

Report to AusAID

Solomon Islands
Provincial Governance Information Paper

Based on the findings of a diagnostic study undertaken by

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October – November 2004

Note: The views expressed in this document do not necessarily reflect those of the Australian Government

Table of Contents

<i>Abbreviations</i>	3
<i>Executive Summary</i>	4
1.0 Introduction	6
2.0 Structures, Functions and Operational Capacity	7
2.1 Political Structures	7
2.2 Informal Systems of Governance	8
2.3 Functions	10
2.4 Department of Provincial Government and Constituency Development	13
2.5 Relations with National Line Ministries	14
2.6 Human Resources Development	14
2.7 Operational Capacity	15
3.0 Financial Management	17
3.1 Regulatory Framework	17
3.2 Accounting Systems	18
3.3 Revenue: Provincial Service Grants	20
3.4 Other Revenue	21
3.5 Budget Process and Planning	22
3.6 Debt and Asset Management	23
4.0 Conclusions fo the Diagnostic Study	24
4.1 Rebuilding Trust in Provincial Governments	24
4.2 Good Governance Principles	24
4.3 Improved Accountability Systems	25
4.4 Capacity to Deliver	25
<i>Annex One - Documents Consulted</i>	26
<i>Annex Two - People met during Diagnostic Study</i>	30

Abbreviations

ABV	Australian Business Volunteers
ANZ	Australian and New Zealand Banking Corporation
AusAID	Australian Agency for International Development
AVI	Australian Volunteers International
CPRF	Community Peace and Restoration Fund
CSP	Community Sector Program
DFT	Department of Finance and Treasury
DPG&CD	Department of Provincial Government and Constituency Development
FMO	Financial Management Ordinance
NBSI	National Bank of Solomon Islands
NPF	National Provident Fund
NZ	New Zealand
PACTAF	Pacific Technical Assistance Facility
PS	Permanent/ Provincial Secretary
PT	Provincial Treasurer
PSC	Public Service Commission
PSD	Public Service Department
RAMSI	Regional Assistance Mission to Solomon Islands
RCDF	Rural Constituency Development Fund
ROC	Republic of China
SIBC	Solomon Islands Broadcasting Corporation
SIG	Solomon Islands Government
TA	Technical Assistance
TAGFSI	Technical and Governance Facility Solomon Islands
UNDP	United Nations Development Program
US	Undersecretary
VSA	Volunteer Service Abroad

Summary

The Solomon Islands Provincial Government system has been in decline for at least ten years. Issues which limit the effectiveness of National Government, such as political and bureaucratic leadership, good governance, communication, morale and human resource management, also characterize Provincial Governments. In addition, Provinces suffer from poorly defined roles and functions, inadequate funding, isolation and weak relationships with National Government. These problems have been exacerbated by the impact of the recent civil conflict particularly the severe reductions in Provincial Service Grants, the principal source of Provincial Government revenue.

Over the past four years, as National Government has centralized management and donors have sought to work directly with communities, Provinces have been increasingly marginalized from service delivery activities. Provinces are left managing little more than a payroll of their direct employees and are not able to execute their basic responsibilities.

At the same time, Provincial Governments retain a political role in representing their constituencies and providing a focus for regional aspirations. It is imperative that this political role be included in nation-wide discussions of good governance reform, service delivery and economic development. The alternative is to risk alienating Provincial Governments which may create the potential for them to become destabilising influences in a still fragile post-conflict country.

Regarding provincial financial management, the Diagnostic Study found that, for most Provinces, existing systems were functioning at a basic level, although under considerable pressure. While urgent repair and reform is required, the Study stressed that there are capable staff who have been working under difficult conditions who can be engaged in this process.

In considering questions of accountability, the Study concluded that strengthening financial management without a corresponding commitment to service delivery would result in little more than improved payroll management. While this would be an improvement in “upwards” accountability to National Government, it would not improve “downwards” accountability to Provincial populations, which can only be achieved through improved service delivery. Improved payroll management would also fail to develop the planning and management skills required of Provincial leadership in order to meet their existing roles and responsibilities.

The Solomon Islands Government has prepared a post-conflict blueprint for repair, reform and development. That plan, ‘The National Economic Recovery, Reform and Development Plan (NERRDP)’ identifies the need to strengthen good governance, restore fiscal and financial stability and reform the public sector. The Regional Assistance Mission to Solomon Islands is working with the Solomon Islands Government to repair and rebuild the essential machinery of government through a range of initiatives and assistance.

On the basis of the findings of the diagnostic study, the RAMSI Machinery of Government Program is working with the Solomon Islands Government to develop a graduated program of assistance in the area of provincial governance. The approach would allow, through active engagement in a set of target provinces, a deeper understanding of the process of provincial administration that could inform a longer-term and more in-depth program of assistance.

The program would seek to work simultaneously both at the provincial and central government level to ensure that work is co-ordinated and that assistance in the area of provincial administration is integrated with repair, rebuilding and reform initiatives that are occurring in central government agencies.

1.0 Introduction

This report contains the findings and recommendations of the Provincial Diagnostic Study team, who visited Solomon Islands from 30 September to 4 November 2004. The two consultants spent time in Honiara, Malaita, Central Islands Province, Guadalcanal Province, Makira-Ulawa Province, Western and Isabel Provinces. Unfortunately, due to the logistical challenges of travel and flight schedules, attempts to visit Choiseul, Rennell Bellona and Temotu Provinces were not successful.

The consultants would like to acknowledge the assistance of the Department of Provincial Government and Constituency Development (DPG&CD), AusAID and the Department of *Finance* and Treasury which made staff available to support the team in each Province. In addition, this study would not have been possible without the time, openness and generous availability of all the people the consultants interviewed and for AusAID's attention to planning the Provincial trips and arrangements.

The objectives of the study were to:

- Analyse the structure, functions and current operational capacity of Provincial Governments in Solomon Islands; and
- Prepare recommendations for a small, targeted program of assistance for improving Provincial financial management.

The Solomon Islands Government National Economic Recovery, Reform and Development Plan 2003- 2006 identified the need for improvements to good governance, restoration of fiscal and financial stability and reform to the public sector. These initiatives include a specific objective to improve public service performance and national and provincial levels.

At the request of the Solomon Islands Government, RAMSI commenced in July 2003 as a Pacific regional initiative to restore physical and economic stability and the basic functioning of government to Solomon Islands. As part of RAMSI, the Australian Government's assistance program to Solomon Islands focuses on budgetary and economic reforms as well as support for rebuilding the machinery of government. This program includes repair and reform of central government agencies, including finance institutions, as well as Cabinet, Parliament and support for electoral systems and civic education. Currently, Provincial components of these programs are unclear and are not integrated.

The recent Solomon Islands Government and RAMSI achievements in stabilising the Government's financial situation has enabled the payment of Provincial Service Grants in 2004. The lack of a regular flow of these grants in the past has severely undermined the capacity of Provincial Governments to function effectively. With the increased flow of Provincial Service Grants, a recent independent review of phase one of the RAMSI Budget Stabilisation Program identified a need for increased assistance to Provincial Governments to promote more effective financial management. In addition, the DPG&CD has expressed interest in expatriate technical assistance in financial management and planning.

RAMSI intends to develop an efficient program of assistance at the Provincial level, which will need a sound appreciation of the framework within which Provincial Governments operate. Therefore this Diagnostic Study was fielded to provide recommendations in regard to programmatic support to the Provincial Governments.

