

FY23 Work Plan - May 2022 to April 2023: Vanuatu

| TA Area                                | Objective  | Country  | Outcome Targeted   | Activity  | May 2022 - April 2023<br>(in person-days) |            |                            | Number of Missions/<br>Activities  | Milestones   | Comments   | Planned Date   | Experts            |
|--|--|--|--|---|---|------------|----------------------------|--|--|--|--|--------------------|
|  |  |  |  |   | PFTAC resident advisors                   | ST experts | Total                      |  |  |  |  |                    |
| Financial Sector Supervision           | Develop/strengthen banking regulations and prudential norms                          | Vanuatu  | Legal and regulatory framework equips supervisors to bring about timely corrective actions for banks' problems and weaknesses.   | Review of prudential and risk management standards  | 7   | 16         | 23                         | 1  | PFTAC reviews the draft legislation and prudential standards   |  | Sep 12 - 23, 2022 (in-country)   | Kumar/ STX         |
| Government Finance Statistics          | Strengthen compilation and dissemination of fiscal statistics                        | Vanuatu  | 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 provincial and local governments. | 12  | -          | 12                         | 1  | •Compile and disseminate annual BCG for FY21.<br>•Compile and disseminate general government (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). | Mar 20 - 31, 2023 (in-country)   | LTX                |
|  |  |  | 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. | Investigate statistical discrepancies and other potential indicators of problems in statistical outputs.  |   |            |                            |  | •Produce basic compilation procedures.<br>•A process be initiated to reconcile currency and deposits and other financial balance sheet transactions causing imbalances.<br>•Reconciliation of transactions in the net investment of nonfinancial assets between various source data causing statistical discrepancies. |  |  |                    |
|  |  |  | Business processes documentation for compilation and dissemination of macroeconomic and financial statistics is stored, accessed and regularly updated.  | Establish business process documentation to inform compilation and dissemination procedures.  |   |            |                            |  | •Compilation procedures are designed to minimize processing errors, such as coding, editing, and tabulation errors.  |  |  |                    |
| Real Sector Statistics                 | Strengthen compilation and dissemination of real sector statistics-national accounts | Vanuatu  | A new data set has been compiled and disseminated internally and/or to the public  | Updating national accounts to 2021  | 7   | 15         | 22                         | 1  | Compilation of draft 2021GDP estimates   |  | Jan 16 - 27, 2023 (in-country)   | Powell/ STX        |
|  |  |  | Staff capacity increased through training, especially on developing source data, compilation methods, and dissemination  | Train local staff to produce GDP  |   |            |                            |  | GDP compilers are train to compile GDP(P) independently  |  |  |                    |
| Macroeconomic Programming and Analysis | Stronger analytical skills and better macroeconomic forecasting and policy analysis  | Vanuatu  | Sound medium-term macroeconomic framework (inclusive of GDP and inflation, commodity prices, the external and monetary sectors, and fiscal aggregates).  | Financial Programming Training 2.0  | 40  | -          | 40                         | 4  | Enhanced understanding of economic interlinkages   | 10 days<br>10 days<br>10 days<br>10 days   | Jun 13 - 24, 2022<br>Sep 12 - 23, 2022<br>Jan 16 - 27, 2022<br>Apr 17 - 28, 2022 | Beaumont           |
| Public Financial Management            | Improved PFM laws and effective institutions   | Vanuatu  | The capacity of ministry of finance to plan, implement and sustain PFM reforms is enhanced   | PEFA Climate Assessment   | 28  | 28         | 56                         | 1  | PEFA Report Endorsed   |  | Aug 8 - Nov 14, 2022 (in-country)  | Lavea/ Seeds/ STXs |
| Revenue Administration                 | Strengthened revenue administration management and governance arrangements           | Vanuatu  | Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized  | Tax Policy review   | -   | 16         | 16                         | 1  | Tax policy review finalized by end December 2022   | Vanuatu dependent on VAT and citizenship scheme that is not sustainable  | Oct 10 - 21, 2022 (in-country)   | Mullins            |
|  |  |  | Support functions enable more effective delivery of strategy and reforms   | POS System  | -   | 12         | 12                         | 1  | Decision made on implementation of POS system by end October 2022  | Use of intelligence from POS is used to improve compliance   | Jul 11 - 22, 2022 (remote)   | Hamilton           |
|  |  |  | Organizational arrangements enable more effective delivery of strategy and reforms   | Support on Organizational Arrangement   | -   | 16         | 16                         | 1  | Enhanced organizational arrangements implemented by end of April 2023  | Inland revenue needs to be strengthened  | Nov 14 - 25, 2022 (in-country)   | Shrosbree          |
|  |  |  | Corporate priorities are better managed through effective risk management  | Data analysis and business intelligence   | -   | 12         | 12                         | 1  | Improved data analysis and use of business intelligence as per agreed action plan implemented by end of February 2023  | Systems and processes provide useable intelligence   | Aug 8 - 19, 2022 (remote)  | Hamilton           |
|  |  |  | Authorities have a baseline understanding of the current state of the government's revenue administration, management, and governance arrangements and core revenue administration operations    | Review of Modernization Programme   | -   | 16         | 16                         | 1  | New modernization programme implemented by end of May 2023 and action plan timelines met   | Tax administration capacity and effectiveness to be improved   | Feb 6 - 17, 2023 (in-country)  | Shrosbree          |
|  | 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 #2   | -   | 16  | 16         | 1                          | Filing and payment timeliness improves   | TA assistance requested by the authorities to improve current returns and payment compliance levels.   | Mar 20 - 31, 2023 (in-country)   | Field  |                    |
|  | Audit and other verification programs more effectively ensure accuracy of reporting  | Strengthening audit and audit manual   | -  | 12  | 12  | 1          | Quality of audits improved | The authorities have requested TA to assist in building audit function and capability. | May 16 - 27, 2022 (remote)   | Home   |  |                    |

