



# Aid Program Performance Report 2012–13 Regional Assistance Mission Solomon Islands

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## Key Messages

In 2012–13, Australia’s assistance to Solomon Islands was delivered through the bilateral aid program and the Regional Assistance Mission Solomon Islands (RAMSI). This Aid Program Performance Report (APPR) summarises the Australian aid program’s progress in Solomon Islands through RAMSI, from January 2012 to June 2013. This will be the final APPR for RAMSI development programs.

As one of our closest neighbours, it is in **Australia’s national interest to help Solomon Islands reduce poverty and promote stability**. Through RAMSI, Australia promotes a peaceful Solomon Islands that can uphold law and justice and effectively manage its economy and public administration. Ultimately, we would like to see a Solomon Islands that can sustain these functions without further assistance. These goals are consistent with the Solomon Islands Government – RAMSI Partnership Framework (2009).

Through 2012–13, Australia’s assistance through RAMSI was shaped by the **transition of RAMSI development activities to the bilateral aid program**. From 1 July 2013, RAMSI development programs in governance and law and justice will move to the Solomon Islands – Australia Partnership for Development. This requires a significant shift in objectives and how we operate. Given improvements in the security context since RAMSI started, it is no longer appropriate for these programs to focus only on stabilisation come July 2013.

While RAMSI has made many gains and achieved its formal targets<sup>1</sup>, the Solomon Islands Government (SIG) remains highly dependent on external support. Leadership, commitment and local ownership are variable but generally weak. Limited progress has been made on longer-term development challenges, particularly strengthening the capacity of the Solomon Islands public service to implement its own policies and programs. This is in part because RAMSI was established in a post-conflict environment. Thus, RAMSI development activities focused on government stabilisation and technical outputs—prioritising the functions necessary for peace and stability. More broadly, this reflects the reality that **external partners have only limited capacity to influence political governance in Solomon Islands** over the short term. Building a sense of nation and an effective state with centralised authority will take generations to emerge. This is something donors can support, but not achieve by themselves. It is against these benchmarks that assessments in this APPR are made.

The Department of Foreign Affairs and Trade’s (DFAT) post-RAMSI programs will **increasingly make greater use of SIG systems**; particularly for planning, implementation and monitoring and evaluation (M&E). This is a long term but necessary step. It will allow the department to move towards a longer-term development agenda and a partnership approach with SIG driving its own reform priorities. Much of the analytical, review and design work undertaken in 2012–13 positioned the program for this. For this reason, activities undertaken to guide the program through the transition to the bilateral aid program, as well as retrospective achievements, are key themes of this APPR.

Overall in 2012–13, the aid **program performed to an acceptable standard when assessed against the strategic priorities for RAMSI transition**. A focus on government stabilisation and technical outputs ensured the seamless transition of RAMSI programs; maintained RAMSI’s achievements in promoting security and stability; cemented a new Partnership for Development as the framework for aid; protected gains in economic reform and service delivery; and effectively managed fraud. All activities were undertaken in close partnership with the SIG.

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<sup>1</sup> As set out in *Solomon Islands Government – RAMSI Partnership Framework* (2009).

### Specific achievements include:

- > no major security incidents were experienced in Solomon Islands in 2012
- > the crime rate dropped 8 per cent nationally and 23 per cent in Honiara
- > the Royal Solomon Islands Police Force (RSIPF) became increasingly responsible for all front line policing with the backup of the Participating Police Force (PPF), who trained over 900 RSIPF officers in operational safety training and several hundred in public order management;
- > a stable economy with gross domestic product growth of over 5 per cent, revenue growth of 11 per cent, and debt-to-gross domestic product ratio falling from 19 per cent to 14 per cent over 2012—well below the internationally accepted benchmark of 30 per cent
- > a landmark court case rendering marital rape illegal
- > strong progress on the drafting of a new Family Protection Bill
- > the Institute of Public Administration and Management trained 1374 SIG public servants in 2012 in important areas of policy development, ethics and financial management.

### Context

Solomon Islands is a small, highly aid-dependent, **post-conflict country** of more than 500 000<sup>2</sup> people. Although the 1998 to 2003 ‘tensions’ occurred a decade ago, Solomon Islands, while stable, is still very fragile. The World Bank noted in its 2011 *World Development Report: Conflict, Security and Development* that it takes 30 years for a state to recover from conflict and raise institutional performance from a fragile state to a functioning institutionalised state. This is a difficult environment in which to deliver aid because change is complex, incremental and often generational.

Civil unrest in 1998 led to the establishment of RAMSI in 2003. Australia has been overwhelmingly the greatest contributor to RAMSI—providing the majority of funding and personnel. Through this assistance, we have helped SIG improve its public financial management, reduce public debt and restore security. For example, all existing correctional facilities now meet United Nations (UN) standards and justice system processes have been streamlined.

Despite these gains, **Solomon Islands’ public administration will need support over the very long term in order to deliver even basic functions.** Service delivery and access to markets remain key challenges, with the majority of the population widely dispersed with poor transport and communications infrastructure. The effectiveness of service delivery is hampered by a weak public service which is characterised by poor management, long recruitment times and inadequate remuneration. Further support is also needed to maintain the functioning of courts and extend the reach of justice services to rural areas.

In 2012, the program focused on the **transition and redesign of RAMSI development programs** to the Partnership for Development. In November 2012, Solomon Islands’ Cabinet endorsed the new structure of the Partnership for Development and a RAMSI transition timetable, which outlined how parties would work together to finalise the transfer of programs. All activities in the transition timetable are on track for transition on 1 July 2013.

Three new program designs, expanded from SIG’s own concept notes (released in October 2012) have been completed for Justice, Governance and Electoral assistance. These programs

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<sup>2</sup> Solomon Islands Government, 2011, Report on 2009 Population and Housing Census.

have been carefully designed to support the core functions of the state and at least a minimum level of functionality; while also taking a longer-term approach to building SIG capacity.

The **transition process** has been valuable in reassessing progress and priorities as the program moves from its original stabilisation focus towards longer-term goals. In particular, transition allows for better integration between DFAT and RAMSI programs, opening up opportunities to better address bottlenecks hampering service delivery.

