



Technical Assistance Consultant's Report

Final Report
Project Number: 3245906
June 2008

Pacific Financial Technical Assistance Centre

This consultant's report does not necessarily reflect the views of ADB or the Government concerned, and ADB and the Governments cannot be held liable for its contents.

Asian Development Bank



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Financial Technical Advice in the Pacific

**PFTAC Six-Monthly Update Report
And FY06-08 Project Summary
For the period May 1, 2005-April 30, 2008**

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April 30, 2008



I. INTRODUCTION

The current PFTAC Project Document became operational on May 1, 2005 and ran through April 30, 2008. The current Coordinator took up her duties on September 2, 2005. At the last TriPartite Review Committee (TPRC) meeting to guide PFTAC activities, held on September 13, 2007, participants decided to continue with the frequency of 18-monthly TPRC meetings, and, in the interim, for the PFTAC Coordinator to provide members and donors with 6-monthly written updates of activities and outputs. This report is the first such update since the TPRC meeting. As this also marks the end of the current three-year project cycle, this report will also summarize PFTAC's activities and outputs during the entire cycle. This is not meant to be a formal review or audit of the project, but merely a summary for donors and member countries to review progress.

II. PFTAC PROJECT DOCUMENT FOR FY2006-08: MEETING THE TARGETS

The PFTAC, while executed by the International Monetary Fund, operates on a "project" basis of three-year funding cycles from donors, which currently include the Asian Development Bank and the Governments of Australia, Japan, Korea and New Zealand. The current project cycle, which was fully funded by the above five donors, began May 1, 2005, with the following objectives and strategies:

- Efficient, effective, transparent and sustainable budget formulation and presentation, budget execution and control, reporting and audit;
- Simple and efficient revenue instruments and effective tax administrations capable of increasing tax compliance, and modernized customs procedures to secure revenue and facilitate trade;
- Compliance with international standards and best practices in prudential supervision and regulation, including measures to deter and detect money laundering and terrorism financing; and,
- Regular and timely compilation, analysis and dissemination of economic and financial statistics according to accepted international standards.

In contributing toward these objectives, PFTAC was expected to pursue a **strategy** of assistance at both the national and regional levels and to work closely with national agencies and regional bodies and institutions. During the project period, PFTAC has delivered capacity building on a wide array of issues relevant to its members; **ANNEX I details our Advisors' mission activities, the work of short-term and peripatetic experts, seminar participation and attachments.**

The FY06-08 Project Document also noted that, in order to articulate its strategy with respect to individual member countries, **the Center would prepare a Strategy Note for each member country for each TA area.** The notes were intended to set out the main reform issues in each area of specialization, as identified by PFTAC, take note of proposed TA or assistance already underway by other providers in these priority areas, and provide an assessment of the outputs/outcomes of PFTAC assistance to each member country. The draft Strategy Notes for each PFTAC member were first prepared and promulgated in the October 2006 update report. **The notes have been updated regularly in consultation with member countries and donors to include regional activities and common areas of concern. A newly revised set of these strategy notes, including intermediate results of TA efforts, appears in ANNEX II.**

The Project Document proposed a number of objectives to meet the overarching strategy of the project, and in the course of the project cycle **every objective was met.** Box 1 details the delivery of the promises made in the FY06-08 Project Document.

Box 1. Summary of PFTAC's Progress during FY06-08 and Plans for FY09-11

1. Public Financial Management

Key areas of technical assistance across the region include developing medium-term fiscal frameworks, performance budgeting, revenue estimation, supporting improved public budget preparation, developing financial instructions, improving cash management practices and forecasting, and assisting the development of GFS-based financial accounts presentation. Smaller PICs such as Kiribati and Tuvalu have received support via joint PFTAC missions with the ADB and other bilateral partners to strengthen fiscal governance as articulated in national development strategies. In February 2006, PFTAC helped member countries launch the Pacific Islands Financial Management Association (PIFMA), and serves as secretariat to this professional association, which holds regular workshops on topics such as medium-term fiscal frameworks (MTFFs). From these workshops, a series of PFTAC handbooks for small island economies is being prepared. In the FY09-11 project cycle, themes for further technical assistance will include: cash versus accrual accounting in the public sector, MTFFs, forward estimates, the fiscal aspects of SOE management and public trust fund arrangements, PEFAs, and better coordination of expenditure and revenue activities in the PICs.

2. Revenue Policy and Administration

Recent focal areas include the design of large taxpayer units, case selection criteria for tax audit, development of VAT systems and administration, convergence of inland revenue and customs functions, revenue forecasting and assessing the revenue impacts of trade liberalization through the PICTA, PACER and WTO implementation in close association with the OCO. Among several examples of recent TA interventions, the large civil service wage increases in Tonga in 2005-06 called on substantial PFTAC revenue technical assistance to help the Ministry of Finance determine future revenue streams, alternative tax measures, and administrative improvements to finance the transition. The fourth annual Pacific Islands Tax Administrators Association (PITAA) meeting, for which PFTAC serves as secretariat, was held in the PNG in August 2007, and covered topics such as the development of presumptive tax measures, large taxpayer units and country case studies. In the coming project cycle, PFTAC technical assistance will focus on providing assistance on improving the effectiveness of tax and customs administration including via increased tax compliance, strengthened collection, audit, and taxpayer services and establishing special collection arrangements for larger business taxpayers. Handbooks on these topics are also in preparation.

3. Financial Sector Supervision

Banking supervision remains the main activity in this sector, although insurance and public pension funds supervision are becoming key areas of concern for PICs. Due to the increased number of agencies engaged in AML/CFT capacity building, PFTAC has reduced its role in this area. The advisor liaises with these agencies and provides assistance to supervisory agencies in the conduct of AML/CFT on-site examinations and the role of the financial sector supervisor in AML/CFT. A few cases of bank failure or bad practices have required the PFTAC advisor to assist with onsite audits, problem bank resolution and training of the local bank examiners. The Association of Financial Supervisors of Pacific Countries (AFSPC), formed in 2002 by eight Heads of Supervision across the PICS, convenes an annual meeting as well as conducts six-monthly training workshop. In addition, the Advisor attends the South Pacific Central Bank Governors' meetings each December, and provides reports of the AFSPC's activities. Collaborative training events with the Reserve Bank of Australia, Reserve Bank of New Zealand, Australian Prudential Regulation Authority, the Office of the Superintendent of Financial Institutions, the Financial Stability Institute, the BIS and the Bank of England are being offered on topics including reserves management, financial soundness indicators, insurance supervision and central bank governance, and these are essential themes for the work program in the next 2-3 years. A PFTAC Handbook on off-site and on-site financial supervision was recently published.

4. Statistics

National accounts and balance of payments statistical assistance continue to dominate the agenda of our Advisor in this area, in harmony with the survey and demography statistical work of the SPC. Increasingly, the PFTAC statistics advisor has been involved in monetary statistics improvement. Current regional projects to strengthen core abilities of statisticians have been funded by the Japan Special Account, and several attachments/interns from various PICs are being seconded to other PICs as well as to the PFTAC office in Suva to build capacity. The Statistics Advisor also helps to support training activities of the UNSIAP (Tokyo), as well as the Statistics Degree Program at the University of the South Pacific, for which in 2007 PFTAC hosted three student interns. Common constraints to progress include shortage of counterparts allocated to economic statistics (in part due to emphasis on MDGs and social statistics generally), slow implementation of reforms and lack of coordination across agencies within countries' statistical systems.

The FY06-08 Project Document also proposed that, to assist the process of developing its Strategy Notes, **the Center would seek to undertake a more systematic stocktaking of activities to provide a base for regional efforts to find common solutions to identified problems.** To that end, PFTAC pledged to join with other TA providers and regional institutions in conducting and maintaining a number of regional assessment and evaluation activities designed to obtain an overview of standards of adherence to best practice. This has taken place in a variety of joint donor initiatives, including joint missions, contributions toward country strategic development planning, and more open and regular dialogue with partners. **More pointedly, use of new assessment instruments including the Financial Sector Assessment Program (FSAP), Financial Soundness Indicators (FSIs—reported on the PFTAC website), Public Expenditure and Financial Accountability Assessments (PEFAs), the General Data Dissemination Standard (GDDS) and benchmarking instruments suggested by the Pacific Islands Forum Secretariat under the Pacific Plan and UNDP under the broader Millennium Development Goals (MDGs) are increasingly being used by Pacific Island Countries (PICS) to help take stock of their development and capacity.**

PFTAC also pledged to explore other ways to strengthen its capacity building activities. In addition to a continuation of its annual seminar program on selected topics of interest, it was tasked to explore the implementation of two interrelated strategies:

1. First, PFTAC was charged with preparing a number of specialized training courses that can be delivered through traditional workshops or by other media. Some of these events have been linked to the regular meetings of the three regional professional associations for which PFTAC is secretariat: The Association of Financial Supervisors of Pacific Countries (AFSPC), the Pacific Islands Tax Administrators' Association (PITAA), and the new Pacific Islands Financial Management Association (PIFMA). **Specifically, PFTAC has developed (and posted on its website) training materials and has coordinated capacity building in the following areas:**

- Medium-term fiscal frameworks (MTFFs)
- Cash management for finance ministries
- Basel core principles and exigencies of Basel-I and II
- Central banking operations and governance
- Insurance and superannuation funds supervision
- Revenue forecasting
- Developing GST/VAT systems
- Developing large taxpayer units and case selection for tax audits
- Developing information management systems for revenue functions
- Building national accounts and BOP statistics, and strengthening GFS and MFS/FSIs.

A key innovative output from these activities during recent months is the development of a **PFTAC Handbook Series** for some of the topics listed above. Hardcopies of the Handbooks are available from the PFTAC Office. The Handbooks are being drafted by both PFTAC Advisors and Short-term Experts (including a new contract with the recently-retired Minister of Finance of Tonga). The first three Handbooks in the series are:

1. **Medum Term Frameworks in Public Finance:** PIFMA Conference Proceedings, November 2006 (by Suhas Joshi, published August 2007).
2. **Handbook for Pacific Bank and Pension Fund Supervisors: Off-Site and On-Site Work** (by Andrew Milford, published December 2007).
3. **Selecting Cases for Tax Audit: A Risk Management Approach** (by Margaret Cotton, published January 2008).

Forthcoming titles in the Handbook Series include:

- Revenue Forecasting Techniques for Small Countries (in draft by Bruce Taplin)
- Working with Large Taxpayers (in draft by Margaret Cotton)
- Implementing Pacific Tax Reforms (proposal, by Carson McNeill)
- Economic Statistics in the Pacific: A Stocktake (proposal, by Zia Abbasi)
- A Case Study of a Pacific Bank Failure: Lessons Learned (proposal, by John Vaught)
- Financial Capacity Building and Financial Literacy: A Top-Down Approach (proposal, by Susan Adams)
- The Civil Service Wage Bill: Fiscal Right-Sizing in the Pacific (proposal, by Siosuia ‘Utoikamanu).

2. Second, PFTAC was tasked to help build and work closely with regional organizations and institutions to build professional networks, and seek to use regional expertise whenever possible. During the project cycle, this has developed through enhanced collaboration with:

a. Pacific Islands Forum Secretariat (PIFS):

- **The Pacific Economic Governance Agencies’ Seminar Series (PEGASes)** monthly economic speaker series we jointly organize.
- Regular meetings with the Director-General and the Economic Governance Team to discuss areas of mutual interest in carrying out the Pacific Plan
- Attendance and funding by PIFS at PFTAC training events
- A new series of meetings in Suva, hosted by PIFS at the request of PFTAC, for donors to share information on their TA and other activities to improved coordination.
- PIFS was made a **Member-at-Large** of PFTAC at the September 2007 TPRC, so that PIFS can now receive all reports sent to donors and participate more fully in all PFTAC activities.

b. Asian Development Bank (ADB):

- PFTAC meets regularly with ADB to share information.
- PFTAC and ADB plan and attend joint missions.
- ADB-Sydney has funded several extra-project PFTAC activities in the financial area (Box 2) that will take place across the FY06-08 and FY09-11 Project Cycles.

Box 2. PFTAC Extra Activities with ADB-Sydney Funding

ACTIVITY	DATE	LOCATION
PFTAC/CCBS Joint Course for Central Bankers: inflation targeting	March 2007	Samoa (Hosted by Central Bank of Samoa)
PFTAC/CCBS Joint Course for Central Bankers: back/front office issues	January 2008	Vanuatu (hosted by Reserve Bank of Vanuatu)
Basel (BCP) Self Assessment for BPNG	May-June 2008	Bank of Papua New Guinea
Multidonor Regional Conference on Pacific Financial Literacy/Capacity	August 2008	Australia (Coombs Center, Sydney)
IMF/ADB Regional Course on Financial Soundness Indicators (with IMF Statistics Department Trainers)	September 2008	Fiji (hosted by Reserve Bank of Fiji)

c. World Bank:

- PFTAC will host two World Bank Advisors---one in PEFA Assessments and the other in the Public Financial Management aspects of SOEs---in its Suva offices beginning mid-2008, as part of a wider agreement amongst PFTAC members and donors with the PIFS to deepen the coordination of macroeconomic and microeconomic technical assistance provision as envisaged in the Pacific Plan.
- PFTAC is working actively with the World Bank on a project of research on Financial Literacy and Remittances in the Pacific, to culminate in the August multidonor conference shown in Box 2.

d. European Union (EU):

- The IMF and EU are establishing a cooperation agreement by which the EU may become a potential donor to PFTAC during the next project cycle.
- The Suva EU Office and PFTAC enjoy regular liaison and work together in donor harmonization efforts for the region.

e. United Nations (UN) Agencies:

- PFTAC maintains ongoing close relations with various UN agencies, including attending regular meetings of the Inter-Agency Task Force (IATF) on statistics and co-facilitating an annual UNSIAP statistics course in Manila.
- PFTAC prepared and delivered a presentation about the macroeconomic issues surrounding employment in the Pacific Islands, for a mid-2007 conference sponsored by UNESCAP.

f. Bilateral Donors:

- AusAID and NZAID have funded several activities beyond their original PFTAC project contribution, including the secondment of a Fijian central banker to the National Reserve Bank of Tonga; the attachment of AusAID staff to the PFTAC offices; and organizing with PFTAC a “Pacific GST Day” with the New Zealand 20th Anniversary of GST in late 2006.
- The PFTAC Coordinator regularly visits Canberra/Sydney and Wellington to brief AusAID and NZAID on PFTAC activities and to seek further means of collaboration.

g. Academic Connections:

- PFTAC continues to liaise with the University of the South Pacific (USP), where the PFTAC Coordinator and Advisors are giving regular lectures in the Governance, Economics, Statistics and MBA programs. This enables PFTAC to interface directly with students from the Pacific Region, whom we can groom via PFTAC internships to be the future policymakers of the Pacific.
- The PFTAC Coordinator, by delivering seminars and lectures and sharing research, remains in regular contact with the academic communities in Hawaii, Australia and New Zealand, and Asia to share information about research and scholarship opportunities for Pacific Islanders.
- The PFTAC Coordinator and Advisors regularly provide new articles and working papers on the PFTAC website on topics pertinent to PFTAC areas of expertise. The Coordinator also regularly referees articles for Pacific academic journals and serves on PhD committees to maintain academic and research skills.

The 2005-08 Project Document foresaw a modest use of locally recruited short-term consultants. In the September 2007 update report, PFTAC noted that the Suva offices had been refitted to accommodate interns/attachments to work with PFTAC Advisors on site. **So far 15 such attachments have taken place in the PFTAC offices in Suva, as well as another 19 cross-country attachments supported by the expanded PFTAC funding from donors.**

III. Next Steps

Looking ahead, the FY09-11 Project Document will commence May 1, 2008 with a prospect of full funding by donors. Another six-month interim progress report will be issued by PFTAC in September/October 2008. I will finish my term as Coordinator on December 12, 2008.

The next TPRC meeting will be held in March 2009, at which time PFTAC will report on the Pilot Cooperation Arrangement with the World Bank Experts in the PFTAC Offices.

