



# PROVINCIAL GOVERNANCE STRENGTHENING PROGRAMME

## ANNUAL PROGRESS REPORT

2012

August 2013





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<p style="text-align: center;"><b>Programme/Project Cost (US\$)</b></p> <p>Joint Programme/pass-through:</p> <ul style="list-style-type: none"> <li>• AusAID/UNCDF: 4.8 mil. USD</li> <li>• AusAID/UNDP: 1.6 mil. USD</li> </ul> <p>Agency Contribution</p> <ul style="list-style-type: none"> <li>• UNCDF/core: 1 mil. USD</li> <li>• UNDP/core: 1 mil. USD</li> </ul> <p>Government Contribution</p> <ul style="list-style-type: none"> <li>• SIG: 3.5 mil.USD</li> </ul> <p>Other Contribution (donor)</p> <ul style="list-style-type: none"> <li>• EU/UNCDF: 2.6 mil. USD</li> <li>• EU/UNDP: 3.6 mil. USD</li> </ul> <p><b>TOTAL: 18.1 million USD</b></p>	<p style="text-align: center;"><b>Programme Duration (months)</b></p> <p>Overall Duration: 60 months</p> <p>Start Date: July 2008</p> <p>End Date: December 2013</p> <p>Operational Closure Date: December 2013</p> <p>Expected Financial Closure Date: April 2014</p>
<p style="text-align: center;"><b>Programme Assessments/Mid-Term Evaluation</b></p> <p>Assessment Completed - if applicable <i>please attach report</i></p> <p><input checked="" type="checkbox"/> Yes    <input type="checkbox"/> No    Date: December 2011 <a href="#">Mid-term Evaluation Report</a></p>	<p style="text-align: center;"><b>Submitted By</b></p> <ul style="list-style-type: none"> <li>○ Name: Akiko Suzaki</li> <li>○ Title: Deputy Resident Representative</li> <li>○ Participating Organization (Lead): UNDP</li> <li>○ Email address: <a href="mailto:akiko.suzaki@undp.org">akiko.suzaki@undp.org</a></li> </ul>

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## Executive Summary

In terms of the results in 2012, the Ministry secured from European Union (EU) an approval of financing agreement for a no cost extension whilst UNDP also signed the contribution agreement in December 2012. Similar no-cost extension approval was sought from AusAID and was endorsed during the Joint Oversight Committee (JOC) Meeting in December 2012. The project has been extended by a further one year from January 2013 to December 2013 to allow completion of activities and enable the design of a follow-up phase. The concept note for the design of PGSP phase II has been formulated and the full project document shall be designed after initial consultations are completed in early 2013.

With regards to Provincial Capacity Development Fund (PCDF), the Solomon Islands Government's endorsement of PCDF performance-based grant mechanism as a delivery mechanism for the Government's development budget at the provincial level reflected on the provincial government budgets in 2012. The actual allocation approved by the National Parliament for PCDF was SBD25million (USD3.4m) instead of USD4.1 million originally approved by the Cabinet, an increase of 828,373 USD per annum as per original MOU. The up-scaling of SIG contribution shows not only an increase confidence in the piloted performance-based grant system but also a demonstration of confidence in the ability of the provincial governments to effectively deliver services on behalf of the national government. The increase in funding has improved the domestic financial resources flow available to provincial governments for service delivery and local development in the provinces. The number of projects implemented by the provincial governments has increased from 111 projects in 2011/12 to 151 projects in 2012/13 including brought forward projects.

The first set of financial statements using International Public Sector Accounting Standard (IPSAS) as the basis of accounting and financial reporting were produced for the first time in 2012 (2010/11 Financial statements). This is expected to improve the quality and accuracy of financial reports produced by provincial governments (PGs). The Office of the Auditor General (OAG) has been able to audit the financial statements based on an established international standard.

*"The audit office may no longer issue disclaimer of opinion on Provincial Government Financial Statement since an international standard is now being used as financial reporting framework", Auditor General, SIG.*

Annual PCDF Assessment showed improvements in the scores of the provincial governments on performance measures. On average, provinces scored 64 points in 2012 assessment compared to 63 last year. This shows an improvement in performance despite the enhancement of performance measures and indicators after they were reviewed in 2012. Of the minimum conditions, only one province, Malaita, failed to meet the minimum conditions this year.

Provincial Public Accounts Committees (PPAC) were formed and operational in Malaita, Central, Western, Isabel and Guadalcanal provinces. Composition of these committees were restructured according to the Cabinet approved expanded responsibilities of PPACs. PPAC members appreciated their roles and responsibilities after 63 (35 in 2012 alone) of them were trained as part of the programme's capacity building initiative. Budgets of the provinces were scrutinised for the first time by the PPACs in 2012. In addition to the PPACs, provincial members of Makira Ulawa, Guadalcanal, Rennell & Bellona, Central and Malaita Provinces improved their understanding of their roles and responsibilities after a round of training and induction courses in 2012 in basic leadership competences.

In terms of policy support initiatives, the Ministry of Provincial Government and Institutional Strengthening (MPGIS) received support in the hosting of two pre-premiers conferences in preparation for the Kirakira Premiers Conference of October 2012.

The provincial government of Central Province was able to formulate its annual work plans and other strategic plans based on an approved policy statement of the province. This was possible as a result of the technical support from the programme and MPGIS to formulate a policy statement for the province. This was the first policy statement of the province in 30 years and it is so far the only provincial policy statement that has been based on the National Development Strategy (NDS).

Strategies of providing support to the provincial governments by MPGIS had become clearer as a result of series of policies conceptualised and developed by the Ministry with project technical support. Cabinet approved policies on participatory planning framework, the provincial public accounts committees, the internal control framework and the functional assignments studies. Most of the approved policies are now being rolled out at the provincial and Ministry level to facilitate service delivery.

The awareness of the people about the programme has increased as a result of the implementation of the programme's communication strategies. The PCDF results of 2012 were published in the newspapers and the national radio broadcasting station for wider publicity and transparency. PCDF funded projects in the provinces were documented in three provinces in 2012 by the national television and radio.

Visibility and sharing of documents amongst provinces has improved as a result of the launching of PGSP funded MPGIS website which includes a website for each province. Provinces would be able to upload and download documents and manage their own websites.

## About this Report

This Report consists of two parts: A) Narrative report and B) Financial report.

Part A – Narrative report is divided into the following six sections:

- I. Purpose. The section describes the goal of the Provincial Governance Strengthening Programme, its outputs and its alignment with the development priorities of the Solomon Islands Government and the development partners.
- II. Resources. The section provides information on the funding modalities and the resources contributed by the funding partners. It also provides information on programme staffing structure.
- III. Implementation and Monitoring Arrangements. The section provides information on the implementation and monitoring arrangements, including changes and decisions pertaining to implementation and monitoring arrangements.
- IV. Results. The section describes the results and activities under four programme outputs.
- V. Partnerships and inter-agency collaboration.
- VI. Cross-cutting Issues. Gender, climate adaptation, and transparency/accountability
- VII. Risks and issues.
- VIII. Future Work Plan. The section provides an outlook of main activities for 2013.
- IX. Abbreviation and Acronyms. Provides listing of acronyms used in the report.
- X. Annexes. Attaches relevant annexes referred to in the report for additional or more detailed information

## Part A – NARRATIVE REPORT

### I. Purpose

*Goal, Purpose and Intermediate Outcome.* The goal of the Provincial Governance Strengthening Program (PGSP) is poverty reduction and the achievement of the MDGs in the Solomon Islands. The purpose is to promote local development, that is: (a) an improvement in coverage and quality of local infrastructure and services; (b) better managed natural resources and environmental protection; and (c) an increase in local economic activity, employment and revenues. The intermediate outcome is improved provincial governance for development.

