Ministry of Provincial Government & Institutional Strengthening

PGSP Provincial Governance Strengthening Programme

Mekem strong Provinsol Gavman fo helpem iumi

PROVINCIAL GOVERNANCE STRENGTHENING PROGRAMME

DRAFT

ANNUAL NARRATIVE REPORT

1ST JULY 2008
TO
31ST MARCH 2014

ANNUAL REPORT

Provincial Governance Strengthening Programme

1st July 2008 - 31st March 2014

About this Report

This Consolidated Final Report under the Joint Programme, "Provincial Governance Strengthening Programme" in Solomon Island represents the final report of the project from July 2008 to 31 March 2014 (with 2013 in detail). This report is in fulfilment of the reporting requirements set out in the Standard Administrative Arrangement (SAA) concluded with the Contributor. In line with the Memorandum of Understanding (MOU) signed by Participating Organizations, the report is consolidated based on information, data and financial statements submitted by Participating Organizations. It is neither an evaluation of the Joint Programme nor an assessment of the performance of the Participating Organizations. The report is intended to provide the Steering Committee (Joint Oversight Committee) with a comprehensive overview of achievements and challenges associated with the Joint Programme, enabling it to make strategic decisions and take corrective measures, where applicable.

The Multi-Partner Trust Fund Office (MPTF Office) of the United Nations Development Programme (UNDP) serves as the Administrative Agent pass-through funded portion of the Joint Programme. The MPTF Office receives, administers and manages contributions from the Contributor, and disburses these funds to the Participating Organizations in accordance with the decisions of the Steering Committee. The Administrative Agent receives and consolidates the Joint Programme annual reports and submits it to the Steering Committee through the Resident Coordinator. March 31st being the operational closure of the programme, this report represents the final annual report of phase I.

This Report consists of two parts: A) Narrative report and B) Financial report of the pass-through funded portion of the JP.

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. Abbreviation and Acronyms. Provides listing of acronyms used in the report.

IX. Annexes. Attaches relevant annexes referred to in the report for additional or more detailed information

Programme Title & Number	Country, Locality(s), Thematic Area(s)
Programme Title: Provincial Governance Strengthening Programme Programme Number: UNCDF Atlas Award ID: 00049954, 00049957, 00056494 UNDP Atlas Award ID: 00049698 MPTF Office Atlas Number: 00067653	Solomon Islands Local Development, Governance, Poverty Reduction

Participating Organization(s)	Implementing Partners
• UNCDF • UNDP	• Ministry of Provincial Government and Institutional Strengthening • Provincial Governments • AusAID through RAMSI • European Union

Joint Programme Cost (US$)	Programme Duration (months)
Joint Programme/pass-through: AusAID/UNCDF: 4.8 mil. USD AusAID/UNDP: 1.6 mil. USD **Agency Contribution** UNCDF/core: 1 mil. USD **UNDP/core: 1 mil. USD** **Government Contribution** **SIG: 3.5 mil.USD** **Other Contribution** EU/UNCDF: 2.6 mil. USD EU/UNDP: 3.6 mil. USD TOTAL: 18.1 million USD	Overall Duration: 60 months Start Date: July 2008 End Date: 31st March 2014 Operational Closure Date: 31st March 2014 Expected Financial Closure Date:

Programme Assessments/Mid-Term Evaluation	Submitted By
Assessment Completed - if applicable *please attach report* ■ **Yes** ☐ No Date: December 2011 Mid-term Evaluation Report	Name: Akiko Suzaki Title: Deputy Resident Representative Participating Organization (Lead): UNDP Email address: akiko.suzaki@undp.org

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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
PFGCC	Provincial Fiscal Grant Coordination Committee
PGs	Provincial Governments
PGSP	Provincial Governance Strengthening Programme
PEM	Public Expenditure Management
PUNOs	Participating United Nations Oganizations
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

EXECUTIVE SUMMARY

This report represents the final report of the Provincial Governance Strengthening Programme for the period 1st July 2008 to 31st March 2014.

The year 2013/14 marked the end of the first phase of PGSP after completing the period of no cost extension endorsed by the donors and the project steering committee in December 2012. There was, however, a three month extension to the programme (January - March 2014) to allow for proper closure of the programme.

The first no cost extension in 2013 allowed the UN Agencies and the implementing Ministry, Ministry of Provincial Government and Institutional Strengthening to formulate the next phase of the programme (PGSP Phase II). Phase II was designed by a team of consultants and UNDP officials from Bangkok and Suva. The document was approved by the project steering committee in 2013 and since then resources are being mobilised for an early start of phase II.

The Provincial Premiers, in July 2013, endorsed a resolution in the Gizo communiqué which called for institutionalisation of PCDF and an increase in the funding being disbursed to Provinces. As a result of this resolution, and the follow up by the Ministry, the PCDF fund for 2014 was increased by SBD7.5 million to SBD30 million (USD4.2m). The project has had a great support from the Solomon Islands Government because of the interest the government has in strengthening provincial governments as a mechanism for effective service delivery as indicated in Objective 8 of SOI National Development Strategy and UNDAF Outcome 5.

> ***'…..together with the government, I shall make genuine attempts to improve the provincial capacities in terms of infrastructure and financial support. We cannot keep on arguing over the fact that provincial governments need resources to deliver when very little is being done….***
>
> Speech delivered to the Second-Appointed Day Celebrations of Western Provincial Government by the **Prime Minister, Hon. Gordon Lilo Darcy (MP), 7th December 2011**.

The phase II of the project document was endorsed by the Provincial Premiers through a special resolution in the October 2012 Premiers' conference in Kira Kira. The National Government was asked to be more committed to the Provincial Governance Strengthening Programme (PGSP) in order ensure sustainable capacity building for the provincial service delivery.

> ***'…..The Provincial Governments hardly deliver any tangible projects from mainstream government funding apart from those funded through Provincial Capacity Development Fund of PGSP and the Rural Development Programme….***
>
> ***….the National Government is gradually gaining confidence in the provincial governments as a result of the efforts of the Ministry of Provincial Government and Institutional Strengthening since the inception of the Provincial Governance Strengthening Programme (PGSP). The PGSP through MPGIS has focused well in developing the capacities of the provincial governments in public expenditure management system and good governance.' Hon. Gordon Darcy Lilo (MP), Prime Minister of Solomon Islands, in a speech delivered in Gizo on 7th December 2011.***

The provincial governments increased their revenue raising capabilities as a result of the continuous on-the-job-training and mentoring provided to provincial officers for the past six years. The provincial revenue collection jumped from SBD28 million (3.9) in 2011/12 to SBD34 m (USD4.7m) in 2013/14. The implementation of the newly developed revenue mobilisation strategy and the proposed training in revenues shall help improve local revenue collection of the provincial governments.

