Coordination of Australian Government Assistance to Solomon Islands

Department of Foreign Affairs and Trade

Australian Agency for International Development

Canberra   ACT
21 June 2007

Dear Mr President
Dear Mr Speaker

The Australian National Audit Office has undertaken a performance audit in the Department of Foreign Affairs and Trade and the Australian Agency for International Development in accordance with the authority contained in the *Auditor-General Act 1997*. I present the report of this audit and the accompanying brochure to the Parliament. The report is titled *Coordination of Australian Government Assistance to Solomon Islands.*

Following its tabling in Parliament, the report will be placed on the Australian National Audit Office's Homepage—http://www.anao.gov.au.

Yours sincerely

Ian McPhee
Auditor-General

The Honourable the President of the Senate
The Honourable the Speaker of the House of Representatives
Parliament House
Canberra   ACT

AUDITING FOR AUSTRALIA

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Abbreviations

ACS	Australian Customs Service
ADF	Australian Defence Force
AFP	Australian Federal Police
ANAO	Australian National Audit Office
AusAID	Australian Agency for International Development
DFAT	Department of Foreign Affairs and Trade
ERU	Economic Reform Unit
FMSP	Financial Management Strengthening Program
IDC	Interdepartmental Committee
M&E	Monitoring and Evaluation
MOG	Machinery of Government
MTS	Medium Term Strategy
NSC	National Security Committee (of Cabinet)
OSC	Office of the Special Coordinator
PAAT	Performance Assessment Advisory Team
PAF	Participating Armed Forces
PAU	Public Affairs Unit
PAWG	Performance Assessment Working Group
PBS	Portfolio Budget Statement
PIF	Pacific Islands Forum

PPF	Participating Police Force
RAMSI	Regional Assistance Mission to Solomon Islands
ROU	Record of Understanding
SI	Solomon Islands
SIG	Solomon Islands Government
SPA	Strategic Partnership Agreement

Summary and Recommendations

Summary

1.   Following an outbreak of ethnic tensions in 1999 and a decline in law and order, the Solomon Islands economy began to collapse. By early 2003 Solomon Islands was displaying many of the characteristics of a failed state.

2.   In April 2003 the then Solomon Islands Prime Minister wrote to the Australian Prime Minister requesting assistance. With the endorsement of the Pacific Islands Forum and the Solomon Islands Parliament, the Regional Assistance Mission to Solomon Islands (RAMSI) was deployed on 24 July 2003.

3.   RAMSI is a partnership between the Government and people of Solomon Islands and contributing countries of the Pacific region. It is a long-term exercise aimed at helping create the conditions necessary for a return to stability, peace and a growing economy.

4.   RAMSI's early priorities were to restore law and order and stabilise Solomon Islands Government finances. As this was being achieved, RAMSI increasingly focused on longer-term issues such as governance and economic reforms, rebuilding the police force, judicial institutions, correctional institutions and the machinery of government.

5.   A critical aspect of this assistance involves building the capacity of Solomon Islands individuals and institutions to help make improvements sustainable. This is expected to be the long-term focus of RAMSI.

6.   Australia provides leadership for the mission. The Department of Foreign Affairs and Trade (DFAT) is the lead agency, with responsibility for coordinating Australian Government agency input.

7.   A number of other Australian Government agencies are involved. Most non-operational funding has been appropriated to the Australian Agency for International Development (AusAID), which is an administratively autonomous agency within the Foreign Affairs and Trade portfolio. AusAID leads the development cooperation effort and engages other agencies and contractors to deliver programs. The Australian Federal Police and Australian Defence Force contribute and provide operational leadership to the mission.

8.   Over the four years from 2005–06, the Australian Government has allocated $840.5 million for RAMSI.

9. RAMSI's overall goal is *a peaceful, well-governed and prosperous Solomon Islands.* There are three programs or 'pillars' of assistance being delivered by RAMSI in support of this goal, viz: Law and Justice, Machinery of Government, and Economic Governance.

10. The Australian Government has described RAMSI as not being time-bound. That is, the end of the deployment will be signified by the successful completion of its various sub-program tasks/outcomes.

11. The Australian Government has emphasised that in return for this support it expects governance standards and economic management to improve, and endemic corruption to be addressed. It has stressed that RAMSI is an integrated package of initiatives. That is, elements addressing corruption and governance cannot be removed from the package. Without those elements the Government expects that the aid will be ineffective.

12. The relationship between the Governments of Australia and Solomon Islands is important to the success of RAMSI. Given RAMSI's long-term nature, the strength of the relationship is bound to fluctuate from time to time, providing ongoing challenges to RAMSI. While the Australian Government has stated an ongoing commitment to RAMSI, it has also acknowledged the possibility that RAMSI may be forced to withdraw at some point in the future.

The audit

13. The objective of the audit was to assess the coordination of Australian Government assistance to Solomon Islands through RAMSI, including the establishment of objectives and an outcomes monitoring framework. In particular, the audit examined arrangements for: coordination between Australian Government agencies; strategic planning and risk management; measuring the effectiveness of RAMSI; and reporting to RAMSI's Australian stakeholders.

14. The audit focused on Australian Government agency involvement in RAMSI. It did not examine contributions by other Pacific countries, or State Governments. Nor did it review the administration of Solomon Islands Government agencies. The audit focused on RAMSI-wide issues, as opposed to the numerous activities of contributing agencies.

15. The audit looked at whether a sound framework is being established to measure outcomes.

Overall audit conclusion

16.   The Regional Assistance Mission to Solomon Islands (RAMSI) is a complex, multiyear initiative, involving input from a range of Australian Government agencies and regional partners. Significant progress has been achieved over the first two to three years of RAMSI's deployment. However, the task has become more difficult as the focus has shifted from restoring law and order and stabilising government finances, to capacity building. Over the last year this has been further complicated by strained relations between the Governments of Australia and Solomon Islands.

17.   Notwithstanding these challenges and complexities, the ANAO concluded that DFAT and AusAID have put in place arrangements that enable the effective coordination of Australian Government assistance to Solomon Islands. Program objectives have been established and significant progress has been made in the development of an outcomes monitoring framework. As the framework is refined, it will be important to shift the focus from measuring outputs to outcomes, to better assess the impact that outputs are having on the Solomon Islands community.

18.   Coordination arrangements between Australian Government agencies are sound. An evolutionary approach to strategic planning has been employed by agencies, reflecting the need to react flexibly to emerging circumstances. A strategic approach to risk assessment has been adopted, reflecting important elements of good practice. Some elements need strengthening, such as ensuring that treatments are clear and identify indicative timing. Arrangements have been established which enable regular whole-of-government reporting on RAMSI to the Australian Government. The inclusion of a limited number of key performance indicators and targets, and consistently reporting against them, would strengthen this arrangement.

Key Findings

Coordinating Australian Government assistance to RAMSI (Chapter 2)

19. A large, complex and evolving program such as RAMSI, involving contributions from a range of Pacific Island countries and Australian Government agencies, requires effective coordination. This involves clear and well understood roles and responsibilities, and clear communication and information sharing arrangements.

20. The ANAO found that the top level RAMSI participants (the RAMSI 'Principals'[1]) understand and observe their respective roles and responsibilities. Although there have been occasional tensions (as could be expected in such a complex operational setting) the relationships are generally positive and mutually supportive.

21. At the lower level, there is a need to clarify program staff understanding of RAMSI's structure and the roles and responsibilities of the RAMSI Principals and Program Directors. This includes clarifying the respective roles and responsibilities of the Office of the Special Coordinator and the Australian High Commission. DFAT and AusAID are considering options to improve briefings for arriving civilians.

22. Overall, relationships between contributing agencies are generally positive and mutually supportive, with agencies generally demonstrating a collegiate and collaborative approach. However, from time to time issues have emerged. One issue, relating to inconsistencies in the terms and conditions of various RAMSI deployees, is causing some tension between agencies and would benefit from further consideration against appropriate remuneration benchmarks. There is also a need to finalise some formal agreements between AusAID and contributing Australian Government agencies.

23. DFAT and AusAID have put in place a range of formal mechanisms to help Australian Government agencies share information, most notably a weekly Interdepartmental Committee meeting. This involves key RAMSI participants providing a high-level, useful update of current developments to Canberra and New Zealand agency representatives via telephone hook-up.

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[1] The RAMSI Principals comprise the Special Coordinator, the Commanders of the Participating Police Force and the Participating Armed Forces, the Development Coordinator, the Deputy Special Coordinator and the Assistant Special Coordinator.

However, there is a recognised need to strengthen lower level information sharing and cross-program coordination.

24.   A range of mechanisms is used to facilitate liaison with the Solomon Islands Government, including formal forums which focus on strategic issues. While the forums have had varying levels of success to date, they have the potential to be an important consultation mechanism. Regional liaison arrangements appear to be satisfactory.

Strategic planning and risk management across RAMSI (Chapter 3)

25.   Planning allows program objectives to be clarified, strategies to be developed and measures agreed to track progress in delivering outputs.

26.   The ANAO found that the broad areas of assistance identified at the time of the July 2003 intervention have remained appropriate and now comprise the three RAMSI programs or 'pillars', viz: Law and Justice; Machinery of Government; and Economic Governance.

27.   RAMSI's relatively rapid roll-out and its initial short-term focus have meant that an evolutionary approach to identifying and planning some sub-programs has been employed. This approach was reasonable in view of the need for RAMSI to be able to react flexibly to emerging circumstances, and to identify longer-term program priorities in consultation with the Solomon Islands Government.

28.   As the focus has shifted from restoring law and order and stabilising government finances, to wider state-building and development activities, the evolving RAMSI program elements have been documented in a number of key planning papers, effectively constituting RAMSI's strategic plan. At the time of the audit, a Medium Term Strategy (2007 to 2012) was being developed. This has the potential to be a useful strategic planning and management tool for RAMSI.

29.   While the delivery of such a large and complex program overseas is inherently risky, it is not possible to eliminate all of the risk. It does, however, need to be managed. To this end, a RAMSI-wide strategic risk assessment matrix has been prepared, reflecting important elements of good practice risk management. However, some elements need strengthening, such as ensuring that treatments are clear and identify indicative timing.

30. During the audit the ANAO became aware of some confusion relating to aspects of RAMSI's crisis management during the civil unrest and riots that followed the April 2006 election in Solomon Islands. In particular, some RAMSI program staff were left out of the information loop during this period. The management and oversight of security for RAMSI civilians needs to be strengthened by ensuring that lessons from such security incidents/crises are formally captured.

31. DFAT and AusAID advised that, since the time of audit fieldwork, considerable work has been undertaken to improve civilian security.

Measuring RAMSI's performance (Chapter 4)

32. RAMSI's program complexity, multiyear nature and range of contributing Australian Government agencies and regional partners means that putting arrangements in place to measure its success will necessarily be complex, and challenging.

33. RAMSI established a *Performance Framework* in 2005 and has developed or is developing a range of initiatives to help measure performance against that Framework. The Framework identifies a single overarching goal for RAMSI and objectives for each of its three programs. These initiatives are the result of a substantial and sustained administrative effort from 2005, and represent significant progress in establishing a useful and reasonably comprehensive performance measurement system for individual RAMSI programs and for RAMSI as a whole.

34. The Framework contains a mix of output and outcome indicators, albeit with a heavy focus on the former. As the Framework is refined, it will be important for the Office of the Special Coordinator and program areas to shift the focus from measuring outputs to measuring outcomes, to better assess the impact that outputs are having on the Solomon Islands community.

35. The Framework also needs to be strengthened by including more targets, benchmarks or activity levels against performance indicators, where possible, to enable future results to be interpreted against expectations.

36. The production of the first *Annual Performance Report 2005/2006* against the Framework was challenging, particularly in terms of timing and product quality. Weaknesses with this first report were readily acknowledged by DFAT and AusAID. To facilitate the preparation of the next report, it will be important to allow adequate time for the review team to familiarise itself with

the various program elements, and to provide adequate direction and supervision while the review takes place.

Reporting to RAMSI's Australian stakeholders (Chapter 5)

37.   A fundamental aspect of accountability is the obligation to provide sufficient information to internal and external stakeholders to enable well-informed conclusions about progress and performance to be drawn.

38.   DFAT has put in place arrangements to provide high-level updates of RAMSI's progress to the management of participating agencies. These provide an important means by which agency management is kept abreast of high-level progress and emerging issues across RAMSI and individual programs.

39.   The key arrangement for reporting progress to Ministers involves the preparation of regular briefs for the National Security Committee of Cabinet. The briefs facilitate regular, high-level, whole-of-government updates on developments, challenges and the current outlook for RAMSI. They are prepared in a collaborative manner, with input being provided by key RAMSI agencies.

40.   On the whole, the briefs are focused, well constructed and make high-level recommendations for formal consideration and decision. However, the inclusion of a limited number of key performance indicators and targets, and consistently reporting against them, would strengthen the briefs.

41.   Annual reports and Portfolio Budget Statements are the key mechanisms by which agencies are accountable through the Government to the Parliament for the efficiency, effectiveness and economy with which they manage the resources they administer.

42.   However, the ANAO found that it is not possible to readily identify from these documents the extent of Australian Government agency involvement in the RAMSI effort. This is particularly the case in respect of the resources deployed by those agencies. Given that RAMSI is a whole-of-government initiative, involving a substantial commitment over a number of years, the ANAO suggests that DFAT, as the coordinating agency, strengthen public accountability by collecting and publishing summary information about Australian Government agency involvement in RAMSI.

Recommendations and agency response

43.   The ANAO made five recommendations aimed at improving the arrangements for coordinating, measuring and reporting on Australian Government agency assistance to Solomon Islands. All are agreed.

44.   DFAT's full response to the audit is at Appendix 3. Its summary response is as follows:

> DFAT welcomes the performance audit as a comprehensive and detailed review of coordination arrangements for RAMSI, a large, complex and innovative mission operating in challenging circumstances. The audit is a positive contribution to RAMSI's governance. I welcome in particular the findings of the report which acknowledge the immense amount of work undertaken by the Department and the Office of the Special Coordinator (OSC) in ensuring that Regional Assistance Mission to Solomon Islands (RAMSI) processes are as transparent, accountable and effective as possible. It is encouraging that the report concludes that DFAT and AusAID have put in place arrangements that enable the effective coordination of Australian Government assistance to Solomon Islands, and that program objectives have been established and significant progress has been made in the development of an outcomes monitoring framework.

45.   AusAID's full response to the audit is at Appendix 4. Its summary response is as follows:

> AusAID welcomes the performance audit as a thorough assessment of Australian Government agency involvement in RAMSI. In particular, AusAID supports the findings and conclusions as outlined in the report, which highlight the complex nature of RAMSI, and the considerable work that is being done by DFAT and AusAID in ensuring the effective coordination of Australian Government assistance to Solomon Islands through RAMSI.
>
> AusAID broadly agrees with the recommendations as outlined in the report, and in consultation with DFAT and the Office of the Special Coordinator (OSC), is ensuring that necessary processes are in place to address them. RAMSI is a complex multiyear initiative that is constantly evolving to changing circumstances. AusAID will continue to contribute to finding and implementing effective solutions to meet these changing needs.

Recommendations

Recommendation No.1 **Para 2.32** **Terms and conditions**	The ANAO recommends that AusAID seek to resolve outstanding issues relating to the terms and conditions of RAMSI deployees, elevating the matter to senior agency level if required. *AusAID response:* Agreed.
Recommendation No.2 **Para 3.23** **Strategic risk management**	The ANAO recommends that DFAT, in consultation with the Office of the Special Coordinator, strengthen RAMSI's strategic risk management approach by ensuring that: • treatments are clear and identify indicative timing; • where multiple treatments are identified for a particular risk, they are prioritised for implementation; • residual risk is assessed to help management decide whether to retain the risk or repeat the risk treatment process; and • strategic risks identified through other processes are considered for possible inclusion in the matrix. *DFAT response:* Agreed.

Recommendation No.3 **Para 3.40** **Civilian security**	The ANAO recommends that DFAT and AusAID strengthen the management and oversight of security for RAMSI civilians by ensuring that the Office of the Special Coordinator:

- formally captures lessons from the April 2006 civil unrest and riots; and

- puts in place a strategy to ensure a formal, timely and coordinated approach to capturing key lessons from future significant security incidents or crises.

DFAT response: Agreed.

AusAID response: Agreed.

Recommendation No.4 **Para 4.31** **Performance Framework**	The ANAO recommends that DFAT and AusAID strengthen RAMSI's Performance Framework by including targets, benchmarks or activity levels against performance indicators, where possible, to enable future results to be interpreted against expectations.