*Outputs.* Output 1: **Responsibilities (functions) of the Provincial Governments are clarified and gradually expanded**; Output 2: **Resources of the Provincial Governments are commensurate with their functional responsibilities**; Output 3: **Capacities for local development management of the Provincial Governments are developed**, and Output 4: **PGSP monitoring and evaluation**.

*Partners.* PGSP is implemented in all nine provinces of the Solomon Islands by the Ministry of Provincial Government and Institutional Strengthening (MPGIS) with UNDP and UNCDF providing support for the implementation of the program as participating UN agencies. It is financed by contributions from Solomon Islands Government (SIG), the Government of Australia through the Regional Assistance Mission to the Solomon Islands (RAMSI), the European Union (EU), UNCDF and UNDP. PGSP exemplifies the principles of the Paris Declaration, as a joint programme of UNDP, UNDCF, EU AusAID and the Government.

*Alignment to SIG priorities.* PGSP responds to and is aligned with the SIG Medium Term Development Strategy (2008-2010). It is aligned with the recently launched National Development Strategy (2011 – 2020), specifically objective 8 “Improve governance and order at national, provincial and community level and strengthen links at all levels”. PGSP objectives regarding support to the planning process at provincial level are also aligned with the Strategy, which emphasizes critical links between the national and provincial planning processes. PGSP’s assistance on Public Expenditure Management (PEM) to provincial governments is also aligned with the government’s financial and fiscal reform policies, including the adoption of the International Public Sector Accounting Standards (IPSAS) Cash Basis.

*Alignment to the achievement of donor priorities.*

- UNDP and UNCDF. UNDAF (2008-2012) Outcome 2.2 - “*Decentralization of governance and participatory decision-making is enhanced*”. Country Programme Action Plan for the Solomon Islands which is: “*Improved intergovernmental relations and strengthened sub-national structures and systems for effective and efficient local governance*”.
- EU. Country Strategy Paper and National Indicative Program for the Solomon Islands focuses on sustainable rural development and capacity building (focal sector). PGSP contributes to two out of four results: a) improved delivery, quality and range of services to rural population, and; b) central government, provincial administrations and non-state actors’ competence and capacity improved to effectively identify and prioritize needs and secure delivery.
- RAMSI. Within the RAMSI Machinery of Government Program, PGSP falls directly under the long-term outcome of “*Government Services responsive to and reaching all people effectively*”.

## II. Resources

### *Financial Resources*

*Funding Arrangements.* The Joint Programme uses a combination of parallel fund modality for UNDP, UNCDF, EU and SIG contributions and pass-through fund modality for AusAID/RAMSI contribution. UNDP Multi-Partner Trust Fund Office (MPTFO) acts as Administrative Agent (AA) of the Joint Programme. In this capacity, UNDP signed a MoU with UNCDF, entered into a Standard Administrative Agreement with AusAID and a Standard Contribution Agreement with the EU for the purpose of receiving and administering the financial contributions and applying them to the financing of PGSP.

*Programme Budget.* The total original planned donor contribution is 14.6 million USD and SIG contributes USD3.5 million. This gives the project a total of USD18.1 million for a five-year period. This has, however, changed as a result of the recent SIG decision to increase its contribution to a higher level. In 2012, the SIG contribution to PCDF was about USD3.4 million which is an increase of approximately USD2.6 million. Therefore total contributions to the project have increased to USD20.7 million as a result of this.

*Table 1. Original total contributions by the funding partners (in USD million)*

Donor	Amount	Funding Modality
EU	6.2	Parallel
AusAID via RAMSI	6.4	Pass-through
UNCDF	1.0	Parallel
UNDP	1.0	Parallel
SIG	3.5	Parallel
<b>TOTAL</b>	<b>18.1</b>	

*Table 2. Revised total contributions by the funding partners (in USD million)*

Donor	Amount	Funding Modality
EU	6.2	Parallel
AusAID via RAMSI	6.4	Pass-through
UNCDF	1.0	Parallel
UNDP	1.0	Parallel
SIG	6.1	Parallel
<b>TOTAL</b>	<b>20.7</b>	

The contributions of the EU, AusAID via RAMSI and SIG are made in their respective currencies. The final USD amounts will depend on the actual exchange rates at the time when the contributions are made.

*Provincial Government (PG) contribution:* Provincial Governments co-funded the PCDF grants at the rate of 5% of funding received in 2012, which is approximately USD178, 000 (SBD1.3 million)<sup>1</sup>.

<sup>1</sup> Unless indicated otherwise, the exchange rate used throughout this narrative report is 1 USD/7.3 SBD, which was the UN exchange rate as of 31 December 2012.



*Fund utilization.* As of 31 December 2012, the 2012 annual expenditure is USD 5.5 million, which represents 88% rate of utilization against the approved 2012 total budget of USD 6.3 million. The detailed annual expenditure is included in the financial report in Part B of this report.

Table 3: Expenditure by donor and by UN Agency, 2012 (USD)

Donors	Annual Work Plan	Expenditure			Total	% of utilization
		UNDP	UNCDF	SIG		
EU	1,565,500	615,477	630,115		1,245,592	80%
AusAID	890,000	11,852	653,515		665,367	75%
UNCDF	190,000		145,403		145,403	77%
UNDP	200,000	196,723			196,723	98%
SIG	3,424,658			3,293,151	3,293,151	96%
<b>TOTAL</b>	<b>6,270,158</b>	<b>824,052</b>	<b>1,429,033</b>	<b>3,293,151</b>	<b>5,546,236</b>	<b>88%</b>

*Annual work plan and budget.* In December 2011, the JOC approved in principle the Annual Work Plan (AWP) of USD 4, 067,949 for 2012 but instructed MPGIS to revise the work plan in the light of the recommendations of the Mid-Term Evaluation and make it more realistic and less ambitious in the context of staffing and other constraints.

MPGIS followed this recommendation and revised the AWP downwards to USD 2,845,500 down by 30% from the original budget. The downward revision is explained through savings achieved on organisation of workshops/trainings (ref. revised per diem rates described below), adjustment of PCDF grant budget to reflect failure of two provinces to qualify for PCDF and the adjustment of activities as proposed by the Mid-Term Evaluation.

#### Human Resources

In 2012 progress was made in filling the key positions within the project, yet recruitment and retention of qualified project staff has remained a challenge (*See Risks and Issues section*). At the end of 2012, 24 out of 27 posts were filled.

Table 4: PGSP Human Resources, 2012

Categories	Location	No. of planned posts	No. of filled posts
TA International	Ministry	2	2
International UNVs	Provinces	4	4
TA, national advisors	Provinces	9	8
Operations International	UNDP	1	1
Operations staff Local	UNDP	3	3
	Ministry	8	6
<b>Total</b>		<b>27</b>	<b>24</b>

International Technical Staff was reduced to one (Chief Technical Advisor-CTA) by October 2012 as the Capacity Development Specialist's contract was not extended due to the fact that there was not enough funding for the post in 2013.

