



Strongim Bisnis Program (Phase 2)

FINAL EVALUATION REPORT

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Front Cover: Youth Wall at Dreamcast Art Hub (youth organisation; Strongim Bisnis partner, Honiara)

Front Cover Image: Kim Vesely



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ACRONYMS

Acronym	Description
ADB	Asian Development Bank
ASI	Adam Smith International Australia Pty Ltd
ASIP-Gov	Australia-Solomon Islands Partnership in Governance
AUD	Australian Dollar
DFAT	Department of Foreign Affairs and Trade
EOPO	End of Program Outcome
FGD	Focus group discussion
FTE	Full time equivalent
GBV	Gender based violence
GEDSI	Gender equality, disability and social inclusion
KEQ	Key Evaluation Question
KFPL	Kolombangara Forest Products Limited
KII	Key informant interview
KPSI	Kokonut Pacific Solomon Islands
MAL	Ministry of Agriculture and Livestock
MCILI	Ministry of Commerce, Industry, Labour, and Immigration
MCT	Ministry of Culture and Tourism
M&E	Monitoring and Evaluation
MECDM	Ministry of Environment, Climate Change, Disaster Management and Meteorology
MRM	Monitoring and Results Measurement
MSD	Market Systems Development
MSME	Micro and Small-Medium Enterprises
MWYCFA	Ministry of Women, Youth, Children and Family Affairs
NWGDA	North West Guadalcanal Development Association
PALM	Pacific-Australia Labour Mobility
PDEP	Pacific Digital Economy Program
PHAMA Plus	Pacific Horticultural and Agricultural Market Access (Plus)
PSDI	Private Sector Development Initiative
PSE	Private sector engagement
PWD	People living with a disability
SAP	Strategic Advisory Panel
SB	Strongim Bisnis
SIG	Solomon Islands Government
SIWIBA	Solomon Islands Women in Business Association
SICCI	Solomon Islands Chamber of Commerce and Industry
SIIP	Solomon Islands Infrastructure Program
SolTuna	Solomon Islands Tuna
UNCDF	United Nations Capital Development Fund
VfM	Value for money
WARA	West 'Are'Are Rokotanikeni Association
WEE/SI	Women's Economic Empowerment / Social Inclusion (SB portfolio)
YECSI	Young Entrepreneurs Council Solomon Islands

EXECUTIVE SUMMARY

INTRODUCTION AND CONTEXT

Strongim Bisnis (AUD32 million, 2017-23) is **Australia's private sector development flagship in Solomon Islands**, supporting the core economic objectives of Australia's bilateral development partnership. Phase 2 began in January 2021 and will end in June 2023. This independent evaluation assesses program performance in Phase 2 and presents implications for the Phase 3 design refresh.

Strongim Bisnis now has 44 active partnerships in seven sectors: cocoa, coconut, tourism, timber, horticulture, waste management and financial services; plus targeted women's economic empowerment and social inclusion (WEE/SI) initiatives outside those sectors. Most partners are private entrepreneurs; a few are Solomon Islands Government (SIG) agencies or community groups.

Strongim Bisnis Phase 2 has **three End of Program Outcomes (EOPOs)**:

EOPO1: *Private sector enterprises have demonstrated potential for: increased productivity; greater resilience; better risk management; increased income earning opportunities and access to higher value markets; increased efficient use of assets and labour; and use of new business models that promote increased employment, income, and trade.*

EOPO2: *The private sector and government have worked together to increase opportunities for trade and investment, and form partnerships that encourage business growth and accelerated changes in business practices which result in a more favourable investment climate.*

EOPO3: *Women, youth and people living with disabilities have improved economic empowerment, measured by their participation in EOPOs 1 and 2 above, and demonstrated success of specific social inclusion measures.*

The program operates within a challenging context. Solomon Islands ranked 136 of 190 countries on the Ease of Doing Business index in 2020.¹ Electricity costs are extremely high and coverage is limited. Businesses also face high fuel prices, geographic dispersion and remoteness, poor transport and internet connectivity, inadequate financial and government services, low education levels, and frequent natural disasters. **COVID-19 and civil unrest** compounded the challenges. However, construction for the 2023 Pacific Games is providing an economic boost, and labour migration is opening up new opportunities.

Four key evaluation questions (KEQs) guided this assessment. The evaluation team reviewed many program documents and interrogated data from the program's Monitoring and Results Measurement (MRM) system. The team also spent 15 days in-country, meeting stakeholders in Guadalcanal and Western Provinces including Australian High Commission (DFAT) officers, Strongim Bisnis staff, senior SIG representatives and about three-quarters of current Strongim Bisnis partners.

FINDINGS

KEQ1: TO WHAT EXTENT WERE STRONGIM BISNIS PHASE 2 END OF PROGRAM OUTCOMES (EOPO'S) ACHIEVED?

EOPO1: Private sector enterprises have demonstrated potential...

The program achieved positive results across all 17 EOPO1 indicators. During Phase 2 the **income** of nearly 500 households and small enterprises increased by a total of over AUD435,000. Strongim Bisnis interventions **leveraged** over AUD1.12 million, sales of **value-added products** increased by nearly AUD1 million, and **exports** valued at over AUD340,000 were facilitated. Despite the closure of international

¹ World Bank Group (2020), Doing Business: Economy Profile Solomon Islands ([SLB.pdf \(doingbusiness.org\)](https://www.doingbusiness.org))

borders, tourism sector interventions were able to tap the hitherto neglected **domestic tourism market**, helping save jobs and enabling over 1100 visitors to tourist sites over the two-year period.

Setting realistic annual targets has been challenging. Some targets were exceeded while others were not met. Overall, it has proven easier to meet expectations for **output indicators** – such as delivery of capacity building, communications and events – than for more complex intermediate outcomes such as **adoption of improved business practices**. Nevertheless, the strong showing on **value addition**, derived primarily from the coconut, tourism, timber and cocoa sectors, is an important measure of success for Strongim Bisnis.

Consultations with private sector partners revealed positive outcomes in terms of actual or expected increases in **productivity, income, market access** and **resilience**. Strongim Bisnis support has enabled some businesses to **process and/or sell new products into new markets, trial risky new initiatives**, and **develop or expand economically viable out-grower and aggregator models**.

EPO2: Private sector/government collaboration to improve investment climate

Most EPO2 indicators are at output level, making progress somewhat challenging to assess in quantitative terms. **Three ‘new or reformed laws, regulations, policies, and/or procedures’ were initiated** during Phase 2 but it is too early to determine whether improvements in the investment climate will result.

The two current national government partnerships have focused on **critical market system blockages** in tourism and waste management. Strongim Bisnis has also engaged at **sub-national** levels to help progress some private sector partnerships, and private sector partners provided practical reinforcement for the SIG COVID-19 vaccination campaign. However, consultations confirmed that Strongim Bisnis has had **mixed success** in fostering effective public/private engagement to improve the business environment.

EPO3: Economic empowerment and social inclusion

The program’s twin-track GEDSI approach has been effective in achieving EPO3, particularly for women and youth. Eleven new WEE/SI partnerships were developed in Phase 2, enhancing sectoral efforts.

In Phase 2 the program contributed to ‘improved access to higher economic opportunities’ for over 600 businesses owned by women, youth, or people living with disabilities. Around 15 per cent of these related to the WEE/SI portfolio. The program also supported nearly 400 women to **access new products and services**, with around one-quarter of results attributable to the WEE/SI portfolio. Of the total 238 households and enterprises recording **adoption of improved business practices**, 49 were the result of targeted WEE/SI interventions. During Phase 2, a total of 117 new full-time equivalent (FTE) **jobs** were created or maintained, the majority of which benefited women (48) and youth (75).

The MRM data show only modest results to date for **people living with disabilities**. No new jobs have been created for this target group since the program’s inception. Phase 2 capacity building activities reached 881 women and 321 youth, but just 13 people with disabilities. Similarly, only eight of the WEE/SI entrepreneur cohort who experienced ‘improved access to higher economic opportunities’ were identified as living with a disability. However, it is worth noting that disability-focused partnerships are relatively new, and these numbers may be under-reported. Even partnerships known to explicitly support disability-related outcomes have reported zero or minimal results against disability-related indicators so far in Phase 2 (see also KEQ2).

Unintended impacts

Rapid reorientation of Strongim Bisnis’ tourism sector support in response to COVID-19 border restrictions **helped catalyse a nascent domestic tourism market**. The domestic market now accounts for 50 per cent of Solomon Airlines’ income, compared to 10 per cent pre-COVID.

A partnership to promote organic fertiliser has indirectly generated ambitions to produce livestock feed. The partner has found that producing and selling organic fertiliser may not be viable, but he observes significant market demand for livestock feed and an opportunity to produce high-quality local silage.

Program support to women's businesses has linked women in rural villages with external markets for their produce and handicrafts and **highlighted the value of being 'productive in place'**. Increased youth agency is leading to instances of **countercultural change** – specifically, resistance to church demands for a share of revenues from a youth-run enterprise supported by Strongim Bisnis. The new childcare centre supported by Strongim Bisnis at SolTuna is freeing up working mothers' time, leading them to consider further study or upskilling to increase future income.

Coherence with Australia's development objectives

Strongim Bisnis has proven itself as a **flexible, nimble mechanism** for responding to emerging priorities such as COVID response and recovery, and promoting the broader objectives of the Australia-Solomon Islands bilateral relationship. Program interventions during the pandemic helped critical market players survive, and on-going partnerships have potential to generate significant economic and social impact. Further opportunities exist to complement other initiatives under Australia's development partnership.

Value for Money (VfM)

Strongim Bisnis has not routinely reported against explicit VfM indicators to date, although VfM considerations do inform operational decisions. A recently-commissioned VfM report could inform development of an explicit VfM framework for Phase 3, that would help **systematise and strengthen VfM analysis for both adaptive management and accountability purposes**.

Across the two years of Phase 2, staffing and support costs accounted for around 47 per cent of total expenditure, operational costs 7 per cent, and program costs 45 per cent. This compares favourably with Phase 1, when program expenditure was just 36 per cent of total spending.

Indicative VfM calculations highlight the costs of working in a difficult private sector environment and pursuing inclusivity objectives as well as economic benefits. During Phase 2, total spend per 'household or small enterprise benefitting from additional income increase' was close to AUD15,000, and it cost AUD17 to generate each dollar of net additional income for those beneficiaries. Total spend per job created was nearly AUD63,000. Strongim Bisnis' AUD3.58m direct partnership investments in Phase 2 have leveraged financial and in-kind contributions of AUD1.12m from private sector partners – a ratio of about 3:1.

Related to VfM, is adherence to private sector engagement principles. Consultations confirmed that partners would not have been able to fund the interventions themselves, at least not in the near future (**additionality**). The **minimal concessionality** principle is more difficult to assess, partly due to a lack of clear expectations or requirements around cost-sharing. **Fairness** and **neutrality** are of concern to some stakeholders, relating to **transparency** issues discussed further below.

KEQ2: TO WHAT EXTENT DID STRONGIM BISNIS DELIVER OUTCOMES FOR WOMEN, YOUTH AND PEOPLE LIVING WITH DISABILITIES?

The Strongim Bisnis Gender and Inclusion Action Plan (2021) sets out a clear strategy for applying a twin track approach based on private sector engagement (PSE) and gender equality principles. Good progress was made in Phase 2 in supporting economic empowerment and social inclusion for women and youth, as outlined under KEQ1 (EOPO3). Partners recognise and appreciate the program's efforts to reach and support marginalised groups, and some businesses have sought opportunities to improve inclusiveness.

Sectoral (value chain) initiatives achieved greater outreach for women and youth than GEDSI specific interventions, demonstrating the success of mainstreaming. Around one-quarter of current partnerships are in the standalone WEE/SI portfolio, and on most indicators, the WEE/SI interventions accounted for one-quarter or less of the total Phase 2 results. The exception is in capacity building, where WEE/SI activities accounted for 35% of reach for women, 43% for youth and 100% for people living with a disability. Stakeholder consultations highlighted particular benefits for **youth** during Phase 2, including capacity building and job creation, with impacts reported across various target sectors and reaching outer provinces.

While the *quantitative* results for **people living with disability** are limited at this point, *qualitative* sources point to strong results through deliberate efforts to achieve transformative outcomes. Partnerships such as B-17 (in the tourism sector), San Isidro Care Centre and Pasifiki HR are especially noteworthy. More broadly, the program has been effectively using its profile and funding to demonstrate and support disability inclusion in Solomon Islands, for instance through social media, public events and cross-partner collaborations.

KEQ3: HOW WAS THE PROGRAM VIEWED BY STAKEHOLDERS IN SOLOMON ISLANDS?

Strongim Bisnis is overwhelmingly viewed positively. In particular, the program's support to the tourism industry during the COVID-19 period was described as 'excellent'. **Government** representatives expressed 'high respect' and view the program as a strong partner. **Business partners** are satisfied and praised program staff. **End beneficiaries** expressed gratitude for indirect program impacts on income-earning opportunities. However, while Strongim Bisnis is well known and well regarded across the **established Honiara business community**, it is **far less well known in rural areas and in other provinces**.

Many stakeholders also had concerns and/or suggestions for improvement. While many praised Strongim Bisnis' social media presence, there was strong consensus that **further information flow and transparency** was needed to reduce risks of confusion. For example, partnerships with large companies sit uneasily against the common perception that Strongim Bisnis is intended to support (especially women-led) micro-enterprises and SMEs. A lack of information on program eligibility and selection criteria was leading to instances of jealousy and a sense of unequal opportunity. **Government** stakeholders also sought more information on how investment decisions are made and requested more frequent implementation updates. Several business partners commented that **procurement processes** were burdensome or very slow.

KEQ4: PRACTICAL RECOMMENDATIONS FOR THE REFRESHED DESIGN

- 1) The evaluation team's consultations and assessment of progress in Phase 2 lead to the following recommendations regarding elements of the existing program that should be **maintained**.
 - a. **Most elements of the existing program should be maintained into Phase 3.** Strongim Bisnis has built long-term relationships and trust, established a solid reputation and 'brand' and performed reasonably well despite very difficult circumstances.
 - b. **A flexible and adaptive approach** should remain a core feature in Phase 3.
 - c. **The program should continue to be guided by core MSD principles**, while continuing pragmatic adaptations to the local context.
 - d. **Economic and social inclusion criteria should remain paramount** in identifying partners and interventions, while acknowledging valuable side-benefits such as environmental improvement.
 - e. **Most of Strongim Bisnis' current sectors remain appropriate** but should be regularly reviewed. The Financial Services sector could benefit from a fresh approach.

- f. **Strongim Bisnis should retain its twin-track approach to GEDSI**, which is delivering strong results particularly for **women** and **youth**. Building on achievements to date, program outcomes for **people living with disabilities** could be strengthened through new partnerships, continued support for relevant events and collaborations, and improved access and inclusion in its own workplace.
 - g. **Strongim Bisnis Phase 3 will inevitably retain its heaviest footprint in and near Honiara**, but should seek cost-efficient opportunities to expand its direct and indirect geographic reach.
 - h. **The program should continue to promote both export and domestic markets.**
 - i. **Collaboration with other development partners and programs remains essential.**
- 2) The Design Refresh for Phase 3 is an opportunity to acknowledge and build on the considerable adaptation and evolution of the program during Phase 2, and ensure Strongim Bisnis remains fit for purpose. The evaluation team recommends the following **changes or improvements**:
- a. **Program communications need further attention.** Good use is made of social and news media but additional messaging is needed around what Strongim Bisnis does, why, how and with whom. In particular, the rationale for supporting businesses of different sizes needs better articulation.
 - b. SIG stakeholders would welcome **brief quarterly updates** to improve visibility and avoid overlap.
 - c. **A clearer narrative can now be developed for each sector.** Short sector briefs would serve multiple purposes including information flow to SIG agencies and outreach to potential partners.
 - d. **Greater transparency and clarity around decision-making criteria** is important both for accountability and to minimise negative perceptions around favouritism or lack of fairness.
 - e. The program must ensure adherence to the core PSE guiding principles of **additionality, fairness and transparency**, drawing on recent DFAT guidance.
 - f. **Market system assessments** for current sectors should be **revisited** early in Phase 3, giving particular attention to opportunities to increase **job creation** outcomes.
 - g. Opportunities arising from **temporary labour migration programs** should be explored.
 - h. **Financial services (or business skills development) should be cross-cutting** rather than a standalone sector. Closer collaboration with the Australian-funded **Pacific Digital Economy Program (PDEP)** delivered by UNCDF could be more effective than independent financial services interventions.
 - i. Further opportunities to harness **digital technology should be explored.**
 - j. **Construction warrants further consideration** as an additional Strongim Bisnis sector, given its rapid recent expansion and DFAT's concurrent funding of infrastructure investments. Additional **disability-focused partnerships** would strengthen the program's inclusion portfolio. Informants also suggested **livestock** and small-scale **fishing** as further 'growth' and/or 'inclusion' opportunities.
 - k. The design refresh should craft a **simpler set of EOPOs** linked to an **updated program logic.**
 - l. **VfM reporting arrangements** for Phase 3 should be agreed, building on recent preparatory work.

