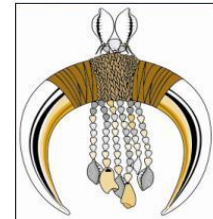




NATIONAL ECONOMIC & FISCAL COMMISSION



NEFC's Roles and Functions

DNPM IN PARTNERSHIP WITH STAKEHOLDERS &
DEVELOPMENT PARTNERS WORKSHOP

*Rollout of the National Strategy for Sustainable Responsible
Development*

Theme: Effective policy implementation through strategic partnerships

Outline

- NEFC's mandate and its main function in the Intergovernmental Financing system
- Linking NEFC's roles and responsibilities in support to the Government National Policies
- Challenges currently faced
- Highlight the other activities that NEFC does; e.g. monitoring system of the agency

NEFC's mandate and main function

- The National Economic & Fiscal Commission (NEFC) is a constitutional office where its roles and functions are spelt out in section 187H of the Constitution and section 117 of the Organic Law on Provincial & LLG.
- NEFC's mandate is to provide independent advice on inter-governmental financing.
- The *Intergovernmental Relations (Functions and Funding) Act 2009* provides the NEFC with specific responsibilities in which the most vital responsibility of the Commission is to provide advice to the Treasurer on the amount of funding that Provincial and Local Level Governments should receive for recurrent non-salary grants

Linking NEFC's roles and responsibilities in support to the Government National Policies

- The PNG Planning & Monitoring Responsibility Act 2016 establishes three national frameworks;
 1. National Planning Framework
 2. National Service Delivery Framework (establish minimum basic core service requirements for all levels of govt. & introduce a SD center network)
 3. Monitoring and Evaluation Framework
- How does NEFC's roles contribute to the frameworks especially the National Service Delivery & Monitoring and Evaluation at the sub-national levels?

Linking NEFC's roles and responsibilities in support to the Government National Policies

Which part of service delivery does NEFC focus on?

The building, rehabilitation and major repairs of the health clinic is **development or capital cost**

The health worker salary and leave fares are **staffing costs and leave fare grant**

The gas, fuel, medical supplies, training, refrigerator and building maintenance, TA etc is **recurrent goods and services cost**



Linking NEFC's roles and responsibilities in support to the Government National Policies

Sixteen critical policy and Program areas under MTDP 2

1	Planning & Monitoring
2	Resourcing /Financing
3	Implementation and Procurement
4	Priority Infrastructure
5	Education
6	Health
7	Law & Order
8	Land and Housing
9	Small and Medium Enterprises
10	Agriculture
11	Subnational Empowerment
12	Public Sector Reform
13	State Owned Enterprises Reform
14	PNG LNG & SWF
15	Legislative Agenda
16	Strategic Assets

Determines funding through the Functional and LLG Grants:

Inline with National Service Delivery Framework, these Funding targets Sectoral Areas and Activities identified in Governor General Function Assignment Determination

1 Affordability

An affordable system can be sustained, it offers all parties certainty, and will be less vulnerable to economic fluctuations.

2: Functional Responsibility

Understanding 'who does what' is of absolute importance.

When we know where responsibility lies, we can then direct resources and develop accountability mechanisms.

