



Technical Assistance Report

Project Number: 32459
December 2005

Technical Assistance Pacific Financial Technical Assistance Centre 2005–2008

Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
IMF	–	International Monetary Fund
MFD	–	Monetary and Financial Systems Department
PDMC	–	Pacific developing member country
PFTAC	–	Pacific Financial Technical Assistance Centre
TPRC	–	Tripartite Review Committee
TA	–	technical assistance

TECHNICAL ASSISTANCE CLASSIFICATION

Targeting Classification	–	General intervention
Sector	–	Law, economic management, public policy
Subsector	–	Public finance and expenditure management, economic management
Theme	–	Governance, capacity development
Subtheme	–	Financial and economic governance, public governance, institutional development

NOTE

In this report, "\$" refers to US dollars.

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I. INTRODUCTION

1. Lack of technical skills and weak institutional capacity in economic management remain an impediment to economic development in most Pacific island countries. The small size of the economies, dispersed populations, and remoteness from markets make it difficult to cost-effectively provide high-quality technical assistance to these countries. The Pacific Financial Technical Assistance Centre (PFTAC) was established as a regional initiative by the International Monetary Fund (IMF) and the United Nations Development Programme (UNDP) in 1993.¹ Supporting PFTAC is consistent with the key result areas outlined in the Asian Development Bank's (ADB) Pacific Regional Cooperation Strategy and Program 2004–2006.² PFTAC helps Pacific developing member countries (PDMCs) enhance financial and administrative reforms by providing technical advice and training in key financial and economic areas. Providing support through PFTAC has proven to be an efficient and cost-effective way to extend technical support in these critical areas.

2. The technical assistance (TA) will support PFTAC operations over a 3-year funding cycle (2005–2008).³ The TA's objectives, scope, cost estimates and financing, and implementation arrangements were agreed on during the PFTAC donors' meeting held in Suva, Fiji Islands, on 4 November 2005.

II. ISSUES

3. The rationale for PFTAC is based on the need to address PDMCs' lack of technical skills and institutional capacity to formulate and implement appropriate economic and financial policies. While technical assistance has been available, it has been difficult to build technical and institutional capacity that can be sustained nationally and cost-effectively to a large number of small and dispersed countries. The unique feature of PFTAC is its donor-coordinated regional approach to capture economies of scale in the delivery of technical assistance to PDMCs. Another unique feature of PFTAC is its ability to respond quickly to PDMCs' needs and requests.

4. PFTAC operates in 15 Pacific island developing countries⁴ with financial support from ADB, IMF, and the governments of Australia, Japan, and New Zealand. IMF is the Executing Agency and manages PFTAC. The total budget amounts to about \$2.3 million annually.⁵ Since 1994, ADB has provided a total of about \$3.6 million for seven regional TA projects to support PFTAC operations.⁶ All seven TA projects have been completed and rated as successful, particularly because PFTAC is a cost-effective mechanism for providing high-quality assistance and ensuring the consistency of advice.

¹ PFTAC was initially established as the Fiscal and Monetary Reform and Statistical Improvement Project.

² ADB. 2003. *Pacific Regional Cooperation Strategy and Program 2004–2006*. Manila. The key result areas include (i) strengthened government transparency and accountability, (ii) improved availability of and dissemination of quality data and information on development issues, (iii) enhanced development partner coordination and harmonization, and (iv) increased impact of regional cooperation.

³ The TA first appeared in *ADB Business Opportunities* (internet edition) on 27 April 2005.

⁴ Cook Islands, Fiji Islands, Kiribati, Marshall Islands, Federated States of Micronesia, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tokelau, Tonga, Tuvalu, and Vanuatu.

⁵ PFTAC's budget is based on IMF's fiscal year of 1 May through 30 April.