Only one IUNV remained in post by end of October and based in Gizo, Western Province. The IUNV in Choiseul left at the end of his contract, the IUNV for Makira left at the end of her contract and the IUNV for Guadalcanal secured another job with Honiara City Council by end of his contract. The IUNV for Western Province has extended his contract until December 2013.

- All provinces had National Advisors in 2012 except for Western Province

- The only IUNV is based in Gizo, Western Province
- The National Advisor for Isabel came on board in August 2012
- The National Advisor for Makira Ulawa came on board in January 2012
- The Operation Management Analyst came on board in November 2012.

### III. Implementation and Monitoring Arrangements

Responsibility for policy guidance and high-level monitoring of PGSP is assigned to the Joint Oversight Committee (JOC). The JOC Members are the representatives of the main line ministries, provincial governments, UN Agencies and donors as observers. MPGIS provides the Secretariat of the JOC and the Permanent Secretary of MPGIS acts as its Chair.

PGSP applies the National Implementation Modality (NIM). The Implementing Partner is the Ministry of Provincial Government and Institutional Strengthening. The Permanent Secretary of MPGIS acts as the National Project Director of PGSP with technical back stopping from core staff of the Ministry and from PGSP technical advisors.

UNCDF and UNDP are Participating UN Organizations (PUNOs) who provide support services to the Implementing Partner in the respective parts of the programme. UNDP as a PUNO provides services with regard to recruitment of project staff and procurement of goods and services. UNCDF provides technical advice through UNCDF-led team of technical advisors and consultants, monitors and disburses donor contribution to PCDF.

UNDP has been appointed as the Administrative Agent (AA) of the pass-through funded portion of the Joint Programme. As AA, UNDP enters into agreements with donors, receiving, administering, managing and reporting on their contributions.

During the reporting period, the following changes to implementation occurred:

- In January, after consultation with UNDP, UNCDF and UNV, MPGIS introduced new per diem rates for PGSP workshop participants (previously UNDP rates were used) to achieve greater alignment between the rates used by the project and by the government and to make savings on workshop organization.
- Also in January, PGSP Chief Technical Advisor left the project. Two TAs of UNCDF continued to work with the MPGIS until end of September when the Capacity Development Specialist left. This left the project with one TA (interim CTA/Local Finance Advisor).
- In March MPGIS initiated a recruitment process of CTA to address the current situation when one project staff is interim CTA.
- The CTA position was combined with the Local Government Finance Specialist position by the JOC in early this year.
- In March, as part of overall re-shuffle of senior government executives, the Permanent Secretary of MPGIS and National Project Director was re-assigned to the Ministry of Peace and Reconciliation and a new Permanent Secretary was appointed for the Ministry of Provincial Government and Institutional Strengthening. The handover was handled in a professional manner and significantly minimized the impact on PGSP implementation.
- As a result of slow start of the project in 2008 combined with other implementation challenges, and with a view to bridge PGSP Phase 1 and Phase 2, a no-cost extension of PGSP until December 2013 was proposed by the Government and approved by the JOC, the European Union, AusAID and the participating UN agencies..

**Monitoring and Evaluation:** MPGIS prepares **regular progress reports** to the Joint Oversight Committee and annual reports. MPGIS also prepares brief **fortnightly reports on PGSP activities** shared with the donors and UN Agencies.

For the purpose of annual PCDF allocation, **PCDF Annual Assessment** is conducted. This is a specific assessment of Provincial Governments against the set of Minimum Conditions and Performance Measures. The assessment is conducted by external team composed of accountant, auditor and planning specialist. The utilization of PCDF funds by provincial governments are monitored through **quarterly reports** prepared by provincial governments and submitted to the Finance Division of MPGIS. The consolidated report is prepared every quarter by the Finance Division and submitted to the Permanent Secretary.

PGSP implementation and activities in the provinces are monitored through **monthly reports** submitted by PGSP Provincial Advisors to Permanent Secretary/National Project Director and to PGSP CTA.

The provincial Advisors and the Chief Planning Officers in the province also provided comprehensive field monitoring reports on project activities in each province except for Guadalcanal Province. In addition to this a special audit on PCDF procurement was carried out in Malaita and a report has been made available to members and observers of the JOC of the programme.

Management information system: MPGIS uses a simple spreadsheet database to track allocations and implementation of PCDF projects by provincial governments, using the quarterly financial and activity reports prepared by Provincial Governments as the source of information.

## IV. Results

### Output 1: Responsibilities of PGs are clarified and gradually expanded

**2012 results:** Issues Paper describing the public sector organization for effective service delivery in provinces has been produced paving the way for a more intensive consultations and negotiations on clarifying roles and responsibilities of various line ministries and provincial governments in service delivery in the provinces.

**Five Ministries:** Ministry of Education and Human Resources, Medical and Health Services, Environment, Meteorology, Climate Change and Disaster, Ministry of Infrastructure and the Ministry of Agriculture have been identified as further negotiators

The Provincial Speakers and Clerks have improved their understanding of how businesses are conducted in the provincial assemblies as a result of the completion of consultations on the draft Standing Orders for provincial assemblies which have been standardized and modernized.

The consultant hired by the Centre for Democratic Institutions for MPGIS/PGSP has produced the draft Standing Orders which has been modernized and standardized for the nine provincial assemblies of Solomon Islands. Further consultations and discussions with provincial Speakers and Clerks to agree on the wordings and content took place before its finalization and adoption.

## Output 2: Resources of the provincial governments are commensurate with their responsibilities.

**2012 Results Achieved:** Access to education and health has been improved in many of the provinces as a result of implementation of 28 school construction projects and 27 health projects across all seven provinces who qualified for PCDF in 2012/13.

The construction of high quality staff houses in Gizo, Western Province, has had an immediate impact on the Gizo school. Good quality teachers from Honiara are willing to teach in this remote province as a direct result of availability of good facilities such as staff housing and high quality school buildings.

*"Since the completion of nine staff houses for Gizo school teachers, I have received 50 applications from highly qualified teachers in Honiara wishing to be posted to Gizo Primary and Secondary Schools"* Head Master of Gizo Secondary School.

The fencing project for the Kirakira Hospital, which commenced in 2012, is expected to be completed in 2013. The project shall provide an iron fence of 100 square meters to the hospital for the first time in 45 years.

*"Construction of a perimeter fence in the only provincial referral hospital of the province has face-lifted the hospital and provided better security for the patients and staff of the hospital"*, Dr Rodney Talo, Director of Kirakira Referral hospital.

Figure 1: PCDF fencing project of Kirakira Hospital, December 2012



About 133 new projects have been initiated at an estimated cost of SBD28 million (3.8million USD). This amount includes the co-funding from provincial governments which was 5% of PCDF grant. The actual delivery according to Table 5 below indicates SBD25m (USD3.4) excluding provincial government co-funding.

### **Output 2.1. Domestic resource flow to provincial governments is enhanced**

Based on the recommendations of the Ministry of Provincial Government and Institutional Strengthening, the Solomon Islands Government increased its recurrent revenue allocations to the provincial governments by 11 % in 2012 from SBD38m in 2011 to SBD42m in 2012. This increase in allocation of recurrent revenues enabled the provincial governments to deliver services in a more efficient manner. It also enabled them to meet their PCDF co-funding despite the increase in the amount of the grant on which the co-funding is based.

The provincial governments are now providing reports for the fixed service grants for the first time. Transfer to provinces has been changed to quarterly basis to allow provinces to report on the previous quarters before the next grant is released to them. This has enabled the Ministry of Provincial Government and Institutional Strengthening to monitor the utilisation of resources being transferred to the provinces as fixed service grant.

