



**International Fund for Agricultural Development**  
**Performance-Based Allocation System (PBAS)**  
**Rural Sector Performance Assessment for 5 Pacific Island**  
**Countries**

**SOLOMON ISLANDS**

February 2007

## List of Acronyms

ACIAR	Australian Centre for International Agricultural Research
APHEDA	Australian People for Health, Education and Development Abroad
ARDS	Agriculture and Rural Development Strategy
AusAID	Australian Agency for International Development
CFC	Christian Fellowship Church
DAL	Department of Agriculture and Livestock
GoSI	Government of Solomon Islands
KGA	Kastom Gaden Association
NAC	National Agriculture Council
NERRDP	National Economic Recovery and Reform Development Plan 2003-2006
NZAID	New Zealand Agency for International Development
PFnet	People First Network
PMN	Planting Materials Network (of Kastom Gaden Association)
RAMSI	Regional Assistance Mission for the Solomon Islands
RDTB	Rural Development Trust Board
SI	Solomon Islands
SIARTC	Solomon Islands Association of Rural Training Centres
SIDT	Solomon Islands Development Trust
SPC	Secretariat for the Pacific Community
VDW	Village Development Worker

# Solomon Islands

## Basic country data

Human Development Index <sup>1</sup>	0.592
HDI rank <sup>1</sup>	128
GNI per capita (US dollar) <sup>2</sup>	\$US 590
GDP share of agriculture sector (% of GDP) <sup>3</sup>	16.1%
Total population (2006 est)	533,000
Rural population (% of total population) <sup>4</sup> (AusAUD 2006):	84%
Population below income poverty line (% of population living with less than \$1 a day):	No data
Prevalence of underweight children under 5 years old (%) <sup>1</sup>	21
Income inequality - Gini index	No data
Under 5 mortality <sup>1</sup>	29

	Average scores
<b>A. Strengthening the capacity of the rural poor and their organizations</b>	
(i) Policy and legal framework for rural organizations	3.4
(ii) Dialogue between government and rural organizations	2.6
<b>B. Improving equitable access to productive natural resources and technology</b>	
(i) Improving access to land	3.5
(ii) Access to water for agriculture (many questions not relevant)	2.5
(iii) Access to agricultural research and extension services	2.8
<b>C. Increasing access to financial services and markets</b>	
(i) Enabling conditions for rural financial services development	3.3
(ii) Investment climate for rural business	3.5
(iii) Access to agricultural input and produce markets	3.5
<b>D. Gender issues</b>	
(i) Access to education in rural areas	3.3
(ii) Representation	3.9
<b>E. Public resources management and accountability</b>	
(i) Allocation and management of public resources for rural development	3.2
(ii) Accountability, transparency and corruption in rural areas	3.1
<b>Total score</b>	<b>178</b>

<sup>1</sup> UNDP. 2006. *Human Development Report. Beyond Scarcity: Power, Poverty the Global Water Crisis*, New York: UN Development Program.

<sup>2</sup> UNICEF. 2006. *State of the World's Children 2007: Women and Children – The double dividend of gender equality*, New York: The United Nations Children's Fund

<sup>3</sup> DFAT. 2004. *Solomon Islands - Rebuilding an Island Economy*, Commonwealth of Australia: Canberra

<sup>4</sup> Bourke.RM, McGregor.A, Allen.MG, Evans.BR, Mullen. BF, Pollard.AA, Wairiu.M and Zotalis.S. 2006. *Solomon Islands Smallholder Agricultural Study*, AusAID: Canberra.

## Background

Solomon Islands is an independent Pacific Island country with a projected population of approximately 530,000 in 2006. The population is culturally diverse with some 80 different languages reflecting geographical dispersal across some 300-400 inhabited islands. About 84% of the population live in the rural areas and practice subsistence agriculture. The country has experienced a high rate of population growth between 1970 and 1999, averaging 2.8%, and has correspondingly high proportion of children and youth. Employment prospects in the cash economy are poor, with an estimated 30% of the employed population in the formal sector. Transportation and communication links across the country are very poorly developed, because of its archipelagic nature severely restricting opportunities for access to cash income. In the past few years, economic growth has been moderate to strong at around 3-4%, following a major contraction of the economy as major industries collapsed during the "Tensions" (see below). Logging has been the mainstay of the economy, but harvesting of logs is estimated to be proceeding at three times the sustainable rate, raising questions about the future prospects of this industry. The balance of payments position has improved, with the highest surplus since independence recorded in 2003. Currently government debt is not being serviced fully and if it were, debt servicing would absorb 25-30% of the national budget.

Despite what was until recent decades ample natural resources to support the islands' subsistence livelihoods, the nature of the SI economy has degraded this base and undermined the rural economy. As a consequence, the SI government has made rural development a priority area. It hopes to build on the current resource base and agricultural sector by focusing on three priority areas: i) greater focus on local development and greater participation of rural communities in economic development; ii) supporting the rural economy with a focus on agriculture, infrastructure and rural financial services; and iii) improving the management of the country's natural resources.<sup>5</sup>

### *Poverty situation*

Solomon Islands was declared a Least Developed Country (LDC) by the United Nations in 1993. With a Human Development Index of 0.594 (2005) the Solomon Islands is ranked as the 128<sup>th</sup> of 177 countries covered by the Human Development Report of 2005, the lowest in the Pacific after PNG.<sup>6</sup> Accurate recent statistics of the number of people living in poverty are not available, but are probably comparable to, or slightly better than, PNG, where around 40% of the population lived below the \$1/day poverty line in 2002.

### *Tensions*

Solomon Islands is recovering from a period of civil unrest and lawlessness (1998-2003) which was characterised by unprecedented political, social and economic upheaval. Several decades of unresolved land, labour and development issues re-ignited in the mid 1990s, and in 1998 militant Guadalcanal landowners began evicting Malaitan immigrants. This cycle of violence and destruction included a forced change of government in 2000 and continued until the arrival of a Regional Assistance Mission in 2003. The entire period became known as the "Ethnic Tension" or "Tensions".

The civil unrest shut down much of the formal activities of the country's major export industries and displaced over 20,000 people (5% of the national population). Some reports, however, indicate that illegal logging increased several fold during the period. The Tensions precipitated a political coup and the collapse of State capacity to enforce law and order. Eventually this extended to open extortion of government funds by armed criminals linked to business, police and political figures.

In July 2003, the Regional Assistance Mission to Solomon Islands (RAMSI) arrived in Honiara with a mandate to restore law and order and to stabilise the national budget. RAMSI had the endorsement of the Pacific Islands Forum and the Solomon Islands Parliament. The UN Security Council also gave formal approval to RAMSI after it had been mobilized.

### *Post Conflict Situation*

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<sup>5</sup> Government of Solomon Islands. 2006. *Agriculture and Rural Development Study (ARDS): Building local foundations for rural development*. Department of National Planning and Aid Coordination: Honiara

<sup>6</sup> UNDP. 2005. *Human Development Report 2005*, United Nations: New York.

The situation in the Solomon Islands has improved since 2003 but remains serious. Although the economy is improving, infrastructure and delivery of basic services have not been restored and agricultural production is below levels achieved in the late 1990s.<sup>7</sup> Growth prospects remain poor and Solomon Islands still has a large international debt. The capacity of government and civil society is both still weak, access to services and information is minimal and the infrastructure required for basic services is still absent in many remote areas. There is a risk that the conflict may re-emerge due to the fact that the root causes of previous ethnic tension have not been resolved. There is still discontent over land issues, a weakening of traditional authority structures as well as lost political, economic and social opportunities leading to widespread poverty. The Tensions have had strong social impacts, resulting in demands for increases in local decision-making and for more decision-making authority to be devolved to the local level.<sup>8</sup>

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<sup>7</sup> GoSl. 2006. *ARDS*

<sup>8</sup> *Ibid*

## A. Strengthening the capacity of the rural poor and their organizations

### A. (i) Policy and legal framework for rural organizations

		5	4	3	2	Score
A	<b>Government's attitude towards rural organizations</b>	Proactive political and legal support	Certain efforts are made to create conducive conditions but they not very effective	Makes no effort to create the conditions that facilitate rural organizations' development	Opposes efforts of the rural poor to organize themselves	3.5
B	<b>Rural organizations registering process</b>	Quick and simple	Simple, but lengthy and not automatic	Slow, bureaucratic and costly	rural organizations are not formally allowed to form	3.5
C	<b>Government's interference in the work of RO</b>	No interference	Some interference in certain areas or activities	Strong interference; rural organizations cannot work independently	When rural organizations exist, they have been formed by the government	4
D	<b>Extent to which rural organizations are representative of the rural population (including the poor)</b>	RO represent well the economic needs of the rural poor	Various segments of the population are still not able to organize themselves	Rural organizations represent only a minority of the rural population	rural organizations do not represent the rural population	3
E	<b>Rural organizations' role and strength</b>	Well organized rural organizations	Not representative of all segments of the rural populations or lack capacities	Weak rural organizations	Passive role; rural organizations formed by the government itself	3
<b>Combined score:</b>						<b>17</b>

#### (a) Government's attitude towards rural organizations

Rural organisations in SI work within an environment where the framework for agricultural support is almost completely absent. What support does exist comes from the Department of Agriculture and Livestock (DAL), primarily from its Extension and Training division. However, DAL staff in the provinces are not provided with support beyond the payment of their salaries.<sup>9</sup> A consequence of this is that there is inadequate government support for activities undertaken by rural organisations other than those supported by donor projects.

