

# **New Zealand / Solomon Islands**

## **Programme Strategy**

**(2009-2018)**

**Final**

**March 2009**

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## Executive summary

### Background

This Programme Strategy provides the strategic direction for the New Zealand – Solomon Islands development cooperation programme for the period 2009-2018.

The basis of the programme is a respectful and responsible partnership based on mutual accountability between the New Zealand Government and the Solomon Islands Government (SIG). It addresses priority concerns and challenges facing Solomon Islands.

The programme will be guided by principles and approaches considered critical to achieving sustainable development outcomes for the people of Solomon Islands in both the short and longer term.<sup>1</sup> The Strategy emphasises the importance of the two partners working together. The areas of focus in the Strategy reflect priorities identified by the SIG and other stakeholders; recognise the experience, expertise, and capacity of NZAID; and acknowledge the work of other donors and the need for effective donor coordination.

Solomon Islands has a rich history, a great diversity of cultures, and a young population that is growing rapidly. Between 1998 and 2003 violent conflict brought the state to the brink of collapse. Since that time Solomon Islands, with the assistance of the Regional Assistance Mission to Solomon Islands (RAMSI) and international donors, has been working to restore peace and stability and re-establish the basis for broad-based economic growth. RAMSI's presence and the security it brings has provided a safe environment for development workers and communities to work together, enabling significant growth in donor support to Solomon Islands. Significant gains have been made but these remain fragile and there is a need to ensure sustainability of progress made.

Solomon Islands is a major development partner for the New Zealand Government's aid programme, and this Strategy outlines how that partnership will be strengthened and expanded over the next 10 years with the aim of contributing to:

**A prosperous and stable Solomon Islands by fostering broad-based economic and social development.**

The fundamental principles of the Strategy are:

- build on **local strengths, leadership, and ownership**, and support and strengthen **existing systems and structures**
- build the **relationship, accountability, and engagement between government and its citizens**
- promote an **inclusive society** through **inclusive, equitable development**
- deliver **visible results, particularly in rural areas, in the short-medium term**
- **set realistic timeframes, ensure predictability, avoid over engineering**
- take **managed risks**, accept that mistakes will be made
- develop and promote **programmatic approaches**
- promote **mutual accountability**, disciplined and responsible partners
- promote **donor coordination and harmonisation**.

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<sup>1</sup> The Strategy is premised on the acknowledgement of territorial sovereignty of Solomon Islands and that Solomon Islanders have ultimate responsibility for their own development.

The core areas of focus for the programme will be:

- **investing in people through education and skills development**
- **improving livelihoods and promoting broad-based economic growth.**

Support to the focus areas will both contribute to, and is underpinned by:

- **support for building peace and stability across Solomon Islands.**

### **Focus One: Investing in people through education and skills development**

#### **The formal education sector**

Education, especially of girls and women, is widely recognised as one of the most successful means to enable countries to increase independence from external aid and achieve sustainable development. NZAID will consolidate gains to date, build on and expand current assistance to the basic education sector. A key focus will be the delivery of improvements to schools while continuing to develop the capacity and governance of the Ministry of Education and Human Resources Development (MEHRD) to sustain these results in the long term.

Key outcomes:

- All girls and boys in Solomon Islands have equitable access to quality basic education (pre-school to year 9) by 2015.
- Basic literacy and numeracy improved from 2005 baselines.
- Improved school infrastructure and increased teaching and learning resources.
- Increased percentage of adequately trained and qualified teachers from 2005 baseline.
- Strong donor co-ordination in the sector and more activities aligned with MEHRD plans, resulting in greater and more coherent coverage across Solomon Islands.
- Monitoring and evaluation frameworks providing evidence-based review mechanisms.
- Resources for education provided by both SIG and donors are utilised effectively and efficiently and channelled through SIG systems where possible.

#### **Non-formal education and skills development**

A strong education system relevant to employment opportunities is central to achieving improved long-term economic growth and development outcomes. NZAID will extend its support from formal education to non-formal and skills-based training, particularly in rural areas. This will increase people's skills and therefore improve livelihood and employment opportunities and ability to participate in the economic and social development of Solomon Islands.

Key outcomes:

- Improved access to and availability of quality non-formal and skills-based training that is relevant to people's livelihoods, employment and quality of life, including for those more marginalised.
- Improved school-to-work transition rates.

- Improved skills and knowledge that enable people to contribute to economic growth and development, and promoting an inclusive, participatory, civil society.
- Broader participation in all levels of government and community-level decision making.

**In support of education and skills: tertiary and professional development**

NZAID will continue to provide scholarships for tertiary study and professional development to support the development of a more highly skilled and productive economy in Solomon Islands. A skilled labour force is a key factor for future economic growth in Solomon Islands.

Managed in partnership with SIG and co-ordinated with AusAID scholarships, this programme will support implementation of the MEHRD Tertiary Policy.

Key outcomes:

- Human resource development enables people to contribute to development and economic growth particularly in NZAID’s focus sector areas.
- SIG coordination and management of the provision of tertiary scholarships and professional development ensures they are well-targeted, and contribute to the human resource development priorities necessary for sustainable development.
- NZAID Scholarships are co-ordinated and aligned with SIG and other donors, particularly AusAID, to ensure long-term capacity is built with minimal short-term negative impact on the workforce.

<p><b>Focus Two: Improving livelihoods and promoting broad-based economic growth</b></p>
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**Focus on the fisheries sector: supporting a sustainable enabling environment, domestic revenue generation, employment, livelihoods, and food security.**

The fisheries sector offers real potential to generate domestic revenue, expand formal employment, and improve livelihoods and food security. NZAID will substantially expand previous support to the fisheries sector by moving to a more sector-based approach. This will require the involvement of government, private sector, community, civil society, other donors, and international and regional partners.

Key outcomes:

- Oceanic fisheries industry is developed in a sustainable manner, and is generating significant new income, employment and government revenue.
- Strengthened management and regulation of coastal and oceanic marine resources.
- Strengthened linkages between government, private sector and communities leading to sustainable management of, and benefit from, marine resources.
- Enhanced food security and livelihoods due to improved opportunities for the development of coastal fisheries and aquaculture.
- Enhanced food security and recovery of key coastal fisheries species due to implementation of successful community marine resource management schemes.

- Sustainable management of the marine environment and interrelated ecosystems.
- Enhanced collaboration between domestic, international and regional partners working in the marine resources sector.

**Focus on the transport sector: supporting the enabling environment, removing barriers to production and livelihoods.**

Improving physical access to markets and social services through reliable, affordable transport is central to improving rural livelihoods and to promoting broad-based economic growth. NZAID will build on the current partnership with SIG and existing donors and will engage with new donors in the sector. NZAID will promote expanded support for a more coordinated sector-based, multi-donor approach to transport infrastructure and services.

Key outcomes:

- Increased connectivity of rural communities to markets and services improves people’s lives and livelihoods, and promotes broad-based economic growth.
- Investments in transport are pro-poor, analyse and respond to different community and gender needs and interests, and promote social returns.
- Investments in infrastructure are sustained through regular and adequate maintenance.
- Enhanced collaboration between SIG, private sector, communities, and international development partners working in the transport sector.

<p><b>Underpinning the Strategy: Building peace and stability</b></p>
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**Building peace and stability: support the enabling environment, promote good governance, sustain key reforms, and build safer communities.**

Solomon Islands remains a society in transition. Continuing peace and stability provides the enabling environment and underpins all development efforts in Solomon Islands and is the rationale for NZAID’s support in this area.

**Sustain key reform initiatives**

NZAID will work with RAMSI to support good governance. It will build on support provided to key reform programmes that underpin and consolidate the ongoing transition to stability and that are considered critical to maximising the impact of New Zealand’s development programme. A major factor in the stability and legitimacy of a government is its capacity to generate adequate domestic revenues to deliver basic services.

Key outcomes:

- Domestically generated revenue increases, with increased transparency and accountability, based on a progressive and equitable tax system.
- Elements of public sector reform initiatives are progressed in sector programmes supported by NZAID and other donors.
- External assessments of level of SIG transparency and corruption improve.<sup>2</sup>

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<sup>2</sup> For example Transparency International evaluations.

### **Peace and community stability**

RAMSI and Royal Solomon Islands Police (RSIP) provide the enabling security environment in which government, private sector, civil society and donors can operate. New Zealand will continue to support the development and capacity of RSIP.

A strong, inclusive civil society is considered vital for development. The role of women in promoting and sustaining peace in Solomon Islands is also recognised. NZAID will support and strengthen civil society through the sector-based programmes, not only in service delivery but also through advocacy, policy dialogue, social networking, capacity development, and supporting linkages with government sector partners.

Through policy dialogue, NZAID will advocate for government and donors to support an environment that encourages the growth of civil society organisations, growth in social capital, and increased social trust.

Key outcomes:

- Levels of violence and criminality remain low.
- Improved perceptions of community safety, particularly by women and young people.
- Communities show greater trust in the RSIP.
- RSIP exhibits greater effectiveness in fulfilling its core functions.
- Enhanced skills and knowledge within communities for civic engagement, participatory governance, communication and networking. In particular, the skills and knowledge of women, young people, and marginalised community members are enhanced.

### **NZAID and RAMSI**

New Zealand remains a committed partner in the RAMSI initiative and will continue to contribute to policy direction and be an implementation partner. Options and opportunities will be explored that promote the long-term sustainability of key RAMSI programmes.

## **Implementation of the Strategy**

### **Enhanced policy dialogue**

NZAID will enhance the level of policy dialogue with SIG and other development partners to promote respectful and responsive partnerships and effective collaboration for development outcomes.

Key outcomes:

- Enhanced policy dialogue and understanding between SIG and NZAID.
- Improved and more effective donor coordination and harmonisation and increased donor alignment with local systems.
- Coordinated donor approach to incentives and mechanisms developed and established with SIG that encourage ongoing reform and mutual accountability, and are based on strengthening and using SIG systems.

- Increased dialogue with regional and international organisations leads to increased alignment with SIG and programme priorities and enhanced programme outcomes.

### **Interwoven objectives and programmes**

The potential for activities to be mutually reinforcing and meet multiple objectives across focal areas will be actively explored. In the Solomon Islands context, the needs of young women and men, good governance, human rights, and sustainable management of the environment and climate change adaptation are considered to be best advanced by being integrated into core, long-term programmes.

Key outcomes:

- Evidence that programmes are efficiently managed and mutually reinforcing.
- Increased constructive dialogue with partners on interwoven issues.
- Evidence that gender, sexual reproductive health, human rights, environment, anti-corruption, and conflict prevention / peace building are integrated in programme activities.
- Enhanced civil society and community participation in decision making and policy dialogue in all NZAID programme areas.
- Strengthened relationship between SIG and civil society/community in NZAID key programme areas.
- Enhanced skills and knowledge within communities for civic engagement, participatory governance, communication and networking, within NZAID programme areas.

### **Monitoring, evaluation and review of the Strategy**

Both the SIG and NZAID acknowledge the importance of continuous improvement as well as the need to demonstrate impact. A Strategy Accountability Framework will monitor progress in achieving key outcomes.<sup>3</sup>

The potential for a joint framework for mutual accountability with the SIG and other donors will also be explored under the Strategy. This could potentially be linked to provision of general or sectoral budget support.

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<sup>3</sup> Note that the Strategy aligns with the Solomon Islands Medium Term Development Strategy (MTDS) and Fiscal Strategy. The Strategy Accountability Framework will be developed separately.

