

# INDEPENDENT REVIEW OF DFAT'S SOLOMON ISLANDS ECONOMIC AND PUBLIC SECTOR GOVERNANCE PROGRAM (SIGOV)

**Full report (October 22, 2014)**

Nick Manning

<b>1. Summary .....</b>	<b>1</b>
<b>2. The starting point for SIGOV.....</b>	<b>3</b>
a. The chronology of Australian assistance .....	3
b. Governance progress during RAMSI .....	6
c. Comparable reform programs have a distinctly modest track record .....	9
<b>3. The distinctive political logic of Solomon Islands .....</b>	<b>10</b>
a. Politicians do not see the public service as the key vehicle for implementing public policies ....	10
b. The roots of the distinctive political incentives are deep.....	12
<b>4. Early impressions of how SIGOV is working.....</b>	<b>13</b>
a. Human Resource Management progress within SIGOV .....	14
b. Public Financial Management progress within SIGOV .....	16
c. Service delivery progress within SIGOV – history repeats .....	17
<b>5. Unpacking the SIGOV design.....</b>	<b>18</b>
a. The intervention design .....	19
What is being fixed? The public sector results chain assumed by SIGOV .....	19
How will SIGOV help fix it? The two-part intervention logic assumed by SIGOV .....	21
Why will actors comply so that assistance from SIGOV makes a lasting difference? An incomplete “theory of change” .....	23
b. Matching the means to the ends .....	24
c. Risk management and “shared sovereignty” .....	25
<b>6. Moving forward: recommendations on the program design .....</b>	<b>27</b>
a. Reconsidering the program objectives.....	27
b. Partnership and the joint DFAT/government SIGOV governance structures.....	28
c. Build learning about sector service delivery constraints and possibilities into SIGOV design ...	30
Diagnostic work along the sector results chains.....	32
Cautious piloting.....	34
c. Develop inputs in addition to long term technical assistance .....	36
d. Learning and strategy function for SIGOV.....	36
<b>7. Program management.....</b>	<b>38</b>
<b>Annex 1: Explanations for the limited track record of public sector management reforms.....</b>	<b>40</b>
<b>Annex 2: Terms of reference.....</b>	<b>41</b>
<b>Annex 3: People met.....</b>	<b>44</b>
<b>References.....</b>	<b>46</b>

## Boxes

Box 1: The limited track record of public sector reforms.....	9
Box 2: The significance of programmatic parties .....	12
Box 3: Why OECD reform history has little to offer the Solomon Islands .....	14
Box 4: Schemes of Service in Commonwealth countries .....	15
Box 5: Asymmetric system reforms .....	16
Box 6: Sequencing public sector management reforms.....	26
Box 7: Conclusions about stove-piping within Australian support identified in previous reviews.....	31
Box 8: How is diversification and experimentation facilitated in other DFAT programs? (Vanuatu, Papua New Guinea, Timor Leste) .....	37

## **Figures**

Figure 1: Solomon Islands CPIA Governance and Public Sector Management scores in East Asia and Pacific context.....	7
Figure 2: Accountability relationships.....	11
Figure 3: The assumed public sector results chain in Solomon Islands.....	20
Figure 4: The SIGOV intervention logic .....	22

## **Tables**

Table 1: Evolution of directly-managed DFAT (formerly AusAID) programs .....	5
Table 2: Summary assessment of strengths and weaknesses in the intervention design .....	24
Table 3: A diagnostic path for identifying binding constraints to sector service delivery.....	33
Table 4: Illustrative SIGOV management matrix .....	39

## **Annex Tables**

Annex Table 1: Wrong reform design? .....	40
Annex Table 2: Wrong intervention design? .....	40

## 1. Summary

The Solomon Islands Economic and Public Sector Governance Program (SIGOV) was launched on July 1, 2013 to coincide with the ending of the 10 year Regional Assistance Mission to Solomon Islands (RAMSI). The SIGOV program is part of a broader Australian Aid program focused on a stable and secure Solomon Islands built on improved prosperity and human development.

RAMSI was created in response to the tensions of the early 2000s – tensions with deep and lasting roots (Solomon Islands Truth and Reconciliation Commission, 2012a, 2012b, 2012c). GDP growth and household incomes had been declining before the mid-90s and, in a context of declining employment opportunities elsewhere, the public sector was becoming an even more significant site for political competition. An eruption of long-standing ethnic and inter-island suspicions were the proximate cause but the deeper drivers of the conflict were that the traditional piecemeal clientelist politics could not distribute sufficient resources to households under severe pressure amidst the fallout from the Asian Fiscal crisis and the collapse of log exports and associated declines in revenue. Neither the deeper tensions nor the proximate causes have gone away.<sup>1</sup>

The motivation for the review stems from DFAT's concern that the program might face the difficulty observed in many public sector reform programs, particularly in fragile states, of fractured connections between central agencies and downstream line ministries and delivery agencies. All too often, donors report improvements at the centre but counterparts and citizens do not experience improvements in services or in the enabling environment for growth. In recognizing this, DFAT sought a fresh approach to achieving the institutional changes envisaged in SIGOV and accordingly commissioned this review to assist this reconsideration. The Terms of Reference for this review are set out in Annex 2.

Since the SIGOV program is a part of a larger Australian Aid program, the review begins with an exploration of the long and complex history of Australian support for the public sector in Solomon Islands. This support has resulted in some very real gains, but also shows some persistent limitations. It is important to assert at the outset that the discussion of the limitations is not a criticism of RAMSI. Given the complexities and the urgency of the issues at stake, even with the advantage of hindsight it is not clear what else could have been done. Above all, the peace and macroeconomic stability provided by RAMSI shielded the poor from the damaging effects of inflation and social disruption. The limitations in achieving substantial public sector reforms in Solomon Islands are exactly consistent with research about the difficulties in institutional reform that we see in other similar settings.

The review then explores the distinctive nature of politics in in Solomon Islands, a key part of the context for reform. It notes that politicians, not public servants, are seen as the providers of public services. The continued growth in the Constituency Development Funds is both cause and effect of the very personal and transactional relationship which MPs have with their constituents. The roots of this arrangement lie in the nature of the political parties.

In considering where SIGOV is headed, the review notes that it seems to be on track to continue the pattern seen during the RAMSI period; while it is undoubtedly stimulating change in the central agencies, there is room for doubt about whether these changes at the centre are leading to substantial downstream improvements in results. While this observation is in line with the general findings about public management reform programs in fragile and conflict-affected states, it does present SIGOV with the clear

---

<sup>1</sup> (Moustafa & Abbott, 2014, table 1.1) shows that the recent average annual improvement in the Human Development Index is lower in the Solomon Islands than in all other countries in the region where the data are available. The report also notes that youth unemployment is just under 50%.

risk that it might be making a difference at the centre which is based more on mimicry of OECD reforms than on making a difference for final service delivery results.

To the extent that history is indeed repeating itself in SIGOV, it is important to understand whether and how the limitations are emerging from the SIGOV project design. The review finds that SIGOV, in common with many similar programs, has a two-part intervention logic; Part A entails improving the functioning of the central agencies and core public management systems, while in Part B, these system changes are intended to lead to subsequent government performance improvements in the sectors. It identifies some shortcomings in the intervention logic – specifically that:

- *For Part A – interventions which cause functional improvements in central agencies*
  - The inputs focus narrowly on technical advice and guidance and temporary capacity enhancement through external advisors.
- *For Part B – ensuring that those improvements result in government performance improvements*
  - Limitations on the understanding of how the public sector operates downstream now or could in the future operate more effectively are not acknowledged explicitly and consequently no approach to learning about how the public sector operates is incorporated within the project design.
  - In turn, there is little evidence on which to prioritize improvements in the central agencies, or to address the distinctively strong role of MPs in determining public sector outputs.
  - There is also, as yet, little space for piloting, testing and refining new approaches.

The review also notes that, in addition to the question of how SIGOV can be designed to achieve results in both Parts A and B, there is a real world consideration of protecting the Australian investment (financial and reputational) which has already been made in Solomon Islands. The delicate question of some degree of “shared sovereignty” is raised.

In offering some tentative recommendations, the review notes that DFAT has two distinctive strengths. First, it has a long history in the country with access to records and to “old hands” who know the country well. Second, DFAT’s model of engagement, drawing together foreign, trade and development policies and diplomatic resources provides, in principle, the capacity to address both political and technical challenges.

The question is how the program design could be adjusted to use harness these strengths to ensure that SIGOV breaks free of its current rather limited trajectory. The review makes recommendations in three areas:

## **1. Program objectives**

The program objectives of SIGOV could be re-specified as:

- Improving the performance of the central agencies to enable effective delivery of key services and support economic growth;
- Identifying and removing other systemic obstacles to sector service delivery and to the creation of an enabling environment for growth; and
- Mitigating fiduciary risks to Australian and SIG funds.

## **2. Coordinating bodies**

- Reduce the number of governance bodies – principally by repositioning the Ministry of Finance and Treasury (MoFT) Board, the HRM Board and the Accountability Agencies Coordinating Forum as informal DFAT/central agency liaison meetings. Discuss aspects of the “shared sovereignty” questions within each of these bodies separately. Also use them to negotiate discreet support such as confidential mentoring for Permanent Secretaries or other very senior staff.

- Focus the Core Economic Working Group (CEWG) on macro-economic planning and growth policy.
- Develop a new “Delivery and Results” coordinating body, with tightly limited attendance, including Permanent Secretaries from the central agencies and from key sector departments and no more than 2 or 3 donor representatives. Subcommittees might meet with NGOs and other groups – but this new body should be able to discuss political challenges to delivery in confidence. It should be the owner of key indicators of central agency improvement and of a very small set of service delivery indicators.

### **3. Incorporating learning within SIGOV**

- With a radically improved level of coordination with other DFAT sector programs (health, infrastructure and more), Solomon Island Government (SIG) counterparts and others working on sector service delivery issues:
  - Undertake explicit diagnostic work to pinpoint where there are constraints to service delivery which are particularly amenable to central agency/upstream work by SIGOV; and
  - Undertake cautious piloting, with clear specifications and criteria for considering it effective and for rolling it back if it is not, to allow experiments in: sector or entity level reforms; building on the Constituency Development Funds; and enhancing demand-side pressures.
- Experiment with management coaches and confidential advice to selected senior SIG management and with peer learning.
- Develop a “learning and strategy” function for SIGOV, with a few staff with experience and, most importantly, sufficient time and focus to establish disciplined diagnostic and piloting experiments and to translate the results, quickly and pragmatically, into practical ways forward for the wider program and to learn lessons from closely related programs within DFAT which are tackling similar challenges.

More tentatively, the review also suggests that consideration should be given to a new program management structure. It offers an illustrative example, entailing the development of sub-program lead responsibilities.

## **2. The starting point for SIGOV**

This section summarizes the long and complex history of Australian support for the public sector in Solomon Islands. It concludes that this support has resulted in some very real gains, but also shows some persistent limitations. It is important to assert at the outset that the discussion of the limitations is not a criticism of RAMSI. Given the complexities and the urgency of the issues at stake, even with the advantage of hindsight it is not clear what else could have been done. Above all, the peace and macroeconomic stability shielded the poor from the damaging effects of inflation and social disruption. The section notes that the limitations in achieving effective public sector reforms in Solomon Islands are exactly consistent with those that we see elsewhere.

### **a. The chronology of Australian assistance**

The Solomon Islands Economic and Public Sector Governance Program (SIGOV) was launched on July 1, 2013 to coincide with the ending of the 10 year Regional Assistance Mission to Solomon Islands (RAMSI). The SIGOV program is part of a broader Australian Aid program focused on a stable and secure Solomon Islands built on improved prosperity and human development.

As Table 1 shows, RAMSI provided support through: the Office of the Special Coordinator created for overall policy coordination and liaison with Solomon Islands Government; the Pacific Islands Forum and the contributing Pacific countries; the Participating Police Force (PPF) to restore law and order; the Combined Task Force to provide protection for the PPF and other parts of the Mission and the civilian development programs encompassing the Law and Justice, Machinery of Government and Financial and Economic Management Support programs. The Machinery of Government program included components on Accountability, Public Service Improvement and Women in Government. In parallel, infrastructure was supported through budget support and incorporated within other sector program areas.

From July 2013 RAMSI became solely a policing mission, working in partnership with the Royal Solomon Island Police Force.

**Table 1: Evolution of directly-managed DFAT (formerly AusAID) programs**

Period and information sources	Pre-RAMSI (2002-3) (OECD, 2003) (all projects less than US\$1m commitment unless specified)	RAMSI and Bilateral (2003) (AusAID, 2009; Australian Government, 2013a)		Current DFAT programs (post 2013) (AusAID, 2013; Cochrane, 2013; DFAT, 2014b)
<i>Aid dependence</i>	<i>24% of GDP in 2003 (Baser, 2007)</i>	<i>Peaked at 61% of GDP in 2006 (OECD, 2012)</i>		<i>Stabilizing ~50% of GDP (Haque, 2013)</i>
Special coordination arrangements		Office of the Special Coordinator created for overall policy coordination and liaison with Solomon Islands Government, the Pacific Islands Forum and the contributing Pacific countries		
Police		Participating Police Force to restore law and order		RAMSI is now solely a policing mission, working in partnership with the Royal SI Police Force
Security and civil society	Peaceful civil society (>US\$1m), Peace monitoring (>US\$1m), Peacekeeping (>US\$1m) + 3 others	Combined Task Force to provide protection for the PPF and other parts of the Mission	Community Sector Program Solomon Islands NGO Cooperation Agreement	
Law and justice	Law and justice institutional strengthening (>US\$1m) + 1 other		Law and Justice program	Solomon Islands Justice Program
Public sector management		Civilian development programs	Machinery of Government program Accountability Public Service Improvement Women in Government	SIGOV Public service performance Public financial management Individual and institutional accountability and transparency
Economic Governance	Debt relief		Economic Governance: Financial and Economic Management Support program (Dixon, Anderson, Deacon, Kodoleke, & Loudon, 2012)	Economic growth
Infrastructure	Generator repairs	Infrastructure support through budget support and incorporated within other program areas as one of three “backbone” projects (SIG RAMSI Support Facility; Deployee Support Services; and RAMSI Solomon Islands Infrastructure Partnership) (Detto, Heijkoop, & Raue, 2012)		Improved Economic Infrastructure Program Transport infrastructure Energy infrastructure Telecommunications infrastructure
Health	Health sector institutional strengthening project (>US\$1m) + 4 small projects)	Health Sector Support Program		Health Sector Support Program Access to health care Reduce malaria incidence Access to clean water and sanitation Reduced maternal and infant mortality
Education	Education sector development	Australian Development Scholarships and Australian Regional Development Scholarships		DFAT support for education and rural development in programs led by other donors
Agriculture, fisheries forestry	4 small projects	Forestry Management Project Phase II, Disaster Risk Management Project		

Although designed with a 5 year timetable, SIGOV was envisaged as “phase 1 of a 30+ year engagement” (AusAID, 2012a, p.1; 2013, p. 7), the engagement period in the concept reflecting insights from the 2011 World Development Report that a civil conflict costs the average developing country roughly 30 years of GDP growth (World Bank, 2011). That indicative period of 30 years was again referenced at the time of implementation ((AusAID, 2013, p. 5) citing (Rondinelli, 2006)).

The emphasis on the long term has again been noted in the most recent SIGOV Quarterly Report: “...donor support in some form is likely to be required for many years, including in key areas to maintain reform momentum. There does remain a need for technical assistance to continue for at least the next five to ten year period to support this momentum.” (DFAT, 2014b , p.6).

There is a large amount of program documentation, with slightly differing summaries of SIGOV objectives. The current four objectives are “evolving” rather than final (DFAT, 2014c, p.15):

- Economic growth supported;
- Public service performance strengthened;
- Public financial management strengthened;
- Individual and institutional accountability and transparency improved.

Support from SIGOV is particularly focused on the central agencies (Ministry of Finance and Treasury, Ministry of Public Service, Public Service Commission, Office of the Auditor General, Leadership Code Commission and Office of Ombudsman). SIGOV has a budget of up to AUD14m per year, plus up to AUD3m for performance linked aid.

In summary, the key changes evident in AusAID’s/DFAT’s programs to support government activities in the pre to post-RAMSI periods are that there is a stronger focus on core public sector management improvements, merged operationally with support for improved economic policy and growth, and with gender considerations now subsumed within other aspects of the DFAT program.

## **b. Governance progress during RAMSI**

Views vary on the impact of RAMSI. They include resoundingly positive and very broad endorsements (Australian Government, 2013a; O’Callaghan, 2013) and specific recognition of the peace and security provided by RAMSI (Coppel, 2013). But they also include more sceptical assessments both in general (Fraenkel, Madraiwiwi, & Okole, 2014; Wood & Howes, 2013) and specifically in relation to the sustainability of the justice and security improvements (M. Allen, Dinnen, Evan, & Monson, 2013; Dinnen & Allen, 2013).

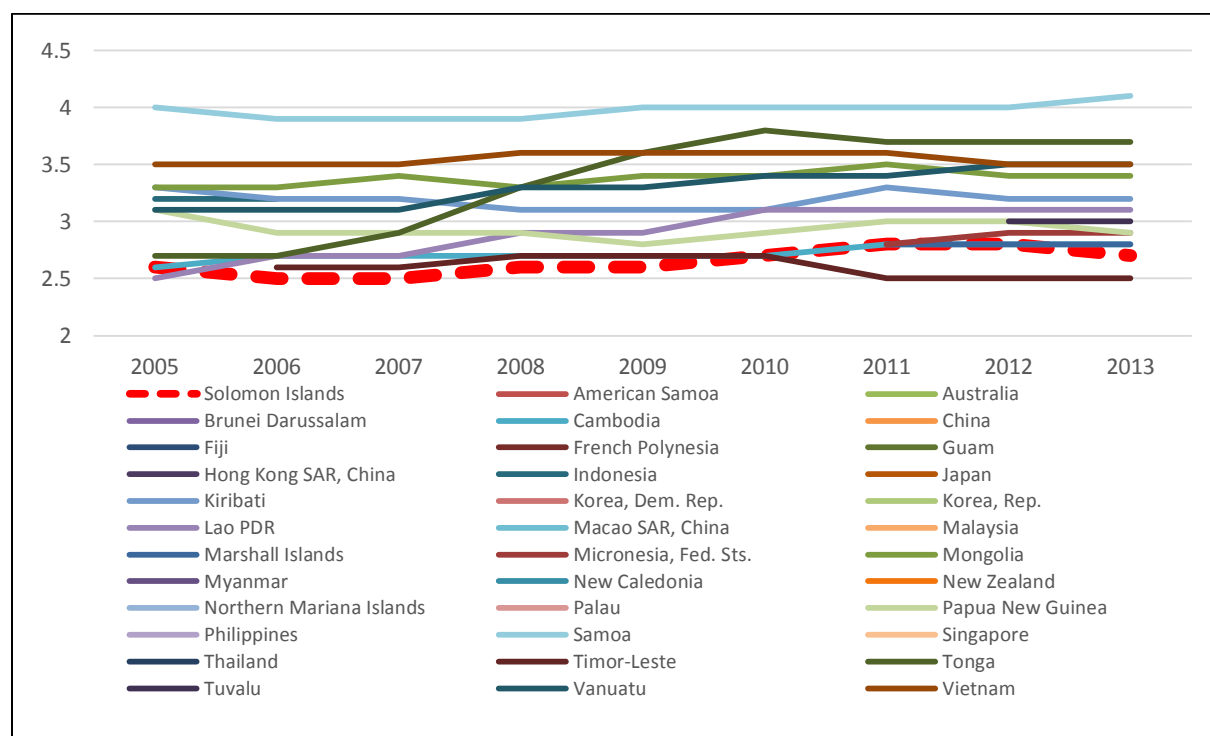
The ambiguity arises because “success” can be defined in different ways.

