

## QUARTERLY PROGRESS REPORT

**Intermediate Outcome:** **PROVINCIAL PLANNING AND MANAGEMENT**

**Annual Work Plan:** **Provincial Capacity Building Programme Phase II**

**Year/Quarter:** **2012/1**

Intermediate Outcome [ <i>type Outcome number</i> ]			Available Budget (USD)	Unfunded
Provincial and Local Governments plan and manage their finances and support services delivery effectively and efficiently with increased partnership and participation of civil society and private sector.			2,393,000	335,000
Output code	Resources mobilized and added this quarter	Donor	Total Available Budget (USD)	Unfunded
3.1	0		1,800,000	245,000
3.2	0		387,000	45,000
3.3	0		206,000	45,000
<b>TOTAL</b>			<b>2,393,000.00</b>	<b>335,000.00</b>
<b>Name of Annual Work Plan</b>				
Name of Annual Work Plan		Provincial Capacity Building Programme Phase II		
<b>Implementing Partner</b>				
Implementing Partner		Department of Finance		
<b>Responsible Parties</b>				
Responsible Parties		None		
<b>UN agencies participating in the AWP</b>				
UN agencies participating in the AWP		UNDP		
<b>AWP ID Codes</b>				
AWP ID Codes		ATLAS AWARD ID: 00049258		
<b>Cash Transfer Modality</b>				
Cash Transfer Modality		Direct Cash Transfer		
<b>Date last AWP Steering Committee meeting</b>				
Date last AWP Steering Committee meeting		17 <sup>th</sup> Jan 2012		
<b>Donors (sources for Non-Core)</b>				
Donors (sources for Non-Core)		AusAID, GoPNG (not through UNDP)		
<b>Date .....</b>				
Date .....		Date .....		
<b>Signature Implementing Partner:</b>				
Signature Implementing Partner:		Signature Head of UN Agency		
.....		.....		
<b>Name</b>				
Name		Name		
.....		.....		

## I Key challenges

Challenges	Recommendations	Has the challenge been addressed? If not, please elaborate on next steps.
<p>This is an electoral year, activities at the provincial level may suffer some delays or postponements which will affect the delivery rate of the 2012 budget.</p>	<p>Monitor the situation at the provincial level and provide alternative ways or reprogramme activities for a smooth implementation of project activities.</p>	<p>Monitor is ongoing. There are some delays in project activities at the provincial levels due to involvement of Provincial administration staff in support of the elections.</p>
<p>Implementation of the new Integrated Financial Management System (IFMS) by Dept. of Finance is taking long time, it may result in delays for the project implementation and support to this component.</p>	<p>Establish a real schedule for the IFMS implementation in the provinces in order to plan the programme's adequate support.</p>	<p>IFMS team has set up and started the rollout of the System in Alotau.</p>
<p>2012 is the PCaB last year of implementation, it may be critical if plans for its continuity are not taking place. The SC agreed its continuity in 2013 for a transitional period to prepare the new PRODOC for a long term support involving other provinces.</p>	<p>Prepare and develop a resource mobilization strategy and provide the technical support related to the elaboration of the new PRODOC</p>	<p>New PCaB E proposal has been drafted for 2013 transitional period.</p>
<p>The high increase in government revenues due to LNG and mineral resources projects will expect more vulnerabilities and major risk of corruption if capacity building in PFM especially at sub-national levels have not continuity, ensuring accountability, transparency and minimizing the risk of corruption.</p>	<p>Include in the new PCaB Programme (PRODOC) a component dealing with accountability, transparency and minimizing the risk of corruption at sub-national levels, monitoring the PFM according to PEFA international standards.</p>	<p>The new PCaB proposal has considered these issues in the programme.</p>

Delay in fund transfer from donors during the first quarter may affect the normal development of project activities of the year.

Donor funds to be transferred for the first quarter should have priority due to 2<sup>nd</sup> & 3<sup>rd</sup> quarter will encounter some delays in the development of activities due to elections

New UNDP accounting system (IPSAS) implementation delayed the release of first quarter funds.

