



AID PROGRAM PERFORMANCE REPORT 2017-18

Solomon Islands

September 2018



This report summarises the performance of Australia's aid program in Solomon Islands from July 2017 to June 2018 against the Solomon Islands Aid Investment Plan 2015/16 – 2018/19.

Australia and Solomon Islands have a strong and enduring partnership. The relationship between our two countries was cemented during the 14 year Regional Assistance Mission to Solomon Islands (RAMSI) supporting peace and stability in Solomon Islands. The relationship continues today based on shared mutual interests in a prosperous and stable Solomon Islands, and strong people-to-people links. Reflecting the significance of the relationship, our development assistance to Solomon Islands is Australia's third largest bilateral aid program. In 2017-18, Australia continued a core focus on assisting Solomon Islands to improve literacy and numeracy, deliver primary health services, enable economic growth to support a pathway out of poverty and build a more robust economy, and to maintain stability.

Australia scaled up work with Solomon Islands to strengthen economic growth over the year. Sustained, increased economic growth is essential for Solomon Islands to reduce poverty and consolidate stability. In October 2017 Australia and Solomon Islands agreed to build a high-speed telecommunications cable to allow faster and more reliable internet connections to drive economic growth and sustainable, inclusive development. The Strongim Business program launched in July 2017 and implemented early work to support growth in agriculture and tourism. Australia continued to work closely with Solomon Islands on increasing participation in the Seasonal Worker Program, which supports unskilled workers from Solomon Islands to gain seasonal employment on Australian farms. Solomon Islands participation in the scheme doubled to 175 workers, and work to train, prepare and support future workers positioned Solomon Islands for ongoing expansion.

Our support for economic growth focused on tackling constraints to growth and increasing inclusive growth. Our support for infrastructure strengthened national systems and enabled Solomon Islands to manage the maintenance of 692km of roads and 19 bridges. Since 2015, the Rural Development Program, delivered jointly with the World Bank and EU, provided community grants for village infrastructure in 214 villages, reaching 44,188 beneficiaries across all 172 rural Wards. Australia finalised its support to the Solomon Islands Water Authority (SWIA) in June 2018. SIWA is a major success story, transitioning from near collapse in 2011 to an effective State Owned Enterprise delivering safe water in Honiara 22 hours per day. Australia and Solomon Islands engaged on economic and policy reforms through the Core Economic Working Group; and our support to the Solomon Islands Chamber of Commerce and Industry positioned business to engage with Government on policy issues. Work started on construction of a market in Gizo, Western Province, improving economic activity and enhancing Gizo Town's appeal as an international tourism destination.

Australia's support for stability continued to strengthen key institutions to contribute to safer communities, better access to services, and improved economic stability. The Royal Solomon Islands Police Force demonstrated its ability and professionalism during the year, including by maintaining a visible and professional presence throughout an unexpected change in government. Australia's justice program delivered training for 934 police and other law and justice officials, and Australia assisted the Ministry of Finance and Treasury to implement reforms to improve government revenue collection, budget allocations and service delivery. Our work supported ongoing preparations for national elections in 2019, including deployments from the Australian Electoral Commission.

Our support for health and education reached all ten Provinces and Territories, supporting the completion of 74 classrooms, the expansion of 13 schools, and continuing professional development for 1,440 teachers. An educated and healthy population is essential for future stability and prosperity in Solomon Islands. Our programs supported long-term change in the education sector, supporting the Ministry of Education and Human Resource Development to improve the quality of teaching, update curriculum, and better manage resources. Our support to health has improved national capacity and provincial-level financial management and reporting, although this is yet to translate uniformly into the delivery of improved services on the ground. A major health reform was delivered in 2017-18, with the Cabinet approving a policy setting out a



Australia's support will remain responsive and considered. Australia's support for improved road transport has delivered results, but procurement and spending have faced ongoing delays. In light of this, Australia is reassessing its approach in the sector. We will monitor the impact of our work to expand opportunities for Solomon Islanders to earn cash-based incomes, and reinvigorate work on gender equality across all programs. Finally, with one year of the Aid Investment Plan remaining, we will progress a new strategy.

CONTEXT

Australia's aid program in Solomon Islands focuses on three strategic objectives; supporting stability, enabling economic growth, and enhancing human development. The three objectives are inter-related, with progress on one underpinning progress on others. Australia's assistance supports Solomon Islands' National Development Strategy (2016-2035), which maps out the pathway for Solomon Islands to improve the social and economic livelihoods of all Solomon Islanders. Australia provided \$136.9 million in official development assistance (ODA) to Solomon Islands in 2017-18, representing 62 per cent¹ of total OECD ODA flows to Solomon Islands and 10 per cent² of Solomon Islands' nominal GDP in 2016.

Despite an unexpected change in government in 2017, the year was one of relative stability for Solomon Islands. The November 2017 motion of no confidence in the Government was resolved without conflict in the Parliament. Australia engaged with the new leadership on discussions on key economic and policy reform opportunities. The re-establishment of the Core Economic Working Group enabled robust policy discussion between the Solomon Islands Government and development partners on issues including public financial management and economic reforms. In a positive outcome for women's leadership, Solomon Islands elected its second female MP in May 2018.

Solomon Islands' economic environment remained stable, with modest growth for the eighth consecutive year. GDP growth around 3.7 per cent in 2017 was built mainly on timber exports. Rates of inflation and population growth continue to limit per capita income growth. Solomon Islands' economic base remains narrow, and the country is vulnerable to external shocks.

Solomon Islands needs to develop additional sources of private sector growth to maintain economic stability and provide job opportunities to a young and fast growing population. Key contributors to economic growth traditionally have been agriculture, fisheries, forestry and services. However, the World Bank argues that over the medium term, mining is the only industry capable of delivering the growth needed to replace the predicted decline in revenue from logging – while noting that the associated risks are high³. Under the right conditions, mining projects can contribute to local development, national revenue, and broader economic growth. Implementation of a sound mining regulatory framework, building on the National Mining Policy approved by Cabinet in March 2017, will be key to creating the conditions for a beneficial mining sector⁴.

The UN Committee for Development Policy recommended Solomon Islands' graduation from Least Developed Country (LDC) status in March 2018. Graduation from LDC status may impact on Solomon Islands' competitiveness in exports of tuna and palm oil, due to a potential loss of duty and quota free access to EU markets. The Solomon Islands Government will need to start preparations for graduation early, to minimise the potential negative effects.

The 2018 budget highlighted the Government's commitment to fiscal discipline. Within a tight fiscal position, the Solomon Islands Government committed to a balanced budget. Increased budget restraint will improve

¹ OECD, 2018, OECD.Stat, Available at https://stats.oecd.org/Index.aspx?DataSetCode=CRS1

² CBSI, 2018, Available at http://www.cbsi.com.sb/

³ World Bank, 2017, Solomon Islands Country Diagnostic. Available at: https://openknowledge.worldbank.org/handle/10986/27562:

⁴ World Bank, 2017, Solomon Islands Country Diagnostic:



the fiscal position, but large allocations to some less-productive areas, including discretionary expenditure for Members of Parliament and international scholarships, resulted in cuts to development spending. Government expenditure arrears built up in 2017-18, and although these were cleared through the 2018 budget, actions will be needed to rebuild domestic cash reserves and prevent arrears building up again. Foreign reserves are relatively strong, while fiscal buffers are low with the cash balance at 1.5 months of spending, below the IMF's two-month target. The Government indicated a commitment to taxation reform, public financial management reforms and anti-corruption (the Anti-Corruption Bill was passed just outside the reporting period in July 2018).

Despite gains in recent years, Solomon Islands' progress on human development lags within the region. Solomon Islands remains one of the most under-developed counties in the world. UNDP's Human Development Index 2017 positions Solomon Islands at 156 out of 188 countries⁵. Twenty five per cent of Solomon Islanders live below the international US\$1.90 per person per day poverty line, and 59 per cent live on less than US\$3.20 per person per day⁶. Key development indicators such as child nutrition remain a significant issue with estimated rates of stunting of 38 per cent of children five and under⁷.

Gender inequality is widespread in Solomon Islands, with some of the highest rates of gender-based violence in the world, few women in leadership and constrained economic opportunities for women. Australia's programs respond to evidence that two out of three ever-partnered women in Solomon Islands have experienced physical or sexual abuse by a partner⁸. Australia's commitment to advancing gender equality in the Solomon Islands focuses on preventing violence against women and children through innovative church and rights based programs, while also ensuring services are available to survivors of violence.

