Solomon Islands

Public Investment Management Diagnostic

Ministry of Development Planning and Aid Coordination

The Pacific Region Infrastructure Facility (PRIF) is a multidevelopment partner coordination, research and technical assistance facility that supports infrastructure development in the Pacific. PRIF members include the Asian Development Bank, Australian Department of Foreign Affairs and Trade, European Investment Bank, European Union, Japan International Cooperation Agency, New Zealand Ministry of Foreign Affairs and Trade, and World Bank Group.

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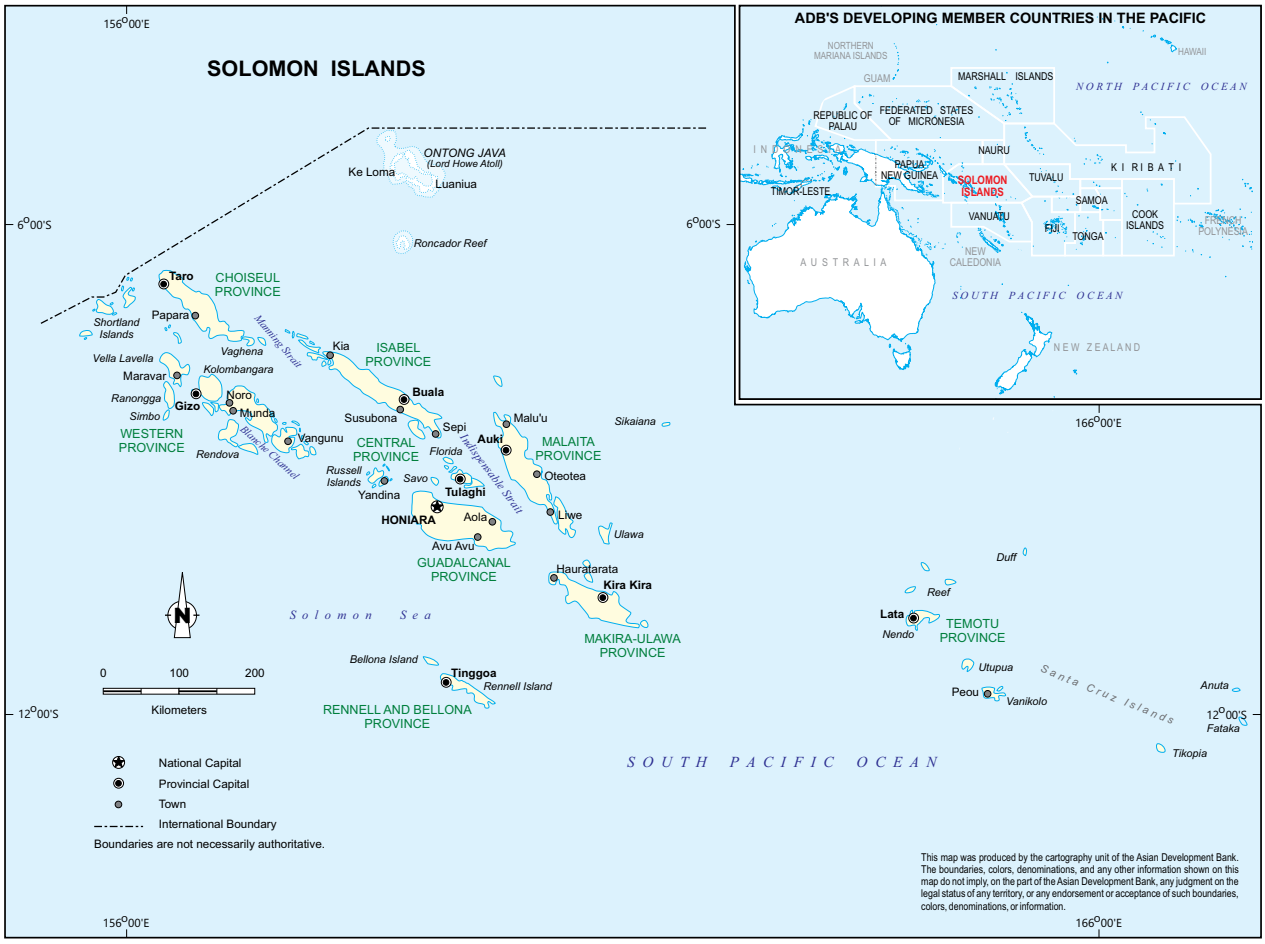


Abbreviations

CBA	cost-benefit analysis
DP	development partner
GDP	gross domestic product
MCA	multicriteria analysis
MDPAC	Ministry of Development Planning and Aid Coordination
MID	Ministry for Infrastructure Development
MoFT	Ministry of Finance and Treasury
MTDP	Medium-Term Development Plan
NDS	National Development Strategy
NTF	National Transport Fund
NTP	National Transport Plan
PFM	Public Financial Management (Act)
PIM	public investment management
PRIF	Pacific Region Infrastructure Facility
GoSI	Government of Solomon Islands
SINIIP	Solomon Islands National Infrastructure Investment Plan
SOE	state-owned enterprise

Currencies

A$: Australia dollar

SI$: Solomon Islands dollar

US$: United States dollar

Executive summary

A rapidly growing population, poor human development indicators, and climate change risk exposure demand a public investment policy that is effective so as to ensure the sustainable growth and development of the Solomon Islands.

The trends in investment spending for physical and social infrastructure, to date, manifest a rapid increase in the level of domestic and externally funded public investment. There are vital concerns, however, about the quality, effectiveness, and sustainability of these investments in relation to the capacity of the Government of Solomon Islands to carry out sound decisions related to public investments.

The significant rise in public spending has supported the country's economic activity and has improved the delivery of services, with prior reforms supported by development partners making an important contribution (ADB, 2015). Nevertheless, the quality of public spending remains mixed.

The government spends a high per capita amount on education and health compared to the rest of the region; yet the Solomon Islands lags behind in terms of results in many areas, suggesting that there are challenges to its technical efficiency and spending effectiveness. Despite significant funds being spent on subsidies for water and electricity, provided by state-owned enterprises, 80% of the population lacks electricity access and only 30% has access to improved sanitation services (PRIF, 2016). At the same time, development expenditures suffer from weak execution.

This report first describes the institutions and funding channels that exist for public investment, it identifies the processes applicable to domestic, external, and community investments. It then applies a diagnostic framework that is adjusted to assess how well current processes achieve the key functionalities of an effective public investment management (PIM) system. A description of the characteristics of the PIM is provided in Appendix B.

As with most aid-dependent countries, processes tend to be characterised by two sets of rules; one set relating to aid-funded projects and another to the less rigorous funding of domestic projects. Furthermore, PIM processes appear to be inconsistent across sectors, with projects under the Ministry of Infrastructure Development displaying a higher quality of procedures than in other ministries, particularly in terms of those projects that are funded and managed by the National Transport Fund. Diagnostic results vary considerably as evidenced by the serious lack of functionality as a result of current processes on the one hand and the good practices confined to specific sectors on the other hand. The latter should be applied across the board with consistency.

Specific attention to restoring functionality in areas of highest risk would be one method whereby the Government of Solomon Islands could begin taking corrective actions to improve its PIM system. As a first step, a simple gatekeeping system is developed to avoid the funding of "white-elephant" projects and to ensure that only high-priority projects are approved. Appendix C includes a proposal for a multicriteria analysis and scoring methodology.

1. Introduction

The Cabinet of the Solomon Islands approved the Economic Growth Centre Program in 2000 to establish growth centers in several areas, yet to be determined, at an estimated cost of A$4 million a year.

The aim is to promote economic growth within rural areas where most of natural resources and population is located. Similarly, the Industrial and Commercial Estate Development Program aims at building industrial parks in outer islands to promote industrialization. While these projects have gained the approval of Cabinet in support of private sector development, they remain at this point in time, however, at the initial stage of project design. In parallel, the Tina River Hydro Development Project, which has undergone discussion and subsequent design for approximately 10 years, is only now, in 2017, being finally approved with a view to implementation in 2018.

- Why do projects with potential high impact take 17 years to implement?
- By what means does the Government of Solomon Islands (GoSI) select and manage public investments to ensure that projects contribute sustainably to the nation's economic and social growth?
- What mechanism is applied to ensure that projects are consistent with government policies and strategies? Is the procedure exercised in practice and is it effective?

In response to the above questions, the Pacific Region Infrastructure Facility (PRIF) has conducted a public investment management (PIM) diagnostic in close cooperation with the Ministry of Development Planning and Aid Coordination (MDPAC) of the Solomon Islands. PRIF has adapted, within the context of the Pacific region, a diagnostic framework that was developed by the World Bank, as well as a publication based on a framework developed by the International Monetary Fund (IMF, 2015), focusing on infrastructure investment. The aim of the framework is to enable the systematic analyses of eight of the key stages of the public investment management (PIM) system to observe the current practices of the Government of the Solomon Islands (GoSI).

This report presents the PIM diagnostic methodology and its findings. It also discusses ways in which to strengthen the PIM of the Solomon Islands.

2. Solomon Islands country overview

The Solomon Islands comprises a cluster of six large islands and approximately 900 smaller islands and islets.

With a per capita income of US$1,475 (constant 2010 US$), the country ranks 156 out of 188 in the United Nations Human Development Index (UNDP, 2016). It is a country where 41% of its 600,000 inhabitants are below the age of 15. National Population Policy 2017-2026 estimates a doubling of the population to 1.2 million by 2045, with urban population rising by 5% a year (UNFPA, 2016).

The Solomon Islands was affected by ethnic violence in 1999, a conflict that led to the near collapse of the government. Unable to provide services or ensure public safety, economic and political instability continued over the next several years, until mid-2003, when the members of the Pacific Islands Forum formed a multinational force. The Regional Assistance Mission to the Solomon Islands, led by Australia, supplied troops to maintain order in the country. Although sporadic violence continued, the government made efforts to rebuild the heavily damaged country. Nevertheless, recovery was slow to take place, despite the considerable support of development partners (DP), particularly Australia, the European Union, Japan, and New Zealand. Foreign aid was secured to repair extensive property and infrastructure damage.

Following the 2006 general election, antigovernment riots broke out again, and political instability continued until parliamentary elections were held in August 2010, when Danny Philip, leader of a parliamentary coalition, was elected Prime Minister. PM Philip promised that constitutional reform be a priority of his administration. In 2014, GoSI was ranked 47 of 178 countries on the Fragile States Index of The Fund for Peace.

The Solomon Islands is located in what is known as the Ring of Fire, a region notorious for its volcanic activity and frequency and severity of earthquakes. The Solomon Islands is also subject to the effects of climate change, including sea level rise and weather-related disasters that have exacerbated coastal erosion and loss of agricultural productivity due to saltwater incursion. These factors place pressure on the government to invest to expand and improve the efficiency of services to protect against natural disasters and the effects of climate change, as well as to cater for the demands of a fast-growing population.

2.1 Macroeconomic and Fiscal Developments

According to the Ministry of Finance and Treasury (MoFT) (GoSI, 2017), the economy has recovered substantially from the shocks prior to 2014. Real gross domestic product (GDP) is estimated to have grown by 3% in 2016 compared to 2.6% in 2015 and 2% in 2014. This reflects a stronger-than-expected output in agriculture, logging, and the service sectors. Of the 3% GDP growth, the service sector has contributed to a much higher percentage point, followed by the primary sector with a 1.1 percentage point and the industrial sector (manufacturing, mining, and construction) at a 0.1 percentage point. There has been a gradual recovery in non-mining sectors following the closure of Gold Ridge mine in 2014, such that non-mining sectors are now contributing more to the country's overall economic activity. A significant increase in logging sector activities was also recorded in 2016, with total volume of logs having increased by 18% from 2015 to reach 2.7 million cubic meters in 2016. With regard to expenditures, household consumption and business investment—supported by the sharp decline in oil prices—were the key drivers of growth in 2016. Inflation decreased to 0.6% in 2016 compared to the forecast 2.8%, due to the favourable impact of the sharp decline in global energy and commodity prices.

Total revenue for the 2016 fiscal year was SI$3,454 million against revised estimates of SI$3,733 million. Domestic revenue collections were SI$3,108 million in total, 2.8% higher than the revised budget as a result of additional revenue collected from the fisheries sector through licensing. Total revenue, however, was well below that forecast for 2016, reflecting unrealised donor-funded development projects. Total expenditure was $3,718.7 million below the revised estimate of SI$4,542 million due to underspending. Nevertheless, there was an improved level of expenditure from the development budget at over 84.5% of SI$1,199.7 million spend. In addition, there was an increase in payroll expenditure.

2.2 Population Projections

Honiara, the capital of the Solomon Islands, can certainly expect rapid growth within the near future, as well as considerable pressure on public investment in land and infrastructure. National Population Policy 2017-2026 identifies key features and characteristics of the island population. With 41% of it below the age of 15, it is expected that a significant increase in population will occur over the next 30 years (UNFPA, 2016).

2.3 Climate Change and Disaster Risk Management

Previously, the Solomon Islands has benefitted from a wide range of mostly regional initiatives that address climate change resilience and natural hazards. According to the Global Climate Change Alliance (GCCA, 2012), the country's capacity remains weak in terms of planning and implementing initiatives. Furthermore, coordination is hampered by the large number of international agencies involved in climate change adaptation and disaster risk management.

Recent progress includes the establishment of the Climate Change Working Group under the leadership of the Ministry of Environment, Climate Change, Disaster Management and Meteorology, and co-chaired by the MDPAC. This group acts as a forum for policy dialogue and donor coordination in the climate change sector. The National Disaster Management Office has an extensive ongoing programme, not only to construct emergency operation centres throughout the provinces but also others relating to climate change and the environment.

National Transport Plan (NTP) 2017-2036 is another government initiative that considers building sustainability by anticipating the effects of climate change in transport infrastructure throughout the nation. These may not yet be reflected, however, in project design.

Flash floods: 2014

A slow-moving tropical depression (later referred to as Tropical Cyclone Ita) in April 2014 caused persistent heavy rains over the Solomon Islands for three days. The resulting flood was the worst in living memory in some locations, having caused 22 fatalities across the country, internally displacing some 10,000 people, and affecting a total of approximately 52,000 people. The cyclone damaged major infrastructure and destroyed 675 houses, as well as the food gardens that many people depend upon for their livelihood. Estimated cost of damage on infrastructure was SI$136.8 million, of which SI$103.7 million related to transport infrastructure and SI$33.2 million to water supply and sanitation (World Bank, 2014).

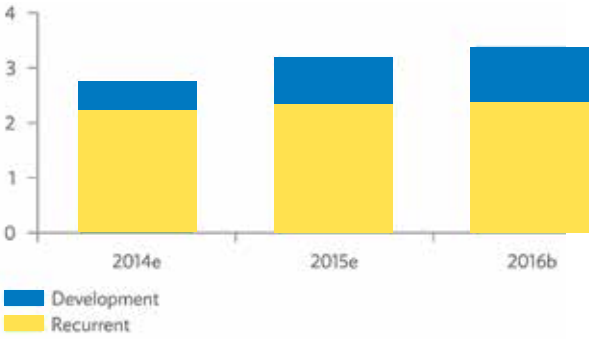
The Central Bank of Solomon Islands reported that the floods had undermined economic activity. At the time, the government carried out policy decisions to support the economy while attempting to preserve fiscal stability. During the post-flood period, the government provided additional spending not previously budgeted to support the recovery. Financing of this took place by running down cash reserves and delaying some development projects. GoSI estimates that only 6% of nominal GDP was invested in infrastructure in 2014 compared to 7% in 2013. Flood-related emergency spend, including on rehabilitation of damaged infrastructure, undermined the country's ability to invest in planned infrastructure (GoSI, 2014).

