

**Samoa Public Sector Improvement Facility
(PSIF)**

SIX MONTHLY PROGRESS REPORT

1 January – 30 June 2013

July 2013

Background

The goal of the Public Sector Improvement Facility (PSIF) is to improve the efficiency and effectiveness of Samoa's Public Service to support Samoa's national development priorities. Its purpose is to strengthen the cooperation and collaboration between public service agencies in identifying and addressing critical constraints within the GoS public sector to effective service delivery through a range of institutional strengthening initiatives.

There are four (4) components:

1. Support from identification to completion strategically identified core activities promoting public sector reform
2. Facilitate GoS response to their immediate and emerging priorities in public sector reform
3. Develop a Facility Management Unit (FMU) able to implement and manage an effective and efficient PSIF
4. The effective management of the PSIF

The PSIF program is a jointly funded program by Australia and New Zealand. The management of the program rests with the Government of Samoa. The PSIF started in 2005 as a five year program with an estimated value of ST\$30 million tala. The Tripartite Agreement binding the three partners signed in 2005 has since been extended with the PSIF now expected to be completed by the end of 2013/early 2014.

There are two active remaining activities in the approved PSIF program. They are:

- P051: Institutional Strengthening Project (Phase I), Ministry for Revenue
- P054: Institutional Strengthening Project, Samoa Bureau of Statistics

The completion date for the Institutional Strengthening Project for Revenue was extended to the end of June 2013. The Institutional Strengthening Project for the Bureau of statistics is expected to be completed in April 2014.

The End of Program Review, initiated by the FCC was undertaken from February – March with the final report received on the 30th April 2013.

An MOU was finalized with the Office of the Regulator on the 29th May 2013. The Government of Australia has agreed with the Government of Samoa to use the PSIF as the disbursement mechanism for funds that Australia has set aside for institutional support to the Office of the Regulator.

There has still not been any official word from the Public Service Commission on the new Public Administration Sector Plan 2012 – 2014. The new PASP is important as it will set the direction and identify priorities for public sector reform for the next 2-3 years.

Key Achievements

The achievements under the different outputs in the last six months are summarized as follows

Component 1: Support from identification to completion strategically identified core activities promoting continued public sector reform an which improve the ability of the public sector to effectively deliver quality services

Output 1.4 Core program activities monitored and evaluated

➤ P051: Institutional Strengthening Project (Phase I), Ministry for Revenue

Phase I of the Ministry for Revenue ISP was completed on the 30th June 2013. The overall objective of the programme was to make tax administration more efficient and effective. The ISP aimed to strengthen the quality of revenue administration, which was critical to ensure a sustainably enlarged tax base (revenue flows) for the provision of government services whilst delivering improved services to taxpayers.

The programme assisted the MFR to identify potential improvements to systems, workflow processes and practices and implement a capacity building programme for the first phase of PMF Reform Programme.

The project completion report discusses the objectives achieved. For example:

- The tax base has been enlarged and services have improved to taxpayers. Taxpayer satisfaction has improved for 72% to 85% measured through customer satisfaction surveys conducted quarterly;
- A strengthened policy advising, legislative and institutional foundation for a modern tax administration geared to Samoa's needs. A new IRS structure is in place that supports self assessment and a customer centric business model. There is an updated Corporate/Strategic Plan and Business Plans with enhanced linkages between objectives/targets of these plans and available resources (i.e. Compliance Improvement Plan 2012-14; Corporate Branding introduced; Risk Management Plan etc). Income Tax Act 2012 and Tax Administration Act 2012 commenced implementation from 1st January 2013.
- Improved motivation, ethical standards, gender awareness, knowledge, skills and client service ethos amongst IRS staff. Skills profiles were documented for all divisions and development plans introduced for all staff; job specific functional training provided. Leadership standards and values have been documented and leadership training delivered for all staff leaders. An engagement survey is not run every year and a Ministry wide engagement action plan is now developed each year with targets set for improving engagement.
- Tax operations have been reformed to ensure effective, integrated outcomes which produce maximum revenue under the law at efficient cost to both IRS and taxpayers. Service and audit functions have been re-engineered. There has been a noticeable reduction in processing time, decrease in the number of disputes arising from assessments as evident by the responses in improved customer satisfaction.
- Selective, effective and cost-efficient use of information and communication technologies to improve staff productivity, service to tax payers and the sustainability of ICT infrastructure. A Strategic IT plan introduced ensuring the organisation is self-reliant, can make IT decisions systematically. The productivity of

users has increased as all staff have their own PC and all customer facing roles having direct access to a computer. The revenue management system has been upgraded. An automated audit case selection technology introduced and a MFR intranet is in place.

