

**EXECUTIVE
BOARD
MEETING**

SM/17/306
Supplement 1

November 20, 2017

To: Members of the Executive Board

From: The Secretary

Subject: **Papua New Guinea—Staff Report for the 2017 Article IV Consultation—
Informational Annex**

Board Action:	Executive Directors' consideration (Formal)
Tentative Board Date:	Friday, December 1, 2017
Publication:	Not yet decided*
Questions:	Mr. Roger, APD (ext. 37314)
Document Transmittal in the Absence of an Objection and in accordance with Board policy:	Thursday, November 30, 2017—WTO After Board Consideration—Asian Development Bank, European Commission

***At the time of circulation of this paper to the Board, the authorities have indicated that they need more time to consider whether they will consent to the Fund's publication of this paper. Publication will only proceed upon the receipt by the Fund of the member's explicit consent.**



PAPUA NEW GUINEA

STAFF REPORT FOR THE 2017 ARTICLE IV CONSULTATION— INFORMATIONAL ANNEX

November 17, 2017

Prepared By

Asia and Pacific Department
(In Consultation with Other Departments)

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FUND RELATIONS

(As of October 31, 2017)

Membership Status

Joined: October 9, 1975; Article VIII

General Resources Account

	<u>SDR Million</u>	<u>Percent Quota</u>
Quota	131.60	100.00
Fund holdings of currency	131.16	99.66
Reserve position in Fund	0.45	0.34

SDR Department

	<u>SDR Million</u>	<u>Percent Allocation</u>
Net cumulative allocation	125.49	100.00
Holdings	8.74	6.96

Outstanding Purchases and Loans

<u>SDR Million</u>	<u>Percent Quota</u>
0.00	0.00

Latest Financial Arrangements

Type	<u>Approval Date</u>	<u>Expiration Date</u>	<u>Amount Approved (SDR million)</u>	<u>Amount Drawn (SDR million)</u>
Stand-by	3/29/2000	9/28/2001	85.54	85.54
Stand-by	7/14/1995	12/15/1997	71.48	35.34
Stand-by	7/31/1991	9/30/1992	26.36	0.00

Projected Payments to Fund¹

(SDR million; based on existing use of resources and present holding of SDRs):

	<u>Forthcoming</u>				
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Principal					
Charges/interest	0.17	0.74	0.74	0.74	0.74
Total	0.17	0.74	0.74	0.74	0.74

¹ When a member has overdue financial obligations outstanding for more than three months, the amount of such arrears will be shown in this section.

Safeguards Assessments

Under the Fund's Safeguards Assessments policy, the Bank of Papua New Guinea (BPNG) was subject to a transitional assessment based on its Stand-By Arrangement with the Fund, which was approved in March 2000 and expired in September 2001. The transitional assessment was completed on May 4, 2001 and recommendations were made to alleviate identified weaknesses. Currently, the BPNG is not subject to the Safeguards Assessments policy.

Exchange Rate Arrangement

Papua New Guinea's de jure exchange rate arrangement is floating. From April 2014, the Kina has reduced its volatility and followed a trend within a 2 percent band against the U.S. dollar. Accordingly, the de facto exchange rate arrangement was reclassified to a crawl-like arrangement, effective April 11, 2014. Since May 2016, the exchange rate has stabilized within a 2 percent band against the U.S. dollar. Accordingly, the de facto exchange rate arrangement has been reclassified to stabilized from a crawl-like arrangement, effective May 18, 2016.

Papua New Guinea maintains the following exchange restrictions subject to IMF approval under Article VIII, Section 2(a) of the IMF's Articles of Agreement arising from: (i) the requirement to obtain a tax clearance certificate evidencing the payment of all taxes prior to making payments or transfers for certain current international transactions; and (ii) the rationing of FX and its allocation by BPNG to certain priority items, which results in undue delays and arrears in current international payments. Papua New Guinea also maintains the following multiple currency practices (MCPs) subject to Fund approval under Article VIII, Section 3: (i) a MCP arising from the spread of more than 2 percent between the rates set by BPNG for its FX allocations to authorized FX dealers (AFEDs), and the rates used by AFEDs in transactions with their clients; and (ii) an MCP arising from the potential spread deviation of more than 2 percent between the rates set by BPNG for its FX transactions with the government and embassies, and the rates used by AFEDs in transactions with their clients.

