

FOR PARTICIPANTS ONLY

MPDD/CSN/HLAPPD/BPOA.1/2010/12

ENGLISH ONLY

12 January 2010

ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC  
MINISTRY OF FINANCE, GOVERNMENT OF BANGLADESH

High-level Asia-Pacific Policy Dialogue on the Brussels Programme of Action  
for the Least Developed Countries  
18-20 January 2010  
Dhaka, Bangladesh

## **DRAFT COUNTRY REVIEW PAPER**

### **Implementation in Asia and the Pacific of the Brussels Programme of Action for the Least Developed Countries for the Decade 2001-2010: progress made, obstacles encountered and the way forward**

#### *Solomon Islands*

---

This draft country review paper has been prepared by the Pacific Horizons Consultancy Group Ltd. And the Ministry of Development Planning and Aid Coordination, Government of Solomon Islands with support from ESCAP to facilitate discussions.

The views expressed in this draft paper do not necessarily reflect those of the United Nations or of the Government of Solomon Islands.

This draft paper has been issued without formal editing.

## CONTENTS

ACRONYMS.....	ii
I. INTRODUCTION .....	1
A. Country setting .....	1
II. ASSESSMENT OF THE PROGRESS AND CHALLENGES IN THE IMPLEMENTATION OF THE COMMITMENTS OF THE PROGRAMME OF ACTION FOR THE LDCs FOR THE DECADE 2001-2010 .....	3
A. Commitment 1: Fostering a people-centred policy framework .....	3
B. Commitment 2: Good governance at national and international levels .....	4
C. Commitment 3: Building human and institutional capacities.....	5
D. Commitment 4: Building productive capacities to make globalization work for the least developed countries.....	8
E. Commitment 5: Enhancing the role of trade in development .....	14
F. Commitment 6: Reducing vulnerability and protecting the environment .....	15
G. Commitment 7: Mobilizing financial resources .....	16
III. ANALYSIS AND CHALLENGES AHEAD .....	20
A. Critical characteristics of Solomon Islands with respect to BPOA .....	20
B. Key drivers of change in Solomon Islands .....	21
IV. KEY CHALLENGES GOING FORWARD FOR PEOPLE-CENTRED POLICY .....	22
REFERENCES .....	23

## **ACRONYMS**

AIDS	Acquired Immunity Deficiency Syndrome
ARI	Acute Respiratory Illness
AUSAID	Australian Agency for International Development
BPOA	Brussels Programme of Action
CHS	Community High School
CNURA	Coalition for National Unity, Reconciliation and Advancement
DWFN	Distant Water Fishing Nation
ECE	Early Childhood Education
EU	European Union
GPI	Gender Parity Index
HIES	Health Income and Expenditure Survey
HISP	Health Institutional Strengthening Programme
HIV	Human Immunodeficiency Virus
HSSP	Health Sector Strengthening Programme
JICA	Japan International Cooperation Agency
LDC	Least Developed Country
MDG	Millennium Development Goals
MoFT	Ministry of Finance and Treasury
MTFS	Medium Terms Fiscal Strategy
NCD	Non Communicable Disease
NER	National Enrolment Ratio
NHRDP	National Human Resource Development Plan
NZAID	New Zealand Agency for International Development
PNG	Papua New Guinea
RAMSI	Regional Assistance Mission to Solomon Islands
ROC	Republic of China
SIARTC	Solomon Islands Associations of Rural Training Centres
SICHE	Solomon Islands College of Higher Education
SISEE	Solomon Islands Secondary Entrance Examination
STABEX	Stabilisation of Exports
STI	Sexually Transmitted Infections
TB	Tuberculosis
UNDAF	United Nations
UNDP	United Nations Development Programme
UNFPA	United National Family Planning Fund
UNICEF	United Nations Children's Emergency Fund
USP	University of the South Pacific
WHO	World Health Organisation

## I. INTRODUCTION

### A. Country setting

#### 1. Context

Solomon Islands faces some of the most difficult development challenges of all countries in the Pacific Islands sub-region. It experiences the lowest per capita income in the region and is one of the lowest ranked countries in the region by HDI<sup>1</sup>. Social service institutions and policy processes remain weak in the country, affected by ongoing impacts of recent violent civil unrest and by difficulties associated with political instability. Rapid socio-economic and cultural change in the country as a whole continues to outpace many communities' ability to respond and is not being adequately responded to by government or communities.

#### 2. Socioeconomic and cultural situation

Solomon Islands is under the pressure of rapid transition – in terms of population size and structure, urbanisation, economic activity, political structure and cultural dynamics. Population growth remains extremely high at around 2.4-2.5 per cent per annum<sup>2</sup>, which when taken with even higher rates over the last 30 years has led to significant youth bulge and an attendant high dependency rate (approx 41.9% of population is children under 15<sup>3</sup>). These growth dynamics have put subsistence production under strain, and reduced opportunities for cultural transmission necessary to support community level harmony and peace. Community structure, governance and organisation is also changing as a result of these shifts, and lies at the root of many socioeconomic trends of significance to development, including urban drift, reduced community cohesion and the decline of rural livelihoods.

The country is experiencing rapid urbanisation, with the capital (Honiara) urban area experiencing a doubling time of less than 17 years, and the urbanisation rate increasing from 1990 to 2007 by almost 4 percentage points from 13.7 to 17.6 per cent of the total population<sup>4</sup>. Urban family and community structures are even more stressed than in the wider country due to this high growth pressure in towns, also compounded by the monetised nature of urban dwelling and the high itinerancy of the urban situation. *Wantok*<sup>5</sup> driven overcrowding of urban households is endemic and appears to be worsening. Education and work opportunities underlie much urban drift but anecdotal evidence shows this is accompanied by youth attraction to the urban lifestyle and desire for avoidance of traditional community structures.

A complex range of factors, including aforementioned community issues, are reducing participation rates and productivity of subsistence livelihoods which have historically supported the overall bulk of the population. At the same time, the formal monetised economy is not creating jobs at a sufficient rate to meet demand arising from urban drift and the maturing children population.

---

1 Statistics extracted from tables at [http://hdrstats.undp.org/buildtables/rc\\_report.cfm](http://hdrstats.undp.org/buildtables/rc_report.cfm) accessed 10 Sep 2009.

2 ESCAP Statistical Yearbook for Asia and the Pacific 2008, accessed at <http://www.unescap.org/STAT/data/syb2008/2-Urbanization.asp> and <http://www.unescap.org/STAT/data/syb2008/index.asp> on 3 September 2009.

3 \* A survey, conducted by Solomon Islands' National Statistics Office and UNDP, indicates that there were 223,603 (41.9%) children under the age of 15 (115,020 boys and 108,583 girls, a ratio of 106 boys per 100 girls) in the total estimated population of 533,671 in SI

4 ESCAP Statistical Yearbook for Asia and the Pacific 2008, accessed at <http://www.unescap.org/STAT/data/syb2008/index.asp> on 3 September 2009

5 Wantok is a pan-Melanesian (Solomon Islands, Vanuatu and Papua New Guinea) term denoting persons sharing kin, language and cultural relations. These relations often carry reciprocal expectations of obligation and support.

### 3. Governance and policy situation

The facts of demographic, social and economic change present a very challenging policy environment for government and the public sector. In several sectors, such as logging, past and current policy approaches continue to perpetuate structural risks to overall human development. It is in these areas that the most urgent efforts are being directed by the current government. In other areas, the scale of social services and capacity of public structures remain insufficient to the needs posed by the situation, and ongoing sector approaches are being to both “scale up” and increase effectiveness

Challenges in this policy situation emanate from a disconnect between politics and public policy, with issues of political stability and the nature of electoral politics preventing consistent engagement by government agencies in issues of public policy, and limiting the degree of high level policy direction to line ministries. The government is currently pursuing a series of legislative reforms aimed at reducing such instability, by introducing regulations meant to strengthen parties and party processes. This is occurring in a post-conflict environment with very significant aid flows and development partner involvement, which puts ministries and the public service at risk of issue-fatigue resulting from a multiplicity of differing policy agendas and limits to clear and consistent policy direction. The gaps in national policy direction and the lack of coordinated government agenda mean that cross-agency and cross-ministry coordination is both critically important yet difficult to achieve and sustain.