# NEW ZEALAND / SOLOMON ISLANDS PROGRAMME STRATEGY

**A prosperous and stable Solomon Islands by fostering broad-based economic and social development**

## **Improving Livelihoods and Broad-Based Economic Growth**

- Enabling environment
- Reducing barriers
- Focus on fisheries and transport

## **Investing in People through Education and Skills Development**

- Quality, relevant basic education
- Non-formal and skills-based training
- Engage civil society
- Focus on women and youth

## **Underpinning the Strategy: Building Peace and Stability**

- Build safer communities
- Support the enabling environment
- Promote good governance
- Sustain key public sector reforms

## **Approach and Principles of Engagement**

- Partnership based on mutual accountability.
- Build relationship and engagement between government and citizens.
- Promote local ownership, align and use local systems, knowledge and expertise.
- Build on strengths.
- Empower, include and focus on women and young people across all interventions.
- Strengthen both government and civil society.
- Keep it simple, setting realistic timeframes.
- Deliver visible outcomes across Solomon Islands, particularly in rural areas.

## 1. The Solomon Islands context

Solomon Islands has a rich history with great natural and cultural diversity. While Melanesians constitute the major ethnic group, Solomon Islanders identify themselves first by their *wantok* affiliation and secondly by province, before identifying as ‘Solomon Islanders’. The country comprises almost 1,000 islands, with over 80 languages spoken. The population of approximately 530,000 people is ethnically diverse, geographically dispersed, and growing rapidly. Subsistence agriculture and fishing supports 75 percent of the population, 85 percent of the population live in rural areas, and 40 percent of the population are under 15 years of age.<sup>4</sup> Unemployment and under-employment is significant among young people, and has ramifications for stability.

### Social indicators

Solomon Islands is a Least Developed Country, has one of the lowest GDPs per capita in the Pacific,<sup>5</sup> and will struggle to meet many of the Millennium Development Goals (MDGs). Life expectancy is one of the lowest in the Pacific. Adult literacy rates are low (76 percent), and lower again for women, and Solomon Islands is at high risk of not achieving access to basic education by 2015. Access to quality primary education is still a challenge and secondary education enrolment rates are only 30 percent, with girls’ enrolment lagging behind boys’ at all levels. Solomon Islands is one of only 10 countries in the world with no female members of parliament.<sup>6</sup>

Rates of infant mortality are high, as is the incidence of malaria.<sup>7</sup> A recent survey indicated that childhood mortality rates have increased over the past decade. There is poor awareness of sexual reproductive health, with high rates of sexually transmitted infections (STIs), and HIV and AIDS posing a potential issue for the future. Estimates for annual population growth range widely from 2.6 to 4 percent.<sup>8</sup>

While the official GDP per capita is low, subsistence production has managed to expand in line with the growing population, and is often underestimated in official figures. Strong traditions, and family and community ties including access to land, mean that extreme poverty and hunger are rare. General poverty of opportunity or ‘hardship’, however, is considered widespread.

A Participatory Poverty Assessment undertaken in 2007<sup>9</sup> indicated the major causes of hardship in communities were: poor access to basic needs such as water and sanitation; poor basic service provision, in particular health, education, infrastructure, communications and electricity facilities; lack of transport infrastructure and market outlets; a range of problems for young people including unemployment, drugs and alcohol, and teenage pregnancy; low educational attainment, including limited training opportunities for young people who wish to return to education or employment;

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<sup>4</sup> Solomon Islands Statistics Office, SPC, Macro International Inc. 2007. *Demographic and Health Survey. 2006-07. Preliminary Report.*

<sup>5</sup> Only Kiribati has a lower GDP per capita – Source SPC 2008 Statistical Summaries.

<sup>6</sup> RAMSI, 2007. *Machinery of Government – Strategy for Advancing the Position of Women in Government.*

<sup>7</sup> Solomon Islands Statistics Office, SPC and Marco International Inc, 2007 *Demographic and Health Survey 2006-07. Preliminary Report.*

<sup>8</sup> UNDP, June 2008. *National Provincial Strengthening Program (draft).*

<sup>9</sup> ADB, SPC, 2007. *Participatory Poverty Assessment Report – Solomon Islands.*

increasingly stressed traditional institutions; poor gender relations and women's increased roles as providers.

### **The economy, prospects and constraints**

The country has significant natural resources including timber, fish, gold, copra, cocoa, and palm oil. Since 2004 the economy has been growing and stabilised through improved macro-economic policy, revenue collection, restructuring and repayment of debts, and increased Official Development Assistance (ODA). The SIG Medium Term Fiscal Strategy<sup>10</sup> is clear on the economic challenges facing Solomon Islands in the next five years, and has committed the Government to economic reforms that will drive economic growth and raise revenue from a broader base.

The economy has a narrow base and faces challenges in diversification. Economic growth since 2003 has been largely based on unsustainable exploitation of forests, with revenue from logs expected to decline from 2009. Forestry makes up approximately 17 percent of the economy and 60 percent of government revenues. Non-logging growth prospects (such as mining, fisheries, and tourism) require difficult structural reforms, ongoing stability, and greater certainty around land tenure.

While there is some 'niche' tourism potential, particularly diving, growth in tourism requires investment in supporting infrastructure, reliable and competitive transport, international marketing, water and sanitation, and continued stability to attract both private investment and the tourists.

About 90 percent of land is held under customary communal ownership, with ownership rules differing between regions.<sup>11</sup> Very little land has been formally surveyed and registered. Land issues are seen by many as an impediment to private sector and foreign investment and thus an impediment to growth.

Government expenditure grew by 17 percent in 2008, and inflation has been in the 6-8 percent range, yet with the anticipated decline in logging, revenue forecasts are bleak and inflation is expected to rise to 20–25 percent in the short term. As high population growth increases, real GDP per capita is expected to fall sharply.

The economy is vulnerable to volatility in international markets for export commodities (copra, timber) and world prices for key imports (oil and rice). Increased pressure on the Government's balance of payments and foreign currency reserves is therefore likely, which will exacerbate hardship for Solomon Islanders.

Increasing aid flows and an expanded government sector also run the risk of crowding out the private sector. Future government expenditure needs to be targeted, be high quality, and encourage growth in the private sector.

### **The environment and natural resources**

Solomon Islands has significant natural resources and its forests are a great source of biodiversity; however the systems are extremely fragile. Logging rates are estimated to

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<sup>10</sup> SIG Medium Term Fiscal Strategy 2007-2012

<sup>11</sup> Note that disputes over customary land tenure between Malaitans and Guadalns were a major underlying cause of the Tensions between 1998 and 2003.

be four times the sustainable yields and a recent inventory predicts the complete depletion of natural forests by 2015 or earlier.<sup>12</sup>

Solomon Islands is prone to natural hazards, in particular cyclones, earthquakes, and tsunamis. Climate change is bringing an increase in intensity of extreme weather events, not only increasing community vulnerability, but also having a deteriorating effect on the state of physical infrastructure.

Various governments' policy statements have referred to sustainable management of natural resources; however successive governments have exploited the resources to meet demand for immediate revenue generation rather than for longer term sustainable economic development. Given the almost total reliance on natural resources for subsistence and export incomes, sustainable management of the environment in Solomon Islands is considered critical to long-term growth and stability.

### **Infrastructure**

Transportation links across the country have a history of poor planning, development and maintenance. Rural transport is sparse and unreliable.

Lack of physical access to markets has been identified as a major limiting factor to enhancing rural livelihoods in the immediate medium-term. The long-term reliability and performance of the transport network is essential to improving rural livelihoods and promoting broad-based growth.

The transport network is also essential for state functionality, as services cannot be delivered and people cannot access the benefits of development unless there are appropriate, reliable and affordable transport networks that connect people to social services, markets and goods.

### **Culture, political economy and government**

Cultural values strongly influence the way people interact and organise themselves. Care needs to be taken, however, in trying to generalise or analyse the effects of cultural values in Solomon Islands. It is a very diverse country, and traditional and more recently introduced institutions, societies and cultures are evolving and adapting to meet emerging challenges.

Solomon Islands only gained independence in 1978. The nation state and institutions are relatively new and still developing; the Constitution is still the subject of considerable debate and key issues remain unresolved; and political parties are extremely fluid and held together by a complex mix of personality, kinship, tribal-regional loyalty, ethnicity and ideology rather than the concept of a national constituency.<sup>13</sup> The result is considerable political instability.

A feature of Melanesian culture is *wantok*, which is someone who speaks the same language and with whom you share a set of social obligations. *Wantok* is the basis for most social and economic relations.<sup>14</sup> The links between the community and politicians

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<sup>12</sup> Department of Conservation, New Zealand, November 2008.

<sup>13</sup> Ratuva, S, 2008. *Primordial Politics? Political Parties and Traditions in Melanesia*, p 17.

<sup>14</sup> Disputes over land tenure was a major underlying cause of the Tensions between 1998 and 2003.

at all levels are primarily patronage relationships based upon kinship ties, regional loyalty, and shared faith. The traditional systems have provided an effective social safety net, yet there are growing differences between urban and rural/village life.

Life for the bulk of Solomon Islanders is far removed from the idea of a nation state governed by a Westminster-style state mechanism concentrated in Honiara. Most people are focused on meeting the basic needs of their family and community. Furthermore, traditional governance and authority systems, church and family based obligations and decision-making structures are equal to, if not more important than, nation state systems. The further away from Honiara, the stronger and more comprehensive is the role of the informal systems of governance.<sup>15</sup>

Regardless of which party is in power, or what structure government takes in the future, 'government' has limited capacity to provide essential functions and basic services to the rural-based population. Provincial Governments are in a vicious cycle of low capacity, limited responsibilities, and limited resources.<sup>16</sup> Donors will therefore need to work with, and strengthen, a range of levels of both government and civil society<sup>17</sup> to deliver services in rural areas in a timely manner. The benefits from peace, stability, and development need to reach beyond Honiara.

In many ways civil society in Solomon Islands is strong. However, civil society organisations are limited in capacity, particularly in their ability to absorb donor funding, deliver services and engage in policy. Communities and government are increasingly calling for civil society organisations to increase their capacity in the recognition that development relies on partnerships and collaboration between all actors. In turn, there is strong demand from civil society organisations for donors and government to assist them to strengthen their capacity, and that of the civil society sector, including stronger mechanisms for coordination and information sharing.

### **The Tensions**

The country and its population are still recovering from the period of civil unrest and lawlessness (1998-2003) known as 'the Tensions'. During the Tensions there was a breakdown of law and order, government operations were paralysed, and significant amounts of public infrastructure destroyed.<sup>18</sup> The state was near to collapse, with ethnic-based violence mutating into general criminality.<sup>19</sup> The level of trauma experienced by the society, and the time necessary for recovery, should not be underestimated, but the communities' resilience should also be acknowledged.

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<sup>15</sup>Cox, J and Morrison, J, 2004. *Report to AusAID: Solomon Islands Provincial Government Information Paper*.

<sup>16</sup>SIG, UNDP, UNCDF, June 2008. *National Provincial Government Strengthening Program. PGSP* (third draft).

<sup>17</sup>Civil society is defined here as including traditional village governance structures (i.e. chiefs, committees, churches), other community-based organisations (CBOs), national or provincial NGOs as well as faith-based organisations (FBOs). 'Civil society' is a contested term in Solomon Islands and the sector is extremely diverse (Rhodes 2007). Civil society and civil society organisations are both used in this strategy. NZAID recognises the need to be clear as to what those terms mean in Solomon Islands when considering how to engage in any particular context.

<sup>18</sup>SIG, *ibid*.

<sup>19</sup>AusAID, Technical Assistance Personnel in Solomon Islands, June 2007. *What can we learn from the RAMSI Experience?*

The Tensions were a result of a number of interrelated challenges facing Solomon Islands. Underlying the competition for land and resources was the weak sense of nationalism, the level of underdevelopment in the provinces as opposed to development centred on Honiara, and perceptions of ethnic bias in employment opportunities. There is an inherent tension between the natural social dynamic in Solomon Islands and the government system, which is based on representational democracy at a national level.

The restoration of peace since the arrival of RAMSI in 2003 has been welcomed and the first priority identified under the SIG's Medium Term Development Strategy (MTDS) is reconciliation. Many of the underlying causes of the Tensions still remain and need to be addressed.

