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Peer Review

NEW ZEALAND'S AID PROGRAMME IN THE SOLOMON ISLANDS

(Note by the Secretariat)

This addendum to the main report [DCD/DAC/AR(2000)2/24] has been prepared by the Secretariat for the Review of NEW ZEALAND scheduled for 15 May 2000. The examining countries are AUSTRIA and IRELAND.

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EXECUTIVE SUMMARY

The development drama in the Solomon Islands

1. The Solomon Islands is a microcosm of development concerns. Most of its people are still living in a rural subsistence economy. Rapid population growth, limited access to satisfactory health and education services, unsustainable harvesting of forestry resources and a need to improve the efficiency and effectiveness of the public sector are challenges confronting the Solomon Islands Alliance for Change government, elected in 1997. A build-up of ethnic tensions on the island of Guadalcanal erupted into violence in 1999 against “settlers” from the island of Malaita, making the management of other development issues more urgent and difficult.

2. Despite this dramatic predicament, the Solomon Islands has a strong development potential. The country is endowed with rich natural resources. After a prolonged period of poor governance, it has a Prime Minister committed to ending corruption and promoting development. Supported by bilateral and multilateral donors, the government has established a set of sound macroeconomic policies and is pursuing an ambitious set of structural and public sector reforms. A new strategy for the health sector is making good progress. However, the vital education sector confronts severe bottlenecks of trained staff, management and finance for buildings and teacher training, and co-ordination arrangements need to be strengthened around a new strategy statement and quantitative scenarios. Private sector development is needed to create employment, such as in tourism which has good potential but remains largely unexploited. This requires an environment of peace and stability and progress in implementing the reform programmes.

An integrated, locally-owned approach to generating and pursuing a national vision is essential

3. An effective response to these interrelated problems requires an integrated approach and widely-based local ownership of a national vision. The elements for such an approach are already present: national consultations have been held, a reform programme is being pursued, a medium-term strategy with clear result areas and actions exists and the government is committed to improving its ability to communicate with the public. Managing ethnic tensions is closely related to strategic development issues, including unresolved problems of access to land for vital infrastructure and commercial use, as well as for housing. Bringing these issues together in a systematic process of substantive national consultations and interaction with donors would seem to be the way forward. Working towards the Solomon Islands *own* comprehensive development framework¹ could energise the nation and provide a roadmap which leads away from ethnic violence. It would also facilitate more systematic co-ordination among bilateral and multilateral donors, and between donors and the Solomon Islands government.

1 . To continue benefiting from IMF/World Bank lending programmes, the Solomon Islands will need to prepare a poverty reduction strategy, adopted in a participatory process involving civil society and development partners and articulated in a Poverty Reduction Strategy Paper (PRSP). Future IMF/World Bank lending to low-income countries is to be based on such partner-owned strategies, to ensure their consistency with a comprehensive framework for macroeconomic, structural and social policies to foster growth and reduce poverty.

The strategic review of the New Zealand aid programme

4. New Zealand's aid programme is valued by Solomon Islands authorities for its flexibility and adaptability. New Zealand's efforts to improve governance are particularly appreciated, as is its quick and positive response to problems related to ethnic tensions and its continued support for initiatives that address key gender concerns. In 1998, New Zealand provided a total of 4.5 million United States dollars of official development assistance to the Solomon Islands, one tenth of aid from all sources.

5. New Zealand will conduct a "Strategy Study" in 2000 to make a broad assessment of its programme and determine its longer-term course. This study is timely, enabling New Zealand to address some important strategic and management issues. The Strategy Study also presents the opportunity for New Zealand to explore with the Solomon Islands authorities and with other donors, both bilateral and multilateral, the concept of a national vision embodied in a locally-owned "comprehensive development framework".

Achievements and issues in the New Zealand programme in the Solomon Islands

6. The New Zealand assistance programme is making some notable contributions to development and reform in the Solomon Islands:

- It has fostered an early childhood education system which is being extended throughout the country.
- It is assisting in the sector-wide reform, led by the Department of Health, to change from a curative-based health system to a preventive and primary care-based system.
- It has supported public sector reform, in particular by financing a Transitions Services Unit to assist public servants made redundant as the public service is downsized and is assisting with the reform of the Department of Agriculture.
- It has very effectively supported the elaboration of gender policies and the setting up of women's networks, through a local consultant.
- Its scholarships programme for study in New Zealand for young Solomon Islanders has helped to deepen and widen the human resource base.
- A project to increase the effectiveness of tax collection has produced a major rise in tax revenues.
- A project to strengthen the non-governmental organisation (NGO) sector's capacity to contribute to development has been launched.
- The provision of a new Police Commissioner is a key element in reforming this vital service in the current context.

7. At the same time, there are a number of basic management issues that have to do with New Zealand's approach to aid delivery and the staffing and structure of its aid system:

- Although its activities are relevant, producing results and contributing to poverty reduction, the programme has a large number of discrete activities in many sectors, making administering the programme a constant challenge, both in Honiara and in Wellington.
- The present diplomatic staff operating the New Zealand aid programme in Honiara have considerable development and economic experience. However, as a general principle, staff rotation, based on diplomatic posting schedules, presents a challenge to the emergence of

in-depth development expertise in the New Zealand aid management system, as it does in other Member countries of the Development Assistance Committee (DAC) who run their operational development programmes from foreign ministries rather than from separate agencies. At the same time, the increasingly critical political dimension of governance and economic reforms and local policy dialogue and co-ordination demand more decentralisation in programme design and decision-making. New Zealand will have to consider how to square this circle. The need for development expertise to back up the already significant role being played by the post in Honiara will become even more pressing if the Solomon Islands moves towards some kind of integrated approach to development co-operation.

