



Australian Government

Department of Foreign Affairs and Trade



AID PROGRAM PERFORMANCE REPORT 2016-17

Solomon Islands

September 2017



KEY MESSAGES

This report summarises the performance of Australia's aid program in Solomon Islands from July 2016 to June 2017 against the 2015 Aid Investment Plan (AIP). The aid program performed strongly in this review period with tangible progress towards supporting stability, enabling economic growth and enhancing human development.

Our investments in the law, justice and governance sectors supported stability and enabled the delivery of key public services. This included progress in support for elections, delivery of justice services, policing, fiscal management, debt management and attitudes towards family violence. Australia responded to a major earthquake in December 2016 and provided ongoing support for disaster management.

Australia continued the shift towards investments that enable economic growth and fostered closer links between the private sector and the Solomon Islands Government. Our support for infrastructure has improved the investment climate and increased formal employment opportunities. We have finalised the development of the Tina River Hydropower Development Project design, which, if approved by the Solomon Islands Government, would transform energy production and deliver on climate change priorities. Our transport infrastructure maintenance work continues, but the slow performance of the National Transport Fund (NTF) remains a concern. There is still work needed to translate our work on enabling economic growth in to more cash-based income opportunities for men and women.

Our support to education and health benefited Solomon Islanders in every province. The Solomon Islands' target of 85 per cent of students meeting national standards for literacy and numeracy at year 4 by 2020 is on track, but performance at the national standard for writing remains a concern. In 2016, 960,000 new school books were distributed and 79 classrooms were built or reconstructed. The delivery of health services through Solomon Islands' systems was mixed, but our support for the use of the Jadelle contraceptive implant is proving transformational for rural women.

The Regional Assistance Mission to Solomon Islands (RAMSI) concluded and new program designs for economic growth, law and justice, civilian policing and governance were finalised. There has been reduced appetite for reform amongst some politicians, particularly in the area of Public Financial Management (PFM). However, we continue to channel a significant proportion of our aid through government systems in order to build capacity. The reduction in numbers of independent advisers in the Ministry of Finance and Treasury (MoFT) required us to implement enhanced measures to ensure Australia's funding was effective.


New work commenced to deepen engagement with civil society, community and faith based groups. This will lead to an increased focus on building demand for better service delivery and development reforms over the next 5 years.

In June 2017, the Minister for International Development and the Pacific and the Solomon Islands Minister for Development Planning and Coordination signed the Solomon Islands - Australia Aid Partnership. The Partnership established a shared vision for cooperation and aligned the AIP to Solomon Islands' National Development Strategy (NDS). It set out mutual obligations and agreed areas of focus.

CONTEXT

In 2016-17, **Australia remained the largest donor to Solomon Islands**, constituting approximately two thirds of total Official Development Assistance (ODA) to the country.

The AIP guided Australia's aid investments in Solomon Islands, identifying three strategic pillars – supporting stability, enabling economic growth and enhancing human development. The plan acknowledged Solomon Islands would remain fragile, but assessed that on balance was likely to remain relatively politically stable and secure, with scope for external support for reform. Implementation approaches are informed by a number of key development challenges including weak public sector administration and financial management, a challenging business environment, gender inequality and violence, low literacy and limited employment opportunities.



The AIP identified working through Solomon Islands systems as the preferred approach where the government system was sufficiently robust (education, health and transport), but noted that technical assistance would continue to be the principal modality for stability programs due to ongoing skill shortages and staff retention issues. Finally, the AIP foreshadowed a shift to investments that directly facilitate economic growth and enable wealth creation including working more with the private sector.

Two years on, many of the assumptions of the AIP hold true. 2016-17 was a year of **moderate economic growth and relative stability for Solomon Islands**; there were no major security incidents, large scale natural disasters or external economic shocks. Solomon Islands experienced a year of relative political stability. Within the public sector, the bureaucracy was mostly stable and development partners were permitted to further develop working relationships with senior public servants in most ministries.

Following years of careful planning, the **Regional Assistance Mission to Solomon Islands (RAMSI) concluded on 30 June 2017** and the transition of RAMSI support to bilateral programs was completed. The Australian Federal Police's (AFP) new Solomon Island Police Development Program (SIPDP) will continue to support the Royal Solomon Islands Police Force (RSIPF). Key milestones over the last year included the last round of weapons surrender, rearmament of selected units in the RSIPF, departure of RAMSI forces and finalisation of SIPDP. The inaugural Bilateral Security Dialogue was held to engage on shared regional security challenges. While some of the so-called root causes of the Tensions persist, they have not resulted in a renewed security crisis with most interest groups and broader society not interested in provoking a return to violence.

The economy remained heavily dependent on unsustainable logging exports. **The pace of PFM reform slowed** and the Core Economic Work Group (CEWG), intended as the main vehicle of dialogue on economic reform, did not meet. The Solomon Islands Government continues to follow an expansionary fiscal policy with expenditure outstripping revenue, earning widespread public criticism. As a result, Government cash reserves have been largely eroded, leaving it less able to deal with economic shocks and facing potential implications for the wider economy if the deficit continues. Australia's work through and with partner systems has been directly impacted; for example, in the transport sector Solomon Islands reduced allocations and delayed payments to the NTF through which Australia delivers its support.

During the reporting period, three positions in the MoFT filled by external personnel with Australian financial support were removed at the Solomon Islands Government's request. Australia conducted a review (Assessment of National Systems – ANS) of the impact of this step, and additional risk mitigation measures were put in place to ensure fiduciary risk remains at acceptable levels. Last year Australia spent 33 per cent of the total bilateral aid budget through Solomon Islands' systems in health, education and transport. Where Solomon Islands' financial commitment is uncertain (transport) a revised approach may be considered.

In 2016-17, the World Bank and Asian Development Bank (ADB) both announced increased (approximately tripling) allocations to Solomon Islands from 2017 and Australia was actively engaged in Honiara, Canberra, Washington and Manila discussions on joint pipeline priorities, development effectiveness and human resourcing. High level policy discussions between Solomon Islands and development partners were maintained in 2016-17 through the joint bi-annual dialogue and Australia supported the inaugural development partner profiles which mapped donor support against the NDS. During the dialogue, donor partners and heads of ministries both noted the need for open policy dialogue on economic reform and agreed that policy dialogue has become more sporadic without the CEWG or a similar mechanism.

In 2016-17 **Australia worked to strengthen its relationship with non-state actors and to facilitate dialogue with the Solomon Islands Government**. There continued to be strong interest in reform among civil society and the media; many groups were active in promoting good citizenship, combatting corruption, women's and youth economic empowerment and in the prevention of violence against women and services for survivors. During 2016-17, the private sector became more organised and vocal in its policy advocacy on key issues affecting the economy. With support from Australia, the Solomon Islands Government and the Solomon Islands Chamber of Commerce and Investment (SICCI) have entered into a Memorandum of Understanding (MOU).