For example, the Kastom Gaden Association (KGA), the leading agricultural NGO in SI, has reported some excellent cooperation with DAL. However, this has depended more on the personalities of individual persons within the DAL working on specific activities than on DAL procedure. However, the relationship between KGA and DAL has also had its tensions, with several points of friction, for example in regard to accessing donor resources for NGO participation on programs and agreeing on joint work programs or compensation arrangements with government staff.

The attitude of the SI government to rural organisations varies and is often dependent on individual attitudes of senior officials and politicians. In regards to specific organisations, their leadership and management, membership profile, perceived influence and the geographic spread of the organisation are all factors that determine their influence. There is little pro-active policy support from Government and/or public agencies to promote the establishment and development of rural organisations.

#### (b) Rural Organisations registration process

It normally takes about 3 months to register a new rural organisation as an association. As a rough proxy to the ease of establishing and registering organisations, The World Bank's "Ease of Doing Business" index ranks Solomon Islands 69<sup>th</sup> out of 175 countries, or about in the middle of the range of Pacific Island countries.<sup>10</sup>

#### (c) Government Interference in the work of RO

<sup>9</sup> Bourke, RM et al. *Solomon Islands Smallholder Agricultural Study*.

<sup>10</sup> World Bank, Doing Business Explore Economic – Solomon Islands,

'<http://www.doingbusiness.org/ExploreEconomies/Default.aspx?economyid=170>'.

Government does not generally interfere with the work of rural organisations, but in most cases does not actively support its work either. Due to a lack of funds for the work of DAL extension staff, their contributions to the provision of technical training and assistance does not extend beyond those projects that are donor funded.<sup>11</sup> In the view of KGA, at present the DAL appears to be blocking rather than facilitating new initiatives.

This being the case, one of the central foci of the Grand Coalition Policy Document of May 2006 is to strengthen local government capacity to involve communities in the planning and implementation of rural development activities. This extends to involving non-government service providers in participatory planning processes for the provision of service and infrastructure. This is a departure from previous policy, and proposed plans to both engage rural communities and strengthen partnerships between public administration and non-governmental organisations bodes well for positive meaningful engagement. A number of new or proposed donor-supported programs seek to strengthen links between local government and community organisations.

#### **d. Extent to which rural organizations are representative of the rural population (including the poor)**

Solomon Islands does not have an apex rural organisation at national level like the Rural Industries Council in PNG. However, the draft Agriculture and Rural Development Strategy (ARDS), (which is World Bank, European Union and AusAID supported) has suggested that the newly formed National Agriculture Council could play a similar role of providing guidance to, and critique of, government policy and program implementation performance. This would be dependent on the NAC being modified to better reflect private sector interests rather than those of the Permanent Secretary. Solomon Islands, unlike PNG, Vanuatu and Fiji, does not have vocal national rural organisations. The closest approximation to a broad national rural organisation is the Cocoa Exporters and Processors Association.

This being said, SI does have a diverse array of, national and local agriculture and / or rural development associations<sup>12</sup>, as well as national and international NGO organisations operating in rural areas. In this regard, SI has a stronger network of rural organizations than Vanuatu or PNG. The nation's leading NGO, the Kastom Gadan Association, supports several projects, organisations and networks with varied levels of rural representation. However, from a perspective of sustainability, KGA favours local networks over a national network, because travel at national level is too costly.

KGA maintains a farmer network of 1500 under its Planting Materials Network (PMN), 20% of whom are community groups, which could translate to about 4000 individuals. Network members clearly influence others in their community in various ways including the propagation and use of a greater diversity of national seed and vegetative planting materials than pre PMN. A very under-valued influence of the PMN has been its capacity to spawn dedicated farmer organisations and farmer action groups focused on a common purpose. KGA has a future vision for an umbrella organisation of strong local organizations that themselves provide or arrange for the services that KGA now provides.

Women are represented in SI within a variety of community women's groups, including ten national women's organisations. Several of these promote agriculture through various means including newsletters and radio broadcasts.<sup>13</sup>

#### **(e) Rural Organisations role and strength**

The roles of rural organisations are extremely diverse and their strength (membership, human capacity, service delivery capacity to members, financial resources) varies. A number of non-government institutions are involved in providing basic services at a community level – most widespread of these being church-based organisations. The formal NGO sector is less well

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<sup>11</sup> Bourke et al (2006), *Solomon Islands Smallholder Agricultural Study*.

<sup>12</sup> Descriptions of several of these rural organisations are available at 'Non-State Actors in the Solomon Islands', <http://makcell.logic11.com/>.

<sup>13</sup> Bourke et al (2006), *Solomon Islands Smallholder Agricultural Study*.

developed, particularly in rural areas. The most significant and active institutions in rural areas, servicing approximately 85% of the population, are a variety of local structures based on customary leadership by “chiefs”. Responsibilities for basic services are delegated to informal community-based organisations such as village committees. In many cases these have church affiliations. In the absence of government capacity for service provision, communities have evolved their own local mechanisms modified from traditional systems and church structures. These local-level institutions meet important needs, and function relatively effectively in a subsistence economy but generally have very limited planning and financial management capacities. Local level community development activities can effectively engage with these institutions, but their strength varies greatly according to the local leadership capacity.<sup>14</sup>

The Central Malaita Cocoa Association effectively promotes improved production, processing and marketing of cocoa for members, and has allied itself with credit union which has been successful and complies with requirements set by the Central Bank. Rural Organizations have derived benefit in terms of capacity building from the AusAID Community Support Program and EU Microprojects II program, related to improved community level action planning and strategic investments to assist enterprise development.

Kastom Gaden Association (KGA) is unquestionably the leading NGO committed to the agriculture sector. KGA aims to improve livelihoods through the development of subsistence-based farming systems in a manner that promotes self-reliance through use of local resources. KGA emerged out of a series of projects financed by AusAID which were initiated in the mid-1990s. KGA is still financed on a project basis, and struggle for core funds. KGA trains facilitators and others involved in small farm support services in participatory research and extension, monitoring and evaluation, law / policy / trade issues as related to plant genetic resources, and is starting to address issues of compliance with the principles of organic certification.

The Solomon Islands Association of Rural Training Centres (SIARTC) is an association which operates 23 residential and 12 community rural training centres. The centres are predominantly church-based and teach agriculture subjects as well as undertaking agricultural activities such as food production and income-generation. The centres are considered a valuable source for training, planting material distribution and centres for agricultural buying.<sup>15</sup>

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<sup>14</sup> This section draws from a draft AusAID paper: “Solomon Islands Community Sector Strategy Paper”.

<sup>15</sup> Bourke et al. 2006. *Solomon Islands Smallholder Agricultural Study*.



## A. (ii) Dialogue between government and rural organizations

		5	4	3	2	Score given
A	<b>Political process for dialogue</b>	Well established at all levels	In place but unstable	Occasional, formalistic and not transparent	No process in place	2
B	<b>Opportunities for exchange with government</b>	Regular	Vary from year to year or from one state/province to another	Very limited	None	3.2
C	<b>Influence of rural organizations</b>	Their views are taken into account and frequently acted upon	Their influence varies from year to year or from one state/province to another	Very limited. No influence at national level.	No influence	3.2
D	<b>Representation of rural organizations within executive or advisory government bodies</b>	Good and active	Rural organizations are represented but unevenly throughout the country or from one year to another	Some representation	No representation	2.2
Combined score:						<b>10.4</b>

### (a) Political process for dialogue

Unlike PNG and Vanuatu, there is no known formal and regular process where the Government at Provincial or National levels engages with rural organisations comprised of people from the private sector and civil society on a regular basis.

### (b) Opportunities for exchange with government

While individuals from rural organizations at a personal level will exchange views with their elected members and others from their customary groups who have positions in government, the opportunities for formal local level rural organisation exchange with provincial and national government is limited. In Solomon Islands Area Councils, or the local level of governance, were disbanded and consequently the formal opportunity for local rural organisations to influence provincial government decision making is low.

### (c) Influence of rural organizations

With some exceptions noted above, rural organisations are influential only at the local level. The operations of the numerous agencies supporting rural development in the SI are fundamentally uncoordinated. The World Bank ARDS background studies suggested that it was important for provincial governments to be strengthened in order to provide some leadership in local level community action planning. While AusAID and the EU are undertaking valuable work in this area, it is ad hoc and responds only to individual requests with objective merit and not as part of a planning framework. The Development Services Exchange attempts to assist NGOs, including those involved in rural development, in keeping others informed of their activities. However, there is not a collaborative process within the private/NGO sector, the public sector, nor between sectors, to plan support for rural development. As a result significant synergies are lost. The failure of donors to jointly plan and collaborate in their major investments in micro-enterprise and small scale community support has not provided a good example of how to achieve effective group action to government and to local communities.

