assessments in August, November, 2016, and April 2017, respectively, using the new PEFA framework launched by the PEFA Secretariat in February 2016. The 2016 PEFA framework³ has 18 additional dimensions. It promotes greater focus on medium-term fiscal planning, budgeting, and monitoring, as well as on management of assets, liabilities, and fiscal risks. Governments are expected to lead and do the self-assessment, after which priority reforms are formulated. PFTAC's main role is to facilitate better understanding and appreciation of the PEFA indicators and dimensions, and to provide guidance in reform planning and prioritization. The PEFA self-assessment in Nauru is being conducted simultaneously with DFAT's Assessment of National Systems.
 - As a tool for training the countries' PEFA assessment teams, PFTAC started updating the PEFA self-assessment workbooks to reflect the framework changes. These workbooks are designed to assist countries' PEFA assessment teams to score PEFA indicators and gather evidence to support the scoring. The workbooks include guidance in comparing the old and the new indicators/dimensions and how to determine performance changes. Related to this, work will commence in the next quarter on development of a Results-Based Management (RBM) framework for monitoring progress towards PFM objectives.
 - **PFM legal frameworks:** Having a comprehensive law clearly laying out basic PFM principles and identifying both Finance Ministry and Line Ministry responsibilities for implementing disciplined PFM is essential. Equally important is the need for updated PFM regulations or financial instructions specifying required steps for various types of financial transactions, as well as budget preparation and review processes, and accounting and financial reporting requirements. Progress of the work in this area included:
 - [Fiji MOF proposed revisions to its Financial Management Act:](#) PFTAC TA was provided initially by a short-term expert in September to October 2015. To date, a draft amended Act has been completed and forwarded by MOF to the Attorney General Office. Once the Act has been approved by the Parliament, further support is expected from January to April 2017, to amend the Finance Instructions consistent with the approved amendments. Related to these changes in legal framework are the recent change in fiscal year from calendar year to August to July, and change of scope of functions and name of the Fiji Ministry of Finance to Ministry of Economy, as initiated by the government.
 - [Samoa Ministry of Public Enterprises \(MPE\) improvements to guidelines on planning and financial reporting requirements for SOEs:](#) Initial TA was provided during February 2016. To date, the PFTAC-

³ The 2016 PEFA framework can be downloaded from the PEFA website (www.pefa.org).

proposed amendments to these planning and reporting guidelines have been adopted by MPE. The new Reporting Guidelines shall be introduced during the first quarter of reporting (August to October, 2016). Among the revisions made in the Planning and Reporting Guidelines were the formulation of a medium-term financial framework, disclosure of financial transactions between SOEs and with the central government, and disclosure of financial risks.

- **Fiji, Nauru, and the Solomon Islands:** Efforts in this work stream during the November-April period are expected to increase with assistance planned for Fiji, Nauru, and the Solomon Islands to revise their Financial Instructions.

2. Budget Preparation. The objective of this work-stream is for countries to develop more comprehensive, credible, and policy-based budgets. PFTAC places a high priority on improving budget preparation with particular emphasis on better integration of policy/project planning and budgeting within a medium-term framework. While some PICs have shown small gains on the PEFA indicator focused on a multi-year, policy focused perspective in fiscal planning and budgeting, this aspect of PFM in the PICs still is among the weakest of the PFM components assessed by the PEFA. Key areas for TA to assist with improved performance include:

- Cabinets developing and implementing a disciplined fiscal note process for all policy changes/projects being considered;
- Budget departments keeping track of expenditure implications or "tails" on policies/projects already approved in the past by Cabinets/Parliaments;
- Planning and budgeting departments incorporating the effects of demographic flows on costs of providing significant public services;
- Planners and budgeters building adequate fiscal buffers for debt service, asset repair/replacement, and response to natural disasters.

During the May-July Quarter, developments included:

- **Fiji:** The 2016 Fiji 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. PFTAC's planned work in this area from November 2016 to April 2017 is on continuing improvements in the program/activity level narrative in the annual budget document and improving the accuracy of medium-term expenditure estimates to implement already approved government policies/projects.
- **RMI:** During the Pension Workshop in RMI in late April, 2016, PFTAC advisers discussed with the Ministry of Finance their need for technical assistance on medium-term budgeting. This is planned tentatively during the January to April period.

3. Budget execution and control. The objective of this work-stream is better budget execution and control. Sound budget execution controls require effective commitment control, payroll control, virements control, monitoring of arrears, financial management information system, and other internal control procedures. PEFA assessments reveal that in general, PIC performance in several areas of budget execution remains weak. Weaknesses of budget execution controls, if not resolved sooner, will lead to bigger deficits and arrears in the future. Part of the budget execution work-stream is to support IFMIS⁴ reform, improving Treasury business processes, and internal audit. Recent developments include:

⁴ Integrated Financial Management Information System

- **PNG:** Since May 2014 PNG has received technical assistance from a PFTAC short-term advisor to restructure the operation of its Integrated Financial Management System (IFMS). Assistance continued during FY2016, including a mission in May 2016. As of the end of July 2016 the TA had enabled expansion of the system to 30 central government departments (compared to the 3 connected when assistance began last year), and the remaining 30 are due to be implemented by the end of 2016, depending on resource availability. The IFMS team has begun to plan their first implementation in a provincial and district environment, targeting East New Britain province and its districts as its first pilot. IFMS is currently used on a regular basis by over 2000 users across government. PNG's September 2015 PFM Reform Roadmap, prepared with assistance from PFTAC, placed high priority on completing the IFMS roll-out, recognizing that many accounting, financial management, and reporting weaknesses could be overcome with full implementation of the system. The Roadmap's tight prioritization of objectives under the leadership of Finance Secretary Dr. Ken Ngangan played a significant role in obtaining expanded commitments from DFAT and the EU to provide more TA support to the PNG Department of Finance to insure a sustainable roll-out and business process reform.
 - Several other countries are planning FMIS reforms. PFTAC will coordinate with the Asian Development Bank (ADB), to come up with a regional approach that will promote better conceptualization, planning, and execution of FMIS reforms. PFTAC TA would involve mainly recommendation of basic system control specifications, and review of treasury policies and processes that would contribute to the efficiency of the FMIS.
 - **Cook Islands** and **Kiribati:** Both countries have indicated intentions to explore FMIS reforms. PFTAC's current work plan anticipates TA for both countries in the November-April period.
 - **RMI:** TA is tentatively planned for RMI during the January-April period to improve the design of Treasury business processes, in preparation for the FMIS reform.
 - **Tonga:** Initial TA was provided in January 2016 to review the FMIS issues and recommend the way forward strategies. The recommendation then was for Tonga to first improve the accounting and reporting frameworks, as well as the Treasury processes, as these will contribute later to the implementation of the proposed FMIS reform. Support from other development partners was sought in procuring a new FMIS software that is planned in 2017.
 - **Vanuatu:** Initial TA was provided in 2014 with follow-up in October 2015, focusing on application of risk-based auditing standards, and training on the use of TeamMate, an auditing software. The IA Unit has improved its Audit Plan and Risk Assessment Framework, and staff have improved their work efficiency by using the TeamMate software. The Unit staff were also trained on conducting a payroll audit. Further support to review progress and gaps on the payroll auditing procedure, including a training on audit of other risk areas is tentatively scheduled in November, 2016.
 - **Fiji** also requested for TA on internal audit, but this will be planned on the second half of FY17.
 - A regional workshop on risk-based auditing will be conducted in cooperation with PASAI. PASAI and PFTAC will continue to promote a closer partnership among internal and external auditors in the region. This workshop is tentatively planned for December, 2016.
- 4. Fiscal Reporting.** The objective of this work-stream is to achieve improved coverage and quality of fiscal reporting, particularly through greater reliability, relevance, transparency, and timeliness of public sector financial information reporting. TA in this area includes review and development of accounting policies,

chart of accounts, accounting procedures, and presentation of financial reports. TA focuses primarily on countries implementing accounting reforms.

- **Fiji:** The first stage of PFTAC TA to Fiji, beginning in April 2015, was focused on adopting the international public sector accounting standards (IPSAS)-cash basis and the following are the outcomes:
 - PFTAC support in July 2016 to review the draft 2015 financial statements revealed that all of the IPSAS-cash basis standards have been fully complied with. The 2015 financial statements submitted for audit are an improvement from 2014 and would also be the first report of the Fiji government that: (i) presents its cash flows by Fund classification; (ii) discloses the breakdown of grant revenue, grant expenditures, and special expenditures; and (iii) explains major deviations from the original budget that was approved by the Parliament. Fiji started implementing a new debt reporting framework that was developed earlier with PFTAC support. Thus, more details of public debt were reported in the 2015 financial statements.
 - The next steps of the government will be geared towards strengthening the building blocks of an accounting system (policies and standards, Chart of Accounts, internal control procedures, and FMIS). To clarify the key elements and sequencing of the reform strategies, an updated government accounting reform framework was drafted with PFTAC assistance during May to July 2016.
 - PFTAC was requested to continue assisting Fiji MOF specifically in improving the accounting policies and Chart of Accounts. This TA is scheduled for September to December 2016, and February 2017, respectively.
- **Samoa:** TA to Samoa started in March 2016 when PFTAC conducted a comprehensive assessment of the gaps vis-à-vis international accounting standards, and recommended an accounting and reporting reform strategy. In July 2016, follow-up TA was provided to review the draft 2015-16 financial statements. The review found several improvements in the 2015-16 financial statements including:
 - Integrating in the report the financial transactions of all government funds, not only the Treasury Fund;
 - Disclosing additional details of cash flows such as: (i) third party payments (payments made directly by donors to suppliers and service providers as part of loans and grants to the government); and (ii) details of external assistance;
 - Comparing cost of government investments with the most recent financial performance of state-owned enterprises (SOEs).

The target is for Samoa to be in full compliance to IPSAS-cash by FY2016-17. Further TA is planned to continue during the August to September 2016 period.

- **Tonga:** PFTAC started TA to Tonga in early 2016 by assessing the gaps of existing practices vis-à-vis international accounting standards, and formulating a clear accounting and reporting reform strategy. One of the priority strategies is to develop a clear legal framework on the accounting standards to be adopted by Tonga. Thus, during the May to July 2016 period, PFTAC assisted in developing General Government Accounting Regulations which will become an integral part of the Treasury Instructions. Follow-up TA is expected to be requested in early 2017 for the improvement of the Chart of Accounts.

5. Asset and Liability Management. The objective of this work stream is improved integration of asset and liability management. TA in this area has two main components:

(i) 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. During FY2016 both PNG and Samoa requested assistance.

- **PNG:** Work in PNG resulted in the adoption of an improved cash management strategy and 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. Cash management TA for PNG is expected to continue in November 2016.
- **Samoa:** As recommended by PFTAC previously (November 2015), electronic fund transfers have now been introduced in all government bank accounts. Payments have become more timely as due dates are being monitored through the FMIS (Finance One), hence there are no outstanding payables at the end of the fiscal year. Daily and monthly reporting of actual versus forecast is now implemented.

During May to July 2016, improvements in the Cash Management Manual have been drafted with PFTAC assistance and are to be finalized in August 2016. Further staff training on the use of the seasonality module of cash flow forecasting has also been scheduled in August 2016. Follow-up TA is anticipated in the November to April 2017 period to improve cash planning.

- **Solomon Islands** has requested assistance to develop a cash management policy and strategy. That assistance is tentatively scheduled for November 2016.

(ii) Public investment and capital asset management: TA in this area is focused on developing the capacity of countries to meet the criteria on public investment and asset management as suggested in the February 2016 revised PEFA Framework (PI 11 and 12). This TA is integrated with the TA program on budgeting, accounting and reporting. PFTAC workshops on Expenditure forecasting have introduced some basic steps, including starting an asset register and simple procedures for using this information to derive estimates of annual set-asides for asset repair/replacement. In the May-July Quarter, TA was provided to Timor-Leste:

- A TA mission to **Timor-Leste**, led by IMF Headquarters staff, was conducted during July 19 to August 3, 2016, specifically to identify gaps and advise on reforms to strengthen the public investment framework, using the Public Investment Management Assessment (PIMA) Toolkit that was developed by the IMF Fiscal Affairs Department. Timor-Leste was the first among PFTAC countries to use the PIMA.

