

ANNUAL PROGRAMME NARRATIVE PROGRESS REPORT

REPORTING PERIOD: 1 JANUARY – 31 DECEMBER 2009

Submitted by:

UNDP
Honiara Sub-office, Fiji Multi-Country Office

Country and Thematic Area

Solomon Islands
Local Development/Decentralization
Poverty Reduction

Programme No:

UNCDF Atlas Award ID: 00049954, 00049957,
0005649
UNDP Atlas Award ID: 00049698

MDTF Office Atlas No: 00067653

Programme Title: Provincial Governance
Strengthening Programme

Participating Organization(s):

UNCDF
UNDP

Implementing Partners:

- Solomon Islands Government/Ministry of Provincial Government and Institutional Strengthening
- Provincial Governments
- UNCDF
- UNDP

Programme Budget:*Pass-through fund modality*

- AusAID/UNCDF: 4.8 mil. USD
- AusAID/UNDP: 1.6 mil. USD

Parallel fund modality

- EU/UNCDF: 2.6 million USD
- EU/UNDP: 3.6 million USD
- UNCDF/core: 1 million USD
- UNDP/core: 1 million USD

Government Contribution

- SIG: 3.5 million USD

Programme Duration (in months):

Start date¹: July 2008

End date: April 2013

¹ The start date is the date of the first transfer of funds from the MDTF Office as Administrative Agent. Due to delays, the project started on October 2008.

I. Purpose

1.1. *Goal, Purpose and Intermediate Outcome.* The Provincial Governance Strengthening Programme (PGSP) goal is poverty reduction and the achievement of the Millennium Development Goals (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, that is: an expanded, more effective and more efficient role of Provincial Governments (PGs) in the promotion and management of local development.

1.2. *Components/Outputs.*

Output 1: Responsibilities (functions) of the Provincial Governments are clarified and expanded

Output 2: Resources of the Provincial Governments are commensurate to their functional responsibilities

Output 3: Capacities for local development management of the Provincial Governments are developed

Output 4: PGSP monitoring and evaluation.

1.3. *Partners.* PGSP is implemented in all the 9 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), AusAID 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 and RAMSI.

1.4. *Alignment to SIG priorities.* PGSP responds to and is aligned with the SIG Medium Term Development Strategy 2008-2010 - Public Sector Management and Public Sector Financial Management and to the National Objectives of: "(h) Achieve political stability and decentralise decision-making and (i) encourage a gradual approach to State Government by building up the socio-political, economic and cultural capacities of the provinces". The Strategy reiterated that "the focal programme to improve Provincial Government and achieve the relevant National Objectives will be the Provincial Governance Strengthening Programme implemented in partnership with the EU, AusAID/RAMSI, UNCDF and UNDP".

1.5. *Alignment to the achievement of development partners' priorities.*

PGSP supports the achievement of the Outcome 2 of the United Nations Development Assistance Framework (UNDAF) for the Pacific Sub-Region (2008 - 2012), specifically Outcome 2.2 - "Decentralization of governance and participatory decision-making is enhanced". PGSP directly contributes to the Country Level Programme Output for the Solomon Islands: "Improved intergovernmental relations and strengthened sub-national structure and systems for effective and efficient local governance".

PGSP is consistent with the European Community Country Strategy Paper and National Indicative Program for the Solomon Islands by focusing 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 prioritise needs and secure delivery.

The Regional Assistance Mission to Solomon Islands has organized its programmes in Solomon Islands under the following broad areas: i) Machinery of Government; ii) Economic Governance; and iii) Law and Justice. Within the Machinery of Government, PGSP falls directly under the long-term outcome of "Government Services responsive to and reaching all people effectively".

II. Resources

Financial Resources

2.1 *Funding Arrangement.* The programme uses a combination of parallel fund modality for UNDP, UNCDF and EC contributions and pass-through fund modality for AusAID/RAMSI contributions. UNDP acts as Administrative Agent (AA) of the Joint Programme. UNDP signed a Memorandum of Understanding (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.

2.2 *Programme Budget.* The total donor contribution is US\$ 14.6 million and SIG contributes US\$3.5 million. Illustrated below is the summary of contribution by funding partners.