INTRODUCTION AND CONTEXT

Private sector resilience, open markets and supply chains, improved livelihoods and inclusive growth are core objectives under Australia's development partnership with the Solomon Islands². Strongim Bisnis (AUD32 million, 2017-23), managed by Adam Smith International (ASI), is Australia's flagship private sector development program. Phase 2 began in January 2021 following a design refresh, and is due for completion in June 2023. DFAT commissioned this evaluation in parallel with procurement for Phase 3.

This independent evaluation has two primary purposes: (a) assessing the program's performance in Phase 2 and (b) generating lessons to inform the Phase 3 design refresh that will be an early task of the incoming managing contractor. Terms of reference for the evaluation are in [Annex 1](#).

Strongim Bisnis works across key market sectors to foster inclusive economic growth and employment opportunities, and improve rural and peri-urban livelihoods. It was originally designed as a market systems development (MSD) program and continues to be guided by MSD principles. However, increasing flexibility has been applied during Phase 2 in response to local operating conditions.

The Strongim Bisnis program logic is in [Annex 2](#). Phase 2 has **three End of Program Outcomes (EOPOs)**:

EOPO1: *Private sector enterprises have demonstrated potential for: increased productivity; greater resilience; better risk management; increased income earning opportunities and access to higher value markets; increased efficient use of assets and labour; and use of new business models that promote increased employment, income, and trade.*

EOPO2: *The private sector and government have worked together to increase opportunities for trade and investment, and form partnerships that encourage business growth and accelerated changes in business practices which result in a more favourable investment climate.*

EOPO3: *Women, youth and people living with disabilities have improved economic empowerment, measured by their participation in EOPOs 1 and 2 above, and demonstrated success of specific social inclusion measures.*

In its first phase, Strongim Bisnis focused on the **cocoa, coconut and tourism sectors**. Following an independent review in 2019, the second phase was expanded to also cover **financial services, timber, horticulture** (Guadalcanal) and **waste management**, as well as targeted **women's economic empowerment and social inclusion (WEE/SI)** initiatives outside those sectors. Strongim Bisnis currently has 44 active partnerships, mostly in Guadalcanal but with a few in Western and Central Provinces ([Annex 3](#)). Most partners are private entrepreneurs; a few are government agencies or community groups.

Strongim Bisnis operates within a challenging context. Despite positive policy intent³ and on-going government and development partner efforts to improve the business landscape, in 2020 the Solomon Islands was ranked at 136 of 190 countries on the Ease of Doing Business index.⁴ **Electricity** costs are among the highest in the world and coverage is limited outside urban areas. Businesses also contend with high **fuel** prices, geographic **remoteness**, dispersed populations, poor transport and internet **connectivity**, and inadequate banking, financial and government **services**. Low national literacy and numeracy rates and limited **skills** development affect entrepreneurship and business growth. **Water** supply is lacking in many areas, and **natural shocks** such as cyclones, earthquakes and tsunamis also cause significant disruption. **COVID-19** added a further significant challenge, as did **civil unrest** in late 2021. Most international Strongim Bisnis staff operated remotely for much of Phase 2. The Government's COVID response, supported by development partners including Australia, mitigated economic impacts to some extent, but recovery is slow.

² Source: DFAT. (2020). Partnerships for Recovery: Australia's COVID-19 Development Response 'Solomon Islands COVID-19 Development Plan'.

³ As articulated for instance in the National E-Commerce Strategy, National Development Strategy, SME (Small Medium Enterprise) Policy and Strategy, Agriculture Sector Growth Strategy, and Investment Plan

⁴ <https://archive.doingbusiness.org/content/dam/doingBusiness/country/s/solomon-islands/SLB.pdf>. Calculation of this index has since been discontinued.

Construction activities for the Pacific Games in November 2023 are providing a short-term economic boost.
Temporary labour migration to Australia and New Zealand is expanding in economic importance.

APPROACH AND METHODOLOGY

KEY EVALUATION QUESTIONS

This end-of-program evaluation focuses on the four key evaluation questions (KEQs) shown in Table 1.

Table 1: Key evaluation questions

Key Evaluation Questions	Sub-questions
1. To what extent were Strongim Bisnis Phase 2 End of Program Outcomes (EOPOs) achieved?	1.1. To what extent were intended EOPOs achieved? 1.2. Did the program achieve impacts beyond those articulated as intended outcomes. If so, what were those impacts? 1.3. Did the program effectively support Australia's broader objective to promote Solomon Islands COVID-19 economic response and recovery, private sector resilience, open markets and supply chains, improved livelihoods, and inclusive growth? 1.4. Was the program value for money for the Australian Government?
2. To what extent did Strongim Bisnis deliver outcomes for women, youth and people living with disabilities?	2.1. Were any approaches used by the program <u>more effective</u> than others at delivering results for women, youth or people living with disabilities?
3. How was the program viewed by stakeholders in Solomon Islands? (including the SIG, recipients of program funds, other sector stakeholders)	3.1. Which elements were regarded as successful and why?
4. Outline practical recommendations for the refreshed Strongim Bisnis program design team, on:	4.1. Which elements of the existing program should be maintained and why? 4.2. How elements of the existing program should be changed and why.

METHODOLOGY

The evaluation draws on both quantitative and qualitative methods to enable triangulation of findings. The team reviewed over 50 program-related reports and other documents, mostly focusing on the period 2020 to 2023. Detailed spreadsheets from the Monitoring and Results Measurement (MRM) system provided the primary data source for the quantitative assessments of KEQ1.

Key stakeholder categories identified during the inception phase included DFAT, the Strongim Bisnis team, program partners and beneficiaries, Solomon Island Government (SIG) agencies, civil society organisations and development partners/programs. The evaluation team purposively selected an indicative short-list of 24 partners for interview from the program's current partnership spreadsheet, including at least one from each sector and with high and low-value partners in various locations (see also Tables A3.1 and A3.2).

The evaluation team⁵ then spent 15 days in-country in February 2023, consulting with stakeholders and observing business operations in Guadalcanal (Honiara and coastal locations to the east and west), and Western Province (Gizo, Kolombangara, Munda and Noro). The team split in two to maximise coverage, and progressively expanded the consultation list based on emerging points of difference and expected value-add. Stakeholders interviewed during the mission included Australian High Commission (DFAT) officers, Strongim Bisnis staff, senior SIG representatives and about three-quarters (32) of current Strongim Bisnis partners, covering all Strongim Bisnis target sectors and representing varying levels of financial investment and partnership maturity. In addition, the team met with several groups of 'end-beneficiaries' (male and female) in the timber, horticulture, financial services and WEE/SI sectors. Other relevant stakeholders consulted were

⁵ Two international consultants and two independent local consultants.

the Solomon Islands Chamber of Commerce and Industry (SICCI), Asian Development Bank (ADB), the UN Capital Development Fund (UNCDF), New Zealand MFAT, and the Pacific Horticultural and Agricultural Market Access (PHAMA) Plus Program. Further details are provided in Table 2 below and Annex 4.

All interviews were semi-structured, based on interview guides prepared in advance for each category of stakeholder. Where appropriate, the team used *tokstori*⁶ methods to put partners and beneficiaries at ease and encourage them to share their experience and views. As well as taking detailed notes, the team recorded most interviews (with consent). Regular debriefs enabled quick distillation of key findings and emerging narratives for checking in subsequent interviews and triangulation against quantitative MRM data.

The evaluation was carried out in accordance with DFAT’s Ethical Research and Evaluation Guidance Note (2021) and related policies and standards, including with regard to confidentiality and secure data storage.

Table 2: Sectoral distribution of Strongim Bisnis partners consulted

Sector	Partners consulted	Total partners*
Timber	3	3
Financial Services	2	2
Waste Management	3	4
Tourism	5	7
Coconut	3	5
Cocoa	2	5
GDL Horticulture	5	8
WEE/SI	9	11
Total	32	45

* There are 44 current partnerships, but one involves two separate partners.

LIMITATIONS

Each Strongim Bisnis partner is different, so the evaluation team tried to meet as many as possible to ensure a rich cross-section of information and experience. However, time constraints inevitably limited the range of consultations and the depth of documentary and data analysis that were feasible.

Poor road conditions and the enthusiasm of partners and beneficiaries to show off new facilities and share views meant some visits took longer than anticipated, while others had to be condensed. Poor weather on the final day of the Western Province visits prevented planned follow-up with women’s groups involved in plastics recycling. A few key partners were not able to meet with the team during the evaluation timeframe – notably Solomon Islands Women in Business Association (SIWIBA) and San Isidro Care Centre. Former partners engaged earlier in the program were not interviewed. For the majority of partnerships, only the business owners themselves were interviewed, so exploration of end-beneficiary impacts is based on MRM data and discussions with a small number of groups of out-growers, workers and childcare facility users.

The evaluation team originally intended to interrogate the MRM system in detail prior to the in-country mission, to identify trends and specific issues to explore during consultations. However this sequencing proved not to be feasible, since Strongim Bisnis were still compiling the latest data in preparation for Annual Report drafting. MRM spreadsheets were provided to the evaluation team after leaving Solomon Islands, and have underpinned much of the assessment that follows.

Notwithstanding the limitations, the extensive in-person consultations combined with quantitative analysis of MRM data have provided ample evidence to ensure robust evaluation findings are presented in this report.

⁶ Traditional informal discussion - see <https://devpolicy.org/talking-about-tok-stori-20200828/>

FINDINGS AGAINST KEY EVALUATION QUESTIONS (KEQS)

KEQ1: TO WHAT EXTENT WERE STRONGIM BISNIS PHASE 2 END OF PROGRAM OUTCOMES (EOPOS) ACHIEVED?

Evidence to assess KEQ1 is drawn from the Strongim Bisnis MRM system and Annual Reports, supplemented by responses from partners and others consulted during fieldwork. Summaries of key MRM system data are provided in [Annex 5](#) tables: Table 5.1 for the overall program (Phases 1 and 2); Table 5.2 for actual versus planned results (Phase 2); and Table 5.3 disaggregated by sector (Phase 2).

SUBQ1.1: TO WHAT EXTENT WERE INTENDED EOPO'S ACHIEVED?

The discussion that follows considers each of the three EOPOs in turn.

EOPO1. Private sector enterprises have demonstrated potential for: increased productivity; greater resilience; better risk management; increased income earning opportunities and access to higher value markets; increased efficient use of assets and labour; and use of new business models that promote increased employment, income, and trade.

EOPO1: MRM data and annual reports

The MRM system common indicators used to assess EOPO1 are listed in Table 3 below, along with total results reported for 2021 and 2022. In absolute terms, positive results have been achieved across all 17 EOPO1 indicators. The income of nearly 500 households and small enterprises increased by a total of over AUD435,000. Strongim Bisnis interventions leveraged over AUD1.12 million, sales of value-added products increased by nearly AUD1 million, and exports valued at over AUD340,000 were facilitated. Despite the international border closure, tourism sector interventions managed to tap the hitherto neglected domestic tourism market, helping save jobs (and even creating a few new ones), and enabling over 1100 visitors to tourist sites over the two-year period.

While targets were not set for the EOPO indicators at overall program or phase level, annual targets are set for many indicators as part of the annual planning process⁷. The results for 2021 and 2022 against the respective annual targets for those years are summarised in Table 3 and provided in more detail in Table A5.2 ([Annex 5](#)). The figures show a mixed picture both across years and across target indicators. In 2021, results were below target on 6 of the 13 target indicators relevant to EOPO1 – reflecting significant disruptions associated with COVID-19 and the riots in Honiara in November 2021, associated with delayed reporting from several investments. The Annual Report for 2021 describes the year as ‘one of the toughest on record’ for micro and small-medium enterprises (MSMEs) in Solomon Islands and suggests that the willingness of private sector partners to sign on with Strongim Bisnis should be seen as evidence that the program remained effective despite the many challenges. During 2021, new agreements were signed with sixteen existing partners and eight new ones.

In 2021, the lowest ratio of actual to expected results was on improved access to markets and information (31% of target). Despite the difficult environment, results met or exceeded expectations for the remaining 7 targets – notably the value of sales of value-added products (nearly six times the target), and the number of

⁷ Note that annual targets are not set across all indicators, and numbering is not consistent between common indicators and target indicators – as shown for EOPO1 indicators in Table xx.

recipients of capacity building support (over three times the target). The target for the former was raised substantially in 2022, and again exceeded.

Annual report narrative is not yet available for 2022, but the international border was closed for several months and economic conditions remained precarious. Despite this, just three EOPO1 target indicators were under-achieved in 2022 – two of them pertaining to adoption of improved business practices, which also under-performed in 2021. Only 14% of an ambitious 2022 target for export facilitation (#9) was achieved – with the actual result dropping below the 2021 figure. Given the many additional partnerships signed in 2021 (24), it is perhaps unsurprising that the capacity-building target again exceeded expectations in 2022.

The disruptions of COVID-19 and civil unrest have doubtless made it challenging to set realistic targets during Phase 2. However, the overall picture that emerges from the results data is that it has proven easier to meet expectations for output indicators – such as delivery of capacity building, communications and events – than for more complex intermediate outcomes such as adoption of improved business practices. This may also reflect the early stage of many of the partnerships. Nevertheless, the strong showing on value addition, derived primarily from the coconut, tourism, timber and cocoa sectors (see Table A5.3), is an important measure of success for Strongim Bisnis.

Table 3: EOPO1 Indicators and Phase 2 Results

Common Indicator #	Target Indicator #	Indicator	Phase 2 Actuals Achieved to Date (2021-22)	% of annual target achieved	
				2021	2022
1	n/a	Number of households and small enterprises benefitting from additional income increase	497	n/a	n/a
2	n/a	Net additional income increases of household and small enterprise beneficiaries (AUD)	435,439	n/a	n/a
3*	n/a	Number of new jobs (FTE) created or maintained/saved attributable to Strongim Bisnis interventions	117	n/a	n/a
6*	1	Number of household and small enterprise beneficiaries adopting improved business practice	238	54	74
7	5	Number of household and small enterprise beneficiaries with improved access to markets or information or products/services	1287	31	180
9	6	Number of market actors providing new/improved product/services	39	40	145
10	8	Value of sales of value-added products (AUD)	999,105	582	119
11	7	Number of market actors expanding business	38	52	250
12	9	Value of exports facilitated (AUD)	341,057	184	14
13	n/a	Number of new foreign/domestic investments in the tourism sector	5	n/a	n/a
14	n/a	Number of additional visitors to Solomon Island tourism operator sites as a result of Strongim Bisnis interventions	1119	n/a	n/a
16*	12	Number of recipients of capacity building support	2210	322	319
19	14	Number of market actors supported by Strongim Bisnis	33	76	175
20	15	Contributions (financial and non-financial) by market actors (AUD)	1,120,575	107	142
21**	16	Number of events supported for encouraging market actor participation/innovation*	21	100	90
22**	17	Number of contributions to the consultations of development partners and Solomon Island government agencies to influence complementarity and evidence-based decisions making that empowers the private sector*	30	160	140
23**	18	Number of public communiques for encouraging market actor participation and innovation*	32	107	107
-	19	Number of new partnerships in the new target value chains (timber, horticulture, financial sector and waste management)**	n/a	67	114

* Also an EOPO3 indicator. ** Indicator for all EOPOs.

EOPO1: Evidence from consultations

Of the 32 private sector partners consulted during fieldwork, virtually all reported positive outcomes in terms of actual or expected increases in productivity, income, market access and resilience. Where responses were less certain, this was generally because those partnerships are ‘too early’ or ‘preparatory’ – for instance processing equipment was procured but had not yet arrived or become operational (coconut, horticulture and timber examples), and in the Waste Management sector where Strongim Bisnis has supported construction of storage space for recyclables, in the *expectation* that further market opportunities will become available.

In several instances, Strongim Bisnis support has enabled the business to **process and/or sell new products into new markets**. For example, Kolombangara Forest Products Limited (KFPL) can now make use of low-value or otherwise unsaleable timber to produce pallets for sale to SoiTuna. Chottu Guadalcanal Products and Islands Own have expanded their ranges of coconut products with new machinery funded by Strongim Bisnis. Similarly, Cathliro developed new international markets for semi-processed cocoa products.