To support these objectives, programs will adopt **new ways of working**, including relying less on long-term advisers, engaging in more policy dialogue, earmarking sector financing, adopting more ambitious policy reforms underpinned by longer-term planning, and funding and stronger links to policy, budget and service outcomes. Our partnership will continue to be guided by the Partnership principles of ownership, mutual respect and mutual responsibility for outcomes.

The new Partnership will have four priority outcome areas: Service Delivery – including health and education; Improved Justice Services; Broad based Economic Growth—including infrastructure and livelihoods; and Improved Governance. Australian support to improved policing through the PPF will continue under RAMSI for at least four more years.

## Donor context

Solomon Islands remains **highly aid dependent** on aid, with official development assistance representing 61.4 per cent of gross national income in 2010.<sup>3</sup> Australia is the largest development partner, responsible for approximately 74.3 per cent of official development assistance, or US\$251.6 million.<sup>4</sup> The next largest donors are Japan (7.1 per cent) and New Zealand (6.3 per cent).

Multilateral organisations, in particular the development banks, have been important partners for RAMSI in Solomon Islands. **Donor collaboration** in the country is strong, particularly in the area of economic and financial reform, and policy dialogue. The policy dialogue work within the SIG-led Core Economic Working Group is a partnership comprising RAMSI, Australia, New Zealand, the European Union, Asian Development Bank and the World Bank. The role of these partners is crucial and long term.

With the transition of RAMSI development programs, Australia will continue to work closely with New Zealand, which will continue to fund the Governance components they have been responsible for to date.

## RAMSI Pillars

### *Law and justice: Participating Police Force*

The objective of the PPF is ‘to provide assistance so that Solomon Islanders are free to go about their lives without undue fear of serious crime’.

### *Law and Justice (not including policing)*

The objectives of the law and Justice program are ‘a correctional service that is managed effectively and independently of RAMSI and a capable and independent justice system’.

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<sup>3</sup> World Bank (2010).

<sup>4</sup> Statistics based on Organisation for Economic Co-operation and Development DAC (Development Assistance Committee) 2011 figures.

### *Machinery of Government*

The objective of Machinery of Government is ‘a government administration that is strategic, professional, transparent and accountable in the delivery of services and priority programs.

### *Economic Governance*

The objective of the Economic Governance pillar is ‘a Ministry of Finance and Treasury (MoFT) that provides leadership in financial matters and high quality professional financial and economic services’.

**Gender equality** remains one of the program’s most challenging issues. Solomon Islands was ranked by the World Bank as the worst country in the world for sexual violence in 2012. Two-thirds of women aged 15 to 49 years of age have experienced physical or sexual violence from an intimate partner.

All program areas are working to ensure adequate attention is paid to gender equality, particularly in policing and Law and Justice. With RAMSI transition, gender equality will be pursued in Governance, Elections and Law and Justice in the new partnership as a crosscutting issue. For instance, in law and justice it is a component of ongoing work to strengthen the legislative environment with the drafting of the Family Protection Bill, and a landmark court case in 2012. In policing, family-based violence represented the majority of call-outs to the RSIPF. This issue is integrated in the policing program through the RSIFP’s family violence unit. Gender is being mainstreamed through performance contracts for Permanent Secretaries, and through disaggregated data on staffing and payroll. In election management, the program will continue to integrate gender through the employment of polling officials, work on voter registration and voter awareness and outreach.

**Disability** is also a challenging crosscutting issue. The Solomon Islands 2005 disability survey identified 14 403 individuals with a disability, which equates to 3.52 per cent of the population. The three most common disabilities identified were vision and hearing impairment and physical disability.<sup>5</sup> The same survey found that 25.6 per cent of people with disabilities were under 20 years of age.<sup>6</sup> The Solomon Islands bilateral program is working to increasing access and inclusion of people with a disability across the aid program.

Disability is integrated into elements of RAMSI development programs, such as construction projects, but the main focus is on strengthening the performance of government. The objective of this strengthened performance is to create an enabling environment for service delivery to the most vulnerable, including people with disabilities. Improved statistical reporting and better disaggregated data will assist programs to assess the impact of improved service delivery in the future.

### **Transparency of aid spending**

**Australia places high priority on ensuring transparency of aid spending.** Following the 2012 Partnership for Development talks, Australia and Solomon Islands are implementing a strategy to communicate and build public awareness of the transition of RAMSI development programs to the bilateral Partnership for Development, in cooperation with the RAMSI Office of the Special Coordinator. The RAMSI program regularly promotes milestones and results through media releases and media events managed by RAMSI’s Public Affairs Unit.

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<sup>5</sup> Jenner D, Community Based Rehabilitation, Ministry of Health and Medical Services, Solomon Islands Government, Solomon Islands Nationwide Disability Survey 2006, Draft for Consultation, Honiara, February 2006.

<sup>6</sup> Solomon Islands Nationwide Disability Survey 2005, p. 7.

## Expenditure

Table 1a: Expenditure 1 Jan 2012–30 Jun 2012

Objective	A\$ million
Objective 1: Law and justice: Participating Police Force	36.14
Objective 2: Law and Justice Program	14.3
Objective 3: Economic Governance	10.5
Objective 4: Machinery of Government	7.0

Source: Internal reporting

Table 1b: Estimated Expenditure in FY 2012-13

Objective	A\$ million
Objective 1: Law and justice: Participating Police Force	78.28
Objective 2: Law and Justice Program	21.9
Objective 3: Economic Governance	11.4
Objective 4: Machinery of Government	10.2

Source: Internal reporting

## Progress towards objectives

As part of the move of RAMSI development programs into the bilateral Partnership for Development, the major **strategic priorities** for the program over the next year are:

- > ensure a seamless transition of RAMSI activities into the bilateral program
- > maintain RAMSI's achievements in promoting security and stability
- > cement the Partnership for Development as the framework for Australia's aid
- > protect gains in economic reform and service delivery
- > manage fraud
- > maintain profile.

