



*Government
of the
Solomon
Islands*

National Provincial Governance Strengthening
Programme
(PGSP)

Joint Programme Document

1. COVER PAGE

Country: Solomon Islands

UNDAF 2008-2012 Outcome(s):

Outcome 2.2: Decentralization of Governance and participatory decision-making are enhanced.

Expected Outcome(s) / Indicator(s) of the 2008-12 M-CPD for Fiji and including the Solomon Islands:

Outcome 2.2: Decentralization of Governance and participatory decision-making are enhanced

Output 2.2.1 : Strengthened Provincial Governance Structures and Systems

Program Strategic Components:

Component 1: Clarify and gradually expand the responsibility of Provincial Governments for local-level infrastructure and services delivery and local economic development management.

Component 2: Increase the flow of public funds to Provincial Governments to align their resources with their mandated responsibilities and to build capacity through incentives to improved performance.

Component 3: Build the capacity of Provincial Governments (both Assemblies and Administrations) for pro-poor policy making and implementation, focusing initially on improving the institutions of public expenditure management.

Implementing partner: Ministry of Provincial Government and Institutional Strengthening (MPGIS) Designated Institution for execution

Other Partners: UNCDF and UNDP
(Formerly Implementing agencies)

Program Period: 2007 and <u>CCF period 2008-2012</u>
Program Component: <u>Fostering Democratic Governance</u>
Project Title: <u>PGSP</u>
Project Code: _____
Project Duration: 5 years (2008-2012)
Fund Management Option: Parallel, Pass-through
Administrative Agent: UNDP

	US\$
Total PGSP Budget (Joint UNDP/UNCDF program budget)	15,359,153
- Gov't of Australia Contribution	6,400,000
- EU Contribution	6,959,153
- UNCDF Contribution	1,000,000
- UNDP Contribution	1,000,000
- Unfunded (to be mobilized)	688,363

Agreed by	Print name and title	Signature	Date (dd/mm/yy)
Solomon Islands Government (Cooperating Agency)	FRED GANATE	[Signature]	18/04/08
Solomon Islands Government (Coordinating Agency)	Jane Waetang	[Signature]	18/04/08
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UNDP	Richard Dicus Resident Representative	[Signature]	18/4/8

Provincial Government Strengthening Programme: Joint Programme Document

5/15/2008

2. EXECUTIVE SUMMARY

2.1. The Provincial Government Strengthening Programme (PGSP) is a program of the Government of the Solomon Islands that aims to develop the capacity of provincial governments in the Solomon Islands to deliver services and promote local development.

2.2. The first phase of PGSP will focus on building the capacity of the provincial governments in public expenditure management (PEM), so that they are able to program, produce and execute credible budgets, through appropriate participatory and transparent procedures. To provide incentives for the adoption of improved governance, PGSP will set up a 'Provincial Capacity Development Fund' (PCDF), to provide provincial governments with a limited, but meaningful, amount of discretionary resources for development spending. The program will also focus on building the capacity of the central administration (particularly the Ministries of Provincial Government and Institutional Strengthening and Finance and Treasury) to effectively support and supervise the performance of the provincial governments.

2.3. Given the current limited capacity of Provincial Governments and variation in capacity between the provinces, the PGSP will adopt a focused, gradual and asymmetric approach to capacity development. In provinces where capacity is relatively higher, the PGSP will also support the gradual expansion of the provincial government functional assignments, by piloting 'delegation' or 'agency agreement' arrangements between line Ministries and provincial governments for the delivery of selected services in the Health, Education, Water and Sanitation, Agriculture and Rural Infrastructure sectors.

2.4. The initial five year (2008-12) phase of the PGSP, which is covered by this project document, has an estimated direct cost of about US\$ 14.6 M. The program is financed by the Regional Assistance Mission to the Solomon Islands (RAMSI), the European Union (EU), the United Nations Capital Development Fund (UNCDF) and the United Nations Development Program (UNDP). The program will be executed by the Ministry of Provincial Government and Institutional Strengthening, with UNCDF and UNDP providing support for the implementation of the program.

2.5. This document summarizes the key elements of the design of PGSP, which is described in detail in the earlier version of the project document which is contained at Annex 1 and titled PGSP Detailed Description.

3. SITUATION ANALYSIS

Background

3.1. The Solomon Islands is an independent Pacific Islands country of 533,671 people. The population is culturally diverse with some 80 different languages reflecting geographical dispersal across some 300-400 inhabited islands. Most of the population lives in rural areas (85 per cent) and practices subsistence agriculture. Transportation and communication links across the country are very poorly developed, restricting opportunities for engagement in the formal economy.

3.2. The Solomon Islands is recovering from a period of civil unrest and lawlessness (1999–2003) known as the 'Tensions', which resulted in the displacement of an estimated 30,000 to 40,000 people (6–9 per cent of the total population). With the breakdown of law and order, government operations were paralyzed, fiscal discipline was undermined through the intimidation of public officials, and significant amounts of public infrastructure destroyed. Since RAMSI's intervention in 2003, macroeconomic stability has been restored and the formal economy is recovering, with a GDP growth rate at around 3-4 per cent.

Provincial Government

3.3. The Solomon Islands is a unitary state with two levels of government, National and Provincial. The establishment of Provincial Governments is provided for in the Solomon Islands Constitution and was implemented by the Provincial Government Act of 1981, which has since been replaced by the Provincial Government Act, Law 7/1997 (the Act).

3.4. The Act established elected Provincial Assemblies, with powers to issue subordinate legislation called ordinances, within the national constitutional and legal framework. Each Province has a Provincial Executive which is accountable to the Assembly. The Executive is composed of a Premier who is elected by an absolute majority of Provincial Assembly members. The Premier, once elected, appoints a deputy premier, and ministers with portfolio responsibilities.

3.5. The administrative arm of the Provincial Governments is headed by a provincial secretary, who is answerable to the assembly through its executive in the same way permanent secretaries in the national administration are accountable to their ministers. Provincial staff are composed of staff posted by the MPGIS, staff employed by National line Ministries and working in the provinces, and staff directly employed by the provinces. All staff are supervised by the provincial secretaries, and accountable to the provincial executives and premiers.

3.6. In practice, provincial governments have limited capacity in fulfilling their core functions, for example:

- **Law Making:** While the Act enables provincial assemblies to issue subordinate legislation, provincial assemblies pass very few ordinances other than financial appropriations—an AusAID diagnostic study completed in 2004 noted that law making capacities are low and provincial assemblies pass on average less than one ordinance a year;¹
- **Service delivery:** The Act spells out a wide range of services that Provincial Governments could deliver. In spite of this potentially broad mandate, actual responsibilities and resources for delivery of most of these services, have neither been devolved nor delegated, and as a result, provincial governments currently play only a marginal role in delivering services and managing local development;
- **Representation:** The lack of communications and transport infrastructure in the provinces has made it difficult for provincial governments and administrators to consult and work with village communities. As a result provincial assembly members form the primary link between villages and the provincial government. Assembly positions are therefore highly politicized, with assembly members placed under a great deal of pressure to attract and distribute resources to their local communities. Traditional roles for assembly members in law making and review of the activities of the executive are thus distorted by the strong constituency pressure to play direct roles in resource distribution (Morgan 2005).²

3.7. Provincial Governments are currently caught in a vicious circle of low capacity, limited or no mandatory responsibilities and limited or no resources. Central ministries are reluctant to delegate, let alone devolve, responsibilities for service delivery and development management, citing the lack of provincial capacity. And, in the absence of such delegation of functions, there is little justification for transfers of financial resources, or fiscal powers, from the centre to the provinces. As a result, the size of the fiscal transfers to provincial governments has declined from 4.4 per cent, to 2.9 per cent of the national budget since 1996, leading the United Nations Common Country Assessment (CCA) for the Solomon Islands to conclude in 2002 that *'the powers of provinces are largely illusory,'* and emphasize the need for increased devolution of responsibility to the provincial level, and a more equitable distribution of resources to the provinces.³

¹ Cox, J, Morrison J. Provincial Government Diagnostic Study, AusAID , 2004.

² Morgan, M., (2005) Cultures of Dominance: Institutional and Cultural Influences on Parliamentary Politics in Melanesia, Discussion Paper 2005/2, Research School of Pacific and Asian Studies, Australian National University.'

³ In coming to this conclusion, the CCA observed that *'decentralization to states must be accompanied by a major advance in accountability at all levels of government or the mistakes that Central Government has made in alienating and isolating its constituency will merely be transferred to a lower level.'*

4. STRATEGIES INCLUDING LESSONS LEARNED AND THE PROPOSED JOINT PROGRAMME

Background

4.1. In November 2004, the SIG issued a request to a development partner meeting to increase the focus on provincial development. The request was endorsed by several development partners, although the inability for any one of them to cover the anticipated cost of a whole-of-country initiative combined with the lack of a national program to provide the framework for harmonization and alignment of resources, led development partners to prepare separate projects—UNDP proposed an extension of its Isabel Provincial Development Project to an additional two provinces, RAMSI prepared the design of a program to strengthen public administration in three provinces, and the European Union (EU) expressed interest in supporting the remaining three provinces.

4.2. In response, the Permanent Secretary of the MPGIS requested donors to combine forces to develop and implement one program of support to all provinces. As a result, development partners reached an agreement to collaborate with UNCDF to implement a joint program of support to the MPGIS and all nine provinces. A concept note for a jointly funded programme was prepared and agreed by all parties in a meeting convened by the MPGIS in April 2006.

4.3. PGSP supports the achievement of the United Nations Development Assistance Framework outcome for the Pacific Subregion (2008–12), ‘*Good Governance and Human Rights*’ and Country Program Outcome 2.2, ‘*Decentralization of Governance and Participatory decision-making is enhanced.*’ The objective of PGSP is consistent with Solomon Islands Government policy objectives, and has received commitments from Government at the highest level.⁴

Lessons learned

4.4. The starting point in the development of the PGSP has been the observation that Provincial Governments are by and large marginalized by the prevailing approaches to development management, which either (a) rely on centralized delivery by line ministries; (b) channel financial and technical assistance directly to the grassroots (through community-based organizations and NGOs); or (c) provide development resources

⁴ Former Prime Minister Sogavare stated in his speech to the United Nations General Assembly in September 2006, that ‘*My delegation is heartened by a joint UNDP and UNCDF proposed project to strengthen Solomon Islands’ provincial government system as well as investing in provincial infrastructure and communications. This proposal strengthens all principles of democracy and brings the state closer to its people. My government stands ready to assist in any way it can in bringing to full realization of such a worthy proposal. Solomon Islands calls on all partners to contribute, to better the lives of a people that for a long have been neglected.*’

to politicians through constituency development funds or provincial ward grants.

4.5. PGSP differs from the centralized approach, as it attempts to bring the potential comparative advantages (allocative efficiency) of the provincial authorities to bear on the delivery of services. The PGSP also differs from programs that support local-level infrastructure and service delivery by channelling financial and technical assistance directly to the grassroots, in that such programs largely bypass the provincial governments.⁵ The project builds on the lessons learned from the Isabel Province Development Project, which UNDP commenced in 2003 as a pilot initiative to strengthen provincial service delivery, livelihoods, justice and governance, and create a body of knowledge which could be scaled up in the other provinces.

4.6. Recognizing that a number of foundation and analytical activities needed to occur as part of the PGSP formulation and prior to its implementation, a preparatory assistance (PA) project was approved and mobilized in February 2007. The PA (currently ongoing) is providing the opportunity for close, continued consultation with SIG and Provincial Governments ensure full local ownership of the program

4.7. It is important to stress that while the PGSP supports a greater developmental role for the provincial governments, it does not assume, nor require a change in the Constitutional and legal framework that currently regulates them.

