

AUSTRALIA – SOLOMON ISLANDS PARTNERSHIP FOR DEVELOPMENT

1. OBJECTIVES AND PRINCIPLES

1.1 This Partnership for Development between the Government of Australia and the Government of Solomon Islands establishes our shared vision to work together in close cooperation to meet our common challenges and to achieve improved development outcomes and sustainable improvements in the quality of life of all Solomon Islanders, as articulated in the *Medium Term Development Strategy 2008 – 2010* (MTDS) or its successors and national sectoral plans. Specifically, this Partnership for Development seeks more rapid progress towards poverty reduction and the other Millennium Development Goals (MDGs) by 2015.

1.2 Reflecting the Government of Australia's *Port Moresby Declaration* on closer cooperation and engagement with the Pacific region, this Partnership for Development framework is founded on the principles of mutual respect and mutual responsibility for improved development outcomes.

1.3 In the spirit of the *Port Moresby Declaration*, this Partnership for Development recognises the commitment of the Government of Australia to increased and more effective development assistance and the commitment of the Government of Solomon Islands to improved governance, sustained macroeconomic stability, public sector capacity development, enhanced private sector development, investment in economic infrastructure and improved access to quality health and education.

1.4 This shared vision and these principles will underpin all aspects of Australia's development relationship with Solomon Islands, both the new Australia – Solomon Islands Partnership for Development which we are establishing through this framework, as well as our existing and future commitments through Australia's contribution to the Regional Assistance Mission to Solomon Islands (RAMSI).

1.5 Reflecting the principles of mutual respect and mutual responsibility, the Governments of Australia and Solomon Islands acknowledge:

- Solomon Islands' leadership of its own policies for improved governance and economic and social development, including its long term development aspirations;
- the requirements of each government to account to its Parliament and people on the contribution of national resources to economic and social development;
- their mutual responsibility for results, including through joint, regular and evidence-based review of progress against the objectives and commitments of the Partnership for Development framework and jointly agreed performance measures (notably those reflecting the MDGs), using independent review mechanisms where appropriate; and
- their joint resolve to advance regional integration, growth and development through implementation of the *Pacific Plan*.

2. COMMITMENTS

2.1 **The Government of Australia hereby confirms its commitment to the Government of Solomon Islands to:**

- ensure increased levels of assistance over time which reinforce strong Government of Solomon Islands' leadership of effective development strategies and programs;

- deliver a jointly-determined program of high quality financial, technical and policy support to assist Solomon Islands to implement those strategies and programs, including by helping to build capacity for effective national institutions;
- provide long term and predictable engagement with scope for increases in Official Development Assistance (ODA) where jointly-determined performance criteria are met, including through performance-based approaches;
- support Solomon Islands' pursuit of sustainable economic growth strategies encompassing private sector and infrastructure development, economic reform, regional economic integration and pursuit of mutually-beneficial regional trade liberalisation;
- support Solomon Islands' efforts to improve service delivery, particularly in rural areas, with an increasing proportion of overall resources devoted to frontline service delivery to achieve faster progress towards the MDGs and economic growth;
- increasingly align Australia's aid with Solomon Islands' decision-making, finance and procurement systems, and provide support to Solomon Islands to monitor and strengthen those systems over time; and
- under Solomon Islands' coordination and leadership, work towards implementation of the *Paris Declaration on Aid Effectiveness* and *Accra Agenda for Action* and transparently report on implementation.

2.2 The Government of Solomon Islands hereby confirms its commitment to the Government of Australia to:

- implement Solomon Islands' national development plans, including a long term development strategy which emphasises sustainable and broad based economic growth;
- improved governance, including the rule of law, sound macroeconomic policy and management of public resources, including strengthened public sector capacity and public financial management assisted through regular Public Expenditure and Financial Accountability (PEFA) assessments;
- consistent pursuit of sustainable and broad-based economic growth strategies, which advance the welfare of both men and women, encompassing private sector and infrastructure development, economic reform, regional economic integration, and mutually beneficial comprehensive regional trade liberalisation;
- advance key policy or investment actions jointly identified to implement Partnership for Development priorities;
- improve transparency and accountability to ensure the resources of both Solomon Islands and Australia are used effectively and for their intended purpose;
- lead effectively the coordination of development programs of national and other development partners, including by committing to implement the *Paris Declaration on Aid Effectiveness* and *Accra Agenda for Action* and transparently report on its implementation; and
- optimise its use of aid to achieve improved development outcomes which are consistent with Solomon Islands' development priorities.