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

Objective	Current rating	Previous rating
Objective 1 Law and justice: PPF	Amber	Amber
Objective 2 Law and Justice Program (not including policing)	Amber	Amber
Objective 3 Economic Governance	Amber	Amber
Objective 4 Machinery of Government	Amber	Red

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.

The Solomon Islands Government – RAMSI Partnership Framework which was agreed in June 2009 outlines the individual program goals. Each pillar reports against a performance matrix annually and reports every six months to the Pacific Islands Forum. The integration

into one program as a result of RAMSI transition is expected to improve **performance** through greater cohesion and coordination across relevant areas.

Program Performance Assessment Frameworks (PAFs) were developed and agreed with SIG in Law and Justice, Governance and Electoral Programs during the design process. PAFs against Partnership priority areas help monitor program effectiveness. Reviewed annually with SIG, these frameworks have been redesigned to follow a single common format to assess common issues across the program. The program also will continue to work closely with SIG to improve its Monitoring and Evaluation (M&E) capacity, with the goal to embed M&E within SIG rather than to operate parallel systems.

RAMSI also has a program management plan which guides performance planning. The forward program pipeline contains the design of two new major programs. RAMSI development programs—Law and Justice (excluding PPF), Economic Governance and Machinery of Government—are all undergoing a significant redesign in preparation for the transition of these programs to the Partnership for Development. These will form two new priority areas under the Partnership—Improved Justice Services and Governance (comprising economic and public sector governance, and electoral reform).

### **Pillar 1: Law and Justice (Participating Police Force)**

DFAT works in close partnership with the **Australian Federal Police** (AFP) which provides support through RAMSI's Participating Police Force (PPF).

The PPF's performance targets, as set out in the Solomon Islands Government – RAMSI Partnership Framework Performance Matrix are:

- > The RSIPF is capable of independently carrying out its mandated functions under law, maintaining law and order and targeting corrupt conduct in Solomon Islands.
- > For the RSIPF to be able to carry out their functions in support of SIG's rural based platform, it will be essential for it to have the ability to be located in or visit all areas of the nation. This requires adequate logistics adviser, communications and budget to cover a diverse archipelago.

In 2012 there were no major security incidents in Solomon Islands, and the crime rate dropped 8 per cent from 2011 levels, with Honiara experiencing a 23 per cent decrease. The RSIPF is now leading front line policing activities with limited PPF support, in line with its increased capabilities and the RAMSI PPF Transition Strategy 2010–2013.

The PPF has withdrawn from all but three remaining provincial posts, putting in place a Provincial Mentoring program for the Provincial Police Commanders, allowing the RSIPF to take the lead in policing. Train-the-trainer activities are ensuring the RSIPF can develop and deliver future training without PPF support.

Specific **program achievements** in 2012–13 include:

- > the arrest of high profile criminal Stanley Gitoa
- > successful management of minor civil unrest within Gizo in late 2012
- > successful management and planning of security for events such as the 2012 Festival of the Pacific Arts, 2012 Oceania Football Confederation Nations Cup and the visit of the Duke and Duchess of Cambridge
- > increased SIG support to the RSIPF with budget funding up 19 per cent from 2011, reducing reliance on PPF resourcing and logistical support
- > ongoing support for the RSIPF train the trainers to skill over 900 RSIPF members in Operational Safety Training and several hundred in Public Order Management

- > construction of 74 police houses and three new provincial police headquarters as well as refurbishment of four provincial police stations to support more effective policing in rural areas.

In addition, around 60 per cent of RSIPF members have been recruited under RAMSI and a number of persons identified for early retirement have left the organisation. These types of changes are contributing to a positive shift in ethos and attitude in the RSIPF, including in improved governance, discipline and professionalism.

The main **factors affecting progress** relate to the ability of the RSIPF to resource service delivery to a level that meets citizen expectations. The reduced footprint of the PPF and an improved M&E framework in 2012 highlighted wider institutional challenges for the RSIPF relating to the cost of policing, logistical support and people management. A logistics and human resources adviser was placed in the RSIPF to help address these issues. The PPF will continue its staged-approach to drawdown, allowing SIG an opportunity to gradually increase its support to the RSIPF.

**Promoting local ownership and building the capacity of local systems** is a key focus of the program and ultimate end result. The PPF has reduced the number of front line policing officers and is instead focusing on capacity building support. The PPF continues to support the RSIPF finance area to engage with the SIG budget process. Funding to the RSIPF has increased over the last two years. Shared funding agreements are being used where possible to strengthen systems and ensure transparency over the total cost of RSIPF resources. Through shared funding agreements, RSIPF purchased 25 vehicles and 10 short-range maritime vessels in 2012.

As a further measure to promote sustainability and local ownership, the PPF continues to support the review of the Police Act 1972, finalised in 2012 with the aim of tabling the Police Bill 2012 in Parliament in early 2013. The new Act will provide a solid, sustainable foundation to support the RSIPF in strengthening its operational capacity to maintain law and order and ensure community safety.

An increasing amount of **performance information** is available. The PPF implemented its first robust M&E system in March 2012. The framework will inform the decision making process on specific projects and the allocation of resources to the program as a whole. It includes both work-plans for the PPF and evaluation of activities.

The PPF is working to promote **gender equality** on a number of fronts. This includes advocacy—such as influence on laws and policies, social mobilisation such as community awareness, and behavioural change. Specific examples include:

- > review of family violence policy in line with SIG's Family Violence Act
- > undertake community awareness programs on relevant legislation and policies by the Family Violence and Community Policing units
- > continued support to the Christian Care Centre (a support centre for victims of crime)
- > inclusion of the RSIPF in the World Vision Channels of Hope Project, which uses community and faith leaders to tackle beliefs surrounding domestic violence and the status of women.

### **Pillar 1: Law and Justice (Justice and Corrections)**

The Law and Justice program is premised on the fact that the justice sector will **rely on donor support** for many years. As such, long-term sustainability is not a central goal. Achievements must be seen in this light. The program is not on track to meet all targets, but it is making incremental changes to the law and justice system and positioning itself well as a long-term development program.