Australia is by far the largest aid partner to Solomon Islands, providing around two thirds of Solomon Islands' development assistance. As a key contributor to the national budget, around one quarter of Australia's bilateral aid is delivered through Solomon Islands' own systems. This year, Australia provided \$24 million (26 per cent of the bilateral aid program) in direct budget support to the Solomon Islands Government to improve service delivery in health, education and infrastructure. The funding was linked to the achievement of key performance indicators designed to incentivise reforms, increase performance, and establish mutual accountability, including pre-requisite investments by the Solomon Islands Government.

Australia made important shifts in our support during the period. Firstly, following the end of RAMSI, Australia's police cooperation transitioned to a bilateral capacity development program, closely aligned with the justice and governance programs. Secondly, Australia continued to increase emphasis on activities to create the conditions for economic growth, including through the new Strongim Business Program and support for the undersea telecommunications cable. In parallel, we continued the move away from in-line advisors. Preliminary results suggest that the drawdown in advisors is being successfully delivered, with a manageable loss of capacity and impact on outcomes. Australia will remain nimble in providing support when we judge personnel gaps could undermine key gains, or when Solomon Islands requests in-line advisers for key accountability institutions.

 $^{^{5}}$ UNDP, 2017, Human Development Report 2016, Available at: www.hdr.undp.org.

⁶ World Bank, 2018, Solomon Islands poverty and equity brief. Avail at: http://documents.worldbank.org/curated/en/158941528204217521/Solomon-Islands-poverty-and-equity-brief-spring-2018

⁷ Ibid

a Asian Development Bank, 2016, Gender Statistics: The Pacific And Timor Leste. Available at: https://www.adb.org/publications/gender-statistics-pacific and timor leste.



EXPENDITURE

Australia provided \$136.9 million in ODA to Solomon Islands in 2017-18, Australia's third largest aid program.

This represented a \$27.2 million decrease from 2016-17, largely due to changes to the policing program following the end of RAMSI in June 2017. Bilateral ODA has remained relatively stable for the last five years. Reflecting the transition away from a stability and peace-building program over the life of the AIP, the proportional spend on stability (including policing) decreased in 2017-18. Actual expenditure for each of the three objectives under the bilateral program remained largely constant from 2016-17 (± 6 per cent).

Table 1 Total ODA Expenditure in FY 2017-18

Objective	A\$ million	% of total ODA
Objective 1 - Supporting Stability	22.2	16%
Objective 2 –Enabling Economic Growth	34.7	25%
Objective 3 – Enhancing Human Development	35.8	26%
Sub-Total Bilateral	92.7	68%
Regional and Global	20.8	15%
Australian Federal Police (Objective 1 - Supporting Stability)	22.2	16%
Other Government Departments	23.4	17%
Total ODA Expenditure	136.9	100%

PROGRESS TOWARDS AIP OBJECTIVES

Australia's performance against AIP objectives was measured using the summary Performance Assessment Framework (PAF) detailed in Annex E. In 2017-18, Australia progressed as expected towards three of the four AIP objectives. One objective, relating to cash-based income, 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 2A: Enabling economic growth - Solomon Islands' economic operating environment is more attractive to business	Green	Green
Objective 2B: 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.











Supporting stability: Solomon Islanders' increasingly recognise and participate in a legitimate state, free from conflict and economically stable. The progress towards this outcome is rated green as key outcome indicators were largely on track.

Solomon Islands maintained stability and security in its first year after the end of RAMSI. Solomon Islands continued its upward trend in the Fund for Peace's 2018 Fragile States Index⁹, with a slight strengthening of its score and final ranking of 56 in the index's assessment of fragility in 178 countries. While Solomon Islands has been largely peaceful since the conflict ended in 2003, as expected at this stage of development, some areas of fragility remain. Factors including uneven development and economic prospects, land related-conflicts, and the challenge of providing public services to a widely scattered population can contribute to fragility. In this context, work under other AIP objectives - including contributions to the nation-wide improvement of health and education outcomes, and efforts to unlock broad based growth – are essential to supporting stability.

Peace, justice and security are important foundations for Solomon Islands' stability, as they allow society and the economy to function, and communities to live without fear of large-scale conflict. 2017-18 represented a notable change in Australia and Solomon Islands' cooperation in the sector, with the start of new programs supporting justice, governance and policing. All three programs work towards a common goal, supporting Solomon Islands' long-term efforts to rebuild key state institutions.

A key pillar of stability is a professional police force. The Australian Federal Police (AFP)-led Solomon Islands Police Development Program (SIPDP) focused on building Royal Solomon Islands Police Force (RSIPF) capacity with a view to foster a more responsive and community oriented police force. Support has focused on building the governance and accountability systems within the RSIPF, along with several policing capabilities. Up to 44 AFP advisers mentored, trained and advised the RSIPF in 2017-18.

Australia continued working with Solomon Islands to increase the reach and effectiveness of justice sector institutions. A functioning justice sector helps to ensure that disputes can be resolved without escalation, and provides confidence to businesses that disputes can be resolved in a fair and predictable way. Needs in Solomon Islands are great and access to justice, particularly outside Honiara, remains a challenge. Reformminded leadership, including the Solomon Islands first female Chief Magistrate, enabled good progress. The Magistrates' Court processed cases efficiently, with the disposal of 885 criminal cases exceeding the AIP target of 650 and the completion of 12 Provincial Court circuits (target 20). While the target for Provincial Court circuits was not met, work is on track to meet targets in the coming year. Australia's justice program delivered training for 934 police and justice officials (exceeding AIP target of 800). The Justice Information Management System (JIMS) was used to capture more data and improve efficiency. In 2017-18, JIMS was installed in Correctional Services Solomon Islands, and cases can now be tracked as they progress through the police, court and correctional systems.

Women in Solomon Islands face additional challenges in terms of accessing justice, with only 1.1 per cent of women who experience physical or sexual abuse by a partner reporting the incident to police¹⁰. In a difficult context, the program supported the Solomon Islands Government's implementation of the *Family Protection Act 2014* (the Act), which addresses violence against women and girls, through supporting greater reporting of family violence and effective treatment by the authorities. Australia supported the development and

⁹ Fund For Peace, 2018, Fragile States Index 2018, Available at: www.fundforpeace.org/fsi/. The 1st ranked country is assessed to be the most fragile, the 178th country the least.

Ministry of Women, Youth and Children's Affairs, Solomon Islands Family Health and Safety Study: a study on Violence against Women and Children (Noumea, New Caledonia, Secretariat of the Pacific Community, 2009), Available at: https://pacificwomen.org/resources/solomon-islands-family-health-and-safety-study/



This year was an important early test of the strength of Solomon Islands' national justice institutions. From a high of 97 advisors in Solomon Islands' justice agencies during RAMSI, Australia is now supporting 13 advisors. Support for key in line positions including the Chief Magistrate and Deputy Public Solicitor ended during the reporting period. In November 2017, Australian-funded lawyers ceased appearing in court, marking the first time since 2005 that Australian funded lawyers were not running complex criminal trials. Impacts of the ongoing drawdown of technical assistance will continue to be monitored.

women through calls to its hotline in 2017.

The informal justice sector has deep cultural and historical roots in Solomon Islands and the settlement of disputes often occurs within the local community. Through the World Bank, Australia helped to pilot a means of linking communities with formal and informal dispute resolution services. Our support for the informal justice sector assisted communities in 13 Wards across two Provinces resolve local disputes. The program had a strong commitment to outcomes on gender equality. It incorporated support arrangements for survivors of gender-based violence and increased women's participation in conflict resolution. The investment improved community grievance mechanisms for 77 per cent of citizens involved. The project commenced work to expand to an additional two Provinces during the reporting period.

Progress on support for electoral reform was slower than expected. The Solomon Islands Electoral Commission will run national elections in early 2019, the first since RAMSI ended in July 2017. Our support for a more sustainable and transparent electoral system was provided through UNDP, co-funded with the EU, and technical advisors. Australia also provided support through a twinning arrangement between the Australian and Solomon Islands Electoral Commissions. Delays due to political changes and internal capacity gaps meant electoral and legal reforms were not realised as planned. As a result, some reforms to enhance democratic governance in Solomon Islands have been postponed to after the 2019 election. Delays in national budget allocations impacted on preparations for the upcoming election. Strong remedial action has been taken, including funding the CEO of the Solomon Islands Electoral Commission. This sector will be closely monitored in the lead up to the 2019 national elections.

