



Australian Government

Department of Foreign Affairs and Trade



AID PROGRAM PERFORMANCE REPORT 2015-16

Solomon Islands

September 2016



KEY MESSAGES

This Aid Program Performance Report is the first assessment of performance against the Australian Aid Investment Plan (AIP) for Solomon Islands approved by Minister for Foreign Affairs Julie Bishop on 30 September 2015. In 2015-16, Australia's aid program demonstrated overall strong performance against the three AIP outcome areas of: supporting stability; enabling economic growth and enhancing human development in Solomon Islands.

Our leadership and support to the 15-country Regional Assistance Mission to Solomon Islands (RAMSI) continued to underpin long-term stability and development in Solomon Islands through capacity development and infrastructure support to the Royal Solomon Islands Police Force (RSIPF). The forthcoming conclusion of the RAMSI mission in June 2017 signals a significant transition for Solomon Islands. Demonstrating **Australia's long-term commitment to a peaceful and stable Solomon Islands**, planning began in earnest for the next phase of Australia's development assistance. This includes developing a coherent suite of governance, justice and policing assistance to be delivered bilaterally from 1 July 2017.

Australia maintained foundational support for **stability** in Solomon Islands, working towards a functioning, economically stable state and a secure environment. Australia supported stronger Solomon Islands Government service delivery, and promoted macroeconomic stability through consolidation of public sector and public financial management reforms. Australia's support to Solomon Islands' courts and other justice agencies helped continue to maintain law and order; and provide increased access to justice.

In 2015-16, the program continued a gradual adjustment towards a greater focus on promoting **economic growth** in Solomon Islands. Supporting a more attractive enabling environment for business, Australia began a major new phase of investment in transport infrastructure, commenced rollout of the Skills for Economic Growth program and played a critical convening role to support the private sector. Australia continued to help more men and women earn cash-based incomes through rural development, women's economic empowerment and targeted aid-for-trade investments. Whilst delayed, design of the new Solomon Islands Growth Program is on track to boost Australia's commitment to inclusive economic growth.

Australia's support for **human development** drove greater access for Solomon Islanders to quality health and education services. Our targeted use of performance-linked aid and policy dialogue helped the Solomon Islands Government to improve teacher training, literacy and numeracy and school infrastructure; and improve health service delivery, particularly at a provincial level, through improved public financial management.


The Australian aid program strengthened efforts to promote **gender equality**. Work to promote women's economic empowerment and to prevent and respond to violence against women was a particular focus. Australia supported implementation of the *Family Protection Act 2014*, a major milestone in Solomon Islands' efforts to address domestic violence. Gender equality was addressed more systematically in other sectors. Australia's work in human development included progress on including **people with disability**.

CONTEXT

Solomon Islands experienced a year of relative stability in 2015-16, allowing for consolidation of improvements in service delivery and government capacity. However ongoing fragility, and significant challenges to national development remain. Solomon Islands is one of the Pacific's poorest countries, with high costs of service delivery due to a small and geographically dispersed population.

Solomon Islands did not experience any major natural disasters in 2015-16. However the country is exposed to the impacts of climate change; and macroeconomic stability remains an ongoing challenge. In 2015, the economy grew at around 3 per cent. With a population growth rate of approximately 2.5 per cent per annum, the economy cannot currently support an improvement in overall living standards. Growth was driven by high levels of government expenditure and record increases of log exports. Agriculture and raw materials (including logging) accounted for 69 per cent of exports, leaving the narrow-based economy vulnerable to shocks.





Macroeconomic fundamentals remain sound - debt levels remained at an enviable 8 per cent of GDP, enabling Solomon Islands to borrow for emerging opportunities for productive investment. However the Government ended the 2015 fiscal year with a deficit of \$172 million, reversing the surplus recorded in 2014. Driving this negative outturn was high expenditure relative to revenue collections across the year¹ leading to a deterioration in cash reserves. Solomon Islands was ranked 112 out of 189 on the World Bank's Doing Business Index in 2016² – remaining a demanding place to do business.

Inclusive growth remains a challenge for Solomon Islands. Nearly 80 per cent of the population lives in rural areas, dependent on a combination of subsistence farming and informal employment for livelihoods³. Only 21 per cent of adults are employed in the formal sector, and of those, 38 per cent are public servants⁴. Men are more than twice as likely as women to work in the formal sector.

By the end of the Millennium Development Goals reporting period, Solomon Islands had not achieved any of the MDGs.⁵ While literacy and numeracy among the school-aged population is increasing, only one in five adults in Solomon Islands is literate. Solomon Islands is making progress towards universal primary education, but secondary school participation levels remain low. There is increasing demand for senior high school places, high demand for tertiary scholarships and a need for improved technical and vocational courses.

The past decade has seen some significant progress in population health: maternal mortality has reduced by two thirds, child mortality has reduced by half and malaria incidence has declined by 75 per cent. However, many challenges remain. Children are still dying from preventable diseases such as diarrhoea and pneumonia. The coverage of essential medicine vaccines is not universal, and access to water (54 per cent in rural areas; 80 per cent Honiara) and sanitation (13 per cent in rural areas) remains below the regional average.

Gender inequality remains a significant challenge for Solomon Islands, manifested in high rates of violence against women, few women in leadership and constrained economic opportunities for women. Almost two thirds of ever-partnered women in Solomon Islands have experienced violence by a partner⁶. Improving gender equality in Solomon Islands will take a sustained effort over many decades.

Australia continued to enjoy a strong relationship with Solomon Islands Government in 2015-16. Whilst Solomon Islands is now 13 years post-conflict, Australia's engagement remains necessarily deep and broad, drawing upon our experience and partnerships across a range of sectors to help promote and support development. The year saw evidence of a maturing in the relationship, with examples of greater Solomon Islands Government ownership on selected policy issues.

Australia's aid program in Solomon Islands focuses on three strategic outcome areas:

1. Supporting stability - whereby Solomon Islanders increasingly benefit from a functioning, economically stable state and a secure environment;
2. Enabling economic growth - whereby Solomon Islands' enabling environment is more attractive to business; and more men and women can earn a cash income; and
3. Enhancing human development - whereby Solomon Islanders have increasing access to quality health and education services.

¹ Central Bank of Solomon Islands Central Bank of Solomon Islands, Quarterly Economic Review, December 2015. <http://www.cbsi.com.sb/publications/quarterly-reviews>.


² <http://www.doingbusiness.org/data/exploreeconomies/solomon-islands>.

³ Solomon Islands census, 2009.

⁴ Household Income and Expenditure Survey, 2015.

⁵ PIFS, MDG Progress Reports - Asia and the Pacific, 2015, 86-9.

⁶ Family Health and Safety Study: A study on violence against women and children 2009 Secretariat of the Pacific Community.



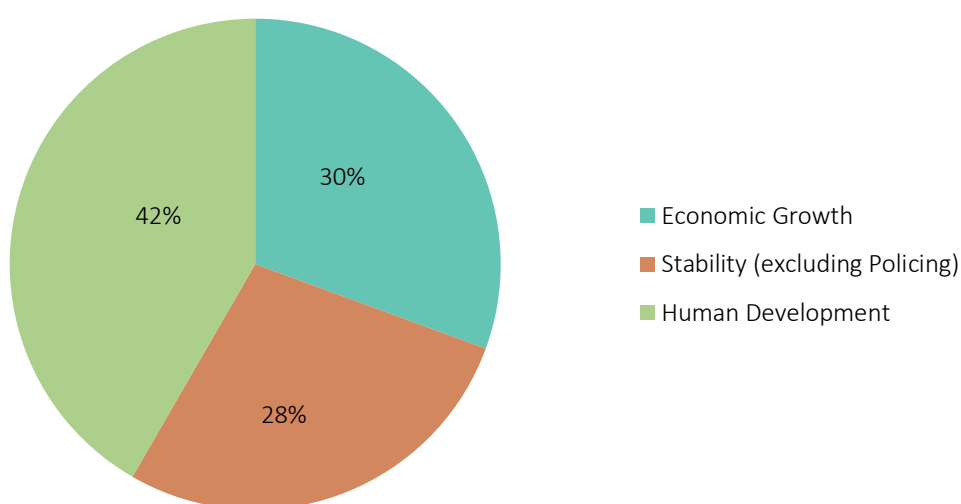
EXPENDITURE

Australia remains Solomon Islands' largest donor, providing almost three-quarters of Solomon Islands' aid⁷; equivalent to almost 11 per cent of Solomon Islands' GDP⁸; and equivalent to more than 25 per cent of Solomon Islands Government's budget. In 2015, approximately 26 per cent of Australia's development assistance to the Solomon Islands was paid through Solomon Islands Government systems. In 2015-16, Australia's official development assistance to Solomon Islands was \$170.2 million, across the three AIP outcome areas. Approximately \$91.1 million was expended through the bilateral program; \$53.9 million through RAMSI; \$16.6 million through regional programs; \$7.7 million through global programs; and \$0.9 million through other government departments.