## **RAMSI**

In July 2003, at the request of the then Prime Minister of Solomon Islands, states in the region and the Pacific Islands Forum agreed to field the Regional Assistance Mission to Solomon Islands (RAMSI), which quickly restored law and order.<sup>20</sup>

RAMSI is an integrated package of assistance with three key pillars focused on law and justice, good governance, and economic governance. In total, 15 countries contribute police, civilian and/or military personnel to RAMSI, with Australia the lead contributor, followed by New Zealand.

RAMSI's presence and the security it provides has enabled significant growth in donor support to Solomon Islands, providing a safe environment for development workers and communities to work together. Significant gains have been made but these remain fragile. There is a strong need to ensure sustainability of reforms undertaken so far, and to work with SIG and donors on the eventual transition of RAMSI to mainstream government and long-term bilateral donor programmes.

## **The donor environment**

Aid represented 51 percent of GDP in 2006,<sup>21</sup> therefore aid is a significant component of resources per capita. Australia is the largest donor providing 64 percent of all assistance (inclusive of RAMSI), followed by the European Union (10 percent), New Zealand (7 percent), Japan (6 percent), Taiwan (5 percent), the Asian Development Bank (3 percent), with other donors making up the remaining 5 percent.<sup>22</sup>

The Australian bilateral programme has focused on improving health, humanitarian assistance, disaster management, rural livelihoods, and strengthening key institutions such as Forestry and Lands Ministries. Australia and Solomon Islands signed a Partnership for Development in early 2009, setting out mutual accountabilities and future priority outcome areas which include:

- Improved service delivery (health, water and sanitation)
- Improved economic livelihoods (agriculture, agro-forestry)
- Improved economic infrastructure (transport, energy, telecommunications)

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<sup>20</sup> Pacific Islands Forum Eminent Persons Group. 2005. *A Review of the Regional Assistance Mission to Solomon Islands - Report of the Pacific Islands Forum Eminent Persons Group*. Suva: Pacific Islands Forum Secretariat.

<sup>21</sup> AusAID, Technical Assistance Personnel in the Solomon Islands, June 2007 *Case Study on Promising Approaches to Technical Assistance*.

<sup>22</sup> The major donor programmes are summarised in Annex 4.

- Addressing economic and fiscal challenges (public sector financial management and structural reform).

The European Union focuses on education (secondary, technical and vocational), transport infrastructure and rural development. The Asia Development Bank supports private sector development through improving transport infrastructure and services and strengthening the business environment. The World Bank has a major Rural Development Programme and also provides support in the health, energy and telecommunications sectors, as well as for climate change adaptation. Japan's main focus has been on infrastructure. Taiwan provides support through a range of funds including the Rural Constituency Development Fund distributed through Members of Parliament.

The focus of major donors is reasonably clear and co-ordination at sectoral level has improved; however there could be greater collaboration across programmes, across sectors, and across government agencies. Donors work together to provide a co-ordinated response to SIG on high level policy and strategic dialogue. NZAID also works closely with AusAID/RAMSI, the EU, ADB, World Bank, UN and others on joint programmes.

In this busy donor environment there are growing concerns regarding sustainability, aid effectiveness and impact, levels of local ownership, absorptive capacity, and donor coordination. An assessment by the World Bank has also suggested that since 2003 donors have focused on the social sectors, with limited support to the productive sectors. The New Zealand Programme Strategy recognises and responds to this context and, taking into account other donor programmes, will expand its work in the fisheries and transport sectors.

#### **Solomon Island development policy and strategy**

The SIG's (January 2008) policy statements for development highlight governance reform, political stability and social and economic stability as key objectives. The policy has a strong emphasis on rural development and investment in achieving the MDGs, with a focus on improved service delivery (water, sanitation, roads, health, and education) and economic opportunities (land and forestry sector reform, and employment creation).<sup>23</sup>

National objectives aim to "ensure a healthy, literate and a contented population". The SIG's MTDS (2008 to 2010) provides a framework around which donors can work in partnership with the government. The priorities identified under the MTDS are reconciliation, rural development to correct the distortions of past development, and economic development. Under economic development, particular priority is given to tourism, agriculture and fisheries development (for both commercial and subsistence) and other economic sectors able to generate growth and incomes in the medium-term to offset declining logging incomes.

#### **New Zealand policy context**

In 2002 NZAID was established as a semi-autonomous international development agency, with the new agency taking up new approaches to managing and delivering development assistance, and benefiting from increased staff and programme resources.

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<sup>23</sup> Note: Human rights are guaranteed by the Constitution of the Solomon Islands.

NZAID is committed to the achievement of the MDGs in the Pacific and has a strategy for its engagement in the Pacific. There has been a focus on strengthening governance, achieving broader-based growth and improved livelihoods, improving education and health, and reducing vulnerability.

NZAID's approach is to move to fewer, longer, and deeper programme activities with the objective of increasing quality and impact by focusing resources, rather than attempting to 'do everything'. Increasing the amount of assistance provided through 'higher order modalities' (such as general budget support, sector-specific budget support, and pooled funds) also allows for more strategic engagement with a high degree of partner ownership.

There has been a commitment for New Zealand's development programme to focus increased support in the Pacific on Melanesia, and Solomon Islands is now one of New Zealand's major development partners. Resources are directed through bilateral, regional, thematic, and specialised programmes. Resources are expected to scale up further in terms of the level of partnership engagement and total resources available over the term of the Strategy. The actual rate of expansion and the distribution across the programme will be subject to agreement with SIG on issues of mutual accountability, SIG commitment, as well as absorptive capacity and New Zealand Government policy on aid volumes.

Further changes in the way NZAID works can also be anticipated, including potential for increased devolution of responsibility to field operations, such as in Honiara, as it undergoes organisational review and development.

The Strategy builds on programme strengths and lessons learnt identified through the review of the Solomon Islands Strategy Programme 2003-2009 (see Annex 1).

### **The New Zealand whole of government partnership**

While this Strategy is focused on NZAID's development programme and primarily the bilateral engagement, it sits within the broader New Zealand whole of government relationship with Solomon Islands, with linkages and resources available to maximise New Zealand's support of Solomon Islands development.

The relationship between New Zealand and Solomon Islands has developed over many years, based on shared political, security, trade, economic, social and cultural interests. Many New Zealand Government agencies<sup>24</sup> have direct policy and technical engagement with Solomon Islands counterparts. The relationship continues to expand and deepen, with mutually beneficial initiatives such as the Recognised Seasonal Worker Scheme providing seasonal employment opportunities for Solomon Islanders in New Zealand. The RAMSI engagement is also an example of the whole of government approach with particularly active participation by New Zealand's Ministry of Foreign Affairs and Trade (MFAT), the Ministry of Defence, the New Zealand Police, and Inland Revenue, as well as NZAID.

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<sup>24</sup> Note 'agencies' in this document refers to departments and agencies.

While New Zealand agencies may be implementing partners under NZAID's bilateral or regional programmes, there are additional sources of funding support. The New Zealand Government Agencies Fund was established in 2005 to support government agencies to directly undertake activities in their areas of expertise outside of NZAID's focus areas. The MFAT-managed Pacific Security Fund also provides scope for security related programmes by other New Zealand agencies.

## 2. The goal of the Strategy

The Strategy aims to contribute to:

**A prosperous and stable Solomon Islands by fostering broad-based economic and social development.**

The approach of NZAID in Solomon Islands, as a consultative consensual partner, is considered to have been critical to its strong relationship with Solomon Islands.

The future Strategy therefore focuses first on the rationale for development assistance to Solomon Islands and the engagement principles that will guide **how** New Zealand's development programme will be delivered over the next 10 years.

As demonstrated by the Tensions in Solomon Islands, poverty, hardship and instability are interrelated. Hardship leads to instability; instability leads to hardship. Building on stability will secure the potential gains from development. The need for continued stability underpins the rationale of the Strategy and is a major factor in the principles and approaches that will guide its implementation.

## 3. Principles for NZAID engagement

The principles for the Strategy will guide NZAID programming and implementation. They emphasise building a relationship between SIG and its citizens and encouraging broader participation in the governance processes across Solomon Islands. The engagement strategy aims to protect and promote the rights of women, young people, and the most vulnerable, particularly in the rural areas.

The principles are consistent with the Paris Principles for Aid Effectiveness, the Accra Agenda for Action,<sup>25</sup> and Principles for Good International Engagement in Fragile States and Situations.<sup>26</sup> These principles, however, have been adapted based on Solomon Island context, NZAID experience, lessons from the 2003-2008 NZAID Programme Strategy Review, and consultations on the most effective approaches in Solomon Islands.

### ***3.1 Build on local strengths, leadership and ownership, and support and strengthen existing systems and structures.***

NZAID will adopt a 'strengths-based approach', building on existing local strengths, energy and evidence of local commitment and potential for increased impact. NZAID will recognise, support, and utilise the wealth of local knowledge and expertise that is available, using existing structures and system wherever possible and appropriate.

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<sup>25</sup> The Paris Declaration, endorsed in March 2005, is an international agreement to increase efforts in harmonisation, alignment, and managing aid for results with a set of monitorable actions and indicators. In September 2008 the "Accra Agenda for Action" (AAA) advanced the implementation of the Paris Declaration so that partner developing countries would assume more ownership, accountability, and partnership.

<sup>26</sup> Development Ministers and Heads of Agencies endorsed the Principles for Good International Engagement in Fragile States at the High Level Meeting of the Development Assistance Committee (DAC) in April 2007 in Paris.

Building trust between the citizens and local structures including government can only succeed if the local leadership is recognised as being genuinely committed to improving services. Solomon Islands will be in the driver's seat during all stages of the identification, design, implementation, and evaluation of programmes.

Appropriate and innovative models of support, especially for capacity development and in the use of external technical assistance, will continue to be explored and enhanced under the new Strategy to ensure effectiveness and local ownership and leadership. Joint planning, budgeting, and joint monitoring and evaluation are key.

### ***3.2 Build relationship, accountability and engagement between government and its citizens.***

Stability requires the building of trust between government and its citizens. This is best achieved through **timely delivery of services and opportunities to the largely rural-based population**. Capacity in service delivery needs to be improved, as does the capacity of civil society to articulate its needs and hold government accountable. The programme will strengthen **both government and civil society** structures and systems, and the relationship between them, thus promoting good governance.

### ***3.3 Promote an inclusive society through inclusive, equitable development***

Broad community participation through consultation and effective representation should ensure all members of the community are able to benefit from development. Benefits need to reach beyond Honiara to rural as well as urban areas, including to women and young people, and to the most vulnerable in society.

### ***3.4 Deliver visible results, particularly in rural areas, in the short-medium term***

Creating the right circumstances for equitable economic growth will take time. However, there is a need to focus on stability over the next few years, giving government time to deliver, particularly in rural areas. NZAID will build on existing programmes that are addressing priority needs and are making positive progress. Programmes will work with both government and civil society organisations to ensure timely delivery of visible outcomes and benefits.

### ***3.5 Set realistic timeframes, ensure predictability, avoid over engineering***

Solomon Islands is complex, and dynamic and significant analysis of the context is being undertaken. NZAID will share and utilise existing information/analysis and not over-engineer programmes, i.e. 'keep it simple', and pursue an 'action learning' approach. The critical issue is timely delivery of results, but to be sustainable programmes need to work within existing structures and build capacity. This takes time, and timeframes need to be realistic. Development takes time and requires predictability and consistency in donor support and policies.

### ***3.6 Take managed risks, accept mistakes will be made***

Working in post-conflict environments is high risk. Reliance on local ownership and leadership and aligning to local systems does involve risks. These risks need to be managed rather than avoided, and mistakes will be made. It is important to learn from mistakes. This in turn requires a solid monitoring and evaluation system.

### ***3.7 Develop and promote programmatic approaches***

NZAID will investigate how to build on existing sector-wide approaches and promote programmatic approaches more widely, including options for tagged sector funding, sector-based and/or general budget support.