2.0 Structures, Functions and Operational Capacity

2.1 Political Structures

Solomon Islands is currently a unitary state with two levels of government, National and Provincial. Provincial Government evolved out of the local government features of the colonial bureaucracy, which divided the country into four Districts, each headed by an expatriate District Officer. In 1981, with the passing of the Provincial Government Act, seven Provinces were created: Guadalcanal, Malaita, Makira Ulawa, Temotu, Isabel, Central and Western. In 1991, Choiseul separated from Western Province and Rennell Bellona from Central Province which brought the number of Provinces to the present nine. Under the British, the intent of the system was to represent the colonial government at local level and to allow some limited participation by Solomon Islanders. However, the successor Provincial Governments, have become focal points through which the diverse regional and ethnic identities of the country can find a platform to express their aspirations.

Provincial Governments are envisaged in the Solomon Islands Constitution and were established in Solomon Islands law through the 1981 Provincial Government Act¹, which was re-enacted in 1997 legislation. This Act created a Provincial Assembly for each Province, with elected politicians empowered to pass ordinances not in conflict with National policy or legislation. The size of each Provincial Assembly varies according to the number of wards- typically between 9 and 30 members. Salaries of politicians are set and paid from the same Commission as oversees National Parliamentary entitlements, although the rates of pay of Provincial politicians are proportionately lower.

Under the Act, each Provincial Assembly is headed by an Executive. The total numbers of the Provincial Executive shall not be more than half of the Assembly. The Provincial Executive is led by the Premier, who is elected by an absolute majority of Provincial Assembly members. Once elected, the Premier appoints a Deputy Premier and Ministers with portfolio responsibilities, even where the sectoral responsibilities of the Province for services delivery are minimal. The Provincial Secretary is accountable to the Premier and the Executive, in the same way as National Permanent Secretaries are accountable to their Ministers.

There is an underlying conceptual tension between the role of Provincial Government as a means of representing Provincial interests and perspectives and the role of delivering services and proactively developing each Province. This is often confused in the minds of Provincial politicians, many of whom do not understand the distinction between legislative and administrative arms of government. Indeed, a recent UNDP Provincial governance training session revealed that Provincial politicians had a very poor understanding of their roles, such that most did not understand the role of the Assembly in holding the Premier and Executive to account (nor did they understand the analogous role of Parliament in holding Cabinet accountable)².

¹ The Act will be synonymous with the Provincial Government Act throughout this text.

² Anecdote from UNDP Isabel province.

Most Provincial Assemblies are not effective as legislative bodies and have passed very few ordinances apart from financial appropriations (some would average less than one ordinance a year). They meet infrequently and, while Premiers and Executives continue to provide political leadership without calling an Assembly, the opposition tends not to be active outside Assembly meetings. There is in reality very little “political space”.

The Act also envisaged a third tier of government, allowing Provincial Assemblies to create Area Councils for local administration. Area Councils were abolished in 1996/7 leaving a gap between the Provincial administration and the village level. This gap has been further eroded by the closure of many Provincial sub-stations due to financial cuts exacerbated by the *tensions*. Only Malaita and Western Provinces currently have functioning sub-stations, although these have also been reduced in number. Most Provincial Governments are cut off from their constituents and are only rarely able to travel to villages. This link between the village and the Provincial Government is now notionally filled by Provincial Assembly Members and so has become increasingly politicised.

The separation of powers between the Provincial Assembly Members and the Provincial Administration is not consistent and will need to be further defined in any future attempts to alter regulations. For example, it would be good practice for the Provincial Assembly Members to discuss and approve the budget and then for the administrators to be responsible for budget implementation and reporting to the elected members on progress and issues.

2.2 Informal Systems of Governance

In Solomon Islands, the authority of the state has never stretched far beyond Provincial centres. The weakness of official government representation at the local level has allowed many informal systems of governance to operate with little reference to the formal legal and Constitutional state. These include “traditional” governance and authority systems, church systems and family based obligations and decision-making. These systems exist in tension with each other, are not formalised and are not mutually reaffirming. They may also have very different principles of justice or representation than those which underpin the state systems, which creates potential for informal systems to be in conflict with state systems.

The further away from Honiara, the stronger these informal systems are and the more comprehensive their roles within their respective communities. Describing these systems as “informal” does not capture the high level of effectiveness and legitimacy which they are seen to have at local level: something which National and Provincial Governments do not enjoy. While these systems are unfamiliar outside of Melanesia, they are fundamental to social life for the great majority of Solomon Islanders, even in urban areas and in National politics. In Solomon Islands, sovereignty is contested by National and Provincial Governments and by a host of other customary and religious entities and at times by civil society groups. This contested sovereignty hampers communication (especially between people from different language or religious groups), as it creates uncertainty about which rules apply to any given situation or interaction. There is a need to bring together these formal and informal systems in order to create a mutually reinforcing understanding of good governance principles.

“Traditional” Leadership and Provincial Government

The Constitution allows for traditional leadership to be incorporated formally into Provincial structures, although this has never been achieved. Traditional leaders or “chiefs” are widely seen as a credible source of village governance, however, integration into the formal political system has never been successfully completed. The role of traditional leaders is most commonly associated with questions of land use and the legal system allows for Local Courts to adjudicate land disputes to avoid bringing cases to court. There is great cultural variation of customary leadership roles within Solomon Islands and such roles are not always seen as relevant to administrative functions but some Provinces notably Isabel, are considering more formal systems to facilitate advisory roles for traditional leaders at both Province and village level. The question of how to integrate traditional leadership into formal governance structures has been a focus of discussions of how to reform Provincial Government since the 1970s and remains a priority for Solomon Islanders.

Churches

Churches also exercise considerable decision-making influence and authority at the village and sometimes Provincial levels in structures which sit outside formal government systems and are often not acknowledged by the legal system. In Isabel Province, there is a more formalized system for including the Church of Melanesia in an advisory role along with traditional leadership (the Isabel “Tripod”). Isabel’s attempt to bring these three sources of authority together relies on the fact that almost all Isabel people are members of the Church of Melanesia and the Paramount Chief is a retired bishop. In other Provinces, this homogeneity is lacking, indeed, some villages in other parts of the country are physically split according to religious affiliation. Religious affiliation can affect employment prospects in some contexts and can work in a similar way to wantok networks. For example, one Provincial hospital was seen to be dominated by a particular denomination in a way disproportionate to its demographic representation in the Province.

Churches take on some minor and inconsistent roles in service delivery through schools and some health clinics. Two hospitals are managed by churches. The principal involvement of churches in service delivery is in vocational education, where Rural Training Centres are managed only by churches. Churches are also the principal providers of services to women and youth, although these services are mostly faith-related activities³.

Kinship

Although not a formal structure of governance, kinship or “wantok” networks and obligations should be mentioned here as they have a profound impact on local political activity and governance more broadly. Kinship obligations are not easily integrated into bureaucratic systems. Often seen as a source of “corruption” or at least a threat to “good governance” and in particular as an obstacle to national unity, Melanesian cultural obligations to kin are fundamental to the identity of most Solomon Islanders, are foundational to social cohesion and economic life and so are experienced as an asset and a valuable form of social capital.

³ AusAID *Youth in Solomon Islands. A Participatory Study of the Issues Needs and Priorities.* 2003

The underlying cultural values of Solomon Islands are governed by rules which require translation into new settings, which has created a situation where ideas such as “compensation” have shifted in meaning from the traditional ideas of restitution and justice to outright extortion in the case of some recent organized criminal activity during the *tensions*. The extreme impact of this distortion of *kastom* (indigenous culture) indicates the importance of engaging with culture when considering good governance, as the cultural forces are too strong to be dismissed and need to be integrated.

2.3 Functions

The key issues of devolution and decentralisation debated in the 1970s and 80s remain current today. There have been many reviews and several changes to the system over time, making it difficult to distinguish legal functions and responsibilities from bureaucratic habit or from popular assumptions and expectations. This is made more difficult by the fact that there is very little documentation of these changes. Key documents such as Devolution Orders are not held by Provinces, nor by the DPG&CD, which means that, whatever may theoretically be in place in the formal legal system, in practice, these documents are not being used to determine roles and responsibilities of Provincial Governments. More often, funding is the key determinant of functions. The role of coordinating National Government activities at local level is nowhere articulated in writing, yet this role seems to be implicit in the understanding of most Provincial Government politicians and employees when asked about their activities and functions.

