



PACIFIC FINANCIAL TECHNICAL ASSISTANCE CENTRE

ANNUAL REPORT 2015



STATEMENT BY THE CHAIRMAN OF THE PFTAC STEERING COMMITTEE

The 2015 meeting of the PFTAC Steering Committee is a particularly important one and I am looking forward to chairing it.

The timing of this year's meeting was chosen primarily to give members the opportunity to provide direct input to the PFTAC work program over the coming year. The Steering Committee meeting is one of the few occasions when we can all discuss together our technical assistance needs, both as individual countries and as a region. This puts an obligation on members to clarify their needs as well as to prioritize, as PFTAC's resources are limited.

This year we shall also have the opportunity to discuss and provide feedback on the PFTAC external evaluation draft report, which will be presented by Dr. Kenneth Watson. Many of us in the region have either met with Dr. Watson or sent in survey responses. It will be interesting and I hope helpful to discuss his findings and recommendations, as these will have an important bearing on the design of PFTAC's work in the next program phase, beginning in 2016. As with next year's work program, the draft of the evaluation report needs our input, as will the design of the next program. It is a collaborative effort and that is how we should approach it.

Clearly there is much for us to do, and I will do my best to keep us organized and on track. But that should not deter us from also enjoying the beauty and hospitality of the Cook Islands. I look forward to seeing you there.

Vinaka vakalevu



Barry Whiteside, Governor of the Reserve Bank of Fiji.

FOREWORD BY THE CENTRE COORDINATOR

This Annual Report covers PFTAC's operations in the Centre's 2015 fiscal year—from May 1, 2014 to April 30, 2015—as well as the work plan for the year to April 2016. Without the support of our donors—the Asian Development Bank, Australia, the European Union, Korea, and New Zealand—as well as Fiji and the IMF, none of this work would be possible. For this we are very grateful.

The past year has been a very busy one for PFTAC. Once again we have seen a significant rise in activity—both workshops and missions to member countries—largely reflecting an increase in the use of short-term experts. So far, we think this has worked well, but we would like members' feedback on that. The increase in activity has happened despite turnover in three long-term advisor positions. This is always disruptive, so it is a credit to the advisors, their predecessors, and PFTAC's support staff that the handovers have worked so smoothly. In the process, and even though recruitment is solely on the basis of merit, we have managed to improve the gender balance among the advisors.

PFTAC's finances are in good shape. Indeed, lower costs than expected in some areas of the PFTAC program have made it possible not only to boost funding for training workshops and greater use of short-term experts, but also allow us to extend the program for six months beyond the originally planned ending in April 2016. We will be seeking the Steering Committee's endorsement of this modification to the budget and program.

We will also be looking forward to discussing the work program priorities with members at the meeting. Our advisors do, of course, canvass views during the initial development of the proposed work program, but it will still be very helpful to have feedback before the work program is finalized. This is especially the case since in the past year we have seen a few programs begin to wind down and new ones initiated. We want to be sure that we are on the right track with these.

The discussion of the draft external evaluation of PFTAC at the Steering Committee meeting also provides us with the opportunity to hear a wide range of views on PFTAC's strengths and weaknesses. For our part, we see this discussion as the starting point for planning the next program cycle. The draft recommendations point to some important ways in which the organization of PFTAC's work might change. We will want to work closely with members of the Steering Committee to ensure that their views are well represented in the development of PFTAC and the next program.

Lastly, I would like to thank the Government of the Cook Islands for agreeing to host the upcoming Steering Committee meeting.



Scott Roger, PFTAC Centre Coordinator

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¹ A special thanks to the Cook Islands Library and Museum Society for providing the photo of the mural by Sue Trayler, which is shown on the front of this report.

Acronyms

ABS	Australian Bureau of Statistics
ADB	Asian Development Bank
AFSPC	Association of Financial Supervisors of Pacific Islands Countries
BOP	Balance of Payments
BPNG	Bank of Papua New Guinea
CAMELS	Capital adequacy, Asset quality, Management, Earnings performance, Liquidity, and Sensitivity to market risks
CBSI	Central Bank of the Solomon Islands
CU	Credit Union
DFAT	Australian Department of Foreign Affairs and Trade
DOF	Australian Department of Finance
DSA	Debt Sustainability Analysis
ESS	External Sector Statistics
EU	European Union
FEMM	Forum Economic Ministers Meeting
FMIS	Financial Management Information System
FMM	Fiscal Management Model
FSI	Financial Soundness Indicator
FSIS	Financial Sector Information System
FSM	Federated States of Micronesia
FP	Financial Programming
GDDS	General Data Dissemination System
GDP	Gross Domestic Product
GFS	Government Financial Statistics
GFSM	Government Finance Statistics Manual
GNI	Gross National Income
GNDI	Gross National Disposable Income
HIES	Household Income and Expenditure Survey
HOPS	Heads of Planning and Statistics Meeting
HQ	(IMF) Headquarters
ICD	Institute for Capacity Development
ICP	International Comparison of Prices
IFC	International Finance Corporation
IFMIS	Integrated Financial Management Information System
IMF	International Monetary Fund
LEG	IMF Legal Department
LOU	Letter of Understanding
MFAT	New Zealand Ministry of Foreign Affairs and Trade
MOF	Ministry of Finance
NSDS	National Strategies for the Development Statistics
NRBT	National Reserve Bank of Tonga
NTR	Non-Tax Revenue
NSO	National Statistical Office
OECD	Organization for Economic Cooperation and Development
QNA	Quarterly National Accounts

PASAI	Pacific Association of Supreme Audit Institutions
PEFA	Public Expenditure and Financial Accountability
PEM TA	Pacific Economic Management Technical Assistance Project
PFM	Public Financial Management
PFTAC	Pacific Financial Technical Assistance Centre
PIC	Pacific Island Country
PICPA	Pacific Islands Centre for Public Administration
PIF	Pacific Islands Forum
PIFMA	Pacific Islands Financial Management Association
PINACLE	Pacific Islands National Accounts Compilers and Local Experts Association
PITAA	Pacific Islands Tax Administrators Association
PNG	Papua New Guinea
PPI	Producer Price Index
PSSC	Pacific Statistics Steering Committee
RA-FIT	Revenue Administration Fiscal Information Tool
RAP	Resource Allocation Plan
RBM	Results-Based Management
RBNZ	Reserve Bank of New Zealand
RMI	Republic of the Marshall Islands
RTAC	Regional Technical Assistance Centre
SERF	Samoa Economic and Revenue Forecasting model
SPC	Secretariat of the Pacific Community
STI	Singapore Training Institute
SOPAC	SPC Applied Geoscience and Technology Division
STX	Short-term Experts
TA	Technical Assistance
TADAT	Tax Administration Diagnostic Assessment Tool
TYPSS	Ten Year Pacific Statistics Strategy
USP	University of the South Pacific
VAT	Value Added Tax

I. OVERVIEW OF THE PACIFIC FINANCIAL TECHNICAL ASSISTANCE CENTRE

A. Institutional Framework

- 1. The Pacific Financial Technical Assistance Centre (PFTAC) was established in 1993 to promote macro-financial stability in PICs through a focused program of technical assistance and training.** PFTAC was the first of the IMF's regional technical assistance centers, representing a collaborative venture between the International Monetary Fund, the recipient countries, and bilateral and multilateral donors.² The goal of PFTAC is to strengthen the institutional capacity of Pacific countries to design and implement sound macroeconomic and financial policies. Macroeconomic and financial stability, in turn, are essential underpinnings for sustainable economic growth and the achievement of Millennium Development Goals.
- 2. PFTAC assistance is provided to sixteen Pacific island countries (PICs).** These comprise 12 members of the IMF, including Federated States of Micronesia (FSM), Fiji, Kiribati, Palau, Papua New Guinea, Republic of the Marshall Islands (RMI), Samoa, Solomon Islands, Timor-Leste, Tonga, Tuvalu and Vanuatu, plus the Cook Islands, Nauru, Niue and Tokelau.
- 3. PFTAC's operations are funded by contributions from a variety of sources.** In the current Phase IV funding cycle, running from mid-2011 to mid-2016 (FY2012–FY2016), funding is being provided by the Asian Development Bank (ADB), Australia, New Zealand, the European Union (EU), and Korea. In addition, Fiji contributes through the provision of free office space; recipient countries also contribute through in-kind and financial support for training activities in the region. The IMF contribution finances the coordinator and the running costs of the office, including local support staff.
- 4. The framework for PFTAC's operations, as well as for its accountability, is largely determined by the program established at the beginning of each funding cycle.** The program for the Phase IV cycle continues to emphasize the provision of technical assistance (TA) and training in five core areas: (i) public sector financial management (PFM); (ii) revenue policy and administration; (iii) financial sector supervision; (iv) macroeconomic statistics; and (v) macroeconomic management. In each area, the activities of the seven PFTAC resident advisors, as well as of supporting short-term experts (STX), are linked to specific outcome objectives in a Results-Based Management (RBM) framework. PFTAC staff work closely with IMF headquarters staff, both in planning of the work program, and in its implementation. PFTAC provides accountability to its members through the *Annual Report*; since 2014, through *Quarterly Reports*, which report on activities and performance in relation to those objectives; since 2013, through the monthly *Pacific Report* on recent and upcoming activities; and through its Steering Committee meetings, which are now held on an annual basis. In addition, the program provides for a mid-course external review, taking place in FY2015.

² See Annex I for an overview of the IMF Regional Technical Assistance Centers (RTACs).

B. Technical Assistance Strategy

5. **TA and training provided by PFTAC reflects the priorities set out in the agreed program but also needs to adapt to evolving regional priorities and the needs of member countries.** The objectives set out in the funding program provide a basic medium-term framework for guiding PFTAC's activities. At the same time, however, PFTAC priorities and activities need to take into account the evolution of objectives set by regional leaders, as well as the activities of other development partners. The annual work program is agreed at the beginning of the financial year as part of the integrated IMF Resource Allocation Plan (RAP) but changes are made in the course of the year to accommodate emerging TA requests. The PFTAC RAP is prepared under leadership of the Asia Pacific Department (APD), in close collaboration with PFTAC staff and the functional departments supporting the delivery of TA and training in the region.

6. **PFTAC's broad objectives and performance indicators are set out in its Results-Based Management (RBM) framework** (see Annexes III and V), and a range of specific activities are undertaken to attain these objectives over time while recognizing the varied needs in the region:

Public Financial Management

7. **The overall objective is to assist members with strengthening PFM systems.** Activities are guided by the regional PFM Roadmap approved by Pacific Islands Forum Leaders and Finance Ministers in 2010. They are concentrated in two main areas: (i) supporting the Public Expenditure and Financial Accountability (PEFA) assessment process and developing realistic reform priorities; and (ii) hands-on technical support and training in specific reform areas such as legal frameworks, budgeting cycles, budget preparation, medium-term fiscal planning, cash management, commitment control and accounting.

Revenue Policy and Administration

8. **The primary objective is to assist members with the design and implementation of broad-based and efficient revenue systems.** PFTAC's activities are guided by its previous analysis of regional priorities and lessons learned and by benchmarking national tax administrations against the requirements of a model tax office developed through the regional tax administrators association (PITAA). Major areas of activity focused on in the first half of the program cycle included: (i) design and implementation of tax reforms, including value added taxes (VAT) and small business taxes; (ii) assistance with legislative changes needed to support tax reforms, including in the natural resources area. More recently revenue activity has focused on development and implementation of tax compliance and IT strategies.

Financial Sector Supervision

9. **The principal objective in this area is to promote development and implementation of sound financial system regulation and supervision,** so that financial systems may contribute to economic development and growth without excessive risks to financial stability. Activities involve assisting central banks and supervisory agencies with development of appropriate regulations and statistical returns and to regularly produce and analyze financial soundness indicators. The focus of support is now moving towards building capacity for on-site examinations, analysis of financial returns, and adoption of a risk-based

approach to assessment for banks, and modernization of regulatory and supervision frameworks for credit unions.

Macroeconomic Statistics

10. The overall objective is to help members develop more timely and reliable macroeconomic datasets based on enhanced source data. PFTAC's support to PIC's statistics takes place in the context of the Ten Year Pacific Statistics Strategy (TYPSS) created as a result of a regional statistical benchmarking study and implementation plan. National accounts statistics are the main current focus with additional advice and training being provided in external statistics, price indices and government finance statistics. PFTAC coordinates closely with Secretariat of the Pacific Community (SPC) which has a large program of support for social/demographic statistics and some support for economic source data.

Macroeconomic Management

11. This area was added in the Phase IV program and has the principal objective of assisting members to develop the macroeconomic analysis and forecasting tools needed to strengthen fiscal and monetary policy formulation. PFTAC activities focus on three themes: (i) strengthening macroeconomic assessment by finance ministries and central banks of current economic conditions; (ii) improving macroeconomic forecasting and policy analysis frameworks and processes; and (iii) developing specific frameworks for external debt sustainability analysis (DSA), management of natural resource wealth, and fiscal implications of climate change.

C. TA Management and Implementation

12. PFTAC is managed by a Coordinator, and TA is provided by seven resident advisors with substantial expertise in their respective sectors, and supported by four administrative staff in our Suva office (see Annex II). Under the Phase IV program, the number of resident advisors was raised by three to a total of seven, of whom two work in the PFM area, one in revenue administration, one in financial supervision, two in macroeconomic statistics, and one in macroeconomic analysis. The advisors are based in Fiji; they travel extensively throughout the region, which allows them to develop rapport with country authorities and familiarity with national and regional contexts and needs. The skill mix of the advisors reflects the priority needs of the beneficiary countries. The Coordinator and advisors are assisted in delivering the TA program, finances, reporting, travel arrangements, workshop and conference logistics and other Centre activities by a staff of four locally-engaged staff.

Work Planning

13. The Phase IV program objectives provide general guidance for planning the TA activities of PFTAC. Developing more detailed work programs, including country strategies and individual TA activities draws on a range of other inputs, including IMF headquarters advice, collaboration with other development partners and regional organizations, and dialogue with PFTAC's member countries. Close integration with IMF headquarters staff enhances the focus and quality of PFTAC work. Under the umbrella of the broad TA strategic priorities defined by the IMF Board, the Asia and the Pacific Department plays a key role in identifying and prioritizing TA needs, in close collaboration with functional

(TA) departments and country authorities. The TA departments (specifically, in the case of PFTAC, the Fiscal Affairs Department, the Legal Department, the Monetary and Capital Markets Department, and the Statistics Department) are responsible for TA delivery. In conjunction with PFTAC resident advisors, they lead the work plan development, and design, approve and direct the implementation of TA programs delivered by RTAC resident advisors, STX as well as missions from headquarters as needed. They also provide overall quality control, monitoring, backstopping, and supervision. This integration between PFTAC and IMF headquarters helps to provide depth as well as breadth of experience together with greater consistency of advice across countries and policy areas than would otherwise be possible.

14. PFTAC collaborates closely with regional organizations and development partners to ensure that TA programs are complementary. The Pacific Islands Forum (PIF) plays a key role in the region in setting priorities for reforms or capacity building that directly affects PFTAC's activities. As noted earlier, PFTAC's activities with regard to PFM follow the strategy established by the PIF leaders in 2010, while activities in the area of statistics come under the TYPSS. Additionally, and increasingly, TA priorities are being worked out in conjunction with regional professional associations supported by PFTAC (See Box 1). PFTAC also collaborates with other development partners in planning and delivering TA. Partners include multilateral organizations such as ADB, the PIF, UN agencies, and the World Bank, as well as national agencies such as the Australian Department of Foreign Affairs and Trade (DFAT), the Australian Bureau of Statistics (ABS), the EU, the New Zealand Ministry of Foreign Affairs and Trade (MFAT), the Reserve Bank of New Zealand (RBNZ), and Statistics New Zealand. Collaboration may take the form of information sharing in order to avoid duplication or working at cross-purposes, but can also involve more active cooperation in designing and delivering complementary TA.

Box 1: Pacific Regional Professional Associations

PFTAC has assisted in the development of four professional associations in the Pacific. These are the Association of Financial Supervisors of Pacific Countries (AFSPC), the Pacific Islands Tax Administrators Association (PITAA), the Pacific Islands Financial Managers Association (PIFMA) and the Pacific Islands National Accounts Compilers and Local Experts Association (PINACLE).

These associations help reinforce national level reform efforts through sharing of knowledge and experience, and identification of common issues and best regional practices. They have also helped PFTAC and other development partners identify thematic priorities and have been used to organize and deliver training programs.

The associations are generally managed around annual heads' meetings. Annual governance meetings allow high-level discussion of regional issues and set the agenda for regional work. They also provide a forum for interaction with other development partners. The chairmanship generally rotates amongst member countries with the PFTAC advisor acting as secretariat, except in the case of the PITAA which has established its own secretariat. Funding comes from a mixture of member country and PFTAC funds. High-level seminars and training are occasionally attached to the heads' meetings.

Separate training events deliver capacity building. The associations have been used to organize training on topical issues. The training events often lead to clusters of country-level TA; for instance the ADB/PFTAC program of assistance on internal audit that followed PIFMA training. PFTAC has fully funded training events, including some study tours.

15. **TA programs are necessarily designed in close consultation with national authorities.** Effective collaboration is greatly enhanced by being based within the region, and by having advisors who typically spend several years at PFTAC. These relationships form the bedrock of PFTAC's success and are crucial for adapting the knowledge and skills available through PFTAC to the specific needs, timetables, and constraints of its members. In addition to substantive country visits, resident advisors provide rapid responses to country officials, using email, phone and information technology. Work programs are regularly amended to enable urgent country requests to be responded to quickly while maintaining momentum towards strategic goals.

Modes of TA Delivery

16. **PFTAC delivers TA through a combination of bilateral TA and regional training.** Bilateral TA primarily involves missions by resident advisors and STX to the member countries to provide specific assistance. Such assistance can be quite varied in terms of content. It may involve very hands-on help with generating outputs (e.g. national accounts statistics), or training more clearly focused on capacity building, or higher level advice on design and implementation of policy or organizational reform. Depending on the skills or knowledge needed, and to leverage the inputs of the resident advisors, PFTAC may staff such missions with STX drawn from the relevant IMF functional department's roster of experts.

17. **PFTAC also delivers capacity-building TA and training through workshops and seminars.** Increasingly, PFTAC is using small "sub-regional" workshops to deliver focused, hands-on assistance to countries with similar capabilities and interests in various areas. Such workshops effectively combine TA and training. It also allows for very helpful sharing of experiences and local solutions. Examples have included specialized workshops on national accounts compilation, drafting of legislation on credit unions, and macroeconomic modeling issues for central banks. In addition, of course, there are also more traditional training courses aimed at the whole membership, addressing region-wide issues.

18. **PFTAC often collaborates with other development partners in conducting workshops and seminars on topics of broad regional relevance.** For example, PFTAC works with the Australian Department of Finance (DOF) to put on an annual workshop on PFM issues; and with the Pacific Association of Supreme Audit Institutions (PASAI) on auditing issues; it has also collaborated with the Secretariat of the Pacific Communities (SPC) and the ABS in putting on workshops on macroeconomic statistics; and with the SPC on deep sea mining issues; and has been working with the ADB and the PIF Secretariat PIFS to run workshops on macroeconomic modeling and applied analysis. Apart from facilitating regional level discussions of issues affecting the region as a whole, such workshops provide an opportunity for workshop participants to develop informal networks with their colleagues in the region.

Challenges

19. **Effective translation of the TA provided by PFTAC into attaining the ultimate objectives of such assistance faces several important challenges.** These include very limited absorptive capacity in several countries, limited ownership of reforms, political economy factors that place low value on or reject the objectives, and coordination weaknesses with other development partners, as well as PFTAC's own limitations:

- Almost all of PFTAC's activities involve working with, and helping to develop, an adequate pool of skilled staff. However, human capacity, both in terms of numbers and education levels, is a particular challenge in many member countries. Staff turnover, which may be fairly easily coped with in larger countries often leads to substantial reduction in technical capacity which is not easily replaced. As a consequence, an important part of TA and training in such circumstances is focused more on maintaining or restoring capacity, rather than on substantially raising it. In some other cases, where capacity is extremely limited or non-existent, TA really involves *capacity supplementation*, i.e. directly supporting production of outputs, rather than *capacity development*.
- Reforms may stall or be reversed unless there is broad political and popular support. This is particularly challenging in small countries, where personality politics are important and where the drive behind reforms may be associated with particular individuals. A change in government or finance minister can significantly affect the content and pace of a reform program. Moreover, PFM and tax reforms often involve changes that would limit the scope for unaccountable discretion in the use of public funds, and this may run against long-standing political or bureaucratic practices.
- Development partners with somewhat different objectives may well end up either competing over the allocation of scarce local human capacity, or may advocate inconsistent measures or priorities. Examples include how much of a country's statistical capacity to allocate to economic statistics versus health or environmental data, or foreign donors seeking to insulate development project finance and management from the general government budget.
- PFTAC's own staff resources are limited, constraining the overall volume of TA and training, although effective use of STX allows PFTAC to extend its support well beyond the capacity of its staff based in Suva. Additionally, PFTAC is limited in the kinds of TA and training that it can provide. In particular, it does not provide long-term in-country experts or advisors to governments, and has no on-line training capacity, although the IMF's Institute for Capacity Development (ICD) has begun to provide on-line training courses available to a broad audience.

II. REVIEW OF FY2015 (MAY 2014-APRIL 2015)

This section describes PFTAC's major activities in FY2015. It provides an overview of PFTAC's performance over the period as well as an update on financing under the Phase IV funding cycle. The section also provides a more detailed reporting on performance in relation to the RBM objectives and work plan for 2015.

A. Overview

Main achievements

20. In FY2015, as in the previous year, the scale of PFTAC activities increased sharply. In FY2014, the rise in the level of activity largely reflected an increase in the effective number of long-term resident advisors (LTX) to the intended program level of seven. In FY2015, however, the increase in PFTAC activity reflected a sharp scaling up in the use of STX to deliver technical assistance (TA). To some extent, the increase in activity and the use of more STX reflected a shift in the focus of PFTAC activity, particularly the increased emphasis on building capacity in tax compliance in the region. Most important, however, has been a surge in demand for PFTAC assistance as political and economic developments in the region have favored an acceleration of reform efforts, particularly in the area of PFM.

21. PFTAC TA and training during the year continued to focus on the objectives set out in the Results-Based Management (RBM) Logical framework for FY2015 (Annex III):

- Progressive strengthening of PFM within the region through PEFA assessments and associated PFM roadmap development and reviews;
- Supporting modernization of revenue frameworks, including through revisions to legislation and strengthening capacity in tax compliance and administration;
- Building capacity in on- and off-site bank supervision, as well as promoting development of the credit union sector;
- Developing or improving the quality, frequency, and information content of national accounts statistics, as well as providing training to build skills in national statistics agencies;
- Assisting finance ministries and central banks with developing macroeconomic models and skills needed for policy analysis and forecasting.

22. Highlights of activities and outcomes during FY2015 include:

- In the area of PFM reforms:
 - Further progress with PEFA assessments, re-assessments, and development of PFM roadmaps across the region, with increased country ownership of the processes;
 - Initiation of non-tax revenue reviews in Fiji, Solomon Islands and Vanuatu;
 - Assistance to Tonga and PNG to review the functioning of their Financial Management Information Systems;
 - Assistance to Fiji and Tuvalu to update their PFM legal frameworks.
- In tax policy and administration:

- Initiation of a region-wide program of TA and training in tax compliance risk management;
- Conducting a Tax Administration Diagnostic Assessment in Fiji;
- Further development of the Pacific Islands Tax Administrators' Association as a regional resource and reform leader.
- In financial sector supervision:
 - Completion of the program to develop and implement bank financial returns and reporting;
 - Initiation of a training and TA program in off- and on-site bank supervision;
 - Initiation of a program to strengthen the legislative and supervisory framework for credit unions in the Pacific.
- In macroeconomic statistics
 - Development of standardized procedures and training in methodologies to incorporate household Income and Expenditure Survey (HIES) data in national accounts;
 - Assisting Northern Pacific members with introducing additional data into national accounts compilation;
 - Re-engagement with PNG NSO in national accounts methodology and compilation.
- In macroeconomic analysis and forecasting:
 - Tailoring financial programming frameworks;
 - Improving medium-term projections in the SERF forecasting model in Samoa;
 - Development of a framework for examining the fiscal implications of natural disasters in Pacific Island Countries.

23. Progress in much of PFTAC's work requires close cooperation with development partners and, increasingly, regional professional associations and intra-regional collaboration. In TA delivery, PFTAC continued to work closely on the ground with other TA providers. In training, PFTAC routinely partnered with other agencies in designing, funding, and delivering workshops and seminars. Increasingly, however, partners within the region, including the professional associations supported by PFTAC, as well as other groupings, such as PEFA peer reviewers, have taken on an increasingly important role in guiding and assisting PFTAC's activities.

24. An important innovation in PFTAC's work in the past year has been the use of specialized, sub-regional workshops. These allow training to be much more closely tailored to the specific needs and capacity of the countries involved, so that they more closely resemble hands-on TA rather than more general training. Sub-regional workshops have been held on national accounts compilation in the northern Pacific and in Melanesian countries, on risk-based banking supervision in the northern Pacific, and on fiscal policy and monetary policy issues in the southern Pacific. Feedback on these workshops has been very positive, so PFTAC is planning to go further in this direction in the coming year.

25. PFTAC continued its efforts to increase its transparency. In FY2015 PFTAC continued to publish the monthly *Pacific Monitor*, providing updates on recent and planned TA, workshops and conferences, as well as selected country TA strategy notes, and articles on topics that we feel deserve a wider audience,

either because they illustrate the sort of work that PFTAC has been doing, or highlighting issues of regional relevance that may not be well-understood by most non-specialists. In addition, PFTAC has also begun publishing a *Quarterly Report*, providing an update on PFTAC finances, monitoring progress on RBM objectives, as well as reporting highlights of the activities during the quarter. In response to member comments, the *Quarterly Report* has also been made more forward-looking by including information on TA in our work plan.

26. PFTAC has also been an active participant in meetings aimed primarily at improving coordination among development partners. Efforts to strengthen coordination with development partners have included participation in quarterly meetings of economic TA providers and donors in Suva; Heptagon meetings of development partners; the Pacific Statistics Steering Committee (PSSC); information sharing ahead of and following donor meetings with authorities or IMF missions; as well as more ad hoc meetings with development partners.

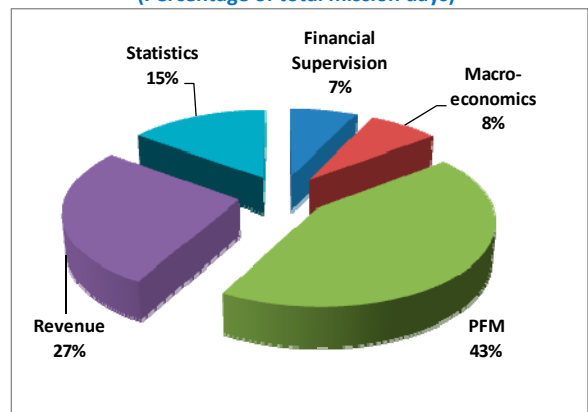
TA and training delivery in FY2015

27. In FY2015 PFTAC saw another substantial increase in the delivery of TA and training in the region. Based on information up to February 6 regarding completed missions as well as missions planned through to end-April, PFTAC has delivered 172 missions involving bilateral TA and training, up 23 percent from FY2014. In addition, PFTAC has delivered 29 regional and sub-regional workshops nearly double the figure of 15 in FY2014.

28. The rise in TA delivery in FY2015 has occurred through increased use of STX. In FY2015, the number of missions conducted by the Suva-based resident advisors (LTX) declined slightly, to 100, from 104 in FY2014. In contrast, the number of missions carried out by STX nearly doubled from 36 to 70. In terms of mission days, the majority (59 percent) of bilateral TA was delivered by STX, reflecting the fact that STX missions are typically about twice as long as the shorter but more frequent missions by the LTX.

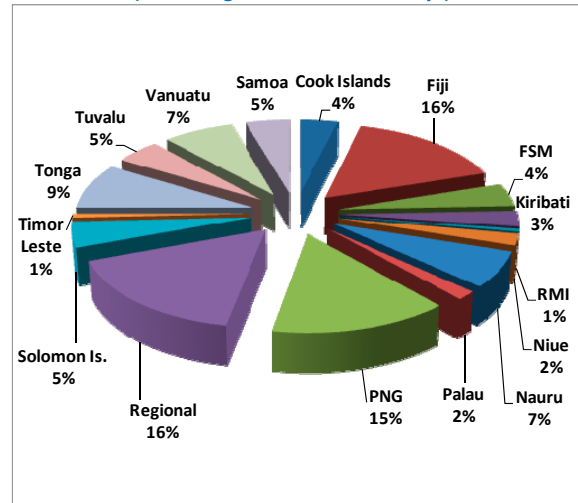
29. TA in the areas of PFM and tax policy and administration continued to dominate PFTAC TA delivery. These two areas also accounted for most of the use of STX. In the tax area, this reflects the implementation of the strategy to increase delivery of TA on tax compliance using STX, as indicated in the 2014 Annual Report. In the PFM area, STX were used less as part of mainstream TA delivery than in meeting needs for specific expertise, notably in financial management information systems (FMIS).

Fig. 1: Sectoral distribution of PFTAC TA in FY2015 (Percentage of total mission days)



30. **Fiji and PNG were particularly large recipients of PFTAC TA in FY2015.** In both cases this involved TA in almost all areas of PFTAC expertise, reflecting both governments’ desire for assistance with implementation of reform agendas and capacity building across many areas of the public sector. PFTAC also provided significant capacity building TA to Tonga in FY2015, and Nauru received substantial capacity supplementation from PFTAC, as it prepares to meet basic data requirements for membership of the IMF.

