Summary

This Annual Program Performance Report (APPR) summarises progress made during 2011 towards the goals and objectives of the Regional Assistance Mission to Solomon Islands (RAMSI).

Context

Solomon Islands is a fragile post-conflict state which is still recovering from the period known as the ‘tensions’ (1998–2003). The country is relatively stable, with widespread but incomplete national reconciliation. While the political situation remains changeable, substantial economic reform and economic progress have been achieved. Development progress is also being achieved, but slowly. As is typical for post conflict fragile states, Solomon Islands will require development assistance for the long term.

Solomon Islands is ranked 142 out of 177 countries in the United Nations 2011 Human Development Index and remains one of the poorest countries in the Pacific. More than 70 per cent of the population (of over half a million people) is under 24 years of age. The population growth rate is over 2.2 per cent.

In 2011, Gross Domestic Product (GDP) grew at a record 10.7 per cent driven by strong demand from Asia for log exports and the resumption of gold production.\(^1\) Growth is expected to moderate to 4 to 6 per cent in 2012. This reflects reduced output from logging, which is offset by increasing gold production from the Gold Ridge mine, and a strengthening in other commodity exports. Over the longer term, growth is likely to be modest reflecting an expected decline of the logging industry resulting from dwindling forestry reserves. Despite consistent economic growth since 2003, real GDP per capita is still lower than it was in 1998, as Solomon Islands lost nearly 25 per cent of its GDP between 1998 and 2003.

About 87 per cent of the people of Solomon Islands live in rural areas where the main source of economic activity is small-holder agricultural production. There is some plantation agriculture, including palm oil. Economic opportunity in the rural areas is constrained by unreliable and costly access to markets and limited access to basic services such as health, education, water and sanitation, and economic infrastructure. The benefits of economic growth are unevenly distributed across the country. Estimates are that 23 per cent of the population lives below the basic needs poverty line.\(^2\) The World Bank also reports that there is rising urban ‘non-

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1 Central Bank 2011 annual report.

food’ poverty in Honiara with 33.2 per cent of the population living below the poverty line.³

Competition in the mobile phone market halved costs and increased mobile subscribers by 500 per cent during 2010 and 2011. These reforms in telecommunications resulted in the most significant change in Solomon Islanders’ lives as reported in the 2011 People’s Survey, with access up from 23 per cent of the population in 2009 to 75 per cent in 2011.⁴

Over 2011, there have been improvements in economic management and reform, supporting stronger private sector growth. In a recent Chamber of Commerce members’ survey, almost 70 per cent of participants said they expected their business to be in a stronger position in 2012. The great majority of participants expected increases in average wages, gross sales revenue and capital investment. Solomon Islands also increased 17 places in the World Bank’s ease of doing business rankings and now sits at 74 out of 183 countries.

While some of the increased government revenue has been used to strengthen funding for core services, major challenges remain with the quality of expenditure and the lack of linkages between policy and budget or the cost of service delivery and budgeted resources.

2011 was a year of political stability in Solomon Islands, despite the change of prime minister within the National Coalition for Rural Advancement Government. However, parliamentary sittings were rare, resulting in legislation not being passed. While progress is being made, underlying drivers of conflict remain. These include land management, urbanisation, high population growth, rural-urban migration, unemployment, and family based violence. Corruption remains a widespread public concern with low scores on the Transparency Corruption Index,⁵ and only 32 per cent of Solomon Islanders trusting their member of parliament.⁶

Program objectives and strategy

Australia supported Solomon Islands development in 2011 through RAMSI (development pillars, A$58.2 million, and policing, A$113 million), the bilateral program (A$61.6 million) and through regional and global programs. RAMSI development programs complement the security focus of the military and policing components of RAMSI.

In addition to support for policing through the Participating Police Force, the RAMSI development program has three pillars or objectives:

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⁵ Corruption continues to be perceived as widespread with Solomon Islands ranked 120th out of 183 countries scoring 2.7 (0 = highly corrupt, 10 = clean) in the 2011 Corruptions Perception Index.
Law and Justice (not including policing):

- a correctional service that is managed effectively and independently of RAMSI
- a capable and independent justice system.

Machinery of Government:

- a government administration that is strategic, professional, transparent and accountable in the delivery of services and priority programs.

Economic Governance:

- a Ministry of Finance and Treasury (MoFT) that provides leadership in financial matters and high quality professional financial and economic services.