A steady progress has been made in functional assignment studies with the submission of the final report by the retainer consultant. The subsequent approval of the report by the PFGCC and the JOC has paved way for the Ministry to draft a Cabinet Paper to seek the Cabinet blessing in the implementation of the report. Further consultations with the ministries of Education and Human Resource Development, Ministry of Health & Medical Services and the Ministry of Agriculture and Livestock and Environment will then commence after the Cabinet endorsement.

Steady progress was made by the Ministry and PGSP in coordinating with the Ministry of Development Planning and Aid Coordination to localise NDS at provincial and community level. This is being achieved through extensive ward data profile compilation and the development of strategic plans for each province. The completion of strategic plans for each province (2015 - 2019) will mean that every aspect of the Public Expenditure Management Cycle has now been initiated.

In 2011, the project co-funded most of the provincial visits by the officials of the Ministry of Development Planning and Aid Coordination to consult with provincial governments on the National Development Strategy to gather provincial inputs into the strategy.

Since 2011, lot of efforts have been made in trying to bridge the digital divide between the rural communities and the towns in the Solomon Islands. The first community internet cafe (powered by solar) funded through PCDF was inaugurated in the Choiseul Bay Community High School in 2013.

The completion of the procurement process of additional four VSATS for Malaita, Guadalcanal, Temotu and Western Provinces is also a significant step in providing a reliable but high speed internet connectivity in rural Solomon Islands. The next phase of the programme has plans to install further 18 larger VSATs in 18 communities in the nine provinces so as to facilitate e-governance, participatory planning and social accountability by enabling citizen participation in debates and discussions (through social networks etc) on local development issues of their communities. The VSAT platform should in future enable provision of banking facilities to a large number of unbanked population through the tablet technology and EFTPOS (in-store banking).

In 2011 five VSATs were procured and delivered to: Central Province, Isabel Province, Rennell & Bellona, Choiseul and Makira Ulawa Provinces. Since the commissioning of the VSATs in the five Provinces, the communication between the provinces and the ministry improved effectively. Letters are now sent through emails instead of fax or through pilots. Access to learning materials that may enhance productivity have been facilitated. Provinces

are gradually realising reduction in their telephone bills as a result of easy access to emails and the world wide web facilities.

The recruitment of two Monitoring and Evaluation Officers by the Ministry in the second half of 2013 has led to frequent monitoring and evaluation of PCDF funded projects and other development projects of the Ministry. The Ministry M&E Officers in coordination with the project advisors and the planning officers in the provinces conducted monitoring in all provinces. The field monitoring reports have been made available. The Corporate Plan of the Ministry 2014 - 2016 had provided for a creation of monitoring and evaluation division. This is in line with the recommendations of the Mid-term evaluation report of 2012.

The project had its midterm evaluation for phase I conducted in 2011/12. The independent evaluation of PGSP concluded that the project was very much relevant to the people of Solomon Islands. It highlighted challenges especially in the areas of monitoring but concluded that the project made a steady progress in delivering its designed outputs and also gradually influencing national policies.

SHOWCASE 4: PGSP Midterm Evaluation Report 2012

PGSP has already at an early stage produced up scaling effects, notably concerning PFM instruments. At the same time it has shifted the attention of key stakeholders (SIG, Parliament, Provincial Premiers, civil society and donors) to the opportunities existing at PG level, as well as to the capacities and challenges in addressing citizens's needs. The inclusion of PGSP in the National Development Strategy (NDS) 2011-2020 testifies to these early achievements.

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 Solomon Island Government, UNDP, UNDCF, EU and Australia Department of Foreign Affairs and Trade.

Alignment to SIG priorities: PGSP responds to and is aligned with the SIG National Development Strategy (2011 - 2020) and the SIG Medium Term Development Strategy (2014-2018). Objective 8 of NDS mentioned PGSP "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. This alignment provides the basis for future technical support to the provincial governments. It may also guarantee sustainability of the new financial reporting framework (IPSAS Cash Basis).

Alignment to the achievement of contributor priorities

UNDP and UNCDF: UNDAF (2013-2017) Outcome 5.1 -**Regional UNDAF Outcome 5.1:** Regional, national, local and traditional governance systems are strengthened and exercise the principles of good governance, respecting and upholding human rights, especially women's rights, in line with international standards. 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 focus 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 pass-through funded portion of the Joint Programme. In this capacity, the AA signed a MOU with the Participating UN Organizations (UNCDF and UNDP) and entered into a Standard Administrative Agreement with AusAID. For the parallel funded portion, a Standard Contribution Agreement was signed between UNDP and 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 was 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, in 2013, the SIG contribution was USD3.1 million and in 2014 SIG contribution went up to USD4.2 million. Therefore the total contributions to the project have increased to USD28.3 million as a result of the scaling up by the SIG.

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
TOTAL	**18.1**	

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	13.7	Parallel
TOTAL	**28.3**	

The contributions of the EU, AusAID via RAMSI and SIG are made in their respective currencies. The final USD amounts 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 2013, which is approximately USD190, 000 (SBD1.4 million)[1].

Fund utilization (Jude/Gloria/Cecila)

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

Donors	Annual workplan	Expenditure			Total	% of utilization
		UNDP	UNCDF	SIG		
EU						
AusAID via RAMSI						
UNCDF						
UNDP						
SIG						
TOTAL						

It should be noted that the provincial governments have a different fiscal year and therefore their actual expenditures for 2013/14 are only expected by April 2014. By then the actual utilisation of funds disbursed to Provinces shall also be known.

Annual work plan and budget: In December 2012, the JOC approved, in principle, the Annual Work Plan (AWP) of USD 1, 868,000 for 2013. The approved budget was revised downwards in December 2013 to USD1, 763,180 (6%) when actual expenditure figures indicated that the funding available was indeed less than the original amount. The revised budget was approved by the JOC on December 13th 2013.

Human Resources

In 2012 the project succeeded in filling the remaining Provincial Advisor positions in Isabel, Malaita, Makira Ulawa and Choiseul Provinces.

By December 2013, all project officers and the nine Provincial Advisors had their contracts expired as part of the closure process of phase I. The CTA (Interim) and the project Admin and Finance Officer remained on board to support the operational closure process until 31st March 2014.