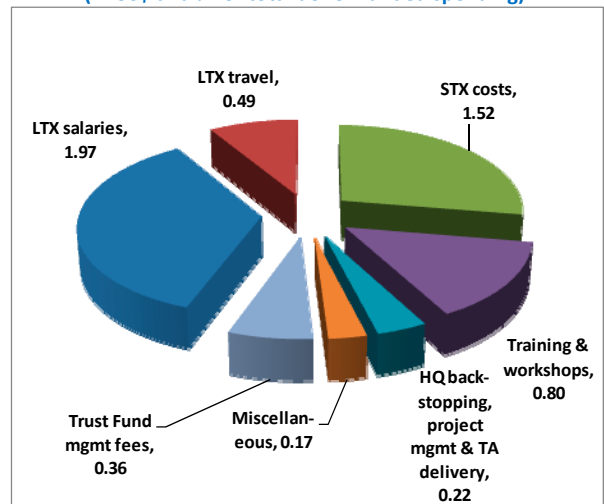
Fig. 2: Country distribution of PFTAC TA in FY2015 (Percentage of total mission days)



B. PFTAC Spending and Financing in FY2015

31. **In FY2015, PFTAC spending rose significantly more than projected, to an estimated US\$ 5.6 million from US\$ 4.1 million in FY2014.**³ Of this, US\$ 2.5 million (44% of donor-financed expenditure) was accounted for by the salaries and travel expenses of PFTAC’s 7 Suva-based advisors. US\$ 1.5 million (27%) was spent on STX fees and travel expenses. A further US\$ 0.8 million (14%) was spent on seminar and workshop costs (mainly travel and accommodation expenses of participants). HQ-led missions, backstopping, and project management fees came to just \$US 0.3 million, and miscellaneous costs (mainly external evaluation costs) are also estimated at around US\$ 0.2 million. The remaining 6.5% percent (US\$0.4 million) comprised Trust Fund management fees.

Fig. 3 PFTAC expenditure components in FY2015 (in US\$ and % of total donor-funded spending)



32. **The main areas in which spending exceeded budget projections were with respect to STX fees and travel expenses, and seminars and workshops** (Table 1). As noted in the budget projections in the 2014 PFTAC Annual Report, the delivery of TA has typically exceeded the amount planned in the initial

³ The estimates are based on (i) PFTAC data on travel costs for LTX as well as fees and expenses for STX for the financial year up to February 6. For the remainder of the financial year to end-April, the estimates are based on expected costs associated with missions and workshops in the work plan as of February 6.

work plan for the year by around 30 percent. In 2015, the overshoot of planned TA was considerably larger. This reflected a combination of factors, including (i) the initiation of tax compliance and bank on- and off-site supervision training and TA programs, both involving substantial use of STX in delivery; (ii) use of STX in meeting unexpected and specialist TA in the PFM area; and (iii) use of STX in delivery of TA on macroeconomic forecasting and analysis to provide continuity of service between the departure of the previous macroeconomic advisor and the arrival of the new advisor. Altogether, this additional TA delivery added about US\$ 1 million to PFTAC expenditure. The higher than expected number of workshops and seminars added a further US\$ 0.3 million to FY2015 spending.

Table 1: PFTAC Estimated Budget Position in FY2015

in US\$ millions

Activity	FY 2012 – FY 2016				FY 2014	FY 2015		
	Original Program Budget	2012 Revised Program Budget	Expenses 2012-15 ^{1,2}	Remaining from 2012 Revised Budget	Expenses	Budget Projection	Estimated out-turn ²	Difference
Long-term experts	12.13	11.83	6.73	5.10	1.95	2.10	1.97	-0.13
Short-term experts	3.16	3.37	3.44	-0.07	0.53	0.61	1.52	0.91
Travel	3.38	3.18	1.77	1.41	0.53	0.45	0.49	0.04
Workshops and seminars	2.58	2.69	2.10	0.58	0.32	0.50	0.80	0.30
Staff TA delivery, backstopping & project management	3.31	2.82	1.09	1.73	0.38	0.32	0.25	-0.07
Miscellaneous	0.69	0.35	0.18	0.17	0.08	0.06	0.03	-0.03
Total TA Delivery	25.24	24.24	15.31	8.92	3.79	4.04	5.06	1.02
Evaluation	0.20	0.20	0.14	0.06	0.00	0.00	0.14	0.14
Trust fund management (7%)	1.78	1.71	1.08	0.63	0.27	0.28	0.36	0.08
Grand Total³	27.22	26.15	16.53	9.62	4.05	4.32	5.57	1.24

¹ To April 30, 2015

² Based on PFTAC data to Feb. 6, 2015, plus estimates for remainder of FY2015

³ Host Country and IMF contribution is not included

33. PFTAC's cumulative expenditure remains well below expectations for the Phase IV funding cycle. Cumulative expenditure to end-April 2015 is estimated at US\$ 16.5 million. As discussed in a separate note circulated to the Steering Committee, the under spending relative to the program budget reflects lower salary and travel costs for LTX, as well as lower costs for support provided by headquarters

(HQ-based TA, backstopping, and project management) than expected.⁴ This was partly, but not fully offset by higher expenditure on STX missions, and training workshops and seminars.

34. PFTAC's funding and expenditure outlook would allow for a six-month extension of the Phase IV program. In the 2012 Revised Budget presented to the Steering Committee, total funding for the program was estimated at US\$ 26.2 million. As shown in Table 2, below, the funding currently secured amounts to US\$ 25.4 million (of which US\$ 2.4 million is pending). This appears likely to be the final figure for PFTAC funding in this cycle. In that case, the unspent secured funding amounts to around US\$ 8.9 million rather than the US\$ 9.6 shown in Table 1. If PFTAC spending is maintained at around current levels, as seems likely, based on a costing of the draft work plan for FY2016, the remaining secured funds should be sufficient to allow an extension of the program by about six months, to October 2016.⁵

35. Some adjustment in the allocation of expenditure is also needed. As can be seen in Table 1, on the 2012 revised budget, essentially no funds are left for STX beyond the end of FY2015, and funding for workshops and seminars would run out half-way through FY2016. To address this, a shift in budget allocations from surplus areas (LTX salaries, travel, and HQ-based activities) to the STX and workshop areas is needed. A proposal to this effect is being submitted to the Steering Committee for approval.

Table 2: PFTAC Consolidated Financial Status

January 31, 2015

Units as indicated

Phase IV - Signed Agreements:	Secured (US\$)	LOU Status	Contribution Currency	Pledge (Contribution Currency)	Contributions Received (US\$)	Balance (US\$)
ADB	1,000,000	<i>signed 07/29/2011</i>	<i>U.S. dollars</i>	1,000,000	1,000,000	-
EU	1,345,339	<i>signed 07/01/2011</i>	<i>Euros</i>	1,000,000	1,345,339	-
NZAID, New Zealand	7,166,932	<i>signed 06/16/2011</i>	<i>NZD</i>	8,900,000	5,781,826	1,385,106
Australia (DFAT)	7,500,000	<i>signed 05/25/2011</i>	<i>U.S. dollars</i>	7,500,000	7,500,000	-
Korea	2,306,596	<i>signed 02/15/2012</i>	<i>Korean Won</i>	2,500,000,000	1,727,515	579,081
EU (ACP)	1,391,400	<i>signed 10/04/2013</i>	<i>Euros</i>	1,000,000	1,391,400	-
EU (2nd LOU)	4,688,016	<i>signed 12/27/2013</i>	<i>Euros</i>	3,500,000	4,281,795	406,221
Subtotal	25,398,283				23,027,875	2,370,408
Phase IV - Pledges - Under discussion						
Australia	2,500,000		<i>U.S. dollars</i>	2,500,000		
Grand Total	\$ 27,898,283				23,027,875	4,870,408

⁴ The lower LTX costs partly reflect lower wage inflation than assumed in the program, as well some delays in filling new positions under the Phase IV program.

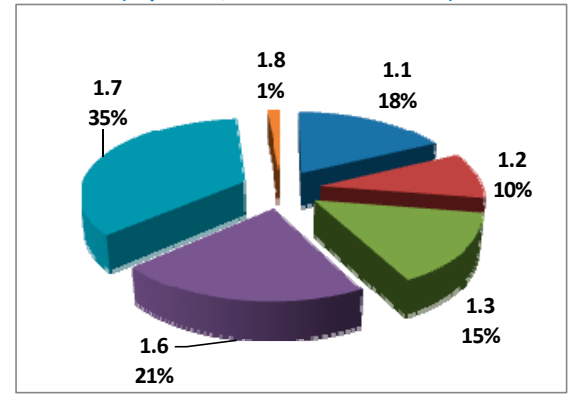
⁵ In the absence of an extension, the program would come to an end in April 2016, with surplus funds being returned to donors, and the Phase V program would commence with a new set of funding commitments.

C. Sectoral Achievements in FY2015

Public Financial Management

36. In FY2015, PFTAC carried out 56 missions (totaling 816 person days) and conducted 3 regional workshops on PFM topics, at a cost of US\$ 1.5 million. Of these missions, 50 percent (but only 33% of total mission days) were conducted by the two Suva-based PFM advisors, while the others were conducted by STX or HQ-based staff. The major areas of assistance were with PEFA assessments and Roadmap development (RBM objectives 1.1 & 1.2); accounting and cash management, including implementation of financial; instructions and non-tax revenue reforms (RBM objectives 1.3); strengthening medium-term orientation of budgeting (RBM objective 1.6); and improving budget execution and monitoring (RBM objective 1.7). The major recipients of TA in the PFM area were PNG, Fiji, Vanuatu, and Tonga.

Fig. 4: 2015 PFM missions: Distribution of mission days by RBM objectives (in percent; RBM codes in Annex III)



37. In accordance with the PFTAC program objectives (Annex III), the work of the PFM advisors continued to be concentrated in three general categories:

- PEFA and PFM Roadmap support – support for PEFA assessments and the development of PFM Roadmaps. Progress in these areas since 2009 is summarized in Table 3, below;
- Implementation of PFM reforms through country-specific TA designed to build capacity in critical areas like cash management, commitment control, accounting, reporting, medium-term budgeting and legal frameworks.
- Delivering training and support for the development of regional institutions or processes with the aim of promoting long-term PFM system sustainability

38. As in previous years, a key focus of PFTAC TA has been to support PEFA assessments across the region (RBM objective 1.1). Our approach to both PEFAs and PFM Roadmaps continued to emphasize greater participation of country officials in order to promote more country ownership of the products. During the year we worked with four PICs on PEFAs including: (i) Completion of Samoa's October 2013 PEFA for formal review by the PEFA Secretariat; (ii) a self-assessment in Tonga; (iii) a formal assessment in the Cook Islands; and (iv) continued guidance in PNG on the completion of their self-assessment and preparation for a formal assessment (planned for March 2015).

39. The self-assessment exercises continue to demonstrate that country officials fairly apply the PEFA criteria to evaluating their countries' PFM processes and procedures. Following the self-assessment process in Tonga, the Ministry of Finance and National Planning included all the PEFA indicators in the 2014/15—2016/17 Corporate Plan to help managers regularly assess the adequacy of business processes relative to objective international standards. In Cook Islands, the PEFA Assessment and development of

PFM Reform Roadmap are specifically mentioned in the country's National Sustainable Development Plan under the Good Governance objective.

	PEFA Activities in the PFTAC Region					PFM Roadmap Activities		
	Most Recent External	PEFA Support	Number External PEFA's	PFTAC-Guided Self-Assessment	Planned PEFA's	Most Recent Roadmap	Roadmap Development Support	Planned Roadmap Dev Efforts
Cook Islands	2014	PFTAC	2	2013	-	2011	Self	-
FSM	2012	PFTAC	1	2012	-	In process	PFTAC	-
Fiji	2012	PFTAC	2	2012	-	In process	PFTAC	-
Kiribati	2009	EU	1	-	Self: FY16	2011	EU	-
Nauru	2010	ADB	1	-	-	Revised 2014	ADB/ PFTAC	-
Niue	2011	PFTAC	1	-	-	Revised 2014	PFTAC	-
Palau	-	-	0	2013	-	-	-	-
PNG	-	-	0	2014-15	Ext'l: FY15	-	-	PFTAC-FY16
RMI	2012	PFTAC	1	2012	-	2013	PFTAC	-
Samoa	2013	PFTAC	3	2013	-	In process	Self	-
Solomon Islands	2012	EU ^{1/}	2	2012	-	2014	PFTAC	-
Timor Leste	2010	-	2	-	-	-	-	-
Tokelau	-	-	0	2014-partial	Self/Ext: FY16	-	-	-
Tonga	2010	AusAid	2	2014	Ext'l: FY15	2014	PFTAC	-
Tuvalu	2011	ADB	2	-	Self: FY16	2012	PFTAC	-
Vanuatu	2012	EU	2	-	Self: FY16 Roadmap Start	-	-	PFTAC-FY16

1/ PFTAC assisted a Self-Assessment and served on the PEFA Oversight Committee

40. PFTAC supported preparation of PFM Roadmaps (RBM objective 1.2) in Fiji, the Solomon Islands, and Tonga; Roadmap revisions in Niue; and a start to the roadmap development process in PNG. The Roadmaps in Solomon Islands and Tonga received Cabinet endorsement. As of end-January 2015, Niue's revised Roadmap is expected to be considered soon by their Cabinet, and Fiji's is undergoing internal review.

41. PFTAC has also continued to provide support in specific areas of PFM reform. In many cases the TA has been closely tied to implementation of PFM roadmaps, or Policy Reform Matrices associated with budget support by development partners. The main areas in which support of this kind has been provided over the May 2014-April 2015 period include (i) PFM legal frameworks; (ii) integrated medium-term planning and budgeting frameworks; (iii) FMIS reviews; (iv) non-tax revenue reviews; and (v) cash management :

- i. **PFM legal frameworks.** Having a comprehensive law clearly laying out basic PFM principles and identifying both Finance Ministry and Line Ministry responsibilities for implementing disciplined PFM is essential. Equally important is the need for updated PFM regulations or financial instructions specifying required steps for various types of financial transactions, as well as budget preparation and review processes, and accounting and financial reporting requirements. Work in this area during FY2015 included:
- Assisting Fiji review and revise its Financial Management Act (in progress);
 - Supporting TA to revise Tuvalu’s Financial Instructions—simplifying them and writing them for consistency with the actual operation of the Tuvalu’s FMIS. The revised instructions have been approved by the Tuvalu Cabinet and were in effect from January 1, 2015;
 - A workshop (jointly sponsored with SPC) on fiscal and tax matters that should be considered in drafting legislation relating to deep sea minerals;
 - Legal frameworks activity in the FSM involved assisting the Finance Department prepare a draft law establishing a supplemental defined contribution pension plan for federal government employees. As of this writing the draft is still being considered by the FSM Legislature.
- ii. **Integrated medium-term planning and budgeting frameworks.** PFTAC places a high priority on improving budget preparation with particular emphasis on better integration of policy/project planning with budgeting within a medium-term framework (RBM objectives 1.3-1.5). As discussed in Box 2, below, this is one of the most challenging areas for improvement in the region. To assist members with building their capabilities in this area, in FY2015 PFTAC’s PFM advisors:
- Made presentations on this topic in regional workshops (Joint PFTAC/SPC Deep Sea Minerals workshop-Cook Islands);
 - Conducted training for budget analysts (Fiji, Niue, Tuvalu);
 - Recommended addressing adjustments to budget preparation processes and calendars during engagements to assist in PFM Roadmaps, as well as in other missions (Fiji, Niue, Tuvalu, Tonga);
 - Recommended combining and reorganizing separate planning, budgeting, and aid management divisions (Niue, Tuvalu, and Tonga);
 - Emphasized the importance of an “all-funds” approach (i.e. no “special funds” would be excluded from the regular annual budget development process) (Joint PFTAC/SPC Deep Sea Minerals workshop-Cook Islands);
 - Provided templates for more policy focused medium-term budgets to replace several currently separate plans and budgets (Fiji, Niue, Tonga, and Tuvalu);
 - Assisted the Fiji budget department redesign their 2015 budget document format. Fiji’s 2015 Budget reflects a bold move to add a more policy-focused explanatory narrative at the activity level in a format that clearly juxtaposes the narrative with the medium-term financing plan. This format could serve as a model for other countries as a way to consolidate financing and policy information into one integrated document rather than continuing the ineffective and inefficient practice of producing separate corporate or annual plans that could have little clear connection to

actual or likely future fiscal reality. Tuvalu has also made significant improvements in its budget documentation, and Tonga has indicated its intent to merge corporate planning content into its budget documents;

- Continued assistance to countries with Non-tax Revenue (NTR) Reviews. A non-tax revenue review project started in Samoa in late 2012 and supported jointly by PFTAC and the Australian DOF was reported in the last PFTAC Annual Report and in our monthly newsletters. After our reports on the outcomes of the Samoa project, Solomon Islands, Fiji, and Vanuatu requested PFTAC's assistance to start similar reviews. Preliminary discussions have started with these PICs for activities during the February – April 2015 period and beyond, including a joint workshop likely to be held in June. NTR reviews should occur annually as part of budget officers' standard review of agency budgets. Upcoming training will emphasize this as one of many different types of issues that analysts should consider as they carry out such reviews;
- Reviewed social security/pension issues. Any discussion of medium (or longer) term budgeting and planning cannot ignore addressing social security and pension matters. Because of their long-term nature, social security and pension programs must be very carefully developed and managed. During FY2015, PFTAC (in cooperation with the IMF HQ's Expenditure Policy Division) continued dialog with RMI and started working with FSM to evaluate and explore pension issues facing those countries. TA is also planned for the Fiji National Provident Fund to evaluate changes made since 2006.

Box 2: Challenges in Implementing Integrated Medium-term Fiscal Planning and Budgeting

While some PICs have shown small gains on the PEFA indicator focused on a multi-year, policy focused perspective on fiscal planning and budgeting, this aspect of PFM in the PICs still is among the weakest of the PFM components assessed by the PEFA. The reasons for the weaknesses are multiple and vary among countries:

- Planning, budgeting, and aid management have been treated as “separate” processes, and often operate organizationally in their own silos.
- The proliferation of separate and disconnected planning and budget documents.
- Cabinets and Parliaments still make policy decisions having fiscal implications (for the current or future budget years) without requesting or requiring objective fiscal reviews by Finance Ministries.
- Misunderstandings about what multi-year budgeting really requires. Multi-year budgeting does not require “hard” and legally binding appropriations for a 3-year period. It simply requires showing intent. Even in places like Australia, “out-year” numbers are clearly labeled as “planning estimates”. In addition, the entire amount of estimated revenues for out-years does not have to be allocated to ministries- it is perfectly legitimate to hold some amounts in reserve for later decision-making. However, what should be a “must” in preparing these out-year allocations is clearly showing the funding requirements for:
 - Cabinet or Parliamentary decisions that have already been made;
 - Costs of operating or maintaining donor-funded infrastructure projects that have been agreed but not yet completely built, or taking over funding of donor-funded services after x years;
 - Changes in funding requirements for essential public services where service demand may be driven by demographic factors (ex: more school age children needing schooling, or more elderly needing old-age benefits or costly health care); and

- Other projects considered “highly likely” because of their significance to the state, but not yet formally approved. For these types of projects out-year fiscal space should be reserved.
- Cabinets and Parliaments do not give adequate attention to budgeting matters, particularly the connection between policies and financing. PEFA indicators that assess the quality of Cabinet and Parliament discussion and review of budgets suggest that, on average, too little time may be spent on strategic reviews and planning for either annual or medium-term time horizons.

iii. **Budget Execution.** PEFA assessments reveal that in general, PIC performance in several areas of budget execution remains weak. In FY2015, PFTAC has provided tailored TA to strengthen capacity in four main areas:

- **Budget monitoring.** Financial Management Information Systems (FMIS) can be very costly to set-up. Donors and PICs themselves have requested assistance from PFTAC to evaluate systems and recommend strategies for moving forward. In FY2015, TA support for this was provided to PNG and Tonga. Box 3, below, highlights major aspects of PFTAC’s FMIS TA to PNG, one of PFTAC’s major projects in FY2015. For Tonga, the initial TA came up with a short- and medium-term strategy and implementation plan based on an assessment of key issues on the existing system.
- **Cash management.** Cash planning and lack of access to short-term financing remain important issues in the region. Temporary, within-year mismatches in revenue and expenditure tend to disrupt orderly execution of the budget, leading to poor service delivery, cash rationing, and/or (temporary) accumulation of arrears. Specific assistance in this area was provided to PNG in FY2015 to analyze the sources of its cash management difficulties and to propose solutions.
- **Internal audit.** Since many of the budget execution weaknesses in PICs are systemic rather than isolated, an effective internal audit can help in identifying the high risk areas, and strengthening the appropriate internal controls. Vanuatu has chosen this approach with TA from PFTAC to use a risk-based internal audit planning, and making its work more efficient through the use of Teammate software.
- **Transparency.** Demand for greater transparency in reporting has prompted PICs to generate additional information and integrate into their financial reporting. One example is Nauru who with TA from PFTAC has implemented asset valuation and reporting for the first time.

42. **Successful PFM Reform requires high level political support.** It is not just a technical matter, and it most certainly is not just a Finance Ministry issue. Two years ago PFTAC started a “High Level Dialog” project aimed at improving Line Secretary, Cabinet Members, and Parliamentarians’ appreciation for PFM Reforms and their role in those reforms. During FY2015 dialogs took place in the Solomon Islands with Line Secretaries as part of Solomon Island’s PFM Reform Map implementation. Additional HLDs have been requested by PIC officials as part of their orientation plans for newly elected Cabinet members and Parliamentarians.

Box 3: IFMS Implementation Assessment and Restructuring in PNG

PFTAC's largest PFM project during FY2015 has been assisting PNG in overcoming roadblocks to the implementation of its Integrated Financial Management System (IFMS) and recommending steps needed to speed up ministry/agency connection to the new system that PNG decided to purchase in 2005. Implementation of that system has been slow, however. By early 2014 only three ministries—Finance, Treasury, and Planning—were connected to the system.

In a series of missions beginning in May 2014, PFTAC's expert on the PNG project examined a number of aspects of the implementation effort including highly technical matters, levels of cooperation from other ministries, IFMS project organizational issues, staffing, and local opportunities for out-sourcing some aspects of the IFMS support operations. The final phase of the assessment and restructuring project is expected in the February- April period. The PNG Department of Finance has begun the process of reforming its ICT delivery operations in order to accelerate the deployment of the IFMS system. Among the PFTAC recommendations adopted by Finance are the following:

- A new IFMS rollout project manager has been hired by Finance to restart the rollouts, with four new agencies expected to go live on IFMS soon, and a minimum of 15 by the end of 2015;
- The Secretary of Finance announced the formal phasing-out of the existing legacy financial management system. This will ensure that resources are directed to the implementation of the new IFMS and provide a clear and consistent direction for government financial management;
- An Executive Advisor to the Secretary has been hired to act as a Chief Information Officer for the Department of Finance. His primary task is to align the ICT efforts within the Department with a coherent strategy for the cost-effective use of information technology within government;
- Wide area networking has been outsourced to a local telecom provider, enabling IFMS to be rolled out soon throughout the capital as well as the remote provinces and districts.

Further analysis, supported by PFTAC, is taking place to identify the feasibility of additional ICT outsourcing.

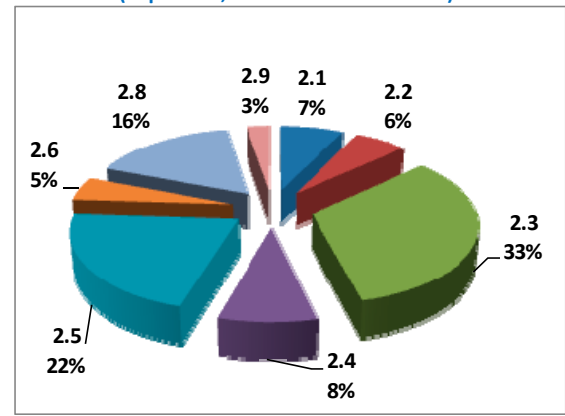
43. **Broader capacity development included training through regional institutions and processes:**

- The annual Strategic Development Programme, delivered in collaboration with the Australian DOF, continued with the February 2015 workshop focused on Budget Implementation for Results.
- PFTAC continued active partnering with the USP and PICPA on sustainable training for PFM professionals in the region. Discussions with PICPA on developing/implementing training have focused primarily on procurement, training for budget analysts (including procedures for regular reviews of non-tax revenues), and accounting
- A macro-fiscal workshop in coordination with ADB held in Suva;
- Participation in a PIF Secretariat coordinated effort to get greater donor harmonization of approaches to integrating PIC planning, budgeting and aid management.

Revenue Policy and Administration

44. In FY2015, PFTAC carried out 51 missions (totaling 467 person days) and conducted 9 regional workshops on revenue policy and administration issues, at a cost of US\$ 1.1 million. Of these missions, 43 percent (but just 26% of mission days) were conducted by the Suva-based tax administration advisor, while the rest were conducted by STX and HQ-based staff. The major area of work related to strengthening capacities for verifying and maintaining taxpayer information and compliance obligations (RBM objective 2.3); improving tax compliance strategies (RBM objective 2.5); and reviewing corporate strategies and business planning processes (RBM objective 2.8). The principal recipients of TA in these areas of tax policy and administration included Fiji, Nauru, FSM, and Vanuatu.

Fig. 5: 2015 Tax Policy & Administration missions: Distribution of mission days by RBM objectives (in percent; RBM codes in Annex III)



45. PFTAC is making steady progress assisting PICs with introducing more modern approaches to compliance risk management. As many countries have made progress with their Policy and Legal Frameworks focus changed towards assisting revenue administrations improve their operational capability primarily through adopting a more strategic approach to Compliance Risk Management (CRM) supported by ICT and improved performance monitoring. This approach, through the implementation of CRM strategies, has the potential to generate additional revenues and contribute to higher voluntary compliance rates. The theoretical aspect of CRM is supported through the PFTAC/PITAA training plan thus providing PICs with a thorough understanding of the concept.

46. PFTAC member countries achieved a number of important milestones during FY2015. Key country achievements with regard to progress against the model tax office base line comprising tax policy, legislation and administration include:

i. Revenue Policy and Legislation:

- **Kiribati:** New laws which include VAT, Excise Tax and a Revenue Administration Act were introduced on 1 April 2014. VAT was implemented from 1 April, 2014.
- **Nauru:** Implemented the new Employment and Services Tax Act which came into effect on October 1, 2014.
- **Samoa:** Drafted a new VAGST Law and prepared a Presumptive Tax Bill both to be submitted to Parliament in the first quarter of 2015.
- **Tonga:** Implemented the Small Business Tax Regime with effect from August 1, 2014 and passed Deep Sea Mining legislation.

ii. **Tax Administration:**

- **FSM:** Implementation of the Unified Revenue Agency (which includes two of the four states) and development of a CRM plan. New business processes to support implementation of the URA currently under development.
- **Fiji:** User requirements for a new IT system designed and procurement commenced. A renewed corporate strategy and a more focused approach to Compliance Risk Management (CRM) introduced.
- **Nauru:** Technical procedures guide for registration, filing and payment for the new Employment and Services Tax Act and a new organizational structure for the tax office.
- **Tonga:** A new taxpayer services division and commencement of a risk based approach to operations. New processes for introduction of the Small Business Tax designed and implemented.
- **Tuvalu:** CRM plan initiated.
- **Vanuatu:** A renewed corporate strategy and improved CRM plan.
- **Tonga, Vanuatu, Kiribati, Palau, Nauru, Solomon Islands, Samoa, and the Cook Islands:** Progress made with updating or acquiring new IT systems.

47. PFTAC's relationship with the Pacific Island Tax Administration Association (PITAA) continues to grow with PITAA playing a prominent role in identifying regional priorities and training needs. A PFTAC/PITAA training needs analysis, conducted in 2014, identified high priority training needs which were captured into PFTAC's FY2015 training and capacity building plan. These training activities are strongly aligned to PFTAC's technical assistance delivery model which focuses primarily on improving compliance risk management and strengthening core tax functions. The PFTAC/PITAA training program in FY2015 is described in Box 4.

48. PFTAC training included a component geared towards strengthening PIC management capability. A strategy, through a two-phased approach, was launched which provided executives and members of senior management teams with an overview of modern tax administration management followed by two workshops on core tax functions. This program, with a strong emphasis on improving management capability and operational efficiencies will be continued in FY2016.

Box 4: PFTAC/PITAA Training Activities FY2015

A PFTAC/PITAA train-the-trainer program has been launched which will gradually pass on some responsibility to PITAA members to co-present at workshops facilitated by PFTAC - the first such initiative will take place during FY2015. Officials from PIC tax administrations, with training ability, have been identified and included in this program which represents the first step for PITAA to develop its own training capability.

The list below reflects FY2015 courses and workshops:

- Managing Modern Tax Administration (larger tax administrations);
- Managing Modern Tax Administration (smaller tax administrations);
- Taxpayer Services Management;
- Strengthening core tax functions – Arrears, Filing and Returns;
- Introducing a Compliance Risk Management Approach;

- An industry partnership approach to improving tax compliance.

PITAA is fast becoming a recognized regional training provider. After 10 years of nurturing and development PITAA, over the last year, has taken its biggest steps towards independence thus reducing PFTACs oversight role. An executive committee is in place with plans to implement a permanent secretariat in 2015. Subscriptions from member countries have commenced but additional donor funding will be required to meet training needs. A good example of PITAA's emerging strength and regional facilitation role is reflected by the assistance provided by the Fiji Revenue and Customs Authority (FRCA) to Nauru in the development and implementation of an IT software application for Nauru's recently introduced Employment and Services Tax.

49. PFTAC training included a component geared towards strengthening PIC management capability. A strategy, through a two-phased approach, was launched which provided executives and members of senior management teams with an overview of modern tax administration management followed by two workshops on core tax functions. This program, with a strong emphasis on improving management capability and operational efficiencies will be continued in FY2016.

50. PFTAC has commenced the design of an Information Technology (IT) tool kit of materials that will provide PIC's with leading practices in the IT area. IT is an increasingly important topic for tax administrations who face a complex IT landscape, with many areas of potential IT solutions, multiple approaches to implementation, and many vendors. To assist PICs in this area PFTAC has commissioned the development of a tool kit that will provide PICs with detailed information on the development of IT strategies, business continuity and IT procurement processes. This package will form part of PFTACs contribution to building a regional model approach which will be made available to all PICs through PITAA's website.

51. FRCA (Fijian Customs and Revenue Authority) was the first PIC revenue administration to undergo a diagnostic under the new Tax Administration Diagnostic Assessment Tool (TADAT). TADAT assesses a tax administration against an international standard in nine performance outcome areas. Those areas are:

- Integrity of the tax base (registration);
- Assessment of risk;
- Supporting voluntary compliance (services);
- Filing of return;
- Payment of obligations;
- Accuracy of reporting (audit);
- Tax disputes resolution;
- Efficiency of administration;
- Accountability and transparency.

