



Australian Government
AusAID

Solomon Islands

TRANSITIONAL COUNTRY STRATEGY
2006 TO MID-2007

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MARCH 2006

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ISBN 1 920861 72 6

Published by the Australian Agency for International Development (AusAID), Canberra, March 2006.

This document is online at www.ausaid.gov.au/publications.

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Edited by ByWord Services

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Preface

Australia's partnership with Solomon Islands reflects our commitment to ensuring aid effectiveness in a fragile state by addressing security, development, economic and political issues in an integrated, comprehensive and sequenced way. Australia is helping the Solomon Islands Government to meet its most critical challenges – laying the foundations for long-term stability, security and prosperity – through support for improved law, justice and security, for more effective, accountable and democratic government, for stronger, broad-based economic growth and for enhanced service delivery, particularly in the health sector.

This transitional strategy articulates an integrated whole of government approach to development assistance in Solomon Islands and the OECD Development Assistance Committee's draft 'Principles for Good International Engagement in Fragile States'.

Summary

Since July 2003 Australia has provided development assistance to Solomon Islands through the Regional Assistance Mission to Solomon Islands (RAMSI) and a program of bilateral development assistance. This strategy document provides a framework for the assistance administered by AusAID and delivered through RAMSI and the bilateral program.

This is a transitional country strategy – for the period 2006 to mid-2007 – in recognition that the Solomon Islands Government’s present national development plan, which sets out the development agenda, is due to be replaced at the end of 2006 and that a national election is planned for April 2006. The transitional strategy also reflects the shift in Australia’s assistance from stabilisation, following four years of tensions, to longer term institutional strengthening and peace building. A longer term strategy for Australia’s assistance will be developed with Solomon Islands throughout 2006 and implemented in mid-2007. This longer term strategy will be guided by the new aid white paper, expected to be launched in April 2006.

The situation in Solomon Islands has vastly improved since 2003 but remains very serious. The economy is improving but growth prospects remain poor and Solomon Islands is at high risk of debt distress. The capacity of government and civil society is weak, access to services and government information is uneven, and conflict could resume due to lingering tensions over political, economic and social opportunities, a weakening of traditional authority structures and widespread poverty. In short, Solomon Islands retains all of the hallmarks of a fragile state.

In recognition of this fragility Australia’s engagement with Solomon Islands is guided by the growing body of international research and practice regarding state fragility and aid effectiveness. The transitional strategy also aligns with the strategic directions of Australia’s regional aid program. *The*

Pacific Regional Aid Strategy 2004–2009 provides an overarching framework for assistance to Pacific countries that focuses on encouraging growth, providing support for good governance, improving law, justice and security and enhancing government capacity to deliver basic services.

Australia’s Solomon Islands program of assistance is significant and ambitious. Total official development assistance to Solomon Islands is A\$247 million in 2005–06. The country program estimate, funded through AusAID and including the civilian component of RAMSI and Australia’s bilateral assistance, is A\$98 million.

In 2005–06 just over 70 per cent of funding through AusAID is directed to the program of RAMSI civilian activities, with the balance used to deliver the program of bilateral assistance. Maintaining program cohesion is a key imperative. Together these two programs form one coherent aid program underpinned by common objectives and partnerships.

The overarching goal of Australia’s aid program in Solomon Islands is ‘**a peaceful, well-governed and prosperous Solomon Islands**’. This goal will be pursued over the longer term through a mutual commitment with the Solomon Islands Government to:

- > ensure the safety and security of Solomon Islanders
- > repair and reform the machinery of government, improve government accountability and improve the delivery of services in urban and provincial areas
- > improve economic governance and encourage sustainable broad-based growth, and
- > build strong and peaceful communities.

During the 18-month life of the interim strategy Australia, in partnership with the people of Solomon Islands, will strive to achieve:

- > greater community confidence in the institutions of law and justice, including the Royal Solomon Islands Police and the Solomon Islands Prison Service
- > more equitable access to justice through support of justice institutions such as the High Court, the Magistrates Court and provincial courts
- > fiscal stability, more effective management of government expenditure through more effective budgeting and financial controls, and improved revenue collections
- > an improved debt position and progress in implementing key economic reforms
- > progress in establishing initiatives to enhance small-scale income-generating opportunities for rural communities
- > improvements in rural infrastructure, including rural roads
- > an increase in individual and institutional capacity and self-sufficiency across a range of sectors, including health, finance, land, forestry, justice and corrections
- > increased efficiency and accountability in key government institutions, including the Parliament, the Electoral Commission and the Cabinet Office
- > greater community confidence in government institutions and service delivery agencies, and

- > a stronger, more self-sufficient and resilient civil society, better able to engage in advocacy and outreach.

In implementing this strategy Australia will have continuing regard for the fragility and post-conflict status of Solomon Islands. Australia will seek to address the key causes of the conflict and to embed 'do no harm' principles across its activities. Australia will also seek to ensure that the benefits of aid are experienced by all Solomon Islanders, including those living in provincial areas.

Through a mix of aid instruments, underpinned by a focus on capacity development, Australia will seek to ensure the long-term sustainability of the outcomes of its development program.

In recognition of the vital importance of development partnerships Australia will also work to strengthen the capacity of the Solomon Islands Government to take a leadership role in coordinating aid. Australia will leverage its assistance by harmonising its program with the priorities of other donors and the Solomon Islands Government to maximise aid effectiveness.

This strategy is supported by a performance framework (appendix A), which outlines the longer term objectives of the Australian aid program and sets outcomes to be achieved by the middle of 2007. A review of Australia's performance against these targets will be undertaken early in 2007.

1 Solomon Islands context

CONFLICT

Solomon Islands was already one of the poorest countries in the Pacific when fighting broke out in 1998, culminating in a political coup in 2000. Although the Townsville Peace Agreement of 2000 largely ended the conflict, criminal lawlessness and economic stagnation persisted until 2003. This period, referred to by Solomon Islanders as ‘the tensions’, had a significant impact on the country and led to the breakdown of basic government financial management and service delivery, an increase in extortion and corruption, the collapse of key export industries (including mining, palm oil and fisheries), the disengagement of some donors and international financial institutions, and widespread suffering and insecurity for many Solomon Islanders.

Although the conflict in Solomon Islands was often inflamed by ethnic rhetoric, its root causes went much deeper than that. Research points to land tenure disputes, the clash between traditional and non-traditional authority structures, systemic population issues including a ‘youth bulge’, unequal access to government services, public resources and information, unequal access to economic opportunities, and a failure to properly enforce the rule of law or administer justice as key causes

of the conflict. Urban–provincial inequality, weak governance and administrative capacity, a weak national identity, corruption and historical grievances also played a part. Despite the intervention of RAMSI in 2003, the restoration of peace and stability and considerable progress in reconstruction and reform, Solomon Islands remains weak and these unresolved issues mean a return to conflict is possible.

POVERTY AND SOCIETY

Finding reliable, up-to-date data on basic social indicators such as life expectancy, child malnutrition and infant mortality in Solomon Islands is difficult. The most recent population and housing census was conducted in 1999, well before the full impact of the tensions on social indicators was evident. It is estimated that the tensions resulted in 150–200 deaths, 450 gun-related injuries and the displacement of approximately 35 000 people throughout Guadalcanal and Malaita.¹ Continuing lawlessness and the gradual degradation of infrastructure and services over subsequent years compounded the hardships. Exactly how this period affected the health and prospects of Solomon Islanders will not be clear until the first comprehensive household income and expenditure survey is conducted in 2006.²

1 UNIFEM, *Monitoring peace and conflict in the Solomon Islands*, Gendered Early Warning Report No.1, United Nations Development Fund for Women, August 2005.

2 In an effort to strengthen the collection of data in Solomon Islands, Australia is funding the Secretariat of the Pacific Community to provide technical assistance to the Solomon Islands National Statistics Office.