⁶ ADB. 1994. *Technical Assistance for Training Assistance with the IMF/UNDP Pacific Financial Technical Assistance Centre*. Manila (\$300,000); ADB. 1996. *Technical Assistance for the Pacific Financial Technical Assistance Centre*. Manila (\$1,135,650); ADB. 1998. *Technical Assistance for the Pacific Financial Technical Assistance Centre*. Manila (\$433,000); ADB. 2001. *Technical Assistance for the Pacific Financial Technical Assistance Centre 1999–2001—Second Tranche*. Manila (\$433,000); ADB. 2002. *Technical Assistance for the Pacific Financial Technical Assistance Centre 2002*. Manila (\$433,000); ADB. 2003. *Technical Assistance for the Pacific Financial Technical Assistance Centre 2003*. Manila (\$433,000); and ADB. 2004. *Technical Assistance for the Pacific Financial Technical Assistance Centre 2004*. Manila (\$433,000).

5. PFTAC provides assistance in four program areas: (i) public financial management, (ii) tax administration and policy, (iii) banking sector regulation and supervision, and (iv) economic and financial statistics. The TA is provided in the form of quick-response missions by PFTAC's resident advisers, on-the-job training, and in-country and regional seminars and workshops. PFTAC has also been instrumental in setting up a number of regional initiatives.

6. PFTAC's services in the four program areas remain relevant. PFTAC has given consistently high-quality advice and technical training, and a regional TA delivers them more effectively and efficiently than an individual TA. PFTAC also has the advantage of being able to provide quick-response assistance better than other TA delivery modes. An additional advantage is the access to technical backstopping by IMF. However, the small size of PFTAC's activities and the fungibility with other donor-supported activities make it difficult to assess the specific impact of PFTAC's technical advice and capacity building. Recently, more effort is being made to track progress on reforms resulting from specific PFTAC advice. The high mobility and out-of-country migration of key government officials have posed a risk to sustainable impacts of training.

7. PFTAC faces a number of important challenges to enhance sustainable capacity building. A key challenge includes the need to continue to take advantage of and balance PFTAC's unique ability to provide quick-response assistance with the need to support long-term reform strategies in PDMCs and to complement and coordinate assistance with other capacity-building initiatives undertaken by donors and other regional agencies. To achieve this objective, PFTAC will seek to enhance coordination, and improve follow-up and monitoring of progress of governments' actions in response to PFTAC's recommendations. Advisory missions will be more closely integrated with on-the-job-training of government counterparts. PFTAC will, on a pilot basis, take short-term in-house interns and PDMC secondments. ADB will continue its policy dialogue with IMF, donors, and governments, through the Tripartite Review Committee (TPRC), on PFTAC's technical program areas and cost-effective service delivery.⁷

8. Given the extreme vulnerability of the PDMCs to external shocks, their narrow economic and human skill base, distance from markets, and out-migration rate of skilled capacity, technical assistance for capacity development is likely to be needed and demanded for the foreseeable future. PFTAC is regarded as a high-quality, flexible, demand-responsive, and cost-effective way to address PDMCs' capacity constraints.

III. THE TECHNICAL ASSISTANCE

A. Impact and Outcome

9. The TA will help address the continued need for institutional and human capacity development to improve policy systems and practices in the following four program areas: (i) public financial management, (ii) tax administration and policy, (iii) banking sector regulation and supervision, and (iv) economic and financial statistics. To improve sustainability of capacity-building activities, PFTAC will enhance efforts to better coordinate activities with donors and provide on-the-job training. Follow-up and monitoring of progress in key reform areas will be integrated into PFTAC's country strategies.

⁷ This may include the recommendations of the draft evaluation report (2005) by ADB's Operations Evaluation Department, which will be explored with key stakeholders.

