

# PACIFIC FINANCIAL TECHNICAL ASSISTANCE CENTRE

## QUARTERLY REPORT



November 2017

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### I. Introduction<sup>1</sup>

This report covers PFTAC activities and developments for the second quarter of the 2018 Fiscal Year (FY18/Q2) for the period August 1 to October 31, 2017. Analysis and review of program delivery and budget execution covers the first half of FY18 with projections through the remainder of the year. Workplans have additionally been reviewed and adjusted at the mid-point, with a TA delivery outturn measured in days approximately 47 percent of the adjusted workplan. The updated workplans are provided as an Annex to this report and show clearly the original plans along with any additions, deletions, and changes as well as execution at mid-year. They are presented program-by-program and additionally country-by-country. Execution of the budget for categories closely managed from Fiji is slightly lower overall, with reasonable expectations of a high year-end outturn for the seminar/workshop and resident advisor travel budgets, but mixed results for the short-term expert (STX) budget where the PFM and Macro programs anticipate an underspend.

The second quarter was particularly busy, with seven of the 15 planned FY18 workshops delivered, as well as 40 percent more mission days than Q1. Like the last quarter, the period was categorized by workforce stability with all seven advisors busy delivering their programs. Four PFTAC staff visited IMF Headquarters during October partly overlapping with the IMF Annual meetings. The coordinator and two senior administrative staff joined a retreat of directors, coordinators, and staff from the 15 IMF Regional Technical Assistance and Training Centers located across the globe. This annual event held for four years is an excellent peer-learning opportunity. An overlapping visit by the PFTAC Macroeconomic Programming advisor enabled her to meet and consult with mission chiefs and country teams from the Asia Pacific Department as well as key staff in TA Departments and the Institute of Capacity Development to discuss plans for her program. Unlike the other advisors who regularly join retreats of fellow resident advisors organized by their backstopping departments, this visit was organized given that there are only a handful of IMF Macro advisors that do not benefit from similar events.

The 2018 PFTAC Steering Committee (SC) meeting will be held in Tonga on Tuesday/Wednesday March 27/28. Details about the venue and logistics will be circulated early in the New Year followed later in January by an agenda and thematic topics for the second day. The PFTAC meeting will likely be preceded on Monday March 26 by an event in Tonga for Pacific financial sector regulators on developments arising from separate round-table meetings in early February in Australia and New Zealand with commercial financial sector players (banks and money transfer organizations) impacted by Correspondent Bank Relationship (CBR) challenges faced by the region. These events are being organized by the IMF's Asia Pacific Department in collaboration and financing from Australia, New Zealand, and the Asian Development Bank. Finally, 2018 marks a major milestone for

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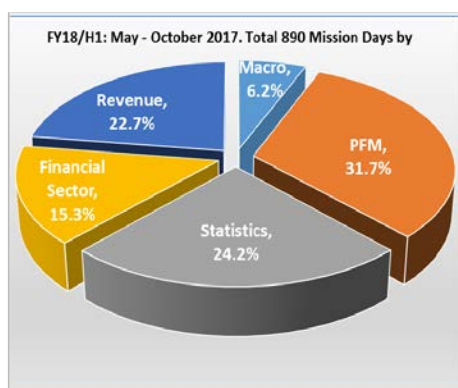
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<sup>1</sup> PFTAC is generously funded by Australia, Korea, New Zealand, and the Asian Development Bank (ADB) with expectations of support from the European Union. From the start of Phase V in November 2016, member countries have also agreed to financially contribute to PFTAC costs. The IMF covers the salaries for the coordinator and local staff, as well as various administrative costs.

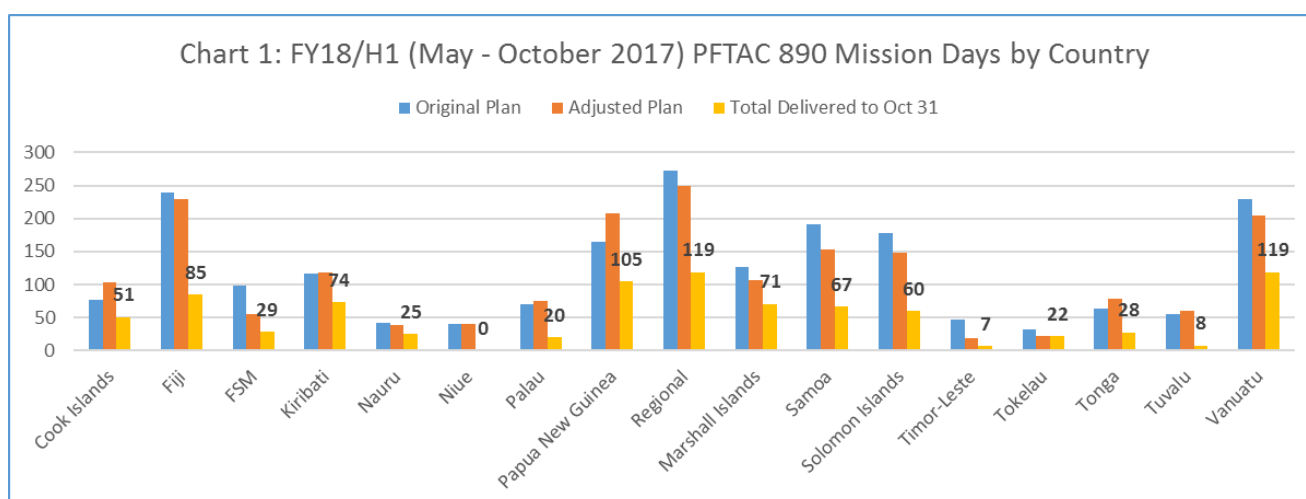
PFTAC where the IMF’s Regional Technical Assistance Center (RTAC) concept began in 1993. More details will be announced for a major 25<sup>th</sup> anniversary event that is planned for late in 2018 to celebrate this achievement.

## II. PFTAC Developments

### Activity – by program

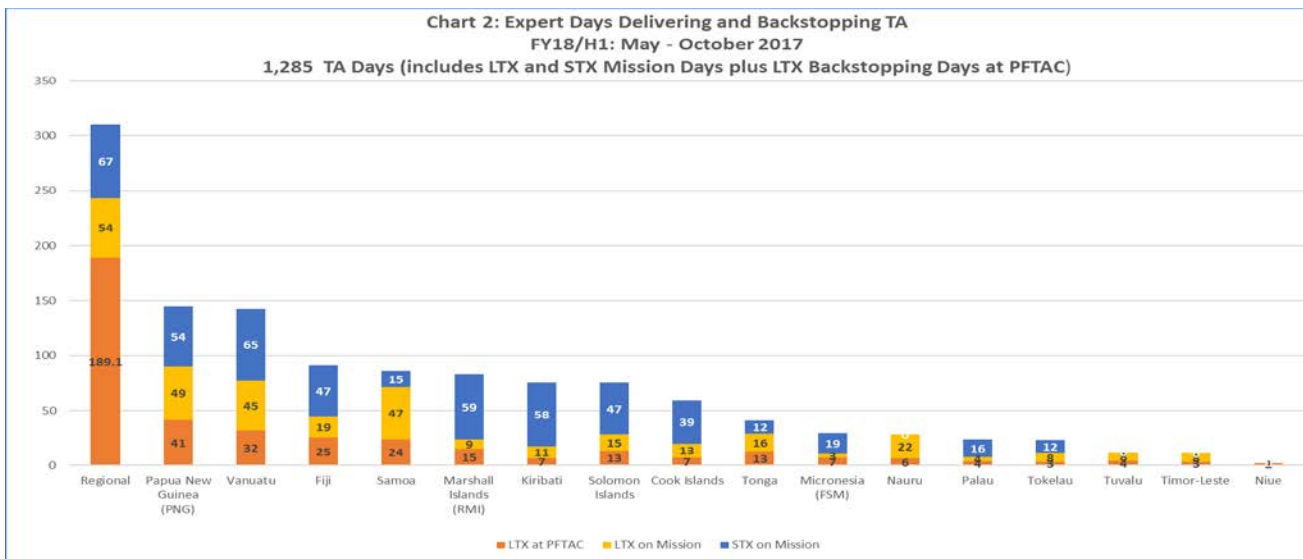


There were 890 days of Technical Assistance (TA) delivered over 66<sup>2</sup> distinct missions during the first half of FY18 (May – October 2017), up from 370 mission days over 30 missions at the end of the first quarter with missions now delivered to 15 of the 16 PFTAC member countries up from 10 at the end of Q1. The PFM program was the most active, and with the Revenue program, fiscal TA accounted for more than half of PFTAC’s efforts, followed by the Statistics program comprising the Real Sector Statistics (RSS) and Government Finance Statistics (GFS) sub-programs; then Financial Sector Supervision (FSS); and Macroeconomic Programming. Chart 1 below provides a break-out of the program delivery by country.



