

ANNUAL PERFORMANCE REPORT 2006/2007

A REPORT ON THE PERFORMANCE OF THE
REGIONAL ASSISTANCE MISSION TO
SOLOMON ISLANDS

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ABBREVIATIONS

ANAO	Australian National Audit Office
CBSI	Central Bank of Solomon Islands
FI	Financial Instructions
IMF	International Monetary Fund
MoG	Machinery of Government
MTS	Medium Term Strategy
MoFT	Ministry of Finance and Treasury
OAG	Office of the Auditor General
PAC	Public Accounts Committee
PFTAC	Pacific Financial Technical Assistance Centre
PIF	Pacific Islands Forum
PPF	Participating Police Force
PAAT	Performance Assessment Advisory Team
SIG	Solomon Islands Government
SIGAS	Solomon Islands Government Accounting Service
SIPF	Solomon Islands Police Force
SIPS	Solomon Islands Prisons Service
UNDP	United Nations Development Program
WHO	World Health Organisation

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EXECUTIVE SUMMARY

The second RAMSI Annual Performance Report shows that gains are being maintained and progress is being made across all the areas of its mandate. The quality and quantity of performance information from Solomon Islands sources and from within RAMSI's constituent programs has improved markedly since the first efforts were made in 2005 to measure progress. The running of the second People's Survey, based on a fully representative sample, gives a rich picture of the way that the institutions which RAMSI is supporting are impacting (or not), on the lives of ordinary Solomon Islanders. There are significant differences in the perceptions of men and women and of young men and young women, and regional variations, which can inform policy formulation, the design of service delivery, and communications strategies.

Achievements have been maintained

The headline measures of RAMSI's contribution to the rebuilding of the Solomon Islands in 2006/2007 are the same as those of earlier assessments. Based on the findings of the People's Survey, support for RAMSI, mainly connected to the perception that it is there to keep the peace and maintain law and order, is solid; 90% of respondents support the presence of RAMSI in the country. There were no serious security incidents or gun crime and the role of the military in supporting law and order has been scaled back. The end of the tension trials is in sight. The country is continuing a slow climb back to the levels of pre-tension economic activity. Foreign direct investment is set to increase. Financial controls established for public expenditure with RAMSI support have been maintained, although they are not watertight. There is evidence of key institutions, particularly the Parliament, but also key building blocks of a functioning and accountable public service such as the Auditor-General's office and the public service training institution, moving towards their full potential.

The Solomon Islands Government (SIG) and Solomon Island leaders should take their full share of credit for these achievements. Nevertheless, they represent by and large the maintenance of early gains achieved and sustained with large amounts of external support, and remain fragile. 53% of Solomon Islanders believe that violent conflict would return, and 27% that it might, if RAMSI left soon. The tension trials are progressing despite high levels of vacancies in the office of the Director of Public Prosecutions, and with the support of up to 10 RAMSI funded prosecutors over the course of 2006. Sound political leadership in economic management has led to commendation by the International Monetary Fund of a good set of macro-economic figures in 2006, but major gains such as debt reduction, increased revenue and the encouragement of foreign investment have relied heavily on advisers.

New gains have been made, but not everywhere

The maintenance of headline gains is important. However, the Medium Term Strategy (MTS) for RAMSI established in 2006 sets ambitious targets for RAMSI and the Solomon Islands Government (SIG) which envisage moving on from the early gains to entrenching core Government functions (it is important to underline that the medium term objectives, which are set deliberately beyond the power of RAMSI to deliver on its own, depend on joint action with SIG, and the achievements against those objectives are joint achievements). The 2005/2006 Annual Performance Report pointed out that new gains were unlikely to be delivered as quickly as successes to date. The performance information gathered this year indicates that gains are being made, within sound relationships between RAMSI advisers and staff and the institutions with which they are working directly. They include:

- better planning and evidence gathering by the Solomon Islands Police Force, more proactive involvement in communities, and a move towards shaping the technical assistance they are receiving rather than being passive recipients;
- greater safety and security in prisons, compliance with international standards, a better rehabilitative framework, and a planned transition to Solomon Island leadership in the Prisons Service;
- greater co-ordination in the law and justice sector, greater public access to legal advice and representation, a decrease in average remand times from around 24 months to around 12 months, detailed planning for support for local justice delivery on which most people depend, and a structured approach to filling legal posts and developing the capacity of lawyers in post;
- continued production of audited accounts and special audits which are being considered by the revitalised Public Accounts Committee amid much public interest, consistent meeting of other parliamentary committees, and a functioning Institute of Public Administration and Management delivering more courses;
- increasing tax revenue, a more systematic approach to and reduction in the cost of tax collection, increased transparency over tax exemptions, fulfilment of most of the Honiara Club commitments for debt relief, progress on the backlog of national accounts, reforms to the budget process and a balanced 2006 budget;
- revised investment legislation, the introduction of limited competition to air services, successful negotiation with large investors, and a start on privatisation of state owned enterprises.

There are also areas where evidence of movement towards the medium term outcomes is weaker and at least two where crucial public service outcomes depend on decisions still to be taken: further strengthening of Cabinet processes and the long term future of the Government's payroll and finance systems.

More attention is being given to capacity development

Because capacity development is at the heart of most of what RAMSI is now doing, a special effort was made to ask systematic questions about progress across RAMSI's constituent programs. There is substantial evidence that Solomon Islander expectations are being respected in the selection and management of expatriate advisers, that there is collaboration on work planning, and that organisational priorities are being followed. There is unsurprisingly less evidence of progress towards self-reliance, although good examples are available of increased co-ordination within the public service, better engagement with customers, innovation over recruitment bottlenecks and other obstacles to performance, and taking advantage of good leadership on the Solomon Islands side. If it is to tell a better story about capacity, RAMSI needs to go still further in articulating its methods and objectives and finding a common language and vision with Solomon Islands counterparts and senior managers.

RAMSI is a collaboration between Solomon Islands and contributing countries

The move from “doing” to building up Solomon Islands institutions puts the spotlight firmly on the mutual responsibility of RAMSI and the SIG for meeting the medium term objectives set for 2006-2011. RAMSI-supported activities are matched to the policies of the Grand Coalition for Change Government, and to that extent RAMSI is firmly behind the Government's leadership role in directing development in the Solomon Islands. But RAMSI performance reporting is consistently highlighting issues which threaten the development outcomes which both SIG and RAMSI are aiming for: these include gaps in key positions in the public service, lack of basic skills, weaknesses in priority setting and budget planning and compliance, and the struggle to establish a rules based environment for the public service. None of these can be solved overnight, but a start can be made in high level dialogue. RAMSI performance frameworks can inform that dialogue by monitoring the risks to outcomes more consistently. There are also wider structural threats to progress such as the narrow base of the economy and the likely reduction in timber revenues, population growth, and the problem of youth unemployment. Although these are being recognised in the economic planning being carried out within the Ministry of Finance, they remain essentially at the margins of the SIG/RAMSI dialogue and need to be tackled by the Solomon Islands Government as a whole if they are not to generate further problems down the road which the country and its regional friends will need to take on.

Performance reporting still uneven

Despite the increasing evidence of progress, it remains difficult to form consistent judgments as to how well RAMSI is performing from year to year. This is partly because monitoring and evaluation arrangements do not yet tell us enough about what RAMSI hoped to achieve and what was achieved against the Medium Term Strategy in the year; and partly because within some programs the priorities are tilted towards maintaining the headline gains rather than working on growing state capability, which is the principle that underlies the MTS. The challenge to RAMSI to produce better performance reporting has

come from within, with the adoption of outcomes in the MTS which set a high degree of challenge for SIG and RAMSI working together, and from outside, through taxpayer scrutiny in contributing countries and from the discussion about “exit strategies” covered in the recent Pacific Islands Forum Review. “Exit strategies” are difficult to conceive across the board at this point when gains do not yet seem sustainable. However, programs are able to describe significant transition events (from in line to advisory positions, increasing responsibility being undertaken by Solomon Islanders, greater control of technical assistance, compliance with international standards). The Corrections program provides the most advanced model of effective performance management in RAMSI. The ingredients are relatively simple – genuine alignment with the objectives of the host organisation, consistent reporting against a few key indicators, a strong story on capacity development, and a focus on current and forthcoming transition events. Every program is different, and there is no single monitoring and evaluation model which will fit all. Nevertheless, there is scope for greater consistency over these general principles. All programs need to demonstrate external validation of their results.

Potential benefits from regional linkages

RAMSI and SIG together could benefit from more regional benchmarking, more systematic linkages between RAMSI and other regional assistance programs, and greater focus on Solomon Islands progress against the Pacific Plan. This is already happening in some areas, but could be more widespread. In performance reporting terms it would give Solomon Islanders a better notion of how they are performing compared to their neighbours, and would give the Forum countries and Secretariat a stronger role in discussions of progress in the country. Links with regional programs would also widen the possibilities for support from the region, and encourage discussion of what can be done alongside, or after, the current suite of RAMSI activities.

Recommendations

Section 10

1. That RAMSI Principals and SIG select from among the constraints posing a risk to the joint achievement of objectives and prioritise them for consistent dialogue over the next year.

2. That programs take account of those themes which emerge from the implementation of Recommendation 1 and give them special attention in reporting.

Section 11

3. That RAMSI programs consider whether their current monitoring and evaluation frameworks can benefit from more explicit objectives and performance measures that guide work planning and facilitate meaningful recording of results, including gender analysis. Support from the PAAT will be available if required.

4. That each program introduce at least one form of external validation or analysis into performance reporting for 2007/8 where this does not already exist.

5. That greater attention be given in performance reporting to highlighting transition events.

1. ABOUT THIS REPORT

This report is an aggregation of the performance data being collated by RAMSI's constituent programs against the Medium Term Strategy (MTS) for RAMSI. It has been organised into six narrative summaries of results which broadly correspond to the six performance systems operating within RAMSI – Security and Policing, Corrections, Law and Justice, Machinery of Government, Financial Management and Economic Reform - and three further sections, dealing with capacity development, context and risk, and the state of performance reporting within RAMSI. In accordance with the mandate of the Performance Assessment Advisory Team, recommendations are made for improvements in performance reporting for the future.

The report draws on material provided by RAMSI program teams from Solomon Islands public sources as well as program monitoring. It is also based on the results of the 2007 People's Survey commissioned by RAMSI and carried out by the Australian National University (with Solomon Islands National Statistics Office involvement), and takes account of the Pacific Islands Forum (PIF) Review of RAMSI from May and June 2007.

The Performance Assessment Advisory Team (PAAT) held a number of useful discussions with program teams and senior management, and with representatives of SIG, in the compilation of this report. These discussions were aimed at clarification and filling gaps in the data, but our role did not include any primary research. The report is therefore the result of efforts by RAMSI personnel and the SIG institutions with whom they are working to improve the quantity and quality of information that they track for the purposes of accountability and lesson learning.

Because this is the first report against the MTS objectives it is to some extent a new baseline report. In particular, we have been careful about drawing conclusions from the People's Survey data where there is no context such as previous findings or a regional benchmark. However, where there is clear evidence of change we have included this as a conclusion.

The period covered by this report is July 2006- June 2007. However, the latest available data for some indicators relates to calendar year 2006, particularly where SIG sources are quoted. Our approach has been to take whatever is available from existing systems rather than to attempt to fit data precisely to the reporting period.

The currency used throughout is the Solomon Islands dollar.