- Project implementation is frequently contracted out to Management Services Contractors, normally from New Zealand, given the limited availability of good quality contractors in the Solomon Islands. However, there are three important issues here:
 - The role of Management Services Contractors may need redefining in a programme approach and policy dialogue setting as there are limits to using external contractors when tasks rise to the level of strategic and sensitive policy decision.
 - Where the local policy and institutional settings are not propitious, expensive technical assistance directed at specific objectives risks being unsustainable and/or having only limited impact.
 - Special attention should be paid to ensuring that qualified local expertise is fostered and not overlooked, i.e. local capacity building should be a major consideration.

NEW ZEALAND'S AID PROGRAMME IN THE SOLOMON ISLANDS

1. Introduction and assessment of the New Zealand programme

8. Representatives of the OECD Secretariat and Ireland visited the Solomon Islands from 24 to 28 January 2000 to gain a perspective on how New Zealand's aid programme operates in the field.

9. New Zealand provides official development assistance (ODA) to the Solomon Islands through a bilateral country programme, complemented by funding through a range of sectoral and thematic funds and schemes. The allocation for the bilateral country programme itself for the 1999/2000 financial year is 5.75 million New Zealand dollars (NZD) [approximately 3 million United States dollars (USD)], with the option of spending up to NZD 6.5 million. The allocation for the bilateral country programme has increased in recent years, originally reflecting New Zealand's desire to raise aid levels in Melanesia. Subsequent increases have occurred in recognition of the reform efforts made by the Solomon Islands Alliance for Change Government, elected in 1997, and the need to respond to problems linked to recent ethnic tensions.

10. New Zealand is an important and valued development partner for the Solomon Islands. Its activities are relevant, producing results and contributing, directly or indirectly, to poverty reduction. The programme is valued by Solomon Islands authorities for its flexibility and adaptability, and for the fact that aid is provided as cash grants as well as in the form of technical assistance. New Zealand's efforts to improve governance are particularly appreciated, as is its quick and positive response to problems in the wake of ethnic tensions and its continued support for initiatives that aim to close the gender gap. The opportunity for Solomon Islands girls to finish their secondary education in New Zealand is valued highly.

11. Mostly for historical reasons, New Zealand's project portfolio is a long list of inter-related interventions (see Annex 1). Although some grouping of smaller activities has occurred, the programme still has a large number of discrete activities in many sectors, making administering and managing the programme a constant challenge, both at the Ministry of Foreign Affairs and Trade (MFAT) in Wellington and at the post in Honiara. Continued expansion in the programme would consequently not appear wise without some rationalisation of the project portfolio, including a move towards more sector-based approaches, strengthening of programme management resources or preferably both. The Strategy Study being undertaken of the New Zealand aid programme in the Solomon Islands (referred to in more detail below) aims to address this issue.

12. The programme highlights the limitations of contracting out project implementation to Management Services Consultants (MSCs), normally from New Zealand. Integrating talent and know-how from within developing countries into the development process is currently limited to project implementation. Ideally, New Zealand's programme should include the possibility for locals to co-ordinate and manage projects as well. A constraint in incorporating greater local management into projects is the lack of local capacity arising at base from the severe limitations, both qualitative and quantitative, of the Solomon Islands education system. When locals can demonstrate the capacity to act as MSC and fulfil the New Zealand government's accounting and financial management requirements, New Zealand should seize such opportunities for reasons of cost effectiveness, partnership, local ownership, sustainability and

overall development impact. These advantages clearly out-weigh the moderate benefit that may accrue in terms of national involvement and identification through the hiring of one extra MSC from New Zealand. At this stage of its development, one or two such possibilities might be able to be identified in the Solomon Islands, and should be explored. Developing local capacity to take over and manage its activities in the field should be among the objectives of New Zealand's education and training schemes.

13. Another issue relating to MSCs is that some are engaged in sectors where the overall policy environment is not favourable or where key policy decisions are pending, and support at the political and senior management levels is insufficient. This means that expensive MSC-run technical assistance efforts risk being unsustainable and/or having only limited impact. While doing nothing, especially in a situation of political or economic crisis such as the Solomon Islands has experienced, may not be appropriate either, it shows the importance of policy dialogue and an integrated approach to development to enhance the effectiveness of aid.

14. Such dialogue, at a government-to-government level, would ordinarily be an MFAT function and done by staff stationed in-country because of its on-going nature, the need to co-ordinate with other donors and the importance of being able to seize opportunities as they emerge. Policy dialogue will become more frequent in the Solomon Islands as more programme approaches to aid delivery are adopted, but it requires time and dedication. While staff at the post are already moving in the direction of increased policy dialogue, a completely comprehensive approach would currently be a substantial additional burden on them. In mitigation of this, a programme approach will also entail moving away from a portfolio of projects, with fewer and larger interventions and donors working to the extent possible through government structures. Such a change will lead to rationalisation in the project portfolio of donors like New Zealand with dispersed programmes. This will change the nature of the programme and should free up time of staff in the field. New Zealand is already looking at how it can move in that direction in its aid programme in the Solomon Islands.

