



Australian Government
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Annual Program Performance Report for Solomon Islands 2008

September 2009



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Executive summary

This Annual Program Performance Report assesses Australia's Official Development Assistance to Solomon Islands for January to December 2008. These reports were previously produced on a financial-year basis, but this year moved to calendar-year reporting to better align with the Solomon Islands Government (SIG) reporting cycle.

Australia remains firmly committed to supporting Solomon Islands to achieve a more prosperous and secure future. Australian Official Development Assistance for the 2008 calendar year is estimated to be A\$204.7 million. This includes approximately A\$31.5 million through Australia's bilateral aid program and A\$173.2 million through the Australian Government's commitment to the Regional Assistance Mission to Solomon Islands (RAMSI).

Major results

2008 was a year of planning and adjustment for Australia's bilateral aid program. The new Australia – Solomon Islands Partnership for Development was finalised (and signed by the two prime ministers in January 2009). Negotiations also began on a new SIG – RAMSI Partnership Framework.

The close and productive working relationship between the Australian and Solomon Islands governments helped progress these new initiatives. The medium-term development objectives for RAMSI and the bilateral aid program were re-shaped and simple, realistic and measurable objectives were developed which are expected to strengthen performance reporting.

The Partnership for Development aims to assist Solomon Islands make faster progress towards the United Nations (UN) Millennium Development Goals (MDGs), support Solomon Islands' pursuit of sustainable economic growth strategies and support efforts to undertake appropriate economic and public sector reforms. The Partnership's four priority areas are: service delivery; infrastructure; livelihoods; and economic and fiscal challenges. These complement the priority areas being negotiated for the SIG – RAMSI Framework—restore law and order, improve fiscal and financial management and strengthen machinery of government.

The Partnership for Development responds to the Port Moresby Declaration which gives practical impetus to the principles of mutual respect and mutual responsibility by basing joint commitments around actions identified by Solomon Islands in its recent national plan—the Medium Term Development Strategy (2008–10). The Partnership facilitates leadership and ownership by the SIG, and commits Australia to good practice in development partnership,

consistent with the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action.¹ Increasing aid effectiveness in Solomon Islands is an ongoing challenge for donors and the SIG. The Australian bilateral program made good progress in 2008 by establishing a program-based approach in the health sector and providing multi-donor support for the government's sectoral strategy and priorities. The program-based approach has improved donor harmonisation and coordination and avoided duplication of effort within the sector. Other small but important steps have been taken to increase the use of Solomon Islands government systems. This will, over time, strengthen procurement, financial management and accountability.

There was an improvement seen in several key sectors during 2008. Health indicators have improved as a result of better malaria prevention and treatment for those living in remote communities, more access to clean water (12 new water supply systems) and weekly reproductive health discussions with 5475 youth attending one or more sessions. Access to education also improved through the establishment of 31 school buildings servicing 6921 boys and 7102 girls. The literacy skills of 200 women across the country were improved through training programs. Assistance to the transport sector provided greater access to markets and basic services such as banking in Malaita, Temotu and Guadalcanal provinces and created jobs for 730 Solomon Islanders (the majority women).

Australian support, delivered through our contribution to RAMSI, has led to incremental improvements in the ability of the public service to perform well in security, public financial management and economic growth. The Royal Solomon Islands Police Force (RSIPF) and justice agencies demonstrated greater capacity when developing their annual plans and budgets and setting strategic directions. For the first time since 2003, Solomon Islanders hold all head of agency posts supported by the Law and Justice Program (with the exception of the Police). The 2008 People's Survey reported that RAMSI assistance helped improve the efficiency and accountability of the Government and public service, resulting in increased community confidence.

The global recession has accelerated the anticipated decline in the economy of Solomon Islands. The country now faces a three-fold problem: low foreign reserves; falling government revenue; and poor (possibly negative) real per capita growth. To respond effectively, the SIG must continue to focus on fiscal and balance of payments stabilisation and reduce expenditure while maintaining support for basic services and long-term recovery through structural reform. The Ministry of Finance and Treasury, supported by RAMSI advisers, is monitoring the impact of the crisis on the economy. Australia is also working closely with the Government and other donors, including with International Financial Institutions and New Zealand, to ensure a coordinated, sequenced response.

Overall, the ratings for the 2008 aid program against existing objectives remains consistent with the last reporting cycle (2007-08) as the table below indicates. Assuming continued political stability and sensible management of the global recession, prospects for improved performance in 2009 look good.

¹ In September 2008, donors, partner governments and multilateral development organisations endorsed the Accra Agenda for Action—a political commitment to accelerating progress in implementing the Paris Declaration on aid effectiveness designed to improve the quality of aid.

Ratings

Objective	Rating	Review against previous rating
Bilateral aid program		
1. Help the SIG better serve the people	Amber	Unchanged
2. Help build strong and peaceful communities	Amber	Unchanged
RAMSI		
1. Contribute to a safer, more secure Solomon Islands	Green	Unchanged
2. Contribute to a better functioning government	Green	Unchanged
3. Contribute to greater prosperity for all Solomon Islanders	Amber	Unchanged

Ratings:

Green	The objective will be fully achieved within the timeframe of the strategy.
Amber	The objective will be partly achieved within the timeframe of the strategy.
Red	The objective is unlikely to be achieved within the timeframe of the strategy.

Major challenges

While progress has been made in restoring law and order, stabilising the economy and strengthening core government institutions, gains are fragile. Significantly improving service delivery and living standards across Solomon Islands' geographically dispersed and predominately rural population remains a major challenge. Underlying tensions from unresolved ethnic rivalries and lack of economic opportunity continues to threaten peace and the impact of the global recession will likely exacerbate this.

Despite a commitment to reform by its government, Solomon Islands remain a complex environment for donors. Obstacles include low public sector capacity, poor public financial management and resistance to reforms from vested interests. The inability to engage the SIG in serious reform in some sectors, such as forestry, remains a major challenge for Australia.

Increased use of SIG systems to deliver Australian aid through the new Partnership for Development—in line with the Accra Agenda for Action—is needed to push the bilateral aid program forward.

Main management consequences

Four management priorities have been identified for the next 12 months, to improve the delivery of Official Development Assistance in line with Australia's policy directions:

1. Develop a performance-based mechanism to help the SIG manage the impacts of the global recession.
2. Ensure that implementation of the Partnership for Development advances the Accra Agenda for Action.
3. Strengthen the bilateral program's performance assessment framework to ensure that progress implementing the Partnership for Development can be measured against objectives.
4. Facilitate better integration of gender equality across the program.

1 Country performance

Solomon Islands is a post-conflict state that continues to be affected politically, economically and socially by the period known as 'the Tensions'. When RAMSI arrived in 2003, a safe and secure environment was restored and this was maintained throughout 2008. The root causes of the Tensions, which included ethnic rivalries, lack of economic opportunities, urban drift and youth unemployment, are complex and have challenged successive governments.

The SIG is committed to a formal reconciliation process, but the underlying triggers for civil unrest remain. A return to violence remains a significant concern with 48 per cent of those responding to the 2008 People's Survey predicting this to be the case if RAMSI left too soon. The operating context for donors remains unstable and challenging and security and development gains remain precarious.

Solomon Islands is a diverse country with more than 900 islands and 70 language groups. The population of 530 000 is primarily Melanesian with a four per cent minority group of Polynesians. Half the population is under 20 years of age and more than 80 per cent live in rural areas. The country ranked 129 out of 178 countries on the 2007–08 Human Development Index. It is in this context that the Australian aid program to Solomon Islands operates.

Political and economic overview

Having faced a challenging political environment throughout most of 2007, Australia enjoyed a more harmonious relationship with the Solomon Islands Government in 2008. The two countries worked closely on the Partnership for Development, formally agreed to in January 2009. The relationship between the Government and RAMSI became far more stable and productive.

Since late 2007, Solomon Islands has been more politically stable and the Government is progressing on its key objectives of governance reform, political stability and social and economic stability. While the SIG has demonstrated an ability to *articulate* an ambitious reform agenda, its ability to *implement* one continues to be hampered by low public sector capacity, poor public financial management and resistance to necessary reforms from vested interests. Progress against objectives in 2008 was therefore mixed.