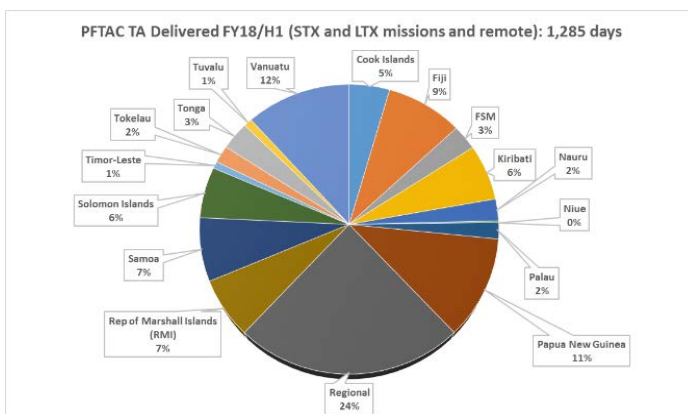
Each of the seven resident advisors spends about half of their time directly delivering TA while on mission to member countries as well as through regional and sub-regional workshops. The balance of the advisors’ time spent at the PFTAC office in Fiji is devoted to preparing for their next mission or workshop, or finalizing reports or products from their most recent mission, as well as importantly backstopping the short-term experts hired to leverage and extend their delivery capacity. A system has recently been instituted to appropriately apportion the resident advisors’ time spent at PFTAC to the country benefiting from that work. In the first half of FY18 this accounted for 395 days, bringing the total PFTAC effort for the period to 1,285 days that is shown in Chart 2, disaggregated by country and delivery modality; namely resident advisor (LTX) time on mission and at PFTAC plus short-term expert (STX) time spent on mission. This is an important enhancement as TA delivered remotely from PFTAC to member countries was not previously being properly reflected, particularly if a mission to the country was not provided.

<sup>2</sup> Counting as a single mission any with more than one expert all working on the same issues and Terms of Reference



**Workshop delivery was intense during the second quarter**, comprising three revenue events (VAT Fraud in **Fiji**, and the annual PITAA Meeting and Senior Revenue Leaders workshop both in **Samoa**); the annual meeting in the **Cook Islands** of the Association of Financial Supervisors of Pacific Countries (AFSPC) under the FSS program; a GFS workshop in **Fiji**; a PFM budget execution event in **Fiji**; and finally, a joint event in **Fiji** of the RSS and Macro programs for producers and users of GDP data. With two events in Q1 (a sub-regional FSS workshop in Guam and a Tax Audit workshop in **Fiji**), **a total of nine workshops have been delivered by mid-FY18 with 218 participants (of which 45 percent were female), accounting for 968 days of training** with events ranging from 3 to 5 days’ duration. With only six additional events planned through the remainder of FY18, this amounts to 60 percent of the 15 events for the year, with around 57 percent of the combined workshop budgets from the various programs now spent (see Chart 3)

**Activity – by country**



Around 24 percent of resources were devoted to regional activities or tasks, particularly workshops. All 16 member countries have benefited from PFTACTA during the period, either a mission and/or support and preparations provided remotely. More than half (52 percent) of TA days delivered went to just six countries: (1) **Vanuatu** – 11.7 percent; (2) **Papua New Guinea** – 11.4 percent; (3) **Fiji** – 8.6 percent; (4) **Samoa** – 7.1 percent; (5) **Marshall Islands** – 6.7 percent; and (6) **Kiribati** – 6.3 percent. The other ten PFTAC member countries accounted for the balance of around 24 percent of resources.

**Mid-Year Workplan Update**

**The original workplan envisaged delivery of 2,046 days of TA** – this excludes the time spent by the advisors at PFTAC that is now being captured. Each program workplan has been carefully reviewed to reflect actual delivery

against expectations and to recalibrate plans for the remaining six months of FY18. Updated workplans for each program are provided as Annexes to this report and at [www.pftac.org](http://www.pftac.org), which are then additionally presented by country for ease of reference. Details of the original plan are preserved within the new plans, so changes, additions, and deletions are clear, as well as details of delivery up until October 31, 2017.

**The revised workplan will result in the same number of missions and activities originally planned but using 1,911 TA days of LTX and STX time, a decline of 7 percent over the original plan.** The number of STX days will drop by 13 percent (from 1,332 to 1,164 days), while 5 percent more LTX days will be delivered than the original plan (up from 714 to 747 days). Overall, the number of missions or activities like workshops delivered will be stable at 149 versus 150 originally expected, but using fewer TA days to achieve. The size of the PFM program remains unchanged, while all other programs will use fewer expert days with slightly fewer missions other than for the revenue and RSS programs:

- **PFM:** 42 instead of 38 missions/events, but using 561 instead of 562 days;
- **FSS:** 19 instead of 21 missions/events, using 308 instead of 349 days;
- **Macro:** 18 instead of 20 missions/events, using 144 instead of 173 days;
- **Revenue:** 36 instead of 34 missions/events, but using 441 instead of 473 days;
- **RSS:** unchanged at 22 missions/events, using 290 instead of 306 days;
- **GFS:** 12 instead of 15 missions/events, using 167 instead of 183 days.

**Adjustments to the plan have arisen for a variety of reasons.** First, a few unforeseen activities could be accommodated, some activities have been calibrated in terms of duration or resource needs, some activities have been deferred, and a few canceled when original expectations have not materialized, in terms of readiness of the authorities to proceed, or priorities have shifted. In a few cases, changes have been necessitated because of budget constraints, or challenges in securing the right expert resources at the right time. The program changes can be seen in the detailed revised workplans and are summarized as follows:

- **Financial Sector Supervision (FSS):** a mission to PNG added given program traction and missions to Timor-Leste and Micronesia postponed to FY19 given operational constraints;
- **Macroeconomic Programming:** a mission to Samoa dropped and a mission to Palau added given possible tax reforms. Increases to mission resources to PNG and Vanuatu, and slight reduction for Fiji. Almost all the program delivery has been by the LTX with significant underutilization of the STX budget;
- **Public Financial Management (PFM):** a mission to the Solomon Islands is postponed to FY19 while another is expanded, the topic of a mission for Fiji has changed from budget processes to a Medium-Term Expenditure Framework (MTEF), plus provision added for a Public Investment Management Assessment (PIMA) mission to Kiribati and a short mission to the Marshall Islands. While the final PFM outturn is expected to be close to the original plan in workload, the STX budget will be significantly (at least 30 percent) underspent, suggesting plans were based on excessively high cost estimates.
- **Real Sector Statistics (RSS):** a mission to Timor-Leste has been cancelled and a mission to the Cook Islands added to assist with formulation of GNI data;

- **Government Finance Statistics (GFS):** the coverage and workplan remains unchanged, but due to budget constraints, missions to Palau, Micronesia, and the Marshall Islands have been substituted with remote support by the advisor from Fiji;
- **Revenue Administration:** the focus of a mission to PNG was changed and participation in the Medium-Term Revenue Strategy (MTRS) was added, and through rationalizing but not dropping planned activities, missions to Tonga and Fiji were added.

### **Financial Report**

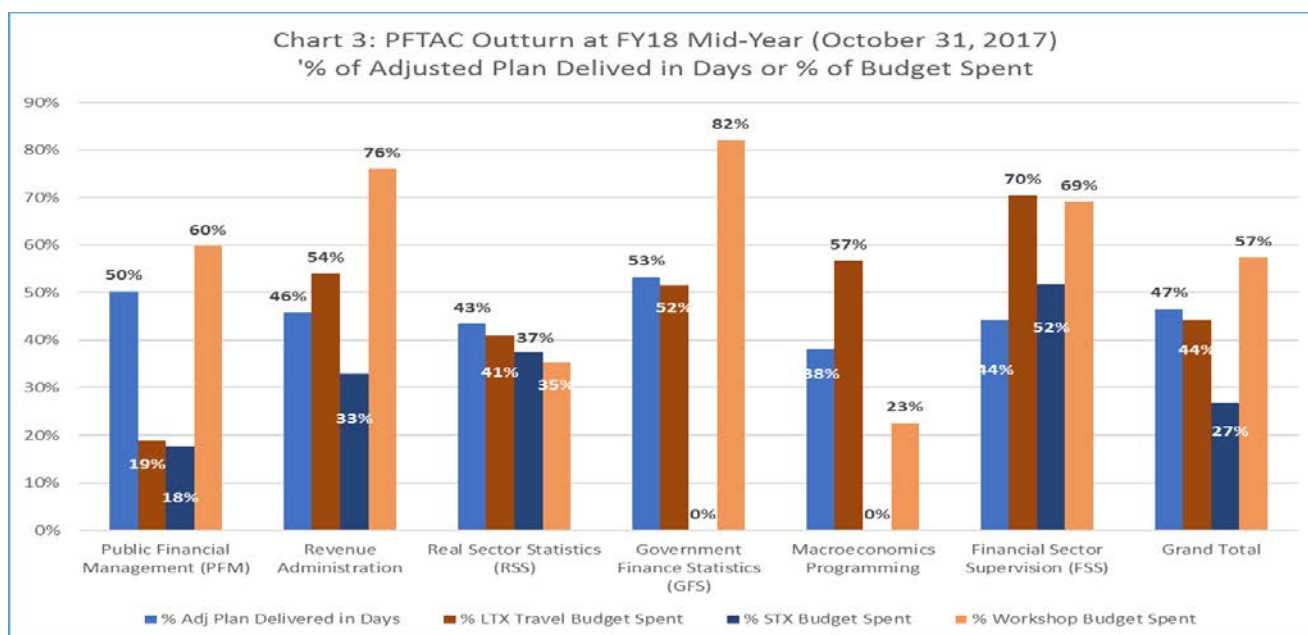
**The PFTAC budget for FY18 is approximately US\$6.6 million** excluding the 7 percent trust fund fee and the IMF in-kind contribution. A range of budget items are managed by IMF headquarters including most significantly **the salaries and overheads of the resident advisors that in FY18 are budgeted for US\$ 2.8 million**, as well as more moderate charges for project management and backstopping, as well as limited TA delivered by headquarters. **Four categories of expenditure are closely managed and monitored locally and account for US\$ 3.64 million in FY18.** These include: (1) all short-term expert (STX) costs, including salary (which are set by IMF Headquarters), travel and per diems – US\$ 1.98 million; (2) regional or sub-regional workshops/seminars – US\$ 1.1 million; (3) travel by the resident advisors – US\$387,000; and (4) local administrative costs, particularly relating to the annual Steering Committee – US\$ 167,000.