### Expenditure

Table 1: Estimated expenditure in 2011

<table>
<thead>
<tr>
<th>Objective</th>
<th>A$</th>
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</thead>
<tbody>
<tr>
<td>Objective 1: Law and justice: Participating Police Force</td>
<td>$113</td>
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<tr>
<td>Objective 2: Law and Justice Program</td>
<td>$30.8</td>
</tr>
<tr>
<td>Objective 3: Economic Governance</td>
<td>$17.3</td>
</tr>
<tr>
<td>Objective 4: Machinery of Government</td>
<td>$10.1</td>
</tr>
</tbody>
</table>

Source: Internal AusAID reporting.

Talks between RAMSI partners and Solomon Islands have resulted in agreement that further support to the three development pillars (not including policing) will be mainstreamed from mid-2013 through the traditional development programs of Australia, New Zealand and other donors. This recognises the long-term development nature of the work involved. RAMSI is working with the Australian bilateral program and other donors to identify areas for transition. Bilateral partnership talks held on 31 July 2012 agreed a timetable for the current RAMSI development programs to be integrated into an updated Partnership for Development between Solomon Islands and Australia, by mid-2013.
Progress against objectives

Table 2: Ratings of the program’s progress towards the objectives

<table>
<thead>
<tr>
<th>Objective</th>
<th>Current rating</th>
<th>Relative to previous rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective 1 Law and justice: Participating Police Force</td>
<td>▼</td>
<td>Unchanged</td>
</tr>
<tr>
<td>Objective 2 Law and Justice Program</td>
<td>▼</td>
<td>Unchanged</td>
</tr>
<tr>
<td>Objective 3 Economic Governance</td>
<td>▼</td>
<td>Unchanged</td>
</tr>
<tr>
<td>Objective 4 Machinery of Government</td>
<td>▼</td>
<td>Improved</td>
</tr>
</tbody>
</table>

Note:
- ▼ The objective will be fully achieved within the timeframe of the strategy.
- ▼ The objective will be partly achieved within the timeframe of the strategy.
- ▼ The objective is unlikely to be achieved within the timeframe of the strategy.

Pillar: law and justice – Participating Police Force

The Participating Police Force provides assistance so that Solomon Islanders are free to go about their lives without undue fear of serious crime. Solomon Islanders should also have access to a formal justice sector that is transparent, predictable, and impartial. Traditional justice in rural areas should be supported by access to the formal sector.

Key achievements in 2011 included:

- initial implementation of the joint RAMSI Participating Police Force (PPF) and Royal Solomon Islands Police Force (RSIPF) Transition Strategy 2011–2013. This has resulted in a substantial decrease in the PPF’s security footprint (including in provincial police posts), in line with an increased capacity for the RSIPF to deliver these services. The RSIPF responded to a public order event in November 2011, which occurred as a result of a change of prime ministers. The response was a well-planned operation that quickly gained control and effectively put an end to the disturbance. The operation was largely independent of PPF assistance.

- continuing to foster a climate conducive to investment and economic growth through RSIPF support. Business confidence has continued to grow, reflected by the continuing investments in commercial centres.

- commencing a review of the RSIPF’s training. Training initiatives have included a revised literacy and numeracy program delivered locally through the University of the South Pacific, an accelerated development program, a middle management course and development of a leadership ethos.

- implementing infrastructure and logistical programs that help redress operational deficiencies highlighted through the reduction of PPF support. These have been facilitated through shared deeds of funding, allowing the RSIPF to successfully use its own procurement systems for the first time since RAMSI’s arrival.

- starting the Children and Youth in Conflict with the Law program, which aims to enhance the quality of justice for children and young people.
PPF support is focused on promoting local ownership and building capacity of local systems. Initiatives will be continued that aim to reduce the PPF’s front line policing services. During 2011, it handed responsibility of the Buala (Isabel) and Kirakira (Makira) police posts to the RSIPF and withdrew from Isuna (Makira).

The PPF uses a range of sources for performance information. All initiatives are subject to ongoing monitoring through the Capacity Development Monitoring Centre. Initiatives are also subject to post completion assessments that are targeted at capturing contributions towards wider objectives and lessons learnt. The PPF reports progress on a quarterly basis as part of wider Australian Federal Police governance arrangements. It is currently in the process of establishing a monitoring and evaluation system, which will be in place by February 2012. This system incorporates the strategic directions of the RSIPF and will inform the quarterly review of the PPF transition strategy.