### ***3.8 Promote mutual accountability, disciplined and responsible partners***

Both the New Zealand and Solomon Islands Governments are committed to mutual accountability. NZAID will focus on encouraging and supporting credible and realistic reform programmes, based on SIG ownership. A Framework of Mutual Accountability will be developed with SIG and other donors at a high level, outlining agreed targets and potential performance incentives.<sup>27</sup> NZAID and SIG will seek to build greater mutual accountability into their programmatic engagement more generally. Donors and partners need to be both disciplined and responsible partners. Additional resources will be devoted to monitoring and evaluation.

### ***3.9 Promote donor coordination and harmonisation***

NZAID will proactively work to coordinate with other donors and align programmes around government systems wherever possible, and offer a coherent package of assistance to SIG and other development partners. Coordination will not only reduce duplication, but encourage donors and SIG to consider how programmes can be mutually reinforcing to increase potential impact, with lessons learnt being shared across all programmes.

## **4. Priority areas of focus**

The Strategy has two programmatic focus areas: **investing in people through education and skills development** and **improving livelihoods and broad based economic growth**. These are underpinned by the need to continue to support building **Peace and Stability** across Solomon Islands. These areas have been selected after consideration of development needs, SIG priorities, and after consultation with the government and other representatives of Solomon Islands. New Zealand policy settings and NZAID's experiences to date have also been taken into account along with its capacity to implement effectively, and consideration of programmes being undertaken by other donors and organisations working in Solomon Islands.

SIG has indicated that the NZAID Strategy should build on the success of existing programmes, consolidating gains, and delivering visible outcomes in a timely manner. SIG has also emphasised the need to not spread resources too thinly, and to set clear parameters for programme areas. People across Solomon Islands need to see the benefits from stability and development.

### **4.1 Investing in people through education and skills development**

- Quality and relevant basic education accessible to all
- Increased livelihoods and employment opportunities through access to skills, training and information.

Education, especially of girls and women, is widely recognised as one of the most successful means to enable countries to increase independence from external aid and achieve sustainable development. These outcomes can only be achieved over the long-term and typically require significant investment from development partners over a long timeframe before countries are able to sustain the education system themselves.

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<sup>27</sup> Note: The concept of a Mutual Accountability Framework is an area that requires further discussion both within NZAID and with SIG and other donors during the consultation process for this draft Strategy.

NZAID's continued focus on education is based on several key factors. Education is a human right; is an end in itself; and contributes to economic growth, poverty elimination, effective governance and leadership, and the achievement of other development goals, such as better health. Relevant education and skills development will increase livelihood and employment opportunities and people's ability to participate in the economic and social development of Solomon Islands. NZAID and the international community have a collective commitment to achieving universal basic education.

NZAID is recognised as a lead donor in the education sector in Solomon Islands and has been working with the Ministry of Education and Human Resources Development (MEHRD) and the European Union (EU) in a sector-wide approach since 2003. NZAID's core objective is to support Solomon Islands to achieve universal primary education for all children and to eliminate gender disparity at all levels of education. This involves a key focus on improving conditions and results at the classroom level while building the systems to sustain these results. NZAID's approach in Solomon Islands is centred on its partnership with MEHRD, built on the principle of supporting MEHRD to be able to manage and run its own education sector. NZAID focus has been on improving basic education while the EU's support has been for secondary level and technical and vocational training.

While progress has been made on improving the access to and quality of education in Solomon Islands classrooms, significant challenges remain. Not least is the reality of achieving the MDG of universal basic education by 2015. NZAID intends to build on the strong foundation developed and enhance and expand its support across the sector and across Solomon Islands.

### **The formal education sector**

The major success of NZAID's support to education has been two-fold: the improvement to education in the classroom through training of un-trained teachers and provision of teaching and learning materials, along with strengthened ownership and leadership demonstrated by SIG. NZAID will consolidate gains to date, building on and expanding support to the education sector programme. Further support for strengthening of MEHRD and its provincial offices to manage and deliver a quality, relevant education system will remain key.

NZAID funding focuses on specific priority areas in primary education such as infrastructure development, teacher training, provision of learning materials and provision of school grants. NZAID will continue to move towards more comprehensive sector-wide support, maintaining the focus on quality primary education and expanding to early childhood, lower secondary, and other agreed priority areas (in the first instance TVET and non-formal) as funds and absorptive capacity allow. Ensuring the education system delivered is relevant to needs of the country, particularly for economic development, environmental management and social stability, will be a key principle of NZAID's approach.

NZAID's approach is to encourage a strong policy dialogue for the whole education sector. Under the new strategy, NZAID will strengthen its role in policy dialogue and continue to liaise with other donors to ensure co-ordinated support across the sector.

NZAID will work with MERHD to support its goal of increasing the engagement of other donors in the education sector. NZAID will also look to encourage and support broader stakeholder engagement, including civil society, and will strengthen community engagement in the education sector. Given the strengthened capacity within MEHRD, the new Strategy will increase governmental capacity to determine and expand NZAID funding coverage under the sector programme. It will also support improved use of SIG's own resources and enable NZAID increasingly to use country systems.

Additional resources will be devoted to monitoring and evaluation of the programme to ensure evidence-based review of progress against agreed outcomes under the programme, including the integration and monitoring of gender equality, human rights and participatory governance perspectives throughout implementation.

Key outcomes:

- All girls and boys in Solomon Islands have equitable access to quality basic education (pre-school to year 9) by 2015.
- Basic literacy and numeracy improved from 2005 baselines.
- Improved school infrastructure and increased teaching and learning resources.
- Increased percentage of adequately-trained and qualified teachers from 2005 baseline.
- Strong donor co-ordination in the sector and more activities aligned with MEHRD plans, resulting in greater and more coherent coverage across Solomon Islands.
- Monitoring and evaluation frameworks providing evidence-based review mechanisms.
- Resources for education provided by both SIG and donors are utilised effectively and efficiently and channelled through SIG systems where possible.

### **Non formal education and skills development**

A critical factor in building broad-based economic growth and maintaining stability is to enhance people's skills and opportunities to improve livelihoods across Solomon Islands. While access to basic education is recognised as a fundamental human right, in Solomon Islands most young people (aged 15-24 years) are not catered for by formal educational institutions. Many out-of-school young people do not have the necessary skills to enable them to make an adequate livelihood. The most recent census in 1999 showed only a small proportion of school leavers received vocational training (1.1 percent). There are limited skills training opportunities to match the labour market requirements, and this is combined with the annual influx of young people into the workforce that does not match formal employment opportunities. Unemployment among young people aged between 15 and 24 was 46 percent in 1999.<sup>28</sup> Of the total working-age population, only about 23 percent (69,000) are currently in employment (full or part-time).<sup>29</sup> A strong education system relevant to employment opportunities is therefore critical.

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<sup>28</sup> RAMSI, 2006. *Medium Term Strategy*, p 4.

<sup>29</sup> World Bank, NZAID and SIG. *National Skills Training Study*, 2007

NZAID will strengthen the links between the key strategy areas of education and broad based economic growth by expanding its focus on formal education to support non-formal and skills-based training, particularly in rural areas, increasing both physical and economic access to this training. Areas for support will include adult literacy, numeracy, basic trade and entrepreneurial skills training. The Strategy will ensure that the needs of women, young women, and the more vulnerable members of the community are considered and that they are able to benefit from the increased opportunities.

NZAID will also play an active role in the policy, planning, and coordination of skills training and human resource development, working with SIG, the private and civil society sector through relevant bodies such as the proposed National Human Resource Development and Skills Training Council.

Key outcomes:

- Improved access to and availability of quality non-formal and skills-based training, relevant to people's livelihoods, employment and quality of life, including for those more marginalised.
- Improved school-to-work transition rates.
- Improved skills and knowledge enabling people to contribute to economic growth and development, and promoting an inclusive, participatory, civil society.
- Broader participation in all levels of government and community-level decision making.

### **In support of education and skills: tertiary and professional development**

NZAID will continue to provide scholarships for tertiary study and professional development to support the development of a more-highly skilled economy and better governance in Solomon Islands. This programme, managed in partnership with SIG and co-ordinated with AusAID scholarships and RAMSI Machinery of Government programmes, will support implementation of the MEHRD Tertiary Policy.

NZAID will continue to work closely with SIG to improve the policy, planning and coordination of government and donor support to ensure more efficient and effective use of government and donor funds for human resource development, particularly in the public service.

NZAID will continue to engage with SIG in the establishment of the National Human Resource Development and Skills Training Council and the implementation of the MEHRD Tertiary Policy. These are the key mechanisms through which NZAID will also encourage greater co-ordination amongst donors in skills training and tertiary education support. At the operational level, NZAID will work with SIG and other relevant donor partners to explore and implement options for improving the effectiveness of existing scholarships and training approaches, in particular looking at in-country training and distance learning, potential for action research programmes. Co-ordination and alignment with SIG and other donors will also be considered. The

awarding of NZAID Scholarships will be aligned to SIG priorities and the priority areas of NZAID's programme areas, such as fisheries, infrastructure, and internal revenue.

Key outcomes:

- Human resource development enables people to contribute to development and economic growth, particularly in NZAID's focus sector areas.
- SIG coordination and management of the provision of tertiary scholarships and professional development ensures they are well-targeted, and contribute to the human resource development priorities necessary for sustainable development.
- NZAID Scholarships are co-ordinated and aligned with SIG and other donors, particularly AusAID, to ensure long-term capacity is built with minimal short-term negative impact on the workforce.

### **Interwoven programmes and objectives**

In supporting both the formal and non-formal education sector, NZAID will identify opportunities to contribute to key objectives in gender and women's empowerment, conflict prevention, participatory governance, and strengthened civil society. Expansion to non-formal education may involve community-based education that requires integration and strengthening of community and civil society organisations. NZAID will work with SIG to enhance engagement of civil society and communities in the delivery and governance of education services. The programme will also consider the role of education in promoting peace, social stability and national unity, for example supporting teachers as agents for positive change.

Enhanced community participation also supports the broader anti-corruption agenda through enhanced transparency and accountability e.g. strengthening school committees, participatory school planning, and budgeting programmes.

Key outcomes:

- Increased participation of communities and civil society organisations on education issues results in improved delivery of quality education.
- Increased rates of adult literacy, particularly for women, contributing to improved livelihoods and participation in decision making.
- Increased gender equity in teacher workforce and in school enrolments.
- Formal education system recognised as promoting social stability and cohesion.

## **4.2 Improving livelihoods and promoting broad based economic growth**

- Enabling broad-based economic growth.
- Strengthened rural livelihoods and food security.

Since 2003, donors have focused on strengthening central government and the social sectors, but limited support has been provided to the productive sectors. Levels of poverty, hardship and inequity have been cited as significant contributing factors to instability in Solomon Islands. To reduce poverty and hardship, livelihoods need to be improved and broad-based economic growth attained.

A key focus of the NZAID programme in Solomon Islands has been, and will remain, education, which will over time contribute to improved livelihoods and economic prospects. There is also the need to contribute more directly to improve economic growth and livelihoods for the majority of the population. NZAID has the capacity to build on its experience and expand its support in the fisheries and transport sectors to build key productive sectors and reduce critical barriers to improved livelihoods and economic growth.

**Focus on the fisheries sector: supporting a sustainable enabling environment, domestic revenue generation, employment, livelihoods and food security.**

The fisheries sector in Solomon Islands includes oceanic and coastal fisheries and aquaculture. This sector has the potential to partially offset the impact on the economy and government finances of the declining forestry sector. The fisheries sector is one of the few sectors that offers real potential to generate domestic revenue, expand formal employment, and improve livelihoods and food security. The contribution to these areas can be enhanced if an appropriate and strong policy and regulatory environment exists, foreign investment can be attracted, and the resources are managed sustainably.