Respectfully submitted,

Susan J. Adams, Ph.D.
IMF/PFTAC Coordinator

PACIFIC FINANCIAL TECHNICAL ASSISTANCE CENTRE

ANNEX I, Cont'd

ACTIVITIES DURING May 2007-April 2008 (last year of FY06-08 Project)
DISTRIBUTION OF ASSISTANCE BY COUNTRY, SECTOR and ACTIVITY

Country	Advisory Missions						Seminar Participation								Short Term Experts						Attachments						
	Number of Missions						Number of Participants								Number of Missions						Number of Attachees						
	1	2	3	4	5	T	1a	1b/	2a/	2b/	3a/	4a/	4b/	4c/	T	1	2	3	4	5	T	1	2	3	4	5	T
Cook Islands		1			1	2	2		9	1	1	2	2		17						0	1					1
FSM				1		1			1			1	1		3			3			3	1					1
Fiji		1			1	2	3	2	1	1	2	1	2	1	13		1	1		1	3						0
Kiribati			1			1	4	1	1	1	1				8		1	1			2	1					1
RMI				1	1	2			1	1	1	1	1		5		1				1						0
Nauru		2				2	1		2	1					4						0						0
Niue			1			1	1			1	1				3						0						0
Palau	1	1	1	1	1	5	1		1	7	1				10		1	1			2						0
PNG			1		1	2	2	2	1	2	8	4	2	2	23			6			6	1					1
Samoa		1			1	2	3		1	1	1	1		2	9		2	3			5						0
Solomon Islands			1			1	2	3	1	1	1	1			9			2		2	4						0
Tokelau						0			1						1						0						0
Tonga	1		1	1	1	4	1	2	1	1	1		2	2	10		2	2			4			1			1
Tuvalu			1		1	2	1		1	2	1				5		1				1						0
Vanuatu	1	2	1	1	1	6	5	3	1	1	3	4	2	8	27		1				1	2					2
OTHER COUNTRIES/DONORS																											
Australia		1				1																					
Manila		1	1			2																					
Japan						0																					
Noumea						0																					
Manila		1				1																					
New Zealand			1			1																					
Singapore						0																					
Washington		1				1																					
Total	3	12	10	5	9	39	26	13	23	21	22	15	12	15	147	0	10	19	0	3	32	0	6	1	0	0	7

Key:

- 1: Project Coordinator
- 2: Public Finance Advisor
- 3: Tax Administration & Policy Advisor
- 4: Financial Sector Supervision Advisor
- 5: Multi Sector Statistics Advisor

Seminars :

- 1a/: TPRC Meeting: 12-13 September 2007 - Nadi, Fiji
- 1b/: Workshop on Foreign Exchange Reserves Management Framework: 17-21 September 2007 - Suva, Fiji
- 2a/ : PIFMA Meeting: 28-30 March 2007 - Cook Islands
- 2b/: PIFMA Meeting: 25-27 March 2008 - Palau
- 3a/: PITAA Annual Conference: 28-30 August 2007 - PNG
- 4a/: AFSPC Insurance Workshop: 11-15 June 2007 - Vanuatu
- 4b/: AFSPC Annual Meeting: 23-26 October 2007 - Samoa
- 4c/: Central Banking Workshop: 28-31 January 2008 - Vanuatu



ANNEX II
PFTAC COUNTRY STRATEGY NOTES

Updates
April 2008

Prepared by PFTAC Advisors:

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*For updates/revisions by PFTAC Member
Countries and Donors*





PFTAC STRATEGY NOTES BY COUNTRIES



PUBLIC FINANCE ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/FUTURE VISITS	OTHER DONOR ACTIVITY																
COOK ISLANDS	<p>Reform. Ambitious Economic Restructuring Program commenced in '96-97, based on the NZ model, designed to bring the overall budget outcome under control after a period of unsustainable deficits and excessive borrowing. Legislative and policy framework came into effect in the late '90s. Implementation of the reforms has laid the foundation for sound PFM. Economic/Fiscal Issues: Gov't finances appear to be in a good position with an operating surplus over the past 5 years. Data from '06/07 Budget :</p> <table border="1"> <thead> <tr> <th></th> <th>'05 % GDP</th> <th>Est '06 %GDP</th> <th>Proj '07 % GDP</th> </tr> </thead> <tbody> <tr> <td>Growth</td> <td>2.2</td> <td>1.8</td> <td>3.5</td> </tr> <tr> <td>Deficit</td> <td>0.7</td> <td>3.3</td> <td>0.0</td> </tr> <tr> <td>Ext Debt</td> <td>26.9</td> <td>11.0</td> <td>10.3</td> </tr> </tbody> </table> <p>Capacity: Have a number of very competent local managers. AusAID's 2 yr funding of the Principle Economic Adviser ended in Dec '06. Strengthening Outer Island financial capacity has recently been undertaken in 3 islands and is to be undertaken in others.</p> <p>PFTAC PFM missions. Earlier assessment was that no follow-up TA was necessary due to the strong NZ and AusAID TA presence. During March '07 mission, new requests now made by authorities.</p> <p>IMF Article IV. Not an IMF member.</p>		'05 % GDP	Est '06 %GDP	Proj '07 % GDP	Growth	2.2	1.8	3.5	Deficit	0.7	3.3	0.0	Ext Debt	26.9	11.0	10.3	<p>CIIs has successfully implemented a sound financial management framework and generally good practice. There has been a long period of sustained economic growth, with an average growth rate of 6.7% between 1999 and 2004, driven primarily by the private sector and tourism in particular but stagnated at 0.1% in 05 due to several cyclones. Planning, output budgeting, accounting policies and funds management have been refined over this period with significant multilateral and bilateral TA.</p> <p>Major reduction in Crown Debt in 2005/06, down from 73% GDP to 28%, arising from the successful settlement of the long outstanding failed Hotel Project. Major policy announcements in the 2006/07 Budget, include: removal of import levies, estimated to cost \$6.3m and expected to be offset by higher projected growth in other sources of revenue; and a cost of living adjustment, estimated to be around 10-12%. In addition, from March 2006, superannuation coverage is being progressively expanded to the private sector and authorities are considering an increase in the minimum wage.</p>	<p>PIFMA: 3 participants attended the March '06 conference in Suva and seven in March 2007 in Rarotonga.</p> <p>April '06 : Mission undertaken at request of Minister to develop ToR for Training of Outer Island Finance Officers (OIFO).</p> <p>March 07: During the introductory mission of PFTAC Advisor, in conjunction with the PIFMA meeting, two requests, one for training in debt management and another for assistance in medium term budgeting, were received.</p>	<p>PIFMA: Participants to be invited for workshop in Nov 08 and for fourth PIFMA meeting in Early 2009.</p> <p>Attachments: One official on attachment to PFTAC for 2 weeks in February, 2008.</p> <p>Further TA: provide assistance in medium term budgeting (MTB) and debt management (expected to start in June)</p>	<p>NZAID/AusAID: Co-funded project facility managed by NZAID '04-'06, focused on outer islands development, education, human resource development and good governance.</p> <p>ADB is providing assistance primarily through support for specific sectoral programs, including for reform of SOEs and strengthening economic development and planning capacity and governance and has expressed an interest in working with PFTAC in the MTB area. A Pacific Island Economic Report (PIER) for Cook Islands has recently been concluded.</p>
	'05 % GDP	Est '06 %GDP	Proj '07 % GDP																		
Growth	2.2	1.8	3.5																		
Deficit	0.7	3.3	0.0																		
Ext Debt	26.9	11.0	10.3																		



PFTAC STRATEGY NOTES BY COUNTRIES



TAX ADMINISTRATION POLICY ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
Cook Islands	No T/A advice has been sought nor given since the 2002 mission.	<p>PITAA Conference August 2006. Informal discussion with Cook Islands Commissioner during PITAA, August 2006 indicated difficulties with RMS and case selection together with the capacity of the server PFTAC has since discussed this issue with <i>Datatorue</i>, developer of RMS. Dialogue is now taking place. Court action is being taken against high profile business persons for fraud. Of note is the decision to abolish most import levies effective 1 July 2006. The total value of the removed levies is estimated at approximately \$NZ4.5 m per annum.</p>	Nil	No major activity planned	Assistance from New Zealand Government, mainly through the providing of skilled staff from New Zealand. As at September 2006 three staff are employed ex IRDNZ



PFTAC STRATEGY NOTES BY COUNTRIES



FINANCIAL SECTOR SUPERVISION ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
Cook Islands	<p>CI removed from NCCT “black list” February 2005.</p> <p>The Financial Supervisory Commission (FSC) is tasked with the regulation and supervision of all licensed financial institutions in the Cook Islands.</p> <p>Licensed financial institutions include banks (both domestic and international), trustee companies, and insurance companies.</p> <p>The FSC has conducted a number of on-site inspections focusing on credit risk management and AML/CFT compliance in both the banking and trust company sectors.</p> <p>The Financial Intelligence Unit (FIU) has a mandate under the legislation to conduct compliance audits on financial institutions, analyze suspicious transactions reports and currency reports.</p>	<p>PFTAC has liaised with the FSC to identify areas where further work is needed – supervision of the insurance and trust and company service provider sectors. (IMF MFD has previously provided peripatetic bank supervision TA).</p> <p>IMF peripatetic advisor visited FSC in February 2008 to review draft insurance legislation, prepare licensing guidelines for different insurance types, prepare reporting forms for gathering financial and statistical information and to train FSC staff on insurance supervision. A follow-up visit is scheduled for August 2008 once revised legislation is in place.</p> <p>New insurance legislation covering domestic and offshore sectors is expected to be introduced in 2008.</p>	<p>PFTAC advisor visited CI for one week in August 2005. Focus of the mission was to:</p> <ul style="list-style-type: none"> • Train newly appointed bank supervisory staff; • Review, comment, and make recommendations on existing trust company legislation; and • Conduct general training on bank supervision issues and provide guidance in the area of analysis and report writing. <p>PFTAC advisor visited CI in Jan/Feb 2006 to lead an on-site examination of a licensed financial institution.</p> <p>PFTAC advisor arranged for an attachment of two BPNG staff to the FSC in March 2007 to assist in an on-site examination of a domestic bank.</p> <p>PFTAC advisor visited in May 2007 to assist with an on-site examination of a domestic bank and to train FSC staff.</p>	<p>Future TA visits will be needed to strengthen capacity once revised insurance legislation is in place.</p> <p>PFTAC has recommended that consideration be given to establishing a supervisory regime for pension funds.</p> <p>TA to improve legislation in the area of trust and company service providers is required and the Commissioner FSC will be looking for assistance.</p>	<p>AMLAT & PALP have been mentoring the FIU and assisting with an investigation. PALP is to provide assistance to review AML/CFT and related legislation.</p> <p>NZAID provided assistance under the Public Sector Technical Assistance Fund to assist with drafting new insurance legislation.</p> <p>Forum Secretariat recommended that it and PFTAC identify gaps in CI’s supervisory framework and explore ways to address these gaps. To date, the Forum has not progressed the issue.</p>



PFTAC STRATEGY NOTES BY COUNTRIES



STATISTICS ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR/EXPERT VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
COOK ISLANDS	<p>A relatively complete statistical system for a Pacific Island country. Annual data for GDP, GFS and BOP, quarterly CPI and banking data. Reasonable source data for GDP, although compilation methods need to be improved and expanded to other NA aggregates. There is scope to improve range and data quality for all statistics sectors.</p> <p>An experienced Government Statistician and a relatively stable and experienced team.</p> <p>Use the NZ dollar, no central bank.</p> <p>Signed up to GDDS and metadata has been drafted – but not yet finalized.</p> <p>Not an IMF member.</p>	<p>A monetary statistics short-term expert mission was arranged during 2007, to assist in the implementation of <i>MFSM 2000</i> standards, including standard report formats for the Depository Corporations Survey (DCS).</p> <p>Two expert missions undertaken in 2003 to assist with transition to <i>BPM5</i> standards. One staff attended regional BOP course in April 2005.</p> <p>Recently completed processing of 2006 Population Census data.</p> <p>Rebase of the Consumer Price Index (CPI), using 2004 Household Income and Expenditure Survey (HIES) expenditure data, with technical assistance (TA) from Statistics NZ.</p>	<p>Advisor:</p> <ul style="list-style-type: none"> GFS mission in October 2007 to commence implementation of <i>GFSM 2001</i> standards. <p>Experts -</p> <ul style="list-style-type: none"> MFS review mission undertaken in September 2007 to assess ways to improve monetary statistics. Follow-up GFS mission in April 2008 to continue implementation of <i>GFSM 2001</i> standards. And to produce revised statistics. 	<p>Advisor:</p> <ul style="list-style-type: none"> NA statistics mission to assess and recommend improvements to sources and methods tentatively planned for early 2009. Finalize GDDS metadata. <p>Experts:</p> <ul style="list-style-type: none"> Prices statistics mission to rebase CPI and introduce import price indexes planned for early 2009. Future GFS and MFS missions subject to needs assessment. 	<p>SPC were assisting with improvements to GDP, but ceased in 2004.</p> <p>SPC assisted with 2004 HIES.</p> <p>Statistics NZ assisted rebase of CPI, and will be assisting on strategic planning and forward work program development.</p> <p>UNDP provided funding assistance to finalize 2006 Population Census analysis and reporting work.</p>



PFTAC STRATEGY NOTES BY COUNTRIES



PUBLIC FINANCE ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
FEDERATED STATES OF MICRONESIA	<p>Federation system makes fiscal management difficult.</p> <p>Last Article IV Review in 2006; 24 month cycle.</p>	<p>PIFMA: One person each attended the workshop in Dec. 2006 and meeting in March 2007.</p>	<p>The advisor has not visited FSM since May 2006. However another mission is planned for later in 2008, possibly with ADB.</p>	<p>PIFMA: Participants to be invited for workshop in Nov 08 and for fourth PIFMA meeting in Early 2009.</p> <p>Attachments: One official on attachment to PFTAC for 2 weeks in May 2007</p>	



PFTAC STRATEGY NOTES BY COUNTRIES



TAX & ADMINISTRATION POLICY ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
FEDERATED STATES OF MICONRESIA	<p>National and State legislatures yet to fully commit to revenue reforms. Need to resolve constitutional issue relating to taxing rights</p> <p>AusAID long-term TA to implement tax/customs reforms utilizing PFTAC detailed implementation plan.</p>	<p>Government preparing to implement tax reform.</p>	<p>May 2007: T.A. on Revenue estimates</p> <p>May 2007: T.A. to assist Authority to market the tax reform program to a newly elected national legislature and State legislature.</p> <p>June2007:T.A-.Detailed Implementation plan prepared.</p>	<p>PFTAC to provide high-level overview and continue with selective assistance</p>	<p>AusAID – refer to Current Situation.</p>



PFTAC STRATEGY NOTES BY COUNTRIES



FINANCIAL SECTOR SUPERVISION ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
FEDERATED STATES OF MICRONESIA	<p>The Banking and Insurance Board (BIB) is responsible for the supervision and regulation of licensed banks and insurance companies (captives). The Board is also responsible for consumer protection legislation.</p> <p>The Federal Deposit Insurance Corporation (FDIC) provides deposit insurance coverage of licensed banks.</p> <p>Reporting of suspicious transactions to the FIU is mandatory for financial institutions and cash dealers. No guidelines have been issued by the BC</p> <p>The FSM BIB and its Banking Commissioner have received extensive technical assistance and training from PFTAC/IMF-MFD over the past 5 years.</p>	<p>In response to the increased supervisory responsibilities, the BIB has hired additional staff.</p> <p>The PFTAC advisor has been providing assistance to the Commissioner in relation captive insurance regulation.</p> <p>Effort by the Commissioner to have credit union subject to oversight by the BIB have been rejected by Congress (and Yap), as these are not seen as “deposit” taking institutions. A credit union in Yap had deposits with a failed Palauan bank.</p>	<p>The advisor has not visited FSM reflecting the level of peripatetic TA provided by IMF MCM. An IMF MCM peripatetic advisor on banking supervision concluded a two-week visit with BIB in March 2008 providing assistance in conducting on-site examinations of branch operations of banks and off-site monitoring techniques of banks. An further visit by the peripatetic banking supervision advisor is planned for June 2008. Additionally, a peripatetic advisor on insurance supervision is planned for June 2008.</p>	<p>PFTAC advisor has scheduled a visit with the authorities in mid-April 2008 to provide assistance and training in credit risk assessment, off-site monitoring and insurance regulation.</p> <p>Authorities will require ongoing assistance and training in the supervision and regulation of captive insurers. Additionally, authorities have recently requested assistance in reviewing a branch application by Bank of Guam in light of the lack of reciprocity by BOG’s home country/jurisdiction.</p>	<p>AMLAT may assist FSM to strengthen AML/CFT capacity in law enforcement sector and update AML/CFT legislation.</p>



PFTAC STRATEGY NOTES BY COUNTRIES



STATISTICS ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR/EXPERT VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
FEDERATED STATES OF MICRONESIA (FSM)	<p>A review of statistical operations of the Department of Statistics within the Department of Economic Affairs was completed in 2001 and then updated in 2003, as part of an Institutional Strengthening Project (ISP funded by ADB) (refer "The Challenge of Statistical Capacity Building in the Pacific", IMF/PFTAC Nov 2002). Included plan for development.</p> <p>Macroeconomic data have been produced by external advisors, with little ongoing capacity building. Local staff have difficulty obtaining monetary statistics for publication and use in other macroeconomic statistics.</p> <p>FSM has PC Trade, used for customs processing and statistics. Has had significant TA in Customs work. Fishing is a major policy issue. FSM has no central bank and uses the US dollar.</p> <p>Not yet participating in GDDS. As with RMI and Palau, required to prepare annual Compact Report for US Government to monitor effectiveness of US aid.</p>	<p>A resident advisor was in FSM for nearly three years until mid-2005 (Aus AID/ADB funded as part of Institutional Strengthening Program). He developed and compiled GDP (income and production measures) and GFS, following the three year development plan prepared in 2003 by PFTAC. Largely based on administrative data, social security records, and public enterprise accounts data. One economics-trained counterpart in place to continue this work, but largely diverted to other tasks – she attended regional BOP course in April 2005. The previous resident advisor returned on a six week mission to update estimates for the February 2006 Compact Report (funded by FSM).</p> <p>Advisor trained local staff in national accounts, theory and practice as used for FSM compilation in November 2005 and October 2006. Developed a plan for the staff to attempt to update the statistics on their own, ready for peer review by PFTAC Advisor in May 2007. However, the same consultant was engaged again. Staff have not had the opportunity to apply the skills acquired through training.</p> <p>Brief visit by the Advisor to meet new Government Statistician and review needs in June 2006.</p>	<p>Advisor:</p> <ul style="list-style-type: none"> • No missions in 2007/2008. • Last mission was in October 2006 – two week national accounts course presented. Contracted the (former) long term consultant who provided very hands on and practical training in the systems and methods used. Developed an agreed plan for the local staff to learn by doing, attempting to update the estimates, but this plan was subsequently not implemented. Included visits to states to explain the National Accounts to state governors and others. 	<p>FSM has requested assistance to build capacity over two years in BOP, NA, GFS and CPI, but has yet to recruit additional staff (other than in the CPI area). PFTAC Advisor will continue to encourage participation in GDDS, but severely constrained by capacity for macroeconomic statistics – encourage government to increase economic statistics staff numbers to at least three, one each for GDP, BOP and GFS.</p> <p>NA statistics mission tentatively planned by Advisor for August 2008 (back-to-back with RMI mission).</p>	<p>US Office of Insular Affairs: mainly on social statistics – largely ceased now.</p> <p>US Bureau of Census: assisted with processing of 2005 HIES.</p> <p>ADB: Institutional Strengthening Project until December 2004.</p> <p>PFTAC peripatetic advisor on customs processes.</p> <p>Assistance from SPC for CPI rebasing.</p> <p>Aus AID funded, with ABS, on project management training.</p>