The Act allows the National Government to devolve responsibility for particular functions to Provincial Government. Major government service functions such as health and education were not necessarily envisaged as fully devolved functions under the Act. While there is no explicit enunciation of the role of Provincial Government in the Act, the functions of Schedules 3 and 4 imply a minimal role for Provincial Governments in rural and economic development. Outside of the Act, this role is confirmed in the existence of Provincial Development Authorities, which were established as the commercial arms of each Province, with the intention of providing a stimulus to economic growth and a source of revenue to Provinces. Over time, the Provincial Development Authorities have not performed well, and despite often running near monopoly businesses such as shipping these tend to run at a loss, do not contribute to Provincial revenue, and have contributed to accumulated Provincial debts.

Functions are divided into two categories as detailed in Schedules 3 and 4 of the Act. The functions listed in Schedule 3 are mostly matters of local concern and are delegated to each Provincial Government by the Act. They include minor local administrative matters such as licensing of local businesses, including bars and hotels, markets, fire protection and waste disposal. Provincial Governments were also responsible for the (now abolished) Area Councils. Schedule 3 includes functions in local shipping, including maintenance of harbours, roads and bridges. Some responsibilities for agriculture and fisheries are also devolved as is physical planning and codification of customary law regarding land use and fishing rights. Provincial Governments are responsible for control and use of river water, water pollution and provision of water supplies in rural areas.

Schedule 4 provides a further list of functions which may be devolved by mutual agreement between the Minister and the Provincial Assembly concerned. These expand on the basic functions in Schedule 3 but confer only minor powers in respect of roads, harbours, cocoa and copra licensing. The power to appoint special public holidays is devolved concurrently. The most significant powers conferred under Schedule 4 relate to forestry, where Provincial Governments are empowered to make regulations for improved administration of timber agreements approved by National Government in respect of customary land. They may also grant timber milling licenses and declare forest reserves in order to preserve water catchments. The status of Schedule 4 in respect of each Province is unclear, although it appears that most Provinces have had Functions of Schedule 4 devolved.

In Schedule 5, the Act distinguishes Provincial services from functions. Provincial Governments may not have direct responsibility for sectoral services and budgets even though the actual service delivery takes place within a Province. The Act allows Provincial Executives to provide or facilitate such services, apparently with some independence of the National Ministry responsible. This seems to envisage a much more comprehensive scale of devolution and makes it very difficult to achieve clarity of National and Provincial Government roles in respect of service delivery. The Act envisages "Agency Agreements" between a Premier and any public body which would allow functions to be discharged by one or the other party. It is not clear whether any Agency Agreements have been signed in this way or what Agreements may remain in force in each Province.

Provinces have ill-defined responsibilities from sector to sector. For example, in education, Provinces are responsible for returning teachers to their homes at the end of the school year. This is despite the fact that terms and conditions of service for teachers are a clear National Government responsibility. This inherited role perhaps derives from the Provincial responsibility for shipping but there does not seem to be a clear rationale for this. Education is particularly complex as a sector because Provinces may also act in their capacity as Education Authorities (as do churches and some private operators), which is independent of the Provincial Government Act. As an Education Authority, a Province is responsible for Provincial secondary schools and for disciplining teachers. Again, this role is not explicitly delineated in writing, or if it is, documents are not readily available. One Provincial education office⁴ was attempting to resolve these questions by getting National and Provincial Governments, education authorities and community representatives to discuss a new demarcation of responsibilities more in keeping with available resources.

The complexity of roles is also illustrated in rural water supply. This is a clear Provincial function under Schedule 3, yet execution of this function requires skilled staff from the Environmental Health Division. While some of these staff are directly employed by the Province, the direct staff are usually lower skilled employees who report to professional seconded staff from the Ministry of Health. Although seconded staff are technically under the Provincial Government, in practice, the Province relies on National Government staff to execute even basic functions.

⁴ Western Province

The role of Provinces in delivering rural water supply has been further eroded by funding cuts following the *tensions*, which have left Provinces without adequate funds to undertake these responsibilities. By default, this has fallen to donor projects such as CPRF, which utilises Environmental Health expertise in the delivery of rural water supply but otherwise bypasses Provincial Government, including previous mechanisms for cost sharing between communities and Provinces.

In addition, Provinces have certain basic responsibilities which are not clearly defined under the Act. For example, Provinces are able to own property and other assets, with very few legal constraints to their use or disposal. Provinces also set terms and conditions for direct employees (usually non- or semi- professional staff, such as nurse aides, who work under staff seconded from National Government who are subject to PSC conditions). Salaries of direct employees are paid from Provincial Service Grants, although recent financial constraints have forced National Government to take over the costs of direct staff in Health.

Relationships between National and Provincial politicians, administrators, direct staff, National Line Ministries and seconded national public servants overlap and are rarely defined clearly or consistently. Although very few actual functions have been devolved to Provincial Governments, they are still widely seen as responsible for all service delivery within their Provincial areas.

Decentralisation and Functions

International literature on decentralisation refers to three types of decentralisation⁵:

- *Fiscal decentralisation*: being the transfer of funds and/or revenue raising powers from higher to lower levels in political systems – which may include both administrative structures and elected bodies.
- *Administrative decentralisation (sometimes called deconcentration)*: being the transfer of administrative powers and usually personnel, from higher to lower levels in the political system.
- *Political/Democratic decentralisation (sometimes called devolution)*: being the transfer of resources – which include financial and administrative resources along with decision making and revenue raising powers from higher levels in the political system to elected bodies at the lower levels.

The arrangements in Solomon Islands could be described as political decentralisation through the Provincial Assemblies without the corresponding devolution of adequate powers, functions, staff, budgets and clear lines of accountability and adequate support and supervision from the National level. The regulatory framework has ended up being a mix between decentralised elections and very minimal devolved functions or budgets to the Provinces.

The extensive literature on decentralisation in developing countries suggests that for 'devolution to elected multi-purpose councils' to work well, there are the following essential and interdependent aspects:

- adequate powers must be devolved to lower levels;
- adequate resources (especially financial resources) must be devolved;

⁵ OECD. 2004. Lessons Learned on Donor Support to Decentralisation and Local Governance. DAC Evaluation Series.

- adequate capacity must be available to provide the devolved function;
- reliable methods of support and supervision need to be in place, and
- reliable mechanisms to ensure downward accountability must be created.

If any one of these three elements is absent, systems or initiatives will fail. If one or more are weak, then systems or initiatives will perform poorly" (Manor, 2002:20).

The devolved functions to the Provinces are minimal and without a service delivery orientation, which is reflected in the Provincial Service Grants and subsequent scant service delivery. In addition, the DPG&CD has multiple control/approval functions of the Provincial budgets. If the Provinces are moving towards devolved service delivery then the recurrent and capital budgets will also need to be devolved along with adequate powers and improved accountability measures in the future.

2.4 Department of Provincial Government and Constituency Development

Provincial Governments are dependent on National Government for funding and technical expertise. The DPG&CD has responsibility for oversight of Provincial Administration and provides core administrative staff such as the Provincial Secretary and Provincial Treasurer through secondment. Other core National Government Agencies such as Treasury, Planning and Public Service Commission (PSC) are accessed through DPG&CD. Until recently, all communication from the Provinces to National Line Ministries was supposed to be directed through DPG&CD.