DFAT response: Agreed.

AusAID response: Agreed.

Recommendation No.5 **Para 5.18** **Reporting**	The ANAO recommends that DFAT improve reporting arrangements to the Australian Government by including in progress reports a limited number of key performance indicators and targets, and consistently reporting against them.

DFAT response: Agreed.

Audit Findings
and Conclusions

1.   Introduction

This chapter provides an overview of the Regional Assistance Mission to Solomon Islands (RAMSI). It also outlines the audit approach.

1.1   Solomon Islands is a group of 992 islands spread over 28 450 square kilometres (see map on next page at Figure 1.1). Its population of around 500 000 is made up of five major ethnic groups, with Melanesians accounting for about 95 per cent of the population. The economy is rich in natural resources such as fish, forests and gold.[2]

1.2   Following an outbreak of ethnic tensions in 1999 and a decline in law and order, the Solomon Islands economy began to collapse.[3] By early 2003 Solomon Islands was displaying many of the characteristics of a failed state— general lawlessness was increasing, while extortion and open corruption were widespread. Government management of the economy and delivery of basic services had collapsed.[4]

Establishment of RAMSI

1.3   On 22 April 2003 the then Solomon Islands Prime Minister wrote to the Australian Prime Minister requesting assistance. With the endorsement of the Pacific Islands Forum (PIF) and the Solomon Islands Parliament,[5] the Regional Assistance Mission to Solomon Islands (RAMSI) was deployed on 24 July 2003.

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[2]   *Solomon Islands Country Brief*, February 2007, the Department of Foreign Affairs and Trade <http://www.dfat.gov.au/geo/solomon_islands/solomon_islands_brief.html> and *Solomon Islands Rebuilding an Island Economy*, Department of Foreign Affairs and Trade, 2004 <http://www.dfat.gov.au/publications/rebuilding_solomon/index.html> (accessed 16 March 2007).

[3]   *Solomon Islands Rebuilding an Island Economy*, Department of Foreign Affairs and Trade, 2004, <http://www.dfat.gov.au/publications/rebuilding_solomon/index.html> (accessed 16 March 2007).

[4]   See <http://www.ausaid.gov.au/country/country.cfm?CountryID=16&Region=SouthPacific>—AusAID background brief on Solomon Islands (accessed 20 March 2007).

[5]   The PIF endorsed the provision of assistance to Solomon Islands on 30 June 2003. The Solomon Islands Parliament subsequently passed the *Facilitation of International Assistance Act 2003* to give effect to the PIF resolution and to provide the legal basis for RAMSI. Among other things, it gave powers and immunities to police and military personnel engaged in the operation.

Figure 1.1

Map of Solomon Islands
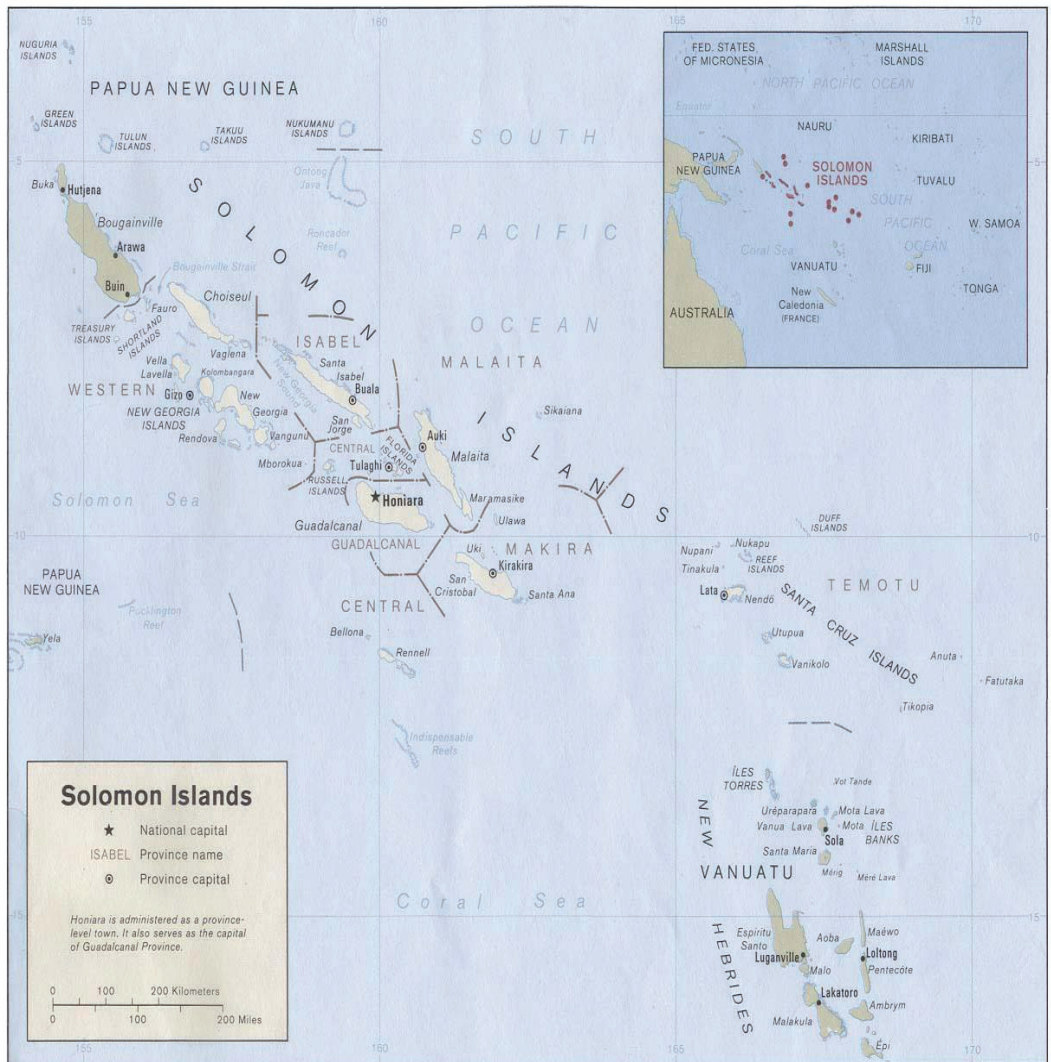
Source: Texas Library, <http://www.lib.utexas.edu/maps/australia/solomon_islands_pol89.jpg> (accessed 22 March 2007).

1.4   RAMSI is a partnership between the Government and people of Solomon Islands and contributing countries of the Pacific region. It is a long-term exercise aimed at helping create the conditions necessary for a return to stability, peace and a growing economy.[6]

1.5   At the time of initial deployment five countries contributed police and/or military personnel to RAMSI. By 2006, the number of contributing countries had increased to 15, viz: Australia, Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, New Zealand, Niue, Palau, Papua New Guinea, Samoa, Tonga, Tuvalu and Vanuatu.

1.6   RAMSI's early priorities were to restore law and order and stabilise Solomon Islands Government finances. As this was being achieved, RAMSI increasingly focused on longer-term issues such as governance and economic reforms, rebuilding the police force, judicial institutions, correctional institutions and the machinery of government.

1.7   A critical aspect of this assistance involves building the capacity of Solomon Islands individuals and institutions to help make improvements sustainable. This is expected to be the long-term focus of RAMSI.

RAMSI management and organisation

1.8   Australia provides leadership for the mission. The **Department of Foreign Affairs and Trade** (DFAT) is the lead agency, with responsibility for coordinating Australian Government agency input. A senior DFAT officer is appointed **Special Coordinator** by the Australian Prime Minister and is responsible for coordination, oversight and strategic direction of all elements of RAMSI's program of assistance in Solomon Islands.

1.9   Operationally, the security aspect of the mission is police-led. An Australian Federal Police (AFP) officer is Commander of the multinational **Participating Police Force**, which is responsible for maintaining law and order. Supporting the police is the multinational **Participating Armed Forces** (operationally known as the Combined Task Force) which is commanded by an Australian Defence Force (ADF) officer. The Commanders are responsible for day-to-day direction and control of their contingents.

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[6]   See RAMSI website <http://www.ramsi.org/node/5> (accessed 27 March 2007).

1.10 Most non-operational funding has been appropriated to the **Australian Agency for International Development** (AusAID), which is an administratively autonomous agency within the Foreign Affairs and Trade portfolio. A senior AusAID officer has been appointed **Development Coordinator**, and is responsible for leading the development cooperation effort, managing the ongoing bilateral aid program outside of RAMSI, and engaging and funding other agencies and contractors to deliver programs. These include, most notably, the Department of Finance and Administration, the Treasury, the Australian Customs Service[7] and the Australian Electoral Commission.[8]

1.11 The Special Coordinator, the two Commanders, the Development Coordinator, along with the Deputy Special Coordinator (New Zealand) and Assistant Special Coordinator (Fiji), form the RAMSI 'Principals' (see Figure 1.2). The Principals oversee the delivery of RAMSI in Solomon Islands.

Figure 1.2

RAMSI organisational structure
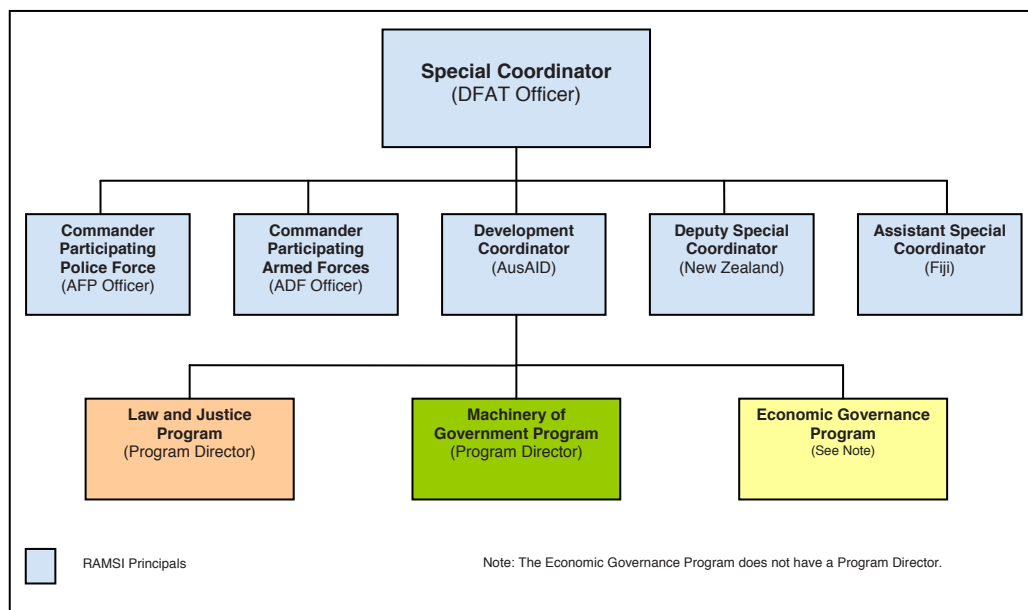
Source: DFAT and AusAID papers.

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7   The Australian Customs Service has its own funding appropriation.

8   There are other Australian Government agencies with staff deployed to Solomon Islands as part of RAMSI from time to time, including the National Archives of Australia.

1.12 The number of people deployed by the Australian Government to RAMSI has varied considerably since July 2003, depending on requirements.[9] At the time of audit, there were 228 AFP personnel, 142 ADF personnel, and some 180 civilian staff (both government officials and contracted advisers) deployed to RAMSI (Appendix 1 shows Australian Government officials deployed).

1.13 Over the four years from 2005–06, the Australian Government allocated $840.5 million for RAMSI. Of this amount, DFAT will receive $15.1 million, the AFP $538.0 million, AusAID $282.2 million and Customs $5.2 million (see Appendix 2).[10]

1.14 The total amount of Australian Government aid to be provided to Solomon Islands in 2006–07 is estimated by AusAID to be $223 million (some 52 per cent of total estimated Australian aid funding to the Pacific[11] for that year). Of the $223 million, $99.5 million will be provided via AusAID (both through RAMSI and via AusAID's ongoing bilateral aid program). The bulk of the residual funding is for the AFP deployment.

RAMSI's program structure

1.15 RAMSI's overall goal is *a peaceful, well-governed and prosperous Solomon Islands.* There are three programs or 'pillars' of assistance being delivered by RAMSI in support of this goal. These programs, together with some of the key RAMSI sub-programs, are set out at Figure 1.3.

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[9] At the time of the July 2003 deployment, Australia's contribution comprised approximately 1500 defence personnel, 155 Federal Police and 80 members of the Australian Protective Service, as well as a small number of Australian Government officials.

[10] Additional funding of $30.0 million has been provided for the ADF for 2005–06 to 2007–08 (for the continuation of an ADF presence until March 2008).

[11] Excludes aid to Papua New Guinea.

Figure 1.3

RAMSI's goal and program objectives

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

PROGRAMS AND OBJECTIVES		
LAW AND JUSTICE Contribute to a safer and more secure Solomon Islands	**MACHINERY OF GOVERNMENT** Help Government to better serve the Solomon Islands people	**ECONOMIC GOVERNANCE** Contribute to a more prosperous Solomon Islands

KEY SUB-PROGRAMS		
• Provision of the Participating Police Force (PPF) and assistance to the Royal Solomon Islands Police. • Support for administration of justice, including: the High Court, the Magistrates Court, and the Office of the Director of Public Prosecutions. • Strengthening the capacity of Solomon Islands Prison Service. • Infrastructure works, including the courts and Rove prison.	• Repairing and strengthening public administration through: effective workforce planning; annual reporting and corporate planning; improved records management; and improved coordination. • Strengthening the National Parliament. • Improving electoral machinery. • Strengthening accountability institutions.	• Supporting sound fiscal, financial and debt management through the Financial Management Strengthening Program. • Long-term economic reform through the Economic Reform Unit. • Improving revenue collection and border integrity through the Customs Modernisation Program. • Strengthening the capacity of the Central Bank of Solomon Islands. • Rural livelihoods—helping farmers improve production and income. • Rural road rehabilitation.

Source: DFAT and AusAID papers.

RAMSI—a long-term and challenging task

1.16   The Australian Government has described RAMSI as not being time-bound. That is, the end of the deployment will be signified by the successful completion of its various sub-program tasks/outcomes. This approach was endorsed by a Pacific Islands Forum review of RAMSI in May 2005,[12] although in February 2007 the Solomon Islands Government was seeking a review of this approach.

1.17   The delivery of such a large, complex and evolving program is a challenging task. While it is generally acknowledged that significant progress was achieved over the first two to three years of RAMSI's deployment, the task has become more difficult as the focus has shifted from restoring law and order and stabilising government finances, to capacity building.

1.18   In this regard, the Australian Government has emphasised that in return for this support it expects governance standards and economic management to improve, and endemic corruption to be addressed. It has stressed that RAMSI is an integrated package of initiatives. That is, elements addressing corruption and governance cannot be removed from the package. Without those elements the Government expects that the aid will be ineffective.

1.19   At the time of the audit, the relationship between the Australian and Solomon Islands Governments was strained.[13] Given RAMSI's long-term nature, the strength of the relationship is bound to fluctuate from time to time, providing ongoing challenges for the success of RAMSI. While the Australian Government has stated an ongoing commitment to RAMSI, it has also acknowledged the possibility that RAMSI may be forced to withdraw at some point in the future.

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[12]   See *A Review of the Regional Assistance Mission to Solomon Islands*, Report of the PIF Eminent Persons Group, May 2005. The Review recommended that the tenure of RAMSI be measured by the achievement of tasks rather than be time-bound.

[13]   In September 2006 the Australian High Commissioner to Solomon Islands was expelled. Tensions between the two Governments were further heightened by a number of incidents, including Mr Moti's arrival in Solomon Islands following attempts by the Australian Government to extradite him from Papua New Guinea and the expulsion of Solomon Islands Police Commissioner, Australian Shane Castles. A new Australian High Commissioner was appointed in early 2007.

Audit approach

Audit objective

1.20   The objective of the audit was to assess the coordination of Australian Government assistance to Solomon Islands through RAMSI, including the establishment of objectives and an outcomes monitoring framework. In particular, the audit examined arrangements for:

• coordination between Australian Government agencies;

• strategic planning and risk management;

• measuring the effectiveness of RAMSI; and

• reporting to RAMSI's Australian stakeholders.

1.21   The audit focused on Australian Government agency involvement in RAMSI. It did not examine contributions by other Pacific countries, or State Governments. Nor did it review the administration of Solomon Islands Government agencies.

