

Visible and invisible hands: developing the Solomon Islands economy



Source: ABC

by Ashley Wickham

17 April 2013

They meet once a month to keep each other updated on the programs, projects and activities they are carrying out or funding in-country. These are the people driving economic development in Solomon Islands. They are development experts, project managers and diplomats employed by various countries as well as international and regional agencies. Most of the activities they fund are implemented as directly executed projects or programs (DEX modality) sector wide, and it is they who focus on developing the economy of the country.

They are involved because both they and the Solomon Islands Government (SIG) appear to agree that the machinery of government is not able to perform as it should for some or all of the following reasons:

- Inability of local capacity to design, cost and manage implementation of projects;
- Inefficient management by Ministries of approved policies, leading to delays;
- Funds for donor projects being transferred and used for other purposes;
- Lack of discipline and rigour in the implementation of programs and projects by government.

The result is atomistic development, or development in bits and pieces, by uncoordinated actors. This includes Members of Parliament (who administer Constituency Development Funds (CDFs)), many of whom know little about accounting and management of programs and projects: some say so themselves! A recent (2012) government project includes remarks that are highly critical of the government's own capacity to work coherently:

“... the Government has become highly centralised and

governance is dominated by the national government, which overwhelmingly focuses its activities and expenditures in the capital, Honiara. The geographic and political focus on Honiara means outlying areas are less well served in terms of service delivery and policy implementation. The national government is also highly sectoralised, and mechanisms for interagency (or horizontal) dialogue, cooperation, coordination and collaboration are highly attenuated. Government personnel regularly cite an absence of effective, routine intergovernmental coordinating mechanisms.” (Ministry for Environment, Climate Change, Meteorology and Disaster Management 2012, Development of Climate Change Adaptive Capacity).

In a recent briefing note on the post-2015 development agenda, the Pacific Islands Forum Secretariat recognises a number of reasons why many Pacific Islands governments are behind in reaching benchmarks for the MDGs, including “poor governance, weak capacity for policy implementation, aid fragmentation and lack of coordination among donors exacerbating and making aid management more complex and costly for countries in the Pacific.”

So what is the government doing? It is providing the mandate and the authority over all development activities by donors, looking after salaries and systems in health and education and generally taking care of the usual service delivery functions, while the donors handle the ‘development’ projects.

It appears to have ceded responsibility for carrying out economic development to the donors. Government should be actively studying how it can, within its current and projected capacity, expand the economy. Instead, the Prime Minister and his team are focused on improving their public image by appearing in church and with community groups and handing out money.

I believe that SIG is abrogating its responsibilities and sitting back and watching donors (development partners) carry out the necessary investment in development. Is it because Prime Minister Darcy Lilo subscribes to the laissez-faire mind-set or has he been forced into this position by donors? Is it true that we do not have the capacity to handle economic development ourselves? The status quo allows the PM time, space and significant levels of funds from revenue sources to insert public money where and when it favours his political prospects. A recent example is his personal delivery of one million dollars in cash to a cultural community on the

weather coast of Guadalcanal.

Whatever the case, the PM, Ministers, public service executives and professional cadres who have been cultivated over the past 30 years, look as though they are anything but efficient and professional. This can't be true. If it is, then so much for manpower planning!

Why this state of affairs? I propose that the reason SIG is floating on a sea of donor funds propelled by a wave of overseas development experts is the inability of government to articulate its economic development program across all sectors and regions, and therefore lacks a coherent national development program. That is not the only problem. The old colonial structure of the public service needs a complete overhaul to bring best practice business processes to bear.

Government needs a legitimate national development strategy but has instead opted to approve a certain document called the National Development Strategy (NDS) without putting it to Parliament. Instead it was approved in the secrecy of caucus and cabinet. It is referred to when a reference point is needed. This has now become an Achilles heel because it has been relegated to the status of a political document, when what is needed is a document to which all stakeholders can subscribe. The drafting of the NDS began in May 2010 and its purpose was to describe a vision for the country and then articulate how social and economic developments would be programmed within a broad framework. But government decided not to put the NDS to Parliament for debate and approval, when really it is not a difficult strategy to agree upon, after all, we all need the same basic things that government is meant to provide.