- *Broad vs. narrow:* Should RAMSI have changed all the fundamentals of a distinctly weak state, or just have made some progress in some key areas?
- *Stability vs. sustainability:* Should all the gains be sustainable, or is achieving 10 years without further widespread social unrest and economic disruption a result in its own right?
- *Institution-building vs. results on the ground:* Should all the impacts be visible now, or is it progress if the foundations are set for results in the future?

In considering the breadth of progress under RAMSI, while broad measures of governance show little change, in specific areas there was significant progress. So, for example, Figure 1 shows minimal change during RAMSI as captured by the World Bank’s CPIA scores (OPCS (World Bank), 2009) for governance in the last 8 years. Similarly, measures of Regulatory Burden within the World Bank’s Doing Business dataset also show no change in the period 2004-2010 (Duncan, 2011).



**Figure 1: Solomon Islands CPIA Governance and Public Sector Management scores in East Asia and Pacific context**



However, looking in more specific areas, RAMSI undoubtedly achieved some considerable successes. Macroeconomic stabilization was achieved, albeit with significant cohort of advisers placed within the Ministry of Finance. Fiscal deficits were reduced by 2012 and impressive revenue growth achieved with consequent reductions in public sector debt (IMF, 2010, 2013) cited in (Haque, 2013). Even the somewhat sceptical (Fraenkel et al., 2014, p.64) concedes that “(t)he debt/GDP ratio has been dramatically decreased across the decade, reaching only 12% by late 2013. Over the decade, there have been substantial increases in government revenue, both entailing improvements in Inland Revenue compliance and the ending of many (but not all) concessions at the Inland Revenue and Customs authority.” The IMF noted in 2011 that “Program performance has been strong, and macroeconomic developments and the outlook remain favourable.” (IMF, 2011, p. 1).

The RAMSI Financial and Economic Management Support Program (FEMSP) has generally been identified as the driver of these macro gains; in relation to “...sound fiscal and budget management in the transition from post-conflict stabilisation to medium term stabilisation and longer term development... FEMSP’s achievements are good. On IMF criteria, SIG (Solomon Islands Government) public finances are soundly based... Fiscal stability has been restored in 2010 and 2011 through cash-rationing and hiring freezes, together with budget support from the development partners, and with economic growth and a borrowing freeze the ratio of public debt to GDP has fallen markedly since 2005.” (Dixon et al., 2012, p. 13). FEMSP was also credited with improvements in public revenue and expenditure management to maximize SIG’s resource envelope with compliance increased in Internal Revenue and Customs and successful rollout of Ax (the new financial management information system), BERT (the budget preparation system) and Aurion (the payroll management system).<sup>2</sup>

<sup>2</sup> (Dixon et al., 2012, Annex 1) provides a more detailed list of achievements of FEMSP.

The reference to cash rationing however highlights the tension between social and economic stability and sustainability. Did these public financial management gains represent institutional and managerial strengthening, or were they achieved through the insistence on fiscal discipline through any means possible, led by external actors with considerable leverage over what Andrews terms “concentrated agents” (Andrews, 2014), referring to the staff who work in the central departments (like budget, treasury)? “The Economic Reform Unit is providing a local capacity for policy analysis across the breadth of government, although this has been based on unsustainably large Australian advisor inputs... *sustainability* of gains after the program ends (is uncertain since)... FEMSP's technical successes have been based on a very high ratio of international advisors to local staff, and achieving the right transfer over time of operational and development work from advisors to local staff has been more problematic.” (Dixon et al., 2012, p.13)

The other debate concerns the degree to which these reforms have had a visible downstream impact on public sector functioning in the spending ministries; should RAMSI have led to significant improvements in service delivery, or was the strengthening of institutions with the promise of improved services later a reasonable achievement? The most recent Public Expenditure and Financial Accountability (PEFA)<sup>3</sup> update (Linpico, 2012) compared the state of public expenditure management in 2012 with that in 2008 and showed some positive movements. However, there was a strong theme of improving formal processes at the centre with less impact on actual behaviours in the line departments. Thus it noted that: the comprehensiveness and transparency of the Government’s Budget Papers has strengthened since the 2008 PEFA report; the addition of a separate volume on the Budget Strategy and Outlook potentially helps members of the public who have access to it to strengthen their understanding of the Government’s fiscal strategy supported by increased transparency of the budget classification; and the financial and performance audit reports of the Auditor-General are now publicly available. However, it also noted that: unreported domestic Extra-Budgetary Operations (EBOs) in the form of Special Funds still pose problems; sector strategies are lacking in fiscal realism; the identification of the recurrent cost implications of capital investments remains weak, limiting the meaningfulness of a medium term perspective to budgeting; and at the level of individual line ministries, credibility of the budget was poor with most line ministries receiving fewer financial resources than budgeted for, despite revenues exceeding estimates in two of the three years under review. Provincial budgeting remains in very poor shape with some 50% of the divisions in Isabel and 60% of the divisions in Makira showing a variation of more than 25% between budgeted and actual expenditures (World Bank, 2014b). Other observers note that the program “has been much less influential as regards controls on government expenditure and public procurement.” (Fraenkel et al., 2014, p.64)

The result is some scepticism about whether these changes at the centre had led to improvements in results (Asian Development Bank, 2014). (Moore, 2013, p. 29) drawing on (Madgwick, 2013) argues that some services have improved, but it is unclear whether they were driven through increased resources or institutional change. There were also some signs of reform disillusionment. (Hausman, 2010) notes that interviewees in AusAID and the Ministry of Public Service indicated some dissatisfaction with the Public Service Improvement Program and a general conclusion that the HRM reforms had promised a lot but had delivered relatively little.

In sum, RAMSI undoubtedly achieved some specific gains even if these are not detectable in broad governance measures, but some of these gains are sustainable only with the continued presence of external assistance and most of them did not result in visible service delivery improvements. So RAMSI delivered macro-economic stability but found it difficult to influence or improve the mechanics of expenditure efficiency. It contained a large number of disparate activities which did not, collectively,

---

<sup>3</sup> See <http://www.pefa.org/>.

seem to improve the overall functioning of the central agencies in a way which led to observable improvements in performance or outcomes (AusAID, 2013, p.4). It seems that while RAMSI was effective in changing how the “concentrated agents” at the centre worked, it was less successful in changing the behaviours of the “distributed agents” (“budgeters, accountants, and such in sector ministries, provinces, and districts” (Andrews, 2014, p.1)) in the spending ministries.

### **c. Comparable reform programs have a distinctly modest track record**

If the emerging post mortem findings on RAMSI are that the governance results are mixed, this must be seen against the reality that public sector reforms in general, and donor-supported public sector reforms in particular, have a rather modest track record. The experience of donor support for public sector reforms in fragile and conflict-affected states is even less positive and is reflected in the World Bank’s recent evaluation finding that, in fragile states, “there are few examples where a measured and informed country strategy has built a sustained statebuilding model over time which meets the expectations of their citizens” (Independent Evaluation Group, 2013, p. 50).

#### **Box 1: The limited track record of public sector reforms**

The World Bank concluded in 2008 that less than a quarter of its public sector reform projects were associated with significant improvements at the country level (Independent Evaluation Group, 2008, table 4.1). Subsequently, it noted that “(o)f 80 countries that received PSR (public sector reform) lending in 2007–09, 39 per cent improved their governance CPIAs (Country Policy and Institutional Assessment) (2006–09) and 25 per cent had declining CPIAs... (but) countries with no PSR lending in 2007–09 had similar rates of CPIA changes.” (Independent Evaluation Group, 2011, pp 68-9). A 2006 evaluation of projects in fragile states had earlier referred to “the Bank’s weak record in capacity development and governance” in such settings (Independent Evaluation Group, 2006, p. 25).

(Blum, 2014) has recently found that, when controlling for country context (and very particularly the presence of programmatic parties), the results of public sector management projects are more or less similar to those for projects in other sectors. While this might offer some reassurance, it does not address the possibility that reform ambitions are being dumbed down in tough contexts to achieve this result.

In high income countries with no external intervention, public sector reforms also show very mixed results (Alonso, Clifton, & Diaz-Fuentes, 2011; Van Dooren, Lonti, Sterck, & Bouckaert, 2007). A recent large scale literature review of NPM-style public management reforms across the EU concluded that it has been a very hit-and-miss process with fewer than 9% of the 519 studies analysed showing plausible information about changes in outcomes resulting from reforms. Only about a quarter had such information on changes in outputs. In this minority of studies where there was information relating to changes attributed to reforms, only around half the findings indicated improvements (Pollitt & Dan, 2011).

Such evaluations have led to much hand-wringing about the weak track record of public sector management reforms which combines with the vast and inconclusive literature on how to facilitate productive reform in fragile settings (Bellina, Darbon, Eriksen, & Sending, 2009; Cox & Hemon, 2009; DAC Fragile States Group; DfID, 2012; Independent Evaluation Group, 2006; Leftwich & Sen, 2010; London School of Economics and PricewaterhouseCoopers LLP, 2010; McLoughlin, 2014; Porter, Andrews, Turkewitz, & Wescott, 2010; Porter, Andrews, & Wescott, 2010; Pritchett & de Weijer, 2010) to produce considerable uncertainty in the field.

Box 1 summarizes some recent evidence concerning the limited impact of public sector reforms. RAMSI did no worse than other programs in other similar settings and, even in retrospect, it is not clear what else could have been done. The overlapping explanations for the poor track record of external support for public sector reform can be grouped under several headings, set out in *Annex 1: Explanations for the limited track record of public sector management reforms*.

### 3. The distinctive political logic of Solomon Islands

This section notes that in Solomon Islands, politicians and not public servants are seen as the providers of public services. The continued growth in the Constituency Development Funds is both cause and effect of the very personal and transactional relationship which MPs have with their constituents. The roots of this arrangement lie in the nature of the political parties.

#### a. Politicians do not see the public service as the key vehicle for implementing public policies

Much is said about the limited sense of nationhood in Solomon Islands (Brown, 2012; Dinnen, 2008; Fukuyama, 2008) and even by critics of these particular analyses (Brigg, 2009). The most common political economy refrain seems to be that “the wantok modality tends to atomize constituencies” (Craig & Porter, 2013b, p.8). The consequence is that the relationships between citizens as voters, politicians and the state bureaucracy are fundamentally different to those which are currently seen as the OECD model for effective government action. The Australian Public Service Commission gives the archetypal OECD assumptions concerning the various roles: “(politicians) are accountable to the Australian people at elections (and) Ministers are responsible for the overall administration of their portfolios and accountable to the Parliament for the exercise of Ministerial authority; public servants are accountable to Ministers for the exercise of delegated authority... (and) are also accountable for their performance through agency management systems.” (Australian Public Service Commission, 2013).

As others have noted (Teskey, 2013a, 2013b), the accountability relationships in the Solomon Islands are, in caricature, distinctly different (Figure 2). Rather than a triangle with politicians acting primarily as policy-setters for the public sector, the Solomon Islands focuses their relationship with the public sector on the jobs that it can offer constituents<sup>4</sup> and gives them a relationship with the public typified by that observed in the education sector where “...voting has increasingly become a transactional exchange, with MPs expected to offer up personal or local benefits in exchange for enough votes...” (Harris, Seeto, Tyrrel, & Costin, 2014, p.18). In sum, at the end of RAMSI, nothing has changed the relationship between individuals and politicians in the Solomon Islands which remains clientilistic (Wood, 2013, p. 2).

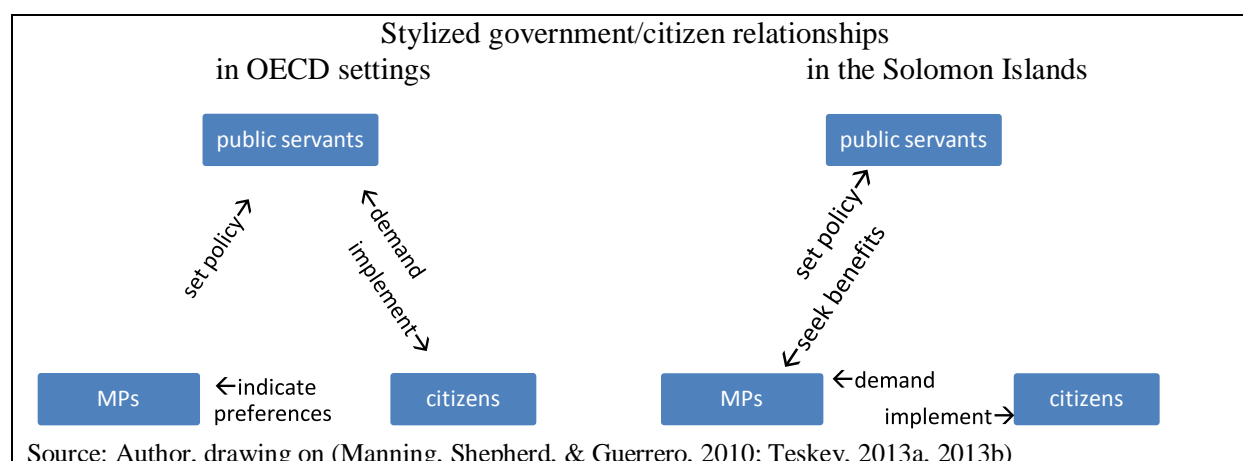
The accountability arrangements in Figure 2 show an ominous gap between citizens and public servants. Keeping in mind that this is a caricature, this gap arises, as (Kabutaulaka, 2008b) highlights, because of the long term erosion of government presence outside of Honiara; the effective disappearance of the “district officers, headmen and *ples men*”, who were the foot soldiers of the administration, executing its instructions and enforcing its laws... Over the years... many of these officers no longer performed their duties effectively... Many substations were closed, resulting in a decline in the visibility of government and its impact on the lives of people in communities, especially those far from Honiara. This made the disconnect between government and communities more pronounced.” (Kabutaulaka, 2008b, p.102).

---

<sup>4</sup> (Asian Development Bank, 2014) reports that expenditure on public sector employees has been growing at an average annual rate of 10% over the past 6 years, together with growth in rental subsidies, allowances, and overtime payments and grade creep.

<sup>5</sup> Policemen or village constables

**Figure 2: Accountability relationships**



Reasonable people can differ about why this state of affairs exists (and whether the OECD model really is a gold standard). It is an empirical not a moral point. Voters always want the best for themselves – whether that best is represented in a school for their children or a country whose political direction they are morally comfortable with. The distinctive feature of clientilism is the immediacy of the transaction. “(C)lientelist accountability represents a transaction, the direct exchange of a citizen’s vote in return for direct payments or continuing access to employment, goods, and services” (Kitschelt & Wilkinson, 2007, p.2). Clientelism can be pre-election vote-buying and post-election transfer of benefits. Its distinctive feature is that the transaction is short term and visible – a contrast with a non-clientilistic arrangement in which the voter has reason to believe that somehow, in the reasonably near future but not immediately, the politician will act as a delegate negotiating to achieve their particular goals. It arises when voters have no reason to trust that politicians will act in their interests in the longer term and so must resort to mechanisms which demonstrate that the politician is acting for them in the short term.

The rise and rise of the Constituency Development Funds CDFs in the Solomon Islands (CEWG, 2013, figure 1; World Bank, 2013) is not an aberration from a fundamentally OECD-style public sector – it signifies the fundamentally different nature of political accountability.<sup>6</sup>

Such clientilistic mechanisms are very hard to change as they are both the cause and effect of a weak formal state. On the one hand, to the extent that CDFs are used for vote-buying, they undermine the state. Detailed survey evidence and robust research in the Philippines has shown that such vote buying is robustly correlated with lower levels of services which are within local control, which are pro-poor, and which are not targeted at particular groups. Thus, for example, expenditures on local health services, which the rich tend not to use, diminish in the presence of vote-buying (Khemani, 2013). On the other, they are a reasonable mechanism for the delivery of some services to rural areas, substituting for an ossified bureaucracy.

<sup>6</sup> This point can be made about Melanesia in general (Fraenkel, 2011). In such an environment, the comments made by the former Australian Deputy Head of Mission, Honiara 2002-5 and former Director, Solomon Islands Section 2005-7) in 2008 about the priority to “rebuild and strengthen the accountability institutions: the leadership Code Commission, the ombudsman’s office and the auditor-general’s office... so that people will actually use them to report allegations of corruption and allow them to be investigated and dealt with in the courts” (Butler, 2008, p.270) seems to be aiming for something which is unlikely to be achieved in the short or medium term.

So while it is tempting to look at the Solomon Islands Government (SIG) from the perspective of the OECD-style “responsible party government (RPG) ideal” (Cheeseman et al., 2014) and seek ministers or other political champions who have clear responsibility for improving the performance of their sector, this is inconsistent with the basic structure of political incentives. In OECD Westminster systems, there is a distinction between ministers with and without portfolios. In political economy environments such as the Solomon Islands, the phenomenon of “portfolios without ministers” makes an appearance.

It seems that common practice of senior public servants standing for parliamentary office presents them with similar incentives. If a Permanent Secretary is to leave their civil service position and run for election, a winning strategy must focus more on convincing their future constituents that they will use the CDFs for their short term benefit than on convincing those constituents that services provided by the state will improve. To the extent that senior officials have the possibility of eventually standing for parliament in mind, this undermines the interest of this most senior management level in the civil service in managing their own departments.

## **b. The roots of the distinctive political incentives are deep**

There is now reasonably sound research evidence that when politicians are members of parties that are not organized in a way which disciplines the party leadership to follow an agreed program, they have less incentives to construct a well-functioning public administration (Cruz & Keefer, 2013). “(P)oliticians in non-programmatic parties are significantly less likely to support formal public sector management systems that limit shirking... and strengthen agency incentives and capacity to undertake the formal goals that politicians set for them... (T)ests (on 439 public sector reform projects) provide... systematic evidence that parties and party organization influence political incentives to embrace reforms to enhance the performance and oversight of the public administration.” (Cruz & Keefer, 2013, p.3) (See Box 2).

### **Box 2: The significance of programmatic parties**

“Programmatic parties’ are considered to have:

- A collection of policy positions that constitutes a well-structured and stable political program by which the party is publicly known.
- Internal coherence and agreement on a range of policy positions.
- A commitment and ability to deliver on at least some key programmatic promises when in a position of power.
- A party program that is the most defining element in how it attracts and engages its members.” (Cheeseman et al., 2014, p.xii)

“Mobilizing voters through programmatic messages does not involve the immediate material distribution of goods in exchange for political support” (Cheeseman et al., 2014, pp101-2)

Non-programmatic parties do not have a broad membership base able to discipline party leaders. Again, research has shown that under these circumstances, party leaders are less likely to focus public expenditures on “the more proximate determinants of development: education and the accumulation of human capital; infrastructure; security, including the protection of property and contract rights; public health; or the proper regulation of market failures, ranging from the environmental to the financial.” (Keefer, 2013b, p.2). In sum, there is evidence that “parties able to convey a programmatic policy stance or to discipline party leaders are associated with significantly different policy choices across countries, in both democracies and non-democracies” (Keefer, 2013a, p.3).

