

**REGIONAL ASSISTANCE MISSION
TO SOLOMON ISLANDS (RAMSI)**

**ANNUAL PERFORMANCE REPORT
2005/2006**

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i.

Acronyms/Abbreviations

AcG	Accountant General
AusAID	The Australian Agency for International Development
CSU	Case Support Unit
DoFT	Department of Finance and Treasury
DFAT	Australia Department of Foreign Affairs and Trade
DPP	Director of Public Prosecutions
EcoGov	Economic Governance Program, RAMSI
ERU	Economic Reform Unit
FI	Finance Instructions
FMIP	Financial Management Improvement Program
FMRG	Financial Management Reform Group
FMSP	Financial Management Strengthening Project
IPAM	Institute of Public Administration and Management
IRD	Inland Revenue Division
JSCC	Justice Sector Coordination Committee
L&JS	Law and Justice Sector
MOG	Machinery of Government
NZAID	New Zealand Agency for International Development
OAG	Office of the Attorney General
ODPP	Office of the Director of Public Prosecutions
PAAT	Performance Assessment Advisory Team
PAWG	Performance Assessment Working Group
PFAA	Public Finance & Audit Act 1978
PFTAC	Pacific Financial Technical Assistance Centre
PIC	Pacific Island Countries
PVs	Payment Vouchers
PPF	Participating Police Forces
PSU	Prosecutions Support Unit
PSO	Public Solicitors Office
RAMSI	Regional Assistance Mission to the Solomon Islands
RSIP	Royal Solomon Island Police (since renamed the Solomon Islands Police Force)
SG	Solicitor General
SIG	Solomon Islands Government
SIPS	Solomon Islands Prison Service
SOEs	State Owned Enterprises

ii.

Executive Summary

Overview: The Regional Assistance Mission to Solomon Islands (RAMSI) is an integrated state building initiative concentrating on security, law and justice, economic governance, and improving the machinery of government. Initial deployment was in 2003 at the Solomon Islands Government's (SIG) request. Progress in overcoming the immediate hurdles has been significant, but the Solomon Islands remains a very vulnerable nation. The SIG, in partnership with RAMSI, needs to overcome major structural and institutional impediments in governance. This report outlines the progress made by RAMSI against the goals originally set for its assistance and the challenges still to be overcome.

Measuring progress in such a complex initiative as RAMSI is extremely challenging. Although the overarching objectives are clear, the definition of objectives at the operational level had to go hand in hand in the early years with the operations themselves; defining and agreeing on appropriate performance measures took further time. The RAMSI Performance Framework (hereafter the "Framework") against which this report measures progress was developed by mid-2005 and was an attempt to consolidate and add to performance arrangements for individual program pillars, to draw together a statement of the progress that could be measured, supplementing it with provision for analytical review, a cross-RAMSI investigation of capacity building, and a broad-based survey of Solomon Islanders views (the "People's Survey"). The result was a mixture of short term and long term (or "lead" and "lag") indicators.

RAMSI engaged CAMRIS International, a US-based consulting firm, to assess RAMSI's performance against its own Framework and to produce the RAMSI Annual Performance Report for 2005/2006. CAMRIS mobilised a Performance Assessment Advisory Team (PAAT) to conduct the annual review, which updates a Baseline Assessment completed in November 2005. The November 2005 study revealed gaps in the available data, some of which remain evident in this annual review. One difficulty in attempting an inaugural pilot performance review against the Framework is that assessment of the past year is overlaid with the achievements of the program since its inception in 2003 and that it can be difficult to draw firm conclusions at this stage from a disparate set of indicators, some of which are subject to poor data quality. In this report the PAAT concludes that the Performance Framework was a good start, and makes recommendations for consideration by the SIG and RAMSI for improvement of the Framework and practical adoption as a relevant management tool for future years.

On the basis of the evidence collected from the various instruments it is possible to say that RAMSI, working in partnership with the SIG, is making substantial progress in fulfilling its mandate across the main fields of activity.

Significant results recorded by RAMSI-wide objectives over the past year include:

1. Security, peace and order. Apart from the severe disturbances in Honiara in April 2006 there were no major security incidents recorded. By and large communities are gun free and safe. RAMSI accomplished this through two major achievements: 1) stimulating a functioning Royal Solomon Islands Police force (RSIP), which is increasing in competence; and 2) strengthening the criminal and civil justice system, ranging from the officers on the beat to the judges on the bench. These were important steps forward in restoring to Solomon Islanders security and confidence in the rule of law.

Overall, the People's Survey pilot results should be encouraging to the SIG and RAMSI. A majority of respondents in the limited pilot believed that law and order had improved in the last year. Questions about police attitudes and effectiveness elicited mixed responses, but will be a valuable reference that can be explored and elaborated as future People's Surveys are conducted on a representative national scale (nevertheless, the time lag between effective RAMSI support for the RSIP and measurable changes in capacity and perceptions of the RSIP is likely to be significant). Most significantly, RAMSI's positive impact on peace is reflected by the opinion of sixty-five per cent of respondents that widespread violence would definitely return if RAMSI were to depart soon.

Over the past year, increased Solomon Islands capacity and ability to resume key functions was demonstrated by the appointment of Solomon Islanders as Director of Public Prosecutions and Deputy Commissioner of Operations in the RSIP. The number of prisoners on remand decreased to approximately 100 in June 2006. The clearance rate of reported crimes continues to grow, reaching 40% in 2005. The Solomon Islands Prisons Service (SIPS) continued to reduce significant incidents, with only one major disturbance in the past year.

2. Public accountability. Substantial efforts have been made to promote a culture of accountability and to bring to justice public servant, office holders and MPs suspected of corruption. While care is needed with the data, it appears that police officers have been less likely over time to be charged with criminal offences but more likely to be subject to disciplinary proceedings. Future People's Surveys based on larger representative samples will explore these issues.

Perceptions from the People's Survey pilot indicate that corruption in national government worsened over time, while a sizeable minority believe it has worsened in provincial governments. There is an encouraging awareness of the official channels for making complaints about corruption, but significant levels of fear of reprisals for doing so. Focus group discussions suggested that there was no universal agreement on what constituted corruption (and some tendency to challenge the conventional Western view of it) and a sense of fatalism about it.

All departments completed their annual reports for 2004 which were tabled in Parliament – for the first time in many years. The Auditor General completed eleven audits, and four

audit reports had been tabled in Parliament (at the time of writing) (forestry, fisheries, EXIM Bank loan, and government accounts for 1996). Independent observers confirmed that parliamentary elections met international standards.

Parliamentary Committees met more often in 2005, and records now cover all committees.

3. Public sector capability and capacity. The need to move from direct implementation in the stabilisation phase to capacity building of individuals and institutions for the longer term has been recognised as an important objective since shortly after RAMSI's initial mobilisation. During 2005, objectives and core principles for capacity building were agreed with the SIG, and concerted efforts made in parts of RAMSI to integrate capacity building into work programs. A series of capacity building stocktakes identified examples of good practice and made recommendations for improved and integrated capacity building across RAMSI. Continued high level SIG/RAMSI dialogue and integration of ongoing capacity building measurement is needed to embed, test and build on this positive initial performance.

There is evidence of increasing effectiveness of the police and law and justice agencies with wide participation by Solomon Islanders. This, combined with the resumption of training and improved recruitment for the public service and improved financial management, suggests that some early gains have been made in capacity building which will need to become more coherent and consistent as the sector programs move forward.

Recruitment has improved markedly with vacancy rates in key ministries between 3% and 14%. The revitalised Institute of Public Administration and Management (IPAM) trained approximately 850 persons. With RAMSI assistance, the SIG is upgrading its record keeping and gazetting, which appear to have been largely abandoned during the tensions. Coordination across senior levels of the public service is improving.

Although RAMSI does not directly provide support for health and education, questions about satisfaction with and changes in basic services were included in the People's Survey pilot as a lag indicator for the effectiveness of government, an area that *is* a focus for RAMSI support. Asked about experience with using health services, around one third of respondents to the Survey pilot said they were always satisfied and a further half said they were sometimes satisfied. Most expected health services to improve in future. Almost two thirds thought schools had improved, but only a quarter thought roads had (these figures mask provincial and gender differences and some real pockets of dissatisfaction).

4. Fiscal and financial management. Basic financial systems are functioning. RAMSI has assisted the SIG to establish control and stabilise 85% of public expenditures (ie excluding payments made by provincial government, overseas missions and state owned enterprises). It has taken an appropriate approach to minimising risks and using to best effect the staff available – nevertheless capacity is still fragile. The functioning of

automated financial management systems has been restored and payment processing times within the Department of Finance and Treasury improved. The number of urgent payment requests (a measure of financial management within Departments) has declined significantly.

Government domestic revenue has increased from SBD258 million in 2002 to SBD625.9 million in 2005 and an estimated SBD688.1 million in 2006. In the fisheries sector, as a result of audits and improved practice, government revenue has increased nine fold from SBD4 million in 2001 to SBD36 million in 2005. The 2005 budget balanced, but the result depended on expenditure shortfalls, especially on service delivery, which cannot continue indefinitely.

5. Growth across Solomon Islands. Satisfactory macro economic policies are in place. 2005 real GDP growth was estimated at 5.0%, indicating solid performance and ‘bounce-back’ from the tensions’. Foreign direct investment approvals in 2005 amounted to SBD1.44 billion.

There is much to be done in moving from the initial recovery, starting from a low base, to broad based growth of the economy. In the People’s Survey pilot, perceptions about the price of basic goods and of the current household economic situation are generally negative. The majority of respondents think that their economic situation would be the same or worse in two to three years. Youth unemployment is regarded by almost all respondents as a problem. In focus groups, participants highlighted the decline in household purchasing power from small scale agriculture and the problems of getting goods to market.

Challenges: As it stands the Performance Framework does not adequately capture the remaining challenges facing RAMSI. However, the issues raised in attempting to capture performance so far give an indication of the main risks:

- *The fragility of gains to date.* Much of what it has been possible to measure relates either to the beginnings of processes (the preparation of audits, the submission of Departmental reports) or to gains made by heavy initial investment in personnel and infrastructure early on (improved security, better economic management). Looking forward to the focus of future assessment of performance, it is clear that in order to build on early gains in governance processes and to promote Solomon Islander responsibility for sustaining these gains fundamental changes in public service capacity, independence and leadership will be required as well as a focus on affordability in Government, and initiatives to diversify sources of revenue and promote growth in the medium term. All of these are difficult to achieve. This indicates that RAMSI-supported programs are unlikely to be able to deliver wins in the future as quickly as they have done up to now. Future success will depend on the SIG taking responsibility for bringing about positive change.

- *The challenge of capacity building.* The challenge for both SIG and RAMSI is to reach clarity and consensus on what capacity is to be built through RAMSI and over what period of time, and then to set and monitor realistic capacity building objectives and targets. The SIG also needs to take an active leadership role, in both decision-making and progress monitoring, if it wishes to ensure RAMSI is meeting its priority needs and achieving sustainable results. Drawing on the analysis of RAMSI's Capacity Building Stocktakes, this report notes some early successes, but effective planning for, and ways to assess, capacity building have yet to be integrated into monitoring for a number of activities. This suggests that more still needs to be done to put capacity building at the centre of planning and work practices at all levels, to ensure accountability for performance is a reciprocal responsibility. This necessitates continued active SIG/RAMSI attention and collaboration at the program working level, coupled with renewed high level SIG/RAMSI facilitation and monitoring. Ongoing capacity building performance assessment will be an explicit part of the six month and annual progress reviews against the Framework.

The Capacity Building Stocktake reports, and other sources available to the annual review, however, also point to the need to be realistic about what can be achieved within current resources and to ensure that the reputational gains to Solomon Islands systems achieved with RAMSI support are not compromised. Complete self-sufficiency in all areas is going to depend on generational change.

- *Alignment with government objectives.* Many of the change processes which have been established, as well as the principles for capacity building, assume a commonality of interest with Solomon Islands institutions and leadership. However, these assumptions will be strongly tested (and are already being tested) as the operational implications of change begin to become clearer and alternative models of change tabled. This suggests the need for continued dialogue with the SIG as it establishes its priorities and governance standards and determines what it is trying to achieve and where RAMSI can best support it.
- *Keeping an eye on the ultimate goals.* The People's Survey, while a limited pilot, gave encouraging results on public perceptions of security and some services. However, it suggested that the people of the Solomon Islands do not feel that the gains of peace are providing them with improvements in their economic well-being. Their situation is the result of many years of decline and change may not come about quickly. The assessment of performance by RAMSI and SIG together will need to draw closer links between maintenance of gains to date and further reforms on the one hand, and the ultimate delivery of benefits throughout the Solomon Islands on the other. It will also be important for RAMSI to manage expectations effectively given its limited mandate and the fact that future gains are likely to be made at a slower pace.

Conclusion: The SIG/RAMSI partnership is making significant progress. Basic security prevails. The current rate of real growth is higher than the estimated 2.8% annual

population growth rate. However, the economy is not generating sufficient opportunities for the large, young population that is moving from the subsistence environment into the formal economy. Within government, basic processes are being strengthened, but these gains are fragile and must be substantially increased for SIG/RAMSI to meet their mutual strategic objectives. This is a difficult period of transition, when implementation of basic programs must continue and be closely linked to capacity building. Changes to performance management already under way within the individual programs, and the lessons learned from this first pilot assessment, will assist in allowing increasingly coherent and balanced judgment of progress as RAMSI continues. The Performance Framework will also work to shape the agenda for RAMSI's Medium Term Strategy, which is being drafted in consultation with a number of stakeholders, including the SIG.

I.

Organisation of the Report

The RAMSI annual report for 2005/2006 is based on extensive interviews with RAMSI personnel, a smaller number of interviews with SIG personnel, a review of available documentation, a review of the recently completed RAMSI People's Survey pilot, Capacity Building Stocktakes, and a review of the performance framework data provided by each RAMSI program pillar.

The report firstly outlines the role of the Performance Assessment Advisory Team (PAAT), which conducted the annual performance review and produced this report. A brief summary of the Framework components drawn on for the annual report also comments on their ongoing role as data sources for RAMSI performance assessment. A summary table shows the Framework's program objectives, projected outcomes, areas covered by indicators, and current status. A narrative summary of each program pillar's major achievements is followed by a discussion of the Performance Framework of 2006, indicators and suggestions for refinement and improvement of the Framework as RAMSI activity evolves. The report concludes with recommendations for RAMSI's and SIG's consideration in further improving RAMSI's performance.

Annex 1 contains the Performance Framework updated for progress against RAMSI-wide objectives, in turn derived from detailed reporting by the three pillars of the program against program-level indicators: Law and Justice, Machinery of Government, and Economic Governance.

II.