6. Fiscal Risks. The objective of this work-stream is to strengthen the identification, monitoring, and management of fiscal risks, particularly through strengthening Fiscal Oversight of State-owned Enterprises (SOEs), as these have created fiscal problems in many PICs. Because of emerging demands from PICs, PFTAC TA in this area was started early in FY2016 in Samoa.

- **Samoa:** The Ministry of Public Enterprises (MPE) has adopted PFTAC's recommendations made during the September 2015 mission. During May to July 2016, progress in implementation includes:
 - **Fiscal risks assessment:** MPE continued to monitor selected financial indicators of SOEs. To enhance MPE staff capacity, the PFTAC mission in July trained the staff on risk assessment based on an analysis of SOEs financial statements. The next step is for MPE to conduct a more comprehensive risk assessment as a basis for formulating the priority intervention strategies for each SOE. In support of this plan, the PFTAC mission also included a presentation of a model of a comprehensive risk assessment framework.

- **Fiscal risks reporting:** The 2016 first quarterly report to the Cabinet of the MPE included information on loan guarantees issued by government to SOEs. Likewise, the 2015-16 draft financial statements being prepared by the Ministry of Finance now include more details on government transfers to SOEs. The next step is for MPE to introduce the new reporting guidelines for SOEs in the next quarter. These guidelines were developed with PFTAC support in February 2016. During the July mission, PFTAC also presented a proposed outline of a more comprehensive and balanced reporting which will be adopted by MPE in its 2016-17 annual reporting.
 - **Fiscal risks mitigation:** The new Corporate Planning Guidelines which were developed during February 2016 with PFTAC support has been implemented by SOEs in preparing their 2017-2020 Strategic Plans. These plans now present a medium-term financial framework and risk management strategy of each SOE. However, MPE and MOF need to strengthen coordination to strengthen fiscal risk management. It is anticipated that further TA on this will be requested after FY17.
- **Social security/pension issues.** Any discussion of medium (or longer) term budgeting and planning cannot ignore addressing social security and pension matters. Because of their long-term nature, social security and pension programs must be very carefully developed and managed because they create both legal and moral obligations for governments. Article IV reviews have highlighted the challenges that will be faced by some PICs in financing the social security benefit promises that have been made to their citizens upon retirement. The PICs facing the biggest challenges include FSM, Palau and RMI. The difficulties that will face these social security systems are functions of a variety of factors including inadequate contribution levels, failure to enforce employer/employee contribution requirements, costly early retirement provisions, and loop-holes related to beneficiary designation.
 - A sub-regional workshop was conducted (in cooperation with IMF's Expenditure Policy Division) in late April 2016 for FSM, Palau and RMI to discuss these critical issues. As a result of the workshop, the RMI government has planned to create a Committee to study and recommend a sustainable long-term solution to the pension issues. The Ministry of Finance also planned to develop its capacity on medium-term budgeting. It is anticipated that RMI will send a TA request on this reform.

Regional Workshops and Seminars

PFTAC PFM advisors are involved in regional workshops and seminars. These were discussed in the topical sections above, but are highlighted again in this section for readers who want a comprehensive overview of regional activities:

- **A sub-regional workshop on defined benefit social security systems** was held in April 2016 for FSM, Palau, and RMI. It focused on issues related to both benefit policies and achieving sustainable financing. PFTAC advisers and IMF Pension Experts led discussions on several aspects of pension reform drawing on examples from many countries. The discussions emphasized the need for a balanced approach to reform that would include increased funding, cutbacks in early retirement, increasing the retirement age, and transitioning to a (lower) basic guaranteed uniform benefit. The presentations also emphasized the need to consider demographic changes during budget planning. The final day of the workshop was devoted to a briefing for the RMI President, members of her Cabinet, and some members of the Parliament.
- As part of strengthening regional coordination, PFTAC Adviser participated in 3 regional workshops initiated by regional institutions:

- A [World Bank workshop on Fiduciary management](#) held in Sydney, Australia on May 22-25, 2016. PFTAC recommendation was for development partners to continue sharing information and coordination on TA or training/workshop plans involving PFM-related issues. PFTAC advised PICPA⁵ to coordinate with World Bank regarding procurement training.
- A [PICPA workshop on asset management](#) held in Nadi, Fiji on May 30-31, 2016. Inputs were provided in the areas of asset registration, accounting, and reporting, and provision for asset maintenance in the budget.
- A [PASAI/INTOSAI⁶ workshop on Auditors' Strategy Framework](#) held in Auckland, New Zealand, on June 15-17, 2016. Inputs were provided in the areas of fighting corruption, promoting independence of Supreme Audit Institutions, auditing Sustainable Development Goals, and engaging with key stakeholders.

Planned Workshops:

- To enhance transparency and relevance in financial reporting in the region, a [regional workshop on Chart of Accounts/fiscal reporting is planned in March, 2017](#). This is a sequel of the November 2015 workshop on international accounting standards.
- To strengthen regional capacity on oversight of SOEs, a [regional workshop focusing on monitoring, assessment, and reporting of fiscal risks is planned during April, 2017](#). This will be the first of a series of planned workshops to respond to growing demands for TA in this area.
- A [joint PFTAC-PASAI workshop is planned for government auditors in December 2016](#), to enhance their appreciation of significant PFM issues and how they could better contribute in addressing them. This proposed auditing workshop was conceptualized as a result of the November 2015 joint workshop with PASAI on international accounting standards. In that workshop, PFTAC adviser presented the major risks confronting PICs. This presentation led to a proposal to hold a joint workshop on risk-based auditing. Meantime, the joint workshop on accounting standards have enlightened both accountants and auditors on the prerequisites, hence accounting reform transition plans were formulated by MOFs, and auditors' expectations were clarified.
- [During the November-April period, a follow-up sub-regional workshop on Expenditure Forecasting is planned](#) in cooperation with PFTAC's Macroeconomic Advisor.

Revenue Administration and Policy

Capacity building in revenue administration is focused on two key areas:

- Strengthening revenue administration management and governance arrangements;
- Strengthening core tax administration functions.

Progress towards these objectives is expected to pay off over time in terms of increasing administrative efficiency, increased equity of the revenue system, and improved domestic resource mobilization.

⁵ Pacific Islands Centre for Public Administration

⁶ PASAI: Pacific Association of Supreme Audit Institutions; INTOSAI: International Organization of Supreme Audit Institutions.

Strengthening revenue administration management and governance arrangements

PFTAC continues to support PICs in adapting their current business models towards a more function based approach which also incorporates strong emphasis on tax risk management.

Considering that these are new concepts for PICs good progress is being made with numerous PICs adopting a more functional approach and simultaneously rolling out compliance improvement strategies. PFTAC seminars “Managing Modern Administration” and “Compliance Risk Management” have played a constructive role in creating awareness of modernization opportunities and the benefits of introducing a compliance risk management framework.

- **Fiji:** In line with previous PFTAC recommendations Fiji has strengthened its operating model with emphasis on improving core tax functions and risk management. The new structure strongly emphasizes a more integrated relationship between Customs and Revenue in support of their integrated Compliance Improvement Strategy. Two new divisions created are important steps towards facilitating the implementation of reforms and driving compliance and risk management.
 - The Reforms and Transformation Team’s main responsibilities include change management and a team of business analysts responsible for facilitating the implementation of various projects, business process improvement, training of staff to conduct process mapping, the modernization of tax forms, and IT enhancements. The unit is also responsible for a special initiative geared towards addressing weaknesses identified through the IMF’s Tax Administration Diagnostic Assessment Tool (TADAT) which was carried out in February 2015.
 - The Risk Assessment and Planning Team has the responsibility for the overall design and monitoring of FRCA’s compliance improvement strategy, performing data analysis and providing FRCA’s Compliance Council with regular reports and compliance trends. The team has the added responsibility of monitoring and facilitating the implementation of recommendations flowing from PFTAC technical assistance missions.
- **Tonga:** Upon a request from the authorities PFTAC provided technical assistance to Tonga in supporting the design of a new functional structure implemented from July 1, 2016. Benefits include alleviating duplicated processes, sharpened accountability, improving coordination between activities and strong emphasis on risk and compliance management.
- **Solomon Islands:** A PFTAC IT mission provided the authorities with a number of opportunities to strengthen systems and core business processes. These included integrating registration processes, streamlining assessment processes and benefits of fully utilizing applications provided for by the IT system. Mission recommendations were also taken into account in the development of a new strategic plan.
- **Tuvalu:** A mission to review overall reform progress in Tuvalu identified an opportunity to strengthen the current organizational structure by adopting a deeper functional approach including a taxpayer services component. Recommendations have been accepted by the authorities with additional technical assistance to follow shortly.
- **Vanuatu:** As part of Vanuatu’s recently announced tax reform the authorities requested assistance in the design of a new organizational structure and governance arrangements. The mission worked closely with the authorities in the design of a functional model which makes a clear distinction between the role of headquarters (design, planning and support) and functional operational responsibilities.

Additional TA provided included the design of a project management framework to facilitate implementation of the reform program which includes the introduction of an income tax.

Pacific Island Tax Administration Association (PITAA) – Reaching new heights



The idea of a Pacific Island Tax Administration Association, to facilitate regional reform efforts, first emerged during a seminar organized by PFTAC in Tonga in May 2003 and culminated into the formation of the Pacific Island Tax Administration Association (PITAA). Gradually, and particularly over the last few years, PITAA has made considerable progress in providing a platform to improve tax administration across Pacific Island Countries. This has included establishing an interim secretariat, formalizing a constitution, a charter, collecting annual subscriptions from member countries and coordinating an increased number of regional training

activities. From a donor perspective, PFTAC has played a valuable role in supporting PITAA's strategic development through funding training programs and conferences, and facilitating regional knowledge sharing from which PICs have benefited.

Following this success, PFTAC assisted PITAA in the development of a strategic and business plan for the next five years that sets out the specific results that it wants to achieve and a course of action in achieving them. This includes: (a) defining more concisely the role that PITAA will play in stimulating regional cooperation and capacity building; (b) the development of regional training material and trainers to deliver the training; (c) whether an internship program could be developed to assist the less developed tax administrations develop expertise from their larger and more developed counterparts; (d) defining PITAA's relationship with PFTAC and other donors going forward; and (e) assistance in the design of taxpayer satisfaction surveys. A permanent Secretariat is currently being established with Fiji as the host nation. PITAA places on record and acknowledges the support that PFTAC has provided over the years in supporting the organization and its recent establishment as a permanent regional body.

Visvanath Das
Acting CEO
Fiji Revenue and Customs Agency

Strengthening Core Tax Administration Functions

PFTAC continues to support PICs in strengthening their core tax functions and over the last year focused primarily on improving taxpayer services and education, audit and collections enforcement. This has included the development of risk based compliance improvement strategies and risk treatments. Going forward additional technical assistance will be provided to further improve performance in these areas.

- **Kiribati:** Following the introduction of a new structure the Kiribati Taxation Division requested PFTAC assistance to evaluate its current audit program. The mission highlighted a number of key priorities going forward which included improved audit planning, fully utilizing the recently introduced audit case management system, improving risk management and improving audit skills. Additional technical assistance is scheduled to support these initiatives.

- **Federated States of Micronesia:** A PFTAC mission to review and assess the current status of on-time filing and payments, arrears and returns management was delivered. The mission worked closely with the authorities and identified a number of opportunities to significantly improve performance. A strategy and project plan has been developed and is currently under implementation.
- **Tonga:** Tonga's Ministry of Revenue and Customs introduced a taxpayer services function in 2014 and requested a PFTAC guidance to further improve the function. A range of recommendations were provided to further enhance the good work already done in this area which included the alignment of the services strategy to the Ministry's overall compliance improvement strategy.
- **Vanuatu:** PFTAC conducted a mid-term review of the Department of Customs and Inland Revenue's VAT Compliance Improvement Strategy and provided the authorities with recommendations to further strengthen implementation. A "dashboard" management system designed to monitor compliance activities is increasingly becoming an important management tool.