PFTAC STRATEGY NOTES BY COUNTRIES



PUBLIC FINANCE ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
FJI	<p>Reform: Slowed momentum since Dec. 2006 coup. Earlier, MoF driving FMR based around: implementation of the FMA '04; a new FMIS; devolution of financial management responsibilities to CEOs; intro performance-based budgeting and longer term phasing in of accrual accounting.</p> <p>Economic/fiscal issues: Especially vulnerable economic outlook post coup arising from donor reaction and even earlier, related to sugar and garment sectors; expansionary fiscal policy and increasing domestic debt; limited capacity for redirection of resources to priority areas; lack of budget discipline and poor expenditure control & cash management - increasing use of Treasury Bills.</p> <p>Capacity: PFM capacity thinly spread. Persistent vacancies in Budget. Silo operations and lack of action on compliance breaches. New FMIS should assist with expenditure control.</p> <p>PFTAC PFM missions: 7 since 2000. ROSC finalized March '04. Action Plan for strengthening PFM April '04.</p> <p>IMF Art IV: Last Article IV December 2007; staff visit May 2008.</p>	<p>Public Accounts Committee re-established end of 2004 and working its way through long outstanding accounts. Recent Gov commitment to putting in place mechanisms for following up on AG's report but stalled after the coup..</p> <p>May '05 WB/AusAID mission assessed developments in the PSR program. Proposed a series of joint PERs to clarify the links between policy and expenditure</p> <p>Dec '06 Public sector salaries and wage settlement. Provided a 16% increase across-the-board (partly backdated) for the period '03-'07. However, post-coup a salary cut has been imposed in the new budget.</p> <p>The Dec. 2006 coup has made significant changes in the structure of the government and pace of fiscal reform.</p>	<p>May-June '05: development of a Good Practice Financial Management Guide to assist CEOs, Accounting Heads and line managers understand their responsibilities under the FMA and key elements of good practice PFM.</p> <p>Aug-Sept '05 2006 Budget: Assist with updating the medium term economic and revenue forecasts; and development/presentation of fiscal aggregates within a MTFF.</p> <p>PIFMA Conference in Suva, end of Feb '06: 3 participants attended. 2 participants in Nov. 06 workshop and one in PIFMA meeting in March 07 and March 2008, each.</p> <p>12 wk peripatetic adviser Portfolio Performance Statements (PPS) FY2007. Consultant completed his assignment in November 2006 but further work required. No formal request received from the new government.</p>	<p>PIFMA: Participants to be invited for workshop in Nov 08 and for fourth PIFMA meeting in Early 2009.</p> <p>PPS: After a peripatetic advisor in December 2007 to rejuvenate the system the PFTAC PFM Advisor is now working to finalise the Performance Budgeting system in Fiji.</p> <p>Strengthening Treasury management: authorities requested PFTAC to provide follow-up TA to April '04 mission. However no formal follow up request after the coup although indications of request likely shortly.</p> <p>Economic Reform Program (EPR) TA. Joint AusAID, ADB and PFTAC mission to develop policy matrix, linked to ADB program loan, was under discussion, till the coup</p> <p>Debt Management: Assistance in debt management given in August 2007.</p> <p>Attachments: One officer from RMI and Tonga each, attached to MoF, Fiji in last quarter of 2006.</p>	<p>AusAID: Country Program estimate '05-06 \$24m. TA focus on governance, improving human/financial resource management, and delivery of improved services in rural/urban areas. TA to the MoH for FMIS implementation. Since mid-2005, funded short term TAs to MoF in Accounting Policy, Performance Budgeting.</p> <p>ADB annual TA program of around \$1.5m. TA support for FMR in '04 drafting FMR policy, FMA and Regs, FMIS tender. Early '05 S/T TA Public Sector Banking and Cash Management.</p> <p>Recent ADB Reports: - - PIER update for Fiji report, June '05; - Fiji Macroeconomic Assessment, April 2006; - ERP Concept Paper June '06 and follow up meetings.</p>



PFTAC STRATEGY NOTES BY COUNTRIES



TAX ADMINISTRATION & POLICY ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
FDI	In 2006 the Minister of Finance instructed FIRCA to undertake a review of its governance and administrative operation.	IMF/PFTAC March 2008 mission recommended : (a) improve strategic, business and reform plans; (b) develop TA requirement	March/April 2008: a joint IMF/PFTAC mission reviewed and made recommendations relating to the autonomy of FIRCA as a revenue authority and Domestic tax reform	T.A needed to implement the recommendations of the IMF PFTAC mission IMF/PFTAC policy mission planned [2008/09] to complement the earlier Revenue Administration mission July 2008; IMF Legal mission to finalise modernized RAA	None known



PFTAC STRATEGY NOTES BY COUNTRIES



FINANCIAL SECTOR SUPERVISION ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
FJI	<p>The Reserve Bank of Fiji (RBF) has supervisory responsibilities for banks (4 foreign banks and 2 local banks) and three credit institutions (all local). In 1999 the RBF replaced the Insurance Commission to perform the functions under the Insurance Act 1998. There are currently 7 general insurers and 2 life insurance companies.</p> <p>In August 2003, the RBF's supervisory net was further expanded to include the National Provident Fund (NPF).</p> <p>The FIU is currently "housed" in the RBF.</p> <p>In early 2006, the RBF restructured its supervision department.</p>	<p>The RBF is expanding its on-site inspection program for banks to include operational risk management. The RBF is enhancing its supervision of insurers. The RBF is developing policy guidelines for the pension fund sector.</p> <p>Other policy related work includes consideration of issues related to:</p> <ul style="list-style-type: none"> • The supervision of financial conglomerates; • The implementation of Basel 2; • Liquidity requirements for banks; and • Payments System and Real Time Gross Settlements. <p>RBF/Fiji has benefited from a considerable amount of TA from IMF MCM and LEG:</p> <ul style="list-style-type: none"> • 7 insurance TA missions over the past three years. New advisor commenced insurance TA in Sept. • Mar 2005, MCM mission to develop pension fund supervision framework. New peripatetic advisor commences in Nov 2005. 	<p>Limited involvement from PFTAC as RBF prefers to use APRA or to access other overseas training. APRA has provided attachments (in all areas) to RBF supervisory staff. PFTAC provides funding assistance.</p> <p>In 2007 the Advisor assisted the RBF undertake on-site AML/CFT inspections.</p>	<p>PFTAC advisor will respond to requests from RBF and will also keep a watching brief on developments in the supervision of the pension fund, given RBF's reluctance to supervise the entity.</p> <p>PFTAC advisor to ensure that RBF supervisory staff have the necessary skills and training to undertake AML/CFT inspections of supervised financial institutions.</p> <p>In 2008, MCM is to provide assistance to the RBF in respect of the supervision of the national provident fund.</p>	<p>APRA is likely to be approach APRA for additional secondments during 2008.</p> <p>AUSTRA (with the assistance of AusAID funding) is developing a database and reporting system (including CTR reports) for the FIU. <i>(This project is on hold following the 2006 coup).</i></p> <p>AMLAT based a police investigator in Fiji. Coordinator still to come to Fiji.</p> <p>PALP coordinator based in Fiji to complement AMLAT. PALP and AMLAT working with authorities in respect of Border Cash Reporting and developing a risk-based approach to AML/CFT.</p>



PFTAC STRATEGY NOTES BY COUNTRIES



STATISTICS ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR/EXPERT VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
FJI	<p>Fiji has a relatively good range of statistical outputs, with the Bureau of Statistics (FIBOS) producing:</p> <ul style="list-style-type: none"> • annual real GDP (<i>SNA 1993</i> basis) • annual and quarterly BOP (<i>BPM5</i> basis), and has trial IIP • migration and tourism data • quarterly industrial production index, CPI and a building materials price index, building work-put-in-place. <p>FIBOS had significant staff turnover but recruited successfully in 2007. Few experienced staff at high level in economic statistics. Severe constraints on telephone, fax, email and internet access below senior manager level hinders operations.</p> <p>Fiji participates in the regional ICP/PPP project, acting as the link between the Pacific and Asia.</p> <p>The Reserve Bank of Fiji (RBF) compiles timely monetary statistics (Depository Corporations Survey).</p> <p>Ministry of Finance compiles GFS tables with the budget which are published in the IMF GFS Yearbook.</p> <p>GDSS metadata are published.</p>	<p>Conducted an HIES (2003) which is being used to rebase CPI and NA (still being finalized); and 2002 business censuses to rebase real GDP to 2002 and to compile nominal GDP. Advisor reviewed the NA system and forecasting in 2005.</p> <p>A project to develop a tourism satellite account recently completed by FIBOS and Ministry of Tourism (1995 TSA published in December 2006). The 2002 TSA will be based on an input-output table being compiled by FIBOS. Advisor has peer-reviewed 2002 GDP(P) estimates and TSA analysis. Work has commenced on redeveloping annual expenditure measures of GDP, for reconciliation with production measure and for improving macroeconomic forecasting.</p> <p>GFS mission in August 2005. In 2005 budget the MOF included a GFS presentation of the budget for the first time. GFS being released in the IMF GFS Yearbook. A new FMIS is being implemented across central government.</p> <p>BOP/IIP mission in September 2006 – recommended changes have largely been implemented by FIBOS. Transition to <i>BPM5</i> is nearing completion. Assistance provided by PFTAC Advisor in April 2008 and expert in September 2006. Staff attended regional BOP course in April 2005. Attachment with Statistics NZ in 2005 (also Vanuatu). Attachment with Statistics NZ on price indexes – March 2006. BOP staff attended IMF BPM6 course in Singapore, March 2008.</p> <p>MFS workshop conducted in December 2005 - held in Fiji to promote MFSM 2000 standards (involved Samoa, Fiji and Solomon Islands).</p>	<p>Advisor:</p> <ul style="list-style-type: none"> • Ad hoc advice and peer review of business census data, GDP, HIES analysis, and BOP. • February 2008 - Review of sources and methods used to produce GDP(P). • March 2008 - Development of a draft TA action plan to support BOP, NA, and Prices statistics and related source data development work by FIBOS. • April 2008 – Review of sources and methods used to produce BOP statistics. <p>Experts:</p> <ul style="list-style-type: none"> • MFS mission in January 2008 – recommended changes being implemented by RBF. • Import price index (IPI) development mission in February 2008 – FIBOS has commenced the import prices survey. <p>Other:</p> <ul style="list-style-type: none"> • March 2008 – BOP statistician attended an IMF regional course on <i>BPM6</i> standards in Singapore. • April 2008 - GDSS country coordinator attended an IMF GDSS workshop in Bangkok. 	<p>Advisor:</p> <ul style="list-style-type: none"> • Technical advice on statistics prerequisites, as well as BOP, NA, and Prices concepts, sources and methods. • Assist with GDP rebase and GDP(E) development. • Peer review of admin and surveys data, CPI rebase, BOP, IIP, GDP, and IPI. • Follow up on progress on recommendations of GFS and MFS expert missions. <p>Experts:</p> <ul style="list-style-type: none"> • GFS follow-up mission will be required once new FMIS implemented. • IPI follow-up mission tentatively planned for July/August 2008. <p>Other:</p> <ul style="list-style-type: none"> • IMF Regional Statistics Course on Financial Soundness Indicators to be conducted in September 2008 (co-hosted by Reserve Bank of Fiji, and funded by ADB) • Country GDSS coordinator to update GDSS metadata. 	<p>ESCAP mission - capital formation, mid-2005.</p> <p>Statistics NZ – input-output table and TSA (capacity building and compilation assistance) –2005-2006. Provide considerable assistance via attachments.</p> <p>ICP project brings some assistance on prices and will bring some assistance in 2008 on expenditure on GDP.</p> <p>ADB funding for IMF Regional Statistics Course on Financial Soundness Indicators.</p> <p>ESCAP/SPC – assistance with micro-data management as part of the Accelerated Data Project.</p>



PFTAC STRATEGY NOTES BY COUNTRIES



PUBLIC FINANCE ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
KIRIBATI	<p>Reform: National Development Strategy (NDS) '04-07 priorities includes economic growth, public sector performance and sustainable use of financial reserves. Donor concern over: a lack of demonstrated gov support for competitive private sector development; a poorly performing public service; and heavily subsidized/inefficient SOEs.</p> <p>Economic/fiscal issues: weak economic growth projections; volatility of fiscal revenues; and expansionary fiscal policy. Request made to donors in July 06 for support totaling USD 30 m. as budgetary support but withdrawn after joint ADB/PFTAC mission.</p> <p>Capacity: Improved the financial and economic management a priority. A medium term budget mechanism would help fiscal management in view of the wide fluctuations in revenue.</p> <p>PFTAC missions: 2 missions April '00 & Feb '02 focused on FTQ. A joint PFTAC/ADB mission in August 2006 was followed by a joint donor mission with AUSAID, NZAID, PFTAC and ADB in December 2006. Identified several areas where donor TA could be useful.</p> <p>IMF Article IV: 24 mth cycle. Article IV January 2007; Staff Visit February 2008.</p>	<p>Fiscal policy in highly expansionary and a steep drawdown from the Revenue Equalization Reserve Fund (RERF) to meet deficit. Government filled the gap by borrowing from ANZ Bank of Kiribati</p> <p>There is a need to reduce the wage bill, better target copra and seaweed subsidies, and limit development spending to available donor grants.</p> <p>Authorities recently committed to a joint country strategy with Aust/NZ with the intention to expend this to include other development partners (including Taiwan, WB and UN) and integrate in budget framework. At the Mch '06 PFTAC Tripartite meeting, the Minister requested PFTAC to be involved in this, particularly in relation to developing a MTF. Following this PFTAC participated in two joint donor missions.</p>	<p>Aug. 06- Joint ADB/PFTAC introductory mission August '06. PFTAC advisor participated in ADB mission in July '06. TA needs identified and donor coordination underway to determine the next steps forward.</p> <p>December 2006--A joint donor mission with AUSAID, NZAID, PFTAC and ADB led to requests to PFTAC to assist in multi year budgeting and cash management and commitment control.</p> <p>PIFMA Conference in Suva, end of Feb: No nominations received from Kiribati. Participant in workshop in Nov. 2006 and at second and third PIFMA meetings in March 2007 and 2008 respectively.</p>	<p>PIFMA: Participants to be invited for workshop in Nov 08 and for fourth PIFMA meeting in Early 2009.</p> <p>Donor coordination and needs identification: Following a joint ADB/PFTAC mission in Aug. 06 and a joint AUSAID/NZAID/ADB/PFTAC mission in Dec. 06- a basic need identification document prepared and request for assistance in multi year budgeting and cash management and commitment control now received.</p> <p>Work will start as soon as ADB processes the funding.</p>	<p>ADB: program for '05-06 maintains a focus on developing outer islands, promoting social development, and improving governance. Includes TA in '06 to promote private sector investment by improving the country's regulatory framework; and TA to improve corporate governance in certain public enterprises. ADB Suva office last year took over from Sydney office responsibility for ADB Kiribati programs.</p> <p>AusAID: \$2.7m in '02-07 for implementation of a FMIS (recently reviewed). TA is also provided across a range of sectors. TA recruited under the <i>Pacific Technical Assistance Facility</i>. Currently several Australian volunteers, working in government and private sectors.</p>



PFTAC STRATEGY NOTES BY COUNTRIES



TAX ADMINISTRATION POLICY ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
KIRIBATI	The domestic revenue issues require to be addressed with some urgency Compliance are low and the impact of trade liberalization is expected to reduce trade revenues by 15 percent. The timing of this impact currently being discussed.	PFTAC recommended reforms in 2003 which included: a VAT; presumptive tax; a single ad valorem tax on imports from non Pacific countries; simplifies PIT; single rate of CIT The Ministry of Finance will shortly present a case to Government on tax reform. PFTAC has advised against the option of a sales tax regime in place of a VAT	March 2008: IMF/PFTAC VAT policy research mission visited Kiribati.	PFTAC will encourage the government to urgently undertake much needed revenue reforms and continue to provide technical assistance in that respect	AusAID and ADB



PFTAC STRATEGY NOTES BY COUNTRIES



FINANCIAL SECTOR SUPERVISION

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
KIRIBATI				<p>The advisor was requested to visit Kiribati in November 2005 to meet with stakeholders prior to the enactment of legislation. (Mission did not proceed due to plane problems).</p> <p>It is likely that PFTAC may be asked to provide assistance to authorities to establish the supervisory authority and implement appropriate supervisory framework based on international standards. The advisor will liaise with IMF MFD as appropriate.</p> <p>Advisor will be inquiring with authorities regarding status of FIA adoption.</p>	<p>AMLAT is providing assistance to establish the FIU.</p> <p>Forum Secretariat recommended that it and PFTAC identify gaps in Kiribati's supervisory framework and explore ways to address these gaps. To date, the Forum has not progressed the issue</p>