The Proposed Joint Programme

4.8. The PGSP is designed to enable the SIG and participating development partners to provide a coherent program of resources to strengthen sub-national government and specifically support transparent and accountable public expenditure management that will over time lead to more responsive service delivery and improved local development.

4.9. Provincial Governments are currently entangled in a vicious circle of low capacity, limited responsibilities and limited resources. To break this circle the first phase of PGSP (2008–12), will focus on developing and improving basic capacity for public expenditure and financial management so that all nine Provinces are able to program and execute credible budgets in a transparent and accountable way.

4.10. To provide incentives for the adoption of improved governance and administration practices, PGSP will set up a Provincial Capacity Development Fund (PCDF) as a provincial grant for discretionary

⁵ Examples of such programs include (i) 'community development' programs, managed by ad-hoc program management units that directly engage with community-level beneficiaries, as well as (ii) 'constituency development' initiatives managed by individual members of parliament directly engaging with community-level beneficiaries.

development spending. The PCDF will operate as a budget support facility according to a Memorandum of Understanding to be signed by the Ministry of Provincial Government and Institutional Strengthening, the Ministry of Finance and Treasury and UNCDF. Resources set aside by development partners for this purpose in the PGSP budget will be transferred into a nominated account in the SIG consolidated revenue account. SIG will also capitalize the Fund, pending approval by Parliament within the SIG recurrent 2008 budget, through the same nominated account. Similar to the current provincial service grants, the Accountant General will then transfer these resources from the PCDF to Provincial Governments after receiving a warrant from the MPGIS.

4.11. The PCDF will provide Provincial Governments with a predictable, transparent set of resources for development planning, investment programming and budgeting. With these resources, Provincial Governments will implement projects and procure works and services, building their capacity to deliver services and promote the development of their provinces. Project implementation will be consistent with Provincial Development Plans, which will include medium term investment programs. These plans will feed into the provincial budget process and once approved by the Assembly will become part of the annual Appropriation Ordinance.

4.12. Building the capacity of the Provincial Governments to assume a major more effective role in local service delivery and development management in the Solomon Islands will be a long-term undertaking. Therefore, it is important to establish realistic time-bound targets. This concern has led to the identification of three sequential levels of capacity that can be conceptually represented with the three following platforms:

- 1) Platform 1 (years one to five):** which is the focus of this project document, is concerned with building the basic capacity of provincial governments in public expenditure management, so that they can prepare, execute and report on the implementation of credible budgets, based on (a) a realistic assessment of their resource envelopes; (b) an appreciation of local community needs and priorities; (c) an understanding of and commitment to national objectives including the MDGs; and (d) an understanding of the need for accountable and transparent decision making. Platform 1 will also see the MPGIS and Ministry of Finance and Treasury (MFT), develop their own capacities for facilitation of inter-governmental relations, provision of legal and technical advisory services and exercise of legality controls on the ordinances of the provincial governments;
- 2) Platform 2 (years six to 10):** would see Provincial Governments that have 'put their house in order' by adopting improved PEM practices and delivering an expanded range of services in all areas of devolved responsibility under the Act. Some provincial governments, according to their individual capacity, may also assume increased responsibilities

through assumption of 'agency' functions for infrastructure and service delivery under delegation arrangements with line ministries. Platform 2 would also see the establishment and operation of an efficient national system for monitoring and supporting the performance of the provincial governments; and

- 3) Platform 3 (years 11-15):** would see Provincial Governments operating within the full scope of their legislative mandate to become the frontline public sector providers of basic infrastructure and services, managers of natural resources and promoters of local economic development. They will do so by bringing to bear central, provincial and community level resources in a cooperative multi-level governance system.

5. RESULTS FRAMEWORK

5.1. The overarching goal of the PGSP is poverty reduction and the achievement of the Millennium Development Goals. The purpose of the PGSP is 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.

5.2. The intermediate outcome of the PGSP is improved provincial governance for development, that is: an expanded, more effective and more efficient role of Provincial Governments in the promotion and management of local development.

5.3. To generate the above outcome and achieve the program's purpose, the PGSP will focus on delivery of a range of activities organized under the following three strategic components (JP Outputs):

- 1) Clarification and expansion of Provincial Government responsibilities:
 - Review current legal mandates and actual practices;
 - Assess policy options for expansion of Provincial Government own functions and agency functions in terms of provision of administrative services and in terms of service delivery.
- 2) Alignment of Provincial Government resources with their functions:
 - Set up the Provincial Capacity Development Fund to provide provinces with resources for local development spending. Resources will be allocated through a clear, transparent formula (20% of the Fund divided in equal shares to cover for basic fixed costs, and the remaining 80% on a per capita basis), though each province will have to comply with minimum conditions of access and performance measures to access these funds.
 - Review the legal framework and current practices for provincial own-source revenues and service grants, providing the SIG with valuable data and alternative options for reform and improvement of the current system of provincial grants.

Provide analytical work to determine the real cost of service provision in each province and support the piloting of co-financing arrangements with line ministries and other local development actors.

3) Development of Provincial Government capacity for promotion and management of local development:

Build capacity for an improved provincial public expenditure management cycle, which includes strategic planning, multi-year investment programming, annual budgeting, project identification, implementation and procurement of goods, works and services, asset registration and management, accounting and financial reporting, internal controls and audit. The approach to building capacity will be one of 'learning-by-doing' and sustainable changes in practices and attitudes will be developed gradually over repeated annual cycles.

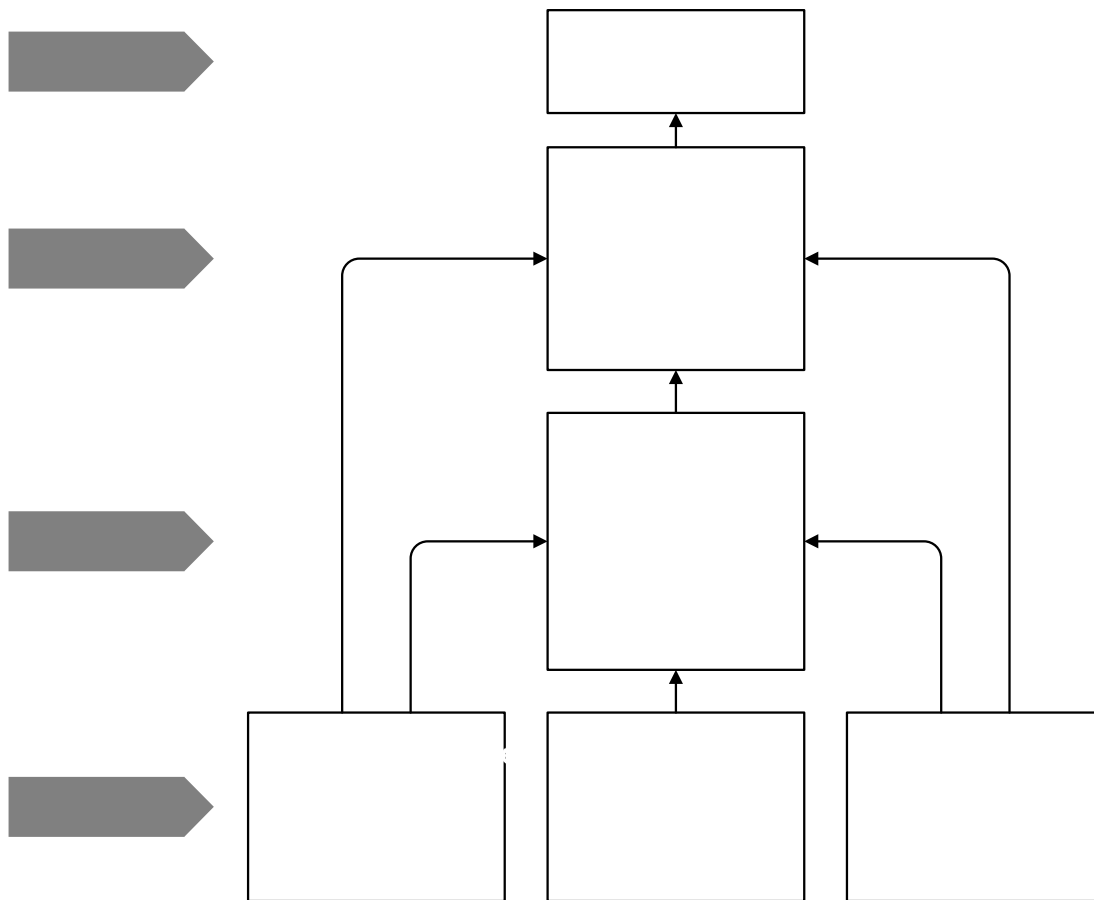
Provide induction courses and basic training for Provincial Executives and Assemblies to assist them in fulfilling their roles and mandates in policy making.

Ensure that core positions in provincial administrations are staffed, properly trained and equipped to carry out their functions;

Contribute to the improvement of the office and communication equipment of Provincial Governments.

5.4. The figure below summarizes the logic of the PGSP.

Figure 1. PGSP Logic



5.5. A more detailed summary of the activities related to each of the components of PGSP is contained in the PGSP Detailed Description in Annex A. A complete list of activities is available in the following Results and Resources Framework together with PGSP's expected outputs, output targets and respective measurable indicators and inputs.

Table 1. Results and Resources Framework

Intended Outcome as stated in the Country Program Results and Resources Framework

Outcome 2.2: "Decentralization of Governance and Participatory decision-making is enhanced" of the Solomon Islands Country Program (SI-CP), as reflected in the 2008-12 UNDP Multi-Country Program Document (M-CPD) for the Pacific Islands Countries (PIC).

By improving provincial-level planning systems and facilitating the allocation of increased domestic and external resources (including those directly provided under the program) to MDG-relevant investments in infrastructure and services, natural resources management and local economic development, the PGSP also contributes directly to the achievement of Outcome 1.1 " SOI prepares and implements sectoral and national plans and sustainable development strategies aligned with MDG goals [...]" of the SI-CP in the 2008-12 M-CPD.

Outcome indicator as stated in the Country Programme Results and Resources Framework, including baseline and target.

Output 2.2.1 of the UNDP Solomon Islands Country Program (SI-CP): "strengthened provincial governance structures and systems".
Applicable MYFF Service Line

Partnership Strategy: UNCDF, UNDP, European Union and RAMSI

Project Title: Provincial Governance Strengthening Program

ATLAS Award ID:

Project Summary

Goal: Poverty reduction and the achievement of the Millennium Development Goals (MDGs) in the Solomon Islands.

Purpose: The purpose of the PGSP is local development, that is: (i) an improvement in coverage and quality of local infrastructure and services, (ii) better managed natural resources and environmental protection and (iii) an increase in local economic activity, employment and revenues.

Intermediate Outcome: The intermediate outcome of the PGSP is improved provincial governance for development, that is: an expanded, more effective and more efficient role of Provincial Governments in the promotion and management of local development.