The justice sector's performance targets, as set out in the Solomon Islands Government – RAMSI Partnership Framework Performance Matrix, are as follows:

- > The Solomon Islands justice system is able to effectively administer the law with limited assistance (Justice)
- > approach to how support community justice is agreed to by SIG and RAMSI (Justice)
- > Correctional Services Solomon Islands (CSSI) to meet UN Standard Minimum Rules for Treatment of Prisoners and operate within the whole of government structure to achieve SIG outcomes (Corrections)
- > The matrix includes a range of Key Performance Indicators (KPIs), including:
  - > stories of significant change in SIG staff development clearly indicates changes in staff empowerment (Justice)
  - > the average amount of time on remand decreases each year (Justice)
  - > improved linkages are promoted between formal and informal justice sectors (Justice)
  - > monitor compliance with relevant legislation, policies, procedures and orders and implement improvements to achieve full compliance. Six per cent<sup>7</sup> of overall compliance with approved process (Corrections).

**Key achievements** range from anecdotal evidence of improvements in the functioning of offices to the implementation of significant legal changes. Specific examples include:

- > High Court decision that marital rape is no longer acceptable under Solomon Islands law—the program-funded Deputy Director of Public Prosecutions successfully prosecuted the case, working closely with local lawyers
- > Public Solicitor noted that the operations of the office are now substantially improved on what they were pre-tensions
- > decrease of the average length of time on remand from 8.2 to 7.2 months in the past (calendar) year
- > improved compliance with legislation, policies, procedures and orders by the CSSI as well as improved training opportunities
- > decrease of program-funded advisers in the justice sector from 47 in 2007 to 22 in 2012
- > decrease of adviser numbers in CSSI from 50 in 2007 to 10 in 2012;
- > completion of a 'Justice Delivered Locally' report, a culmination of three years of research on local-level justice and consultations with over 3000 people at the national, provincial and community levels—the report's findings will better orientate the Program towards providing better access to justice at the village level
- > agreement by the SIG to a timetable under which justice agencies will gradually resume responsibility for recurrent costs, allowing the program to better target donor funds to capacity development and other high priority and sustainable activities.

Numerous examples exist of the program **promoting local ownership and aligning with and building the capacity of local systems**. Examples include new guidelines for the Public Solicitor's Office which means advisers in court assume the role of instructing solicitor rather than leading advocate.

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<sup>7</sup> *Correctional Service of Solomon Islands Corporate Plan 2011–2015*, targets 5.3.2 and 5.3.3.

Human resourcing problems are a major factor **affecting progress**. This is a problem broader than the law and justice sector, as it relates to the SIG as a whole. In this vein, there is dissatisfaction within the Magistrates' Court relating to pay and conditions. There are high levels of absenteeism, vacant positions and poor records management across all justice agencies. This severely hinders the sector's capacity to deliver services effectively and on time. In response to the ongoing human resource issues—both vacant position and remuneration issues—the program is working with central government agencies to address some of the constraints. This includes a review of schemes of service for lawyers, addressing performance management and absenteeism and speeding up recruitment.

The program recognises that reducing **reliance on advisers** risks a negative impact on service delivery. For example, junior solicitors at the Public Solicitor's Office cannot sustain the same high workload as a legal adviser with more than 20 years' experience. However, this gradually introduces an understanding of what can be reasonably expected under SIG management, and is a necessary step towards building local ownership in the sector.

On the financial side, the program is increasingly working in partner systems—channelling more donor funds through SIG systems to gradually decrease reliance on managing contractors and external advisers.

The program is focused on using SIG's internal M&E systems rather than setting up a parallel structure. M&E systems are weak but program advisers are working with SIG to strengthen the systems and SIG skills. The program does, therefore, have **access to performance information** - but it relies on a range of sources for making evidence-based decisions on program direction. The program continues to work with SIG to jointly develop indicators and performance assessment frameworks which will be used to inform program decisions.

The program approaches **gender equality** at both policy and program levels. This includes supporting policy advice and legal reforms, and supporting women's participation. Specific examples include:

- > supporting the court case where Solomon Islands overturned the law that a man could not be guilty of raping his wife
- > supporting the drafting of the Family Protection Bill
- > assisting SIG to recruit an Elimination of Violence Against Women Policy Officer based in the Ministry of Women, Youth, Children and Family Affairs
- > funding a Women's Law Manual.

Gender mainstreaming also continues to be a focus for CSSI. Female officers hold around 10 per cent of positions at Public Service Level 8 or above. In 2012, CSSI launched its Gender Audit Report assessing gender mainstreaming progress in CSSI. The CSSI Women's Network is now functioning without direct adviser assistance. Activities include an annual CSSI Women's Conference, for which SIG approved a budget of almost SBD100 000, demonstrating support for gender equality and women's development from the CSSI Executive.

The program integrates **disability** where possible. For example, the design of the Auki Courthouse was modified during construction in compliance with Development for All, Australia's disability-inclusive development strategy, to maximise accessibility for people with disabilities.

## **Pillar 2: Economic Governance**

The Economic Governance performance targets, as set out in the Solomon Islands Government – RAMSI Partnership Framework Performance Matrix, are:

- > improved standards of living and economic opportunity for all Solomon Islanders
- > increased capacity and capability of MOFT to provide quality advice to government on economic and public financial management
- > financial position of SIG stable and sustainable over the longer term.

**Key achievements** relate the overall performance of the Solomon Islands economy as well as improvements in the capacity of the MoFT. Specific examples include:

- > Despite a weaker international economic environment resulting in softer commodity prices, Government finances over 2012 were reasonably stable. Cash balance and buffer targets were just met by the end of the year. Real GDP growth in 2012 is estimated to be 5.75 per cent, moderating from an estimated 10.6 per cent growth in 2011.
- > Domestic sourced revenue growth in 2012 is expected to be around 11 per cent. While total SIG revenue is continuing to grow, collections were below overly optimistic 2012 forecasts and trending towards a more ‘normalised’ growth rate following an exceptional period of growth.
- > Government debt decreased from SBD1 190.8 million at end 2011 to an expected SBD1 061.5 million at end 2012. Debt-toGDP ratio fell from 19 per cent to 14 per cent over 2012, well below the acceptable benchmark of 30 per cent.
- > A new Debt Management Strategy and procedures were developed and endorsed by Cabinet and Honiara Club Members, paving the way for prudent new borrowing for high-quality social and economic infrastructure investment and the first sovereign borrowing in more than a decade (for a high-speed Internet undersea cable).
- > Both recurrent and development budgets are now developed using the Budget information system and a new Chart of Accounts.