In other cases, Strongim Bisnis helped **de-risk new initiatives** that the business partner was keen to trial or improve. For example, the Bulk Shop supermarket chain had previously attempted collection of fresh local produce direct from rural producers, but found these items deteriorated rapidly during transport and in-store. Strongim Bisnis provided a refrigerated truck, and the separate Strongim Bisnis partnership with Northwest Guadalcanal Development Association (NWGDA) funded a physical marketplace where Bulk Shop buys from the region’s farmers once a week. Remaining issues with storage/display temperatures may be resolved if Bulk Shop goes ahead with plans to construct new air-conditioned supermarkets.

The NWGDA/Bulkshop example is one of several instances of Strongim Bisnis support for **expansion of out-grower and aggregator models**, that provide smallholder farmers with increased income earning opportunities and access to higher value markets. Other examples in the Guadalcanal Horticulture sector include Prosperity Farm Supplies and Sape Farm, while most coconut and cocoa partners also utilities effective out-grower models. In the timber sector, Strongim Bisnis is supporting KFPL to work with landowners outside the plantation to harvest mature trees (planted through an earlier out-grower scheme), and to replant and care for seedlings. The evaluation team met with one out-grower community, who appreciated the practical assistance provided by Strongim Bisnis-funded KFPL staff, such as clearing of undergrowth to plant new trees⁸. For many in the group, tree-planting was an investment in the next generation, since income benefits would only result in 15-20 years’ time.

EOPO2. The private sector and government have worked together to increase opportunities for trade and investment, and form partnerships that encourage business growth and accelerated changes in business practices which result in a more favourable investment climate.

EOPO2: MRM data and annual reports

As with EOPO1, EOPO2 must also be viewed against the backdrop of the difficult operating environment in Solomon Islands, and the particular disruptions of the last two years. The Pacific Games scheduled for late 2023 is providing a temporary boost in economic activity but it remains to be seen whether further investment activity can be harnessed in its wake.

Assessing Strongim Bisnis progress towards EOPO2 in Phase 2 is somewhat challenging, since the EOPO includes the *process* (working together, forming partnerships) as well as the end-*outcome* being sought (more favourable investment climate). Most of the indicators are at output level (number of collaborations, events, contributions and communiques – see Table 4) – with those outputs intended to influence or

⁸ However, some commented that the technical advice was less useful, given they all worked on the plantation as well and already understood tree care.

encourage further action towards the EOPO. Indicator 17 is more directly related to EOPO2 achievement. During Phase 2, three ‘new or reformed laws, regulations, policies, and/or procedures intending to enable private sector investment [were] initiated’. The annual target was achieved in both years, suggesting that a realistic target was set that reflected the small number of SIG partnerships in Strongim Bisnis’ portfolio. However, *initiating* reforms is clearly only a first step that may or may not lead to actual improvements in the investment climate.

Annual reporting highlights examples of government/private sector collaboration linked to some private sector partnerships – such as PlasticWise in Gizo (agreement to allow collection of recyclables from public sites); and private sector actions in support of the Government’s COVID-19 vaccination campaign (by Solomon Airlines and Kokonut Pacific Solomon Islands - KPSI).

Table 4: EOPO2 Indicators and Phase 2 Results

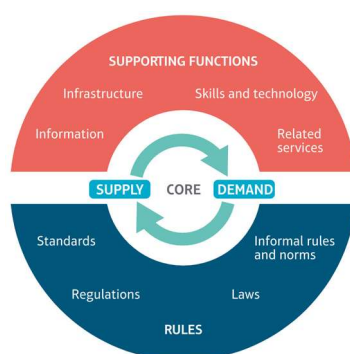
Common indicator #	Target indicator #	Indicator	Phase 2 Actuals Achieved to Date (2021-22)	% of annual target achieved	
				2021	2022
17	10	Number of new or reformed laws, regulations, policies, and/or procedures intending to enable private sector investment initiated	3	100	100
18	11	Number of collaborations facilitated between public and private sector actors	12	167	140
21	16	Number of events supported for encouraging market actor participation/innovation**	21	100	90
22	17	Number of contributions to the consultations of development partners and Solomon Island government agencies to influence complementarity and evidence-based decisions making that empowers the private sector**	30	160	140
23	18	Number of public communiques for encouraging market actor participation and innovation**	32	107	107
-	19	Number of new partnerships in the new target value chains (timber, horticulture, financial sector and waste management)**	n/a	67	114

** Indicator for all EOPOs.

EOPO2: Evidence from consultations

Consultations with SIG and other stakeholders (both partners and non-partners) confirmed that Strongim Bisnis has had **mixed success** in fostering effective public/private engagement to improve the business environment.

Figure 1: The market system



The government is an important player in the market system, since it sets most of the formal ‘rules’ and provides many of the ‘supporting functions’ for market operations (Figure 1⁹). Since the business enabling

⁹ <https://beamexchange.org/market-systems/what-market-system/mapping-system/>

environment will not improve without Government action, strategic partnerships with selected SIG agencies will remain an important part of the mix for Strongim Bisnis. However, achieving change will ultimately depend on a range of political, budgetary and other factors well beyond Strongim Bisnis' control.

Some SIG agencies (such as MCILI, MAL, MWCYFA) have their own programs of support for private sector operators such as small businesses, farmers and women-led enterprises, albeit within the constraints of tight budget allocations. They see opportunities for funding partnerships consistent with their own strategies and priorities. It will be important for Strongim Bisnis to remain focused on improving market systems through its current modalities that help remove identified blockages for selected business partners or in the broader business environment. However, given Strongim Bisnis and SIG are in some cases supporting the same businesses, good communications and information-sharing will need to be maintained to maximise complementarity and minimise duplication or inconsistency in the types of assistance provided.

The two current national-level SIG partnerships have clearly focused on critical market system blockages within Strongim Bisnis sectors (Box 1). As noted above, Strongim Bisnis has also engaged at provincial and local government levels to secure collaboration relevant to specific private sector partnerships.

Box 1: Current Strongim Bisnis partnerships with SIG

Ministry of Environment, Climate Change, Disaster Management and Meteorology (MEDCM): *Businesses in the Waste Management sector are hindered by international restrictions on exports of recyclable materials to destinations outside the Pacific region. Strongim Bisnis partnered with MEDCM to help achieve ratification of the Basel Convention, which will open up broader export markets once it enters into effect. Strongim Bisnis also funded a review of the export tax on recyclables which currently reduces the financial viability of this trade. However, any changes to taxation arrangements will require decisions in central SIG agencies such as Finance and Trade. The Australia-Solomon Islands Partnership for Governance (ASIP-Gov) or other development partner programs may be better suited than Strongim Bisnis to tackle these core governance issues.*

Ministry of Culture and Tourism (MCT): *With Strongim Bisnis support, the Ministry was able to achieve Extra Care COVID-safe protocols with all tourism operators. This was a prerequisite for the re-opening of international borders – critical to economic recovery of the Tourism sector.*

On the negative side, several Strongim Bisnis partners commented on the lack of government support – such as a lack of policy focus on waste management and recycling; and limited agricultural extension and training services. Delays in ratifying the United Nations Convention on the Rights of Persons with Disabilities may be symptomatic of low policy and operational priority accorded to these issues.

EOPO3. Women, youth and people living with disabilities have improved economic empowerment, measured by their participation in EOPOs 1 and 2 above, and demonstrated success of specific social inclusion measures.

EOPO3: MRM data

Findings on EOPO3 drawn from Strongim Bisnis' MRM data are outlined in this section and summarised in Table 5 (and in more detail in Annex 5). Further analysis of progress towards gender equality, disability and social inclusion (GEDSI) outcomes, drawing on stakeholder feedback, is provided under KEQ2 below.

The standalone **women's economic empowerment and social inclusion (WEE/SI)** portfolio was added to Strongim Bisnis for Phase 2, and a notable achievement since then has been the **establishment of eleven WEE/SI partnerships**.

Monitoring results show that **the program's twin-track GEDSI approach has been effective in achieving EOPO3**, particularly for women and youth. As shown in Table 5, results achieved against most indicators (for

all EOPOs) derived from a combination of targeted WEE/SI interventions and interventions under other sectors. The twin tracks are mutually reinforcing; removing either would significantly reduce the program's GEDSI impact.

Annual targets are set for three indicators specific to EOPO3 (as well as one common to EOPO1 and four common to all three EOPOs, already discussed above). Of the four target indicators shown in Table 5, the target for capacity-building support was exceeded in both 2021 and 2022, and the 'access to higher economic opportunities' target rebounded strongly in 2022 after falling well short in 2021. As with EOPO1 results, this is likely related to the signing in 2021 of several new partnerships across multiple sectors that feature strong GEDSI elements.

Job creation is an important vehicle through which the program seeks to achieve its ultimate goal of increased net income for households (poverty reduction). During Phase 2, a total of 117 new full-time equivalent (FTE) jobs were created or maintained, the majority of which benefited women (48) and youth (75). The result for youth represents a significant improvement over Phase 1, when just 3 new youth jobs were recorded. Job creation for women across the two program phases has been consistent: 49 in Phase 1 and 48 in Phase 2.

Table 5: EOPO3: Phase 2 Results Against Indicators¹⁰

Common indicator	Target indicator	Indicators	Phase 2 actuals achieved 2021-22		% of annual target achieved	
			TOTAL	WEE/SI portfolio	2021	2022
1	n/a	Number of households and small enterprises benefitting from additional income increase***	497	38	n/a	n/a
2	n/a	Net additional income increases of household and small enterprise beneficiaries (AUD)***	435,439	70,682	n/a	n/a
3	n/a	Number of new jobs (FTE) created or maintained/saved attributable to Strongim Bisnis interventions. * Of which:	117	28	n/a	n/a
		- Women	48	14		
		- Youth	75	26		
		- PWD	0	0		
4	4	Number of women, youth or PWDs owned or led businesses with improved access to higher economic opportunities:	609	87	50	137
		- Women	518	62		
		- Youth	281	53		
		- PWD	8	5		
5	3	Number of women reporting improvement in their access and control over productive resources in the household and community	75	21	22	48
6	2	Number of household and small enterprise beneficiaries adopting improved business practice* (Not disaggregated.)	238	49	See Table 3 (EOPO1)	
7	5	Number of household and small enterprise beneficiaries with improved access to markets or information or products/services***	1287	144		
8	n/a	Number of women accessing new products or services that potentially improve their access and control over household and/or community productive resources	397	100	n/a	n/a
15	n/a	Value of credit disbursed to beneficiaries (AUD)	20,765	20,765	n/a	n/a
16	13	Number of women, youth or PWD recipients of capacity building support:			185	230
		- Women	881	310		
		- Youth	321	137		

¹⁰ Indicators pertaining only to EOPO1 are also included here to highlight the contribution of the WEE/SI portfolio to EOPO1 results. It should also be noted that reported data does not disaggregate youth by gender, but young women are counted under both 'youth' and 'women' categories (hence totals do not add).

Common indicator	Target indicator	Indicators	Phase 2 actuals achieved 2021-22		% of annual target achieved	
			TOTAL	WEE/SI portfolio	2021	2022
		- PWD	13	13		
21		Number of events supported for encouraging market actor participation/innovation**	21	9	See Table 4 (EOPO2) above	
22		Number of contributions to the consultations of development partners and Solomon Island government agencies to influence complementarity and evidence-based decisions making that empowers the private sector**	30	9		
23		Number of public communiques for encouraging market actor participation and innovation**	32	14		
-		Number of new partnerships in the new target value chains (timber, horticulture, financial sector and waste management)**	n/a	n/a		

* Also an EOPO1 indicator. ** Indicator for all EOPOs. *** Indicator only for EOPO1, not EOPO3.

The program has contributed to **improved access to resources and opportunities** (including products, services, markets and/or information) for women and youth and their enterprises. For instance Strongim Bisnis has supported ‘improved access to higher economic opportunities’ for over 600 businesses owned by women, youth, or people living with disabilities. Around 15 per cent of these related to the WEE/SI portfolio.

During Phase 2, the program supported nearly 400 women to access new products and services that *potentially* improve their access to and control over productive resources within their household and community, while 75 women reported *achieving* this improvement. Around one-quarter of results for both these indicators are attributable to the WEE/SI portfolio and the remainder to other sectoral interventions.

As discussed under EOPO1, **adoption of improved business practices** is a more difficult and long-term challenge than providing access or capacity building. Of the total 238 households and enterprises recorded against this common indicator (#6), 49 were the result of targeted WEE/SI interventions.

According to the quantitative MRM data summarised in Table 5, **impacts for people living with a disability have been limited to date and derive almost exclusively from the targeted WEE/SI portfolio**. No new jobs have been recorded for this target group since the program’s inception. Similarly, capacity building activities reached 881 women and 321 youth in Phase 2, but just 13 people with disabilities (even lower than in Phase 1). Of 609 people in the WEE/SI cohort whose businesses experienced ‘improved access to higher economic opportunities’, only eight were identified as living with a disability. Given an estimated 14% of the population lives with a disability¹¹, there appears to be considerable room for improvement. However, it is worth noting that disability-focused partnerships are relatively new, and these numbers may be under-reported. For example, B-17 in the Tourism sector and Pasifiki HR under WEE/SI explicitly support disability-related outcomes but neither claim any disability results under the disaggregated common indicators (3, 4, 16). The other Disability partnership, San Isidro, reported eight beneficiaries of capacity building support but no results against other disability-related indicators. These partnerships are discussed further under KEQ2.

SUBQ1.2: DID THE PROGRAM ACHIEVE IMPACTS BEYOND THOSE ARTICULATED AS INTENDED OUTCOMES?

Arguably the most significant unanticipated impact arose in response to COVID-19 border restrictions. **Rapid reorientation of Strongim Bisnis’ tourism sector support helped catalyse a nascent domestic tourism market**. Prior to COVID, the domestic market had not been a significant focus for SIG, Solomon Airlines or most tourism operators. Strongim Bisnis initially helped develop local packages to target expatriates who had

¹¹ Figures based on 2009 Population and Housing Census.

remained in the country. Then, through collaboration between Strongim Bisnis, SIG, Tourism Solomons and Solomon Airlines, public servants were funded to visit local tourist sites and stay in local tourist accommodation under the *lumi Tugeda* (Domestic Travel Bubble) program. The domestic market now accounts for 50 per cent of Solomon Airlines' income, compared to 10 per cent pre-COVID. Strongim Bisnis credits its tourism partnerships with saving 29 jobs in the sector and attracting 1114 additional visitors to tourism ventures, of whom 979 were domestic travellers.

'COVID taught us some valuable lessons about opportunities in the domestic market' - Tourism Solomons

Strongim Bisnis' efforts to promote organic fertiliser have indirectly generated new interest in producing livestock feed:

A key element of Strongim Bisnis' partnership with Prosperity Farm revolves around conversion of green waste (including from Honiara Central Market) into organic fertiliser. Consultations revealed a number of challenges with achieving that objective, including the logistics of transporting waste from the market over 40 km of poorly maintained roads, and the fact that few smallholders nearby would see a need to buy organic fertiliser¹². While the farm owner is producing small quantities of fertiliser for his own use, he has also been using the Strongim Bisnis-supplied shredder to process farm waste into feed for his pigs. He observes significant market demand for livestock feed, and an opportunity to produce high-quality silage to compete with imported feed. This is an interesting example where apparently limited success in progressing one possible market opportunity (organic fertiliser) through Strongim Bisnis support may instead lead to unexpected progress towards a somewhat different market opportunity.

'There's a market for pigs here, but less so for fertiliser' – Prosperity Farm

Increased youth agency is leading to instances of countercultural change. In one youth-run enterprise supported by Strongim Bisnis, the youth felt empowered to resist demands from their local church for a share of the business revenue. When their initial 50% demand was rebuffed, the elders reduced this to 20% (also refused), and finally sought free use of the items sourced for the business by the program (still refused). This expression of agency and generational independence is relatively unheard of in Solomon Islands.

Youth proved to be an unexpected conduit in increasing program awareness among rural women.

Youth involved in the Vinakeke Fish Shop in Western Province shared information about Strongim Bisnis in their communities, sparking considerable interest among rural women looking to strengthen their own existing or future enterprises. Word of mouth is a powerful form of outreach that could conceivably generate new partnerships with entrepreneurs who otherwise would be unlikely to hear about such opportunities.

Program support to women's businesses has highlighted the value of being 'productive in place.'