E-Filing and Payment in the Cook Islands



Recently the Cook Islands Revenue Management Division introduced RMS Web, which allows for taxpayers to file and pay their taxes electronically as well as allowing access for taxpayers and tax agents to their tax information online. Since the introduction of RMS Web in August 2015 there has been an increase in our VAT and PAYE tax revenues by an average of 6% and we currently have 30% of the VAT and PAYE taxpayer base now registered for our online services and filing their tax returns online. RMS Web continues to be very popular in the Cook Islands and we are seeing an average 4% increase of taxpayers registering for our online services each month.

In March this year Revenue Management successfully introduced the ability for taxpayers to file their income tax returns (including company and trust returns) online as well as streamlining our withholding tax returns to allow for information declared in the withholding tax returns to be captured more effectively for reporting purposes. The extension of RMS Web to allow for income tax returns to be filed and paid has further enhanced our online services provided to the public, especially as some of their tax details (employment and interest income) are pre-populated into their return when they go to complete it online. RMS Web has also seen improvements in business processes. Some of the lower value administrative tasks are now automated which allows for tax officers to focus on core compliance initiatives and risks.

Andrew Haig

Treasurer Controller: Revenue Management Division (RMD) – Cook Islands Ministry of Finance and Economic Management

Tax Reform

- **Vanuatu:** A National Revenue Review Project Team, recently appointed by Vanuatu's Ministry of Finance and Economic Management (MFEM), has been tasked with drafting a framework for modernizing Vanuatu's tax system and includes two main deliverables: (a) a review of the current tax policy regime and introducing an Income Tax (as previously recommended by the IMF); and (b) a review of the current organizational structure and governance arrangements. Technical Assistance to support

Deliverable (b) has been provided and sets the scene for more efficient and effective revenue administration.

Upcoming Regional Activities

- **Improving tax compliance in the tourism sector.** As part of the Compliance Risk Management approach, those countries that have developed tourism sectors, requested PFTAC assistance to: (i) gain a better understanding of their tourism sectors through data analytics; and (ii) develop a risk management framework that involves a structured approach in identifying, assessing, prioritizing, and mitigating tourism tax risks. This workshop was well aligned to PFTAC's strategy of assisting Pacific Island Countries develop more expertise in examining raw data to make better and more focused compliance management decisions.
- **Revenue forecasting workshop – promoting the linkages between Revenue Administration, the Ministry of Finance and Treasury.** This, the second workshop on this subject, highlighted the benefits of working together to achieve a better understanding of revenue trends, compliance gaps and opportunities to generate more revenue through efficiencies and further institutionalize PFTAC's strategy to highlight the important linkages between a compliance improvement strategy, data analysis, performance management and measurement and the use thereof in modern revenue administration.
- **Pacific Island Tax Administration Association (PITAA) conference.** The 3-day conference, "PITAA Entering the New Era" will include subjects ranging from BEPS, e-taxation, managing revenue administration reforms and PIC's delivering presentations on reforms achieved in their respective countries.

Financial Sector Supervision

PFTAC's financial sector capacity building focuses on 3 main objectives:

- Strengthening legal and regulatory frameworks for banks;
- Strengthening bank supervisory processes;
- Strengthening legal frameworks and supervision of non-bank financial institutions.

During the May—July quarter, PFTAC's TA focused on bank supervision, with emphasis with on-site bank examination and credit union reporting:

Bank Supervision

This quarter saw the continued implementation of PFTAC's on-site examination program. Following the 2015 roll-out of the program and ensuing regional workshops a number of countries opted for bilateral technical support aimed at improving their on-site examination programs. This was provided by a number of short term experts which were used to provide targeted support.

- **Samoa:** A technical mission was held in May to assist the Central Bank with executing the on-site examination of a Public Financial Institution. The staff of the Central Bank was provided with the services of a short term expert as part of PFTAC's continued on-site examination program in Samoa. This was our third mission which aimed at expanding on previous training and concentrated on credit risk. The expert provided additional content to an examination manual the Central Bank is developing, based on a template developed by PFTAC. The mission was completed with the drafting of a report outlining the findings of the

examination which will be submitted to senior management and eventually to the examined financial institution for their review and consideration.

- **Timor-Leste:** PFTAC provided technical advisory support to the Central Bank with planning the implementation of an on-site examination program to be developed for the staff of the Banking Supervision Department. The program will include the development of a comprehensive on-site examination manual, a set of examination working papers and an off-site supervision framework.

Credit Union Legislation and Supervision

The credit union program continued this quarter in Fiji, Papua New Guinea, and Timor-Leste:

- **Fiji:** This quarter the Reserve Bank of Fiji held two public consultation sessions aimed at providing the credit union sector with an opportunity to comment on the proposed Credit Union Act. The sessions were chaired by representatives from the Reserve Bank with technical support provided by the PFTAC Resident Advisor. The consultation process included a detailed review of every section of the Act, which provided participants with an opportunity to comment and make recommendations as to potential changes based on how the sector operates in Fiji. Over 50 representatives from 22 credit unions were in attendance.
- **Papua New Guinea:** The Savings and Loan Societies of Papua New Guinea held their annual technical workshop this quarter. On the behest of the Bank of Papua New Guinea the PFTAC Resident Advisor attended the event and delivered a three-day workshop on topics relevant to the credit union sector, including the introduction of sector specific financial statements, ratio analysis and PEARLS standards. In excess of 30 participants representing 15 credit unions attended the sessions.
- **Timor-Leste:** The Central Bank received PFTAC technical support for its assessment of the financial health of its credit union sector in anticipation of the government's enacting a new Credit Union Act and placing its oversight under the administration of the Central Bank. Meetings were held with credit union sector representatives which culminated with an analysis of the sector's financial position. A presentation was made by PFTAC on credit union ratio standards and how the sector fared against international standards.

Association of Financial Supervisors Pacific Countries (AFSPC)

The Financial Institutions Commission of Palau hosted the Association's annual meeting this June in Koror. Under the theme "Natural Disaster Preparedness and Recovery Planning " representatives from member countries gathered to discuss and exchange on the theme. PFTAC presented a sample Regulation during a workshop held to establish guidelines on how a regulatory agency should prepare its sector for any eventualities. This will ensure that business continuity planning forms an integral part of the overall risk management of an institution and that business continuity process are documented and embedded in an organization's operations.

PFTAC recommended that supervisors consider developing protocols for managing operational risks associated with natural disasters. The group was introduced to guidelines outlining the minimum requirements that financial institutions should implement to ensure that business operations are not adversely affected in the event of a disruption. It is envisaged that by implementing a directive, supervised financial institutions will both reduce the likelihood and impact of operational disruption and ensure business continuity in order to maintain public trust and confidence in the financial sector.

One day was earmarked for the review by the IMF of the recently published questionnaire on the Basel Core Principles on Banking Supervision. The annual meeting component provided an opportunity for each delegate

to outline their current activities and challenges. The meeting adjourned with a series of recommendations on the type and level of technical assistance the group would prioritize over the next year.

Macroeconomic Statistics

Over the May-July quarter, we entered an interim phase of providing real sector statistical assistance using one long-term national accounts advisor; this followed the retirement of the other real sector advisor at the end of April. Up to the end of the current Phase IV in October, PFTAC is also funding a limited number of government finance statistics (GFS) and balance of payments (BOP) missions, staffed by short-term experts. In December, PFTAC expects to appoint a second long-term advisor specializing in GFS. Both advisors will make limited use of short-term experts to provide additional regional coverage.

During the quarter, national accounts technical assistance was provided to [Nauru](#) and [Solomon Islands](#) while assistance on GFS was provided to the [Cook Islands](#) and [Fiji](#).

Macroeconomic statistics assistance work centers on enhancements in three broad areas:

- **Methodological improvements:** data are compiled using the concepts and definitions of the latest manual/guide; data are compiled using appropriate statistical techniques
- **Source data improvements:** source data are adequate for compilation purposes
- **Building capacity:** staff become more skilled in terms of source data, methods, documentation and dissemination

These focus areas are drawn from the IMF Statistics Division's new Results Based Management (RBM) framework indicator sets for macroeconomic statistics.

Methodological improvements

For the national accounts, a key regional challenge is ensuring measures of GDP remain relevant to current economic conditions and move towards consistency with the *2008 System of National Accounts*. This is primarily achieved through the major periodic task of 'rebasings', which uses detailed, infrequent sources such as censuses and household surveys to create comprehensive current price estimates for a recent year, which then provide revised weights for volume estimation. Rebasings is recommended at least every five years and no more than every ten to avoid major step changes; in most PFTAC countries, base years are at or beyond ten years old, during which time significant changes in supply and demand preferences have taken place. Rebasings exercises should therefore be moving to the top of many statistical agendas, with appropriate multi-mission plans set out to complete the work.

- **Solomon Islands:** In July, a follow-up mission to the Solomon Islands continued work on the many benchmarking and re-referencing tasks required to rebase GDP by production and expenditure from 2004 to 2012, the majority of which have now been done. While the previous mission (February) focused solely on GDP by production, the latest mission worked more on the expenditure side and reviewed the bulk of methods used, in particular those for the household sector, which are derived mainly from the *Solomon Islands 2012/13 Household Income and Expenditure Survey (HIES 2012/13)*. Part of the mission was spent working with the Australian Bureau of Statistics (ABS), which is assisting Solomon Islands in rebasing and expanding its Consumer Prices Index (CPI) by 2017. Both GDP and CPI

rebasings will rely heavily on estimates of household final consumption expenditure (HFCE) derived from the *HIES 2012/13* so coordination is crucial to ensure consistency (see box 3).

Source data improvements

Pacific island countries tend to face geographical and financial constraints that hinder their abilities to collect robust survey information to inform macroeconomic statistics. One way around this is to re-use existing administrative data collected by other government departments. For the **national accounts**, although such data are not usually tailor-made to produce estimates of GDP, with conceptual adjustments they can provide rapid, regular, broad-based and relatively costless alternatives or complements to less frequent, bespoke data collections. A common theme of PFTAC's work is therefore the fostering of data-sharing between tax and revenue departments and statistics offices, which is sometimes difficult due to national legislation.

- **Nauru:** PFTAC conducted a mission in June to assist them in forming first estimates of GDP for FY15. Nauru's very small size, coupled to a near-absence of survey data, places a heavy reliance on the Nauru Bureau of Statistics (NBS) obtaining audited government and private corporations' accounts. The mission accompanied NBS representatives on visits to most of the major enterprises on the island and assisted in securing up-to-date accounting information by explaining how the data would be used and why it was needed.

Where survey data do exist, they are often under-utilized due to capacity constraints. Though most countries lack a good range of regular economic surveys, the majority do benefit from HIES's every five years or so. These are essential in forming new annual benchmarks and their interpretation enmeshes the themes of data and methods improvements. Household production and expenditure forms a significant part of most developing economies but is difficult to observe or model due to its informal nature. While these surveys have improved and expanded at each iteration, their correct interpretation in the wider economic perspective requires open dialogue and coordination between TA providers in the region.

Inter-agency work on Solomon Islands' HIES 2010

Solomon Islands GDP is currently on base year 2004 with much of the benchmark information on households' informal activities derived from the *Solomon Islands 2005/06 Household Income and Expenditure Survey (HIES 2005/06)*. Since then, unobserved changes in informal activity have been extrapolated using population and prices changes. In rebasing to 2012, similar use is being made of the latest survey, the *HIES 2012/13*, to determine new benchmarks that can be compared to existing extrapolated 2012 levels.

Both surveys were carried out by the Solomon Islands' National Statistics Office (SINSO) with technical assistance from the Secretariat of the Pacific Community (SPC). Since publication of the *HIES 2012/13*, and in particular from the run-up to the July mission, PFTAC has worked with SINSO, the SPC and now the ABS in understanding the nature of the results and how they translate into national accounts concepts of gross value added, HFCE and the CPI.

A useful development in the *HIES 2012/13* is that it collected much richer information on income than the previous *HIES 2005/06*). This, in theory, allows for existing expenditure-based estimates of household production of agriculture and handicrafts to be replaced with more direct income-based estimates. However, discerning changes in economic behavior from changes in the measurement approach requires thorough

investigation with input from various regional experts to reach some form of consensus on models and assumptions common to different macroeconomic statistics.

