



Aid Program Performance Report 2012–13 Solomon Islands

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Key Messages

As one of our closest neighbours, it is **in Australia's national interest to help Solomon Islands reduce poverty and promote stability**. In 2012–13, Australia's assistance to Solomon Islands was delivered through the bilateral aid program and the Regional Assistance Mission to Solomon Islands (RAMSI). This report summarises the results of our assistance in 2012–13 through the bilateral aid program. As agreed under the Solomon Islands – Australia Partnership for Development, our assistance focused on four priority areas: improved service delivery; improved economic livelihoods; improved economic infrastructure; and addressing economic and fiscal challenges.

The Partnership has delivered **real achievements** for the people of Solomon Islands. Our aid helped 85 per cent of women deliver their babies with a skilled birth attendant and helped reduce malaria incidence to fewer than 45 cases per 1000—down from 82 cases per 1000 people in 2008. We have helped improve access to clean water and sanitation and supported maintenance work on 344 km of roads, helping rural people access health services, schools and markets. We are also helping the Solomon Islands Government (SIG) collect vital data and statistics, developing the first Core Indicator Report¹ with the Ministry of Health to better target health needs.

But challenges remain. The SIG remains highly dependent on external support. Leadership, commitment and local ownership are variable, but generally weak. Weakness in the public service is a consistent theme across the program, with poor management and accountability, long recruitment times and low staff morale resulting in high absenteeism. These challenges are major constraints to improved service delivery.

Barriers to gender equality, combined with the high level of gender-based violence in Solomon Islands, also hinder the country's development. The **barriers towards gender equality** are an increasing focus of our aid program to Solomon Islands.

Context

Solomon Islands is a small, highly aid-dependent, **post-conflict country** of more than 500 000² people. Although the 1998 to 2003 'tensions' occurred a decade ago, Solomon Islands is stable but still very fragile. The World Bank noted in its 2011 *World Development Report: Conflict, Security and Development* that it takes 30 years for a state to recover from conflict and raise institutional performance from a fragile state to a functioning institutionalised state. This is a difficult environment in which to deliver aid because change is complex, incremental and often generational.

Poverty remains a fundamental concern. Solomon Islands is ranked 143 out of 187 countries in the United Nations (UN) 2012 Human Development Index, and is off track or showing only mixed results against the Millennium Development Goals (MDGs). Currently two-thirds of all Solomon Islanders lack access to safe drinking water and less than 20 per cent have access to basic sanitation facilities. Literacy rates are low, with only four in 10 students in Grade 6 able to read and write.³ Overall, poor economic infrastructure is a major constraint on economic growth, poverty reduction and achievement of the MDGs.

The formal economy provides only limited income opportunities for most Solomon Islanders. Despite high economic growth, due mainly to unsustainable logging exports, most

¹ SIG, Core Indicator Report 2012.

² SIG, 2011, Report on 2009 Population and Housing Census.

³ Solomon Islands Standardised Test of Achievement report 2010, administered by the Ministry of Education and Human Resource Development (MEHRD).

Solomon Islanders have limited options to increase their income. More than 80 per cent of the population live in rural areas where the main source of economic activity is smallholder agricultural production. Economic opportunity is constrained by unreliable and costly access to markets and limited access to basic services.

While real gross domestic product (GDP) has increased in recent years, growing by an estimated 5.5 per cent in 2012 and 10.7 per cent in 2011⁴, **per capita income growth has been more modest**, due in large part to population growth rates of around 2.6⁵ per cent per year. GDP per capita for 2012 was estimated at around US\$1,786 (current prices) or \$3,345 on purchasing power parity in current international dollars⁶, the second lowest in the Pacific.

The formal private sector is relatively small. Donors are addressing several of the constraints that businesses face. In the 2012 World Bank Doing Business⁷ report, Solomon Islands ranked 74 of 183 countries in the ease of doing business rank, up 7 places from 2011. While the Department of Foreign Affairs and Trade (DFAT) programs are addressing key constraints, such as the macroeconomic environment, education and infrastructure, other constraints remain. Many of these are highly politicised, like land reform, or require generational investment, such as women's participation in the formal economy.

In 2012–13, the **operating environment continued to influence the delivery of Australia's bilateral aid program.** In particular, the weak commitment to public service reform resulted in amber ratings (partially achieved) against most objectives. Many bilateral programs are working from a low base and reflect gains made in a difficult environment. For example, Australia only entered the education sector in late 2011.

Donor context

Solomon Islands remains **highly aid dependent**, with official development assistance representing 61.4 per cent of gross national income in 2010.⁸ Australia is the largest development partner, responsible for approximately 74.3 per cent of total official development assistance, or US\$251.6 million.⁹ The next largest donors are Japan (7.1 per cent) and New Zealand (6.3 per cent).

Australia is the lead donor in health and transport infrastructure, while New Zealand is the lead in education. **Multilateral organisations**, in particular the development banks, are important partners in Solomon Islands. For example, we partner with the Asian Development Bank in transport infrastructure, and with the World Bank on health, rural development, justice and the Household Income Expenditure Survey.

Donor collaboration in the country is strong, particularly in the area of economic and financial reform and policy dialogue. The policy dialogue work within the SIG-led Core Economic Working Group (CEWG) is a partnership comprising RAMSI, Australia, New Zealand, the European Union, Asian Development Bank and the World Bank. The role of these partners is crucial and long term.

From 1 July 2013, the revised bilateral Solomon Islands – Australia Partnership for Development will include former RAMSI development programs¹⁰ in governance, law and

⁴ International Monetary Fund (IMF), *World Economic Outlook*, April 2013.

⁵ World Bank, World Development Indicators Database.

⁶ IMF, World Economic Outlook Database, April 2013.

⁷ <http://www.doingbusiness.org/reports/global-reports/doing-business-2012>

⁸ World Bank, 2010.

⁹ DFAT statistics, based on Organisation for Economic Co-operation and Development – Development Assistance Committee 2011 figures).

¹⁰ RAMSI development programs transitioned to the Partnership for Development on 1 July 2013.

justice, and electoral management. It will be structured around four priority outcome areas: Service Delivery (health and education); Improved Justice Services; Broad based Economic Growth (including infrastructure and livelihoods); and Improved Governance.

Gender equality remains one of the program's most challenging issues. Solomon Islands was ranked by the World Bank as the worst country in the world for sexual violence in 2012. Two-thirds of women aged 15 to 49 years of age have experienced physical or sexual violence from an intimate partner.¹¹

All program areas are working to ensure adequate attention is paid to gender equality. Gender equality will be pursued as direct investments and under priority outcomes such as health and education. However, while some non-government organisations (NGOs) are making concerted efforts to tackle this issue, weak capacity and a nascent civil society hinder scaling up these programs.

Disability is also a challenging crosscutting issue. The Solomon Islands 2005 disability survey identified 14 403 individuals with a disability, which equates to 3.52 per cent of the population. The three most common disabilities identified were vision and hearing impairment and physical disability.¹² The same survey found that 25.6 per cent of people with disabilities were under 20 years of age.¹³ The Solomon Islands bilateral program is working to increasing access and inclusion of people with a disability across the aid program.

Policy issues

Policy dialogue with the SIG has been strong. We have worked with other donors on the CEWG, and raised concerns over increases in Constituency Development Funds and SIG-funded overseas scholarships. The IMF estimated that SIG funding provided to members of parliament through Constituency Development Funds rose rapidly from 2 per cent of GDP in 2011 to 3.4 per cent of GDP in 2012 (SBD300 million or \$40 million).

The awarding of **tertiary scholarships** beyond budgeted resources is diverting spending away from basic education. In addition, the Solomon Islands Auditor General released a report in April 2013¹⁴ on scholarships which called for improvements to the management of the tertiary scholarships program. The report said that relevant legislation, policies and procedures have not been adhered to.

Partnership for Development

The current **Solomon Islands – Australia Partnership for Development** (2009) captures the strategic objectives for Australia's aid program to Solomon Islands. The Partnership commits both countries to make more rapid progress towards poverty reduction and the other MDGs, consistent with SIG's national development priorities.¹⁵

The four priority outcome areas under the Partnership for Development for 2012–13, the period covered by this Aid Program Performance Report (APPR), are:

- 1 Improved service delivery:

¹¹ *Solomon Islands Family Health and Safety Study: A study on violence against women and children.* Secretariat of the Pacific Community for the Ministry of Women, Youth & Children's Affairs (2009).

¹² Jenner D, Community Based Rehabilitation, Ministry of Health and Medical Services, Solomon Islands Government, Solomon Islands Nationwide Disability Survey 2006, Draft for Consultation, Honiara, February 2006.

¹³ Solomon Islands Nationwide Disability Survey 2005, p. 7.