Despite its central role in coordination and support of Provincial Governments, DPG&CD has limited capacity to undertake its mandate. This is due to inadequate staffing numbers and skills, lack of funds for travel and inadequate communications infrastructure and budget. Record-keeping is poor and not easy to access, with inconsistent or incomplete documentation of key documents such as Devolution Orders, Provincial Ordinances and Agency Agreements.

There is a need to build horizontal relationships between Provinces, however, there is no scope within the DPG&CD's budget to allow it to coordinate this type of activity. Provincial Secretaries are expected to report to the Undersecretary but there are no desk officers assigned to particular Provinces. Information sharing between the Provinces and DPG&CD is limited and frequently focused on seeking access to external funding, rather than proactive management.

The DPG&CD is responsible for Provincial elections, however, some elections are now a year overdue because funds have not been allocated to the department for that purpose. A significant part of the Department's recent workload has been overseeing the processes for moving towards Statehood. These include consultations on Constitutional reform. Again, SIG funding for this has not been adequate and the DPG&CD has had to rely on donors to execute its responsibilities in this area.

2.5 Relations with National Line Ministries

The Divisions of each Provincial Government are headed by professional staff who are seconded from National Line Ministries. Reporting lines for these staff are complex. Theoretically they report to the Provincial Secretary as the chief public servant in the Province but they also report back to the Line Ministry and may also be accountable to a Provincial Minister. This split of reporting is sometimes conceptualized as administrative, technical and policy but these relationships could not be described consistently and do not appear to be formally documented. The Provincial Secretary is responsible for disciplining public servants, however, the power to dismiss seconded staff is vested in the PSC, which can undermine local disciplinary measures.

In practice, most seconded staff regard themselves primarily as representatives of their National Line Ministry in the Province. They report only to their Ministry and usually only receive funding from National sources, sometimes directly, without going through the Provincial Treasurer and Provincial finance system. This intensifies in strongly centralised Ministries such as Health and Forestry. In less well-resourced National Ministries, seconded staff express a sense of abandonment and do not receive any supervision, communication nor resources from Honiara. In the case of Provincial Agriculture staff, priorities are set entirely according to the availability of funds, which in practice means working on donor-funded projects.

Communications between the Heads of Divisions and the Executive have completely broken down in some Provinces, often because of lack of professional respect. Some seconded staff do not have working relations with the Provincial Secretary and meetings of Heads of Divisions are not held regularly. Written reports are rare and sharing of information is very limited. Heads of Divisions do not produce work plans or regular reports.

Provinces have little involvement in development planning at the national level. This pattern is replicated in provincial relations with village communities. Provincial communications systems and transport infrastructure are a severe constraint to engaging in participatory processes.

2.6 Human Resources Development

Historically it has been difficult to attract highly qualified staff to work in Provincial Administrations and there is an enduring perception that Provincial staff are not as skilled as those at the National level. Housing and schooling issues are key deterrents for Honiara-based public servants. Seconded staff tend to be forgotten by their Line Ministries and there are no pathways for career development in the Provinces. DPG&CD has an unofficial policy of sending public servants back to their home Provinces, which is a sensible measure culturally and seems to suit many staff. However, the lack of incentives and accountability means that there is a perception that staff “retire” to Provinces to serve out the end of their public service careers with relatively few demands. Previously public servants were rotated through the Provinces on shorter term assignments, which probably increased the number of staff willing to work in Provinces.

Many Provinces have notional vacant posts which have not been filled for some time because of funding problems and lack of suitable applicants, sometimes in key posts even at the Provincial Secretary level. Responsibilities for these positions have often been delegated to other staff who act in unfamiliar positions without adequate training, supervision, resources, recompense or other acknowledgement of the additional workload. Because of PSC regulations, it is very difficult for even capable direct employees to be promoted to seconded positions, which undermines incentives for staff to act in these positions.

The crisis context in which Provincial Governments have been working has exacerbated pre-existing tendencies towards day to day operations without reference to strategic planning. As has been the case within National Government, some staff have been kept on the payroll without any funds for activities, creating a situation where staff are de-skilled and morale and initiative are drained. Human resource development has not been a priority in this context and neither Provincial Governments nor the Public Service Department have the scope to address staff skills development in a proactive way.

As is the case at the National level, Provincial administration is often characterised by poor leadership and decision-making skills and an overall lack of management expertise. This includes:

- human resource management and development;
- budget management;
- lack of training in Public Service requirements;
- lack of career paths;
- poor communication and information sharing;
- low standards of accountability;
- low morale, especially of professional seconded staff.

Cumulatively, these factors make staff more vulnerable to inappropriate political influence. There is evidence of a commitment to do the job well but an unclear sense of purpose or incentive and lack of support and supervision either from the Line Ministries or DPG&CD staff. Basic human resource tools such as work plans and job descriptions either do not exist or are out of date. Performance reviews are unknown, undermining the accountability of staff.

Many staff expressed discontent and, in some Provinces, some divisions were threatening strikes, due to the failure of Provincial Governments to meet basic staff entitlements, especially in relation to housing. Provinces must address the question of maintenance of housing stock as this is a crucial issue in relation to rebuilding staff morale and in some cases represents a health risk.

2.7 Operational Capacity

The operational constraints and challenges facing Provincial Governments are considerable. The geographic spread of population in Solomon Islands is a major constraint to effective service delivery and to economic development generally. The majority of Solomon Islanders are thought to live predominantly subsistence lives in small villages, many of which are very isolated and largely unserved by power, telecommunications and transport infrastructure. The costs of travel in Solomon Islands are very high, infrastructure is poorly maintained and transport services are not always reliable, placing a considerable constraint on cost-effective service delivery. Banking services are largely restricted to Provincial centres and for employees outside these centres, the cost of transport often exceeds the wages earned, making it even difficult to collect salary payments.

Communication with villages is similarly difficult, with some eighty distinct languages spoken throughout the country. Very low levels of literacy make it all but impossible to communicate effectively through print, as do limited postal services. Print communication is further limited by inadequate computer printing and photocopying facilities and maintenance. Telephones and email are not accessible to most of the population, leaving radio as the principal link between villages and government agencies, yet SIBC coverage is much more limited than officially claimed and some cash poor villages are not able to replace radios or batteries. Access to information beyond Provincial centres, is very limited and heavily dependent on church and other informal networks. With the abolition of Area Councils and the closure of many substations, the ability of Provincial Governments to communicate with villages has become severely restricted. Communication is becoming more politicized, as the role of Provincial Assembly Members in representing their constituents is now the last formal link between Provincial Governments and villages.

While the Provincial system has been struggling for some time, the social, political and financial impacts of the *tensions* have accelerated the decline of the effectiveness and credibility of Provincial Governments. This is illustrated in the payment of Provincial Service Grants. From 2001-2003 grants approved in the National Budget were not paid in full. The Department of Finance and Treasury was not able to disburse the approved budgets during this period. In 2002, the Provincial Service Grants were halved by National Government, leaving the Provinces without sufficient resources to attend to their core responsibilities. In this period some 50% of Provincial direct employees were made redundant. In 2004, grants are being paid regularly but still at levels less than half of what was paid in 2001. The legacy of financial instability over the past four years has left significant debt arrears for most Provinces. Although grants have been increased slightly from last year, they are still at a level where Provinces are not able to meet recurrent responsibilities.

At this time, responsibility for service delivery was further “recentralized” to National Government Line Ministries, partly because of donor accountability requirements in key service delivery agencies. While these decisions reflected the extraordinary circumstances of the National Ministry of Finance, an unintended consequence was to undermine the credibility and capacity of Provincial Governments as providers of essential services. Provincial substations were also closed at this time due to funding and staffing problems, further eroding links between Provincial Governments and their constituents.