WARA and MK Food Haus, for example, enable rural women to remain in their villages growing food and making handicrafts, which the businesses purchase for resale in Honiara. This saves rural women the burden of travel and the risks associated with unsafe accommodation at the Honiara Market, where women often stay until all their produce is sold. While COVID-19 movement restrictions were in place, Strongim Bisnis support helped MK Food Haus expand their sourcing of fruit and vegetables from women farmers in East Guadalcanal to prepare and deliver food baskets targeting (initially) the Honiara expatriate community. Building on this success, the business owner recently signed a deal with Solomon Airlines to supply all food at the Honiara airport. She has also started exporting betelnut to seasonal workers based in Australia.

The prospect of spending less time on childcare, thanks to the new program-supported creche, is prompting some working mothers at the SolTuna cannery to consider study or upskilling to increase household incomes. Since SolTuna is attracting working mothers from several provinces, any such initiatives could have far-reaching impacts.

¹² The nearby Guadalcanal Plains area is widely viewed as having fertile soils, but testing has not been undertaken to determine any deficiencies in soil nutrients.

SUBQ1.3: DID THE PROGRAM EFFECTIVELY SUPPORT AUSTRALIA'S BROADER OBJECTIVES?

The flexible nature of Strongim Bisnis provided the Australian Government a convenient modality for supporting COVID response and recovery and promoting the broader objectives of the Australia-Solomon Islands bilateral relationship.

There can be little doubt that Strongim Bisnis support during the pandemic helped critical market players survive. Tourism sector partnerships enabled Solomon Airlines to shift its focus towards the domestic market, and MCT to roll out the Extra Care protocols required prior to border reopening.

Strongim Bisnis' flexibility also enabled it to support at least one business that might otherwise have failed in the challenging economic conditions, with potentially significant flow-on effects on employment, value added and export income. While the terms of that support likely sit outside the 'usual' range of MSD interventions, the Australian High Commission in Honiara clearly attaches significant value to having a flexible and convenient mechanism for nimble response to emerging priorities and broader strategic objectives.

Strongim Bisnis' contributions to livelihoods and inclusive growth are discussed above under the EOPOs. While several stakeholders questioned the support being given to *large* businesses (e.g., SolTuna, KFPL, Solomon Airlines), the potential economic and social impact of changing their practices to improve resilience, strengthen supply chains and promote inclusion are significant. For instance, KFPL provides employment, out-grower income and services not only for the immediate communities surrounding the plantation, but also for many workers and out-growers from other islands. Re-planting of seedlings is creating a store of wealth for future generations –especially notable in the context of declining natural forest resources in the country.

Opportunities to forge closer links and maximise complementarities between Strongim Bisnis and other elements of the Australia-Solomon Islands development partnership are evident in areas such as the enabling environment for business (ASIP-Gov; PSDI), the Pacific Australia Labour Mobility (PALM) scheme, financial services (Pacific Digital Economy Program, PDEP – through UNCDF), and possibly infrastructure (Solomon Islands Infrastructure Program, SIIP). These are discussed further under KEQ4 below.

SUBQ1.4: WAS THE PROGRAM VALUE FOR MONEY FOR THE AUSTRALIAN GOVERNMENT?

While value for money (VfM) is often interpreted as equating to cost efficiency, DFAT's value for money framework is far broader, encompassing eight principles under the broad headings of economy, efficiency, effectiveness and ethics. While no specific indicator(s) are mandated, DFAT's M&E Standards¹³ require programs to track performance by developing and reporting against context specific measures. VfM and related frameworks and guidance relevant to Strongim Bisnis are outlined further in [Annex 6](#).

Strongim Bisnis has not routinely reported against explicit VfM indicators to date, although VfM considerations inform operational decisions including through market system assessments and business case development. A few quantitative measures are briefly explored below, although these were inevitably affected by slowdowns and reorientation of many partnerships during the COVID period. Strongim Bisnis recently commissioned a VfM report which could inform approaches to VfM in Phase 3. **An explicit VfM framework would help systematise and strengthen VfM analysis in Strongim Bisnis for both adaptive management and accountability purposes.**

Strongim Bisnis' Annual Reports do not provide **expenditure** details, but data supplied by the program on staffing, operational and support costs and program costs is summarised in Annex 7 (Table A7.1). Across

¹³ <https://www.dfat.gov.au/about-us/publications/Pages/dfat-monitoring-and-evaluation-standards>; Standard 5 (M&E); Standard 6 (Program Progress Reports).

the two years of Phase 2, staffing (including support costs) accounted for around 47% of total expenditure, and operational costs just under 7%. The remaining 45% of the total was allocated to program costs. This compares favourably with Phase 1, when program spending was just 36% of total expenditure.

Private sector investment leveraged is a commonly used VfM indicator. A version of this measure is included in Strongim Bisnis' MRM system. In Phase 2, partners matched Strongim Bisnis' AUD3.58m *partnership investments*¹⁴ to date with financial and in-kind contributions of AUD1.12m – a ratio of about 3:1. The target for each of 2021 and 2022 was 450,000, which was exceeded slightly in 2021 (AUD482,115) and significantly in 2022 (AUD638,460). Leverage results by sector are shown in Table A5.3. The waste management sector generated the lowest percentage co-contribution, and the tourism sector the most.

Another indicator that some poverty-focused MSD programs report on is the **net attributable income increase** to beneficiaries, generated by program expenditure. This can be assessed for each partnership or sector in terms of direct Strongim Bisnis contributions (see final row of Table A5.3). For every dollar of Flexible Fund expenditure in Phase 2, Strongim Bisnis generated around 12 cents of net additional income for household and small enterprise beneficiaries. Tourism and financial services performed best against this measure (18 cents) – although the primary beneficiaries recorded under the latter were Business Advisory Service Providers (BASPs) employed under the ASIP program. Perhaps surprisingly, the coconut sector performed least well (5 cents), presumably reflecting the challenging market environment during this period.

Aggregate calculations are presented in Table A7.2 of the costs (program and total) per unit of benefit generated for three common indicators. During Phase 2, total spend per 'household or small enterprise benefitting from additional income increase' was close to AUD15,000, and it cost AUD17 to generate each dollar of net additional income for those beneficiaries. Total spend per job created was nearly AUD63,000.

Many contextual factors determine performance against these type of indicator, and the Strongim Bisnis 2021 Annual Report cautions against reading too much into simplistic efficiency measures. It points out that the program's inclusivity objectives require it to work across a range of partners, many of whom require intensive investment of time and other resources to achieve incremental (and often unquantifiable) improvements. Bringing about market system change through MSD-style partnerships – particularly in a thin market like Solomon Islands, exacerbated by COVID-19 and civil unrest – will inevitably take longer and cost more than other modalities involving more direct support, but it should also prove more sustainable.

Strongim Bisnis' anticipated new VfM framework should help the program agree meaningful indicators and ensure that costs and results across different types of interventions and different sectors are available to support both accountability and program decision making. There may be good reasons for maintaining support for certain types of partners or in sectors which may appear less cost-effective, and these can be articulated as part of the overall VfM reporting.

Private sector engagement (PSE) principles

Related to VfM, but arguably even more important for a program such as Strongim Bisnis, is adherence to key DFAT (and other donor) principles for private sector engagement¹⁵. DFAT advises that:

*'All partnerships, financial and non-financial, should adhere to the principles of minimum concessionality, neutrality and sustainability. Additional principles apply to partnerships that involve the provision of financial or technical support to businesses, such as additionality and value for money'*¹⁶

Further guidance on these principles is collated in Annex 8.

¹⁴ That is, Flexible Fund expenditure. This does not take other program implementation expenditure (e.g. staffing, overheads) into account.

¹⁵ As agreed by members of the Donor Committee on Enterprise Development (DCED) in 2001. <https://www.enterprise-development.org/wp-content/uploads/BDS-Guiding-Principles-2001-English.pdf>. See also DFAT Guidance Note: <https://www.dfat.gov.au/publications/aid/guidance-note-engaging-private-sector>.

¹⁶ <https://www.dfat.gov.au/publications/aid/guidance-note-engaging-private-sector>, p. 6.

The Strongim Bisnis Flexible Fund Manual lists **additionality** and **neutrality** among the operational criteria used to inform the choice of interventions to support¹⁷. Feedback from the Evaluation Team’s consultations leads to the conclusion that **Strongim Bisnis’ interventions do meet the additionality requirement**. It does appear that in most if not all cases, the partners would not have been able to fund the interventions themselves, or at least not within the near future.

The **minimal concessionality** principle is more difficult to assess, partly due to a lack of clear expectations or requirements around cost-sharing. Strongim Bisnis staff indicated the norm (at least in the agriculture sector) is around 20% partner co-investment. In effect, Strongim Bisnis has adopted quite a flexible approach to co-investment, often relying heavily on the imputed value of in-kind contributions rather than insisting on significant financial contributions. The case-by-case approach has allowed flexibility to support partners with limited financial resources. On the other hand, it has also enabled at least one partnership that appears more akin to a simple grant arrangement, rather than aiming to leverage private sector finance and generate self-sustaining change¹⁸. Related **transparency** issues are discussed further under KEQ3 below.

In general in MSD programs, the funding of buildings and large equipment is considered best avoided, as it can give partners an **unfair advantage** over non-partners (reducing competition, distorting markets). In the context of thin markets with few players, this is arguably less of an issue – for example KFPL is the only major plantation timber producer, and Strongim Bisnis supports virtually all significant players in the cocoa and coconut sectors. The practice is potentially more an issue in a broader sector such as Guadalcanal Horticulture, where there are more mid-size farmers interested in expanding operations.

KEQ2: TO WHAT EXTENT DID STRONGIM BISNIS DELIVER OUTCOMES FOR WOMEN, YOUTH AND PEOPLE LIVING WITH DISABILITIES?

The Strongim Bisnis Gender and Inclusion Action Plan (2021) sets out a clear strategy for applying a twin track approach based on private sector engagement (PSE) and gender equality principles. It details how women, youth and people living with a disability can be identified and functionally mainstreamed across the value chain in target sectors. This approach was skilfully guided by the program’s WEE/SI unit whose deep local knowledge assisted in the identification of potential partners and opportunities. The twin track approach created an enabling environment where change could occur, increasing the reach of the program over time to targeted groups. Strongim Bisnis was rated five out of six for gender equality on the 2021 IMR.

Strongim Bisnis Phase 2 made notable progress in supporting the economic empowerment and social inclusion of women and youth across several indicators, as outlined in the discussion for KEQ1 (EOPO3) and illustrated in Box 2. The program’s efforts to include women, youth and people with disabilities are recognised and rated highly by partners¹⁹, and have prompted businesses to explore ways of increasing participation of these groups within their business activities.

Box 2: WEE/SI case studies

Dignity Pasifik: Strongim Bisnis provided support to this woman-owned research and consulting firm to develop the ‘Rural Women Business Development Manual’. The program has also supported use of the manual in delivery of business skills training with women in Malaita and Western Province, and it has been adopted by MWYCFA and MCILI for implementation with Ministry staff in six provinces. The Director of Dignity Pasifik was also invited by the Pacific Community to present the manual at their annual conference in Fiji. In addition, a pilot group of 15 students at Solomon

¹⁷ Based on investment criteria for the Solomon Islands Growth Program, of which Strongim Bisnis was initially a part.

¹⁸ The partner described the activity as being ‘fully funded’ by SB, aside from his management oversight to satisfy ‘corporate social responsibility’ obligations, and implied he would have no interest in continuing it without further support.

¹⁹ On a simple 6-point rating scale, the average partner rating for inclusion objectives was 5.

Islands National University (SINU) will undertake the training as part of their accreditation to become business advisors. Stakeholders interviewed praised the interactive and engaging nature of the training activities.

***SoITuna:** Strongim Bisnis co-financing for the SoITuna childcare facility has accelerated change that may otherwise have taken decades to achieve. Immediate use of the centre is benefiting at least sixty²⁰ female workers. Parents interviewed report having extra time to develop their skills and hope this may lead to higher income through promotion. While it is too early to confirm the impact on absenteeism, the strategy is promising given it has created the environment for working mothers to generate income. The long-term impacts may be even greater geographically, since SoITuna is already developing a reputation of being an employer of choice attracting working mothers from as far away as Temotu.*

Ensuring adequate resourcing to support women, youth, and people with disabilities is critical for achieving GEDSI results. Partners especially highlighted the need for dedicated program resourcing to support businesses outside Honiara, which cannot be managed remotely but require regular in-person meetings and follow-up. Additionally, stakeholders noted that women and people with disabilities require targeted support to realise program benefits. This includes both support to business owners, and to improve target group access to income-enhancing initiatives, for instance through childcare facilities and disability-accessible venues (including the Strongim Bisnis office itself). Other suggestions included actively seeking out businesses owned by people with a disability in other provinces, recruiting people with disabilities to program roles, and adding a person with a disability to the Strongim Bisnis steering committee.

SUBQ2.1: WERE ANY APPROACHES USED BY THE PROGRAM MORE EFFECTIVE THAN OTHERS AT DELIVERING [GEDSI] RESULTS?

Sectoral (value chain) initiatives achieved greater outreach for women and youth than GEDSI specific interventions, demonstrating the success of the mainstreaming approach. Around one-quarter of current partnerships are in the standalone WEE/SI portfolio. As shown in Table 5 above, on most EOPO3 indicators, the WEE/SI interventions accounted for one-quarter or less of the total Phase 2 results. The exception is the GEDSI capacity building indicator (#16), where WEE/SI activities accounted for 35% of reach for women, 43% for youth and 100% for people living with a disability.

Stakeholder consultations highlighted **particular benefits for youth during Phase 2, including through job creation and capacity building support for business owners**, with impacts reported across various target sectors and reaching outer provinces. As discussed further under KEQ4, there are opportunities for the program to scale up support to youth in Phase 3 by leveraging the skills and savings of returning seasonal workers in support of business development.

The program has made deliberate efforts to achieve transformative outcomes for people living with disabilities. As noted above, there are relatively few disability-focused partnerships to date and the reported quantitative results are limited. However, consultations indicated that the quality of empowerment demonstrated through increased agency and independence was excellent. People living with disabilities in Solomon Islands face considerable stigma and barriers to educational opportunities, and often struggle to access, let alone participate in, formal income generating activities. Strongim Bisnis has been **helping change perceptions and open up opportunities** through partnerships such as:

- The **B-17** tourism venture: led, owned and operated by a woman living with a disability, and providing accessible accommodation and conference facilities;
- **San Isidro Care Centre:** providing formal education and practical business training to hearing-impaired students; and

²⁰ The creche has a maximum daily capacity of 60 children.

- **Pasifiki HR:** supporting greater employment opportunities for people with a disability through training and infrastructure upgrades.

Strongim Bisnis has also effectively used its profile and funding to **demonstrate and support disability inclusion in Solomon Islands more broadly**, for example through **social media** and **public events**. The program has strengthened participation of people living with disabilities by providing sign language interpreters, accessible seating and transport to event venues. It has also drawn on existing partnerships and collaboration with disability-focused organisations to build awareness, capacity and commitment. For example, San Isidro teachers trained Dreamcast staff in sign language, and Dreamcast trained San Isidro students in acting and dancing. San Isidro was also able to sign a commercial agreement with Bulk Shop.

KEQ3: HOW WAS THE PROGRAM VIEWED BY STAKEHOLDERS IN SOLOMON ISLANDS?

Strongim Bisnis is overwhelmingly viewed positively across all stakeholder groups.

Government partners view Strongim Bisnis as a strong partner, complementing their work. Other SIG (non-partner) Steering Committee members expressed ‘high respect’ for the program’s ways of working, good governance system and alignment with SIG policies and development strategies.

‘Strongim Bisnis is really a strong partner.’

- Senior SIG representative

Business partners are also satisfied with the program’s support and praised program staff for being helpful, supportive and approachable. Partners asked to rate the program overwhelmingly selected 5 out of 6.

‘They are fast to respond to my proposal.’

‘She [Strongim Bisnis Business Advisor] is a fantastic lady. She helped convert my ideas into a business case, and helped me realise that the original [out-grower] model was not viable. I would be bankrupt with the old approach.’

‘They didn’t forget about us during COVID and when our staff left us.’

‘Because they helped me to get to where I am.’

‘Because young people have not had this type of support before.’

- Business partners

End beneficiaries also expressed gratitude for the indirect impacts of Strongim Bisnis on their lives.

Out-grower and ‘in-grower’ (farm worker) groups welcomed the additional employment and marketing opportunities now available, and/or expected to be generated through new program support.