The Government has committed to a number of initiatives to combat corruption, including establishing an Independent Commission Against Corruption, signing the United Nations Convention Against Corruption, developing a national Anti-Corruption Policy and establishing an Anti-Corruption Taskforce to coordinate whole-of-government efforts. Once again, the challenge will be to *implement* these initiatives.

The economy continued to grow in 2008, though at a much slower rate than in previous years. The Ministry of Finance and Treasury estimated that real Gross Domestic Product (GDP) grew by 6.7 per cent in 2008 (short of the eight per cent forecast) and is projected to slow to around

one per cent in 2009. Recent economic performance has been largely built on increased aid flows and unsustainable logging. Sectors such as agriculture, fisheries, plantation forestry and mining are potential new sources of export and budget revenue but these will take several years to develop, even if pursued vigorously. SIG's fiscal position remained relatively stable in 2008, with increases in government spending for the most part offset by greater revenue collection.

In early December 2008, the Minister for Finance and Treasury presented the 2009 SIG budget, advising Parliament that the budget was fully funded and required no borrowing or increases in debt. By 1 January 2009, SIG cash reserves had fallen below expected levels, resulting in insufficient funds for the Government to deliver against the budget it had promised. However, given that historically SIG Ministries have not spent their entire budget allocations, it is unlikely the opening cash position will have a serious impact on the overall budget position. Of greater concern is the likely fall in revenue, linked to the global recession.

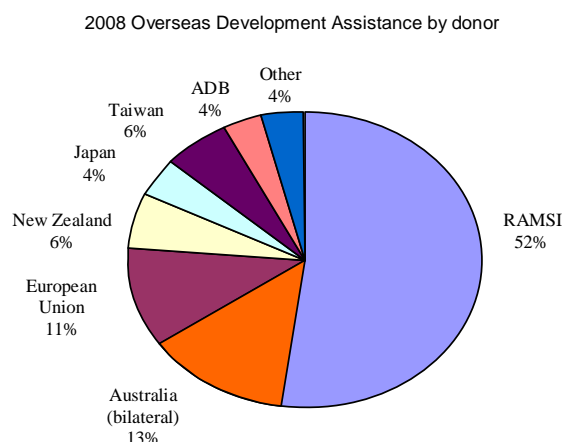
The global recession has accelerated the anticipated decline in the country's economy and Solomon Islands now faces a three-fold problem: low foreign reserves; falling government revenue; and poor (possibly negative) real per capita growth. An effective response by the SIG needs to focus on fiscal and balance of payments stabilisation and reduce expenditure while continuing to support basic services and long-term recovery through structural reform. The Ministry of Finance and Treasury, supported by RAMSI advisers, is monitoring the impact of the crisis on the economy. Australia is also working closely with the SIG and other donors, including the International Financial Institutions and New Zealand, to ensure a coordinated and appropriately sequenced response.

The most vulnerable communities in Solomon Islands are likely to be in urban areas, particularly in the peri-urban settlements around Honiara which depend on a cash economy. The demise of the logging industry will result in job losses and likely increase the number of unemployed shifting to Honiara. Underlying conflicts could re-emerge as these vulnerable groups face increased economic pressure.

Aid effectiveness

According to the Human Development Report 2007–08, Solomon Islands is ranked as the highest recipient globally of Official Development Assistance on a per cent of GDP basis (66.5 per cent) and also the second highest on a per capita basis (US\$ 415), although it is important to note the size and scale of RAMSI's operations significantly increases these figures. Australia, through RAMSI and the bilateral aid program, is by far the largest donor in Solomon Islands, providing approximately A\$205 million in assistance in 2008 (or 65 per cent all of all assistance to the country). Other bilateral donors include New Zealand, the European Union, Japan and Taiwan. The World Bank and Asian Development Bank have opened offices in Honiara and increased their engagement during 2008.

Figure 1: Contribution by donors to Solomon Islands Government's 2008 development budget



Source: 2008 Solomon Islands Government Development Estimates

Increasing aid effectiveness in Solomon Islands is an ongoing challenge for donors. Good progress was made in 2008 in establishing program-based approaches in health and transport and providing multi-donor support for government sectoral strategies and priorities. This has improved donor harmonisation and coordination and avoided duplication of effort. The Health Sector Support Program, for example, has supported the implementation of the Solomon Islands Government's National Strategic Health Plan by establishing a pooled fund for donor contributions. Similarly, the Transport Sector Strategy has consolidated existing projects and commits donors to increased use of the Ministry of Infrastructure Development's systems to deliver infrastructure works. Through these initiatives, small but important steps have been taken towards using SIG systems more—this will, over time, strengthen procurement, financial management and accountability.

The Partnership for Development—which arose from the Port Moresby Declaration outlining Australia's commitment to the principles of mutual respect and mutual responsibility for improved development outcomes—requires the Australian and Solomon Islands governments to work more closely together. The partnership, which includes a program of performance incentives based on agreed milestones, is being developed to promote mutual accountability, however given capacity constraints and weak public financial management systems, it will be important to be realistic about how quickly changes can be made. RAMSI's increased emphasis on capacity development in 2009 as part of the new SIG – RAMSI Partnership Framework will be an important element in moving forward on the aid effectiveness agenda.

The in-country presence of World Bank and Asian Development Bank staff in Solomon Islands is welcome and already appears to be improving harmonisation and coordination among donors. In 2008, multi-donor programs such as the Rural Development Program (RAMSI, World Bank and European Union) and the transport sector strategy (AusAID, RAMSI, New Zealand Agency for International Development (NZAID) and the Asian Development Bank), allowed donors to organise better and pool resources towards SIG priorities and strategies. Towards the end of 2008, Australia foreshadowed it would work with donors and the Government throughout 2009 to look at options for better harmonisation and coordination around micro projects. Another positive development came in late 2008 when joint SIG-donor measures were put in place to establish a framework to monitor and develop responses to the global recession, allowing donors to coordinate responses around the

Government's priorities. However, without a strong track record of donor engagement, progress remains tentative.

Box 1: Working in government systems—the Solomon Islands Transport Sector Strategy

In consultation with the NZAID and the Asian Development Bank, Australia has helped develop a multi-donor, sector-based approach for the transport sector. This will guide donor engagement and build on progress by increasing the use of SIG systems, developing the capacity of local contractors and providing additional funding for maintenance.

The Government has recently approved the establishment of the National Transport Fund which will allocate and prioritise donor contributions with government funds to progress the important infrastructure projects identified in the National Transport Plan. This is an important step towards a more sustainable program. Australia has committed to long-term engagement in this sector through the Partnership for Development.

Millennium Development Goals

According to the *Pacific Economic Survey 2008*, no Pacific country is on track to achieve all MDGs by 2015. Even by regional standards, however, progress in Solomon Islands is poor and it is unlikely that any goals will be achieved by this deadline. Measuring progress against the MDGs is challenging given the lack of data on poverty and other key indicators on Solomon Islands. To generate data, Australia will support the SIG in 2009 to conduct the first population census in 10 years.

Based on available data, Solomon Islands made little progress from 1990 to 2000 in eradicating child malnutrition, improving enrolment in primary education and reducing infant mortality rates. Some progress was made in reducing tuberculosis and malaria rates. The latest available data suggests some success in lifting the net primary school enrolment ratio and increasing the ratio of girls to boys in primary and secondary schools although primary completion rates have declined.

Australia has made a significant investment in the health sector by supporting community development (through community sector and rural development programs) and improving access to water and sanitation. The Partnership for Development will support the SIG to move further towards achieving MDG targets. A priority identified in the Partnership is improved health service delivery and so \$69 million has been committed by Australia over five years to strengthen responses to community health needs and improve progress towards achieving the MDGs. More specifically this includes improving access to health services, reducing malaria rates, increasing access to water and sanitation and reducing maternal and infant mortality rates. Solomon Islands has made good progress in reducing the under five mortality rate and if this trend continues they are likely to achieve this MDG target, malaria incidence has decreased from 199 cases per thousand people in 2003, to 82 cases per thousand in 2008 thereby successfully reducing the spread of malaria. The partnership's performance assessment will report against national achievement on the MDGs.

