

FY20 Proposed PFTAC Work Plan - May 2019 to April 2020: Solomon Islands

| TA Area  | Objective  | Country                           | Outcome Targeted   | Activity   | May 2019 - April 2020<br>(In person-days) |            |                                   | Number of Missions/Activities  | Milestones   | Comments  | Planned Date   | Experts              |              |
|--|--|-----------------------------------|--|--|---|------------|-----------------------------------|--|--|---|----------------|----------------------|--------------|
|  |  |                                   |  |  | PFTAC resident advisors                   | ST experts | Total                             |  |  |   |                |                      |              |
| Financial Sector Supervision   | 1. Develop and strengthen banking regulations in line with international standards<br><br>2. To implement a risk-based supervision (RBS) system and upgrade other supervisory processes  | Solomon Islands                   | 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. | Develop a comprehensive suite of prudential standards  | 5   | 10         | 15                                | 1  | To be established in CDPort  |   | 1-Nov-19       | TBC                  |              |
|  |  |                                   | 1.2 Supervisors and regulations require banks to have robust governance policies and processes covering among others effective board and senior management oversight and sound control environment.  |  |   |            |                                   |  |  |   |                |                      |              |
|  |  |                                   | 2.4 Strengthened institutional structure and operational and procedures for RBS implementation   | Assistance in developing a financial analysis process that effectively identifies risk                       | 5   | 0          | 5                                 | 1  |  |   | 1-Jul-19       |                      |              |
| Government Finance Statistics  | 1. Strengthened macroeconomic and financial statistics compilation and dissemination for decision making: compilation methodologies in line with international standards for GFS   | Solomon Islands                   | 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.                                       | 3   | 0          | 3                                 | Remote   | <ul style="list-style-type: none"> <li>• Compile and disseminate annual data for BCG FY2018.</li> <li>• Investigate statistical discrepancies and reconcile changes in cash balances.</li> <li>• Reconcile grants paid and received and compile GG consolidation FY2018.</li> <li>• Compile and disseminate annual public sector debt statistics. [RBM – GO – 12.3]</li> </ul> | GFS for general government operations are compiled and disseminated on an annual basis.   | Remote         | LTX                  |              |
| 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. | Solomon Islands                   | 1.3 Staff capacity increased through training, especially on developing source data, compilation methods, and dissemination  | Staff trained further in analyzing and adjusting results   |   |            |                                   |  | <ul style="list-style-type: none"> <li>• Rebased GDP estimates up to 2017 were finalized and published.</li> </ul>   | Mission only makes sense if more staff is allocated to economic statistics. Large backlog in publication. Still only drafted figures for 2016 available                   |                |                      |              |
|  |  |                                   | 1.9 Data are compiled and disseminated using appropriate statistical techniques, including dealing with data sources, and/or assessment and validation of intermediate data and statistical outputs  | Business survey imputation and processing review   | 12  |            | 12                                | 1  | <ul style="list-style-type: none"> <li>• Annual business survey imputation methods are documented and published</li> </ul>   |   |                | Dec-19               | Scheiblecker |
|  |  |                                   | 1.10 Source data are adequate for the compilation of the national accounts   | Scoping work on better access to tax data  |   |            |                                   |  | <ul style="list-style-type: none"> <li>• Existing two staff adequately trained on state-of-the-art business survey imputation methods.</li> </ul>  |   |                |                      |              |
| Macroeconomic Management   | 1. Improved macroeconomic policy advice to government and central bank management  | Solomon Islands                   | 1.1 Improved quality and frequency of macroeconomic surveillance and policy/research available for policymaking  | Review and enhance GDP forecasting.  | 12  | 0          | 12                                | 1  | (1) GDP forecasting methodology is reviewed and updated following the rebasing of GDP (Jul. 19). (2) Economic and fiscal forecasts are consistent (Jul. 19).   |   | Jul-19         | Claus                |              |
|  |  |                                   | 1.3 Sound medium-term macroeconomic framework  | Complete the upgrades of the Solomon Islands' financial programming frameworks.                              | 5   | 0          | 5                                 | 1  | (1) The Ministry of Finance's financial programming framework continues to be used in budget preparations (Dec. 19). (2) The Central Bank of Solomon Islands' financial programming framework continues to be used in monetary policy settings (Apr. 20). (3) The frameworks are used to undertake sustainability analysis of policy scenarios (Apr. 20).                      |   | Feb-20         | Claus                |              |