The PPF is working to promote gender equality. According to the 2011 People’s Survey, women are less likely than men to seek the assistance of RSIPF, although women are substantially more satisfied with the police response. This may be attributed to the enhancement of the family violence function, the delivery of an awareness program across the provinces and implementation of the family violence policy for the RSIPF.

The RSIPF continues to have one of the highest rates of female participation across Solomon Island agencies. Women comprise about 15 per cent of the workforce as recruitment policies target an appropriate ethnic and gender balance. The PPF continues to assist the RSIPF to support and promote women and the Women’s Advisory Network. For example, funding has been provided to the RSIPF to build a community leaf hut at the Christian Care Centre, Honiara – the principal care centre for victims of domestic violence.

Factors affecting progress

Institutional constraints remain. The expected delivery of policing and national security functions currently exceeds government funding allocated to the RSIPF. The response to the public order event in November is, however, a testament to the Force’s growing capacity. Combined with the growth in business confidence, this demonstrates the program is on the right track.
Law and Justice Program

The Law and Justice Program delivers technical assistance (advisers), a range of capacity development initiatives, including training and institutional strengthening, infrastructure, and small-scale recurrent expenditure primarily through government systems. With this support, the government is meeting critical short-term service delivery needs while slowly developing the capacity to manage the justice system in the longer term with reducing donor resources.

Key achievements in 2011 included:

- improving justice services, particularly case disposal. Anecdotal evidence from the Honiara Magistrates’ Court suggests that there is now no significant case backlog. A trial can move from charge to court in about two weeks, down from nearly 18 months only two years ago. The High Court, including the Court of Appeal, continues to increase its output. In 2009, 180 cases were finalised, in 2010, 350 were finalised, and in 2011, 437 were finalised.

- restructuring the program from being siloed and ad-hoc, to an integrated initiative which links to, and strengthens, government process and budget. The new joint planning and budgeting process puts much greater power in the hands of justice sector leaders on program funding across the sector. This process aligns with government arrangements and works to increase Solomon Islands participation and ownership.

- concluding in-line advice to the Correctional Service of Solomon Islands (CSSI) in March 2011. Almost 80 per cent of correctional staff now have a certificate III in correctional practice, and all training for this is delivered by qualified Solomon Islanders, 28 per cent of whom are women.

- continuing improvement in the corrections sector. Prison incidents, such as self-harm and attempted escape, fell by 30 per cent from 2010 to 2011. Similarly, recidivism rates remain flat at about 10 per cent.

There are some positive signs of sustainable change in corrections. For example, in 2010 the CSSI commenced a program of internal compliance audits of correctional centres. As a result, compliance with operational procedures has improved from 63 per cent in 2009 to 77 per cent in 2010 and 86 per cent in 2011. These audits will continue into 2012. RAMSI’s engagement with the ministry budget unit has helped corrections spend all of its allocated funds on identified sectoral needs.

Local ownership and local systems are an increasing part of the program. Evidence of transition to self-sufficiency is demonstrated by the CSSI:

- recruiting and selecting 40 new officers with very limited advisory assistance; and

- providing 783 training opportunities in-house using its own training resources.

The availability and quality of performance information is stronger for corrections than the rest of the sector. The CSSI’s monitoring and evaluation framework builds on annual planning and monthly, quarterly and annual reporting. The CSSI
collects and analyses disaggregated data on its workforce, learning and development activities and prisoners. This information regularly informs management decisions and planning process.

Monitoring and evaluation in justice agencies needs to be improved. In 2010 the Justice Sector Technical Operations Group led development of a set of key performance indicators to measure the progress of justice agencies. The indicators were created and led by the government, which provides further evidence of government ownership of the program. However the verifiable indicators still need work, data collection remains poor, and there is a lack of clarity on what the indicators are trying to measure.

The program is having an effect on gender equality in the sector. The number of female officers employed by the CSSI has increased from 48 in 2010 to 57 in 2011. Female officers now make up 15.08 per cent of the total number of staff and currently hold 7.4 per cent of management level positions and 12.3 per cent of leadership positions. Ministry of Justice and Legal Affairs and National Judiciary have reported a slight increase in female staff to 44 per cent and 46 per cent respectively. The program continued support for the CSSI’s women’s network and the annual corrections women’s conference.