### (d) Representation of rural organizations within executive or advisory government bodies

The private sector and in particular the rural private sector in the Solomon Islands is especially weak. Several prominent business people in the copra and cocoa industries sit on the National Agriculture Council which has a majority of public sector versus private sector backgrounds in its membership. Executives from the three large employers, Guadalcanal Plains Palm Oil, Kolombangara Forest Products and Solomon Taiyo have influence on Government at an executive and advisory board level. The only significant statutory authority in the agriculture and rural development sector is the Commodities Export Marketing Authority, which has in the past provided valuable marketing and transport coordination services, but which now is not rated well as a service provider by the private sector.

## B. Improving equitable access to productive natural resources and technology

### B. (i) Access to land

#### Basic sector data

Land resources:	
Total land area (square km):	28,000
Arable land (% of land area)	25%
Arable land (ha per rural person)	0.21 ha/person
Rural population density (per sq. Km. )	13

		5	4	3	2	Score
A	Access to land for rural poor households	The law guarantees secure, equal and enforceable land rights to all	Generally secure to a majority of rural poor households	A majority of rural poor households have some access but this access is often insecure	No access or insecure access	4
B	Access to land for women, indigenous populations and other vulnerable groups	The law guarantees secure, equal and enforceable land rights to poor men and women.	Generally secure.	Frequently, vulnerable groups do not enjoy the same access as other poor groups	No access or insecure access	4
C	Land tenure	Secure and enforceable land rights. The majority of land holdings are titled or registered.	Land titling or registration is common.	Owned land is sometimes registered; leased and rented land is mainly unregistered or leases are out-of-date	Property rights are not formally recognized by laws (or the laws are not applied) or are subject to easy termination or diminution.	3
D	Formal land markets	Function effectively	Function to some degree. Are used by some poor rural men and women.	Functioning to some degree but largely inaccessible to the rural poor	Not accessible to the rural poor. Informal markets are either absent or limited in scope	2.5
E	Regulation for the allocation and management of common property resources	Clear and equitable	Concrete efforts to improve the regulation are currently made by the government	Vague, unclear and largely unimplemented	No regulation; open access to common property resources	4
<b>Combined score:</b>						<b>17.5</b>

The Solomon Islands as a whole has a very low population to land ratio, although this is somewhat misleading given the fact that only 25% of the total landmass is considered to be arable, the large majority of the area is heavily forested, and much is inaccessible. Most people live on the less than 10% of the area that comprises flat coastal plains, lagoon islands and atolls. With high to very high population growth, there is possibility of increasing land pressure. Although food production has been maintained at sufficient rates to keep pace with population growth, intensive land use is causing some stress, while logging is also reducing the amount of suitable land available.

Solomon Islands is well endowed with natural resources in terms of forestry, fisheries and minerals compared to other Pacific Island countries. It has a natural forest area of around 2.4 million hectares, which accounted for about 80% of the total land mass<sup>16</sup> and a vast sea area. The accessible native secondary and primary forest resource of the Solomon Islands will cease to provide commercially viable quantities of logs and timber in about 12 years given current rates of exploitation. Bio-diversity is high: the World Bank (1995:75) has documented more than 60 species with emergent tree heights of 30 to 40 metres.

#### (a) Access to land by the poor

<sup>16</sup> Thistlethwaite, B and Davis. 1996. *A sustainable future for Melanesia? Natural resources, population and development Pacific 2010 Series*, National Centre for Development Studies.

As with other Melanesian countries, a large majority of Solomon Islanders have access to land under customary laws. The access to land assured by customary land tenure is seen as one of the primary reasons why extreme forms of poverty, such as malnourishment, have not been experienced in SI.<sup>17</sup> Landlessness, or relative landlessness, appears not to be an issue except for Gilbertese communities around Gizo and for various non-customary ethnicities in and around Honiara. Land pressure in North Malaita is restricting the rural livelihoods of a proportion of the population, and, given the very high population growth rate, such pressures are likely to become more widespread.

Land has significance not only as a source of food, but historical, political and spiritual significance as well. For example, land holds the '*tambu*' (sacred) sites, and monuments that represented the history of the clans, lineage and society in general, and is therefore an important link between the living and ancestors. Politically, land is important in the sense that it binds people together as a landowning group. In the same way, land is a source of political and economic power, the more land a tribe, clan or a lineage owns, the more politically and economically prestigious it is. Consequently land disputes do arise – and indeed disputed land use, ownership and access lay behind the conflicts of 1998-2003.

Rural Solomon Islanders live in small and scattered hamlets within their own or clan's land, while those who live and work in urban areas also have access to their clan's land. The customary land tenure system ensures that everyone has a right to land and such a right is determined through the genealogical links to those who control it. All Solomon Islanders live according to their lineage grouping within a given clan and inheritance of land is based on patrilineal as well as matrilineal systems.

A clan is a group of people who believe they are descended from a common ancestor, despite the fact that exact links back to that ancestor may not be known. Members of the clan are scattered within their own land and cooperate collectively on matters such as feasting, marriage ceremonies, building the house of a, warfare, and settlement of disputes that concern the clan. On other hand, a lineage is a group of kin who descended from a common ancestor through known links. Like the clan, lineage is also the unit that serves as a primary role in the inheritance of economic wealth. In many parts of the Solomon Islands, lineage members hold land jointly.

#### **(b) Access to land for women, indigenous populations and other vulnerable groups**

It is often the responsibility of lineage members who are better off to ensure that others who are less fortunate or physically disabled are cared for and assisted economically. In other words, kinsmen and women must ensure that their members are secure, cared for, protected and assisted whenever in trouble. On the Russell Islands and Guadalacanal there have been long standing issues where plantation agriculture has displaced a proportion of the population from their traditional gardening areas. Sometimes the best gardening lands can be interior from the village but this involves additional walking time for the principal gardeners, women.

Landlessness, or relative landlessness, appears not to be an issue except for Gilbertese communities around Gizo and for various non-customary ethnicities in and around Honiara.

#### **(c) Land tenure**

Land tenure in SI is arranged under a system of customary land tenure, although these arrangements can vary across the country. 87% of land in SI is under customary tenure. The Solomon Islands constitution recognises traditional ownership of land and the application of customary law, but there is no automatic legal registration under the modern law.

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<sup>17</sup> IMF. 2006. 'Solomon Islands: 2006 Article IV Consultation—Staff Report and Public Information Notice on the Executive Board Discussion', IMF Country Report No. 06/362.

Traditionally, customary owners have never considered their land as property, but as a domain for survival of land group members, past, present and future. Traditional land tenure arrangements are however giving way to more recent concepts of family, whereby some male tenure holders are preferring to pass on tenure to their sons rather than to other familial relations. This provides specific difficulties in relation to matrilineal societies where father's clan's do not include their sons.<sup>18</sup>

The Constitution of Solomon Islands recognizes traditional systems of governance. The Constitution provides that customary practice, consistent with the Constitution or an Act of the Solomon Islands Parliament, is a part of the law of Solomon Islands.

Article 75 of the Constitution provides that: 'Parliament shall make provisions for the application of laws, including customary laws. In making provision under this practice, Parliament shall have particular regard to the customs, values and aspirations of the people of Solomon Islands.'

"Current customary usage" is a common term throughout Solomon Islands legislation, including the *Land and Titles Act 1978*. It provides for customary rules to apply in any area of law where legislation does not specifically provide for the area in question, or where legal precedents of the court do not override those rules.

There is currently pressure on customary land tenure within SI due to population pressures and economic growth. Land reform has been a divisive issue in the country, however the Government has flagged a way forward with the release of a land policy statement in May 2006. According to the ARDS, customary land is to become a "bankable commodity" that will be reformed to encourage economic growth. It has been recommended however that the more towards land reform should be a gradual and cautious one that retains customary law to the greatest extent possible.<sup>19</sup>

#### **(d) Land markets**

This system of traditionally owned land place constraints on private-sector development. Land that is not owned outright by a business is difficult to use as collateral against loans. The process of land registration, which includes the identification of the rightful owners, usually takes a long time and often leads to "land disputes". Since the period of conflict, the future of Perpetual Leases has been in doubt and the business community is awaiting important rulings from the judiciary, which now has major capacity-building support from RAMSI. While new large investors such as Guadalcanal Plains Palm Oil can quickly gain government support in negotiating long-term agreements with customary landowner groups, small and medium scale investors are not confident in negotiating any new land leases. This holds particularly in an environment where there are concerns where Perpetual Leases ratified under SI Law may be partially or totally handed back to customary landowners.

#### **(e) Regulation for the allocation and management of common property resources**

The Department of Lands and Survey (DLS), with current AusAID support, is strengthening its capacity to provide a more efficient land administration service and to provide mediation services at the local level. This will assist adjacent customary land owning groups in achieving negotiated settlements to previous disputes regarding land, forest and marine resources ownership, as well as rights to use such natural resources. In a current case, DLS are working towards achieving a customary land owner group agreement for the development of oil palm in Malaita in the Aluta basin. This is expected consist of a joint venture arrangement with one or more overseas private investors.