PFTAC STRATEGY NOTES BY COUNTRIES



STATISTICS ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
KIRIBATI	<p>Overall review in 2002 (refer “The Challenge of Statistical Capacity Building in the Pacific”, IMF/PFTAC Nov 2002).</p> <p>GDDS metadata is published, but due for updating.</p> <p>Most source data are not timely and have limited coverage. Public enterprises account for around 90% of economic activity. Remittances are significant. Reasonable trade data. GDP growth rates are volatile.</p> <p>Very limited capacity in economic statistics and needs to be improved in the medium-term. No MFS at this stage. Considerable scope to improve BOP, GFS, MFS, NA and prices statistics source data and statistics techniques, as well as updating time series.</p> <p>In 2006 repatriation of significant numbers of Kiribati workers from Nauru.</p>	<p>Production of BOP statistics has been moved from the Statistics Office to the Ministry of Finance. It had been intended in 2007 to move the BOP statistics production back to the Statistics Office but the designated officer began full time study at USP on official statistics course, so this will not happen for some time, unless additional staff with economics background are recruited.</p> <p>Two staff attended the regional BOP statistics course in April 2005.</p> <p>The Advisor visited Kiribati in April 2004, as part of UN MDG workshop, and again in August 2006 to assess statistics needs.</p>	<p>Advisor:</p> <ul style="list-style-type: none"> Ad hoc technical advice provided, on request. <p>Experts:</p> <ul style="list-style-type: none"> None. <p>Other:</p> <ul style="list-style-type: none"> April 2008 - GDDS country coordinator attended an IMF GDDS workshop in Bangkok. 	<p>Advisor:</p> <ul style="list-style-type: none"> Train a Kiribati statistics officer attending the official statistics course at USP. Plan to train in practical NA and BOP to learn how to compile them and to actually update them, even while at USP. Intend to include reviews of methodology while training. Tentative BOP statistics development and NA statistics review mission planned for October 2008, in order to improve production of BOP and GDP estimates. <p>Experts:</p> <ul style="list-style-type: none"> Possible GFS, MFS and prices statistics missions, subject to request from the authorities. 	<p>2005 Population Census conducted with donor financing and TA support.</p>



PFTAC STRATEGY NOTES BY COUNTRIES



PUBLIC FINANCE ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
NAURU	<p>Reform: A reformist administration elected in Oct '04 has a strong public mandate to implement economic reforms. Next elections due in Nov. 2007</p> <p>Economic/fiscal issues: economic indicators, such as GDP and inflation not available. Significant development challenges, including a shrinking resource base and unsustainable government expenditure.</p> <p>IMF Article IV: Not an IMF member.</p>	<p>In March '04 Aust signed the third MOU for management of the offshore processing centre for asylum seekers and Nauru's long-term development (\$29m '03-05). Key features of the MOU includes deploying an in-line finance team of Treasury and Finance officials to help carry out the economic reform agenda. This includes budgeting and revenue generation.</p> <p>PFM Advisor visited in June 2007, and again in December 2007, to install a cash planning system, provide training and to introduce a basic commitment control system.</p>	<p>PIFMA Conference '06: 2 participants attended. 2 participants attended both the workshop at Nadi in Nov. 2006 and PIFMA meeting in Rarotonga in March 2007..</p>	<p>PIFMA: Participants to be invited for workshop in Nov 08 and for fourth PIFMA meeting in Early 2009.</p> <p>Attachment: one official attached to PFTAC advisor for 3 weeks in March-April 2007</p>	<p>AusAID: Provides several in-line officers including the Secretary (Finance), Economic Advisor and the Budget Advisor. Other consultants also work in debt management, SOS, planning and related areas. For first time training now being imparted for local counterparts in SOE area.</p> <p>ADB: In 1999 ADB provided a US\$5m loan and a \$600,000 TA grant for a Fiscal and Financial Reform Program to introduce extensive fiscal reforms, an asset management framework for phosphate and financial investments, and carry out reforms in the public and financial sectors. The TA grant focused on strengthen capacity in financial and economic management. <i>Current status of ADB programs unknown.</i></p>



PFTAC STRATEGY NOTES BY COUNTRIES



TAX ADMINISTRATION POLICY ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
NAURU	Political instability [stalemate over elections & appointments] is currently delaying engagement from PFTAC		nil	PFTAC sensitization has resulted in recognition on need for reform. Continue to engage at a high level [quality-control mode]	AusAID and ADB involved in economic reform.



PFTAC STRATEGY NOTES BY COUNTRIES



FINANCIAL SECTOR SUPERVISION ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
NAURU	<p>There is no formal banking system with Nauru largely being a cash-based economy.</p> <p>Nauru removed from NCCT 'black list' in September 2005.</p> <p>In June 2003, Nauru announced that it would revoke all its international (offshore) banking licenses. Further in December 2003, Nauru gave a commitment to the OECD to abandon its tax haven and banking secrecy regime. Nauru believes that the actions it had taken would get them off the FATF blacklist, without the need to set up any regulatory body, either to carry out financial supervision or implement AML measures. Nauru removed from 'black list' and placed on probation.</p>	<p>In July 2006 an advisor visited Nauru in response to a request from authorities for TA to conduct a diagnostic review of the current financial sector legislative and regulatory regime including (but not limited to) AML/CFT and make recommendations on an overall needs assessment for effective administration. Authorities hope to establish a supervisory/regulatory framework which will attract a foreign bank to establish operations in Nauru.</p> <p>Authorities have drafted a new banking act that will provide a sound basis for a supervisory framework. PFTAC/MCM/LEG provided comments on the draft to Nauru in March 2007.</p>	<p>No visits are planned by the PFTAC advisor although authorities have been advised that assistance, if needed, can be provide on the implementation of the new banking legislation once implemented.</p>	<p>PFTAC advisor will assist in the development of an appropriate supervisory and regulatory framework. This may include identifying an appropriate financial sector supervisor and developing a TOR.</p> <p>PFTAC advisor recommended that Nauru develop new banking and insurance legislation and liquidate the Bank of Nauru.</p> <p>In addition to banking supervision, assistance will be needed to develop a framework for the supervision of insurers.</p>	<p>Given the nature of the request from authorities it is likely that some aspects of the TA will, in addition to IMF/PFTAC TA, be undertaken by AMLAT, PALP and the Forum Secretariat. AMLAT has assisted the authorities in drafting AML/CFT legislation and establishing a FIU.</p> <p>Forum Secretariat recommended that it and PFTAC identify gaps in RMI's supervisory framework and explore ways to address these gaps. To date, the Forum has not progressed the issue.</p>



PFTAC STRATEGY NOTES BY COUNTRIES



STATISTICS ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
NAURU	<p>Small NSO, with three staff compiling basic statistics on CPI, population and some trade data. Severe difficulties with source data – final actual government expenditure data produced for 2004/05 first for many years, no accounts for public enterprises for at least 5 years and no administrative records available (government computer bureau defunct for several years). Small private sector dominated by Chinese traders and restaurants with poor record keeping.</p> <p>Staff of the Statistics Bureau have continued to work despite being paid only irregularly until recently and now at less than one third of expected pay (government cash flow problems).</p> <p>At present no capacity in economic statistics.</p> <p>No Central Bank. Australian dollars are used as the main currency.</p>	<p>In 2004 the SPC statistician compiled an estimate of GDP. The Advisor conducted a review of SPC statistician's GDP estimates in July 2005 (requested by ADB). The estimates were not accepted by Nauru Government (considered too high).</p> <p>National development strategy was presented at donors' roundtable in November 2005, attended by the PFTAC Advisor.</p> <p>Statistics Bureau conducted the 2006 HIES for poverty measurement purposes and to rebase the CPI (with assistance from SPC).</p> <p>The Advisor participated with ADB consultants in an economic assessment mission in August 2006.</p> <p>The Chief Statistician will be on a six-month training course with UN SIAP in 2008.</p>	<p>Advisor:</p> <ul style="list-style-type: none"> Ad hoc technical advice, on request. <p>Experts:</p> <ul style="list-style-type: none"> None. 	<p>Advisor:</p> <ul style="list-style-type: none"> Provide ongoing technical advice as the Statistics Bureau reestablishes its functions, particularly if it is able to establish an economic statistics programme. Tentative BOP and NA statistics review mission planned for November 2008. 	<p>Forum Secretariat have assisted to establish an aid management office to coordinate aid across government departments.</p> <p>2007 Demographic and Health Survey conducted with ADB funding and SPC TA.</p> <p>AUS Aid have staff in line positions in Min of Finance to aid budget processes. Also in police, health and education. Asylum seekers' processing centre has been a significant source of income.</p> <p>ADB funded, with ABS/SPC, on project management training.</p> <p>Taiwan recently provided funding to assist repatriation of workers from Tuvalu and Kiribati, including payment of salaries due.</p>



PFTAC STRATEGY NOTES BY COUNTRIES



PUBLIC FINANCE ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
NIUE	<p>Reform: Niue was devastated by cyclone Heta in Jan '04. Estimated \$NZ40m damage. The current priority of the Gov, with significant donor support, is implementation of the Cyclone Heta Recovery Plan and secondly to continue with implementation of the economic initiatives under the Niue Integrated Strategic Plan.</p> <p>Economic/Fiscal issues: Tourism, fisheries and horticulture provide the most significant prospects for economic development. A program and sequencing of projects is being prepared in consultation with donors. Current GDP figures unavailable.</p> <p>PFTAC missions: No PFM mission given level of support from NZ and Australia.</p> <p>IMF Article IV: Not a member country.</p>	<p>A Trust Fund is being established through consultations between Niue, Aust and NZ to provide a revenue stream to the Gov to fund recurrent budgetary costs. In 2004 Aust contributed AUS\$4m, NZ\$5m and the Gov \$50,000 towards the establishment of the Trust Fund.</p> <p>In the '04/05 Budget the Gov announced a initiative for a 'Whole of Government Review', focused on the management of gov expenditures and deficits, including appropriate government structures, as well as revenue and capital investment requirements needed to develop the economy.</p> <p>The review was recently undertaken with NZAID TA which assessed immediate fiscal problems and longer-term issues such as the appropriate size, structure, and configuration of government institutions.</p> <p>A Joint Working Group has been set up with officials from both Governments to oversee and monitor the implementation of the reform. Preliminary consultations with departments underway</p>	<p>PIFMA Conference '06: 2 participants attended. Nov '06, participant attended MTBF workshop; but no participant for Mch '07 Conference. Participant in March 2008 PIFMA.</p>	<p>PIFMA: Participants to be invited for workshop in Nov 08 and for fourth PIFMA meeting in Early 2009.</p> <p>At the last PFTAC TRC meeting in Mch '06, the authorities identified that PFTAC TA would be beneficial in economic and fiscal forecasting capacity development. Also mentioned 2-3 week attachments of MoF officials in the Cook Islands and/or Samoa but no formal request received.</p> <p>Introductory mission proposed for 2nd quarter 2008 for new PFM Adviser to discuss these issues further.</p>	<p>AusAID: approx \$1m bilateral aid annually to support efforts to promote economic development and growth, and increase in self-reliance. Includes 2yr TA placements such as an Accountant in Treasury.</p> <p>NZAID: approx NZ\$8m bilateral annually \$10m over 5yrs to strengthen links between NZ and Niue gov departments.</p>



PFTAC STRATEGY NOTES BY COUNTRIES



TAX ADMINISTRATION POLICY ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
NIUE	In 2008 Niue will embark on a revenue reform programme with strong support given from the NZ Government in the form of technical advice and in line advisors – to build capacity and help implement the reform programme.		July 2007: Revenue Administration and reform mission to assist NZ advisors and provide an independent viewpoint for the Ministry of Finance on policy and administrative considerations	Continue to engage at a high level [quality-control mode]	NZAID is directly involved in providing advice to the Government



PFTAC STRATEGY NOTES BY COUNTRIES



FINANCIAL SECTOR SUPERVISION ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
NIUE	<p>The Niue Bank Act 1994 provides for the creation of the central bank. However it has not yet been established and the Monetary Board, which is also established under the Niue Bank Act, is the board of directors of the Niue Bank. The Monetary Board is “responsible” for the supervision of banks and other financial institutions. There is one bank in Niue and no insurance companies.</p> <p>Money remitters are not subject to any control.</p> <p>The FIU is responsible for the implementation of the provisions of the FTRA which include customer identification, record keeping and suspicious transaction reporting.</p>	<p>In August 2004, the Government of Niue announced its decision to close its international companies register. Legislation supporting this decision is still to be presented to Parliament.</p> <p>In December 2004, the APG conducted an assessment of Niue’s AML/CFT regime and identified a number of gaps.</p> <p>In April 2005, IMF LEG and PFTAC visited Niue to provide TA to strengthen both the FIU and supervisory framework. During the mission, officers were assigned responsibility for the FIU and bank supervision.</p> <p>New legislation has been drafted covering AML/CFT with assistance from NZ.</p>	<p>No missions have been conducted since 2005.</p>	<p>At this stage no visits planned although advisor is prepared to provide assistance as needed. (There is only one bank in Niue and it is a branch of a supervised bank).</p>	<p>AMLAT advisor has been working with Niue’s FIU.</p> <p>Forum Secretariat recommended that it and PFTAC identify gaps in Niue’s supervisory framework and explore ways to address these gaps. To date, the Forum has not progressed the issue.</p>



PFTAC STRATEGY NOTES BY COUNTRIES



STATISTICS ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
NIUE	<p>GDP estimated by PFTAC funded expert in 2004 – latest for 2003, current prices by industry.</p> <p>Produce quarterly CPI and trade statistics. Conducted HIES in 2002.</p> <p>Major cyclone in January 2004 caused considerable damage.</p> <p>No central bank. New Zealand dollars are used as the main currency.</p>	<p>Mission by PFTAC funded expert in July 2004 to compile NA estimates for 1999 to 2003.</p> <p>Government statistician attended regional BOP course in April 2005.</p> <p>Recent request for assistance on GFS – may try to integrate this request with expert missions arranged by PFTAC budget advisor.</p>	<p>Advisor:</p> <ul style="list-style-type: none"> • None. <p>Experts:</p> <ul style="list-style-type: none"> • None. 	<p>Niue official statistics are fully supported by Statistics NZ and PFTAC statistics technical assistance is not needed.</p>	<p>Statistics NZ has developed a long term plan for technical assistance, following an assessment mission in November 2005.</p>



PFTAC STRATEGY NOTES BY COUNTRIES



PUBLIC FINANCE ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY																
PALAU	<p>Reform: PSR outlined in the authorities Management Action Plan. Reformist President was re-elected in Nov 2004. Continued difficulties with Congress declined or reversed budget consolidation measures over the last 4 years.</p> <p>Economic/fiscal issues: Growth in FY2004 appears to have picked up and is expected to continue at the same rate. This is driven by a surge in tourist arrivals and ongoing foreign funded public projects. Fiscal performance has also significantly improved from the deficit low in FY02 of 29% GDP. Longer term prospects depend crucially on the possible extension of the US Compact past 2009. IMF '05 data:</p> <table border="1"> <thead> <tr> <th></th> <th>'04 % GDP</th> <th>Prov'05 % GDP</th> <th>Est '06 % GDP</th> </tr> </thead> <tbody> <tr> <td>Growth</td> <td>4.9</td> <td>5.5</td> <td>5.7</td> </tr> <tr> <td>Deficit</td> <td>-6.9</td> <td>-3.9</td> <td>-0.4</td> </tr> <tr> <td>Ext Debt</td> <td>14.0</td> <td>13.2</td> <td>11.3</td> </tr> </tbody> </table> <p>Capacity: Palau is the better economic and fiscally performing country out of the 3 Northern PICs. Local capacity is also higher.</p> <p>PFTAC missions: June '06 mission first one in over 6 yrs due to the absence of any TA requests and large US TA. PFM Advisor visited in January 2007 and again in March 2008.</p> <p>IMF Article IV: 24mth cycle, with the most recent in March 2008.</p>		'04 % GDP	Prov'05 % GDP	Est '06 % GDP	Growth	4.9	5.5	5.7	Deficit	-6.9	-3.9	-0.4	Ext Debt	14.0	13.2	11.3	<p>Government agencies' moved to the new capital building in Oct-Dec '06. This is anticipated to facilitate expansion of housing and businesses out of crowded Koror</p>	<p>PIFMA Conference Mch '06: 1 attendee. Workshop in Nov. 06 and in second PIFMA in March 07- one attendee each.</p> <p>June '06 mission. At request of Minister, developed ToRs for (i) TA development of a Finance and Accounting Policy and Procedures (FI) Manual; and (ii) TA on development of a fiscal forecasting model and associated training.</p> <p>Jan 07 mission: Installed two peripatetic consultants to (i) developing FIs and (ii) fiscal forecasting models. Work has since been completed.</p> <p>March 2008: Discussion underway to identify preparedness for a MT Budget system.</p>	<p>PIFMA: Hosted the Third PIFMA meeting in March 2008. Participants to be invited for workshop in Nov 08 and for fourth PIFMA meeting in Early 2009.</p> <p>Arrange/oversight FAPP and Fiscal Forecasting TAs: Oversight being provided. FIs developed and training provided. Fiscal forecasting model submitted to government. Discussion underway with ADB and Government to identify system preparedness for a MT Budget system.</p>	<p>USA: Largest donor under the Compact and Federal grants.</p> <p>ADB: in the process of developing a TA program.</p> <p>AusAID: aid to Palau targets education and training. Further support for community organisations and the work of government agencies is provided through the Small Grants Scheme.</p>
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PFTAC STRATEGY NOTES BY COUNTRIES