Table 4: PGSP Human Resources from 2008 - 2013

Position Descriptions	Vacancies Approved	Positions filled					
		2008	2009	2010	2011	2012	2013
TA International, MPGIS	3	1	3	2	3	2	1
I UNVs	9	2	5	5	4	4	1
TA National Advisors	9	0	5	6	7	9	8
Operations (Int.) UNDP office	1	1	1	1	1	1	1
Operations UNDP Office	3	3	3	3	3	3	3
Operations MPGIS	7	1	2	3	6	6	6
Total	32	8	19	20	24	25	24
Actual human capacity available/year compared to 32 (100%) that was required to deliver the project.		25%	59%	63%	75%	78%	75%

The above analysis indicates that the PGSP, despite enormous efforts made, the project could not operate with the required staff on board as per approved vacancies. The highest number of staff was recorded in 2012 when the project operated at a capacity of 78% compared to 25% in 2008. This was 12% less than the anticipated human capacity required to support the delivery of project components.

Human Resource; MPGIS: from the ministry side, additional officers were recruited to strengthen the capacity of the Ministry. Two monitoring and evaluation officers were recruited to be conducting field monitoring of projects being implemented through the programme and also through SIG.

The Human Resource Manager resigned by May 2013 but was replaced by June 2013. Principal Human Resource Development Officer was recruited and assumed duties in October 2013.

The Internal Auditors came on board in the month of August 2013 but he later passed away in the month of October 2013.

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. The membership to the Joint Oversight Committee was expanded to include Ministries of Education, Health and Environment.

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 contributors, receiving, administering, managing and reporting on their contributions.

The 2013 budget was modest because of the no cost extension which was approved to enable the project to utilize the balance of funds with donor partners as part of their overall commitment to the project budget. The no cost extension ended on the 31st of December 2013 but the project Steering Committee extended the project by additional three months to 31st March 2014 to allow for proper closure, NIM auditing and also final evaluation. The three month extension of the project was approved by the Steering Committee in December 2013.

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

For the purpose of annual PCDF allocation, **PCDF Annual Assessment** is conducted annually. 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 an accountant, auditor and planning specialist. In 2013 the annual performance assessment took place from August to November 2013.

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 were, since 2012, monitored through field monitoring which is conducted by the advisors based in the provinces, the monitoring officers based in the ministry (by working closely with Chief Planning Officers). The provincial advisors are also required to submit monthly **reports** on their work.

IV. RESULTS:

OUTPUT 1: RESPONSIBILITIES OF PGS ARE CLARIFIED AND GRADUALLY EXPANDED

Output 1.1 Provincial Government Own Functions are Clarified and Expanded

Results achieved: The Ministry of Provincial Government and Institutional Strengthening has had initial discussions with the Ministry of Education and Human Resources Development on the roles and responsibilities of provincial governments in the delivery of education services in the provinces particularly in the Education Infrastructures. As part of the implementation of the recommendations of the functional assignment studies report, the MPGIS shall be carrying out further consultations with the Ministries of Education and Human Resources Development, Health and Medical Services, Agriculture and Livestock and Environment, Climate Change Disaster and Meteorology.

The final report of functional assignment studies was discussed and approved by the Joint Oversight Committee of the Provincial Governance Strengthening Programme in its sitting of December 13th 2013. The objective of the two year long research was to seek clarification into the roles and responsibilities of provincial governments and the respective line ministries with stakes in the provincial service delivery.

Prior to the second round of consultation on functional assignment in 2012, there was an initial study conducted in 2009 which led to an international conference on fiscal decentralization in November 2009. Based on the 2009 report, a follow up consultation with the provinces of Western, Isabel, Malaita and Guadalcanal were conducted in 2011 by the Ministry in order to seek clarification of functional responsibilities of provincial goverments. The Ministries of Education, Health and Environment were also consulted.

Output 1.2 Provincial Government Agency functions are regulated and co provision arrangements are developed.

Results Achieved: The way the businesses are conducted in the provincial assemblies have slightly improved as a result of the adoption of the revised Provincial Standing Orders by the Provincial Assemblies.

The final version of standardized and modernized Provincial Assembly Standing Orders was adopted by the nine Provincial Assemblies in all Provinces immediately after the finalization of the revised version in the month of February 2013. The Centre for Democratic Institute in Canberra provided technical support in the delivery of this particular output with the participation and support from the National Parliament of Solomon Islands. The efforts to Standardize and modernize all Provincial Government Standing Orders was a direct response to the request made by the Provincial Speakers and Clerks during their attachments to the National Parliament in 2011 .

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

Output 2.1 Domestic Resources flow to the Provincial Government is enhanced

Results achieved: four out of nine Provincial Governments have increased their level of revenue collections. Western Province' local revenue collections constituted about 62% of the entire recurrent revenue in 2013/14 compared to 45% in 2012/13. Despite a drop in revenue performance, Isabel's local revenue performance in 2013/14 was 71% of its total actual recurrent revenue compared to 80% in 2012/13. Malaita has improved by 2.5% over 2011/12 performance whilst Choiseul improved by 16.9%. Guadalcanal on the other hand contributed 54% of its total recurrent revenue budget through local revenues (a drop by 2%) compared to 52% in 2013/14. Its performance increased overall by 46% from 2011/12.

Even though the provincial actual revenues collected this year will not be declared until the end of March 2014, the provisional figures indicate an increase of 18.1% above 2011/12 and 5.9% above 2012/13 collections, an increase of SBD6m in absolute terms. This improvement was as a result of the technical advices and on the job mentoring being offered to the provincial government Treasury divisions and revenue collectors by technical officers based in each province for the whole of the project life. Provincial governments have indeed made genuine progress to improve not only collections of revenues but also accounting for revenues to their respective treasuries, as evidenced below.

Table 5: Local revenue collection results from 2011 - 2013

Provinces	2011/12	2012/13	2013/14	Increase/decrease 2014 and 2011	% Difference
Choiseul	1,665,940	1,933,143	1,992,535	326,595	16.9
Central Province	548,995	1,106,840	532,017	- 16,978	-1.5
Isabel Province	13,887,096	11,231,748	7,477,502	- 6,409,594	-57.1
Makira Ulawa	2,020,733	2,396,911	1,557,501	- 463,232	-19.3
Malaita Province	1,889,483	1,783,495	1,937,755	48,272	2.7
Guadalcanal Province	4,487,876	7,535,965	8,000,000	3,512,124	46.6
Temotu Province	1,067,640	1,008,741	951,669	- 115,971	-11.5
Western Province	3,397,982	5,997,405	12,477,490	9,079,508	151.4
Total actual receipts	28,965,745	32,994,248	34,926,469	5,960,724	18.1

Revenue mobilization strategy: The revenue mobilization efforts of the provincial governments are expected to improve greatly in the future as a result of the completion of the "revenue mobilization strategy" that has been developed by the Ministry (through PGSP funding). The final report has been delivered to the Ministry which shall be followed by a training programme designed for revenue collectors and treasurers some time in 2014. The objective of the strategy is to help improve the revenue raising capabilities of provincial governments most of whom depend a lot on the grants from the National Government.