### **Mid-Year Outturn against the Work Plan and Budget**

**PFTAC's mid-year outturn against the adjusted workplan is 47 percent measured in TA days.** This amounts to 890 LTX and STX mission days delivered against the adjusted plan of 1,911 days, but excludes the LTX days at PFTAC that are now being captured. The GFS program had a mid-year outturn of 53 percent against the revised plan, and the PFM program 50 percent, whereas all other programs are under 50 percent but are expected to be slightly busier in the second half of FY18 to fully deliver the balance of their revised workplans; Macroeconomic Programming at 38 percent, Financial Sector Supervision at 44 percent, Revenue Administration at 46 percent, and Real Sector Statistics at 43 percent.

**The mid-year budget outturn is around 39 percent for categories under close local control.**<sup>3</sup> The final workshop outturn is expected to be high with six of 15 events yet to be delivered with 43 percent of the budget remaining. Advisor (LTX) travel is similarly expected to have a high outturn, particularly given a slight increase in LTX days planned for the remainder of the year to partly offset the reduction in STX days. STX budget utilization will be mixed, with the Financial Sector program heading for full if not over utilization and possibly needing a reallocation; the two Statistics programs expect high outturns despite low mid-year utilization given their relatively small budgets that will be drawn down through missions in the second half. The Revenue program STX utilization will also increase but may result in an underspend, and the Macro and PFM programs are expected to have significantly underspent STX budgets, but with little or marginal impact on program delivery. Given a remaining funding gap for Phase V, underspent FY18 budgets will carry forward and provide some contingency while fund raising continues.

<sup>3</sup> Overall \$1.335m of \$3.475m (39 percent), comprising STX \$0.533m of \$1.986m (27 percent); Workshop \$0.631m of \$1.101m (57 percent); and LTX Travel \$0.171m of \$0.387 (44 percent).



**No additional member contributions were received** during the quarter (although several were promised), but signed Letters of Understanding were received from the governments of Niue and the Federated States of Micronesia that paves the way for their first contributions to be made. Letters of Understanding remain pending for just six of the 16 PFTAC member countries (Tuvalu, Solomon Islands, Papua New Guinea, Marshall Islands, Palau, and Timor-Leste), of which several are believed to be close to submission, and promises of contributions are awaited from several other countries that previously signed. All countries are urged to finalize their Letters of Understanding and fulfill their financial commitments with timely payment of contributions.

**Donor fundraising similarly remains unchanged.** As noted last quarter, a € 6 million contribution from the European Union (EU) under a regional PFM initiative is expected to be in place in early 2018. Upon receipt of the EU contribution there will be five contributing and active donors. However, and contingent on receipt of all member contributions there is still a serious funding gap remaining of almost US\$ 5 million from a baseline budget or US\$ 9 million from an aspirational budget.<sup>4</sup> With one year of the 66-month phase now over, efforts to close this gap must accelerate, with options explored from the existing donors as well as possible new donors. Moderately mitigating the budget gap is a modest underspend from FY17 for the first six months of Phase V, an emerging underspend for FY18 noted about, as well as the finalization of the **unspent Phase IV funds that were US\$ 535,718**, of which approval is awaited to roll-over of the pro-rated share from Australia, the European Union, and New Zealand. Nevertheless, a substantial gap remains to be filled to avoid a scaling-down of PFTAC resources and activities in the foreseeable future.

**Fund raising for a proposed scaling-up of the revenue program is being launched.** Notwithstanding the Phase V funding gaps for the overall PFTAC program, a separate need and interest has been expressed by both member countries and current donors to do more to assist member countries with Domestic Revenue Mobilization (DRM) given commitments made under the 2015 Addis Tax Initiative as well as in preparation and response to possible trade tax revenue losses with the introduction of the PACER Plus trade agreement. Given PFTAC has a

<sup>4</sup> The baseline budget of US\$ 35.4 million if reached would entail a scaling back of the PFM and possibly Statistics programs by one or two resident advisors in years 4 and 5. Conversely, if the aspirational budget of US\$ 39.7 million is reached it would allow for full PFTAC operations to remain in place throughout Phase V.



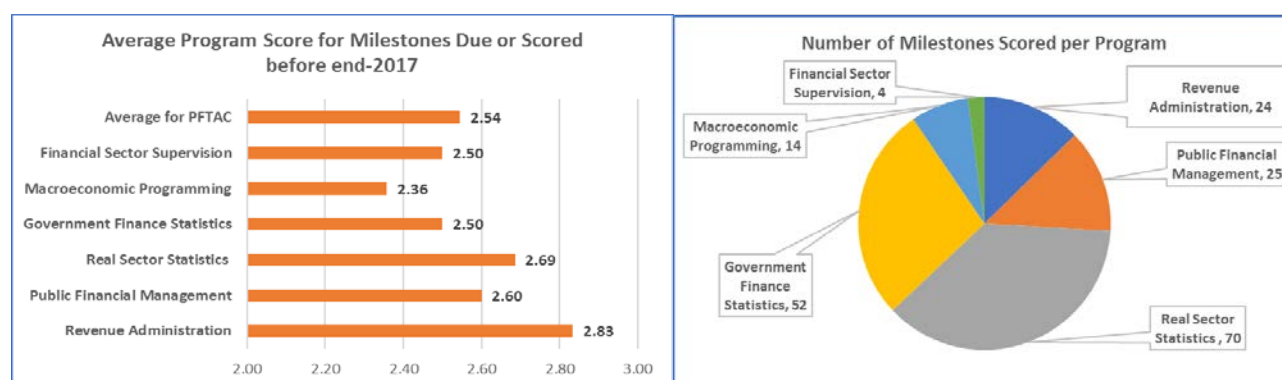
reputation as being particularly effective and engaged in revenue administration, policy, and legislative reforms in the Pacific, a proposal to scale-up the PFTAC revenue program from May 2018 is being discussed with donors.