		Total Budget US\$	2008	2009	2010	2011	2012
<u>Component 1:</u>	The Responsibilities of Provincial Governments are Clarified and Expanded	460,804	152,580	167,080	121,144	20,000	0
<u>Component 2:</u>	The Resources of the Provincial Governments are Commensurate to their Responsibilities	3,839,556	777,693	792,294	811,894	768,556	689,119
<u>Component 3:</u>	The Local Development Management Capacity of the Provincial Government is Developed	9,674,018	2,799,003	2,968,200	2,328,886	893,428	684,500
<u>Component 4:</u>	PGSP Monitoring and Evaluation	1,004,406	342,906	107,540	158,436	237,088	158,436
Total US\$		14,978,784	4,072,182	4,035,114	3,420,360	1,919,072	1,532,056

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JP Output 1. The Responsibilities of Provincial Governments are clarified and expanded					Indicative Cost (US\$)	2008	2009	2010	2011	2012
Outputs and Responsible UN Organization	Output Targets	Measurable Output Indicators	Implementing Partner	Indicative Activities	\$460,804	152,580	167,080	121,144	20,000	0
1.1 Provincial Govts "Own Functions" are clarified and expanded (UNCDF Responsible UN Org.)	1.1.1 Administrative service functions are clarified and expanded	Approved Administrative Orders and Instructions clarifying mandatory PG responsibilities have been issued	MPGIS UNCDF/UNDP	Assess what PG should be doing according to the Law and what administrative services they actually deliver	122,766	122,766	0	0	0	0
				Review international / regional good practices with respect to assignment of administrative service responsibilities						
				Carry out a workshop to validate the local relevance of international /regional good practices						
				Draft administrative orders and Instructions on devolution of selected administrative services delivery						
	1.1.2 Local Development (LD) management functions are clarified and expanded	Approved Administrative Orders and Instructions clarifying mandatory PG responsibilities have been issued	MPGIS UNCDF/UNDP	Assess what PG should be doing according to the Law and what LD tasks they actually take responsibility for.	50,958	29,814	0	21,144	0	0
				Review international / regional good practices with respect to assignment of LD promotion responsibilities at sub-national level						
				Carry out a workshop to validate the local relevance of international /regional good practices						
				Draft administrative orders and Instructions on devolution of selected LD promotion responsibilities						
1.2 Provincial Govts "Agency Functions" are regulated and co-provision arrangements are developed (UNCDF Responsible UN Org.)	1.2.1 Delegated Administrative services delivery functions are regulated and expanded	Approved Administrative Orders and Instructions regulating PG "agency functions" (Art.29 of Prov.Act) have been issued	MPGIS UNCDF/UNDP	Assess administrative service delivery functions carried out by PGs on behalf of Ministries, identifying possible unfunded/underfunded mandates	117,266	0	117,266	0	0	0
				Review international / regional good practices						
				Carry out a workshop to validate the local relevance of international /regional good practices						
				Draft administrative orders and Instructions on delegation of selected administrative service delivery						
	1.2.2 Delegated LD management functions are regulated and expanded	Approved Administrative Orders and Instructions regulating PG "agency functions" (Art.29 of Prov.Act) have been issued	MPGIS UNCDF/UNDP	Assess LD delivery functions carried out by PGs on behalf of Ministries, identifying possible unfunded/underfunded mandates	169,814	0	49,814	100,000	20,000	0
				Review international / regional good practices						
				Carry out a workshop to validate the local relevance of international /regional good practices						
				Draft administrative orders and Instructions regulating the delegation of LD service delivery responsibilities						

JP Output 2. The Resources of PG are commensurate to their responsibilities					Indicative Cost (US\$)	2008	2009	2010	2011	2012
Outputs and Responsible UN Organization	Output Targets	Measurable Output Indicators	Implementing Partner	Indicative Activities	\$3,839,556	777,693	792,294	811,894	768,556	689,119
2.1 Domestic Resources flow to Provincial Govts is enhanced (UNCDF Responsible UN Org.)	2.1.1 Fiscal transfers system is streamlined and developed	General-purpose Grants for recurrent expenditures have been consolidated A system to monitor use of purpose specific grants has been established	MPGIS UNCDF/UNDP	Assess the design and management of the Provincial Grants (8 instruments) and recommend their reform	126,640	61,821	24,530	32,410	0	7,879
				Review international-regional good practices						
				Carry out a workshop to validate the local relevance of international /regional good practices and agree on time-bound action plan for change						
	2.1.2 Own source revenue sources are enhanced	A plan to reform PG own revenue instruments has been approved	MPGIS UNCDF/UNDP	Assess current revenue-raising powers and practices of PGs	69,208	0	69,208	0	0	0
				Review international /regional good practices						
				Carry out a workshop to validate the local relevance of international /regional good practices						
	2.1.3 Revenue Sharing system is enhanced	A report outlining options for reform of the revenue sharing system has been prepared	MPGIS UNCDF/UNDP	Assess current revenue-sharing practices and reform options	42,204	0	0	42,204	0	0
				Review international /regional good practices						
				Carry out a workshop to validate the local relevance of international /regional good practices						
	2.1.4 Intergovernmental Contract Financing arrangements are developed	# of delegation agreements concluded and implemented	MPGIS UNCDF/UNDP	Determine direct and indirect costs of agreed to functional assignments	38,724	0	0	38,724	0	0
				Develop and approve guidelines for "agency" agreements to delegate to PG functions related to LD management in Health, Education, WSS, Rural Infrastructure						
2.2 External Resource flow to PGs is enhanced (UNCDF Responsible UN Org.)	2.2.1 Fiscal Transfer (FT) supplements (Sub-national Budget support) are established	MOUs approved to establish PCDF between MoFT, MPGIS and PGs. Financial reports showing disbursements of PCDF to PGs A PCDF with approved guidelines, is operational	MPGIS/MoFT UNCDF/UNDP	Set up and operate a Provincial Capacity Development Fund (PCDF) to pilot key elements of external budget support to PG	3,562,780	715,872	698,556	698,556	768,556	681,240
				Annual assessment of PGs compliance to minimum conditions for access to PCDF						
				Establish the Provincial Fiscal Grant Coordination Committee (as sub committee of the JOC)						
				Evaluate the PCDF experience as FT pilot and relevant international and regional good practice						
				Develop plan and timeframe for fully integrating the PCDF into the SIG/PG treasury system						
	2.2.2 Capacity Development Incentives (performance enhancement funds) are in place	Minimum conditions of access to PCDF approved and implemented Fiscal transfer formula established and incorporates performance indicators	MPGIS/MoFT UNCDF/UNDP	Set up and operate PCDF to provide incentives to PG for the adoption of good PEM practices	(c.r. 2.2.1)					
				Evaluate the PCDF as incentive to performance on revenue and expenditure, in light of international and regional experience						
	2.2.3 Better performing PGs attract financing options through the strengthened system	# of LD projects designed or realigned to use improved PEM systems of PGs	MPGIS UNCDF/UNDP	Negotiate with other funders co-financing of projects developed through the provincial PEM cycle	(c.r. 2.2.1)					
				Negotiate with LD partners PG access to funding window for LD activities developed through the provincial PEM cycle						

JP Output 3. The LD management Capacity of the PG is developed					Indicative Cost (US\$)	2008	2009	2010	2011	2012
Outputs and Responsible UN Organization	Output Targets	Measurable Output Indicators	Implementing Partner	Indicative Activities	\$9,674,018	2,799,003	2,968,200	2,328,886	893,428	684,500
3.1 The Governance Capacity of Provincial Assemblies and Executives is enhanced (UNDP Responsible UN Org.)	3.1.1 The Provincial Institutions of Representative and Participatory Democracy are developed	# of Provincial Development Councils (PDC) established	MPGIS UNDP/UNCDF	Prepare standing orders for Provincial Accounts Committees to include planning to their budgeting functions	97,188	97,188	0	0	0	
		# of women as PDC members		Set up, strengthen and train Accounts Committees of the Provincial Assemblies						
		# of people trained disaggregated by: course, date, number of male and female participants		Establish and train Provincial Development Councils for participatory development of provincial plans and budgets						
				Carry out a feasibility study for the establishment of sub-provincial governance structures in larger provinces						
	3.1.2 The capacity of Provincial Assemblies and Executives to formulate policies, legislation and regulations, to oversee the Prov. Admin. and monitor the PEM cycle is developed	Quality of ISD, NRM and LED initiatives of PGs is satisfactory and improving	MPGIS UNDP/UNCDF	Design and implement induction courses and basic training programs for Assembly Members, Executives and clerks	688,108	158,340	83,340	186,064	227,024	33,340
		# of people trained disaggregated by: course, date, number of male and female participants		Develop and carry out training programs on policy options and good implementation practices in ISD, NRM and LED promotion						
				Organise attachments for speakers and clerks with the National Assembly						
				Assess the feasibility of a Nat. Association of Provincial Authorities (NAPA) and organise regional attachments						
				Awareness-raising workshop on NAPA potential benefits						
3.2 The Local Development management capacity of the Provincial Government is enhanced (UNCDF Responsible UN Org.)	3.2.1 Institutions are developed and capacity is built for Public Expenditure Management (PEM) by Provincial Govts	An improved PEM cycle is implemented in all provinces	MPGIS UNCDF/UNDP	Develop and test a methodology for provincial level Strategic	2,784,672	937,761	828,814	880,597	80,448	57,052
		Joint MPGIS/ MFT regulations of the provincial level PEM cycle, are approved.		Develop procedures for investment programming, annual budgeting, implementation and procurement, assets management, accounting and financial reporting, and M&E						
				Based on the PEM material developed above, prepare user-friendly materials /modules for trainers and participants						
				Extend PEM procedures to all provinces						
				Draft joint MPGIS / MFT regulations.						
				Recruit and post 6 provincial Advisers to assist in extending the improved PEM cycle						
	3.2.2 Institutions are developed and capacity is enhanced for PG revenue mobilization	Own source share of PGs total revenues is accurately recorded and increasing	MPGIS UNCDF/UNDP	Review and recommend improvements in the current system for assessment and collection of the PG own-revenue sources	39,204	0	0	0	0	39,204
				Design and pilot improved systems for assessment and collection of property taxes in selected provinces						
	3.2.3 Provincial Govts Capacity for Infrastructure and Service Delivery (ISD) is developed in key areas of responsibility	Quality of ISD by PG is satisfactory and improving	MPGIS UNCDF/UNDP	Provide training on ISD provision and production issues associated with projects identified through the improved provincial planning programming and budgeting cycle	(c.r. 3.2.1, 3.3.2)					
				Promote accountabilities between PGs and their citizens, eg public information of PEM, mechanisms for receiving and processing complaints on PG performance, etc...						
		# of SD agency agreements implemented	MPGIS UNCDF/UNDP	Review current modalities for SD in the Health/WSS, Education, Agriculture and Rural Infrastructure sectors and assess options for PG-community-private partnerships						
				Develop and pilot "agency agreements" assigning to PG selected SD responsibilities						

JP Output 3. The LD management Capacity of the PG is developed (continued)										
Outputs and Responsible UN Organization	Output Targets	Measurable Output Indicators	Implementing Partner	Indicative Activities	Indicative Cost (US\$)	2008	2009	2010	2011	2012
3.2 The Local Develop-ment management capacity of the Provincial Government is enhanced (UNCDF Responsible UN Org.)	3.2.4 Provincial Govts Capacity for Natural Resource Management (NRM) is developed in key areas of responsibility	Quality of NRM initiatives by PG is satisfactory and improving	MPGIS UNCDF/UNDP	Provide training on NRM issues associated with projects identified through the improved provincial planning programming and budgeting cycle	(c.r. 3.2.1, 3.3.2)					
				Review current legal framework and actual involvement of PG in management of natural resources and assess options for PG-community-private partnerships in NRM						
				Identify, in the frame of the Provincial strategic planning exercises, opportunities for PG involvement in NRM (forestry/ fisheries/ mining)						
				Pilot networked arrangements between PG and central agencies, communities and private sector for NRM initiatives emerging fromprovincialstrategic planning excercises.						
	3.2.5 Provincial Govts Capacity for promotion of Local Economic Development (LED) is developed	Quality of LED initiatives by PG is satisfactory and improving	MPGIS UNCDF/UNDP	Review current legal framework and actual involvement of PG in promotion of Local Economic Development and assess options for PG partnerships with communities, private sector and financial services providers	(c.r. 3.2.1, 3.3.2)					
				Pilot networked arrangements between PG and private sector and community-based groups						
				Provide training on issues associated with LED promotion projects identified through strategic planning						
	3.2.6 Effective Provincial Govt Organizations are developed	Core provincial staff in place by mid-2008 Measures of Job Satisfaction improving (annual surveys) An agreed plan for re-alignment of provincial structures has been developed and has started to be implemented	MPGIS UNCDF/UNDP	Revise and update JD, recruit and retain key core provincial staff, and ensure annual performance appraisals	2,315,104	558,140	955,512	497,139	152,156	152,156
				Develop and start implementing a comprehensive training program for provincial administration staff focusing on basic administrative functions						
				Develop and start implementing a comprehensive training program for provincial administration staff on PEM functions						
Carry out assessment of the current structures, develop appropriate models of PG administrations and design a realistic plan for re-alignment of provincial administrations										
Review current legal framework and assess options for development of a local civil service career system.										
Carry out appropriate communication activities to ensure that PGSP support to PG systems is recognised and understood.										

