



## WORKSHOP ON MEDIUM-TERM EXPENDITURE PLANNING FOR NATIONAL SUSTAINABLE DEVELOPMENT

6-10 NOVEMBER 2017, APIA, SAMOA

### SUMMARY OF DISCUSSIONS

The Pacific Financial Technical Assistance Centre (PFTAC) and United Nations Economic and Social Commission for Asia and the Pacific, Pacific Office (UNESCAP), in conjunction with the Samoa Ministry of Finance, organised a Workshop on Medium-Term Expenditure Planning for National Sustainable Development, from 6-10 November 2017, in Apia, Samoa.

The workshop brought together over 50 representatives of Ministries and Departments of Finance and National Planning, and Central Banks from 15 countries, namely Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Nauru, Niue, Palau, Papua New Guinea, Republic of the Marshall Islands, Samoa, Solomon Islands, Timor-Leste, Tonga, Tuvalu, and Vanuatu. A representative of the United Nations Children's Fund (UNICEF) also participated.

The objectives of the workshop were to discuss processes, tools and strategies for improving medium-term expenditure planning to achieve national sustainable development, with a focus on health and education spending, inclusive budgeting and countries' demographics.

In particular, the workshop covered the following questions:

- How is sustainable development measured?
- How do we ensure national / sector plans are adequately funded in national budgets?
- How can we improve the quality of government services delivery?
- How do we monitor outcomes?

An important objective of the workshop was to develop guidelines on good practice for strengthening medium-term expenditure planning and improving linkages to national budgets.

Participants actively discussed issues through presentations and group exercises focussed on real country examples, which led to information sharing and highlighting of good practices in the region.

Key messages and outcomes from the workshop are set out below.

#### Setting the scene

Sustainable development requires the integration and balancing of economic, social, and environmental considerations that best serve the public interest of current and future generations. The need for integrated and balanced policy making founded on strong empirical evidence was recognized by the UN Rio+20 outcome document 'The Future We Want', the 2030 Development

Agenda on Sustainable Development, the small island developing states (SIDS) outcome document “SAMOA Pathway”, Regional Roadmap for Implementing the 2030 Agenda for Sustainable Development in Asia and the Pacific, and most recently the Pacific Roadmap for Sustainable Development.

The United Nations Pacific Strategy (UNPS) 2018-2022 outlines the collective response of the UN system to the development priorities in Pacific nations, inter alia, supporting member states with a localized response to the global 2030 Agenda for Sustainable Development tailored to each country’s national priorities. The UNPS recognizes that strengthening accountability for the use of public finance remains key to successfully implementing national plans and priorities. As such, this Workshop also supported the implementation of the UNPS and responded to the 2017 Forum Leaders’ meeting call on the UN system to support the implementation of the Pacific Roadmap for Sustainable Development.

National and sector plans are important and remain a good policy guide for identifying development priorities but they are not meant to be action documents in themselves. The plans must be turned into action through the formulation of implementable policies and strategies. These should be directly linked to resource allocation through the budget process. Government budgets (and their associated documents) are therefore the most powerful tool for governments to implement policy priorities, and create opportunities and services that people need most. Public expenditure planning, and improving the link between national development plans, sector plans and the budget is essential.

### Country presentations

Country participants delivered presentations and shared experiences on their country’s planning and budgeting processes. A number of common issues relating to ‘issues and constraints’, ‘critical success factors’ and ‘strategies/policies’ were highlighted in each of the country presentations. These included:

#### **Structure of national and sector development plans**

- Development plans should provide descriptions and costs for key priorities to allow for necessary budget allocations to support implementation.
- Costing of planned priorities is essential before policy or spending commitments are made.
- Government planned priorities and associated expenditure projects and programs are often multi-year commitments.

#### **Planning and budgeting processes**

- Need for strategic phase in budget process to ensure that national/sector priorities are clearly discussed before budget is finalised.
- Closer integration between planning and budgeting in an annually updated budget with a medium-term framework strengthens the discipline of accounting for how funds are going to be used for implementing development priorities.

