



United Nations  
**CDP**  
Committee for  
Development Policy

CDP2018/PLEN/6.e

# **Committee for Development Policy 20<sup>th</sup> Plenary Session**

United Nations  
New York, 12-16 March 2018  
Conference Room 6

## **Vulnerability Profile of Solomon Islands**



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## Solomon Islands: graduation road map at a glance

**March 2015:** The Solomon Islands, for the first time, met two of the three thresholds of graduation from LDC status (see p. 6 and p. 9). The Committee for Development Policy (CDP) accordingly found the country pre-eligible for graduation, a finding which brought no immediate change to the entitlement of the Solomon Islands to LDC status. The CDP will re-examine the potential graduation case of the Solomon Islands in its next triennial review of the list of LDCs in March 2018.

**March 2018:** If the Solomon Islands again meets two of the three graduation thresholds, the CDP will normally find the country fully eligible for graduation, and accordingly recommend graduation from LDC status in its report to the UN Economic and Social Council (ECOSOC).

**July 2018:** ECOSOC will normally endorse the CDP's recommendation to graduate the Solomon Islands from LDC status.

**December 2018:** The UN General Assembly, in turn, will normally endorse the recommendation to graduate the Solomon Islands, through a resolution formally stating the UN decision to take the country out of the list of LDCs. On the day of adoption of this resolution, the Solomon Islands will enter the standard (normally three-year) grace period during which it retains its LDC status and is expected to negotiate, with its development partners, a "smooth transition" to post-LDC status.

*NB: The adverb "normally" qualifying the action of the CDP, ECOSOC and the General Assembly indicates that the relevant decisions by these three bodies are expected to take place in accordance with a "normal" calendar. However, flexibility from this normal timeframe can take place at the discretion of any relevant body if that is deemed to be in the interest of the country under review:*

- (i) the CDP may delay its decision to recommend the graduation of a country; or it may never resolve to make this recommendation;*
- (ii) the Economic and Social Council may delay its action on a CDP recommendation to graduate a country; or it may never resolve to endorse this recommendation;*
- (iii) the General Assembly may avail itself of the possibility of delaying its endorsement of a recommendation to graduate the country, or it may never resolve to endorse this recommendation; it may also, if it endorses the recommendation, decide to grant the country a grace period of a duration different from the standard three-year prescription.*

**December 2021:** At the end of the grace period, the Solomon Islands will officially graduate from LDC status. Yet it may continue, for a period of time, to have the benefit of LDC treatment under "smooth transition" measures.

There are two types of smooth transition measures: (i) those that are negotiated with development partners on a case-by-case basis; and (ii) those that are systemic, i.e. established for all graduating LDCs and automatically extended to them.

## 1. Introduction: historical and institutional context

The Solomon Islands was added to the list of LDCs in 1991<sup>1</sup>, the year in which the notion of graduation from LDC status was conceptualized by the Committee for Development Planning (CDP). It was also in 1991 that the first major revision of the criteria for identifying LDCs or graduation cases took place.

In its 2015 review of the list of LDCs in March 2015, the Committee for Development Policy (CDP) observed that the Solomon Islands was meeting two of the three graduation thresholds, namely, the graduation lines relevant to the per capita income and human assets criteria. The CDP accordingly found that the Solomon Islands was meeting "*eligibility criteria for graduation for the first time*"<sup>2</sup>, thereby demonstrating pre-eligibility for graduation from LDC status. In accordance with the graduation rule, the Committee stated that the Solomon Islands would in theory "*be considered for graduation at the next triennial review [of the list of LDCs] in 2018*" if the country's performance by then remained above two graduation thresholds, thereby normally indicating full eligibility for graduation.

Table 1 indicates the parameters which brought the CDP to observe the pre-eligibility of the Solomon Islands for graduation from LDC status.

This Profile was prepared in accordance with General Assembly resolution 59/209 of 20 December 2004, which decided that "after a country has met the criteria for graduation for the first time, UNCTAD is mandated to prepare a vulnerability profile on the identified country to be taken into account by the Committee for Development Policy at its subsequent triennial review"<sup>3</sup>. It is an input to the work of the CDP in answering the question of the graduation of the Solomon Islands from LDC status.

Sections 2, 3 and 4 examine the performance of the Solomon Islands under the graduation thresholds relevant to the three criteria for identifying LDCs, namely the per capita income criteria, the human assets criterion, and the economic vulnerability criterion, respectively.

**Table 1**

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<sup>1</sup> Addition of the Solomon Islands to the list of LDCs became official on 20 December 1991, through General Assembly resolution 46/206. Four other countries were granted LDC status through the same resolution: Cambodia, Madagascar, Zaire, Zambia.

<sup>2</sup> Committee for Development Policy, Report on the seventeenth session (23-27 March 2015), Economic and Social Council, Official Records, 2015, Supplement No. 13, E/2015/33, para. 59.