NZAID will continue to engage as a key partner in the fisheries sector, and will work with SIG to promote coordinated support between existing donors, international organisations, civil society and private sector. Success will require strong government leadership and commitment. Increased support will be provided under an agreed framework of mutual accountability.

NZAID will expand support to the fisheries sector by moving to a more integrated approach to sustainability and governance through a sector-based approach. Involving the government, private sector, community, civil society and other international and regional partners, this approach will promote central government (revenue and resource management) objectives, private sector development and investment, community based fisheries and aquaculture, and sustainable management of the resources and their natural environment. Modalities will be developed to enable efficient channelling of support to groups promoting sustainable community fisheries management and strengthened rural livelihoods.

NZAID will work with SIG to ensure that any development in the sector is based on the sustainable management of the resource and on sound gender-differentiated analysis of social, economic and environmental impacts.

NZAID recognises the strong relationship between fisheries activities and other activities taking place in the surrounding ecosystem. Unsustainable land-based activities can pollute and damage reefs, adversely affecting food security. In contrast, if reefs are to be replenished, alternative livelihoods for fishermen and women need to be identified and supported. This inter-relationship will be recognised in determining the nature of our assistance.

**Key outcomes:**

- Oceanic fisheries industry is developed in a sustainable manner, and is generating significant new income, employment, and government revenue.

- Strengthened management and regulation of coastal and oceanic marine resources.
- Strengthened linkages between government, private sector and communities leading to sustainable management of, and benefit from, marine resources.
- Enhanced food security and livelihoods due to improved opportunities for the development of coastal fisheries and aquaculture.
- Enhanced food security and recovery of key coastal fisheries species due to implementation of successful community marine resource management schemes.
- Sustainable management of the marine environment and interrelated ecosystems.
- Enhanced collaboration between domestic, international and regional partners working in the marine resources sector.

**Focus on the transport sector: supporting an enabling environment, removing barriers to production and livelihoods.**

Around 85 percent of the Solomon Islands population live in rural areas, with 75 percent relying upon subsistence agriculture and fisheries. A range of donor programmes have aimed to support rural development and increased agricultural production with mixed/limited success. However, a major limiting factor to enhancing rural livelihoods and economic opportunities in the immediate to medium-term has been identified as physical access to markets (affordable, reliable, and regular transport). Transport infrastructure is central to improving rural livelihoods and to promoting broad-based economic growth.

NZAID will continue to support the rehabilitation of roads and bridges in partnership with SIG, Asian Development Bank (ADB) and RAMSI/AusAID. This programme is funded by all partners, with implementation managed by ADB and SIG, and oversight contributions from NZAID and AusAID. The programme also works to align with other donors in the infrastructure sector (such as Japan International Cooperation Agency and the European Community).

The next phase of infrastructure planning will require a greater level of coordination. The SIG has developed a National Transport Plan 2007-2026, which will form the basis of closer co-ordination. NZAID will build on the National Transport Plan and its current partnership with SIG, ADB and AusAID to promote a sector-based approach. Early attention will be given to supporting analytical work to underpin a revised National Transport Plan, to ensure that the plan is well prioritised and channels investments to areas of greatest economic and social return. SIG and NZAID are also working with other donors to ensure interrelated services, such as access to communications technology, complement implementation of the Transport Plan.

There is a need to ensure ‘best practice principles’ are applied to transport development in terms of maintenance, environment, adaptation to climate change, transparent systems, gender, HIV and AIDS for example. NZAID will consider options and opportunities that deliver the best outcome for Solomon Islands in terms of timely access to transport.

Key outcomes:

- Increased connectivity of rural communities to markets and services improves people's lives and livelihoods and promotes broad-based economic growth.
- Investments in transport are pro-poor, analyse and respond to different community and gender needs and interests, and promote social returns.
- Investments in infrastructure are sustained through regular and adequate maintenance.

### **Interwoven programmes and objectives**

Recent approaches in the transport infrastructure programme have supported private contractors, community contracting, labour-based technologies, and sustainable maintenance programmes. The approach therefore addresses a range of priority needs including employment of young people in rural areas and private sector development.

Support to the fisheries sector can increase the linkages between government and community, and have positive impacts on food security and livelihoods. Sustainable management of the fisheries resource will have a positive impact on the marine environment and protect fragile ecological systems. A secure source of domestically generated revenue will enhance government stability.

Provision of transport to rural areas can link fishing communities to markets and health and education services. Best practice in transport, planning, construction and maintenance will minimise any potentially negative environmental impacts. Increasing the rate of economic development and providing livelihood opportunities are strongly linked to reducing the likelihood of conflict and instability.

#### **Key outcomes:**

- Strengthened engagement between relevant government ministries and civil society/communities in decision making and policy development.
- Transport planning analyses and responds to different gender needs and interests in improvements to transport networks.
- Women and men benefit equally from fisheries livelihoods opportunities.

## 5. Underpinning the Strategy: Building peace and stability

### **Building peace and stability: support the enabling environment, promote good governance, sustain key reforms, and build safer communities.**

Solomon Islands remains a society in transition. The community and its government have rebounded from the pre-2003 crisis, however the progression to an environment that supports sustained positive progress and development is a long road. A number of the underlying issues causing conflict in Solomon Islands are still to be addressed and will not be resolved easily. Stakeholders in Solomon Islands, including NZAID, need to understand and address root causes of conflict, and continue to promote and build on the current level of stability.

It is also critical to acknowledge that conflict is inherent in all societies. It is the early identification and management that can prevent conflict from escalating and becoming violent. NZAID's programme focus areas help build long-term structural stability and peace by improving basic social services, supporting economic development, and promoting good governance and respect for human rights. NZAID will build on current community sector strengths, and explore ways to further enhance civic engagement, community resilience and participatory governance in a strategic manner.

It is important to recognise that NZAID's programme cannot address all of the root causes of conflict in the country. This will require a sustained multi-stakeholder effort and there are a number of other partners working to support sustainable long-term development in Solomon Islands.

#### **Sustain key reform initiatives**

NZAID will work with RAMSI to support good governance and build on support provided to key reform programmes that underpin and consolidate the ongoing transition to stability, and that are considered critical to maximising the impact of the NZAID programme over the long term.

A major factor in the stability and legitimacy of a government is its capacity to generate adequate domestic revenues to deliver basic services. NZAID will therefore continue to work with RAMSI to support SIG to enhance and protect its revenue base through strengthening the Inland Revenue Department. The need for fiscal accountability in taxation and revenue is also critical to meeting key outcomes for the fisheries sector in potential revenue generation.

Key outcomes:

- Domestically generated revenue increases, with increased transparency and accountability, based on a progressive and equitable tax system.
- Elements of public sector reform initiatives are progressed in sector programmes supported under the long-term programmes of NZAID and other donors.
- External assessments of the levels of SIG transparency and corruption improve.<sup>30</sup>

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<sup>30</sup> For example Transparency International evaluations.

## **Peace and community stability**

### **Policing**

RAMSI and RSIP provide the enabling security environment in which Government, private sector, civil society, and donors can operate. New Zealand has been supporting the RSIP through the deployment of New Zealand police officers to the RAMSI Participating Police Force (PPF) and through longstanding bilateral police secondments. Long-term security in Solomon Islands will depend on a professional, effective and respected RSIP. It will take time for this to be achieved.

Effective community policing is particularly important for addressing the specific concerns of more vulnerable members of society, including women and children. Solomon Islands has an extremely high reported incidence of domestic violence. Consequently, any support New Zealand provides in the policing needs to consider how the rights of women and children can be protected and their lives improved.

New Zealand will continue to support the development of RSIP. In the short to medium-term, this will primarily be through funding of New Zealand Police's contribution to the PPF. RAMSI/New Zealand will also explore opportunities to further enhance the capacity of RSIP in areas where New Zealand is considered to have comparative advantage in the region, such as community policing.

Key outcomes:

- Levels of violence and criminality remain low.
- Improved perceptions of community safety, particularly by women and young people.
- Communities show greater trust in the RSIP.
- RSIP is exhibiting greater effectiveness in fulfilling its core functions.

### **Civil society**

NZAID recognises the vital importance of a strong civil society for development, particularly in countries where the formal government systems are weak. Community cohesion and ability to resolve conflict without violence are pre-cursors for development. Civil society is an essential part of any functioning society and for the maintenance of peace and community stability. Civil society actors, in particular women's groups, play a key role in bringing about and maintaining peace in Solomon Islands. Civil society organisations also have an important role in service delivery, advocacy, and policy input as well as supporting community cohesion and filling a key social welfare function.

While several donors are already engaged in the sector, support tends to be focused more towards funding for service delivery and specific projects. There is limited donor support for strengthening organisations and improved information sharing and coordination. There is a risk that excessive donor funding to civil society organisations could be counter-productive where there is limited absorptive capacity and not a strong enabling environment.

NZAID considers it can have the most impact on strengthening civil society and the community sector by working through the sector-based programmes, not only in funding service delivery but also through advocacy, policy dialogue, social networking, capacity development, and supporting linkages with relevant government sector partners.

NZAID will consider continuing to provide direct assistance for strengthening the enabling environment for civil society actors, both through its existing sector programmes, but also as appropriate through a separate relationship with specific actors and wherever possible will do this jointly with other donors in particular AusAID, EU and potentially the World Bank.

At the higher level of policy dialogue, NZAID will advocate for greater donor co-ordination in the sector and support to an environment that encourages the growth of civil society organisations, growth in social capital, and increased social trust.

Key outcomes:

- Enhanced skills and knowledge within communities for civic engagement, participatory governance, communication and networking.
- Coordination of support provided to civil society organisations is enhanced, and the support provided strengthens their capacity and effectiveness.

### **NZAID and RAMSI**

New Zealand remains a committed partner in RAMSI and will continue to play its role in contributing to policy, direction, and as an implementation partner. New Zealand considers the participation of other regional Pacific participants in RAMSI to be essential to its effectiveness, governance, and popular support in Solomon Islands.

RAMSI remains committed to working with the government and the people of Solomon Islands to help build a secure, well governed and prosperous country, however the shape of this support may change over time. Options and opportunities will need to be explored that will promote the long-term sustainability of key RAMSI programmes.

As RAMSI begins to phase down, NZAID will play an active role in supporting the eventual transition of programmes from RAMSI to bilateral or other arrangements, and will look to means by which it can increase donor collaboration with RAMSI programmes. NZAID will also look to support transition programmes in relevant areas of NZAID's focus. For example, the work of RAMSI under the 'Machinery of Government' pillar includes essential public sector reforms. For these reforms to be sustained requires long-term support and adoption by line ministries. The NZAID sector programmes in the ministries of education, fisheries and infrastructure provide very practical mechanisms to implement the reform programmes.

## **6. Implementing the Strategy**

### **6.1 Policy dialogue and donor coordination**

Solomon Islands is a major development partner for NZAID. During the term of this Strategy that partnership will be strengthened and expanded. The move to more sector-

based and programmatic approaches, and developing stronger partnerships, needs to be based on mutual accountability, respect, and understanding. This requires enhanced policy dialogue and engagement between development partners, such as NZAID and SIG, and between NZAID and other donors, including international and regional organisations and civil society organisations. Without such dialogue leading to enhanced cooperation, coordination and mutual understanding, the approaches and the Strategy will not work. Australia and New Zealand have a commitment to close collaboration and harmonisation in the region and NZAID will continue to work to ensure policy coherence and joint approaches.

Key outcomes:

- Enhanced policy dialogue and understanding between SIG and NZAID.
- Improved and more effective donor coordination and harmonisation and increased donor alignment with local systems.
- Coordinated donor approach to incentives and mechanisms developed and established with SIG that encourage ongoing reform and mutual accountability, and are based on strengthening and using SIG systems.
- Increased consistency in donor approaches to civil society organisations.
- Increased dialogue with regional and international organisations leads to increased programme complementarities and enhanced programme outcomes.