2. BACKGROUND

The first performance report of RAMSI for 2005/6, published in October 2006, was a compilation of progress against RAMSI's first performance framework, a series of output and outcome indicators drawn from what was believed to be measurable at the time the framework was compiled (in 2005). Despite the acknowledged weaknesses in the framework, the evidence indicated that RAMSI, working in partnership with the SIG, was making substantial progress in fulfilling its mandate across the main fields of activity. The report was published on the RAMSI website and widely distributed to contributing countries and within SIG, who welcomed the fact that RAMSI was giving a structured account of its performance. The Australian National Audit Office (ANAO) has commented that the establishment of the performance framework represented progress in establishing a useful and reasonably comprehensive performance measurement system for individual RAMSI programs and for RAMSI as a whole; and that the performance report had drawn reasonable conclusions from the evidence available.

A six month report using the 2005 framework was also prepared in January 2007, concluding that much useful progress had been made at program level despite the challenging political environment.

The production of the Medium Term Strategy (MTS) for RAMSI in mid-2006 provided an opportunity for RAMSI to reorganise its performance reporting regime around the MTS objectives. Although the MTS has not been formally agreed by the Solomon Islands Government (SIG), it represents the best current statement of what RAMSI is attempting to achieve in partnership with the SIG over the five years from 2007. It should be read in conjunction with this report.

In consultation with RAMSI program teams a new set of means of performance assessment was established including a mixture of quantitative indicators, qualitative assessments, and broad sources of information (eg SIG annual reports and reporting systems from RAMSI programs then under development). Given the importance of capacity development to everything RAMSI was doing, the Performance Assessment Working Group decided to include a specific area of enquiry for this subject. A capacity development specialist was recruited to the PAAT. She worked with program areas to develop a set of systematic questions about progress in the process and outcomes of capacity development. Although these questions were retrofitted in the sense that programs were asked in March 2007 to report in June on the whole 12 month period, they produced useful material enabling RAMSI to draw consistent conclusions about the state of capacity development across the board.

Information against the agreed means of performance assessment was provided to the PAAT in late June 2007, checked and refined with program teams and discussed with senior officials of SIG, including the Special Envoy to RAMSI, in the period 9-20 July, and collated by the PAAT.

The 2007 People's Survey was carried out in April and May 2007. Building on the success of the limited pilot survey of 2006, this survey covered a fully representative sample of the population designed by the Solomon Islands National Statistics Office and covering over 5000 respondents. As with the overall performance framework, the questionnaire was redesigned to derive information relevant to the RAMSI MTS. The result is a rich seam of information that ought to be of use to SIG and to bilateral aid donors as well as to RAMSI. The survey results will be published separately, but a number are included in this report.

The People's Survey gives a good deal of data disaggregated by gender (and by age and locality). It therefore provides a valuable source of information on the differential impact of security and development on women and men. This is an important starting point for giving effect to the MTS principle that "RAMSI is committed to advancing gender equality and empowering women in Solomon Islands to ensure equal participation and opportunities for women and men." The MTS goes some way to addressing the finding of the Gender Situational Analysis of October 2006 that "gender considerations have largely been invisible in RAMSI policy and planning documents". However, apart from the People's Survey there is still relatively little evidence of RAMSI tracking differential outcomes for women and men. Where it exists it has been incorporated in this report. If RAMSI is to be able to record progress against this principle more effectively, performance frameworks will need to include more explicit indicators of differential impact.

A feature of the 2005/6 reporting process was the use of external experts as part of the PAAT to produce qualitative assessments of progress in the law and justice and economic governance pillars. These assessments added to the value of the review. However, in the course of compiling the new performance framework the PAAT advised that it would be more consistent with the overall approach (of allowing performance information to come from programs) to allow program teams to manage these assessments as part of their routine performance reporting. An internally generated qualitative assessment of the Machinery of Government program was carried out this year by the interim director (in effect an external expert). Recommendations are made later in this report for the production of such studies next year.

The performance framework for the MTS includes means of performance measurement for programs recently launched within RAMSI, including media support, rural livelihoods and transport infrastructure. However, given the relative newness of these programs no performance information was available for this report (see sections 6 and 8).

3. SECURITY AND POLICING

Long term outcome	Medium term targets
<i>Safe and stable communities created through collaborative crime prevention, community safety and security initiatives</i>	<i>The security environment is stable with the result that the military patrolling effort has been reduced. Fewer, if any, weapons unaccounted for and no evidence of weapons being transported into Solomon Islands.</i>

Indications from the People’s Survey are of law and order improving (with RAMSI credited for much of this), but still far from perfect. 46% of respondents to the People’s Survey thought that their community was safe and peaceful, and 42 % thought that there were sometimes problems, while 9% said there were many problems. Women, and especially young women, were less likely to say that communities were safe and peaceful, and almost twice as likely as men to say that there were many problems. Most women interviewed on focus groups thought it was safe to go to their gardens by day, though not at night (and no women believed Honiara was safe at night). 57% thought that there was less crime in their community than a year ago, and less than 5% thought there was more.

The overall security situation has been quiet. There have been no major security incidents, and no reports of any gun related crime. The intensity of military patrolling has been reduced from about 10 patrols a day in Honiara at the end of 2006 to 3 a day now (excluding perimeter patrols of the RAMSI base), and the military no longer routinely accompanies general duties police. However, 80 % of Solomon Islanders are concerned that violent conflict will or might return if RAMSI leaves; and questioning in focus groups for the People’s Survey revealed high levels of mistrust among people from different provinces. Young women were markedly most likely to say that violence would return.

Long term outcome	Medium term targets
<i>Professional, effective and accountable law enforcement agencies</i>	<i>Community policing, including the empowerment of community leaders, has been extended to all major centres. The SIPP has acquired the necessary capacity to have assumed primary responsibility for the effective management of crime and is regarded as a credible and professional organisation. The SIPP is an employer of choice, and the terms and conditions of employment for men and women are fair and equitable.</i>

During 2006/7, the RAMSI Participating Police Force (PPF) was reconfigured. There has been a major transition from two earlier phases (Restore law and order and Consolidate the rule of law) to a third phase known as Capacity Building and Sustainment. PPF's Strategic Project Plan has two objectives: (i) normalising the law and order and security situation and (ii) rebuilding the Solomon Islands Police Force (SIPF). Implementation of the policing program is now through 17 activities defined in project (work area) plans. These activities have been mapped to and are consistent with the eight goals of the SIPF Strategic Directions 2005 – 2010¹ and the SIPF Annual Business Plans. Of the total of 315 PPF members at June 2007, 19% (60 officers) were drawn from 13 different PIF countries.

Community policing

For the purpose of this report, community policing is taken to be a proactive approach to preventing and reducing crime and disorder in communities by fostering trust, respect, and collaboration between police officers and citizens, and between the SIPF and other community institutions. The SIPF reports that it is taking a lead role in the area of community policing, with support from the PPF. Progress includes the creation of the Solomon Islands National Crime Prevention Council with wide stakeholder membership from government and non-government organisations; the re-creation of village based Crime Prevention Committees; and the establishment of the Solomon Islands Police Citizens Youth Club through a partnership agreement with the Queensland Police Citizens Youth Club.

89% of respondents to the People's Survey reported that they had had no formal contact with the police in the past year. 44% said that the SIPF treats people fairly and with respect². Women were more likely than men to consider that SIPF treatment is always fair and respectful, but young men were most likely to say treatment is only sometimes fair and respectful. For the respondents who personally had contact with the SIPF in the past year, most contact was largely crime-related. However, 6% of all contacts were SIPF-initiated through various kinds of outreach.

Improved staffing allocation by SIPF, assisted by the PPF, has resulted in more interaction between police and community and increased confidence in the community to report incidents to police. SIPF is now using the media proactively for community education, resulting in a significant reduction in the number of nuisance emergency calls and greater awareness of traffic safety.

¹ SIPF strategic goals are (1) Improve community confidence in the SIPF; (2) Improve capacity & capability of the SIPF; (3) Protect sovereignty of Solomon Islands; (4) Reduce crime; (5) Improve traffic safety; (6) Protect natural resources; (7) Provide emergency response & management; (8) Provide support to the criminal justice system

² In the most recent round of surveys of community perceptions of policing carried out by the Pacific Regional Policing Program in thirteen Pacific jurisdictions, respondents were asked if police treated people fairly. The proportion of those who believed that all or most police did varied between jurisdictions from 10% to 55%. The median was 44%.

Proactive crime control and prevention have been increased through the introduction of targeted patrolling in crowd situations such as closing times of local hotels and casinos; patrols of crime hot spots; the introduction of harbour patrols; and the recent recommencement of bicycle and foot patrols around Honiara.

The ability of SIPF provincial based members to deliver services to the community has been increased through Provincial Train the Trainer courses on subjects including Domestic Violence, Gender Equity and Discrimination. Domestic Violence awareness programs and youth forums are being facilitated in some provincial areas with input from local chiefs.

Crime management and SIPF reputation

The 2007 People's Survey suggests improvement in community perceptions of the credibility and professionalism of the SIPF. The 2007 Survey found that of those who said something had been stolen from their house or garden in the past year, 15% had reported it to the SIPF. Of those who reported to SIPF, 33% said they were satisfied with the way the SIPF had handled the report. Reasons for not reporting which reflect badly on the police (such as "No police in our area", "Didn't think the police would help" or "Scared of the police") were less likely to be cited than in 2006. However, focus groups revealed underlying mistrust of the police and a conviction that individual policemen were motivated by wantok loyalty rather than the need to uphold the law.

When asked whether they would make a formal complaint about a SIPF officer, 62% of respondents said they would. Women were least likely to make a complaint, and rural respondents were less likely to complain than urban respondents. The 2007 Survey also found that 52% of respondents would inform a Supervisor or senior police if an SIPF officer was not doing their job properly, suggesting a growing level of community confidence in SIPF capacity to investigate complaints against police (while the two surveys are not directly comparable, in answer to a similar question in 2006 43% said they would).

For its part, SIPF appears more willing to take disciplinary action. This is evidenced by confident, professional handling of disciplinary matters against Recruits and Academy staff, the suspension of two members of SIPF staff for allegedly leaking police material and the intention of SIPF to appoint a discipline officer. SIPF officers travel throughout the country with advisers to raise awareness of professional standards and ethics.

A new organisational structure in SIPF is improving lines of command and control, and SIPF's annual reporting systems have improved. While SIPF databases are not yet fully reliable or sustainable without external assistance, their establishment is a positive step towards a management system based on good data. For example, in April 2007 SIPF recorded 18 complaints against the police, and 36 in May. In April 236 crimes and incidents were reported to SIPF, of which 180 were resolved; figures for May were 152 and 31. It will take some time before the meaning of such data for performance purposes is understood and trends identified.

There are also positive signs that SIPF is progressively assuming more responsibility for core functions. In June 2007 SIPF Communications staff worked without a PPF adviser on a number of occasions and performed well as the SIPF hub for the earthquake relief operation. Maritime members of SIPF played a major role in the disaster relief operation and their response to the earthquake disaster was effective. There is increased use of forensics evidence in investigations and the forensics team is attending crime scenes more frequently.

Over the past year, SIPF officers in the National Investigations Unit have assumed the roles of lead investigators. However, recent decisions by SIPF have seen the exclusion of PPF advisers from at least three high profile investigations.

