
Evaluation Report

Strongim Bisnis Independent Evaluation

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We would also like to thank the Government of Solomon Islands for its welcome, facilitating the work of the evaluation team warmly and with great generosity of time and insights.

Thanks also to the Strongim Bisnis team for their time and resources in coordinating the in-country input for the team. The willingness to engage in open discussions and sharing of documentation, as well as proactive facilitation of meetings and a general spirit of finding ways forward is greatly appreciated.

We trust the report reflects this spirit of transparent, frank and constructive, forward-looking consultation.

The evaluation team consisted of Team Leader Simon White, Market Systems Development and Tourism Specialist Jennifer Bartlett and Program Manager Kate Michelly.

Strongim Bisnis Investment Profile

Agreement name	Strongim Bisnis		
Partner's name	Adam Smith International (Australia) Pty. Ltd.		
Agreement number	73686		
Agreement start date	July 2017	Agreement end date	June 2020
Total approved value	AUD 14 million		
Country of program	Solomon Islands		
Investment priority	Economic Governance and Growth		
Reporting period	Phase 1: 2017-2020		
Report drafted by	Oxford Policy Management Limited		
Report approved by	Cass Grant	Date	December 2019

Executive summary

Summary of Evaluation Findings

EVALUATION QUESTION	EVALUATION FINDINGS
<p>Primary Evaluation Question 1: To what extent has the hybrid market systems development approach adopted by Strongim Bisnis been effective in bringing in change to the Solomon Islands business environment?</p>	<p>As the first market systems development program in the country, Strongim Bisnis has adopted a flexible approach to addressing market system constraints. The term ‘hybrid’ emerged recently to describe the program’s adaptability to local conditions, and its resulting shift toward broader sector programming and community empowerment. However, this term has not been defined and it is unclear how it is used to inform investment decisions. This has raised questions regarding the relevance of a market systems approach in the Solomon Islands where markets are typically weak. Despite this, the Evaluation Team finds the market systems approach employed by the program has formed partnerships and spurred change among market actors and, while this takes time, there is evidence these changes will lead to beneficial market systems shifts and sustainable economic and employment outcomes and benefit low-income households. While the local context, and limitations around market systems are acknowledged, the program is encouraged to continue and strengthen its work in markets.</p>
<p>Sub-Question 1.1: Is the program aligned to Australian Government programming in the Solomon Islands?</p>	<p>The program is closely aligned and consistent with Australian Government programming, which includes support for private sector development and inclusive economic growth.</p>
<p>Sub-Question 1.2: What trade-offs have been required in a ‘hybrid’ approach? What evidence of market systems change can be found?</p>	<p>The ‘hybrid’ approach has allowed flexibility in adapting to the Solomon Islands context. This has been useful in the first phase of the program. However, this has also created some ambiguity around the program’s focus. There has been a lack of operational clarity regarding the ‘hybrid’ approach. Nonetheless, there is evidence of emerging market systems changes via several program interventions to date.</p>
<p>Sub-Question 1.3: What is the evidence of the impact of the program so far? What is the quality of the changes achieved in the sectors and cross-cutting issues? To what extent has the program been able to identify and address the root causes of dysfunction in market systems?</p>	<p>The program has sought to identify market dysfunctions in selected sectors (i.e., cocoa, coconut and tourism) and has designed a range of strategic market interventions, which are presented in this report. For example, it has introduced new drying technologies in the cocoa value chain which will improve quality and price; and it has supported improvements in tourism accommodation and increased investments by strengthening compliance to newly produced industry standards.</p> <p>It is too early to assess the success of the program in terms of end of project outcomes and impacts as most have been established since the second half of 2018. However, there are some early indications of markets system changes being enabled in a small sample of studied activities.</p>
<p>Sub-Question 1.4: Is the evidence of impact that has been identified by the program sound? How is the portfolio</p>	<p>Time was lost in the first year of program establishment, but with corrections made, the program is largely on track to implement its strategy. Thirty-four partnerships have been established and</p>

<p>performing against the strategy and expectations?</p>	<p>more are being prepared. However, not all of these focus directly on market systems and there is a need for the program to better articulate its narrative and clarify its offering to market system actors.</p>
<p>Sub-Question 1.5: Has the program focused on the right sectors and crosscutting issues? Are there any additional sectors that deserve attention in the next phase?</p>	<p>Yes, the sectors addressed are appropriate. However, a refreshed market system approach based on discrete markets and value chains (rather than a broad ‘sector’ focus) is strongly recommended. In addition to focusing on value chains in current priority sectors, there is scope for new value chains and markets to be pursued, but these require preliminary assessment.</p>
<p>Sub-Question 1.6: How relevant is the program’s design and program logic (i.e., theory of change)? Does the program logic’s cause-effect relationship and assumption actually hold in practice?</p>	<p>The program logic is consistent with a market systems development program. The theory of change is clear, coherent and a value framework for subordinate project results chains. There has been some questioning of the program’s assumptions and whether the Solomon Islands is ready for a market systems approach. While a pragmatic and adaptive approach to programming is required, a market-oriented, private sector approach to inclusive economic growth remains relevant.</p>
<p>Primary Evaluation Question 2: To what extent is Strongim Bisnis achieving the EOPOs in the current focus sectors?</p>	<p>The program outcomes were broadly defined in the original design. These have been adjusted and given more detail as the program has assessed market systems and engaged with market actors. Not all targeted outcomes will be achieved by program end (June 2020) which is not unexpected given the short timeframe. There are signs of positives results and a sound body of experience for improved and more accurate outcome targeting going forward.</p>
<p>Sub-Question 2.1: How effectively have the crosscutting issues been addressed? Do the sector outputs sufficiently integrate crosscutting issues?</p>	<p>Women’s economic empowerment, one of two crosscutting themes, identified and pursued a number of market systems issues affecting women. However, it also pursued a number of interventions that have taken it away from a market systems approach and into a range of community development activities. Broader inclusions issues, such as youth and people with disabilities have been bundled together with women’s empowerment with limited effect.</p> <p>The business enabling environment, a second crosscutting theme only recently introduced, has mostly focused on access to finance and financial inclusion. While many business environment constraints to effective market functioning have been identified, few of these are currently pursued.</p>
<p>Sub-Question 2.2: Does the program have the right tools for identifying and developing the right concepts and selecting the right partners?</p>	<p>The program has designed and implemented a range of professional management and governance tools that are relevant to a market systems program of this kind.</p> <p>The program is working with a wide range of partners, despite some stakeholder concerns it was focussing too much on foreign owned businesses. The government partnerships that have been formed are relevant to respective market systems, although a stronger focus on markets will help identify opportunities for more private sector partnerships.</p>

<p>Sub-Question 2.3: To what extent has the program forged collaborative engagements with the private sector?</p>	<p>It has taken some time for Strongim Bisnis to engage with the business community and some initial stakeholder concerns still need to be managed. Collaborative engagements have been forged and are expected to increase. Greater attention should be given to deepening private sector engagement going forward.</p>
<p>Sub-Question 2.4: How relevant and robust is the program's M&E system? Is the data collected of sufficient quality and fit for purpose?</p>	<p>The program has a sound and robust monitoring and evaluation system designed for market systems programming and results measurement. Indicators and data quality are fit for market systems programs, but these are harder to apply when interventions broaden beyond market systems.</p>
<p>Sub-Question 2.5: What processes are undertaken around public-private partnerships and investment decisions?</p>	<p>The program has a clear and sound process for designing partnerships and making investment decisions. However, some partners expressed frustration regarding the combined effects of program and Australian High Commission's investment approval processes, which are perceived as too cumbersome, bureaucratic and time consuming. These concerns could be addressed with some refinements to the approval procedures.</p>
<p>Primary Evaluation Question 3: What will be the key lessons learnt and recommendations, Strongim Bisnis need to take on board in the next three years?</p>	<p>A number of key lessons and recommendations are presented in this report (see below). The Evaluation Team is confident that Strongim Bisnis can refine its approach toward a more private sector focused, market systems-oriented program.</p>
<p>Sub-Question 3.1: What has worked in the first phase of the program and what changes should be made in the next phase?</p>	<p>Overall, the program has demonstrated strengths in its first phase. The evaluation has identified these as successes that deserve continuation or strengthening. Some problems have reduced the effectiveness of the program and recommendations have been made to address these.</p>
<p>Sub-Question 3.2: How well have DFAT and the program interacted? As measured in terms of communications, direction, decision-making, etc.?</p>	<p>While there is goodwill among both parties, there has been an erosion of trust due to past problems, which has led to a degree of AHC 'micromanagement' for some aspects of the program (e.g., investment decisions).</p>
<p>Sub-Question 3.3: Is the program governance structure appropriate and are any changes required?</p>	<p>Yes, the governance structures are appropriate. Some finetuning is proposed to address micromanagement concerns and clarify the mandate for the Program Steering Committee.</p>
<p>Sub-Question 3.4: Which sectors and cross-cutting issues should the program focus on in the next phase?</p>	<p>Continuation of the current crosscutting of women's economic empowerment and business enabling environment is recommended, albeit with a stronger focus on the impediments to market systems and towards increasing the participation of low-income people in market systems in selected value chains. While other crosscutting issues, such as climate change adaptation, are encouraged, care should be taken not to overload the program with too many crosscutting concerns.</p>
<p>Sub-question 3.5: How is the overall resourcing of the program, consideration across human resource and activity costs? Are any changes required in the next phase?</p>	<p>The program staffing is appropriate for a program of this nature. Care should be taken not to stretch staffing resources too thinly if the size of the program's investment increases in Phase 2. Consideration should be given to increasing resources for lesson learning and knowledge management in Phase 2.</p>

Recommendations

Recommendation 1:	Program Design and Logic
<p>It is recommended that Strongim Bisnis revise or update its program strategy to recognise the challenges of working with markets in the Solomon Islands, while ensuring a market systems approach is maintained. This should include:</p> <ul style="list-style-type: none"> • Giving greater focus on market and value chain analysis and program interventions; • Undertaking new market system analysis on specific value chains based upon a clear set of guiding criteria that justify their selection within the program. A value chain focus will help deliver a relevant level of detail about market systems, constraints and opportunities, without undertaking time-consuming, cumbersome sector-wide studies; • Redefining and clarifying the program logic where required reflecting any departures from a 'pure' MSD approach. <p>If the revised program design moves beyond market system development approaches toward a hybrid approach that significantly departs from market system development principles (which we do not recommend), then appropriate revisions should also be made to the management tools and process and monitoring and evaluation system.</p>	
Recommendation 2:	Crosscutting Programming
<p>Provide a greater focus on the crosscutting issues as issues affecting all (or most) markets and value chains. Rather than creating too many separate crosscutting program themes, the approach should be fully integrated into all market systems programming:</p> <ul style="list-style-type: none"> • Women's economic empowerment should focus more strongly on the issues affecting women in business, including strategies and reforms required to improve women's participation in strategic markets, with specific focus on binding constraints identified in the selected markets and value chains; • Business enabling environment should focus more strongly on the legal and regulatory barriers to effective market functioning as led by those constraints identified in value-chain-based market systems analyses, ensuring low-income people have greater access to markets; • Issues of youth empowerment and people with disability participation should not be lumped into women's economic empowerment. Rather, these separate issues should be integrated across all programming as informed by relevant constraints identified in respective value-chain-based market systems analyses. 	
Recommendation 3:	Monitoring and Evaluation System
<p>Two key changes to the monitoring and evaluation system are recommended. First, allow for the disaggregation of monitoring data based on age, provincial location and people with a disability and commence collection and disaggregation of that data.</p> <p>Second, introduce qualitative indicators to capture untracked program effects (e.g., on certain crosscutting issues such as quality of women's contribution to business advocacy, improvements in regulatory responsiveness).</p>	
Recommendation 4:	Program Implementation, Coordination and Communication
<p>It is recommended that Strongim Bisnis focus on improving the following areas of program implementation, coordination or communication in the remaining six months of Phase 1:</p> <ul style="list-style-type: none"> • Scale up business engagement efforts across Solomon Islands to build relevant networks. This will require investment in travel and time to build and convert prospective partnerships. • Strengthen documentation of project and partner monitoring, lessons learned, justifications for program refinement and revisions to program and intervention logic, along with improvements in the communication of this to Australian High Commission; • Develop and communicate key messages that articulate the 'what, why and how' for Strongim Bisnis to stakeholders. This should provide a simple explanation of the contextualised market systems development approach and areas of focus and present its value proposition to partners. 	

- Develop a mechanism for coordination and communication with complementary programs (Pacific and Horticultural Market Access Program, Rural Development Program, Pacific Financial Inclusion Program and Skills for Economic Growth) to identify areas of complementarity and mitigate the risk of unnecessary overlap. For example, a biannual meeting, convened by the Australian High Commission, where all private sector development programs present and share their work plans and experiences.

Recommendation 5: Program Governance

It is recommended that AHC and Strongim Bisnis agree on risk-management criteria with new financial thresholds for Strongim Bisnis to internally approve investment decisions without requiring AHC sign off. This threshold could be increased over time based on the achievement of performance indicators.

Strongim Bisnis develop a clear terms of reference for the Program Steering Committee so that its mandate is clear to all parties and the forum can be used most effectively to progress the program objectives. In doing so, consider the inclusion of more private sector representation if there is no risk of conflict of interest.

It is also recommended that Australian High Commission consider establishing a mechanism to engage technical specialists who can advise the Australian High Commission on how best to support the program, revise the investment portfolio and possibly assist in performance review functions.

Recommendation 6: Program staffing and resourcing

In Phase 2, more attention should be given to documenting and sharing the program learnings. This should focus on building a stronger narrative and producing practical lessons, knowledge management products and a strong communications stream that illustrates how Strongim Bisnis supports better markets to drive inclusive economic growth, job creation and poverty reduction. Care should be taken not to stretch staffing resources too thinly if the size of the program’s investment increases in Phase 2.

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List of abbreviations

AHC	Australian High Commission
AIP	Aid Investment Plan
AUD	Australian Dollar
ASI	Adam Smith International
AVI	Australian Volunteers International
BEE	Business Enabling Environment
CBSI	Central Bank Solomon Islands
CRB	Coconut Rhinoceros Beetle
DCED	Donor Committee for Enterprise Development
DFAT	Australian Government Department for Foreign Affairs and Trade
EOPO	End of Project Outcomes
IFC	International Finance Corporation (World Bank Group)
M&E	Monitoring and Evaluation
MCILI	Ministry of Commerce, Industry, Labour and Immigration
MCT	Ministry of Culture and Tourism
MSA	Market Systems Analyses
MSD	Market Systems Development
MSME	Micro, Small and Medium Enterprise
MTR	Mid-Term Review
OPM	Oxford Policy Management Australia Pty Limited
PAF	Performance Assessment Framework
PFIP	Pacific Financial Inclusion Program
PHAMA	Pacific and Horticultural Market Access Program
PSC	Program Steering Committee
PWD	People with a Disability
RDP	Rural Development Program
SAP	Strategic Advisory Panel
SICCI	Solomon Islands Chamber of Commerce and Industry
SIG	Solomon Islands Government
SIGP	Solomon Islands Growth Program (2016-2020)
TOR	Terms of Reference
WARA	West 'Are'Are Rokotanikeni Association
WBG	World Bank Group
WEE	Women Economic Empowerment
WPTA	Western Province Tourism Association

1 Introduction

1.1 Australian Solomon Islands Cooperation for Economic Growth

Australia's Aid Investment Plan (AIP) for Solomon Islands (2015-2019) sets out a gradual adjustment in Australian aid towards a greater focus on supporting economic growth, away from stability. While Solomon Islands has made significant economic gains since the Regional Assistance Mission to Solomon Islands commenced in 2003, it remains one of the poorest countries in the Pacific. Economic growth is barely above population growth, so per capita incomes are stagnant, and the financial prospects for the country are poor.