| Public Financial Management  | 3. Improved Budget Execution and Control   | Solomon Islands                   | 3.1 Budget execution and controls are strengthened   | Improve treasury operations and controls for non-salary expenditure  | 12  | 17         | 29                                | 1  | Improvement in control over non-salary expenditure and account reconciliation.   | STX days: 2 weeks in country; 1 weekend; 2 travel days; 3 pre-post mission days   | Jun-19         | Kubasta<br>STX - TBD |              |
| Revenue Administration   | 1. Strengthened revenue administration management and governance arrangements  | Solomon Islands                   | 1.2.2. Organizational arrangements enable more effective delivery of strategy and reforms  | Facilitate further implementation of the large taxpayer office   | 0   | 7          | 7                                 | 1  | Design of large taxpayer office delivered by 31/12/2019  | Authorities have requested assistance in the design of large taxpayer office as part of the reforms.  | Jul-19         | Shrosbree            |              |
|  |  |                                   | 1.2.1. -1.2.2. Organizational arrangements enable more effective delivery of strategy and reforms  | Facilitate further implementation of function based structure  | 0   | 5          | 5                                 |  | Function based structure introduced by 20/6/2020   | Visits included under 1.2.2. Function based structure currently being implemented to support overall reforms  | Jul-19/ Mar-20 | Shrosbree            |              |
|  |  |                                   | 1.1.2. Capacity for reform increased due to clear reform strategy and a strategic management framework adopted and institutionalized   | Facilitate design of MTRS  | 0   | 0          | 0                                 |  | Design and implementation of an MTRS by 6/30/2020.   | The authorities have requested assistance in the design of an MTRS.   | Oct-19         | FAD                  |              |
|  |  |                                   | 1.5.1. - 1.5.4. Corporate priorities are better managed through effective risk management  | Facilitate renewal of compliance improvement strategy  | 0   | 32         | 32                                | 2  | New generation CIP designed and implemented  | Current Compliance Improvement Plan is evaluated  | May-19/ Feb-20 | Home                 |              |
|  | 1.8.1 Effective implementation of a new tax or modernized legislation  | Assist with implementation of VAT | 0  | 18   | 18  | 1          | Successful implementation of VAT. | A decision to implement a VAT has been made with a request from the authorities to support implementation. | Sept-19/ Feb-20  | Story   |                |                      |              |
|  | 2. Strengthened core functions evidenced by an accurate taxpayer base, taxpayer services supporting voluntary compliance, improvements in filing, payment and audit activities   | Solomon Islands                   | 2.3.1. - 2.3.2 A larger proportion of taxpayers meet their filing obligations as required by law   | Review progress and facilitate further improvements on-time filing and management of outstanding tax returns | 0   | 12         | 12                                |  | On-time filing operating at improved efficiency levels by 31/12/2019 and measured against TADAT dimensions.  | A PFTAC facilitated strategy has been introduced with some initial progress being made - additional TA requested by the authorities.                                      | Jul-19/ Mar-20 | Lawrence             |              |
|  |  |                                   | 2.4.1 - 2.4.3 A larger proportion of taxpayers meet their payment obligations as required by law   | Review progress and facilitate further improvements on time payment and management of tax arrears            | 0   | 20         | 20                                |  | On-time payment operating at improved efficiency levels by 31/12/2019 and measured against TADAT dimensions.   | Visit included under 2.3.1. - 2.3.2. A PFTAC facilitated strategy has been introduced with some initial progress being made - additional TA requested by the authorities. | Jul-19/ Mar-20 | Lawrence             |              |
| 2.5.1.-2.5.2 Audit and other verification programs more effectively ensure accuracy of reporting |  |                                   | Develop audit strategy and operational plan  | 0  | 32  | 32         |                                   | Develop audit plan by 30/12/2019   | TA requested to develop new generation audit plan  | Jun-19/ Nov-19  | Sutherland     |                      |              |
|  |  |                                   | 2.2.1. Taxpayer services initiatives to support voluntary compliance are strengthened  | Review progress and facilitate further improvements to taxpayer service function                             | 0   | 8          | 8                                 |  | Improved delivery of taxpayer services by 31/12/2020 and measured against TADAT dimensions.  | Visit included under objective 1 The authorities have decided to undertake administrative reforms and requested PFTAC assistance to strengthen taxpayer services.         | Jul-19/ Mar-20 | Shrosbree            |              |
| <b>TOTAL</b>   |  |                                   |  |  | <b>54</b>                                 | <b>161</b> | <b>215</b>                        | <b>14</b>  |  |   |                |                      |              |

