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Solomon Islands-Australia Aid Partnership

29th June 2017



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Solomon Islands-Australia Aid Partnership Arrangement

1. The Arrangement

- 1.1. This Arrangement between the Government of Australia (“GOA”) and the Solomon Islands Government (“SIG”) (“the Partners”) establishes the Partners’ shared vision to ensure development cooperation contributes effectively and efficiently to sustained inclusive economic growth and to poverty reduction in Solomon Islands.
- 1.2. This Arrangement builds on the *Memorandum of Understanding on Development Co-Operation* signed by the Partners in April 1994, replaces the previous *Solomon Islands-Australia Partnership for Development*, and aligns with SIG’s *National Development Strategy 2016-2035*, and GOA’s *Aid Investment Plan – Solomon Islands 2015-16 to 2018-19*.
- 1.3. The initial period of this Arrangement is from June 2017 until June 2020. The Partners may mutually determine in writing an extension to the Arrangement before December 2019. Subsequent extensions will be mutually determined by the Partners in writing.
- 1.4. The relationship between the Partners will be built on shared principles of mutual respect, mutual responsibility for improved development and a commitment to ownership, alignment, harmonisation, mutual accountability and managing for development results.
- 1.5. These principles bring into effect global and regional commitments such as the Paris Declaration on Aid Effectiveness, Accra Agenda for Action, the Busan Partnership for Effective Development Cooperation, the New Deal for Engagement in Fragile States, the Framework for Pacific Regionalism and the Forum Compact on Strengthening Development Coordination. In Solomon Islands, these are reflected in the SIG’s Aid Management and Development Cooperation Policy, and the Partnership Framework for Effective Development Cooperation.
- 1.6. Reflecting these principles, the Partners acknowledge:
 - a. Solomon Islands’ ownership and leadership of its own policies for development and growth, including the *National Development Strategy 2016-2035*; and the five-year annual rolling *Medium Term Development Plan*;
 - b. That this Arrangement will focus Australia’s investments on shared objectives that help to implement the *National Development Strategy*, and the *Aid Investment Plan*;
 - c. Their mutual responsibility for results, including through joint, regular and evidence-based review of progress against determined objectives and Performance Benchmarks set out in Annexure A;
 - d. The importance of clear benefits for women, men, girls and boys through all development programs;



- e. The significant contribution of the Regional Assistance Mission to the Solomon Islands (RAMSI) to the peace and security of Solomon Islands over the past 13 years and the importance of the successful transition to a new bilateral policing capacity development program to future stability and prosperity; and
 - f. The value of localising, implementing and monitoring performance against the Agenda 2030 and the Istanbul Programme of Action for Least Developed Countries.
- 1.7. The Partners understand that this Arrangement, while expressing their goodwill and intention to cooperate and collaborate on issues of mutual interest, does not create any legally binding or enforceable rights or commitments (expressed or implied).

2. Objectives and Priorities

- 2.1 The overarching objective of this Arrangement is to facilitate stability, sustainable economic growth, human development and poverty reduction in Solomon Islands.
 - 2.2 The Partners have jointly determined strategic priorities to guide development cooperation under the Arrangement, consistent with common priorities set out in Solomon Islands' development policies including the *National Development Strategy 2016-2035* and the five-year annual rolling *Medium Term Development Plan*; and Australia's aid policy: *Australian aid program: Promoting prosperity, reducing poverty, enhancing stability*.
 - 2.3 The first priority is a **unified nation with stable and effective governance and public order**.
 - 2.4 The second priority is **sustained and inclusive economic growth**.
 - 2.5 The third priority is to ensure Solomon Islanders have access to **quality social services, including education and health**.
 - 2.6 Cross-cutting issues include climate change and disaster resilience, gender equality, empowering women and girls. These issues are critical to addressing the barriers to economic growth and poverty reduction in Solomon Islands.
 - 2.7 Outcomes and targets to achieve these objectives are established at the sector level with jointly determined performance criteria between the Partners.
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3. Mutually Reinforcing Commitments