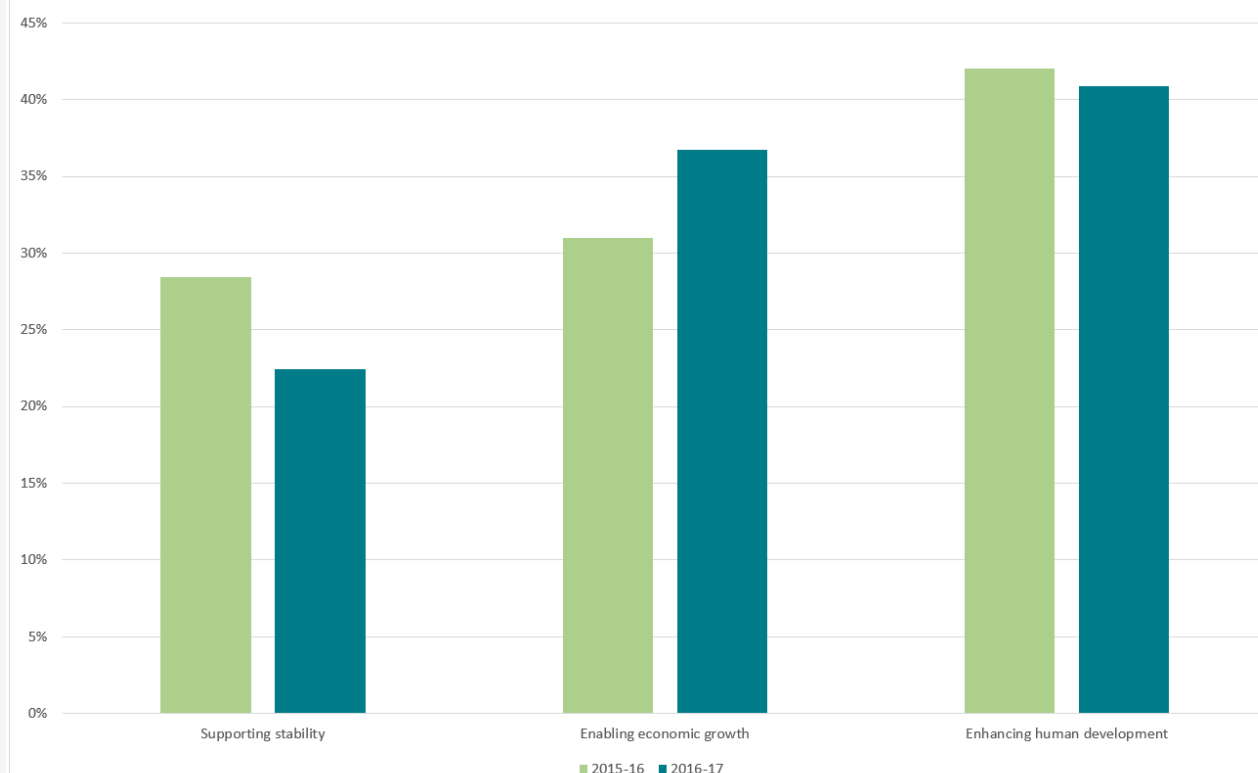
EXPENDITURE

Table 1 Total ODA expenditure in FY 2016-17

Objective	AUD million	% of total ODA
Objective 1: Supporting Stability	20.9	13%
Objective 2: Enabling Economic Growth	34.2	21%
Objective 3: Enhancing Human Development	38.1	23%
Sub-Total Bilateral	93.2	57%
Regional and Global	24.6	15%
AFP (Objective 1: Supporting Stability)	44.4	27%
Other Government Departments	2.0	1%
Total ODA Expenditure	164.1	100%

In 2016-17, Australia provided \$164.1 million in ODA to Solomon Islands. Over the past four years, the bilateral program has been stable at around \$92 million, with future budget allocations expected at similar levels. More than a quarter of total expenditure was by other government departments, primarily through the AFP. As foreshadowed in the AIP (see Chart 1), the relative weight of **bilateral expenditure continued to shift towards enabling economic growth**. In 2016-17, 37 per cent of bilateral ODA was expended on activities that enabled economic growth, up from 31 per cent in 2015-16. The proportion of bilateral expenditure on supporting stability reduced from 28 to 22 per cent as part of the ongoing gradual and careful shift out of aid investments that underpin stability and prevent wealth destruction.

Chart 1: Bilateral ODA expenditure by AIP objective compared to total bilateral ODA



PROGRESS TOWARDS AIP OBJECTIVES

Australia's performance against the four AIP objectives is measured using the Solomon Islands Performance Assessment Framework (PAF) detailed in Annex E. In 2016-17, Australia progressed as expected towards achieving three of the four objectives of the AIP as shown in Table 2. Progress was less than expected for Australia's objective to enable more men and women to earn a cash-based income and consequently the objective was rated amber.

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

Objective	Previous Rating	Current Rating
Objective 1: Supporting stability Solomon Islanders increasingly recognise and participate in a legitimate state, free from conflict and economically stable	Green	Green
Objective 2.A: Enabling economic growth Solomon Islands' economic operating environment is more attractive to business	Green	Green
Objective 2.B: Enabling economic growth More men and women are able to earn a cash-based income	Amber	Amber
Objective 3: Enhancing human development More men, women, girls and boys benefit from quality health and basic and vocational education services	Green	Green

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.

OBJECTIVE 1: SUPPORTING STABILITY



The final year of RAMSI saw a significant community engagement program being completed to ensure Solomon Islanders understood why RAMSI was leaving. It also led to a number of high profile achievements including a final round of weapons surrender, rearmament of selected units in the RSIPF, opening of a forensic centre and improvement in the gender balance in the police force (50% of the latest recruits being women). Progress was made on the implementation of the Crime Prevention Strategy and the **budget allocated to RSIPF increased steadily** for the last three years (3.33% in 2015, 3.82% in 2016 and 4.37% in 2017). Of concern, however, is that the 2017 increase was due to a one off increase in the development budget rather than an ongoing increase in the recurrent budget (the recurrent budget was reduced). There was a strong focus on preparing for the AFP's new SIPDP which will continue to support the RSIPF. This completes the transition of all development programs to the bilateral aid program. RAMSI's departure reflects the confidence in both Solomon Islands and the region that the nation's law enforcement agencies were in the best position possible to resume responsibility for policing and national security.

Australia's democratic governance supported the Solomon Islands Electoral Commission (SIEC) prepare for national elections in early 2019. Three advisors provided direct technical support. A complementary multi-lateral program jointly funded with the UNDP and EU, provided technical advice, voter education, civic awareness, training, capacity-building and IT support. Delivered by the UNDP, this program entered its final



year in 2017. Australia funded the Australia Electoral Commission (AEC) to provide training to SIEC and regional counterparts through the Pacific Islands, Australia and New Zealand Network of Electoral Administrators (PIANZEA). A key achievement was AEC and SIEC co-hosting the world-first delivery of a new BRIDGE course on electoral preparedness. Despite nation-wide consultations and parliamentary debate on a white paper on limited preferential voting, these reforms will not be in place for the 2019 election. With the support of UNDP, Australia initiated new partnerships with Transparency Solomon Islands and the Media Association of Solomon Islands to help **build demand for transparency of government decision making**. Given the slow pace of electoral reform, Australia's next phase of democratic governance support (to be designed in 2017-18) will go beyond technical electoral improvements to seek to build community demand for better elections and governance especially in rural areas, and women's engagement with elections, as voters and candidates.

In the justice sector, services continued to be delivered reliably with a decreased dependence on advisory support. The Magistrates Court disposed of 877 criminal cases in 2016-17, an increase over 2015-16 (736). An independent security audit in 2017 found that while there was scope for improvement, the three largest correctional centres were secure and staffed by a dedicated and professional service. This shows the correctional systems has consolidated the huge improvements made in this area since the complete breakdown of the system during the Tensions. The Solomon Island Government's capacity to deliver justice services was demonstrated by further reductions in the number of long term advisors to 14 (down from 32 in 2013) with only nine of these based in justice agencies (the remainder working across the sector). The Justice Information Management System (JIMS) is becoming more embedded in justice agencies, helping the sector capture more data and driving efficiency gains. In 2016-17, JIMS was installed in the Public Solicitor's Office, the Office of the Director of Public Prosecutions and the Police Prosecutions Directorate, and helped to improve efficiency by linking those agencies to the police and courts. There was further progress on the AIP intermediate outcome that *courts are more accessible and communities are effectively resolving disputes*. Staff in provincial centres benefitted from training and mentoring, and JIMS was rolled out in major provincial centres. However, the tight fiscal situation meant fewer court circuits. The Australian funded World Bank pilot project supporting community officers in Makira and Renbel provinces resulted in 77% of citizens declaring they had experienced improvements in community grievance management. The pilot will be expanded to two more provinces in 2017-18.

In governance, Australia's focus was on **consolidating existing reforms and continuing systemic improvements**. A major setback was the removal, at the Solomon Islands Government's request, of a number of Australian-funded positions in MoFT, affecting advisory support and Government delivery of procurement processes, cash flow management, and financial reporting and accounting. However, Australia supported continued progress in: debt management (an updated debt management framework was finalised and the debt to Gross Domestic Product (GDP) ratio remains low by regional standards at 9 per cent); 92 per cent of Government payments are now via electronic funds transfer from zero two years ago; 54 per cent of public servants are able to access their payslips electronically, reducing opportunities for leakages and increasing efficiencies. There were continued improvements in external and internal audit – internal audit regulations were approved by the Minister, and a Government-wide audit committee was established, which has already been active in demanding progress on audits. The Office of the Auditor-General continued to operate effectively, following the phasing out of inline advisory support. Cooperation between MoFT internal audit and the RSIPF led to several high profile arrests for fraud.

Australia supported strong action **on violence against women in Solomon Islands, under the framework of the Family Protection Act (FPA)**. Australia supported the development of the FPA, and continues to support its implementation with coordinated support through the justice, police, gender and health programs. The new mechanisms in the Act are being utilised, with the police issuing 360 police safety notices from April 2016 (when the Act commenced) to June 2017. Eighteen people were convicted of the new offence of domestic violence and the Public Solicitor's Office helped survivors obtain over 40 protection orders. Public awareness increased with RSIPF (supported by RAMSI) conducting community consultations with 83,000 people across

all nine provinces. Support services still need to be improved, and programs are working together on this issue.