52. A number of high level indicators are associated with each performance outcome area and a score is assigned to each indicator. At the end of an assessment a diagnostic report is prepared outlining the administrations strengths and weaknesses. TADAT, similar to the PEFA tool, will facilitate discussion between donors, government and development partners highlighting highest tax administration reform priorities and guide TA funding decisions.

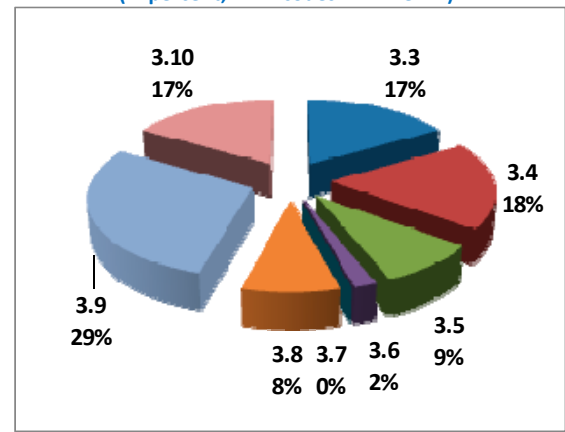
53. DFAT has played an important role in providing PICs with on the ground technical assistance. DFAT funded advisors have played an instrumental role in supporting the implementation of PFTAC recommendations with many notable successes which include introducing VAT in Kiribati, implementing the Employment Services Tax Act in Nauru and strengthening compliance management in Tonga.

54. PFTAC's FY2015 work plan included TA for those countries where enactment of legislation has been delayed. Acknowledging that legal reform in the North Pacific represents a key challenge, PFTAC changed its TA focus with emphasis now being placed on strengthening basic tax administration functions. This approach starts with identifying compliance baselines and developing a compliance improvement strategy to address the gaps.

Financial Sector Supervision

55. In FY2015, PFTAC carried out 12 missions (totaling 82 person days) and conducted 8 regional workshops in the area of financial sector supervision, at a cost of US\$ 0.4 million. Almost all of the bilateral missions were carried by the Suva-based financial sector supervision advisor, but short-term consultants were used actively in the workshops. The major areas in which assistance was provided with capacity development related to strengthening of off-site and on-site supervision (RBM objectives 3.3 & 3.4); and development of legal and supervisory frameworks for credit unions (RBM objective 3.9). The principal recipients of bilateral TA in these areas were Tonga, Palau, and Timor Leste.

Fig. 6: 2015 Financial Sector Supervision missions: Distribution of mission days by RBM objectives (in percent; RBM codes in Annex III)



56. The primary focus of TA in the financial sector continues to be the strengthening of prudential supervision of banks in member countries. The main elements of the strategy to achieve this include:

- Assisting member countries with development or revision of central bank and financial supervision legislation;
- Assistance with development of financial returns and reporting forms for use in monitoring of supervised banks;
- Training in off-site bank supervision through monitoring and analysis of reported financial indicators;
- Training in on-site bank supervision methods.

57. TA was initially focused on strengthening bank reporting and compilation of financial indicators. In the first part of the Phase IV program, the primary focus of TA efforts was on assisting members with development and implementation of standardized bank statistical returns, and using these to generate regular financial indicator reports. In this context, PFTAC also worked with the Reserve Bank of New Zealand to deploy a Financial Sector Information System (FSIS), modified for use in Pacific Island Countries. Unfortunately, this project proved to be too ambitious. Although successfully deployed in

Solomon Islands, the project would have been too costly to implement and support more widely, and so was terminated this year. Nonetheless, PFTAC's other assistance with spreadsheet-based bank reporting has been successful, with standardized frameworks deployed in 5 member countries (Cook Islands, Palau, Solomon Islands, Tonga, and Vanuatu). Workshops were provided to commercial banks in these countries on how to complete the reporting forms, and the supervisory authorities received training on how to analyze the information received. This element of PFTAC's TA is considered as essentially completed, although there may well be a few additional requests for TA from countries not in the original target group.

58. PFTAC is also assisting Tuvalu with establishing bank reporting and a supervisory capacity for its banks. Although legislation for bank supervision has been enacted, some modifications will be needed to facilitate implementation of supervision. The IMF Legal department will review the Act and provide options. PFTAC's Resident Technical Advisor has also assisted with developing a draft prudential return that was successfully tested with the Tuvalu National Bank. Additional missions will be forthcoming to introduce banking sector oversight options and to assist the authorities with the implementation of prudential returns and off-site supervision protocols. (RBM 3.1, 3.8)

59. In FY2015, TA concentrated on strengthening off-site and on-site bank supervision. With regular bank reporting established, and standard financial indicators now available, the next challenge is to ensure effective use of this information in bank oversight through off-site and on-site banking supervision. Strengthening performance in these areas requires establishing appropriate training for central bank and other supervisory staff. Training needs were discussed at the 2013 annual meeting of the Association of Financial Supervisors of Pacific Countries (AFSPC). Those discussions resulted in the creation of a regional training program in Risk Based Banking Supervision targeted to three distinct groups: managers of banking supervision departments; bank examiners in Northern Pacific countries (FSM, Palau, and RMI, with essentially US banking systems) and examiners in South Pacific countries (with essentially British banking systems). The objective of the program was to provide adequate and targeted training customized for each group.

60. In FY2015, PFTAC provided a series of workshops to build regional expertise in banking supervision. These included:

- **Preparing for On-site Bank Examinations** (Northern region): Participants learned about preparing the on-site examinations of a bank they had scheduled for the year, including delegating duties amongst team members, implementing on-site examination protocols, adequately scoping the risk elements, including collecting and performing data and ratio analyses. They were also able to develop a set of templates which will be required when completing the reporting of their findings to management. (RBM 3.4 3.5).
- **Managing a Banking Supervision Department:**⁶ This workshop focused on identifying appropriate management processes for banking supervision departments, taking account of differences in supervisory frameworks. The workshop included group discussions on good management

⁶ Attended by participants from Fiji, FSM, Palau, PNG, RMI, Samoa, Tonga, Solomon Islands and Vanuatu.

processes and use of case studies. The objective was to strengthen management planning in supervision departments, including adequate use of staff resources, adaptation to changes in supervision frameworks, incorporating changes in technology, and relationship management, including opening channels of communication between supervisors and the financial institutions they regulate, in order to achieve common goals.

- **Off-site and on-site Supervision** (Southern region):⁷ The workshop was aimed at newly hired supervisors who will be expected to perform off-site supervisions and on-site examinations of Financial Institutions as part of their new duties. Topics covered included banking risk types; corporate governance; and Basel Core Principles for Effective Banking Supervision. Training involved case studies using financial indicators to assess asset quality and credit, as well as a case study on establishing the appropriate risk levels and appetite of a sample bank based on historical data and a number of key indicators. Participants should now be able to apply the concepts learned during this workshop while performing their next on-site examination.
- **Consolidated Supervision of Conglomerates** (Fiji): This workshop, for staff of the Reserve Bank of Fiji was held in Fiji this year, explored prudential risks related to the existence of a financial conglomerate and addressed loopholes in sector supervision including regulatory gaps, contagion risk, concentration risk and conflict of interest and regulatory arbitrage. A session was set aside to discuss prudential risks related to the supervision of risks arising from unregulated financial activities and entities. The group touched on the off-site and on-site monitoring of conglomerates and spent some time on lessons learnt from the global financial crisis. The concepts introduced will be adopted by the Reserve Bank when dealing with the review of conglomerates as part of its consolidated supervision approach. (RBM 3.4)

61. The workshops revealed that most central bank examiners had limited experience working in the financial institution sector prior to joining a central bank. Most are hired right out of university and receive basic in-house on the job training enhanced with workshops offered by external organizations like PFTAC. In future training sessions, examiners will therefore be introduced to a variety of actual banking situations relevant to what they will have to review while performing their examination duties. The emphasis will be on sessions aimed at providing an overview of the operation of a bank; the expectations placed upon them as examiners; and what will they encounter when entering a financial institution and actually start the examination process resulting in the issuance of a report of their findings. Participants will leave our workshops with a better understanding of the complexity of the risk assessment and on-site examination process and how to adequately prepare for the responsibilities placed upon them.

62. In addition to providing training on supervision issues, PFTAC has also begun to provide direct support for on-site bank supervision. The purpose of such TA is not to supplement or substitute for supervision by national authorities. Rather, it is essentially to provide a mentor for authorities not experienced in conducting on-site supervision. Once the authorities have gained some experience with on-site supervision, such assistance should no longer be needed. The deployment of the on-site examination program was started in Tonga this year. The National Reserve Bank of Tonga scheduled a

⁷ Attended by 18 participants from Fiji, PNG, Samoa, Solomon Islands, Tonga and Vanuatu.

number of on-site examinations to be performed during the year in accordance with a plan developed by its Supervisor. PFTAC provided technical support with the preparedness for and execution of a number of on-site examinations of local commercial banks. This involved providing the examination team with guidance and interpretation of their findings. This intervention enabled the banking supervision team to adequately prepare for and perform the on-site examination of two banks and to draft the final reports.

63. The second major area of PFTAC activity during FY2015 was to begin implementing a program to strengthen frameworks for operation and supervision of credit unions (RBM objectives 3.8, 3.9). Credit unions have the potential to play a very important role in financial systems of Pacific Island Countries. In a region where there is only limited competition among banks, credit unions have the potential to offer healthy competition in the provision of financial services to the public, leading to improved efficiency and stronger financial systems. In addition, credit unions can provide access to finance—both lending and savings—for groups that may not be well-served by banks, including women and people living in rural areas.

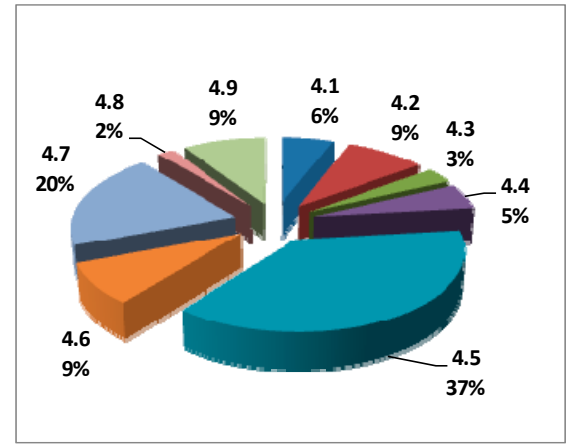
64. PFTAC's efforts with regard to credit unions in FY2015 have mainly focused on strengthening legislative and regulatory frameworks. The principal activities have included:

- Two missions to Timor Leste to advise on developing the legislative ground work required to foster sector growth. This included the drafting of a new Credit Union Act and the analysis of the sector's reporting standards. The Central Bank and the Federation of Credit Unions are preparing the sector for its transition to oversight of the Central Bank by considering the adoption of a new financial and statutory reporting system based on the information secured during the missions;
- A workshop for PFTAC members in the Northern region to assist Banking Commissioners with the drafting of Credit Union Acts. The legal framework was based on standards developed and introduced by the IMF Legal Department in concert with PFTAC's Resident Technical Advisor. Participants returned to their home countries with draft Credit Union Acts duly completed and compliant with their individual legislative requirements;
- A mission to Palau to support the transition of the oversight of the credit unions sector to the Banking Commission. This included assisting with finalizing the Palau Credit Union Act for introduction to Congress; holding meetings with representatives from the credit union movement to discuss the impact new compliance requirements; and conducting a workshop that introduced a set of standard financial statements and regulatory reporting templates to each credit union. The credit unions were able to complete the templates and produced comprehensive sets of prudential returns which will be submitted to the Banking Commission on a quarterly basis. The staffs of the Banking Commission also participated in this program and are now able to analyze the returns and prepare reports to the board.
- A workshop hosted by Kiribati Registrar of Credit Unions on credit union operations and oversight for 30 participants representing the sector. This involved training sessions and case studies on credit union financial management, statutory reporting and compliance requirements. The sector adopted the recommended financial reporting format and undertook to start its implementation by year end.

Macroeconomic Statistics

65. In FY2015, PFTAC carried out 29 missions (totaling 186 person days) and conducted or participated in 7 regional workshops in the area of macroeconomic statistics, at a cost of US\$ 0.8 million. The two Suva-based statistics advisors carried out 90 percent of the bilateral missions (82% in terms of mission days). The primary areas in which TA was provided included assistance with improving data sources and methodologies (RBM objective 4.5); and making national accounts statistics and associated metadata readily available (RBM objective 4.7). The main recipients of bilateral TA were Nauru, Solomon Islands, PNG and Fiji.

Fig 7: 2015 Macroeconomic Statistics missions: Distribution of mission days by RBM objectives (in percent; RBM codes in Annex III)



66. The macroeconomic statistics capacity building strategy in FY2015 has had three main elements:

- Improving the quality of national accounts data through the introduction of methodological improvements and source data analysis (RBM objective 4.5).
- Providing training on specific issues in the compilation of national accounts statistics being faced by countries in the region.
- Providing country-specific TA with either training or implementation of improvements of methodologies and compilation procedures.

67. **Methodological improvements and source data analysis** were the focus of work done in the Cook Islands, FSM, Kiribati, Palau, RMI, Nauru. Early in the financial year the advisors contributed to a workshop which developed a standard template for the use of household income and expenditure survey (HIES) outputs for national accounts using the Nauru data as an example.

68. **The results of the recent HIESs in both the Solomon Islands and Vanuatu were analyzed during mission work** and these will be incorporated in the national accounts estimates during 2015. These new data sources enable these countries to rate highly against the milestones and have their constant price national accounts rebased at least every ten years (RBM objective 4.2).

69. **Training on specific topical issues was frequently provided through the use of sub-regional workshops.** Countries at a similar stage of national accounts development often face similar challenges and training needs. Sub-regional workshops provide a cost-effective means of providing tailored training and also allow statisticians in different countries to share their experiences with each other. A course was held in Guam for the Northern Pacific countries (FSM, RMI, and Palau) which focused on building staff capacity by improving their knowledge of the existing system which has been developed by external consultants and improving the methodology by introducing additional data sources. This will enable these countries to reach the next milestone by removing existing methodological deficiencies.

70. A second course was hosted in Fiji with a focus on methodologies and data sources used to compile estimates in constant prices, targeting participants from the national statistics offices (NSOs) and central banks. Papua New Guinea, the Solomon Islands, and Vanuatu have all recently completed HIESs, so participants from these countries were invited to a third training course covering the use of HIES data in the national accounts. Where appropriate these courses included presenters from the SPC and the ABS.

71. Country-specific TA was provided to several countries to assist with improvements in national accounts measures. Support was provided to Fiji to expand their gross domestic product (GDP) measures to include GDP estimates by expenditures and by income (the next milestone for RBM objective 4.1) with the aim of publishing these by August 2015. This development work has also progressed well in Kiribati. Estimates of GDP were completed in Nauru and the Solomon Islands which released their 2013 estimates in December, and balance of payments assistance (RBM 4.9) was provided to the Cook Islands and Nauru, the latter with the use of a short term expert. National accounts TA was also provided to the RMI and to Kiribati which also published GDP estimates for 2013.

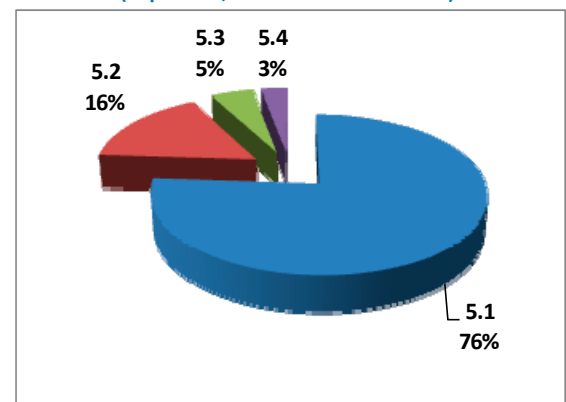
72. A major development for the period was the re-engagement with Papua New Guinea (PNG). In coordination with the ABS, PFTAC has worked with the authorities and will focus on the incorporation of the 2009-10 HIES data into the national accounts and the use of administrative data. PFTAC will continue to support the agencies compiling national accounts including the Bank of Papua New Guinea (BPNG) and the Treasury until the NSO resumes regular compilation and publication of reliable national accounts statistics. The target is that the NSO will compile and publish GDP estimates in June 2015 for the first time since 2006.

73. The phase II of the Ten Year Pacific Statistics Strategy (TYPSS) for 2015-2017 has been developed and endorsed by the Pacific Statistics Steering Committee (PSSC). PFTAC has continued coordination within PSSC. A coordination unit is being set up to assist with the reporting and liaison as well as to facilitate monitoring progress against the TYPSS phase II objectives.

Macroeconomic Analysis and Forecasting

74. In FY2015, PFTAC carried out 22 missions (totaling 118 person days) and conducted or participated in 2 regional workshops in the area of macroeconomic analysis and forecasting, at a cost of US\$ 0.5 million. Approximately half the missions were carried out by the Suva-based macroeconomics advisor, with the rest conducted by STX. The major activities involved providing assistance with developing and using integrated macroeconomic monitoring and projection frameworks (RBM objective 5.1); and building capacity in multi-year fiscal planning (RBM objective 5.2). The principal recipients of bilateral TA in this area were PNG, Samoa, Fiji and Solomon Islands.

Fig. 8: 2015 Macroeconomic Analysis missions: Distribution of mission days by RBM objectives (in percent; RBM codes in Annex III)



75. Most of the bilateral TA was centered on tailoring financial programming (FP) frameworks to meet diverse needs of individual countries and capacity levels of staff (RBM objective 5.1). In FY2013 financial programming (FP) frameworks were developed in Fiji, PNG, Solomon Islands and Vanuatu. Early experience in those countries indicated that implementation was hampered by capacity limitations. In FY2014 follow-up support focused on developing less complex frameworks that staff could use to support their core monitoring and projection activities. The objective of TA along these lines is two-fold. Financial programming methods help staff ensure consistency across sectors in their monitoring and projection activities. Equally important, the FP framework requires collaboration between experts in the different sectors, which promotes coordination within and across institutions (notably staff in central banks and MOF/Treasury Departments). Support along these lines continued in FY2015.

- **PNG:** A simplified version of the FP framework was introduced in early 2014, followed by two subsequent missions undertaken to develop the framework and train staff on how to use the framework effectively. In the case of PNG, the FP framework has been developed to capture the impact of resource production (LNG exports in particular) on economic activity, the balance of payments and fiscal revenues. Continued support is needed, especially in terms of training staff on how to update the framework efficiently and generate coherent baseline projections to represent their view of the medium-term outlook.
- **Solomon Islands:** A simplified version of the FP framework was introduced at the Central Bank of the Solomon Islands (CBSI) in mid-2014, followed by two subsequent missions. CBSI staff have demonstrated a strong ability to learn the methodology and procedures underlying the framework and have very good potential for being able to use the framework to support their core monitoring and projection activities. Continued training would help accelerate the learning process.
- **Vanuatu:** A simplified version of the FP framework was introduced at the Reserve Bank of Vanuatu (RBV) in August 2014, followed by two subsequent missions. Progress on developing the framework has been hampered by data issues and the need to improve existing procedures used to update the data for monitoring purposes.
- **Samoa:** The case of Samoa is quite different from the three countries outlined above. Staff in the Economic Projection and Planning Division (EPPD) at the Ministry of Finance have been using the Samoa Economic and Revenue Forecasting (SERF) model for a few years now. While the SERF model was not originally designed as an FP framework, consistency between the various sectors of the model ensures that the projections are generated within a coherent framework. The model is at an advanced stage of development. In particular, EPPD staff are able to use the model to generate public debt profiles over the medium term based on an internally consistent macro-fiscal framework. This serves the MOF well in providing guidance on government's stated objective of reducing the public debt burden over the medium term.
- **Tonga:** In Tonga PFTAC has worked closely with ADB to provide the Finance Ministry with a resident macroeconomic advisor (on leave from the RBNZ) to help strengthen its capacity for forecasting major macroeconomic variables, as well as to assist with adapting an FP framework to the Tongan economy and provide training in its use to the staff. The advisor is expected to be in Tonga for 6 months, beginning in February 2015.

76. Improving countries' multi-period fiscal planning process was another active area of support (RBM objective 5.2). Budget planning and policy decisions tend to focus on the coming fiscal year, at the expense of longer-term considerations. The short-term focus makes it difficult for policy makers to assess the potential implications of introducing new multi-period spending commitments. This is of particular importance in situations where it is difficult to determine whether shocks will have a transitory or permanent impact on the fiscal situation (the wide swings in world commodity prices over the past decade being a prime example). With this objective in mind, TA has assisted staff in developing a medium-term (three- to five-year) projection horizon for fiscal planning.

- **Samoa:** Revenue and expenditure projections are generated over a three-year horizon. However, the budget planning process focuses mainly on the coming fiscal year. PFTAC support entailed working with MOF staff to improve projections for these components, in an effort to provide policy makers with a stronger basis for assessing medium-term fiscal pressures. Support along these lines was provided in PNG, Solomon Islands and Vanuatu in the broader context of developing their FP frameworks.
- **Palau:** In the case of Palau, the need to develop capacity on long-term fiscal planning is motivated by the expiry of Compact grants in 2023. Policy makers face the difficult challenge of designing a fiscal adjustment process during the transition to ensure that public expenditures can be funded on a sustained basis. PFTAC support on this front entailed providing technical support aimed to help policy makers understand the nature of the underlying policy objectives and trade-offs.
- **Sub-regional workshop:** 30 participants from 10 countries in the region attended a workshop on long-term fiscal planning in December, 2014. The workshop was organized by the ADB, in cooperation with PFTAC, the PIF Secretariat, and the University of the South Pacific's Pacific Islands Centre for Public Administration (PICPA). It was hosted by PICPA at their conference facilities on the USP campus in Suva, Fiji. The main objective of the workshop was to work with Ministries of Finance and central bank staff on developing their macro-fiscal frameworks, while enabling them to gain experience applying the frameworks. The regional aspect of the workshop gave participants valuable insights into frameworks used in other countries and promoted sharing of experience and expertise.

77. Initial steps have been taken to assist countries in managing the potential fiscal impact of natural disasters (RBM objective 5.4). PFTAC, in coordination with the World Bank Disaster Risk Financing and Insurance (DRFI) Program, organized and conducted a workshop on incorporating disaster risks into the fiscal planning process, hosted by the Pacific Islands Forum Secretariat (PIFS) in Suva, Fiji, March 9-10, 2015. The main objective was to give fiscal policy makers an overview of strategies and procedures that can mitigate the economic and fiscal impact of natural disasters, with a specific focus on Pacific Island Countries. Topics for discussion included:

- A summary of the empirical evidence on macroeconomic and fiscal impacts of natural disasters;
- Special budgetary procedures for providing rapid access to emergency funding;
- The importance of integrating disaster risks into budget planning and policy decision process;
- An overview of disaster risk financing strategies.

III. OBJECTIVES AND WORK PLAN FOR FY2016

This section describes PFTAC's principal objectives and activities planned for FY2016 (May 2015 to April 2016). It outlines the main themes in PFTAC's technical assistance strategy over the period and provides sectoral detail of activities planned to achieve the objectives in the RBM framework.

A. Overview

78. The focus of PFTAC TA in some areas has been shifting since FY2015 and is set to continue in FY2016. For the first three years of the program, a primary focus of much of PFTAC's TA activity, especially in the area of fiscal management, has been to assist members with assessing priorities for reforms to policy frameworks and then to assist with the design of reforms and necessary enabling legislation. Similarly, in the area of financial sector supervision, the focus was on assisting members with putting in place basic frameworks and tools for regular and timely monitoring of banks. In statistics the emphasis was on assisting with basics of national accounts compilation, and in macroeconomics the emphasis was on introducing central bank and finance ministry staff to the models used in analysis and forecasting. The focus of activities has been shifting, however, particularly since FY2015. In the fiscal policy area, the focus is increasingly on building capacity to implement identified reform priorities, both on the expenditure side and on the revenue side. In financial supervision, attention is shifting towards strengthening bank supervision, as well as extending supervisory coverage to credit unions. In statistics, increasing emphasis is being placed on improving data sources and methodology. In macroeconomics, the focus is shifting much more to developing the capacity to use models and data effectively and on a self-reliant basis.

79. The boost to PFTAC delivery of TA and training in FY2015 is expected to continue in FY2016. With a full complement of 7 resident advisors, the number of missions that they themselves can conduct appears likely to remain at around the same level as during the past two years. However, the increase in the use of STX to deliver relatively specialized TA is expected to continue. In particular, STX are expected to be used regularly to assist members with strengthening their tax compliance strategies, as well as core tax functions. Similarly, in financial sector supervision, STX are intended to be used extensively in providing mentorship and training as member countries build up their experience and capacity in on-site bank supervision. In macroeconomics, we intend to use STX to complement the resident advisor in delivering hands-on training in forecasting and policy analysis.

80. Good collaboration and coordination in TA delivery and information sharing with development partners is an essential element of the strategy. In many areas of our work, PFTAC staff collaborate closely with development partners in designing and implementing TA, as well as in delivering training. Such collaboration is essential for TA effectiveness and efficiency. Effectiveness is enhanced by having coherent TA programs and sequences of TA delivery. And efficiency is enhanced by minimizing overlaps in TA. And even where there is not active collaboration in TA delivery, coordination is still essential. Nonetheless, with so many countries and development partners in the region, ensuring good coordination is a never-ending challenge. In FY2016, and especially with the ramping up of some of our TA programs, it will be even more important to coordinate activity carefully. In FY2016, PFTAC plans to continue:

- **Coordination of TA planning and prioritization.** At its simplest, this involves simple sharing of information, and PFTAC is now sharing (and posting on its website) its forward-looking work plans. Beyond this, however, PFTAC will continue to work to align its TA provision with the policy reform

matrices that are agreed between PIC governments and donors of budget support. We shall also encourage donors and TA providers to ensure that their support for reforms is consistent with the PFM reform roadmaps established by PIC governments. PFTAC will also continue to work closely with regional governments and development partners to strengthen the functioning of the PSSC as the key coordination mechanism for strengthening the collection, compilation, and dissemination of statistics in the region.

- **Coordination and collaboration in training.** In FY2015, as in previous years, PFTAC has often teamed up with other organizations in delivering training in the region. In FY2016, we plan to continue to do so and, as opportunities arise, expand such collaboration. This will include a joint workshop on PFM issues with the Australian DOF; a (largely EU-funded) workshop with SPC on Deep Sea Mining issues; support for an ADB-funded macroeconomic advisor in Tonga;

81. The use of focused, sub-regional workshops will continue. In FY2014 and FY2015, PFTAC experimented with the use of focused sub-regional workshops designed to strengthen linkages between training and TA. Such workshops have worked well, and are now regarded as a standard vehicle for providing TA and training throughout the region. They have been particularly beneficial in providing TA in the northern Pacific countries.

82. In FY2016, PFTAC will continue to build on improvements in the RBM framework. In FY2015, PFTAC advisors established, for each objective in the RBM framework, a set of “milestones” or key capacities to develop in that particular area. These now need to be integrated more systematically into the planning and monitoring of TA and training. In addition, we also need to consider how to bring into the framework the kind of programmatic approach advocated in the external evaluation. Some of the TA stream being delivered by PFTAC could already be described as “programs”, including the PEFA assessments, the compliance management strategy TA, the credit union program, and so on. Such programs do not have a formal place in the RBM framework, however, but should.

83. On a sectoral basis, planned TA and training activities are described below, and more details are provided in the FY2016 Logical Framework (Annex V). Nonetheless, some highlights may be noted here:

- **In the PFM area, the major areas of TA will focus on two primary areas:**
 - In FY2016, PFTAC plans to assist with PEFAs in 5 members and with reform road maps in 6 members. Assessments are now largely carried out by local officials, with PFTAC playing mainly a mentoring and quality control role. PFTAC will similarly support the development of PFM roadmaps aimed at remedying weaknesses identified in PEFAs. Again, local knowledge and involvement is crucial to success;
 - Support and capacity building to members implementing priority PFM reforms. These include, notably: (i) NTR reviews; (ii) developing integrated medium-term planning and budgeting; and (iii) strengthening processes for budget execution, monitoring, reporting and cash management.
- **TA and training in tax policy and administration will focus on three main areas, and include the further strengthening of the PFTAC/PITAA relationship:**

- Assisting tax administrations in the region with developing tax compliance risk management strategies and the necessary capacities to implement those strategies;
 - Strengthening organization and management of revenue agencies, collection systems, and core tax functions;
 - Building capacity to monitor and evaluate the efficiency of tax administration and the impact of reforms.
- **In the area of financial supervision, two programs will dominate the TA and training agenda during FY2016:**
 - Providing training and mentoring for bank supervision departments conducting on-site bank inspections;
 - Assisting members with establishing modern legal and prudential supervisory frameworks for credit unions.
- **In FY2016, TA and training in statistics will concentrate on:**
 - Providing training courses and on-going support for rebasing of national accounts in 5 members, using HIES data;
 - Building up capacity in the use of improved methodologies and data sources to compile national accounts;
 - Assisting 4 members with completing development of quarterly GDP estimates.
- **Key priorities for TA and training in the macroeconomic area for FY2016 are:**
 - Continuing to develop integrated macro frameworks tailored to meet the diverse needs of countries and capacity levels of staff;
 - Continuing to work with staff on improving the multi-period fiscal planning process with an emphasis on generating medium-term projections in a coherent manner.
 - Building the capacity of staff to conduct their own debt sustainability assessments, taking into account the fiscal implications of natural disasters.