There have been marked improvements in the capacity of the SIPF Training Academy over the past year. SIPF officers are initiating and planning their own meetings without PPF participation, and training program delivery and co-ordination has improved. SIPF staff now co-ordinate all aspects of the SIPF Leadership Development Program (LDP) with very minor assistance, and are on track to take on full co-ordination of LDP by 2008.

SIPF as an employer of choice

In the People's Survey Focus Groups, participants expressed varying opinions about whether they would like to work in the police force. Young people were more inclined to say they would accept a job with the police, usually for idealistic reasons. While some pointed out that the pay had increased significantly since RAMSI arrived, many respondents believed that the police salaries were too low, and that increasing police salaries would improve their performance and reduce problems with bribery. SIPF reports that it is seen by potential recruits as an organisation that provides a career structure and decent remuneration levels³. The 2006 recruitment process was competitive, attracting approximately 600 applicants for 60 available positions. Attrition through resignation – one measure of 'employer of choice' status - was a low 2% in 2006 (21 officers) and is projected to be 1.4% (15 officers) in 2007. The proportion of SIPF members who are female rose from 12% in June 2006 to 13% in June 2007, 116 of whom were at constable or recruit level. The target that women should comprise 30% of recruits is being met. SIPF data suggests that no internal complaints on the basis of inequitable or unfair treatment have been received over the past year.

Capacity development

The PPF focus has only recently moved from doing to coaching and mentoring. This is proving a challenge for management and PPF members alike and has meant that performance reporting against the capacity development indicators is not yet as robust as it will need to be in future years. At the same time there have been encouraging developments in relation to capacity development. To ensure a better mix of skills to meet capacity development needs, the PPF is recruiting members to more clearly defined roles where the needs of SIPF are matched by the skills of members joining the PPF

³ SIP officers are paid a Special Duty Allowance in lieu of overtime

mission. This is intended to achieve a shift over time away from capacity development focused on individual police officers to one focused on supervisors and the systems and processes needed to manage policing.

SIPF and PPF have collaborated in the establishment of agreed capacity development activity through the recently re-established SIPF Capacity Development Management Team – an executive level group. This Team has been tasked by the SIPF National Management Team to establish within SIPF a capability to manage all capacity development activity. Plans are being developed for the localisation of the four in-line positions held by RAMSI personnel over the next 12-18 months.

There are significant constraints to effective capacity development in SIPF including literacy and numeracy, infrastructure, staff absenteeism and leadership, and these will need to be addressed if RAMSI is to achieve its objectives in this area.

4. CORRECTIONS

Long term outcome	Medium term targets
<i>A secure and culturally appropriate corrections system managed by a professional and sustainable prison service</i>	<i>Corrections facilities refurbished and built; downward trend in prison incidents; SIG controls external security at Central Prison; SIPS complies with international standards; SIPS an employer of choice; rehabilitative program; alternative sentencing and parole⁴</i>

The Corrections objective is closely aligned to the Solomon Islands Prison Service (SIPS) mission of “[enhancing] the safety of the community by providing secure and humane containment and facilitating the rehabilitation of prisoners through developing and valuing our staff.” There is evidence of progress on all the objectives within the control of the Prisons Service; while planning continues for alternative sentencing and parole, there are no hard outcomes to report.

Budgets and timeframes have been established for the construction of new provincial prisons at Auki and Gizo, the former from late 2007 and the latter from 2008. Although these dates are later than originally planned, current schedules now form the baseline against which contractors will report. Pipeline funds are available for planning construction at Lata and Kira Kira in the longer term. At Central Prison in Honiara, works are underway to increase security around the perimeter, and security training is being undertaken, both of which will enable a revised threat assessment to be made as a potential step towards the Solomon Islands authorities taking over full responsibility for security.

There has been a downward trend in safety and security incidents in prisons, with 91 recorded in 2006/7 against 118 the previous year. However, SIPS recognises that three of the incidents (two escapes and one death) were serious.

SIPS has undertaken rehabilitation works and prepared improved procedures and legislation with an eye to the UN Standard Minimum Rules for the treatment of prisoners. A review in January 2007 reported favourably on SIPS compliance with the rules in respect of gender and the detention of women with children, and a full assessment of compliance is scheduled for August 2007.

A range of rehabilitative activities (literacy and numeracy, recreation, life skills, work, education and faith based services) has been established and documented. SIPS management tracks the availability of these activities to men, women and juveniles separately.

⁴ In this and subsequent sections the medium term targets are abbreviated from those in the Medium Term Strategy.

No prisoners were put on parole and no probation orders were made in 2006/7. Some progress has been made in recruiting the personnel to supervise a probation pilot scheme. The new corrections legislation allows for the establishment of a parole board.

98% of SIPS established posts were filled at the end of 2006, and retention rates are high. A women's network has been established within SIPS to address issues faced by women in the service and to promote a bias-free workplace.

SIPS has an internally driven program of staff development into which RAMSI's capacity development efforts are integrated. There is evidence of SIPS increasingly shaping the technical assistance being provided, from individual development plans centred on delivery against SIPS priorities, through counterpart involvement in selection, induction and assessment of advisers, to requiring advisers to assess progress against SIPS-determined workplace competencies. The program has provided "Capacity Building Toolkits" for advisers. At an organisational level, plans exist for the transition to Solomon Islander occupancy of four senior management positions over the next two years; and there are indications of improved organisational capacity to manage human resources, to undertake staff development, to plan succession and to co-ordinate with other law and justice agencies. A significant transition event is the planned reduction in advisers from 50 to 40 from July 2007.

5. LAW AND JUSTICE

In this program substantial progress has been made with the surge of additional activity arising from the tensions. For the remainder of the program, the strength of performance reporting is that it is closely aligned to SIG objectives; but given the need for institutional strengthening and modernisation of the legal system, the MTS objectives are quite task focused (infrastructure built, rules reformed etc). There is strong evidence that tasks are being completed in line with targets and Ministry expectations. Capacity development is the subject of sustained attention and sound reporting. In some ways this sector carries a unique capacity building burden, in the sense that it is grappling with a legacy of shortages of professional staff in a discipline where it takes years of training and more of experience to turn out a fully competent legal practitioner or officer.

As recognised in discussions with SIG counterparts, a greater focus is needed on a set of key indicators of service delivery, accessibility and co-ordination.

Long term outcome	Medium term targets
<i>Safe and stable communities created through collaborative crime prevention, community safety and security initiatives</i>	<i>Strategy for crime prevention; communication of rights and obligations; victims of crime policy, juvenile justice strategy; rights protected; reporting and monitoring improved</i>

The performance framework envisages that the largely qualitative assessments required for progress against these targets would be undertaken through external expert opinion. It was not possible to carry out such a study this year. However, evidence is available that:

- a National Crime Prevention Council has been established with wide ranging membership
- a child protection policy is in place for the Solomon Islands
- a National Family Violence Policy and Business Plan has been endorsed by the SIPF Executive Management Team
- information produced with RAMSI support on the law and personal rights has been distributed to Solomon Islanders through the central and provincial courts, through the Government legal offices and when the courts make circuit visits to centres around the country (and 26% of respondents to the People's Survey named RAMSI outreach as a source of information on legal rights, behind their MP but ahead of the radio)
- the Annual Report of the Ministry of Justice and Legal Affairs has, with strong adviser support, been improved to cover a range of qualitative and quantitative information. Performance information for individual law agencies is improving but needs a stronger focus on performance against objectives to be able to tell if they are being fully effective. A sector wide initiative to improve focus on key indicators has not yet taken off.

- the Justice Sector Consultative Committee, chaired by the Chief Justice, is meeting regularly (five times in 2007).

Long term outcome	Medium term targets
<i>Improved efficiency, effectiveness, and accessibility of court practices and Government legal services</i>	<i>High profile trials; infrastructure provision; local courts reinvigorated; network of Public Solicitor's offices; DPP Office functioning; courts have capacity to handle caseloads; alternative dispute resolution; legislation available on internet; civil procedure rules reformed</i>

The People's Survey asked about perceptions of access to justice. About two thirds of those who had ever wanted to take a case to court had not done so. The three top reasons for not doing so, in descending order of frequency of response, were that the respondent did not know how to or had no case, that they were afraid, or that they could not afford it. Only 5% knew that free legal assistance is available for criminal matters.

In the High Court, 19 tension trials (half the total) have been completed and the remainder should be completed by early 2009.

Infrastructure projects have been subject to slippage. However, work at the High Court is under way and refurbishment of Kalala House has begun. A tender process for Auki Court House is under way.

Reinvigoration of local courts is the subject of a RAMSI-supported, SIG-led initiative called "Justice Delivered Locally". This has a monitorable implementation plan which will provide performance information for future RAMSI reporting.

Improving access to justice

The Public Solicitor's Office, with adviser support, has expanded its services to the provinces. Since this office is the main contact point for ordinary Solomon Islanders with the legal system, the number of files opened is used as a proxy for access to justice. 804 files were opened in the period March to June 2007, compared with 1900 for all of 2006, nearly twice the 2006 rate. In addition, the Public Solicitor's office holds a weekly legal clinic at which some 30 to 40 people seek advice and assistance. Not all result in a file being opened. A weekly criminal legal clinic is attended by 10 to 20 people seeking advice, assistance and representation.

Law and Justice program reporting

The office of the Director of Public Prosecutions (now led by a Solomon Islander) has 17 established posts of which 7 are vacant; there is a high dependency on advisers. Its annual report suggests that it is meeting its statutory obligations.

Data on court case load and capacity is only available for the High Court. At 31 December 2006 there were 710 separate criminal matters, involving 318 defendants, waiting finalisation. The Court's focus on disposing of its pending criminal caseload has meant that the civil list continues to increase and delays for matters proceeding to trial are also increasing. While the proposed new and streamlined civil procedure rules should assist in this area, it remains an area which will need to be closely monitored.

New court rules for the resolution of civil disputes are scheduled for approval in early 2008.

The task of collecting Solomon Islands legislation on a web site is largely complete.

Long term outcome	Medium term targets
<i>Improved justice sector capacity in areas of co-ordination, planning, policy and reform</i>	<i>Capacity of judges, magistrates and lawyers enhanced; law reform commission reinvigorated; independent legislative drafting capacity</i>

The proxy indicator of capacity is the number of expatriate staff in judicial and practitioner positions. At 35, this number has not changed significantly in the reporting period.

The Law Reform Commission has been established and local staff recruited.

Independent legislative drafting capacity has been reduced with the dismissal of the expatriate legal draftsman. The Attorney General's office has advised that if the shortage of legal officers persists, in the long term it will be unable to provide the required services to its clients efficiently as expected.

Capacity development

The program is able to describe good practice in recruitment of advisers, induction, language training, negotiated agreements with counterparts, counterpart involvement in adviser performance assessment, and opportunities for advisers to meet to share experience in mentoring and building the skills of Solomon Island colleagues. The shortage of counterparts is identified as an impediment to capacity development. There is a strong emphasis on formal and informal training, including weekly sessions of continuing legal education. Capacity development is being applied flexibly to meet high priority needs identified by legal sector agencies, and to back up reforms and new initiatives.

Examples of increased self reliance include increased numbers of court appearances by local lawyers, the establishment of the Justice Sector Consultative Committee, improved planning and reporting in all agencies, and stronger financial management (see box).

Improving Financial Systems and Processes

The Office of the DPP has improved its financial management systems through the use of an Imprest Account which has significantly improved its workflow processes, eliminating heavy reliance on the government for financial requisitions. The DPP Office Manager has trained the Assistant Office Manager to put in place improved financial procedures, systems and processes to suit their needs. Arrangements are being made to roll the lessons out to other agencies.