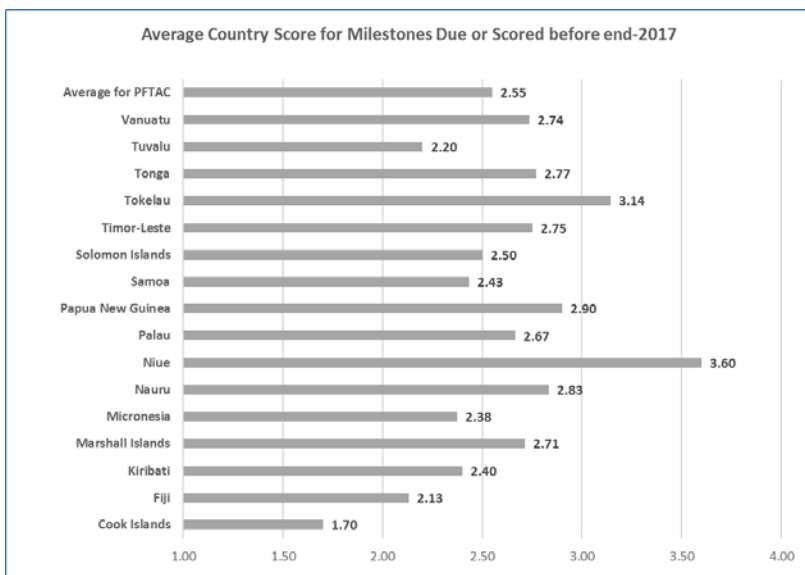
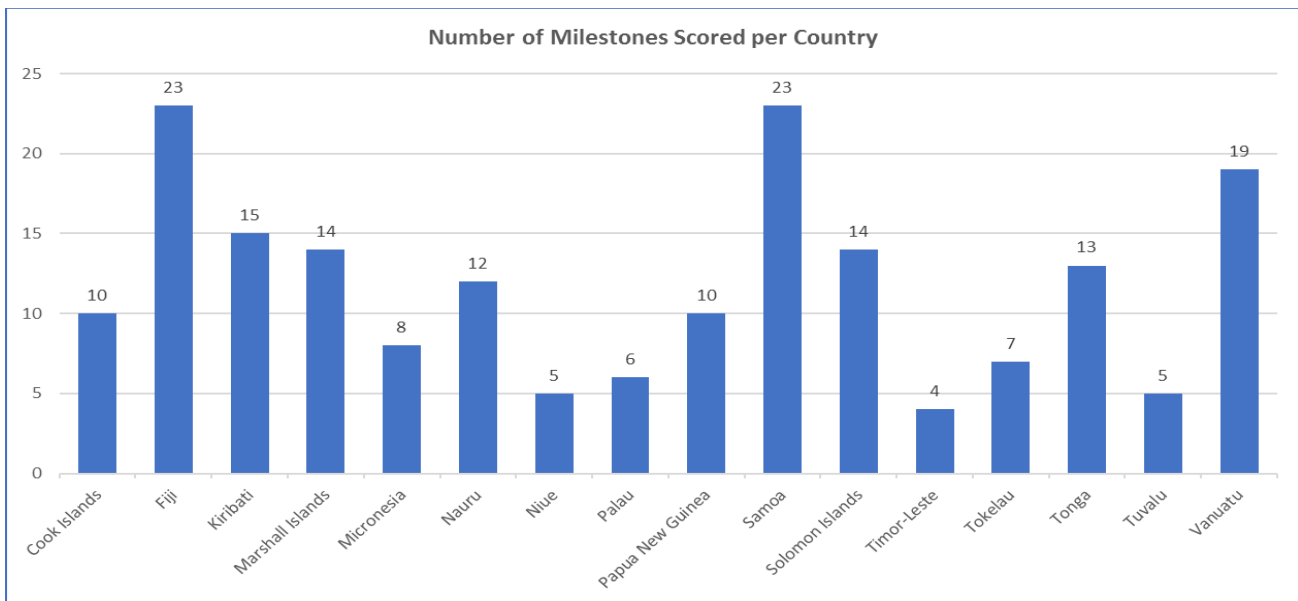
### Managing for Results

Following the IMF’s general lead, PFTAC is stepping-up its Results Based Management (RBM) efforts. This is not a new concept, but one that is being standardized for all IMF Capacity Development (CD) regardless of funding source and nature, and is being facilitated by CD Portal (CD-PORT), a new Information Technology system. As noted in the last quarterly report, **the advisors have developed an initial 82 Logical Frameworks (LogFrames) for their respective programs.**

Separate LogFrames are created for each country where a PFTAC program is actively working towards a specific objective, for example a Revenue Administration LogFrame was created for Fiji with the objective of *Strengthening Core Tax Administration Functions*, under which PFTAC assistance is working towards two Outcomes, namely: (1) *More Taxpayers Meet their Filing Obligations*; and (2) *Taxpayer Service initiatives have strengthened Voluntary Compliance*. **The IMF has developed a standardized catalogue of Objectives and Outcomes for each area of TA delivery** like Revenue Administration that the LogFrames are constructed from. Achievement of the outcomes over the longer term are the accomplishment of the authorities that the TA from PFTAC has contributed towards and perhaps other TA or inputs from other sources. In the short to medium-term (up to three years ahead), the advisors identify milestones towards the achievement of each Outcome, with at least one per year, but usually not more than a few. In the Fiji revenue example, two medium-term milestones have been identified for the first outcome and three for the second.

**RBM Logframe Milestones have been assessed and scored for the PFTAC programs for the first time.** Of the 82 LogFrames created earlier in 2017 identifying 157 Outcomes, a total of 356 Milestones were defined. Of these, **the status of 188 milestones with expected completion dates before the end of 2017 have been assessed through projections to the end of 2017 and scored** on a simple scale where 1=No Progress/Not Started; 2=Partially Achieved; 3=Largely Achieved; and 4=Fully Achieved. Given the Statistics program LogFrames were developed first, they account for the vast majority of the assessed milestones, with fewer defined and assessed milestones for the other programs as noted in the chart below. The number of assessed milestones per country also varies considerably, with significantly more in Fiji, Samoa, and Vanuatu that is roughly correlated with the proportion of PFTAC assistance provided.





**Important caveats apply to the average milestone scores calculated for each program, country, and PFTAC overall.** While the RBM methodology the IMF has introduced is robust and well proven, its application and the tools for its management are very new to the IMF, and particularly PFTAC, with an uneven adoption so far across programs while familiarity grows. Milestones have been developed on a best estimate basis and will be refined over time, particularly through greater consultation and engagement with the authorities to ensure understanding and ownership of

the agreed outcomes being pursued that are ultimately in the authorities' control to achieve. Other challenges can be anticipated, particularly as work programs expand and new LogFrames are created or existing ones evolve. A weighting methodology is included in CD-PORT given that not all TA engagements are equal in terms of resources deployed or criticality of the reforms pursued. However, outcome and milestone weights have been ignored in this first, and tentative analysis of progress. The new approach introduces considerable rigor and robustness to better managing for results with enormous potential, so all stakeholders are requested to be actively engaged and contribute to getting the most out of these investments and efforts. More detailed explanations and discussions will be included in the 2018 Steering Committee meeting agenda.



### III. Report on Program Activities and Achievements

#### Public Financial Management

PFTAC's TA on PFM issues continues to cover a broad spectrum of issues.

**Fiji:** Several previous TA missions to the Ministry of Economy have contributed to the government's consolidated financial statements coming into full compliance with international public sector accounting standards (IPSAS) - Cash basis. PFTAC assistance during the quarter **focused on developing the capacity of accountants in line ministries to improve financial reporting.**

A seminar on financial reporting in aid of management decision-making was conducted in August followed by a training workshop in October for the roll-out of IPSAS at ministry level. Further support is planned for the next quarter to draft new guidelines on line ministry financial reporting, as well as follow-up TA to develop the internal audit risk-assessment framework.

**Kiribati:** Working with climate change financing readiness experts from the Pacific Island Forum Secretariat (PIFS), PFTAC assisted **the Department of Finance and Economic Management to undertake a PEFA self-assessment** (July). Kiribati officials presented a summary of their findings to their peers within government outlining action steps to improve PFM processes over the next twelve months. PFTAC will work with the authorities on a PFM roadmap to guide the direction over the medium term.

**Papua New Guinea (PNG):** PFTAC provided training to Department of Finance internal auditors on **risk-based and systems auditing** in October, and provided advice on improving current processes and reports in line with international standards. Further PFTAC help has been requested to improve financial accounting and reporting with a TA mission planned in FY2018/Q3.

**Samoa:** Has made good progress in improving consolidated government financial statements that are consistent with IPSAS-cash standards following a 2016 PFTAC mission. Follow-up training for the Ministry of Finance and Treasury officials on financial reporting was provided in September to prepare **for the accounting and reporting of assets and liabilities.** A follow-up mission to improve cash forecasting is scheduled for FY2018/Q3. Recent PFTAC assistance to the Ministry of Public Enterprises **focused on risk assessment of Public Bodies.**

**Solomon Islands:** Building on previous work to strengthen cash management (December 2016), recent off-site **assistance and advice was provided to the Treasury on cash forecasting, as well as financial reporting,** and further TA will be delivered in FY2018/Q3. The PFTAC PFM advisor accompanied the Article IV mission (Sept 2017) to get an updated understanding of the authorities' PFM needs and priorities that has led to minor changes to the workplan for remainder of FY18.

**Timor Leste:** In October 2017, the PFTAC PFM advisor accompanied the Article IV mission to acquire an updated understanding of PFM priorities and needs of the Timor Leste authorities.

**Tokelau:** PFTAC assisted Tokelauan Department of Finance officials (September) **to complete their first PEFA self-assessment.** To encourage peer (south-south) learning across the region, an official from the

Samoa Ministry of Finance joined the PFTAC mission. This will provide Samoa with a practical understanding of the new PEFA framework and assist its plans for an assessment in FY2019.

Tokelauan officials finalized the self-assessment and presented their findings to fellow government officials, outlining a series of steps that could be undertaken in the next twelve months to improve overall PFM. PFTAC will work with the Tokelauan authorities on a PFM roadmap to guide improvements and direction over the medium term.

**Tonga:** Has improved financial reporting consistent with IPSAS-cash standards following a PFTAC mission in January 2016. TA in August was followed by training of Ministry of Finance and National Planning accountants on how to improve the 2016-17 financial statements. A follow-up TA mission is also planned to assist in improving the Chart of Accounts.

**Vanuatu:** Accounting and reporting TA started with a July PFTAC mission providing recommendations on how to improve the timeliness and quality of the consolidated financial reports being prepared by the Department of Finance and Treasury. This TA will continue into the next quarter focusing on the development of improved accounting policies and a procedures manual. Additional TA is planned to improve risk-based internal audit in the next quarter.