JP Output 3. The LD management Capacity of the PG is developed (continued)											
Outputs and Responsible UN Organization	Output Targets	Measurable Output Indicators	Implementing Partner	Indicative Activities	Indicative Cost (US\$)	2008	2009	2010	2011	2012	
3.3 An effective system of Central support and supervision of PG is in place (UNCDF Responsible UN Org.)	3.3.1 A system is in place to facilitate PG relations with central admin. agencies	Communication protocol between MPGIS and PGS developed and disseminated	MPGIS UNCDF/UNDP	Develop and adopt communication protocols between the MPGIS and all other Ministries and agencies of the state administration	0	0	0	0	0	0	
				Develop and adopt MPGIS-PG communication protocols							
		Annual activity plans of line ministries in the provinces are distributed to PGs		Draft and disseminate Annual Consolidated report on ISD plans of the line Ministries for each province							
	3.3.2 A system to provide technical and legal advisory services to PG is in place	An agreed plan for re-alignment of MPGIS has been developed and has started to be implemented	MPGIS UNCDF/UNDP	Recruit and post in MPGIS a core group of technical advisors and administrative support including (i) CTA (ii) HR Advisor, (iii) Local Financial Management Advisors and (iv) Institutional Strengthening Advisor (ISA), (v) Legal Advisor and other consultants to provide TA to PG, develop training materials and coordinate the implementation of training programs	3,520,772	1,024,850	946,826	712,548	433,800	402,748	
				Carry out an institutional assessment of the MPGIS, develop, and start implementing a re-alignment of the Ministry with its mandate of support and supervision of the provincial government system							
				Establish the Provincial Government Division (PGD) in the MPGIS, review JD and assign Director and regional Desk Officers							
	3.3.3 A system to monitor the PG performance is in place	MPGIS - MIS has been developed and implemented. Annual reports on financial performance of PG are published from 2008	MPGIS UNCDF/UNDP	Design, develop and install in MPGIS a MIS to monitor PGs performance with respect to (i) the PEM cycle and (ii) the allocation and utilization of the PCDF resources	176,432	22,724	153,708	0	0	0	
				Assist the MPGIS and MFT to jointly develop, monitor and publish, key indicators of financial performance of the PGs.							
				Drawing on international good practices, assess options for the set up of within MPGIS of a PG performance monitoring unit							
	3.3.4 A system to exercise State controls on the legality of the acts of PG, is in place	Ordinances are forwarded to MPGIS and subjected to legal scrutiny by appropriate authority (MFT, Attorney General)	MPGIS UNCDF/UNDP	Review current legal framework, assess options and recommend a system for more effective controls of the legality of the acts of PG	52,538	0	0	52,538	0	0	
				Validate recommendations on legality control system in a national workshop							
				Establish a process for review of provincial ordinances to ensure compliance with national regulatory framework.							
				Assist the Auditor General office to develop an audit plan, including annual financial audit and periodic performance audits of all PGs							

JP Output 4. PGSP Monitoring and Evaluation					Indicative Cost (US\$)	2008	2009	2010	2011	2012
Outputs and Responsible UN Organization	Output Targets	Measurable Output Indicators	Implementing Partner	Indicative Activities	\$1,004,406	342,906	107,540	158,436	237,088	158,436
4.1 An effective M&E system of PGSP is in place (UNDP Responsible UN Org.)	4.1.1 A system for policy direction for PGSP is in place	Minutes of JOC record policy issues and progress	MPGIS/MDPAC UNDP/UNCDF	PGSP Joint Oversight Committee of SIG is established and meets every 6 months	37,700	7,540	7,540	7,540	7,540	7,540
				PGSP Development Partner Working Group is in place and meets regularly						
	4.1.2 M&E framework, indicators and plan developed and implemented	M&E plan developed, approved and implemented TOR for longitudinal external monitoring, review and technical backstopping missions approved Annual workplans and budgets developed, approved and implemented Quarterly and annual reports of PGSP Reports from evaluations and audits # of people trained disaggregated by: course, date, number of male and female participants	MPGIS/MDPAC UNDP/UNCDF	Finalise indicators and develop M&E framework and plan for PGSP	846,788	255,448	60,000	150,896	229,548	150,896
				Baseline study						
				Longitudinal external monitoring, review and technical backstopping 6 monthly missions (with the MDPAC)						
				Lessons learnt from PGSP implementation are documented, synthesised and fed into national/provincial procedural and policy discussions and debates						
				Mid-term Evaluation						
				Audits						
				Final Evaluation						
	4.1.3 Institutional assessment, capacity building and logistic support of the MDPAC	Report from institutional assessment	MPGIS/MDPAC UNDP/UNCDF	Institutional Assessment	119,918	79,918	40,000	0	0	0
				Training / workshops						
				Equipment						

INDICATIVE BUDGET FOR ALL ACTIVITIES (INC. UNALLOCATED)	\$14,978,784
INDICATIVE BUDGET FOR ALL ACTIVITIES (MINUS UNALLOCATED)	\$14,290,421
INDICATIVE FEES ON BUDGET FOR ACTIVITIES	1,068,732
TOTAL BUDGET (MINUS UNALLOCATED)	\$15,359,153
Total funds pledged	\$15,359,153
Unallocated	\$688,363

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6. MANAGEMENT AND COORDINATION ARRANGEMENTS

Coordination

6.1. Roles and responsibilities for managing the PGSP will be assigned at three levels, namely:

- i. Responsibility for policy guidance and high-level monitoring of the program execution;
- ii. Responsibility for execution of the program; and
- iii. Responsibility for implementation of program components/projects.

6.2. Responsibility for policy guidance and high-level monitoring of the PGSP will be assigned to a Joint Oversight Committee (JOC) whose permanent members will be :

- A Senior Representative of the Prime Minister's Office;
- The Permanent Secretary of the Ministry of Provincial Government and Institutional Strengthening;
- The Permanent Secretary of the Ministry of Development Planning and Aid Coordination (MDPAC);
- The Permanent Secretary of the Ministry of Finance and Treasury;
- The Permanent Secretary of the Ministry of Public Service (MPS);
- The Permanent Secretary of the Ministry of Women, Youth and Children Affairs and
- Three representatives of Provincial Governments (on a rotating basis).

6.3. Other permanent members of the JOC will be the representatives of the external aid agencies supporting the PGSP implementation, i.e.:

- UNCDF, UNDP; and
- RAMSI and EU, as observers.

6.4. At the initiative of any of the SIG permanent members, representatives of other agencies of the Central Administration and development partners participating in the financing of the PGSP (RAMSI, EU) to be invited as observers to attend sessions of the JOC. The MPGIS Permanent Secretary, assisted by the PGSP Chief Technical Advisor, will act as Secretariat of the JOC.

6.5. Responsibility for execution of the PGSP will be assumed by the Ministry of Provincial Government and Institutional Strengthening (the Executing Agency). The Permanent Secretary of the MPGIS will act as National Director of the PGSP, with support from core staff of Ministry and external advisors.

6.6. As Executing Agency of the program, the MPGIS will bear ultimate responsibility for achieving the Program's outcomes as described in the results and resources framework, above. It will prepare and oversee the implementation of a consolidated PGSP Annual

Workplan and Budget, including all activities assigned to the participating Provincial Governments and other national agencies involved in the implementation of the activities.

6.7. Provincial Governments and the MPGIS itself will be responsible for implementation of the PGSP, together with several core and line ministries and other central agencies, such as the MFT, the MDPAC, the MPS, the Auditor General's Office, and the Institute of Public Administration and Management. Annual activity plans of these agencies will be agreed upon with MPGIS and incorporated in the Annual Workplan and Budget of the PGSP. Within the framework of the Annual Workplan and Budget, they will be responsible for the production of all PGSP outputs, with the support of the technical and management assistance of the MPGIS-based team of advisors, UNDP and UNCDF.

6.8. In line with its commitment to the Paris Declaration on Aid Effectiveness, the Government of the Solomon Islands has committed to take the lead in coordinating aid, and donors and implementing partners to PGSP have committed to respecting the Government's leadership in this regard.⁶

6.9. PGSP will be one of several programmes which will be implemented in the provinces in the coming years. These programmes are being implemented in partnership with several different government ministries. Overall, these projects represent several million USD in small project/activity funding per year—approximately SBD 10 million per province. There is a strong need for coordination as this level of funding—and the mechanisms and capacity building which support it—runs the risk of overwhelming and overloading local capacities.

6.10. The Government and donors have recognized this risk, and efforts are under way to elaborate coordination mechanisms. Ideally, these mechanisms would focus at the national and provincial level, and would involve active participation from Government, donors and the programmes themselves.

6.11. The Ministry of Development Planning and Aid Coordination has raised the issue with the Permanent Secretaries of the relevant counterpart ministries. The Donor Coordination Group has organized a subgroup which will liaise with Government on how best to support coordination efforts.

⁶ *Paris Declaration on Aid Effectiveness: Ownership, Harmonization, Alignment, Results and Mutual Accountability* (2005). Within section II "Partnership Commitments", the subsection on "Ownership" lists the Partner Country commitment to "take the lead in coordinating aid at all levels in conjunction with other development resources in dialogue with donors and encouraging the participation of civil society and the private sector"; and the Donors' commitment to "respect partner country leadership and help strengthen their capacity to exercise it."

Cash transfer modalities

6.12. All cash transfers to an implementing partner will be based on an annual work plan (AWP), approved by the JOC and will be made in line with the capacity assessments under the Harmonized Approach to Cash Transfer process. Audits will be organized as an integral part of sound financial and administrative management and agreed upon on approval of the AWP. Audit observations and findings will be used together with monitoring, evaluation and other reports to continuously improve the quality of the activities and management.

7. FUND MANAGEMENT ARRANGEMENTS

Management and coordination

7.1 The PGSP will be supported through a joint programme financed by RAMSI, EU, UNDP and UNCDF. The financial contributions of each organization are reflected on the signature page of this document.