Thus it is hardly surprising that the World Bank has recently found that “the success rate of PSM projects in countries with 100 per cent programmatic parties is, on average, (estimated informally to be) about 11–15 percentage points higher than in countries with no political parties... holding constant the degree of political and civil liberties and other context, content, and project management factors “ (Blum, 2014, p.32).



The tradition of temporary “pacting” instead of programmatic political parties in the Solomon Islands (Craig & Porter, 2013a; Kabutaulaka, 2008a; Steeves, 2006) compounds the problem of political leadership for long term reform. In caricature, if politicians have few incentives to use the public sector to implement preferred policy, they have equally few incentives to develop long term, nation-building developmental policies. Although not offering a practical way forward, the Truth and Reconciliation Commission observation that “adoption of the Westminster parliamentary model (was made) despite widespread demand for an alternative system of governance”, while problematic, is understandable (Solomon Islands Truth and Reconciliation Commission, 2012c, p.735). From the time of the first governor-general, the awkward fit between a political system predicated on competing parties with more or less coherent platforms and the realities of a political system based around individuals with (very) transferable loyalties and no identification with parties or platforms has been a source of concern (Devesi, 1992) cited in (Kabutaulaka, 2008b).

#### 4. Early impressions of how SIGOV is working

This section suggests that SIGOV is shaping up to continue the pattern seen during the RAMSI period (described in section 2b above). It is undoubtedly stimulating change in the central agencies – ranging from incentivizing staff to turn up to the office through to more substantial legal changes. However, there is room for doubt about whether these changes at the centre are leading to downstream improvements in results. This tentative finding is exactly in line with the general findings about public management reform programs in fragile and conflict-affected states which were set out in section 2c.

In the extreme case, it risks making a difference at the centre which is based more on mimicry of OECD reforms than on making a difference for final service delivery results (Box 3). This assessment of the emergent risk is bolstered by a summary review of the traffic light report on the 2013-14 CEWG economic and reform cycle.<sup>7</sup> A distinctly informal and purely indicative review of the traffic light report suggests that those reforms which are most likely to fail are those which either require a political decision on short term trade-offs or other sensitive decisions or require visible policy action rather than discussion or publication of report or preparation of draft regulations or a bill.<sup>8</sup> In other words, central agency actors tended to avoid reform in areas which were more challenging.

---

<sup>7</sup> The review mission assigned purely notional scores to the reforms listed in the traffic light report according to the degree to which: (i) they were reliant on downstream actors; (ii) they required political decision on short term tradeoffs or other sensitive decisions; and (iii) they required visible policy action rather than publication of report or preparation of draft regulations or bill, or discussion.

<sup>8</sup> Although not directly covered in SIGOV, a further area where respondents expressed some concern was in relation to the functional responsibilities of the provinces. The Provincial Government Act provides for only very weak forms of decentralization, with resource control closely held by central government and provincial governments reliant on grants provided at the discretion of Ministry of Provincial Government and Institutional Strengthening. This conflicts with provincial aspirations for greater political self-determination and fiscal independence. Such aspirations are fuelled by broad (and seemingly accurate) perceptions that central government is providing inadequate services and public goods at the provincial level. Consequently, provincial governments have both disregarded formally delegations of responsibility in defining their own roles, and identified potential additional revenue sources beyond those identified in the Provincial Government Act (some with a questionable legal basis). The result is a mismatch and no clear understanding of the relationship between provincial financing and provincial service delivery responsibilities (World Bank, 2014a, p.10).

### Box 3: Why OECD reform history has little to offer the Solomon Islands

In the nineteenth century, patronage and political influence led to a wave of meritocratic reforms in Europe and the US that established vertically integrated hierarchies with centralized recruitment in an attempt to create an apolitical public service.<sup>9</sup> In the US, the 1883 federal Pendleton Civil Service Reform Act put an end to the previous spoils system. It placed most federal employees on a system of merit-based appointments and established the United States Civil Service Commission. Previously, in the UK, the Northcote-Trevelyan report of 1854 had similarly recommended open recruitment and, slowly, put an end to most forms of patronage. In continental Europe, the most relevant example was perhaps the 1875 decision in France that the *Conseil d'Etat* (an administrative body) had the right to judge the legality of a policy decision taken at a political level.

The impact of these reforms on public sector effectiveness can hardly be doubted. However, even if we could unpack history accurately, OECD countries' historical reform paths are tied into very specific political economy contexts that bear limited resemblance with today's context in many developing and middle income countries. The historical trajectory of public sector institutional reform in many OECD countries is explicable in terms of related struggles to centralize monarchical authority and then to constrain it (Silberman, 1993), but the context was one of a growing and vocal middle class, a significant dependence of the elite on domestic taxes for revenues and on local resources for managing and maintaining their assets, and elite central control over most military forces.<sup>10</sup> Little of this context can be found in developing countries and almost none of it in fragile states. In the latter in particular there are few organized demand-side pressures for better services, tax revenue is often modest relative to the rents from minerals or drugs and to aid flows, off-shore havens can protect the assets of the elite, and there can be an active market of mercenary military force (Centre for the Future State, 2010).

The impact of high commodity prices is also presenting challenges without any historical parallel.

What we can learn from history is often at the level of larger patterns – but this tells us little about the promise of a specific reform in a given context. We can see larger historical patterns as public sector institutional arrangements evolve over centuries from various conflict-reducing compromises and agreements between elites (North, Wallis, Webb, & Weingast, 2007), but this is scarcely enough to tell us whether or not, for example, a “Senior Executive Service” is an essential element of the current public sector landscape in a particular country.

#### a. Human Resource Management progress within SIGOV

The scale of the challenge facing SIGOV can be illustrated by the need to focus on basic human resource management (HRM) issues such as absenteeism. The development of the Attendance Management Policy and Procedure Manual (Ministry of Public Service, 2014) has seemingly focused attention on these managerial foundations and, anecdotally, even before implementation it may have already had some modest impact within the central agencies.

More structural HRM reforms have been achieved or are underway and are well summarized in (DFAT, 2014b):

- The draft Public Service Bill (Solomon Islands Government, 2014) and revised Public Service Commission Regulations have been submitted to the Attorney General;

<sup>9</sup> This set of reforms are often seen as captured in (although not prescribed by) the writings of Max Weber who noted that a modern bureaucracy acts, in principle, as a lasting, impartial, rule-abiding and non-partisan executor of laws and regulations, which are devised by the political leadership (Weber, 1978). Weber observed that these traits were more likely to be found in hierarchical organizational structures staffed by career officials operating within stable and comprehensive sets of rules. (Pritchett & Woolcock, 2004) remind us that while Weber made these observations in Western Europe, the long history of bureaucracy in China and India makes it clear that Western Europe did not invent rational bureaucracy.

<sup>10</sup> For instance, (Daunton, 2003) provides a historical account of how the British government won legitimacy for, and compliance with, its tax system by means of credible commitments to curtail government spending, bring equity into the tax system, and increase accountability and transparency.



- The 2013 performance assessments for Permanent Secretaries were completed in March;
- The decentralization of appointment submissions from Ministry of Public Service to line Ministries is reducing the length of time to fill a vacant public service position; the average recruitment time has reduced from 8.5 months to 3.2 months.

However some respondents speculated that the reforms implied by the Public Service Bill are based on a somewhat purist version of HRM, at odds with recent developments:

- They do not resolve the question of whether the PSC should have a more active role in relation to reform (the bill assumes the traditional Commonwealth-style merit protection role of the PSC, which is somewhat at odds with the Commission's former leadership of the Public Service Improvement Program);
- They seem to block any moves away from an establishment control model for controlling staffing expenditures towards a "running cost" regime and, while this was generally seen as a sensible direction, respondents considered that the issue was, at least, debatable.

#### **Box 4: Schemes of Service in Commonwealth countries**

Commonwealth "Schemes of Service" are an example of cadres (distinct professional streams) within a career-based system. Schemes of Service were at their most rigid in Commonwealth Africa, driven by the Ford Foundation amongst others as part of a post-independence capacity-building effort – but were present in varying degrees elsewhere in the Commonwealth including Solomon Islands. Typically, they contained:

1. General background to the work of this group of staff, and identification of the head of the class (responsible for the scheme and, on occasion, for appointments and postings)
2. Functions of the class of employees
3. Composition of the class – grades and job titles
4. Specific duties of each grade
5. Entry Qualifications and Career Progression for each grade:
  - a. Qualifications necessary for Direct Entry (only available for some grades)
  - b. Qualifications necessary for in-service Entry
  - c. Qualifications for promotion
6. Training to be provided – on induction and in-service

In other words, in their full form they are a complete description of how the "Class" is to operate as a career.

When they were present, all professional groups had Schemes of Service, regardless whether staff stayed within one ministry or were posted across government, and all Schemes of Service had heads of cadre. For example, accountants (Head of the Cadre was the Accountant General) were Ministry of Finance staff stationed in other ministries. There was a similar arrangement for economists. Cadre staff filled positions in the ministry to which they were posted under the establishment of that line ministry. Rotation of staff was handled by the head of the cadre, in discussion with the administrative head of the ministry to which they were posted. There were also cadres with Schemes of Service whose staff never left the responsible ministry - such as vets, engineers etc.

The presumption of a career system is that staff must be "developed" within the service. Schemes of Service take this one stage further and say that each specialist profession must be developed within the system, although mid-career entry can still be accommodated.

Similarly, some concern was expressed that the diagnostic work concerning public sector pay undertaken by (Gannicott & Powell, 2013) essentially proposes an unrealistic whole of government reform of civil service pay, with proposed changes to the General Orders and other regulations to reduce the numbers of Schemes of Service (Box 4). The possibility of asymmetric pay rises is a risky consideration – but might at least allow for some movement in the short term (Box 5).

### **Box 5: Asymmetric system reforms**

There has been some debate about the degree to which public management systems really need to be improved “symmetrically” across the whole of government or whether, more pragmatically, improvements are more likely sector by sector, cadre by cadre, or entity by entity (Hakimi, Manning, Prasad, & Prince, 2004; Nunberg & Taliercio, 2012).

Differentiated pay regimes have been the most common source of asymmetry. These are nearly always seen as a temporary measure prior to a more comprehensive pay restructuring across government. Schemes, such as those identified by (Stevens & Tegemann, 2004) in Tanzania and (at that time) under consideration for Ghana, Zambia and Mozambique (Valentine, 2002) were intended to differentiate between agencies or groups of staff to enhance retention of scarce skills or to reward for restructuring. The Tanzania Selected Accelerated Salary Enhancement Scheme (SASE) focused pay increases on selected staff within selected agencies. The SASE scheme was structured around groups of posts that were regarded as likely to have the greatest impact on service delivery, on the reform effort and on the strategic outputs of government - within agencies that have particularly leading roles in change management, service delivery or economic growth and which have well-advanced strategic plans ready for implementation. The Afghanistan Priority Reform and Restructuring (PRR) program launched in 2003 placed entire agencies which had been restructured onto a higher pay scale as an incentive for restructuring. It was been reported anecdotally as a success, but comments have been made to the effect that many of the later inclusions in the scheme were politically motivated (Hakimi et al., 2004). If so, any impact is likely diminishing over time. The difficulties of managing differentiation within a highly informal context are noted (but not demonstrated) in (Hakimi et al., 2004). In Malawi, the Emergency Human Resources Program (EHRP) included a significant salary increase for health professionals (Mangham, 2007; Palmer, 2006).

(Hasnain & Manning, 2014) concludes from an empirical analysis of the introduction of pay flexibility arrangements that cautious asymmetric introduction of performance-related pay can, with many caveats, be justified.

## **b. Public Financial Management progress within SIGOV**

On public financial management (PFM), recent formal successes in the central agencies are clear. Not least, the Final Budget Outcome for 2013 and the Public Financial Management Roadmap were prepared, and completion of the 2013 financial statements is underway.

However, respondents noted some challenges concerning reform overload and sustainability. Thus while many of the specific actions and reforms are seen as sensible in their own right (and often achievable in isolation) concerns were expressed concerning the quantity of reforms being introduced through different processes and the cumulative capacity burden both on the Ministry of Finance and on line ministries that do not benefit from such extensive Technical Assistance. As an example, the PFM Reform Plan includes approximately 150 actions. Many of these involve introducing new systems and processes on top of what is already being done (although a few do involve simplification of existing processes). Actions include establishment of new boards, new regulations, new legislation, new IT systems, more regular audits, more regular reconciliations, new instructions and rules, etc. The latter require that PFM Reform and Budget committees are established in all ministries and that a public communication strategy on PFM reform map implementation is developed.

Similarly, the debt management strategy demands significant capacity. The PFM reform plan includes internally undertaken debt sustainability analysis on an annual basis – an ambition which is probably not being achieved elsewhere in the region. The on-lending and guarantee policies and guidelines entail heavily engineered approaches that would likely exceed the capacity of most covered entities and certainly all provincial governments. The problem of reform overload relative to available capacity extends to the sector ministries. One of the problems faced in education in budget execution is the lack of expertise and capacity to comply with central tender board procurement rules (27 individual steps for

payments over SBD 200,000). As of end-June 2014, expenditure was tracking around 45% against the recurrent budget and 3% against the development budget.

Relevance and ambition of some of the PFM reforms were also questioned. The introduction of internal audit is emphasized under the new PFM Act even when the PEFA update (Linpico, 2012) notes that external audit is barely functional and very seldom leads to follow-up actions and there is a shortage of qualified staff for audit functions. Similarly, it was observed that the PFM Act and Roadmap heavily emphasize the medium-term expenditure framework, with 3-year revenue and expenditure forecasts required for ministries, although there are continuing problems with preparation<sup>11</sup> and execution of the annual budget.<sup>12</sup>

In sum, there is nothing technically “wrong” in what has been proposed and supported. However, the emphasis on Australia-like arrangements might lie behind a distinctly ambitious scope of reform and the possibility that some of the “best practice” procedural changes lend themselves to rather superficial procedural compliance rather than real functional improvements downstream. One respondent cited the continuing misuse of contingency warrants for expenditure items deemed foreseeable as an example of formal change at the centre not translating into behavioural change across the public sector.<sup>13</sup>

### **c. Service delivery progress within SIGOV – history repeats**

The story of the Australian support for public sector reforms within the RAMSI period (section 2b) and the more general research finding about public management reform programs in fragile and conflict-affected states (section 2c) is that intensive support for changes at the centre does not lead to commensurate downstream improvements in results. It is of course very early days, but it seems likely that the same theme is emerging in SIGOV. Certainly, the impact of the very real changes at the central agency level on the behaviour of line ministries and the achievement of downstream service delivery is hard to detect in recent documents available to the review team.

The Quality at Implementation Reports for 2012 and 2013 for the Health Sector Support Program (Phase 2) (Francis & Kelly, 2014; Kelly, 2013) give little indication that system-wide improvements in public financial management or HRM have assisted in any of the sectoral outcome improvements. This is not to say that they did not – but the link is unclear. So, for example, the 2013 Report highlights that while the expenditure has fallen from 13% to 11% of the budget in the period from 2010 to 2013, the government still continues to invest more in this sector than any other country in the Pacific. Is this relative protection for the health sector the result of the improvements in the national budget process? The 2013 report is suggestive of this in noting the improved quality of the budget submission (Francis & Kelly, 2014, p.6 and p.9). However, it also suggests that there are some clear problems facing the sector which have their origins upstream in the central agencies. The 2012 Report refers to unspecified “ongoing challenges with central agency processes” (Kelly, 2013, p.6), it notes the delays in budgetary appropriations, delays in

---

<sup>11</sup> “...budget submissions to MoFT fail to respect budget ceilings often resulting in unilateral adjustments by MoFT in the course of budget preparation and the need for virements during budget execution... (and while) the health and education sectors receive appropriate priority in budget allocations... intrasectoral expenditures, such as large expenditures on poorly managed tertiary scholarships, undermine allocative and operational efficiency”. (CEWG, 2013, p.vii)

<sup>12</sup> Some respondents suggested that there is room for debate whether budgetary discipline is being achieved through somewhat arbitrary cuts – a recent newspaper headline offers unsubstantiated support for this claim (“Sasako Calls for Immediate Dissolution of Parliament and Election”, 2014).

<sup>13</sup> This point has been picked up elsewhere. “... the misuse of CW (contingency warrants) for budget items that are foreseeable has already commenced under the new Public Financial Management Act 2013... (T)he Director (of the Budget Unit in the Ministry of Finance and Treasury) advised that ministries did not properly plan for their activities...” (Public Accounts Committee, 2014, pp.4-5).

advertising of tenders and high vacancy rates because of long recruitment processes managed by the Ministry of Public Service (Kelly, 2013, p.7). Both reports emphasize the problem of inadequate budgeted finance for maintenance (Francis & Kelly, 2014, p.9; Kelly, 2013, p.13).

As (CEWG, 2013, p. 28) notes “... significant progress has been made in strengthening the institutional framework for PFM (but, in the future)...the Joint Review Mission suggests that the focus should be on ensuring that these reforms yield tangible improvements in public service delivery... there is an urgent need to broaden the focus of reform efforts beyond MoFT to overcome weaknesses and constraints that hinder the effectiveness of PFM reforms (including) (e)ngaging on civil service reform (and) (l)inking PFM reforms more tightly to improvements in service delivery.”

It is important to note that making progress on this fundamental challenge is not just a task for SIGOV. While the design of SIGOV must be driven by the need to achieve downstream results, there are DFAT and other donor programs working directly with delivery agencies in infrastructure, health, water and sanitation, education and rural development. There is a task for these programs to support and seize the opportunities created by the central agency changes and to incorporate support for financial management, procurement and human resource management improvements in their activities at the sector level.

## 5. Unpacking the SIGOV design

To the extent that history is indeed repeating itself in SIGOV, the next questions concern whether and how the limitations are emerging from the SIGOV project design. This section notes that SIGOV, in common with many similar programs, has a two-part intervention logic: Part A entails improving the functioning of the central agencies and core public management systems, while in Part B, these system changes lead to subsequent government performance improvements in the sectors.

The section concludes that:

- *For Part A – interventions which cause functional improvements in central agencies*
  - The inputs focus narrowly on technical advice and guidance and temporary capacity enhancement through external advisors.
- *For Part B – ensuring that those improvements result in government performance improvements*
  - Limitations on the understanding of how the public sector operates downstream now or could in the future operate more effectively are not acknowledged explicitly and consequently no approach to learning about how the public sector operates is incorporated within the project design.
  - In turn, there is little evidence on which to prioritize improvements in the central agencies, or to address the distinctively strong role of MPs in determining public sector outputs.
  - There is also, as yet, little space for piloting, testing and refining new approaches.