Other organisational-level achievements that have strengthened MoFT capacity include:

- > supporting MoFT to fill 50 per cent of vacancies in 2012
- > embedding the MoFT Executive more firmly in decision making on program direction.

**Despite these gains, challenges remain.** Factors affecting progress include the impact of the global economy on the Solomon Islands’ own economy, and institutional weaknesses underlying government operations and the economy. A significant driver of recent growth is logging—however this growth is not sustainable and there is no immediate alternative. The political environment in Solomon Islands remains fragile, increasing pressure on the budget and public financial management systems. This results in the need for long-term support.

Capacity for complex policy, project management and analytical work within MoFT remains low. A great deal of progress has been made, but led by advisers. As with the justice sector, key constraints facing MoFT include staff shortages, uncompetitive SIG salaries and the ‘key-person risk’, the need for MoFT to have a resilient core group of senior staff.

A properly functioning finance ministry that collects revenues, funds government services, pays teachers and health workers and provides sound advice on economic and fiscal policy is essential for poverty reduction, economic growth and stability. Despite the progress of the past decade, systems remain weak in Solomon Islands. The design process for the new Solomon Islands Governance Program is an ideal opportunity to reassess our approach. The design recognises it is now time to shift from a post-conflict intervention to a long-term development program that strengthens the links between the work of central agencies and line agencies to improve service delivery and reduce poverty. In the lead up to this the Economic Governance program has been progressively shifting from its initial focus on stabilisation and filling gaps, to addressing shortcomings in public financial management systems to ensure

more effective service delivery, and improve the economic enabling environment for broad-based growth.

The overall goal of the program is to strengthen MoFT's ability to perform its core functions. **Promoting local ownership** and **aligning with and building the capacity of local systems** are thus central to the program.

The program is working to embed MoFT management more firmly in the program's M&E decision-making processes. In addition, the annual planning of program resources is starting to be undertaken in conjunction with MoFT planning cycles, with heads of divisions to be more involved in resource-allocation decisions. **Performance information is available** through a monthly reporting and monitoring system against the Corporate Plan. Monthly reporting is regularly used by the MOFT Executive to make management decisions (a significant achievement in a cultural setting where oral, rather than written, communication is preferred). Through the Solomon Islands Governance Program we aim to improve these processes over time.

A capacity-development stocktake undertaken by the program in late 2012, will be used to gauge capacity weaknesses in MoFT and provide a baseline for the future. The purpose of the stocktake was to provide targeted support and assess efforts to develop capacity to date.

The program supports **gender equality** in a range of ways. Staff are encouraged to ensure all selection panels are gender balanced. Advisers encourage staff to attend workshops on gender equality. At the program level, the State Owned Enterprise reform program includes explicit gender objectives, such as encouraging women's representation on State Owned Enterprise boards. The National Financial Inclusion Taskforce continues to target the extension of financial services and financial literacy training to women in Solomon Islands. More is needed to normalise gender equality as a priority.

**Disability** is indirectly addressed by the Economic Governance (and Machinery of Government) program. The programs are working to create a better enabling environment in which these agencies will function such as strengthened public financial management and human resource management. Stronger line agencies will ultimately enable agencies to improve their level of service to all Solomon Islanders, including vulnerable groups such as those with disabilities. This will become more evident in the new Solomon Islands Governance Program (SIGOV), including through the ability to disaggregate beneficiary-focused results by gender and, where practicable, by ethnicity, disability and geographic location. This progress will enable SIG and DFAT to assess if the needs of the poorest and most vulnerable are being met.

### **Pillar 3: Machinery of Government**

The Machinery of Government (MOG) performance targets, as set out in the Solomon Islands Government – RAMSI Partnership Framework Performance Matrix, are as follows:

- > The people of Solomon Islands have trust in the honesty and professionalism of the Government's public administration and perceive it to be effective in adapting to changing demands for improved service delivery.
- > The relevant organs of government are acting effectively to remedy administrative shortcomings and improper official conduct.
- > Effective national parliamentary representation.
- > Women's participation and representation in government strengthened, including through increasing the percentage of women at levels within the public service and reducing the barriers to women's elections.

As with other RAMSI programs MOG has made incremental but important gains over the year. **Achievements** range from improvements in public sector effectiveness to the implementation of strengthened human resource systems and processes and improved auditing. Specific achievements include:

- > A high-level regional mentor who supported the Public Service Commission Chairman to introduce performance agreements for Permanent Secretaries.
- > Machinery of Government working in new ways and successfully implementing a pilot twinning initiative with the Commonwealth Ombudsman.
- > In 2012 the Office of the Auditor General completed all statutory required audit reports and strengthened its performance auditing.
- > Newly established Human Resource Management Board, under the PSIP, increasing coordination between the Ministry of Public Service (MPS), the Public Service Commission and the Ministry of Finance and Treasury
- > The Institute of Public Administration and Management training 538 SIG public servants in Honiara, of which 317 (or 59 per cent) were females, and 836 in the provinces, of which 242 (or 29 per cent) were female—a total of 1374, of which 495 (or 36 per cent) were female
- > In 2012, PSIP supported MPS to conduct a stock take of all outstanding recruitment submissions—clearing a backlog of 326 recruitment submissions.
- > Ministry of Public Service, through the PSIP, completed an audit of more than 5200 people and positions across SIG ministries to further cleanse payroll data. As a result, more than 300 internal and external staff movements were actioned; over 170 discrepancies between the payroll system and Public Service Commission data were identified and investigated; and 12 cases of ongoing payments to retired staff were identified and rectified.
- > The Electoral System Strengthening Program supported the successful administration of two by-elections in 2012, in addition to preparing for the 2013 national voter registration exercise and the 2014 national election.