Australia's development support to the Solomon Islands, expressed through the AIP, seeks to 'facilitate stability, sustainable economic growth, human development and poverty reduction.' Sustained and inclusive economic growth is one of three partnership priorities. Crosscutting partnership issues include, climate change and disaster resilience, gender equality, empowering women and girls, all of which are considered critical to addressing the barriers to economic growth and poverty reduction.

The Solomon Islands Growth Program (SIGP 2016–2020) is the flagship economic growth program for Australian support to Solomon Islands, designed to increase private sector investment in a more inclusive economy. It seeks to address the economy-wide constraints to growth by developing infrastructure, building the government capacity for policy and risk analysis, promoting workforce productivity, and supporting the capacity of the business sector to advocate for change.

1.2 Strongim Bisnis

Strongim Bisnis (Strengthen Business) is one of three delivery mechanisms of the SIGP. The program commenced operation in July 2017 with a budget of AUD14 million. The first phase of Strongim Bisnis is due to conclude in June 2020 and it is anticipated that a second three-year phase will commence shortly after this date.

Strongim Bisnis is the first market systems development (MSD) program in operation in Solomon Islands. Implemented by Adam Smith International (ASI), Strongim Bisnis works with businesses to increase their productivity, access more income earning opportunities and higher value markets and become more resilient. The Strongim Bisnis vision is to be a program that is innovative, catalytic and responsive to market and social-political dynamics, demonstrating scalable and sustainable development intrinsic to the MSD approach. A key focus of Strongim Bisnis is to ensure Solomon Islands' women and young people have increased economic opportunities.

Strongim Bisnis seeks to address the root causes of dysfunction in market systems by intervening, in collaboration with market actors, to facilitate change. It applies an iterative and progressive approach to MSD, starting with a small activity, such as piloting new technology or training and scaling up successes for further interventions or investments. While it is not an investor in businesses, it seeks to help identify and address constraints and unlock opportunities. While focused on the private sector, Strongim Bisnis works with Solomon Island government agencies to support business development. This includes the Ministry of Industries, Commerce, Labour and Immigration (MICLI), Ministry of Agriculture and Livestock and the Ministry of Culture and Tourism (MCT). Strongim Bisnis also works on matters of mutual interest with the Solomon Islands Chamber of Commerce and Industry (SICCI) through various industry working groups.

Strongim Bisnis has a full-time equivalent staff of four expatriates and around 14 Solomon Islanders. Occasionally, short-term advisers are commissioned for specific pieces of work. The program began with a broad review of three sectors outlined in the program design: cocoa, coconut products and tourism sectors. It conducted market systems analysis (MSA) in these sectors to identify market failures and define strategies to address these. The strategies set out a number of intervention areas that were used to guide the preparation of business cases. Business cases are used as a basis for partnership agreements established to support co-investments in strategic market interventions.

In 2018, a Mid-Term Review (MTR) of the SIGP was undertaken (Metis Analytics, 30 November 2018). This encompassed all elements of the SIGP, not only Strongim Bisnis. The review focused on the relevance, efficiency and effectiveness of SIGP as a consolidated program of activities. It did not assess impact and sustainability, nor the performance of the individual activities. A series of recommendations were formulated by the MTR team, one of which related directly to Strongim Bisnis' governance and technical oversight.

Strongim Bisnis experienced a delayed start, some 15 months after commencement of the SIGP. Once it began, it faced additional problems in staffing and logistics. The MTR found that the Strongim Bisnis MSD approach in the Solomon Islands was new to the country and was the program's 'most challenging activity' (p. ii). It described the 'sub-optimal investment design' and the 'implementation challenges' it faced.

1.3 Purpose of the Independent Evaluation

Under the current contract, AHC can exercise the right to a second, three-year phase of the Strongim Bisnis program. A key objective of this independent evaluation is to inform and assess how AHC can improve the program in the next phase. The evaluation provides insights to the AHC SIGP portfolio through assessment of the relevance, effectiveness and efficiency of the Strongim Bisnis program.

The SIGP will conclude in June 2020 and it is anticipated that the Strongim Bisnis component will continue as its own autonomous program.

While Strongim Bisnis still has some seven months before the first phase concludes in June 2020, the evaluation was designed to inform a revision of the program design in line with the experiences and progress of the first phase.

2 Methodology

2.1 Scope of Evaluation

The primary purpose of the evaluation is to advise the Department for Foreign Affairs and Trade (DFAT) on how it can improve the program and its management in the next phase. To this end, the evaluation assessed the program design, strategy and logic, while reviewing management and governance and identifying learnings on the program to inform future implementation strategies and progress towards achievement of end of program outcomes. The evaluation focussed on:

- The relevance of the original approach (i.e., program design) given the current operating context;¹ and
- Assessment of the effectiveness and efficiency of program management in implementing the design.

The evaluation covered the period from July 2017 to November 2019. Where possible, it considered the results the program is likely to achieve by June 2020.

Annex 1 presents the terms of reference (TOR) for the independent evaluation.

The evaluation was designed to answer three primary questions presented in the TOR. Following discussions with the AHC a series of additional sub-questions were identified. These have been answered as sub-questions and organised within a framework based on the primary evaluation questions. See the figure below.

Figure 1: Evaluation Questions: Primary and Sub-Questions

Primary Evaluation Question 1 [Program Relevance and Effectiveness]: To what extent has the hybrid market systems development approach adopted by Strongim Bisnis been effective in bringing in change to the Solomon Islands business environment?²
Sub-Question 1.1: Is the program aligned to Australian Government programming in the Solomon Islands? (i.e., the relevance of the program to the Country Program Strategy)
Sub-Question 1.2: What trade-offs have been required in a 'hybrid' approach? What evidence of market systems change can be found?
Sub-Question 1.3: What is the evidence of the impact of the program so far? What is the quality of the changes achieved in the sectors and cross-cutting issues? To what extent has the program been able to identify and address the root causes of dysfunction in market systems?
Sub-Question 1.4: Is the evidence of impact that has been identified by the Program sound? How is the portfolio performing against the strategy and expectations?
Sub-Question 1.5: Has the program focused on the right sectors and crosscutting issues? Are there any additional sectors that deserve attention in the next phase?
Sub-Question 1.6: How relevant is the program's design and program logic (i.e., theory of change)? Does the program logic's cause-effect relationship and assumption actually hold in practice?

¹ This includes the relevance of the program to Australia's 2017 Foreign Policy White Paper, DFAT's Solomon Islands Strategy and local needs and circumstances.

² The term 'Solomon Islands business environment' is used above in general terms to refer to business conditions in the Solomon Islands and not only the business enabling environment.

Primary Evaluation Question 2 [Program Efficiency]: To what extent is Strongim Bisnis achieving the End of Project Outcomes (EOPOs) in the current focus sectors?

Sub-Question 2.1: How effectively have the crosscutting issues been addressed? Do the sector outputs sufficiently integrate crosscutting issues?

Sub-Question 2.2: Does the program have the right tools for identifying and developing the right concepts and selecting the right partners?

Sub-Question 2.3: To what extent has the program forged collaborative engagements with the private sector?

Sub-Question 2.4: How relevant and robust is the program's M&E system? Is the data collected of sufficient quality and fit for purpose?

Sub-Question 2.5: What processes are undertaken around public-private partnerships and investment decisions?

Primary Evaluation Question 3 [Lessons Learned]: What will be the key lessons learnt and recommendations, Strongim Bisnis need to take on board in the next three years?

Sub-Question 3.1: What has worked in the first phase of the program and what changes should be made in the next phase?

Sub-Question 3.2: How well have DFAT and the program interacted? As measured in terms of communications, direction, decision-making, etc.?

Sub-Question 3.3: Is the program governance structure appropriate and are any changes required?

Sub-Question 3.4: Which sectors and cross-cutting issues should the program focus on in the next phase?

Sub-question 3.5: How is the overall resourcing of the program, consideration across human resource and activity costs? Are any changes required in the next phase?

2.2 Approach and Methodology

The evaluation was conducted at two levels. First, it analysed the relevancy of the program's project portfolio. It reviewed the effectiveness and efficiency of program interventions (see Primary Evaluation Question 1).

Second, it drilled down into a sample of project partnerships to determine how the program is working with partners to achieve its goals. This included a review of how the program selects potential partners, designs interventions and captures data to monitor change and determine attribution (see Primary Evaluation Question 2).

Both these levels of assessment provided the Evaluation Team with the opportunity to determine what has worked and not worked in the first phase of the program and provide recommendations to inform a refreshed second-phase program design (see Primary Evaluation Question 3).

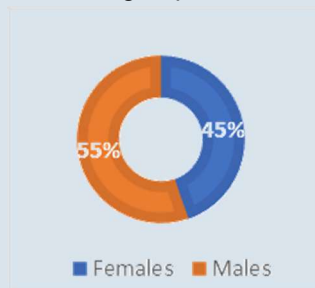
The evaluation drew on primary and secondary data. To ensure the collection of robust primary data, a combination of methods were used to triangulate data and information. Direct consultations with key stakeholders (see Box 1 and Annex 2) were conducted and secondary data sources were also reviewed (see Annex 3).

Box 1: Evaluation Consultations

The evaluation team consisting of Team Leader, Simon White, Market Systems Development and Tourism Specialist, Jennifer Bartlett and Program Manager, Kate Michelly, conducted data collection in Honiara, Solomon Islands from the 10th to the 15th of November.

The evaluation consisted of desk-based interviews prior to the in-country input with both AHC, Honiara, and the Strongim Bisnis Honiara based team. In Honiara the team spoke with AHC, the ASI implementing team, senior government officials, implementing partners and other informants using a mixture of group interviews and individual informant discussions. For those informants not based in Honiara telephone interviews were undertaken.

A total of 38 informants were consulted, 17 females and 21 males. The assessment of effectiveness should be viewed in light of the analysis being based on evidence from documentation, interviews and fieldwork. The key informant interviews are the primary source of information of a qualitative nature. Due to the timeframe for the review there was little opportunity to obtain primary data from service users and beneficiaries.



Source: Annex 2.

The evaluation was conducted in accordance with DFAT’s *Monitoring and Evaluation Standards*. It also drew from the Organization for Economic Cooperation and Development Donor Assistance Committee’s *Criteria for Evaluating Development Assistance* and the Donor Committee for Enterprise Development (DCED) *Standard for Measuring Results in Private Sector Development*.

3 Findings

The evaluation findings are presented below and structured around the three primary evaluation questions presented in Chapter 2.

3.1 Program Relevance and Effectiveness

Primary Evaluation Question 1: To what extent has the hybrid market systems development approach adopted by Strongim Bisnis been effective in bringing in change to the Solomon Islands business environment?

When considering this question, the Evaluation Team found the term ‘hybrid market systems development’ is a new interpretation of the approach taken by the program. There is no evidence of the term used in the program prior to 2019. Neither the AHC nor Strongim Bisnis have a definition for the term ‘hybrid market systems’, but both indicate it means a ‘flexible’ approach to MSD. While DFAT have begun applying this term to a number of its MSD programs in Asia and the Pacific, the term has not been given a clear definition and it is unclear how, if at all, it informs program investments.

The Evaluation Team has interpreted the term, based on its discussions with the AHC and the program documentation provided. Delforce and Gill (2018) review of emerging lessons from MSD approaches in Australia’s aid program.³ They focus on Australian-funded ‘hybrid’ MSD approaches that combine private sector market expansion for the poor with appropriate assets-transfer, empowerment and resilience with poor communities. While a hybrid model is not clearly defined, this approach appears to combine MSD approaches with ‘the power of community-based approaches to help link smallholder farmers, poor communities and vulnerable people to private sector markets’ (p. 18). As such, hybrid programs deliberately draw on the complementarity of MSD approaches that help markets reach down to include more of the poor by overcoming market failures that lock them out, and ‘making markets work with the poor’ approaches that can help lift up the poor to make it possible for them to engage sustainably in market activity (p. 23). In this conception, a hybrid approach represents a shift away from working only on market systems to encompass broader sector coordination issues as well as community economic empowerment programs.

While MSD programs may apply a careful, strategic approach to supporting supply-side interventions, such as capacity building, a hybrid approach moves more freely in this space and is less focused on how these interventions transform market systems change.

This is not to say that MSD approaches do not adopt a pro-poor approach. Indeed, they do and should. MSD focuses on how low-income people participate and benefit from markets and the changes that are required in market system to achieve this. MSD approaches should not be ‘regarded as a purist, jealously-guarded brand’, but can be applied in a variety of diverse settings.⁴ A 2019 review of evidence of MSD programs around the world suggests that interventions in the private sector achieve lasting benefits for people living in poverty when they address the root causes of weak system performance, are led by a vision of sustainable outcomes, play a facilitative role, and adapt flexibly to the dynamics in each market system.⁵

It is noted that the Australian-funded Pacific and Horticultural Market Access Program, known as PHAMA Plus, has also been described as adopting a hybrid MSD approach. However, the

³ Delforce, J. and T. Gill (2018) ‘Beyond value chains: emerging lessons from Market Systems Development approaches in Australia’s aid program’, paper prepared for presentation at the 62nd Australian Agricultural and Resource Economics Society Annual Conference, Adelaide, 6-9 February 2018 (paper revised in September 2018).

⁴ Springfield Centre (2009) A synthesis of the Making Markets Work for the Poor (M4P) approach, p. 22.

⁵ Conroy, K. and Kessler, A. (2019) *The results achieved by programmes that use the market systems approach: a narrative synthesis of current evidence*, BEAM Exchange, p. 6.

program’s Investment Design Document does not use the term and, instead, describes its approach as a ‘purposefully selected blend of direct delivery and market systems development approaches’.⁶ Indeed, while PHAMA Plus appears to apply a market systems approach, its focus is largely on trade facilitation, particularly in export-oriented agricultural products.