Article IV Consultations

The 2016 Article IV consultation discussions were held during August 19–30, 2016. It was concluded by the Executive Board on November 29, 2016 (IMF Country Report No. 17/22). Papua New Guinea is on the standard 12-month consultation cycle.

TA from Headquarters

FAD: A joint FAD/PFTAC mission visited PNG to provide advice on the sovereign wealth fund management in May 2011. A mission in March 2013 provided advice on reform of the extractive industries fiscal regime. A mission in October 2015 provided advice on Land and Property Tax and Non-Tax Revenue Reforms.

LEG: A mission in November 2005 provided advice on the drafting of a tax administration law. A mission in July 2006 provided a comprehensive program of assistance in the development of

the AML/CFT regime, including legislative drafting and capacity building. A mission in August–September 2007 assisted the authorities in finalizing the terms of the Revenue Administration Bill.

MFD/MCM: TA through peripatetic visits was delivered on bank regulation and supervision (February–March 2007, July–August 2009, February 2010), medium-term monetary policy formulation (October 2004 and September 2005), reserve management (June 2006, September 2007,

March/July–August 2009, January–February 2010), internal audits (2004, August 2007), accounting (September–October 2006, February 2007, February–March/June–July/November 2009), liquidity management (January 2009), monetary and forex operations (July–August 2009, February 2010, March 2015), macroprudential oversight and financial stability (September 2012), and the sovereign wealth fund (July 2013).

STA: A multisector statistics mission occurred in September 2006 followed by a high-level STA visit in December 2007, in collaboration with the ABS. TA was provided on monetary and financial statistics (April 2005, May 2006, April 2008, November 2009 May 2010, and February 2013); balance of payments and the international investment position (June 2008, November 2009, May–June 2013, February 2014, and July 2015); government finance statistics (2012, May and October 2013, April–May and October 2014, April 2015, September 2015, March 2016, February and October 2017); national accounts and price statistics (February and November 2014; October 2015; February 2016; February 2017); and GDDS metadata (January 2012). A joint mission with the ABS discussed statistical capacity building and in particular reform of the National Statistical Office in July–August 2014.

Resident Representative

The Regional Resident Representative Office for Pacific Island Countries based in Suva, Fiji was opened on September 13, 2010 and the office covers Fiji, Kiribati, Marshall Islands, Micronesia, Nauru, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu. Mr. Tubagus Feridhanusetyawan is the current resident representative.

RELATIONS WITH THE PACIFIC FINANCIAL TECHNICAL ASSISTANCE CENTRE

(As of October 2017)

The Pacific Financial Technical Assistance Centre (PFTAC) in Suva, Fiji, is a regional TA institution operated by the IMF with financial support of the Asian Development Bank, Australia, the European Union, Korea, and New Zealand. The Centre's aim is to build skills and institutional capacity for effective economic and financial management that can be sustained at the national level. Member countries are: Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Timor-Leste, Tokelau, Tonga, Tuvalu, and Vanuatu.

A. Public Financial Management

The PFTAC assisted in the preparation of a ROSC, which was published in October 2000. The PFTAC PFM Advisor has participated in occasional FAD technical assistance missions, and an attachment of one PNG official to PFTAC was completed in April 2007. PNG participated, with four officials, in the U.S. Treasury study visit in September 2008. In May 2011, the PFTAC macroeconomic advisor participated in an FAD mission on advising PNG on the SWF. In July 2013, a PFTAC PFM Advisor visited PNG at the request of the Treasury Minister to review the budget preparation process, and discuss with authorities plans for training in the PEFA methodology. In May-June 2014, PFTAC provided information, communication, and technology (ICT) assessment mission and recommended a comprehensive reform strategy to better support of operation of the Department of Finance.