The status of women in Solomon Islands remains low and continues to inhibit progress towards the MDG targets. Few women are in leadership or decision making positions—law and justice institutions and the public service remain male dominated. None of the 50 members of Parliament are women, making Solomon Islands one of a few countries in this situation world wide. Australia is supporting RAMSI's work with the United Nations Development Fund for

Women (UNIFEM) to increase the political representation of women by supporting constitutional reform and establishing reserved seats for women in Parliament. One neglected issue is the potential for women to make an economic contribution to the country's growth. Women's poor economic status mirrors their lack of political representation. Women are disproportionately represented among Solomon Islanders living in poverty, with women's health affected by poverty and widespread gender-based violence. Australian support to reduce gender-based violence focuses on improving women's access to justice, preventing violence and providing support services to victims of violence.

The SIG released a policy in early 2008 clearly articulating its support for women in leadership. One core objective policy is 'The promotion and proper management of gender concerns in all areas and levels of public and private sector leadership'. Still, there is still no national policy to promote gender equality in Solomon Islands and little progress is being made towards meeting international commitments, including in the Convention for the Elimination of all forms of Discrimination Against Women.

2 What are the results of the bilateral aid program?

A major achievement of the bilateral aid program is the new Australia – Solomon Islands Partnership for Development which established clear priority outcomes for Australia's development assistance program. The partnership's initial focus is on: improving service delivery, particularly in rural areas; addressing economic and fiscal challenges; improving economic livelihoods; and improving economic infrastructure. The Partnership for Development is in line with the Port Moresby Declaration which gives practical impetus to the principles of mutual respect and mutual responsibility by basing joint commitments around actions identified by Solomon Islands in its national plan—the Medium Term Development Strategy (2008–10). The Partnership facilitates leadership and ownership by the SIG and commits Australia to good practice in development partnership.

In 2008, the bilateral aid program also achieved outcomes in several other areas, in particular in health with the implementation of the Health Sector Support Program. Total expenditure for the bilateral aid program in 2008 is approximately A\$31.5 million.

The November 2007 review by AusAID's Office of Development Effectiveness reported mixed results for the bilateral aid program, stating its effectiveness was affected by unclear objectives, too strong a focus on traditional institutional strengthening approaches and inadequate resources at the Honiara post to adequately manage the range and scope of planned activities. The review recommended three ways to strengthen the program: (i) develop a dedicated bilateral strategy; (ii) strengthen engagement with the SIG and make it more inclusive; (iii) invest more in program reviews and evaluations. In 2008, the bilateral aid program responded positively to these recommendations.

Considerable progress has been made this year in articulating how the bilateral aid program will achieve greater impact and effectiveness. The program has focused on developing a performance assessment framework for the Partnership for Development that will be simple, realistic and measurable. In 2008, the results for the bilateral aid program were assessed against pre-existing objectives. Hampered by a weak strategic framework, as was the case in 2007, while programs have progressed somewhat, demonstrating links to higher level objectives has proved difficult and progress against this objective remains only partly on track (amber rating).

To better integrate gender equality in the bilateral aid program, the program contributed to the development of a supplement on Solomon Islands as part of the Office of Development Effectiveness report on gender-based violence in Melanesia and East Timor. Work will continue in 2009 as the program responds to the report's findings. The Solomon Islands NGO Cooperation Agreement (2004–09), and community and health sector programs all include gender-equality components such as awareness-raising activities and training. The bilateral

aid program also chairs a cross-program (RAMSI and bilateral teams) Gender Working Group, an internal group of interested program staff, to ensure issues are front and centre.

Within Solomon Islands, a number of AusAID's regional programs operate in sectors also covered by the bilateral program. Coordination between regional and bilateral programs is mixed. For example, significant improvements were made in 2008 to integrate activities under the regional Pacific Malaria Initiative and the bilateral Health Sector Support Program, including management structures and funding flows. This considerably reduced the donor management burden on the Ministry of Health and Medical Services (MHMS).

Greater coordination is still needed, however, through better communication between program managers and stronger strategic rationale for whether a regional or bilateral approach is needed.

The bilateral aid program faces two key challenges over the next reporting cycle:

1. Ensure that implementation of the Partnership for Development advances the Accra Agenda for Action—the bilateral aid program must consider how best to operate so it can deliver on the partnership's priority outcomes. This includes the need to review existing activities against new directions. It also requires a shift towards greater use of government systems in sectors beyond health, bearing in mind that in a transitional, post-conflict state like Solomon Islands public sector capacity remains low.
2. Strengthen the performance assessment framework to ensure that progress towards objectives can be measured—the bilateral program has struggled to articulate how some of its activities have improved development outcomes in Solomon Islands. The Partnership for Development provides a timely opportunity to ensure that baseline information is collected and that clear indicators are identified to measure progress.

Objective 1: **Help better serve the Solomon Islands people**

Rating:

■ *The objective will be partly achieved within the timeframe*

Estimated expenditure

Approximately 69 per cent (A\$21.8 million) of the Australian Government's expenditure on the Solomon Islands bilateral program in 2008.

Assessment of results and performance

A number of programs contribute to this objective including the Health Sector Support Program, the Solomon Islands Forestry Management Project Phase II, the Solomon Islands Disaster Risk Management Project and the Scholarships program.

Health Sector Support Program

The Health Sector Support Program is a significant component of the bilateral aid program's efforts to improve service delivery. It focuses on supporting the Solomon Islands MHMS to implement the National Health Strategic Plan 2006–10 and strengthen the capacity to manage and deliver critical health services at national and provincial levels. Efforts in 2008

concentrated on: improving financial, procurement and budgetary systems; establishing formal frameworks to engage a range of development partners involved in the sector; and, in cooperation with the Pacific Malaria Initiative, expanding malaria control.

Noticeable progress has been made in building core health systems and it is expected that 2009 will start to yield positive results for the delivery of basic health services (see box below). Other key contributors to improved service delivery in 2008 included:

- > *Housing*—was purchased for health workers, to improve staff retention and ensure that Solomon Islanders at community level are supported. The program helped the MHMS develop a 'standard government house' performance specification, approved by the Ministry of Infrastructure. Tenders will be issued early in 2009 for the delivery of 240 kit houses over four years.
- > *New Health Information System datasheets*—rolled out to all provinces to enable more accurate data collection (including at gender disaggregated level) which will, in turn, assist the MHMS to better respond to health needs. It will also provide baseline information for measuring future performance.
- > *Malaria detection and treatment for remote communities*—improved through the introduction of a new anti-malarial drug, treatment protocol, and Rapid Diagnostic Test kit launched by AusAID, the MHMS, the World Health Organization and the Japanese International Cooperation Agency.

Box 2: Delivering better health services to the people of Solomon Islands

The Health Sector Support Program demonstrated positive outcomes in 2008 such as assisting the MHMS to secure an increased budget for health expenditure in 2009. This is the first increase above the baseline in four years and provided an additional SBD\$57 million (A\$11 million) to cover a delayed wage increase for health workers nationwide.

Australian assistance has improved access to essential medicines. Emergency tenders replaced critical stock shortages at the National Medical Store and long-term systems will be implemented in 2009 to prevent shortages. Distribution of essential medicines in provinces and villages is expected to improve in 2009 as a result.

The 'Evaluation of Australian Aid to Health Service Delivery in PNG, Solomon Islands and Vanuatu' found that higher health spending, supported by aid, has enabled Solomon Islands to provide reasonably effective health services at affordable cost close to where the majority of the population lives. Support from the Health Sector Support Program has supported the MHMS to generally succeed in staffing health facilities and keeping them supplied with drugs and consumables.

Despite these solid achievements, significant challenges remain. AusAID provides almost one third of total public expenditure in the health sector and there are obvious dangers associated with long-term dependence on donor funding for the supply of nearly all essential medicines. Procuring pharmaceuticals and medical equipment, developing health infrastructure, planning the workforce, managing hospitals and services, effectively using donor technical support, and engaging with the community continue to challenge the sector and AusAID's assistance. As AusAID and the MHMS Health transition from conventional technical assistance projects (previously implemented from 1999 to 2007) toward a multi-donor sector-wide approach supporting implementation of the National Health Strategic Plan, more sustainable outcomes and improved service delivery are expected for Solomon Islands.