As with all programs in Solomon Islands, human and financial resource constraints across Ministries continued to be a **significant factor affecting progress**. Despite improvements made this year, governance reforms are difficult to achieve in this context. In addition, a lack of political responsiveness to accountability reports (especially Auditor-General reports), the need for legislative reform to give accountability agencies increased powers and independence, and SIG budget restrictions remain key impediments to improved performance and impact by the three accountability agencies.

In 2012, new strategies for PSIP and the accountability and electoral programs were implemented. In preparation for RAMSI's transition, these strategies have led RAMSI to **deliver assistance in different ways to encourage SIG leadership of reforms** and better align with SIG priorities, reducing reliance on advisers. For example, the program has strengthened 'south-south cooperation' through mentoring support for SIG senior officials by former elder statesmen in the region, particularly from Fiji. New twinning relationships with regional agencies and institutions have strengthened professional linkages and led to improved capacity and performance by targeted SIG agencies. These have also supported increased cohesion across SIG, for example, through the establishment of the Human Resource Management Board (chaired by the Chairman, Public Service Commission, and comprising members from the Ministries of Finance, Public Service, Home Affairs and Education).

As with Economic Governance, the main focus of the Machinery of Government program is capacity building within SIG ministries. **Promoting local ownership and aligning with and building the capacity of local systems** are also central to the program. In many cases, the

program has moved advisers from a capacity substitution role to a mentoring role. This has increased effectiveness by securing greater SIG buy-in and ownership, and encouraging SIG officials to take responsibility for, and initiative, to progress their own reforms. The introduction of the Aurion payroll system has created new opportunities for a collaborative approach between SIG's finance and public service ministries—again linking financial and human resource management reforms.

With access to real-time human resources and payroll data, more ministries have greater visibility through consultative and positive discussions on public sector employment decisions. Previously ministries were not as well informed and so discussions were defensive and reactive.

Consistent with the transition of RAMSI, MOG is cultivating stronger **strategic relationships with SIG counterparts**. As a result of deeper conversations, assistance is more demand rather than supply-driven, with a stronger focus on alignment to SIG's own priorities and processes. The program is using existing SIG mechanisms rather than developing parallel ones. For example, PSIP now uses the Public Service Ministry's Executive management team as its program oversight body to jointly identify and monitor program priorities.

Machinery of Government has an M&E framework at program and sub program levels. In addition, in preparation for RAMSI transition MOG has focused on preparing **performance information** to inform the development of the SIGOV program. Key findings from reports and reviews have been included in Program reporting to Canberra and have informed decision making on future governance engagement in Solomon Islands.

Machinery of Government's focus on **gender equality** is through a specific program—Women in Government—and gender mainstreaming. Women in Government performance suffered a setback because of lack of political support to introduce Temporary Special Measures (reserved parliamentary seats for women). Planned support for these measures is no longer politically feasible.

The Women in Government program supported a National Gender Policy and the positioning of an Organisational Development Adviser in the Ministry for Women, Youth, Children and Family Affairs who successfully led the establishment of a new Gender Equality and Women's Development Policy Coordination Unit, to strengthen and mainstream gender policy implementation.

There has been greater success in sub programs where gender equality is an integrated issue. For example, through PSIP support, the performance agreements for Permanent Secretaries include a key performance indicator on performance against gender mainstreaming within individual ministries. Furthermore, SIG's new Human Resource Management Information System enables the government to readily and accurately report gender disaggregated data.

### **Other programs supported under RAMSI: Solomon Islands Media Assistance Scheme**

Solomon Islands Media Assistance Scheme (SOLMAS) is a RAMSI-funded program of support to improve the quality and reach of **media** in Solomon Islands. It recognises effective local media is essential for informative and balanced communication supporting accountability, transparency, citizen voice and good governance and stability. In 2012, SOLMAS consolidated media skills building and moved towards incorporating communications-for-development approaches.

Training remains a highly performing and highly regarded area of work for SOLMAS and is a major **achievement**. In 2012, the program ran 44 journalism training and media awareness sessions for 704 participants from 20 organisations across media, government, non-government organisations and academic institutions. The June 2012 SOLMAS baseline study found that 56 per cent of media stakeholders involved in the training rated their improvement

as 'high' or 'very high' across all areas. In March 2012, 14 media practitioners took part in a Train-the-Trainer course. Six of these trainers were selected to be SOLMAS trainers, and have since run SOLMAS local training sessions. SOLMAS also worked with five media organisations to set up content management systems and train staff in using the database to increase the quality of reporting.

SOLMAS is building and strengthening **local media ownership** and **local media systems**. In 2012, the mentoring relationship with the Solomon Islands Broadcasting Corporation (SIBC), continued to improve management systems, financial stability and leadership. With a potential audience of 98 per cent of the population, SIBC is a crucial vehicle for disseminating information to rural populations. In 2012, SOLMAS continued to help maintain transmission lines and also helped to install a broadcast link between the National Disaster Management Office (NDMO) and SIBC's transmission facility. This will allow SIBC to broadcast from the NDMO during a disaster.

An independent review of SOLMAS in December 2012 found the program had helped build capacity and confidence in the media sector. It is a unique 'go to' facility for advice on media operations and for government and non-government organisations on how to interact with the media.

A challenge for the program remains balancing support in Honiara—where almost all mainstream media organisations are based—while increasing media reach to provincial audiences. The **program's effectiveness** has also been limited by a growth in activities taken on by the program during successive phases. Because of the strong and largely positive relationship the SOLMAS team has built over the last five years with stakeholders, it is relied on to meet the many critical resource gaps in the media sector. In 2013, the program will scale down and focus on core activities, such as media training, SIBC functionality and disaster management broadcasting. It will also encourage local solutions as it moves to the Partnership for Development.