1.22   The audit looked at whether a sound framework is being established to measure outcomes.

1.23   The audit also focused on RAMSI-wide issues, as opposed to the numerous activities of contributing agencies. Operational activities of the AFP and ADF were excluded. In this regard, aspects of the AFP's deployment to Solomon Islands are being examined as part of a broader ANAO performance audit into the AFP's Overseas Operations.

Audit methodology

1.24   Audit fieldwork was undertaken in the Department of Foreign Affairs and Trade and AusAID, and at the Office of the Special Coordinator in Honiara.

1.25   The ANAO interviewed relevant officers and reviewed files and documentation. The ANAO also consulted with a range of Australian Government agency staff and contractors in Canberra and in Honiara.

1.26   The audit was conducted in accordance with ANAO standards. The cost of the audit to report tabling was $325 000.

Report structure

1.27   The audit findings are reported in the following four chapters, as illustrated in Figure 1.4.

Figure 1.4

Report Structure

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│        Chapter 2        │
│ Coordinating Australian │
│ Government Assistance   │
│        to RAMSI         │
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   ┌─────────────────────────┐
   │        Chapter 3        │
   │   Strategic Planning    │
   │  and Risk Management    │
   │     across RAMSI        │
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      │        Chapter 4        │
      │       Measuring         │
      │        RAMSI's          │
      │      Performance        │
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         │        Chapter 5        │
         │       Reporting         │
         │ to RAMSI's Australian   │
         │      Stakeholders       │
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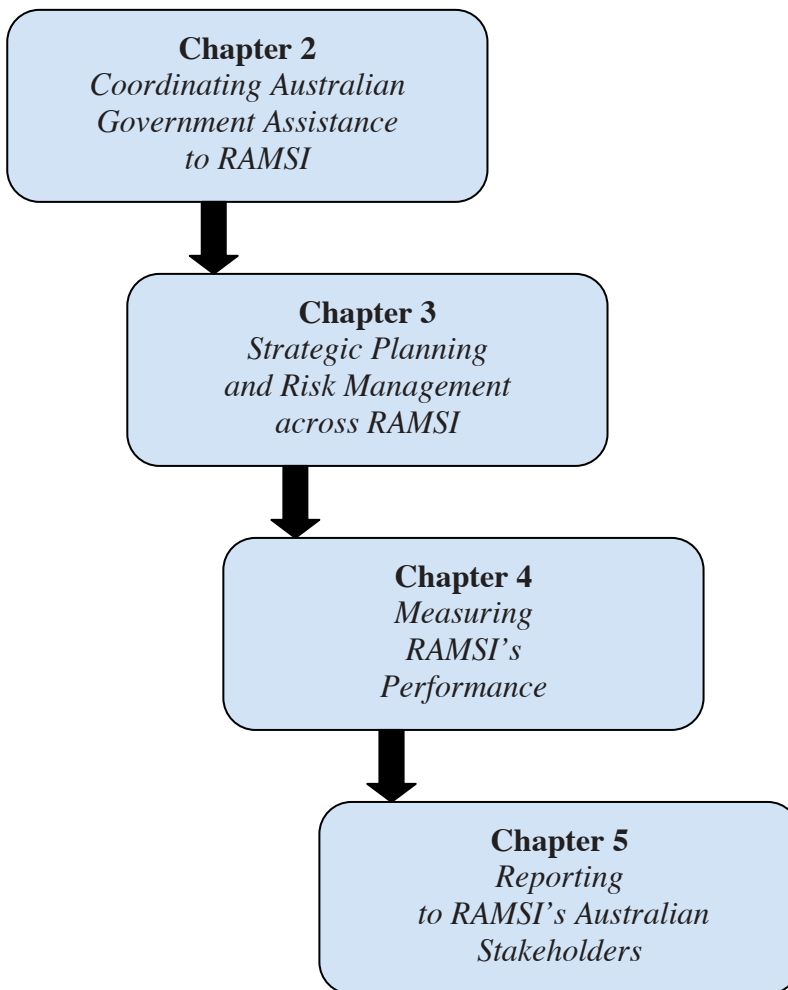
2. Coordinating Australian Government Assistance to RAMSI

This chapter examines the coordination arrangements that have been put in place to enable the management and delivery of RAMSI and its programs by Australian Government agencies. It also considers liaison arrangements with the Solomon Islands Government and regional partners.

Introduction

2.1 The Australian Government recognised that effective coordination between contributing Australian Government agencies, the Solomon Islands Government (SIG) and regional partners would be crucial to the success of RAMSI. To assess how these coordination arrangements were working, the ANAO examined whether:

- the roles and responsibilities of Australian Government agencies were clearly defined, well understood and observed by those involved;

- clear communication and information sharing was taking place between agencies, and between RAMSI programs; and

- appropriate arrangements had been put in place for liaison with the SIG and regional partners.

Roles and responsibilities

2.2 As noted in Chapter 1, RAMSI is a large, complex and evolving program, involving contributions from a range of Pacific Island countries and Australian Government agencies. Such an arrangement requires clear, well understood roles and responsibilities.

2.3 In this regard, the ANAO examined:

- RAMSI's mandate;

- its high-level governance;

- staff understanding of roles and responsibilities;

- the management of the three RAMSI programs; and

- agreements and understandings between agencies.

RAMSI's mandate

2.4 The provision of Australian Government agency assistance to Solomon Islands should be underpinned by appropriate mandates within Australia and internationally. In respect of the former, better practice suggests that arrangements for significant cross-agency initiatives should have ministerial endorsement.[14] Given the nature of RAMSI, it is also important that it have an appropriate international mandate.

2.5 In this regard, RAMSI's mandate, and Australia's role in it, was established by:

- the National Security Committee of Cabinet,[15] which endorsed Australia's involvement and leadership of RAMSI on 22 July 2003.[16] The Australian Parliament, which ratified the mission on 12 August 2003. It has ongoing budget approval;

- the Pacific Islands Forum (PIF), which endorsed the provision of a package of assistance to Solomon Islands on 30 June 2003. The Solomon Islands Parliament subsequently passed the *Facilitation of International Assistance Act 2003* to give effect to the PIF resolution and provide the legal basis for RAMSI;[17] and

- an agreement signed at Townsville on 24 July 2003 between Solomon Islands, Australia, New Zealand, Fiji, Papua New Guinea, Samoa and Tonga concerning the operation and status of personnel deployed to assist in the restoration of law and order and security.[18]

High-level governance

2.6 To facilitate RAMSI's coordination, the Australian Prime Minister has written to each Special Coordinator setting out their mandate. This 'Directive' sets out the mission's broad parameters and establishes its high-level working

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[14] ANAO *Better Practice Guide—Public Sector Governance*, July 2003, Paper 7: *Cross-Agency Governance*, Canberra, p. 2.

[15] In relation to Australia's involvement in RAMSI, the National Security Committee is the main strategic decision-making body.

[16] The Prime Minister of Australia announced the National Security Committee's ratification of the arrangements for Australia's involvement in RAMSI at a press conference on 22 July 2003. See transcript at <http://www.pm.gov.au/media/Interview/2003/Interview382.cfm> (accessed 30 April 2007).

[17] The *Facilitation of International Assistance Act 2003* was assented to on 21 July 2003.

[18] Australian Treaty Series [2003] ATS 17 (24 July 2003).

arrangements. It provides a suitable level of ministerial endorsement for the across-agency arrangements.

2.7 Among other things, it places with the Special Coordinator responsibility for coordination, oversight and strategic direction of RAMSI, and liaison with the SIG.

2.8 The Directive also establishes the roles of the Participating Police Force (PPF) and Participating Armed Forces (PAF) Commanders who are responsible for day-to-day direction and control of their contingents. Their authority to act comes from the Townsville agreement of 24 July 2003 and from Solomon Islands legislation.[19]

2.9 The Special Coordinator, the two Commanders, the Development Coordinator, the Deputy Special Coordinator and Assistant Special Coordinator form the RAMSI 'Principals' (see Figure 1.2 in Chapter 1).

2.10 The Directive specifies that the leaders of the various components should report to and consult with the Special Coordinator regularly to ensure that the implementation of RAMSI is effective and well-coordinated.

2.11 The ANAO examined relevant files, observed meetings of the Principals in Honiara, and held interviews with all Principals. This evidence indicates that the top level participants understand and observe their respective roles and responsibilities. The ANAO also formed the view that although there have been occasional tensions (as could be expected in such a complex operational setting) the relationships are generally positive and mutually supportive.

2.12 The Special Coordinator is supported by the Office of the Special Coordinator (OSC). The ANAO concluded from file examination and stakeholder interviews that the OSC is generally well regarded, and considered to be supportive of contributing agency efforts.

2.13 However, the ANAO noted some concern among stakeholders about the adequacy of the OSC staffing level. This issue has also been raised in internal reviews. While recognising the challenges, the ANAO concluded that there is a need to ensure that OSC staffing is adequate to optimise coordination and monitor progress. DFAT advised that a proposal to provide additional staff for the OSC was under active consideration.

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[19]   Australian Treaty Series [2003] ATS 17 (24 July 2003). The Solomon Islands *Facilitation of International Assistance Act 2003* (assented to on 21 July 2003).

Staff understanding of roles and responsibilities

2.14   Better practice suggests that in across-agency programs, agencies should have clearly identified and understood roles and responsibilities. In addition, to operate effectively in Honiara, RAMSI program staff should have a good understanding of the mission and its three programs or 'pillars'.

2.15   The ANAO observed that AusAID provides training on mission programs and related topics to civilian deployees prior to departure. However, not all deployees are covered, and training can be more limited when staff are deployed quickly. In addition, upon arrival in Honiara the OSC briefs new staff. DFAT advised that team leaders also brief civilian staff on arrival and are expected to keep them informed of developments.

2.16   Notwithstanding these briefings, the ANAO found that a range of both senior and junior program staff in Honiara admitted some degree of confusion, particularly on arrival, about RAMSI's structure and the roles and responsibilities of the RAMSI Principals and Program Directors and their accountability interrelationships. Generally, staff obtained the necessary knowledge on the job, and over time.

2.17   The ANAO also found that a number of program staff either had been, or still were, confused about the respective roles and responsibilities of the Australian High Commission and the OSC (see Figure 2.1).[20] One example of the confusion relates to the respective responsibilities of the High Commission and the OSC for civilian security (discussed in Chapter 3).

Figure 2.1

Roles and responsibilities of the Australian High Commission vs the OSC

Background

Because DFAT is involved in both activities, RAMSI's role needs to be distinguished from that of the Australian High Commission:

- the High Commission is responsible for the normal day-to-day diplomatic and consular relations between the sovereign nations of Australia and Solomon Islands; while
- RAMSI is a multi-national mission set up under a special mandate to address specific issues within the governance of Solomon Islands.

For this reason RAMSI is not responsible to or through the High Commissioner, although there needs to be openness in their dealings, and the Directive also makes provision for this.

Source: Prime Minister's Directive and ANAO interviews and file examination.

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[20]   While the Prime Minister's Directive sets out the broad roles of the Australian High Commission and the OSC, this document is not widely available, nor could it be expected to go into detail.

2.18 The ANAO suggests that DFAT/AusAID/OSC consider ways of improving the coverage and quality of pre-departure and arrival briefings and information available to deployees on RAMSI's structure and the roles and responsibilities of the various RAMSI participants and their interrelationships. Such information should clearly set out the respective roles and responsibilities of the Australian High Commission and the OSC. This is particularly important given RAMSI's strategy of seeking to distinguish itself from the broader bilateral issues currently affecting the relationship.

2.19 DFAT advised that the OSC is considering instituting formal briefing sessions for new civilian arrivals to address these issues, and matters relating to civilian security. AusAID advised in April 2007 that it is exploring options to expand training on arrival for deployees who missed the pre-departure training.

Management of the three RAMSI programs

2.20 The Machinery of Government and Law and Justice Programs have Program Directors and dedicated support units to assist with their overall management.

2.21 The Economic Governance Program does not have a dedicated Program Director. The Team Leader of the Financial Management Strengthening Program (FMSP) is the most senior adviser in the Economic Governance Program. Like a number of RAMSI advisers, the Team Leader holds an 'in-line' position in the Solomon Islands public service.[21] These in-line positions have the potential to create accountability ambiguities that need to be managed.

2.22 The ANAO noted concern among RAMSI management and staff that the Team Leader's workload prevents the occupant from representing the interests of all sub-programs. The ANAO notes that this issue had been identified by RAMSI, but at the time of audit, had not been resolved.

2.23 The ANAO suggests that DFAT/AusAID, in consultation with relevant agencies, give further consideration to identifying and implementing arrangements to enhance coordination and representation of the various sub-programs.

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[21] The position is Under-Secretary (deputy secretary equivalent) in the Solomon Islands Department of Finance and Treasury.

2.24   DFAT and AusAID advised in April 2007 that some action had already been taken to relieve pressure on the Team Leader position, with the appointment of an additional staff member to provide greater oversight of the Economic Governance Program. DFAT also advised that a review of the FMSP will provide an opportunity to look at this issue in more detail.

RAMSI agreements and understandings

2.25   As noted in Chapter 1, a number of the contributing Australian Government agencies are engaged and funded by AusAID to deliver RAMSI sub-programs of assistance. Better practice suggests that formal agreements should be put in place to manage these arrangements.

2.26   To this end, the ANAO found that AusAID has entered into Strategic Partnership Agreements (SPAs)[22] and/or Records of Understanding (ROUs)[23] with partner agencies. Further details relating to a particular sub-program or activity that the partner agency is to implement are usually set out in a Schedule to the ROU.

2.27   However, not all of the Schedules examined by the ANAO had been finalised and signed off. One Schedule was still being negotiated some two years after the ROU was signed and work had commenced in Solomon Islands.

2.28   The ANAO understands that the rapid roll-out of RAMSI may have hindered the early development of agreements with partner agencies. The ANAO suggests AusAID move to finalise those that remain outstanding. AusAID advised in April 2007 that it has noted the ANAO's concerns and would be working closely with partner agencies to address outstanding issues and finalise the Schedules over the next few months.

Terms and conditions of agency deployees

2.29   Australian Government agency deployees have their terms and conditions established as part of their agency's ROU with AusAID. The terms and conditions for Economic Governance Program deployees were established in June 2004, and reflected the conditions and hardship at that time.

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[22]   As the name suggests, SPAs are strategic in nature, providing a high-level agreement between the parties to achieve the program's objectives.

[23]   ROUs are more detailed than SPAs. ROUs generally cover, among other things: the purpose of the ROU; the accountability framework; roles and responsibilities; risk management; reporting, monitoring and evaluation; payment arrangements; dispute resolution; termination and suspension; and contact/liaison officers.

2.30 Since then, conditions in Solomon Islands have changed, generally for the better and the level of hardship has eased. In this regard, DFAT and AusAID were concerned that the terms and conditions for the Economic Governance Program deployees were inconsistent with those provided to other deployees and contractors, creating some tension within RAMSI. In response to these concerns, AusAID organised an across-agency review in late 2005/early 2006. However, disagreements between agencies meant that the review process had stalled at the time of audit.

2.31 The ANAO did not seek to identify what would constitute appropriate remuneration terms and conditions. However, it notes that the lack of resolution has both a financial impact on AusAID, and the potential to undermine the collegiate approach to RAMSI implementation. AusAID advised the ANAO in this regard that it is working to resolve these issues.

Recommendation No.1

2.32 The ANAO recommends that AusAID seek to resolve outstanding issues relating to the terms and conditions of RAMSI deployees, elevating the matter to senior agency level if required.

AusAID response

> Agreed. AusAID and DFAT will seek to resolve outstanding issues relating to terms and conditions of Australian Government agency staff deployed to RAMSI, and have agreed to discuss this matter with relevant Australian Government agencies.

2.33 The Department of Finance and Administration commented in relation to the recommendation that it understands that ultimate responsibility for the resolution of outstanding issues relating to the review rests with the Interdepartmental Committee (discussed at paragraphs 2.38 to 2.42).

2.34 While the ANAO appreciates that some RAMSI staff needed to be deployed quickly, the lesson for future across-agency deployments is to develop an early and considered approach to setting staff terms and conditions. The Department of Finance and Administration advised in this context that different skill sets are required across different programs and that the terms and conditions need to take this into account.

Communication and information sharing arrangements

2.35   Better practice suggests that the lead agency in an across-agency initiative should establish processes for the sharing and flow of information between agencies.[24] This is particularly important with a complex initiative such as RAMSI which involves a range of contributing agencies, both in Australia and Solomon Islands.