Australia supported Solomon Islands to safeguard against corruption and deliver essential services through improved public financial management and public sector performance. In the first year of implementation of the new Governance Program we saw positive progress on public financial management (PFM), including through improved budget planning processes, quality of expenditure and development of regulations. Ongoing support was provided to Customs, which enabled the collection of a record breaking level of revenue of over SBD1 billion in 2017. Support for the public sector increased efficiency and accountability through the roll out of the human resource management system, whole of government approach to ICT services, and strengthened procurement processes. In 2017, Australia funded 35 (10 women) Solomon Islanders to earn a Certificate IV in Procurement and Contracting. Strengthening of SIG systems enabled Australia to channel 26 per cent of its annual funding allocation as budget support directly through Solomon Islands Government systems. However, the removal of several key advisers in early 2017 from the Ministry of Finance and Treasury (MoFT) and the absence of a substantive Accountant General resulted in delays in payment processing times and reporting on expenditure, which impacted the implementation of these programs (Health, Education and Transport). The Governance Program engaged regularly with MoFT on these issues, and a substantive Accountant General commenced in August 2018, which should support improved performance in these areas. Solomon Islands Parliament passed the Anti-Corruption Bill (ACB) 2017 in July 2018, just outside the reporting period. Australia provided assistance for the development of the Bill, including legislative drafting and legal policy support.



Reform-minded leadership enabled genuine discussion between government and donors on economic policy priorities. The Core Economic Working Group (CEWG), chaired by the Minister of Finance, was reestablished in 2017-18 following a long hiatus, marking a restart of policy dialogue between Solomon Islands Government and development partners. The reinvigoration of this group represented a significant improvement in the quality of economic, monetary and fiscal policy dialogue. Policy reforms were agreed in April 2018, with good progress made in the following months (AIP target for implementation of 50% of CEWG reforms).

Engagement on economic policy reform exceeded expectations. Advisory support to the Economic Reform Unit provided analysis and advice to support fiscally responsible and transparent budgeting. The Solomon Islands Government delivered a fiscally responsible budget and strong performance on revenue estimates. There were, however, issues with cash flow at end of 2017 budget cycle, resulting in unpaid contracts impacting on the business environment. A reduction in the number of advisors in the Economic Reform Unit in the previous period impacted our ability to engage on revenue and taxation.

OBJECTIVE 2A: MORE ATTRACTIVE BUSINESS ENVIRONMENT















Enabling economic growth 2A: Solomon Islands' economic operating environment is more attractive to business. Progress towards this outcome is rated green as key outcome indicators indicated that on balance performance towards this objective was considered on track. Progress in individual areas was a mix of on track (telecommunications, urban water, business engagement through the Solomon Islands Chamber of Commerce and Industry) and slightly off track (energy, transport).

Australia's support for economic growth addresses constraints to growth in Solomon Islands' economy and builds an environment that facilitates investment and trade. Without sustainable economic growth, Solomon Islands will be unable to provide services that meet the expectations of its citizens. Solomon Islands has made substantial progress with economic development over recent years, however average per capita incomes remain lower than before the conflict, and progress has been uneven across the country¹¹.

The environment for business and investment in Solomon Islands remained stable, but from a low base. Solomon Islands' score in the World Bank's Ease of Doing Business remained relatively constant. Its ranking declined to 116 out of 190 countries, down 12 places from 2016. This was largely due to improvements in other similarly ranked countries. Indicators of business confidence and engagement were mixed, but relatively stable. Reported business confidence remained positive. Sixty one per cent of businesses expected their business situation to improve, while only eight per cent expected the business environment to deteriorate, but the number of registered businesses dropped to 1,948 from 2,276 in 2016-17.

Australia worked to address constraints to private sector growth. Our work invested in transformative activities that addressed economy-wide constraints to growth, promoted growth and influenced change in the business environment through engagement with the private sector. Support focused on reducing energy costs, providing economic infrastructure and strengthening information communications technology.



Our support to the Tina River Hydropower Project will bring down energy prices in Solomon Islands, which are amongst the highest in the Pacific. In this multi-donor project, Australia supported the Solomon Islands Government and World Bank to secure progress in a complex operating environment. The project capitalised on a reform opportunity to secure financing from five out of a total of six financiers in 2017-18. While this target was achieved, the completion of commercial negotiations was delayed and is now expected to be finalised by end November 2018. Solomon Islands and key donors view this project as a priority given its projected impact on energy costs, and we continue to invest substantial time and resources in shepherding this transformative project towards completion.

Mining is a potential future source of revenue for Solomon Islands, and Australia continues to appropriately support incremental improvements in mining governance and management. The complexity and capacity of the sector in Solomon Islands is illustrated by the lack of significant, legally operating mines in the reporting period (only low-technology bauxite operations were underway). Australia supported the World Bank to lead sector wide reform, and its work on mining legislative reform, by linking progress in the sector to budget support payments under the Core Economic Working Group policy matrix.

Australia's support in the transport sector helped build the capacity of the Ministry of Infrastructure Development and fund the delivery of reliable and sustainable transport infrastructure services. Transport infrastructure supports economic growth through improving access for businesses and people to markets and services. Poor infrastructure is a constraint to economic growth in Solomon Islands. In 2016, almost half of all roads and 26 per cent of wharves were estimated to be in in poor condition, and there is limited capacity to manage or maintain infrastructure. Australia's transport infrastructure program, Sustainable Transport Infrastructure Improvement Program (STIIP), co-funded by ADB, supported the Solomon Islands Government rehabilitate and maintain transport infrastructure; finance and implement the National Transport Plan; and improve the management and supervision capacity of the Ministry of Infrastructure Development. Australia's support was linked to performance, based on increasing Solomon Islands Government contributions to the National Transport Fund (NTF). Australia's investment contributed to the maintenance of 694 km (target 750km) of roads in 2017.

Australia funded the rehabilitation of an additional two bridges under the National Transport Fund to support economic activity in East Guadalcanal. The project progressed, with construction of one bridge underway, but work slipped behind scheduled timelines. Despite the NTF's results being close to achieving many of the targets set under STIIP, the continued slow rate of project execution and the high cash balance of the NTF remain as major concerns. This sector requires close focus from Australia, and our ongoing approach to supporting transport infrastructure will be revisited in the coming year.

Australia successfully transitioned out of the urban water sector with impressive results. Australia's support to the Solomon Islands Water Authority (SIWA) enabled SIWA to deliver water in Honiara 22 hours a day (as per target) and meet WHO standards for quality (as per target). Australia transitioned out of the sector during the reporting period, and successfully advocated for the multilateral banks to lead future support.

Our support to the Solomon Islands Chamber of Commerce and Industry (SICCI) allowed business to engage with government on its reform agenda. SICCI signed an MOU with the Government in July, and secured the



Australia worked to improve the participation and empowerment of women in the workforce. The partnership with the International Finance Corporation provided women with accredited qualifications in management and leadership, worked with business to improve gender equality polices and encouraged women into non-traditional roles. Seventeen companies, including 15 companies with over 100 employees, agreed to implement 'gender smart' employment solutions and signed up to the Waka Mere Commitment to Action in 2017-18. Australia's support to the Solomon Islands Professional Network of women resulted in 84 women members by January 2018. Australia also supported the Solomon Islands Women in Business Association (SIWIBA), which represents women small-business holders in the formal and informal sectors.

In 2017-18, 25 per cent of aid activities in Solomon Islands supported the Aid for Trade agenda, eclipsing the 20 per cent target. The Pacific Horticultural and Agricultural Market Access Program (PHAMA) aims to overcome trade-related issues and improve access to international markets to drive economic growth. In 2017-18, PHAMA supported the Solomon Islands Competent Authority preparation for an EU food safety fisheries audit, which was completed in December 2017, ensuring \$60 million per annum trade of fish to the EU. PHAMA also supported Solomon Islands' cocoa trade facilitation, resulting in sales of 42 tonnes of sundried cocoa to international boutique markets at 160 per cent above market price. In 2017-18, Solomon Islands Cocoa Quality Manual was launched, and PHAMA provided sheds, equipment and eight cocoa solar dryers to farmers, as well as training on cocoa farming practice.

OBJECTIVE 2B: INCREASED ABILITY TO EARN CASH INCOME













Enabling economic growth 2B: More men and women are able to earn a cash-based income. Progress towards this outcome is rated orange. Work under this objective scaled up over the period, including the launch of a new program to strengthen business and a ramp up of work on labour mobility, and progress indicators were on track. However, our overall assessment is that activities do not yet amount to a sustained contribution to the objective of improving incomes, especially rural incomes.

Australia launched a new flagship program in July 2017 to improve production techniques and expand access to new markets to broaden Solomon Islands' economic base. The 'Strongim Bisnis' program is working with the private sector on business practice, market development, risks and resilience, and women's participation in the economy. It focused initially on the cocoa, coconut and tourism markets. The program is in early stages, but on track against annual work plans. The program's focus on market systems development may take some time to build understanding of and gain traction in the private sector.