The funding arrangements represent a combination of parallel funding for UNDP and UNCDF contributions and pass-through funding for RAMSI and the EU contributions. The development partners agree to channel their contributions to the joint programme through UNDP, in which case the pass-through modality applies. UNDP will then transfer a share of the donors' contribution to UNCDF as described in Annex A of this document. Both UNCDF and UNDP will assist the MPGIS to manage the implementation of the PGSP and to disburse the external resources contributed to the program.

7.2 Both UNDP and UNCDF will be "Participating UN Organizations" in the Joint Programme. All management arrangements for these funding options are based on the United Nations Development Group Guidance on Joint Programming December 2003⁷. A visual representation of the pass through funding management option is shown below:

Graphic illustration of fund management for a Joint Programme with Pass-Through Funding



⁷ [UNDG Guidance on Joint Programming.](#)

7.3 UNDP will act as Administrative Agent (AA) to this Joint Programme taking into consideration UNDP's country presence and its financial and administrative capacity and ability to interface between the Solomon Islands Government, development partners and UNCDF. With UNDP acting as the AA it is also envisioned that transaction costs will be reduced to SIG, development partners and to the UN.

7.4 As Administrative Agent of the Joint Program, UNDP will sign a Memorandum of Understanding with UNCDF and will enter into Letters of Agreement with RAMSI and the EU for the purpose of receiving and administering the contributions of the two development partners and applying them to the financing of the PGSP.

Accounting

7.5 The funds received from the development partners as per the Letters of Agreement will be recorded by the Administrative Agent in a joint programme account. The Administrative Agent records as income only those funds for which it is programmatically and financially accountable (i.e. for its part of the joint programme as a participating organization).

7.6 Each UN organization participating in the joint programme will account for the funds distributed by the Administrative Agent in respect of its components in the joint programme in accordance with its financial regulations and rules.

Reporting

7.7 Each participating UN organization will prepare reports in accordance with its financial regulations and rules and operational policy guidance. Reports will be shared with the Joint Oversight Committee of PGSP. To the extent possible, reporting formats will be harmonized.

7.8 The Administrative Agent shall prepare consolidated narrative progress and financial reports consisting of the reports submitted by UNDP and UNCDF, and shall provide those consolidated reports to the EU and RAMSI, in accordance with the timetable established in the Letters of Agreement.

Admin Fee and Indirect Costs:

7.9 *Administrative Agent:* The AA shall be entitled to allocate one percent (1%) of the amount contributed by donor(s), for its costs of performing the AA's functions. This will be subject however to a floor of \$20,000 and a ceiling of \$100,000. In cases where the participating UN organizations and the AA agree that the AA's responsibilities are more complex than the 'standard' responsibilities,⁸ a higher percentage for the AA fee may be agreed by the participating UN organizations or included as direct cost in the budget directly managed by the AA as appropriate.

⁸ See Letter of Agreement in Annex H of [UNDG Guidance on Joint Programming](#) for a list of "standard responsibilities"

7.10 Participating UN Organizations: Each UN organization participating in the joint programme will recover indirect costs in accordance with its financial regulations and rules and as documented in the Memorandum of Understanding signed with the AA. The rate of recovery may vary between UN organizations participating in the joint programme, based on their applicable regulations and rules.

Interest

7.11 Interest, if any, will be administered in accordance with the financial regulations and rules of each UN organization participating in the joint programme. The AA should not accrue interest on the funds received from the donor(s) because they are expected to flow through almost immediately.

Balance of Funds:

7.12 *Participating UN Organizations:* Any funds remaining after the financial closure of the programme will be returned to the AA.

7.13 *Administrative Agent:* Any unprogrammed funds remaining in the joint programme account after the financial closure of the Joint Programme will be returned to the donor(s) or utilised in a manner agreed upon between the AA and the donor(s), and approval of the joint programme coordination mechanism.

Communication

7.14 UNDP and UNCDF shall take appropriate measures to publicize the joint programme and to give due credit to the other participating UN organizations. Information given to the press, to the beneficiaries of the joint programme, all related publicity material, official notices, reports and publications, shall acknowledge the role of the SIG, EU, RAMSI, UNDP and UNCDF, the AA and any other relevant parties. In particular, the Administrative Agent will include and ensure due recognition of the role of UNDP and UNCDF and SIG partners in all external communications relating to the joint programme.

Audit

7.15 Consistent with current practice, each UN organization will be responsible for auditing its own contribution to the programme as part of its existing regulations and rules. Audit opinions of the individual UN organizations should be accepted by the other UN organizations.

8. FEASIBILITY, RISK MANAGEMENT AND SUSTAINABILITY OF RESULTS

8.1. The PGSP formulation team has conducted a detailed risk assessment and identified a set of risk mitigation measures (see Table 2). These risks and their respective mitigation measures will require ongoing monitoring to ensure an effective program execution and

implementation. Therefore, they will need to be revised and updated in year one of PGSP and then incorporated into the overall M&E system.

Table 2. Risk Assessment and Mitigation

Potential risks /consequences	Risk Mitigation Measures	Risk Rating
Failure of related programs (particularly RDP) to engage with provincial governments and their administrations, in a manner consistent with that used by PGSP resulting counterpart confusion, stress on absorptive capacity and in program goal and objectives not being achieved	Maintain high level communications with senior SIG, donor officials and other program managers. Joint Oversight Committee and Donor Forum monitors environment and makes representation to key officials of other programs. Liaison with other program management teams (particularly RDP) to ensure coherence of program approaches in areas of common counterpart engagement. Active engagement of PGSP Advisers with related reform program staff particularly at the provincial level.	H
Lack of commitment to reform by core and sector ministries leads to a lack interest in PGSP with other relevant reform programs external to PGSP not progressed.	Monitor environment; maintain high level communications with senior SIG and donor officials. Ensure Joint Oversight Committee remains proactive; maintain relevance of program components to overall reform agenda.	H
Politicization of the PCDF component of the PGSP resulting from use of the PCDF funds by elected leaders for their own benefit.	Maintain high level liaison with the PGSP Joint Oversight Committee and the Provincial Fiscal Grant Coordination Committee to ensure utilization of PCDF funds is consistent with Provincial Government priorities/programs. Ensure annual audits are conducted of provincial accounts and that audit results are publicized. Maintain high level communications with senior SIG and donor partners.	H
Lack of absorptive capacity within MPGIS and provincial administrations resulting in programmed activities not achieving design objectives.	Ensure advisers are proactive in responding with appropriate levels of support to identified capacity gaps in a timely manner. Ensure that monitoring mechanisms remain vigilant to provide evidence of overloaded absorptive capacity and encourage shifts in resources to address capacity bottlenecks.	H

Potential risks /consequences	Risk Mitigation Measures	Risk Rating
SIG and donor policies that bypass national and sub-national structures (such as multiple parallel grants mechanisms for “projectised” development initiatives) reduce capacity development opportunities and undermine the objective of strengthening administration and governance at the national and sub-national level.	Monitor environment, maintain high level communications with senior SIG and donor officials through joint oversight committee and donor forums Constructively respond to changed programming environment through the joint oversight committee and SIG/Donor Forum. Liaison with other program management teams particularly RDP to ensure encourage use of government systems and structures when capacity permits. Continuous and active engagement of PGSP Advisers with related reform program staff particularly at the provincial level to ensure opportunities for formal engagement with government structures are maximized.	H
Withdrawal of RAMSI mandate leading to a deterioration in the supporting governance environment and a threat to donor funding	Monitor environment; maintain high level communications with senior SIG and RAMSI officials and other donors.	S
Changes of government, politicization or alteration of government policy regarding provincial governance reform making sections of the program irrelevant.	Monitor environment; maintain high level communications with senior SIG and donor officials through joint oversight committee and other monitoring mechanisms. Constructively respond to changed programming environment through the joint oversight committee and SIG/Donor Forum.	S
Lack of officers in MPGIS and provincial governments prevents PGSP from achieving capacity building objectives resulting slower progress with capacity building objective and a lack of sustainability of introduced reforms.	Work in close cooperation with public sector recruitment reform programs such as RAMSI's PSIP. Ensure Joint Oversight Committee remains proactive. Active engagement by HR Adviser to ensure that direct and line ministry staff positions remain occupied.	S

Potential risks /consequences	Risk Mitigation Measures	Risk Rating
Program unable to recruit advisers with the required skills and behavioural qualities resulting in program unable to achieve objectives.	Clearly articulated adviser terms of reference and tasking. Proactive and well targeted recruitment exercises to attract appropriately skilled candidates. Thorough briefing of Advisers upon mobilization appropriate capacity building provided where initial deficits are identified. Rigorous monitoring of adviser performance against agreed workplans. Regular meetings of all Advisers to discuss program progress, review operational environment and maintain a deep understanding of the program delivery philosophies and implementation strategies. Prompt action to rectify adviser skill gaps and behavioral deficits when identified.	S
Inability to retain key project staff in remote provinces resulting in failure by PGSP to achieve its outcomes.	Recruitment of UNVs with the relevant skills/qualification and flexibility to work in remote areas. Ensure succession plans are in place through continuous review of UNVs performance and their ability to adapt to their work environment.	S
MPGIS and PGs are resistant to structural changes required to ensure PGSP objectives are fulfilled leading to a hindered progress or failure to achieve the outcomes set for PGSP.	Close and regular engagement with senior management of MPGIS and with senior administration and Provincial Assembly members (particularly the Premier) at the PG level to maintain a commitment to PGSP and ensure a good understanding of why any structural changes are necessary. Good feedback to SIG and PG stakeholders on improved performance in order to maintain their commitment to reforms.	S
The Solomon Islands Government changes the mandate of the Ministry for Provincial Government and Institutional Strengthening, leading to a misalignment between the Government's and donors expectations of the Ministry.	Ensure key Government Ministries including the Ministry of Development Planning and aid Coordination, the Office of the Prime Minister and Cabinet, and the Ministry of Finance are engaged in the implementation and oversight of PGSP, and understand and supportive its approach. Ensure the project's achievements are publicized.	M

Potential risks /consequences	Risk Mitigation Measures	Risk Rating
Duplication of activity with other donor programs (particularly RDP) resulting in confusion within programs and among line departments and PGs. Potential for misalignment of priorities. Wasted program resources. Momentum of PGSP jeopardised.	Ongoing environmental scanning conducted. Liaison with other donors maintained particularly through donor forum and engagement with the management mechanisms of other donor programs (particularly RDP). Effective consultation with SIG donor coordination mechanisms.	M
With PGSP principal locus of engagement with public sector administrators there is a danger that PGSP will not strengthen downward accountability of Governments to communities.	Clear Purpose, goal and outcome statements included in PGSP design that support the need to ensure downward accountability. Ongoing efforts to ensure a deep understanding and acceptance of the Program as designed Strategic and focused monitoring and review of progress against agreed workplans. PGSP performance indicators focused on monitoring achievement of improved downward accountability.	M
PGSP becomes the quasi forum for addressing SIG tensions regarding role of provincial government in the delivery of government services thus undermining the integrity of PGSP goals and resulting in program objectives not being achieved.	Monitor environment; maintain high level communications with senior SIG and donor officials through joint oversight committee and other monitoring mechanisms. Constructively respond to changed programming environment through all program management mechanisms.	M
MPGIS and provincial administrations do not value/utilise adviser support resulting in under-utilization of program support capability	Identify SIG expectations and manage as needed. Capacity development programs are adjusted to ensure harmonization with counterpart expectations. Effective communication/consultation with counterparts of adviser activity. Rigorous adviser selection to ensure appropriate levels of cultural awareness and necessary skills transfer, communication and mentoring skills. adviser performance appraisals conducted and feedback implemented. Monitoring of MPGIS and PGs to ensure ongoing support for PGSP.	M