- 3.1 For all cooperation under the Arrangement, the Partners will pursue mutually reinforcing commitments to achieve these objectives.
- 3.2 SIG confirms its commitment to:
- a. Implement Solomon Islands' *National Development Strategy 2016-2035* and the five-year annual rolling *Medium Term Development Plan* and other sectoral plans;
 - b. Increase funding for policing and the Royal Solomon Islands Police Force and justice sector;
 - c. Commit complementary SIG funding contributions for mutually determined priorities across the health, education, and transport sectors and meet the terms of any performance linked aid arrangements;
 - d. Improved governance, including the rule of law, sound macroeconomic policy and management of public resources, including strengthened public sector capacity and public financial management. This will include:
 - i. Progressing implementation of the *Public Financial Management Act 2013* to improve public financial management and quality of expenditure, and manage fiduciary risks; and
 - ii. Progressing implementation of the public finance management action plan within the whole of SIG including updating of the Public Finance Management Roadmap.
 - e. The mutually determined *Joint Statement on Zero Tolerance to Fraud in Solomon Islands* for the management and delivery of the Australian aid program in Solomon Islands, noting Australia's ongoing need to retain oversight of Australian funds disbursed through SIG's systems; and
 - f. Continue to implement legislation to help reduce family violence, including funding agencies involved in the implementation of the *Family Protection Act*.
- 3.3 The GOA will:
- a. Deliver its aid program in line with the strategic priorities and objectives of this Arrangement, reinforcing Solomon Islands' leadership of effective development strategies and programs;
 - b. Update SIG on domestic policy developments which may affect the anticipated level of funding;
 - c. Engage SIG in policy discussions on funding allocations with a view to sustainability and enhancing predictability of GOA funding;
 - d. Continue to support SIG as a bilateral development partner in its development priorities; and
 - e. Support SIG in preparing for RAMSI's conclusion and transition to a new



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bilateral policing capacity development program on 30 June 2017 including support to SIG national Law Enforcement Agencies on broader security issues.

- 3.4 The Partners undertake to achieve high standards of transparency and accountability, value-for-money principles and active management of risks in all activities implemented under this Arrangement, including through mitigating adverse environmental and social impacts of the aid program through the application of safeguard policies in environment, resettlement and child protection.
- 3.5 The Partners will continue to consider climate and disaster resilience in their activities under this Arrangement to safeguard longevity, ensure value for money, and help build resilience.

4. Performance Benchmarks

- 4.1 Australian aid to the Solomon Islands will be linked to performance in line with *Making Performance Count: Enhancing the Accountability and Effectiveness of Australian Aid* and the Solomon Islands NDS 2016-2035 Monitoring and Evaluation Performance Framework.
- 4.2 Consistent with the SIG's commitment to the principle of joint, regular and evidence based review of progress against the objectives and commitments of the Partnership, the Partners commit to measuring performance and progress on the above mutual accountabilities using the performance framework at Annex A.

5. Governance and Review

- 5.1 Annual partnership dialogues between senior officials of the Partners will ensure there is a joint, regular and evidence-based review of progress against the objectives, Performance Benchmarks and mutually reinforcing commitments under this Arrangement.
- 5.2 Mid-term independent assessment of performance against the mutual accountabilities will inform partnership dialogues.
- 5.3 The Partners undertake to discuss any performance concerns and attempt to resolve issues through dialogue.
- 5.4 The GOA commits to continued regular assessment of the effectiveness, efficiency, sustainability and relevance of its aid program in Solomon Islands through ongoing internal and external monitoring and evaluation; and to share the findings of these assessments with SIG.

6. Other Development Partners

- 6.1 The Partners commit to an effective dialogue with partners and stakeholders in fulfilling the objectives of this Arrangement.



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- 6.2 The Partners will select other delivery partners and mechanisms based on an assessment of the most effective way to achieve the objectives and priorities of this Arrangement, and the past performance of partners. This may include expanding partnerships with the private sector and partnering with civil society organisations, in recognition of their critical role in achieving economic growth and poverty reduction.
- 6.3 The GOA will seek to support improved coordination among bilateral and regional stakeholders and encourage others to invest in and seek greater coordination of development policies and programs with SIG. The GOA will continue to work closely with multilateral partners to encourage their increased and effective presence in Solomon Islands.

7. Declaration

This Arrangement sets the framework within which the Partners will work together to deliver a series of strategic investments to improve economic growth opportunities and reduce poverty in Solomon Islands.