The nature of capacity shortcomings is a further important factor in the policy situation within Solomon Islands. As an archipelagic nation with a highly dispersed population, social service delivery by the government faces very considerable problems of distance and associated complications of transport, logistics and communication. There is 1600 km between the easternmost and westernmost inhabited islands, and more than 750 km between the northernmost and southernmost. Such geography places enormous demands in terms of reach, quality delivery and monitoring.

Beyond these challenges there is also the key issue of approach. The highly autonomous nature and small size of most communities (approximately 5000 villages according to most recent studies) means that both scale and social dynamics demand a far more complementary approach to social services than often conceived. Despite mounting social pressures and declining productivity the village sector continues to be largely self-sufficient and self regulating in terms of food and shelter and especially in terms of culture and community order. Most aspects of the BPOA fall within this sphere or have close ties to it. Effectively engaging with this reality requires development and service philosophies which treat public service agents less as deliverers than as facilitators. The importance of such an orientation has been borne out by evaluations of sector wide programmes in the key areas of health and education. Where such programmes have been evaluated, a common finding has been the critical importance of community engagement<sup>6,7</sup> as a success factor in positive outcomes.

There exist major sector wide approaches in the education and health sectors, with the education ministry (MEHRD) coordinating the joint EU-NZAID funded Education Sector Investment and Reform Program (ESIRP) since June 2004<sup>8</sup>, and the Health Sector Support

---

6 <http://www.nzaid.govt.nz/what-we-do/review-and-evaluation-report-summaries/review-and-evaluation-report-summary-eva0703sum.html> accessed 12 September 2009.

7 Waqatakirewa, L. (2007), Primary Health Care Review in Solomon Islands, accessed at: <http://www.wpro.who.int/NR/rdonlyres/11EAC253-C439-47D7-B027-968D06CF75D7/0/sol.pdf>, on 12 December 2009

8 [http://www.parliament.gov.sb/files/hansard/8th\\_session/1st\\_meeting/thursday11may2006.htm](http://www.parliament.gov.sb/files/hansard/8th_session/1st_meeting/thursday11may2006.htm) accessed 12 December 2009

Programme<sup>9</sup> funded by AusAID starting up in mid 2008. While these hold potential for coordination within sectors, and will be factors in the individual policy areas, it is not clear whether they will be able to significantly contribute to inter-sectoral coordination of the sort required for many child rights issues.

#### **4. Development policy and planning processes**

National development planning takes place through three distinct but related policy processes:

Multi-year development planning and monitoring activities are executed by the Ministry of Development and Aid Coordination. These activities currently offer the best opportunity for national level monitoring and planning of development policy and programming. This is because coordinative functions reside in a relatively permanent part of the executive bureaucracy.

External development aid flows which are most closely associated with specific sectoral ministries, with varying levels of integration into national agendas and policy platforms. These external development aid flows are very often associated with sectoral studies, reports and strategic analyses, which are either part of the development partner planning and programming cycle, or intended as technical assistance outputs in themselves. These processes often generate valuable information and data, but there is often a real limit to the extent to which they can be integrated into national policy planning cycles, due to the nature of development partner programming itself, which often proceeds at a pace that may be inconsistent with national government priorities or in a manner which cannot be engaged with due to capacity limitations.

Politically generated policy platforms which depend on electoral cycles, and which percolate through ministerial portfolios and corporate planning structures with the entry and establishment of a new government. Such platforms are generated with the creation of new governing coalitions which are constituted following national general elections, or with the changing of governing coalitions during the life of a parliament, such as those brought about by action of a Parliamentary Motion of No-confidence. These policy platforms bring a degree of high level political support that is often not available to the other two policy processes, by virtue of the coalition nature of governing political administrations in Solomon Islands.

### **C. ASSESSMENT OF THE PROGRESS AND CHALLENGES IN THE IMPLEMENTATION OF THE COMMITMENTS OF THE PROGRAMME OF ACTION FOR THE LDCs FOR THE DECADE 2001-2010**

#### **A. Commitment 1: Fostering a people-centred policy framework**

##### **1. Situation**

Since the last national general elections, Solomon Islands government policy platforms have emphasised rural development and national unity. There are continuing efforts to implement a national development approach that emphasises rural development and national unity and reconciliation. People centred policy in the country is currently approached through two major policy groupings:

---

<sup>9</sup> AusAID (2009) Working Paper 2: Solomon Islands country report evaluation of Australian aid to health service delivery in Papua New Guinea, Solomon Islands and Vanuatu.

Rural development – this emphasis reflects the fact of a rural subsistence majority in the country, and the absolute centrality of that sector for sustainable development.

Peace policy – this emphasis flows from the need for ongoing national reconciliation and peace-building following recent (1998-2003) years of serious civil violence and unrest. In a post-conflict context with continuing political fluidity, fostering people-centred policy is both critically important and very difficult. Current emphases remain on the delivery of people centred services, during a period in which policy frameworks and processes remain in flux and under considerable reform pressure.

## **2. Challenges**

The principle challenge in fulfilling this commitment lies in ensuring adequate opportunity for the rural subsistence majority to participate in policy development and delivery. With dispersed populations and poor communications, adequate participation is very difficult. Further challenges facing the meeting of this commitment include:

Maintaining a consistent people focus between a range of different policy framings and approaches emanating from the three sources of development programming outlined in the foregoing section.

Integrating and balancing diverse models of people centred policy promulgated by the two principle development policy platforms of rural development and national reconciliation and unity.

Articulating locale- and nation-specific policy concepts and approaches appropriately for the particularities encountered throughout the diversity of the nation.

### **B. Commitment 2: Good Governance at national and international levels**

#### **1. Situation**

The government's efforts to strengthen democracy, human rights and governance have been spearheaded by a series of legislative efforts including the drafting and introduction of the Political Parties Integrity Bill for the regulation of parties and party politics and the institution of a revised set of Public Service Regulations. These form part of a broad programme of improving governance and accountability at the national level which include: Putting in place supportive measures to assist Solomon Islands Public Service to effectively and efficiently implement public policy for the benefit of all. Improvement of parliamentary services in association with a UNDP supported Parliamentary Strengthening Project.

Conduct of national elections in a timely manner, and enhancement of civic education and electoral awareness activities in conjunction with the timing of the national elections. Strengthening of the Office of the Ombudsman and regularising the auditing of government accounts.

In support of good governance at international levels the principle progress has been the adoption of a policy to complete ratification of the UN Convention Against Corruption in 2010<sup>10</sup>.

#### **2. Challenges**

Solomon Islands faces a long term fundamental challenge with respect to institutionalising linkages in democratic governance and accountability between communities

---

<sup>10</sup> [http://www.impunitywatch.com/impunity\\_watch\\_oceania/2009/10/solomon-islands-to-tackle-corruption-.html](http://www.impunitywatch.com/impunity_watch_oceania/2009/10/solomon-islands-to-tackle-corruption-.html) accessed

and formal democratic structures. Part of this challenge lies in maintaining progress in building capacity and effectiveness in the formal institutions of governance, while another part of this challenge lies in developing effective modalities for community- and village-level governance structures to interface with formal democratic ones. Developing and implementing programming which responds to these priorities remains a critical challenge for the medium term.

### **C. Commitment 3: Building human and institutional capacities**

#### **1. Situation**

Human and institutional capacities are at the heart of sustainable development in the Solomon Islands context, as it is in the field of these capacities that the most fundamental development challenges facing the country lie. With abundant natural resources and the absence of major external threats, the principal barriers to sustainable human development lie in the development of institutions able to engage the growing population effectively to achieve national growth, governance and organisational goals.

Human and institutional capacities are being developed across a wide range of sectors and through a variety of programmes. Key institutions in the country, including informal community based ones, are facing considerable transformational pressures which are being met with different degrees of success. Integrated sectoral policies are being pursued through sector wide approaches in the fields of education and health, and significant reforms are also being accomplished in the area of infrastructure and communications, which are covered in section 5 of this report.

##### *(a) Social infrastructure and social service delivery*

Social infrastructure remains the province of the subsistence sector, and social service delivery to this sector remains centrally important to meeting development goals. Government policy is currently responding to certain aspects of the situation which will be highlighted in this section.