The Ministry of Infrastructure Development (MID) reported that in 2014, SI$25.4 million (GoSI, 2015a) was spent on flood recovery, including some reallocation of funds. On the whole, however, there was no specific diversion of funds from planned MID expenditures. Some extra work was done under existing contracts that otherwise would not have needed doing, but this is difficult to quantify.

2.4 Investment Trends: Government of Solomon Islands

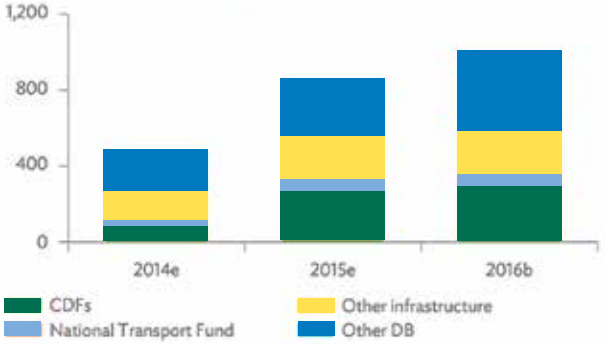
With this in mind, GoSI has started to increase its development expenditure to facilitate sustainable growth (Figure 1). This includes capital and recurrent expenditures increasing from 16.2% of total expenditure in 2014 to a target of 27.1% in 2016. Development expenditure by GoSI in 2018 is likely to exceed that provided by DPs, which have traditionally played the primary role in funding public investment (ADB, 2016). A decomposition of the development budget is shown in Figure 2.

Figure 1: Solomon Islands: Government Expenditure (SI$ billions)



b = budget, e = estimate, SI$ = Solomon Islands dollar.
Sources: Solomon Islands budget documents (various years); ADB staff estimates.

Figure 2: Solomon Island: Decomposition of Development Budget (SI$ millions)



b = budget, CDFs = Constituency Development Funds, DB = development budget, e = estimate, SI$ = Solomon Islands dollar.
Sources: Solomon Islands budget documents (various years); ADB staff estimates.

The significant increase in public expenditure has improved economic activity and the delivery of services, with prior reforms having been supported by essential contributions from PRIF's DPs (ADB, 2015).

A number of DPs also are involved in supporting infrastructure and social sector investments (Table 1).

Table 1: Solomon Islands: Sectors Receiving Support from Developing Partners

Sector	ADB	WB	EU	AUS DFAT	NZ MFAT	JICA	RoC (Taiwan)	UNICEF	WHO	UN Habitat
Habitat		■	■			■				
Transport: Land	■	■		■	■	■				
Transport: Aviation	■			■	■	■				
Transport: Maritime	■		■	■	■					
Water Supply and Sanitation			■	■		■				■
Solid Waste Management						■		■		
Energy	■	■		■						
Telecommunications/ICT	■	■		■						
Future Additional Sectors										
Education			■	■	■	■		■		
Health		■	■	■				■	■	
Public Buildings			■	■		■	■			

Source: PRIF SINIIP implementation review.

Notes: ADB = Asian Development Bank; WB = World Bank; EU = European Union; AUS DFAT = Australian Department of Foreign Affairs and Trade; NZ MFAT = New Zealand Ministry of Foreign Affairs and Trade; JICA = Japan International Cooperation Agency; RoC = Republic of China; WHO = World Health Organization; UN = United Nations; CC/DRM = climate change adaptation and disaster risk management; ICT = information and communication technology.

In the years 2005 to 2017, Solomon Islands received over USD 490 million for capital projects funded by PRIF partners which is comparable funds received in neighbor countries such as Vanuatu and Fiji.

Figure 3: PRIF funded infrastructure projects - 2005 to 2017

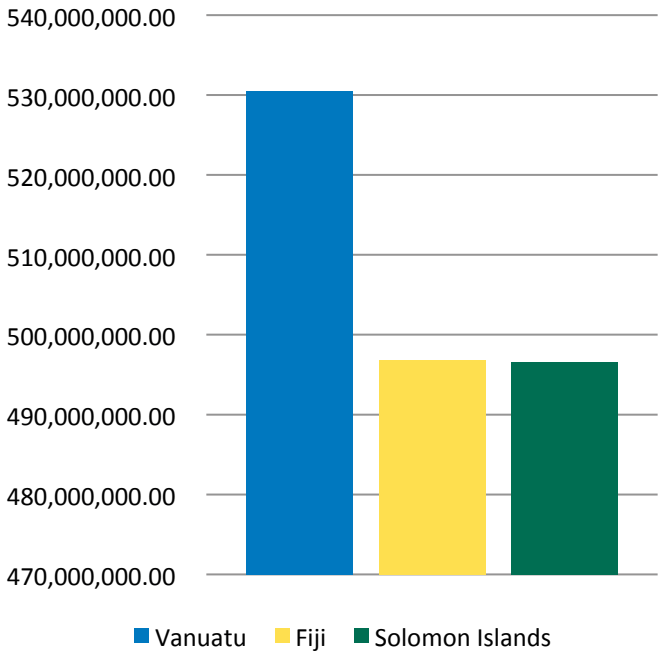


Table 2: Key indicators of regional comparators

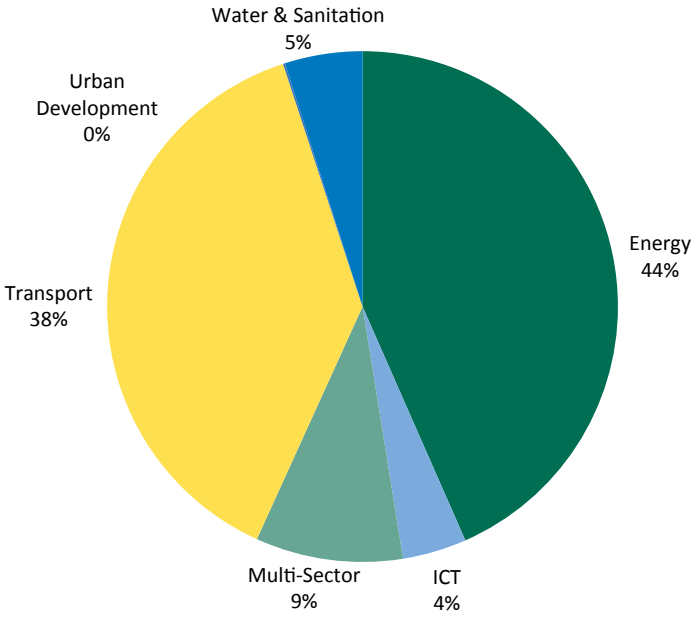
	Vanuatu	Fiji	Solomon Islands
Population ('000s)	270.4	898.8	599.4
Land Area (km2)	12,190	18,270	27,990
Nominal GDP	773.50	4,703.63	1,202.13
(USD million, 2016)	2,860.6	5,233.5	2,005.5
GDP per capita (USD)	2,860.6	5,233.5	2,005.5

Source: World Bank, World Development Indicators database, accessed 17 April 2018

The PRIF project database includes over US$320 million worth of projects currently being implemented in the Solomon Islands, financed by PRIF partners and executed/implemented through government agencies. Currently, 53% of total funds are invested in the transport sector, mostly through NTP and executed by MID.

Figure 4 illustrates projects being implemented and those in the pipeline, totaling US$660 million, including the recently approved Tina River Hydro Development Project, worth over US$220 million. The transport sector will continue to play a major role in the years to come, with over US$250 million worth of investments allocated to the sector.

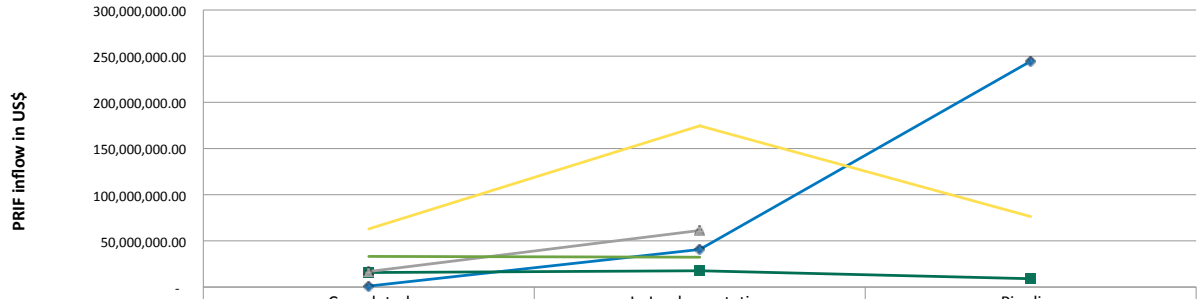
Figure 4: Solomon Islands: Externally Financed Projects in Implementation and Those in the Pipeline



Source: PRIF Database of Projects.
Note: ICT = information and communication technology.

The energy sector is booming as DPs focus on climate change adaptation and mitigation, as well as disaster risk management solutions. Renewable energy generation projects, such as the Tina River Hydro Development Project and other projects that work on improving access to electricity in the outer islands, will add to the current project portfolio.[1] Other areas, such as urban development and information and communication technology (ICT) are also increasing their presence (Figure 5).

Figure 5: Pacific Region Infrastructure Facility: Project Overview of Development Partners



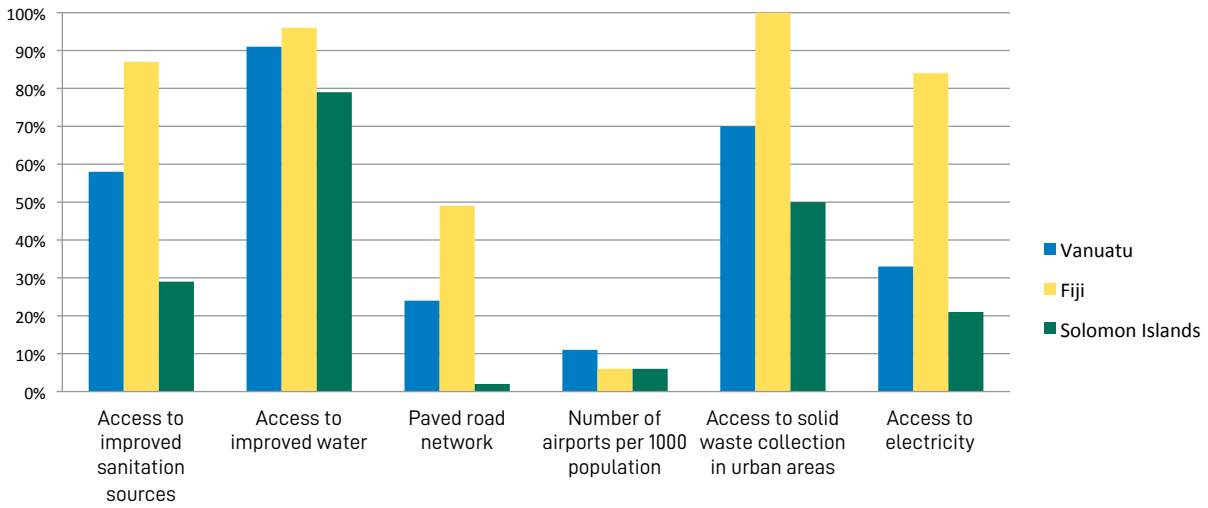
	Completed	In Implementation	Pipeline
Energy	1,061,090.00	40,760,000.00	244,500,000.00
ICT	15,725,688.58	17,670,000.00	9,000,000.00
Multi-Sector	16,759,000.00	61,283,000.00	
Transport	62,904,862.33	174,544,503.97	76,300,000.00
Urban Development	10,811,200.00		800,000.00
Water & Sanitation	33,228,200.00	32,325,568.99	

Source: PRIF Database of Projects.
Note: ICT = information and communication technology.

1 Solomon Power is planning to build eight hybrid minigrids in the next five years. These will provide access to electricity to approximately 10,000 people in the outer islands. Three will be financed with support from the New Zealand Ministry of Foreign Affairs and Trade and five by the World Bank. The World Bank and Asian Development Bank are assisting in the provision of grid-connected solar energy in rural and urban areas.

Nevertheless, the quality of public expenditure remains inconsistent (World Bank, 2011). Despite GoSI having spent a high amount per capita on education and health compared to the rest of the region, the Solomon Islands lags behind in terms of results in many areas, suggesting that there are challenges to technical efficiency and spending effectiveness. Significant funds are disbursed on subsidies for the water and electricity provided by state-owned enterprises (SOE), yet 80% of the population lacks access to electricity and only 30% has improved sanitation services (PRIF, 2016). Solomon Islands has comparable access to airports (per 1,000 population) compared to Vanuatu and Fiji, but achieves considerable lower rating in sanitation, water, roads and electricity infrastructure compared with other countries (Figure 6).

Figure 6: Regional Comparison of Access to Infrastructure



Source: Pacific Infrastructure Performance Indicators 2016. The reference year varies from 2009 to 2013, depending on the date of latest data collection conducted in each country.

At the same time, development expenditures suffer from weak execution. Allocation of funding is inefficient, with significant resources being directed towards constituency development funds. Transfers from the central government to provincial governments appear uneven and inconsistent with development needs.

With the growing inflow of DP funding through grants and loans, GoSI faces significant challenges with managing investments. These are due mainly to its complex structure, limited administrative capacity to successfully implement these projects, post-conflict fragility, and high dependence on DPs, especially in terms of large infrastructure schemes. These complications manifest into a fragmented public investment system.

3. Institutional Arrangements and Channels for Public Investment

3.1 Legal and Regulatory Framework for Public Investment Management

As with any government function, PIM requires an appropriate set of norms and procedures to ensure effective performance.

Common standards and methodologies should be applied with consistency.[2] Whether or not this is achieved through formal legal frameworks or informal norms and guidelines will depend on the practices and administrative culture in any given country. Where there is respect of and compliance to legal requirements, a legal framework may be the appropriate modus operandi. Procedures and methods usually have to be adapted and revised over time, however, particularly in the early stage of PIM reform in governments with weak capacity. The more prescriptive and inflexible a statutory instrument may be, the harder it will be to initiate change.[3] This principle points to the design and adoption of a hierarchical legal and regulatory PIM framework, consisting of three tiers from top to bottom:

- Legal authority for the PIM system established through some form of primary legislation
- More detailed procedural guidelines, high-level decision criteria, and designation of analytical tools.[4]
- Methodological guidance, detailed criteria, standardised parameter values, and procedural documentation. Generally issued directly by the PIM coordinating agency (e.g., MDPAC, Solomon Islands) in the form of manuals, templates, and circulars under the authority granted to it by the primary legislation. Such guidelines must ensure that the capacity to follow them (perhaps with some stretching of capabilities) exists within the responsible government agencies.

The Solomon Islands has a long way to go to develop a legal and regulatory framework that will be appropriate (Table 3). In summary, Tier 1 is ruled by the Public Financial Management (PFM) Act of 2013. Key documents in Tier 2 include not only procedural guidelines but also a budget strategy and development budget plan—used solely for government-financed projects.