*"This reform further enhances compliance with the provisions of the PGA 1997 and builds government confidence in the accountability system of the provinces", Permanent Secretary, MPGIS.*

Following the approval of the cabinet paper by Solomon Islands Government in August 2011, the Parliament endorsed the SBD24m increase in SIG contribution to PCDF making its contribution to SBD30m annually from SBD5.4m. The amount approved was short by about SBD5m which the Ministry of Provincial Government and Institutional Strengthening is trying to recover through a contingency warrant.

*"The Cabinet decision to increase SIG contribution to PCDF is a clear demonstration of government recognition of PCDF mechanisms", Walter Folotalu, Minister for MPGIS. 15<sup>th</sup> August 2011.*

The Cabinet decision resulted in a dramatic increase in the amount of domestic resources available to the provincial governments (see table 5 below) for service delivery and local development. It endorses not only the UNCDF's performance-based grant system but it also serves as evidence of the confidence in the system as the means for effective, transparent and accountable allocation and administration of public funds.

Table 5: PCDF Investments by Province in 2012/13

Item	Provinces	Proposed Allocation 2012/13 (SBD)	2012/13 Actual (SBD)	2012/13 Actual (USD)	2011/12 Actual (USD)	Proposed allocation 2013/14 (USD)
1	Malaita	0.00	0.00	0.00	402,796	0.00
2	Makira/Ulawa	4,304,289	4,304,289	589,629	166,782	521,307
3	Western	5,689,791	5,689,791	779,423	252,353	752,436
4	Isabel	3,212,568	1,285,028	176,031	101,555	381,430
5	Central	2,933,933	2,933,933	401,909	97,177	375,341
6	Guadalcanal	5,920,168	5,920,168	810,982	0.00	710,179
7	Temotu	2,899,511	2,899,511	397,193	100,112	379,605
8	Choiseul	3,634,368	3,634,368	497,859	126,720	447,808
9	Renbel	0.00	0.00	0.00	41,864	224,241
<b>Total</b>		<b>26,667,08</b>	<b>24,739,547</b>	<b>3,388,979</b>	<b>1,289,360</b>	<b>3,792,346</b>

\*This table assumed that the fourth quarter which has been requested to be paid by the Central Bank of Solomon Islands into individual provincial accounts would be made by end of February 2013.

Following the decision of JOC in December 2011, the co-funding contribution of provincial governments to PCDF was reduced from 15% to 5%. It was felt that most provinces may not be able to meet the payment from their recurrent revenues as a result of the sudden increase in PCDF budget by the National Government. Being a minimum condition, it could lead to disqualification of some provinces.

### **Output 2.2: External resource flow to provincial governments is enhanced**

Through PCDF mechanism (performance-based grant system), a total of USD3,388,979 (SBD24m) in 2012/13 compared to 1,278,834 USD (11,871,000 SBD) in 2011/12. Two

provinces did not meet the minimum conditions in 2011 assessment (Malaita and Renbel) and therefore they were not allocated any funding for the fiscal year 2012/13.

The donor contribution of USD554,502 (SBD4,062,464) was paid to PCDF account except for the last quarter (USD120,000). The donor contribution excludes what they should have paid for the Provincial Governments of Malaita, Renbel and the foregone contribution of Isabel Province for the first quarter allocation of 60%. The actual SIG contribution was USD3.4m (SBD25m). The disqualification of Malaita and Renbel and the disqualification of Isabel Province in the first quarter enabled the Ministry to still allocate what was computed against SBD35m to qualifying provinces. The SIG contributed its full share despite the disqualification of Malaita and Renbel except for SBD960,000 which is yet to be paid in.

Following the endorsement of the revised PCDF Operational Manual in 2012 by Joint Oversight Committee, the allocation of PCDF funds for performance based grant increased from 30% to 50%. Funds to provinces used to be allocated based on 50:50 (50% for basic allocation and 50% performance based). The JOC decision was an endorsement of the recommendation of PFGCC.

A major decision was also taken by the PFGCC and JOC to allocate 20% of fixed service grants to provincial governments based on their performance in the annual assessment. Therefore 20% of 2013/14 fixed service grant allocation to provinces was based on the results of 2012 annual performance assessment (see the table 5 below).

Table 6: Fixed Service Grant Allocation 2013/14

<b>The impact of the application of a performance based formula on the provincial fixed service grant (20% subject to performance measures)</b>							
Provinces	Basic Formula Total (SBD)	Basic Allocation (80%) (SBD)	Performance Score	Performance Weighted	Performance Allocation (20%) (SBD)	2013/14 Total Allocation (SBD)	Gain/Loss after applying formula (SBD)
Malaita	12,423,560	9,938,848	53	526,758,960	2,128,028	12,066,876	-356,684
Makira	5,094,069	4,075,255	62	252,665,816	1,020,732	5,095,987	1,919
Western	7,670,396	6,136,317	68	417,269,548	1,685,707	7,822,024	151,628
Isabel	2,957,950	2,366,360	70	165,645,193	669,182	3,035,542	77,592
Central	3,027,001	2,421,600	66	159,825,630	645,672	3,067,272	40,272
Guadalcanal	7,879,734	6,303,787	58	365,619,649	1,477,049	7,780,836	-98,898
Temotu	2,971,064	2,376,851	69	164,002,724	662,547	3,039,398	68,334
Choiseul	3,574,873	2,859,898	75	214,492,370	866,517	3,726,416	151,543
Renbel	1,401,355	1,121,084	54	60,538,525	244,567	1,365,650	-35,704
<b>Total</b>	<b>47,000,001</b>	<b>37,600,001</b>	<b>575</b>	<b>2,326,818,413</b>	<b>9,400,000</b>	<b>47,000,001</b>	

Through PCDF, a total of 133 new projects are being implemented by seven provincial governments. Some of these projects have started to make meaningful impact on the lives of the

people in the rural communities (see Table 7 & 8 below for distribution of projects per province and on sector basis).

Table 7: Approved PCDF Projects by Province 2012/13

Items	Province	Projects	Budget (SBD)
1	Central Province	18	3,180,631
2	Choiseul Province	14	3,697,823
3	Guadalcanal Province	32	6,216,176
4	Isabel Province	7	1,441,547
5	Makira Ulawa Province	30	4,519,503
6	Malaita Province (projects b/fwd)	4	672,854
7	Temotu Province	17	3,271,593
8	Western Province	11	5,974,281