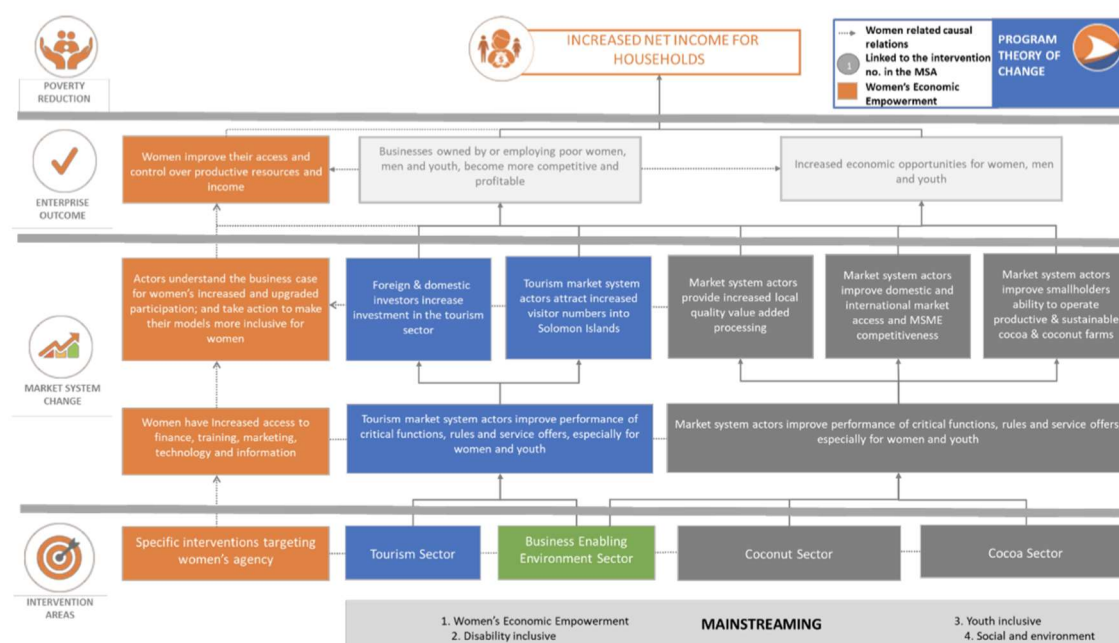
The Strongim Bisnis program document, as presented in the Goods and Services Contract between DFAT and ASI, signed in July 2017, does not use the term ‘hybrid’ at all and represents a typical MSD approach. It describes how the program will:

Conduct market systems analysis and strategies - cocoa, coconut products and tourism sectors initially, with others market systems that have significant growth prospects and that provide products that improve women’s participation in the economy added (or removed) over time as the operating environment changes. The analysis and strategies will include research where necessary, to develop understanding of the functioning of markets, contacts within them, norms that govern the behaviour of market players including gender norms, social and economic constraints to growth, identify market drivers for systemic change towards greater productivity, higher value or growth in incomes for poor households, particularly for women, and to what extent external support can help (DFAT and ASI 2017 Goods and Services Contract, July, S4.1a).

The principles of the program, contained in the program document, while very generic, also represent a conventionally MSD approach (see Box 2). Similarly, in its 2018 Annual Report (published February 2019), Strongim Bisnis describes itself as following an MSD approach (p.11).

The program’s logic is broadly laid out in the SIGP Investment Design Document. Strongim Bisnis have since reviewed and updated this based on the findings of the MSAs. The revised theory of change links with DFAT’s Aid Investment Plan (AIP) and performance benchmarks including the Performance Assessment Framework (PAF) for Solomon Islands. It underpins the intervention logic of the program and measuring progress towards the end of program outcome. The theory of change depicts a strategy prioritising changes in the market system (i.e., ‘systems-level change’). This refers to practice changes by a range of private and public market actors that make up the market system.

Figure 2: Strongim Bisnis Theory of Change



Source: Strongim Bisnis (2019) *Monitoring and Results Measurement Plan and Manual*, (1 May 2018) revised to version 3.1, November 2019, p. 14.

⁶ DFAT (2018) PHAMA Plus Investment Design Document

Within the above, program-wide, theory of change, Strongim Bisnis has formulated sector-based theories of change in cocoa, coconut and tourism. The theory of change also guides the formulation of project-level results chains.

An MSD approach to PSD aligns strongly with current policies for Australian aid, including the Ministerial Statement on engaging the private sector in aid and development (DFAT 2015, *Creating Shared Value through Partnership*, August), and the DFAT (2015) *Strategy for Australia's Aid Investments in Private Sector Development*. MSD recognises that market actors such as businesses, functions such as policies and regulations, and rules such as cultural norms do not operate in isolation of each other but are part of an interacting system. It recognises that aid interventions need to understand and respond to this system if they are to be effective and lasting (DFAT 2017, *Market Systems Development Operational Guidance Note*, June, Australian Government, Canberra).

Box 2: Strongim Bisnis Principles

Locally led solutions. Strongim Bisnis acts as a facilitator for exploiting opportunities that are of interest to businesses or other organisations. Strongim Bisnis aims to influence through information, dialogue and encouragement, and will not lead change or work to prescribed solutions in the delivery of activities.

Market-led, sustainable solutions. Strongim Bisnis works to decrease dependency on donor or Government funded handouts. Strongim Bisnis' support for any business or organisation will be time bound and lead, where possible, to market-based sustainability (through cost recovery, increased revenue or changes in incentives).

Consistency with SIGP investment criteria. Strongim Bisnis will apply the investment criteria effectively across all interventions.

Private sector focus. Strongim Bisnis works directly with the private sector and with those parts of Government and statutory agencies identified by the private sector as important to their operations.

Focus on women. Strongim Bisnis will develop opportunities for women in focus sectors, to encourage women in non-traditional roles and women entrepreneurs. It will use and extend the evidence base on barriers to women's participation in the economy and take into account the risks to women of violence and increased drudgery.

Experimentation, risk and innovation. Strongim Bisnis will encourage business to adopt new practices and collaborate for mutual benefit. It will introduce good practice from other market development programs and develop a balanced approach to risk, accepting that some interventions will fail. Strongim Bisnis activities will embrace the risk of failure and maximise the benefits of each failure by examining the causes and sharing case studies within DFAT and with other donors.

Understanding the political environment. Strongim Bisnis will operate sensitively within the political environment of Solomon Islands.

Strongim Bisnis will operate with **coherence and cooperation with the Australian growth portfolio in Solomon Islands**. It will coordinate and align activities with others in the growth portfolio and personnel will contribute to results measurement and reflection across the portfolio. Strongim Bisnis will lead internal coordination of Australian investments in the tourism, cocoa and coconut sectors.

Source: DFAT and ASI 2017 Goods and Services Contract, July, S3.1

Notwithstanding the limitations of assessing a 'hybrid' approach for which benchmarks are not clearly defined for Strongim Bisnis, the program activities to date appear to be on track to contributing to intended change in the business conditions for targeted areas.

3.1.1 Alignment with Australian High Commission programming in the Solomon Islands⁷

Strongim Bisnis reflects the 'enabling economic growth' strategic objective set out in Australia's *Aid Investment Plan 2015-2019* (AIP) for Solomon Islands. The program links directly into the growth-related objectives in the Solomon Islands program PAF, which seeks to ensure the Solomon Islands economic operating environment is more attractive to business and that more women and men are able to earn a cash-based income (*Growth Strategy for the Australian Aid Program in Solomon Islands*, 2015). Strongim Bisnis' program design and interventions to date reflect these principles.

As the SIGP closes, it is anticipated that Strongim Bisnis will spinout into a stand-alone program while continuing to reflect an Australian focus on private sector development (PSD) and business engagement. The new Solomon Islands AIP is currently being finalised with Strongim Bisnis expected to align with the plan.

Strongim Bisnis sets itself apart from other economic development programs in the Solomon Islands through its focus on market systems and as a business-oriented, 'private sector facing', program. However, there are grey areas where the boundaries between the PHAMA Plus, Strongim Bisnis and, to some extent, the Rural Development Program (RDP), Pacific Financial Inclusion Program (PFIP) and Skills for Economic Growth Program are unclear. These coordination challenges include the potential for overlap in intervention areas in specific sub-sectors and markets. Better coordination and communication on how and where the boundaries of these programs are set is required.

Overall, Strongim Bisnis' alignment with AHC programming suggests a high level of program relevance.

3.1.2 Trade-offs required in a 'hybrid' approach

Given the interest in DFAT and the AHC regarding hybrid MSD approaches, the Evaluation Team was asked to consider the trade-offs in this approach and review the available evidence of market systems change (sub-question 1.2).⁸ We find that classifying the program as a hybrid model provides flexibility. However, this flexibility creates space for ambiguity and a loss of program focus.

There is some ambiguity regarding an operational understanding of 'hybrid' which is compounded by a lack of a definition of what 'hybrid MSD' means. This has implications on M&E and results measurement (i.e., program results). In broad terms, Strongim Bisnis adopts a PSD approach with a focus on markets and addressing the changes of market actors. It has been flexible and responsive to identified and emerging concerns but in doing so has also sought or been asked by AHC or government or industry stakeholders to fill too many gaps in broad sector or sub-sector development. Notwithstanding the importance of the identified gaps or problems, not all these can or should be addressed by Strongim Bisnis under its mandate and with its limited resources. More guidance (i.e., principles) for these decisions may be required.

Ambiguity also has implications for operational modalities. First it leads to an unclear program narrative. Many respondents to this evaluation were unable to accurately describe what Strongim Bisnis does, while many staff also vary in their explanations. Second, it leads to a lack of clarity in the program logic, creating unrealistic expectations and inappropriate results framework. While the

⁷ Sub-Question 1.1: Is the program aligned to Australian Government programming in the Solomon Islands? (i.e., the relevance of the program to the Country Program Strategy).

⁸ Sub-Question 1.2: What trade-offs have been required in a 'hybrid' approach? What evidence of market systems change can be found?

program tools for partnership design, management and monitoring are aligned to an MSD approach, projects that fall outside this framework do not fit comfortably.

Therefore, the trade-off between flexibility which allows pragmatic, context-specific responses and ambiguity which risks program scope creep into ad hoc activities that do not optimise market systems interventions needs to be considered by AHC and Strongim Bisnis, and a decision taken if this trade-off is worth continuing into Phase 2.

The Evaluation Team recommends that the program remain close to its MSD mandate because the approach is relevant within the Solomon Islands context and momentum is starting to build. The project is halfway through its third year, which is typically only the halfway point for an MSD project. Strongim Bisnis and the AHC must recognise, as they do, that MSD work takes time and may lead to dead ends, which require a constant reassessment of markets and program interventions.⁹ Despite the difficulties of working with market systems, the rewards can be substantial.¹⁰ It is too early to abandon the MSD approach. However, it is also recognised that thin markets and a weak private sector, with little value addition, make an MSD approach difficult.

3.1.3 Evidence of market systems change

The Evaluation Team reviewed the evidence of the impact of the program so far and sought to determine the quality of the changes achieved in the selected sectors and cross-cutting issues (sub-question 1.3).¹¹ Overall, we find it is too early to assess significant change in the selected market systems. The earliest project partnerships were formed in 2018, with the majority formed only in the last 12 months. Thus, it is difficult to observe significant market systems change. However, selected projects appear on track towards market systems outcomes as defined in the Results Framework. These include the following summary descriptions of partnerships examples:

1. **Tourism Solomons:** this partnership has begun to improve access to market information for individual tourism micro, small and medium enterprises (MSMEs) and Tourism Solomons (the national destination marketing agency), to help them make better-informed decisions on product development and marketing. It is also improving their direct access to markets via online media promotion and continuing development of a travel booking portal, as well as increased visibility to distributors at a major travel trade event. See Box 3.
2. **C-Corp:** this partnership has co-financed the construction and operation of a new, biomass-fuelled, cocoa drying technology facility. The partnership has been designed to provide proof of concept toward a new workable business model for replication across the country. This new technology is expected to improve the quality of cocoa beans and increase the net economic returns for many Solomon Island cocoa growers by increasing prices realised by up to 25 per cent above the benchmark 'Honiara Price'. See Box 4.
3. **Ministry of Culture and Tourism:** this recently formed partnership supports the implementation of accommodation standards in selected provinces. In doing so, it is starting to achieve market system outcomes in improving the supply of market-ready accommodation, although this will take time to reach scale and the impact on market conversion is a longer-term prospect. See Box 5.
4. **West 'Are'Are Rokotanikeni Association (WARA):** the WARA partnership is starting to see changes in market systems for microfinance for women. Financial literacy amongst WARA-

⁹ The Springfield Centre in the United Kingdom describes how MSD works 'in different contexts and in different market systems... offering greater and more lasting change than other conventional approaches' (The Springfield Centre 2009, *A synthesis of the Making Markets Work for the Poor (M4P) approach*, p. 22).

¹⁰ For examples of the kinds of rewards an MSD approach can produce, see the BEAM Exchange Evidence Map: <https://beamexchange.org/resources/evidence-map/>

¹¹ Sub-Question 1.3: What is the evidence of the impact of the program so far? What is the quality of the changes achieved in the sectors and cross-cutting issues? To what extent has the program been able to identify and address the root causes of dysfunction in market systems?

supported savings groups is improving though the roll out of training programs. Loan disbursements to women's income generating activities (e.g., market stalls) have increased through the Strongim-Business-funded revolving loan scheme. See Box 8.

5. **Central Bank Solomon Islands (CBSI):** the CBSI partnership is focussed on reviewing and refining the Solomon Islands' Government (SIG) credit guarantee scheme for MSMEs. The technical advice delivered through Strongim Bisnis' led to changes in the administration of the scheme. While CBSI reports positive outcomes evidenced by an increase in uptake in the number of loans, this change is very small (i.e., from two to three loans per year to seven in 2019). See Box 9.
6. **Western Province Tourism Association (WPTA):** the WPTA partnership supports market actors (i.e., tourism MSMEs) to provide better products and services for the tourist market. It helps these firms overcome market constraints around a lack of private sector cooperation and a lack of essential skills (e.g., in digital marketing, culinary services, tour guiding, customer service, hotel management, and first aid). Building the capacity of the association and its members to improve their products and services will have a positive effect on the entire destination offer. Thus, this partnership will help attract more visitors to Solomon Islands.

Box 3: Solomon Islands tourism digital marketing and market intelligence

Partner: Tourism Solomons

Strongim Bisnis' analysis of Solomon Islands' tourism sector identified constraints to tourism development in the interrelated areas of market data and destination marketing. There was limited use and availability of tourism market research and intelligence by tourism stakeholders which is critical to inform tourism development and marketing decisions. It was also found that marketing and promotion of tourism MSMEs was limited, especially online, in part due to tourism MSMEs low use of and investment in digital marketing tools, as well as limited access to digital tourism services. As a result, there was low awareness of Solomon Islands as a holiday and tourism destination in target markets, and limited availability of travel and planning information to assist key visitor segments to make holiday decisions and plan their trips.

In September 2018 Strongim Business partnered with the national destination marketing office, Tourism Solomons (previously Solomon Islands Visitors Bureau or SIVB) to address these interrelated market issues. This partnership supported new digital marketing and data management initiatives whilst building organisational capacity to continue to manage such activities.

With the objective to 'build the capacity of Tourism Solomons to be able to perform their marketing and promotion mandate', the intervention activities included support to:

1. Promote Solomon Islands as holiday and tourism destination in international markets via a targeted online travel media and trade show opportunities;
2. Undertake destination rebranding;
3. Tourism MSMEs directly with digital tourism training and the development of an online booking platform, and indirectly via embedding a digital tourism expert in Tourism Solomons; and
4. Better market research and intelligence initiatives designed to inform tourism development and marketing investments.

In supporting Tourism Solomons planning and budget, the project enabled important activities for tourism development to be undertaken, which would otherwise not have been possible. The intervention is currently in its second year and although it is too soon to evaluate outcomes, it is expected to increase local MSME understanding of how to work with target markets and increase awareness of Solomon Islands as a tourism destination amongst key target markets, with both contributing to an increase in visitor numbers.