‘We are so proud. Before, our husbands had their own money and we only had small work. Now we feel well occupied and we are meeting our needs’

- Female workers/out-growers

‘We are very excited for the future and we are happy that women are getting money too’ - Male workers/out-growers

Perhaps unsurprisingly, there was consensus among interviewees that **while Strongim Bisnis is well known and well regarded across the established Honiara business community, it is far less well known in rural areas and in other provinces**. The evaluation team also found that most business partners were only able to discuss their own partnership and had little awareness of other program activities.

‘Although the program is visible its reach has been small’

- Business partner.

Many stakeholders also had concerns and/or suggestions for improvement. The main issues related to (a) a lack of information and transparency, leading to confusion around access and eligibility for program support; and (b) procurement processes that were perceived to be burdensome or unexpectedly slow. Feedback relevant to the next phase of Strongim Bisnis is considered further under KEQ4 below.

Stakeholders from both the private sector and SIG noted a **common perception that Strongim Bisnis is intended to support micro-enterprises and SMEs, especially those led by women**. This may be partly

due to publicity given to such partnerships in news and social media. Several stakeholders said the program *should* focus primarily on new and emerging businesses, rather than on ones that have already experienced success. They were not happy about the support being given to big business, particularly given the same companies have attracted support from multiple sources. As one official put it, ‘these [large companies] are good and capable partners, but they’re the usual suspects.’

In somewhat similar vein, some interviewees perceived Strongim Bisnis to be rather ‘corporate’ in its approach (and even in its office setting), and **difficult or intimidating to access** especially for those new to formal sector entrepreneurship – often women and youth.

The lack of readily-available information on program eligibility and selection criteria was another source of concern among many people interviewed. Some business partners were experiencing jealousy from other business owners who had not been offered program support. This sense of unequal opportunity was also evident in social media: a Strongim Bisnis Facebook post celebrating equipment provided to one partner elicited several comments from other producers asking where or how they could get a similar machine for their own operations²¹.

Government stakeholders also complained about not understanding how investment decisions are made, and requested more information on program implementation to improve coordination and mutual benefit.

Even partners who were generally very happy with Strongim Bisnis operations sometimes had quibbles about administrative processes, especially relating to procurement of machinery and equipment. While the program’s Flexible Fund manual offers several procurement options, some partners were required to pay up-front for items and then seek reimbursement. This was proving a barrier for business owners with limited access to capital, and had contributed to implementation delays. One partner complained that they took out a loan to pay for materials, but reimbursement took a few months, resulting in lost time and money.

SUBQ3.1: WHICH ELEMENTS WERE REGARDED AS SUCCESSFUL AND WHY?

Strongim Bisnis management cited the program’s ability to **apply its contextually-tailored MSD model beyond the original three sectors to several new areas** as a highlight of Phase 2. Program staff are also proud of new partnerships in the WEE/SI portfolio, such as the SolTuna childcare centre and the Vinakeke Youth Group fish shop. A senior SIG official praised the program as having successfully carved out a ‘specific space that it fits’. This is especially notable in view of the difficulties faced in Phase 1 in securing acceptance of the MSD approach among government stakeholders.

Those with good knowledge of Strongim Bisnis recognise its achievement in establishing a **strong range of partnerships spanning the spectrum from some of the largest companies in Solomon Islands, through to micro-enterprises run by individual women**. This reflects the program’s inclusive growth objective, as well as relative ‘thinness’ of the local private sector. Large businesses can generate strong economic impact with relatively low cost per beneficiary, but there are few such businesses. Seeking out viable partners at micro and SME level is risky and time-consuming but Strongim Bisnis has helped many to expand their activities, generating benefits also for workers and suppliers (as discussed under KEQ1).

‘Both the informal and formal sectors need strengthening but the Women’s Expo Trade Fair is a standout event’ - SIG

Stakeholders praised Strongim Bisnis’ social media presence. Newspaper articles and online social media were highlighted as having built partners’ confidence that the program aligned with both their own interests and with the country’s development needs. SIG partners felt the program’s communications were resourceful and were helping enhance already good connections to markets.

²¹ These queries remained unanswered.

Strongim Bisnis’ support for the tourism sector during the COVID-19 period was highly valued. The program is well known and highly regarded in the tourism industry and its support was described as ‘excellent’. On the domestic market pivot, one partner enthused ‘we couldn’t have done it without them’. The program was praised in particular for its ability to bring partners together to share information and networks.

KEQ4: OUTLINE PRACTICAL RECOMMENDATIONS FOR THE REFRESHED STRONGIM BISNIS PROGRAM DESIGN TEAM

SUBQ4.1: WHICH ELEMENTS OF THE EXISTING PROGRAM SHOULD BE MAINTAINED AND WHY

- 1) The Evaluation Team recommends **maintaining** the following elements of the existing program:
 - a) **Most elements of the existing program should be maintained into Phase 3.** Consultations across diverse stakeholders confirmed Strongim Bisnis has built long-term relationships and trust, established a solid reputation and ‘brand’ and performed reasonably well despite very difficult circumstances.
 - b) **Strongim Bisnis’ flexible and adaptive approach should remain a core feature of the program.** Strongim Bisnis’ ability to maintain operations and achieve results despite the immense challenges of COVID-19 restrictions and Honiara riots is in large part due to its quick response to emerging priorities and opportunities, and reorientation of existing partnerships to reflect changing needs. This is valued by all stakeholders.
 - c) **The program should continue to be guided by core MSD principles**, but without getting caught up in unhelpful theoretical niceties. By and large, MSD principles are still guiding the approach (e.g. systems perspective, ambitions around large-scale or sector-wide change, sustainability, facilitation, adaptive management.) While acknowledging Strongim Bisnis is ‘adapted’ MSD, it would be helpful to publicly articulate the principles guiding the program to ensure clarity on where the boundaries lie. This does not necessarily preclude occasional interventions that would not normally be considered appropriate in an MSD program²², but it would ensure that the rationale in such cases is clearly understood and agreed by relevant parties. The existing Flexible Fund Manual (2019) and associated operational templates provide useful guidance but may need updating for Phase 3.
 - d) **Economic and social inclusion criteria should remain paramount in identifying partners and interventions.** Community-based programs such as the collection of recyclables provide multiple benefits, not all of which are reflected in results reporting. While these should be acknowledged, there is a risk of diluting the program and detracting from its core mandate if it tries to be ‘all things to all people’, for instance by adding environmental benefits to its selection criteria²³.
 - e) **Most of Strongim Bisnis’ current sectors remain appropriate.** The program should regularly assess growth and inclusion opportunities within and across these sectors, and rebalance allocations as required to maximise achievement of its various objectives. The annual reviews of partnerships will support this process, but more frequent ‘health checks’ may be warranted in some cases. The Financial Services sector could benefit from a fresh approach and there are potential new areas to explore, as outlined under SubQ4.2 below.
 - f) **Strongim Bisnis should retain its twin-track approach to GEDSI, including a focus on GEDSI across all interventions.** This is delivering strong results, particularly for women and youth.

²² As was the case in at least one ‘rescue’-type intervention during the COVID-19 period.

²³ Environmental safeguard issues must of course continue to be monitored.

Further efforts will be required to increase the number of people living with disabilities who benefit from program activities. Building on achievements to date, strategies could include developing new partnerships with businesses owned by or servicing people living with a disability, increasing support for events and collaborations that improve the profile and community acceptance of this target group, and engaging regularly with disability-focused organisations. Strongim Bisnis should also promote access and inclusion in its own workplace.

- g) **Strongim Bisnis Phase 3 will inevitably retain its heaviest footprint in Honiara and nearby parts of Guadalcanal**, given that is the primary locus of economic activity in the chosen sectors. A few partners are in Western and Central Provinces, including two very large ones, KFPL and SolTuna. In addition, several Strongim Bisnis partners have strong supply chain linkages into other locations. Given the high costs of intensive work in other provinces, Strongim Bisnis should in the first instance continue to expand its geographic reach indirectly through this type of partner, while also exploring potential new partnerships based in other provinces that can be managed efficiently within the available resourcing. Expanding the program's impacts on people living with disabilities will also likely require identifying additional partnership opportunities outside Guadalcanal.
- h) **Opportunities should continue being sought to promote domestic markets as well as exports.** While the 'value of exports facilitated' is an important Strongim Bisnis progress indicator, relatively few entrepreneurs are able to access export markets whereas many can benefit from the domestic circulation of produce and income. The enforced pivot of the tourism sector to domestic travellers can be further built on during Phase 3.
- i) **Collaboration with other development partner programs remains essential** to avoid duplication or inconsistency. There are potential areas of overlap in particular with the **PHAMA Plus** program funded by Australia and New Zealand, at both strategic and partner level. This appears to have been managed reasonably well through informal communications, but it could be worth articulating 'who does what' more clearly for external audiences, as outlined below. There has also been good collaboration with **New Zealand MFAT**, which is a major player in the tourism and business services sectors.

SUBQ4.2: HOW ELEMENTS OF THE EXISTING PROGRAM SHOULD BE CHANGED AND WHY

- 2) **The upcoming Design Refresh for Phase 3 is an opportunity to acknowledge and build on the considerable adaptation and evolution of the program during Phase 2, and ensure Strongim Bisnis remains fit for purpose.** While most of the feedback received during consultations was positive, several areas were also highlighted for improvement. The evaluation team recommends the following:

Communications and transparency

- a) **Program communications need further attention.** It has taken some time to build awareness and acceptance of what Strongim Bisnis does and how it operates. Programs that work primarily with the private sector are unusual in development cooperation portfolios. While good use is made of social media and newspapers to publicise activities and partnerships, the context and rationale for these may not be clear to the general public. It would be helpful to add simple messaging around what Strongim Bisnis does, why, how and with whom. Outreach via **radio** would spread awareness beyond educated urban populations. **Impact stories** would also help explain Strongim Bisnis to a wider audience.

In particular, **the rationale for supporting businesses of different sizes needs better articulation.** Many in the community understand Strongim Bisnis to be about helping micro and small businesses.

Partnerships with large players such as SolTuna, KFPL and Bulk Shop do not fit these expectations, leading to confusion and potential reputational risks.

The Strongim Bisnis name should be retained for Phase 3, given the ‘brand’ is now well-established. However, some stakeholders suggested the name does not convey inclusiveness, so it could be worth crafting a sub-title or motto to soften the image.

- b) **Brief quarterly updates would help appease SIG stakeholders** who complain about lack of visibility and potential overlap of SIG and Strongim Bisnis support. While Strongim Bisnis must remain true to its market-driven operating principles, it should also be able to explain how its activities align with government priorities.
- c) **A clearer narrative can now be developed for each sector.** Several sectors are relatively new and it has taken time to establish Strongim Bisnis’ niche. Sector information on the Strongim Bisnis website is outdated, not consistent across the various sectors, and in English only. Short sector briefs²⁴, regularly refreshed, would serve multiple purposes including information flow to relevant SIG agencies and outreach to potential partners. These could include the rationale, objectives and strategies for investing in that sector, what types of partners would be considered for support, and a listing of current partnerships. Targeted use of printed versions, in plain English and Pijin, would help expand awareness and understanding of program activities and potentially generate new partnership opportunities. In agriculture sectors, the division of labour with PHAMA Plus should also be clarified.
- d) **Greater transparency and clarity around decision-making criteria will be important both for accountability purposes and to minimise negative perceptions around favouritism or lack of fairness.** Several stakeholders were confused or critical about processes for partner selection. Even some Strongim Bisnis staff acknowledged not having a good understanding of how the criteria are applied across the program. As well as putting more information on the website, program overview flyers in Pijin and English could be developed explaining eligibility and processes – what or who the program is looking for in its partnerships, what kinds of support might be provided under what conditions, how to express interest, and what steps and requirements would then follow.
- e) **The program must ensure adherence to the core PSE guiding principles of additionality, fairness and transparency.** DFAT has developed clearer guidance on PSE in recent years, which also applies to MSD-style programs. Internal program communications and documentation such as the Flexible Fund Manual should be reviewed in this light. The actions listed above would help explain to stakeholders how and why these principles are central to Strongim Bisnis’ implementation.

Sectoral focus

- f) **Market system assessments (MSAs) for the current Strongim Bisnis sectors should be revisited** early in Phase 3 and updated where necessary to reflect the post-COVID circumstances and other significant economic events such as the Pacific Games (where relevant). Given the importance of paid work for poverty reduction and economic growth, MSAs should give particular attention to opportunities to increase **job creation** outcomes, especially for GEDSI target groups.
- g) Strongim Bisnis should work with DFAT, NZ MFAT and relevant SIG agencies²⁵ to identify **opportunities arising from temporary labour migration (seasonal worker) programs**. These will likely become an increasingly significant contributor to the Solomon Islands economy. Workers’ households gain access to remittances, and returning workers will bring savings and skills that can be harnessed into business opportunities, with suitable ‘Startim Bisnis’ assistance.

²⁴ Such as that recently prepared for the Waste Management sector.

²⁵ MCILI and MAL expressed particular interest, but there may be others.

- h) **Financial Services (or Business Skills Development) should be a cross-cutting interest rather than a standalone sector.** The current partnerships would be more appropriately described as capacity building in core business skills – clearly an area of high need across the micro/small enterprise sector. New Zealand’s Business Link Pacific and the Australian-funded Pacific Digital Economy Program (PDEP, delivered by UNCDF) are providing or developing similar types of support. Basic business and financial literacy skills are also being provided under Strongim Bisnis’ WEE/SI portfolio, and some Strongim Bisnis partners are helping their workers with financial literacy and access to finance through their own initiatives (e.g. Sape Farm savings club; not part of the Strongim Bisnis partnership).

Closer collaboration with PDEP could be more effective than independent Financial Services interventions. Financial Services is a complex sector needing specific expertise and interventions at multiple levels of the system. UNCDF has been working with Our Telekom and the Central Bank on an agency model suitable for large-scale roll-out, and developing micro-entrepreneur training packages on financial and digital literacy. Current Strongim Bisnis partnerships have similar objectives but very limited reach and relatively high cost per beneficiary.

- i) **Further opportunities to harness digital technology should be explored.** This could open up opportunities for further growth across several sectors, and with youth groups such as YECSI and returning seasonal workers. Many Strongim Bisnis partners – including some relatively small enterprises – are already using some form of digital marketing, such as Facebook groups. Strongim Bisnis is supporting some of the larger and more established businesses to improve their website presence and e-commerce capabilities (e.g. Solomon Airlines online booking system), and other partners also mentioned interests in online marketing. Smaller businesses, such as homestays or farmers, could be linked to broader platforms such as Tourism Solomons or digital marketing sites. As with financial services, a dedicated role and/or short term specialist skills would be needed to support work in this area.
- j) **The design refresh for the next phase of Strongim Bisnis could usefully explore selected other ‘growth’ and/or ‘inclusion’ opportunities.** Several informants suggested **construction** as a significant growth sector. Preparations for the Pacific Games in November 2023 have involved stadium construction and other major infrastructure works, and businesses providing both hard and soft infrastructure and technologies have prospered. Once the Games are over, there is a risk of a return to the pre-Games underinvestment landscape that stifled business progress. Opportunities may arise for Strongim Bisnis to collaborate with the new Australian-funded Solomon Islands Infrastructure Program to build on the impetus of the Games.

As noted under Recommendation 1(f), development of additional **disability-focused partnerships** would strengthen the program’s inclusion portfolio.

Expansion of the agriculture portfolio also to include **livestock** and small-scale **fishing** were other suggestions that could warrant further exploration.

Other

- k) **The design refresh should develop a simpler set of End of Program Outcomes (EOPOs) as part of an updated program logic.** The current EOPOs incorporate too many elements, mixing outputs, outcomes and processes. There is no clear relationship between the EOPOs and the program logic. While the program logic includes a high-level poverty reduction goal (‘increased net income for households’), the end-beneficiary impacts being pursued during project implementation are not reflected in EOPOs 1 and 2, and EOPO3 is specific to women, youth and people living with

disabilities. This creates a disconnect between the EOPOs and the indicators used to report against them, which do include data for the full range of end-beneficiaries (households and/or individuals).

- I) The Phase 3 implementing contractor should seek DFAT's agreement on future VfM reporting, building on recent preparatory work that could inform development of a VfM framework.**

ANNEXES

ANNEX 1: TERMS OF REFERENCE (EXTRACT)

Title: End of Program Evaluation of Strongim Bisnis Program – Solomon Islands

Duration: December 2022 – March 2023

Reports to: First Sec. (Economics) Louisa Macdonald Hall

DFAT Assistant Program Manager Rosslyn Ramoifulla

Background

Solomon Islands has a nascent private sector. The country's economy has a very narrow base, as it remains highly reliant on the unsustainable export of round logs. Businesses must grapple with significant operating costs, including some of the world's highest energy prices, land issues, security uncertainty, and low human resource capacity. Supply chains are often unreliable. The private sector has traditionally underdelivered on opportunities for women, youth and people living with disabilities. Against this context, Australia's Solomon Islands COVID-19 Development Response Plan, which sits under the Australian Government's Partnerships for Recovery development strategy, states that Australia will 'promote economic response and recovery, private sector resilience, open markets and supply chains, improved livelihoods and inclusive growth.' For the past six years, the Strongim Bisnis program has been at the centre of Australia's programming to deliver on this commitment in Solomon Islands.