Figure 2: Approved PCDF Projects by Province

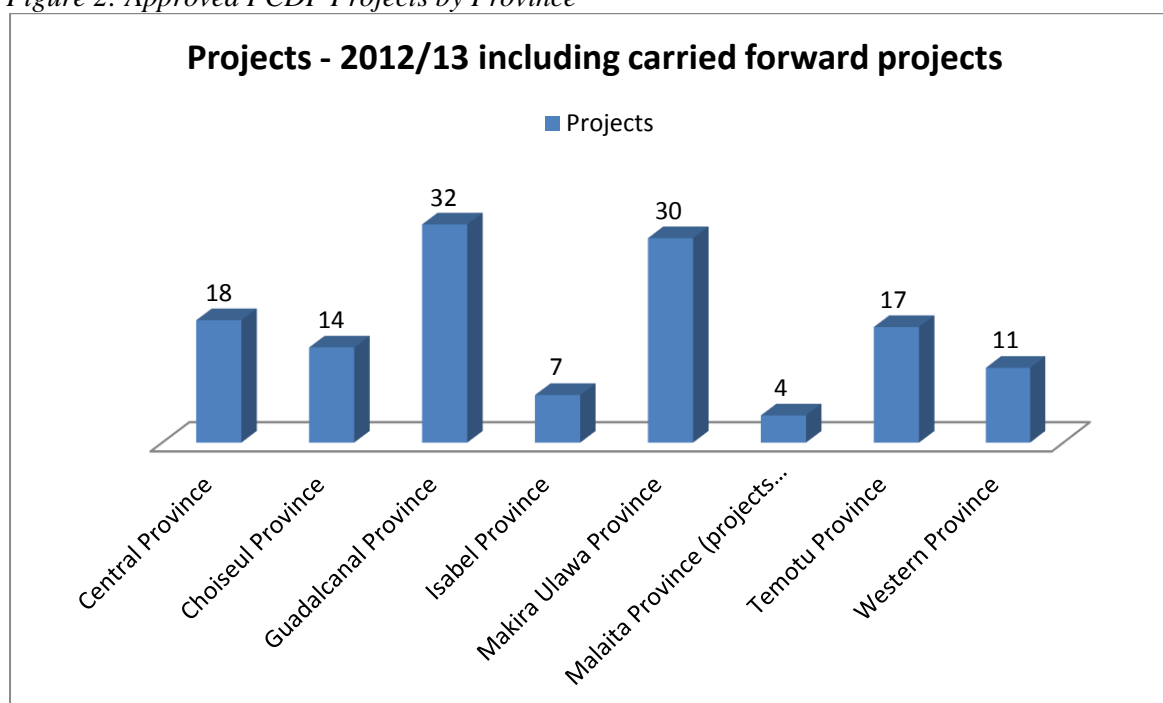


Table 8 – PCDF Project Allocation by Sector 2012/13 (new projects only)

Items	Investment Sectors	Number
1	Administration	22
2	Works & Infrastructure	11
3	Education	28
4	Health	27
5	Lands	1
6	Commerce and Investments	11
7	Youth, Culture and Sports	8
8	Women Development	5
9	Tourism	2
10	Agriculture	4
11	Fisheries	6
12	Forestry	1
13	Mines & Energy	1
	Total	133

For the coming financial year of 2013/14, the PCDF have been allocated to eight out of nine provinces after 2012 annual performance assessment was conducted by four independent consultants between August and October 2012 (refer table 5 above). Except for Malaita, all provinces have qualified for PCDF allocation in 2013/14 after meeting seven minimum conditions. The assessment determined which provincial governments meet the seven qualifying minimum conditions and assessed them against eight performance measures. The minimum conditions and performance measures are focused on key aspects of public expenditure management systems.

The result for 2012 assessment of performance measures shows that provincial governments have improved their performance with an average score of 64 compared to 63 in 2011. Even though the performance measures were enhanced, provinces still managed to score high (see table 8 below for a four year comparative analysis of provincial government performance in the assessment).

*Table 9: Trend analysis of PG performance in Performance Measures, 2009 - 2012*

Provinces	2009	2010	2011	2012
Guadalcanal	34	60	61	58
Temotu	34	43	61	69
Western	44	62	58	68
Makira Ulawa	44	61	65	62
Isabel	38	71	80	70
Central	37	57	61	66
Malaita	49	59	54	53
Rennell & Bellona	34	43	45	54
Choiseul	49	78	80	75
<b>Total for average comp.</b>	<b>363</b>	<b>534</b>	<b>565</b>	<b>575</b>
<b>Average</b>	<b>40</b>	<b>59</b>	<b>63</b>	<b>64</b>

### Output 3: The Local Development Capacity of PGs is developed

**2012 Results Achieved:** The quality of provincial plans and budgets and the way businesses are conducted in provincial assemblies have improved. This came as a result of provinces producing high quality plans and budgets and the executive articulating policy statements for their provincial plans and budgets. This is evidenced by the fact that the Hon. Minister signed off the provincial budgets without any major comment. The provincial government of Central Province passed its policy statement in the provincial assembly for the first time in 30 years.

#### *Output 3.1: Governance Capacity of Provincial Assemblies and Executive is Enhanced*

Since the approval of the PAC expanded policy framework by the Cabinet in May 2012, the number of provinces forming PACs in accordance with the approved framework has increased. In addition to Malaita and Guadalcanal, the provincial governments of Central, Isabel, and Western provinces have all formed provincial PACs and ensured that the composition conforms with the approved framework. Malaita, Western and Guadalcanal PACs conducted hearing by inviting heads of divisions to explain the content of their proposed budgets before submitting them to the provincial assembly for debate and endorsement.

The amended composition of provincial PACs and the expanded roles have been incorporated into the newly drafted Standing Orders of the provincial assemblies.



In June 2012, 45 PAC members from Central, Choiseul, Isabel, Makira/Ulawa, Malaita, Temotu and Guadalcanal provinces were trained to understand their roles and responsibilities as members of Provincial Public Accounts Committees in their respective provinces. The training was delivered in partnership with the Centre for Democratic Institutions in Canberra and the National Parliament of Solomon Islands.

The training covered: division of political responsibility and budget processes, foundational principles of PACs, roles of PACs in scrutinizing provincial executives, basic procedures and processes, witness protection, and committee investigations. The training was a practical one with mock PAC hearing and report presentations.

*"This PAC training was indeed a very practical training. The Speaker of my provincial assembly who is a lawyer told me for that for the first time he has attended a training where he learned a lot of new things", George S. Lilo, Premier of Western Province shortly after 2012 PAC training.*

The competences of provincial elected leaders in the provinces of **Makira Ulawa, Central, Malaita, Rennell & Bellona and Guadalcanal provincial assemblies** were enhanced through induction courses and training of local elected leaders, and legal drafting that were carried out for the newly elected assembly members in the months of May, November and December 2012.

The following competences were covered for the trainings conducted: *Solomon Islands constitution and Provincial Government, Relationship between MPAs with Provincial executive and National Government, Ministry of Provincial Government and Institutional Strengthening Overview, Orientation on Solomon Islands Legal System, Overview of the role and function of Ombudsman Office, Legislation and monitoring function of MPAs on Provincial Administration and Public Expenditure Management (PEM), Leadership Code Commission, Basic understanding on provincial and national finance mechanism and Entitlement and accountability and legal drafting techniques.*

The Hon. Minister for the Ministry of Provincial Government and Institutional Strengthening endorsed without delay all the nine provincial annual work plans and budgets for 2012/13 before end of the fiscal year. This was a result of the review process conducted in January/February 2012 which ensured that the quality of each provincial budget submitted to the Ministry was of acceptable standard. Assisting the provinces in meeting the ministry benchmark has had an impact on provincial plans and budgets as the provinces produce more realistic budgets and linked them to annual work plans in 2012.

PGSP keeps **provincial advisors in nine provinces** that provide technical assistance, support and on-the-job training and mentoring to provincial governments as required. Isabel and Makira Provinces had their first National Advisors in the months of January and August 2012 respectively. All provinces now have an advisor assisting them in capacity building through mentoring and on-the-job-training.

Eight out of nine provincial governments have made **early submission of their 2011/12 financial statements** to the Office of the Auditor General against the deadline of 31<sup>st</sup> December 2012 in IPSAS cash basis format. This has been possible because of the increased proficiency of provincial Treasurers in using computerized accounting package to enhance work efficiency. The automated features of MYOB accounting software are being efficiently used by Treasurers. As evidenced by 2012 assessment, only one province could not have its bank and cash book records reconciled on a monthly basis.