¹⁴ Tertiary Scholarships Management by the Ministry of Education and Human Resource Development. 2007-2010

¹⁵ A revised Partnership for Development was signed by Prime Minister Lilo and Foreign Minister Carr in Honiara on 23 July 2013.

- *health*: improving health indicators in maternal and child mortality, malaria incidence, pharmaceutical stocks, and access to clean water and proper sanitation
 - *education*: improving the quality and access of basic education, including improvements in literacy and numeracy, increasing access to technical and vocational education and training, improving leadership in education and the use of resources
- 2 **Improved economic livelihoods**: increasing rural incomes and levels of employment from sustainable agriculture; and increasing numbers of people accessing rural banking and financial services
 - 3 **Improved economic infrastructure**: increasing people’s access to markets and services through improved transport infrastructure; improving access to reliable and affordable energy and telecommunications; and improving access to clean and reliable urban water supplies
 - 4 **Address economic and fiscal challenges**: economic and financial reforms that are led by the SIG – donor CEWG. Reform objectives include an affordable and sustainable budget, and structural reform that supports a more conducive business environment.

In addition to these four priority outcome areas the bilateral program supports: a NGO partnership; tertiary scholarships; humanitarian assistance; and a program to support women’s leadership, economic empowerment and eliminate violence against women.

Transparency of aid spending

Australia’s aid program in Solomon Islands make documents available to partners, stakeholders and the public on the DFAT website.

DFAT is implementing a joint communication strategy with the SIG to raise public awareness of the Partnership for Development. The program regularly promotes key milestones and results through joint SIG – Australia media releases. Over the last 12 months the program has produced approximately 38 media releases resulting in increased understanding of what the aid program aims to achieve with its partners in Solomon Islands.

Following the 2012 Partnership for Development Talks, Australia and Solomon Islands began implementing a strategy to communicate and build public awareness of the transition of RAMSI development programs to the bilateral Partnership for Development, in cooperation with the RAMSI Office of the Special Coordinator.

Expenditure

Table 1A: Expenditure 01 Jan 2012 – 30 Jun 2012

Objective	A\$ million	% of bilateral program
Health	10.90	25
Education	6.29	15
Economic Livelihoods	2.81	6
Economic Infrastructure	12.29	28
Addressing Economic and Fiscal challenges	4.70	11
Solomon Islands NGO Partnership Agreement	4.28	10
Scholarships	1.86	4
Non-outcome areas	0.21	0
TOTAL	43.34	

Source: Internal DFAT reporting

Table 1B: Estimated expenditure in FY 2012- 2013

Objective	A\$ million	% of bilateral program
Health	20.16	34
Education	7.32	12
Economic Livelihoods	2.71	5
Economic Infrastructure	12.00	20
Addressing Economic and Fiscal challenges	4.14	7
Solomon Islands NGO Partnership Agreement	4.61	8
Scholarships	5.93	10
Non-outcome areas	3.25	5
TOTAL	60.13	

Source: Internal DFAT reporting

Progress towards objectives

The program's major strategic priorities for the program over the next year are to: ensure a seamless transition of RAMSI activities into the bilateral Partnership for Development program; maintain RAMSI's achievements in promoting security and stability; cement the Partnership for Development as the framework for Australia's aid; protect gains in economic reform and service delivery; manage fraud; and maintain profile.

The integration into one program as a result of RAMSI transition is expected to improve performance through greater coherence and coordination across relevant areas. Performance Assessment Frameworks (PAFs) against Partnership priority areas will help monitor program effectiveness. Reviewed annually with SIG, these frameworks have been redesigned with a single format to enable common issues across the program to be assessed.

Table 2 Ratings of the program's progress towards the objectives

Objective	Current Rating	Previous Rating
Priority Outcome 1—Improved Service Delivery - Health	Amber	Amber
Priority Outcome 1— Improved Service Delivery - Education	Amber	Amber
Priority Outcome 2—Improved Economic Livelihoods	Amber	Amber
Priority Outcome 3—Improved Economic Infrastructure	Amber	Amber
Priority Outcome 4—Addressing Economic and Fiscal challenges	Amber	Amber

Note:

■ = Green = Progress is as expected for this point in time and it is likely that the objective will be achieved. Standard program management practices are sufficient.

■ = Amber = Progress is somewhat less than expected for this point in time and restorative action will be necessary if the objective is to be achieved. Close performance monitoring is recommended.

■ = Red = Progress is significantly less than expected for this point in time and the objective is not likely to be met given available resources and priorities. Recasting the objective may be required.

Performance of the Partnership for Development is measured annually through an Independent Partnership Panel that produces an annual scorecard to reflect progress. This report forms a key part of annual Partnership talks between DFAT and the Ministry for Development, Planning and Aid Coordination. The 2012 report is on DFAT's website.¹⁶

In 2012, the panel found that although Australia made a commitment to support SIG ministries to manage for results through the Partnership for Development, more should be done to improve data collection. Programs are increasing focus on using and strengthening SIG monitoring and evaluation (M&E) frameworks and building SIG capacity in this area. Part of this approach involves working more in sector-wide approaches (SWAs) where appropriate, in close coordination with other development partners and RAMSI.

In addition, Honiara Post has a Monitoring and Evaluation Adviser who helps programs to develop their own M&E frameworks. A Program Management Plan guides the project cycle, and AidWorks is used to track all major designs, evaluations and the program planning pipeline.

Reflecting the transition of RAMSI activities to the bilateral program, recent additions to the program pipeline include new justice, public sector governance and election assistance programs. Additional priorities for 2013–14 also include an education delivery strategy, broad-based growth delivery strategy and a new gender program.

Priority Outcome 1 - Improved Service Delivery – Health

In health, Australia works in partnership with the SIG through a SWAp to help the Ministry of Health and Medical Services (MHMS) achieve the underlying objective of its National Health Strategic Plan (2011–15)—to provide access to essential health services to all Solomon Islanders.

The Performance Assessment Framework (PAF) sets out targets in this area to 2015, as outlined in Table 3:

¹⁶ <http://www.aid.dfat.gov.au/Publications/Pages/solomon-islands-p4d-independent-assessment-2012.aspx>

Table 3

Aim:	The Partnership will strengthen public health functions that are responsive to community health needs and improve progress towards the MDG targets by 2015.		
Targets for 2015:	1	Access to an appropriate health facility, staffed by a health care worker and stocked with medicines	Baseline: 86 per cent of births attended by skilled health worker (2010) (proxy)
	2	Reduced malaria incidence and deaths and progress towards elimination in selected provinces	75/1000 MIR ¹⁷ (2010) 300 000 bed nets distributed (2010)
	3	Increase access to safe drinking water and basic sanitation	2582 households (2010) 17 624 people (2010)
	4	Reduced maternal and infant mortality rates	143/100 000 Maternal Mortality Rate (2010) 36/1000 Child Mortality Rate (2010)

The program has helped **achieve some good results in health**, including reductions in malaria incidence and reduced maternal mortality. Australian support has also improved access to clean water and sanitation.

Specific examples of good results in 2012 include:

- > the incidence of malaria in Solomon Islands fell from 199 incidences of malaria per 1000 in 2003; to 75 per 1000 in 2010 and to fewer than 45 cases per 1000 in 2012
- > 95 per cent of women reported at least one antenatal visit, with 65 per cent reporting four or more times (with the median first visit at 5.6 months)
- > approximately 85 per cent of deliveries managed with a skilled birth attendant¹⁸
- > the absolute number of maternal deaths has been steadily decreasing since 2009¹⁹
- > in 2012, Australian support helped build 44 water and sanitation facilities, providing access to safe water or basic sanitation for an estimated additional 9 614 people.²⁰

Lack of strong leadership on health governance at central and MHMS levels hampered progress on reforms but there are signs of gradual improvement. Areas of relative weakness in 2012 included slow progress in implementing jointly agreed public financial reforms and internal performance issues.

Poor central agency processes affected progress in the health sector. High vacancy rates in the MHMS, caused by prolonged recruitment processes through the Ministry of Public Service, low salary rates and delays to salary payments are affecting health service delivery. Critical vacancies exist in maternal and child health as well as in frontline clinical posts. Long processing times for payments through the Ministry of Finance and Treasury and the absence of timely, high-quality financial reporting continue to hinder MHMS efforts to spend its allocated budget effectively.

¹⁷ Malaria Incident Rate

¹⁸ Child Health Plan, December 2012.

¹⁹ Although the 2012 results only factor in 50 per cent of the total District Health Information System data and there are ongoing difficulties with recall bias and sometimes incomplete birth registration

²⁰ Rural water supply and sanitation program database.