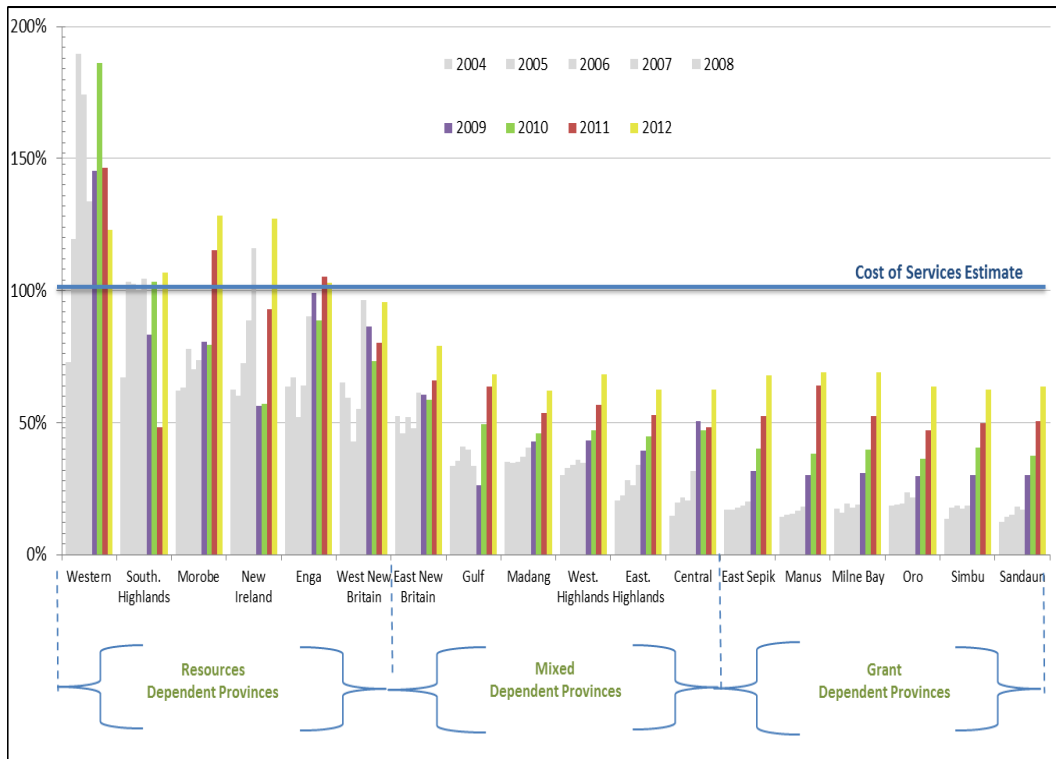
3: Funding follows Function

For the service delivery system to work, each level, needs to have access to an appropriate amount of revenue.

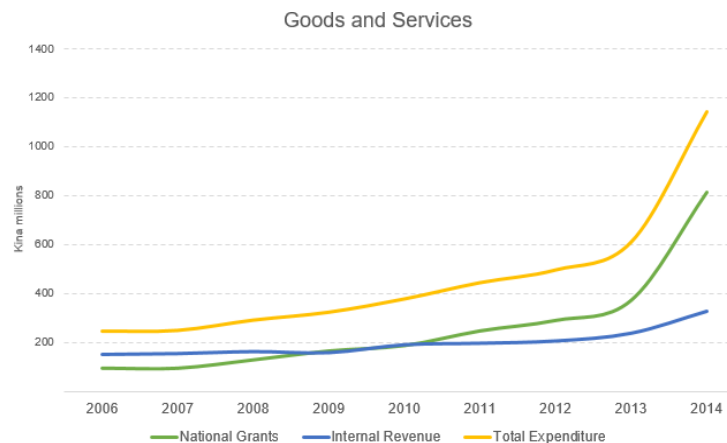
4: Effective Monitoring & Reporting System

Linking NEFC's roles and responsibilities in support to the Government National Policies

Impact of Fiscal Arrangements over the years



Funding here is strategically located because of resource limitation



Allocating Resources Equitably and Strategically enables an increasing funding for programs and activities

Linking NEFC's roles and responsibilities in support to the Government National Policies

- *Under the legislation, the intergovernmental financing system requires that monitoring and reporting of the expenditure on the different types of grants, including service delivery function grants take place.*
 - The normal process for this to happen is through Department of Treasury's quarterly budget reviews.
 - Further details and clarification on monitoring and reporting responsibilities have been covered in the Budget and Expenditure Instructions issued by the Secretary for Treasury.
 - Among many other considerations, the Instructions also spell out the possible sanctions that can be imposed in the event that grants are not used as originally intended.

Challenges

Each province, district or LLG faces unique challenges in providing service delivery

- Need for a proper Regular and Quality Reporting, analysis and proper feedback at subnational level
- Clearly establish who is responsible for what to avoid duplication and confusion
- Unavailability of Data
- Resource Constraints – late funding releases

Achieving the Objective

The development of StaRS , MTDP 2, Planning and Monitoring Responsibility Act 2016 which establishes the frameworks;

- Provide holistic approach and guidance for subnational levels in planning, budgeting and expenditure. Including effective Monitoring and Reporting
- Assist national agencies, development partners in measuring performances and progress
- Puts us on paths to achieve principles set out by the StaRS

NEFC's major work activities that supports both National and Sub-nationals levels contributing to a better service delivery in PNG;

- Fiscal Report
- Revenue Report
- Cost of Services Study
- Annual Provincial Expenditure Review
- Warrant Releases Information
- Regional Workshop
- Provincial Budget Model
- Quality Budget Analysis

New Activities

- Cost of Services Study Review
- Provincial Expenditure and Scorecard-rating review
- Review of Minimum Priority Activities
- District Expenditure Review
- Personal Emoluments Costing
- City Authorities

Thank you

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