Reform of the fixed service grant allocation system
Formula based grant allocation system

The allocation system of fiscal service grants provided by SIG to the nine provincial governments became clearer as a result of the introduction of a simple formula in 2009 that kick-started in 2010 based on the 20:80 ratios as:

20% of total fixed service grants being allocated to nine Provinces equally despite the size of the Province. This was designed to take care of the unique issues in Provinces such as distance, cost of delivery of materials, remoteness etc.

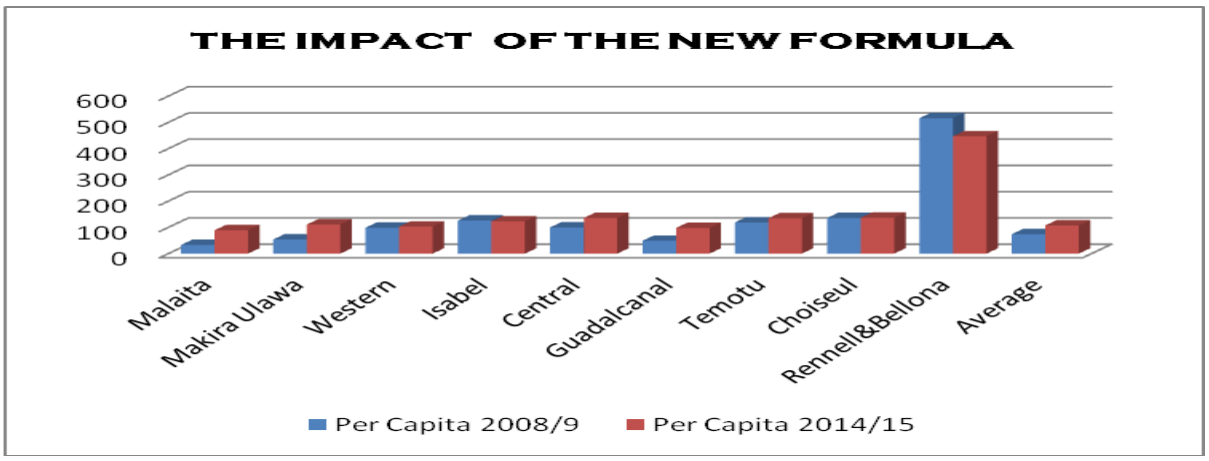
80% of the total fixed service grant is being allocated based on the population factor.

To mitigate the impact of the new formula on the provinces, the reform was phased in within a period of four years from 2010 - 2013 (a change of 25% per year).

Table 6: Comparative analysis
The impact of the new grant formula on per capita basis

Provinces	Per Capita 2008/9	Per Capita 2014/15	Deviation from 2014/15 Average	Under or over resourced
Malaita	33	89	-18	(2,514,865)
Makira Ulawa	54	111	4	+150,473
Western	99	103	-4	(327,8410)
Isabel	126	123	16	+411,278
Central	100	136	29	+748,259
Guadalcanal	49	98	-9	(868,463)
Temotu	119	135	28	+592,215
Choiseul	136	137	30	+783,851
Rennell&Bellona	516	447	340	+1,035,097
Average	74	107		

Graph 1: Impact of the new formula



The above analysis shows the rationalization of the grant allocation system by using a defined formula. Before the introduction of the formula by the Ministry (with the support of the PGSP), the grants were being allocated not based on any pre-determined formula. It was impossible for one to indicate how and why smaller Provinces were receiving more than bigger provinces.

As a result of the new formula, the "per capital" and the overall earnings of bigger Provinces improved but still a bit below average (see table 7 below).

TABLE 7: IMPACT OF THE NEW GRANT FORMULA IN ABSOLUTE TERMS

Provinces	2009/10 allocation SBD	2014/15 allocation SBD	Difference SBD	Percentage %
Malaita	4,605,407	12,263,770	7,658,363	166.3
Makira Ulawa	2,677,328	4,492,929	1,815,601	67.8
Western	8,129,422	7,883,814	-(245,608)	-3.0
Isabel	2,982,201	3,206,554	224,353	7.5
Central	2,452,884	3,532,864	1,079,980	44.0
Guadalcanal	4,145,872	9,173,864	5,027,992	121.3
Temotu	2,831,784	2,889,406	57,622	2.0
Choiseul	4,264,583	3,608,340	-(656,243)	-15.4
Rennell & Bellona	2,276,460	1,358,461	-(917,999)	-40.3
Total	34,365,941	48,410,002	14,044,061	40.9

The introduction of a formula-based allocation system has not only made the funds to be equitably distributed but also very transparent. Malaita being the biggest Province has its fixed service grant increased by about 166.3% whilst Guadalcanal's revenue increased by 121.3%. The overall impact is that the share of smaller Provinces who were benefiting more realized reduction until the formula stabilizes. The situation was mitigated by the phase introduction of the new allocation system over four years.

Reforms on fixed service grants
Introduction of performance measures in the allocation of fixed service grants

The successful introduction of performance measures in the allocation of PCDF grants has led to its application to the fixed service grants. In 2012, 20% of fixed service grants was allocated to provinces based on the results of the performance assessment of PCDF. The measure has enabled good performing provinces to increase their share of the funds whilst motivating provinces to do well.