The health SWAp promotes **local ownership by aligning with and building the capacity of local systems**, especially with public financial management and procurement. In 2012, the MHMS' Central Procurement Unit was supported by an Australian-funded specialist. As a result, the ministry improved the coordination and efficiency of procurement, working with the Ministry of Finance and Treasury to conduct competitive tenders for goods and services. This improved the delivery of vital pharmaceuticals and the effectiveness of SIG's expenditure.

Early successes: Using performance information to target health delivery

Performance information helps target services to identified needs. Australia has helped the MHMS develop a set of core performance indicators to track results through a digital health information system. Ministry staff can now enter data backlogged on paper forms. The first unique report showed aggregate national-level and disaggregated local-level results against each of the ministry's core performance indicators available by May 2013.

The health program **promotes gender equality** through a focus on MDG 3, promote gender equality and empower women, and MDG 4, reduce child mortality. It does this by supporting victims of gender-based violence; rural water sanitation and hygiene (RWASH), and malaria control and elimination. Staff issues—including vacancies—in the maternal health division held back greater progress in maternal health in 2012.

From 2010 to 2012, Australia funded the two-year SAFENET (safe networking referrals) program in the MHMS to support referrals for **victims of gender-based violence**. In October 2012, SAFENET launched new clinical protocols outlining the minimum standards to be used with the treatment of survivors of gender-based violence. These standards guide health practitioners when referring such matters to the police, when providing victims with counselling and when referring victims to shelter services. As part of SAFENET a crisis hotline was installed, which provides victims with 24-hour access to help. SAFENET counsellors are being trained on the guidelines and activities to communicate the new program.

Women in Solomon Islands remain the primary collectors of water, so Australia's continued focus on improving access to clean water and basic sanitation has resulted in some gender benefits. For example, better access means women and girls have more time to engage in economic and education activities. Our continued investment on controlling and eliminating malaria also has important gender benefits, especially since malaria remains a major threat for pregnant Solomon Islanders.

The health program is mainstreaming **disability**. Australia advocated to include a disability focal point in the RWASH stakeholder group and disability inclusive design principles were integrated into RWASH technical guidelines and the planned rehabilitation of the Solomon Islands Malaria Training and Research Institute. The new draft RWASH policy retains opportunities to subsidise sanitation facilities for households in which people with disability live.

Priority Outcome 1 - Improved Service Delivery - Education

Australia supports the education sector through a **multi-donor SWAp**, focused on working through and strengthening local systems. Through this approach we support the SIG to achieve progress towards MDG 2 (universal primary education), in three areas in particular:

- 1 improve learning outcomes, particularly in literacy and numeracy and especially for children in the early grades
- 2 increase the employability of Solomon Islander women and men
- 3 increase leadership and management capacity in the Ministry of Education and Human Resource Development and throughout the sector.

The current PAF for education is based on the Solomon Islands' National Education Action Plan (NEAP) indicators listed in Table 4:

Table 4

NEAP Performance Indicators

- 1 Increased net enrolment rate (by education level and gender).
 - Improved net enrolment rate in basic education years 1 to 9.
 - Increased enrolment rates for students with disabilities
 - 2 Increased basic education completion rates for boys and girls.
 - Increased completion rate Yr 1 – 6
 - Increased completion rate Yr 7 – 9
 - 3 Increased number of TVET courses developed
 - Increased student access to TVET courses
 - Increase in the number of TVET trainers/instructors accessing training and development
 - 4 Increased achievement in literacy and numeracy, at primary year 4.
 - 5 Increased number of Solomon Islanders with locally and internationally valued qualifications
 - 6 Improved management of education:
 - Increased number of staff in the Ministry, Province and Schools that undergo practical and professional training in education leadership and/or education management and policy analysis.
 - Effective use of school grants
 - Improved teacher management
 - 7 Improved system efficiency
 - Reduction in GER and increase in NER²¹ at primary level.
 - Increased expenditure of non-scholarships as share of annual budget allocation.
-

AusAID has worked with the SIG to improve support for **education access** through the introduction of direct school grants. These replace school fees and reduce financial barriers for all 145 000 children in basic education in Solomon Islands. The grants also underpinned the move to school-based planning and management. Australia's contribution of \$2 million (SBD13 million) to direct school grants supports a SIG \$3 million (SBD20.3 million) contribution. This reform is an important contribution to improving the quality of basic education, which is a focus for our support.

Despite increased enrolments and demonstrated commitment to education, with one-quarter of SIG's annual budget going to education, learning outcomes are weak. Only 4 in 10 students leave primary school with basic literacy and numeracy skills. Retention rates are low and few young people complete their schooling to Year 12. Around 2000 teachers are untrained.

Since entering the education sector in 2011, we have **begun to identify some of the factors that contribute to poor learning outcomes** and will continue to strengthen our partnership with the Ministry of Education and other SWAp partners to address them. Factors include:

²¹ Gross enrolment rate and net enrolment rate.

- > Budget and staffing bottlenecks with central agencies and poor public financial management in the Ministry of Education which causes delays at school and tertiary levels. Investments in junior secondary equipment and in educational facilities, for example, did not show results over 2012, due to lack of ministry capacity in planning, procurement and contracting.
- > SIG expenditure increasingly favours tertiary rather than basic education due to tertiary scholarships. It is estimated that of the 29 per cent of the overall education budget is allocated to the tertiary sector, overseas scholarships represent 72 per cent of SIG tertiary spending. Each overseas scholarship costs approximately the same as educating 39 primary students. Primary education is now just 42 per cent of the education budget and below the international minimum standard of 50 per cent.

Some progress is evident. We have helped the Ministry of Education to strengthen its public financial management systems, establish a procurement and contracts unit and establish an internal audit unit. Other specific progress includes:

- > Improved literacy and numeracy rates (2 to 4 per cent increments) were recorded for Year 4 students in 2010²² compared to 2004–05. Results remain unacceptably low. Increased efficiency has been leveraged through the recently established Internal Audit Unit in the MEHRD. Audit reports highlighted deficiencies and the unit is conducting rigorous checks and providing system support to fund management.
- > Procurement issues are being addressed. The MEHRD now has a procurement plan and has appointed a procurement specialist (financed by Australia).
- > Expenditure analysis, supported by Australia, has provided the SIG and other donors with information on sub-sector expenditure during the previous NEAP, providing a basis for policy discussion on strategic priorities.
- > 405 Solomon Islanders have graduated from the Australia-Pacific Technical College (APTC) since 2009. The college has assessed the feasibility of establishing a campus in Solomon Islands. This work will continue in 2013.
- > The Solomon Islands College of Higher Education transition to Solomon Islands National University was supported by Australia through technical assistance, including in the areas of public financial management and procurement assessments, and development of a plan for an Education Quality Review in 2013.

Future policy dialogue and technical assistance will focus on achieving a more effective and efficient education spend across sub-sectors.

As DFAT engages further in the education sector we will cautiously assess tertiary sub-sector needs, including **technical and vocational training**. Solomon Islands has few skilled tradespeople and the Chamber of Commerce and Industry has highlighted the need to align skills training with labour demands. Through policy dialogue and advocacy, the Australian aid program has helped establish a partnership between the APTC and Don Bosco Technical College. We will conduct further analysis before advocating a long-term approach to tertiary education. DFAT's Financing TVET in the Pacific study (to be completed in August 2013) will provide a critical analysis upon which to guide the department's investment approach.

The **availability and use of performance information** is weak within the education sector. The Ministry collects data through the Solomon Islands Education Management Information System, but does not yet have capacity to analyse this data for reporting, monitoring and

²² 2011 Solomon Islands Standardised Testing and Assessment (SISTA) report, revised in 2012. This assessment tool has been revised and the new version will be rolled out in 2013.

planning. The NEAP's PAF was revised in 2012. The ministry was unable to report fully against the PAF in the May 2012 Annual Joint Review. A priority for 2013 is to develop a more simplified PAF and assist with data management.

Despite these challenges, some early achievements were made in the availability of performance information on **early grade literacy and numeracy**, as reflected in the NEAP. In 2012, for example, we supported the National Education and Standards Unit to improve classroom assessment tools. These tools have been trialled and will be rolled out in 2013, providing a baseline on learning outcomes for sector reporting and planning. The use of these results to target learning deficiencies will over time raise early grade literacy and numeracy rates.

Rates of women in leadership roles in schools are low. Just 14 per cent of primary head teachers and 7 per cent of secondary head teachers are female. We will work with the Ministry to increase the number of female head teachers. Further, the lack of basic facilities hinders the promotion of **gender equality** in the sector, especially the lack of female toilets and dormitories at senior secondary schools.

AusAID has discussed **disability** in education priorities in Solomon Islands with stakeholders such as the APTC. With support from Australia, the MEHRD completed an assessment of inclusive education. As a result, the ministry plans to develop a policy on inclusive education (disability).