##### *(b) Population*

Assuming the cut off points for the economic activity age group to be 15 and 64 years, there is a dependency proportion of 42%, with a preponderance of youth rather than aged in the population. This makes youth oriented social service delivery a massive challenge, one which remains to be fully mainstreamed into policy cycles.

#### **2. Education sector**

The commitment to achieving universal primary education is enshrined in Solomon Islands education policy. The Education Strategic Framework (ESF) 2007-2015<sup>11</sup> clearly outlines the long-term sectoral goals for the Solomon Islands education system as:

- To provide equitable access to quality basic education for all children in the country;
- To provide access to community, technical, vocational and tertiary education that will meet individual, national, and regional needs for a knowledgeable, skilled, complement and complete people; and
- To manage resources in an efficient, effective and transparent manner.

---

11 SOLOMON ISLANDS GOVERNMENT EDUCATION STRATEGIC FRAMEWORK 2007 – 2015, Ministry of Education and Human Resources Development, June 2007  
Honiara, Solomon Islands



Effective implementation of these has been evident by increases in the enrolment of children entering primary education and increased primary completion rates. 6 out of 10 children beginning grade one reach grade 6, while in primary schools, net enrolment for boys and girls completing full primary education stands at 91% and should rise to 100% by 2010. The literacy rate for 15-24 years of age was 62% in 1990 and 84.5% in 1999 and by 2010 it is planned that this rate should increase to 85%. The country does not have a national university and sends all its students abroad for tertiary education. The government is moving towards negotiating establishment of a national university institution.

Early Childhood Education (ECE) is community-based and gaining momentum – the number of centres rose 9.2% from 303 in 2004 to 331 in 2005 with support from communities, churches and private initiatives. Finalisation of the national ECE Policy in 2008 by development partners and Government has facilitated their increased support for ECE.

The MDG of universal primary education by 2015 is likely to be achieved as enrolment and retention rates continue to rise. The Primary Net Enrolment Ratio (NER) in 2005 reached 94%, but with an NER of 95% for males and 93% for females there is a continuing gender gap. The transition rate from Solomon Islands Secondary Entrance Exams (SISEE) into Form 1 rose to 95% in 2006. However, there is concern about the number of pupils dropping out during primary education. Primary education has received substantial long-term support from NZAID.

Access to secondary education is increasing, mainly due to the increasing number of Community High Schools (CHS). As a result, transition rates for SI Form 3 rose from 58% in 1996 to 73% in 2006 and for SI School Certificate from 20% in 2002 to 38% in 2006. The secondary NER was 23% in 2005. As at primary level, there is a gender gap with a Gender Parity Index (GPI) of 0.85 in 2005 and concern with the number of students not completing secondary education. In 2006, only 29 out of 100 of the secondary-school-aged population attended secondary schools and there is a progressive decline in the number of students.

Government policy and education plans highlight the need to have access to community, technical, vocational, and tertiary education to produce the skilled manpower needed to support economic development. Supported by EU, AusAID, and others, vocational and technical training has been strengthened in country and by overseas scholarships. Greater recognition needs to be given to the technical and vocational areas to create a skilled workforce to drive the productive private sector forward, with full beneficial participation of Solomon Islanders. At present, there is no National Human Resources Development Plan (NHRDP), and RTCs develop programmes in an ad hoc manner to meet perceived needs. A more systematic approach is needed to identify and respond to private sector employers. To promote coordination, the Solomon Islands Association of Rural Training Centres (SIARTC) was established, with over 40 members, supported by EU.

Tertiary education is provided by the SI College of Higher Education (SICHE), the extension centre of the University of South Pacific (USP) and through scholarships to overseas institutions. Government provides subsidies for students attending SICHE residential courses. With EU support, reorganization of SICHE is underway to increase efficiency and effectiveness and develop robust strategic governance, leadership and management to provide quality outcomes. Tertiary scholarships to overseas institutions receive substantial development partner support from Republic of China, PNG, Australia, New Zealand, Japan and others. Overseas training is high cost and development of in country training may be cost effective in appropriate areas. Value could also be increased through better focus in a NHRDP.

Secondary, and tertiary education have received substantial support from EU, but that funding will end as EU programmes are retrenched in response to the end of the STABEX funds and focusing of EDF 10 on rural development.

The Education Sector faces a major challenge to maintain access improvements while increasing quality in the context of a population rising at a current growth rate of 2.8%. There is also a need to overcome the difficulties posed by isolation and difficult access to school in parts of the country.

### **3. Health sector**

Health in Solomon Islands is characterised by high levels of infectious diseases and an increasing trend of non-communicable diseases (NCDs). The Ministry of Health Annual Health Conference in April 2008 identified the following health issues: malaria; acute respiratory infections (ARI); STI/HIV; high maternal mortality; diarrhoea; skin diseases; yaws, TB and leprosy; non communicable diseases - such as diabetes; mental health; and access to sustainable clean water supply and sanitation.

Malaria is one of the leading causes of mortality in children and infants. In 2007, clinical malaria and fever were responsible for 28% of acute care attendances. ARI continue to be the most common cause of morbidity for children under 5 with high prevalence. In 2007, ARI accounted for 23% of total clinic visits. Water and sanitation are important determinants of healthy population. The HIES<sup>12</sup> 2005/2006 reported only 64% of urban households reported water piped into households/yard, but in the rural areas the level falls to 25%.

The Millennium Development Goals in respect to the health sector are:

- reducing the under-five mortality rate by three-quarters between 1990 and 2015,
- reducing maternal mortality rate by three quarters between 1990 and 2015, and
- Halting the incidence of HIV/AIDS, malaria and other major diseases by 2015 and reversing the spread of these diseases.

The performance on the achievement of these goals is mixed:

- The maternal mortality rate has improved from 276 per 100,000 live births in 2004 to 223 per 100,000 live births in 2006;
- Infant mortality remained high at 66 per 1000 live births in 1999 but has improved compared to 96 per 1000 live births in 1986. Equally important, child mortality has dropped by 16.3 percent in 2005 to 9.8 percent in 2006.
- In 2006, clinical malaria accounted for 349.5 per 1,000 populations; fever accounts for 302 per 1000 population while slide confirmed cases were measured at 156 cases per 1,000.

HIV/AIDs – despite its small proportion in the country, with 10 cases confirmed in 2007, in 2009 the number of people living with HIV virus has increased to 12 after results from bloods samples sent to Australia returned to the country last year, the Ministry of Health declared 12 confirmed HIV positive cases, eight females and four males, five have since died. The first confirmed HIV positive case recorded for Solomon Islands was in 1994. A recent health report from the World Health Organisation has predicted at least 350 HIV positive cases for Solomon Islands by 2010 - poses a threat of increasing STI as reported by HIS report 2007. In 2006 it was estimated that 150-200 people to be infected with HIV but this figure is predicted to have increased.

---

12 Solomon Islands Household Income and Expenditure Survey (HIES) 2004, Department of Statistics, Honiara, Solomon Islands.

There is inequality in terms of access to health facilities/clinics, health resources and health workers at different locations in the country. Health service seeking behaviour is determined by other geographical, social and cultural factors such as transportation, distance to clinics and lack of clear understanding of the diseases affecting the people. At provincial level there are constraints in terms of provincial financial and management capacity. Government tripled the health and medical services development budget from SBD 6,654,322 in 2007 to SBD 20,844,068 in 2008. Funding is also provided by the Global Fund, AusAID, JICA, ROC (Taiwan) and the World Bank. The country will continue to receive support from UN Agencies like UNFPA, UNICEF and WHO under the new UNDAF arrangement 2008-2012.

The level of human resources has improved in terms of numbers and skill mix. Health Institutional Strengthening Project (HISP), a five year project completed in 2007 noted some improvement in management, planning and policy development in the national level. On going support for the recurrent budget will be provided by AusAID through HSSP starting in 2008. Partnerships with non-state actors, the private sector, NGOs, Churches, and Community groups will be continued.

#### **4. Challenges**

The major challenges facing the government in meeting this commitment to building human and institutional capacities are:

Leveraging the increased rate of higher education towards effective institutional capacity building. Significant numbers of tertiary graduates now in country provide an unprecedented opportunity to develop sustainable and appropriate capacity within government and non-government institutions. Ensuring these skilled persons are engaged effectively is a high return priority.