The Commissioner of Correctional Services Solomon Islands is a strong advocate for gender equity and presented the service’s gender achievements to the 2011 Asia Pacific Regional Corrections Conference. As a result, delegates agreed to make gender an ongoing topic of the conference, which led to the first Pacific Islands Regional Women’s Correction Conference in Honiara in late 2011, which was hosted by the Correctional Service of Solomon Islands. Several female correctional officers in the Pacific have since gone on to establish women’s networks in their own countries.

Factors affecting progress
Challenges to achieving objectives include tight budgets and little connection between government policies and budget decisions. Across the sector, costs relating to housing, rental allowance and travel are not adequately funded. Vacancy rates in the justice sector are high—lawyers trained and mentored by advisers often leave after only a few years for the private sector. This is creating sustainability concerns and it is clear some advances in the law and justice sector will require ongoing donor support if they are to be sustained.

It should be noted that capacity constraints affecting government departments are not experienced to the same extent in the RSIPF and CSSI. This is due to the skills base being competency based (with training able to be delivered in-country) as well as the command and control nature of the institutions themselves. The capacity constraints faced by other agencies (such as in finance or justice) are due to technical skills shortages in information and communications technology, finance, accounting and law, which are dependent on tertiary qualifications.

**Pillar: Economic Governance Program**

The Economic Governance Program represents RAMSI’s development assistance to the Ministry of Finance and Treasury (MoFT). It provides assistance—
predominantly advisers—and systems upgrade to help improve financial management and economic policy advice to government.

Key achievements in 2011 included:

**Improving standards of living and economic opportunity for all Solomon Islanders.**

GDP grew at an estimated 10.7 per cent in 2011. Most macro indicators have steadily improved since 2005 on the back of high commodity prices, other than for 2008 where there was a downturn associated with the Global Financial Crisis (GFC). Projected GDP per capita of US$1554 in 2011 is up from US$1274 in 2008. The current financial situation of the government is stable:

- cash reserves have been built to cover three months expenditure and foreign exchange reserves to cover nine months of imports
- the government received the Pacific Financial Technical Assistance Centre award for achievement in tax administration – recognition of the improvements and its strategic approach to revenue collection
- aggregate profit in 2010 for all state owned enterprises was 21.5 million Solomon Islands dollars compared to a loss of 95.09 million in 2007
  - national debt has decreased, which has downgraded the government’s debt risk rating from high to moderate. In 2011, debt stands at 18 per cent of GDP which is well below the accepted benchmark of 30 per cent, and the 2008 level of 53 per cent
  - revenue collection figures are up 20 per cent from 2010. Inland Revenue Division is 1.34 billion Solomon Islands dollars in 2011, while Customs and Excise Division is 699.8 million Solomon Islands dollars in 2011.

Personnel data has been validated for input into the Aurion payroll and human resource management system, which has resulted in significant savings for several ministries.

**Increasing capacity and capability of the Ministry of Finance and Treasury.**

Monthly financial reports were produced independently by government officers and published in national newspapers, national accounts were produced independently and in line with statutory requirements, and expanded budget papers now provide more information on spending priorities. IT system upgrades to the budget, payroll and financial management systems are making the budget and expenditure processes more efficient, with improved control of public service salaries and allowances.

**Local ownership and alignment with local systems is building.**

The Ministry of Finance and Treasury executive is responsible for all major spending decisions and approves all appointments and extensions of advisors. The ministry is also involved in monitoring and evaluation processes, particular the monthly reports.

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7 Central Bank of Solomon Islands annual report 2011.
More performance information is available.
A number of key statistics publications were produced for the first time since 2000, and improvements made in the quality and timeliness of release. This provides the government with data which allows evidence-based decision-making. Statistics staff provided technical support to a number of projects.

A monitoring and evaluation matrix for the Economic Governance Program design framework was finalised in late 2010, linking the partnership framework to the ministry’s corporate plan. Program logic used in the matrix was reflected in the annual plan.

Gender equality—equal access for both men and women to economic opportunities—is more widespread.
This has been achieved through the following:

- an Economic Reform Unit initiative has been implemented for state-owned enterprise reforms to increase the number of women directors on the boards of state-owned enterprises
- the National Financial Inclusion Taskforce, established in 2011, has made the extension of financial services and financial literacy training to women its top priority
- the Aurion payroll system has been finalised and now encompasses gender-disaggregated data across all government employees, a vital first step in collecting the gender statistics needed for understanding the role of women in the public service.

