

Solomon Islands Growth Program: Mid-Term Review

Final Report

30 November 2018

Disclaimer:

The mid-term review for the Solomon Islands Growth Program and resulting report was conducted by an independent review team consisting of team members David Bray and Ann Braun. The views expressed in this mid-term review report are those of the authors and do not necessarily represent the views of the Government of Solomon Islands or the Australian Government.

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Acronyms and Abbreviations

ADB	Asian Development Bank	MID	Ministry of Infrastructure Development (SIG)
ADRA	Adventist Development and Relief Agency	MOU	Memorandum of Understanding
AHC	Australian High Commission, Solomon Islands	MWYCFA	Ministry of Women, Youth, Children and Family Affairs (SIG)
AIP	Aid Investment Plan	NGO	Non-Governmental Organisation
AQC	Aid Quality Check	NDS	National Development Strategy
CEWG	Core Economic Working Group	NTF	National Transport Fund
CLIP	Cocoa Livelihoods Improvement Program	ODA	Official Development Assistance
DCED	Donor Committee for Enterprise Development	PHAMA	Pacific Horticultural and Agricultural Market Access
DFAT	Department of Foreign Affairs and Trade (GoA)	PRIF	Pacific Region Infrastructure Facility
EoPO	End-of- Program Outcome	PSD	Private Sector Development
ERU	Economic Reform Unit (in MFT)	RAMSI	Regional Assistance Mission to Solomon Islands
EU	European Union	SB	<i>Strongim Bisnis</i>
GDP	Gross Domestic Product	SBD	Solomon Islander Dollar (also S\$)
GoA	Government of Australia	SICCI	Solomon Islands Chamber of Commerce and Industry
GPPOL	East Guadalcanal Plains Palm Oil Limited	SIG	Solomon Islands Government
IDA	International Development Association (part of the WBG)	SIGP	Solomon Islands Growth Program
IDD	Investment Design Document	SIRF	Solomon Islands Resource Facility
IFC	International Finance Corporation	SIWIBA	Solomon Islands Women in Business Association
IFAD	International Fund for Agricultural Development	STIIP	Sustainable Transport Infrastructure Improvement Program
ISP	Implementation Service Provider	SWP	Seasonal Workers Program
LDC	Least Developed Country	TA	Technical Assistance
M4C	Markets for Change Program	TOC	Theory of Change
M&E	Monitoring and evaluation	TOR	Terms of Reference
MAL	Ministry of Agriculture and Livestock (SIG)	UNCDF	United Nations Capital Development Fund
MCT	Ministry of Culture and Tourism (SIG)	UNDP	United Nations Development Program
MCILI	Ministry of Commerce, Immigration Labour and Industry (SIG)	UNFCCC	United Nations Framework Convention on Climate Change
MDPAC	Ministry of Development Planning and Aid Coordination (SIG)	WB	World Bank
MFAT	Ministry of Foreign Affairs and Trade (New Zealand)	WBG	World Bank Group
MFT	Ministry of Finance and Treasury (SIG)	WEE	Women's Economic Empowerment

Executive Summary

Context

The Solomon Islands Growth Program (SIGP) was established as a flagship four-year, \$50 million umbrella investment of the Australian High Commission in Honiara (AHC). The program supports the goal of increased private sector investment in a more inclusive economy. SIGP's end-of-program outcomes are: (i) increased cash incomes for men and women; and (ii) a better enabling environment for the private sector. The program was created to deliver additional support to the Solomon Islands, though the intention was that it not be promoted externally under its name to avoid confusion with the broader portfolio of growth-related activities.

SIGP commenced on 1 April 2016 and is scheduled to end on 30 June 2020. With a current budget of \$53.1 million, the program comprises 10 individual activities, including: (i) *Strongim Bisnis* (a market system development program); (ii) three infrastructure activities related to hydropower, road infrastructure and market redevelopment; (iii) a women's economic empowerment activity that includes two elements – the *Markets for Change* and *Empowering Women Is Smart Business* (locally known as *Waka Mere*); (iv) a private sector development activity that provides support to the Solomon Islands Chamber of Commerce and Industry (SICCI) and the Economic Reform Unit (ERU) in the Ministry of Finance and Treasury; (v) support for a Core Economic Working Group; and (vi) a small cocoa pilot project. Allowance is also included for program management and associated monitoring and evaluation. At the end of September 2018, the investment was 59% through its implementation period and 66% of its budget was expended.

SIGP is one of the investments in AHC's economic growth portfolio, accounting for 14% of the overall portfolio budget, or 30% of the budget if the very large Undersea Cable Project is excluded.

Mid-Term Review

The purpose of the mid-term review (MTR) of SIGP is to provide the AHC in Honiara with an analysis of the progress of the overall program, an assessment of SIGP's alignment with the objectives of Australia's economic growth portfolio and the policies and priorities of the Solomon Islands Government (SIG). The review focuses on the relevance, efficiency and effectiveness of SIGP as a consolidated program of activities. It does not assess impact and sustainability, nor the performance in detail, of the individual activities. Based on the recommendation of the review, the AHC will make key decisions on the way forward for the program.

The MTR included preparation of an Evaluation Plan, a field mission to the Solomon Islands (1-5 October 2018), presentation of initial findings, and subsequent submission of an Aide Memoire. The current report presents the findings of the review.

The MTR reviewed documents and other accessible quantitative and descriptive information and conducted semi-structured interviews with AHC and implementing partner staff. The mission held 17 primary meetings with 24 people, plus several follow-up meetings and interactions to clarify and extend its understanding of issues.

The key questions of the MTR are structured around three main topics: (i) the context for and relevance of the SIGP; (ii) the performance of the program and its activities; and (iii) the structure and design of the overall economic growth portfolio of which SIGP is a part. Following sections summarise the findings of the MTR for each of these topics, with the specific questions and

findings summarised in Table 1 of this Executive Summary, with recommendations in the responses to the questions summarised in Table 2.

Context for and relevance of the SIG

The Government of Australia (GoA) has released several new policy and strategy documents since the design of SIGP. However, SIGP's end-of-program outcomes continue to be consistent with the core focal areas of these documents, and so the investment remains relevant. The recently-announced Undersea Cable Project and the Pacific Labour Scheme are likely to have beneficial indirect impacts on SIGP even though their full effect will not occur until after SIGP is completed.

Progress and performance of the SIGP and its activities

SIGP activities are summarised in Box 1.

The activities are progressing at various rates. *Strongim Bisnis* is a market systems development program. As a new approach in the Solomon Islands, this has proved the most challenging activity. It focuses on the coconut, cocoa and tourism sectors, while also seeking to empower women and youth. A delayed start (15 months after commencement of the SIGP) and a sub-optimal investment design for the programmatic approach it takes have added to the implementation challenges.

Progress with the Tina River Hydropower project has also been slow due to the complexity of the project, with the delays beyond the control of the AHC. Implementation of the East Guadalcanal Road and Bridges project has also been slower than anticipated due to limitations in the Solomon Islands Ministry for Infrastructure Development. Other activities are generally progressing satisfactorily though it has been difficult to provide continuity of support to the ERU since the shift from the supply of advisers from staff of the Australian government to public procurement.

The Markets for Change (M4C) and *Waka Mere* activities are undertaken through regional programs under the umbrella of DFAT's flagship program *Pacific Women Shaping Pacific Development*. The Tina River Hydropower and East Guadalcanal Road and Bridges project are being implemented through partner programs, respectively the World Bank and the Asian Development Bank.

Box 1: SIGP Activities and Progress Summary

Activity/Agreement ⁽¹⁾	Budget (\$m)	Expenditure to end 09/18 (\$m)	Progress
Strongim Bisnis	14.0	3.7	Finding its way but making progress
Tina River Hydropower	17.0	16.0	Slow but progressing
East Guadalcanal Road and Bridges	6.0	6.0	Delayed but underway
Gizo Market Redevelopment	3.9	1.7	Well progressed
Markets for Change (M4C)	1.2	4.0	Quietly successful
Empowering Women Is Smart Business (<i>Waka Mere</i>)	2.5		Sustainability challenges, but worthwhile
Solomon Islands Chamber of Commerce and Industry (SICCI)	0.7	0.5	Successful
Economic Reform Unit (ERU)	2.5	1.3	Challenges, well worthwhile
Core Economic Working Group (CEWG)	2.0	-	Recently commenced, significant progress
ADRA Cocoa Pilot	0.3	0.3	Completed
Program Management & M&E	3.0	1.8	Underway
Total	53.1	35.1	

(1) For ease of exposition, all of these initiatives are described as activities in this report.

Each of the activities in SIGP is largely stand-alone, with few linkages that provide implementation or operational benefits, better outcomes or avoid overlap and duplication. Only four strong links have been identified: (i) between the Gizo Market Redevelopment and M4C, where M4C work with market vendors contributed to the design and implementation of the market redevelopment; (ii) between SICCI and *Waka Mere* where the latter is implemented through SICCI; and (iii) between CEWG and both ERU and SICCI, where the latter have been consulted during CEWG work and the outcomes of the CEWG support the work of the ERU and SICCI. These linkages, and two other weaker ones, have been acted on.

There are no obvious opportunities for greater interaction between current SIGP activities. However, new initiatives could emerge from ongoing SIGP work (such as through *Strongim Bisnis*) that have linkages with other activities. Given the few linkages identified to date, it is not expected that this will be a major issue but continued awareness by those involved in SIGP will ensure advantage is taken of any fresh opportunities.

Governance and management of SIGP

Governance arrangements for SIGP are pragmatic. Given the nature of the program and the diversity of its activities, the MTR concurs with the decision not to proceed with the Steering Committee and Consultative Group proposed in the Investment Design Document (IDD). Management of the program and its current activities requires four full-time equivalent AHC staff. Four teams in the economic development division of the AHC are responsible for seven current activities and one in the human development division is responsible for the remaining two current activities. A First Secretary undertakes day-to-day program management activities.

The absence of a formal Steering Committee has potentially reduced the strength of program oversight and the distinction between governance and management functions. In practice, however, the management structure of the AHC, together with separate governance arrangements for the four activities being implemented through partners are, with one exception, judged to be fit-for-purpose and the MTR does not identify a need for any change to them. The exception is *Strongim Bisnis*. This is the largest activity directly managed by the AHC and is relatively novel and complex. The MTR recommends that a small Steering Committee be established to provide strategic guidance for it and that technical support be provided to the AHC to help it manage the activity.

There is a continued need, albeit on a part-time basis in the future, for the AHC Program Manager to have access to a technical adviser to assist with the coordination and oversight of SIGP activities. The adviser should assist by reviewing activities, including their associated management information and monitoring and evaluation (M&E) systems, identifying additional information needs, interpreting and consolidating information and assisting with the preparation and review of reports.

Monitoring and evaluation for SIGP

The M&E systems for individual SIGP activities are largely in place and broadly appropriate. The value of the systems could be enhanced by undertaking outcome evaluations for the East Guadalcanal Road and Bridges project, the Gizo Market Redevelopment project and the contribution of advisers to the ERU. There is also a need to operationalise *Strongim Bisnis's* recently-developed M&E system.

Larger challenges relate to the M&E at the SIGP level. There is no satisfactory way of presenting the performance of all elements of SIGP in a single Aid Quality Check (AQC) and clear internal and external communication of the results of SIGP has proved elusive. The level of monitoring of individual activities by the AHC is less than it would be if they were not subsumed under the SIGP. The MTR suggests that the AQC could be enhanced, for example by focussing it on the four activities with budgets of \$3 million or more (which account for 82% of the program budget).

There is also a need to commence the assembly of evidence of progress towards SIGP's end-of-program outcomes.

At the portfolio level, the existing Performance Assessment Framework requires nuancing to better reflect the complexities inherent in measuring economic empowerment in the Solomon Islands context, particularly for women.

SIGP and the broader economic growth portfolio

The SIGP encompasses a wide range of activities, with six of the 10 activities having individual budgets of \$2.5 million or less. The range of activities broadly mirrors that of the larger economic growth portfolio within which it sits. The MTR concludes that there is no significant distinction between the activities in the SIGP and the remainder of the growth portfolio. SIGP could equally encompass the entire portfolio or some other mix of portfolio activities.

The consolidation of part of the portfolio as a separate program has not provided any evident benefits, for example through reduced administration costs, improved exposition of the development program and its benefits, or benefits from the aggregation of small activities. Indeed, it has introduced the need for an additional layer of management – for the program as well as the individual activities – and has added complexity for reporting on the performance of a program of disparate elements. Considerable staff resources are needed to manage the program and its activities. While this situation is not ideal, the MTR does not recommend any changes to the content of the program or its management in its remaining term (to mid-2020) as the complexity and transaction costs of such change is likely to outweigh the benefits. It does, however, recommend that the SIGP not be extended in its present form beyond its current term.

SIGP is currently scheduled to end in mid-2020. Most other current activities in the economic growth portfolio will also end by this time. Allowing for the time it takes to identify potential activities, prepare investment designs and undertake other pre-commencement activities, there is an urgent need to develop a set of new investments and activities for the portfolio that can begin by mid-2020. A purposeful approach to developing an economic growth portfolio will avoid the alternative, ad hoc approach, where existing investments are continued and new ones started simply because they are available rather than because they offer the best means for securing the outcomes sought.

The MTR provides some suggestions for how the economic growth portfolio could be structured in the future and identifies several issues that could affect its content. Consideration should be given to: (i) relocating some current activities that are not primarily focused on economic growth to other development programs; (ii) introducing a few large investments oriented to long-term engagement and outcomes (e.g. a program with a potential 10-15 year horizon to develop the capacity of MID to become an effective asset management agency, and a program to support improved productivity, product development and export capacity for the private sector that could include an extended version of *Strongim Bisnis*); and (iii) establishing an integrated program of support to the private sector through networking, training, mentoring and emphasis on gender equality and social inclusion.

Table 1: Summary of the Findings of the MTR

Question	MTR Finding
A. Context for and relevance of the SIGP	
Q.1. Are the activities under SIGP still relevant when considered in the context of Australia's Foreign Policy White Paper, Pacific Step Up and Solomon Islands Aid Investment Plan and the Solomon Island's own development priorities?	The activities under SIGP remain relevant to the policies and strategies of the governments of Australia and the Solomon Islands even though a number of the documents presenting them have been released since the design of the SIGP. The relevance includes: (i) in the case of the Australia's <i>Foreign Policy White Paper</i> , SIGP activities support the themes of (a) connecting with the Pacific, (b) engaging with the private sector, (c) empowering disadvantaged people, and (d) cooperating with development partners; (ii) while no new specific and explicit issues in the <i>Pacific Step Up</i> statement have a direct bearing on SIGP activities, its activities are supportive of the thrust of the statement; (iii) SIGP activities are consistent with the current <i>Solomon Islands Aid Investment Plan</i> by (a) supporting the objectives of enabling economic growth and enhancing human development in particular, and (b) working through SIG systems (where appropriate) and seeking a greater role for the private sector; and (iv) the Solomon Island's <i>National Development Strategy</i> , which sets out the government's development priorities and strategies, was taken into account in the design of the SIGP.
Q.2. What are the potential linkages of the Undersea Cable Project and the Pacific Labour Scheme (which sit outside SIGP) with the SIGP?	The linkages are modest but relevant. The outcomes of the Undersea Cable Project and the Pacific Labour Scheme will provide opportunities that some SIGP activities will be able to take advantage of, for example the potential to facilitate private sector investment by workers returning to the Solomon Islands with foreign earnings. The Undersea Cable project and SIGP will be completed around the same time, thus allowing only preparatory actions to be taken during SIGP.
B. Performance of the Program and its Activities	
Q.3. How well is each individual SIGP activity progressing?	SIGP activities are generally progressing well, though the rate of progress varies. The most demanding activity is <i>Strongim Bisnis</i> , the largest single activity by value directly managed by the AHC. The challenges for this initiative include the introduction of a new concept that was not as fully developed in the investment design as could have been the case, a delayed start to the activity and imperfect governance arrangements.
Q.4a. How do the SIGP activities interact currently?	There are only four linkages of consequence between the nine current SIGP activities, with only two of these being strong. The latter have been addressed and have supported efficient and effective implementation of the related activities. Other than these few instances, SIGP activities are independent of each other.
Q.4b. Is there potential for greater interaction between the activities?	The MTR sees little potential for greater interaction between current SIGP activities. However, new initiatives could emerge in ongoing SIGP work (such as through <i>Strongim Bisnis</i>) that have linkages with other activities. Given the few linkages identified to date, it is not expected that this will be a major issue but continued awareness by those involved in SIGP will ensure advantage is taken of any fresh opportunities.
Q.5a. Are the governance mechanisms of individual activities fit for purpose?	The only current formal governance arrangements are those implemented by partner organisations. Governance and management functions for other activities are undertaken as routine functions of staff in the AHC. This has generally not been problematic, and the MTR does not identify a need for new formal governance arrangements other than for <i>Strongim Bisnis</i> . Future governance for SIGP is addressed in Question 11.

Question	MTR Finding
Q.5b. Does <i>Strongim Bisnis</i> require any additional governance mechanisms in place to provide strategic or technical oversight over the program and support to its activity managers?	The MTR judges that the lack of formal governance arrangements has impeded the progress of <i>Strongim Bisnis</i> . It concludes that there is a need to establish a small Steering Committee to provide strategic guidance, oversight and review for the activity and to also provide technical support to help the AHC manage the large, relatively novel and complex activity.
Q.6a. How well are the M&E arrangements of the individual investments working?	Only two activities (<i>Strongim Bisnis</i> and Markets for Change) have formal theories of change that reflect DFAT's M&E standards. The M&E arrangements for the other activities are generally appropriate and proportional given the range of implementation modalities and partners involved and their scale. Although there have been some challenges with progressing M&E of the three largest activities, these should be resolved for the Tina River Hydropower project as it moves from preparation to implementation and for <i>Strongim Bisnis</i> as it implements its M&E system. The M&E of East Guadalcanal Road and Bridges project could be complex given the overlap with the STIIP program. The M&E of the other smaller activities is largely effective and meeting DFAT information needs.
Q.6b. How well are the M&E arrangements of the SIGP working?	There are three main challenges with the M&E arrangements for SIGP: (i) the low coherence of the SIGP impedes clear communication about its performance; (ii) a single Aid Quality Check cannot do justice to the diversity of activities in the SIGP with the consequence that individual activities are not monitored as individual investments; and (iii) the SIGP end-of-program outcome of increased cash incomes is challenging to measure, particularly for <i>Waka Mere</i> and M4C, which are focused on women's economic empowerment, and for <i>Strongim Bisnis</i> , which is partially focused on this outcome.
C. Structure and Design of the Program	
Q.7. Are the activities that sit within SIGP still the right things to do under this investment?	The individual activities in the SIGP are relevant to current policies and strategies of the GoA and SIG and are generally successful with regard to the performance criteria in the AQC. Hence the individual activities are judged to still be appropriate things to do.
Q.8. Is there a distinction between these activities and the other activities/-investments under the growth portfolio which justifies their inclusion under SIGP?	The MTR concludes that there is no significant distinction between the activities in the SIGP and the remainder of the economic growth portfolio. Consolidation of activities into the SIGP has provided no evident benefits.
Q.9. Is there an alternative way to organise all investments under the economic growth portfolio?	The MTR concludes there to be no merit in pursuing rearrangement of activities between SIGP and the rest of the economic growth portfolio during the remaining term of the program because of limited benefits and administrative challenges. It also concludes that the SIGP should not be extended in its present form at the end of its term. Given that most current activities in the economic growth portfolio will finish by 2020, it recommends that work should commence as soon as possible to develop a future economic growth portfolio that is packaged into investments and activities in a more coherent manner and which can start when the SIGP ends.

Question	MTR Finding
Q.10 How could future M&E arrangements be improved?	There is a need in the current term of SIGP to enhance the M&E of individual activities. Key priorities are the East Guadalcanal Road and Bridges project, Gizo Market Redevelopment, support to the ERU and putting <i>Strongim Bisnis</i> 's recently-developed M&E system into operation. The AQC for the SIGP could be enhanced by focussing it on key activities, for example the four activities with individual budgets of \$3 million or more (which together account for 82% of the total budget for SIGP activities). At the portfolio level, the existing Performance Assessment Framework requires nuancing to better reflect the complexities inherent in measuring the economic empowerment of women and men in the Melanesian context.
Q.11 What governance arrangements would be appropriate for the SIGP in the future?	The MTR does not identify the need for a new formal governance arrangement for SIGP as a whole. As indicated in question 5b, there is a need for a new governance arrangement for <i>Strongim Bisnis</i> . Senior AHC management should continue to provide the governance functions of strategic guidance, oversight and review for directly-managed program activities. There is also a continuing need for the externally-engaged Program Coordinator to assist AHC's Program Manager with many of the functions specified in the investment design, though part-time input should be sufficient in the future.

Table 2: Summary of Recommendations

- Managers and implementers of SIGP activities should continue to maintain an awareness of other activities in the program and take advantage of linkages that may emerge in the future.
- A small Steering Committee should be established for *Strongim Bisnis* and technical support engaged to assist the AHC in managing the activity.
- Part-time technical assistance should be available to the SIGP Program Manager in the AHC to review activities and their associated management information and monitoring and evaluation systems, identify additional information needs, interpret and consolidate information and assist with the preparation and review of reports.
- Regarding M&E: (i) at the activity level, M&E arrangements could be enhanced by the inclusion of outcome evaluations for the East Guadalcanal Road and Bridges project, Gizo Market Redevelopment and support to the ERU and by ensuring the M&E system for *Strongim Bisnis* is put into operation; (ii) at the SIGP level, consideration should be given to focussing the AQC on the four largest activities; and (iii) at the portfolio level, the existing Performance Assessment Framework requires nuancing to better reflect the complexities inherent in measuring economic empowerment in the Solomon Islands context, particularly for women.
- SIGP should not be extended in its present form beyond its current term given the absence of identifiable benefits accruing from the current aggregation of activities into the program.
- There is an urgent need to start the purposeful development of a set of investments and activities for the economic growth portfolio of the AHC that can commence in mid-2020.

1. Role and Conduct of the Mid-Term Review

1.1 The Solomon Islands Growth Program

The Solomon Islands needs sustained and accelerated growth if it is to build a diverse economy that is more resilient to shocks. The Solomon Islands Aid Investment Plan (AIP) flags the Government of Australia's (GoA's) intention, through the aid program implemented by the Department of Foreign Affairs and Trade (DFAT), to increasingly shift investments towards enabling economic growth.

The Solomon Islands Growth Program (SIGP) was established as a flagship four-year \$50 million umbrella investment of the Australian High Commission in Honiara (AHC). The program supports the goal of increased private sector investment in a more inclusive economy. SIGP's end-of-program outcomes (EoPOs) are:

- increased cash incomes for men and women; and
- a better enabling environment for private sector.

SIGP commenced on 1 April 2016 and is scheduled to end on 30 June 2020. The program comprises several individual activities. The SIGP is described in more detail in Chapter 0.

1.2 The Mid-Term Review

Purpose

A mid-term review (MTR) of SIGP was stipulated in the investment design document (IDD). It has been conducted in accordance with DFAT's Monitoring and Evaluation Standards (Commonwealth of Australia 2018c) and provides the AHC in Honiara with an analysis of the progress of the overall program. It also includes an assessment of SIGP's alignment with the objectives of Australia's economic growth portfolio and the policies and priorities of the Solomon Islands Government (SIG). It is expected that the primary users of the report will be the AHC's Economics Section. Based on the recommendation of the review, the AHC will make key decisions on the way forward for the program in relation to its relevance, effectiveness and efficiency.

Key points in the Terms of Reference for the MTR are:

- the MTR covers the program period December 2016 to 30 September 2018;
- the investment represents a new approach to programming economic growth activities, and there is a desire to learn whether the approach is delivering the intended benefits of consolidation;
- it will assess the relevance, efficiency and effectiveness of SIGP as a consolidated program of activities;
- the MTR will not assess impact and sustainability, nor the performance in detail, of the individual activities; and
- the review will consider all the activities under SIGP.

Methodology and Activities

Key activities of the MTR include:

- Preparation of an Evaluation Plan that: (i) reviewed the questions that the MTR was to consider, as well as identifying priority issues and the approach to be taken in addressing

the questions; (ii) an indication of what the evaluators could or could not accomplish within the time frame; (iii) an allocation of tasks between MTR activities and personnel; and (iv) the schedule for the MTR.

- A field mission to the Solomon Islands (1-5 October 2018) including presentation of initial findings at the end of the mission and subsequent submission of an Aide Memoire indicating: (i) mission activities; (ii) confirmation of questions to be addressed by the MTR; (iii) initial findings of the mission; and (iv) an outline of the contents of the final report.
- Preparation of an initial draft of the final report on the findings of the MTR and subsequent finalisation of the report taking account of comments.

The current document is the final report of the MTR.

The MTR used two methodologies to obtain information that has underpinned its assessment and conclusions:

- document review and other available quantitative and descriptive information that could be readily accessed; and
- discussions with participating entities based on a semi-structured interview process.

The mission held 17 primary meetings with 24 people, plus several follow-up meetings to clarify and extend its understanding of issues. Meetings were held with all parties indicated in the Evaluation Plan with two exceptions: (i) the representative of the Asian Development Bank (ADB) was not able to attend the scheduled meeting; and (ii) limited meetings were held with SIG officials. The basis for the latter was that the IDD for SIGP indicated the program was not to “be promoted externally under its name to avoid confusion” (Commonwealth of Australia 2017a:p.34) and the focus of the MTR was on the structure of the program.

All meeting attendees gave written consent to participate and confidential meeting notes were recorded.

The MTR team expresses its thanks to the AHC, its staff and other participants in meetings for their generous assistance, openness and support during the MTR.

MTR Scope and Questions

The Evaluation Plan and subsequent discussions identified changes to the questions set out in the TOR for the MTR. The changes sought to: (i) ensure the review focussed on the SIGP; (ii) added a question to allow progress for SIGP activities to be described, though not assessed in a formal and detailed manner; (iii) simplified the wording of some questions; and (iv) re-ordered the questions to flow in a manner consistent with a structure for this report.

The agreed final set of questions, which are structured around three main topics, are summarised in [Table 1.1](#) (see the next page). They are addressed in following chapters of this report, with each chapter addressing a separate topic. The MTR has not seen a need to prioritise the questions as all are relevant. The presence of two questions related to context and relevance, four related to progress and five related to structure and design also reflect the relative importance of the three topics in meeting the intended needs of the AHC.