<sup>3</sup> General Assembly resolution A/RES/59/209, Smooth transition strategy for countries graduating from the list of least developed countries, para. 3(b), 20 December 2004

Parameters of the Solomon Islands pre-eligibility for graduation from LDC status  
in the 2015 review of the list of LDCs

	<b>PER CAPITA INCOME</b>	<b>HUMAN ASSETS</b>	<b>ECONOMIC VULNERABILITY</b>
To pre-qualify for graduation in the 2015 review of the list, an LDC had to meet at least two of the following three graduation thresholds...	...to have a gross national income per capita of at least US <b>\$1,242</b> (2011-2013 three-year average)	...to have a score >66 under the Human Assets Index (HAI), extreme values of which, among LDCs, were 7.8 (lowest human assets) and 87.6 (highest human assets)	...to have a score <32 under the Economic Vulnerability Index (EVI), extreme values of which, among LDCs, were 71.5 (highest vulnerability) and 24.9 (lowest vulnerability)
Solomon Islands' score under the relevant criterion	\$1,402  (3-.year average GNI per capita)	71.7  (Human Assets Index score)	50.6  (Economic Vulnerability Index score)
Solomon Islands' score in % of the graduation threshold	at <b>112.9%</b> of the graduation threshold	at <b>108.6%</b> of the graduation threshold	at <b>63.4%</b> of the graduation threshold <i>(see footnote 9)</i>

Source: UNCTAD, based on CDP data

Graphs 1, 2 and 3 illustrate the evolving performance of the Solomon Islands, since 1991, under the graduation thresholds relevant to the per capita income, human assets and economic vulnerability criteria, respectively. The data, under each criterion, indicate the country's distance to or from the graduation threshold, as well as the distance to the admission threshold (the level for admitting new countries into the list). All data through the nine triennial reviews of the list of LDCs since 1991 (1991, 1994, 1997, 2000, 2003, 2006, 2009, 2012, 2015) have been standardized in index form, with the graduation threshold standing out as the 100 basis. For example, a score of 113 observed in 2015 under the first criterion indicates that the Solomon Islands stood at 113% of the relevant graduation threshold.

## 2. The Solomon Islands and the per capita income criterion

The gross national income (GNI) per capita provides information on the average income of a nation. GNI is the sum of the gross domestic product (GDP) and the difference between the factor income brought or sent to the domestic economy by nationals temporarily residing abroad where this income was generated, on the one hand, and the factor accruing to non-residents and leaking out of the domestic economy where this income was generated.

The GNI estimates used by the CDP are expressed in current US dollars (Table 2)<sup>4</sup>.

Graph 1 indicates the Solomon Islands’ situation over time under the graduation threshold relevant to the per capita income criterion, at 113% of the threshold in 2015, and a provisionally estimated 143% in 2018. A rise in the performance of the country in Graph 1 will not necessarily be proportionate to the actual evolution of the (3-year average) per capita GNI performance of the Solomon Islands, considering the change in the graduation threshold from the one triennial review to the next.

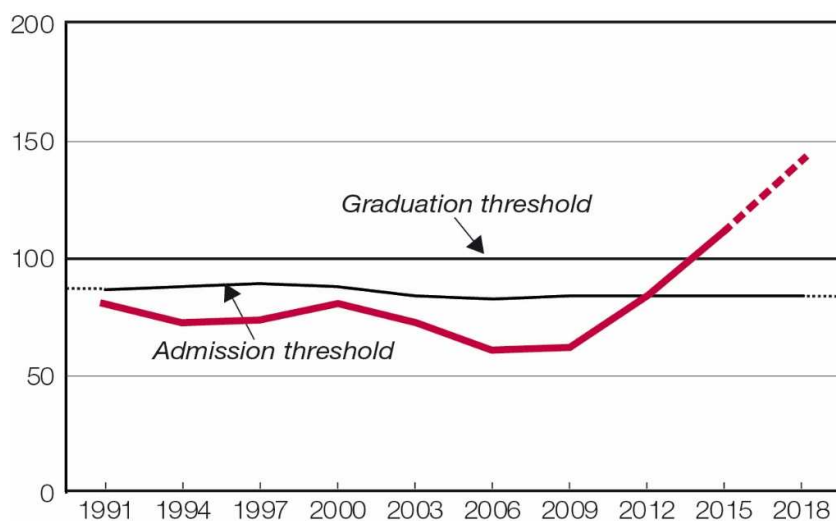
**Table 2**  
Solomon Islands: GNI per capita in US \$

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
WB	1010	930	840	840	860	900	970	960	970	820	910	1,120	1,510	1,820	1,820	1,910	1,880
UNSD	821	795	626	702	802	919	989	1,110	1,069	898	1,011	1,228	1,615	1,785	1,830		

*Source:* World Bank (WB), World Development Indicators database online (GNI, Atlas method); National Accounts Main Aggregates, United Nations Statistics Division (UNSD), accessed in July 2016.

**Graph 1**  
SOLOMON ISLANDS: distance from the graduation threshold under the per capita income criterion (based on GNI per capita)

*NB: data up to 2015 are based on actual CDP findings; the 2018 projection is provisional*



**Source:** UNCTAD, based on CDP data up to 2015

<sup>4</sup> The 3-year averages (for example, 2011-2013 in the case of the 2015 triennial review) were based on World Bank (Atlas method) data up to the 2012 review. They were subsequently based on data from the National Accounts Main Aggregates Database of the United Nations Statistics Division (from 2015).

Sustained economic growth since 2010 (at 6% per annum on average) explains the significant rise in the GNI per capita (from US \$910 in 2010 to US \$1,880 in 2016), and the country's ability, in 2015 for the first time, to break the glass ceiling of pre-eligibility for graduation from LDC status.

Substitution of the GNI per capita for the GDP per capita in 2003 in the methodology for identifying graduation cases did not entail any major break in the performance of the country under this threshold. Unlike most other countries in the region, the Solomon Islands do not have a particularly high GNI to GDP ratio: near-parity between the two aggregates as calculated by the UN Statistics Division was observed between 2000 and 2006; it still prevailed in 2013 and 2014 after a significant downturn took place in the GNI to GDP ratio from 2007.