Solomon Islands Forestry Management Project Phase II

Australian support for the forestry sector has been hampered by a lack of reform in the sector and fundamental weaknesses in regulation since the project's inception. As a result, the bilateral program's focus has shifted to providing more support to establishing and managing community plantations and expanding the number of community smallholder plantations in the sector to benefit approximately 12 000 households. This expansion will have a long-term impact on rural livelihoods and contribute to more sustainable forest management practices. Future support will continue to focus on community plantations.

Notwithstanding the challenges in forestry, the project made some gains on the regulatory front in 2008. It funded a team of lawyers and legislators to work with the Ministry of Forestry to develop the Code of Logging Practice (legislation governing engagement in the sector). The Code provides the framework for anti-corruption measures including transparent and enforceable logging license issuance procedures, although enforcement to date remains low. With the support of technical advisers the Government has achieved incremental gains in revenue collection from log exports but setting of export prices at genuine market value (the Determined Value Scheme) remains elusive. Improved inter-governmental coordination around customs duty on declared goods resulted in the largest penalty ever imposed on illicit trafficking in the forestry sector in Solomon Islands (SBD\$281,000) in 2008. Continued Australian support to implement and enforce regulation in the sector continues to depend on the willingness and commitment of the SIG to tackle this difficult issue.

Solomon Islands Disaster Risk Management Project

The bilateral aid program has provided support through technical assistance and improved facilities to the National Disaster Management Office to expand its operational influence and standing within the Government. Support includes a targeted program to develop capacity in areas such as disaster risk assessment, hazard risk mapping and conflict vulnerability assessment. Despite receiving continued support since 2003, however, the National Disaster Management Office remains a relatively weak organisation and the bilateral aid program will, as a result, reconsider how best to support disaster management in Solomon Islands when the current program ends in late 2009.

Scholarships

The bilateral aid program is currently supporting 127 scholarship students who are gaining tertiary qualifications in Australia and the region. In 2008, 36 students were mobilised with a further 36 selected for the 2009 intake. Results of the 2008 student survey showed that 98 per cent of scholarship holders recorded high satisfaction with their overall experience and indicated the program would significantly improve their ability to positively contribute to development in Solomon Islands. With the transition of program management to from Canberra to Honiara in early 2008, coordination with other donors has increased. This has led to dialogue between Australia, New Zealand and the National Training Unit in the Ministry of Education and Human Resource Development to ensure that significant resources are invested in providing scholarships that will benefit Solomon Islands, including closer alignment of scholarship awards to the country's workforce planning needs. Development of joint advertising, selection criteria and endorsement panels has resulted in a clearer, more streamlined process for potential applicants.

Objective 2: Help build strong and peaceful communities

Rating:

- *The objective will be partly achieved within the timeframe*

Estimated expenditure

Approximately 31 per cent (A\$9.7 million) of the Australian Government's expenditure on the Solomon Islands bilateral program in 2008.

Assessment of results and performance

Progress against this objective is achieved primarily through the Community Sector Program and Solomon Islands NGO Cooperation Agreement. The Forestry Management Project Phase II and the Disaster Risk Management Project also include community development components that contribute towards this objective.

Under the NGO Cooperation Agreement Australia engages with five NGO partners and is guided by four overarching objectives aimed at encouraging: more peaceful and less violent communities; stronger civil society organisations and networks; increased participation by women and young people in community self-governance; and improved wellbeing for sustainable self-reliance. An independent evaluation in 2008 concluded the agreement overall represented value-for-money (in reach and deliverables) and judged all five NGO partnerships satisfactory on implementation efficiency. The evaluation concluded, however, that effectiveness was a major concern, rating three of the five projects unsatisfactory. The evaluation pointed to several reasons for this: objectives were too broad and ambitious; ambiguous targeting of beneficiaries; and capacity development approaches were not sophisticated enough to achieve desired outcomes.

Through the Community Sector Program, Australia worked alongside rural communities in all provinces to give a stronger voice to women and young people in village decision making; as well as meet local needs through joint construction of social infrastructure such as water supply systems, schools, clinics and community halls. Some convincing stories of real change in communities resulted (see box below). A 2008 Technical Advisory Group report stated that the program had responded professionally and creatively to the recommendations the group made in 2007 by implementing more efficient project management systems, and beginning to wind down commitments in preparation for the program's completion in January 2010.

Box 3: Supporting community development in Solomon Islands

In 2008 the bilateral aid program provided support to communities throughout Solomon Islands. The program contributed to MDG targets by improving community access to education for boys and girls and improving health services and access to clean water.

The Community Sector Program completed 56 village social infrastructure projects in 2008 with these results:

- > Better access to education for 6921 boys and 7102 girls through the establishment of 31 school buildings. For example, the program funded the construction of Siarana Primary School in Central Province providing access to primary education for 150 boys and 87 girls. Before, children walked approximately four hours a day to attend school. Having a school in the community has increased attendance, particularly for girls with domestic duties. It also means students are less tired in class.
- > Improved access to clean water through 12 water supply systems reaching 3828 men and 3364 women.
- > Weekly discussions on reproductive health reached 5475 people, through Save the Children's network of youth groups. Condoms were also distributed. As a result, several communities reported a reduction in teenage pregnancy, increased use of condoms and increased youth attendance at clinics for the treatment of sexually transmitted infections.
- > The Inclusive Community Program provided literacy training to approximately 200 women across the country, through the Anglican Mothers Union. Graduates report that they are better able to help their children with school homework, operate small businesses like canteens and second hand clothes stalls, and read medical prescriptions.

The bilateral aid program has demonstrated good outcomes in a number of areas under this objective, in particular the establishment of a strong partnership with local NGOs resulting in greater access for communities to education, water and sanitation and health services. Stronger evaluation of programs in response to the 2007 evaluation by the Office of Development Effectiveness has contributed to a much clearer understanding of performance going forward. Independent evaluation of the Community Sector and NGO Cooperation programs raised concerns regarding the effectiveness of the programs and the likelihood of achieving all set objectives and outcomes. Overall progress against this objective is only partly on track—poor collection of information about results has hampered the ability of this program to articulate outcomes. Furthermore, the objective itself is broad and challenging to measure progress against. Efforts to improve measurement have focused on developing measurable and realistic objectives as part of the Partnership for Development. These will be implemented in 2009.

3 What are the results of the Regional Assistance Mission to Solomon Islands?

The RAMSI continues to emphasis performance reporting through its Performance Assessment Advisory Team. In 2008 the team prepared the *2007–08 RAMSI Annual Performance Report* and the *RAMSI Performance Assessment Six Month Review Note July–December 2008*. In 2008 a Gender Specialist joined the Performance Assessment Advisory Team. Total expenditure for RAMSI in 2008 was approximately A\$204.7 million.

The 2007-08 RAMSI Annual Performance Report asserts that good progress has been made in security, public financial management and economic growth although gains are fragile and could be easily reversed. Developing the capacity of the country remains a priority for RAMSI. In 2008, all programs increased the diversity of their capacity development approaches, a positive shift in emphasis from technical skills to corporate functions such as human resources and financial management.

The 2007-08 RAMSI Annual Performance Report draws on the findings of the People's Survey², designed in 2006 as an independent way of measuring each year what people think about progress and development issues related to the work of the Solomon Islands Government – RAMSI partnership. In 2008, 89 per cent of Solomon Islanders surveyed supported the continued presence of RAMSI. An independent review of the People's Survey by the Institute for Sustainable Futures (University of Technology, Sydney), completed in 2008, assessed whether survey results are used to support program and policy development by RAMSI programs and the SIG. The review found considerable variation in the degree to which RAMSI uses the People's Survey findings. Review findings will be used to help re-design the 2009 survey to ensure that it provides relevant information to assist RAMSI and SIG in program development and monitoring.