Source: Strongim Business Tourism Solomons Business Case and Partnership Agreement 2018 and consultations.

Box 4: Piloting cocoa air dryer

Partner: C-Corp

C-Corp is a subsidiary of the Sydney-based Commodity Corporation Pty. Ltd. and has been involved in various aspects of the Solomon Island cocoa industry for approximately 12 years. C-Corp has extensive and established relationships with various village based cocoa growing groups throughout Solomon Islands. The Group is vertically integrated in the bespoke production of high-quality, natural cocoa dominant products under its 'Solomons Gold' brand. C-Corp has previously assisted seven village-based groups in the building and operating of commercial scale steel drum hot air dryers in the Solomon Islands and Vanuatu.

Strongim Bisnis formed a partnership with C-Corp to co-finance the construction and operation of a new, biomass-fuelled, cocoa drying technology facility to provide proof of concept that could become a new workable business model for replication. This technology is expected to improve the quality of cocoa beans and increase the net economic returns for many Solomon Island cocoa growers by increasing prices realised by up to 25 per cent above the benchmark 'Honiara Price' due to the expected superior (smoke-free) quality of the cocoa beans and the improved fermentation and processing protocols achieved through this technology.

Once proof of concept is achieved with this technology, a workable model for replication would be created. This new drying technology produces smoke-free dried cocoa beans and incorporates specially designed perforated dryer pipes, which have a much longer life span, compared to the prevalent reject fuel drum. Through this drying technology a hub-and-spoke model for cocoa production and drying is established. Drying facility operators collect wet beans from households, offering a logistical cost and time-saving convenience to households as compared with current arrangements. The facility will have a higher drying volume capacity than the prevalent small-scale dryer models and other recently introduced drying technology, capable of handling up to 800kg of wet bean per day during peak season. The drying technology facilities are pre-financed by the cocoa buyer and paid off over time by the facility operators over time until the facility is fully owned by the facility operator.

This project is a good example of an MSD program in agriculture. It has been formulated based on a good understanding of the market systems and in partnership with key market actors. C-Corp estimates there are at least 12-15 opportunities to replicate and operate the model throughout the cocoa producing provinces of Guadalcanal, Makira, Malaita, Temotu and Western Province. While these outcomes are yet to be achieved, there are signs the project is gaining traction.

Source: Strongim Business MCT Business Case and Cooperation Agreement, and consultations.

Box 5: Minimum standards for accommodation roll out

Partner: Ministry of Culture and Tourism

In 2018, MCT launched a Solomon Islands Minimum Standards for Accommodation program with the support of an AVI volunteer to address critical issues around quality control and market positioning of Solomon Islands tourist accommodation. Negative perceptions about accommodation quality and consistency was identified as a limiting factor to growth in visitor numbers, as was the lack of a system of quality standards which contemporary tourism markets demand.

Strongim Bisnis partnered with the ministry in March 2019 to support the accreditation of accommodation properties in selected provinces and to provide advice on how properties can reach and maintain market-ready quality standards. This support led to improvements in the quality of accommodation supply, whilst at the same time it built the capacity of MCT, Tourism Solomons and provincial tourism officers in administering accommodation standards. This support also paves the way for developing quality standards for other tourism sub-sectors (e.g., tour operators). Strongim Bisnis anticipate this will have a positive effect on the destination image and reputation amongst the travel industry and travellers. This is expected to contribute to an increase in visitor numbers to the country and higher occupancies for accommodation.

A market system change can be measured in the number of premises that become certified. This requires investments by the accommodation providers, which will lead to anticipated returns to the business in the form of increased sales and profits. As at November 2019, 46 accommodation providers had been assessed through this partnership.

Source: Strongim Business MCT Business Case and Cooperation Agreement, and consultations.

3.1.4 Evidence of impact of program so far

When considering the impact of the program so far, the Evaluation Team were asked to consider the extent to which Strongim Bisnis has been able to identify and address the root causes of market dysfunction (sub-question 1.3).¹² The impact of the program to-date, measured in terms of outcomes and results, is discussed later in this report in Section 3.2. The Evaluation Team finds that the program has undertaken clear, evidenced-based research into the three main sectors of enquiry (i.e., cocoa, coconut and tourism) and integrated an analysis of crosscutting concerns into this analysis (i.e., gender and business environment). Using this analysis, the program has defined specific program interventions and partnerships.

MSA have been used as the primary guides for market interventions. The three main MSA reports vary in quality and the ability to practically inform the program's future interventions. In the case of tourism, the sector-wide assessment opens up a very broad set of problems affecting many locations and sub-sectors. This makes it difficult to focus on identifying and overcoming the constraints to high-potential 'visitor-experience' products (i.e., a combination of individual products that a tourist will travel for), which will be more transformational than focusing on broad or ad hoc activities. While additional data has been collected and used by the program since the completion of the three MSA reports, the program would benefit from an updated, more focused analysis around clearly defined markets and value chains within the targeted sectors and subsectors. Indeed, the Evaluation Team is not convinced that a sector-wide analysis is relevant for an MSD program such as this. Instead, the program is advised to identify markets that deserve attention. These markets are more likely to be shaped by the dynamics of discrete value chains rather than by broad, sector defined characteristics.

Whether a sector-wide or value chain approach is taken, it must be recognised that some root causes of market dysfunction are structural and beyond the scope of Strongim Bisnis interventions.

¹² Sub-Question 1.3: What is the evidence of the impact of the program so far? What is the quality of the changes achieved in the sectors and cross-cutting issues? To what extent has the program been able to identify and address the root causes of dysfunction in market systems?

Therefore, it is important for Strongim Bisnis to be clear about what it can and cannot address with the resources and time at its disposal and be able to communicate this to key partners.

3.1.5 Performance against strategy and expectations

When answering sub-question 1.4, the Evaluation Team finds that, while the program took some time to find its feet, there is evidence that it is now focusing its interventions on areas where the desired impact will be achieved.¹³ The 2018 MTR indicated that these delays were a result of ‘design challenges’, the ‘introduction of a new approach to the Solomon Islands, a delayed start to the activity and insufficient governance arrangements’ (p. 23).

Thirty-four partnerships have been established, although not all of these focus directly on market systems. Instead, the program has at times supported broad, sector-wide activities. While the program is often drawn into interventions that are not directly aligned with an MSD approach, it is learning through experience in the Solomon Islands and finding ways to revise and refocus its strategy.

Strongim Bisnis has applied a flexible approach to its analysis of market systems and sector dynamics. It has adopted an adaptive programming approach, which has helped it learn from its experiences in markets and among the business community. However, the program has struggled to find a clear narrative to describe how it works with business and with market actors. While adaptive programming is positive and an important element of a market systems approach, Strongim Business has struggled to articulate how these adaptations have informed its program logic.

In September 2018 and 2019, Strongim Bisnis conducted reflection workshops at which staff reflected on the program’s work and progress. Staff revisited the program ‘assumptions about the initial market systems analyses across each of the sectors and enabled Strongim Bisnis to realign its sector priorities and activities’ (Strongim Bisnis Annual Report 2018, p.9). Program staff also conduct fortnightly staff reflections to consider their strategy and their growing understanding of market systems change. These are very positive processes that should be continued.

However, more attention needs to be given to documenting the reflection and realignment process while ensuring a business, investment and market focus is maintained. Simple but clear documentation of project and partner monitoring, lessons learned, justifications for program refinement and revisions to program logic and intervention would strengthen evidence that the program is performing according to strategy and expectations.

Box 6: Coconut Rhinoceros Beetle containment

Partner: Bio-security Solomon Islands

An outbreak of the Coconut Rhinoceros Beetle (CRB) in 2015 had escalated by 2018 and was decimating coconut and palm oil crops in parts of the country. Strongim Bisnis responded to a request from Bio-security Solomon Islands, a department within the Ministry of Agriculture and Livestock, to support a multi-partner effort to contain the spread of the CRB.

A behaviour change and communications campaign was identified as an unmet need that was critical to preventing further loss to the coconut sector. Strongim Bisnis agreed to fund this activity with the specific aim of helping contain the spread of the CRB and enabling farmers to safeguard and increase their coconut production.

The expected results of this ongoing intervention are an improved understanding of CRB threat at the farm-level and an improved response to CRB threat at the farm-level.

¹³ Sub-Question 1.4: Is the evidence of impact that has been identified by the Program sound? How is the portfolio performing against the strategy and expectations?

Source: Strongim Business Biosecurity SI Business Case 2018 and consultations.

3.1.6 Focused on the right sectors and crosscutting issues

The evaluation, through sub-question 1.5, assessed whether the program has focused on the right sectors and crosscutting issues and whether there any additional sectors that deserve attention in the next phase.¹⁴ We find that the focus on the three sectors is relevant for Solomon Islands, especially in the initial phase of the program. However, as discussed above (Section 3.1.4) we are concerned that a sector-based approach to MSD is misplaced. Indeed, the use of the term 'sector' is not consistent or well defined: the 'tourism sector' is very broad, while 'coconut' and 'cocoa' are subsectors of 'agriculture'. The Evaluation Team recommend that the program focus on market systems and selected value chains contained with them, rather than sectors.

There are two broad crosscutting issues encapsulated in the program:

1. Women's Economic Empowerment (WEE), which includes a wide range of social inclusion issues, such a young people and people with a disability (PWD); and
2. Business Enabling Environment (BEE).

Women's Economic Empowerment

The Strongim Bisnis *Gender Action Plan* (October 2018, p.10) defines WEE as a 'means of achieving greater gender equality, but also as an end in and of itself.' It presents the Strongim Bisnis threefold approach to WEE:

1. Mainstreaming gender into the overall MSD approach;
2. Developing some activities explicitly targeting women; and
3. Promoting dialogue to realise greater gender equality, either mainstreamed into core interventions or run as a standalone activity targeting specific barriers in relation to discriminatory social norms.

The *Gender Action Plan* presents indicators for measuring WEE and determining clear disaggregation strategies for understanding gendered impact. It also defines strategies for the inclusion of young people and PWD.

Departing from principles of mainstreaming, Strongim Bisnis has also designed a series of gender-specific interventions. These include:

- Promoting financial inclusion for women through women's saving groups, revolving funds for loans targeting women, working with micro-finance institutions and women's groups providing financial literacy and leadership training (see Box 9).
- Providing specific training activities in partnership with Solomon Islands Women in Business Association;
- Support to women's groups, for instance in cocoa and coconut processing and tourism product diversification;
- Reducing the unpaid care burden on women at the household level; and
- Sensitisation of gender equality.

Box 7 below, provides a listing of WEE initiatives undertaken in 2018.

Box 7: WEE Initiatives in 2018

International Women's Day 2018 awareness raising;

¹⁴ Sub-Question 1.5: Has the program focused on the right sectors and crosscutting issues? Are there any additional sectors that deserve attention in the next phase?

International Rural Women's Day 2018 awareness raising;
 SolChoc trainings for women and youth;
 Gender Norms Study in partnership with Oxfam;
 Round Table around WEE and gender-based violence;
 Business After Five event in partnership with SICCI;
 Support to WARA's Revolving Loan Fund;
 Support to the partnership between WARA and SunPower;
 Started a feasibility study for the commercialisation of portable biodigesters; and
 Awareness raising around GBV through the DreamCast Theatre roadshow.

Source: Strongim Bisnis Annual Report 2018, p. 58.

Strongim Bisnis WEE has undertaken activities with a range of stakeholders, including the Ministry of Women Youth Children and Family Affairs, Honiara City Council, Central Bank's Working Group on Consumers' Empowerment (in charge of the Saving Groups Strategy), international development agencies and NGOs (e.g., UN Women, IFC, Oxfam, World Vision and ACOM), Honiara Market Vendors Association, JJD Women's Association, Solomon Islands National University, and business organisations such as Kaleko Steifree, SunPower and KPSI.

The three MSA reports and the *Gender Action Plan* provide a rich body of evidence of the gender dynamics affecting women's engagement and investment into specific markets. The *Gender Action Plan* is a good document providing important insights.¹⁵ In addition, the M&E system recognises WEE issues and provides a consistent approach to gender issues, including the disaggregation of data by gender.

However, the Evaluation Team is concerned that, while a solid and informative document, the *Gender Action Plan* is a very ambitious document and the range of interventions outlined go well beyond the resource allocation provided to WEE in the program. Furthermore, while some activities delivered under this theme are responding to needs and opportunities for women's empowerment in Solomon Islands and are highly valued by stakeholders, they do not directly align with women's economic empowerment through a market systems approach. Thus, a strong focus on the engagement of women in market systems and the issues affecting women in business is required, as opposed to broader gender issues.

Finally, while the M&E system disaggregates data by gender, there is no data disaggregation of other the crosscutting and social inclusion concerns, such as young people (i.e., disaggregation by age) and PWD. Similarly, while project locations are recorded in the M&E system, it does not disaggregate data by provincial location.

Box 8: Improving access to finance for women (WEE)

Partner: West 'Are'Are Rokotanikeni Association (WARA)

In June 2018, Strongim Bisnis entered an 18-month partnership with WARA to address market system constraints around financial inclusion for women in Solomon Islands; specifically, limited access to credit and low levels of financial literacy and leadership skills. WARA was identified as partner for a targeted intervention based on their track record and experience in setting up and managing savings groups and micro credit schemes for local women.

The intervention was designed with the objective of economically empowering 3000 rural women by providing existing women's saving groups in five provinces with a revolving loan facility for their members' business and longer-term investments and delivering financial literacy training to the savings groups. The project is expected to demonstrate the business case for investing in loan funds for rural women, providing

¹⁵ The *Strongim Bisnis Gender Action Plan*, produced in June 2018, is an updated and more detailed version of the *Gender Action Plan Framework*, produced in October 2017.

future opportunities for the private sector and government to invest in expansion of the scheme in the future.

As the project approaches its December 2019 end date, so far delivered training to 330 women and disbursed loans for income generating opportunities to 128 Savings Group members.

Source: Strongim Business WARA Business Case and Partnership Agreement 2018, and consultations.

Business Enabling Environment

While BEE was included as an important element of the program logic from the outset, it was only in 2019 that greater attention was given to this topic as a key crosscutting and sector intervention. The MSA reports identify considerable BEE issues in all three sectors, but the Strongim Bisnis BEE portfolio has focused on a set of interventions dealing with access to finance.

It is noted that the World Bank's *Doing Business* reports also highlight a wide range of practical BEE issues. *Doing Business* acknowledges Solomon Islands has progressed some reforms, but its ranking has dropped to 136 (out of 190 economies) in 2020 from 104 in 2016.

Although some attempts have been made to work on the issues identified in *Doing Business* and the MSAs, there is a need for better integration of BEE issues in sector work including continual process of legal and regulatory reform required for selected markets. Tourism accommodation is a good regulatory and standards issue, although it not currently considered a 'BEE' intervention. Broader regulatory best practice within selected markets and value chains are very relevant. While the Commodities Exporting and Marketing Authority is often cited as a problem, little work has been done with this agency to date.

The digitisation of the business environment (i.e., online payment of taxes, government fees, business licences, etc.) is a key challenge and appears to be a valuable topic for further work. However, Strongim Bisnis needs to ensure this is focused on enabling further private investment and not too distracted by a broader financial sector reform process, which the PFIP is leading.

