

## Provincial Capacity Building Programme Phase II (PCaB II)



*Papua New Guinea*

### Background

There are nineteen provinces in Papua New Guinea, and one of the Government's major policies is to devolve to them, and away from the capital in Port Moresby, a large and increasing role in the management of public finances.

Provincial Capacity Building Project Phase II (PCaB II) is helping to improve the capacity of provincial and district treasuries to handle this enormously increased responsibility. This is done through the placement of support advisors in six provinces throughout PNG. The advisors play a coaching and mentoring role, assisting provincial and district staff in these provinces with a wide range of financial procedures while at the same time providing advice on strategy.

In the provinces where PCaB advisers are based, there has been a marked improvement in achieving financial reporting requirements. The Western Province was able to clear a substantial amount of overdue financial reporting, having an up to date financial statement and submitting on time completed bank reconciliation statements at the end of 2008. This was a major achievement for the province according to its Provincial Treasurer. Similar back-logs of financial reports from as far back as 2003 in other provinces have also been reduced.

In an environment where there is little formal guidance and knowledge, advisors have assisted government staff develop their own manuals which they have in turn used to train other stakeholders within the province. This has seen improved compliance at the provincial level in areas such as procurement and tax payment.

The challenges are many – distance, infrastructure, computers, management capacity in provinces and districts – but PCaB II is vigorously and creatively working to address them.

### Purpose of project

PCaB II is the UNDP-supported component of the PNG Government's overall Financial Management Improvement Programme (FMIP) and focuses on capacity building in sub-national treasury functions. The institutional capacity challenges faced by sub-national authorities remain enormous. The future program design builds on the foundations laid by PCaB and previous initiatives such as SPFMTP. It takes into account the developments of other components of the FMIP as well as sub-national capacity building efforts by other arms of the Government including the Provincial Performance Improvement Initiative (PPII).

PCaB II is consistent with the overall aim of the FMIP, which is “to implement best practice and transparency in government financial management within and between National, Provincial and Local-level Governments in Papua New Guinea.”

The proposed goal of PCaB II is to strengthen sub-national financial management capacity in a sustainable manner.

To meet this overall goal, the three primary objectives of PCaB II are:

1. Effective decentralisation of financial management, by:
  - supporting efforts to roll-out the IFMS at the national level and prepare sub-national financial managers for the planned introduction of IFMS;
  - Supporting the district treasury roll-out through training and capacity building initiatives.
2. Enhanced accountability and transparency, by:
  - improving the quality and timeliness of financial reporting at the sub-national level to ensure compliance with legal requirements and to provide sub-national administrations with accurate and up-to-date information on their finances;
  - Supporting effective treasury management systems incorporating more effective use of ICTs.
3. Improved financial management capacity, by:
  - building sub-national capacity to implement the Public Finances (Management) Act and the Organic Law on Provincial and Local Level Governments;
  - improving strategic planning and coordination of treasury functions (within treasuries and with the administration) at sub-national levels;
  - Ensuring better delivery and dissemination of training and research on sub-national financial management, drawing on the experiences of the provinces that have taken early initiatives to improve financial management.

## **Main activities**

1. Selected Provincial and District Treasuries have the capacity to prepare and submit accurate financial reports and statements on time.
2. Interns have the capacity to seek and obtain entry level positions in the public service
3. Integrated Financial Management System (IFMS) operational in selected pilot province

## **Estimated annual budget for 2011**

USD 2,816,878

## **Funding sources**

- Government (direct funding) USD 432,876
- UNDP country Office USD 180,000
- AusAID USD 1,332,700
- Unfunded USD 871,302

## **Programme Partners**

- Implementing Partner: Department of Finance (DoF)
- Other Partners: Provincial Treasuries, Provincial Administrations, Department of National Planning and Monitoring, Department of Provincial and Local Level Government Affairs, AusAID

## **Programme Duration**

2008-2012

## **Contact**

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