



Australian Government

Department of Foreign Affairs and Trade

MID TERM REVIEW OF THE SOLOMON ISLANDS INFRASTRUCTURE PROGRAM MANAGEMENT RESPONSE

The Solomon Islands Infrastructure Program (SIIP) is Australia's ten year, AUD 250 million bilateral infrastructure investment (2020-2030). The program has the following End of Program Outcomes (EOPOs):

- EOPO1: Solomon Islands government and industry have enhanced sustainable capacities to plan, manage, finance, construct and maintain critical economic infrastructure.
- EOPO2: There is a legacy of high profile, resilient and accessible infrastructure assets in a range of sectors across the country that supports inclusive economic growth.

SIIP is planned to be delivered using a phased approach: Phase One: 2021-2025; Phase Two: 2026 – 2027; and Phase Three: 2028 – 2030. The design phase for SIIP ran from November 2019 – November 2020.

SIIP is managed by DFAT officials at the Australian High Commission in Solomon Islands and is delivered by managing contractor DT Global through the in-country SIIP Hub. Australia's infrastructure activities are mostly implemented by the SIIP Hub, with some implemented by Solomon Islands Government (SIG) ministries through Direct Funding Arrangements and trilaterally with other partners including New Zealand. SIIP is governed by a Steering Committee, which meets quarterly and consists of senior representatives from DFAT and the Solomon Islands Government.

A Mid Term Review (MTR) of SIIP was conducted from 7 February to 29 May 2024. It reviewed the program's performance during Phase One to inform planning for Phase Two. The MTR scope covered the period of January 2021 to December 2023. The MTR analysis used document review, key informant interviews and focus group discussions.

Overall, the MTR found that SIIP is progressing well in its delivery towards EOPO1 results; however, more needs to be done to demonstrate delivery towards EOPO2. The design of SIIP was largely relevant to Solomon Islands and Australian priorities of the time, however the balance of priorities has shifted over the subsequent three years, such that the focus is now on the program demonstrably delivering on EOPO2. The review found that a more proportionate approach to managing risk, especially for smaller and less complex activities, could accelerate implementation. In addition, Australian and SIG priorities continue to evolve and there does not yet appear to be a consensus across either Government on SIIP's strategic focus for future phases.

DFAT welcomes the MTR's findings and accepts all ten recommendations. DFAT is considering the most appropriate modality through which to deliver SIIP. Options under consideration may include:

- continuation of the current program, with changes to strengthen delivery
- discontinuation of SIIP in favour of a different modality that focusses more on infrastructure delivery
- a hybrid delivery approach whereby the SIIP Hub delivers capacity building and gender, social and disability inclusion interventions, and infrastructure is delivered separately.

Revised governance and decision-making arrangements will be implemented regardless of the agreed modality. The new arrangements will also enable greater visibility and input from the relevant SIG Ministers.

More detailed responses to each recommendation are included in the table below:

Mid Term Review Recommendations and DFAT responses

Recommendation	DFAT Response
<p>1. It is recommended that DFAT considers the set of strategic medium-term options presented in the report and initiates a conversation with the Solomon Islands Government in the coming months to redefine the strategic focus of SIIP</p>	<p>DFAT accepts Recommendation 1.</p> <p>DFAT has commenced internal discussions on suitable options to redefine the strategic focus of SIIP.</p> <p>An internal options paper will be presented to Honiara Post's senior leadership in Q3 2024 (see Recommendation 2). DFAT needs to re-define SIIP's strategic focus to achieve the program's EOPOs, while maintaining alignment with Australian and Solomon Islands Governments' development and strategic priorities, in a manner that is informed by available modalities, in-country conditions, local industry capacities and budgetary limits.</p> <p>DFAT will initiate discussions with the Solomon Islands Government once the internal options paper is agreed.</p>
<p>2. It is recommended that as a result of redefining the strategic focus of SIIP, decisions are to be made by DFAT as to the best suited delivery model for the program.</p>	<p>DFAT accepts Recommendation 2.</p> <p>DFAT is in the process of determining the most appropriate modality for future delivery of SIIP, as part of the discussions related to Recommendation 1. An options paper will be presented to Honiara Post's senior leadership in Q3 2024. Options that will be considered include:</p> <ul style="list-style-type: none"> - continuation of the current program, with changes to strengthen delivery - discontinuation of SIIP in favour of a different, infrastructure delivery-focused modality - a hybrid delivery approach whereby the SIIP Hub delivers capacity building and gender, social and disability inclusion interventions, and infrastructure is delivered separately.
<p>3. It is recommended that DFAT considers the findings presented and arranges a conversation with senior DT Global representatives to discuss a proportionate approach to risk.</p>	<p>DFAT accepts Recommendation 3.</p> <p>Discussions with DT Global commenced prior to finalisation of this MTR, and steps to address the issue are being taken (see response to Recommendation 4).</p>
<p>4. It is recommended that DFAT requests DT Global to present an options paper on risk for DFAT's institutional level consideration.</p>	<p>DFAT accepts Recommendation 4.</p> <p>Implementation has commenced. The SIIP Hub has presented an options paper, which presented a</p>

Recommendation	DFAT Response
	range of strategies to ensure a more proportionate approach to managing risk. The SIIP Hub and DFAT are in the process of implementing these strategies. Honiara post will initiate discussions with DFAT Canberra to consider ways of improving practices and approaches to risk management in DFAT
5. It is recommended that planning for SIIP Phase 2 begins in the second quarter of 2024.	DFAT accepts Recommendation 5. Planning for SIIP Phase 2 commenced with the commissioning of this MTR. MTR recommendations, responses and other lessons-learned will continue to inform SIIP Phase 2 planning.
6. It is recommended that DFAT explores options with SIG for improving the efficiency and effectiveness of the Steering Committee in decision making and communication with other line ministries.	DFAT accepts Recommendation 6. Revised arrangements to improve the efficiency and effectiveness of SIIP governance are being considered. The new arrangements will also enable greater visibility and input from the relevant Solomon Island Ministers.
7. It is recommended that SIIP explores options to provide more on-the-job training, certification, and engagement with specialist providers.	DFAT accepts Recommendation 7. DFAT is already utilising other Australian development programs, partnerships and institutions to enable certification and engagement opportunities (such as collaboration with the Australia Pacific Training Coalition for construction certifications). To complement SIIP's existing capacity building efforts, DFAT is working with local industry and SIG to provide on on-the-job training opportunities for industry, such as job placements on Australia-funded projects, and training opportunities for SIG personnel (including in Australia).
8. It is recommended that SIIP reports on the program's overarching progress, outputs, challenges, and lessons that takes into account both SIIP Hub and non-SIIP Hub activities.	DFAT accepts Recommendation 8. DFAT has commenced discussions with the SIIP Hub on the SIIP Hub providing centralised reporting on all of Australia's infrastructure activities, namely, projects delivered 'on system' through SIG or in partnership with other countries such as New Zealand.
9. It is recommended that DFAT prioritises managing short-term financing pressures, through building a consensus with the new	DFAT accepts Recommendation 9. Australia engaged with SIG early in the new Government's term to inform key Ministers about Australia's broad infrastructure support, including



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Solomon Islands Government to avoid risks of SIIP further falling short of expectations.	SIIP. The recommendation will be further implemented as part of DFAT's conversations with the SIG on the strategic focus and future of SIIP (Recommendation 1).
10. It is recommended that SIIP Hub prepare a Value for Money (VfM) Framework using DFAT's existing VfM criteria to inform their decision-making.	DFAT accepts Recommendation 10. The SIIP Hub has delivered a first draft VfM Framework and is working with DFAT to refine it. The framework is intended to guide SIIP decision making on infrastructure investments, and provide improved consideration of the type of projects, costs and methods of procurement. It will provide improved processes (from tasking to project proposal) and more robust assessments of delivery options.