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|--------------|-----------|---------|---|---|---|------------|------------|-----------------------------------|--|---|----------------------------|----------------------|
|              |           |         |   |   | PFTAC resident advisors                   | ST experts | Total      |                                   |  |   |                            |                      |
|              |           |         | Strengthen core tax functions   | Development of Standard Operating Procedures guidelines | -   | 48         | 48         | 1                                 | Measurable improvement in all core tax functions       | Assistance with developing SOP's requested                                    | Jun 1 - 16, 2022 (remote)  | Field/ Home/ O'Keefe |
|              | Legal     |         | Tax and/or customs laws are updated, simplified, and better aligned with modern standards and international protocols | Income Tax Legislation                                  | -   | 12         | 12         | 1                                 | Draft IT legislation finalized by end of December 2022 | PFTAC is supporting a request by the authorities to modernize their tax laws. | Mar 20 - 31, 2023 (remote) | Burns                |
| <b>TOTAL</b> |           |         |   |   | <b>94</b>                                 | <b>219</b> | <b>313</b> | <b>17</b>                         |  |   |                            |                      |

|                 |   |         |  |   |    |    |    |   |  |  |           |                        |
|-----------------|---|---------|--|---|----|----|----|---|--|--|-----------|------------------------|
| Debt Management | Formulate and implement a medium-term debt management strategy (MTDS) | Vanuatu | MTDS developed, documented and published | Medium-Term Debt Management Strategy Development and Implementation | 10 | 24 | 34 | 1 | Debt management strategy agreed by the relevant authority; Debt management strategy document produced and published. |  | Jun, 2022 | Ferguson/ Presciuttini |
|                 | Establish efficient institutional framework for debt management       |         | Improved operational risk management     | Review of operations manual for debt management                     | -  | 28 | 28 | 1 | Documented guidelines for operational risk management are in place   |  | Nov, 2022 | STX                    |