15. There are ramifications for the staffing and management of the programme, in the Solomon Islands and more widely, if New Zealand is to engage more actively in policy dialogue. To ensure that dialogue is productive, more responsibility for the bilateral programme needs to be decentralised to the post where staff will be needed consistently with both political skills and development expertise. While present staff at the high commission in the Solomon Islands have the appropriate background and skills to engage in policy dialogue, there is a wider question for MFAT of staff selection, training and rotation practices. There may be benefits in creating an attractive "development officer" specialisation within MFAT, able to handle a wide range of political and economic issues relevant to a small independent country. Longer postings to developing countries and successive development-related rotations may also need to be envisaged.

16. In addition, the role of MSCs may need redefining in a programme approach and policy dialogue setting as there are limits to using external contractors when tasks rise to the level of strategic and sensitive policy decision. For example, reforming tax policy, rather than improving tax collection, requires facilitation of "peer group" discussion processes, with officials and politicians from New Zealand and the region, or from international organisations.

17. The forthcoming Strategy Study of its programme in the Solomon Islands is a timely opportunity for New Zealand to address issues related to the nature and management of the programme, even though there may be repercussions beyond this particular partnership and lead to a new model for the implementation for New Zealand's bilateral assistance. The study should not hesitate to address these issues if it considers them to be relevant.

18. The Solomon Islands is at an important juncture. New Zealand can continue making an important and valued contribution by seizing opportunities through policy dialogue to address the overlapping and inter-related nature of many of the issues the Solomon Islands authorities face and to encourage and facilitate an integrated approach. New Zealand has already proposed initiatives in this direction, such as a Policy and Evaluation Unit to provide advice to the Prime Minister's Office, first suggested as ethnic tensions built up towards the violence that subsequently broke out.

2. The Solomon Islands' development challenge

19. Rapid population growth, among the fastest in the world², combined with a decline in gross national product (GNP), partly linked to the Asian financial crisis, is resulting in falling per capita income in the Solomon Islands - from USD 910 in 1995 (World Bank Atlas basis) to USD 750 in 1998, the lowest level among countries in the Pacific for which data are available. Considerable inequalities exist between rural areas and the urban centre of Honiara in the distribution of that income. More than four out of five Solomon Islanders live in villages with poor access to transport, communication technologies and other infrastructure and services, relying on subsistence production and supplementary activities to earn cash. Nearly half these people have had no schooling. The adult literacy rate in 1995 is estimated at 39% for males and 20% for females. Other challenges include improving governance, addressing environmental issues and resolving ethnic tensions.³ The Solomon Islands is a microcosm of development concerns (see Box 1).

20. The Solomon Islands has a strong development potential. It is endowed with rich natural resources, including timber, minerals but especially fisheries. It has a reformist leader committed to honest government and an ambitious public sector reform programme. A new sector strategy for health is making good progress. However, there remain some areas of concern, including in the education sector where vital reforms are generating huge capacity bottlenecks. Another area of concern is public support for reforms, especially in view of the national elections due in 2001. A three-day National Summit was convened in November 1998 to review progress in the reform process and encourage greater involvement from civil society and the public. Proceedings were discussed in the media and a follow-up is planned in 2000. But reforms may proceed more rapidly and effectively if public support for the reform programme were built up through regular information on progress and achievements.

21. Tourism provides an example of the development potential and complexities in the Solomon Islands. Tourism is a priority for the government and its importance is recognised for diversifying the country's economic base and for creating employment opportunities for the fast-growing labour force, particularly in Guadalcanal. The country has much to offer tourists: spectacular natural scenery, adventure tourism, scuba diving, game fishing, historical tourism focusing on World War II battles and ship and aircraft wreckages, and local arts and crafts. However, the number of visitors is stagnant at around 11 500 a year. A high incidence of malaria and the recent ethnic tensions have a dissuasive effect. To take account of customary land tenure and cultural sensitivities, the Solomon Islands prefers the industry to grow through niche market activities such as scuba diving and eco-tourism, based on a dozen locally owned and operated small-scale and simple eco-lodges in Marovo Lagoon and East Rennell, a UNESCO world heritage listed site. This may be a realistic approach given the acknowledged obstacles. Efforts to attract investment for the building of five-star hotels have been unsuccessful. The issues involved in establishing a

2. The UNDP's *Human Development Report 1999* estimates that the annual population growth rate in the Solomon Islands between 1975 and 1997 was 3.5%. Only 7 of the 173 other countries listed had faster growth rates (United Arab Emirates, Qatar, Djibouti, Saudi Arabia, Oman, Yemen and Gambia).

3. For an analysis of the socio-economic situation in the Solomon Islands, key issues and development prospects, see *Solomon Islands: 1997 Economic Report*, Asian Development Bank, Manila, August 1998.

major tourism industry are complex and multidimensional including ethnic and land questions. A national consensus will be needed. The European Union is providing the finance for a major feasibility study of tourism industry expansion.

Box 1: The Solomon Islands - A microcosm of development concerns

Demographic pressures: Nearly 7 500 youths enter the labour market each year but only around 500 jobs are created. With the population projected to continue increasing, from 460 000 today to 710 000 in 2016, there is an urgent need to increase employment opportunities for unskilled workers, develop labour-intensive industries, open up secondary education to larger numbers of students, expand primary education and improve access to family planning and reproductive health services.

Weak basic social services: The Solomon Islands directs large shares of public expenditure to health and education, but has inherited systems oriented towards high-cost activities. The health system is biased towards expensive curative services at hospitals. Reliance on fully subsidised and selective residential secondary schools concentrated spending on upper levels of the system and generated substantial gender and regional imbalances.