This work provides a salient example of just one area where joined-up analysis can yield improvements in data quality and of how PFTAC is committed to fostering broader collaboration on economic statistics assistance in the region.

Assistance on GFS during the May-July quarter largely focused on improvements in the collection and use of source data:

- **Cook Islands:** In May, a mission helped the authorities to compile annual public sector estimates for financial years 2009-2013 in *Government Finance Statistics Manual 2014* format. Work was also carried out to improve institutional units' sectoral classifications and to explore options to use more additional data to broaden coverage and produce sub-annual figures.
- **Fiji:** In July, a mission assisted the authorities by reviewing and finalizing the sectorization of the public sector and general government units and to review progress on the collection of additional data required to compile consolidated general government and consolidated non-financial public sector GFS.

Building capacity

Capacity levels at national statistics agencies in the Pacific region are often low and concentrated in one or two individuals. The risk this presents to the regular publication of good-quality economic statistics is all too real, as individuals often change posts without a trained understudy to take their place. This undoes previous training provided and places the onus on PFTAC to provide supplementation when publication deadlines are approaching. Staff recruitment and retention are structural issues that are difficult to address during task-focused visits, but work to build business continuity through encouraging task-sharing and the compilation of desk instructions offer two ways of reducing publication risk and retaining capacity.

In **Solomon Islands**, PFTAC supported the current approach adopted by SINSO to share GDP compilation work across two staff. It has also set out a key action for SINSO to aim to produce detailed desk instructions once rebasing work has been completed and new methods and processes have been finalized. Ideally, this type of work should be led by newer staff members who can use it as a learning exercise. For the more experienced staff providing technical input, the process of explaining procedures often provides them with new understanding and may reveal areas where simplifications can be made.

Updated work plan for 2016-17

National accounts work

National accounts missions will continue to focus on the core themes of improving methodology, sources and capacity, tailored to the individual needs of each country. The majority of beneficiaries produce estimates of annual GDP by production with less than half also producing estimates by expenditure or income (**Fiji, FSM, Palau, RMI, Solomon Islands, Tonga, Vanuatu**) and even fewer on a quarterly basis (**Fiji, the Cook Islands, Samoa**). In Fiji, Kiribati and Samoa, measures of GDP by expenditure are at various stages of development and TA will in part look to foster further progress. Apart from Samoa and Tonga, the weights used to calculate

constant price estimates (the ‘base years’) in other countries range from 2004 to 2006 and hence resource-intensive ‘rebasings’ work is required to make the estimates relevant and accurate. While plans to rebase have been set out in most of this group, for the very smallest countries such as [Nauru](#) and [Niue](#), TA work will continue to provide supplementation, with a primary focus of directly compiling updated annual estimates. In total, around 20 national accounts TA missions are expected to take place in FY17 with half carried out by short-term experts.

Within the Phase V budget envelope, we expect to carry out two targeted, **sub-regional training courses** this financial year: one to assist compilers from [PNG](#), [Solomon Islands](#) and [Vanuatu](#) and another to assist compilers from [FSM](#), [Palau](#) and [RMI](#). The locations for each course are yet to be determined but will be in one of the beneficiary countries or close by to ensure cost efficiency.

Government finance statistics work

A limited PFTAC-funded delivery schedule is in place up to October 2016 using short-term experts. Provision of TA and training is expected to ramp up following the **appointment of a long-term GFS advisor in Phase V**. The post is expected to begin December.

Balance of payments work

The Japan Sub-Account (JSA) project also funded BOP TA for IMF members in the region, while a limited PFTAC-funded TA covered non-members. The latter stream will continue until October 2016 but **no funding is anticipated to be available for such work in Phase V**.

Macroeconomic Analysis and Forecasting

The macroeconomic analysis and forecasting program seeks to achieve three main outcomes:

- The formulation of fiscal and monetary policy is based on empirical based analysis;
- Countries undertake medium-term projections, fiscal planning and budgeting to ensure policies and debt levels are sustainable;
- Long-term fiscal pressures are identified and addressed.

To achieve these outcomes, activities focus on assisting countries to develop integrated macroeconomic and fiscal frameworks for use in policy analysis, forecasting and debt sustainability analysis; on strengthening inter-agency coordination; and on sharing experience and expertise among policy analysts and advisors across the region.

Having an integrated macroeconomic and fiscal framework is important for medium-term planning. In an integrated framework revenue forecasts are driven by the outlook for the economy and the effects of compliance improvement and risk management strategies by the tax administration. Government expenditure forecasts, on the other hand, are based on past, current and future spending commitments.

Further progress was made during the first quarter of FY2017 in developing macroeconomic and fiscal frameworks and applying them in policy analysis.

Macroeconomic and fiscal frameworks:

- Fiji:** The Reserve Bank of Fiji (RBF) is leading the upgrade of the Fiji financial programming framework, which was one of the first macroeconomic and fiscal frameworks to be developed in the Pacific. PFTAC is assisting with the enhancement of the core framework and a cross-institution workshop, hosted by the RBF, took place in late August to progress further development of the framework jointly. The aim is to build a macroeconomic and fiscal framework that can be used by staff at the Reserve Bank of Fiji and the Ministry of Economy to evaluate macroeconomic performance and identify vulnerabilities, to prepare policy scenarios, and to evaluate the sustainability of policies, including debt sustainability. Timely and accurate data are crucial for empirical based analysis and staff at the Fiji Bureau of Statistics (FBoS) are providing key input into the development of the framework. The fiscal sector of the upgraded framework adopts government finance statistics (GFS) methodology, which produces internationally comparable fiscal data and is particularly useful for sustainability analysis. The Ministry of Economy currently compiles monthly GFS data for budgetary central government. FBoS' intention is to produce general government GFS, which will allow for more complete fiscal analysis.
- Marshall Islands:** The Ministry of Finance and the Economic Policy, Planning and Statistics Office (EPPSO) are collaborating to develop the Marshall Islands Fiscal Model (MI-FM). The MI-FM builds around the GFS produced by EPPSO and the US Graduate School economic forecasts. The innovative feature of the MI-FM is the detailed public expenditure forecasts that underlie the medium-term fiscal projections. Methodology and processes are being developed to include future costs ("cost tails") associated with past Cabinet or Parliament policy or project decisions and cost estimates of policies or projects that are highly likely to be implemented but have not yet been formally approved by Cabinet or Parliament. The MI-FM will serve as a template for enhancing fiscal projections in other countries. Moreover, it will allow assessing the implications of some grants terminating in 2023 under the Amended Compact Agreement and the impact of shocks.
- Vanuatu:** The Ministry of Finance and Economic Management has been enhancing the revenue forecasting framework within the Model of the Vanuatu Economy (MOVE), which the Reserve Bank of Vanuatu has been developing. The plan is for the Macroeconomic Committee (MEC), which comprises members from the Department of Finance and Treasury, the Prime Minister's Office, the Reserve Bank of Vanuatu, and the Vanuatu Statistics Office, to formally endorse the MOVE to inform the official gross domestic product (GDP) forecasts for the next three years produced and published by the MEC. Currently, the MOVE is being used by the Tax Policy team to evaluate different tax reform scenarios, including the introduction of an income tax, to advise the Government on options, and to help prepare for public consultation. Moreover, the results from the tax reform analysis are informing the modernization of the tax administration and resources needed to implement an income tax. The MOVE is also being used to prepare tax revenue forecasts for the upcoming budget.

Enhanced regional cooperation in macroeconomic analysis and forecasting:

GDP is a key macroeconomic indicator underlying the fiscal projections and balance of payments forecasts in macroeconomic and fiscal frameworks. A sub-regional workshop is planned with the PFTAC Macroeconomic Statistics Advisor and participants from the national statistics offices, central banks and ministries of finance on the compilation of the national accounts and GDP forecasting.

Work is also under way for strengthening south-south cooperation in the region in the area of macroeconomic analysis and forecasting.

**Annex 1: PFTAC Missions
Workshops, Meetings and Training
TA Reports transmitted to Country Authorities**

May-July 2016

Country Technical Assistance

Public Financial Management

Country	Description	Advisor Type	Mission Days	RBM Codes
Fiji	Strengthen accounting and reporting frameworks	Resident Advisor	16	4.1
Marshall Is.	Support for development of 2017 Budget & Medium-term estimates	Resident Advisor Resident Advisor	12	2.3
PNG	Support for IFMS implementation	Short-term Expert	17	3.1
Samoa	Improve cash management	Short-term Expert	7	5.2
	Improve financial reporting	Resident Advisor	4	4.1
	Improve Fiscal Oversight of SOEs	Resident Advisor	2	4.1
Timor-Leste	Public investment management	IMF	32	3.3
	Public investment management	Short-term Experts	32	3.3
Tonga	Follow-up TA to improve accounting and reporting	Resident Advisor	10	4.1
	Attended the Development Partners Forum	Resident Advisor	2	1.2
Regional	Participation in Fiduciary Management Workshop by World Bank	Resident Advisor	2	1.2
	Participation in Symposium on Asset Management by PICPA	Resident Advisor	2	5.4
	Participation in PASAI workshop on Strategy Framework for Supreme Audit Institutions	Resident Advisor	3	4.3
	Workshop for PFM advisors by Fiscal Affairs Department, IMF	Resident Advisor	5	1.2

Revenue Policy & Administration

Country	Description	Advisor Type	Mission Days	RBM Codes
Kiribati	Strengthen the Audit function	Short-term Expert	12	2.5
Micronesia	Strengthening arrears management	Short-term Expert	12	2.4,2.5
Solomon Is.	Develop an IT Strategic Plan	Short-term Expert	13	1.3
Tonga	Taxpayer Services Review	Short-term Expert	14	2.2
Tuvalu	Review Tax Reform	Resident Advisor	3	1.1
Vanuatu	Review organizational structure	Short-term Expert	12	1.2
	Review implementation of CIS	Resident Advisor	12	1.5
Regional	Develop a Strategic Plan for PITAA	Short-term Expert	5	1.5
	Tourism Compliance Workshop	Short-term Expert	10	1.2
	OCO Conference	Resident Advisor	3	1.5

Financial Sector Supervision

Country	Description	Advisor Type	Mission Days	RBM Codes
Fiji	Credit Union Capacity Building	Resident Advisor	6	3.3.4
PNG	Credit Union Capacity Building	Resident Advisor	7	3.3.4
Samoa	On-site examination program	Short-term Expert	12	3.3.4
Timor-Leste	Credit Union Capacity Building	Resident Advisor	8	3.3.4
Regional	Annual Meeting of the Financial Supervisors (PICs)	Resident Advisor	5	3.3.3
	PFTAC Orientation	Short-term Expert	6	n.a.