Table 1 Total ODA Expenditure in FY 2015-16

Objective	A\$ million	% of total ODA
Bilateral		
Supporting stability	\$25.2	14.8%
Enabling economic growth	\$27.9	16.4%
Enhancing human development	\$38.0	22.3%
Sub-Total Bilateral	\$91.1	53%
Regional and Global	\$24.3	14.2%
Other Government Departments (includes \$53.9m RAMSI policing)	\$54.8	32.2%
Total ODA Expenditure	\$170.2	100%

2015-16 Expenditure against AIP objectives (percentage of total ODA)



⁷ Ministry of Development Planning and aid coordination, 2016.

⁸ ADB Private Sector Development Initiative (PSDI) "Private Sector Assessment of Solomon Islands 2016". Solomon Islands GDP in calendar 2015 was approximately AUD\$1,527,000,000 using an exchange rate of A\$1.32 = US\$1. ODA assistance by Australia in 2015/2016 was AUD\$172,000,000. Therefore assistance amounted to the equivalent of 11 per cent of GDP.

PROGRESS TOWARDS OBJECTIVES

Table 2 Rating of the Program's Progress towards Australia's Aid Objectives

Objective	Previous Rating*	Current Rating
1. Supporting stability – Solomon Islanders increasingly benefit from a functioning, economically stable state and a secure environment.	N/A	Green
2A. Enabling economic growth – Solomon Islands' enabling environment is more attractive to business.	N/A	Green
2B. Enabling economic growth – More men and women can earn a cash income.	N/A	Amber
3. Enhancing human development – Solomon Islanders have increasing access to quality health and education services.	N/A	Green

Note:

■ Green. Progress is as expected at this stage of implementation and it is likely that the objective will be achieved. Standard program management practices are sufficient.

■ Amber. Progress is somewhat less than expected at this stage of implementation and restorative action will be necessary if the objective is to be achieved. Close performance monitoring is recommended.

■ Red. Progress is significantly less than expected at this stage of implementation and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required.

*Note: this is the first year of these objectives under the Aid Investment Plan. The 2014-15 APPR reported on Partnership for Development outcomes.


OBJECTIVE 1 – SUPPORTING STABILITY

Progress against this objective is rated green, as Solomon Islands remains economically stable and free from large-scale conflict, and in 2015-16 made further progress in its capacity to undertake core state functions. Notably, this was achieved in the context of reductions in the numbers of long-term technical advisory positions. Australia's support to this objective included the Economic and Public Sector Governance Program (SIGOV), Solomon Islands Justice Program (SIJP), Solomon Islands Democratic Governance program, our disaster risk response efforts and Australia's contribution to RAMSI.

Australia continued to support implementation of the drawdown of **RAMSI** throughout 2015-16. RAMSI will conclude on 30 June 2017, when a new bilateral policing capacity development program will commence in conjunction with new governance and law and justice programs. RAMSI's conclusion is recognition of the RSIPF's capability to independently provide law, order and security for Solomon Islands, making it time to 'normalise' assistance to the policing sector.

In 2016, the Solomon Islands Government significantly increased the funding for the RSIPF in the national budget and has signalled further increases in 2017. This budget increase was informed by a report into the cost of policing services in Solomon Islands commissioned by RAMSI. In line with RSIPF priorities, RAMSI supported the development of a Crime Prevention Strategy and a RSIPF Capability Plan in 2015-16. These strategic reports, alongside the budget increase, will ensure that policing services are sustainable and suitable to the Solomon Islands context following the conclusion of RAMSI. The crucial RSIPF limited rearmament project will also be implemented and monitored ahead of RAMSI's conclusion. Whilst improvements have been made in 2015-16, some policing capabilities, including the RSIPF's corporate support functions, continue to be areas of weakness, hampering the effective delivery of policing services.

Solomon Islands made some important **macroeconomic stability** gains in 2015-16, including obtaining its first sovereign credit rating and repaying all of its long-term domestic debts. Australia contributed to completing revenue estimates for 2016, and strengthening Solomon Islands Government's auditing and fraud control systems. Six audits of Solomon Islands Government ministries undertaken by the Ministry of Finance and Treasury's (MoFT) Internal Audit Unit identified potential savings of SBD32 million in 2015.



SIGOV supports the Solomon Islands Government to more **effectively plan and spend its own funds**, and plays an important role in enabling Australia's other sector programs to use Solomon Islands Government systems, leading to better service delivery. A revised Assessment of National Systems was undertaken in 2015-16, to inform Australia on the risks and mitigation measures for use of Solomon Islands Government systems. The report recommended DFAT continue to use partner government systems, on the basis that use of partner government systems has demonstrated development outcomes; and fiduciary risks are manageable with controls. Levels of **transparency and accountability in the Budget process were maintained**, with the 2015 Budget outcome statement completed and reports of the Public Accounts Committee inquiry into the Budget publicly available.

The new **MoFT building**, co-funded by Australia, was completed in 2015-16. Ministry employees have reported improvements to Ministry productivity, transparency, safety and access for people with disability. Australia continued to support the Solomon Islands Government to roll out **information technology systems** that will strengthen financial and human resource management. A recent public sector satisfaction survey found that 51 per cent of residents and 44 per cent of businesses indicated there was an improvement in the use of IT systems to improve processes over the last 18 months.⁹

Support under SIGOV continues to pursue **gender equality** within the Solomon Islands Public Service – gender indicators remain a key feature in the performance agreements of Permanent Secretaries; gender-disaggregated data by employment level is now being collected and a gender focal point network operates across the Ministries. Further work is required to convert opportunistic approaches to become systematic.

The **justice** sector continued on a positive trajectory of maintaining service delivery with less reliance on external technical assistance. Despite a reduction in Australian-funded advisers (from 20 in July 2015 to 15 by June 2016), 73 per cent of public stakeholders surveyed in late 2015 perceived justice sector agencies to have improved service delivery since July 2014¹⁰ – the highest across any sector. Rollout of the Justice Information Management System continued, showing considerable potential to improve access to data, streamline workflow, and increase coordination. Critical capacity gaps remain, and Australia continues to fund a number of key in-line roles. While services across justice agencies were generally maintained, and in some instances improved, case disposals in the Magistrates Court were slightly lower than in 2014-15. More importantly, the case disposal rate lags behind the number of cases filed – leading to an increasing backlog of cases.


The **Family Protection Act 2014** came into effect in April 2016, explicitly criminalising domestic violence in Solomon Islands for the first time. In 2015-16, SIIP advisers trained local court justices and provided information sessions for magistrates on the Act. Australia worked across its gender equality, justice and health programs to help Solomon Islands Government progress implementation of the Act. Given the short time since the Act was gazetted it is too soon to report on number of charges laid under this new legislation.

Support for **free and fair elections** remains a key pillar of Australia's assistance for stability in Solomon Islands. Australia's assistance to the Solomon Islands Electoral Commission continued in 2015-16, in partnership with UNDP and the European Union. Australia supported the Commission's substantial reform agenda, with good progress being made including parliamentary consideration of a white paper on alternate electoral systems and preparatory analysis for the development of new electoral legislation.

On **disaster risk response**, Australia played an active role helping Solomon Islands Government to consider how best to respond to disasters. In 2015-16, Australia started programs working to strengthen the National Disaster Management Office and enable Solomon Islands Government to mitigate existing hazards better.

⁹ Solomon Islands Public Service Commission, Solomon Islands Public Sector Satisfaction Survey 2016. <http://espace.library.uq.edu.au/view/UQ:376530>

¹⁰ Solomon Islands Public Service Commission, Solomon Islands Public Sector Satisfaction Survey 2016. <http://espace.library.uq.edu.au/view/UQ:376530>





OBJECTIVE 2A – A MORE ATTRACTIVE ENVIRONMENT FOR BUSINESS

In 2015-16, Australia's progress towards a greater focus on investments that directly facilitate economic growth and enable wealth creation is on track, and rated green. The operating environment for Australian support for economic growth in Solomon Islands was challenging in 2015-16 – there was increasingly rapid expenditure of cash reserves on consumption rather than productive investments; and progress stalled in the Core Economic Working Group, the key vehicle for Government and donor partner policy dialogue on economic reform. Despite these challenges, Australian investments supporting skills development, growth related infrastructure and utilities remained sound. Australia has successfully supported the country's capacity to plan, build and maintain infrastructure; and the environment for private sector dialogue with the Government has improved.

In a challenging, complex context, Australia made strong progress in assisting the Solomon Islands Government to **plan, develop and maintain infrastructure**. Through Australian contributions to Solomon Islands Government's National Transport Fund and associated technical assistance, Solomon Islands Government had 887 km of roads and 32 wharves under routine maintenance by June 2016 (up from 643 km and 15 wharves in the previous year). By outsourcing civil works, this transport program also created new opportunities for the local private sector and employment for men and women. For example, in 2015, roadworks generated 11,923 person months of employment, of which 60 per cent was taken up by women (up from 52 per cent in 2014).