In 2008, RAMSI and the SIG began negotiating a new partnership framework that includes jointly agreed objectives and indicators for the next phase of the partnership. Progress in finalising the SIG – RAMSI Partnership Framework has been slow but it is anticipated it will be finalised in the first half of 2009.

RAMSI made progress in advancing gender equality in 2008 by appointing a Gender Specialist to its Performance Assessment Advisory Team and including a section on gender equality across the program in its annual performance report. Gender-specific questions were also

² The People's Survey is a voluntary survey of a cross section of the Solomon Islands population undertaken by RAMSI as part of its annual performance reporting.

included for the first time in the 2008 People's Survey. The 2007-08 report identifies pockets of good practice within RAMSI including:

- > the Machinery of Government's Women in Government strategy,
- > enabling legislation and supportive policy regulations under the new Correctional Services Act,
- > the RSIPF policy that each intake of new recruits should include 30 per cent women
- > the fact that the majority of jobs created under the Transport Infrastructure program have been filled by women.

Work is also underway to recruit a full-time Honiara based Gender Adviser to work across the Australian aid program to improve gender equality outcomes for RAMSI and the bilateral aid program.

Objective 1:

To contribute to a safer and more secure Solomon Islands

Rating

- *The objective is on track to be fully achieved within the timeframe*

Estimated expenditure

Approximately 87 per cent (A\$128 million: Participating Police Force (PPF); and A\$22.3 million: Law and Justice) of the Australian Government's expenditure on RAMSI in 2008.

Assessment of results and performance

A reasonably safe and secure environment in Solomon Islands was maintained in 2008. There were no major security incidents and Solomon Islanders went about their lives in a safe environment. The general perception is that security is improving in the country as a whole and community confidence in the RSIPF is also improving. The number of people who thought violence would return if RAMSI left declined from 59 per cent in 2007 to 46 per cent in 2008 according to the People's Survey and this, too, could be seen as an indicator of growing community confidence.

RAMSI support for the law and justice sector operates under the SIG – RAMSI Law and Justice Strategic Framework 2005–2010. Both the PPF and Law and Justice Program contribute towards the goal 'to contribute to the maintenance of a safe and stable environment in Solomon Islands that is underpinned by an effective, affordable and culturally appropriate law and justice system accessible to all Solomon Islanders.'

In 2008 Solomon Islands law and justice ministries and agencies demonstrated improved capacity to deliver services to the people. All heads of Justice Agencies are now Solomon Islanders. Ministries and agencies prepared corporate plans, providing the basis for planning and programming, budgeting, recruiting and crucially, the capacity to spend their funds on delivering services to the public. Cases before the courts now move through the legal system in a timely and efficient manner. Remand times continued to reduce—from an average of 7.17 months in December 2007 to 6.14 months in December 2008, a good indicator of the justice sector's capacity to process complex criminal matters more efficiently.

Two independent reviews³ were conducted of the law and justice sector in 2008. The first—the Law and Justice Program Mid Term Review—made a number of key recommendations to improve support to this sector including the joint SIG – RAMSI program design and better sectoral coordination between key stakeholders including the police and civil society. This review will also inform the design for future support to this sector (see below). The second independent review was commissioned by the PPF. It examined the force's capacity development efforts to date and will inform future policies and programs. Findings will be released in 2009.

Participating Police Force

Support from the PPF has assisted the RSIPF maintain law and order. In 2008, the RSIPF successfully managed without incident high profile visits, a number of major events such as the 30th Anniversary of Independence celebrations in Honiara, prime ministerial visits, parliamentary sittings and the East Honiara by-election. There have been no major security incidents in Honiara since the April 2006 riots, a significant indicator of RAMSI's ongoing contribution to a safer and more secure Solomon Islands.

In 2008 agreement was reached between PPF Executives and the RSIPF to transition the role of the PPF from operational direct policing to strengthening the capacity of the RSIPF. As a result, the 'Moving Forward Together' strategy was developed, outlining how RAMSI will support the strategic direction set by the RSIPF. PPF goals and objectives are now aligned with RSIPF policy priorities and strategic goals. It is hoped the process of developing and implementing this strategy will contribute to an enhanced culture of performance measurement within the RSIPF. A performance management system is to be developed, incorporating individual appraisals of performance against key competencies. It is intended that Provincial Police Commanders and other key managers will roll out this new system in their work units from 2010.

RSIPF capacity development in 2008 included a leadership development program for the RSIPF Senior Executive and middle management—70 officers successfully completed this training. A number of participants from the middle management course have been promoted to, or are acting in, key senior management roles including the Assistant Commissioner, Directions and Standards, Director Learning and Development and Director Human Resources. The course met a shortfall in preparing officers for management responsibilities and has resulted in improved performance of program participants. For example, the RSIPF is increasingly taking the lead in setting the strategic agenda for policing in Solomon Islands with a new planning framework expected to be in place by early 2009.

Support to provincial police posts was also reviewed in 2008. PPF advisers were re-allocated in two of 15 posts as a result of low levels of crime and improved competency of local RSIPF officers. PPF will continue to monitor and assess where a permanent presence is still required and, if so, to what degree.

The People's Survey points to ongoing low community confidence in the RSIPF, particularly among young women. This remains a significant challenge to long-term stability of law and order in Solomon Islands. Good progress has been made in increasing the level of professionalism of the RSIPF as evidenced by the draw down of PPF advisers at provincial police posts, enhanced expertise in technical disciplines such as forensics, and a commitment

³ The review teams were comprised of a number of independent consultants from the region with relevant skills and experience.

to regular and transparent reporting. It is anticipated that over time community confidence will return and this will be reflected in future People's Surveys.

Law and Justice

The Mid Term Review reported that the Law and Justice Program has delivered on the rule of law agenda by processing large numbers of criminal cases through the High Court, improving links with the RSIPF, the PPF, and the Corrections Program, and by developing infrastructure in Honiara at the High Court and Court of Appeal and at the Central Magistrate's Court. The Corrections Program was deemed a success, including the establishment a maximum security facility at Rove that complies with international standards, and establishing systems and processes to ensure the facility's viability.

The Law and Justice Program continued to reduce the burden that Tension trials were having on the court system, as a further way to enable Solomon Islanders to move on from the Tensions period. To assess future demands on courts and prisons, the SIG and PPF discussed the number of Tension-related police investigations, their prospects of success and the level of resources needed to complete the trials. This resulted in agreement to establish a Major Prosecutions Review Taskforce, which will review all available data on tension trials and provide recommendations to the Office of Director of Public Prosecution.

The aim for the final year of the current funding cycle (2006–09) is to consolidate progress towards a sustainable law and justice sector that can effectively plan and manage.

RAMSI support is tailored to responding to the needs identified by the SIG. Currently progress in building a sustainable sector is being hampered by a lack of human capacity and resources in critical areas. The sector's vacancy rate is 68 per cent, for example, and there are not enough senior lawyers and legal police officers. The program continues to support counterpart agencies as they fulfil their commitment to provide technical assistance for fast tracking the skills development of Solomon Islanders through training and mentoring.

Box 4: Leadership by Solomon Islanders

For the first time since 2003, all head of agency posts supported by the Law and Justice Program, with the exception of the Police, are held by Solomon Islanders. This includes the Commissioner for Correctional Services, the Public Solicitor, the Director of Public Prosecutions and the Attorney General. This significant development demonstrates an increased level of leadership confidence and financial discipline to afford these posts by the SIG. Previously the program supported these positions by providing in-line technical assistance and capacity development of counterparts. In 2008, consistent efforts in partnership with SIG, to fully transition these roles came to fruition. RAMSI provides ongoing advisory support to assist agency heads in their new roles.

Correctional Services Solomon Islands (CSSI) continued to perform strongly in implementing the *Correctional Services Act 2007*, with RAMSI support. This Act provides the framework for organisational and disciplinary reform within CSSI such as removing the barriers preventing female officers from developing their careers. Of the 20 female officers working at Rove, nine currently work in areas that were closed to them under the old legislation. Through the Act, CSSI has moved from a punitive approach to handling prisoners to a rehabilitation approach. Greater access to programs and services are in place to help prisoners address their offending behaviour and improve their post-release options. This includes a case management system which has developed individual rehabilitation programs for every prisoner in Rove.