Table 3 indicates the primary income components (in credit and debit terms) of the balance of payments of the Solomon Islands as calculated by national authorities (Central Bank of the Solomon Islands), with a consistently negative balance between 2006 and 2015, except in 2013. The table shows the magnitude of investment income outflows (in Solomon Islands dollars) between 2007 (\$338 million) and 2012 (\$622 million), and by contrast, the relative smallness of investment income inflows in the same years (\$71 million and \$116 million, respectively). Table 3 also shows that labour income outflows (denominated "compensation of employees" by the Central Bank) have been consistently greater --albeit by a small margin-- than the labour income inflows, a trend reflecting the personal transfers of income by expatriate labourers.

The primary income table does not specify the genuine total net factor income which will serve to calculate the GNI. This net factor income includes:

- (i) the "compensation of employees" inflow consisting of labour income brought in by nationals who were temporarily employed abroad;
- (ii) **minus** the "compensation of employees" outflow incorporating the labour income accruing to, and sent abroad by, non-permanently residing expatriate workers in the Solomon Islands;
- (iii) **plus** the "investment income" inflow primarily consisting of profit repatriated to the Solomon Islands by Solomon Islanders who had invested abroad, and reserve assets;
- (iv) **minus** the "investment income" outflow consisting of profit repatriated to their country of origin by direct and other investors in the Solomon Islands.

The "primary income" balance recorded by the Central Bank in 2013 (+SBD \$28 million), by reflecting near-equality between the factor income inflow and factor income outflow. This corroborates the GNI to GDP ratio being close to 1 in 2013 according to both the UNSD and the World Bank.

Overall, the net factor income entering the calculation of GNI has been most of the time negative (thereby explaining the GNI to GDP ratio below 1) as a result of the installation of foreign firms in the country, and of their repatriation of profit. This sharply contrasts with the external accounts of other Pacific LDCs, particularly Kiribati and Tuvalu, where net factor income has consistently been positive.

**Table 3**

Solomon Islands: primary income account (in SBD \$ millions)

Primary income components	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Balance on Primary Income</b>	<b>(105.2)</b>	<b>(257.2)</b>	<b>(432.8)</b>	<b>(450.0)</b>	<b>(354)</b>	<b>(564)</b>	<b>(420)</b>	<b>28</b>	<b>(105)</b>	<b>(144)</b>
<b>Primary Income Credits</b>	<b>95.8</b>	<b>109.2</b>	<b>159.0</b>	<b>106.6</b>	<b>154</b>	<b>219</b>	<b>246</b>	<b>229</b>	<b>337</b>	<b>409</b>
Compensation of Employees	13.3	14.5	11.9	18.5	23	28	37	39	44	45
Investment income	52.9	71.1	74.2	46.1	49	80	116	86	88	78
Direct investment	3.1	15.9	27.3	20.4	21	31	25	28	32	33
Portfolio investment	-	-	1.0	1.9	3	4	32	11	5	5
Other investment	8.3	12.2	6.8	6.4	0	4	1	1	2	1
Reserve assets	41.5	43.0	39.1	17.4	24	42	58	45	49	38
Other primary income	29.6	23.6	72.9	42.1	83	111	93	103	205	286
<b>Primary Income Debits</b>	<b>201.0</b>	<b>366.4</b>	<b>591.8</b>	<b>556.6</b>	<b>508</b>	<b>783</b>	<b>666</b>	<b>201</b>	<b>442</b>	<b>553</b>
Compensation of Employees	13.7	28.0	19.8	35.6	28	39	44	56	82	89
Investment income	187.3	338.4	572.0	521.0	481	744	622	145	360	464
Direct investment	143.4	276.1	499.4	453.6	384	580	473	75	339	434
Portfolio investment	-	-	-	-	-	-	-	-	-	-
Other investment	43.9	62.3	72.6	67.4	97	164	149	70	21	30
Other primary income	-	-	-	-	-	-	-	-	-	-

Source: Central Bank of the Solomon Islands

### *The income distribution status*

The 2012/2013 Solomon Islands Household Income and Expenditure Survey has revealed sizeable variability in the average income per capita among provinces of the country, ranging from SI \$22,453 in Honiara to SI \$5,546 in Makira. The survey shows that in Honiara, 16% of households were spending twice as much as what they earned. At national level, 39% of households have declared an income at least 25% lower than expenditure, and in most provinces, the average income has been significantly higher than the median income.

Estimates of the Gini coefficient in the Solomon Islands can be found in the 2012/2013 Household Income and Expenditure Survey. They indicate high inequality of income in the Central province, while the lowest degree of inequality has been seen in Malaita. The Gini coefficient estimated from the expenditure side, on the other hand, has revealed that the Central Province demonstrated the lowest level of inequality.

### **3. The Solomon Islands and the human assets criterion**

The Solomon Islands was standing at 109% of the graduation threshold relevant to human assets at the time of the 2015 review of the list of LDCs, and is provisionally estimated to stand at 113% of the threshold in 2018. Significant progress has been recorded in two of the four components of the Human Assets Index (HAI) underlying this criterion. The fight against child mortality was rewarded by a 63% decrease in the ratio since the early 2000s. At the same time, the secondary school enrolment ratio through remaining the lowest among Pacific LDCs, increased by more than 60% (to 48% in 2012). This has brought an end to the erratic evolution of the country's score under the human assets criterion, with two historical peaks above the graduation line (in 1997 and 2006) followed by relapses under the threshold in subsequent years.