Potential risks /consequences	Risk Mitigation Measures	Risk Rating
Pressure by SIG to extend PGSP mandate post-commencement resulting in loss of support and ownership by SIG if not accommodated or, if accommodated, PGSP impact becomes too diffuse.	Clearly agreed strategic focus from the outset. Stakeholder expectations managed by donors and Advisers. Monitoring mechanisms particularly the 6-monthly review process provides for systematic consideration of changes to focus. Sound governance and program management rigour applied.	M
Inability to identify provincial advisers with the necessary range of skills.	If initial recruitment exercise fails to identify the appropriate skill mix, the position descriptions will be reviewed and consideration will be given to meeting identified skills gaps in selected advisers through use of supplementary targeted capacity building for advisers.	M
High staff turnover of key staff at both national and provincial government level.	Work with MPIS and PG to ensure that a clear career structure is in place and that adequate professional development opportunities are offered to maximize staff retention. Provide assistance to both MPGIS and PG through the CTA in ensuring that vacant positions are filled in a timely manner.	H
Adviser performance inadequate resulting in inadequate capacity development of SIG counterparts and loss of support for PGSP.	Rigorous adviser selection processes applied. Rigorous monitoring of adviser performance against agreed workplans with formal progress and performance reviews conducted. Regular meetings of all Advisers to ensure role clarity, discuss program progress, review operational environment and maintain a deep understanding of program delivery philosophies and implementation strategies. Prompt action to rectify adviser skill and behavioral deficits when identified.	M
Advisers co-opted by political rather than public administration issues resulting in a failure to deliver against PGSP good governance objectives. PGSP neutrality may be compromised in eyes of provincial communities.	Clearly articulated adviser terms of reference and tasking. Thorough briefing of Advisers upon mobilisation. Rigorous monitoring of adviser performance against agreed workplans. Regular meetings of all Advisers to discuss program progress and review operational environment.	M
Failure to deliver against PGSP commitments on time and budget.	Maintain close liaison and dialogue with key stakeholders and donor partners on the project's progress, achievements as well as challenges. Primary emphasis should be on improving service delivery at a provincial level and achieving quality outcomes.	M

Potential risks /consequences	Risk Mitigation Measures	Risk Rating
Failure to gain necessary budgetary support from donor partners in a timely manner resulting in the smooth and timely implementation of PGSP activities.	Maintain high level communication with donor partners. Clearly articulate budget expenditure summary with indicative timeframe.	M
SIG pressure to redirect resources from Provinces that are managing effectively resulting in a lack of commitment and interest in PGSP from PGs. PGs become frustrated with central government and program.	Monitor environment; high level representation with SIG through Joint Oversight Committee and donor forums Ensure philosophy of PCDF incentives is owned by MPGIS. Regular communication to reinforce program philosophy by PGSP to provincial stakeholders.	N
Changes in key positions within MPGIS and PGs result in a degrading of understanding of PGSP resulting in loss of support for PGSP.	Clear Purpose, Goal and outcome statements included in PGSP design. Ongoing efforts to ensure a deep understanding and acceptance of the Program as designed as key staff change over time Strategic and focused monitoring and review of progress against agreed workplans allowing regular feedback on progress to stakeholders to maintain commitment to the Program.	N
Program focused on MPGIS capacity building in the centre at the expense of provinces resulting in program being compromised in the eyes of provincial communities and not achieving program objectives.	Clear Purpose, Goal and Outcome statements included in PGSP design. Thorough briefing of central Advisers on mobilization. Ensure proactive engagement of central Advisers with Provincial Advisers PGSP performance indicators focused on monitoring activity results in the provinces.	N
Lack of harmonisation between participating donor policy and/or PGSP management processes resulting in a lacks clarity of purpose and/or an inability to function effectively due to a disjunction of donor requirements. Undermines adviser focus.	Regular and cooperative contacts maintained between donors particularly through the donor forum. Regular communication between PGSP and provinces. Comprehensive briefing and pastoral care provided to advisers. Ensure short-term TA requests are mobilised promptly and coordinated with relevant donor stakeholders.	N

Rating: H (High); S (Substantial); M (Modest); N (Low or Negligible)

8.2. The sustainability strategy of the PGSP has two dimensions: (a) institutional; and (b) financial. The institutional dimension is founded on the decision to work with and through the statutory and regulatory systems and procedures of the Provincial Governments rather than through parallel and temporary 'projectised' systems and procedures. The approach to building development in PEM will be one of 'learning-by-doing' and sustainable changes in practices and attitudes will be developed gradually over repeated annual cycles. The approach for providing technical cooperation is a small team of project personnel who will be phased out over the life of the project and as capacities within institutions are developed.

8.3. Financial sustainability will be addressed by reviewing and further developing SIG's own financing and reporting procedures for provincial governments. In addition, the levels of funding of the PCDF have been developed so that they are also sustainable. Comprising approximately 1.5 per cent of the total national budget the PCDF represents a very modest and sustainable budget supplementation when compared with other international practice of ratios of sub-national fiscal transfers to national budgets. Furthermore, of the PCDF funding of SBD 10.8 million per year, 50 per cent will be funded by the SIG, which suggests there is a strong potential that the PCDF model will be sustainable in the long term.

8.4. Indicators will be developed in the M&E framework to monitor progress in achieving sustainability in these two programming dimensions which will be tracked during the regular monitoring processes.

9. ACCOUNTABILITY, MONITORING, EVALUATION AND REPORTING

9.1. The scope of the Monitoring and Evaluation system to be established will encompass the following elements. Firstly, it has to be instrumental to the capacity development of Provincial Governments in public expenditure management and allow the MPGIS to supervise their performance. The second function of the M&E system of PGSP will be to facilitate lessons from PGSP implementation, to be synthesized and fed into national/provincial policy discussions and debates. The final aspect is the fulfillment of reporting requirements on development partners' expenditures.

9.2. The PGSP will be subject to annual joint supervision missions, to be conducted by RAMSI, EU and UNCDF/UNDP, in close partnership with MPGIS. Such missions will review overall implementation progress and recommend adjustments in strategy or focus where needed. As a requirement of UNDP's monitoring and control system, Tripartite

Reviews will be conducted during these annual joint development partner missions. Annual assessments of the performance of Provincial Governments will be carried out by the MPGIS, based on a minimum set of indicators of both financial and developmental performance established in conjunction with the Ministry of Finance and Treasury, including those directly related to the administration of the PCDF

External Monitoring, Review and Evaluation

External monitoring review and evaluation activities will be comprised of the following:

- ***Baseline Study:*** A baseline study will be undertaken in the first year of implementation. The baseline study could also be followed up as part of the mid-term or final evaluations. Proposed topics for this baseline could include:
Assessment of existing PG structure, functions and capacities;
PG interactions and accountabilities with citizens;
Overall PG compliance and performance with mandated functions; and
Good governance, environment and transparency indicators.
- ***Independent technical backstopping review and monitoring:*** An independent team of experts with links either to regional academic institutions or regional/global networks of local governments will be contracted to accompany the implementation of the program and carry out bi-annual longitudinal monitoring, reviews and technical backstopping missions and throughout the life of the program. The ToRs will focus on documenting and assessing the impact of the PGSP on policy-making and administrative capacity of the participating provincial governments. Members of the team would be available to provide advice between missions and make recommendations on an ad hoc basis. The monitoring and review team will report at the end of each mission to the Joint Oversight Committee and one of these missions would be timed to allow for input into the PGSP annual workplan and budget process. Membership on this team can also be fielded from the UNDP Pacific Centre, AusAID and EU.
- ***PCDF:*** Annual assessments of the provincial governments' attainment of the minimum conditions of access to the PCDF will be undertaken each year by external teams of evaluators/auditors. This will be a crucial element for a transparent, effective functioning of PCDF, and will contribute to a comprehensive system of monitoring provincial governments' performance; and
- ***Mid-term evaluation:*** A mid term evaluation will be undertaken 24 months after project start-up. The evaluation will:
Assess overall project progress to date;
Evaluate the procedures for local level planning, programming, budgeting, and implementation extended by the PGSP to provincial governments;

- Evaluate the effectiveness of the PCDF as a pilot fiscal transfer system and as an incentive to improve performance of the provincial governments in revenue and expenditure management; and
Examine project management and institutional arrangements to ensure that they are adequate for and consistent with the attainment of expected PGSP results and the implementation of agreed project activities.
- **Final Evaluation:** A final evaluation of the PGSP will take place some months prior to the expected completion of the first stage of program. In order to secure a smooth transition to a second phase of the programme, it is envisioned that SIG and donor negotiations for this would take place during year four of PGSP implementation and if agreed, a design mission would take place in early 2012.
- 9.3. The PGSP M&E framework is set out in Table 3 which follows.

Table 3: Programme Monitoring Framework (PMF)

Expected Results (Outcomes & outputs)	Indicators (with baselines & indicative timeframe)	Means of Verification	Collection methods (with indicative time frame & frequency)	Responsibilities	Risks & assumptions
1.1 Provincial Govts "Own Functions" are clarified and expanded					
1.1.1 Administrative service functions are clarified and expanded	# Approved Administrative Orders and Instructions clarifying mandatory PG responsibilities issued	MPGIS records and PG reports	Quarterly & Annual report	UNDP/UNCDF	Failure of MPGIS and PGs to issue and approve Administrative orders and instructions
1.1.2 Local Development (LD) management functions are clarified and expanded	# Approved Administrative Orders and Instructions clarifying mandatory PG responsibilities have been issued. BD: not in place	MPGIS records and PG reports	Quarterly & Annual report	UNDP/UNCDF	
1.2 Provincial Govts "Agency Functions" are regulated and co-provision arrangements are developed					
1.2.1 Delegated Administrative services delivery functions are regulated and expanded	Approved Administrative Orders and Instructions regulating PG "agency functions" (Art.29 of Prov.Act) have been issued. BD: not in place	MPGIS records and PG reports	Quarterly & Annual report	UNDP/UNCDF	Failure of MPGIS and PG staff to issue and approve administrative orders and regulations
1.2.2 Delegated LD management functions are regulated and expanded	Approved Administrative Orders and Instructions regulating PG "agency functions" (Art. 29 of Prov. Act) have been issued. BD: not in place	MPGIS records and PG reports	Quarterly & Annual report	UNDP/UNCDF	
2.1 Domestic Resource flow to Provincial Govts is enhanced					
2.1.1 Fiscal transfers system is streamlined and developed	Provincial Service Grants for recurrent expenditures have been consolidated. BD: not in place	MPGIS records and PG reports. PGSP Progress report	Annually	UNDP/UNCDF	SIG pressures to redirect resources from Provinces to else where.
2.1.2 Own source revenue sources are enhanced	A plan to reform PG own revenue instruments has been approved. BD: not in place	PGSP Progress report	Annually	UNDP/UNCDF	National Government does not engage with an support PGs.
2.1.3 Revenue Sharing system is enhanced	Options for reform of the revenue sharing system identified and approved. BD: not in place	Approval of revised revenue sharing system. Comparative revenue data over 5 years	2010-2011	UNDP/UNCDF	Failure of National Government to regularize PCDF resources into the National budget
2.1.4 Intergovernmental Contract Financing arrangements are developed	# of agency agreements concluded and implemented. BD: not in place	Delegation agreement	2010-2011	UNDP/UNCDF	Resistance from line departments to form agency agreements with PGs.
2.2 External Resource flow to PGs is enhanced					
2.2.1 Fiscal Transfer (FT) supplements (Sub-national Budget support) are established	# of MOUs approved to establish PCDF between MoFT, MPGIS and PGs. BD: not in place	MOU	2009	UNDP/UNCDF	SIG pressures to redirect resources from Provinces that are managing effectively resulting in a lack of commitment and interest PGSP from PGs.
	Disbursements of PCDF to PGs. BD: not in place	PG Financial report	Annually	UNDP/UNCDF	
	A PCDF with approved guidelines is operational. BD: not in place	Relevant international and regional good practice	2010	UNDP/UNCDF	