The Mid Term Review identified three significant areas not yet comprehensively addressed—land issues, civil society engagement and the link between the informal and formal justice systems. The review's findings and recommendations will inform the design of the next phase of support to be provided through the Law and Justice Program. A priority for 2009 is to improve the integration of the PPF and the justice and corrections programs and establish a functioning justice system for Solomon Islands.

Objective 2: **To contribute to a better functioning government**

Rating

■ *The objective is on track to be fully achieved within the timeframe*

Estimated expenditure

Approximately 8 per cent (A\$13.5 million) of the Australian Government's expenditure on RAMSI in 2008.

Assessment of results and performance

The suite of initiatives within the Machinery of Government (MOG) program is designed to strengthen Parliament, improve accountability and ultimately strengthen the capacity of the public service to deliver services more effectively. The consolidation of 22 MOG activities into six major initiatives is well established symbolising a move towards a more integrated and streamlined approach. This approach resulted in excellent progress in 2008 with the launch of three new programs—the Provincial Governance Strengthening Program (April), the Public Sector Improvement Program (July) and the Electoral System Strengthening Program (November). The second phase of the successful Parliamentary Strengthening Program was also established (April). The 2007–08 RAMSI Annual Performance Report confirmed that the relationship between SIG and RAMSI strengthened after increased engagement with government stakeholders over the selection of advisers and better alignment of the program's priorities and plans.

As part of a UNDP managed program, RAMSI is working with the national Parliament to strengthen its capacity and better equip Members of Parliament to undertake their representative, oversight and law-making functions. Parliamentary Committee hearing days increased from nine in 2004 to 80 in 2008, giving the people a stronger voice in the parliamentary process. The Solomon Islands Parliament tasked the Foreign Relations Committee to conduct an inquiry into the Facilitation of International Assistance Act (2003), which forms the legal basis for RAMSI, and review the work undertaken by RAMSI to suggest improvements or changes to its functions and its relationship with assisting countries and the people and Government of Solomon Islands. As part of this process, Parliament was, for the first time, taken outside of the capital to rural areas with two provincial committee hearings held with public submissions. The first Parliament Open Day was also held in Honiara with more than 7000 visitors viewing permanent, educational displays at Parliament House.

Given the long-term and in some cases generational nature of MOG's work, sustainable gains are still incremental. The 2008 People's Survey concluded that more Solomon Islanders believe the performance of politicians and officials is improving (25 per cent in 2008, up from

19 per cent in 2007). Improvements in government accountability have been made through strengthened Office of the Auditor General financial audit processes. All audits are now led by Solomon Islanders and the first stock-take of Provincial Government financial records since Independence was completed. The institutional strength and resilience of the Office of the Auditor General was demonstrated this year when the office continued to perform well despite the sudden death of the Auditor General. SIG accountability now has a high public profile and this is leading to higher expectations of public officials. Complaints to the Leadership Code Commission increased by 200 per cent and tabled audit reports—now all publicly available on the Office of the Auditor General website—were debated and received considerable media coverage. The challenge now is to ensure that adequate resources are available to investigate complaints appropriately.

Efforts to strengthen the performance of the public service are essential, especially since low public sector capacity is often cited as a key constraint to development in Solomon Islands. A number of measures were implemented in 2008, including:

- > developing and implementing the Permanent Secretaries Performance Review Framework, which targets performance and accountability at the leadership level
- > training by the Institute of Public Administration and Management for 4457 public servants to develop core skills in public service procedures, basic computing and public administration
- > targeting outreach to human resource managers in ministries through the Public Sector Improvement Program, generating increased requests for human resource advice and support. In 2009, the program will support middle-level ministry staff to formulate a strategic, public service-wide Human Resource Management Plan to build understanding and commitment to government-wide reforms.

Good progress was also made during the first year of implementation of the Strategy for Advancing the Position of Women in Government, aimed at increasing women's participation in government at administrative and representative levels. The Women's Mentor Program was piloted in 2008, with strategic planning and leadership workshops conducted for 170 women in emerging provincial women's organisations including targeted training for female public servants and support for increasing female electoral officials. An early indication of success is the increase in applications received by the Electoral Commission from women for electoral officials, with 33 per cent in one constituency alone. A curriculum vitae database and training program to support women's nominations to government boards and commissions was developed and the Office of Prime Minister and Cabinet has already sought nominations for two board positions in 2008. The Strategy for Advancing the Position of Women in Government has also resulted in discussions on leadership within Government and, in conjunction with UNIFEM, is providing support for constitutional reform to establish reserved seats for women in Parliament. If successful, this will be an historic development in gender equality in Solomon Islands given there are currently no female Members of Parliament.

The Electoral Systems Strengthening Program is playing a critical role in the lead up to the 2010 general elections. This 10-year program supports the electoral processes and institutions needed to enhance representative democracy and accountable government in Solomon Islands. The program's first phase started in November 2008. It supports the Solomon Islands Electoral Commission as it prepares for and conducts nation-wide voter registration activities in 2009 for the 2010 general elections. Interim program support contributed to the running of

four successful by-elections conducted in 2008. It will be necessary to manage expectations of how much of SIG's electoral reform agenda can be achieved in the lead up to 2010.

The 2008 Annual Sector Review of the MOG program was completed by a review team comprised of two independent consultants and a SIG representative. The Review emphasised that long-term commitment is needed to deliver sustainable improvements in governance (for example, a 10-year time frame has been identified for the Public Sector Improvement Program and the Provincial Government Strengthening Program). The review identifies the emergence of sound linkages within and between programs, providing a more coherent approach to SIG – RAMSI work in governance.

Objective 3:

To contribute to greater prosperity for all Solomon Islanders

Rating

■ *The objective will be partly achieved within the timeframe*

Estimated expenditure

Approximately 5 per cent (AS\$9.4 million) of the Australian Government's expenditure on RAMSI in 2008.

Assessment of results and performance

Despite several good outcomes, RAMSI's support for improving the SIG's capacity to develop and implement policy that will result in greater prosperity for Solomon Islanders is assessed as only partly on track. The 2008 People's Survey reported a decrease in the number of Solomon Islanders whose household financial situation was better than it was two years ago, or whose household financial situation would be better in two years time.

The RAMSI Economic Governance and Growth Program is the vehicle for achieving greater prosperity for all Solomon Islanders. It comprises a number of initiatives including the Financial Management Strengthening Program, the Solomon Islands Transport Infrastructure Program and the Rural Development Program. The economic governance component supports the Ministry of Finance and Treasury to deliver and implement economic reforms, promote broad-based economic growth and deliver accountable financial management and advice. Through transport infrastructure and rural development projects, this component also helps improve market and services access and increase agricultural productivity with a strong provincial focus.

Financial Management Strengthening Program

Notwithstanding the impact of the global recession, the Economic Governance and Growth Program achieved outcomes in several areas during 2008 that will result in long-term benefits for Solomon Islanders, in particular support for key legislative reform on State Owned Enterprises (SOEs). Support in SOE reform has strengthened Solomon Islands institutional, legal and policy framework. Key achievements include privatising, winding up and restructuring selected SOEs and establishing a reporting and monitoring regime. Good progress was made to end Our Telekom's exclusive licence—RAMSI provided critical

technical advice to the Telecommunications Taskforce and provided funding for a specialist lawyer to lead the negotiations. Regional experience, such as in Vanuatu, shows that new mobile telecommunications and aviation entrants lead to lower prices and improved service. The spread of mobile phones in particular can be transformative—it can make a big difference to the lives of poor people and create new business opportunities.

Earlier legislative reforms supported by RAMSI, such as the Foreign Investment Act 2005, resulted in positive changes to the private sector. The SIG reported a boost in foreign investment in 2008 as a direct result of these reforms, which have reduced the challenges previously faced by foreign investors. This year 122 applications were approved allowing new foreign investors to register businesses. Fifty per cent of these new businesses are currently operating and have already generated SBS\$490 million dollars in foreign investment. Further legislative reform is underway with the development of two new bills—the companies and insolvencies that are expected to be passed by Parliament in early 2009. An innovative feature of these bills is the provision for registration of community companies, a special type of company designed for use by kin groups. This enables community assets to be used in a way that benefits all members of the community (such as women's groups and farming and fishing cooperatives) while at the same time removing the potential for abuse.