2.3 Consistent with the Partners' commitment to the principle of joint, regular and evidence-based review of progress against the objectives and commitments of the Partnership, both governments commit to measuring performance and progress using a performance framework in the schedules which draws on development and governance indicators from the MDGs, the MTDS and other internationally accepted measures of performance. Australia will commit to supporting improved performance measurement, including support for national statistics collection and analysis if requested.

3. PARTNERSHIP FOR DEVELOPMENT PRIORITIES

3.1 The Governments of Solomon Islands and Australia will pursue mutual commitments to achieve specific Priority Outcomes and targets which meet the objectives of this Partnership for Development. These Priority Outcomes are listed at Attachment A, which also provides an indication of further Priority Outcomes which may be included in the Partnership for Development in future iterations.

3.2 In addressing Priority Outcomes, Solomon Islands and Australia agree that the Partnership for Development should:

- recognise that over 80 per cent of the population live in rural areas;
- balance governance improvements with service delivery improvements;
- build human and institutional capacity within government systems and in non-state partners, as appropriate;
- support appropriate infrastructure developments, including sustainable land management to facilitate better socio-economic development outcomes;
- support economic growth which is broad-based and sustainable; and
- address gender equality, including education and employment opportunities.

3.3 Implementation strategies for each Priority Outcome will be outlined in schedules to this Partnership framework, which will describe the nature of our mutual commitments towards each agreed outcome, how progress towards intended results will be measured, financing and other contributions from both governments and a timeframe for action. These strategies will build on existing development programs and promote coordinated action with all of Solomon Islands' development partners.

3.4 Both Governments intend that the scope of the Partnership for Development will develop incrementally over time to address a wider range of Priority Outcomes and encompass other elements of Solomon Islands' longer term development challenges and Australia's broader contribution to Solomon Islands' development. As further Priority Outcomes are jointly decided they will be included in the schedules to the Partnership for Development.

4. GOVERNANCE AND REVIEW

4.1 Annual Partnership Dialogues between senior officials of the two Governments will ensure joint, regular and evidence-based review of progress against the objectives and joint commitments of the Partnership for Development and the jointly determined Priority Outcomes. A mid-term independent review of the Partnership for Development will be undertaken in 2011-12.

4.2 Attachments and schedules to the Partnership for Development will be reviewed and changes or additions will be jointly determined at these Partnership Dialogues, or as mutually determined by designated senior officials of both Governments.

4.3 Both Governments commit to discuss any performance concerns and attempt to resolve issues through dialogue.

4.4 This process will lead to a joint Partnership for Development report to Ministers, which will be considered at a mutually satisfactory forum.

4.5 The Priority Outcomes and targets at Attachment A and the performance framework in the schedules provide the basis for the review of progress to be completed at Partnership Dialogues. The performance framework and review will in turn draw heavily on reporting of progress against national MDGs, the MTDS (or its successors), the *Medium Term Fiscal Strategy 2008-13* (MTFS) and any existing studies or reviews. Strengthened Solomon Islands' development information systems will provide vital evidence for review reports.

4.6 In addition to the joint review of progress, the performance of Australia's contribution through the aid program to our joint development objectives, outcomes and targets will be reported and reviewed through the production of an *Annual Program Performance Report* (APPR).

5. LEVELS OF DEVELOPMENT ASSISTANCE

5.1 The Governments of Solomon Islands and Australia note the intention by Australia to make long term, predictable and increased commitments of development assistance, affirmed on an annual basis, taking into account progress against Partnership for Development commitments, targets and progress indicators (Attachment B).

5.2 Specific financing commitments will be stated in the implementation schedules to the Partnership for Development framework, and will reflect multi-year financial commitments from both governments.