Table 1. Total Contributions by the funding partners (in USD\$ million)

EU	6.2	
RAMSI	6.4	
UNCDF	1.0	
UNDP	1.0	
SIG		3.5
TOTAL (US\$ million)	14.6	3.5

Provincial Governments co-fund the Provincial Capacity Development Fund (PCDF) at the rate of 10% of PCDF funding received. In 2009, PGs contributed with approximately US\$ 117,000 (SBD 0.93 million) as part of their co-funding.

2.3 *Fund utilization.* As of December 2009, PGSP has utilized 23.75% of the total funds committed by donors and SIG.

Table 2: Utilization rate by the funding partners (in US\$ million) ²

	Contribution	UNDP	UNCDF	SIG	Total	%
EU	6,199,461.00	429,691.95	472,242.85		901,934.80	14.55%
RAMSI	6,400,000.00	456,516.04	1,999,076.54		2,455,592.58	38.37%
UNCDF	1,000,000.00		318,383.32		318,383.32	31.84%
UNDP	1,000,000.00	362,461.47			362,461.47	36.25%
SIG	3,500,000.00			259,540.00	259,540.00	7.42%
TOTAL (US\$ million)	18,099,461.00	1,248,669.46	2,789,702.71	259,540.00	4,297,912.17	23.75%

The financial report is available in Annex A and Annex B.

2.4 *2009 Annual Work Plan and Budget.* The 2009 AWP of US\$ 4.92 million was revised in July 2009 to US\$ 3.12 million. The revision was approved by the Joint Oversight Committee (JOC) on 3 July 2009. The main reasons for the revision were: a) deferral of some activities to later years; b) the combined technical assistance reduced the number and costs of consultancy; c) new position of Operations Manager; d) added operational costs, and; e) provision of funding for MPGIS office upgrading.

Human resources

2.5 In 2009, efforts were made to complete PGSP staffing. At the end of 2009, PGSP had nine posts in the MPGIS and eighteen posts in nine Provincial Governments (two posts in each). Out of these, seven posts in MPGIS and thirteen in the Provincial Governments were filled. For a comparison, at the end of 2008, two posts at MPGIS and four in the Provincial Governments were filled.

² Excluding indirect costs or GMS fees charged to EU and RAMSI funds.

2.6 Following posts were based in MPGIS:

- Chief Technical Advisor (international)
- Capacity Development Specialist (international) (became vacant in December 2009)
- Local Government Finance Specialist (international)
- Operations Management Analyst (local)
- Programme Assistant (local)
- ICT Support Assistant (local)
- National Communications Officer (local)
- Driver (local)
- Driver (local) (vacant)

2.7. Each of the nine Provincial Governments had two posts for Provincial Advisors – one international United Nations Volunteer (UNV) and one local staff. Eight UNV posts and four local staff posts were filled by end of 2009, while all Provincial Governments had at least one of the two positions filled.

2.8. In UNDP sub-office, Programme Implementation Unit was put in place including four staff, funded through PGSP:

- Programme Implementation Unit Manager (international)
- Procurement Associate (local)
- Finance Associate (local)
- Human Resources Assistant (local)

At the end of 2009, all four posts were filled.

2.9. In 2009, progress was made in MPGIS staffing with three key posts – Director of Provincial Governance Division, Director of Finance and Human Resources Manager – being filled.

III. Implementation and Monitoring Arrangements

3.1. *PGSP Oversight.* Roles and responsibilities for implementing and managing the PGSP are assigned at three levels, specifically: i) policy guidance and high-level monitoring of the programme execution; ii) execution of the programme; and iii) implementation of programme components/projects. The implementation and management arrangements are in Annex C.

3.2. Responsibility for policy guidance and high-level overall monitoring of the PGSP is assigned to the Joint Oversight Committee. The JOC is chaired by the Permanent Secretary of MPGIS and consists of senior officials within the Solomon Islands Government, including Ministry of Finance and Treasury, Ministry of Development Planning and Aid Coordination, Ministry of Women, Youth and Children Affairs, Ministry of Public Service, Office of the Prime Minister and the Cabinet. Senior representatives from Provincial Governments are also members of the JOC (on rotating basis) together with the implementing UN agencies – UNDP and UNCDF. The programme funding partners – RAMSI and EU participate in the JOC as observers. The JOC met in April, July and November 2009.