In 2015-16, Australia worked closely with the Solomon Islands Government and the Asian Development Bank to agree upon the design of a new \$42 million phase of Australian support to the transport sector through a joint partnership. This approach ensures the ongoing operation of the National Transport Fund as an effective, efficient and accountable mechanism for delivering large, multi-year investments in maintaining and improving transport infrastructure.

In 2015-16, Australia's total **aid for trade** scaled up significantly, reaching 19 per cent of our total bilateral investments (up from 12 per cent in 2014-15). This was realised through increased support for improvements to infrastructure, extension of value chains and rural business development. Greater trade facilitation took place through support for customs, quarantine, biosecurity, agricultural market access and economic governance. Australia's support to Solomon Islands Customs, through technical assistance and the introduction of a new customs automation system, helped facilitate over AUD\$44 million in exports and led to efficiencies in clearance processes for goods. Australia also used advocacy and policy dialogue to increase Solomon Islands' participation in international trade through agreements such as PACER Plus and the WTO Agreement on Trade Facilitation.

In 2015-16, Australia continued to assist and advocate for Solomon Islands to strengthen its **macroeconomic environment**, including by supporting constructive engagement with the International Monetary Fund, developing a credible economic forecasting capacity, support for the adoption of a minerals tax and embedding state-owned enterprise reforms. June 2016 saw the departure of the remaining Australian Treasury and Department of Finance officials from their deployments in Solomon Islands' Ministry of Finance and Treasury, with one Australian Government official from the Australian Office of Financial Management remaining. Following this departure, Australia agreed to transition to a new phase of funding to provide ongoing advisory support on economic policy to the Solomon Islands Government.

In 2015-16, Australia launched the new \$16 million **Skills for Economic Growth Program**. The program aims to support businesses through growing Solomon Islands' national workforce and enhancing labour productivity in areas of high labour market demand, including for women and girls. Work began to strengthen Solomon Islands' national skills training and tertiary education system. Innovative training delivery partnerships were established with Solomon Islands' largest private employers and training providers. The program supported a Labour Market Demand Survey. In 2015-16, Australia supported training for more than 700 Solomon Islands women to build their business and income-generating skills through the Australia-Pacific Technical College, Youth@Work Program and the Solomon Islands Women in Business Association's (SIWIBA) Business





Development Centre. Australia also supported Youth@Work Plus to improve the employability and income generation skills of 17 young unemployed people with disability.

Australian aid helped improve the cost and reliability of **utilities** in Solomon Islands. Australia's support to **Solomon Water** saw average daily water supply in Honiara reach 22 hours (up from 20 in 2014 and only 8 in 2011). Compliance with WHO water quality standards increased to 96 per cent (from 94 per cent in 2014 and below 50 per cent in 2011).

Australian efforts to catalyse large new investment in Solomon Islands made progress, as the Solomon Islands Government, with extended Australian-funded technical assistance, signed an exclusive development agreement with a private developer for the **Tina River Hydropower Development Project**. This project has the potential to significantly improve the reliability and affordability of electricity for Honiara and reduce Solomon Islands' dependence on diesel-based energy production.

Completion of design for the **Solomon Islands Growth Program** was modestly delayed in 2015-16, but is well progressed. Complementing Australia's existing portfolio of programs to support economic growth, this assistance is expected to provide: additional funding for projects that address constraints to business development or catalyse other investments; support for economic reform; and assistance in selected markets (initially cocoa, coconut and tourism) for market development and women's participation in the economy.

Australia boosted support for **private sector development** in 2015-16, investing in targeted policy dialogue and strengthening support to local organisations to build local leadership and advocacy capacity. For example, continued assistance was provided to SIWIBA; and funding to underpin key business-to-government liaison was provided to the Solomon Islands Chamber of Commerce and Industry (SICCI). This assistance was complemented by a visit to Honiara by the Australian Indigenous Chamber of Commerce Chair Warren Mundine in November 2015 to establish a new avenue of networking and support for SICCI.

OBJECTIVE 2B – MORE MEN AND WOMEN CAN EARN A CASH INCOME


The amber rating for performance against this objective reflects an assessment that further Australian investment in market development is required to expand entrepreneurship and employment. Existing programs providing income earning skills and financial literacy have demonstrated sound performance. External market access for Solomon Islands products in international markets has been promoted and maintained.

Through the World Bank's Rural Development Program (RDP), Australia provided assistance to **increase agricultural productivity and employment** in Solomon Islands. Progress was slower than anticipated, but scoping (with consultations including almost 50 per cent women) helped prioritise community infrastructure projects in each ward. The first of 18 new agricultural public-private partnerships (PPPs) to optimise growth and trade opportunities was signed in June 2016. Work began on a gender action plan to address Australia's concerns that gender equality issues were not systematically addressed in the program.

To further support employment opportunities in rural areas, Australia continued to support **maintenance and expansion of market access** for Solomon Islands' agriculture sector, including through the Pacific Horticultural and Agricultural Market Access Program. Australian assistance helped secure continued market access to the European Union for tuna from Solomon Islands, and a better shared understanding was developed of opportunities for greater gender equality in value chains.

Recognising its potential for inclusive growth, Australia also increased engagement in the **tourism** sector. Australia assisted development of an evidence base (through for example, an International Finance Corporation study); and invested in policy dialogue between Solomon Islands Government and the private sector to demonstrate the economic benefits of cruise tourism. This approach supported Carnival Australia's expansion of cruise ship operations into Solomon Islands (from one visit in 2014-15 to five in 2015-16).





2015-16 saw an increase in the number of Solomon Islanders participating in Australia's **Seasonal Worker Program** (61 in 2015-16, up from 21 the previous year). However systemic challenges remain to Solomon Islands' increased participation. In 2015-16, Australia provided support for pre-departure briefing for workers travelling to Australia and developed a clear approach with Solomon Islands Government for building stronger worker recruitment, selection and preparation processes.

Australia encouraged businesses in Solomon Islands to take a more proactive approach to **women's economic empowerment**. Most notably, Australia finalised the design of a new four-year, \$2.3 million program with the International Finance Corporation (IFC) to work directly with major private employers, commencing with SolTuna, to address the barriers to women's participation in the workplace.

OBJECTIVE 3 – ENHANCING HUMAN DEVELOPMENT

Progress against this objective is rated green for 2015-16. Australia's investments in human development in Solomon Islands aim to ensure more men, women, girls and boys increase their access to quality health and education services. Australia's use of direct budget support in health and education through partner systems, performance linked aid, technical assistance and policy dialogue is supporting the Solomon Islands Government to strengthen its service delivery systems sustainably. 2015-16 saw strong performance in education on literacy and numeracy, teacher training and infrastructure development, and in health, where the number of deaths of infants and children under five years decreased, the availability of essential medicine at the rural health clinic level improved, and the incidence rate of malaria decreased.


Australian assistance for **education** in Solomon Islands targeted basic education, skills for economic growth and tertiary scholarships. Given the high cost of delivering services to remote and geographically dispersed communities, improving education services remains a challenge for government, donors, provincial and church education authorities and school communities. There is evidence of gradual improvement, but the system remains vulnerable.


Australia's funding for basic education in Solomon Islands aims to ensure more children complete basic education and achieve improved literacy and numeracy. Australia works in partnership with the Solomon Islands and New Zealand Governments, providing budget support to the government towards the goals of Solomon Islands' National Education Action Plan. In 2015-16, **the program used incentives and mutually agreed performance benchmarks to drive performance**, particularly in the areas of access, quality and management. Australia's policy advocacy remained focused on improving quality of expenditure by the Solomon Islands Government to achieve mutually agreed program goals in areas of student literacy and numeracy, teacher training, school-leadership development, school grants management and management systems for Solomon Islands Government's tertiary scholarships.

Improved **public procurement and distribution** systems have led to increased access to education. 225 classrooms have been built or upgraded in 130 schools, and 106,000 new textbooks are available across the country. These infrastructure enhancements are leading to **increased equity for girls**, as places continue to expand in higher grades. In 2015, more girls than ever before (5,500) started Junior Secondary School (Form 1 (Year 7)). This is the beginning of a new period in Solomon Islands when access to Junior High School is not limited by the number of available places.

Eighty per cent of **teachers are now trained**, increasing from 50 per cent since Australia began investment in the sector in 2012, and exceeding the joint target of 70 per cent for 2015-16. In 2015, Solomon Islands doubled its school grants, with Solomon Islands Government, New Zealand and Australian funding for school grants helping 155,000 primary school students access fee-free education.

Learning outcomes are improving. Results from the 2015 Solomon Islands Standardised Tests of Achievement (SISTA) showed that 75.6 per cent of Year 4 students were performing at expected literacy levels and 76.3 per cent at expected numeracy levels. While this exceeded the performance benchmark of 66.4 per cent, only 40 per cent of Education Authorities are undertaking planned literacy activities (an agreed performance benchmark) across their schools. This may constrain future improvements to classroom instruction if not addressed.