B. Work Program and Budget

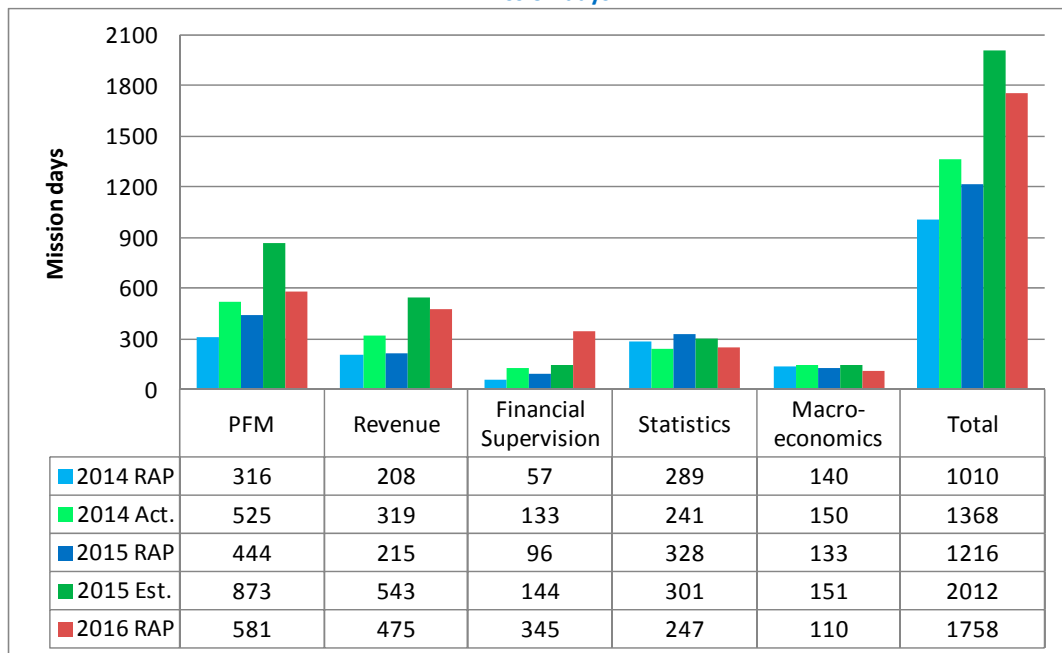
84. **The PFTAC work program forms part of a much larger exercise at the IMF to plan and budget for all of its activities in the coming fiscal year**—the Resource Allocation Plan (RAP). Within that is a RAP specifically for capacity development, including TA, and the PFTAC work plan is one element of that. The Asia and Pacific Department (APD) plays a key role in defining the strategic priorities for Fund TA. They engage functional (TA) departments and country authorities at an early stage in discussions about TA needs and strategic priorities. The TA departments, responsible for TA delivery by the resident advisors, work in conjunction with the PFTAC resident advisors, and lead the work plan development, and design. The TA departments approve and direct the implementation of TA programs delivered by RTAC resident advisors and STX. PFTAC’s input involves proposing missions largely reflecting discussions between long-term advisors and country authorities, ensuring that the work plan is properly resourced from within the

PFTAC budget and leading the discussions with the RTAC Steering Committee (SC) to obtain endorsement of the proposed work program.

85. The FY2016 PFTAC work program is still a draft, but we expect the increase in STX use in FY2015 to be sustained in FY2016. The timing of the Steering Committee meeting was chosen deliberately to allow members to comment on the draft program before it is finalized in April. Although the RAP is still a work-in-progress at headquarters, some points may be noted. In the PFM area, most of the increase in TA last year was unanticipated at the outset. For FY2016, the draft RAP shows a 30 percent increase compared to the FY2015 RAP, but does not include an allowance for unanticipated TA requests, so shows a decline compared to the estimated out-turn for FY2015. If unanticipated demand for TA is on the same exceptional scale as last year, however, the number of missions would be far larger than in the RAP, and largely met through use of STX. In tax administration, the use of STX to help deliver training and TA in the area of tax compliance as well as core services is set to continue. In financial supervision, a significant increase in the use of STX is likely in order to provide support across the region for on-site bank examinations. In macroeconomic statistics, STX will continue to be used to support the improvement of external sector statistics particularly for non-IMF member countries which are not covered by the regional IMF project funded by the Government of Japan. STX support is also being used to increase provision of training in the area of macroeconomic analysis.

86. The draft work program includes a total of 138 country missions together with 20 workshops, for a total of 1758 mission days. As shown in figure 9, this represents a significant increase in almost all sectors compared with the finalized RAP in FY2015 (1,368 mission days). In practice, as noted last year, the actual delivery of TA tends to exceed the planned amount by a significant margin. This partly reflects additional requests for TA over the course of the year, as well as missions often taking longer than originally planned. In FY2015 the exceptionally large gap between planned and delivered TA also reflected more rapid roll-out of the tax compliance TA program than was anticipated in the RAP.

Fig. 9: PFTAC Work Program: FY2016 vs. FY2015 & FY2014
In mission days^{1/}



1/ FY2016 figures based on Feb. 6 RAP. FY2015 figures based on estimates as of Feb. 6. 2014 data based on PFTAC data.

87. The draft work program of missions in FY2016 has been used together with our information on costs of different missions to estimate budget expenditure projection for FY2016. Overall expenditure is projected at US\$ 5.2 million, as shown in Table 4. As suggested above, this is likely to represent a downward-biased estimate since the RAP typically underestimates the delivered number of mission days by a third. In that case, the expenditure outcome could be around US\$ 5.8 million, largely owing to higher spending on STX mission costs, as well as higher workshop and training costs.

Expenditure areas	FY2014 Outcome	FY2015 Estimate	FY2016 Projection
Advisor salaries	1.95	1.97	2.03
Advisor mission costs	0.53	0.49	0.39
STX mission costs	0.53	1.52	1.10
HQ missions & backstopping	0.38	0.25	0.34
Workshops & Training	0.32	0.80	0.77
Subtotal	3.71	5.06	4.67
Communications	0.08	0.03	0.03
Evaluation	-	0.14	0.16
Trust Fund management fee	0.27	0.36	0.34
Total	4.05	5.57	5.17
1/ Based on PFTAC data.			

C. Sectoral Work Plans in FY2016

Public Financial Management

88. As envisaged in the FY2016 RBM Logical Framework (Annex V), the advisors' work will continue to be grouped into three general categories:

- Support for PEFA assessments and the development of PFM Roadmaps;
- Specific TA missions or training designed to assess, discuss, and deliver solutions. These will be organized into five major programmatic clusters, including
 - PFM Legal Framework Basics;
 - Budget Preparation and Medium-term Forecasting;
 - Budget Execution Controls, Cash Management, Reporting, and FMIS;
 - Pension/Social Security System Issues and Design;
 - High Level Dialogues, a cross-cutting dialogue for line secretaries, Cabinet members, and Parliamentarians on the significance of PFM Reform and their roles in it.
- Delivering training and supporting the development of regional institutions and processes with the aim of promoting long-term PFM system sustainability.

89. Support for PEFA assessments and PFM Roadmap development remains a priority. In FY2016 PFTAC will make resources available to support PEFA assessments and self-assessments in Kiribati, Tokelau, Tonga, Tuvalu, Vanuatu (RBM objective 1.1). In October 2014, the PEFA Secretariat proposed revisions to the PEFA Framework. The proposed changes are currently being tested and final adoption is anticipated for late in 2015. If the changes are adopted on schedule, PFTAC anticipates sponsoring a regional workshop late in FY2016 to introduce the changes and provide guidance to PICs so they can begin using the new framework in their self-assessments. Assistance in completing/developing reform roadmaps (RBM objective 1.2) will focus on Cook Islands, Fiji, FSM, PNG, Samoa, Tokelau, and Vanuatu. These will take into account lessons learned from recent regional PEFA and Roadmaps, including the importance of substantial involvement of PIC official and staff in order to ensure country ownership.

90. Technical assistance to build capacity in PFM will be directed towards the four priority programmatic areas identified above and in the RBM framework. Some of the successes and challenges in each of these programmatic areas were described in the earlier section on FY2015 achievements. For each programmatic area, the major projects anticipated for FY2016 are described below. As in the past, PFTAC will also stand ready to respond flexibly to unplanned requests for TA within the areas set out in the Program Document.

i. PFM Legal Framework Basics. Assistance to Fiji for review of its Financial Management Act started in FY2015 is expected to continue into FY2016. In addition other PICs (Tonga and RMI) have asked for reviews of their PFM laws. For PICs where reviews or updates have not yet started PFTAC proposes during FY2016 to:

- Begin with STX desk reviews (working from home) of each PIC's current PFM laws to identify major aspects in need of change;
- Conduct a regional workshop focused on identified issues for all PICs; and
- Provide PIC specific TA to assist with revisions. Priority for this assistance would be determined based on the degree to which the current PFM law may be hindering real PFM reform, and of course, the PIC's request for TA

PFTAC will be assisted in these activities by the IMF Headquarters Legal Division.

ii. Budget Preparation and Medium-term Forecasting. This involves several elements and overlaps with other areas of PFTAC's work, including tax administration and macroeconomic analysis and forecasting:

- **Integration of planning and budgeting for the medium-term.** As indicated in the review of FY2015 activities, medium-term budgeting is not just a technical numbers exercise. It must involve line ministries, cabinets, donors, and finance department officials in discussions about resource constraints, strategies and timelines for making public services more efficient and effective, and, most importantly, making choices among the many resource demands. At its core, medium-term budgeting is the major practical tool for achieving integration of plans and budgets. It forces plans to be more cognizant of revenue constraints, and the need to think carefully about the timelines that may be required to implement public service improvements. And it should also force budgeters to become more cognizant of the effectiveness and efficiency issues related to service delivery by line ministries.

Following on the 2014 Strategic Development Program, several countries indicated they are considering changes to their budget preparation processes to achieve greater integration of planning and budgeting. Improved integration of planning and budgeting through reorganization, earlier starts to the budget development process and consolidation of numerous currently separate documents are among the strategies that may be pursued. Fiji, for instance, started major changes to its 2015 budget document and anticipates further refinements for 2016.

PFTAC stands ready to provide TA to these countries through training and direct TA, or in coordination with other donors.

- **Non-tax revenue reviews.** Because of the success of the PFTAC/Australia DOF TA in Samoa, three other PICs (Fiji, Solomon Islands, and Vanuatu) have requested TA/training to begin similar reviews. Initial activities in these countries started in FY2015 and expected to continue into FY2016. Anticipated activities include a sub-regional workshop, bringing together budget analysts from these countries so that they can share experiences, as well as customized in-country mentoring of analysts as they conduct their reviews.
- **Management of climate change and natural resource funds.** With the possibility of additional resources coming to the PICs from many donors, PFTAC has been asked to participate in forums and workshops to shape policies guiding the management of these resources. Similarly, with regard to resources available from sea minerals, PFTAC input has been sought by organizations such as the SPC Applied Geoscience and Technology Division (SOPAC), as well as by individual PICs. Particularly important for both potential revenues is that their management be transparent and maintained as part of the regular annual budget processes in each country – letting use of these resources go off-budget would be a big step backwards in terms of developing transparency and accountability. Additional issues faced by countries exploring possible revenues from deep sea mining include establishing policies to fairly allocate revenues among generations and containing recurrent government costs to levels that will be sustainable when the natural resources are depleted.

iii. Budget Execution Controls, Cash Management, Reporting, and FMIS. This includes:

- **Assistance in Treasury business process reform and evaluating FMIS systems.** Financial Management Information Systems can be very costly to set-up. Donors and PICs themselves have requested assistance from PFTAC to evaluate systems and recommend strategies for moving forward. In FY2016, TA support for this important aspect of PFM is expected to continue for PNG, and Tonga. A regional workshop on lessons learned may be considered toward the end of FY2016.
- **Improving Debt and Cash Management.** Many PICs face significant debt management problems—often created by poorly performing and semi-autonomous state-owned enterprises. PFTAC stands ready during FY2016 to assist in this area. Cash planning and lack of access to short-term financing remain important issues in the region. Temporary, within-year mismatches in revenue and expenditure tend to disrupt orderly execution of the budget, leading to poor service delivery, cash rationing, and/or (temporary) accumulation of arrears. Cash management TA to PNG started in FY2015 is anticipated to continue into FY2016. Solomon Islands also indicated need for TA to formulate a properly sequenced cash management strategy.

- **Accounting and Reporting Reform.** With an increased demand from policy-makers for information on assets and liabilities, including commitments and contingent liabilities, PICs are now considering improvements in their accounting and reporting system. Solomon Islands indicated the need to review and formulate a strategy to be able to capture this information in its accounting and reporting frameworks in the most cost-efficient and reliable manner, On the other hand, Cook Islands also indicated need for TA in developing fiscal responsibility reporting on the part of the ministries/departments/agencies. Samoa on the other hand, indicated need for TA to improve on accounting, and performance monitoring and reporting of state-owned enterprises
 - iv. **Pension/Social Security System Issues and Design.** Because of their long-term nature, social security and pension programs must be very carefully developed and managed. During FY2014 and FY2015, PFTAC (in cooperation with the IMF HQ's Expenditure Policy Division) started working with both FSM and RMI to evaluate and explore pension issues facing those countries. Continuation of these activities into FY2016 is anticipated, and a regional workshop is planned.
 - v. **High Level Dialogues.** Because of the increasing regional and international recognition that PFM is not just a technical matter, PFTAC started in 2013 to develop plans for dialogues with line ministry secretaries, ministers, and Cabinets. Experienced regional professionals are available, upon request, to coordinate these dialogues
91. **The indicators used in the RBM framework for monitoring progress towards the PFM objectives have been further modified.** In our assessment, the indicators that had been set previously were insufficiently nuanced to reflect progress in different aspects of PFM reform in any given country, and also insufficiently graduated to capture incremental progress. In the revised RBM logical framework for PFM, the indicators are now more clearly aligned with the major groupings of PFM objectives in the PEFA framework (see Annex V). More comprehensive information about PIC PEFA ratings will be presented in each annual report showing progress, and identifying PFM strengths and weaknesses. In our view, not only are these superior to the previous indicators, but also are better aligned to our assessment of performance with the implementation of PEFA reforms.
92. **The Pacific Islands Financial Management Association (PIFMA) will continue to be a key partner in regional capacity building.** PFTAC will continue to work with the PIFMA Heads to investigate how PIFMA can expand its functions/services and get more PIC officials and development partners engaged. A website for members has been developed and will continue to be expanded. Currently it provides manuals and presentations on good practice in several aspects of PFM, including modules for PEFA Self-assessments, procurement, budget preparation, and budget analyst training.
93. **PFTAC will also continue a partnership with the Pacific Islands Center for Public Administration (PICPA) at the University of the South Pacific (USP) to train more PFM professionals in the region.** With satellite campuses in 12 countries and sophisticated 2-way video distance learning and other technology, USP has great potential to regularly train much larger numbers of PFM professionals (both in Finance Ministries and line ministries) than traditional and more expensive approaches to training (out-of-country workshops or flown-in experts). Training expected to be emphasized in the near future includes Procurement, Skills for Budget Analysts, Accounting, and Internal Controls.

Revenue Policy and Administration

94. **Technical Assistance in Revenue Administration in 2015-2016 will continue to focus on the program objective of promoting broader based and more efficient revenue systems.** To this end, the work of PFTAC falls broadly under three areas:

- Assistance with institutional reforms, including the design of revenue policy frameworks and legislation;
- Assistance with strengthening key elements of tax administration;
- Assistance with modernizing organizational management and accountability.

95. **In FY2016, a key objective will be to assist tax administrations in the region to develop their compliance risk management capability.** With the exception of the north Pacific countries, most PICs now have good tax law and policy frameworks in place, and the focus of TA efforts began to shift in FY2015 towards strengthening core elements of tax administration. Compliance Risk Management (CRM) strategies are still in the development phase in most PICs and will take time to bed down. These plans set out agreed priority risks, actions and tasks that revenue administrations will take to address identified risks. Priority risks could include issues such as: (i) low level of knowledge by taxpayers of their basic obligations, especially those new to business; (ii) evasion and cash suppression; (iii) taxpayers who fail to register for the required tax type; (iv) failure to file returns and pay on time; and (v) compliance with PAYE obligations. Risk treatment strategies or responses to poor compliance trends include taxpayer education and support, enforcement and improvements in operational and administrative processes.

96. **Simultaneous efforts will be made to strengthen the overall performance of revenue administration in PICs.** Improving tax compliance requires long-term and sustained efforts, beginning with strengthening the organization and management of the revenue agency; implementing robust collection systems (e.g. payment and withholding systems); and building capacity in core tax functions – registration, filing, payment and enforcement, debt collection, audit, taxpayer services, and processing of appeals. Assistance in these areas will be provided to country specific recipients and supported through focused training initiatives.

97. **The PFTAC FY2016 plan includes a number of compliance-related projects that will measure the impact of TA provided against efficiencies.** Although numerous tax administrations have commenced activities geared towards improving compliance little has been done to record successes and the impact of those activities on overall compliance and whether those increases have been sustained. PFTAC will play a more instrumental role in this area by assisting tax administrations putting processes in place to measure the impact of increased efficiency.

98. **Training and capacity building will continue to be channeled through the Pacific Island Tax Administration Association (PITAA).** PITAA's growing relevance in the region and emerging capability to organize and deliver training initiatives makes it an important PFTAC counterpart. The FY2016 PFTAC/PITAA training and capacity building plan will continue to address training needs identified through the 2014 training needs analysis, as shown in Box 4. A train-the-trainer program recently implemented will see PITAA members actively co-presenting and facilitating workshops alongside PFTAC presenters.

Box 4: Anticipated PITAA/PFTAC 2015-2016 Training and Capacity Building Plan

	RBM Code
• Customs and Tax workshop highlighting the benefits from a more integrated approach to operations and risk management	2.4
• Audit Workshop on the interpretation and analysis of financial statements	2.4
• Management training for core tax functions with a focus on audit, taxpayer services and arrears management	2.8
• VAT fraud workshop	2.4
• Compliance Risk Management	2.4
• Train-the-trainer support for PFTAC designed workshops/courses	2.8

99. PFTAC, through PITAA, will also develop a model taxpayer survey toolkit that will gauge taxpayer perceptions of PIC tax administrations. This survey will be designed to obtain taxpayer feedback on the strengths and weaknesses of PIC tax administrations – PFTAC will also assist in designing plans to address weaknesses identified. These surveys will provide tax administrations with a tool they can benchmark against annually to measure overall taxpayer satisfaction.

100. FY2016 technical assistance requests on tax policy and administration issues arising from the exploitation of natural resources will be dealt with by IMF Headquarters. PFTAC member countries wanting support in this area will be considered for assistance under the Managing Natural Resource Wealth Topical Trust Fund (MNRW-TTF). Eligible countries include Palau, PNG, Solomon Islands, and Timor Leste.

101. Delivering the FY2016 technical assistance plan of approximately 23 missions and eight training initiatives totaling around 280 days will be concentrated on 10 PIC countries. The FY2015 technical assistance modality, with the long-term advisor dividing his time between direct TA, management and oversight of STX will continue. Additional short-term expert TA time will be provided for legislation drafting under the technical guidance and support of IMF headquarters Legal Department. The proposed focus of missions in the draft work plan is summarized in Box 5, below.

102. Countries will complete the PFTAC baseline assessment in FY2016 to measure their evolution since 2010 when the tool was implemented. The PFTAC baseline assessment was developed in 2010 as a qualitative tool for PIC tax administrators to assess the operational capacity of their tax administrations against a benchmark model tax administration. An assessment carried out in 2014 showed that most tax administrations had made considerable progress. The assessment, based on nine core components of tax administration, is self assessed and provides stakeholders with an important perspective of how tax administrations view their progress and areas where additional work is needed. This model will run concurrently with PICs that have completed a TADAT assessment which over the next few years will gradually replace the baseline assessment.

Box 5: Focus of PFTAC Revenue Administration Technical Assistance Plan FY2016

RBM Code	RBM Description	Country
2.1	Modern Tax Policy Frameworks are adopted	Nauru
2.2	Appropriate legislation and regulations for effective policy implementation are adopted	Vanuatu (VAT review)
2.3	Modern and integrated processes are adopted to verify and maintain taxpayer information and compliance obligations	Fiji, FSM, Kiribati, Palau, RMI, Samoa, Tonga, Tuvalu, Vanuatu.
2.4	Business systems and processes are based on risk-management principles	Fiji, FSM, Palau, RMI, Samoa, Tonga, Tuvalu, Vanuatu.
2.5	Compliance improvement strategies use a mixture of enforcement approaches	Fiji, FSM, Palau, Samoa, Tonga, Tuvalu, Vanuatu.
2.6	Modern IT operating systems are in place and operate effectively	Regional support model
2.7	Organizational and operating structures are relevant to the business and allow for the effective use of resources	Fiji, Kiribati, RMI
2.8	Good corporate strategies, business planning processes and management information reports are adopted, implemented and updated regularly	Kiribati, RMI, and countries that will launch a taxpayer satisfaction survey
2.9	The organization is transparent and accountable with adequate disputes resolution processes	No specific missions planned

103. Countries requesting PFTAC TA will be strongly encouraged to complete the Revenue Administration Fiscal Toolkit (RA-FIT). The RA-FIT is a data collection tool designed to gather information in order to identify trends by region and by income group for a select number of tax administration performance indicators. Although some tax administrations have provided this information others have yet to submit it. This tool provides important statistical information from a TA perspective and also provides the opportunity for countries to compare themselves with regional peers and revenue administrations from other jurisdictions.

Financial Sector Supervision

104. In FY2016, PFTAC TA in the area financial sector supervision will be dominated by strengthening on- and off-site bank supervision capacity and establishing modern supervision frameworks for credit unions.

105. The need to strengthen on-site supervision capacity was discussed at the 2014 AFSPC annual meeting. Managers of Banking Supervision Departments indicated that over the past few years examination staff had received substantial theory training on the subject of financial sector oversight, from PFTAC and other organizations, but few have received comprehensive support with actual on-site examination. The Supervisors agreed that it was time to move from theory and off-site supervision to

actual on-site examinations. They felt this approach would provide the added strength required to deliver a comprehensive oversight program.

106. Several missions are planned to support the delivery of on-site examination training (RBM objectives 3.4-3.6). The focus will be on establishing adequate examination preparedness, scoping and planning followed by supporting the actual examination and the drafting of the final report. Participating central bank supervisors will develop annual examination programs that will result in the execution of at least three examinations in each jurisdiction during the next 12 to 18 months. PFTAC will work in cooperation with the bank supervisors to ensure the examinations are conducted in accordance with the principles of Risk Based Banking Supervision.

107. PFTAC will also begin an on-site examination training program using STX. The intention is to use several STX with expertise in on-site supervision to provide long-term support to bank supervisors in planning, scoping and executing a number of on-site examinations, including attending the actual examination. The STX would not act as examiners but, as mentors providing guidance and direction. The STX will also assist with drafting of final examination reports and provide short workshops on subjects relevant to the on-site examination. Over a period of 18 months the expert could provide support for two or three on-site examinations, as well as interim consulting on related issues. The program is intended to provide the support required by supervisors to eventually plan and execute on-site examinations of banks on their own accord.

108. The Credit Union Reform Program is moving forward following its introductory workshop in Guam in 2014 (RBM objective 3.9). A number of countries have expressed an interest in participating. The program involves three main components:

- **Modernizing legal frameworks for operation and supervision of credit unions.** This includes review of current legislation, and recommendations for amendments or drafting of new legislation. Advisory support will be provided with drafting Regulations, Guidelines and Bylaws as required. The IMF Legal department will be managing this component with the assistance from the PFTAC Advisor.
- **Credit Union capacity building.** The Technical Advisor will provide support to Central Banks who will be tasked with ensuring credit unions are adequately prepared to comply with the requirements that will be outlined in new more modern legislation. This will include the drafting of standard financial statements and statutory reporting templates to be used by the sector.
- **Credit union oversight.** PFTAC will ensure that each Central Bank participating in this program will be provided with sufficient training to adequately supervise credit unions operating within its oversight authority. This will include training the supervisor and his/her staff on how to adequately perform the off-site supervision and on-site examination of this sector.

109. It is expected that the credit union program will expand from the current four to seven countries. The goal is to have participating countries adequately prepared to regulate the sector and ensure that credit unions are equipped with the tools that will allow them to be compliant with the requirements imposed under new legislation.

110. The Ministry of Finance in Tuvalu received technical advisory support during FY2015 with the implementation of a Banking Commission which is required under the current Banking Act. The Resident

Technical Advisor will follow up with the work performed by Ministry officials to complete the implementation of the banking commission. This will include a consideration for the implementation of a set of prudential returns for banks.

111. The FY2016 work program will also include continued PFTAC financial sector outreach. This will include acting as Secretariat for the staging of the AFSPC annual meeting, hosted by the CBSI, including the delivering a technical workshop on a subject of interest to regional supervisors. We will also support the annual Governors' annual meeting which will be hosted by the RBNZ.

Macroeconomic Statistics

112. PFTAC will continue to assist member countries in compiling and improving national accounts statistics with a focus on rebasing constant price estimates, developing a quarterly measure of GDP, and improving existing methodologies. These key objectives align with the result-based management (RBM) framework which was redesigned in 2014 to better monitor statistical support provided in the Pacific region. PFTAC also developed detailed milestones to harmonize progress monitoring across countries against each RBM objective. These objectives and related milestones are shown in Annex V.

113. Regular rebases of constant price GDP estimates (RBM objective 4.2) are essential to maintain a relevant pattern of relative prices. PFTAC recommends rebasing national accounts statistics in constant prices at least every ten years. During FY2016 this will be undertaken in several countries in the region including the Cook Islands, Fiji, PNG, the Solomon Islands, Vanuatu and additional rebasing plans should start in a number of other countries where the base year is approaching ten years old. This work will enable most countries to keep rating high against the milestones set-up by PFTAC for this RBM objective. Significant methodological changes are often kept on hold and introduced while rebasing due to the consequential revisions of estimates. In addition, rebases are also the opportunity to incorporate new data sources such as household or business surveys. These developments require extensive external TA and need to be carefully planned in advance. PFTAC will continue to provide bilateral TA with rebasing, as well as regional workshops (see Box 6, below).

Box 6: Workshops on Rebasing of Constant Price GDP Estimates

Concepts and techniques involved in rebasing GDP estimates in constant prices were covered in a number of regional workshops and training courses during FY2015 in preparation for this exercise being undertaken by several Pacific countries in FY2016. In particular, PFTAC will continue contributing to the coordination of major surveys such as the household income and expenditure surveys (HIES) which are used to benchmark national accounts estimates and incorporated while rebasing constant price GDP estimates.

This contribution is coordinated within the HIES technical working group with development partners and representatives from statistical agencies and aims to assist with standardizing the HIES design and outputs in the region to better meet macroeconomic statistics requirements. Two sub-regional workshops were dedicated to HIES data in close collaboration with the SPC which has provided TA on survey design and operations in a number of Pacific countries and territories. These efforts have also been coordinated with the ABS which also provides TA in macroeconomic statistics in the region.

A training course on national accounts conducted in October 2014 in Fiji was attended by statistics compilers from nine countries and focused on constant prices concepts and methodologies. A follow-up sub-regional workshop on

rebasement techniques and methodologies will be conducted in May 2015 for compilers from PNG and the Solomon Islands in preparation of the rebasement of their national accounts estimates in constant prices.

114. Developing a quarterly measure of GDP is another area of development for countries where data sources enable the compilation of more frequent estimates (RBM objective 4.3). The compilation of quarterly GDP estimates enables a better short-term tracking of the state of the economy leading to improved decision making. This has been a particular focus of IMF and PFTAC TA in recent years. Currently three countries regularly compile quarterly estimates of GDP or are in the process of doing so. Progress against this RBM objective should enable the last milestone against this RBM objective to be reached in the coming years with at least four Pacific countries compiling these estimates.

115. Another key area of assistance remains the improvement of methodologies and data sources (RBM objective 4.5) in all countries. This involves improving the coverage, quality and timeliness of national accounts statistics. GDP is the key indicator used to measure economic performance and PFTAC focuses on its continuous enhancement to align existing methodologies with best practice and incorporate new data sources. This is a central aspect of the TA provided by PFTAC recognized by users of the statistics but not always visible and often difficult to quantify. Progress against this RBM objective has been strong but the data quality in a number of countries is still insufficient to reach the last milestone and have quality national accounts statistics published regularly. PFTAC will continue to promote the use of administrative data and particularly tax data where relevant as they provide a comprehensive and cost-effective source of information for the compilation of national accounts estimates.

116. Capacity supplementation is also provided by PFTAC in small countries without the critical mass to have enough staff members dedicated to the compilation of national accounts statistics. The support provided by PFTAC enables the regular compilation and publication of national accounts statistics (RBM objective 4.7) in statistical offices where resources are insufficient and the expertise required to compile national accounts cannot be developed locally.

117. Other objectives included in the RBM framework will also be pursued. Price statistics are a key component for the compilation of national accounts statistics and PFTAC also supports improvements in this area (RBM objective 4.8). This also enables consistency across economic statistics (RBM objective 4.6) for example between the consumer price index (CPI) weights and household final consumption expenditure estimates. This statistical area is under the primary responsibility of the SPC but in the absence of a price statistician since January 2014, PFTAC, the IMF, and the ABS have stepped-up to fill this gap. Involvement in this area is likely to be limited with the recruitment of a price statistician at the SPC in 2015 but current TA needs seem to exceed TA providers' capacity to respond to the demand. Further regional coordination will be required in this area.

118. PFTAC's provision of TA including training in macroeconomic statistics will continue to be coordinated with development partners within the framework of the regional Ten Year Pacific Statistics Strategy (TYPSS) Phase II (2015–2017). The PSSC oversees the implementation of the TYPSS. PFTAC will continue to provide input and support the work of the PSSC on macroeconomic statistics and intends to lead a working group on economic statistics with regional statisticians and other relevant TA providers. Drafting the terms of reference has been delayed but it is expected that the first working group meeting will be held in 2015. PFTAC will continue collaborating with resident and peripatetic long-term economic

statistics advisors in the FSM, the RMI, the Solomon Islands, Timor-Leste and Palau. PFTAC will also continue to coordinate closely with economic statisticians at the SPC in the areas of macroeconomic statistics, surveys and administrative data, and international trade statistics. PFTAC's activities may also be extended beyond national accounts statistics and, to a lesser extent, price statistics, to include some developments on external sector statistics (ESS) and government finance statistics (GFS) with support from the IMF headquarters.

119. The IMF ESS and GFS projects funded by the Government of Japan might be gradually phased-out starting from FY2016. These two projects started in 2012 were both funded until 2015. They have both significantly contributed to improving the accuracy, availability, comparability, and timeliness of macroeconomic statistics through country-specific TA and regional training workshops for the region. Activities for the ESS project have been extended to November 2015 pending the outcome of a funding extension request. During this period, in-country advisory missions are expected to be conducted in most PFTAC countries. The GFS project might be reduced in its country coverage starting from FY2016. PFTAC has closely collaborated with the IMF ESS and GFS projects and modalities of future TA in these two areas will be considered.

120. Several sub-regional training courses will be held during FY2016 to meet local needs. This approach initiated in 2013 allows a better focus on specific issues faced in countries with similar statistical skills and development needs while targeting small groups of compilers. Following past success and ongoing demand, sub-regional courses will continue to be conducted for countries from the Northern Pacific (FSM, the Republic of Palau, and RMI) and Melanesia (Papua New Guinea, the Solomon Islands, and Vanuatu depending on topics). Country-specific TA will still represent most of PFTAC's support with advisory in-country missions and remote support.