Table 8: 2014/15 fixed service grant allocation and its impact

Province	Initial allocation before PMs	80% based on population and fixed share	PMs scores	Allocations as per PMs scores	Final allocation after application of 20% PMs	Impact on each province of the application of PMs
Malaita	12,884,585	10,307,604	33	1,956,166	12,263,770	-620,735
Makira Ulawa	4,544,607	3,635,685	41	857,243	4,492,929	-51,678
Western Province	7.653,928	6,123,142	50	1,760,672	7,883,814	+229,886
Isabel	3,320,703	2,656,562	36	549,992	3,206,554	-114,148
Central Province	3,311,520	2,649,216	58	883,648	3,532,864	+221,344
GPG	9,109,808	7,287,846	45	1,886,017	9,173,864	+64,056
TPG	2,909,100	2,327,281	42	562,124	2,889,406	-19,696
Choiseul	3,339,069	2,671,255	61	937,085	3,608,340	+269,272
Renbel	1,336,762	1,069,410	47	289,052	1,358,461	+21,700
Total	48,810,002	38,728,002		9,682,000	48,410,002	

Output 2.2. External Resource flow to the Provincial Governments is enhanced

Results Achieved: a total sum of SBD23, 278,775 was disbursed to Provinces as against SBD27, 684,124 which was originally allocated for qualifying Provinces. The reason for the difference of SBD4, 405,349 was because of the deductions carried out from the allocations of sums carried forward by Provinces from 2012/13 without actually being committed and obligated through contractual means.

By end of 2012/13 Provinces were allowed to commit and carry forward 45% of their total PCDF funds for 2012/13 on condition that they were obligated through signed contracts by end of 31st March 2013. Unfortunately most of the Provinces could not ensure that the balance of funds were obligated and carried forward through re-appropriations. The Ministry therefore applied the relevant **Section 5.2 of the Operational Manual** trigger on commitments (see table below). The total disbursable amount represents 84.1% of the total allocation of 2013/14.

Table 9: Approved allocation versus final allocation of PCDF in 2013/14

Provinces	October Allocation	Amount Deducted	Balanced disbursed
Makira Ulawa	3,805,540	444,225	3,361,315
Western	5,492,773	107,612	5,385,161
Isabel	2,784,438	516,195	2,268,243
Central Islands	2,739,989	186,070	2,553,919
Guadalcanal	5,184,310	1,710,130	3,474,180
Temotu	2,771,118	687,755	2,083,363
Choiseul	3,268,998	753,362	2,515,636
Renbel	1,686,961	0	1,686,961
Total	27,684,127	4,405,349	23,278,778

As a result of the transfer of 80% of the amounts due to qualifying Provinces, Provincial Governments had since April 2013 started implementing infrastructure projects as per their annual work plan of 2013/14. A total of 163 projects have been initiated for this fiscal year.

The remaining tranche was released by the Central Bank of Solomon Islands into provincial government accounts by mid March 2014.

The table below shows the allocation for the qualifying provinces as well as an indication of provincial governments own co-funding paid in 2013/14. The only Province that did not qualify for funding this year (2013/14) was Malaita Province. Malaita could not meet four out of the seven minimum criteria that provinces were assessed on in 2012/13.

Table 10 : Fund allocation and actual disbursement 2013/14

Provinces	2013/14 Allocation SBD	Amount paid after adjust. SBD	5% co-funding SBD	Total Available for Projects SBD
Makira Ulawa	**3,805,540**	**3,361,315**	**190,277**	3,551,592
Isabel	2,784,438	**2,268,243**	**139,222**	2,407,465
Western	5,492,773	**5,385,161**	**274,639**	5,659,800
Central	2,739,989	**2,553,919**	**136,999**	2,690,918
Guadalcanal	5,184,307	**3,474,177**	**259,215**	3,733,392
Temotu	2,771,118	**2,083,363**	**138,556**	2,221,919
Choiseul	3,268,998	**2,515,636**	**163,450**	2,679,086
Rennell&Bellona	1,636,961	**1,636,961**	**81,848**	1,718,809
Total	**27,684,124**	**23,278,775**	**1,384,206**	24,662,981

Resource flow from SIG: In 2013/14 the Ministry received a sum of SBD22.5million (USD3.1 million) from the National Government as its contribution to PCDF against SBD35 million that it submitted as a bid for the capital development budget. The SBD22.5 million was SBD2.5m (10%) less than the SIG actual contribution in 2012/13. The Ministry was, however, able to disburse SBD23 m as a result of the balance of funds brought forward from 2012/13.

SHOWCASE 1: Midterm Evaluation Report
In the view of the evaluators, three factors are most likely to have prompted SIG's willingness to substantially increase its contribution to PCDF: a) the impressive progress made in capacity development of PGs in PEM; b) the fact, that PCDF is the only Programme providing PGs **with funding and c) checks and balance mechanisms in place for PCDF (annual assessment, appropriation of budget by Provincial Assemblies and audits by the OAG)**

The initially agreed contribution for PCDF, according to the MOU, was for a total annual allocation of SBD10.8m (USD1.5m) per annum. The total PCDF agreed was therefore USD7.0m. As a result of the Cabinet decision in August 2011, the SIG contribution increased to USD3.4m in 2012, USD3.1m in 2013, and USD4.2m in 2014 respectively.

SHOWCASE 2: Midterm Evaluation Report 2012
The dramatic increase of SIG resources signals, in the view of the evaluators, ownership of PGSP and PCDF and political will to make them a success. It also recognizes SIG' s trust in UNCDF and UNDP in their approach to strengthening Provincial Governments.