Projects funded by DPs follow a different process, mainly at their direction. The process for projects financed jointly by GoSI and DPs are presented and explained in Section 5. While guidelines are available for publicly and externally funded projects, they vary and, more often than not, are not followed. It is essential, therefore, that efforts be made to carefully evaluate why such guidelines are not observed. With regard to the methodological manuals in Tier 3, no standard one exists other than a few published by DPs.

2 See recent World Bank PIM technical assistance reports for Cyprus (2016), Georgia (2016), Romania (2015), Ukraine (2015), Zambia (2016), and so on.

3 With respect to this rationale, see Leinert and Fainboim (2007). The technical note and manual clearly states that since laws are more complex to change than regulations, they should not include provisions if there is a strong risk of being abrogated or amended one to three years later.

4 Usually referred to as a "secondary" legislation.

Table 3: Solomon Islands: Overview of Legal and Regulatory Hierarchies for Public Investment Management

Hierarchy/Projects	Government-Funded Projects	Externally-Funded Projects
Tier 1: Legal authority	Public Financial Management Act	Public Financial Management Act
Tier 2: Procedural guidelines	Budget Strategy and Outlook Development Budget Plan National Transport Plan (transport sector only)	Monetary Strategy Debt Management Strategy Aid Management Strategy National Infrastructure Investment Plan National Transport Plan (transport sector only) (In practice, driven by development partner(s))
Tier 3: Methodological manual	National Transport Plan (transport sector only) None for other sectors No standard methodology or manual	Driven by development partner(s) No standard methodology or manual

3.1.1 Public Financial Management Act

The PFM Act of 2013 was decreed following the Solomon Island's Public Expenditure and Financial Accountability Assessment in 2012 (GoSI, 2012), and it replaces the Public Finance and Audit Act of 1978. It provides for the control and management of the nation's public finance in terms of the collection, issuance, and payment of public monies; public debt regulation; duties and powers of the Internal Audit Office; and examination of internal controls and procedures of the public body The management of the Consolidated Fund of the PFM Act includes seven earmarked funds, one of which is the National Transport Fund (NTF), established in 2009 with the assistance of PRIF partners. Transport funds from NTF may be expended only on those projects specified in NTP or those that are consistent with NTP policy. Special Funds expenses are to be tabled for presentation before Parliament and are subject to parliamentary approval.

It should be noted that, based on the PFM Act, the Accountant General requires a draft report within six months of the close of the fiscal year, including a balance sheet of public assets and liabilities and the source and use of those funds comprising the Consolidated Fund. Beyond general financial management requirements, however, there is an absence of clear guidance on the management of infrastructure investment projects within the Act, such as the reporting of the completion rate of ongoing projects. It is thus likely that the government balance sheet excludes a valuation of infrastructure assets.

The legal and regulatory framework for capital expenditure and PIM is formulated through the PFM Act. This is—and should continue to be so—the top-tier legislation for PIM in terms of legal authority in the Solomon Islands.

3.1.2 Budget Strategy and Outlook

The Budget Strategy and Outlook is published by the Ministry of Finance and Treasury each year. It sets forth the fiscal and economic context and also the economic trends that will shape the national budget. In 2017, the Government budgeted SI$4,087.7 million which was divided in two components - the recurrent budget (SI$2,623 million) and the development budget (SI$1,110.8 million). Development Partner's funded recurrent activities by SI$283.7 million and contributed

SI$70.0 million to the development budget. Additionally, substantial support is provided by development partner agencies (as presented in section 2.4); however, these are not registered and sometimes not known by SIG. Thus the budget figures are a significant underestimate of the actual amounts spent on investments.

3.1.3 Debt Management Framework

The Debt Management Framework provides a structure within which public borrowing can take place accordingly. A set of portfolio rules and guiding principles are included, designed to achieve the country's debt management objectives.

3.1.4 Medium-Team Development Plan

The Medium-Term Development Plan (MTDP) lists the projects to be funded from the development budget. These items will contribute to the achievement of National Development Strategy (NDS) objectives, as stated in NDS. MTDP neither makes reference to off-budget spending by DPs, however, nor does it provide an estimate of the spending volume. It focuses only on the expenditure of the development budget.

3.1.5 National Transport Plan

The Transport Department of MID issues periodic strategic funding plans which relate to the investment of development projects that are considered vital to the future of the Solomon Islands and which feed into NTP 2017-2026. NTP was prepared through a consultative process involving a wide range of stakeholders, including government agencies, SOEs, DPs, private sector, and civil society. It identifies and prioritises a set of transport infrastructure investments that best meet the needs of the country in coming years, with funding and implementation objectives. NTP also recommends actions for consideration by GoSI regarding the long-term sustainability of transport infrastructure assets, and takes into account the implications of climate change and disaster risk on infrastructure.

3.1.6 Other sector plans

Other than the transport, health, and education sectors, the economic and social sectors have no plans to guide investment decisions that are critical in achieving sustainable growth. For example, the Ministry of Mines, Energy and Rural Electrification has no national energy sector plan, despite the fact that only 20% of the population has access to electricity[5] (PRIF, 2016).

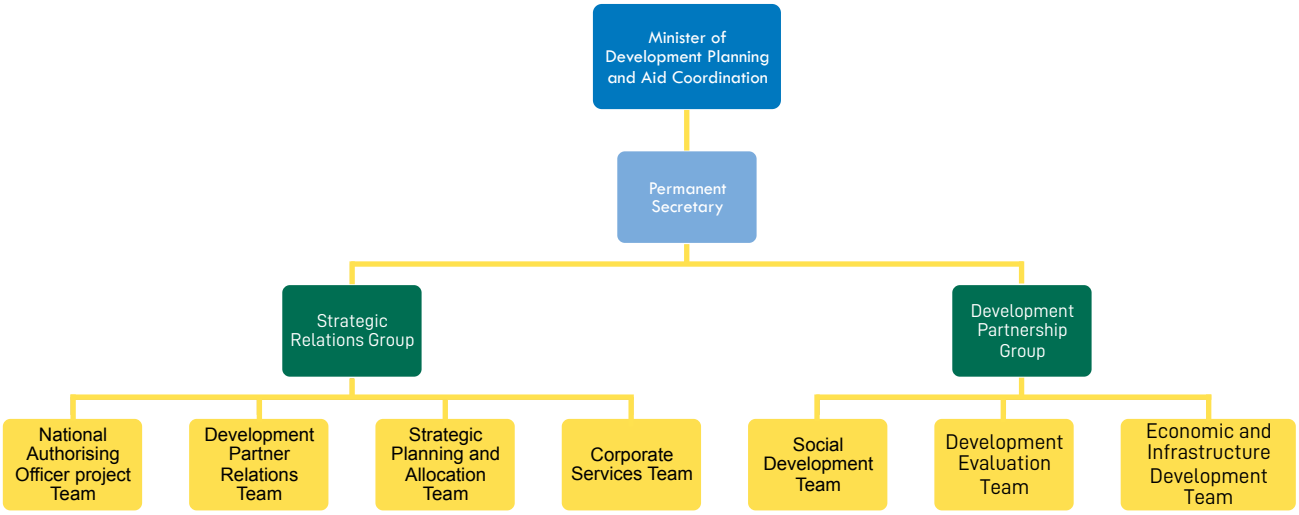
3.2 Roles and Responsibilities of Key Players in Public Investment Management

The institutional PIM structure in the Solomon Islands involves several key players and stakeholders. As indicated in Table 4, Cabinet oversees all capital investment plans, projects, and policies. It also reviews and approves the country's NDS, development and sectoral plans, and annual capital budgets.

MDPAC is responsible for preparing, coordinating, and monitoring NDS and MTDP implementation. MDPAC, having been restructured in 2017 (Figure 7), also oversees development budget formulation and execution. The PIM diagnostic was undertaken in partnership with MDPAC's Economic and Infrastructure Development Division.

5 A Solomon Islands Electricity Access and Renewable Energy Expansion Project is currently being prepared by Solomon Power to be financed by the World Bank. The project includes technical assistance to the Department of Energy to develop a National Electricity Access Strategy in 2019.

Figure 7: Solomon Islands: Ministry of Development Planning and Coordination, Structure since January 2017



Source: Ministry of Development Planning and Aid Coordination.

MoFT manages recurring budget formulations and execution among other related tasks which include macroeconomic forecasting and debt management policymaking. MoFT also oversees activities proposed by NDS, especially those capital projects and programmes that are externally financed. MoFT's Debt Management Unit plays an essential role in appraising, assessing, selecting, negotiating, and allocating the capital projects financed by DPs. MDPAC is tasked with managing the relationship with DPs, based on its Aid Management and Development Cooperation Policy; However this is often not the case as in most cases the line agencies are those who manage and keep the ongoing relationship with DP.

Once informed, MoFT's Budget Unit takes charge of the budget execution of public investment projects that are financed nationally and externally (when known). Procurement is undertaken by the Treasury part of MoFT, while allocation of external project financing and project database maintenance fall under the responsibility of MoFT.

Despite these responsibilities being split between a finance ministry and a planning ministry, which is not an unusual case, it is essential that a high premium be placed on an effective PIM to ensure that institutional arrangements are established so that information sharing and collaboration are carried out appropriately. However, as mentioned earlier, it is less clear how MoFT decisions are coordinated with MDPAC decisions at all the PIM stages given the lack of explicit rules and regulations.

The line ministries play a crucial role in initiating and implementing NDS projects, broadly overseen by MoFT and/or MDPAC. Projects are often initiated at the agency level, while others are identified, planned, and initiated at the central level.

Table 4 provides an overview of major players in PIM and capital budget process.

Table 4: Solomon Islands: Overview of Major Players in Public Investment Management and Capital Budget Process

Players	Role
Cabinet	• Oversees decision making regarding capital investment plans, projects, and policies • Reviews and approves public investment projects
Ministry of Development Planning and Coordination	• Manages Development Budget • Issues National Development Plan • Maintains database on projects (funded only by development budget)
Ministry of Finance and Treasury: Budget Department	• Compiles and prepares recurring budgets and execution • Manages budget execution (including procurement) for locally financed public investment projects. Ministry usually transfers implementation to line ministries and/or state-owned enterprises.
Ministry of Finance and Treasury: Debt Management Unit	• Estimates resources available for externally and locally financed capital projects (loans) • Prepares donor-finance capital budget and manages government debt portfolio • Evaluates project proposals and appraisal documents prepared by donors
Ministry of Finance and Treasury: Treasury Department	• Manages procurement policy and supervision
Line ministries and agencies	• Prepare budget requests and provide financial and progress reports to Ministry of Finance and Treasury and development partners • Implement and report on externally financed investment projects

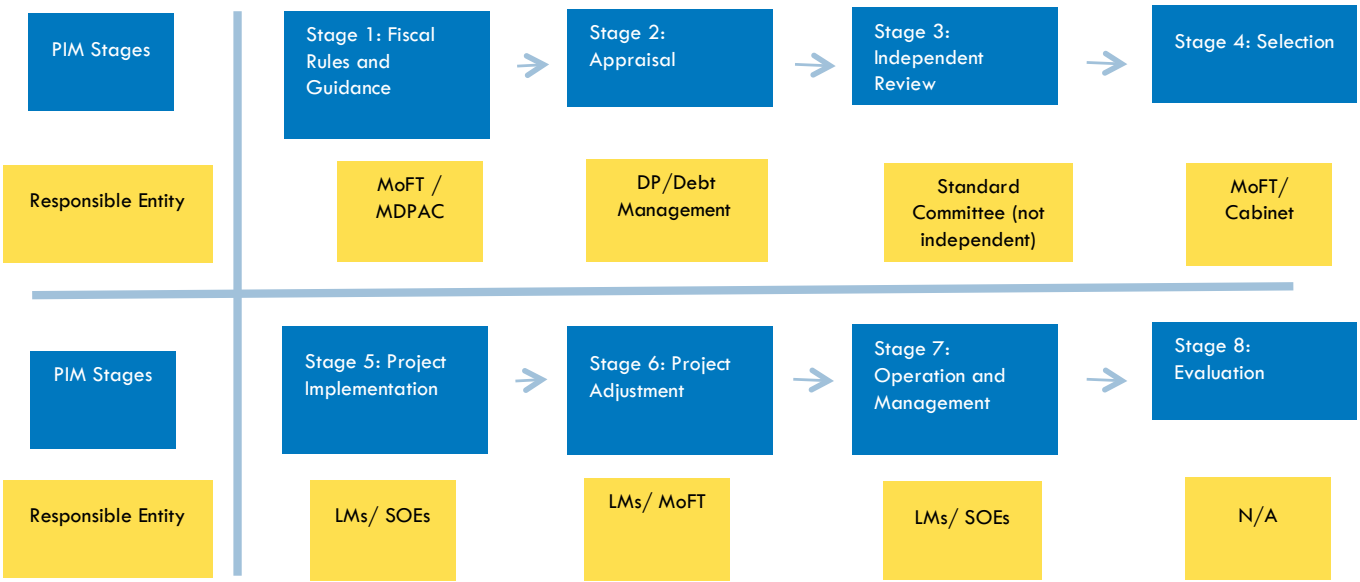
To summarise, public investment funds are managed by the following:

- Debt Management Unit: Loans and grants funded by DPs
- MDPAC: Funded by the government
- MID: Projects funded by NTP.

Each agency has a different investment management process under varying supervisory and monitoring standards, described in the next chapter. It is worth mentioning, however, that the implementation of investment projects is transferred by MoFT's Debt Management Unit to the line ministries and/or SOEs which follow yet another process.

From a review of the roles and responsibilities of the major players in the Solomon Islands, it is evident that there are various gaps in what are the most essential stages of an efficient PIM practice, as discussed in Section 4. Figure 8 maps these institutional arrangements, one of which the Solomon Island lacks from eight minimum PIM requirements, that of evaluation (Stage 8). It is unclear, however, what oversight MDPAC and MoFT have in terms of the upstream decision process (Stages 1-4) and the downstream implementation process (stages 5-8), thus calling for scrutiny. Furthermore, while an independent review (Stage 3) function is in place, by its nature, it is not independent and appears inconsequential.

Figure 8: Solomon Islands: Public Investment Management Institutional Arrangements



Notes: PIM = public investment management; MoFT = Ministry of Finance and Treasury; MDPAC = Ministry of Development Planning and Aid Coordination; DP = development partner; LM = line ministry; SOE = state-owned enterprise.

4. Public Investment Management

Public investment is meant to create the infrastructure to support the delivery of key public goods and services, connect citizens and firms to economic opportunities and serve as an important catalyst for economic growth[6].

Much of the theoretical argument for PIM relies on the belief that resources allocated to investment translate into an equivalent value of public capital stock, which, by lowering the cost of production or distribution, benefits the private sector and affects the overall growth process.

Since governments face the need to provide a range of public infrastructure with limited resources, there is a need for decision criteria to ensure projects with the highest social return (incorporating any externalities) to investment are selected. Comparing the social costs and social benefits of a proposed investment over its lifetime requires the objective application of social cost benefit analyses (SCBA) techniques and the use of its findings to guide decisions on selection of appropriate public investment projects. Since large infrastructure projects often can be influenced by political preferences and corrupt interests, the use of SCBA offers objective criteria to ensure investments serve the public policy interest.