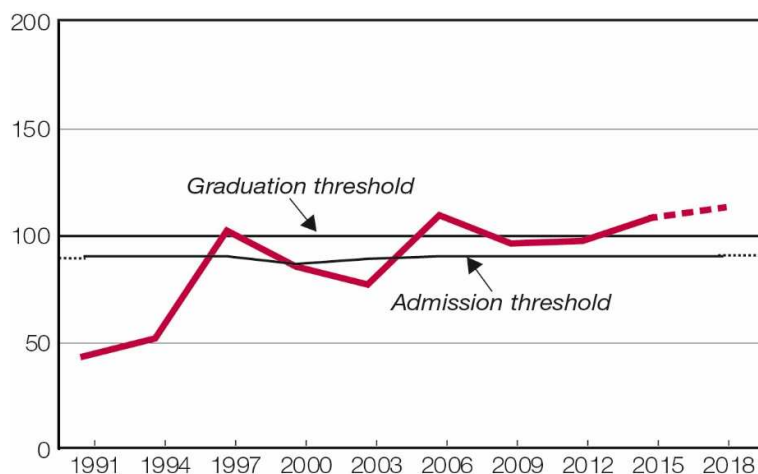
#### **Graph 2**

SOLOMON ISLANDS: distance from the graduation threshold  
under the human assets criterion



(based on the *Human Assets Index*)

**NB:** data up to 2015 are based on actual CDP findings;  
the 2018 projection is provisional



Source: UNCTAD, based on CDP data up to 2015

### 3.1 Proportion of undernourished in the population

CDP estimate in 2015: 12.5% (2012-2014)

A country-specific “poverty line” is the minimum expenditure to obtain a basic food and non-food supply considering the prevailing consumption pattern in the country. In the Solomon Islands, the “food poverty line” is calculated as the minimum monetary amount required to secure a daily energy intake of 2,200 calories given the prevailing dietary patterns of the poorer groups. The 2012/2013 Household Income and Expenditure Survey showed that about 12.7%<sup>5</sup> of the population in the Solomon Islands was living below the poverty line and was classified as “poor”, while 4.4% was living under the food poverty line.

The geographical distribution of poverty in the Solomon Islands is uneven, with a poverty incidence that is significantly higher in the Makira and Guadalcanal provinces. Moreover, poverty in the Solomon Islands is largely a rural phenomenon: 87% of Solomon Islanders below the food poverty line were living in rural areas. Poverty also depends on education attainment and economic activity: the number of poor households declines when the education level of the household's head is higher, and poverty rates are significantly lower among wage workers than across other types of workers. In the public sector, the poverty rate is particularly low (4%).

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<sup>5</sup> The Solomon Islands’ poverty report indicates that the national poverty rate of 12.7% for 2012/13 is substantially lower than the SINSO/UNDP’s poverty estimate of 23 percent using the 2005/06 HIES; however, a simple comparison of the two estimates at their face values must be avoided because there are significant differences in data collection methods as well as in the method used in quantifying poverty.

Also noteworthy is the fact that according to the Solomon Islands Demographic and Health Survey 2007<sup>6</sup> (SIDHS), less than 3% of men and less than 2% of women have been affected by malnutrition. In Honiara, 58% of women and 46% of men have been reported as obese.

### 3.2 Child (under five) mortality

CDP estimate in 2015: 30.1 per 1,000 live births (data period: 2013)

The latest known national estimate of the child mortality rate in the Solomon Islands (SIDHS, 2007) was 37 deaths per 1,000 live births, with 31 deaths per 1,000 live births in urban areas and 38 in rural areas. The 1999 population census also indicated an infant mortality rate of 66 deaths per 1,000 live births in the Solomon Islands.

### 3.3 Secondary school enrolment

CDP estimate in 2015: 48.4% (2009-2013)

The most recent data from the Solomon Islands National Statistics Office<sup>7</sup> indicate, for 2013, a gross enrolment ratio of 67.7% for junior secondary school female students, and 69.0% for junior secondary school male students. The ratio for senior secondary school amounted to 32.0% for male students, four percentage points above that of female students (28%). This difference is much smaller when considering the net enrolment ratio in senior secondary schools, with 26.1% for men and 24.4% for women.

### 3.4 Adult literacy

CDP estimate in 2015: 76.6% (2009-2013)

The Solomon Islands Demographic and Health Survey 2007 reported the educational achievements of different age groups of female household population and male household population. Overall, female household groups have shown higher "no education" ratios: 11.2% in the 25-29 age cohort, 14.1% in the 30-34 age group, and 20.4% in the 40-44 segment, while male household groups reported "no education" rates of 6.7%, 3.4% and 9.4%, respectively. In urban areas, 14.9% of the male household population had no education (24.3% in rural areas). The highest "no education" ratio within the male household population was recorded in Malaita (38.9%), while the Western province enjoyed the lowest ratio (10.2%).

From the 2009 Census of Population and Housing of the Solomon Islands<sup>8</sup>, the literacy rate for persons over 15 years has been 84.1% in total, with 88.9% for males, and 79.2% for females. The "literacy rate, 15+" is defined as the proportion of the population from 15 years of age who are able to read and write a simple sentence in any language. The adult literacy rate in urban areas, at 93.6%, has been higher than the rate recorded in rural areas by 12.2 percentage points.