In 2014, however, PFTAC PFM assistance expanded greatly. Starting early in 2014, and continuing through early 2015, PFTAC began training PNG staff to carry out a PEFA Self-Assessment. Subsequently, in March 2015, PFTAC and a team from FAD conducted an external PEFA assessment which corroborated most of the findings of the self-assessment. PFTAC and FAD then worked with Department of Finance officials to develop a PFM Reform Roadmap to address major deficiencies identified by the PEFA Assessment.

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

In a series of missions beginning in May 2014, PFTAC's expert on the PNG project examined a number of aspects of the implementation effort including highly technical matters, levels of cooperation from other ministries, IFMS project organizational issues, staffing, and local opportunities for out-sourcing some aspects of the IFMS support operations. Most of the PFTAC

Advisor's recommendations were accepted and, later in 2014, PNG's Department of Finance started the process of reforming its ICT delivery operations in order to accelerate the deployment of the IFMS system.

As of the end of July 2016, the TA had enabled expansion of the system to 30 central government departments (compared to the 3 connected when assistance commenced last year), with the remaining 30 due to be implemented by the end of 2016, depending on resource availability. The IFMS team has begun to plan their first implementation in a provincial and district environment, targeting East New Britain province and its districts as its first pilot. IFMS is currently used on a regular basis by over 2,000 users across government. PNG's September 2015 PFM Reform Roadmap, prepared with assistance from PFTAC, placed a high priority on completing the IFMS roll-out recognizing that many accounting, financial management, and reporting weaknesses could be overcome with full implementation of the system. The Roadmap's tight prioritization of objectives under the leadership of Finance Secretary Dr. Ken Ngangan played a significant role in expanded commitments from DFAT and the EU to provide more TA support to PNG's Department of Finance to ensure a sustainable roll-out and business process reform.

In addition, during 2015 PFTAC supported short-term missions to review cash management, reconciliation, and reporting processes.

B. Tax Administration and Policy

The Internal Revenue Commission has been supported by two Australian technical assistance programs: (1) the Strongim Gavman Program (SGP) which provided capacity development assistance and advice to counterpart PNG government agencies; and (2) the Economic Public Sector Program¹ (EPSP) which provided support for strategic, governance, integrity matters and IT support. These programs have been comprehensive and delivered through the placement of resident advisors sourced from the Australian Tax Office (ATO) and have also included twinning programs. A new technical assistance program, also with assistance provided through the Australian Tax Office, will be delivered through a twinning program where ATO advisors will spend up to 3 months in PNG with a focus on: (a) small and medium enterprise audits; (b) dealing with objections; (c) debt recovery; and (e) learning and development.

During the first half of 2017, several tax administration and revenue policy missions were undertaken by PFTAC and the IMF, with a view to developing an integrated medium term revenue strategy – including ramped-up reforms within and by the IRC. These missions have identified continuing key weaknesses (Management and Governance Arrangements, Resourcing, Focus of Work by IRC, Staffing, Information Technology, Complexity of Tax Law and Administration) and

¹ The Economic and Public Sector Program (EPSP) has been in operation since mid-2010. Its purpose was to strengthen the central agencies of the Government of PNG (GoPNG) in their support to service delivery. Its overall goal was - *"More equitable, effective, and accessible services for men, women, and children of PNG"*.

assisted the authorities to draft both a medium-term revenue strategy and an intensive reform program.

Because of these missions and at the request of the authorities, PNG will embark on an ambitious five-year revenue and tax administration reform project starting early in 2018. These efforts will be supported by several donor partners and will be anchored and managed by the Fiscal Affairs department through the placement of a long-term expert in-county during the first quarter of 2018.

In the short term PFTAC technical assistance will be provided to: (a) assist in the development of an IT strategy; (b) finalize the IRC's new Corporate Strategy and ensure its alignment to the newly developed Medium Term Revenue Strategy; (c) facilitate the design of a Large Taxpayer Office; (d) implement a Design and Monitoring Unit; and (e) assist in the implementation of a Taxpayer Services Unit.

