FY19 PFTAC Work Plan - May 2018 to April 2019: Tonga- MID-YEAR UPDATE

TA Area	Objective	Country	Outcome Targeted	Activity	May 2018 - April 2019 (in person-days) PFTAC resident advisors	ST experts	Total	Number of Missions/ Activities	Updated Inputs at Oct 3, 2018 (person-days - changes in red) PFTAC resident advisors	ST experts	Total	Number of Missions/ Activities	% of updated plan delivered at end-Oct	Delivery Status	Milestones	Comments	Planned Date	Experts
Public Financial Management	1. Improved laws and effective PFM institutions	Tonga	1.2 The capacity of ministry of finance to meet its PFM responsibilities is enhanced	Participation in the Tonga PFM Symposium					5	0	5	1	100%	Sep 18	Participation in the Symposium			Neves
	3. Improve budget execution and control.		3.2 Establishing risk based internal audit functions	Training for internal auditors on risk-based auditing	5	0	5	1	2	8	10	1	0%	Feb 2019	IA Unit staff trained on the basics of risk-based auditing		Feb 2019	
	4. Improve coverage and quality of fiscal reporting		4.2 Comprehensiveness, frequency, and quality of fiscal reports is enhanced	Progress review of the implementation of reporting reforms	5	0	5	1	5	0	5	1	0%	Feb 2019	Updated Action plan adopted by the authorities	Continuation of 2017 TA for accounting reform	Dec 2018	Kubasta
			4.1 Chart of Accounts is aligned with International Standards	Further improvements in the economic classifications	0	12	12	1	0	17	17	2	100%	Aug 2018	All required classifications are developed and integrated into new CoA and adopted by authorities by April 2019.	Follow up from FY 18	Oct 2018	Silins
Financial Sector Supervision	1. Develop and strengthen banking regulations in line with international standards	Tonga	To be established in CDPort	First Follow-up mission from the Regional Workshop on Insurance Legislation and Prudential Standards		10	10	1	0	20	20	1	0%	Nov 2018	To be established in CDPort	Workshop to review and establish revision plan for insurance legislation and prudential standards, to beheld in May 2018. Follow up with bilateral missions to each country to follow-up on and progress reform. First follow-up.	Oct 2018	Claxton/ Rush
Government Finance Statistics	1. Strengthened macroeconomic and financial statistics compilation and dissemination for decision making: compilation methodologies in line with international standards for GFS	Tonga	1.5 Data are compiled and disseminated using the coverage and scope of the latest manual/guide.	Complete the institutional unit table for the public sector and investigate source data for GFS compilation purposes.	12	-	12	1	12	0	12	1	100%	Jan- Feb 2019	• Review and finalize the list of institutional units for the public sector by October 2018. • Investigate all possible data sources for the compilation of GFS by September 2017. [RBM – GO – 5.13, 5.14 and 10.3]	The institutional scope includes all significant general government institutional units and its associated transactions.	Oct-19	De La Beer
			1.9 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.	Mapping the national chart of accounts (CoA) to GFS.											The revised CoA for BCG include the *GFSM 2014* economic and functional coding for automating the GFS compilation by August 2019. [RBM – GO – 9.6]	Bridge tables from national source data to GFS classifications have been constructed and are used to compile GFS.		
			1.12 Higher frequency data has been compiled and disseminated internally and/or to the public.	Compile, review and disseminate data to the IMF Statistics Department.											• Compile and disseminate annual data for BCG for (FY17) by November 2018. • Compile and disseminate annual GG debt data for the World Bank debt statistics database by April 2019. [RBM – GO – 12.3]	GFS for general government operations are compiled and disseminated on a annual basis.		
Real Sector Statistics	1. Strengthen compilation and dissemination of data on macroeconomic and financial statistics for decision making according to the relevant internationally accepted statistical standard, including developing/improving statistical infrastructure, source data, serviceability and/or metadata.	Tonga	1.3 Staff capacity increased through training, especially on developing source data, compilation methods, and dissemination	Principles and techniques required for benchmarking and rebasing		21	21	1	0	21	21	1	0%	Mar 4 - 15, 2019	Relative to the baseline, the number of staff trained to compile and/or disseminate these statistics is adequate by March 2018	• Staff trained on benchmarking and rebasing principles and practices (March 2019)		Anne McAllister
			1.4 Data are compiled and disseminated using the concepts and definitions of the latest manual/guide	Begin work to set new annual benchmarks for rebasing in FY19											Relative to the baseline, deviations from 2008 SNA are reduced and/or eliminated by March 2019	• Complete new 2015 benchmarks using recent HIES, population census, agricultural census (March 2019) • Assist with rebasing GDPP and GDPE, including reconciliation/discrepancy reduction (March 2019)		
			1.10 Source data are adequate for the compilation of the national accounts	Further assist on obtaining and using tax data alongside/in place of business survey											Relative to the baseline, improvements to source data used for annual estimates are made by March 2018	• Further development of business register (March 2019) • Use tax data for 2015 to assist in deriving new formal sector benchmarks (March 2019) (Both assume end FY18 work to secure formal, timely tax data access is successful)		
Revenue Administration	1. Strengthened revenue administration management and governance arrangements	Tonga	1.1 Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institionalized.	Review current reform progress.	12	-	12	1	9	0	9	1	100%	May 21 - 29, 2018	Successful implementation of a reform strategy and governance framework.	Conduct a review of current reform initiatives and provide additional recommendations where necessary.	2/12/2019 - 2/23/2019	Shrosbree
			1.5 Corporate priorities and compliance are better managed through effective risk management.	Develop an Industry Partnership - Tourism Industry					0	16	16	1	0%	Mar 18 - 29	Industry partnership developed by 31/12/2019	Dessign industry partnership strategy to improve compliance in the tourism sector		Shrosbree
			1.2 Organizational arrangements enable more effective delivery of strategy and reforms.	Review structure and provide further functional enhancements					0	16	16	1	100%	Jul 9 - 20	Functional enhancements effected by 31/12/2019	Functional appraoch expanded in line with modernization plans		Scott
			1.2 Organizational arrangements enable more effective delivery of strategy and reforms.	Strategy to expand LTO					0	16	16	1	0%	Nov 5 - 16	Plan in place to expand LTO by 31/12/2019	Strategy developed to expand number of taxpayers in the LTO		Sutherland
			1.1 Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institionalized.	TADAT Assessment					0	9	9	1	0%	Apr 8 - 12, 2019	TADAT Assessment completed	Authorities have requested a TADAT assessment		FAD