Signed at the Australian High Commission Chancery (Honiara) on 29 June 2017

For the
Government of Australia

*Minister for International
Development and the Pacific
Senator the Hon Concetta Fierravanti-Wells*

For the
Solomon Islands Government

*Minister for Development
Planning and Aid Coordination
Hon Danny Philip MP*



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Annex A

Mutual accountability commitments

Mutual accountability –Solomon Islands Government commitments

Solomon Islands Government will:	Key results – 2017-19
<ul style="list-style-type: none"> Implement the Solomon Islands', <i>National Development Strategy 2016-2035</i> and the five-year annual rolling <i>Medium Term Development Plan</i> and other sectoral plans. 	<p><i>National Development Strategy 2016-2035</i> and the <i>Medium Term Development Plan</i> implemented.</p>
<ul style="list-style-type: none"> Increase funding for policing and the Royal Solomon Islands Police Force and the justice sector. 	<p>SIG funding for Royal Solomon Islands Police Force and the justice sector increased.</p>
<ul style="list-style-type: none"> Commit SIG funding contributions for mutually determined priorities in the transport and rural development sectors; and Meet the terms of any performance linked aid arrangements in the health and education sectors, as set out in the relevant Direct Funding Arrangements. 	<p>SIG funding contributions made for mutually determined priorities in:</p> <ul style="list-style-type: none"> Health under the <i>Health Sector Support Program - Direct Funding Arrangement</i> Education under the <i>Direct Funding Arrangement</i> Transport under the <i>National Transport Fund Direct Funding Arrangement</i> Rural development under <i>Rural Development Program Phase 2</i>.



<ul style="list-style-type: none">• Improve governance, including the rule of law, sound macroeconomic policy and management of public resources, including strengthened public sector capacity and public financial management. This will include:<ul style="list-style-type: none">○ Implementation of the <i>Public Financial Management Act</i> to improve public financial management and quality of expenditure; and manage fiduciary risks;○ Implementation of public finance management action plan within the whole of government;○ The mutually determined <i>Joint Statement on Zero Tolerance to Fraud in Solomon Islands</i> for the management and delivery of the Australian aid program in Solomon Islands; and○ Continue implementation of <i>Family Protection Act</i> and supporting policies to help reduce family violence.	<p>Approval of the regulations under the <i>Public Financial Management Act</i>.</p> <p>Evidence of public expenditure and financial accountability (PEFA) and updated PFM Roadmap.</p> <p>All procurement and spending will be approved by a GOA representative (staff or contractor) for trust funds, imprest accounts or direct finance through partner government bank accounts.</p> <p>Funding for <i>Family Protection Act</i> implementation included in annual budget appropriations.</p>
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Mutual accountability - Government of Australia commitments

Government of Australia will:	Key results – 2017-19
<ul style="list-style-type: none"> Deliver its aid program in line with the strategic priorities and objectives of this Arrangement, reinforcing Solomon Islands' leadership of effective development strategies and programs. 	Aid program achieves 'green' ratings in annual <i>Aid Program Performance Report</i> in most outcome areas.
<ul style="list-style-type: none"> Update SIG on domestic policy developments which may affect the anticipated level of funding. 	Evidence that GOA has updated SIG on domestic policy developments regarding funding where necessary.
<ul style="list-style-type: none"> Engage with SIG in policy discussions on funding allocations with a view to sustainability and reducing aid dependence over time. 	Evidence that GOA has engaged with SIG in policy discussions on funding allocations.
<ul style="list-style-type: none"> Continue to support SIG as a bilateral development partner in its development priorities. 	Evidence that GOA has continued to support SIG as a bilateral development partner in its development priorities.
<ul style="list-style-type: none"> Support SIG in preparing for RAMSI's conclusion and transition to a new bilateral policing capacity development program on 30 June 2017. 	Evidence that GOA has continued to support SIG in implementation of <i>RAMSI Drawdown Strategy</i> and implementation of the bilateral policing program.