The SI Government's compulsory acquisition of land for public purposes is a lengthy and sensitive process and has not been undertaken in recent times. The Government has owned

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<sup>18</sup> Bourke et al. 2006. *Solomon Islands Smallholder Agricultural Study*.

<sup>19</sup> GoSI. 2006. *ARDS*

about 17000 ha of customary land on Kolombangara for at least 40 years. This was originally acquired to facilitate primary and secondary rainforest logging in the 1970s and has subsequently formed the basis of Kolombangara Forest Products Limited (KFPL). The management of KFPL preferentially train and employ local people and participate in community level income generating support, for example in agroforestry. Over the last 10 years there have been growing concerns on the part of some of the affected clans in regards to the return their lands. An alternative may be to create opportunities for Kolombangara landowner group equity in KFPL.

## B (ii) Access to water for agriculture

### Basic sector data

<b>Water resources:</b>	
Irrigated land (as % of crop land)	0
Per capita water withdrawals (m <sup>3</sup> /person):	No data
Water withdrawals as percentage of renewable water resources (%):	very low

		5	4	3	2	Score
A	<b>Government strategy for water resources management</b>	Clear and equitable	In place. Provides an integrated framework for equitable water resources allocation.	May be in place but is not used effectively for the allocation of water resources	Does not exist or does not adequately recognize the importance of agricultural water. Does not highlight the need for an equitable allocation or water resources for agriculture	3
B	<b>Government pursuit of the water resources management strategy</b>	Active	Has made major efforts to improve the management and allocation of water resources for rural poverty reduction	The strategy is not used effectively to manage the allocation of water resources.	The strategy is largely ignored	3
C	<b>Policy on participatory irrigation development and management</b>	Clear and equitable	Clear and transparent	Vague and non transparent.	No policy in place	not relevant
D	<b>Establishment of representative agricultural water user institutions</b>	Appropriate legal framework in place	Established but do not all function well	Some water user institutions in existence. Legal recognition.	Water user institutions either do not exist or do not have legal recognition. When they exist, they do not adequately provide for representation of the rural poor.	2
E	<b>Government's support to farmer-managed irrigation schemes</b>	Full and active support	Full support	Some support, but vague and unfocused	No support	not relevant
F	<b>Rural women representation in water user institutions</b>	Proportional to men	High percentage, but proportionately less than men	Women are under-represented	Women are rarely represented and particularly discriminated against in terms of access to irrigation water.	no data
G	<b>Pricing system for agricultural water use</b>	Clear and equitable	Equitable. Covers the costs of operation and maintenance	May exist, but is either inequitable or inadequate to cover the costs of operation and maintenance	No pricing policy for the supply of agricultural water to the rural poor	2
<b>Combined score:</b>						<b>10</b>

In general, all of the country receives abundant rainfall, mostly in excess of 3000 mm. per year, with some areas, such as the southern coast of Guadalcanal, receiving much more than this. Agriculture is entirely rainfed, and access to water for agriculture is rarely a problem.

**(a) Government strategy for water resources management**

The River Waters Act (1969), the Forest Resources and Timber Utilisation Act (1991), the Town and Country Planning Act (1979), the Water Supply Act (1981) and the Rural Water Supply Regulations (1987) form the basis of legislation relating to the management of water. In an attempt to strengthen the framework for water management and conservation a Water Resources Act was passed in (2002).

The Act has the following purposes:

- To provide for the integrated management of the water resources of the Solomon Islands.
- To promote the most efficient, fair and beneficial use of natural water.
- To ensure that natural water resources are available for sustainable use for the benefit of all present and future Solomon Islanders.
- To provide for the protection of natural watercourses and water catchments.
- To provide for the control of activities occurring over or beside waterways or watercourses.

**(b) Government pursuit of the water resources management strategy**

The Water Resources Act established a Water Resources Advisory Board, which, in association with the Minister and the Director of Water Resources, is responsible for the use and development of water catchments and riverbanks. Such control may be exercised through regulations, orders, and instructions prescribed by the Minister.

Complex landownership claims, together with limited human and technical resources restrict effective water resources management.

**(c) Policy on participatory irrigation development and management**

There is no such policy in place, nor any significant irrigated areas.

**(d) Establishment of representative agricultural water user institutions**

With respect to urban and rural village reticulated domestic water systems, there seem to be a community mentality that the government (national or provincial) will take responsibility for ongoing maintenance of installations. Given the inadequate government resources available in this sector, the result has been that a high percentage of these rural installations have become inoperable after a few years. Policy-makers need to learn lessons from elsewhere in the Asia Pacific region where rural communities, on their own or in partnership with local government, take ownership of responsibility to develop and maintain water supply assets.

### B (iii) Access to agricultural research and extension services

		5	4	3	2	Score
A	<b>Development of pluralistic research and extension services</b>	Government supports direct demand-led, pluralistic approaches	Encouraged by government	No coherent policy and only sporadic government support	Exclusive preserve of the government	<b>3</b>
B	<b>Priority setting for agricultural research and extension and control of funds for agriculture research and extension</b>	Local farmer organizations are involved	Major efforts made by public agricultural research and extension to improve the participation of poor farmers	Some efforts made to improve the participation of poor farmers but it is far from being appropriate to meet their needs	Poor farmers have no say	<b>3</b>
C	<b>Extension service system</b>	Effective and properly reaching out to poor farmers	Has been improved; trying to extend its outreach to poor farmers	Weak; does not address the needs of poor farmers	Biased towards richer farmers' crops and does not work for poor farmers. Poor farmers do not interact much with extension agents	<b>3</b>
D	<b>Women farmers access to extension services</b>	Specific policies, strategies and mechanisms are in place to ensure it	Some policies are in place to ensure it	No strategies or mechanisms in place to ensure it	No strategy, policy or mechanisms to address gender gaps.	<b>2</b>
<b>Combined score:</b>						<b>11</b>

#### (a) Pluralistic research and extension services

Both extension and research activities in SI have been severely undermined by both the ethnic tension and the difficulties of providing services over the hundreds of islands that make up the country in the absence of adequate transport and communications infrastructure.

Previous major extension projects have been undertaken by the ADB/WB and the EU. However these have had limited success and have not been well integrated into the work of the DAL.<sup>20</sup> Civil society organizations are attempting to fill the gap.

KGA is coordinating several projects and networks which aim to address the shortage of public extension services to the rural population. Examples include:

- The Young Farmer Project, aimed at stimulating young people to enter (semi-commercial) farming, through small scale poultry production.
- The Planting Material Network. The PMN aims to identify and disseminate local and non-SI plant varieties that can help farmers improve productivity and livelihoods. The PMN currently has some 1500 members, of which about 20% are groups
- Isolated Areas Project targets support at very remote areas such as the Weather Coast of Guadalcanal, promoting diversification, improved practices to improve food security, and processing for value adding.

There are currently a variety of other project-based training and extension programs supported by the broader programs of several other international and local NGOs, such as:

*World Vision:* operate a number of programs covering livelihoods, health, water supply, capacity building and literacy. World Vision implement a holistic multi sector concept of community development.

*Oxfam Australia:* Oxfam's programs include a focus on sustainable livelihoods, with crosscutting attention to gender equity, HIV/AIDS and indigenous peoples. Oxfam also seeks to support and strengthen regional networks and associations.

*APHEDA* (Australian People for Health, Education and Development Abroad): Focuses on training, including strengthening Rural Training Centres.

<sup>20</sup> Bourke et al. 2006. *Solomon Islands Smallholder Agricultural Study*.

*SIDT*: income generation from natural resources, eco-forestry and the training of village development workers (VDWs).

*Christian Fellowship Church (CFC)* reportedly has a membership of 20000 rural people in Western Province and has been engaged in re-forestation, cocoa and coconut planting.

*People First Network (PFnet)* has established a system that permits remote locations to have Internet and email access using a computer, short-wave radio, and solar power. 25 stations are located in provincial clinics, community schools, or other accessible and secure public facilities. One community station serves as a farmers' technical and marketing advice centre.

*Rural Development Volunteers Association*: maintains a database on rural development for each province, and provides dissemination services

*Rural Development Trust Board (RTDB)* incorporated as a charitable trust in SI has a research collaboration agreement with the University of Queensland concerned with development capacity in Solomon Islands.

Agricultural research in SI is undertaken by the Research Division of the DAL and has also suffered due to the effects of ethnic tensions in 2000. The Government Dodo Creek Agricultural Research Station on the Guadalcanal Plains was destroyed, including valuable records and plant and animal genetic material, during the ethnic tensions and has not been re-established elsewhere. However, there are several externally funded research and other support projects involving ACIAR, FAO and SPC which involve collaborative effort between the Department of Agriculture and Livestock and the Kastom Gaden Association.

Given the relative strong NGO presence in rural development in SI, reform processes need to involve collaborative planning, programming, budgeting, implementation and impact monitoring of rural development services. NGO, church-based and local rural development association rural services are often extensive and effective, but there is little coordination or collaboration. The high cost of travel restricts centrally based services. The expansion of HF radio email and internet services and the potential expansion of broadband community school resource centres holds good prospect for enhancing local level self-help natural resource and rural development associations.