II Results Table

<p><b>Output</b></p>	<p>National and sub-national levels of government have increased financial management capacity to manage the equitable delivery of public services</p>
<p><b>Indicator 1</b></p>	<p>% of PEFA indicators scoring A or B</p>
<p><b>Overall assessment</b></p>	<p><b>On track</b></p>
<p><b>Description of assessment</b></p>	<p>Capacity building activities in financial management has commenced and progressed smoothly into quarter one in all the pilot provinces. This has contributed significantly towards achieving the intermediate outcomes of the program. The site based advisors have continued to perform their mandatory roles of offering support through mentoring, coaching and on the job training to treasury and a few administration staff on financial reports and other areas of financial management. Activities in quarter one has focused mainly on the compilation of 2011 Annual Financial Statements Numerous trainings were conducted on these and relevant and sufficient knowledge and skills were imparted/transferred to the mentees at the same time. Reports and data obtained from advisors indicated that most (95%) of the mentees can now confidently and competently compile financial reports including other areas of financial management responsibilities. Consequently, there is tremendous improvement in the submission of financial reports. For example, all 2011 AFS for all accounts in the pilot provinces were submitted on time including the bank reconciliations. This is a major achievement for the program especially when all 2011 AFS were submitted before 31<sup>st</sup> March 2012. The central coordination and emailing of the soft copies of bank statements from BSP directly to the provinces has also contributed significantly towards this achievement. Currently, most of the pilot provinces are now progressing well into addressing quality issues in financial reports. Apart from this, the program has introduced an accounting tool/software (MYOB) to compliment PGAS to cater for DSIP Reports in some provinces. This strategy is proving to be a success and is gaining support from staff in both the treasury and the administration. Staffs are now being trained to compile reports using this complimentary tool and the program intends to roll this out to the other pilot provinces and subsequently to the others soon. Finally, the program in close consultation with DoF (PDFMD) has commenced providing technical support to non PCaB supported provinces as part of implementing the Exit Strategy on a cost sharing arrangement. The program intends to progressively support these provinces (7) in 2012 and continue to the transitional period in 2013.</p>

Annual Deliverables	Appreciation	Comments - <i>only when delayed</i>
Steering Committee meeting held which review progress of PCaB II programme and make decisions affecting implementation when required	<b>On track</b>	The Steering Committee has meet in January this year purposely to discuss the Exit Strategy. The committee members have all agreed and endorse that the program be extended or sustained because of its achievements in the pilot provinces. The committee felt that the wise thing was for the project to replicate its achievements nationally.

<b>Indicator 2</b>	
Number of Audit Units or Committees in 20 provinces	
<b>Overall assessment</b>	<b>On track</b>
<b>Description of assessment</b>	<p>Initial contacts with the DoF Internal Audit division were held in order to coordinate future activities with PCaB based advisers in the provinces.</p> <p>The M &amp;E framework is in place and the PCaB Management is currently managing and coordinating/monitoring the activities of the program in the absence of the M&amp;E Advisor. This framework is allowing adequate control &amp; management of provincial and district treasury offices in improving their accountability and compliance with public financial management regulations.</p>

Annual Deliverables	Appreciation	Comments - <i>only when delayed</i>
<b>Indicator 3</b>		
Number of government bodies using IFMS system		
<b>Overall assessment</b>	<b>On track</b>	
<b>Description of assessment</b>	<p>Following are technical support offered by PCaB ICT advisors to IFMS rollout in each of the fields/areas:</p> <p><b>SFTP to Bank of PNG:</b> Testing of SFTP script, for a setup of file transfer between the Bank of PNG and IFMS, Testing is still ongoing.</p> <p><b>Internet Access Link:</b> Together with Digicel and ICTD, configured a secondary link for access to Internet.</p> <p><b>IFMS Roll Plans:</b> Site Survey/Visit to Alotau in preparation for IFMS Rollout.</p>	

	<p><b>Alotau Training Room:</b> Setup of Additional 5 machines, Setup and configured Fax machine, Configured Wireless network printing.</p> <p><b>Non Production Environments:</b> Migration of Non Production Environments from 2<sup>nd</sup> Floor to Datacenter, Configured Xenapp 13, 14, 15 for non-prod environments. Tested and all environments running online.</p> <p><b>Other Support Activities:</b> Apart from the above, day to day support is being provided to the project, which consists of technical assistance, training, troubleshooting, etc. Support activities which are stipulated by the IFMS Project Management. These activities are on-going.</p>
<b>Annual Deliverables</b> <span style="float: right;"><b>Comments - only when delayed</b></span>	
IFMS training given to key users	<b>On track</b>
ICT training and on-going technical support in PCaB II supported provinces for selected treasury staff	<p>Basic Computer training has not commenced in quarter one. Instead the ICT advisor has worked closely with the site based advisors in trying to identify local trainers within the Provincial Administration and Treasury so that the project can provide TOT workshop. This strategy is designed purposely to achieve on-going ICT training by the local trainer so that more officers can be trained at provincial and district levels including LLG. Apart from this, the ICT advisor had worked on the actual training manuals because the current training manuals are micro soft office 2003 - word, therefore he has converted them into 2007 word together with special tailored Excel 2003 programs to 2007 to cater for officers at their work stations. Finally he has uploaded relevant information/data on the project's website and this activity is continuing/ on-going depending on availability of new or updated information/data.</p>