Australia's support to rural development reached communities across all Provinces. Over 80% of the population of Solomon Islands lives in rural areas. Economic development needs to address the needs of people in remote areas, who derive their livelihoods from agriculture and fishing. Since 2015, the Rural Development Program, delivered jointly with the World Bank and EU, provided community grants for the construction of village infrastructure in 214 villages, reaching 44,188 beneficiaries across all 172 Wards. Over 200,000 (105,297 women) Solomon Islanders (around one third of the population) participated in local meetings to agree priority projects since 2015. In the agricultural sector, Australia led coordination efforts to combat risks posed by the coconut rhinoceros beetle to the coconut and palm oil industries in Solomon Islands. The potential economic impact to Solomon Islands if the spread of the beetle is not controlled is significant. Australia was instrumental in the formation of a public-private sector Taskforce and funded a Coordinator to assist government agencies on their response.



Work started on the construction of a new market place in Gizo, Western Province. Gizo Market is a high profile bilaterally funded infrastructure project which will improve economic activity for small vendors and enhance Gizo Town's appeal as an international tourism destination. The design incorporated safe clean marketplaces to support women's economic empowerment, and promote growth in tourism. The Gizo project also builds in climate resilience, with structures designed to withstand a category five cyclone.

Solomon Islands needs people who are job ready. Our support to vocational education encompassed both strengthening Solomon Islands' systems and supporting training. The Skills for Economic Growth program worked with the Solomon Islands National University and Rural Training Centres throughout Solomon Islands to improve the quality and relevance of vocational training. The program built and refurbished facilities, trained trainers, and developed new courses aligned to labour market needs. The Bethesda Vocational Centre for people with disabilities was supported through the program. The program also supported the Solomon Islands Government's plans to establish the Solomon Islands Tertiary Education and Skills Authority, which will register training providers and accredit training courses. Australia supported training through the Australia Pacific Technical College (APTC), which provided high quality, Australian-standard skills training. Through Australian funding 210 students (71 women) graduated with qualifications from APTC in 2017. Going forward, this area of work will support expanded participation by Solomon Islands in labour mobility.

Australia stepped up its engagement on labour mobility in Solomon Islands in 2017/18. Solomon Islands participation in the Seasonal Worker Programme doubled over the year (achieving the target of 175), earning an estimated net income of SBD \$8.75million. Our support helped establish the Seasonal Worker Program work ready pool, which provided an employment pathway for agriculture graduates from rural training centres. Solomon Islands remained a relatively small sending country, however, its share of total Seasonal Worker Programme mobilisations continued to grow and, looking ahead, Solomon Islands entry into the Pacific Labour Scheme in calendar year 2018 will increase opportunities for labour mobility from Solomon Islands to Australia. Support to priority employers delivered an increase in the recruitment of female workers from 0 (2016-17) to 5 per cent (2017-18) of recruitments.

OBJECTIVE 3: ENABLING HUMAN DEVELOPMENT









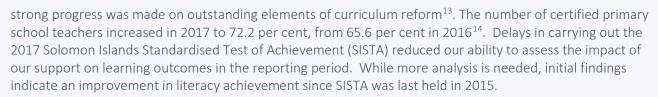


Supporting Human Development: More men, women, boys and girls benefit from quality health and basic and vocational education. Progress towards this outcome is rated green as key outcome indicators were largely on track.

Access to good quality basic education remains a significant challenge in Solomon Islands. Improving literacy and numeracy is of key importance to the poor, as it provides a critical opportunity to address inequality and break cycles of poverty. It is especially relevant to girls. Poor education outcomes and chronic skills shortages are also constraints to economic growth in Solomon Islands. With major skills shortages across most professional categories, significant human capital investments are required.

Australia worked to improve access and quality of basic education and strengthen key education institutions in Solomon Islands. The program supported sustainable, long-term, structural change and results at the school level through budget support to the Ministry of Education and Human Resource Development (MEHRD). Australia supported around 5 per cent of Solomon Islands' education budget. Assistance was linked to performance, with 20 per cent of funding performance-linked aid.

Performance on improving education quality in the reporting period was largely on track. Improved teacher effectiveness is a key predictor of improving student learning. Australia's support contributed to the continuing professional development of 1,440 teachers and school leaders (633 women and 807 men), and



Progress was made on addressing blockages to improved access to education, but this will remain a challenge. In 2017, our support contributed to 101 school infrastructure projects, including 74 classrooms. However, high numbers of children remain out of school. Transition rates have declined and, without interventions to improve transition, particularly for Year 6 and 9 students, these rates are likely to continue to drop¹⁵. The Ministry of Education & Human Resources Development (MEHRD) began work to remove a key barrier – a compulsory examination at Year 6 to enable progression to secondary education. We supported MEHRD to develop a policy on disability-inclusive education, including systems to collect statistics on the number of children with disabilities attending school.

Up to twenty per cent of Australia's funding for basic education in Solomon Islands was performance based. MEHRD achieved an assessed performance score of 64 per cent in 2017, down from 91 per cent in 2016. The independent assessment noted the shift between 2016 and 2017 did not reflect worsening performance so much as increasingly ambitious targets and timeframes in 2017¹⁶. Australia's budget support and performance-linked aid enabled policy dialogue and influence with MEHRD – including on the focus of reforms, annual budget allocation, and expenditure on scholarships. Australia's advocacy contributed to increased spending by Solomon Islands Government on basic education in the 2018 budget.

Supporting future Solomon Island leaders, Australia awarded 42 (21 women and 21 men) scholarships for students to study skills for economic and social development at universities in Australia and the Pacific. This added to the existing pool of more than 100 scholars. The High Commission worked to engage alumni in Honiara, including supporting an event led by the Solomon Islands Australia Alumni Association at which the Solomon Islands Prime Minister was a keynote speaker.

Performance of support for health was in line with expectations. Being healthy directly improves a person's quality of life. It also contributes to a person's productive capacity, and thereby their income earning potential and their ability to provide for their own needs and those of their family. Australia's investment in health was targeted at primary health service delivery, with 40 per cent of our budget support allocated to provincial health facilities. This enabled our spending to reach all 190 Wards in all ten Provinces and Territories. Up to 22 per cent of Australia's budget support for health in Solomon Islands was performance based. The Ministry of Health (MHMS) achieved an assessed performance score of 64 per cent in 2017, down from 73 per cent in 2016. At the provincial level, there was strong performance in financial planning and expenditure reporting. However, few provinces demonstrated the targeted increase in service delivery and outreach indicators such as immunisation, family planning, and skilled birth attendance. Australia supported MHMS to develop standard designs for all health facilities, which ensures accessibility by people with disabilities. Australia funded a rehabilitation specialist through the Australian Volunteer Program to work with the Community Based Rehabilitation Unit which provides services to people with disabilities.

A major health reform was delivered in 2017-18, with cabinet approval of a policy setting out a pathway to achieve universal health coverage in Solomon Islands in May 2018. This landmark 'Role Delineation Policy' (RDP) will guide future investment planning, by defining service quality standards for different levels of the health system. Australian funding to World Health Organisation (WHO) has been utilised to support the development of the RDP implementation strategy, including analysis of data to inform decisions around reclassification of health facilities and prioritisation of investment to the most in need health zones. Support for RDP implementation will remain a priority in 2018-19. The success of its implementation will be

¹³ DFAT, 2018, Independent Assessor Report 2018: Solomon Islands Education Sector Support Program

¹⁴ Ibid

¹⁵ Ibid

¹⁶ Ibid



dependent on improved management at the national level, including by filling vacancies of core MHMS positions in finance, procurement and infrastructure, which have hindered progress.

GENDER EQUALITY

Our support through Pacific Women Shaping Pacific Development continued to provide important targeted support to promote gender equality and women's rights. In line with international best practice, we complemented our gender mainstreaming work across the aid program with targeted investments in women's leadership and decision-making, women's economic empowerment and ending violence against women. A 2017 review of this work found that outcomes were on track in all three areas.¹⁷

Australia is driving work with Solomon Islands to help reduce family based violence, and provide betters services to victims. Australia supported Oxfam's Safe Families program, which reached the last of the 29 targeted communities in the reporting period. The program began to exit five communities based on evidence of reduced violence in those communities. Australia's support to Safe Families and the World Vision led Channels of Hope Program resulted in increased referrals to police and nurses and increased understanding of the seriousness of gender-based violence by both service deliverers and community members. Our support to the Family Support Centre and Christian Care Centre helped to double services for survivors of violence in only six months, with services provided to 381 women and children in 2017, and expanded services to most Provinces. This new program, delivered through the International Women's Development Agency, responded to increased demand for support following introduction of the Family Protection Act 2014. The program partnered with People with Disability Solomon Islands to provide advice on disability inclusiveness.