Program Description

Strongim Bisnis is a private sector development program funded by the Australian Government and managed by Adam Smith International Australia Pty Ltd (ASI). The program was designed to be delivered in two phases: July 2017 – June 2020; and July 2020 – June 2023. ASI was selected through an open tender process in 2017 to deliver the first phase, with an option for a 36-month extension. Following a mid-term review in 2019, Phase 1 of the program was extended for six months extension to allow a design refresh process to take place. ASI was then engaged to deliver Phase 2 commencing in January 2021. The program is due to finish in June 2023. Strongim Bisnis uses market systems approaches, adapted in practice for a Solomon Islands context. It seeks to make strategic value chain interventions through partnerships with private sector actors, civil society associations and government agencies. Activities and interventions are selected based on sector market system analyses, completed specifically for the program. In addition, Strongim Bisnis has worked to be flexible and use complementary approaches to support the private sector and partners, especially in response to challenging circumstances such as those around the COVID-19 pandemic and November 2021 unrest.

The objective of this independent evaluation is to:

1. assess the program's performance between 2020 and 2023, including in relation to its delivery: a. against the EOPOs; and b. in support of the Australian Government's economic development objectives in Solomon Islands; 2. generate recommendations to enable a Phase 3 design team to: a. maintain successful elements of the program; b. make improvements to the program design where needed; and c. avoid including elements in the design which have been tried, tested but have not delivered results. This evaluation will be conducted in accordance with DFAT's Monitoring and Evaluation Standards to assess the relevancy and efficiency of the program.

Evaluation process

Timeline and methodology

The evaluation process is expected to commence by December 2022 with final report to be submitted to Australian High Commission by 31 March 2023. This evaluation is expected to include both desk-based activities and an in-country mission (to be scheduled in early February). The process will kick off with a verbal briefing from the Australian High Commission private sector development team and DT Global. Regular meetings with this group will follow, particularly during the early phase as the evaluation plan is being developed. Up to 60 days may be allocated for the entire evaluation to be divided amongst nominated team members.

No	Activity	Indicative dates
1	Desk review and evaluation preparation	December
2	Evaluation Plan (maximum 8 pages plus reasonable, necessary attachments)	December / January (allowing for breaks) working towards final plan by 20 January
3	In-country mission: <input type="checkbox"/> Data collection <input type="checkbox"/> Stakeholder engagement <input type="checkbox"/> Preliminary data and report work in country <input type="checkbox"/> Mission report presented to DFAT team on final day	1-15 February
4	Draft Evaluation Report (maximum 20 pages including executive summary plus reasonable, necessary attachments)	By 7 March
5	Final Evaluation Report (maximum 20 pages including executive summary plus reasonable, necessary attachments)	By 31 March.

Expected Outputs

The evaluation team is expected to deliver the following outputs:

Final, agreed Evaluation Plan by 20 January 2023 (no more than 8 pages, excluding attachments) o The evaluation plan will be developed by the Team Leader in consultation with members of the evaluation team and approved by Australian High Commission prior to the commencement of the in-country mission. The evaluation plan should comply with *DFAT's M&E Standards* and *Ethical Research and Evaluation Guidance Note* and describe the methodology the team intends to use to answer the key evaluation questions, within the allocated timeline and resources.

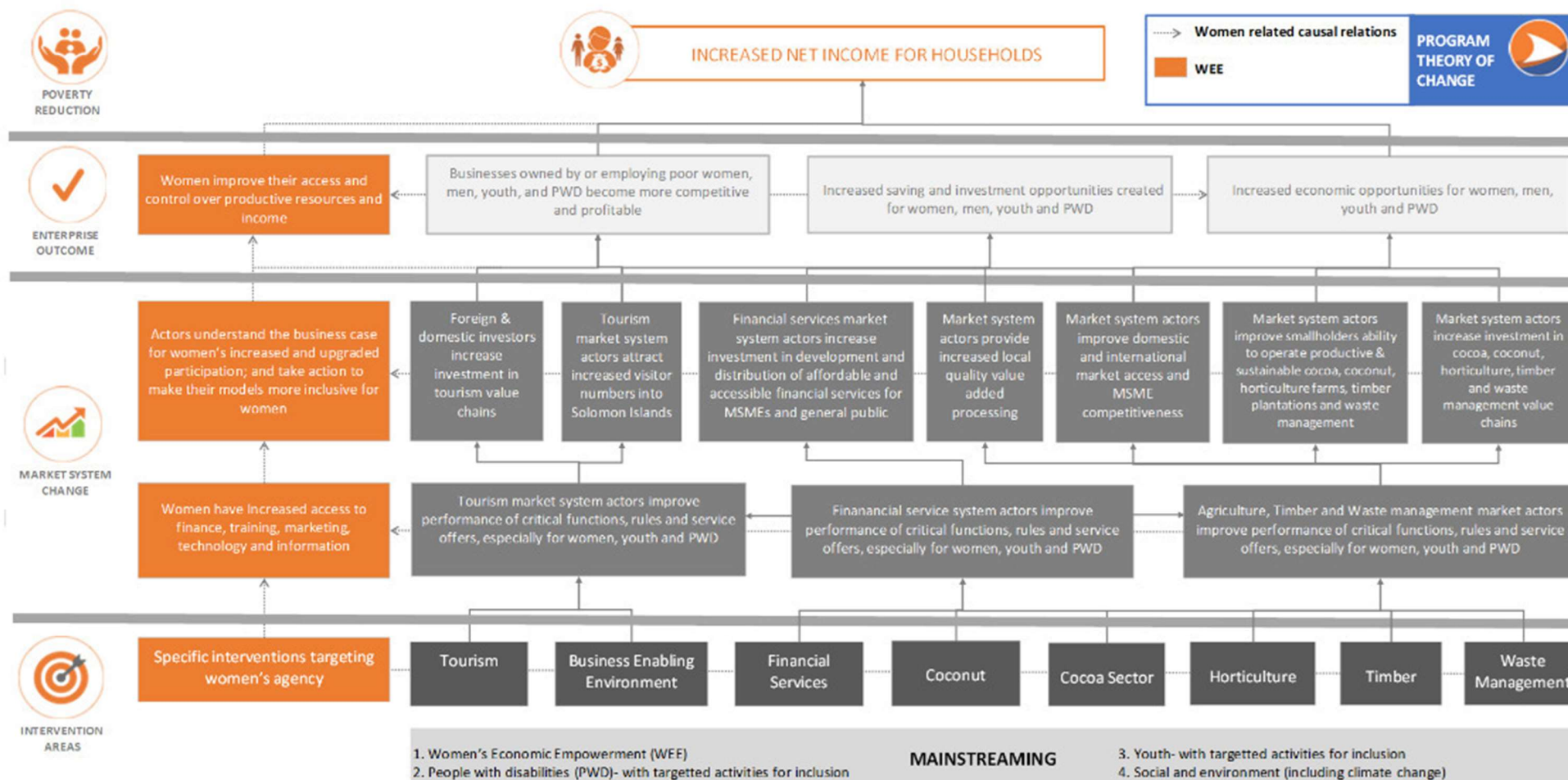
The evaluation plan should include: the methodology being used to answer the key evaluation questions; the proposed data collection and analysis processes, including sampling strategy and key informant categories; the list of sub-questions developed from the key evaluation questions; challenges anticipated in achieving the evaluation objectives; allocation of tasks to the evaluation team; implementation and deliverables timeline; and a draft in-country schedule of meetings and visits.

Mission report at end of in-country inputs by 15 February 2023 (verbal report accompanied by appropriate presentation, with opportunities for question and discussion)

Draft Independent Evaluation Report by 7 March 2023 (maximum 20 pages including executive summary plus reasonable, necessary attachments). o The Independent Evaluation Report should meet the DFAT M&E Standards, address the evaluation questions and targeted to the needs of the intended users. The report should have a succinct and clear executive summary, which can be read as a stand-alone document. Key challenges and achievements should be clearly presented in the executive summary, throughout the report and should be evidence-based.

In addition, the report should be: written in plain English evidence-based in its statements and conclusions clear and unambiguous in its judgements practical and strategic in its recommendations. **Final Independent Evaluation Report by 31 March 2023 (maximum 20 pages including executive summary plus reasonable, necessary attachments)** The final report must incorporate comments on the draft report from Australian High Commission. The final report will be published on the DFAT website in line with the Transparency Charter. All documents must be delivered to DFAT in electronic MS Word format.

ANNEX 2: STRONGIM BISNIS PROGRAM LOGIC



ANNEX 3: OVERVIEW OF CURRENT PARTNERSHIPS

The locations of current partnerships (by sector/theme) are summarised in Table A3.1, and the spread of partnership value is shown in Table A3.2. The dollar value of current Strongim Bisnis partnerships (committed investment) ranges from AUD33,000 to over AUD800,000, with over half being below AUD100,000. The two highest-value partnerships are in Western Province.

Table A3.1. Location of current partnerships, by Strongim Bisnis sector

Sector Value Chain/ Cross-Cutting	In/near Honiara	Other Guadalcanal	Western Province	Central Province	Total
Tourism	4	1	1	1	7
Cocoa	3	2	0	0	5
Coconuts	4	1	0	0	5
Timber	2	0	1	0	3
Guadalcanal Horticulture*	6	2	0	0	8
Waste Management	3	0	1	0	4
Financial Services	2	0	0	0	2
WEE / SI	8	1	2	0	11
Total	32	7	5	1	45*

* One partnership with two separate partners has been split in two to facilitate data sorting.

Table A3.2. Value of Strongim Bisnis' current partnerships

Program committed investment values (AUD)	Frequency
< \$50,000	7
\$50,000-\$100,000	19
\$100,000-\$150,000	6
\$150,000-\$300,000	6
\$300,000-\$500,000	4
> \$500,000	1
unknown	1
Total	44

ANNEX 4: CONSULTATION LISTS

Table A4.1: Strongim Bisnis Partners Consulted²⁶

Sector Value Chain/ Cross-Cutting	Intervention Name	Implementing Partner Name	Initial Partnership Start Date	Partner Location	Met with:	Partnership Overview
Cocoa	Transforming the Cocoa Value Chain	Cathliro Commodities Development Ltd	28-Feb-20	Honiara	Diana Yates-Manager	Cathliro is a woman led aggregator, processor and exporter. Leveraging the potential of Cathliro's current supply chain, increase production and export to the boutique market. Commencing exports of Cathliro's currently-produced value-added products. Strengthening of Cathliro management capacity.
Cocoa	Increasing domestic production of cocoa value-added products	Kokonut Pacific Solomon Islands (KPSI)	23-Nov-22	East of Honiara	Bob Pollard - Managing Director	KPSI is a cocoa beans aggregator, processor and exporter. Increasing local cocoa value-adding through cocoa butter, powder and paste production. Boosting dried cocoa bean supplies by engaging new farmer suppliers and producers /exporters. Increasing local and export cocoa product sales through branding, marketing and packaging.
Coconuts	Phase 2: Diversifying marketing avenues for value-added products and Production and Australian market adoption of boutique, VCO-based products	Kokonut Pacific Solomon Islands (KPSI)	26-Jun-18	East of Honiara	Bob Pollard - Managing Director	KPSI is the major VCO market actor in the country sourcing from a network of rural community based DME processors and their related household coconut suppliers. Support has focused on growing alternative markets for VCO- beyond the bulk VCO market- through development of VCO based body care products and Tuna in VCO canned products. These new products were targeted at domestic and international markets with significant support provided towards marketing and promotion as well as packaging and branding of these new products. Physical upgrades to KPSI's production capacity were also needed

²⁶ Extracted from Strongim Bisnis current partnership list.

Sector Value Chain/ Cross-Cutting	Intervention Name	Implementing Partner Name	Initial Partnership Start Date	Partner Location	Met with:	Partnership Overview
Coconuts	Diversifying marketing avenues for value-added products and Production of boutique and VCO-based products	Chottu Guadalcanal Products	19-Oct-21	Northwest Guadalcanal	Simon Chottu- General Manager; Jack Chottu	Supporting CGP to strengthen supply chain management, processing, packaging, marketing and distribution to increase domestic sales of CNO and other added value products (like coconut jam). Facilitate access to international buyers and certification.
Coconuts	Diversifying marketing avenues for value-added products and Production and market adoption of boutique, VCO-based products	Islands Own Pty Ltd	04-May-22	Ranadi, nr Honiara	Ezra Tan- General Manager	Strongim Bisnis supported new labels and packaging for Islands Own's new and existing products for a rebranding campaign to increase its product demand and sales domestically and internationally. Strongim Bisnis also supported Islands Own to procure a pasteuriser, cooling tank and filling machine to enable the processing of products with a longer shelf life.
Financial Services	Agency Services Improvement Project (ASIP)	Baoro and Associates	09-Nov-21	Honiara	Baoro Laxton Koraua- Principal, BASPs for Honiara & Gizo; several beneficiary micro-enterprises	To increase accessibility of financial and other services in remote areas and to build capability and availability of business advisory services, supported the ASIP pilot being run in Guadalcanal, Gizo and Noro/Munda to build capacity of business advisory service providers (BASP) to provide advisory services to agents. The ASIP is building the capacity of BASPs who then work with retail SMEs in remote areas to improve their financial and business managements skills. The aim is to build the reliance and sustainability of these businesses so that service providers of financial services, utilities, telecommunications, and other goods and services could then be connected with them in order to provide their services allowing easier access to the people and businesses in the area to those services.
Financial Services	Improving the quality and reach of business training and advisory services	SISBEC	13-Sep-22	Honiara	Ben Nginabule- General Manager	To build capability and availability of business advisory services, supporting SISBEC to expand their services, update their training resources, strengthen their business advisory capabilities and move their services online.

Sector Value Chain/ Cross-Cutting	Intervention Name	Implementing Partner Name	Initial Partnership Start Date	Partner Location	Met with:	Partnership Overview
Guadalcanal Horticulture	Establishing a prosperous green waste value chain	Prosperity Farm Supplies	19-Mar-21	East Guadalcanal	Dr Maclean Vaqalo-Owner	The program is partnering with two producers of organic fertilizers with the objective of establishing a prosperous green waste value chain and improve access to fertilizers for farmers in Guadalcanal. The program is supporting the access to equipment and technology for fertilizers production as well as marketing. The NWGDA members are among the main fertilizer buyers.
Guadalcanal Horticulture	Upscaling Bulk Horticulture Sales	North West Guadalcanal Development Association (NWGDA)	16-Nov-21	Northwest Guadalcanal	Simon Chottu-Chair NWGDA	Supporting NWGDA to increase the Association's sales to wholesale buyers (including Bulk Shop) and connections with members. This includes the construction of NWGDA's wholesale market facility and greenhouse for seedling production, and support for marketing materials and events.
Guadalcanal Horticulture	Diversifying Value Addition of Horticulture Crops	SAPE	04-Nov-22	East Guadalcanal	Dr. Paul Vosawai Popora-Managing Director; worker & out-grower groups	SAPE Farm is a cassava farming business in the Ngalimbiu area East of Honiara. Strongim Bisnis supports SAPE Farm to strengthen its engagement with farmer suppliers through a targeted incentives program and increase their production of high-quality tubers all year round, and to process quality products for domestic and export sales. <i>Although this is the most recently signed PA, activity implementation has progressed significantly with the first export of processed cassava projected for April 2023</i>
Guadalcanal Horticulture	MK Local Haus Food Deliveries	MK Local Food House	23-Aug-22	West Honiara	Debbie Lukisi-Managing Director	MK Local Food Haus is a woman-led enterprise acting as a fresh vegetable retailer in Honiara and sourcing from East Guadalcanal. This intervention is supporting MK in the following areas: to diversify the offer of fresh vegetables and other fresh food in Honiara, with home delivery service as an alternative to the HCM; to improve administrative and logistic capacity; to improve suppliers' management; to improve marketing capacity.
Guadalcanal Horticulture	Improving sales conditions for farmers and increased investments in crop production.	Bulk Shop	28-May-21	Honiara	Adam Bartlett-Managing Director	Supporting Bulk Shop, the largest supermarket chain in the country, to scale-up their fresh produce marketing. This provides farmers (including NWGDA) a new market into which they may sell. The program is supporting logistics, marketing and suppliers' management aspects, as well investment in the production of local chips for domestic and export sales resulting in the increased and consistent purchase of root crops and bananas from farming households (and substituting for imports).