Important gains were also made in improving the capacity of Ministry of Finance and Treasury staff to undertake tasks independently. For example, in 2008 Treasury Division staff took leadership in a payroll replacement project and Budget Unit staff completed the majority of the work on the 2009 Budget. In previous years these tasks were completed by RAMSI advisers.

Multi-donor support also facilitated a Public Expenditure and Financial Accountability (PEFA) study that was carried out in 2008. This internationally recognised study provides baseline data on the adequacy of current financial systems against which to measure performance for the next phase of RAMSI support. The study noted the progress made through the SOE reforms and improvements in auditing government accounts through the Office of the Auditor General. However the study also found that budgeting processes remain weak and concluded that the ability of reforms to improve service delivery will be critical in gaining wider support. Importantly, the SIG opted to publish the results of the study on the PEFA homepage, demonstrating a degree of openness and intent to achieve meaningful reforms.

Two significant design processes within the Economic Governance program took place in 2008, with the design for support to the Inland Revenue Department to improve economic and financial management already underway. The RAMSI Performance Assessment Advisory Team also reported positively in their mid-term review that major steps were taken towards defining objectives and performance measures through the design for the next phase of support for the Financial and Economic Management Support Program. This design will provide a rigorous program framework to identify, sequence and manage targeted assistance. Implementation is expected to commence in June 2009.

Rural development

Box 5: Solomon Islands—benefiting from improved transport infrastructure

Throughout 2008, 87 km of road on Malaita were rehabilitated and ongoing maintenance continued under the Community Sector Program (CSP) Roads Project. In addition, 15 km of road on Temotu were rehabilitated and approximately 123 km on Guadalcanal and Malaita continued to be maintained under the Solomon Islands Road Improvement Project (SIRIP). These infrastructure improvements have opened access to markets and increased incomes for agricultural producers. They have also improved access to services for communities by reducing travel times between villages and provincial centres and enabling the ANZ Bank to expand mobile financial services.

Transport infrastructure projects have also succeeded in developing the local road construction industry. Following targeted training courses under the SIRIP, government contracts were awarded to eight newly trained firms to undertake road maintenance in Guadalcanal, Malaita and Temotu, creating up to 730 new jobs, the majority for women. In addition, the CSP program continued to engage semi-skilled labourers through community contracts leading to further skill development. It also increased and diversified sources of incomes for communities across Malaita.

The Ministry of Infrastructure Development's capacity to tender out and oversee works has improved significantly following assistance to streamline procurement processes and increase capacity of ministry staff. As a result, maintenance contracts awarded by the Government to private contractors in 2008 increased by 23 per cent from 2007. Approximately SBD\$30 million of contracts were awarded, including SBD\$16 million from the Government's recurrent budget.

The joint World Bank, European Union and RAMSI Solomon Islands Rural Development Program was launched in February 2008 to improve the delivery of small-scale infrastructure and agriculture services in rural areas and to support economic development. Progress was subsequently made in mobilising human resources (deployment of key project staff to all four, planned 'first phase' provinces) and establishing procurement and financial management systems.

The Agricultural Livelihood Component is improving livelihoods through increased agricultural productivity, food security, enhanced income-generating opportunities and market competitiveness. Outcomes in 2008 included the production and sale to local organisations of 88 kilograms of high-quality, cured vanilla beans produced by 200 new vanilla farmers, an increase in production of 81 kilograms in 12 months. The productivity of subsistence food gardens also improved across the country by increasing availability of genetically superior varieties of staple root crops. This increased food security in Solomon Islands. Implementation also began in the last quarter of 2008 on two new sub-projects—a Fruit and Nut Trees and Strengthening Rural Value Chains for Enterprise Development—and design for cocoa and peanut sub-projects. Over the coming years or so these activities are expected to generate employment in and income for rural communities.

Rural development was an important component of RAMSI's work in the early stages of its mission, when it made a significant contribution to peace and provided a catalytic role in the return to Solomon Islands of traditional donors. Under the new SIG – RAMSI Partnership Framework RAMSI will not continue with rural development work. This will instead be maintained by other donors. Australian support will be targeted through the development of a new bilateral Australian Rural Livelihoods program.

4 What is the quality of our aid activities in Solomon Islands?

Initiative	QAI 2007-08				QAI 2008			
	Implementation Progress	Achieving Objectives	Monitoring & Evaluation	Sustainability	Implementation Progress	Achieving Objectives	Monitoring & Evaluation	Sustainability
Bilateral: Forestry Management Project Phase II	Amber	Amber	Amber	Amber	Yellow	Amber	Yellow	Yellow
Bilateral: Disaster Risk Management Project	Amber	Amber	Amber	Amber	Yellow	Amber	Amber	Amber
Bilateral: Health Sector Support Program					Amber	Yellow	Amber	Yellow
Bilateral: Community Sector Program	Amber	Amber	Amber	Amber	Yellow	Yellow	Red	Amber
Bilateral: Solomon Islands NGO Cooperation Agreement	Yellow	Amber	Amber	Amber	Green	Amber	Red	Amber
Bilateral: Solomon Islands Australian Development Scholarships and Australian Regional Development Scholarships	Green	Yellow	Amber	Amber	Yellow	Green	Amber	Yellow
RAMSI: Law and Justice Program	Green	Yellow	Green	Yellow	Yellow	Yellow	Green	Green
RAMSI: Participating Police Force	Yellow	Yellow	Yellow	Yellow	Green	Green	Green	Yellow
RAMSI: Machinery of Government	Yellow	Yellow	Green	Yellow	Green	Yellow	Yellow	Green
RAMSI: Economic Governance	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Amber	Yellow
RAMSI: Governance Support Facility	Yellow	Green	Yellow	Amber	Yellow	Yellow	Green	Amber
RAMSI: Policy and Coordination	Yellow	Yellow	Yellow	Yellow	Green	Yellow	Green	Yellow
RAMSI: Solomon Islands Media Assistance Scheme	Yellow	Yellow	Yellow	Yellow	Green	Yellow	Green	Yellow
RAMSI: Infrastructure	Yellow	Yellow	Yellow	Yellow	Yellow	Green	Yellow	Green
RAMSI: Solomon Islands Transport Infrastructure	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
RAMSI: Solomon Islands Rural Development Program	Green	Yellow	Yellow	Amber	Yellow	Yellow	Amber	Yellow

Definitions of rating scale

Satisfactory (4, 5 and 6)

6	Very high quality
5	Good quality
4	Adequate quality; needs some work to improve

Less than satisfactory (1, 2 and 3)

3	Less than adequate quality; needs significant work
2	Poor quality; needs major work to improve
1	Very poor quality; needs major overhaul

The Australian aid program is going through a period of significant reform with the scaling up of the aid program and a strong commitment to the international aid effectiveness agenda.

The challenge for the Solomon Islands Aid Program will be to keep pace with this reform agenda while remaining responsive to the priorities of the SIG and recognising its capacity to be an effective partner in delivering an evolving aid program.

The aid program made good progress in addressing several of the areas highlighted in the 2007–08 Annual Program Performance Report, most notably in providing greater strategic direction through the new partnerships for the bilateral aid program and RAMSI. The program's approach to capacity development has also been further strengthened through the continued engagement of a Capacity Development Specialist as part of RAMSI's Performance Assessment Advisory Team and Australia's participation in a joint World Bank – United Nations Development Programme mission on capacity development in post-conflict environments. Significant improvements were made to the capacity development training course 'Making a Difference' as a result of an independent evaluation in 2008. Work included re-designing the course structure and training materials to better suit the Solomon Islands' context and pre-program briefings.

The aid program also streamlined and consolidated existing activities into more program-based approaches. The new partnership frameworks are designed to bring about greater selectivity of focus for the program and establish clear and realistic objectives. Two components of the RAMSI program (transport infrastructure and rural development) will transition to the bilateral aid program to ensure the mandate of both programs remains focused. The clarity in direction of both frameworks will also ensure that the Solomon Islands Aid Program is well placed to scale up, although further consideration of the skills and resources required to do this is required.