Background to the Annual Report

RAMSI hired CAMRIS International, a US-based consulting firm, to assess RAMSI's performance against its own Performance Framework and to produce the RAMSI Annual Performance Report for 2005/2006. CAMRIS mobilised a Performance Assessment Advisory Team (PAAT) which comprised expertise in monitoring/evaluation, economics, financial management, law and justice, and promotion of democracy/governance.

The PAAT interviewed over 100 persons in RAMSI and the SIG and reviewed over 100 documents. Included in these were the RAMSI People's Survey pilot design document and draft pilot report, RAMSI Capacity Building Stocktake reports, the Performance Framework Baseline report, corporate plans and performance reports. The PAAT examined the data used by all three RAMSI pillar programs. Because of the variations in type and quality of data no statistical tests were applied. Based on this data, the PAAT then conducted a performance analysis.

The PAAT also conducted sector analyses of the fiscal and financial management and law and justice areas to provide data for qualitative indicators established in the Framework. The emphasis in both analyses was on basic structures and functions in the sector, performance, progress, and areas of future improvement relevant to RAMSI assistance in these sectors.

As part of its analysis the PAAT carefully examined the RAMSI programs' reporting frameworks and the indicators used therein. The PAAT recommends standardising the reporting formats and making the indicators more outcome-oriented. In the process of consultation to conduct the annual review, a few of PAAT's recommendations were immediately accepted and incorporated into the current Framework. Others will be further analysed by RAMSI's pillar programs with a view to integrating them or similar indicators into the Framework as part of the next six monthly progress review. The intent is to report based on a substantially upgraded Framework for the 2007 annual review.

The evidence is incomplete and not entirely reliable, as acknowledged by all three program pillars (Law and Justice, Machinery of Government and Economic Governance). RAMSI continues to ensure that it improves the quality and quantity of the data it uses to manage its programs and measure its results. The PAAT acknowledges problems with some evidence, but nevertheless believes that the data are adequate to give a reasonably clear picture of the achievements of the SIG/RAMSI partnership. Taken together the evidence shows a picture of progress. The People's Survey pilot is moderately positive on Solomon Islanders' perceptions of change and future prospects in areas that overlap with RAMSI assistance. The PAAT recorded a clear pattern of progress in the law and justice and economic governance sectors. The Baseline data are weak but sufficiently comprehensive to show measurable progress against the 2005/2006 Framework reports.

Following is a summary of the data sources:

RAMSI Performance Framework for 2006: This framework includes both RAMSI-wide and program specific indicators. The RAMSI-wide indicators are cross-cutting and measure overall progress of RAMSI; the program-level indicators are specific to each program. The complete Framework is contained in Annex 1 and measures progress to date. Each of the participating programs provided the data. In some cases, there is an absence of data; in most cases, the data are not absolutely reliable because of a lack of data collection over the previous ten years.

RAMSI Performance Framework Baseline Report November 2005: Following the creation of the Framework, the Baseline Report established a baseline for most programs to use in future assessments. RAMSI programs and activities supplied most of the data, both qualitative and quantitative. The baseline data are incomplete.

People's Survey pilot: The People's Survey pilot furnished primary data for many of the framework indicators and established a baseline for future years. The fieldwork began in late April 2006, approximately two weeks after the unrest which affected much of Chinatown in Honiara. The data gathered derived from 1,085 individual interviews and 31 focus group discussions. For this comprehensive field test of the quantitative (questionnaire) and qualitative (focus group) elements of the Survey, the survey team did not establish a precise sampling frame. Thus, while the data indicate trends and orders of magnitude, the pilot is not yet statistically representative. Rather the pilot suggests trends which will need to be explored and verified through future statistically representative national-scale RAMSI People's surveys.

Capacity building stocktakes: A stocktake of capacity building through RAMSI was undertaken in three phases during 2005/06, focused respectively on assistance provided via each program pillar: Economic Governance; Law and Justice; and Machinery of Government. Each of these stocktakes assessed the capacity of its sector, identifies lessons learned and offers recommendations for improving that capacity. A summary report then synthesised key findings and recommendations from across all phases of the Stocktake.

The stocktake represents a component of the baseline data established in the first year of the Framework's implementation and was drawn upon by the PAAT in its overall conclusions on RAMSI progress and performance. It is important to put RAMSI's capacity building progress in context. When the stocktake process commenced, there was no performance framework yet in place and no quantitative data on which to base any assessment of capacity building progress. Many of the key actors in the process had a very limited understanding of capacity building or their role in fostering it. In future RAMSI performance reviews, continued capacity building monitoring and assessment will need to be integrated with measurement of progress against technical goals. Realistic and appropriate performance measures need to be mutually agreed, and active

performance monitoring needs to be given priority, so that further capacity development initiatives can build on capacity improvements as they occur, and flexibility and responsiveness can be based on informed judgement. To assist this process the PAAT proposes to include a capacity building specialist as part of its future reviews.

Analytical studies: The PAAT completed two analytical studies: 1) An Analytical Review of Planning, Policy Development, and Coordination in the Justice Sector in the Solomon Islands, and 2) Solomon Islands Fiscal and Financial Management Review. These assessments involved a comprehensive technical assessment of the key themes and issues in each sector. The PAAT team analysed functions, examined performance measures and indices, identified issues and made recommendations. Experience with the analytical studies will be used in determining their design and coverage for the next annual performance report. In general, managers of the program pillars and their key SIG counterparts will need to give more consideration in advance to the focus of the studies.

The following table presents a summary of program level objectives, outcomes and indicators and their current status, from which the conclusions on RAMSI-wide progress in this Report's Executive Summary, and at Annex 1, were partly derived. The table is followed by a discussion of results in each program area.

III.

Program Level Objectives, Outcomes and Indicators – Current status

Objective	Outcome	Areas covered by Indicators	Current status
1. Contribute to a safer and more secure Solomon Islands	1.1 Safe and stable communities created through collaborative crime prevention, community safety and security initiatives	Assessment of community confidence in the RSIP through the annual People's Survey.	In the limited People's Survey pilot 59% of respondents state law and order has improved (Note: the People's Survey, conducted just after the April 2006 riots, is the only indicator used. Reporting for future years will include additional indicators that are already being utilised by PPF in its own internal reporting.)
	1.2 Professional, effective and accountable law enforcement agencies	Assessed through crime rates; implementation of improved governance and accountability systems; and community perceptions about RSIP accountability (People's Survey).	In 2005/2006 40% of reported crimes were cleared. The People's Survey pilot states that 59 % of respondents believe the RSIP treats them respectfully but only 29% believe the RSIP effectively handles actions.
	1.3 A secure and culturally appropriate corrections system managed by a professional and sustainable prison service	Numbers of prison security incidents; SIPS compliance with pertinent UN standards; and the establishment of appropriate rehabilitation programs.	Overall prison incidents are declining. The SIPS is in compliance with pertinent UN standards. Limited rehabilitation programs are starting.
	1.4 Rehabilitative impact of the justice system improved through diversionary practices and sentencing options	Extent to which probation is used as an alternative to custodial sentencing.	To date alternative sentencing is not being used.
	1.5 Improved efficiency, effectiveness and accessibility of court practices and government legal services	Amount of time prisoners spend on remand; length of time between an appeal being lodged and being heard; numbers of files opened by Public Solicitor's Office; and public awareness and use of public legal services (People's Survey).	Remand and appeal times are declining. The People's Survey pilot indicates that approximately 51% of the sample were aware of the availability of free legal services.
	1.6 Improved justice sector capacity in areas of coordination, strategy, planning, policy and reform	Analytical review of the Justice Sector and changes taking place with regard to legal policy, planning and coordination.	The analytical review confirms the Solomon Islands has a functioning criminal and civil justice system with adequate coordination, planning, and implementation.

2. Help Government to better serve the Solomon Islands people	2.1 Government services responsive to and reaching all people effectively	Number of provincial-level line budgets, allocated for services [as opposed to administration] that are fully spent.	Capacity to identify a relevant and accurate indicator in this area is not possible at this time. For example, systems are currently unable to report budget allocations or expenditure at provincial level.
	2.2 Efficient and effective public administration	Number of corporate plans and work plans in place; vacancies in the public service; and number of annual reports produced on time and tabled.	Current data indicates that 15 of 21 departments have corporate plans in place. Vacancy rates range from 3.5% to 18.7%. All cabinet departments completed annual reports and all were tabled in 2005.
	2.3 Increased accountability of government and strengthened accountability institutions	Complaints to Ombudsman from civil society; % of leaders complying with Register of Leaders' Interests; number of completed and tabled audits; and public perceptions on levels of official corruption and maladministration (People's Survey).	28 of 184 complaints to the Ombudsman were from civil society. Compliance with register of leaders interests is low, ranging from 2/3 permanent secretaries to 23% provincial assemblies. Four audits tabled in the National Parliament. As reported in the People's Survey pilot 62% of rural residences, 46 % of urban believe the central government is corrupt.
	2.4 Electoral processes, civic awareness and quality of representation improved	External observers pronounce free and fair parliamentary elections; number of days that parliamentary committees meet and work; and public awareness about governance roles & responsibilities and perceptions of leaders (People's Survey).	External observers called parliamentary elections free and fair. Citizens were less kind concerning Parliament's selection of a PM. The People's Survey pilot suggests that 82% understand the role of their MP.
	2.5 Executive and legislative arms of government functioning effectively	Bills introduced into Parliament; Parliamentary standing orders reviewed and implemented; time taken between presentation and confirmation of cabinet papers; and proportion of those papers complying with the cabinet checklist.	15 bills were introduced and passed in Parliament. Reviews in progress. Processing of cabinet papers take approximately three weeks. Cabinet check list not functioning.
3. Contribute to a more prosperous Solomon Islands	3.1 Improved Solomon Islands Government capacity to deliver high quality macro-economic outcomes and policy advice	Levels of debt sustainability; annual budgets are fully funded, and forward estimates and medium-term fiscal frameworks are being used; compliance costs as % of GDP; effects of taxation on the economy; and reduction in tax exemptions.	Budgets are funded without raising debt. Medium term fiscal framework is yet to be developed. A range of tax indicators are expected to be in use for 2007.
	3.2 Improved Solomon Islands Government capacity to deliver effective and accountable financial management to support public sector outcomes	Rejection rates of departmental payment applications to DoFT; incidence of non-compliance within key financial processes; improvements in departmental financial information, management, and accounting; and number of requests for urgent payments to DoFT.	The non compliance rejection rate is stable at 16%. Departmental financial information is publicly released monthly but analysis remains weak. Urgent payments requests have declined from 14% to 3% in the past 12 months.

	3.3 Improved capacity of Solomon Islands Government to develop and implement sound and equitable economic reforms	Improvements in the annual World Bank "Cost of Doing Business" ranking; time taken for the release of goods from customs; levels and composition of investment; and analysis of progress towards ERU strategic goals.	Data sets were only established in 2005. Release of the first assessment is scheduled for December 2006.
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IV.

Narrative of Results by Program Area

A. Law and Justice

Law and Justice Progress Over the Past Year

- Only one recorded crime involving firearms (cross border raid in June 2006)
- 99 new recruits (68 male and 31 female) graduated in RSIP between July 2005 and June 2006
- 70 new recruits (64 male and 6 female) graduated into SIPS in 2005
- Prison and court planning and redevelopment commenced in Gizo and Auki
- Major refurbishment of the Central Magistrates Court completed
- Expansion of magistrate services to provinces: circuit visits for the first time in many years to Ontong Java and Sikiana
- Solomon Islander appointed as Acting Deputy Police Commissioner (April 2006)
- Solomon Islander appointed Director Public Prosecutions (June 2006)

The Law and Justice program is the public and high profile face of RAMSI, as reflected in data from the People's Survey pilot. Confidence in the police appears to be increasing although there is room for continued further improvement. 25% of those who reported a crime were satisfied by RSIP actions. 59% said they were treated respectfully. 90% of all respondents believed that law and order had improved or remained the same in the past year. Absence of a baseline makes it impossible to give orders of magnitude for improvement, but we infer from the People's Survey pilot that the trend line is positive.

The RAMSI Law and Justice program has three major accomplishments: a functioning and professional police force; a functional criminal and civil justice system; and a functional Solomon Islands Prison Service. The result is substantially improved security; however, the events of April 2006 demonstrated that the security situation remains fragile. Even in April 2006, while the property damage was great, there was no loss of life and the number of injuries was small.

Capacity building – “Before you came we could not do anything. Now after RAMSI there is nothing we cannot do. Two years ago Solomon Islands Police Prosecutors were timid and intimidated in front of the bank of expatriate lawyers they had to confront in court each day. Four RAMSI advisers assisted the local staff to develop their skills and court procedures. Now the 20 officers that make up the Police Prosecutions Directorate are tenacious in their approach, timely in their court attendance and more than adequately match the expatriate barristers in advocacy skills.” Solomon Islands Police Prosecutor

The clearance rate of reported crimes reached 40% in 2006. Clearance is defined as an investigation being resolved by a police action. Incidents in SIPS declined, with only one major incident which generated approximately 80% of the reported incidents. It has been noted to the PAAT that the backlog in trials from the tensions has reduced to approximately three years from five years at the beginning of 2005. Reflecting improved professionalism, the number of actual charges of police crimes or disciplinary violations by police officers is down to 340 in 2005 from 514 in 2003. The People’s Survey pilot indicates that the majority of Solomon Islands males feel free to report complaints about the police to the police, while women remain much more reluctant to make such complaints.

Innovation and efficiency in the delivery of justice: the Case Support Unit

The CSU, in conjunction with other improvements in the legal system, has increased the efficiency of the legal system which means that more trials following accepted standards can take place. The CSU provides translation services, locates and transports witnesses to the court, and does it all for both defence and prosecution. Locating the witness is a difficult task because witnesses are spread throughout the Solomon Islands. Previously, many cases could not be heard because of a lack of witnesses. The creation of the CSU, a major RAMSI innovation, solved much of the problem. By helping to increase the efficiency of the overall system the CSU is increasing the delivery of justice. The CSU, through its work in facilitating cases being heard has helped reduce the number of persons on remand to approximately 100 in June 2006 by ensuring the availability of the required witnesses for trials to occur.

The gains in the sector have been achieved despite a shortage of trained Solomon Islands lawyers. A key monitoring theme for the future will be the sector’s ability to recruit and retain staff, and use them for the good of the sector as a whole.