Coordination and information sharing between agencies

2.36   The ANAO found that DFAT and AusAID have put in place a range of formal mechanisms to help Australian Government agencies communicate with each other. Overall, stakeholder comments regarding the coordination roles played by DFAT and AusAID have been largely positive.

2.37   Key coordination mechanisms are discussed below.

Interdepartmental Committee (IDC)

2.38   The IDC is a weekly high-level information sharing forum. Key participants in RAMSI provide a useful update of current developments to Canberra and New Zealand agency representatives via telephone hook-up. From time to time special IDCs are held to discuss strategic issues.

2.39   Informing discussion at the IDC is a high-level situation report ('Sitrep') prepared by the OSC, with input from each of the Program Directors in Honiara, and sent via DFAT cable, prior to the IDC meeting. As noted in Chapter 5, the ANAO found that the cables provide a formal, high-level update on developments of general interest and for each of the three RAMSI programs.

2.40   While participants generally reported the IDC to be a useful information sharing forum, some Honiara participants advised the ANAO that the IDC is most valuable in briefing Canberra agencies on developments; that is, Canberra is the main beneficiary. Some participants also questioned whether the meetings are held too frequently.

2.41   The ANAO observed a number of IDCs from both Canberra and Honiara. Overall, the format was sound: it provides for a short, focused, high-level, across-agency, information sharing (rather than decision-making) arrangement. Agencies attending demonstrated a collegiate and collaborative

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[24]   ANAO *Better Practice Guide—Implementation of Programme and Policy Initiatives*, October 2006, Canberra, p. 48.

approach to the meetings, and to the preparation of joint briefs, as evidenced by the cooperative approach to the development of reports to the National Security Committee (discussed in Chapter 5).

2.42 Its weekly frequency seemed about right, particularly given the ongoing bilateral difficulties and developments during the audit. Notwithstanding this, better practice suggests that the operation and effectiveness of the IDC be kept under review.

Coordination Meetings

2.43 Coordination Meetings of RAMSI Principals are held thrice-weekly in Honiara, chaired by the Special Coordinator. The ANAO found that their frequency and coverage—eg, program developments, public affairs and security updates—provided a useful forum for the timely high-level exchange of information between the OSC and the RAMSI programs. The meetings are short, crisp and focused on recent issues, and were to that extent effective. Participants demonstrated a collegiate and collaborative approach to sharing information.

Working groups

2.44 DFAT and AusAID have established a range of working groups to examine issues that are too detailed for the IDC. Some operate in Canberra and others in Honiara. Examples are set out in Figure 2.2.

Figure 2.2

Examples of working groups

Name and Location	Membership
Legal Working Group (Canberra)	AFP, Australian Government Solicitor, Attorney-Generals Department, Defence, Prime Minister and Cabinet, New Zealand Ministry of Foreign Affairs and Trade, DFAT and AusAID.
Corruption Working Group (Honiara)	OSC and the three RAMSI programs (including the PPF).
Economic Coordination Steering Group (Canberra)	Finance, Treasury, DFAT, AusAID and the New Zealand High Commission.

Source: ANAO file examination.

2.45 The ANAO found that working groups generally facilitate effective internal communication across programs, particularly at the lower levels, and help coordinate input to the IDC on relevant issues.

Information sharing between programs

2.46   Notwithstanding the fact that working groups have helped lower level information sharing, the ANAO found that communication between the three programs at the lower levels is relatively weak. For example, one adviser was not aware of an activity being established in another program that may have facilitated the delivery of that adviser's own sub-program.

2.47   The need to strengthen cross-pillar coordination has been recognised in the first two stocktake reports (see Chapter 4), and in other internal reviews of RAMSI. One stocktake report made recommendations to this effect. The ANAO notes that the need to better share the outcomes of the thrice-weekly Coordination Meetings with relevant RAMSI personnel has been identified in the context of the RAMSI communication strategy (discussed further below).

2.48   The ANAO acknowledges that this is a difficult area to address without adding to bureaucracy. Nevertheless, some suggestions to enhance communication are:

- encouraging sub-programs to include information such as activity descriptions and progress updates on the secure part of the RAMSI website;[25]

- enhancing the content and/or frequency of the RAMSI staff newsletter[26] to provide additional information on sub-program activities; and

- providing additional information on sub-program activities at the RAMSI civilian meetings[27] and/or alerting people as to where this information can be obtained.

2.49   In response, DFAT advised that the OSC is reviewing cross-pillar coordination to maximise information flows in the most effective and time-efficient manner. In particular, DFAT and the OSC agree that the inclusion of more information on the website would be useful, but as yet the secure area is not operating and may prove very costly to set up and maintain. OSC is also considering ways to enhance and expand communication through its civilian meetings, newsletters and targeted newsflashes.

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[25]   The RAMSI website, <www.ramsi.org> describes RAMSI and the work of the contributing nations. The secure part of the website was not operating at the time of audit.

[26]   At the time of audit three RAMSI newsletters had been issued.

[27]   Meetings arranged by the OSC at which the Special Coordinator and other RAMSI Principals talk to RAMSI civilians about recent events, key messages and current priorities.

Computer connectivity issues

2.50 Effective electronic communication between agencies facilitates their sharing of information. Given the sensitive nature of some information passed between RAMSI members, the ability to communicate information securely and reliably is important. However, the ANAO found a number of issues in this area.

2.51 The ANAO found that some Canberra agencies have limited access to DFAT's SATIN High communication terminals through which much of the classified information is shared with those agencies. Workarounds are employed to alert agencies to messages that are sent to the secure terminals. Given the security imperatives surrounding the placement and maintenance of the terminals in agencies, there does not appear to be any reasonable expectation that access can be improved soon.

2.52 DFAT and Defence have recognised computer connectivity problems between their secure electronic communication systems—SATIN High and the Defence Secure Network. At the time of audit, they worked around this problem with short-term measures. DFAT has since advised the ANAO that a new DFAT/Defence email and cable gateway has been implemented, and that initial problems with the new gateway have now been resolved. Defence confirmed this and advised that connectivity is now satisfactory.

2.53 Few non-DFAT/AusAID staff in Honiara have ready access to SATIN High terminals and therefore most rely on public telephones and the internet to communicate information to each other and to home agencies. The ANAO notes in this regard that protocols were put in place by the OSC to direct RAMSI staff on electronic communication security following the leak of an email in April 2006.

2.54 The ANAO concluded, however, that this is an area that requires ongoing effort and focus by the lead agency DFAT, particularly given the increasing use of multi-agency deployments to the region. In this regard, DFAT advised the ANAO that it had issued both oral and written reminders about the need for high levels of communication security.

Communications/media strategy

2.55 Better practice suggests that an overarching approach to communications, media management and promotional activities should be developed for whole-of-government initiatives.

2.56 RAMSI developed a Public Affairs Strategy in June 2004,[28] although key positions in the Public Affairs Unit (PAU) were not filled until a year later. In mid–2006, AusAID undertook a robust and comprehensive review of the Unit. It found a range of serious deficiencies and made 24 recommendations to improve operations, including:

- developing a communications strategy;

- developing a community outreach strategy;

- establishing a formal system for sharing outcomes from the thrice-weekly Coordination Meetings with relevant RAMSI personnel;

- strengthening the PAU's relations with DFAT's and AusAID's public affairs units;

- including internal communication in the PAU's strategic plan; and

- developing a RAMSI website.

2.57 At the time of audit, recommendations were being progressively implemented or considered. In particular, a Communications Strategy for 2006–2008 had been finalised, a website was launched in July 2006 and a community outreach strategy was being rolled out.

2.58 The ANAO concluded that AusAID and the OSC have been proactive in identifying weaknesses in RAMSI's strategic communication planning, and were taking appropriate action to remedy those weaknesses. The challenge for AusAID/OSC will be to ensure that the recommendations are fully implemented, and monitored for effectiveness.

Across-agency approach to media management

2.59 The Prime Minister's Directive designates the Special Coordinator as the focal point of contact between RAMSI and the media, assisted by other personnel as required.

2.60 The Special Coordinator reminded RAMSI staff of this in December 2004, while noting that RAMSI Principals (Commander PPF, Commander PAF and the Development Coordinator) should develop an active relationship with the media to sell RAMSI messages and respond to operational matters within their respective areas of responsibility.

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[28] The Strategy was intended to provide a strategic framework for RAMSI communications over an 18 month period from July 2004 to February 2006.

2.61   In practice, Defence advised that it generally leaves media management up to DFAT/RAMSI, while the PPF maintains its own media liaison personnel in Solomon Islands. The ANAO observed that, although there appeared to have been some issues in the past in coordinating media messages, at the time of the audit there appeared to be a concerted effort to liaise and coordinate messages.

2.62   Notwithstanding this, the ANAO suggests that DFAT/AusAID consider establishing a formal protocol between RAMSI agencies that liaise with the media, setting out their respective roles and responsibilities, and agreed liaison/coordination arrangements.

2.63   DFAT considered that a formal protocol should not be necessary, and advised that the PAU works closely with the three programs, and liaises with the PPF's media team to ensure consistency of messages. The ANAO notes in this regard that a formal protocol need not be extensive or onerous—it could simply set out key points and procedures. It would also assist where there is a high turnover of staff, and would be consistent with the findings of the PAU review noted above.

Liaison with the Solomon Islands Government and regionally

Liaison with the Solomon Islands Government (SIG)

2.64   One of the main roles of the Special Coordinator is to be the key contact point with the SIG on the implementation of RAMSI's program of assistance. The ANAO found that in practice a range of mechanisms is used by the Special Coordinator and RAMSI to facilitate liaison with the SIG. These range from formal meetings with officials and Ministers, to day-to-day contact with Solomon Islands agency counterparts.

2.65   The key formal mechanism is the SIG/RAMSI Consultative Forum—a RAMSI initiative. The Forum involves a formal meeting between key RAMSI officials (Principals and Program Directors) and key Solomon Islands officials. It is co-chaired by RAMSI and the SIG. The Forum focuses on strategic and cross-cutting issues.

2.66 At the time of audit, three Forums had been held.[29] RAMSI participants reported that the Forums had had varying levels of success in terms of engagement with the SIG. The ANAO concluded that the Forum has the potential to be an important RAMSI-wide coordination and consultation mechanism. The ANAO notes in this regard that the need to 'energise' the forum was identified in the RAMSI *Annual Performance Report 2005/2006* (released in October 2006—see Chapter 4). The ANAO also notes that there is evidence that some progress has been made in this regard.

2.67 DFAT advised that 'energising' the Forum will require carefully planned and proactive SIG participation, which it expects will develop as the consultative mechanism becomes more deeply established as an important forum for the SIG.[30]

2.68 RAMSI's liaison with counterparts in SIG agencies takes place on an ongoing basis either in formal meetings, or informally at the workface. The ANAO found that RAMSI programs sometimes find it difficult to engage with their counterparts, often because the SIG counterparts lack staff, or the staff lack the necessary skills.

2.69 Other RAMSI forums, such as working groups, provide avenues to strengthen formal ongoing engagement with the SIG. The ANAO notes in this regard that, while the SIG was not represented on working groups at the time of the audit, RAMSI was working towards its involvement in two such groups, ie, the *Capacity Building Working Group (CBWG)* and the *Performance Assessment Working Group (PAWG)*. DFAT has since advised that the CBWG has now met twice, with SIG participation, and that SIG representatives from RAMSI program areas now sit on the PAWG.

Regional liaison

2.70 RAMSI is a regional response and part of its legitimacy comes from the fact that it is an initiative of the PIF. But there are barriers to effective regional participation, particularly finding suitable candidates for RAMSI positions. Nevertheless, RAMSI continues to engage with PIF nations and actively seeks to employ Pacific Islanders.

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[29] The SIG/RAMSI Consultative Forums were held in November 2005, August 2006 and December 2006. DFAT also advised that the inaugural meeting of an enhanced consultative forum—established by the October 2006 Pacific Islands Forum meeting—was held on 12 February 2007.

[30] DFAT advised that the Consultative Forum now includes PIF representatives.

Members of the Participating Police Force (from Fiji, Samoa and New Zealand) at a meeting on the Weathercoast, Guadalcanal.   Photo: AusAID

2.71   RAMSI reports formally to the PIF monthly.[31] The reports are prepared in Canberra, and based on the 'Sitreps'. These three to five page reports provide a brief update of the three programs and an overview of RAMSI public affairs, and other relevant matters as required.

2.72   Annually, the PIF receives a report from Australia's Prime Minister providing a brief overview of RAMSI. It outlines achievements for the year and RAMSI's future challenges over the next 12 months.

2.73   New Zealand is an important participant in RAMSI providing key personnel—including the Deputy Special Coordinator. It also contributes to the IDC in Canberra and its views are factored into National Security Committee reports.

2.74   Given the nature of the relationships involved, these arrangements appear to be satisfactory.

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[31]   DFAT advised that wider distribution of the reports is currently being considered.

3. Strategic Planning and Risk Management across RAMSI

This chapter examines the arrangements to plan assistance and to identify and manage risks at the strategic, RAMSI-wide level. During the audit, the ANAO also became aware of some confusion relating to aspects of RAMSI's crisis management during the civil unrest and riots that followed the April 2006 election in Solomon Islands. This chapter also looks at these aspects, and related security planning issues.

Strategic planning

3.1   Planning is an activity that allows program objectives to be clarified, strategies to be developed and measures agreed to track progress in delivering outputs.

3.2   Key planning constraints/considerations for RAMSI were the need for:

* a relatively rapid roll-out of assistance; and

* the restoration of law and order and financial stabilisation, as preconditions for longer-term assistance.

3.3   The ANAO examined the arrangements to strategically plan assistance across RAMSI (rather than for individual programs or sub-programs of assistance).

Initial strategic planning

3.4   Prior to RAMSI's intervention in 2003 AusAID had in place a relatively small bilateral program of assistance with Solomon Islands ($33.5 million in 2002–03). The ANAO found that some work had been undertaken by AusAID prior to the 2003 intervention to develop future programming priorities for Solomon Islands. These priorities were strongly focused on the restoration of law and order and improving economic management and accountability.[32]

3.5   Potential assistance was also being considered by DFAT, in consultation with other relevant agencies, prior to the intervention. This work culminated in a package of assistance being developed by Australian Government agencies and considered by the Australian Government on 25 June 2003.

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[32]   These priorities envisaged capacity building rather than intervention.

3.6 Priority areas identified through these processes were subsequently reflected in the broad areas of assistance targeted at the time of RAMSI's intervention, ie, re-establishing law and order; stabilising government finances; promoting longer-term economic recovery; and re-building the machinery of government. The intervention was also characterised by an overlapping phased approach to assistance,[33] involving an emergency response phase, a stabilisation phase and a capacity building phase.

The evolving nature of RAMSI assistance

3.7 The ANAO found that the broad areas of assistance identified at the time of the intervention have remained appropriate and now comprise the three RAMSI programs or 'pillars', viz: Law and Justice; Machinery of Government; and Economic Governance.

The Magistrates Court in Honiara. Among other things, the Law and Justice Program is seeking to strengthen the capacity of the courts.   Photo: AusAID

3.8 RAMSI's relatively rapid roll-out and its initial short-term focus have meant that an evolutionary approach to identifying and planning some sub-programs has been employed, rather than a fully pre-planned approach. That is, some sub-programs have been progressively developed as the need for them has been identified. The ANAO concluded that this evolutionary approach was reasonable in view of the need for RAMSI to be able to react

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[33] That is, phases have overlapped, rather than being rolled out consecutively.

flexibly to emerging circumstances, and to identify longer-term program priorities in consultation with the Solomon Islands Government (SIG).

Planning frameworks

3.9 As the focus has shifted from restoring law and order and stabilising government finances, to wider state-building and development activities, the evolving RAMSI program elements have been documented in a number of key planning papers. These include:

- the RAMSI *Performance Framework* (August 2005) and related documents (discussed in Chapter 4);

- the AusAID *Transitional Country Strategy 2006 to Mid–2007* (March 2006) which established a framework for AusAID assistance delivered through both RAMSI and the ongoing bilateral program (briefly discussed in Chapter 4); and

- the *Medium Term Strategy*—under development at the time of audit (discussed further below and in Chapter 4).

3.10 While these papers served particular purposes, they also served to effectively document existing RAMSI programs/sub-programs, and those under development. In effect, they constitute RAMSI's strategic plan. Key areas where the ANAO considers these documents can be improved are discussed below and in Chapter 4.