- Medium-term planning and budgeting is a useful tool to ensure multi-year programs/projects are adequately funded given governments' competing spending pressures and commitments, for better implementation results.
- Robust consultation, analysis of proposals, national agreement on priorities, and follow-up on progress are important to enhance outcomes.

### **Government budgets**

- Government revenues are volatile in some countries underlining the importance of careful expenditure planning.
- Fiscal pressures arise from a variety of sources, some domestic, some external and include:
  - increased salaries and wages, through higher wage rates and higher numbers of employees;
  - contingent liabilities arising from state owned enterprise (SOE) guarantees;
  - response costs arising from natural disasters and impacts of climate change; and
  - demographic change, including population growth and especially amongst children and the number of elderly.
- Transparent budget documents are important in creating accountability and transparency for spending decisions, and implementing policy reforms and development plan priorities.
- Political interface can pose a challenge in effective budgeting and delivering planned targets.
- Monitoring of allocations and connecting with planned priorities are essential for achieving desired outcomes.

### **Institutional arrangements**

- Strong leadership at various layers of the decision-making process are important to getting buy-in and support.
- Institutional arrangements such as combining planning and budgeting departments, and having effective committee arrangements, can support necessary consultation and analytical preparation for stronger links between the budget and planning processes.
- Regular and clear communications and quality policy analyses can support improved decision making and obtaining political will.

### **Statistics and information for planning and budgeting**

- Information and statistics on budget outturns and planning outputs and outcomes are essential for improving the links between plans and budgets.
- National development plan and sustainable development goals (SDG) indicators can be used as performance measures for monitoring.

Some countries also reported on progress of actions identified at the last workshop in November 2015 and February 2016. Overall, steady progress was reported on improving quality of spending, costing plans for budgets, and planned priorities are better considered in budgets.

### **National planning and government expenditure linkages for implementing sustainable development**

A presentation by UNESCAP introduced the workshop and highlighted the commitments countries have made at the global, regional and national level on sustainable development. The UNESCAP representative further discussed the links between these commitments to national planning and budgeting processes in the Pacific.

While national priorities are captured in development and sector plans, implementation performance in the region has been mixed. Reasons for uneven and mixed results include: limited linkages between planned priorities and budgets; limited capacity to coordinate and monitor plan implementation; unrealistic and complex to implement plans, and lack sufficient ownership.

Successful reforms to integrate planning and budgeting should aim to build on and enhance existing systems, rather than attempt to create new systems. While there is no single solution to integrating planning and budgeting processes, the presentation identified successful efforts to have involved:

- consolidation of central functions into one ministry or the implementation of a joint decision-making structure (e.g. Committees jointly chaired by the Departments of Planning and Budget);
- national development plans which are developed through wide consultation for ownership and contain targeted and costed priorities; and
- strong cabinet involvement in strategic decision making around the policy, planning and budgeting cycle, often through the establishment of cabinet committees.

### **Localising sustainable development goals indicators: Samoa case study**

A representative from the Samoa Bureau of Statistics provided an overview of the development of the Strategy for the Development of Statistics in Samoa (SSDS). The SSDS had laid the foundation for the enhancement of the national statistical services for Samoa.

The presentation outlined the process that Samoa had followed in firstly establishing an SDG Task Force and then undertaking a mapping of the SDGs against the Strategies for the Development of Samoa (SDS). The third step was to assess the availability of information and statistics that could be used as performance indicators based on the SDGs for the monitoring and evaluation framework for the SDS. This would also ensure that the SDGs were closely aligned to the SDS.

The mapping exercise identified 53 indicators from the Tier I and Tier II indicators of the Pacific SDG Roadmap that could be compiled from the available data in Samoa. Other

indicators are still under consideration for development over the medium-term. In the interim, partial and proxy indicators have been used as substitutes.

Key issues noted included the availability of financial, technical and human resources to enable the data and statistics to be compiled. It was also noted that for the exercise to be successful it was necessary to have political support, that the indicators had relevance to the users and that they provided value-for-money in terms of their usefulness in support of policy development.

### **Government expenditure on health and education**

A PFTAC presentation discussed Pacific countries' forecast expenditures on health and education outlining the importance of these public services provided by a Government. Educated which not only improved equity in society but also had a positive impact on economic and social outcomes.