Integrating capacity building and capacity development into policy cycles. With ongoing pressures to deliver service outputs capacity development opportunities can be foregone in order to ensure service delivery targets are met.

Promoting policy approaches which build institutional capacities appropriate to sustainable service delivery in cooperation with community and private sector organisations.

### **D. Commitment 4: Building productive capacities to make globalization work for LDCs**

#### **1. Situation**

Globalisation poses significant risks for Solomon Islands sustainable development, due to its relatively narrow export base, limited institutional capacities and small population. At the same time Solomon Islands possesses a range of strengths which may represent opportunity in an era of globalisation, including status as an organic agricultural environment and possession of globally unique biodiversity and cultural attractions with undiminished tourism potential.

Currently, the country remains largely reactive to global trends and events, with both exports and major foreign investments dominated by the extractive industries. Foreign aid and geopolitics have a heavy impact on development policies.

Despite these vulnerabilities, there is continued progress in the fields of economic diversification, led by small scale private-sector initiatives including high value agricultural products and niche tourism. There remains considerable scope for enhanced policy support for these initiatives as well as further novel ones.

## 2. Infrastructure sector

Geography and topography pose particular challenges to development in Solomon Islands. The current inefficient, unreliable and costly communications and inter-island air and sea freight and passenger services hinder economic revitalization in agriculture, aquaculture, commerce and tourism. Provinces are finding serious difficulties in achieving economic growth without reliable and competitive transport and communications. There is an urgent need for investment in infrastructure and this will require substantial external assistance.

Government's Policy Statement notes that "existing infrastructure in the country require urgent rehabilitation. The rehabilitation of these infrastructures and the building of new ones are essential to stimulate economic growth, enhance rural advancement and foster national unity." Infrastructure is not an end in itself but an essential means for the achievement of other, vital ends.

The National Transport Fund Act<sup>13</sup> has been passed in 2009 as part of the institutional support for this investment. The Act establishes a fund mechanism to permit development partner and government funding designated to the purpose of infrastructure development, maintenance and associated activities.

### *(a) Land transport*

Little or no road maintenance and repairs have been undertaken in recent years in many locations, so road conditions are generally very poor<sup>14</sup>. Rehabilitation and maintenance of infrastructure is given high priority in the Policy Statements and MTFs. The aim is to preserve in good condition those parts of the network that have been recently rehabilitated or otherwise remain in maintainable condition. The present road network is very limited and must be extended to link island communities together.

### *(b) Inter-Island Shipping*

Inter-island shipping services are sparse for much of the population, with most settlements only being visited by ships once per month and some outer islands receiving service less than four times a year. Without regular, reliable shipping it is extremely difficult to sustain export or regional economic activities. Provincial wharves and navigational channels have lacked maintenance, so many are in poor and are unsafe or of unknown safety status. Regular, reliable and cost effective shipping services are the backbone of national transport for a developing archipelagic nation, so the lack of regular, reliable and safe services to provinces has hindered development of most islands.

There are a number of regulatory and structural factors compounding the poor state of infrastructure. Unavailability of appropriate finance constrains the operations and replacement of vessels by private operators. There are poor returns on certain low-density routes, contributing to high freight and passenger rates. Investment in some provinces has been reduced due to the effect of Provincial Government intervention to block competition for their own shipping services. Several reforms are needed to improve shipping services and achieve broad based economic growth and development, especially with the island and rural areas.

There has been some EU activity in construction of wharves and navigational aids in the provinces. In 2005 and 2006, seven wharves were completed in the Western part of the

---

<sup>13</sup> National Transport Act 2009

<sup>14</sup> ESCAP country infrastructure report 2007 Country Infrastructure Reports. Prepared by Governments and submitted to the ESCAP Secretariat, [http://www.unescap.org/TTDW/ppp/reports/SolomonIslands\\_5June2007.pdf](http://www.unescap.org/TTDW/ppp/reports/SolomonIslands_5June2007.pdf) accessed on 21 Dec 2009.

Solomon Islands and by the end of 2008, a further seven wharves will be completed in the Eastern Part of the country.

### *(c) Civil Aviation*

The current government gives tourism the highest priority amongst economic sectors, but tourism operators report that the most significant impediment to the industry is unreliable air services. Major changes in civil aviation regulation and infrastructure are needed to promote tourism in particular and inter-island travel in general. The Civil Aviation Act was amended in 2009 to permit the operation of a fund for the operation and development of aviation infrastructure in the country.

Similar to other infrastructures in the country, the infrastructure for the aviation industry also need very close attention. Most airfields need maintenance and major repairs as well as new security measures to protect against theft and damage.

A 10-year civil aviation master plan is being finalized by Government, based on the expectation of a rapid growth in domestic air travel demand and the number of tourist arrivals doubling to 10,000 per year. Although government's policy statements have specified a sizable investment in upgrading the provincial air infrastructure, this has not yet been implemented.

## **3. Communications**

Telecommunications have been until very recently operated by the private sector but under an "exclusive license". This situation has evolved with the introduction of competition aiming to permit better quality telecommunications infrastructure and enhanced quality of services at lower prices.

To assist in liberalization of the sector, ongoing World Bank technical assistance has been working to develop: (i) a telecommunication sector policy that facilitates competition; (ii) a new telecommunication law to regulate a competitive market environment; (iii) advice on re- negotiation of Solomon Telekom exclusive license; (iv) development of a schedule of commitments to the WTO; (v) advice on the establishment of a rural fund to be set up for financing of services to unprofitable locations in rural areas.

This programme of assistance has culminated in the passage of the Telecommunications Act 2009 which provides the basis for the introduction and regulation of a competitive telecommunications sector. Under the Act, the competition for the provision of mobile services will be opened to competition in April 2010 while competition in the provision of internet services will made possible one year later in April 2011<sup>15</sup>.

## **4. Energy**

People centred development policy is highly significant in the field of energy. The primary source of energy for the rural majority remains biomass<sup>16</sup>, and electrification outside of the urban areas remains extremely low. Given the scattered nature of human habitation and the poor state of transport services, transport fuel for outboard motors forms a significant proportion of village spending and high fuel prices make this a major contributor to poverty and hardship.

Solomon Islands offers challenging conditions for sustainable energy development due to the widely scattered market on islands, separated by substantial areas of sea, and on which communities are often small, isolated population centres.

---

<sup>15</sup> <http://www.solomontimes.com/news.aspx?nwID=4384> accessed on 24 December 2009

<sup>16</sup> 2008 Solomon Islands State of Environment Report Ministry of Environment, Conservation and Meteorology, 2008.

Solomon Islands Electricity Authority (SIEA) is responsible for providing electricity to all the urban and provincial centres. In 2006, SIEA generated 68.9 million kilowatt hours during the year, a small increase of 2.6% above 2005 levels. About 86% of this came from the two main stations in Honiara, with the Noro station producing 6.2%, Gizo 2.9%, Auki 2.3%, and other provincial stations accounted for the remainder. The provincial outstations were not financially viable and have always been subsidized by the Honiara stations. Until economic activities begin to expand in the provincial centres, the provision of electricity is unlikely to be self-sustainable and financially viable. The capacity to deliver efficient and sustainable energy remains limited.

Solomon Islands is almost fully dependent on fossil fuels for electricity and transport, with about 90% of electricity generated by diesel engine. There have been small renewable energy projects, mainly solar and hydropower, constructed for rural and remote communities. Rural electrification programmes using solar panels have been conducted, particularly on Guadalcanal with expansion to other provinces.

A National Energy Policy Framework was developed and endorsed by cabinet in 2007. It sets out the Government's policies for the planning and management of the energy sector over the next 10 years. The Policy encourages the energy sector participants to maximise use of appropriate, proven and cost-effective renewable technologies utilizing indigenous resources to meet energy demands and needs. Current challenges and constraints in the energy sector are related to expanding the coverage of electrification largely through the development of indigenous energy sources (wind, biomass and hydro), and managing a transition from fossil fuel based power generation to renewable power sources. Related to these concerns are those related to the integration of energy planning into other sectors, and the integration of environmental considerations into energy planning. Two immediate areas of overlap in these cases are the environmental considerations related to substituting oil imports and to mitigating the use and reliance on biomass energy. Future considerations relate to the disposal and decommissioning of photovoltaic technology in an appropriate and cost effective manner, as well as the integration of social and environmental considerations into the planning and operation of large scale renewable energy projects such as hydroelectric schemes.