6. OTHER DEVELOPMENT PARTNERS

6.1 Consistent with commitments in relation to MDGs and under the *Paris Declaration on Aid Effectiveness* and *Accra Agenda for Action*, Australia will emphasise alignment of development assistance with Solomon Islands' priorities, strategy, policy, planning, and finance processes, and will encourage other donors to work in common ways. Both governments commit to an effective dialogue with partners and using, where appropriate, mechanisms for engaging domestic stakeholders, private sector and civil society, particularly in rural communities.

6.2 The Partnership for Development acknowledges existing development arrangements with other development partners including arrangements with countries contributing to RAMSI. It recognises Australia's contribution to RAMSI as a separate but complementary part of Australia's broader development, governance, and security assistance contribution to Solomon Islands.

7. OTHER

7.1 This Partnership for Development framework is supported by related schedules which describe implementation strategies, performance measurement and donor coordination arrangements.

8. CONCLUSION

8.1 Through this Partnership for Development, the Governments of Australia and Solomon Islands establish their commitment to beginning a new era of cooperation, to work closely together to meet our common challenges and to improve the quality of life for all people of Solomon Islands.

Signed at: Port Moresby

on 27 January 2009

For the Government of Australia

For the Government of Solomon Islands



Prime Minister



Prime Minister

ATTACHMENT A: PARTNERSHIP PRIORITY OUTCOMES

PARTNERSHIP PRIORITY OUTCOME 1: IMPROVED SERVICE DELIVERY (MTDS 4.4)

Joint Commitments: The Partnership will strengthen public health functions that are responsive to community health needs and improve progress towards the MDG targets by 2015 of

- Increased percentage of population with access to a health facility staffed by a health care worker and stocked with appropriate medicines
- Reduced malaria incidence in high endemic provinces and elimination in Temotu Province
- Increased access to clean water and proper sanitation
- Reduced maternal and infant mortality rates

To support progress toward these targets in the health sector, Australia will provide up to A\$69 million over four years (2008-09 to 2011-12)

The Partnership will also investigate options for provision of new Australian assistance to the education sector

PARTNERSHIP PRIORITY OUTCOME 2: IMPROVED ECONOMIC LIVELIHOODS (MTDS 4.5)

Joint Commitments: The Partnership will support more productive and sustainable utilisation of agricultural land, forests and marine resources, and the improved operation of markets for the benefit of rural households towards the targets by 2015 of

- Increased contribution of sustainable agriculture and agro-forestry to GDP growth
- Increased levels of employment in rural areas
- Increased proportion of people, especially from rural communities, reporting year-on-year improvements in their economic circumstances
- Increased numbers of people accessing financial services, including microfinance opportunities in both rural and urban areas

PARTNERSHIP PRIORITY OUTCOME 3: IMPROVED ECONOMIC INFRASTRUCTURE (MTDS 4.3 and 4.5.3)

Joint Commitments: The Partnership will improve market access and service delivery through improved access to reliable transport, energy and telecommunication services towards the targets by 2015 of

- Increased proportion of the rural population with reliable transport access to markets and services
- Growth in household incomes in areas targeted by transport programs
- Increased proportion of the population with access to reliable and affordable energy
- Increased proportion of rural population with access to affordable telecommunications

PARTNERSHIP PRIORITY OUTCOME 4: ADDRESS ECONOMIC AND FISCAL CHALLENGES

(MTFS Objectives 1 & 2)

Joint Commitments: The Partnership will assist Solomon Islands to manage expected economic and fiscal challenges and to improve the environment for long term fiscal certainty, more effective public expenditure and broad-based economic growth towards the targets by 2015 of

- An affordable and sustainable budget that improves Government decision-making processes and focuses on development goals
- Structural reform that makes Solomon Islands an attractive and reliable place for business to invest

In this context, the Partnership will investigate options to support priority economic and public sector reforms, including through the use of output-based aid and performance linked funding

FUTURE PARTNERSHIP PRIORITY OUTCOMES

Further **Priority Outcomes** which may be included in the Partnership in future include but are not limited to:

- addressing climate change adaptation and disaster risk mitigation issues;
- strengthening sustainable management of fisheries;
- increasing the integration of Solomon Islands into global and regional trade;
- improving the environment for a sustainable mining industry; and
- improving land administration.