Poor governance: During most of the 1990s, poor governance and fiscal mismanagement led to balance of payments and inflationary pressures, currency devaluations, suspension of trading in government securities and a loss of business confidence. Profligate spending and the granting of tariff exemptions left the government unable to meet payments or service debts. In response, international lending agencies withdrew. A deterioration in relations with some bilateral donors also occurred related to unsustainable logging practices and corruption. The public sector became demoralised and ineffective.

Environmental issues: Duty on log exports, mostly to Japan and Korea, has provided around one quarter of government revenues and logging is an important source of cash in rural areas. Harvesting from natural forests has been occurring at unsustainable rates with depletion of remaining resources predicted for as soon as in 10 years' time. The Asian financial crisis led to a respite in demand for log exports, reducing harvesting temporarily towards more sustainable levels but also contributing to a balance-of-payments crisis which the government had to avert by devaluing the currency. The live fish trade for restaurants in Asia, now banned, threatened reef fish stocks and destroyed coral (as cyanide is used to stun and catch the fish). Rising sea levels threaten low-lying areas.

Internal conflict: Ethnic violence broke out on the main island of Guadalcanal in 1999 between locals and settlers originally from the neighbouring island of Malaita. Many Malaitans, whose ascendants often had arrived in Guadalcanal during the Second World War, had found wage employment or risen to become part of the business and political elite. Resentment among locals progressively grew until an outbreak of village burning, kidnapping and murder against Malaitans occurred, spurred on by criminal elements unrelated to the conflict. Some 30 000 ethnic Malaitans returned to Malaita, an island with comparatively little development where they may have never lived and which already had difficulties supporting its pre-crisis population of 70 000 subsistence farmers and fishers. A Peace Accord was brokered by the Commonwealth Secretariat's Special Envoy in 1999 and efforts continue to implement the accord, working on compensation for displaced Malaitans and the alleged abduction of missing people.

22. Solving problems related to ethnic tensions is the paramount issue facing the Solomon Islands today. Many Malaitans had jobs in Guadalcanal as police officers, teachers, health workers, factor employees or public servants and had also moved into the rich farmlands of the Guadalcanal Plains. The ethnic tensions have led to a large number (up to 30 000) of Malaitans withdrawing to Malaita, which has exacerbated other development challenges. Some schools have not been able to open this year and the incidence of malaria, which had been declining, has started to increase again. The activities of Solomon

Islands Plantations Limited (SIPL) ceased when around 1 000 Malaitan workers fled Guadalcanal. Managing ethnic tensions also makes other pressing development issues, such as widespread corruption including in the forestry industry and the police, more urgent and more difficult. Senior politicians and officials acknowledge that it is for Solomon Islanders to address their ethnic tensions and law and order problems themselves. However, for most Solomon Islanders these issues are difficult. At the request of the Prime Minister, the Commonwealth Secretariat has been involved with efforts to resolve the problems since June 1999, and is persevering with this task.

23. The Solomon Islands' dramatic development predicament preoccupies donor partners. At the same time, there are reasons for guarded optimism if determined efforts are made by the Solomon Islands government to address urgent issues and to take the lead in the development process. Launching a process of substantive national consultations that will lead to consensus by all groups on how the country should evolve would appear to be an important step to take. The Irish member of the DAC Review Team was able to draw on his experience as *Chargé d'Affaires* and Irish field mission director in Uganda to describe how such an approach has been realised by the Ugandan government and the lessons it might have for the Solomon Islands and its partner countries. Donor partners, including New Zealand, are ready to support efforts to promote national unity and set longer-term broad-based development objectives for the Solomon Islands. For example, through its Community Organisations Project, New Zealand has already established a twinning arrangement between the umbrella groups for non-governmental organisations (NGOs) in New Zealand and the Solomon Islands which aims to strengthen civil society's capacity to contribute to the sustainable development of the Solomon Islands.

3. The Solomon Islands government's reform agenda

24. The government released a Policy and Structural Reform Programme (PSRP) in 1997 which aims to bring about financial and economic stability, establish a more efficient and effective public service and create a better enabling environment for the private sector. To guide implementation between 1999 and 2001, the government developed a Medium-Term Development Strategy (MTDS), complemented by a Public Sector Investment Programme (PSIP), containing policy matrices for: macro-economic policy; human resources development; infrastructure; natural resources and environment; commerce, industry, trade, marketing and tourism; and public service administration (see Annex 2 for further details).

25. The involvement of development partners is seen as fundamental for the successful implementation of reforms. In March 1998, the government called a meeting to inform development partners of the details of the PSRP and to seek support with its implementation. Donors responded favourably, endorsing the proposed reforms. A second Government/Development Partners Consultative Meeting was held in June 1999 where the government reported on actions taken in implementing the PSRP and results achieved. These included greater economic and fiscal stability in 1998 by restraining government expenditures and increasing government revenues, a reduction in both debt and non-debt arrears and the retrenchment of 450 people from the public service. Support from donors was essential in either financing these actions or strengthening the Solomon Islands' own capacity to carry out the reforms. New Zealand's contribution included funding the Transition Services Unit which provided counselling and other assistance to public servants made redundant.