Factors affecting progress
Significant vacancies exist at all levels of MoFT,impeding effective agency performance and service delivery. Problems exist with agreements on filling positions, recruitment and retention. Conditions of service for skilled positions are not competitive with the private sector, or with other specialised parts of government such as state-owned enterprises or the Central Bank. There is a high level of reliance on advisers to undertake work, and to design and implement reforms. This is ultimately unsustainable: the high dependence on external support puts at risk the sustained implementation of reform measures.

The Australian Department of Finance and Deregulation is moving away from predominately long-term deployments towards shorter-term project-based placements. It will retain one long-term deployee as a senior in-country representative, supported by targeted project based assistance, including shorter-term placements and twinning visits.

There are pockets of high performance within the ministry, but there are substantial gaps in middle and upper management. While the graduate program is working in the absence of workforce planning, succession planning and agency wide performance management is a particular risk. Advisers can lead on reform, but implementation is lacking as a result of underlying capacity limitations.
Pillar: Machinery of Government

The governance challenges in Solomon Islands are significant and systemic, and there is a clear need for donor support over the long term to help the government strengthen public administration, service delivery and democratic governance.

Key achievements for 2011 included:

- validating personnel data for input into the Aurion payroll and human resource management system. This resulted in significant savings for several ministries, including education, where the identification of more than 500 ‘ghost’ teachers saved more than 1 million Solomon Islands dollars a year, or 3 per cent of the total payroll
- starting the inaugural Leadership Development Program, designed and delivered by the Solomon Islands Institute for Public Administration and Management
- securing audit opinions from the auditor general on the available financial statements of all state-owned enterprises, three statutory bodies and eight grants. The ombudsman finalised 269 cases and completed three major investigations
- conducting two successful by-elections and developing a voter registration plan to construct a new electoral roll
- strengthening the parliamentary committee system. A total of 121 meetings were convened during the year including several public accounts committee hearings.

There is evidence of sustainable institutional strengthening in some counterpart agencies. The continued high performance of the Auditor-General’s office following the departure of two advisers in mid-2011 highlighted significant gains in sustainable capacity. However, such gains will be vulnerable to leadership change.

AusAID staff are working more within partner systems and spend more time increasing policy dialogue and strategic relationships with counterparts. For example, the Public Service Improvement Program now uses the Public Service Ministry’s executive management committee to oversee implementation, rather than a parallel mechanism, and works actively to identify priorities. The electoral program is fully aligned with the Electoral Commission’s corporate plan.

Program restructuring has improved the robustness of monitoring and evaluation processes. The electoral program has recruited a senior strategic adviser with a particular focus on reviewing program performance against the Electoral Commission’s corporate plan. Sub-program monitoring and evaluation frameworks have been revised, updated and streamlined. The program is systematically reviewing monitoring and evaluation data to support more effective program management and long-term design.

Machinery of Government promotes gender equality through a range of measures, for example a dedicated women in government program. In 2011, machinery of government began directly supporting the Ministry of Women, Youth, Children and Family Affairs to implement the government’s national gender policy by
recruiting a locally engaged national gender policy adviser. This adviser will assist the ministry to establish its own policy coordination unit to engage more effectively on gender issues across whole-of-government.

The government’s newly implemented human resource management system, Aurion, facilitates reporting on gender-disaggregated data and the Institute of Public Administration and Management continues to encourage, report and monitor women’s participation in training. Five of the 13 graduates funded by Machinery of Government to work in the accountability and Electoral System Strengthening Program sub-programs are women (38 per cent), with most supported to be members of the Solomon Islands Graduate Women Association.

Factors affecting progress
Machinery of Government works with institutions that suffer from acute human and financial resources constraints. Overall capacity remains low and donor support in some form will be required for many years. Budget and human resource management issues continue to undermine local institutional capacity—the Electoral Commission has four substantive staff. Low salaries undermine staff retention and limit agencies’ ability to fill key vacancies.