1.3 Content of This Report

The contents of the remainder of this report are:

- Chapter 2 describes the SIGP and its component parts, initially as set out in the IDD for the program and then as has occurred in practice;
- Chapter 3 discusses and draws conclusions on the questions related to the Context for and Relevance of the SIGP;

- Chapter 4 discusses and draws conclusions on the questions related to the Performance of the Program and its Activities; and
- Chapter 5 discusses and draws conclusions on the questions related to the Structure and Design of the Program.

The report does not have a chapter that summarises the findings of the MTR but instead has an Executive Summary that also serves this purpose.

Table 1.1: MTR Questions

Topic	Question
Context for and relevance of the SIGP	Q.1. Are the activities under SIGP still relevant when considered in the context of Australia's Foreign Policy White Paper, Pacific Step Up and Solomon Islands Aid Investment Plan and the Solomon Island's own development priorities?
	Q.2. What are the potential linkages of the Undersea Cable Project and the Pacific Labour Scheme (which sit outside SIGP) with the SIGP?
Performance of the Program and its Activities	Q.3. How well is each individual SIGP activity progressing?
	Q.4a. How do the SIGP activities interact currently?
	Q.4b. Is there potential for greater interaction between the activities?
	Q.5a. Are the governance mechanisms of individual activities fit for purpose?
	Q.5b. Does <i>Strongim Bisnis</i> require any additional governance mechanisms in place to provide strategic or technical oversight over the program and support to its activity managers?
	Q.6a. How well are the M&E arrangements of the individual investments working? Q.6b. How well are the M&E arrangements of the SIGP working?
Structure and Design of the Program	Q.7. Are the activities that sit within SIGP still the right things to do under this investment?
	Q.8. Is there a distinction between these activities and the other activities/investments under the growth portfolio which justifies their inclusion under SIGP?
	Q.9. Is there an alternative way to organise all investments under the economic growth portfolio?
	Q.10. How could future M&E arrangements be improved?
	Q.11. What governance arrangements would appropriate for the SIGP in the future?

2. Introduction to SIGP

2.1 The Investment Design

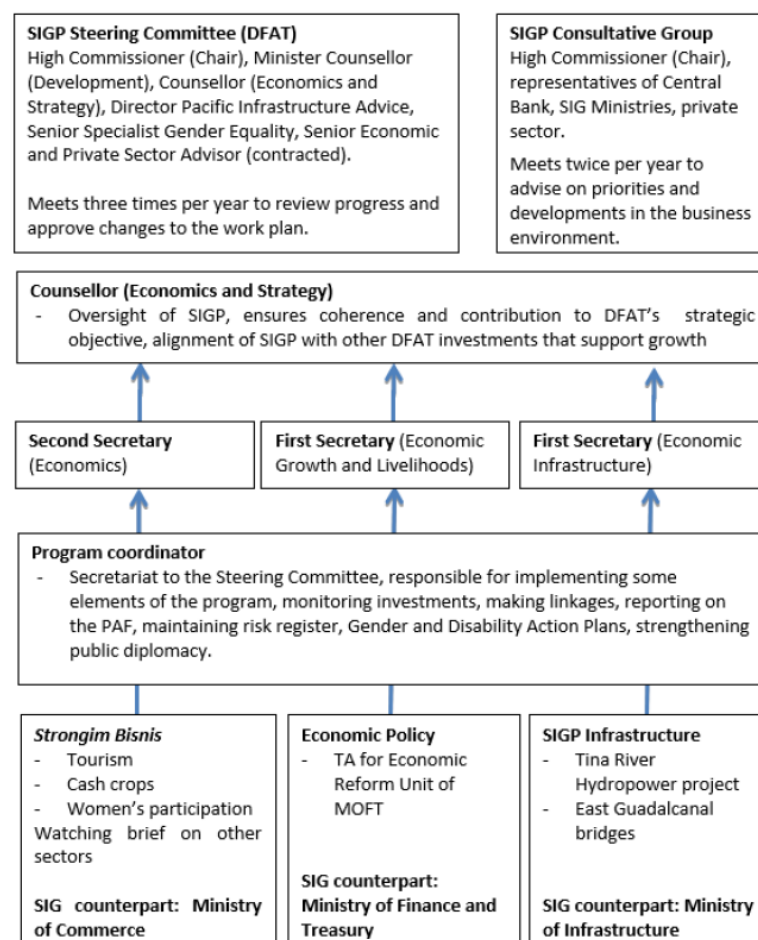
Key features for the SIGP as set out in the IDD for the program (Commonwealth of Australia 2017a) are:

- An investment of \$50 million was proposed, with expenditure of \$15.3 million in the first year and annual expenditures of \$16.2 million, \$10.0 million and \$9.25 million in subsequent years (noting that these annual amounts sum to \$47.5 million, with the remaining amount allowed for program management and associated monitoring and evaluation).
- The program was to: (i) address economy-wide constraints to growth through activities such as the development of infrastructure, government capacity for policy and risk analysis, workforce productivity and business capacity to advocate for change; (ii) promote growth in specific sectors through activities that catalyse business innovation, change practices, strengthen collaboration, manage risks, build resilience and increase women's participation and empowerment; and (iii) influence change in the business environment through advocacy and engagement with the private sector, government, the public and other organisations.
- It comprised three sub-programs (which respectively accounted for 64%, 25% and 6% of the total program budget): (i) economic infrastructure projects that addressed constraints to business development or would catalyse investment; (ii) a new mechanism, *Strongim Bisnis* (Strengthen Business), to work in selected markets (initially cocoa, coconut and tourism), primarily with the private sector and also with the Solomon Islands Government (SIG) and statutory agencies, on business practice, market development, risks and resilience, and women's participation in the economy; and (iii) continue existing Australian support for economic reform within SIG's Ministry of Finance and Treasury (MFT). *Strongim Bisnis* was to have a watching brief on the activities in other sectors.
- *Strongim Bisnis* was to be implemented through a contractor with other activities undertaken using existing mechanisms for the provision of support and managed by AHC staff.
- To avoid confusion, SIGP was not to be promoted externally under its name. It was instead to simply be an umbrella under which an additional \$50 million contribution to growth in Solomon Islands was located. The only new externally visible entity under the program was to be *Strongim Bisnis*.
- SIGP was to take a programmatic approach, with a set of criteria specified to guide the selection and prioritisation of initiatives. The approach was used to identify a set of potential initial activities.
- The IDD did not identify any specific linkages between the various activities in the programs other perhaps than that implicit in the categorising of activities into three sub-programs.
- There was no overarching Theory of Change for SIGP, and only outline theories of change for some individual activities.
- SIGP was to be guided by a Steering Committee that comprised senior AHC staff and engaged advisers (see [Figure 2.1](#)). An SIGP Consultative Group chaired by DFAT and with representatives from SIG agencies and the private sector was to meet twice each year to

provide advice on priorities and developments in the business environment. The Counsellor (Economics and Strategy) was to oversee SIGP and ensure its coherence and contribution to DFAT's strategic objective. It was also to ensure alignment of SIGP with other DFAT investments that support growth. No additional governance arrangements were proposed for individual activities in the program.

- A Program Coordinator was to be engaged to act as Secretariat to the Steering Committee and be responsible for implementing some elements of the program, monitoring investments, making linkages, reporting on the performance assessment framework (PAF), maintaining the risk register and gender and disability action plans, and strengthening public diplomacy.

Figure 2.1: Solomon Islands Growth Program Management Arrangements Proposed in the Investment Design



Source: Commonwealth of Australia (2017a:p.35)

As discussed in the next section, the elements of the SIGP were implemented largely as planned though not entirely so, for example: (i) the single sub-program for *Strongim Bisnis* was not adopted, with the various initiatives instead implemented separately; (ii) the project selection criteria seem to have had limited practical use; and (iii) the governance arrangements were not implemented. These and other matters are discussed elsewhere in this report in the context of addressing specific questions set for the MTR.

2.2 Implementation of the Program

SIGP commenced in April 2016. Delays in procurement resulted in *Strongim Bisnis* not commencing until July 2017. In part due to the latter, other elements of the SIGP program were initiated as separate activities under the direct management of the AHC rather than involving *Strongim Bisnis* in their oversight. While *Strongim Bisnis* continued to take a programmatic approach, other funds were almost entirely committed to specific activities from virtually the outset.

The management arrangements for the program, with a Steering Committee and Consultative Group, were not implemented. Instead, AHC staff managed individual activities in the program and undertook program-level activities such as development of management systems and

completion of annual Aid Quality Checks (AQC). The need for the Consultative Group was lessened by using existing channels to implement SIGP activities, the focus on the private sector and the intent that the program not be promoted under its name. While not explicit, it may be interpreted that the Counsellor (Economics and Strategy) was to the AHC's Program Manager. In November 2017 an external Program Coordinator was engaged to assist the Program Manager by undertaking the activities set out in the IDD, though without any responsibility to implement activities.

At the end of February 2018 (22 months into its 51-month implementation period – equal to 43% of the duration), 39% of the approved budget had been expended compared with around 60% anticipated in the IDD. In the meantime, the budget for SIGP increased from the original \$50.0 million to \$53.1 million. At the end of September 2018, 59% of the way through its implementation period, 66% of the revised budgeted was expended.

2.3 Description of SIGP Components

The activities being undertaken through the SIGP are introduced in this section. Mindful that the focus of the MTR is on the structure of SIGP rather than the performance of its component parts, only relatively brief consideration is given to each of the activities. The activities (see [Table 2.1](#)) comprise:

- Strongim Bisnis;
- three infrastructure activities, covering a hydro power project, road and bridges and a market redevelopment;
- a women's economic empowerment activity that includes two agreements (Markets for Change, and Empowering Women Is Smart Business) – hereafter respectively called M4C and *Waka Mere* for brevity¹;
- a private sector development activity that also includes two agreements (Support to the Solomon Islands Chamber of Commerce and Industry and the Economic Reform Unit in the Ministry of Finance and Treasury);
- a proposed revival of the Core Economic Working Group that provided advice to the SIG on economic and fiscal matters;
- a small cocoa pilot project; and
- Program management.

¹ The MTR notes the administrative difference between an *activity* as a single initiative and its use as a theme that could contain several *agreements*. For simplicity of exposition, the current report uses the term activity to describe all ten of the initiatives in SIGP.

Table 2.1: Australian Assistance to the Solomon Islands – Economic Growth Portfolio Including SIGP

Component ⁽¹⁾	External Partner	Budget (\$m)	Schedule (mm/yyyy)	
			Start date	End date
SIGP				
Strongim Bisnis	-	14.0	07/2017	06/2020
Tina River Hydropower ⁽²⁾	WB	17.0	06/2017	06/2024
East Guadalcanal Road and Bridges	ADB	6.0	04/2017	06/2020
Gizo Market Redevelopment		3.9	11/2017	12/2019
WEE ⁽³⁾ : Markets for Change (M4C)	UN Women	1.2	2014	2019
WEE: Empowering Women Is Smart Business (Waka Mere)	IFC	2.5	07/2017	06/2019
PSD ⁽⁴⁾ : SICCI Support	-	0.7	04/2016	04/2019
PSD: Economic Reform Unit Support	-	2.5	04/2016	12/2019
Core Economic Working Group ⁽⁵⁾	ADB, WB, NZ, EU-	2.0	12/2017	2019
SOUL Cocoa (ADRA Cocoa Pilot)	-	0.3	04/2016	06/2017
Program Management M&E	-	3.0	04/2016	06/2020
Sub-Total (SIGP)		53.1	-	-
Other Economic Growth Portfolio				
Sustainable Transport infrastructure Improvement Project (STIIP)	ADB	42.0	06/2016	06/2021
Rural Development Program (RDP)	WB, EU, IFAD	35.3	01/2007	06/2020
Pacific Horticultural and Agricultural Market Access (PHAMA) ⁽⁶⁾	NZ	24.1	07/2013	10/2018
Skills for Economic Growth (S4G)	-	16.0	2015	2019
PSD: Pacific Financial Inclusion Program (PFIP)	UNCDF, UNDP, EU, NZ	5.4	2001	2017
Seasonal Workers Program	-	1.8	01/2016	06/2019
Solomon Islands Women in Business Association (SIWIBA)	-	0.7	2014	2018
Biosecurity Development Program (Phase 2)	-	0.8	06/2017	06/2019
Undersea Cable Project ⁽⁷⁾	-	200	2017	2020
Sub-total (Other Growth Portfolio)		326.1	-	-
Total Growth Portfolio		379.2	-	-

(1) As at 30 September 2018

(2) Currently \$17m but with a commitment to increase this to \$18.4m.

(3) Women's economic empowerment

(4) Private sector development

(5) The activity is yet to commence as no agreement is currently in place.

(6) Regional program with total DFAT contribution of \$81.0m.

(7) The current budget is up to \$200m, which is the total project cost of international links to Papua New Guinea and Solomon Islands and domestic links in the Solomon Islands. The governments of the Solomon Islands and PNG will contribute to the cost of the project.

Source: AHC

Strongim Bisnis currently has a full-time equivalent staff of four expatriates and 14 Solomon Islanders. It does not have its own steering committee but is instead managed by AHC staff. It meets weekly with these staff and provides weekly meeting notes, and monthly, quarterly, bi-annual and annual reports. It has an internal Strategic Advisory Panel that was established by the contractor engaged by DFAT to deliver the activity, and which meets annually or remotely as required.

In the IDD, *Strongim Bisnis* had a considerably broader role than has occurred in practice. The IDD indicated it was to have a watching brief over other activities though the IDD also designated AHC staff to manage some of these other activities (e.g. *Waka Mere* and support to SICCI) and included the Gizo Market Redevelopment project as a candidate project for *Strongim Bisnis*. In addition to these responsibilities, *Strongim Bisnis* was to have undertaken a disparate range of other activities². The change to its present narrower role is sound, resulting in a more focussed activity and role.

Tina River Hydropower Project

The Solomon Islands currently generates most of its power using imported diesel fuel. Retail power prices are amongst the highest in the world. The Tina River Hydropower project involves construction of a 15MW hydropower facility around 50km southeast of Honiara on an uninhabited stretch of the Tina River. The project, which is led by the SIG and the World Bank, is to be implemented through a public-private partnership, with the Korea Water Resources Corporation (K-Water) selected to enter negotiations with the SIG to build, operate, own and maintain the hydropower facility under a 30-year power purchase agreement with Solomon Power. After the agreement expires, ownership will be transferred to SIG at no cost. After financial close and mobilisation, construction will take five years, with the new power station expected to open in 2024. The benefits of the project include cheaper and more reliable power, reduced foreign exchange requirements, greater energy security and reduced greenhouse gas emissions. In addition to land use compensation arrangements, a benefit sharing mechanism will be implemented to allocate some revenue from hydropower generation to communities in the project area.

Considerable and complex grant and loan financing is required for the project. It was estimated at the time of its preparation to cost US\$240.49m. Funding is currently to be sourced from the Abu Dhabi Fund for Arab Economic Development (US\$15.00m), the Asian Development Bank – ADB (US\$30.00m), the SIG (US\$22.15m), the Republic of Korea Economic Development Cooperation Fund (US\$31.60m), the Green Climate Fund (US\$86.00m), a loan from the International Development Association – IDA (US\$23.38m), a grant from the IDA (US\$10.26m), the Australia-Pacific Islands Partnership Trust Fund (US\$11.70m) and K-Water (US\$10.40m). The total cost of the project is the equivalent to 18% of the Solomon Islands 2017 gross domestic product of US\$1.3 billion.

² The IDD indicated that *Strongim Bisnis* was to contribute more widely to the objectives of the Australian aid program by (Commonwealth of Australia 2017a:p30):

- “Developing market analysis that informs the Post on economic benefits of infrastructure options beyond those specifically targeted by SIGP;
- Using transport infrastructure investment by Australia as an entry point for working with users to exploit improved transport links;
- Supplying a market perspective to work on public financial management reform and tax policy;
- Providing advice to groups of young people or people with disability who are being assisted under other Australian programs and wish to commercialise products or services;
- Working with the skills program to identify solutions to skills shortages experienced in focus markets and outside of Honiara;
- Ensuring complementarity with elements of the Rural Development Program that relate to market development;
- Assisting health and education programs to increase the involvement of the private sector in service delivery;
- Deepening analysis and expertise across the program on women’s economic empowerment;
- Integrating the risks of extreme weather and climate change in the target investment sectors to support climate resilient livelihoods and businesses”.

DFAT has provided considerable assistance to support preparation of the project, including transaction advice. The additional funding to be provided from the Australia-Pacific Islands Partnership Trust Fund through SIGP is to finance construction of the access road for the project and support to the Tina River Project Office.

East Guadalcanal Road and Bridges Project

DFAT provides continuing support for surface transport infrastructure development in the Solomon Islands by contributing to the National Transport Fund (NTF) and capacity building for the Ministry of Infrastructure Development (MID) through parallel financing of the ADB's Sustainable Transport Infrastructure Improvement Program (STIIP).

The activity in the SIGP adds to this support by specifically financing the reconstruction of two bridges and a section of connecting road in East Guadalcanal that were damaged by a cyclone. The SIGP activity is being implemented in the same manner as other current support for surface transport (i.e. using the NTF funding mechanism and STIIP implementation support) but with the funding and expenditure being accounted for separately from other current support.

Gizo Market Redevelopment

Gizo is the capital of the Western Province in Solomon Islands. It has a population of 6,200, making it the second largest town in the country. Gizo attracts tourists for diving and surfing and recently began hosting cruise ships. Currently around eight cruise ships visit Gizo each year.

The redevelopment of Gizo Market seeks to: (i) increase private sector investment; (ii) promote growth in the tourism sector; (iii) empower women economically and improve their livelihood security; and (iv) provide capacity development for the construction sector, the market vendors and authorities responsible for managing the market. The project will build a retaining wall towards the lagoon edge and develop a suite of buildings within the current market footprint that also allow for further development in the future. Proposed structures include an open market hall, a kiosk and an amenities building together with on-site sewage treatment. Planning and implementation of the project was complemented by an M4C activity that is also a part of the SIGP (see the next activity description).

The project is implemented by a contractor and managed by the AHC.

Markets for Change (M4C)

M4C is based on a theory of change that market vendors, who are primarily women, can be empowered within the market environment through a combination of strategies: (i) the creation and strengthening of representative market place groups to strengthen the roles and influence of women market vendors; (ii) interventions focused on increasing financial literacy, access to finance and participation in value chains; (iii) strengthening the accountability and capacity of market management and municipal and provincial governments to enable them to (a) employ gender-responsive policies, procedures and decision-making receptive to the needs of market vendors, and (b) to the design and construct of gender-responsive infrastructure and on-site services.

The M4C program is a regional program funded through DFAT's flagship program, *Pacific Women Shaping Pacific Development*. It is run by UN Women (under the umbrella of UNDP) based in Suva and is governed by a Regional Project Board responsible for project oversight, technical advice and direction. At the country level, the project is governed by a project management committee (PMC) composed of DFAT, government ministries, market management, UNDP and UN Women. At the operational/market level M4C has a project working committee (PWG) that includes representatives from the market vendors association, civil society organisations and the private sector as well as DFAT, SIG, market management, UNDP and UN Women. A PMC at the operational level is informed by the PWGs. The provincial secretaries for Malaita and Western provinces and AHC staff attend quarterly PMC meetings.

AHC staff in Honiara attend quarterly management meetings, receive biannual progress reports, and have provided feedback on the mid-term review. M4C has worked with six different focal points at the AHC over the past three years.

In the context of SIGP, additional funding was provided to expand M4C to Gizo market, including supporting the redevelopment of the market space.

Empowering Women Is Smart Business (Waka Mere)

Waka Mere (“she works”) is focused on reducing the impact of domestic violence on businesses and women’s leadership and non-traditional jobs. *Waka Mere* helps businesses to adapt and implement a model domestic violence policy, supports women to attend leadership training programs and facilitates access to training in non-traditional work skills. In addition, *Waka Mere* provides support to the Solomon Islands Professional Women’s Network launched in December 2016 by the International Finance Corporation (IFC) and SICCI. The network involves women leaders from the private sector and the public service.

Waka Mere is also funded through DFAT’s flagship program, *Pacific Women Shaping Pacific Development*. It is one activity under the Pacific Partnership agreement between IFC and DFAT to stimulate private sector investment, promote sustainable economic growth, and reduce poverty. DFAT’s involvement in the program is managed from Canberra.

Support to the Solomon Islands Chamber of Commerce and Industry

SICCI is the peak private sector representative body in the Solomon Islands. Australian support has facilitated the role and activities of SICCI, guided by the DFAT/SICCI grant agreement that seeks to: (i) enable development by SICCI of higher quality policy dialogue with SIG on the state of the economy and domestic business environment; and (ii) broaden SICCI’s membership to become more representative of the Solomon Islands private sector. The funding covers the CEO’s salary, networking events and training courses.

From a former position of considerable weakness, it has become an active organisation with around 240 members, including affiliate membership that includes aid programs and non-government organisations (NGOs). Around 60% of its members are small- to medium-size businesses, and there is significant representation of provincial businesses. It works closely with the SIG to promote a better enabling environment for the private sector, addressing matters such as the national budget, anti-corruption, tax reform, land issues, infrastructure, skills development, creating an e-platform and one-stop shop for registering new businesses and the transition of the Solomon Islands from Least Developed Country (LDC) status. SICCI is run by a CEO, has six staff plus an adviser to the CEO, and is governed by an 11-member board.

A Project Coordination Committee comprising SICCI and AHC meets quarterly. Reports to the committee focus on key activities, their outcomes, progress towards objectives and on emerging issues and risks. The reports also include information on *Waka Mere*.

Support to the Economic Reform Unit

The Economic Reform Unit (ERU) in the MFT provides advice to senior management in MFT and more generally in the SIG on a wide range of macro- and micro-economic matters, including taxation, customs and budgetary policy and forecasting, business regulation and economic reform. It also monitors state-owned enterprises.

The ERU was established in 2004, shortly after mobilisation of the Regional Assistance Mission to Solomon Islands (RAMSI). It was part of a broader program of support to the SIG that included the provision of Australian government personnel, in this case as advisers to the ERU. Under the SIGP, three advisers were provided to the ERU from September 2016 to November 2017, after which two positions were supported. Advisers were, for a considerable period, drawn from the Australian Departments of Treasury and Finance, which provided experienced personnel on a continuous basis. Advisers are now sourced through DFAT’s Solomon Islands Resource Facility

(SIRF), which also manages advisers under other DFAT programs, drawing on private sector personnel.

Advisers each develop an indicative annual work plan to identify priorities for engagement. However, advisory support is intended to be opportunistic and flexible to support the emerging appetite for positive reform and provide advice and information where negative policy decisions may undermine growth prospects for the Solomon Islands. As such, allowance is made for flexibility in the work plans. The advisers prepare quarterly reports that indicate progress against their work plans and achievements against ERU priorities. The work of the advisers is overseen by the AHC, and the advisers meet quarterly with the AHC to review their activities.

Core Economic Working Group

The Core Economic Working Group (CEWG) is the primary mechanism for enabling policy dialogue between development partners and the SIG. It consists of Australia, the ADB, European Union, New Zealand and the World Bank. The policy dialogue promotes reforms by the SIG to strengthen public financial management, improve fiscal management and sustainability and enable drivers of growth.

The CEWG was originally established in 2009. After a period of inactivity starting in late 2016, the SIG announced in November 2017 that it wished to reinvigorate discussions with development partners. Australia was instrumental in galvanising development partner participation in the recommencement of CEWG activities.

Cocoa Pilot

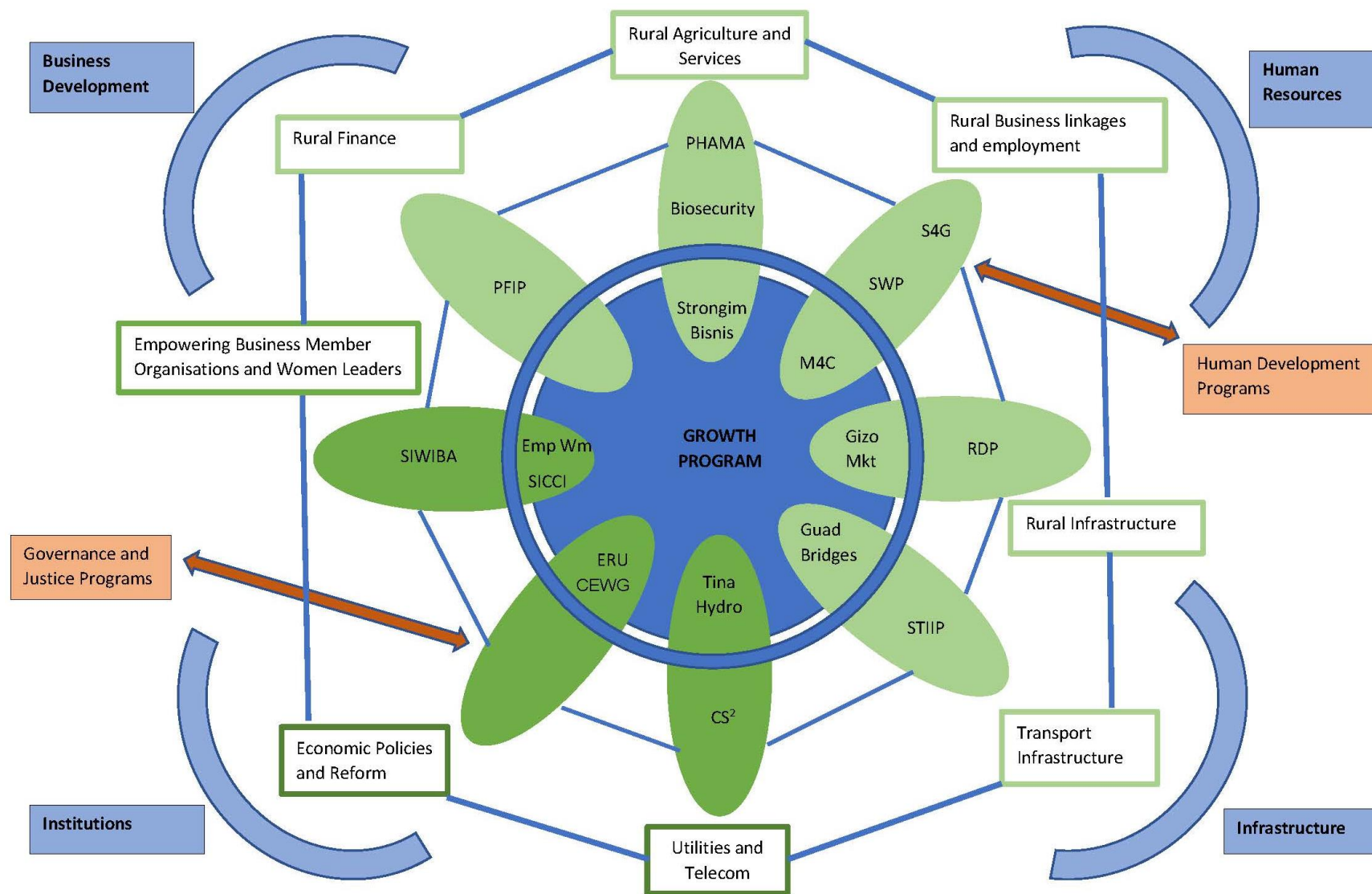
The Soul Cocoa project provided practical training to cocoa growers in North Malaita and East Guadalcanal. The objective was to: (i) enable them to improve the quality of their cocoa beans so they could sell the beans at a higher rate; (ii) improve the quality of processed cocoa; and (iii) to link them to markets for premium cocoa with the best potential for growth. The activity supported through the SIGP was implemented by an NGO (Adventist Development and Relief Agency – ADRA). ADRA developed a business plan for a social enterprise for the purchase, processing and marketing of cocoa. The activity was identified in the IDD as being illustrative of one of the types of activities that could be undertaken through *Strongim Bisnis*.