On the practical side, many investment projects are implemented within multiyear schemes, requiring a high level of planning, collaboration, financing, procurement, and contract management. Cost and completion dates may vary, even in well-planned projects; budget allocations may be diverted to new priorities; staff turnover could affect momentum; and contracts may be technically challenging. In the case of significant overruns, these may alter the CBA that justified the project, converting a solid project into a low-quality one at completion. In the presence of low-quality PIM processes, the realised (or ex-post) rate of return could be low or even negative for those projects that, at design or conception phase, were expected to have high rates of return. To prevent such detrimental outcomes, it is critical to have efficient PIM processes in place to guide the selection, budgeting, and execution of the investment projects; and the operation and maintenance of the public assets established by these investment projects.

Without efficient PIM, investment spending is unlikely to be fiscally sustainable and will not promote growth or development.

There are many reasons why governments perform inefficiently in their undertaking of public investments. These include the following:

- A project may prove not to be economically justified following a CBA. Without such criteria, the allocation of resources may be influenced by those with vested interests.
- Whether or not a CBA is applied to a project, its principles may be undermined by a bias of optimism or strategic misrepresentation by the sponsoring agency, leading to underestimated costs and overestimated benefits. The absence of an independent review of a project's technical analysis carries a risk of it being too costly.
- Delays in a project's evaluation, supervision, and implementation may be delayed in the presence of weak interagency coordination processes.

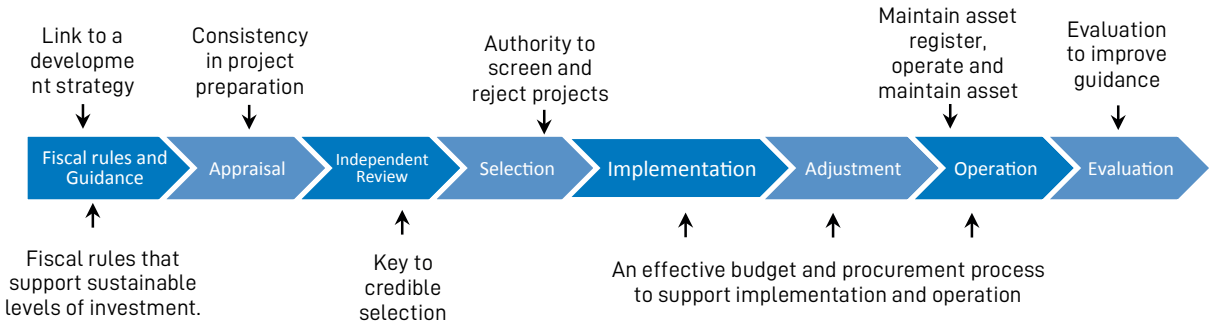
6 This section draws extensively on Rajaram et al. (2014).

- Projects may be driven by political considerations, therefore subjecting them to criteria variances and different timeframes. This can lead to the disruption of established processes and diminish the credibility of the project appraisal.
- The allocation of project resources usually relates to a multiyear commitment. This may create challenges if the budget system is weak and management of the annual budget is poor.
- Large infrastructure projects often involve site acquisition problems, resettlement issues, environmental safeguards, and complex procurement processes that can delay implementation and escalate costs.
- Corruption is yet another issue. Corruption raises costs and can potentially delay project implementation and/or result in low-quality infrastructure. When projects are complex and the management and accountability systems are weak, the risk of corruption is increasingly elevated.
- Given these issues, the importance of developing PIM capacity cannot be overstated. The challenges are complex, particularly for aid-dependent and fragile states such as the Solomon Islands which have limited administrative and technical capacity.

4.1 Key Features for an Efficient Public Investment System

An efficient PIM, according to Figure 9, follows eight key stages, representing a system that is unified and one that countries are able to apply and strengthen over time. Together, the features assure efficiency by closing the gaps that enabled wasteful or corrupt decision making. The "must-have" features aim to provide a logical and internally consistent application that any country will be able to put in place, regardless of capacity level, in an effort to establish a basic discipline for the selection and management of its projects. A description of each key PIM stage is provided in Appendix B.

Figure 9: Key Stages of Public Investment Management



Source: Adapted from Rajaram et al. 2014. The Power of Public Investment Management: Transforming Resources into Assets for Growth. Directions in Development, Public Sector Governance. Washington, DC: World Bank.

4.2 Public Investment Management Diagnostic Framework

The PIM diagnostic framework is a tool to systematically analyse the eight key stages of the PIM system as they are practiced within government. The framework for the Solomon Islands was developed by PRIF, based on the methodology of the Public Investment Management Assessment of the International Monetary Fund and that of the World Bank's Diagnostic Framework for Assessing Public Investment Management.

The tool for the Solomon Islands consists of 32 indicators with corresponding scoring guidance. Score A, or 3 points, identifies best practices. Score B and Score C bring objectivity to the diagnostic exercise. An average for each PIM key stage was calculated and plotted into a radar graph (Figure 10), explained in detail in Section 5. The final framework, including a detailed analysis, is included in Appendix A.

5. Current Public investment management practices in the Solomon Islands

5.1 A Post-Conflict and Aid-Dependent Country

Following the years of conflict, the Solomon Islands focused its PIM analysis and decision making on emergency reconstruction, almost entirely funded by DPs.

The government's capacity to offer strategic direction was limited, if not collapsed as is the case in post-conflict states. On the other side, multiple development partners were present trying to rebuild basic infrastructure that was destroyed in conflict, almost creating a parallel administration given the gap in the government's capacity.

The approach to national strategy formulation was, or is, also constrained by the need to attend to social consensus shattered by the conflict, and it may take many years to develop coherent authoritative national strategies that effectively guide donor financed and domestic financed investment.

The Solomon Islands is now a country at peace. Nevertheless, its capacity to manage public investment remains substantially weak, which is not surprising. It is evident that the transition is not an easy one for a country in conflict to shift to one that is in a case of emergency, to one that is dependent on development aid and, finally, to one that is able to establish a basic PIM system. It requires the reactivation of local PIM systems, the creation and alignment of local capacity to work closely with external aid funded projects. The divergence between how local and aid-funded projects are managed requires a gradual shift from a government that relies on international involvement to that of a government that has the capability and capacity to rely more on its own resources.

5.2 Outcomes of the Public Investment Management Diagnostic

5.2.1 Fiscal rules and guidance

Article IV Consultation of the International Monetary Fund discusses the fiscal challenges of a widening deficit in the face of lower revenues and grants not being restrained. Fiscal buffers erode when cash balances decrease, leading to delays in government payments.

In the Solomon Islands, fiscal policy is guided by PFM Act of 2013. The Medium-Term Fiscal Strategy is linked to the PFM Act and must be updated yearly. The latest MTFS published on the MoFT website, however, was issued in 2013.

The nation's Budget Strategy and Outlook was developed in 2015, with a monetary policy and Debt Management Strategy published a year later. The fiscal principles included in the Budget Strategy and Outlook protect capital spending over the short term and include a limit to overall development spending and recurrent budgets.

The Debt Management Strategy places a cap on annual borrowing (i.e., SI$300 million in 2015). Debt to GDP is 13% (GoSI, 2016a) which limits GoSI's capacity to finance infrastructure. To ensure that debt remains at a sustainable and affordable level, the Budget Strategy and Outlook recommends new debt to be incurred only in increments in a steady and predictable manner.

Further arrangements are being discussed within GoSI to allow SOEs to benefit from loans. The arrangement may require SOEs to repay loans, thus raising the national annual borrowing limit.

There are, however, no limits for liabilities automatically incurred when the government acquires new assets through grants and loans (e.g., operation and maintenance costs).

Guidance on public investment is provided through a set of documents developed in most cases with the support of international development partner agencies.

NDS (GoSI, 2011) provides policy background and development objectives for the nation. NDS has been reviewed with the technical assistance of the Asian Development Bank (TA 8761—Solomon Islands: Strengthening the Implementation of the National Development Strategy). The review (GoSI, 2016b) includes recommended revisions and a change from the eight NDS original objectives to only five to closely reflect the government's long-term aims. It provides strategies that can be applied by each sector to develop investment plans. It fails to include, however, specific baselines and targets for the coming years that would assist sector planning towards achieving NDS objectives.

Table 5: Solomon Islands: Medium-Term Strategies and Their Linkages with National Development Strategy Objectives

National Development Strategies: Objectives	Medium-Term Strategies
1. Sustained and inclusive economic growth	1. Regain and increase the rate of economic growth 2. Improve the environment for private sector development and increase investment opportunities for all Solomon Islanders 3. Build and upgrade physical infrastructure and utilities to ensure all Solomon Islanders have access to essential services and markets 4. Strengthen land reform and other programmes to encourage economic development in urban, rural, and traditional lands
2. Poverty alleviation across the entire Solomon Islands; basic needs addressed and food security improved; benefits of development more equitably distributed.	5. Alleviate poverty, improve provision of basic needs 6. Increase employment opportunities and improve the livelihoods of all Solomon Islanders 7. Support the disadvantaged and the vulnerable, improve gender equality
3. All Solomon Islanders have access to quality social services, including education and health	8. Ensure all Solomon Islanders have access to quality health care; combat communicable and noncommunicable diseases 9. Ensure all Solomon Islanders are able to access quality education and that the nation's manpower needs are sustainably met
4. Resilient and environmentally sustainable development with effective disaster risk management	10. Improve disaster risk management and mitigation 11. Manage the environment in a sustainable, resilient way and effectively respond to climate change
5. Unified nation with stable and effective governance and public order	12. Efficient and effective public service 13. Reduce corruption at all levels 14. Improve national unity, consciousness and stability; improve governance at national, provincial and community levels 15. Maintain law and order

Source: National Development Strategy

The Solomon Islands National Infrastructure Investment Plan (SINIIP) was prepared in late 2012 and finalised in June 2013. GoSI endorsed and officially launched SINIIP in March 2014. The purpose of the plan is to indicate the investment priorities in economic infrastructure[7] over the period 2013-2020. It was intended that SINIIP provide a clear rationale for such investments, thereby guiding not only GoSI but also DPs and the private sector. SINIIP includes 19 high-priority projects, totalling SI$3.2 billion of capital investment until 2020.

In 2015, MDPAC conducted a strategic review of SINIIP (GoSI, 2013) to assess its implementation progress and recommend improvements and capacity-building activities to advance SINIIP and make it more sustainable. The review concluded, however, that SINIIP had a relatively low profile within the government and it was seen as creating duplications of, overlap with, and fragmentations vis-à-vis other plans such as NDS, MTDP, and sector strategies. As such, SINIIP had limited influence on infrastructure decision making.

Nevertheless, SINIIP multicriteria analysis (MCA) that was developed to screen the alignment of proposed projects with NDS objectives was deemed extremely useful by the government. MCA was used to score and prioritise the long list of projects proposed in SINIIP. The methodology, however, was not developed to a point were it could be internalised within GoSI gatekeeping processes.

MTDP 2015-2019 (GoSI, 2015b) was issued in March 2015 and reviewed in 2016. MTDP follows the same objectives as NDS. MTDP provides a formal gate-keeping process to include projects in the development budget; however, the gate-keeping process is rather qualitative, with no established objectivity to assess projects against NDS development strategies. Moreover, the MTDP screening process is being used as project selection methodology, entirely eliminating vital PIM stages such as the project appraisal, independent review, and subsequent selection before the project can be included in the budget.

MDPAC receives project proposals from line ministries, which are assessed qualitatively against their alignment to NDS. If alignment is confirmed, MDPAC submits the project recommendation to Cabinet for approval. Once approved, the project is included in the development budget. The process bypasses vital PIM stages such as project appraisal, independent review, and subsequent selection before the project is included in the budget.

Sector master plans are limited in the Solomon Islands. The Transport Department of MID publishes periodic plans that focus on strategic investments in development projects that are vital to the future of the country. NTP 2017-2036 identifies transport infrastructure investments and prioritises projects using SINIIP MCA methodology. It proposes a set of objective priority investments which best will meet the needs of the transport sector in coming years.

7 SINIIP covers only economic infrastructure in the absence of social infrastructure such as education and health facilities and public buildings.

5.2.2 Project Appraisal

Projects are not systematically subject to CBA and there is no published methodology or central support for project appraisal. Appraisal is conducted at the central government level as described below.

MDPAC appraises project proposals to the development budget. The appraisal process does not include an assessment of project feasibility; instead, it conducts a rather subjective screening of alignment with NDS.

None of the 83 projects funded by the development budget were formally appraised for costs and benefits.

The Debt Management Unit appraises project proposals to international loans mainly based on DP requirements. All internationally financed capital projects have been appraised by DPs for costs and benefits.

Appraisals developed by DPs most often are included in project information without further review or additional scrutiny. Information is checked for project submission completeness rather than for quality assurance purposes.

No projects funded by external loans or grants have been rejected by the government based on a CBA.

Line ministries do not conduct project appraisals except for MID. NTP, developed by the Transport Department of MID, places projects under detailed and rigorous scrutiny. It must be noted that NTF is heavily funded by DPs and that MID received several years of technical assistance to bring the transport department to a stage where project proposals now are of quality and they are appraised for funding.

5.2.3 Review of appraisal

The Solomon Island has an established group tasked with the independent review of projects prior to submission to Cabinet. The Standard Committee reviews Cabinet submissions for proposal completeness only; technical and economic soundness are not assessed.

The committee is still part of the government, however, and the lack of legal backing has led to its decision making being overridden by Cabinet. In many cases, reviews were also hurried to meet Cabinet meeting deadlines and/or budget timetables.

5.2.4 Selection and budgeting

Cabinet has the authority to approve or reject projects submitted by MDPAC, Debt Management Unit, or line ministries. The selection is done via consensus during a Cabinet meeting session. GoSI does not publish nor does it adhere to standard criteria for project selection. Prescreening processes function as a gatekeeper to the budgeted investment plan; however, some projects make their way into the budget through political influence.

For example, a project to develop economic growth centres was rejected by MDPAC. Since it had been politically initiated, however, the project was finally approved by Cabinet outside usual administrative processes in 2000. Approval was obtained without detailed project design and costing, while also lacking economic and financial analyses.

Donor-funded projects are subject to slightly different rules. Few projects funded by DPs are published in the non-consolidated section of the budget. Most investments are included in the budget on an ad hoc basis via a contingency warrant or supplementary budget. Grants are normally not recorded in budget documentation and remain nontransparent to the government, which means significant capital spending is undertaken by extra budgetary entities with no legislative authorisation or disclosure in budget documentation.

GoSI has an established process for including projects for emergencies and politically imperative projects. For example:

One-third of the development budget is directed to Constituency Development Funds for use by individual members of Parliament. These funds are subject to limited controls and are poorly integrated with other government policies and activities (ADB, 2016).

GoSI operates an annual budget with no projections of capital spending published beyond the budget year. Project proposals include multiyear cost estimates; however, these cannot be taken into account in the current annual budgeting system. Therefore, projections of capital projects are either not published or are published only for the budget year.

The Solomon Islands has a dual budget system. The development budget is prepared by MDPAC and the recurrent budget is prepared by the Budget Unit. They are presented as a single document, however, by MoFT.

Some costs in the development budget are recurrent in nature (e.g., maintenance). The Planning Division of MDPAC is currently working on a paper to clarify spending between development and recurrent budgets.

5.2.5 Implementation

Executing agencies systematically identify senior officials responsible for managing major capital investment projects. Implementation plans are prepared prior to the annual budget for approval.