According to the most recent estimates extreme hardship is experienced by Solomon Islanders at the bottom end of the income spectrum. According to the 2004 Millennium Development Goals report for Solomon Islands³ 21 per cent of children under the age of 5 years were underweight in 1999. The net primary school enrolment ratio in 1999 was 56 per cent, the lowest among 14 Pacific island countries. Infant mortality, 66 per 1000 live births, was the worst among the Pacific island countries while under-5 mortality, 73 per 1000 live births, was the second worst. (Papua New Guinea's figure was 88.) Solomon Islands also ranks poorly relative to other Pacific island countries on gender equality, with 30 women for every 100 men enrolled in tertiary education in 1999.

More than 80 per cent of the total population of 470 000⁴ relies on subsistence agriculture and fishing and a large proportion lives in geographically remote locations. The population continues to experience health problems consistent with the high poverty levels and fertility rates and a rising incidence of 'first world' diseases such as heart disease, diabetes and cancer. Its malaria rate is among the world's highest and the incidence rates of HIV/AIDS and mental health problems are emerging concerns.

At the current high growth rate of 2.8 per cent the Solomon Islands population is projected to reach 600 000 by 2015. This will have implications for basic service provision and for rural and urban infrastructure and resources and will set a high bar for economic growth. Development across the nation has been uneven and Honiara, as the nation's capital, has attracted the major service industries, encouraging migration from the more populous provinces such as Malaita and placing further pressures on land and resources in the urban centres.

The population is very young, with 41.5 per cent under the age of 15 years (in 1999). While a bountiful supply of youthful labour can be a boon in countries experiencing strong investment growth,

in countries where investment is not strong a large concentration of unemployed and undereducated youth in urban areas can create the potential for political instability. In Solomon Islands, as in other countries in the Pacific, the 'youth bulge' is a growing cause for concern, exacerbated by a lack of access to labour markets.

THE ECONOMY

The Solomon Islands economy was already in decline when the conflict began in earnest in 1999 but worsened substantially over the ensuing four years. Real gross domestic product per person fell by more than a quarter between 1995 and the end of the tensions. The return of law and order has seen some recovery but, according to the IMF staff report for the 2005 Article IV consultation with Solomon Islands⁵, without a strong ongoing commitment to reform Solomon Islanders will become poorer. Solomon Islands remains vulnerable to debt distress, income per person has declined by a third since 1995, and it will take 20 years of 5 per cent growth each year (double the historical average rate of economic growth) to get back to the 1995 income level. Revenue from logging is expected to begin to decline in 2006 and if this is not offset by growth in other sectors (because the reform agenda stalls) Solomon Islands could face economic instability as soon as 2007.

PROSPECTS FOR ECONOMIC GROWTH

Boosted by strong commodity exports and aid flows, economic growth in Solomon Islands has begun to recover. Two major projects that restarted in 2005 – the Gold Ridge mine and the Guadalcanal palm oil project – will support growth in the near term. The current level of logging is unsustainable and the commercial resource will soon be depleted, negating a major historical driver of growth. Much depends on new private sector activities coming on stream to replace lost income, exports and government revenue from the forest sector.

3 Department of National Reform and Planning/United Nations Country Team for Solomon Islands, *Solomon Islands Millennium Development Goals report 2004: scoring fundamental goals* (draft), March 2005.

4 Estimate based on projected growth rates since the 1999 Population and Housing Census.

5 International Monetary Fund, *Solomon Islands Concluding Statement of the 2005 Article IV Consultation Mission*, 12 July 2005.

Thanks to an abundance of natural resources, including rich tuna fishing grounds, known deposits of gold in Guadalcanal and Western Province and nickel deposits on Isabel Island, and the potential for increased tourism, there are prospective alternative drivers for growth in Solomon Islands. In the short to medium term the agricultural sector, which accounts for around a third of gross domestic product⁶ and embraces more than 80 per cent of the total population, is likely to provide the basis for broad-based sustainable growth. However, growth in rural production is unlikely to be sufficient on its own. Encouraging investment by removing administrative barriers to business development, developing national and provincial infrastructure (including transport infrastructure), reforming state-owned enterprises, strengthening the financial sector and developing the provincial economies is vital to ensuring acceptable levels of broad-based growth.

Improving access to the economic potential of land and resolving lingering tensions over ownership and land title are also essential requirements of any long-term growth strategy. Disputed land use, ownership and access were fundamental to the 1998–2003 conflict. Solomon Islanders have to develop an indigenous solution for recognising customary values.

GOVERNANCE AND SERVICE DELIVERY

Years of conflict and endemic corruption took their toll on political governance structures. Government institutions, including key service delivery agencies and democratic institutions such as the Parliament, the Cabinet Office and the Electoral Commission, were undermined and in some cases incapacitated by inefficiency, patronage and corruption over many years. Institutions responsible for constitutional accountability were dismantled, downgraded or corrupted. For years many of the key functions of government were not carried out due to the lack of capacity, motivation or skill within the civil service.

Since 2003 RAMSI and donors have focused on supporting the efforts of the Solomon Islands Government to establish a more accountable, efficient, effective and responsive system of government. The reform program is wide ranging and comprehensive, supporting both national and provincial levels of government, building an articulate and informed civil society, and creating demand for good governance through civic and community engagement, in recognition of the interrelationship of state and society in fostering effective governance. Improvements in governance since 2004 have been considerable. However, the capacity of government and civil society remains weak and access to services and government information uneven.

⁶ Includes agriculture and food production in monetary and non-monetary gross domestic product. See International Monetary Fund, *Statistical annex to Solomon Islands country report*, October 2005.

2 Development partnership

SOLOMON ISLANDS GOVERNMENT POLICIES AND PRIORITIES

Australia is engaged in Solomon Islands as part of RAMSI at the request of the Solomon Islands Government and according to the terms of an agreement between Prime Minister Kemakeza and Prime Minister Howard in June 2003. Australia's continued bilateral assistance is aligned very closely with the terms of this agreement and with RAMSI's mutually agreed mandate. It is also aligned with the Solomon Islands Government's National Economic Recovery, Reform and Development Plan (NERRDP) 2003–2006.

NATIONAL ECONOMIC RECOVERY, REFORM AND DEVELOPMENT PLAN 2003–2006

KEY STRATEGIC AREAS

- > Normalising law and order and the security situation
- > Strengthening democracy, human rights and good governance
- > Restoring fiscal and financial stability and reforming the public sector
- > Revitalising the productive sectors and rebuilding supporting infrastructures
- > Restoring basic social services and fostering social development

AUSTRALIA'S ASSISTANCE

Australia's aid relationship with Solomon Islands dates back to independence in 1978. When the tensions erupted in 1998 Australia's aid increased and by 2003 had almost trebled. The deterioration in regional stability and security, including in Solomon Islands, and concerns about global security more generally prompted a reformulation of Australia's approach to the complex development challenges facing its nearest neighbours. The more hands-on approach adopted is reflected in Australia's Pacific Regional Aid Strategy 2004–2009.⁷ Australia's assistance to Solomon Islands is guided by this strategy and its focus on:

- > encouraging stronger, sustainable broad-based growth
- > creating effective, accountable and democratic government by supporting good governance and economic and public sector reform
- > improving law, justice and security by supporting police and legal institutions, and
- > enhancing service delivery by investing in government capacity.

Australia's assistance will also be guided in the longer term by a new white paper on the Australian aid program, expected to be launched in April

⁷ AusAID, *Pacific Regional Aid Strategy 2004–2009*, Australian Agency for International Development, Canberra, 2004.

2006. The paper will provide a medium-term blueprint for Australia’s future aid strategy and will have implications for Australia’s engagement in Solomon Islands.

Australia has committed A\$841 million to the regional effort through RAMSI over the four years 2005–06 to 2008–09, reflecting Australia’s long-term commitment to supporting a measured transition from stabilisation to strengthening national capacity and sustainable broad-based growth. Australia’s total aid to Solomon Islands in 2005–06, including aid delivered through government departments other than AusAID, is estimated at A\$247 million. Australia’s contribution to RAMSI (an estimated A\$223 million) accounts for close to 90 per cent of this total.