Recognising that high costs and poor performance of Solomon Islands Government's tertiary scholarships program continue to pose a risk to funding for basic education, we assisted the Ministry of Education and Human Resource Development to develop its Scholarship Information Management System and its Tertiary Scholarships Policy and Procedures. We bolstered advocacy for greater alignment of scholarship spending with labour market demand through support for a Labour Market Demand Survey.

Separately, Australia provided 30 long-term **Australia Awards** tertiary scholarships to Solomon Islanders in 2015, half being awarded to women despite fewer women applying than men. Seven women commenced study in traditionally male dominated fields of law, information technology and business systems.

Australia remains the largest donor in the Solomon Islands' **health** sector. In 2015-16, Australia provided assistance for health systems strengthening; as well as direct support for specific health interventions.

Australia focused a significant part of its efforts towards **strengthening health systems** through policy dialogue, technical assistance and performance linked aid. This work resulted in improvements in financial management and annual operational planning, particularly at a provincial level. Improvements in the District Health Information System included integration of data on malaria, Rural Water, Sanitation and Hygiene (RWASH) and the status of health facilities to improve planning, monitoring and evaluation. Decentralisation of malaria program operations to the provinces contributed to efficiency gains.


Progress was slower than expected in the areas of human resource management and procurement. This will be a major focus of the next four-year phase of the Health Sector Support Program (HSSP3). Design for this work was completed in 2015-16, supporting the MHMS implement its new National Health Strategic Plan (2016 – 2020) and prioritising primary and preventive health care, with a stronger emphasis on lagging conditions, emerging non-communicable diseases, and an increased focus on health system strengthening.


Australia's investments are **supporting interventions in health care**, including immunisations, family planning, rural water and sanitation, safe baby deliveries and malaria and tuberculosis prevention. In 2015-16, many national health indicators showed steady improvement or remained stable. There was a decrease in the number deaths of infants and children under five years compared to 2014 despite a rotavirus outbreak in December 2015. The availability of essential medicine at the rural health clinic level continued to improve to 74 per cent from 73 per cent in 2014, exceeding the performance benchmark of 64 per cent. Reduction in malaria was on track with the incidence rate at 40 cases per 1000 people. This was up from 30 cases per 1,000 in 2014, however is still on a downward trend in the medium term. A distribution of 430,000 bed nets in May 2016 is expected to bring down the malaria incidence even further. Skilled birth attendant rates remained stable at 89 per cent. The number of maternal deaths increased slightly compared to 2014 (with 24 recorded maternal deaths in 2015 compared to 17 deaths in 2014) but this is likely due to improved reporting of deaths from the National Referral Hospital which handles the majority of high risk births.

Contraceptive consultations improved by nine per cent nationally compared to the previous year, significant in a context of low contraception prevalence (at 27 per cent) and a high population growth rate (around 2.5 per cent). Australia supported an expansion of the Jadelle Implant Contraceptive Pilot; as well as continuation of the first phase of the Human Papillomavirus Vaccine rollout, vaccinating a further 812 girls in Honiara. For the first time, improved health sector responsiveness to **gender based violence** was identified as a key result area in Solomon Islands Government's new National Health Strategic Plan (2016-2020).

Disability-inclusive design principles were incorporated into the Ministry of Health and Medical Services' (MHMS) Rural Water and Sanitation Guidelines and into the designs for new health clinics and hospitals. Australia also provided funding under our direct budget support to the Community Based Rehabilitation Division of MHMS to improve services for people living with disability.

Australia supported a new approach to **RWASH** in Solomon Islands – Community Led Total Sanitation (CLTS) - a non-subsidised, demand-driven approach to community sanitation and hygiene projects. This resulted in 220 additional households using an improved toilet and 168 additional households having a place to wash hands with soap and water. Planning in the RWASH sector is being improved with the assistance of a national baseline survey.





To tackle **malnutrition and anaemia** in women and children, Australia helped broker a public-private partnership with Solomon Islands Government, industry, donor partners and technical experts to begin fortification of wheat flour with six essential vitamins and minerals in July 2015. With a 95% share in the Solomon Islands market, Delite Flour Mill has been selling its fortified wheat flour in-country since July.

GENDER EQUALITY

Progressing gender equality in Solomon Islands is a long-term goal, and substantive change will be generational. However, there is evidence of progress in 2015-16. Dedicated investments were funded through the Gender Equality Program; and the program demonstrated a deeper commitment to achieving gender equality through existing sectoral programs. Additional funds for gender equality outcomes were provided through regional mechanisms.

The strategic focus remained firmly on ending violence against women, and women's economic empowerment. Foundational work was also undertaken to promote women's leadership and decision-making. Interventions were prioritised to focus on those that are most effective and appropriate for the Solomon Islands context, whilst working closely with Solomon Islands Government and development partners.

Honiara Post formed a **Gender Equality Working Group** in late 2015 to strengthen oversight of Australian aid investments in gender equality. Importantly, the Group also aligns our aid investments in gender equality and other work in foreign policy and strategy, trade, defence cooperation and corporate management.

With Australian assistance, the protective environment for survivors of **gender-based violence** improved. Beyond enactment of the *Family Protection Act*, Australia also helped provide lifesaving support for 491 survivors of violence under the Solomon Islands Government's 'SafeNet'. Australian assistance also worked to change attitudes to gender-based violence through the existing Channels of Hope program and the launch of two new programs – Red Cardim Vaelens and Youth, Alcohol and Violence Reduction – that mobilise men and youth respectively.


Advances continue in **women's economic empowerment**. Australia supported the development of the Ministry of Women, Youth, Children and Family Affairs' (MWYCFA) National Strategy on the Economic Status of Women and Girls through the provision of technical assistance. Regional programs with a large Solomon Islands focus also continue to advance women's economic empowerment, such as UN Women's Markets for Change Program, the Pacific Financial Inclusion Program and the ADB's Business Investment Facility.

Modest progress was made in 2015-16 on **women's leadership and decision-making**. Australia supported development of an affirmative action strategy by the MWYCFA to foster improved representation by women in leadership positions. Initial planning for a Scoping Study on Women's Leadership and Decision-making will inform a strategic approach to future investments in this area.

PERFORMANCE BENCHMARKS

Following Ministerial approval for the AIP for Solomon Islands in September 2015, eight performance benchmarks were adopted to measure Australia's aid program for Solomon Islands. These benchmarks cover our work in health, education, law and justice and policing as well as women's economic empowerment, transport infrastructure and private sector investment.

In 2015-16, Australia fully achieved performance benchmarks in the health, education and transport sectors; and partly benchmarks in law and justice (due to lower levels of training in line with RAMSI drawdown) and women's economic empowerment (as the skills program commenced halfway through the reporting period). Stalling of the Core Economic Working Group meant that this benchmark was not achieved. Going forward, some adjustments to performance benchmarks have been made to reflect program performance and changes in context (*see Annex A for progress on performance benchmarks in 2015-16*).



Performance Benchmarks 2015-16 to 2018-19

Aid objective	2015-16	2016-17	2017-18	2018-19
Stability				
<i>Number of police and other law and justice officials trained</i>	1700	1600	800#	800#
<i>Courts and justice agencies are better able to deliver their core functions</i>	550 cases heard and disposed of in the Magistrates Court	600 cases heard and disposed of in the Magistrates Court	650 cases heard and disposed of in the Magistrates Court	650 cases heard and disposed of in the Magistrates Court
Economic Growth				
<i>Women able to gain business or income-generating skills ~</i>	2,200 women are trained in business or income-generating skills	1,000 women are trained in business or income-generating skills	1,000 women are trained in business or income-generating skills	1,000 women are trained in business or income-generating skills
<i>Improved transport infrastructure to support increased economic activity</i>	600km of roads rehabilitated or maintained	700km of roads rehabilitated or maintained	750km of roads rehabilitated or maintained	800km of roads rehabilitated or maintained
<i>Improved environment for private sector investment, economic growth and trade</i>	50% of Core Economic Working Group Economic and Financial Reform Program actions achieved for 2015-16	50% of Core Economic Working Group Economic and Financial Reform Program actions achieved for 2016-17	50% of Core Economic Working Group Economic and Financial Reform Program actions achieved for 2017-18	50% of Core Economic Working Group Economic and Financial Reform Program actions achieved for 2018-19
Human Development				
<i>Improved functioning of health system ^</i>	Availability of critical and essential medicines (includes contraceptives) at the rural clinic level to 61 per cent	Availability of critical and essential medicines (includes contraceptives) at Second Level Medical Stores (provincial level) is 90%	Availability of critical and essential medicines (includes contraceptives) at Second Level Medical Stores (provincial level) is 92%	Availability of critical and essential medicines (includes contraceptives) at Second Level Medical Stores (provincial level) is 94%
<i>Year 4 literacy and numeracy rates – SISTA</i>	66.4%	Progress toward SIG's 2020 target of 85%, from 75.6%**	Progress toward SIG's 2020 target of 85%, from 75.6% **	Progress toward SIG's 2020 target of 85%, from 75.6%**
<i>Increase in percentage of teachers trained</i>	70% of teachers trained	85% of teachers trained	90% of teachers trained	95% of teachers trained

numbers of other law and justice officials only.