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<sup>6</sup> Solomon Islands National Statistics Office, Statistics, Demographic Statistics, DHS.

<sup>7</sup> The Performance Assessment Report (2006-2013) data. The data was initially published in Ministry of Education and Human Resource Development, Solomon Islands Government.

<sup>8</sup> Solomon Islands National Statistics Office, Statistics, Demographic Statistics, DHS.

#### 4. The Solomon Islands and the economic vulnerability criterion

Like all other small island LDCs, the Solomon Islands has been economically highly vulnerable. The country, in the 2015 review of the list of LDCs, was standing at 63% of the graduation threshold relevant to this criterion<sup>9</sup>. It is provisionally estimated to have come down to 61% of the threshold in 2018 (see Graph 3). Four of the eight components of the Economic Vulnerability Index (EVI) weigh heavily in explaining the country's measurable vulnerability:

- (i) the smallness of the population (674,000 in 2015), in accordance with the structural definition of vulnerability by the CDP, is an indication of the limited ability of the Solomon Islands to achieve structural economic transformation;
- (ii) the economic remoteness of the archipelago is estimated to be 36% greater than the average for other LDCs, and it is noteworthy that in the light of remoteness data within the EVI, only Kiribati demonstrates lesser remoteness than the Solomon Islands among Pacific LDCs;
- (iii) the share of the total population consisting of people who live in low-lying coastal areas is higher than the average for other LDCs by 51%; among Pacific LDCs alone, the proportion Islanders living by the sea is 10 times greater than the counterpart proportion in the LDC geographically nearest to the Solomon Islands, namely Vanuatu;
- (iv) the level of merchandise export concentration in the Solomon Islands, in the 2015 review of the list, has been 23% higher than in other LDCs considered on average, while remaining lower than the export concentration records of the three other Pacific LDCs.

While these four indicators of vulnerability kept the country from achieving progress toward the graduation threshold relevant to the per capita income criterion, four other components of the EVI counterbalanced the impression of economic vulnerability by pulling the overall EVI score of the country nearer to the threshold:

- (i) the share of the primary sector in the economy has not been greater than the LDCs average;
- (ii) the proportion of the population consisting of victims of natural disasters has been 81% smaller in the Solomon Islands than in other LDCs;
- (iii) instability of agricultural production has been lower than the average for other LDCs by 29%; and

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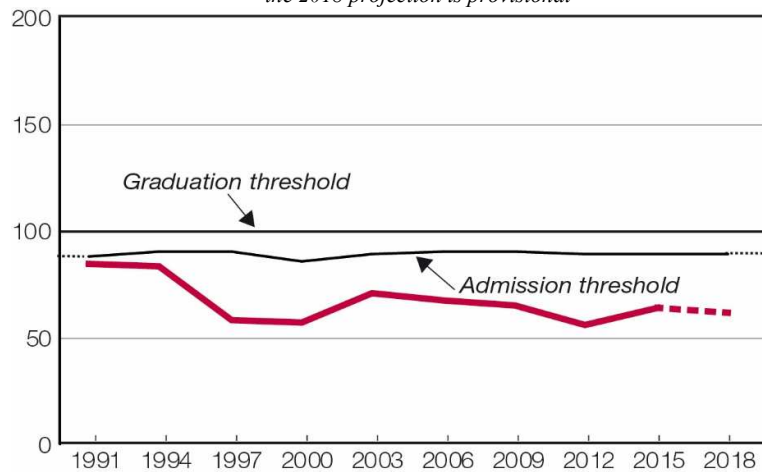
<sup>9</sup> It is noteworthy that the Solomon Islands upward movements in 2003 and 2015 under the graduation threshold relevant to economic vulnerability illustrate a downward evolution of the country's EVI score (55.2 in 2012, 50.6 in 2015, in both cases under a graduation threshold of 32). The graphic inversion from downward to upward serves to harmonize the interpretation of progress under this criterion with the interpretation of progress under the other two criteria: be it above or below the graduation line, an upward trend always indicates that the country has made progress toward or above the graduation line, while a downward trend (e.g. from 2009 to 2012) will be synonymous with regression away from the graduation milestone.

(iv) exports of goods and services have been less unstable in the Solomon Islands than in other LDCs by 6%.

In short, the country is correctly portrayed by the EVI as a State structurally exposed to risks as a consequence of its geographical and economic concentration, and at the same time, as a country which has not been significantly destabilized by shocks beyond domestic control, though a variety of shocks have affected the islands, as indicated by Table 6.

**Graph 3**  
SOLOMON ISLANDS: distance from the graduation threshold  
under the economic vulnerability criterion  
(based on the *Economic Vulnerability Index*)

*NB: data up to 2015 are based on actual CDP findings;  
the 2018 projection is provisional*



Source: UNCTAD, based on CDP data up to 2015

#### 4.1 Economic remoteness

With only 5 LDCs above its degree of economic remoteness, the Solomon islands is more remote than other LDCs by 36%. Yet some 13 countries have been the destinations of 96% of the country's total exports of goods. This indicates that the archipelago has been able to maintain a fairly diverse geographical pattern of export destinations, a sign of the good integration of the county in regional logistical networks.

#### 4.2 Merchandise export concentration

One observes a relatively high degree of merchandise export concentration in the Solomon Islands, 23% above the average for all other LDCs.