The section also notes that, in addition to the question of how SIGOV can be designed to achieve results in both Parts A and B, there is a real world consideration of protecting the Australian investment (financial and reputational) which has already been made in Solomon Islands.

## a. The intervention design

As noted above, the “evolving” SIGOV program objectives are (DFAT, 2014c, p.15):

- Economic growth supported;
- Public service performance strengthened;
- Public financial management strengthened;
- Individual and institutional accountability and transparency improved.

How does the design of SIGOV intend to ensure that these goals are achieved?

The SIGOV documentation is dauntingly complex and, when combined with the various RAMSI reports, the material does not make it easy for the reader to maintain a clear perspective on the program logic. In understanding complex programs of reform with many moving parts and, in common with all development literature, a not inconsiderable weight of rhetoric, it is useful to separate out three sets of nested assumptions within the intervention design:

1. What is being fixed or improved? (*How does, or could, the public sector results chain operate?*)
2. How will we help fix or improve it? (*What are the inputs that make up the intervention and on what basis are they deployed?*)
3. Why will actors comply so that our assistance makes a lasting difference? (*What is the theory of change?*)

The need to answer the first two questions is self-evident; the “what” and the “how” are clearly crucial to understanding the way that the program is meant to operate. An articulated theory of change could be seen as a mere embellishment. Why worry if it is not obvious why the intervention works as long as it does? Like all theories, there are two purposes of an explicit theory of change. By providing ideas which can be tested in practice day to day, it is a device for keeping an open mind to the need to change strategy without waiting for long term evaluation. It also provides a way of leveraging the impact of a successful project through convincing others to take actions in line with the theory.<sup>14</sup>

Clearly understanding the assumptions being made in the intervention design is part of what has been referred to by AusAID as “clarity of intent” (Office of Development Effectiveness, 2011). “Policy dialogue is likely to be more successful if AusAID and its counterparts are both relatively clear on the intent of their engagement” (Office of Development Effectiveness, 2011, p. 5). “Clarity of intent” is not the same thing as putting all the cards on the table. One should not “...expect both parties to expose their negotiating positions completely or for there to be prior consensus. They should, however, be clear in their own minds what it is they want to achieve.” (Office of Development Effectiveness, 2011, p. 5)

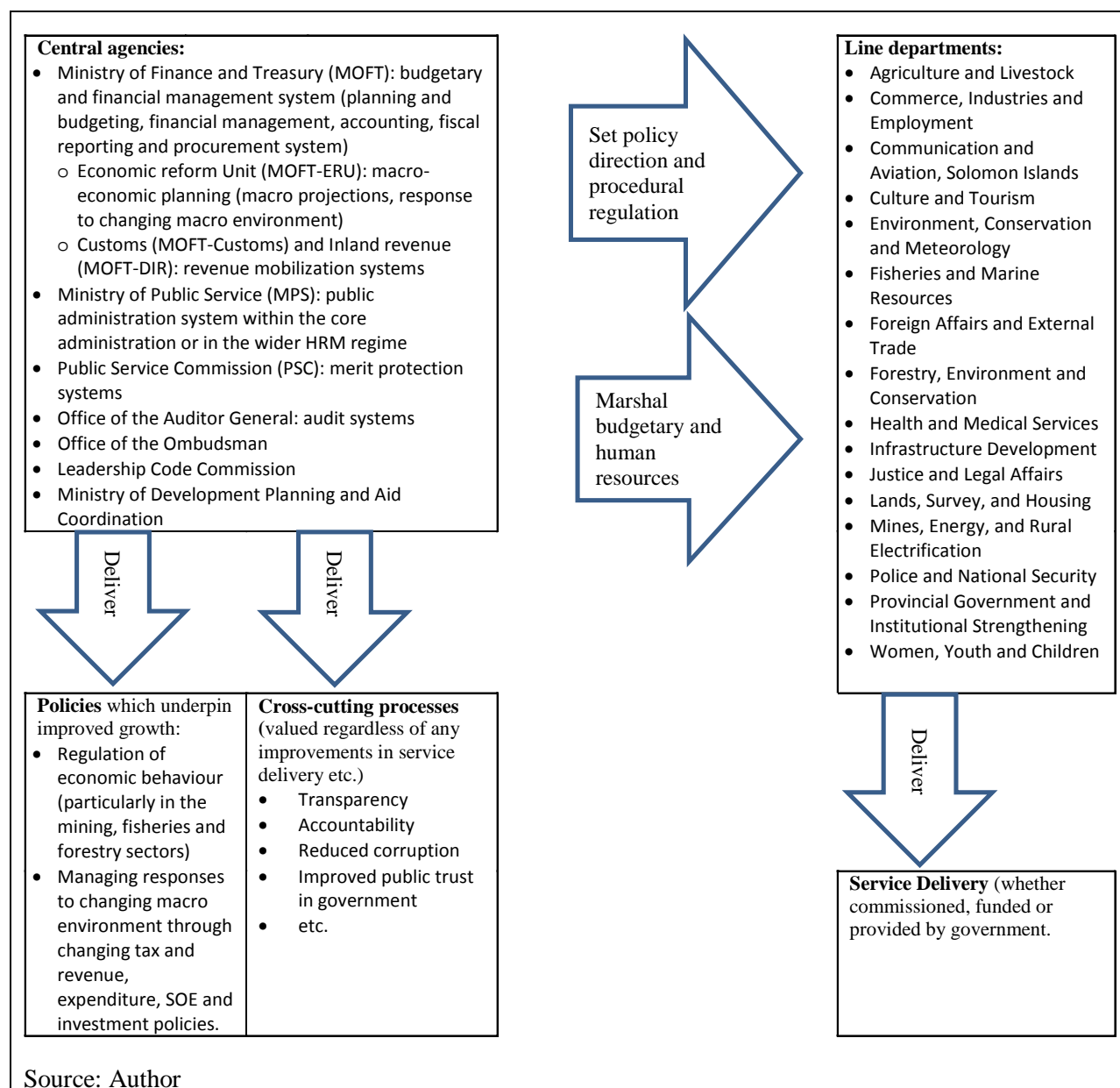
### What is being fixed? The public sector results chain assumed by SIGOV

In its focus on the central agencies, SIGOV assumes that financial and human resources are marshalled and regulated through the central agencies to enable and require downstream ministries to undertake service provision. It also presupposes that the central agencies themselves produce growth-enhancing policies and design and operate cross-cutting systems which ensure transparency (Figure 3).

---

<sup>14</sup> The recent UK Independent Commission for Aid Impact critical review of DfID’s Private Sector Development Work provides a useful illustration of the problem of not having a theory of change. The report notes that the Commission could “not observe a clear ‘theory of change’ at the portfolio level that expressed how the private sector needed to be re-configured to enable it most optimally to contribute to economic growth, stability and poverty reduction...”. That absence of a ‘theory of change’ meant that it was impossible to clarify “how DFID’s activities cohere as a consistent endeavor” (Independent Commission for Aid Impact, 2014, pp.13-4).

**Figure 3: The assumed public sector results chain in Solomon Islands**



The assumptions concerning the key role of the central agencies are very reasonable. However the assumed results chain sees improvements in the central agencies as necessary and sufficient for successful downstream service delivery. As noted above, the history of RAMSI (see section 2b), wider research (see section 2c) and early views on the impact of the SIGOV program itself (section 4) suggest that this may not be correct. In reality, beyond broad generalities it is not clear what the central agencies are doing or failing to do which is most relevant for line departments and we do not know whether any improvements other than the functioning of the central agencies would help in improving service delivery.

Demand-side pressures, the role of politicians, key differences between sectors, are not incorporated within the assumed model. These gaps might be because it is not fully understood how the public sector does, or could better, operate at that delivery level. It would be reasonable in that case to acknowledge

this point. This is not an embarrassing admission as the rather dismal track record of similar reforms (section 2c) suggests that most public sector interventions in similar low capacity settings are made without a detailed understanding of what makes delivery work in some downstream agencies and not in others.

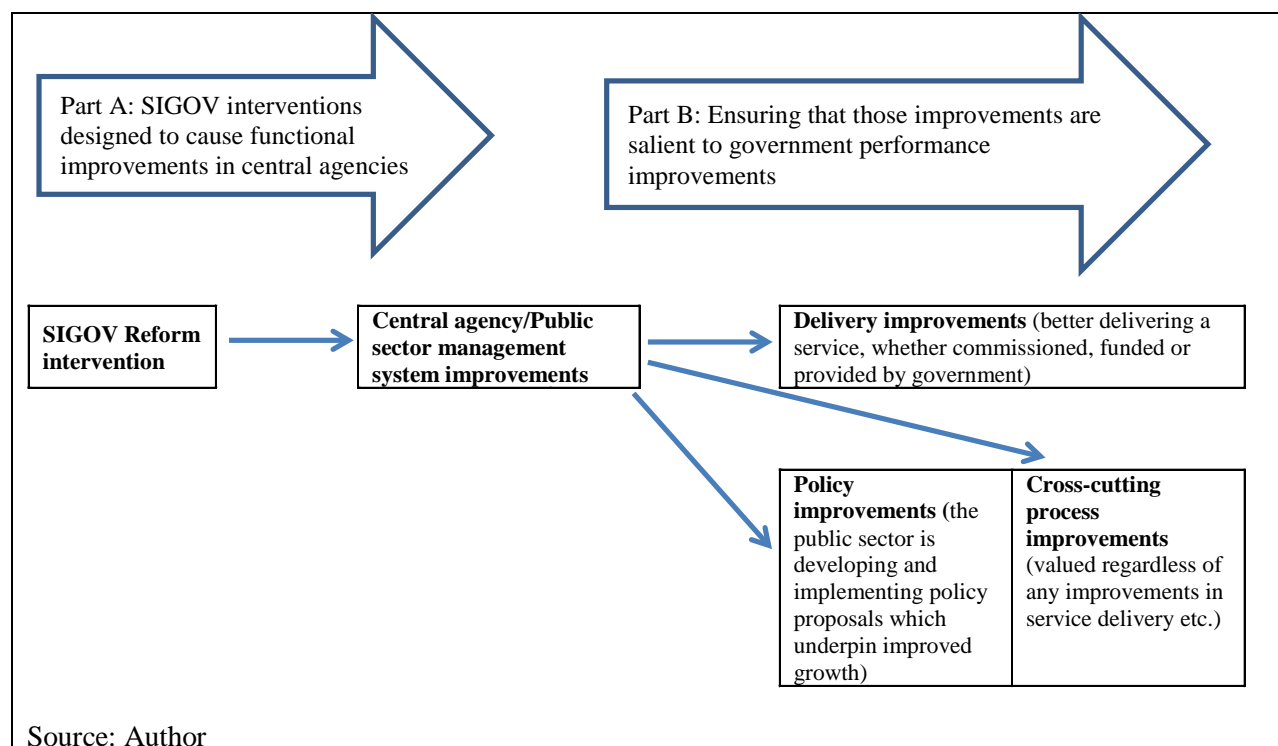
### **How will SIGOV help fix it? The two-part intervention logic assumed by SIGOV**

The intervention logic of SIGOV follows more or less automatically from the pivotal role of the central agencies in the results chain. “SIGOV Program support will focus on SIG’s central agencies and on the core upstream functions of the public service” (AusAID, 2013, p.iv). As Figure 4 highlights, this is equivalent to Part A of a two-part intervention logic. The intention is that, in Part B, these system changes lead to subsequent government performance improvements changes which have a more direct bearing on the lives and futures of Solomon Islanders through sector service delivery, policy and process improvements.

This two-part intervention logic is shared with many other public sector reform interventions supported by donors (World Bank, 2012). For example, the design of the DFAT Governance for Development (GfD) program in Timor-Leste sets out this thinking very clearly: “Central government systems relevant to service delivery are administered by the Ministry of Finance, the Civil Service Commission and the Ministry of State Administration... (and) there are particular challenges associated with how the parts of service delivery systems owned by the central agencies and the Line Ministries interact to enable or inhibit the effective provision of services... Central agencies are responsible for many aspects of the broader service delivery system that either enable or impede the ability of Line Ministries to deliver quality services to poor people... GfD aims to increase effectiveness of government services for the poor by working with central agencies to improve the aspects of the service delivery system that they are responsible for.” (AusAID, 2012c, pp. 24-7).



**Figure 4: The SIGOV intervention logic**



In essence, for Part A, the SIGOV interventions are intended to lead directly to institutional and system improvements in the functioning of some public sector central agencies (MOFT, MOFT-ERU, MOFT-Customs, MOFT-DIR, MPS, PSC and OAG) and the associated public management systems (Figure 4). The interventions envisaged by SIGOV are primarily technical advice and guidance, and temporary capacity enhancement through external advisors.

On Part B, since SIGOV has no clear hypotheses about why these central agency improvements will translate into final results it has correspondingly little to say about prioritization or about potential interventions outside of the central agencies. Interventions are not targeted with types of service delivery in mind or with any focus on the role of user groups or citizen pressures.

An intervention logic for Part B must consider how to identify those sectors or services where central agency functioning is the binding constraint to effective service delivery and so improvements in the central agencies will be sufficient to make a difference – and where this will not be enough, what else is needed and where this might come from.

Most crucially, if it is correct that SIGOV does not start from a full understanding of how the incentives for downstream delivery are or could be enhanced beyond working with the central agencies, then it will need to explore this flexibly as implementation proceeds. The intervention logic for Part B must embody an approach to learning how the public sector operates in practice and adjusting implementation accordingly.<sup>15</sup>

<sup>15</sup> The severe limits to our knowledge about public sector management supports the case for cautious incrementalism, along the lines of the observations made by (Lindblom, 1959) that “muddling through” within large bureaucracies is a rational way of managing complexity and the inherent uncertainty in predicting exactly what the consequence of reforms at each stage will be. More recent commentators have underscored the need



In both Parts A and B, the intervention logic must also consider the types of inputs that the project is to offer. In designing SIGOV, (AusAID, 2013) envisaged a broad range of inputs. “SIGOV support will include staffing supplementation (i.e. support for salaries for urgently needed positions that can only be absorbed on the SIG establishment over time), targeted direct financing using multi-year accountable cash grants, twining activities with like institutions and funding of recurrent budget needs and/or infrastructure to close identified gaps in planning and implementation.” (AusAID, 2013, p. 15). In practice, long term technical assistance is the primary mode of intervention – through Australian federal government employees (referred to as “Whole of Government” staff) and through independent consultants. It seems that most of these advisors have a strong institutional rather than coaching background. Accountable cash grants are available but are seen as having a weak track record because of delays in disbursements and fiduciary concerns resulting from the recent procurement scandal.

In considering the inputs, the intervention logic should reflect on the possibility that there is more that could be done “between the rules” through coaching and confidential mentoring. Not all improvements are the result of formal legal and regulatory reforms – some arise through enhanced managerial effort.

### **Why will actors comply so that assistance from SIGOV makes a lasting difference? An incomplete “theory of change”**

SIGOV was not designed from a blank slate. The current project team inherited many components of the project from RAMSI and there was an understandable preoccupation within government and within DFAT that the transition should be “seamless”. Thus it is hardly surprising if, as (Cochrane, 2013) very straightforwardly points out, the SIGOV theory of change requires further articulation.

The theory of change is answering the question *why* the relevant actors will comply in making changes. Discussions during the review mission suggested that the assumption in Part A is that there are political and managerial champions within the central agencies who can be helped and encouraged to support reform. The partial successes of similar reforms during RAMSI in introducing upstream reforms in the central agencies, very particularly Financial and Economic Management Support program (FEMSP) (as discussed in Section 2b above), suggests that this is not an unreasonable proposition. However, that same discussion highlights that this might be a little simplistic and that while central agency heads/political champions may want to be seen undertaking some high profile, somewhat formalistic, reforms, they might also be avoiding implementation of changes which are politically challenging or which might raise problems with their colleagues in sector ministries.

Again, SIGOV seems to embody no theory relevant to Part B about when and why line departments and MPs should want to achieve a short term and visible impact on service delivery in the sectors. Ultimately, if the weak incentives for line departments to provide services on the ground serve the implicit political purpose of keeping MPs central and protecting their electoral base, what is it that SIGOV and the central agencies might do which would change those incentives?

As noted above, this absence of an articulated theory of change is not, per se, an overwhelming problem. A theory is just a theory – it is not a proven fact. The purpose of an explicit theory is to mobilize others to help and to sound an alarm if the assumptions on which the project is based turn out to be wrong. The risk in not having an adequate theory of change for Part A and in not having any explicit theory of change for Part B is that all involved might not be sufficiently mindful about whether SIGOV is heading in the right direction and whether any course corrections are needed.

---

for Problem-Driven Iterative Adaptation (PDIA) (Andrews, 2013) and, rather memorably, Booth describes institutional reform as “a guerrilla operation, not a war of fixed positions” (Booth, 2014, p.ix).

## b. Matching the means to the ends

Table 2 summarizes the discussion above, highlighting that the key design problem is around Part B – originating in a rather implausible model about how the public sector operates now or could operate more effectively downstream.

**Table 2: Summary assessment of strengths and weaknesses in the intervention design**

		Intervention design – the means		
		What is being fixed or improved? ( <i>How does, or could, the public sector results chain operate?</i> )	How will we help fix or improve it? ( <i>What are the inputs that make up the intervention and on what basis are they deployed?</i> )	Why will actors comply so that our assistance makes a lasting difference? ( <i>What is the theory of change?</i> )
Program goals – the ends	Part A – interventions which cause functional improvements in central agencies	SIGOV assumes that financial and human resources are marshalled and regulated through the central agencies to enable and require downstream ministries to undertake service provision.	SIGOV inputs (primarily technical advice and guidance, and temporary capacity enhancement through external advisors) are intended to lead directly to institutional and system improvements in the functioning of some public sector central agencies (and the associated public management systems). However, coaching and confidential mentoring not considered.	SIGOV assumes that the political and managerial champions within the central agencies can be helped and encouraged to support reform, at least formally.
	Part B – ensuring that those improvements result in government performance improvements	<i>Reasonable</i> SIGOV assumes a model of how the public sector operates now or could operate more effectively downstream in which: (i) the right things to improve at the centre are known; and (ii) those improvements will be both necessary and sufficient for downstream service delivery performance. It ignores the need to learn by doing and to work with the distinctively strong role of MPs in determining public sector outputs at the local level in Solomon Islands.	<i>Limited</i> As a consequence of the weak specification of the results chain, SIGOV has little to say about prioritization or about potential interventions outside of the central agencies. Interventions are not targeted with types of service delivery in mind, or with any focus on the role of user groups or citizen pressures. Again, inputs other than technical advice and guidance, and temporary capacity enhancement through external advisors not considered. Most crucially, the intervention logic for Part B must embody an approach to learning how the public sector operates in practice and adjusting implementation accordingly.	<i>Reasonable</i> SIGOV offers no theory about when and why line departments and MPs should want to achieve a short term and visible impact on service delivery in the sectors.
		<i>Implausible</i>	<i>Under-developed</i>	<i>Under-developed</i>

### c. Risk management and “shared sovereignty”

In addition to the question of how SIGOV can be designed to achieve results in both Parts A and B, there is a real world consideration of protecting the Australian investment (financial and reputational) which has already been made in Solomon Islands.

