



## Provincial Capacity Building Programme (PCaB)

### 6-month Budget submission

#### A. Background

UNDP has implemented the Provincial Capacity Building Programme (PCaB) since 2008 with the PNG Department of Finance (DoF). Following a project steering committee, UNDP submitted a project proposal to the Australian Department for Foreign Affairs (DFAT) for an extension of the Provincial Capacity Building Programme (PCaB) for a Phase 3 for 3 years. This was intended to be an exit phase for UNDP to transfer the project in to the DoF.

After discussions with DFAT and the Secretary for Finance, Dr. Ken Ngangan, UNDP was requested to provide a 6-month budget to December 2018 while the future of PCaB in terms of management is determined.

#### B. Status of IFMS rollout

PCaB has been supporting 12 provinces and the Autonomous Region of Bougainville on finance management under Provincial Government Accounting System (PGAS). Its focus was steered to support the sub-national rollout of the Integrated Finance Management System (IFMS) when the IFMS Sub-National Strategy was launched by the Department of Finance in 2017. The rollout is undertaken by an IFMS rollout team from the Department of Finance. PCaB is expected to support the post IFMS rollout in the provinces given the nature of its work.

East New Britain (ENB) was the first pilot project for IFMS to be rolled out as the province is considered as a model province for administrative governance, resource capacity and political will to embrace change and new system of management.

The ENB pilot rollout of IFMS commenced in August 2017 and the rollout was completed in December 2018. ENB has four districts in Kokopo (4 LLGs), Rabaul (4 LLGs), Gazelle (5 LLGs) and Pomio (5 LLGs). The IFMS rollout could not be completed fully as Pomio district was left out due to ICT connectivity issues and is still using PGAS. This shows that when IFMS is rolled out throughout PNG, there will be some delays and PCaB will need to support both systems in the provinces. The PCaB Provincial and District Support Advisers (PDSAs) perform an important role to support both systems while IFMS is rollout out and fully operational on the provincial and local levels.

Dr. Ken Ngangan in his recent statement reported by Post Courier on Monday, June 18, 2018 stated that IFMS has already been rolled out to 5 provinces. This are: Central, ENB, Oro, Morobe and New Ireland. The IFMS teams are now busy rolling out IFMS in Enga, Western Highlands, Jiwaka, Chimbu and Eastern Highlands. In addition teams of IFMS are carrying out IFMS readiness evaluation in the next provinces marked for rollout.

Based on the ENB pilot experience, it is clear that Central, Oro, Morobe and New Ireland provinces will need the full time onsite support of the PCaB PDSA to ensure that the provinces staff are trained to use IFMS effectively and are able to fully understand the various functionalities of IFMS. This means that as each province is put on IFMS, PCaB will need to provide full time support through PDSAs.

As IFMS intends to complete first phase of rollout of IFMS to all provincial/district Finance Offices by 2018 and then proceed to rollout to all provincial governments and Local level governments in 2019, IFMS will need all 20 PDSAs to be on board to support the provinces in 2018 and onwards as per the decision made by the PCaB Steering Committee in March 2018.

### Status of IFMS Sub-national rollout

	PCaB supported provinces	Non-PCaB provinces
1.	Central (on IFMS)	Milne Bay
2.	Gulf	Western Province
3.	Sandaun	Madang
4.	East Sepik (on IFMS Phase 1)	Hela
5.	Morobe (on IFMS Phase 1)	Jiwaka (on IFMS – just started Phase 1)
6.	Eastern Highlands (on IFMS – just started Phase 1)	Simbu (on IFMS – just started, Phase 1)
7.	Western Highlands(on IFMS – just started Phase 1)	Manus (starting – IT assessment done to start rollout)
8.	Enga (on IFMS – just started Phase 1)	Oro (on IFMS, Phase 1)
9.	Southern Highlands	NCD
10.	East New Britain (on IFMS Phase 1)	
11.	West New Britain	
12.	New Ireland (on IFMS Phase 1)	
13.	Autonomous Region of Bougainville	

Phase 1 IFMS rollout covers Provincial Finance Offices and District Finance Offices of national agencies operating in the provinces. Example, Police, Heath, Education.