### Regional Activities

A **Workshop on Strengthening Budget Execution Internal Controls** (28 Aug – 1 September) held in Nadi, Fiji, trained 15 financial controllers from Treasury offices of seven PICs (Fiji, Kiribati, Marshall Islands, Papua New Guinea, Samoa, Tonga, and Vanuatu). This culminated in country team presentations of proposals to improve their respective Treasury internal controls.

**Upcoming events:** A joint workshop with UNESCAP on planning and budgeting will be held in Samoa in November 2017. PFTAC will also participate in the annual Friends of Budget Support (FOBS) meeting in late November 2017 convened in Sydney by the World Bank. Two workshops are planned in February 2018: on fiscal oversight of SOEs; and on managing fishing revenues.

### Macroeconomic Analysis and Forecasting

Hands-on **revenue forecasting** was the focus of an August mission to **Vanuatu**. Methodology was developed to quantify the impacts of revenue reforms on real and nominal GDP and consumer prices and incorporate the effects into forecasts. Revenue forecasting was also enhanced to assist with Budget preparations with revenue forecasts produced three ways: (1) on a GFS basis for broad revenue types: value added tax (VAT), excise, import duties, grants and other revenue; (2) at the revenue charts of account level for 33 fees, charges and taxes; and (3) VAT collection is forecast by industries using individual taxpayer data provided by the Department of Customs and Inland Revenue (DCIR) and the Department of Finance and Treasury's GDP forecasts by industries. Industry level revenue forecasting is possible because of the consistent use of industry classification by DCIR and the Vanuatu National Statistics Office (VNSO). **Vanuatu is the first country to implement revenue forecasting by industries** which was discussed at two PFTAC workshops in 2015 and 2016.

Producing **GDP forecasts** is the objective at the **Tuvalu** Ministry of Finance and Economic Development. A September mission assisted in improving GDP forecasting methodologies. Economic forecasts are currently

taken from the IMF Article IV Staff Reports to produce fiscal forecasts for the Budget. IMF forecasts are infrequently updated and do not incorporate current information available at the time of Budget preparations. Also, no forecasts are provided by industries. Tuvalu has high quality (timely and accurate) fiscal data and monthly imports data are available that can be used to estimate and forecast GDP. A methodology was set up to derive annual estimates of variables when partial data for the year are available based on data to date and past payment patterns. Government revenue collections are used to estimate past and current GDP, and government expenditures (actual and Budget estimates) are used to estimate and forecast GDP.

### Measuring Economic Activity: Past, Present and Future

A third sub-regional **workshop on Compiling and Forecasting Gross Domestic Product (GDP)**, following successful events in October 2016 and April 2017, GDP is a key macroeconomic variable that is now produced in all PFTAC members. It attracted 29 national statistics office GDP compilers and analysts from the ministry of finance, tax office and central banks of **Cook Islands, Fiji, Kiribati, Nauru, Niue, Samoa, Timor-Leste, Tokelau, and Tuvalu**. The workshop provided a mix of theoretical training, country presentations, technical exercises, and group discussions and was run in an open style to encourage participant feedback and interaction. The theory and technical exercises covered both compilation and forecasting and were particularly aimed at increasing the fundamental knowledge of attendees based on practical applications of the theory presented.



The event began with country presentations giving an overview of respective compilation and forecasting work. Technical training sessions covered the compilation of GDP by production, expenditure and income; macroeconomic and fiscal forecasting; rebasing GDP; GDP's role in economic policy formulation; and measuring the informal sector. GDP compilation exercises comprised estimating imputed rental via user input cost models; rebasing a two-sector economy including deflation options; identification of the links between production and expenditure GDP and solutions to estimate missing GDP coverage. Forecasting exercises, which involved the use of country data, included splicing of series; changing the underlying assumptions in countries' long-run GDP forecasts, assessing the impact of exchange rate changes and including the possible construction of a new road.

### Upcoming events

Following the success of two joint training events with the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) a third joint **workshop on Medium-term Expenditure Planning for National Sustainable Development** is taking place on **November 6-10** for analysts from the budget and planning offices and the central banks of **PFTAC's 16 members**. It is co-hosted by the Samoa Ministry of Finance in Apia and focuses on health and education spending and countries' demographics.

## Revenue Policy and Administration

PFTAC continues to support PICs in adapting their business models towards a function based approach with greater emphasis on risk management. This entails moving from an organization structure based on tax type to one arranged around core functions such as taxpayer audit, taxpayer services, and enforcement rather than replicating those functions for each type of tax that is duplicative and fails to provide a 'whole-of-taxpayer' perspective. Despite these being relatively new concepts for the region, progress has been impressive with several countries moving to a functional model while simultaneously rolling out Compliance Improvement Strategies.

**Fiji:** A September mission assisted the Fiji Revenue and Customs Service (FRCS) in a final **review of functional specifications for a new Information Technology (IT) system** and provided guidance in the establishment of a project management and governance framework.

**Kiribati:** At the request of the authorities, PFTAC assisted the Kiribati Taxation Department in August to develop an overarching plan to guide modernization activities. An **evaluation of the new function based structure** was also conducted and further implementation advice provided. A pilot Compliance Improvement Plan is currently under development.

**Tonga:** An August mission assisted the Ministry of Revenue and Customs in a **review of the taxpayer audit program** resulting in several recommendations provided to the authorities that are currently under consideration.

**Vanuatu:** A mission in August assisted the Department of Customs and Inland Revenue to update their modernization project plan and provided additional design and implementation support to facilitate the **introduction of the newly adopted functional approach**. Assistance was also provided in the development of a **strategy to improve on-time filing and payment and management of tax arrears and outstanding returns**.

**Federated States of Micronesia (FSM):** The **on-time filing and payment pilot project** introduced in 2016 was reviewed by an October mission to the Customs and Tax Administration that also assisted in the **development of a taxpayer services strategy**. A three-day taxpayer services workshop provided staff with a modern perspective of taxpayer services and included staff from within the sub-region, namely FSM, the **Republic of the Marshall Islands (RMI)**, and **Palau**.

**Republic of the Marshall Islands (RMI):** The mission to the Division of Customs, Treasury, Revenue, and Taxation in September focused on **strengthening on-time filing and payment**, and assisted in the **development of a taxpayer services strategy and development of performance measures**.

**Papua New Guinea:** In August, the PFTAC revenue advisor joined a mission and team from the Fiscal Affairs Department (FAD) at the request of the Department of Treasury to work with the authorities in **developing a comprehensive Medium-Term Revenue Strategy (MTRS) covering tax policy, legislation, and revenue administration reforms, the first of its type in the Pacific**.

**Samoa:** The September visit by the resident advisor to the Ministry for Revenue assisted in the evaluation of the Industry Partnership project designed **to address high non-compliance levels in cash economy industry sectors**. This concept, based on the Taxpayer Compliance Model, facilitates the development of relationships

with industry bodies, that with the Ministry for Revenue, together work towards improving overall tax compliance.

<p><b>PFTAC/PITAA Regional Workshop – Combating VAT Fraud</b> August 7 -11, 2017 – Fiji</p>	<p><b>PFTAC Regional CEO/Senior Manager Workshop</b> September 18 – 20, 2017 - Samoa</p>
<p>PFTAC in partnership with the Oceania Customs Organization (OCO) and the Pacific Island Tax Administrators Association (PITAA) conducted a weeklong Regional Workshop on VAT/Customs fraud. In addition to highlighting the benefits of enhancing cooperation between Customs and Revenue Administration, the workshop emphasized how customs and tax collections can be improved through deeper risk analysis including the exchange of information</p>	<p>This workshop provided an opportunity for CEOs and Senior Managers to break away and participate in discussions around managing modern tax administration and creating a climate for change. The agenda included the leadership role of the CEO, developing strategic priorities and objectives, a perspective of revenue administration reforms, business planning and program execution, overcoming internal resistance to change, and addressing corrupt practices.</p>
	<p>A key focus on the workshop included discussions on the <b>PFTAC, Pacific Island Countries: Review of Tax Reforms in Selected Countries – Lessons for Future Revenue Mobilization</b> from which the following five key priority areas were identified: (1) increase investment in modern tax administration; (2) improve management through the better use of information gained through the collection and collation of data; (3) the need for effective strategic leadership; and (4) improving compliance through effective risk management; and (5) introduce self-assessment.</p>
<p>(L-R) Tevita Tupou (OCO), Collin Brown (NZ Customs) Rod Ettridge (IMF expert), Peter Mitchell (ATO), Stan Shrosbree (PFTAC) and Koni Ravono (PITAA).</p>	
<p><b>PFTAC Awards Dinner</b> 14 September, 2017 - Samoa</p>	
	<p>To show recognition for revenue reform progress in Pacific Island Countries, PFTAC hosted a dinner in Samoa during the PITAA Heads Meeting to recognize major regional achievements. Three awards were presented – the first award <b>“Revenue Administration Policy and Administration Reforms”</b> went to Nauru, the second, <b>“Strengthening Revenue Administration and Governance Arrangements”</b> went to Vanuatu, and the third, <b>“Strengthening Revenue Administration, Governance and Core Tax Functions”</b> was awarded to Fiji.</p>
<p>PFTAC Awards Dinner (l-r) Mr. Melton Aru (Vanuatu), Mr. Collins Gesa (Vanuatu), Ms. Adi Fane Vakaloloma Vave (Fiji), Mr. Muni Ratna (Fiji), Mr. Terry Greenwood (Nauru), Mr. David Kloeden (PFTAC Coordinator), Ms. Margaret Cotton (FAD), Mr. Charlie Jenkins (FAD), Mr. Stan Shrosbree (PFTAC), Ms. Avalisa Viali Fautua’alii (Samoa), and Koni Ravono (PITAA).</p>	



**Pacific Island Tax Administrators Association (PITAA)  
Annual Meeting: September 13 – 15, 2017 – Samoa**

The Samoan Ministry for Revenue hosted the 14<sup>th</sup> Annual PITAA Heads Meeting - *Institutional Strengthening of Tax Administration* - in Apia, Samoa from the September 13 – 15, 2017. The meeting was attended by delegates from 13 of the 16 PITAA members and included observers from local, regional, and international organizations. The meeting was officially opened by the Chief Guest, the Honorable Prime Minister Amiga Tuilaepa Sailele Malielegaoi who in his opening address stressed the importance of the Pacific region working together to tackle taxation issues.