Medium Term Strategy

3.11 A Medium Term Strategy (MTS) was being developed by DFAT and AusAID at the time of audit, in consultation with other Australian Government agencies, the SIG and other Solomon Islands stakeholders. The MTS is intended to *define and reiterate RAMSI's mandate and focus* and to *articulate RAMSI's focus for the medium term* (2007 to 2012).[34]

3.12 Development of the MTS prior to 2006 was probably not practicable given the early focus on stabilisation, the ongoing evolution of programs/sub-programs during 2004 and 2005 and the number of agencies involved. However, the finalisation of the MTS, which was originally intended to occur in mid–2006, has been delayed.[35]

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[34] Draft *RAMSI Medium Term Strategy*, November 2006.

[35] AusAID advised in April 2007 that a final draft of the MTS was approved by internal stakeholders in November 2006. Finalisation of the MTS is pending SIG input and agreement, which in turn is pending a Pacific Islands Forum review of RAMSI.

3.13   The MTS has the potential to be a useful strategic planning and management tool for RAMSI, assisting coherence between RAMSI programs/sub-programs. However, as noted in Chapter 4, it requires the systematic identification and inclusion of targets or comparators to help strengthen accountability of program managers for program achievements. Inclusion of the intended final target for each sub-program in the MTS, where possible (see paragraph 4.32) would further enhance accountability by providing a useful comparator to the medium term targets being developed.

Strategic planning meetings

3.14   At the time of audit, RAMSI had held three major strategic planning meetings in Solomon Islands involving senior officials from Australian and New Zealand Government agencies.[36] The meetings focused on key issues, including progress to date, the economic outlook and opportunities and challenges ahead. Stakeholder interviews and file examination indicate that these meetings have been useful in terms of information sharing, identifying opportunities, and planning, and have led to some important initiatives such as the development of the MTS.

Strategic risk management

3.15   While the delivery of such a large and complex program overseas is inherently risky, it is not possible to eliminate all of the risk. It does, however, need to be managed.

Risk assessment matrix

3.16   A RAMSI-wide strategic risk assessment matrix was prepared by the OSC in August 2005, some two years after the intervention.[37] Development of the matrix prior to this time was probably not practicable given the ongoing evolution of programs/sub-programs during 2004 and 2005. The matrix was updated during the audit in September 2006.

3.17   The matrix identifies 37 risks, split between: RAMSI-wide (11), Law and Justice (13), Machinery of Government (7) and Economic Governance (6).

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[36]   These meetings, known as 'super planning days' were held in July 2004, May 2005 and February 2006. Senior agency officials from both Canberra and Honiara attended.

[37]   Some RAMSI-wide and program-specific risks and challenges had been identified in earlier National Security Committee briefs to the Government. In addition, some programs and sub-programs have developed their own specific approaches to risk management. This audit focuses on the formal, systematic and strategic risk assessment process across RAMSI that commenced in 2005.

Each risk has been allocated a risk rating, and associated treatments (some 153 in total) have been identified.

3.18 The ANAO found that the matrix approach reflected important elements of good practice risk management.[38] In particular, it involved:

- the formal and systematic identification and documentation of risks;

- consultation with internal stakeholders, including the three RAMSI programs, and identification of risks for RAMSI as a whole and specific risks relating to each of the three RAMSI programs;

- a structured risk assessment approach, which identified *probability* (ie, likelihood) and *consequence* ratings, and a resultant overall *risk rating*; and

- the identification of risk treatments, with responsibility for most treatments allocated to one or more agencies.

3.19 The ANAO also found that program staff consulted were familiar with the process and reported that it had helped them to identify and focus on their own program risks.

3.20 The OSC considered the 2006 matrix to be a work in progress, with input patchy across programs. This was evident from the ANAO's examination of the matrix: while some programs/sub-programs had re-evaluated risks and ratings from the 2005 matrix, others appeared to have undertaken little work in this regard.

3.21 The ANAO identified a number of elements of the September 2006 matrix which would benefit from strengthening:

- many treatments are vague, which could hamper implementation, particularly with staff turnover. For example, there are eight treatments identified for the RAMSI-wide risk *significant erosion of popular support in Solomon Islands* (for RAMSI). One of those treatments is *re-think RAMSI Community Outreach Strategy*. However, it is not clear what the 're-think' might involve and how it would address the risk;

- few treatments identify a timetable for action or implementation. The inclusion of indicative timing would help monitoring and review;

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[38] *Australian/New Zealand Standard for Risk Management* (AS/NZS 4360:2004).

- where multiple treatments are identified for a particular risk,[39] it would be better practice to prioritise their order of implementation; and

- assessing the *residual risk*[40] would assist management to decide whether to retain the risk or repeat the risk treatment process.

3.22 The ANAO also compared the strategic risks identified in the matrix to those identified in other relevant documents such as the RAMSI *Annual Performance Report 2005/2006*.[41] The ANAO found a number of key strategic risks identified in those documents were not identified in the matrix, eg, the risk to revenue from failure to implement tax and customs reform. The ANAO suggests that the OSC consider strategic risks that have been identified through other processes for possible inclusion in the matrix.

Recommendation No.2

3.23 The ANAO recommends that DFAT, in consultation with the Office of the Special Coordinator, strengthen RAMSI's strategic risk management approach by ensuring that:

- treatments are clear and identify indicative timing;

- where multiple treatments are identified for a particular risk, they are prioritised for implementation;

- residual risk is assessed to help management decide whether to retain the risk or repeat the risk treatment process; and

- strategic risks identified through other processes are considered for possible inclusion in the matrix.

DFAT response

> Agreed. The existing strategic risk assessment matrix will be reviewed to take account of the recommendation. DFAT has also established an ad hoc working group to look at medium term risks relating to economic governance. This is a pilot that will be considered to identify risks and consider policy responses in other areas of relevance.

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[39] Over 80 per cent of the risks identified three or more associated treatments, with one risk identifying 10 treatments.

[40] The risk that remains after taking into account the treatment(s) identified.

[41] These risks appear to have been first identified in the context of the RAMSI *Performance Framework Baseline Report* (November 2005) and updated in the RAMSI *Annual Performance Report 2005/2006* (October 2006). These reports are discussed in Chapter 4.

DFAT has also drafted a contingency planning paper which identifies risks and looks at strategies to overcome them. Risks are also considered in NSC updates and ad hoc IDCs.

3.24 For risk management to be most effective, it needs to be embedded into an organisation's processes rather than viewed or practiced as a separate activity.[42] As with all risk management, the key challenge for DFAT and RAMSI agencies will be to ensure that the risk assessment and treatments are implemented. This includes regular review of the effectiveness of treatments, as well as monitoring any changes to risks over the life of RAMSI.

Communication and security planning issues in relation to the April 2006 post-election crisis

Background

3.25 The April 2006 Solomon Islands election was followed by a period of civil unrest and rioting in Honiara. This led to the evacuation of 145 people to Australia.[43] During the audit, the ANAO became aware of some confusion that arose during this crisis relating to RAMSI's communication of security information and advice to its civilians. It therefore reviewed this specific aspect of the management of the crisis.

3.26 The ANAO did not seek to examine DFAT's contingency planning and evacuation arrangements for Solomon Islands, as contingency planning and related procedural guidelines more generally have been the subject of previous ANAO performance audits.[44]

Agency experience

3.27 Key agencies in Canberra generally reported that they were kept well informed of developments by DFAT during the civil unrest and riots. Some reported, however, that their staff in Honiara were not in the loop; one needing to relay information back to its staff in Honiara.

3.28 The ANAO also spoke to a range of RAMSI program staff in Honiara. Their experiences varied substantially, from those who were kept well

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[42] *Australian/New Zealand Standard for Risk Management* (AS/NZS 4360:2004), p. v.

[43] *DFAT Annual Report 2005–06*, p. 163.

[44] ANAO Audit Report No.31 2000–01, *Administration of Consular Services*, and Report No.16 2003–04, *Administration of Consular Services Follow-up Audit.*

informed about the security situation and not unduly concerned, to those who were out of the loop and feared for their safety (see Figure 3.1).

Figure 3.1

RAMSI staff experiences during the April 2006 civil unrest and riots in Honiara

- Our team leader did well in communicating the situation. I was well informed. I did have an overnight bag with me in case I needed to be evacuated, but the staff were trying hard to project an image of 'business as usual'.

- At the simplest level it would help to have a good contact list of everyone involved in RAMSI, and everyone registered at the Australian High Commission. At the time, they tried to contact the program leaders and then let the message cascade. They needed to be clearer on the channels of communication as some people were left out of the loop.

- While feeling well informed by the team leader, not everyone could access emails from the RAMSI Security Officer; it would be better to have a procedure for crises, so everyone knows the procedure and who is in control; it was a struggle to find everyone's phone numbers; some people in other programs were not informed and turned up to work as normal.

- While evacuation was offered quickly, there was a lack of information from RAMSI and the Australian High Commission about what to do. There was widespread dissatisfaction among civilian advisers—some did not have food or money at their houses. Some were unprotected—it was luck that they were not targeted. *(NOTE: DFAT advised that RAMSI civilians were not targeted during the civil unrest and riots.)* I was not contacted until the second day after the riots, by a RAMSI contractor who was looking for someone else. He did not have an up-to-date list of advisers.

- The RAMSI contractor looked after most of the team, keeping people informed. However, the mobile network crashed immediately. Landlines were used where available, otherwise word was delivered personally.

Source: ANAO interviews.

3.29   The ANAO discussed these communication issues with the OSC, the Participating Police Force (PPF), AusAID and key contractors in Honiara.

3.30   The PPF advised the ANAO that it had established a 'major incidents room' at the time of the civil unrest and riots. The purpose of the room was not to make decisions, but to communicate information on developments to other agencies, including the OSC. It was then a matter for the OSC to provide relevant information to RAMSI civilians.

3.31   The OSC confirmed this arrangement, advising the ANAO that it was responsible for communicating information to RAMSI civilians during the civil unrest and riots. The OSC found that contact by email was problematic (some people were not in the office) and contacting some people by telephone was difficult. The ANAO confirmed these difficulties in discussion with RAMSI civilians (see Figure 3.1).

Australian High Commission vs OSC responsibilities

3.32   The RAMSI Civilian Security Plan (finalised after the crisis—see below) identifies the RAMSI Security Officer as being responsible for communications with RAMSI civilians and contractors, and the Australian High Commission as responsible for evacuation planning and implementation.[45] This advice was confirmed by the OSC during the ANAO's visit to Honiara in September 2006.[46]

3.33   However, the ANAO notes that internal DFAT minutes record that there was an ongoing lack of clarity between the security responsibilities of the Australian High Commission and the OSC for RAMSI staff at the end of October 2006.

3.34   It is not clear whether any confusion in this regard contributed to the difficulties faced in communicating information to RAMSI civilians during the April civil unrest and riots. However, the ANAO suggests that DFAT resolve any outstanding issues in this regard as a matter of priority. (Chapter 2 discusses the need to more generally clarify the roles and responsibilities of the OSC and the Australian High Commission to assist staff understanding.)

3.35   DFAT advised that a substantial amount of work is being undertaken to ensure that roles are understood. This includes a substantial rewriting of the Civilian Security Plan (ongoing), and the drafting of a paper setting out responsibilities and communication arrangements for Canberra-based agencies (expected to be circulated by June 2007).

Lessons learned

3.36   While crisis management is routine business for DFAT—whether it be providing consular assistance to Australians in trouble overseas or managing a diplomatic incident—there were clearly lessons to be learned from the communication problems that arose during the civil unrest and riots.

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[45]   This was subsequently confirmed in a RAMSI Security Advisory to RAMSI civilians (No. 02/06 of 29 September 2006). In particular, civilians were advised that resident High Commissions retain full consular responsibilities for their citizens, including coordination of responses (such as evacuations) to complex emergencies.

[46]   The OSC advised the ANAO that while the Australian High Commission had responsibility for providing consular assistance to Australians, the OSC had a duty of care for the RAMSI civilian population, and was responsible for communicating information to them during the civil unrest and riots. The OSC also advised that the Australian High Commission and the OSC were in contact several times a day during the civil unrest and riots. In addition, the ANAO was advised that key contractors, who engage sub-contractors as RAMSI advisers, also have a responsibility to look after those sub-contractors.

3.37 The PPF advised that it had undertaken a lessons learned exercise on the operation of the 'major incidents room' but that this did not involve the OSC. AusAID advised that while it had not undertaken a formal (documented) lessons learned exercise, lessons had been learned and were being fed into the development of ongoing security related processes. These included: clarification of roles and responsibilities of agencies and individuals; more regular assessment, update and distribution of security information; improved management of information systems for security information; and more rigorous assessment of security contractors, with increased focus on performance monitoring.

3.38 The OSC advised that it had not undertaken a formal lessons learned exercise. In October 2006 DFAT advised that the Australian High Commission had reviewed its consular contingency plan, and that the PPF had been asked for a copy of its lessons learned from the April civil unrest and riots.

3.39 The absence of a timely lessons learned exercise by the OSC increases the risk that mistakes are not identified and documented, and therefore repeated the next time around.[47] This is particularly important for RAMSI as there is an ongoing potential for a rapid deterioration in the security situation in Solomon Islands.

Recommendation No.3

3.40 The ANAO recommends that DFAT and AusAID strengthen the management and oversight of security for RAMSI civilians by ensuring that the Office of the Special Coordinator:

- formally captures lessons from the April 2006 civil unrest and riots; and

- puts in place a strategy to ensure a formal, timely and coordinated approach to capturing key lessons from future significant security incidents or crises.

DFAT response

> Agreed. A broad 'lessons learned' exercise has already been undertaken in relation to the April 2006 civil unrest.
>
> In consultation with in-country agencies, RAMSI has strengthened civilian security, including establishing clear lines of communication in Honiara. This

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[47] Lessons facilitate effective management of the next crisis, and enable people to download their experiences as a mechanism to relieve built-up stress. See: *What do you need to think about if you have to respond to a crisis?* Connected Government website <http://www.connected.gov.au>.

is reflected in the development of a new and comprehensive civilian security plan, the appointment of two in-country security advisers, inspection of all residences and workplaces, significant expenditure on physical security measures, and the launch of a security website which includes information on responding to security incidents.

DFAT is also drafting a paper setting out responsibilities for Canberra-based agencies with respect to the security of RAMSI civilian deployees and outlining lines of communication for Canberra-based agencies on civilian security issues.

AusAID response

Agreed. AusAID notes and agrees with DFAT's response to Recommendation 3 as articulated in Secretary L'Estrange's letter of 29 May 2007.

AusAID and DFAT through the OSC address RAMSI security environment requirements in a coordinated manner. Key lessons from the April 2006 civil unrest and riots, as highlighted at paragraph 3.37 of this report and referred to in DFAT's response, have been incorporated into ongoing improvements to security related processes.

AusAID has been actively working on improving the security environment for RAMSI civilians, including the upgrading of residential security and more regular assessment and distribution of security related information to RAMSI deployees.

RAMSI Civilian Security Plan and security contract

3.41   Due to concerns regarding the security of RAMSI civilians, RAMSI commissioned two security risk assessments early in 2005. As a consequence of these assessments, RAMSI appointed a security contractor in May 2005 to assist the OSC in providing for the safety and security of its civilian personnel.

3.42   One of the contractor's tasks was to develop a security plan by September 2005. However, at the time of the April 2006 riots, the plan had not been completed. It is not clear whether the absence of a plan contributed to the communication difficulties that arose during the Honiara riots (a formal lessons learned exercise may have been informative in this regard).

3.43   In May 2006 AusAID formally reviewed progress with security and found that measures were inadequate for RAMSI to meet its duty of care. This included a lack of coherent implementation strategies and documentation. The security contract was terminated on 20 September 2006.

3.44 The termination coincided with the ANAO's visit to Honiara. During the visit, the OSC advised the ANAO that the list of RAMSI advisers—for emergency contact purposes—was incomplete (some five months after the April riots). The ANAO notes that on 22 September 2006 the OSC asked civilians to provide their contact details to their team leaders.[48] DFAT advised the ANAO that an 'extensive' list of civilian deployees had been compiled on a monthly basis since at least October 2004. It appears, however, based on the above evidence and the communication difficulties following the unrest, that the list was not complete or up-to-date at the time of the unrest.

3.45 While DFAT advised the ANAO that the Civilian Security Plan was completed in August 2006 (with the assistance of another contractor), the ANAO found that Canberra agencies did not become aware of this until they enquired about progress with the Plan in mid–October, in the context of the deteriorating security situation in Honiara. In response, DFAT promptly circulated a copy of the Plan to IDC members, together with copies of the RAMSI Security Advisories that had been issued to that time. DFAT advised that a summary of the Plan was provided to RAMSI civilians in November 2006.