2.4 Economic Growth Portfolio

The SIGP is one of the investments in the economic growth portfolio of DFAT’s aid program to the Solomon Islands. Other initiatives in the portfolio are shown in [Table 2.1](#). SIGP accounts for a substantial portion of the portfolio, and even more if the single largest activity, the recently-committed Undersea Cable Project, is excluded.

Activities in the economic growth portfolio, including SIGP, are classified and shown diagrammatically in [Figure 2.2](#). The economic growth portfolio covers a very wide range of topics - four major topic areas (i.e. business development, building human resources, infrastructure development and institutional capacity building), with eight specific areas of endeavour supporting these (e.g. rural agriculture and services, etc), and with links to other AHC support portfolios, specifically Governance and Justice and Human Development. The SIGP contains activities in six of the eight identified areas of endeavour. Thus, there is substantial overlap between the coverage of the SIGP and the remainder of the economic growth portfolio. These matters and implications of them are discussed in more detail in Section 5.2).

Figure 2.2: Solomon Islands Economic Growth Portfolio (Source: Program Coordinator (Danura Miriyagalla))



3. Context for and Relevance of the SIGP

The SIGP is an investment in a substantial aid program to the Solomon Islands that is guided by the policy and strategy of the Government of Australia (GoA) and the needs of the Solomon Islands. There is potential for SIGP to interact with other parts of the aid program and, when this potential exists, there is a need to ensure that it is designed and implemented in a complementary manner. This chapter examines these two issues through two specific questions that are addressed in following sections.

3.1 Relevance of SIGP

Q.1. Are the activities under SIGP still relevant when considered in the context of Australia's Foreign Policy White Paper, Pacific Step Up and Solomon Islands Aid Investment Plan and the Solomon Island's own development priorities?

A. The activities under SIGP remain relevant to the policies and strategies of the governments of Australia and the Solomon Islands even though a number of the documents presenting them have been released since the design of the SIGP. The relevance includes:

- (i) in the case of the Australia's **Foreign Policy White Paper**, SIGP activities support the themes of (a) connecting with the Pacific, (b) engaging with the private sector, (c) empowering disadvantaged people, and (d) cooperating with development partners;*
 - (ii) while no new specific and explicit issues in the **Pacific Step Up** statement have a direct bearing on SIGP activities, its activities are supportive of the thrust of the statement;*
 - (iii) SIGP activities are consistent with the current **Solomon Islands Aid Investment Plan** (a) primarily supporting the objectives of enabling economic growth and enhancing human development, and (b) working through SIG systems (where appropriate) and seeking a greater role for the private sector; and*
 - (iv) the Solomon Island's **National Development Strategy (NDS)**, which sets out the government's development priorities and strategies, was considered in the design of the SIGP and a review confirms the continuing relevance of its activities with the NDS.*
-

Foreign Policy White Paper

The *Foreign Policy White Paper* (Commonwealth of Australia 2017c) presents Australia's aid program within the broader context of its foreign policy. As the design of the SIGP preceded publication of the White Paper in November of 2017, consideration is given as to whether the SIGP is still consistent with current GoA policy. Four themes evident in the White Paper have a bearing on the SIGP. They are considered in turn.

1. Connecting with the Pacific

At the highest level, the White Paper notes that a step up in support for a more resilient Pacific (and Timor–Leste) is one of the five objectives of fundamental importance to Australia’s security and prosperity. It goes on to note that the “approach recognises that more ambitious engagement by Australia, including helping to integrate Pacific countries into the Australian and New Zealand economies and our security institutions, is essential to the long-term stability and economic prospects of the Pacific” (p.7) and that “to pursue common interests and respond to the region’s fundamental challenges, Australia will engage with the Pacific with greater intensity and ambition, deliver more integrated and innovative policy and make further, substantial long-term investments in the region’s development” (p.101). With regard to the Solomon Islands, the White Paper specifically notes that the GoA “will work with Solomon Islands to help ensure that the transition from RAMSI protects stability in the country. Our joint work to support economic growth and to improve governance will remain important” (p.104).

Hence, the SIGP is fully consistent with the intent to promote links with and development of Pacific countries and its activities support the intentions with regard to economic growth and governance in the Solomon Islands.

2. Engaging with the private sector

The White Paper notes that “the private sector is the primary source of economic growth, incomes and jobs in developing countries”, that “partnerships with the private sector boost the impact of Australia’s development assistance” (p.109), and hence that the GoA “develop[s] and implement[s] policies and programs that focus on innovation and encourage private sector-led growth and job creation” (p.90).

Substantial elements of the SIGP focus on these matters, *Strongim Bisnis*, M4C, *Waka Mere* and support to SICCI in particular, and together account for 37% of the expenditure on SIGP activities. The support to the ERU and the Tina River Hydropower project also facilitates private sector development.

In addition, the White Paper observes that “Australia helps regional countries prepare high-quality, investment-ready projects and improve policy frameworks to attract private capital” (p.46). This has been the case with work undertaken to date for the Tina River Hydropower project.

3. Empowering disadvantaged people

The White Paper observes that “gender inequality undermines global prosperity, stability and security. It contributes to and often exacerbates a range of challenges, including poverty, weak governance and conflict and violent extremism” and hence that “Australia’s foreign policy pursues the empowerment of women as a top priority” (p.93), noting also that “eliminating gender disparities in the [Indo-Pacific] region would significantly boost per capita incomes” (p.90).

More broadly, the White Paper promotes disability inclusive development (p.89) and places emphasis on “poverty reduction and promoting the participation in the economy and society of the most disadvantaged” (p.90).

These needs are particularly acute in the Solomon Islands. Women, for example, face severe gender inequality and the prevalence of gender-based violence is amongst the highest in the world. The forthcoming graduation of the Solomon Islands from least-developed country status belies very low incomes for many people in the country, particularly in rural areas. High levels of youth unemployment risks life-time disadvantage. The SIGP addresses these matters in various ways. *Strongim Bisnis* is directed to enhancing employment in the rural-oriented coconut and cocoa sectors and tourism in regional areas of the country and specifically addresses the

needs of women and youth, while the M4C and *Waka Mere* initiatives are focussed on supporting women. Gender responsiveness is incorporated into all the other activities.

4. Cooperating with development partners

The White Paper indicates that “Australia will support efforts to attract public and private investment in the Pacific and Timor–Leste. We continue to work to increase the provision of multilateral bank finance and expertise, especially by the World Bank and Asian Development Bank” (p.100), noting also that “our work with multilateral institutions, like UN agencies and multilateral development banks, allows the Government to leverage their influence, technical expertise and convening power. Our multilateral partners help us achieve outcomes on a scale that would not otherwise be possible” (p.109).

A number of the activities in the SIGP involve cooperation with development partners, including the World Bank (and others) for the Tina River Hydropower project, the ADB for the East Guadalcanal Road and Bridges project, the International Finance Corporation (IFC) for *Waka Mere*, UN Women for the M4C and a number of multi-lateral agencies for the Core Economic Working Group, which together account for 57% of the expenditure for SIGP activities. These and other partnerships are shown in [Table 2.1](#).

Pacific Step-up

Stepping-Up Australia’s Pacific Engagement (Commonwealth of Australia 2018b) is a relatively brief statement that summarises some new and revised initiatives to address the increased engagement with the Pacific, which was one of the core priorities of the *Foreign Policy White Paper*. It identified key measures to strengthen Australia’s engagement with the Pacific to include: (i) stronger partnerships for economic growth; (ii) stronger partnerships for security; and (iii) stronger relationships between our people (p.1).

The first of these is somewhat relevant to the SIGP, with its focus being on new and updated initiatives related to labour mobility, viz. the Pacific Labour Scheme, Seasonal Worker Programme and the Pacific Labour Facility. However, the statement also noted the more general approach to supporting the long-term challenges faced by countries in the Pacific including, amongst others, climate change and responding to natural disasters, sustaining economic growth and boosting education, skills and jobs for growing populations, and gender equality and recognising the essential role of women in achieving better development outcomes.

While no new specific and explicit issues in the statement have a direct bearing on SIGP activities, the activities are consistent with the general thrust of the statement. More generally, improved internet that will result from the Undersea Cable Project (that is part of the economic growth portfolio, though outside the SIGP) will improve communications between people who move away from their homes to participate in the labour schemes and their families in the Solomon Islands.

Australia-Solomon Islands Aid Partnership

The *Aid Investment Plan Solomon Islands 2015-16 to 2018-19* (Commonwealth of Australia 2015) was developed around the same time as the design of the SIGP. In general, the AIP did not address specific initiatives to be undertaken over its term. Rather, it set out the strategic priorities and rationale, implementation approaches and performance and program management.

The AIP identified the strategic objectives for Australia’s aid to the Solomon Islands as being: (i) supporting stability; (ii) enabling economic growth; and (iii) enhancing human development. Activities in the SIGP are directed to the second of these objectives. However, the SIGP activities are implemented in conjunction with Solomon Island institutions and people, and hence also enhance human development. This is especially true of the women’s economic empowerment (WEE) and private sector development (PSD) activities and also *Strongim Bisnis*.

Implementation of SIGP is also fully consistent with the approaches set out in the AIP, including:

- working through SIG systems, e.g. in the case of the support for the Economic Reform Unit and the Core Economic Working Group, and the Tina River Hydropower and East Guadalcanal Road and Bridges projects; and
- a greater role for the private sector, e.g. support to SICCI, *Strongim Bisnis* and WEE activities in particular, but also including the Gizo Market Redevelopment project and work undertaken through the support provided to the ERU.

Thus, all activities in the SIGP are consistent with the current AIP.

The current AIP covers the period until around mid-2019, when a new follow-on plan is due to be prepared. At the present time there is no expectation of a major change in its thrust and hence no conflict is expected to occur over the remaining term of the SIGP (to mid-2020).

The AIP is complemented by the *Solomon Islands-Australia Aid Partnership Arrangement* (Commonwealth of Australia and Solomon Islands Government 2017) that covers the period June 2017 to June 2020. This arrangement is a new formal agreement between the countries regarding objectives and priorities, mutually reinforcing commitments, performance benchmarks, governance and review and coordination between development partners working in the country. The arrangement aligns with the SIG's *National Development Strategy 2016-2035*, and GoA's *Aid Investment Plan – Solomon Islands 2015-16 to 2018-19*. It therefore imposes no new requirements or obligations that affect the SIGP.

Solomon Islands Government Development Strategy

The current *National Development Strategy – NDS* (Solomon Islands Government 2016) sets out the SIG's approach to socio-economic development for the period 2016 to 2035. The NDS was available at the time of the design of the SIGP and was taken into account in the design of the investment. To verify this, consideration is given here to the objectives and the strategy in the NDS and the activities in the SIGP.

The NDS sets out five priority objectives: (i) sustained and inclusive economic growth; (ii) poverty alleviated across the whole of the Solomon Islands, basic needs addressed and food security improved, and with the benefits of development more equitably distributed; (iii) all Solomon Islanders have access to quality health and education; (iv) resilient and environmentally sustainable development with effective disaster risk management, response and recovery; and (v) a unified nation with stable and effective governance and public order.

The first of these objectives is most relevant to the SIGP, with the NDS identifying four strategies to address it in the medium term (five years): (i) reinvigorate and increase the rate of inclusive economic growth; (ii) improve the environment for private sector development and increase investment opportunities for all Solomon Islanders; (iii) expand and upgrade weather resilient infrastructure and utilities focused on access to productive resources and markets and to essential services; and (iv) strengthen land reform and other programs to encourage economic development in urban, rural and customary lands.

The SIGP does not address the last of these strategies. However, the first two strategies are fully aligned with the approach in the three GoA documents discussed above, so the consistency of the SIGP activities with them is equally applicable to the NDS. Hence, it is concluded that the SIGP is consistent with the SIG's NDS.

Provision of public infrastructure that is essential to supporting economic and social needs is an inherent part of Australia's engagement with the Pacific. In the case of the SIGP, most of the infrastructure activities are being implemented in conjunction with the World Bank (for the Tina River Hydropower project) and the ADB (for the East Guadalcanal Road and Bridges Project), which is consistent with the approach set out in the GoA documents.

3.2 Linkages Between SIGP and Other Selected Activities

Q.2. What are the potential linkages of the Undersea Cable Project and the Pacific Labour Scheme (which sit outside SIGP) with the SIGP?

A. The linkages are modest but relevant. The outcomes of the Undersea Cable Project and the Pacific Labour Scheme will provide opportunities that some SIGP activities will be able to take advantage of, for example the potential to facilitate private sector investment by workers returning to the Solomon Islands with foreign earnings. The Undersea Cable project and SIGP will be completed around the same time, thus allowing only preparatory actions to be taken during SIGP.

The Undersea Cable Project involves high-speed undersea telecommunications cables to Papua New Guinea (PNG) and the Solomon Islands. It includes an international link to East Guadalcanal, with domestic spurs to Malaita, Choiseul and Western provinces. The direct effect of the project will be much faster and more reliable access to the internet for the most heavily populated areas of the Solomon Islands. The project is expected to become operational in 2020.

This is the same year in which the SIGP is to be completed, and so it is unlikely that SIGP activities will be able to take direct advantage of the improved internet access. However, the activities for which it will be most useful can now anticipate the improvements and incorporate them into their initiatives and actions where appropriate. This will allow full advantage to be taken of the improved internet access as soon as it occurs. This will be most relevant to *Strongim Bisnis*, *Waka Mere*, the ERU and SICCI, which together account for 39% of the budget for SIGP activities.

The *Stepping-Up Australia's Pacific Engagement* statement indicated that the Pacific Labour Facility, which commenced in October 2018, will: (i) connect Australian employers with Pacific workers and support the administration of the Pacific Labour Scheme (PLS) in partnership with DFAT; and (ii) provide targeted support for the (GoA's) Department of Jobs and Small Business-led Seasonal Worker Programme. The PLS itself will enable citizens of the Solomon Islands, amongst other selected Pacific island countries, to take up low and semi-skilled work opportunities in rural and regional Australia for up to three years. The PLS has an initial cap of up to 2,000 workers in 2018-19.

None of the SIGP activities have a direct role in the PLS, for example to identify work opportunities, provide pre-departure preparation or support workers and their families during participation in the scheme. However, it is expected that people participating in the scheme will be able to accrue savings, which can be a source of capital for private sector investment in the Solomon Islands. Assisting participants to maximise their accumulation of savings and helping direct them to worthwhile business activities in the Solomon Islands will secure the greatest benefits of the scheme for the country.

While no SIGP activities have the specific role of assisting Solomon Islanders to find and exploit investment opportunities, *Strongim Bisnis* and the PSD and, to a lesser extent, WEE activities (see [Table 2.1](#)) all have roles in supporting private sector investment. The following observations are made about the potential for these activities to also support the PLS:

- *Strongim Bisnis* helps to identify and respond to constraints to growth and the efficient and effective operation of markets. In general, it thus works with existing businesses, though in the course of its work it is likely that potential investment needs will emerge, some of which cannot be met by the existing businesses.

- Through the M4C activity, it is possible that market vendors may identify opportunities for investment in new and improved products.
- SICCI may be able to develop programs to help potential investors to assess business opportunities and could possibly also be a meeting point for investors and those seeking investment capital.
- The ERU could investigate policy measures that could facilitate private sector investment financed by overseas earnings, including substantially improving the ease of doing business in the Solomon Islands³.

It is not recommended that SIGP activities should seek to identify investment opportunities. These should instead emerge from needs and opportunities identified by the private sector, with full financial responsibility resting with the private sector participants.

Finally, as with the Undersea Cable Project, it is likely that SIGP will end before substantial amounts of capital will become available from participants in the PLS.

³ In 2018 the Solomon Islands ranked 116 out of 190 economies in the World Bank's *Ease of Doing Business* index, with especially poor performance regarding Registering Property (rank 152), and Trading Across Borders and Enforcing Contracts (each ranked at 156). (Source: http://www.doingbusiness.org/en/data/exploreeconomies/solomon-islands#DB_tab, accessed 25 October 2018)

4. Performance of the Program and its Activities

This chapter addresses the implementation of SIGP, assessing the progress of individual activities, the extent to which the activities in the program interact with each other, governance arrangements and monitoring and evaluation.

4.1 Progress with Implementation of SIGP

Q.3. How well is each individual SIGP activity progressing?

A. SIGP activities are generally progressing well, though the rate of progress varies. The most demanding activity is Strongim Bisnis, the largest single activity by value directly managed by the AHC. The challenges for this initiative include the introduction of a new concept that was not as fully developed in the investment design as could have been the case, a delayed start to the activity and imperfect governance arrangements.

Box 4.1: Progress Summary

The primary focus of the MTR is on the progress rather than the performance of the SIGP and its component activities. Even so, the MTR has discussed the activities to a considerable extent with AHC staff and those involved in implementing them, and thus also makes its own indicative assessment of their performance to assist in determining the merit of the investment as a whole. The indicative nature of this assessment should not be understated, and a more detailed examination of information could lead to a different assessment.

The assessment was made with regard to criteria in the AQC, except in the case of M&E performance for which a different measure was used that recognised the stage of the SIGP and the level of detail of investigation possible in the MTR. The result of this indicative assessment is shown in [Table 4.1](#), which also shows the score recorded in the most recent AQC (in February 2018).

Activity	Progress
Strongim Bisnis	Finding its way but making progress
Tina River Hydropower	Slow but progressing
East Guadalcanal Road and Bridges	Delayed but underway
Gizo Market	Well progressed
Markets for Change	Quietly successful
Empowering Women Is Smart Business	Sustainability challenges, but worthwhile
Solomon Islands Chamber of Commerce and Industry	Successful
Economic Reform Unit	Challenges, well worthwhile
Core Economic Working Group	Recently commenced, significant progress
ADRA Cocoa Pilot	Completed

There is no formal DFAT requirement to review the performance of individual activities in SIGP. Rather, the annual AQC that is required for all investments with a total value of \$3 million or more requires that an assessment be made for the program as a whole. A challenge for SIGP has been the need to report on the performance of the investment with regard to each of the criteria included in the AQC, when the investment comprises a large number of individual activities that have varying levels of performance. One way to do this is to make a qualitative assessment of

the performance of the overall program. This is the approach used to date to report the performance of SIGP.

Another means is to establish the performance of individual activities and to use a weighted average to indicate the performance of the program, with the performance score for each activity weighted by the budget for the activity.

Table 4.1: Indicative Assessment of Progress and Performance of Active Solomon Islands Growth Program Activities

Component	Budget (\$m)	Expenditure (\$m to 30 September 2018)	Indicative Performance ⁽¹⁾					
			Effectiveness	Efficiency	Relevance	Gender Equality	Monitoring & Evaluation ⁽²⁾	Sustainability
			Are we achieving the outputs and outcomes that we expected?	Is the investment making appropriate use of Australia's and our partners' time and resources to achieve outcomes?	Is this still the right thing to do?	Is the investment making a difference to gender equality and empowering women and girls?	How well are the M&E products and arrangements meeting AHC information needs/How likely are the M&E products and arrangements to meet AHC information needs?	Will the benefits last?
Strongim Bisnis	14.0	3.7	4	3	4	5	4	4
Tina River Hydropower	17.0	16.0	4	3	6	4	4	6
East Guadalcanal Road and Bridges	6.0	6.0	3	3	5	4	3	4
Gizo Market Redevelopment	3.9	1.7	5	5	5	5	3	5
WEE: Markets for Change (M4C)	1.2	4.0	5	5	5	6	4	4
WEE: Empowering Women Is Smart Business (<i>Waka Mere</i>)	2.5		4	4	4	6	4	3
PSD: SICCI Support	0.7	0.5	5	5	6	4	4	3
PSD: Economic Reform Unit Support	2.5	1.3	5	5	5	5	4	4
Core Economic Working Group	2.0	-	4	4	5	4	4	4
1. All activities – Total (\$m), Weighted Av. For Performance⁽³⁾	49.8	33.0⁽⁵⁾	4.0	3.4	5.0	4.6	3.8	4.7
2. Major activities – Total (\$m), Weighted Av. For Performance⁽⁴⁾			3.9	3.2	5.1	4.4	3.9	4.9
3. Aid Quality Check (reporting period to 28 February 2018)			3	4	5	4	3	4

(1) Based on a qualitative assessment by the MTR for currently active activities based on discussions with AHC and project staff. Based on a scale of 1 to 6, where:

- | | |
|--|---|
| 1 = Very poor: does not satisfy criteria in any major area | 4 = Adequate: on balance satisfies criteria – does not fail in any major area |
| 2 = Poor: does not satisfy criteria in several major areas | 5 = Good: satisfies criteria in almost all areas |
| 3 = Less than adequate: on balance does not satisfy criteria and/or fails in at least one major area | 6 = Very good: satisfies criteria in all areas |

(2) The MTR uses a different measure of performance for M&E to recognise the stage of the SIGP and the level of detail of investigation possible in the MTR. It differs from the AQC definition of “Is an M&E system generating credible information that is being used for management decision-making, learning and accountability purposes?”: The AQC score is thus not directly comparable with the other scores. (See Section 4.4 for more detail.).

(3) The score for each activity is weighted by its budget as a means to indicate its contribution to the overall program.

(4) For the activities with individual budgets of \$3.0m or more (see Section 5.4 for a discussion of this matter).

(5) Total expenditure for SIGP to 30 September 2016 is \$36.1m when account is taken of expenditure of \$0.3m for the SOUL Cocoa project and \$1.8m for program management (including M&E). No funds had been disbursed for the Core Economic Working Group activity in the period.

Source: AHC for financial and AQC data, and MTR for assessment.

Comparing the results of the weighted average for all activities derived by the MTR (item 1 at the bottom of the table) with the value in the latest AQC (item 3 at the bottom of the table) indicates that relative to the AQC, the MTR judges: (i) the effectiveness to have improved; (ii) efficiency to be slightly lower, reflecting the challenges in progressing the activities with the largest budgets; (iii) relevance to be identical; (iv) the success of gender equality to be somewhat better than previously assessed; (v) M&E is markedly better because it reflects the potential of the M&E systems rather than their actual performance; and (vi) a somewhat better score with regard to sustainability, perhaps reflecting the progress that has been achieved since the beginning of the year and greater confidence in the expected outcomes.

Means to improve monitoring of the SIGP at a program level is discussed in more detail in Section 5.4 – this includes a discussion linked to the line in [Table](#) indicating the weighted average for major activities (item 2 at the bottom of the table).

Progress with each of the elements of SIGP is discussed in the remainder of this section and summarised in a few words in Box 4.1.

Strongim Bisnis

Strongim Bisnis appears to have been the centrepiece activity in the design of the SIGP. The activity commenced in July 2017, 15 months after the start of SIGP. Initial progress during the start-up of the activity was slow, reflecting to a substantial degree the challenge in establishing a new, large and complex activity. Progress was challenged by more onerous working processes than anticipated and known business operating constraints in Solomon Islands.

Since its inception, the activity has: (i) commenced a new program and established a visible presence in the Solomon Islands; (ii) introduced the market systems development approach to the Solomon Islands and invested in training local staff in the approach and to work as business advisers; (iii) made substantial progress in building the activity's credibility through communications and stakeholder relationships; (iv) signed partnerships with several high-profile local businesses and built strong working relationships with several key public and private sector stakeholders; and (v) tested new business models and used the results to revise the program strategy for inclusion in the 2019 Annual Plan.

Strongim Bisnis has worked on matters of mutual interest with SICCI, for example participation in a rural industry working group. A potential overlap between the activities of *Strongim Bisnis* and the Pacific Horticultural and Agricultural Market Access project (PHAMA), which is another activity in AHC's economic growth portfolio (see [Table 2.1](#)), was managed to avoid duplication. *Strongim Bisnis* has also taken account of the Gizo market redevelopment project in its investigation of tourism development needs. While initial progress during start-up to the program was slow, it now has 28 partnerships and activities approved and initiated. *Strongim Bisnis* cumulatively delivered on activities in 17 out of 23 interventions prioritised for 2018. In addition to the partnerships that were established, it trialled early programs and is now beginning to scale up successful activities.

Its approved partnerships and activities include, for example: (i) an agreement with Tourism Solomons regarding 11 activities related to destination marketing (especially on-line) and tourism development associated with the scheduled opening of the Munda International Airport in late-2018; (ii) an agreement with a tourism operator to trial an innovative boat cruise product, which is now due to be scaled up; (iii) an agreement with a company to develop a strategy to expand regional export markets; (iv) working with Biosecurity Solomon Islands to support coconut rhinoceros beetle containment efforts – this campaign has now gone nationwide; (v) feasibility studies on value-added processing for coconut and cocoa products in the domestic market with plans to develop partnerships and activities to implement findings; (vi) developing new microfinance products for rural women; (vii) promotion of Solomon Islands cocoa products – the annual cocoa competition was turned into a festival and handed over to a local

implementing agent; (viii) business mentoring; and (ix) technical support to the Central Bank's Financial Inclusion Taskforce's Micro, Small and Medium-sized Enterprises (MSME) Working Group that made recommendations to the SIG to improve the SME Loan Guarantee Fund and the government's MSME Action Plan

Consultations undertaken in Honiara by the MTR indicate several concerns about the *Strongim Bisnis* activity that affected its performance. These concerns relate to its structure, management and governance. The first two issues are addressed here, with governance being the subject of a specific question that is considered in Section 4.3.