TAX ADMINISTRATION POLICY ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
PALAU	<p>A fiscal shortfall delayed the passing of the 2008 budget. A large number of short term revenue raising measures were considered of which two were adopted.</p> <p>The solution to the current difficulties and a long term solution is to arrest the current levels of non compliance and reform the revenue base.</p>	<p>Minister of Finance is considering recommendations of the November 2007 mission</p>	<p>June 2006 Mission a) Provide technical assistance in revising the rules and regulations of the Tax Office; b) Modernize the tax assessment and collection process and system; c) Identify and facilitate new legislative amendment and enactment arising from planned changes to the taxation structure.</p> <p>November 2007 mission In respect of short term revenue shortfalls, arising from the 2008 budget, advice was given on improving the effectiveness of the tax administration in tackling the high levels of non compliance, policy advice on 19 different short term revenue raising options and longer term reform.</p>	<p>Encourage the Government to (a) address the short term revenue shortfalls by strengthening and improving compliance levels and (b) address the long term revenue issue by undertaking fundamental revenue reform to increase the base and remove distortionary exemptions</p>	<p>ADB have a wide ranging country strategy for Palau including improving the revenue collecting effectiveness. PFTAC is working with the ADB</p>



PFTAC STRATEGY NOTES BY COUNTRIES



FINANCIAL SECTOR SUPERVISION ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
PALAU	<p>The Financial Institutions Commission (FIC) is responsible for supervision of banks. Authorities are looking to extend the supervisory responsibilities of the Commission to include the supervision of trust companies.</p> <p>The FIC has recently appointed an additional staff member, increasing the number of FIC staff to three (including the secretary).</p> <p>The FIU, under the Attorney General, is responsible for AML/CFT matters. There have been suggestions, driven by budget priorities, that the FIU will be combined with the FIC. It is unlikely that additional staffing resources will be made available to the FIC should this occur.</p>	<p>Long awaited amendments to the Financial Institutions Act (banking law) previously recommended by IMF MCM peripatetic advisor were adopted in February 2008. The amendments greatly enhance the authority of the FIC to initiate enforcement measures against banks to address problem and noncompliance situations, allows for the conduct of on-site safety and soundness examinations, and authorizes the FIC to issue regulations to enforce and give meaning to the FIA.</p> <p>Liquidation of failed Pacific Savings Bank is ongoing.</p> <p>While efforts are on-going to resolve PSB, three smaller banks have been identified as problems and will require action by the FIC.</p>	<p>Reflecting the on-going program of peripatetic visits by a IMF MCM advisor, the PFTAC advisor has not visited Palau since April 2007.</p> <p>The IMF MCM banking supervision peripatetic advisor concluded a visit to Palau in March 2008, following on a previous visit in November 2007. Activities of the peripatetic advisor involved strengthening on-site examination capacity, off-site monitoring and surveillance.</p>	<p>FIC has requested long-term TA from IMF MCM to develop supervisory capacity For Fiscal Year 2009, three two-weeks visits by the peripatetic advisor are planned.</p> <p>In view of the planned visits by the peripatetic advisor, no visits are planned by the PFTAC advisor but assistance will be provided as requested by the authorities.</p>	<p>Forum Secretariat recommended that it and PFTAC identify gaps in Palau’s supervisory framework and explore ways to address these gaps. To date, the Forum has not progressed the issue.</p> <p>PALP legal and law enforcement mentors have assisted authorities in the areas of legal and forensic accounting relating to the collapse of PSB. PALP is also reviewing AML/CFT legislation.</p> <p>FDIC has provided assistance in relation to the receivership of PSB.</p>



PFTAC STRATEGY NOTES BY COUNTRIES



STATISTICS ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
PALAU	<p>Statistics Law was drafted some years ago – but has yet to be passed.</p> <p>Signed up to GDDS but drafted metadata not finalized.</p> <p>Overall review in 2002 (refer “The Challenge of Statistical Capacity Building in the Pacific”, IMF/PFTAC Nov 2002).</p> <p>As with FSM and RMI, required to prepare annual Compact Report for US Government to monitor effectiveness of aid.</p>	<p>A UNDP Advisor provided limited assistance in statistics from last quarter 2005 to mid-2006. Replaced by another advisor with relevant experience of similar economies in FSM and RMI, for four months in late 2006. Developed systems as a mixture of the original Palau system and those developed in FSM and RMI – potential for sub-regional support for similar systems. Provided considerable training, although contact time was limited due to other commitments of counterparts (meetings out of country, family commitments, etc). Potential for sustainability is good.</p> <p>A former statistician returned to the senior role in the statistics office in early 2006 bringing experience of NA statistics and useful real world financial knowledge. However, his abilities are often sought for other purposes, limiting his time on statistical work.</p> <p>Participant attended the PFTAC half-funded training attachment at Statistics NZ in April 2007 on data editing.</p> <p>PFTAC Advisor undertook missions in: December 2003 to complete GDDS metadata and advise on NA statistics; October 2005 to assist in compiling NA estimates and provide training; and in June 2006 to provide further NA statistics training.</p>	<p>Advisor:</p> <ul style="list-style-type: none"> May07 – NA statistics training and help to finalize GDP estimates begun by UNDP consultant. <p>Experts:</p> <ul style="list-style-type: none"> None. <p>Other:</p> <ul style="list-style-type: none"> Training attachment to SPC for CPI rebasing. 	<p>Advisor:</p> <ul style="list-style-type: none"> Follow up mission on NA statistics confirmed for September 2008, including a brief review of BOP sources and methods. <p>Experts:</p> <ul style="list-style-type: none"> Possible GFS, MFS and prices statistics missions, subject to request from the authorities. 	<p>UNDP provided a long term advisor to assist development of statistics (one left mid-2006, another very effective for four months late 2006).</p> <p>US Office of Insular Affairs assisted on social statistics – largely ceased now.</p> <p>US Bureau of Census hosted a team from Palau in late 2005 to provide training to process the 2006 Population Census.</p> <p>Statistics NZ provided assistance in PC Trade for customs processing and statistics.</p> <p>Two staff shared a six month training attachment on data processing at SIAP in 2006.</p> <p>SPC providing assistance with HIES and possibly on CPI rebase.</p>



PFTAC STRATEGY NOTES BY COUNTRIES



PUBLIC FINANCE ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
PAPUA NEW GUINEA	<p>Reform: Gov PSR program underpinned by a multi-donor Expenditure Review and Rationalization Program (ERRP). Key elements of ERRP include restoring the integrity of budget institutions and systems and the reprioritization of expenditures. The program is subject to biannual reviews by a joint WB, AusAID, ADB PERR team.</p> <p>Economic/fiscal issues: Progressive strengthening of fiscal policy since '02 under Somare Gov. Structural reforms to boost growth and reduce external vulnerabilities seen as a priority. However, public finance is under pressure, especially in the context of the forthcoming elections.</p> <p>Capacity: Refer Aug '05 review of PEER.</p> <p>PFTAC missions: Most recent Mch '00 focused on completion of ROSC to meet the conditionality of Fund assistance/budgetary support.</p> <p>IMF Article IV: 12 mth cycle, most recent Article IV in November 2007; staff visit May 2008. Resident Representative Office closed at end-2007.</p>	<p>Medium Term Development Strategy (MTDS) 2005-10, approved in April '05. Goals to be achieved through: the PSR; redirecting expenditures to priority areas; and creating a favorable climate for private sector growth. Financing of the MTDS mapped out in the context of a MTFF. Strategy to be reviewed annually and aligned to budget.</p> <p>Aug '05 review of the PEER identified that whilst some progress has been made in the areas of debt management and budget transparency, greater effort required in strengthening: expenditure control (payroll); transparency & accountability; leadership management and operational capacities.</p> <p>Implementation of new FMIS (with ADB/AusAID TA) in Finance, Treasury, Planning, Health and Works during '05 with the intention of using the budgeting sub-system in '06 to develop the '07 national budget. Stage 2, will implement the FMIS in remaining national departments as well as provinces and districts.</p>	<p>PIFMA Conference '06, one participant. MTBF workshop; and Mch '07 PIFMA-one participant each.</p> <p>PFM adviser was scheduled to participate on the Dec. 06 Article IV mission due to joint mission with AUSAID and ADB to Kiribati could not join in again in Dec. 2006 but likely to join next staff visit.</p>	<p>PIFMA: Participants to be invited for workshop in Nov 08 and for fourth PIFMA meeting in Early 2009.</p> <p>At the PFTAC Tripartite Committee Meeting in Mch '06, the authorities identified a number of areas for future PFM TA:</p> <ul style="list-style-type: none"> - participation on the multi donor annual PEER; - strengthening legislative framework with a view to 'locking-in' the MTDS to provide a greater level of stability, regardless of changes in government; and - strengthening expenditure reprioritization and control, including at sub-national level. <p>However, no formal request received.</p> <p>Introductory mission proposed with PEFA assessment: Possibly in May 2008.</p>	<p>ADB: Financial Management Program (FMP), US\$27m loan, focused on improving financial management. Program assistance provided for public service improvement, including implementing an integrated FMIS.</p> <p>AusAID: Aust/PNG 5yr <i>Enhance Cooperation Package</i> (\$800m). Includes up to 36 economic and public admin specialists working within central economic and sectoral national agencies. Also funding a <i>Provincial Financial Management Training Program</i> (PFMTPT), A\$30m in grants to strengthen financial management across national and sub-national government; and a <i>Strengthening Provincial Internal Audit</i> project.</p>



PFTAC STRATEGY NOTES BY COUNTRIES



TAX ADMINISTRATION POLICY ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
PAPUA NEW GUINEA	Internal Revenue Commission redeveloping IT strategy in concert with the overall O.D.	PITAA Conference 2007 took place in July 2007.	Project -Development of IT Strategic Plan: Five short term missions spanning July 2006 – September 2007 were completed.	A mission is planned in May 2008 to prepare a business plan for government and other potential Donor agencies to purchase Hardware and applications aligned to the ITSP. Further T.A. will be considered as requests are made	ATO appear to be the principal advisors to the IRC.



PFTAC STRATEGY NOTES BY COUNTRIES



FINANCIAL SECTOR SUPERVISION ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
PAPUA NEW GUINEA	<p>The Financial System Supervision Department (FSSD) of the Bank of Papua New Guinea (BPNG) is responsible for the supervision of deposit-taking institutions (4 banks, 8 finance companies and 10 savings & loan societies), life insurance companies and the superannuation funds.</p> <p>Between August 2001 and December 2003, BPNG was the recipient of extensive TA on banking supervision by two IMF peripatetic advisors. The advisors covered policies and procedures for both off-site surveillance and onsite examinations of deposit-taking institutions. BPNG is content to work on its own in the near future and would seek a review by the advisors later in 2005.</p> <p>Supervision of life insurance and superannuation has benefited from AusAID funded consultants. This program ends on 31 October 2005 and BPNG would like to see it extended. APRA has also assisted in training BPNG staff in the supervision of pension funds¹.</p>	<p>After the end of the AusAID supervision project (of four years), BPNG obtained services of a NZ consultant to continue to improve supervision of pension funds and insurers.</p>	<p>There have been no visits to PNG given the involvement of MCM.</p> <p>The advisor visited BPNG in July 2005. A number of TA needs were identified:</p> <ul style="list-style-type: none"> • Non-life insurance supervision is likely to be taken on by BPNG. Capacity building will be necessary. • AML/CFT inspection training for supervisors. • Life insurance and superannuation will, despite 4 years of TA, need on-going assistance with a focus on on-site inspections. • Supervision of microfinance schemes. 	<p>The advisor has indicated to BPNG a willingness to provide TA in the areas of bank and pension fund supervision going into 2007 to develop capacity.</p> <p>Advisor can conduct training in conducting on-site AML/CFT inspections.</p> <p>On-going TA from PFTAC will need to be coordinated against IMF MFD's proposals, AusAID and APRA.</p>	<p>AusAID continues to provide training to supervisory staff through its existing program.</p> <p>AMLAT & AUSTRAC AMLAT and AUSTRAC may provide assistance to establish the FIU.</p>

¹ With funding from AusAID, APRA has held four 'hands-on' training sessions in PNG during 2004/05. Invitations have been extended to other PICs to participate in the training program. It is likely that this program will continue into 2006 as AusAID has agreed to provide further funding.



PFTAC STRATEGY NOTES BY COUNTRIES



STATISTICS ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
PAPUA NEW GUINEA	<p>Overall reviews conducted in 2002 (refer “The Challenge of Statistical Capacity Building in the Pacific”, IMF/PFTAC November 2002) and 2006 (refer to Report on Multisector Statistics Mission, September 2006). Outputs of the National Statistics Office have declined over recent years, including national accounts, due mainly to staff capacity and funding constraints. The base year for the CPI is 1977 and there is an urgent need to rebase. A joint ABS-IMF mission in December 2007 met with the authorities to develop a medium-term institutional strengthening plan. TA is conditional on the authorities addressing certain prerequisites.</p> <p>The BPNG compiles BOP statistics quarterly, largely based on exchange transaction records. A senior BOP analyst attended the regional BOP statistics course in April 2005. BPNG also compiles monetary statistics. TA is required to improve statistics for both sectors.</p> <p>The Ministry of Finance compiles budget tables but coverage is poor and not in GFS format. Again, significant TA is required.</p> <p>Signed up to GDDS but metadata not finalized.</p> <p>Severe constraints on telephone, fax, email and internet access below senior manager level or transport for field work limit effectiveness of survey operations.</p>	<p>The Advisor undertook one week BOP statistics mission in February 2006, to review progress on BOP developments and finalize TOR for expert mission in September 2006. The BPNG has made good progress in implementing recommendations made in previous BOP expert missions, reducing the reliance on foreign exchange records. Exchange controls on current account flows were liberalized in June 2005.</p> <p>STA missions on monetary statistics were conducted in April 2005 and May 2006.</p> <p>2004 business survey completed.</p> <p>The Advisor was part of an IMF multi-sector statistics team lead by senior STA staff conducted a review of the macro-economic data system in September 2006. Made many recommendations for each data set. Major work needed for GFS, NA and CPI while progress is underway on BOP and MFS developments. Major recommendations included moving responsibility for national accounts compilation from the NSO to BPNG. Follow-up visit by STA Department Head and senior ABS staff held in December 2007.</p>	<p>Advisor:</p> <ul style="list-style-type: none"> • None. <p>Experts:</p> <ul style="list-style-type: none"> • None. 	<p>Advisor:</p> <ul style="list-style-type: none"> • BOP statistics mission confirmed for June 2008. • Possible NA statistics mission in 2009, subject to the authorities taking action on recommendations to move NA to BPNG. <p>Expert:</p> <ul style="list-style-type: none"> • MFS mission planned for mid-2008, to be undertaken by IMF Statistics Department (STA) staff. • NA statistics mission by STA to train BPNG staff on concepts, sources and methods, subject to the authorities addressing certain prerequisites. <p>Other:</p> <ul style="list-style-type: none"> • Subject to the authorities addressing certain prerequisites, the IMF Statistics Department will undertake targeted TA missions to improve macroeconomic statistics, in cooperation with ABS. 	<p>SPC have provided some TA in NA statistics up to 2004.</p> <p>ADB agreed to fund a Demographic and Health Survey in 2006. The NSO plans to follow that up with an HIES, with assistance from SPC, subject to availability of counterpart funding.</p> <p>ABS has offered significant TA (2-3 staff years), subject to the authorities addressing certain prerequisites.</p>



PFTAC STRATEGY NOTES BY COUNTRIES



PUBLIC FINANCE ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
REPUBLIC OF MARSHALL ISLANDS	<p>The Banking Commission is responsible for the prudential supervision of the two commercial banks, and is also the AML/CFT supervisory authority. The Banking Commissioner is the Head of the FIU.</p> <p>The Banking Commission has adopted FDIC on-site examination procedures focusing on AML compliance by financial institutions and cash dealers. The on-site examination program is to be extended to other areas of banks' activities.</p> <p>The Commission continues to strengthen others aspects of its supervision of banks.</p> <p>Further amendments to legislation are planned to strengthen the Commission's supervisory powers.</p> <p>IMF Article IV: Last Article IV December 2007; Staff Visit March-April 2008; 24 month consultation cycle.</p>	<p>The current Banking Commissioner has recently resigned.</p> <p>In March 2004, IMF MFD peripatetic advisor spent a month with the Commission to assist with a credit onsite examination and to provide training in offsite surveillance. Reporting and offsite analysis are weak.</p> <p>A follow up IMF MFD mission occurred in early 2005.</p> <p>To the detriment of banking issues, AML/CFT issues have received considerable attention from the previous Commissioner and RMI has received assistance from the US to establish its FIU.</p> <p>Two consultants – one on cash management and one on macro fiscal modeling were installed and have since completed their work.</p>	<p>Advisor visited in May 2006, January 2007 and January 2008, following the introductory mission to meet the new Banking Commissioner and to assess TA needs and to review current supervisory work the two latest missions have been to install a cash management system, provide training and to develop a commitment control manual.</p>	<p>PIFMA: Participants to be invited for workshop in Nov 08 and for fourth PIFMA meeting in Early 2009.</p> <p>Following a recommendation from made by the IMF MFD advisor, PFTAC has arranged an attachment for the Assistant Commissioner to the Hawaiian supervisory authority. The attachment would assist in the development of the officer. To maximize training opportunity, the attachment will be timed to coincide with the Hawaiian supervisory authority's onsite examination workplan.</p> <p>Possible further assistance in macro fiscal modeling and commitment control in 2008.</p> <p>Attachment: One officer from Budget likely on attachment in June 2008.</p>	<p>Forum Secretariat</p> <p>Forum Secretariat recommended that it and PFTAC identify gaps in RMI's supervisory framework and explore ways to address these gaps. To date, the Forum has not progressed the issue.</p>