3.3. *Implementing Partner.* PGSP is implemented by the MPGIS. The Permanent Secretary of MPGIS acts as National Director of PGSP and the Director of the Provincial Government Division acts as National Programme Coordinator, with support from core staff of the Ministry and from PGSP Technical Advisors and staff. PGSP Technical Advisors work closely with the relevant sections of MPGIS - the Chief Technical Advisor with MPGIS Permanent Secretary and senior management, the Capacity Development Specialist with the Provincial Governance Division, the Local Government Finance Specialist with the Finance Division. At the provincial level, the Provincial Advisors work closely with the Provincial Secretary, the Provincial Treasury and the Provincial Planning Division. Location within the Provincial Government Office with good access to these key counterparts is important. Co-location with these key counterparts is critical to ensure good working relationships on a day-to-day basis.

3.4. *UN Agencies.* UNDP has been delegated the role as the Administrative Agent of the Joint Program for the purpose of entering into agreements with AusAID and EU, receiving,

administering and applying their contributions to the programme implementation. UNCDF provides technical advice through the UNCDF-led team of technical advisors and consultants. UNCDF is also responsible for disbursing the donor contributions to the Provincial Capacity Development Fund.

3.5. *Implementation Modality.* PGSP applies the National Implementation Modality (NIM) with UNCDF and UNDP providing implementation support services in respective parts of the programme. The services include, among others, procurement of goods and services, identification and recruitment of personnel. In provision of the implementation support services, the guidelines and procedures of the UN Agencies are applied and followed.

3.6. *Monitoring, Evaluation and Learning.*

- PGSP reports on Progress to JOC, which met three times in 2009.
- *PCDF Annual Assessment.* PGSP conducts an annual assessment of Provincial Governments which determines eligibility for funding under PCDF. Such assessment with regard to 2009/2010 financial year was conducted in February/March 2009 and with regard to 2010/2011 financial year in September/October 2009.
- *Management Information System.* MPGIS uses a simple spreadsheet to track implementation of PCDF projects, using the quarterly financial and activity reports prepared by Provincial Governments as the source of information. MIS will be developed in the next years.
- *Provincial Advisors Reporting and Quarterly Meetings.* Provincial Advisors submit monthly reports and participate in quarterly staff meetings with PGSP and MPGIS.
- *Monitoring & Evaluation (M&E) Framework.* In Q4 2009 PGSP commenced the preparation of the baseline study and development of a monitoring and evaluation framework. The baseline study is to assess the current capacity and status of the provincial governments to programme, produce and execute credible budgets, in order to deliver services, manage natural resources, and facilitate local economic development in provincial communities. The study will also review and consolidate the existing M & E systems leading to an overall M & E Framework of the project including fine-tuning of existing performance indicators that can be tracked over time.
- Efforts are underway to improve reporting and monitoring, its frequency as well as comprehensiveness.
- In November 2009, EU conducted a one-week results-oriented monitoring mission. The mission report concluded that PGSP is highly relevant and showing results despite relatively short implementation time. It was recommended to prioritise the strengthening of capacities in the MPGIS and to improve PGSP integration with the Ministry for it to take the ownership of the programme. It also recommended establishing the M&E framework urgently.
- PGSP shall be subject to the annual supervision mission including MPGIS, EU, AusAID, UNDP and UNCDF. Such mission is planned in 1Q 2010.

IV. Results

Quote from Temotu Province

"It is the first time for province to take ownership of PGSP-PCDF and other infrastructure projects on the planning, organizing, implementation and monitoring..."

Quote from Malaita Province

*"Provincial Divisions are to be more proactive but there is improved teamwork -between Administration, planning and Finance
The Malaita Province team has gained a lot experience and learnt a lot of valuable lessons"*

Lessons learned from Isabel Province:

*"Lack of community participation at the planning period affected implementation of the projects.
And also tendering is still posing delay of the project implementations due to lack of responses from Suppliers of building materials for our advertisement in the national papers".*

Output 1: Responsibilities of the Provincial Governments are clarified and expanded.