Australia has an inescapable “role in the co-production of sovereignty in Solomon Islands” (Barbara, 2014, p.1) for fiduciary and security reasons. The prospect of shared sovereignty is an undeniably awkward point requiring, to say the least, some nuance in the policy dialogue and some recognition that Solomon Islands Government concerns about sovereignty cannot be entirely ascribed to resistance to enhanced fiduciary oversight and a desire to “escape new controls...” (Fraenkel et al., 2014, p. 24). “While Australian assistance can be progressively and significantly ‘desecuritised’, the historical relationships between political economy and conflict in Solomon Islands indicate that the country is entering into a high-risk period for conflict. This means that an external ‘security guarantee’ will need to be maintained...” (Matthew Allen, 2013, p.2)

Thus there are limitations in SIG choices about the way in which aid is provided and there are implicit conditions for the continued delivery by Australia of the 74% of official development assistance received by SIG (Australian Government, 2013b, p.3).<sup>16</sup>

This is not a new observation. Others have made the general case for shared sovereignty (Matanock, 2014) and against (Lake & Fariss, 2014) and the specific case for such a hybrid arrangement in the Solomon Islands (Fukuyama, 2008). The bottom line is that while the exact form of shared sovereignty is unclear (Beisheim, Liese, Janetschek, & Sarre, 2014; Krasner & Risse, 2014; Lake & Fariss, 2014), it is an inevitability in the Solomon Islands

Consistent with these views, respondents assured the review team that capacity remains sufficiently limited to mean that if the technical advice and guidance, and temporary capacity enhancement through external advisors, were removed then the probity and effectiveness of some core functions – primarily in economic and financial management – would be at risk. The principal risk areas which respondents pointed to were:

1. **Fiduciary risk to SIG funds.** Fiduciary risks could include significant political distortion of spending patterns, even if short of outright theft.
2. **Risk of economic instability.** Macroeconomic stabilization is related to the present cohort of advisers placed within the Ministry of Finance advising on and monitoring the debt/GDP ratio and providing both strategic and technical assistance in maintaining government revenue through operational improvements and supporting the close management of concessions.<sup>17</sup>
3. **Risk of undermining significant institutional gains that have been made.** Respondents frequently cited concerns that the “basics” which have been put in place might be undermined. Those basics were not specified at any level of detail and respondents were implicitly referring to various assumptions about sequencing in PFM reforms, seemingly with budget planning, output costing, procurement management, budget and funds control, financial and performance reporting, asset management, and internal audit in mind (Box 6).<sup>18</sup>
4. **Reputational risk to Australia.** This risk follows from any of the risks above. The fiduciary risk to SIG funds would often be seen as a risk to Australian funds. In theory fungibility makes this a

<sup>16</sup> Annual official development assistance is around US\$330m currently, around 50% of GDP, and is likely, at most, to reduce to around 30% of GDP (Haque, 2013).

<sup>17</sup> (Dixon et al., 2012; Greenwell & Moore, 2014) provide some background to this point.

<sup>18</sup> (Diamond, 2012, box 1, p.17) provides an excellent summary of the “basics” which – it can be argued – underpin other subsequent operational efficiency gains in PFM.

poor argument – but in practice, there are undoubtedly significant reputational problems for Australia if funds are stolen which could be seen as Australian dollars.

#### **Box 6: Sequencing public sector management reforms**

Most sequencing arguments are based around the premise that some basic disciplines (typically around managing financial and public financial management inputs) should be entrenched prior to elaborate arrangements for measuring and managing outputs/performance. This case was most prominently articulated in (Schick, 1998) and Schick's associated mantra of "look before you leapfrog". This was followed by the World Bank's Public Expenditure Management Handbook (World Bank, 1998) which stressed the importance of getting the basics right first:

- Control inputs before seeking to control outputs
- Account for cash before moving to accrual accounting
- Operate a reliable budget for inputs before moving to budgeting for results
- Make a comprehensive budget and reliable accounting system before trying an integrated financial management system
- Get a proper budgeting and accounting function before strengthening the auditing function
- Do reliable financial auditing before trying performance auditing.

This logic was operationalized most clearly in PFM in the platform approach proposed by (Brooke, 2003) in the "hurdle approach" to PFM reform in Thailand (World Bank, 2002) where competence in a set of internal ministry processes were pre-requisites for enhanced autonomy including budget planning, output costing, procurement management, budget and funds control, financial and performance reporting, asset management, and internal audit. In relation to PFM, the most recent (and most comprehensive) summary of assumptions concerning what comes first is set out in (Diamond, 2012). There are many attempts at defining exactly what is meant by the "basics" with many similarities but with less than perfect consensus – see (Tommasi, 2009, p.22) and (Browne, 210).

Similar ideas are found in relation to HRM within the public sector – see for example (Manning & Parison, 2003) (particularly figure 3) and the emphasis on different possibilities in HRM reform once a "formality threshold" has been reached where the "tradition of rule following is well-entrenched". More recently, the same "basics first" logic has been emphasized in relation to the introduction of a performance orientation in the public sector (Manning, 2009).

Mitigating these risks adequately means that some senior Australians will likely need to remain in key positions (in-line or advisory with full access)<sup>19</sup> for the medium term future. This was envisaged from the outset of the program:

---

<sup>19</sup> (Baser, 2007) helpfully clarifies the roles of technical assistance personnel in-line and advisory positions:

- An in-line official occupies an established position in the public service and is engaged in carrying out its sovereign responsibilities. He/she reports to the relevant manager in the organizational structure, exercises formal public service delegations (subject to formal laws/regulations) and manages and directs staff who report to that position. He/she also attends relevant working groups, committees, etc. in accordance with the demands of the position. In-line positions are expected to be both implementers and capacity builders with the objective of developing longer-term and enduring institutional partnerships between their home countries and the partner government.
  - Supernumerary in-line positions created as temporary additions to the SIG public service establishment to deal with time-bound workload increases.
  - Constitutional in-line positions are designated as essential in the Solomon Islands constitution. They have fixed terms and are answerable solely to the Government of the Solomon Islands.
- Advisory positions are supplementary to the public sector establishment and, as such, have no formal delegation, staff management or decision-making authority. They may attend working groups, committees and other meetings at the request of their national colleagues but are expected to be more hands off than in-line officials. They have a capacity development role – to work primarily with counterparts to strengthen their skills and improve their knowledge in areas of need.

- “Some central agencies remain heavily dependent on external inputs, especially technical assistance and in-line roles. In these, it is difficult to envisage that the public sector will be able to operate independently of external support in the short to medium term.” (AusAID, 2013, p. 14).
- “SIGOV will continue to support particular in-line positions for as long as such support is needed, either because they are jointly considered critical to continued SIG stability or because they perform essential functions that SIG does not have the capacity to perform”. (AusAID, 2013, p. 16).

Balancing this with political acceptability to SIG is a delicate issue, but the review team could see no way of managing the economic, fiduciary and reputational risks comfortably in the context of a complete withdrawal of Australian support.

## 6. Moving forward: recommendations on the program design

DFAT has two distinctive strengths. First, it has a long (very long) history in the country (Table 1). While the personnel and the ministerial portfolio for development have changed radically, there should be relatively easy access to records and, perhaps more importantly given the complexity and the overload of documentation, access to “old hands” who know the country well, perhaps even some who have knowledge of the pre-independence arrangements. Assuming, that is, that the high staff turnover, identified as the most serious aid effectiveness weakness in Australian aid (Howes & Pryke, 2013), has not completely eroded this institutional capital.

Second, DFAT’s “international engagement, drawing together foreign, trade and development policies and diplomatic resources” (Commonwealth of Australia, 2014, p.15), provides in principle, the capacity to address both political and technical challenges.

The question is how could the program design be adjusted to use harness these strengths to ensure that SIGOV breaks free of its current trajectory in which, very probably, some improvements will be seen at the centre but without matching improvements in service delivery?

The analysis in Section 5 above implied some changes to the program design. This section suggests how these issues can be addressed and also how the partnership arrangements for managing the program might be strengthened, to deal with the very vexing issues of shared sovereignty in the light of the risks set out in Section 5c above.

In making these suggestions, the review team is very aware of the strong human capital that the SIGOV program is able to draw on. The dedication and detailed knowledge of the current team, within DFAT and in URS, is clear – both through direct observation and by noting the remarkable level of collaboration and trust that has been achieved with government counterparts.

### a. Reconsidering the program objectives

Reflecting again on the “evolving” SIGOV program objectives (Economic growth supported; Public service performance strengthened; Public financial management strengthened; Individual and institutional accountability and transparency improved) then, while they all represent enormous challenges, it is not clear how any could be dropped. Without progress on these dimensions, however difficult, the program would default to a fiduciary and reputational risk management exercise.

There is scope for some nuancing however. As specified currently, the goals downplay the centrality of ensuring that success in working with the central agencies in Part A leads to tangible results and service delivery success in Part B. This is a high bar for the program to clear – but if this is set out more clearly it would ensure that the program does not default to a focus on the central agencies for their own sake. The emerging project framework showing SIGOV activities and the associated outcomes, outputs, timeframe and measures of success is enormously helpful in clarifying what SIGOV is seeking to deliver. However, it also illuminates the limited connection between the work on the central agencies and the challenge of ensuring downstream delivery. Very few of the “measures of success” relate to improvements in the sectors.

The objectives are also over-ambitious in relation to individual and institutional accountability, allowing the interpretation that SIGOV will help achieve a public service that is fully accountable for results as well as probity. In reality, fiduciary accountability for financial management decisions is likely to take precedence for some considerable time over accountability for performance and results.

Finally, while admittedly delicate, the fiduciary and reputational risks for both SIG and for Australia are evident. It may help in clarifying positions if this was specified more clearly.

#### **Recommendation 1: Program objectives**

The program objectives of SIGOV could be re-specified as:

- Improving the performance of the central agencies to enable effective delivery of key services and support economic growth;
- Identifying and removing other systemic obstacles to sector service delivery and to the creation of an enabling environment for growth; and
- Mitigating fiduciary risks to Australian and SIG funds.

### **b. Partnership and the joint DFAT/government SIGOV governance structures**

There are a series of carefully constructed governance and advisory structures through which DFAT staff and government counterparts can in principle review progress and reform strategy within SIGOV.

Most obviously, there is the *Core Economic Working Group* – a body which has the advantage of including other major donors. Reviews of the strength and gravitas of the CEWG are somewhat contradictory. On the one hand, “CEWG has been a highly effective mechanism for joint SIG/donor policy engagement. While starting out as a way to respond to the global financial crisis, it has continued as an active formal and informal engagement mechanism for donors on SIG on public expenditure management and policy reform more generally.” (AusAID, 2013, p.2). “The success of the CEWG reflects the strong leadership of the Minister of Finance and Treasury and his Permanent Secretary, support from the Prime Minister, other ministers and senior SIG officials, and the commitment of donors to support the Government’s economic and financial reform program’ (2013, p. vi). On the other, “Government participation is largely limited to MoFT, while other government departments that are members of the CEWG either do not attend CEWG meetings or were not represented at a sufficiently senior level to effectively engage in the CEWG dialogue.”(2013, p.viii)

Other joint governance structures are:

- The *Governance Steering Committee* has Terms of Reference that reflect the Committee’s role to foster whole-of-government approaches, drive public service reforms and solve common problems not already addressed through other fora. A working-group was established which was due to discuss the issues that currently impede service delivery at its last meeting.

- The **Ministry of Finance and Treasury (MoFT) Board** reviews the specific implications of SIGOV for and progress in relation to MoFT. It discusses resource allocation for the program, performance-linked aid and progress on public financial management.
- The **HRM Board** (Public Service Commission, Ministry of Public Service, MoFT, Ministry of Home Affairs, Ministry of Education and Human Resources, and DFAT).
- The **Accountability Agencies Coordinating Forum** – (Office of the Auditor General, Office of the Ombudsman, Leadership Code Commission, DFAT)

The review team had no opportunity to see these bodies in action, but the impression from the documentation and from comments by respondents is that these governance structures are somewhat formalistic and fragmented. The CEWG seems to act as an economic and fiscal policy setting body, emphasizing technical priorities more than political opportunities. The remaining bodies give the impression of operating somewhat as lobbyists for continued technical assistance for their constituent central agencies. For example, MoFT is said to have a strong preference for long term advisors (LTAs) which is expressed in the MoFT Board meetings.

If correct (and the impressionistic nature of this observation should be emphasized), then there are three principal implications.

There are too many small bodies, each tending towards rather “safe” and formal proceedings without creating space for informal discussion of delicate issues such as those around the “shared sovereignty” question or the need for discreet and informal support to senior staff. Balancing the reality of the necessity for continuing Australian involvement with political acceptability for SIG is at odds with the traditional emphasis on country ownership and country systems to propose non-nationals to hold senior positions or to be placed as very senior officials indefinitely. It is also prioritizing “external legitimacy” over solving “domestic problems” (Andrews, 2010, p. 65). However, ends justify means and the Solomon Island Government is doubtless well aware of the reputational and fiduciary risks as seen from the Australian perspective and the possible consequences for aid flows.<sup>20</sup> Disaggregating this question into separate discussions in each of the central agencies about whether and where senior Australians are necessary in key positions (in-line or advisory with full access) in that agency agencies would help manage the sensitivities.

Second, none of these bodies is sufficiently distant from the overall program to be able to dispassionately assess criticism and review progress – and none are representative of the downstream ministries and agencies, or provincial government, which are responsible for service delivery. It is not clear that the points made in this review concerning the risk of formal changes with little real impact on final outputs would be of driving interest to any of the existing coordinating bodies.

Finally, the CEWG is a body with considerable stature and given some significance by other donors, so major changes are unlikely. Views seem to vary on the priority given to CEWG meetings by government, but it provides the space necessary for the necessary strategic discussion identified by a recent Independent Performance Assessment about “the political, social (including security in its widest sense) and economic environment, of future national development scenarios, and how aid should best be configured as a resource available to SIG to help it get where it needs to go. Without that clarity of purpose, it will be very difficult to ensure that short-term, year-on-year, programming decisions are adding up to a relevant longer-term configuration of aid” (Bazeley, David, & Kabutaulaka, 2013, p.19). However, the history and composition of the CEWG means that it is strongly prescriptive; it will find it

---

<sup>20</sup> Although this is a complicated question – reputational concerns might simply lead to a different form of Australian support rather than to a reduction.



difficult to adopt the flexible, learning/problem-solving stance which is necessary to identify political and institutional obstacles to delivery improvements or suggest unorthodox experiments to test new ideas.

**Recommendation 2: Coordinating bodies**

- Reduce the number of governance bodies – principally by repositioning the *Ministry of Finance and Treasury (MoFT) Board*, the *HRM Board* and the *Accountability Agencies Coordinating Forum* as informal DFAT/central agency liaison meetings. Discuss aspects of the “shared sovereignty” questions within each of these bodies separately. Also use them to negotiate discreet support such as confidential mentoring for Permanent Secretaries or other very senior staff.
- Focus the CEWG on macro-economic planning and growth policy.
- Develop a new “Delivery and Results” coordinating body, with tightly limited attendance, including Permanent Secretaries from the central agencies and from key sector departments and no more than 2 or 3 donor representatives. Subcommittees might meet with NGOs and other groups – but this new body should be able to discuss political challenges to delivery in confidence. It should be the owner of key indicators of central agency improvement and of a very small set of service delivery indicators.

**c. Build learning about sector service delivery constraints and possibilities into SIGOV design**

SIGOV was intended to be both pragmatic and flexible. The program design “requires flexibility... to move in and out of areas based on SIG commitment and the presence of ‘champions’ to drive change. AusAID will be prepared to make hard decisions and reduce or withdraw resources where there is no commitment to improving or maintaining reasonable levels of governance... AusAID is not yet in a position to determine which... approaches should be pursued (AusAID, 2013, p.iv-vi).

As Table 2 showed, the principal challenges in the intervention design concern Part B. It is important that SIGOV incorporates recognition that current understanding of how the public sector operates or could operate more effectively downstream is limited. SIGOV design should include an approach to learning how the public sector operates in practice to help prioritize improvements in the central agencies, working with the reality of a strong role for MPs in determining public sector outputs at the local level and developing interventions when necessary outside of the central agencies.



#### **Box 7: Conclusions about stove-piping within Australian support identified in previous reviews**

The Independent Performance Assessment Panel noted in March 2013, that there is a “greater focus on the results and transformations that are required to deliver tangible outcomes for citizens (and) (t)hese transformations are most noticeable in the health sector, which builds on foundations laid and relationships established much earlier than in other sectors... But elsewhere there are relatively few data that demonstrate that people’s lives and livelihoods are yet changing for the better as a result of the partnership’s contribution.” (Bazeley et al., 2013, p. 2). The Panel concluded correctly that that there should be a “Greater strategic focus on addressing impediments to service delivery. This means extending the Partnership’s focus on systems and public sector management centrally to the analysis and correction of the *fundamental impediments to service delivery* at the level of the community.” (Bazeley et al., 2013, p. 19). They went on to note that “(t)his might involve, for example, a critical reflection on:

- What adequate levels of service delivery look like *and must ultimately cost* (especially in rural areas) and how they can be provided and funded more efficiently and effectively;
- What are the non-fiscal impediments to efficient and effective service delivery, and are they being adequately addressed? (For example teacher absenteeism, dysfunctionalities in school governance arrangements, dysfunctionalities in public and private sector supply chains, etc.)
- New technology – particularly information and communication technology – in correcting asymmetries of information (including transparency in governance matters), market access, financial inclusion, literacy and numeracy, etc.” (Bazeley et al., 2013, p. 19)

(CEWG, 2013) observed that “the effectiveness of many of the institutional PFM reforms is compromised by inadequate staffing, slow recruitment and weak staff development procedures”. It went on to point out that “...it will... be important to draw sector ministries more deeply into the implementation of the reform agenda and to strengthen the dialogue between MoFT and sector ministries.” (CEWG, 2013, pp. 29-30)

“Adoption of a process rather than institution based perspective by FEMSP's successor will improve service delivery. It will also require stronger linkages with AusAID's sector programs for the Solomon Islands. FEMSP's successor should be an *integrated Economic and Public Sector Governance program* rather than an institutionally siloed program of support for the Ministry of Finance and Treasury.” (Dixon et al., 2012, p.39 italics added)

To learn where reforms might work, SIGOV must achieve a radically improved level of coordination with other DFAT sector programs (health, infrastructure and more). Currently, the DFAT programs seem somewhat stove-piped (Box 7).

#### **Recommendation 3: Incorporating learning within SIGOV**

- With SIG counterparts, DFAT colleagues and others working on sector service delivery issues:
  - Undertake explicit diagnostic work to pinpoint where there are constraints to service delivery which are particularly amenable to central agency/upstream work by SIGOV.
  - Cautious piloting, with clear specifications and criteria for considering it effective and for rolling it back if it is not, to allow experiments in: sector or entity level reforms; building on the Constituency Development Funds; and enhancing demand-side pressures.
- Experiment with management coaches and confidential advice to selected senior SIG management and with peer learning.
- Develop a “learning and strategy” function for SIGOV, with a few staff with experience and, most importantly, sufficient time and focus to establish disciplined diagnostic and piloting experiments and to translate the results, quickly and pragmatically, into practical ways forward for the wider program and to learn lessons from closely related programs within DFAT which are tackling similar challenges.