Centralisation of functions, inadequate funding and human resource constraints have severely curtailed the operational capacity of Provincial Governments. Most Provincial Governments do little more than manage a payroll of direct employees who do not have sufficient recurrent funds to undertake activities. Nevertheless, Provincial Executives and Assemblies retain a role in advocating for the interests of the Province with National Government. Unfortunately there are few structured pathways for this to occur, so it tends to be effected through “wish list” applications for donor funding through the Department of National Reform and Planning, or through kinship links to National politicians or bureaucrats.

3.0 Financial Management

3.1 Regulatory Framework

The establishment and management of funds in each Province is governed by the Provincial Government Act 1997, specifically Part V: Finance. The Act clearly specifies that each Province shall have a Provincial Fund for its devolved functions and that the mechanism to appropriate the Fund is through a Financial Management Ordinance (FMO). The Provinces have to submit the FMO to the DPG&CD, through the Provincial Assembly, and the Minister has the authority to limit, suspend or cancel any expenditure upon notification to the Provincial Executive. There can be no payments out of the Provincial Fund except under the authority of a warrant given by the Premier or the Member of the Provincial Executive, responsible for finance. According to the Provinces the Premier has the authority to issue a viament or a notice to move funds from one budget line to another, however this is not mentioned in the Act.

The Act also describes the annual procedures for the preparation and approval for budget estimates concerning revenues and expenditures. Each Province prepares ordinances for the determination of each local revenue type and fees. These ordinances are agreed by the Assembly and final approval is provided by the DPG&CD.

Before the commencement of each financial year, the Provincial Executive presents the revenue and expenditure estimates as well as the sources of revenue and the purpose and scope of each expenditure item to the Assembly. Each financial year, the Provincial Executive prepares:

- accounts of sums paid by the executive,
- accounts of payments into and out of the Provincial Fund and
- the balance sheet of assets and liabilities.

The accounts are to be sent to the Auditor General annually. The Assembly is also meant to publish the accounts and auditor's reports. The Act also provides procedures for borrowing and lending of funds.

Comments on the application of the regulatory framework:

All Provinces visited during the study were able to explain the budget preparation and approval process as prescribed in the Act. All Provinces were also able to provide the 2004/05 budgets for the financial year beginning 1st April and ending 31 March 2005 with the exception of Guadalcanal⁶. In Western Province, as its Assembly has dissolved due to expired mandates and pending elections, the Executive has been in caretaker mode for some time, therefore it is not possible for them to pass ordinances and they are currently operating on quarterly budgets. Not all Provinces were able to provide the FMOs and the DPG&CD could not locate any Provincial FMOs on their files.

⁶ Guadalcanal province had its financial documentation and computers seized by the Auditor General the week the consultants visited.

There was no evidence of accounts either being sent to the Auditor General's Office on an annual basis, nor of audit reports or the publication of such documents. In many cases financial records are incomplete or have been destroyed over time. Some Provinces do not have a permanent Treasurer and internal audit positions were abolished some ten years ago.

The legality controls provided by the DPG&CD appear to function and the consultants were provided with examples of recent communications between the DPG&CD and the Provinces. However some observations on the quality and frequency of these communications indicate that they are:

- overburdened with official and bureaucratic language and formalities;
- extremely slow and unpredictable in terms of response/delivery time;
- reactionary and not proactive;
- subject to a high frequency of documents being misplaced;
- inefficient: multiple means of communication are used, due to no or slow responses. For example the range described was letters, phone calls, faxes and emails and even personal visits to meet designated officials in Honiara which typically took a week of travel time⁷.

Accountability measures:

No Province was able to describe regular reporting on finance or budgets. There is little to no reporting within the Province either to the Executive, Assembly, divisions or to the people, on budget and financial reporting. There have not been regular annual reports prepared and sent to the Assemblies and then to the Attorney General, as required in the Act. In addition, no Province was able to report regular auditing of the Provincial accounts and it would appear that regular auditing has not been undertaken for some 15-20 years. Western Province has commissioned an external auditor who has not yet completed the audit. All Provinces indicated that they want to be audited regularly particularly with an emphasis on continuous improvement of the financial management systems.

3.2 Accounting Systems

All Provinces are keeping a manual cash-book based accounts system. Even though all accounts and record keeping are performed manually, in three Provinces the Provincial Treasurers (PTs), had taught themselves how to use EXCEL and were recording all revenue and expenditures on a computer in spreadsheets— thus keeping double records. There was no evidence of double entry book-keeping, bank reconciliations or any relationship between the approved budget and actual expenditures. The expenditures are recorded by actual cost item or recurrent activities which can be tracked to a revenue code but not to an activity. There is no record of accumulated expenditures by activity. One Province indicated that they were reconciling the cash book with the bank statements on a monthly basis and had started that procedure this financial year. Two Provinces have produced monthly trial balance sheets this year and are sending these to the DPG&CD as requested.

⁷ The consultants found only one province (Makira Ulawa) where the PT had email connected and in use.

Unlike the National Financial Year, which follows the calendar year, the Provincial Financial Year is from 1 April to 31 March each year with no clear rationale for this difference.

Each Province generates its own chart of accounts for budgets, revenues and expenditures and these bear no relationship across Provinces or with the Provincial Service Grant codes or allocations as provided by the Department of Finance and Treasury (DFT). The DFT coded categories are: revenue sharing grant, productive resources grant, revenue sharing health workers grant, fixed services grant, road maintenance grant, special supplementary grant, town and country planning allowance and shipping, although only Guadalcanal and Makira-Ulawa Provinces have a code/grant for running of devolved vessels. These DFT categories may appear in the Provincial approved budget however they are not used in the day to day implementation of the budget and expenditures, which means that the DFT codes are ignored and the grants are spent on first come first served basis, with paying salaries the highest priority. There is no separation of recurrent and capital expenditures and in fact the total available funds are regarded as available for recurrent costs and in the main salaries and associated recurrent costs.

The consultants were shown the cash books, requisition orders and payment vouchers in each Province. Procedures for raising payments are standardised across Provinces and well understood. All the PTs interviewed were overwhelmed by the revenue/budget shortages, the stockpiles of payment vouchers and requisition orders waiting for pending payments. Each Province seems to have some system of prioritisation for pending expenditures, however, these are not consistent across Provinces nor is there a clear and transparent decision making process to deal with accumulated payment requests. A summary of the payment priorities are as follows:

- pay wages first – in most Provinces this is net and not gross pay therefore National Provident Fund (NPF) and income tax (internal revenue) are excluded thus accruing debt and interest for NPF
- payments associated with legal contracts and suppliers
- pay arrears such as NPF (and interest on NPF) and income tax.

Provinces seem to operate a type of petty cash system without agreed to procedures. Cashiers keep an arbitrary amount of cash in a cash box which is used for immediate cash needs/purchases on a daily basis. The source of funds for this cash facility is usually local revenue which has not been deposited into the Provincial consolidated bank account. A daily cash count was described and cash is stored in a strong room (if there is one), overnight. Provinces need to have access to cash for small daily and agreed to purchases, however, the system would benefit from transparent and accountable procedures for operating petty cash. All revenues need to be deposited into the Provincial bank account as deposits and then, if a petty cash system is operationalised, a cheque for petty cash against the agreed petty cash limit would be drawn from the consolidated account.

All Provinces visited have a bank account, either ANZ or NBSI, into which the Provincial Service Grants are deposited, however not all Provinces have a single consolidated account into which all revenues are deposited. All Provinces reported standard signatories to operate the certification and approval of payments and cheques books, (Provincial Secretary, Treasurer and Deputy Treasurer). However, there were anecdotal suggestions that in some Provinces, Premiers were operating cheque books under their own sole signature from the Provincial account. Some Provinces reported having additional bank accounts into which local revenues or in some instances logging royalties are paid.

There is a need to find out how many bank accounts each Province actually operates and to move towards one consolidated account for all revenues and expenditures. Central Province has an immediate need to have access to a bank or bank sub-branch as the bank was burnt down and all banking for the Province is done in Honiara.