## **5. Agriculture**

As a productive sector, agriculture is the single most crucial to the wellbeing of Solomon Islanders and as such, lies at the centre of any people centred policy framework. This is because the vast majority of the population remains in subsistence production, and the bulk of this group also participates in small holder cash cropping. Public policy in this sector has become increasingly aligned with this profile of production and use, with an increasing emphasis on food production and food security. The agricultural policy goal is to: to provide extension, education, regulatory, research and associated activities to improve the Agriculture sector's contribution towards increased food production, food security and standards, and economic recovery and development.

Formal and informal agriculture employs 11,859 people and contributes about a quarter of the total annual foreign revenue. Food crops and tubers are mostly for own consumption and, if sold, only at the local market. Only crops such as cocoa, copra, oil palm, kava, and other root crops are being exported. Agriculture, with fisheries and tourism, is identified in the Medium Term Fiscal Strategy as one of the highest priority economic sectors to be developed.

Root crop development, livestock development and vegetables production are the major agricultural economic activities. Root crop development is dominated by rural people,

with 94.90% of producers in the rural areas. In terms of livestock and vegetable developments, 91.68 % and 95.59% are in the rural areas respectively.

Solomon Islands have a comparative advantage in agricultural development, as it has the land and climate for tropical agricultural crops as well as good biosecurity and phytosanitary characteristics as an island state. However, agricultural development is constrained by lack of information, skills, knowledge, and access to markets and appropriate tools. In large scale agricultural development, the government priorities are the advancement of planned palm oil plantations and the review of past initiated projects, as well as the revival of livestock projects.

## **6. Mining**

There is strong economic potential in the mineral sector in the Solomon Islands. There are identified sites of potential mineral deposit in Isabel, Choiseul, Malaita and Guadalcanal provinces. In 2006, the Department of Mines registered seven mining and exploration companies, one mining lease for the Gold Ridge project, and ten prospecting licenses. One of the licences is for the nickel prospecting on San Jorge Island in Isabel Province.

To date only one gold mine has been operated, this on Guadalcanal (Gold Ridge Mining Company) that started in 1998 and with immediate economic benefits to the economy in terms of employment, foreign exchange earnings and other benefits. However, the mining operation was short-lived, the mine site being destroyed by militants in 2000. Current issues of policy concern include: (i) the conduct of environmental impact studies prior to the commencement of mining operations; and (ii) settlement of land disputes at the earliest possible date to avoid continuous problems throughout subsequent mine life.

## **7. Rural Development and Food Security**

Rural Development is a principle focus of the Coalition for National Unity and Rural Advancement Government to address the needs of the 84% of the population living in rural areas. Government is committed to address the broad range of cross-sectoral issues which need to be addressed to promote rural development, including decentralisation of government to facilitate decentralisation of development. Past development has left the rural areas are disadvantages in opportunities and service delivery:

Median per capita consumption in rural areas is SBD 2,927 compared to SBD 8,422 in Honiara<sup>17</sup>. Rural Development is a principle focus of the Coalition for National Unity and Rural Advancement Government to address the needs of the 84% of the population living in rural areas. Government is committed to address the broad range of cross-sectoral issues which need to be addressed to promote rural development, including decentralisation of government to facilitate decentralisation of development. Past development patterns have left the rural areas disadvantaged in opportunities and service delivery:

Median per capita consumption in rural areas is SBD 2,927 compared to SBD 8,422 in Honiara.

Of the poorest half of the population, 95% live in the provinces and only 5% Honiara;

Honiara residents are twice as likely to have a post primary education, three times as likely to have a bank account, more than three times as likely to have household sanitation; and over 8 times as likely to have electric lighting.

---

<sup>17</sup> HIES 2004

Addressing these imbalances is critical not only for equity, but also to ensure peace and stability. Regional overemphasis on the capital has contributed to migration and associated tensions and pressures between settlers and indigenous groups, and the potential for reigniting conflict can be comprehensively dealt with through a redress of these imbalances. Associated with this redress of the urban-rural divide is the need to ensure balanced development in different regions of the rural parts of the country.

Service delivery and economic development require adequate infrastructure development. In the rural areas there is poor provision and maintenance of key infrastructure, such as wharves, bridges, airports, sea transport and roads - providing a major obstacle to service delivery and economic development. To improve rural living standards, people must have access to markets and to the support services needed to produce, add value and market their goods. Products which could provide development opportunities include: copra, cocoa, coconuts, cattle, piggyery, poultry, and fisheries.

Private sector development in rural areas, as driver for economic development, will be greatly enhanced by increased entrepreneurial activity by indigenous people. Indigenous Business Development has not been strong in rural areas and more indigenous people should be encouraged and enabled to venture into business activities. This would strengthen the private sector, create jobs.

Of the poorest half of the population, 95% live in the provinces and only 5% Honiara;

Honiara residents are twice as likely to have a post primary education, three times as likely to have a bank account, more than three times as likely to have household sanitation; and over 8 times as likely to have electric lighting.

Rural Solomon Islanders must involve in entrepreneurial capacity building, business training and other business activities to help boost indigenous business development in the rural economy. Development of entrepreneurial skills is essential if businesses are to be well established and sustained. Development of Provincial Business Associations can provide assistance to small businesses and encourage rural dwellers.

## **8. Sustainable Tourism**

The CNURA policy places significant emphasis on tourism as a key source of sustainable foreign earnings. Tourism differs fundamentally from other sectors in that it is not natural resource driven but dependent on investments in capital and the human skills of service providers. Despite the importance of tourism development, the Ministry of Culture and Tourism is one of the smallest ministries and Government budgets. Government has begun implementing its plan to increase focus on tourism through the 2008 and 2009 increases in budget allocation. Budget allocation is necessary, but insufficient. In the past, work has often been left unfinished or unaccomplished as the release of budgeted funds has been slow and erratic, impeding timely implementation of activities and contributing to the result that none of the policy targets towards increasing visitor arrivals was achieved.

The international visitor survey 2006-2007 shows that there is a demand for cultural and natural activities. This is a business opportunity for rural communities and individuals to take advantage of as it will not only provide employment for people but also develop and support the tourism industry. Exploiting such opportunities in tourism requires a wide range of well co-ordinated actions. In 2008, on-going public sector activities emphasise the establishment of a training school at SICHE, the redevelopment of a premier resort location, the upgrading of major provincial airport and the development of strategies and legislations including accommodation standards scheme, cruise ship strategy and tourism law.



These activities involve working closely with the private sector, which must lead in the development of tourism assets and services and have confidence to make substantial investments. The sector also requires support, cooperation and integration between all the government ministries for easy flow of data and information, which is often not forthcoming.

The Policy Statements recognise the essential need for infrastructure development to support economic activity and the tourism sector has particularly identified aviation as a constraint to development in terms of both airports and achieving a level of inter-islands service reliability acceptable to the international tourism business. The Policy Statements also recognise the need for long term capacity building in the sector to upgrade standards of service provision and to develop tourism products targeted at international markets. Government places high priority on an increasing economic contribution by the tourism sector but also has realistic expectations of the time and work needed to achieve that development.

## **9. Challenges**

The major challenges for the future of this commitment area lie in the creation of policy approaches that enable the spread of successful business models which involve local and international entities, and the development of methods for private sector and community sector inputs into policy cycles. Successful and consistent engagement with these actors by the policy sector demands a balance of coordination with autonomous action, and achieving this balance will be key for policy makers and implementers. Another major challenge in terms of people centred policy is creating new internal linkages and policy advocacy for people centred within resource- and economic development sectoral agencies and ministries.

### **E. Commitment 5: Enhancing the role of trade in development**

#### **1. Situation**

The current role of trade in development is strongly influenced by the nature of exported products. The current reliance on extractive, primary industries means that relations with people in Solomon Islands are largely framed by their status as resource owners attracting rent-type returns for their resource stocks, rather than as active agents involved in the production and trade of goods and services. This is beginning to change in terms of positive private sector and community sector initiatives beginning to lead the way in diversifications and value addition, but key regulatory and supportive regimes to enable this transition are still being devised<sup>18</sup>. The role of trade blocs within the Pacific region is also increasingly important in terms of inter- and intra- regional trade facilitation.