Building confidence in the RSIP - ‘Before RAMSI we were afraid to work in our gardens and send our children to school, now we can work in our gardens and know it is safe for our children to go to school. We have improved community policing programs where we talk to the people in the villages about respect for the law and how we are working for peace in our community.’ A senior RSIP Officer

➤ Appropriateness of the indicators

The performance indicators are general with an emphasis on inputs, thus they tend not to show the significant progress that is happening in the sector. The exception is the

indicator on clearing criminal complaints, which clearly demonstrates excellent progress. As noted in the reporting framework the quantitative data are unreliable. For purposes of this report, however, we believe that we can draw conclusions from the data which yield a reasonable picture of progress and trends. The Information Management Working Group (IMWG) is working to improve data quality, so too are RAMSI officers involved in on the job training and mentoring. The Law and Justice program is clearly working in close coordination with their SIG counterparts. To maintain progress and continue to build capacity, a sustained effort to build an integrated evaluation system is needed; as key building blocks the analytical review conducted under this RAMSI pillar recommends the creation of an integrated law and justice data collection system, and the development of internal monitoring and evaluation capacity in the law and justice sector. As a first step, harmonisation of the RAMSI, SIG, and Chief Justice frameworks is recommended.

B. Machinery of Government

Machinery of Government Progress Over the Past Year

- Vacancies in public service fell from 20% to between 3 - 14%
- IPAM trained 841 public servants in 2005 after reopening in late January and well over 500 in the first half of 2006
- IPAM training conducted in all provinces over the past 18 months
- All departments submitted 2004 annual reports in April 2005 which were tabled in the budget session of Parliament (November 2005)
- Four major audit reports were tabled in Parliament in 2005; the first audit reports to be tabled in almost 20 years
- Three government audits, three provincial audits and four audits of state owned enterprises completed
- Single ballot box reform successfully implemented at the April 2006 elections
- A nationwide civic education program undertaken in advance of the election which reached every ward and over 200,000 participants
- Induction program held for all MPs which is being seen as a model for the Pacific

Progress made in 2005/2006 is encouraging. The SIG is now equipped with some basic planning and coordination tools and is using them to produce corporate plans, business plans and annual reports. SIG departments are filling positions. Vacancy rates vary by department, but in test sectors (police, prisons, and education) they are between 3.5 and 18%, which is approximately a 10% improvement over the prior year. Other sectors appear to be similar. The trend line is positive and indicates that the SIG should meet the medium term indicator of a 10% stable vacancy rate. Beyond filling positions, SIG officers in both Honiara and the provinces are receiving training in public administration competencies. Approximately 850 SIG public servants received training in 2005/2006.

The MOG program, working with SIG departments, is establishing systems to promote greater accountability and transparency. All departments produced 2004 annual reports by the Cabinet Office deadline, a 100% improvement over prior years. All 2004 reports were tabled in Parliament for the first time in many years. There were major improvements in the audit function. The Auditor General completed and tabled three special audits, and completed three central government and three provincial government audits and four audits of State-owned enterprises. The Auditor General tabled audit reports with Parliament in the critical areas of fisheries, forestry, the EXIM Bank loan, and the 1996 government accounts. At the provincial level, the Auditor General presented three audits. This represents a break with recent history and a very encouraging step forward for a new program.

Audit – a roadmap for administrative reform and repair - A period of almost 20 years passed during which the Auditor General presented no audit reports to Parliament. The Auditor General tabled four major audit reports during 2005. The audit of the Department of Fisheries exemplified how audit can provide a roadmap for administrative repair and reform. Not only did the audit identify corrupt activity now the subject of criminal investigations but, importantly, it exposed fundamental weaknesses in public administration. The audit findings have assisted the Department (with technical assistance from NZAID) to tighten administrative procedures and controls. The revenue collected in the sector rose nine fold from SBD4 million in 2001 to SBD36 million in 2005 – helped in part by audit findings - revenue that the SIG can now use to finance its own development.

Advisers provided under the MOG program worked successfully with local counterparts to implement the new single ballot box method of voting. The single ballot box and public counting of ballots appeared to have substantially reduced vote fraud. Impressively, the ballot spoilage rate was less than 2%. This is less than typically found in either Australia or the United States. The MOG program also supported parliamentary strengthening through a UNDP-led program. A highly successful four day induction workshop for all MPs was held within weeks of the election, which has been adopted as a flagship initiative for the Pacific. The workshop covered the range of topics that an MP is likely to confront including the role of Parliament, committee structure and constituency representation.

Strengthening parliamentary capacity across the Pacific - A UNDP-led Parliamentary Strengthening Project funded jointly with the RAMSI Machinery of Government Program has made significant progress in improving the capacity of the National Parliament to undertake its Constitutional role and responsibilities to the people of the Solomon Islands. Recruited in January 2006 under a graduate program supported by the project, 7 young Solomon Islanders have been developing the secretarial, procedural and research skills needed to assist the Parliament to oversee executive performance through a reinvigorated committee system. One of the graduates coordinated the highly acclaimed induction program for members of the new National Parliament, and all were part of the Induction Program Working Party. Regional Speakers and Clerks were invited to the induction program which had as presenters, leaders and experts from Papua New Guinea, Fiji, Vanuatu, New Zealand,

Australia and Solomon Islands. A first for the region, the program proved so successful that the Solomon Islands team was invited to assist a similar UNDP project in Fiji to deliver a program to the members of the new Fiji Parliament. Other regional Speakers and senior Parliamentarians have expressed interest in having a similar program developed for their members following elections that are due in 2006/7.

Government housing has a critical role to play in ensuring the delivery of government services and is a key factor in the recruitment, retention and motivation of SIG officers. Preliminary analysis indicates that as much as 6% of the SIG budget is being wasted each year as a consequence of poor management of these valuable assets. That amount is greater than the Department of Agriculture and Livestock entire annual budget. Before the MOG adviser began working with the SIG housing taskforce, the SIG assumed it had 800 government houses nation-wide. A MOG facilitated survey has identified over 3,000 houses to date. Within Honiara, 60% of SIG houses are illegally occupied. While accurate figures are not available, it is widely believed that many SIG houses have been improperly sold. The housing problem is a long way from being solved, but the MOG Program's efforts at putting together an accurate data base of housing assets and the analysis of management weaknesses is giving the SIG the necessary information upon which to base a comprehensive program of reform and rationalisation.

➤ Appropriateness of the indicators

The initial input indicators are satisfactory given the flexible nature of a dynamic start up program. The indicators address measuring vacancies, preparation of corporate plans, and registration of complaints with the Ombudsman's Office. Over the next 12 to 24 months those indicators need to change to measure performance outcomes. For example, how were the corporate plans implemented and what changes resulted. Similarly, the number of complaints lodged with the Ombudsman's Office ultimately should show what action(s) resulted.

Finding satisfactory indicators for parliamentary effectiveness is a much harder task. One measure is the level of activity in parliamentary committees. Another, which is a combined measure of parliamentary, executive and administrative effectiveness is the length of time from introduction of a bill, to its passage, enactment, and gazettal. This may require establishing a tracking system in conjunction with the law and justice sector. The quality of the quantitative data appears satisfactory; as does the qualitative data, such as corporate plans, annual reports and audits. Linkage with SIG programs varies greatly. At the Permanent Secretary level links have been generally positive. In specific agencies, including the Office of the Auditor General, Public Service Department and the Department of Lands and Survey, excellent linkages resulted in significant progress.

C. Economic Governance

Economic and Finance Progress Over the Past Year

- Real GDP growing at an estimated 5% - fastest in the Pacific
- Government domestic revenue up from SBD625.9 million in 2005 to an estimated SBD688.1 million in 2006
- Foreign Investment Act passed by Parliament in November 2005 and implemented in June 2006
- Tax reform process launched in December 2005
- Over 90% of government business arrears paid; virtually all debts to small business paid
- 75% of international debt regularised through debt negotiations and Honiara Club
- Advisors assisted with Gold Ridge Mine and Guadalcanal Plains Palm Oil restarts

The achievement level of FMSP in fiscal stabilisation and ERU in economic reform has been significant although only partly reflected in the updated Performance Matrix at Annex 1. Satisfactory macro-economic policies are in place. Basic financial systems are functioning. For example, government revenue has gone from SBD258 million in 2002 to an estimated SBD688 million this year. Processing times for payment vouchers within Treasury have been reduced and are now an average of eight days for non-queried payments. Demands for urgent payments, i.e., payment within five days, are down to 3% of all requests, which is a major improvement that reflects decreased vulnerability and a higher capacity to manage fiscal processes.

The past 12 months has seen further stabilisation of government finances, including through the preparation of forward budget estimates for the 2006 budget, further regularisation and restructuring of SIG debt, increased compliance with revenue laws and improvements in compliance with SIG financial laws and processes. Regarding economic reform, the last 12 months has seen the implementation of the Foreign Investment Act, the new tax exemption guidelines as a first step towards comprehensive tax reform and progress in reduction of regulatory barriers to business and investment.

- Appropriateness of the indicators

The Performance Framework table (Annex 1) illustrates the impediments to economic growth. It also demonstrates the difficulties in measuring improvements in economic governance. What it does not yet fully achieve is accurate measurement of the progress of the economic governance program (among other things, a consistent baseline is needed – the PAAT has recommended using 2003 to capture the full extent of achievements). As noted in the table, the quality of the data is unreliable. However, this pillar has conducted statistical sampling of some of its work processes, which is an important step in measuring performance. Other possible improvements include annual targets; indicators and risk analyses for human resources management; and indicators for the legislative and regulatory base.

Linkages with SIG implementation are strong, partly because the program is working within the Ministry of Finance, National Reform and Planning and partly because of the effective meshing of SIG and RAMSI officers in a capacity building effort. Linkages with related RAMSI support programs such as the Customs Modernisation Project need strengthening.

Capacity building achievements

In 2004 and 2005, the ERU had only two local economists out of an establishment of seven - the rest were RAMSI advisors. Most recently, the ERU managed to recruit an additional three local economists and develop a comprehensive medium term training plan to develop the capacity of local officers to manage economic reforms in the Solomon Islands. The 2006 – 2010 training plan leads to Solomon Islanders assuming full responsibility for the unit. The plan divides the ERU into teams by function. Each Solomon Islander is part of a team with a RAMSI expert who provides hands on mentoring. As the plan progresses the ERU plans cross-functional training.

V.

Assessment of the Framework and Next Steps

The overall Framework presents a reasonable representation of core RAMSI activities and inputs; however, it does not always give a complete picture of the full range of RAMSI achievements. Some important activities such as rural development were not previously captured in the framework, so are not reflected in this inaugural annual report (they will be reflected in the 2006-07 Performance Framework). The indicators in many cases show activity inputs but not the specific achievements during the past year. As they are now structured, many will not show yearly progress. For the out years, this problem grows more severe. All of this makes the Framework less useful for management purposes. The Framework includes a mix of qualitative and quantitative data but relies more heavily on the qualitative. Most programs consider their data unreliable. However, unreliable data that is recognised as unreliable is better than no data at all, which was the standard prior to the arrival of RAMSI. For purposes of a first annual report, the PAAT believes that the existing data yield a reasonably meaningful picture. We also note that each of the pillars is attempting to improve the quality of its activity-level data. These efforts need to be sustained as a RAMSI-wide effort.

At the broadest level, the RAMSI Performance Framework addresses capacity building at the RAMSI-wide level via assessment of public sector capability and capacity. For many elements of RAMSI, these issues still need to be worked through with counterparts at the program level (for each 'pillar'), the organisation level (eg: strategic/corporate plans within each agency and/or work unit) and the individual level (eg: counterpart/adviser work plans). Successful capacity building in the RAMSI context will mean the SIG, its agencies, and its personnel will be able to make better policy choices; develop, implement and sustain relevant and effective programs; identify and solve problems; perform functions; and achieve objectives. In essence, these are the capacity building outcomes that SIG and RAMSI must work towards.

Of equal concern is the need to establish closer SIG/RAMSI linkages concerning performance management data. This implies having similar if not identical reporting frameworks. There are highly effective work contacts between SIG and RAMSI officers. Being able to build on these work contacts offers a reasonable opportunity to develop integrated performance management systems. The PAAT sees the current framework as the first step in a process of developing a robust performance management system.

RAMSI should move at an appropriate pace to an integrated performance management approach with the SIG. While there is a risk that an integrated SIG/RAMSI performance management system may result, in the short-to-medium term, in a compromise in the quality and range of performance targets and measurement tools, and while such an approach would involve a considerable

investment of time and effort, in the opinion of the PAAT this risk is worth taking because of the long-term benefits to performance management.

One possibility would be to establish a working group with the SIG for the six month visit and then to hold the Framework review at the next annual review. The PAAT suggests calling it a Framework review to emphasise the work in progress for both the SIG and RAMSI. The PAAT also believes the six month visit would be an appropriate time to introduce more specific and rigorous indicators, perhaps through a training session and dialogue with the Performance Assessment Working Group (PAWG) and PAAT. The target would be to use this format for the next annual report in June 2007. Ideally, through the working group participation, the SIG would eventually be inclined to use the Framework as an on-going tool to improve program management. RAMSI could do the work in conjunction with the development of a performance management framework for the medium-term strategy.

Harmonisation of the strategic visions of various sectors would also be valuable, perhaps starting with the law and justice sector. The Ministry of Justice, Chief Justice, and RAMSI all have similar objectives for the sector. Working relationships are excellent. Integrating those views into a common framework would be useful to the law and justice sector and could act as a model for other sectors.

Similarly, there is a continuing need to establish reliable baselines for all programs, to include all major programs in the Performance Framework, and to continue work on improving the quality of the data.

VI.

Recommendations

A number of recommendations are submitted for consideration as RAMSI looks forward. Nine general cross-cutting or program level recommendations are presented with a brief discussion of each.

General Recommendations

1. **Enhance the RAMSI-wide performance management approach to achieving the critical objectives with an emphasis on harmonising performance reporting across the three pillars. Use the Medium Term Strategy exercise to improve overall RAMSI management by establishing a unified performance management system.**

Stabilisation operations are difficult in part because they address a multi-sectoral range of governance issues within a challenging security environment. A government-wide approach is normally called for, which requires bringing together a range of ministries, agencies and offices that have distinct operating procedures and cultures. Often the assisting organisations have different technical, managerial and political perspectives that accommodate domestic circumstances but do not necessarily apply well in a country in crisis. When an organisation or project is operating in another country with a volatile security and political environment and faced with time pressures to rapidly put things back together, those differences are magnified. RAMSI's success in managing these differences has been underpinned by strong Pacific regional and domestic support and a strong partnership arrangement with SIG. A sound contextual understanding and analytical foundation for engagement and careful sequencing, including a rapid response focusing on restoring law and order and stabilising government expenditure, followed by long-term commitment to state building have also been key factors in managing differences. Using the medium term strategy to discuss those differences and to reaffirm and update a common strategic approach will decrease those differences and sharpen the focus on key medium term objectives. So too will the establishment of a common – that is, cross-pillar – performance management system. If each pillar is using the same basic management system and, most importantly, reporting progress in the same format, a more cohesive overall approach will develop.