Exports have been concentrated in terms of products as well as destination markets. Table 4 shows that in 2015, the 12 most exported products with trade values above US \$1 million accounted for 98% of merchandise exports. Table 5 indicates the main export destinations (exports above US \$3 million), accounting together for 96% of total exports.

**Table 4**  
Solomon Islands: most exported products, 2015

HS Code	Description	Exports (\$ '000)	Share	Cum. share
4403	Wood in the rough, stripped or not of sapwood	149,581.8	67.3%	67.3%
1511	Palm oil & its fractions	21,258.1	9.6%	76.9%
1513	Coconut, palm kernel or babassu oil	12,274.8	5.5%	82.4%
1801	Cocoa beans	11,357.1	5.1%	87.5%
1203	Copra	9,288.1	4.2%	91.7%
4407	Wood sawn or chipped length,	3,498.9	1.6%	93.2%
4408	Veneer sheets	2,709.4	1.2%	94.5%
2606	Aluminum ores and concentrates	2,696.4	1.2%	95.7%
8430	Machinery nesoi, moving, grading, etc.	1,746.4	0.8%	96.5%
4404	Other moving, grading, levelling, scraping, excavating, tamping compacting, extracting or boring machinery	1,718.4	0.8%	97.2%
2309	Preparations used in animal feeding	1,494.0	0.7%	97.9%
7108	Gold	1,186.1	0.5%	98.4%

Source: UN Comtrade, consulted in July 2016

#### 4.3 Environmental vulnerability

The Solomon Islands are one of the environmentally most fragile countries in the world. The challenges associated with climate change have increasingly been felt in the context of the pressure of population growth. The overexploitation of forest resources has been one of the most pressing issues.

**Table 5**  
Solomon Islands: main export destinations, 2015

Destination	Exports (\$ 000)	Share	Cum. share
World	395,619.4	100.0%	
China	232,194.9	58.7%	58.7%
United Kingdom	29,471.6	7.4%	66.1%
India	28,841.6	7.3%	73.4%
Italy	27,633.4	7.0%	80.4%
Philippines	16,415.3	4.1%	84.6%
Malaysia	12,606.5	3.2%	87.8%
Other Asia, nes	5,720.3	1.4%	89.2%
Hong Kong, China	5,156.4	1.3%	90.5%
Japan	5,014.2	1.3%	91.8%
Australia	4,468.5	1.1%	92.9%
Korea, Rep.	4,346.6	1.1%	94.0%
Thailand	4,163.8	1.1%	95.0%
Switzerland	3,917.4	1.0%	96.0%

Source: UN Comtrade, consulted July 2016

#### 4.4 Victims of natural disasters

Over the past 90 years, the Solomon Islands were struck by some 71 natural disasters, which affected more than 430,000 inhabitants<sup>10</sup> (Table 6). According to an estimate by the regional Pacific Catastrophe Risk Assessment and Financing Initiative, the country has incurred an average loss of US \$20 million per year as a result of earthquakes and tropical cyclones. The 2007 earthquake and tsunami is estimated to have caused damage equivalent to 80% of GDP, with 52 casualties, 36,000 persons affected, and 15,000 persons displaced. The flash flooding in the Guadalcanal province in April 2014, which hit Honiara, Makira, Malaita, and the Isabel Islands, caused 47 deaths and affected some 52,000 persons<sup>11</sup>. Data from the same source indicate that there were 21 deaths because of a flood in 2009, after 52 deaths had been caused by an earthquake in 2007. In 2015, 24.6% of all victims of natural disasters were in Malaita, and 20.5% in Guadalcanal, while victims in the Western Province and Honiara accounted for 14.5% and 12.9% of the total population, respectively<sup>12</sup>.

The Solomon Islands Climate Change Division has developed a Climate Change Policy framework to integrate climate risk management across sectors. Government has also undertaken legislative and institutional reforms in its five-year (2015-2020) Strategic Priorities for disaster risk reduction. A disaster victims ratio of 0.45% was used in the calculation of the EVI score of the Solomon Islands in 2015. This figure is significantly lower than the average for other LDCs (-81%).

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<sup>10</sup> This number represents a lower bound as it is calculated only on available data.

<sup>11</sup> The International Disaster Database, Centre for Research on the Epidemiology of Disasters

<sup>12</sup> Projected population by 2010-2025, National Statistics Office, Solomon Islands