B. Methodology and Key Activities

10. PFTAC will continue to provide high-quality technical advice and training to promote (i) efficient, effective, and transparent budget formulation and presentation, budget execution and control, and reporting and audit; (ii) simple and efficient revenue instruments and effective tax administration capable of increasing tax compliance as well as modernized customs procedures to secure revenue and facilitate trade; (iii) compliance with international standards and best practices in prudential supervision regulation techniques, including measures to defer and detect money laundering and to combat terrorism financing; and (iv) regular and timely compilation, analysis, and dissemination of economic and financial statistics.

11. Under each of the four program areas and in collaboration with the PDMC governments, PFTAC will prepare joint project proposals that employ gap analysis to devise agreed strategies and actions plans upon which PFTAC's work will be based. IMF will provide quality assurance and PFTAC will continue to access technical support and backstopping from IMF experts. PFTAC's resident advisors in the four program areas will be supported by short-term peripatetic assignments. These experts will work on follow-up of specific projects and be supervised by PFTAC's resident advisers.

12. PFTAC's country activities will respond to requests from the individual PDMCs, and regional activities will foster regional institutions and pursue training in areas that affect all PDMCs. On the basis of systematic stocktaking of activities to provide a base for regional efforts to find common solutions to identified problems and country strategy notes, PFTAC will undertake (i) high-quality and quick-response technical country missions and technical advice, (ii) informal on-the-job training of counterparts, (iii) in-country and regional workshops, (iv) development of training courses, and (v) organization of short-term attachments to relevant organizations and agencies.

13. To improve monitoring of performance and effectiveness of activities, PFTAC will conduct periodic client satisfaction surveys and systematically monitor country requests and actions taken by governments in response to PFTAC's advice. PFTAC will prepare country reports that will monitor the reform progress in response to technical advice. PFTAC will also continue to conduct surveys to receive participants' feedback on workshops and training programs. PFTAC will prepare 6-month reports to ADB that will include activities, inputs, costs and performance monitoring, including outputs and outcomes of the various activities. The design and monitoring framework is in Appendix 1.

C. Cost and Financing

14. The total cost of PFTAC's operations for the new 3-year project cycle (1 May 2005 to 30 April 2008) is estimated at \$7 million equivalent.⁸ The Government of Japan's contribution amounts to \$1.64 million equivalent, the Government of New Zealand's to \$1.44 million equivalent, the Government of Australia's to \$1.15 million, and the Government of the Republic of Korea's to \$0.45 million. IMF's contribution amounts to \$1.27 million equivalent. IMF has requested ADB to contribute \$0.80 million equivalent over the 3-year funding cycle. ADB's financing for the full project cycle will facilitate planning and effective resource use over the financing cycle and will be consistent with the financing provided by other donors. The remaining will be financed by unused balance from the previous funding cycle.

15. ADB's TA contribution of \$0.80 million will support PFTAC operations for the new 3-year project cycle (1 May 2005 to 30 April 2008), and will be financed on a grant basis from ADB's

⁸ The financing cycle covers 2005–2008.

TA funding program. The overall structure of PFTAC's financing is carried out through an IMF framework account. The detailed cost estimates and financing plan for PFTAC in 2005–2008 are in Appendix 2.

D. Implementation Arrangements

16. The strategic direction of PFTAC operations is guided by the TPRC, which consists of representatives of IMF, funding agencies, and participating countries. The TPRC chair is the governor of the Reserve Bank in Fiji. Meetings of the TPRC take place every 12–18 months. IMF will continue to be the Executing Agency for the TA. IMF is responsible for all substantive technical support and backstopping of the resident advisers. All accounting, reporting, and auditing procedures will be consistent with the provisions set forth in IMF's overall framework account.