Graph 2: Allocation of PCDF projects by sector for 2013/14

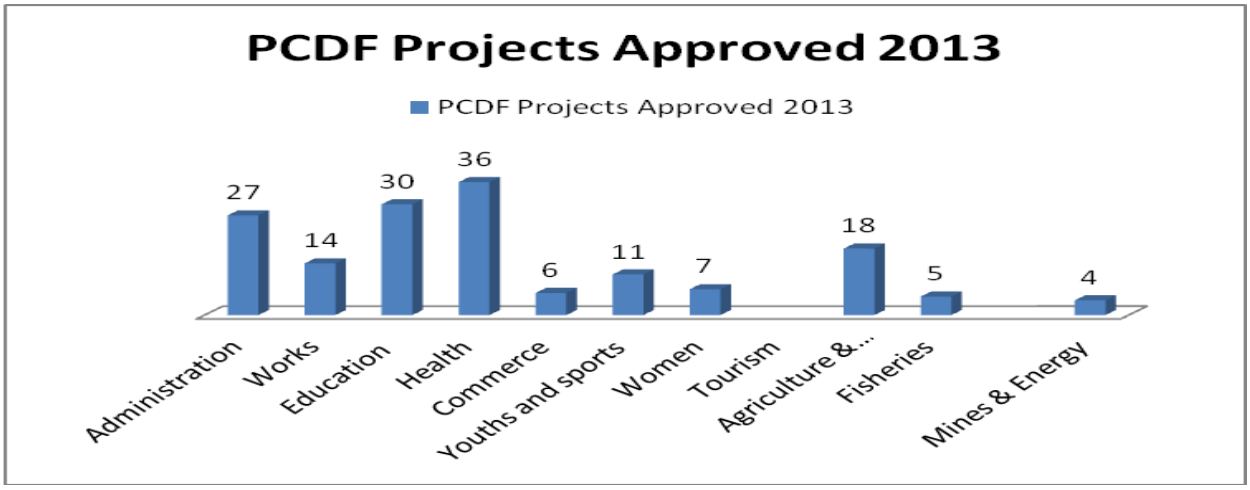
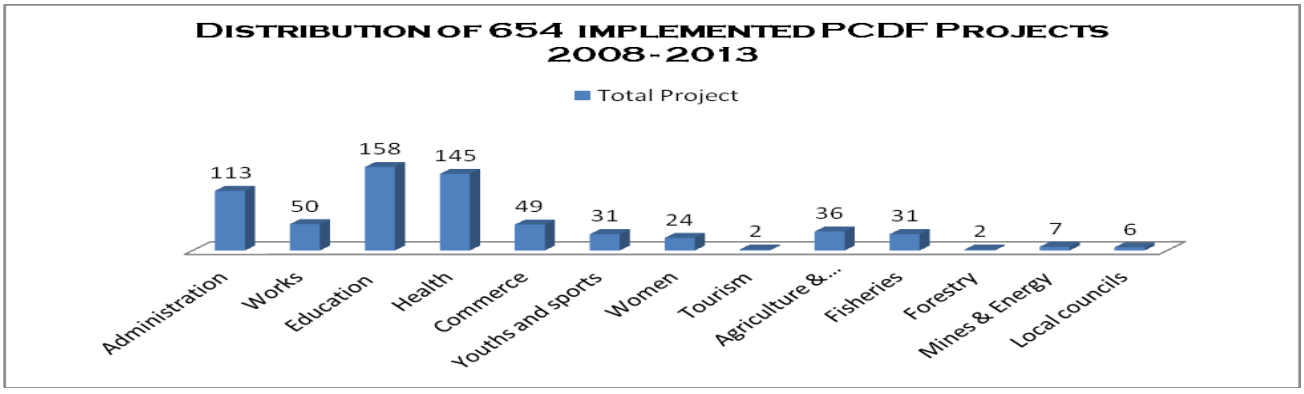


TABLE 6: OVERVIEW OF PROVINCIAL CAPACITY DEVELOPMENT FUND PROJECTS FROM 2008/9 - 2013/14

Sectors	Total Project	Projects implemented 200 8-2012	Projects implemented 2013	Total Project
Administration	113	86	27	113
Works	50	36	14	50
Education	158	128	30	158
Health	145	109	36	145
Commerce	49	43	6	49
Youths and sports	31	20	11	31
Women	24	17	7	24
Tourism	2	2		2
Agriculture & Environment	36	18	18	36
Fisheries	31	26	5	31
Forestry	2	2		2
Mines & Energy	7	3	4	7
Local councils	6	6		6
Total	654	490	158	654

Graph 3: Distribution of 654 projects implemented by provincial governments through PCDF



The impact of PCDF projects on the real lives of the rural population:

A story from the villages of Molevanga and Leomuni

The photo above was shot in December 2013 when Ministry, PGSP, and media team made documentary of the impact of PCDF projects on rural communities. A foot bridge of about 90 meters long was constructed by Choiseul Provincial Government through PCDF and completed in 2013/14 fiscal year. The bridge reinforced with large steel rods and season timber, was constructed in response to demands from the villages who used to have difficulties in crossing Molevanga stream in order to take their children to schools in Konamana viillage and also attend clinics in Loemuni village on the other side of the stream. Before its completion every parent from the village used to ensure his/her child was safely taken across the stream every morning and afternoon. Instead of parents focusing on fending for livelihoods, they spent most of their time in ensuring their children crossed the long stream safely. The project has enabled children from Saga Saga village, which lies 25 minutes from Konamana Community High School to attend school regularly. The community high school is located in Konamana.

> ''After several years of being disconnected from the rest of our communities, we can now commute and send our children to school without fear that they will fall into the streams. Any simple flood, we used to be cut off completely. Now we can reach the markets and health centres, thanks to PGSP''. Said a community leader during the inauguration of the foot bridge.

Inter-community activities including market outlets for basic commodities like vegetables and cash crops such as copra could not flourish because of difficulties in crossing the stream when it floods. As a result of the completion of the bridge, copra and cocoa farmers became the happiest as they can now cross with loads of copra and cocoa to the copra sheds on both sides of the bridge. The cocoa nut crashing mill located in Loemuni could now flourish as good private business undertakings since transporting cocoa and copra across to Loemuni is facilitated by the completion of the new bridge.

Apart from the annual performance assessment, the finance division analyzed the quarterly reports of the provincial governments on how PCDF was spent. Feedbacks on these reports were sent to the provinces for improvements on the quality of their reports.

TABLE 17: JOINT OVERSIGHT COMMITTEES MEETINGS HELD FROM 2008 - 2014

2008	2009	2010	2011	2012	2013	2014
20th /06/2008	22nd 04/2009	2nd /08/ 2010	28th/01/2011	26th /06/ 2012	8th/11/2013	**28th /02/ 2014**
18th/11/ 2008	3rd /07/2009	16/12/ 2010	18th /08/ 2011	20th /12/2012	13th /12/2013	
	24th/11/ 2009		9th /09/2011			
			8th /12/2011			

TABLE 18: PROVINCIAL FISCAL GRANT COORDINATION MEETINGS HELD FROM 2009 - 2014

2008	2009	2010	2011	2012	2013
PFGCC was formed in 2009	**1st /07/2009**	**14th /12/2010**	**16th /08/2011**	**25th /05/2012**	**5th -6/12/ 2013**
	23rd /11/ 2009	16/12/2010	**6th /12/2011**	**14th /12/ 2012**	

V. Partnerships and inter-agency collaborations

Collaboration with other line ministries and development partners

> PGSP has established synergies and partnerships with some donors and the government i.e. MPGIS, EU and AusAID/RAMSI. Partnerships has also been established with the IPAM / MPS, the Parliamentary Strengthening Project (PSP) and, to some extent, MDPAC / RDP, while it has not been possible to foster a better understanding with MRD / RCDF, which also intervene at sub provincial level. The UNCDF approach through the PCDF is acknowledged widely by SIG and development partners, while the LED concept is still in need to be developed further, including in its role in advocacy for LED. PGSP Midterm Evaluation report, February 2012.