##### *(a) Trade*

Government's policy statement on foreign relations and trade<sup>19</sup> emphasises functional cooperation and instrumental benefit to be derived from Solomon Island's multilateral and bilateral cooperation with other countries and international organizations. A special emphasis has been the construction of a strong alliance by treaty between the seven richest fishing grounds of the central Pacific. Such an alliance would be a crucial element in strengthening the position of the tuna rich Pacific states in negotiations for access with DWFNs.

A further policy initiative has been the implementation of the Integrated Framework programme in association with the WTO. The Integrated Framework is intended to assist long term export development by providing a baseline for ensuring compliance with the

---

<sup>18</sup> Commerce statement and policy statement

<sup>19</sup> CNURA policy statement on foreign affairs and trade.

World Trade Organization regulations. Associated with this are measures to mainstream trade into the national economic development process, based on a pro-poor strategy which relates growth to employment creation and human development.

Solomon Islands has struggled to develop long-term capacity for trade. One major challenge is to produce goods and services of consistent quantity and quality to take advantage of existing international market access. The negotiation of a number of trade agreements has raised the profile of trade-related issues. These agreements are the Economic Partnership Agreements with the European Union, the Melanesian Spearhead Group Free Trade Area, the Pacific Island Countries Trade Agreement and the Pacific Agreement on Closer Economic Relations.

#### *(b) Commerce and Investment*

CNURA policy has set private sector led growth as the engine for economic development and seeks to transfer resources from public to private sector activities. The private sector remains small and to lead growth it will be necessary to attract new investors. The sort of long-term investment required will have been discouraged by recent conflicts and it may take time and additional measures to promote such investment in productive activities. Overall, the Solomon Islands ranks 79<sup>th</sup> out of 178 in the World Bank's "Ease of Doing Business Rankings". In the Pacific Region, this is comparable to Palau (82) and PNG (84) but significantly behind Vanuatu (62) and Samoa (61) and well behind Fiji (36). This suggests that substantial improvements in the ease of doing business will be needed if the private sector is to invest on a substantial scale.

Within the domestic commercial sector there is the particular challenge of supporting rural development through participation in commercial and economic development. The rural sector has limited capacity to engage in commercial activity and provincial government has limited ability to develop that capacity.

## **2. Challenges**

Challenges for future progress in this commitment lie in facilitation processes internally and between Solomon Islands and the global market. Internal facilitation needs continue to lie in the areas of physical infrastructure and supportive services to enable the bulk of the population to participate in the economy and engage their massive resource base of land, sea and natural resources stocks in commercial activity. There is very limited knowledge and expertise on making these internal linkages happen, and much better policy learning will be required into the future to ensure that these changes are achieved. External facilitation between Solomon Islands and the global market continues to require structural shifts in the country's systems and this will continue to be a long term process, but progress and learning will need to be continuous into the future.

### **F. Commitment 6: Reducing vulnerability and protecting the environment**

#### **1. Situation**

Solomon Islands faces grave environmental issues and it is clear that issues are inseparable from core "development issues", such as poverty, income and livelihoods and energy which are also key concerns for people centred policy. This inseparability increases stakes for successful policy in the area of vulnerability and the environment. The 2008 State of Environment report states:

"Just as the majority of the population is rural, so is the largest part of the economy...More than 80% of the people of Solomon Islands produce their own food, housing and even much of their own medicine. At most, the cash economy

**supplements** this economy, permitting access to cash bought goods such as soap and petrol/kerosene and cash bought services such as school fees.

These services together with the forests provision of construction materials and non-timber forest products represent ecosystem services which feed and house more than 80% of the country's population... ..As a result they remain as heavily reliant on ecosystem services as in the past. A productive natural environment remains the main thing keeping Solomon Islanders alive and out of worsening poverty.

Environmental vulnerability and hence that of the Solomon population, continues to increase due to agricultural conversion of productive rainforest and the continued effects of logging as well as associated runoff onto coral reefs. There is emerging evidence of climate change related vulnerability also being experienced by low lying and outlying islands. Although there is stronger awareness of this linkage, the main connections between economy and environment, and their critical nature to the welfare of the majority of Solomon people, remain under emphasised in policy cycles and processes.

These difficulties are being addressed by a much stronger and more prominent Ministry of Environment. The policy focus of the Ministry for Environment, Conservation and Meteorology has been "to integrate national issues, in a holistic way so as to adapt to climate change, halt deterioration of the ecosystems, restore damaged eco-systems and ensure their survival in the long term."<sup>20</sup> To this end, a Climate Change Division has been added to the Ministry, providing potential for high level coordination and integration of environmental policy and the thematic mainstreaming of vulnerability.

Current policy and plans aims to increase the impact of environmental regulation and strengthen their enforcement. Protection will be extended in a national waste management strategy, being drafted, and legislation to protect high biodiversity areas to complement a new National Biodiversity Strategic Action Plan (NBSAP). Close monitoring of vulnerabilities to climate change and mobilization of resources for climate change adaptation and mitigation are also in progress.

## **2. Challenges**

Challenges to wider effective environmental management and mainstreaming include the adequate representation and effective framing of environment-economy and environment-poverty linkages in national policy processes and cycles, as well as the need for improvements to the current critical shortages of data and information management capacity across different subs sectors within the environment and vulnerability domain. Institutional and human capacity currently lags significantly behind the demands created by recent environmental regulation<sup>21</sup>. A number of areas of legislation remain to be revisited with a view to reflecting and translating environmental considerations and the mainstreaming of natural risk management. Related to this is the continued challenge in mainstreaming environment and ecosystem services into national accounts and development planning.

### **G. Commitment 7: Mobilizing financial resources**

Solomon Islands currently experiences very significant flows of financial resources from bilateral and multilateral development partners. More than SBD2.2 billion was committed by partners in the 2007 development budget, and this figure continues to increase. Chief amongst these are the programmes associated with the Australia-led RAMSI initiative,

---

<sup>20</sup> MECM Corporate plan.

<sup>21</sup> Environment Act 2008 regulations.

as well as considerable multilateral programming via the World Bank, EU and ADB. Despite these extremely large flows it is unclear to what extent intended impacts are being achieved. This is due to relatively low coordination and variable levels of national ownership, due to capacity constraints on the part of both development partners and national authorities. Staffing and systems which are adequate to the scale and nature of financial commitments remain difficult to achieve on both development partner and national government sides of the equation, and this is limiting national oversight of programme- and project- level effectiveness.

Policy structures central to this commitment are arranged according to the input-output dichotomy, with Ministries of (respectively) Finance and Treasury having the central role in managing financial inputs and Development Planning and Aid Coordination having the central role in managing operational outputs.

## **1. Finance and Treasury**

The Ministry of Finance and Treasury provides leadership to the Solomon Islands in financial matters and delivers professional financial and economic services to the Minister for Finance and Treasury, the Government, other Ministries and the wider community. Its aim is to improve the standard of living of Solomon Islanders through economic and financial reforms that grow the economy in a sustainable way.

The major medium term task of the Ministry of Finance and Treasury (MoFT) is to set fiscal policy and the medium term fiscal strategy (MTFS). In addition the Ministry is the manager of Government finances so plays a central role in all aspects of management of public services.

A wide range of activities of importance to people centred policy are under the management or supervisory responsibility of MoFT and it is then responsible for their performance and, as needs be, reform. These include statistical services, budgeting, business regulations, state owned enterprises and Central Bank performance as well as consumer price control and monitoring. In terms of the wider economy, MoFT has a critical responsibility in driving the economic restructuring necessary to promote economic growth in line with the MTFS.

In terms of public service improvement, MoFT has the leading role in improving economic governance and is assisted in this role through RAMSI's Economic Governance programme. Objectives being pursued under the joint programme include the development of improved macro-economic analysis and forecasting services, enhanced financial management services to support public sector work programmes and outcomes, and improved capacity of Solomon Islands Government to develop and implement sound and equitable economic reforms, addressing the issues of the business regulatory environment, state owned enterprises and the tax system.