Sector Value Chain/ Cross-Cutting	Intervention Name	Implementing Partner Name	Initial Partnership Start Date	Partner Location	Met with:	Partnership Overview
Timber	Expanding the plantation out-grower program	Kolombangara Forest Plantation Limited (KFPL)	11-May-21	Kolombangara Island, Western Province	Edwin Schramm (General Manager), Tim Bula (PR); other staff; timber outgrowers in Jack Harbour	To achieve access to premium local and export markets for value-added timber and increase inclusion of small-holder plantation timber, supported KFPL to accurately assess and map the existing smallholder resources to provide an effective planning tool for the out-grower program to improve market access for small-holders and increase awareness on plantation management. Additionally, supported KFPL to introduce a new plantation timber value-added product “Pallets” in the domestic market. The partnership also includes a direct delivery component of financial literacy training for farmers to increase their capacity on managing the high income they receive from the sale of timber.
Timber	Establishing a plantation timber aggregation service	Value Added Timber Association (VATA)	28-Jul-22	East of Honiara	Julius Houria	To achieve access to premium local markets and increase inclusion of small-holder plantation timber, supported VATA to establish a program of milling logs with plantation small holders’ associations combined with a commercial extensionist program enabling improved relationship with smallholders, establishment of nurseries, forest management trainings and forest replanting activities. The associations improve the collective power of smallholders to negotiate price and improve their efficiency in supplying timber consistently. The partnership also aims to improve VATA’s marketing capabilities to promote plantation Teak and Mahogany species both in the domestic and international market.
Timber	Plantation timber value addition and marketing	Tropic Group Builders (TGB)	15-Jan-21	Ranadi nr Honiara	Ricky Fuo’o- General Manager	To achieve access to premium local markets for value-added timber, supported the promotion of value-added products from sustainable locally grown timber species through a professional display showroom at TGB facilities and improved digital promotion. The partnership develops TGB’s connections with plantation timber suppliers and works on improving market awareness of plantation timber quality and applications in the construction and building sectors of Solomon Islands.
Tourism	Development and promotion of disability-led tourism activities and a dining experience in West Guadalcanal	B-17	25-May-20	North-West Guadalcanal	Edith Chottu- Owner	To develop products around Honiara to cater to domestic market and business visitors, supported B17 to bring improvements to the restaurant, provided financial mentoring, and improvements to the disability accessibility of the property’s amenities.

Sector Value Chain/ Cross-Cutting	Intervention Name	Implementing Partner Name	Initial Partnership Start Date	Partner Location	Met with:	Partnership Overview
Tourism	Building the Domestic Market through Package Formation and Marketing and Build international marketing capability, and structural improvements to ease bookings and payments	Solomon Airlines	22-Nov-20	East of Honiara	David Green-Marketing Manager	To increase domestic tourism and facilitate international tourists, supported investments into operator collateral and digital infrastructure for domestic tourism. Facilitated airline's digital capability of attracting customers by supporting payment gateway and strengthening company's online presence.
Tourism	Systematization and partial devolution of Accommodation Minimum Standards, plus COVID Extra Care Protocols and preparations for border reopening	Ministry of Culture and Tourism (MCT)	24-Aug-18	Honiara	PS Barney	To provide emergency support to the industry in preparation for opening up of the borders, supported the training of tourism operators on COVID - 19 safety protocols and provided tourism operators with PPE, sanitisers and masks in preparation for the opening of the Solomon Islands border for Tourism. And supported roll out of minimum standards for accommodation providers
Tourism	Western province eco-tourism development	Kolombangara Forest Plantation Limited (KFPL)	06-Mar-20	Kolombangara Island, Western Province	Edwin Schramm-General Manager; on-site staff	To develop products for eco-tourism segment, supported the upgradation of eco-tourism of lodges at Ringii Cove and Imburano and improving access to the lodge. Additionally, supported marketing efforts to increase visitor numbers.
Tourism	Modelling how increased access to reliable tourism information results in bookings, with Jasons Maps	Tourism Solomons	07-Jan-20	Honiara	Fiona Teama	To increase the visibility of tourism products for domestic and international tourists, supported the development of market intelligence and improving the quality and quantity of travel planning information on Solomon Islands

Sector Value Chain/ Cross-Cutting	Intervention Name	Implementing Partner Name	Initial Partnership Start Date	Partner Location	Met with:	Partnership Overview
Waste Management	Establishing a plastic waste value chain in Gizo	Plastic Wise Gizo Trust Board	10-May-21	Gizo, Western Province	Rendy Solomon-President	To explore commercial viability of collection and recycling in outer areas, supporting PlasticWise Gizo to develop a PET Plastic and aluminium collection hub on Gizo Island that will act as a focal point for waste collection throughout the Western Province, Choiseul Province and the Shortland Islands. Support for PlasticWise includes facility improvements and waste collection capacity, new processing equipment, waste identification training for the waste collectors and linking with international waste brokers.
Waste Management	Review of the metal export tax and ratification of the Basel Convention	Ministry of Environment, Climate Change, Disaster Management and Meteorology	25-Oct-21	Honiara	Dr. Melchior Mataki-Permanent Secretary	To improve viability of exporting more recyclable items, Strongim Bisnis is providing legal and technical assistance for the ratification and implementation of the Basel Convention to enable recyclable hazardous waste access to more markets with facilities to recycled hazardous waste, particularly used lead-acid batteries.
Waste Management	Establishing a Plastic Waste Value Chain in Honiara	SolPower Scrap Enterprise	02-Aug-22	East of Honiara	Michael Maefiti-Director	To explore commercial viability of collection of aluminium and PET plastics in Honiara and Malaita, supported SolPower with the cost of improvements to the recovery, processing, and the export of waste aluminium. The SolPower partnership will also expand PET and used battery recovery collection to Malaita.
WEE / SI	Supporting Economic Opportunities of People with Disabilities	Pasifiki HR	03-Sep-21	Honiara	Bob Pollard	Pasifiki HR is a recruitment agency - the only one in the country. The program support focuses on including more PWD in their HR database, including trainings and support to improve their employment profile. Support in the form of trainings and physical infrastructure upgrades also available for businesses interested in hiring more PWD
WEE / SI	Women's Village Business Incubators	Dignity Pasifik	30-Jul-21	Honiara	Ruth Maetala	Dignity Pasifik is a woman led research and Business Advisory / training Services Provider focussing on rural women entrepreneurs and women owned businesses. Support has focused on improving their ability to provide BDS directly to rural small businesses, as well as individuals/trainers interested in becoming BDS providers in their own communities

Sector Value Chain/ Cross-Cutting	Intervention Name	Implementing Partner Name	Initial Partnership Start Date	Partner Location	Met with:	Partnership Overview
WEE / SI	Phase 2: WARA Sustainability and WARA Access to Finance	West 'Are'Are Rokotanikeni Association (WARA)	10-Dec-18	Honiara	Dr Alice Pollard	West 'Are'Are Rokotanikeni Association (WARA) is a network of women's saving clubs across several provinces and a key WEE advocacy actor. Strengthening their longer term sustainability has been a key focus, along with improving capacity to offer micro-finance services, financial literacy and gender sensitization to women and community members
WEE / SI	Phase 2: Dreamcast Sustainability	Dreamcast Theatre	23-Aug-19	Honiara	Neil Nua	Support for Dreamcast, a hub for young entrepreneurs in the field of arts, has focused on improving their administrative capacity and governance, as well as developing a range of income generating activities towards increased financial sustainability. Dreamcast is also a key actor involved in raising awareness on topics relating to WEE / Youth / PWD
WEE / SI	Phase 2: YECSI E-innovation Blo lumi	Young Entrepreneurs Council Solomon Islands (YECSI)	25-May-20	Honiara	Maverick Peter	The Young Entrepreneurs Council of Solomon Islands (YECSI) is a key youth advocacy group and support has focused on improving its capacity to provide services to their members- including those related to incubation and acceleration of member owned business enterprises. Improvements in their services seek to attract more new members and funding channels
WEE / SI	Strengthening Income Generation Capacity and Sustainability of the Vinakeke Youth Association	Vinakeke Youth Association	01-Sep-21	Munda, Western Province	Solson Kasa	Vinakeke Youth Association is a key youth advocacy group in Munda. Support has focused on improving the association's administrative capacity and governance, as well as developing a fish retailing activity to improve the group's financial sustainability- as well as serve as a practical business skills learning opportunity for members involved
WEE / SI	Driving School for Women's Empowerment	Solomon Islands Professional Driving Training Services (SIPDTS)	22-Jun-22	Honiara	Joyce Indu Lelau	Access to a driving licence is more challenging for women than for men in Solomon Islands. Support to the only driving School in the Solomon Islands has sought to increase women's access to a life skill that improves their employability -as well as agency for those who are women entrepreneurs
WEE / SI	Kaleko Steifree for Rural and Urban Women	Kaleko Steifree	30-May-19	Honiara	Mary Elizabeth Ramosaea	Strongim Bisnis supported Keleko Steifree to improve their capacity to produce and distribute re-washable sanitary pads for rural and urban women, thus improving access to quality menstrual hygiene

Sector Value Chain/ Cross-Cutting	Intervention Name	Implementing Partner Name	Initial Partnership Start Date	Partner Location	Met with:	Partnership Overview
WEE / SI	SolTuna Childcare Facility Pilot	SolTuna	14-May-21	Noro, Western Province	Soltuna and creche staff, and workers using the creche	SolTuna is a major employer in Solomon Islands, with a significant number falling in the youth age category, and women making up 2,000 of their employees. Support has focused on developing childcare services for its employees, in order to potentially reduce their child-care burden and related levels of staff absenteeism and turnover.

Table A4.2: Other Stakeholders Consulted

Category	Organisation	Individuals
SIG/Steering Committee	MAL	PS Lottie Vaisekavea
SIG/Steering Committee	MCILI	PS Riley Mesepitu
SIG/Steering Committee	MWYCFA	Deputy PS Aaron Pitaqae
SIG/Steering Committee	MCT	PS Bunyan Sivoro
Steering Committee/business organisation	SICCI	Natalina Hong, CEO; Ricky Fuo'o, Chairman
Development partner	NZ MFAT	Joe McCarter
Development partner; deliver Australia-funded regional program (PSDI)	ADB	Jeremy Cleaver, Terry Reid, Jarrod Harrington (PSDI)
Development partner; deliver Australia-funded regional program (PDEP)	UNCDF	Zoe Victoria Tate, Sam Mulawa (PDEP)
Australia-New Zealand funded regional program	PHAMA Plus	Ethel Frances, interim team leader, and staff
Australian Government	DFAT (AHC Honiara)	Louisa Macdonald Hall, Rosslyn Ramoifuilu, Bridget Sitai, Sally-Anne Vincent, Alison Purnell
Managing contractor and implementing team	Strongim Bisnis team	Phil Montgomery, Paul Valemei, Gianluca Nardi, Jawad Khan, Erin Tuhanuku, Annah Macharia, Grace Hilly, Alice Eric, Luke Britton, Alice Fakarii, Tracey Elo, Zefi Keritina, Tina Puilingi; Jennifer Syed (ASI)

ANNEX 5: PROGRAM-LEVEL RESULTS²⁷

Table A5.1: Overall Results, Phases 1 and 2

Level of Change	Indicator #	Common Indicators	EOPO	Disaggregation	Phase 1 & Design Refresh-Actuals Achieved Jul 2017-Dec 2020	Phase 2 Actuals Achieved to Date			Ph 1 & 2 Cumulative Actuals Achieved to-date (LOP)
						2021	2022	Total Phase 2	
Poverty Reduction	1	Number of households and small enterprises benefitting from additional income increase	EOPO-1	Aggregate	598	142	354	497	1095
	2	Net additional income increases of household and small enterprise beneficiaries (AUD)	EOPO-1	Aggregate	334,161	185,413	250,026	435,439	769,600
	3	Number of new jobs (FTE) created or maintained/saved attributable to Strongim Bisnis interventions	EOPO-1 & 3	Aggregate	86	57	60.8	117	203.4
				Women	49	21	27.1	48	97.1
				Youth	3	30	44.2	75	77.7
PWD				0	0	0.0	0	0.0	
Jobs Saved**	Results reported from Phase 2 onwards	29	0	29	29.2				
Enterprise Performance	4	Number of women, youth or PWDs owned or led businesses with improved access to higher economic opportunities	EOPO-3	Aggregate	146	60	548	609	755
				Women	146	42	476	518	664
				Youth**	0	51	230	281	281
				PWD**	0	1	7	8	8
	5	Number of women reporting improvement in their access and control over productive resources in the household and community	EOPO-3	Aggregate	146	13	62	75	221
6	Number of household and small enterprise beneficiaries adopting improved business practice	EOPO-1 & 3	Aggregate	1428	54	185	238	1,666	
Market System	7	Number of household and small enterprise beneficiaries with improved access to markets or information or products/services	EOPO-1	Aggregate	15,049	62	1,225	1287	16,336

²⁷ Source: Strongim Bisnis MRM system, supplied by Strongim Bisnis implementing team.

Level of Change	Indicator #	Common Indicators	EOPO	Disaggregation	Phase 1 & Design Refresh-Actuals Achieved	Phase 2 Actuals Achieved to Date			Ph 1 & 2 Cumulative Actuals Achieved to-date (LOP)
					Jul 2017-Dec 2020	2021	2022	Total Phase 2	
Activities	8	Number of women accessing new products or services that potentially improve their access and control over household and/or community productive resources*	EOPO-3	Aggregate	Results reported from Phase 2 onwards	28	369	397	397
	9	Number of market actors providing new/improved product/services	EOPO-1	Aggregate	38	10	29	39	77
	10	Value of sales of value-added products (AUD)	EOPO-1	Aggregate	223,162	465,416	533,688	999,105	1,222,267
	11	Number of market actors expanding business	EOPO-1	Aggregate	38	13	25	38	76
	12	Value of exports facilitated (AUD)	EOPO-1	Aggregate	663,877	201,990	139,067	341,057	1,004,934
	13	Number of new foreign/domestic investments in the tourism sector	EOPO-1	Aggregate	12	1	4	5	17
	14	Number of additional visitors to Solomon Island tourism operator sites as a result of Strongim Bisnis interventions	EOPO-1	Aggregate	41	325	794	1119	1160
				International	41	0	140	140	181
				Local**	Results reported from Phase 2 onwards	325	654	979	979
	15	Value of credit disbursed to beneficiaries (AUD)	EOPO-3	Aggregate	756,808	20,765	0	20,765	777,572
	16	Number of recipients of capacity building support	EOPO-1 & 3	Aggregate	1,434	967	1,243	2210	3,644
				Women**	763	259	622	881	1,644
				Youth**	222	83	238	321	543
				PWD**	64	8	5	13	77
	17	Number of new or reformed laws, regulations, policies, and/or procedures intending to enable private sector investment initiated*	EOPO-2	Aggregate	Results reported from Phase 2 onwards	2	1	3	3
	18	Number of collaborations facilitated between public and private sector actors*	EOPO-2	Aggregate	Results reported from Phase 2 onwards	5	7	12	12
	19	Number of market actors supported by Strongim Bisnis	EOPO-1	Aggregate	45	19	14	33	78
	20	Contributions (financial and non-financial) by market actors (AUD)	EOPO-1	Aggregate	1,766,103	482,115	638,460	1,120,575	2,886,678

Level of Change	Indicator #	Common Indicators	EOPO	Disaggregation	Phase 1 & Design Refresh-Actuals Achieved	Phase 2 Actuals Achieved to Date			Ph 1 & 2 Cumulative Actuals Achieved to-date (LOP)
					Jul 2017-Dec 2020	2021	2022	Total Phase 2	
	21	Number of events supported for encouraging market actor participation/innovation*	All EOPOs	Aggregate	Results reported from Phase 2 onwards	12	9	21	21
	22	Number of contributions to the consultations of development partners and Solomon Island government agencies to influence complementarity and evidence-based decisions making that empowers the private sector*	All EOPOs	Aggregate	Results reported from Phase 2 onwards	16	14	30	30
	23	Number of public communiques for encouraging market actor participation and innovation*	All EOPOs	Aggregate	Results reported from Phase 2 onwards	16	16	32	32

* New common indicators added in Phase 2, of which results will not be retroactively constructed for Phase 1.