17. PFTAC will provide country performance status reports, 6-month progress reports, and performance monitoring on its activities, outputs, and outcomes to ADB and the other external funding agencies. Quarterly cost reports will show the breakdown of expenditure. PFTAC will undertake satisfaction surveys following completion of projects. ADB will participate in meetings of the TPRC. The TPRC provides guidance on the strategic direction of PFTAC and monitors PFTAC's effectiveness of outputs in meeting PDMCs' needs. The project coordinator will be responsible for the day-to-day management of PFTAC and its operations. PFTAC will develop country strategies and on this basis prepare 3-month rolling work plan for PFTAC advisers. These will be submitted to ADB and other donors for comments. This will ensure that PFTAC's assistance complements and supports other donor assistance to the PDMCs. The work plans will be supplemented by a table showing the objectives, strategies, functions, and action timetables for each ongoing activity within the program areas for each country.

18. IMF will recruit and support PFTAC's project coordinator, international resident advisers, and short-term consultants in accordance with its standard practices. IMF's selection procedures are consistent with ADB's *Guidelines on the Use of Consultants*. ADB's funding will be confined to benefiting ADB's PDMCs. Where relevant skills are available within the PDMCs, IMF will endeavor to use experts from within the region. National authorities may be asked to nominate possible officials who could be seconded for short-term assignments with PFTAC. The international resident advisers and short-term consultants financed by ADB's contribution will be nationals of ADB member countries, and engagement will take place after appropriate consultations with ADB. The outline terms of reference for consulting services are in Appendix 3.

19. Funds under this TA will be disbursed annually.

IV. THE PRESIDENT'S DECISION

20. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$800,000 on a grant basis for the Pacific Financial Technical Assistance Centre 2005–2008, and hereby reports this action to the Board.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
Impact Improved governance and good practice in public sector economic and fiscal management	Improved policy and governance ratings	ADB's country performance assessments (undertaken every 2 years for small countries)	Assumption <ul style="list-style-type: none"> PDMC governments' commitment to sound fiscal practices and economic reforms
Outcome Improved policy, systems, and practices within PFTAC's four program areas: (i) public financial management (ii) tax policy and administration (iii) banking supervisions (iv) economic and financial statistics	Recorded progress in PDMC government undertakings and reforms in the four program areas	Annual PFTAC country strategies encompassing the four program areas PFTAC 6-month reports to ADB ADB review missions and correspondence with PFTAC PFTAC client surveys	Assumptions <ul style="list-style-type: none"> Low turnover of trained PDMC officials Qualified and culturally sensitive PFTAC advisers PDMC's political and institutional commitment to improved policy, systems, and practices
Outputs Increased institutional capacity for PFTAC member countries to undertake reforms in the four program areas	Number of participating countries Recorded PDMC requests and PFTAC responses Number of people by country trained in the four PFTAC program areas Number and length of short- and long-term advisory missions by PFTAC's four program areas Number of seminars/workshops by PFTAC program areas Number of counterparts assigned and trained by PFTAC program area	PFTAC 6-month reports to ADB ADB correspondence with PFTAC Feedback surveys from workshop/seminar participants and counterparts	Assumptions <ul style="list-style-type: none"> Training of relevant PDMC officials Low turnover of trained PDMC officials Active participation by assigned counterparts Continued PDMC demand for PFTAC's services

Activities with Milestone	Inputs
<p>A. Advisory Services In response to requests and based on country strategies, PFTAC's resident short- and long-term advisers will provide the following:</p> <ol style="list-style-type: none"> 1.1 Specific advice on day-to-day operational issues through direct communication with PDMCs 1.2 Regular and quick-response visits to PDMCs to assess the adequacy of financial and regulatory systems and to provide advise on maintenance and enhancement issues <p>B. Training PFTAC's resident advisers will provide the following:</p> <ol style="list-style-type: none"> 2.1 In-country and regional regular training seminars and workshops in the four program areas 2.2 Development of basic university courses and course training materials 2.3 On-the-job training for counterpart staff during PFTAC missions 2.4 In-house training of interns and secondments from PDMCs <p>PFTAC will also continue to be instrumental in setting up and providing ongoing support for existing regional associations.</p> <p>PFTAC will monitor and report expenditure against budgeted allocations for all activities.</p>	<p>1 full-time project coordinator (\$936,000)</p> <p>4 full-time resident advisers (\$2,844,000)</p> <p>2 full-time administrative support staff and contractual services (\$144,000)</p> <p>Short-term advisers/consultants (\$935,000)</p> <p>Infrastructure for direct communication and training (\$180,000)</p> <p>Technical back-stopping by IMF (input costs included under short-term advisers)</p>