Overall, the BEE work, while essential to the improvement of market systems and to the program's market systems interventions, requires greater operational clarity. A clear definition of BEE is required, along with principles or criteria that can be employed to guide decisions on what BEE issues should be worked on. The 2018 Annual Report provides a somewhat confusing discussion of Daniel Isenberg and the Aspen Development Entrepreneurs Network's approach to entrepreneurial ecosystems. This does not reflect the more operational and strategic guidance provided to this work by DFAT, the DCED and other MSD programs, suggesting a clarification of what Strongim Bisnis BEE interventions will and will not focus on is needed.

In articulating the BEE agenda, it should be recognised that BEE work involves state and non-state actors. While government introduces and reforms the policy, legal and regulatory framework, the private sector advocates for change. Where reform is agreed, state and non-state actors can collaborate. In all these processes, Strongim Bisnis can play a key role.

The Evaluation Team recommends that the program take care to avoid leading or overly supporting broad policy initiatives, such as a revised tourism strategy or plan. Instead, Strongim Bisnis should focus on the pragmatic BEE constraints to market functioning, which are typically found in the legal and regulatory framework, including standards and quality infrastructure.

Under BEE Strongim Bisnis has built strong relationships with the Permanent Secretary of the Ministry of Commerce, Immigration, Labour and Industries (MCILI), the Financial Inclusion Unit of the Central Bank of Solomon Islands (CBSI) and SICCI, as well as the PFIP and GoodReturn. Some foundations for targeted BEE interventions are in place and others can be developed as more focused market systems constraints are identified.

Box 9: CBSI Loan Guarantee Scheme review (BEE)**Partner: Central Bank of Solomon Islands (CBSI)**

In 2018, Strongim Bisnis responded to a request from the CBSI and its MSME working group sub-committee to identify the reasons behind the low uptake of SIG's MSME loan guarantee scheme. The scheme had been introduced in 2016 by the MCILI to address MSME access to finance constraints, specifically to improve access to credit by providing a government guarantee to participating commercial banks to cover 90 percent of the unsecured portion of a MSME loan. Despite this scheme being introduced to help MSMEs overcome a high incidence of collateral shortfall constraints, the CBSI, which administers the fund, had only received five applications in two years.

Strongim Bisnis established a memorandum of understanding with CBSI to investigate the demand and supply-side constraints to the scheme. The program contracted a technical advisor to review the scheme and provide recommendations. The report concluded that the scheme's restrictive eligibility criteria, lack of coverage of finance other than term loans and exclusion of non-bank finance providers contributed to low uptake. Some of the report recommendations, including an expansion of eligible financial products and extending the scheme to other finance providers have since been adopted by MCILI and CBSI under a redesigned scheme.

Since the changes were adopted, seven new SME loans have been approved using the scheme, and MCILI and CBSI are confident this will continue to improve. Two additional recommendations made in the report are also being addressed by SIG. First, the need to strengthen the quality of financial proposals being presented to CBSI is currently the subject of plans for strengthening business advisory services to MSMEs. Second, the recommended development of a MSME Action Plan is now underway through MCILI.

While this project addresses an important broader issue (i.e., lack of access to finance), its focus does not reflect an MSD approach. While a guarantee scheme may be used to address market dysfunction, it is clear that the problems in MSME finance markets in the Solomon Islands are driven by other factors, which a guarantee scheme does not address. Thus, the impact of this work on MSMEs and commercial banks has been small.

Source: Strongim Business CBSI Business Case and Partnership Agreement 2018, and consultations.

3.1.7 Additional sectors into the next phase

It will be important to maintain a degree of flexibility and nimbleness in the program during the next phase. Noting this, it would be recommended that AHC and Strongim Bisnis do not lock into areas of focus too early. Despite the provisions contained in the program design that encouraged the program to explore other sectors, Strongim Bisnis has felt locked into the three sectors, which is unfortunate.

There are a broad range of possible opportunities to consider for the next phase. The following opportunities are presented, in response to AHC's request for advice as to which sectors the program should focus on in Phase 2:

- Agricultural value chains: high-value horticulture, organic horticulture, spices (ginger), roots (kava and cassava), noni (a locally grown fruit);
- Tourism value chains: specific 'destination experience' products. As tourists travel to participate in a 'destination experience' that comprises multiple products, services and attributes (including transport, accommodation, activities and surrounds) – rather than just one of those elements - it would be valuable to select high-potential tourism/destination experiences as the 'products' for discreet value chain MSAs and resulting interventions. This focus will deliver better outcomes for the sector. Such products should be selected according to evidence of market demand and growth prospects for experiences which are typically location specific. Examples for consideration include:

- o The Marovo Lagoon Experience (comprising inbound and local transport, accommodation offer, dive services, other marine/terrestrial activities to attract divers and related markets, linkages to local cultural experiences and handicrafts).
- o The Guadalcanal War Heritage Experience (comprising inbound and local transport, accommodation offer, tours of war heritage sites, linkages to local cultural experiences and handicrafts).
- o A SI Ecotourism and/or Adventure Experience (similar to above but based on the walking trails being developed in Western Province).

This approach to working in the tourism sector can include value adding linkages to arts and culture industries and give consideration of market systems issues and solutions in critically related sectors (e.g., waste management). Such localised value chain activities can stimulate wider reach (e.g., nation-wide accommodation and tour operator standards or dive market strengthening);

- Timber products: opportunities for value addition in high-value timber products, such as furniture;
- Financial markets: mobile banking; and
- Emerging sectors: infrastructure (e.g., construction); sea cable and digitalisation (e.g., enabling technology and new products and services).

It should be noted that the above list was developed through the process of the program evaluation (i.e., through a review of documentation and consultations with key stakeholders). Any decision to move into new markets and value chains should be based on standard MSD methodology.

To date, Strongim Bisnis has been required to apply a set of investment criteria set out under the SIGP (see Annex 1, Heads of Contract, July 2017). These investment criteria have been used to prioritise investments under the SIGP for initial investigation and in the longer-term, provide the basis for a coherent and focused SIGP. The criteria were produced to 'inform the choice of activities, particularly under Strongim Bisnis, where most of the allocation decisions will be taken'. They contain 'strategic criteria' (i.e., demand side analysis, potential for transformational growth, potential for enhanced productivity, effect on women and youth, implications for poor people, and feasibility) as well as 'operational criteria (i.e., strength of entry point, additionality and neutrality, sustainability, timeline, risk, partnerships, social and cultural feasibility).

These criteria include the elements of an MSD approach to market selection, which typically applies three criteria:

- Relevance: whether there are poor people working or consuming goods in the market;
- Opportunity: opportunities for pro-poor change within the market context; and
- Feasibility: the likelihood of success in the current social and political climate.

Going forward, Strongim Bisnis should consistently apply an approach to market system selection that determine the possible: (a) affect large numbers of poor people, (b) increase the poor's performance in markets that are growing or their access to basic services, and (c) stimulate system-level changes.¹⁶

3.1.8 Program design and logic

When considering the program's design and program logic (i.e., theory of change) the Evaluation Team assessed the extent to which the cause and effect relationships and assumptions outlined in

¹⁶ BEAM Exchange (2015) The operational guide for the making markets work for the poor (M4P) approach; SDC, DFID, pp. 10-11.

the program design actually hold in practice (sub-question 1.6).¹⁷ As discussed above (Section 3.1.2), we find that the program was designed as a conventional MSD program and find it to be coherent and well defined. Overtime, the term ‘hybrid’ has been introduced reflecting some concern that a ‘pure’ MSD approach is not appropriate for Solomon Islands. The general rationale provided for a more ‘hybrid’ and less ‘pure’ approach are:

- The small size of the private sector, especially given that agriculture continues to dominate the economy, along with a high proportion of smallholder farming, informal microenterprise activity and a range of income generating activities; and
- The ‘thin’ markets found in the Solomon Islands, suggesting that these under-developed markets are less likely to drive significant, transformative change that will lead to economic growth and poverty reduction.

While these challenges are acknowledged, they are far from unique to the Solomon Islands. Indeed, many other developing in which MSD modalities have been applied also share these challenges.

While the program logic is sound—representing a typical MSD approach to PSD—the question remains as to whether the assumptions regarding how market change can be facilitated or catalysed remain. Can a program such as this ignite a change among market actors in the Solomon Islands that has the potential for the adoption and replication of new business practices, models and investment opportunities? We believe these assumptions are sound. While there is evidence that the size of the private sector is small and many markets are crowded or weak, this does not suggest that working with markets is unimportant for local investors and business owners.

It should be acknowledged that MSD programs take some time. While the six-year period spread over two program phases is appropriate, this evaluation is being conducted after 28 months of operation and following a ‘slow start’. Thus, when considering the design of the program and its logic, care should be taken not to expect results too early.

The program does need to invest in sound market analysis and take a flexible, pragmatic approach to designing and managing its interventions and partnerships. However, it should not expand into broad sector or conventional, supply-oriented, industry development modalities. It should remain focused on igniting market systems change, by working with market actors—primarily, private sector actors—and inducing new business practices and investment opportunities.

While some program activities will involve government and community organisations, the constant program focus should be on how these interventions change market systems and create incentives for increased private investment.

3.2 Program Efficiency

Primary Evaluation Question 2: To what extent is Strongim Bisnis achieving the EOPOs in the current focus sectors?

The EOPOs outlined in the program document for achievement by June 2020 are:

1. Business is demonstrating potential for increased productivity, greater resilience, better risk management, more income earning opportunities and access to high value markets, measured by higher agricultural yields, more efficient use of assets and labour, and new business models that favour employment, incomes or trade.

¹⁷ Sub-Question 1.6: How relevant is the program’s design and program logic (i.e., theory of change)? Does the program logic’s cause-effect relationship and assumption actually hold in practice?

2. The private sector and government work together to increase opportunities for trade and investment, and form external partnerships that accelerate business growth, measured by a more favourable investment climate and external partnerships that accelerate changing business practice; and
3. Women and youth have increased economic opportunity, measured by women's and youth participation in the above outcomes, and specific measures for women's and youth economic empowerment.

Figure 3 (below) provides an overview of the program results: projected to June 2020 and achieved by September 2019. It presents results across four levels based on a typical MSD approach: poverty reduction (program impact), enterprise performance (program outcome), market systems change (program outcome), and activities (program activities).

Figure 3: Program-wide indicators: Jun 2020 (Projected); Actual Results to Quarter 9 (Sep 2019)

Indicators	Projected	Cumulative Actuals	Outstanding
Level: Poverty Reduction			
Number of households recording positive change in annual incomes	2,660	309	2,351
Net attributable income changes per household (AUD)	1,166	903	263
Level: Enterprise Performance			
Number of women owned or led businesses with improved access to higher economic opportunities	629	134	495
Number of women reporting improvement in their access and control over productive resources in the household and community	408	-	408
Number of beneficiaries increasing productivity	2,587	300	2,287
Increased value of production or service provision (AUD)	692,129	147,227	544,902
Number of MSMEs increasing business profits	442	275	167
Number of new jobs created by MSMEs (FTE)	223	46	177
Number of beneficiaries/MSMEs adopting improved business practice	1,792	384	1,408
Level: Market System Change			
Number of beneficiaries/MSMEs with improved access to markets or information or products/services	15,668	14,364 ¹⁸	1,304
Number of market actors providing new/improved product/services	95	33	62
Value of sales of value-added products (AUD)	241,572	116,516	125,056
Value of exports of value-added products (AUD)	169,738	114,000	55,738
Number of market actors reporting benefits (financial or non-financial)	19	6	13
Number of market actors expanding business	80	20	60

¹⁸ This figure is predominantly due to the wide reach of the CRB Campaign, with 350,000 text messages sent. Biosecurity Solomon Islands estimate there are approximately 40,000 coconut farmers in Solomon Islands. This was a nation-wide campaign. As a conservative estimate, we're reporting one third of coconut farmers have received the message (13,332). This number is likely to increase as a result of ongoing M&E work surveying change in farming practices to address the CRB.

Value of exports facilitated (AUD)	169,738	114,000	55,738
Number of new foreign/domestic investments in tourism sector	11	11	0
Number of visitor arrivals into Solomon Islands increased	214	41	173
Value of credit disbursed to beneficiaries (AUD)	436,471	355,782	80,689
Number of recipients of capacity building support	771	751	20
Level: Activities			
Number of market actors supported by Strongim Bisnis	31	31	0
Contributions (financial and non-financial) by market actors (AUD)	186,982	186,982	0

Source: Forecasted results from Strongim Bisnis Draft Annual Plan 2020. Actual results from Strongim Bisnis Quarter 9 Report (October 2019).

The above figure identifies some significant shortfalls in the program's success in achieving its targets for June 2020 and its results as of end-September 2019. In some cases, the program is likely to achieve or come close to these targets. In others, it will fall short. It is difficult to speculate accurately on this.

The Evaluation Team have the following observations on the indicators cited in the figure above:

- The poverty level indicators do not appear very ambitious. However, it is unclear how these targets were determined and what baseline data was used.
- The 'number of recipients of capacity building support' is an unusual market system change indicator, more reflective of an activity indicator.
- An increase in the 'number of visitor arrivals into Solomon Islands' appears to be an indicator of a higher-level impact and not an indicator of market systems change. While this indicator does not fit into changes in 'enterprise performance' or 'poverty reduction', it is an outcome of more than just the changes made by local market actors. For example, it is difficult to attribute increases to visitor arrivals to a better website.

Overall, these results are neither surprising nor atypical for a program of this nature. As the first MSD program of its kind in the country, it will be difficult to objectively predict any projected outcome. The program has relied on an iterative process in which likely outcomes or program targets are defined as the program matures. This is appropriate for a program in its first phase but will likely require more detail going forward into a second phase.

Despite this, there appear to be two main reasons why the program has not achieved its desired outcomes. The first reason is due to the somewhat slow start of the program. As identified in the 2018 MTR and other program reports, there was significant time lost through problems experienced in the establishment of the program and major staff changes. This clearly distracted the program and delayed its efforts in forming productive, market-oriented project partnerships.

The second reason the program has not achieved the outcomes it may have is because it has employed a 'hybrid' approach to program interventions in which key program outcomes are not always aligned with the results measurement framework. While all program activities and project partnerships have sought to capture results that are consistent with the program's logic and theory of change, this is not always possible. While the program may have supported important non-market-focused interventions (e.g., Dreamcast Theatre) the outcomes of these cannot always be captured in the above indicators. Similarly, the support to the CBSI on the loan guarantee fund was not focused on market systems and has not produced, nor is it likely to produce, outcomes of any scale.

3.2.1 Addressing crosscutting issues

The Evaluation Team was asked to consider how effectively the program's crosscutting issues been addressed and whether the sector outputs sufficiently integrated crosscutting issues (sub-question 2.1).¹⁹ We find that while there has been considerable effort in dealing with these important crosscutting issues, some refinement of the program strategy in these areas may be required.

WEE has identified and pursued a number of crosscutting market systems issues and has developed its own specific interventions that have taken it away from a market systems approach and into a range of community development projects. While the empowerment needs of poor women in rural economies is recognised, there is little global evidence that schemes such as this lead to market change. Where such change is possible, significantly more resources and time are required. Similarly, the program's approach to supporting solar panel distribution and installation do not appear to be guided by MSD principles.