RAMSI’S GOAL AND OBJECTIVES
<p>GOAL</p> <p>‘A peaceful, well-governed and prosperous Solomon Islands’</p>
<p>PROGRAM OBJECTIVES</p> <ul style="list-style-type: none"> > Contribute to a safer and more secure Solomon Islands > Help government to better serve the Solomon Islands people > Contribute to a more prosperous Solomon Islands

Development assistance administered by AusAID through the country program is estimated to be A\$98 million in 2005–06. This encompasses Australia’s bilateral assistance and the civilian component of RAMSI.

WHOLE OF GOVERNMENT ENGAGEMENT

Australia’s development program in Solomon Islands is characterised by strong and innovative whole of government engagement through a range of Australian agencies, including the Australian Federal Police, the Australian Defence Force, the departments of Treasury, Finance and Administration and Attorney-General, the Australian Office of Financial Management, and the Australian Customs Service. This will continue, both through inline assistance – where expatriate personnel occupy positions within the partner government – and advisory assistance while capacity needs are high. But it will also be ongoing through links between institutions, strategic oversight and lateral coordination on a range of crosscutting program issues such as capacity building, which is the process by which people, organisations and society as a whole develop competencies and capabilities that will lead to enduring and self-generating performance improvement.

3 The strategy

In responding to the numerous development challenges in Solomon Islands Australia is focusing simultaneously on the political, security, social, development and economic spheres. This is consistent with emerging international consensus on ways to effectively deal with state fragility and Australia's commitment to incorporate the lessons and experiences of the international community in its aid program.

GOAL

The overarching goal of Australia's Solomon Islands country program is '**a peaceful, well-governed and prosperous Solomon Islands**'. This can be achieved by focusing with the Solomon Islands Government on improving safety and security, strengthening economic governance and fostering broad-based growth, repairing and reforming the machinery of government and improving government accountability, improving service delivery in urban and provincial areas and building stronger and more peaceful communities (see appendix B).

To achieve this goal Australia's country program for Solomon Islands is ambitious. Ensuring that the immediate and longer term objectives of the strategy are realistic, achievable and attuned to Solomon Islands priorities is a major challenge. The following discussion of the strategy's objectives contains a summary of both the longer term aid program

objectives and the anticipated transitional outcomes during the next 18 months.

Maintaining program cohesion is an imperative. While RAMSI's strategic focus strongly informs Australia's overall program of assistance to Solomon Islands, Australia continues to deliver a program of bilateral assistance. Taken together Australia's assistance to Solomon Islands forms one coherent aid program underpinned by common objectives and partnerships. Strategies for ensuring the coherence of Australia's aid program are outlined under the heading 'Implementation'.

OBJECTIVES

The strategy's objectives are the three existing RAMSI program objectives and a fourth objective that encapsulates Australia's substantial support for civil society in Solomon Islands:

- 1 Contribute to a safer and more secure Solomon Islands
- 2 Encourage sustainable broad-based growth and contribute to a more prosperous Solomon Islands
- 3 Help government better serve the Solomon Islands people
- 4 Help build strong and peaceful communities.

Objective 1: Contribute to a safer and more secure Solomon Islands

Program objectives

- > Create safe and stable communities through collaborative crime prevention, community safety and security initiatives.
- > Establish professional, effective and accountable law enforcement agencies.
- > Establish a secure and culturally appropriate corrections system managed by a professional and sustainable prison service.
- > Improve the rehabilitative impact of the justice system through diversionary practices and culturally appropriate alternative sentencing options.
- > Strengthen adherence to the rule of law by providing equitable access to justice through efficient, accountable and sustainable agencies and institutions in the justice sector.
- > Improve the capacity of the justice sector in areas of coordination, strategy, planning, policy, law reform and access to laws.

Key transitional outcomes

- > A Law and Justice Program Unit established inside the Ministry of Police, National Security, Justice and Legal Affairs by mid-2006.
- > Efficient case management processes established to reduce the length of pre-trial detention.
- > Improved access to legal material.
- > Key infrastructure projects progressed or completed, including the refurbishment of Auki Magistrates Court, Central Magistrates Court, the High Court Complex and Kalala House and the construction of Auki prison.
- > Fewer prison incidents.
- > Policies developed and used to improve diversionary practices and establish culturally appropriate sentencing options.
- > A robust prison rehabilitation system.

A stable security environment and the rule of law are critical foundations for broader development in Solomon Islands. Since 2003, Australia's assistance through RAMSI has helped to reinstate stability, restore the effective functioning of the court system, improve access to justice in provincial areas through provincial court circuits, and promote the humane and secure containment of prisoners through the construction of the new high-security Central Prison and through capacity development of the Solomon Islands Prison Service. The focus has now shifted towards the longer term objective of establishing an effective, accessible, culturally appropriate and affordable law and justice system that regains and maintains the confidence of the Solomon Islands people.

While a major component of RAMSI's assistance to the justice sector is provided by two donors, Australia and New Zealand, Australia's assistance to the justice sector is guided by a new multi-donor sectoral framework developed in conjunction with the Solomon Islands Government. Australia will be looking to facilitate the participation of other donors in this sector in a harmonised way. By mid-2006, a Law and Justice Program Unit, newly established inside the Ministry of Police, National Security, Justice and Legal Affairs, will take over the strategic management of Australia's support to the sector. The principal objective of the new program will be to build capacity and assist the Solomon Islands Government to manage the sector effectively.

Consistent with broader strategic objectives, Australia will seek to strengthen engagement in provincial areas through, for example, support for justice and prison infrastructure.

Australia will also seek to enhance the relationship between Australian personnel working in the justice sector and the Australian Federal Police and other participating police forces by improving the coordination and synchronisation of activities.

Objective 2: Encourage sustainable broad-based growth and contribute to a more prosperous Solomon Islands

Program objectives

- > Strengthen fiscal and financial management.
- > Improve the delivery of government services through effective budget management and by reforming state-owned enterprises (see also Objective 3).
- > Implement targeted economic and regulatory reforms to improve investor confidence and encourage sustainable broad-based growth.
- > Foster sustainable broad-based growth through support for the agricultural sector.
- > Strengthen rural infrastructure by increasing investment in road infrastructure and road rehabilitation.
- > Strengthen the capacity of land administration and improve access to critical land records and information.
- > Strengthen forest management through organisational development and industry monitoring, and support community reforestation in Solomon Islands.

Key transitional outcomes

- > Reduced government debt and credible budgets.
- > Greater financial and legislative compliance.
- > Progress in the Solomon Islands Government's 'Reform Action Plan List' and an improved business and investment environment.
- > Improved government service delivery.
- > Opportunities for provincial economic development through, for example, small-scale income-generating initiatives.
- > A joint Asian Development Bank, New Zealand and Australian roads development project.
- > Assistance to investigate customary lands tenure and Temporary Occupation Licences.

Supporting improved economic management and fostering sustainable broad-based growth are key priorities for Australia. Since 2003 Australia, through RAMSI, has worked with the Solomon Islands Government to restore fiscal and financial discipline, develop strategies for managing national debt, conduct regular audits and devise and implement targeted economic reforms in an effort to improve investor confidence and support sustainable social and economic development.

Australia will continue to assist the Solomon Islands Department of Finance and Treasury by providing inline and advisory support. Australia will also continue to support the Solomon Islands Government to implement its program of targeted economic reform. This assistance will focus on encouraging sustainable broad-based growth through taxation reform, transport reform (including aviation and shipping), regulatory reform and major industry revitalisation.

Australia is also fostering sustainable broad-based growth through support for the agricultural, land and forestry sectors. This includes support for institutions and communities by providing information and advice, tools, supplies and training. In partnership with the European Union and the World Bank, Australia is working to develop a strategy to strengthen rural livelihoods in Solomon Islands by providing support to both subsistence agriculture and cash income-generating activities for the rural population.

Australia will continue to work with the Asian Development Bank and New Zealand to improve rural roads infrastructure and continue to commit funds to a transport sector trust fund. In partnership with the Asian Development Bank and New Zealand, Australia will examine further the feasibility of a sector-wide approach to transport infrastructure.