These activities give MoFT charge of all aspects of government's input oriented resource management, complementing and not duplicating the outcome oriented development planning of MDPAC.

## **2. Aid and its effectiveness**

The Ministry of Development Planning and Aid coordination coordinates and formulates National Medium Term Development Strategies (MTDS) and is in charge of the management and coordination of aid available to ensure that assistance is meaningful and applied in a manner that furthers national development goals.

Embedded in this goal are the key responsibilities for development planning, human resources and population-based planning, aid management and coordination and policy

monitoring. These responsibilities are aligned to a number of key expected outcomes outlined in the government's policy statements.

Coordination remains challenging in such a planning context, thus limiting the effectiveness of coordination within the Government let alone the different levels of government and the stakeholders. Clarity and coordination mechanisms are necessary in the system and amongst responsibilities for aid coordination to be effective and to ensure delivery of government services and congruence of development partner actions with Government plans.

#### *(a) Aid Policy and Strategy*

In 2008, the Solomon Islands Recurrent and Development Budgets totalled SBD 2.6 billion (approximately USD 350 million). Of this amount, 59 per cent or approximately USD 206.5 million was funded by bilateral and multilateral development partners.

The lead role for the development and implementation of Government policy on aid coordination and management is played by the Ministry of Development Planning and Aid Coordination (MDPAC). The MDPAC currently undertakes a number of aid coordination related activities on a regular basis, including:

- Regular development partner meetings on programme implementation and operational level meetings with development partners for the formulation of country level strategies, coinciding with development partner's country strategy-making exercise; quarterly development partner meetings (primarily used as a forum for information sharing); regular meetings with micro-projects development partners (to coordinate the implementation of programmes that contain micro-projects components); and ad hoc development partner meetings, which are undertaken on a regular basis with bilateral and multilateral development partners to discuss and receive feedback on the progress of country level strategies and programmes.
- Reporting, including an annual report on overseas development assistance (most recently reported 2002), and an annual report on micro-projects.
- Collection of data from development partners on overseas development assistance, for inclusion with the Solomon Islands Government's budget estimates papers.

Although SIG received substantial assistance since the 1980s for developing capacity for national planning, budgeting and aid coordination, this capacity has not been achieved due to (a) shifting of institutional arrangements for planning and budgeting and aid coordination; (b) lack of inter-departmental linkages and coordination; (c) interruption to development management due to the civil unrest ("tensions") and related political difficulties during 1998-2002; (d) high turnover of staff in the Government administration including in planning and budgeting departments and (e) competing approaches and demands amongst development partner partners.

The resulting weaknesses continue to hamper SIG capacity to keep abreast of changes in the international/global agenda for development, and to implement new provisions in international aid policies and strategies, such as the Paris Declaration on Aid Effectiveness (2005) and the Accra Agenda for Action (2008). As a result, aid programming in Solomon Islands has largely been development partner-driven, with inadequate opportunity for strategic leadership by Government and national institutions.

#### *(b) Institutional Arrangements for Aid Coordination and Management*

SIG has initiated measures to redefine and reconfigure institutional arrangements and mechanisms for planning and aid programming. A draft report on aid coordination and aid management processes and procedures has been prepared by the MDPAC. Initial review of

the report by development partners and line ministries have indicated the importance of institutional arrangements and process mechanisms for interaction among government agencies on one hand, and government and the development partner community on the other should not stretch the existing capacity of the government administration and must act to reduce the transaction costs of engaging with development partners.

For the institutional arrangements to work, it is not sufficient to have clear definitions of Government agencies and linkages/coordination among national organizations. Effective functioning of the institutional arrangements will also require skills and competence of within individuals working within them. Hence, capacity constraints imposed by existing staffing and staff competency should be taken into account for situating mechanisms, processes and procedures for managing cooperation programmes.

#### *(c) Management of Development Cooperation Activities*

Management of development cooperation activities relates to the processes underlying the programme/project cycle of aid funded programmes and projects. Presently, Government agencies and national institutions do not provide adequate leadership and management responsibility for development partner assistance strategy formulation, project formulation, management of implementation of projects, financial management, and monitoring and evaluation.

Lack of organizational process management systems and deficiency in competency and skills of staff in the Government and national institutions appear to be some reasons for inadequate participation of Government in aid programming. The other major contribution to this situation is the lack of capacity on the part of development partner institutions to apprehend and incorporate national level specificities into their analysis and programme planning. This arises from high development partner staff turnover and a lack of emphasis on matching the pace and timing of national processes. This, together with the internationally derived standards set by development partners for implementation and monitoring compliance places considerable demand on the already stretched capacity of Government agencies and national institutions.

The responsibilities outlined in the Paris Declaration and the Accra Agenda for Action further increase the demands upon Government.

#### *(d) Strategy*

Solomon Islands' Medium Term Development Strategy (MTDS) 2008-10, endorses the Paris Declaration and emphasises that Government development programmes and development partner assistance will be closely aligned to the National Objectives and Priority Areas identified in Policy Statements and elaborated in MTDS. The Government recognises that greater partnership with development partners is required to ensure the effectiveness of aid delivery and the achievement of National Objectives.

Government expects that proposed improved, results oriented performance reporting by Ministries and agencies will lead development partners to draw on such reporting to assess the impact of their own programmes and reduce the need for parallel monitoring at least at outcome level.

The planned arrangements proposes that development partner proposals to Government and the submission by Government agencies of development assistance proposals to development partners be channelled through the Ministry of Development Planning and Aid Coordination to ensure that development assistance programmes are well coordinated according to Government's stated policies and priorities. This are to be supported

by regular Government and Donor Agency consultations during the MTDS period, including regular reviews of the impact of development partner programmes.

MTDS prioritises Government's ownership of aid coordination, implementation of national strategies, monitoring and evaluation, dialogue processes and participation of development partners, civil society and the private sector. Such ownership is considered essential for the objective of aligning official assistance to national development strategies. Through better coordination by the Ministry of Development Planning and Aid Coordination (MDPAC) the different development partner's policies, strengths and development programmes should be aligned.

Coordinating and managing external aid in Solomon Islands will require concurrent improvements in national planning and budgeting and institutional arrangements and management competency of Government and provincial administration for engaging in structured dialogue and consultation with the country's development partners. Donors are in agreement that Government must assume primary responsibility for aid coordination and put in place the required capacity to manage aid effectively.

The Solomon Islands Government through the Ministry of Development & Aid Coordination in partnership with UNDP Office Honiara are working together on an Aid Coordination Project for the country. The project will strengthen and improve the effectiveness and efficiency of aid coordination and management through building organizational and management/staff capabilities and functions of the Aid Coordination Division of the Ministry of Development Planning and Aid Coordination (MDPAC). This will enable the Government of Solomon Islands to have a working, transparent and effective aid coordination, management and monitoring system. Such strengthening will help Solomon Islands attract foreign assistance, better target foreign assistance it is already receiving, increase absorptive capacity and effectiveness, and address key development objectives.

The project will concentrate on strengthening capacity by (1) developing the procedures and processes of the MDPAC; (2) strengthening relationships between Aid Coordination Division and other MDPAC divisions, other ministries—especially the Ministry of Finance and Treasury—and development partners; (3) building human resources through upgrading basic skills, role-specific training and on-the-job training; and (4) establishing and using a Grant Management Database as well as other information network improvements.

### **3. Challenges**

The primary challenges in this commitment area lie in the operational detail of restoring a coordinative role to national government, and the related need to develop aid oversight capacity in national executive bureaucracy and legislature. Capacity at the legislature level to provide strategic oversight of the national executive bureaucracy is extremely limited, but this is one area needed for sustained long term improvement to occur in the field of aid coordination.

## **III. ANALYSIS AND CHALLENGES AHEAD**

This section briefly summarises high level issues overarching the different sectoral analyses presented in response to specific commitments of the BPOA.

### **A. Critical Characteristics of Solomon Islands with respect to BPOA**

Solomon Islands policy setting is closely related to its socio-political and socio-economic setting, and these are the elements which have the most critical bearing on the country's performance in relation to the BPOA. These can be summarised as:

Extremely diverse, young and rapidly growing – There are more than 70 indigenous languages with hundreds of dialects, contained with all three Pacific peoples (Melanesian, Polynesian and Micronesian) in 540,000 people. A recent survey estimated 223,603 children under 15 from a total of 533,671 people (41.9%) and the current population doubling time is under 30 years. These facts mean a high dependency ratio and a very complex sociocultural setting for service delivery and policy formulation.