Making inter-country comparisons on projected spending in countries in national budget documents. Very few countries produce budget and forward estimate information on a functional basis (COFOG), and only some countries have identifiable programmes.

All countries produce information on an administrative classification basis, but this does not necessarily mean that all spending in a Ministry (for example health) captures all the information in that functional area. Additionally, other types of expenditure not associated with the function may be included in the Ministry (for example social welfare, may be administered by the Health Ministry and sports may be administered by the Ministry of Education).

There are also differences between countries due to different tiers of government being responsible for service provision and services being provided by other providers, e.g. church schools and private medical facilities. Donor funding may be provided to some governments for certain health and education programmes that might not appear in the recurrent budget.

The session concluded with an exercise in which participants used the budget documents from their countries to review and confirm the numbers which were being used to quantify health and education expenditure.

### **Demographic changes**

Demographic changes, especially relating to the increasing number of children and elderly persons in Pacific populations may have profound effects on budget provisions for education, and health services. A presentation by PFTAC highlighted the following issues.

A comparison of current and forecast population estimates, which are available by age for all countries represented at the workshop from the United Nations, revealed some common trends, challenges and opportunities for Pacific countries. The number of working age people as a percent of total population is projected to increase in most countries. A rising working age population due to past population growth and/or labour force participation are expected to raise gross domestic product (GDP) and tax collection. Education spending can be expected to increase with the number of children and school enrolment rates while health spending will rise with continuing population ageing.

The session concluded with costing 100% vaccination rates of young children, accounting for current immunization rates and the projected number of children.

### Medium-term fiscal frameworks (MTFF)

This PFTAC presentation on MTFF's focussed on:

- outlining the importance of taking a medium-term perspective for fiscal policy;
- outlining how medium-term budget frameworks (MTBF) and the accompanying fiscal anchors and targets may be used to achieve the objectives set out in the MTFF; and
- appreciating the various challenges that MTBF's can present to the public sector.

An MTFF assists governments to plan and manage their fiscal situations, and more broadly, their economic performance and development priorities. It is a mechanism which establishes multi-year (perhaps 3 to 5 years) fiscal targets. Success of an MTFF relies on ensuring that targets are respected over the whole budget cycle from initial development of the budget to when the budget gets executed.

Some countries in the region use an MTFF, which helps a government to:

- maintain a sustainable fiscal system;
- effectively allocate resources in the areas of need; and
- efficiently deliver public goods and services.

MTFFs can assist governments to manage risk, which in the Pacific can predominantly manifest around economic slowdowns and natural disasters. Data from the Pacific Catastrophe Risk Assessment and Financing Initiative (PCRAFI) publication illustrated the predicted annual average loss from natural disasters around the region by country.

Fiscal Anchors are a fiscal aggregate that fiscal policy aims at keeping under control to achieve specific macroeconomic objectives, such as: controlling debt to sustainable levels, building buffers, reducing vulnerabilities to shocks, and ensuring that fiscal policy is counter-cyclical.

Fiscal targets operationalize anchors – placing specific numerical targets on one, or more, fiscal aggregates. For example, a floor (or sequence of floors over time) on the overall fiscal balance combined with a ceiling on debt or net assets, or a floor on the structural/normal fiscal balance, or a deficit target and a ceiling on the growth of total spending in case of large revenue volatility.

Fiscal Rules formalize the concept of targets by instituting a set of legally binding norms that set targets on some fiscal aggregates.

Establishing an MTFF requires governments to look at their whole fiscal system, including revenue, savings, debt and expenditure.

There are internal and external challenges to developing an MTFF. Internally, Ministries of Finance need to develop and maintain technical capacity in treasury, budget and planning. Ensuring that the links between these different areas are strengthened and sustained. This can

be achieved by ensuring that: (i) appropriate accounting/finance IT systems and software are available; and (ii) that staff can access adequate, appropriate and timely data.

External challenges include identifying and supporting sector priorities, and the need for governments to accept budget discipline. Line Ministries (LM) are a key, and ongoing communication with LMs to understand the need for an MTFE and how the revenue and expenditure forward estimates fit into the MTFE and the priorities of the Government.