Legend: BD = baseline data

Expected Results (Outcomes & outputs)	Indicators (with baselines & indicative timeframe)	Means of Verification	Collection methods (with indicative time frame & frequency)	Responsibilities	Risks & assumptions
2.2.2 Capacity Development Incentives (performance enhancement funds) are in place	Approval of Minimum conditions of access to PCDF . BD: not in place	Approval document	2008-2009	UNDP/UNCDF	Failure of National Government to regularize PCDF resources into the National budget
	Fiscal transfer formula established and incorporates performance indicators. BD: not in place	Approved fiscal transfer formula document	2008	UNDP/UNCDF	
2.2.3 Better performing PGs attract financing through the strengthened system	# of LD projects designed and implemented using improved PEM systems of PGs. BD: not in place	Project documents.PG report	2008	UNDP/UNCDF	
3.1 The Governance Capacity of Provincial Assemblies and Executives is enhanced					
3.1.1 The Provincial Institutions of Representative and Participatory Democracy are developed	# of Provincial Development Councils (PDC) established and meeting at regular intervals. BD: not in place	PG report	Annually	UNDP/UNCDF	Lack of absorptive capacity within MPGIS and provincial administrations.
	# of women as PDC members. BD: not in place	PDC documents	Annually	UNDP/UNCDF	
	# of people trained disaggregated by: course, date, number of male and female participants. BD: not in place	Training reports. Participant list		UNDP/UNCDF	Adequate number of staff is allocated, trained and continue to work.
	# of LD projects which consider gender equality. BD: not in place	Project documents	Annually	UNDP/UNCDF	
3.1.2 The capacity of Provincial Assemblies and Executives to formulate policies, legislation and regulations, to oversee the Prov. Admin. and monitor the PEM cycle is developed	Quality of ISD, NRM and LED initiatives of PGs is satisfactory and improving. BD: not in place	Survey	Annually	UNDP/UNCDF	
	# of people trained disaggregated by: course, date, number of male and female participants. BD: not in place	Training reports. participant list	Annually	UNDP/UNCDF	
3.2 The Local Development management capacity of the Provincial Government is enhanced					
3.2.1 Institutions are developed and capacity is built for Public Expenditure Management (PEM) by	An improved PEM cycle is implemented in all provinces. BD: not in place	Financial report	Annually	UNDP/UNCDF	Adequate number of staff allocated, trained and continue to work.
	Joint MPGIS/ MFT regulations of the provincial-level PEM cycle, are approved. BD: not in place	Approval documents	2008-2009	UNDP/UNCDF	

Expected Results (Outcomes & outputs)	Indicators (with baselines & indicative timeframe)	Means of Verification	Collection methods (with indicative time frame & frequency)	Responsibilities	Risks & assumptions
3.2.2 Institutions are developed and capacity is enhanced for PG revenue mobilization	% increase in own source share of PGs total revenues . BD: not in place	Financial report	Annually	UNDP/UNCDF	
3.2.3 Provincial Govts Capacity for Infrastructure and Service Delivery (ISD) is developed in key areas of responsibility	Quality of ISD management by PG is satisfactory and improving. BD: not in place	Survey	Annually	UNDP/UNCDF	
	# of SD agency agreements implemented. BD: not in place	Agreements	2008-2009	UNDP/UNCDF	
3.2.4 Provincial Govts Capacity for Natural Resource Management (NRM) is developed in key areas of responsibility	Quality of NRM initiatives by PG is satisfactory and improving. BD: not in place	Survey	Annually	UNDP/UNCDF	
3.2.5 Provincial Govts Capacity for promotion of Local Economic Development (LED) is developed	Quality of LED initiatives by PG is satisfactory and improving. BD: not in place	Survey	Annually	UNDP/UNCDF	
3.2.6 Effective Provincial Govt Organizations are developed	# core provincial positions vacant BD: not in place	PG report	Mid 2008	UNDP/UNCDF	NRM staff is allocated at PGs level
	% increase in Job Satisfaction (annual surveys) BD: not in place.	Survey	Annually	UNDP/UNCDF	Lack of officers in MPGIS
	An agreed plan for re-alignment of provincial structures has been developed and has started to be implemented by 2009 . BD: not in place	Agreement	2009	UNDP/UNCDF	
3.3 An effective system of Central support and supervision of PG is in place					
3.3.1 A system is in place to facilitate PG relations with central admin. agencies	# Communication protocols between MPGIS and PGs developed, agreed and disseminated. BD: not in place	Manual guideline	2009	UNDP/UNCDF	Lack of initiatives for coordination between MPGIS and PGs
	# annual activity plans of line ministries in the provinces are distributed to PGs. BD: not in place	Annual report	Annually	UNDP/UNCDF	
3.3.2 A system to provide technical and legal advisory services to PG is in place	An agreed plan for re-alignment of MPGIS has been developed and has started to be implemented. BD: not in place	Agreed plan	2009	UNDP/UNCDF	Program unable to recruit advisers with the required skills and behavioural qualities.
3.3.4 A system to exercise State controls on the legality of the acts of PG, is in place	% PG ordinances forwarded to MPGIS and subjected to legal scrutiny by appropriate authority (MFT, Attorney General). BD: not in place	Ordinances	2009	UNDP/UNCDF	MIS is easily understood by stakeholders.

Expected Results (Outcomes & outputs)	Indicators (with baselines & indicative timeframe)	Means of Verification	Collection methods (with indicative time frame & frequency)	Responsibilities	Risks & assumptions
<i>4.1 An effective M&E system of PGSP is in place</i>					
4.1.1 A system for policy direction for PGSP is in place	JOC is meeting at agreed intervals and addressing key policy and programme management issues in a coherent manner. BD: not in place	Minutes of JOC. Minutes of regular meetings.	Each meeting	UNDP/UNCDF	Regular meetings and JOC are held as planned with participation of key members.
4.1.2 M&E framework, indicators and plan developed and implemented	M&E plan developed, approved and implemented within first six months of project inception. BD: not in place	M&E framework	2008	UNDP/UNCDF	Adequate advisors for M&E framework development is recruited.
	TOR for longitudinal external monitoring, review and technical backstopping missions approved. BD: not in place	Approval document	2008	UNDP/UNCDF	
	Annual work plans and budgets developed, approved and implemented. BD: not in place	Annual work plans and budget documents	Annually	UNDP/UNCDF	
	Project M&E conducted according to plan, and requirements of the project document. BD: not in place	M&E reports	Quarterly & Annually	UNDP/UNCDF	
	# of people trained in M&E methods disaggregated by: course, date, number of male and female participants. BD: not in place	Training reports and participant list		UNDP/UNCDF	
4.1.3 Institutional assessment, capacity building and logistic support to the MDPAC	Report from institutional assessment completed	Institutional assessment report	2009	UNDP/UNCDF	MDPAC continue to have development planning and coordination function.
	MDPAC capacity built				
	Logistic support provided. BD: not in place.	PG report on capacity building and logistic support activities completed			MDPAC and MPGIS keep good coordination for sharing information.
BD = Baseline data and to be developed by baseline study in 2008					

10.EX ANTE ASSESSMENT OF CROSS-CUTTING ISSUES

Peace and conflict

10.1. The Solomon Islands is emerging from a six year period of intermittent violent conflict and unrest, known as 'the ethnic tensions', which cost hundreds of lives and displaced thousands of people. Multiple causes have been identified, many of which relate to the political, economic and social marginalization of communities in the provinces, asymmetrical access to economic resources and opportunities, and resentment of a development culture seen to be 'Honiara-centric'.

10.2. Since the ethnic tensions, the Solomon Islands Government and many development partners have realized that territorial inequalities in the distribution of development and resources have contributed to the scope and depth of the conflict.

10.3. While peace building is not a primary objective of PGSP, strengthening the ability of provincial administrations to fulfill their mandated functions and thus increasing opportunities and access to services at a provincial level can therefore make an important contribution to restoring relationships between the centre and periphery as well as forge an increased sense of national unity.

Gender

10.4. Women are very poorly represented in the Solomon Islands Government at both political and administrative levels. Only one woman has been elected to the Solomon Islands parliament since independence was achieved in 1978, and women are poorly represented in senior roles in the public service. In the public service more generally, women represent little more than 30 per cent of the workforce.

10.5. While there are no formal legal barriers to improving women's involvement in decision making processes, there is a strong cultural resistance to women assuming leadership roles, which is often couched in terms of tradition, Christian principles and gendered assumptions about leadership. This unbalance is likely to result in poor public policy outcomes, both for women, and more generally.

10.6. While the design of PGSP is not explicitly focused on gender issues, there are a number of areas where it will work to address gender balance issues:

- ***Human Resources Management:*** PGSP will work with the RAMSI supported 'Public Service Improvement Program and 'Strategy for Advancing the Position of Women in Government,' on strengthening support for women in provincial governance and administration, in areas such as: developing a gender audit of the public service,

- including employment legislation and the general orders; participating in a gender analysis of public service conditions, including pay structures, anti-discrimination processes, and family friendly arrangements; analyzing and developing the skills required for effective human resources management at a provincial level, including from a gender perspective; developing or embedding sexual discrimination and harassment policies and procedures, including complaints procedures and structures; and reviewing barriers or impediments to women's employment and promotion and devising solutions. Data collected on Human Resources Management aspects of the project will be disaggregated by gender, and analyzed as part of a process of appropriately monitoring and managing gender issues;
- **Provincial level consultative processes:** PGSP will work to ensure that public consultations conducted by provincial governments are gender sensitive and that the participation of women in provincial consultations is maximized. To ensure women's issues are considered at a national level, the Permanent Secretary for the Ministry for Women, Youth and Children's Affairs has been included as a member of the Joint Oversight Committee for the project;
 - **Women's representation in provincial assemblies:** PGSP will support provincial women with leadership potential to participate in training programs focused on assisting women to better understand constitutional and legal frameworks, the role of elected leaders, political parties and political campaigning. It is proposed that this program will be implemented by UNIFEM, in collaboration with the UNDP/RAMSI funded Parliamentary Strengthening Project;
 - **Support for provincial assemblies:** PGSP will work with provincial assemblies to improve their capacity for policy development and analysis, representation, and oversight. This will include an emphasis on ensuring that provincial members receive a balanced picture of public policy issues, and are aware of the impact of different public policy options, including on women.

11.LEGAL CONTEXT OR BASIS OF RELATIONSHIP

11.1. This document together with the Country Programme Action Plan signed by the Government and UNDP which is incorporated by reference constitute together a Project Document as referred to in the in Article 1 of the Standard Basic Assistance Agreement between the Government of the Solomon Islands and the United Nations Development Programme, signed by the parties on 4 April 1986, and all CPAP provisions apply to this document.

11.2. Consistent with the Article III of the Standard Basic Assistance Agreement, the responsibility for the safety and security of the implementing partner and its personnel and property, and of UNDP's property in the implementing partner's custody, rests with the implementing partner. The implementing partner shall:

- put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried; and
- assume all risks and liabilities related to the implementing partner's security, and the full implementation of the security plan.