Dispersed, archipelagic, and indigenous – One thousand islands dot an expanse stretching 1600 km between eastern- and western-most inhabited points. 85% of the population lives in more than 5000 villages throughout the archipelago, and hold legal authority through traditional rights, of a similar proportion of the land and coastal sea. These facts mean that service delivery and citizen participation is extremely challenging and demands that any sustainable development policy needs to engage with people to an extent not conceived in other settings where the state controls most land.

Richly endowed with natural resources – The land area of Solomon Islands is the second largest in the Pacific region and its exclusive economic zone sea area is fourth largest in the Pacific region. There are very considerable mineral and timber resources, one of the world's highest per capita freshwater stocks and a productive seascape with rich tuna and increasing confirmed mineral stocks. These facts mean that extractive resource industries will continue to dominate the economic development of the country and that people centred development policy will need to focus on the positive and progressive engagement of people with these industries.

Dominated by small indigenous polities – The rural majority sustains itself from the resources in its various traditional territories, with limited reliance on national and global integration, and these polities remain as the predominant basis for societal relations, rather than a 'public' or civil society as often assumed by common models of democratic statehood. These indigenous polities represent an outstanding class of partner for national government policy, but novel methods and concepts will be needed to fulfill the fullness of this potential for partnership.

Highly fluid policy and political arrangements – Due to the sociopolitical setting, structures for policy formulation and delivery remain in a constant state of change. A combination of post-conflict aid flows and continued political fluidity have meant that government policy is able to undergo fundamental shift twice within a single parliamentary term, which permits differing donor agendas to remain in competition rather than being managed and coordinated effectively by the national government. This means that structural change and those capacity issues related to it will remain a factor into the future.

## **B. Key drivers of change in Solomon Islands**

Environmental degradation – With a population and economy highly reliant on primary production for subsistence and export, the state of the environment will be a central factor in the well being and development of the people of Solomon Islands. Different pressure points in terms of agricultural productivity, exportable products and key ecosystem services, will be very important in terms of determining the trajectory of overall development.

The stimulatory effects of government and development partner spending – Due to limited government and donor capacity to target and implement spending effectively, the primary effect of development spending will continue to be through the impact of spending itself and the degree of local multiplier effect experienced. Continued government and donor spending administration in the capital Honiara will likely perpetuate urban drift there and associated negative externalities, including the possibility of destabilisation. Conversely, decentralised administration poses the opportunity for stimulatory effect in provincial capitals and adjacent rural areas.



Sociocultural evolution at the village level – As the base unit of society and the locus for most resource allocation and production decisions, the village remains the central stage for human development in the country. The degree to which social, cultural and economic changes are successfully managed and transitioned through by the village, will determine the extent to which Solomon Islands attains national development goals. Successfully managed transitions at the village level will reduce social tensions at a national levels, permit increase economic participations by the bulk of the population and engage a far greater proportion of the national resource base in the formal sector.

Leadership opportunities within government and society – As a small and young country, Solomon Islands has ample scope for key decisions to make thorough differences to its development trajectory. The availability of leadership opportunities for individuals to catalyse creative and proactive institutional responses is and will continue to be a limiting factor to the responsiveness of institutions and organisations. The availability of opportunities for such inputs will control the rate at which pro-active and anticipatory changes can occur.

#### **IV. Key challenges going forward for people-centred policy**

Three overarching challenges are identified which operate across the different commitment areas and cut across those challenges specifically outlined in each section of the report text.

“Enabling environment” – Given the highly autonomous nature of the majority of people in Solomon Islands, the notion of an enabling environment is very significant for policy makers. In social service sectors such as health and education, partnerships are actively and explicitly sought for improved outcomes and sustainability. This sort of approach is as important for other sectors, including in the productive sector. Given people’s control of territory and resources, the BPOA in some ways presents fewer challenges for Solomon Islands than for other countries with more central control. Policymakers need to identify and implement measures which “permit” and “enable” participation, since issues of redistribution can be avoided through community- or village- led economic activity. With rich natural resources and viable community systems reducing the potential load on public service organisations, an enabling environment approach presents huge benefits and opportunities for the country in terms of people centred sustainable development policy.

Ensuring learning organisations – The uniqueness of the ground reality in Solomon Islands means that considerable and ongoing learning will be needed to effectively achieve outcomes and permit monitoring of both change and progress. Building this into policy organisations will provide the added benefit of allowing appropriate and resilient responses to continued structural change and flux driven by political considerations and new international development initiatives.

Mainstreaming capacity approaches – Although there is ample documentation of capacity deficiencies in the programming and policy literature, the reflection of this central concern in practice lags. Mainstreaming capacity approaches to the development policy approach would have an important impact on the pace and sequencing of all development policy activities, particularly those involving donor organisations. The current tension between project or programme level outputs and long term capacity outcomes may be transcended by “right pacing” policy initiatives to the rate supportable by policy development and monitoring processes and systems in the national system.

The BPOA provides a useful framework for mediating the consensus goals of the international community of developing countries and the realities of policy practice and sustainable human development in the country. The continued process of reporting and information exchange will be a critical element going forward, but Solomon Islands remains

committed to a realistic and authentic process of continuous and cooperative development as a member of this international community.

## REFERENCES

2008 Solomon Islands State of Environment Report Ministry of Environment, Conservation and Meteorology, 2008.

AusAID (2009) Working Paper 2: Solomon Islands country report evaluation of Australian aid to health service delivery in Papua New Guinea, Solomon Islands and Vanuatu.

Coalition for National Unity Reconciliation and Advancement – Commerce policy statement

Coalition for National Unity Reconciliation and Advancement – Foreign relations policy statement

ESCAP Country Infrastructure Report – Solomon Islands 2007. Prepared by Governments and submitted to the ESCAP Secretariat, [http://www.unescap.org/TTDW/ppp/reports/SolomonIslands\\_5June2007.pdf](http://www.unescap.org/TTDW/ppp/reports/SolomonIslands_5June2007.pdf) accessed on 21 Dec 2009.

ESCAP Statistical Yearbook for Asia and the Pacific 2008, accessed at <http://www.unescap.org/STAT/data/syb2008/2-Urbanization.asp> and <http://www.unescap.org/STAT/data/syb2008/index.asp> on 3 December 2009.

[http://hdrstats.undp.org/buildtables/rc\\_report.cfm](http://hdrstats.undp.org/buildtables/rc_report.cfm) accessed 10 December 2009.

[http://www.impunitywatch.com/impunity\\_watch\\_oceania/2009/10/solomon-islands-to-tackle-corruption-.html](http://www.impunitywatch.com/impunity_watch_oceania/2009/10/solomon-islands-to-tackle-corruption-.html) accessed 21 December 2009

<http://www.nzaid.govt.nz/what-we-do/review-and-evaluation-report-summaries/review-and-evaluation-report-summary-eva0703sum.html> accessed 12 September 2009.

[http://www.parliament.gov.sb/files/hansard/8th\\_session/1st\\_meeting/thursday11may2006.htm](http://www.parliament.gov.sb/files/hansard/8th_session/1st_meeting/thursday11may2006.htm) accessed 12 December 2009

<http://www.solomontimes.com/news.aspx?nwID=4384> accessed on 24 December 2009

Ministry of Environment Conservation and Meteorology Corporate plan.

Solomon Islands Environment Act 2008 regulations.

Solomon Islands Government Education Strategic Framework 2007 – 2015, Ministry of Education and Human Resources Development, June 2007 Honiara, Solomon Islands

Solomon Islands Household Income and Expenditure Survey (HIES) 2004, Department of Statistics, Honiara, Solomon Islands.

Solomon Islands National Transport Act 2009

Waqatakirowa, L. (200?), Primary Health Care Review in Solomon Islands, accessed at: <http://www.wpro.who.int/NR/rdonlyres/11EAC253-C439-47D7-B027-968D06CF75D7/0/sol.pdf>, on 12 December 2009

.....