WEE has also taken on a broader inclusion issues, such as youth and PWD, which have been bundled together with women's empowerment with limited effect. While there have been specific projects and initiatives dealing with these topics, it is unclear how they are integrated into project partnerships or other activity programming.

BEE is a recent crosscutting intervention that has mostly focused on access to finance and financial inclusion. There are many business environment constraints to effective market functioning identified by the program, but these have not always been pursued. Going forward, the program can intensify its work in supporting the demand for business environment reform by business organisations. It can deepen its work with business representative organisations and support their advocacy efforts with relevant research and data and technical advice.

The current crosscutting issues appear to be the right issues to work on but refinements to how this is done should be made, along with a narrowing of focus on how these crosscutting issues affect private investment and markets.

Climate change adaptation could be enhanced as an issue in the coming phase. However, there is a need to ensure that the program isn't overloaded with too many crosscutting issues. An essential criterion for selection and application of these issues is the impact on market functionality.

3.2.2 Program tools

The evaluation considered the extent to which the program has developed the right tools for identifying and developing the project concepts and selecting partners (sub-question 2.2).²⁰ We find that the tools and processes in place are sound and applicable to an MSD approach. These include:

- **MSA reports:** Based on a common template, MSA reports provide an analysis of the market actors and constraints to inform the identification of intervention areas and prospective partnerships. While the MSA is a valuable tool, the quality of MSA reports vary. Rather than dealing with sectors, MSA reports should focus on markets and clearly defined value chains. Sector assessments are too broad to be useful in an MSD program.
- **Flexible Fund:** An internal facility that provides Strongim Bisnis with the flexibility to design and manage activities without being restricted to pre-determined modalities. Decisions regarding whether an activity will be funded, the extent it will be resourced, and the type of

¹⁹ Sub-Question 2.1: How effectively have the crosscutting issues been addressed? Do the sector outputs sufficiently integrate crosscutting issues?

²⁰ Sub-Question 2.2: Does the program have the right tools for identifying and developing the right concepts and selecting the right partners?

inputs required are made as a result of an assessment of the need, capability of the partner, and the likelihood of success (i.e., outcomes and impact). The fund provides a rapid response mechanism through which Strongim Bisnis can respond to an opportunity or an urgent need. However, AHC's introduction of risk-management processes around investment approvals does take away some of the flexibility provided for in design. This may benefit from finetuning without compromising the need for risk management (see Section 3.2.5).

- **Business Case:** A template used to define program partnerships and justify the use of the Flexible Fund, and determine probably partnership and program intervention outputs, outcomes and results. The template provides all critical information on which to base an investment decision.
- **Project Partnerships:** A set of common templates used to define a partnership between Strongim Bisnis and a partner. This may take a number of forms depending on the nature, size and scope of the partnerships (i.e., from a simple contract for services or purchase request, to a memorandum of understanding, or to a cooperation agreement or formal partnership agreement). These appear to be suitable for the program and its partners.
- **M&E System:** this is discussed in Section 3.2.4, below.

The program management processes and suite of project design and management tools, such as those listed above, provide sound basis for identifying and developing the project concepts and selecting partners. However, there have been investment decisions taken by the program, in line with its 'hybrid' approach, which do not always correspond with these market systems tools. For example, broad sector interventions or community empowerment projects are not typically considered as market systems interventions. Thus, while the processes described above are valid, they have not prevented the program from supporting projects that are not typically considered as market systems interventions.

3.2.3 Collaborative engagements with the private sector

Strongim Bisnis has begun to establish good networks within business and government circles and appears to be well received (sub-question 2.3).²¹

Current partnerships are beginning to build positive momentum and reputation in the marketplace. However, it will be critical to address any outstanding concerns regarding the high level of bureaucracy, poor understanding of the business risk involved and consultation shortcomings to avoid undermining future partnerships.

Figure 4: Evaluation Questions: Primary and Sub-Questions

Sector	Current and Past Partnerships	Partnerships in Development
Cocoa	9*	3
Coconut	5*	0
Tourism	13	6
BEE	3	1
WEE	5	5
Total	34*	15

Note: *one partnership covers both cocoa and coconut. Thus, the total number of partnerships is 34 and not 35.
Source: Strongim Bisnis, Project Portfolio, 21 November 2019

²¹ Sub-Question 2.3: To what extent has the program forged collaborative engagements with the private sector?

Significant criticism was evidenced regarding the poor program narrative, high staff-turnover and burdensome process for creating partnerships with the private sector. This criticism was directed to Strongim Bisnis, the AHC and DFAT, evidencing stakeholder confusion about the program's governance. The feedback suggests that Strongim Bisnis needs to develop a more 'business-like' approach to how it works. While program and investment risks need to be mitigated, Strongim Bisnis needs to be seen as an organisation that understands business, can work with business (and government) and will achieve results.

The Strongim Bisnis team needs to spend more time out of the office and out of Honiara, meeting with businesses, building networks, trust and intelligence and brokering partnerships that catalyse markets and strengthen business capacity. In doing so it needs to address some perceptions that that business consultation has been too shallow and not involving the right people. It will also need to allow for business relationship development conducive to the Solomon Islands context, recognising that developing partnerships will take time, but require agility once ready to progress.

3.2.4 The M&E system

The Evaluation Team reviewed the program's M&E system and the quality and processes through which performance indicators and other data are collected and applied (sub-question 2.4).²² We find the program's M&E system sound and robust, designed as it is for market systems programming and results measurement. Indicators and data quality are fit for market systems programs, but these are harder to apply when interventions broaden beyond market systems.

The program contract requires Strongim Bisnis to be accountable to DFAT through a 'robust gender-focused monitoring and results measurement system that links Strongim Bisnis activity to observable changes contributing to the achievement of the EOPOS' (S9.2). The program's M&E system is required to be measured broadly at three levels:

1. **Program deliverables:** The M&E system should ensure the quality and breadth of the program's relationships, ideas generated and implemented, quality of research and analysis, balance of the program portfolio of activities, systems for learning and adaptation, advice and information provided to DFAT and coordination with other DFAT programs.
2. **Outcomes from activities:** The M&E system should ensure each activity has a results chain, which specifies the assumptions made about potential partners and the likelihood of positive change. Each activity requires an identified definition of success and failure.
3. **End of program outcomes:** The M&E system should ensure indicators for outcomes are developed in consultation with DFAT.

A sound program M&E system is in place and based on the requirements of a typical MSD program, by monitoring changes in market systems, the performance of enterprises and impacts on households, as well as value-for-money. This system is presented in the *Monitoring and Results Measurement Plan and Manual*, originally produced on 1 May 2018, then revised to version 3.1 in November 2019. Data is disaggregated by gender, but not by age, PWD or provincial location. Results chains are prepared for each project. These are nested within the program's overall and sector theory of change and intervention-specific results chains are detailed in each Business Case. Projections are formulated to reasonably predict project results, based on evidence and team experience. This information helps the Strongim Bisnis team and partners understand the possible or probable results the program may deliver. These are not treated as hard targets, but as anticipated results (*Monitoring and Results Measurement Plan and Manual*, p.28).

²² Sub-Question 2.4: How relevant and robust is the program's M&E system? Is the data collected of sufficient quality and fit for purpose?

The system aims to capture changes in market players that result from the program interventions and partnerships. It seeks to measure how partners adopt and adapt new practices:

- **Adopt:** This relates to partners who have piloted new practices and behaviours, capturing whether this is likely to offer a valuable business proposition for continuation.
- **Adapt:** This relates to partners who are adapting the new approach or innovation to their business model.

In addition, the system seeks to measure the extent to which program interventions expand and respond; affecting broader market systems players.

- **Expand:** Expand behaviour or copying or crowding-in refers to changes in other actors that are not program partners; market players that are not direct program partners begin to see the benefits of introducing the new innovation or business model.
- **Respond:** Where non-competing actors, such as government or markets that are linked with the target sector, show broad shifts in the overall market to accommodate and support the systemic change stimulated by the program.

The M&E system observes the DCED *Standard for Results Measurement in Private Sector Development* and uses results chains as a planning and review tool for managing and measuring progress against a set of expected results. The DCED standard no longer prescribes audits to comply, it did conduct a pre-audit in August 2018. The pre-audit demonstrated that the M&E system conforms with the standard and highlighted the system strengths and proposed improvements.

The program's *Monitoring and Results Measurement Plan and Manual* identifies a set of key indicators it applies to each program activity or intervention. These include the DCED-recommended common impact indicators of outreach and level of net attributable income change. These indicators are reflected in the current program results (see Figure 3). These quantifiable indicators provide a robust and mostly verifiable means of measuring program performance and results. However, program staff have expressed a concern that these indicators do not capture the full scope of program effects and argue that additional qualitative indicators should also be used. Qualitative indicators may be particularly appropriate for capturing program effects on certain crosscutting issues (e.g., quality of women's contribution to business advocacy, improvements in regulatory responsiveness).

3.2.5 Processes for public-private partnerships and investment decisions

A clear, robust process is in place for identifying and developing public-private partnerships and guiding investment decisions (sub-question 2.5), see the discussion on program tools in Section 2.2.2, above.²³ However, the Evaluation Team finds a number of concerns from project partners that this process is also time-consuming and a disincentive for business engagement. A better balance needs to be achieved, perhaps with investments below a prescribed threshold and passing a risk checklist, qualifying for Strongim Bisnis to make the investment decision without AHC approval. This would avoid delays and ensure that partners are positively engaged throughout the process.

In addition, issues regarding capital investments should be clarified. Where justified, capital investments may be exactly what is required to catalyse market growth. Strongim Bisnis and AHC could explore options for this purpose (e.g. blended finance, matching grants).

²³ Sub-Question 2.5: What processes are undertaken around public-private partnerships and investment decisions?

3.3 Lessons Learned

Primary Evaluation Question 3: What will be the key lessons learnt and recommendations, Strongim Bisnis need to take on board in the next three years?

3.3.1 What has worked and what changes should be made

The Evaluation Team has sought to identify what has worked in the first phase of the program and what changes should be made in the next phase (sub-question 3.1). The table below identifies what has and has not worked in the Strongim Bisnis approach since July 2017 and what should be changed going forward.

Figure 5: What has worked and not worked

What has worked	Changes moving forward
A flexible, adaptive, responsive approach to program interventions and partnerships	Continue this approach; strengthen the documentation and lesson learning process based on adaptive programming.
A business-focus and market-orientation	Strengthen focus on market systems using targeted value chains; strengthen BEE and WEE mainstreaming using respective value chains to identify constraints and target interventions.
M&E system	Continue use of robust M&E tools and processes aligned with MSD discipline; strengthen disaggregation of data by provincial location, age group and PWD indicators; strengthen use of qualitative indicators.
What has not worked	Changes moving forward
Working on 'sectors' with too broad a scope	Program refresh to focus on markets and value-chains, rather than sector-wide interventions.
Poor program narrative (unclear program logic)	Clarify program logic and narrative; communicate key messages to business and government with focus on (proposed) program refresh around markets and value-chains rather than sector-wide interventions; set realistic expectations for partnerships.
Loss of trust between AHC and Strongim Bisnis	Address management shortcomings; create investment thresholds for AHC approval requirements; improve donor coordination in PSD with regular program presentations.
Loss of time in getting started	Ensure smooth transition to Phase 2.
Consultation not sufficient in terms of spread and responsiveness.	Invest more time in engaging with the business community at all levels; allow time to build relationships as conducive to the local context and allow agility to move when partner engages.

There is some concern regarding the sustainability of a number of program interventions. There are instances where Strongim Bisnis adopted an opportunistic approach to funding. The Evaluation Team found cases where broad sector financing or 'gap-filling' funding arrangements were applied without a clear, market-based strategy. Indeed, a number of respondents expressed concern with broad sector or budget-support-type financing arrangements. While this kind of engagement can

be justified in the early exploratory and experimental stages of the program, a more focused approach should be adopted in the future. Going forward and based on a revised program logic that reflects the lessons learned in Phase 1 and decisions on whether Strongim Bisnis continues to pursue a 'hybrid' or 'pure' MSD approach, care should be taken to avoid interventions that are too broad and not market focused.

3.3.2 DFAT and program interactions

The Evaluation Team find that while there is goodwill between AHC and the program, there is also some tension (sub-question 3.2).²⁴ This stems from some of the initial problems experienced in the delayed program establishment and the changes in senior staffing that were required in this period. This tension has continued, mainly due to problems arising in program management and its reporting to AHC.

There is concern, shared by both Strongim Bisnis and AHC, regarding AHC's 'micro-management' of the program. This includes AHC's close and careful scrutiny of all concept notes and financial requests. The AHC has genuine concerns regarding Strongim Bisnis program management and reporting, even with the more recent staff stability. This has created a low level of trust, which needs to be addressed. Strongim Bisnis is also frustrated by its perceived lack of autonomy to make regular management decisions. These issues can be addressed through a graduated approach toward greater program autonomy and improved program reporting. While AHC rightfully is concerned with managing risk, Strongim Bisnis should be given more autonomy to engage with the business sector and design projects. Similarly, Strongim Bisnis needs to ensure it sharpens its market systems focus and communicates clearly with AHC on how its interventions will transform market systems.

Unlike other MSD programs in other parts of the world, Strongim Bisnis is strongly branded as an Australian program. This is not completely negative, but it does not position Strongim Bisnis as a neutral actor. This may mean that Strongim Bisnis finds it hard to advocate for reform (e.g., BEE reform). AHC and Strongim Bisnis should work with other actors such as SICCI and other business formations to build demand for reform. While AHC clearly supports the program's MSD approach, it also encourages flexibility. This is not inconsistent with other MSD programs operating around the world. However, even when being flexible and responsive, Strongim Bisnis should ensure its project concept notes and results chains identify the relevant market system challenges and how its work will affect these, either directly or indirectly.

Finally, the Evaluation Team recognise the value in a flexible approach to supporting MSD and private sector development in the Solomon Islands. Strongim Bisnis should not be rigidly tied to a 'pure' MSD methodology and, in line with support from the AHC, should take a flexible approach to responding to the needs and opportunities of its partners and other market actors. However, it should be clear whenever it occasionally chooses to veer away from a market systems intervention and justify this in the relevant project concept note. Similarly, AHC could consider supporting the current contract management team with technical assistance relevant to the MSD approach. This would include ability to draw on the technical expertise required to review MSD proposals and monitor a program of this nature. This may include the establishment of a small (i.e., 1-3 persons) Quality and Technical Advisory Group of MSD specialists who can advise the AHC on how best to support the program and to periodically review program performance, the investment portfolio and monitoring reports.

²⁴ Sub-Question 3.2: How well have DFAT and the program interacted? As measured in terms of communications, direction, decision-making, etc.?

3.3.3 Program governance

The Evaluation Team finds the program governance structures to be appropriate with no major changes required (sub-question 3.3).²⁵

The Heads of Contract document specifies the creation of a SIGP-wide Steering Committee providing strategic oversight on progress against the activities funded under SIGP as a whole. Its stated purpose was to formally endorse the Strongim Bisnis Annual Plan; however, the SIGP Steering Committee did not eventuate. The 2018 MTR subsequently recommended the establishment of a separate 'small Steering Committee' specifically for Strongim Bisnis as well as 'technical support engaged to assist the AHC in managing the activity.' The Strongim Bisnis Steering Committee has since been established to provide oversight and advice from the SIG, AHC and SCCI. It has met once and is expected to meet on a six-monthly basis.