At the central level, GoSIG has established institutional structures to assist project implementation. For example, major projects are centrally overseen and monitored by MDPAC. Projects use a log-frame reporting approach to inform central government on progress. The central monitoring unit reviews the report and conducts regular visits to project sites.

Uneven capacity at implementing ministries results in highly uneven implementation performance. MID monitors their own capital projects with the assistance of DPs. MID possesses a high level of technical knowledge that could be shared with other line ministries, either to build their capacity or to outsource technical project oversight to MID. The same cannot be said for other ministries where technical capacities are more limited.

Most major projects are tendered by DPs using their own systems. Projects tendered in the Solomon Islands are undertaken in a competitive process. The public has access to prequalification and price proposals, current competitive tenders, and contract award information, which are published on the MoTF website since 2010.

Executing agencies struggle to commit expenditure on capital projects in advance. Recurrent expenditure has priority, and only the balance is reshuffled to capital and political projects, if any balance is available. This leads to significant delays in project implementation.

5.2.6 Project adjustment

GoSI has a mechanism to adjust budgets when establishing them annually; however, the changes cover only financial adjustments and exclude other important aspects such as potential changes in the project's expected returns, operation budgets, among others.

Currently, there are no mechanisms in place to reappraise, adjust, or contain expenditures on a project when the net benefits are no longer positive.

5.2.7 Operation and asset management

Inadequate infrastructure maintenance in the Pacific region has been well documented. The failure to manage and maintain existing infrastructure assets in Pacific island countries has resulted in large infrastructure debt, representing the gap between what is and should have been spent on infrastructure (PIAC, 2013). Premature deterioration of infrastructure impacts the environment as well as the health and safety of the population. There are also financial impacts; preventative maintenance generally provides a better financial return than investing in new infrastructure.

The situation in the Solomon Islands has shown some improvements in recent years in a few sectors, although these are the exception. MID now has an extensive programme of contracting out maintenance, particularly for transport infrastructure. The sectors managed by SOEs, in particular water and power, are also actively addressing the maintenance issues.

MID estimates that at least 600 kilometres of road are now under routine maintenance while only 300 kilometres were in that category in June 2014. Likewise, 15 wharves are now under regular maintenance compared to 6 in 2014.

As noted earlier, the new PFM Act requires the Accountant General to prepare an annual balance sheet for the government. This would require major infrastructure asset registers to be maintained and annual updates by each ministry/agency. In Chapter 4 of GoSI Financial Instructions, ministries are required to prepare asset registers, with a deadline of January 2015 for completion. Compliance with this requirement, however, is uneven. There is no evidence of any asset registry at the central or line ministry level, other than for MID's NTP asset management strategy.

MID published a detailed list of all infrastructure assets in 2015 (GoSI, 2015c). The asset inventory is managed and updated periodically with surveys of stock, value, and condition assessments. MoFT prepared a fixed asset register in 2014, including offices, houses, and equipment. The Ministry of Education and Human Resources Development manages a detailed asset register, although no information has been provided on the level of other aspects of asset management being undertaken.

Nonfinancial assets are recorded in Solomon Water as well as in Solomon Islands Electricity Authority annual reports. The Central Bank of Solomon Islands publishes monthly statements of financial positions which include domestic fixed assets (aggregated). Depreciation of fixed assets is not recorded in operating statements.

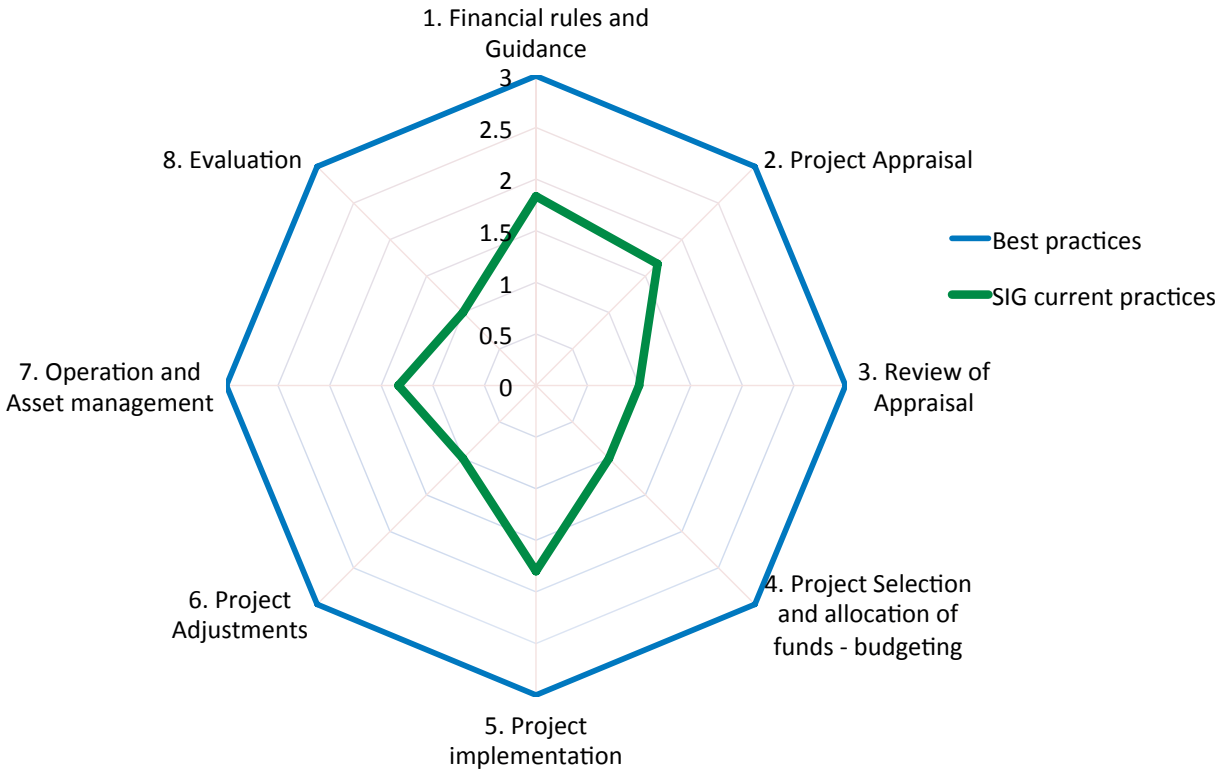
The fact that MID has shown some capability in building its asset register is a welcome opening to strengthen and sustain that effort, particularly in light of the fact that a significant share of public investment is under that ministry. Once good practices are established in MID, it could be migrated through knowledge sharing to other ministries with major infrastructure assets.

5.2.8 Evaluation

Ex-post reviews and audits are not systematically conducted. This is a pity since evaluation, even in its simplest form, is valuable for institutional learning and for motivating a sustainable process of improving PIM capability. The benefit of ex-post evaluation of completed projects provides the opportunity to learn about practices that contribute to improved project management and to identify weaknesses that undermine investment value. GoSI might consider selective evaluation of successful and failing projects alike to identify the issues that require attention and begin to develop the capacity to address them.

Figure 10 provides an overview of the outcome of the PIM diagnostic.

Figure 10: Public Investment Management: Diagnostic Findings




SOLOMON ISLANDS GOVERNMENT
Ministry of Infrastructure Development
TO·LEAD·IS·TO·SERVE
Australian Aid
Contract Name :
Routine Maintenance of West Guadalcanal Highway - Lot1
Ndoma Bridge 1 to End of Seal, (19.28) length)
Contract Duration :
3 years
Road Names :
West Guadalcanal highway
Contractor Name and Telephone No. :
TECLEG DISTRIBUTORS
Phone/Fax: 39555
Funded by :
National Transport Fund (NTF)

6. Conclusions

A formal assessment of the PIM system reveals the institutional arrangements and practices that currently prevail in GoSI.

The PIM diagnostic, as shown in Figure 10 identifies major weaknesses in most of the eight stages of investment management, with review of project appraisals, project selection, project adjustment, and evaluation, showing a lack of effective process and capability.

Given the generally weak state of government capabilities and its reliance on DP support for the many aspects of selecting and implementing projects, this is not a surprising finding. The findings should not be viewed as critiques; rather, they should be considered the basis for identification of a strategy for sequenced remedial action that could gradually strengthen GoSI capacity in an area that is critical for its sustained development.

6.1 Potential Actions for Improving Public Investment Management

In general, there is a need to rationalise upstream planning processes, since there are far too many plans: NDP, MTDP, and SINIIP, as well as various sector-level plans (e.g., NTP). Excess of planning creates bureaucratic inefficiency, unclear guidance, and diverts scarce managerial attention from implementation, operation, and evaluation. NDP, in principle, could provide broad guidance on areas for strategic investment, including specific sector baselines and targets, as well as affordable service levels that would allow line ministries and SOEs to generate project proposals.

The second area for attention is the need to formally prioritise project proposals. Adoption of the MCA methodology, used in SINIIP, might be made a requirement. Formal project appraisal for all major projects is also recommended, regardless of their financing sources. GoSI could begin with a few projects in each of the sectors with significant public investment to start building capability in this area. It will take time, but it would be appropriate to begin with selected new projects in the pipeline.

Gatekeeping is critical for a good selection process, and it is currently not effective so the risk is present of investment in uneconomic projects and/or less relevant projects. Projects are assessed using different methodologies— if assessed at all—depending on how they will be financed. This makes it difficult for decision makers, as there is no strategic overview of the project portfolio nor information on whether or not and how they would work together to achieve NDS objectives. Subjective considerations and political preferences could then influence decisions that may be uneconomic.

As a first step, a simple gate-keeping system is recommended to avoid "white-elephant" projects being approved and to ensure only high-priority projects are developed. This gatekeeping process would be triggered before project financing is discussed.

The gate-keeping process could be led by MDPAC, which would receive project proposals from line ministries and SOEs at an early stage of project conception, provide guidance for the appropriate economic appraisal of costs and benefits, and then ensure that such appraisal is subject to review by the independent review committee. Only projects that pass scrutiny by the independent review should be presented for Cabinet consideration.

MDPAC would have to prioritise the list of projects that pass independent review, since it is likely that not all can be accommodated in the budget. The results of the prioritisation exercise would be submitted to Cabinet for discussion, selection, and approval. Only projects included in the high-priority list would be developed further and put forward to MoFT for financing consideration, either through an external grant or loan, government funding, or private sector investment.

It is recommended that MDPAC submit the list of high-priority projects to Cabinet each year, at least one month prior to donor roundtable discussions. This would allow a government-detailed analysis on what are the projects GoSI would like implemented and how GoSI would like them to be financed, thus taking full control of which projects are selected for further development and consequent implementation in the country.

An initial MCA and scoring methodology is proposed in Appendix C. Further improvements and consultation will be required before the process can be adopted. Institutional and organisational changes could also contribute to introducing scrutiny for a stronger PIM in the Solomon Islands. The proposed National Planning Bill, prepared by MDPAC, is a step forward in the right direction.

GoSI currently has a committee that is meant to provide an independent review of project appraisal. Empowering the committee to undertake this key function would provide the challenge to check the optimism bias and self-interest that might otherwise lead to advocacy for, and selection of, uneconomic projects. Cabinet decisions on major projects should require that they have passed scrutiny by the independent review committee.

GoSI scores somewhat better regarding project implementation, although there is scope for improvement in this area. MDPAC currently monitors major projects; however, given its responsibility for NDS and the development budget, it would be appropriate for the ministry to publish a full list of government projects and mid-year reports on project implementation progress, with a record of cost and time overruns on completed projects. In cases where there are significant cost overruns in a major project, it may be necessary to undertake a reappraisal of the project to consider if project management should be upgraded or if it ought to be rescoped or even be closed. Systematic tracking and making public information on cost and time overruns would help motivate such proactive investment management.

The focus on NTP and the establishment of NTF have brought about a welcome concentration of capability on the implementation of transport projects and the initiation of some good practices, such as project prioritisation and some asset maintenance. Nevertheless, the operation and maintenance of completed public projects remain areas of relative weakness. Given limited capacity across government, it may be appropriate to build on the good practices that are currently being applied in the transport sector and gradually migrate these to other sectors, ministries, and SOEs.

There is currently no effort to evaluate completed projects with a view to drawing lessons for improvement in PIM practices for future projects. MDPAC might initiate, jointly with selected ministries, an annual evaluation of recently completed projects—those that are successful as well as those that have failed—to draw lessons on factors that contributed to effective or weak management. Only candid introspection and evaluation, even in a simple manner, can provide the basis for sustained improvement. Initiating such an evaluation process, therefore, is critical for GoSI and should be given high priority.

A significant part of GoSI investment spending is directly managed by DPs where better investment selection and implementation management practices are applied. As the reliance on DPs is likely to continue for the next decade or more, this assessment focuses on the management practices that relate to investment spending actually managed by government, including investment funded by domestic revenue and by foreign borrowing. Nevertheless, the dualism in PIM practices offers an opportunity to transfer good practices from DP-funded projects to GoSI projects. Capacity developed while government staff work on DP-funded practices can and should benefit the management of domestically funded projects. Over time, as domestic capacity strengthens, GoSI should plan to incorporate DP-funded projects under the same PIM regime.

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Appendix A: PIM Diagnostic Framework

No.	Diagnostic indicator	Score A: Significance	Score B: Significance	Score C: Significance	Institution	Solomon Islands Scoring	Comment	Evidence: Supporting Documents
1. Fiscal Rules and Guidance/Project Development and Preliminary Screening: Links to Development Strategies								
1.1	Is fiscal policy guided by one or more permanent fiscal principles or rules?	Fiscal policy is guided by one or more permanent fiscal rules and they have been adhered to over the last three years; or there is a provision in the law allowing rules to be suspended in exceptional circumstances.	Fiscal policy is guided by one or more permanent fiscal rules, although they have not been adhered to over the last three years and there is no provision in the law allowing rules to be suspended in exceptional circumstances.	There are no permanent fiscal principles or rules.	Ministry of Finance and Treasury (MoFT)	B	There is a Medium-Term Fiscal Strategy (MTFS) linked to the Public Financial Management Act (2013) which must be updated yearly. The last MTFS, however, was published by the MoFT in 2013. Linked to the MTFS, a Budget Strategy and Outlook (2015), a monetary policy and a Debt Management Strategy (DMS) were developed in 2016.	Public Financial Management Act (2013) Public Expenditure and Financial Accountability Assessment (2012) MoFT Website
1.2	Is there a target or limit for government liabilities, debt, or net worth?	There is a target or limit for government liabilities, debt, or net worth with an automatic adjustment mechanism when targets are not met.	There is a target or limit for government liabilities, debt, or net worth.	There is no target or limit for government liabilities, debt, or net worth.	MoFt	B	Fiscal principles protect capital spending over the short term, as well as limit overall spending for development and recurrent budgets. DMS limits annual borrowing (e.g., SI$300 million for 2015). Grant liabilities are not limited (e.g., future maintenance costs).	DMS (2016)
1.3	Does the government publish national and sectoral strategies for public investment?	National and sectoral public investment strategies are published.	Either national public investment or sectoral strategy is published.	No national or sectoral public investment strategies are published.	MDPAC	B	National Development Strategy (NDS) 2016-2035 has been released recently. It provides some sector guidance which could be applied by each sector to develop investment plans; however, only some sectors have strategies. The Solomon Islands National Infrastructure Investment Plan was adopted by the government in 2013, although there is no evidence of it being adhered to by the government for project selection.	Medium-Term Development Plan (2016-2020), (NDS) (2016-2035), sector strategies and master plans. National Population Policy (2017-2026).