#### **(b) Priority setting for agricultural research and extension and control of funds**

A lack of reliable information and expertise on the technical problems and extension needs of rural communities impedes the development of a prioritized agricultural research and extension system. DAL and KGA do make some attempt at prioritizing their investments. This however is frequently influenced by the availability of external funds for perceived regional priorities.

Of the seven sections into which the Research Division of DAL is divided - field crops; soil and plant nutrition; entomology; farming systems, tree crops, plant pathology and library and management systems – only the latter three are operational. This however is not due to priority setting but lack of staff and/or facilities.<sup>21</sup>

#### **(c) Extension service system**

In general, the quality and effectiveness of agricultural extension services have seriously declined over time. Centralised departments, such as Department of Agriculture and Livestock, operate from a national planning and accountability perspective, but this is not well understood in the Provinces, nor always reflective of the Provincial perspectives. Departments in the Provinces receiving limited support from the centre in terms of resources, staff and management in order to implement nationally determined roles, activities and

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<sup>21</sup> Bourke et al. 2006. *Solomon Islands Smallholder Agricultural Study*.



projects. This is seen as part of an ongoing trend for the last 10-15 years whereby provinces have been neglected to a point where agricultural extension workers are unable to operate due to the lack of operational budgets, while staff relocated to the provinces are expected to operate under inadequate conditions with little training or technical support.<sup>22</sup>

**(d) Women farmers access to extension services**

NGOs such as KGA, SIDT, APHEDA, World Vision and Oxfam have strong policies in regards to aiming for equity of access to information-extension and training services regardless of gender. While DAL policy prioritises gender equity in accessing services, in practice field level performance does not match that of the NGOs and church-based organizations.

The SI Women in Business Association is active and commercially-minded, however it largely serves rural women close to major urban centres. NZAID supported the SI Business Enterprise Centre and the UNDP-financed Financial Literacy Program benefits women aspiring to micro and small rural business development. Banks report such services do not meet rural and urban demand for business skills development.

Between 1997-2000 NZODA funded the Women's Agricultural Extension Services Project which aimed to increase rural women's capacities by supporting the work of female agricultural extension officers within the DAL. Although considered to be making important inroads, this project was abandoned due to the ethnic tensions.<sup>23</sup>

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<sup>22</sup> GoSI. 2006. *ARDS*

<sup>23</sup> Bourke et al. 2006. *Solomon Islands Smallholder Agricultural Study*.

## C. Access to Financial Services and Markets

### C. (i) Enabling conditions for rural financial services development

		5	4	3	2	Score
A	<b>Role of financial services in the rural development process</b>	Government development plans fully recognize the important role of financial services and provide appropriate and practical policy direction.	Government development plans (including PRSP) recognize the importance of a well-functioning rural finance sub-sector	Government development plans make general supportive comments on the important of rural finance, but these are not operationalized into practical policies and guidelines.	Their role is not adequately recognized in government policies (including PRSPs)	3
B	<b>Provision of rural finance services</b>	Mainly by private sector operators	Government direct participation in rural finance operations is reducing steadily. The goal is for a provision mainly by private sector operators.	Financial-sector liberalization has advanced but the government still plays a significant role for publicly owned rural banks and credit schemes	Government has made no effort to liberalize and commercialize the rural financial market.	3.5
C	<b>Legal framework for the promotion and regulation of rural finance</b>	Appropriate framework to promote and regulate rural savings and credit cooperatives, MFIs and other community-based operators	The central bank and finance operators cooperate actively to establish a legal framework for semi-formal and informal rural finance operations covering both savings and credit activities	A legal framework for the registration, regulation and supervision of the member-owned and locally-based financial institutions is in existent	The role of cooperatives, microfinance institutions and community-based service providers is ignored	3.5
D	<b>Inspection and supervision arrangements covering rural non-bank financial operators</b>	Effective arrangements covering rural finance activities are becoming operational	The central bank developing own capacity and supports alternative arrangements.	Appropriate arrangements missing	Inspection and supervision ignored	3
<b>Combined score:</b>						<b>13</b>

#### (a) Role of financial services in the rural development process.

The current Government's development plans prioritise the bottom up approach including the important of rural finance, but the Rural Development Strategy has yet to be developed into practical policies and guidelines.

The National Development Bank is insolvent and the Central Bank has assumed responsibility for debt repayment. The National Bank is a well run operation with the largest network in the country. With the PNG Bank of South Pacific purchasing a majority shareholding, rural service delivery can be expected to improve. The ANZ plays an active rural banking role, whereas Westpac does not maintaining a Honiara office only and serves large clients, including commodity exporters.

#### (b). Provision of rural financial services

Access to financial services is estimated at 20% for the entire Solomon Islands population, with much of this being centred in and around provincial centres. Credit from the banking system is for the most part not available for the rural sector for production purposes and especially to smallholders. Both commercial banks and donors funding micro-enterprise projects have concerns about the economics of production and ability for small holders on loan repayment. The The Government-backed provision of rural finance has been a failure and there is not as yet a clearly articulated rural finance program.

The ARDS states that there are only 3 commercial banks and 33 small credit unions in the country, with 98% of all assets in Honiara.<sup>24</sup> Recent closures of commercial rural bank branches

<sup>24</sup> GoSI. 2006. ARDS

and agencies has created more hardship for those working at the provincial level and for the rural populace as it means that any banking entails a trip to either the provincial headquarters or the capital, Honiara.

Recently, the ANZ Bank initiated and began funding a rural banking service. The Rural Banking Facility comprises of 1 mobile bank that travels on a regular schedule to designated rural villages and settlements on Guadalcanal Plains. The service is provided by ANZ staff recruited and trained specifically to provide a rural-based service that values person-to-person contact. The bank offers similar products – a long-term savings account and an everyday savings/transaction account. Clients have access to other banking products offered by the bank and can transact in any of its urban branches including receiving deposits directly from relatives in towns and overseas. The bank's strategy is always to inculcate a savings habit with customers for at least six months before offering credit facilities - and then rely on the regularity of savings as behavioural collateral to qualify for loans.

Specialised or sustainable microfinance institutions or programs have yet to be established in the SI, although micro-credit has sporadically been included in multi-faceted community or rural development programs of NGOs. Credit Unions have played an important role, under the supervision of the SI Credit Union League, although this sector has struggled in recent years. In many of the more remote areas, there are now virtually no accessible savings facilities or small loan facilities.<sup>25</sup> Informal savings and credit groups, help to fill some of the vacuum,

#### **(c) Legal framework for the promotion and regulation of rural finance**

The Central Bank of Solomon Islands and the Solomon Islands Credit Union have established a legal framework for rural finance operations covering both rural-savings and micro-credit activities.

#### **(d) Inspection and supervision arrangements**

There has rarely been any inspection of rural-savings and micro-credit activities.

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<sup>25</sup> DFAT. 2004. *Solomon Islands - Rebuilding an Island Economy*.

## C. (ii) Investment climate for rural business

### Basic sector data

<b>SME establishment (2006):</b>	
Cost to register a business (% of GNI per capita):	68.9
Number of procedures to start up a business:	7
Number of days to start up a business:	57

		5	4	3	2	Score
A	<b>Private rural business sector development</b>	Government has made major efforts to encourage private traders to open a business, and to support the development of SMEs	Government is making efforts to encourage private traders to open a business, and to support the development of SMEs, but more needs to be done	Government efforts to encourage private traders to open a business, and to support the development of SMEs are weak	The policy and institutional framework effectively discourages the emergence of rural private business with legal status	3.5
B	<b>Development of liberalised and private-sector-led markets</b>	Government has made major efforts to encourage the development of liberalized markets	Government is making efforts to encourage the development of liberalized markets, but more needs to be done	Government efforts to encourage the development of liberalized markets are weak	The policy and institutional framework effectively discourages the development of liberalized markets	3.5
C	<b>Procedures for registering a SME or private business trading</b>	Procedures are fast, simple and transparent and do not involve bribing of government officials	Procedures are not very quick, simple or transparent and occasionally involve bribing of government officials	Procedures are slow, complicated and costly and often involve bribing of government officials	Procedures are extremely slow, bureaucratic and costly. Applications are often turned down and bribing of government officials is necessary.	4
D	<b>Laws and regulations for proper and efficient development of liberalized and private-sector-led markets</b>	Necessary laws and regulations have been adopted and most are properly enforced	Most necessary laws and regulations have been adopted, but some are not properly enforced and commercial courts are slow and bureaucratic	Many necessary laws and regulations do not exist, or, when they do exist, are often not enforced	Most necessary laws and regulations do not exist, or, when they do exist, are not enforced	3
<b>Combined score:</b>						<b>14.</b>

#### (a) Private rural business sector development

Economic performance in the Solomon Islands continued the upward trend seen since 2003 and remained broadly on track in 2005, although some fundamental issues remain to be addressed. These issues include the narrow based export sector with over reliance on the forestry sector, poor infrastructure and badly performing utilities, inefficiencies in public institutions and investment procedures, difficulties in acquiring land for development purposes, and the taxation system. The passing of the new foreign investment bill (2005) and the proposed amendments to the taxation regime should create a more efficient and enabling environment for private-sector-led growth.