There has been a lot of coordination with the MDPAC in the areas of linking provincial plans to the National Development Plans. One of the local consultants for the strategic planning and ward profiling (funded by the Ministry, PGSP and Provincial Governments) is agreed to be funded by MDPAC. The two ministries are working closely to localize the NDS at provincial and community level.

The Ministry of Provincial Government and institutional Strengthening and the Provincial Governance Strengthening Programme (PGSP) are currently members of the Ministry of Education and Human Resource Development task force which is piloting the decentralization of some of the education service delivery in piloted provinces of Makira Ulawa Western and four church education authorities.

Other key Ministry partners in this task force are the Ministry of Public Service and the Ministry of Finance and Treasury. Two meetings have so far been held whereby the Ministry/PGSP contributed enormously in ensuring that there is effective service delivery in the piloted education authorities. Further discussions in 2013 were held on how provincial governments could support the service delivery of the Ministry of Education.

The Ministry and the programme made a presentation in the Education review meeting in December 2013 which was followed by an inter-ministry meeting in February 2014. Further meeting at high level shall be held around the education service delivery in provinces, particularly on education infrastructures where about 30% of PCDF is being invested by the provincial governments, will follow.

The Ministry also worked closely with the climate change and disaster committees established under the Ministry of Environment, Climate Change, Disaster and Meteorology and facilitated by the Ministry of Development Planning and Aid Coordination.

Under the cluster arrangement, the Ministry worked closely with the Ministry of Women, Youth, Children and Family Affair who chairs the Welfare/IDP cluster while MPGIS co-chairs and are members of the National Disaster Operation Centre (NDOC). The cluster was very much involved in the deployment of its members to carry out assessment and delivery of food, shelter supplies and other basic needs to Makira province who was hit by cyclone Freda in December 2012 and Temotu province that was badly affected by the Tsunami in February 2013. The cluster held a total of 10 meetings and was chaired by the co-chair.

PGSP was very instrumental in providing technical support in the formulation of the Welfare/IDP budget under its National Plan of Action and as a result, the cluster was able to submit its budget to the National Disaster Management Office on time and achieved its two mandated objectives:

Partnership with the Ministry of Education: There have also been discussions with the officials of the Ministry of Education about education infrastructure service delivery in the context of functional assignment studies. The MPGIS shall continue with such discussions not only with the Ministry of Education and Human Resources but also with the Ministry of Health and Medical Services, Ministry of Agriculture and Livestock and MECDM.

Both Ministries of Education and Human Resources Development and the Medical & Health Services are members of the Joint Oversight Committee of PGSP who are contributing enormously in making important decisions on the future of the programme.

Partnership with the RDP and MRD: The Ministry of Provincial Government and Institutional Strengthening, Rural Development Programme and the Ministry of Rural Development have formed a working group that is looking at the areas of possible coordination between various stakeholders at the provincial level for effective planning and service delivery. Two meetings have so far been held and guidelines are being written to help implement an integrated and participatory planning framework approved by the Cabinet in 2012. This may help avoid duplication of efforts and enhance synergies.

Partnership in delivering capacity building: The programme had also partnered with training institutions to provide training to the Ministry and provincial government officials. In 2010 and 2011 two week trainings on accounting were held partly facilitated by the Solomon Islands College of Higher Education and the ministry.

The Institute of Public Administration of Solomon Islands had, in 2010, six of its training modules delivered on: management of external environment, management of resources, strategic planning, problem solving, customer services, managing others and effective communications.

In 2010/11, the Solomon Island College of Higher Education supported the ministry by providing trainers in basic accounting which was repeated in 2012. These trainings aimed at developing the capacities of provincial Treasurers and the personal officers in the provinces and the MPGIS officers.

The Centre for Democratic Institutions in Canberra coordinated with the Ministry, the PGSP and the National Parliament and trained the members of the Provincial PAC in 2012 in two groups. The CDI did not only provide technical specialist to conduct the training but it also provided financial support to pay for the cost of the training. In addition to the PAC training, CDI also hired a specialist on behalf of the Ministry who modernized and standardized the provincial standing orders.

The National Parliament (Parliamentary Strengthening Programme of UNDP) collaborated with the PGSP and MPGIS in a number of occasions to provide trainings to the Speakers and Clerks in 2011. The National Parliament trainers also facilitated the trainings organised for provincial PACs in 2012 alongside the CDI.

The programme established links with Common Wealth Local Government Forum who conducted the first set of trainings on competences on Local Elected Leaders trainings. The organisation is now financially supporting some of the trainings being coordinated by the Ministry for MPAs.

Cooperation with the Office of the Auditor General (OAG): In 2013 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 31st December to avoid disqualifications. This has been successful so far. Eight out of nine provinces submitted their financial statements to the OAG on or before 31st December 2012 and also in 2013.
- Aligned the timing of interim audit and annual audit of provincial accounts and financial statements.
- Provision of interim audit details to the assessment team so as to facilitate the assessment of provincial accounts and financial statements.
- For the introduction of IPSAS as financial reporting framework, the ministry finance division in coordination with the Office of the Auditor General held a one-week training programme for the Provincial Treasurers by going through practical exercises in October 2010 in preparations for the production of the first financial statement for provincial governments.

VI. Cross Cutting Issues

Gender mainstreaming

The Ministry has appointed a gender focal person (Human Resource Manager) based in the Ministry who is responsible not only for implementing gender mainstreaming strategies and also providing support to initiatives in the Provinces. Each province has appointed a direct employee in charge of women division. The officer (head of women division), amongst other responsibilities, also coordinates the women councils in each province. Each Province has women council whose leaders also represent women in the Provincial Planning and Development Committees (a planning institution that coordinates provincial planning and budgeting).

The Ministry Corporate Plan 2014-2016 highlighted the strategies for development of gender policy in order to achieve gender equality not only in the Ministry but also in the Provinces. In the work plan of the HR Manager (2014), gender mainstreaming has been incorporated as an output to be achieved.

Climate change

Local Climate Adaptive Living Facility:

Results achieved: The concept note for Local Climate Adaptive Living Facility was completed in June this year based on a scoping mission conducted by the Retainer Consultants who were assisted by the Ministry and the Provincial Governments. The draft concept note was submitted to the Ministry in September 2013. The final project document of PGSP Phase II has climate change as part of component II intended to support Provinces to mitigate and adapt to climate change.