Advances

All Provinces described providing advances to directly employed staff under certain circumstances. It was consistently reported that the PS can provide approval and then amounts will be deducted from salaries until the advance has been cleared. Procedurally all advances to staff are to be cleared before the end of each financial year and cannot be carried over into the next financial year. However, in practice this is not always the reality and there are some accumulated debts from advances which have not been cleared. Other advances have been made to teachers, mainly for travel, through one off imprest accounts, which have also not been cleared. These debts are also meant to be cleared before the end of the financial year however all Provinces reported that there had been debts accumulated for carried over and uncleared advances on salaries and teacher's imprest accounts. There will need to be a strategy in place which provides a procedures and conditions of imprest payments and advances as well as very clear information to staff on how these debts need to be cleared. There needs to be a declaration and enumeration of these uncleared advance debts and some procedure for clearing these from the books after a certain point in time.

3.3 Revenue: Provincial Service Grants⁸

The revenues potentially available for Provincial budgets are:

- Provincial Service Grants
- Locally raised revenues
- Indirect revenue in the form of salaries of seconded staff
- Revenues raised by sectors, for example school fees and health centre charges – (note that there was no example of any of these locally raised service type fees being deposited into the Provincial consolidated accounts).

Provincial Service Grants are the basic source of funds for expenditure in all Provinces. However, the grants are surrounded by a range of governance issues which raise high levels of unnecessary suspicion and distrust and are summarized as follows:

Accountability and transparency issues:

- There are no clearly defined and agreed to objectives for the grants. For example, it is not clear whether their purpose is to fund devolved functions and if so which functions/services or to act as equalizing or revenue sharing grants.
- The formula and process to determine the grant categories/amounts and the total grant is not known and cannot be explained by Provincial staff or the DPG&CD. The categories applied to the grant are not used in the Provincial

⁸ Refer to Annex Two for a summary of Provincial Service Grants 1993 -2004

budgets nor are these categories reflected in expenditures. The grants essentially are used for recurrent costs and in the first instance salaries absorb the highest proportion of the grants and overall expenditures.

- There is an absence of process and dialogue between DPGDC, DFT and all Provinces in the annual determination of grants and grant allocations.
- There is a dearth of reporting on the grant expenditures either within the Province, to the executive or assembly or divisions, from the Province to the people and from the Province to the National level.

Predictability issues:

Since RAMSI, efforts to improve budget stabilization have materialized, the Provincial Service Grants have been more predictable in 2004 and all Provinces reported the arrival of monthly installments for this year. However this has not been usual practice for many years. No Provincial Treasury staff were confident of the date grants would appear in the Provincial bank accounts. In all Provinces, staff described a series of numerous and frequent informal contacts with the National level, usually through professional or kinship ties, to seek information about when the grants would be released each month.

The actual amount paid to each Province is not predictable, nor is there a consistent formula used to determine the grants from year to year. Over the past ten years, Provincial Service Grants have fluctuated considerably, with the three largest Provinces now receiving significantly less than they were in 1994.

3.4 Other Revenue

Provinces are able to raise their own recurrent revenues and set the rates for these revenues. Typically these are: basic rates (head tax), business licenses, dog fees, liquor license, passenger levies, water supply tax and property tax on alienated land (usually in towns). Provinces are able to keep 100% of these revenues.

Looking at past records and estimates from this year, the Provinces typically collect 20-50%⁹ of these revenues compared with the budget predictions, thus, creating continuous budget shortfalls each year. Some other revenue such as school fees and village health clinic fees are collected locally and reported to be used for service provision but are not reported to the Province.

All Provinces reported difficulties with their local revenue collection and the general view is that it actually costs more to collect these taxes than the revenue yield. Business licenses for logging companies are a potential source of significant revenue, however, many Provinces reported difficulties in enforcing payment. Basic rate or head tax appears to be the most difficult to collect in rural areas and it was reported that people do not like paying this tax as they do not perceive that they receive any services in return. Provincial staff also reported that they did not have enough revenue collectors. Some Provinces were discussing using local revenue collectors based in villages, such as church youth groups and allowing these local collectors a share of the revenue.¹⁰

⁹ Note that 20 – 50% is the range the average is 25%. Makira and Isabel are the only provinces which will collect close to 50% of its estimated revenue this financial year.

¹⁰ One province was looking at a 60:40 sharing arrangement.

In Provincial budgets, local revenue collection is regularly over-estimated by as much as 80%, despite previous actual figures and recommendations from the DPG&CD Chief Accountant. This conceals the reality of large deficit budgets in some Provinces as well as the actual use of the Provincial Service Grants. Local revenues are a potential source of income for the Provinces for recurrent and capital expenditure, however any revenue raised is used solely for recurrent expenditure. The main issues in relation to local revenue are:

- Lack of data on actual local tax/revenue yields.
- Revenue collection difficulties which include: human resources, transport, access, capacity and training of revenue collectors, receipting, cash management and banking of local revenues and questions of who should collect revenue – private sector, civil servants or civil society?
- The costs of collecting the local revenue versus the actual yield. Most Provinces reported that it was not worth collecting taxes as the revenue did not cover the collection costs.
- Absence of a management or work plan for systematic revenue collection – the reports to the consultants demonstrated a reactionary collection of revenue rather than evidence of a planned ongoing activity.
- A lack of a sense of the role of the citizen and the state in terms of paying taxes/levies and the subsequent service delivery response from the Provincial Government.
- Appropriateness of current categories of local revenue – for example are these the right taxes?

Indirect revenue in the form of salaries of seconded National staff do not appear in the Provincial Budget, however, this is a considerable source of unaccountable revenue as well as being a cost to the Province in terms of ongoing recurrent expenditures for the staff, such as travel, housing and allowances.

Any revenues raised locally in sectors, for example, school fees, are not considered to be part of the Provincial revenue base and are thus not deposited into the Provincial accounts or bank account.

There is insufficient revenue in the Provinces to cover capital and recurrent costs related to any service delivery, expenditures exceed revenues and the bulk of expenditures are salaries.

3.5 Budget Process and Planning

Significant financial management issues lie in the budget process, including questions of preparation, execution, implementation/reporting and accountability. Provincial Budgets are not linked to a planning process or to staff work plans and activities, so the process of budget formulation is arbitrary and unpredictable from year to year. This inadequate foundation makes it impossible to implement or monitor budget outcomes. While Provinces are able to account for revenue and expenditure, the unreality of the budgets means that they are not in any way a useful accountability or management tool.

There is no relationship to the preparation of the annual budget and a planning process whether it be national, provincial or local planning. There is no horizontal dialogue in budget preparation across divisions with a whole Province multi-sectoral approach to programs and priorities, vulnerability, peace building or geographic priorities or attainment of outcomes. Each Division prepares budgets based on the previous year's allocations with no knowledge of an approved budget figure from DFT. The consultants saw no evidence of activity based budgeting, no knowledge of

actual unit costs of services or recurrent costs and no real budget monitoring and reporting. The Provinces prepare budgets using the following framework:

Revenue		Expenditure	
Recurrent	Capital	Recurrent	Capital

The budget was consistently described as a “dream” by Provincial staff. The total budget is not hedged in reality either in terms of recurrent and capital revenue or expenditure. Locally collected revenues are grossly overestimated and expenditures exceed revenues and budget estimates. In reality the highest proportion of expenditures is the payroll with very little left over, if any, for other recurrent costs let alone capital investments. However, in the approved budgets, the accumulated gross payrolls are estimated to be about 20% of the recurrent expenditures.

Capital revenue appears to be a fictitious budget category at the Provincial level. The bulk of capital revenue is donor funded and subsequent fund flows are often through parallel systems which bypass Provincial Administrations, as is the case with Education and Health capital budgets.