Notwithstanding these positive developments, there is still insufficient capacity within the labor market to absorb all the young people that are coming through the primary, secondary and tertiary education systems. Currently 500 new jobs per year are created and 7500 students complete or are forced out of the school system. The 2005 Government policy on Technical and Vocational Education and Training, "Education for Living", recognizes the fundamental importance of not only increasing employability of youth and adults but also their self-employability, particularly in rural areas, in their own micro and small businesses. Therefore the government has to take appropriate policy measures to promote private sector development in order to address the rising employment demand and to mitigate increasing problems associated with unemployment.

**(b) Development of liberalized and private-sector-led markets**

The recovery in the economy so far and the progress made in 2005 was predominantly private sector led as well as donor driven. There continues to be substantial government involvement in state-owned enterprises. Resource constraints have forced the government to explore options for reform, restructuring or divestment of such enterprises, or for facilitating private investment, but there has been little action to date.<sup>26</sup> Telecommunications and transport markets need to be opened up to allow greater competition. Perceptions of the private sector identify a number of impediments, including inadequate infrastructure, inefficiency and ineffectiveness in public institutions, cronyism and corruption in the public sector. However, the SIG's economic reform program provides an opportunity to secure new investment, strengthen management and provide better service delivery.<sup>27</sup>

**(c) Procedures for registering a SME or private trading business**

By law, all enterprises must register with the Registrar General's Office. However, because most private enterprises are informal and not fully aware of business registration requirements, data on official business registration tend to understate the number of private enterprises. The World Bank's "Ease of Doing Business" index ranks Solomon Islands 69<sup>th</sup> out of 175 countries, or about in the middle of the range of Pacific Island countries.

**(d) Laws and regulations for proper and efficient development of liberalized and private sector-led markets.**

The new Foreign Investment Act, which came into force in May 2006, has simplified investment procedures. Obstacles still constrain business investment in rural areas, however, with regard to bureaucratic investment procedures, tax incentives, an unskilled workforce, land tenure arrangements and law and order concerns.

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<sup>26</sup> DFAT. 2004. *Rebuilding an Island Economy*.

<sup>27</sup> Ibid.

### C (iii) Access to agricultural input and produce markets

#### Basic sector data

<b>Market liberalization:</b>	
Index of economic freedom:	Data not available
<b>Agricultural inputs:</b>	
Annual fertilizer use (Kg/ha of cropland 1997-1999):	No data
Number of tractors per 100 ha of arable land:	0
<b>Roads:</b>	
Highways (km):	390km
Road network density (km of roads per km <sup>2</sup> ):	0.07

		5	4	3	2	Score
A	<b>Market liberalization</b>	Government has substantially liberalized markets. Markets operate basically free of market distorting government control	Significant efforts by government to liberalize markets. Market distorting monopolies, subsidies and quotas reduced	Efforts to liberalize markets made by government, but to a limited extent	No efforts made to liberalize agricultural markets. Government controls most or all input and produce markets	4
B	<b>Private sector role in agricultural input and produce markets</b>	Wide diversity of capable market service providers.	Markets mainly commercially based or in private sector hands	The private sector plays a role, but government intervenes as a monopolistic buyer and through subsidies, taxes, price bands or quotas	Mostly a government monopoly, often at fixed prices. Government policies do not seek to promote the emergence of private-sector-led markets	4
C	<b>Market access roads</b>	Government has a major programme to develop and rehabilitate market access roads	Government is investing in the development and rehabilitation of market access roads	Government is not investing sufficiently (relative to its capacity) in constructing or rehabilitating market access roads	Government programme places little emphasis on the construction and rehabilitation of market access roads	3
D	<b>Capacity of poor rural producers to access markets</b>	Well defined and adequately financed programme to support easy and equitable access of the rural poor to markets	Some efforts are made by government to support easy and equitable access of the poor rural producers to markets	Little or nothing is done by government to support the capacity of poor rural producers to access markets	Government does not support the capacity of the poor to organize for improved market access	3
<b>Combined score:</b>						<b>14.0</b>

#### (a) Market liberalization

Relatively few of the policies that usually distort prices and incentives in the rural sector exist in SI. The exchange rate is market-driven; there are no export crop price supports; bank lending is not subsidised, and there is minimal government involvement in input or output marketing. High and variable tariff rates on some imported inputs and machinery can limit the competitiveness of local business – although government has brought these down in recent years.<sup>28</sup>

The Government proposes to implement a comprehensive reform of the tax system, which is currently seen to be distorting export activities. By Pacific standards, SI import taxes are relatively high and these act as a sizable indirect tax on exports, which severely hampers the agricultural sector.<sup>29</sup>

#### (b) Private sector role in agricultural input and produce markets

<sup>28</sup> DFAT. 2004. *Rebuilding an Island Economy*.

<sup>29</sup> GoSI. 2006. *ARDS*

The private sector plays a very important, and majority, role in the agriculture sector. The recovery in the economy since the ethnic tension has been predominantly private sector led. Recently, the general improvement in the local business environment, coupled with the stable law and order situation, have both been conducive to increased private sector activities. Cocoa and copra production, the mainstay of rural incomes was resilient to the ethnic tensions. Production of these commodities continued to increase despite the inadequacies of transportation and infrastructure in the rural areas,<sup>30</sup> as well as a lack of access to working capital by copra and cocoa exporters and traders.

**(c) Market access roads**

Solomon Islands has a road network of approximately 1950 km spread over 30 islands. This comprises of 390 km of main (highway) roads, 455 km of secondary roads, 452 km of provincial roads, 120 km of Honiara Town roads and approximately 560 km private and plantation access roads. However, road infrastructure is poorly developed and badly maintained. Transport in SI is a major challenge, due in part to the widely dispersed islands and rugged interior, as well as resource constraints. Only 23% of Solomon Islanders report access to roads.<sup>31</sup> Water transportation is also an important source of access to markets, but it, too is slow, sporadic and unreliable.

**(d) Capacity of poor rural producers to access markets.**

Road is the dominant mode of land transport. Small boats (with outboard motors) provide an alternative to roads transport in coastal areas. About 60% of the total road network is on two main islands (Malaita & Guadalcanal), which serves about 90% of the total traffic in the country. Only about 23% of villages are accessible by road, 32% by sea via canoe, small boats or scheduled ferries, 4.5% by river, while 40% are only accessible by foot.

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<sup>30</sup> An example provided within the Solomon Islands ARDS is of telecommunications costs, whereby call costs of \$300/month in Honiara can be as high as \$3000/month in Makira province (GoSI 2006).

<sup>31</sup> ADB. 2006. *Country Strategy and Program Update – Solomon Islands 2007-2009*, Asian Development Bank.

## D. Gender Issues

### D (i) Access to education in rural areas

#### Basic sector data

<b>Education spending:</b>	
Public expenditure on education (% of GDP)	No data available for last 5 years
Public expenditure on education ( as% of total expenditures):	22-27%
<b>Participation in education:</b>	
Adult literacy rate (1999 Pacific Human Dev. Report)	30% (1990's)
Female primary net enrolment ratio (%):	79 (2004)
Gender Parity Index in primary level enrolment (female as a % of male)	97
Gender Parity Index in secondary level enrolment (female as a % of male):	81 (2003)

		5	4	3	2	Score given
A	<b>Policy framework for boys and girls' equal participation in primary and secondary education</b>	Specific government policy in place, with accompanying strategies, mechanisms and incentives	Specific policy in place, with some accompanying strategies, mechanisms and incentives	A stated policy in place, but few strategies, mechanisms and incentives to ensure its implementation	No policy in place. No strategies, mechanisms and incentives to ensure equal participation	4
B	<b>Campaigns for girls' education</b>	Active government campaigns	Some information campaigns on the importance of girls' education undertaken	Public campaigns either non-existent or sporadic	No public campaign on girls' education	3
C	<b>Primary and secondary school enrolment</b>	Equal for boys and girls	Female-to male ratio of net primary school enrolment is between 90% and 100%; but less than 70% for secondary education	Female- to-male ratio of net primary school enrolment is over 70% but less than 90%???	Female-to-mal ratio of net primary school enrolment in less than 70%	3
<b>Combined score:</b>						<b>10</b>

#### (a) Policy framework for equal participation

The Tensions in SI saw participation levels in education drop to levels that were some of the lowest in the Pacific region. A policy framework for equal participation of boys and girls in education is in place, but there are few incentives to ensure its implementation. In fact, tradition plays a part in parents' decision not to send girls to school. High school fees, along with the need to work in food gardens, are the common causes for children not attending or dropping out school.

#### (b) Campaigns for girls' education

The GoSI has previously developed a country strategy on education with NZAID entitled '*Man Talem Duim*', which aims to eliminate gender disparity by 2015. The strategy ran until 2006 and is currently being updated.