VII. Risks and Issues

Political and other pressures on PCDF

There is a lot of political pressure from some provinces for the PCDF minimum conditions to be reviewed in order to make it more flexible on the basis that most of the fund is now provided by the SIG. This comes particularly from provinces that are not performing well but still feel that they should have direct access to the funds. This remains a real threat to the PCDF modality. The PCDF modality seems to be working well as public expenditure management systems in provinces have started to improve and in most provinces performance based grant system is being entrenched.

Lack of compliance to internal control procedures and processes

There is still a risk that continuous lack of compliance to internal control issues in order to address external audit queries may continue to affect the qualification of some provinces and also affect their overall scores in the performance measures. The efforts by the Ministry to create an internal audit division and to conduct annual audit of projects will help boost compliance in the Ministry and in the Provinces.

Political interference in the administration of the core staff

Continuous political interference in the administration of core staff has created a lot of risks of lack of continuity and its long term impact on staff morale. Before end of 2013 officers have been moved from their posts (in two Provinces) as a result of political interference. This probably could be mitigated through the re-distribution of the natural justice MOU that all Provinces signed back in 2008 for their understanding.

Another mitigating measure is to have audiences with provincial executives in various provinces for them to have a firm understanding of the natural justice principles which is a provision of Solomon Island General Orders.

Even though no province has, for the past three years, missed the minimum condition on natural justice, it still remains a risk for the future assessments given what has happened towards end of 2013.

Frequent reshuffling of senior government officers

Frequent reshuffling of senior officers has been a risk and it still remains. All those who were initially trained by the programme are no longer around except for two of them.

The Chief Planning Officers who are the focal persons for PCDF in all provinces have been affected by reshuffling over the years. These are officers who had undergone initial procurement trainings. The reshuffling and changes would mean continuous training for new officers with possibilities of steep learning curve.

Frequent changes in the provincial executives also affect the composition of the Provincial Public Accounts Committees who had undergone training in the last two years. Any time the provincial executive changes, there will be new members enlisted in the Provincial Public Accounts Committees who may require further trainings. Public Accounts Committee members are appointed outside the provincial executive.

To mitigate the impact of the frequent changes on the Provincial PACs, the training on PACs should focus more on the Clerks and Speakers of the Provincial Assemblies. Whenever new members come in, the clerks will conduct in house trainings for the new members of Provincial PACs. This will ensure sustainability. The Clerks and Speakers should be trained as trainers.

Support from MID: Despite efforts made by the Ministry to establish Project implementation Unit to technically support the planning and Works Divisions, provincial deliveries of PCDF in some of the projects got delayed due to lack of support from MID for the necessary technical inputs.

The Permanent Secretary of MID attributed to lack of willingness from provincial governments to office space and land for the MID officers who may wish to post in the Provinces. He confirmed that as soon as land and office space is provided, he will post his officers to provinces to provide support.

The Joint Oversight Committee of PGSP has partially addressed this issue by increasing the level of investment servicing costs from 5 to 7.5% of PCDF including own funding. For 2014/15, about SBD2, 362,500 (USD324, 074) will be available for provinces to pay for technical inputs directly through outsourcing as a measure to mitigate shortage of technical design inputs. This measure was introduced in 2012 after the Joint Oversight Committee meeting endorsed it in December 2011.

The ministry has also secured establishment for two positions for work officers who will be based in the Provinces to support the technical work of planning and works divisions.

Geographical dispersion: the location of some of the provinces had contributed to high cost of service delivery for the past six years of PCDF operation and it will continue to be a contributing factor in the near future.

Provincial business arms: Provinces have business arms funded through the provinces. These business arms are not being fully accounted for. There are no established accounts for most of them. Even though provinces are 100% Share holders of these businesses, there is no record of dividends payable to provincial Treasury. The Auditor General confirmed that this will continue to be an audit query for the provinces and it will impact on their final audit reports.

Ward development grants: a very high percentage of fixed service grants is being paid as ward development grants in most provinces thus leaving less funds for actual service delivery. This sometimes affects the payment of basic recurrent costs such as salaries and utilities.

Political issues: larger provinces seem to have ongoing political problems that are continuously affecting their performance. The smaller provinces have been taking the lead in performance since the process started in 2009.

Digital Divide: remote and larger parts of the communities do not have access to digital information and social networks thus making it difficult for them to participate in online discussions pertaining to development issues affecting their provinces.

Inadequate banking facilities: Lack of access to banking facilities affects service delivery and development of small scale businesses in most communities. Banks are located mainly in provincial centres. Teachers and other civil servants in distance Islands do travel a long way to access the commercial banks.

Way forward:

- Strengthen internal control systems;
- Develop a policy on ward development grant for Cabinet endorsement;
- Establish Monitoring and Evaluation Division in order to mainstream M&E into the MPGIS work plan;
- Free up more fixed service grants to enable provinces to recruit direct employees to deliver services;
- Coordinate well with the Ministry of Public Service to recruit more officers for provincial core positions;
- Establish ICT for development to increase access to IT led development initiatives such as electronic banking etc;
- Use ICT4 Dev to increase civil society participation in local development decision making processes;
- Use ICT4 Dev to improve accountability through genuine citizen participation in local development decision making by improving citizen engagement through social networks, support e-health and disaster alert initiatives;
- Provide more VSATs in the communities to promote social accountability and participatory planning by having increased access to online and most up to date information;
- Finalize discussions with line ministries on functional responsibilities;
- Conduct on the job training and mentoring for provincial officers on PEM and internal control compliances;
- Reinforce efforts made in financial management reforms and ensure its sustainability;
- Strengthen capacity in revenue mobilization to improve provincial government own revenues;
- Encourage more investments in alternative sources of growth (local economic development) to stimulate local economic growth;
- Encourage more PCDF investments in water and sanitation;
- Conduct studies on cost of service delivery to determine the expenditure needs of provincial government (cost of service delivery);
- Continuous training for provincial members to improve their legislative competences;
- Strengthen revenue raising capabilities of provincial governments through on the job training on the newly developed revenue mobilization strategy.
- Review the Provincial Government structures in line with the functional assignment report.
- PFGCC to carry out more technical work on functional assignment report for JOC.
- Implementation of recommendations and strategies developed based on the findings of the revenue studies on provinces.

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 refresh, on financial information from the MPTF Office accounting system on contributions, programme budgets and transfers to Participating Organizations. All narrative reports are published on the MPTF Office GATEWAY which provides easy access to nearly 9,600 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.