2. **Review the structure of the RAMSI program to ensure the optimal organisational fit of the various activities within the appropriate pillars.**

RAMSI has been operating for three years. The medium-term strategy exercise offers the opportunity for reviewing whether the initial managerial arrangements for the various activities remain valid. Circumstances may have sufficiently changed so that the initial arrangements are no longer optimal and can be improved upon.

3. **Energise the SIG/RAMSI Consultative Forum; support the overall process by providing staff support.**

To address the challenge of more effective alignment with SIG, the SIG/RAMSI Consultative Forum, established in 2005 offers the potential of bringing together systematically a critical mass of high level RAMSI and SIG officers for regular

discussions of performance. RAMSI is placing a high priority on making this work. Clearly those efforts need to be continued even though progress is likely to be slow. As well as providing a means by which RAMSI can test whether the results being achieved under its programs are consistent with SIG policies, and agree future directions leading to greater effectiveness of RAMSI activities, there is potential for such dialogue to contribute to the promotion of a performance culture in the SIG institutions with which RAMSI works most closely. A re-energised Forum could also act as the umbrella forum for issue-specific working groups.

RAMSI needs to provide staff assistance to energise the Consultative Forum, and RAMSI has already identified those RAMSI officers who would be providing some of the support. A useful next step would be to offer to finance from one to three SIG appointees to work exclusively with the staff support unit.

4. Support the SIG/RAMSI working group on capacity building.

Capacity building is a key concern of the SIG. Building capacity is essential for RAMSI to achieve its overall strategic aims. An initial challenge is to convert the general SIG support for capacity building into sustained concrete support. A joint SIG/RAMSI capacity building working group is one means of addressing this and is a concept that the former government had endorsed and participated in. Since 2005 however the SIG/RAMSI Consultative Forum has only met once (at time of writing) and must re-establish its form and function under the present government.

The PAAT believes that subsuming the Capacity Development Working Group back into the Consultative Forum would be beneficial to the functioning and legitimacy of both. Capacity building is an aspect of the RAMSI program that is widely endorsed within the SIG. For capacity building to be successful it is essential that there be a means to accurately evaluate SIG/RAMSI performance. Establishing a Capacity Building Working Group as a component part of the Consultative Forum may give some impetus to having more regular meetings of the Consultative Forum. Being under the umbrella of the Consultative Forum should also lend emphasis to the work of the Capacity Building Working Group. Such a group will go a long way towards delivering SIG's desire for an active monitoring and performance assessment capacity.

The Capacity Building Stocktake recommended RAMSI capacity building efforts will be more sustainable if SIG systems (rather than new or parallel systems) are used to plan, monitor and measure progress and this group could explore practical options and steps towards this goal. As an initial step, one suggestion arising from the annual review process with which the PAAT agrees is to align the RAMSI and SIG departmental reporting cycles as a positive step in providing consistency in performance measurement.

5. Maintain clear priorities for use of management time, with a continued emphasis on expanding the effectiveness of stability operations.

The SIG/RAMSI partnership is a major management challenge in which it is easy to become distracted from the programs that make a critical difference. This does not appear to be happening, but an occasional review of priorities by senior officers would be useful. We recommend quarterly performance reviews of all pillars and major activities.

6. Select one office or group to serve as the coordinator of performance management within RAMSI.

RAMSI implements programs in a multitude of sectors; actively monitoring their implementation and accurately assessing their impact is essential. So too is tracking the numerous reports, particularly the recommendations circulating within RAMSI. To improve management through better coordination and continue to improve its level of performance to enhance RAMSI's ability to meet its strategic objectives, it needs to develop "lessons learned" across pillars, and in so doing determine why an activity or program is succeeding or failing. These lessons learned – both good and bad – need to be committed to paper, disseminated RAMSI-wide, and, as opportunities present themselves, government-wide in the SIG. This will not happen unless an adequately staffed and resourced central office is responsible. The PAWG with adequate staff support seems best positioned to perform this function, with PAAT Team Leader a resource for guidance and advice to RAMSI in this regard.

This team would receive all reports, track all recommendations, and monitor performance. Ultimately, to achieve economy of personnel, such a group could assist the various pillars in linking corporate plans with overall SIG/RAMSI performance reporting. Initially the group could focus on RAMSI activities, but we recommend a joint SIG/RAMSI approach to overall performance monitoring as the ultimate objective. The PAAT also recommends that this group assume responsibility for developing joint monitoring/assessment systems with the SIG. Quarterly review meetings involving senior RAMSI management, program managers and the PAWG are essential.

7. Establish a medium-term (five year) time frame with a realistic goal and performance measures for RAMSI's contribution to SIG governance.

Achievement of that goal should be linked with a reinforced performance management system that provides timely information as to the performance of every RAMSI activity. Time-phased targets for every activity will enhance performance. For example, the law and justice sector could track reported crime from 2006 through 2010 using RSIP police reported data and cross checking that data with citizens' reports, in the People's Survey pilot, of feeling secure from crime. It is also possible to track year-by-year declines on the number of cases on remand and the time that accused persons spend on remand prior to being given a trial date and having the trial take place. In the economic governance sector, payment processing times within the Department of Finance and Treasury have improved. A next step might be to improve processes within spending agencies to improve overall financial processing within the SIG.

8. Actively mine RAMSI data for lessons learned, and establish a system for applying those lessons across sectors.

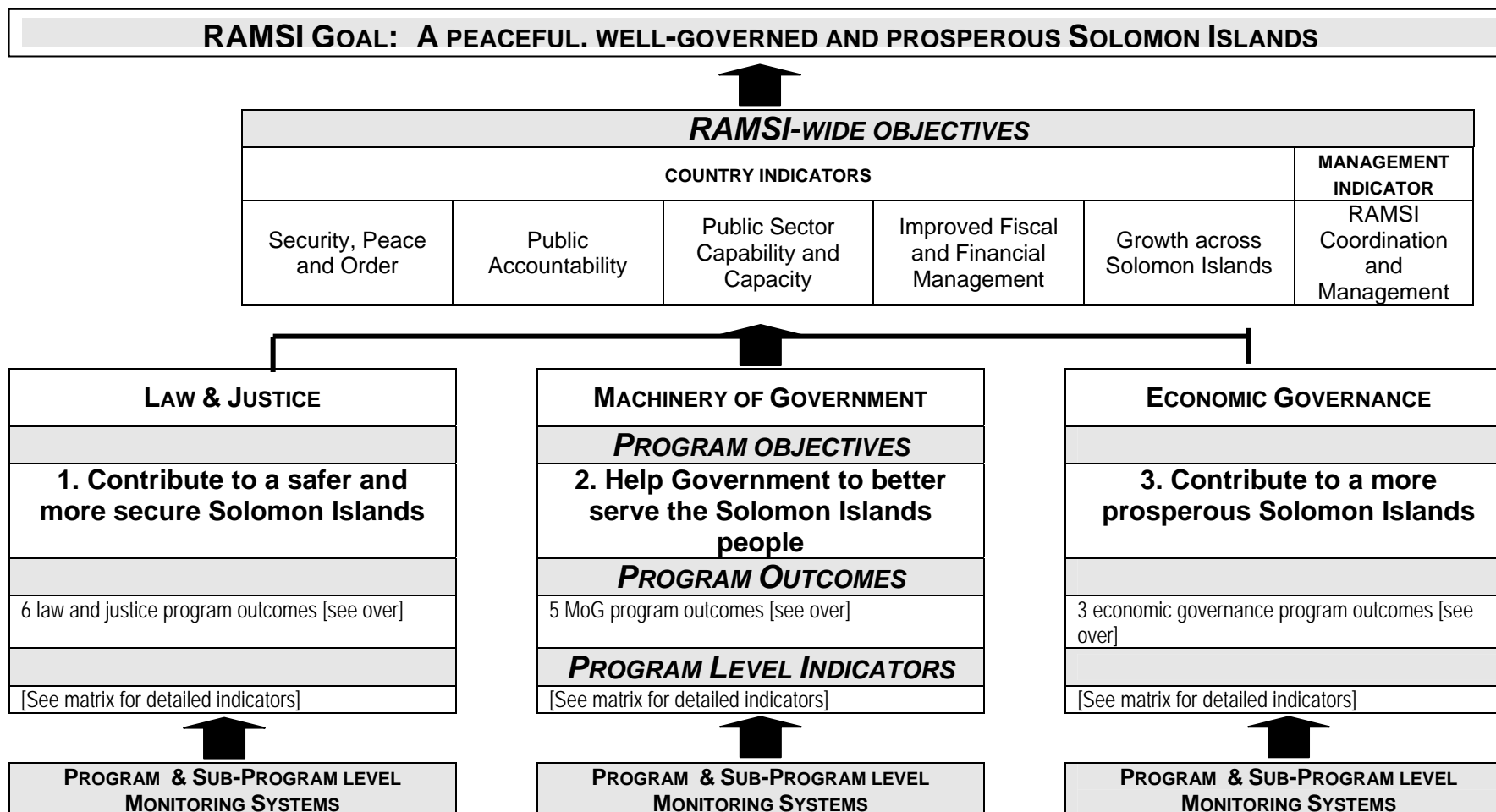
It is clear from discussions with RAMSI officers in each of the pillars that they are learning many lessons. It is equally clear that much of this exceptionally valuable intellectual property leaves with the departing officers and does not return to the Solomon Islands to inform new actions. Systematically collecting those lessons and ensuring their distribution across pillars will improve performance and address capacity building challenges.

9. Seek ways of continuing to expand SIG input into the process of selecting and managing RAMSI officers and personnel seconded to the SIG.

The Capacity Building Stocktake process identified a range of issues (deployment periods, adviser terms of reference, induction and handover processes, models for adviser selection and performance appraisal, etc) that need to be addressed for capacity building to succeed. The PAAT is aware that RAMSI provides for significant SIG input into the process, and SIG is actively involved in recruitment of RAMSI officers in many areas. However, the PAAT team heard several complaints from SIG officials who felt that they did not have sufficient input into the selection of advisors or seconded RAMSI officers. There is, of course, always going to be a certain tension in this area. To the extent that this input can be responsibly increased in a coordinated approach involving all three pillars, performance should improve. The speed of implementation will necessarily vary with the program. Greater ownership by the SIG, if accompanied by genuine acceptance of responsibility for results, should lead to an improvement in overall performance. Drawing up specific and transparent plans for capacity building and basis for mutually assessing and managing turnover such as ERU has done, appears to be an excellent model.

ANNEX I.
REPORTING FRAMEWORKS

Overview of Performance Framework



RAMSI-wide/Country Level Indicators

Element Monitored & Rationale	Performance Indicators	June 2006 data				
1.1 SECURITY, PEACE AND ORDER To assess improvements in levels of security and civil peace and order	1] Reported security incidents that impact on overall national security	Major unrest and destruction of property in Honiara following the election of the Prime Minister in April 2006. However, this was mainly location specific and contained by police action. Elsewhere the security environment remained stable.				
	2] Analysis of community attitudes on: perceptions about safety and order in the community, confidence in the future and/or levels of trust, sense of national identity, confidence in public servants and office holders	Results of the People's Survey pilot are included at other points in this report. Overall it suggested that the majority thought that the law and order situation had improved over the last year. The perception of most respondents was that their economic situation had deteriorated or remained the same, and that their future financial position would be the same or worse. Levels of confidence in elected representatives appeared to be low. No questions were asked about national identity in this round.				
1.2 PUBLIC ACCOUNTABILITY To assess progress towards greater levels of government accountability to its citizens in terms of: <ul style="list-style-type: none"> • The capacity of Solomon Islands institutions to reduce maladministration and misconduct in office; and, • Citizens' access to accountability processes and institutions. 	3] Number of investigations, charges and clearance rates for corruption-related offences amongst public servants & office holders by category and outcome. Explanatory note: No assurance can be provided for the accuracy of statistical data due to: <ul style="list-style-type: none"> • Inefficient reporting, recording, classification, clearance and notification of offences to RSIP National Intelligence Unit (NIU). • Problems with data collection and reporting processes are compounded because of the nature of confidentiality surrounding investigations into persons in politically sensitive positions. • The definition of corruption does not easily translate to a fixed paradigm of criminal offences and is open to interpretation. • Current recording processes for offences do not provide data to the level of detail required to delineate between an alleged offence related to corrupt practices and an alleged offence that is not linked to the alleged offender's public position. • While 222 charges have been laid against public office holders, it is difficult to ascertain the timeframe over which they were investigated. From the information available, 21 alleged offenders are responsible for the 222 charges, with one alleged offender being charged with 86 counts of official corruption. 	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; vertical-align: top;"> Public Office Holders 2003 - now Number of investigations: 21 Number of charges: 222 Clearance rates: 0 </td> <td style="width: 50%; vertical-align: top;"> 1 January - 31 May 2006 <u>New Cases</u> Criminal 52 Disciplinary 93 <u>Finalised Cases</u> Criminal 27 Disciplinary 35 </td> </tr> <tr> <td style="vertical-align: top;"> <u>Police</u> 2003 Criminal Charges: 469 Disciplinary: 45 Total: 514 2004 Criminal Charges: 265 Disciplinary: 180 Total: 373 2005 Criminal Charges: 143 Disciplinary: 197 Total: 340 </td> <td></td> </tr> </table>	Public Office Holders 2003 - now Number of investigations: 21 Number of charges: 222 Clearance rates: 0	1 January - 31 May 2006 <u>New Cases</u> Criminal 52 Disciplinary 93 <u>Finalised Cases</u> Criminal 27 Disciplinary 35	<u>Police</u> 2003 Criminal Charges: 469 Disciplinary: 45 Total: 514 2004 Criminal Charges: 265 Disciplinary: 180 Total: 373 2005 Criminal Charges: 143 Disciplinary: 197 Total: 340	
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<u>Police</u> 2003 Criminal Charges: 469 Disciplinary: 45 Total: 514 2004 Criminal Charges: 265 Disciplinary: 180 Total: 373 2005 Criminal Charges: 143 Disciplinary: 197 Total: 340						