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Annex B

Performance Benchmarks

Aid Partnership Arrangement Objective 1	Performance Indicator and Targets	Source / Reporting Agency
<i>Unified nation with stable and effective governance and public order</i>		
Sub-objectives		
Ensure women's full effective participation, equal opportunities for leadership at all levels of decision-making in political, economic and public life.	<p>Percentage of seats held by women in national parliament and/or sub-national elected office according to their respective share of the population.</p> <p>Increased number of businesses registered by women and evidence of gender inclusive workplace practices.</p> <p>Increased percentage of women in leadership and managerial roles in the Public Service.</p>	<p>National Statistics Office (NSO)</p> <p>International Finance Corporation (IFC)</p> <p>Ministry of Public Service</p>
Substantially reduce corruption and bribery in all their forms.	<p>Ranking and score in Transparency International Corruption Perception Index improve and set on an upward trend from rank of 120 (2011).</p> <p>Proportion of surveyed respondents indicating satisfactory treatment by the police.</p>	<p>TI Annual Report</p> <p>National Development Strategy Tracker Survey (formerly People's Survey)</p>



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Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation.	Percentage of referred cases of sexual and gender-based violence against women and children that are investigated and sentenced.	<p>Amnesty International Periodic Country Reports</p> <p>Seif Pleis (Safe Families), Channels of Hope Christian Care Centre and Family Support Centre</p> <p>Ministry of Police, National Security and Correctional Services, Solomon Islands Resource Facility, Ministry of Justice and Legal Affairs</p>
Enhance efficiency and effectiveness of public sector founded on principles of transparency, accountability, trustworthy and honesty.	Percentage of SIG agencies with access to and usage of Human Resource Management Information System (HRMIS - Aurion) functionalities by mid 2018.	HRMIS (Aurion) Team, Organization Review Unit, Ministry of Public Service



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Aid Partnership Arrangement Objective 2	Performance Indicator and Targets	Source: Reporting Agency
<i>Sustained inclusive economic growth</i>		
Sub-objectives		
Improve the institution and enabling environment for the private sector.	World Bank Ease of Doing Business ranking to improve from 112 in 2016 to less than 100 by 2020.	World Bank
Large-scale investment.	Evidence of Australia helping to catalyse one new large scale investment.	World Bank
Develop quality, reliable, sustainable and resilient infrastructure to support economic development and human wellbeing with a focus on affordable and equitable access for all.	The proportion of the road network in maintainable condition is increased towards 90% by 2020.	Ministry of Infrastructure and Development (MID)
Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life	Increase women's labour force participation rate from less than half that of men in 2009 (48.4%) to at least 70% by 2020.	National Statistics Office (NSO)
Agriculture mainstay of Economy.	Increase in contribution of agriculture to GDP from 33.4% in 2012 to 40% by 2020.	Household Income and Expenditure Survey (HIES)



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Aid Partnership Arrangement Objective 3	Performance Indicator and Targets	Source: Agency	Reporting
<i>Solomon Islanders have access to quality social services, including health and education</i>			
Sub-objectives			
By 2030, reduce the maternal mortality ratio to less than 70 per 100,000 live births.	Maternal mortality rate reduced from 93 per 100, births in 2010 to less than 70 by 2020.	Ministry of Health and Medical Services (MHMS)	
By 2030, end preventable deaths of newborns and children under 5 years of age, aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under 5 mortalities to at least as low as 25 per 1,000 live births.	Infant mortality rate per 1,000 live births reduced from 27 in 2010 towards 20 in 2020.	Ministry of Health and Medical Services (MHMS) United Nations Annual Human Development Report/ WBDI/ ESCAP World Bank Development Indicators	
Increased funding for health services.	Total public and private health expenditure as a % of GDP increases from 8.6% in 2010 to over 13% by 2020.	Ministry of Health and Medical Services (MHMS) Ministry of Finance and Treasury World Bank	
By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes.	Primary school gross enrolment maintained at 100% as indicated by the Education Strategic Framework 2016-2030.	Ministry of Education and Human Resources Development (MEHRD) World Bank and UNESCO Institute for Statistics: annual	



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By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university.	<p>National Qualifications Framework in place and evidence of its use and institutionalisation.</p> <p>Proportion of population aged 12 and older who have had tertiary education (skills training and higher education) increased from 4.4% in 2009 to 10% by 2020.</p>	<p>Ministry of Education and Human Resources Development (MEHRD)</p> <p>National Statistics Office (NSO), Ministry of Education and Human Resources Development (MEHRD)</p>
By 2030, achieve universal access to improved and equitable sanitation and hygiene for all and end open defecation.	Percentage of population with access to improved sanitation facilities (measured in open defecation free communities for rural population).	Ministry of Health and Medical Services (MHMS)