Priority Outcome 2 - Improved Economic Livelihoods

The Economic Livelihoods portfolio complements and supports the SIG, NGOs and other donor programs in improving **resilience and broad-based economic growth in rural areas**. This includes agricultural extension, food security, quarantine, access to financial services and small-scale rural infrastructure.

The PAF for Economic Livelihoods focuses on the outputs in Table 5:

Table 5

Planned Outputs for 2012-13

- > Increase the percentage of villages with satisfactory access to functioning infrastructure and effective agricultural extension services.
 - > Cocoa research and extension program started in Ministry of Agriculture and Livestock (MAL) and national cocoa exports reach 8,000 tonnes.
 - > MAL develops new strategic plan.
 - > An agreed design for a program to strengthened capacity of SIAQS to carry out core functions of pest and disease prevention, surveillance and control; and improving market access and trade facilitation.
 - > An agreed design for a program of Australian support for the NFITF to increase access to appropriate and affordable financial services, especially in rural areas.
-

The Rural Development Program (RDP), Cocoa Livelihoods Program and Kastom Gaden Association (KGA) are supporting better livelihoods for rural Solomon Islanders. Specific **achievements** include:

- > Component one of the RDP has a target of completing 370 village infrastructure projects to benefit an estimated 250 000 Solomon Islanders. Projects include building village water supply systems, wharves, village roads, community halls and staff houses for nurses and teachers. To date 83 infrastructure projects are complete and 120 nearing completion. A total of 56 256 people have benefited (an average of 678 per project). Another 167 projects are designed and ready to begin construction in the second half of 2013.

- > The Cocoa Livelihoods Program worked with Ministry of Agriculture and Livestock extension staff to train farmers, pruning gangs, processors and exporters on cocoa production and integrated pest and disease management. By the end of 2012, an estimated 5880 households, representing almost 30 per cent of the estimated 20 000 cocoa farming households in Solomon Islands, were applying integrated pest and disease management on their farms.
- > The KGA and its 13 community-based partners conducted training and research activities, benefiting more than 6400 farmers in 2012. This included 1226 farmers engaging in capacity building and networking activities and 2790 Plant Material Network members with access to 9680 new types of seeds and planting material. The 13 community-based partner organisations also directly benefited 2428 farmers through activities such as bulking and distributing planting materials, establishing crop trials, training on pest and disease management, seed saving, livestock breeding, soil improvement, post harvesting and processing, value chain mapping, and building financial literacy.

Supporting agricultural development in Solomon Islands is central to reducing poverty and improving living standards. More than 80 per cent of Solomon Islanders live in rural areas and depend on agriculture, fishing and forestry for their livelihoods. Agriculture is the main source of rural incomes and the largest export earner, primarily from cocoa, copra and oil palm. A Cocoa Livelihoods Program survey estimated that around 20 per cent of rural households in Solomon Islands grow cocoa. Domestically marketed crops are an important source of cash income for these households.

Despite these gains, a major **factor affecting progress** in improving economic livelihoods has been the diversion of funds from the Ministry of Agriculture and Livestock's development budget to the Constituency Development Funds, which are controlled by members of parliament. This has impacted on the ministry's ability to deliver its cocoa and coconut programs with smallholder farmers.

In 2012, Australia and SIG agreed on a simple **PAF** for the Economic Livelihoods program—the first once since the Partnership for Development was introduced. This was an important step in developing shared monitoring at sector level.

The KGA has a **gender** policy, with women in influential positions on its board. Nearly 80 per cent of its partner organisations have female representatives on their management committees and in leadership roles. One component of the KGA program focuses specifically on women in agriculture. Gender is addressed reasonably well in the RDP, with progress being made with greater inclusion of women in formal decision making and planning. Currently around one-third of planning process participants are women. The RDP organised several workshops for female extension offices and farmers to identify their specific agricultural needs.

The KGA has a commitment to involve people with **disability** in its program activities. This is apparent in its support to the San Isidro Centre's agroforestry initiative, where people with disability are taught practical gardening skills.

Priority Outcome 3 - Improved Economic Infrastructure

The Improved Economic Infrastructure priority area covers programs in **transport, telecommunications, energy and urban water supply**, in partnership with multilateral and bilateral donors.

The economic infrastructure PAF focuses on the targets in Table 6:

Table 6

Indicators*	2012 Milestones
> Change in percentage of transport assets rated as good or above.	> 60% of national transport assets are receiving regular Maintenance
> Change in proportion of the national transport assets receiving regular maintenance.	> 100% of the Projects selected for Funding from the National Transport Fund are derived from the National Transport Plan's three year priority list
> Change in travel times to health clinics and markets for transport users in rural areas.	> Resolution of debt owed by SIWA to SIEA.
> Change in incomes for areas with improved transport access.	> Implementation of water tariff reforms and community service obligation payments.
> Change in proportion of population with access to telecommunications services.	> Completion of the Phase two feasibility study for the Tina River Hydro Project.
> Change in proportion of the population in SIWA service areas with access to clean and reliable water supply.	

Achievements include road maintenance, increased mobile telephone coverage and improved water quality. Specific achievements include:

- > Increased access to reliable transport for many Solomon Islanders in 2012—344 kilometres of roads were maintained and 193 kilometres rehabilitated.
- > Supported the introduction and regulation of the competitive market for telecommunications which significantly expanded mobile service coverage. Eighty per cent of the population now has mobile service coverage, compared to just 20 per cent in 2010 and 67 per cent in 2011. The People's Survey²³ found that 75 per cent of Solomon Islanders had access to a mobile phone in 2011, compared to 23 per cent in 2009.
- > Improved water quality and service reliability. The average proportion of the Solomon Islands Water Authority's water samples failing World Health Organization-bacteria standards has fallen from more than half to one-quarter with the implementation of Australian assistance since 2011. Three areas of Honiara that had less than eight hours of water supply per day in June 2011 now have 24-hour supply.

Supporting infrastructure is essential for connecting people to services and markets, but this is challenging in Solomon Islands. With more than half a million people dispersed across an archipelago of 992 islands, shipping and aviation links to even the 20 larger islands are generally poor. Poorly managed state-owned enterprises provide low-quality services with very limited reach. Telecommunications is one area where rapid private-sector led improvements have occurred, but the reach of services other than basic mobile telephony remains limited.

A survey undertaken by Solomon Islands Road Improvement Project in Makira in mid-2012 suggests that improvements to the main road and bridges have had a significant impact in the level of economic activity in the province. For instance, since the completion of road works, average monthly household income from cocoa and copra increased by 88 per cent and 48 per cent, respectively.

As with much of the Solomon Islands program, a further, **major factor affecting progress** is the lack of technical skills—with engineering, procurement, supervision and financial management.

²³ The People's Survey is an independent annual survey that provides a unique insight into the opinions of Solomon Islanders on a wide range of issues. <http://www.ramsi.org/solomon-islands/peoples-survey.html>

We continue to reassess and re-structure the aid program in Solomon Islands to **meet these challenges**. To date, the program has responded to emerging needs, with the result that engagement in infrastructure is now spread across four sub-sectors (urban water being the most recent). This approach was appropriate and manageable when day-to-day program management was mostly led by multilateral partners. Now that DFAT directly funds the transport SWAp and Solomon Water (formally known as Solomon Islands Water Authority), program consolidation needs to be considered.

The service delivery model in the transport sector has shifted from direct government delivery (pre-tensions) to a largely donor managed, contracted-out model (post-tensions). The transport SWAp now moves government into the management role, contracting the private sector directly. For the first time the Ministry of Infrastructure Development is managing close to 100 maintenance contracts, demonstrating the increased confidence and competence of its staff.

The availability and use of **performance information** is mixed. While the transport sector is backed by a good M&E framework, implementation has been inconsistent. For example, the Ministry of Infrastructure Development provided road rehabilitation and maintenance data for 2012 but employment data was patchy. Solomon Water has provided reasonable data on key indicators. Baseline and follow-up surveys were conducted to determine community-level impacts of completed transport works. These should provide useful information for future programming.

Transport programs collect gender-disaggregated data which show **women** have skilled and unskilled work opportunities on road maintenance and rehabilitation projects, with female employment at more than 50 per cent. However more data is needed to demonstrate the impact of other programs on promoting gender equality.

No formal steps have been taken to integrate **disability**-inclusiveness measures into the infrastructure sector. However, recent urban infrastructure works funded through the SWAp and Rapid Employment Project upgraded pedestrian facilities in Honiara, including footpaths on the main highway. This has improved access for people with disability.