Law and Justice program reporting

6. MACHINERY OF GOVERNMENT

Performance information for this program derives from the Machinery of Government program annual report (the first, for 2006, was produced in April 2007) and from an annual sector review carried out by the program in June 2007⁵, as well as individual activity reporting.

The MoG program was designed to provide a coherent approach to rebuilding the institutions of the state and through them the capacity, accountability and responsiveness of the SIG. Early interventions included human resource development and training for the public service, strengthening of co-ordination at the heart of Government, information and communications technology, housing management, provincial government strengthening, support for accountability institutions and parliamentary and electoral processes. These activities are now migrating to a smaller set of larger, more structured programs. The annual sector review concluded that while progress had been good in a number of areas (as described later in this section), the coherence of the program across the Solomon Islands Government had been limited. The natural linkages between activities had been blocked by the suspension of some activities and the inability to make progress in others. Overall, the effectiveness and sustainability of the program was “far from established”.

This section is divided according to the long term objectives of the RAMSI MTS which are addressed by the MoG program.

Long term outcome	Medium term targets
<i>Government services responsive to and reaching all people effectively</i>	<i>Key development indicators identified and funded; national planning framework; rigour in provincial accounting; consultative and responsive government</i>

The People’s Survey asked a number of questions about Government performance and service delivery. Although RAMSI does not support directly service delivery or, except in law and justice, intervene at the point of contact between citizens and Government, the answers are of interest because they indicate perceptions of the effectiveness of Government overall. 51% of Solomon Islanders say that the national government is doing a very good or satisfactory job of providing services and improving the economy (rural dwellers were less likely than urban dwellers, and women less likely than men, to hold this view). The proportion holding the same view of provincial government is 40%.⁶ This is consistent with findings that people were most likely to name the national government as the source of financial assistance for their community and improvement in health

⁵ Although this review was led by the program’s interim director, it was planned as a major product of his short term input, and is therefore effectively an external expert report.

⁶ These questions were not asked in the 2006 pilot survey.

services (ahead of provincial government, donors or NGOs). Nearly half of respondents thought that health services had improved in the last two years (with women less likely than men to hold this view), and nearly two thirds thought that primary schools had improved (with women slightly less likely than men to hold this view).

Medium term planning and annual budgeting for service delivery remain very weak, except in areas receiving donor assistance. The Grand Coalition for Change Government has established a wide ranging set of objectives, and is requiring public sector corporate plans to conform to them. However, while there is no prioritised national plan or medium term expenditure framework and compliance with budget processes is poor (see section 7) it is impossible to demonstrate that “public expenditure towards achievement of the key development indicators has been agreed and is being implemented” (MTS objective). There have been some successes from the limited support to local government (Honiara City Council and Malaita Provincial Government) which ended in early 2007. A stock take of financial arrangements in the provinces undertaken by the Office of the Auditor General has identified widespread deficiencies in financial management. The Provincial Governance Strengthening Program is scheduled to start in 2008 but realistically it will be some time before RAMSI can measure any progress at this level of government.

There is no firm evidence on public participation in policy making and responsiveness to citizens. There is scope for the MoG program to gather further information on this through collaboration with civil society, and with the AusAID Community Sector Program over its plans to improve monitoring and evaluation.

Long term outcome	Medium term targets
<i>Efficient and predictable public administration</i>	<i>Public workforce aligned to priorities; corporate plans aligned to policy and budget; appropriate development and training; basic tools accessible and understood</i>

Solomon Islands spends about 10% of GDP on public sector salaries⁷. The major problems in the sector include recruitment, retention and staff quality, and the lack of a service delivery culture. Early gains from RAMSI support in reforming the recruitment process, as demonstrated by falling vacancy rates, have been maintained (vacancies in clerical, administrative and technical grades in the public service fell from 18.7% in May 2006 to 13% in December 2006), although there are pockets of extreme staff shortage (eg in Government law agencies and the Inland Revenue Division). A revitalised Institute of Public Administration and Management delivered 33 training programs in 2006 for over 1020 participants; the next step will be to evaluate the relevance of training to subsequent work experience.

Since RAMSI support for corporate planning and Cabinet processes was discontinued in 2006, there is no agreed measure of alignment of departmental plans to policy and budgets. Independently of RAMSI support, the Government has established a procedure for review of corporate plans against Grand Coalition for Change policies.

⁷ Comparable figures for Vanuatu and Tonga in 2006 were 12.5% and 13.6% respectively.

There is evidence of successful preparation of manuals, guidelines and procedures, but limited evidence of their accessibility and use throughout Government. This is a long term challenge that is recognised by advisers.

Evidence suggests that a large amount of effort, time and money has gone into creating new systems, policies, handbooks, templates, and guidelines etc with counterpart approval (but with limited “hands on” counterpart involvement in their creation and therefore limited ownership) so that the adviser can meet the outputs and deadlines specified in their terms of reference. Sadly, these tools are rarely used by their SIG counterparts despite the fact that at some stage they would have agreed that they were necessary and a “good idea”.

MoG four month report, January-April 2007

Long term outcome	Medium term targets
<i>Increased accountability of Government and strengthened accountability institutions</i>	<i>Reports and financial statements on time; case backlogs eliminated from accountability institutions; citizen complaints facilitated; government responding to findings; Parliamentary review of findings increased; electoral systems strengthened; women more likely to be elected; engagement with MPs increased; demand for better governance strengthened.</i>

The People’s Survey asked a number of questions about the perceived integrity of government and individuals, and knowledge of the accountability institutions. 47% of respondents thought that the national government was doing a very good or satisfactory job of being efficient, fair and independent (with rural dwellers and women less likely to hold this view). The proportion holding the same view of provincial government is 37%. 56% of respondents thought there was dishonest behaviour and/or misuse of power in their communities, about one third thought it had got worse and just over a third thought it had remained the same. 40% said they would feel safe making a complaint against a public official, 39% said they would not and 20% did not know. Women were significantly more likely to say they would not feel safe. There was little knowledge of the functions or even the existence of the accountability institutions.

Departmental reporting improved in 2006. 18 out of a possible 21 annual reports for 2005 were tabled in Parliament.

The Office of the Auditor General (OAG) is reporting regularly and tabling both investigative audits and audited government financial statements (7 special audits and 1 audited statement in the last twelve months). There is a time bound plan for clearing the backlog of the latter. The Leadership Code Commission met 14 times during 2006, more

than in the whole period 2000-2005. Within the Office of the Ombudsman planning has continued to address the backlog, but until an Ombudsman is appointed no further progress can be made. The Public Accounts Committee (PAC) met in 2006 to consider OAG audit reports for the first time in 20 years and is now meeting regularly to consider OAG reports and requiring action plans from line agencies to address the issues raised in the reports.

There is no outcome level information this year on the strengthening of electoral processes. Following successful support to the 2006 elections (reported on in 2005/6) a new phase of support is being designed.

Asked in the People’s Survey about their view of their MPs’ performance, 48% of respondents said they were doing a good or satisfactory job (with women slightly more likely to say they were not doing a good job, and significantly more likely to say they did not know). Half thought it was not easy to meet their MP, and 60% said their MP had never visited their community. However, the expectations that underlie these findings are illustrated by the fact that 70% of respondents said that the job of an MP was to help individuals in his electorate (well ahead of the proportions who thought an MP’s job was to represent or get better conditions for the electorate, or make laws). Around 90% thought that women should be MPs and the same proportion would vote for a woman⁸.

No evidence has been collected this year about the level of engagement by a better informed, mobilised and active citizenry. Television covers sittings of Parliament (though television coverage is not widespread) and its Committees and proceedings are widely reported on the radio and in newspapers.

Long term outcome	Medium term targets
<i>Executive and legislative arms of government functioning effectively</i>	<i>Co-ordination before Cabinet; processes for legislation and appointments observed; legislation scrutinised; parliamentary question time and committees operating; funds appropriated according to legislation</i>

The suspension of RAMSI support to whole of government policy development and strengthening of Cabinet processes has both undermined RAMSI’s ability to contribute to the achievement of key MTS objectives and led to there being no measures of progress agreed with SIG, or any systematic performance information. The annual review of MoG identified this gap as a threat to the coherence of the program overall. Evidence from measuring compliance with budget processes suggests that the requirement to consult widely before putting proposals to Cabinet is regularly bypassed for budget initiatives. On appointments, work with the Ministry of the Public Service has made the procedure for public service appointments more transparent and simple. On the other hand, there have been high profile appointments to statutory offices where it is not commonly agreed that due process has been followed.

⁸ See the Machinery of Government 2006 Women in Government diagnostic study for further analysis of attitudes to women attaining public office.

The intensity and quality of work by Parliamentary Committees improved further in the year. Support from RAMSI has enabled the consideration of three new bills by the Bills and Legislation Committee. This Committee, the PAC, the Constitutional Review Committee and the Foreign Relations Committee have all been meeting regularly in the reporting period and considerably more frequently than in 2005. The PAC met for eight consecutive days to consider the 2007 budget, the first time this has happened.

The Parliamentary Strengthening Project demonstrates what can be achieved with the right inputs and a supportive environment...Since [a 2005 review] the activity has gone from strength to strength, and has generated widespread support, both within and outside Parliament. Similarly, the work with the OAG has made impressive strides in dealing with a backlog of audits, conducting special enquiries, and generating a stronger public awareness of the need for probity and good governance. Both activities demonstrate that creative and effective adviser support, coupled with an empowered counterpart champion, can achieve reform in Solomon Islands.

MoG Annual Sector Review

Media development⁹

Although there was some RAMSI activity in this area in 2006/7 (a regional workshop and technical assistance to the Solomon Islands Broadcasting Corporation) it has not been possible to capture outcomes in the absence of an overall program design. There is some way to go before future support to the sector can be agreed with Solomon Islands authorities, and it seems likely that when it is there will be a need to realign the MTS objectives with whatever is put in place. There is useful data on access to radio and newspapers in this year's People's Survey.

Capacity development

There are examples of good practice in the program: aligning efforts to the expectations of effective SIG leadership in the activities highlighted in the box above, SIG involvement in the selection of advisers and supportive feedback from senior SIG staff on the quality of the advisers placed with them. The monitoring and evaluation framework, with its pattern of regular reflection and planning workshops, is a good framework for matching activity to expectation and is itself a capacity development opportunity. The structure of the annual report allows space for reflection on what has and has not worked by way of capacity development.

⁹ Managed by the Office of the Special Co-ordinator rather than the MoG program.

However, the state of capacity development is recognised as “patchy”. The disparate nature of activities to date makes it difficult for the program to give a coherent account of progress against the RAMSI capacity development objectives. It will be important as the major pipeline programs are established that their monitoring and evaluation arrangements make explicit provision to capture information on capacity development in a way that is consistent with the treatment across RAMSI.

7. FINANCIAL MANAGEMENT

Long term outcome	Medium term targets
<i>Improved SIG capacity to deliver high quality macro-economic outcomes and policy advice</i>	<i>Stable macro-economic management; DoFT staff capacity for analysis and advice; debt management plan implemented</i>

Along with supporting economic reform, RAMSI's support to the Ministry of Finance and Treasury (MoFT) and to the Ministry of National Planning and Aid Coordination is focused on improving fiscal and financial management. Support provided to the functional areas of National Planning, Budget, Treasury, Inland Revenue and Debt Management is integrated within the work plans and general operations of the two Ministries. RAMSI support for Customs and Excise is increasingly aligned with the expectations of the Solomon Islands Customs and Excise Division (SICED).