** New disaggregation's added to common indicators carried forward from Phase 1.

Table A5.2: Actual Results against Annual Plan Targets

Target #	Target Common Indicators	EOPO	Annual Plan 2021 Year Target	Total 2021 Year Actuals Achieved	% of Annual Plan 2021 Year Target Achieved	Annual Plan 2022 Year Target	Total 2022 Year Actuals Achieved	% of Annual Plan 2022 Year Target Achieved
1	Number of household and small enterprise beneficiaries adopting improved business practice	EOPO-1	100	54	54%	250	185	74%
2	Number of women, youth or PWD owned or led enterprise adopting improved business practices	EOPO-3	80	22	28%	180	141	78%
3	Number of women reporting improvement in their access and control over productive resources in the household and community	EOPO-3	60	13	22%	130	62	48%
4	Number of women, youth or PWDs owned or led businesses with improved access to higher economic opportunities	EOPO-3	120	60	50%	400	548	137%
5	Number of household and small enterprise beneficiaries with improved access to markets or information or products/services	EOPO-1	200	62	31%	680	1,225	180%
6	Number of market actors providing new/improved product/services	EOPO-1	25	10	40%	20	29	145%

Target #	Target Common Indicators	EOPO	Annual Plan 2021 Year Target	Total 2021 Year Actuals Achieved	% of Annual Plan 2021 Year Target Achieved	Annual Plan 2022 Year Target	Total 2022 Year Actuals Achieved	% of Annual Plan 2022 Year Target Achieved
7	Number of market actors expanding business	EOPO-1	25	13	52%	10	25	250%
8	Value of sales of value-added products (AUD)	EOPO-1	AUD 80,000	AUD 465,417	582%	AUD 450,000	AUD 533,688	119%
9	Value of exports facilitated (AUD)	EOPO-1	AUD 110,000	AUD 201,990	184%	AUD 1,000,000	AUD 139,067	14%
10	Number of new or reformed laws, regulations, policies, and/or procedures intending to enable private sector investment initiated*	EOPO-2	2	2	100%	1	1	100%
11	Number of collaborations facilitated between public and private sector actors	EOPO-2	3	5	167%	5	7	140%
12	Number of recipients of capacity building support	EOPO-1	300	967	322%	390	1,243	319%
13	Number of women, youth or PWD recipients of capacity building support	EOPO-3	140	259	185%	270	622	230%
14	Number of market actors supported by Strongim Bisnis	EOPO-1	25	19	76%	8	14	175%
15	Contributions (financial and non-financial) by market actors (AUD)	EOPO-1	AUD 450,000	AUD 482,115	107%	AUD 450,000	AUD 638,460	142%
16	Number of events supported for encouraging market actor participation/innovation	All	12	12	100%	10	9	90%
17	Number of contributions to the consultations of development partners and Solomon Island government agencies to influence complementarity and evidence-based decisions making that empowers the private sector	All	10	16	160%	10	14	140%
18	Number of public communiques for encouraging market actor participation and innovation*	All	15	16	107%	15	16	107%
19	Number of new partnerships in the new target value chains (timber, horticulture, financial sector and waste management) *	All	12	8	67%	7	8	114%

Table A5.3: Phase 2 Results by Sector²⁸

#	Indicator	Indicator Aggregation	Cocoa	Coconut	Tourism	Financial Services	Timber	Guadalcanal Horticulture	Waste Management	Targeted WEE & SI	Phase 2 Results 2021-22
1	Number of HHs and small enterprises benefitting from additional income increase	Aggregate	124	30	90	7	33	34	141	38	497
2	Net additional income increases of HH and small enterprise beneficiaries (AUD)	Aggregate	29,745	15,268	111,634	20,227	107,912	69,102	10,870	70,682	435,439
3	Number of new jobs (FTE) created or maintained/saved attributable to Strongim Bisnis interventions	Aggregate	3.36	3.96	37.20	3.00	25.50	15.10	1.00	28.29	117
		Women	2.20	2.64	15.60	2.00	3.00	8.12	0.00	14.11	48
		Youth	3.10	3.76	21.27	2.00	8.20	9.06	1.00	26.27	75
		PWD	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
		Saved	0.00	0.00	29.20	0.00	0.00	0.00	0.00	0.00	29
4	Number of women, youth or PWDs owned or led businesses with improved access to higher economic opportunities	Aggregate	56	127	7	14	160	62	96	87	609
		Women	49	91	7	10	160	62	77	62	518
		Youth	25	60	3	9	92	9	30	53	281
		PWD	0	0	0	2	0	0	1	5	8
5	Number of women reporting improvement in their access and control over productive resources in the HH and community	Aggregate	39	0	0	5	0	0	10	21	75

²⁸ Source: Derived from Strongim Bisnis MRM system, supplied by Strongim Bisnis implementing team.

#	Indicator	Indicator Aggregation	Cocoa	Coconut	Tourism	Financial Services	Timber	Guadalcanal Horticulture	Waste Management	Targeted WEE & SI	Phase 2 Results 2021-22
6	Number of HH and small enterprise beneficiaries adopting improved business practice	Aggregate	120	0	30	11	0	28	0	49	238
7	Number of HH and small enterprise beneficiaries with improved access to markets or information or products/services	Aggregate	148	257	30	24	456	87	141	144	1287
8	Number of women accessing new products or services that potentially improve their access and control over HH and/or community productive resources	Aggregate	44	0	0	12	102	62	77	100	397
9	Number of market actors providing new/improved product/services	Aggregate	4	7	5	5	2	8	2	6	39
10	Value of sales of value-added products (AUD)	Aggregate	124,338	291,000	260,503	17,464	199,736	22,563	0	83,501	999,105
11	Number of market actors expanding business	Aggregate	5	10	2	4	3	6	2	6	38
12	Value of exports facilitated (AUD)	Aggregate	123,428	188,244	0	0	29,385	0	0	0	341,057
13	Number of new foreign/domestic investments in the tourism sector	Aggregate	1	0	4	0	0	0	0	0	5
14		Aggregate	5	0	1114	0	0	0	0	0	1119
		International	5	0	135	0	0	0	0	0	140

#	Indicator	Indicator Aggregation	Cocoa	Coconut	Tourism	Financial Services	Timber	Guadalcanal Horticulture	Waste Management	Targeted WEE & SI	Phase 2 Results 2021-22
	Number of additional visitors to Solomon Island tourism operator sites as a result of Strongim Bisnis interventions	Domestic	0	0	979	0	0	0	0	0	979
15	Value of credit disbursed to beneficiaries (AUD)	Aggregate	0	0	0	0	0	0	0	20,765	20,765
16	Number of recipients of capacity building support (Disaggregated by women, youth and PWD)	Aggregate	200	0	552	28	932	48	12	425	2197
		Women	81	0	210	14	230	28	8	306	877
		Youth	50	0	0	10	92	28	4	142	326
		PWD	0	0	0	0	0	0	0	13	13
19	Number of market actors supported by SB	Aggregate	4	4	2	2	3	8	3	0	33
20	Contributions (financial and non-financial) by market actors (AUD)	Aggregate	80,133	133,973	347,752	30,368	115,817	112,926	635	298,972	1,120,575
		Financial	80,133	133,973	347,752	30,368	114,458	108,426	635	38,029	853,773
		Non-Financial	0	0	0	0	1,359	4,500	0	260,943	266,802
	Strongim Bisnis investment to date (AUD)*	Aggregate	357,407	296,826	628,297	115,089	761,757	427,418	142,085	848,900	3,577,777
	Leverage (partner contribs / SB direct investment)**	N/A	0.224	0.451	0.553	0.264	0.152	0.264	0.004	0.352	0.313
	Net additional income increase per \$ of direct SB investment**	N/A	0.083	0.051	0.178	0.176	0.142	0.162	0.077	0.083	0.122

* Spend to date as of 18 Jan 2023 in the Flexible Funds tracker.

** Evaluation Team calculations based on above data.

ANNEX 6: VALUE-FOR-MONEY FRAMEWORKS AND GUIDANCE

While value for money is often interpreted as equating to cost efficiency, DFAT's value for money framework is far broader, encompassing the following eight principles across four categories:

Economy	Efficiency	Effectiveness	Ethics
1. Cost consciousness	3. Evidence based decision making	5. Performance and Risk Management	8. Accountability and transparency
2. Encouraging competition	4. Proportionality	6. Results Focus	
		7. Experimentation and innovation	

The message is that value for money is not simply a matter of measuring dollars spent to achieve program outcomes but is also about how those outcomes are achieved and the management and decision-making processes in place. It is also recognised that the costs of achieving outcomes will vary by context. No specific indicator(s) are mandated, but DFAT's M&E Standards²⁹ require programs to track performance by developing and reporting against context specific measures. These can include benchmarking against similar programs in similar contexts, tracking expenditures against specific outcomes, and benefit-cost analysis on particular innovations or program improvements.

DFAT's *Guidance Note: Performance Assessment Framework for Facilities*³⁰ suggests VfM expectations for facilities, that may be suitable also for other programs (including Strongim Bisnis, given it shares several core features of facilities³¹). These include monitoring and reporting expenditure against EOPOs (results-based budgeting), regularly assessing VfM as part of routine monitoring, and clearly identifying, monitoring and managing administration costs. DFAT's guidance note for private sector engagement³² reinforces the expectation that VfM will be applied across all investments (Box A6.1).

Box A6.1: VfM with the Private Sector

'In achieving good value for money in working with the private sector, the expected benefits need to be higher than other possible approaches or partners. Typically, this means the achievement of a desired outcome at the best possible price, although not necessarily the lowest. Assessment of value for money is based on a balanced judgement of financial and non-financial factors relevant to the selection process for partners, such as opportunities for scale, reach and replication.'

[Guidance Note: Engaging the Private Sector in Development, 2020³³]

DFAT's MSD programs generally use some combination of cost-effectiveness and cost-efficiency to assess VfM. However, given the broad definition and importance of contextual factors, reporting on VfM is highly variable (Box A6.2).

Box A6.2: VfM in DFAT MSD programs

'DFAT's expectations regarding the purpose of and approach to VfM assessments is unclear and as such MSD programs use a variety of approaches to assess VfM, none of which convincingly demonstrates VfM or its absence.'

²⁹ <https://www.dfat.gov.au/about-us/publications/Pages/dfat-monitoring-and-evaluation-standards>; Standard 5 (M&E); Standard 6 (Program Progress Reports).

³⁰ Available on DFAT Intranet or from Designmail@dfat.gov.au; internet version pending.

³¹ Pathways and strategies to achieve outcomes are not defined upfront and are developed during implementation; outputs and activities are largely developed during implementation; and there is usually a large pool of unallocated funds which is designed/programmed during implementation. Investments may be planned from year to year to respond to changing needs. (DFAT Guidance Note, Facility Investments, updated March 2023).

³² <https://www.dfat.gov.au/publications/aid/guidance-note-engaging-private-sector>

³³ Ibid, p. 7.

Few programs have plans to systematically collect and analysis information across all aspects of VfM to support an overall judgement of VfM.'

[Synthesis Review of DFAT-funded MSD initiatives, 2019³⁴].<https://beamexchange.org/resources/1406/>

³⁴ <https://beamexchange.org/resources/1406/> (Annex E, p. 59).

ANNEX 7: PROGRAM COSTS AND BENEFITS

Program expenditure to date on staffing, operations and program delivery is summarised in Table A7.1. The closure and subsequent reopening of international borders affected spending on several categories during Phase 2.

Table A7.1: Program Expenditure 2021 and 2022, and across Phases (AUD)³⁵

Item	2021	2022	Phase 1 ONLY	Phase 2 ONLY
Long-Term Adviser Costs (ARF) - Fees	883,155	1,043,558	2,159,500	1,926,713
Short Term Adviser Costs - Fees	26,206	186,191	287,933	212,397
Short Term Personnel Costs	547	0	3,878	547
Long-Term Personnel Costs	368,282	518,483	1,507,205	886,765
Adviser Support Costs	125,647	351,665	748,020	477,312
Operational Costs	255,571	282,439	901,725	538,010
Program Costs	978,589	2,373,649	3,132,021	3,352,238
TOTAL	2,637,997	4,756,092	8,740,282	7,394,089
Ops costs as % of Total Spend	10%	6%	10%	7%
Ops costs + Adviser support costs as % of Total Spend	14%	13%	19%	14%
Ops + Adviser support + staff costs as % of Total Spend	63%	50%	64%	55%
Program costs as % of total	37%	50%	36%	45%

Table A7.2: Cost per benefit generated

Common Indicators		Phase 2 only to date
Number of households and small enterprises benefitting from additional income increase	Aggregate	497
	Program cost/ beneficiary	AUD 6,751
	Total spend/ beneficiary	AUD 14,890
Net additional income increase of household and small enterprise beneficiaries (AUD)	Aggregate	AUD 435,439
	Program cost/ \$ of beneficiary net additional income	AUD 8
	Total spend/ \$ of beneficiary net additional income	AUD 17
Number of new jobs (FTE) created or maintained/saved attributable to Strongim Bisnis interventions	Aggregate	117
	Program cost/ FTE Job created	AUD 28,553
	Total spend/ FTE Job created	AUD 62,980

³⁵ Source: Data supplied by Strongim Bisnis, 8 March 2023..

ANNEX 8: DFAT PRIVATE SECTOR ENGAGEMENT PRINCIPLES

The following guidance on PSE Principles is extracted from DFAT's PSE Guidance Note³⁶.

Crowding in and minimum concessionality

Support to the private sector should contribute to catalysing market development and the mobilisation of private sector resources. Financial support should be structured to encourage private investment that would otherwise have gone elsewhere or to bring in private investors that would otherwise not participate. Financial support should be provided at the minimum level necessary to induce private sector participation and should maximise the amount of private funding. Providing financial support that is greater than necessary to induce the intended investment can distort financial markets and subsidise private sector activity, representing an inefficient allocation of resources...

Neutrality and reinforcing markets

Support should not provide one business with an unfair advantage over competitors. Further, it should minimise the risk of unduly distorting markets or crowding out new entrants into the market. The use of open, transparent bidding and tendering processes when selecting private sector partners can reinforce the operation of markets by placing all market participants on equal footing. Similarly, offering rolling application processes can ensure opportunities are available to a larger pool of private sector firms. In underdeveloped markets where there are a small number of private firms operating, it can be necessary to partner with a preferred firm. This should be done in a way that improves the operation of the market as a whole and encourages new entrants over time...

Sustainability

The partnership should have lasting development impacts and contribute towards the long-term commercial viability of the business or the relevant sector more broadly. There is an expectation that future investments in similar projects in a given sector will gradually require less financial support from the aid community and eventually none. However, depending on the context, commercial sustainability and independent commercial replication may only be achievable over time. It is important to maintain a high level of scrutiny of the commercial viability of private sector partners (such as through flexibility in responding to evolving markets, due diligence assessments and robust monitoring and evaluation), and reduce the level of support extended to repeat projects as market failures and other obstacles are reduced.

Additionality

The principle of additionality must underpin all financial partnerships with the private sector: donors should not support activities that a business would have financed themselves and/or has the expertise to implement alone... Additionality triggers investments that businesses would not make otherwise, or to make them occur more quickly, at a greater scale, or with stronger development outcomes...

Value for money

In achieving good value for money in working with the private sector, the expected benefits need to be higher than other possible approaches or partners. Typically, this means the achievement of a desired outcome at the best possible price, although not necessarily the lowest. Assessment of value for money is based on a balanced judgement of financial and non-financial factors relevant to the selection process for partners, such as opportunities for scale, reach and replication. In addition to PSE-specific value for money, staff must also consider DFAT's strategic objectives, including requirements under the Public Governance, Performance and Accountability Act (2013) and the Commonwealth Procurement Rules...

³⁶ <https://www.dfat.gov.au/publications/aid/guidance-note-engaging-private-sector>.

DFAT’s subsequent Operational Framework for Private Sector Engagement seeks to operationalise these by highlighting three elements: additionality, fairness and transparency (Figure A8.1).

Figure A8.1: Avoiding market distortions: operationalising DFAT’s PSE Principles³⁷

To avoid market distortions three principles should be adhered to:

ADDITIONALITY	FAIRNESS	TRANSPARENCY
Public funds will not finance activities that a commercial enterprise or financier would have funded without intervention	Collaboration with DFAT will not provide one business with an unfair advantage over its competitors	Information shared with the private sector should be publicly available and funding opportunities shared with all relevant stakeholders. Transparent processes will guide all decisions to engage with the private sector

³⁷ <https://www.dfat.gov.au/sites/default/files/private-sector-engagement-in-australias-aid-program-operational-framework.pdf>