Also in attendance were observers from local, regional and international organizations which included the Pacific Island Technical Assistance Centre (PFTAC), the International Monetary Fund (IMF), the Asian Development Bank (ADB), the Australian Department of Foreign Affairs and Trade (DFAT), the International Bureau for Fiscal Documentation (IBFD), the New Zealand Inland Revenue (NZIR), the Organization for Economic Cooperation and Development (OECD), the Global Forum on Transparency and Exchange of Information, the Australian High Commission in Samoa, the Central Bank of Samoa, the Ministry of Finance, the Samoa International Finance Authority, and the Ministry of Public Enterprises.

The meeting covered several interesting topics that included presentations by Pacific Island Countries on current reforms taking place in their respective countries. Presentations by PFTAC and the IMF included an overview of PFTAC work during the last year, a presentation on fragile states and fragility in the Pacific Region, discussions on PFTAC's Technical Assistance Report "*Pacific Island Countries: Review of Tax Reforms in Selected Countries – Lessons for Future Revenue Mobilization*" which provided delegates with a comprehensive overview of tax reforms undertaken over the last eight years, lessons learned and future focus areas. A presentation on PACER Plus highlighted options to replace expected revenue loss from Trade Taxes in Pacific Forum Island Countries and a presentation on Compliance Risk Management showed how PICs were moving towards a more risk based operational approach.

PFTAC has played a valuable role in supporting PITAA by fully or partly funding training programs and conferences and facilitating regional knowledge sharing. More recent joint activities include attachments to PFTAC missions designed to provide Pacific Island tax administrators with a deeper understanding of the challenges facing PICs and how the larger tax administrations under the PITAA umbrella can assist the smaller administrations in their reform efforts. PFTAC will continue to build upon this relationship with PITAA by supporting regional training and capacity building activities.



## Government Finance Statistics (GFS)

The GFS program activity increased in the second quarter with a **regional** workshop in Fiji, Nadi combined with TA support for **Kiribati** and three in-country TA missions to **Nauru, Papua New Guinea (PNG)** and **Samoa**. The program also delivered remote assistance to **Micronesia**, the **Marshall Islands, Palau**, and **Tonga** in the compilation of GFS for the IMF's annual *Government Finance Statistics Yearbook (GFSY)*.

**Regional training:** During August, a one-week GFS workshop was conducted for 13 PICs. Thirty government officials from several government agencies involved in the compilation of GFS and public sector debt statistics attended. The workshop covered **GFS consolidation concepts and fiscal analysis of data for internal use and surveillance purposes**

**Kiribati:** Prior to the regional workshop in Fiji, assistance was provided to officials of the Kiribati National Statistics Office in the compilation and improvement of GFS. The Kiribati **public sector coverage** was reviewed and a **consistent updated time series for general government** up to the end of fiscal year 2016 was produced. Expanding coverage to the rest of the public sector was also investigated.

**Nauru:** Received its first GFS TA mission in September since joining the Fund in April 2016. The mission conducted a GFS workshop for 20 officials of the Ministry of Finance. A draft **delineation of the public sector and mapping of the national government chart of accounts** to the *Government Finance Statistics Manual (GFSM 2014)* was completed. A **historical GFS time series** of economic and functional data was produced for the fiscal years 2014-2017. A proposed **GFS budget summary statement** was left with the authorities for introduction into the 2018 budget.

**Papua New Guinea:** The primary focus of the mission in October 2017 was to **improve the GFS budget summary tables for the 2018 national budget** volume 1 and produce the detailed agency GFS budget tables for volume 2. Meetings with the specialized GFS Financing Taskforce elaborated and discussed the importance and the **coverage of data for assets and liabilities in the balance sheet** of the government. A time series of budgetary central government for the fiscal years 2014-2016 was completed by the end of the mission.

**Samoa:** The September mission reviewed and revised data for the budgetary central government in preparation for **GFS general government consolidation**. The classification of intergovernmental grants between the various levels of government was updated to align receipts and payments for consolidation purposes. Data compilation and GFS mapping for 15 extra budgetary units and the social security fund was completed and general government consolidation was completed for the fiscal years 2012-2016.

## Real Sector Statistics (RSS)

The RSS program had a busy second quarter. TA on national accounts statistics was delivered by missions to **Kiribati, Nauru, Palau** (attended also by the **Marshall Islands**), **Samoa**, and **Vanuatu**; while a **multi-sector sub-regional workshop** was held in Fiji for nine member countries

**Multi-sector, sub-regional workshop:** A one-week workshop was held in Suva, Fiji for national statistics office GDP compilers and analysts from the ministry of finance, tax office, and central bank (where applicable) of **Cook Islands, Fiji, Kiribati, Nauru, Niue, Samoa, Timor-Leste, Tokelau**, and **Tuvalu**. The workshop covered **essential skills in GDP compilation and macroeconomic forecasting** and was delivered by the PFTAC RSS and



Macroeconomic Programming advisors. This was the third multi-sector event held by PFTAC in recent times, and once again proved to be a successful, cost-effective way of **linking data suppliers' and users' knowledge and needs** while encouraging further networking. Further details are provided in the 'Macroeconomic programming' section of this report.

**Kiribati:** A two-week national accounts mission in August, staffed by a short-term expert, assisted the Kiribati National Statistics Office (KNSO) to improve their **existing measure of annual gross domestic product by production (GDP(P))** and develop further a **future measure of GDP by expenditure (GDP(E))**. Latest estimates for 2016 GDP(P) were drafted for finalization by the KNSO, while a first set of estimates for GDP(E) were compiled, though purely for internal review at this stage; further work is needed to reduce the discrepancy between GDP(E) and GDP(P).

**Nauru:** PFTAC spent two weeks in September with the Nauru Bureau of Statistics (NBS) to assist in compiling latest **annual GDP(P) estimates for 2015-16 and 2016-17**, as well as improving data and methods where possible. The NBS relies almost solely on **administrative data** to estimate formal production activity so the bulk of time was spent extracting and transforming data from government and public corporations' annual financial reports into GDP components. The mission continued work to secure access to new tax data, which will support higher-quality GDP estimates in due course, as well as **building local staff's compilation capacity**. Plans for a **rebase in 2018** were also developed further.

**Palau/Marshall Islands:** A short-term national accounts expert provided two-weeks of TA to staff from the statistics offices of Palau and the Marshall Islands in Koror, Palau in October. Both countries share very **similar GDP compilation systems** designed and run largely autonomously under observational work funded by the United States under their respective compact arrangements. **Staff were guided through dummy runs of the GDP compilation processes** to foster independent local production capacities. Some **simplifications to existing procedures** were also derived.

**Samoa:** A two-week mission in October provided a third tranche of assistance to the Samoa Bureau of Statistics (SBS) to advance the **rebase of quarterly/annual GDP(P) from 2009 to 2013**. Past missions worked to review partial industry updates and derive improved solutions. With the SBS's provision of more detailed data from the 2013/14 Household Income and Expenditure Survey, this mission derived **new production benchmarks for the informal sector** and refined methods to ensure a **better use of value-added goods and services tax (VAGST) data** to estimate much of the formal sector. SBS anticipates releasing rebased GDP estimates in early April 2018.

**Vanuatu:** PFTAC spent just under two weeks with the Vanuatu National Statistics Office (VNSO) in Port Vila in August. The VNSO is recovering from a **loss of experienced compilation staff**, which delayed GDP(P) and GDP(E) estimates for 2015 by almost a year. Estimation was complicated by the impact of **Tropical Cyclone Pam in 2015** which was not reflected well in modeled areas of economic activity. The mission generated **revised estimates of agriculture, construction, and housing** activity for several recent years, based on post-disaster analytical reports and the VNSO's 2016 Mini-Census. Tentative **plans for a rebase** were also redeveloped, though these may require adjustment if new benchmark surveys take place in 2018/19.