In December 2016, when Solomon Islands was struck by a 7.8 magnitude earthquake, **Australia supported the early response and recovery** with a \$1 million package of support. In partnership with local authorities, Australia arranged and participated in aerial and sea damage assessments, and funded the provision of humanitarian supplies to the affected province. Ongoing recovery will include the structural reinforcement of Kirakira Hospital and repairing of damaged school dormitories and classrooms across Makira province.


OBJECTIVE 2.A: MORE ATTRACTIVE BUSINESS ENVIROMENT



A key objective for Australia's economic growth portfolio was to catalyse one new large scale investment that could address a constraint to growth (namely high energy prices) and simultaneously increase private sector investor confidence. With financial support and substantial advocacy efforts by Australia, the Tina River Hydropower Development Project progressed as expected in 2016-17. The Australian-funded planning phase will be completed by the end of October 2017. With extensive policy dialogue and advocacy using Australia's global footprint, **Australia played a catalytic role in supporting Solomon Islands Government and the World Bank to secure over US\$145 million in donor commitments for the hydropower project**; the Green Climate Fund (GCF) committed US\$86 million in recognition of the substantial contribution the project will make to Solomon Islands' climate change efforts. In May 2017, Australia committed up to \$17 million to build the site access road and provide ongoing technical assistance for the project. Despite these achievements, decreased energy prices will only be achieved if Solomon Islands can finalise its negotiations with the interested private developer in 2017 and ensure implementation. Australia will prioritise high level advocacy to promote the conclusion of negotiations.

Australia also made contributions to improved infrastructure in 2016-17. Australia supported the recovery plan of the previously struggling Solomon Islands Water Authority, and last year as expected, the **state-owned enterprise demonstrated its ability to manage its own operations**, and delivered its first ever surplus. This enabled Australia to commence its transition out of the sector (scheduled for 30 June 2018) as the EU and ADB step in. The introduction of pre-paid cash water meters enabled households to better manage their water usage and resulted in more reliable revenue. Planning for other infrastructure projects have included consideration of safeguards issues; the Gizo Market construction contract (not yet signed) includes **child protection bonds as an innovative way to incentivise compliance** with Australian policy.

The **transport sector has seen mixed progress**. The NTF provided important benefits to rural communities (representing 80 per cent of the population) with maintenance of transport assets conducted in every province. With Australian support and advocacy, the Ministry for Infrastructure Development (MID) mainstreamed disability, gender and climate change into its projects (gender-responsive and climate resilient design features were incorporated into the design of a major new bridge rehabilitation project in East Guadalcanal). Due to strong procurement in 2015, the total distance of roads maintained and the number of wharves maintained both increased in 2016. However, procurement through the NTF in 2016 was well below expectations; the total number (41 to 13) and total value (SB\$47 million to SB\$11 million) of procurements decreased sharply due to poor MID implementation and it is expected that results will deteriorate in 2017-18. Consequently, the last twelve months have seriously tested the assumption that working through Solomon Islands systems would result in an efficient, transparent and effective mechanism for transport maintenance, and that performance-linked aid would incentivise budget allocations.



In 2016-17 Australia's total **aid for trade reached the target of twenty per cent of total bilateral aid**. The contribution of trade to Solomon Islands' revenue base increased, with the total value of revenue from exports growing from SB\$559 million in 2015 to SB\$589 million in 2016. After strong advocacy from Australia, Solomon Islands signed the PACER Plus agreement in June 2017. Support to realise the benefits of PACER Plus will be delivered through a regional readiness package and bilateral bio-security support.

In 2016-17, the private sector expanded and **participation of private sector in policy dialogue increased**. The number of registered businesses increased to 1,797 (2016) from a baseline of 1,561 (2015) and the number registered in 2017 was over 2,000 in early July. Private sector credit grew from SB\$1.98 billion (2015) to SB\$2.19 billion (2016). Solomon Islands' performance in the cost of doing business rankings (end of plan outcome indicator) remained relatively stable with an improved ranking of 104 in 2017 compared to 109 (2015) and 112 (2016). Australia facilitated the first tripartite MOU between the Solomon Islands Government, Australia and a private sector company, Guadalcanal Plains Palm Oil Ltd (GPPOL) – the MOU outlines our shared commitment to sustainable agriculture in East Guadalcanal. To support the MOU, Australia invested \$6 million through the NTF for the repair of two bridges washed away by a cyclone in the 1990s. Reinstating transport connectivity will unlock the agricultural potential of this region, including for GPPOL's planned US\$200 million expansion that will create up to 4,000 new jobs. With Australian support, the legitimacy and capacity of the SICCI increased, with growing engagement with government on issues such as tax reform.


OBJECTIVE 2.B: INCREASED ABILITY TO EARN CASH INCOME



The amber rating reflects a judgement that although there are a number of effective activities in progress they do not yet amount to a sustained contribution to the objective of improving incomes, especially rural incomes. **Participation in formal employment was mostly steady in 2016** with marginal growth in some areas. A key proxy for formal employment was the number of active members of the National Provident Fund (NPF) which increased marginally from the baseline of 55,438 in 2015 to 55,820 in 2016. Australian funding to IFC to support the private sector to close the gender gap in employment and leadership was launched in July 2016, and one year later, 17 private sector companies with over 100 employees each, signed on to the 'Waka Mere' challenge – a two year commitment to implement 'gender smart' employment solutions. Measuring the effect of 'Waka Mere' and similar initiatives on women's earnings and career progression is however expected to be difficult.

Solomon Islander participation in the Australian Seasonal Worker Programme (SWP) also increased marginally to 87 (in 2016-17) compared to 61 the previous year, but was substantially below other countries in the Pacific and Solomon Islander participation in the equivalent NZ scheme. However, Solomon Islands' reputation as a supplier of reliable labour has improved, with two approved Australian employers having conducted repeat recruitments of Solomon Islander workers in 2016-17. A key challenge in 2017-18 will be to better understand the barriers to women's participation in the SWP and increasing participation of women from the current baseline of zero.

There have been some cases of improved earnings from informal employment but measuring impact of Australian investments continued to be a challenge in 2016-17. The Australian supported **rural development program reached all 172 wards across all nine provinces and trained 1,657 households on farming practices** to improve yields and increase the value of produce. For example, cocoa farmers who participated in the training on average tripled their production in 2016 and 2,066 farmers generated increased income compared to the previous year. Australian support to key Solomon Islands markets vendor associations (MVA) and respective local governments responsible for market management strengthened women's



participation in decision making and the capacity of local government to implement gender responsive solutions, and increased women's access to financial literacy training and services. The number of MVA members increased from 310 in 2014 to 449 by June 2017 (45%). The NPF signed up 273 Honiara market vendor association members to a savings plan, where 50% of their saving contribution goes to their long-term super fund, and 50% is kept in a general bank account to be accessed by the member up to four times a year.

Australia supported a range of training programs that developed Solomon Islanders' skills and work-readiness. The total number of men and women trained through APTC, Skills for Economic Growth (S4EG) and Youth@Work programs increased from 689 in 2015 to 780 in 2016. The Solomon Islands Women in Business Association (SIWIBA) conducted training for members but participation (138 in 2016) was lower than the baseline (319 in 2015). Importantly, there was very limited evidence that training by SIWIBA resulted in increased income or employment. The tracer study for the Youth@Work program found 60% of internship participants gained permanent employment with the same company. APTC maintains good employment results for graduates.

S4EG is in its early stages but is emerging as a provider of career paths for rural youth, with new opportunities for women. Australia designed and contracted a new private sector program, Strongim Bisnis, which aims to restore and develop market chains for cash crops (building partly on the knowledge and structures generated by the regional Pacific Horticultural and Agricultural Market Access (PHAMA) program) and tourism. Results from these and existing programs will be brought together in a comprehensive performance framework for the economic growth portfolio over the next year.


OBJECTIVE 3: ENHANCING HUMAN DEVELOPMENT



For both education and health, the bulk of Australia's support was delivered through support to the Ministry of Education and Human Resource Development (MEHRD) and the Ministry of Health and Medical Services (MHMS) using Solomon Islands systems.

The delivery of health services by MHMS across Solomon Islands was mixed in 2016-17. MHMS achieved an overall score of 73 per cent for achievement of performance linked funding targets. The overall number of maternal deaths decreased to 18 from the baseline of 24, with ninety per cent of births attended by a skilled birth attendant. In contrast, both the infant and under five mortality rates increased, largely due to a rota virus outbreak. The malaria incidence rate has more than doubled since 2015 (40 per 1,000 population in 2015 compared to 88 per 1,000 in 2016) attributed largely to improved reporting and diagnostic testing which Australia directly supported through funding for targeted technical assistance and Australia's support to the Global Fund. The availability of essential medicines at rural health clinics improved from the baseline of 74 per cent (2015) to 82 percent (2016) – one of the ten AIP performance benchmarks.