## Diagnostic work along the sector results chains

In collaboration with other DFAT colleagues, SIGOV needs to identify the binding constraints to effective service delivery. When the problem lies in the central agencies, then SIGOV is the program which can prioritize reforms which address them. When the problem lies elsewhere, SIGOV can work with other SIG and DFAT programs to ensure that they are resolved.

Joint diagnostic work with SIG counterparts, DFAT colleagues and others working on sector service delivery issues can help pinpoint where there are constraints to service delivery which are particularly amenable to central agency/upstream work by SIGOV. Such diagnostic approaches start with relative agnosticism about what works and what does not. The World Bank has been developing diagnostic approaches as part of its implementation of its 2011-2020 strategy for Public Sector Management reform (World Bank, 2012). The key concepts of such diagnostic work are mostly drawn from other research areas because public sector management research has been largely either descriptive (observing trends) or normative (asserting that a specific institutional form is to be preferred). It builds on the growth diagnostic work which seeks to counter “strong priors about the nature of the problem and the appropriate fixes” (Dani Rodrik, 2008), aiming to find out where the shoe pinches and to concentrate narrowly and pragmatically on fixing that (Hausmann, Rodrik, & Velasco, 2006; D. Rodrik, 2005).

Table 3 sets out the key elements of the diagnostic approach.

**Table 3: A diagnostic path for identifying binding constraints to sector service delivery**

<b>Diagnostic steps</b>	<b>Purpose of this step</b>	<b>Key questions</b>	<b>Examples</b>
Step 1: Identify the functional problem	<ul style="list-style-type: none"> <li>Revisiting assumptions about the problem that matters – avoiding beginning with the preferred reform</li> </ul>	<ul style="list-style-type: none"> <li>Which public sector problem areas: <ul style="list-style-type: none"> <li>Are truly functional and not form-based?</li> <li>Are widely acknowledged as important?</li> <li>Prima facie have a clear link to poor outcomes?</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>“Weak educational outcomes for primary school children”, “teacher absenteeism is high” etc. is a functional problem.</li> <li>Absence of performance-related pay or a Medium Term Expenditure Framework is not a functional problem.</li> </ul>
Step 2: Diagnose “binding” constraints based on evidence	<ul style="list-style-type: none"> <li>Finding evidence about where the binding constraint is located by showing that when the constraint is absent, then things work</li> </ul>	<ul style="list-style-type: none"> <li>Based on additional evidence that can be gathered and reasonable judgment, what are the underlying causes of the functional problem?</li> <li>Why do they persist – what other purpose do they serve?</li> </ul>	<ul style="list-style-type: none"> <li>If late cash disbursements to the department or cash rationing are believed to be behind the poor delivery, then in periods when cash disbursements came earlier the delivery should be better.</li> <li>Does cash rationing provide an additional opportunity for political influence about budget distribution?</li> </ul>
Step 3: Develop and openly contest a range of alternative institutional solutions	<ul style="list-style-type: none"> <li>Evidence will be partial – collective and open discussion can help uncover new facts and maximize the utility of available data</li> <li>Collective discussion is best stimulated by reviewing a range of equally plausible ways forward rather than backing a single plan.</li> </ul>	<ul style="list-style-type: none"> <li>What possible solutions are there for addressing the binding constraint at hand?</li> <li>What is the best approach for reviewing these openly?</li> </ul>	<ul style="list-style-type: none"> <li>If leakage of central government transfers to schools is the binding constraint to the improvement of primary education quality, alternative institutional reform designs could include: (i) moving from capitation (per student) to block-grants (per school) in order to reduce discretion in spending decisions; (ii) strengthening internal control and audit; or (iii) publishing transfers in newspapers in order to strengthen transparency and public accountability</li> </ul>
Step 4: Draw on evidence to assess the potential results, and the implementation and relevance risks, of reform options	<ul style="list-style-type: none"> <li>Is it worth it?</li> </ul>	<ul style="list-style-type: none"> <li>What are the risks of seeking to implement these options? <ul style="list-style-type: none"> <li>What have we learnt from similar reforms in other contexts?</li> <li>What does evidence from other contexts imply for this context?</li> </ul> </li> <li>What are the potential returns?</li> </ul>	<ul style="list-style-type: none"> <li>If performance-related pay for teachers is being considered, evaluations of similar education reforms in other countries and other sector reforms in this setting provide useful indications of the prospects of success and the likely scale of any returns to the reform exercise.</li> </ul>

The World Bank has recently conducted diagnostics in Laos (public investment) and in India (construction and maintenance in the roads sector). In both cases, constraints were identified which could be shown to be associated with worse performance than in situations or at times when they were not present. Work is underway to examine the constraints to local tax collection in Burundi and construction permitting in Jamaica.

### Cautious piloting

With sector colleagues, SIGOV might assist in developing a few pilot experiments. While some respondents expressed some concern to the evaluation team that piloting reforms can be dangerous as it is hard to back away from the pilot if it fails, without some experimentation learning will be limited. The key is to specify the pilot carefully and ensure that there are clear criteria for considering it effective and for rolling it back if it is not.

#### At the sector or entity level

Traditionally, public sector management professionals in development have argued that without even-handed, system-wide changes entity level improvements are unlikely to be sustained, but there is now a modest but empirical literature on the possibility of entity or organization-specific improvements (Barma, Huybens, & Viñuela, 2014; Hasnain & Manning, 2014; Roll, 2014). The impressive turnaround of the small but important State-owned Enterprise portfolio in the Solomon Islands offers some cautious hope that entity level reform might offer a way forward (Darcy, Russell, & Vu, 2014). A similar point is made in relation to asymmetric system changes (Box 5).

Nevertheless, entity or cadre level reforms are risky. “Breakaway remuneration structure and terms and conditions for Judicial Officers continue the erosion of the unified Public Service salary structure as demand outpaces remuneration reform activities.” (DFAT, 2014b, p.6) However, the point made by (Dixon et al., 2012) that “the introduction of separate public service pay scale for groups of professionals (e.g. accountants, lawyers) similar to the existing separate scale for doctors... (might increase) the attractiveness of the public service for those with core skills” (Dixon et al., 2012, p. 38) is a fair one. Other asymmetric changes, such as the current delegation of some HRM functions to some ministries are much less risky.

#### Building on the Constituency Development Funds

Another experimental approach to learning about improving the success of Part B is to consider supporting sector or entity level programs that acknowledge the centrality of the Constituency Development Funds. As was noted in Section 2b above, the nature of de facto political accountability in the Solomon Islands is distinctive (see Figure 2 in particular). However, as (Teskey, 2013a, p. 4) concludes, saying that this must stop is implausible and even ensuring that the transparency and accountability provisions of the new CDF are implemented is a stretch. Offering additional funds for CDF purposes, on condition that they are used for supplementing and earmarking line ministry or provincial government budgets for expenditure in the constituency, or for community development activities including those being implemented through the current Rural Development Fund (RDF), could provide a means to enhance service delivery which works with the grain of the current political incentives. A similar point was made by (Brigg, 2009, p157-8) who suggested that “as part of a national wantokism political participation and decentralisation initiative” it might be possible “to involve and facilitate local constituents to develop and propose a transparent and community-accountable decision-making process for the distribution of the RCDF (the then Rural Constituency Development Fund)...

(although) (t)he idea of drawing on wantokism for nation building and good governance is no doubt provocative and likely to attract objections.”

A recent review of community-driven development projects (Mansuri & Rao, 2012) has found that they can be effective when they builds on existing community groupings, when they are well-supported by technical experts and they are driven conditioned by a culture of “learning by doing”.

#### Cautiously explore demand-side possibilities

There is also scope for some experimentation, again carefully negotiated with sector colleagues, concerning the potential of demand-side approaches to supplement central agency reforms such as that proposed in the emerging Communication and Community Outreach Strategy (Office of Auditor General, Leadership Code Commission, Office of the Ombudsman, & DFAT, 2014). A more active program of experimentation might enliven an aspect of the program which currently seems to lack momentum.

#### *Citizen demand-side possibilities*

While seemingly attractive, the evidence concerning the impact of citizen demand-side efforts suggests that while experimentation is essential, some caution is necessary. Research indicates, for example, that public information given by radio can help in changing political competition from clientelist strategies towards more programmatic concerns to improve public service delivery in general – but only if the programming content emphasizes the trade-off between individual benefits and public goods. If the programming simply emphasizes the importance of, say, education then the result is that parents are more concerned about education for their children, but respond to appeals by politicians that they will help them obtain better education through private, clientilistic strategies such as helping to pay some parents’ school fees and not by improving public schools (Keefer & Khemani, 2014). In sum, radio campaigns can persuade citizens that particular services are more important and that they should spend more (time and money) in obtaining them – but do not give citizens any particular way to hold governments to account (Keefer & Khemani, 2012). Related to this, research into the governance of public goods provision in sub-Saharan Africa confirms that bottom-up pressures from voters and service users are a weak factor at best in improving performance (Booth, 2011, p.1). Similarly, in their empirical review, (Ling & Roberts, 2012) find no evidence that budgetary transparency allowing citizen groups to understand budgetary allocations changes organizational incentives.

#### *Explore the potential demand-side contribution of the private sector*

While the role of the private sector in economic development and social stability is clear, its role in improving delivery of key services is often seen as largely instrumental – providing opportunities for efficiency savings through contracting out etc. – although the weakness in the formal private sector in Solomon Islands makes even this role somewhat limited. There is some policy discussion about the need to harness the power of the private sector to incentivize institutional change, but this tends to be at a very general aspirational level with few practical strategies. In a recent review, (Powles, 2013) criticizes the “state-centric approach” of RAMSI (and by extension the donors in general) for using a “model” for state-building which embodies the “traditional approach of the international community; i.e. build the state, which in turn then provides for security, and then economic growth” and notes that “neither RAMSI nor SIG made a seat at the table for the private sector” (Powles, 2013, p.19). However, the policy suggestions are primarily around donor financing and minimizing the obstacle which the government can represent to small enterprises – again, suggesting that the model is one of first strengthening and rationalizing the economic role of government which leads to, subsequently, a more positive business environment.<sup>21</sup>

---

<sup>21</sup> See also (AusAID, 2012b)

Respondents to the review offered no guidance on how and whether the private sector can have a stronger voice in pinpointing public sector obstacles and whether the dominance of the large firms in the forestry and mining sectors can be managed in that process. So this suggestion is left as a broad idea to be explored.

### **c. Develop inputs in addition to long term technical assistance**

The review of the project design above emphasized the need to consider a broader range of inputs beyond technical advice and guidance and temporary capacity enhancement through external advisors, such as coaching and mentoring. One possibility here concerns confidential management coaches who could assist senior staff in working “between the rules” of formal management arrangements to assist them in undertaking their own work<sup>22</sup> and in “renegotiating the effort bargain” of their staff (Marsden, 2004). Peer learning could be useful. Other possibilities include results-based financing and organizational twinning.

There is now some evidence about the potential effectiveness of management coaches and confidential advice to senior management (Gold, Roberts, & Fisher, 2014; Matta & Morgan, 2011; Zhou, 2006). Water cannot be pushed uphill and this is not an approach which can address fundamental problems of incentives. However, where there are signs of managerial determination to push changes through, then the managerial task of solving day to day implementation tasks, identifying tactics to overcome temporary blockages to reform, then these approaches have a growing track record. Peer learning across key line ministries at the director level could also be explored.<sup>23</sup>

### **d. Learning and strategy function for SIGOV**

Learning is essential in order to reshape the program flexibly as more is understood about what is likely to work, particularly in Part B. However, it is also time-consuming and resource-intensive. Effective learning and translating that learning into practical program design possibilities requires a learning and strategy function for SIGOV, with a few staff with experience and, most importantly, sufficient time and focus to establish disciplined diagnostic and piloting experiments and to translate the results, quickly and pragmatically, into practical ways forward for the wider program.

This will require a stronger analytical centre for SIGOV than it has now. Some considerable analytic strength will be needed if SIGOV is to tackle related questions concerning:

- The identification of positive performance outliers – what (within SIG and within the program) is working well and what can be done institutionally to replicate success?
- Conversely, what is not working within the program and can be stopped?
- Is there scope for a few outcome-based triggers as part of a related budget support operation?

Such a centre could also provide a policy challenge to new proposals within the program – raising questions about whether new areas of work are really leading to results within a coherent intervention design, and not simply mimicking OECD reforms.

---

<sup>22</sup> A story provided to the review mission by the Permanent Secretary for Forestry, Environment and Conservation illustrates the point. The rules for budget submissions and for cash releases are seemingly in good shape – his problem was that he could not get his staff and MoFT to collaborate to get them to work in a sufficiently timely manner, denying him the opportunity to inspect additional logs and thus raise additional revenue.

<sup>23</sup> There is more evidence of the effectiveness of peer learning in sectors other than public sector management (Manning, 2014), but this likely reflects the state of research rather than a difference in the sector.

This inevitably means that some resources will need to be freed up to fund more technical/analytic staff, not least because the current staff complement working on SIGOV is relatively inexperienced in such technically complex reform programs. The earlier SIGOV program document also proposed senior PFM and senior HRM specialists. There is also an obvious supporting role for a Monitoring and Evaluation Specialist in developing practical measurement strategies.

That centre can also learn lessons from closely related programs within DFAT which are tackling similar challenges. To encourage innovation and to share promising approaches, there might be some mileage in establishing a community of practice amongst DFAT (and maybe other agency) staff who are working on broadly similar public sector programs (Box 8).

**Box 8: How is diversification and experimentation facilitated in other DFAT programs? (Vanuatu, Papua New Guinea, Timor Leste)**

*Vanuatu Governance for Growth (GfG) project*

This project provides “incentives for the implementation of sound policy directions. The approach to incentives will be flexible: they may take the form of financing for capacity-building, technical advice, investment or adjustment costs. Each package of assistance will be designed on a case-by-case basis. The aim will be to ensure that the major obstacles to implementation of reform are removed, such that the key determinant of its success becomes GoV’s political will, leadership and willingness to drive through change” (AusAID, 2007, p. 12). “GfG’s mandate requires it to provide the resources to see policy development and institutional reform through to implementation. This may come from DFAT (drawn from GfG’s own immediately accessible ‘Flexible Fund’ or – in the longer-term – the wider DFAT bilateral program pipeline). GfG also plays the role of broker or intermediary, drawing in resources from others, typically, the multilateral development banks (MDBs), other bilateral donors or the private sector, where it is appropriate. GfG also provides accountable grants to competent units of government to take forward agreed reforms, as some aspects of GfG’s support are best managed by the units of government involved, within their own structures and systems. This also crucially supports ownership and GoV leadership of the reforms.” (AusAID, n/k)

The mid-term review of the Vanuatu program claims considerable success – although the evidence behind this claim is not provided. “GfG’s flexible design has contributed to this success, allowing the program to capitalise on opportunities for GoV-led reforms as they arise. However, this flexibility involves a greater level of risk than more conventional aid programs... While there are particular risks associated with such a broad and flexible model, GfG’s major achievements have been the result of its strategic and well articulated development strategy based on an understanding of the local context, its constraints and a degree of ‘strategic opportunism’ taking advantage of opportunities that arise.” (AusAID and the Government of Vanuatu, 2011, p. 11)

*Governance facility in Papua New Guinea*

The design of the DFAT Governance Facility in Papua New Guinea “will take a minimalist approach... and will essentially put in place the scaffolding for a flexible, iterative and adaptive approach to governance in PNG over the next 10 years”.<sup>24</sup> “It is anticipated that the Facility will be mobilised in late-2015, and it will eventually replace the existing suite of DFAT governance programs in PNG” (DFAT, 2014a, p. 2)

*Governance for Development Program in Timor Leste*

The Governance for Development Program in Timor-Leste includes a “six monthly reflection and redesign process”. The process seems relatively informal and involves bringing together the DFAT implementation team at post, the “Program Enabling Team” in Canberra and no less than two “people on retainer to the program who provide short term inputs over a number of years (and)... play the file of a critical friend, providing advice that reflects the intention of the program, whilst also ensuring that it makes sensible adaptations.” (DFAT, n/k, p.1)

<sup>24</sup> Email from Eleanor Kennon (July 30, 2014)

## 7. Program management

Respondents differed widely concerning the current management structure. While all DFAT staff that the evaluation team spoke to emphasized the dynamic and enthusiastic leadership of SIGOV and the “esprit de corps”, they differed strongly on the issue of whether the contractual arrangements between DFAT and URS created burdensome transaction costs in coordinating efforts within the program. The review team takes no position on whether new staff should be contracted to DFAT or URS/SIPF.

There were more consistent views concerning the need for a strong technical lead within the program. The view was expressed frequently that the current SIGOV management structure is overloaded because of the span of control and the concurrent demands for information from Canberra. Some DFAT and URS staff and many consultants felt that strategic planning for SIGOV is weak and that there is inadequate technical guidance to DFAT and URS staff. Many consultants in particular felt that this explained what they saw as a culture of detailed process reporting around work plans with little guidance or scope for reflection about tactics and opportunities. This concern from consultants is consistent with the Terms of Reference for the long term advisers reviewed by the team. While these specify the technical tasks of the consultants clearly and in excellent detail, they offer little sense of the overall strategy that the advisers’ work fits within. In sum, the emphasis in their ToRs on the practical details of running government systems is not balanced with an orientation towards achieving the SIGOV program objectives.

The possible ending or cutting back of the “Whole of Government” program in the short to medium term obviously brings the risk of losing a significant body of experience – both in the “Whole of Government” deployees themselves and in terms of the professional networks in Australia that they have access to. However, since “Whole of Government” deployees have a total cost of some AUD470k per year, while a contracted advisor has annual costs of some AUD265k, this possible development does provide some opportunity for reconfiguring the project staffing profile.

Likely, the key will be to develop coherent sub-program areas in which senior lead staff can imaginatively pursue objectives, with considerable delegated authority, and which collectively combine to achieve the program goals. These sub-program leads would be better placed to determine the business case for extensions for existing advisers or for new positions, jointly with the agencies that they primarily liaise with.

One model that SIGOV might for the development of sub-program lead responsibilities is set out in Table 4.