**Table 6**  
Solomon Islands: history of natural disasters since 1931

<b>Disaster type</b>	<b>Year/month</b>	<b>Location</b>	<b>Estim. no. of deaths</b>	<b>Estim. no. of persons affected</b>	<b>Estim. damage (in US \$ millions)</b>
Tsunami	1931/10	San Cristobal Island	50	3	
Tropical cyclone	1935/12	Vanikoro, Utupua, Makira			
Tsunami	1939/4	Solomon Islands	12		
Tropical cyclone	1952	Russell Islands, Guadalcanal, Tikopia			
Tropical cyclone	1956	Tikopia	200		
Tsunami	1957/11	Malaita			
Tsunami	1959/08	Solomon Islands			
Tsunami	1961/03	Honiara, Guadalcanal		2	
Tsunami	1966/06	Solomon Islands			
Tropical cyclone	1966/11	Malaita, Guadalcanal	3	1,000	
Tsunami	1966/11	Mohawk Bay, Santa Cruz Islands			
Tsunami	1966/12	Santa Cruz			
Tropical cyclone	1967/03	Ngella, Russell Islands, Guadalcanal			
Tropical cyclone	1967/11	Western Islands	12		
Tropical cyclone	1968/12	Central Islands	1	200	
Tropical cyclone	1970/04	Russell Islands, Malaita			
Flash flood	1970/04	Guadalcanal			
Ash fall	1971	Santa Cruz		6,000	
Tropical cyclone	1971/12	Santa Ana, Santa Catalina Islands, Makira		2,500	
Tropical cyclone	1972/01				
Tropical cyclone	1972/05	Isabel			
Tsunami	1974/01	Solomon Islands			
Tsunami	1974/02	Solomon Islands			
Tsunami	1975/07	Torkina	200		
Tropical cyclone	1976/04	Pileni, Matama, Nukapu			
Tsunami	1977/04	Solomon Islands			
Ground movement	1977/04	Guadalcanal, Honiara	34	1,001	
Tropical cyclone	1979/02	East, South Island	2	6,000	
Tropical cyclone	1982/04			30,000	
Tropical cyclone	1985/03	Utupia, Vanikolo, Tikopia Isl.		650	
Tropical cyclone	1986/05	Malaita, Guadalcanal, Ulawa, Makira, Rennell, Bellona Isl.	101	150,000	20
Ground movement	1988/08	Southwestern coast, San Cristobal	1	500	
Tsunami	1988/08	Solomon Islands		100	
Tsunami	1991/02	Solomon Islands			
Tsunami	1991/10	Solomon Islands			
Tropical cyclone	1991/11	Anuta, Tikopia			
Tropical cyclone	1992/01	Entire Temotu Province			
Tropical cyclone	1992/03	Rennell, Bellona		8	
Storm	1992	Tikopia			
Tsunami	1992/05	Santa Cruz			
Tropical cyclone	1993/01	Rennell, Bellona, Temotu, Makira, Malaita, Guadalcanal	4	88,500	
Tropical cyclone	1993/12	Malaita Outer Islands, Guadalcanal, Rennell, Bellona Island			
Tropical cyclone	1996/12				
Tsunami	1997/04	Santa Cruz		8	
Drought	1997/11	Choiseul, Isabel, Western, Central provinces			
Drought	1998/08	Basakana Island		380	
Tropical cyclone	2002/12	Tikopia, Fataka, Anuta Islands		1,110	
Tropical cyclone	2003/01	Rennell, Bellona Islands		275	

Disaster type	Year/month	Location	Estim. no. of deaths	Estim. no. of persons affected	Estim. damage (in US \$ millions)
Tsunami	2003/01	Solomon Islands			
Tropical cyclone	2003/06	Faea, Ravenga areas (Tikopia Isl., Solomon Isl. province)		150	
Tsunami	2007/04	Solomon Islands	52	2,384	
Tsunami	2007/09	Santa Cruz Islands			
Riverine flood	2009/02	Vatukakabo, Mataruka, Verasaba-Takaboru, Tababoru Sasa, Vatukalau, Takaboru, Vatusi, Talangia, Matoba, Barevo, Paru, Vanagobuli, Tina, Tanamao, Vura, Taluloki villages, Malaita, Makira-Ulawa, Central areas	21	7,000	
Ground movement	2010/01			1,126	
Tsunami	2010/01	Solomon Islands		1	
Tropical cyclone	2010/03	Guadalcanal, Makira, Rennell		23	
Riverine flood	2010/02	Guadalcanal, Isabel, Makira, Malaita Isl. areas	2	16,017	
Flood	2010/03	Isabel, Malaita, Guadalcanal, Temotu, Makira/Uluawa, Rennel/Bellena areas		590	
Flood	2011/02	Solomon Islands			
Flash flood	2012/02	Mikira-Ulawa area		4,836	
Tsunami	2013/02	Santa Cruz Islands	10	3,329	
Riverine flood	2013/09	Guadalcanal area		10,227	
Viral disease	2013	Guadalcanal, Gizo provinces	3	1,970	
Flash flood	2014/04	Honiara, Guadalcanal, Makira, Malaita, Isabel Island areas	47	52,000	24
Tsunami	2014/04	Solomon Islands			
Tropical cyclone	2015/03	Temotu, Malaita areas		44,096	
Tropical cyclone	2015/07	Solomon Islands	9	400	
Tsunami	2015/07	Solomon Islands			
Drought	2015/12	Bellona, Rennell, Makira			
Tsunami	2016/12	Solomon Islands			
Ground movement	2017/12	Guadalcanal, Russell Islands			
<b>TOTAL</b>			<b>764</b>	<b>432,386</b>	<b>44</b>

Source: International Disaster Database (EM-Dat), and Government of the Solomon Islands

#### 4.5 Instability of agricultural production and of exports of goods and services

Instability of agricultural production has been lower in the Solomon Islands than in other LDCs considered on average (by 29% on the basis of the past two decades). Also moderate was the instability of goods and services exports by the economy. The structure of exports has mainly consisted of primary commodities, with logging products accounting for 58% of merchandise exports in 2014, while fish, palm oil and kernel, and minerals (mainly gold) accounted for 14%, 7%, and 6% of total exports of goods, respectively.

The export services economy, like that of most small island States of the Pacific, has been dominated by tourism, an economic pillar accounting for nearly half of total service exports, and about 10% of total exports of goods and services in 2015. Transport services, a field of activities which the Government tries to strengthen through its National Transport Plan 2011-2030, had an economic weight equivalent to half that of tourism in 2015 (with more than half of the total exports of transport services consisting of postal and courier services).