## Program Quality

Quality at Implementation (QAI) scores reflect the program is **making achievements in a difficult environment**. Where available, QAIs used independent evaluations as an evidence source.

As with last year, analytical rigour is being applied to the quality and performance of programs during transition, including through externally commissioned evaluations and in-house analysis. In addition, the development of a QAI ratings matrix has led to a more systematic approach to assigning ratings.

Most initiatives received a four for 'adequate quality, needs some work', indicating the difficult environment in which the program works. PPF was rated a five—'Good Quality'. Under this criterion all RAMSI Solomon Islands programs are therefore rated effective.

Most programs are working from a low base and ratings reflect early gains made in a difficult environment. However, this was also made possible by the stability delivered by RAMSI and reflects the large per capita spend of the program.

**Relevance** across all RAMSI programs continues to score highly in QAIs. In addition, all programs are going through a process of assessment and redesign to position them effectively for transition. The redesign of support provided an opportunity to build on the lessons learned and adopt a stronger focus on results. QAI ratings in all criteria were consistently four or above reflecting a high standard overall. There were no 'initiatives requiring improvement' in the current reporting period for RAMSI.

**Sustainability** remains a challenging issue to rate as RAMSI programs were initially designed as a post-conflict intervention rather than for long-term development gains. Ratings therefore

do not reflect a scenario of removing support immediately, but rather how well ongoing support is positioned for future success. Redesigned programs take up this challenge but focus on the long term, including 30-plus year strategy timeframes.

## Management Consequences

Key management priorities to be implemented in 2013:

### *RAMSI transition*

- > Agree to a new restructured Partnership for Development which includes priority outcome statements, program descriptions and performance indicators for justice, governance and electoral assistance.
- > Design and implement new programs under Priority Outcome Areas 2 and 4 to support law and justice, public sector management, and electoral assistance.
- > Develop and implement change management plans that will bring together, under one common set of objectives and management structure, DFAT staff working on RAMSI and bilateral programs.

### *Policy analysis and policy dialogue*

- > Engage with SIG and in coalition with other donors on quality of expenditure issues including Constituency Development Funds and overseas tertiary scholarships.
- > Engage with SIG and in coalition with other donors on budget commitments for essential services (that is, recurrent expenditure targets, education expenditure).
- > Target incentives to promote the achievement of mutually agreed objectives in the Partnership for Development under selected priority outcome areas.
- > Target incentives to maintain the pace of reform within SIG, particularly in economic and financial management through SIG's CEWG.
- > Work closely with SIG to jointly communicate policy and program achievements and promote the Partnership for Development.
- > Work closely with SIG to integrate and mainstream gender across all programs through dialogue regarding opportunities.
- > Conduct expenditure analyses and cost of services work in health and education.

### *Program management*

- > Develop a new dedicated three-year Solomon Islands Gender Program (2013–2016) to support women's leadership, economic empowerment and the elimination of violence against women. This program should also improve the gender impact of DFAT's bilateral programs, including supporting staff to undertake gender mainstreaming where appropriate.
- > Develop new activities supporting basic education, and technical and vocational education under Priority Outcome 1, and in financial inclusion and quarantine services under Priority Outcome 3.
- > Develop a new program strategy which supports demand for better governance, accountability and transparency through the use of civil society and the media.
- > Use of statistics and data—in particular on gender—to form evidence based policies and to guide program decision making.
- > Work closely with partner organisations to prevent fraud and improve risk management.



- > Work closely with DFAT regional aid programs to ensure that SIG has visibility of DFAT regional expenditure going to the Solomon Islands, and to ensure close coordination with bilateral programs.
- > Continue to build on successes in the health sector where data has been used to target health delivery where it is needed most.
- > Continue to use performance assessment frameworks as a key M&E tool for tracking program performance, and ensure this methodology is embedded in SIG's own M&E systems.

#### *Mutual Accountability*

- > Support central and key line agencies to improve their fiduciary risk management and whole-of-government approaches, in particular targeting efforts in budgeting, procurement, financial management and internal audit.
- > Support central and key line agencies to improve their human resource management, including through filling vacancies, improving recruitment processes, and addressing schemes of service, absenteeism and performance management.
- > Continue to use advisers in a manner that promotes individual and organisational capacity building, and supports SIG to gradually increase responsibility for key public service tasks.

Progress against the 2011 Annual Program Performance Report<sup>8</sup> management consequences is at Annex A.

## **Risk**

Table 1 lists the risks associated with the program, provides a short description of each and summarises the degree to which DFAT at headquarters in Canberra or in Solomon Islands has influence over dealing with these management actions.

Table 1 Risks associated with the program and management actions

<b>Factor</b>	<b>Description (short)</b>	<b>Does Post/Canberra have any influence to affect?</b>
Political Instability	Ongoing political instability and shifts in Ministerial portfolios and Permanent Secretary positions can impact political dialogue, policy direction and undermine DFAT program delivery.	Limited to managing issue through consistent high-level dialogue including through Partnership for Development talks, working in donor coalitions to ensure consistent messages with SIG.
Corruption	Existing levels of corruption may result in misuse of program equipment and resources.	Yes—Implementation of joint statement on zero tolerance to fraud and strong oversight of programs. Application of appropriate fiduciary risk mitigation measures where SIG systems are used. Investment in MoFT and line agency procurement and finance systems.
Government Finances	Increasing lack of fiscal discipline may result in Solomon Islands Government (SIG) failing to cover expected budgets with impacts on DFAT program delivery areas.	Yes (limited)—CEWG and strong investment linkages with finance and budget units within MoFT and line ministries.

<sup>8</sup> Prior to 2012-13 Aid Program Performance Reports were called Annual Program Performance Reports.

<b>Factor</b>	<b>Description (short)</b>	<b>Does Post/Canberra have any influence to affect?</b>
RAMSI Transition and Bilateral Program Scale-up	Poor transition of selected aspects of the RAMSI development program across to the bilateral program may lead to gaps in support, loss of partner confidence, and delays to renegotiating the P4D.	Yes – Continue working closely with SIG on planning for transition through dialogue and design processes. Transition dialogue internally with staff.
Working in Partner Systems	Embedding programs in partner government systems brings increased financial and procurement risks with limited procurement experience and accountability within SIG. Can impact on delivering development outcomes.	Yes – No objection processes, procurement and finance advisers, and use of CEWG to incentivise procurement reform.