ATTACHMENT B: MULTI-YEAR FINANCIAL COMMITMENT

This section is to be mutually determined.

The Attachment will provide an indicative base amount of Australia bilateral development assistance to facilitate Solomon Islands' implementation of its national development plans and achievement of the Priority Outcomes outlined in this Partnership.

Financial commitments supporting Priority Outcomes will be settled as part of the preparation of implementation schedules for each priority.

SCHEDULE 1: PARTNERSHIP PERFORMANCE FRAMEWORK

- Summarises the performance indicators used to measure progress.
- Records the baseline levels for those indicators.
- Identifies the level of performance to be achieved (e.g. specific target, minimum standard, general improvement over the baseline) and the target date for achievement.

A proposed Performance Framework for Partnership Priority Outcome 1: Service Delivery follows.

Further elements of the Partnership Performance Framework, including for priority areas 2, 3, and 4 will be developed in the first quarter 2009, along the lines of this structure.

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SUMMARY PERFORMANCE FRAMEWORK

PRIORITY OUTCOME 1 – IMPROVED SERVICE DELIVERY			
Strengthen public health functions that are responsive to community health needs and improve progress towards the MDG targets by 2015.			
Solomon Islands MTDS Outcomes	Partnership Outcomes	Indicators	2009 Milestones
<ul style="list-style-type: none"> Increased proportion of people with access to at least a Rural Health Clinic within one hour's travel. Essential drugs and medicines available at all levels and at all times. MDG 6: Reduced Malaria incidence and deaths. MDG 7: Increased access to clean water and proper sanitation. MDG 4: Reduced IMR and Under 5 mortality rate. MDG 5: Reduced MMR and increased births attended by skilled health staff. 	<ol style="list-style-type: none"> Increased percentage of population with access to a health facility staffed by a health care worker and stocked with appropriate medicines. Reduced malaria incidence in high endemic provinces and elimination in Temotu Province. Increased access to clean water and proper sanitation. Reduced maternal and infant mortality rates. 	<ul style="list-style-type: none"> Increased numbers of correctly stocked and staffed health clinics. Improvements in time taken to reach a Health Facility. Increased bed net coverage. Increased number of households, health facilities and schools with access to clean, safe and reliable water supplies. Improved access to quality maternal, neonatal and emergency obstetric care. 	<ul style="list-style-type: none"> Upgrades to and construction of key health facilities commenced. Provincial funding support provided through HSSP to enable purchase of vehicles and boats to improve access, supply and outreach at community level. Scaled-up COARTEM anti-malarial treatment roll-out. Establish data collection and baseline (including annual Malaria Survey; first Health Facilities Stocktake; Ministry of Health and Medical Services' Reproductive Health Statistics; monitoring and evaluation plan for the Rural Water Supply and Sanitation program). Disaggregated by gender and age.

SCHEDULE 2: IMPLEMENTATION STRATEGIES FOR PARTNERSHIP PRIORITY OUTCOMES

Each Priority Outcome will have a delivery strategy that describes how the priority sector objective will be achieved, with a clear explanation of the roles of the Australian aid program, the Solomon Islands Government and other players.

The delivery strategy is informed by analysis and consultation with key stakeholders involved. It provides the rationale for the approach adopted to achieve the priority sector objective, and sets out the logic of activities, policy dialogue, partnerships and other actions employed to achieve it.

A proposed delivery strategy for Partnership Priority Outcome 1: Service Delivery follows.

The delivery strategies for priority areas 2, 3, and 4 will be developed in the first quarter 2009, along the lines of this structure.

IMPLEMENTATION STRATEGY FOR PARTNERSHIP PRIORITY OUTCOME 1 – IMPROVED SERVICE DELIVERY

(i) Aim of the Partnership

The Solomon Islands Government has identified Health and Medical Services as a key development priority in the *Medium Term Development Strategy 2008-10* (MTDS) and acknowledged the importance of related Millennium Development Goal (MDG) targets. The Partnership will strengthen public health functions that are responsive to community health needs and improve progress towards the MTDS and MDG targets by 2015 through ongoing commitment by Australia and Solomon Islands to a Health Sector Wide Approach (SWAp).