## ANNEX

### The graduation criteria and the graduation rule

The question of graduation from LDC status was conceptualized by the United Nations in 1991, when the first major revision of the criteria for identifying LDCs took place. The methodological elements of the graduation rule were also adopted in that year, a move that has paved the way for five cases of graduation from LDC status: Botswana in 1994, Cabo Verde in 2007, Maldives in 2011, Samoa in 2014, and Equatorial Guinea in 2017.

In 1990, the Second United Nations Conference on the Least Developed Countries in Paris had envisaged graduation from LDC status as a natural prospect for countries that would eventually demonstrate enough economic progress to be able to remain on the same development path with a lesser need for concessionary treatment. In 2001, the Third United Nations Conference on the Least Developed Countries in Brussels contemplated graduation as a criterion on the basis of which the success of the Programme of Action for the Least Developed Countries for the Decade 2001-2010 would be "judged"<sup>13</sup>. An unprecedented leap forward was made by UN member States ten years later, at the Fourth United Nations Conference on the Least Developed Countries in Istanbul (May 2011), with a bold pronouncement on the matter, namely, "the aim of enabling half the number of Least Developed Countries to meet the criteria for graduation by 2020"<sup>14</sup>.

#### *The rationale for graduation*

Graduation from LDC status is naturally synonymous with the recognition of structural economic progress. A graduating country will necessarily be expected to have demonstrated, through a convincingly improved economic and social performance, enough structural progress to be able to pursue its development efforts with less external support. If the decision to take a country out of the list of LDCs is well founded, the graduating country, with enhanced institutional capacities, will be expected to remain undisturbed while development partners may deny it privileged access to a special treatment.

#### *The graduation rule*

The graduation rule applies specific thresholds to the indicators relevant to the three criteria (gross national income per capita; human assets index; economic vulnerability index). For each of these indicators, there is a margin between the threshold for adding a country to the list and the threshold for graduating a country. The margin is considered a reasonable estimate of the additional socio-economic progress that ought to be observed if one assumes that the graduating country is effectively engaged on a path of improvement: not only is the graduating country expected to have risen to the threshold under which non-LDCs would be admitted into the category, but it is additionally expected to exceed this threshold by a significant margin. This dispels the risk that graduation be dictated by temporary or insignificant economic circumstances.

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<sup>13</sup> UN General Assembly, Third United Nations Conference on the Least Developed Countries, Brussels, Belgium, 14-20 May 2001, Programme of Action for the Least Developed Countries for the Decade 2001-2010, para. 21(e)

<sup>14</sup> United Nations, Programme of Action for the Least Developed Countries for the Decade 2011-2020, May 2011, para. 28.

Two other elements of the graduation rule also imply durable structural progress in the graduating country:

- at least two of the three graduation thresholds must normally be met for the relevant LDC to qualify for graduation, whereas a symmetrical application of the admission rule and graduation rule would imply that, ceasing to meet one of the three criteria under which the country was once identified as an LDC would be a sufficient reason for that country to qualify for graduation (see the "income only" exception to the graduation rule in the table below);
- a recommendation to graduate a country will not be made until the relevant graduation thresholds have been met by the country in at least two consecutive reviews of the list of LDCs.

The graduation criteria which were used by the United Nations in the 2015 review of the list of LDCs are summarized in the following table.

## Graduation criteria and indicators

Graduation criteria used in the 2015 review of the UN list of LDCs	Relevant indicators
<b>Per capita income criterion</b>	<p><b>Gross national income (GNI) per capita:</b></p> <ul style="list-style-type: none"> <li>* based on a 3-year average (2011-2013 in the 2015 review)</li> <li>* graduation threshold in 2015: US \$1,242</li> <li>* "income-only" graduation threshold: US \$2,484</li> </ul>
<b>Human assets criterion</b>	<p><b>Human Assets Index (HAI):</b></p> <p>A composite index based on the following 4 indicators:</p> <ul style="list-style-type: none"> <li>* percentage of undernourished people in the population</li> <li>* under-five mortality rate</li> <li>* gross secondary school enrolment rate</li> <li>* adult literacy rate</li> </ul>
<b>Economic vulnerability criterion</b>	<p><b>Economic Vulnerability Index (EVI):</b></p> <p>A composite index based on the following 8 indicators:</p> <ul style="list-style-type: none"> <li>* population</li> <li>* remoteness (average distance from major markets)</li> <li>* share of population living in low-lying areas</li> <li>* share of agriculture, forestry and fisheries in GDP</li> <li>* merchandise export concentration index</li> <li>* share of victims of natural disasters in the population</li> <li>* index of instability of agricultural production</li> <li>* index of instability of exports of goods and services</li> </ul>
<b>Summary of the graduation rule</b>	<p>For all three criteria, different thresholds are used for identifying cases of addition to, and cases of graduation from, the list of LDCs. A country will qualify to be added to the list if it meets the addition thresholds on all three criteria and does not have a population greater than 75 million. Qualification for addition to the list will effectively lead to LDC status only if the government of the relevant country accepts this status. A country will normally qualify for graduation from LDC status if it has met graduation thresholds under at least two of the three criteria in at least two consecutive triennial reviews of the list. However, if the per capita GNI of an LDC has risen to a level at least double the graduation threshold and is deemed sustainable, the country will normally be found pre-eligible or eligible for graduation regardless of its performance under the other two criteria.</p>