“The purpose of this project has been appropriate and has resulted in quite a significant change in the strategies, structure and management of the Ministry for Revenue/Inland Revenue Samoa. The new policies are based on international best practice and staffs have embraced the fundamental principles on which those policies are based. IRS is now on the path to being a leader in tax administration in the Pacific” (Completion Report 2013).

➤ P054: Institutional Strengthening Project, Samoa Bureau of Statistics

Terms of reference, scope of work and modus operandi for the revised Statistics Advisory Board completed and incorporated into the draft Statistics Bill debated during the June 2013 Parliamentary sittings. SBS is waiting on Parliament to approve the Bill. Once this is done the Bureau will have a formal mandate to convene the Statistics Advisory Board.

The review of the SBS objectives, goals and mission together with a revised organisational structure completed. The Bureau has secured the approval of both PSC and Cabinet for a number of new positions; some of which are essential for the new/revised functions expected of the Bureau. An induction program is now in place and being held for new SBS staff allowing them to be more informed of the SBS and more importantly what is expected of them (new staff).

Human Resource Management and Human Resource Development completed.

Operational guidelines for corporate service functions prepared and currently under review. These guidelines will be used to assist SBS in preparation of the new SBS Corporate Plan.

A review of the Bureau’s records management system undertaken. A new framework is in place for records management that is now in line/compliance with the Public Records Act and the National Archives Authority.

The National Statistics Development Plan (SSDS) completed and approved by Cabinet. It is being proposed as a regional model for statistics strategic plans for other Pacific NSOs

Macroeconomic statistics (National Accounts & Government Finance Statistics) are now being compiled and published quarterly (hardcopy & website)

Component 2: Immediate and emerging Priorities (IEP) - facilitate GoS response to their immediate and emerging priorities in public sector reform

➤ PSIF End of Program Review

A 2-week in-country visit undertaken by Bob Shead in February concluded with the presentation of an Aide Memoire. The draft Report submitted on the 15 March and the

Final Report incorporating FCC comments was received on the 30th April. Overall the Review concluded that the PSIF has:

- delivered a range of benefits which have improved the ability of the Samoa public sector to meet the objectives of the Strategy for the Development of Samoa, and of relevant sector plans and corporate plans;
- as a country managed facility which operates on a semi-autonomous basis, has been a more effective modality for achieving widespread and sustainable benefits than the previous approach (which involved a series of institutional strengthening projects in individual Ministries);
- the initial investment of A\$10m by Australia and NZ\$5m by New Zealand for a five-year improvement program (as later supplemented and extended) has provided value for money – particularly so in comparison with the previous approach in Samoa and with the relative costs and benefits of public sector reforms in other countries.

The Review recommended that future support for public sector improvement in Samoa should continue to be through a country-managed facility, the shape, scope and duration of which should be determined by the Government of Samoa's priorities.

The Report on the End of Program Review of Samoa's PSIF was endorsed by the FCC at its meeting on the 21 June. The FCC Chair advised that internal GoS dialogue needed to start re a 2nd Phase of the PSIF.

➤ Support to the Office of the Regulator

An MOU was signed with the OTR on the 29th May 2013 which finally enabled the FMU to start disbursing funds. Payments are being made against a workplan submitted by the OTR for activities that started in 2012. The first progress report was due on the 30th June 2013.

Component 3: Initial Capacity Building of Facility Management Unit – to develop and implement a program of support for capacity building of the Facility Management Unit (FMU) to implement and effectively manage the PSIF

- There are no additional inputs anticipated for this component.