PFTAC STRATEGY NOTES BY COUNTRIES



TAX ADMINISTRATION POLICY ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
REPUBLIC OF MARSHALL ISLANDS	RMI has an urgent need to improve revenue performance. Low levels of compliance combined with a ineffectual system of a dual national and local government collection mechanism offers opportunity in the short term. Revenue reform will be needed to sustain the improvement of revenue collection in the longer term		<p>December 2007 Mission:</p> <p>Short term: Revenue enhancing measures_ including integration of local and national government taxes</p> <p>Long term: engaged in initial discussions of revenue reform to address the narrow tax base and low levels of compliance</p>	<p>Assist in setting up administrative structures for combined tax collection administration.</p> <p>Encourage the strengthening of the revenue administration.</p> <p>Encourage revenue reform in the longer term.</p>	None in the revenue field



PFTAC STRATEGY NOTES BY COUNTRIES



FINANCIAL SECTOR SUPERVISION ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
REPUBLIC OF MARSHALL ISLANDS	<p>The Banking Commission is responsible for the prudential supervision of the two commercial banks, and is also the AML/CFT supervisory authority. The Banking Commissioner is the Head of the FIU.</p> <p>The Banking Commission has adopted FDIC on-site examination procedures focusing on AML compliance by financial institutions and cash dealers. The on-site examination program is to be extended to other areas of banks' activities.</p> <p>The Commission continues to strengthen others aspects of its supervision of banks.</p> <p>Further amendments to legislation are planned to strengthen the Commission's supervisory powers.</p>	<p>Advisor visited in May 2006. The mission was an introductory nature to meet the new Banking Commissioner, to assess TA needs and to review current supervisory work. The mission recommended that the Banking Commission expand the scope of its work to include liquidity and operational risk management.</p> <p>In September 2007 the Advisor arranged for an attachment of the Deputy Commissioner with the Division of Financial Institutions, State of Hawaii to enhance the supervisory capacity of the Banking Commission.</p>	<p>PFTAC advisor visited in March 2007. The mission developed guidelines for liquidity and operational risk management, delivered training and assisted the Banking Commission undertake an on-site examination of a local bank.</p> <p>In November 2007, the advisor conducted a follow-up mission to review progress on recommendations arising from the March 2007 mission.</p>	<p>Following a recommendation from made by the IMF MFD advisor, PFTAC has arranged an attachment for the Assistant Commissioner to the Hawaiian supervisory authority.</p> <p>Advisor is planning a visit to RMI in 2008 in response to a request for assistance from the authorities in drafting amendments to legislation and the implementation of off-site monitoring and surveillance of banking institutions.</p>	<p>Forum Secretariat recommended that it and PFTAC identify gaps in RMI's supervisory framework and explore ways to address these gaps. To date, the Forum has not progressed the issue.</p> <p>PALP legal mentor has visited RMI and made a number of recommendations to strengthen AML/CFT framework. PALP is reviewing the FIU.</p>



PFTAC STRATEGY NOTES BY COUNTRIES



STATISTICS ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
REPUBLIC OF MARSHALL ISLANDS (RMI)	<p>A limited range of statistics are produced within the Economic Policy, Planning and Statistics Office (EPPSO). Headed by a capable manager. One appointee for economic statistics, focused to date on national accounts statistics. He attended the regional BOP statistics course in April 2005. Limited capacity and resources restrict further development possibilities and participation in GDDS project. Priority areas for further strengthening include national accounts statistics, foreign trade volumes and values data, BOP statistics sources and methods, and GFS.</p> <p>PFTAC conducted an overall review in 2003, including developing an action plan, but there was little progress until early 2005 when an economic statistician was appointed.</p> <p>No central bank. US dollars are used.</p> <p>As with FSM and Palau, RMI authorities are required to prepare an annual Compact Report for the US Government, to monitor effectiveness of aid.</p>	<p>An ADB funded advisor (with previous experience of three years in FSM) developed GDP systems and estimates during missions in 2006. Counterparts have been trained to update the estimates. July 2007 update of NA was to have been done by counterpart, but he was busy conducting the DHS so the NA was updated by the ADB consultant again.</p> <p>NA training course for Palau, FSM and RMI participants in October 2006 in FSM – RMI was represented.</p> <p>The Advisor assisted the IMF Article IV mission in October 2005 in addressing data needs and discussed future TA needs with EPPSO and ADB advisor. Also discussed possibility of RMI joining GDDS.</p>	<p>Advisor:</p> <ul style="list-style-type: none"> July 2007 – BOP statistics mission to update and improve estimates and methodology, in conjunction with the ADB team to prepare data for the US Compact Report. 	<p>Advisor:</p> <ul style="list-style-type: none"> NA and BOP statistics mission tentatively planned for August 2008 (back-to-back with FSM mission) to work on BOP and NA sources and methods, as well as to assist in updating BOP and NA estimates. 	<p>ADB – An advisor for two, two month missions to help build the NA compilation system. Extended until July 2006. Again provided in July 2007 for Compact Report update.</p> <p>US Office of Insular Affairs mainly on social statistics.</p> <p>SPC assistance on 2007 Demographic and Health Survey, funded by ADB.</p> <p>Aus AID funded PGSP, with ABS/SPC, on project management, strategic and forward work program planning training.</p>



PFTAC STRATEGY NOTES BY COUNTRIES



PUBLIC FINANCE ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
SAMOA	<p>Reform: Strong Gov support for economic and public sector reform over the past ten years. Legislative and policy framework for PFM and PE reform enacted in mid-'03. Strategy for the Development of Samoa (SDS) 2005-2007 updated annually.</p> <p>Economic/fiscal issues: After a strong performance in 2004/5 growth has recently slowed down to 2%. However, inflation remained low at 3-4%, although in the run up to the elections in 2006 fiscal policy loosened. Short term prospects are good and real GDP growth is expected to recover to around 3% for 2006-7. Over the medium term steady real per capita growth is expected to continue at around 3% till 2010/11 and external debt is expected to decline to 30% of GDP by 2010/11.</p> <p>Capacity: MoF lacks depth of skills/experience. Budget process very centralist and weak integration with strategic plans. Poor quality and timeliness of fiscal reporting.</p> <p>PFTAC PFM missions: 6 since '00, ROSC completed in June '04. Most recent, new PFM Advisor in Dec. 2006 to install peripatetic advisor on forward estimates system.</p> <p>IMF Article IV: 24mth cycle; last Art IV mission March 2007.</p>	<p>5-year Financial Management Improvement Implementation Plan and a Integrated Management Cycle, developed with ADB TA, announced in the '05/06 Budget. The plan is focused on the phased operational zing of the strengthened budget, reporting and accountability requirements of the PFM Act.</p> <p>New FMIS (GOFAR) implemented during FY06, should significantly improve expenditure control and reporting.</p> <p>Government re-elected in May '06. New Minister for Finance appointed.</p> <p>Departure of Assistant CEO, Finance, in July '06 leaves large vacuum in staff skills/experience for a considerable time.</p>	<p>Mch '05: participation in Article IV.</p> <p>PIFMA Conference, 2 participants, Nov. workshop – 2 participants, Second PIFMA meeting in March 2007- one participant.</p> <p>April '06: Peripatetic Fiscal Forecasting Adviser, 3wks: policy analysis and advice on the fiscal impacts of various policy initiatives under consideration in the FY07 Budget; and agree with authorities follow-on TA needs</p>	<p>PIFMA: Participants to be invited for workshop in Nov 08 and for fourth PIFMA meeting in Early 2009.</p> <p>Dec. 06- Installed peripatetic Advisor to develop a Forward Estimates system over two budget cycles (17 weeks of work). Work completed in March 2008.</p> <p>Further visits: One more visit likely in April 2008 and, if needed another one later.</p>	<p>ADB Financial Management Improvement Project: July 2003 to June 2005: 16 pm of TA, 3advisers over 24 mths. Update PIER mission scheduled for July '06.</p> <p>AusAID/NZAID: Joint Aid Program Strategy '05-07. PFM related programs: (i) <i>Public Sector Improvement Facility</i>, \$10m '05-09, to improve the efficiency and effectiveness of the public service to support national development priorities; (ii). <i>Financial Management Information System</i>, \$1.5m;and (iii) <i>Pacific Technical Assistance Facility</i>, supporting the secondment of Aust expertise generally for 2yr capacity-building assignments.</p>



PFTAC STRATEGY NOTES BY COUNTRIES



TAX ADMINISTRATION POLICY ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
SAMOA	<p>AusAID on behalf of the Government have reviewed the Revenue administration. The Government is currently considering the recommendations</p> <p>IMF Legal have recently drafted law to implement Self assessment and a presumptive tax (income tax)</p> <p>Government is considering measures to anticipate the impact of trade liberalization which will soon be faced. PFTAC has provided advice and reasoning on the preferred options</p>		<p>November 2006: T.A. given to achieve higher compliance of the large taxpayer sector.</p> <p>February 2007: Mission The Government of Samoa asked that the preparation of the Asian Development Bank's (ADB's) next Country Partnership Strategy be done jointly between the ADB and World Bank. PFTAC was invited as an observer to this process.</p> <p>March 2008: Joint IMF/PFTAC VAT research mission</p>	<p>Work closely with the AusAID program. And will provide technical assistance in specific areas, which initially is likely to be in the large taxpayer sector</p>	<p>Aus Aid are working extensively in Samoa, including technical assistance to the Samoan Revenue Authorities</p>



PFTAC STRATEGY NOTES BY COUNTRIES



FINANCIAL SECTOR SUPERVISION ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
SAMOA	<p>The Central Bank of Samoa (CBS) is responsible for the prudential supervision of all commercial banks in Samoa, major non-bank financial institutions including the Samoan National Provident Fund (SNPF), the Development Bank of Samoa (DBS) and insurance companies.</p> <p>The Samoa International Finance Authority (SIFA) administers the offshore legislation and supervises all registered offshore entities, encompassing trustee companies, international companies, offshore banks and offshore insurance companies.</p> <p>The FIU, which is headed by the Governor of the CBS, has a mandate under the legislation to conduct compliance audits on financial institutions, and analyze suspicious transactions reports.</p>	<p>CBS is feeling the weight of its increased supervisory burden.</p> <p>With the closure of Niue’s IBC business, Samoa is now being targeted by the Panamanian law firm behind Niue’s IBC business.</p> <p>The advisor visited Samoa in June 2005. A number of potential areas for TA were identified:</p> <ul style="list-style-type: none"> • The need for a new statistical database for supervision department. • Insurance supervision – capacity building and developing guidelines. • Pension fund – supervisory capacity (and the fund itself needs TA to develop investment guidelines). • FIU – developing guidelines, analysis of STRs and reports, and capacity building. • Trust companies – assistance developing supervisory skills. • Offshore banks and insurers – need to develop supervisory capacity to ensure compliance with BCPs and IAIS CPs. 	<p>In October 2007, Samoa hosted the AFSPC Annual Meeting and Workshop.</p> <p>The Advisor also provided assistance to the CBS to address recommendations arising from a 2007 IMF assessment of supervisory framework for domestic and offshore banks.</p>	<p>Authorities will likely need assistance to continue to develop insurance and pension fund supervisory skills.</p> <p>Assistance will be required in respect of recommendations arising from the 2007 IMF assessment. Assistance will likely be provided to both the CBS and SIFA.</p>	<p>AusAID/AUSTRAC is providing the FIU with a new database to assist in the analysis of information.</p> <p>World Bank to assist SNPF develop its investment guidelines.</p> <p>PALP is to provide assistance to review aspects of Samoa’s offshore legislation.</p>



PFTAC STRATEGY NOTES BY COUNTRIES



STATISTICS ADVSIOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
SAMOA	<p>NSO is responsible for CPI, household and agriculture surveys, and is due to take on NA statistics compilation from July 2008.</p> <p>Minister of Finance (Economic Policy and Planning Department) has been producing NA and GFS on annual and quarterly basis. Relatively good quality. GFS on <i>GFSM 1986</i> basis.</p> <p>Central Bank compiles BOP and monetary statistics and a quarterly production index. Significant progress made toward <i>BPM5</i>. Senior BOP compiler attended regional BOP course in April 2005.</p> <p>Joined GDDS project in 2003, but metadata not yet published – the coordinator is the Government Statistician.</p>	<p>Statistics missions by the PFTAC Advisor include: BOP statistics in July 2004; and statistics development needs review in April 2006. A BOP statistics expert mission was undertaken in April 2006 to review data sources and methodology, recommended some changes to improve coherence. Progress is slow (due to resources) but ongoing.</p> <p>A monetary statistics workshop was held in Fiji in December 2005, involving Samoan participants, to assist move to international standards and use of standard report formats for IMF reporting.</p> <p>Participant attended the PFTAC half-funded training attachment at Statistics NZ in April 2007 on data editing.</p> <p>NA statistics production planned to be moved to NSO in July 2008.</p> <p>An Aus AID funded expert has recently reviewed the statistical system to assess what changes to structures and responsibilities, etc, are needed. Report with Government Statistician.</p> <p>Samoa has requested assistance to:</p> <ul style="list-style-type: none"> • improve the indicator data for quarterly GDP; • reconcile the two sets of trade data compiled by NSO and CBS; and • review and improve the GFS compilation. 	<p>Advisor:</p> <ul style="list-style-type: none"> • GFS review mission undertaken in November 2007 – draft revised tables produced for one year and methodology established. <p>Experts:</p> <ul style="list-style-type: none"> • MFS follow up mission undertaken in September 2007. 	<p>Advisor:</p> <ul style="list-style-type: none"> • NA statistics review mission tentatively planned for July 2008. <p>Experts:</p> <ul style="list-style-type: none"> • GFS follow up mission, subject to request from the authorities. • MFS statistics - progress on recommendations of September 2007 mission will be monitored and aided by STA. • Import price index development project planned for June/July 2008 (JSA project, using Statistics NZ expert). 	<p>SPC have provided some TA in NA.</p> <p>ABS has been approached to undertake a 5 year Institutional Strengthening Program (ISP). The anticipated ISP is very detailed covering a wide range of subject matter areas. Request currently being reviewed by Aus AID and NZ Aid.</p> <p>Aus AID funded, with ABS, on project management training.</p>



PFTAC STRATEGY NOTES BY COUNTRIES



PUBLIC FINANCE ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
SOLOMON ISLANDS	<p>Reform: The Gov has started addressing some of its reform priorities, but progress has been mixed. The wage bill needs to be contained and spending re-oriented to priority sectors. Improving tax administration and a comprehensive tax reform are priorities.</p> <p>Economic/fiscal issues: Economic recovery started in '03 has continued against a backdrop of macroeconomic stability, but structural reforms have lagged. Debt sustainability fragile.</p> <p>Capacity: Significant capacity development needs being addressed by AusAID and ADB.</p> <p>PFTAC missions: Last mission in Aug '06 to install consultants to write Financial Instructions.</p> <p>IMF Article IV: most recent in May 2007.</p>	<p>Honiara Club meeting in mid-Oct '05: Aust agreed to a two year moratorium on debt repayments. In 2007 SI will be eligible for at least 60% of debt to Aust to be forgiven as long as SI continues good budget management and follows through on the reforms.</p> <p>April '06: New PM, Minister of Finance and Permanent Secretary (PS) of Finance. The PM also announced that all PS posts will be advertised as the contracts of current holders of the positions are due to expire at the end of June '06.</p>	<p>PIFMA Conference, Mch '06; two participants. MTBF workshop and Mch '07 PIFMA-one participant each.</p> <p>May '06. Mission requested by authorities to review PFM legislative and procedural framework. Outcome was development of ToR for TA to undertake a process redesign of the key accounting operations, linked to a significant redraft of the finance and accounting manual.</p> <p>August 06. New Advisors introductory mission and installation of two peripatetic consultants to write Finance Instructions.</p>	<p>PIFMA: Participants to be invited for workshop in Nov 07 and for third PIFMA meeting in Early 2008.</p> <p>Financial instructions: Still waiting governments comments on FIs before training component can commence.</p>	<p>AusAID: significant TA under Budget Stabilization Program; ensuring basic gov functions; several advisors and in-line personnel working in the key areas of budget, audit, treasury, inland revenue, customs, payroll and debt management; and Economic Reform Unit, focused on a longer-term and targeted economic reform program</p> <p>ADB: '98 a US\$25m loan to support policy and PS institutional reforms. Program for '05-06 focus on transport and private sector development. TA grants totaling up to US\$3m to assist reforms including economic reform.</p> <p>NZAID focus on education, law and justice sectors as well as to support civil society and sustainable livelihoods.</p>



PFTAC STRATEGY NOTES BY COUNTRIES



TAX ADMINISTRATION POLICY ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
SOLOMON ISLANDS	<p>2006-2007 IMF/PFTAC missions outlined a revenue reform option for the Solomon Island's Government. Draft VAT and modernized Income tax laws were drafted together with high level implementation plans.</p> <p>The continual change in Government and Minister of Finance is problematic in obtaining commitment to the reform program. Currently the emphasis is to strengthen the revenue regime in anticipation of future change.</p>		<p>Feb 2006 Mission - Policy Mission by PFTAC Advisor and Legislation Drafter – IMF Legal. The mission's purpose was to advise on policy design issues arising from the Minister of Finance tax reform priorities, prepare draft legislation giving effect to the reform and advise on implementation of the reform.</p> <p>Dec 2006 mission – revenue Administration A high level revenue reform implementation plan was presented to the authorities of the mission.</p> <p>May 2007 visit – Revenue Administration Discussions with the revenue administration to finalise short and intermediate plans.</p> <p>February 2008 – Revenue Administration Current state assessment and strengthening of the revenue administration. (first of two part project)</p>	<p>May 2008 – Policy mission Second of two part project – identify short term policy for implementation and undertake capacity building to enable implementation of that policy.</p> <p>Encourage the Government to commit on longer term revenue regime.</p>	<p>AusAID (RAMSI) and NZ Aid are providing both advisor and in line positions to the revenue administration.</p>