Priority Outcome 4 - Economic and Fiscal Challenges

This priority outcome aims to assist Solomon Islands manage its economic and fiscal challenges to promote fiscal sustainability, more effective public expenditure and broad-based economic growth. Its two key components are: **performance-linked aid** and **statistics**.

Performance-linked aid support is embedded in a policy dialogue forum, the SIG – donor CEWG. In this forum, SIG, Australia and five other donors agree and assess progress against a reform agenda. Australia provides an incentive payment of \$3 million per year in additional aid if Solomon Islands achieves its reform targets.

Performance-linked aid payments are designed to promote reform and assist with the recovery of SIG's fiscal position following the impact of the Global Economic Crisis. The Australian Government is also providing 92 per cent of funding for the 2012–13 Solomon Islands Household Income and Expenditure Survey (HIES), with support through to 30 June 2014. The HIES will generate household-level information that will be **statistically** analysed to assist the SIG, its development partners and the private sector in policy development, planning, monitoring and evaluation, and decision making around resource allocations. The HIES will also provide valuable information about economic activity and the extent of poverty across the country and be used to track progress against the MDGs and rebase the Consumer Price Index.

The CEWG and Performance Linked Aid

The PAF for Performance Linked Aid is in Table 7:

Table 7

Indicators	2012 Milestones
A. Public Expenditure and Financial Accountability (PEFA) scores (average) ²⁴	Substantial and meaningful progress towards reform priorities agreed by the CEWG.
B. Government budget position (surplus/deficit) ²⁵	Continued commitment to a joint SIG – donor policy dialogue process that advances the Partnership principles of mutual accountability, ownership, alignment and harmonisation.
C. Joint World Bank/IMF Debt Sustainability Analysis ²⁶	Agreement on concept for new program that will provide ongoing support to the Ministry of Finance and Treasury to replace existing RAMSI program (FEMSP)
D. Budget composition aligns with development policy as measured by percentage of Solomon Islands Government funding to basic social services (health and education) as a share of Solomon Islands recurrent budget funding ²⁷	
E. Annual IMF Article IV Reports; IMF Program Reports ²⁸	
F. World Bank Country Policy and Institutional Assessment (CPIA) overall rating and individual indicator ratings ²⁹	
G. Asian Development Bank Country Performance Assessment (CPA) rating and individual indicator ratings ³⁰	
H. GDP per capita (USD) ³¹	
I. Real GDP (percentage change year-on-year)	
J. World Bank Doing Business rank ³²	
K. Number of unplanned bailouts of State Owned Enterprise	
L. Number of State Owned Enterprises compliant with section 13 of the <i>State Owned Enterprise Act 2007</i> (relating to statements of corporate objectives)	
M. Number of State Owned Enterprises compliant with section 14 of the <i>State Owned Enterprise Act 2007</i> (relating to annual reports and audited financial statements)	

²⁴ Solomon Islands Public Financial Management Performance Report, November 2008 (ECORYS Nederland BV); Public Expenditure and Financial Accountability is not undertaken annually.

²⁵ The Solomon Islands: 2009 Article IV Consultations—Staff Report, September 2008 (IMF); Solomon Islands: First Review Under the Standby Credit Facility and Request for Modification of Performance Criteria and Re-Phasing of Disbursements—Staff Report; December 2010 (IMF).

²⁶ Solomon Islands Joint Bank/Fund Debt Sustainability Analysis 2008; Solomon Islands Joint Bank/Fund Debt Sustainability Analysis 2009, World Bank and IMF.

²⁷ SIG-approved recurrent estimates and SIG-approved development estimates.

²⁸ *Solomon Islands: 2009 Article IV Consultations—Staff Report*, September 2008 (IMF); *Solomon Islands: First Review Under the Standby Credit Facility and Request for Modification of Performance Criteria and Re-Phasing of Disbursements—Staff Report*; December 2010 (IMF).

²⁹ World Bank Country Policy and Institutional Assessment ratings for 2008, <http://go.worldbank.org/CRZ73X6680> and <http://www1.worldbank.org/operations/IRAI2008/SLB.pdf>

³⁰ Asian Development Bank, *Annual Report on the 2008 Country Performance Assessment Exercise*, May 2009.

³¹ *Solomon Islands: 2009 Article IV Consultations—Staff Report*, September 2008 (IMF); *Solomon Islands: First Review Under the Standby Credit Facility and Request for Modification of Performance Criteria and Re-Phasing of Disbursements—Staff Report*; December 2010.

³² World Bank, Doing Business Ranking, <http://www.doingbusiness.org/rankings>

The CEWG remains a central and crucial part of policy dialogue between donors and the Government and, importantly, brings together central agency and service delivery issues. SIG's commitment to the CEWG and policy dialogue remained strong in 2012–13.

The third annual Joint Review Mission³³ into the CEWG found that the maturing of the group reflected the leadership of Solomon Islands' Minister of Finance and his Permanent Secretary, with support from the Prime Minister, other ministers and senior SIG officials. The review found that the working group was a powerful instrument for progressing reforms that were difficult due to heightened political, bureaucratic and donor focus.

Local ownership and local systems are central to CEWG's success. For example, after the SIG raised the concern that the reform matrix was donor-driven rather than SIG-led, the SIG took the lead on the 2012–13 matrix. Ministry of Finance and Treasury staff took the time to engage internally and make sure that local staff (not just RAMSI advisers) was engaged. The Joint Review Mission noted that 'the CEWG is considered to represent best practice in the Pacific of donor-government coordination and is being replicated in a number of other Pacific island countries.'

Nonetheless the Joint Review Mission found the quality of SIG expenditure had deteriorated in 2012, with a sharp increase in Constituency Development Funds and uncontrolled expenditure on the Festival of Pacific Arts.

Overall there is **good information** about progress on specific reforms in the CEWG matrix. DFAT uses a number of sources to monitor and evaluate progress against short and long-term objectives, including:

- > traffic light reporting against progress provided by the SIG in April and for the Joint Review Mission in August
- > the CEWG annual joint review (carried out by a subset of members from SIG, Australia, European Union and the World Bank) in August to September 2012, with the review team's report assessing progress against reforms and including recommendations for the forward reform program
- > the European Union-coordinated Public Expenditure and Financial Assessment in 2012
- > IMF's Article IV and program reports which provide valuable macroeconomic monitoring
- > formal meetings (March and October) in which the SIG and Central Bank of Solomon Islands provide economic and fiscal updates.

Household Income and Expenditure Survey

DFAT is channelling support to the **National Statistics Office** through an accountable cash grant to the Ministry of Finance and Treasury. This program has a capacity-building element. The HIES will provide sustained enumeration experience for the survey's 72 field workers which will build a basis for future surveys. In addition, Australian support will increase the capacity of the National Statistics Office to run well-managed surveys.

HIES implementation was delayed due to a number of **factors which affected progress**, including:

- > the recruitment of the required number of enumerators took longer than expected
- > delayed training HIES supervisors and enumerators due to availability of Secretariat of the Pacific Community (SPC) staff and access to suitable training venues

³³ <http://www.aid.dfat.gov.au/Publications/Pages/solomon-islands-economic-financial-reform-third-annual-joint-review.aspx>

- > delays in procurement of essential equipment and materials due to slow SIG procurement processes, supply issues and Australian Government requirements (No Objection Letter)
- > delays in finalising the 2009 census.

DFAT is using **SIG systems** to monitor support for the HIES, backed by additional governance arrangements including a steering committee and progress reports. In addition, the statistics collected will support program-wide M&E.

The HIES will provide **gender-disaggregated data** for a range of measures, including information about women's spending patterns and the number of women heads of households. Having reliable socio-demographic data that shows linkages between gender and poverty indicators or gender and household income will be important for SIG and donor expenditure and priorities.

Other programs

In addition to providing support under Partnership for Development priority outcomes, Australia provides support through its **NGO partnership** and **scholarship program**.

Strongim Iumi Tugeta—Stronger, Together (Australia – NGO Partnership)

Strongim Iumi Tugeta is a \$19 million partnership between Australia and seven NGOs. Operating in seven provinces, the partnership helps improve the health, wellbeing and livelihoods of Solomon Islanders, particularly women and young people. It strengthens the organisations it works with by sharing what it learns with development professionals. Its programs support more than 7 100 people directly and about 29 000 people indirectly. This is about 8 per cent of the rural population of Solomon Islands. Of those directly supported, 51 per cent (3 640) are women.