26. Multilateral agencies have responded to these reforms by reviving contacts with the Solomon Islands and providing substantial financial support. The Asian Development Bank (AsDB) approved a USD 25 million programme loan in August 1998. The first tranche mostly contributed to clearing arrears but also financed public sector retrenchments and the hiring of staff to implement reforms. Extending this loan helped encourage bilateral donors to restart or intensify their activities, which in turn enabled the Solomon Islands to establish the track record of reform needed to justify further new lending. In June 1999,

the World Bank approved a USD 12 million structural adjustment credit while the European Union approved a USD 4 million structural adjustment facility in July 1999. In addition, the International Monetary Fund (IMF) has been holding discussions on economic developments and policies, under Article IV of its Articles of Agreement⁴. Release of the second tranche of the AsDB loan has now been held up, however, due to delays in privatising some state-owned enterprises.⁵

27. In an assessment⁶ released in August 1999, the AsDB concluded that the Solomon Islands best demonstrates how a determined reformist government, in spite of huge obstacles, is still able to take a country successfully down the reform path. The public accountability, transparency and openness of the new government had gone a long way in reinstating the confidence of the international community and the local public in the potential of the country. The AsDB noted, however, that the ethnic tensions erupting at the time of writing were diverting resources from the reform process.

28. The AsDB, IMF and World Bank are all scheduled to send missions to the Solomon Islands in early 2000 and the Commonwealth Secretariat's conflict resolution negotiations continue. New Zealand could play a useful role during this period by beginning and supporting a dialogue with the Solomon Islands government and other donors, including the multilateral organisations. It would be most beneficial if all missions discuss with Solomon Islands authorities the value of addressing issues in an integrated way, particularly problems linked to ethnic tensions, and work towards explicit complementarity in their interventions in support of the Solomon Islands' reform programme. Donors will need to work quietly to develop Solomon Islands ownership of such a dialogue and to encourage the Solomon Islands to see such a process as an integral part of their reform activities, not a donor-driven exercise that will only complicate the reform process further.

29. A common concern expressed by donors and government agencies alike in the Solomon Islands is a lack of reliable and up-to-date statistics to guide policy formulation. There is scope for New Zealand, along with other donors and in particular the multilateral agencies, to promote a "PARIS 21" partnership for statistical capacity building in the Solomon Islands⁷. Better statistical information will be an important input for the adoption of a more integrated approach to development.

4. Aid levels, aid co-ordination and an integrated approach to development

30. The Solomon Islands received USD 43 million in total net ODA in 1998, more than USD 100 per capita and approximately 15% of GNP⁸. The five largest donors in 1998 were the AsDB (net ODA of

4. The Public Information Notice issued after the IMF's 1998 Article IV consultation with the Solomon Islands is available from the Internet at: <http://www.imf.org/external/np/sec/pn/1998/PN9850.HTM>, with the supporting Statistical Appendix available at: <http://www.imf.org/external/pubs/ft/scr/1998/cr9879.pdf>

5. Multilateral agencies have also been focussing on the Solomon Islands through the Integrated Framework for Trade-related Technical Assistance. More information is available from the Internet at: <http://www.ldcs.org/solomonislands/specsolo.htm>

6. See *Reforms in the Pacific: An Assessment of the Asian Development Bank's Assistance for Reform Programmes in the Pacific*, Asian Development Bank, Manila, August 1999.

7. Information on the *PARTnerships In Statistics for Development in the 21st Century* initiative is available from the Internet at: <http://www.paris21.org/>

8. Out of the 187 countries and territories eligible for ODA or official aid in 1998, the Solomon Islands ranked 38th in terms of ODA per capita (but 16th among the 19 countries and territories in the Pacific) and 24th in terms of ODA as a share of GNP.

USD 14 million), Japan (USD 10 million), Australia (USD 8 million), New Zealand (USD 4.5 million) and the European Union (USD 2.2 million). These five donors provided nine-tenths of total net ODA.

31. In addition, the Solomon Islands receives aid from Chinese Taipei (USD 3 million in 1996, according to data supplied to the IMF by Solomon Islands authorities) and, in the past, from Papua New Guinea. Some infrastructure activities have been financed by Kuwait. Chinese Taipei and Papua New Guinea played a catalytic role in 1997 by providing grants to enable the Solomon Islands to clear its arrears on outstanding AsDB loans, and so make a new programme loan feasible.

32. The Solomon Islands government has renewed its interest in leading the aid co-ordination process, as demonstrated by the two formal Development Partners meetings it organised. Many donors would encourage the government to take a stronger leadership role in aid co-ordination, increasing the frequency of meetings and opening them up so that more dialogue on policy issues can take place.

33. Within the Solomon Islands government, the Department of Development Planning has overall responsibility for aid co-ordination and is the “focal point” for relations with all donors, but is the “contact point” only for relations with Australia and New Zealand. The Department of Foreign Affairs is the “contact point” for Japan and the United Nations agencies, while the Department of Finance has responsibility for the World Bank, AsDB and the European Union. The Department for Development Planning sees the logical evolution is for it to become the “contact point” for all donors. The Department is already responsible for compiling requests for development assistance from all government departments.

34. At the sectoral level, some departments have established aid co-ordination processes. The Department of Health, with support from the World Bank, provides the best example. The Institutional Strengthening Unit has led a co-ordination process on activities taking place under the Reform Programme. In the critical area of education, the department is preparing a 10-year sector plan which, following a meeting with stakeholders, will be taken to Cabinet early in 2000. Contacts will then be organised with donors. The Department for Development Planning encourages sectoral co-ordination on large-scale projects.

35. In the absence of formal co-ordination mechanisms for donors, the few present in the Solomon Islands co-ordinate informally and these *ad hoc* arrangements seem to work well. Donors also collaborate in joint actions, an example being the Rural Water Supply and Sanitation Project where New Zealand is providing the educational component to complement the equipment and material support provided by Australia. As in some other countries in the Pacific, bilateral donors believe multilateral agencies should play a more substantial role in co-ordinating donors, but their capacity to do so is hampered by none having permanent representation in the country. There may also be some confusion between multilateral agencies on which should take the lead. As part of its decentralisation process, the World Bank is about to establish a regional office in Sydney with responsibility for the South Pacific. This is a potentially significant move.