**Solomon Islands Standardised Test of Achievement (SISTA) survey takes place every three years. The Solomon Islands Government has set targets for 2020 that 100% of teachers will be trained and that 85% of year 4 and year 6 students achieve minimum proficiency for literacy and numeracy.

~ note this target has been *reduced* in forward years to align more closely with anticipated lower program outcomes following commencement of program implementation.

^ note these targets have been *increased and varied* in forward years to align more closely with anticipated program outcomes.

MUTUAL OBLIGATIONS

Australia and Solomon Islands have formally agreed mutual obligations in the areas of health, education, transport infrastructure and governance. In targeting priority issues such as quality of expenditure, Government ownership and evidence-based decision-making, these arrangements have been a valuable foundation for policy dialogue and addressing impediments to improving performance. Performance against these obligations was varied in 2015-16.



In **education**, the Ministry of Education and Human Resource Development (MEHRD) achieved 55 per cent of the jointly agreed targets, making progress in all areas. The Solomon Islands Government allocated 23 per cent of its 2015 recurrent budget to education, exceeding the target of 22 per cent. While improvements in expenditure quality, teacher training and student learning outcomes were realised, substantial overspends on tertiary scholarships and low retirement rates of school grants meant some targets were only partially attained.

Australia ties 20 per cent of direct funding to the **health** sector to the achievement of jointly agreed milestones in health service delivery and implementation of health system reforms. In 2015-16, the Ministry of Health and Medical Services achieved 63 per cent of the jointly agreed performance milestones. Performance-linked aid motivated the Solomon Islands Government to allocate 12 per cent of its 2015 recurrent budget to the health sector (exceeding the target of 10%); and provide 37 per cent of the recurrent health budget to the provinces. Improvements were seen in financial reporting and annual operational planning at the provincial level and in the delivery of outreach health services. Progress was slower in implementing national public financial and human resource management reforms and resolving procurement bottlenecks.

In **transport**, the Solomon Islands Government exceeded its performance target and contributed SBD58.5 million to the National Transport Fund in 2015 (exceeding the target of SBD40 million).

The **Core Economic Working Group (CEWG)** was established in 2009 as a forum between the Solomon Islands Government and its donor partners to discuss and promote reforms around public financial management and economic growth. Momentum under the CEWG stalled in 2015-16 and a performance matrix was not agreed, preventing Australia from paying a performance bonus to the Solomon Islands Government. Australia remains committed to the CEWG as the primary vehicle for policy dialogue on economic policy reform between Solomon Islands Government and its partners.


PROGRAM QUALITY AND PARTNER PERFORMANCE

Overview

Strong progress was made in 2015-16 towards a systemic approach to monitoring and evaluating Australian aid in Solomon Islands. A whole of program Performance Assessment Framework was finalised and a first assessment of performance against the framework undertaken. However variations between programs exist in the quality of reporting on progress against outcomes and demonstrated results.

The number of aid program investments reduced from 29 to 27 in 2015-16. Resisting program proliferation will be a challenge in a context where Australia is the largest donor. The bilateral ODA allocation in 2015-16 was consistent with previous years, but DFAT's human resourcing envelope to manage the ODA allocation was reduced. Whilst it is too early to assess the impact of this rebalance on effectiveness and efficiency, new program designs in economic growth, health, justice, governance and policing have been briefed to develop more efficient and less resource-intensive approaches to aid delivery.

Major evaluations were completed on Australian programs of support in telecommunications, urbanisation, health, skills, NGOs, education and urban water. This body of work provided a valuable evidence base on performance and lessons learned on which to finalise programs (NGO support) or design subsequent phases of assistance (health, justice and transport). Evaluations are planned for transport and maritime support for 2016-17, as well as joint annual performance assessments with the Solomon Islands Government for health and education.





ANALYSIS OF AID QUALITY CHECKS (AQCS)

Aid Quality Check ratings for the Solomon Islands program in 2015-16 were generally consistent with the previous year. High relevance ratings demonstrated the program has strong alignment with the Australian Government's policy priorities as set out in the AIP and Solomon Islands' National Development Strategy; and the correct choice of modalities for implementation. In 2015-16, the Solomon Islands program did not meet the high level aid targets of 85 per cent of programs being rated 4 or above for effectiveness and efficiency. This was in part due to higher than anticipated levels of DFAT human resource investment required for the management of major programs, which we are working with partners to address. The Solomon Islands program also did not meet the global program target of 80 per cent of programs achieving gender equality ratings of 4 or above. However, analysis of this result indicates that only one ongoing program (Rural Development Program) was assessed as unsatisfactory; and several other ongoing programs demonstrated a notable improvement in commitment to promoting gender equality in 2015-16, proportionately and systematically working to promoting gender equality. An increased commitment to gender equality by partners was also noticed, reflecting DFAT's increased policy dialogue with partners in this area.

PERFORMANCE OF KEY DELIVERY PARTNERS

During the reporting period DFAT's experience working with its implementing partners in Solomon Islands was generally positive. Solomon Islands Government remains a major partner for aid delivery in Solomon Islands. In the health, education and transport sectors, Australia continued to work through Solomon Islands Government systems in order to strengthen their service delivery, accountability and ownership. Targeted technical assistance managed public financial management risks to Australian funds.

Australia continued to invest in sector wide approaches in the health and education sectors to mitigate the donor coordination and alignment overheads associated with working with several donors in those sectors.


In December 2016, Australia engaged a new managing contractor to support staff deployment and manage its technical advisors supporting implementation of the aid program. Whilst implementation is still early, this new relationship has already realised efficiency and policy coherence gains.

Australia continued to work closely with multilateral partners in to diversify risk, support broader inputs to policy dialogue, bring deeper technical expertise and leverage additional grant and concessional loan funding to Solomon Islands Government. Australia worked in partnership with multilateral donors in the elections (UNDP), health (World Bank (WB), WHO, UNFPA and UNICEF), rural development (WB), infrastructure (Asian Development Bank (ADB) and WB), gender equality (UN Women) and economic and public financial management (ADB).

Australia strengthened its focus on gaining greater strategic management and in-country oversight from multilateral partners. Australia and the ADB agreed that Australia would fund the expansion of the ADB's office in Honiara for three years. Further policy engagement with the World Bank to strengthen its strategic engagement on key issues such as infrastructure, justice and economic reform will be critical. We will continue to ensure that gender equality remains a priority for engagement with multilateral partners.

2015-16 saw the completion of the Strongim Yumi Togeta NGO cooperation program in Solomon Islands. A program completion review found that while coordination and cooperation between NGOs improved during this program, it did not demonstrate effectiveness, sustainability or value for money.

Nine Partner Performance Assessments were completed in 2015-16, with all ratings at 'good' or higher. Opportunities for improvement included a need for greater innovation and strategic focus amongst partners



RISKS

Key risks over the period of 2015-2016 and proposed mitigation strategies are outlined below.

Table 3 Management of Key Risks to Achieving Objectives

Key risks	What actions were taken to manage the risks over the past year?	What further actions will be taken to manage the risks in the coming year?	For emerging /ongoing risks provide a Risk Rating (low, medium, high, very high)
<i>Solomon Islands experiences a return to conflict</i>	Aid investments continued to support Solomon Islands Government efforts to maintain law and order, such as through the Solomon Islands Justice Program. Designs for the next phases of the governance, law and justice and policing programs commenced. Programming shifts were gradual.	Programming adjustments towards growth will continue to be gradual, with programming flexibility retained to slow this transition if required. Governance, law and justice and policing program designs will be completed in a coordinated manner to ensure coherence across the programs. Continue to monitor security situation through discussions with Solomon Islands Government and other partners, including AFP and RAMSI.	High
<i>Dynamic political context leads to changes in development priorities and loss of program momentum</i>	Policy dialogue in key sectors with Solomon Islands Government on priority setting and the budget process. Annual High Level Consultations were held in August 2015, testing alignment of Australian investments to ensure the bilateral program remains targeted and complementary to Solomon Islands Government priorities and investments.	Continue to monitor the political context closely and maintain strong communication with key Solomon Islands Government decision-makers. Formal policy dialogue through High Level Consultations, the Core Economic Working Group (where possible), and regular working-level sectoral contact will continue to take place. A new Aid Partnership Arrangement will be agreed with Solomon Islands Government.	High
<i>Australia's aid program fails to achieve its stated objectives</i>	An Aid Investment Plan for the period 2015-16 to 2018-19 was finalised, outlining a clear strategic direction for the aid program. Performance incentive mechanisms are in place across the aid program in Solomon Islands, including independent performance assessments and performance linked aid. A whole of program Performance Assessment Framework has been developed to track performance of the aid program against objectives. A program reflection workshop was held to assess progress against the AIP.	An Aid Partnership Arrangement will be developed with the Solomon Islands Government that sets out agreed priorities for the Australian aid program, mutual accountabilities for each government, and performance indicators. Recommendations from the Assessment of National Systems will be implemented. The Economic growth, governance, law and justice and policing program designs will be finalised and implemented to support the stability and economic growth objectives of the Aid Investment Plan.	Medium

A major fraud against the Australian aid program occurs

Australia continued its efforts to mitigate fiscal risk, consistent with DFAT's Fraud Control and Anti-corruption Plan and Honiara Post's Fraud Control and Anti-corruption Strategy. Dedicated human resources (including Fraud Control Officer and Procurement Adviser) ensured strong oversight of fraud control and anti-corruption measures. Fraud Control and Anti-corruption awareness training for staff and partners was delivered in June 2016. An updated Assessment of National Systems examined the adequacy of existing risk mitigation measures. Improved financial controls and compliance measures for Australian funds going through partner government systems are in place.