Phase 2 wil cover provincial government and local level government bank accounts. Phase 2 will complete the full IFMS rollout.

### C. Budget

The budget below is based on the 3- year Project Document presented to the PCaB Project Steering Committee on 29<sup>th</sup> March 2018. The costs outlined are for 6 months is USD 574,181. Please note the following:

- In consultation with the FMIP Programme Manager, the costs of increasing the PDSAs to 20 to support the IFMS rollout and its sustainability is included. Currently the project has 13 PDSAs.
- GoPNG has contributed parallel funding of PGK 2million for 2018. The budget below includes the GoPNG contribution of PGK 1 million, approx. USD 324,120. The first K1 million was utliised between January and June.
- The salaries for the National Project Officer and Training Coordinator are covered by donor support. The other project staff are covered by the GoPNG contribution.

FACE	Component / Activity	Total for 3 years Jul 2018-Jun21 in US Dollars	Total for 3 years Jul 2018-Jun21 GoPNG	Total for 3 years Jul 2018-Jun21 Donor	6 months budget GoPNG	6 months budget Donor	6 months revised costs to Donor	Reasons for variation
1.1	Project Management and Coordination	1,306,730	777,850	528,880	159,954	88,146	57,834	USD 30,312 of 3 admin staff being moved to GoPNG.
1.2	Support decentralization rollout of IFMS into sub-national levels of governance Provinces/Districts	3,593,765	622,645	2971,120	103,774	495,187	466,347	Prodoc had 22 PDSAs. IFMS needs only 20 PDSAs. USD 28,840 of two PDSAs costed out.
1.3	Accountability & PEFA	362,350	362,350	0	60,392	0	0	
	UNDP end evaluation	50,000		50,000		50,000	50,000	
	<b>TOTALS (Funds sources)</b>	<b>5,312,845</b>	<b>1,762,845</b>	<b>3,550,000</b>	<b>324,120</b>	<b>633,333</b>	<b>574,181</b>	
71405	Salaries	2,540,630	176,265	2,364,365	59,690	394,061	334,909	USD 30,312 of 3 admin staff & USD 28,840 of 2 PDSAs cost out.
73105	Accommodation	916,980	849,055	67,925	141,509	11,321	11,321	
71605	Travel	471,700	235,850	235,850	39,308	39,308	39,308	
75705	Training, M&E Workshops	283,020	141,510	141,510	23,585	23,585	23,585	
72505	Office Supplies	94,340	94,340	0	15,723	0	0	
72805	Assets/Motor Vehicles	245,280	0	245,280	0	40,880	40,880	
73405	Maintenance	235,850	117,925	117,925	19,654	19,654	19,654	
74205	Telephone & Internet	141,510	70,755	70,755	11,793	11,793	11,793	
74525	Miscellaneous	59,950	29,975	29,975	4,996	4,996	4,996	
75505	Printing Services	47,170	47,170	0	7,862	0	0	
	UNDP Program M&E costs	276,415		276,415	0	46,069	46,069	
	<b>TOTALS (Funds application)</b>	<b>5,312,845</b>	<b>1,762,845</b>	<b>3,550,000</b>	<b>324,120</b>	<b>591,667</b>	<b>532,515</b>	
	UNDP GMS Costs @ 7%	250,000		250,000	0	41,667	41,667	
	<b>TOTAL DONOR SUPPORT</b>	<b>5,562,845</b>	<b>1,762,845</b>	<b>3,800,000</b>	<b>324,120</b>	<b>633,333</b>	<b>574,181</b>	Now requested for the 6 months cost extension upto Dec 2018.
<b>Inputs</b>	<b>Human Resources</b>	7 = Project Administration Staff (Existing) of which only NPC and TCSA are to donor account as per revised workings 13 = Provincial & District Support Advisers (Existing) and now 20 are needed as IFMS is being rolled out to 20 provinces. 09 = Additional PDSAs required is 8; and 1 Program Specialist Local						
<b>Inputs</b>	<b>Fixed Assets</b>	Motor Vehicles = 6 (as lot of travel will be required due to IFMS rollout.						