### **Expenditure planning to implement sustainable development goals**

UNESCAP presented on the importance of targeted expenditure for effective delivery of services for achievement of national development priorities. Given the limited resources of governments and competing priorities, technical analysis on policy choices needs to inform key decisions, to minimise ad-hoc and politically driven agenda. While not a complete solution, a medium-term expenditure plan will help with resourcing and implementation of national development priorities.

For improved prioritisation and linkages between plans and budgets, four critical steps were highlighted:

- National and sector development plans need a level of detail to clearly capture development activities – with cost estimates included to allow for meaningful debate around inter-sectoral priorities and trade-offs to occur. An indirect benefit is that the plan becomes a centralised driver of policy and implementation of priorities – this will also facilitate streamlining the number of planning documents (e.g. corporate plans) and creates the main reference for budgetary allocations and tracking performance;
- A medium-term expenditure plan will facilitate the identification of future budget and policy implementation commitments;
- Use of relevant indicators to periodically measure performance of plan and budget implementation; and
- Narratives in the budget document should be included to explain direction of future allocations based on planned priorities, and commitment for fiscal year implementation of priorities.

### **Public expenditure, productive capacity and sustainable development**

The PFTAC presentation discussed public expenditure and productive capacity. The presentation noted that public expenditure is a crucial tool government can use achieve economic, social and environmental objectives. However, government expenditure is constrained by the financing governments can raise and by how many services, activities and projects that public servants can implement. Given these limited resources, governments need to establish what programs to fund. The economic merit of spending programs can be evaluated by their effect on (i) economic efficiency, (ii) equity and (iii) the provision of safety nets.

Under the economic efficiency criteria resources should be optimally allocated; there should be no waste. Any changes made to assist one person should not harm another. Government

interventions can improve economic efficiency when there are market failures. With market failure, the social rate of return (cost) exceeds the private rate of return (cost) leading to a less (more) than socially optimal production of a commodity/activity. Improved economic efficiency is important for sustainable development because it raises a country's productive capacity.

Under the equity criteria people in similar circumstances should be treated similarly and people in different situations should be treated differently; e.g. people with similar health care needs receive similar health care and those requiring more health care receive more. Resources, wealth and income are distributed according to what people consider fair.

Under the Safety Nets criteria, the government provides some minimum social protection and security for those most in need and the most vulnerable. This can be achieved through the provision of certain public goods and services that assist in preventing people from falling into poverty. The government can also provide some social insurance to help deal with adverse economic shocks and personal conditions, e.g. after disasters.

Examples of key policies and measures that can improve economic efficiency include:

- A tax system that minimizes the costs of taxation (in terms of private sector activities, decisions to work, save, invest, tax planning);
- A financial system that allocates credit to borrowers who repay their loans;
- Free trade agreements that provide access to foreign markets;
- Property rights, legal systems, law and order that protect people and property;
- Policies that do not impede labour market participation;
- Laws that do not restrict economic participation;
- Regulations that prevent environmental degradation, overfishing; and
- Infrastructure that gives access to new market.

The session concluded with group discussions and presentations of the economic merits of several government policies.

### **Quality of government service delivery**

The PFTAC presentation examined how to monitor the quality of service delivery. The presentation pointed out that indicators can measure:

- Effectiveness - identifying whether objectives such as accessibility, appropriateness and/or quality are being met;
- Efficiency - identifying different dimensions (i) technical - are outputs such as goods and services being provided at the lowest possible cost; (ii) allocative - are outputs being produced by government the ones that the community values the most; and (iii) dynamic - over time are governments providing their communities improved outputs at the same cost or existing outputs at a lower cost; and

- Equity - how well is a service meeting the needs of certain groups in society with special needs. For example, are services equally accessible to: (i) everyone in the community with a similar level of need, e.g. in the outer islands or (ii) the special needs of certain groups in the community such as education for children with special needs.

There are limits to what can be measured, and the marginal value is limited. The limitations of scale mean that countries can't measure everything. When assessing what indicators should be chosen to measure the quality of service delivery, the focus needs to be on what is most important and what data is currently collected.