## **6.2 Interwoven issues, mutually reinforcing programmes**

The potential for activities to be mutually reinforcing and meet multiple objectives across focal areas will be actively explored.

Any decline in Solomon Islands ecosystems presents a threat to poverty reduction efforts. There is a dependence on natural resources for economic development – particularly through agriculture, fisheries, and tourism – and to meet subsistence livelihoods. NZAID will ensure all assistance is planned and implemented using effective and participatory analysis of environmental risk, and incorporates appropriate environmental mitigation and enhancement practice and takes into account national climate change adaptation plans.

There is also considerable gender inequity in Solomon Islands,<sup>31</sup> and meeting the needs of young people is a major challenge. Inclusion of women and young people in all levels of decision making while addressing their needs will be critical to reducing hardship and instability. The NZAID Strategy considers that sustainable equitable outcomes in Solomon Islands are most likely to be achieved through proactive integration of issues such as gender and young people's needs within the NZAID programme focus areas, rather than as stand-alone programmes.

However, to ensure these issues are not 'lost' as a result of mainstreaming, NZAID may need to undertake specific initiatives to ensure women's empowerment in a specific programme area; allow adequate resources for analysis and evaluations; and have specific objectives, indicators, and targets for gender equity, women's empowerment, and young people's development. Similarly there is believed to be value in enhancing

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<sup>31</sup> UNIFEM. August 2005. *Monitoring Peace and Conflict in the Solomon Islands. Gendered Early Warning Report No. 1.*

civic engagement and good governance throughout all programme areas, rather than as discrete 'civic' or 'governance' projects.

NZAID will investigate how it can support and enhance civil society, and how to provide capacity for effective advocacy and dialogue between community groups and between government and its citizens, within the key programme areas of the NZAID Country Programme Strategy, i.e. education, productive sector, transport sector, economic governance, and policing. Within its key programme areas, NZAID will work actively to achieve the cross-cutting objective of enhancing community capacity to articulate needs, and responsive government and effective service delivery. NZAID will encourage dialogue between civil society and government at national level, in the focus areas of the NZAID Country Strategy to enhance broad long-term sustainable development outcomes.

Key outcomes:

- Evidence that programmes are efficiently managed and mutually reinforcing.
- Increased constructive dialogue with partners on interwoven issues.
- Evidence that gender, sexual reproductive health, human rights, environment, anti-corruption, and conflict prevention / peace building are integrated in programme activities.
- Enhanced civil society and community participation in decision making and policy dialogue in all NZAID programme areas.
- Strengthened relationship between SIG and civil society/community in NZAID key programme areas.
- Enhanced skills and knowledge within communities for civic engagement, participatory governance, communication and networking, within NZAID programme areas.

### **6.3 Support through other NZAID programmes**

NZAID's major support to Solomon Islands is through the government-to-government bilateral programme, however additional resources are provided through other initiatives. These include support via regional agencies, thematic programmes, and specialised funds which complement the bilateral programme and are guided by New Zealand's Pacific Strategy for Development 2007-2015 and linked to the Pacific Plan. To foster coherence, the New Zealand and Solomon Islands Governments will engage on all New Zealand assistance to Solomon Islands.

In addition to funding Pacific Regional Organisations,<sup>32</sup> NZAID contributes to regional policy dialogue, with a focus on influencing regional organisations to have stronger accountability to partner governments and respond to needs identified by member states. NZAID will draw on its resources to support SIG to engage with regional agencies to ensure country-driven needs are met and that regional approaches add value to national efforts.

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<sup>32</sup> Pacific Regional Organisations supported include: Pacific Islands Forum Secretariat (PIFS); Secretariat of the Pacific Community (SPC); Forum Fisheries Agency (FFA); South Pacific Environment Programme (SPREP); the South Pacific Applied Geoscience Commission (SOPAC); South Pacific Board of Educational Assessment (SPBEA); the University of the South Pacific (USP); and the Fiji School of Medicine.

NZAID has a range of thematic programmes such as growth and livelihoods, environment and vulnerability, social development, and Pacific governance. NZAID will work to ensure close co-ordination, consistency in approach, and linkages between all NZAID programmes to maximise effectiveness and ensure alignment across these programmes where relevant. While a range of interwoven issues will be supported under long-term bilateral programmes, the regional agency and thematic programmes and specialised funds (government agencies and civil society funds) can also support improvements to the overarching mechanisms or enabling environment.

Humanitarian support in emergency situations will continue to be provided when needed, in line with NZAID's Humanitarian Assistance Policy. The complex emergencies and natural disasters guideline will provide support for decision making on appropriate contributions. While funding for short-term humanitarian assistance will generally come from designated humanitarian programme funds rather than Solomon Islands bilateral programme funds, disaster preparedness and mitigation will be among the policy considerations it brings to bilateral sectoral engagements.

NZAID also provides criteria-based funding opportunities (e.g. KOHA) for New Zealand civil society organisation partners over and above what is available through the bilateral programme. New Zealand civil society organisations work independently with Solomon Islands civil society organisations in a wide range of different areas. NZAID has had a long-term partnership with the volunteer sending organisation, Volunteer Service Abroad, which can provide technical and capacity development expertise in niche areas.

#### **6.4 Managing for results and mutual accountability**

The monitoring and evaluation of the NZAID Strategy will be undertaken jointly to assess how the programme is supporting development outcomes and how it can be continuously improved as lessons are learnt. This will be a key document to enable partners to follow the principles of managing for results and mutual accountability.

As the Strategy is based on SIG priorities and is intended to align with local systems, Solomon Islands reporting, monitoring and evaluation processes will be utilised to the maximum extent possible. It is expected that the information in the framework will also inform more substantive evaluations of the impact and lessons learnt at the mid-term of the Strategy's implementation and at the end of its implementation period. The mid-term evaluation will include any recommended variations or remedial action for the balance of the Strategy period. Reporting will consider:

- progress towards the key outcomes sought by the Strategy
- contribution of activities under the Strategy to those outcomes
- partners' performance against the engagement principles of the Strategy and the interwoven issues such as gender equity, environment, human rights, integration of HIV and AIDS
- emerging risks and risk mitigation strategies
- management and implementation of the Strategy.

Reporting against the management indicators may require some additional data collection, for example:

- collection and analysis of feedback from government and civil society organisations on aspects of NZAID’s partnership approach, engagement principles, and implementation of the Strategy
- a rapid audit of the degree to which interwoven issues have been taken into account in activity design and implementation.

### **Mutual accountability process**

NZAID and SIG are committed to mutual accountability. Senior officials from SIG and NZAID will meet to discuss performance and progress toward agreed outcomes, and to review the programme and development priorities within the context of this Strategy on an annual basis.

The key discussions will be:

- bi-annual high level talks – with a focus on policy, assessment of strategy implementation, and monitoring and evaluation results
- periodic update talks – an activity by activity assessment and review of the programme with implementation of agreed activities
- annual monitoring reporting against the Strategy Accountability Framework.

The Strategy Accountability Framework will promote good governance and commitment, with potential for increased resources being provided by NZAID where there is evidence of commitment and progress. The Strategy will therefore not predetermine allocation of resources between focus areas. Rather, the level of resources devoted to any particular area will be driven by Solomon Islands leadership, based on absorptive capacity, and the level of progress toward agreed outcomes achieved.

Reports of progress against the NZAID Strategy, and lessons learnt, will be shared through regular donor coordination mechanisms. The potential for developing a joint framework for mutual accountability with the SIG and other interested donors will also be explored under the Strategy as part of the policy dialogue process. This could potentially be linked to greater use of SIG systems such as provision of general budget support, or within sectoral budget support a sector, or un-tagging currently tagged support.

## **6.5 Risks**

Solomon Islands is a Least Developed Country comprising over 1,000 islands across a vast EEZ of 1.6 million sq kilometres. These factors, and its commodity-based formal economy, make Solomon Islands inherently vulnerable to international market volatility, external economic shock, natural disasters and other environmental risks.

Risks to the effective implementation of the Strategy can be assessed under three categories: external risk, country-level risk, and programme-level risk. The Strategy Accountability Framework will provide an appropriate process for the regular monitoring and review of programme-level risks. Any significant changes to the risk assessment rankings should trigger a review of the Strategy.

## **6.6 Resourcing**

New Zealand bilateral and regional funding allocations are subject to Parliamentary approval and allocation. Future resource levels for Solomon Islands programme will be subject to relevant appropriations and government decisions on New Zealand expenditure on ODA as a proportion of gross national income.

The level of funding provided from NZAID to Solomon Islands has been growing, especially since peace was established by RAMSI in 2003-04 and as a result of New Zealand government commitments to increases in ODA. Subject to agreement with SIG on issues of mutual accountability, NZAID will aim to increase both the partnership engagement and its level of programme funding to Solomon Islands over the term of the Strategy.

The NZAID Review of the Programme 2003-2008 noted that the programme expansion had been significantly under-resourced in terms of staffing, and the level of resourcing required to move to sector-wide approaches was significantly underestimated. As the programme grows, and more programmatic/sector-wide programmes are developed, the number and ability of staffing will need to be appropriately resourced.

# **Annex 1 Review of NZAID’s Bilateral Programme to Solomon Islands (2003–2008)**

## **Executive summary**

In 2008 NZAID commissioned an independent review of NZAID’s bilateral programme strategy to Solomon Islands - Man Talem Duim (2003-2008). The objective of the review was to consider impacts, outcomes, and lessons learned from implementation of the programme to inform development of a new 10-year NZAID-Solomon Islands country programme strategy. The review was undertaken as a rapid assessment involving a review of programme documentation, supplemented by interviews with past and current programme staff.

### **1. Country context for the period under review**

The period under review coincides with Solomon Islands recovering from a period of civil unrest (1998-2003). By early 2003, there were few functional government departments with which donors could effectively work. The NZAID programme had contracted significantly to a set of small-scale projects in education, police, private sector development, and support for civil society.

In July 2003, States in the region agreed to field the Regional Assistance Mission to Solomon Islands (RAMSI), which restored law and order. RAMSI has provided a safe environment for development workers and communities to work together, and has enabled significant growth in donor support.

The period of review was therefore a period of major change in Solomon Islands as the government, community, and international donors worked to restore peace and stability and re-establish the basis for broad-based economic growth.

### **2. NZAID policy context for the period under review**

The NZAID bilateral programme expanded significantly over the period, from NZ\$8 million in 2003 to NZ\$33 million in 2008. This rapid expansion reflected developments on the ground, as well as the evolving policy framework and new approaches being developed within NZAID. From 2003, NZAID was actively promoting new approaches to the way it worked, with an increased focus on poverty reduction; utilising new development modalities, including sector-wide and programmatic approaches; and drawing on international experience of working in fragile states.

The objective of the NZ-Solomon Islands Strategic Framework for the bilateral programme 2003-2006 - Man Talem Duim was to “empower the government of Solomon Islands and Solomon Islanders to create an environment conducive for economic recovery and growth, and for addressing basic needs”. Man Talem Duim was produced at a time of considerable uncertainty. RAMSI had just been deployed, and a number of stakeholders were aiming to both revive and reform the key institutions of government. Man Talem Duim identified five sectors where NZAID would provide support: education; economic governance; law and order; capacity building, civil society, and civic education; and growth and livelihoods. In 2007, an internal NZAID Strategy Update confirmed the focus for the programme as improving education;

achieving broader-based growth and improving livelihoods; and strengthening governance, law and justice, and civil society. The Strategy Update was considered a useful exercise, enabling NZAID to better articulate the focal areas in which it was working.