Sub-output 1.1: Provincial Governments own functions are clarified and expanded

Activity 1.1.1: Administrative functions are clarified and expanded

Activity 1.2.2: Local Development management functions are clarified and expanded

Sub-output 1.2: Agency functions are regulated and co-provision arrangements are developed

Activity 1.2.1: Delegated administrative services delivery functions are regulated and expanded

Activity 1.2.2: Delegated management functions are regulated and expanded

4.1. The project conducted a study on functional assignments of the Provincial Governments. The results of this work were presented to a workshop of project stakeholders in November 2009 with the theme "Decentralization of Service Delivery through Provincial Governments".

- The study documents the current situation and provides recommendations for MPGIS to engage with interested Ministries (and Provinces) that are keen on clarifying roles, in a process-exercise of unbundling the various functions and determine what can/should be decentralised and what should stay at the national level.
- The study noted that a policy on decentralised service delivery is lacking and suggested that MPGIS - in collaboration with the Ministry of Home Affairs - prepares a short paper on the present positions regarding decentralised service delivery.
- The study recommended working on making allocations for provinces visible in the national budget as a precursor to provincial/state budgets.
- The study recommended for MPGIS – together with the Ministry of Development Planning – to prepare a planning and budgeting guideline (outline) for the totality of functions that are either delegated or devolved (or likely to be delegated or devolved).
- The study also highlighted the need to develop a link between the National Ministries and the Provincial Ministries regarding sector policies.
- The study also made recommendations on human resource procedures for seconded staff working in the provinces.
- A recommendation was made to create a database of all acts and ordinances relevant to Provincial Governments, identify any inconsistencies and propose how to address them.

4.2. Recommendations provided by the study will define the implementation strategy under this output in the coming years.

Output 2: Resources of the Provincial Governments are commensurate to their responsibilities.

Sub-output 2.1: Domestic resource flow to Provincial Governments is enhanced

Activity 2.1.1: Fiscal transfer system is streamlined and developed

4.3 PGSP conducted an initial research on fiscal decentralization, the results of which were presented to the stakeholder workshop on "Decentralization of Service Delivery through Provincial Governments" in November 2009. This report includes a review of the intergovernmental fiscal transfer system and recommends a gradual approach to reform, commencing with the reform of the system of provincial service grants. The recommendation for the reform was accepted and SIG budget for 2010 consolidated the PG service grants into one block grant.

Activity 2.1.2: Assess current revenue raising powers and practices of the Provincial Governments

4.4 PGSP hired a local consultant to research into the utilization of local revenues and provincial service grants by the Provincial Governments. The objective of this study is to gather information to design revenue mobilization strategy for the Provincial Governments. This report was submitted and there will be follow-up studies in 2010.

Sub-output 2.2 External resource flow to Provincial Governments is enhanced

Activity 2.2.1: Fiscal Transfers supplements (PCDF) are established

Activity 2.2.2. Capacity Development incentives (performance enhancement funds/PCDF) are in place

4.5. In 2009, funding for the Provincial Capacity Development Fund (PCDF) was at the level of US\$ 1,150,207 (SBD 7.4 million). The donor contribution was US\$ 898,635 (5.4 million SBD) and the Solomon Island Government contribution was US\$ 251,572 (SBD 2.0 million). A detailed report on PCDF expenditure by sector and province is attached. (Annex D)

4.6. The assessment of compliance with the minimum conditions for access to PCDF funding for 2009/10 was undertaken in all Provincial Governments during February and March 2009. (Annex E: Summary results of the assessment)

- 4.7. A review of the PCDF minimum conditions for access of PCDF funds was completed in May 2009 (Annex F Terms of Reference for the assessment of minimum conditions). As a result of this review, the 2010/11 PCDF allocation will be distributed according to the new formula: 64 percent - size of population, 16 percent shared equally among the provinces, and 20 percent is linked to an annual performance assessment.
- 4.8. The assessment of 2010/11 annual performance measures took place in September/October 2009 and the results were approved by the JOC in November 2009.
- 4.9. All nine Provincial Governments qualified for funding in 2009/10 and also in 2010/11, compared to 2008/2009 when only seven Provinces qualified.
- 4.10. PCDF financial and activity reports from Provincial Governments were received for the periods ending 31 March, 30 June, 30 September and 31 December 2009. Even though some delays continue to be experienced in the receipt of these reports from Provincial Governments, the quality of report is improving. Work is continuing to streamline this process.
- 4.11. The Provincial Fiscal Grant Coordination Committee (PFGCC) provided technical advice to the Joint Oversight Committee (JOC). PFGCC met in April, July and November 2009.