Objective 3: Help government better serve the Solomon Islands people

Program objectives

- > Repair, reform and strengthen core institutions of government including the Cabinet Office, the National Parliament, the Public Service and the Electoral Commission.
- > Improve resistance to corruption through assistance to accountability institutions.
- > Strengthen public demand for good governance through community and civic engagement and support for civil society and the media.
- > Improve the delivery of basic health services by, for example, providing support for HIV/AIDS prevention and treatment.
- > Improve the delivery of government services through effective budget management and by reforming state-owned enterprises (see also Objective 2).
- > Decrease vulnerability through humanitarian assistance and disaster mitigation.

Key transitional outcomes

- > Fully expended line agency budgets allocated to provincial services.
- > All department annual plans from 2004 submitted to Parliament on time according to the Cabinet Office's deadline.
- > More fully completed audits tabled.
- > Stronger financial accounting and procurement practices and procedures as a result of the Financial Management Improvement Program.
- > Improved systems and processes throughout government as a result of the implementation of the Public Service Improvement Program.
- > Village awareness sessions conducted in all provinces and voter education sessions delivered in all provinces before the 2006 national election as part of the Civic Education Project.
- > People's Survey completed.
- > Greater management and operational capacity in the Ministry of Health Executive Group, the National Referral Hospital and the National Medical Stores.

- > A sector-wide approach to health successfully established, including a proposal for a coordinated malaria eradication program.
- > An awareness program on HIV and sexually transmitted infections.
- > Greater disaster and emergency management capacity in the National Disaster Management Office and in non-government organisations.

Australia is helping the Solomon Islands Government better serve and provide for its people through assistance aimed both at restoring and strengthening the essential machinery of government and at improving the delivery of basic services in urban and provincial areas.

The RAMSI Machinery of Government Program seeks to address serious ongoing deficiencies in government functions, including a lack of public sector and workforce planning, limited capacity and training opportunities and a lack of accountability, by providing support for capacity building and infrastructure to core government and accountability institutions. Australia is also seeking to encourage public understanding of and demand for good governance through engagement with village communities and through support for the media.

In 2006 Australia will seek to strengthen further the administration and financial management of services delivered in the provinces in collaboration with the United Nations Development Programme. This will complement efforts to improve the delivery of central government services by improving budgeting, reforming state-owned enterprises and increasing the capability of the central government to deliver services in the provinces.

Australia's support for the delivery of basic services is focused on the health sector. In addition to providing financial support for essential basic health services through the Health Sector Trust Account, Australia is working to develop a sector-wide approach to deal with issues in partnership with the World Bank and other donors. This approach will aim to ensure better planning and management and more effective use of scarce health funding to provide essential health services to Solomon Islanders. It will increase the focus on emerging health issues, including HIV/AIDS and mental health, and may incorporate a focus on malaria eradication.

Objective 4: Help build strong and peaceful communities

Program objectives

- > Build resilience and self-reliance within communities, civil society organisations and service providers by strengthening institutions and directly assisting community-based activities and community infrastructure.
- > Support peace building through funding for the Solomon Islands National Peace Council and support the review of the role of national peace institutions in guiding and facilitating peace and reconciliation in Solomon Islands.
- > Increase the participation of women and young people in local decision-making and assist in developing practical tools for community leadership.

Key transitional outcomes

- > Provincial workshops and programs on participatory community management, with a focus on women and young people.
- > Provincial and national strategies developed and implemented to support civil society organisations.
- > The special needs of women identified and women's projects implemented.
- > Greater advocacy, community awareness and outreach capacity among youth networks as a result of targeted training programs.
- > Initiatives implemented to promote harmony both within and between communities.
- > Conflict resolution training delivered in a number of villages/communities.

Through assistance to civil society and non-government organisations and direct support to local communities, Australia is seeking to build strong, resilient and self-sufficient communities and foster a lasting peace. This assistance is complemented by funding support for the Solomon Islands National Peace Council, support for the media sector to improve communication between communities and support for sporting teams and associations.

Through Cooperation Agreements with Australian non-government organisations, Australia is seeking to strengthen community organisations to support their work delivering essential basic services, provide villages/communities with the capacity to prevent conflict and promote peace among their members, and encourage the development of a robust, representative and capable civil society to create demand for good governance. Funding support is also provided to individual non-government organisations for specific activities including projects to promote livelihoods and generate income, humanitarian relief, a Family Support Centre, youth and women's groups for peace, and good governance activities.

Through the Community Sector Program Australia is supporting small-scale community-based activities that involve, for example, schools, health clinics, road rehabilitation and access to clean water, helping to build the capacity of non-government and civil society organisations, and working with women's and youth organisations. The program will increase its focus on support for rural livelihoods and income-generating activities.

In 2006 Australia proposes to fund an analysis of levels of poverty and vulnerability and explore opportunities for addressing gender-based violence. Australia will also seek to address concerns that assistance to communities is piecemeal and project focused by exploring, with the Solomon Islands Government, other donors and civil society, the possibility of adopting a sectoral framework of assistance.

4 Implementation

As a nation Solomon Islands remains fragile. It has limited capacity and resources to undertake the numerous reforms necessary to ensure long-term stability and security, effective government and broad-based economic growth. In implementing this transitional country strategy Australia will continue to apply policy and programming approaches that recognise this fragility.

With the consent of the Solomon Islands Government and in partnership with New Zealand and other donors, Australia is committed to implementing the OECD Development Assistance Committee's Principles for Good International Engagement in Fragile States (appendix C), which call for a long-term commitment, enhanced donor harmonisation and better alignment with local government priorities and systems. This will require greater awareness of the country context, the drivers of conflict, and the links between political, security and development issues in all future program formulation, implementation, monitoring and evaluation.

ADDRESSING THE CAUSES OF CONFLICT

Australia's assistance will continue to help the Solomon Islands Government to address key drivers of conflict such as inequality in social, political and economic opportunity and in access to basic services, and will support the building of peace constituencies across Solomon Islands through community

initiatives and institutional support. In addition, Australia will seek to embed 'do no harm' principles across its program to minimise any negative impacts of its assistance. To this end, all new activity designs and/or activities funded by AusAID will be underpinned by a 'do no harm' framework.

Australia strongly supports the Solomon Islands Government's current review of government approaches to peace building and sees this as an important step towards developing a comprehensive framework for peace in Solomon Islands. Australia will also continue to focus on strengthening accountability mechanisms and institutions such as the Leadership Code Commission, the Ombudsman's Office and the Office of the Auditor General to build resilience against patronage and corruption.

DELIVERING BENEFITS TO PROVINCIAL AREAS

As more than 80 per cent of Solomon Islanders live outside urban centres, it is essential that Australia and other donors continue to ensure that rural communities experience the benefit of aid. Australia will focus on improving the delivery of provincial services, constructing and repairing rural infrastructure (including schools, health facilities, roads and community facilities), strengthening provincial governance structures and engaging with rural communities and community organisations. Improving the capacity of the central government to deliver provincial services and infrastructure is an

essential element of this, as are reforms to remove regulatory impediments to provincial economic development, in particular private sector provision of rural services.

ENSURING SUSTAINABILITY THROUGH CAPACITY BUILDING

Capacity building is recognised internationally as one of the most critical factors in assuring the sustainability of any development effort. Australia's partnership with Solomon Islands promotes capacity development and institutional strengthening on a variety of levels to ensure that the Solomon Islands Government is able to reclaim responsibility for a range of functions currently being carried out with the assistance of expatriate advisers.

The Australian aid program represents a significant investment in capacity development for Solomon Islands, and Australia is committed to working with Solomon Islands to ensure a mutual approach to building capacity that is consistent and as effective as possible. Inline assistance has been a helpful and necessary component of Australia's assistance to date, particularly where the skills required for an essential position are not available. During the transitional period, capacity-building efforts will be carefully focused on those areas where a positive impact can realistically be achieved in what is still a fragile environment. To facilitate this, a key transitional outcome will be the completion of a RAMSI capacity-building stocktake that will enable the Solomon Islands Government and RAMSI to make informed joint decisions, via regular consultative mechanisms, on capacity-building progress and priorities.