Macroeconomic Statistics

Country	Description	Advisor Type	Mission Days	RBM Codes
Fiji	Government Finance Statistics	Short-term Expert	12	10.3
Cook Islands	Government Finance Statistics	Short-term Expert	12	12.3
Nauru	National Accounts – Compilation of GDP estimates by production & methodology improvements	Resident Advisor	5	9.2,11.1
Solomon Is.	National Accounts	Resident Advisor	12	9.1

Macroeconomic Analysis and Forecasting

Country	Description	Advisor Type	Mission Days	RBM Codes
Fiji	Develop the Fiji financial programming framework and facilitate a cross-institution workshop	Resident Advisor	20	5.2
Marshall Is.	Enhance the usability of the RMI Financial Management Model (FMM)	Resident Advisor	18	5.2
Vanuatu	Support the analysis of tax reform options	Resident Advisor	14	5.1
	Support the use of the MOVE in preparations for the IMF Article IV	Resident Advisor	14	5.2

Meetings, Seminars and Training

TA Sector	Description	Location	Advisor Type	Mission Days	No. of Participants	RBM Codes
PFM	World Bank Fiduciary Management Workshop by	Aust.	Resident Advisor	2	..	1.2
	PICPA Symposium on Asset Management	Fiji	Resident Advisor	2	..	5.4
	PASAI workshop on Strategy Framework for Supreme Audit Institutions	N.Z.	Resident Advisor	2	..	4.3
Revenue	Develop a Strategic Plan for PITAA	Fiji	Short-term Expert	5	12	1.2
	Tourism Compliance Workshop	Fiji	Short-term Expert	10	17	1.2
	OCO Conference	Fiji	Resident Advisor	3	..	1.5
Financial Supervision	Annual Meeting of the Financial Supervisors (PICs)	Palau	Resident Advisor	5	10	3.3.3
Macroeconomics	Financial programming framework to facilitate a cross-institution workshop	Fiji	Resident Advisor	20	31	5.2

TA Reports Transmitted to Country Authorities

TA Sector	Country	Title of Report
Revenue	Kiribati	Strengthening the Audit Function
	Micronesia	Strengthening Return and Payment Collection Management
	Tonga	Improving Taxpayer Services
	Tuvalu	Review Tax Reform Progress and Determine Future Technical Assistance Needs
	Vanuatu	Review Implementation of the 2015-2016 Compliance Improvement Strategy Review of organizational structure and governance arrangements
Financial Sector Supervision	Fiji	Credit Union Reform Program Technical Mission
	Samoa	On-site Examination Program Third Technical Assistance Mission
	Timor-Leste	Credit Union Reform Program Technical Mission
	Papua New Guinea	Savings and Loans Societies Reform Program Technical Mission

Annex 2: PFTAC Expenditure and Income: FY2017

Table 1: PFTAC Expenditure First Quarter FY2017
(US\$)

Expenditure Area	FY2016				FY2017	
	Q1-IMF	Q2-IMF	Q3-IMF	Q4-IMF	Q1-PF	Q1-IMF
Salaries	533,494	465,369	530,332	559,442	424,451	424,451
Short-term experts	233,390	659,651	399,287	247,692	338,037	225,842
Travel	-58,212	173,779	23,870	198,321	78,220	24,506
Seminars	-54,923	106,326	143,016	394,048	110,295	12,418
Staff TA delivery	13,145	95,244	4,151	4,928	18,553	18,553
Miscellaneous	-46	9,364	11,284	24,776	9,062	2,466
Backstopping	30,550	40,496	52,581	70,867	29,676	29,676
Project management	14,964	13,463	23,758	29,702	15,167	15,167
Total TA Delivery	712,362	1,563,692	1,188,279	1,529,776	1,023,461	753,079
Evaluation	-17,486	42,705	0	0	0	0
Total Trust Funds (7%)	48,641	112,448	83,180	107,084	71,642	52,716
TOTAL	743,521	1,718,845	1,271,455	1,636,860	1,095,103	805,795

Table 2: Status of Financial Contributions
As of 30 July 2016
(Currency as indicated)

Phase IV - Signed Agreements	Secured (US\$ dollars)	LOU Status	Contribution Currency	Pledge (Contribution Currency)	Contributions Received (US\$)	Balance (US\$)
ADB	1,000,000	<i>signed 7/29/2011</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	0
FAA transfer of remaining funds:						
New Zealand	165,058	<i>Completed 12/2015</i>	<i>U.S. dollars</i>	165,058	165,058	-
<i>Subtotal</i>	165,058					
Grand Total	25,292,082				25,292,082	0

Annex 3: PFTAC Work plan FY2017: May 2016 - April 2017

Public Financial Management

Public Financial Management Work Plan: May 2016-April 2017						
Measurable Outcomes	Country	Progress against Milestones at end-FY2015 ¹	Planned Activity May 2016-April 2017	Person days	Relevant Milestone	Comments
1.0 Improved PFM laws and institutions						
1.1 More comprehensive legal frameworks covering all stages of the PFM cycle are enacted						
	Fiji	<u>2</u>	Develop amended Financial Instructions based on amended PFM Act	STX:32	IMF RBMF:PFM 1.1.1. Governments approve changes to legal frameworks or financial instructions in order to achieve PFM in line with recognized good international practices	Tentatively planned January 2017
	Nauru	<u>2</u>	Revise Financial Instructions	STX:32	IMF RBMF:PFM 1.1.1. Governments approve changes to legal frameworks or financial instructions in order to achieve PFM in line with recognized good international practices	Tentatively planned March/April 2017
	Solomon Islands	1	Develop Financial Instructions on Constituency Fund and review of other draft instructions	STX:18	IMF RBMF:PFM 1.1.1. Governments approve changes to legal frameworks or financial instructions in order to achieve PFM in line with recognized good international practices	Tentatively planned March 2017; The authorities have drafted some of the relevant sections for further review.
1.2 The capacity of ministries of finance to meet the PFM responsibilities are strengthened						

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: May 2016-April 2017

Measurable Outcomes	Country	Progress against Milestones at end-FY2015 ¹	Planned Activity May 2016-April 2017	Person days	Relevant Milestone	Comments
	FSM	1	Support to PEFA self-assessment & Roadmap Development	LTX; 32 STX: 21	<p>IMF RBMF:PFM 1.2.1. At least 1 PEFA assessment conducted in each PFTAC country during the funding cycle with significant country staff involvement and ownership involvement and ownership</p> <p>IMF RBMF:PFM 1.2.2 Priority Reform road maps developed with significant involvement and ownership by country officials following each PEFA assessment, including support to high-level dialogue</p>	Tentatively scheduled for November 2016, the mission will assist authorities to prepare a PEFA Self-assessment using the 2016 PEFA Framework and update a draft PFM Reform Roadmap that started in 2013. A follow-up visit will also be carried out tentatively in February 2017.
	Kiribati	1	Support to PEFA self-assessment & Roadmap Development	LTX; 24 STX: 21	<p>IMF RBMF:PFM 1.2.1. At least 1 PEFA assessment conducted in each PFTAC country during the funding cycle with significant country staff involvement and ownership involvement and ownership</p> <p>IMF RBMF:PFM 1.2.2 Priority Reform road maps developed with significant involvement and ownership by country officials following each PEFA assessment, including support to high-level dialogue</p>	Tentatively scheduled for February 2017
	Nauru	1	Support to PEFA self-assessment	LTX: 12 STX: 42	IMF RBMF:PFM 1.2.1. At least 1 PEFA assessment conducted in each PFTAC country during the funding cycle with significant country staff involvement and ownership involvement and ownership	PEFA assessment is tentatively scheduled mid of August, 2016. This will be done in conjunction with the DFAT of Australia. The mission will also assist in developing a PFM Reform Roadmap. A follow-up visit will also be carried out tentatively in October, 2016.

Public Financial Management Work Plan: May 2016-April 2017

Measurable Outcomes	Country	Progress against Milestones at end-FY2015 ¹	Planned Activity May 2016-April 2017	Person days	Relevant Milestone	Comments
	Vanuatu	2	Review PFM Reform Roadmap	LTX: 5	IMF RBMF:PFM 1.2.2 Priority Reform road maps developed with significant involvement and ownership by country officials following each PEFA assessment, including support to high-level dialogue	PEFA self-assessment was conducted in June 2015. Initial TA in reform planning was provided in April, 2016. Two Follow-up visits are tentatively planned in June and in September, 2016, to assist in developing the roadmap.
	Regional		Support to Steering Committee meeting	LTX:12		This is an annual activity.
2.0 Budget preparation becomes more comprehensive, credible and policy oriented						
2.2 A more comprehensive and unified annual budget is published						
<i>[Note: No activities currently planned in this area]</i>						
2.3 A more credible medium-term budget framework is integrated with the annual budget						
	Fiji	3	Continued refinement of budget documents and process	LTX:5	IMF RBMF:PFM 2.3.1 Budget process shows evidence of a multi-year perspective in fiscal planning, expenditure policy and budgeting.	Continuation of mentoring started in 2014
	RMI	1	Support for Development of 2017 Budget & Medium-term Estimates (with Macro Advisor)	LTX: 18	IMF RBMF:PFM 2.3.1 Budget process shows evidence of a multi-year perspective in fiscal planning, expenditure policy and budgeting.	Scheduled for May 2016
	Regional		Sub-regional workshop on incorporating demographic changes into budget processes (with Macro Advisor)- North Pacific	LTX: 7	IMF RBMF:PFM 2.3.1 Budget process shows evidence of a multi-year perspective in fiscal planning, expenditure policy and budgeting.	Tentatively scheduled for the Nov 2016 - April 2017 period. Continues efforts started in FY2016 to improve medium-term expenditure forecasting

Public Financial Management Work Plan: May 2016-April 2017

Measurable Outcomes	Country	Progress against Milestones at end-FY2015 ¹	Planned Activity May 2016-April 2017	Person days	Relevant Milestone	Comments
	Regional		Sub-regional workshop on incorporating demographic changes into budget processes (with Macro Advisor)- South Pacific	LTX: 7	IMF RBMF:PFM 2.3.1 Budget process shows evidence of a multi-year perspective in fiscal planning, expenditure policy and budgeting.	Tentatively scheduled for the Nov 2016 - April 2017 period. Continues efforts started in FY2016 to improve medium-term expenditure forecasting
3.0 Improved budget execution and control						
No activities planned						
3.1 Controls over expenditure commitments and payments are strengthened						
	Cook Islands		Support planning for IFMIS change	LTX:14 STX:18	IMF RBMF:PFM 3.1.1 Comprehensive expenditure commitment controls are in place and effectively limit commitments to actual cash availability and approved budget allocations	Tentatively planned January 2017
	Kiribati	1	Support planning for IFMIS change	STX:20	IMF RBMF:PFM 3.1.1. Comprehensive expenditure commitment controls are in place and effectively limit commitments to actual cash availability and approved budget allocations	Tentatively planned March 2017
	PNG	3	Review/support IFMS implementation enhancements progress	STX:23	IMF RBMF:PFM 3.1.1 Comprehensive expenditure commitment controls are in place and effectively limit commitments to actual cash availability and approved budget allocations	This is to assist PNG in completing the roll-out of the new IFMIS to the line ministries and provide technical support to the ICT Division in managing data services. A mission is planned in early May, 2017.
	RMI		Develop strategy to improve design of treasury business processes	STX:25	IMF RBMF:PFM 3.1.1 Comprehensive expenditure commitment controls are in place and effectively limit commitments to	Tentatively planned February 2017

Public Financial Management Work Plan: May 2016-April 2017

Measurable Outcomes	Country	Progress against Milestones at end-FY2015 ¹	Planned Activity May 2016-April 2017	Person days	Relevant Milestone	Comments
					actual cash availability and approved budget allocations	
	Tonga	2	Follow-up TA on IFMIS reform	STX:19	IMF RBMF:PFM 3.1.1 Comprehensive expenditure commitment controls are in place and effectively limit commitments to actual cash availability and approved budget allocations	Initial TA was provided in 2015 and a strategy to upgrade was decided. Tentatively planned February 2017.
3.2 Risk-based internal audit functions are established in central government						
	Vanuatu	3	Follow-up TA to improve risk-based auditing	STX:18	IMF RBMF:PFM 3.2.1. Internal Audit is operational covering major central government entities, and generally meets international standards	Initial TA was provided in 2014 and 2015, and there has been good progress. Tentatively planned for December 2016.
	Regional	1	Workshop to strengthen coordination with PASAI on improving internal audit	LTX:6	IMF RBMF:PFM 3.2.1. Internal Audit is operational covering major central government entities, and generally meets international standards	LTX will participate as resource person in PASAI-sponsored workshops. Tentatively scheduled for June 2016
3.3 Planning, appraisal, selection, and implementation of public investments is improved						
	Timor-Leste		Diagnostic of Public Investment Management	LTX:16 STX: 66	IMF RBMF: PFM 3.3.1 The total cost and physical progress of major investment projects are monitored during implementation by the implementing government unit. There is a high level of compliance with the standard procedures and rules for project implementation that have been put in place. Information on the implementation of major investment projects is published in the budget documents or in other reports annually.	Tentatively planned for July 2016. This will be carried out by and funded by IMF Headquarters (IMF HQ).