C. Financial Sector Regulation and Supervision.

In September 2014, BPNG hosted the annual meeting of the Association of Financial Supervisors of Pacific Countries, for which PFTAC is the secretariat. At the request of the authorities, PFTAC undertook three missions during the first half of 2017: in February, 20 new BPNG supervisory staff were provided training on the fundamentals of banking supervision; in March, a technical assistance mission assisted the authorities in developing a standardized financial account structure for the credit union sector, with a focus on prudential report forms; and in June a diagnostic assessment of the BPNG's supervision framework was conducted and a strategy for enhancement and TA work plane was developed as part of this mission.

D. Economic and Financial Statistics

In February 2006, an advisor briefly assessed BOP compilation with a view to improving its quality, and to assessing progress with the implementation of recommendations made by previous missions. A multi-sector statistics mission in September 2006 assessed the statistical systems (BOP, national accounts, prices statistics, government finance statistics, and monetary statistics), with the PFTAC advisor assessing the national accounts and providing overall coordination. In 2008 and 2009, the advisor undertook BOP statistics missions to review statistical prerequisites, progress in improving compilation methods and source data, as well as to assist BPNG statistics staff in assessing the feasibility of electronic data collection.

Since 2013, PFTAC has conducted a series of eight TA missions to assist the National Statistical Office (NSO), BPNG, and Department of Treasury with improving national accounts statistics. PFTAC has increasingly focused its TA on improving capacities at the NSO in the broader context of the NSO reform process initiated by the authorities in 2014. Support has been provided in close collaboration with the ABS, which has provided statistical leadership and management advice as well as TA on data collection issues including business and household surveys with the secondment of two ABS staff to the PNG NSO since July 2015 and until June 2016. PNG NSO staff have also

benefited from attending three annual sub-regional statistics workshops since 2013, centered in particular around estimating GDP by expenditure, the use of household income and expenditure surveys, and their linkage to consumer price indices.

E. Macroeconomic Analysis

Following a request by the BPNG for assistance in building up financial programming capacity, the development of a PNG-specific financial programming framework started in 2011. Training in the use and updating of the framework was provided to staff of both the BPNG and Department of Treasury. A work program with the Department of Treasury and BPNG, in collaboration with the APD country team and the IMF's Research Department, developed modeling tools for exploring the macroeconomic impact of natural resource revenues. In 2014, work was undertaken to simplify and streamline the financial programming framework started with a view to easing operational burden; these efforts resulted in weaknesses in capturing the relevant and complex inter-sectoral linkages of the PNG economy. In May 2017, an upgrade of the original financial programming framework to alleviate identified weaknesses commenced and the core structure of the new PNG Macroeconomic and Fiscal Framework (MFF) was completed in July 2017. In August 2017 PFTAC and the BPNG hosted a workshop on practical applications of the PNG MFF with participants from the BPNG, the Department of Finance, the Department of Treasury, and the Internal Revenue Commission. Work was also undertaken to improve the BPNG's inflation forecasting methodology following major revisions to the consumer price index (CPI) by the NSO in June 2014.