ADB = Asian Development Bank, IMF = International Monetary Fund, PDMC = Pacific developing member country, PFTAC = Pacific Financial Technical Assistance Centre, TA = technical assistance.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Total Cost ^a
A. Asian Development Bank Financing^b	
1. Consultants	
a. Remuneration and Per Diem	
i. Resident Advisers	400.0
ii. Short-Term Consultants	200.0
b. International and Local Travel	100.0
2. Trainings, Seminars, and Conferences	
a. Professional Attachments	50.0
b. Seminar Participants	50.0
Subtotal (A)	800.0
B. Other Financing^c	
1. Consultants	
a. Remuneration and Per Diem	
i. Resident Advisers	3,380.0
ii. Short-Term Consultants	735.5
iii. Administrative Support	144.0
b. International and Local Travel	432.0
2. Trainings, Seminars, and Conferences	
a. Professional Attachments	130.0
b. Seminar Participants	370.0
3. Miscellaneous Administration and Support Costs	803.6
4. Rent, Equipment, and Communications	204.0
Subtotal (B)	6,199.1
Total	6,999.1

^a The total costs shown for the 2005–2008 project cycle are estimated by the Pacific Financial Technical Assistance Centre's (PFTAC) budgets.

^b Financed by the Asian Development Bank's technical assistance funding program.

^c Financing by the governments of Australia, Japan, Republic of Korea, and New Zealand, and by the International Monetary Fund.

Source: PFTAC.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

A. Program Area: Revenue Policy and Administration

1. At the national level, the Pacific Financial Technical Assistance Centre (PFTAC) will do the following:

- (i) Assist PFTAC member countries in the diagnosis of their revenue administration and development of strategic reform and modernization plans. In doing so, PFTAC will work closely with donors and other agencies assisting the Pacific developing member countries (PDMCs) to ensure that advice is coordinated and implementation can be well targeted.
- (ii) Advise on the administrative and economic efficiency of existing indirect taxes, corporate and personal taxes, payroll and social security contributions, property taxes, and tariff policies.
- (iii) Help improve the effectiveness of tax and customs administration, including via increased tax compliance, strengthened collection, audit, and taxpayer services, and by establishing special collection arrangements for larger business taxpayers.
- (iv) Advise on implementing new taxes, and introducing measures to bring medium-sized and small taxpayers into the tax net.

2. National activities will continue to be the main focus, while a number of regional activities will also be pursued in cooperation with donors and PFTAC member countries:

- (i) Working in conjunction with the International Monetary Fund's (IMF) Fiscal Affairs Department, PFTAC will undertake a regional review of possible areas where fiscal revenue may be enhanced. This will include a survey of existing revenue instruments and administrative practices to determine possible strategies and policies that may need to be adjusted, particularly to accommodate possible trade liberalization and regional integration measures. Upon request, PFTAC will assist with follow-up actions through the design of action plans to implement the reforms in conjunction with other donors.
- (ii) Support to the Pacific Islands Tax Administrators Association will be continued. PFTAC will provide funding and act as secretariat for the second annual conference in August 2005, and focusing on performance measurement and monitoring of tax administration. Beyond this, support from other donors and technical assistance (TA) providers will also be sought.
- (iii) With support from IMF's Fiscal Affairs Department, PFTAC will explore with the principal donors, and with organizations such as the Oceania Customs Organization and the Secretariat of the Pacific Community, the desirability of a customs reform framework that would help coordinate current regional programs, facilitate and focus planning, and enable monitoring and reporting of progress toward regional customs objectives.
- (iv) Selected training seminars will be developed for customs and taxation administrators, including on such issues as valuation and auditing procedures.
- (v) Other capacity-building activities will be done, including preparation of standard operational manuals and guidelines for tax offices, notably guidelines for performing different forms of audit and collection enforcement activities, and customs offices (including newly revised procedures, new techniques such as audit, post-clearance compliance checks, and risk management), and preparation of standard publicity and education materials for revenue agencies.