Output 3: Capacities for local development management of the Provincial Governments are developed

Sub-output 3.1: The governance capacity of Provincial Assemblies and Provincial Executives is enhanced

Activity 3.1.1 Provincial institutions of representative and participatory democracy are developed
Activity 3.1.2 The capacity of Provincial Assemblies and Executives is developed

- 4.12 All Provincial Governments formulated three-year development plans as a requirement of the minimum condition of access to PCDF funds. Some of the provinces took a participatory planning process approach and started consultations on the creation of Provincial Development councils. Temotu Province is one such province that has initiated this as described in annex (Annex G). Efforts to increase stakeholder participation in the planning process will continue.
- 4.13 PGSP, in partnership with UNDP and SIG, participated in induction programmes for two newly elected Provincial Assemblies in 2009 – Choiseul and Western Provinces.
- 4.14 Speakers and Clerks from Provincial Assemblies of Isabel and Guadalcanal were attached to the National Parliament. This was organized in conjunction with the Parliamentary Strengthening Programme with the objective of improving skills of the Public Accounts Committee (PAC) in the Provinces.

Sub-output 3.2: The Local Development management capacity of Provincial Governments is enhanced

Activity 3.2.1: Institutions are developed and capacity is built for PEM by PGs
Activity 3.2.2: Institutions are developed and capacity is enhanced for PG revenue mobilization
Activity 3.2.3: PGs capacity for infrastructure and service delivery developed in key areas of responsibility
Activity 3.2.6: Effective Provincial Government Organizations are developed

- 4.15. There is a suggested methodology for planning; a manual developed during the preparatory stage needs to be updated in partnership with MDPAC and also because of new regulations being developed.
- 4.16. An asset management manual for use by the Provincial Governments has been developed by consultant engaged by PGSP. This manual will serve as a framework for asset valuation which is a requirement of the Provincial Government financial statements. Training on how to keep asset registers of Provincial Governments will be conducted in the month of August 2010.
- 4.17. Trainings had been conducted by Provincial Governance Division on Procurement and Contract Administration in Isabel, Rennell & Bellona, Temotu and Guadalcanal Provinces. All the Provincial Governments follow tender processes in their procurement for PCDF projects.

- 4.18. PGSP provides on the job training and mentoring to PG staff through the technical support by international and local Provincial Advisors based in the provinces. Areas such as planning and budget preparations are being covered in such trainings. Experience from the Central Islands Province in Annex H.
- 4.19. To ensure visibility and transparency of projects, Provincial Governments have developed sign boards showing various PCDF projects under implementation and their donors including SIG.
- 4.20. All PGs were allocated 300,000 SBD or 37,000 USD each in 2009 to procure office, ICT, transportation equipment, solar power systems and office renovation.
- 4.21. MYOB was installed in all PGs in 2009. The provincial budgets for 2009/10 were all uploaded in the system and the chart of accounts was standardized for 8 provinces. 15 on-site visits were made by the consultant to provide on-the-job training to Treasurers and their deputies. This followed a three-day workshop in Honiara where all the PTs and their deputies were brought together to agree on the standardization of chart of accounts. Western Province had started using Quick Books package before the introduction of MYOB which they prefer to continue using.
- 4.22. PGSP prepared communications strategy, aimed at improving communications between the project and various stakeholders. A Communications Officer has been appointed to facilitate this process. Temotu and Malaita started producing newsletters covering Provincial Government activities. These newsletters are now being coordinated by the Communications Officers in order to have a standard approach towards publishing newsletters. Example of a newsletter from Malaita Province is in annex. (Annex I)

Sub-output 3.3: An effective system of central support and supervision of Provincial Governments is in place.