3.46 Keeping agencies in Canberra, and agencies and contractors in Honiara, informed of progress (including delays) in developing the Security Plan may have allayed some of the concerns evident among RAMSI civilians and contractors about security planning during audit fieldwork. The ANAO observed that agencies in Canberra and Honiara generally appeared to be more comfortable with RAMSI's security arrangements following the release of the Plan and the appointment of the new security contractor.

3.47 The ANAO has not assessed the adequacy of the Plan, but notes that it does not set out critical response procedures for the RAMSI Security Officer to follow in the event of a crisis. DFAT advised that the Plan is not intended to set out such procedures. It advised that in times of unrest or emergency, the RAMSI Security Officer would provide security advisories to RAMSI civilians as well as direct advice to team leaders. It also advised that RAMSI contractors are required by AusAID to have in place a contingency plan to deal with emergency situations, and that the OSC is currently working to harmonise

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[48] The new security contractor was appointed on an interim basis in September 2006. Following that appointment, six RAMSI Security Advisories were issued to civilians between 22 September and 20 October 2006. The first of these Advisories requested civilians to provide their contact details to their team leaders.

these plans with its own Civilian Security Plan, including to ensure that lines of responsibility and communication are entirely clear.

3.48 The ANAO considers it important that DFAT make certain that procedures are adequately documented and well understood by all relevant parties, to facilitate future responses to crises. This is particularly important given the current operating environment in the Solomon Islands.

3.49 DFAT and AusAID also advised that there have been considerable improvements to civilian security since the time of audit fieldwork in September 2006. These included:

- the engagement of an additional RAMSI Security Officer to respond to security needs in a flexible and timely manner;

- improved understanding between the OSC and the Security Officer on expectations and the need to keep everyone informed and up-to-date on security matters;

- improved communication lines within Honiara and between Honiara and Canberra; and

- the ongoing work on the Civilian Security Plan and responsibilities and communication paper for Canberra-based agencies noted at paragraph 3.35.

4.   Measuring RAMSI's Performance

This chapter examines the arrangements that are being established to monitor and measure RAMSI's progress in achieving its goals.

Introduction

4.1   RAMSI's program complexity, multiyear nature and range of contributing Australian Government agencies and regional partners means that putting arrangements in place to measure its success will necessarily be complex, and challenging.

Performance measurement initiatives

4.2   Against this background, the ANAO found that RAMSI had established a RAMSI-wide *Performance Framework* in August 2005. In addition, it has developed or is developing a range of initiatives to help measure performance against that Framework (Figure 4.1).

Figure 4.1

Key initiatives to measure RAMSI's performance

Timing	Initiative	Purpose
August 2005	Performance Framework	To establish RAMSI-wide (and program specific) objectives and performance indicators.
November 2005	Baseline Report	To establish a benchmark against which future assessments of performance are to be made.
2005 to 2006	Capacity Building Stocktakes	To assess increases in the capacity of individuals and institutions in Solomon Islands. Findings were fed into the *Annual Performance Report 2005/2006* (see below).
May 2006	People's Survey Pilot	To measure perceptions and opinions of Solomon Islanders on a range of RAMSI-related issues. The results were fed into the *Annual Performance Report 2005/2006*.
October 2006	Annual Performance Report 2005/2006	The first annual report against the August 2005 Performance Framework.
November 2006 (1)	Medium Term Strategy (MTS)	The MTS complements the Performance Framework. It is intended to identify targets for the medium term (to 2012).
Under development	Monitoring and Evaluation (M&E) Systems for RAMSI programs	To facilitate the monitoring and evaluation of progress by RAMSI programs, and to support the collection of information for the Performance Framework.

Source: DFAT and AusAID documents.

Note: (1) AusAID advised in April 2007 that a final draft of the MTS was approved by internal stakeholders in November 2006. Finalisation of the MTS is pending SIG input and agreement, which in turn is pending a PIF review of RAMSI.

4.3   The ANAO found that these initiatives are the result of a substantial and sustained administrative effort from 2005, and represent significant progress in establishing a useful and reasonably comprehensive performance measurement system for individual RAMSI programs and for RAMSI as a whole.

4.4   Key aspects of these initiatives, and their development, are discussed below.

Developing the Performance Framework

Goals and objectives

4.5   RAMSI has been described as not being time-bound. That is, the end of the deployment will be signified by the successful completion of various tasks/outcomes. This approach requires clear objectives and outcomes, and the ability to identify when they are achieved.

4.6   To this end, in 2005, RAMSI commenced the development of a Performance Framework to measure the outcomes from its three programs.[49] Development prior to this point in time—some two years after the RAMSI intervention—was probably not practicable given the early focus on stabilisation, the ongoing evolution of programs/sub-programs during 2004 and 2005, and the number of agencies involved.

4.7   The Framework was completed in August 2005 and identified a single overarching goal for RAMSI and objectives for each of its three programs. The objectives effectively encapsulate the broad areas identified for RAMSI in 2003. RAMSI's goal, program objectives and program outcomes are set out in Figure 4.2.

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[49]   While some preliminary work was undertaken in 2004, the bulk of the work was undertaken in 2005.

Figure 4.2

RAMSI's goal, program objectives and program outcomes

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

PROGRAM OBJECTIVES		
LAW AND JUSTICE 1. Contribute to a safer and more secure Solomon Islands	**MACHINERY OF GOVERNMENT** 2. Help Government to better serve the Solomon Islands people	**ECONOMIC GOVERNANCE** 3. Contribute to a more prosperous Solomon Islands

PROGRAM OUTCOMES (Number of performance indicators shown in brackets[50])		
1.1 Safe and stable communities created through collaborative crime prevention, community safety and security initiatives **(1)** 1.2 Professional, effective and accountable law enforcement agencies **(3)** 1.3 A secure and culturally appropriate corrections system managed by a professional and sustainable prison service **(3)** 1.4 Rehabilitative impact of the justice system improved through diversionary practices and sentencing options **(1)** 1.5 Improved efficiency, effectiveness and accessibility of court practices and government legal services **(4)** 1.6 Improved justice sector capacity in areas of coordination, strategy, planning, policy and reform **(1)**	2.1 Government services responsive to and reaching all people effectively **(1)** 2.2 Efficient and responsive public administration **(3)** 2.3 Increased accountability of government and strengthened accountability institutions **(4)** 2.4 Electoral processes, civic awareness and quality of representation improved **(4)** 2.5 Executive and legislative arms of government functioning effectively **(4)**	3.1 Improved Solomon Islands Government capacity to deliver high quality macro-economic outcomes and policy advice **(5)** 3.2 Improved Solomon Islands Government capacity to deliver effective and accountable financial management to support public sector outcomes **(4)** 3.3 Improved capacity of Solomon Islands Government to develop and implement sound and equitable economic reforms **(4)**

Source: RAMSI Performance Framework, August 2005.

4.8   RAMSI's single goal and individual program objectives, while very broad, effectively constitute shared outcomes for Australian agencies (and regional partners) contributing to the RAMSI effort. This approach is appropriate, given the shared responsibility those agencies have for the delivery of RAMSI programs, and is consistent with the guidance that is available to agencies on the development of whole-of-government performance frameworks.

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[50]   Some performance indicators have more than one component.

Development and coverage of the Framework

4.9   AusAID had main carriage of the Framework's development in 2005.[51] It reported variable responsiveness from agencies in providing input to the Framework's development (both in terms of interest and quality). AusAID believed this may have been due to a lack of appreciation of the importance of performance measurement. It considers that agency awareness and understanding has since grown substantially.

4.10   Generally, agencies consulted by the ANAO had contributed to the development of the Performance Framework, although there was a common view that the final Framework was a compromise in terms of time and quality.

4.11   The ANAO examined the Framework and, overall, found it broadly covered the three programs. Notwithstanding this, some important sub-programs were not covered, eg, *rural livelihoods*, and *rural road rehabilitation* within the Economic Governance Program; and *infrastructure*, and *media strengthening* within the Machinery of Government (MOG) Program. The ANAO notes in this regard that the small size and/or short duration of some sub-programs will make them unsuitable for Framework coverage. However, to ensure that the Framework remains relevant, it will be important for RAMSI to keep its coverage under regular review.[52] This intention is appropriately foreshadowed in the *Annual Performance Report 2005/2006*.

4.12   The ANAO concluded that the development of the Performance Framework is a significant achievement. It identifies timelines and processes for the Framework's implementation; sources of data (such as the People's Survey and Capacity Building Stocktakes—see Figure 4.1 above); RAMSI-wide performance and management indicators, and objectives, outcomes and performance indicators for the three individual programs. Some of these aspects are discussed further below.

Performance information

4.13   Performance information should provide staff with timely feedback on performance, and assist managers and stakeholders to draw well-informed conclusions on performance. The August 2005 Performance Framework identified a large number of performance indicators: 19 RAMSI-wide

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[51]   AusAID advised that, more recently, DFAT and the OSC have played an increasingly central role in the development and implementation of the Performance Framework.

[52]   This appears to be happening. The ANAO examined the November 2006 draft MTS and found that two new program outcomes are likely to be added to those at Figure 4.2.

indicators (including two management indicators that focus on RAMSI's performance as an organisation) and 42 program indicators (the distribution of the latter is shown in Figure 4.2).

4.14 The indicators were developed by AusAID[53] in consultation with program staff in Honiara. The development process was challenging:

- AusAID advised the ANAO that the process was difficult, in part because of the diverse backgrounds of Australian Government agency staff involved in the various sub-programs, and also because of the complexity of the program, the challenging political environment, and work pressures on program staff; and

- program staff advised the ANAO of their varying levels of dissatisfaction with the performance indicators ultimately selected.

4.15 Weaknesses with some of the indicators chosen were appropriately acknowledged in the Performance Framework.[54] Not surprisingly, the *Annual Performance Report 2005/2006* subsequently found significant limitations, including that some important indicators—eg, *the impact of the tax system on the economy*—were unmeasurable. It also found that the quality of the data for two of the three programs was unreliable. Overall, however, it concluded that for the purposes of the first annual report the data provided 'a reasonably meaningful picture'.

4.16 The ANAO found the Framework contained a mix of output[55] and outcome[56] indicators, albeit with a heavy focus on the former. For example:

- output indicator—*number of annual reports produced by Cabinet Office deadlines*; and

- outcome indicator—*increase in community levels of trust and confidence in Royal Solomon Islands Police*.

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[53] With the assistance of consultants.

[54] For example, the Performance Framework acknowledged the use of an ad hoc mixture of short and long-term indicators and an insufficient focus on capturing provincial information.

[55] Outputs are the deliverables (goods and services) produced. They require indicators of efficiency (quality, quantity and price). The *Annual Performance Report 2005/2006* appears to use the term 'input indicator' to refer to an 'output indicator'. 'Output indicator' is the terminology used in the Department of Finance and Administration's outcomes and outputs framework.

[56] Outcomes are the impacts on the community of the outputs. They require indicators of effectiveness.

4.17   Most indicators rely on Solomon Islands agencies actually producing the output (albeit with varying degrees of assistance from RAMSI advisers or in-line staff) or are subject, at least in part, to influences outside RAMSI's control, eg, *GDP growth in comparison to selected other Pacific Island countries*.

4.18   In this regard, the ANAO concluded that the partnership nature of the intervention, and the overriding importance of measuring RAMSI's effectiveness, precludes the development of indicators that are predominantly within RAMSI's control.[57]

4.19   Most of the indicators in the Framework are focused on measuring outputs rather than outcomes. As the Framework is refined, it will be important for the OSC and program areas to shift the focus to measuring outcomes, to better assess the impact that RAMSI outputs are having on the Solomon Islands community. DFAT confirmed that this is the intention, and advised that a contractor has been working with program staff since December 2006 to refine indicators for the *Annual Performance Report 2006/2007*.

4.20   The ANAO recognises that good performance reporting does not usually come easily or quickly. It entails review and refinement over time in consultation with both internal and external stakeholders. The complexity of RAMSI—in particular, the number of participants and programs—will complicate the process, but this may ultimately lead to the development of a better framework.

4.21   In this regard, the ANAO notes that a small number of indicators have been added, deleted or amended by the *Annual Performance Report 2005/2006*. The ANAO found disappointment among stakeholders interviewed by the ANAO that the Annual Performance Report process did not help them to develop more useful indicators. As noted above, DFAT advised that a contractor has been assisting in this regard since December 2006.

4.22   The challenge for DFAT/AusAID will be to actively pursue improvements in the indicators across all programs over the life of RAMSI. DFAT advised in this regard that indicators will be reviewed annually.

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[57]   AusAID advised that its performance systems are currently moving away from the idea that performance indicators must be within its control. It also advised that while, for management purposes, it needs to know that activities are achieving their outputs, for a program like RAMSI this is less interesting than impact information which it will be increasingly seeking.

Setting targets

4.23   It is recognised better practice to compare performance quantitatively or qualitatively against specific targets, benchmarks or activity levels.

4.24   Although many of the 61 performance indicators included in the Performance Framework were quantitative in nature and readily suitable for target setting, the ANAO found that few identified an explicit target.

4.25   The ANAO found that the lack of targets reflected, in part, a reluctance on the part of agencies to commit to a particular level of achievement—particularly when some agencies believed that their achievement depended on external influences beyond their control. In addition, at the time the Performance Framework was developed, some baseline data necessary to provide a starting point was not available.

4.26   Notwithstanding the data quality issues noted above, the *Annual Performance Report 2005/2006* quantified achievements against a range of performance indicators, and usefully identified projections for June 2007 and June 2010 for some of those indicators. Some examples are shown in Figure 4.3, together with ANAO comment.

Figure 4.3

Examples of targets identified in the *Annual Performance Report 2005/2006*

Performance indicator	June 2006 data	Projection to June 2007	Projection to June 2010	ANAO Comment
12. No of requests for urgent payment received by Dept. of Finance and Treasury.	3% of all requests.			Output indicator, but no targets or expectations set for the future.
19. Increase in the community levels of trust and confidence in Solomon Islands Police Force (SIPF).	Over 50% of those surveyed trust the SIPF. Specific examples given included: law and order getting better 57%; satisfied with police action 25%.	Examine possible use of other Pacific Island police force metrics in this area.		Outcomes focused, but no targets or expectations set for the future.
23. Incident profile within the Solomon Islands Prison Service.	A total of 91 incidents are recorded for 2005, split into 15 categories.	Incident profile to remain static.	Incident profile to decrease by 10%.	Outcomes focussed. Clear, progressive targets set for the future.
33. No. of Corporate Plans and associated departmental work plans in place.	15 (71%)	18 (86%)	100%	Output indicator, but identifies clear, progressive targets.

Performance indicator	June 2006 data	Projection to June 2007	Projection to June 2010	ANAO Comment
Progress against Economic Reform Unit (ERU) strategies and plans. (1)	ERU Workplan.	Refer ERU workplan.		As the ERU workplan is not publicly available no information is actually provided. The Framework should stand alone.
Time taken to obtain release of goods from Customs. (1)	Customs data not available.	Targets under discussion with Customs.		Output indicator, targets yet to be developed.

Source: RAMSI *Annual Performance Report 2005/2006*, October 2006.

Note: (1) These indicators are not numbered in the *Annual Performance Report 2005/2006*, but were numbers 58 and 60, respectively, in the August 2005 Performance Framework.

4.27   Overall, about one half of the program specific indicators in the *Annual Performance Report 2005/2006* identified useful targets, benchmarks or activity levels for June 2007 and June 2010. However, none of the RAMSI-wide indicators did so.

4.28   The limited use of comparators is reasonable during the development and evolution of RAMSI. However, with the collection of baseline data in November 2005 (see below), the development of such comparators, both RAMSI-wide and for individual programs, will be important to strengthen transparency and accountability, to enable well-informed conclusions to be drawn on performance. Their ongoing absence may leave the reader at a loss as to how to interpret results.

4.29   The ANAO also notes that the Medium Term Strategy document, which was being developed at the time of the audit, is to articulate RAMSI's focus for the medium term (to 2012). The ANAO examined the medium term targets set against each program outcome and found that most lacked comparators. Some examples are shown in Figure 4.4 together with ANAO comment.