#### (c) Primary and secondary school enrolment



Males have outperformed the females in all the respective levels from form 1 to post graduate level. The only attainment that females have recorded higher than the males' is in the primary level.

## D. (ii) Womens representation

### Basic sector data

<b>Women representation:</b>	
Year women received right to vote:	1978
Women in government at ministerial level (as % of total):	0%
Seats in House of Parliament held by women (as % of total):	0%

		5	4	3	2	Score
A	<b>Women right to vote and be elected</b>	Allowed by legislation	Allowed by legislation to vote but limitations on the right to be elected	Allowed by legislation to vote but not to be elected	Not allowed by legislation	5
B	<b>Government policies and institutional mechanisms to address gender gaps in local decision-making</b>	In place. Government actively campaign to promote women representation	Some policies and institutional mechanisms in place, but public awareness-building is limited	Some policies adopted by government, but no strong strategy and no institutional framework or enforcement mechanism to address gender gap	No policy, institutional framework or information campaign to address gender gaps in representation and local decision-making	3
C	<b>Mechanisms for rural women's participation in rural organizations</b>	Rural organizations are non-discriminatory. Mechanisms are in place to support rural women's participation.	Rural organizations are non-discriminatory. Some attempts to remove barriers of entry for women.	No legal or statutory discrimination, but barriers of entry limit women's representation. Government is not opposed, but makes no effort to encourage women's representation	Women are de jure or de facto excluded from rural organizations. Government does not support women's representation in rural organizations	4
D	<b>Women's participation in rural organizations</b>	Broad women's participation. Women have often leadership positions	Broad women participation	Limited.	Minimal. Most rural organization are made up of men.	3.5
<b>Combined score:</b>						<b>15.5</b>

#### (a) Women right to vote and be elected

Women have has the right to vite in SI since 1974. However, this has not translated to representation in parliament and elections in the Solomon Islands in 2006 resulted in no women being elected. This despite several women contesting seats. Consequently, the country remains one of the few countries in the world with no female representation in paerliament.<sup>32</sup>

#### (b) Government policies and institutional mechanisms to address gender gaps in local decision-making

Large gaps exist between women and men in regards participation in decision-making on at all levels. The government is a signatory to all UN conventions promoting gender equality, however gender has only recently become a consideration within government planning. The implementation of previous commitments to gender equality has suffered from a lack of political will, allocation of resources and any any real commitment to affirmative action. The Government intends however to move forward on the establishment of a National Gender Policy.

#### (c) Mechanisms for rural women's participation in rural organisations

It is estimated that around 5,000 women's groups exist in SI and these are considered to be well-organised and effective. Most are church-based or community organisations and run with a minimum of assistance from the Government.

<sup>32</sup> Inter-Parliamentary Union. 2007. 'Women in Parliament in 2006: The Year in Perspective', available at '<http://www.ipu.org/pdf/publications/wmn06-e.pdf>'.

**(d) Women's participation in rural organisations**

The Solomon Islands Christian Association Federation of Women (SICAFOW) and the National Council of Women are the major associations of womens organisations and both encourage the membership of rural women from a diversity of religious groups.

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## E. Public Resources Management and Accountability

### E. (i) Allocation and management of public resources for rural development

<b>Government effectiveness:</b> [from -2.5 (low governance) to 2.5 (better governance)]	No data
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		5	4	3	2	
A	<b>National development plans (or PRSP) and budget document</b>	Emphasize the important role that the agricultural and rural development sector plays in poverty reduction and economic growth	Emphasize the important role that the agricultural and rural development sector plays in poverty reduction and economic growth	Some emphasis given to agriculture and rural development	Little emphasis given to agriculture and rural development	4
B	<b>Sector policies</b>	Consistent with the above analysis. Advocate an appropriate approach for reducing rural poverty and promoting broad-based growth	Not always consistent with the above analysis	Do not provide a strong basis for reducing rural poverty and promoting broad-based growth	Not appropriate as a basis for reducing rural poverty and promoting broad-based growth	3.5
C	<b>Budgetary allocations to the agricultural and rural sector</b>	Transparent, adequate and consistent with the policy framework	Not always consistent with the above analysis	Inadequate	Insufficient	3
D	<b>Funds allocation to the sector</b>	Promptly made available to the relevant ministries and agencies	May be subject to delays	Allocated funds to not conform to the allocations or are subject to significant delays.	Allocated funds are significantly less than the allocations. Made available too late to be used effectively.	3.5
E	<b>Funds allocation to the lower levels of government</b>	Funds do reach the lower levels of government	Funds do reach the lower levels of government	Not all the resources reach the lower levels of government, although an adequate proportion is envisaged	Allocations are heavily centralized at the upper levels of government. The few resources allocated to the lower levels do not reach there.	2.7
F	<b>Financial management</b>	Satisfactory. Financial or audit reports are prepared regularly and on time.	Broadly adequate, although the preparation of financial or audit reports may be delayed	Weak; financial and audit reports are prepared late	Very weak; financial reports are of low quality and are prepared irregularly and late; substantial delays in the preparation of audit reports	2.5
<b>Combined score:</b>						<b>19.2</b>

#### (a) National development plans (or Poverty Reduction Strategy Plan)

The last government adopted a new policy and planning statement, the National Economic Recovery and Reform Development Plan 2003-2006 (NERRDP) in October 2003. The NERRDP's major focal areas, or "key strategic areas" (KSAs) for development in the post-conflict context were; (i) law and order; (ii) financial stability; (iii) ensuring good governance and democracy; (iv) revitalizing the productive sector and rebuilding supporting infrastructure; and (v) social services and health.

The NERRDP also committed to implementing a federal system. However, since it was adopted before foreign funded consultations and reports were completed, it does not address modalities of implementation of decentralisation. Other parts of the NERRDP envisage the strengthening of national government service delivery operations at provincial level without considering a devolution of functions. The NERRDP, approved in November 2003, 4 months after the 15 nation Regional Assistance Mission to Solomon Islands (RAMSI) mobilised, has been criticized for its relative lack of local versus donor funded specialist input, particularly from the provincial level. The early development of the plan occurred before law and order was fully restored. NERRDP was an effort to promptly give a framework of commitment to reform which was eagerly sought by donors wanting to resume their development assistance investments with confidence.

The Government has produced both a Policy Framework Document (2006) and Policy Translation and Implementation Document (2006) that outlines rural development policy for the period 2006-2009. It aims to tackle issues of greater participation, rural quality of life and reform in natural resource management by:

- i) Using “bottom up” approaches to promote community engagement in national planning and economic development;
- ii) focussing on the productive sector, particularly agriculture, financial services and transport services in rural areas;
- iii) strengthening the capacity of provincial governments to deliver services in rural areas;
- iv) better management of natural resources.
- v) Redirecting resources away from Honiara to rural areas.<sup>33</sup>

#### **(b) Sector policies**

The Government’s development vision (2001-2005) priorities and strategies are articulated in the National Economic Recovery, Reform and Development Plan (2003-2006) (NERRDP). It identified key strategic areas for revitalising the productive sector and rebuilding infrastructure, restoring basic social services and fostering social development.

Donor support has been that of a sector wide approach. Policies and strategies are either being developed or/and in place for education, transport, health, agriculture and fisheries. In 2006, a draft Agriculture and Rural Development Strategy (ARDS) was in the development stage with multi-donor support (AusAID, EU and World Bank), and an investment program in support of this strategy is currently in the design stage.

#### **(c) Budgetary allocations to the agricultural and rural sector**

In 2003/2004, funding for rural services had dropped by 5-10% when compared to budgets of the early-1990s, while funding for rural development and agriculture had been reduced by over 50%, an historical low.<sup>34</sup> Provincial governments have been disproportionately effected by the lack of both resources and funds, especially in regards to access of basic services and infrastructure.<sup>35</sup>

Government investment in, and assistance to, the agriculture sector accelerated during the period of ethnic tension. The Department of Agriculture and Livestock is now badly under staffed, affecting its services in rural areas. There has been a lack of a collaborative effort between DAL, other public agencies and NGOs in rural development program planning, resourcing, implementation and monitoring and evaluation. DAL field activity has been largely donor project driven for at least a decade. In some cases, plans drawn up by DAL, NGOs, and donors have paid inadequate attention to human, physical, genetic and other available resources. Budgets are not always well aligned with priorities identified in policy analysis and planning.

According to 2006 data, it is estimated that the available public budget for rural development was approximately US\$ 30 million.<sup>36</sup>

#### **(d) Actual funds’ allocations to the rural sector**

Recurrent costs and other expenditure priorities at the centre result in few funds being allocated to provincial budgets in rural areas, and expenditure controls have limited the amount of allocated funds that are actually released. At all levels of management and implementation, physical and financial monitoring of program implementation is weak: the amount of actual expenditures as opposed to allocated resources is essentially unknown.