No.	Diagnostic indicator	Score A: Significance	Score B: Significance	Score C: Significance	Institution	Solomon Islands Scoring	Comment	Evidence: Supporting Documents
1.4	Are national and sectoral plans costed?	The government's investment strategies include costing of individual, major investment projects.	The government's investment strategies include broad estimates of aggregate and sectoral investment plans.	The government's investment strategies or plans include no cost information on planned public investment.	MDPAC and line ministries	B	Most sectors lack sector plans, with the exception of the transport, health, and education sectors. Only the transport sector includes project proposals and costing.	Medium-Term Development Plan (2016-2020); NDS (2016-2035); sector strategies and master plans; corporate plans; annual reports (e.g., National Transport Fund (NTF) (2017-2036));; National Health Strategic Plan 2016-2020; Telecommunications Commission Solomon Islands annual reports; and Solomon Water annual reports.
1.5	Do sector strategies include measurable targets for the outputs and outcomes of investment projects?	Sector strategies include measurable targets for outputs and outcomes (e.g., reduction in traffic congestion).	Sector strategies include measurable targets for outputs (e.g., miles of roads constructed).	Sector strategies do not include measurable targets for outputs or outcomes	MDPAC and line ministries	C	Health has indicators without specific and measurable targets. Education includes targets for broad objectives and indicates that targets for outputs will be included in implementation plans. The National Transportation Plan (NTP) (2017-2026) has a baseline and targets for each output by year until 2020. Graded C as only transport fulfils 1.3 criteria requirements.	National Health Strategic Plan (2016-2020); National Education Action Plan (2013–2015); NTF 2017-2036
1.6	Is there an established process for screening of project proposals for basic consistency with government policy and strategic guidance? Is the process effective?	Centralised approval by planning of finance for development proposals. Proposals include justification in line with strategy and clear objectives/outcomes and outputs. Alternative approaches are considered.	Projects that are proposed to finance/ planning agencies are screened for consistency with government strategies. Not all projects are presented to central government for approval. There are established templates for project proposals which are not consistently used.	There is no established process. Projects are not screened for consistency. There is no established template for project proposals.	MDPAC	B	Ministries submit project proposals to MDPAC which has established templates for project appraisal. The process is qualitative and used for project selection. Once projects are approved by MDPAC and Cabinet, these are included in the Development budget (i.e., selection process) A number of projects are selected politically not following administrative processes.	MDPAC database and consultations

No.	Diagnostic indicator	Score A: Significance	Score B: Significance	Score C: Significance	Institution	Solomon Islands Scoring	Comment	Evidence: Supporting Documents
1.7	What proportion of projects screened is rejected?	Number of projects rejected versus number of projects appraised each year in the last three years			MDPAC	0	Based on MDPAC databases, most complete submissions are approved. Some projects were not approved by MDPAC, although they found their way in the budget by obtaining Cabinet approval.	Sample proposals MDPAC database
2. Project Appraisal								
2.1	Are capital projects subject to standardised cost-benefit analyses (CBA) whose results are published?	CBAs are conducted systematically for major projects and the results published	CBAs are usually conducted for major projects but not systematically published	Capital projects are not systematically subject to CBAs.	MDPAC Debt Management Unit	C	Only projects financed by loans are subject to CBA, mainly due to development partner (DP) process requirements. MDPAC utilises screening process as appraisal approach. No CBA is required for grants or projects funded by the Development Budget. Debt Management Unit is trained to conduct CBA; however, these are done by DP consultants. MDPAC is not trained for CBA.	MDPAC processes Aid Coordination Strategy Planning Strategy Consultations with government staff
2.2	Are there a standard methodology and central support for the appraisal of projects?	There is a standard methodology and central support alike for project appraisal.	There is either a standard methodology or central support for project appraisal	There is no published methodology or central support for project appraisal	MDPAC	B	Only a qualitative screening method is in place and this, sometimes, is used as appraisal process by central government. Support is not provided to other line ministries.	MDPAC data base MDPAC appraisal templates and sample proposals
2.3	Are risks taken into account in project appraisals?	A risk assessment covering a range of potential risks is included in the project appraisal, and budgets include contingency reserves to cater for possible cost overruns.	A risk assessment covering a range of potential risks is included in the project appraisal, although budgets do not include contingency reserves to cater for possible cost overruns	Risks are not systematically assessed as part of the project appraisal	MDPAC	B	The project proposal templates include a section on risk assessments. However, there is no guidance on actions to be taken given risks or what level of risk is acceptable	MDPAC appraisal templates.

No.	Diagnostic indicator	Score A: Significance	Score B: Significance	Score C: Significance	Institution	Solomon Islands Scoring	Comment	Evidence: Supporting Documents
2.4	Is appraisal mandatory for all projects or only for projects above a certain monetary value?	All projects are screened, regardless of their monetary value. Loans are subject to more scrutiny to fulfil donor agency requirements.			MDPAC/MoFT		There is an opportunity to develop quantitative appraisal processes that increase complexity according to project value.	Guidance, policies Interviews/practices
2.5	Is appraisal undertaken only for specific sectors? Which sectors?	Appraisal is done in central government, MDPAC for projects funded by DPs and Debt Management Unit for loan projects. Line ministries do not appraise their projects other than the Ministry of Infrastructure Development's (MID) NTF, which adopted the Solomon Islands National Infrastructure Investment Plan multicriteria analysis methodology for project scoring and prioritisation. The National Transportation Fund is heavily funded by DPs. MID (transport department) received technical assistance throughout the year to assist with the development of the NTF.			Line ministries		MID (transport) has the capacity, knowledge, and experience in developing project proposals, conducting appraisal, CBA, and prioritising. There is an opportunity to use MID technical knowledge in assisting MDPAC (and other sectors) with their infrastructure planning.	NTF and other sector plans
2.6	What proportion of public investment projects is formally appraised for costs and benefits?	None of the 83 projects in the Mid term Development Plan were formally appraised for cost and benefits. Loans are checked for CBA; that is, if they have been conducted or not. Grants are not appraised for CBA.			MDPAC		Most projects in the database are programmes rather than infrastructure development, and they have an ongoing nature. They should be included in the recurrent budget.	MDPAC database Project proposals (samples)
		3. Review of Appraisal						
3.1	Are project appraisals formally undertaken by the sponsoring department or by an external agency?	There is a designated entity that systematically undertakes independent reviews to ensure objectivity and quality of appraisals as well as technical soundness of proposals. Independent appraisal is completed prior to budget. Projects are ranked by priority for budgetary consideration. There is written evidence of projects rejected by the independent review agency.	Reviews are undertaken, although there is no evidence of projects rejected or sent back for further development. Reviews are to check process completeness rather than objectivity and quality of proposals.	There is no structure in the government to allow for reviews.	Standard Committee	C	There is a Standards Committee in place with the role of checking MDPAC submissions to Cabinet for proposal completeness. Objective prioritisation or technical soundness are not assessed. Appraisals are normally hurried to meet budget timetables. The review is not independent.	Consultation with government staff

No.	Diagnostic indicator	Score A: Significance	Score B: Significance	Score C: Significance	Institution	Solomon Islands Scoring	Comment	Evidence: Supporting Documents
4. Selection of projects and allocation of funds - budgeting								
4.1	Does the government publish and adhere to standard criteria for project selection?	There are published criteria for project selection and generally projects are selected through a required selection process	There are criteria published for project selection, although projects are regularly selected without going through the required selection process.	There are no published criteria for project selection.	MDPAC	C	The government neither publishes nor adheres to standard criteria for project selection. The prescreening process operates as "gate control" to the budgeted investment plan. Some projects, however, make their way into the budget through political influence.	Government website
4.2	Does the government maintain a pipeline of approved investment projects for inclusion in the annual budget?	The government maintains a comprehensive pipeline of investment projects, which is used for selecting projects for inclusion in the annual budget and for the medium term.	The government maintains a pipeline of approved investment projects, although other projects may be selected for financing through the annual budget.	Investment projects are included in the budget on an ad hoc basis.	MDPAC	C	The government does not maintain a pipeline of investment projects. Development budget projects are mostly programmes of a recurrent nature. Infrastructure projects financed by loans and grants are included in the budget ad hoc through a contingent warrant or supplementary budget.	Consultations with MDPAC and Budget and Debt Management staff
4.3	Is there an effective process to control the gates to the budgeted investment plan?	Effective gatekeeping to ensure that only appraised and approved projects are selected for budget financing.	A process is in place, although projects are approved and implemented without going through the selection process.	No gatekeeping process is established.	MDPAC/Cabinet	B	MDPAC adopted a prescreening process to control the development budget plan. Politically motivated projects could be approved, however, by cabinet, even if rejected by MDPAC (e.g., Economic Growth Project, approved in 2000 and still in design phase). Projects funded by DPs do not undergo a selection process.	MDPAC database

No.	Diagnostic indicator	Score A: Significance	Score B: Significance	Score C: Significance	Institution	Solomon Islands Scoring	Comment	Evidence: Supporting Documents
4.4	Are donor funded programmes subject to the same or different rules for appraisal and inclusion in the budget as government-funded projects?	Donor- and government-funded projects undergo the same process of appraisal and selection prior to inclusion in the budget.	Donor- and government-funded projects have different selection processes. Donor- and government-funded projects are included in the budget.	Projects are treated differently for appraisal, selection, budgeting.	MDPAC/MoFT/ Cabinet	C	DPs fund 6% of the development budget and 24% of the recurrent budget. Most DP assistance in health, education and infrastructure is done off-budget; donors use their own mechanisms, rather than support the government's financial framework some contributions are recorded in the MTDP, although most is unknown to government.	Budget Strategy and Outlook (2015) Consultation with MDPAC and budget unit
4.5	Does the government review project appraisals undertaken by DPs? Are these screened by an external agency or department for objectivity of appraisal?				MDPAC/MOF/ Cabinet		Appraisals developed by DPs are included in the project information without review or additional scrutiny. They are checked for project submission completeness rather than for quality check purposes. Based on government staff consultations, the number of projects rejected by the government, based on CBA conducted by DP, is zero.	Consultations with MDPAC and Debt Management Unit
4.6	Are externally funded capital projects included in budget documentation?	Externally funded capital projects are integrated into ministerial or sectoral investment budgets in the budget documentation.	Externally funded capital projects are included in an appendix to budget documentation.	Externally funded capital projects are not included in budget documentation.	Budget Unit/ MDPAC	C	Capital projects funded by grants and loans are not included in budget documentation. Loans can be included ad hoc through contingency warrants and supplementary budget.	Consultations with MDPAC and Debt Management Unit
4.7	Is there an established albeit limited process for including projects for emergencies and politically imperative reasons?					-	Almost one-third of the development budget is directed to Constituency Development Funds for use by individual members of Parliament. These funds are subject to limited controls and are poorly integrated with other government policies and activities.	Budget Strategy and Outlook (2015) ADB (2016)

No.	Diagnostic indicator	Score A: Significance	Score B: Significance	Score C: Significance	Institution	Solomon Islands Scoring	Comment	Evidence: Supporting Documents
4.8	Is capital spending by ministry forecasted over a multiyear horizon?	Projections of capital spending, disaggregated by ministry or programme, are published over a three-to-five-year horizon.	Projections of total capital spending are published over a three-to-five-year horizon.	No projections of capital spending are published beyond the budget year.	Budget Unit	C	Government operates annual budgets only.	Budget Unit consultations Budget strategy report
4.9	Are projections of the full cost of major capital projects over their life cycles published?	Projections of the total cost of major capital projects are published, together with annual projections over a three-to-five-year horizon	Projections of the total cost of major capital projects are published.	Projections of the cost of major capital projects are not published, or are only published for the budget year.	Budget Unit/ MDPAC/ Debt Management Unit	C	Cost projections are not published for the budget year.	Consultations with MDPAC and Debt Management Unit
4.10	Is capital spending mostly undertaken through the budget?	Little or no capital spending is undertaken by extrabudgetary entities.	Significant capital spending is undertaken by extrabudgetary entities, albeit with legislative authorisation and disclosure in budget documentation.	Significant capital spending is undertaken by extrabudgetary entities with no legislative authorisation or disclosure in budget documentation.	MDPAC/Aid Management	C	Significant capital spending is undertaken by donors with no government oversight.	Consultations with MDPAC and Debt Management Unit
4.11	Are capital and recurrent budgets prepared and presented together?	Capital and recurrent budgets are prepared by a single ministry and presented in a single document, using a programme classification.	Capital and recurrent budgets are prepared by a single ministry and presented in a single document, albeit without using a programme classification.	Capital and recurrent budgets are prepared by separate ministries and/or presented in separate budget documents.	MDPAC/Budget Unit	C	Development Budget is prepared by MDPAC and recurrent budget is prepared by MoFT. They are presented, however, as a single document published by MoFT.	Consultations with MDPAC and Debt Management Unit

No.	Diagnostic indicator	Score A: Significance	Score B: Significance	Score C: Significance	Institution	Solomon Islands Scoring	Comment	Evidence: Supporting Documents
4.12	Does the budget include appropriations of recurrent costs associated with capital investment projects?	The budget includes appropriations (or estimates) of the recurrent costs associated with investment projects for the budget year and the medium term.	The budget includes appropriations of recurrent costs associated with investment projects for the budget year only.	The budget does not include appropriations of the recurrent costs associated with investment projects.	Budget Unit	C	Project proposals include estimation of multi-annual project costs for implementation, operation, and maintenance; however, these are not reflected in the annual budget.	Consultations with MDPAC and Debt Management Unit Budget Strategy and Outlook (2015)
				5. Project Implementation				
5.1	What is the completion rate of the investment program? How does this rate differ across key sectors (i.e., education, health, water, energy, roads, among others)?	Development Budget: Most projects have an ongoing nature (i.e., no closing date). Based on expenditure, 68% of the 2016 programme has been completed. Debt Management Unit does not have this information available. MID manages the NTP.			MDPAC/Debt Management Unit/Ministry of Infrastructure Development (MID)	B	MID has the potential and capacity to assist central government, providing technical oversight of infrastructure projects and other technical know-how.	MDPAC database and strategy NTP
5.2	Are ministries/ agencies able to plan and commit expenditure on capital projects in advance on the basis of reliable cash-flow forecasts?	Cash-flow forecasts are prepared or updated monthly, and ministries/agencies are provided with commitment ceilings for the entire year.	Cash-flow forecasts are prepared or updated quarterly and ministries/ agencies are provided with commitment ceilings at least a quarter in advance.	Cash-flow forecasts are not prepared or updated regularly and ministries/agencies are not provided with commitment ceilings in a timely manner.	Budget Unit	C	Ministries are not able to commit. Recurrent expenditure has priority; the balance goes to capital/ political projects if available, which leads to project implementation delay.	Consultation with government staff