Figure 4.4

Examples of targets identified in the draft MTS

Program Outcome	Medium Term (5 year) Target	ANAO Comment
1.1 Safe and stable communities created through collaborative crime prevention, community safety and security initiatives.	Fewer, if any, weapons remain unaccounted for and there is no evidence of weapons being transported into Solomon Islands from neighbouring countries.	A small weapons seizure would allow the target to be met.
2.1 Government services responsive to and reaching all people effectively.	The SIG has identified key development indicators and there has been an increase in the percentage of national budget spent on basic service delivery rather than on administrative expenses.	SIG identification of indicators constitutes a target. A small increase in the budget spent on service delivery would satisfy the target.
3.2 Improved SIG capacity to deliver effective and accountable financial management to support public sector outcomes.	Tax collection is improved such that the amount of tax in arrears has fallen to less than 10 per cent of the annual tax take.	There is a target. It would be useful to add the current benchmark.

Source: Draft *Medium Term Strategy*, November 2006.

4.30   The ANAO concluded that the systematic identification and inclusion of targets in the Performance Framework and related documents such as the MTS would help strengthen accountability of program managers for program achievements. The ANAO acknowledges that it may not be possible to set targets for all indicators, particularly where targets are difficult to define, and where their achievement is predominantly outside RAMSI's control.

Recommendation No.4

4.31   The ANAO recommends that DFAT and AusAID strengthen RAMSI's Performance Framework by including targets, benchmarks or activity levels against performance indicators, where possible, to enable future results to be interpreted against expectations.

DFAT response

> Agreed. During the first half of 2007, the Performance Assessment Working Group (PAWG) (which comprises representatives from OSC and RAMSI program areas as well as the Solomon Islands Government), in consultation with the Performance Assessment Advisory Team (PAAT), undertook work to refine the Performance Framework indicators, moving mostly to outcomes indicators. A final version is expected in June 2007, ahead of the 2006–07 Annual Performance Report. New indicators are based on the Medium Term Strategy, preparation of which involved wide consultation.

RAMSI and the PAAT have moved towards more specific targets. However, setting such targets for some indicators could be problematic given that, in a post-conflict situation, any incremental improvement is likely to constitute a success. Targets would also need to be agreed by the Solomon Islands Government.

AusAID response

Agreed. AusAID notes and agrees with DFAT's response to Recommendation 4 as articulated in Secretary L'Estrange's letter of 29 May 2007.

AusAID and DFAT through the work of the Performance Assessment Working Group (PAWG) and Performance Assessment Advisory Team (PAAT) closely coordinate the various initiatives that collectively constitute RAMSI's Performance Framework. RAMSI is committed to maximising its effectiveness through improving performance and promoting continuous improvement. Through the development of the draft Medium Term Strategy and an increased focus on capacity development, RAMSI has identified new goals and targets, and outcomes will be measured against agreed, appropriate indicators in the 2006–07 Annual Performance Report.

Whilst AusAID supports the current move to outcome indicators, the setting of actual targets, benchmarks or activity levels is considered in light of the operating context. That is, such indicators are only established where data results are available and reliable; and measuring and reporting outcomes against these indicators will not be counterproductive.

4.32 Accountability would be further enhanced by articulating the intended final target or goal of each sub-program in the Performance Framework, where possible. This would complement the intermediate targets that are being developed, and would help to establish a common understanding between RAMSI and the SIG about what needs to be achieved to complete each sub-program. This would be particularly useful given the non time-bound nature of RAMSI.

Collecting the data

4.33 Collecting quality data is important for accountability purposes because stakeholders need to know that they can rely on the data that underpins the performance measures, for both ongoing management and reporting purposes.

4.34 Notwithstanding data reliability problems noted above, the ANAO found that DFAT, AusAID and RAMSI program areas have put in place a range of mechanisms (see Figure 4.1) to collect data and assess performance

under the Performance Framework. Key mechanisms are briefly discussed below.

People's Survey Pilot

4.35   As outlined in Figure 4.1, a survey pilot was designed in early 2006 to measure the perceptions and opinions of Solomon Islanders on a range of RAMSI-related issues.

4.36   The results[58] were used to inform the *Annual Performance Report 2005/2006*, although it was appropriately noted that the survey pilot was not statistically representative and could only indicate trends and orders of magnitude.

4.37   The ANAO found some significant limitations with the survey, both in terms of its timing[59] and coverage. These limitations were known at the time. However, the ANAO concluded that the regular, statistically representative, national scale surveys that are proposed for the future should provide a useful measure of the perceived impact (outcomes) of RAMSI programs on Solomon Islanders.

4.38   To avoid invalid comparisons, future surveys that benchmark against the first survey pilot would need to note its limitations, particularly in terms of the sample size. In this regard, AusAID advised that survey questions and methodology are being refined and that the 2007 survey will provide the true benchmark. It also advised that coverage and sample size issues are being addressed for future surveys.

Capacity building stocktake

4.39   A key challenge for aid interventions is to ensure sustainability of outcomes through the building of capacity in partner governments.[60]

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[58]   The survey results were considered to be 'moderately positive' in relation to Solomon Islanders perceptions of change and future prospects. The results were released on the RAMSI website on 15 December 2006.

[59]   The August 2005 Performance Framework noted that the survey *would need to be held at least two months after the election to allow any potential political and social disruption to settle down*. However, the survey was undertaken some four weeks after the elections; about two weeks after the riots. This was generally considered by stakeholders to have had a negative effect on the response. AusAID advised that the decision to proceed reflected the significant resources that had been invested.

[60]   AusAID defines capacity building as *the process of developing competencies and capabilities in individuals, groups, organisations, sectors or countries which will lead to sustained and self-generating performance improvement. Capacity Building through RAMSI—A Stocktake*, Phase 1, September 2005, p. 31.

A newly trained prison officer talks with the Director General of Prisons in Solomon Islands.   Photo: AusAID

4.40   The ANAO found in this regard that RAMSI's programs have generally broadened from an initial focus on stabilisation to capacity building. However, a key challenge in this area, commonly identified by Australian agencies consulted by the ANAO, was the limited capacity of the counterpart agency to absorb skills transfer. This was generally due to a lack of staff, or staff lacking the right skills.

4.41   Measuring the success of capacity building has long been a challenge for aid agencies. Nevertheless, RAMSI recognised the importance of assessing its success in this area from an early stage. To this end, it commissioned a stocktake of capacity building effort and progress across the three RAMSI programs.[61] The ANAO found that the stocktake reports were timely and usefully identified: better   practice,   lessons   learned,   and recommendations/suggested actions for improvement. The latter also appropriately identified the RAMSI unit with key responsibility for implementation. They were drawn upon in the *Annual Performance Report 2005/2006*.

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[61]   The stocktake was undertaken in three phases: the first report focused on the Economic Governance Program (September 2005) and also provided a snapshot of capacity building plans and efforts in the other two programs. The second and third reports focused on the Law and Justice Program (March 2006) and the Machinery of Government Program (July 2006), respectively. The last report (MOG review) was limited to a desk review.

4.42 However, the ANAO also found a lack of clarity about the status of the reports and recommendations. To ensure that the lessons and recommendations are not overlooked the ANAO suggests that DFAT/AusAID establish an appropriate follow-up arrangement to enable periodic monitoring of remedial action. This might be an appropriate role for the Capacity Building Working Group.

4.43 DFAT advised the ANAO that systems have been developed to help the OSC monitor action against recommendations. In addition, AusAID advised that a capacity building specialist has been assigned to assess the state of capacity building across RAMSI and to provide recommendations for the implementation of the stocktake recommendations and integrate capacity building into overall performance management.

Baseline report

4.44 Better practice requires a performance framework to identify bases as reference points for future performance comparison.

4.45 To this end, RAMSI undertook a baseline review in November 2005 to capture the current status against each outcome and performance indicator. This was, in effect, the first report against the newly established Performance Framework.

4.46 The ANAO found that the Baseline Report identified partial or full baseline data against about 60 per cent of the performance indicators, with a further 25 per cent identifying future sources of data (generally the People's Survey). The Report also usefully identified projections for June 2006 and June 2009 for some of the performance indicators.

Monitoring and evaluation (M&E) systems

4.47 M&E systems enable the collection, analysis and storage of information for monitoring and evaluation purposes. Better practice suggests that they should meet both internal and external reporting requirements.

4.48 The RAMSI Performance Framework relies on information from M&E systems established by its three programs. The need for the programs to develop effective M&E systems is underlined by the *Annual Performance Report 2005/2006* which found the quality of the data to be unreliable for two of the three programs.

4.49   The ANAO found that the *Annual Performance Report 2005/2006*, which was to have a focus on M&E systems, did not adequately address the issue. In particular:

- one of the two RAMSI-wide management indicators in the Performance Framework referred to the *existence and use of program monitoring systems*. The ANAO found, however, that the *Annual Performance Report 2005/2006* did not report against this indicator; and

- the contractor preparing the *Annual Performance Report 2005/2006* was required to review the status of M&E systems developed by the programs, and provide guidance to programs and to the OSC. The ANAO found, however, limited comment on the quality and progress of M&E systems being developed by the three programs.

4.50   The ANAO did not seek to undertake its own analysis of progress with, and the quality of, M&E systems being established by the various programs. However, it understands that, at the time of audit, they were in varying states of development.

4.51   The ANAO concluded that, without adequate guidance and supervision, there is a risk that the development of M&E systems within RAMSI programs may occur in a piecemeal fashion. The ANAO suggests that AusAID, in view of its long experience with the measurement of aid effectiveness, identify and promulgate sound practice in M&E systems.[62] The ANAO also suggests that DFAT/AusAID ensure that progress in developing M&E systems is adequately monitored across programs, and covered by future Annual Performance Reports.

First annual performance review

Conduct of the review

4.52   Following a competitive tendering process a consulting firm was contracted by AusAID to 'mobilise' a Performance Assessment Advisory Team (PAAT) to produce the first *Annual Performance Report 2005/2006*. The use of a contractor was designed, in part, to provide a degree of independence to the process.

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[62]   The ANAO notes in this regard that a substantial amount of work has been undertaken, and funds invested, by the MOG Program to develop an M&E system (being piloted at the time of the audit). The ANAO also notes that the *Annual Performance Report 2005/2006* considered MOG to have generally reliable data. The MOG Program may, therefore, provide a suitable model.

4.53 The ANAO found that the exercise was challenging, particularly in terms of timing and product quality:

- the review timeframe (from in-country PAAT mobilisation to production of the report), while originally expected to be tight, was further substantially compressed;

- there was a lack of clarity and guidance from RAMSI about the services required of the contractor; and

- there was general disappointment among agencies and programs with the quality of the initial report. The report was considered to be overly positive, poorly written and poorly structured.

4.54 This led to a substantial reworking of the report by AusAID and other participating agencies—which included dropping individual program annexes, and filling in substantial gaps—and delayed report finalisation (from July to October 2006). The ANAO found that while some rewording of the recommendations took place, their essential thrust remained, thus preserving some degree of independence. The revised report was made public in October 2006.

4.55 The ANAO also notes that the contract was not signed until a week after the contractor was required to commence the services. This is an issue that has been raised in previous ANAO audits of AusAID.

Conduct of future reviews

4.56 The ANAO found that weaknesses with the first review were readily acknowledged by DFAT and AusAID. At the time of audit DFAT/AusAID and RAMSI had reviewed their experience with the first review and had decided to establish a new PAAT for the *Annual Performance Report 2006/2007*. The ANAO suggests that, to facilitate the preparation of a timely and credible *Annual Performance Report 2006/2007*, DFAT/AusAID ensure that adequate:

- time is available for the PAAT to familiarise itself with the various program elements;

- instruction is provided to the PAAT regarding the task to be undertaken and the methodology to be employed; and

- direction and supervision is provided to the PAAT by AusAID/RAMSI while the task is being performed.

4.57 With regard to the last point, the ANAO notes that supervision and direction for the PAAT was provided by the Special Coordinator, Development Coordinator, and the Performance Assessment Working Group (PAWG). The latter has special responsibility for facilitating the work of the PAAT and oversighting and managing the annual assessment process. The ANAO suggests that DFAT/AusAID review the capacity of the PAWG, both in terms of seniority of staff, and resources, to adequately perform this task, and to effectively carry weight with more senior Program Directors and team leaders. The ANAO notes in this regard that the restricted contractor report on RAMSI coordination and management (see below) suggested additional resources for the PAWG.

4.58 AusAID advised the ANAO that mixed messages provided to the PAAT from RAMSI in Honiara may have contributed to the problems experienced. It also noted that the PAWG was not strong enough at the time to lead and facilitate effective communication, but advised that it will be for the next review.

Other contractor reports

4.59 The contractor produced two further reports that contain a range of recommendations directed at RAMSI, viz:

- *Process Improvements and Performance Management Systems for RAMSI*; and

- *Assessment of RAMSI Coordination and Management*.

4.60 The ANAO understands that these reports have not received wide circulation within RAMSI. Given the nature of the reports, the ANAO suggests that transparency and accountability would be assisted by making the reports and RAMSI's response to the recommendations available to relevant parties, such as the RAMSI Program Directors/team leaders, and any interested Australian Government agencies involved in the RAMSI effort. The IDC may be suitable for this purpose.

Outcomes

4.61 Despite the data quality problems, the *Annual Performance Report 2005/2006* was able to conclude that RAMSI is making substantial progress in fulfilling it mandate across the main fields of activity. It found that progress in overcoming the immediate hurdles has been significant, but that Solomon Islands remains a very vulnerable nation.

4.62 The ANAO considers that this is a reasonable conclusion to draw from the evidence available. It is generally acknowledged that while significant progress has been achieved over the first two to three years of RAMSI's deployment, the task is becoming more difficult, as the focus shifts more from securing the peace to capacity building.

Integration with the bilateral aid program

4.63 At the time of the RAMSI intervention, AusAID was already delivering a program of assistance to Solomon Islands. This assistance was underpinned by a Memorandum of Understanding signed by the two Governments in 1994.

4.64 The ANAO found that AusAID had taken steps to integrate its ongoing bilateral program with RAMSI. This includes the development of a *Transitional Country Strategy 2006 to Mid–2007* (March 2006) which established a framework for AusAID assistance delivered through both RAMSI and the ongoing bilateral program. In addition, risks of duplication and poor coordination are being managed by placing AusAID officers in key positions in Canberra and Honiara which oversight both bilateral and RAMSI activities.

5. Reporting to RAMSI's Australian Stakeholders

This chapter examines reporting on RAMSI activities to agency management and to the Australian Government (internal reporting), and to the Australian public through annual publications (external reporting).

Introduction

5.1   A fundamental aspect of accountability is the obligation to provide sufficient information to internal and external stakeholders to enable well-informed conclusions about progress and performance to be drawn.

Internal reporting to agency management

RAMSI-wide reporting

5.2   Better practice suggests that the lead agency of a whole-of-government initiative should put in place arrangements to monitor progress and share this information with other agencies involved.[63]

5.3   The ANAO observed in this regard that the coordinating agency, DFAT, has put in place arrangements to provide high-level updates of RAMSI's progress to both DFAT management and to the management of other participating agencies. These arrangements include:

- *IDC meetings*—as noted in Chapter 2, these take place via a weekly telephone hook-up, and involve a useful high-level update of current developments. They are well-attended by officers from relevant agencies in Canberra;

- *'Sitreps'*—Situation Reports are prepared by the OSC, with input from each of the Program Directors in Honiara, and sent via DFAT cable, prior to the IDC meeting each week. The cables have a wide distribution, particularly within DFAT and AusAID, and to Australian Government agencies contributing to the RAMSI effort. The ANAO found that they provide a formal, high-level update on developments of general interest and for each of the three RAMSI programs;

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[63]   ANAO *Better Practice Guide—Implementation of Programme and Policy Initiatives*, October 2006, p. 15.

- *'State of Play' cables*—these cables are prepared by the Special Coordinator on a six-monthly basis. They report on developments, challenges and the outlook for RAMSI. The cables are copied to participating agencies, and attached to the six-monthly progress report to the National Security Committee of Cabinet (discussed below); and

- *ad hoc cables*—these cables deal with specific RAMSI issues, and are copied to relevant participating agencies as required.

5.4 The ANAO concluded that these arrangements provide an important means by which DFAT/AusAID and contributing agency management are able to keep abreast of high-level progress and emerging issues across RAMSI and individual programs.

Management reporting to home agencies

5.5 Australian Government agencies contributing staff and resources on-the-ground in Solomon Islands also need more specific (lower-level) management information on the progress/status of sub-program activities that their staff are delivering. The ANAO found that most key RAMSI programs/sub-programs have put in place a variety of ad hoc arrangements to report such progress to their home agency.