36. The development challenges facing the Solomon Islands combined with its locally owned Reform Programme and detailed Development Strategy point to both a need and an opportunity to investigate options for increasing the effectiveness of the development partnership. The case appears clear for enhancing dialogue between donors and the government within a coherent policy and budgetary framework in a locally owned process.

37. A type of integrated approach, of which the comprehensive development framework (CDF)⁹ is an example, would seem particularly relevant in the Solomon Islands’ context and a basis already exists in

9. Information on the comprehensive development framework is available from the World Bank’s Internet site at: <http://www.worldbank.org/cdf/>

the form of the PSRP and the MTDS. The essence of CDF-type approaches is national ownership and participation. Already one national consultative conference has been held. But the government would need to turn this into a systematic process, integrated with its current project to develop a public information and communications strategy. And more fundamentally, such a process would need to, and could, provide a context for addressing and resolving the basic sources of ethnic tension.

38. Greater co-ordination among donors should be possible due to their small number, the good informal co-ordination that already exists and the extent of development needs, although efforts will need to be made to ensure that the whole donor community is involved. Co-ordination in the health sector could be used as a model for how to proceed on a sector-by-sector basis, in the first instance. In parallel, government financial management systems, which had completely broken down, will need to be strengthened so that ultimately donors can channel their assistance through the government's own budgeting processes. A project by Australia, just getting off the ground, provides the overall context for improved financial management. Through its Inland Revenue Project, New Zealand is contributing to strengthening the effectiveness of tax collection. This has produced a major rise in tax revenues and created an extra incentive to see that financial management systems ensure funds are used effectively and accountably.

39. New Zealand has been encouraging the Solomon Islands government to consider a CDF-type approach. New Zealand could help move the process forward in other ways, such as promoting the setting up of donor forums and encouraging the government to convene more systematic consultative meetings with donors. In key sectors where it is involved, and if the government is willing, New Zealand could help the government pilot some meetings. The imminent arrival of visiting missions from multilateral agencies provides the opportunity for doing this more effectively.

5. New Zealand's aid programme in the Solomon Islands

40. The partnership principle guides New Zealand's bilateral country programme, which is formulated jointly with the Solomon Islands' government. Each financial year, formal ODA Programme Talks are held in Honiara¹⁰. A Bilateral Framework Paper and a Gender and Development Framework Paper serve as concise statements defining the bilateral aid relationship. These Papers are endorsed, amended or refined each year. The programme evolves in response to the project cycle, changes in the priorities of the two governments and available funding. Individual projects operate on an indicative three-year basis.

41. Although small, New Zealand's project portfolio for 1999/2000 is rich with projects in education and training (37% of allocations), good governance (18%), gender and development, and private sector development (10% each) and health, environment and agriculture (7% each). The portfolio is also large, with more than 20 discrete activities, many of which contain sub-activities or are training programmes which may require individual arrangements or specific actions or follow up. Such a programme needs an intensive management and administrative effort.

42. Not all projects in the country programme are specific to the Solomon Islands. The Study Awards, Pacific Regional Awards and Short-term Awards are found in many other country programmes while the Medical Treatment Scheme operates in six other Pacific countries. In addition, other activities occur in the Solomon Islands funded through various funding mechanisms, such as the Pacific Initiative for

10. The agreed summary record of the 1999 Solomon Islands/New Zealand ODA Programme Talks is available from the Internet at: http://www.mft.govt.nz/nzoda/programme_discussions/solomon.html

the Environment (PIE), the Pacific Islands Investment Development Scheme (PIIDS) and the Volunteer Service Abroad (VSA) programme.

43. During the early 1990s when donors had difficulties working with the previous government, New Zealand demonstrated its commitment to supporting development in the Pacific by adapting its programme to prevailing circumstances. It concentrated on providing education and training outside the country, complemented by small-scale interventions which would have a direct impact in rural areas but not conflict with existing government programmes or structures. When the operating environment improved, New Zealand increased its allocations, launching new activities especially in the area of good governance, and grouped many of its small-scale activities into three programmes, each co-ordinated by a single sectoral MSC. More recently, New Zealand has responded to security problems related to ethnic tensions by financing transport costs for the Multilateral Police Peace Monitoring group. New Zealand has also provided a highly experienced former New Zealand senior police officer to serve as Police Commissioner for two years, whose objective is to enhance the capabilities and credibility of the Solomon Islands Police Force and to train a Solomon Islands counterpart for succession to the position.

44. The new Police Commissioner is bringing fresh energy and a broad vision to reforming this critical service, focussing on dealing with corruption in the police force, on the skills and effectiveness of the command structure and on basic policy training, which hitherto has been provided out-of-country by New Zealand and Australian armed services, and largely inappropriate. The new strategy is based on community policing and training in basic skills such as report writing and police intelligence. (Many of the policing issues in the Solomon Islands are relevant to the work on security sector reform in the DAC Task Force on Conflict, Peace and Development Co-operation.)