Dedicated human resources and existing financial controls and compliance measures will remain in place. All new programs will include strong financial controls and compliance measures that draw from and build upon past experience. The design of the new governance program will include measures to enable continued use of partner systems, to protect Australian funds. Agreed recommendations from the Assessment of National Systems will be implemented. Fraud control and anti-corruption awareness training will be delivered again in 2016-17 for staff and partners.

High

Humanitarian crisis or natural disaster affecting human and financial resources available to the program

Crisis Action Plan has been updated, outlining proposed responses to any potential disaster and including business continuity planning. Post has used expertise in Canberra including desk, HRB and the Australian Civilian Corps (ACC). Post is working with the NDMO to build their ability to manage disaster responses.

Post preparedness is routinely stepped up each cyclone season. Australian-based support and expertise from the ACC available. Responses are agreed on a case by case basis.

Post will continue to maintain budget flexibility and an ability to reprioritise when necessary. Post will also provide niche support to the NDMO when it is appropriate to do so.

High

MANAGEMENT RESPONSES

Performance was mixed in achieving management responses from the 2014-15 APPR.

With completion of the Performance Assessment Framework, a robust system is now in place to measure progress against AIP objectives and outcomes. This will support a more focussed and coherent Australian aid program in Solomon Islands. Gains have been made in driving gender equality as a priority across the aid program, and the performance management system can now gather evidence to demonstrate this. However this has not been realised to the same extent for disability inclusion. Delays were experienced in finalising the Solomon Islands-Australia Aid Partnership Arrangement and the design of the Solomon Islands Growth Program, but these are both well advanced and are on track to be completed in 2016-17. Whilst there were delays in finalising agreements for new support in the infrastructure sector, the program has adjusted effectively and outcomes are not adversely affected.

Proposed management responses for 2016-17 include:

1. Finalise the design of the new **governance, justice and policing** programs to prepare for RAMSI transition in July 2017.
2. Finalise design and commence implementation of the new **Solomon Islands Growth Program**.
3. Promote stronger engagement of government and industry in skills training through the implementation of the new **Skills for Economic Growth** program in order to work towards creating an industry led, demand driven training system in the Solomon Islands.
4. Enter a new four year funding agreement for the **health sector** that provides budget support and performance linked aid to improve the priority areas of primary health care, reform and innovation, and health systems strengthening.

- 
5. Continue to advocate with the Solomon Islands Government for the reinvigoration of the **Core Economic Working Group**.
 6. Develop and implement a coordinated approach to help increase Solomon Islands' participation in the **Seasonal Worker Program**.
 7. Integrate **climate change and resilience** considerations into program management.
 8. Continue focus on **promoting gender equality**, including through training for staff, in order to achieve the target that 80 per cent of programs achieving gender equality ratings of 4 or above in the next round of Aid Quality Checks.
 9. Ensure aid program modalities are aligned with DFAT's human resourcing envelope.
 10. Develop and finalise the Solomon Islands – Australia Aid Partnership Agreement, to reflect shared policy priorities and agreed areas of mutual accountability.
- 

ANNEX A – PROGRESS IN ADDRESSING MANAGEMENT RESPONSES

Management responses identified in 2014-15 APPR	Rating	Progress made in 2015-16
Finalise the Performance Assessment Framework of the Solomon Islands AIP to consolidate the strategic direction of the program.	Achieved	This APPR has used the baseline report of the Performance Assessment Framework to inform its assessment on progress against outcomes in 2015-16. Findings in this report will inform future program strategic and expenditure decisions.
Develop and finalise the Solomon Islands-Australia Aid Partnership Arrangement to reflect shared policy priorities and agreed areas of mutual accountability.	Partly achieved	Whilst not finalised, drafts have been shared and it is anticipated the Arrangement will be agreed between Australia and Solomon Islands in the first half of 2016-17.
Embed a systematic approach to design, implementation and monitoring of gender and disability mainstreaming in sector programs, including through program quality systems, a gender action plan for governance and a gender analysis for growth.	Achieved	Australia took a more systematic approach to mainstreaming gender equality within sectoral programs in 2015-16. Post established a Gender Equality Working Group, led by the High Commissioner, developed a Gender Performance Assessment Framework, and completed a gender action plan for governance and a gender analysis for economic growth. Just under 80% of investments were rated satisfactory or above for gender equality in the 2015 Aid Quality Checks. In 2015-16, disability training was delivered to DFAT program managers and key development partners to raise awareness of DFAT's Disability Inclusive Development Policy. Further work is required to embed a more systematic approach to disability mainstreaming across all programs.
Complete the design of the new Solomon Islands Growth Program to stimulate economic growth in Solomon Islands by catalysing private sector investment and increasing opportunities for inclusive growth.	Partly achieved	In 2015-16 Australia commenced the design of the new Solomon Islands Growth Program. Whilst delayed, the design is on track to be completed in September 2016.
Finalise plans for the transition into a new phase of support for the infrastructure sector, working with the Solomon Islands Government, state-owned enterprises and other donors to focus on agreed priorities in transport, urban water and energy.	Achieved	Australia transitioned into the new phase of support for the transport sector, which commenced in May 2016 and will continue until December 2020. Australia and its partners agreed to extend the current phase of support in urban water to June 2017 and energy to December 2016.
Position the bilateral aid program to respond flexibly to potential program changes arising from the proposed 2016-17 RAMSI Drawdown.	Achieved	Work is underway on major designs for the police, law and justice and governance.

Note:

- Achieved. Significant progress has been made in addressing the issue.
- Partly achieved. Some progress has been made in addressing the issue, but the issue has not been resolved.
- Not achieved. Progress in addressing the issue has been significantly below expectations.

ANNEX B – PROGRESS TOWARDS PERFORMANCE BENCHMARKS IN 2015-16

Aid objective	2015-16 benchmark	Rating	Progress in 2015-16
Stability			
Number of police and other law and justice officials trained	1700*	Partly achieved	1408 police and law and justice officials were trained in 2015-16, including 836 through the bilateral law and justice program and 572 through RAMSI. The shortfall can be attributed to the RSIPF increasing in-house training to their officers, and less reliance on RAMSI funded and delivered training. While less RAMSI police training has been provided over the last year, it was increasingly targeted. This adjustment will have greater impact and improve sustainability in the future, and complements improvements in RSIPF's training capability, including the provision of RAMSI train-the-trainer programs.
Courts and justice agencies are better able to deliver their core functions	550 cases heard and disposed of in the Magistrates Court*	Partly achieved	The Central Magistrates Court heard and disposed 529 cases in 2015-16. Figures for the provincial Magistrates Courts were unavailable at the time of finalisation of the APPR, and may mean this benchmark was met overall. Timely access to data is a challenge that the roll out of the Justice Information Management System will help address.
Economic Growth			
Women able to gain business or income-generating skills	2,200 women are trained in business or income-generating skills*	Partly achieved	713 women trained in business or income-generating skills, including bilaterally funded business training provided through the Skills for Economic Growth Program (343), and SIWIBA (370).
Improved transport infrastructure to support increased economic activity	600km of roads rehabilitated or maintained in 2015-16*	Achieved	Through Australian support for the National Transport Fund, the Solomon Islands Government maintained 887km of roads by the end of June 2016 (up from 255km in 2011 and 643km in 2014-15). This represents 89 per cent of the country's maintainable roads (up from 39 per cent in 2011 and 70 per cent in 2014-15).
Improved environment for private sector investment, economic growth and trade	50 per cent of Core Economic Working Group Economic and Financial Reform Program actions achieved for 2015-16*	Not achieved	The Core Economic Working Group did not endorse a reform program for 2015-16. As a result, Australia did not make a tranche payment of \$3 million performance linked aid related to this benchmark.