Activity 3.3.2: A system to provide technical and legal advisory services to PGs is in place

Activity 3.3.3: A system to monitor the PG performance is in place

- 4.23. All technical advisory posts had been filled by the project to provide technical advice and on the job technical backstopping to MPGIS and Provincial Government staff. The Human Resource specialist inputs was, however provided for a period of four months as per project design.
- 4.24. The MPGIS office refurbished and changed into an open office. A new PABX telephone system has been installed. 17 new computers were procured and delivered by the project to the ministry staff.
- 4.25. The PGD division was established with job description provided through the technical assistance of an HR specialist.
- 4.26. A simple MIS to monitor the implementation and utilization of PCDF resources was developed. Staff of Provincial Governance and Finance Divisions is updating system.
- 4.27. PGSP/MPGIS ICT Officers have been travelling to provinces to repair and maintain PG computers in addition to maintaining the computer systems in the MPGIS. They have also been providing on the job training and mentoring to PG and MPGIS staff on various aspects of ICT.
- 4.28. PGSP project staff assisted the MPGIS to formulate their budget bids for 2009, their corporate plans for 2010 and the annual work plans of 2010

Output 4: PGSP Monitoring and Evaluation

Sub-output 4.1 An effective M&E system of PGSP is in place

- 4.29 PGSP Joint Oversight Committee met three times - April, July, and November 2009. JOC reviewed the progress of PGSP and approved 2010 annual work plan. It also discussed and approved the reports of the annual performance assessment for access to PCDF funds.

- 4.30 The preparation of a baseline study and monitoring and evaluation framework for PGSP commenced in December 2009 with the preparation of an inception report. The final reports are expected in April 2010
- 4.31 Logistics and office renovation support was provided to MDPAC.

Beneficiaries

- 4.32. The main beneficiaries of PGSP are the MPGIS and the 9 Provincial Governments. MPGIS had 20 staff in place, including four female staff. The Ministry supervises seconded staff in Provincial Governments, including female staff. Both seconded and direct employees of PGs had benefitted from trainings and mentoring provided by PGSP advisors. Also benefiting from the project are the 167 members of Provincial Assemblies.
- 4.33. Projects implemented by Provincial Governments utilising PCDF funds impact directly on people living in the provinces. Over 60% of PCDF funding goes into funding non-devolved functions of the provincial governments such as health and education which directly benefits substantial number of people.

Constraints and Lessons Learned in Programme Implementation

- 4.34 *Infrastructure.* Transport and telecommunication links seem to be unreliable and expensive. Power supply to provincial centres is in many cases available for only limited hours during the day. The erratic nature of power supply in the PGs limits the ability of some PGs to make good use of the newly installed accounting package, MYOB. These constraints impact on the efficiency of both the Provincial Government operations and PGSP activities.
- 4.35 *Project Ownership.* MPGIS is yet to fully assume the ownership of the project. While PGSP focuses very much on capacity-building of Provincial Governments, efforts are being made to strengthen the capacity of the MPGIS staff so that they can effectively supervise the PGs and thus assume project ownership to a greater extent.
- 4.36 *Staff turn-over.* PGSP experienced relatively high staff turn-over at the level of Provincial Advisors/ International UNVs in 2009. In April 2009, PGSP began regular staff meetings with all Provincial Advisors to improve project coordination, staff training as well as to partially address the remoteness and isolation faced by the Provincial Advisors through fostering team relations and communication.
- 4.37 *Local staff recruitment.* Lack of qualified and skilled personnel in the Solomon Islands is affecting project's ability to recruit suitable local staff. The salary grades being offered are beginning to be less competitive. With a view to address this, UNDP will seek an exemption to HR policies in the Solomon Islands.
- 4.38 *Procurement.* Shortage of UNDP operations staff in the first half of 2009 partly affected the procurement processes and caused delays. By end of 2009 operations staff was recruited and it is expected that procurement processes will be more effective and delays will be minimised.

Partnerships and interagency collaboration

- 4.39 The joint programme is part of the overall government strategy (MTDS 2008-2010) and there is ongoing reporting and consultation with the Ministry of Development Planning and Aid Coordination.
- 4.40 UNCDF and UNDP provide joint support to PGSP implementation. UNCDF is a specialized UN agency that provides technical advice on local governance and decentralization. UNDP provides logistical and administrative support and supervision as well as expertise in governance issues.
- 4.41 PGSP received support from the Office of the Auditor General (OAG) in updating the financial statements of all Provincial Governments. The OAG also participated in the assessment of minimum conditions for access for PCDF funding by Provincial Governments. PGSP also

cooperates and seek advice from the Ministry of Finance and Treasury on financial regulation issues.