In 2012, key **results** include that:

- > 166 livelihoods projects were initiated by communities with partnership support in 2012. By the end of 2012, 66 (or about half) of the projects initiated by the partnership in 2010 and 2011 had become self-sufficient, running for more than one year without financial support from NGOs.
- > About 21 per cent (1 500) of all *Strongim Iumi Tugeta* beneficiaries reported an increase in income as a result of the partnership's work in 2012. Communities raised funds through individual and community activities to pay for expenses such as school fees or reinvested into savings schemes, livelihoods activities and community-based small businesses.
- > 16 per cent of survey respondents across *Strongim Iumi Tugeta* noted that women and youth now play a larger role in decision making in their communities. Particularly encouraging is the program run by the International Women's Development Agency. A survey of the program indicates that 77 per cent of respondents believe women now play a larger role in decision making.
- > 287 survivors of domestic violence were provided with high-quality support in 2012 through *Strongim Iumi Tugeta's* assistance to the Solomon Islands Family Support Centre, the only secular provider of domestic and family violence services in Solomon Islands.

Strongim Iumi Tugeta's focus on improving the health, wellbeing and livelihoods of Solomon Islanders is important. Its work is intensive and focuses on leaving lasting improvements in the communities in which it works. This is relevant in Solomon Islands where the reach of government services in many places is limited to basic health and education, with some other support provided through the Rural Support Constituency Development Fund.

Despite challenges in showing clear results in the early years, the **Australia – NGO Partnership is now working well**. In *Strongim Iumi Tugeta*, partners assist Solomon Islanders to identify their own priorities and use their own resources to address these priorities. Support is provided through: training in leadership and technical skills; assistance to set up governance, financing, advocacy and policy engagement systems; and supplies to build social infrastructure. While the partnership approach takes longer than some other forms of aid, such as simply providing small grants, data show it produces more durable results. More than half of *Strongim Iumi Tugeta*'s livelihoods projects have been running for a year without external assistance. They are generating income, and the partnership approach means women and youth are becoming more influential in their communities.

Partners are also becoming better at what they do. In 2012, all five local partners became better financial managers. In December 2012, partners agreed to apply minimum standards around gender equality in their programs. Implementing these standards will make *Strongim Iumi Tugeta*'s partner NGOs some of the most systematic at improving gender equality in Solomon Islands. Work completed in 2013 will ensure that standards are shared with the wider development community.

Over the past three years, *Strongim Iumi Tugeta* has **shared what it has learned** about development in 12 national and international forums. In 2012, this included a forum run by the peak body for development NGOs in Solomon Islands and at the major annual forum for Australian NGO and university development professionals, the Australian Council for International Development's Annual Conference. The partnership is conducting research into what has made some projects more successful than others so that it can continue to improve its work in Solomon Islands.

The availability of **performance information** has improved markedly since 2011. *Strongim Iumi Tugeta* now has a sophisticated system for monitoring and reporting on results, including on value for money. One key aspect is that all program reports are reviewed by all program partners. Findings are discussed and performance verified through joint quarterly monitoring visits. Partners also use organisational capacity assessment tools to identify and address organisational weaknesses themselves.

Giving *Strongim Iumi Tugeta*'s partners' better **information** to govern themselves also helps DFAT measure its impact in strengthening local NGOs in Solomon Islands. *Strongim Iumi Tugeta* is the first Australia – NGO program to systematically use these tools. Lessons from their use will be shared across the department in 2013–14.

Scholarships

The Australian **scholarship** programs link Australia with Pacific island countries, create friendships and promote the recognition of Australia as a leader in education support in the region. In Solomon Islands, Australian Development Scholarships, Australian Leadership Awards and Australia Regional Development Scholarships support human resource development in priority areas as identified by the SIG.

Scholarships aim to achieve development outcomes by strengthening individual and institutional skills and knowledge, supporting leadership and supporting Australia's broader foreign policy agenda. In Solomon Islands, the program's primary objective is to contribute to the development of human resources capacity. The program does not yet document the impact of scholarships beyond anecdotal evidence. However, **achievements** from the past year include:

- > Australia continued to increase its support to quality tertiary education in Solomon Islands by providing 52 scholarships in 2012 and 68 in 2013.

- > An Alumni Association was established in 2012, including with an executive and action plan. The Prime Minister, an Alumni, launched the association at an event attended by more than 70 alumni, including many senior government officials and industry leaders.
- > The pre-departure briefings for the 2013 intake included two well-known female alumni keynote speakers, part of only a handful of Solomon Islands women with PhDs.
- > The largest portion of scholarships remained in the health sector (26 per cent of the total since 2007), reflecting the first priority outcome under the Partnership for Development and the Australian Government's long-term commitment to the sector. Good primary health care service delivery indicates a positive outcome for this investment.

Mobilising students **remains a challenge** despite improvements to selection deadlines and placements. Mobilisation of the in-Australia scholarships was problematic for the 2012 and 2013 placements, with almost half of all students deferring a semester due to visa issues.

Solomon Islands' has limited tertiary education options. Tertiary scholarships to study in Australia and regional institutions are critical to education and skills development. Each year the SIG provides approximately 200 scholarships, with 68 scholarships for the 2013 intake. With more than 1500 students completing Form 7 (Year 13) each year, there is a large backlog of people in the workforce seeking a tertiary qualification.

More **performance information** is needed in the scholarships arena and a formal tracer study will be undertaken in 2013. The development of the Alumni Association, however, has provided a vehicle for finding out more about what Australian scholarship holders have achieved. Current and recent prime ministers, the previous attorney general, the Governor of the Central Bank, numerous permanent secretaries and senior managers in the private sector are Australian scholarship recipients.

Supporting **gender equality** also remains challenging with scholarships. In Solomon Islands, women's participation in politics and senior public service roles is very low and rates of domestic violence are high. The number and quality of female applicants is much lower than the males. The program maintains a policy of 50/50 despite the imbalance in number of applications. The program not only targets the number of female scholarships but adds a premium to the selection of a) anyone wanting to undertake gender studies and b) women wanting to study courses traditionally considered the role of men. For example, in the 2013 intake four women were studying engineering.

Program Quality

QAI scores show that the **aid program in Solomon Islands is making achievements in a tough environment**. Where available, QAIs used independent evaluations as evidence for scores.

Definitions of QAI rating scale:

Satisfactory (4, 5 and 6)

 Green = 6 = Very high quality

 Green = 5 = Good quality

 Yellow = 4 = Adequate quality, needs some work

Less than satisfactory (1, 2 and 3)

 Amber = 3 = Less than adequate quality; needs significant work

 Red = 2 = Poor quality; needs major work to improve

 Red = 1 = Very poor quality; needs major overhaul

Most initiatives received a four for 'adequate quality, needs some work', indicating the difficult environment in which the program works. Under the effectiveness criteria these bilateral activities were rated a four (adequate quality, needs some work)—health, education,

livelihoods, Solomon Islands NGO Partnership Agreement and scholarships. Economic infrastructure, performance-linked aid and the HIES were rated a five (good quality). Many programs are working from a low base and reflect early gains made in a difficult environment. Gains in the bilateral program are also made possible by the stability delivered by RAMSI and therefore reflect a large per capita spend.

Over the coming years, we expect that **outcomes and results will change** as RAMSI transitions and as our programs adopt more ambitious, longer-term targets relating to service delivery. For example, the transition will allow central agency programs to increasingly focus on cross-agency coordination and on public service-wide bottlenecks hampering service delivery. While progress on these issues will be long term, they are central to progress on our sector programs.

Relevance across all bilateral programs continues to score highly in QAIs, reflecting the strong need for external assistance across the program. Most QAI ratings in other criteria generally received a score of four, with some programs receiving a five for some criteria. The exceptions were: scholarships which scored a three in efficiency and M&E; education which scored a three in gender and M&E; the HIES which scored a three for gender and sustainability; and performance-linked aid which scored a three in gender.

The low scores in the scholarships program relate to inefficiencies in **scholarships** management—the implementation of a new regional scholarships facility was delayed due to circumstances outside of Post’s control. Similarly, M&E is hampered by the lack of tracer studies. Once these issues are addressed, scores are expected to increase. Education reports weak M&E, noting low SIG commitment to quality and timely reporting. As a result, the program is supporting an adviser to help improve educational assessments which should lead to better baseline data on educational outcomes. Gender received a low score based on lack of access to education for girls due to the absence of access to facilities such as toilets and dormitories. In addition, despite the high performance by female head teachers, few school principals are female.

Gender ratings ranged between three, four and five. This reflects the difficult operating environment in Solomon Islands, where there is limited support for gender policies. Despite this, all programs reported some achievements in gender and all engaged in activities aimed at strengthening gender equality and have developed future actions to improve gender equity. Performance-linked aid scored a three for gender, with the QAI reflecting that overall economic improvements are leading to better conditions for women. However, the CEWG economic reform matrix does not include reforms specifically relating to gender. As with performance-linked aid, the information gathered by the HIES has the potential to improve gender equality in the long run but it is hard to rate this initiative highly for specific gender work.