Aid objective	2015-16 benchmark	Rating	Progress in 2015-16
Human Development			
Improved functioning of health system	Availability of critical and essential medicines (includes contraceptives) at the rural clinic level to 61 per cent*	Achieved	Essential medicines coverage at rural health facilities improved from 73 per cent to 74 per cent during 2015-16.
Year 4 literacy and numeracy rates - SISTA	66.4%	Achieved	In 2015 the literacy and numeracy competence of Year 4 students was tested. 75.6 per cent of students were performing at expected literacy levels and 76.3 per cent at expected numeracy levels. These results are well above the benchmark (66.4 per cent).
Increase in percentage of teachers trained	70 per cent of teachers trained*	Achieved	80 per cent of teachers were trained. Exceeding the initial benchmark of 70 per cent.

* Note in 2015-16 benchmarks were adjusted to align with the new Aid Investment Plan.

Provincial hospital (second tier medical store) level. Note this target was subsequently adjusted in the AIP to reflect annual, not four year timeframes.

Note:

- Achieved. Significant progress has been made and the performance benchmark was achieved.
- Partly achieved. Some progress has been made towards achieving the performance benchmark, but progress was less than anticipated.
- Not achieved. Progress towards the performance benchmark has been significantly below expectations.

ANNEX C - EVALUATION PLANNING

List of program prioritised evaluations completed in the last 12 months

Investment number and name	Name of evaluation	Date completed	Date Evaluation report Uploaded into AidWorks	Date Management response uploaded into AidWorks	Published on website
INJ159 Solomon Islands Telecommunications Support	Independent Completion and Results Report	September 2015	February 2016	August 2016	N/A
INK790 Managing Urbanisation in Solomon Islands	DFAT/SPC Program of Technical Assistance to Ministry of Lands, Housing and Survey Solomon Islands - Evaluation Report	September 2015	August 2016	August 2016	August 2016
INK561 Solomon Islands Health Sector Support (Phase 2)	Independent Completion Evaluation of Australia's Contribution to the Solomon Islands Health Sector Support Program	November 2015	April 2016	August 2016	August 2016
INK561 Solomon Islands Health Sector Support (Phase 2)	Joint Annual Performance Review	April 2016	August 2016	N/A – basis for performance linked aid payment	SIG document
INK791 Skills Sub-sector (Education)	Evaluation of the Youth@Work Program Solomon Islands 2012 - 2015	January 2016	August 2016	August 2016	August 2016
INI854 Strongim Yumi Togeta	SINPA Final Evaluation Report (February 2016) Solomon Islands NGO Partnership Agreement	February 2016	April 2016	August 2016	August 2016
INL129 Education Sector Program 2	Annual Joint Review Partner Government document (MERHD)	June 2016	August 2016	N/A – basis for performance linked aid payment	SIG document
INK143 Solomon Islands Urban Water Supply	Independent Evaluation of Phase 2 of the Australian Aid Program's Urban Water Program in Solomon Islands	June 2016	August 2016	September 2016	September 2016

List of program prioritised evaluations planned for the next 12 months

Evaluation title	Investment number and name (if applicable)	Date – planned commencement (month/year)	Date – planned completion (month/year)	Purpose of evaluation	Evaluation type
Annual Joint Performance Review	INL129 Education Sector Program 2	May 2017	June 2017	Joint Annual Review on Co-funding (Budget Support) from DFAT/NZMFAT to SIG MEHRD	Partner-led joint review
Joint Annual Performance Review	INL121 Health Sector Support Program – Phase 3	April 2017	April 2017	Joint annual assessment of progress against PLA indicators	Joint review
Mid-term review	INL129 Education Sector Program 2	March 2017	June 2017	To assess performance of support to the education sector.	Independent review
ADB Independent Completion Report	INK511 Solomon Islands Domestic Maritime Support Project	March 2016	2017	To assess the performance of the wharves construction component of DMSP. This is the component that Australian funding supported.	Partner-led (ADB)
Joint Annual Performance Review	INK790 Managing Urbanisation in Solomon Islands	2017	2017	Joint Annual Review on DFAT/SPC Program of Technical Assistance to Ministry of Lands, Housing and Survey Solomon Islands	Partner-led joint review

ANNEX D – AID QUALITY CHECK RATINGS

AQC RATINGS

AQC investment performance over the previous 12 months and where available last year's AQC ratings are included.

Investment name	Approved budget and duration	year on year	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality	Risks and Safeguards
Rural livelihoods (INH615)	\$31.763m 2007-21	2016 AQC	5	3	4	4	4	3	5
		2015 AQC	5	5	5	4	4	3	5
Gender (INK688)	\$16.243m 2012-18	2016 AQC	5	4	4	3	4	5	4
		2015 AQC	5	4	4	3	5	4	4
Justice (INK867)	\$47.589m 2013-17	2016 AQC	5	4	4	3	4	4	4
		2015 AQC	5	4	4	4	4	4	5
Transport Phase 1 (INJ485)	\$38.242m 2010-16	2016 AQC	6	4	4	5	5	5	5
		2015 AQC	6	4	4	4	5	4	4
Urban water (INK143)	\$14.202m 2011-17	2016 AQC	5	4	4	4	4	4	5
		2015 AQC	5	4	4	4	5	4	4
Governance (INL122)	\$49.297m 2013-17	2016 AQC	5	4	5	4	4	4	5
		2015 AQC	6	4	4	4	4	3	5

Statistics (INL127)	\$4.64m 2013-17	2016 AQC	4	3	4	4	3	4	4
		2015 AQC	5	4	5	4	4	5	4
Education (INK172)	\$23.95m 2011-15	2016 AQC	5	5	5	5	5	5	4
		2015 AQC	6	4	4	4	5	4	4
Democratic governance (INK788)	\$9.887m 2013-17	2016 AQC	5	4	4	4	3	4	5
		2015 AQC	6	5	4	4	4	4	5
Tina River (INK466)	\$5.3m 2012-16	2016 AQC	5	4	3	4	4	4	5
		2015 AQC	5	4	4	4	5	4	4
RAMSI	\$53.9m 2009-13	2016 AQC	5	4	4	4	4	4	4
		2015 AQC	5	4	4	4	4	5	4

FAQC RATINGS

Final AQC's assess performance over the lifetime of the investment (ratings are not compared to previous years).

Investment name	Approved budget and duration	year on year	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality	Risks and Safeguards
SINPA (INI854)	\$24.852m 2009-16	2016 FAQC	4	3	3	4	4	5	5
		2015 AQC	4	4	4	5	4	5	5
Domestic Maritime Support Program (INK511)	\$4m 2012-16	2016 FAQC	5	5	5	4	5	3	5
		2015 AQC	5	4	4	4	4	4	-
Health Phase 2 (INK561)	\$75.665m 2012-16	2016 FAQC	5	4	4	5	5	4	5
		2015 AQC	6	5	5	6	5	4	5
Solomon Islands Partnership Facility (INL118)	\$17.257m 2013-16	2016 FAQC	5	4	3	3	4	3	5
		2015 AQC	5	5	5	4	4	4	5
Telecommunications (INJ159)	\$4.8m 2010-15	2016 FAQC	6	5	5	5	4	3	5

Definitions of rating scale:

Satisfactory (4, 5 and 6)

6 = Very good; satisfies criteria in all areas. 5 = Good; satisfies criteria in almost all areas.

4 = Adequate; on balance, satisfies criteria; does not fail in any major area.

Less than satisfactory (1, 2 and 3)

3 = Less than adequate; on balance does not satisfy criteria and/or fails in at least one major area.

2 = Poor; does not satisfy criteria in major areas. 1 = Very poor; does not satisfy criteria in many major areas.

ANNEX E – PERFORMANCE ASSESSMENT FRAMEWORK

Supporting Stability

End of Program Outcome:

- Solomon Islanders increasingly benefit from a functioning, economically stable state and a secure environment

Enabling Growth

End of program outcome:

- Solomon Islands' enabling environment is more attractive to business
- More men and women can earn a cash income

Enhancing Human Development

End of program outcome:

- Solomon Islanders have increasing access to quality health and education services

Program enabling outcomes

(Bring together commitments to ways of managing the program)

Gender performance framework

(Brings together gender specific investments and gender related aspects of the wider program)

Australia's aid objective	
Plan outcome	Plan outcome indicators
1. Solomon Islanders increasingly benefit from a functioning, economically stable state and a secure environment	Free and fair national elections held in 2018/19
	Confidence in the police
	Debt and fiscal balance levels
	Positive changes in attitudes towards family violence
Australia's aid objective	
Plan outcome	Plan outcome indicators
2. A. Solomon Islands' enabling environment is more attractive to business	Improvement in cost of doing business index rating
	Increase in number of registered businesses
	Increase in availability of private sector credit
	Transport infrastructure rehabilitated/ maintained (km of roads, as well as number of wharves and bridges)
Australia's aid objective	
Plan outcome	Plan outcome indicators
2. B. More men and women can earn a cash income	Active membership of National Provident Fund
	Numbers of men and women with new skills for income generation
Australia's aid objective	
Plan outcome	Plan outcome indicators
3. Solomon Islanders have increasing access to quality health and education services	Resources reaching front line
	Skill levels of staff and observance of guidelines
	Maternal and child mortality rates
	Contraceptive use
	% of schools with access to improved water source and sanitation
	Girls and boys reaching national literacy and numeracy standards in Year 4 and Year 6
	Girls and boys completing basic education