Ability of provincial officers on how to use computers improved during this period as a result of numerous visits to provinces by the project ICT Officer. There have also been reduced incidences of computer breakdowns and less interruption to flow of work in 2012 as a result of these visits.

Anti-virus definitions in provincial computers were installed to avoid virus attacks and shutting down of the systems. This greatly reduced the cost of maintaining computers and the IT systems by the provincial governments.

The work done by the project IT Assistant on computer networking complemented the efforts being made by the MYOB consultant in networking of treasury division computers for MYOB multi-user features.

The recent **procurement of two servers** by the Ministry (funded by PGSP) would enhance the impact of ICT for the Ministry to better coordinate its business activities. It would reduce the cost relating to internet usage as emails sent between staff in the ministry would not need internet connection; the Ministry would be able to manage emails in-house. The new servers would provide backup for the computers and would be the foundation for the Ministry's Disaster Recovery Plan. This would include the offsite storage of backup. Servers will surely improve the management of network resources.

The layouts and quality of ministry **newsletter and publications** have improved as a result of capacitating the project Communications Officer through a PGSP funded three-week training that he attended in Sydney in August 2012. The officer's skills have been enhanced in a range of adobe applications. He is able to work with different multi-software packages including illustrator 1, photo shop 1, in-design 1 and adobe premier.

Two editions of PGSP newsletter were published in 2012. The December edition had been uploaded in both UNDP and UNCDF websites. The newsletter has been distributed in hard and e-copies.

The visibility and appreciation by the public of PCDF infrastructure projects shall improve as a result of the implementation of the ministry's **communications strategy** by showcasing (on One News and SIBC) the progress made by the provincial governments in delivering infrastructure services in sectors such as education, health etc. at the provincial level. The documentary which shall be screened by the TV and Radio shall tell the story of how far the provincial governments have improved in terms of service delivery at the provincial level.

Efforts being made by the provincial governments in establishing projects that **promote local economic development** are also being showcased in a television and radio documentaries that were recorded in December 2012. This includes fisheries centres, copra and cocoa production and market places. The documentary, for the time being, focuses on projects in Makira Ulawa, Central and in Western Provinces. The rest of the provinces shall be covered in 2013.

A large percentage of Solomon Island population have become aware of Provincial Capacity Development fund and its fund allocation system to the provincial governments as a result of the announcement this year of the results of the 2012 annual performance assessment. The national Radio Station that reaches most parts of the country announced the two-page press release consecutively for two weeks highlighting the performance of individual provinces in 2012 performance assessment. The country's leading Newspaper, Solomon Star, also carried the full report for two days with commentary on the results.

*"With the announcement of PCDF 2012 assessment results by the newspapers, most of the people of Temotu came to appreciate the efforts being made their government in meeting the minimum conditions to qualify for access to PCDF funds of SBD 2.8 million. Before then the population only had a negative image of the provincial government",*  
Buddley Ronnie, Advisor for Temotu Province.

**The PGSP funded MPGIS website** has now been completed and officially launched by the Ministry of Provincial Government and Institutional Strengthening. The domain name: **www.mpgis.gov.sb** has now been provisioned by Solomon Telekom Limited. All provincial governments have individual homepages built into the website.

The completion of website for MPGIS and provincial governments would in the future greatly enhance the publicity of relevant documents and materials that would improve transparency and accountability at the provincial level. Materials could be uploaded on the website for public view. Provinces would be assisted to upload their budgets, financial statements, quarterly financial statements and reports on the website for the world wide access.

The ability of the Ministry to **design policies and strategies** has improved through on the -job

*"My province is very privileged to be the first province to be technically assisted to come up with a policy statement that is fully aligned to the National Development Strategy", Paterson Mae, Premier of Central Province.*

training and mentoring of Ministry executive by the project technical assistants based in the Ministry. In addition to the approved policies indicated below, the Ministry supported the formulation of policy statement for the provincial

government of Central Province which has been debated and passed by the provincial assembly. The policy statement of Central includes the child rights policy in accordance with the Convention on Child Rights as agreed by the member states of UN.

The Ministry of Provincial Government and Institutional Strengthening with the technical support of PGSP formulated the following **policies** which were approved by the Cabinet in 2012:

1. Expanded responsibilities of provincial Public Accounts Committees
2. Participatory planning framework to institutionalize planning institutions and ensure integrated planning at the community and ward level
3. Internal controls and audit review committee

One of the immediate outcome of the Cabinet approved policies is the incorporation of provincial PACs into the Standing Order of the provincial assemblies. This has now been agreed by the Speakers and Clerks of provincial assemblies. The formation of Provincial Planning and Development Committees (PPDC) is also being initiated by provinces as a result of the importance that these committees should plan in facilitating participatory planning and integrated planning processes at the provincial level. The recruitment process of internal auditors has also started which would help ensure compliance at provincial level.

*"The creation of internal audit unit within the MPGIS is a great initiative and I would encourage the Ministry to fast track the process in order to strengthen internal control systems in the provinces", the Hon. Premier of Malaita Province.*

**6<sup>th</sup> Premiers conference:** The Premiers meeting in Kira Kira recognised the contributions made by the PGSP through the speeches and presentations they made during the conference. In the communiqué issued after the conference, the Provincial Premiers endorsed the development and

*"Without the Provincial Governance Strengthening Programme, some of provinces would have sunk by now", the Hon. Premier of Choiseul Province, Jackson Kilo.*

implementation of the second phase of PGSP and urged the National Government and donors to continue to fund the next phase of the project. Provincial Premiers highlighted the achievements made in the strengthening programme within the last

five years and made an undertaking to continue to take ownership of the programme. They called on the government and the donor communities to continue their support for the programme.

The Pre-Premier meeting facilitated by MPGIS/PGSP in the months of May and September 2012 had enabled provincial Premiers to prepare for a better Premiers Conference in Kira kira in October 2012. For the first time in the history of the Premiers conference, Permanent Secretaries met with the Premiers to discuss the communiqué which was agreed in Taro in October 2011. This allowed a lot of interactions between various Permanent Secretaries and the Premiers on key policy issues that may have impacted on service delivery at provincial level.

#### Output 4: PGSP Monitoring and Evaluation

**2012 Results Achieved:** Continuous monitoring kept the project implementation on track during the year. PGSP activities and results were monitored by the Chief Planning Officers and Provincial Advisors (supervised by the Provincial Secretaries). All nine provinces except for Guadalcanal Province conducted a field monitoring and feedbacks sent to the Ministry are being used to address some of the issues that affect project implementation.

PGSP activities and progress are also being monitored and supervised by the Joint Oversight Committee, as described in section 3 of this report. The Annual PCDF Assessment in 2012 assessed all nine provincial governments on the basis of their performance in Public Expenditure Management as described output 2 of this report. The PFGCC and JOC all met twice in 2012. Monitoring is being mainstreamed into the Ministry of Provincial Government and Institutional Strengthening by creating a monitoring and evaluation division in the Ministry who would be coordinating with the field officers on monitoring.