**Table 4: Illustrative SIGOV management matrix**

Sub-program leads	Lead for MoFT (DFAT or URS staff)	Lead for other central agencies (DFAT or URS staff)	Lead – SIGOV learning and strategy unit (DFAT or URS staff)	Lead – Mitigation of fiduciary risks to Australian and SIG funds
Key liaison responsibilities	<ul style="list-style-type: none"> <li>Ministry of Finance and Treasury MOFT-ERU MOFT-Customs and MOFT-DIR</li> </ul>	<ul style="list-style-type: none"> <li>Other central agencies</li> <li>Ministry of Public Service</li> <li>Public Service Commission</li> <li>Office of the Auditor</li> <li>Office of the Ombudsman</li> <li>Leadership Code Commission</li> </ul>	<ul style="list-style-type: none"> <li>Sector departments and other DFAT program staff</li> </ul>	<ul style="list-style-type: none"> <li>Across the program</li> </ul>
Additional responsibilities	<ul style="list-style-type: none"> <li>Supporting the CEWG – refocused on macro-economic planning and growth policy</li> <li>Ministry of Finance and Treasury (MoFT) Board restructured as a more informal liaison meeting</li> </ul>	<ul style="list-style-type: none"> <li>Liaison meetings with each of the central agencies</li> </ul>	<ul style="list-style-type: none"> <li>Support the “Delivery and Results” coordinating body</li> <li>Diagnostic work</li> <li>Pilots</li> <li>Experiment with management coaches and confidential advice and peer learning</li> <li>Monitoring and evaluation</li> </ul>	
Dedicated DFAT/URS staff	TBD	TBD	New staff	As at present
Advisors	As at present	As at present	TBD	Procurement (part)
Overall purpose	Improving the performance of the central agencies to enable effective delivery of key services and support economic growth		Identifying and removing other systemic obstacles to sector service delivery	Mitigating fiduciary risks to Australian and SIG funds

A more delegated structure should provide space for a more systematic annual review process for SIGOV, perhaps borrowing from the former FEMSP annual planning process which was developed to be consistent with MoFT’s corporate plan covering a rolling three year period to create a tighter linkage between SIGOV and the SIG planning process.

## Annex 1: Explanations for the limited track record of public sector management reforms

Annex Table 1: Wrong reform design?		
Headline		Types of explanation
Reforms wrong in principle	1. Not salient	a. <i>Distraction</i> : introducing cross-cutting managerial changes which ultimately have little impact on outcomes b. <i>Omission</i> : over-emphasizing formal change and neglecting the human/dynamic aspects of motivation c. <i>Trivial</i> : reforming particular entities or narrow procedures with little overall impact
	2. Too ambitious	a. <i>Technically over-demanding</i> : seeking to impose elaborate models within the public sector (e.g. quasi-contractual/NPM/purchaser-provider) with more transaction costs than benefits b. <i>Excessive scope</i> : seeking to change the entire public sector
Reforms wrong in practice	3. Building on sand	a. <i>Form not function</i> : introducing “best practice” procedural changes without changing the real informal behaviours which underpin operations across the public sector b. <i>Unaddressed capacity problems</i> : core public sector is too weak because of insufficient staff or staff skills c. <i>Unaddressed erosion</i> : core public sector is too weak because of widespread informality/corruption in the basic cross-cutting management systems (public financial management, human resource management, procurement, etc.)
	4. Working against the political grain	a. <i>Unrecognized illicit gains</i> : reforms challenge politicians’ interest in maintaining dysfunctional arrangements which benefit their supporters b. <i>Unrecognized basis of political support</i> : reforms undermine mechanisms by which politicians obtain electoral support

Annex Table 2: Wrong intervention design?	
Headline	Types of explanation
1. Inaccurate assumptions about how the public sector results chain that is being fixed or improved does, or feasibly could, operate	a. <i>Assumed terra nullis</i> : a view that reforms can be introduced without reference to existing custom and practice as these are so dysfunctional as to be irrelevant b. <i>Assumed Newtonian model for the public sector</i> : a view that changes in the central agencies (policy direction, procedural regulation, budgetary and human resources) result automatically in changes in the line departments and delivery bodies c. <i>Assumption of complete knowledge</i> : connections between formal institutions and arrangements, the actual behaviours of the key actors, and the final results considered to be fully known and understood
2. Inappropriate deployment of inputs within the intervention	a. <i>Inappropriate technical input mix</i> : too much, too little or technically wrong advice, temporary capacity enhancement through external advisors, training, IT systems, etc. b. <i>Inappropriate leverage</i> : too much, too little or otherwise counterproductive financial or political pressure c. <i>No learning loop</i> : intervention assumes that inputs are rigid/predefined with no need for adjustment as understanding improves
3. Unrealistic theory of change about why actors will comply so that the intervention makes a lasting difference	a. <i>Wishful thinking</i> : insufficient recognition of the complexity of actors’ political interests and the “political function of institutional dysfunction” b. <i>Narrow thinking</i> : misidentification of the key actors

## Annex 2: Terms of reference

### TERMS OF REFERENCE TEAM LEADER, INDEPENDENT REVIEW OF DFAT'S SOLOMON ISLANDS ECONOMIC AND PUBLIC SECTOR GOVERNANCE PROGRAM

#### Purpose

The Solomon Islands Economic and Public Sector Governance Program (SIGOV) commenced on 1 July 2013 and is planned to be implemented in a series of five-year phases. SIGOV is a large and complex program with staff spread thin, impacting on effective program management and outcomes. We are in the process of refining program goals and management arrangements to address these issues. This review will provide independent advice and assessment on how this can best be taken forward.

#### Objectives

The Australian aid program is evolving in following RAMSI transition, AusAID integration with DFAT and new government aid policy and architecture. DFAT is commissioning an independent review of the program to assess the following areas and make recommendations for any improvements to the program:

- Are the new program goals clear, achievable and appropriately sequenced?
- Is the program using its available resources effectively?
- Is the program effective in incentivising the changes Australia is trying to achieve?
- Does the program have clear and appropriate management and governance structures in place?
- Has the program clearly identified risks to success and have in place clear strategies for managing these appropriately?

#### Background

The SIGOV Delivery Strategy articulates the outcomes of the first five year phase (2013–18) as:

- Macroeconomic stability;
- Central agencies facilitate consistent, coherent, transparent and accountable public administration with a strong focus on gender equality;
- Budgets align better with service requirements and affordability and expenditure is more consistent with budget allocations; and
- Public service resources are managed more effectively and accountably.

The program is evolving these outcomes to:

- Economic growth supported;
- Public service performance strengthened;
- Public financial management strengthened; and
- Individual and institutional accountability and transparency improved.

Support is directed to the Ministry of Finance and Treasury, Ministry of Public Service, Public Service Commission and the accountability agencies (Office of the Auditor General, Leadership Code Commission and the Office of the Ombudsman). The program is a key enabler for large Australian investments through earmarked budget support in health, education, and economic infrastructure.

SIGOV brings together the programs previously managed under the Regional Assistance Mission to the Solomon Islands (RAMSI) Economic Governance and Machinery of Government programs. Envisaged as a 30-year program, SIGOV aims to build SIG confidence, capacity and commitment to manage its human and financial resources effectively and independently. In turn, this is intended to improve the delivery of public goods and services, and strengthen Solomon Islands' prospects for economic growth.

SIGOV is managed directly by DFAT. Technical advisers are the primary modality for SIGOV Phase 1, and there is a need to assess whether this support is best meeting SIG's needs and whether the balance of

resources is appropriate. The program also utilises twinning relationships and accountable cash grants. There may be other modalities that would be more effective or efficient.

Management and coordination of SIGOV logistical arrangements and adviser recruitment/performance management is supported by Program Coordinator staff engaged under a managing contractor arrangement known as the Solomon Islands Partnership Facility (SIPF). Policy dialogue with SIG officers occurs on an informal basis and through formal committee coordination mechanisms, including the Core Economic Working Group, Human Resource Management Board and Governance Steering Committee in which DFAT participates. The majority of program resources support MoFT, and a MoFT-SIGOV Board has been established to provide a strategic direction setting and decision making body for the program. The SIGOV Delivery Strategy identifies that SIGOV activities, while necessary, are not sufficient to incentivise behavioural change for strengthened governance and accountability in Solomon Islands.

### **Focus Questions**

The below focus questions are intended to guide the review. They are indicative only and additional questions may be added as the review process progresses. *Relevance and strategic intent*

1. Are the objectives of the SIGOV Delivery Strategy and the governance Performance Assessment Framework appropriate?
2. Do current investments align with the strategic objectives of Australia's aid program in Solomon Islands?
3. Is DFAT investing SIGOV support in the right areas?
4. Within the context of Solomon Islands' political economy, are there opportunities for improving the objectives and broader strategy of the SIGOV program?

### *Policy and partnerships*

5. Do SIGOV strategic objectives align with partner government agencies' policy and reform agendas? Is the right level of support being provided to enable SIG to implement planned reforms in a timely and appropriate way? Does our support to sectors have line of sight to these reforms? Are they reinforcing them at the line agency level?
6. Does SIGOV have the right mix and balance of partnerships across SIG partner agencies?
7. How should SIGOV engage most effectively at the political level, and is the balance between bureaucratic reform and political incentives correct?
8. Are SIGOV governance, oversight and coordination mechanisms appropriate and functioning effectively? How could these be improved over time?
9. Are there areas where SIGOV could support SIG partner agencies to further strengthen its own partnerships, either within or external to, government?

### *Effectiveness, efficiency, modalities and innovative opportunities*

10. Is the sequencing of SIGOV activities providing adequate and appropriate levels of support to SIG partner agencies?
11. Are modalities appropriate for achieving SIGOV objectives? Does DFAT have the right mix of technical assistance, budget support and twinning arrangements? Should DFAT consider alternative approaches as part of SIGOV?
12. Is it possible to achieve the objectives of SIGOV at a lower cost?

### *Monitoring, evaluation and analysis*

13. Could SIGOV be more flexible and responsive to emerging risks?
14. How can DFAT improve existing monitoring and evaluation structures for SIGOV? Have all opportunities been explored to ensure SIGOV has a robust monitoring system in place?
15. Are the targets in the Performance Assessment Framework (PAF) appropriate? Could the PAF be simplified or utilised more effectively for SIGOV?

16. Is performance-linked aid being appropriately implemented? How could it be improved? Could or should it be broadened beyond MoFT to assistance provided to other SIGOV partners?

17. Are there any other forms of research or analysis that need to be undertaken in order to assist DFAT to improve the delivery and impact of SIGOV activities?

*Risk management*

18. Does SIGOV strike the right balance between fiduciary and development risk?

19. Are SIGOV activities appropriately protected against fraud?

## Annex 3: People met

### **DFAT Management**

Andrew Byrne (High Commissioner)  
Sue Connell (Minister Counsellor, Development)

### **Economics and Governance team**

Clair Cochrane (Counsellor, Economics and Governance)  
Kelly Vuanivono (First Secretary, Risk and Fraud)  
Silke Speier (First Secretary, Economics)  
Tanya Morjanoff (Second Secretary, Governance and Public Sector Reform)  
Samantha Vildam (Program Manager)  
Skyneck Opepiko (Program Manager)  
Rinnie Herming (Assistant Program Manager)  
Johanne Bawden (Senior Program Manager, SIPF)  
Radha Etheridge (Senior Program Manager, SIPF)

### **DFAT Canberra Sector Specialists**

Graham Teskey (Principal Sector Specialist, Governance)  
Michael Carnahan (Chief Economist, Development)  
Belinda Costin (Assistant Director, Governance)  
Amelia Robertson (Assistant Director, Anti-Corruption)

### **Solomon Islands Government**

Eliam Tangirongo (Public Service Commission Chairman)  
James Remobatu (Secretary to Cabinet)  
Shadrach Fanega (PS, MoFT)  
Elizabeth Kausimae (US Corporate services, MoFT)  
McKinnie Dentana (US Economics, MoFT)  
Harry Kuma (US Fiscal, MoFT)  
Ishmael Avui (PS, MPS)  
Luke Mua (US, MPS)  
Walter Hubert (US, MPS)  
Bernard Telei (US, MPS)  
Emily Teatela (US, MPS)  
Barnabas Anga (PS Mines and Energy)  
Emmanuel Kohauto'o (Leadership Code Commission Chairman)  
Joe Porowei (Ombudsman)  
Ronald Karovo (Deputy Director, IPAM)

### *SIG Human Resource Managers*

Ronnie Piva (MoFT)  
Dorothy Kiko (MoHMS)  
Janet Prakash (MPS)  
Manesseh Toalifiri (MDPAC)

**Donors**

Naomi Kyriacopoulos and Anna Reid (New Zealand)  
Anne Tully and Satyendra Prasad (World Bank)  
Tai'atu Sataata and Jarrod Harrington (Asian Development Bank)  
Lorena Elvira Ayuso (EU)

**In-line advisors**

Robert Cohen (Acting Auditor General)  
Geoff Kavanagh (Accountant General)

**Advisors**

Collin Johnson, Katherine Tuck, Philip de la Rue, Mitch Pirie, Brendan Nerdal and Nick Yiannakopoulos (Australian Government deployees, MoFT)  
Jorge Lynch (DFAT procurement advisor)  
Lisa Cleary, Katerina Coase and Caroline McGregor (MPS advisors)  
Paula Uluinaceva, Richard Walsh, Fiona Stanley, Ricardo Aquino, Julie Byers and Sue Morrison (MoFT advisors)  
Gary Calcott, Ian Doyle, Geoff Thorn, Peter Hughes (Customs Advisors)  
David Air, Beau Tydd (ICTSU advisors)

**DFAT Strategic, Performance and Broad-based program**

Brendan Peace, Rebecca Gibbs, Scott McNara, Moses Tongare, Fred Saeni, Edward Suinao, and Eric Lui

**DFAT Health/Education Sector Program**

Kirsten Hawke, Jane Bastin-Sikimeti, David Kelly and Financial Advisors – Maude Ruesh, Michael Whyatt, Tony Higgins and Vivien Yu.

**DFAT Law and Justice Program**

Rochelle White, Sarak Kennott, Robin Perry, Jessica Suri and Brown Onahikeni



## References

- Allen, M. (2013). Long-Term Engagement: The Future of the Regional Assistance Mission to Solomon Islands. Barton ACT: Australian Strategic Policy Institute.
- Allen, M., Dinnen, S., Evan, D., & Monson, R. (2013). Justice Delivered Locally - Systems, Challenges and Innovations *Justice for the Poor*. Washington DC: World Bank.
- Alonso, J., Clifton, J., & Diaz-Fuentes, D. (2011). An Empirical Analysis of the Outsourcing and Decentralization Effects on Public Sector Size (COCOPS Working Paper No.4). Brussels: European Commission.
- Andrews, M. (2010). How Far Have Public Financial Management Reforms Come in Africa? *Faculty Research Working Paper Series*. Cambridge, Mass.: Harvard Kennedy School.
- Andrews, M. (2013). *The Limits of Institutional Reform in Development*. New York: Cambridge University Press.
- Andrews, M. (2014). Why Distributed End Users Often Limit Public Financial Management Reform Success. Cambridge, Mass.: Center for International Development at Harvard University.
- Asian Development Bank. (2014). Solomon Islands *Asian Development Outlook 2014: Fiscal Policy for Inclusive Growth* (pp. 244-247). Manila: Asian Development Bank.
- AusAID. (2007). Governance for Growth Program: Design Document. Canberra: AusAID.
- AusAID. (2009). *Annual Program Performance Report for Solomon Islands 2008*. Canberra: AusAID.
- AusAID. (2012a). Investment Concept: Solomon Islands Economic and Public Sector Governance Program. Canberra: AusAID.
- AusAID. (2012b). Sustainable Economic Development, Private Sector Development, Thematic Strategy. Canberra: AusAID.
- AusAID. (2012c). Timor-Leste: Governance for Development Investment Design. Canberra: AusAID.
- AusAID. (2013). Delivery Strategy: Solomon Islands Economic and Public Sector Governance Program (SIGOV) 2013-4 to 2017-18. Canberra AusAID.
- AusAID. (n/k). Vanuatu Governance for Growth Design Summary Canberra: AusAID.
- AusAID and the Government of Vanuatu. (2011). Governance for Growth: Mid-Term Review. Canberra: AusAID.
- Australian Government. (2013a). Aid Program Performance Report 2012–13: Regional Assistance Mission Solomon Islands. Honiara: RAMSI.
- Australian Government. (2013b). Aid Program Performance Report 2012–13: Solomon Islands. Canberra: Department of Foreign Affairs and Trade.
- Australian Public Service Commission. (2013). Working with the Government and the Parliament. 2014, from <http://www.apsc.gov.au/publications-and-media/current-publications/aps-values-and-code-of-conduct-in-practice/working-with-the-government-and-the-parliament>
- Barbara, J. (2014). From Intervention to Partnership—Prospects for Development Partnership in Solomon Islands after the RAMSI. *Asia & the Pacific Policy Studies*, 1(2), 395–408.
- Barma, N. H., Huybens, E., & Viñuela, L. (2014). *Institutions Taking Root: Building State Capacity in Challenging Contexts*. Washington DC: World Bank.
- Baser, H. (2007). Provision of Technical Assistance Personnel in the Solomon Islands: What Can We Learn from the RAMSI Experience? Maastricht: European Centre for Development Policy Management.
- Bazeley, P., David, R., & Kabutaulaka, T. T. (2013). Solomon Islands – Australia Partnership for Development: Independent Performance Assessment Panel Assessment for 2012. Canberra: AusAID.
- Beisheim, M., Liese, A., Janetschek, H., & Sarre, J. (2014). Transnational Partnerships: Conditions for Successful Service Provision in Areas of Limited Statehood. *Governance*.
- Bellina, S., Darbon, D., Eriksen, S. S., & Sending, O. J. (2009). The Legitimacy of the State in Fragile Situations. Oslo: Norwegian Agency for Development Cooperation.
- Blum, J. R. (2014). What Factors Predict How Public Sector Projects Perform? A Review of the World Bank's Public Sector Management Portfolio. Washington DC: World Bank.
- Booth, D. (2011). Working with the Grain and Swimming against the Tide: Barriers to Uptake of Research Findings on Governance and Public Services in Low-Income Africa. London: Overseas Development Institute.
- Booth, D. (2014). Aiding Institutional Reform in Developing Countries: Lessons from the Philippines on What Works, What Doesn't, and Why. London: Overseas Development Institute.
- Brigg, M. (2009). Wantokism and State Building in Solomon Islands: A Response to Fukuyama. *Pacific Economic Bulletin*, 24(3), 148-161.
- Brooke, P. (2003). Study of Measures Used to Address Weaknesses in Public Financial Management Systems in the Context of Policy Based Support. Washington DC: PEFA.