A joint assessment in October 2006 of the Financial Management Strengthening Program by the Governments of Australia, New Zealand and the Solomon Islands judged that the program had been a success, particularly in the objective of capacity and institutional strengthening through the provision of operational support. It made a number of recommendations for reformulating the objectives of the program around the MTS objectives. This will be important since apart from the debt and revenue collection areas, where there is an established action plan and targets, it is difficult for RAMSI management to assign value to achievements which are not set in the context of MTS objectives or at any level higher than that of individual work programs.

Macro-economic management

See section 8.

Improvement in the capacity of MoFT

MoFT is gaining a reputation within SIG as an effective policy development and implementation body, and external entities such as the IMF and the ADB have increasing respect for its capacity to deliver a broad fiscal and reform agenda. SIG officials are increasingly able to assume responsibilities with diminishing adviser input, although the Ministry remains reliant on expatriate advisers.

Debt Management

The overall level of SIG debt has declined from 100% of GDP in June 2006 to 63% in June 2007. All domestic debt is currently being serviced with no outstanding arrears, and 79% of external debt is currently being serviced. An Australian Government review of SIG Honiara Club undertakings was completed in April 2007 and found that SIG has honoured the majority of its undertakings under the agreement. There is a strong adherence to policies, and the skills of the three SIG staff of the unit are increasing.

Long term outcome	Medium term targets
<i>Improved SIG capacity to deliver effective and accountable financial management</i>	<i>SIG budget unit delivers budgets on time; adequate planning and expenditure processes; spending agencies can prepare and implement budgets; SIG Accounting service operating effectively; compliance with financial instructions; cost of tax collection reduces and tax collection improved; MoFT monitoring of expenditure; national accounts prepared; capacity and reliability of automated systems</i>

Budget preparation and implementation

At present, the MoFT Budget Unit does not have sufficient internal capacity to deliver annual Budgets on time. Until relatively recently, there were few local staff in the Unit and RAMSI advisers made the delivery of the budget their primary task. As a result, there has been increased efficiency in budget preparation and implementation but local contribution to this has been limited. Recent appointments provide new opportunities for strengthening local capacity. Reforms to the 2008 Budget process have been agreed by the Minister and Cabinet. These are intended to: improve Cabinet control in directing expenditure; increase permanent secretaries' accountability and responsibility in managing programs; reduce unproductive administrative workload; and provide a clearer picture of total ministry and sectoral expenditure, including expenditure in the provinces. These changes were welcomed by the IMF's Article IV consultation mission.

However, compliance with budget procedures has been weak. For the 2007 development budget, 41% of new spending proposals were received between the final deadline and Cabinet consideration, and 17% of expenditure approved by Cabinet did not relate to any duly formulated proposal. The commendable performance in improving the rate of execution of the development budget (from 2% (\$300,000) in 2005 to 33% (\$13 million) in 2006 and estimated to rise to 55% (\$50 million) in 2007) is undermined by the fact that 30% of the 2006 development budget was spent in December 2006, and 50% of expenditure does not have an approved work plan.

The Government took a decisive step towards better expenditure control in 2007 by instituting monthly expenditure reviews. However, consistent monitoring and reporting by MoFT has been impossible for much of the reporting period because of staff shortage. Proposals for RAMSI to help to improve financial management within line agencies have not been pursued – this is noted in the MoG annual review as a failure of coordination within RAMSI.

Financial Instructions were updated in 2006 (with the support of PFTAC, rather than directly by RAMSI) and are under discussion. Proxy measures for observance of FI's, based on a comparison of May 2007 with October 2006, are:

- Rates of query by MoFT of payment vouchers slightly up from 14% to 17%
- Rates of urgent payment requests slightly down from 12% to 10%

Payment processing times for non-queried payments dropped from 6 to 3 days. By these measures the gains from RAMSI-supported expenditure controls are being maintained (although that does not mean they are watertight), but the harder task of delegating small payments to Departments is still ahead.

Accounting service

All officers who hold accounting and finance posts within government are formally members of the Solomon Islands Government Accounting Service (SIGAS). Although this is not yet operational, planning is now underway to train members of the SIGAS through the revitalised Institute of Public Administration.

Revenue Collection

There is an overall underlying downward trend over the last four years in the cost of tax collection. The cost of collecting \$100 has fallen from \$1.24 in 2004 to \$0.91 as at 31 May 2007. Tax revenue collected to the end of May 2007 was some \$31m above budget and 37% ahead of the same period in 2006. Tax arrears dropped from 50.7% of annual tax collected in 2004 to 36.5% in 2006. While revenue has grown through improvements in the economy, and a considerable reduction in the number of goods tax exemptions and tax holidays granted, significant improvement in the capacity of the tax system to function effectively, including re-engineering core activities and expanding audit operations have been major drivers behind the substantial growth in revenue collection.

While results have been good, the Division's capabilities to perform core functions such as policy, systems improvement and management reporting are inhibited by the number of SIG posts that have remained unfilled throughout the last year. There are now 17 unfilled positions in the Inland Revenue Division and three of the five senior leadership positions are not permanently filled. The positive revenue outcomes are still in the short term dependent on the leadership and engagement of the three RAMSI advisers and two in line RAMSI funded staff (Deputy Commissioner and Manager Audit).

The Customs Modernisation Program is working with the Customs & Excise Division to develop and implement strategies that focus on both people and processes to enhance revenue collection whilst also recognising the balance with Customs' other objectives, trade facilitation and border management. Import duty rose from SB\$84.5m in 2005 to SB\$88.6m in 2006. That modest increase is repeated for the first half of 2007 and is a direct reflection of continued under-collection. Export duty (primarily from logging exports) increased from the 2005 figure of SB\$88m to SB\$132m in 2006. Increased export volume is the cause. Overall, economic activity is the main driver for increases in

revenue collection made by the Customs & Excise Division. Enhancements in compliance have been difficult to attain or sustain and will remain so for the short term.

National Accounts

The National Accounts have now been completed for the 4 years up to 2003. There is a clear work program for completion of the remaining accounts, and improvement towards the statutory requirement to provide accounts to the OAG within six months of the end of the financial year. The 2006 accounts should be presented to the OAG by December 2007. The OAG has recognised the MoFT for the work undertaken to date to restore control over key areas and to progress completion of the backlog of financial statements, and expects that the financial statements for 2004 and later years will show incremental improvements in the accuracy and reliability of the financial information.

Core financial applications

The fact that Government employees are being paid on time (and have been since 2003) is widely regarded as a key RAMSI achievement. However, there are serious doubts about the capacity of MoFT's existing core financial applications to deliver reliable and secure payroll, payments and accounting services to SIG beyond June 2008 when support from the software supplier ends. RAMSI advisers are working on the problem which will require SIG decisions in the near future

Capacity development

To support capacity building efforts in MoFT, advisers and SIG staff adopted the Staged Approach to Capacity Building Model in early 2006. Through a series of workshops, and using key corporate documents, staff and their adviser discuss and agree the key work functions. Through regular reviews and planning sessions, and intensive on-job coaching, the program envisages that by 2009 to 2010, MoFT staff in most of the functional areas supported by RAMSI should be consistently delivering management and technical functions with only ad hoc technical advisory support, provided that capacity development is given sufficient focus by both advisers and SIG.

Development of local capacity for sound financial management is severely constrained by two factors. Ministries and Ministers regularly task advisers with technical work and work outside agreed Ministry work plans, and there is considerable pressure on most RAMSI advisers within MoFT to perform tasks and 'get the job done' rather than undertake a planned and measured process of capacity development of local staff. This reinforces the need for clear objectives to guide and scope RAMSI's support in this area. There is also pressure on some advisers to take 'hard decisions' which local staff are reluctant to take, although there is some evidence that this may be changing.

The very high number of vacancies within MoFT also limits the effectiveness of RAMSI advisory support for improved financial management. Such staff shortages result in increased workloads for the existing national staff and advisers and less time available for capacity development. Some key positions are vacant and very difficult to fill, including the Under Secretary, the Accountant General and the Commissioner of Inland Revenue.

The Comptroller of Customs will be retiring soon and no replacement has yet been identified.

Systematic development of organisational capacity is limited by the fragmentation of adviser effort across individual work units. The recent appointments of a Change Management adviser and a Corporate Services adviser to work across the whole Ministry are expected to provide more coherent and integrated approaches to capacity development in 2007-2008.

8. ECONOMIC REFORM

Long term outcome	Medium term targets
<i>Improved capacity of SIG to develop and implement sound and equitable economic reforms</i>	<i>Stable macro-economic management; Central Bank effective and independent; consultation on economic policy; reform of business regulatory environment and state owned enterprises and increased competition; taxation system reformed</i>

Reporting for this program is derived from macro-economic indicators and international assessments (as indicators of context), and specific results of work carried out by ERU advisers and advisers in the Inland Revenue Division. Both sets of advisers work to prioritised programs that correspond to analysis of the context (barriers to growth and the structural deficiencies of the tax system) and the Minister's own priorities. The evidence suggests that RAMSI assistance is meeting its objectives in both these areas and contributing significantly to economic recovery. However, in both cases the level of service provided, the initiative for new policies and the way in which the agenda is pursued, still depend almost entirely on advisers, and a significant shift in leadership from SIG and/or a specific change in approach by RAMSI will be required to provide a prospect of transition to Solomon Islander capability in the long term.

The People's Survey asked about household economic situation and expectations. 35% of respondents believed their household financial situation was better than two years ago, and 32% that it will be better in two years time. Results from comparable questions in 2006 were 15% and 17% respectively¹⁰. Of those who expected their situation to be worse, only 1% gave inflation/currency problems as a reason and 1% identified general uncertainty about the future/pessimism.

National fiscal and regulatory policies

Macroeconomic performance remains satisfactory. Strong GDP growth in 2006 is expected to continue in 2007, inflation is under control and the 2007 Budget was forecast to be balanced. Government revenues rose from \$656 million in 2005 to \$822 million in 2006

	2004	2005	2006	2007 (est.)
Real GDP growth	8.0%	5.0%	6.1%	5.4%
Per capita GDP	\$4,403	\$ 4,825	\$ 5,384	-
Annual CPI	7.6%	8.4%	7.5%	7.0%
Budget balance	\$159.4m	\$ 44.4m	\$ 105.4m	\$ 25m
Total Debt	\$ 1676.2m	\$ 1600.6m	\$ 1612.6m	-
Debt to GDP ratio			100% (June)	63% (June)
<i>Sources: IMF, MoFT, CBSI</i>				

¹⁰ However, because of the limited sample used in the 2006 survey no firm conclusion can be drawn from comparisons between the two surveys

The IMF 2007 Article IV Consultation in May 2007 concluded that “...the Solomon Islands government have articulated their economic strategy, maintained financial stability, and made some progress on reforms. These are contributing to improving the conditions for higher living standards by stimulating private sector-led growth. Some of the key achievements are: i) a prudent budget stance, including measures to broaden the revenue base, such as reduced exemptions; (ii) implementation of the new foreign investment act; (iii) upgrading of transport infrastructure; and (iv) improved capacity of government departments.”¹¹

The growing economy has in turn helped to provide for a strong Government Budget position. Tax revenue growth of 17% in 2006 contributed to a budget surplus, but so did large underspends in service delivery which cannot be sustained in the medium term. Solomon Islands remains the poorest country in the region and heavily dependent on unsustainable levels of logging and on aid. Forest products accounted for 71.6% of the total exports in 2006, and the IMF mission projected a weakening in non-logging growth to 3.5% in 2007 from 6 % in 2006. The decline in logging will lead to a significant and so far unplanned for fall in tax revenue from 2009.