11.3. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of this agreement.

11.4. The implementing partner agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

11.5. The following types of revisions may be made to this project document, with the signature of the UNDP Resident Representative only, provided he or she is assured that the other signatories of the project document have no objections to the proposed changes:

- Revision in, or addition of, any of the annexes of the project document;
- Revision which does not involve significant changes in the immediate objectives, outputs or activities of the project, but are caused by the rearrangements of inputs already agreed to or by cost increases due to inflation, and;
- Mandatory revisions that re-phase the delivery of project inputs or increased experts or other costs due to inflation or take into account expenditure flexibility.

12. ANNEX A 2008 ANNUAL WORKPLAN AND PGSP

Workplan for PGSP From April/May 2008

Annual Targets	Activities	Timeframe				UN Agency	Responsible Party		
		Q1	Q2	Q3	Q4			Budget Description	Amount
JP Output 1 The responsibilities of PGs are clarified and expanded									142,766
1.1.1 Administrative service functions are clarified and expanded	PG assessment re functional assignments				X	UNCDF	UNCDF/MPGIS	International consultant, travel.	61,968
	Review international / regional good practices				X	UNCDF	UNCDF/MPGIS		
	Workshop to validate the local relevance of international /regional good practices				X	UNDP	UNDP/MPGIS	Workshops	15,350
	Draft administrative orders and Instructions on devolution of selected administrative services delivery				X	UNDP	UNDP/MPGIS	(venue hire, travel, materials).	
					X	UNDP	UNDP/MPGIS	Legal Consult. Travel	45,448
				X	X	UNDP	UNDP/MPGIS	Misc.	20,000
1.1.2 Local Development (LD) management functions are clarified and expanded		MOVE TO 2009							
JP Output 2 Resources of PGs are commensurate to their responsibilities									944,652
2.1.1 Fiscal transfers system is streamlined and developed	Assess the design and management of the Provincial Service Grants (8 instruments) and recommend their reform				X	UNCDF	UNCDF/MPGIS	International consultant, travel.	51,652
	Review international-regional good practices				X				
	Workshop to validate local relevance of above				X	UNDP	UNDP/MPGIS	Workshops, (venue hire, travel, materials) misc	40,000
2.2.1 Fiscal Transfer (FT) supplements (Sub-national Budget support) are established	Set up and operate a PCDF to pilot key elements of external budget support to PG			X	X	UNCDF	UNCDF/MPGIS	International consultant, travel.	25,000
	Annual assessment of PGs compliance to MC for access to PCDF (under the PA)		X			UNDP	UNDP/MPGIS	Local consultants, travel	20,000
	Establish the Provincial Fiscal Grant Coordination Committee (as sub committee of the JOC)			X		UNCDF	UNCDF/MPGIS		25,000
						UNCDF	UNCDF/MPGIS		500,000
	Disperse PCDF grants			X	X	UNCDF	UNCDF/MPGIS		278,000
2.2.2 Capacity Development Incentives (performance enhancement funds) are in place	Operate PCDF based on minimum conditions of access and performance measures to provide incentives to PGs for the adoption of good PEM practices			X	X	UNDP	UNDP/MPGIS	Workshop, travel	5,000

Annual Targets	Activities	Timeframe				UN Agency	Responsible Party			
		Q1	Q2	Q3	Q4			Budget Description	Amount	
JP Output 3 The Local Development Capacity of the PG is developed									750,000	
3.1.1 The Provincial Institutions of Representative and Participatory Democracy are developed	Prepare standing orders for Provincial Accounts Committees to include planning to their budgeting functions			X	X	UNCDF	UNCDF/MPGIS	International consultant, travel.	37,000	
	Set up, strengthen and train Accounts Committees of the Provincial Assemblies			X	X	UNCDF	UNCDF/MPGIS	Contractual services for training	25,000	
	Establish and train Provincial Development Councils for participatory development of provincial plans and budgets			X	X	AS ABOVE				
	Carry out a feasibility study for the establishment of sub-provincial governance structures in larger provinces			X	X	AS ABOVE				
3.1.2 The capacity of Provincial Assemblies and Executives to formulate policies, legislation and regulations and to oversee the Prov. Admin. is developed	Design and implement induction courses and basic training programs for Assembly Members, Executives and clerks				X	UNDP	UNDP/MPGIS	Contractual services for training	35,000	
	Organise attachments for speakers and clerks with the National Assembly					UNDP	UNDP/MPGIS	International consultant, travel.	20,000	
3.2.1 Institutions are developed and capacity is built for Public Expenditure Management (PEM) by Provincial Govts	Develop procedures for investment programming, annual budgeting, implementation and procurement, assets management, accounting and financial reporting, internal controls and M&E					UNCDF	UNCDF/MPGIS	International consultant, travel.	30,000	
	Based on the PEM material developed above, prepare user-friendly materials /modules for trainers and participants					UNCDF	UNCDF/UNDP/MPGIS	International consultant, travel.	43,000	
	Extend PEM procedures to all provinces									
	Recruit and post 6 provincial Advisors to assist in extending the improved PEM cycle						UNCDF	UNCDF/MPGIS	Recruit 9 Int. UNV provincial advisors (7mths)	450,000
							UNCDF	UNDP/MPGIS	Travel, logistics, training	50,000
						UNDP	UNDP/MPGIS	Recruit 9 national provincial advisors (7 mths)	60,000	
3.2.3 Provincial Govts Capacity for Infrastructure and Service Delivery (ISD) is developed in key areas of responsibility	Promote accountabilities between PGs and their citizens, eg public information of PEM milestones - budgets, fiscal transfers, plans/priorities, local revenues; sign boards at project site; mechanisms for receiving and processing complaints on PG performance.							CTA/provincial advisors		
	Review current modalities for SD in the Health/WSS, Education, Agriculture and Rural Infrastructure sectors and assess options for PG-community-private partnerships							CTA/provincial advisors		

Annual Targets	Activities	Timeframe				UN Agency	Responsible Party	Budget Description	Amount
		Q1	Q2	Q3	Q4				1,262,900
3.2.6 Effective Provincial Govt Organizations are developed	Revise and update JD, recruit and retain key core provincial staff (PS, Treasurer, Planner), and ensure annual performance appraisals					UNDP	UNDP/MPGIS	Procure MOSS compliance equipment for 9 provinces	50,000
						UNDP	UNDP/MPGIS	Procure equipment, 2 vehicles for	60,000
	Develop and start implementing a comprehensive training program for provincial administration staff focusing on basic administrative functions					UNDP	UNDP/MPGIS	Communication costs for provinces (eg phone, internet, travel)	50,000
						UNDP	UNDP/MPGIS	Start facilities upgrade in provinces	50,000
	Develop and start implementing a comprehensive training					UNCDF	UNDP/MPGIS	International consultant, travel.	20,000
						UNCDF	UNCDF/MPGIS	Contractual services for training	25,000
	Design and carry out appropriate communications activities to ensure that PGSP support to PG systems is recognised and understood.					UNCDF	UNCDF/MPGIS	International consultant, travel.	22,000
						UNDP	UNDP/MPGIS	National Communications Officer	6,000
						UNDP	UNDP/MPGIS	Publication, communication and advocacy	100,000
3.3.2 A system to provide technical and legal advisory services to PG is in place	Recruit and post in MPGIS a core group of technical advisors and administrative support including (i) CTA (ii) HR Advisor, (iii) Local Financial Management Advisors and (iv) Institutional Strengthening Advisor (ISA), (v) Legal Advisor, the staff of the Management Services Unit of PGSP and other consultants to provide TA to PG, develop training materials and coordinate the implementation of training programs					UNCDF	UNCDF/MPGIS	Recruit CTA (ALD)	135,000
						UNCDF	UNCDF/MPGIS	Recruit ISA (ALD)	110,000
						UNCDF	UNCDF/MPGIS	Recruit LFA (ALD)	110,000
						UNCDF	UNCDF/MPGIS	Recruit HR advisor (SSA 50 days)	32,500
						UNCDF	UNCDF/MPGIS	HR advisor travel	14,000
						UNDP	UNDP/MPGIS	Recruit procurement asst (MSU)	6,880
						UNDP	UNDP/MPGIS	Recruit MSU Manager (ALD)	90,000
						UNDP	UNDP/MPGIS	Recruit Finance Ass X 2 (MSU)	13,760
						UNDP	UNDP/MPGIS	Recruit PGSP PA (MPGIS)	6,880
						UNDP	UNDP/MPGIS	Recruit IT Asst.	6,880
						UNDP	UNDP/MPGIS	Recruit 2 drivers	8,000
						UNDP	UNDP/MPGIS	Travel, logistics, accommodation	15,000
						UNDP	UNDP/MPGIS	Office, communication equipment MPGIS	50,000
						UNDP	UNDP/MPGIS	Office upgrade PGSP	80,000
						UNDP	UNDP/MPGIS	Procure 2 vehicles (PGSP)	60,000
						UNDP	UNDP/MPGIS	Office supplies	14,000
						UNDP	UNDP/MPGIS	IT support (local contract)	10,000
	Carry out an institutional assessment of the MPGIS.							HR advisor and CTA	
	Establish the Provincial Government Division (PGD) in the MPGIS, review JD and assign Director and regional Desk Officers							HR advisor and CTA	
3.3.3 A system to monitor the PG performance is in place	Design, develop and install in MPGIS a MIS to monitor PGs performance with respect to (i) the PEM cycle and (ii) the allocation and utilization of the PCDF resources					UNCDF	UNCDF/MPGIS	International consultant, travel.	45,000
						UNCDF	UNCDF/MPGIS	Local contract	50,000
	Assist the MPGIS and MFT to jointly develop, monitor and publish, key indicators of financial performance of PGs.							CTA/provincial advisors, local finance advisor	
3.3.4 A system to exercise State controls on the legality of the acts of PG, is in place	Review current legal framework, assess options and recommend a system for more effective controls of the legality of the acts of PG					UNCDF	UNCDF/MPGIS	International consultant, travel.	22,000

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Annual Targets	Activities	Timeframe				UN Agency	Responsible Party		
		Q1	Q2	Q3	Q4			Budget Description	Amount
JP Output 4 PGSP Monitoring and Evaluation									407,000
4.1.1 A system for policy direction for PGSP is in place	PGSP Joint Oversight Committee of SIG is establisied and meets every 6 months					UNDP	UNDP/MPGIS	Travel, hospitality, accommodation, venue	10,000
	PGSP Donors Working Group is in place and meets regularly					UNDP	UNDP/MPGIS	Hospitality	2,000
4.1.2 M&E framework, indicators and plan developed and impelmented	Finalise indicators and develop M&E framework and plan for PGSP					UNDP	UNDP/MPGIS	International consultant, travel.	45,000
	Baseline study					UNDP	UNDP/MPGIS	Contractual Consulting Services	150,000
	Longitudinal external monitoring and review and technical backstopping missions (with the MDPAC)					UNDP	UNDP/MPGIS	Contractual Consulting Services	100,000
	Longitudinal external monitoring and review and technical backstopping missions (with the MDPAC)					UNCDF	UNCDF/MPGIS		
4.1.3 Insitutional assessment, capacity building and logistic support ot the MDPAC	Institutional Asseessment					UNDP	UNDP/MPGIS	International consultant, travel.	55,000
						UNDP	UNDP/MPGIS	Workshops	20,000
						UNDP	UNDP/MPGIS	Equipment procured	25,000
2008 TOTAL									3,507,318

ANNEX 1. PGSP DETAILED DESCRIPTION