Element Monitored & Rationale	Performance Indicators	June 2006 data
1.2 PUBLIC ACCOUNTABILITY (Cont'd)	Clearance Rates are not listed due to the inaccuracy of RSIP reporting processes.	
	4] Perceptions about levels of corruption and maladministration within the community.	People's Survey pilot Report. The majority of persons responding to the survey believe the level of corruption in the Solomon Islands is high. Specifically, perceived corruption getting worse; National Government 57%, Provincial Government 39%, Village 16% (although focus groups suggested at some points that Solomon Islanders did not share Western definitions of corruption or that it was natural and ineradicable)
	5] Number of days on which Parliamentary Committees meet Explanatory note: This reporting period is impacted by the dissolution of the House on 20 December until the first sitting of the new House after the April 5 General elections. There was an intensive sitting period up until the dissolution – this resulted in an annual total of 50 sitting days (2005).	<ul style="list-style-type: none"> • Public Accounts C'ttee: 6 • Parliamentary House C'ttee: none • Bills and Legislation C'ttee: 7 • Constitutional Review C'ttee: none • Foreign Relations C'ttee: 3
	6] Number of audits fully completed and tabled with Public Accounts Committee and Provincial Governments	Presented to Parliament: <ul style="list-style-type: none"> • 3 Special Government Audits (Exim Loan, Forestry and Fisheries) • 1 Audited Financial Statement (1996 SIG Financial Statement) Completed but not yet presented: <ul style="list-style-type: none"> • 7 major Audits • 4 minor investigations Audits presented to Provincial Assemblies: <ul style="list-style-type: none"> • 1 Special Audit (Guadalcanal) • 5 Audited Statements (Malaita) Provincial Audits completed but not yet presented: <ul style="list-style-type: none"> • 5 – Western • 1 – Malaita • 1 – Guadalcanal • 1 – Central

Element Monitored & Rationale	Performance Indicators	June 2006 data
1.3 PUBLIC SECTOR CAPABILITY AND CAPACITY - assess capacity of the public service independently and efficiently to: <ul style="list-style-type: none"> • Advise on policy • Implement Government decisions • Administer programs 1.3 PUBLIC SECTOR CAPABILITY AND CAPACITY (Cont'd)	7] Public sector policy review	No sector review was carried out because Government processes were still settling down after the election.
	8] Increased individual and institutional capacity within the Solomon Islands Government	No system yet exists to capture capacity building results systematically from program reporting. The capacity building stock takes found good examples of individual and institutional capacity building, particularly associated with: longer-established programs, conscious efforts to build partnerships; integration of CB with day to day work plans and practices – but also a need to spread these throughout the programs and to foster coherence across the pillars. A common definition of CB and core principles have been agreed with SIG.
	9] Level of agreement or gap between Solomon Islanders' and RAMSI personnel's perceptions around the success or otherwise of capacity building efforts	No system yet exists to capture these perceptions systematically. The CB stock take suggests that there remain differences of view between RAMSI personnel and counterparts about what constitutes appropriate CB practice, although there is also evidence of successful efforts to bridge cultural gaps and effective CB that is recognised as such by both sides.
	10] Public perceptions of access to, and responsiveness of, key public services	The People's Survey pilot asked about experience and expectations in health, education and roads. Around one third were always satisfied with the health care they received and almost half were sometimes satisfied. A majority thought health services would improve in the future. Almost two thirds thought schools had improved, but only a quarter thought roads had (see full report; these figures mask provincial and gender differences and some real pockets of dissatisfaction).
FISCAL AND FINANCIAL MANAGEMENT To assess the ability of Departments and Provinces to budget for, procure and deliver on planned outputs and outcomes	11] Effectiveness of public financial management and its links to plans and outcomes	The analytical review concluded that RAMSI had stabilised public expenditure control over 85% of the budget (ie excluding provincial, overseas missions and state owned enterprise payments). It had taken an appropriate approach to minimising risks and using to best effect the staff available – nevertheless the capacity was still fragile. At the central agency the functioning of automated financial management systems had been restored and promptness of payments brought to well within international good practice, but better measures of public financial management capacity and improvement government-wide needs to be undertaken..
	12] Number of requests for urgent payment received by DoFT	3% of all requests (substantial reduction)

Element Monitored & Rationale	Performance Indicators	June 2006 data																								
	13] Ratio of SIG to donor recurrent expenditure within core functions	<table border="0"> <tr> <td>2006</td> <td>Total Funding</td> <td>SIG Funding (%)</td> <td>Donor Funding (%)</td> </tr> <tr> <td>Education</td> <td>\$235.5m</td> <td>\$174.2m (74%)</td> <td>\$61.3m (26% NZ)</td> </tr> <tr> <td>Health</td> <td>\$142.2m</td> <td>\$97.2m (68%)</td> <td>\$45.0m (32% Aust)</td> </tr> <tr> <td>Justice</td> <td>\$261.0m</td> <td>\$76.0m (29%)</td> <td>\$185.0m (71% Aust)</td> </tr> </table> <p>Source: 2006 SIG Approved Recurrent Estimates, SIG 2006 Approved Development Estimates</p>	2006	Total Funding	SIG Funding (%)	Donor Funding (%)	Education	\$235.5m	\$174.2m (74%)	\$61.3m (26% NZ)	Health	\$142.2m	\$97.2m (68%)	\$45.0m (32% Aust)	Justice	\$261.0m	\$76.0m (29%)	\$185.0m (71% Aust)								
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Justice	\$261.0m	\$76.0m (29%)	\$185.0m (71% Aust)																							
GROWTH ACROSS SOLOMON ISLANDS To assess the extent to which broad based economic growth is taking place and livelihood gains have been achieved	14] Public responses on livelihoods and economic activity	<p>Perceptions about the price of basic goods and of current household economic situation were generally negative. The majority of respondents thought that their economic situation would be the same (20%) or worse (43%) in two to three years. Youth unemployment was regarded by almost all respondents as a problem. In focus groups, participants highlighted very large increases in the price of soap and kerosene since the Tensions, the decline in employment opportunities, particularly in agriculture and fisheries, and in household purchasing power from small scale agriculture, and the problems of getting goods to market.</p>																								
	15] Real GDP growth in comparison to selected Pacific Island countries	<table border="0"> <tr> <td>Country</td> <td>2005</td> <td>2006</td> </tr> <tr> <td>Solomon Islands</td> <td>5.0</td> <td>5.3</td> </tr> <tr> <td>Fiji</td> <td>2.1</td> <td>2.6</td> </tr> <tr> <td>Kiribati</td> <td>0.3</td> <td>0.8</td> </tr> <tr> <td>PNG</td> <td>3.1</td> <td>3.7</td> </tr> <tr> <td>Samoa</td> <td>5.6</td> <td>4.0</td> </tr> <tr> <td>Tonga</td> <td>2.3</td> <td>1.9</td> </tr> <tr> <td>Vanuatu</td> <td>3.0</td> <td>3.0</td> </tr> </table> <p>Source: International Monetary Fund</p>	Country	2005	2006	Solomon Islands	5.0	5.3	Fiji	2.1	2.6	Kiribati	0.3	0.8	PNG	3.1	3.7	Samoa	5.6	4.0	Tonga	2.3	1.9	Vanuatu	3.0	3.0
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Element Monitored & Rationale	Performance Indicators	June 2006 data
		<p>Honiara Retail Price Index (a) 7.2% 8.5%</p> <p>(a) Honiara RPI estimate for 2005 reflects moving average of 12 months to December 2005; Estimate for 2006 reflects latest available data (July 2006)</p> <p>Source: Solomon Islands National Statistics Office; International Monetary Fund</p>

Element Monitored & Rationale	Performance Indicators	June 2006 data [Include period covered by data]	Twelve-month forward projections (to June 2007)	Medium term forward projections (to June 2010)	Key Strategic Risks and Factors affecting Performance
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Program Level Indicators

Law and Justice Program					
Program Outcome 1.1 - Safe and stable communities created through collaborative crime prevention, community safety and security initiatives					
COMMUNITY CONFIDENCE Assess the extent to which the RSIP, as an institution, is performing its core roles in a technically competent manner.	19] Increase in the community levels of trust and confidence in the RSIP.	People's Survey pilot Report - several questions address this issue. The inference is that over 50% of those surveyed trust the RSIP Specifically, law and order getting better 57%, Violent crime better 48%, Satisfied with police action 25%, Treated respectfully by police 59%	Examine the possible use of other Pacific Island police force metrics in this area. Eg. Fiji and Tonga		
Program Outcome 1.2 - Professional, effective and accountable law enforcement agencies					
RSIP COMPETENCE To assess the extent to which the RSIP, as an institution, is performing its core roles in a technically competent manner.	20] Increase in number of crimes cleared as a percentage of the number of crimes reported.	2005-06 Number of reported crimes: 2502* Number of crimes cleared: 1012* Percentage of crimes cleared: 40% * From 01/07/2005 to 11/05/2006 Explanatory note: No assurance can be provided for the accuracy of statistical data due to: <ul style="list-style-type: none"> • Continued inefficient reporting, recording, classification, clearance and notification of offences to RSIP National Intelligence Unit (NIU). • Data collection difficulties include: <ul style="list-style-type: none"> • Under reporting • Over reporting • Misreporting • Baseline figures sourced from the 2004 RSIP Annual Report 	1. Examination of average clearance rates in other PPF participating jurisdictions including both Australia/ New Zealand and Pacific Island nations. 2. Implementation by IMWG of an integrated data collection process that links all facets of a criminal investigation from reporting through investigation to finalisation in court. 3. Consolidation of national information (crime statistics) database at NIU.	<u>To June 2008:</u> Solid, continual flow of data relating to quantitative indicators available for the following performance indicators: <ul style="list-style-type: none"> • Number of investigations; • Number of charges; and • Clearance rates. Review and evaluate RSIP competencies. Transition from PPF to RSIP. <u>To June 2009:</u> Further refine management systems and decision making based on sound	Key Strategic Risks: <ul style="list-style-type: none"> • Inadequate recurrent budgetary funding for RSIP. • Premature exit of PPF. • Premature reduction of PPF staffing levels. • Disengagement of SIG political support for RAMSI. Other Factors: <ul style="list-style-type: none"> • Reduction of RSIP staffing levels, particularly in the National Intelligence Unit. • PPF failure to properly implement RSIP Capacity Development and Sustainment Program.

Element Monitored & Rationale	Performance Indicators	June 2006 data [Include period covered by data]	Twelve-month forward projections (to June 2007)	Medium term forward projections (to June 2010)	Key Strategic Risks and Factors affecting Performance
		<p>showed 6505 reported offences. The RSIP Police Capability Plan contains a figure of 6266 reported offences for the 2005 Calendar year. Various differences in reporting processes and the nature of alleged offences reported have influenced the disparity between the Annual Report and PCP figures.</p> <ul style="list-style-type: none"> • Additionally, public confidence in reporting crime has affected how and when alleged offences are reported. It is quite possible that many of the alleged offences reported in the 2004 RSIP Annual Report were related to matters that occurred some years previously. • An Information Management Work Group has achieved progress with the formulation of an ongoing information system that combines Incident Reports, Case Files and Court Briefs to provide quality data and information to the RSIP. This work is expected to reap more substantive and effective information as the mission progresses. A preliminary survey regarding the proposed system has been conducted and a pilot program is expected to commence within the next 12 months 	<ol style="list-style-type: none"> 4. Introduction of amended RSIP policy and standing orders – which will aid data collection processes. 5. Delivery of training to RSIP police officers in facets of data collection; covering processes such as incident reports, case files and briefs et cetera. 6. Resurrect and tweak pre-existing procedures to improve data collection by utilising or enhancing existing competencies in a range of key operational areas. 7. Up-skilling of RSIP staff in the NIU on efficiently operating and utilising the national information database to provide value-added product for RSIP business areas. This will include establishing some appropriate operating standards for RSIP staff in the area. 8. Development of individual workplace delivery plans to alleviate continuity issues resulting from PPF staff turnover. 	<p>monitoring feedback loops.</p> <p>Review and assess sustainability factors affecting continuous improvement of data/information collection policies and practices.</p> <p><u>To June 2010:</u></p> <p>Commence facilitation within RSIP for "Drawdown" of PPF resources.</p>	<ul style="list-style-type: none"> • Excessive PPF staff changes – loss of continuity. • RSIP training program priorities / reduction. • Skills and competencies for data collection processes across all of RSIP staff not addressed. • Maintenance of skills and competencies for using national information database of RSIP NIU staff. • RSIP Corporate Governance

Element Monitored & Rationale	Performance Indicators	June 2006 data [Include period covered by data]	Twelve-month forward projections (to June 2007)	Medium term forward projections (to June 2010)	Key Strategic Risks and Factors affecting Performance
RSIP ACCOUNTABILITY To assess the extent to which the RSIP seen as accountable	21] Implementation of RSIP governance framework and accountability systems.	RSIP corporate governance has been updated and is currently being reviewed for submission to the RSIP executive in preparation for adoption and ratification by Solomon Islands Legislature. The following areas have been addressed: <ul style="list-style-type: none"> • standing orders; • policies; • standard operating procedures; • instructions; • guidelines; and, • Directives. <ul style="list-style-type: none"> • PPF have prepared an amended Police Act and RSIP Corporate Governance framework. Work on adopting these documents, policies and procedures are expected to be finalised by the end of 2006. 	<ul style="list-style-type: none"> • Submission of RSIP Legislation and Corporate Governance Project Plan to SIG for ratification through the proper legislative framework. • Development of individual workplace delivery plans to alleviate continuity issues resulting from PPF staff turnover. 	Complete the following tasks with the RSIP Legislation and Corporate Governance Project Plan and complete the following tasks: <ul style="list-style-type: none"> • Review and endorsement of proposed corporate governance amendments. • Promulgation and implementation of corporate governance changes. • Capacity to develop the RSIP staff to maintain monitoring, dissemination and evaluation of the RSIP Corporate Governance. 	Key Strategic Risks: <ul style="list-style-type: none"> • Inadequate recurrent budgetary funding for RSIP; • Progress or otherwise on broader Public Service reform; • Exit of PPF; • Reduction of PPF staffing levels; and, • Availability of appropriately skilled PPF staff. Other Factors: <ul style="list-style-type: none"> • PPF staff changes – continuity. • Maintenance of skills and competencies for RSIP to monitor and evaluate corporate governance.
	22] Community perceptions on level of accountability of the RSIP	People's Survey pilot Report - This question was not directly addressed by the survey.			

Element Monitored & Rationale	Performance Indicators	June 2006 data (Include period covered by data)	Twelve-month forward projections (to June 2007)	Medium term forward projections (to June 2010)	Key Strategic Risks and Factors affecting Performance
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Program Outcome 1.3: A secure and culturally appropriate corrections system managed by a professional and sustainable prison service (In consultation with RAMSI advisers and SIPS performance indicators used in the baseline report were amended and the below new indicators were adopted.)