Component 4: Facility Management and ongoing FMU Capacity Building – effective management of the PSIF by the FMU

Output 4.4 Establish the PSIF Special Purpose Account and provide regular financial and annual audit reports to the three governments of fund activity

- The Samoa Audit Office completed the audit of the PSIF Special Purpose Account for the period FY 2011-12. The final Report was submitted on the 18th April 2013. The Report was

noted by the Partners at their Facility Coordinating Committee meeting held on the 21st June 2013. AusAID has requested if the audit for the next financial year (FY 2012-13) could include a performance audit.

- FMU continues to produce monthly financial statements for the PSIF Special Purpose Account. The six monthly financial statements (covering the months Jan – Jun 13) completed
- A total of \$1,723,386.17 was disbursed during this period against the following:

SBS Institutional Strengthening	1,016,295.96
MFR Institutional Strengthening	410,187.67
MPMC Policy Reform	960.00
MPMC Project Management Training	196,259.78
PSIF End of Program Review	95,039.99
Program Officer	4,621.78
Bank Fees	30.00
	1,723,386.17

Issues and Challenges

Governance

- The Facility Steering Committee (FSC) has not met for some time now. With the current programme drawing to a close and the uncertainty regarding new funds and the future of the Facility it appears that the interest in holding regular meetings of the FSC has waned. The FMU has advised the Chair FSC of the need to convene a committee meeting to consider the recommendations from the PSIF End of Program Review. A discussion needs to start re a second phase of PSIF support to inform the Partners for possible funding in FY 14-15.

Finances

- Balance in the PSIF Special Purpose Account as of the 30 June 2013 was \$2,456,488.56

Sustainability

- Sustainability in terms of the PSIF is the ability of the implementing agencies to maintain the processes and procedures introduced as a result of the institutional strengthening like initiatives/activities supported by PSIF funding.

Risk Management

There are two remaining activities in the PSIF programme – the Statistics ISP and the Support to the OTR. Both AusAID and New Zealand have advised that the funds they committed to the PSIF

have all been paid over. Of the \$2,456,488.56 balance in the account, approximately \$1,150,605.00 belongs to the OTR; this being the equivalent of AUD\$500,000 specifically set aside for them. This leaves approximately \$1,305,883.56 for the Statistics ISP; a shortfall of approximately \$413,000.00.

The Samoa Bureau of Statistics has already been advised to revise their short term TA and training requirements to fit within the remaining budget.

Work Plan

Workplan for the next 6-months covering the period July - December 2013.

Financial Report/Acquittal

Financial acquittal prepared by the Ministry of Finance for the period January – June 2013 is attached.

Public Sector Improvement Facility 6-Monthly Work Plan (Jan – Jun 13)

PSIF Governance

Activity	Description/Tasks	Jul	Aug	Sep	Oct	Nov	Dec
Facility Coordinating Committee	Provide secretariat support to the FCC – prepare & distribute agenda, schedule meetings of, prepare & distribute minutes etc; FCC meeting usually held after each FSC meeting unless a ‘special meeting’ is called; anticipate 1-2 meetings over the next 6-months						
Facility Steering Committee	Provide secretariat support to the FSC - prepare & distribute agenda, schedule meetings of, prepare & distribute minutes etc; FSC expected to meet every 2 months; as PSIF programme draws to a close the frequency of meeting is expected to decline; anticipate at least 2 meetings over the next 6-months						
Special Purpose Account	Ongoing oversight of PSIF Special Purpose Account (payments, financial statements etc); financial statements are produced monthly; Review and Forward programme also updated & produced monthly						
Audit of PSIF Special Purpose Account FY 12-13	Initiate audit of PSIF Special Purpose Account for the financial Year 12-13; This audit to also include a ‘performance audit’ of the PSIF						
PSIF Completion Report	Prepare project completion report as required in Amendment No. 5, Tripartite Agreement						

PSIF Programme (Activities)

Institutional Strengthening Project, Samoa Bureau of Statistics	Objective: to strengthen the capacity of SBS to provide high quality statistics to enable the private/public sectors in Samoa to formulate evidence based policies to undertake economic, social and business planning;						
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Institutional Support Office of the Regulator	Objective: to address the challenges facing the newly formed Office of the Regulator by providing technical support, equipment and targeted capacity building for key officers to strengthen OTR ability to regulate all the sectors now in its portfolio.						