An increased emphasis on supporting policy dialogue around whole-of-government governance reform will require a shift in program support, including new skills for Australian-based and local staff.
Table 3: Quality ratings for each RAMSI initiative

<table>
<thead>
<tr>
<th>Name of initiative or activity</th>
<th>Relevance</th>
<th>Effectiveness</th>
<th>Efficiency</th>
<th>Monitoring &amp; evaluation</th>
<th>Sustainability</th>
<th>Gender equality</th>
</tr>
</thead>
<tbody>
<tr>
<td>RAMSI: Participating Police Force</td>
<td></td>
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<tr>
<td>RAMSI: Law and Justice Program</td>
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<tr>
<td>RAMSI: Machinery of Government</td>
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Definitions of rating scale: Satisfactory (4, 5 and 6) Less than satisfactory (1, 2 and 3)
- 6 = Very high quality
- 5 = Good quality
- 4 = Adequate quality; needs some work
- 3 = Less than adequate quality; needs significant work
- 2 = Poor quality; needs major work
- 1 = Very poor quality; needs major overhaul

RAMSI has an additional annual performance report produced by the independent evaluation team, which forms part of the accountability mechanism to the Pacific Island Forum and Solomon Islands. The report is tabled at the Pacific Islands Forum each year and is published at [www.ramsi.org](http://www.ramsi.org).

The Quality at Implementation process indicates that RAMSI remains highly relevant to the Solomon Islands context with all components of the Law and Justice and Economic Governance programs scoring a good or very high quality rating. Machinery of Government rated adequate, however this is an improvement on last year when it was rated as less than satisfactory. This advance follows a restructure and consolidation of the program during 2011, which resulted in an improvement in all scores for Machinery of Government. A review and update of the Law and Justice Program design is planned for 2012 to sharpen its orientation and prepare for transition, ensuring it remains relevant to the priority needs of Solomon Islanders. A mid-term review and re-design process will also take place for the economic governance program in 2012 to prepare for transition.

Ratings across some program components reflect a more analytical and hard-headed focus on where the program is at now and of the work required for transition. Scores that have dropped are not because of a weakness in the program but more a reflection of issues being identified that must be dealt with before transition. Overall program monitoring rigour has increased in the lead up to transition. In addition, RAMSI has contracted a monitoring and evaluation adviser to support the program from 2012 onwards.

Successor programs to the three RAMSI development programs are being formulated, and will become a part of the bilateral partnership for the development program from mid-2013. The program priorities aim to ensure the gains from the RAMSI stabilisation phase are maintained in the post-RAMSI period. These essential functions of state – particularly Economic Management
and Law and Justice – are vital for the long-term recovery of Solomon Islands. Both Australia and Solomon Islands have signed up to the peace building and state building goals for fragile states outlined in the New Deal for Fragile States, which focuses on new ways of engaging and identifies commitments to build mutual trust and achieve better results in fragile states.

Scores on gender are satisfactory for the Participating Police Force (adequate), and for Economic Governance (good quality) and Machinery of Government (good quality). Law and Justice is rated as less than adequate, based on the difficulty the program faces in getting traction with SIG around issues related to violence against women and related laws. However, all programs were able to report a range of activities focusing on strengthening and reporting on gender.

Through the QAI process all, programs reported on their support towards assisting partner capacity in managing for results. Capacity weaknesses noted in most government departments are not experienced to the same extent in the ‘command and control’ organisations – the Royal Solomon Islands Police Force and Correctional Service of Solomon Islands. This has a clear impact on how capacity efforts are shaped.

The following risks have been identified for the Solomon Islands program (as applicable to RAMSI).

<table>
<thead>
<tr>
<th>Priority</th>
<th>High or very high risk</th>
<th>Monitoring and reporting system</th>
</tr>
</thead>
<tbody>
<tr>
<td>RAMSI transition – shifting law and justice and governance programs to the partnership for development.</td>
<td>Very high: (i) internal budget and resourcing of the successor law and justice and governance programs; and (ii) program design and policy dialogue with Solomon Islands government entering a difficult change management phase.</td>
<td>i) Division commitment to administered program funding, and shifting administered positions across to bilateral; (ii) engagement of SES leadership team, support from specialists, dedicated staffing at Post, involvement of Department of Foreign Affairs and Trade and senior interlocutors in dialogue.</td>
</tr>
<tr>
<td>Fraud in Papua New Guinea and Solomon Islands.</td>
<td>High: while the loss of funds to the Commonwealth remains very low, the number of active fraud cases has increased and fraud is the highest priority in terms of fiduciary and reputation risk to the aid program.</td>
<td>Appointment of fraud managers and public finance specialists, supported by fraud strategies. We also conduct regular reviews, spot-checks and audits of AusAID-funded programs.</td>
</tr>
<tr>
<td>Skilled staff at Post and access to specialist staff in Canberra.</td>
<td>High: (i) difficulty in attracting skilled staff to Post; and (ii) difficulty in engaging adequate specialist expertise to support programs.</td>
<td>i) Promotion of Post internally within AusAID, intensive training programs at Post through coaching on core program skills, AidWorks and finance, management training, executive coaching, division restructure to support program pipeline and design; (ii) specialist staff streams developed for Posts and within the division, access to specialist advisers within the division.</td>
</tr>
</tbody>
</table>