The structural challenge relates to the proposal in the IDD. This set out a programmatic approach to *Strongim Bisnis*, with specification of a set of criteria to select activities to be undertaken and the application of the criteria to an initial list of potential initiatives. However, the MTR identifies three limitations: (i) while the IDD indicated *Strongim Bisnis* should focus on cash crops (cocoa and coconut), tourism and inter-island shipping (with the last of these sectors subsequently removed from the activity), only four of the 12 identified potential initiatives were directly related to its current core topics – with one of these overlapping with a PHAMA activity and one initiative related to inter-island shipping; (ii) a programmatic approach works best if the design develops several of the prioritised initiatives to a stage where they are ready to be implemented when the program begins. This helps to avoid the hiatus that results if the program must, as occurred, commence with the identification, preparation and approval of initiatives⁴; and (iii) the initiative selection system was challenging – this is discussed further in Section 5.1 in the context of the question related to the appropriateness of SIGP activities.

Management of the *Strongim Bisnis* activity involves interactions between the managing contractor, their personnel in the Solomon Islands and AHC staff. The differing needs, expectations and obligations of these groups will inevitably involve tension at times. This is exacerbated by the design challenges discussed above, introduction of a new approach to the Solomon Islands, a delayed start to the activity and insufficient governance arrangements. As a result, there has perhaps been less progress than might have been expected and some discontent between the partners. This has led to a greater level of management intervention by the AHC than may be preferred as it has sought to gain understanding of, and confidence in, the work being undertaken⁵ and a reduced sense of empowerment by the personnel implementing the activity in the Solomon Islands. It seems likely that a “reset” is needed to redress the situation, with review and refinement of current activities, business processes and work practices, and new governance arrangements. These matters are addressed further in Sections 4.3 and 5.5.

Tina River Hydropower

Australia invested significant human and financial resources in the preparation phase for this project and engaged in extensive advocacy for the project in Honiara, Canberra, Sydney, Washington DC, Manila and Seoul. Australia has provided \$10.4 million over 10 years through the World Bank to support the preparation phase of the project, including financing pre-feasibility and feasibility studies, the international tender process and commercial negotiations.

⁴ A market systems development approach requires market investigation and diagnostic work to identify needs and potential initiatives. The appendices to the IDD contained considerable market research, though with few candidate initiatives being identified in the IDD and with no initiatives not developed to a stage where they were ready for implementation.

⁵ For example, management meetings are held weekly and the same (circa 6-8 page) business case format is used for all initiatives (the costs of which can range from hundreds of dollars to tens of thousands of dollars), albeit with differing levels of detail. All business cases need to be approved by the AHC prior to committing expenditures, in contrast with the IDD that proposed a delegation of authority for expenditures of up to \$20,000 to the head of *Strongim Bisnis* (Commonwealth of Australia 2017a:p.39). This situation has been exacerbated by the challenge of securing appropriate and clear information for the business cases needed to support AHC consideration of proposed initiatives. While a level of pragmatism has been taken, it seems that there is potential for further fine-tuning of these matters.

Under SIGP, the project has currently committed \$17 million (and will commit an additional \$1.4million) to support construction of the access road to the dam and power station, and support to the Tina River Project Office.

The project remains in the preparation phase pending the signing of the power purchase agreement. Solomon Power and K-Water were due to sign the agreement in October 2017, but this has not yet occurred. Negotiations are continuing to establish an acceptable power purchase agreement and to agree on other aspects of the arrangement, and it is now anticipated that the commercial agreement between the SIG and K-Water will be signed in late 2018. If these negotiations are successful, a further year of project development activities will occur prior to commencement of construction.

East Guadalcanal Road and Bridges

Progress has been slow due to constraints in the implementing agency, MID. However, one bridge (the Mbokokimbo Bridge) is nearing completion and due diligence reports for social safeguards are being prepared. The design for the second bridge (the Mongga bridge) is proceeding. A women's committee was formed for the preparation and implementation of selected gender interventions in these projects. A mid-term review for the STIP project is currently underway.

Gizo Market Redevelopment

Since approval of the Gizo Market design documents there have been minor delays affecting the program. Site preparation works were completed in August 2018. The building contractor has since completed the set out for the two markets halls and commenced foundation works. Steel and roof trusses for both market halls were to be installed shortly thereafter. Procurement of all materials has almost been completed. The main buildings are expected to be completed by the end of February 2019. It is likely that the office and amenities building will now be completed in March 2019. The Markets for Change activity has been actively involved in the project.

Markets for Change

Activities of the broader M4C activity in the Solomon Islands M4C includes: (i) training for 508 market vendors through (a) continuing market business education training to women market vendors by the Bank of the Southern Pacific, and (b) delivering training with the Kastom Garden Association in the Solomon Islands on increasing agricultural productivity and income for market vendors and farmers; (ii) developing the capacity for local government and market managers to manage markets, including becoming more gender responsive and improving interactions between market vendors and market management; (iii) consulting with market vendors' associations on required infrastructure improvements to increase market sustainability, resilience, safety and accessibility, and then working collaboratively with local councils to fund and manage infrastructure improvements; and (iv) building the confidence and leadership of women market vendors. The SIGP-funded contribution to M4C has allowed it to support the Gizo Market redevelopment project. Working in a support role for the Gizo market redevelopment resulted in the M4C in SIGP having a relatively low profile.

At mid-term the M4C program was rated as effective overall. In the Solomon Islands M4C has been effective in supporting women market vendors' advancement, although MVAs require further support to function independently. M4C is considered somewhat effective at supporting economic empowerment needed because of a lack of emphasis on increasing women market vendors' control over income and assets. M4C was less effective in engaging with some local governments in the Solomon Islands due to the varying levels of vendors' capacity to engage with the program. The issue of varied capacity of local government also affected the progress of market infrastructure development.

Empowering Women Is Smart Business (Waka Mere)

Wake Mere has worked in three theme areas: (i) building respectful and supportive workplaces, for which it has secured commitments from 14 companies covering matters such as enabling companies to serve as first responders for staff affected by domestic violence, implementing policies to address domestic violence in their workplaces, monitoring and evaluating the policy, completing surveys to assess the impact of domestic violence on their workplace, and implementing anti-bullying and sexual harassment activities; (ii) increasing opportunities for women in leadership, including (a) assisting eight companies to develop a pipeline of women leaders and set measurable targets for increasing the share of women at different levels of leadership, (b) facilitating 12 companies to send women to complete a leadership and management course at the Australia-Pacific Technical College and (c) helping companies to host events for the Solomon Islands Professional Network (SIPNET), which was launched by the IFC and SICCI in 2016; and (iii) promoting opportunities for women in jobs traditionally held by men, including working with seven companies to identify the underutilised pool of talent that women represent and taking steps to attract more female employees to male-dominated roles and helping them to thrive. One example is assisting female employees to obtain a driving license as a first step towards obtaining a heavy vehicle license.

A progress review at the end of its first year indicates that 15 companies participated in the program and took one or more measures to promote gender equality, including implementing new policies to address domestic violence and sexual harassment and creating respectful and supportive workplaces (14 companies), training and promoting high-potential women (eight companies), supporting women to get driving licenses for the first time (seven companies).

SICCI Support

SICCI has supported private sector business by: (i) providing business connectivity through its business network that covers many sectors and areas of business; (ii) seeking to shape the future, for example through the Chamber's policy dialogue with the SIG; (iii) training and capacity building to support business development; (iv) provision of information on business, government policies, economic statistics and areas of interest to the private sector through newsletters, website, social media and networking events; (v) other networking events; and (vi) exploring business opportunities with members and through visiting trade missions and companies.

In July 2017 SICCI signed a Memorandum of Understanding with the SIG and has worked with various government agencies including MCLI, the Prime Minister's Office and the Royal Solomon Islands Police Force on matters such as policy priorities, infrastructure development, the national budget, anti-corruption, tax reform, land issues, skills-development, crime prevention and the graduation of the Solomon Islands from LDC status. In June 2018 SICCI successfully inaugurated an annual Prime Minister's breakfast.

SICCI's effectiveness has seen it become a focal point for many business-related activities, for example working with the IFC to implement the *Waka Mere* program and its presence on more than 20 boards, task forces and working groups/advisory committees. It has worked with various NGOs and other activities in the AHC's economic growth portfolio, including *Strongim Bisnis* and the Solomon Islands Women in Business Association (SIWIBA).

The initial commitment to SICCI is nearly at an end and a review is in progress to assist decision-making about a possible continuation of funding.

Economic Reform Unit Support

The advisers provided to the ERU have in recent times assisted it to: (i) draft sections of the 2017 budget speech; (ii) provide input to proposed legislation related to financial matters; (iii) finalise key amendments for parliamentary sittings including revenue measures to support the 2018 budget; (iv) prepare the mid-year economic forecasts and fiscal position; (v) prepare revenue

estimates for the 2019 budget preparations; (vi) prepare advice for Cabinet to put logging on a more sustainable path; (vii) provide advice to the minister on the payment of Community Service Obligations to state-owned enterprises; (viii) assist with the re-establishment of the Core Economic Working Group (CEWG); (ix) progress key reforms highlighted in the CEWG's policy matrix, including a review of tax policy; and (x) knowledge transfer to and capacity development of ERU staff. The ERU currently has an agenda of 15 priorities.

The support provided to the ERU has resulted in it becoming an incubator for skills development in policy analysis and advice, with its staff having often moved on to other positions in government and the private sector. While in the past the ERU was dominated by foreign advisers, it is now staffed by 11 Solomon Islanders and two expatriate advisers. In addition to contributing to the policy advice given by the ERU, the expatriate advisers also support continuing capacity development within the ERU.

It has, however, been difficult to sustain continuous and a full level of support since the shift from use of GoA employees to engaging private sector advisers, and there is currently only one adviser, who will finish at the end of 2018. Recruitment is underway for personnel to fill the two current adviser positions.

Core Economic Working Group

The CEWG worked with the SIG to articulate the SIG's reform priorities for 2018, developing a Policy Reform Matrix with 15 outcomes that reflect SIG's desire to strengthen fiscal discipline and resilience, and return to prudent economic management. The matrix was agreed to by all members of the CEWG and endorsed by the Deputy Prime Minister.

The CEWG performed well. There have been regular meetings of the CEWG and its subset Technical Economic Working Group. Dialogue has remained open and frank.

A Joint Review Mission convened by the development partners of the CEWG in August 2018 met with SIG ministries, NGOs and the private sector and found that SIG had made significant progress towards the outcomes prioritised in the Policy Reform Matrix. The CEWG resulted in improved budget allocations in 2018 and better fiscal management, for example the SIG was able to reduce budget support to shipping by 50% to SBD15m. Australia's participation in the CEWG also helped progress an Australian education program priority to reduce the number of SIG-funded scholarships to 700 in 2018, down from close to 3,000 in the previous year. By implementing reforms under the Matrix, the SIG collected an additional SBD11m in withholding taxes and was able to clear outstanding payment arrears that built up in 2017. These actions resulted in improved business confidence in Government systems.

Cocoa Pilot

The SOUL Cocoa Pilot project was completed in mid-2017 and no follow-on initiatives are proposed for implementation through the activity given that *Strongim Bisnis* is now present to address the cocoa industry.

4.2 Interaction Between SIGP Activities

Q.4a. How do the SIGP activities interact currently?

A. There are only four linkages of consequence between the nine current SIGP activities, with only two of these being strong. The latter have been addressed and have supported efficient and effective implementation of the related activities. Other than these few instances, SIGP activities are independent of each another.

Q 4b. Is there potential for greater interaction between the activities?

A. The MTR sees little potential for greater interaction between current SIGP activities. However, new initiatives could emerge in ongoing SIGP work (such as through Strongim Bisnis) that have linkages with other activities. Given the few linkages identified to date, it is not expected that this will be a major issue but continued awareness by those involved in SIGP will ensure advantage is taken of any fresh opportunities.

The IDD for SIGP did not identify any specific links between the activities to be undertaken through the investment. It may be inferred that there was a view that the aggregation of most activities around *Strongim Bisnis* reflected linkages between them, though this was not explicitly indicated. The design also noted that one of the activities for the Program Coordinator was to make linkages, though it did not provide any further detail.

In the course of its consultations, the MTR sought to identify linkages between SIGP activities that could lead to: (i) implementation or operational benefits such as reduced costs; (ii) synergistic benefits, i.e. where the coordinated planning, implementation and/or operation of initiatives would result in greater benefits than would occur if the initiatives were developed in isolation or without the other part; or (iii) avoiding wasted effort from overlap between activities.

While there is potential for some overlap between SIGP activities, those involved in the activities are sufficiently aware of them to ensure that overlap is avoided. Moreover, the potential overlaps are as likely to involve activities in SIGP with other activities in the economic growth portfolio, for example between *Strongim Bisnis* and PHAMA and the Rural Development Program. Managing these potential links should be somewhat easier in the Solomon Islands given the limited number of people involved and the AHC being the focal point for the activities. Even so, with five teams in two divisions of the AHC responsible for managing the nine current activities (with one team reporting to the human development program and the remainder to the economic development program), continued care is needed to ensure that opportunities for productive linkages are not overlooked.

Taking no account of their practicality or value, all potential links between SIGP activities are shown in [Figure 4.1](#). The chart is configured to show only one linkage between each pair of activities (e.g. between the Tina River Hydropower and East Guadalcanal Road and Bridges projects, rather than one in each direction). For the nine activities shown, there are in theory a potential 36 linkages between them. However, some of these are impractical, for example there is no practical link between the Tina River Hydropower project and redevelopment of the Gizo market, or between the East Guadalcanal Road and Bridges project and redevelopment of Gizo market. Others are so distant as to be irrelevant, for example between redevelopment of the Gizo Market and support to the ERU.

In practice, the MTR identifies only four strong links between SIGP activities:

- Two of which have implementation/operational links (i.e. there was a need for both activities to work together) and also have the potential for synergistic benefits, which are between:
 - the Gizo Market Redevelopment and M4C, where M4C work with market vendors has contributed to the design and implementation of the market redevelopment; and
 - SICCI and *Waka Mere* where the latter is implemented by IFC through SICCI.
- Two of which are synergistic, being between the CEWG and both ERU and SICCI. The ERU and SICCI were both consulted during the drafting and discussions relating to the Policy Reform Matrix and the outcomes of the CEWG support the work of the ERU and SICCI. There has, however, been no joint or directly-related work between them.

There is potential for *Strongim Bisnis* to work with SICCI to identify potential initiatives and possibly to work together to implement an initiative. It is also possible that *Strongim Bisnis* may find opportunities to work with M4C, for example to arrange for a new product to be sold through a market in which M4C is involved or to identify market-linked constraints that joint work could resolve.

Figure 4.1: Linkages Between SIGP Activities

	Tina River	East Guadalcanal Road & Bridges	Gizo Market	Strongim Bisnis	SICCI	M4C	Waka Mere	ERU	CEWG
Tina River									
Road & Bridges									
Gizo Market									
Strongim Bisnis									
SICCI				<u>O/S</u>					
M4C			O/S	<u>(S)</u>					
Waka Mere					O/S				
ERU	*				*				
CEWG					S			S	

Legend: O=operational links;
bold=actual and strong;

S=synergy;
underline=actual but limited;

*= see text for discussion
plain text=potential, but limited

Two items are marked in [Figure 4.1](#) regarding areas where ERU work is complementary to the work of other SIGP activities. However, the ERU is a part of the MFT and hence responds to requests to investigate matters from, and via, MFT rather than external agents. Even so, it has in the past worked on preparatory activities for the Tina River Hydropower project. It also investigates matters that are of interest to SICCI, and it is possible that the two entities could interact in the course of SICCI's engagement with the SIG.

Leaving aside these last two items, there are only six linkages of consequence between the nine current SIGP activities, with only four of these being strong. Hence, it is concluded that the activities in the SIGP are fundamentally independent of one another and that linkages of consequence have to date been identified and addressed. However, it is possible that new initiatives could emerge in ongoing SIGP work that have linkages with other activities. This is most likely to occur in the case of *Strongim Bisnis* because of its programmatic approach. Given

the few linkages identified to date, it is not expected that this will be a major issue, but it warrants continued attention to ensure all opportunities are taken advantage of.

4.3 SIGP Governance and Management Arrangements

Q.5a. Are the governance mechanisms of individual activities fit for purpose?

A. The only current formal governance arrangements are those implemented by partner organisations. Governance and management functions for other activities are undertaken as routine functions of staff in the AHC. This has generally not been problematic, and the MTR does not identify a need for new formal governance arrangements other than for Strongim Bisnis. Future governance for SIGP is addressed in Question 11.

Q.5b. Does Strongim Bisnis require any additional governance mechanisms in place to provide strategic or technical oversight over the program and support to its activity managers?

A. The MTR judges that the lack of formal governance arrangements has impeded the progress of Strongim Bisnis. It concludes that there is a need to establish a small Steering Committee to provide strategic guidance, oversight and review for the activity and to also provide technical support to help the AHC manage the large, relatively novel and complex activity.

Program Governance

As indicated in Section 2.1, the IDD set out management arrangements that involved a DFAT Steering Committee, a Consultative Group involving DFAT, SIG and the private sector, and a Counsellor who was to oversee SIGP, ensure its coherence and contribution to DFAT's strategic objective and make sure SIGP was aligned with other DFAT investments that supported growth (see [Figure 2.1](#)). No separate reference was made to governance arrangements for the program though some elements of the management arrangements in the IDD relate to governance⁶.

In practice, the Steering Committee and Consultative Group were not formed, apparently because: (i) the mostly internal AHC membership of the Steering Committee made it a redundant group; (ii) the activities in SIGP were substantially stand-alone and did not require a high level of coordination; (iii) most of the SIGP funding was fully committed early in the program, so there was a reduced need for further decision making on the initiatives to be undertaken in the program; (iv) as needed, coordination and oversight of the program could be undertaken at the Counsellor level; (v) a number of the activities are implemented through partner programs that already had their own governance arrangements; and (vi) as a program for internal purposes only and taking account its diverse activities, it seemed an unnecessary imposition on the SIG to require the necessary high-level representation from a range of its institutions.

⁶ In the current review, governance arrangements are taken to be the means to oversee and guide implementation of the SIGP and its activities. This requires the provision of clear policies, oversight of management activities, review of annual work plans and progress, approval of changes in the content of the investment, and resolution of issues that cannot be addressed by those implementing the program. Management arrangements for the SIGP differ, covering oversight of the work undertaken by those who implement the activities, which involves, inter alia, appropriate delegation of responsibilities, effective and efficient processes, appropriate review of the content and progress of work, and contract management.

Individual SIGP activities have been managed by AHC staff (see [Table 4.2](#) for details). This is essentially the arrangement that was proposed in the IDD, though it has in practice involved five senior AHC staff (each with the support of a locally-engaged staff member) reporting to two Counsellors rather than three staff reporting to one Counsellor as proposed in the IDD.

The MTR concurs with the choice not to proceed with the Steering Committee and Consultative Group. However, two challenges have resulted from the governance and management arrangements adopted in practice for SIGP.

Table 4.2: SIGP Management Responsibilities and Indicative Resource Needs

Activity	AHC Manager	Indicative Management Time (days/week) ⁽¹⁾			Days of management time/\$m of activity cost ⁽²⁾
		Manager	Assistant	Total	
Program Management	First Secretary, Economics ⁽³⁾	1	2	3	0.3
East Guadalcanal Road and Bridges ⁽⁴⁾					
Tina River Hydropower ⁽⁴⁾	Second Secretary, Economics ⁽⁶⁾	1.5	1	2.5	0.1
Strongim Bisnis	Second Secretary, Economics ⁽⁶⁾	3	5	8	0.6
Gizo Market Redevelopment	Second Secretary, Economics ⁽⁶⁾	2	2.5	4.5	0.6
PSD: SICCI Support					
PSD: Economic Reform Unit Support					
Core Economic Working Group					
WEE: Markets for Change (M4C) ⁽⁵⁾	Second Secretary, Education	1	1.5	2.5	0.7
WEE: Empowering Women is Smart Business (Wake Mere) ⁽⁵⁾					
Total management time		8.5	12	20.5	0.4
Full-time equivalent time		1.7	2.4	4.1	

(1) Estimated average time spent by AHC staff in managing individual activities and supporting reporting for SIGP as a whole. It excludes time spent by Counsellors and higher level staff in the AHC.

(2) Average total days per week divided by the budget shown in [Table 2.1](#).

(3) Usually undertaken by the First Secretary, Economics.

(4) Day-to-day management of the activity is undertaken by a partner organisation. The management time includes time spent by an Australian-based manager.

(5) These activities are managed through regional programs based in Suva but also require local management by the AHC.

(6) Each of these Second Secretaries is a different person.

First, there is no formal governance arrangement for the program. This is not judged to be a problem from the perspective of ensuring the coherence, contribution and alignment of SIGP with the larger DFAT framework because, with the exception of *Strongim Bisnis*, which is discussed further below: (i) the activities in the program are essentially committed and can be reasonably judged to be appropriate with regard to these matters; and (ii) there are few linkages between the activities and those that exist have been addressed. However, it risks governance being conflated with management and treated as an internal routine matter to be addressed by, in the outturn, two Counsellors – neither of these conditions is desirable.

Again, in practice, this situation has not generally been a problem because: (i) there are governance arrangements in place for the largest program activities (i.e. the Tina River Hydropower and East Guadalcanal Road and Bridges projects), (ii) the regional programs (i.e. M4C and *Waka Mere*) also have their own governance arrangements; and (iii) aside from *Strongim Bisnis*, other activities are relatively modest and focussed, involve sufficient AHC interaction to provide a good understanding of project activities and needs, and have not required governance interventions that could not be addressed through internal means. Even

so, in the absence of a formal governance arrangement there is a risk that its strategic oversight role may be overlooked. Means to respond to this are considered in Section 5.5, which addresses future governance arrangements for SIGP.

The second challenge relates to *Strongim Bisnis*. This is discussed in the next sub-section.

First, though, consideration is given to the staff resources for managing SIGP and its activities. While the time involved fluctuates considerably, an indicate estimate of the average time is shown in [Table 4.2](#). It shows that the program is demanding of AHC resources, with an average of four full-time equivalent staff involved in managing SIGP activities. It is not possible to establish the reasonableness of the time involved as this requires a larger database of projects. It also requires that account be taken of the initiatives that involve direct management of implementation and those that involve coordination with other entities that manage the delivery of initiatives (e.g. with the time involved in managing the Tina River Hydropower and East Guadalcanal Road and Bridges projects being markedly less than for other activities).

Governance for and Management of Strongim Bisnis

The MTR judges that the progress of *Strongim Bisnis* was impeded by: (i) the absence of formal governance arrangements, which has required the management of the activity to address both strategic and operational matters without an arm's-length relationship between them; and (ii) the lack of technical support to help AHC manage the largest SIGP activity for which it has direct responsibility.

The scale, complexity and novelty of the *Strongim Bisnis* activity indicates a need for a sound structure for governance and management of it. The MTR proposes that a Steering Committee be established. It is concluded that the Steering Committee should be small to facilitate efficiency and effectiveness, and should have representation from the agencies with a direct interest in the activity. This suggests the group should comprise:

- MCLI as it is the key SIG ministry for the activity;
- the Ministry of Women, Youth and Family to reflect the importance of these matters;
- SICCI as the representative for the private sector; and
- at least Counsellor level at the AHC.

Other government agencies and private companies are involved in initiatives pursued by *Strongim Bisnis*. However, it is recommended that they not be members of the Steering Committee as they are generally its clients and beneficiaries and are less suited to giving policy clarity and strategic guidance to *Strongim Bisnis*.

If possible, some existing entity could have its function expanded to avoid the need to establish a new group. However, this may be more complex and time-consuming than establishing a new small Steering Committee. The proposed Steering Committee should meet at least quarterly for the first year and then at least biannually thereafter. A TOR for the Committee is included in [Annex C](#).

An effective contractual relationship requires an informed purchaser. The market systems development approach that underpins *Strongim Bisnis* is sufficiently novel that is likely to be unfamiliar to many, if not most, people. The market systems development approach has only emerged in the past 10-15 years, drawing on the previous work on value chains and institutional economics. While much has been done to develop and apply the concept, it is arguably still premature to consider it to be mature in the sense of being widely understood and well-grounded in practice, even more so in the context of the Solomon Islands.

Recognizing these factors, it is recommended that the AHC secure technical support to alleviate its workload and to oversee and facilitate the technical quality of the contractor's work. It is recommended that this assistance should comprise: (i) an initial stage of around two months'

full-time work to conduct a mid-term review for *Strongim Bisnis* (as was proposed in the IDD for SIGP); and (ii) subsequently on a part-time basis and at the request of the activity manager in the AHC help implement recommendations of the initial work and support ongoing management of the activity. An indicative TOR for the technical assistance is included in [Annex C](#).⁷

4.4 Monitoring and Evaluation of SIGP

Q.6a. How well are the M&E arrangements working for the individual activities?

- A. *Only two activities (Strongim Bisnis and Markets for Change) have formal theories of change that reflect DFAT's M&E standards. The M&E arrangements for the other activities are generally appropriate and proportional given the range of implementation modalities and partners involved and their scale.*

Although there have been some challenges with progressing M&E of the three largest activities, these should be resolved for the Tina River Hydropower project as it moves from preparation to implementation and for Strongim Bisnis as it implements its M&E system. The M&E of East Guadalcanal Road and Bridges project could be complex given the overlap with the STIIP program. The M&E of the other smaller activities is largely effective and meeting DFAT information needs.

Q.6b. How well are the M&E arrangements of the SIGP working?

- A. *There are three main challenges with the M&E arrangements for SIGP: (i) the low coherence of the SIGP impedes clear communication about its performance; (ii) a single Aid Quality Check cannot do justice to the diversity of activities in the SIGP with the consequence that individual activities are not monitored as individual investments; and (iii) the SIGP end-of-program outcome of increased cash incomes is challenging to measure, particularly for Waka Mere and M4C, which are focused on women's economic empowerment, and for Strongim Bisnis, which is partially focused on this outcome.*
-

M&E for Program Activities

Table B.1 in [Annex B](#) summarises current M&E products and arrangements for each SIGP activity. Activities implemented through partners (see [Table 2.1](#)) generally use their M&E systems, with specific M&E systems requiring development for the remaining activities.