121. With support from statisticians from the region, PFTAC intends to further engage with macroeconomic statisticians from the region within the Pacific Islands National Accounts Compilers and Local Experts Association (PINACLE) to assist in developing the capacity, expertise and infrastructures for the production and dissemination of high quality national accounts statistics in the region. Technical papers prepared on specific national accounts topics are available on the PINACLE Internet site: <http://pinacle.pftac.org/page/Training/National/>

Macroeconomic Analysis and Forecasting

122. Helping countries develop a more integrated macroeconomic monitoring and projection process will remain a central focus (RBM objective 5.1). Developing simple FP frameworks tailored to meet the diverse needs of countries has proved to be effective in terms of advancing the underlying monitoring and projection methodologies and building the capacity of staff to carry out their core activities. Progress has been uneven across countries, largely stemming from differences in capacity levels. Maintaining the current approach of conducting frequent, short missions with realistic expectations on how much staff can digest and integrate into their day-to-day activities shows promise in maintaining momentum. In higher capacity countries, training will shift towards improving the ability of staff to interpret current developments and emerging trends with reference to a coherent storyline as the basis for the medium-term outlook. Coordinating activities within and across institutions remains in an early stage of development. There are, however, encouraging signs that management and staff have a better appreciation of the potential benefits. Promoting such interaction will play a more prominent role in future mission planning.

123. Enhancing the multi-period aspect of the fiscal planning process will continue to play a prominent role (RBM objective 5.2). This is of particular concern for FSM, Palau, and RMI where policy makers need to address the long-run fiscal pressures stemming from the expiry of Compact grants in 2023. PFTAC, in coordination of our other development partners, is well placed to provide technical support in this area to give policy makers a better understanding of the policy options available and the nature of the underlying trade-offs.

124. Developing the capacity of staff to conduct their own debt sustainability assessments (RBM objective 5.3). A key element of multi-period fiscal planning process is to identify impending fiscal pressures and take measures to manage those risks. Debt sustainability plays a central role in this analysis. Countries that have developed consistent macro-fiscal frameworks with public debt dynamics (Samoa being a prime example) are well placed to do this analysis. In these cases, training will focus on helping staff generate a baseline medium-term projection and identify key risks facing the outlook. Debt profiles generated by the projections give policy makers useful insights on how to gauge the risks entailed in new borrowing.

125. Initial steps have been taken to assist countries in managing the potential fiscal impact of natural disasters (RBM objective 5.4). The workshop on incorporating disaster risks into the fiscal planning process was a starting point for PFTAC engagement in this area. Bilateral assistance is needed to follow-up on country-specific issues. For example, one theme for discussion at the workshop was the need for countries to ensure that they can readily access adequate financial resources to fund emergency response efforts. This needs to be addressed in the context of each country, taking into account factors such as the level of government deposits, the depth of the domestic debt market, catastrophe insurance coverage (for the five countries currently participating in the Pacific Catastrophe Risk Insurance Pilot) and potential for donors and multilateral institutions to provide funding on a timely manner. Emergency response efforts can be enhanced by having in place special budgetary procedures that come into effect in the aftermath of a disaster to provide urgent support. In addition, countries also need to consider the potential fiscal impact of disaster risks when making decisions that involve external borrowing. Disaster risks, therefore, need to play a more prominent role in assessing debt sustainability.

ANNEX I: THE IMF REGIONAL TECHNICAL ASSISTANCE CENTERS (RTACs)

A. General Information on RTACs

Nine Regional Technical Assistance Centers (RTACs) in the Pacific, the Caribbean, Africa, the Middle East, and Central America help countries strengthen human and institutional capacity to design and implement sound macroeconomic policies that promote growth and reduce poverty.

RTACs combine local expertise and on-the-ground capacity building with strategic advice from IMF headquarters. All technical assistance (TA) and training is integrated into the IMF's lending and surveillance operations, and coordinated with other IMF TA as well as that of other providers. All TA is backstopped by IMF headquarters, ensuring quality and consistency of policy advice.

B. RTACs' Key Areas of Work and Delivery Modes

RTACs host a team of resident advisors who assist countries in implementing their reform programs. The composition of competencies is tailored to the specific needs of the region and may include: public finance management, medium-term expenditure frameworks, tax and customs policy and administration, revenue administration, debt management, financial sector supervision and regulation, financial sector development, capital market development, monetary policy and operations, economic and financial statistics, national accounts and price statistics, financial programming, and training in macroeconomics. The work of the resident advisors is supported by STX, including in areas that require specialized knowledge. Other delivery modalities include workshops and seminars, courses on key macroeconomic issues in collaboration with the IMF Institute, as well as short-term professional attachments.

C. RTACs' Regional Approach

The IMF's regional approach to technical assistance and training allows for better tailoring of assistance to the particular needs of a region, closer coordination with other assistance providers, and enhanced ability to respond quickly to emerging needs.

RTACs develop a deep knowledge of their countries and region, including cross-cutting and regional integration issues. They are close to their clients, and RTAC resident advisors are in frequent contact and travel to recipient countries to provide step-by-step assistance with TA implementation. Given their physical proximity, they can respond promptly to urgent TA requests and follow up, and are less costly in the delivery of TA. RTACs are using and building local expertise.

D. RTACs' Governance Structure and Operational Arrangements

RTACs are governed by Steering Committees (SC) composed of representatives of recipient countries, donors and the IMF. This governance structure has proven highly successful as it builds stakeholder ownership of work programs, facilitates peer review and networking, and provides a platform for donor coordination.

TA needs are identified and prioritized by the country authorities in cooperation with area and TA departments at IMF headquarters and the centre, and the work plans are endorsed by the Steering Committee.

The day-to-day management of the center falls into the responsibility of the center coordinator who is an IMF staff member. The center's professional staff (resident advisors and STX) are recruited, supervised, and backstopped by the IMF, ensuring quality and consistency of policy advice.

E. Existing RTACs

The **Pacific Financial Technical Assistance Center** (PFTAC) was established in Suva, Fiji, in 1993, now serves 16 PICs and territories, including the Cook Islands, FSM, Fiji, Kiribati, Nauru, Niue, Palau, Papua New Guinea, RMI, Samoa, Solomon Islands, Timor-Leste, Tokelau, Tonga, Tuvalu, and Vanuatu. Its current program cycle is funded by the ADB, Australia, the European Union, the IMF, Korea, New Zealand, and the host country Fiji.

The **Caribbean Regional Technical Assistance Center** (CARTAC) was established in Bridgetown, Barbados in 2001. It serves 20 Caribbean island countries and territories, including Anguilla, Antigua and Barbuda, Bahamas, Barbados, Belize, Bermuda, British Virgin Islands, Cayman Islands, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago, and Turks and Caicos. Its current program cycle is funded by Australia, Canada, the Caribbean Development Bank, the European Union, the IMF, the United Kingdom, the host country Barbados, and beneficiary countries.

The **African Regional Technical Assistance Centers** (AFRITACs) are part of the IMF's Africa Capacity-Building Initiative, launched in May 2002. Responding to calls from African leaders, including under the New Partnership for Africa's Development (NEPAD), the Initiative promotes strengthening the capacity of African countries to design and implement their poverty-reducing strategies, as well as to improve the coordination of capacity-building technical assistance in the Poverty Reduction Strategy Paper (PRSP) process. As part of the Initiative, five African Regional Technical Assistance Centers (AFRITACs) have been established:

AFRITAC East was opened in Dar es Salaam, Tanzania, in 2002, now serves seven countries in East Africa (Eritrea, Ethiopia, Kenya, Malawi, Rwanda, Tanzania, and Uganda).

AFRITAC West was opened in Bamako, Mali, in 2003 and moved to Abidjan, Côte d'Ivoire, in mid-2012 to serve ten countries in West Africa (Benin, Burkina Faso, Côte d'Ivoire, Guinea, Guinea-Bissau, Mali, Mauritania, Niger, Senegal, and Togo).

AFRITAC Central was opened in Libreville, Gabon, in 2007, to serve Burundi, Cameroon, Central African Republic, Chad, Democratic Republic of the Congo, Equatorial Guinea, Gabon, Republic of Congo, and São Tomé and Príncipe.

AFRITAC South was opened in Port Louis, Mauritius, in June 2011, to serve 13 countries in Southern Africa (Angola, Botswana, Comoros, Lesotho, Madagascar, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Zambia, and Zimbabwe).

AFRITAC West 2, based in Accra, Ghana, started operations in December 2013, covering the non-francophone countries from the Economic Community of West African States (ECOWAS) that are not served by the current AFRITAC West: Cape Verde, The Gambia, Ghana, Liberia, Nigeria, and Sierra Leone.

The AFRITACs are financed by contributions from a number of donors, the IMF, as well as host and beneficiary countries. Current donors include the African Development Bank, Australia, Brazil, Canada, China, the European Investment Bank, the European Union, France, Germany, Italy, Kuwait, Luxembourg, the Netherlands, Switzerland, and the United Kingdom.

The **Middle East Regional Technical Assistance Center** (METAC) was established in Beirut, Lebanon, in 2004 to serve ten countries/territories in the Middle East: Afghanistan, Egypt, Iraq, Jordan, Lebanon, Libya, Sudan, Syria, West Bank and Gaza, and Yemen. METAC's main objective is to help strengthen capacity for effective macroeconomic and financial management in the region, and to support the region's integration into the world economy. A particular focus is to help post-conflict countries in the region achieve macroeconomic stability and develop basic institutions for policymaking. METAC is designed to enhance coordination among development partners and to promote effective implementation of economic initiatives within the Middle East region. METAC's current program cycle is financed by contributions from the European Investment Bank, the European Union, France, Germany, the IMF, Kuwait, Oman, the United States, the host country Lebanon, and beneficiary countries.

The **Central America, Panama and the Dominican Republic Regional Technical Assistance Center** (CAPTAC-DR) started operations in May 2009 in Guatemala. It serves Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, and Panama. The Center's technical assistance is focused on financial sector supervision, tax and customs administration, medium-term expenditure frameworks and PFM, money markets, and macroeconomic statistics. Improved institutions and increased regional integration are the objectives. The Center's new program phase is currently funded by the European Union, Mexico, Luxembourg, the IMF, the host country Guatemala, and beneficiary countries. Negotiations with other donors of Phase I (Canada, Germany, the Central American Bank for Economic Integration, the Inter-American Development Bank) as well as potential new donors are ongoing.

ANNEX II: PFTAC STAFF

The Center is managed by a Coordinator and comprises seven resident advisors and four local administrative staff. PFTAC also employs STX from the region and the IMF roster of experts.

SCOTT ROGER, PFTAC COORDINATOR

Scott joined PFTAC in January 2013. Scott is a Canadian & New Zealander, and served in the Bank of Canada, the Reserve Bank of New Zealand and at the Bank for International Settlements before joining the IMF. At the IMF he served in the Asia & Pacific and Monetary & Capital Markets Departments and, most recently, in the IMF European Office.



RON HACKETT, PUBLIC FINANCIAL MANAGEMENT ADVISOR

Ron joined PFTAC in July 2011. Ron is American and served for many years as a financial manager in the Minnesota State Government. Later he provided advice to many countries in the Middle East and Africa before joining PFTAC.



STEPHEN MAYES, PUBLIC FINANCIAL MANAGEMENT ADVISOR

Stephen joined PFTAC in July 2012, and departed PFTAC at the end of his contract in July 2014. Stephen is Australian and, prior to joining PFTAC, served in senior PFM roles for the IMF, the Australian Government, the World Bank and the European Union. Stephen has continued to work with PFTAC as a short-term expert.



CHITA MARZAN, PUBLIC FINANCIAL MANAGEMENT ADVISOR

Chita joined PFTAC in September 2014. Chita is a Filipino, and served in senior positions in financial and budget management in the Philippines government during the first part of her career. Subsequently she worked as a PFM adviser with the UNDP in Rwanda and Bangladesh before joining the IMF Fiscal Affairs Department as a PFM technical adviser.



JOHN HAYES, REVENUE ADMINISTRATION ADVISOR

John joined PFTAC in February 2013 and departed in June 2014. John is Australian and has extensive experience in tax policy and administration, and has worked at the Australian Taxation Office in management, policy and operations, and as a technical advisor in the Pacific, South East Asia and elsewhere. John has continued to work with PFTAC as a short-term expert.

**STAN SHROSBREE, REVENUE ADMINISTRATION ADVISOR**

Stan joined PFTAC in June 2014. Stan is South African and started his career in the South African Revenue Services before joining the IRD in New Zealand. He later served as Advisor to the Directorate General Taxation in Indonesia. Since joining the IMF in 2006, he has been involved in tax reform initiatives in South Eastern Europe.

**PIERRE SÉGUIN, FINANCIAL SECTOR ADVISOR**

Pierre Séguin joined PFTAC in July 2013. Pierre is Canadian and has over 30 years experience in financial sector regulation in the Ontario Ministry of Financial Institutions, as a Senior Inspector, the Canadian government, and as a technical advisor in Asia, Africa and the Caribbean.

**GREGORY LEGOFF, STATISTICS ADVISOR**

Gregory Legoff joined PFTAC in October 2012. Gregory is French and Australian and has extensive experience in real sector statistics at the OECD in Paris, and in national accounts statistics at the Australian Bureau of Statistics.

**RUSSEL FREEMAN, STATISTICS ADVISOR**

Russel Freeman joined PFTAC in September 2013. Russel is a New Zealander, and worked at Statistics New Zealand before becoming a TA consultant on prices and national accounts predominantly in the Pacific and Africa. More recently he worked as a senior economist in the IMF Statistics Department.



DOUG HOSTLAND, MACROECONOMIC ANALYSIS ADVISOR

Doug joined PFTAC in October 2013, and departed at the end of his contract in October 2014. Doug is a Canadian, and served in the Bank of Canada and Ministry of Finance, followed by experience with the IMF, the World Bank and the Institute of International Finance. Much of his career has focused on macroeconomic modeling, monetary and fiscal policy issues and international finance in a wide range of countries. Doug has continued to work with PFTAC as a short-term expert.

**IRIS CLAUS, MACROECONOMIC ANALYSIS ADVISOR**

Iris joined PFTAC in February 2015. Iris has dual German and Canadian nationality. Before joining PFTAC she held policy and research positions at the Asian Development Bank, the New Zealand Inland Revenue, the New Zealand Treasury, the Reserve Bank of New Zealand, and the Bank of Canada. She is on the editorial boards of the *Journal of Economic Surveys* and *Asian Economic Papers* and is a Senior Fellow at the University of Waikato, New Zealand.

**MARIA NINA SAMUELA, SENIOR OPERATIONS ASSISTANT**

Nina is responsible for accounting and payments and coordinating travel and seminar arrangements. She has been working for the Centre since 1993. Prior to this, she worked in the travel industry and with USAID.

**ELENOA BOGIWALU, SENIOR INFORMATION ASSISTANT**

Elenoa is responsible for general administration of the Centre, including mission documentation, IT systems, external communications and publications. She worked previously at the RBF and the ILO.

**PETER AMPUTCH, LOGISTICS ASSISTANT**

Peter supports the administration of travel and payment processing, mission documentation and manages PFTAC security arrangements. Prior to this appointment, Peter was employed by the UNDP Office as a registry clerk.



RUSILA BITUWAQA, TEAM ASSISTANT

Rusila is the Centre's receptionist and is also responsible for PFTAC travel arrangements and assists with accounting, security and conference logistics. She has a Diploma in Business Accounting from FIT.



ANNEX III: PFTAC RESULTS-BASED MANAGEMENT LOGICAL FRAMEWORK FY2015

Objective: Improved economic management and economic growth in the Pacific Islands

Regional Program Objective	Verifiable Indicators	Progress on Indicators	General Risks/Assumptions/ Risk Mitigation
1. Improved public financial management.	<p>Progress relative to the May 2013 baseline, as measured by the “Percent of Members with Repeat PEFA’s showing Improvement or No Change with an A or B rating in both years”:</p> <ul style="list-style-type: none"> • the 4 indicators for “Credibility of the Budget” • the 6 indicators for “Comprehensiveness and Transparency” • 2 indicators (#11 & 12) for “Policy-Based Budgeting” • The 4 indicators for “Accounting, Recording, and Reporting” • The 3 indicators for “External Scrutiny and Audit” <p>Improvements in PFM systems noted in other qualitative assessments.</p>	<p>All but 2 of the PFTAC countries have now had at least 1 formal PEFA Assessment, but both of these have been through a PFTAC coordinated self-assessment. PFTAC has constructed a database of indicators used to monitor PFM progress.</p> <p>Summaries of up-to-date PEFA results will be presented in PFTAC’s Annual Reports and will be reported to FEMM on a periodic basis.</p> <p>As of May, 2014, 8 PFTAC Members have had repeat PEFA Assessments. A summary assessment of progress across the region on the various indicators is reported in Annex VI.</p>	<p>Requires political commitment to implementing PFM reform roadmaps.</p> <p>Sustained progress is dependent on broader reforms to the public sector, including recruitment, retention and remuneration.</p> <p>Coordinated development partner financial and technical support required for implementation of PFM reforms.</p>
2. Broader-based and more efficient revenue systems.	<p>Improved ratio of tax collected to administration expenses.</p> <p>Improved rankings on benchmarking of regional tax administrations.</p>	<p>IMF’s RA-FIT first cut of data has been finalized and a second round is now in process. The results will be published on the database.</p> <p>PITAA benchmarking is conducted bi-annually and the next round will be completed at the end of the PFTAC program cycle.</p>	<p>Political commitment to tax reform and adequate resourcing of tax administrations are essential for improved revenue collections.</p>
3. Increased resolution and minimization of the risk factors identified in the financial system.	<p>Timely assessment of the condition and performance of individual banks and the overall banking system by supervisory authorities.</p> <p>Increased frequency of on-site examinations of financial</p>	<p>Central banks and supervisory agencies currently maintain adequate off-site recording of the condition of the banking system but timeliness and quality of data could be enhanced.</p> <p>On site examinations are made by most jurisdictions; Tonga</p>	<p>Adequate financial and staff resources needed in supervisory institutions.</p>

Regional Program Objective	Verifiable Indicators	Progress on Indicators	General Risks/Assumptions/ Risk Mitigation
	<p>institutions.</p> <p>Greater compliance with Basel Core Principles across the Pacific.</p>	<p>has recently committed to increasing the frequency.</p>	
<p>4. More timely and reliable economic statistics.</p>	<p>Improvement in PIC statistical capacity indicator scores;</p> <p>Improved GDDS participation and compliance.</p> <p>Increased quarterly publication of GDP and expenditure measures.</p>	<p>Statistical capacity indicators will be monitored through the World Bank's public database.</p> <p>Since the start of Phase IV, 7 more countries have begun participation in the GDDS initiative.</p> <p>Methodology improvements in second GDP measures effected in a number of countries, developed in Fiji and Kiribati and quarterly GDP methodologies under development in Fiji..</p>	<p>Requires political commitment and sufficient resourcing of NSOs and other statistical agencies.</p> <p>Increased and better coordinated development partner assistance required for continued progress through the launch of phase II of the Ten Year Pacific Statistics Strategy.</p>
<p>5. Improve overall quality of analysis underlying macroeconomic policy.</p>	<p>5.1 Development of integrated macroeconomic monitoring / projection process.</p> <p>5.2 Development of multi-year fiscal planning framework.</p> <p>5.3 Ability to assess debt sustainability.</p> <p>5.4 Development of contingency plans to provide financing in the event of a natural disaster.</p>	<p>5.1 Financial programming framework introduced in some countries; few use the framework to support core monitoring / projection activities.</p> <p>5.2 Few countries routinely analyze fiscal planning beyond a two-year budget horizon.</p> <p>5.3 Few countries are able conduct their own debt sustainability assessments.</p> <p>5.4 Some countries incorporate contingency reserves into the budget process; some trust funds can provide limited contingency financing.</p>	<p>Requires political commitment to transparency of economic information.</p> <p>Staffing and resourcing of economic units required.</p> <p>Dependant on data availability and quality.</p>

Public Financial Management Logical Framework FY2015

Objective: Improved public financial management

Measurable Outcome	Country	Progress against Milestones at end-FY2014 ¹	Activity/Mission Description	Person Days	Relevant Milestone*	Comments
1.1 At least 1 PEFA assessment conducted in each PFTAC country during the funding cycle with significant country staff involvement and ownership						
	Cook Islands	4	Cook Islands: Formal PEFA Assessment	52	Milestone 2: Number of formal assessments conducted with significant country staff involvement	Formal assessment completed mid-December 2014. Awaiting review.
	Papua New Guinea	3	Review PNG FMIS/ICT issues and PEFA progress	12	Milestone 1: Number of self-assessments conducted	Project not completed. Work is scheduled to continue thru April FY2015.
		3	PEFA Self-Assessments Review	42	Milestone 1: Number of self-assessments conducted	Project not completed. Work is scheduled to continue thru April FY2015.
		2	Conducting an external PEFA	10	Milestone 2: Number of formal assessments conducted with significant country staff involvement	Scheduled for March
	Tonga	4	Follow-up on PFM Roadmap Development & PEFA Self-Assessment	9	Milestone 1: Number of self-assessments conducted	Self-assessment conducted; Roadmap finalized and endorsed by Cabinet

¹ Ratings defined as follows: 1= Very limited progress towards objective; 2= Some progress towards objective; 3= Substantial progress towards objective; 4= Objective largely or fully achieved.

Measurable Outcome	Country	Progress against Milestones at end-FY2014 ¹	Activity/Mission Description	Person Days	Relevant Milestone*	Comments
		4	PEFA Self - Assessment	19	Milestone 1: Number of self-assessments conducted	Self-assessment conducted
1.2 : Reform road maps developed following each PEFA assessment						
	Fiji	4	Coordination of MoF staff FMR Program Drafting and Internal Consensus Building - Phase 2	0	Milestone 3: Number of PFM reform roadmaps developed	Final draft of Roadmap prepared by MOF is expected in January/February 2015
	Niue	4	PFM Roadmap Implementation Support	1	Milestone 3: Number of PFM reform roadmaps developed	Refinements made to 2012 draft Roadmap. Cabinet position not clear.
	Solomon Is.	4	Detailing PFM Reform Roadmap Strategy	30	Milestone 3: Number of PFM reform roadmaps developed	Roadmap finalized and endorsed by Cabinet
	Tonga	4	Tonga Donors Conference	8	Milestone 3: Number of PFM reform roadmaps developed	Roadmap finalized and endorsed by Cabinet
1.3 : Modernized legal frameworks and financial instructions implemented						
	Fiji	2	PFM Legal Framework Revisions Phases 1&2	26	Milestone 4: Number of countries with identified legal obstacles (in law or financial instructions) to implementing good PFM practice who were provided TA for improvements Milestone 5: % of assisted countries adopting and implementing recommended changes	Draft revisions are under internal MOF review. Project not completed. Work is scheduled to continue thru April 2015.
		2	Review of operations for Fiji National Provident Fund	10	Milestone 4: Number of countries with identified legal obstacles (in law or financial instructions) to implementing good PFM practice who were provided TA for improvements	
	FSM	3	Defined Benefit Pension Plan Proposal Review	22	Milestone 4: Number of countries with identified legal obstacles (in law or financial instructions) to implementing good PFM practice who were	Advisor's recommended draft was a significant improvement over an earlier proposal.

Measurable Outcome	Country	Progress against Milestones at end-FY2014 ¹	Activity/Mission Description	Person Days	Relevant Milestone*	Comments
	Tuvalu	3	Financial Instructions revision- Phase 1 & 2	53	<p>provided TA for improvements</p> <p>Milestone 5: % of assisted countries adopting and implementing recommended changes</p> <p>Milestone 4: Number of countries with identified legal obstacles (in law or financial instructions) to implementing good PFM practice who were provided TA for improvements</p>	<p>Awaiting consideration by President.</p> <p>Updated financial instructions adopted by Cabinet with greater discipline in many procedures</p>
1.4 : Budget Credibility Improves (PEFA Indicators 1-4)						
	Regional (1)	Regional Ave = 2.5	Participation in ABD workshop on Macro-fiscal Modeling	16	<p>Milestone #6</p> <p>Realism in revenue forecasts to insure realism in expenditure forecasts</p> <ul style="list-style-type: none"> • Demonstrated application of basic forecasting techniques for macro-economic drivers applied to revenue forecasting; • Procedures in place for neutral party review of country revenue forecasts prior to draft budget formulation 	<p>Conducted in early December. Included discussion of simple approaches to developing medium term frameworks</p>
1.5 : Budget Comprehensiveness and Transparency Progresses Toward International Standards (PEFA Indicators 5-10)						
	Regional (2)	Regional Ave = 2.2	Deep Sea Minerals: Financial Aspects	7	<p>Milestone #12</p> <p>Budget documentation presented for each line ministry should integrate information at the program level on medium-term objectives, issues, strategies, and finances for all funds (recurrent and development, including any funds “off-budget”)</p>	<p>Workshop explored several tax and financial management issues relevant to planning for deep sea minerals</p>

Measurable Outcome	Country	Progress against Milestones at end-FY2014 ¹	Activity/Mission Description	Person Days	Relevant Milestone*	Comments
1.6 : Budgeting Becomes More Policy Focused with a Medium-term Orientation (PEFA Indicators 11-12)						
	Cook Islands		TA to Integrate macro FMM and fiscal revenue forecasting	5	Milestone 17: Budget process shows evidence of a multi-year perspective in fiscal planning, expenditure policy and budgeting.	
	Niue	1	TA to design a "skeleton" budget document for better integration of medium-term planning and budgeting	15	Milestone 16: Budget process is orderly and allows adequate time for meaningful participation by line ministries, Cabinets, and Parliaments.	Proposed skeleton reportedly to be tried for a couple of larger public services for preparation of the FY2017 budget.
	Papua New Guinea		TA to Integrate macro fiscal revenue models at Ministry and trade	10	Milestone 17: Budget process shows evidence of a multi-year perspective in fiscal planning, expenditure policy and budgeting.	
	Regional (3)		Regional Workshop: Incorporating natural disaster Risk into Fiscal Planning	2	Milestone 17: Budget process shows evidence of a multi-year perspective in fiscal planning, expenditure policy and budgeting.	Scheduled for Early March
	Samoa	3	Wrap-up of Review of Non-Tax revenue review	19	Milestone 16: Budget process is orderly and allows adequate time for meaningful participation by line ministries, Cabinets, and Parliaments. Milestone 17: Budget process shows evidence of a multi-year perspective in fiscal planning, expenditure policy and budgeting.	Adjustments (totaling roughly 1% of GDP) made to several non-tax revenues
	Samoa	2	TA to incorporate disaster risk into fiscal planning	5	Milestone 17: Budget process shows evidence of a multi-year perspective in fiscal planning, expenditure policy and budgeting.	
	Solomon Islands	3	Introductory mission to discuss request for NTR review and PFM roadmap implementation	7	Milestone 16: Budget process is orderly and allows adequate time for meaningful participation by line ministries, Cabinets, and Parliaments. Milestone 17: Budget process shows evidence of a multi-year perspective in fiscal planning, expenditure policy	Project not completed. Work is scheduled to continue into FY2016.

Measurable Outcome	Country	Progress against Milestones at end-FY2014 ¹	Activity/Mission Description	Person Days	Relevant Milestone*	Comments
					and budgeting.	
	Solomon Islands	2	NTR scoping	5	Milestone 16: Budget process is orderly and allows adequate time for meaningful participation by line ministries, Cabinets, and Parliaments. Milestone 17: Budget process shows evidence of a multi-year perspective in fiscal planning, expenditure policy and budgeting.	
	Tonga	2	Secondment of Tonga budget officials to Fiji and workshop in Tonga supported by Fiji budget staff	5	Milestone 16: Budget process is orderly and allows adequate time for meaningful participation by line ministries, Cabinets, and Parliaments. Milestone 17: Budget process shows evidence of a multi-year perspective in fiscal planning, expenditure policy and budgeting.	
	Tuvalu	3	Development of medium-term budgeting	15	Milestone 16: Budget process is orderly and allows adequate time for meaningful participation by line ministries, Cabinets, and Parliaments. Milestone 17: Budget process shows evidence of a multi-year perspective in fiscal planning, expenditure policy and budgeting.	Recommended account for asset repair/replacement reportedly included in the 2015 budget, but details on plans for implementation not finalized.
	Vanuatu	3	Introductory mission to discuss request for NTR review follow-up TA on internal audit	9	Milestone 16: Budget process is orderly and allows adequate time for meaningful participation by line ministries, Cabinets, and Parliaments. Milestone 17: Budget process shows evidence of a multi-year perspective in fiscal planning, expenditure policy and budgeting.	Project not completed. Work is scheduled to continue into FY2016.
	Vanuatu	3	Non-tax revenue scoping mission	5	Milestone 16: Budget process is orderly and allows adequate time for meaningful participation by line ministries, Cabinets, and Parliaments.	Project not completed. Work is scheduled to continue into FY2016.