Australia's support for health service delivery was complemented by partnerships with multilaterals and the private sector. Our partnership with UNFPA increased contraceptive contacts from 260 (per 1000 of population in 2015) to 344 (2016); the upscaling of the Jadelle contraceptive implant rollout to all provinces in 2016 (following the pilot in two provinces 2015) has led to transformational outcomes for rural women as it provides five years of fertility control compared to monthly visits to a clinic to access contraception which many cannot afford. Family planning enables women to plan and space their children, reduces the amount of maternal and child deaths, saves resources of the family and health service provider, and improves a family's economic situation. More than 11,000 implants have been inserted since October 2014, through UNFPA budgetary support and Australian funding. Work continued on the introduction of rice fortification, following introduction of flour fortification in 2015, as a key response to malnutrition in Solomon Islands.



Australia remains the **largest donor in the health sector although our relative as well as total value contribution is incrementally declining**: 24 per cent (\$18.7 million) of total MHMS budget in 2015 versus 19 percent (\$15.8 million) in 2016. As the largest donor we will continue to work closely with other influential development partners in the health sector such as WHO and World Bank to improve donor coordination and ensure a cohesive and strengthened approach to policy dialogue and to supporting strategic reform.

Australia supported MHMS to implement its obligations under the FPA, through support to WHO and UNFPA to develop clinical guidelines and training material to support nurses to identify and respond to cases of family violence. Training nurses in this area will be a focus for 2017-18.

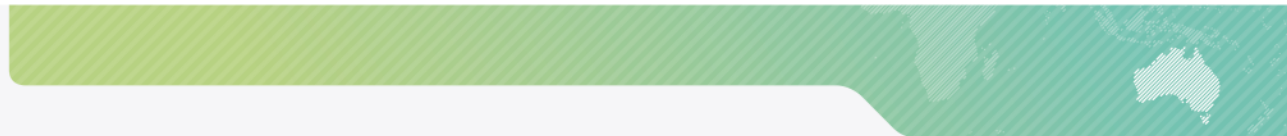
In 2016-17, education services were delivered in line with expectations. The Solomon Islands target of 85 per cent of students meeting national standards for literacy and numeracy at year 4 by 2020 was on track based on the 2015 assessment. However, while progress is good on reading, language and numeracy, in 2015 only 15.2 per cent of year 4 students were performing at or above the expected standard for writing. Planning for the next round of bi-annual Solomon Islands Standardised Tests of Achievement (SISTA) progressed during 2016-17, however implementation may be delayed until 2018. Other proxy measures of education quality were as expected with 70 percent of teachers certified as of 2016. Gender parity has been achieved at junior secondary school. Procurement by MEHRD was implemented as planned with 960,000 reading books distributed, 51 specialist classrooms built and 28 classrooms constructed in 2016. In 2017-18, Australia will continue to work with MEHRD to improve disaster resilience of school buildings.

Australia provided separate support to the Technical Vocational Education and Training (TVET) sub-sector which focused on increasing the number of high quality, in-demand TVET graduates in Solomon Islands. A major milestone was the passing of legislation for the Solomon Islands Tertiary Education and Skills Authority (SITESA) in March 2017. Once established, SITESA will be responsible for national workforce planning, registration of and support to training providers, and quality assurance of skills training courses. Australia's support to training delivery partners, including Solomon Islands National University (SINU) and five Rural Training Centres, included staff capacity development, facilities improvements and curriculum development. Australia supported SINU to develop ten national Certificate III and IV level qualifications in Plumbing, Electrical, Construction, Automotive and Business, and commenced support for the development of courses in Agribusiness, Tourism and Hospitality. Throughout this work, **Australia leveraged its relationships with the private sector to ensure each of these courses were developed with industry endorsement.**

Australia supported 39 Solomon Islanders (up from 33 in 2015-16) to commence tertiary studies in Australia and the Pacific region under the prestigious Australia Awards Scholarships program. Almost half of the scholarships awarded to women were in non-traditional areas such as science, engineering and IT. All scholarships were provided for students to study in priority sectors identified for Solomon Islands, which in 2017 included law, environment, health, education and engineering.

Overall, **MEHRD delivered ten of thirteen performance linked funding targets.** The three targets only partially met or not met at all included reform of Government scholarships and efforts to improve the capacity of school leaders to provide learning materials. The targets met included teacher training, budget allocated for education, PFM reforms, improvements in MEHRD's partnership with Education Authorities, increases in girls' participation and trialling data collection about students with disability.

A key intermediate outcome for both education and health was the Solomon Islands Government protected budgets for basic service delivery and executed the allocated budget efficiently. In 2016, 12.5 per cent of the Government recurrent budget was allocated to Health (up from baseline of 12 per cent in 2015) and 24 per cent to Education (up from 23 in 2015). Solomon Islands Government policy priorities were reflected in increased relative allocations to the tertiary sector (up 5.2 percentage points) which resulted, in part, in a reduced proportion of recurrent budget allocated to basic education from 37 in 2015 to 29 per cent in 2016. However the total budget allocated per unit to primary education increased slightly from \$2,610 in 2015 to \$2,671 in 2016, which demonstrated MEHRD's ability to protect the basic education allocation against strong political pressure. The proportion of the recurrent health budget allocated to primary health care was maintained at 37 percent. On efficiency, MEHRD executed 90.52 per cent of its allocated budget in 2016,



down slightly from the baseline 94 per cent in 2015. MHMS executed 88 per cent of its recurrent budget in 2016 compared to 94 per cent in 2015. However, MHMS only executed 12.7% of its development budget due to significant vacancies in key infrastructure and procurement positions. This low rate of development budget execution has the potential to affect future allocations to the sector for building and repairing health facilities. In 2017-18 Australia will continue to provide technical support to improve health systems and advocate with MHMS and Ministry of Public Service (MPS) to fill priority public service vacancies.

There was good evidence that both **Ministries used information to inform planning and policy discussions** and Australia frequently engaged in evidenced informed policy discussions. Education and health ministries both held Annual Joint Review meetings that included presentations of an independent assessment against agreed indicators which determined the size of Australia's Performance Linked Aid (PLA) payments. MEHRD effectively used school level data to underpin school grant payments and data underpinned the development of the National Education Action Plan (NEAP) finalised in 2016. MHMS improved its use of core health indicator data collected through the District Health Information System to inform annual operational planning processes and policy discussions. However, sex-disaggregated data was not collected and used consistently. Australia will advocate for better use of the health information system data to better understand women's and girls' access to health services in 2017-18. Financial reporting in MHMS, particularly at the provincial level, continued to improve, although further effort is required to encourage utilisation of data to inform planning and resource allocation.


GENDER EQUALITY

Gender equality remained a post wide priority in 2016-17. The Head of Mission continued to chair the monthly Gender Equality Working Group and this coordinated approach resulted increased policy coherence between development, foreign policy, trade and corporate management. The meetings helped to ensure gender actions were prioritised and progressed as planned.

Gender equality is prioritised across sectors, with relevant sex-disaggregated data collected. The three designs conducted in 2016-17, for the justice, governance and growth programs, included gender expertise in the design teams. In line with Australia's 'Gender equality and women's empowerment strategy', the Gender PAF identified four key objectives – reduced family violence, economic empowerment of women, women in leadership and demonstrating best practice on promoting gender equality. These objectives were delivered through a combination of gender mainstreaming and targeted gender equality spending through bilateral and regional programs, including through Pacific Women Shaping Pacific Development.

Australia has **contributed to preventing and responding to violence against women** in Solomon Islands. The FPA functioned as envisaged with increased reporting and more women seeking support services. The number of women survivors receiving support services increased to 822 in 2016 (from 491 in 2015). However, demand outstripped supply and Australia will re-prioritise funding to expand support to key support organisations. Channels of Hope, delivered by World Vision and the Safe Families program, delivered by a consortium led by Oxfam, have contributed to preventing violence against women by influencing community attitudes. In 2016-17, we provided technical assistance to the Ministry of Women, Youth, Children and Family Affairs (MWYCFA), a key partner, to support policy development.

In 2016-17, Australia continued to **support women's economic empowerment**. Australian funding supported the establishment of the Solomon Islands Professional Network for Women that now has 52 members and runs monthly networking events. Solomon Islands Women in Business Association (SIWIBA) membership however, decreased from 350 in 2015 to 138 in 2016. A challenge will be working with SIWIBA over the coming year to improve the services it provides to its members, and help restore its member base. There was increased targeted skills and leadership training for women in 2016, with SIWIBA providing training to 368 women on topics such as ecotourism, cruise tourism and catering, and UN Women providing training to 216 women on financial planning and management.