JOINT MATRIX OF BANK-FUND COLLABORATION

Papua New Guinea: JMAP Implementation Table			
Title	Products	Provisional Timing of Missions	Delivery Date (tentative)
A. Mutual Information on Relevant Work Programs			
World Bank program	Support for analysis and dissemination of the 2009-2010 Papua New Guinea Household Income and Expenditure Survey	Completed	March 2015
	Support for the development and implementation of the PNG Sovereign Wealth Fund	Completed	October 2012, January 2013.
	Social protection technical assistance	Completed	June 2014
	Cost of crime and violence	Completed	July 2014
	Education public expenditure review	Completed	January 2015
	Health financing and PFM analysis: (1) review of expenditure by provincial administrations on front line rural health; (2) analysis of health financing; and (3) health facility efficiency survey	Ongoing	Dissemination of policy notes on expenditure; health facility efficiency survey expected to be completed by March 2016. Health flagship course held in October 2016.
	PNG BOOST analytical tool for the analysis of public expenditure data	Completed	Demonstration conducted in January 2014, delivery and training expected in November 2014.
	Report on Observance of Standards and Codes (ROSC) - Accounting & Audit	Completed	March 2015
	Capacity building for building a medium-term debt management strategy	Completed	August 2016
	PNG #B020 Financial Services Development Strategy: developing a National Financial Services Strategy and Implementation Plan	Ongoing	June 20, 2017
	Social Protection NLTA 2: to help the Government of PNG to design and implement a national social pension/disability scheme	Ongoing	June 21, 2016 (P152008)
	Support to CSOs in Papua New Guinea: Extractive Industry Transparency Initiative (EITI)	Ongoing	December 31, 2017
	Urban Safety in Port Moresby and Lae	Ongoing	Initial findings presented in August 2015. Final delivery expected in May 2018.
	Renewable Energy Resource mapping and geospatial planning	Ongoing	November 30, 2019
	PG: Connectivity analysis	Completed	Final presentation shared with the PNG Government and stakeholders in September 2015.
	PNG – Debt Management Strategy and Sustainability	Ongoing	August 11, 2017
	PNG Health Programmatic AAA	Ongoing	Final delivery expected in June 2018
	PNG Systematic Country Diagnostic	Ongoing	Decision Meeting held in October 2017. Final delivery expected by June 2018
IMF work program	2016 Article IV mission	September 2016	Board consideration expected in December 2016
B. Request for Work Program Inputs			
Fund request to Bank	Information sharing	Semi-annual or more frequent	Ongoing
Bank request to Fund	Information sharing	Semi-annual or more frequent	Ongoing

RELATIONS WITH THE ASIAN DEVELOPMENT BANK

(As of October 31, 2017)

PNG joined the Asian Development Bank (ADB) in 1971. In line with the government's development agenda and ADB's Strategy 2020 midterm review priorities, the 2016 – 2018 Country Partnership Strategy, focuses on supporting rural populations by enhancing transport infrastructure, delivering health services, and reengaging in water and other urban infrastructure and services. The strategy was developed in close consultation with the government and other stakeholders, and is aligned with the government's Development Strategic Plan, 2010–2030 and National Strategy for Responsible Sustainable Development, 2014–2030. This focus is consistent with the Midterm Review of Strategy 2020 of the ADB.

ADB will continue to seek opportunities for cofinancing and to produce knowledge products that inform and influence national policy debates and support country operations. ADB support for private sector development—through state-owned enterprise reform—will lower business transaction costs, thereby helping to expand small and medium-sized enterprises and create jobs in the formal economy. ADB operations will focus on supporting climate proofing infrastructure and increasing the climate resilience of vulnerable sectors. ADB will mainstream gender in all general intervention projects.

The country operations business plan, 2018–2020 is the third under the country partnership strategy (CPS) 2016–2020 for PNG. The indicative lending program for 2018–2020 amounts to \$1,241.0 million, comprising of \$09.0 million in Concessional Ordinary Capital Resources lending (COL) and \$1,142.0 million in Ordinary Capital Resources (OCR). The indicative nonlending program amounts to \$4.5 million, which includes technical assistance. .

The current programming period includes new infrastructure development projects, particularly in the transport, health, energy sectors, that will help increase connectivity, electrification, and the delivery of basic services to the poorest and most remote parts of the country. In particular, the flagship transport project to rehabilitate, upgrade, and maintain the Highlands Highway will help create opportunities for inclusive economic growth, improve the delivery of basic services, increase regional connectivity with the rest of Asia, and build resilience to climate change.

PNG was able to withstand the impact of the global financial crisis in 2008; however, the recent global commodities downturn has worsened its fiscal position. PNG saw a sharp fall in public revenue (by 21 percent in 2015), necessitating a large fiscal adjustment. The economy remains exposed to global economic volatility. ADB will provide TA to strengthen the government's initiative to achieve calibrated fiscal consolidation, undertake expenditure reform, and strengthen PFM. At the request of the government, ADB has included a policy-based lending option for 2018 to safeguard critical social outlays. ADB will work closely with Australia, the European Union, the International Money Fund, the World Bank, and other donor partners to develop a coordinated response to the macroeconomic crisis and increase the country's resilience to external shocks.

ADB will increase partnerships with subnational provincial governments to implement infrastructure projects. Provincial governments have emerged as important stakeholders. The Department of Planning and ADB hosted an event on May 18, 2016, in Madang, PNG, to share knowledge concerning infrastructure projects with provincial governors and administrators. The event built upon ADB's study of partnering with subnational governments, and the outcome of the event provided a way forward for deepening the partnership.