Because Provincial planning has been detached from policy, programs, outputs, activities and resources, “planning” has come to mean in practice, “submission of development proposals to donors”. Provincial Planning officers reported the bulk of their work in these terms. Systematic changes are required to reconnect budgets with reality and embed budget processes in actual programs, activities, decision-making and staff performance.

3.6 Debt and Asset Management

All Provinces visited indicated some level of accumulated debt which was reported to range from SBD \$100,000 to \$12 million. These figures may be understated. Some debt has been incurred as a direct result of reductions in Provincial Service Grants, which have left Provinces unable to meet payroll demands. Many Provinces have paid net salaries to staff but owe years of income tax and NPF arrears. Some Provinces have loaned money to Provincial Development Authorities, or Shipping Authorities and have little prospect of recovering the debt.

Under the Provincial Government Act, Provinces are required to hold an asset register and to be responsible for their assets. There was no evidence of an asset register, asset management policies and procedures, maintenance or depreciation of assets or equipment in any Province visited. If enumerated, asset management factors are likely to add to the overall debt in the Provinces. Overall, maintenance of Provincial housing is a big issue and will need to be addressed strategically in the near future. One Province has used Provincial housing as collateral for a loan to build more housing, indicating a disturbing lack of accountability in asset management.

4.0 Conclusions of the diagnostic study

The Study concluded that, there is a role for RAMSI and donor support working with the Solomon Islands Government to strengthen provincial governance. While the role of Provincial Government is contested and present capacity is very low, it is tempting for donors and others to think that services might be better delivered through strengthening National Line Ministries and so bypassing a layer of potential political interference from Provincial Assemblies and Executives. Yet the reality is that Solomon Islands has a two tier system of government and it is not possible to insulate National Government from what happens at the Provincial level. The Provincial layer of political representation does exist and, if it is not engaged in constructive dialogue on good governance, has the potential to become a disruptive influence in National political life, undermining national unity, peace-building and good governance initiatives elsewhere.

Provincial political leaders believe that a Federal system will be implemented soon however, all of them acknowledge that this will have to be a gradual process due to inadequate capacity of present Provincial staffing and systems. Whatever political changes may lie ahead, it is important to strengthen the existing structure, addressing the impact of the conflict on governance at the provincial level, or there is a high risk of transferring the current problems of Provincial Government into any new system.

4.1 Rebuilding Trust in Provincial Governments

The observation of a “*crisis of trust in government*” remains an accurate description of the current situation in regard to Provincial Governments. Confidence in all levels of government needs to be rebuilt as an urgent priority. The Study proposed a programmatic framework which will not only improve financial management systems but also ensure that some basic mandated services are provided. Without an integrated programmatic framework, technical assistance working on improving financial management systems, would only deliver improved payroll management as an outcome. Currently, the absence of a consistent programmatic framework for donor cooperation in relation to Provincial Government contributes to uncertainty and instability as various Solomon Islands Government agencies seek funding for Provincial initiatives on a project to project basis.

“There is a crisis of trust in government in Solomon Islands. The constitution and the electoral system have failed to produce clean, competent and stable executive government; the provincial system has failed to deliver decentralized power and effective government services to the majority of the people; the government has failed to ensure the maintenance of law and order with criminal elements operating freely without fear of prosecution; there is little commercial confidence and the ‘system’ has failed to restore security and prosperity”.

UNDP Human Development Report
2002:31

There are key factors to consider in rebuilding trust between tiers of government and the community. The first is to strengthen systems of accountability in order to restore the public transparency of the integrity of Provincial financial management and decision-making. The second key factor in re-establishing trust is building the capacity to regularly deliver a basic level of services. Together, these factors need to be guided by an agreed set of governance principles which can also provide a basis from which to reinvigorate political and bureaucratic leadership as well as engaging with civil society and informal governance systems.

4.2 Good Governance Principles

There is a clear need to have agreement between SIG and donors on a consistent set of governance principles such as participation, accountability, transparency and

predictability, which can provide the much needed framework for a programmatic approach to support the Provinces. Apart from Isabel Province¹¹, where good governance principles are being integrated into Provincial politics and informal governance systems and sustained efforts are being made to apply these principles in practice, there was no other evidence of the application of a set of principles which could guide work practices and lead reforms in Provinces. Over a long period of time, these factors have undermined the credibility and legitimacy of the system, with distrust between National and Provincial Governments, within Provincial Governments and even between Provincial Governments and their own people.

4.3 Improved Accountability Systems

Although the existing financial management system has its constraints, there are many highly skilled and dedicated staff in Provincial Administrations and within the DPG&CD who manage to keep the system working. There are financial management systems and procedures which are adhered to and monitored by the DPG&CD. The Study concluded that these systems need to be standardised and strengthened but there is an existing foundation of trained staff and existing systems on which to build.

National Government and donors have a key role to play in reform of systems and procedures. Reforms to human resources management, budget processes, Provincial Service Grants, financial management systems, computerisation, debt and asset management are currently beyond the scope of individual Provinces to address, even with external technical assistance. Donor programs are addressing similar challenges at National Government level, which creates the opportunity to integrate and extend these initiatives to include Provincial Governments. This would then create an environment conducive to successful technical assistance interventions at the Provincial level.

4.4 Capacity to Deliver

Essentially the Provinces have little to no means to deliver the small number of services which have been devolved to them. All Provinces visited are actually managing a recurrent budget with an emphasis on the payroll. The Provinces need to have their financial management systems improved and strengthened but they must also develop the capacity to deliver some services in order to build trust and accountability with their constituents. By way of example, the AusAID CPRF Program has been able to win the confidence of communities because of its capacity to deliver small projects in a predictable manner. This trust must be rebuilt between communities and Provincial Governments. This requires that Provincial Governments be given responsibility for activities and the funds needed to execute the minimal functions for which they already have a mandate.

¹¹ Note that since the study was undertaken, Guadalcanal Province has embarked on a project entitled 'The Way Ahead' which seeks to reintroduce good governance principles into provincial planning and administration.

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Annex Two - People met during diagnostic study