- Brown, T. (2012). *Nation-Building in Solomon Islands: A Think Piece*. London: IDL Group.
- Browne, E. (2010). *Reforming Budget Systems, a Practical Guide*. Washington DC: UASAIID.
- Butler, A. (2008). The Unrest in Honiara - an Australian Government Perspective. In S. Dinen & S. Firth (Eds.), *Politics and Statebuilding in Solomon Islands* (pp. 269-275). Caberra: Asia Pacific Press.
- Centre for the Future State. (2010). *An Upside Down View of Governance*. Brighton, Sussex: Institute of Development Studies.
- CEWG. (2013). Report of Fourth Annual Joint Review Mission. Honiara: Solomon Islands Core Economic Working Group.
- Cheeseman, N., Pablo Luna, J., Kitschelt, H., Paget, D., Rosenblatt, F., Sample, K., . . . Wang, Y.-t. (2014). *Politics Meets Policies: The Emergence of Programmatic Political Parties*. Stockholm: International Institute for Democracy and Electoral Assistance.
- Cochrane, C. (2013). Quality at Implementation Report for Solomon Islands Economic and Public Sector Governance Program (Includes Economic Governance and Machinery of Government Programs). Canberra: DFAT.
- Commonwealth of Australia. (2014). Portfolio Budget Statements 2014-15 - Budget Related Paper No. 1.9: Foreign Affairs and Trade Portfolio. Canberra.
- Coppel, N. (2013). Transition of the Regional Assistance Mission to Solomon Islands. Canberra: Australian National University.
- Cox, M., & Hemon, K. (2009). Engagement in Fragile Situations: Preliminary Lessons from Donor Experience - a Literature Review. London: DfID.
- Craig, D., & Porter, D. (2013a). Political Settlement in Solomon Islands: A Political Economic Basis for Stability after RAMSI? Canberra: Australian National University.
- Craig, D., & Porter, D. (2013b). *Post Conflict Pacts and Inclusive Political Settlements: Institutional Perspectives from Solomon Islands*. Working Papers. Manchester, UK.
- Cruz, C., & Keefer, P. (2013). The Organization of Political Parties and the Politics of Bureaucratic Reform (Policy Research Working Paper 6686). Washington, DC: World Bank.
- DAC Fragile States Group. *Concepts and Dilemmas of State Building in Fragile Situations: From Fragility to Resilience*. Paris: OECD.
- Darcy, L., Russell, C., & Vu, M. (2014). *Finding Balance 2014: Benchmarking the Performance of State-Owned Enterprises in Island Countries*. Manila: Asian Development Bank.
- Daunton, M. (2003). Trusting Leviathan: British Fiscal Administration from the Napoleonic Wars to the Second World War. In V. Braithwaite & M. Levi (Eds.), *Trust and Governance*. New York: Russell Sage Foundation.
- Detto, K., Heijkoop, P., & Raue, K. (2012). Review of RAMSI Delivery Support Arrangements. Honiara, Solomon Islands: RAMSI.
- Devesi, B. (1992). Independence or Dependence. In R. Crocombe & E. Tuza (Eds.), *Independence, Dependence, Interdependence: The First 10 Years of Solomon Islands Independence*. Suva and Honiara: South Pacific and Solomon Islands College of Higher Education.
- DFAT. (2014a). *Candidate Information Pack: Senior Program Manager Democratic Governance*. Canberra.
- DFAT. (2014b). Solomon Islands Governance Program (SIGOV): Quarterly Report No. 3 (January-March 2014). Honiara, Solomon Islands: DFAT.
- DFAT. (2014c). *Terms of Reference: Team Leader, Independent Review of Dfat's Solomon Islands Economic and Public Sector Governance Program*. Canberra.
- DFAT. (n/k). *The Six Monthly Reflection and Redesign Process: Bringing Performance Management and Political Economy Analysis Together*. Canberra.
- DfID. (2012). Results in Fragile and Conflict-Affected States and Situations. London: DfID.
- Diamond, J. (2012). Guidance Note on Sequencing PFM Reforms. Washington DC: EC, IMF and PEFA.
- Dinnen, S. (2008). The Solomon Islands Intervention and the Instabilities of the Post-Colonial State. *Global Change, Peace and Security*, 20(3), 339-355.
- Dinnen, S., & Allen, M. (2013). Paradoxes of Postcolonial Police-Building: Solomon Islands. *Policing and Society*, 23(2), 222-242.
- Dixon, G., Anderson, M., Deacon, P., Kodoleke, M., & Loudon, M. (2012). Financial and Economic Management Support Program (FEMSP) Mid Term Review. Canberra: RAMSI.
- Duncan, R. (2011). Governance Reform in the Public Sector in Pacific Island Countries: Understanding How Culture Matters. In R. Duncan (Ed.), *The Political Economy of Economic Reform in the Pacific* (pp. 139-162). Manila: ADB.

- Fraenkel, J. (2011). The Atrophied State: A Supply-Side Perspective on Politician “Slush Funds” in Western Melanesia. In R. Duncan (Ed.), *The Political Economy of Economic Reform in the Pacific* (pp. 303-326). Manila: ADB.
- Fraenkel, J., Madraiwiwi, J., & Okole, H. (2014). The RAMSI Decade: A Review of the Regional Assistance Mission to Solomon Islands, 2003--2013. Honiara, Solomon Islands: Solomon Islands Government and the Pacific Islands Forum.
- Francis, J., & Kelly, D. (2014). Quality at Implementation Report for Solomon Islands Bilateral Health Program. Canberra: DFAT.
- Fukuyama, F. (2008). State-Building in the Solomon Islands. *Pacific Economic Bulletin*, 23(3), 18-34.
- Gannicott, K., & Powell, W. (2013). Public Sector Remuneration in Solomon Islands: Summary Report. Canberra: AusAID.
- Gold, J., Roberts, D., & Fisher, S. (2014). Reforming Civil Service in Sierra Leone through Collective Leadership. Washington DC: World Bank.
- Greenwell, H., & Moore, B. (2014). Capacity Development in Economic Policy Agencies. *Australian Government Treasury: Economic Roundup*(2), 11-34.
- Hakimi, E., Manning, N., Prasad, S., & Prince, K. (2004). *Asymmetric Reforms: Agency-Level Reforms in the Afghan Civil Service*. Washington DC: World Bank.
- Haque, T. A. (2013). Economic Transition in Solomon Islands. Canberra: Australian National University.
- Harris, D., Seeto, C., Tyrrel, L., & Costin, B. (2014). *Solomon Islands Education Sector: Political Economy Analysis*. Canberra.
- Hasnain, Z., & Manning, N. (2014). *Pay Flexibility and Government Performance*. Washington DC: World Bank.
- Hausman, D. (2010). Starting from Scratch in Recruitment and Training: Solomon Islands 2004-2009 *Innovations for Successful Societies*. Princeton, NJ: Princeton University.
- Hausmann, R., Rodrik, D., & Velasco, A. (2006). Getting the Diagnosis Right. *Finance and Development*, 43(1).
- Howes, S., & Pryke, J. (2013). Benchmarking Australian Aid Results from the 2013 Australian Aid Stakeholder Survey. Acton, ACT: Development Policy Centre, Australian National University.
- IMF. (2010). Solomon Islands Article IV Consultation Staff Report. Washington DC: IMF.
- IMF. (2011). IMF Country Report No. 11/180. Washington DC: IMF.
- IMF. (2013). Solomon Islands Article IV Consultation Staff Report. Washington DC: IMF.
- Independent Commission for Aid Impact. (2014). Dfid’s Private Sector Development Work. London: Independent Commission for Aid Impact.
- Independent Evaluation Group. (2006). *Engaging with Fragile States: An IEG Review of World Bank Support to Low-Income Countries under Stress*. Washington DC: World Bank.
- Independent Evaluation Group. (2008). *Public Sector Reform: What Works and Why?* Washington DC: World Bank.
- Independent Evaluation Group. (2011). IEG Annual Report 2011: Results and Performance of the World Bank Group. Washington DC: World Bank.
- Independent Evaluation Group. (2013). *World Bank Group Assistance to Low-Income Fragile and Conflict-Affected States: An Independent Evaluation*. Washington DC: World Bank.
- Kabutaulaka, T. T. (2008a). Parties, Constitutional Engineering and Governance in the Solomon Islands. In R. Rich, L. Hambly & M. G. Morgan (Eds.), *Political Parties in the Pacific Islands* (pp. 103-116). Canberra: Australian National University.
- Kabutaulaka, T. T. (2008b). Westminster Meets Solomons in the Honiara Riots. In S. Dinen & S. Firth (Eds.), *Politics and Statebuilding in Solomon Islands* (pp. 96-118). Canberra: Asia Pacific Press.
- Keefer, P. (2013a). Collective Action, Political Parties and Pro-Development Public Policy (Policy Research Working Paper 5676). Washington, DC: World Bank.
- Keefer, P. (2013b). Organizing for Prosperity Collective Action, Political Parties and the Political Economy of Development (Policy Research Working Paper 6583). Washington, DC: World Bank.
- Keefer, P., & Khemani, S. (2012). Do Informed Citizens Receive More...or Pay More? The Impact of Radio on the Government Distribution of Public Health Benefits (Policy Research Working Paper 5952). Washington, DC: World Bank.
- Keefer, P., & Khemani, S. (2014). Radio’s Impact on Preferences for Patronage Benefits (Policy Research Working Paper 6932). Washington, DC: World Bank.
- Kelly, D. (2013). Quality at Implementation Report for Solomon Islands Bilateral Health Program. Canberra: AusAID.
- Khemani, S. (2013). Buying Votes Vs. Supplying Public Services Political Incentives to under-Invest in Pro-Poor Policies (Policy Research Working Paper 6339). Washington, DC: World Bank.

- Kitschelt, H., & Wilkinson, S. I. (2007). *Patrons, Clients, and Policies: Patterns of Democratic Accountability and Political Competition*. Cambridge: Cambridge University Press.
- Krasner, S. D., & Risse, T. (2014). External Actors, State-Building and Service Provision in Areas of Limited Statehood: An Introduction. *Governance*.
- Lake, D. A., & Fariss, C. J. (2014). Why International Trusteeship Fails: The Politics of External Authority in Areas of Limited Statehood. *Governance*.
- Leftwich, A., & Sen, K. (2010). *Beyond Institutions: Institutions and Organizations in the Politics and Economics of Growth and Poverty Reduction – a Thematic Synthesis of Research Evidence*. Manchester: IDPM, University of Manchester.
- Lindblom, C. (1959). The Science of Muddling Through. *Public Administration Review*, 19, 79-88.
- Ling, C., & Roberts, D. (2012). Evidence of Development Impact from Institutional Change : A Review of the Evidence on Open Budgeting (Policy Research Working Paper 6968). Washington, DC: World Bank.
- Linpico. (2012). Government of the Solomon Islands Public Expenditure and Financial Accountability (PEFA) Assessment: Final Report. Washington DC: World Bank.
- London School of Economics and PricewaterhouseCoopers LLP. (2010). *Conflict and Fragility - Do No Harm: International Support for Statebuilding*. Paris: OECD.
- Madgwick, J. (2013). 2013 Sig RAMSI People's Survey Report. Honiara, Solomon Islands: ANU Edge and the University of the South Pacific.
- Mangham, L. (2007). Addressing the Human Resource Crisis in Malawi's Health Sector: Employment Preferences of Public Sector Registered Nurses (Esau Working Paper 18). London: Overseas Development Institute.
- Manning, N. (2009). Improving Performance: Foundations of Systemic Performance (GET Brief). Washington DC: World Bank.
- Manning, N. (2014). *Peer Learning – a Promising Idea in Search of a Methodology*. Paper presented at the Effective Institutions Platform (October 28-29), OECD, Paris.
- Manning, N., & Parison, N. (2003). *International Public Administration Reform: Implications for the Russian Federation*. Washington DC: World Bank.
- Manning, N., Shepherd, G., & Guerrero, A. (2010). Why Trust in Government Matters. In P. Arizti, J. Brumby, N. Manning, R. Senderowitsch & T. Thomas (Eds.), *Results, Performance Budgeting and Trust in Government* (pp. 49-74). Washington: World Bank.
- Mansuri, G., & Rao, V. (Eds.). (2012). *Localizing Development: Does Participation Work?* Washington DC: World Bank.
- Marsden, D. (2004). The Role of Performance-Related Pay in Renegotiating the "Effort Bargain": The Case of the British Public Service. *Industrial and labor Relations review*, 57(3), 350-370.
- Matanock, A. M. (2014). Governance Delegation Agreements: Shared Sovereignty as a Substitute for Limited Statehood. *Governance*.
- Matta, N., & Morgan, P. (2011). Local Empowerment through Rapid Results. *Stanford Social Innovation Review*, Summer 2011.
- McLoughlin, C. (2014). When Does Service Delivery Improve the Legitimacy of a Fragile or Conflict-Affected State? *Governance*.
- Ministry of Public Service. (2014). Attendance Management Policy and Procedure Manual. Honiara: Ministry of Public Service.
- Moore, C. (2013). Moving Forward by Asking the Right Questions of the Past. In T. Wood & S. Howes (Eds.), *Debating Ten Years of RAMSI* (pp. 27-30). Acton, ACT: Development Policy Centre, Crawford School of Public Policy.
- Moustafa, A., & Abbott, D. (2014). *The State of Human Development in the Pacific: A Report on Vulnerability and Exclusion in a Time of Rapid Change*. Suva, Fiji: UNDP.
- North, D. C., Wallis, J. J., Webb, S. B., & Weingast, B. R. (2007). Limited Access Orders in the Developing World: A New Approach to the Problems of Development, Policy Research Working Paper 4359. Washington DC: World Bank.
- Nunberg, B., & Taliercio, R. (2012). Sabotaging Civil Service Reform in Aid-Dependent Countries: Are Donors to Blame? *World Development*, 40(10), 1970–1981.
- O'Callaghan, M. L. (Ed.). (2013). *Rebuilding a Nation: Ten Years of the Solomon Islands - RAMSI Partnership*. Honiara, Solomon Islands: Regional Assistance Mission to Solomon Islands (RAMSI).
- OECD. (2003). *Aid Activities in Europe and Oceania 2001-2*. Paris: OECD DAC.
- OECD. (2012). Managing Aid for Trade and Development Results: Solomon Islands Case Study. Paris: OECD.

- Office of Auditor General, Leadership Code Commission, Office of the Ombudsman, & DFAT. (2014). *Communication Outreach Strategy*.
- Office of Development Effectiveness. (2011). *Theory of Policy Dialogue Success: Policy Dialogue Evaluation Working Paper* Canberra: AusAID.
- OPCS (World Bank). (2009). *Country Policy and Institutional Assessments: 2009 Assessment Questionnaire* Washington DC: World Bank.
- Palmer, D. (2006). Tackling Malawi's Human Resources Crisis. *Reproductive Health Matters*, 14(27), 27-39.
- Pollitt, C., & Dan, S. (2011). *The Impacts of the New Public Management in Europe: A Meta-Analysis (COCOPS World Package 1 - Deliverable 1)*. Brussels: European Commission.
- Porter, D., Andrews, M., Turkewitz, J., & Wescott, C. (2010). *Managing Public Finance and Procurement in Fragile and Conflicted Settings World Development Report 2011 background paper*. Washington DC: World Bank.
- Porter, D., Andrews, M., & Wescott, C. (2010). *Public Finance Management in Fragile and Conflicted Settings (Background Paper for World Development Report 2011)*. Washington DC: World Bank.
- Powles, A. (2013). *The Private Sector, the Solomon Islands and the Peace-Economic Dividend: Learning from the RAMSI Experience*. London: King's College.
- Pritchett, L., & de Weijer, F. (2010). *Fragile States: Stuck in a Capability Trap World Development Report 2011 Background Papers*. Washington DC: World Bank.
- Pritchett, L., & Woolcock, M. (2004). Solutions When the Solution Is the Problem: Arraying the Disarray in Development. *World Development*, 32(2), 191-212.
- Public Accounts Committee. (2014). *Report on the 2014 Supplementary Appropriation Bill National Parliament*. Honiara: National Parliament.
- Rodrik, D. (2005). Growth Strategies. In P. Aghion & S. Durlauf (Eds.), *Handbook of Economic Growth*. Amsterdam: Elsevier.
- Rodrik, D. (2008). The New Development Economics: We Shall Experiment, but How Shall We Learn? *Faculty Research Working Paper Series*. Cambridge, Mass.: Harvard Kennedy School.
- Roll, M. (2014). Deciphering Pockets of Effectiveness. In M. Roll (Ed.), *The Politics of Public Sector Performance: Pockets of Effectiveness in Developing Countries* (pp. 194-241). Abingdon, UK: Routledge.
- Rondinelli, D. A. (2006). *Reforming Public Administration in Postconflict Societies - Implications for International Assistance*. Washington DC: United States Agency for International Development.
- Sasako Calls for Immediate Dissolution of Parliament and Election (2014, 12 August, 2014). *Solomon Star*.
- Schick, A. (1998). Why Most Developing Countries Should Not Try New Zealand's Reforms. *World Bank Research Observer (International)*, 13, 23-31.
- Silberman, B. S. (1993). *Cages of Reason: The Rise of the Rational State in France, Japan, the United States, and Great Britain*. Chicago: University of Chicago Press.
- Act to Provide for the Human Resource Management of the Public Service and Related Matters (Bill) (2014).
- Solomon Islands Truth and Reconciliation Commission. (2012a). *Solomon Islands Truth and Reconciliation Commission: Confronting the Truth for a Better Solomon Islands (Final Report, Volume I)*. Honiara, Solomon Islands: Solomon Islands Government.
- Solomon Islands Truth and Reconciliation Commission. (2012b). *Solomon Islands Truth and Reconciliation Commission: Confronting the Truth for a Better Solomon Islands (Final Report, Volume II)*. Honiara, Solomon Islands: Solomon Islands Government.
- Solomon Islands Truth and Reconciliation Commission. (2012c). *Solomon Islands Truth and Reconciliation Commission: Confronting the Truth for a Better Solomon Islands (Final Report, Volume III)*. Honiara, Solomon Islands: Solomon Islands Government.
- Steeves, J. S. (2006). Unbounded Politics in the Solomon Islands: Leadership and Party Alignments. *Pacific Studies*, 19(115-138).
- Stevens, M., & Tegemann, S. (2004). Comparative Experience with Public Service Reform in Ghana, Tanzania and Zambia. In S. Kpundeh & B. Levy (Eds.), *Building State Capacity in Africa* (pp. 43-86). Washington DC: World Bank.
- Teskey, G. (2013a). *Strengthening Accountability in the Solomons*. Canberra.
- Teskey, G. (2013b). *Summary of Outcomes: Solomon Islands Governance Workshop II (Honiara, 19-22 March, 2013)*. Canberra.
- Tommasi, D. (2009). *Strengthening Public Expenditure Management in Developing Countries: Sequencing Issues*. Brussels: Capacity4dev.eu.
- Valentine, T. R. (2002). *A Medium-Term Strategy for Enhancing Pay and Conditions of Service in the Zambian Public Service (Final Report)*. Lusaka, Zambia: Management Development Division, Cabinet Office.

- Van Dooren, W., Lonti, Z., Sterck, M., & Bouckaert, G. (2007). *Institutional Drivers of Efficiency in the Public Sector*. Paris: OECD.
- Weber, M. (1978). *Economy and Society (Vol. 2)*. Berkely, CA: University of California Press.
- Wood, T. (2013). RAMSI: Lessons on the Role for Aid.
- Wood, T., & Howes, S. (Eds.). (2013). *Debating Ten Years of RAMSI*. Acton, ACT: Development Policy Centre, Crawford School of Public Policy.
- World Bank. (1998). *Public Expenditure Management Handbook*. Washington DC: World Bank.
- World Bank. (2002). Thailand's Hurdle Approach to Budget Reform *PREM Notes*. Washington DC: World Bank.
- World Bank. (2011). *World Development Report: Conflict, Security and Development*. Washington DC: World Bank.
- World Bank. (2012). The World Bank's Approach to Public Sector Management 2011-2020: Better Results from Public Sector Institutions. Washington DC: World Bank.
- World Bank. (2013). *Constituency Development Funds: Briefing Note*. Honiara, Solomon Islands.
- World Bank. (2014a). Provincial Financing Assessment: Community Officer Project. Washington DC: World Bank.
- World Bank. (2014b). Provincial Financing Assessment: Community Officer Project. Honiara, Solomon Islands: World Bank
- Zhou, Y. (2006). Sierra Leone: The Role of the Rapid Results Approach in Decentralization and Strengthening Local Governance. Washington DC: World Bank.