### **Linking national/sector plans with national budgets: a Guidance Note**

A UNESCAP Consultant introduced a draft *Guidance Note on Improving the Links Between National and Sector Plans and National Budgets in the Pacific*. The presentation highlighted the gaps and weaknesses in the integration and coordination between the current planning and budgeting systems in the region and identified opportunities for strengthening the links. It was noted that greater integration of national and sector plans into the budget process could help to improve the efficiency and cost-effectiveness of public expenditure and service delivery. In particular, it was suggested that a “strategic phase” be introduced at the beginning of the budget cycle to allow broad consideration of the national and sector priorities, and emerging issues for the forthcoming budget cycle. In addition, the following recommendations were made for improving the planning and budget systems:

- national and sector plans should be better synchronized, in time, consistency and structure;
- sector teams in finance/planning agencies as “one-stop shops”;
- single, policy/strategy-focused multi-year budget documents to replace separate disconnected documents;
- budget ceilings based on goals for core/priority output/outcomes; and
- more disciplined Cabinet procedures for prioritizing and costing new policy proposals.

In working groups, participants considered and commented on four aspects of the Guidance Note:

- identifying gaps between planning, policy and budgeting;
- introducing a strategic phase into budget preparation;
- results orientation in the budget process; and
- alignment of national/sector plan and budget reporting with decision-making processes.

Feedback from the working groups, including suggestions on self-diagnostic and reform questions, was noted. Participants agreed to review another draft of the Guidance Note before it will be finalised. Participants recognised that the Guidance Note will assist with capacity development for national stakeholders to improve planning and budgeting linkages, and will support self-diagnosis and reform.

## Inclusive budgeting

A representative from UNICEF highlighted that fiscal policy is one of the most important policy instrument as it is a means of implementing set government priorities. It is a critical tool for the realization of rights for all, to address poverty and disparities in a country. The budgets need to work for all population groups, especially those most likely to be left behind like children, elderly persons, and women. Knowing the specific needs of various population groups and putting in place a budgeting framework that takes this into consideration can improve the quality of spending and chances of reaching the intended national goals.

A presentation by UNICEF highlighted the following issues. Policy-makers face vital choices that will influence sustainable development outcomes, particularly given that demographic, economic, social, environmental changes create formidable challenges. Existing opportunities in the medium to long term largely depend on recognising that future social inclusion and equitable economic growth relies on smart investments in the present day.

Smart investments in education today have the potential to enable countries to tap in the demographic dividend, i.e. a rising working age population as a percent of total population. Building ‘cognitive capital’ could be a viable investment route for Pacific countries. Geographical isolation, limited access to markets and energy related issues may not present industrialisation as the best option. On the other hand, over dependency on natural resources may be too risky, particularly with climate change. People remain the capital that has potential to overcome the challenges.

Early investment is key as the demographic window is opening for most countries. The declining fertility and deaths rates will lead to some countries having a higher proportion of working age population. Investments in children’s earliest years yield dividends that realise human rights and rescind inequality, deprivation and economic stagnation. They nurture feedback loops that bring immediate as well as long-term impacts on development. Scaling up these investments offers every child a chance to develop to her or his full potential and hence it positions the whole nation to participate better in the new global economy. Early childhood investments also create synergies that strengthen achievement of the SDGs, through reinforcing positive feedback loops between sustainable economic and social development.

Health and education are critical to build the “cognitive capital” that can make a difference for Pacific countries for three reasons:

- The two sectors often command the greatest share of government expenditure;
- They contribute to the creation of the conditions for tapping into the demographic dividends; and
- They have the highest potential to reach children at an early age, were investments yield the highest returns.

Understanding how government budgets are contributing to national priorities and respond to the needs of specific groups is key to maintain the focus. A six-step approach was presented as a

tool for monitoring budgets for children. The approach is applicable to other population subgroups such as women or policy issues of interest, including gender dimensions.

The session concluded with an exercise to test how such an approach could be adapted for use in monitoring and analysing how government budgets are contributing to equalising opportunities, building the potential for children and progressing towards planned priorities.