### III Resources

#### Total Outcome 3 | Provincial Capacity Building Quarter 1

	SOURCES AVAILABLE				EXPENDITURES			
	Core Available	Non-Core Available	AusAID	Total Sources Available	Core	Non-Core	AusAID	Total Expenditure
<i>Type of funding:</i>								
<i>Output 3.1</i>	242,000.00	0	262,361.7	504,361.7	65,600		271,747.4	337,347.4
<i>Output 3.2</i>	-	12,500	-	12,500	-	15,071.6	-	15,071.6
<i>Output 3.3</i>	-	20,000	-	20,000	-	10,000	-	10,000
<b>TOTAL</b>	<b>242,000</b>	<b>32,500</b>	<b>262,361.7</b>	<b>536,861.7</b>	<b>65,600</b>	<b>25,071.6</b>	<b>271,747.4</b>	<b>362,419</b>

### IV Risk Management

#	Description	Category	Probability & Impact (1 = low and 5 is very high)	Counter-measures / Management response	Owner	Author	Date Identified	Last Update	Status
1	Remoteness of PSA/DLSA network	Operational	P = 5 I = 3	Purchase of black berry and bringing team together in Port Moresby more frequently	CTS	CTS	Q1 2009	Q1 2012	Adequate ICT technology in use by PSAs/DLSAs; team has held planning meeting in POM; CTS & NPC has begun field visits when necessary
2	Poor cooperation with other parts of government/lack of commitment by other parts of	Organisational	P = 3 I = 3	Ongoing consultations with Financial Training Branch, PDFMD and PPII.	CTS/NPC	NPC	Q1 2009	Q1 2012	Continued consultations and regular meetings been held with relevant stakeholders

	government												
3	Exchange rate fluctuation	Financial	P = 3	Also liaison with PDFMD/AFSD	UNDP/CTS	UNDP	Q1 2008	Q1 2012	Budget and exchange rates monitored. PGK has strengthened against USD and therefore will impact on funds held by UNDP for the programme.				
			I = 4										
4	High counterpart staff turnover and failure to retain trained officers	Organisational	P = 3	Any issues with counterpart staff turnover to be brought to the attention of project management. Designation of a counterpart and an understudy for each field advisor.	CTS/NPC/PSAs	NPC	Q1 2008	Q1 2012	DoF (PDFMD) has being notified from time to time with its implications				
			I = 5										
5	Project staff at Provincial level undertaking tasks that are outside of their TOR	Other	P = 3	Discussions to be held between programme management and relevant Provincial Treasury officers to ensure that the TOR of the PSA and/or DLSA is clearly understood.	CTS/NPC/PSAs	NPC	Q1 2008	Q1 2012	Staff have completed personal work plans and were reminded to adhere to them during the planning /orientation workshop				
			I = 3										



6	Security and safety issues in the provinces	Security	P = 2 I = 3	This is an on-going risk to the programme. Any security issues are to be reported to programme management	CTS/NPC	NPC	Q1 2008	Q1 2012	Staff reminded of security and safety
7	Old and dysfunctional project vehicles could result in injury	Operational	P = 2 I = 3	Programme vehicles maintained regularly and old vehicles disposed off following guidelines	CTS/NPC /FAO	NPC	Q1 2009	Q1 2012	On-going
8	Operating within project budget with project financial resources stretched as project activities are ramped up	Financial	P = 2 I = 4	Careful weekly monitoring of expenditures.	CTS	CTS	Q2 2009	Q1 2012	On-going monitoring
9	Project implementation delayed due to need for better administrative and financial management.	Organisational	P = 3 I = 3	Hiring of administrative assistant.	Steering Committee	CTS	Q2 2009	Q1 2012	Assistant Administrative Associate is assisting with administrative and financial management