PFTAC STRATEGY NOTES BY COUNTRIES



FINANCIAL SECTOR SUPERVISION ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
SOLOMON ISLANDS	<p>The Central Bank of Solomon Islands (CBSI) has supervisory responsibility for three commercial banks (two of which are branches of Australian banks), the Development Bank of Solomon Islands (DBSI), which is in receivership, and the National Provident Fund (NPF).</p> <p>The Governor of CBSI has been assigned interim Commissioner of Insurance, pending changes in legislation to formally bring the insurance sector under the CBSI’s supervisory mandate. The supervisory framework for the insurance sector and the insurance act are to be strengthened.</p> <p>CBSI has lost a number of experienced supervisors and is looking to recruit new staff.</p> <p>At some time in the future, it is likely that the BSD Manager will retire from the CBSI. This will leave a significant hole in the Bank’s supervisory capabilities. During 2007, there were a number of staff changes and supervisory capacity has been weakened.</p>	<p>Recent amendments to AML/CFT legislation have given the CBSI responsibility for the FIU.</p> <p>The World Bank has provided a grant to provide assistance to update insurance legislation (and legislation in a number of other areas including the Central Bank Act, Financial Institutions Act, Credit Union Act, and Financial Audit Act). The provident fund and credit union Acts have been reviewed and revised and, it is hoped the Government will pass the legislation in 2008.</p> <p>CBSI had hoped the DBSI would be liquidated and closed by end 2006. However, Government wants another bank to take its place.</p> <p>It is likely that CBSI will participate in an attachment program to the Bank of Papua New Guinea to assist in undertaking an on-site examination of Bank South Pacific, whose is the home country supervisor.</p>	<p>No missions were conducted over 2007, however, the Advisor provided on-going assistance to the CBSI from Suva.</p>	<p>A visit with the CBSI has been scheduled for 9 – 22 May 2008 in responded to a request from the authorities for assistance and training to the staff in implementing Basel I and regulatory reporting forms.</p> <p>CBSI has requested assistance to overhaul insurance supervision (e.g. new legislation) following visits by MCM TA advisor.</p>	<p>AMLAT/AUSTRAC to provide assistance to the FIU in terms of training and establishing a database.</p> <p>PALP has been requested to review Proceeds of Crime legislation.</p>



PFTAC STRATEGY NOTES BY COUNTRIES



STATISTICS ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR/EXPERT VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
SOLOMON ISLANDS	<p>PFTAC review done in early 2003 when the Statistics Office had ceased to function due to “tensions” affecting the country. The Central Bank (CBSI) took over NA during this time and still compiles GDP. Since then the SO has reestablished itself and is now producing CPI, completed an HIES, done substantial development work on GFS and restarted business surveys for national accounts purposes.</p> <p>The CBSI produces BOP (almost totally based on exchange records) and monetary statistics. The senior BOP compiler attended regional BOP course in April 2005. A MCM funded expert has been posted to CBSI and has been requested to assist with improving MFS source data.</p> <p>Signed up to GDSS and metadata has been drafted but not yet sent to Washington, despite reminders. Needs to appoint new coordinator.</p> <p>Key priority areas include: improving sources and methods for BOP statistics; timely dissemination of the rebased CPI; finalize rebase of NA statistics; developing GDP(E) estimates; improving quality and timeliness of NA statistics and related source data (e.g. coverage, public enterprises data); and GFS coverage.</p>	<p>Long term advisor appointed to statistics office (ex PNG deputy GS) for almost two years until late 2006. HIES published late 2006, being used for rebasing CPI and GDP. SO working on the 2007 Demographic and Health Survey, with ADB funding, building on success of HIES.</p> <p>Rebase of the CPI completed, following the HIES and attendance at the Statistics NZ training attachment on price indexes in 2006. New CPI yet to be released.</p> <p>Trade statistics are now being published but quality concerns continue – e.g. little fuel included in imports data for 2004. Editing is being done on missing volumes data. PC Trade still not implemented.</p> <p>Business surveys conducted for 2003 and 2004 to provide base data for national accounts. PFTAC advisor assisted SO to compile draft nominal GDP for 2004 and rebased real GDP series – some work is needed by SO and CBSI to finalize these numbers and incorporate them into ongoing outputs.</p> <p>Advisor undertook missions in: February 2004 to review SO, plan for reestablishing office, funding from Aus AID & NZ Aid, for equipment, and a long term advisor; August 2005 NA, BOP and GFS follow up mission; February 2006 BOP, NA and GFS mission to review the BOP enterprise survey and peer review of BOP and GDP estimates; and February 2007 NA statistics mission to update GDP estimates.</p> <p>Expert missions were undertaken in December 2005 on monetary statistics; and February 2007 on BOP statistics, to improve surveys to reduce reliance on OET.</p>	<p>Advisor:</p> <ul style="list-style-type: none"> Ad hoc advice provided. <p>Experts:</p> <ul style="list-style-type: none"> July 2007 – MFS mission to assist move to <i>MFSM 2000</i> standards. April 2008 – BOP statistics mission to improve BOP surveys and compilation methods (using BOP expert from Vanuatu). February 2008 - Import price index development project mission (JSA project, using Statistics NZ expert). <p>Other:</p> <ul style="list-style-type: none"> Attachment to SPC for Access training. Attachment to PFTAC in on NA statistics. 	<p>Advisor:</p> <ul style="list-style-type: none"> NA statistics mission, including follow up on BOP statistics mission confirmed for May 2008. <p>Experts:</p> <ul style="list-style-type: none"> Monetary statistics progress on recommendations of September 2007 mission will be monitored and aided by STA. Planned follow-up mission on BOP and IIP statistics methodology and surveys in early 2009. CPI rebase and import price index follow up mission planned for August or September 2008. 	<p>SPC on HIES design and operation.</p> <p>Long term advisor at Statistics Office was funded by Aus Aid and NZ Aid, administered by SPC. Ended late 2006.</p> <p>Attachment arranged with Statistics NZ on price indexes as part of the annual attachment programme (two places funded by PFTAC) – March 2006.</p> <p>Aus AID funded PGSP, with ABS/SPC, on project management, strategic and forward work program planning training.</p>



PFTAC STRATEGY NOTES BY COUNTRIES



PUBLIC FINANCE ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
TOKELAU	<p>Reform: Tokelau is dependent on NZ assistance, which makes up 80% of its budget. Most of NZAID's bilateral assistance is transferred directly to the Tokelau budget. Annual funding enables Tokelau to meet the demands of its recurrent budget for services including transport, education and health. However, Tokelau seeks to become more self-reliant, especially through economic development.</p> <p>Economic/fiscal issues: Not available.</p> <p>Capacity: Not known.</p> <p>PFTAC PFM missions: Nil. Primarily due to strong NZAID support and poor transport access. PFM Advisor has visited local office in Apia twice for discussions.</p> <p>IMF Art IV: Not a member of IMF.</p>	<p>Trust Fund: In 2004, NZAID worked with Tokelau to establish the Tokelau Trust Fund, aimed at enhancing Tokelau's long term self-reliance. Also in 2004, NZAID and Tokelau signed a 3-year agreement, which outlines budget support, and reporting and monitoring arrangements until 2006/07. In addition, NZAID has undertaken to carry out annual joint sectoral reviews in Tokelau, including a review of shipping services and ongoing financial reviews.</p>	<p>PIFMA Conference Feb '06: No nominees received due to difficulties in travel. MTBF workshop and Mch '07 PIFMA-one participant each. Could not send participant to PIFMA 2008 due to exigencies of work.</p>	<p>PIFMA: Participants to be invited for workshop in Nov 08 and for fourth PIFMA meeting in Early 2009.</p> <p>Attachments: The government has expressed an interest in attachment of one official to PFTAC although a formal request is awaited.</p>	<p>NZAID: Support is provided in accordance with NZ's constitutional obligations outlined in the 2003 Joint Statement of the Principles of Partnership between NZ and Tokelau. NZ gov departments supplement the limited resources of the Tokelau Public Services (which may include any area of government activity including specialist areas such as health, education and economic development).</p>



PFTAC STRATEGY NOTES BY COUNTRIES



TAX ADMINISTRATION POLICY ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
TOKELAU	Tokelau is very dependent on New Zealand assistance. No PFTAC T/A has occurred in recent years	No engagement	Nil	No immediate plans however PFTAC will continue to look for opportunities to provide technical assistance.	NZAID: Meeting constitutional responsibilities



PFTAC STRATEGY NOTES BY COUNTRIES
FINANCIAL SECTOR SUPERVISION ADVISOR



	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
TOKELAU	Nil	Nil	Nil	Nil	Nil



PFTAC STRATEGY NOTES BY COUNTRIES



STATISTICS ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
TOKELAU	Nil	Nil	Nil	Nil	Nil



PFTAC STRATEGY NOTES BY COUNTRIES



PUBLIC FINANCE ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
TONGA	<p>Reform: Gov committed in '02 to a Economic and Public sector Reform Program (EPRSP). Key legislation enacted in '03. Focus now on implementation, but slow progress.</p> <p>Economic/fiscal issues: Country faces difficult political transition flowing the recent riots in Nov. 06. Concerns over budgetary developments. Overall fiscal balance declined in 2006/7 set to widen further to close to 7% of GDP in 2006/07. Monetary policy tightened but Central Bank has recently relaxed policy to accommodate lending for reconstruction of the capital.</p> <p>Capacity: Low PFM capacity, including eco/fiscal policy analysis and reform implementation, despite significant levels of TA over past 10 yrs. Exacerbated by persistent staff vacancies in professional and middle management levels further compounded by recent civil service departures. Lack of HRM capacity is a fundamental constraint to TA sustainability.</p> <p>PFTAC PFM missions: 9 since 2000. Most recent July '06.</p> <p>IMF Art IV: most recent Art. IV mission April 2008.</p>	<p>Political uncertainty: Arising from the 6 week strike of civil servants in July-Aug '05: parliamentary Kingdom of Tonga National Committee for Political Reform (NCPR) has been established, which Aust and NZ are providing financial support; the PM resigned in Feb '06, and the People's Representative, Fred Sevele, appointed new PM. King dies- Crown Prince appointed King. Riots in Nuku'Alofa shortly after the death of the King devastating large parts of the capital.</p> <p>Fiscal pressures: Over the medium term further corrective action to contain fiscal imbalance of wage settlement. Further tightening of fiscal policy needed. Contain non-priority items, hold wages and large expenditure items.</p> <p>ADB PIER, December '05.</p> <p>AusAID proposed FEMP: design mission on hold pending demonstrated progress in democratic reform.</p>	<p>PIFMA Conference Feb '06. 2 participants. MTBF workshop- no participant due to recent riots. Mch '07 PIFMA-one participant. March 08- one participant.</p> <p>Feb '05: Reviewed progress with 2005/06 Budget and PEM reforms.</p> <p>April: '05 participation on Article IV consultations.</p> <p>April '05: attend Donors' Forum arranged by the authorities to discuss TA needs.</p> <p>June '05: participation on a joint donor mission.</p> <p>Nov '05: short mission to discuss developments since the wages settlement and contribute to the assessment of fiscal impact.</p> <p>April-June '06 Fiscal Forecasting, peripatetic adviser provided tax policy and forecasting advise in FY07 budget</p> <p>July '06 Formal Donors' Conference, attended by new PFM Advisor</p> <p>Fiscal Forecasting capacity development. Follow-on training completed March 2007</p> <p>Secondment. Organized secondment of one Tongan official with Fiji MoF.</p> <p>March 08 Fiscal Forecasting, peripatetic adviser provided tax policy and forecasting advise in joint mission with PFTAC Statistics Advisor.</p>	<p>PIFMA: Participants to be invited for workshop in Nov 08 and for fourth PIFMA meeting in Early 2009.</p> <p>Training of CEOs: At Government request a training for new CEOs on PFM principles (April 2007). Request for a mission to build capacity in line ministries recently received and is being examined></p>	<p>AusAID: L/T advisers (12-24 mths) to assist with the revenue reforms (Tax Adviser, Customs Adviser, Legal Adviser, NRBT Research Adviser);a High Level Budget Adviser (6 pm to end of March '06); funding L/T TA to the Customs. Also for reconstruction.</p> <p>ADB: funding TA (6 pm) under an <i>Integrated Strategic Planning, MTFP and Budgeting</i> project, through to March '06; and TA to the Public Enterprise Reform Unit.</p> <p>NZAID: funding: the implementation of the Revenue Management System and PC/Trade; short-term TA in Tax Compliance; and TA to the Public Enterprise Reform Unit and for reconstruction efforts.</p>



PFTAC STRATEGY NOTES BY COUNTRIES



TAX ADMINISTRATION POLICY ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
TONGA	Tonga has made good progress over the last 18 months. Key outcomes are: the passing of new Income tax and Customs Acts, both self assessed; a post implementation review of the VAT and substantial change to the revenue administration as self assessment is truly engaged. Ongoing assistance has been given through PFTAC, NZAID and AusAID and the ADB		<p>March 2007 mission PFTAC provided assistance to the Minister of Finance by presenting the supportive arguments to the Tongan Cabinet. The income tax bill has since been passed into law.</p> <p>March 2008: IMF/PFTAC VAT research mission to capture the lessons learnt, pro and con from the Tongan experience when introducing the VAT.</p>	Continue high-level overview and TA in selected areas	New Zealand and Australian Governments are providing ongoing assistance to change and modernize the revenue administration and develop self assessment policy and practices



PFTAC STRATEGY NOTES BY COUNTRIES



FINANCIAL SECTOR SUPERVISION ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
TONGA	<p>The NRBT is responsible for the supervision of three commercial banks and the Tonga Development Bank (TDB).</p> <p>Consideration is being given to extending the NRBT's supervisory umbrella to include insurance companies and pension funds.</p> <p>Amendments to the FIA have been to take account of the Basel Core Principles were passed in late 2004.</p> <p>NRBT with assistance from an IMF MFD peripatetic advisor has enhanced its supervision of banks through on-site examinations which focus on credit, liquidity, operational, market risk management. Inspections also address AML/CFT issues.</p> <p>NRBT has been designated as the "FIU" for Tonga.</p> <p>NRBT suffers staff shortages and the former Head of Financial Institutions, RBF, is on secondment to the Bank as Deputy Governor. Staff issues will become of increasing concern as the NRBT assumes supervisory responsibility for insurers and pension funds.</p>	<p>Increasing numbers of money transfer businesses are setting up in Tonga but the NRBT does not have the resources to assess their activities, either from an Exchange Control or AML perspective.</p> <p>Tonga gained membership of the Asia Pacific Group on Money Laundering in July 2005 and is seeking to hold an awareness seminar in Tonga.</p> <p>Advisor visited Tonga in February 2006 to assist authorities undertake an on-site examination of a bank. Also includes staff training for new NRBT supervisory staff.</p> <p>Advisor has recommended to authorities that consideration be given to establishing a supervisory framework for pension funds and insurance companies. Proposal provided in February 2007.</p>	<p>In December 2007, the Advisor to visit to discuss proposal to implement supervisory framework for pension funds. The Government also indicated a desire to supervise insurers.</p> <p>Expert visit in March 2008 to further pension fund supervisory framework.</p>	<p>The PFTAC advisor may be called upon to train new staff if requested.</p> <p>Future visit by the PFTAC Advisor are likely as NRBT expands its supervisory role to include the insurance sector and national provident fund. At present neither sector is supervised and legislation is non-existent.</p>	<p>AMLAT is assisting train FIU staff.</p> <p>PALP is reviewing aspects of some AML/CFT legislation.</p> <p>Other donors may provide assistance to draft legislation for a national provident fund.</p>