45. Among the projects in education and training, the Early Childhood Education Project has made an important contribution towards expanding basic education in the Solomon Islands. A pre-service qualification in early childhood teaching has been developed at the Solomon Islands College of Higher Education (SICHE) and the first graduates are now working in the community. For practising teachers, a programme of up-skilling has taken place in most provinces across the country. To foster and support early education throughout the Solomon Islands, a national co-ordinator has been appointed who is now assisted by area co-ordinators in all regions of the country. This project finished in 1999 and was favourably reviewed. To ensure the project's achievements are bedded in, a continuing partnership is being maintained for a further two years to deepen Solomon Islanders' expertise in the area and help manage the issues around formalising early childhood as a separate and distinct part of education within the Department of Education.

46. New Zealand's programme of scholarships for young Solomon Islanders to study in New Zealand is helping to deepen and widen the human resources base. This is increasingly critical as the Solomon Islands has to broaden its linkages with the dynamic regional and global economies and acquire greater social and economic flexibility. A group of former scholarship holders met by the DAC Review Team expressed the view that the primary value of their scholarships was the experience they gained of living in a developed country at a formative age. For this reason, they expressed some doubts about the usefulness of providing scholarships for full-time study in New Zealand to people in mid-career.

6. Management of New Zealand's aid programme

47. New Zealand's aid programme to the Solomon Islands is managed by the Development Co-operation Division of MFAT in Wellington, in close consultation with the high commission in Honiara. In Wellington, the bilateral country programme is the responsibility of the Deputy Director (Melanesia and Micronesia) assisted by a Development Programme Manager. The Deputy Director leads the New Zealand

delegation at the annual ODA Programme Talks. Other units in Wellington are responsible for managing the education and training schemes and the dedicated funds for sectoral and cross-cutting issues. All these staff receive support from development specialists in the Evaluation, Analysis and Programme Support (DEAP) Section.

48. Project implementation is usually contracted out by the Development Co-operation Division's Contracts Management Unit to a consultancy appointed as MSC. Development partners are usually closely involved in the selection of the consultant. For reasons of national involvement and identification, MSC contracts are limited to New Zealanders (and Australians). New Zealand aid officials have indicated that they focus on activities in which New Zealand has some comparative advantage and expertise. This is potentially a sub-optimal situation for the partner country where its development priorities and New Zealand's offers of expertise do not match up to a very high degree.

49. The MSC has a variety of roles including co-ordinating and monitoring project implementation, providing technical assistance and employing sub-contractors to assist with implementation. MSCs can use local firms and consultants in project implementation. Within the Solomon Islands programme, MSCs employ a local policy advisor to co-ordinate the Gender and Development Programme on the ground and local project managers for the Rural Water Supply and Sanitation Project, the Small Projects Fund and the Family Health Project.

50. In the Solomon Islands, two-thirds of the time of the Deputy High Commissioner is dedicated to the aid programme. Two local assistants work full-time on the programme, one responsible for student training issues and the other for project-related administration. The High Commissioner oversees the operation of the aid programme. Staff at posts provide the day-to-day link between partner government stakeholders and the Development Co-operation Division and give policy advice on the size, shape and nature of the programme. They represent New Zealand on the Project Management Committees established in-country to review project progress and can have an independent view on the activities of MSCs. Field staff manage a number of small funds under delegated authority although, in practice, Wellington remains closely involved.

51. The role of staff in the post is to provide Wellington with information and advice on which decisions about the programme can be made, solve problems, respond to unforeseen events, become involved if difficulties arise with the implementation of a project and provide an in-country presence at a government-to-government level and when the MSC is not visiting. The High Commissioner and Deputy High Commissioner are also the source of political, strategic and economic assessment and advice to the New Zealand government on the situation in the Solomon Islands. Particularly in the context of a major reform programme, they therefore have a prime role in shaping New Zealand's aid efforts, including the often decisive quick-response efforts. It is a basic question as to whether, in the context of a CDF-type approach, much more responsibility for programme design and policy dialogue needs to be decentralised to the High Commission in Honiara.

52. An issue relating to New Zealand's aid management system is the frequent rotation of staff involved: while the former Director of the Development Co-operation Division was in place for nearly a decade (before being promoted recently to a new Deputy Secretary position in MFAT), the Deputy Director, Development Programme Manager, High Commissioner, Deputy High Commissioner and several other staff in Wellington are career diplomats rotated on a regular basis, sometimes moving on after less than two years in a particular position. While the present staff in Honiara have a considerable degree of development and economic expertise relevant to the operation of the aid programme, this may change with future postings. Strengthening the number and skills of staff posted to Honiara may subsequently become an issue for New Zealand, especially in the context of the adoption of a CDF-type approach.

7. Review and evaluation of New Zealand's activities

53. Many New Zealand projects have been reviewed recently: Women's Agricultural Extension Services (June 1996), Small Projects Fund (August 1996), Beekeeping (February 1997), World Heritage Eco-tourism (June 1997), Customary Land Reforestation (December 1998) and Early Childhood Education (March 1999). (Three reviews are scheduled in 2000: Gender and Development Programme, Small Business Programme and Agriculture Programme.) These reviews are often carried out by teams including a representative from DEAP as team leader and a nominee from the Solomon Islands government. The reviews appear thorough, are well documented, give frank assessments and produce a series of recommendations on what course-correcting action may be required and how the project can be taken forward. Although review documents are in principle available to the public, they are not widely distributed.

54. Among the older projects in the portfolio, some seem to have taken on a life of their own, following a cycle where a review is conducted that makes a series of recommendations, an MSC is hired to implement those recommendations and another review is conducted 2 or 3 years later which makes further recommendations. Some projects have tended to evolve without a clear strategic focus or exit strategy. The general absence of exit strategies, combined with its flexible and demand-driven interpretation of partnership, is resulting in New Zealand continuing projects from which it would prefer to withdraw, such as the Customary Land Reforestation Project, or having difficulty reshaping essential elements of on-going projects, such as the Medical Treatment Scheme. These issues will no doubt be addressed in the forthcoming strategic review (see below).