Measurable Outcome	Country	Progress against Milestones at end-FY2014 ¹	Activity/Mission Description	Person Days	Relevant Milestone*	Comments
			Workshop on NTR issues	15	Milestone 16: Budget process is orderly and allows adequate time for meaningful participation by line ministries, Cabinets, and Parliaments. Milestone 17: Budget process shows evidence of a multi-year perspective in fiscal planning, expenditure policy and budgeting.	
1.7 : Budget Execution Progresses Toward International Standards (PEFA Indicators 16_21)						
	Kiribati	2	CV review for EU-funded Accountant General Advisor position in Kiribati	1	Milestone 18: Ministries are provided good cash flow information on the periodic availability of funds for commitment of expenditures. Milestone 20: Personnel database and payroll are directly linked to ensure data consistency and monthly reconciliation. Milestone 22: Comprehensive expenditure commitment controls are in place and effectively limit commitments to actual cash availability and approved budget allocations	EU-funded Advisor has started assignment
	Papua New Guinea		Improved Cash Management Strategy Continuation of TA support to review IFMS and restructure operation	30	Milestone 18: Ministries are provided good cash flow information on the periodic availability of funds for commitment of expenditures. Milestone 18: Ministries are provided good cash flow information on the periodic availability of funds for commitment of expenditures. Milestone 22: Comprehensive expenditure commitment controls are in place and effectively limit commitments to actual cash availability and approved budget allocations	Activity is also highly relevant to effective achievement of many other RBM Milestones, particularly
	Papua New		Financial Management System (FMIS) and Information	44	Milestone 18: Ministries are provided good cash flow information on the periodic availability of	Significant changes made to IFMS organization and

Measurable Outcome	Country	Progress against Milestones at end-FY2014 ¹	Activity/Mission Description	Person Days	Relevant Milestone*	Comments
	Guinea		Communication Technology Review		funds for commitment of expenditures. Milestone 22: Comprehensive expenditure commitment controls are in place and effectively limit commitments to actual cash availability and approved budget allocations	processes, but too early to determine any real effect on PEFA indicators
	Papua New Guinea	2	Support for Roll-out of the Integrated Financial Management System	39	Milestone 18: Ministries are provided good cash flow information on the periodic availability of funds for commitment of expenditures. Milestone 22: Comprehensive expenditure commitment controls are in place and effectively limit commitments to actual cash availability and approved budget allocations	Significant changes made to IFMS organization and processes, but too early to determine any real effect on PEFA indicators
	Papua New Guinea	2	Introductory visit to PNG to discuss TA request on cash management	6	Milestone 18: Ministries are provided good cash flow information on the periodic availability of funds for commitment of expenditures.	Project not completed. Work is scheduled to continue into FY2016.
	Papua New Guinea	2	Integrated Financial Management System (IFMS) (Phase 1)	19	Effective operation of an IFMS has implications for many milestones within both this outcome group, as well as outcome group 1.8 (accounting, recording, and reporting). Most important for outcome group 1.7 is: RBM Milestone #22: Comprehensive expenditure commitment controls are in place and effectively limit commitments to actual cash availability and approved budget allocations.	Significant changes made to IFMS organization and processes, but too early to determine any real effect on PEFA indicators
	Regional (4)		Regional Workshop: Strategic Development Program (with AusDOF)	24	Training is relevant to multiple milestones in Outcome Group 1.7 as well as Outcome Group 1.6 (Budgeting becomes More Policy-Focused with a Medium-term Orientation)	While the workshop will focus on several aspects of "execution" the underlying focus will be on how budgets can be used to achieve policy objectives.

Measurable Outcome	Country	Progress against Milestones at end-FY2014 ¹	Activity/Mission Description	Person Days	Relevant Milestone*	Comments
	Tonga	3	Review of Treasury Business Processes	18	RBM Milestone #18: Cash flow forecasts are prepared for the fiscal year and are monitored and updated monthly. RBM Milestone # 20: Personnel database and payroll are directly linked to ensure data consistency and monthly reconciliation. RBM Milestone # 22: Comprehensive expenditure commitment controls are in place and effectively limit commitments to actual cash availability and approved budget allocations	Preliminary assessment recommended several changes in treasury business processes Activity is also highly relevant to effective audit within 6 months of fiscal year end, and includes full information on revenue, expenditure and financial assets/liabilities.
	Vanuatu	2	Strengthening Internal Audit	47	Milestone #23: Action by management on internal audit findings is prompt and comprehensive across central government entities.	Some changes made to business processes, but too early to determine any real effect on PEFA indicators
1.8 : Accounting, Recording and Reporting Improves in line with international standards (PEFA Indicators 22-25)						
	Nauru	2	Fixed Assets Valuation	12	Milestone #27: Consolidated government financial statement is prepared annually according to internationally acceptable standards; submitted to external audit within 6 months of fiscal year end, and includes full information on revenue, expenditure and financial assets/liabilities.	Valuation completed and is expected to comprise part of the next Annual Financial Statement, but too early to determine effect on PEFA rating.

Revenue Policy and Administration FY2015

Objective: Broader-based and more efficient revenue systems

Measurable Outcome	Country	Progress against Milestones at end-FY2014 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
2.1 : Modern tax policy frameworks are adopted						
	Cook Islands	1	PFTAC: Deep Sea Minerals: Financial Aspects	14	Deep See Mining Legislation enacted	Laws drafted and implemented
	Nauru	3	Drafting new tax laws	12	Enactment of new laws	New tax laws drafted and implementation taking place
2.2 : Appropriate legislation and regulations for effective policy implementation are adopted						
	Nauru	2	TA in Fiscal Law: Tax Procedures	12	Laws introduced	New tax laws drafted and implementation taking place
2.3 : Modern and integrated processes are adopted to verify & maintain taxpayer information & compliance obligations						
	Fiji	1	Improving arrears collection/filing	12	Improved return and debt collection processes	Arrears collection plan designed and currently being implemented with good results. More work to follow

¹ Ratings defined as follows: 1= Very limited progress towards objective; 2= Some progress towards objective; 3= Substantial progress towards objective; 4= Objective largely or fully achieved.

Measurable Outcome	Country	Progress against Milestones at end-FY2014 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
	Fiji	1	Improving core tax functions, taxpayer services, audit and tax arrears	12	Improve core tax functions leading to improved compliance	during FY16 on filing TA provided to improve design capability and core tax functions. Proposals submitted to the FRCA Board for approval.
	Fiji	1	Improve the audit function	36	Improved audit capability	Project plan designed – rollout will continue into FY16.
	FSM	1	Review overall reform progress and determine future TA needs	3	Progress reviewed and TA needs defined	Compliance improvement strategy implemented – additional TA to be provided in FY16
	FSM	1	Review overall reform progress	3	Modernization progress reviewed - TA needs identified	Progress to be reviewed and additional TA needs identified
	Kiribati	1	Review overall reform progress and determine future technical assistance needs.	10	Progress reviewed and TA needs defined	Progress reviewed and TA plan designed to improve compliance – additional TA to be provided in FY16
	Nauru	2	Developing processes for registration filing and payment of taxes	12	Processes implemented	New processes successfully implemented - more work to follow on implementation of new laws in FY16
	Nauru	2	Review overall reform progress and determine future technical assistance needs	5	Progress reviewed and TA needs defined	Progress to be reviewed and additional TA needs identified FY16
	Palau	1	Review overall reform progress - identify TA needs	4	Review modernization progress - identify TA needs	Progress reviewed and TA plan developed with additional TA to be provided in FY16.
	RMI	1	Review overall reform progress and determine future TA needs	4	Progress reviewed and TA needs defined	Progress reviewed - upcoming elections have slowed progress – TA

Measurable Outcome	Country	Progress against Milestones at end-FY2014 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
	Tonga	1	Review overall reform progress and determine future technical assistance needs.	10	Progress reviewed and TA needs defined	requests for strategic and operational planning but will be reviewed after elections. Progress reviewed and TA plan developed – additional TA to be provided in FY16
	Tuvalu	1	Review modernization progress - identify TA needs	5	Modernization progress reviewed and TA needs defined	Progress to be reviewed and future TA needs to be defined
	Tuvalu	1	PFTAC: Revenue Administration Review	2	Introduction of modern tax administration processes	Work in progress supported by a resident advisor.
	Vanuatu	1	Review overall reform progress and determine future TA needs	7	Reform progress evaluated and TA needs identified	Progress reviewed and TA plan FY16 developed.
	Regional		PITAA Annual Meeting	10	Establishing PITAA as a regional tax administration	Good progress made in establishing PITAA as a regional training body
	Regional		Training: Core functions: Taxpayer Services Management	5	Improved services to taxpayers	Regional training to improve service delivery to taxpayers
	Regional		Training: Core functions: Arrears filing and returns	4	Improved debt and return management	Regional training to improve the collection of arrears taxes and outstanding tax returns
2.4 : Business systems & processes are based on risk-management principles						
	Fiji	4	Risk management and self assessment (1 Missions)	14	Improved self assessment and risk management processes	Work in progress – additional TA to be provided in FY16
	Samoa	1	Compliance Risk management and performance standards	34	Compliance management strategies enhanced	Work in progress – TA provided on developing a risk management framework – additional TA to be

Measurable Outcome	Country	Progress against Milestones at end-FY2014 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
						provided in FY16
2.5 : Compliance improvement strategies use a mixture of service and enforcement approaches						
	Fiji	4	Developing a compliance improvement strategy	5	Compliance management strategies enhanced	Work in progress – TA provided on development of a compliance improvement strategy – additional TA to be provided in FY16
	Fiji	4	Improving risk management and introducing a compliance improvement strategy	14	Risks identified, assessed and addressed	Work in progress – TA provided – additional TA to be provided in FY16
	FSM	4	Compliance risk and business process review	20	Compliance plan introduced	Compliance plan implemented – additional TA to be provided in FY16
	Kiribati	4	Compliance Risk Management (3 Missions)	22	Compliance improvement strategy introduced	Work in progress – additional TA to be provided in FY16
	Palau	4	Compliance plan review	10	Compliance plan reviewed and new recommendations made	Review conducted – TA will be provided to design new compliance improvement initiatives FY16
	Regional		Training : Industry compliance issues	5	Improve capability to improve compliance in cash economy sectors	Training provided to raise awareness of how to address the cash economy
2.5 : Compliance improvement strategies use a mixture of service and enforcement approaches						
	Tonga	1	Self Assessment and Compliance Risk Management	36	Modernized business systems and improved compliance management	Work in progress – additional TA to be provided in 2016
	Tuvalu	1	Implement a CRM approach to compliance management	12	Compliance Strategies enhanced	Work in progress – additional TA to be provided in FY16

Measurable Outcome	Country	Progress against Milestones at end-FY2014 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
	Vanuatu	1	Design and implement a new generation compliance improvement strategy	12	Compliance strategy implemented	Work in progress – additional TA to be provided in FY16
	Regional		Training: Introducing a Compliance Risk Management approach	8	Improve compliance risk management capability	Training provided on compliance risk management
2.6 : Modern IT operating systems and infrastructure are in place and operate effectively						
	Fiji	2	Scoping Options for Replacement of Current IT System Phase 2	12	IT system replaced	User requirements for new IT system issued – tender process underway
	Fiji	2	Providing expert assistance in the tender evaluation for the new IT system	3	IT vendor selected for implementation of new IT system	TA provided to assist FRCA review tender specifications for new IT system
	Regional		Training : Prepare a centralized data base where PICs can access information of IT strategies, business continuity and procurement process	20	Provide PICs with a data base where they can access information on IT strategies, disaster recovery and an IT tender and evaluation process	This toolkit will provide tax administrations information on key IT issues
2.7 : Organizational and operating structures are relevant to the business and allow for the effective use of resources						
	Nauru	3	Develop organization and staff structures	12	Effective use of resources	Implementation underway
2.8 : Good corporate strategies, business planning processes and management information reports are adopted, implemented and updated regularly						
	Fiji	2	FRCA Corporate Strategy Review	19	Implementation of a renewed corporate strategy	Renewed corporate strategy presented to the FRCA Board for approval

Measurable Outcome	Country	Progress against Milestones at end-FY2014 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
	Fiji	2	Implementation of strategic objectives	5	New strategic objectives implemented	New strategic objectives identified and awaiting FRCA board approval
	Vanuatu	1	Update Strategic and business plan	16	Implementation of new strategic objectives	Strategic and business plan updated and currently under implementation
	Regional		Regional workshop on capacity building and support frameworks	13	Implementation of a training and capacity building plan identified through the Training Needs Analysis	Regional training plan designed and implemented
	Regional		Training: Managing modern tax administration	5	Improve tax administration management capability	Regional management training provided to senior tax administrators

Financial Sector Supervision Logical Framework FY2015

Objective: Increased resolution and minimization of the risk factors identified in the financial system.

Measurable Outcome	Country	Progress against Milestones at end-FY2014 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
<i>3.1 Development and Implementation of Prudential Returns</i>						
	Cook Islands	5	None, section completed		Banks are submitting returns Production of reports	Implemented
	Palau	5	None, section completed		Banks are submitting returns Production of reports	Implemented
	Solomon Islands	5	None, section completed		Banks are submitting returns Production of reports	Implemented
	Tonga	5	None, section competed		Banks are submitting returns Production of reports	implemented
	Vanuatu	5	None, section completed		Banks are submitting returns Production of reports	implemented

¹ Ratings defined as follows: 1= Very limited progress towards objective; 2= Some progress towards objective; 3= Substantial progress towards objective; 4= Objective largely or fully achieved.

Measurable Outcome	Country	Progress against Milestones at end-FY2014 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
3.2 Implementation of Financial Sector Information System (FSIS)						
	Regional					Pilot program concluded in Solomon Islands. Further deployment terminated.
3.3 Strengthened Off-site Supervision						
	Fiji	4	Workshop on Consolidated Supervision of Conglomerates	4	Participants are able to perform a financial review of a consolidated conglomerates	A STX delivered a three day workshop sponsored by PFTAC. 24 participants. October 2014
	Tonga	3	Training session on Preparedness for on-site examination	7	Supervision department received training on how to analyze data in preparation for an examination	On-site examination preparedness require a review of off-site supervision's results and bank reporting April 2014
3.4 Strengthened On-site Examination						
	Tonga	3	On-site examination and resolution of a commercial bank	15	Examination files completed Draft report completed	Examination August 2014
	Tonga (2)	3	On-site examination and resolution of a commercial bank	15	Examination files completed Draft report completed	Examination February 2015
	Regional (1)		AFSPC Annual workshop Managing Banking Supervision Dept	3	Supervisors received training on how to adequately manage the operation of a Banking Supervision department	FSM, Fiji, Marshal Islands, Palau, PNG, Samoa, Solomon Islands, Tonga, Vanuatu. 16 Participants Sept 2014
	Regional (2)		Workshop Northern Region held in Guam	5	Examiners were provided training on all aspect of on-site examination	FSM, Palau, RMI 10 participants May 2014

Measurable Outcome	Country	Progress against Milestones at end-FY2014 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
	Regional (3)		Workshop Southern Region held in Samoa	5	Examiners were provided training on all aspect of on-site examination	Fiji, PNG, Samoa, Tonga, Solomon Islands, Vanuatu. 19 participants Oct 14
3.5 Development of Standardized Examination Reports						
	Tonga	3	On-site examination and resolution of a commercial bank	5	Examination report issued	The findings of the examination were used to complete the report Aug 14
	Tonga (2)	3	On-site examination and resolution of a commercial bank	5	Examination report issued	The findings of the examination were used to complete the report Feb 15
3.8 Modernized Legal Framework						
	Fiji	2	Drafting Credit Union Act	1	TOR issued	The RBF issued a TOR and requested PFTAC's TA in drafting a CU Act December 2014
	FSM	4	Drafting Credit Union Act	2	Draft completed and reviewed by the relevant authority	Support received from IMF Legal Dept January 2015
	Kiribati	2	Drafting Credit Union Act	2	Review Current CU Legislation	Legal Dept reviewed the CU Act and submitted recommendations. Jan15
	Palau	4	Drafting Credit Union Act	9	Draft completed and reviewed by the relevant authorities	Support received from IMF Legal Dept Nov 2014
	Papua New Guinea	2	Drafting Credit Union Act	2	Review of existing legislation	Legal Dept reviewed the CU Act and submitted recommendations. Jan 2015
	RMI	4	Drafting Credit Union Act	2	Draft completed and reviewed by the relevant authority	Support received from IMF Legal Dept January 2015

Measurable Outcome	Country	Progress against Milestones at end-FY2014 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
	Timor Leste	3	Drafting Credit Union Act	10	Draft completed and reviewed by the relevant authority	Support received from IMF Legal Dept June 2014, Aug 2014,
	Tuvalu	3	Establish a Banking Commission	7	Parameters established for the implementation of a Banking Commission	Request received from the Ministry of Finance for TA in setting-up a Banking Commission. Feb 2015
	Regional		Workshop for Northern Region on Drafting a Credit union Act	8	Standard Credit Union Bill was developed	Each participants was able to draft a CU Bill adapted for their legal context. Support received from IMF Legal Dept August 2014
3.9 Non-banks, Credit unions, and Microfinance institutions have Strengthened Legal, Supervisory and Operational Frameworks						
	Fiji	2	Planning meeting: The deployment of a CU Reform program	1	TOR Implementation of comprehensive CU reform program	PFTAC to implement a CU reform program - Include Sector capacity building and supervisory oversight regime Dec 2014
	Kiribati	2	Workshop; Capacity building Credit Unions	7	Implementation of standard Financial and Statutory Reporting templates	PFTAC to implement a CU Reform Program including Supervisory oversight and sector capacity training.
	Palau	3	Workshop: Capacity building credit union	9	Implementation of standard Financial and Statutory Reporting templates	PFTAC to implement a CU Reform Program including Supervisory oversight and sector capacity training.

Measurable Outcome	Country	Progress against Milestones at end-FY2014 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
	Timor Leste	2	Mission: Development of a CU Capacity building program	20	Assessment of Timor-Leste's ability to absorb the implementation of a CU reform program.	Discussion required between Resident Advisor, the Central Bank, the Ministry of Commerce and the Federation of CU on how best to proceed with developing the sector. June and Aug 2014
	Regional	4	Workshop; Regulatory and financial review of credit unions	4	Workshop; Annual Credit Union of the Pacific Technical Congress	125 delegates participated in the two workshops. Nov 2014
3.10: Effective Outreach on Financial Sector Issues						
	Regional (1)		Regional Partners' meeting	3	Partners meeting	Host: Government of NZ Oct 2014
	Regional (2)		Annual AFSPC meeting	2	Review of the year's performance, presentation of the YE16 program	Host: PNG September 2014
	Regional (3)		Governors' Annual Meeting	3	Presentation on PFTAC's Activities	Host: Reserve Bank of Fiji Dec 2014
	Regional (4)		World Council of Credit Unions	3	Moderator: Breakout session on anti money laundering	Host: Australia CU Association July 14
	Regional (5)		PFTAC annual Steering Committee meeting	3	Presentation on PFTAC's Activities Financial Institutions Sector	Host: Fiji July 2014

Macroeconomic Statistics Logical Framework FY2015

Objective: More timely and reliable economic statistics

Measurable Outcome	Country	Progress against Milestones at end-FY2014 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
4.1: At least 8 countries compile at least two independent measures of GDP						
	Fiji	3	National accounts: improve methodologies for the compilation of GDP estimates by expenditure and income	6	Good quality estimates compiled using sound methodologies. Plans to compile 2011 supply-use tables developed.	
	Fiji	3	National accounts: review of experimental annual GDP estimates by expenditure and income	5	GDP estimates by expenditure published.	
	Kiribati	3	National accounts development of GDP estimates by expenditure	5	GDP estimates by expenditure published.	
4.2: Constant price of GDP estimates are rebased at least every 10 years						
	Papua New Guinea	3	Assist with the NSO reform process. Plan for the rebase of GDP estimates in constant prices.	7	Plans to reform the NSO developed.	The PNG NSO needs substantial TA to resume regular compilation of national accounts. PFTAC provides TA in collaboration with the ABS.

¹ Ratings defined as follows: 1= Very limited progress towards objective; 2= Some progress towards objective; 3= Substantial progress towards objective; 4= Objective largely or fully achieved.

Measurable Outcome	Country	Progress against Milestones at end-FY2014 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
4.3: At least 8 member countries compile regular annual GNI, GNDI, saving and net lending/borrowing aggregates						
	Fiji	3	National accounts: improve methodologies for the compilation of GDP estimates by expenditure and income	2	Good quality estimates compiled using sound methodologies. Plans to compile 2011 supply-use tables developed.	
	Fiji	3	National accounts: improve methodologies for the compilation of GDP estimates by expenditure and income	2	Good quality estimates compiled using sound methodologies. Plans to compile 2011 supply-use tables developed.	
	Kiribati	3	National accounts: strengthening methodologies and data sources used for the compilation of GDP estimates by production and capacity supplementation.	4	Sound methods in place and annual GDP estimates published nine month after the reference period.	
4.4: At least 4 countries compile quarterly national accounts						
	Cook Islands	3	National Accounts: QNA and BOP	16	Some countries producing QNA, but not 4	
	Fiji	2	Quarterly National Accounts methodology review	5	Country has QNA methodology under development	
4.5: Data sources are adequate and methodologies are sound						
	Kiribati	3	National accounts: strengthening methodologies and data sources used for the compilation of GDP estimates by production and capacity supplementation.	4	Sound methods in place and annual GDP estimates published nine month after the reference period.	
	Niue	2	National accounts update and methodology review	10	National accounts produced but with major deficiencies	Mission will possibly be postponed until FY2016
	Nauru (1)	1	National accounts: methodology review and improvements, compilation of 2012-13 GDP estimates by production.	10	GDP estimates published.	

Measurable Outcome	Country	Progress against Milestones at end-FY2014 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
	Nauru (2)	1	National accounts: compilation of 2013-14 GDP estimates by production and methodology improvements.	7	GDP estimates published.	
	Papua New Guinea	1	National accounts: strengthening methodologies. Assist with the NSO reform process.	29	Plans to reform the NSO. NSO resumes compilation and publication of national accounts.	The PNG NSO needs substantial TA to resume regular compilation of national accounts. PFTAC provides TA in collaboration with the ABS.
	RMI	2	National Accounts, methodology review and improvements, compilation of 2012-2013 GDP estimates by production	7	National accounts produced but with major deficiencies	
	Solomon Islands	1	National accounts: compilation of GDP estimates and review of preliminary HIES data	20	GDP estimates published.	GDP estimates were published in 2013 and 2014 after several years without official published estimates.
	Solomon Islands	2	HIES Analysis and National Accounts Rebase	6	Surveys and other data sources available for rebase	
	Tonga	3	National accounts: strengthening methodology and review 2013-14 annual GDP estimates	5	Quality GDP estimates published regularly.	
	Tuvalu	2	National Accounts Update and Methodology Review	10	National accounts produced but with major deficiencies	
	Regional (1)	2	Training on national accounts for FSM, Palau and RMI. Streamline systems and simplify methodologies to reduce reliance on external TA providers.	7	Sound methods in place.	

Measurable Outcome	Country	Progress against Milestones at end-FY2014 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
Regional (2)		3	Participation in the PSSC which coordinates TA in statistics in the region. Develop phase II (2015-2017) of the Ten Year Pacific Statistics Strategy.	10	TA coordination improved. Phase II of the Ten Year Pacific Statistics Strategy developed.	Coordination with the SPC which plays a key role in the Committee has been challenging.
Regional (3)		2	Training course on methodologies and data sources used for the compilation of national accounts estimates in constant prices	10	Improved conceptual understanding and implementation.	
Regional (4)		2	Training on national accounts for FSM, Palau and RMI. Streamline systems and simplify methodologies to reduce reliance on external TA providers.	26	Sound methods in place.	
Regional (5)		2	National accounts: workshop to develop a standard approach for incorporation of household income and expenditure survey data.	10	Guidelines on the incorporation of household survey data for the compilation of national accounts developed.	
Regional (6)		2	Training courses on the use of HIES data for the compilation of GDP estimates and CPI	14	Improved conceptual understanding and implementation.	
4.6: National accounts statistics are consistent with other statistics including balance of payments and government finance statistics						
	Kiribati		National accounts development of GDP estimates by expenditure		GDP estimates by expenditure published.	(refer to 4.1)
4.7: National accounts statistics and associated metadata are readily available.						
	Fiji		National accounts: improve methodologies for the compilation of GDP estimates by expenditure and income		Good quality estimates compiled using sound methodologies.	(refer to 4.1)

Measurable Outcome	Country	Progress against Milestones at end-FY2014 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
	Fiji		Quarterly National Accounts methodology review		Country has QNA methodology under development	(refer to 4.4)
	Solomon Islands		National accounts: compilation of GDP estimates and review of preliminary HIES data		GDP estimates published.	GDP estimates were published in 2013 and 2014 after several years without official published estimates. (refer to 4.5)
4.8: Price statistics are of good quality and base years up to date						
	Nauru	1	National accounts: methodology review and improvements, compilation of 2012-13 GDP estimates by production. Provide limited TA on price statistics.		GDP estimates published. Methodologies used to compile price statistics improved.	(refer to 4.5)
4.9: Improvement in the coverage, quality and timeliness of balance of payments estimates						
	Cook Islands	1	National Accounts: QNA and BOP		Draft Balance of payments produced. Coverage and methodology weak.	(Refer to 4.4)
	Nauru	2	Balance of Payments Statistics: compilation of 2013-14 estimates and international investment position.	12	Balance of payments statistics published.	

Macroeconomic Analysis Logical Framework FY2015

Objective: Improved macroeconomic analysis

Measurable Outcome	Country	Progress against Milestones at end-FY2014 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
5.1 Development of integrated macroeconomic monitoring/projection frameworks						
	Cook Islands	4	Integrate existing models to develop more streamlined monitoring / projection process	5		
	Cook Islands	4	Integrate existing models to develop more streamlined monitoring / projection process	5		
	Papua New Guinea	2	Develop simplified FP framework; train staff on applying framework. - Tailor FP frameworks to meet diverse needs of individual countries and capacity levels of staff.	11		Model development hampered by resource constraints. Further training needed for staff to use model effectively.
	Papua New Guinea	2	Develop inflation forecasting methodology.	12		

¹ Ratings defined as follows: 1= Very limited progress towards objective; 2= Some progress towards objective; 3= Substantial progress towards objective; 4= Objective largely or fully achieved.

Measurable Outcome	Country	Progress against Milestones at end-FY2014 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
	Samoa	3	Develop Samoan Economic and Revenue Forecasting (SERF) model	10		Model development has progressed well. Further training needed for staff to use model effectively.
	Solomon Islands	3	Develop simplified FP framework; train staff on applying framework. - Tailor FP frameworks to meet diverse needs of individual countries and capacity levels of staff.	30		Rapid progress on model development; staff have very high capacity.
	Tonga	0	Train staff on how to update the macroeconomic framework for the budget preparation process	5		Significant capacity constraints being addressed by Resident Advisor.
	Vanuatu	1	Develop simplified FP framework; train staff on applying framework. - Tailor FP frameworks to meet diverse needs of individual countries and capacity levels of staff.	10		Model development hampered by data issues. Further training needed for staff to use model effectively.
5.2 : Development of multi-year fiscal planning process						
	Cook Islands		Integrate existing models to develop more streamlined monitoring / projection process			(refer to 5.1 above)
	Palau		TA on long-term fiscal planning	3		

Measurable Outcome	Country	Progress against Milestones at end-FY2014 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
	Regional		Workshop on long-term fiscal planning	2		
5.3 : Develop ability to assess debt sustainability						
	Samoa	3	Improve debt sustainability aspect of SERF model	7		
5.4 : Development of contingency plan to provide financing in the event of natural disaster						
	Regional		Workshop on incorporating natural disaster risk into fiscal planning	10		

ANNEX IV: PFTAC MISSIONS AND MEETINGS IN FY2015

Public Financial Management

Country	Description	Advisor Type	Mission Days	RBM Codes
Cook Islands	Formal PEFA Assessment	Short-term Expert	19	1.1
	Formal PEFA Assessment	Short-term Expert	19	1.1
	Formal PEFA Assessment	Resident Advisor	19	1.1
Fiji	PFM Legal Framework Revisions Phase 1 - WFH	Short-term Expert	5	1.3
	PFM Legal Framework Revisions Phase 2	Short-term Expert	21	1.3
	Coordination of MoF staff FMR Program Drafting and Internal Consensus Building - Phase 2	Short-term Expert	15	1.2
	Participation in ABD workshop on Macro-fiscal Modeling	Resident Advisor	6	1.6
	PFM Legal Framework Revisions Phase 3(WFH)	Short-term Expert	40	1.3
	Organization review for Treasury operations	Resident Advisor	5	1.7
	Mentoring MOF Budget Analysts for Medium-term Budgeting	Resident Advisor	48	1.6
FSM	Defined Benefit Pension Plan Proposal Review	Short-term Expert	22	1.3
	Defined Contribution Pension Plan Law development	Short-term Expert	5	1.3
Kiribati	CV review for EU-funded Accountant General Advisor position in Kiribati	Resident Advisor	1	1.7
Niue	PFM Roadmap Implementation Support	Short-term Expert	24	1.2
	Medium-term budgeting at line agency level adopted.	Resident Advisor	15	1.6
Nauru	Fixed Assets Valuation	Short-term Expert	12	1.8
Papua New Guinea	Review Mission on PEFA Self-Assessment and FMIS/ICT TA	Resident Advisor	7	1.1
	Support for Roll-out of the Integrated Financial Management System	Short-term Expert	39	1.7
	Review PNG FMIS/ICT issues and PEFA progress	Resident Advisor	5	1.1
	Financial Management System (FMIS) and Information Communication Technology Review	Short-term Expert	44	1.7
	Introductory visit to PNG to discuss TA request on cash management	Resident Advisor	6	1.1
	PEFA Self-Assessment Review	Resident Advisor	12	1.1
	Integrated Financial Management System (IFMS) (Phase 1)	Short-term Expert	19	1.7
	Improved Cash Management Strategy	Short-term Expert	15	1.7
	Cash management	Resident Advisor	15	1.7
	Continuation of TA support to review IFMS and restructure operation	Short-term Expert	55	1.7
	Conducting an external PEFA	Resident Advisor	19	1.1

Country	Description	Advisor Type	Mission Days	RBM Codes
Samoa	Wrap-up of Review of Non-Tax revenue review	Resident Advisor	19	1.6
	Introductory visit	Resident Advisor	5	n.a.
Solomon Is.	Introductory mission to discuss request for NTR review and PFM roadmap implementation	Resident Advisor	7	1.6
	Detailing PFM Reform Roadmap Strategy	Short-term Expert	30	1.2
	NTR scoping	Short-term Expert	3	1.6
Tonga	Follow-up on PFM Roadmap Development & PEFA Self-Assessment	Resident Advisor	9	1.1,1.2
	Tonga Donors Conference	Resident Advisor	8	1.2
	PEFA Self - Assessment	Short-term Expert	19	1.1
	PEFA Self - Assessment	Short-term Expert	19	1.1
	Review of Treasury Business Processes	Resident Advisor	18	1.7
	Treasury business process review COA update and FMIS upgrade planning	Short-term Expert	6	1.7
	Secondment of Tonga budget officials to Fiji and workshop in Tonga supported by Fiji budget staff	Resident Advisor	5	1.6
Tuvalu	Financial Instructions revision- Phase 1	Short-term Expert	29	1.3
	Financial Instructions Revision Phase 2	Short-term Expert	24	1.3
	Development of medium-term budgeting	Resident Advisor	15	1.6
Vanuatu	Introductory mission to discuss request for NTR review follow-up TA on internal audit	Resident Advisor	4	1.6
	Strengthening Internal Audit	Short-term Expert	25	1.7
	Strengthening Internal Audit	Short-term Expert	22	1.7
	Non-tax revenue scoping mission	Short-term Expert	5	1.6
	Introductory mission to discuss request for NTR review follow-up TA on internal audit	Resident Advisor	5	1.6
	Workshop on NTR issues	Short-term Expert	10	1.6
	Workshop on NTR issues	Resident Advisor	10	1.6
	Workshop on NTR issues	Resident Advisor	10	1.6
Regional	Deep Sea Minerals: Financial Aspects	Resident Advisor	7	n.a.
	2014 Steering Committee meeting	Resident Advisor	2	n.a.
		Resident Advisor	3	n.a.
		Short-term Expert	3	n.a.
	2015 Steering Committee Meeting	Resident Advisor	4	n.a.
		Resident Advisor	4	n.a.
		Short-term Expert	4	n.a.
	Strategic Development Program (with AusDOF)	Resident Advisor	17	1.7
Resident Advisor		17	1.7	