Australian funding to the UN Women Markets for Change project is ensuring marketplaces in rural and urban Solomon Islands are safe, inclusive and non-discriminatory. The project improved the lives of women market vendors by providing access to financial services such as credit insurance and livelihood protection, and training in business management and leadership skills. Australia's funding also enabled women market vendors to influence the management of marketplaces. Delivering on broader economic empowerment objectives, Australia supported the Solomon Islands Women in Business Association (SIWIBA) in 2017, with 247 women participating in 10 business trainings. Five SIWIBA members registered businesses. Ten members now use online platforms to promote their products after marketing training.

Australia continued to support women's leadership and decision making. In 2017, 44 mid-level female Solomon Islands managers completed a Certificate III in Leadership Skills through the APTC. Sixty per cent of those surveyed have since been promoted. Australia supported development of the Solomon Islands Women Peace and Security National Action Plan, the first national plan in the Pacific.

While performance on targeted gender equality activities is largely on track, more action is needed on mainstreaming gender into development programs. In annual quality (AQC and FAQC) checks 92 per cent of investments were rated satisfactory or above on gender, above the target of 80 per cent. Gender mainstreaming saw a number of successes, including through specific gender responsive activities in health, justice, and political programs. Gender equality is prioritised across sectors, with objectives incorporated into annual planning, and relevant sex-disaggregated data collected. However, there is room for improvement, and some longstanding issues remain with programs led by external partners.

MUTUAL OBLIGATIONS

Mutual obligations for Solomon Islands, critical to the achievement of AIP objectives, are set out in the 2014-15 Aid Investment Plan and 2017 Solomon Islands-Australia Aid Partnership Arrangement. The two governments review progress annually through an annual partnership dialogue.



Across health, education and transport, performance-based funding from Australia is linked to the provision of funding from Solomon Islands for agreed priorities. In health, the target for at least 12.5 per cent of domestically sourced revenue to be allocated to the recurrent health budget was not met (final revised budget 11.8 per cent), as a result of a mid-year supplementary budget which significantly increased allocation to other sectors. Australia engaged in high-level dialogue with the Minister of Health to raise concerns that this pre-condition indicator was not met, which was a catalyst for valuable consultation between the Ministries of Health and Finance, and assurance from Government that future allocations to health would be protected. With this assurance, Australia resolved to make a partial payment at 80 per cent of the assessed performance payment. Australia's overall performance based funding for health was linked to 13 national-level and seven provincial-level targets, which scored 63 per cent and 69 per cent respectively in an independent assessment¹⁸. In education, the target for the SIG education budget was met and recurrent expenditure on primary education increased. Australia's overall performance based funding for education was linked to 15 targets containing 31 indicators. Overall, 64 per cent was achieved¹⁹. To maintain support for stability, Solomon Islands has committed over time to increase funding for policing and rearmament of the Royal Solomon Islands Police Force.

The Solomon Islands Government and donors have mutually agreed priority policy reform actions, through the Core Economic Working Group. This is designed to improve fiscal management and sustainability, strengthen public financial management and enable drivers of economic growth and promote investment. Pending sufficient progress against these policy reform actions, development partners will disburse budget support. Australia has committed up to \$2 million in 2018-19.

Agreed mutual obligations also include public financial management reforms, and progress towards eliminating violence against women. Solomon Islands has committed to implementing key public financial management (PFM) reforms, including an updated PFM roadmap, and to funding for Family Protection Act implementation. Solomon Islands and Australia continue to operate under a mutually agreed Joint Statement on Zero Tolerance to Fraud in Solomon Islands.

While the amount of performance-linked aid Australia provides is small, relative to the overall budget of the Solomon Islands (approximately SBD 3.4 billion or around AUD 596 million), it provides an important platform for policy dialogue on reform priorities and budget allocations.

PROGRAM QUALITY AND PARTNER PERFORMANCE

Overview

Australia continued to develop a systematic approach to monitoring and evaluating aid in Solomon Islands. Program level performance is assessed annually against a detailed Performance Assessment Framework (PAF) (a summary PAF is presented in Annex E) during an annual performance workshop. Performance evidence is presented and critiqued and an agreed rating determined for each Aid Investment Plan objective. Other key performance processes in 2017-18 included Aid Quality Checks, Partner Performance Assessments (PPAs) and program evaluations which informed decisions on consolidation, program planning and design.

The program made good progress in consolidating investments and agreements. Between 2014 and 2018, the average investment size increased from \$18.5 million to \$25.1 million. This was achieved through closure of poorer performing investments over the last three years and through the design of the Solomon Island Growth Program as an umbrella initiative for new economic growth activities.

The DFAT Annual Aid Evaluation Plan identified three Solomon Islands investments requiring independent evaluations to be published in 2017-18. The Independent Assessment of Performance Linked Funding Indicators for Education and Health were published in August and September 2018. These annual assessments determined performance payments for both sectors and enabled evidenced based discussion

¹⁸ DFAT, 2018, Independent Performance Assessment of the Solomon Islands Health Sector Support Program 2017

¹⁹DFAT, 2018, Independent Assessor Report 2018: Solomon Islands Education Sector Support Program



between the ministries and donor partners in the Annual Joint Review. The Mid-term Review of the Education Sector Program is currently being finalised.

Aid Quality Checks (AQCs)

The program conducted AQCs on eleven current investments and one Final AQC – 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 investments greater than \$3 million. All peer reviews were chaired by post leadership (Head or Deputy Head of Mission), moderated by a DFAT staff-member external to the team, and included participants from across DFAT. This enabled consistent robust assessment of performance.

Overall, the effectiveness of investments remained relatively constant from the previous year. In 2017-18, the SI Transport Sector Based Approach Phase 2 was the only 'Investment Requiring Improvement', paving the way for a reassessment of our approach to delivering support to the sector in Solomon Islands. The Democratic Governance Phase 2 Investment rated as less than adequate on Sustainability and Monitoring and Evaluation. Focused effort will be directed to lift these ratings in the coming year. There were no 'Investments Requiring Improvement' in 2016-17. The Solomon Islands Growth Program, which rated unsatisfactory for effectiveness in 2016-17 achieved improved results lifting its rating to an adequate standard. This was a result of work to improve program coherence and performance evidence. In 2017-18, the majority of investments (11/12) achieved a gender equality rating of four or above and provided evidence of progress against gender action plans and increased partner commitment to gender issues.

Performance of key delivery partners

In 2017-18, Australia delivered the majority of its aid through three types of partners; namely the private sector (39 per cent), Government of Solomon Islands (26 per cent), and multilateral organisations (25 per cent). This investment through the bilateral program is complemented by investment in non-government organisations through the Australian NGO Cooperation Program (ANCP).

An overall assessment of our partners in the Solomon Islands found that they were performing effectively. Seven Partner Performance Assessment (PPAs) were completed to assess the performance of delivery partners for agreements valued over \$3 million. A strength across all partnerships was a strong sense of collaboration, effective communication and responsiveness to emerging issues. In 2017-18, the World Bank delivered satisfactory results for two of three agreements. The Tina River project, funded by Australia through a World Bank trust fund, did not provide sufficient reporting on progress and results. In response to our concerns, the World Bank has undertaken to improve reporting standards for the Tina River project, including monthly stakeholder meetings.



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	In Post's Risk Register*
Security environment deteriorates.	Updated and tested Crisis Action Plan; Security situation monitoring with AFP and partners; Police development and Justice programs; and Defence Cooperation Program; security treaty.	Democratic governance program to support election preparations; New Humanitarian program to be designed	High	Yes
Macro-economic reform slows or regresses reducing economic growth and causing civil unrest.	Targeted TA to economic reform, budget, debt and customs areas. Engagement in forums incl. G20, PIF; Economic diplomacy with partner government and local business community; Support to IMF Article IV mission; Quarterly trilateral discussions with MDBs; Informal SIG - DP meetings; PACER plus readiness package.	Leadership of donor group under the Core Economic Working Group including performance linked core budget support; and Support for Solomon Islands Government-private sector dialogue through new MoU.	High	Yes
Opportunistic or planned fraud is committed, which would could result in in misallocation/misuse/theft of Australian money.	Dedicated post fraud officer; Fraud Strategy; Australian-funded Financial Advisers check compliance for budget support payments; Joint Statement on Zero Tolerance to Fraud in SI; Reimbursement model for budget support	Annual fraud training; Implementation of recommendations of Post's response to ANS (including 2017 fiduciary risk ass update) & sector assessments for PFM & procurement.	High	Yes
Delays in partner government payments to private sector and ministries affecting economic growth & aid implementation.	Advocacy with MOFT and line agencies; Economic diplomacy with Government and business community; Monitoring the fiscal situation through engagement with MOFT and other stakeholders.	Performance linked aid to incentivise payments.	High	Yes

MANAGEMENT ACTIONS

In 2017-18, three of the four management actions identified in the 2016-17 APPR were fully achieved (Annex A). Management actions for the Solomon Islands aid program prioritised for the coming 12 months are:

- 1. **Transport:** First Secretary, Infrastructure, will work with the Ministry of Infrastructure Development and ADB to devise and implement a new approach to Australia's support for transport by February 2019.
- 2. **Cash-based incomes**: Second Secretary, Development (Economic Growth), will monitor implementation of work to improve cash-based incomes reporting to the Counsellor, Economic Cooperation quarterly and the aid management meeting bi-annually to monitor the collective impact of activities.
- 3. **Gender:** To improve accountability and senior leadership oversight of Gender equality mainstreaming across the program, Second Secretary, Gender over 2018-19 will: reinvigorate the Gender Equality Working Group; provide a quarterly update at the Aid Management Meeting; and actively pursue gender training opportunities for staff with Canberra.
- 4. **Elections:** The Democratic Governance team will continue to work closely with the Solomon Islands Electoral Commission ahead of the 2019 national elections to ensure the elections are technically sound. We will continue to work with the AEC to ensure training is conducted through the Solomon Islands Electoral Commission, and to support female candidates. Following the elections, Post will commence a redesign of our electoral support to ensure appropriate modalities are used to effectively and efficiently achieve results, and that ODE evaluation recommendations are fully implemented.
- 5. Aid Investment Plan: DFAT Canberra and Australian High Commission Honiara will lead the ongoing preparation of a new plan for Australia's support to Solomon Islands by June 2019. The Deputy High Commissioner will lead local consultations with Solomon Islands Government, development partners and civil society on a new Aid Investment Plan by February 2019.

ANNEX A- PROGRESS IN ADDRESSING MANAGEMENT ACTIONS

Describe progress made against management actions in 2016-17 report

Management actions identified in 2016-17 APPR	Rating	Progress made in 2017-18
The Deputy High Commissioner will oversee a review of the AIP by June 2018	Achieved	The Deputy High Commissioner has lead a series of activities over 17/18 to inform preparation of the new AIP, including: aid deep dive discussions in Canberra and Honiara, preparation of a literature review on constraints to growth and mid-term reviews for key investments. An 'Aid Health Check' will be conducted in September 2018 and inform choices on future direction of the program.
To improve program coherence and performance evidence, the performance frameworks for key investments will be updated or developed (Economic Growth, Stability, Gender Equality	Achieved	Monitoring, Evaluation and Learning (MEL) frameworks for the Solomon Islands Police Development Program, Solomon Islands Governance Program and Solomon Islands Justice Program are in place. The overarching stability MEL framework is in progress. Development has progressed slower than expected, due to inability to recruit suitable personnel for the MEL unit. A MEL unit is now in place.
		SIGP Coordinator has assisted the section to finalise a PAF, which includes objectives for the program, as well as indicators and baselines data for progress to be measured against across the life of the program.
To improve climate change and resilience, Post will mainstream climate change throughout relevant investments; and ensure Australian funded climate science information is reaching programs to inform decision-making.	Achieved	Post continued to benefit from the support of the interim Pacific climate change support unit, though realising the benefits of mainstreaming climate change continues to be challenged by the considerable proportion of budget support programming at Post. Tina River remains the largest Australian aid funded project in the Solomon Islands with climate change as its primary objective.
To support the Solomon Islands Government to prepare for the first national elections of the post-RAMSI era, Post will: work in partnership with the UNDP on the implementation of Phase 2 of Strengthening the Electoral Cycle in Solomon Islands Project (SECSIP); Work with the AEC to develop and deliver 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 recommendations from the ODE evaluation into Australia's support.	Partly achieved	Post continues to assist Solomon Islands prepare for the upcoming national elections through the UNDP-delivered Strengthening the Electoral Cycle in Solomon Islands Program (SECSIP) Phase II. Key deliverables include an updated and accurate voter registration list (the update commenced outside the reporting period on 3 September 2019); civic education, including voter awareness campaigns across Solomon Islands; and women in leadership training to support aspiring women candidates to get elected in upcoming national and provincial elections. Work with the AEC commenced as they prepared to provide training and logistical support to the Solomon Islands Electoral Commission and relevant officials. Further training/inputs will be carried out in the lead up to the 2019 elections. Preliminary planning has commenced on the re-design process for the Democratic Governance program, which will formally commence post-elections 2019. Significant progress was made on two key electoral reform Bills, with extensive support provided through technical advisers funded by our bilateral program. These key pieces of legislation have since passed into legislation (just outside the reporting period).

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 – PERFORMANCE BENCHMARKS

Progress towards Performance Benchmarks in 2017-18

Aid objective	Performance Benchmark	Rating	Progress in 2017-18
Supporting stability			
Number of law and justice officials trained	800	Achieved	The number of law and justice officials trained was 934 in 2017.
Courts and justice agencies are better able to deliver their core functions	650 cases heard and disposed of in the Magistrates Court	Achieved	The Central Magistrates Court disposed of 885 criminal cases in 2017.
Enabling economic growth			
Women able to gain business or incomegenerating skills	1,000 women are trained in business or income-generating skills	Achieved	1,559 women trained in business or income-generating skills: Youth@Work (158), APTC (71), SIWIBA (251), Markets4Change (216), Rural Development Program (546) and PHARMA (317).
Improved transport infrastructure	750km of roads rehabilitated or maintained	Partly achieved	Through Australian support for the NTF, SIG maintained or rehabilitated 692km of roads in 2017.
Improved environment for private sector investment, economic growth and trade	50% of CEWG and Financial Reform Program actions achieved	Partly achieved	The CEWG met and agreed a 2-year reform program in 2017-18. Preliminary assessments indicate work is track to meet targets in 2018-19.
Enhancing human development			
Improved functioning of health system	Availability of critical and essential medicines is 92%	Partly achieved	Availability of essential medicines at provincial medical stores was 85% in 2017.
Year 4 literacy and numeracy rates – SISTA	Progress toward SIG's 2020 target of 85%	Data not yet available	SISTA was implemented in late 2017 as planned, however results are not yet available.
Increase in percentage of primary teachers certified	Progress towards target of 85% of primary teachers certified in 2020	Achieved	72.2% of primary teachers were certified in 2017 up from 65.6% in 2016.

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

А	id objective	Performance Benchmark	2018-19
S	upporting stability		
N	umber of police and other law and justice officials trained	800#	800#
	ourts and justice agencies are better able to deliver their core unctions	650 cases heard and disposed of in the Magistrates Court	650 cases heard and disposed of in the Magistrates Court
Е	nabling economic growth		
W	/omen 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 incomegenerating skills
	nproved transport infrastructure to support increased economic ctivity	750km of roads rehabilitated or maintained	800km of roads rehabilitated or maintained
	nproved environment for private sector investment, economic rowth and trade	50% of CEWG and Financial Reform Program actions achieved for 2017-18	50% of CEWG and Financial Reform Program actions achieved for 2018-19
Е	nhancing human development		
Ir	nproved functioning of health system ^	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%
Ye	ear 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)
Ir	ncrease in percentage of teachers certified	85% of teachers certified	85% of teachers certified

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
INL129 Education Sector Program 2	2017 Independent assessment of Performance Linked Funding indicators	July 2018	August 2018	August 2018	August 2018
INL129 Education Sector Program 2	Mid-term Review	Phase 1 Nov 17 Phase 2 Sept 18	Being finalised at time of publication		
INL121 Health Sector Support Program – Phase 3	2017 Independent assessment of Performance Linked Funding (PLF) indicators	June 2017	July 2018	July 2018	September 2018