1. Field monitoring has been facilitated by the decision of JOC in December 2011 to increase the investment servicing costs in the PCDF menu which enabled provincial governments to pay for effective monitoring of PCDF projects.
2. The Principal Accountant, MPGIS, also produced a monitoring report on Malaita in March 2012. In a follow up visit to Malaita the findings of the report were presented by the Ministry and discussed with the provincial executive in June 2012.
3. In addition to this, the auditor recruited for the PCDF annual performance assessment team carried out a detail audit on the management of procurement system for PCDF funds. This was required as a follow up on the concerns raised in the monitoring report produced by the Ministry Principal Accountant.
4. Quarterly reports were produced by the provincial governments and feedbacks were sent to them by the Ministry for their responses. PCDF assessment team continues to assess the performance indicators developed on transparency and accountability and the 2012 assessment results shows that performance of provincial governments on performance measures has improved with an average score of 64 compared to 49 when it first started in 2009 and 63 in 2011 assessment.

#### V. Partnerships and Inter-agency Collaboration

**2012 Results Achieved:** PGSP continued its efforts to build the capacity of MPGIS in order to strengthen good working relationship with other state agencies for coordinated service delivery at the provincial level and within the National Development Strategy framework. PGSP also facilitated partnership with Centre for Democratic Institutions, Canberra and the Common Wealth

Local Government Forum who are assisting in the capacity development initiative of the provincial governments.

**Alignment with SIG priorities and Relevant UNDAF Outcomes:** The objectives and strategies of PGSP remained closely aligned to SIG National Development Strategy 2011 - 2020 particularly objective 8 of National Development Strategy. The project through the Ministry coordinated well with MDPAC in 2012 and secured further EU support to localise NDS at the provincial level by formulating strategic plans of nine provincial governments in 2013. EU is funding one local consultant for PGSP through the Ministry of Provincial Government and Institutional Strengthening. The project is also aligned with UNDAF Outcome 2.1 and 2.2.

**Cooperation with the Office of the Auditor General (OAG):** In 2012 the project through the Ministry continued to work closely with the office of the Auditor General by:

- Coordinating efforts to ensure that provinces submit their Financial Statements on or before 31<sup>st</sup> December 2012 to avoid disqualifications
- Eight of the nine provinces submitted their 2011/12 financial statement before December 2012 deadline indicating that in 2013 PCDF assessment, minimum condition 4 may not be a major issue
- Aligned the timing of interim audit and annual audit of provincial accounts and financial statement
- Provision of interim audit details to the assessment team so as to facilitate the assessment of provincial accounts and financial statements

**Collaboration with the Parliament Strengthening Project (PSP):** The PGSP has established a close working relationship with PSP especially in the coordination of the training for the Provincial Public Accounts Committee in July 2012. The NPO also coordinated with the Center for Democratic Institutions in Canberra to facilitate the modernisation and standardisation of provincial Standing Orders through a consultant they hired on behalf of the programme.

**Collaboration with UNICEF:** As a result of UNICEF partnering with PGSP through MPGIS, for the first time in the history of provincial governments of Malaita and Central, key issues affecting the development of children in the communities were identified and incorporated into the work plans of those provinces. In the case of Central Province, education and health issues relating to children were identified and incorporated into the province's policy statement. As a result of this planning exercise, UNICEF shall be committing some resources to fund some of the issues on children in education and health sectors in 2013 work plans of Malaita.

*"I am indeed impressed with the commitment and performance of the divisional heads of Central Province and I found my working partnership with PGSP and MPGIS very fruitful indeed",*  
Asenaca Vakacegu, UNICEF trainer and monitoring officer,  
September 2012 in Tulagi, Central Province.

## VI. Cross-cutting Issues

### Gender Issues

Gender based planning has been advocated by the project. Provincial governments have been trained how to incorporate gender-based issues in the planning and budgeting process in the provincial government annual work plans. This resulted to increase in resource allocation to women divisions in most of the provincial budgets proposed for 2013/14. Malaita has increased its expenditure allocation for Women Division by 859% over its actual expenditure for the current year, Makira Ulawa increased Women Division budget allocation by 87%, Central

Province increased by 547% whilst Isabel has increased by 152%. This shows the impact that the gender-based training has had on the provincial government planning system.

Even though women and family affairs are supposed to be non-devolved functions, most of the provinces since 2010 have created women divisions funded from provincial government resources without any line ministry support.

The MPGIS/PGSP has coordinated with the Ministry of Women, Youth, Children and Family Affairs to design women, children and youth policies for education and health sectors for Central Province which is hoped to strengthen the gender dimensions of provincial government planning systems.

In its advertisements for positions, the project includes a statement that encourages women applicants to file applications for project positions.

### **Climate change**

The concept of Local Climate Adaptation Facility concept was introduced and discussed with the provincial Premiers during the briefing of Premiers on climate change and environment programme in November 2012 was organised by the Ministry of Environment and UNDP. The workshop was intended to create awareness amongst the provincial leaders on the need for a strategic partnership on approaches to climate change adaptation at the provincial level.

During the consultation process for the design of phase II of PGSP, government partners stressed the need for more emphasis on climate change in the design. The concept note drafted by the design team has taken on board the emphasis put on the need for a strong component on climate change.

### **Transparency and accountability**

The MPTF Office continued to provide information on its GATEWAY (<http://mptf.undp.org>) a knowledge platform providing real-time data, with a maximum two-hour delay, on financial information from the MPTF Office accounting system on donor contributions, programme budgets and transfers to Participating UN Organizations. All narrative reports are published on the MPTF Office GATEWAY which provides easy access to nearly 8,000 relevant reports and documents, with tools and tables displaying financial and programme data. By providing easy access to the growing number of progress reports and related documents uploaded by users in the field, it facilitates knowledge sharing and management among UN Organizations. It is designed to provide transparent, accountable fund-management services to the UN system to enhance its coherence, effectiveness and efficiency. The MPTF Office GATEWAY has been recognized as a 'standard setter' by peers and partners.

## **VII. Risks and Issues**

***Political and other pressures on PCDF:*** Following the dramatic increase of the SIG contribution to PCDF, there has been an increase risk of political pressures and attempts to capture PCDF funds for activities other than designated purposes.

In June, there was a request to use SBD 1.5 million in support of the Arts Festival Committee. Similar requests are likely to come in the future.

The increase has also made some provincial governments to feel that the PCDF funds should now not be subject to minimum conditions. This creates a high risk. This is being addressed by making provincial authorities to appreciate the purpose of PCDF and its objectives.

There is a risk of provincial governments depending on project advisors in the absence of core staff in the provinces. This may negatively impact on sustainability. This is being addressed by the Ministry through filling up core positions in the provinces.

Attempts to allocate PCDF funds to ineligible expenditure categories have increased as a result of lack of understanding of PCDF investment menu by the provincial executive. This is compounded by the frequent change of officers coordinating PCDF project implementation and procurement system at the provincial level. This is being addressed by reaching out to the provincial authorities so that they have a good understanding of the investment menu as prescribed in the manual.

There is a risk that the capacity building of the core staff in the provinces may not be attained as desired as a result of slow pace in providing core staffing in the provinces. This is being addressed by MPGIS by strengthening the human capacity in the human resources division.

***Political interference in the administration of the core staff:*** Pressures continue from Premiers to remove some core provincial staff on a very short notice and without clearly documented PSC laid down procedures of natural justice. This has potential negative effects on implementation of provincial plans and puts at risk the ability of those provinces to meet PCDF minimum condition or following the principles of natural justice. This is being addressed by Hon. Minister of MPGIS who has issued a letter to all Premiers reminding them of the principles of natural justice signed in 2008 as a pre-condition to access to PCDF.