Box 10: Program Steering Committee members

Ministry of Agriculture and Livestock (Ms Ethel Frances, Permanent Secretary)
 Ministry of Commerce, Industry, Labour and Immigration (Mr Riley Mesepitu, Permanent Secretary)
 Ministry of Culture and Tourism (Mr Andrew Nihopara, Permanent Secretary)
 Ministry of Women, Youth, Children and Family Affairs (Dr Cedric Alependava, Permanent Secretary)
 Solomon Islands Chamber of Commerce and Industry (Ms Atenasi Ata, CEO)
 Australian High Commission (Andrew Schloeffel, Counsellor Economics; Cass Grant, Second Secretary; Jessica Suri, Senior Program Manager; and Brenda Mauli, Program Manager)

Source: Strongim Bisnis, *Operations Manual*, July 2019

The new Steering Committee is in its infancy, but off to a good start. The committee requires a clearer mandate and possibly a subordinate group to be bought together at a more technical level. The Evaluation Team had wondered if there was a need for more private sector and investor representation in the committee but recognises this may be achieved through the Strategic Advisory Panel.

While not included in the program design, ASI proposed the creation of a Strategic Advisory Panel (SAP). The panel acts as a support for the core team advising on strategic direction and innovations of the program, including commenting on sector and intervention strategies and key research assignments.²⁶ The panel meets six-monthly and as required, including at least once per year in Honiara, likely prior to the delivery of the Annual Plan, in October/November. The in-country meetings are supplemented by teleconferences. Reflecting the regular reporting requirements of the program, the SAP has since shifted its quarterly teleconference to coincide with the preparation of Quarterly Report submissions to DFAT. The SAP will also continue to stage an annual in-country weekly meeting and planning session. The Evaluation Team find the SAP is well received and should be strengthened to enhance an MSD focus, noting that this was not part of the program design.

3.3.4 Recommended sectors and cross-cutting issues

When considering which sectors and cross-cutting issues should the program focus on in the next phase (sub-question 3.4), the Evaluation team recommends continuing with existing cross-cutting

²⁵ Sub-Question 3.3: Is the program governance structure appropriate and are any changes required?

²⁶ The panel comprises Dr Luca Crudeli, David Osborne, Joanna Zoloveke, Dennis Meone and Atenasi Ata (SICCI). Luca Crudeli and David Osborne were on the program design team. Joanne Zoloveke and Dennis Meone are from the local business community.

issues with more attention to climate change adaptation and sustainable economic transformation.²⁷

The Strongim Bisnis *Annual Plan for 2019* introduces a focus on the environment and climate change. Recognising the Australian Government's *Environment Protection Policy for the Aid Program (2014)*, the program indicates that it will take steps to ensure it has a positive impact on the environment and adopts environmental protection principles including: do no harm, assess and manage environment risk and impact, disclose information, consult stakeholders and work with partners, and promote improved environmental outcomes. Its efforts in this field include support to the Ministry of Environment, Climate Change, Disaster Management and Meteorology, which is mandated to provide an enabling environment for the socio-economic development. The program has engaged consultants to prepare an environment and climate change strategy to guide the development of an environmental safeguards framework for project assessment and management. It is understood that this framework will include risk mitigation strategies and the identification of economic opportunities in environmental protection.

3.3.5 Overall resourcing

The Evaluation Team assessed the overall resourcing of the program, giving consideration to human resources and activity costs, and sought to determine if any changes required in the next phase (sub-question 3.5).²⁸ We find the current resource envelope appropriate. The staffing structure is appropriate for a program of this nature, representing a reasonable balance of local and international staff.

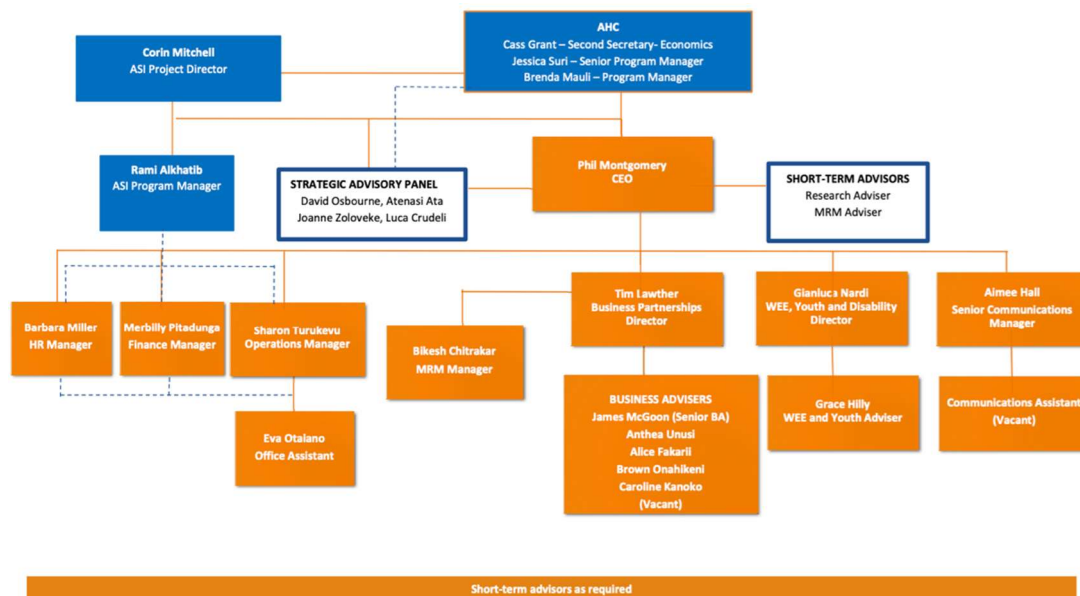
Figure 6: Current program staffing

Senior staff	International/ Local	Gender
Chief Executive Officer	I	M
Manager, Asia/Pacific	I	M
Women's Economic Empowerment Director	I	M
Senior Communications Manager	I	F
Business Partnerships Director	I	M
RMRM Manager	I	M
HR & Admin Manager	L	F
Senior Business Adviser	I	M
Business Advisers (5)	L	3F, 3M
Women's Economic Empowerment Advisor	L	F
Operations & Procurement Manager	L	F
Finance Manager	L	F
Support staff (2)	L	F

Source: Strongim Bisnis

²⁷ Sub-Question 3.4: Which sectors and cross-cutting issues should the program focus on in the next phase?

²⁸ Sub-question 3.5: How is the overall resourcing of the program, consideration across human resource and activity costs? Are any changes required in the next phase?

Figure 7: Program governance and staffing structure

Source: Strongim Bisnis (2019) *Operations Manual* (version 3, July, Annex 1)

The Strongim Bisnis staff profile appears to match the profile of other similar MSD programs.

It is important to note that the MSD process of market analysis and private sector engagement takes time and personnel. World Vision (2018; 46) compares MSD staffing with other program interventions as follows:

Vast amounts of money are saved on handouts and other direct services but more money is often needed for facilitation staff than is traditionally allocated for staffing in other projects. Given that these interventions are focused on facilitating market actors to solve market problems, the project must invest in staff with the capacity to isolate and analyse market problems, as well as the ability to work with the private sector to co-design business model solutions.²⁹

The Springfield Centre (2014) takes this position further, arguing that MSD staff are 'an essential intervention cost' for any MSD program. Indeed, categorising staff 'as overhead instead of intervention costs inflates overheads and under-reports intervention costs which distorts the picture' of a program's financial performance.³⁰

In Phase 2, more attention should be given to monitoring, evaluation and learning. This should focus on building a stronger narrative and producing practical lessons, knowledge management products and a strong communications stream that illustrates how Strongim Bisnis supports better markets to drive inclusive economic growth, job creation and poverty reduction. Investment in adapting the narrative for external audiences will also be important.

Care should be taken not to stretch staffing resources too thinly if the size of the program's investment increases in Phase 2. Any increase in program budget should be complemented by an increase in staffing.

²⁹ World Vision (2018) *Inclusive market systems development; Sustainable growth for everyone*, World Vision Australia Policy Paper, Melbourne

³⁰ The Springfield Centre (2014) *The Operational Guide for the Making Markets Work for the Poor (M4P) Approach*, Second edition, funded by SDC and DFID

4 Conclusions and Recommendations

Recommendation 1:	Program design and logic
Issue to address:	<p>While the original program design applied an MSD approach, the program has broadened its scope beyond this toward a 'hybrid' model. Although there is a good case for this, care must be taken to ensure the program does not veer into conventional sector or industry development modalities. A pragmatic, business-focused, market-oriented program should be maintained.</p>
Recommendation:	<p>It is recommended that Strongim Bisnis revise or update its program strategy to recognise the challenges of working with markets in the Solomon Islands, while ensuring a market systems approach is maintained. This should include:</p> <ul style="list-style-type: none"> • Giving greater focus on market and value chain analysis and program interventions; • Undertaking new market system analysis on specific value chains based upon a clear set of guiding criteria that justify their selection within the program. A value chain focus will help deliver a relevant level of detail about market systems, constraints and opportunities, without undertaking time-consuming, cumbersome sector-wide studies; • Redefining and clarifying the program logic where required reflecting any departures from a 'pure' MSD approach. <p>If the revised program design moves beyond MSD approaches toward a hybrid approach that significantly departs from MSD principles (which we do not recommend), then appropriate revisions should also be made to the management tools, process and M&E system.</p>
Recommendation 2:	Crosscutting programming
Issue to address:	<p>While WEE and BEE have performed well, greater focus is required moving forward. Care should be taken to avoid creating stand-alone programs that go beyond market systems (e.g., savings and loans schemes and access to finance).</p>
Recommendation:	<p>Provide a greater focus on the crosscutting issues as issues affecting all (or most) markets and value chains. Rather than creating too many, separate crosscutting program themes, the approach should be fully integrated into all market systems programming:</p> <ul style="list-style-type: none"> • WEE should focus more strongly on the issues affecting women in business, including strategies and reforms required to improve women's participation in strategic markets, with specific focus on binding constraints identified in the selected markets and value chains; • BEE should focus more strongly on the legal and regulatory barriers to effective market functioning as led by those constraints identified in value-chain-based MSAs, ensuring low-income people have greater access to markets; • Issues of youth empowerment and PWD participation should not be lumped into WEE. Rather, these separate issues should be integrated across all programming as informed by relevant constraints identified in respective value-chain-based MSAs.

Recommendation 3:	M&E system
Issue to address:	The M&E system is sound and robust, designed to capture results in MSD. While data is disaggregated by gender, it is not disaggregated by age, PWD or provincial location (i.e., investments made outside of Honiara). In addition, the current outcome indicators do not capture the full scope of program effects.
Recommendation:	Two key changes to the M&E system are recommended. First, allow for the disaggregation of monitoring data based on age, provincial location and PWD and commence collection and disaggregation of that data. Second, introduce qualitative indicators to capture untracked program effects (e.g., on certain crosscutting issues such as quality of women's contribution to business advocacy, improvements in regulatory responsiveness).
Recommendation 4:	Program Implementation, Coordination and Communication
Issue to address:	Although there are no significant current concerns regarding general program implementation, coordination and communication, there are some areas for which improvements would strengthen program performance.
Recommendation:	It is recommended that Strongim Bisnis focus on improving the following areas of program implementation, coordination or communication in the remaining six months of Phase 1: <ul style="list-style-type: none"> • Scale up business engagement efforts across Solomon Islands to build relevant networks. This will require investment in travel and time to build and convert prospective partnerships. • Strengthen documentation of project and partner monitoring, lessons learned, justifications for program refinement and revisions to program and intervention logic, along with improvements in the communication of this to AHC; • Develop and communicate key messages that articulate the 'what, why and how' for Strongim Bisnis to stakeholders. This should provide a simple explanation of the contextualised MSD approach and areas of focus and present its value proposition to partners. • Develop a mechanism for coordination and communication with complementary programs (PHAMA+, RDP, PFIP and Skills for Economic Growth) to identify areas of complementarity and mitigate the risk of unnecessary overlap. For example, a biannual meeting, convened by the AHC, where all PSD programs present and share their work plans and experiences.
Recommendation 5:	Program governance
Issue to address:	AHC's concerns regarding program management and reporting, though based on legitimate concern, is undermining program efficiencies and ultimately impeding results. The new PSC is off to a good start, but members required more guidance on its mandate.
Recommendation:	It is recommended that AHC and Strongim Bisnis agree on risk-management criteria with new financial thresholds for Strongim Bisnis to internally approve investment decisions without requiring AHC sign off. This threshold could be increased over time based on the achievement of performance indicators. Strongim Bisnis develop a clear terms of reference for the PSC so that its mandate is clear to all parties and the forum can be used most effectively to progress the program objectives. In doing so, consider the inclusion of more private sector representation if there is no risk of conflict of interest.

	It is also recommended that AHC consider establishing a mechanism to engage technical specialists who can advise the AHC on how best to support the program, revise the investment portfolio and possibly assist in performance review functions.
Recommendation 6:	Program staffing and resourcing
Issue to address:	Staff and resourcing will be a major consideration as the program moves into the next phase.
Recommendation:	In Phase 2, more attention should be given to documenting and sharing the program learnings. This should focus on building a stronger narrative and producing practical lessons, knowledge management products and a strong communications stream that illustrates how Strongim Bisnis supports better markets to drive inclusive economic growth, job creation and poverty reduction. Care should be taken not to stretch staffing resources too thinly if the size of the program's investment increases in Phase 2.

Annex 1 Terms of Reference

Program Background

Strongim Bisnis is a market systems development program that focuses on stimulating growth in specific sectors through activities that catalyse business innovation, change practises, and strengthen collaboration, building resilience and increase women's participation and empowerment. Strongim Bisnis applies a hybrid market systems development approach in the implementation of its activities. The program has a three-year duration (July 2017-June 2020) with an option for a three-year extension pending Australian High Commission (AHC)'s approval.

The effectiveness and relevance of Strongim Bisnis activities are broadly measured against three End of Program Outcomes (EOPOs):

1. Businesses are demonstrating increased productivity, greater resilience, better risk management, more income earning opportunities and access to higher value markets, higher agricultural yields, more efficient use of assets and labour and new business models that favour employment, incomes or trade;
2. Greater collaboration between private and public sectors for increased trade and investment, external partnerships that accelerate business growth, measured by an improved investment climate and accelerated changing business practice;
3. Women and youth having increased economic opportunity.

Strongim Bisnis is one of the delivery mechanism of the overarching Solomon Islands Growth Program (SIGP) 2016 - 2020. The mandate of SIGP is to provide support to increase private sector investment in a more inclusive economy, underpinned by two broad objectives:

- The Solomon Islands economic operating environment is more attractive to business; and
- More men and women are able to earn a cash-based income.