### **Budgeting and performance management for service delivery**

This PFTAC presentation focussed on how Public Expenditure and Financial Accountability (PEFA) assessments assess how governments manage their public financial management systems. Most PICs, have undertaken PEFA. The updated PEFA framework assesses and reports on a country's PFM strengths and weaknesses using 31 performance indicators which are grouped into seven pillars of performance.

Within the pillar of "Transparency of Public Finances" there are four measures around service delivery:

- Performance plans for service delivery;
- Performance achieved for service delivery;
- Resources received by service delivery units; and
- Performance evaluation for service delivery.

Many countries have focussed on the amount of resources provided through the budget and reporting back on execution. Efforts could be made to enhance budget documentation through the inclusion of key performance indicators for the planned outputs and outcomes of programs or services financed through the budget.

Actual outputs and outcomes against the one proposed by Ministries may be reported on in subsequent annual budget documents, as a supplementary document, or separately by each agency.

### **Fiscal projections**

A session facilitated by PFTAC focused on fiscal forecasting. The session highlighted the importance of medium-term forecasts as:

- Government expenditures involve multi-year programs and projects requiring medium-term fiscal planning;
- Policies should be sustainable in the long run as frequent policy changes create uncertainty which reduces investment; and
- If a policy is considered not sustainable in the medium term, making small adjustments early is less costly and generally politically more acceptable than having to make large changes during crises when options are often limited.

The session included two practical exercises. The first one was to estimate the impact on GDP of a higher female labour force participation rate. The second exercise involved forecasting government expenditure on health and education in line with demographic and GDP projections.

### Country take-aways and follow-up actions

In the final workshop session country participants identified their key “takeaways” or learnings, from the workshop, and two or three “action points” arising from the workshop that they would aim to initiate on their return home.

Country	Takeaways	Follow-up Actions
<b>Cook Islands</b>	<ul style="list-style-type: none"> <li>• Technical aspect of fiscal forecasting – use of spreadsheets.</li> <li>• Different aspects of how the budget process is undertaken in different countries.</li> <li>• Importance of performance management for the budget process.</li> <li>• Review of budget submissions and debating processes.</li> </ul>	<ul style="list-style-type: none"> <li>• Improving the link between Crown Accounting and the budget.</li> <li>• Developing a plan for the achievement of the NSDP, use this to develop a MTEF and build reliability of MTEF.</li> <li>• Improve use of performance management in evaluation for future budget submissions.</li> </ul>
<b>Fiji</b>	<ul style="list-style-type: none"> <li>• Importance of linking national development plans (and SDGs) to the budget.</li> <li>• More efficiency can be achieved by greater coordination and collaboration between Budget and Planning departments.</li> <li>• Presenting government budget using COFOG.</li> </ul>	<ul style="list-style-type: none"> <li>• Link budget to development plan – next budget.</li> <li>• Present data based on functions of Government (COFOG) in budget documents – next budget.</li> </ul>
<b>FSM (Micronesia)</b>	<ul style="list-style-type: none"> <li>• Helped to identify the weak links between planning and budgeting in FSM.</li> <li>• Identified the need for better costing in the national, state and sector plans.</li> <li>• Importance of taking into account issues such as demographic change into plans and policy costing.</li> </ul>	<ul style="list-style-type: none"> <li>• Development of medium term budget for health and education using the tools provided at the workshop.</li> <li>• Sustainable Development Plan monitoring and reporting update.</li> <li>• Take steps to improve the prioritisation and analysis of new budget proposals.</li> </ul>