### **3. Key programme achievements**

NZAID made a commitment to long-term engagement in Solomon Islands throughout the review period, which resulted in a strong partnership with Solomon Island Government (SIG). Much of the basis for that relationship was built on the approach NZAID took in working with the Ministry of Education and Human Resource Development (MEHRD). The sector-wide programme approach, which also involved provision of budget support, was a new way of working for both MEHRD and NZAID. **The process of learning and implementing new aid modalities together has resulted in a strong development partnership between NZAID and SIG.**

The education programme was considered the cornerstone of the NZAID programme.<sup>33</sup> NZAID prioritised local leadership and effective capacity building and MEHRD has increasingly taken the lead in policy development and sectoral coordination. NZAID's approach of emphasising long-term capacity-building goals over short-term performance gains has been a major success. In addition to the enhanced capacity of MEHRD, there was also real progress in achieving universal education objectives with new primary classrooms built, new primary curriculum materials provided, a school grants scheme established, and training of new teachers and in-service training of teachers.

Other parts of the NZAID programme also made solid progress towards programme goals, notably support for restoring fiscal and financial stability through strengthening of the Inland Revenue Division; rebuilding of land transport links (100km of new roads); improvements to services in Honiara through strengthening the Honiara City Council; and support for restoring law and order. There has also been progress in exploring rural income opportunities under sustainable livelihoods projects and establishing an institutional strengthening programme with the Ministry of Fisheries and Marine Resources.

### **4. Key lessons learned**

#### **4.1 PARTNERSHIP APPROACH**

NZAID's emphasis on multi-donor approaches, direct channels of communication with SIG, a commitment to long-term engagement, relationship-building, and local leadership has been highly effective. However, the approach requires significant programme management resources, as well as time to establish relationships and take the programme forward. Building relationships with local champions of reform contributed to programme achievements.

NZAID was aware that the objectives in the early years of the education programme were ambitious, but took the view that it was important to support the locally agreed

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<sup>33</sup> While just under half of the NZAID programme budget for the 2008/09 financial year will be allocated to the sector-wide approach to education, rather than level of funds, the approach and relationships developed are considered key to the education sector success.

Strategic Plan for education, demonstrating in practical terms confidence in MEHRD, with both partners over time gaining a more realistic appreciation of what could be done with the time and resources available.

**The promotion of local leadership and ownership was highly effective in terms of programme outcomes as well as developing strong bilateral relations.**

#### 4.2 WORKING IN FRAGILE ENVIRONMENTS

Domestic capacity was severely impacted by the Tensions. The situation in Solomon Islands had deteriorated to such a degree that substantial external assistance was required, both financial and human resources, to rebuild and maintain new programmes of support. Many programmes had dual objectives of rehabilitating and reforming local systems. The rebuilding element was significantly underestimated and goals set were often too ambitious given the rebuilding required.

In addition to RAMSI there were a number of other donors, all with expanding programmes, aiming to assist Solomon Islands. Solomon Islands capacity to coordinate assistance was severely limited.

**In fragile environments local capacity is often limited and programme targets and timeframes need to be realistic.**

#### 4.3 APPROACHES TO CAPACITY BUILDING

The period of instability had a significant impact on the capacity of Solomon Islands public service and civil society. **Programmes may have benefited from a more comprehensive capacity assessment, undertaken jointly with SIG.** Consideration should be given to a coordinated dialogue between donors and SIG on national human resource development needs, examining options for strengthening public sector human resource development processes, as well as prioritising, sequencing and budgeting the filling of staff gaps, and considering opportunities for donors to support these processes.

While a capacity development approach proved successful in the education sector, in other areas NZAID assistance employed differing approaches such as capacity supplementation to progress specified outcomes. For example reporting indicated that short term positive outcomes in the Department of Inland Revenue, was dependant on the presence of external technical advisers. **In some instances a capacity supplementation approach may be appropriate to progress a particular issue or meet a priority need.**

Differing approaches by other partners (i.e. an emphasis on in-line advisors), major staffing gaps in counterpart agencies, or an absence of local commitment to proposed reform, appear to have impacted negatively on capacity and leadership development in some programme areas. For example, staffing gaps and lack of local commitment appear to have had a negative impact on progress achieved in the fisheries sector programme.

Some areas of the programme other than education have also not been operating for sufficient periods of time to be able to identify the gains in capacity building or local

leadership. This indicates the **level of time necessary to be able to identify gains when working in a difficult environment.**

During the early period of the review, specific funding for capacity building provided a flexible facility that enabled NZAID to respond to a diverse range of urgent needs, and provided capacity supplementation and this was highly valued. In reality however its flexible nature allowed almost anything to be funded, with staff experience and judgement being heavily relied upon to maintain programme quality and focus. The major lessons learnt included:

- Substantial flexibility of support was evident – a diverse range of activities have been assisted, with NZAID often rapidly processing requests at short notice.
- It is difficult to gauge impact where inputs have been short term and across a wide variety of activities.
- Capacity building activities tied to longer-term, broader programmes of support have clearly had impact – but resources have been put into monitoring and reporting for these programmes, in contrast, for short-term activities review material was not available (i.e. there may have been impact, but it has not been documented).
- As SIG and donors continue to rebuild human resources and systems of government, a more organised approach to capacity building would assist more substantial donor engagement.
- Some local organisations cannot be rebuilt and reformed in the short term. A longer-term approach which incorporates capacity supplementation over the short term, while aiming for capacity development in the future, may be appropriate at times.
- Devoting more time and resources to initial planning and design could have produced more efficient and effective management arrangements. A more comprehensive assessment of existing capacity and any gaps (within both NZAID and the partner agency or organisation), during initial planning, is recommended.

#### 4.4 SECTOR-WIDE APPROACHES

Developing a sector-wide approach in the education sector has provided many lessons:

- Prioritise relationship-building and local leadership.
- A consistent, high-profile commitment to long-term engagement encourages local commitment.
- Be willing to sacrifice short-term performance gains in favour of longer term progress with local leadership and capacity building.
- Undertake an initial, comprehensive capacity assessment with partners.
- Considerable programme management resources are required.
- Recognise/appreciate that expenditure can be slow in early phases.
- Financial management and accounting for funds are critical.

#### 4.5 PROGRAMME MANAGEMENT, RESOURCING AND CAPACITY

The expansion of NZAID programme funding over the period was not matched by increases in resources for programme management. This appears to have been due in part to NZAID staff recruitment lagging behind expansion of the bilateral allocations for Melanesia. Throughout the period NZAID was also still in a development phase in

terms of new programme, procurement, and financial management systems, which added to the limited capacity and ability to manage programmes efficiently.

Lack of management resources had a particular impact on the time and resources dedicated to the design and planning of new initiatives. While the education programme was moving to a sector-wide programme approach, many of the other NZAID interventions were ‘developed as they went’. The result was that the programme expanded across a number of sectors, often without clearly articulating intended outcomes.

**Expanding programme allocations and programmes, and developing new approaches/modalities, all require significant management resources, particularly in fragile environments.**

There appears to be scope for some of the management and reporting arrangements in place to be strengthened in terms of efficiency (to reduce their transaction burden on NZAID and SI partners) and effectiveness (so they provide more information on impact). Of particular note are the efforts of staff to oversee financial management of civil society organisations to whom NZAID provides core funding. The transactions costs appear high relative to the measurable impact or outcomes from these programmes. While the objective of supporting civil society is supported, **alternative management and reporting arrangements need to be considered.**

The following factors are considered to have contributed to significant pressure on both programme staff and their SIG counterparts:

- Resources required to manage a sector-wide approach were significantly underestimated.
- Resources absorbed by engagement with RAMSI, in terms of both policy dialogue and as an implementation partner, have consistently exceeded time allocations in operational planning.
- Fragile working environments require additional programme resources, particularly with respect to the time and work required to develop and maintain new initiatives and relationships.

There were also periods when local developments (pre-election slow-downs, April 2007 tsunami, 2007 riots) have meant the programme team have been largely reacting to developments rather than proactively managing programme implementation, monitoring progress and planning for the future.

**NZAID needs to consider how it can develop a ‘surge’ capacity to respond to future demand for rapid responses and programme expansions.**

The expanding programme budget dispersed the programme much more widely than may have been desirable with hindsight. Nonetheless, SIG regards the New Zealand programme as closely aligned to national development priorities.

#### 4.6 MONITORING AND EVALUATION

While Man Talem Duim lacked a monitoring and evaluation (M&E) framework, there has been a determined effort to maintain monitoring and evaluation of activities. However there appears to be a gap in the systems and or documentation. It is difficult to determine from programme documentation alone how lessons learned from the M&E activities are being fed back into implementation or shaping subsequent programming.

Discussions with staff confirm lessons are being learnt and the forward programme is being adapted as a result. However, the lack of documentation results in an over-dependence on the institutional memory of the staff team. Of additional concern is that this team is always changing.

**NZAID needs to adequately resource programme teams to ensure tools and documentation of M&E activities are both developed and completed to link M&E and subsequent programme changes.**

Small scale programmes such as support for civil society produced little information on the impact of NZAID's assistance. As noted above, the **mechanisms for managing and evaluating these smaller projects could be revised and strengthened.**

#### 4.7 REGIONAL MECHANISMS – THE RAMSI EXPERIENCE.

New Zealand has played a substantial role in RAMSI from the time of its deployment and has been active in RAMSI's central planning processes. This engagement has demanded considerable management resources. The initial vision for RAMSI was that it would enforce a "security pause", which would enable systems of government to begin functioning again and provide an environment in which development cooperation could go ahead. However, RAMSI soon expanded beyond restoration of law and order, to rebuilding key government functions, strengthening financial administrative safeguards, implementing economic reform, and rebuilding the machinery of government.

**The level of resources required to participate in policy forums, and as an implementation partner in RAMSI, was underestimated by NZAID.**

It is considered inefficient to duplicate the system of objectives and monitoring of RAMSI's Performance Framework, but it would be **useful for NZAID strategic planning to specify linkages between the programme and RAMSI objectives, and the specific goals NZAID intends to support.**

## 5. Conclusion

The period under review coincides with a rapidly expanding programme, and attempts to introduce new aid modalities and approaches in a fragile working environment, with quite limited programme management resources. Despite these significant challenges the move by NZAID to new programme modalities in Solomon Islands, in particular the education sector-wide approach, was highly successful. The major factor in the success is considered to be the willingness of NZAID to promote SIG leadership, ownership and promotion of a true sense of partnership between NZAID staff and SIG. The NZAID approach has resulted in a strong development relationship. However, the level of management resources required to establish and maintain the approach and the relationship were initially underestimated by NZAID.

## **Annex 3: Aide Memoire – In-Country Consultations for NZAID Solomon Islands Country Programme Strategy (2009–2018)**

1. The New Zealand Government is developing a new Country Programme Strategy for its development assistance to Solomon Islands (2009-2018). As part of this process NZAID undertook consultations with Solomon Island Government (SIG), and relevant stakeholders in Honiara from 28 July – 5 August 2008. Consultations sought feedback on the strengths and weaknesses of the New Zealand programme, the relevance of the programme coverage (what), and importantly its approach (how) with a view to informing the future Strategy.

2. **This Aide Memoire provides a summary of the major messages and issues arising from those consultations.** It is not a draft strategy. By mid-September 2008 a Draft Strategy will be produced for further consultation with stakeholders, which will need to align with policies of both the SIG and NZAID in terms of gender, human rights, etc.

3. The assistance provided by NZAID is highly valued by SIG and is clearly aligned with priorities identified in the Medium Term Development Strategy (MTDS). A strong message was that while there had been progress, much was still to be achieved, and future assistance needed to consolidate progress and sustain impact. It was considered *not to be the time for major changes* to the NZAID programme.

4. SIG particularly valued NZAID's *approach*. NZAID was considered to be consultative, consensual, flexible and demonstrated trust in the SIG. The approach promoted local ownership and responsibility, and enabled policy engagement. There was, however, a sense that NZAID could increase its visibility with senior SIG and other key stakeholders, particularly in Honiara.

5. Discussions were held with other donors, multilateral organisations, civil society, and the private sector. While there is a significant level of assistance coming into Solomon Islands, there is very limited local capacity remaining in the SIG system. In this context *donor coordination could be enhanced*, as could NZAID's role in promoting coordination.