Australia's investments across stability and economic growth **enhanced women's leadership and engagement in decision-making**. Our strong advocacy across the Solomon Islands Government, and MPS engagement at Australian regional gender training, have increased openness to reform and appetite for gender mainstreaming in 2016-17. The number of women in Government leadership levels has been stable (27 in 2015, 26 in 2016, 28 in 2017) but the number of women in middle management has increased from 179 in 2015 to 204 in 2017. To better understand leadership barriers for women, Australia commissioned the 'Scoping Study on Women's Leadership and Decision Making' and commenced implementation of recommendations including supporting female managers to complete a Certificate IV in Leadership and Management at the APTC.

Post commissioned an independent review of the Pacific Women Country Plan for Solomon Islands 2013-2017, which commenced in January 2017. The review found evidence of achievements in all outcome areas (ending violence against women, women's economic empowerment, supporting MWYCFA, and strengthening design and monitoring across the aid program). The review will inform the development of an updated Country Plan to guide Pacific Women's work in Solomon Islands over the next four years.

MUTUAL OBLIGATIONS

Australia and Solomon Islands have formally agreed mutual obligations in the areas of education, health and transport. As highlighted previously, performance through Solomon Islands systems was mixed in 2016-17 and performance linked aid did not consistently incentivise Government budget commitments and disbursements in line with expectations. There was up to \$10.2 million in PLA available but only \$4.8m was disbursed in 2016-17.


In the Education sector, the MEHRD achieved 91 per cent of the jointly agreed targets in 2016 and consequently PLA payments will be made. In 2016, Solomon Islands allocated 24 per cent of its recurrent budget to education, once again exceeding the target of 22 per cent. In the health sector, the MHMS achieved 73 per cent of the jointly agreed targets in 2016 and consequently \$1.9 million in PLA was paid. In the transport sector, the Ministry of Infrastructure Development MID did not achieve the 2016 Performance Milestone of contributing SB\$50 million to the NTF and hence did not qualify for the additional \$1 million in PLA. Despite high-level advocacy from Australia the CEWG did not meet in 2016-17 and the Solomon Islands Government has not agreed to the associated performance matrix that would enable performance bonuses to be paid.

The Solomon Islands – Australia Aid Partnership includes a commitment to mutual respect and accountability. The partnership contains 'Mutual Reinforcing Commitments' that build on the mutual obligations outlined in the AIP and these will be the basis for analysing progress on mutual obligations for future APPRs. The CEWG was not included in the Aid Partnership as an area of mutual commitment.

PROGRAM QUALITY AND PARTNER PERFORMANCE

Overview

Australia continued to develop a systematic approach to monitoring and evaluating aid in Solomon Islands. Over the last two years, program level performance was measured against the program PAF (Annex E) during the annual performance reflection workshop. The development of the PAF in 2015 was aligned with the four AIP objectives and provided end of plan outcomes, intermediate outcomes and indicators to assess progress. As per the AIP, targets were not set in the PAF for each outcome and instead the program committed to maintain performance levels against the baseline. During 2016-17, investment managers provided performance evidence from more than 30 unique sources against PAF indicators and the program has now collected baseline (2015) and intermediate data (2016) for most indicators. Performance evidence was presented and critiqued and an agreed rating determined for each AIP objective. This approach resulted in increased ownership and engagement in the PAF across the program and increased knowledge of PAFs as a tool to measure performance. Other key performance processes undertaken in 2016-17 included Aid



Quality Checks (AQC), Partner Performance Assessments (PPAs) and program evaluations which informed decisions around consolidation, and program planning and design.

The program has consolidated aid investments, reducing in 2016-17 to 25 investments as compared to 27 in 2015-16 and 29 when the AIP was launched in 2015. Program consolidation was achieved through considered closure of poor performing investments over the last two years and through the Solomon Island Growth Program being designed as an umbrella initiative for new economic growth activities.

The inaugural DFAT Annual Aid Evaluation Plan (February 2017) identified three Solomon Islands investments that would be independently evaluated with reports and management responses to be published in 2017. The 'Independent Assessment of Performance Linked Funding Indicators' for Education and Health were both completed in June 2017. These annual assessments determined the PLA payments for both sectors and enabled evidenced based discussion between the ministries and donor partners in the Annual Joint Review. The Mid-term Review of the 'Education Sector Program' (also part of the 2017 Evaluation Plan) will commence in September 2017 and be completed in December 2017. In 2016-17, Australia used evaluation recommendations to inform program planning; for example, the new gender program (2017-20) incorporated activities recommended by the 'Scoping Study on Women in Leadership and Decision Making'. In 2017-18, Australia will conduct at least four evaluations (see Annex C).

Aid Quality Checks (AQC)s

In 2016-17, post conducted AQC)s on eight current investments and seven completed investments (FAQCs) – ratings are summarised in **Annex D**. The program continued to use the annual quality check process as an opportunity for critical reflection on the performance of all investments greater than \$3 million. All peer reviews were chaired by post leadership (Head or Deputy Head of Mission), moderated by the Suva post gender First Secretary and included participants from Pacific Division and thematic teams; this approach enabled consistent robust assessment of performance.

Overall the effectiveness of investments in Solomon Islands increased last year. The improved effectiveness rating reflected Australia's commitment to close poor performing investments; in Solomon Islands two investments rated as unsatisfactory were completed in 2015-16 and a further two investments in statistics and food security (Kastom Gaden Association) were completed (and not renewed) in 2016-17. The Solomon Islands Growth Program (the only current investment rated unsatisfactory for effectiveness) achieved mixed results in 2016-17 and consequently the management response to be implemented 2017-18 included actions to improve program coherence and performance evidence through recruitment of a program coordinator and development of a PAF. There were no 'Investments Requiring Improvement' as none were rated as unsatisfactory for both effectiveness and efficiency.

A key constraint on investments receiving a higher rating for effectiveness was Monitoring and Evaluation (M&E) evidence. Most investments (especially those reliant on partners for evidence) were not able to demonstrate that evidence was used to inform decision making and consequently only two investments were rated good (score of 5) and none very good (6). The gender equality program (rated good) used PAF and independent evaluation as evidence of achievement against its four objectives. The education program (rated good) used partner system monitoring data, an independent review, tracer studies and clearly agreed performance targets to measure performance and inform policy dialogue and education planning decisions. The quality of M&E across the life of completed investments (FAQCs) was generally poor, with five or seven rated as unsatisfactory due to the investments not having clarity around intended outcomes and/or lack of evidence of achievement against the intended outcomes. Improving the approach to M&E will be a key priority in 2017-18: key actions include development of a Solomon Island Growth Program PAF; establishment of M&E support mechanism for the police/justice/governance program; and an annual performance reflection workshop.

Australia's investments were assessed to be highly relevant and to have provided lasting benefits. Investments in health, education and transport used local systems and PLA to incentivise partner government allocations. The peer review discussed the impact of the chosen delivery modality on performance. In Solomon Islands' highly politicised and fragile context, investment managers expressed that

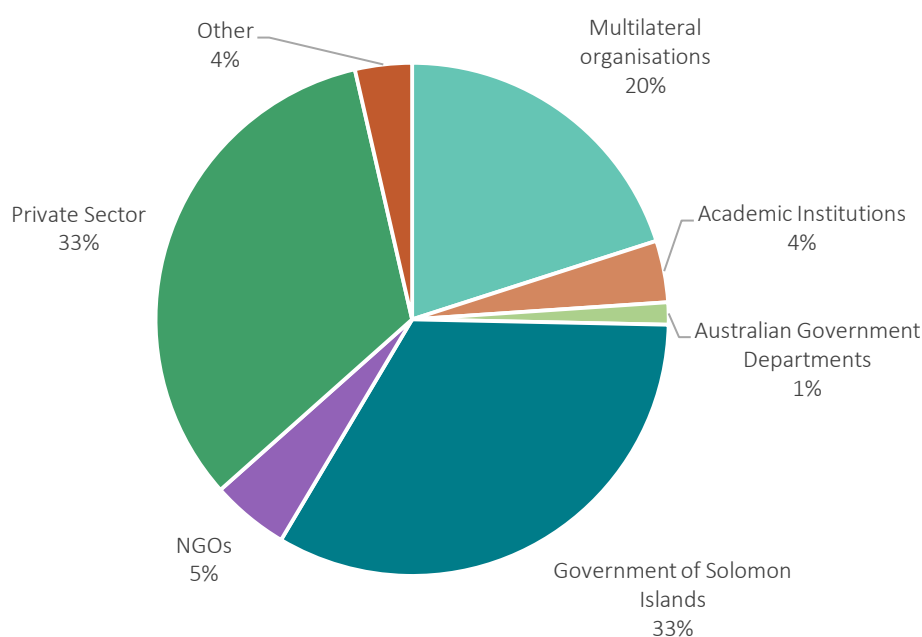
working with and to support the partner government enabled strong relevance and sustainability of investments, but often resulted in slowed (efficiency) or limited development results (effectiveness).