	Gender parity at junior secondary level
	Levels of satisfaction with service delivery
Australia's aid objective	
Plan outcome	Plan outcome indicators
4. The proportion of the program linked to Solomon Islands' performance increases	Proportion of PLA in total annual expenditure
5. An increasingly consolidated program	Number of individual initiatives in AidWorks
6. 80% of initiatives marked satisfactory or above for gender in AQC's	Ratio of satisfactory markings to total
7. All partnerships with multilateral and key donors meet partnerships objectives and are assessed as adding value to DFAT funding	# partnerships rated satisfactory or above in PPAs or similar assessment
8. Scholarships program directed to priority areas and achieving targets for successful course completion	Scholarship completion rate
9. The program increasingly identifies and targets the needs of people with disability	Evidence of intentional efforts to address barriers to inclusion for people with disability at key points in the program cycle
10. The program is able to identify and deal with cases of fraudulent use of aid funds	Evidence of Quarterly Risk Reviews # of fraud cases per quarter # of cases closed per quarter
	Assessment of National Systems management responses tracked and implemented
Australia's aid objective	Supporting Stability Plan outcome - Solomon Islanders increasingly benefit from a functioning, economically stable state and a secure environment
Intermediate outcome	Intermediate outcome indicators
Strengthened electoral administration	Sustainable and inclusive voter registration system adopted
	Electoral and legal reforms contributing to a strengthened electoral system implemented
Courts are more accessible and communities are effectively resolving disputes	# cases disposed of, by province % people feeling safe
Credible fiscal strategy	Perceptions of accessibility and performance of community grievance systems
	2016 revenue estimated

	Reduction in budget deficit
Improved transparency & accountability on the budget process	Budget outcome statement released publicly
	Report of the Public Accounts Committee inquiry in the annual budget and supplementary budget published
SIG increases funding to RSIPF	% Increase in SIG budget for RSIPF
Procurement improvements accelerating service delivery and providing value for money	% procurements planned versus executed through SIG systems for health, education, transport
Quality of Australian dialogue with SI over the effectiveness and stability of the state and progress of the economy maintained	HLCs held and dialogue high quality
	Functioning Core Economic Working Group
Increased awareness and protection of women's rights	# Family Violence 100 reports lodged Men and women demonstrate attitude change and decreased acceptance of violence
Increased numbers of women in public service leadership positions	# women in decision-making role (SS1 to SS5) – This will primarily capture number of women in senior management roles (i.e. Permanent Secretaries & Under Secretaries) # women in feeder grades (Level 10-13) – This will primarily capture number of women in middle management (Directors & Deputy Directors)
Variables in the development environment	
<ul style="list-style-type: none"> increased understanding of citizen's rights risks of exclusion (provincial, rural/urban, age-related) understood and contained reduced opportunities for corruption shifting community perception of the role of women no increase in political volatility economic, political and environmental shocks not destabilising SIG leadership on land reform 	

Australia's aid objective	Enabling Economic Growth Plan outcome 2A Solomon Islands' enabling environment is more attractive to business
Intermediate outcome	Intermediate outcome indicators
Selected constraints to growth addressed	Evidence of progress in addressing infrastructure gaps and high utility costs
Australia catalyses one, new, large, credible investment	Evidence of annual progress towards an identified investment
Public procurement rules are increasingly transparent, efficient, equitable and consistently applied [<i>ease of procurement for business</i>]	Timely submission of tenders awarded by CTB are advertised on the SIG MoFT website quarterly
	% of NTF procurements passing MID and MoFT compliance checks first time around
Effective structures for private sector and investor dialogue with government (advocacy)	Evidence of regular engagement between SIWIBA and Ministry of Commerce and SIWIBA and Ministry of Women Formal dialogue between SICCI and SIG established National Trade Development Council has regular formal engagement (led by MFAET) with the private sector on national trade policy issues
Transport maintenance and rehabilitation is managed through an efficient, transparent, effective and collaborative mechanism	\$ and % of SIG transport infrastructure expenditure going through the National Transport Fund (NTF)
	# and value of NTF procurements
Infrastructure development prioritised to meet needs of productive sectors	Progress on Solomon Islands National Infrastructure Investment Plan
Australia's aid objective	Enabling Economic Growth - Plan outcome 2B More men and women can earn a cash income
Intermediate outcome	Intermediate outcome indicators
Increased private sector participation in service delivery	\$ amount of procurement pipeline in education, health and NTF contracted to the private sector
Barriers to trade are reduced	Customs clearance times
Men and women farmers use enhanced practices	# men and women farmers trained in farming practices to improve yields/ values of produce
Rural men and women linked to markets	Exports of cocoa, timber, fish and coconut products
Men and women have access to Australian funded business and vocational skills training	# women trained under SIWIBA support
	Number of men and women trained through APTC, Skills for Economic Growth and Youth at Work, Scholarships and Fellowships
Numbers of men and women using international income earning opportunities	# participants in labour mobility scheme

Barriers to women's participation in the working environment and strategies to address them are identified	# Data from IFC "Empowering Women in the Private Sector" program
Australia's aid objective	Enhancing Human Development – Plan outcome 3 - More men and women can earn a cash income
Intermediate outcome	Intermediate outcome indicators
SIG protects budgets for basic service delivery	SIG's % total budget allocated to health
	SIG's % total budget allocated to education
	% of health recurrent budgets allocated to basic service delivery for primary health care through funding to provinces
	% of education recurrent budget allocated to basic service delivery basic education
Procurement improvements accelerating service delivery and providing value for money [<i>capacity of procurement system</i>]	% of essential medicine available at second level medical stores, and at rural health centres
	Number of books and curriculum materials distributed
	Number of new classrooms built and classrooms repaired
	# items addressed in PFM road map in health
	# items addressed in PFM road map in education
	schools upgraded
TVET courses of improved quality are delivered within a revised national qualifications framework	National Qualifications Framework in place and evidence of its use and institutionalisation
	# of people trained in TVET courses that meet national or international standards
Service delivery staff are trained	# of medical graduates who successfully complete internships in-country
	# doctors and nurses trained
	% of teachers trained
Services are targeted at priority needs for men and women, boys and girls	Contraceptive use – number of contraceptive contacts
	Proportion of malnourished and stunted children
	# girls receiving HPV vaccination
	Mortality rates for women, children under 5, and infants all improve incrementally in years without significant outbreaks
	# Malaria annual parasitic incidence rates

	SISTA results show an increase in literacy, numeracy and writing
	Net Enrolment Rate – Primary and Junior Secondary
	Wheat and rice fortified to SIG national and WHO standards
Service delivery meets needs of women and girls	% of births attended by a skilled birth attendant
	% of schools without adequate water and sanitation

Gender Performance Assessment Framework

Long-term Outcome /Impact	Intermediate Outcomes (2017)	Intermediate outcome Indicators
Reduced Family Violence	More communities perceive GBV as unacceptable	Increased proportion of men & women who consider family violence to be unacceptable Proportion of people in selected communities who believe there is a problem with family violence in their community
	Increasing reporting of family violence	# Family Violence 100 reports lodged # of police safety notices, interim and final protection orders issued
	Improved quality of services for survivors of GBV	# of services reporting increased ability to provide services for survivors of GBV
	Increased government funding for addressing family violence	Funding for implementation of Family Protection Act appropriated in annual budget
	Business case for action by businesses to address GBV developed and accepted	Evidence of changes in policies or practices to address family violence in the workplace
Economic Empowerment of Women	Improved access to formal employment and financial services for women	Number of poor women who increase their access to financial services (Aggregate Development Result)
		% of people employed by contractors for labour-based road works that are women
		# of women with National Provident Fund membership
		# women received business or income generating training
		# of female trainees reporting increased skills/knowledge

	Women accessing business development and vocational skills training to increase their income earning potential	# of women trained through APTC, Skills for Economic Growth and Youth at Work
	Women joining business networks within Solomon Islands	# female membership of business associations
	Women-led groups successfully winning contracts	% of labour-based road works contracts awarded to women-led groups
Women in Leadership	Interventions to improve women's participation and progression in public service being implemented	Evidence of barriers to women's participation & progression in the public service being identified and addressed
Australia is recognised for its promotion of gender equality in its aid program in Solomon Islands	80% of Australian Aid Investments in Solomon Islands effectively mainstream gender equality	All future aid investment designs & evaluations to include gender/social inclusion team member
		Sex-disaggregated data is collected and used in planning, budgeting and monitoring
		80% of investments marked satisfactory or above for gender in AQC's