6. The future NZAID programme must be positioned within this crowded, dynamic context. It is not a blank slate. SIG emphasised the *need for clarity and predictability* to facilitate planning and coordination. The ability of donors to provide clarity in turn supports the approach of encouraging SIG ownership. The message was not to spread resources too thinly, nor be too flexible. Partners and donors needed to be both disciplined and responsible. (A discussion on possible approaches under the future programme is provided later in this aide memoire.)

7. *RAMSI is providing an important, stable, enabling environment.* Since 2003 RAMSI has been providing security and a range of activities that would normally be undertaken by SIG in partnership with long-term donors. For the outcomes of these activities to be sustained, they need to be integrated into local structures and systems.

How this process of transition can be supported by donors needs to be considered within the life of this next 10- year strategy.

8. Major needs identified in the consultations were the need for:

- a) access to *opportunities and basic services*
- b) improved *livelihoods* and economic growth
- c) *promoting stability*.

9. The major difficulty is practical, and timely, implementation. Therefore the approach of supporting both the capacity of SIG, and reaching communities via a range of mechanisms including civil society organisations is considered important. The new Strategy should also consider how the various donor programmes can be better linked and mutually reinforcing.

10. The following section discusses how the NZAID programme is responding to identified needs and common themes about how this response could be enhanced. It is assumed that NZAID will increase both its focus and level of funding over the next 10 years, and increase agency resources to adequately manage an expanded programme.

**a) Access to opportunities and basic services: Education and human resource development**

NZAID is recognised as the lead donor in education, supporting the Education Sector Investment and Reform Programme. While the focus has been on primary education, a major rationale for the approach has been to encourage good governance, developing a strong partnership and policy dialogue. NZAID could take a greater role in encouraging other donors to participate in this education sector-wide approach.

The programme, and the approach, have made significant progress and are widely applauded. However capacity across the sector is still limited. There is a need to strengthen the core, to consolidate gains and achieve broad based impact. Issues of the quality and relevance of education also need to be addressed, particularly given demographics (e.g. the ‘youth bulge’) and formal employment prospects in Solomon Islands.

A consistent message was that many young people emerge from, or drop out of, the education system without relevant life skills. NZAID could consider expanding beyond primary education to non-formal and skills-based education, targeting women and youth. Existing service delivery networks such as Rural Training Centres are a potential mechanism for support. Close cooperation with the SIG, EU and other potential donors along with support for greater cross-government coordination is required.

Greater attention to encouraging and supporting civil society participation in schools and working with civil society in the education sector could be explored. A programme piloting community-based management of schools through civil society has demonstrated the potential to significantly increase quality of school management and could be expanded.

Expansion of access to non-formal and skills-based education would aim to improve livelihoods, but would also promote an inclusive, empowered society, respecting human rights and promoting stability. Community engagement will also enhance the relationship between civil society and government.

**b) *Improved livelihoods and economic growth***

Many partners raised the importance of agriculture with regard to livelihoods. However the most consistent and strong message received was that the biggest constraint to livelihoods was physical access to markets.

*Transport infrastructure*

NZAID has been working in partnership with SIG and other donors (ADB, AusAID/RAMSI) to support the rehabilitation and development of transport infrastructure (roads and bridges). The approach has placed an increasing emphasis on labour-based technologies and private sector development which meet complementary objectives of employment, support to small business, and sustainability. However, ensuring access to markets requires connectivity of roads to wharves and inter-island shipping.

Capacity to further enhance national level planning for the transport sector to improve prioritisation could be explored (rehabilitation vs new roads vs footpaths, land vs sea). A programmatic approach could enhance capacity of government systems, donor coordination, and could encourage an inclusive approach to community consultation.

Enhanced transport infrastructure will also improve access to services such as education and health facilities, which will have a positive impact on livelihoods and meet broader social goals of an inclusive and stable society.

*Fisheries*

NZAID has been supporting the fisheries sector, primarily through strengthening the Ministry of Fisheries and Marine Resources (MFMR), and support to a limited number of civil society organisations working at community level.

Sustainable government requires an ability to fund the recurrent budget from internally generated revenues. Forecasts are for a decline in government revenues due to unsustainable logging. Fisheries are seen as the *next source of national revenue*. It is critical that the SIG maximizes revenue and employment opportunities from its (offshore) fisheries. It is also critical to ensure the *sustainable management of the resource*. NZAID assistance to MFMR aims to provide an effective policy and regulatory environment that attracts private investment in a sustainable way. This also requires strong leadership from SIG. Future NZAID support could consider sector or programmatic approaches which enhance SIG leadership and sustainable resource management. Options may involve working with the Fisheries Advisory Council, which includes government, private sector, civil society and Forum Fisheries Agency representatives.

*Fisheries* also provide an important *source of food security, livelihoods* and employment. Additional support including for small business, skills and sustainable management of the resource at community level is required. NZAID could investigate how to support to community level fisheries to achieve sustainable management and improve livelihoods.

**c) *Promoting stability***

The irony is that Solomon Islands need to manage a significant change process to achieve stability. RAMSI has been working with SIG on a broad reform agenda for government systems. Working through the SIG–RAMSI partnership, NZAID has been supporting a range of areas including fiscal management. NZAID could consider how it can support the transition of RAMSI programmes to bilateral donors. In effect this could facilitate RAMSI’s ‘exit strategy’. Possible areas identified are in public sector reform and strengthening, including continuation of work with the Inland Revenue Department, IRD.

The New Zealand Government has been supporting the Royal Solomon Islands Police Force (RSIP) and RAMSI policing. Opportunities for further enhancing the capacity of RSIP need to be explored. It is recognised that long-term stability (beyond the life of RAMSI) requires increased trust between the SIG, (including RSIP), and the citizens of Solomon Islands. *Community policing* is of particular relevance in this regard, and was identified as an area of NZ comparative advantage.

NZAID should continue to encourage further reform through enhanced *policy dialogue*. NZAID would be particularly interested in further dialogue with SIG and donor partners on *possible mechanisms to enhance mutual accountability* and the potential over the life of this Strategy for donors, including NZAID, to provide more *broadly-based budget support*.

**11. *Lessons learnt - appropriate approaches and operating principles***

While Solomon Islands face significant challenges, there is substantial analysis and lessons that could be incorporated into the future programme:

a) ***Use existing systems and structures.*** There is limited capacity, but there are existing systems, structures and networks. Rather than build parallel systems, NZAID will wherever possible utilise and strengthen existing systems.

b) ***Build relationship and engagement between SIG and citizens.*** Stability and improved governance require building of trust between government and its citizens and the ability of citizens to engage effectively with government. NZAID will assist SIG to deliver appropriate and timely services to its citizens. However, NZAID recognize the role of civil society including faith based organizations in both service provision and civil engagement. NZAID will therefore channel assistance through civil society where this is appropriate.

c) ***Local leadership/ownership.*** Appropriate models of support and alternative management of technical assistance will be explored under the new strategy to ensure

local ownership and leadership. Joint planning and budgeting (funding) is considered one of the keys. NZAID recognises the wealth of local knowledge and expertise available and will use local solutions wherever possible.

d) ***Inclusive society, inclusive development.*** All members of the community should benefit from, and be included in decision making for development. Benefits need to reach rural as well as urban areas, and include women and youth, and the most vulnerable in society.

e) ***Avoid over-engineering.*** There is a need to understand the complex and dynamic context in Solomon Islands and a significant level of analysis has and is being undertaken. However development partners should share and use existing information/analysis and not over-design programmes. The issue is delivery of results in a timely manner, one option is to take an ‘action learning’ approach. Stakeholders suggested the need to be realistic about what is good enough and to keep it simple.

f) ***Realistic timeframes.*** To be sustainable programmes need to work within existing structures and build capacity to use the systems in place. This takes time. The 10-year period of the Strategy recognises development takes time.

g) ***Mutual accountability.*** Donors need to be consultative and flexible, but also responsible. Government and civil society implementing partners need to be accountable. The potential to develop a framework of mutual accountability to accompany the new strategy could be considered.

h) ***Donors need to coordinate, complement, and harmonise.*** Wherever possible, donors need to work together in a collaborative way to support more programmatic approaches and principles of good governance.

12. Under the new Strategy it is proposed that the major cross-cutting issues of youth, gender, good governance, human rights and environment are best advanced in Solomon Islands context by being integrated or mainstreamed into the core, long-term NZAID programmes.

13. In developing and implementing the new strategy, NZAID **will continue to work in a spirit of partnership** to support SIG’s ongoing reform and local capacity.

14. Importantly, all obligations and agreements under the current programme will be honoured. There may be a need for a transition period to explore exit strategies for some programmes and to explore options to take up the directions of the new Strategy.

15. The above outline is presented for consideration and further consultation. Any future programme will be consistent with relevant SIG and New Zealand government policies, and be complemented by the broad range of regional programmes and regional organisations New Zealand supports.

## **Annex 4: Summary of Major Donor Programmes to Solomon Islands**

### **Australia**

Australian support to Solomon Islands consists of two pillars: assistance through RAMSI and assistance through the bilateral aid programme. Total Australian aid to Solomon Islands in 2007/08 was AUD\$224 million, with AUD\$28 million identified as being under the bilateral programme.<sup>34</sup> Much of funding and resourcing under RAMSI is concentrated in the security sector and support for the Participating Police Force (PPF).

The Australian bilateral programme has focused on improving health, humanitarian assistance, disaster management, strengthening key institutions such as the Forestry and Lands Ministries, and empowering local communities and groups through rural livelihoods. Australia has maintained a presence in key areas of land and forests despite at times very difficult political circumstances.

Australia and Solomon Islands signed a Partnership for Development in early 2009 setting out mutual accountabilities and future priority outcome areas which include:

- Improved service delivery (health, water and sanitation)
- Improved economic livelihoods (agriculture, agro-forestry)
- Improved economic infrastructure (transport, energy, telecommunications)
- Addressing economic and fiscal challenges (public sector financial management and structural reform).

Australia is also considering support for the education sector.

### **The European Union**

The European Union (EU) has a focus on three main areas in Solomon Islands: education in partnership with Solomon Islands Government and NZAID, transport infrastructure including maritime and rural development (with the World Bank and Australia) through a significant micro projects programme, and a major non-state actors' support programme.<sup>35</sup> From 2010, EU will focus on rural development and is likely to withdraw from the education sector, except for continuing a four year commitment to technical vocational education.

### **Asian Development Bank**

The Asian Development Bank's (ADB) operations in Solomon Islands seek to achieve equitable private sector-led economic growth by improving transportation infrastructure

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<sup>34</sup> AusAID, 2007.

<sup>35</sup> [www.ec.europa.eu/development/icenter/repository/print](http://www.ec.europa.eu/development/icenter/repository/print)

and services and strengthening the enabling business environment. Capacity development, the promotion of good governance, and structural reform support are priority themes. The key areas of ongoing activity are transport infrastructure and services including institutional reform of the Ministry of Infrastructure Development. In addition, ADB has been providing emergency assistance through Solomon Islands Emergency Assistance Project to help rehabilitate essential infrastructure that was damaged by the April 2007 earthquake and tsunami. ADB has also been focused on infrastructure programmes. It is understood that the ADB and World Bank are considering significant expansion of their programmes. In late 2008, both opened in-country offices.

### **World Bank**

The World Bank is co-financing a major Rural Development Programme in Solomon Islands, and also provides support in the health, energy, and telecommunications sectors, as well as for climate change adaptation. The World Bank is also exploring potential programmes in youth unemployment, justice for the poor and economic reform.

### **Japan**

Japan's focus in Solomon Islands has been infrastructure, including roads, bridges, maritime and power supply. Japan has also supported the fisheries sector, water supply, and a range of community programmes.

### **Taiwan**

Taiwan provides support to Solomon Islands through a range of funds, including the Rural Constituency Development Fund provided through MPs.