<p>PRISON SAFETY AND SECURITY To assess the ability of the Solomon Islands Prison Service (SIPS) to provide a safe and secure correctional environment.</p>	<p>23) Activity designed and implemented that ensures the incident profile within SIPS remains static or displays a decreasing trend.</p> <ul style="list-style-type: none"> - Staff training delivered. - Security procedures and practices implemented. 	<p>. Staff training delivered – .Staff Training Specialist Adviser appointed. .Calendar of critical incident training developed .Training commenced, capacity building of SIPS Staff an integral component of all Adviser performance plans.</p> <p>. Security enhancements – .Program of security infrastructure works commenced at Rove Central Prison. .Program of procedural documentation detailing security and emergency procedure and practice developed and introduced.</p> <p>Incidents recorded 2005</p> <table border="1" data-bbox="607 794 1005 1243"> <thead> <tr> <th>Safety</th> <th>2005</th> </tr> </thead> <tbody> <tr><td>Unnatural Prisoner death</td><td>0</td></tr> <tr><td>Prisoner self Harm</td><td>4</td></tr> <tr><td>Significant Health Issue</td><td>0</td></tr> <tr><td>Staff Injury</td><td>0</td></tr> <tr><td>Prisoner injury</td><td>1</td></tr> <tr><td colspan="2">Security</td></tr> <tr><td>Escape</td><td>0</td></tr> <tr><td>Attempted Escape</td><td>0</td></tr> <tr><td>Assault Offender on Staff</td><td>12</td></tr> <tr><td>Assault Offender on Offender</td><td>8</td></tr> <tr><td>Major Disturbance</td><td>1</td></tr> <tr><td>Incident Involving Visitor</td><td>1</td></tr> <tr><td>Fire</td><td>5</td></tr> <tr><td>Threat against Staff</td><td>21</td></tr> <tr><td>Possess prohibited item</td><td>31</td></tr> <tr><td>Disturbance – non violent</td><td>7</td></tr> <tr><td>= total</td><td>91</td></tr> </tbody> </table>	Safety	2005	Unnatural Prisoner death	0	Prisoner self Harm	4	Significant Health Issue	0	Staff Injury	0	Prisoner injury	1	Security		Escape	0	Attempted Escape	0	Assault Offender on Staff	12	Assault Offender on Offender	8	Major Disturbance	1	Incident Involving Visitor	1	Fire	5	Threat against Staff	21	Possess prohibited item	31	Disturbance – non violent	7	= total	91	<p>Incident profile to remain static during 2006-2007</p> <p>.Staff training delivered.</p> <p>.Security enhancements undertaken.</p> <table border="1" data-bbox="1196 805 1451 1145"> <thead> <tr> <th>Safety</th> <th>2006</th> </tr> </thead> <tbody> <tr><td> </td><td> </td></tr> <tr><td colspan="2">Security</td></tr> <tr><td> </td><td> </td></tr> </tbody> </table>	Safety	2006			Security				<p>Incident profile to decrease by 10% over this period</p> <p>.Staff training delivered.</p> <p>.Security enhancements undertaken.</p>	<p>Key Strategic Risks:</p> <p>.High remand rate and length of time held on remand.</p> <p>.High numbers of prisoners sentenced to lengthy sentences of imprisonment.</p> <p>.Prison overcrowding due to unavailability of community based alternatives (parole ,probation)</p> <p>.Failure to capacity build a disciplined, security focused approach within SIPS Staff.</p> <p>Failure to address security deficiencies in a timely manner.</p> <p>.Failure to secure appropriate budget support for security maintenance.</p>
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<p>PRISON STANDARDS The extent to which the Solomon Islands Prison Service (SIPS) meets the requirements of the United</p>	<p>24) Activity designed and implemented that assists SIPS meet recognised minimum standards for the treatment of</p>	<p>.Interim health and safety works commenced at all Provincial Prisons – completed at Auki Prison. .SIPS National Redevelopment Plan developed. .A set of Correctional Management Standards developed (draft) for use within SIPS.</p>	<p>.Provincial Prisons redevelopment program commenced.</p> <p>.Interim health and safety works</p>	<p>.Provincial Prisons Redevelopment Program completed.</p> <p>.All Prison facilities to meet the requirements of the United Nations</p>	<p>Key Strategic Risks: .Failure to develop a “system wide” management approach to prison development.</p>																																												

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Nations Minimum Standards (UNMSTD) for the Treatment of Prisoners, including the Protection of Juveniles Deprived of their Liberty.	prisoners.	.Specialist Advisers engaged within Health, Catering, Programs and Industry ,Staff Training, Prison Support and Prisoner Affairs	completed at all Provincial Prisons. .Rove Central Prison reviewed against the requirements of the United Nations Minimum Standards for the Treatment of Prisoners.	Minimum Standards for the Treatment of Prisoners.	.Failure to fund services on a sustainable basis. .Failure to review and test prison conditions against United Nations Minimum Standards for the Treatment of Prisoners.
REHABILITATION The extent to which the corrections system serves to rehabilitate prisoners.	25) The establishment of a rehabilitative framework approach to prison management within the Solomon Islands Prison Service. Elements to include; -Industry -Education -Vocational training -Programs aimed at addressing offending behaviour.	.Program and Industry Specialist Adviser appointed. .Program delivery within core, specialist, life skills and recreation introduced to Rove Central Prison	.Establishment of National Rehabilitation Strategy. .Establishment of a Rehabilitative Framework at Tere Prison. .Establishment of a sustainable organisational structure for the Programs and Industry Unit within SIPS. .Establishment of an approved program delivery model within Rove Central Prison.	Establishment of a Rehabilitative Framework within all SIPS facilities	Key Strategic Risks .Failure to identify / receive sufficient budget support to develop and implement framework. .Lack of NGO support for the delivery of program interventions. .Lack of appropriate skill base within Provincial areas.
Program Outcome 1.4: Rehabilitative impact of the justice system improved through diversionary practices and sentencing options					
SENTENCING ALTERNATIVES To assess the extent to which probation is used as an alternative to custodial sentencing.	26) Number of probation orders made, and implemented.	12 MONTHLY Jan – Dec 2005 Zero.	A specialist adviser was engaged and has now completed the Probation Pilot Scoping Report which has a range of recommendations. These are now being considered by a joint committee involving Ministry of Health, Department of Justice and Social Welfare Division (SWD) representatives. Over the next 12 months it is likely that capacity will be strengthened in the SWD which will include provision to support probation orders.	Establishment of probation options depends on SWD's capacity being built.	Key Strategic Risks: <ul style="list-style-type: none">▪ Absence of a functioning Probation Service provided by SIG.▪ In the context of low SIG capacity to provide Probation Services, capacity and reliability of non-government service providers is unknown, resulting in reluctance on the part of the Courts to issue probationary orders. Hence the number of probationary orders is difficult, if not impossible to predict over the long-term.

Element Monitored & Rationale	Performance Indicators	June 2006 data [Include period covered by data]	Twelve-month forward projections (to June 2007)	Medium term forward projections (to June 2010)	Key Strategic Risks and Factors affecting Performance
					<p>Other Factors: The Courts are unlikely to make probationary orders in the absence of restoration of a functioning probationary service.</p>
Program Outcome 1.5: Improved efficiency, effectiveness and accessibility of court practices and government legal services					
<p>TIMELY JUDICIAL PROCESSES To assess the ability of the judiciary to process cases in a timely fashion.</p>	<p>27) Change in median prisoner remand period by crime type [To be disaggregated by age of offenders]</p>	<p>TWELVE MONTHLY Jan – Dec 2005 Disaggregated data unavailable</p>	<p>The establishment of efficient databases to measure such information has been progressed under the Law and Justice Program in consultation with Solomon Island Government but further work is required.</p>	<p>Unknown</p>	<p>Key Strategic Risks: Remand</p> <ul style="list-style-type: none"> ▪ Absence of centralised/cross-referenced remand database within Ministry, and as between Courts and Prisons service impacts on administration of remand.
	<p>28) Change in the median length of time between appeals being lodged and heard in the High Court and Court of Appeal.</p>				<p>Key Strategic Risks: Appeal Time</p> <ul style="list-style-type: none"> ▪ Limited ability to convene Court of Appeal (financial/logistical issues); ▪ Limited SIG Court of Appeal funding, barely sufficient for one sitting/year; ▪ Periodic availability of 'external' Judges to sit on Court of Appeal; ▪ Magistrates Court administrative processes to transfer files to High Court historically poor, files lost and or High Court not notified of appeals. <p>Other Factors: Appeal Time</p> <ul style="list-style-type: none"> ▪ With Magistrates Court reforms (providing

Element Monitored & Rationale	Performance Indicators	June 2006 data [Include period covered by data]	Twelve-month forward projections (to June 2007)	Medium term forward projections (to June 2010)	Key Strategic Risks and Factors affecting Performance
					Listings/Registry efficiency, plus progressive re-establishment of provincial sittings) it is anticipated that a greater number of matters will be listed in a timely manner.
PUBLIC ACCESS TO LEGAL SERVICES To assess levels of public knowledge of, and access to, quality legal services.	30) Numbers of files opened by the Public Solicitor's Office [PSO].	12 MONTHLY July 2005 – May 2006 (present) 1,412	1,800 - 2,000	3,000 - 4,000	Key Strategic Risks: Public Access to Legal Services <ul style="list-style-type: none"> ▪ Small number of staff (and lack of Solomon Islands applicants for unfilled vacancies) affects PSO's ability to open files, and run and manage cases. ▪ Lack of staff and resources results in limited presence in Provinces and unavailability for some Circuits. ▪ Private bar does not voluntarily provide Pro Bono legal services to clients. ▪ Absence of civil society monitoring of Courts results in little 'sense of accountability' on the part of the SIG in ameliorating public access to legal services. ▪ Poor SIG budgetary allocation to PSO. ▪ Large High Court caseload consumes PSO resources. ▪ Risk of loss of confidence by criminal clients in work of PSO due to perceptions of bias. To date lawyers have been accepted in full knowledge of RAMSI partnership.

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					<ul style="list-style-type: none"> ▪ Risk of perception of being too focused on criminal matters. ▪ SIG staff absences due to study leave or other training/development. ▪ Increased workload due to April 2006 riots. <p>Other Factors:</p> <p>Public Access to Legal Services</p> <ul style="list-style-type: none"> ▪ The PSO currently does not open files for circuit Court matters unless they are listed for a trial or the advocate wants to carry the file forward. ▪ The number of legal enquiries which result in files being opened is difficult to gauge. ▪ PSO Legal Clinic does not necessarily open files for every client seen, so difficult to gauge accurate levels of usage/access.
Program Outcome 1.6: Improved justice sector capacity in areas of coordination, strategy, planning, policy and reform					
<p>JUSTICE SECTOR POLICY PLANNING & COORDINATION</p> <p>Capacity to produce appropriate plans, develop clear policy and manage coordination within the justice sector.</p>	<p>31) Detailed analysis & judgment as to the appropriateness, clarity & effectiveness of policies.</p>	<p>Justice Sector Review Report. - Areas covered by this review</p> <p>The new RAMSI Law and Justice Program, has not commenced as planned in January 2006. In the absence of this, a consultative mechanism has not been established within the Ministry but the Chief Justice has taken the lead by forming the Justice Sector Coordinating Committee to help progress his vision for the sector which was laid out so clearly in his opening year speech. Fortunately the vision is compatible with the strategic framework agreed between RAMSI and SIG. Efforts are being made to harmonise plans and coordinate activities.</p> <p>Coordination between the different elements of RAMSI (Law and Justice) continues as per last period. The new Program has been delayed, most probably until July, but the Program Unit has been established within the Ministry of Police, National Security, Justice and Legal Affairs.</p>			<p>Factors affecting development & implementation of M&E systems.</p> <p>Key Strategic Risks: Continued support and active engagement of the Solomon Islands Government.</p> <p>Other Factors:</p>

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		<p>Coordination through regular (three times a week) meetings of the RAMSI Special Coordinator with the RAMSI principles still continues as per last period.</p> <p>The RAMSI capacity building stocktake reported on progress within the sector on capacity building.</p> <p>Further inspections have been undertaken by the International Committee of the Red Cross of Rove Prison.</p> <p>Monitoring and Evaluation Systems at the individual program level still include frequent evaluations by Technical Advisory Groups (TAGs) for both Justice and Prisons which operate either independently or jointly and report to RAMSI. The AusAID Simplified Monitoring Tool was also utilised up until May 2006 in the Law and Justice Program as a monitoring mechanism.</p> <p>The Managing Contractor continues to submit comprehensive monthly and quarterly reports to RAMSI as required as well as numerous ad hoc reports as requested on a range of issues of interest.</p>			Ability to reach consensus with various stakeholders of the most appropriate form of Monitoring and Evaluation mechanism for the new RAMSI Law and Justice Program.
Machinery of Government Program					
Program Outcome 2.1 - Government services responsive to and reaching all people effectively (Note: Capacity to identify a relevant and accurate indicator in this area is not possible at this time.)					
Program Outcome 2.2 - Efficient and responsive public administration					
PUBLIC ADMINISTRATION To assess the extent to which public administration is efficient and responsive	33) Number of Corporate Plans and associated departmental work plans in place	15 (71%)	18 (86%)	100%	(1) Majority of corporate plans are undergoing revision after 2006 elections to comply with the new government's policy framework. Further work being done by Corporate Planning team which arrived in mid June.
	34) Vacancies in the public service establishments	Vacancy rates as of May 2006 i: clerical, admin, technical: 18.7% ii: Non-establishment (cleaners, drivers, etc): 13.4% iii: Police: 3.5% iv.: Prison: 14.0%	By June 2007, 95% of all priority vacancies should be filled	Stable vacancy levels running at below 10% of total establishment	<ul style="list-style-type: none"> • Ongoing commitment to public service reform at senior levels of the public service • Outdated legislation, administrative rules and procedures for HRM • Insufficient HRM capacity in PSD and line agencies

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		v: Teachers: 10%			<ul style="list-style-type: none"> Vacancy rates are based on staff establishment numbers which include superseded positions - effective workforce planning is required to update the establishment and match staffing to current organisational priorities.
	35) Number of Annual Reports produced by Cabinet Office Deadlines (1)	18 (86%) 2005 Annual Reports	21 - 100%	21- 100%	<p>(1) A better indicator for the future may be the tabling of annual reports by midyear.</p> <ul style="list-style-type: none"> The outgoing cabinet approved the drafting of legislation for mandatory tabling of Annual Reports. The timeframe for drafting and introduction of this legislation is yet to be determined and could be affected by the change of government.
Program Outcome 2.3 - Increased accountability of government and strengthened accountability institutions					
OVERSIGHT OF PUBLIC ACCOUNTABILITY To assess the extent to which issues of public sector maladministration are being progressively addressed	36) Percentage of complaints to the Ombudsman's Office from civil society	15% 184 complaints were registered from 1/9/05 to 11/5/06. Of these, 28 can be characterised as "civil society", that is, not being about the terms and conditions of public officers	15% This is an indicative projection only; no material change can be reasonably expected in 12 months even with an aggressive correctional strategy as cause and effect with this issue is structural and long term (see Key Strategic Risks).	40%	<ul style="list-style-type: none"> It is likely that the Ombudsman will be seen as an agency of first call for public officers concerned with their terms and conditions of service for some time unless the underlying weaknesses in the appropriate primary agencies can be strengthened or the Ombudsman refuses to deal with them. Not all complaints are