Overall project implementation performance remains satisfactory. In 2015, contract awards amounted to \$122.5 million and disbursements totaled \$129.2 million. Total disbursements in 2016 were 1126.9, which surpassed projected targets. However, maintaining and improving portfolio performance requires continued capacity building of government counterpart agencies responsible for project implementation.

Table 1. Papua New Guinea: Public Sector Loan Approvals and Disbursements, 2011–2016

(US\$ millions)

	2011	2012	2013	2014	2015	2016
Loan approvals	144.12	41.5	315.7	0	0	357.31
Loan disbursements	20.5	89.3	182.5	117.0	129.2	126.9

Source: Asian Development Bank.

STATISTICAL ISSUES

(As of October 2017)

I. Assessment of Data Adequacy for Surveillance
<p>General: Data provision has some shortcomings, but is broadly adequate for surveillance. Most affected areas are: national accounts, fiscal accounts, and balance of payments.</p>
<p>National Accounts: The accuracy and reliability of the statistics are affected by inadequate source data and lagged release dates. The most recent official national accounts statistics were published by the NSO in May 2016, at which time nominal GDP estimates for 2006–2013 were released. These estimates were compiled using <i>the System of National Accounts 2008</i> and were released after an eight-year hiatus. Major improvements in methodology as well as inclusion of new sectors were reflected in this new data. Reforming the NSO is underway with support from the ABS and PFTAC. Source data remain a challenge, with significant gaps in extractive and financial industries data. While CPI weights are from 2010 HIES, these data are not useable for expenditure estimates of GDP.</p>
<p>Price Statistics: The NSO currently compiles an unpublished quarterly wholesale price index (WPI) and a quarterly CPI. In May 2014, the NSO began to publish a new CPI series based on data from the 2009–2010 Household Income Expenditure Survey, ending a 35-year period during which the CPI used a consumption basket from the late 1970s.</p>
<p>Government Finance Statistics (GFS): GFS data were reported to STA in 2016 after a 14-year absence. Data suffers from insufficient coverage and timeliness. Central government tax revenue, nontax revenue, and public expenditure data are deficient. Development budget expenditures and the utilization of grants and project loans are recorded with long lags, and few records on the use of trust accounts are available. Tax revenues collected by authorities (extra-budgetary units) are generally not reflected in the central government's financial information. While interest payment records are accurate, there are timing issues regarding the recording of interest on discounted securities. These weaknesses contribute to discrepancies in domestic financing between estimates from monetary and debt data and those derived from fiscal records. Papua New Guinea officials have benefitted from STA GFS technical assistance since June 2012 and as a result, volume 1 of the 2016 national budget was presented in the <i>Government Finance Statistics Manual 2014 (GFSM 2014)</i> format. The authorities also prepared an accompanying 5-year historical time series of GFS data. Further work is required to enhance both institutional and instrument coverage, as well as presenting the entire budget on a <i>GFSM 2014</i> basis. For the migration, the authorities continue to participate in the Japan Administered Account (JSA)-funded three-year regional GFS capacity-building project since 2013.</p>

Monetary and Financial Statistics: Monetary data are now being produced and reported to STA on a regular basis. Progress has been achieved by the BPNG in many areas of the collection, compilation, and dissemination of monetary and financial statistics (MFS), leading to the introduction of the standardized report form (SRF) for the central bank, other depository corporations (ODCs), and the other financial corporations (OFCs). A 2013 TA mission introduced general insurance companies into the institutional coverage of OFCs and an improved SRF for OFCs. Depository Corporations Survey and Survey of OFCs both have data coverage issues. Most of the monetary statistics published in *International Financial Statistics (IFS)* are currently aligned with the *Monetary and Financial Statistics Manual (MFSM)*.