The government's main focus this year seems to be legitimising the use of CDFs by members of Parliament. MPs are allocated CDFs which, under their supervision, are distributed within their constituency. These are desperate attempts to spark economic growth in rural areas but there are no formal reviews or impact studies to shed light on the benefits or otherwise of CDFs. Hence most of the money is destined to be washed away. Government has not done anything to prove the efficacy of CDFs, which have been allocated to MPs for about 20 years now. The only change is the increasing amount of allocations. This year constituency funding will reach almost \$300m according to Parliament's Public Accounts Committee Chairman. He revealed that MPs will now also have access to \$500,000 each for emergency funding. This increase is probably because, despite increases over past years, roughly half of MPs are not re-elected at each general election. MPs still manage to siphon funds for themselves: there are many MPs and ex-MPs who are now wealthy people. Still, political instability affects progress. Last week, the government passed legislation "to develop, supervise and regulate the management

and disbursement of constituency development funds in a transparent and accountable manner.” This was done despite a public outcry from all sectors of society and opposition from 11 MPs.

They did this without offering any evidence of the effectiveness of CDFs in the past 15 to 20 years, without any social and economic impact studies, and without a sound economic development policy.

From independence, it has been the understanding of MPs, public servants and the public that the job of elected representatives is to choose a Prime Minister who would then select a cabinet that would propose, negotiate, debate and obtain approval in Parliament for national policies, legislation and budgets (appropriation bills). Parliament’s task as the ‘legislature’ is to debate the proposals of the Executive branch and provide approvals as MPs see fit in open debate. Upon receiving Parliament’s approval for specific policies, bills and budgets, the Cabinet then directs the public service to implement what has been approved. However, the system is badly eroded, with the current government not seeing fit to have national policies approved by Parliament. These are now being approved in cabinet and caucus, without the benefit of a debate in Parliament.

In the case of the CDF bill, parliamentarians themselves approved the bill to give government the authority to channel government funds for development projects into their constituencies under their personal auspices and only with their approvals. Many people now believe that the majority of MPs cannot distinguish between right or wrong, especially when big money is under consideration.

Before Parliament leads us down a one-way street that ends in the government running out of credibility, authority and money, MPs must change the course of history by returning to basics. Doctors look for underlying causes of illness before treating the symptoms. Let us then consider why voters expect so much cash from our MPs. There may be other reasons, but I’m sure the bottom line is that people need more and more money each year to look after themselves and their families and they cannot raise it because they do not all have jobs or consistent livelihoods. The economy is too small and grows too slowly. Government is raising revenue from those within the small economy and shovels it out via CDFs to those who cannot, but want to, contribute.

If people were able to earn money regularly, they would be able to meet their needs. This requires a national economy that is well developed and in which all communities take part. That must be the aim of government. It must take the lead not the back seat in developing the economy. That the government saw fit to put a CDF bill to Parliament indicates that it has no political imagination or courage to

drive a healthy development approach.

So the government is really compounding the error. Because voters have needs and the government delivers so little, people seek direct personalised assistance from their MPs. They vote for those candidates who have given, or who promise convincingly to give, this sort of assistance should they be elected. This is reasonable on the voters' behalf (it's what I'd do if I were in their situation!). But it means that MPs believe that their re-election depends on delivering the pork locally and not at all on how they perform nationally. So they strive hard to help enough of their constituents (about 30% or perhaps much lower – just the powerful in each community whose support they need) to get re-elected and care very little about running the country as a whole. So the government stays weak. Because it stays weak, voters seek local help ... and so on. Such is the state of government and politics in Solomon Islands.

It's about time that donors and development partners start using their considerable leverage to change the mindset in government.

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