Multilateral organisations, in particular the banks, are important partners as development in Solomon Islands is best done in coalitions. For example, we are taking a partnership approach to law and justice (with the World Bank), electoral support and parliamentary strengthening (with the United Nations and European
Union). Most importantly, the policy dialogue work within the SIG-led Core Economic Working Group is a partnership including RAMSI, Australia, New Zealand, the European Union, Asian Development Bank and the World Bank. The role of these partners is crucial and long term.

Management consequences

The key RAMSI specific management consequence from the 2010 APPR – take forward RAMSI transition planning and management for the program between 2011 and 2013 and post 2013 – is the central theme of this APPR. Transition planning is well underway and will continue into 2013.

RAMSI transition is the key priority for the program over the next year. The priorities that will shape the direction of successor programs are to:

- enable ongoing delivery of core government functions including by central agencies and the law and justice sector
- maintain and build on the improvements in governance achieved under RAMSI
- enable and support long-term Solomon Islands-led economic and public sector reform in an integrated manner
- work with other donors to build on and deepen coordinated and multi-donor support for reform such as the Solomon Islands-led Core Economic Working Group.

Key management focal points for 2012 include:

- consulting and supporting agreement on the priorities for support in key program areas post 2013
- completing mid-term reviews and other analysis as an input to the design of successor programs
- designing and finalising replacement programs under the bilateral partnership for development
- reviewing and restructuring backbone contracts that support program delivery
- continuing to embed monitoring and evaluation through government systems in corporate planning and reporting in the key RAMSI assisted agencies
- assisting the statistics unit in the Ministry of Finance and Treasury and the Household Income and Expenditure Survey under the bilateral program, which will support improved monitoring and evaluation across the whole program (both RAMSI and bilateral).

The Solomon Islands program operates in a high-risk environment where governance is weak. There is corruption in the government, non-government and private sectors, particularly in the management of natural resource industries. The program’s approach is firstly to prevent, and then redress fraud and corruption by strengthening public financial management and procurement systems within the
key government agencies, including the Ministry of Finance and Treasury, law and justice and machinery of government agencies. RAMSI funds the Deputy Accountant General and a range of other finance positions which play a strong compliance role for all government payments.

Anti-corruption assistance is mainstreamed through the RAMSI partnership framework. It has a particular focus on RSIPF investigations and prosecutorial capacity, Ministry of Finance and Treasury accounting and procurement systems, and support for the accountability institutions. These include the Leadership Code Commission, Ombudsman and Auditor General. The Machinery of Government Program also funds community outreach.

Further analysis under the bilateral aid program for 2012 is planned, including sector fiduciary risk assessments in education, health, and law and justice in line with working in partner systems guidance.
### Attachment A: 2010 management consequences

#### Table 4: Achievement of management consequences from 2010 APPR

<table>
<thead>
<tr>
<th>Management consequence</th>
<th>Status</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengthen the use of partner government systems for service delivery, including undertaking assessments of national systems, fiduciary and procurement risk assessments.</td>
<td>Fully achieved</td>
<td>Assessment of national systems undertaken during 2011. Further sector public financial management assessments to be undertaken in 2012.</td>
</tr>
<tr>
<td>Support collaborative analytical work with other donors in relation to public expenditure and financial accountability, public expenditure review activities and costs of service delivery during 2011.</td>
<td>Partly achieved</td>
<td>Public expenditure review work commenced in 2012. The public expenditure and financial accountability assessment has been delayed until 2012. Cost of service delivery work is planned for law and justice in 2012.</td>
</tr>
<tr>
<td>Support better data collection and monitoring and evaluation to underscore evidence based management.</td>
<td>Partly achieved</td>
<td>This work is ongoing within the three RAMSI pillars to support Solomon Islands’ monitoring and evaluation capacities.</td>
</tr>
<tr>
<td>Implement the recommendations of the adviser review and the Adviser Remuneration Framework.</td>
<td>Fully achieved</td>
<td>Short term and long term advisers are employed under the Adviser Remuneration Framework. The recommendations of the adviser review were implemented in 2011.</td>
</tr>
<tr>
<td>Commence engagement with donors on civil society, demand for better governance and drivers of change analysis. Update country situational analysis.</td>
<td>Fully achieved</td>
<td>Engagement has commenced with work to be progressed during 2012.</td>
</tr>
</tbody>
</table>