PFTAC STRATEGY NOTES BY COUNTRIES



STATISTICS ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
TONGA	<p>Overall review in 2002 (refer “The Challenge of Statistical Capacity Building in the Pacific”, IMF/PFTAC Nov 2002). NSO has high staff turnover and limited resources, resulting in slow implementation of change or recommendations.</p> <p>Government Statistician position recently advertised. Expected to be filled by June 2008.</p> <p>Previously recommended a long term advisor in 2004 and in 2005. Recommended again in early 2008. Aus AID had previously agreed in principle to funding, but it is up to the Tongan Government and NSO to see this through.</p> <p>GDDS metadata completed and published on IMF DDMS website in 2006.</p> <p>NSO compiles quarterly BOP statistics. Compiler attended regional BOP course in April 2005, but has since resigned. NRBT also compiles BOP (monthly) based purely on exchange transactions data, considerably different from the NSO BOP, but far more timely. Also timely monetary statistics.</p> <p>Considerable scope to improve BOP, GFS and NA statistics.</p>	<p>Advisor reviewed some industries in the NA in September 2004 - recommended revisions, recently implemented. Review requested by IMF on basis of inconsistencies in estimates. The September 2005 mission completed a partial update of review of the official statistical system, requested by FEMP. The April 2007 mission focused on reviewing NSO and NRBT BOP sources and methods, as well as BOP statistics training.</p> <p>Expert missions in April 2004 on BOP statistics and in February 2004 to produce GDDS metadata.</p> <p>Budget cuts in 2006 resulted in staff reductions and reallocation of resources. Capacity in NA and BOP limited.</p> <p>Participant attended the PFTAC half-funded training attachment at Statistics NZ in April 2007 on data editing.</p> <p>Ministry of Finance requested PFTAC to review unemployment data from population census. Advisor discussed issue with NSO acting GS, MOF staff and SPC Director. Requires alternative comparisons with previous census data and agreement to include same questions in 2009 HIES.</p> <p>Tonga has recently requested assistance to redevelop GDP and BOP statistics.</p>	<p>Advisor:</p> <ul style="list-style-type: none"> March 2008 – BOP and NA statistics mission to review data sources and compilation methods, as well as update NA statistics. Review progress in implementation of previous mission recommendations to improve NRBT BOP compilation. <p>Experts:</p> <ul style="list-style-type: none"> April 2008 – BOP statistics mission to assist NSO and NRBT in improving use of source data and statistics techniques. 	<p>Advisor:</p> <ul style="list-style-type: none"> NA statistics mission, including follow up on BOP statistics mission tentatively planned for March 2009. <p>Experts:</p> <ul style="list-style-type: none"> BOP statistics follow up mission, to improve source data and statistical techniques for both NSO and NRBT BOP statistics, tentatively planned for March 2009. Import price index development mission tentatively planned for June/July 2008 (JSA project, using Statistics NZ expert). 	<p>SPC have provided some TA in NA.</p> <p>An Australian youth ambassador was providing IT assistance in 2005/06.</p> <p>Census undertaken with TA from SPC.</p> <p>The PFTAC Advisor has encouraged the Ministry of Finance and National Planning to approach Aus AID and NZ AID to request a long-term statistics advisor for 2-3 years under the Institutional Strengthening Program.</p>



PFTAC STRATEGY NOTES BY COUNTRIES



PUBLIC FINANCE ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
TUVALU	<p>Reform. No overall reform strategy. Weak environment for driving substantial change in PFM. limited demonstrated MoF reform commitment</p> <p>Economic/fiscal issues: pressing need for strengthening PFM: major structural reforms required to bring the fiscal situation into long-term sustainability; lack of fiscal discipline; poor revenue projections and collections, large arrears; low capital budget execution; poor cash management, with continued overdrafts at high interest rates; limited fiscal reporting.</p> <p>Capacity: significant PFM capacity constraints – both technical and actual personnel numbers. lack of compliance with existing Act; poor financial management practices. Weak external pressures for accountability: non-functioning of the PAC; lack of publicly available information on the budget and performance; and absence of any media scrutiny.</p> <p>IMF Article IV: Not an IMF member.</p>	<p>August '05: the PFTAC Project Coordinator sent a letter to CEO Finance outlining PFTAC's position regarding the authorities' various TA requested. It proposed the authorities make an approach to donors for high level discussions on the priorities that should apply to the various TA projects proposed.</p> <p>Review of the TTF: joint AusAID, NZAID and Tuvalu review of the Tuvalu Trust Fund (TTF) undertaken in September 2005.</p> <p>ADB PIER completed June 2006.</p> <p>Donor harmonization: there is commitment by PFTAC, AusAID, NZAID and ADB to agreeing with the authorities a coordinated and appropriately sequenced TA strategy. Numerous informal donors meeting held, with PFTAC participation. Formal donor meeting with Tuvalu authorities held in Suva in June '06, which Ms Adams. Follow-up informal meeting held in Suva, which Mr Joshi attended. Further meetings to finalize performance bench marks due in mid-Sept. 06</p>	<p>PIFMA Conference Feb '06. 3 participants. MTBF workshop and Mch '07 & 08 PIFMA-one participant each.</p> <p>Feb '05: Scoping study, at the request of the authorities, for possible development of a new Financial Management Act. Mission assessed that given the existing weak reform environment and capacity constraints, development of a new Act was not a priority. Subsequent meetings with donors agreed a coordinated strategy is required.</p> <p>April '06, peripatetic, 15 day, Financial Systems Software (ACCPC) expert, to provide urgent training to authorities in the system and migration of data for the FY2006. The project was co-financed with the authorities. The adviser recommended an upgrade of the Payroll system.</p> <p>Dec 06- PFTAC assisted in the development of budget data on ACCESS data base.</p> <p>April 07: Training of officials of MoF on Access data base.</p>	<p>PIFMA: Participants to be invited for workshop in Nov 08 and for fourth PIFMA meeting in Early 2009.</p>	<p>AusAID and NZ's program supports development priorities through both direct assistance and involvement in the management of the TTF Fund. An AusAID funded LT Budget adviser commenced in Nov '05 for a 2 yr period.</p> <p>NZAID providing TA to review operation of the Outer Island Trust Fund. Also consultant to be engaged in early '06 to look at strengthening coordination of NZ/ADB/JICA support under the Education Improvement Program.</p> <p>ADB TA project <i>Improving Public Expenditure Management and Accountability</i> ended in mid-April '05. The completion report identifies the need for continued TA to further progress planning and PFM reforms inclgd in State Owned Enterprises.</p>



PFTAC STRATEGY NOTES BY COUNTRIES



TAX ADMINISTRATION POLICY ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
TUVALU	ADB have facilitated through a firm from Uzbekistan the implementation of the reform of the Tuvalu revenue system. The policy base was the PFTAC report of 2004.		July 2007: technical assistance provided with the ADB at the commencement of the project.	PFTAC to work closely with ADB and will look for opportunities to provide niche technical assistance as appropriate.	ADB



PFTAC STRATEGY NOTES BY COUNTRIES



FINANCIAL SECTOR SUPERVISION ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
TUVALU	<p>A Financial Institutions Act was drafted by IMF advisor for consideration by authorities which would provide for the establishment of a Financial Institutions Commission which would have supervisory responsibilities for NBFIs as well as banks.</p> <p>From time-to-time there have been discussions concerning the sale of the National Bank of Tuvalu to ANZ Bank.</p>	<p>In mid 2004, PFTAC was asked to review and comment on a proposal to develop an Economic Co-operative Development Programme (ECDP). The proposal would see Tuvalu develop into an offshore business centre or international financial centre of sorts.</p> <p>The ECDP is promoted by foreigners from Berlin. In January 2005, the promoters sponsored an official team from Tuvalu to further discussions in Berlin and meetings with the German Ministry of Finance and the OECD in Paris.</p> <p>A recent edition of Island Business suggests that authorities are to proceed with the proposal.</p> <p>PFTAC has provided comments on proposed amendments to the draft FIA and indicated preparedness to assist authorities.</p>	<p>No visits.</p>	<p>It is likely that PFTAC may be asked to provide assistance to authorities to establish the supervisory authority and implement appropriate supervisory framework based on international standards. The advisor will liaise with IMF MFD as appropriate.</p>	<p>Forum Secretariat Forum Secretariat recommended that it and PFTAC identify gaps in Tuvalu's supervisory framework and explore ways to address these gaps. To date, the Forum has not progressed the issue.</p>



PFTAC STRATEGY NOTES BY COUNTRIES



STATISTICS ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
TUVALU	<p>Produces a narrow range of economic statistics, including a CPI, more social stats. An overall review done in early 2003. Expert missions have assisted to compile GDP, and prototype BOP and build capacity.</p> <p>No staff allocated to macroeconomic statistics – counterpart from 2003 missions (and attended 2005 BOP regional course) moved elsewhere in Government.</p> <p>NA estimates not updated since 2002.</p> <p>In 2006 repatriation of significant numbers of Tuvalu workers from Nauru.</p>	<p>Compilation of GDP in 2003 and developed a prototype BOP in late 2004, by short term expert (mostly PFTAC funded).</p> <p>Advisor undertook a BOP and NA statistics review mission in August 2006. Established data collection prior to compilation of estimates. NSO needs regular/annual assistance to compile GDP, and further TA to complete the BOP system. Advisor arranged for the Tuvalu statistician to visit Suva to compile GDP and BOP under his direction in November 2006 with some progress made, but the visit was abbreviated by the coup. There is very little capacity in the Tuvalu NSO to pick this work up.</p>	<p>Advisor:</p> <ul style="list-style-type: none"> Ad hoc advice provided. 	<p>Advisor:</p> <ul style="list-style-type: none"> Multisector statistics mission, to improve and update BOP and NA statistics, tentatively planned for December 2008. 	<p>SPC helped rebase their CPI and run an abbreviated Data Analysis course.</p> <p>Attachment arranged with Statistics NZ on price indexes as part of the annual attachment programme (two places funded by PFTAC) – March 2006.</p> <p>Aus AID funded PGSP, with ABS/SPC, on project management, strategic and forward work program planning training.</p>



PFTAC STRATEGY NOTES BY COUNTRIES



PUBLIC FINANCE ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
VANUATU	<p>Reform: Comprehensive Reform Program underway since '97. Formal structure for planning and implementing reforms, involves the Council of Ministers, a Development Committee of Officials, the Department for Strategic Management and the relevant implementing body.</p> <p>Economic/fiscal issues: After two years of contraction, output growth recovered in 2003. Growth reached 7 % in 2005 and an estimated 5½ % in 2006. After peaking at 3% in 03, inflation declined to 1½ % in 06. Reserves increased to over 7 months of imports. Budget performance improved with cuts in capital spending and improved tax collection. Budget moved from a deficit of 4% of GDP in 2002 to a surplus of nearly 2 % of GDP in 2005. The increase in civil servants' wages from July 06 led to an expected deficit in 06 of around ½ % of GDP. However, the public debt-to-GDP ratio continued to decline to about 30% from 45% in 2002.</p> <p>Capacity: Strong local capacity in Budget office. Local economic policy capacity weak, but supplemented by advisers.</p> <p>PFTAC missions: 3 missions during '00-03 assisted with preparation of FTQ and development of an action plan. New Advisor visited in Aug. 06.</p> <p>IMF Article IV: Latest Art. IV mission December 2006; staff visit February 2008.</p>	<p>Joint Australia-Vanuatu Strategy '05-10, which is guided by the PAA.</p> <p>Millennium Challenge Account (MCA): In May '04, Vanuatu was the only PIC country selected by the US Millennium Challenge A 5 yr USD66m compact was signed in Dec '05, primarily for infrastructure projects.</p> <p>June '06, PEFA assessment, funded by EU. Identified the main weaknesses relate to: i) the lack of up to date information on state enterprises; ii) the poor link between the budget and policy; iii) lack of effective external scrutiny and audit and availability of information for public scrutiny; and iv) inadequate information on the totality of donor resources.</p>	<p>PIFMA Conference Feb '05, 2 participants. MTBF workshop and Mch '07 and 08 PIFMA-one participant each.</p> <p>August '05: AusAID requested the PFTAC adviser's participation in a review of the MoF progress with financial management reforms and future needs. However, it was subsequently postponed to Oct when the adviser was unavailable.</p> <p>Nov/Dec '05: Independent assessment of various data integrity concerns raised by an EU consultant, and participation on Fund Staff Visit.</p> <p>Aug. 06- Visit by new Advisor to finalize TOR and timing of Macro-fiscal consultant.</p> <p>October 06- Installation of Macro-fiscal consultant</p> <p>July 2007- visit by Advisor at the completion of the work by consultant and attend the donor meeting</p> <p>February 2008- visit by advisor to train line ministries on PFM</p>	<p>PIFMA: Participants to be invited for workshop in Nov 08 and for fourth PIFMA meeting in Early 2009.</p> <p>Economic policy and forecasting training: authorities requested PFTAC funding of a Macroeconomic adviser. Following Advisors mission in Aug 06 both ToR and timing agreed with authorities and consultant installed. Third round of training expected to be completed by June 2007.</p> <p>Attachments: One attaché in April 2008 and one in May 2008 to work on developing a training for trainers program. Advisor shall visit in June 2008 to deliver the training for trainers program.</p>	<p>AusAID: Ministry of Finance and Economic Management program, '99-04, focused on strengthening PFM and implementation of program budgeting and a new FMIS Included funding budget, accountancy and accounting systems advisers. AUSIAD has recently advertised for an Economics Advisor, a Strategy & Sector Policy Advisor and an OD and Management Specialist.</p> <p>ADB US\$1.45m TA '04-06 focused on promoting private sector growth.</p> <p>NZAID: TA priorities in education, governance and economic dev. Assistance includes advisers working in the MoF.</p>



PFTAC STRATEGY NOTES BY COUNTRIES



TAX ADMINISTRATION POLICY ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
VANUATU	In response to loss of revenue from trade liberalization the Vanuatu revenue administration is considering the introduction of an income tax		October 2007 mission: Revenue Administration and Policy mission to consider the viability of an income tax.	Continue to engage appropriately post election in providing policy and administrative T.A.	None known



PFTAC STRATEGY NOTES BY COUNTRIES



FINANCIAL SECTOR SUPERVISION ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
VANUATU	<p>The Reserve Bank of Vanuatu (RBV) has supervisory responsibility for domestic and offshore banks. In December 2003 the RBV was given supervisory oversight of the Vanuatu National Provident Fund (VNPF). Provisions of the Financial Institutions Act provide for the RBV to supervise credit unions if such institutions exceed a size threshold.</p> <p>The Vanuatu Financial Services Commission (VFSC) is responsible for the supervision of insurance companies (domestic and offshore), trust companies and company service providers.</p> <p>The FIU, which reports to the Attorney General, has a mandate under the legislation to conduct compliance audits on financial institutions, and analyze suspicious transactions reports.</p>	<p>Revised insurance legislation enacted in 2005.</p> <p>In August 2007, PFTAC recommended amendments to the Financial Institutions Act.</p> <p>Amendments to AML/CFT legislation passed in November 2005. FIU staff receiving assistance from resident PALP mentor.</p> <p>Authorities likely to consolidate all supervisory functions within the RBV. The VFSC will remain as company registrar and promote Vanuatu's offshore center.</p>	<p>The PFTAC advisor visited Vanuatu in August 2007 to review prudential guidelines and Liquid Assets Requirement and KYC policy in light of FTRA amendments. Advisor also drafted operational risk guideline and guideline requiring enhanced disclosure of fees and interest rates.</p> <p>Advisor also worked with FIU and provided draft guidelines for insurers and money changers.</p>	<p>MCM to provide on-going TA to assist in the development of insurance supervision function. This function is likely to be transferred from VFSC to the RBV.</p> <p>RBV also requires on-going TA in a number of other areas, including reserve management and central bank accounting. MCM has been advised of these needs.</p>	<p>AMLAT to provide on going assistance to the FIU and a database.</p> <p>PALP also providing assistance to FIU and law enforcement agencies.</p> <p>FIRST has agreed to provide on-going assistance to VFSC to finalize legislation for TCSP sector.</p> <p>ADB is providing TA to assist the VFSC update Companies legislation.</p> <p>EU has indicated that it will provide TA to update any legislation administered by the VFSC not being reviewed/updated by other donors.</p>



PFTAC STRATEGY NOTES BY COUNTRIES



STATISTICS ADVISOR

	CURRENT SITUATION	RECENT RESULTS AND OUTCOMES	ADVISOR/EXPERT VISITS – 2007/2008	STRATEGY/ FUTURE VISITS	OTHER DONOR ACTIVITY
VANUATU	<p>GDP is compiled by the NSO – Government Statistician recently left for ADB position and another senior statistician deceased. Several capable staff but not enough numbers to develop new statistics. An experienced staff member is seconded to SPC as PRISM manager. Office developed well following from Institutional Strengthening Programme (ISP), but is constrained by number of staff.</p> <p>NSO produces annual GDP, real and nominal - needs a rebase (desperately) as does the CPI.</p> <p>The Reserve Bank of Vanuatu (RBV) compiles quarterly BOP and IIP in line with <i>BPM5</i> standards. Two capable staff (both attended regional BOP course in April 2005). Three expert missions on BOP in 2003 and 2004. Good monetary statistics.</p> <p>Ministry of Finance produces GFS on a quarterly basis (TA from PFTAC 2003). Able to do this continuously and with live data.</p> <p>All three organizations have capable staff with good motivation and high expectations.</p> <p>GDDS metadata are published.</p>	<p>NSO has funding from EU for an agriculture census in 2007, funding from NZ Aid for an HIES in 2007 – seriously straining capability (the national accountant was the project manager for the HIES). This will lead to rebasing NA and CPI, but both need some maintenance in the meantime.</p> <p>The HIES completed in late 2007, and work on the NA and CPI rebase is expected to commence soon.</p> <p>An Aus AID funded ABS TA on economic statistics has spent a couple of months in the NSO assisting with NA compilation and training staff. However, absorption is constrained by pressures of other work on the senior staff, e.g. HIES and Agriculture Census.</p> <p>ABS has been providing considerable assistance to senior management on mentoring, and strategic planning.</p> <p>Advisor missions have included: Mid-term review of ISP in August 2004; and peer reviews of NA estimates in June 2005 and June 2006. A PFTAC expert mission on BOP statistics was undertaken in February 2004.</p>	<p>Advisor:</p> <ul style="list-style-type: none"> Ad hoc advice and assistance provided. <p>Experts:</p> <ul style="list-style-type: none"> None. 	<p>Advisor:</p> <ul style="list-style-type: none"> BOP and NA statistics review mission tentatively planned for February 2009. <p>Experts:</p> <ul style="list-style-type: none"> Possible TA to assist in the CPI rebase. <p>Other:</p> <ul style="list-style-type: none"> Attachment for BOP statistics development with Statistics NZ. 	<p>Aus AID/ABS programme on strategic planning and management underway.</p> <p>ABS provided TA in economic statistics in 2006 and 2007.</p> <p>EU funded project on medium term expenditure mgmt in Min Finance.</p> <p>IMF funded project for database to facilitate bank supervision (FRED).</p>