- 4.42 PGSP cooperates with other development partners and programmes, such as the Rural Development Programme (RDP), EU Micro-grant project, AusAID, Save the Children and UNICEF.

Cross-cutting issues

- 4.43 *Gender.* PGSP Provincial Advisors provide support to women groups in some of the provinces in terms of training and organisational skills. PGSP ensures that female staff of Provincial Governments is well-represented in all formal trainings provided by PGSP, such as MYOB training held in April 2009 and Procurement and Contract training held in four provinces.
- 4.44 *Climate change.* Through PCDF-funded projects, PGSP assists in addressing environmental issues. Examples of such projects include the Choiseul Province Energy project and Water and Sanitation projects of Makira Ulawa Province.

V. Future Work Plan

Output 1: Responsibilities of the Provincial Governments are clarified and expanded.

- 5.1 Technical assistance will continue on functional assignments of Provincial Governments, including the assistance to MPGIS on the piloting of agency agreements between SIG line ministries and Provincial Governments for the delivery of specific services.

Output 2: Resources of the Provincial Governments are commensurate to their responsibilities

- 5.2 Technical assistance will be required to follow up on the study initiated on revenue mobilization and fiscal decentralization.
- 5.3 PCDF will continue to operate as a key activity of PGSP in 2010. The SIG will contribute with approximately US\$720,000 and the donors with US\$700,000. The SIG contribution is being increased by 3% annually as per an MoU.

Output 3: Capacities for local development management of the Provincial Governments are developed

- 5.4 Capacity building will be intensified in 2010. MPGIS/PGSP will conduct trainings in MYOB, accounting and finance, asset management, procurement and contract management, planning and budgeting and internal controls. Participants to these trainings will be from MPGIS and Provincial Governments. On-the-job training provided by Honiara based Advisors and Provincial Advisors will continue as a major focus of the project.
- 5.5 PGSP will assist MPGIS and the Provincial Governments in formulating their annual workplans and budgets and the review of development plans for PGs and corporate plan for MPGIS.
- 5.6 Technical assistance will be provided to support the Human resource Division of MPGIS.
- 5.7 PGSP staffing has been built up in 2009 considerably and efforts will be made to sustain a full complement of the Provincial Advisors in Provincial Governments and Technical Advisors and Operations Staff based in MPGIS.
- 5.8 Quarterly meetings of PGSP staff will continue.
- 5.9 PGSP will continue to strengthen the communication infrastructure of both MPGIS and the Provincial Governments.
- 5.10 PGSP will provide adequate support to gender-based projects and gender-based planning and budgeting.

Output 4: PGSP Monitoring and Evaluation

- 5.11 The PGSP Joint Oversight Committee will continue to meet at least twice a year to provide the overall direction to PGSP. The Provincial Fiscal Grant Coordination Committee, which has representation from all Provincial Governments, will continue to provide technical support to JOC.
- 5.12 An annual joint supervision mission of PGSP, reporting to JOC will be conducted in 1Q 2010.
- 5.13 The PGSP baseline study and M&E framework will be finalized in 2010 and will start to be implemented.

VI. Abbreviations and Acronyms

AA	Administrative Agent
EU	European Union
JOC	Joint Oversight Committee
MDGs	Millennium Development Goals
MDPAC	Ministry of Development Planning and Aid Coordination
MoU	Memorandum of Understanding
MPGIS	Ministry of Provincial Government and Institutional Strengthening
NIM	National Implementation Modality
OAG	Office of the Auditor General
PAC	Public Accounts Committee
PCDF	Provincial Capacity Development Fund
PFGCC	Provincial Fiscal Grant Coordination Committee
PGs	Provincial Governments
PGSP	Provincial Governance Strengthening Programme
RAMSI	Regional Assistance Mission to the Solomon Islands
RDP	Rural Development Programme
SIG	Solomon Islands Government
UNCDF	United Nations Capital Development Fund
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNV	United Nations Volunteer