

FY23 Work Plan - May 2022 to April 2023: Tonga

TA Area	Objective	Country	Outcome Targeted	Activity	May 2022 - April 2023 (in person-days)			Number of Missions/ Activities	Milestones	Comments	Planned Date	Experts
					PFTAC resident advisors	ST experts	Total					
Financial Sector Supervision	Develop/strengthen banking regulations and prudential norms	Tonga	Legal and regulatory framework equips supervisors to bring about timely corrective actions for banks' problems and weaknesses.	Review of prudential and risk management standards-Impact study templates	2	14	16	1	Complete quantitative impact studies of the revised/new prudential standards		Aug 15 - Sep 30, 2022 (in-country)	Kumar/ STX
	Develop/strengthen cybersecurity regulations and prudential norms		Sound policies & processes to identify, measure, monitor and control cyber risks.	Cyber security -On-site examination	10	14	24	1	Cyber Risk on-site examination framework implemented		Feb 20 - Mar 1, 2023 (in-country)	Kumar/ STX
	Implement a risk-based supervision (RBS) system and upgrade other supervisory processes		Strengthened institutional structure, operations, and procedures for RBS implementation	Off-site Supervision- Financial risk analysis and prudential reporting framework	12	16	28	1	The authorities start receiving data from banks in the revised prudential returns and producing financial risk analysis reports		Dec 19 - 30, 2022 (in-country)	Kumar/ STX
Government Finance Statistics	Strengthen compilation and dissemination of fiscal statistics	Tonga	Higher frequency data has been compiled and disseminated internally and/or to the public.	Refine compilation techniques for using various administrative data sources to reduce statistical discrepancies, and expand coverage to include public nonfinancial corporations.	-	15	15	1	<ul style="list-style-type: none"> •Compile and disseminate annual BCG for FY20. •Compile and disseminate annual BCG for FY21. •Compile and disseminate annual and quarterly public sector debt data to the World Bank. 	Address General Government (GG) coverage and statistical discrepancies. Encourage submission of GG debt data to the World Bank Quarterly Public Sector Debt Database (QPSD).	Sep 19 - 30, 2022 (in-country)	STX
			Data are compiled and disseminated using appropriate statistical techniques, including to deal with data sources, and/or assessment and validation of intermediate data and statistical outputs.	Update business process documentation to account for changes in procedures and source data.	-	15	15	1	<ul style="list-style-type: none"> •Produce basic compilation procedures. 	Enhanced metadata and compilation guidelines are produced and disseminated.		
Real Sector Statistics	Strengthen compilation and dissemination of real sector statistics- national accounts	Tonga	Higher frequency data has been compiled and disseminated internally and/or to the public	Finalize quarterly GDP(P) compilation	-	13	13	1	Internal availability of an experimental compiled quarterly GDP(P) data set.		Jun 13 - 25, 2022 (remote)	Scheiblecker
Macroeconomic Programming and Analysis	Stronger analytical skills and better macroeconomic forecasting and policy analysis	Tonga	Sound medium-term macroeconomic framework (inclusive of GDP and inflation, commodity prices, the external and monetary sectors, and fiscal aggregates).	Macro-Fiscal Framework	-	19	19	1	Enhanced understanding of the medium term macro-fiscal outlook		Mar 6 - 24, 2023 (remote)	STX
Public Financial Management	Comprehensive, credible, and policy-based budget preparation	Tonga	A more credible medium-term budget framework is integrated with the annual budget process	Review Tonga's Medium Term Fiscal Framework	28	14	42	1	Medium Term Fiscal Framework updated		Sep 5 - Oct 28, 2022 (in-country)	Lavea/ Seeds/ STX
Revenue Administration	Strengthened revenue administration management and governance arrangements	Tonga	Corporate priorities are better managed through effective risk management	Development of Business Continuity Plan (BCP)	-	40	40	1	BCP developed, tested and resourced	Important to build in learnings from recent seismic events	Jul 6 - 30, 2022 (remote)	Shrosbree/ Topping
	Strengthened core tax administration functions		A larger proportion of taxpayers meet their filing obligations as required by law / A larger proportion of taxpayers meet their payment obligations as required by law	Debt and Returns Management	-	32	32	1	Filing and payment timeliness improves	TA assistance requested by the authorities to improve current returns and payment compliance levels.	May 23 - Jun 3, 2022 (in-country)	Field/ Lendon
			Audit and other verification programs more effectively ensure accuracy of reporting	Strengthen tax audit and POS	-	32	32	1	Quality of audits improved	The authorities have requested TA to assist in building audit function and capability.	Jun 20 - Jul 1, 2022 (in-country)	Bell/ STX
			Taxpayer services initiatives to support voluntary compliance are strengthened	Improving taxpayer services and communication	-	20	20	1	Increase in voluntary compliance and decrease in number of taxpayer complaints	Assistance with improving taxpayer services requested by authorities	Sep 12 - Oct 7, 2022 (remote)	O'Keefe
			Taxpayer services initiatives to support voluntary compliance are strengthened	Improving register integrity and data-cleanup	-	12	12	1	Taxpayer register integrity and data-cleanup agree action plans implemented withing timelines	Authorities requested assistance to improve taxpayer register and data integrity	Nov 14 - 25, 2022 (in-country)	Lendon
			Legal	Tax and/or customs laws are updated, simplified, and better aligned with modern standards and international protocols	Review of Revenue Services Administration Bill and POS Regulations	-	3	3	1	EFD legislation completed	PFTAC is supporting a request by the authorities to modernize their tax laws.	May 2 - Jun 9, 2022 (remote)
	Tax and/or customs laws are updated, simplified, and better aligned with modern standards and international protocols			Review of POS regulations	-	5	5	1	POS regulations reviewed and updated by end of October 2023	PFTAC is supporting a request by the authorities to modernize their tax laws.	Jun 20 - 24, 2022 (remote)	Burns
Tax and/or customs laws are updated, simplified, and better aligned with modern standards and international protocols	Finalization of consumption tax rewrite	-	14	14	1	Consumption tax rewrite finalized by December 2022	PFTAC is supporting a request by the authorities to modernize their tax laws.	May 16 - 25, 2022 (in-country)	Burns			
TOTAL					52	263	315	15				

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Debt Management	Establish efficient institutional framework for debt management	Tonga	Improved institutional structure for debt management	Review of organizational structure for debt management	10	14	24	1	The debt management entity is adequately resourced and staffed; The debt management entity is aligned on a front-middle-back office basis; Debt management staff have specific job roles, tasks, and training plans		Nov, 2022	Ferguson/ STX
	Develop market infrastructure and capacity for cost effective financing		An effective primary market, with market-based issuance/ The government securities market is supported by primary dealers	Domestic Debt Market Development TA	10	28	38	1	Policies and procedures for the primary market are published; Issuance is pre-announced to all market participants; Issuance results are published without delay after each operation; Settlement and custody are supported by effective systems; Detailed analysis of the potential for a primary dealer system is produced		Feb, 2023	Ferguson/ Andreoli