Public Financial Management Work Plan: May 2016-April 2017

Measurable Outcomes	Country	Progress against Milestones at end-FY2015 ¹	Planned Activity May 2016-April 2017	Person days	Relevant Milestone	Comments
4.0 Improved coverage and quality of fiscal reporting						
4.1 The chart-of-accounts is aligned with international financial reporting standards						
	Fiji	2	Develop accounting policies	LTX:40	IMF RBMF:PFM 4.1.1. 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.	After complying with IPSAS-cash, the next stage of Fiji's accounting reform has been set in 2017. Accounting policies are prerequisites before moving from cash basis to accrual accounting. The first one was on debt accounting which was developed in December, 2015. This activity shall be carried out in 3 phases from June to October, 2016.
	Fiji	1	Improve the Chart of Accounts	STX:21	IMF RBMF:PFM 4.1.1. 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.	Tentatively planned February 2017
	Samoa	2	Develop accounting policy	LTX:10	IMF RBMF:PFM 4.1.1. 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.	Initial TA was provided in March, 2016, where an accounting reform strategy and transition plan was developed. Follow-up TA is planned in July, 2016.

Public Financial Management Work Plan: May 2016-April 2017

Measurable Outcomes	Country	Progress against Milestones at end-FY2015 ¹	Planned Activity May 2016-April 2017	Person days	Relevant Milestone	Comments
	Tonga	2	Develop accounting policy	LTX:8	IMF RBMF:PFM 4.1.1. 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.	Initial TA was completed in February 2016. Follow-up TA is to develop a general accounting policy that would clarify the direction of accounting reform. Follow-up TA is planned in June, 2016.
4.2 Comprehensiveness and quality of fiscal reports is enhanced						
	Regional		Workshop to improve fiscal reporting and Chart of Accounts	LTX:7 STX:12	IMF RBMF:PFM 4.2.1. 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.	Tentatively planned on March 2016.
5.0 Improved Integration of Asset & Liability Management						
5.1 More central government revenues & expenditures are deposited and disbursed through a Treasury Single Account						
	Solomon Islands		Develop strategy and policy to improve cash management	LTX: 14 STX:18	IMF RBMF: PFM 5.1.1 All bank and cash balances are consolidated on a daily basis.	Tentatively planned for November 2016
5.2 Cash flow forecasts for all central government are more accurate and timely						
	PNG	2	Follow-up TA to improve cash management	STX:34	IMF RBMF:PFM 5.2.1 Ministries are provided good cash flow information on the periodic availability of funds for commitment of expenditures	Initial TA was provided in 2015 and authorities adopted a new cash management strategy; Initial activities have been carried out.; Tentatively planned November 2016

Public Financial Management Work Plan: May 2016-April 2017						
Measurable Outcomes	Country	Progress against Milestones at end-FY2015 ¹	Planned Activity May 2016-April 2017	Person days	Relevant Milestone	Comments
	Samoa	2	Follow-up TA to improve cash management	STX:7	IMF RBMF:PFM 5.2.1 Ministries are provided good cash flow information on the periodic availability of funds for commitment of expenditures	Initial TA was provided in 2015 and authorities adopted a new cash management strategy. Initial activities have been carried out. Additional support scheduled for May to June 2016.
5.3 Cash and debt management are better integrated						
No activities planned						
5.4 Disclosure and management of state assets is improved						
	Regional	1	Strengthen regional coordination workshop on asset management	LTX: 4	IMF RBMF: PFM 5.4.1 The government maintains a register of its holdings of fixed assets, land, and (where relevant) subsoil assets, including information on their usage and age, which is published at least annually.	PFTAC Adviser will participate in a PICPA-sponsored regional workshop to be held on May 30-31, 2016.
6.0 Strengthened Identification, Monitoring, and Management of Fiscal Risks						
6.1 Central fiscal oversight and analysis of sub-national governments is strengthened						
No activities planned						
6.2 Central fiscal oversight and analysis of public corporations is strengthened						
	Fiji	1	Develop SOEs fiscal risk assessment framework	LTX:14	IMF RBMF:PFM 6.2.1. Fiscal Policy includes AGAs, SOEs, and SNGs; performance and fiscal risks are monitored and reported, at least on annual basis.	This issue was raised during the development of the debt accounting policy for Fiji. This is tentatively planned in September, 2016.
	Samoa	3	Mentoring on fiscal oversight of SOEs	LTX: 5	IMF RBMF:PFM 6.2.1. Fiscal Policy includes AGAs, SOEs, and SNGs; performance and	Initial TA provided in September 2015 where a reform strategy was developed and adopted by authorities. Follow-up TA was

Public Financial Management Work Plan: May 2016-April 2017						
Measurable Outcomes	Country	Progress against Milestones at end-FY2015 ¹	Planned Activity May 2016-April 2017	Person days	Relevant Milestone	Comments
					fiscal risks are monitored and reported, at least on annual basis.	provided in February, 2016 to improve planning and reporting requirements for SOEs. Home-based TA is planned in September, 2016.
6.3 Disclosure and management of contingent liabilities and other specific fiscal risks is more comprehensive						
No activities currently planned						

Revenue Administration

Revenue Administration Work Plan: May 2016-April 2017						
Mission code	Country	Progress against Milestones at end-FY2015 ¹	Planned Activity May 2016-April 2017	Person days	Relevant Milestone	Comments
1. Strengthened revenue administration management and governance arrangements						
1.1 Reform strategy and implementation governance framework adopted and institutionalized						
	Fiji	3	Review reform progress	10	Facilitate implementation of PFTAC recommendations	RBM 1.1 (LTX) (17FAO1201)
		3	Develop a change management and modernization plan	18	Implementation of a change management strategy	RBM 1.1 (STX) (16FA77200)
		3	Review overall reform progress	10	Facilitate implementation of PFTAC recommendations	RBM 1.1 (LTX) (16FAO1202)
		3	Introduce a public and private rulings regime	17	Effective and timely rulings program implemented	RBM 1.7 (STX) (17FA4700)

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Revenue Administration Work Plan: May 2016-April 2017						
Mission code	Country	Progress against Milestones at end-FY2015 ¹	Planned Activity May 2016-April 2017	Person days	Relevant Milestone	Comments
	Kiribati	2	Review reform progress	8	Facilitate implementation of PFTAC recommendations	RBM 1.1 (LTX) (17FA01203)
	Marshall Islands	2	Review reform progress	12	Facilitate implementation of PFTAC recommendations	RBM 1.1 (LTX) (17FA01204)
	Federated States of Micronesia	2	Review reform progress	10	Facilitate implementation of PFTAC recommendations	RBM 1.1 (LTX) (17FA001205)
	Palau	2	Review reform progress	10	Facilitate implementation of PFTAC recommendations	RBM 1.1 (LTX) (17FA01207)
	Samoa	3	Review reform progress	12	Facilitate implementation of PFTAC recommendations	RBM 1.1 (LTX) (17FA01208)
	Tonga	3	Review reform progress	12	Facilitate implementation of PFTAC recommendations	RBM 1.1 (LTX) (17FA01209)
		3	PIC Attachment to assist in review mission	12	Facilitate implementation of PFTAC recommendations	RBM 1.1 (STX) (17FA37800)
	Tuvalu	2	Review reform progress	7	Facilitate implementation of PFTAC recommendations	RBM 1.1 (LTX) (17 FA01210)
1.2 Organizational arrangements enable more effective delivery of strategy and reforms						
	Regional	-	Develop a strategic plan for the Pacific Island Tax Administration Association (PITAA)	11	A PITAA strategic plan that provides a foundation to achieve its vision	RBM 1.2 (LTX) (17FAM9500)
	Regional	-	PITAA Annual Conference	3	Improved awareness of regional development needs to stimulate reforms	RBM 1.2 (LTX) (17FA001206)
	Palau	2	Facilitate implementation of the new structure and governance arrangements	16	Clear organization structure along functional lines	RBM 1.2 (STX) (16FAY1300)
	Vanuatu	2	Facilitate implementation of the new structure and governance arrangements	18	Clear organization structure along functional lines	RBM 1.2 (STX) (16FAM9900)
1.3 Support functions enable more effective delivery of strategy and reforms						
	Solomon Islands	2	Develop a new IT strategic plan	17	Improved IT strategies and systems to support tax administration	RBM 1.3 (STX) (17FA01100)

Revenue Administration Work Plan: May 2016-April 2017						
Mission code	Country	Progress against Milestones at end-FY2015 ¹	Planned Activity May 2016-April 2017	Person days	Relevant Milestone	Comments
1.4 Transparency and accountability more effectively supported by independent external oversight and internal controls						
No activities planned						
1.5 Corporate priorities and compliance better managed through effective risk management						
	Fiji	3	Review implementation of the PFTAC facilitated Compliance Improvement Strategy	16	Compliance improvement strategy in place to mitigate identified risks	RBM 1.5 (STX) (17FA36900)
	Federated States of Micronesia	1	Review implementation of the PFTAC facilitated Compliance Improvement Strategy	16	Compliance improvement strategy in place to mitigate identified risks	RBM 1.5 (STX) (17FA37400)
	Regional	-	Assist PICs develop a compliance improvement strategy for the tourism sector	13	A strategy to assist PICs improve compliance in the tourism sector	RBM 1.5 (STX) (15FAF1200)
	Samoa	3	Attachment form Fiji to assist in data interrogation	7	Improved risk management through improved data analysis	RBM 1.5 (STX) (17FA37700)
	Regional (Tuvalu)	2	Participate in OCO conference	5	Improve linkages between customs and tax to improve risk management	RBM 1.5 (LTX) (17FA01211)
	Vanuatu	2	Review implementation of PFTAC facilitated Compliance Improvement Strategy	14	Compliance improvement strategy in place to mitigate identified risks	RBM 1.5 (LTX) (17FA01212)
1.6 More independent, accessible, effective and timely dispute resolution mechanisms in place – No activities planned						
No activities planned						
2. Strengthened core tax functions evidenced by an accurate taxpayer base, taxpayer services supporting voluntary compliance, improvements in filing, payment and audit activities						
2.1 Integrity of the registered taxpayer base strengthened						
	Cook Islands	2	Review of core tax functions	14	Strengthen core tax administration functions	RBM 2.1-2.5 (STX) (17FA36500)
	Samoa	3	Review of core tax functions	14	Strengthen core tax administration functions	RBM 2.1- 2.5 (LTX) (16FAG2141)

Revenue Administration Work Plan: May 2016-April 2017

Mission code	Country	Progress against Milestones at end-FY2015 ¹	Planned Activity May 2016-April 2017	Person days	Relevant Milestone	Comments
2.2 Taxpayer Services initiatives to support voluntary compliance strengthened						
	Marshall Islands	1	Develop a taxpayer services strategy to improve voluntary compliance	18	Accessibility of information, service performance standards and improved taxpayer perceptions	RBM 2.2 (STX) (17FA37000)
	Tonga	3	Conduct a review of the taxpayer services function	16	Accessibility of information, service performance standards and improved taxpayer perceptions	RBM 2.2 (STX) (16FAY1100)
2.3 Larger proportion of taxpayers meet their filing obligations as required by law						
	Marshall Islands	1	Strengthen filing and payment ratios	16	Increased on-time filing and payment ratios	RBM 2.3 – 2.4 (STX) (17FA37100)
		1	Strengthen filing and payment ratios (RMI attachment to FSM)	6	Increased on-time filing and payment ratios	RBM 2.3 – 2.4 (STX) (17FA37200)
	Federated States of Micronesia	1	Strengthen filing and payment ratios	16	Increased on-time filing and payment ratios	RBM 2.3 – 2.4 (STX) (16FAY5400)
	Palau	1	Strengthen filing and payment ratios	16	Increased on-time filing and payment ratios	RBM 2.3 –2.4 (STX) (17FA37300)
	Samoa	3	Strengthen filing and payment ratios	16	Increased on-time filing and payment ratios	RBM 2.3 –2.4 (STX) (16FAN0100)
2.4 Larger proportion of taxpayers meet their payment obligations as required by the law						
	Marshall Islands	1	Strengthen filing and payment ratios	16	Increased on-time filing and payment ratios	RBM 2.4 – 2.3 (STX) (17FA37100)
		1	Strengthen filing and payment ratios (RMI attachment to FSM)	6	Increased on-time filing and payment ratios	RBM 2.4 – 2.3 (STX) (17FA37200)
	Federated States of Micronesia	1	Strengthen filing and payment ratios	16	Increased on-time filing and payment ratios	RBM 2.4 – 2.3 (STX) (16FAY5400 17FA37300)
	Palau	1	Strengthen filing and payment ratios	16	Increased on-time filing and payment ratios	RBM 2.4 – 2.3 (STX) (17FA37500)