Financial sector surveillance: In the area of financial soundness indicators (FSIs), the BPNG has compiled selected FSIs for deposit takers to support the financial sector assessment. PNG participated in a three-year (FY2014–FY2016) TA project on FSIs for selected AFR and APD countries funded by the Government of Japan. As a result of the project, in December 2016, BPNG started reporting quarterly FSIs, which are currently posted on the IMF's [FSI website, though](#) only until 2016Q3.

External Sector Statistics: Annual balance of payments data are derived from the International Transactions Reporting System (ITRS), which is not tightly monitored despite the BPNG reporting requirements. There are marked differences between the official data on exports and imports of goods and those reported by trading partners. The financial accounts data are of poor quality because of major deficiencies in data collection, especially in the area of private external debt and direct investment. Quarterly data are also published by the BPNG. PNG has been one of the beneficiaries of the JSA Project on the improvement of external sector statistics (ESS). Commitment to participate in this project (ended March 2016) was low, and thus improvements were limited. Under this project, TA missions were provided in May–June 2013, February 2014, and July 2015. In February 2017, a TA mission financed by the Pacific Financial Technical Assistance Center (PFTAC) was conducted and recommended immediate priorities to fill data gaps through the implementation of the international investment survey, improvements to ITRS, and streamlining cross-border transactions/positions data of liquefied natural gas. BPNG is largely under-equipped in terms of its capacity and collection framework vis-à-vis the volumes and nature of transactions and positions with nonresidents.

II. Data Standards and Quality

PNG began to participate in the General Data Dissemination System (GDDS renamed eGDDS) in 2012.

III. Reporting to STA

PNG last reported GFS for publication in *Government Finance Statistics Yearbook* and *IFS* for 2016, covering only the budgetary central government. Monetary data are reported to STA for publication in *IFS* on a regular monthly basis. BOP data for 2010 were reported to STA for publication in *Balance of Payments Yearbook* and *IFS*. National accounts data for 2006–13 were reported to STA for publication in *IFS*.

Papua New Guinea: Table of Common Indicators Required for Surveillance (As of October 31, 2017)					
	Date of Latest Observation	Date Received	Frequency of Data ¹	Frequency of Reporting ¹	Frequency of Publication ¹
Exchange Rates	09/2017	09/27/2017	D	D	D
International Reserve Assets and Reserve Liabilities of the Monetary Authorities ²	10/2017	10/27/2017	W	W	Q
Reserve/Base Money	05/2017	07/17/2017	M	M	Q
Broad Money	05/2017	07/17/2017	M	M	Q
Central Bank Balance Sheet	05/2017	07/17/2017	M	M	Q
Consolidated Balance Sheet of the Banking System	05/2017	07/17/2017	M		Q
Interest Rates ³	06/2017	10/30/2017	W	W	
Consumer Price Index	06/2017	9/07/2017	Q	Q	Q
Revenue, Expenditure, Balance and Composition of Financing ⁴ —General Government ^{5,8}	N/A	N/A	N/A	N/A	N/A
Revenue, Expenditure, Balance and Composition of Financing ⁴ —Central Government	2016	03/31/2017	A	A	A
Stocks of Central Government and Central Government-Guaranteed Debt ⁶	12/2016	07/03/2017	Q	A	
External Current Account Balance	2016	08/31/2017	Q	Q	Q
Exports and Imports of Goods and Services	2016	08/31/2017	Q	Q	Q
GDP/GNP	2014	01/12/2017	A	A	I
Gross External Debt	2016	07/03/2017	Q	A	A
International Investment Position ^{7,8}	N/A	N/A	N/A	N/A	N/A
¹ Daily (D), Weekly (W), Monthly (M), Quarterly (Q), Annually (A), Irregular (I); and Not Available (N/A). ² Includes reserve assets pledged or otherwise encumbered as well as net derivative positions. ³ Both market-based and officially-determined, including discount rates, money market rates, rates on treasury bills, notes, and bonds. ⁴ Foreign, domestic bank, and domestic nonbank financing. ⁵ The general government consists of the central government (budgetary funds, extra-budgetary funds, and social security funds) and state and local governments. ⁶ Including currency and maturity composition. ⁷ Includes external gross financial asset and liability positions vis-à-vis nonresidents. ⁸ Lack of capacity prevented the authorities from providing the data.					