B. Program Area: Public Financial Management

3. At the national level, PFTAC will do the following:
 - (i) Help formulate, and/or review implementation of, individual PDMCs' strategies and action plans for public financial management reform and the sequencing of the reform activities.
 - (ii) Provide specific TA and training relating to strengthening budget planning, preparation, execution and reporting, government accounting and debt management systems, and internal control and audit capacity.
 - (iii) Maintain open communications with donors to improve coordination of policy advice and TA.

4. PFTAC will work with PDMCs and donors to pursue three regional interrelated public financial management activities:
 - (i) Identify the fiscal reform associated with regional integration and the establishment of free trade. This study will mainly focus on preparing an issues paper on the development of medium-term fiscal frameworks and helping countries develop capacities to undertake macroeconomic projections and policy analysis in this context.
 - (ii) Promote good governance and accountability, consistent with IMF's *Eight Principles of Accountability*¹ and, as appropriate, IMF's *Code of Good Practice on Fiscal Transparency*. Activities in this area will be designed to support the Forum Economic Ministers Meeting's (FEMM) commitment to the adoption of the principles and the biennial stocktaking of implementation.
 - (iii) Promote sound debt management as a key component of a holistic approach to improved fiscal management. PFTAC will work with IMF's Asia-Pacific Department, the Commonwealth Secretariat, and other donor agencies to help authorities develop reliable and up-to-date public debt profiles and ensure that both the level and rate of growth of public debt are sustainable and that the debt is serviceable under a wide range of circumstances. This will include the promotion of regional harmonization based on the IMF/World Bank *Public Debt Guidelines* and *Guide on External Debt Statistics*.²

5. In support of these national and regional activities, PFTAC will actively promote formal capacity development activities through the following:
 - (i) The development of regional practitioners' interaction, including by establishing a practitioners' forum, where the most relevant public financial management issues in the PDMCs, including those related to FEMM, can be discussed, experiences shared, and international standards of good practice promoted. Consideration will also be given to other strategies to promote communication and interaction among practitioners aimed at sharing experiences.
 - (ii) The development of training materials, and the conduct of training programs, which are relevant to the region as a whole, such as a module-based public

¹ The principles, which cover much of the same ground as the IMF's Code of Good Practices on Fiscal Transparency, are (i) the full disclosure of budget details, (ii) the prompt and full auditing of all government departments and state-owned agencies and corporation accounts and ready public access to the reports, (iii) open advertising and competitive tendering for government contracts, (v) up to date fiscal and financial management laws, (vi) empowerment of Public Accounts Committees to require disclosure, (vii) adequate resourcing of the auditor general, and (viii) independence of the Central Bank.

² PFTAC will not, however, undertake debt sustainability analysis.

financial management training course for budget practitioners. The course—which will build on, and complement, PFTAC’s earlier work on a public expenditure management course, which is used by the University of South Pacific—will be designed specifically for officials working in budget and treasury functions and focus on building their skills and capacities to understand and meet good practice. It will be developed and tested in consultation with PDMC practitioners, and be available on PFTAC’s website.

C. Program Area 3: Financial Sector Supervision and Regulation

6. PFTAC will extend its prudential supervision activities to nonbank financial institutions and intensify its work on combating money laundering and financing of terrorism activities affecting the financial sector. The nonbank activities covered will include pension funds, credit unions, insurance companies, and development banks, which, though still relatively small in the Pacific, may pose long-term risks to financial stability. In responding to the TA needs of the member countries in this area, PFTAC will work closely with IMF’s Legal Department and Monetary and Financial Systems Department (MFD) to ensure that national supervisory agencies have the appropriate framework and expertise for effective supervision and regulation.

