

What are the Policy Contexts Now

Competing frameworks for service delivery improvement at the sub national level. Not just OLP&LLG and MTDS-MTFS.

1. National Development Plan – 2050
2. DNPM – 2030
3. SDMM

We also have

- District Authorities Act
- Provincial autonomy
- New provinces

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Why so Many New Initiatives?

There is obviously dissatisfaction with the current state of service delivery.

- Aid-posts without medical supply
- Mothers dying on childbirth
- Roads are becoming impassable
- Bridges falling apart
- Schools without curriculum materials

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What is the Solution?

A) A new national policy, changing the whole structure of government? Or

B) should we instead implement properly and complement existing reforms ?

C) Is there a third solution?

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Gradual, Incremental and Systematic Change

There is an important fiscal reform currently in place.

- Give it time! PNG needs gradual, incremental and systematic change.
- Nurture reform! We need to protect and build on existing reform processes

Change takes time. Preparation. Evidence. Data and empirical analysis are the only foundation of incremental, solid change

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Building Reform

Careful, deliberate, detailed design process

- The process started in 2002
- New system approved in 2008
- Implementation commences in 2009
- Full implementation in 2014, and then review

NEFC built the case for reform with evidence and empirical analysis as a foundation. Constant communication and consultation, to get an idea of the needs.

- Literature Review
- International and National Conferences
- Scoping Paper

This exercise outlined the basic principles

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Baseline Data

On the bases of those principles, we collected baseline data to identify, quantify and analyze the problems we observed

- Cost of Services
- Function Assignment
- Grant Review

These data gave us clear evidence of the magnitude of the problems of service delivery.

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Generate Consensus for Change

Need to rally important stakeholders to support the goals

Define tools to systematically monitor activities, building consensus for change. You cannot legislate change and then communicate it to the people. You talk to the people, and build reform for them.

- Revenue Report
- Provincial Expenditure Review
- Constant visits to the provinces and districts
- Communication strategy

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Legislate

Only then you can we start to legislate reform . RIGFA modified OLPGLLG in November 2008.

The *Ordinary Intergovernmental Relations [Functions and Funding] Act* was passed in March 2009.

NEFC designed a home-grown system, staying true to the underlying principles, but adapting them to the realities of PNG.

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RIGFA: PNG Style System

1. No province receives less under new system
2. Intergovernmental financing system always affordable
3. Funding follows function
4. Use of conditional grants
5. Tax-sharing arrangements
6. Equalisation system distributes goods and services grants according to need

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- RIGFA modified OLPGLLG **six months ago**. Not all its components are yet in place. But moving!

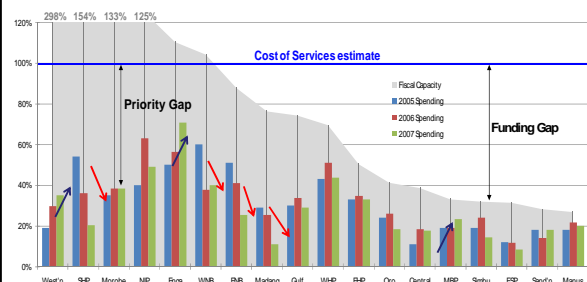
• How do we know it is working?

- DPLGA second quarter review – ownership by DOT – PLLSMA – DOF -
- SWAPS in health and education taking stock on RIGFA's institutional structure

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All MTDS sectors combined

- MTDS spending on recurrent goods & services declined from K92m in 2006 to K83m in 2007
- Positive trends: Milne Bay, Western & Enga
- Declining trends: Southern Highlands, East New Britain, Madang & East Sepik.



Central Agencies are working together in an Interdepartmental Committee approved by NEC

Department of Treasury – Budget, Budget Expenditure Instructions, Second Quarter Budget Reviews

As the next slide shows, in the second quarter budget review, Provinces are starting to record service delivery performance indicators in the Budget Review.

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RECURRENT BUDGET - QUARTERLY REPORT ON WORK PROGRAM				REG. NO.
Division No.	999	Operating Agency	Member Provincial Government	Quarter Ending
				30-Jun-09
Program Name	Work Program Objectives / Performance Indicators (As Stated in the Budget)	Actuals / Targets / Performance Indicators	Actuals / Targets / Performance Indicators	Remarks for next budget cycle
1. Development	New Equipment	Target: 100 achieved 100 Met to Budget		Target will be achieved by year end
	Library Development	Target: 8 achieved 7 In Excess		Target will be achieved by year end
	A. Extension and Training			
	Collegiate project Vicos	Target: 8 achieved 2		Target will be achieved by year end
	Course project Vicos	Target: 9 achieved 3		Target will be achieved by year end
	Course Farmer Training	4 courses conducted		Target will be achieved by year end
2. Procurement activities	Course Participants	Target: 10 achieved 10		
Education	1. Supply and Distribution of School Materials	Achievement of 40%		Achievement below 50% due to slow release of Account Authority
	2. Monitoring and Evaluation	Achievement of 90%		
	3. Lease Fees	Nil		
Transport Infrastructure	Maintenance of roads and bridges	Achievement of 80%		Funding and Monitoring
	Maintenance of rural airstrips	Achievement of 6% (DSEP Funding)		No Budget Funding
	Maintenance of vehicles and pilots	Nil		No Budget Funding

Describe briefly your program achievements in terms of any linkages to the 2008-2010 Medium Term Development Strategy
 * Describe CAP's role in equal share country program
 ** MTDI year of focus, education is achieved by establishing basic education through supply of school materials while monitoring and evaluation is critical for standard monitoring
 Note: Agencies should continue to update their submissions to reflect
 Name of Accounting Officer: Mr. Giovanni Bilingo Signature: Date: 30/06/09

DPLGA

DPLGA will continue to monitor service delivery improvement

- through s119 reporting and
- provincial capacity building.

Full implementation will take five years solid work in budget compliance and service delivery monitoring.

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Discussion and Questions

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