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
Solomon Islands Growth Program Mid-Term Review	INL596 – Solomon Islands Growth Program Mid-Term Review	September 2018	December 2018	The evaluation will assess relevance and efficiency of Australia's support to the economic growth portfolio	DFAT led
Mid-term Review of Australia's Support to Basic Education	INL129 - Education Sector Program 2	Phase 1 November 2017 Phase 2 July 2018	September 2018	Review progress since 2015 and provide recommendations for future support	DFAT-commissioned Independent review
2017 Independent assessment of Performance Linked Funding (PLF) indicators	INL129 - Education Sector Program 2	May 2019	June 2019	To assess progress against PLF targets and recommend a PLF payment amount	DFAT-commissioned Independent review
Review of the Skills for Economic Growth program	Activity 71942 under INL129 Education Sector Program 2	November 2018	January 2019	To inform the next phase of Australia's support to the TVET sector	DFAT-Commissioned independent review
Mid-Term review of the Solomon Islands Justice Program	INL942 – Solomon Islands Justice Program (2017-2021)	June 2019	August 2019	To assess results against program objectives and use evidence to ensure continuous improvement	DFAT-Commissioned independent review
Mid-Term review of the Solomon Islands Governance Program	INL941 – Solomon Islands Governance Program 2017- 2021	June 2019	August 2019	To assess results against program objectives and use evidence to ensure continuous improvement	DFAT-Commissioned independent 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
Rural Development Program	\$31,797,826	2018 AQC	5	4	4	4	4	4
	2007-21	2017 AQC	5	4	3	4	5	3
Addressing Gender Equality in SI	\$18,467,973	2018 AQC	5	5	4	4	4	5
	2012-2020	2017 AQC	5	4	4	5	4	5
Managing Urbanisation	\$3,807,895	2018 AQC	5	5	5	3	5	3
	2013-2019	2017 AQC	N/A	N/A	N/A	N/A	N/A	N/A
Health Sector Support Phase 3	\$66,050,000	2018 AQC	5	4	4	4	4	4
	2016-2020	2017 AQC	4	4	3	4	4	4
SI Resource Facility & Program Enabling	\$34,651,250	2018 AQC	5	5	4	5	4	5
	2015-2020	2017 AQC	5	4	4	4	4	4
SI Transport Sector Based Approach Ph 2	\$42,330,716	2018 AQC	4	3	3	5	4	4
	2016-2021	2017 AQC	5	4	3	3	4	4
Education Sector Program 2	\$59,028,702	2018 AQC	5	5	5	5	5	4
	2015-2020	2017 AQC	5	5	5	5	5	4
SI Growth Program	\$50,000,000	2018 AQC	5	4	4	4	4	4
	2016-2020	2017 AQC	5	3	4	3	4	4

Investment name	Approved budget and duration	year on year	Relevance	Effectiveness	Efficiency	Monitoring and Evaluation	Sustainability	Gender equality
SI Governance Program 2017-2021	\$30,972,400	2018 AQC	5	5	4	4	4	4
	2017-2021	2017 AQC	N/A	N/A	N/A	N/A	N/A	N/A
SI Justice Program 2017-2021	\$32,694,388	2018 AQC	5	5	3	4	4	4
	2017-2021	2017 AQC	N/A	N/A	N/A	N/A	N/A	N/A
SI Democratic Governance Phase 2	\$2,200,000	2018 AQC	5	4	4	3	3	4
	2017-2019	2017 AQC	N/A	N/A	N/A	N/A	N/A	N/A

FAQC RATINGS

Final AQCs 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
Investment 5 – INK143 SI Urban Water Supply	\$16,182,905 2011-2018	4	5	4	4	4	5	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 area.

ANNEX E – PERFORMANCE ASSESSMENT FRAMEWORK

AIP O	AIP Objective 1: Supporting stability - Solomon Islanders increasingly recognise and participate in a legitimate state, free from conflict and economically stable											
	Indicator	Baseline (2015/16)	2016/17	2017/18 target	2017/18 result	2018/19 target	DFAT investments contributing to outcome	Data collection method				
Sub-objective: Solomon Islanders' have greater access to an effective justice system												
Sentinel indicators	Percentage of people satisfied with the way in which disputes are settled	-	-	-	66%			UN Peacebuilding survey				
	Percentage of people happy with the national government's handling of key issues related to basic services and justice	-	-	-	60%			UN Peacebuilding survey				
Outcome 1: Increasing access to justice and improved system efficiency (with a focus on reducing	1.1 Number of criminal cases disposed of in Magistrates Court*	707	628	650	885	650	Justice	Justice Information Management System				
violence against women)	1.2 Number of Provincial Court circuits by the Magistrates Court	25	21	25	12	20	Justice	Justice Information Management System				
	1.3 Number of Protection Orders issued by the courts, in line with the 2015 Family Protection Act (to address violence against women and girls)	0	39	PO's issued	26	POs issued	Justice, Policing	Justice Information Management System				
	1.4 # of Police and other law and justice officials trained*	1408	1393	800	934	800	Justice, Policing	Project reports + AFP				

Sub-objective: Solomon Isla							T	T
	Debt to GDP ratio	11%	9%	<30%	9%	Remains < debt ceiling (currently 35% of GDP)		Annual Budget Strategy Outlook
Sentinel indicators	PFM improvements at the central level are having a demonstrable impact at changing line ministry practices	-	-	-		Information collected shows positive PFM improvement line ministry		Governance MEL Unit through semi- structured interviews with SIG
Outcome 1: A credible and transparent fiscal strategy, budget and public financial management	1.1 Per cent of Core Economic Working Group Reforms programs actions achieved*	0%	0%	50%	0%	50%	Economic Policy	DFAT
шана д ешен т	1.2 Aggregate revenue turn out compared to approved budget (PEFA indicator P1.1 - Budget reliability)	112% (2015)	102% (2016)	90-110%	99% (2017)	90-110%	Governance	SIG
	1.3 Report of the Public Accounts Committee inquiry into budgets published (Linked to PEFA indicator P1.5 - Budget transparency)	Yes	Yes	Yes	Yes	Yes	Governance	DFAT
Sub-objective: Reduction in	gender-based violence in pilot areas,	and greater access t	o services for victin	ns				
Sentinel indicators	Proportion of people in targeted communities who consider family violence unacceptable	50%	82%	-	Not yet available	-	Gender	Program reporting
Outcome 1: Increased reporting of violence against women	1.1 Family violence 100 (police incident reports) reports lodged	844	-	1687	1221	FV 100s issued	Justice	RSIPF

	1.2 # women calling Seif Ples hotline	251	616	400	407	500	Justice	Program reporting
Outcome 2: Survivors of gender-based violence can access high quality services	2.1 # women survivors of violence receiving services such as counselling (Aggregate Development Goal)	-	297	-	381	Increase YOY	Gender	Program reporting
	2.2 Numbers of women survivors of violence who receive case management through the Safenet referral system	2	9	223	117	(1000 for years 2017-2019)	Gender	DHIS Ministry of Health, Program Reporting
Sub-objective: Women have	expanded opportunities to effective	ly influence and lead	in decision-making					
Sentinel indicators	Number of women in Parliament (National + Provincial levels)		5 (1,4)		6 (2,4)	-		
Outcome 1: Increased women's leadership and electoral participation	1.1 Supporting female candidates in provincial and national parliament	21 and 26 female candidates contested the 2010 and 2014 National General Elections respectively	UNDP Pacific Parliamentary Effectiveness Initiative trained 29 participants	-	Training provided for 60 aspiring political candidates -	National - 4 Provincial - 20%	Political	SECSIP
	1.2 Increased number of women in public service decision making roles (PS Levels S1 - S5)	27	26	Increase YOY	28	Increase YOY	Governance	Data from HRMIS
Sub-objective: Solomon Islan	nds has a free and fair election							
	Freedom and legality of March 2019 national elections	-	-	-	-	Free and fair election in 2019		
Sentinel indicators	Electoral reforms in place	-	-	Electoral Reform Bill & Electoral Bill passed	Electoral reform bill passed (August '18). Electoral bill under debate.		Democratic Governance	

Outcome 1: Solomon	1.1 Voter registration system is	Inclusive	Inclusive	Inclusive and	Inclusive	Inclusive and	Democratic	DFAT
Islands has an electoral	accurate / sustainable and			sustainable		sustainable	Governance	
process that is technically	inclusive voter registration							
sound	system adopted							

AIP Objective 2: Enabling economic growth - SI economic operating environment is more attractive to business & men and women are able to earn a cash income

	Indicator	Baseline (2015/16)	2016/17	2017/18 target	2017/18 result	2018/19 target	DFAT investments contributing to outcome	Data collection method			
Sub-objective: Solomon Islan	ub-objective: Solomon Islands' operating environment is more attractive to business										
	Ease of doing business in Solomon Islands	105 of 190 economies	104 of 190 economies	-	116 of 190 economies	-		World Bank			
Sentinel indicators	Businesses who feel that business experience with government has improved over past year	-	-	-	23%	-		SICCI survey			
Outcome 1: Improved road infrastructure in target locations (NTF + East	1.1 Roads rehabilitated or maintained through NTF contracts*	887km	992km	750km	692km	800km	SI Transport Sector-Based Approach Phase 2	MID reporting			
Guadalcanal Road and bridges)	1.2 Value of contracts let through the NTF	SBD 39 million	SBD 13 million	NA	SBD 21 million	NA	SI Transport Sector-Based Approach Phase 2	MID reporting			