The Central Bank of Solomon Islands

In May 2007 the IMF confirmed that the Central Bank of Solomon Islands (CBSI) is operating effectively. The Bank is widely regarded as a capable and autonomous institution operating with integrity. Nevertheless, in recent months the Minister of Finance and Treasury sought the assistance of RAMSI advisers to review the now dated CBSI legislation in order to modernise it and strengthen the Bank’s autonomy. Legislative change is supported by the CBSI Board and Governor.

Consultation with key stakeholders on economic policy

There is as yet no mechanism to record information on stakeholder mapping, poverty analysis or consultation over economic reform. However, consultations with line agencies, with aviation, shipping and telecommunications stakeholders and with the business community more broadly have been undertaken in planning for and implementing reforms.

Reforming the business regulatory environment and attracting foreign investment

The People’s Survey asked about the current climate for starting a business. 38% of respondents thought it was better than two years previously, 23% thought it was the same, 17% thought it worse, and 20% did not know. Of those who said they had tried to start a business in the past two years, most defined the difficulties in terms of marketing or social, rather than regulatory, barriers.

¹¹ IMF, Mission Concluding Statement, 2007 Article IV Consultation Mission, May 10-22, 2007

The 2007 World Bank indicators¹² for the cost of doing business showed Solomon Islands moving from 61 to 69 in the rankings. However, more relevant is the fact that of the individual measures which contribute to the general ranking, and which are relevant to the areas being worked on by the ERU, Solomon Islands recorded a better outcome on nine measures between the 2006 and 2007 reports and a worse outcome on seven. Other rankings either stayed the same or were not comparable.

The new Foreign Investment Act introduced with RAMSI support has led to planned foreign investment from new investors totalling \$1,640 million over the first 9 months of operation, compared to only \$315 million in planned new investment for the whole 12 month period prior to the Act coming into force. The number of investors for the first nine months of the Act's operation is 118, compared to only 61 for the whole year prior to the new Act coming into force. There has been a major reduction in the processing time for work permits for high skilled international labour from a number of months to just 5 days in most cases.

High tariff rates have been brought down, with virtually all goods now being subject to a 10% duty. This is expected to significantly reduce the cost of importing critical inputs to production such as marine transport and construction materials.

Financial services have been extended throughout Solomon Islands, through the introduction of financial banking technology to rural Solomon Islands and through the creation of a new credit guarantee scheme, both in cooperation with the CBSI and commercial banks.

Facilitating Foreign Direct Investment

Through the first half of 2006 ERU played the lead role in securing a new foreign investment commitment to the re-opening of Gold Ridge gold mine. That investor, GRML, has now completed exploration and rehabilitation works. However, difficulties in raising capital linked with as yet unresolved landowner issues and the potential for further political unrest mean that the mine is unlikely to begin production until the second half of 2008.

Following the re-opening of the GPPOL palm oil plantation in May 2005, production has increased back to pre-tensions levels of 1,000 mt per month.

ERU Reporting

Structural reforms

Some progress has been made in structural reforms. Limited competition has been introduced in the aviation industry. Solomon Airlines rationalised its domestic routes and in June 2006 abandoned 22 of its most unprofitable domestic routes. Introduction of competition on international routes was introduced in October 2006. As a result international airfares have considerably reduced (for example, the cheapest return fare from Brisbane to Honiara has reduced from SI\$8,000 to around SI\$3,000). Solomon

¹² Issued in September 2006, using data from January 2006

Airlines is currently experiencing some financial difficulties and the Government is actively examining its future prospects.

In May 2006 Cabinet approved a policy strongly advanced by RAMSI advisers for the introduction of competition into the telecommunications sector. SIG announced comprehensive state owned enterprises (SOE) reforms in the 2007 Budget, including the removal of financial support. The Budget also signalled the introduction of a new SOE Act later in 2007. The Government has agreed to the sale of the government-owned Sasape Marina and Home Finance Limited; ERU will be the sales manager in this process.

The ERU has a well established work plan drawn from the priorities of Solomon Islands Ministers. Progress is expected in the next six months on raising the assumed price of round logs for taxation purposes; however, progress on reform of the shipping sector, an essential step in promoting growth, is currently stalled. The IMF has called on SIG to tackle the high cost and unreliability of utilities. The prospects for agreement to contracting out management of the water authority remain uncertain, but are more certain for the electricity authority.

Strengthening and reforming the taxation system

The tax system is being modernised incrementally. Changes to core business processes have improved the effectiveness of the Division and led to increases in revenue collection and the capability of people working in the system. The last year has seen a reduction in numbers of goods tax exemptions granted (45 from January to May 2007 compared to 121 in the same period in 2006). No tax holidays or Memoranda of Understanding granting concessionary tax treatment have been entered into in 2007. The result has been not only an increase in revenue but a fairer sharing of the overall tax burden. The new goods tax exemption guidelines have been implemented under the leadership of senior local Inland Revenue managers.

The Tax Administrative Strategy was updated in April 2007 and provides a blueprint for the improvement of core activities within the Inland Revenue Division of MoFT over the next four years, including its annual audit strategy. In 2006, Inland Revenue Audit operations assessed additional income of \$11.25million. The audits covered a broad spectrum of taxpayers, including financial institutions, shipping agents, high wealth individuals, retailers, wholesalers and a local exporter. There is still some way to go before these audits lead to unforced compliance.

The working of the Inland Revenue Division Exemptions Committee and the Customs Exemptions Committee represent a significant improvement in the transparency and predictability of the exemptions regime, although a minority of exemptions does not pass through them. They considered a total of 352 exemption applications between July 2006 and May 2007. Of these, 98 exemptions were approved by the Minister. It is estimated that they will result in foregone revenue of approximately \$74.5 million. Most exemption recipients were in the transport, tourism, communications and forestry sectors. Exemptions are well documented and publicly available.

Rural infrastructure and growth

The MTS long term objective to contribute to sound and equitable broad based growth comprises medium term targets related to policy development in agriculture and rural development, improved capacity in provincial governments and agriculture sector institutions, and road rehabilitation and maintenance. For the present this remains a less well developed part of RAMSI and activities are not yet generating performance information.

RAMSI programs include the Road Improvement Project (SIRIP) and a contribution to the multi-donor Agricultural and Rural Development Strategy (ARDS). For the former, a simple and appropriate set of indicators has been developed that should give at least baseline information for the next annual report. A monitoring and evaluation concept for ARDS exists and will be developed as the program is established.

Capacity Development

RAMSI's program of support for the Economic Reform Unit has adopted and customised the Staged Capacity Building Model as the framework for its capacity development effort. Capacity development outcomes are linked to performance outcomes, specified as annual targets to be achieved and all are expressed generically as steps along the dependent/guided/assisted/independent spectrum. Adviser-counterpart work plans (Plan on a Page) are then the basis for reaching the targets. The program reports that capacity development is institutionalised within the work program of the ERU and that advisers are actively engaged with day to day issues, lead by example and model teamwork and a culture of sharing to deliver results. Counterparts are an integral part of the team which, in the view of the program, has led them to be more motivated, more empowered and more able to tackle the ethical issues inherent in providing economic advice where that advice can result in financial or other benefits to individuals, organisations or sectors. Annual group planning sessions provide informal opportunities for counterparts to comment on adviser performance. At the individual level, the program reports that it is building great strength in a limited pool of counterparts and that, at the systemic level it is building greater internal understandings, and promoting an appetite for reform at both political and management levels.

While the program makes a generally positive assessment of its capacity development efforts, the annual SWOT (strengths, weaknesses, opportunities, threats) analysis identified that management needs to speed up the development of a training plan for the unit and improve the management of absences and that ERU management and staff need to focus more on improving the interaction between advisers and counterparts and the interaction between different teams in the unit. This suggests that the processes currently being used to develop capacity need to be reviewed and strengthened.

The program is using an intensive one-to-one model of capacity development delivered by advisers over a long period, and has recognised the need for models which take account of the trade-off between capacity development and technical outputs and sees a need for new models of capacity development which are less heavily reliant on external assistance.

9. CAPACITY DEVELOPMENT

MTS Principle	Medium term targets
<p><i>Capacity building is central to RAMSI's efforts to give Solomon Islanders the confidence and skills to run the country. Capacity building is a medium to long term task which needs to be jointly planned, implemented and monitored.</i></p>	<p><i>Capacity development processes used by RAMSI are increasingly aligned with Solomon Islands expectations.</i></p> <p><i>Increase in the self-reliance of the Solomon Islands public service.</i></p>

It is conventional to observe that capacity development is difficult. By that standard capacity development in the Solomon Islands is extremely difficult. An analysis of capacity development in RAMSI in late 2006 observed that "...if capacity issues were easy to solve, the RAMSI managers would done it long ago. Getting capacity issues right over time is a genuinely difficult task in any country...conditions in the Solomons make their resolution even more challenging."¹³ These challenges derive in part from the historical, cultural, economic and political conditions in the Solomon Islands. The study also observed that the conventional assumptions about capacity development (for example, that the application of western management techniques *by themselves* can produce 'good enough' capacity gains in the Solomons setting, or that capacity development should be targeted at developing the technical skills of individuals though the use of counterparts) risked missing some of the underlying problems, and that RAMSI needed to deepen its analysis of what capacity development entailed if it was not to fail as other attempts to provide technical assistance had failed before. Sustainable change in local capacity is likely to take a generation and needs to be measured in small steps.

Strengthening the capabilities of individuals and organisations is recognised in the RAMSI MTS as essential to ensuring the long-term sustainability of RAMSI's efforts and the broad distribution of its benefits. Although capacity development has been occurring in many forms within individual RAMSI programs for some time now, there has been no agreed means for measuring and reporting on it across RAMSI programs.