The Solomon Islands program has developed a comprehensive risk and fraud management plan, which focuses on close monitoring and liaison with other development partners—in particular, sector-wide approach partners. For example, in the health sector DFAT will raise issues of risk through regular engagement on issues as they arise, preparation for partnership talks and through biannual sector performance meetings with the Permanent Secretary and Executive.

## Annex A: Achievement of Management Consequences in 2011

Management consequence	Status	Comment
SIG agreement to RAMSI transition and to the structure of the post 2013 Partnership for Development	Fully achieved	Endorsed at Partnership Talks and by SIG Cabinet
Develop new programs in i) Governance (including CEWG), in ii) Law and Justice, and in iii) Electoral Assistance for transition from RAMSI to the bilateral aid program	Fully achieved	Concept papers endorsed. Delivery Strategies and Designs approved.
Rescope the Livelihoods Program and increase investments in infrastructure, financial inclusion and quarantine. Finalise and gain agreement on a new Livelihoods Implementation Strategy under the Partnership for Development	In progress	A Livelihoods implementation strategy was agreed with SIG at the 2012 partnership talks. A delivery strategy for broad-based economic growth (covering infrastructure and livelihoods) will be developed in 2013. Interim financial inclusion program approved late 2012. Design work on quarantine strengthening program progressing.
Strengthen the use of partner government systems for service delivery (ie planning and budgeting, and public administration), including linkages between CEWG and central governance programs with service delivery programs.	In progress	Budget processes strengthened, fiduciary risk assessments of key line agencies conducted. Central agencies making progress in procurement and financial reforms. CEWG targets protect budget commitments for service delivery, and link public financial management reforms to the line agencies.
Focus on systems strengthening within partner organisations to manage risk and reduce the incidence of fraud.	In progress	Public Finance Act being upgraded. New procurement manuals and standard bidding documents being drafted and financial instructions released. The next challenge is implementation and focusing on internal audit.
Support collaborative analytical work with other donors in relation to public expenditure and financial accountability, and public expenditure assessment activities during 2012.	Fully achieved	Public Expenditure and Financial Accountability assessment conducted in 2012. Public expenditure assessments undertaken with World Bank.
Support cost of service delivery analysis in policy discussions (in education and health) to enable better quality discussion on budgeting, services and performance.	In progress	Cost of services work undertaken in health (continuing). Education undertaking separate cost of service delivery work will be done through the development of a three-year action plan (2013-15): <ul style="list-style-type: none"> <li>&gt; two public expenditure analysis exercises undertaken in 2012</li> <li>&gt; the World Bank working on Public Expenditure Analysis, to be finalised in 2013.</li> </ul>
Support better data collection and monitoring and evaluation to underscore evidence based management.	In progress	Household Income Expenditure Survey on track. Roadmap being developed for broader support to the National Statistics Office.

## Annex B: Quality at Implementation ratings

Initiative name	Approved budget and duration	QAI year	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality	Risk Management
<i>Participating Police Force</i>		2012	6	5	5	5	5	5	B
		2011	6	5	5	5	5	4	
		2010	5	5	4	4	3	5	B
<i>Law and <sup>9</sup>Justice</i>	\$91.8m 2009–2013	2012	5	4	4	4	4	4	I
		2011	5	4	5	5	4	4	
<i>Justice</i>		2010	5	4	4	5	3	4	I/B
<i>Corrections</i>		2010	5	5	5	3	4	4	
<i>Economic Governance</i>	\$57.8m 2009–2013	2012	5	4	4	4	4	4	I
		2011	5	4	5	4	3	5	
		2010	5	5	5	5	4	5	I/B
<i>Machinery of Government</i>	\$31.2m 2009–2013	2012	5	4	4	4	4	4	I/B
		2011	4	4	4	4	3	3	
		2010	3	3	3	3	3	4	I

Definitions of rating scale:

Satisfactory (4, 5 and 6)

6 = 6 = Very high quality

5 = 5 = Good quality

4 = 4 = Adequate quality, needs some work

Less than satisfactory (1, 2 and 3)

3 = 3 = Less than adequate quality; needs significant work

2 = 2 = Poor quality; needs major work to improve

1 = 1 = Very poor quality; needs major overhaul

Risk Management scale:

Mature (M). Indicates the initiative manager conducts risk discussions on at least a monthly basis with all stakeholders and updates the risk registry quarterly.

Intermediate (I). Indicates the initiative manager conducts ad-hoc risk discussion and updates the risk register occasionally.

Basic (B). Indicates there are limited or few risk discussions and the risk register has not been updated in the past 12 months.

<sup>9</sup> Note: In 2010 Justice and Corrections were reported on in separate QAIs. In 2011 and 2012 they were 'clustered' into one QAI.

## Annex C Evaluation and Review Pipeline Planning

List of evaluations completed<sup>10</sup> in the reporting period

<b>Name of Initiative</b>	<b>AidWorks number</b>	<b>Type of evaluation<sup>11</sup></b>	<b>Date Evaluation report received</b>	<b>Date Evaluation report Uploaded into AidWorks</b>	<b>Date Management response uploaded into AidWorks</b>	<b>Published on website</b>
Machinery of Government (Public Sector Improvement Program)	INI661	Independent progress report	May 2012	November 2012	Not uploaded	No
Economic Governance	INI660	Independent progress report	April 2012	November 2012		No
Machinery of Government (Solomon Islands Electoral System Strengthening Program)	INI661	Independent progress report	September 2012	November 2012	Not uploaded	No
Policy and Coordination	INI674	Independent progress report	March 2012	November 2012		No

No evaluations planned in the next 12 months

<sup>10</sup> 'Completed' means the final version of the report has been received.

<sup>11</sup> Mid-term review, Completion report, partner-led evaluation, joint evaluation.