



National Economic & Fiscal Commission

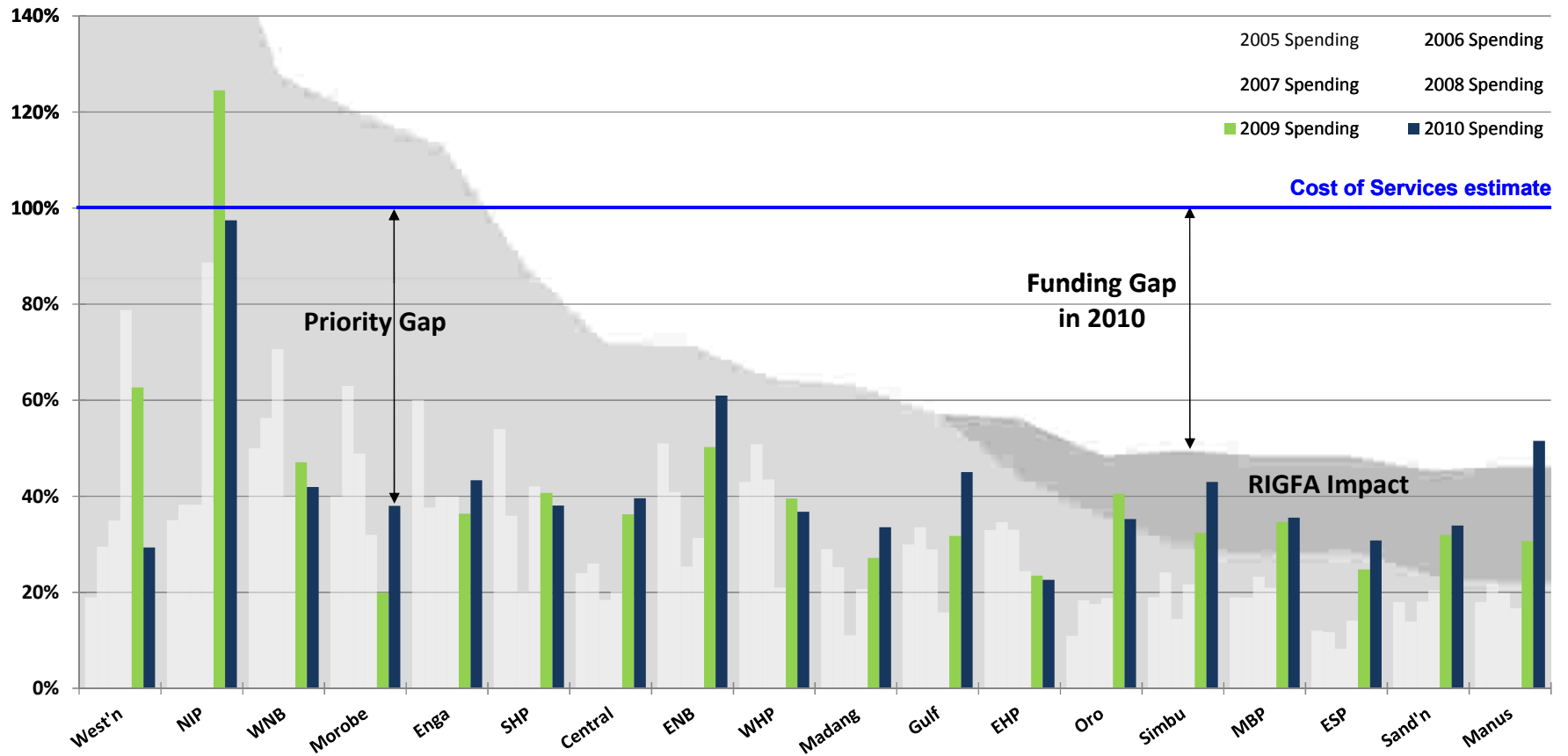


Intergovernmental Financing Reforms

Progress and Issues

Chairman: Nao Badu

Intergovernmental Financing Reforms



Overview of Total Function Grants 2012

Grant Types	Total Goods and Services Grant (Kina)		
	2012 Appropriation.	Funds released	
		Warrants Released (Year to Date)	% released
Administration Grant	10,667,500	6,319,917	59%
Health Function Grant	64,353,800	37,494,305	58%
Education Function Grant	59,462,800	35,855,175	60%
Other Service Delivery Grant	23,183,200	13,722,297	59%
Transport & Infrastructure Function Grant	79,427,100	48,219,237	61%
Primary Production Grant	20,573,300	12,416,725	60%
Village Court Function Grant	3,566,700	2,081,750	58%
Village Court Allowances	7,136,600	4,445,284	62%
Rural LLG & Urban LLG Grants	50,398,600	34,376,092	68%
Total Goods and Services Grant	318,769,600	194,930,782	61%

Status of Function Grants, by Province

Provincial Governments	Total Goods and Services Grant (Kina)		
	(2012 Appropriation	Funds Released	
		Warrants Released (Year to Date)	% released
Western	6,465,900	4,443,250	69%
Gulf	14,273,100	9,943,400	70%
Central	15,641,100	11,261,400	72%
NCD (*)	3,913,400	2,690,483	69%
Milne Bay	22,017,400	12,700,600	58%
Oro	13,114,600	9,693,650	74%
Southern Highlands	19,746,300	12,454,000	63%
Enga	14,128,900	10,220,550	72%
Western Highlands	23,335,100	14,652,900	63%
Simbu	19,009,300	12,662,800	67%
Eastern Highlands	25,189,600	17,077,000	68%
Morobe	14,335,500	9,855,709	69%
Madang	26,219,200	11,405,553	44%
East Sepik	33,686,500	14,735,861	44%
Sandaun	21,565,900	9,423,235	44%
Manus	10,774,600	7,404,849	69%
New Ireland	3,786,400	2,603,242	69%
East New Britain	16,276,400	11,190,150	69%
West New Britain	15,290,400	10,512,150	69%
Bougainville	0	0	0%
Total	318,769,600	194,930,782	61%

Key Issues – Budget Implementation

- ✓ late releases of warrants/cash
- ✓ issues with rollovers of function grants
- ✓ poor capacity
- ✓ non prioritization of goods and services spending
- ✓ late submissions of provincial budgets
- ✓ poor accountability of districts and LLG expenditures

Evidence of Reforms Working

- All provinces have received increases in their grants (2008-2012)
 - ✓ More money transferred as grants to provinces
 - ✓ Provincial Function Grants increased from K84m (2008) to K261m (2012)
 - ✓ Grants as a greater share of the national pie
 - ✓ Proportion of grants to recurrent has increased (2.04% in 2008 to 3.84% in 2012)
 - ✓ More money to poorer provinces
 - ✓ Increased funding for priority areas
- Evidence of improved provincial performance
 - ✓ Improved budgeting, implementation and reporting
 - ✓ Provincial prioritization of minimum priority activities
 - ✓ Greater compliance with financial management principles

Ongoing Reforms

- Priority gap
 - Funding gap
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- Rollovers
- Chart of Accounts
- Late release of warrants

Thank you