In 2006-2007, all RAMSI programs were asked to report on the processes and outcomes of their capacity development efforts. To provide an initial framework and a common language for doing this, programs were asked to report on what they have achieved in relation to two capacity development "indicators"

- ≈ Capacity development processes used by RAMSI are increasingly aligned with Solomon Islands expectations
- ≈ Increase in the self-reliance of the Solomon Islands public service

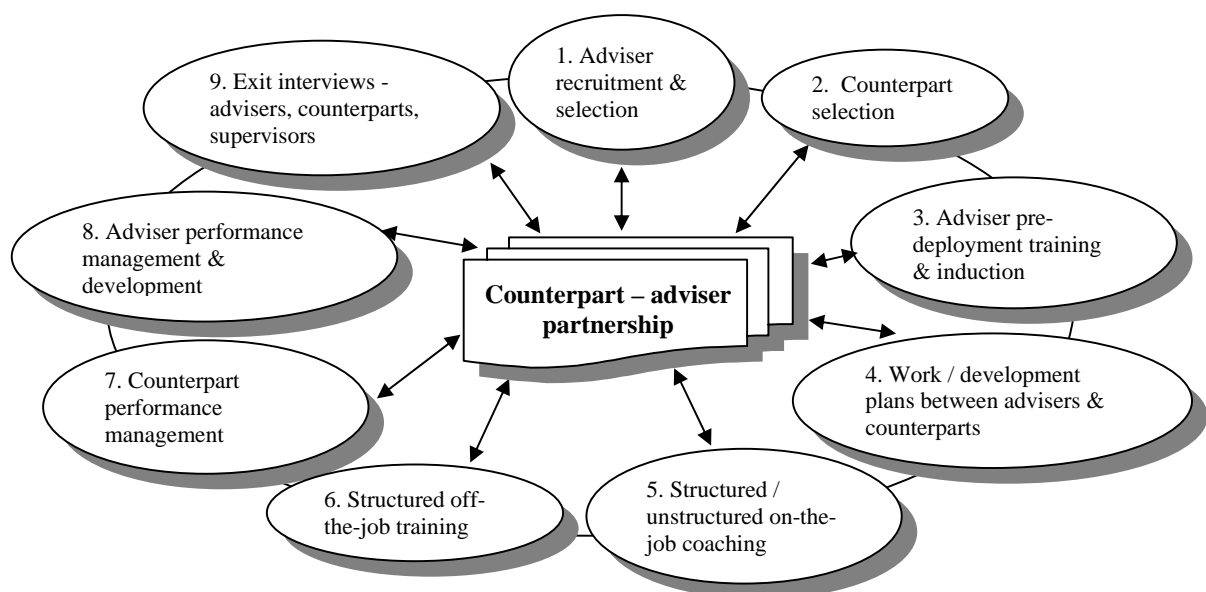
¹³ Morgan, Peter (2007) "Reflections on RAMSI and Capacity Development" May, as part of the Joint Evaluation Study of Provision of Technical Assistance Personnel: What can we learn from promising experiences?, undertaken by the European Centre for Development Policy Management, for AusAID, Denmark's DANIDA & BMZ of Germany, Draft, June 2007

Although RAMSI is still at a relatively early stage of learning how to make evidence-based judgments about the outcomes and impact of its efforts to develop capacity, there is strong evidence that it has been given greater emphasis within the RAMSI programs in 2006-2007, that there are pockets of excellent practice but, overall, efforts have been variable. There is a genuine will across RAMSI programs to improve the performance reporting system for next year and wide recognition that cross-RAMSI learning has benefits for the work plans of individual programs as well as for RAMSI as a whole.

The process of capacity development

There is solid evidence of growing participation of Solomon Island counterparts and agencies in shaping capacity development processes under RAMSI and that RAMSI and SI expectations are coming into closer alignment. However, most performance information is at the individual counterpart – adviser level. Performance information about alignment of RAMSI’s organisational development processes with agency expectations is more variable.

The following model of RAMSI processes for *individual capacity development* has emerged from an analysis of current program practices.



Programs have a positive story about individual capacity development processes. All are introducing new practices to improve counterpart-adviser relationships and communications, foster mutual trust and ensure mutual accountability to underpin capacity development of individual counterparts and work teams. While no programs are using all the nine processes represented in the partnership process represented above, all programs are using some of them. Counterpart selection and counterpart performance

management are matters for SIG but there is little evidence so far that SIG agencies are applying these processes systematically to maximise the value from RAMSI assistance.

Increasingly, SIG personnel are involved throughout the entire adviser recruitment and selection process which is having a positive impact on the quality of selection decisions and also on local ownership, engagement and motivation and is a capacity development activity in its own right. It also seems to be having a broader organisational impact in some instances. In Corrections, for example, this process has had an additional benefit of exposing SIPS personnel to merit-based selection thus helping create a climate for its introduction across SIPS.

Some programs are making concerted efforts to diversify team composition beyond Australian and New Zealand personnel although this is not proving to be easy to achieve. Increasingly, advisers are inducted into the practice of capacity development as part of their pre-deployment training or induction and in some cases this is led by Solomon Islanders, particularly in relation to cross cultural awareness, sensitisation and communication sessions. Over the past year, more programs have introduced jointly negotiated adviser-counterpart plans as a way of getting greater structure, focus and mutuality into the capacity development process. Of course this is only possible when there are counterpart staff or teams, and not all advisers have Solomon Island staff to work with because of vacancies. The process of advisers and counterparts negotiating what they will do individually and together is an important alignment strategy and if done well is an empowering action. In some instances, SIG public servants are involved in the periodic assessments of the performance of individual TA personnel, although this does not seem to be a widespread practice. In Corrections, SIPS personnel are increasingly taking the lead in the adviser appraisal process.

A recent report has suggested that RAMSI should do more to develop its own capability to engage with Solomon Islanders¹⁴. RAMSI has sponsored the adaptation and implementation of the AusAID *Making a Difference* capacity development program with 36 participants (17 advisers and 16 SIG staff) in 2006-2007. The program has been very well received by both advisers and SIG officials and there is a strong desire from both SIG and RAMSI that the program be continued and that it be made more sustainable through developing local facilitators. Arising from the program, plans are now underway in the Prisons Service to develop and run a similar program for all SIPS advisers and managers.

All programs have sponsored substantial structured training and development programs as part of their overall capacity development strategy. Justice provided 765 training days for 164 male and 60 female participants including accounts clerks, typists, supervisors, senior counsel, Local Court presidents, and magistrates at all levels. PPF provided and supported structured training programs to 1045 participants (878 males and 167 females) including SIPS leaders and managers and new recruits. Inland Revenue provided around 100 formal training days on the tax system and technical skills. Both PPF and Corrections have adopted a standards-based approach to structured training which

¹⁴ Morgan, Peter (2007) , op cit

appears to be working effectively. However, few programs are yet able to report on the results of their evaluation of this training via information about participant reaction to training programs in which they have participated¹⁵ or about changes in participants' on-the-job behaviour resulting from such training.

On-the-job learning/mentoring/coaching remains a key capacity development strategy for most programs. While recognising the rich learning that can occur through these processes, some programs have identified a need to put more structure and focus into them. Steps have also been taken to ensure that some of the earlier practical and useful, but somewhat ad hoc, on-the-job training increasingly takes place within a structure of a more deliberative training plan.

There is no robust performance information about counterpart confidence/satisfaction in the processes being used by RAMSI to enhance/ develop their capacity and no meaningful information about differences in expectations (if any) between male and female counterparts. This is a gap that should be closed next year.

Performance information in relation to the processes used for *developing organisational capacity* is more limited. However, explicit steps have been taken in some programs to move from technical assistance driven by individual advisers to capacity development driven by agency demand. This is a positive trend, strengthening the alignment between RAMSI support and agency expectations. All programs are progressively aligning aspects of their work to host agency and SIG plans, systems, procedures and reporting requirements. For example, the work plan of the Ministry of Finance and Treasury serves as the basic work plan for RAMSI's efforts in the EcoGov pillar. There are examples within Justice where SIG budget processes are being used to channel RAMSI funding to activities. The SIPF National Management Team has been supported to identify critical capacity gaps across the organisation and prioritise future capacity development. This independent process will assist in further aligning the SIPF and PPF expectations by ensuring capacity development initiatives are focussed on jointly agreed critical functions. In some instances, new systems introduced by RAMSI are proving to be unsustainable and programs are recognising the need to work with agencies to simplify any introduced systems to ensure their sustainability.

There are innovative examples of using indirect approaches to capacity development. Fostering communities of practice and creating opportunities for agency staff to learn from each other as well as from advisers presents fresh possibilities for organisational development. This trend is most clearly evident in Justice and MoG programs and could be further developed across RAMSI. Similarly, there is evidence of programs supporting their host organisations to interact constructively with other agencies, civil society, interest groups, media and citizens and this too is a fruitful indirect capacity development process which merits greater emphasis.

¹⁵ This information may be more valuable than previously recognised - it may be a cost-effective short-run predictor of long-run effects on improved job performance

Program reporting suggests a generally good level of agency satisfaction with how capacity development is being undertaken. However, quite limited evidence of this has been provided to substantiate program claims.

Progress towards self-reliance

With some exceptions, firm conclusions about increased self-reliance across RAMSI for 2006-2007 are limited by the information currently available, most particularly in relation to progress towards organisational self-reliance. Nevertheless, there are many encouraging signs that there has indeed been solid progress.

What has emerged from the 2006-2007 performance reports and discussion with programs and other stakeholders is the concept of *transition events* – tangible markers of progress along the road to self-reliance. This concept of transition events, which addresses both individual and organisational self-reliance, takes practical form in:

- ≈ Formal transition strategies agreed between programs and agencies which map out agreed steps that RAMSI program will take to support greater self-reliance, together with indicative time-frames. The Corrections program is the most advanced in this area.
- ≈ Succession plans that identify out how new entrants will be attracted to work in the agency (e.g. the introduction of a Graduate Lawyers Development Program), how high performing staff will be retained in the service, how they will be developed (for example through overseas work attachments) to assume key agency roles when incumbents retire or resign or move to another agency and how retirement of key staff will be managed.
- ≈ Tools to measure progress in implementing the transition strategy such as the Staged Capacity Development Model, tools to measure progress towards achieving specified competencies to guide individual capacity development, and tools to measure progress by staff towards achieving agreed organisational standards.

Examples of transition events that are increasingly being tracked by programs include the following.

- ≈ *Actual reduction in the number of advisers.* From July 2007 the number of advisers within the Corrections program will be reduced from 50 to 40 and further reductions are anticipated as SIPS capacity continues to improve.
- ≈ *Transition of counterparts to in-line positions.* The Director of Public Prosecutions has been transferred from an expatriate to a local within the last twelve months.
- ≈ *Transition of advisers from in-line to advisory roles.* In 2007 the in-line RAMSI support position of Manager, Compliance (Small and Large Business sections) in the Inland Revenue Division was changed to an advisory support role. The current program-funded in-line CEO to the High Court is being replaced with a Court Administration Adviser
- ≈ *Achievement against organisational standards.* The independent Technical Advisory Group for Corrections tested SIPS compliance with United Nations standards relating to gender and the detention of women with children and made positive findings in relation to SIPS compliance in these areas, and Corrections are also working to a set of Correctional Management Standards adopted by the Prisons Service. PPF is working, through the Training Academy, to assist SIPP to meet international good practice standards on Use of Force.

≈ *Assumption by counterparts, teams and host agencies of functions and responsibilities previously undertaken by advisers.* In Inland Revenue Division, there has been a transition of exemption committee leadership to local staff members. A significant portion of core functionality of the new computerised revenue management system is now independently performed by staff of the Inland Revenue Division. Local lawyers undertake an increasing number of court appearances on a per head basis, including more complex and sensitive work.

Programs are generally able to provide reasonable information about the capacity of public service organisations to deliver the services required by its mandate through technical skills, systems and procedures. However, there is some way to go before there is a shared understanding of the more generic capacities which underpin technical performance and which are essential for organisational self-reliance.

Directions for 2007-2008 reporting

The approach to reporting on capacity development adopted for this report has proved a useful start. It has provided a basis for discussion across RAMSI about the nature of the evidence needed to show that RAMSI is indeed developing local capacity and has led to the identification of models of good practice emerging from within programs rather than from other countries and contexts. The general directions set for 2006-2007 should continue.

However, the challenge now is to lift the bar for reporting of capacity development in 2007-2008. While retaining the two “indicators”, the performance framework for capacity development will need to be revised to achieve greater precision and focus and more reliable evidence of outcomes and impact to enable cross-program comparisons and whole-of-RAMSI assessment. A simple system based on reporting against a small number of good practice standards is envisaged. This should be developed by the PAAT in consultation with RAMSI programs and submitted to RAMSI for inclusion in the performance framework for 2007-2008.