No.	Diagnostic indicator	Score A: Significance	Score B: Significance	Score C: Significance	Institution	Solomon Islands Scoring	Comment	Evidence: Supporting Documents
5.3	Is the procurement process for major capital projects open and transparent?	Most major projects are tendered in a competitive process, and the public has access to complete, reliable, and timely procurement information.	Many major projects are tendered in a competitive process, although the public has only limited access to procurement information.	Is the procurement process for major capital projects open and transparent?	MoFT	B	Most projects are tendered in a competitive process through the MoFT website or through DP procurement processes. The public has had access since 2010 to prequalification and price proposals, current competitive tenders, and contract award information. These, however, are not published in a timely manner.	MoFT Website
5.4	Are major capital projects subject to monitoring during project implementation?	For major projects, total project costs, as well as physical progress, are centrally monitored during project implementation.	For most major projects, annual project costs, as well as physical progress, are monitored during project implementation.	Most major capital projects are not monitored during project implementation.	MID and other line ministries/ MDPAC	B	Major capital projects are centrally overseen and monitored by MDPAC. MID monitors their capital projects. Projects use a log-frame reporting approach to inform central monitoring on progress. The monitoring unit conducts on-site visits regularly.	Consultation with government staff: MID, MDPAC, line ministries
5.5	Do ministries have effective project management arrangements in place?	Ministries systematically identify senior responsible officers for major investment projects, and implementation plans are prepared prior to budget approval.	Ministries systematically identify senior responsible officers for major investment projects, although implementation plans are not prepared prior to budget approval.	Ministries do not systematically identify senior responsible officers for major investment projects and implementation plans are not prepared prior to budget approval	Line ministries	B	Government assigns senior officers to manage major capital investment projects. Implementation plans are submitted for approval.	Consultation with government staff: MID, MDPAC, line ministries

No.	Diagnostic indicator	Score A: Significance	Score B: Significance	Score C: Significance	Institution	Solomon Islands Scoring	Comment	Evidence: Supporting Documents
				6. Project Adjustments				
6.1	Has the government issued rules, procedures and guidelines for project adjustments that are applied systematically across all major projects?	There are standardised rules and procedures for project adjustments that are applied systematically and, if required, they include a fundamental review of the project's rationale, costs, and expected outputs.	There are standardised rules and procedures for project adjustments that are generally applied, although they do not include a fundamental review and reappraisal of a project's rationale, costs, and expected outputs.	There are no standardised rules and procedures for project adjustments.	Budget Unit/ MDPAC (M&E)/ Project Units	C	The government adjusts budgets annually when establishing the annual budget. The changes do not affect other aspects of the project, such as CBA and operating budgets, among others. There are no mechanisms currently in place to prevent continued expenditures on a project when benefits are not positive.	Consultations with government officials
				7. Operation and Asset Management				
7.1	Does government maintain an asset registry or inventory of public assets?	There is a central asset registry which is updated regularly.	Some sectors have asset registry, although incomplete.	There are no asset registries.	Line ministries/ MoFT	B	MID developed an asset inventory which is managed and updated periodically. MID conducts surveys of stock, value, and condition on a regular basis.	NTP Consultation with line ministry staff Consultation with staff of MoFT and MDPAC
7.2	Are nonfinancial asset values recorded in the government balance sheets?	Balance sheets include all or most nonfinancial assets, which are revalued regularly.	Balance sheets include some nonfinancial assets, which are revalued irregularly.	Balance sheets do not include nonfinancial assets.	MoFT/MDPAC	C	Nonfinancial assets are recorded in Solomon Water and Solomon Islands Electricity Authority annual reports. Central Bank of Solomon Islands publishes monthly statements of financial position, including on domestic fixed assets (aggregated).	Consultations with government officials
7.3	Is depreciation of fixed assets captured in government operating statements?	Depreciation of fiscal assets is recorded in operating expenditures, based on asset-specific depreciations.	Depreciation of fixed assets is recorded in operating statements, based on statistical estimates.	Depreciation of fixed assets is not recorded in operating statements.	MoFT/MDPAC	C	Depreciation is not captured.	Consultations with government officials

No.	Diagnostic indicator	Score A: Significance	Score B: Significance	Score C: Significance	Institution	Solomon Islands Scoring	Comment	Evidence: Supporting Documents
8. Evaluation								
8.1	Does the government systematically conduct an ex-post review and evaluation of a project that has completed its construction phase?	Ex-post reviews focusing on project costs, deliverables and outputs are conducted regularly, as are evaluations of project outcomes, in some cases.	Ex-post reviews focusing on project costs, deliverables, and outputs are sometimes conducted.	Ex-post reviews are neither systematically required nor frequently conducted.	MDPAC	C	Ex-post reviews and audits are not systematically conducted.	Consultations with MDPAC


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Appendix B: Key Features of the Public Investment Management System

1. Fiscal Rules and Guidance

Efficient investment planning requires institutions that ensure public investment is fiscally sustainable and effectively coordinated across sectors, levels of government, and between the public and private sectors.

The Public Investment Management (PIM) Diagnostic reviews the fiscal principles and rules of countries to ensure that overall levels of public investment are affordable, adequate, predictable, and sustainable. Since investments must be financed by borrowed savings, fiscal rules must safeguard the level and quality of investments so they can be repaid to be sustainable.

Most governments articulate their belief in the best way to grow the economy through a strategic national plan. Such a plan often identifies critical bottlenecks that need to be addressed through appropriate investments. This guidance may come from a national plan or other medium- to long-term strategic document, such as a national infrastructure investment plan that establishes economy-wide development priorities at the highest decision-making levels. The PIM diagnostic examines the strategic guidance available as an essential way to anchor government decisions and to guide sector-level decision makers towards national priorities.

Beyond strategic vision or plan, governments need a formal process of project development to include a first-level screening of all project proposals as a way in which to ensure (a) that the projects proposed meet the criteria of consistency with government strategic goals and that they are homogenous with principles of public economics (externalities or market failure) that justify government investment; and (b) that the project meet the budget classification test for inclusion as a project rather than as a recurrent spending item. Projects that fail to meet this consistency test should be rejected, making further evaluation unnecessary.

2. Appraisal

Project appraisal is a key tool to increase prosperity through designing, selecting and implementing public sector projects with positive net benefits.

Rigorous project identification and selection systems act as a screening mechanism to prevent inappropriate and inefficient projects from getting into the project cycle and gaining political support and momentum that can make them difficult to stop at later stages.

The appraisal stage can be a time-consuming and costly process. Only projects that pass the screening test should move the step further and be appraised. The appraisal stage may have several phases which will depend on the complexity of the project proposal. Usually, infrastructure projects would undergo a prefeasibility stage using existing data to justify whether or not the proposal has sufficient merit to proceed to a full feasibility study. Prefeasibility is a key stage for:

- screening out projects that have no public policy justification and "white-elephant" projects before incurring major design costs or before political commitment has been made;
- considering crucial design elements such as technology, scale, timing, location, organisation, and ownership; and
- identifying risks and uncertainties within the available information to inform further stages on potential information gathering.

Once the project proposal passes the prefeasibility stage, further surveys and testing are conducted to reduce uncertainty in those key factors that might affect the viability of the project. Alternative technologies are compared and analysed with detailed economic and financial studies for the selected alternative. Environmental impact, social impact, and risk and sustainability analyses are also detailed and discussed.

Approval after feasibility appraisal moves projects forward for financing and inclusion in the budget. The approval should select projects with the highest net present value. Further approvals may be required if final blue prints are still required or when the project enters a competitive bidding process with private contractors.

3. Independent Review

It is best practice to independently review project appraisals to ensure unbiased analyses and to check subjectivity, including optimism bias and misrepresentation of costs and benefits. This function can be performed by the Ministry of Finance and Treasury or an especially established committee. Some countries have university chapters or research institutes in this role. Other aid-dependent countries channel resources towards national priority areas through aid coordination; yet aid-funded projects should be subject to the same appraisal process as government-funded projects.

4. Selection

Selecting the right projects in the right sector and allocating investments adequately and sustainably is core to an efficient PIM. It also is vital for the impact that government decision making will have on national growth and prosperity.

The key to efficient investment includes, of course, good investment choices as well as proactive management of the asset portfolio (which includes its disposal) and budgetary processes to ensure recurrent funding to operate and maintain existing assets. The latter is especially important for countries that are dependent on development aid, where development partners build assets while operation and maintenance costs are to be taken on board by the government.

Project selection could be the most critical stage of the investment management process because it is often one of the most contentious stages of the investment cycle. Pressures to obtain project approval come in many sizes and shapes: political interference, private lobbyists, and contractors, to name a few. These make it difficult to ensure that the technical process is followed. At the same time, that same technical process is the one to help resist these various pressures.

There also is a clear two-way relationship between the budget cycle and the project selection cycle.

The fiscal framework and budget need to establish the basics for public investment. This way, a sustainable investment programme can flourish.

Allocation of capital spending to the most productive sectors and projects requires a comprehensive, unified, and medium-term perspective to capital budgeting, as well as comprehensive quantitative procedures for project selection. It is therefore essential that the process of appraising and selecting public investment projects is linked in an appropriate way to the budget cycle, even though the project evaluation cycle may run along a different timetable.

Governments need to clearly identify and institutionalise a strong gatekeeper role, since this is one of the most important "must-have" features of the PIM system. When this role is unclearly established and sustained, difficulties will be encountered to keep financial discipline, which will result in inefficiencies and waste in the public investment process.

5. Implementation

Projects that have been appraised and selected must undergo a "reality check". An adequate project design should include realistic organisation arrangements and a timetable to ensure the capacity to implement the project. For complex and multiyear projects, governments should develop effective whole-of-life project cost management and multiyear budgeting to anticipate the project needs across its implementation.

6. Adjustment

Funding review processes should be flexible to accommodate changes in the disbursement profile and adapt to changing circumstances. For example, if costs are higher than expected, the funding request must reflect the cost increases. Ideally, funding requests should be submitted with an updated cost-benefit analysis to monitor whether the project still delivers on the benefits for which it was selected in the first place.

7. Operation

On project completion, assets are then ready to be operated. The process of handing over the assets to operating agencies should include the following elements:

- official handover of the management responsibility for future operation and maintenance of the asset, and
- adequate funding of service delivery agencies to operate and maintain these assets.

It is also important to verify whether the new assets require any further investment before they can be operated.

Agencies responsible for service delivery should be held accountable for results: active monitoring of service delivery is necessary to ensure the assets serve the purpose over their useful life. Asset condition, performance, and value need to be monitored in a well-maintained asset register. Whether the country uses accrual accounting or not, asset registers can be maintained.

8. Evaluation

A basic evaluation consists of checking the project after completion to assess if the project finished within the original (or adjusted) budget and schedule, if the project expectations were met, and if all deliverables submitted were satisfactory. Project outputs and outcomes can be put against project design to assess whether or not the objectives of the project were obtained or whether or not there are lessons learned to be considered in similar future projects.


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Appendix C: Proposed Draft Prioritisation Methodology

The methodology for developing the prioritised list of high-priority projects to be proposed annually to Cabinet is straightforward (reducing the risk of errors while using it) yet sufficiently flexible to accommodate the selection of projects that best promote the priorities of the Government of Solomon Islands (GoSI). The steps proposed are presented in Figure 11.

The objective of the prioritisation process is to have available a dynamic database of high-priority projects that is updated annually and which could be used as the basis for discussions with development partners and private investors. It is an instrument for GoSI to ensure projects are aligned with national development objectives and that the selected projects are the best to achieve maximum benefit for the country.

Figure 11: Project Prioritisation Methodology

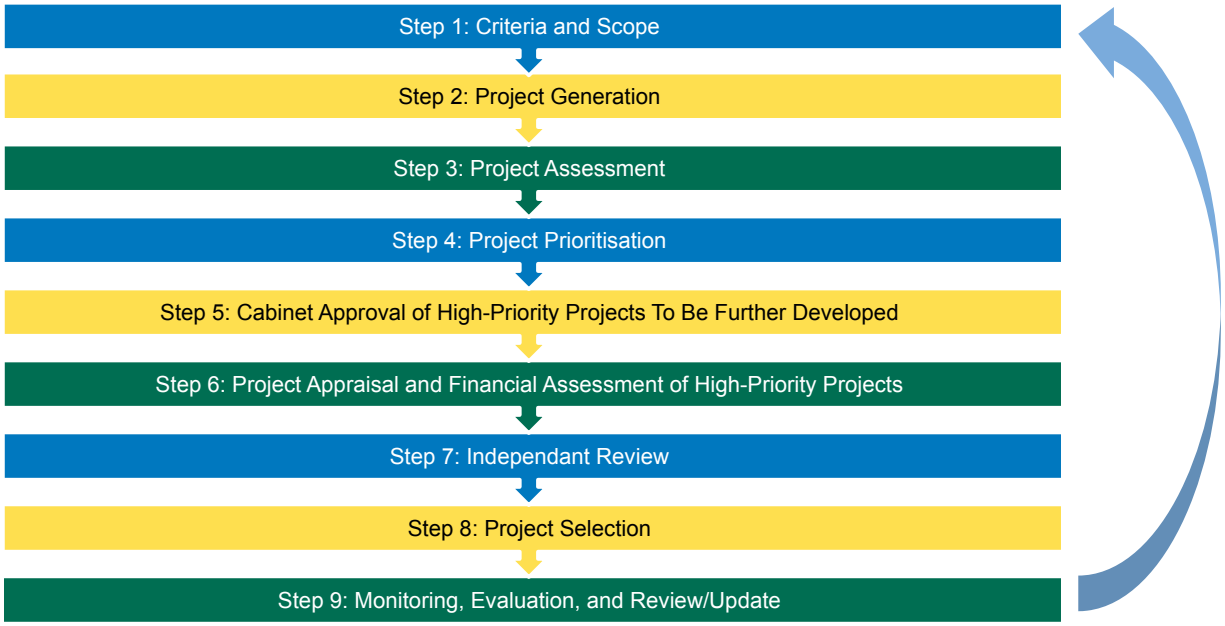


Figure 12 presents the National Development Strategy (NDS) and medium-term strategies that were developed to achieve NDS objectives. The next step would be to develop tangible and quantitative criteria to measure how each potential project will meet the strategies.

This prioritisation methodology focuses on Step 1 to Step 5, since these are regarded as gatekeeping steps. These are further described below.

Step 1: Criteria and Scope

It is proposed to generate criteria groups and subcriteria that are directly linked with the specific objectives of the National Development Strategy.

Figure 12: Aligning Prioritisation Criteria with National Development Strategy

NDS Policy Priorities

NDS Objective 1: Sustainable and Inclusive Economic Growth

Is economic growth being promoted?

Is the private sector empowered to expand sustainable employment?

Does the project contribute to build or upgrade infrastructure to provide access to services to the community?

Does it encourage urban, rural and customary land development?

NDS Objective 2: Basic Needs Addressed

NDS Objective 3: Access to Social Services

Are basic needs improving in quality and accessibility, and are they raising human productivity and longevity in rural areas?

Are government services being delivered more effectively?

Are communities better empowered to assess and provide for their needs (through strengthened local leadership structures, social networks, and infrastructure)?

NDS Objective 4: Disaster Risk Management

Is the Solomon Islands peoples' consumption of services environmentally and financially sustainable?

Is the path of social and economic development in the Solomon Islands compatible with a flourishing and productive natural environment?

Are the country, its population, and its peoples' livelihoods becoming more resilient to future climate change and natural disaster risks?

NDS objective five: a unified and stable nation

Is the public service efficient and effective?

Are national unity and stability improved at the national, provincial, and community levels?

Is law and order maintained and transparency improved?

Proposed Prioritisation Criteria

CG1: Project Scale and Status with Affected Communities

How many provinces/communities benefit from the project, compared with other projects?

Are local communities making land available for the project, or is sufficient government land available?