Category	Objective	Outcome	Country	Activity	Milestone										%	Date	Milestone Description	Comment	Date Range	Advisor
	2. Strengthened core functions evidenced by an accurate taxpayer base, taxpayer services supporting voluntary compliance, improvements in filing, payment and audit activities			2.3 A larger proportion of taxpayers meet their filing obligations as required by law.	Strengthen strategies to improve on-time filing.		6	6		1	0	8	8	1	0%	Nov 5 - 10	On-time filing operating at improved efficiency levels by 12/31/2019 and measured against TADAT dimensions.	Potential to improve on-time filing.	11/5/2018 - 11/10/2018	Scott
				2.4 A larger proportion of taxpayers meet their payment obligations as required by law.	Strengthen strategies to improve on-time payment.		6	6			0	8	8		0%	Nov 11 -16	On-time payment operating at improved efficiency levels by 12/31/2019 and measured against TADAT dimensions.	Potential to improve on-time payment.	11/11/2018 - 11/16/2018	
				2.5 Audit and other verification programs more effectively ensure accuracy of reporting	Strengthen audit capability and programs to ensure completeness and accuracy of reporting.		12	12	1		0	16	16	1	0%	Oct 22 - Nov 2	The audit function operating at improved efficiency levels by 12/31/2018 and measured against TADAT dimensions.	A PFTAC audit modernization plan has been accepted by the authorities but additional TA is required to assist with implementation.	7/2/2018 - 7/13/2018	Bell
Macroeconomic Programming and Analysis	Well functioning macroeconomic policy and institutions: improved macroeconomic policy advice to government		Tonga	1. Timely, high quality macroeconomic monitoring, analysis and research available for policymaking.	Develop fiscal forecasting	0	0	0	0		0	0	0	0	0%	Apr 2019	(1) Fiscal forecasting methodology is enhanced (Apr. 19). (2) The fiscal sector in the Tonga projection model is reported in government finance statistics (GFS) for general government (Apr. 20).	Staff from Tonga are attached to the Samoa Ministry of Finance and Samoa Bureau of Statistics.	Apr. 19	n/a
				3. Sound medium-term macroeconomic programming framework.	Support the use of the Tonga macroeconomic and fiscal framework.	5	0	5	1		0	0	0	0	0%	FY20	(1) The GDP forecasting framework continues to be used in budget preparations (Jun. 18). (2) The Tonga projection model continues to be used in budget preparations (Jun. 18). (3) Fiscal forecasting is enhanced (Apr. 19).		Oct. 18	PFTAC Advisor

Totals:	39	67	106	10
Updated Plan Total Days	33	155	188	15
Delivered by Oct 31:	14	33	47	6
Percentage of Revised Plan:	42%	21%	25%	40%

| Legal/ Tax Policy | Tax Policy | | Tonga | 1.8 Design Legislation | PACER Plus Tax policy diagnostic mission | | | | | 5 | 0 | 5 | 1 | 0% | Mar 18 - 22, 2019 | Modernized laws implemented by 30/6/2021. | Provide authorities with options to recoup losses from trade taxes | 5/7/2018 - 5/16/2018 | Eysselein |