While four SIGP activities are large enough (\$3 million or more) to each merit an annual AQC with complementary M&E plans, the IDD for SIGP developed a detailed M&E approach only for *Strongim Bisnis*. The other three large investments are infrastructure-related. For two of these (Tina River Hydropower and East Guadalcanal Road and Bridges), performance monitoring is the responsibility of the World Bank and the ADB respectively. The banks have their own standards and practices for M&E geared around results-based management. The basis for M&E for the

⁷ If an appropriately experienced person could be identified, they could undertake these activities and also be the part-time Program Coordinator discussed in Section 5.5.

Gizo Market Redevelopment activity is a service order for the market design and construction issued to Reeves International Pty Ltd.

The private sector development (PSD) activity consists of two funding agreements providing support to the ERU and to SICCI. The basis for M&E of ERU support is a service order for advisers engaged through SIFR to support the ERU, and the ERU's agenda of 15 priorities. The basis for M&E of support to SICCI are the two objectives of the grant agreement, which are to develop higher quality policy dialogue with SIG and broaden membership to become more representative of the Solomon Islands private sector.

The Women's Economic Empowerment (WEE) activity also consists of two funding agreements, *Waka Mere* and M4C, that are implemented by IFC and UN Women respectively. While *Waka Mere* has no theory of change, a 2016 update to the original concept note provides a results framework that is better contextualised for a private sector-focused initiative. A baseline and two more specific surveys on human resources and the impact of domestic violence in the workplace also provide a basis for each participating company to track progress. M4C comes under DFAT's flagship 10-year gender equality program, *Pacific Women Shaping Pacific Development*, which has an overarching theory of change and a monitoring and evaluation framework that meets DFAT standards. The M4C M&E framework is aligned to the *Pacific Women* theory of change. As of 2018 *Waka Mere* has also become part of the *Pacific Women* program.

The implementation phase of the Tina River Hydropower project has not yet commenced. For the other activities, progress reporting is either quarterly or twice annually, with the exceptions of the East Guadalcanal Road and Bridges and Gizo Market Redevelopment projects. As construction works are underway for these activities, the STIIP Central Project Implementation Unit and Reeves International respectively report monthly. Reeves also provides exception reporting.

There is no specific M&E plan for the CEWG, but the performance of the activity can be measured by assessing progress towards achieving the outcomes prioritised in the Policy Reform Matrix.

The majority of SIGP activities already have or will carry out an evaluation, including: (i) the World Bank is expected to lead a mid-term evaluation of Tina River Hydropower project in the third year of implementation as well as a final evaluation of this very large investment; (ii) a mid-term review is stipulated for *Strongim Bisnis* in the SIGP design document; (iii) mid-term reviews were completed for *Waka Mere* and M4C in September and July 2018 respectively; (iv) a mid-term review of STIIP, under which the East Guadalcanal Roads and Bridges project is delivered, began in October 2018; (v) an August 2018 self-assessment of SICCI will be complemented by an external review to be carried out in early 2019 by the AHC; and (iv) the Joint Review Mission for the CEWG, for which the SIG provided evidence to support their claims for progress.

While the support to the ERU involves the conduct of adviser performance assessments, no review of the overall contribution of advisers to ERU performance is planned. Similarly, Gizo Market Redevelopment presently lacks a commitment to look at the wider outcomes of the improvements to the market infrastructure.

Table 4.3 sums up how well the M&E products reflect the DFAT M&E standards.⁸ In the case of the Tina River Hydropower and East Guadalcanal Road and Bridges projects, M&E is undertaken using the approach of the World Bank and ADB. The banks have their own standards, which differ substantially from DFAT's. In the case of the CEWG, the 15 outcomes in the agreed Policy Reform Matrix that provide the basis for M&E and DFAT standards are not relevant. The DFAT standards are relevant to the other activities; however, they are intended as guidance rather

⁸ The standards considered were those covering Investment Design Documents (Standard 1) and Progress Reporting (Standard 3).

than as a rigid set of rules, and the rigour of application is intended to be proportionate to the importance of the decisions being made. The standards call for a theory of change; however, only *Strongim Bisnis* and M4C have this. They are not a feature of the M&E arrangements for the smaller investments. Overall, the M&E arrangements for individual activities are generally appropriate given the range of implementation modalities, the partners involved and proportionality considerations.

Table 4.3 also provides an assessment of how well the M&E products and arrangements are meeting or are likely to meet AHC information needs⁹. For the Tina River Hydropower project, while the AHC was critical of World Bank reporting during the complex preparation phase, during the upcoming implementation phase, DFAT's funding will finance the construction of the access road and support to the Project Office. The World Bank systems should be adequate for the output-based reporting required for this.

Reporting on the impact of the East Guadalcanal Road and Bridges activity is difficult because of the broader ambit of ADB's STIIP project, through which it is being implemented. The ADB systems are not presently meeting the AHC's information needs, either for AHC's contribution to STIIP or for the East Guadalcanal Road and Bridges project, and it seems are unlikely to do so in the future without further intervention by DFAT¹⁰.

For *Strongim Bisnis* a comprehensive Monitoring and Results Measurement Plan was developed and pre-audited for compliance with the DCED Standard for Results Measurement.¹¹ This plan, when finalised and implemented, will provide information on the activity's contribution to the SIGP end-of-program outcomes and for AQCs.

Advisers to the ERU report against their work plans and the ERU priorities. This currently meets AHC information needs, however a retrospective analysis of overall adviser contribution to the ERU's agenda could support learning and assist decision making on future support to the ERU. Similarly, as already noted, an assessment of the wider outcomes of Gizo Market Redevelopment would provide a valuable extension to the activity and output-based reporting carried out during the preparation and construction phases.

While the M4C and *Waka Mere* M&E systems are successfully identifying and documenting outcomes related to WEE, neither is meeting AHC information needs adequately. This difficulty is linked to the considerable challenges inherent in measuring changes in cash income in private sector development and women's economic empowerment initiatives in settings like the Solomon Islands.¹² The end-of-program outcome of "more men and women are able to earn a cash-based income" requires consideration of multiple complexities. These include individual and household effects, the interdependence of economic and social roles and exogenous factors that influence incomes. Furthermore, a growing evidence base shows that where women are

⁹ This assessment criterion is different to that used in the AQC (see Table). It is adopted because it better reflects the stages of development and types of M&E systems being used for individual SIGP activities.

¹⁰ This matter is likely influenced by two matters. First, DFAT is parallel financing STIIP, and hence there is a need to either explicitly request ADB to expand their M&E system to provide indicators relevant to DFAT's contribution to the program or for DFAT to establish a parallel M&E system. The second issue is that the East Guadalcanal Road and Bridges project is not formally part of the STIIP program, though STIIP systems are being used to implement it. M&E for STIIP therefore only indirectly reflects the performance of the East Guadalcanal Road and Bridges project.

¹¹ The Draft Statement of Requirements in the IDD indicated a monitoring and evaluation plan was to be completed 10 weeks after commencement. The first draft of the plan was prepared in January 2018, six months after commencement of the activity and updated in August 2018. The pre-audit conducted in August 2018 found that most aspects complied with the Standard, but identified some areas where modest additional work was required.

¹² As discussed in: (i) United Nations Foundation and ExxonMobil Foundation. 2015. Measuring Women's Economic Empowerment; Companion to A Roadmap for Promoting Women's Economic Empowerment. http://www.womeneconroadmap.org/sites/default/files/Measuring%20Womens%20Econ%20Emp_FINAL_06_09_15.pdf (Accessed 6 Nov 2018); and (ii) ASI. 2016. Measuring Gendered Impact in Private Sector Development: Technical Reflections and Guidance for Programmes. <https://www.enterprise-development.org/wp-content/uploads/ASIMeasuringGenderedImpactinPSD.pdf> (Accessed 6 Nov 2018)

concerned, increased cash income does not necessarily lead to economic empowerment because there is no guarantee that women will have control over the income, and access to cash income may raise the risk of gender-based violence.¹³ The *Pacific Women* outcome against which M4C and *Waka Mere* are expected to report is: “Women have expanded opportunities to earn an income and accumulate economic assets.” This more nuanced approach may have the advantage of greater evaluability than “increased cash income” among both women and men.

The conclusion reached is that the M&E systems for individual SIGP activities are largely in place and broadly appropriate. The remaining challenges are:

- The need to operationalise the M&E system developed by *Strongim Bisnis*.
- Providing evidence of progress towards SIGP’s end-of-program outcome of increased cash incomes; this is a particular challenge for the two WEE activities and also for *Strongim Bisnis*.
- How to evaluate the impact of East Guadalcanal Road and Bridges project.

Program M&E

As is already evident from other discussions in this report, assessment of the overall or aggregate performance of the SIGP represents a significant challenge. The challenge has several facets:

- The single AQC for SIGP must represent a diverse set of largely independent activities with budgets ranging from \$0.3 million to \$17 million that contribute in various ways to two substantially different outcome areas: (i) an economic operating environment more attractive to business; and (ii) more men and women able to earn a cash-based income. There is no satisfactory way of presenting the performance of this program in a single AQC.
- Because of the low coherence of SIGP’s constituent activities, clear internal and external communication of the results of the SIGP has proved elusive.
- It is to the detriment of individual SIGP’s activities that they are not monitored more formally, and the information provided as input to the AQC for SIGP and for separate review as needed.

These challenges point to the need for a revised approach. This is considered in Section 5.4.

¹³ Sources: (i) Carnegie M, C Rowland and J Crawford 2013. Rivers and Coconuts: Conceptualizing and Measuring Gender Equality in Semi-Subsistence Communities in Melanesia. Gender Matters Issue 2; and (ii) Eves R. 2018. Do no harm: Women’s economic empowerment and domestic violence in Melanesia. <http://www.devpolicy.org/do-no-harm-womens-economic-empowerment-and-domestic-violence-melanesia-20180706/> (Accessed 6 Nov 2018)

Table 4.3 Assessment of SIGP M&E Products and Arrangements

Activity/ Agreement	How well do the M&E products reflect DFAT M&E Standards?	Rating ⁽¹⁾	How well are the M&E products and arrangements meeting AHC information needs/How likely are the M&E products and arrangements to meet AHC information needs?	Rating ⁽¹⁾
Tina River Hydropower	The M&E products are governed by WB standards and practices, which are different to DFAT's. The implementation phase has not yet begun, however during the complex preparation phase DFAT was critical of WB reporting.	NA	During the implementation phase, DFAT's funding will finance the construction of the access road and support the project office. Monitoring will be output based until the dam is completed and impact can be evaluated. The WB systems should be sufficient for output-based reporting.	●
<i>Strongim Bisnis</i>	The M&E arrangements are based on the DCED Standard, which are endorsed by DFAT. A pre-audit of the Monitoring and Results Measurement system against DCED Standards found that most aspects complied with the Standard, but identified some areas where additional work was required.	●	A comprehensive monitoring system was developed, though not quite yet finalised. The system explicitly notes the need for information that supports responses to the assessment questions in the AQC. The actual performance of the system will depend on how well it is applied in practice.	●
East Guadalcanal Road and Bridges	The M&E arrangements are governed by ADB standards and practices, which are different to DFAT's. ADB reporting is primarily focused on km of roads and bridges built or upgraded.	NA	While ADB M&E products are available, they do not currently provide information required by DFAT and do not specifically address the East Guadalcanal Road and Bridges project. This issue will persist unless means are found to address it.	●
Gizo Market Redevelopment	A Service Order stipulates contractor performance assessment and regular reporting to DFAT, the government of Western Province and market vendors on the status of construction and any problems or issues identified.	●	A combination of monthly reports, exception reports and monitoring visits by the AHC are fulfilling DFAT's information needs on the progress of construction of the market as well as meeting wider stakeholder information needs; however, there is no plan in place to evaluate the wider outcomes of the market redevelopment.	●
PSD: Economic Reform Unit (ERU)	ERU advisers are engaged by SIRF under Service Order 6, which provides the basis for M&E.	●	Advisers report against their workplans and ERU priorities. This is currently meeting AHC information needs. A retrospective analysis of overall adviser contribution to the ERU's agenda would contribute to learning and decision making on future support to the ERU.	●
WEE: <i>Waka Mere</i> (Empowering Women Is Smart Business)	While <i>Waka Mere</i> lacks an explicit theory of change, it has a results framework which was updated in 2017 to better reflect the private sector context. It uses baseline, human resources and domestic violence surveys to create an evidence base and as foundations for tracking progress. As of 2018 <i>Waka Mere</i> became part of DFAT's regional program promoting gender equality, <i>Pacific Women Shaping Pacific Development</i> .	●	The SIGP has an end-of-program outcome of increased cash incomes for men and women. Although the M&E products associated with the WEE funding agreements are not providing evidence of cash income increases, 2018 reviews demonstrate that both <i>Waka Mere</i> and M4C are achieving outcomes associated with women's economic empowerment, a multidimensional concept. The overarching outcome for Pacific Women programs focused on WEE is: "Women have expanded opportunities to earn an income and accumulate economic assets." This is more evaluable than increased cash incomes. A further outcome of M4C 's review is that UN Women is taking steps to refine their approach to providing evidence concerning WEE to better respond to the multidimensionality.	●
WEE: Markets for Change (M4C)	M4C comes under DFAT's flagship program, <i>Pacific Women Shaping Pacific Development</i> , which has a comprehensive theory of change and performance monitoring framework that meets DFAT M&E standards.	●		●
PSD: SICCI	The grant agreement provides the basis for M&E. Due to the significance and visibility of SICCI, the AHC invests a relatively high level of direct effort and input into M&E.	●	The addition of the 2018 review process to regular SICCI progress reporting is facilitating the capturing of wider outcomes from the support provided to SICCI.	●
Core Economic Working Group	The 15 outcomes in the agreed Policy Reform Matrix provide the basis for M&E.	NR	Occasional examinations such as the Joint Review Mission provide relevant information, though there is no routine monitoring of performance.	●

(1) Assessment: ● Partially meets expectations ● Meets expectations NA/NR = Not Applicable/ Not Relevant

5. Structure and Design of SIGP

5.1 Relevance of the Program Activities

Q.7. Are the activities that sit within SIGP still the right things to do under this investment?

A. The individual activities in the SIGP are relevant to current policies and strategies of the GoA and SIG and are generally successful with regard to the performance criteria in the AQC. Hence the individual activities are judged to still be appropriate things to do.

As indicated in Section 3.1 (see page 13) the individual activities in the SIGP are consistent with current GoA policy guidance and the implementing strategies that were developed for the Pacific region in general and specifically for the Solomon Islands. The activities are also consistent with the SIG's development strategy. A review of the activities and investments (see [Table 4.1](#) on page 21) indicates that they are most successful regarding their relevance, gender equality and likely sustainability, with efficiency and effectiveness the next-best performing criteria. Hence, the immediate answer is that, yes, the activities that sit within SIGP are still appropriate things to do and there is no case to change the program by cancelling or amending the current activities.¹⁴

Even so, the MTR finds three qualifying matters. None of these is of sufficient concern that they require a change to the structure of SIGP – which is advantageous given the challenge of doing this in the limited remaining time in the program (perhaps only 18 months by the time the MTR is completed and ready to be acted on).

The first of the challenges relates to the selection of activities to be undertaken in SIGP. The IDD set out a programmatic approach, specifying criteria “for all investment for all SIGP activities” that were to be used “to prioritise investments under the program for initial investigation and in the longer term provide the basis for a coherent and focussed SIGP” (p.23)¹⁵. In practice, the basis for the proposed program appears to have been:

- Four activities (*Waka Mere*, support to the ERU and SICCI and SOUL Cocoa) were specified for inclusion in the program without explicit evidence that the criteria were used to select them. The reason for their inclusion was that they were “early implementation activities approved to generate momentum in the growth portfolio” (p.32).
- The economic infrastructure projects appear to have been based on a dual selection approach. Initially, the Tina River Hydropower and the East Guadalcanal Road and Bridges projects were specified for inclusion in SIGP on the basis that they scored “highly against

¹⁴ Note that this is a different matter to concluding whether it is appropriate to locate the activities in SIGP or in some other arrangement within the economic growth portfolio. That matter is addressed in Section 5.2.

¹⁵ The 13 criteria included: (i) strategic criteria comprising (a) demand side analysis, (b) potential for transformational growth, (c) potential for enhanced productivity, (d) effect on women and youth, (e) implications for poor people, and (f) feasibility; and (ii) operational criteria comprising (a) strength of entry point, (b) additionality and neutrality, (c) sustainability, (d) timeline, (e) risk, (f) partnerships, and (g) social and cultural feasibility. The criteria were unweighted, and each scored using a 0-3 (weak to strong merit) scale. In addition to use of this quantitative analysis, allowance was made for qualitative assessment to account for, for example, an individual criterion that was a deal-breaker and a low-scored initiative that opened the way to broader benefit.

the selection criteria” (p.26) though without this being explicitly demonstrated. Subsequently, the IDD (p.37) indicated that these and other infrastructure projects should be chosen on the basis of the selection criteria for all initiatives – though it then focused on several other criteria¹⁶.

- The selection criteria were explicitly applied to prioritise potential *Strongim Bisnis* initiatives.
- The Gizo Market Redevelopment project was included in the IDD as a potential *Strongim Bisnis* initiative. Following the investment design, it was implemented as a separate activity together with the addition of the complementary M4C activity.

As discussed previously in Section 4 (page 22), with regard to *Strongim Bisnis*, it is strongly preferable with a programmatic approach that some initiatives be sufficiently developed to allow them to be implemented early in the program, while other potential initiatives are identified, prioritised and, if selected, developed for implementation. While the IDD included *Waka Mere*, support to the ERU and SICCI and SOUL Cocoa in the program as early start initiatives, they were to generate momentum to the program and did little to facilitate early implementation of initiatives under *Strongim Bisnis* as it was eventually configured. Notwithstanding these limitations, the elements of the SIGP identified in the IDD are, as indicated above, judged to still be sound activities.

There remains the potential to review the criteria indicated in the IDD to prioritise potential *Strongim Bisnis* initiatives¹⁷. Challenges with the criteria have included: (i) there was a need to adapt the screening criteria set out in the IDD to better reflect AHC priorities, with 12 evaluation criteria now used¹⁸; (ii) securing sufficient information for each initiative to make a reasonable assessment of its performance with regard to each criterion, and undertaking this in a manner that is proportionate to the initiative being considered; (iii) with a large number of criteria, the effect, and thus relevance, of individual criteria is reduced; and (iv) the method is more applicable to one-off or periodic planning rather than a process of continuous identification of initiatives. The last of these might be addressed by comparing the score for a single new initiative with a benchmark established through review of past initiatives. The first three issues could be addressed by reviewing the criteria with a view to further reducing the number of them and finding improved ways to apply them. The IDD recognised the need to review the criteria, indicating that this should occur at the mid-term and final evaluations. While not a part of the TOR for the current examination, the MTR supports the refinements to date and suggests further review to identify if the number can be reduced, which is indicated as a task for the proposed technical advice for *Strongim Bisnis* discussed in Section 4.3 (see page 31).

The next issue also relates to *Strongim Bisnis*. The MTR judges the activity to still be appropriate for implementation in the SIGP. It is consistent with the development frameworks of the GoA and SIG and applies a recognised, if still evolving, methodology. As discussed previously, the investment criteria set out in the IDD were explicitly applied to potential *Strongim Bisnis* initiatives, albeit mostly outside its focus areas and with only brief two- or three-line descriptions for the initiatives. Even taking the information provided in the Statement of Requirements for *Strongim Bisnis* in the IDD, the activity was still largely conceptual, with few practical initiatives identified and none prepared to a stage where they were ready for implementation. These

¹⁶ The three additional criteria for infrastructure projects were: (i) a clear link to the removal/reduction of a constraint to growth or catalysing a specific investment; (ii) benefits proportional to the magnitude of the investment; and (c) availability of funding (p.37).

¹⁷ In practice the criteria are now only applicable to *Strongim Bisnis*.

¹⁸ The revised set of criteria now used are: (i) criteria in the IDD that continue to be used, being (a) strength of entry point, (b) additionality and neutrality, (c) sustainability, (d) timeline, (e) risk, (f) partnerships, and (g) social and cultural feasibility; (ii) new or adapted criteria of (a) effect on women, youth and disabled people; (b) effect on environment and climate change, (c) value for money, (d) measurability of impact and attribution to program intervention, and (e) results projections.

factors contributed to the slow start for the activity. This was further compounded by the commencement of *Strongim Bisnis* in July 2017, 15 months after SIGP commenced.

At the current time a question is whether there is a need to modify *Strongim Bisnis*. While the MTR has not conducted a detailed review of the activity, its investigation does not identify any factors that challenge the concept. Rather, the needs are to modify its governance, management and practices, as discussed in Section 4.3.

The final qualifying matter is to differentiate if the activities that sit within SIGP are the “right” things to do, as against being “reasonable” or “appropriate” things to do. Right implies they are the best things to do in the program. To be definitive, that requires a broader and more detailed examination of current and potential activities in the economic growth sector, which is beyond the current review. However, the matter is addressed to an extent in the next two sections.

5.2 Distinctiveness of the Program

Q.8. Is there a distinction between these activities and the other activities/- investments under the growth portfolio which justifies their inclusion under SIGP?

A. The MTR concludes that there is no significant distinction between the activities in the SIGP and the remainder of the economic growth portfolio. Consolidation of activities into the SIGP has provided no evident benefits.

As indicated in [Figure 2.2](#) (see page 12), there is at least one SIGP activity for six of the eight areas of interest in the economic growth portfolio. Superficially, this may seem reasonable, if not positive, with the SIGP program seen to be comprehensive and representative of DFAT’s interests. This section considers if there is merit in the disposition of activities between SIGP and the remainder of the economic growth portfolio.

To be distinct from other activities in the economic growth portfolio, SIGP activities would need to have some distinguishing features. It is challenging to find such distinctions, for example:

- **Geographical focus.** The geographical focus of SIGP does not differ substantially from the other projects in the portfolio, other than perhaps to have a slightly greater emphasis on infrastructure projects on Guadalcanal.
- **Implementation linkages between SIGP activities.** There are only two co-implemented initiatives in SIGP, being Gizo Market Redevelopment and M4C, and SICCI Support and *Waka Mere*. It is not evident that this is markedly different to implementation linkages between other initiatives in the remainder of the portfolio.
- **Synergies between SIGP activities.** There are relatively few synergies between activities in the SIGP that will lead to greater benefits than would occur if the activities were implemented through independent programs.
- **Lack of alternate implementation arrangements.** The East Guadalcanal Road and Bridges project could be equally well realised through the STIIP/NTF implementation arrangement currently used for other transport projects rather than needing to be included in SIGP.

It is therefore concluded that there is no significant distinction between the activities in the SIGP and the remainder of the growth portfolio. It seems that the SIGP is an artificial construct that

includes part of the portfolio. The program could equally encompass the entire portfolio or some other mix of portfolio activities. In practice, it seems that SIGP may have simply been a way of packaging a set of initiatives that could be implemented with the extra funding that had become available at the time of its development.

Several other matters have a bearing on whether there is merit to the present aggregation of activities in the SIGP versus some other approach:

- **Administration costs.** The SIGP approach would have merit if there were administrative savings for DFAT. As indicated previously (e.g. [Table 4.2](#) on page 30), management of the SIGP and its activities requires considerable AHC resources, including five teams reporting to two Counsellors. Some small savings may have been possible with the management arrangements proposed in the IDD (with *Strongim Bisnis* having an oversight role for some of the other activities), but this would simply relocate the management role from the AHC to a contractor and hence not necessarily result in financial savings to DFAT. Similarly, there may be small savings from the coordinated implementation of management of Gizo Market Redevelopment with M4C and SICCI Support with *Waka Mere*, though these savings are possible whether the activities are in the SIGP or located in the economic growth portfolio as a whole. Arranging the transfer of DFAT funds for the East Guadalcanal Road and Bridges project to the NTF through the SIGP, rather than with other contributions to the NTF, added a small additional administrative cost due to the need to separately account for the funds. The time and cost involved in managing SIGP as a whole, e.g. assembling data and reporting on the program, is exacerbated by the location of activities in two sections in the AHC and the diversity of the activities in the investment. On balance it is concluded that the SIGP results in a small increase in DFAT management costs.
- **Clarity of exposition.** There may be merit in aggregating activities for ease of presenting them to governments and the public. However, this does not seem to have been a driver for SIGP given that the IDD indicated it was not to be promoted externally under its name and this has occurred in practice. No evidence has been found that SIGP has provided clarity to the aid program – indeed, the contrary seems to be more likely, with puzzlement regarding a separate comprehensive growth program within a similarly wide-ranging growth portfolio.
- **Aggregating small activities.** Five of the nine activities in the SIGP have budgets of \$2.5 million or less (see [Table 2.1](#) on page 7). Placing small initiatives into a single program may be seen to provide administrative benefits. However, as for the program as a whole, the small initiatives in SIGP have few implementation or operational links or synergistic benefits. Together with the needed overlay of program administration and the absence of expositional benefits, there does not seem to have been any clear advantage to the aggregation of small initiatives.
- **Reporting.** Presenting simple indicators of progress for SIGP, e.g. financial expenditure, is relatively straightforward, being the aggregation of data for a number of individual activities. However, reporting on performance, specifically the annual AQC, is challenging. Firstly, six of the individual activities are below the \$3 million threshold for which an AQC is required but have been taken as needing to be addressed in the AQC because the program as a whole is above the threshold. Next, the brevity of the description of the performance of each of the 10 activities in the SIGP needed to fit within AQC guidelines reduces its usefulness in providing an understanding of the performance of the program. Finally, a judgement needs to be made in the AQC on the average performance of the

diverse range of activities, leading to an additional layer of judgement (i.e. for each activity and then for the program as a whole).¹⁹

The MTR therefore draws the conclusion that the consolidation of a range of activities into the SIGP that is broadly similar to the set of activities in the economic growth portfolio within which it sits has been neither helpful nor beneficial.

5.3 Structuring the Economic Growth Portfolio

Q.9. Is there an alternative way to organise all investments under the economic growth portfolio?

A. The MTR concludes there to be no merit in pursuing rearrangement of activities between SIGP and the remainder of the economic growth portfolio during the remaining term of the program because of limited benefits and administrative challenges. It also concludes that the SIGP should not be extended in its present form at the end of its term. Given that most current activities in the economic growth portfolio will finish by 2020, it recommends that work should commence as soon as possible to develop a future economic growth portfolio that is packaged into investments and activities in a more coherent manner and which can commence when the SIGP ends.