ALIGNING ASSISTANCE WITH LOCAL PRIORITIES AND ENCOURAGING MUTUAL ACCOUNTABILITY

In recognition of the vital importance of development partnerships, Australia will also work to strengthen the capacity of the Solomon Islands Government to take a leadership role in aid coordination, management and planning. Supporting the Solomon Islands Government in the development of a more effective successor to the national development

plan (NERRDP) will be an important priority for Australia over the life of this strategy. The plan seeks to establish key strategic areas of focus for donors engaged in Solomon Islands to shape departmental planning and program implementation. However, its effectiveness has been limited due to a number of factors, including a lack of connection to a medium-term fiscal framework or to the development and recurrent budgets, a lack of priorities, limited institutional capacity in the Department of National Planning and Aid Coordination, and weak monitoring and evaluation. These are deficiencies that Australia and other donors would like to see addressed in the NERRDP's successor, due to take effect in 2007.

Throughout the life of this strategy Australia will continue to seek assurances that its commitment and determination to align its assistance with the stated priorities of the Solomon Islands Government are matched by equivalent commitment and determination to carry out the economic and political reforms required to meet those priorities. This includes the will to entrench sound economic and public sector management and to stamp out corruption.

Australia will continue to work with the Solomon Islands Government to strengthen the three key accountability institutions – the Leadership Code Commission, the Office of the Auditor General and the Ombudsman's Office. Removing opportunities for corruption currently embedded in the tax and other systems of government through reform will complement these efforts. In 2006 the accounting and procurement practices and procedures of all government departments will be strengthened through a program to improve financial management. The professional standards of all public officials will be improved through education, training and better human resource management.

MAXIMISING AID EFFECTIVENESS THROUGH HARMONISATION

Australia will maximise the effectiveness of its assistance by harmonising its program with the priorities of other donors and the Solomon Islands Government.

While the Department of National Planning and Aid Coordination recently took steps to facilitate donor coordination, both donors and the Solomon Islands Government must make a sustained commitment to harmonising assistance aligned with Solomon Islands priorities. In collaboration with other development partners Australia will work to strengthen the capacity of the Solomon Islands Government to take a leadership role in promoting coordination and harmonisation among international donors. The development of a realistic, focused and deliverable successor to the NERRDP by the end of 2006 will be vitally important in this respect.

Australia is also developing options for more effective donor coordination in the health, forestry, agriculture, and transport infrastructure sectors and will continue to consider options for delivering aid within sectoral frameworks agreed with the Solomon Islands Government. One such framework is already in place in the law and justice sector.

USING A MIX OF AID INSTRUMENTS

Management arrangements for the Australian aid program will continue to be innovative and developed to suit the Solomon Islands context. Recognised deficiencies in a number of traditional aid strategies and modalities have been addressed through the use of new program management arrangements such as embedding the Financial Management Strengthening Program within the Department of Finance and Treasury, establishing an in-country Machinery of Government Advisory Office (and proposing a similar approach for the new Law and Justice Sector Program), using development program specialists as advisers, and deploying a mix of Australian public servants and independent consultants. Innovation in program management will continue to be combined with more traditional modalities such as trust accounts, support to recurrent funding, scholarships, capital investment, infrastructure support and technical assistance. Environmental sensitivity will continue to be a concern, with program designers required to document environmental impacts.

ENGAGING WITH OTHER DEVELOPMENT PARTNERS

The Solomon Islands Government is assisted by a number of donors working in key areas, including:

- > *New Zealand*, which focuses on education, infrastructure, capacity building and agriculture
- > the *World Bank*, which focuses on energy utility regulation and reform, rural electrification, education, health and foreign investment reform
- > the *Asian Development Bank*, which focuses on infrastructure, state-owned enterprises and private sector reform
- > the *International Monetary Fund's Pacific Financial Technical Assistance Centre*, which supports revenue collection reform and strengthening
- > *Japan*, which focuses on rural infrastructure (including health, education and water infrastructure), malaria control, fisheries and energy utility infrastructure
- > the *European Union*, which focuses on small-scale infrastructure reconstruction, community/provincial development, education and economic reform, and
- > the *United Nations Development Programme*, which focuses on parliamentary strengthening, peace building, provincial governance strengthening and support for the planning sector.

Eleven countries have contributed personnel to RAMSI – Australia, New Zealand, Fiji, Papua New Guinea, Tonga, Samoa, Vanuatu, Kiribati, Nauru, Tuvalu and Cook Islands – and RAMSI's strategic focus is determined in consultation with these participating countries. Australia is committed to ensuring even stronger regional engagement in RAMSI and will continue to implement strategies to encourage greater regional participation.

COOPERATING WITH REGIONAL INSTITUTIONS

Pursuant to the April 2004 Auckland Declaration commitment to greater regional cooperation and stronger and better resourced regional institutions, Australia contributes to, and is a member of, a number of regional organisations, many of which are engaged in supporting Solomon Islands. Australia will continue to work cooperatively with Pacific

regional organisations to improve their effectiveness and impact in Solomon Islands and the region.

Key challenges for Australia over the next 12 months include assisting the Solomon Islands Government to take advantage of opportunities identified in the Pacific Islands Forum Secretariat Pacific Plan, completed in 2005 and in the early stages of implementation, and continuing its work with regional institutions to ensure the environmental sustainability of aid activities.

ENGAGING WITH LOCAL COMMUNITIES

In the context of diminishing central government services and financing, and depleted provincial government capacity, much of the initiative for delivering basic services has fallen to non-government institutions. These institutions, including a number of large church-based organisations, currently provide formal and informal education, health services, youth services, women's services and, to a more limited extent, services such as training, rural agricultural extension, advocacy of human rights and participatory governance.

International experience highlights the importance of promoting the development of a robust and peaceful civil society to create demand for good governance. In Solomon Islands, working directly with communities has proved to be essential to promoting peace and reconciliation processes and to ensuring that communities have adequate levels of basic services in the absence of state and provincial resources for delivering services. Equally important is the intersection between civil society and the Solomon Islands Government. Continued community access to government services, public resources and information is vital to ensuring community participation in decision-making and to prevent corruption.

5 Analytical work and future directions

During 2006 this transitional strategy will be used as a building block for the development of a longer term strategy for Australia's assistance. In recognition of current information gaps and in preparation for the development of a longer term framework for Australia's assistance, analytical work will be undertaken in key areas, including:

- > the constraints on economic growth
- > the level of poverty and/or vulnerability, incorporating analysis of gender issues likely to constrain the effectiveness of development assistance in Solomon Islands, and
- > the potential impacts of population growth, in particular the 'youth bulge', on all aspects of development.

In 2006 Australia will support a survey of public opinion on change within key areas of reform targeted by RAMSI. The survey will be carried out in all provinces if practically feasible and across a range of social stratifications to ensure it is adequately representative. It will cover issues such as perceptions of security, governance, access to services and economic confidence.

Australia will also continue to facilitate, in partnership with New Zealand, the Development Assistance Committee's Principles for Good International Engagement in Fragile States pilot

study in Solomon Islands. An analysis of the extent to which international donors have applied these principles in Solomon Islands will be undertaken as a part of the pilot study.

Increasing the quality and effectiveness of Australia's assistance and maximising opportunities for review and evaluation are imperatives. Australia is committed to reviewing and sharing analyses of its programs. Key examples include the 2005 review of the RAMSI Economic Reform Unit within the Department of Finance and Treasury, a proposed comprehensive review of assistance to the forest sector, regular monitoring of progress against the RAMSI Performance Framework, the capacity building stocktake and recommendations, and a proposed review of the Financial Management Strengthening Program. Greater focus will be placed on the quality of activity designs with a requirement that designs take into account the need for effective monitoring and evaluation and for conflict sensitivity, and continue to take into account analytical work relating to international engagement in fragile states.

In addition to undertaking its own analytical work, Australia will also seek to facilitate and encourage other donors to undertake and carry forward necessary analysis in other fields – for example, peace and conflict indicators – to inform effective future development assistance.

6 Risk management

As a country recovering from a period of conflict and instability, Solomon Islands remains a high-risk environment, vulnerable to external shocks. Key strategic risks over the next 12 months include:

- > social and political disruption due to the national election in 2006
- > economic decline due to external shocks
- > failure to undertake the reforms necessary to deliver increased economic growth
- > a resurgence of tensions in areas particularly affected by conflict, and
- > the impact of natural disasters (for example, cyclones) or crop failures on human security.