<b>Kiribati</b>	<ul style="list-style-type: none"> <li>• Managing revenue volatility.</li> <li>• Need for well-functioning PFM, planning and broader financial systems.</li> <li>• Prioritization of budget initiatives.</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthening of absorptive capacity through training, having good PFM systems in place, use of technical experts to tailor systems.</li> <li>• Monitoring of budget and plan implementation through: regular and well completed progress reports from line departments/ ministries; follow-up and reminders from MFEM; review and feedback to stakeholders, and improved reporting to stakeholders, including parliaments.</li> </ul>
<b>Nauru</b>	<ul style="list-style-type: none"> <li>• Incorporation of national/sector plans into the strategic phase of budget preparation.</li> <li>• Introduce fiscal costing of policy.</li> <li>• Introduce performance measures on service delivery.</li> </ul>	<ul style="list-style-type: none"> <li>• Greater communication between planning and line ministries on policies and finances.</li> <li>• Introduce new NSDS indicators for Monitoring and Evaluation into 2018-19 budget.</li> </ul>
<b>Niue</b>	<ul style="list-style-type: none"> <li>• Need to incorporate medium term framework when preparing the annual budget.</li> <li>• Identified the need to link SDG to the national development plans.</li> <li>• Account for demographic changes to have such flows accommodated in fiscal policies to better manage medium term estimates.</li> </ul>	<ul style="list-style-type: none"> <li>• To introduce a medium-term framework to current budget process, be transparent in allocation processes between ministries and enforce measures to deter overspending.</li> <li>• Better communication through Ministries for expenditure planning to implement and include SDGs.</li> <li>• Introduce demographic change implications in costing of fiscal allocations for education and health, and other departments to project medium term estimates for future fiscal policies.</li> </ul>
<b>Palau</b>	<ul style="list-style-type: none"> <li>• Incorporation between planning and budgeting in the annual budget with a medium-term framework will provide a good picture to tax payers, donors and citizens on how government revenues is going to be used for its development priorities.</li> </ul>	<ul style="list-style-type: none"> <li>• Palau to coordinate with PFTAC to carry out PEFA assessment in 2018.</li> <li>• Tax Reform – move to broad based tax systems (VAT). To be implemented from 2018-2020.</li> <li>• Coordinate with PFTAC team to provide analysis and recommendations</li> </ul>

	<ul style="list-style-type: none"> <li>• Medium-term planning and budgeting is essential to ensure multi-year programs are effectively funded given governments' spending constraints and commitments.</li> <li>• Planned priority expenditures are essential before policies are made.</li> </ul>	for VAT.
<b>Papua New Guinea</b>	<ul style="list-style-type: none"> <li>• Complete localising the SDG targets and indicators into the Medium Term Development Plan 3 2018-2022.</li> <li>• Liaise with implementing agencies to improve the alignment of national/ sector plan to the budget, and budget implementation report in the decision-making processes.</li> <li>• Medium Term Fiscal Strategy 2018-2022 to be enacted.</li> <li>• Medium Term Fiscal Framework in-line with the Medium Term Fiscal Strategy 2018-2022 to be enacted.</li> <li>• A policy monitoring and evaluation framework to be enacted.</li> </ul>	<ul style="list-style-type: none"> <li>• Progress costing the MTDP3 2018-2022.</li> <li>• Encourage the sectoral approach on planning and budgeting, and foster political will, leadership and coordination, to develop and sustain new partnerships and ways of working, to make effective changes. Sectoral planning and budgeting must be used as a mechanism for information sharing and coordination, to support the inclusion of all priorities.</li> <li>• Use the MTDP3 to strengthen the institutional processes between planning, policy and budgeting systems, improving coordination between National Planning, Treasury and other government departments, SoEs and statutory authorities from 2018 onwards.</li> <li>• Finalise a Medium Term Fiscal Strategy 2018-2022.</li> <li>• Design the MTFE to manage fiscal risks by strengthening and improving financial reporting, cash flow management, procurement and audit, for transparency and efficiency in budgeting through the IFMS and other institutional systems. This will enhance debt management and facilitate adherence to the principles of fiscal responsibility. Implemented from 2018 and onwards.</li> <li>• Use the policy monitoring and evaluation framework to measure the progress of the implementation of the MTDP (note: MTDP will have captured</li> </ul>