This question regarding the disposition of activities in the economic growth portfolio is considered in five steps in this section: (i) is there any advantage to relocating activities into or from the SIGP in the short run? (ii) should SIGP continue in its current form at the end of its current term? (iii) are all current activities in the economic growth portfolio appropriately located? (iv) are there alternate ways for structuring the portfolio in the longer term; and (v) what is needed to develop the economic growth portfolio in the future? Conclusions are then drawn.

Short-Term Restructuring SIGP

Leaving aside for the moment the issue of practicability, an argument could be made to relocate the East Guadalcanal Road and Bridges project from SIGP to STIIP through which other support for transport infrastructure is provided. This would avoid the bother of providing the support through two channels. However, the activities under SIGP are well advanced and such a change is likely to be more bothersome than continuing with the current arrangement, for which a working arrangement has been established.

Given that the ongoing involvement in the Tina River Hydropower project is related to road development and support to the project office, relocating it too from SIGP to the remainder of the economic growth portfolio would leave the SIGP with a clearer focus on capacity building, WEE and PSD. This could be complemented by relocating SIWIBA from elsewhere in the economic growth portfolio into the WEE activity in SIGP.

However, at the current time these changes are more about program clarity than providing substantive benefits such as reducing costs or enhancing outcomes. Moreover, the administrative challenge of making the changes is likely to be problematic. Given that the SIGP

¹⁹ This issue is addressed in Section 4.4 and suggestions for the future are considered in Section 5.4.

will end in June 2020 the MTR concludes there to be no merit in pursuing such rearrangements at this stage of the program.

Extending the SIGP

It can be expected that the GoA will continue to provide assistance for economic growth in the Solomon Islands beyond the end of SIGP and that there will be merit in continuing at least some of the current activities in SIGP. However, the conclusion that emerges from previous sections in this report is that: (i) there are few benefits in the current aggregation of activities in the SIGP; (ii) that the benefits could in any event be obtained through the effective coordination of initiatives rather than the required integration of them into a single program; (iii) there is an additional overlay of management for the program in addition to its component parts; and (iv) it is difficult to report on the performance of a program with such a variety of activities. Hence the MTR concludes that the current SIGP has little merit as a means for managing a mix of activities in the economic growth portfolio and it should not be extended in its present form beyond its current term.

Allocation of activities to the Economic Growth Portfolio

The current review has not examined the broader economic growth portfolio in detail and thus makes only simple observations intended to enable it to consider alternate ways of structuring the portfolio. As indicated in [Figure 2.2](#), the Skills for Economic Growth and Seasonal Workers Program and gender-focussed activities in the current portfolio are closely related to AHC's human development program of activities, and support for the ERU and for the CEWG are linked to AHC's governance and justice program. The closeness of these links is beyond the scope of the current review, but consideration should be given to whether the activities would be better located in these other programs to provide greater clarity in the role of the economic growth portfolio (and perhaps to also better integrate the activities with those in these other programs).

In addressing this matter, it seems likely that most activities in AHC's development programs contribute to economic growth to some degree. The role of an activity in supporting economic growth is therefore not a sufficient reason for it to be included in the economic growth portfolio. Rather, economic growth should be the primary objective for an activity to be located in the economic growth portfolio.

Alternate ways of structuring the economic growth portfolio

Consideration is first given in this section to principles that can guide the productive categorisation of activities in the economic growth portfolio in the longer term, and then to the application of the principles to the portfolio. The objectives for this categorisation are to reduce administrative costs, facilitate coordinated implementation and operation of activities, secure enhanced outcomes and/or provide a more coherent strategy to address economic growth. The principles include:

- **Related activities.** Activities are inter-related can be grouped together. The linkages may be attributable to:
 - where the implementation modality is the same, e.g. as is the case between the East Guadalcanal Road and Bridges project and other projects being funded through the NTF and implemented through STIIP;
 - instances where implementation of the initiatives is linked, e.g. as has occurred with the Gizo Market Redevelopment project and the associated involvement of M4C; or
 - where the initiatives are complementary in some other way, e.g. the combination of a project to develop and subsequently maintain some infrastructure, or between the development of say, road infrastructure and an initiative related to road transport policy. That is, instances where synergies between the initiatives allow the benefits for the integrated implementation of the two initiatives to be greater than would be the

case if only one of the activities was implemented or if the two activities were implemented independently of each other.

- **Similar outcomes.** Activities that may be implemented independently, but which have similar outcomes, can be grouped as it is possible to assess their performance using the same criteria.
- **Similar implementation relationships.** Activities that are implemented through similar types of organisations may be grouped on the basis that there is a similar set of relationships and ways of working with them.
- **Economies of scale.** Economies of scale can make it worth combining several initiatives, for example where a number of small activities that each only need a part-time team leader could be combined with a single team leader to guide all of the activities. It can also support a case for lesser number of larger activities.
- **Specialisation.** Activities may be grouped because they involve some specialised skills or other resources, for example asset management across an unrelated set of public infrastructure, or procurement of specialised equipment that may be used in a range of initiatives.
- **Marketing.** There may be a desire to present a combination of activities for the purposes of simple exposition and visibility. In this case, the additional administrative cost of overseeing the program, as well as its component parts and other challenges noted in previous sections regarding SIGP, may be tolerated as the cost of securing an easy means to communicate the general intent of the program and to present it to stakeholders. The SIGP fits this principle – other than the conflicting intention that it not be promoted in this manner.

Arrangements that are consistent with the first five of these principles are:

- **Sectoral categorisation of initiatives.** This approach gives emphasis to the second principle in particular and the first principle also. It leads to categorisation of initiatives by sector, for example separate categorisation of activities related to infrastructure, utilities, private sector development and public policy reform²⁰. The expected outcomes for each of these activity groups will generally be similar. Activities that do not readily fit in these categories can be treated in one of two ways. If they are complementary in some way to the core activities, they should be undertaken as part of the same activity group. Alternatively, consideration should be then given to whether the remaining projects are appropriate to the economic growth portfolio (as noted in the previous sub-section).
- **Categorisation by implementation approach.** This approach gives emphasis to the third principle by grouping activities according to the agencies the activity is implemented through, leading to categories such as: international agencies; government agencies; private sector organisations; and community organisations. The outcomes against which performance can be measured for activities in each of these groups may not be as focussed as with the previous categorisation of initiatives but will still have reasonable cohesion. It may be necessary to divide some to secure a sufficient level of outcome cohesion, for example to split the government category into infrastructure and services.
- **Aggregation of small activities.** Following the fourth principle suggests that small activities, for example those with individual budgets of less than \$3 million, could be aggregated and managed by a managing contractor to reduce the workload in the AHC

²⁰ Another categorisation is: infrastructure; finance, trade and private sector development; markets and livelihood; labour and employment; and community finance.

and perhaps also to secure improved outcomes through the contractual nature of the relationship.

- **Specialisation.** Examples of where closely related initiatives could be combined includes support for private sector organisations (including SICCI, *Waka Mere* and SIWIBA) and infrastructure (including the Tina River Hydropower and East Guadalcanal Road and Bridges projects).

Application of these approaches to the current activities in SIGP is shown in [Table 5.1](#). None of the approaches is ideal, but it seems likely that the sectoral categorisation approach may result in the greatest program coherence.

In practice, there is a need to be responsive to opportunities and circumstance. This may require a compromise between the above structural nicety and the seeming pragmatism inherent to the composition of SIGP. However, there is a need to avoid the particularly wide range of activities included in the SIGP, being almost fully representative of the portfolio as a whole, while also seeking the combination of activities that provide the greatest level of coherence.

Table 5.1: Potential Structures for the Economic Growth Portfolio

Component	Options			
	Sectoral categorisation ⁽¹⁾	Implementation modality ⁽²⁾	Aggregation of small activities ⁽³⁾	Specialisation ⁽³⁾
SIGP				
Strongim Bisnis	PS	P		
Tina River Hydropower ⁽²⁾	I	G		C1
East Guadalcanal Road and Bridges	I	G		C1
Gizo Market Redevelopment	I	G		
WEE: M4C	I	P	C	
WEE: Waka Mere	PS	P	C	C2
PSD: SICCI Support	PS	P	C	C2
PSD: Economic Reform Unit Support	PP	G	C	
Core Economic Working Group	PP	G	C	
SOUL Cocoa (ADRA Cocoa Pilot)	PS	P	C	
Other Economic Growth Portfolio				
STIIP	I	G		
Rural Development Program	I	G		
PHAMA	PS	P		
Skills for Economic Growth	-	G		
PSD: Pacific Financial Inclusion Program	PS	P		
Seasonal Workers Program	-	C		
WEE: SIWIBA	PS	P	C	C2
Biosecurity Development Program	PP	G	C	
Undersea Cable Project	U	P		

(1) I=infrastructure, U=utilities, PS=private sector development, and PP=public policy reform

(2) G=government agencies; P=private sector organisations; and C=community organisations

(3) C=combine into a single program

The discussion above considers alternate structuring for of the existing set of activities in SIGP. A feature the SIGP, and also the broader economic growth portfolio, is the large number of small-scale activities. Nine of the 19 activities in the portfolio have a budget of less than \$5 million (with implementation commonly spread over about three years), 12 have budgets less

than \$10 million, and only three have budgets of \$25 million or more (see [Table 2.1](#)). While there is a need for programs to be responsive to needs that emerge over time, it can eventually result in a diverse program that reflects the gradual ad hoc aggregation of activities and which has a diminished focus. There is therefore a case for rationalising the current portfolio. This is considered in the next sub-section.

Economic Growth Portfolio Pipeline

As indicated in [Table 2.1](#), all but one of the activities in the economic growth portfolio will be completed by 2020, with many to end before then. This indicates an urgent need to develop the economic development program, given the time taken to identify potential activities, prepare investment designs and undertake other pre-commencement activities. Taking a purposeful approach to developing an investment program also avoids the alternative, ad hoc approach where existing activities are continued and new ones commenced simply because they are available, rather than because they offer the best means for securing the outcomes sought from the development program.

In addition to the core need for the economic growth portfolio to support the development objectives of the GoA and SIG, other matters that should be taken into account in developing an ongoing economic growth portfolio are:

- Take a long-term perspective because it can be anticipated there will be an ongoing assistance program to the Solomon Islands and many, and perhaps most, initiatives take more than one term to have their full effect. This is especially the case with developing the capacity of staff and systems of SIG agencies. Taking a long-term approach overcomes the limitations of seeking to develop institutional capacity and secure other change through, for example, limited-term infrastructure loan projects.
- Review the performance of current activities and the merit of continuing them beyond the term of SIGP, and hence determine modifications that should be made.
- Examine programs in other Pacific island countries to identify lessons and activities that could be developed for application in the Solomon Islands.
- Respond to the distinct core SIG obligations and private sector role in promoting improved economic efficiency and effectiveness.
- As the principal provider of development assistance in the Solomon Islands, produce a clear development framework and program that can in turn influence the assistance provided by other donors.
- Where appropriate, complement and supplement programs of other donors to maximise the benefits of DFAT's assistance program.
- Seek opportunities to develop larger initiatives and to combine small complementary initiatives into a single larger activity where this can reduce management costs and secure better outcomes.

The MTR suggests that while some small activities may remain, these matters could lead to substantial change through:

- relocation of some current economic growth portfolio activities to other sections in the AHC;
- development of a few large activities with a general orientation to long term engagement and outcomes (e.g. a program with a potential 10-15 year horizon to develop the capacity of MID to become an effective asset management agency, and a program to support improved productivity, product development and export capacity for the private sector. The latter could potentially include an extended version of *Strongim Bisnis* drawing on lessons learned from the current phase); and

- an integrated program of support to the private sector through networking, training, mentoring and emphasis on gender equality and social inclusion.

The MTR notes the need to urgently commence the development of a refined economic growth portfolio of activities that can begin at the end of the SIGP.

Conclusions

Drawing on the review presented in this section, the following conclusions are reached:

- Recognising the limited time remaining in the term of the SIGP, it is not recommended that there be a structural change in the program, either to add or to remove components.
- Given the challenges with managing and accounting for SIGP with its current structure, it is recommended that the program not be continued in its current form at the end of its term.
- Consideration should be given to the best location in the AHC's development program for investments in the economic growth portfolio that are primarily directed to human development and governance.
- Given that most current activities in the economic growth portfolio will finish by 2020, work should start as soon as possible to develop a future economic growth portfolio that is packaged into investments and activities in as coherent a manner as is practicable and which can commence when the SIGP ends.

5.4 Improving Monitoring and Evaluation

Q.10. How could future M&E arrangements be improved?

A. There is a need in the current term of SIGP to enhance the M&E of individual activities. Key priorities are the East Guadalcanal Road and Bridges project, Gizo Market Redevelopment, support to the ERU and putting Strongim Bisnis's recently-developed M&E system into operation. The AQC for the SIGP could be enhanced by focussing it on key activities, for example the four activities with individual budgets of \$3 million or more (which together account for 82% of the total budget for SIGP activities). At the portfolio level, the existing Performance Assessment Framework requires nuancing to better reflect the complexities inherent in measuring the economic empowerment of women and men in the Melanesian context.

Previous sections demonstrate that: the mix of activities in SIGP largely mirrors the breadth of the wider economic growth portfolio; there is an absence of identifiable benefits from the current aggregation of activities into the SIGP; there is little to justify the extension of the SIGP in its current form beyond its current term; and identify an urgent need to commence the development of a set of investments for the economic growth portfolio that can start in mid-2020. With this in mind, the M&E priorities during the current term of SIGP are to enhance the M&E of individual activities, where possible, and ensure the M&E for the wider economic growth portfolio is designed to be fit-for-purpose, while also useful for assessing the performance of SIGP.

At the portfolio level, an urgent issue is to be able to track the effectiveness and identify the outcomes of the technical assistance provided to the STIIP program and to identify specific outcomes of the East Guadalcanal Road and Bridges project. This can be achieved either by negotiating with ADB to expand its results-based management approach to encompass the technical assistance aspects provided by Australia, or by the AHC carrying out M&E directly. The disadvantage of the latter is that the AHC would be establishing an M&E system in parallel to ADB's existing system. Carrying out M&E directly would add further burden to the already-heavy workload of relevant AHC staff. As a mid-term review of the STIIP is underway, decision-making on this can be deferred to take the M&E findings of the review into account.

Two other improvements to activity-level M&E are easily achieved: (i) the commissioning of an evaluation of the contribution of ERU advisers to ERU performance; and (ii) the outcomes resulting from the Gizo Market Redevelopment, which could be done in conjunction with an end-of-phase evaluation of M4C that will include the Gizo Market as a site.

During 2018, a performance assessment framework (PAF) for AHC's wider economic growth portfolio was developed and agreed. This PAF requires some nuancing to better reflect the complexities inherent in measuring economic empowerment of women and men in the Melanesian context, as discussed previously in Section 4.4 (on Monitoring and Evaluation of SIGP).

A final remaining need is to find an improved means for reporting the performance of the SIGP. One approach is to acknowledge that there is no clear difference between the types of activities and outcomes associated with the SIGP and with the economic growth portfolio as a whole. This would allow reporting against the PAF to be used for both SIGP and the portfolio. Whether this approach is acceptable to DFAT is beyond the scope of this MTR to determine.

A second approach is to refine how the performance of SIGP is reported through the AQC system, recognising that: (i) it is largely the aggregation of a number of individual disparate activities; (ii) six of the 10 activities in SIGP have individual budgets of less than \$3 million and would therefore not require an AQC if undertaken as isolated investments; and (iii) two of the six small activities will be reported through AQCs for regional programs.

Three suggestions are made. The first is to include all activities except those undertaken through regional programs as a means to avoid double-reporting of the latter.

A second suggestion is to focus the AQC on the activities that contribute to a key outcome, for example those which seek to create an enabling environment for economic growth at a more macro level. These would include the Tina River Hydropower and East Guadalcanal Road and Bridges projects, *Strongim Bisnis* and support to the ERU.

A final suggestion is to focus the AQC for SIGP on the four activities that have individual budgets of \$3 million or more. This would cover 82% of the budget for the ten activities in the investment. The approach would allow more detail to be provided for these four activities and hence a better understanding of their performance. Brief commentary could be made on the other six activities in the SIGP including cross-referencing to regional investments where relevant.

Rather than simply make judgements about the aggregate performance of the four large activities, it is suggested that:

- Separate partial AQCs be prepared for each of the four large activities to: (i) challenge activity managers to formally document the performance of their activity; (ii) provide a sound and explicit understanding of the performance of each of the activities; and (iii) be used as input to the preparation an aggregate AQC for SIGP that covers only the four activities.

- These partial AQC's need only have text that can be accommodated in the full AQC, but should still each have quantitative assessments for each criteria in the AQC.
- The scores for the individual projects could then be used to allow an informed judgement to be made of the appropriate score for the program, or could be used to derive weighted average scores – with the effect of the latter approach with scores weighted by the budget for each of the four large projects is shown as item 2 at the bottom of [Table 4.1](#).

The MTR concludes that this approach provides a more explicit basis for the AQC for SIGP and is in keeping with the intent of the AQC process of providing insight into the performance of DFAT's larger investments.

5.5 Future Governance and Management Arrangements

Q.11. What governance arrangements would appropriate for the SIGP in the future?

- A. The MTR does not identify the need for new formal governance arrangement for SIGP as a whole. As indicated in question 5b, there is a need for new governance arrangement for Strongim Bisnis. Senior AHC management should continue to provide the governance functions of strategic guidance, oversight and review for directly managed program activities. There is also a continuing need for many of the functions specified in the investment design for the externally-engaged Program Coordinator to assist AHC's Program Manager, though part-time input should be sufficient in the future.*
-

This section considers governance in its broadest sense, distinguishing between governance and management (as discussed in footnote 6 on page 34).

Governance

As indicated in Section 4.3 (page 31), the MTR judges that the progress of *Strongim Bisnis* has been impeded by current governance and management arrangements. It concluded that there is a need to establish a small Steering Committee to provide strategic guidance for the activity and to also secure technical support to help the AHC manage a large, relatively novel and complex activity. TORs for these additional functions are provided in [Annex C](#).

Section 4.3 (page 29) also noted that at present there is no formal governance arrangement in place for the SIGP as a whole or for the other activities that are implemented by the AHC. Instead, governance and management functions are undertaken as routine activities by staff in the AHC.

The MTR concludes that there is no need for new formal governance arrangement for SIGP as a whole based on: (i) the diversity of the activities in SIGP, which would require a steering committee or similar with representation from a large number of entities, with most having relatively minor roles in the overall program; (ii) the activities undertaken together with development partners, which account for 57% of the SIGP budget, have their own governance arrangements; (iii) other activities are generally small and focussed and have enough contact with AHC that ensures sufficient oversight and guidance for them; (iv) such formal governance arrangements seem inconsistent with the intention that SIGP not be promoted as a public program; (v) the Steering Committee set out in the IDD was essentially an internal AHC committee; (vi) in general, governance for SIGP is better undertaken at the activity level so that it is more responsive and precise; and (vii) a doubling up of governance at both the activity and program levels should be avoided.

Even so, the SIGP is a formal program that needs to be directed, reviewed and reported on. Hence, while the MTR is comfortable that this can be done as an internal function in the AHC (supplemented with a Steering Committee for *Strongim Bisnis*), there is a risk that the oversight and strategic role of governance may be overlooked in the course of day-to-day management activities. This is not considered to be sufficient cause to establish a formal governance arrangement for SIGP and can be addressed through continued thoughtful oversight of the program by the AHC.

Program Management

The management arrangements proposed for SIGP in the IDD comprised (see also [Figure 2.1](#)): (i) the Counsellor (Economics and Strategy) was to be responsible for high-level oversight of the program; (ii) a Program Coordinator was to be engaged to undertake most day-to-day management activities; and (iii) First/Second Secretaries were located between these two functions. While no specific role was set for them, it may be inferred that they were to have oversight of the activities of the Program Coordinator and to report to the Counsellor in the same manner as for other work matters. In practice, the role of Program Manager has, to a large extent, been undertaken at First Secretary level with the assistance of the external Program Coordinator.

The Program Manager has a vital role in the SIGP, including to: (i) maintain oversight of the progress of all activities in the program; (ii) ensure the, albeit very limited, opportunities for linkages between activities within SIGP and with other activities in the economic growth portfolio are identified and acted on; (iii) work with activity managers to identify constraints that need to be addressed with their line managers; (iv) seek and consolidate information for routine reporting on SIGP and its activities; (v) ensure performance monitoring, risk registers, child protection and gender and disability action plans are maintained; and (vi) provide feedback to activity managers on the results of this work and seek remedial actions where needed.

The IDD indicated the Program Coordinator was to be a full-time position based in Honiara. The role was to implement some elements of the SIGP, monitor investments, make linkages, report on the performance assessment framework (PAF), maintain the risk register and gender and disability action plans, and strengthen public diplomacy.

An external Program Coordinator commenced work in November 2017, 19 months after the start of SIGP. The person spent three months in the Solomon Islands initially and has since worked remotely (from Australia) for the remainder of the one-year full-time contract. Both conditions are limitations, i.e. with the start over a third of the way through the program and the remote location for most of the work adversely affecting work interaction and the availability and use of management information. A further challenge to the work of the Program Coordinator has been the inability for personnel not directly employed by the AHC to work in its offices, and hence to work closely with the Program Manager and activity managers. This also resulted in inefficiency because of the need for AHC staff to assemble materials for the Program Coordinator and communicate remotely.

The Program Coordinator has undertaken a number of tasks that addressed the economic growth portfolio in general. Key activities have included: (i) mapping and categorising the activities in the economic growth portfolio; (ii) developing a theory of change for the portfolio and reviewing a theory of change for *Strongim Bisnis*; (iii) preparing a detailed PAF; (iv) coordinating and reviewing activity risk registers and preparing a risk register for SIGP; (v) conducting a child protection policy audit; (vi) preparing a public diplomacy strategy; (vii) preparing aid fact sheets; (viii) assisting with the preparation and review of AQC's; and (ix) reviewing various documents.

The MTR draws the conclusion that the Program Coordinator has secured significant progress in developing key management materials for the SIGP and the broader economic growth portfolio,

but that adverse circumstances have restricted achievement of the full potential of the position. It is concluded that the remote working arrangement without regular visits to and time in the Solomon Islands is so unideal that it should not be continued. Given the work done to date, it is also judged that full-time input is not needed in the future.

However, there remains the need for most of the tasks to be performed, albeit the work will always be constrained if undertaken by a person who is unable to work in the AHC. There is no ideal way of working within these constraints, but the MTR concludes that the best arrangement is to: (i) use AHC staff to maintain management information systems (including activity progress, performance monitoring, risk registers, child protection and gender and disability action plans); with (ii) part-time input from a technical adviser to assist the Program Manager. An outline TOR for this position is included in [Annex C](#). If an appropriately experienced person could be identified, they could perform the above functions and be the part-time technical adviser to Strongim Bisnis described in Section 4.3.