In 2016-17, the majority of current investments (seven of eight) achieved a gender equality rating of 4 or above and provided evidence of progress against investment specific gender action plans and increased partner commitment to gender issues. In contrast, most (four of seven) closed investments were unable to provide sufficient evidence (in their FAQCs) on gender equality, reflecting the program's mixed success in retro-fitting gender targets and actions to existing investments over the last two years. Senior post management continues to set high expectations on gender equality through the post-wide Gender Equality Working Group, dedicated gender human resources and training, and all investment managers' demonstrated strong understanding of and commitment to gender equality during the peer reviews.

Performance of key delivery partners

In 2016-17, Australia delivered the majority of its aid through three types of partners namely the Government of Solomon Islands, private sector and multilateral organisations. The expenditure by partner is summarised in Chart 2. This investment through the bilateral program is complemented by strong investment in non-government organisations through the Australian NGO Cooperation Program (ANCP).

Chart 2: Bilateral aid expenditure by delivery partner type 2016-17



As previously noted, the performance of investments through partner systems was mixed and the assumption that PLA would incentivise reform and budget allocations has been tested in the transport sector. In 2017-18, Australia will critically examine whether partner systems are the most appropriate modality to achieve the targeted development results for the transport sector.

The 2015-16 APPR highlighted the engagement of a managing contractor to manage advisor recruitment, deployment and management, and other corporate support functions. In 2016-17, the Solomon Islands Resource Facility (SIRF) supported approximately 55 long term and 17 short terms advisors. In 2016-17, SIRF delivered reduced recruitment times; improved gender practices through the SIRF Workforce Gender Equality Strategy; and enabled reduced transactional costs for Post staff.

In 2016-17, the program conducted fourteen PPAs to assess the performance of private sector, multilateral partners and NGOs on partnerships valued over \$3 million. The performance of the program's nine private sector partnerships was strong, with eight partnerships rated very good for commitment and good for results, value for money and alignment. The private sector partnership to support the health sector program was rated satisfactory, with timeliness of reporting and personnel changes noted as a concern. The

performance of partnerships with multilaterals and an international NGO were satisfactory for most criteria and all except the World Bank delivered against expected results. The performance of the partnership with Kastom Gaden Association was rated unsatisfactory for all criteria and as previously noted funding for this partner was not renewed.

RISKS

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?	Risk Rating (low, medium, high, very high)	Are these same risks in Post's Risk Register
Security environment deteriorates.	Updated and tested Crisis Action Plan; Short term position recruited to update Post security procedures; Security situation monitoring with AFP, SIG and other partners; New police development and Justice programs; and Defence Cooperation Program	New security treaty to provide for support for humanitarian and security situations	High	Yes
Macro-economic reform slows or regresses which could reduce economic growth and cause civil unrest.	Targeted technical assistance to MoFT Economic Reform Unit, plus budget, debt and customs; Support to private sector to engage in advocacy for reform agenda; and Ongoing advocacy for reinstatement of CEWG.	Quarterly trilateral discussions with MDBs; Support for SIG-private sector dialogue through new MoU; and PACER plus readiness package.	High	Yes
Opportunistic or planned fraud is committed, which would could result in in misallocation/misuse/thrift of Australian money.	Dedicated post fraud officer; Fraud Strategy; Joint Statement on Zero Tolerance to Fraud in Solomon Islands; Australian-funded Financial Advisers undertaking compliance checks for Australian budget support payments; Annual fraud training at post; and Reimbursement model for budget support (health and education sectors).	Implementation of recommendations of Post's response to the ANS (including the 2017 fiduciary risk assessment update) and sector level assessments for PFM and procurement.	High	Yes
Delays in partner government payments to private sector and partner ministries, which could affect effect implementation of Australia's aid programs and economic growth.	PLA to sector allocations; Advocacy with MoFT and line agencies; and Post regularly monitors the fiscal situation through strong engagement with MoFT and other stakeholders.		High	Yes

Australia's program continued to be delivered in a high risk environment as highlighted in Table 3. Over 2016-17, Australia managed risks systematically through investment level risk registers and management of risks in the weekly Aid Management Meeting. The security situation remained fragile and the associated risk remained high throughout 2016-17. In preparation for the end of RAMSI, Australia prepared and developed new treatments and controls to reduce the likelihood and severity of changes to the security situation, including the new policing and justice program and negotiation of a new security treaty. The profile of macro-economic, fiscal and fiduciary risks changed over the last twelve months due to a reduced appetite for macro-economic reform, deterioration in the Solomon Islands' fiscal position and removal of advisors in MoFT.



MANAGEMENT ACTIONS

In 2016-17, Australia progressed all but one of the ten management actions identified in the 2015-16 APPR (see Annex A). Australia finalised the designs of the new stability and growth program, and the Aid Partnership was agreed. Two of the actions were partially achieved: Post identified ten investments that address climate change but resilience was not systematically considered across the program; and most current investments received satisfactory ratings while completed investments generally performed poorly on gender. The CEWG did not meet in 2016-17, despite high-level advocacy by Australia.

Australia's aid program is already heavily committed in 2017-18, and consequently the following management actions focus on informing the future direction of our program and strengthening our ability to understand the performance of our existing portfolio.

1. The Deputy High Commissioner will oversee a review of the AIP which will:
 - Examine the post-RAMSI context and how this has impacted on the portfolio of Australian investments through the aid program;
 - Examine the opportunities for a more poverty-centred, decentralised approach, building on the stability gains made through RAMSI;
 - Identify opportunities for stronger links between regional and bilateral programs;
 - Seek to understand the factors that influence why support through partner systems is more effective in some sectors than others, including in relation to PLA;
 - Make recommendations on objectives, delivery modalities and partners that can inform the next Aid Investment Plan; and
 - Be completed by June 2018.
2. To improve program coherence and performance evidence, the performance frameworks for key investments will be updated or developed. The Second Secretary (Aid Strategy & Performance) will support key investment managers to:
 - Develop a detailed PAF for the portfolio of economic growth activities led by the Second Secretary (Economics) and be completed by October 2017;
 - Develop a comprehensive M&E framework and support mechanism for the stability portfolio, including measures to assess the SIPDP, led by the Counsellor (Stability) and be completed by February 2018; and
 - Review and update the Gender Equality PAF, including identifying reliable robust measures for our support to end violence against women and implement the FPA. This will be led by the Second Secretary (Gender) and completed by December 2017.
3. To improve Climate change and resilience, Second Secretary (Economics) will support key investment managers to:
 - Mainstream climate change throughout relevant investments; and
 - Ensure Australian funded climate science information is reaching programs to inform decision-making.
4. To support the Solomon Islands Government to prepare for the first national elections of the post-RAMSI era, the Second Secretary (Political) will:
 - Work in partnership with the UNDP on the implementation of Phase 2 of Strengthening Electoral Cycle Systems in Solomon Islands Project (SECSIP);
 - Work with the AEC to develop a new suite of training and support for the SIEC ahead of the next elections;
 - Manage a program design process for the bilateral technical advisor program that assesses and incorporates the multiple modalities employed in democratic governance;
 - Lead a cross-sectoral post team to focus intensively on how best to support and encourage women candidates for the 2019 elections; and
 - Incorporate as appropriate recommendations from the forthcoming Office of Development Effectiveness (ODE) evaluation on Australia's support for elections