The rapid growth in Australia's program of assistance to Solomon Islands has raised risks in itself, such as rapid design and rapid personnel deployment. Following endorsement of the transitional country strategy by the Solomon Islands Government, additional risks, particularly those closely related to individual program management, will be identified and mitigating actions programmed as part of the ongoing development of the country strategy's performance framework (appendix A). Further risk analysis and detailed scenario planning will be undertaken during the life of this strategy to ensure the program's enduring resilience to shock.

7 Performance measurement and review

This strategy is supported by a program-wide performance framework that sets outcomes to be achieved within the strategy's 18-month life (see appendix A). A review of Australia's performance against the program objectives outlined here and of the validity of the broader assumptions made in this strategy, taking note of any additional analysis undertaken in the intervening period, will be undertaken early in 2007. A longer term monitoring tool for the broader Australian assistance program will be developed during this strategy's life.

A Solomon Islands transitional country strategy – performance framework

GOAL: 'A PEACEFUL, WELL-GOVERNED AND PROSPEROUS SOLOMON ISLANDS'

Strategy objectives and programs	Program objectives	Transitional strategy outcomes	Program-wide objectives	Sources for reviewing transitional strategy outcomes
Objective 1: Contribute to a safer and more secure Solomon Islands				
Law and Justice Program	1.1 Create safe and stable communities through collaborative crime prevention, community safety and security initiatives.	1.1.1 Community confidence in Solomon Islands law and justice sector institutions strengthened.	P R S	Assessment of community confidence in justice sector agencies through the annual People's Survey.
	1.2 Establish professional, effective and accountable law enforcement agencies.	1.2.1 Institutions strengthened through training, performance assessments, and capacity building.	P R S C	Assessment of crime rates. Implementation of improved governance and accountability systems. Community perceptions about police service accountability (People's Survey report).
	1.3 Establish a secure and culturally appropriate corrections system managed by a professional and sustainable Prison Service.	1.3.1 Prison Service ability to provide appropriate static and dynamic security measures enhanced.	P R S C	Number of prison security incidents. Prison Service compliance with UN standards.
		1.3.2 Auki prison construction completed.	P R S C	Establishment of behavioural rehabilitation programs.
	1.4 Improve the rehabilitative impact of the justice system through diversionary practices and culturally appropriate alternative sentencing options.	1.4.1 Rehabilitative programs established to reduce recidivism.	P R S C	Number of probation orders made and implemented.
		1.4.2 Continued monitoring of the extent to which probation is used as an alternative to custodial sentencing.	P R S C	Rehabilitative programs established and used.
	1.5 Strengthen adherence to the rule of law by providing equitable access to justice through efficient, accountable and sustainable justice sector agencies and institutions.	1.5.1 Improved equitable access to the justice system for all Solomon Islanders.	P R S	Increased support to ensure greater judicial efficiency. Processes established for efficient case listing and management.
		1.5.2 Justice sector infrastructure refurbishments progressed or completed.	P R S C	
		1.5.3 Improvements in case management by the High Court, the Magistrates Court and provincial courts.	P R S C Q	
	1.6 Improve the justice sector's capacity in areas of coordination, strategy, planning, policy, law reform and access to laws.	1.6.1 Law and Justice Program Unit established inside the Ministry of Police, National Security, Justice and Legal Affairs.	P R S C	Law and Justice Program Unit established in Ministry.
		1.6.2 Improved capacity to produce appropriate plans, develop clear policy and manage coordination within the justice sector.	P S C	Increased capacity to deliver robust policies to support equitable justice solutions.
		1.6.3 Improved access to laws by public servants and members of the public.	P S C	Improved access to adequately resourced legal library services.

Strategy objectives and programs	Program objectives	Transitional strategy outcomes	Program-wide objectives	Sources for reviewing transitional strategy outcomes
Objective 2: Encourage broad-based growth and contribute to a more prosperous Solomon Islands				
Economic governance and broad-based growth programs	2.1 Improve the Solomon Islands Government's capacity to deliver high-quality macroeconomic outcomes and policy advice.	2.1.1 Solomon Islands Government debt reduced.	C D S	Honiara Club outcomes. Budget documents providing detail of Solomon Islands Government's fiscal position.
		2.1.2 Sound and credible 2006 and 2007 Budgets fully funded and delivered and forward budget estimates published in the 2006 Budget.	C R D S	Medium-term fiscal framework. Review of Financial Management Strengthening Program.
		2.1.3 Tax reform implemented to broaden the taxation base, reduce compliance costs as a percentage of gross domestic product, and reduce exemptions.	C R D S	Passage of the Tax Amendment Bill 2005. Implementation of the Revenue Management System. Improved public reporting on tax exemptions. Decline in taxation compliance costs as a percentage of gross domestic product. Household Income and Expenditure Survey.
	2.2 Improve the Solomon Islands Government's capacity to deliver effective and accountable financial management to support public sector outcomes.	2.2.1 Financial and legislative compliance increased.	C S	Reduction in rejection rates of departmental applications for funding to the Department of Finance and Treasury. Decrease in incidents of non-compliance within key financial processes.
		2.2.2 Effectiveness of departmental financial management improved.	C S	Evidence of improvements in ministerial and departmental financial management and accounting.
	2.3 Improve the Solomon Islands Government's capacity to develop and implement sound and equitable economic reforms.	2.3.1 Honiara Club 'Reform Action Plan List' progressed.	P C D S	Passage of key regulatory reform legislation, including the Foreign Investment Bill and Business Law. World Bank Cost of Doing Business Indicators.
		2.3.2 Business and investment environment improved.	P C R D S	Customs processing time. Central Bank of Solomon Islands annual report providing indicators of foreign investment. (Reliable indicators of domestic investment are not yet available.)
		2.3.3 Reform programs in key infrastructure sectors progressed.	P C R D S	Household Income and Expenditure Survey.
		2.3.4 Continued progress in reopening major industries and national projects.	P R D S	
		2.3.5 Initiatives to enhance opportunities for provincial economic development progressed.	P R D S	
	2.4 Promote economic recovery through improved rural livelihoods and improvements in agricultural production and marketing.	2.4.1 Initiatives to enhance small-scale income-generating opportunities for rural communities developed.	P C R D S	Transitional Support to Agriculture Program reports. Completed gaps analysis and implementation plan for quarantine requirements.
		2.4.2 Initiatives focusing on domestic marketing of food and subsistence agriculture progressed.	P C R D S	Household Income and Expenditure Survey. People's Survey report.
		2.4.3 Gaps analysis of quarantine requirements and possible re-establishment of a viable quarantine service.	C R S	

Strategy objectives and programs	Program objectives	Transitional strategy outcomes	Program-wide objectives	Sources for reviewing transitional strategy outcomes
	2.5 Strengthen rural infrastructure and increase roads infrastructure investment.	2.5.1 Joint Asian Development Bank, New Zealand and Australian roads development project established.	P R S C D	Additional Community Sector Program road construction fleet comes online in Militia. Increase in recurrent budget devoted to road maintenance.
		2.5.2 Enhanced Community Sector Program roadworks strategy completed.	P R S	
	2.6 Improve the Solomon Islands Government's capacity to address land registration and ownership issues.	2.6.1 Increased land tenure security for holders of Temporary Occupation Licences.	P C	Quarterly, six monthly and annual reports of Solomon Islands Institutional Strengthening of Land Administration Project II to provide details of improved capacity, operational efficiency, revenue generation and increased land tenure security to holders of Temporary Occupation Licences. Issues and options paper for Registration of Customary Lands Pilot Report.
		2.6.2 Department of Lands and Survey investigation and options paper for Registration of Customary Lands facilitated, and small pilot registration conducted.	P R S C	
	2.7 Improve the Solomon Islands Government's capacity to effectively manage forest resources and offer support and incentives to landowners.	2.7.1 Capacity and efficiency of the Forestry Department improved through focus on capacity building and technical assistance.	R S C	Forestry Management Project review.
		2.7.2 Through the Community Forestry Project, rural livelihoods based on natural forest timber plantations enhanced.	P R C D	
Objective 3: Help government better serve the Solomon Islands people				
Machinery of Government Program	3.1 Ensure government services are responsive to and reach all people effectively.	3.1.1 Implementation of Provincial Governance Support Program.	R S C D	Documented approval for the Provincial Governance Support Program. Reports by Finance Adviser of the Provincial Governance Support Program.
		3.1.2 Line agency budgets allocated to provincial services fully expended.	R S C	
	3.2 Provide efficient and responsive public administration.	3.2.1 Up to half of all departments with corporate plans and work plans for 2006.	R S C	Corporate Planning Project team's Cabinet Office monitoring systems reports. Solomon Islands Government Recruitment Taskforce reports. Public Service Department Management Information System reports.
		3.2.2 Most priority vacancies filled (by June 2006).	C S	
	3.3 Increase accountability of government and strengthen accountability institutions.	3.3.1 Increased compliance of senior leaders with the Register of Leaders' Interests.	P S C	Listings on the register. Reports from the Auditor General.
		3.3.2 Increased number of fully completed audits tabled with the national Public Accounts Committee and provincial governments.	R S C	
		3.3.3 Accounting practices and procedures improved through the Financial Management Improvement Program.	R S C	