Annex A: Descriptions of SIGP Activities

Content (with links to the appropriate page):

- [Strongim Bisnis](#)
- [Tina River Hydropower](#)
- [East Guadalcanal Road and Bridges](#)
- [Markets for Change \(M4C\)](#)
- [Empowering Women Is Smart Business \(*Waka Mere*\)](#)
- [Economic Reform Unit Support](#)
- [SICCI Support](#)
- [Gizo Market Redevelopment](#)

Strongim Bisnis

Name	Strongim Bisnis		
Budget	\$14.0 m		
Location	National		
Focus:	Private sector development – using a market systems development approach		
Implementer(s)	Contractor (Adam Smith International) managed by AHC (Honiara)		
Duration	36 months	Start: July 2017	End: Jun 2020
Background	<p>Strongim Bisnis (Strengthen Business) was one of three components in the IDD for the SIGP (with the others being infrastructure and support to the Economic Reform Unit). All other activities in the current program were to be part of Strongim Bisnis. In the out-turn, Strongim Bisnis and these other activities were established as individual components. The IDD established a set of criteria to guide the selection of all specific activities to be undertaken in SIGP, being used to filter, prioritise and tailor investments made through the SIGP. They were also to inform DFAT's approach to advocacy and engagement. The SIGP commenced in April 2016, but it was not until July 2017 that Strongim Bisnis commenced. The IDD identified some potential initial activities for Strongim Bisnis, though many were outside the core 52oci set for it and the activities were at a concept stage only.</p> <p>The IDD proposed a SIGP Steering Committee (comprising AHC staff and engaged contractors) with SIGP Consultative Group (which included representatives from SIG) to guide the entire SIGP. These groups were never established. No equivalent arrangements were established for Strongim Bisnis</p>		
Activity Description	<p>Strongim Bisnis works with the private sector and the SIG with the objective of securing a strong, positive and lasting impact through business growth. It focuses on private sector businesses and investors and other market actors in (initially) the coconut, cocoa, and tourism industries and sectors that intersect with these (such as finance, telecommunications, transport etc) while also seeking to empower women and youth. It takes a market systems development approach that seeks to identify and respond to constraints to growth and the efficient and effective operation of markets. It seeks to facilitate the implementation of innovative approaches to strengthen services to the private sector, introduce new technologies, improve business planning and operations, and to diversify or scale-up efforts that increase employment and income. Its work covers matters such as improved business development services, value-added processing, access to finance, risk management, market development and women's participation in the economy. It is not an investor in businesses, but rather seeks to help identify and address constraints and unlock opportunities. It works with SIG agencies (the Ministry of Industries, Commerce, Labour and Immigration, Ministry of Agriculture and Livestock, and the Ministry of Culture in Tourism in particular) to support business development.</p> <p>Strongim Bisnis has a full-time equivalent staff of four expatriates and around 14 Solomon Islanders supplemented by three (currently) expatriate short-term advisers. It operates according to sector strategies based on analyses of their market systems. The strategies set out a number of intervention areas based on needs and where Strongim Bisnis considers it is likely to have an impact. Having identified potential activities, it prepares business cases (of around 7-9 pages) for each activity and these are submitted to AHC (Honiara) for review and approval prior to being implementation.</p> <p>Strongim Bisnis works on matters of mutual interest with SICCI (e.g. through various industry working groups and hopes to engage on SICCI's Youth Entrepreneurship Council; and technology readiness and other activities). A potential overlap between the activities of Strongim Bisnis and PHAMA is managed to avoid wasted resources. It coordinates with PHAMA and a range of other programs (e.g. Rural Development Program, Skills for Growth Program, Pacific Financial Inclusion Program and many more) to leverage support, coordinate inputs, as well as avoid duplication. It has also taken account of the Gizo market redevelopment project in its investigation of tourism development needs.</p>		

Status	While initial progress during start-up to the program was slow, it now has 28 partnerships and activities approved and initiated to date. Strongim Bisnis has cumulatively delivered on activities in 17 out of 23 interventions prioritised for 2018. In addition to the partnerships that have been established, it has trialled early programs and is now beginning to scale up successful activities. Progress has been challenged by more onerous processes (both internal and external) than anticipated, and known business operating constraints in Solomon Islands.
Governance Arrangements	Strongim Bisnis does not have its own steering committee or similar, but is instead managed by AHC (Honiara) staff. It meets weekly with these staff and provides weekly meeting notes, and monthly, quarterly, bi-annual and annual reports. It has an internal Strategic Advisory Panel that was established by the contractor. Activity expenditures are closely managed by the AHC.
M&E Arrangements	An M&E system has been developed and subject to pre-audit. Only small changes are needed to respond to the pre-audit. The system will be implemented when appropriate staff are available. The system draws on experience elsewhere on M&E that is appropriate to a market systems development approach. The method adopted comprises a sector-level results chain, intervention-level results chains and indicators at impact, outcome and market system change levels by sector and for Women's Economic Empowerment. The program was subject to an external pre-audit of 'systems in place' (as required by the Donor Committee of Enterprise Development) which confirmed that the program has adequate systems in place and these are compliant with DCED standards.
Contextual developments	Strongim Bisnis has involved introducing a new concept (market systems development) in a challenging country and business environment.
Progress and achievements	<p>The program has:</p> <ul style="list-style-type: none"> • commenced a new program and established a visible presence in the Solomon Islands; • introduced the MSD approach to the Solomon Islands and invested in training local staff in the approach and to work as business advisers; • made substantial progress in building the program's credibility through communications and stakeholder relationships; • signed partnerships with several high-profile local businesses and built strong working relationships with several key public and private sector stakeholders; and • tested new business models and used the results to revise the program strategy for inclusion in the 2019 Annual Plan. <p>Its approved partnerships and activities include, for example: (i) an agreement with Tourism Solomons regarding 11 activities related to destination marketing (especially on-line) and tourism development associated with the scheduled opening of the Munda International Airport in late-2018; (ii) an agreement with a tourism operator to trial an innovative boat cruise product – which is now due to be scaled up; (iii) an agreement with a company to develop a strategy to expand regional export markets; (iv) working with Biosecurity Solomon Islands to support coconut rhinoceros beetle containment efforts – this campaign has gone nationwide; (v) feasibility studies on value-added processing for coconut and cocoa products in the domestic market with plans to develop partnerships and activities to implement findings; (vi) developing new microfinance products for rural women; (vii) promotion of Solomon Islands cocoa products – the annual cocoa competition was turned into a festival and handed over to a local implementing agent; (viii) business mentoring and (ix) technical support to the Central Bank's Financial Inclusion Taskforce's Micro, Small and Medium-sized Enterprises (MSME) Working Group was delivered recommendations to the government to improve the SME Loan Guarantee Fund and the government's MSME Action Plan.</p>
Other observations	The progress of Strongim Bisnis was slower than expected by the AHC, influenced by start-up challenges including the introduction of a new approach in the Solomon Islands. Reports against plans suggest the program has delivered what it planned to do.
Information Sources	Meetings, Investment Design Document, https://strongimbisnis.com.sb/ , Executive Summary to the Program Strategy.

Tina River Hydropower Implementation Phase

Name	Tina River Hydropower Implementation Phase		
Budget	<p>\$10.4 m for preparation phase, and an additional \$17 million for the implementation to date, with a further \$1.4 million m to be available through the SIGP. The end date also needs to be extended to 2024. The total project costs are estimated at around US\$240m, to be financed through private capital and concessional loans and grants. Funds from the Green Climate Change Fund and Australia are channelled through the World Bank. Other financiers are ADB, Korea's Economic Development Corporation Fund and the Abu Dhabi Fund for Development SIG will also provide a guarantee for Solomon Power's commitments under the power purchase agreement.</p>		
Location	East Guadalcanal Province		
Focus:	Economic infrastructure		
Implementer(s)	SIG, six financiers and a developer, the Korea Water Resources Corporation		
Duration	Overall: preparation and Implementation: 2009 – 2024		
	Under SIGP: 36 months	Start: December 2017	End: June 2024
Background	<p>Retail electricity prices in Solomon Islands (averaging US\$0.85/kilowatt hour (kWh)) are the highest in the Pacific and among the highest in the world. Solomon Islands businesses identify high electricity costs as a key constraint to investment. Electricity generation and generation capacity are far below the Pacific average, and only 12% of the population has access to mains electricity, the lowest rate in the Pacific. Even in Honiara, the electrification rate is only 64%. Ninety-seven per cent of Solomon Islands' grid electricity is generated through high-cost diesel. ADB estimates that diesel imports cost Solomon Islands up to US\$100 m/year (approximately 10% of GDP). The performance of the Solomon Islands Electricity Authority (Solomon Power) has improved significantly since 2011, but its diesel energy production is inefficient, unreliable and emissions-heavy. Fuel costs accounted for 73% of Solomon Power's costs of supply in 2015. This was as much as 87% in 2011 when global oil prices were higher. Solomon Islands' current grid capacity is insufficient to meet growing demand, including in its business and administrative capital, Honiara. Solomon Power also plans to decommission many ageing and inefficient diesel generators. Without serious investment in power generation, Solomon Islands will only have 13.7 MW of generation capacity by 2039, at a time when Solomon Power forecasts peak load to reach almost 50 MW compared to 14.4 MW in 2015).</p>		
Activity Description	<p>Tina River Hydro is a SIG and World Bank-led project to build a 15MW hydropower facility around 50km southeast of Honiara on an uninhabited stretch of the Tina River. SIG has selected private developer Korea Water Resources Corporation (K Water) to build, operate, own and maintain the hydropower facility under a 30-year power purchase agreement with Solomon Power, after which ownership will be transferred to SIG at no cost. After financial close and mobilisation, construction will take three years, with the new power station due to open in 2024.</p> <p>A benefit-sharing mechanism will be implemented for sharing revenues from hydropower generation with the communities in the project area. This is over and above land use compensation arrangements. The communities involved in the mechanism are those who were involved in land acquisition and those who will be affected through direct or indirect impacts of the dam. How the money will flow is yet to be determined. The project is to provide lower and more predictable electricity costs for businesses and households, reduce fuel imports and improve energy security.</p> <p>Australia has provided considerable assistance to date to support preparation of the project, including transaction advice. The additional funding to be provided from the Australia-Pacific Islands Partnership Trust Fund through SIGP is to finance the access road for the project and to support to the Tina River Project Office..</p>		
Status	<p>Delayed. Solomon Power and K-Water were due to sign the agreement in October 2017, but this has not yet occurred. It is now anticipated that the commercial agreement between SIG and K-Water will be signed in late 2018. Once signed there is a one-year period when the agreement can be terminated without penalty and during which pre-implementation commitments are to be fulfilled, after which construction can commence.</p>		

Governance Arrangements	The Ministry of Mines, Energy and Rural Electrification (MMERE) Project Office will lead the management of governance arrangements for the implementation phase, managing downstream implementation reporting upstream to two governance streams: (i) a SIG Steering Committee comprising MMERE, MFT, MID and the Ministry of Environment Climate Change, Disaster Management and Meteorology – MMERE will also convene SIG sub-committees for key focus areas; and (ii) a donor coordination group led by the World Bank. For technical assistance support the WB will support MMERE to recruit and manage individual advisers throughout the construction period. For access road support the WB will manage Australian funds through MFT by inserting the road component into the PPP package.
M&E Arrangements	Monitoring is undertaken by the WB on aspects including the use of funds, how decision-making is carried out, gender aspects and community involvement. During the implementation period, the WB is expected to carry out three to four support missions annually to identify challenges, agree on actions to address them and to prepare an aide-memoire at the end of each mission. A DFAT Partner Performance Assessment from 2017 indicates that the WB has been weak in communicating and providing written reporting. SIG has MMERE lead responsibility for monitoring Tina River Hydro and assessing Solomon Power's performance. MMERE will set up a project office that will engage specialists to monitor the construction and early operation of the facility; MMERE will deliver quarterly project progress reports to the WB, DFAT and other stakeholders.
Contextual developments	A SIG cabinet decision in 2017 resolved that the original objective of the project is to achieve significant tariff reduction for Solomon Islands electricity consumers. The tariff negotiation has been an ongoing matter between K-water and Solomon Power. Achieving agreement on the Shareholders Agreement was also been a main cause of delays (but now resolved). Delays in passing the 2018 development budget and substantial cuts to the budget, which passed in April, have delayed direct funding to the SIG Project Office.
Progress and achievements	Australia has invested significant human and financial resources in the preparation phase and has engaged in extensive advocacy in Honiara, Canberra, Sydney, Washington DC, Manila and Seoul. Australia has influenced the World Bank to increase its resources in the Pacific and invested \$10.4 million through the WB to support the preparation phase of the project. The Tina Hydropower Development Project remains in the preparation phase pending the signing of the key project agreements, including the power purchase agreement.
Other observations	The investment design document rated this activity as high risk/low value. Tina River Hydropower project has the potential for demonstrating that large, bankable projects are possible in the Pacific, albeit with a large management burden.
Information Sources	Interviews, Activity Design Document, WB Project Appraisal Document, Partner Performance Assessment, Quarterly Progress Reports, AHC SIGP summary table

East Guadalcanal Road and Bridges

Name	East Guadalcanal Road and Bridges		
Budget	\$6 m funding for the SIGP East Guadalcanal road and bridge improvements over and above other DFAT bilateral funding to the National Transport Fund. The NTF is used to channel SIG and donor funds for road maintenance and investment. Assistance to the NTF and MID for these activities is currently provided through the Sustainable Transport Infrastructure Improvement Program (STIIP) established by the ADB and co-financed by DFAT.		
Location	East Guadalcanal Province		
Focus:	Transport (road and bridges)		
Implementer(s)	MID/NTF through STIIP supported by ADB		
Duration	Bridges: 39 months	Start: Apr 2017	End: Jun 2020
Background	<p>Since 2003, Solomon Islands has benefited from significant donor investments in transport infrastructure, including from Australia, the ADB, Japan and New Zealand. From 2011, donors and SIG agreed to move to a sector-wide approach to implement SIG's long term National Transport Plan. A key part of this approach was the creation of the National Transport Fund (NTF) to manage pooled SIG and donor funds for transport infrastructure. The NTF has seen a large increase in the level of road and wharf maintenance contracted out to the private sector. By the end of 2015, 887km of roads and 16 wharves across Solomon Islands were under maintenance, up from 134km and zero wharves in 2011. The NTF has also funded upgrades of priority roads and bridges and repairs to infrastructure damaged in the 2014 floods. Unlike the regular SIG budget, NTF funds can be rolled over to finance multi-year projects.</p> <p>While weaknesses remain, MID has improved its ability to scope, procure and supervise works contracts. The capacity of the private sector has also increased, albeit from a low base. A steady flow of contract opportunities has encouraged contractors to invest in equipment. As of 2016, 17 contractors could undertake machine-based road works compared to around six in 2011. Despite these achievements, constraints remain to the ongoing maintenance and improvement of transport infrastructure in Solomon Islands, including: (i) insufficient funding for maintenance and other priority works; (ii) weak processes for prioritising spending by SIG and donors across the sector; (iv) inadequate (but improving) skills and experience for planning and undertaking transport works, in SIG ministries and among private contractors; (v) the high cost of transport works in Solomon Islands; and (vi) environmental and social risks, including natural disasters and land disputes.</p> <p>DFAT provides continuing core support to the NTF and MID through STIIP, including funding advisers and contributing to works financed by the fund. An incentive is provided by DFAT to encourage the SIG to increase its allocation to the FTF.</p>		
Activity Description	Specific additional funding was provided by DFAT for the improvement of two bridges in East Guadalcanal and an associated road, with the project placed under the umbrella of SIGP, but funding provided in the same manner as DFAT's core contributions to the NTF and implementation undertaken through the STIIP program.		
Status	Progress has been slow but one bridge (the Mbokokimbo Bridge) is nearing completion and due diligence reports for social safeguards are being prepared. The design for the second bridge (the Mongga bridge) is proceeding. A women's committee was formed for the preparation and implementation of selected gender interventions in these projects. A mid-term review for the STIIP project is currently underway.		
Governance Arrangements	<p>The road and bridges activities placed under the SIGP are implemented by the MID as guided by support provided through the STIIP and financed through the NTF. The governance arrangements for the SIGP activities are thus the same as for other DFAT support to STIIP and NTF.</p> <p>The NTF is a Special Fund with its own enabling legislation, governed by a board, and which uses SIG financial management and procurement systems. The NTF accounts are managed by MFT. The NTF current board is chaired by the permanent secretary of MFT, with other members being from SIG agencies and a donor representative. The AHC Deputy High Commissioner and the head of ADB rotate in this responsibility, but both attend all meetings.</p>		

M&E Arrangements	<p>For the STIIP, ADB tracks a series of mainly quantitative indicators which include physical outputs, the level of SIG funding, adoption of gender-inclusive designs and improved sector planning and prioritisation (e.g., km of sealed and unsealed roads, wharves and bridges maintained, rehabilitated or upgraded, number of gender-responsive features built, annual SIG contribution to NTF, plans, procedures, price control systems, fiduciary and MID staff performance reviews updated, adopted or implemented, share projects screened for climate change resilient design). These indicators do not address the share of DFAT's contribution that is directed to technical assistance and policy dialogue. STIIP's M&E report is reviewed by the Program Lead and then disclosed to the program steering committee, NTF Board, MDPAC, ADB and GoA.</p> <p>There is no specific M&E system for the East Guadalcanal Road and Bridges activity, though expenditure on the activity is separately accounted for by the NTF and STIIP.</p>
Contextual developments	Australia has had a long involvement in supporting infrastructure development in the Solomon Islands and is the principal provider of grant support for the sector.
Progress and achievements	Progress has been slow, but one bridge is now nearing completion and the other bridge in at the design stage.
Other observations	Australia's partnership to date with the ADB for land transport infrastructure support has shown strengths and weaknesses. Nevertheless, partnership with the ADB is considered essential to ensuring effective contributions to the sector by both donors.
Information Sources	Interviews, ADB design document for STIIP, Funding arrangement for NTF, STIIP Central Project Implementation Unit progress reports, AHC SIGP summary table

Markets for Change (M4C)

Name	Markets for Change (M4C)		
Budget	\$1.2 m top up from bilateral funds to M4C, which is funded regionally under Pacific Women Shaping Pacific Development (PWSPD)		
Location	Honiara Central, Auki and Gizo markets with SIGP funding focused on Gizo, in Western Province		
Focus:	Women's leadership, economic empowerment and ending violence against women		
Implementer(s)	UN Women and UNDP		
Duration	Six years overall with SIGP funding for expansion to include Gizo Market initiated in 2017	Start: 2014	End: 2019
Background	Marketplaces and market vendors who are predominantly women, offer important entry points to effect women's social and economic change. The M4C project is based on experiences gained from implementation of the Partners Improving Markets (PIM) pilot project and from World Bank studies. PIM included the Solomon Islands and provided evidence that improvements in physical market infrastructure and governance can improve the economic and social lives of women market vendors. WB studies on women's empowerment point to the importance of women gaining agency (gaining confidence and realising their own value), economic opportunity (gaining access to and control of economic opportunities, training and resources to expand their influence) and endowment (enhanced capacity to earn and control personal income and resources).		
Activity Description	M4C is based on theory of change that market vendors can be empowered within the market environment through a combination of strategies: (i) the creation and strengthening of representative market place groups, to strengthen the roles and influence of women market vendors; (ii) interventions focused on increasing financial literacy, access to finance, and participation in value chains; (iii) strengthening the accountability and capacity of market management, municipal and provincial governments to enable them to: (a) employ gender-responsive policies, procedures and decision-making receptive to the needs of market vendors and (b) to the design and construct of gender-responsive infrastructure and on-site services. With the advent of SIGP funding, during the second half of 2017, M4C expanded to include Gizo Market.		
Status	At mid-term M4C has been rated as effective overall. In the Solomon Islands M4C has been effective in supporting women market vendors' advancement, although MVAs require further support to function independently. M4C is considered somewhat effective at supporting economic empowerment needed because of a lack of emphasis on increasing women market vendors' control over income and assets. M4C has been less effective in engaging with some local governments in the Solomon Islands due to vendors' varying levels of capacity to engage with the program. The issue of varied capacity of local government has also impacted on the progress of market infrastructure development.		
Governance Arrangements	Overall, M4C is governed by a Regional Project Board responsible for project oversight, technical advice and direction. At the country level, the project is governed by a project management committee (PMC) composed of DFAT, government ministries, market management, UNDP and UN Women. At the operational level, in the Solomon Islands M4C has project working committees (PWC) and a project management committee (PMC). The PWC includes representatives from the Market Vendor Association, Civil Society Organisations and the private sector as well as DFAT, government ministries, market management, UNDP and UN Women. The PMC is informed by the PWGs. The provincial secretaries for Malaita and Western provinces and AHC staff attend quarterly PMC meetings.		

M&E Arrangements	<p>Reporting to the regional program occurs against four long-term outcomes: (i) accessible, inclusive and representative governance within marketplaces in place to enable markets to grow, and strengthen the role and influence of women market vendors; (ii) Improved social and economic security that enables market vendors to achieve economic, social and financial advancement, specifically with improved gender-equality and the advancement of women; (iii) Improved governance within market management and local governments that enables decision-making processes to be more gender-responsive, transparent, accountable and responsive to the needs of vendors; and (iv) Improved infrastructure and on-site services that have been developed in a gender-responsive manner and significantly improve social and economic security for women market vendors. UN Women implements outcome areas (i), (iii) and (iv) with UNDP being responsible for outcome (ii).</p> <p>M4C uses a survey tool and longitudinal vendor profiling to cover quantitative and qualitative information needs. Following a mid-term review, some adjustments will be made to Monitoring and Evaluation Framework, including revisiting the theory of change and making indicators more meaningful.</p> <p>Honiara AHC staff attend quarterly management meetings, receive biannual progress reports, and have provided feedback on the mid-term review. M4C has worked with six different focal points at the AHC over the past three years.</p>
Contextual developments	<p>Under a recent director, the Ministry of Women, Youth and Family Affairs (MWYFA) developed good gender policies that the Ministry and provincial governments can work towards, but these remain to be translated into action. In 2018 the development budget was slashed by SIG. The National Council of Women questioned the budget priorities after it was revealed that MWYFA would be getting the least amount of development funding. Buy-in from SIG for gender programs is seen by stakeholders as low. Buy-in at community level for working with rural market vendors is high. Likewise, business people are supportive of M4C. AHC has been encouraging SIG ministerial representation but this hasn't gained traction yet</p>
Progress and achievements	<p>Activities of M4C in the Solomon Islands M4C includes:</p> <ul style="list-style-type: none"> • Facilitates the BSP bank to deliver Continuing Market Business Education training to women market vendors: The BSP delivers training in: (i) Basic Financial Literacy; (ii) Improving your Market Business; and (iii) Business Seminars at the market. M4C also partners to deliver training on increasing agricultural productivity and income for market vendors and farmers with the Kastom Garden Association in the Solomon Islands; As of December 2017, 508 market vendors were trained. • Supports local government and market managers to increase their capacity to manage markets. M4C, or training providers, conduct training needs analysis and deliver training to local government, market management and market vendors associations (MVAs). Topics include: customer service, financial management, gender-responsive budgeting, the powers of the Councillors and the Council and the separation of powers and duties, and market by-laws. M4C has effectively supported local governments to become more gender responsive and interactions between market vendors and market management have improved. • Conducts consultations with MVAs on required infrastructure improvements to increase market sustainability, resilience, safety and accessibility. M4C then works collaboratively with local councils to fund and manage infrastructure development to meet the needs of market vendors, particularly women. This is the particular focus of M4C's work on the Gizo Market redevelopment. • Builds women's confidence and leadership. Market vendor leaders now speak in front of crowds, talk with provincial government officials and negotiate conflicts arising in the market. Although social norms and attitudes towards women remain largely undented, economic rationality arguments, and practical arrangements involving Market Vendor Associations, have proved to be effective entry points.
Other observations	<p>M4C works closely with the contractor for Gizo Market Redevelopment. DFAT is funding a market improvement in partnership with the provincial government. Vendors have been temporarily relocated during the build. Independently of M4C, the MVAs have been active in partnering with other SIGP programs including Strongim Bisnis and SIWIBA.</p> <p>The 2018 MTR reported that M4C is progressing towards a low level of sustainability in Solomon Islands. Key issues that limit sustainability are capacity constraints in local councils to progress infrastructure; capacity constraints in MVA executive committees; and lack of clear land tenure.</p>

Information Sources	Interviews, progress reports, fact sheet, monitoring and evaluation framework, 2018 mid-term review report, https://www.abc.net.au/radio-australia/programs/pacificbeat/frustration-in-solomon-islands-over-the/9643540 (Accessed 15 Oct 2018), AHC SIGP summary table
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Waka Mere (Empowering Women Is Smart Business)

Name	<i>Waka Mere</i> (Empowering Women Is Smart Business) ²¹		
Budget	\$2.46 m		
Location	National		
Focus:	Women's leadership, economic empowerment and ending violence against women		
Implementer(s)	IFC and SICCI		
Duration	24 months	Start: July 2017	End: June 2019
Background	<p>A large body of evidence demonstrates that: (i) gender equality not only disadvantages women, but also reduces the growth potential, productivity and performance of economies as a whole; and (ii) expanding opportunities for women in the private sector has a positive multiplier effect on economic development.</p> <p>Women in Solomon Islands face severe gender inequality and the prevalence of gender-based violence is amongst the highest in the world. In this environment, multiple challenges prevent women from participating fully in the workforce including harassment and discrimination, lack of childcare facilities and support, insufficient paid leave and poor career advancement opportunities. As a result, businesses face considerable challenges in attracting and retaining talented women and developing their capacity. This vicious cycle can be broken by demonstrating the business case for employing women and leveraging the private sector to implement gender programs that benefit their bottom line and their women employees. IFC has significant international experience in this area. In neighbouring Papua New Guinea, it supported the Business Coalition for Women to assist more than 60 companies in advancing women's economic empowerment by addressing violence, promoting gender-smart policies and practices, enhancing opportunities for women as business leaders, and for women-owned businesses in supply and distribution networks.</p>		
Activity Description	<p>The <i>Waka Mere</i> Commitment to Action is a two-year initiative which aims to promote gender equality in the private sector in Solomon Islands. It was launched in July 2017 at the Australian Solomon Islands Business Forum and includes 15 of the largest companies in Solomon Islands, with nearly 6,000 employees combined.</p> <p><i>Waka Mere</i> is focused on reducing the impact of domestic violence on businesses, women's leadership and non-traditional jobs. <i>Waka Mere</i> supports businesses to adapt and implement a model domestic violence policy, supports women to attend leadership training programs, and facilitates access to training in non-traditional work skills. The starting point is to set up a contact team with each company. In addition, <i>Waka Mere</i> provides support to the Solomon Islands Professional Women's Network, launched in December 2016 by IFC and SICCI. The network involves women leaders from the private sector and the public service.</p> <p><i>Waka Mere</i> is funded through DFAT's flagship program <i>Pacific Women Shaping Pacific Development</i>, that in turn contributes to a regional activity that is funded through the <i>Pacific Partnership</i> established between the IFC, Australia and New Zealand to stimulate private sector investment, promote sustainable economic growth, and reduce poverty. DFAT's involvement in the program is managed from Canberra. Since 2018 <i>Waka Mere</i> is also counted as part of the <i>Pacific Women</i> program.</p>		
Status	<p>A progress review at the end of its first year indicates that 15 companies made progress by taking one or more measures to promote gender equality, covering implementing new policies for addressing domestic violence and sexual harassment and creating respectful and supportive workplaces (14 companies), training and promoting high potential women (eight companies), supporting women to get driving licenses for the first time (seven companies).</p>		
Governance Arrangements	<p>An overarching contract and trust fund cover many advisory services and business development activities delivered by IFC in the Pacific and DFAT's involvement is managed from Canberra. A steering committee with senior representatives from DFAT, NZ MFAT and IFC meets twice annually to assess progress.</p>		

²¹ *Waka Mere* is the Solomon Islands Pijin name for Empowering Women Is Smart Business, and means "She Works."