SOLOMON ISLANDS PROVINCIAL DIAGONISTIC STUDY

DATE	NAME	TITLE	LOCATION
29-Sep	Stefan Knollmayer	Program Officer Machinery of Government	Canberra AusAID
29-Sep	Blair Exell	Director Solomon Islands Program	Canberra AusAID
29-Sep	David Gower	Program Officer Community Programs	Canberra AusAID
29-Sep	Syed Sajjad Haider	Program Officer Community Programs	Canberra AusAID
29-Sep	Shireen Sandhu	Country Program Manager Solomon Islands	Canberra AusAID
29-Sep	Stephanie Lehoczky	Program Officer Economic Governance	Canberra AusAID
29-Sep	Fairlie Williams	Program Officer Economic Governance	Canberra AusAID
29-Sep	Nerida Dalton	Program Officer Law and Justice	Canberra AusAID
29-Sep	Peter Izzard	Program Officer Health and Scholarships	Canberra AusAID
29-Sep	Robert Stewart	Economics Adviser	Canberra AusAID
1-Oct	Alison Chartres	Dep. Development Coordinator AusAID RAMSI	Honiara
1-Oct	Tom Woods	VSA Legal Adviser Temotu province	Honiara
1-Oct	Anita Butler	Dep. High Commissioner Australia	Honiara
1-Oct	John Tuhaika	PS DPGCD	Honiara
1-Oct	Peter Duncan Jones	Economic Adviser RAMSI MOP	Honiara
1-Oct	Ed Vrkic	AusAID Policy Analyst and Planning Manager	Honiara
4-Oct	Donald Malasa	US Ministry of Education	Honiara
4-Oct	Peter Forau	PS Dept Home Affairs	Honiara
4-Oct	Luma Darcy	US Finance	Honiara
4-Oct	Ned Rokvic	RAMSI Accountant General	Honiara
4-Oct	Colin Johnson	US Finance	Honiara
4-Oct	Simon Atkinson	Senior Budget Officer	Honiara
4-Oct	Tony O'Dowd	RAMSI ERU	Honiara
4-Oct	Andrew Thomas	RAMSI ERU	Honiara
5-Oct	Julie Affleck	Dep High Commissioner New Zealand	Honiara
5-Oct	Brian Saunders	High Commissioner New Zealand	Honiara
5-Oct	Teriba Tabe	Administration and Finance, Team Leader, UNDP	Honiara
5-Oct	Paul Barker	EU	Honiara
5-Oct	Henry Prankerd	Charge d'Affaires, EU	Honiara
5-Oct	Trevor Donald	Honiara City Council Financial Adviser	Honiara
5-Oct	Nick Constantine	ABV Representative	Honiara
6-Oct	Dan Raymond	ATL Forestry project	Honiara
6-Oct	Rob Kennedy	Finance Advisor Health project	Honiara
6-Oct	Rob Little	ATL Lands project	Honiara
6-Oct	Oswald Ramo	Deputy PS	Malaita
6-Oct	George Walaka	Local govt Employee	Malaita
6-Oct	Ganeta Filiramo	Lands Ministry physical planner	Malaita
6-Oct	Jack Siwainao	Ministry of Health health inspector	Malaita
6-Oct	Bruce Gilikson	VSA Finance and Planning Adviser	Malaita
6-Oct	Joe Mata	Deputy Treasurer	Malaita
6-Oct	John Wate	Chief Education Officer	Malaita
6-Oct	Stephen Danitovea	Provincial Minister of Planning	Malaita
6-Oct	Ridley Sira	Provincial Minister of Education	Malaita
6-Oct	Meffrey Awao	DPGCD Planning Directorate (Accompany mission)	Malaita
6-Oct	Samson Rihuoha	Program Officer AusAID (accompany mission)	Malaita
7-Oct	Oswald Ramo	Deputy PS	Malaita Auki
7-Oct	Ganeta Filiramo	Lands Ministry	Malaita Auki
7-Oct	Ben Toala	Police Officer Maluú ú sub station	Maluú
7-Oct	John Faleka	Agriculture Officer Maluú ú sub station	Maluú
7-Oct	James	Environmental health Maluú ú sub station	Maluú
7-Oct	David	Education officer Maluú ú sub station	Maluú

7-Oct	Henry Kwainara	Malaria officer Maluú ú sub station	Maluú
7-Oct	Rose Maerili	Police (PPF)	Maluú
7-Oct	Margaret Rose	Civil society women's group	Maluú
7-Oct	Roslyn	Civil society women's group	Maluú
7-Oct	Jeremy Raramo	Teacher Maluú Community High School	Maluú
7-Oct	Penuel Idusulia	Teacher Maluú Community High School	Maluú
7-Oct	Walter Rilifia	Retired police officer	Maluú
8-Oct	Joy Maefilia	CPRF Prov Coord	Malaíta Auki
8-Oct	Ellen Kanatolea	CPRF Maluú Office Coord	Malaíta Auki
8-Oct	Lucien Konata	CPRF Maluú Project Coord	Malaíta Auki
8-Oct	Thomas Ifuimae	CPRF East Mailita Project Coord	Malaíta Auki
8-Oct	Paul Harohou	CPRF Southern Project Coord	Malaíta Auki
10-Oct	Frank Peter	DPGCD Information Directorate (Accompany mission)	Central Province
11-Oct	Godfrey Narasia	CPRF	Central Province
11-Oct	George Pego	Primary health care and training	Central Province
11-Oct	Dr Charles Sulu	Director of health	Central Province
11-Oct	Peter Mau	Chief Nurse	Central Province
11-Oct	John Noro	Malaria Division	Central Province
11-Oct	Ben Ridley	Health Promotion Officer	Central Province
12-Oct	Eddie Hori	A/g Agriculture Chief	Central Province
12-Oct	Fred Tuse	Agriculture Field Officer	Central Province
12-Oct	Patrick Vasuni	Deputy Premier	Central Province
12-Oct	Lionel Elota	Provincial Treasurer	Central Province
12-Oct	Robert Kande	Minister Agriculture and Lands	Central Province
12-Oct	Gordon Vure	Accounts division PT	Central Province
12-Oct	Hon. Mark Kemakeza	Premier	Central Province
12-Oct	Kathryn Walker	Coord RAMSI	Honiara
12-Oct	Judi Pattison	CPRF ATL	Honiara
12-Oct	Rob Brunette	CPRF logistics/implementation advisor	Honiara
12-Oct	Val Stanley	CPRF	Honiara
12-Oct	Allan McGibbon	VSA Guadalcanal Development Authority	Honiara
13-Oct	Henry Tobani	CPRF Coordinator Guadalcanal Province	Honiara
13-Oct	Waeta Ben Tabusasi	Premier Guadalcanal Province	Honiara
13-Oct	John Saunana	DPGCD US (accompany mission to Makira)	Honiara
15-Oct	Richard Harris	VSA Management adviser Qanaku Dev Company	Makira
15-Oct	Sam Faga	Finance manager, QDC	Makira
15-Oct	Daniel Nahusu	Deputy Premier	Makira
15-Oct	Andrew Nanuoha	Provincial Secretary	Makira
15-Oct	Patrick Taorao	Provincial Treasurer	Makira
15-Oct	Albert Toata	Physical Planner	Makira
15-Oct	Hunter Masuguria	Planning Senior Officer	Makira
15-Oct	Deidre Brooks	VSA Legal adviser	Makira
19-Oct	Luma Darcy	US Finance	Honiara
19-Oct	Clement Base	Premier Western Province	Western
19-Oct	Nicely Pule	PS Western Province	Western
19-Oct	Andrew Duncan	Engineer, Works Division	Western
19-Oct	Mark Kale	Director Works Western Province	Western
19-Oct	Joshua Simbe	Treasurer Western Province	Western
19-Oct	Steffen Knollmayer	AusAID Canberra (accompany mission)	Western
19-Oct	Alan Agassi	DPGCD (accompany mission)	Western
19-Oct	Ezekiel Padakana	Chief Education Officer	Western
19-Oct	Dr Matthew Wright	Director, Provincial Health Services (AVI)	Western
19-Oct	Mini Blythman	Nurse, Gizo Hospital (AVI)	Western
20-Oct	Kerry Kennedy	Civil society meeting	Western
20-Oct	Rolance Hilly	Civil society meeting	Western
20-Oct	Jonathon Bako	Civil society meeting	Western

20-Oct	Iodine Panasasa	Civil society meeting	Western
20-Oct	Mike Hammer	Civil society meeting	Western
22-Oct	Ali Tuhanuku	UNDP Program Portfolio Manager	Honiara
22-Oct	Bill Pryor	Project Coordinator- Isabel, UNDP	Honiara
22-Oct	Mary-Louise O'Callaghan	Journalist	Honiara
23-Oct	Ross Cassells	Field Representative (Pacific), VSA	Honiara
23-Oct	James Kurubangara Habu	Premier	Isabel
23-Oct	Eddie Ene	PS	Isabel
23-Oct	Patteson Devi	PT	Isabel
23-Oct	John Mark	Senior Planning Officer	Isabel
23-Oct	Bishop Sir Dudley Tuti	Paramount Chief	Isabel
23-Oct	Bishop Richard Naramana	Bishop of Ysabel	Isabel
23-Oct	Dulcie Tozaka	ERU (accompany mission)	Isabel
24-Oct	Henry Marau	UNDP	Isabel
25-Oct	Daniel Kaituú	Chief Accountant DPGCD	Honiara