	1.3 Progress against work plan for the construction of two Guadalcanal bridges	NA	*B1: Scoping study completed; construction contract signed.	* B1: Bridge construction completed June 2018. *B2: Design complete.	*B1: Design & procurement complete. Construction started. *B2: Design complete.	* B1 Bridge construction complete Oct 2018. *B2: Bridge construction started early 2019 (revised).	SI Growth Program	MID reporting
	1.4 Percentage of people employed by contractors for labour-based road works that are women	60%	46%	40%	40%	40%	SI Transport Sector-Based Approach Phase 2	MID reporting
Outcome 2: Reduced energy costs for commerce through improved energy supply (Tina River)	2.1 Progress against work plan for the construction of the Tina River hydropower station	NA		* Financing secured; Commercial negotiations completed.	* Financing secured from 5/6 partners. Good progress on commercial negotiations.	* Commercial agreements signed; Access rd construction started (revised)	SI Growth Program	World Bank
Outcome 3: Improved internet connectivity by 2020 through installation of a submarine telecommunications cable system	3.1 Progress against work plan for the construction of the Coral Sea Cable System and Solomon Islands Domestic Network	NA		* Scoping study completed; construction contract signed.	* Scoping study completed; construction contract signed.	*Marine survey completed and cable manufactured (July 2019).	SI Growth Program	DFAT reporting
Outcome 4: Solomon Islands Chamber of Commerce and Industry (SICCI) is an effective advocate to the Government on business policy reform	4.1 Number of Government- Business Advisory Committee meetings held between SICCI and SIG	0	0	6	4	3 (↓due to election)	SI Governance/ Economic reform	Program reporting

Sentinel indicators	Active membership of the National Provident Fund (proxy for # employees at the national level)	55,438	55,820	-	52,622	-		SINPF Annual report
	International tourist arrivals	21,623	23,192	-	25,192	-		MOCT, Stats, SolAir, SVB
Outcome 1: Increased opportunities to earn income arising from improved markets in key	1.1 Increased volume of boutique cocoa exports on improved terms of trade (mega tons)	0	8	>8	40	100	SB/PHARMA	Program reporting
sectors (cocoa, coconut, tourism)	1.2 Number of men and women in farming households engaged in partnerships with commercial enterprises (* note – cumulative results from 2015)	NA	4437* (1557 Female)	7,000*	6460* (3040 Female)	9,000*	RDP II	Program reporting
Outcome 2: Increased access to quality vocational training	2.1 Number of graduates of vocational skills courses (fully funded or supported by Australia)	213 (60 female)	102 (44 female)	-	210 (71 Female)	-	Skills 4 Economic Growth	DFAT reporting
	2.2 National Qualifications Framework in place and evidence of its use and institutionalisation	Partially achieved	Partially achieved	National Qualification Framework in Place	NQF drafted. Implementation pending new tertiary ed. authority, SITESA.	National Qualification Framework in Place and in use	Skills 4 Economic Growth	DFAT reporting

Outcome 3: Increase in household incomes through participation in the seasonal worker program (SWP)	3.1 Number of SWP mobilisations	61	87 (0 F)	175	175 (9F)	350	SWP	Program reporting.
Outcome 4: Women have improved working conditions and opportunities to increase	4.1 Number of women trained in business or income generating skills*	293	1160	1000	1241	1000	Youth@Work, APTC, SIWIBA, RDP, Markets4Change,	Program reporting
earnings and assets (Women's economic empowerment)	4.2 Percent of businesses with over 100 employees that signed on to the <i>waka mere</i> challenge to promote workplace gender equality	0	0	100	100	100	S4G	Program reporting

	AIP Objective 3: Improved Human De	evelopment - More m	en, women, girls a	nd boys benefit fror	m quality health an	d basic and vocatio	nal education	
	Indicator	Baseline (2015/16)	2016/17	2017/18 target	2017/18 result	2018/19 target	DFAT investments contributing to outcome	Data collection method
Sub-objective: Education - M	lore men, women and girls benefit fr	om quality education	#					
Outcome 1: More children complete basic education and achieve improved	1.1 Net enrolment rate - Primary	91%	91.3%	Progress towards 95% in 2020	92.3%	Progress towards 95% in 2020	Education Sector Program 2	MEHRD Performance Assessment Report
learning outcomes	1.2 Net enrolment rate - Junior Secondary	40%	39.80%	Progress towards 42% in 2020	38%	Progress towards 42% in 2020	Education Sector Program 2	MEHRD Performance Assessment Report
	1.3 Percentage of students reaching national literacy standard in year 4*	75.60%	NA	Progress towards 80% in 2020	SISTA 2017 still in analysis	Progress towards 80% in 2020	Education Sector Program 2	SISTA

	1.4 Percentage of students reaching national numeracy standard in year 4	76%	NA	Progress towards 80% in 2020	SISTA 2017 still in analysis	Progress towards 80% in 2020	Education Sector Program 2	SISTA
	1.5 Percentage of primary teachers certified*	57.1% (2012)	66%	Progress towards 85% in 2020	72%	Progress towards 85% in 2020	Education Sector Program 2	MEHRD Performance Assessment Report
	1.6 Gender parity at Junior Secondary	1.09	0.96	GPI between 0.97-1.03	1	GPI between 0.97-1.03	Education Sector Program 2	MEHRD Performance Assessment Report
Outcome 2: Solomon Islands Government manages education	2.1 Recurrent budget execution rate (%) for education	95%	90%	90%	90%	90%	Education Sector Program 2	MEHRD Performance Assessment Report
resources efficiently and effectively	2.2 Percentage of national budget directed to education	23%	24%	Greater or equal to 22%	29%	Greater or equal to 22%	Education Sector Program 2	MEHRD Annual Report
	2.3 Total budget allocated per unit to primary education	\$2,610 (by G Dawson methodology)	\$2,671 (by G Dawson methodology) \$677 by B McNaughton meth	Increases year- on-year	\$733 (by B McNaughton methodology)	Increases year- on-year	Education Sector Program 2	Annual Independent Performance Assessment - Edcn
	2.4 Number of new classrooms (including science labs, home economics labs & technology workshops) built/upgraded	-	79	50 new classrooms per year from 2015	74	50 new classrooms per year from 2015	Education Sector Program 2	MEHRD Annual Report
Outcome 3: Scholarship graduates have the skills and knowledge needed to increase national productivity and competitiveness	3.1 Proportion of Australia Awards recipients (men and women) who complete their study successfully	87%	85.40%	85%	90%	85%	Australia Awards	OASIS reports

	Under-five mortality (per 1,000 live births)	21	24	21	27	21		Core indicator report
Sentinel indicators	Child immunisation coverage	75%	83%	87%	83%	87%		Core indicator report
Outcome 1: Improved health service delivery in targeted areas	1.1 Availability of essential medicines at Provincial level medical stores *	89%	90%	92%	85%		Health Sector Support Program	Program reporting
	1.2 Number of family planning/contraceptive contacts at all health facilities per year (per 1000 of population)	260	344	361	413	433.65	Health Sector Support Program	Core indicator report
	1.3 Health care providers are trained in care of gender-based violence	-	-	75	102	150	Health Sector Support Program	Program reporting
	1.4 Percentage of national budget directed to health	12.0%	12.5%	12.5%	11.8%	12.5%	Health Sector Support Program	Program reporting
	1.5 Percentage of national budget directed to provincial primary health services	37%	37.7%	37%	40%	37%	Support Program Health Sector Support Program	Program reporting
Outcome 2: Improved ability if the MoH to deliver health services	2.1 Priority national health reform policies adopted			Role delineation policy adopted.	Role delineation policy adopted.	Role Delineation Policy impl'tn targets agreed (various)	Health Sector Support Program	Program reporting
	2.2 Percent of AOPs and budgets submitted by Provinces	100%	100%	100%	100%	100%	Health Sector Support Program	Program reporting
	2.3 Percent of imprests that are less than 90 days overview from Provinces			100%	77%	100%	Health Sector Support Program	Program reporting

^{*} AIP Performance benchmark

[#] Vocational education indicators are listed under Objective 2.



APPENDIX 1: 2030 AGENDA FOR SUSTAINABLE DEVELOPMENT INFOGRAPHICS



End poverty in all its forms everywhere



Reduce inequality within and among countries



End hunger, achieve food security and improved nutrition and promote sustainable agriculture



Make cities and human settlements inclusive, safe, resilient and sustainable



Ensure healthy lives and promote well-being at all ages



Ensure sustainable consumption and production patterns



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all



Take urgent action to combat climate change and its impacts



Achieve gender equality and empower all women and girls



Conserve and sustainably use the oceans, seas and marine resources for sustainable development



Ensure availability and sustainability management of water and sanitation for all



Protect, restore and promote sustainable use of terrestrial ecosystems



Ensure access to affordable, reliable sustainable and modern energy for all



Promote peaceful and inclusive societies for sustainable development and provide access to justice for all



Promote sustained, inclusive and sustainable economic growth, full and productive employment



Strengthen the means of implementation and revitalise the global partnership for sustainable development



Build resilient infrastructure, promote inclusive and sustainable Industrialisation and foster innovation