In June 2008, Solomon Islands and Australia signed a Subsidiary Arrangement signalling the commencement of the Health Sector Support Program (HSSP). This comprehensive, five year Australian commitment (2008-12) supports implementation of the *National Health Strategic Plan 2006-10* (NHSP) through the SWAp and targets:

- improved access to health services in provincial and rural communities;
- access to essential medicines through better pharmaceutical procurement warehousing and distribution;
- increased disease prevention through improved rural water supply and sanitation;
- implementation of a national malaria strategy for effective control and progressive elimination that aims to reduce parasite incidence and malaria related deaths across Solomon Islands; and
- health system strengthening, including enhanced financial management, human resource management, surveillance and data collection, and community engagement.

Improving the effectiveness of basic services through the HSSP will assist the Solomon Islands Government attain its vision of a “healthy, happy and productive Solomon Islands people.” Enhancing the quantity, quality and equity of basic services will make a significant contribution to positive progress toward MDG targets.

The HSSP aligns with the MTDS, and will assist with achievement of the targets in *Section 4.4.2 – Health and Medical Services*.

(ii) Measurement

The following indicators will measure progress toward Priority Outcome 1: Improved Service Delivery:

- Increase percentage of population with access to a health facility staffed by a health care worker and stocked with appropriate medicines;
- Reduce malaria incidence in high endemic provinces and elimination in Temotu Province;
- Increase access to clean water and proper sanitation; and
- Reduced maternal and infant mortality rates.

Specific targets and the relationship of indicators to baseline data is contained in the Summary Performance Framework.

In addition to the annual high level Partnership review for each Priority Outcome, ongoing consultation and regular policy dialogue on service delivery will be facilitated through the HSSP Quarterly Committee Meeting. The committee meetings will be complemented by sector wide Ministry of Health and Medical Services (MHMS) HSSP Quarterly Reports that capture key data for each of the program areas, provinces, and development partners in addition to financial and policy information. The reports are widely distributed and provide a consistent forum for discussion of issues, constraints and successes throughout the sector.

Governance arrangements for the SWAp include an annual joint Solomon Islands Government-Development Partner performance review in March to assess progress from the previous year, available financial and procurement audit reports, first quarter disbursements, and to inform program plans for the coming year. In September each year, a joint in-depth review will be undertaken on specific topics to be decided by the Solomon Islands Government and Development Partners during the March review mission.

(iii) Implementation Approach

Extensive consultation processes were conducted when developing the SWAp. AusAID and the World Bank began discussing the merits of a more harmonised and integrated approach to donor financing of the health sector with the Solomon Islands Government, and the elements of a broad consensus for a SWAp took shape over 2005-2007. Formal launch of the HSSP followed in early 2008 to assist the MHMS prepare for full implementation of a SWAp.

The Partnership recognises the existing SWAp as the primary vehicle for addressing key challenges in the health sector. Initial areas of focus that will provide longer term benefits for service delivery include:

- improving long-term financial sustainability of public health services;
- increasing management capacity within the public health system at the central and provincial level; and
- creating incentives for better health service performance.

Investments will also be made in the areas of Water and Sanitation and Malaria prevention.

The SWAp provides a framework for all Development Partners to work through and align with Solomon Island Government systems and priorities in order to strengthen health systems at the national and sub-national level and forms a significant contribution to improving service delivery.

Australian support to the SWAp has adopted a phased approach to implementation. The first year of the HSSP (through April 2009) is largely devoted to strengthening capacity in planning, standardised budget formulation, procurement, standardised accounting, and regular reporting – both on performance indicators and expenditure. The MHMS and HSSP technical specialists will work with the Ministry of Finance & Treasury and the Ministry of Development Planning & Aid Coordination to improve on the existing systems and roll them out to the Provinces.