		the SDG targets and indicators through the localization process).
<b>RMI (Marshall Islands)</b>	<ul style="list-style-type: none"> <li>• Fiscal anchors and fiscal targets.</li> <li>• Linking performance with budgeting.</li> <li>• Linking plans with budget.</li> <li>• Usefulness of strategic phase in the budget process.</li> <li>• Importance of performance indicators.</li> </ul>	<ul style="list-style-type: none"> <li>• Link planning and budgeting.</li> <li>• Conduct a national workshop on multi-year strategic planning and Medium-term Expenditure Framework (MTEF).</li> <li>• Assist ministries with their multi-year strategic plan and develop a medium-term expenditure framework, effective fiscal year 2019.</li> </ul>
<b>Samoa</b>	<ul style="list-style-type: none"> <li>• Importance of using data for policy and planning.</li> <li>• Inclusion of priorities in the budget – introducing a strategic phase in the budget process.</li> <li>• Need to assess the costs of new policy initiatives.</li> </ul>	<ul style="list-style-type: none"> <li>• Extend the MTEF for all sectors.</li> <li>• Improve data sharing between ministries and agencies, including budget and planning.</li> </ul>
<b>Solomon Islands</b>	<ul style="list-style-type: none"> <li>• Understanding of fiscal targets, fiscal rules and fiscal anchors.</li> <li>• Better understanding of the different planning and budget systems around the region.</li> <li>• Tools for expenditure projections, especially usefulness of taking demographic changes into account.</li> <li>• Importance of links between planning, budgets and monitoring and evaluation.</li> </ul>	<ul style="list-style-type: none"> <li>• Make the Budget Coordination Committee work more effectively.</li> <li>• Provide briefing to the Committee on the workshop outcomes.</li> <li>• Identify ways in which the Committee can be made more effective in strengthening the links between planning and the budget.</li> </ul>
<b>Timor Leste</b>	<ul style="list-style-type: none"> <li>• Identified weak links between planning and budgeting in Timor Leste and the need for better coordination.</li> </ul>	<ul style="list-style-type: none"> <li>• Introduction of SMART indicators in performance monitoring alongside, consideration of equity, efficiency and effectiveness of public expenditure.</li> <li>• Introduce better coordination between planning and budgeting.</li> </ul>
<b>Tonga</b>	<ul style="list-style-type: none"> <li>• Noted the weaknesses that may have arisen since planning was transferred from finance to PMO.</li> </ul>	<ul style="list-style-type: none"> <li>• Discuss with authorities on the need for planning to be moved back to finance ministry.</li> </ul>

		<ul style="list-style-type: none"> <li>• Take steps to strengthen links between planning and budgeting in the future.</li> <li>• Develop COFOG and GFS information from budget data for 2018.</li> </ul>
<b>Tuvalu</b>	<ul style="list-style-type: none"> <li>• Noted the use of SMART indicators for performance monitoring.</li> <li>• Noted the benefits of introducing a strategic phase in the budget process.</li> <li>• Tools for fiscal forecasting are useful.</li> </ul>	<ul style="list-style-type: none"> <li>• Develop a Medium Term Fiscal Strategy for fiscal projections.</li> <li>• Begin to use SMART indicators for performance monitoring.</li> <li>• Introduce strategic phase into the budget process.</li> <li>• Develop COFOG and GFS information from budget data for 2018.</li> </ul>
<b>Vanuatu</b>	<ul style="list-style-type: none"> <li>• Better alignment of budget with planning/policy. Strengthen current process.</li> <li>• Set expenditure target as percentage of GDP.</li> <li>• Segregation of chart of accounts for inclusive budgeting.</li> </ul>	<ul style="list-style-type: none"> <li>• Develop Medium-Term Expenditure Frame work across all sectors. Review over time to reflect given circumstances. Undertaken by; MFEM and PMO over 2017-2020.</li> <li>• Increase Contingency Fund for Natural Disasters (Fiscal Buffers). Undertaken by MFEM and MoCC and PMO, from 2017-2020.</li> <li>• Improvement of Budget Process, by MFEM and PMO, from 2017-2020.</li> <li>• Revise budget book format.</li> <li>• Include donor funding in budget documents.</li> <li>• Improve prioritization of proposal at sector level to assist MTEF – alignment to political commitment.</li> <li>• Segregation of Chart of Accounts (starting from MoH and MoE, then moving onto other Government Ministries). MFEM, MoE, MoH, PMO, RBV to facilitate from 2018 onwards.</li> <li>• Strengthen coordination with development partners. PMO and MFEM to lead from 2017-2020.</li> </ul>