7. In collaboration with the national authorities, PFTAC will do the following:

- (i) Advise on reform of bank and nonbank laws and regulations, and the organization of the financial supervision function.
- (ii) Strengthen supervisory policies and processes in the areas of licensing, on-site examination, and off-site surveillance.
- (iii) Promote the adoption of adequate capital standards and effective risk management practices.
- (iv) Promote closer cooperation and coordinate information sharing on financial regulation and supervision.
- (v) Help implement anti-money-laundering measures and combat the financing of terrorism and other financial crimes.
- (vi) Help streamline reporting systems to facilitate the collection and analysis of financial and prudential data from financial institutions.

8. PFTAC will also undertake a number of regional activities, including the following:

- (i) Prepare, in conjunction with IMF’s MFD, a summary of financial supervision arrangements within the region, including a description of the measures being implemented to control money laundering and to combat the financing of terrorism and other financial crimes in the financial systems. PFTAC will be available to support appropriate national follow-up action in conjunction with IMF’s MFD and other donors.
- (ii) Help PDMCs compile financial soundness indicators using IMF’s standard methodology. PFTAC will advise on how to manage the compilation issues as well as data dissemination and the sharing of information among the PDMCs.

9. In support of these national and regional activities, PFTAC will actively promote a number of capacity development activities:

- (i) PFTAC will continue to act as secretariat for the Association of Financial Supervisors of Pacific Countries and arrange an annual meeting for members to network and exchange experiences. PFTAC will continue to help the PDMCs engage the Basel Committee on Banking Supervision in a dialogue on its development of new international standards. In addition, PFTAC will coordinate

with the Financial Stability Institute to conduct an annual workshop for PDMC's on selected supervisory functions to PDMCs.

- (ii) Development of a module-based financial supervision training course for specialists. The course will be designed specifically for officials working on financial supervision and focus on building capacity for meeting international best practice on supervision. As with similar training material and courses prepared by PFTAC, it will be developed and tested in consultation with PDMC practitioners and subsequently placed on PFTAC's website.

D. Program Area: Economic and Financial Statistics

10. At the national level, PFTAC will do the following:

- (i) Help develop national statistical policies and strategies, including the delineation of the legal framework and institutional responsibilities for the collection and compilation of economic and financial statistics and assessment of resource allocations for a statistical system.
- (ii) Advise on the regular and timely collection, compilation, analysis, and dissemination of economic and financial statistics on the basis of international standards for consistency, definitions, coverage, and accuracy, drawing on the General Data Dissemination System (GDDS) framework.
- (iii) Help develop a sufficient supply of qualified officials who understand, and are capable of implementing, the institutional and procedural reforms, and the methodological and systems improvements at the management and operational levels.

11. PFTAC will continue to pay special attention to the statistical needs of smaller PDMCs. PFTAC will continue to provide expert assistance on a peripatetic basis to develop and maintain the basic macroeconomic series for these countries.

12. A number of activities will also be pursued in conjunction with other organizations and member countries:

- (i) Working in conjunction with the IMF's Statistics Department, PFTAC will prepare an updated account of the status of national statistical policies in the Pacific and a strategy to be followed for improving the statistical systems.
- (ii) Improve dissemination and use of statistics in the region. This will include assistance to maintain and enhance existing regional databases, such as the Pacific Regional Information System, which is managed by the Secretariat of the Pacific Community.
- (iii) Undertake annual seminars to explain international standards and practices in the major statistical series covered by PFTAC. It will commence with a balance-of-payments training course in 2005. The statistics adviser will also participate as a resource person in regional workshops and seminars organized by other institutions.