Revenue Administration Work Plan: May 2016-April 2017

Mission code	Country	Progress against Milestones at end-FY2015 ¹	Planned Activity May 2016-April 2017	Person days	Relevant Milestone	Comments
	Samoa	3	Strengthen filing and payment ratios	16	Increased on-time filing and payment	RBM 2.4 – 2.3 (STX) (16FAN0100)
2.5 Audit and other verification programs more effectively ensure completeness and accuracy of reporting						
	Fiji	3	Strengthen audit and other verification programs	16	Appropriate range of tax audits used to detect and deter inaccurate reporting	RBM 2.5 (STX) - 17FA36600
	Kiribati	2	Strengthen audit and other verification programs	14	Appropriate range of tax audits used to detect and deter inaccurate reporting	RBM 2.5 (STX) - 16FAB4900 17FA36800
	Samoa	3	Strengthen audit and other verification programs	18	Appropriate range of tax audits used to detect and deter inaccurate reporting	RBM 2.5 (STX) - 17FA37600

Financial Sector Supervision

Financial Supervision Work Plan: May 2016-April 2017

Mission Code	Country	Progress against Milestones at end-FY2015 ¹	Activity May 2016-April 2017	Person days	Relevant Milestone	Comments
3.1	<i>Regulatory and Prudential Framework: Strengthened financial sector oversight through upgrading of regulatory framework in line with international standards</i>					
3.1.1	Supervisors and regulations require banks to apply sound policies and processes to identify, measure, monitor and control their financial risks on a timely basis and assess their capital adequacy in relation to their risk profile. No activities planned					
3.1.2	Supervisors require banks to have robust governance policies and processes covering among others effective board and senior management oversight and sound control environment					
	Regional	2	PFTAC Workshop AFSPC	10	Natural Disaster Preparedness Guidelines developed	AFSPC Meeting Palau June 2016

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Financial Supervision Work Plan: May 2016-April 2017						
Mission Code	Country	Progress against Milestones at end-FY2015 ¹	Activity May 2016-April 2017	Person days	Relevant Milestone	Comments
3.1.3			Supervisors monitor banking groups and their prudential ratios on consolidated basis			
			No activities planned			
3.1.4			Legal/regulatory frameworks underpinning the Licensing regime lay out key steps and criteria for granting (and withdrawing) a license and imposing prudential conditions where appropriate			
			No activities planned			
3.1.5			Legal and regulatory framework equips supervisors with an adequate range of tools to bring about timely corrective actions for banks' problem and weaknesses. –			
			No activities planned			
3.1.6			Supervisors have the necessary capacity to upgrade banking regulations and effectively apply them			
			No activities planned			
3.2	<i>Financial Sector Law (Legal Department:) Promote financial stability by strengthening the financial sector's legal and regulatory framework</i>					
3.2.1			New or amended laws adopted or regulations or other legal or policy instruments (e.g., memorandum of understanding, interagency cooperation arrangements) issued			
	Timor-Leste	2	PFTAC Drafting Credit Union Act	20	Credit Union Act drafting completed	Support LEG
3.3	<i>Risk Based Supervision & other Supervisory Processes: More efficient use of supervisory resources to better oversee key risks in the banking system</i>					
3.3.1			Clear supervisory process to review licensing applications, on a timely basis, and ensuring that it meets required criteria, implemented			
			No activities planned			
3.3.2			Amended legal/regulatory frameworks underpinning the implementation of risk-based supervision implemented			
	Samoa	2	PFTAC Review Prudential Statements	15	Prudential statement updated	To support new F.I. Act. (LEG)
3.3.3			Bank risk assessment frameworks strengthened: (a) Quality and timeliness of regulatory data enhanced; and (b) Flexibility of reporting system improved			
	Regional North	2	PFTAC Workshop Off-site supervision	12	Advanced data & Ratio analysis	Palau – FSM – Marshall Is
3.3.4			Strengthened institutional structure and operational and procedures for RBS implementation			
	Cook Islands	2	PFTAC On-site examination program	16	Examination report issued	(LTX)

Financial Supervision Work Plan: May 2016-April 2017						
Mission Code	Country	Progress against Milestones at end-FY2015 ¹	Activity May 2016-April 2017	Person days	Relevant Milestone	Comments
	Marshall Is	1	PFTAC On-site examination program	20	Implement Manual + Training	(STX) Need to start fresh
	Micronesia	2	PFTAC On-site examination program	20	Examination report issued	(STX) + Update manual
	Palau	2	PFTAC On-site examination program	20	Examination report issued	(STX) + Update manual
	PNG	1	PFTAC Credit Union Reform Program	12	C.U. Financial reporting implemented	(LTX)
	Samoa	3	PFTAC On-site examination program	20	Examination report issued	(STX) + Update manual
	Solomon Is	2	PFTAC On-site examination program	16	Examination report issued	(LTX)
	Timor-Leste (1)	2	PFTAC On-site examination program	20	Examination Manual updating	(STX) Updated Manual
	Timor-Leste (2)	2	PFTAC On-site examination program	20	Examination report issued	(STX)
	Timor-Leste (3)	1	PFTAC Credit Union Reform Program	12	C.U. Financial reporting implemented	(LTX)
	Tonga (1)	3	PFTAC On-site examination program	16	Examination report issued	(LTX)
	Tonga (2)	1	PFTAC Credit Union Reform Program	12	C.U. Financial reporting implemented	(LTX)
	Tuvalu	1	PFTAC On-site examination program	12	Examination report issued	(STX)
	Vanuatu (1)	2	PFTAC On-site examination program	16	Examination report issued	(LTX)
	Vanuatu (2)	2	PFTAC On-site examination program	12	C.U. Financial reporting implemented	(LTX)

Financial Supervision Work Plan: May 2016-April 2017

Mission Code	Country	Progress against Milestones at end-FY2015 ¹	Activity May 2016-April 2017	Person days	Relevant Milestone	Comments
3.3.5	Supervisors timely address unsafe and unsound practices or activities that could pose risks to banks or to the banking system - <i>None</i>					
3.3.6	Supervisors have sufficient capacity to effectively implement risk-based supervision and other supervisory processes					
	Samoa	1	PFTAC On-site examination program (RBS)	20	Examination report issued (RBS)	(STX)
	PNG	1	PFTAC On-site examination program (RBS)	16	Examination report issued (RBS)	(LTX)
	Regional South	1	PFTAC Banking Supervision (RBS) Workshop	12	Introduction, RBS implemented	(LTX)

Macroeconomic Statistics

Macroeconomic Statistics Work Plan: May 2016-April 2017

Measurable Outcomes	Country	Progress against Milestones at end-FY2015 ¹	Activity May 2016-October 2017	Person days	Relevant Milestone	Comments
4.1	<i>Compilation methodologies in line with international standards are in place for national accounts and government finance statistics</i>					
Strengthening methodologies-in line with international standards used for the compilation of gross domestic product (GDP) estimates by production						
	Kiribati	3	Further improve annual estimates of GDP by production alongside expenditure developments	STX 12	Deviations from 2008 SNA are reduced and/or eliminated [RBM NA 4.1]	Improvements are needed to provide a sound comparator for estimates by expenditure- Q1; Q4 (17STA2400; 17STB0400)
	Sub-regional workshop	-	Delivery of training to compilers from FSM, Palau and RMI	LTX 5 STX 5	Deviations from 2008 SNA are reduced and/or eliminated [RBM NA 4.1]	Practical, hands-on interactive training based on their self-identified needs – Q4 (16ST31411)

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Sub-regional workshop		-	Delivery of training to compilers from PNG, Solomon Islands and Vanuatu	LTX 5 STX 5	Deviations from 2008 SNA are reduced and/or eliminated [RBM NA 4.1]	Focus on practical treatment of tax and HIES data in production - Q2 (16ST31407)
Increasing the scope of national accounts estimates by developing expenditure measures						
Fiji		4	Refine expenditure estimates within the Supply and Use framework	LTX 5	Additional accounts/aggregates are developed to meet national data requirements and ISWGNA minimum requirements and/or recommended tables and accounts [RBM NA 5.1]	Very near ready for publication – need to ensure discrepancies are consistently small – Q3 (17STB0200)
Kiribati		2	Further improve annual estimates of GDP by expenditure alongside production developments	STX 12	Additional accounts/aggregates are developed to meet national data requirements and ISWGNA minimum requirements and/or recommended tables and accounts [RBM NA 5.1]	Contingent on production work to ensure acceptably small discrepancies – Q2; Q4 (17STA2400; 17STB0400)
Samoa		3	Develop estimates of GDP by expenditure and move towards publication readiness on an annual basis	LTX 12	Additional accounts/aggregates are developed to meet national data requirements and ISWGNA minimum requirements and/or recommended tables and accounts [RBM NA 5.1]	Internal estimates are at an advanced stage but require further adjustments to ensure close alignment to production – Q3 (16ST31405)
Fiji		2	Assist in the development of quarterly GDP estimates	LTX 5	Frequency of national accounts compilation and/or dissemination improves from annual to quarterly, or from quarterly to monthly [RBM NA 12]	Q2 (15STN8442)
Improving the coverage and quality of Government Finance Statistics (GFS). GFS data should cover the whole of general government (budgetary government and extra-budgetary units). Debt data should cover the entirety of the public sector (general government activity plus quasi-government units and public corporations)						
Nauru		1	Initial GFS mission following their joining the IMF	STX 12	The institutional scope of GFS includes all significant central government institutional units [RBM GO 5.7]	Q4 (17STA8500)
Solomon Is.		2	Carry out general government consolidation	STX 12	The institutional scope includes all significant general government (and/or public sector) institutional units [RBM GO 5.12]	Q2 (17ST91800)

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	Timor-Leste	3	Improve GFS scope and quality	STX 12	The institutional scope includes all significant general government (and/or public sector) institutional units [RBM GO 5.12]	Q1 (17STA8400)
	Vanuatu	3	“	STX 17	The institutional scope includes all significant general government (and/or public sector) institutional units [RBM GO 5.12]	Q3 (17STA8300)
Improving the frequency of GFS by developing quarterly measures						
	Cook Islands	2	Explore of options for preparing sub-annual GFS statistics at the general government level will be delineated	STX 12	GFS for general government operations are compiled and disseminated on a quarterly basis [RBM GO 12.3]	Early stages; will require follow-up TA to move towards operation - Q1 (17ST91600)
4.2 Accurate and reliable macroeconomic statistics are available						
Strengthening the accuracy and reliability of GDP estimates by making full use of administrative data supplemented by surveys where needed.						
	PNG	2	Develop estimates of GDP by production, based on tax data	STX 12	Improvements to source data used for periodic benchmark estimates and/or annual estimates are made [RBM NA 9.1; 9.2]	Q2 (17STB0100)
	Tonga	3	Develop estimates of GDP by production, based on tax data	STX 12	Improvements to source data used for periodic benchmark estimates and/or annual estimates are made [RBM NA 9.1; 9.2]	Intended use of both income and consumption tax data, either to form super-annual benchmarks or annual estimates - Q3 (16ST31414)
Strengthening of GDP estimates by improving compilation procedures and source data analysis						
	Nauru	2	Review various aspects of production methodology while producing latest estimates	LTX 5	Improvements are made to the compilation system [RBM NA 9.2; 11.1]	Robust, audited account data for major enterprises needs to be included in production estimates - Q2 (15STN8330; 16ST31409)