## Financial Sector Supervision

**Annual Meeting of the Association of Financial Supervisors of Pacific Countries (AFSPC):** The period commenced with the August AFSPC Annual Meeting held in Rarotonga, Cook Islands. The meeting was attended by representatives from the **Cook Islands**, the **Federated States of Micronesia**, **Fiji**, **Marshall Islands**, **Palau**, **Papua New Guinea**, **Samoa**, **Solomon Islands**, **Timor-Leste**, **Tonga**, **Vanuatu**, the World Bank, the Australian Prudential Regulatory Authority, and the Reserve Bank of New Zealand.

AFSPC members and observers exchanged views on financial sector issues across the region and discussed key emerging risks. In addition to facilitating the annual meeting, PFTAC conducted a two-day workshop on Financial Institution Resolution (with resources from the Monetary and Capital Markets Department) and a one-day workshop on Fintech and Financial Sector Supervision.

As an outcome of the meeting, PFTAC, acting as the AFSPC Secretariat, undertook to initiate and co-ordinate technical assistance in three key areas of financial sector supervision:

1. **Information Technology (IT) Risk Assessment and Examination TA Program.** Several AFSPC member authorities highlighted concerns about increased IT risk and insufficient skills and experience of supervisors to assess those risks. It was accordingly agreed that AFSPC members would benefit from a structured approach of assistance to develop the necessary assessment and examination skills to effectively supervise IT risk.
2. **On-line prudential reporting development program.** The accurate and timely submission of a comprehensive suite of financial data is vital to the effective off-site supervision of financial institutions. Currently most AFSPC members rely on Excel based submissions from supervised institutions with the timeliness and accuracy of such submissions being an ongoing supervisory issue and concern. As such, it was agreed that AFSPC members' supervision effectiveness would benefit from the development of on-line prudential reporting systems for the submission of prudential information. An effective and efficient on-line prudential reporting system would also provide regulatory compliance efficiency benefits for supervised institutions. Therefore, it was agreed to form a Working Group of AFSPC Members to investigate possible Fintech/Regtech solutions.
3. **AML/CFT training and capacity building program.** AFSPC members are concerned about risks associated with Anti Money-Laundering (AML) and Combating the Financing of Terrorism (CFT). While not all AFSPC member institutions have direct AML/CFT supervision responsibility, the risk is relevant to all AFSPC members from a prudential supervision perspective. Several members have undergone recent Mutual Evaluations by the Asia Pacific Group on Money Laundering (APG). The APG and development partners provide some training and assistance to members in building capacity on supervision of AML/CFT risk. However, members agreed, given the significant risk posed by AML/CFT to member countries' financial sectors, additional assistance and a coordinated program of TA would be beneficial.

### FINTECH AND FINANCIAL SECTOR SUPERVISION

#### What is Fintech?

#### What is its potential impact on the financial sector?

#### What do prudential supervisors need to do about it?

These are some of the questions discussed during the Fintech workshop at the AFSPC Meeting. The answer to the first question is easy enough – very simply, the development and use of technology in the provision of financial services. But also discussed, which is important to consider, is what it is not; and that is, it is not new – **the Financial Services industry has used technology to improve product and service development and delivery and cost effectiveness for decades**.....remember the world without ATMs and phone-banking? What is new however, is the power, size, and scope of technological advancement, which has made the potential impact of technology on traditional financial services far greater than it has possibly ever been.

**The potential impact is of course very large.** How it will all unfold is still being debated. One thing is certain though - consumers of financial services will have more products and services and more ways of receiving products and services than ever before. What is still uncertain is how it will impact the traditional providers of financial services. And that, as the workshop discussed, **may just get down to a battle between enabling fintech and disrupting fintech.** Enabling being the use of technology by traditional financial services. And disrupting being new entrants shaking the traditional market up.

So, what should prudential supervisors do? Well, just like they also have for decades, the best place to start with financial technologies is to understand them, assess their impact, and implement prudential policies and supervision to mitigate any risk that is deemed to be excessive. This is going to be a difficult and dynamic task, but a vital one that will require sufficient focus, resources and expertise.

#### Risk-based supervision framework development

The risk-based supervision framework enhancement program continued in the second quarter with the initial diagnostic mission undertaken with the Central Bank of the **Solomon Islands** (CBSI) in September. As with similar missions to the **Cook Islands, Vanuatu** and **Papua New Guinea**, this mission developed a Supervision Framework Enhancement Strategy and a Technical Assistance Plan with the CBSI. The strategy and plan will be implemented by the CBSI, with support from PFTAC, commencing in early 2018, and is designed to enhance the efficiency and effectiveness of the CBSI's supervision frameworks.

#### IV. Planned TA Activities FY18/Q3: November 2017 – January 2018

##### November 2017 Planned Activities

Country	Program	Description	Advisor/s	Dates
Fiji	Macro	Fiscal Forecasting	LTX – Claus	Nov 20 – 24
Kiribati	FSS	On-site Examination	STX – Henderson	Nov 13 – 21
Niue	Revenue	Strengthen Core Functions	LTX – Shrosbree	Nov 20 – Dec 1
Papua New Guinea	Revenue	Update Corporate Strategy	STX – McNeill	Nov 20 – 23
		Design Large Taxpayer Office		Nov 24 – 28
		Establish Design and Monitoring Unit		Nov 29 – Dec 3
		Establish Taxpayer Services Unit		Dec 4 – 9
Regional	Macro/ PFM	Workshop on Medium-Term Expenditure Planning (held in Samoa)	LTX – Claus LTX – Neves	Nov 6 – 10
	Revenue	Taxpayer Services Workshop (FSM, Palau, and RMI)	STX – Lawrence	Nov 6 – 8
Samoa	Revenue	Strengthen the Audit Function	STX – Teed	Nov 13 – 24
	Macro	Interagency workshop on Samoa Economic & Rev Forecast Model	LTX – Claus	Nov 13 – 17
Tonga	PFM	PFM Symposium and Review of Accounting/Reporting Reform	LTX – Marzan	Nov 20 – 24
Tuvalu	FSS	Bank Supervision Program	LTX – Stefanou	Nov 7 – 9
Vanuatu	PFM	Risk based internal audit of payroll	STX – Prcevich	Nov 15 – Dec 5
	GFS	Government Finance Statistics	STX – van Rensburg	Nov 6 – 17
	PFM	Development of Accounting Manual Finalization	LTX – Marzan STX – Uluinaceva	Nov 25 – Dec 5

**December 2017 Planned Activities**

Country	Program	Description	Advisor/s	Dates
Fiji	Revenue	Strengthen the audit function and review HNWI Strategy	STX – Teed	Nov 27 – Dec 8
Palau	Macro	GDP and Revenue Forecasting	LTX – Claus	Nov 27 – Dec 8
Papua New Guinea	Revenue	Develop IT Strategy	STX – Dark	Dec 6 – 19
	FSS	Supervision Framework Enhancement Program	LTX – Stefanou STX - Jackson	Nov 27 – Dec 8
	RSS	National Accounts	LTX – Wild	Nov 27 – Dec 7
Samoa	Revenue	Strengthen On-Time Filing and Payment	STX – Scott	Nov 27 – Dec 8
Tuvalu	GFS	Government Finance Statistics	LTX – de la Beer	Dec 5 – 14
Vanuatu	PFM	Draft Accounting/Reporting Regulations	STX - Uluinaceva	Dec 6 – 12

January 2018 Planned Activities

Country	Program	Description	Advisor/s	Dates
Cook Islands	FSS	Supervision Framework Enhancement Program – on-site examination	LTX – Stefanou STX – Henderson	Jan 29 – Feb 9
Fiji	GFS	Government Finance Statistics	LTX – de la Beer HQ - Kinoshita	Jan 8 – 19
	Revenue	Compliance Risk Management	STX – Aslett	Jan 8 – 19
		Strengthen Taxpayer Services	STX – Scott	Jan 15 – 26
	PFM	Internal Audit	STX – Morrison	Jan 15 - 26
Kiribati	Revenue	Strengthen Taxpayer Audit	STX – Leano	Jan 15 – 26
Solomon Islands	RSS	National Accounts	LTX – Wild	Jan 22 – Feb 2
	Macro	Develop the Solomon Islands Financial Programming Frameworks	LTX – Claus	Jan 22 – 26
Samoa	PFM	Strengthen Cash Management	STX – Silins	Jan 29 – Feb 2
Tuvalu	RSS	National Accounts	STX – Andrews	Jan 15 – 26