ANNEX A- PROGRESS IN ADDRESSING MANAGEMENT ACTIONS

Management actions identified in 2015-16 APPR	Rating	Progress made in 2016-17
Finalise the design of the new governance, justice and policing programs to prepare for RAMSI transition in July 2017.	Achieved	Design was completed and new programs commenced as planned on July 1 2017.
Finalise design and commence implementation of the new Solomon Islands Growth Program.	Achieved	Design was completed and implementation of growth program commenced.
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	Achieved	Australia established mechanisms and processes for the engagement of private sector in the skills sectors: key achievements included Industry Advisory Groups, National Labour Market Analysis and support for development of SITESA Bill.
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.	Achieved	In January 2017, Australia signed the funding agreement with MHMS. The agreement includes a component of performance linked funding (up 25% of total funding) to incentivise reform and improve service delivery.
Continue to advocate with the Solomon Islands Government for the reinvigoration of the CEWG.	Not achieved	Australia and likeminded donors advocated for regular meetings on economic reform at both ministerial and official levels. Despite this, the CEWG did not meet in 2016-17.
Develop and implement a coordinated approach to help increase Solomon Islands' participation in the SWP.	Achieved	The SWP Boost program was developed to increase the quality and preparedness of SI workers and complement existing regional support. A local private sector company was contracted in June.
Integrate climate change and resilience considerations into program management.	Partially achieved	With the support of the interim Pacific climate change support unit, Post identified a \$35m contribution to Australia's climate finance spend across 10 investments over 2016-2019. Tina River that is the largest Australian aid funded project in the Pacific with climate change as its primary objective.
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 AQC.	Partially achieved	The majority of current investments (87.5 per cent) received a satisfactory gender rating. However, only 43 per cent of completed investments received a satisfactory rating and therefore the overall target (both AQC and FAQCs) of eighty per cent of investment rated satisfactory was not achieved.
Ensure aid program modalities are aligned with DFAT's human resourcing envelope.	Achieved	100% of investments were rated satisfactory for appropriateness of modality. A managing contractor, managed advisors for 14 investments and reduced overall transactional costs across the program.
Develop and finalise the Solomon Islands – Australia Aid Partnership Agreement, to reflect shared policy priorities and agreed areas of mutual accountability.	Achieved	The Solomon Islands – Australia Aid Partnership was signed in June 2017 and provides a shared vision for cooperation.

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 2016-17

Aid objective	Performance Benchmark	Rating	Progress in 2016-17
Supporting Stability			
Number of police and other law and justice officials trained	1600	Partly achieved	The number of police and justice officials trained was 1,393 in 2016-17. The training included 434 officials through the bilateral justice program and 899 police through RAMSI. As with 2015-16, the trained number was below the performance benchmark as RAMSI police training was more targeted.
Courts and justice agencies are better able to deliver their core functions	600 cases heard and disposed of in the Magistrates Court	Achieved	The Central Magistrates Court disposed of 877 criminal cases in 2016-17. Access to case disposal data has improved with the introduction of the Australian funded JIMS and has enabled a more accurate figure for 2015-16 of 736. This benchmark continues to be met.
Enabling Economic Growth			
Women able to gain business or income-generating skills ~	1,000 women are trained in business or income-generating skills	Achieved	1160 women trained in business or income-generating skills: Youth@Work (316), APTC (755), SIWIBA (138), Market4Change (211), Rural Development Program (328) and PHARMA (92).
Improved transport infrastructure	700km of roads rehabilitated or maintained	Achieved	Through Australian support for the NTF, SIG maintained or rehabilitated 992km of roads in 2016 (up from 255km in 2011 and 877km in 2015).
Improved environment for private sector investment, economic growth and trade	50% of CEWG and Financial Reform Program actions achieved for 2016-17	Not achieved	The CEWG did not met during 2016-17 and has not endorsed a reform program for last two years. As a result, Australia did not make a tranche payment of \$3 million PLA related to this benchmark.
Enhancing Human Development			
Improved functioning of health system	Availability of critical and essential medicines is 90%	Achieved	Availability of essential medicines at provincial medical stores was 90% in 2016, an increase from 89% in 2015.
Year 4 literacy and numeracy rates – SISTA	Progress toward SIG's 2020 target of 85%, from 75.6% (2015 result for reading)	Partly achieved	SISTA was not conducted in 2016 but is on schedule to be implemented in late 2017 as planned. The rate of 75.6 per cent reported in the 2015-16 reflected students' ability in reading and language. In 2015, 15.3 per cent of year 4 students were performing at or above the expected standard for writing and 61.7 per cent for numeracy.
Increase in percentage of primary teachers certified	Progress towards 2017 target of 73% of primary teachers certified	Partly achieved	In 2017, MEHRD adopted teacher certification as the preferred measure for teacher quality. In 2016, 65.6 per cent of teachers were certified (somewhat short of 73% target) but an increase compared to 57.1 per cent of primary teachers in 2012. In 2016 women made up 46% of certified primary teachers and 51% of uncertified primary teachers.

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

Performance Benchmarks for remainder of Aid Investment Plan

Aid objective	Performance Benchmark	2017-18	2018-19
Supporting Stability			
Number of police and other law and justice officials trained	1600	800#	800#
Courts and justice agencies are better able to deliver their core functions	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
Enabling Economic growth			
Women able to gain 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
Improved transport infrastructure to support increased economic activity	700km of roads rehabilitated or maintained	750km of roads rehabilitated or maintained	800km of roads rehabilitated or maintained
Improved environment for private sector investment, economic growth and trade	50% of CEWG Economic and Financial Reform Program actions achieved for 2016-17	50% of CEWG and Financial Reform Program actions achieved for 2017-18	50% of CEWG and Financial Reform Program actions achieved for 2018-19
Enhancing Human development			
Improved functioning of health system ^	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%
Year 4 literacy and numeracy rates – SISTA	Progress toward SIG's 2020 target of 85%, from 75.6% (2015 result for reading)	Progress toward SIG's 2020 target of 85%, from 75.6% (2015 result for reading)	Progress toward SIG's 2020 target of 85%, from 75.6% (2015 result for reading)
Increase in percentage of teachers certified	80% of teachers certified*	90% of teachers certified	95% of teachers certified

* Benchmark updated to reflect MEHRD adoption of teacher certification as the key indicator

Annex C - Evaluation Planning

List of evaluations completed in the reporting period

Investment number and name	Name of evaluation	Date completed	Date Evaluation report Uploaded into AidWorks	Date Management response uploaded into AidWorks	Published on website
INK867 Solomon Islands Justice Program	Mid-term review	August 2015	July 2016	July 2016	July 2016
INK143 Solomon Islands Urban Water Supply	Independent Evaluation	June 2016	March 2017	March 2017	Planned for September 2017
INK688 Addressing Gender Equality in Solomon Islands	Scoping Study on Women in Leadership and Decision Making	December 2016	August 2017	August 2017	August 2017
	Review of Pacific Women Country Plan	February 2017	Will occur after final management response is approved	Will occur after final version is approved	Will occur after final version is approved
INH615 Solomon Islands Rural Development Program	Implementation Status Results Report: Sequence 04	April 2017	July 2017	August 2017	April 2017 (World Bank website)
INL129 Education Sector program 2	2016 Independent Assessment of Performance Linked Funding Indicators ('Annual Joint Performance Review', APPR 2015-16)	June 2017	Will occur after final management response is approved	Will occur after final version is approved	Will occur after final version is approved
INL121 Health Sector Support Program – Phase 3	2016 Independent Assessment of Performance Linked Funding Indicators ('Annual Joint Performance Review', APPR 2015-16)	June 2017	August 2017	August 2017	August 2017

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
Mid-term Review (partner led)	INH615 Solomon Islands Rural Development Program	28 August – 7 September 2017	November 2017	Mid-Term Review of the performance of the Solomon Islands Rural Development program implementation against its objectives and target.	Partner led with formal participation by co-funded donor partners including the Solomon Islands government counterparts.
Mid-term Review	INL129 Education Sector Program 2	September 2017	December 2017	Mid-term review of the basic education component of the Solomon Islands Education Sector Program 2.	Independent assessment
2017 Independent assessment of Performance Linked Funding (PLF) indicators	INL121 Health Sector Support Program – Phase 3	April 2018	April 2018	Independent assessment to support Joint Annual Review of health sector, including assessment against PLF indicators	Independent assessment
2017 Independent assessment of Performance Linked Funding indicators	INL129 Education Sector Program 2	June 2018	June 2018	Independent assessment to support Joint Annual Review of education sector, including assessment against PLF indicators	Independent assessment

Annex D - Aid Quality Check 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
Solomon Islands Resource Facility and Program Enabling (INL123)	\$15.5m	2017 AQC	5	4	4	4	4	4
	2015-20	2016 AQC	-	-	-	-	-	-
Solomon Islands Growth Program (INL596)	\$51.8m	2017 AQC	5	3	4	3	4	4
	2016-20	2016 AQC	-	-	-	-	-	-
Solomon Islands Urban Water Supply (INK143)	\$16.7m	2017 AQC	5	5	4	4	4	4
	2011-18	2016 AQC	5	4	4	4	4	4
Solomon Islands Transport Sector- Based Approach Phase 2 (INL126)	\$41.5m	2017 AQC	5	4	3	3	4	4
	2016-21	2016 AQC	-	-	-	-	-	-
Solomon Islands Rural Development Program (INH615)	\$35.2m	2017 AQC	5	4	3	4	5	3
	2007-21	2016 AQC	5	3	4	4	4	3
Addressing Gender Equality in Solomon Islands (INK688)	\$15.4m	2017 AQC	5	4	4	5	4	5
	2012-18	2016 AQC	5	4	4	3	4	5
Education Program 2 (INL129)	\$55.3m	2017 AQC	5	5	5	5	5	4
	2015-20	2016 AQC	5	5	5	5	5	5
Health Sector Support Program - Phase 3 (INL 121)	\$66.0m	2017 AQC	4	4	3	4	4	4
	2016-20	2016 AQC	-	-	-	-	-	-