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Measurable Outcomes	Country	Progress against Milestones at end-FY2015 ¹	Activity May 2016-October 2017	Person days	Relevant Milestone	Comments
Improving the usefulness of national accounts with timely rebasing						
	Cook Islands	2	Rebase GDP by production	STX 19	Improvements to source data used for periodic benchmark estimates are made [RBM NA 9.1]	TA work will include training in annual and quarterly techniques and issues Q2 (17ST99300)
	Solomon Is.	2	Rebase GDP by production and expenditure and conduct benchmarking	STX 24	Improvements to source data used for periodic benchmark estimates are made [RBM NA 9.1]	One mission already undertaken, covering much of production rebasing work - Q2 (16ST31402; 17STB0300)
	Vanuatu	1	Rebase GDP by production and expenditure and conduct benchmarking	LTX 12	Improvements to source data used for periodic benchmark estimates are made [RBM NA 9.1]	No recent TA provided; will require significant follow-up TA to complete - Q3 (16ST31415)
Improving the coverage, quality and timeliness of data sources for GFS.						
	Fiji	3	Complete and consolidate local government data sets	STX 12	Source data for general government (public sector) are complete and enable the compilation of GFS [RBM GO 10.3]	Q1 (17ST91700)
4.3 Timely and consistent data are produced. They are readily available, presented clearly and well-documented						
<i>Ensuring the national accounts data are disseminated in a timely manner and are consistent with other datasets such as GFS and External Sector Statistics</i>						
	Cook Islands	1	Improvements to BOP current account	STX 12	The BOP and/or IIP are consistent or reconcilable with the national accounts [RBM BP 15.1]	Q2 (17ST92000)
	FSM	2	Mission to improve and update annual and quarterly estimates up to general government level	STX 5	GFS for general government are consistent or reconcilable with national accounts statistics for the general government sector [RBM GO 15.1]	Q2 (17ST91900)
	Nauru	2	Improve BOP coverage and methodology	STX 12	The BOP and/or IIP are consistent or reconcilable with the national accounts [RBM BP 15.1]	Q2 (17ST91500)
		2	Provide supplementation to produce latest estimates of GDP by production	LTX 10	New national accounts statistics, as set out in the latest System of National Accounts (2008) manual, are available [RBM NA 18]	Q1; Q2 (15STN8330; 16ST31409)

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Measurable Outcomes	Country	Progress against Milestones at end-FY2015 ¹	Activity May 2016–October 2017	Person days	Relevant Milestone	Comments
	Niue	3	Provide supplementation to produce latest estimates of GDP by production	STX 12	New national accounts statistics, as set out in the latest System of National Accounts (2008) manual, are available [RBM NA 18]	Also includes basic BOP updating work – Q3 (17STA2500)
	Palau	2	Mission to improve and update annual and quarterly estimates up to general government level	STX 5	GFS for general government are consistent or reconcilable with national accounts statistics for the general government sector [RBM GO 15.1]	Q2 (17STA1000)
	PNG	1	Mission to improve external debt statistics	STX 12	The BOP and/or IIP are consistent or reconcilable with the national accounts [RBM BP 15.1]	Q2 (17ST85900)
	RMI	2	Mission to improve and update annual and quarterly estimates up to general government level	STX 5	GFS for general government are consistent or reconcilable with national accounts statistics for the general government sector [RBM GO 15.1]	Q2 (17STA0900)
	Tonga	2	Assist in production of latest estimates and train local staff	STX 12	The BOP and/or IIP are consistent or reconcilable with the national accounts [RBM BP 15.1]	Q2 (17STA0200)
	Tuvalu	2	Provide supplementation to produce latest estimates of GDP by production	STX 12	New national accounts statistics, as set out in the latest System of National Accounts (2008) manual, are available [RBM NA 18]	Q3 (17STA2600)
Ensuring the national accounts metadata is available and up to date.						
	Regional	2	Participation in the Pacific Statistics Steering Committee which coordinates TA in the region	LTX 4	More metadata have been compiled and/or made available to users to support data analysis [RBM NA 20]	Q1; Q3; Q4 (16ST31401; 16ST31406; 17STA9500)
Ensuring the GFS data are disseminated in a timely manner and are consistent over time						
No activity planned						
Ensuring the GFS data are available to users and adequately documented						
No activity planned						

Macroeconomic Analysis and Forecasting

Macroeconomic Analysis Work Plan: May 2016-April 2017						
Mission Code	Country	Progress against Milestones at end-FY2016 ¹	Activity May 2016-April 2017	Person days	Relevant Milestone	Comments
5.1 Enhanced monitoring, forecasting and policy analysis tools						
<i>Consistent macroeconomic and fiscal frameworks are used for policy analysis</i>						
1 (15APR3277)	Fiji	2	Develop a macroeconomic and fiscal framework with the Ministry of Finance and the Reserve Bank of Fiji.		A consistent macroeconomic and fiscal framework is used to produce economic and fiscal projections.	
2 (17APW2800)	Kiribati	1	Develop a macroeconomic and fiscal framework.	STX 18	A consistent macroeconomic and fiscal framework is used in budget preparations and analysis.	
2 (15APR3259)	PNG	2	Continue developing a macroeconomic and fiscal framework.	LTX 16	A consistent framework is used to support monitoring and projection activities.	The development of a macroeconomic and fiscal framework requires resources and support from management.
1 (15APR3257)	Vanuatu	3	Support the analysis of tax reform options.	LTX 14	The framework for revenue forecasting within the Model of the Vanuatu Economy (MOVE) is used to evaluate tax reform options. The effects of reform options are quantified and reported.	
2 (15APR3268)	Regional		Workshop on using financial programming (FP) frameworks for policy analysis	LTX 6	Collaboration between central banks and ministries of finance is strengthened in the development of policy tools. Capacity is increased to undertake empirical based policy analysis.	

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Macroeconomic Analysis Work Plan: May 2016-April 2017

Mission Code	Country	Progress against Milestones at end-FY2016 ¹	Activity May 2016-April 2017	Person days	Relevant Milestone	Comments
					Peer learning takes place and professional networks are formed in the region.	
<i>Forecasting tools and methodologies are developed for (i) key sectors of the economy (e.g. tourism, natural resource extraction); (ii) economic variables of importance for monetary and fiscal policy (e.g. inflation, GDP, government expenditure and revenue); and (iii) other defining aspects of countries (e.g. remittances)</i>						
1 (15APR3250)	Fiji		Facilitate a cross institution workshop (Fiji Bureau of Statistics, Fiji Revenue and Customs Authority, Ministry of Finance, Reserve Bank of Fiji) on forecasting and sharing data.		An action plan for improving forecasting and data sharing is agreed and implemented.	
1, 2 (15APR3262)		2	Support and advise on econometric estimations and empirical analysis.		A range of statistical and econometric tools are used in empirical analysis. Policy advice is empirical based.	
2 (15APR3281)		1	Support and advise on quantifying tax expenditures.		A tax expenditures report is produced.	
2 (17APW2500)	PNG	2	Review and enhance methodology for constructing a trimmed mean measure of consumer price inflation.	STX 10	An unbiased trimmed mean measure of inflation is constructed.	
1 (15APR3245)	Samoa		Facilitate a cross institution (Ministry of Finance, Ministry for Revenue, Central Bank of Samoa, Samoa Bureau of Statistics) workshop on forecasting and sharing data.	LTX 7	An action plan for improving forecasting and data sharing is agreed and implemented.	The establishment of a forecasting committee will be discussed at the workshop.
2 (15APR3261)	Solomon Islands		Facilitate a cross institution workshop (Ministry of Finance and Treasury, Central Bank of Solomon Islands, Solomon Islands National Statistics Office) on forecasting and sharing data.	LTX 7	An action plan for improving forecasting and data sharing is agreed and implemented.	

Macroeconomic Analysis Work Plan: May 2016-April 2017

Mission Code	Country	Progress against Milestones at end-FY2016 ¹	Activity May 2016-April 2017	Person days	Relevant Milestone	Comments
1 (15APR3258)		3	Enhance revenue and expenditure forecasting methodologies.	LTX 7	Forecasts are consistent.	
1 (15APR3247)	Tonga	3	Continue developing the Ministry of Revenue and Customs revenue forecasting tool.	LTX 7	Discrepancies between tax collection estimates and actual collections are reduced.	
1 (15APR3256)	Vanuatu	3	Enhance gross domestic product (GDP) forecasting methodology.	LTX 7	Information from the Business Sentiment Survey is systematically captured and incorporated into GDP forecasts by industries.	
2 (15APR3272)	Regional (FSM, Palau, RMI)	1	Sub-regional workshop on developing tax revenue forecasting methodology.	LTX 9	Tax revenue forecasts are based on economic projections.	The workshop will be organized in collaboration with PFTAC's Revenue Policy and Administration Advisor and the Graduate School. Social security administrations will be invited to participate.
<i>A Pacific Islands Macroeconomic Analysis and Modeling Association is established</i>						
(15APR3274)	Regional		Develop an action plan for establishing a Pacific Islands Macroeconomic Analysis and Modeling Association.		PFTAC members are consulted and agree to the action plan.	
5.2 Strengthened capacity to develop sustainable policies, including to incorporate medium-term trends and risks into forecasting and policy analysis						
<i>Consistent macroeconomic and fiscal frameworks are regularly used in budgeting and planning processes and policy decisions</i>						
1 (15APR3278)	RMI	1	Enhance the usability of the RMI Financial Management Model (FMM).	LTX 14	Fiscal forecasts are consistent with economic forecasts produced by the Graduate School. Government expenditure forecasts incorporate spending commitments. The FMM is used for policy analysis.	Technical assistance will be provided with PFTAC's PFM Advisor.

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Mission Code	Country	Progress against Milestones at end-FY2016 ¹	Activity May 2016-April 2017	Person days	Relevant Milestone	Comments
1 (15APR3248)	Vanuatu	3	Support the use of the MOVE in preparations for the IMF Article IV.	LTX 7	The MOVE is used to inform IMF Article IV consultations.	
<i>Long-term revenue and expenditure pressures (e.g. due to demographic changes and the rising incidence of non-communicable diseases) are taken into account in fiscal policy</i>						
1 (15APR3249)	Cook Islands	4	Continue developing the macroeconomic and fiscal framework including the incorporation of population projections and improved government finance statistics.	LTX 9	The fiscal risks of demographic changes are assessed. Historical government finance statistics are available.	
2 (15APR3251)	Regional (FSM, Palau, RMI)		Sub-regional workshop on incorporating demographic changes into budget processes.	LTX 9	Fiscal provisions are made for demographic changes.	The workshop will be organized in collaboration with PFTAC's PFM Advisor. Population projections by the Secretariat of the Pacific Community will be used,
2 (17APU990) (15APR3268)	Regional		Workshop on incorporating demographic changes into budget processes.	LTX 6 STX 14	Fiscal provisions are made for demographic changes.	The workshop will be organized in collaboration with PFTAC's PFM Advisor. Population projections by the Secretariat of the Pacific Community will be used,
<i>Debt dynamics are incorporated into macroeconomic and fiscal frameworks</i>						
2 (15APR3279)	Fiji	2	Use the macroeconomic and fiscal framework to undertake debt sustainability scenarios.		The sustainability of policy scenarios is evaluated.	Required public debt data need to be compiled.
1 (15APR3250)	Samoa	3	Develop the Samoa Economic and Revenue Forecasting (SERF) Model to undertake debt sustainability analysis	LTX 7	The impact of economic shocks on target variables is assessed and appropriate policy responses are implemented. The sustainability of policy scenarios is evaluated.	

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			and monitor cash and foreign reserves.			
2 (15APR3253)	Solomon Islands	3	Develop the fiscal sector of the Solomon Islands FP framework to undertake debt sustainability scenarios.	LTX 7	The sustainability of policy scenarios is evaluated.	Required public debt data need to be compiled.
<i>Fiscal risks due to contingent liabilities are explicitly accounted for in fiscal planning</i>						
No activity planned						
5.3 Strengthened capacity to build greater resilience to shocks, including to manage the fiscal consequences of significant shocks (including natural disasters)						
<i>Enhanced formulation of fiscal and monetary policy reduces economic fluctuations</i>						
1 (17APV0000)	Samoa	2	Develop a debt analysis tool.	STX 11	Better provision for debt servicing payments and management of exchange rate risks reduce fiscal volatility.	
2 (17APW2600)	Solomon Islands	2	Develop a debt analysis tool.	STX 11	Better provision for debt servicing payments and management of exchange rate risks reduce fiscal volatility.	Required public debt data need to be compiled.
2 (17APW2700)	Tonga	3	Develop a debt analysis tool.	STX 11	Better provision for debt servicing payments and management of exchange rate risks reduce fiscal volatility.	
1 (17APV4400)	Vanuatu	2	Develop a debt analysis tool.	STX 11	Better provision for debt servicing payments and management of exchange rate risks reduce fiscal volatility.	Required public debt data need to be compiled.
<i>Governments have fiscal resources to respond to shocks</i>						
No activity planned						