Sustainability remains a challenging issue in Solomon Islands, reflecting the country’s status as a post-conflict society. While this is more evident in RAMSI programs which were designed as post-conflict interventions, it still affects the broader bilateral program. To this end, ratings do not reflect a scenario of removing support immediately, but rather how well ongoing support is positioned. Sustainability is particularly challenging for the HIES, where the National Statistics Office capacity is weak and heavily reliant on the technical assistance provided through this program.

Both the Solomon Islands NGO Partnership Agreement and Economic Livelihoods program had previously been rated as ‘initiatives requiring improvement’. Performance in both has improved and neither is now considered an ‘initiative requiring improvement’. Considerable work has been done in both programs in improving their objectives. For example, Economic Livelihoods had been hampered by the lack of an implementation schedule under the Partnership for Development. A schedule has now been developed and agreed by both

parties. This progress at strategic level has been matched by improvements in the effectiveness of the main Livelihoods initiatives. The Solomon Islands NGO Partnership Agreement has improved through a similar process. The program had unclear objectives and weak monitoring systems. These problems have been addressed and this is reflected in improved program performance. There are now no initiatives requiring improvement in the bilateral program.

Management Consequences

Key management priorities to be implemented in 2013:

RAMSI transition

- > Agree to a new restructured Partnership for Development which includes priority outcome statements, program descriptions and performance indicators for justice, governance and electoral assistance.
- > Design and implement new programs under Priority Outcome Areas 2 and 4 to support law and justice, public sector management, and electoral assistance.
- > Develop and implement change management plans that will bring together, under one common set of objectives and management structure, High Commission staff working on RAMSI and bilateral programs.

Policy analysis and policy dialogue

- > Engage with SIG and in coalition with other donors on quality of expenditure issues including Constituency Development Funds and overseas tertiary scholarships.
- > Engage with SIG and in coalition with other donors on budget commitments for essential services (that is, recurrent expenditure targets, education expenditure).
- > Target incentives to promote the achievement of mutually agreed objectives in the Partnership for Development under selected priority outcome areas.
- > Target incentives to maintain the pace of reform within SIG, particularly in economic and financial management through SIG's CEWG.
- > Work closely with SIG to jointly communicate policy and program achievements and promote the Partnership for Development.
- > Work closely with SIG to integrate and mainstream gender across all programs through dialogue regarding opportunities.
- > Conduct expenditure analyses and cost of services work in health and education.

Program management

- > Develop a new dedicated three-year Solomon Islands Gender Program (2013–2016) to support women's leadership, economic empowerment and the elimination of violence against women. This program should also improve the gender impact of Australia's bilateral programs, including supporting staff to undertake gender mainstreaming where appropriate.
- > Develop new activities supporting basic education, and technical and vocational education under Priority Outcome 1, and in financial inclusion and quarantine services under Priority Outcome 3.
- > Develop a new program strategy which supports demand for better governance, accountability and transparency through the use of civil society and the media.

- > Use of statistics and data—in particular on gender—to form evidence based policies and to guide program decision making.
- > Work closely with partner organisations to prevent fraud and improve risk management.
- > Work closely with regional programs to ensure that SIG has visibility of Australian regional expenditure going to the Solomon Islands, and to ensure close coordination with bilateral programs.
- > Continue to build on successes in the health sector where data has been used to target health delivery where it is needed most.
- > Continue to use performance assessment frameworks as a key M&E tool for tracking program performance, and ensure this methodology is embedded in SIG's own M&E systems.

Mutual Accountability

- > Support central and key line agencies to improve their fiduciary risk management and whole-of-government approaches, in particular targeting efforts in budgeting, procurement, financial management and internal audit.
- > Support central and key line agencies to improve their human resource management, including through filling vacancies, improving recruitment processes, and addressing schemes of service, absenteeism and performance management.
- > Continue to use advisers in a manner that promotes individual and organisational capacity building, and supports SIG to gradually increase responsibility for key public service tasks.

Progress against the 2011 Annual Program Performance Report³⁴ management consequences is at Annex A.

Risk

The Solomon Islands program has developed a comprehensive risk and fraud management plan, which focuses on close monitoring and liaison with other development partners—in particular SWAp partners. For example, in the health sector DFAT will raise issues of risk through regular engagement on issues as they arise, preparation for partnership talks and through biannual sector performance meetings with the Permanent Secretary and Executive.

³⁴ Prior to 2012-13 Aid Program Performance Reports were called Annual Program Performance Reports.

Table 8 Risks associated with the program and management actions

Factor	Description (short)	Does Post/DFAT have any influence to affect?
Political Instability	Ongoing political instability and shifts in Ministerial portfolios and Permanent Secretary positions can impact political dialogue, policy direction and undermine program delivery.	Limited to managing issue through consistent high-level dialogue including through Partnership for Development talks, working in donor coalitions to ensure consistent messages with SIG.
Corruption	Existing levels of corruption may result in misuse of program equipment and resources.	Yes – Implementation of joint statement on zero tolerance to fraud and strong oversight of programs. Application of appropriate fiduciary risk mitigation measures where SIG systems are used. Investment in MoFT and line agency procurement and finance systems.
Government Finances	Increasing lack of fiscal discipline may result in Solomon Islands Government (SIG) failing to cover expected budgets with impacts on program delivery areas.	Yes (limited) - CEWG and strong investment linkages with finance and budget units within MoFT and line ministries.
RAMSI Transition and Bilateral Program Scale-up	Poor transition of selected aspects of the RAMSI development program across to the bilateral program may lead to gaps in support, loss of partner confidence, and delays to renegotiating the P4D.	Yes – Continue working closely with the SIG on planning for transition through dialogue and design processes. Transition dialogue internally with staff.
Working in Partner Systems	Embedding programs in partner government systems brings increased financial and procurement risks with limited procurement experience and accountability within SIG. Can impact on delivering development outcomes.	Yes – No objection processes, procurement and finance advisers, and use of CEWG to incentivise procurement reform.

Annex A: Achievement of Management Consequences in 2011

Management consequence	Status	Comment
SIG agreement to RAMSI transition and to the structure of the post 2013 Partnership for Development	Fully achieved	SIG agreement endorsed at Partnership Talks and by Cabinet.
Develop new programs in i) Governance (including CEWG), in ii) Law and Justice, and in iii) Electoral Assistance for transition from RAMSI to the bilateral aid program	Fully achieved	Concept papers endorsed. Delivery strategies and designs approved.
Rescope the Livelihoods Program and increase investments in infrastructure, financial inclusion and quarantine. Finalise and gain agreement on a new Livelihoods Implementation Strategy under the Partnership for Development	In progress	A Livelihoods implementation strategy was agreed with the SIG at the 2012 partnership talks. A delivery strategy for broad-based economic growth (covering infrastructure and livelihoods) to be developed in 2013. An interim financial inclusion program was approved in late 2012. Design work on quarantine strengthening program progressing.
Strengthen the use of partner government systems for service delivery (ie planning and budgeting, and public administration), including linkages between CEWG and central governance programs with service delivery programs.	In progress	Budget processes strengthened, fiduciary risk assessments of key line agencies conducted. Central agencies making progress in procurement and financial reforms. CEWG targets protect budget commitments for service delivery, and link public financial management reforms to the line agencies.
Focus on systems strengthening within partner organisations to manage risk and reduce the incidence of fraud.	In progress	Public Finance Act being upgraded. New procurement manuals and standard bidding documents being drafted and financial instructions released. The next challenge is implementation, and focusing on internal audit.
Support collaborative analytical work with other donors in relation to public expenditure and financial accountability, and public expenditure assessment activities during 2012.	Fully achieved	Public expenditure and financial accountability assessment conducted in 2012. Public expenditure assessments undertaken with World Bank.
Support cost of service delivery analysis in policy dialogue (in education and health) to enable better quality dialogue on budgeting, services and performance.	In progress	Cost of services work undertaken in health (continuing). Education undertaking separate cost of service delivery work through the development of a three-year action plan 2013–15: <ul style="list-style-type: none"> > two public expenditure analysis exercises undertaken in 2012 > the World Bank is working on public expenditure analysis to be finalised in 2013.
Support better data collection and monitoring and evaluation to underscore evidence based management.	In progress	HIES on track. Roadmap being developed for broader support to the National Statistics Office.