How important is this project for the sector? Will the project have impact in more than one sector?

Are local communities engaged? Are they willing to contribute tangibly to the project (labour, materials)?

CG2: Operational Sustainability

Have resources for the lifecycle O&M of the project been identified?

Will the project be resilient to future climate change and natural disaster risks?

Does the project increase protection for the local population from natural disasters?

Does the project contribute to environmental improvement (compared to project alternatives), or does project design lessen potential negative impacts?

CG3: Policy Framework

Does the project align with governmental and ministerial policies?

Will the project benefit multiple sectors and social groups synergistically?

Will the project contribute to local long-term growth, diversification, and employment in the affected areas?

Does the project strengthen human capacity in the Solomon Islands?

Will the project raise local standards in construction, environmental quality, service quality, and governance?

CG4: Financial and Economic Impact

Will the project employ local labour and materials in construction?

Will the project create local jobs during O&M?

Will the project result in lowering the cost of services, improving accessibility, and raising quality of basic services?

Does the project make good use of infrastructure that exists?

Notes: NDS = National Development Strategy; CG = criteria group; O&M = operations and maintenance.

Step 2 and Step 3: Project Generation and Assessment

Table 6 reflects a draft datasheet for proposal to the Ministry of Development Planning and Aid Coordination for projects considered by the government, including those that are publicly financed, funded by development partners (grants and loans), or which are private investments, among others. The scoring will be carried out by the ministry and submitted to Cabinet for approval.

Table 6: Draft Proposed Project Datasheet with Scoring Guidelines

	Brief Information to be Provided			Scoring for Prioritisation
Sponsoring Ministry/ Agency and acronym	Insert text			
Dates	Date of First Submission: YYYYMMDD			
	Date this Update: YYYYMMDD			
Project Name and Acronym	Insert text/Insert acronym			
Project Timeframe	Planning period (years) = YYYY; YYYY			
	Construction period (years) = YYYY; YYYY			
	Operating period (years) = YYYY; YYYY			
Project Development Status	Concept Study Pre-Appraisal Appraisal Development Partner Interest Development Partner Commitment Detailed Design Tender Construction Commissioning			
Location(s), and Area(s) Affected *(province(s), Human Settlement(s))*	Province(s) name(s):			
	Human Settlement(s) name(s):			
Project Components with quantities (*e.g., "xx km of road", "xx m² or m³ of terminal building", "xx meters pipelines", etc)*	Item (length, surface, capacity, etc.)	Unit: (km, m^2, m^3/d, etc.)	Quantity:	
Investment Value, *m SI$*	Material and construction cost = ##.## m SI$			
	Planning, design and construction supervision = ##.## m SI$			
Estimated Annual O&M Cost, *m SI$/year*	Operation cost (staff, consumables, energy, others) = #### SI$/ year			
	Asset maintenance cost = #### SI$/ year			
	Operational subsidies needed? Yes/No			

	Brief Information to be Provided		Scoring for Prioritisation
Current priority level in sector project list	Updated current priority ranking within list of proposed projects submitted by the line ministry/agency (project priority may change with time, changing policy, or environmental context)		Priority level 1 & 2 = 3 Priority level 3 & 4 = 2 Priority level 5 & 6 = 1 Priority level 7 and lower = 0
Linkage with other infrastructure	Degree of linkage: None = 0 Low = 1 Medium = 2 High = 3	Names of other infrastructure sectors with linkages and synergy with the proposed project	No linkage = 0 Low linkage (1 sector) = 1 Medium linkage(2 sector) = 2 High linkage (3 sectors or more) = 3
Project beneficiary(ies) *(approximate types and number of persons or households benefitting)*	*Type(s) of beneficiaries*: Residential urban = 1 Residential rural = 2 Farmer = 3 Commerce = 4 Tourist = 5 Industry = 6 Human health = 7 School students = 8 Other (specify) = 9	*Number of beneficiaries in each category*:	*Accumulated beneficiaries* Between 1 and 9 beneficiaries = 0 Between 10 & 99 beneficiaries = 1 Between 100 & 499 beneficiaries = 2 500 and more beneficiaries = 3
Land availability for project	*Land availability for the project*: Land immediately available = 1 Land acquisition necessary = 2 Land dispute risk low = 3 Land dispute risk medium = 4 Land dispute risk high = 5		Land immediately available = 3 Land acquisition necessary ...with low land dispute risk = 2 ...with medium dispute risk = 1 ...with high dispute risk = 0
Optimal use of existing infrastructure (renovation component)	New Project and Capacity Renovation/upgrading up to 30% of cost Renovation/upgrading between 30 % & 70 % of cost Renovation/upgrading 70 % or more of cost		Renovation more than 70 % = 3 Renovation between 30 & 70 % = 2 Renovation up to 30 % = 1 New project = 0

	Brief Information to be Provided			Scoring for Prioritisation
Beneficiary community contribution commitment for O&M	Land: Yes / No Material: Yes/ No Labour: Yes / No Cash: Yes / No Others (specify): Yes No			Yes=1, No= 0, Multiplicators: Land =x1; Material, Labour and others = x2; Cash= x3. *Sum of cumulated scores of all types of commitments:* High commitment (score 7 and higher) = 3 Medium commitment (score 4 to 6) = 2 Low commitment (score 1 to 3) = 1 No commitment (score 0) = 0
Identified funding sources for O&M *(% of total project O&M costs)*	Government Budget Development Partner (grants) Development Partner (loan) State-Owned Enterprise resources Private Sector Services beneficiaries	Unknown Roughly estimated Discussed with the source Confirmed	xx % xx % xx % xx % xx % xx %	*Multiplicator:* Unknown= x0; Roughly estimated = x1/3; Discussed with the source = x2/3; Confirmed = x1 *Cumulated percentage considered as basis for scoring:* 60 % and over identified = 3 Between 30 and 59 % identified = 2 between 10 and 29 % Identified = 1 No identification or less than 9%= 0
Resilience of project assets to climate change and natural disaster risk	No resilience contribution Low resilience contribution Medium resilience contribution High resilience contribution			High resilience gain expected = 3 Medium resilience gain expected = 2 Low resilience gain expected = 1 No resilience expected = 0
Alignment with governmental and ministerial policies	National Development Strategy outcome(s): Sector plan outcomes: Corporate/Business plan outcome(s):			3 or more outcome documented = 3 2 outcome documented = 2 1 outcome documented = 1 No outcome documented = 0

	Brief Information to be Provided	Scoring for Prioritisation
Main legal and regulatory requirement(s) to be complied with/satisfied through the project *(will the project improve construction standards, service levels, climate resilience, air safety, navigation safety, road safety, etc.)*	List of important requirements to be advanced or satisfied;	3 or more requirements met = 3 2 requirements met = 2 1 requirement met = 1 No requirement documented = 0
Project expected benefits	Brief description of benefits:	3 or more benefits documented = 3 2 benefits documented = 2 1 benefit documented = 1 No benefit documented = 0
Environmental quality improvement for users	Negative environmental impact expected no environmental impact expected low positive environmental impact expected high positive environmental impact expected	Negative environmental impact expected = 0 no environmental impact expected =1 low positive environmental impact expected =2 high positive environmental impact expected =3
Local employment and procurement during construction *(number of local people employed during construction)*	No local employment expected Between 1 and 9 person-months Between 10 and 99 person-months More than 100 person-months	No local employment expected = 0 Between 1 and 10 FTE person-months = 1 Between 10 and 100 FTE person-months = 2 More than 100 person-months = 3
Job creation potential during operations	No new employment documented Between 1 and 9 new employment Between 10 and 49 new employment Between 50 and 100 new employment More than 100 new employment	No new employment documented = 0 Between 1 and 9 FTE new employment = 1 Between 10 and 49 FTE new employment = 2 Between 50 and 100 FTE new employment= 2 More than 100 FTE new employment = 3
Efficiency gains or reduction of **cost for infrastructure users**	**No efficiency gain or cost reduction** Low efficiency gain or cost reduction Moderate efficiency gain or cost reduction High efficiency gain or cost reduction	No efficiency gain or cost reduction = 0 Low efficiency gain or cost reduction = 1 Moderate efficiency gain or cost reduction = 2 High efficiency gain or cost reduction = 3

	Brief Information to be Provided			Scoring for Prioritisation
Funding Sources considerations for Investment *(% of total project investment cost)*	Government Budget	Unknown Roughly estimated Discussed with the source Confirmed	xx %	Multiplicator: Unknown= x0; Roughly estimated = x1/3; Discussed with the source = x2/3; Confirmed = x1 Cumulated percentage considered as basis for scoring: 60 % and over identified = 3 Between 30 and 59 % identified = 2 between 10 and 29 % Identified = 1 No identification or less than 9%= 0
	Development Partner (grants)		xx %	
	Development Partner (loan)		xx %	
	State-Owned Enterprise resources		xx %	
	Private Sector		xx %	
Environmental and involuntary resettlement risks	High risk Moderate risk Low risk No risk			

Step 4: Project Prioritisation

This step digitises scores from the project datasheet into an electronic spreadsheet that adds the scores for each project, based on criteria weights that should reflect GoSI policy priorities discussed and agreed by Cabinet. The weights can be adjusted as priorities evolve over time. This tool will automatically rate each project numerically and graphically for easy reference. Those that ultimately are ranked at the top should be given priority in terms of implementation.

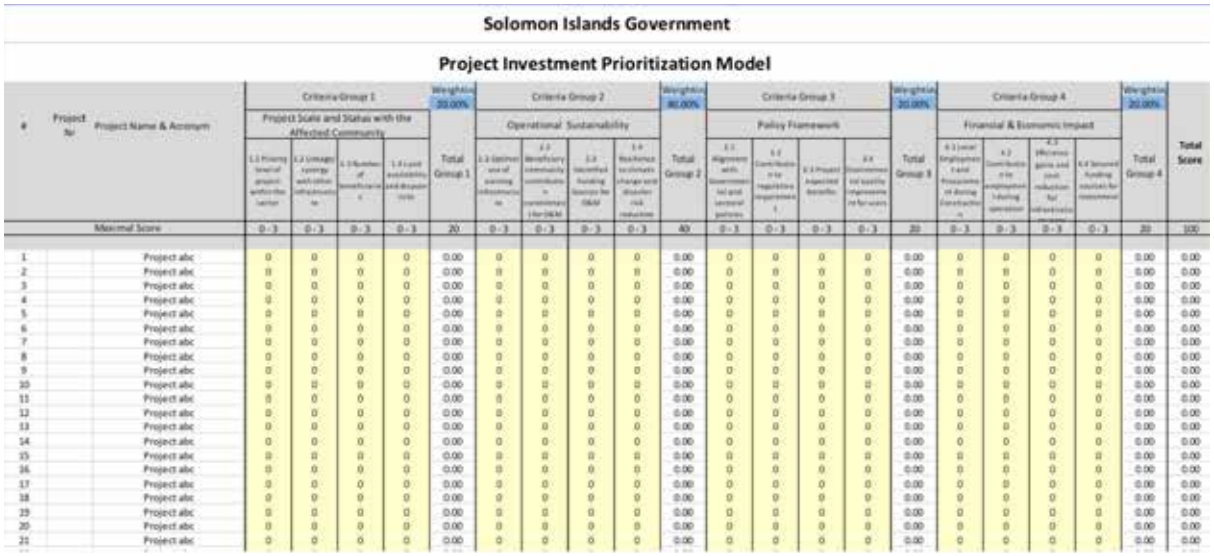
The gatekeeping methodology is designed as a quantitative measuring procedure to reduce scoring ambiguity. For each project criterion discussed below, a score of 0, 1, 2, or 3 is given, using the above scoring guide and based on the information produced in the project datasheet. For several subcriteria, a score of 0 indicates that the project does not contribute to the relative criterion; a score of 1 indicates weak contribution; a score of 2, moderate contribution; and a score of 3, strong contribution.

As presented above, there are four main themes, or criteria groups, used to score and rank projects under the project prioritisation process. Each group's subcriteria represent quantifiable parameters applied to the ranking process. Not all groups carry equal scoring weight. Rather, the weight in each group is set to reflect GoSI policies and can be adjusted to keep pace as they evolve or in the event of a changing regime. The sum of the weights across the four groups should equal 100%, although the constituent weights may vary. Table 7 shows an example of scoring weights and a rating of potential projects.

Table 7: Draft Example of Criteria Group Weights

Criteria Group	Weight
1: Project Scale and Status with the Affected Community	20%
2: Operational Sustainability	40%
3: Policy Framework	20%
4: Financial and Economic Impact	20%
Total Weight: Groups 1–4	100%

This particular weight distribution assigns precedence to the operational sustainability of infrastructure, a major consideration of government and partners alike. Should GoSI policies shift in the direction of alternative themes, criteria weights can be adjusted accordingly. The model below is an example of a project priority list.



Solomon Islands Government

Project Investment Prioritization Model

#	Project No	Project Name & Acronym	Criteria Group 1				Weighting 20.00%	Criteria Group 2				Weighting 40.00%	Criteria Group 3				Weighting 20.00%	Criteria Group 4				Weighting 20.00%	Total Score
			Project Scale and Status with the Affected Community					Operational Sustainability					Policy Framework					Financial & Economic Impact					
			1.1 Priority level of project within the sector	1.2 Linkages/ synergy with other infrastructure	1.3 Number of beneficiaries	1.4 Land availability and disaster risks	Total Group 1	2.1 Optimum use of existing infrastructure	2.2 Beneficiary community contribution in commitment for O&M	2.3 Identified funding sources for O&M	2.4 Mechanisms to eliminate climate change and disaster risk reduction	Total Group 2	3.1 Alignment with Government-led and sectoral policies	3.2 Contribution to regulatory requirements	3.3 Project expected benefits	3.4 Environmental and quality requirements for users	Total Group 3	4.1 Level Employment and Procurement during Construction	4.2 Contribution to employment during operation	4.3 Efficiency gains and cost reduction for infrastructure	4.4 Secured funding sources for investment	Total Group 4	
Maximal Score			0 - 3	0 - 3	0 - 3	0 - 3	20	0 - 3	0 - 3	0 - 3	0 - 3	40	0 - 3	0 - 3	0 - 3	0 - 3	20	0 - 3	0 - 3	0 - 3	0 - 3	20	100
1		Project abc	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00	0.00
2		Project abc	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00	0.00
3		Project abc	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00	0.00
4		Project abc	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00	0.00
5		Project abc	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00	0.00
6		Project abc	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00	0.00
7		Project abc	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00	0.00
8		Project abc	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00	0.00
9		Project abc	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00	0.00
10		Project abc	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00	0.00
11		Project abc	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00	0.00
12		Project abc	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00	0.00
13		Project abc	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00	0.00
14		Project abc	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00	0.00
15		Project abc	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00	0.00
16		Project abc	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00	0.00
17		Project abc	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00	0.00
18		Project abc	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00	0.00
19		Project abc	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00	0.00
20		Project abc	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00	0.00
21		Project abc	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00	0	0	0	0	0.00	0.00

Step 5: Cabinet Approval

Rated projects are submitted to Cabinet for ultimate discussion and approval, with each lin ministry taking this opportunity to present its project(s). Cabinet approval of the high-priority project list will enable the Ministry of Development Planning and Aid Coordination to authorize respective line ministries and state-owned enterprises to proceed with project appraisal and development.

For further information, please contact:

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