Current Program Scope

Strongim Bisnis is currently managed by Adam Smith International Pty Ltd. The key sectors Strongim Bisnis is operating in are the cocoa, coconut and tourism sectors. Within the tourism space, Strongim Bisnis is providing market intelligence, product development, marketing, information for travellers and industry coordination. The expected outcome for this sector is that market players are able to attract more visitors and foreign and domestic investment. In the cocoa sector, the focus is on value-added processing, training, and marketing, improved access to information, finance and new technologies. The intended outcome is improved local value-added processing, market access and competitiveness, smallholders' ability to operate productive, organic and sustainable cocoa farms. In the coconut sector, Strongim Bisnis focuses on product diversification, training, information and marketing, coconut rhinoceros beetle containment and access to finance. The outcome for this sector is that market participants improve value added processing, market access and competitiveness smallholder's ability to operate productive and sustainable farms. These are expected to lead towards more exports, economic opportunities and higher income.

Strongim Bisnis also work across the thematic areas of Women Economic Empowerment Program (WEE), Women, Youth and Disability Inclusion and the Business Enabling Environment (BEE). The BEE Program works through the national and local policies, administrative procedures, formal and informal rules and regulations that provide the governance of the business sector in Solomon Islands. Under the WEE program, Strongim Bisnis works with the private and public sectors on intervention areas promoting equal opportunities for women and girls.

Rationale and Purpose of the Review

Under the current contract, DFAT exercises the right to a second phase (+3 years) of the Strongim Bisnis program. A key objective of this independent evaluation is to inform/assess how we can improve the program and DFAT's approach to managing the next phase. This evaluation will be conducted in accordance with DFAT's Monitoring and Evaluation Standards to assess the relevancy and efficiency of the program. The independent evaluation report is intended primarily for AHC Economic Growth Program, specifically, the Counsellor and Second Secretary directly managing the program.

Evaluation Scope

These questions will guide the evaluation of Strongim Bisnis. The independent evaluation team is expected to finalise and agree on more specific evaluation questions with Australian High Commission when finalising the evaluation plan.

To what extent has the hybrid market systems development approach adopted by Strongim Bisnis been effective in bringing in change (intended, unintended, positive and negative) to the Solomon Islands business environment?

To what extent is Strongim Bisnis achieving the EOPOs in the current focus sectors (cocoa, coconut, tourism, business enabling environment and women's economic empowerment)?

What will be the key lessons learnt and recommendations, Strongim Bisnis need to take on board in the next three years?

Evaluation Preparation

The Australian High Commission is initiating this evaluation and will engage an evaluation team through the Solomon Islands Resource Facility. The review process will be managed by the Australian High Commission. The Solomon Islands Resource Facility will be responsible for organising logistics for the independent evaluation team including international flights, accommodations, professional indemnity, medical and travel insurance. The independent evaluation team will work with Solomon Islands Resource Facility and Australian High Commission, to organise logistics and the evaluation schedule. This also includes developing the list of stakeholders to meet with in country.

Timeline and methodology

The evaluation process is expected to commence by 21 October 2019 with final report to be submitted to Australian High Commission by 22 November 2019. This evaluation process is expected to include both desk-based activities and an in-country mission.

Activity	Team Leader (days)	Team Member (days)	Indicative dates
Desk-review and evaluation preparation	6	5	21–28 Oct
Evaluation plan	2	2	29–30 Oct
In-country mission: - Data collection - Team discussions - Preliminary data and report work in country - Aide memoire and presentation to AHC.	7	7	31 Oct–7 Nov
Draft Evaluation Report Writing	5	5	11–16 Nov
Final Evaluation Report Writing	5	2	18–25 Nov
Total	25	21	

Expected Outputs

The evaluation team is expected to deliver the following outputs:

- a) Submit an Evaluation Plan by 29 October 2019 (no more than 10 pages, excluding attachments)
- b) The evaluation plan will be developed by the Team Leader in consultation with members of the evaluation team and approved by Australian High Commission prior to the commencement of the in-country mission. The evaluation plan should comply with DFAT's M&E Standards and describe the methodology the team intends to use to answer the key evaluation questions, within the allocated timeline and resources.
- c) The evaluation plan should also describe the list of sub-questions developed from the key evaluation questions; the proposed data collection and analysis processes, including sampling strategy and key informant categories. Ethical considerations for the evaluations should also be articulated along with an implementation and deliverables timeline, and a draft in-country schedule of meetings and visits.
 - i. Aide memoire and presentation by 5 November 2019
 - ii. At the end of the in-country mission, the evaluation team will deliver the aide memoire which will present initial findings, provide verification of facts and assumptions and discuss the feasibility of initial recommendations. The evaluation team will give a presentation on the aide memoire. The key audience for the aide memoire is Australian High Commission, Economic Growth Program.
 - iii. Draft Independent Evaluation Report by 15 November 2019 (Maximum of 30 pages excluding attachments).
 - iv. The Independent Evaluation Report should meet the DFAT M&E Standards, address the evaluation questions and targeted to the needs of the intended users. The report should have a succinct and clear executive summary; which can be read as a stand-alone document. Key challenges and achievements should be clearly present in the executive summary, throughout the report and should be evidence-based. The conclusion and the recommendations should be practical and strategic and aimed at specific users of information and/or decision-makers; judgements should be clear and unambiguous.
 - v. Final Independent Evaluation Report by 22 November 2019
- d) The final report must incorporate comments on the draft report from Australian High Commission.
- e) The final report will be published on the DFAT website in line with the Transparency Charter. All documents must be delivered to DFAT in electronic word format.

Independent Evaluation Team

The independent evaluation team will consist of a Team Leader and a team member. The evaluation team is required to collectively possess the following skills and experience:

- Impact assessment and monitoring and evaluation skills from relevant technical, social, economic and financial perspectives;
- Critical thinking, broad evaluation, analytical and research skills;
- Consultative skills and participatory research methods;
- Organisational capacity assessment and development;
- Experience of working in the Pacific, preferably Solomon Islands or Melanesian countries;
- Sound knowledge and understanding of the principles aid effectiveness;
- Reliable knowledge and understanding of Private Sector Development and Market Systems Development approaches.

Team Leader (25 days)

- a. Leads the evaluation team and effectively uses the expertise of the team member in meeting the Evaluating Terms of Reference and contractual obligations;
- b. Finalise and submits an Independent Evaluation Plan that meets DFAT's M&E Standards;
- c. Leads the evaluation process (including participation in an inception briefing; assigning tasks and responsibilities to team members; leading the mission in the field and ensuring mission efficiency and performance);
- d. Leads team discussions and reflections;
- e. Develops the aide memoire and leads the presentation of preliminary findings to DFAT at the conclusion of the in-country mission;
- f. Delivers an Independent Evaluation Report that meets DFAT's M& E Standards (Standards 6); and
- g. Performs other duties in the TOR as directed by AHC.

Team Member (21 days)

- a. Provide intellectual and contextual insights to the Team Leader on the preparation and finalisation of: Evaluation Plan, Aide Memoire and the Independent Evaluation Report;
- b. Contribute towards the writing of the evaluation products;
- c. Perform other duties as directed by the Team Leader.

The Australian High Commission, Honiara will join the evaluation team. It will play an observer role and will help provide contextual information and advice on Strongim Bisnis, DFAT's policies and the types of recommendations that are feasible for DFAT.

Documents for Desk Review

These documents will be provided to the Independent Evaluation Team for review. The team can request documents from Australian High Commission that are relevant to the evaluation process.

- a) DFAT's internal documents:
 - a. Aid Quality Checks
 - b. Partnership Performance Assessment
 - c. Aid Investment Plan
- b) Program Reports:
 - a. Contract between DFAT and Adam Smith International (Australia) Pty Ltd for Strongim Bisnis, 73686
 - b. Strongim Bisnis Operational Plans and Operations Manual (including the Flexible Fund Manual and Organisational Chart)
 - c. Strongim Bisnis Annual Plans
 - d. Cocoa, coconut and tourism MSA Reports and the National Tourism Development Strategy (2015-2019)
 - e. Quarterly and Annual reports
 - f. Monthly Highlights
 - g. Concept Notes (a small sample of the Concept Notes currently in process)
- c) Sector and Partnership Reports
 - a. Coconut Sector:
 - i. Coconut Market Value Added Feasibility Study
 - ii. SME Loan Guarantee Review Report
 - iii. Report on Pacific Financial Inclusion Program

- iv. Report on Strongim Bisnis attendance to SI-Aus Business Forum
- v. Baseline Survey Report- Coconut Rhinoceros Beetle Behaviour Change Communication Campaign
- vi. Request for Tender: Strongim Bisnis Independent Evaluation
- b. Cocoa Sector:
 - i. Cocoa Market Value-added Report
 - ii. Cocoa Market Systems Analysis and Sector Strategy
- c. Tourism Sector:
 - i. Tourism: Market System Analysis and Sector Strategy Framework
 - ii. St. Gallen Report
 - iii. Minimum Standards Report
 - iv. Strongim Bisnis Solomon Islands Tourism Sector Strategy Overview
 - v. IFC Tourism Skills Supply Report

Annex 2 List of People Interviewed

Strongim Bisnis

Name	Position
Tim Lawther	Business Partnerships Director
Gianluca Nardi	Women's Economic Empowerment and Youth Director
Grace Hilly	Women's Economic Empowerment and Youth Adviser
Phillip Montgomery	Chief Executive Officer
Bikesh Chitrakar	MRM Adviser
Brown Ohanikeni	Business Adviser
Anthea Unaisi	Business Adviser
James McGoon	Senior Business Adviser
Alice Fakarii	Business Adviser
Caroline Kanoko	Business Adviser

Adam Smith International

Name	Position
Corin Mitchell	Contractor Representative/ ASI Director
Rami Alkhatib	Program Manager

Australian High Commission

Name	Position
Cass Grant	Second Secretary (Economics)
Brenda Mauli	Program Manager- Economic Growth
Jessica Suri	Senior Program Manager- Economic Growth
Andrew Schloeffel	Counsellor (Economics)
Eric Scholte	Third Secretary

Solomon Islands Government Partners

Name	Position
Andrew Nihopara	Permanent Secretary, Ministry of Culture and Tourism
Ethel Frances	Permanent Secretary, Ministry of Agriculture and Livestock
Riley Henao Mesepitu	Permanent Secretary, Ministry of Commerce, Industry, Labour and Immigration

Other Partners

Name	Organisation	Position
Bjorn Svensson	IFC	Tourism Consultant
Atenasi Ata	Solomon Islands Chamber of Commerce and Industry	Chief Executive Officer
Nelson Kere	Solomon Islands Chamber of Commerce and Industry	Executive Officer
Dagnal Dereveke	Tourism Solomons	Head of Corporate Services
Fiona Teama	Tourism Solomons	Head of Sales & Marketing
Mary Elizabeth Ramosaea	MJ Enterprise	Chief Executive Officer
Belinda Botha	Dive Munda- Western Province Tourism Association	Operations Director
Dan Raymond	Imburano Lodge- Western Province Tourism Association	General Manager
Jenno Entrikin-Hughes	Tetepare Descendants' Association, Western Province Tourism Association	Member
Clive Carroll	C-Corp	Founder
Bryan Adkin	Makira Gold	Founder
Bevan Volraith	Solomon Tropical Products- Coconut Working Group	Director
Bob Pollard	Kokonut Pacific Solomon Islands	Managing Director
Linda Folia	Central Bank	Manager (Financial Market Supervision)
Neil Nuia	Dreamcast Theatre	Creative Director and President of Arts Hub
Henry Oti	Dreamcast Theatre	Board Member
Diana Yates	Cathliro	Owner and Manager
Dr Alice Aruhe'eta Pollard	WARA	Co-founder

Annex 3 List of Documents Reviewed

- Australian Government (2017) *DFAT Goods and Services Contract: Strongim Bisnis*, July
- Australian Government (2017) *Solomon Islands Growth Program, Investment Design Document*, January
- Australian Government (2015) *Aid Investment Plan 2015-16 to 2018-19*, DFAT, Canberra
- Australian Government and Solomon Islands Government (2017) *Solomon Islands- Australian Aid Partnership*, 29 June
- Delforce, J. and T. Gill (2018) 'Beyond value chains: emerging lessons from Market Systems Development approaches in Australia's aid program', paper prepared for presentation at the 62nd Australian Agricultural and Resource Economics Society Annual Conference, Adelaide, 6-9 February 2018 (paper revised in September 2018).
- DFAT (2018) *Partner Performance Assessment*
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- Krueger, H.L., G. Salmaso and D. Larasati (2019) *Confronting Organisational Challenges to Mainstreaming Women's Economic Empowerment in Market Systems Development Programs: Lessons Learned from AIP-Rural*
- Markel, E. (2014) *Measuring Women's Economic Empowerment in Private Sector Development; Guidelines for Practitioners*, July
- Metis Analytics (2018) *Solomon Islands Growth Program Mid-Term Review; Final Report*, 30 November 2018
- Sarker, S.K. (2018) *System in place pre-audit review of Strongim Bisnis' Monitoring and Results Measurement System*, submitted to Strongim Bisnis, August
- Strongim Bisnis (2019) *Access to Finance Initiative; Baseline Report* (Implemented by West 'Are'Are Rokotaniken Association, WARA), June
- Strongim Bisnis (2019) *Annual Plan 2019*
- Strongim Bisnis (2019) *Annual Report 2018*
- Strongim Bisnis (2019) *Monitoring and Results Measurement Plan and Manual*, (1 May 2018) revised to version 3.1, November 2019
- Strongim Bisnis (2019) *Monthly Highlights: April 2019*
- Strongim Bisnis (2019) *Monthly Highlights: June 2019*
- Strongim Bisnis (2019) *Monthly Highlights: July 2019*
- Strongim Bisnis (2019) *Monthly Highlights: August 2019*
- Strongim Bisnis (2019) *Monthly Highlights: September 2019*
- Strongim Bisnis (2019) *Operations Manual*, version 3, July
- Strongim Bisnis (2019) *Savings Club Sustainability Study; Final Report*, Freeeha Ibrahim, April
- Strongim Bisnis (2019) *Solomon Islands Discovery Cruises; Impact Study* (prepared by Tim Lawther and Sanju Joshi), September
- Strongim Bisnis (2019) *Solomon Islands Tourism Trails; Final Report and Recommendations*
- Strongim Bisnis (2019) *Value adding in the coconut industry for import substitution; Part 2 Study Report* (prepared by Barbara Wilkinson, W&H Consulting), July

Strongim Bisnis (2018) *Baseline Survey for Coconut Rhinoceros Beetle Behaviour Change Communication Campaign; Survey Report*

Strongim Bisnis (2018) *Cocoa Market System Analysis and Sector Strategy*

Strongim Bisnis (2018) *Coconut Market System Analysis and Sector Strategy*

Strongim Bisnis (2018) *Community Perceptions of Gender Norms and Economic Opportunity in Rural Solomon Islands*, October

Strongim Bisnis (2019) *Flexible Fund Manual 2019; A guideline for staff working with partners and activities*; version 3, August

Strongim Bisnis (2018) *Gender Action Plan*, June

Strongim Bisnis (2018) *Market Assessment of the Tourism Sector Skills and Training Supply in Solomon Islands*; An IFC report for the Solomon Islands Ministry of Culture and Tourism, Pacific Partnership, November

Strongim Bisnis (2018) *Review of the MSME Business Loan Guarantee Scheme*

Strongim Bisnis (2018) *Tourism Market System Analysis and Sector Strategy*

Strongim Bisnis (2017) *Gender Action Plan Framework*, October

Vinning, G. (2018) *Investment options for value added cocoa products in Solomon Islands*