M&E Arrangements	A foundation for M&E is surveys on: (i) a baseline; (ii) human resource; and (iii) domestic violence. The first two are complete and the domestic violence survey is in progress, with the team now in Oro carrying out the survey with SolTuna. A review of Waka Mere has been completed and the report was launched on 10 Oct 2018. IFC also carries out project supervision reporting. IFC reports to the Pacific Partnership, which means that information from <i>Waka Mere</i> is integrated into a regional report.
Contextual developments	See contextual developments for M4C
Progress and achievements	<p>Fourteen companies made commitments to build respectful and supportive workplaces. Contact points from each company completed training on how to serve as first responders for staff affected by domestic violence (DV). Eleven companies completed training and began implementing a policy for addressing DV at the workplace. Nine companies completed training on how to monitor and evaluate the policy, and 10 companies are in the process of completing a survey to assess the current impact of DV on their workplace. Four companies are implementing a Respectful Workplace policy (anti-bullying and sexual harassment) and have trained line managers on the policy. One company has hosted two-hour training sessions with more than 80 operational staff to raise awareness and completed a survey to assess the current levels of bullying and sexual harassment as a baseline for monitoring the effectiveness of the policy.</p> <p>Increasing opportunities for women in leadership: Eight companies are now developing a pipeline of women leaders and have set measurable targets for increasing the share of women at different levels of leadership. Eight Waka Mere companies and four other companies sent 12 women to complete Certificate IV in Leadership and Management course at the Australia-Pacific Technical College. Several graduates achieved a promotion or broader responsibilities, an increased salary, additional training, or joined a professional network. Waka Mere companies hosted six Solomon Islands Professional Network (SIPNET) events. SIPNET was launched by IFC and SICCI in 2016 to increase opportunities for women as individuals through networking and skill-building.</p> <p>Promoting opportunities for women in jobs traditionally held by men: Seven companies recognised the underutilised pool of talent that women represent and are taking steps to attract more female employees for male-dominated roles and helping them to thrive. As a starting point, five companies sponsored female employees to obtain their driver's licenses. Eleven women with provisional licenses are completing practical driver training. For many, this is the first step towards obtaining a heavy vehicle license.</p>
Other observations	The arrangements between IFC and SICCI do not appear to be contributing to SICCI's capacity to deliver future programs that support and empower working women. The partnering of service providers from the Solomon Islands, with specialists and trainers from Australia and Papua New Guinea, is also relatively limited.
Information Sources	Interviews, fact sheet, progress reports, 2018 mid-term review report, AHC SIGP summary table

Support to the Solomon Islands Chamber of Commerce and Industry (SICCI)

Name	Support to the Solomon Islands Chamber of Commerce and Industry (SICCI)		
Budget	\$0.7 m (Alternate estimate \$0.532m)		
Location	National		
Focus:	Business Organisation Support		
Implementer(s)	Australian High Commission, Honiara		
Duration	36 months	Start: April 2016	End: Apr 2019
Background	SICCI is the peak private sector representative body in the Solomon Islands, working with the Solomon Islands Government (SIG) to promote a better enabling environment for the private sector. SICCI is run by a CEO, and three staff (advocacy, membership and media officers), and governed by an 11-member board.		
Activity Description	<p>The objectives of the DFAT/SICCI grant agreement are to:</p> <ul style="list-style-type: none"> • enable development by SICCI of higher quality policy dialogue with SIG on the state of the economy and domestic business environment • broaden SICCI's membership to become more representative of the Solomon Islands private sector. <p>The funding covers the CEO's salary, networking events and training courses.</p>		
Status	The implementation period is nearly at an end. A review is in progress to assist decision making about a possible continuation of funding.		
Governance Arrangements	DFAT assistance to SICCI is overseen by a Project Coordination Committee (PCC) comprising SICCI and AHC representation that meets quarterly.		
M&E Arrangements	Quarterly reports to the PCC are intended to focus on key activities, their outcomes, progress towards objectives, and on emerging issues and risks. The reports also include information on <i>Waka Mere</i> , a Women's Economic Empowerment program implemented by IFC and SICCI. The quarterly reports are primarily activity- and output-focused.		
Contextual developments	SICCI staff and some senior officials in SIG are young professionals who are part of a generation seeking change. They are acutely aware of the implications of Solomon Islands demographics and high youth unemployment. Fifty-two percent of the population is below 20 years old. The high population growth rate of 3.8% has drastic implications for future development planning and service delivery ²²		

²² Source: HIES 2012/2013. <http://www.statistics.gov.sb/component/advertising/?view=download&format=raw&fileId=409> (Accessed 2018/10/11)

Progress and achievements	<p>Australia's funding has enabled SICCI to become an effective organisation by allowing greater organisational stability and providing resources that have been invested in undertaking advocacy to government providing services to members. The apparently high level of performance would be clearer if a profile of the membership before 2016 were available.</p> <p>The signing of an MOU with the SIG in July 2017 after a two-year negotiation process represents a turning point in SICCI's relationship with SIG and particularly the Ministry of Commerce, Labour and Industry. In May 2018 SICCI and the Royal Solomon Islands Police Force (RSIPF) signed a MOU geared towards crime prevention initiatives that incorporate private sector perspectives. They are launching a pilot social enterprise project that aims to foster a safer environment for private sector activity in the community of Burns Creek. In June 2018 SICCI successfully inaugurated an annual Prime Minister's breakfast. The Prime Minister directly engaged and formally addressed the private sector and members of the business community on topics including policy priorities and key infrastructure developments. SICCI is concerned about the impact of graduation from LDC status on exports and has advocated for a delay in the graduation process. Other areas of advocacy include the national budget, anti-corruption, tax reform, land issues, infrastructure, skills development, and creating an e-platform and one-stop shop for registering new businesses.</p> <p>SICCI currently has 227 members. Sixty percent are small to medium enterprises with less than 20 employees. Provincial members have grown from four in 2016 to 28 currently. SICCI members represent every major industry sector except forestry. The dominant sectors of membership are financial and professional services, and retail and wholesale goods and transport. SICCI also has interest group and affiliate members including the Economics Association and Institute of Accountants of Solomon Islands, the Chinese Business Association, Transparency International Solomon Islands, The RSIPF, the Solomon Islands Women in Business Association, the Young Entrepreneurs Council and non-government organisations such as Oxfam. Five years ago, SICCI was dominated by expatriates, unable to generate sufficient income to deliver services, and at risk of folding after the discontinuation of European Union funding.</p> <p>SICCI supports private sector business through: (i) providing business connectivity through its business network that covers many sectors and areas of business; (ii) seeking to shape the future, for example through the chamber's policy dialogue with the SIG; (iii) training and capacity building to support business development; (iv) provision of information on business, government policies, economic statistics and areas of interest to the private sector through newsletters, website, social media and networking events; (v) networking event; and (vi) exploring business opportunities with members and through visiting trade missions and companies.</p> <p>SICCI has representation on more than 20 boards, task forces and working groups/advisory committees, including the boards of the Central Bank, National Provident Fund and Transparency International, and taskforces on national financial inclusion, tax review, trade facilitation and anti-corruption.</p> <p>In September 2018 SICCI announced the results of a competitive recruitment process for a new CEO with Ms. Atenasi Ata selected to become CEO in December 2018.</p>
(Other observations	<p>SICCI is exploring income generation options to increase organisational sustainability. With a large advocacy agenda and involvement in more than 20 forums it is important for SICCI to be strategic and avoid spreading efforts too thinly.</p> <p>SICCI has enjoyed relatively high visibility due to engagement with the Prime Minister, the RSIPF and prolific media releases.</p>
Information sources	<p>Grant agreement and extension, Interviews, fact sheet, August 2018 review documents, AHC SIGP summary table</p>

Economic Reform Unit Support

Name	Economic Reform Unit Support		
Budget	\$2.5 m		
Location	National		
Focus:	Economic Policy Support		
Implementer(s)	Solomon Islands Resource Facility		
Duration	45 months	Start: Apr 2016	End: Dec 2019
Background	<p>The Ministry of Finance and Treasury (MFT) Economic Reform Unit (ERU) was established in 2004 by cabinet decision to identify, develop and advise on reforms that would significantly expand sustainable income earning opportunities across the Solomon Islands. The ERU provides advice to SIG on tax and customs policy and business regulation and carries out monitoring of state-owned enterprises and macroeconomic forecasting. During the RAMSI period the ERU was dominated by foreign advisers, however today it is staffed by 11 Solomon Islanders and one expatriate adviser. The support has developed the ERU as an incubator for skills development in policy analysis and advice, with its staff having often moved on to other positions in government and the private sector.</p> <p>For a considerable period, Australia seconded advisers to the ERU, drawing on staff in the Australian Departments of Treasury and Finance. This provided experienced personnel on a continuous basis. Advisers are now sourced through DFAT's Solomon Islands Resource Facility (SIRF), which also manages advisers under other governance programs, drawing on private sector personnel. A challenge is securing appropriately-skilled staff and ensuring continuity in their provision.</p>		
Activity Description	<p>In the past, the adviser team has operated under the direction of a Senior Economic Policy and Management Adviser, reporting to the Director of the ERU and the Undersecretary Economics in MFT. This has now been reduced to two positions, with each having specific responsibilities for advice on macro-economic and micro-economic matters.</p> <p>The team contributes to the policy advice given by the ERU to senior management in MFT and more widely in the SIG on economic, budgetary, taxation and state-owned enterprise reform. It also supports continuing capacity development within the ERU.</p> <p>On commencement, each adviser is required to develop an indicative work plan to identify priorities for engagement. However, advisory support is intended to be opportunistic and flexible to support emerging appetite for positive reform and provide advice and information where negative policy decisions may undermine growth prospects for Solomon Islands.</p>		
Status	<p>From September 2016 to November 2017 the ERU had three advisers (Senior, Revenue and Macroeconomic). It has been difficult to sustain continuous support since and there is currently only one adviser, who will finish at the end of 2018. Recruitment is underway for personnel to fill the two currently-funded adviser positions.</p>		
Governance Arrangements	<p>The previous government-to-government arrangement was based on a written agreement about the provision of advisers. Under the current arrangement SIRF is expected by the AHC to liaise closely with the ERU on adviser needs and recruitment.</p>		
M&E Arrangements	<p>The advisers provide AHC with quarterly reports against their Terms of Reference workplan and achievements against ERU priorities. They report on: key deliverables/key projects; advice to the minister (without disclosure); consultations (flagging potential sensitivities); training provided. Honiara AHC carries out Adviser Performance assessments in consultation with the director of the ERU.</p>		
Contextual developments	<p>The political landscape is challenging; with three MFT ministers within four years and a position of deteriorating financial reserves. The current minister has demanded a much more active Ministry and ERU and in response ERU is setting processes to ensure advice is delivered in a timely manner.</p>		

Progress and achievements	The advisers provided to the ERU have in recent time assisted it to: (i) draft sections of the 2017 budget speech; (ii) provide input to proposed legislation related to financial matters; (iii) finalise key amendments for parliamentary sittings including revenue measures to support the 2018 budget; (iv) prepare the mid-year economic forecasts and fiscal position; (v) prepare revenue estimates for the 2019 budget preparations; (vi) prepare advice for Cabinet to put logging on a more sustainable path; (vii) provide advice to the minister on the payment of Community Service Obligations by state-owned enterprises; (viii) assist with the re-establishment of the Core Economic Working Group and the agreed policy matrix; (ix) progress key reforms highlighted in the Core Economic Working Group policy matrix, including a review of tax policy; and (x) knowledge transfer to and capacity development of ERU staff. The ERU currently has an agenda of 15 priorities.
Other observations	The ERU serves as an incubator for training competent staff. Turnover is high, with many staff accessing better remunerated positions but with the advantage of expanding the pool of trained personnel in the Solomon Islands and enhancing the status of the ERU as a respected agency. A separate, but related, activity is support for the Core Economic Working Group (CEWG). The CEWG was established after the 2008 global financial crisis as a way for the major development partners in the Solomon Islands to have policy discussion with the SIG and has been used as a platform for providing policy support. After being placed in abeyance and in the face of a number of fiscal challenges, the CEWG was re-established in December 2017 with ADB, WB, EU, New Zealand and Australia participation.
Information Sources	Interviews, quarterly progress reports, SIGP Investment Design Document, SIGP 2017 Aid Quality Check, AHC SIGP summary table

Gizo Market Redevelopment

Name	Gizo Market Redevelopment		
Budget	\$3.9 m		
Location	Gizo, Western Province		
Focus:	Economic infrastructure		
Implementer(s)	AHC and Reeves International PTY		
Duration	26 months	Start: Nov 2017	End: Dec 2019
Background	<p>Gizo is the capital of Western Province and the second-largest town in the Solomon Islands. Gizo is considered to offer potential as a tourism destination. In response to a request from the Western Provincial government, DFAT committed to redevelop the existing Gizo town market facility to improve amenities for vendors, residents and tourists. The market was identified as part of a broader tourism and cultural precinct. The market masterplan is for a mid- to long-term solution that involves significant expansion (including reclamation) of the market site into the lagoon.</p>		
Activity Description	<p>The goals of Gizo Market Redevelopment are: (i) Increase private sector investment; (ii) Promote growth in the tourism sector; (iii) Empower women economically and improve their livelihood security; and (iv) Provide capacity development for the construction sector, the market vendors and authorities responsible for the management of the market</p> <p>The aim of the first stage of Gizo Market redevelopment is to develop a suite of buildings and functions that establishes the market within the current market footprint and allows for further stages. Proposed structures are; a concrete/timber open market hall, a single-storey masonry/-timber kiosk and a single-storey amenities building, a septic tank to provide on-site sewage treatment from the amenities block and a retaining wall structure towards the lagoon edge.</p> <p>Planning and implementation of the Gizo market redevelopment has drawn on the Markets for Change (M4C) activity, which is also a part of the SIGP</p>		
Status	The main market buildings are expected to be completed by the end of February 2019. It is likely that the office and amenities building will be completed in March 2019.		
Governance Arrangements	The Gizo Redevelopment Steering Committee meets monthly with attendance depending on availability. The members are Western Provincial Government, Gizo Town Council, the UN Women Markets for Change activity, Market Vendors Association, DFAT and the contractor company engaged by DFAT to design and construct the market.		
M&E Arrangements	Monthly progress reports by the contractor, monthly steering committee minutes and exception reports. The contractor also publishes a monthly newsletter update for key stakeholders, including the market vendors, Western Provincial government, Steering Committee members and the AHC		
Contextual developments	Gizo attracts tourists for diving and surfing and has recently begun hosting cruise ships. The first visit of a cruise ship in October 2016 marked the first of regular, scheduled Carnival Australia cruise ship visits to the Solomon Islands. Currently about eight cruise ships visit Gizo each year.		
Progress and achievements	<p>Since approval of the Gizo Market design documents, there have been minor delays affecting the program. Construction of the gabion sea wall plus all backfilling, compaction and site preparation was completed in August 2018. The building contractor has since completed set out of the two markets halls and has commenced excavation of the pad footings. Steel and roof trusses for both market halls are scheduled to be installed in October 2018. Procurement of all materials has almost been completed. The main buildings are expected to be completed by the end of February 2019. It is likely that the office and amenities building will now be completed in March 2019.</p>		
Other observations	-		
Information sources	Interviews, Service Order, Design Development Report (Apr 2018), progress reports, newsletter updates, AHC SIGP summary table, http://www.pireport.org/articles/2016/10/03/cruise-ship-brings-1500-tourists-solomon-islands-gizo (Accessed 15 October, 2018)		

Annex B: Inventory and Assessment of SIGP Monitoring and Evaluation

Table B.1: Inventory of SIGP M&E products and arrangements

Activity/Agreement	Budget (\$ m)	Start/End Dates	M&E Framework and Plan (program logic, TOC, performance assessment framework, M&E Plan)	Progress Reporting	Evaluations		Other
					Internal	External	
Tina Hydropower	17	04/17-06/19 ⁽¹⁾	The Monitoring and Results framework development is the responsibility of the World Bank; the Gender Action Plan (GAP) has a separate results framework. MMERE is responsible for monitoring the implementation of the GAP, and of social and environmental management actions, impacts and beneficiary feedback through community meetings, grievance redress and other mechanisms.	The implementation phase has not begun. Sept 2018 WB Aide- Memoire to agree on actions related to the closure of the Project Office, and the power purchase, implementation and government guarantee agreements		WB is expected to a lead mid-term evaluation in the 3 rd year of implementation and a final evaluation	
<i>Strongim Bisnis</i>	14	07/2017 – 06/2020	<ul style="list-style-type: none"> • TOC • Sector-level results chain • Intervention-level results chains • Indicators at impact, outcome & market system change levels by sector and for WEE 	<ul style="list-style-type: none"> • Monitoring and Results Measurement Plan and Manual (08/18) • Quarterly progress report • Annual Report 		The SIGP IDD calls for a mid-term review	Website ⁽²⁾ WEE & sectoral infographics
East Guadalcanal Bridges	6.0	04/17-6/20	The Project Performance Monitoring System consists of a set of indicators tracked by ADB	<ul style="list-style-type: none"> • CPIU monthly reports • CPIU quarterly reports 		MTR mission conducted 8-12 October 2018.	
Gizo Market Redevelopment	3.9	11/17-12/19	The basis for M&E is the Service Order for the Gizo Market design and construction issued to Reeves International Pty Ltd by DFAT	<ul style="list-style-type: none"> • Monthly report by Reeves • Monthly project steering committee minutes • Monitoring visits by AHC 			Newsletter communicating progress to stakeholders
PSD: Economic Reform Unit (ERU)	2.5	04/16-12/19	<ul style="list-style-type: none"> • ERU advisers engaged by SIRF under Service Order 6 • The 15 ERU priorities provide a basis for M&E 	Quarterly reports by ERU advisers against their workplans and ERU priorities	Adviser Performance Assessments		

Activity/Agreement	Budget (\$ m)	Start/End Dates	M&E Framework and Plan (program logic, TOC, performance assessment framework, M&E Plan)	Progress Reporting	Evaluations		Other
					Internal	External	
WEE: <i>Waka Mere</i> (Empowering Women Is Smart Business)	2.5	04/16-06/17	<ul style="list-style-type: none"> • IFC concept note results framework (2015) and Oct 2016 update • Baseline, human resource; and domestic violence surveys 	<ul style="list-style-type: none"> • 6-monthly progress reports aggregating results for all initiatives funded under the Pacific Partnership • AHC staff meet regularly with the program manager 	Sept 2018 mid-term review report		
WEE: Markets for Change (M4C)	1.2	2014-2019	<ul style="list-style-type: none"> • Theory of change and results framework in 2014 project design document • Monitoring and evaluation framework Update (June 2016) • Framework aligned to <i>Pacific Women</i> TOC 	<ul style="list-style-type: none"> • 6-monthly overall regional progress report with sections on each country • AHC staff attend quarterly management meetings 		July 2018 Mid Term Review with sections on each country	
PSD: Solomon Islands Chamber of Commerce and Industry (SICCI)	0.7	04/16-06/19	The basis for M&E is the grant agreement between DFAT and SICCI	<ul style="list-style-type: none"> • Quarterly project coordination committee meeting reports (9 to date) • Follow-up meeting between AHC, CEO, adviser to the CEO, SICCI and at least one board member 	Self-assessment completed Aug 2018	SICCI self-assessment complemented by an external review carried out by AHC staff with support from the Economic Growth Program Coordinator	Media releases Workshop documentation
Core Economic Working Group	2.0	12/17-2019	The basis for M&E is the 15 outcomes set out in the Policy Reform Matrix	<ul style="list-style-type: none"> • Monitored through AHC involvement in monthly meetings of the Technical Economic Working Group and periodic meetings of the CEWG 		Joint Review Mission in Aug 2018	

(1) Prep stage started in 2009 (not under SIGP). Implementation phase is funded under SIGP. Committed \$17m to the WB for Tina from 2017 – 2019. plan to increase to \$18.4m and extend the time frame – Ideally to 2024, when the dam site should be complete.

(2) <http://strongimbisnis.com.sb>

(3) <http://strongimbisnis.com.sb/resources.html>

Abbreviations: PSD=Private Sector Development | WEE=Women's economic empowerment | CPIU=Central Project Implementation Unit

Annex C: Outline Terms of Reference for Supplementary Support for SIGP Management

Strongim Bisnis

Context

Strongim Bisnis works with the private sector and the SIG with the objective of securing a strong, positive and lasting impact through business growth. It focuses on private sector businesses, investors and other market participants in the coconut, cocoa and tourism sectors, while also seeking to empower women and youth. It takes a market systems development approach that seeks to identify and respond to constraints to growth and the efficient and effective operation of markets. It seeks to facilitate the implementation of innovative approaches that strengthen the private sector, introduce new technologies, improve business planning and operations, and to diversify or scale-up efforts that increase employment and income. Its work covers matters such as improved business development services, value-added processing, access to finance, risk management, market development and women's participation in the economy. It is not an investor in businesses, but rather seeks to help identify and address constraints and unlock opportunities. It works with SIG agencies to support business development.

Strongim Bisnis also works on matters of mutual interest with the Solomon Islands Chamber of Commerce and Industry (SICCI), for example participation in a rural industry working group. A potential overlap between the activities of *Strongim Bisnis* and Pacific Horticultural and Agricultural Market Access (another AHC activity) are managed to avoid wasted resources. It has also taken account of the Gizo market redevelopment project in its investigation of tourism development needs. While initial progress during start-up to the program was slow, it now has 28 partnerships and activities approved and initiated to date. *Strongim Bisnis* has cumulatively delivered on activities in 17 out of 23 interventions prioritised for 2018. In addition to the partnerships that were established, it has trialled early programs and is now beginning to scale up successful activities.

The activity commenced in July 2017 and will end in June 2020. It is managed by a staff member in the Australian High Commission (AHC) in Honiara, with the activity implemented by a managing contractor. The governance and management arrangements for the activity are being strengthened, with a Steering Committee to be implemented and technical support to be provided to the AHC. This Terms of Reference relates to the Steering Committee.

Strongim Bisnis Steering Committee

Role

- The Steering Committee will provide strategic guidance to and oversight of *Strongim Bisnis*.
- The Australian High Commission (AHC) will remain the manager for *Strongim Bisnis* and will have full financial accountability for the activity.

Membership

Given the activities undertaken by *Strongim Bisnis*, membership of the Steering Committee should include a senior representative from each of:

- MCLI as it is the key SIG ministry for the activity;
- the Ministry of Women, Youth and Family to reflect the importance of these matters;
- SICCI as the representative for the private sector; and
- The AHC and financier and manager of the activity.

Meetings and Activities

The Steering Committee will meet quarterly. Its activities will include:

- provide insight into public policy relevant to *Strongim Bisnis*;
- provide guidance on areas of *Strongim Bisnis* activity and types of initiative pursued;
- provide advice on potential *Strongim Bisnis* activities;
- provide advice on means to improve the performance of *Strongim Bisnis*;
- assist with stakeholder coordination;
- review and provide feedback on work plans and other key reports; and
- help resolve challenges faced by the activity and its management.

Secretariat

AHC's manager for *Strongim Bisnis* will act as the secretariat for the Steering Committee.

Strongim Bisnis Technical Support

Role

An activity manager in the AHC, supported by an assistant, undertakes day-to-day oversight of *Strongim Bisnis*, including regular meetings with senior in-country contractor staff, review and approval of annual work plans, review and approval of business cases for *Strongim Bisnis* initiatives, review of periodic progress reports, ensuring performance monitoring is undertaken and that risk registers, child protection and gender and disability action plans are maintained, and approving contract payments.

The overarching role of the technical adviser is to support the activity manager in the AHC and to oversee and facilitate the technical quality of the managing contractor's work. The work will be undertaken in two stages:

- (i) an initial stage of around two months' full-time equivalent work to conduct the equivalent of a mid-term review for *Strongim Bisnis*, including:
 - a. review past and current work, work plans, budgeting and expenditures, staffing, internal and client management, managing contractor/contract staff/client relationship, work practices, progress and stakeholder perceptions of *Strongim Bisnis*, and
 - b. recommend refinements to the focus, activities, processes, management, delegations, reporting and public diplomacy that will strengthen the management and work of *Strongim Bisnis*; and
- (ii) subsequently on a part time basis and at the request of the activity manager in the AHC:
 - a. help implement recommendations from the initial work, and
 - b. review future proposed work programs, business cases for initiatives, implementation of initiatives, application of and outputs from the monitoring results measurement system and technical and progress reports prepared by *Strongim Bisnis* and assist with the preparation of reporting needed for the AHC.

Program Management Assistance

Context

The Solomon Islands Growth Program is a flagship four-year \$50 million umbrella investment of the Australian High Commission in Honiara (AHC). The Program supports the goal of increased private sector investment in a more inclusive economy. SIGP's end-of-program outcomes (EoPOs) are: (i) increased cash incomes for men and women; and (ii) a better enabling environment for private sector. SIGP commenced on 1 April 2016 and is scheduled to end on 30 June 2020. The program comprises several individual activities. The SIGP is described in more detail in Chapter 0.

The activities being undertaken through the SIGP include:

- Strongim Bisnis
- Tina River Hydropower project
- East Guadalcanal Road and Bridges project
- Gizo Market Redevelopment
- Women's Economic Empowerment (WEE): Markets for Change (M4C)
- WEE: Empowering Women Is Smart Business (Waka Mere)
- Private Sector Development (PSD): SICCI Support
- PSD: Economic Reform Unit Support
- Core Economic Working Group
- SOUL Cocoa (ADRA Cocoa Pilot)
- Program Management M&E.

These activities are each overseen by an activity manager in the AHC. A Program Manager in the AHC oversees the entire program, including to: (i) maintain oversight of the progress of all activities in the program; (ii) ensure the, albeit limited, opportunities for linkages between activities within SIGP and with other activities in the economic growth portfolio are identified and acted on; (iii) work with activity managers to identify constraints that they should address with their line managers; (iv) seek and consolidate information for routine reporting on SIGP and its activities; (v) ensure performance monitoring and evaluation, risk registers, child protection and gender and disability action plans are maintained; and (vi) provide feedback to activity managers on the results of this work and seek remedial actions where needed.

Role

The role of the Program Management Assistant is to support the Program Manager by undertaking tasks as requested by the Program Manager, including:

- (i) reviewing activities and their associated management information systems (including but not limited to performance monitoring and evaluation, risk registers, child protection and gender and disability action plans and progress reporting) and monitoring and evaluation (M&E) systems;
- (ii) identifying additional information needs;
- (iii) interpreting and consolidating information; and
- (iv) assisting with the preparation and review of reports.

Annex D: List of Persons Consulted

Name	Role
Australian High Commission, Solomon Islands	
Michael Hassett	Deputy Head of Mission
Skye Bale	Acting Counsellor, Economics
Cass Grant	Second Secretary, Economics
Eric Scholte	Second Secretary, Economics
Louise Scott	Second Secretary, Economics
Louise Ellerton	Second Secretary, Performance and Strategy
Vivienne Sykes	Second Secretary, Education
Joe Haga	Program Manager, Economic Infrastructure
Angellina Fakaia	Program Manager, Economic Diplomacy and Trade
Brenda Mauli	Program Manager, Economics
Vanessa Teutao	Acting Program Manager, Women's Economic Empowerment
Solomon Islands Resource Facility	
Danura Miriyagalla	Program Coordinator
Solomon Islands Chamber of Commerce and Industry	
Atenasi Ata	Chief Executive Officer (incoming)
Dennis Meone	Chief Executive Officer (outgoing)
Economic Reform Unit, Ministry of Finance, Solomon Islands Government	
Rector Luaboe	Director
Courtney Cleary	Revenue Adviser
Strongim Bisnis	
Mandy Whyte	Chief Executive Officer
Lorenz Wild	Business Partnerships Director
Gianluca Nardi	Women's Economic Empowerment Director
UNWomen	
Sandra Bernkau	Regional Technical Specialist, Markets for Change
Kirsty Nowland	Program Manager, Markets for Change
Other	
Patrick Mannix	Program Lead, Sustainable Transport Infrastructure Improvement Program
Takafumi Kadano	Senior Energy Specialist, World Bank
Ruth Maetala	Coordinator, Waka Mere

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