***Frequent reshuffling of senior government executives:*** The frequent and unexpected changes at the senior executive posts may impact project implementation as well as the gains in terms of capacity-building and relationship building. The same process affects the core positions in the provincial governments. This is being addressed by making provisions for continuous refresher trainings on programme procedures and processes.

***The institutionalization of RCDF by the National Government*** has increased fears amongst provincial authorities that the provincial governments might be sidelined by the efforts of the government to channel service delivery through constituencies. This is being addressed by the Ministry through the efforts of mobilising some members of Parliament to integrate their constituency development plans into those of provincial governments on a pilot basis. This approach is hoped to align the provincial plans with those of the constituency plans and avoid duplication of efforts.

***On-site technical assistance was provided by Provincial Advisors of PGs*** to establish linkages between the Ministry of Infrastructure and Development (MID) and the Provincial Governments. Despite these efforts implementation of some of the projects got delayed due to lack of support from MID for the necessary technical inputs. The Permanent Secretary of MID indicated lack of capacity on the side of his Ministry to provide the required support to the provincial governments.

The Joint Oversight Committee of PGSP is addressing this issue by increasing the level of investment servicing costs from 5 to 7.5% of PCDF including own funding. This has made available SBD2.8 million in 2012 from a total of SBD682,583 in 2011. These funds are being used to outsource some of the technical skills required for design of technical infrastructure projects. Further efforts are being made by the Ministry of Provincial Government and

Institutional Strengthening to mitigate this situation by employing works officers in some provinces to provide support to the implementation of infrastructural projects.

### **VIII. Future Work Plan**

With the no cost extension secured from the main donors to the programme, 2013 annual work plan is focused on bridging the gap between phase I and phase II to ensure continuity of some of the key activities such as functional assignment.

PGSP in 2013 shall try to make progress under output 1 (clarification of PG functions) and output 4 (effective implementation of M&E framework and its use in project management).

The discussion papers submitted after the studies carried out in 2012 shall be carried forward into 2013 through a consultation process with identified line ministries.

After consultations with line ministries, policy paper shall be drafted and a Cabinet Paper on functional assignment and provincial government financing shall be finalised and submitted to the National Parliament.

In 2013 the donor contribution of about USD 300,000 may be made available for PCDF. Part of this contribution is savings made over the past five years from provinces that failed to meet minimum conditions and also gains realized through exchange rates.

Ward profiling of five year strategic plans for the provincial governments shall commence in 2023. Funding has been allocated in 2013 budget and AWP for this activity to be undertaken.

PCDF approved by the Parliament (SIG) is about USD3.1million. The Ministry shall be submitting a contingency warrant to make up the difference of what was claimed by the Ministry through the budget bid and what the Parliament had approved.

Following JOC decision in December 2011, 20% of provincial fixed service grant in 2013/14 shall be allocated to provinces based on their performance in PCDF annual performance assessment.

Funding has been provided in 2013 budget and AWP for revenue mobilization strategy to be developed for the provincial governments.

Allocation has been made for fine-tuning of Monitoring and Evaluation framework of the programme.

Capacity-building to provinces will continue in the areas of leadership skills, participatory planning, Public Expenditure Management, Provincial Public Accounts Committees, own revenue mobilization.

The draft Standing Orders of provincial assemblies shall be finalized with a view to modernize and standardize them. Discussion with provincial Clerks and Speakers shall take place to agree on content and format of the Standing Order.

The design and formulation of the next phase of the project shall continue until the final project document is packed and approved by various stakeholders.



## IX. Abbreviations and Acronyms

AA	Administrative Agent
AusAID	Australian Agency for International Development
AWP	Annual Work Plan
CTA	Chief Technical Advisor
EU	European Union
IPSAS	International Public Sector Accounting Standards
JOC	Joint Oversight Committee
LoCAL	Local Climate Adaptive Facility
MDGs	Millennium Development Goals
MDPAC	Ministry of Development Planning and Aid Coordination
MoU	Memorandum of Understanding
MPGIS	Ministry of Provincial Government and Institutional Strengthening
MPTF	Multi-Partner Trust Fund Office
NDS	National Development Strategy
NPO	National Parliament Office
PSP	Parliament Strengthening Programme
NIM	National Implementation Modality
OAG	Office of the Auditor General
PAC	Public Accounts Committee
PPAC	Provincial Public Accounts Committee
PCDF	Provincial Capacity Development Fund
PGCC	Provincial Fiscal Grant Coordination Committee
PGs	Provincial Governments
PGSP	Provincial Governance Strengthening Programme
PEM	Public Expenditure Management
PUNOs	Participating United Nations Organizations
RAMSI	Regional Assistance Mission to the Solomon Islands
RDP	Rural Development Programme
SAA	Standard Administrative Arrangement
SBD	Solomon Island Dollars
SICHE	Solomon Island College of Higher Education
SIG	Solomon Islands Government
TA	Technical Assistance
UN	United Nations
UNCDF	United Nations Capital Development Fund
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNV	United Nations Volunteer
USD	United States Dollars

## X. Annexes

ANNEX 1: PGSP STAFF LIST AND MOVEMENTS IN 2012					
Items	Staff Name	Position	Nature of Contract	Location	Remark and current status
1	Momodou Lamin Sawaneh	Acting CTA and Local Government Finance Specialist	International staff	MPGIS, Honiara	Re-designated as a CTA (Interim) 15 <sup>th</sup> September 2011
3	Fakri Karim	Capacity Development Specialist	International Staff	MPGIS, Honiara	Finished his contract - October 2012
4	Alice Muaki	M&E Officer	National Staff	MPGIS Honiara	Resigned in April 2012
5	Francis Manamua	ICT Officer	National Staff	MPGIS, Honiara	On board
6	Denis Pitu	Admin /Logistics	National Staff	MPGIS, Honiara	On board
7	Gregory Awa	Driver / Logistic	National Staff	MPGIS, Honiara	On board
8	Baddley Nukumuna	Communications Officer	National Staff	MPGIS, Honiara	On board
9	Crystal Saelea	Finance Assistance	National Staff	MPGIS, Honiara	Started in August 2011
10	Samuel S Rogers	Provincial Advisor	International UNV	Western Province	On board but moved from Malaita to Gizo
11	Ronal Amigo	Provincial Advisor	International UNV	Guadalcanal	Finished his contract in December 2012
12	Anusa Kocarjana	Provincial Advisor	International UNV	Makira	Finished his contract in April 2012
13	Raj Krishna	Provincial Advisor	International UNV	Choiseul	Finished his contract and left in April 2012
14	Godfrey Narasia	Provincial Advisor	National Staff	CIP	Finished his contract in February 2011
15	Metcalfe Puia	National Advisor	National staff	Rennel and Belona	Transferred to CIP in December 2011 On board
16	Buddley Ronnie	National Advisor	National Staff	Temotu	On board
17	Jackson Gege	National Advisor	National Staff	Malaita	Finished in December 2012
18	Collin Bentley	National Advisor	National Staff	Guadalcanal	Finished in December 2012
19	Basilio Solevudu	National Advisor	National Staff	Choiseul	Finished in November 2012
20	Daniel Wagatora	National Advisor	National Staff	Makira	On board
21	Christina Nasiu	National Advisor	National Staff	Rennel & Bellona	On board
22	Joseph Ramo	National Advisor	National Staff	Isabel Province	On board