Establishment of these vital systems in year one will pave the way for implementation of the Health SWAp in year two and beyond. Aside from improving the management systems required of any successful organisation, the HSSP will also seek to:

- improve communications, consultation and participation between MHMS Divisions and the Provincial Health Divisions;
- promote active partnerships both internally and with all health stakeholders including churches, NGOs, development partners and others;
- ensure adequate resources reach the Provinces and are managed to best effect to support the delivery of rural health services;
- improve the quality of data collection (including by hospitals), appropriate information production, extensive information sharing, and promote information utilisation at the community, provincial and national levels;
- address the much needed renovation / maintenance of health infrastructure and staff housing, and construction of new staff housing where necessary;
- maintain and extend clean water and sanitation infrastructure giving priority to schools, clinics and communities;
- establish quarterly reporting including comprehensive financial reports, progress against core performance indicators, and addressing issues at all levels;
- support a re-energised and refocused health promotion initiative working directly with communities and encouraging participation by all; and
- increase malaria prevention and control in all provinces.

Paris Declaration and Accra Agenda for Action

The SWAp provides a strong foundation for implementation of the principles underpinning the *Paris Declaration*. Development and whole-of-government partners in the health sector will be brought together in a more harmonised, integrated effort to support execution of the NHSP and MTDS. This shared commitment to the *Paris Declaration* and *Accra Agenda for Action* is articulated in the Partnership Arrangement signed by World Bank, World Health Organization (WHO), United Nations Children's Fund (UNICEF), United Nations Population Fund (UNFPA) and the Governments of Australia and Solomon Islands.

World Bank has committed US\$1.5 million through a Technical Assistance Grant aligned with HSSP from 2008-12. This contribution will target the areas of public expenditure management and sector performance monitoring and complements the Health Systems Strengthening focus of HSSP and the NHSP.

The Partnership Arrangement articulates the principles for donor engagement in the sector and the key consultative and governance mechanisms. The Solomon Islands Government will encourage the Government of Japan to join the Partnership Arrangement in the near future and possibly Secretariat of Pacific Communities (SPC) in 2009 as an important regional agency that is heavily involved in the health sector.

Financial Arrangements

Implementation will leverage a range of support to the health sector. As a sectoral financing mechanism, HSSP supports the specific strategic areas of the MHMS NHSP and it utilises government systems for channelling support to the public sector. AusAID has committed A\$51 million over four years (2008-09 to 2011-12) to address system capacity, financing of operational costs for the health system in pivotal areas, and

support to the vital policy shifts planned by the MHMS to achieve national health objectives. Financial support will be provided to Solomon Islands through a combination of program and budget support.

Australia will also provide A\$10.5 million under the Pacific Malaria Initiative (2008-09 to 2010-11) to support the National Malaria Program, and A\$6 million for water and sanitation development through the new Access for Clean Water and Sanitation Initiative (2008-09 to 2010-11).

Australia provided funding for the HSSP (A\$9 million) and the Pacific Malaria Initiative (A\$3.3 million) in financial year 2007-08. Australia's total commitment to the health sector over the next four years (2008-09 to 2011-12) will be up to A\$69 million.

Commitments

Solomon Islands and Australia are committed to the successful implementation of the Health SWAp, as a means of achieving improvements to service delivery articulated in the Partnership. The *HSSP Subsidiary Arrangement* provides a comprehensive framework that covers agreement between Australia and Solomon Islands on how to achieve a range of goals in the health sector, including those articulated in this Partnership.

The *HSSP Subsidiary Arrangement* also provides mutual commitments regarding risk management, anti-corruption, gender equality, management and review mechanisms and performance monitoring.

Improvements to service delivery in the health sector will require sustained investment from Solomon Islands and development partners. In addition to the financial support allocated by Australia through HSSP, Solomon Islands will commit to the following:

- A minimum of 10 per cent to the health sector from total Solomon Islands Government consolidated revenue in the relevant Appropriations Bill for the duration of the Partnership;
- Implementation of mutually agreed essential procurement reforms at the national and provincial level; and
- Ownership and leadership of the Health SWAp through strong whole-of-government engagement on sector planning, management and prioritisation of resources.