Element Monitored & Rationale	Performance Indicators	June 2006 data [Include period covered by data]	Twelve-month forward projections (to June 2007)	Medium term forward projections (to June 2010)	Key Strategic Risks and Factors affecting Performance
	37) Percentage of senior public servants and office holders complying with Register of Leaders' Interests	<p>National Parliament: (1)</p> <p>Provincial Assemblies: 23%</p> <p>Const. Offices: 60%</p> <p>Permanent Secretaries: 66%</p> <p>No change from 2005, targeting of this group is yet to occur</p> <p>Agency Heads: unavailable.</p> <p>Senior Public Officers: unavail.</p>	<p>National Parliament: 58%</p> <p>Provincial Assemblies: 30%</p> <p>Const. Offices: 80%</p> <p>Permanent Secretaries: 75%</p> <p>Agency Heads: unavailable.</p> <p>Senior Public Officers: unavail.</p>	<p>National Parliament: 90%</p> <p>Provincial Assemblies: 50%</p> <p>Const. Offices: 100%</p> <p>Permanent Secretaries: 90%</p> <p>Agency Heads: 60%</p> <p>Senior Public Officers: n/a</p>	<p>registered</p> <ul style="list-style-type: none"> • Strategic solutions may not be agreed <p>(1) 50% of parliamentarians are new following the April 2006 election. The LCC has issued new forms for return by new and continuing leaders in this category.</p> <ul style="list-style-type: none"> • Compliance dependent on LCC management of the register • Leadership Code Act has no provision to enforce compliance. Amendments proposed to the LCA will provide for enforcement of fines imposed by the LCC. • Respondents find declarations difficult to complete thus reducing the level of compliance
AUDIT Checks on administrative decision making strengthened	39) Number of audits fully completed and presented to the Parliament	<p>Presented to Parliament:</p> <ul style="list-style-type: none"> • 3 Special Government Audits¹ • 1 Audited Financial Statement² <p>Completed but not yet presented:</p> <ul style="list-style-type: none"> • 7 major Audits • 4 minor investigations <p>Audits presented to Provincial Assemblies:</p> <ul style="list-style-type: none"> • 1 Special Audit (Guadalcanal) • 5 Audited Statements (Malaita) <p>Provincial Audits completed but not yet presented:</p> <ul style="list-style-type: none"> • 5 – Western • 1 – Malaita 	Backlog of audited government accounts reduced by 30%	No backlog in audited government accounts and performance audits underway	<ul style="list-style-type: none"> • Agency delays in timely preparation of financial statements • Provincial government delays in the timely preparation of financial statements • Public Accounts Committee fails to examine closely and follow up on the audits submitted and delays in completion of financial statements. • Legislative changes are not made to the Public Finance

Element Monitored & Rationale	Performance Indicators	June 2006 data [Include period covered by data]	Twelve-month forward projections (to June 2007)	Medium term forward projections (to June 2010)	Key Strategic Risks and Factors affecting Performance
		<ul style="list-style-type: none"> • 1 – Guadalcanal • 1 – Central 			and Audit Act to, inter alia, provide for performance audits.
Program Outcome 2.4 Electoral processes, civic awareness and quality of representation improved					
ELECTION CONDUCT To assess whether the lead up to and conduct of the elections are free, fair, transparent, and informed	40) Level of agreement among election observer organisations that the 2006 national elections are free and fair	Reports from observer teams at the 2006 elections are generally still in draft form. Comments provided so far indicate that the 2006 national election met basic international standards, and that most of the recommendations made by the 2001 observer team (notably recs 1-4 & 6-8) have been met (1). Observer team reports from the 2006 elections are likely to introduce further recommendations, particularly in relation to the quality of the electoral roll and recruitment and training of electoral officials.	Action Plan to respond to 2001 and 2006 observer team reports developed and agreed with SIEC.	Action taken on balance of recommendations arising from the 2001 and 2006 elections – subject to national budget and infrastructure constraints.	(1) 2001 Election Observer recommendations: <ol style="list-style-type: none"> 1. Review staffing requirements and positions and fully fund necessary positions of the Solomon Islands Electoral Commission 2. Review and Revise electoral law 3. Devise sound and practical funding and financial accounting policies 4. Expand on voter and civic education opportunities 5. Year round registration system with appropriate quality controls 6. Develop reasonable training programs and materials 7. Encourage both international and local observers in future elections 8. Provide for voters to mark ballots directly with voting in secret with ballot boxes in view of elections officials at all times 9. Allow for any voter inside the polling station prior to official closing time to cast their vote 10. Provide for a larger number of election officials at the local level and make provisions which allow them

Element Monitored & Rationale	Performance Indicators	June 2006 data [Include period covered by data]	Twelve-month forward projections (to June 2007)	Medium term forward projections (to June 2010)	Key Strategic Risks and Factors affecting Performance
					<p>to vote</p> <p>11. Absentee voting should be available for all future elections</p> <ul style="list-style-type: none"> • Failure/inability to amend national election legislation as recommended. • Failure to amend Provincial and local government legislation to allow for single ballot box elections. • Insufficient ongoing funding to maintain fully staffed SIEC Office. • Inability of SIEC staff to undertake further reform.
<p>CIVIC AWARENESS To assess levels of awareness on good governance, roles of citizens, and their representatives in government</p>	<p>41) Levels of Public awareness of <i>on</i> good governance, roles of citizens, and their representatives in government</p>	<p>People's Survey pilot Report 2006</p> <p>Civic awareness: 77% voted, 82% aware the MP required to represent their interests in parliament, 30% thought MP had done so, 39% expect their MP to serve them well over the next 2 – 3 years</p>			
<p>PARLIAMENTARY REPRESENTATION Improvements in quality of representation by local members</p>	<p>42) Changes in public's perception regarding their access to their National Member of Parliament</p> <p>43) Number of days on which parliamentary committees meet to review legislation, appropriations, audit reports and executive actions</p>	<p>People's Survey pilot Report 2006</p> <p>Parliamentary representatives: 45% of candidates visited their villages in 2006 campaign, 35% expect a follow up visit, 39% expect MP to serve them well over next 2 – 3 years</p> <ul style="list-style-type: none"> • Public Accounts C'ttee: 6 • Parliamentary House C'ttee: none • Bills and Legislation C'ttee: 7 • Constitutional Review C'ttee: none • Foreign Relations C'ttee: 3 <p>This reporting period is impacted by the dissolution of the House on 20 December until the first sitting of the new House after the April 5 General elections.</p>	<p>30% increase in the number of sitting days</p> <p>Introduction of concept of seeking submissions and holding public hearings and provincial-based hearings. Focus on increased Committee activity through the establishment of a</p>	<p>All committees active and providing well researched reports to parliament on public policy issues and scrutiny of government expenditure.</p>	<ul style="list-style-type: none"> • Increased budget for Office of the National Parliament to support Committee research staff and secretaries – as at May 2006 in Parliament and as part of the governments major Policy Launch, PM commits to increasing resources to Parliament in order that it may undertake its

Element Monitored & Rationale	Performance Indicators	June 2006 data [Include period covered by data]	Twelve-month forward projections (to June 2007)	Medium term forward projections (to June 2010)	Key Strategic Risks and Factors affecting Performance
			Parliamentary calendar for committees to work around.		<p>duties more effectively.</p> <ul style="list-style-type: none"> • Loss of project staff due to lack of job security if budget commitment not made in 2006. • the impact of possible 'no confidence motion.
Program Outcome - 2.5 Executive and legislative arms of government functioning effectively					
<p>LEGISLATIVE EFFECTIVENESS To assess the extent to which the legislative arm of government is functioning effectively</p>	44) Number of bills introduced into Parliament and passed	15	20, with increased level of committee scrutiny of and Parliamentary debate on bills over previous year.	<p>More active Parliament sitting regularly to consider government legislative agenda.</p> <p>Private Members' Bills drafted and considered by Parliament</p>	<ul style="list-style-type: none"> • Introduction of Parliamentary Sitting Calendar to streamline processes of Cabinet and AG so as to meet the times/dates. • Efficiency and resourcing of the offices of the Attorney General and Cabinet. • The availability of legislative drafting capacity within the Parliament to support the work of the Bills and Legislation Committee and the development of Private Members Bills.
	45) Parliamentary Standing Orders reviewed and implemented	<p>Review progressed with submissions received and the engagement of a consultant with interviewing of 22 MPs. Two regional experts have also been engaged for support in the review with tentative workshop in July 2006.</p> <p>Two weekend workshops held by Clerk and the Project Manager has resulted in completion of the following chapters; Part A – Interpretation Part B – Members and Officers of the Parliament Part C – Sessions, Meetings, Sittings and Adjournment of Parliament and, Part N – Select and Special Committees.</p>	Review completed.	More relevant and effective Standing Orders supporting the work of Members and Committees.	<ul style="list-style-type: none"> • Coordinating international drafting process – due to differences in sitting schedules and workload of various parliaments. • Progressing the revised Standing Orders through the House Committee.

Element Monitored & Rationale	Performance Indicators	June 2006 data [Include period covered by data]	Twelve-month forward projections (to June 2007)	Medium term forward projections (to June 2010)	Key Strategic Risks and Factors affecting Performance										
COORDINATION OF CABINET BUSINESS To assess the efficiency of cabinet processes and the quality of consultation and coordination in the development of cabinet papers	46) Average time taken from presentation to confirmation of cabinet papers	3 weeks	2 weeks	1 week	<ul style="list-style-type: none"> • Cabinet Office is unable to ensure compliance with Cabinet Handbook. • Some cabinet papers (generally of a controversial nature) are being continuously deferred. 										
	47) Proportion of Cabinet papers complying with cabinet checklist	0%	50%	90%	Willingness of the Permanent Secretaries to complete checklists is a factor. The Secretary to Cabinet will continue to act in a supervisory capacity to check compliance.										
Economic Governance															
Program Outcome 3.1: Improved Solomon Islands Government capacity to deliver high quality macro-economic outcomes and policy advice															
EBT To assess the extent to which debt servicing obligations are decreased to sustainable levels.	48) Level of debt sustainability.	In its recent Article IV concluding statement, the IMF noted a mixed debt sustainability picture based on preliminary analysis. In particular they note that at end-2004, public debt including all arrears was at around 90% of GDP. Factors to consider in assessing this are:	Further information will be available when the joint IMF/World Bank mission is completed in 2006, however the Article IV concluding statement noted that under their baseline scenario (which assumes reforms will be carried out) all debt indicators would improve over time, although the NPV of public debt to GDP would remain above the threshold level. In addition, the Article IV concluding statement noted a high risk of debt distress if standard export growth checks are applied to the baseline scenario. This is especially significant considering Solomon Islands' reliance on a narrow, commodity focused, export base.		Key Strategic Risks: Fiscal discipline – commitment to maintaining fully funded budgets and not raising further debt. Political stability GDP growth. On the Debt outlook, the Concluding Statement noted a range of risks. In particular, that debt could decline if policy implementation was 'consistently good and the growth response positive', however this could be derailed by a range of shocks										
		<table border="1"> <thead> <tr> <th></th> <th>Current</th> <th>Acceptable</th> </tr> </thead> <tbody> <tr> <td>1. Debt (&Contingent Liab.) to GDP</td> <td>100%</td> <td>lower</td> </tr> <tr> <td>2. NPV of debt to GDP*</td> <td>74%</td> <td>30%</td> </tr> </tbody> </table>		Current	Acceptable	1. Debt (&Contingent Liab.) to GDP	100%	lower	2. NPV of debt to GDP*	74%	30%				
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		<table border="1" data-bbox="607 344 1164 443"> <tr> <td data-bbox="607 344 891 443">3. Public debt service to revenue**</td> <td data-bbox="891 344 1021 443">20-25%</td> <td data-bbox="1021 344 1164 443">15%</td> </tr> </table> <p data-bbox="607 475 734 499">*IMF measure.</p> <p data-bbox="607 536 1144 592">** Includes estimates for managing debt in currently in default and contingent claims (IMF measure doesn't factor these in).</p> <p data-bbox="607 624 1167 730">The net present value (NPV) of public debt is currently at around 74 per cent of GDP (30 per cent is considered acceptable) and public debt servicing is at around 20 to 25 per cent of domestic revenue (15 per cent is considered acceptable).</p> <p data-bbox="607 762 1088 786">Other relevant indicators of progress going forward are:</p> <ul data-bbox="607 802 1144 995" style="list-style-type: none"> (a) annual cost savings as a result of effective debt management which can be estimated on an NPV basis; (b) reductions in arrears and the quantum of debt in default, demonstrating progress towards managing the debt and debt sustainability; and (c) completion of key debt workouts over the reporting period compared with those that remain outstanding. 	3. Public debt service to revenue**	20-25%	15%			<p data-bbox="1816 344 2107 451">and scenarios. The preliminary conclusion was the Solomon Islands would remain at high risk of debt distress.</p> <p data-bbox="1816 483 2107 699">Tax and Customs reform implementation, in particular failure to move away from the current approach to granting exemptions which vests significant flexibility in the Minister for Finance, are a risk to the outlook for revenue.</p> <p data-bbox="1816 762 2074 842">Other Factors: Results of debt renegotiation World interest rates</p>
3. Public debt service to revenue**	20-25%	15%						
<p data-bbox="103 995 349 1102">FISCAL DISCIPLINE To assess level discipline in Solomon Islands fiscal planning.</p>	<p data-bbox="371 995 580 1187">49) Fully funded [non-debt financed] annual budgets and the existence and use of both forward estimates and medium term fiscal frameworks.</p>	<p data-bbox="607 995 1144 1075">For 2005 a gross cash deficit of \$SBD80 million was forecast, to be funded from the 2004 surplus. (See table 3.1 of 2006 Budget Paper 1).</p> <p data-bbox="607 1107 1167 1410">The 2005 Domestic Budget results (that is, not including budget support provided by NZAID for education) were released on 1 February 2006. 2005 revenue collections were \$625 million (\$550 million expected). Actual 2005 expenditure was \$623 million (\$699 million expected). The underspend was driven mainly by underspends in service delivery (\$65 million less than expected) and delays in filling public service vacancies (payroll expenditure was \$11 million less than expected for the year). In general, these underspends reflect lack of service delivery capacity in the SI public sector and should not be expected to continue.</p>	<p data-bbox="1191 995 1449 1075">2007 Budget Documentation and tracking against budget available in 2007.</p> <p data-bbox="1191 1107 1449 1437">The Forward Budget estimates included two scenarios. The first was based on the Budget assumptions, with expenditure growing by 3% per year and revenue growing at around 8 per cent from 2007-2009). The alternative scenario was based on 6% increase in the cost of providing government</p>	<p data-bbox="1476 995 1771 1051">A medium term fiscal strategy is currently being developed.</p>				