Note: grey type refers to the bilateral aid program.
Attachment B: 2011 key results

Participating Police Force

- The Royal Solomon Islands Police Force responded to a public order event in November 2011, which occurred as a result of a change of prime ministers. It was a well-planned operation that quickly gained control and effectively put an end to the disturbance. The operation was largely independent of Participating Police Force assistance.

- The joint RAMSI Participating Police Force and Royal Solomon Islands Police Force Transition Strategy 2011–2013 began. This has resulted in a substantial decrease in the Participating Police Force’s security footprint (including in provincial police posts) as the Royal Solomon Islands Police Force’s ability to deliver services has increased.

- Approximately one third of Solomon Islands police officers received formal or on the job training from the Participating Police Force through the RAMSI forward strategy 2009–2013.

- The Children and Youth in Conflict with the Law project commenced. It aims to enhance the quality of justice for children and youth.

Law and justice

- Justice services – in particular case disposals – are improving. Anecdotal evidence from the Honiara Magistrates’ Court suggests that there is now no significant case backlog. A trial can move from charge to court in about two weeks, down from nearly 18 months only two years ago. The High Court, including the Court of Appeal, continues to increase its output. In 2009, 180 cases were disposed, in 2010, 350, and in 2011, 437.

- In March 2011 the last in-line adviser to the Correctional Service of Solomon Islands concluded. Almost 80 per cent of corrections staff now have a Certificate III in Correctional Practice, and all training for this is delivered by qualified Solomon Islanders, 28 per cent of who are women.

- There is continued improvement in corrections. Prison incidents, such as self-harm or attempted escape, fell by 30 per cent from 2010 to 2011. Similarly, recidivism rates remain flat at about 10 per cent.

Economic Governance Program

- Macroeconomic indicators improved. GDP grew at an estimated 10 per cent in 2011, up from 4 per cent in 2010. Revenue collection grew by approximately 20 per cent from 2010. Debt decreased from 1441.2 million Solomon Island dollars in 2010 to 1316.2 million in 2011. Cash reserves increased to cover three months expenditure and foreign exchange reserves to cover nine months.
Solomon Islands received the Pacific Financial Technical Assistance Centre award in 2011 for most improved tax administration in the Pacific.

Significant business regulatory reform was achieved, as is evidenced by an improvement of seven places in World Bank 2012 Doing business rankings. This builds on an improvement of 11 places in 2011.

Reforms have contributed to an aggregate profit for all state-owned enterprises in 2010 of 21.5 million Solomon Island dollars, compared to a loss of 95.09 million in 2007.

Expanded budget papers in 2012 provided greater transparency of government allocation decisions and public service delivery performance. An improved budget development process was introduced, which includes greater consultation with ministries, civil society organisations and within government.

**Machinery of government**

Significant savings were achieved for several ministries in 2011 – including 1 million Solomon Island dollars in education – as a result of ongoing validation of personnel data for input into the Aurion payroll and human resource management system.

The inaugural Leadership Development Program was designed and delivered by the Institute for Public Administration and Management. This places Solomon Islands at the forefront of what is emerging as a regional priority under the auspices of annual regional meetings of public service commissioners.

The auditor general provided audit opinions on all available state-owned enterprise financial statements, three statutory bodies and eight grant audits. Work is also well advanced on the government’s 2010 financial statements. The ombudsman finalised 269 cases and completed three major investigations.

Two successful by-elections were conducted (Shortlands and Baegu Asifola) with post-election feedback indicating a good standard of election management.

Parliament continued to hold committee meetings throughout the year. A total of 121 meetings were convened, including several public accounts committee hearings, despite Parliament not sitting regularly. This demonstrates strong national parliament office leadership.