10. CONTEXT AND RISKS

The 2005/6 annual report noted that gains to date were fragile, that sustaining them would require changes in public service capacity, leadership and independence, and that RAMSI-supported programs were unlikely to be able to deliver wins in the future as quickly as they had done. The results from this year confirm this forecast.

The changes required to make progress towards the MTS objectives are complex and beyond RAMSI's direct control. As RAMSI personnel continue to move from doing to supporting roles, the achievement of results depends increasingly on RAMSI staff and Solomon Islands leaders having the same objectives and ideas of what constitutes success. In the performance material collected to date there is unsurprisingly a high correlation between success stories and strong Solomon Islander leadership.

Performance reporting is increasingly alluding to issues in the operating context which constitute risks to the joint achievement by RAMSI and SIG of MTS objectives. Good performance frameworks bring risk to the surface and allow it to be integrated into overall risk management.

Leaving aside the high level political dialogue between RAMSI, SIG, and the Pacific Islands forum, which is beyond the scope of this report, the following issues are beginning to surface consistently in performance reporting:

- **Recruitment:** while the overall vacancy level has gone down, there remain areas of extreme staff shortage and some key appointments have not been made.
- **Basic skills** in the public service: there is evidence that literacy and numeracy skills are lacking over a number of areas in the public service. This is not something that it is efficient for individual RAMSI programs to tackle alone, or even something that necessarily falls within RAMSI's mandate, but requires cross-Government attention.
- **Financial sustainability:** at present levels of activity, RAMSI provides extra-budgetary subsidies for key SIG functions. Detailed work has been done, for example, on the extent of PPF financial commitments in support of SIPF operations. In other areas there are long term budgetary implications of infrastructure provided under RAMSI programs (eg Corrections). The magnitude of these implications mean that dialogue needs to begin soon on how to adapt current levels of support to make them affordable, and then to make provision in the national budget.
- **A rules based environment:** some reporting is highlighting the lack of enforcement of public service discipline and the bypassing of set procedures in planning, resource allocation and expenditure, including the making of government expenditure decisions without advice. Without Solomon Islander leadership action to promote a more rules based environment for the public service it will be difficult to make progress towards the objective of an effective and predictable public service.

There are deep seated reasons why these issues remain unresolved, and they cannot all be tackled in the short term. Nevertheless, it would be sound risk management practice for RAMSI and SIG to integrate an informed dialogue about these risks into their regular consultations, perhaps by agreeing to concentrate on one or two areas where early change might be possible. If SIG and RAMSI are to benefit from more consistent high level treatment of these issues, performance systems will need to be geared to collecting information on the extent to which they are affecting the achievement of common SIG/RAMSI objectives.

Recommendation 1

That RAMSI Principals and SIG select a set of these issues for consistent dialogue over the next year.

Recommendation 2

That programs take account of those themes which emerge from the implementation of Recommendation 1 and give special attention to them in reporting.

11. PERFORMANCE ASSESSMENT IN RAMSI

The challenge to RAMSI of being able to produce good performance assessment is growing. By setting outcomes for the next five years, the MTS obliges RAMSI program managers to link their activities and performance management systems to the production of information that is meaningful at the strategy level. Even where programs are in the preparation stage (as for much of the MoG program) they need to be able to show that they are developing interim and medium term performance measures to tell their story against MTS outcomes.

Perhaps a bigger challenge is the growing external one. It is coming from the audit institutions of participating countries (the observations of the ANAO report, both supportive of work to date and signalling directions for the future, might well have been echoed by the audit institutions of any of the contributing countries). It is coming even more from the need to ground the future tripartite dialogue between SIG, RAMSI and the Pacific Islands Forum in a set of commonly agreed facts about progress. The recent PIF review of RAMSI suggested that there was much in the current MTS and the performance framework that could underpin discussions on an “exit strategy”.

RAMSI programs are rising to the challenge. The quality and quantity of performance information being generated is much greater than it was two years ago. However, there is a growing need for greater consistency in the level at which performance information is pitched (at outcomes not at activities) and in the treatment of the themes which are important to RAMSI top management. The experiment with greater consistency of approach over reporting progress on capacity development was welcomed by all programs and provoked useful discussion on what RAMSI actually needed to know. Proposals are made elsewhere in this report for further tightening of this approach.

The summary status of monitoring and evaluation arrangements within RAMSI programs is:

- **Police.** SIPF have made a significant start in collecting information against the indicators in the 2007 business plan. While the quality of information is inconsistent, it should improve if it is seen that top management is taking an interest in it. The PPF can trace the relationship between SIPF business objectives and the activities which are its basic management building block. The standards to which the PPF is aiming to get individual police officers are those set by the SIPF, which will enable them over time better to meet business objectives. Having set up the project management architecture earlier this year, the PPF is in the third month of a new monthly reporting system designed to aggregate the results from its activities. Establishing and bedding down this new system has been a major undertaking. It is giving greater focus to the PPF contribution to RAMSI and to SIPF and a structure for future performance reporting. The first two reports show results, but it is difficult to attribute significance to them in the absence of a reference frame setting out the PPF’s objectives for each activity and the link to

the desired outcomes for the SIPP. The PAAT has suggested that grouping outcomes against major areas of police work (ie somewhere between the two overarching objectives of the PPF and statements of progress against activities) might produce results which are clearer to outsiders.

- **Corrections.** SIPS management have introduced performance based reporting to the organisation, and the 2006 annual report is based around progress against objectives. There is overlap between the information SIPS provides to the Government and the information being collected under the RAMSI framework; in this sense the Corrections program is moving towards the ideal of a commonly owned set of information that serves to demonstrate performance to a range of stakeholders. For the present the systems for regular collection of data against a limited set of indicators, and the ability to report on capacity development, match RAMSI's requirement for strategy level performance information.
- **Law and Justice.** Here again, what is being reported is largely drawn from SIG sources and much of it is reflected in the annual report of the Ministry of Justice and Legal Affairs. Many of the MTS outcomes on which this program is reporting relate to processes of institution building, and there is a preponderance of qualitative reporting which is time consuming for program staff. They and senior management in the Ministry have recognised the need for a smaller set of indicators which would be regularly tracked within the justice agencies and could be used for reporting within RAMSI. Program staff will look to progress this idea over the next year. There will be a continuing need to track progress against such intangibles as sector co-ordination and responsiveness to people's needs; external expert opinion can be sought for this.
- **Machinery of Government.** The monitoring and evaluation framework for this program is well advanced and has already undergone two four-monthly reflection and planning cycles. It is strong on collaborative reflection, mutual understanding of results and setting of expectations. As the current program managers recognise, it will need deliberate management to ensure it evolves to set targets and track results at MTS outcome levels (or at least sets interim indicators that demonstrate that outcomes will be achieved).
- **FMSP.** There is a considerable amount of information available about improvements in financial and fiscal management, and in capacity development. However, the links between specific advisor activities and broader objectives are often not clear or the activities are still presented in a fragmented way which makes it more difficult for outsiders to judge whether components of the program are delivering against priority objectives. The forthcoming design process for the program provides an opportunity to set tighter objectives and more explicit statements of mutual obligation between SIG and RAMSI, as the basis for more consistent reporting and for better informed dialogue with SIG senior managers about whether allocations of technical assistance are producing results

- **Economic reform.** There are well developed systems for work planning and reporting within the ERU. However, they do not as they stand translate into useable information for strategic reporting. With some reorganisation they could be made to do so. Following the mission the senior adviser in ERU produced a skeleton reporting framework which, with some further discussion with the PAAT, should serve as a simple and robust statement of results for a variety of purposes. Here again, a more explicit agreement with SIG about how the risks of continuing dependence on external advisor support will be managed would allow expectations to be clarified.

Future priorities

In the discussion of performance reporting during the review mission, a number of themes emerged consistently.

The first was the need to **move performance measures closer to expressions of results**. In drawing up the performance measures for the MTS, there was an expectation in some cases that existing performance reporting (from SIG or from RAMSI programs) would provide us with evidence of progress towards MTS objectives. However, some sharpness of presentation was lost in the process, and RAMSI managers indicated that they would like clearer results statements. Overall, programs would benefit from **tighter objectives** so that performance information is related more closely to agreed priorities. More precise objectives would enable stakeholders to understand (and constructively challenge) the value of recorded achievements (and, as noted earlier in this report, to understand how RAMSI is affecting women and men). This process would allow pillar managers to negotiate with their stakeholders a more explicit set of expectations about the balance between continuing to achieve results and empowering Solomon Islanders to achieve results. It would still take full account of the need for RAMSI to be opportunistic and to move resources around as required. Priorities need not be such as to tie down a work program for extended periods; it should be possible to manage towards objectives while remaining flexible about the means to achieve them.

Recommendation 3

That RAMSI programs consider whether their current monitoring and evaluation frameworks can benefit from more explicit objectives and performance measures that guide work planning and facilitate meaningful recording of results, including gender analysis. Support from the PAAT will be available if required.

There is a variety of practice over the use of **external verification of results**. While some programs make effective use of Technical Advisory Groups, internationally comparable data, or findings from international financial institutions, others rely entirely on self-assessment. There is a place for critical self assessment and it should be retained. However, given that the annual performance review is a self assessment by RAMSI, it is important that program reporting contain increasing external validation of qualitative assessments and analysis of quantitative data.

Recommendation 4.

That each program introduce at least one form of external validation or analysis into performance reporting for 2007/8 where this does not already exist.

The search for “**exit strategies**” necessarily underpins the political dialogue. Because much of RAMSI activity is still likely to be a long haul, the search for an exit can be confrontational. While no program can yet express its exit strategy, all can report or envisage successful transition events: from in-line to advisory positions, from supply led to demand led technical assistance, from a completed activity to a new area, from activity at one level of challenge to another, and possibly from RAMSI to non-RAMSI assistance. RAMSI managements and SIG require greater assurance that these transition events are being captured and planned.

Recommendation 5.

That greater attention be given in performance reporting to highlighting transition events.

RAMSI and SIG together could benefit from more regional benchmarking, more systematic linkages between RAMSI and other regional assistance programs, and greater focus on Solomon Islands progress against the Pacific Plan. This is already happening in some areas, but could be more widespread. Economic comparators (such as growth, public sector debt as a proportion of GDP, inflation and foreign investment) are generally available. Other comparisons could be considered such as community perceptions of policing from the Pacific Regional Policing Initiative (PRPI), data from the Pacific Islands Chiefs of Police Secretariat, WHO assessments and World Bank Governance Indicators. RAMSI support could also draw upon the experience of regional programs such as the UNDP Democratic Governance programs in the Pacific and various Pacific leadership programs. In performance reporting terms this would give Solomon Islanders a better notion of how they are performing compared to their neighbours, and would give the Forum countries and Secretariat a stronger role in discussions of progress in the country. Links with regional programs would also widen the possibilities for support from the region, and encourage discussion of what can be done alongside, or after, the current suite of RAMSI activities.

The point was made to the PAAT a number of times that the burden of reporting in RAMSI is high. This is borne out by the stock take of reporting recently carried out by the OSC. Since work is already under way to streamline reporting, we make no recommendations in this respect, but observe that generally any management unit which is not regularly producing convincing performance information is open to a variety of demands for reporting, whereas one that is, can negotiate its reporting load downwards

from a position of strength by undertaking to use an agreed set of performance information for multiple purposes (eg the same information should suffice for AusAID's Quality at Implementation and Program Update exercises and for the RAMSI annual review).