Strategy objectives and programs	Program objectives	Transitional strategy outcomes	Program-wide objectives	Sources for reviewing transitional strategy outcomes
	3.4 Improve electoral processes, civic awareness and quality of representation.	3.4.1 Civic Education Project village awareness sessions held in all provinces.	P R S C D	Reports from Civic Education Project team. People's Survey report.
		3.4.2 Voter education sessions delivered in all provinces before the 2006 national election.	P R S C D	
		3.4.3 People's Survey completed.	P R S Q	
	3.5 Ensure executive and legislative arms of government function effectively.	3.5.1 Parliamentary standing orders reviewed and changes implemented.	C D S	House Committee report. Cabinet Office Information System reports.
		3.5.2 Time taken for confirmation of cabinet papers following presentation decreased.	C S	
Basic service delivery programs	3.6 Improve health outcomes by strengthening the operational and management capacity of the health sector.	3.6.1 Management and operational capacity of the Ministry of Health Executive Group, National Referral Hospital and National Medical Stores enhanced.	C D S	Health Institutional Strengthening Project completion report and adviser reports. Establishment of a sector-wide approach in the health sector. HIV project reports.
		3.6.2 Health service delivery enhanced through improvements in health standards and protocols.	C R S	
		3.6.3 Donor harmonisation in the health sector increased through the establishment of a sector-wide approach.	C R S D	
		3.6.4 Awareness about HIV and STIs and the effectiveness of condoms among high-risk groups such as sex workers and their clients increased through targeted interventions.	C R S D	
		3.6.5 Safe sex practices encouraged through social condom marketing and other HIV/AIDS prevention activities.	C R S D	
	3.7 Strengthen the capacity of Solomon Islanders to respond to humanitarian and natural disasters.	3.7.1 Effective disaster and risk management arrangements at national and provincial levels and advocacy strategies developed and implemented by the National Disaster Council and the National Disaster Management Office.	C R S	Humanitarian and Emergencies Sector-wide Review and National Disaster Management Office project reports. Red Cross project reports.
		3.7.2 Community awareness of disaster and emergency risk management increased.	C R S	
		3.7.3 NGO disaster and emergency management capacity increased through targeted training programs.	C R S	

Strategy objectives and programs	Program objectives	Transitional strategy outcomes	Program-wide objectives	Sources for reviewing transitional strategy outcomes
Objective 4: Help build strong and peaceful communities				
Peace and community programs	4.1 Build stronger, more resilient, self-sufficient and peaceful communities with the skills and capacity to develop solutions to their own problems.	4.1.1 Participatory community management workshops and programs conducted at the local community level to develop good governance with particular focus on the participation of women and young people.	P R C	Community Sector Program annual plan. NGO project reports.
	4.2 Build a stronger and more self-sufficient civil society through assistance to faith-based and secular NGOs in Australia and Solomon Islands.	4.2.1 Provincial and national civil society organisation support strategies developed and implemented.	P R C	Community Sector Program progress reports.
	4.3 Increase gender equality and participation by women in local decision-making.	4.3.1 Special needs of women identified and women's projects implemented.	P R C D	Community Sector Program reports. NGO reports.
		4.3.2 Women's capacity to analyse community issues and act on options strengthened through training programs.	P R C	
	4.4 Increase youth participation in village and community life, including in political, social and economic decision-making.	4.4.1 Advocacy, community awareness and outreach capacity of youth networks increased through targeted training programs.	P R C	NGO project reports (ADRA).
		4.4.2 Targeted conflict resolution training programs for youth undertaken through specific NGO programs funded by NGO Cooperation Agreements.	P R C	NGO project reports.
		4.4.3 Initiatives focusing on promoting intra- and inter-community harmony undertaken.	P R C	Provincial Sports Carnival progress report.
	4.5 Build a strong foundation for lasting peace and stability.	4.5.1 Capacity of traditional village decision-making bodies to consult with and take account of the needs, assets and priorities of the whole village, especially youth and women, increased.	P R S C	National Peace Council reports. NGO project reports (AFAP/Caritas/ADRA).
		4.5.2 Conflict resolution training undertaken in a number of villages/communities.	P R S C	

Note:*Program-wide objectives*

- P** Address the causes of conflict and build peace
R Deliver benefits to provincial areas
S Align support with Solomon Islands systems and priorities
C Build capacity of Solomon Islanders and Solomon Islands institutions
D Encourage donor coordination and joint approaches
Q Ensure aid effectiveness through quality programming, monitoring and evaluation

Analytical work

- Poverty/Vulnerability Study; People's Survey; Potential impacts of the 'youth bulge'.
 Constraints on Growth Analysis; Rural Livelihoods Study; Health Infrastructure Needs Study; Health Service Delivery Qualitative Study.
 NERRDP Review.
 Capacity Building Stocktake – Phases I and II; Scholarships Review.
 Reports to 2006 Development Partners Meeting; NERRDP Review.
 OECD DAC Fragile States Pilot Study; RAMSI Performance Framework; Comprehensive review of assistance to the forest sector; Review of the Financial Management Strengthening Program; Economic Reform Unit Review.

B Overview of Australia's support to Solomon Islands through the aid program, 2005–06

THE GOAL OF AUSTRALIA'S ASSISTANCE IS: **A PEACEFUL, WELL-GOVERNED AND PROSPEROUS SOLOMON ISLANDS**

IN WORKING TOWARDS THIS GOAL, AUSTRALIA'S ASSISTANCE SUPPORTS FOUR STRATEGY OBJECTIVES:

1 Contribute to a safer and more secure Solomon Islands	2 Encourage sustainable broad-based growth and contribute to a more prosperous Solomon Islands	3 Help government better serve the Solomon Islands people		4 Help build strong and peaceful communities	
<p>Law and justice \$32 million</p>	<p>Economic governance and broad-based growth \$19 million</p>	<p>through the following programs:</p>		<p>Peace and community \$9 million</p>	
<ul style="list-style-type: none"> > Undertake infrastructure works, including new High Court rooms, and enhancements to Rove prison, provincial courts/prisons. > Support the administration of justice, including High Court, Magistrates Court, provincial courts, Public Solicitor's Office, Office of the DPP, Ministry of Police, National Security and Justice. > Strengthen the capacity of Solomon Islands Prison Service to provide secure and humane correctional management. > Expand access to justice in the provinces through court circuits. > Begin a new phase of the Law and Justice Program to focus on capacity building and sectoral coordination. <p>Note: Australia also supports this objective through RAMSI's Participating Police Force and assistance to the Royal Solomon Islands Police.</p>	<ul style="list-style-type: none"> > Support sound fiscal, financial and debt management through the Financial Management Strengthening Program. > Support long-term economic reform through the Economic Reform Unit by, for example: <ul style="list-style-type: none"> – developing government's capacity to manage the re-opening of key industries such as Gold Ridge mine – introducing foreign investment legislation – providing infrastructure, in particular telecommunications, air transport, water and electricity. > Strengthen the capacity of the Central Bank of Solomon Islands and the National Statistics Office. > Plan an initiative to help farmers improve subsistence production and generate greater incomes. > Provide for rural road rehabilitation, development and maintenance. 	<p>Machinery of government \$19 million</p> <ul style="list-style-type: none"> > Rebuild and reform the essential machinery of government: <ul style="list-style-type: none"> – Public Service and Cabinet Office – Parliament – Electoral Program – accountability institutions. > Re-establish the Institute of Public Administration and Management (IPAM). > Refurbish Prime Minister's Office Building and IPAM. > Strengthen administration in provincial governments. > Provide cross-government support for: <ul style="list-style-type: none"> – corporate planning – information technology – housing – recruitment taskforces. > Strengthen the national media, including the Solomon Islands Broadcasting Corporation. > Provide up to 33 new scholarships for study in Australia in 2005–06. > Provide assistance to the Department of National Planning and Aid Coordination. 		<p>Basic service delivery \$19 million</p> <ul style="list-style-type: none"> > Improve central health agencies' capacity to manage and deliver basic health services. > Provide targeted support for provincial health services. > Address HIV/AIDS through targeted interventions conducted by NGOs. > Through the Forestry Project and the Lands Project improve the Forestry Department's capacity and increase revenue to government and landowners. > Promote small-scale forestry plantations. > Disseminate agricultural information to farmers. > Strengthen disaster mitigation and management capacity of government and communities through support for the National Disaster Management Office and Solomon Islands Red Cross. 	<ul style="list-style-type: none"> > Provide funding to the National Peace Council to promote peace and national unity. > Through Community Sector Program, undertake small-scale community-based activities – schools, health clinics, roads (with RAMSI support), clean water, capacity building and training. > Encourage greater leadership participation of women and young people through partnerships between Australian and Solomon Islands community organisations. > Support village-based civic education to build awareness of good governance and voter responsibility. > Support Australian faith-based and secular NGOs to help strengthen community engagement and to support basic service delivery. > Support Solomon Islands media outlets to help build capacity and develop infrastructure resources.

Australia's total aid to Solomon Islands in 2005–06 is estimated at **A\$247 million**, of which **A\$98 million** is funded through AusAID (includes A\$70 million in RAMSI funding).

C Draft Principles for Good International Engagement in Fragile States⁸

A durable exit from poverty and insecurity for the world's most fragile states will need to be driven by their own leadership and people. International actors can affect outcomes in fragile states in both positive and negative ways. International engagement will not by itself put an end to state fragility, but the adoption of the following shared Principles can help maximise the positive impact of engagement and minimise unintentional harm.

The long-term vision for international engagement in fragile states is to help national reformers to build legitimate, effective and resilient state institutions. Realisation of this objective requires taking account of and acting according to the following Principles:

1. Take context as the starting point. All fragile states require sustained international engagement, but analysis and action must be calibrated to particular country circumstances. It is particularly important to recognise different constraints of *capacity* and *political will* and the different needs of: (i) countries *recovering* from conflict, political crisis or poor governance; (ii) those facing *declining* governance environments, and; (iii) those where the state has partially or wholly *collapsed*. Sound political analysis is needed to adapt international responses to country context, above and beyond quantitative indicators of conflict, governance or institutional strength.

2. Move from reaction to prevention. Action today can reduce the risk of future outbreaks of conflict and other types of crises, and contribute to long-term global development and security. A shift from reaction to prevention should include sharing risk analyses; acting rapidly where risk is high; looking beyond quick-fix solutions to address the root causes of state fragility; strengthening the capacity of regional organisations to prevent and resolve conflicts; and helping fragile states themselves to establish resilient institutions which can withstand political and economic pressures.

3. Focus on state-building as the central objective. States are fragile when governments and state structures lack capacity – or in some cases, political will – to deliver public safety and security, good governance and poverty reduction to their citizens. The long-term vision for international engagement in these situations must focus on supporting viable sovereign states. State-building rests on three pillars: the capacity of state structures to perform core functions; their legitimacy and accountability; and ability to provide an enabling environment for strong economic performance to generate incomes, employment and domestic revenues. Demand for good governance from civil society is a vital component of a healthy state. State-building in the most fragile countries is about depth, not breadth – international engagement should maintain a tight

⁸ Development Assistance Committee, *Piloting the Principles for Good International Engagement in Fragile States*, DAC Fragile States Group Concept Note, DCD(2005)11/REV2, 17 June 2005.

focus on improving governance and capacity in the most basic security, justice, economic and service delivery functions.

4. Align with local priorities and/or systems. Where governments demonstrate political will to foster their countries' development but lack capacity, international actors should fully align assistance behind government strategies. Where alignment behind government-led strategies is not possible due to particularly weak governance, international actors should nevertheless consult with a range of national stakeholders in the partner country, and seek opportunities for partial alignment at the sectoral or regional level. Another approach is to use 'shadow alignment' – which helps to build the base for fuller government ownership and alignment in the future – by ensuring that donor programs comply as far as possible with government procedures and systems. This can be done, for example, by providing information in appropriate budget years and classifications, or by operating within existing administrative boundaries.

5. Recognise the political–security–development nexus. The political, security, economic and social spheres are interdependent: failure in one risks failure in all others. International actors should move to support national reformers in developing unified planning frameworks for political, security, humanitarian, economic and development activities at a country level. The use of simple integrated planning tools in fragile states, such as the transitional results matrix, can help set and monitor realistic priorities and improve the coherence of international support across the political, security, economic, development and humanitarian arenas.

6. Promote coherence between donor government agencies. Close links on the ground between the political, security, economic and social spheres also require policy coherence within the administration of each international actor. What is necessary is a whole-of-government approach, involving those responsible for security, political and economic affairs, as well as those responsible for development aid and humanitarian assistance. Recipient governments too need to ensure coherence between different government ministries in the priorities they convey to the international community.

7. Agree on practical coordination mechanisms between international actors. This can happen even in the absence of strong government leadership. In these fragile contexts, it is important to work together on upstream analysis; joint assessments; shared strategies; coordination of political engagement; multi-donor trust funds; and practical initiatives such as the establishment of joint donor offices and common reporting and financial requirements. Wherever possible, international actors should work jointly with national reformers in government and civil society to develop a shared analysis of challenges and priorities.

8. Do no harm. International actors should especially seek to avoid activities which undermine national institution-building, such as bypassing national budget processes or setting high salaries for local staff which undermine recruitment and retention in national institutions. Donors should work out cost norms for local staff remuneration in consultation with government and other national stakeholders.

9. Mix and sequence aid instruments to fit the context. Fragile states require a mix of aid instruments, including, in particular for countries in promising but high risk transitions, support to recurrent financing. Instruments to provide long-term support to health, education and other basic services are needed in countries facing stalled or deteriorating governance – but careful consideration must be given to how service delivery channels are designed to avoid long-term dependence on parallel, unsustainable structures while at the same time providing sufficient scaling up to meet urgent basic and humanitarian needs. A vibrant civil society is important for healthy government and may play a critical transitional role in providing services, particularly when the government lacks will and/or capacity.

10. Act fast... Assistance to fragile states needs to be capable of flexibility at short notice to take advantage of windows of opportunity and respond to changing conditions on the ground.

11. ...but stay engaged long enough to give success a chance. Given low capacity and the extent of the challenges facing fragile states, investments in development, diplomatic and security engagement

may need to be of longer duration than in other low-income countries: capacity development in core institutions will normally require an engagement of at least ten years. Since volatility of engagement (not only aid volumes, but also diplomatic engagement and field presence) is potentially destabilising for fragile states, international actors should commit to improving aid predictability in these countries, by developing a system of mutual consultation and coordination prior to a significant reduction in programming.

12. Avoid pockets of exclusion. International engagement in fragile states needs to address the problems of ‘aid orphans’ – states where there are no significant political barriers to engagement but few donors are now engaged and aid volumes are low. To avoid an unintentional exclusionary effect of moves by many donors to be more selective in the partner countries for their aid programs, coordination on field presence and aid flows, and mechanisms to finance promising developments in these countries are essential.