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	Overall rating	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality
Solomon Islands Democratic Governance (INK788)	\$9.8m 2013-17	4	5	4	4	3	4	3
Solomon Islands Justice Program (INK867)	\$41.9m 2013-17	4	5	4	4	3	4	4
Economic and Public Sector Governance Program (INL122)	\$43.2m 2013-17	4	5	4	4	3	4	3
Kastom Gaden Association (INJ711)	\$3.6m 2010-17	4	4	3	3	2	3	3
Energy Sector – Tina River Hydro (INK466)	\$5.3m 2012-17	4	5	5	3	3	4	5
Transport Sector Phase 1 (INJ485)	\$37.9m 2010-16	5	6	5	4	5	5	5
Statistics Support Program (INL127)	\$4.4m 2013-17	4	4	3	4	4	3	3

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.

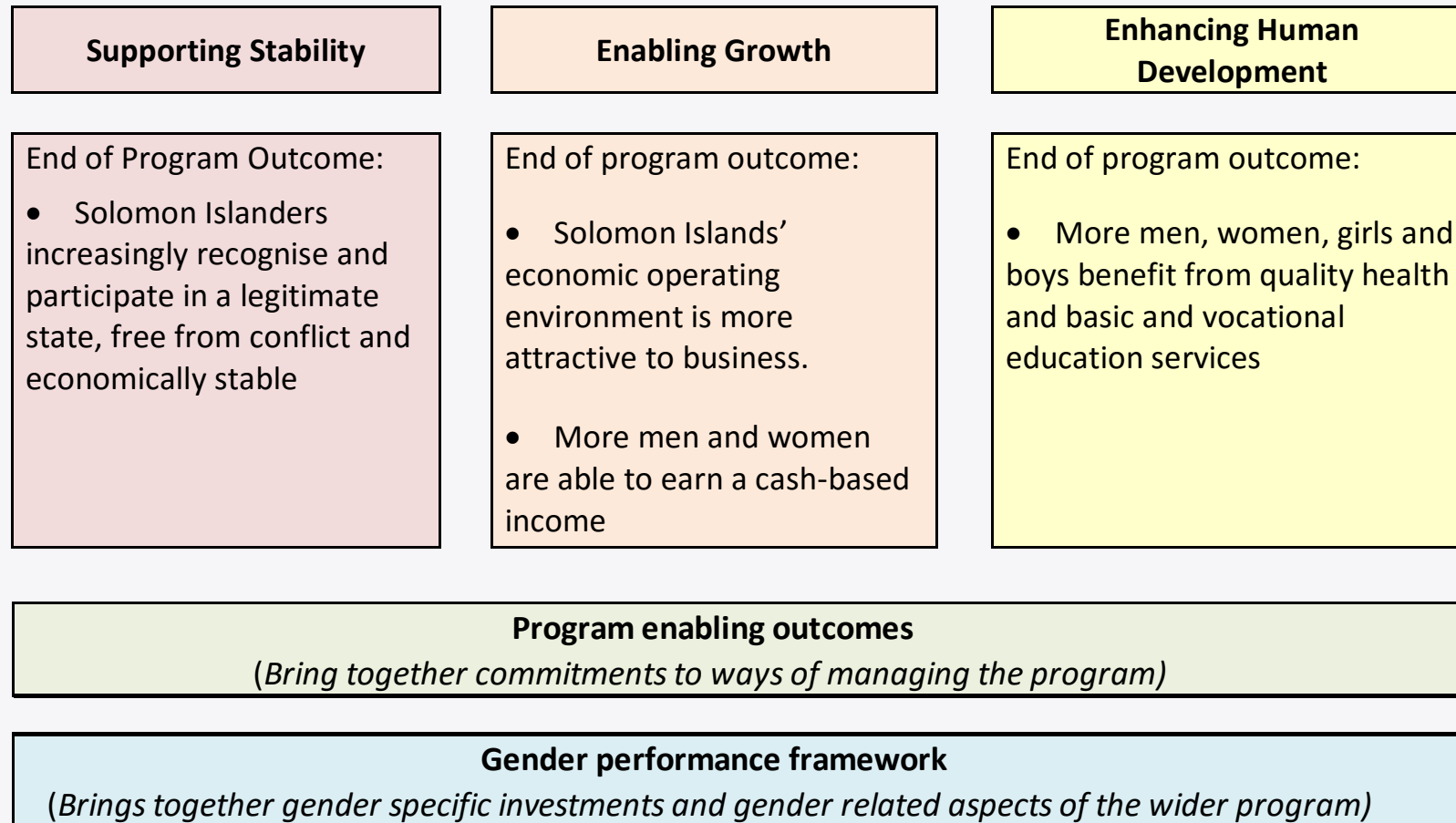
4 = Adequate; on balance, satisfies criteria; does not fail in any major area.

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



Australia's aid objective: Supporting Stability	
Plan outcome	Plan outcome indicators
	Free and fair national elections held in 2018/19
	<i>Percentage of people who agree with the statement 'that the RSIPF always treat people fairly and with respect' (revised from 'Confidence in the police')</i>
	Debt and fiscal balance levels
	Positive changes in attitudes towards family violence
Australia's aid objective: Enabling Economic Growth	
Plan outcome	Plan outcome indicators
	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)
	Active membership of National Provident Fund
	Number of men and women with new skills for income generation
Australia's aid objective: Enhancing Human Development	
Plan outcome	Plan outcome indicators
	<i>Availability of critical and essential medicines (includes contraceptives) at Second Level Medical Stores (provincial level) (revised from 'Resources reaching front line' – align with performance benchmark)</i>
	<i>Percentage of teachers certified (revised from 'Skill levels of staff and observance of guidelines', align with performance benchmark)</i>
	Maternal and child mortality rates
	<i>Number of contraceptive contacts per 1000 of population (revised from 'Contraceptive use')</i>
	% 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: Program Enabling	
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 <i>investments</i> in AidWorks (<i>investments replaced initiatives</i>)
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 <i>disaggregated by sex</i>
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
	Evidence of Quarterly Risk Reviews # of fraud cases per quarter # of cases closed per quarter
	Assessment of National Systems management responses tracked and implemented
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	Supporting Stability Plan outcome - Solomon Islanders increasingly benefit from a functioning, economically stable state and a secure environment
Intermediate outcome	Intermediate outcome indicators
	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
	Perceptions of accessibility and performance of community grievance systems
	2016 revenue estimated
	Aggregate revenue out-turn compared to original approved budget (new indicator)
	Level of budget deficit (SB\$ million) (revised from 'Reduction in budget deficit')
	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
	HLCs held and dialogue high quality resulting in agreed consultation outcomes (revised from '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)

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	<i>Tina river hydropower project progressing as planned (revised from 'Evidence of annual progress towards an identified investment')</i>
	Timely submission of tenders awarded by CTB are advertised on the SIG MoFT website quarterly
	<i>Percentage of NTF payments passing MoFT compliance checks first time (revised from '% of NTF procurements passing MID and MoFT compliance checks first time around')</i>
	<i>Ministerial representation and participation in annual Australia-Solomon Island Business Forum (new indicator, replaces previous indicators on private sector engagement with government)</i>
	<i>Proportion of monthly meetings between SIG and SICCI that are held (new indicator)</i>
	\$ 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
	# women trained under SIWIBA support
	# 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
	# Data from IFC "Empowering Women in the Private Sector" program
	<i>Number of entities that implemented at least one recommended change in procedures, policies, practices or standards aimed at improving gender equality (new indicator)</i>

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'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
	% 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
	National Qualifications Framework in place and evidence of its use and institutionalisation
	# of people trained in TVET courses that meet national or international standards
	# of medical graduates who successfully complete internships in-country
	# doctors and nurses trained
	% of teachers trained
	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
	% of births attended by a skilled birth attendant
	% of schools without adequate water and sanitation

Gender Performance Assessment Framework

Long-term Outcome	Intermediate Outcomes	Intermediate outcome Indicators
	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
		# 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
		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
		# 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
		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 AQCs