Internal reporting to the Australian Government

5.6 The key arrangement for reporting progress to Ministers involves the preparation of regular whole-of-government briefs for the National Security Committee (NSC) of Cabinet.

5.7 These briefs effectively replace reporting that might otherwise occur through the Cabinet Implementation Unit.[64] In this regard, the ANAO notes that six-monthly NSC reporting provides far more detailed (albeit less frequent) reporting on RAMSI. The ANAO considers this to be appropriate given RAMSI's complex, multi-agency nature.

5.8 In addition, formal communications such as the 'Sitreps' and 'State of Play' cables from the OSC are copied to the Australian Prime Minister and

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[64] The Cabinet Implementation Unit of the Department of the Prime Minister and Cabinet was established in late 2003, to encourage earlier and more effective planning for implementation of public policy decisions delivered through Government programs and services <http://www.pmc.gov.au>. If an initiative is selected, agencies are required to prepare an Implementation Plan, and subsequently report progress on a quarterly basis against key milestones identified in that Plan.

relevant Ministers thereby providing a regular supply of high-level information on RAMSI progress and challenges.

Reporting to the National Security Committee of Cabinet

5.9   In July 2003 the NSC tasked agencies with providing quarterly reports on RAMSI's progress. As the situation in Solomon Islands stabilised over the first year of deployment, the Government reduced the frequency of reports to six-monthly, unless otherwise warranted.

5.10   The ANAO examined the reporting arrangements and found that they facilitate regular, high-level, whole-of-government updates on developments, challenges and the current outlook for RAMSI. The submissions generally include about two to three paragraphs on each of the three RAMSI programs. They are prepared in a collaborative manner, with input being provided by key RAMSI agencies.

5.11   On the whole, the submissions are focused, well constructed and make high-level recommendations for formal consideration and decision.

5.12   They contain a range of general information about RAMSI's performance, generally noting that 'good progress' or 'strong progress' overall has been made over the previous period. For example, the August 2006 submission contains a one paragraph section entitled 'Monitoring Performance' which reports that RAMSI's first annual performance report points to 'good progress' across RAMSI's programs, while noting that much work remains. It also notes that the assessment framework enables RAMSI to monitor its performance effectively.

5.13   In addition, the submissions contain specific, albeit ad hoc, performance information on various program achievements. For example, with regard to the Economic Governance Program:

- the February 2006 submission reported that SIG revenue has nearly doubled since 2003; and

- the August 2006 submission reported that fisheries revenue had risen sharply (from SI $4 million in 2001 to about SI $36 million in 2005).

5.14   However, the submissions contained limited information that would enable consistent comparisons of performance and progress to be made from one submission to the next. DFAT advised in this regard that the submissions are intended to be strategic documents and are not necessarily intended to provide detailed information on the progress and performance of programs.

5.15   The ANAO notes, however, that the Performance Framework has been designed to provide an important source of information for RAMSI-wide reporting to the NSC and agency reporting to the Parliament. The completion of the first *Annual Performance Report 2005/2006* in October 2006 and the inclusion of more targets for RAMSI performance indicators (see Chapter 4) should facilitate the reporting of more performance information in future submissions. AusAID advised in this regard that the refinement of the Performance Framework will be the key to providing consistent comparison of progress and performance in NSC submissions.

5.16   The ANAO considers that a limited number of indicators, together with targets, could be attached to each report. This could compare previous and current progress, and identify future targets. The information need not be detailed, thus preserving the strategic focus of the report.

5.17   Overall, the ANAO concluded that the NSC reporting arrangement facilitates the provision of timely, high-level advice to Australian Ministers on RAMSI developments and challenges, and facilitates consideration and decision on key issues. However, the inclusion of a limited number of key performance indicators and targets, and consistently reporting against them, would strengthen accountability and transparency, and help track progress.

Recommendation No.5

5.18   The ANAO recommends that DFAT improve reporting arrangements to the Australian Government by including in progress reports a limited number of key performance indicators and targets, and consistently reporting against them.

DFAT response

> Agreed. DFAT will draw from the updated Performance Framework once it is finalised (expected to be June 2007) to report on a limited number of key performance indicators in its progress reports to Cabinet.

External reporting

5.19   External reporting of performance provides an opportunity for agencies to demonstrate and promote their achievements and explain any variance from expectations or reference points, while meeting statutory accountability requirements.

5.20   Regular reporting against the RAMSI Performance Framework (see Chapter 4) provides some valuable information to the Australian Parliament and public about the performance of the three RAMSI programs, and for RAMSI as a whole. However, this reporting does not replace the requirement for Australian Government agencies to be accountable for their own outcomes/outputs.

5.21   Annual reports and Portfolio Budget Statements (PBSs) are the key mechanisms by which agencies are accountable through the Government to the Parliament for the efficiency, effectiveness and economy with which they manage the resources they administer. In this regard, the ANAO examined RAMSI agencies' PBSs and annual reports to identify reporting on RAMSI activities.

Portfolio Budget Statements

5.22   The ANAO examined the 2006–07 PBSs of eight agencies with staff deployed to RAMSI at the time of audit.[65]

5.23   The size of those agencies' contributions to RAMSI (in staff and financial terms) varies substantially from agency to agency. The AFP is the largest contributor with about 228 deployees (about $135 million), and the AEC the smallest with one deployee ($0.2 million). While all funding will be allocated to an outcome/output, the relative size of an agency's contribution in the context of their outcomes/outputs framework may mean that RAMSI-related funding is not separately identified.

5.24   The ANAO found in this regard that the relative size of an agency's contribution does not directly relate to its disclosure in the agency's PBS. Overall, only three of the eight agencies identify their involvement in Solomon Islands in their 2006–07 PBSs. Of the three that do, only one also sets out the amount of funding involved. None of the eight agencies set out the number of staff deployed. The ANAO acknowledges in this regard that the number of deployees can vary from time to time depending on need.[66]

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[65]   There are other Australian Government agencies with staff deployed to Solomon Islands from time to time, including the National Archives of Australia.

[66]   DFAT advised that it would be difficult for some agencies to provide details given the short-term deployments/changing personnel, making it almost impossible to capture annual data.

Agency Annual Reports

5.25   The ANAO also examined the 2005–06 Annual Reports of these agencies. The ANAO found that all eight agencies reported on their contribution to RAMSI, although only five identified the number of staff deployed, and only two identified the amount of funding involved. The AFP, which has a substantial deployment, is one of the agencies that do not separately identify RAMSI funding or total staff numbers involved. The AFP advised the ANAO that it will take these comments into account in the preparation of its 2006–07 Annual Report.

5.26   The ANAO also found that the 2005–06 Annual Reports for DFAT and AusAID did not identify all of the eight agencies, notwithstanding their special coordination roles: [67]

- DFAT's report identifies its responsibility for coordinating Australia's whole-of-government contribution to RAMSI. It does not identify participating RAMSI agencies;[68] and

- AusAID's report identifies six of the eight RAMSI agencies.

5.27   The ANAO concluded that it would not be possible to readily identify from agency PBSs and annual reports the extent of Australian Government agency involvement in the RAMSI effort. This is particularly the case in respect of the resources deployed by those agencies.

5.28   Given that this is a whole-of-government initiative, involving a substantial commitment over a number of years, the ANAO suggests that DFAT, as the coordinating agency, strengthen public accountability by collecting and publishing summary information about Australian Government agency involvement in RAMSI. This information should include, as a minimum, the agency name, its contribution in financial and human resource terms, and a brief description of its role. Basic information could be supplemented by referring the reader to more detailed information, such as the RAMSI Annual Performance Reports and the RAMSI website.

5.29   In response, DFAT advised that it will note the involvement of other agencies in its Annual Report and on the RAMSI website.

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[67]   DFAT has primary responsibility for coordinating Australia's whole-of-government contribution to RAMSI. AusAID funds Treasury, Finance, AEC, the National Archives of Australia and the Australian Office of Financial Management.

[68]   A photograph of the RAMSI IDC in DFAT's *Annual Report 2005–06* (p. 70) does identify participants from two other Australian Government agencies.

RAMSI website

5.30 In July 2006 RAMSI established a website to disseminate information on RAMSI and its mission. The website provides some useful background information on RAMSI programs and on how RAMSI will measure its progress and success. It contains, for example, the RAMSI *Annual Performance Report 2005/2006* (see Chapter 4). The challenge for DFAT will be to adequately resource and update the website over the full life of RAMSI.

Ian McPhee   Canberra ACT
Auditor-General   21 June 2007

Appendices

Appendix 1: Australian Government Agency Deployees

Agency	Estimated staff deployed 2006–07
DFAT	5
AusAID	20
AFP	228
Defence	142
Treasury	6
Finance	3
Customs	2
AEC	1
TOTAL	407

Source: Agency advice.

Notes: AusAID numbers are split 16.5 RAMSI, and 3.5 bilateral program.

Deployee numbers may vary within the year, depending on requirements.

Numbers exclude contractors engaged by RAMSI programs.

There are other Australian Government agencies with staff deployed to Solomon Islands as part of RAMSI from time to time, including the National Archives of Australia.

Appendix 2:   Summary Funding for RAMSI

The Australian Government allocated $840.5 million over four years (including $43.6 million in capital funding) for RAMSI in the context of the 2005–06 Budget.

Agency	Funding ($ million)				
	2005–06	2006–07	2007–08	2008–09	TOTAL
DFAT	3.8	3.9	4.0	3.4	**15.1**
AusAID	72.2	73.8	69.8	66.4	**282.2**
AFP	145.3	134.1	128.7	129.9	**538.0**
Customs	1.4	1.3	1.2	1.3	**5.2**
TOTAL	**222.7**	**213.1**	**203.7**	**201.0**	**840.5**

Source: *2005–06 Budget Paper No. 2.*

Notes: Other agencies are funded by AusAID. Funding will vary from year to year depending on an agency's level of involvement.

At the time of audit, AFP funding had increased to $566.0 million over the four years (including $43.6 million in capital funding).

Table excludes funding of $30.0 million for ADF involvement for the period 2005–06 to 2007–08 (for the continuation of an ADF presence until March 2008).

Appendix 3: Formal Letter of Response from DFAT

Australian Government

Department of Foreign Affairs and Trade

Secretary

Telephone: 02 62612472
Facsimile: 02 62732081

29 May 2007

Mr Peter White
Executive Director
Performance Audit Services Group
Australian National Audit Office
GPO Box 707
CANBERRA ACT 2601

Dear Mr White,

I refer to your letter of 1 May 2007 conveying the proposed report on the ANAO's completed performance audit on the *Coordination of Australian Government Assistance to Solomon Islands*. I note your advice that DFAT's comments will be included in full in the report.

DFAT welcomes the performance audit as a comprehensive and detailed review of coordination arrangements for RAMSI, a large, complex and innovative mission operating in challenging circumstances. The audit is a positive contribution to RAMSI's governance. I welcome in particular the findings of the report which acknowledge the immense amount of work undertaken by the Department and the Office of the Special Coordinator (OSC) in ensuring that Regional Assistance Mission to Solomon Islands (RAMSI) processes are as transparent, accountable and effective as possible. It is encouraging that the report concludes that DFAT and AusAID have put in place arrangements that enable the effective coordination of Australian Government assistance to Solomon Islands, and that program objectives have been established and significant progress has been made in the development of an outcomes monitoring framework.

R G Casey Building, Barton ACT 0221   www.dfat.gov.au

DFAT's response to the four relevant recommendations is as follows:

Recommendation 2: Agreed. The existing strategic risk assessment matrix will be reviewed to take account of the recommendation. DFAT has also established an ad hoc working group to look at medium term risks relating to economic governance. This is a pilot that will be considered to identify risks and consider policy responses in other areas of relevance.

DFAT has also drafted a contingency planning paper which identifies risks and looks at strategies to overcome them. Risks are also considered in NSC updates and ad hoc IDCs.

Recommendation 3: Agreed. A broad 'lessons learned' exercise has already been undertaken in relation to the April 2006 civil unrest.

In consultation with in-country agencies, RAMSI has strengthened civilian security, including establishing clear lines of communication in Honiara. This is reflected in the development of a new and comprehensive civilian security plan, the appointment of two in-country security advisers, inspection of all residences and workplaces, significant expenditure on physical security measures, and the launch of a security website which includes information on responding to security incidents.

DFAT is also drafting a paper setting out responsibilities for Canberra-based agencies with respect to the security of RAMSI civilian deployees and outlining lines of communication for Canberra-based agencies on civilian security issues.
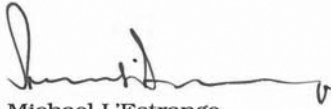
Recommendation 4: Agreed. During the first half of 2007, the Performance Assessment Working Group (PAWG) (which comprises representatives from OSC and RAMSI program areas as well as the Solomon Islands Government), in consultation with the Performance Assessment Advisory Team (PAAT), undertook work to refine the Performance Framework indicators, moving mostly to outcomes indicators. A final version is expected in June 2007, ahead of the 2006-07 Annual Performance Report. New indicators are based on the Medium Term Strategy, preparation of which involved wide consultation.

RAMSI and the PAAT have moved towards more specific targets. However, setting such targets for some indicators could be problematic given that, in a post-conflict situation, any incremental improvement is likely to constitute a success. Targets would also need to be agreed by the Solomon Islands Government.

Recommendation 5: Agreed. DFAT will draw from the updated Performance Framework once it is finalised (expected to be June 2007) to report on a limited number of key performance indicators in its progress reports to Cabinet.

I would like to take this opportunity to express my appreciation for the constructive approach taken by the ANAO throughout this performance audit.

Yours sincerely

Michael L'Estrange

Appendix 4:   Formal Letter of Response from AusAID

Australian Government

AusAID

Director General

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OFFICE

29 May 2007

Mr Peter White
Executive Director
Performance Audit Services Group
Australian National Audit Office
GPO Box 707
CANBERRA ACT 2601

Dear Mr White

I refer to your letter of 1 May 2007 in relation to ANAO's performance audit on the *Coordination of Australian Government Assistance to Solomon Islands.*

AusAID welcomes the performance audit as a thorough assessment of Australian Government agency involvement in RAMSI. In particular, AusAID supports the findings and conclusions as outlined in the report, which highlight the complex nature of RAMSI, and the considerable work that is being done by DFAT and AusAID in ensuring the effective coordination of Australian Government assistance to Solomon Islands through RAMSI.

AusAID broadly agrees with the recommendations as outlined in the report, and in consultation with DFAT and the Office of the Special Coordinator (OSC), is ensuring that necessary processes are in place to address them. RAMSI is a complex multi-year initiative that is constantly evolving to changing circumstances. AusAID will continue to contribute to finding and implementing effective solutions to meet these changing needs.

AusAID's response to the relevant recommendations is as follows:

Recommendation 1:

Agreed. AusAID and DFAT will seek to resolve outstanding issues relating to terms and conditions of Australian Government agency staff deployed to RAMSI, and have agreed to discuss this matter with relevant Australian Government agencies.

Recommendation 3:

Agreed. AusAID notes and agrees with DFAT's response to Recommendation 3 as articulated in Secretary L'Estrange's letter of 29 May 2007.

AusAID and DFAT through the OSC address RAMSI security environment requirements in a coordinated manner. Key lessons from the April 2006 civil unrest and riots, as highlighted at paragraph 3.37 of this report and referred to in DFAT's response, have been incorporated into ongoing improvements to security related processes.

AusAID has been actively working on improving the security environment for RAMSI civilians, including the upgrading of residential security and more regular assessment and distribution of security related information to RAMSI deployees.

Recommendation 4:

Agreed. AusAID notes and agrees with DFAT's response to Recommendation 4 as articulated in Secretary L'Estrange's letter of 29 May 2007.

AusAID and DFAT through the work of the *Performance Assessment Working Group* (PAWG) and *Performance Assessment Advisory Team* (PAAT) closely coordinate the various initiatives that collectively constitute RAMSI's Performance Framework. RAMSI is committed to maximising its effectiveness through improving performance and promoting continuous improvement. Through the development of the draft Medium Term Strategy and an increased focus on capacity development, RAMSI has identified new goals and targets, and outcomes will be measured against agreed, appropriate indicators in the 2006-07 Annual Performance Report.

Whilst AusAID supports the current move to outcome indicators, the setting of actual targets, benchmarks or activity levels is considered in light of the operating context. That is, such indicators are only established where data results are available and reliable; and measuring and reporting outcomes against these indicators will not be counterproductive.

I would like to thank ANAO for the practical and positive manner in which it engaged with AusAID during this performance audit.

Yours sincerely

Bruce Davis

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