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		<p>A balanced budget is forecast for 2006 (see Table 3.1 of Budget Paper No. 1). Forward Budget Estimates were published for the first time in the 2006 Budget.</p> <p>The Ministry of Finance issues a monthly Media Release on the Budget outcomes. Budget estimates can be tracked on a monthly basis, allowing for constant monitoring.</p>	<p>services and nominal revenue growth of 6%. The first scenario could, over the outlook period, see reduced SIG dependence on donor funding for recurrent activities while maintaining current service levels.</p>		
<p>REVENUE Improved efficiency and effectiveness of revenue collection and customs activities</p>	<p>50) Compliance costs as a percentage of GDP. Economic efficiency of taxation. [The effects of taxation on the economy]</p>	<p>There are no baseline numbers. References to the extent of compliance and economic costs can be gauged from PFTAC reports Solomon Islands: Modernisation of the Tax System (draft aide memoir; May 2005) and Solomon Islands: Tax and Customs Administration Projects and Selected Tax Issues (November 2004)</p> <p>It is not possible to collect data on compliance costs for taxpayers. Although legislation is complex and unwieldy, compliance costs may not be too great due to widespread exemptions and rudimentary enforcement which means that many taxpayers do not submit returns. There are currently few final withholding taxes which increase compliance costs for taxpayers and administration costs for the Inland Revenue Division.</p> <p>Economic efficiency: it is not possible to measure the impact of the tax system on the economy. However, high cascading indirect taxes and import duties and widespread exemptions cause substantial distortions and economic inefficiencies. At end 2003, the goods tax act included 69 exemptions, the income tax act included 32 exemptions, and the customs duties included 32 exemptions. They all also included provisions for discretionary exemptions.</p>	<p>Expected that economic efficiency will be substantially unchanged.</p> <p>The Income Tax Amendment Bill 2005 was passed into law in December 2005. This enactment has provided for PAYE to be a final liability in most instances, thus, improving simplicity for taxpayers.</p>	<p>Proposed tax reform process will broaden the base, lower rates and reduce exemptions. This outlook depends on the implementation of the tax reform program.</p>	
	<p>51) Reductions in tax exemptions.</p>	<p>There is no baseline number on the number of existing exemptions. Progress will be measured by steps taken to reduce the numbers of exemptions provided to individuals, as well as provisions in tax administration.</p> <p>The Minister for Finance has made announcements to reduce and then abolish the number of exemptions of tax on round log</p>	<p>Fundamental changes to exemptions granted under the law will need to await Tax reform proposals. The IRD are however, currently scoping a business improvement project which is</p>	<p>Proposed tax reform process both broaden the tax base and reduces the number of exemptions, as well as providing for improved public reporting on those exemptions that remain. This outlook depends on the implementation of the tax</p>	

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		<p>exports. The IMF Article IV mission found that the cost to revenue of exemptions on import and export duties alone was around \$80 million in 2004 (4% of GDP) and a report from FIAS (World Bank) found that Goods Tax exemptions <i>administered by Customs</i> cost another \$89 million in 2004 (this does not include Goods Tax exemptions administered by IRD, nor does it include any Income Tax exemptions)). Revenue generation is also impeded by a narrow indirect tax base that means some activities are untaxed or taxed at very low rates. Commentary can be found in the PFTAC reports noted above.</p>	<p>tasked with significantly changing the way existing applications are handled. The project is tasked with streamlining and tightening processes, improving the management information available about statutory and discretionary exemptions and providing better information to Solomon Islanders about what is and is not exempt</p>	<p>reform program.</p>	
	<p>*52) Strategic Planning Framework *NEW Indicator devised with program as apart of 2006 annual review</p>	<p>There is currently no strategic document which describes the future state of the Solomon Islands Income Tax Administration. Such a document is considered essential as it will guide development and investment in administration improvements.</p> <p>With the introduction of tax reform and placement decisions surrounding VAT, it is essential that a clear set of principles are developed by the revenue administration that support on-going redevelopment. In addition with on-going fiscal reform and growth in the economy it is essential that a robust design exists to support investment in the revenue administration and to underpin delivery design decisions.</p>	<p>A strategic plan is intended to be developed by 30 September 2006. This will allow it to feed into both the 2007 budget process and the development of the Divisions reporting requirements as part of the Department of Finance and Treasury.</p>	<p>The tax reform process may require design information to be available before the completion of the strategic plan.</p> <p>Resources available to undertake this task may be required to focus on tax reform</p>	
	<p>*53) Development of a robust set of performance measures *NEW Indicator devised with program as apart of 2006 annual review</p>	<p>Currently the only 'robust' measure of administrative performance is the reporting of taxation revenue collected as compared to budget. To complement the strategic framework development, Inland Revenue intends to develop a series of 8 to 10 high level measures of tax revenue performance. These measures will draw on international data and allow for a more holistic view on administrative performance.</p>	<p>The broad set of measures will be developed by 30 June 2006, and monitoring and reporting systems put in place by 31 December.2006. The first reporting against these metrics will be during 2007. However as many of these will be annual measures, the first set of indicators will be included in the 2007 annual report.</p>	<p>The tax reform process may require design information to be available before the completion of the strategic plan.</p> <p>Resources available to undertake this task may be required to focus on tax reform</p>	
	<p>*54) Reform of the Taxation system</p>	<p>Good tax policy is generally measured against five broad principles:</p> <ul style="list-style-type: none"> • Economic efficiency 	<p>It is expected that there will be initial legislative changes by June 2007, however only</p>	<ul style="list-style-type: none"> • Efficiency should be improved by the introduction of a low tax rate to a broad base (VAT) in 	

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	<p>*NEW Indicator devised with program as apart of 2006 annual review</p>	<ul style="list-style-type: none"> Equity Simplicity Transparency Revenue generation <p>It is not possible to give quantitative indicators for these principles but it is clear that the current tax system fares poorly on all of them.</p> <ul style="list-style-type: none"> Optimal taxation theory shows that high, uneven tax rates create the greatest distortions and 'deadweight losses' (losses of welfare). Trade theory also shows that trade tariffs produce a net cost to local consumers and businesses. Horizontal equity is undermined by widespread exemptions Out-of-date and poorly drafted legislation combined with poor administrative processes makes the system unduly complex There is limited transparency because many exemptions are at the discretion of the Minister, Commissioner of Inland Revenue or Comptroller of Customs. <p>Revenue generation is weakened by widespread exemptions and a narrow tax base.</p>	<p>some of these changes will have taken effect and they are unlikely to have had enough time to have a significant impact.</p> <p>Improved administration, mentioned above, should improve transparency and perhaps reduce some complexity</p>	<p>place of the Goods and Sales Taxes. Reductions in import duties will also improve efficiency.</p> <ul style="list-style-type: none"> Horizontal equity will be improved by the introduction of a VAT with few exemptions Simplicity will be improved by redrafts of the Income Tax and Customs laws Transparency will be improved by the abolition of discretionary exemptions A VAT will improve revenue generation because it broadens the tax base. 													
<p>Program Outcome 3.2: Improved Solomon Islands Government capacity to deliver effective and accountable financial management to support public sector outcomes (*Indicators 55-58, previously numbered 52-55 in Framework and Nov 2005 Baseline)</p>																	
<p>COMPLIANCE To assess increases in financial and legislative compliance.</p>	<p>55) [Query] rates of Departmental applications for payments to DoFT.</p>	<p>Payment vouchers are generally queried for non-compliance. The number of queried vouchers is steady at between 16 and 17 per cent. The slight increase in January 2006 is related to a decline in the number of vouchers presented for rentals (these are rarely queried).</p> <p>Ratio of queried and non-queried payment vouchers – 2005-2006</p> <table border="1" data-bbox="607 1302 994 1422"> <thead> <tr> <th></th> <th>Claims</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>July-August 2005</td> <td></td> <td></td> </tr> <tr> <td>Queried...</td> <td>43</td> <td>16.6</td> </tr> <tr> <td>Not queried...</td> <td>216</td> <td>83.4</td> </tr> </tbody> </table>		Claims	%	July-August 2005			Queried...	43	16.6	Not queried...	216	83.4	<p>A range of capacity building activities at the both the institutional and individual level are expected to contribute to improved processes and procedures for managing Government finances.</p> <p>These activities include the continued education of accountable and accounting officers and reactivation of the Solomon Islands Government Accounting Service. These activities are aimed at building financial management capacity in ministries and departments.</p>		<p>Key Strategic Risks:</p> <p>Development of Departmental leadership.</p> <p>Recruitment of suitable staff, particularly those with financial management/accounting qualifications.</p> <p>Delays in reactivating SIGAS. If it is put on a slow-track, likely to delay capacity building at whole</p>
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		Queried..... 33 16.4 Not queried... 168 83.3 January 2006 Queried..... 34 18.6 Not queried... 149 81.4			of government level.																																							
	56) Incidence of non-compliance within key financial processes. E.g. payrolls, payments, imprest accounts, etc.	As above – payment vouchers are generally queried for non-compliance.	As above.		Other Factors: Government support for improved financial management must be maintained. Success of MoG provincial governance program Government approaches to provincial government funding and constitutional reform.																																							
FINANCIAL MANAGEMENT To assess the effectiveness of departmental financial management.	57) Improvements in Ministerial & departmental financial information management and accounting.	Processing time for payment vouchers declined marginally between July/August 2005 and October 2005. January 2006 saw a sharp decline in the number of payment vouchers processed, reflecting the decline in Government activity over the holiday period. Processing time for payment vouchers <table border="1" data-bbox="607 903 1003 1294"> <thead> <tr> <th></th> <th>Total processing</th> <th>Avg</th> </tr> </thead> <tbody> <tr> <td>July-August 2005</td> <td></td> <td></td> </tr> <tr> <td>Queried.....</td> <td>445</td> <td>10.3</td> </tr> <tr> <td>Not queried</td> <td>1835</td> <td>8.5</td> </tr> <tr> <td>Total.....</td> <td>2280</td> <td>8.8</td> </tr> <tr> <td>October 2005</td> <td></td> <td></td> </tr> <tr> <td>Queried.....</td> <td>1052</td> <td>31.9</td> </tr> <tr> <td>Not queried</td> <td>621</td> <td>3.7</td> </tr> <tr> <td>Total.....</td> <td>1673</td> <td>8.3</td> </tr> <tr> <td>January 2006</td> <td></td> <td></td> </tr> <tr> <td>Queried.....</td> <td>368</td> <td>10.8</td> </tr> <tr> <td>Not queried</td> <td>444</td> <td>3.0</td> </tr> <tr> <td>Total.....</td> <td>812</td> <td>4.4</td> </tr> </tbody> </table>		Total processing	Avg	July-August 2005			Queried.....	445	10.3	Not queried	1835	8.5	Total.....	2280	8.8	October 2005			Queried.....	1052	31.9	Not queried	621	3.7	Total.....	1673	8.3	January 2006			Queried.....	368	10.8	Not queried	444	3.0	Total.....	812	4.4	As above, this indicator is expected to improve over the medium term as a result of a range of capacity building activities at both institutional and individual levels, include the continued education of accountable and accounting officers and reactivation of the Solomon Islands Government Accounting Service. Nonetheless, centralised financial management is expected to continue over the medium term.		2006 Election which may result in a large turnover in permanent secretaries (accountable officers). No endorsement by Government of whole of government financial management improvement strategies which will include key projects such as enhancement of the financial management strategy.
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	58) Requests for urgent payments received by DoFT.	The number of urgent payment requests – that is, with payment required in five days or less - has declined since mid-2005 (see table below). This is driven mainly by a decline in the extent of overseas travel (related to the caretaker period in force between	A range of capacity building activities at the both the institutional and individual level are expected to contribute to improved processes and procedures for managing Government finances.																																									

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		<p>May 2006). However, better communication and cooperation between line agencies and Treasury has also contributed.</p> <p>Urgent Payment Vouchers received by DOFT</p> <table border="1"> <tr> <td>July-August 2005.....</td> <td>13.9%</td> </tr> <tr> <td>October 2005.....</td> <td>6.5%</td> </tr> <tr> <td>January 2006.....</td> <td>3.3%</td> </tr> </table>	July-August 2005.....	13.9%	October 2005.....	6.5%	January 2006.....	3.3%	accounting officers and reactivation of the Solomon Islands Government Accounting Service. These activities are aimed at building financial management capacity in ministries and departments.																				
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January 2006.....	3.3%																												
Program Outcome 3.3: Improved capacity of Solomon Islands Government to develop and implement sound and equitable economic reforms																													
ECONOMIC REFORM Completion of key reforms.	Progress against ERU strategies and plans	ERU workplan.	Refer ERU workplan.	Refer ERU workplan	Government commitment to reform																								
IMPROVED BUSINESS ENVIRONMENT To assess improvements in business environment and investment.	Improvement in annual World Bank 'costs of doing business' ranking.	Solomon Islands Business Environment – World Bank Cost of Doing Business Indicators. The Solomon Islands is compared with other PICs. These data are updated annually – data 2006 will be available for the next performance indicators update.	ERU is working on a range of reforms to improve the business environment in Solomon Islands, however the medium term outlook depends on a range of factors already discussed at length above, in particular, ongoing commitment to reform.		Political stability																								
	Time taken to obtain release of goods from customs.	Customs data not available	Targets under discussion with Customs	Targets under discussion with Customs	Success of recruitment reform in public service Success of IPAM in training public servants Success of public service networks in developing an agreed approach to economic development.																								
	Levels and composition of investment	<p>Data on levels of investment is limited, particularly on domestic sourced investment. Data on foreign investment is published by the Central Bank of Solomon Islands in their annual report and obtained by them from the Foreign Investment Board. 2005 is the latest available.</p> <table border="1"> <thead> <tr> <th></th> <th>Number</th> <th>Value(\$m)</th> <th>Source:</th> </tr> </thead> <tbody> <tr> <td colspan="4"><i>Applications to FIB</i></td> </tr> <tr> <td>Approved...</td> <td>90</td> <td>\$1,440</td> <td>Central Bank of</td> </tr> <tr> <td>Deferred...</td> <td>32</td> <td>\$99</td> <td>Solomon</td> </tr> <tr> <td>Declined...</td> <td>11</td> <td>\$31</td> <td>Islands,</td> </tr> <tr> <td>Total.....</td> <td>133</td> <td>1,570</td> <td>2005</td> </tr> </tbody> </table> <p>Annual Report. Data are released annually. Does not include investments made by donors (eg roads, wharfs, other infrastructure).</p>		Number	Value(\$m)	Source:	<i>Applications to FIB</i>				Approved...	90	\$1,440	Central Bank of	Deferred...	32	\$99	Solomon	Declined...	11	\$31	Islands,	Total.....	133	1,570	2005	No medium term projection is available.		
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