Revenue Policy and Administration

Country	Description	Advisor Type	Mission Days	RBM Codes
Fiji	Implementation of strategic objectives	Resident Advisor	5	2.8
	Scoping Options for Replacement of Current IT System Phase 2	Short-term Expert	12	2.8
	FRCA Corporate Strategy Review	Short-term Expert	19	2.8
	Risk management and self assessment	Resident Advisor	5	2.3
	Compliance planning	Resident Advisor	5	2.3
	Strengthening compliance management	Short-term Expert	14	2.4
	Strengthening FRCA Audit Function - Phase 1	Short-term Expert	12	2.3
	Strengthen Arrears Collection Function	Short-term Expert	12	2.3
	Modern IT operating systems and infrastructure	Short-term Expert	3	2.6
	Review of the Audit Function - Phase 2	Short-term Expert	10	2.3
	Improving core tax functions	Resident Advisor	12	2.3
	Modern IT operating systems and infrastructure	Short-term Expert	3	2.6
	Risk management	Short-term Expert	6	2.5
FSM	Review overall reform progress and determining future TA needs	Resident Advisor	3	2.3
	Compliance risk and business process review (Mission 1)	Short-term Expert	20	2.4,2.5
	Compliance risk and business process review (Mission 2)	Short-term Expert	17	2.5
	Compliance risk and business process review (Mission 3)	Short-term Expert	12	2.5
	Review overall reform progress	Resident Advisor	5	2.3
Kiribati	Review overall reform progress	Resident Advisor	5	2.3
	Compliance Improvement	Resident Advisor	3	2.8
	Compliance Risk Management (Mission 1)	Short-term Expert	12	2.5
	Review overall reform progress	Resident Advisor	5	2.3
	Compliance Risk Management (Mission 2)	Short-term Expert	12	2.2
	Compliance Risk Management (Mission 3)	Short-term Expert	4	2.2
Nauru	TA in Fiscal Law	Short-term Expert	17	2.2
	Developing processes for registration filing and payment of taxes	Short-term Expert	12	2.3
	PFTAC: Develop Tax Reform Agenda	Resident Advisor	10	2.1
	TA in Fiscal Law: Tax Procedures (PFTAC)	Short-term Expert	12	2.2,2.3
	Completing the Employment and Services Act procedures manual	Short-term Expert	12	2.3
	Review overall reform progress and determining future TA needs	Resident Advisor	12	2.3
Palau	Compliance Plan Review	Short-term Expert	9	2.5
	VAT & IT Implementation Support	Resident Advisor	6	2.3
RMI	Review overall reform progress and determining future TA needs	Resident Advisor	4	2.3

Country	Description	Advisor Type	Mission Days	RBM Codes
Samoa	Compliance Risk management and performance standards (Mission 1)	Short-term Expert	15	2.4,2.5
	Compliance Risk management and performance standards (Mission 2)	Short-term Expert	12	2.4,2.5
	Compliance Risk management and performance standards (Mission 3)	Short-term Expert	12	2.4,2.5
Tonga	Review overall reform progress and determine future technical assistance needs.	Resident Advisor	5	2.3
	Self Assessment and Compliance Risk Management (Mission 1)	Short-term Expert	5	2.4,2.5
	Training : CRM approach	Short-term Expert	10	2.6
	Self Assessment and Compliance Risk Management (Mission 3)	Short-term Expert	12	2.5
	Self Assessment and Compliance Risk Management (Mission 2)	Short-term Expert	12	2.4,2.5
	Review overall reform progress	Resident Advisor	5	2.3
Tuvalu	PFTAC: Revenue Administration Review	Resident Advisor	2	2.1
	Compliance Improvement Plan	Resident Advisor	5	2.5
Vanuatu	Update Strategic and business plan	Short-term Expert	16	2.8
	Review overall reform progress and determining future TA needs	Resident Advisor	7	2.3
	Compliance Planning	Resident Advisor	12	2.5
Regional	PFTAC: Deep Sea Minerals: Financial Aspects	HQ-based staff	4	2.1
		Short-term Expert	4	2.1
Regional	Regional workshop on capacity building and support frameworks	HQ-based staff	6	2.1
		Short-term Expert	6	2.1
		Resident Advisor	5	2.1
		Resident Advisor	2	2.1
Regional	2014 Steering Committee Meeting	Resident Advisor	3	n.a.
Regional	2015 Steering Committee Meeting	Resident Advisor	4	n.a.
Regional	Training: Managing modern tax administration	Short-term Expert	5	2.8
Regional	Training: Core functions: Taxpayer Services Management	Short-term Expert	5	2.1
Regional	PITAA Annual Meeting	HQ-based staff	4	2.1
		HQ-based staff	3	2.1
		Resident Advisor	5	2.1
Regional	Training: Managing modern tax administration	Short-term Expert	3	2.8
Regional	Training: Core functions: Arrears filing and returns	Short-term Expert	5	2.3
Regional	Training : Industry compliance issues	Short-term Expert	10	2.5
Regional	Training: Compliance Risk Management approach	Short-term Expert	4	2.8
Regional	Training : Regional Models on Disaster Recovery and IT Strategies	Short-term Expert	21	2.6

Financial Sector Supervision

Country	Description	Advisor Type	Mission Days	RBM Codes
Kiribati	Introduction: credit union statutory reporting program	Resident Advisor	8	3.8, 3.9
Palau	Workshop: introduction of a new oversight protocol for credit unions	Resident Advisor	12	3.9,3.10
	PFTAC Credit Union Program, Deploy Statutory reporting templates	Resident Advisor	5	3.9
Samoa	Mission to Central Bank Samoa (IMF Staff Visit)	Resident Advisor	6	n.a.
Timor Leste	Credit Union Law	Resident Advisor	5	3.9
	Timor-Leste Credit Union Legislation and oversight mission	Resident Advisor	5	3.9
Tonga	On -site examination TA	Resident Advisor	15	3.3-3.6
	TA: preparedness for the on-site examination of a commercial Bank	Resident Advisor	5	3.4, 3.5,
	On site examination of a commercial Bank	Resident Advisor	14	3.4, 3.5
Tuvalu	TA: Establishing Banking Commission	Resident Advisor	8	3.8
Regional	Mission to World Council of Credit Unions Conference	Resident Advisor	4	3.9
Regional	2014 Steering Committee meeting	Resident Advisor	3	3.10
Regional	2015 Steering Committee Meeting	Resident Advisor	4	3.10
Regional	PFTAC AFSPC Annual Meeting and Workshop	Resident Advisor	3	3.3-3.4
Regional	Examiner workshop: Consolidated Supervision	Short-term Expert	5	3.3-3.4
Regional	Credit Union Pacific Congress Workshop	Resident Advisor	4	3.9, 3.10
Regional	Governors meeting	Resident Advisor	4	3.3, 3.5, 3.10
Regional	Credit union Legal workshop	Resident Advisor	5	3.9
Regional	TA in Credit Union Law: Seminar (with PFTAC)	H!-based staff	5	n.a.
Regional	Northern Region Annual Banking Supervision Workshop	Resident Advisor	5	3.3-3.4
Regional	Regional AFSPC Annual Meeting and Workshop	Resident Advisor	3	3.10
Regional	Workshop: Managing a Risk Based Banking Supervision Department	Short-term Expert	6	3.3-3.4
Regional	Southern Pacific Regional Banking Supervision Workshop	Resident Advisor	5	3.3-3.4
		Short-term Expert	5	

Macroeconomic Statistics

Country	Description	Advisor Type	Mission Days	RBM Codes
Fiji	National Accounts - Strengthening Annual Methodology (1)	Resident Advisor	2	4.3,4.4,4.5, 4.7,4.9
	National Accounts and PPI	Resident Advisors	4	4.3,4.4,4.5, 4.7,4.9
	Review of experimental annual GDP estimates by expenditure and income	Resident Advisors	10	4.1,4.5,4.7
	PFTAC: National Accounts - Quarterly (1) - GDP by production	Resident Advisor	5	4.4,4.5,4.7
FSM	PFTAC: National Accounts - Strengthening Annual Methodology (1)	Resident Advisor	5	4.5,4.6
Kiribati	National Accounts development of GDP estimates by expenditure	Resident Advisor	5	4.4,4.5,4.7, 4.9
	National accounts production	Resident Advisor	4	4.3,4.4,4.5, 4.7,4.9
Niue	National Accounts Update and Methodology Review	Resident Advisor	6	4.5-4.7
Nauru	National Accounts methodology review and improvements compilation of 2012-13 GDP estimates by production	Resident Advisor	10	4.1,4.5,4.7
	Balance of Payments methodology review and improvements compilation of 2012-13 estimates	Short-term Expert	21	4.4,4.5,4.7
	Balance of Payments Statistics	Short-term Expert	12	4.6, 4.9
	National Accounts methodology review and improvements compilation of 2013-14 GDP estimates by production	Resident Advisor	7	4.5,4.7
Papua New Guinea	National Accounts - Strengthening methodologies for the compilation of annual national accounts	Resident Advisors	33	4.2,4.5,4.7
RMI	National Accounts, methodology review and improvements, compilation of 2012-2013 GDP estimates by production	Resident Advisor	7	4.4,4.5,4.7, 4.9
Solomon Is.	National accounts: compilation of GDP estimates and review of preliminary HIES data	Resident Advisor	20	4.2,4.5,4.7
	HIES Analysis and National Accounts Rebase	Resident Advisor	5	4.5,4.7
	National Accounts - Strengthening Annual Methodology and preparation of the GDP rebase	Resident Advisor	12	4.1,4.5,4.7
Tonga	National Accounts - Strengthening Annual Methodology and review of 2013-14 annual GDP estimates	Resident Advisor	5	4.1,4.5,4.7
Tuvalu	National Accounts Update and Methodology Review	Resident Advisor	10	4.5,4.6

Country	Description	Advisor Type	Mission Days	RBM Codes
Regional	2014 Steering Committee Meeting	Resident Advisor	3	n.a.
		Resident Advisor	3	n.a.
Regional	2015 Steering Committee Meeting	Resident Advisor	4	n.a.
		Resident Advisor	4	n.a.
Regional	Pacific Leadership Forum	Resident Advisor	4	n.a.
Regional	Training course on the use of HIES data for the compilation of GDP estimates and CPI	Resident Advisor	5	4.5-4.7
		Resident Advisor	5	4.5-4.7
Regional	Training course on methodologies and data sources used for the compilation of national accounts estimates in constant prices	HQ-based Staff	5	4.5-4.7
		Resident Advisor	5	4.5-4.7
		Resident Advisor	5	4.5-4.7
Regional	PSSC meeting	Resident Advisor	4	4.5,4.9
		Resident Advisor	4	4.5,4.9
Regional	Training: National Accounts - GDP Compilation Workshop	Resident Advisor	13	4.3-4.6
		Resident Advisor	13	4.3-4.6
Regional	Training on National Accounts Statistics	Resident Advisor	13	4.5,4.6
		Resident Advisor	13	4.5,4.6
Regional	Workshop to develop a standard approach for incorporation of household income	Resident Advisor	5	4.6
		Resident Advisor	5	4.6

Macroeconomic Analysis and Forecasting

Country	Description	Advisor Type	Mission Days	RBM Codes
Cook Islands	Develop integrated macro-fiscal monitoring/projection framework	Short-term Expert	5	5.1-5.2
		Resident Advisor		
Fiji	Develop integrated macro-fiscal monitoring/projection framework Briefing with the new PFTAC Macroeconomic Advisor	Resident Advisor	5	5.1-5.2
		Short-term Expert	3	n.a.
Palau	Technical assistance on long-term fiscal planning	Short-term Expert	7	5.2-5.3
Papua New Guinea	Develop macro monitoring/projection framework Develop macro monitoring/projection framework and inflation forecasting methodology	Resident Advisor	15	5.1
		Resident Advisor Short-term Expert	5	5.1
Samoa	Develop Samoan Economic and Revenue Forecasting (SERF) model Develop macro monitoring/projection framework and inflation forecasting methodology	Resident Advisor	13	5.1-5.3
		Short-term Expert Resident Advisor	5 10	5.1-5.3 5.1
Solomon Is.	Develop simplified financial programming framework	Resident Advisor	10	5.1
		Short-term Expert	7	5.1
Tonga	Train staff on how to update the macroeconomic framework for the budget preparation process	Resident Advisor	5	5.1
Vanuatu	Develop simplified financial programming framework	Resident Advisor	10	5.1
Regional	2014 Steering Committee Meeting	Resident Advisor	2	n.a.

Country	Description	Advisor Type	Mission Days	RBM Codes
Regional	2015 Steering Committee meeting	Resident Advisor	3	n.a.
		Short-term Expert	4	n.a.
Regional	Workshop on long-term fiscal planning	Short-term Expert	10	5.1-5.2
Regional	Workshop: Incorporating natural disaster Risk into Fiscal Planning	Short-term Expert	2	5.1-5.2

Meetings, Seminars and Training in FY2015

TA Sector	Description	Location	Number of Participants
PFM	Deep Sea Mineral Financial Aspects Workshop	Cook Islands	78
	International Accounting Standards Workshop	Fiji	48
	PFM Strategic Development Program	Canberra	20
Revenue	Training: Managing modern tax administration	Fiji	24
	Training: Core functions: Taxpayer Services Management	Fiji	15
	Capacity building and support frameworks Workshop	Fiji	16
	Pacific Islands Tax Administrators Association Annual Meeting	Fiji	38
	Improving Compliance Strategy Workshop	FSM	20
	Managing modern tax administration	Fiji	20
	Industry Partnerships Workshop	Fiji	25
	Arrears, Filing and Payment Workshop	Fiji	25
	Compliance Risk Management Workshop	Fiji	25
Regional Models on Disaster Recovery and IT Strategies	Fiji	21	
Financial Supervision	Northern Region Annual Banking Supervision Workshop	Guam	9
	PFTAC Regional AFSPC Annual Meeting	Papua New Guinea	16
	Examiner workshop: Consolidated Supervision	Fiji	24
	Credit union Legal workshop	Guam	10
	Workshop: Managing a Risk Based Banking Supervision Department	PNG	16
	Southern Pacific Regional Banking Supervision Workshop	Samoa	19
Statistics	Training course on the use of HIES data for the compilation of GDP estimates and CPI	Vanuatu	19
	Training course on methodologies and data sources used for the compilation of national account estimates in constant prices	Fiji	17

	Pacific Leadership Forum	Fiji	30+
	National Accounts GDP Compilation Workshop(1)	Guam	6
	National Accounts GDP Compilation Workshop(2)	Guam	8
Macro-economics	Long Term Fiscal Planning Workshop	Suva	25
	Incorporating Disaster Risks into Fiscal Planning	Suva	25
Other Meetings	2014 PFTAC Steering Committee Meeting	Nadi	60
	2015 PFTAC Steering Committee Meeting	Cook Islands	55

ANNEX V: PFTAC RESULTS-BASED MANAGEMENT LOGICAL FRAMEWORK FY2016

Objective: Improved economic management and economic growth in the Pacific Islands

Regional Program Objective	Verifiable Indicators	Progress on Indicators	General Risks/Assumptions/ Risk Mitigation
<p>1. Improved public financial management.</p>	<p>Progress relative to the May 2014 baseline, as measured by the “Percent of Members with Repeat PEFA’s showing Improvement or No Change with an A or B rating in both years”:</p> <ul style="list-style-type: none"> • the 4 indicators for “Credibility of the Budget” • the 6 indicators for “Comprehensiveness and Transparency” • 2 indicators (#11 & 12) for “Policy-Based Budgeting” • The 4 indicators for “Accounting, Recording, and Reporting” • The 3 indicators for “External Scrutiny and Audit” <p>Improvements in PFM systems noted in other qualitative assessments.</p>	<p>All but 2 of the PFTAC countries have now had at least 1 formal PEFA Assessment, but both of these have been through a PFTAC coordinated self-assessment.</p> <p>PFTAC has constructed a database of indicators used to monitor PFM progress.</p> <p>Summaries of up-to-date PEFA results will be presented in PFTAC’s Annual Reports and will be reported to FEMM on a periodic basis.</p> <p>As of February 2015, 8 PFTAC Members have had repeat PEFA Assessments. Since the FY2014 Annual Report, only the Cook Islands has undergone an external PEFA, but review by the PEFA Secretariat has not been completed, so no changes can be reported at this time from the results shown in Annex VI of the FY2014 Report. Preliminary results, however, suggest improvements in several areas</p>	<p>Requires political commitment to implementing PFM reform roadmaps.</p> <p>Sustained progress is dependent on broader reforms to the public sector, including recruitment, retention and remuneration.</p> <p>Coordinated development partner financial and technical support required for implementation of PFM reforms.</p>
<p>2. Broader-based and more efficient revenue systems.</p>	<p>Improved ratio of tax collected to administration expenses.</p> <p>Improved rankings on benchmarking of regional tax administrations.</p>	<p>IMF’s RA-FIT first cut of data has been finalized and a second round is now in process. The results will be published on the database.</p> <p>PITAA benchmarking is conducted bi-annually and the next round will be completed at the end of the PFTAC program cycle.</p>	<p>Political commitment to tax reform and adequate resourcing of tax administrations are essential for improved revenue collections.</p>

Regional Program Objective	Verifiable Indicators	Progress on Indicators	General Risks/Assumptions/ Risk Mitigation
<p>3. Increased resolution and minimization of the risk factors identified in the financial system.</p>	<p>Timely assessment of the condition and performance of individual banks and the overall banking system by supervisory authorities.</p> <p>Increased frequency of on-site examinations of financial institutions.</p> <p>Greater compliance with Basel Core Principles across the Pacific.</p>	<p>Central Banks and supervisory authorities currently maintain adequate off-site data on the condition of the banking system and timeliness and quality of the data continue to be enhanced with the completion of the prudential returns program.</p> <p>Off-site supervision is performed by most jurisdictions. On-site examinations are performed by all regulatory authorities and most are planning to upgrade the level of and intensity of the examinations curriculum with the support of PFTAC through a defined on-site examination program.</p> <p>The credit union sector in most countries is expected to be enhanced through a comprehensive review of legislation and capacity building of the oversight regime.</p>	<p>Adequate financial and staff resources needed in supervisory institutions.</p>
<p>4. More timely and reliable economic statistics.</p>	<p>Improvement in PIC statistical capacity indicator scores;</p> <p>Improved GDDS participation and compliance.</p> <p>Increased quarterly publication of GDP and expenditure measures.</p>	<p>Statistical capacity indicators will be monitored through the World Bank's public database.</p> <p>Since the start of Phase IV, 7 more countries have begun participation in the GDDS initiative. An IMF project will focus on improving participation in the GDDS in Papua New Guinea, Samoa, and Timor Leste.</p> <p>Methodology improvements in second GDP measures continued in a number of countries should also enable publication of GDP estimates by expenditure in Fiji and Kiribati and the compilation of quarterly GDP estimates in Fiji. Methodologies and GDP estimates by expenditure should be improved in Papua New Guinea following re-engagement with the national statistics office in collaboration with the Australian Bureau of Statistics.</p>	<p>Requires political commitment and sufficient resourcing of NSOs and other statistical agencies.</p> <p>Increased and better coordinated development partner assistance required for continued progress through the implementation of the phase II of the Ten Year Pacific Statistics Strategy supported by a regional coordination unit and strengthened by several working groups.</p>
<p>5. Improve overall quality of analysis underlying macroeconomic policy.</p>	<p>5.1 Development of integrated macroeconomic monitoring / projection process.</p> <p>5.2 Development of multi-year fiscal planning framework.</p> <p>5.3 Ability to assess debt sustainability.</p>	<p>5.1 Many countries have started to use financial programming frameworks; further training needed to help staff use the frameworks effectively.</p> <p>5.2 Few countries routinely analyze fiscal planning beyond a two-</p>	<p>Requires political commitment to transparency of economic information.</p> <p>Staffing and resourcing of</p>

Regional Program Objective	Verifiable Indicators	Progress on Indicators	General Risks/Assumptions/ Risk Mitigation
	5.4 Incorporate disaster risks into fiscal planning process.	year budget horizon. 5.3 Few countries are able conduct their own debt sustainability assessments. 5.4 Countries have some procedures and measures in place but lack a comprehensive approach.	economic units required. Dependant on data availability and quality. Requires closer coordination between and within institutions.

Public Financial Management Logical Framework FY2016

Objective: Improved public financial management

Measurable Outcome	Country	Progress against Milestones at end-FY2015 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
1.1 At least 1 PEFA assessment conducted in each PFTAC country during the funding cycle with significant country staff involvement and ownership						
	Kiribati	1	Objective: PEFA Self-assessment Output: Self-assessment report	15	Milestone 1: Number of self-assessments conducted	Earlier request
	Tokelau	3	Objective: Conduct a PEFA assessment Output 1: Complete self-assessment Output 2: A final PEFA	20	Milestone 1: Number of self-assessments conducted. Milestone 2: Number of formal assessments conducted with significant country staff involvement	A self-assessment was started in 2014 but is only half complete. Self-assessment should be completed and formal assessment started.
	Tonga	2	Objective: Formal PEFA Output: Completed formal PEFA based on the new framework	30	Milestone 2: Number of formal assessments conducted with significant country staff involvement	
	Vanuatu	1	Objective: Vanuatu MOF staff and officials will develop a PFM Reform Roadmap	30	Milestone 1: Number of self-assessments conducted.	

¹ Ratings defined as follows: 1= Very limited progress towards objective; 2= Some progress towards objective; 3= Substantial progress towards objective; 4= Objective largely or fully achieved.

Measurable Outcome	Country	Progress against Milestones at end-FY2015 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
	Regional	All but 1 of the PFTAC countries have had a self or formal assessment	Output 1: A guided PEFA Self-assessment Output 2: Mentoring of staff to prepare Vanuatu's PFM Reform Roadmap Deliver regional/sub-regional training in areas of identified common interest Output: Revised PEFA Framework	10	Milestone 3: Number of PFM reform roadmaps developed Milestone 1: Number of self-assessments conducted. Milestone 2: Number of formal assessments conducted with significant country staff involvement	
1.2 Reform road maps developed with significant involvement and ownership by country officials following each PEFA assessment						
	FSM	3	Objective: Assess issues and progress on PFM Roadmap development Output: assessment report	10	Milestone 3: Number of PFM reform roadmaps developed	
	Papua New Guinea	1	Objective: Support preparation of a PFM Reform Roadmap following completion of the PEFA Output: A roadmap for endorsement by the management council	30	Milestone 3: Number of PFM reform roadmaps developed	
	RMI	4	Objective: Strengthen capacity to operationalize PFM Reform Plan Output: PFM Reform Operational and Capacity-building support Strategy	10	Milestone 3: Number of PFM reform roadmaps developed	PFM Roadmap drafted around Feb 2013, recently approved by Cabinet. Requests for TA initially identified in some areas such as amending PFM Act, and Procurement Code, but have to validate whether the issues are on the legal

Measurable Outcome	Country	Progress against Milestones at end-FY2015 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
						frameworks or the processes or outputs involved. PFTAC LTX
1.3 Modernized legal frameworks and financial instructions implemented						
	Fiji	3	Objective: Revision of legal framework Output: Revised implementing instructions	40	Milestone 4: Number of countries with identified legal obstacles (in law or financial instructions) to implementing good PFM practice who were provided TA for improvements. Milestone 5: % of assisted countries adopting and implementing recommended changes	PFTAC provided STX (Richard Emery) to review the current FMA and related laws. A draft with revisions was produced and is currently undergoing internal MOF review. Additional STX (work from home) is likely to be needed in the Jan-March period as a final version for presentation to Parliament is developed.
1.3 Modernized legal frameworks and financial instructions implemented						
	Nauru	1	Objective: Government adopts implementing instructions for budget execution consistent with the capabilities of their recently updated FMIS Output: Revised Implementing Instructions	30	Milestone 4: Number of countries with identified legal obstacles (in law or financial instructions) to implementing good PFM practice who were provided TA for improvements. Milestone 5: % of assisted countries adopting and	

Measurable Outcome	Country	Progress against Milestones at end-FY2015 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
					implementing recommended changes	
	Tonga	3	Objective: Legal framework improvement Output: Review current PFM law and related laws and recommend changes for PFM more attuned to good international practice	20	Milestone 4: Number of countries with identified legal obstacles (in law or financial instructions) to implementing good PFM practice who were provided TA for improvements. Milestone 5: % of assisted countries adopting and implementing recommended changes	
1.6 : Budgeting Becomes More Policy Focused with a Medium-term Orientation						
	Fiji	2+	Objective: Improve medium-term focus of the annual budget process Output: Narrative in budget detail document improves with more policy focus and out-year estimates of spending requirements more accurately reflects stated policy	10	Milestone 17: Budget process shows evidence of a multi-year perspective in fiscal planning, expenditure policy and budgeting.	Fiji made major improvements in budget document content in its 2015 budget by adding narrative at the program/activity level
	Fiji	2+	Objective: Improve medium-term focus of the annual budget process Output: Reviews of non-tax revenues incorporated into regular annual budget process	10	Milestone 17: Budget process shows evidence of a multi-year perspective in fiscal planning, expenditure policy and budgeting.	

Measurable Outcome	Country	Progress against Milestones at end-FY2015 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
	Niue	1	Objective: Improve medium-term focus of the annual budget process Output: An improved budget document integrating policy plans with financial forecasts	10	Milestone 16: Budget process is orderly and allows adequate time for meaningful participation by line ministries, Cabinets, and Parliaments. Milestone 17: Budget process shows evidence of a multi-year perspective in fiscal planning, expenditure policy and budgeting.	
	RMI	1	Objective: Assist with identification of options for making Social security sustainable	15	Milestone 17: Budget process shows evidence of a multi-year perspective in fiscal planning, expenditure policy and budgeting.	
	Solomon Islands	2	Objective: MOF and key line ministry staff conduct reviews of non-tax revenues Output: MOF and line ministry staff prepare reviews of non-tax revenues with recommendations for adjustments consistent with social equity concerns	10	Milestone 17: Budget process shows evidence of a multi-year perspective in fiscal planning, expenditure policy and budgeting.	
	Tonga	4	Objective: Improve integration of planning and budgeting with a multi-year focus Output: Secondment of Tonga budget officials to Fiji Budget Department and/or workshop in Tonga supported by Fiji budget analysts focused on budget document improvement	5	Milestone 16: Budget process is orderly and allows adequate time for meaningful participation by line ministries, Cabinets, and Parliaments. Milestone 17: Budget process shows evidence of a multi-year perspective in fiscal planning, expenditure policy and budgeting.	

Measurable Outcome	Country	Progress against Milestones at end-FY2015 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
	Vanuatu	2	Objective: Assist authorities to develop process and procedures for reviews of non-tax revenues Output: In country mentoring of analyst reviews	10	Milestone 17: Budget process shows evidence of a multi-year perspective in fiscal planning, expenditure policy and budgeting.	Work started in FY2014; sub-regional workshop is also plan for late FY2015 involving Fiji, Solomon Islands, and Vanuatu
	Regional (1)		Deliver regional/sub-regional training in areas of identified common interest Output: Issues in Pension Policy and Finance (Sub-regional: RMI, FSM, Palau)	15	Milestone 17: Budget process shows evidence of a multi-year perspective in fiscal planning, expenditure policy and budgeting.	
	Regional (2)	Average= 1+	Deliver regional/sub-regional training in areas of identified common interest Output: Analyzing non-tax revenues (Sub-regional: Fiji, Solomon Islands, Vanuatu)	20	Milestone 17: Budget process shows evidence of a multi-year perspective in fiscal planning, expenditure policy and budgeting.	
1.7 : Budget Execution Progresses Toward International Standards						
	Papua New Guinea	2	Objective: Improved cash management Output: Report recommending actions to improve PNG's cash management	25	Milestone 18: Ministries are provided good cash flow information on the periodic availability of funds for commitment of expenditures	
		2	Objective: Accelerated implementation of PNG's "new" IFMS Output: Various reports, implementation support and periodic implementation reviews	30	Milestone 20: Personnel database and payroll are directly linked to ensure data consistency and monthly reconciliation. Milestone 22: Comprehensive expenditure commitment controls are in place and effectively limit commitments to actual cash availability and	PFTAC STX Jim Ramsey has conducted several missions to PNG to re-energize implementation of the new IFMS. Finance Secretary has made several changes in personnel and organization as a result of Mr. Ramsey's

Measurable Outcome	Country	Progress against Milestones at end-FY2015 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
					approved budget allocations	recommendations, including the recent appointment of a Chief Information Officer. A request from the Finance Secretary for continued periodic implementation reviews is likely.
	Tonga	1	Objective: Prepare specifications for an FMIS upgrade Output 1: Draft detailed specifications per module Output 2: Improved budget classification and Chart of Accounts	40	Milestone 20: Personnel database and payroll are directly linked to ensure data consistency and monthly reconciliation. Milestone 22: Comprehensive expenditure commitment controls are in place and effectively limit commitments to actual cash availability and approved budget allocations	
	Vanuatu	1	Objective: Improve internal audit business processes Output 1: Further training/mentoring in using Teammate software for internal audit function Output 2: Guided methodology for a risk-based audit process	15	Milestone 23: Action by management on internal audit findings is prompt and comprehensive across central government entities.	Assistance started in FY2015
1.8 : Accounting, Recording and Reporting improves in line with international standards						
	Cook Islands	2	Purpose: Strengthen capacity of ministries on fiscal transparency and accountability Output: Proposed improvements to the	28	Milestone 26: In-year budget reports allowing direct comparison to the original budget are prepared	Note: Recent high turnover of MOF staff due primarily to higher level job offers

Measurable Outcome	Country	Progress against Milestones at end-FY2015 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
			fiscal reporting framework of line ministries		quarterly or more frequently, and issued within 4 weeks of end of period.	may result in more requests for training by PFTAC. Finance Secretary is former employee of the Australian DOF. Last PFM Reform Roadmap was led by him and CI MOF staff. Future TA from PFTAC identified by the Finance Secretary include review of the PFM Act; improving fiscal responsibility reporting of ministries and other public entities.
	Fiji	1+	Objective: Accounting, Recording and Reporting Improves in line with international standards Output: Progress review of the accrual accounting transition plan, and capacity-development support from time to time	5	Milestone 27: A consolidated government financial statement is prepared annually according to internationally acceptable standards; submitted to external audit within 6 months of fiscal year end, and includes full information on revenue, expenditure and financial assets/liabilities.	
	Samoa	2	Objective: Strengthen capacity to operationalize Treasury-related reforms Output 1: Operational strategy to improve financial reporting framework Output 2: Operational strategy to improve	42	Milestone 26: In-year budget reports allowing direct comparison to the original budget are prepared quarterly or more frequently, and issued within 4 weeks of end of	oral request- For these activities, no other donor was identified.