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<sup>33</sup> GoSI. 2006. *ARDS*

<sup>34</sup> *ibid*

<sup>35</sup> *ibid*

<sup>36</sup> *ibid*

**(e) Funds' allocations to the lower levels of government**

While the Provincial system has been struggling for some time, the social, political and financial impacts of ethnic tension have accelerated the decline of the effectiveness and credibility of provincial governments. This is illustrated in the payment of Provincial Service Grants. From 2001-2003, grants approved in the National Budget were not paid in full. The Department of Finance and Treasury was not able to disburse the approved budgets during this period. In 2002, Provincial Service Grants were halved by National Government, leaving the Provinces without sufficient resources to attend to their core responsibilities. During this period, some 50% of Provincial direct employees were made redundant. In 2004, grants were being paid regularly, but the legacy of financial instability over the past four years has left most Provinces in significant debt arrears. Although grants have been increased, they are still at a level where Provinces are not able to meet recurrent responsibilities.

**(f) Financial management**

Provincial financial management systems are functional but are manual and based on cash books with no standardized chart of accounts (between Provinces or Province to National). There is no consistency of practice in double entry book-keeping, regular reconciliation of accounts with bank statements, petty cash and cash management procedures or regular reporting. In three provinces, (Western, Isabel and Makira) the Provincial Treasurers have taken initiative to teach themselves basic computer skills and use EXCEL spreadsheets as well as the manual system. No provinces are using accounting software.

**E. (ii) Accountability, transparency and corruption in rural areas**

<b>Governance indicators:</b>	
Corruption perception Index [From 10 (highly clean) to 0 (highly corrupt)]	2
Voice and accountability [from -2.5 (low governance) to 2.5 (better governance)] (2002)	0.27
Rule of law [from -2.5 (low governance) to 2.5 (better governance)] (2002)	-0.9
Control of corruption [from -2.5 (low governance) to 2.5 (better governance)] (2002)	0.02

**Statistical Table: Governance indicators for SOLOMON ISLANDS<sup>37</sup>**

Governance Indicator	Year	Percentile Rank (0-100)	Estimate (-2.5 to + 2.5)	Standard Error	Number of surveys/polls	Sources and underlying data	Regional Average, Percentile
Voice and Accountability	2005	53.1	+0.27	0.20	3	List	50.8
Political Stability/No Violence	2005	42.5	-0.05	0.40	2	List	61.3
Government Effectiveness	2005	30.1	-0.69	0.22	4	List	49.6
Regulatory Quality	2005	15.3	-1.05	0.27	3	List	46.9
Rule of Law	2005	19.3	-0.90	0.26	4	List	55.2
Control of Corruption	2005	57.1	+0.02	0.27	3	List	46.8

Source: Kaufmann D., A. Kraay, and M. Mastruzzi 2006: Governance Matters V: Governance Indicators for 1996-2005.

		5	4	3	2	
A	<b>Decentralization of administrative and fiscal authority</b>	Full decentralization to the local level	Much has been done but some key sectors may be still dominated by central decision-making	A policy of decentralizing limited administrative authority to the local level exists	No effective policy in place	3
B	<b>Institutional reforms and safeguards necessary to enhance transparency and accountability and to eliminate local corruption</b>	In place	In place	Do not accompany the policy on decentralization		3
C	<b>Local-level rural development services</b>	Adequately staffed and funded according to local priorities	Staffed and funded according to local as well as central priorities	Staffed and funded according to centrally determined priorities	Inadequately staffed and funded	2.5
D	<b>Attitude of locally elected representatives vis à vis their constituency</b>	Responsive and accountable	Often responsive and relatively accountable	Rarely responsive and accountable	Unresponsive and unaccountable. Local elections have not been held have offered little or no democratic choice	3.5
E	<b>Participation of rural poor in the planning of local development activities</b>	Active	Some participation	Little participation	No participation. Rural poor perceive local government as a barrier to their progress.	2.2
F	<b>Resources budgeted for local development activities</b>	Used exclusively for these activities	Not always used for these activities	May be diverted for private gain by public officials	Often diverted for private gain by public officials or local elites	3
G	<b>Benefits of local development activities</b>	Accrue to rural poor people	May not always accrue to the rural poor	Accrue almost exclusively to local elites		4
H	<b>Obligation by rural poor to pay</b>	Not necessary	Rarely necessary	Often necessary	Systematic	4

<sup>37</sup> Kaufmann D., Kraay A., and Mastruzzi M. 2006. *Governance Matters V: Governance Indicators for 1996-2005*. World Bank: Washington

	bribes to access services or seek fair application of laws					
I	Sanctions against government officials who demand or accept bribes	Systematically sanctioned	Not always sanctioned	Rarely sanctioned	Not sanctioned	3
Combined score:						28.2

**(a) Decentralization of administrative and fiscal authority**

Provincial Governments are envisaged in the Solomon Islands Constitution and were established in Solomon Islands law through the 1981 Provincial Government Act, which was re-enacted in 1997 legislation. This Act created a Provincial Assembly for each Province, with elected politicians empowered to pass ordinances not in conflict with National policy or legislation. The Act also envisaged a third tier of government, allowing Provincial Assemblies to create Area Councils for local administration. Area Councils were abolished in 1996/7 leaving a gap between the Provincial administration and the village level.

**(b) Institutional mechanisms for enhanced transparency and accountability**

In many cases financial records are incomplete or have been destroyed over time, and there is no evidence of regular or systematic auditing. Some Provinces do not have a permanent Treasurer and internal audit positions were abolished some ten years ago.

**(c) Local rural development services**

The key issues of devolution and decentralisation debated in the 1970s and 80s remain current today. There have been many reviews and several changes to the system over time, making it difficult to distinguish legal functions and responsibilities from bureaucratic habit or from popular assumptions and expectations. In law, Provinces have minimal functions relating to local administration, licensing and revenue collection, maintenance of small infrastructure and asset management, especially of property such as housing.

Although many functions have been devolved to Provincial Governments, they are still not capable of undertaking the delivery of all devolved services within their Provincial areas. The relationships between National and Provincial politicians, administrators, direct staff, National Line Ministries and seconded national public servants overlap and are often not clearly or consistently defined. The new Draft Constitution proposes a resolution to these questions through a federal system of state government.

**(d) Attitude of locally elected representatives**

Provincial governments have evolved to include functions in linking the large rural population to services, managing the provincial public service, managing local resources, and acting as a representative voice of isolated communities in national debates such as federalism, mining and land issues. The Provincial Government Act largely creates a framework for activity and dialogue between the local and national levels. Provincial governments parallel the parliamentary democracy framework of the national government, with an Assembly made up of elected representatives from wards in each province. The Assembly elects an Executive. The operation of the bodies is governed by Standing Orders proscribed by the Act.

The system is still evolving a clear delineation of roles, but the Executive is the political head of each Province and sets the priorities for the provincial administration within the limits of its authority. The role of provincial members in most provinces reflects the national system, deriving from personal leadership qualities and pre-political patronage obligations, rather than a party system or policy platform. This makes politics in Solomon Islands particularly fluid since few of the electoral or procedural checks implemented in other

Solomon Islands patronage systems are male dominated, so it is not surprising that there are no women serving in any Provincial Assembly. Few provincial members demonstrate an understanding of their legislative responsibilities and many do not respect the separation of representative and administrative arms of government.

**(e) Participation of rural poor in local planning**



Significant financial management issues lie in the budget process, including questions of preparation, execution, implementation, reporting and accountability. Provincial Budgets are not linked to a planning process or to staff work plans and activities, so the process of budget formulation is arbitrary and unpredictable from year to year. There is no provision for the participation of the rural poor in the provincial planning process. Some notable attempts at developing community participation in development planning and prioritisation are promoted by NGOs and EU and AusAID donor projects working closely with NGOs.

This inadequate foundation makes it impossible to implement or monitor budget outcomes. While Provinces are able to account for revenue and expenditure, the unreality of the budgets means that they are not in any way useful as accountability or management tools.

**(f) Local financial resources**

Most provincial budgets include a system of ward grants, which allow politicians to fund small projects in their electorates. Some provinces can demonstrate positive results, but here the grants were viewed as a form of peace dividend once provincial grants started flowing in order to stabilize communities.

**(g) Benefits of local development activities**

“There is a crisis of trust in government in Solomon Islands. The constitution and the electoral system have failed to produce clean, competent and stable executive government; the provincial system has failed to deliver decentralized power and effective government services to the majority of the people; the government has failed to ensure the maintenance of law and order with criminal elements operating freely without fear of prosecution; there is little commercial confidence and the ‘system’ has failed to restore security and prosperity”.<sup>38</sup>

**(h) Sanctions against the corrupted**

In Solomon Islands, cases of corruption can be hidden where those who are involved in unethical action cannot report their ‘relatives’ and ‘friends’. They view corruption as something meaningful to them, it perpetuates a functioning system to, and most importantly, both parties benefit from such unethical actions.

As is the case in many Pacific island countries, applying sanctions for corrupt activity and poor performance might be seen as running counter to traditional social norms. The maintenance of tribal norms and the lack of development of regional traditional networks and social capital more generally also have tended to undermine compliance and support for formal national laws and notions of good conduct. When coupled with limited access by most of the population to relevant information on the costs of inappropriate policies and corrupt activities, accountability is considerably weakened.

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<sup>38</sup> UNDP. 2002. *Human Development Report 2002*. United Nations: New York. p:31

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