Political stability in 2008 meant aid programs could progress as scheduled. Weak monitoring and evaluation, however, has meant programs struggled to link to higher level objectives. This is particularly so for the bilateral aid program and significant work has taken place in 2008 to develop realistic and measurable objectives as part of the new Partnership for Development. Sustainability of the aid program remains the biggest challenge and greater effort is required to improve affordability, capacity development outcomes and increase the commitment and ownership of reforms by the Government.

Gender

Over the past 12 months, the program focused on integrating gender as a priority aid objective and further improvements are in motion for 2009. Several initiatives supported the advancement of gender equality, but the aid program overall suffered from a lack of systematic gender analysis in program design and limited sex disaggregated data to assess the impact of initiatives on women and men. The absence of dedicated in-country resources to support the program meant that opportunities were missed to incorporate gender dimensions into new designs and monitoring and evaluation frameworks.

Earlier analysis demonstrates that the status of women remains low with little progress made in advancing their participation in decision-making at community and political levels. Available statistics on health and poverty indicate that women also continue to suffer disproportionately compared to men. To facilitate real advancements in gender equality, the Government must address gender equality at the highest levels, possibly by developing a national gender policy. The Solomon Islands aid program could support this, as well as the development of an overarching gender framework to guide development assistance. A full-time Honiara based Gender Adviser will be recruited in 2009 to improve gender

equality outcomes in Solomon Islands to support the broader development goals and aid effectiveness of the Solomon Islands aid program.

Anti-corruption

Australia contributes directly and indirectly to strengthening anti-corruption efforts across the country through its contribution to RAMSI. In 2008, activities centred on support for new government reform priorities as well as strengthening and increasing cohesion between existing approaches. The Program is supporting the establishment of the Anti-Corruption Taskforce to develop a national anti-corruption policy and make broader recommendations to Cabinet on anti-corruption reform. The Program also supports the Transparency Solomon Islands organisation in its advocacy work on corruption reform issues and its efforts to increase public awareness and undertake civic education on corruption.

Anti-corruption is addressed through a number of areas. Examples of where aid supported the strong lead taken by Government included support for the:

- > Law Reform Commission to a review the Penal Code and increase the volume of high-profile corruption investigations and prosecutions being finalised
- > Office of the Director of Public Prosecutions, the Public Solicitors Office and the Central Magistrates Court
- > Leadership Code Commission to administer the code, receive and investigate allegations of misconduct, and receive declarations of leader's assets
- > Construction of new facilities for the Leadership Code Commission and Ombudsman's Office, to enhance their effectiveness and increase their public profile.

5 What are the management consequences of this assessment?

This Annual Program Performance Report has identified four priorities for improving the effectiveness of Australian aid over the next 12 months in Solomon Islands.

Priority 1:

Develop a performance-based mechanism to support the SIG in managing the impact of the global recession.

During 2009, aid provided by Australia through RAMSI and the bilateral aid program will be re-prioritised in consultation with SIG to mitigate the impact of the crisis on Solomon Islands, in the short and long terms. Significant emphasis will be placed on harmonising efforts with other donors to help the Government address its major challenges. Existing initiatives will re-focus to meet emerging needs, including infrastructure development through the Solomon Islands Infrastructure program to increase local spending and generate employment.

Action

- > Continue to play a lead role in fostering ongoing communications between SIG and donors to monitor macro-economic and fiscal data and also to help SIG pinpoint opportunities to progress reform for long-term stability and broad-based growth (including the use of performance-based incentive funding as part of the Partnership for Development).
- > Throughout 2009, monitor the impact the global recession is having on communities, particularly vulnerable groups. Monitoring will take place using data collected through the 2009 RAMSI People's Survey and the SIG National Census. The impact of the global recession in Solomon Islands will also include a security dimension which will be monitored through RSIPF – PPF crime statistics, particularly for Honiara.

Priority 2:

Ensure that implementation of the Partnership for Development advances the Accra Agenda for Action.

The Partnership is a new way of operating for the bilateral aid program. It requires consideration of the resources, expertise and organisational structures needed to deliver on key commitments in the areas of service, economic livelihoods, economic infrastructure and economic and fiscal challenges. Sectoral implementation strategies will be developed in 2009 outlining the Partnership mutual commitments towards each agreed outcome and how progress will be measured. The schedule will also detail the financial and other commitments

needed from both governments to increase the predictability of aid for the SIG over the coming years.

Implementation strategies will build on existing programs and promote better coordination with development partners. Over the next 12 months the bilateral program will, where appropriate, continue to consolidate and streamline activities into program-based approaches under the four priority outcomes, and, in doing so, will expand on the success of the health and transport infrastructure programs. The bilateral program will also consider the best modalities for scaling up the program.

Action

- > Increase the percentage of aid through program-based approaches to 45 per cent by 2010 as an intermediate target to reaching the Paris Declaration commitment of 66 per cent by 2011–12. Also track the volume of funds channelled through partner government systems annually.
- > Improve understanding of the Accra Agenda and different forms of aid among program staff, whole-of government colleagues and delivery partners by holding seminars and engaging relevant agency expertise, developing external expertise, and providing access to that expertise.

Priority 3: Strengthen the bilateral program's performance assessment framework to ensure objectives can be measured.

An opportunity exists to improve monitoring and evaluation within the bilateral program through the development of a performance framework for the Australia – Solomon Islands Partnership for Development

The bilateral program's experience to date has demonstrated the importance of setting clear, realistic and measurable objectives when gathering high-quality performance data. The implementation strategies for each priority outcome will form the basis of the performance framework and will include indicators as well as measurable short, medium and long-term targets for the program. To improve monitoring and evaluation, the bilateral aid program must assess, and make available adequate resources to support the development and implementation of the framework.

Action

- > Dedicate resources to improve monitoring and evaluation within the bilateral program by establishing a performance assessment advisory body to jointly develop the agreed performance framework.
- > Seek opportunities for bilateral program staff, SIG counterparts and key implementing partners to further develop their monitoring and evaluation skills through formal training (e.g. World Bank International Program for Development Training), mentoring and cross-program and post learning.

Priority 4:

Facilitate better integration of gender equality across the Solomon Islands program

International experience shows that gender equality promotes stronger development outcomes. Therefore, if the Solomon Islands program is to succeed, it needs to consider gender issues when implementing activities. Currently, the status of women in Solomon Islands is low. Few women are in leadership or decision making positions. Law and justice institutions and the public service are male dominated and women suffer from gender-based violence and discrimination. Attempting to strengthen Solomon Islands institutions without addressing gender issues may exacerbate inequality.

The 2007–08 RAMSI Annual Performance Report recommended that RAMSI engage a Gender Adviser to improve its ability to meet overall objectives across all sectors by better integrating gender perspectives into its programs and practices. It was agreed that the adviser would support RAMSI and the bilateral aid program and ensure that all Australian Official Development Assistance to Solomon Islands applies a systematic approach to considering gender equality in programs.

Action

- > Recruit a full-time, Honiara-based Gender Adviser to facilitate and support the integration of gender considerations into RAMSI and AusAID program designs, performance frameworks, strategic plans and other program documents. The Gender Adviser will also initiate country-specific research and analysis on gender equality and provide advice to senior management on key issues and future directions for work on gender equality in the Solomon Islands aid program.

Follow-up:

2007–08 management consequences

The 2007–08 Solomon Islands Annual Program Performance Report outlined several management consequences for follow up over the current reporting cycle around the themes of strategic direction, cross-cutting issues such as capacity development, gender and anti-corruption, forms of aid, and increasing the SIG's responsibility for law and order. The AusAID Honiara management team have developed a framework for the ongoing monitoring of the management consequences arising from the 2007-08 Solomon Islands Annual Program Performance Report. An annual review of the management consequences will support a process of continual improvement to Australia's aid program in Solomon Islands. The management consequences outlined in the 2008 Annual Program Performance Report will be incorporated into the existing monitoring framework to measure progress over the next reporting period.

Appendix

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