Measurable Outcome	Country	Progress against Milestones at end-FY2015 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
			oversight of SOEs		period. Milestone 27: A consolidated government financial statement is prepared annually according to internationally acceptable standards; submitted to external audit within 6 months of fiscal year end, and includes full information on revenue, expenditure and financial assets/liabilities.	
	Solomon Islands	3	Objective: Improve accounting system towards making it compliant to the new PFM Act Output: Transition Strategy from Cash to Accrual Basic	29	Milestone 27: A consolidated government financial statement is prepared annually according to internationally acceptable standards; submitted to external audit within 6 months of fiscal year end, and includes full information on revenue, expenditure and financial assets/liabilities.	
	Regional (3)		Deliver regional/sub-regional training in areas of identified common interest Output: Strategic Development Program (with AusDOF) Feb 17-28 – Budget Execution for Results; H2:16 TBD	20		

Revenue Policy and Administration FY2016

Objective: Broader-based and more efficient revenue systems

Measurable Outcome	Country	Progress against Milestones at end-FY2015 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
2.3 Modern and integrated processes are adopted to verify & maintain taxpayer information & compliance obligations (registration, filing, and payment).						
	FSM	3	Objective: Improve core tax functions (taxpayer services, audit and arrears). Outcome: Increased revenues and higher taxpayer satisfaction	22	Improved management of core tax functions facilitating improved compliance	Continue with STX/LTX missions and invite participation of PFTAC/PITAA workshops. (STX 12 person days -LTX 10 person days)
	Fiji	1	Objective: Improve core tax functions (taxpayer services, audit and arrears). Outcome: Increased revenues and higher taxpayer satisfaction (3 missions)	56	Improved management of core tax functions facilitating improved compliance	Continue with STX/LTX missions and invite participation in PFTAC/PITAA workshops. (STX 36 - LTX 20 person days)
	Palau	4	Objective: Strengthen core tax functions. Outcome: Increased revenues and higher taxpayer satisfaction	19	Improved management of core tax functions facilitating improved compliance	Continue with LTX and STX missions and invite participants to PFTAC/PITAA workshops. (STX 12 person days - LTX 7 working days)

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Measurable Outcome	Country	Progress against Milestones at end-FY2015 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
	Nauru	2	Objective: Implement a Business Tax Regime. Outcome: Business Tax Regime implemented	17	Implementation of a Business Tax Regime.	Continue with LTX/ STX missions and invite participants to PFTAC/PITAA workshops. (STX 12 person days - LTX 5 person days)
	RMI	4	Objective: Strengthen core tax functions. Outcome: Increased revenues and higher taxpayer satisfaction	17	Improved management of core tax functions facilitating improved compliance	Continue with STX/LTX missions and invite participation in PFTAC/PITAA workshops. (STX 12 person days - LTX 5 working days)
2.4 Business systems & processes are based on risk-management principles: 2.5 Compliance improvement strategies use a mixture of service and enforcement approaches.						
	FSM	3	Objective: Strengthen compliance and risk management capability. Outcome: Higher taxpayer satisfaction and increased revenues	22	Risk based Compliance Improvement Strategy implemented	Continue with STX/LTX missions to strengthen compliance management and invite participation of PFTAC/PITAA workshops. (STX 12 person days - LTX 10 person days = 22 days)
	Fiji	3	Objective: Strengthen compliance and risk management capability. Outcome: Higher taxpayer satisfaction and increased revenues (3missions)	66	Risk based Compliance Improvement Strategy implemented	Continue with STX/LTX missions focused primarily on identifying and treating risk. Invite participation in PFTAC/PITAA workshops. (STX 36 person days - LTX 30 person days)

Measurable Outcome	Country	Progress against Milestones at end-FY2015 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
	Kiribati	3	Objective: Strengthen compliance and risk management capability. Outcome: Higher taxpayer satisfaction and increased revenues	17	Introduction of a risk based Compliance Improvement Strategy	Continue with STX/LTX missions and invite participation in PFTAC/PITAA workshops. (STX 12 person days - LTX 5 working days)
	Samoa	1	Objective: Strengthen compliance and risk management capability. Outcome: Higher taxpayer satisfaction and increased revenues	19	Risk based Compliance Improvement Strategy implemented	Continue with LTX and STX missions and invite participants to PFTAC/PITAA workshops. (STX 12 person days - LTX 7 person days)
	Tonga	2	Objective: Strengthen compliance, risk management capability and self assessment. Outcome: Higher taxpayer satisfaction and increased revenues	34	Introduction of a risk based Compliance Improvement Strategy	Continue with LTX and STX missions and invite participants to PFTAC/PITAA workshops. (STX 24 person days - LTX 10 person days)
	Tuvalu	3	Objective: Strengthen compliance and risk management capability. Outcome: Higher taxpayer satisfaction and increased revenues	17	Introduction of a risk based Compliance Improvement Strategy	STX/LTX missions and invites participation to PFTAC/PITAA workshops. (STX 12 person days - LTX 5 person days)
	Vanuatu	3	Objective: Strengthen compliance and risk management capability. Outcome: Higher taxpayer satisfaction and increased revenues	12	Introduction of an updated risk based Compliance Improvement Strategy.	Continue with LTX missions and invite participation to PFTAC/PITAA workshops. (LTX 12 person days)

Measurable Outcome	Country	Progress against Milestones at end-FY2015 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
2.5 Compliance improvement strategies use a mixture of service and enforcement approaches.						
	Palau	4	Objective: Strengthen compliance and risk management capability. Outcome: Higher taxpayer satisfaction and increased revenues	17	Risk based Compliance Improvement Strategy implemented	Continue with STX/LTX missions and invite participation in PFTAC/PITAA workshops. (STX 10 person days - LTX 7 person days)
2.8 Good corporate strategies, business planning processes and management information reports are adopted, implemented and updated regularly.						
	Fiji	2	Objective: Develop a change management plan to support modernization. Outcome: Securing buy-in and support of staff at all levels.	40	Introduction of a project based change management plan to support implementation of the new Corporate Strategy	STX mission to provide a structured plan change management plan to facilitate implementation of new strategic objectives. (STX 20 person days - LTX 20 working days)
	RMI	4	Objective: Develop a strategic plan and business plan: Outcome: Issues identified that provide the basis for achieving strategic goals.	15	Adoption of a Strategic Plan and Business Plan	Continue with STX/LTX missions and invite participation in PFTAC/PITAA workshops. (STX 10 person days - LTX 5 person days)

Measurable Outcome	Country	Progress against Milestones at end-FY2015 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
2.9 The organization is transparent and accountable with adequate dispute resolution processes.						
	Fiji	3	Objective: Develop a public and private rulings process. Outcome: Increased professionalism and certainty for taxpayers	12	Increased professionalism and certainty for taxpayers	STX - postponed from previous FY
	Kiribati	3	Objective: Strengthen core tax functions. Outcome: Increased revenues and higher taxpayer satisfaction	17	Improved management of core tax functions facilitating improved compliance	Continue with STX/LTX missions and invite participation in PFTAC core tax function workshops. (STX 12 person day - LTX 5 person days)

Financial Sector Supervision Logical Framework FY2016

Objective: Increased resolution and minimization of the risk factors identified in the financial system.

Measurable Outcome	Country	Progress against Milestones at end-FY2015 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
3.1 Development and Implementation of Prudential Returns						
	Cook Islands Palau Solomon Islands Tonga Vanuatu	5	None		Banks are submitting returns Production of reports	Implemented
3.2 Implementation of Financial Sector Information System (FSIS)						
	Vanuatu	5	None		FSIS operational	Implemented. Further deployment cancelled owing to decision by RBNZ to cease support.

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Measurable Outcome	Country	Progress against Milestones at end-FY2015 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
3.3 Strengthened Off-site Supervision						
	Timor-Leste	3	Sourcing Central Bank data collection system to support the Banking Supervision Function and other applications.	10	A bid proposal is drafted for the procurement of a Central Bank FSIS.	PFTAC was asked for assistance in located a commercial FSIS application. ADB and Dfat will provide additional support.
	Tonga (1)	4	Examination Preparedness	6	Engagement letter issued. Financial ratio and composite ratings established	The examination team is ready to perform the on-site examination of a bank
	Regional		Northern Region Workshop on Examination preparedness	10	Examination engagement letter, composite ratings and ratio analysis is completed for one examination	The LTX with the support of one STX will hold a workshop in Guam for Supervisors from Palau, FSM and Marshall Islands on the use of off-site supervision to support on-site examinations
3.4 Strengthened On-site Examination						
	Fiji	4	Advanced workshop on a topic relevant to the examination of a commercial bank	6	Banking Supervision staffs are provided with increased knowledge on the subject matter.	STX will deliver a workshop on a topic relevant to the Core Principle on Banking Supervision
	FSM	3	On-site examination of a commercial Bank	18	Examination report issued	STX will provide TA in the execution of an on-site examination, including the delivery of a 3 day workshop on a topic relevant to the examination.

Measurable Outcome	Country	Progress against Milestones at end-FY2015 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
	Palau	3	On-site examination of a commercial Bank	12	Examination report issued	STX will provide TA in the execution of an on-site examination, including the delivery of a 3 day workshop on a topic relevant to the examination.
	Papua New Guinea	4	Advanced workshop on a topic relevant to the examination of a commercial bank	5	Banking Supervision staffs are provided with increased knowledge on the subject matter.	STX will deliver a workshop on a topic relevant to the Core Principle on Banking Supervision
	RMI	3	On-site examination of a commercial Bank	15	Examination report issued	STX will provide TA in the execution of an on-site examination, including the delivery of a 3 day workshop on a topic relevant to the examination.
	Samoa (1)	4	On-site examination of a commercial Bank	15	Examination report issued	STX will provide TA in the execution of an on-site examination, including the delivery of a 3 day workshop on a topic relevant to the examination.
	Solomon Islands (1)	3	On-site examination of a commercial Bank	18	Examination report issued	STX will provide TA in the execution of an on-site examination, including the delivery of a 3 day workshop on a topic relevant to the examination.
	Timor Leste (1)	2	On-site examination of a commercial Bank	18	Examination report issued	STX will provide TA in the execution of an on-site examination, including the delivery of a 3 day workshop on a topic relevant to the

Measurable Outcome	Country	Progress against Milestones at end-FY2015 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
	Tonga (1)	4	On-site examination of a commercial Bank	12	Examination report issued	examination. PFTAC LTX will provide TA in the execution of an on-site examination,
	Vanuatu (1)	3	On-site examination of a commercial Bank	18	Examination report issued	STX will provide TA in the execution of an on-site examination, including the delivery of a 3 day workshop on a topic relevant to the examination.
	Regional (1)		Workshop on Basel Core Principles on Banking Supervision Questionnaire	7	Countries will complete the Questionnaire	MCM will introduce and lead the workshop at the AFSPC annual meeting
3.5 Development of Standardized Examination Reports						
	FSM	3	On-site examination of a commercial Bank	15	Examination report issued	STX will provide TA in the execution of an on-site examination, including the drafting of the final report
	Marshall Is.	3	On-site examination of a commercial Bank	12	Examination report issued	STX will provide TA in the execution of an on-site examination, including the drafting of the final report
	Palau	3	On-site examination of a commercial Bank	15	Examination report issued	STX will provide TA in the execution of an on-site examination, including the drafting of the final report

Measurable Outcome	Country	Progress against Milestones at end-FY2015 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
	Samoa (1)	4	On-site examination of a commercial Bank	18	Examination report issued	STX will provide TA in the execution of an on-site examination, including the drafting of the final report
	Solomon Islands (1)	3	On-site examination of a commercial Bank	18	Examination report issued	STX will provide TA in the execution of an on-site examination, including the drafting of the final report
	Tonga (1)	4	On-site examination of a commercial Bank	10	Examination report issued	STX will provide TA in the execution of an on-site examination, including the drafting of the final report
	Vanuatu (1)	3	On-site examination of a commercial Bank	18	Examination report issued	STX will provide TA in the execution of an on-site examination, including the drafting of the final report
3.8 Modernized Legal Framework				(Support from the IMF Legal Department)		
	Fiji	4	Workshop on drafting a Credit Union Act	9	Draft Credit Union Act completed and ready for submission to legislative authorities	The Legal Department will be the lead with support from PFTAC's LTX
	FSM	4	Support Banking Commission with public consultation (Credit Union Act)	10	Consultation on new Act held.	PFTAC's LTX will support the Banking Commission with this task.
	Kiribati	4	Support drafting Credit Union Act	7	Draft Credit Union Act completed and ready for submission to legislative authorities	The Legal Department will be the lead with support from PFTAC's LTX

Measurable Outcome	Country	Progress against Milestones at end-FY2015 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
	Palau	4	Support Banking Commission with public consultation (Credit Union Act)	10	Credit Union Act passed by Congress	PFTAC's LTX will support the Banking Commission with this task.
	Samoa	4	Support drafting Credit Union Act	10	Draft Credit Union Act completed and ready for submission to legislative authorities	The Legal Department will be the lead with support from PFTAC's LTX
	Timor-Leste	2	Support drafting Credit Union Act	10	Draft Credit Union Act completed and ready for submission to legislative authorities	The Legal Department will be the lead with support from PFTAC's LTX
	Tonga	4	Support drafting Credit Union Act	10	Draft Credit Union Act completed and ready for submission to legislative authorities	The Legal Department will be the lead with support from PFTAC's LTX
	Tonga	4	Revise Prudential Guidelines	10	Prudential Guidelines are compatible with the new FI Act	Legal STX will review and revise the Guidelines.
	Tuvalu	4	Implement an appropriate Banking oversight regime	10	New Banking oversight in place	Review current Act and amend as required
	Vanuatu	3	Support drafting Credit Union Act	10	Draft Credit Union Act completed and ready for submission to legislative authorities	The Legal Department will be the lead with support from PFTAC's LTX
	Regional	2	Group workshop on drafting a Credit Union Act	10	Draft Credit Union Act completed and ready for submission to legislative authorities	The Legal Department will be the lead with support from PFTAC's LTX

Measurable Outcome	Country	Progress against Milestones at end-FY2015 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
3.9 Non-banks, Credit unions, and Microfinance institutions have Strengthened Legal, Supervisory and Operational Frameworks						
	Fiji	3	Capacity Building Supervisory Oversight and sector financial reporting	10	Oversight of Credit Unions with Reserve Bank and financial reporting in place and analyzed by the Supervisor.	PFTAC's LTX will provide TA in developing and implementing standard financial reporting and provide training on how to perform the oversight of the sector.
	Kiribati	4	Capacity Building Supervisory Oversight and sector financial reporting	10	Oversight of Credit Unions with Registrar and financial reporting in place and analyzed by the Registrar.	PFTAC's LTX will provide TA in developing and implementing standard financial reporting and provide training on how to perform the oversight of the sector.
	Palau	4	Capacity Building Supervisory Oversight and sector financial reporting	10	Oversight of Credit Unions with Banking Commission and financial reporting in place and analyzed by the Commissioner.	PFTAC's LTX will provide TA in developing and implementing standard financial reporting and provide training on how to perform the oversight of the sector.
	Samoa	4	Capacity Building Supervisory Oversight and sector financial reporting	10	Oversight of Credit Unions with Reserve Bank and financial reporting in place and analyzed by the Supervisor.	PFTAC's LTX will provide TA in developing and implementing standard financial reporting and provide training on how to perform the oversight of the sector.
	Timor Leste	2	Capacity Building Supervisory Oversight and sector financial reporting	10	Oversight of Credit Unions with Central Bank and financial reporting in place and analyzed by the Supervisor	PFTAC's LTX will provide TA in developing and implementing standard financial reporting and provide training on how to perform the oversight of the sector.

Measurable Outcome	Country	Progress against Milestones at end-FY2015 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
	Tonga	3	Capacity Building Supervisory Oversight and sector financial reporting	10	Oversight of Credit Unions with Reserve Bank and financial reporting in place and analyzed by the Supervisor.	PFTAC's LTX will provide TA in developing and implementing standard financial reporting and provide training on how to perform the oversight of the sector.
	Vanuatu	3	Capacity Building Supervisory Oversight and sector financial reporting	10	Oversight of Credit Unions with Central Bank and financial reporting in place and analyzed by the Supervisor.	PFTAC's LTX will provide TA in developing and implementing standard financial reporting and provide training on how to perform the oversight of the sector.
3.10 Effective Outreach on Financial Sector Issues						
	Regional (1)		Association Financial Supervisors of Pacific Country AFSPC. Secretariat function	5	Annual Meeting Host; Central Bank of Solomon Islands August 2015	PFTAC LTX will provide a review of activities and his plan for the upcoming year. Members will provide an overview of their country.
	Regional (2)		World Council Credit Union WOCCU Moderator: Break out Session. Denver July 2015	9	Deliver a break out session on Legislative challenges for small jurisdictions.	With support from the LEGAL Dept moderate a session on challenges small countries face with the implementation of Credit Union legislation and its oversight.
	Regional (3)		Credit Unions Pacific Congress Workshop instructor and facilitator	5	Deliver workshops to delegates on topic relevant to the credit union sector.	Topics relevant to the Pacific region

Measurable Outcome	Country	Progress against Milestones at end-FY2015 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
	Regional (4)		Annual Governors' meeting Dec 2015 - RBNZ	5	Outline PFTAC's Financial Sector advisory activities and results for the year.	Presentation will include achievements for the year and forecast for the upcoming year.
	Regional (5)		PFTAC Annual Steering Committee Meeting	5	Provide an overview of results and outline future programs.	Annual review and presentation of activities
	Regional (6)		Regional Partners' Meeting	3	Financial sector Meeting to discuss regional issues	Host: DFAT Australia March 2015
	Regional (7)		Pacifica Microfinance Conference	5	Attend conference and provide input during breakout sessions	Bi-annual conference on Microfinance sector activities within the Pacific region.

Macroeconomic Statistics Logical Framework FY2016

Objective: More timely and reliable economic statistics

Measurable Outcome	Country	Progress against Milestones at end-FY2015 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
4.1 : At least 8 countries compile at least two independent measures of GDP						
	Kiribati	2	National accounts: strengthening methodologies for the compilation of GDP estimates by production and developing an expenditure measure of GDP.	8	Sound methods in place.	
4.2 : Constant price of GDP estimates are rebased at least every 10 years						
	Cook Islands	2	National Accounts Rebase and Methodology Improvements	10	Surveys and other data sources available for rebase	Mission will cover NA and possibly use an STX for BOP. The PNG NSO needs substantial TA to resume regular compilation of national accounts. PFTAC provides TA in collaboration with the Australian Bureau of Statistics.
	Papua New Guinea	1	National Accounts: strengthening methodologies and assist with rebasing GDP estimates in constant prices. Assist with the NSO reform process.	10	Sound methods in place. Rebased GDP estimates in constant prices published.	
	Solomon Islands	1	National accounts: capacity supplementation for the compilation of	12	Sound methods in place. GDP estimates in constant prices	

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Measurable Outcome	Country	Progress against Milestones at end-FY2015 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
			GDP estimates and assistance for the rebasing estimates in constant prices		rebased. 2014 GDP estimates in current and constant old-base year published.	
	Solomon Islands	1	National accounts: depending on progress made in 2015, assist in rebasing of estimates in constant prices and improve methodologies	7	Sound methods in place. Rebased GDP estimates in constant prices compiled and published.	This mission will depend on progress made during 2015
	Vanuatu	3	National Accounts rebase	20	Data analyzed, worksheets being updated.	Postponed from previous FY
4.4 : At least 4 countries compile quarterly national accounts						
	Fiji	2	QNA methodology training	5	Country has QNA methodology under development	
		2	QNA training and publication	5	Country has QNA methodology under development	
4.5 : Data sources are adequate and methodologies are sound						
	Fiji	1	National accounts: assist in the development of 2011 supply-use tables	10	Sound methods in place. 2011 supply-use tables compiled.	PFTAC will also provide TA on an ad-hoc basis during 2015 to assist with this significant undertaking
	FSM	2	National Accounts training and Methodology improvements. Combined with training course.	14	National accounts produced but with major deficiencies	TA Supplemented by sub-regional workshops
	Niue	2	National Accounts Methodology Review and update. BOP Update.	10	National accounts produced but with major deficiencies	National Accounts previously done by SPC.
	Nauru	2	National Accounts: compilation of 2014-15 GDP estimates by production and	8	GDP estimates published.	.

Measurable Outcome	Country	Progress against Milestones at end-FY2015 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
			methodology improvements.			
	Palau	1	National Accounts: TA mission combined with training course	5	Documentation of the compilation process started.	
	Papua New Guinea	1	National Accounts: Strengthening methodologies and assist with GDP estimates in constant prices	5	GDP estimates published.	The PNG NSO needs substantial TA to resume regular compilation of national accounts. PFTAC provides TA in collaboration with the Australian Bureau of Statistics
	Papua New Guinea	2	National accounts: strengthening methodologies and assist with the compilation of GDP estimates in current prices. Assist with rebasing GDP estimates in constant prices. Assist with the NSO reform process.	10	GDP estimates published. The NSO has resumed regular compilation and publication of GDP estimates. Rebased GDP estimates in constant prices compiled.	The PNG NSO needs substantial TA to resume regular compilation of national accounts. PFTAC provides TA in collaboration with the Australian Bureau of Statistics.
	Papua New Guinea	1	National Accounts: strengthening methodologies. Assist with the NSO reform process.	10	Sound methods in place. The NSO has resumed regular compilation and publication of GDP estimates. Rebased GDP estimates in constant prices compiled.	The PNG NSO needs substantial TA to resume regular compilation of national accounts. PFTAC provides TA in collaboration with the Australian Bureau of Statistics.
	RMI	2	National Accounts training and Methodology improvements.	14	National accounts produced but with major deficiencies	TA Supplemented by sub-regional workshops
	Tokelau	2	GDP Estimate			HIES is planned. Combine with mission to Samoa if possible.

Measurable Outcome	Country	Progress against Milestones at end-FY2015 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
	Tonga	3	National Accounts: strengthening annual methodology and review of 2014-15 annual GDP estimates.	20	GDP quality estimates published regularly.	
	Tuvalu	2	National Accounts update, review, training.	16	National accounts produced but with major deficiencies	
	Regional	2	National accounts training course for compilers from PNG and the Solomon Islands focused on methodologies for rebasing national accounts in constant prices and on the incorporation of household survey data in national accounts.	9	Sound methods in place.	
	Regional	2	Participation in the PSSC which coordinates TA in statistics in the region.	2	TA coordination improved. Phase II of the Ten Year Pacific Statistics Strategy implemented.	Coordination with the SPC which plays a key role in the Committee has been challenging.
	Regional	2	National accounts training course	5	Sound methods in place.	
	Regional	2	Participation in the PSSC which coordinates TA in statistics in the region.	2	TA coordination improved. Phase II of the Ten Year Pacific Statistics Strategy implemented.	Coordination with the SPC which plays a key role in the Committee has been challenging.
4.8 : Price statistics are of good quality and base years up to date						
	Fiji	2	PPI Development and Training	20	PPI development underway. Price collections, weights available.	PPI for manufacturing published. ABS expected to provide further assistance with PFTAC financial support.

Measurable Outcome	Country	Progress against Milestones at end-FY2015 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
	Vanuatu	1	CPI Rebase and Training.	20	CPI produced, carry-over imputations, no item replacement, weights out of date.	ABS expected to provide further prices assistance via STX with financial support from PFTAC.
4.9 : Improvement in the coverage, quality and timeliness of balance of payments estimates						
	Cook Islands	1	Current Account Development and Publication	10	Draft Balance of payments produced. Coverage and methodology weak.	Mission will possibly be done by a STX.
	Nauru	2	Balance of Payments Statistics: compilation of 2014-15 estimates and international investment position.	10	Balance of payments statistics published.	
	Nauru	2	Balance of Payments Statistics: compilation of 2014-15 estimates and international investment position.	10	Balance of payments statistics published.	

Macroeconomic Analysis Logical Framework FY2016

Objective: Improved macroeconomic analysis

Measurable Outcome	Country	Progress against Milestones at end-FY2015 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
5.1 Development of integrated macroeconomic monitoring/projection frameworks						
	Cook Islands	4	Continue working with staff to develop more streamlined monitoring / projection framework	5	Develop more integrated macro-fiscal framework that can be used more efficiently	TA to be provided in coordination with the ADB. MoF staff currently using advanced models; focus on efficiency gains.
	Fiji		Assist RBF staff in analysis of monetary policy transmission mechanism	5		In response to request from RBF, draw on technical support from HQ if required
	Papua New Guinea	3	<ul style="list-style-type: none"> • Continue working with BPNG staff on developing simplified FP framework. • Enhance coordination between BPNG and Treasury staff. 	5	Framework used to support core monitoring / projection activities. BPNG / Treasury staff share data and analysis on a frequent basis.	Focus on training staff on how to use framework more effectively and encouraging coordination between the institutions. Risk that resource constraints

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Measurable Outcome	Country	Progress against Milestones at end-FY2015 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
						will continue to limit progress.
	Papua New Guinea	3	Improve inflation GDP monitoring / forecasting methodology.	5	Update current methodology to take into account major revisions in GDP.	Major revisions to national accounts expected to be released in June 2015
	Samoa	4	<ul style="list-style-type: none"> Continue working with MoF staff on developing SERF model. Enhance coordination between MoF and CBS staff. 	5	Staff able to update model on a quarterly basis and generate medium-term projections semi-annually. MoF / CBS staff share data and analysis on a frequent basis.	
	Solomon Islands	5	<ul style="list-style-type: none"> Continue working with CBSI staff on developing simplified FP framework Enhance coordination with MoF staff 	5	Staff able to use framework to support most of their core monitoring / projection activities	Focus on training staff on how to use the framework more effectively and encouraging coordination with MoF staff.
	Tonga	1	Continue developing macro framework and training staff on how to use framework effectively.	5	Staff should begin to use framework to support some of their core monitoring / projection activities	Focus during May to July 2015 period will to provide support for ADB-funded resident macroeconomic advisor.
	Vanuatu	2	<ul style="list-style-type: none"> Continue working with RBV staff on developing simplified FP framework Enhance coordination with Treasury staff 	5	Staff able to use framework to support most of their core monitoring / projection activities	Focus on training staff on how to use the framework more effectively and encouraging coordination with staff
	Regional		Workshop on developing models for projecting GDP growth and inflation for			Focus on the impact of world fuel and food prices on inflation

Measurable Outcome	Country	Progress against Milestones at end-FY2015 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
			Pacific Island economies			and growth.
5.2 : Development of multi-year fiscal planning process						
	Fiji		<ul style="list-style-type: none"> Incorporate debt dynamics into medium-term fiscal planning process Enhance coordination between RBF and MoF staff 	5		MoF staff currently using advanced models; focus on building capacity to conduct DSAs and on improving coordination across institutions.
	FSM		Develop long-term fiscal planning framework.	5	Provide policy makers with better understanding of policy trade-offs and options available to address long term fiscal pressures.	Capacity supplementation
	Palau		Develop long-term fiscal planning framework.	5	Provide policy makers with better understanding of policy trade-offs and options available to address long term fiscal pressures.	Capacity supplementation
	PNG	2	Continue developing methodology and training BPNG / Treasury staff on how to generate medium-term projection scenarios		Staff able to generate medium-term baseline projection scenario	Risk that resource constraints could limit progress.
	RMI		Develop long-term fiscal planning framework.	5	Provide policy makers with better understanding of policy trade-offs and options available to address long term fiscal pressures.	Capacity supplementation

Measurable Outcome	Country	Progress against Milestones at end-FY2015 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
5.3 : Develop ability to assess debt sustainability						
	Cook Islands	3	Train MoF staff on using integrated framework to assess debt sustainability			
	Papua New Guinea	2	Strengthen capacity of Treasury staff to assess debt sustainability			
	Samoa	2	Train MoF staff on using SERF model to assess debt sustainability			
	Solomon Islands	2	Strengthen capacity of MoF staff to assess debt sustainability			
	Vanuatu	2	Strengthen capacity of Treasury staff to assess debt sustainability			
5.4 : Incorporating disaster risks into fiscal planning process						
	Cook Islands	1	<ul style="list-style-type: none"> Develop methodology to access financing needs for emergency response Develop methodology to assess the impact of disaster risks for debt sustainability 	5	Generate range of estimates Incorporate disaster risk scenario into DSA	New project getting underway
	Fiji	1	<ul style="list-style-type: none"> Develop methodology to access financing needs for emergency response Develop methodology to assess the impact of disaster risks for debt sustainability 	5	Generate range of estimates Incorporate disaster risk scenario into DSA	New project getting underway

Measurable Outcome	Country	Progress against Milestones at end-FY2015 ¹	Activity/Mission Description	Person Days	Relevant Milestone	Comments
	Samoa	1	<ul style="list-style-type: none"> Develop methodology to access financing needs for emergency response Develop methodology to assess the impact of disaster risks for debt sustainability 	5	Generate range of estimates Incorporate disaster risk scenario into DSA	New project getting underway
	Solomon Islands	1	<ul style="list-style-type: none"> Develop methodology to access financing needs for emergency response Develop methodology to assess the impact of disaster risks for debt sustainability 	5	Generate range of estimates Incorporate disaster risk scenario into DSA	New project getting underway
	Vanuatu	1	<ul style="list-style-type: none"> Develop methodology to access financing needs for emergency response Develop methodology to assess the impact of disaster risks for debt sustainability 	5	Generate range of estimates Incorporate disaster risk scenario into DSA	New project getting underway