Annex B: Quality at Implementation ratings

Initiative name	Approved budget and duration	QAI year	Relevance	Effectiveness	Efficiency	Monitoring and evaluation	Sustainability	Gender equality	Risk management	
Service Delivery Health	\$90.0 m	2012	5	4	4	4	4	4	I	
		2012-16	2011	6	4	6	3	4	4	I/B
		2010	5	4	6	3	4	3	I	
Service Delivery Education	\$31 m	2012	5	4	4	3	4	3	I/B	
		2011-14	2011	6	4	3	4	4	3	I/B
Economic Livelihoods	\$8.5 m	2012	5	4	4	4	4	4	I	
		2008-13	2011	4	3	3	3	3	4	I
		2010	3	3	3	2	3	4		
Economic Infrastructure		2012	5	5	4	4	4	4	I	
		2011	6	5	4	4	4	4	I/M	
		2010	5	5	4	4	4	4	I	
Economic and Fiscal Challenges—PLA	\$9 m	2012	5	5	5	4	4	3	I	
		2010-13	2011	6	5	4	5	4	4	I/B
		2010	6	4	5	5	4	3	I/M	
Economic and Fiscal Challenges—HIES		2012	5	4	4	4	3	3	I/M	
SINPA		2012	5	4	4	5	4	5	I/M	
		2011	4	3	3	2	4	4	I	
		2010	4	3	3	3	3	4	I/M	
Scholarships		2012	5	4	3	3	4	5	I	
		2011	5	4	4	3	4	4	I	
		2010	5	4	4	3	3	4	I	

Definitions of rating scale:

Satisfactory (4, 5 and 6)

■ = 6 = Very high quality

■ = 5 = Good quality

■ = 4 = Adequate quality, needs some work

Less than satisfactory (1, 2 and 3)

■ = 3 = Less than adequate quality; needs significant work

■ = 2 = Poor quality; needs major work to improve

■ = 1 = Very poor quality; needs major overhaul

Risk Management scale:

■ Mature (M). Indicates the initiative manager conducts risk discussions on at least a monthly basis with all stakeholders and updates the risk registry quarterly.

■ Intermediate (I). Indicates the initiative manager conducts ad-hoc risk discussion and updates the risk register occasionally.

■ Basic (B). Indicates there are limited or few risk discussions and the risk register has not been updated in the past 12 months.

Annex C: Evaluation and Review Pipeline Planning

List of Evaluations completed³⁵ in the reporting period

Name of Initiative	AidWorks number	Type of evaluation ³⁶	Date evaluation report received	Date evaluation report uploaded into AidWorks	Date management response uploaded into AidWorks	Published on website
Clean Water and Sanitation Program	INJ152	Independent progress report	August 2012	November 2012	Not uploaded	No (expected July 2013)
Kastom Gadon Association	INJ711	Mid-term review	October 2012	February 2013	Not uploaded	No
Solomon Islands Rural Development Program	INH615	Mid-term review	February 2013	Not uploaded	Not uploaded	No (managed by World Bank)

List of evaluations planned in the next 12 months

Name of Initiative	AidWorks number	Type of evaluation	Purpose of evaluation ³⁷	Expected completion date
Solomon Islands Urban Water Supply	INK143	Independent progress report	To inform design of new phase	October 2013
National Transport Fund			Assessing the mechanisms used for a sector-wide approach	

³⁵ 'Completed' means the final version of the report has been received.

³⁶ Mid-term review, completion report, partner-led evaluation, joint evaluation.

³⁷ To inform a future phase of program, to improve existing program; to verify program outcomes.

Annex D: Regional programs with activities in Solomon Islands

1 Australia-Pacific Technical College INJ862 \$27.7 million

The APTC is Australia's flagship development program delivering internationally recognised Australian qualifications in targeted industry sectors in the Pacific region.

2 Pacific-Australia Climate Change Science and Adaptation Planning Program INK 303 \$19 million

The Pacific-Australia Climate Change Science and Adaptation Planning Program (\$19 million in 2012–13 over 14 countries) continued to build on the substantive body of climate change research published in November 2011. Further research and capacity development work with the Solomon Islands Meteorological Service has improved knowledge on climate trends, major climate drivers in the Pacific and improved climate projections for Solomon Islands. The program also helped the SIG to establish a transport sector climate change adaptation adviser to the Ministry of Infrastructure Development. It designed a detailed climate risk and adaptation assessment to inform settlement planning in Choiseul Province, and finalised an intensive community resilience project with villagers around Roviana Lagoon.

3 Secretariat of the Pacific Community core budget and program support INJ746 \$11.2 million

The SPC is an inter-governmental organisation that provides technical and policy advice and assistance to its 22 Pacific island members in the areas of economic development, fisheries, aquaculture and marine ecosystems, land resources, public health, social resources, statistics, and applied science and technology. As a founding metropolitan member and major regional donor, Australia provides core funding to the SPC each year as well as support for specific projects. In 2012, Australia contributed \$39.6 million to the SPC (approximately 36 per cent of SPC's overall operating budget). The SPC is making strong progress on implementing institutional reforms in response to the recommendations of the 2012 independent external review of the SPC.

4 Pacific Leadership Program INH528 \$8.8 million

The Pacific Leadership Program recognises the pivotal role leadership plays at all levels in a nation's path to development. In this perspective, leadership is seen as an exercise or practice which aims to bring about positive change. The purpose of the Pacific Leadership Program is to support influential Pacific leaders to shape and lead developmental change. The program does this by identifying influential individuals, organisations and coalitions at regional and national levels in the Pacific and then supporting them in their exercise of leadership toward specific initiatives. This aims to contribute to the reduction of poverty and improve livelihoods at a community, national and regional levels. This is known as developmental leadership. The program works at regional level, and through country programs in Solomon Islands, Samoa, Tonga and Vanuatu.

– PLP Solomon Island country spend (July 2011 to June 2012): \$629, 025.01

5 Climate and Oceans Support Program INJ488 \$8. 5million

The Climate and Oceans Support Program (\$8.3 million in 2012–13, more than 14 countries) worked with the Solomon Islands Meteorological Service to build its capacity in essential meteorological and climate services. The service provides seasonal forecasts for climate-sensitive sectors such as agriculture, fisheries, tourism and public health, enabling those who work in these sectors to prepare for droughts and extreme events.

6 University of the South Pacific partnership INJ054 \$7.5 million

The University of the South Pacific continues to provide the best opportunity in the Pacific for quality, internationally-recognised higher education with graduates contributing to the region's development. The university has 14 campuses throughout the Pacific, including one in Solomon Islands. Its approximately 20 000 students study face-to-face and through distance and flexible learning modes. Key achievements for the university in 2012 include:

- 2544 graduates (51 per cent female), with 204 from Solomon Islands
- more than 300 Australia Awards Regional Scholarships students studied at the University of the South Pacific, 39 from Solomon Islands.

7 Pacific Islands Forum Secretariat core budget INK299 \$6.9 million

The Pacific Islands Forum is the premier regional political body. It provides a focal point for the leaders of member states to meet and discuss matters of regional importance. The PIF Secretariat supports the forum's effective operation, which includes coordinating the implementation of the Pacific Plan and the Forum (Cairns) Compact on Strengthening Development Coordination. Australia's funding to the Pacific Islands Forum Secretariat in 2012–13 totalled \$8.3 million and included funding for compact implementation and forum-led ministerial meetings. Australia is supporting the Pacific Plan Review which will play an important role in guiding and refining the focus of regional development efforts. The review findings will drive the Forum's future structure and work program.

8 United Nations Development Programme Pacific Sub Regional Centre ING482 \$6.1 million

In 2012, the UNDP Pacific Centre delivered \$4.80 million in support of its work across four regional project themes and across several areas, including: conflict prevention and recovery; democratic governance; poverty alleviation; MDG achievement; sustainable energy; climate change; HIV, health and development; and financial inclusion. In addition, Australia provided \$1.94 million for financial inclusion to the UN Capital Development Fund under the joint UNDP and UN Capital Development Fund Financial Inclusion project outlines results achieved in 2012) and another \$105 450 was delivered through UNDP to support implementation of the Solution Exchange.

9 Pacific Public Sector Linkages Program INI864 \$5.6 million

The Pacific Public Sector Linkages Program supports Australian government agencies and public universities to undertake work with their Pacific counterparts to address development issues. The program aims to build capacity in Pacific partner governments and regional organisations, and foster links between Australian and Pacific public sector agencies.

Six Pacific program activities were delivered in Solomon Islands in 2012, working with the partner government in agriculture, environment, health and governance.

10 INI851 Pacific Horticulture and Agriculture Market Access program \$5.3 million

The Australian Government provides approximately \$14 million to this program to assist Pacific island countries increase exports of high value primary products, contributing to increased economic growth and improved rural livelihoods.

11 Seasonal Workers Program INI174 \$1.7 million

Australia's Seasonal Worker Program is creating opportunities for Pacific islanders to access additional income by obtaining seasonal employment in Australia.

- 12 visas were granted for workers from Solomon Islands in 2012.