**Outturn of TA Activities FY18/Q2: August – October 2017**

**August 2017 Delivered Activities**

Country	Program	Description	Advisor/s	Dates
Kiribati	RSS	National Accounts	STX – McAllister	Aug 3 – 17
	Revenue	Facilitate implementation of a new function based structure	STX – Scott	Aug 22 – 27
		Develop Compliance Improvement Strategy Develop High-Level Reform Implementation Plan		Aug 28 – Sept 1 Sept 2 – 6
Papua New Guinea	Revenue	HQ Diagnostic Revenue Admin Mission	LTX – Shrosbree	Aug 15 – 25
	Macro	Interagency workshop on PNG Macroeconomic & Fiscal Framework	LTX – Claus	Aug 2 – 4
Regional	Revenue	VAT Fraud Workshop (held in Nadi)	STX/LTX – Ettridge/ Shrosbree	Aug 7 - 11
	Revenue	Auditing Financial Statements Workshop (held in Nadi)	STX – Teed	July 31 – Aug 4
	FSS	AFSPC Annual Meeting and Workshop (in Cook Islands)	LTX – Stefanou	Aug 14 – 18
			STX – Hambric	Aug 16 – 18
			HQ – Parker	Aug 16 – 18
GFS	Government Finance Statistics workshop (in Nadi)	LTX – de la Beer	Aug 21 – 25	
		STX – Tillman-Zorn	Aug 18 – 25	
PFM	Workshop on Strengthening Budget Execution (in Nadi)	LTX – Marzan STX - Silins	Aug 28 – Sept 1	
Tonga	Revenue	Strengthen Audit Capability	STX – Teed	Aug 7 - 18
Tokelau	PFM	PEFA Self-Assessment (delivered in Samoa)	LTX – Neves & STX – Uluinaceva	Aug 21 – 31
Vanuatu	Revenue	Update modernization project plan	STX – McNeill	Aug 14 – 18
		Strengthen organizational design		Aug 21 – 25
		Improve core tax functions		Aug 28 – Sept 1
	RSS	National Accounts	LTX – Wild	Aug 7 – 17
Macro	Practical applications of the Model of the Vanuatu Economy	LTX – Claus	Aug 20 – Sep 2	



September 2017 Delivered Activities

Country	Program	Description	Advisor/s	Dates
Cook Islands	RSS	Balance of Payments and GNI Formulation	STX – Robertson	Sept 18 - 29
Fiji	PFM	Development of Internal Audit Risk Assessment Framework	STX – Morrison	Sept 25 – Oct 6
	Revenue	Review functional specifications of new IT System and provide guidance on project management and governance arrangements	STX – Dark	Aug 30 – Sept 5
Nauru	RSS	National Accounts	LTX – Wild	Sep 7 – 15
	GFS	Government Finance Statistics	LTX – de la Beer	Sep 25 – Oct 6
Regional	Revenue	PITAA Annual Heads Meeting (in Samoa)	LTX – Shrosbree	Sept 12 – 15
		Senior Management Training (in Samoa)	LTX – Shrosbree	Sept 18 – 20
			STX - McNeill	Sept 18 – 20
RMI	Revenue	Review Taxpayer Registration	STX – Lawrence	Aug 28 – 30
		Improve Taxpayer Services		Aug 31 – Sept 2
		Improve On-time Filing		Sept 3 – 5
		Improve On-Time Payment		Sept 6 – 9
Samoa	GFS	Government Finance Statistics	LTX – de la Beer	Sept 4 – 15
	Revenue	Strengthen Compliance Risk Management	LTX – Shrosbree	Sept 21 - 29
	PFM	Accounting Frameworks	LTX – Marzan	Sept 25 – 29
Solomon Islands	FSS	Strengthen RBS Framework	LTX – Stefanou	Sept 4 – 13
			STX – Henderson	
	PFM	TA Follow-Up in conjunction with Article IV Mission	LTX – Neves	Sept 16 – 26
Timor-Leste	PFM	TA Follow-Up in conjunction with Article IV Mission	LTX – Neves	Sept 28 – Oct 5
Tuvalu	Macro	Develop GDP Forecasting Methodology	LTX – Claus	Sept 19 – 28

October 2017 Delivered Activities

Country	Program	Description	Advisor/s	Dates
FSM	Revenue	Strengthen on-time Filing	STX – Lawrence	Oct 23 – 27
		Strengthen on-time Payment		Oct 28 – Nov 1
		Strengthen Taxpayer Services		Nov 2 – 10
Papua New Guinea	GFS	Government Finance Statistics	LTX – de la Beer	Oct 16 – 27
	PFM	Internal Audit	STX – Morrison	Oct 2 – 13
RMI	RSS	National Accounts (delivered in Palau)	STX – Freeman	Oct 16 - 27
Regional	Macro/ RSS	Compiling and forecasting GDP Workshop (held in Suva)	LTX – Claus LTX – Wild	Oct 2-6
Samoa	RSS	Assist with GDP rebasing	LTX – Wild	Oct 16 – 26
Vanuatu	PFM	Development of Accounting Manual	STX – Uluinaceva	Oct 23 – Nov 3

## Meetings, Seminars, and Training

August-October 2017

TA Sector	Description	Location	Advisor	Mission Days	Participants		Month
					M	F	
Public Financial Management	Strengthening Budget Execution Controls	Nadi, Fiji	LTX – Chita Marzan STX – Mark Silins	5	10	5	Aug-17
Revenue	VAT Fraud	Nadi, Fiji	LTX – Stanley Shrosbree STX - Rodney Ettridge	5	21	7	Aug-17
	PITAA Heads Meeting	Samoa	LTX – Stanley Shrosbree	3	24	11	Sept-17
	Senior Managers Workshop	Samoa	LTX- Stanley Shrosbree STX – Carson McNeill	3	13	8	Sept-17
Financial Sector Supervision	Annual Meeting of the Association of Financial Supervisors of Pacific Countries (AFSPC)	Cook Islands	LTX – Benjamin Stefanou STX – James Hambric	5	13	12	Aug-17
Statistics	Government Finance Statistics	Nadi, Fiji	LTX- Barend De La Beer STX – Hendrik-Tillmann-Zorn	5	13	17	Aug-17
Statistics & Macroeconomics	Compiling and Forecasting Gross Domestic Product Workshop	Suva, Fiji	LTX- Richard Wild LTX – Iris Claus	5	8	21	Oct-17

**TA Reports Transmitted to Country Authorities**

**August – October 2017**

TA Sector	Country	Title of Report	Author	Mission Month	Transmittal Letter Date
<b>Public Financial Management (PFM)</b>	Fiji	Improving Chart of Accounts	Silins	Jul-17	8-Aug-17
	Samoa	Improving fiscal oversight of the financial and the non-commercial SOEs	Narube	Jul-17	10-Aug-17
	Samoa	Improving Accounting and Reporting Frameworks	Marzan	Sep-17	16-Oct-17
	Tonga	Strengthening Accounting and Financial Reporting - Follow Up Mission	Marzan	Jul-17	24-Aug-17
	Vanuatu	Capacity-development on accounting and reporting scoping mission	Marzan & Uluinaceva	Jul-17	Not finalized
<b>Revenue</b>	Fiji	Review of proposed systems functionality & required governance arrangements	Dark	Aug-17	2-Oct-17
	Kiribati	Reform priorities moving forward	Scott	Aug-17	2-Oct-17
	Marshall Islands	Strengthening taxpayer service, return filing and payment activities	Dean	Aug-17	2-Oct-17
	PNG	Renewal of the Internal Revenue Commission's corporate and business plan	McNeill	Jul-17	18-Aug-17
	PNG	Developing a medium-term revenue strategy	Shrosbree	Aug-17	27-Oct-17
	Samoa	Introducing an industry partnership approach to improve tax compliance in cash economy sectors	Shrosbree	Sep-17	Not finalized
	Tonga	Strengthen tax audit and risk management	Teed	Aug-17	26-Sep-17
	Vanuatu	Evaluating the compliance improvement strategy pilot project and conducting a high-level review of reforms	Shrosbree	Jul-17	4-Oct-17
Vanuatu	Review of reforms and development of core functions	McNeill	Aug-17	4-Oct-17	

TA Sector	Country	Title of Report	Author	Mission Month	Transmittal Letter Date
<b>Financial Sector Supervision (FSS)</b>	Cook Islands	Supervision Framework Enhancement - Update of Prudential Standards	Stefanou & Algier	Jul-17	26-Sep-17
	Marshall Islands	Capacity Building in On-Site Supervision	Hefty	Jul-17	Not finalized
	Solomon Islands	<b>Supervision Framework Enhancement – Diagnostic</b>	Stefanou & Henderson	Sep-17	Not finalized
<b>Statistics</b>	Cook Islands	Balance of Payments Statistics	Robertson	Sep-17	Not finalized
	Cook Islands	Government Finance Statistics	De La Beer	Jul-17	29-Aug-17
	Kiribati	Government Finance Statistics	Tillman-Zorn	Aug-17	31-Oct-17
	Nauru	Government Finance Statistics	De La Beer	Sep-17	Not finalized
	Samoa	Government Finance Statistics	De La Beer	Sep-17	31-Oct-17
	PNG	Government Finance Statistics	De La Beer	Oct-17	Not finalized
	PNG	External Sector Statistics	Rayyan	Feb-17	1-Nov-17
	Kiribati	National Accounts	McAllister	Aug-17	1-Nov-17
	Nauru	National Accounts	Wild	Sep-17	Not finalized
	Samoa	National Accounts	Wild	Oct-17	Not finalized
	Vanuatu	National Accounts	Wild	Aug-17	26-Sep-17