55. New Zealand's various activities in Marovo Lagoon are simultaneously addressing issues of environmental management, small business development and tourism. The objective has been to demonstrate the interest and viability for local people of alternatives to environmentally destructive industries such as logging. In particular, it has sought to provide a model for eco-tourism development and its role in a larger tourism strategy. However, there is as yet no comprehensive evaluation of the extent to which these several objectives have been or still can be realised and whether issues such as local environmental management and business development require more focussed approaches.

56. Reviews have also been conducted of some of the other projects in the Solomon Islands portfolio included in several country programmes. A review of the Short-term Awards scheme was conducted in 1997, although this review was limited to administrative arrangements in New Zealand, seems not to have benefited from the involvement of any representatives from partner governments in the review team and did not receive any specific input from Solomon Islanders. The Medical Treatment Scheme was reviewed in 1998. A major study of New Zealand's education and training programmes is currently underway.

57. From time to time, New Zealand makes a broad assessment of a bilateral country programme to ensure that it is properly set in the context of both governments' priorities and policies and to determine its longer-term course. Such a Strategy Study will be conducted in the Solomon Islands in 2000, using the MTDS as a basis. The Strategy Study team will be led by a representative of DEAP and will include a Solomon Islands government nominee. A key objective is to look at how the New Zealand programme can be better fitted into the Solomon Islands government's planning process. At the 1999 ODA Programme Talks, the Solomon Islands commented that a number of projects had been active for some time and that it would now be appropriate to review the overall strategy of the programme to ensure that it was responsive to the MTDS.

8. Gender and development

58. New Zealand seeks to achieve its gender and development objectives through both the active mainstreaming of gender issues as well as encouraging and supporting initiatives specifically directed towards closing the gender gap. This dual approach is apparent in the Solomon Islands.

59. New Zealand strives to integrate gender issues fully into the country programme. The selection, contracting and evaluation of MSC teams includes an assessment of their experience, knowledge and skills in incorporating gender issues and analysis into their work. The Gender and Development Framework Paper specifies that there should be at each stage of the project cycle: collection and analysis of sex-disaggregated data; full consultation and participation by men and women in planning and design; an analysis of the differential impacts of project activities on men and women; and equal opportunities for men and women to contribute to and benefit from development. Gender balance is sought in the allocation of education and training awards (in 1999, female participation levels were: Study Awards: 52%, Pacific Regional Awards: 48%, Short-term Awards: 38% and In-country Training: 60%).

60. New Zealand also continues specific gender equity activities and, as the only donor in the Solomon Islands to do so, this support is highly valued. The local policy advisor engaged by the New Zealand MSC for the Gender and Development Programme has played a major role in activating women's networks in the Solomon Islands and providing a source of policy advice during a period when the government's own structures in the field of women and gender policies were essentially out of commission. Other initiatives aimed at closing the gender gap have included:

- Training for rural women, through the Rural Women's Skills Development Programme, in such areas as income generation, nutrition and health, and gardening and beekeeping.
- Providing funding to the Family Support Centre, the only agency in the country which addresses issues of domestic violence, sexual abuse and child abuse. (A New Zealand lawyer, recruited through the volunteer programme, also works with the centre.)
- Funding a women's dormitory at the Solomon Islands College of Higher Education, to ensure young women, especially from rural areas, have access to higher education.
- Providing, through the Young Women's Awards, secondary education in New Zealand for approximately 30 girls, which increases the number of female high school graduates. This opportunity is considered invaluable by Solomon Islands authorities as it allows young people to gain a broader view of the world and so be able to make the link between life in developed and developing countries. This ability can help the Solomon Islands interact more successfully with the global economy. At present, it is mostly expatriates who can make this link, which gives them a strong competitive advantage.

ANNEX 1

NEW ZEALAND'S SOLOMON ISLANDS COUNTRY PROGRAMME PORTFOLIO - 1999/2000

Education and training *Total forecast expenditure 1999/00: NZD 2 365 000, 37% of total allocation.*

- Study Awards - *Objective: strengthen the human resource base in the Solomon Islands by providing tertiary education opportunities for men and women which are unavailable in-country or in-region Forecast expenditure 1999/00: NZD 900 000.*
- Pacific Regional Awards - *Objective: provide tertiary education opportunities for men and women unavailable in-country Forecast expenditure 1999/00: NZD 915 000.*
- Short-term Awards - *Objective: provide vocational training opportunities for men and women unavailable in-country Forecast expenditure 1999/00: NZD 200 000.*
- In-country Training - *Objective: strengthen and provide vocational training opportunities for men and women Forecast expenditure 1999/00: NZD 290 000.*
- Early Childhood Education Project - *Objective: increase the effectiveness of early childhood educators Forecast expenditure 1999/00: NZD 60 000.*

Gender and development *Total forecast expenditure 1999/00: NZD 670 000, 10% of total allocation.*

- Young Women's Awards - *Objective: provide secondary education opportunities for young women, and encourage equal access to and success in tertiary education Forecast expenditure 1999/00: NZD 270 000.*
- Gender and Development Programme - *Objective: promote the social and economic advancement of women Forecast expenditure 1999/00: NZD 400 000.*

Health *Total forecast expenditure 1999/00: NZD 470 000, 7% of total allocation.*

- Rural Water Supply and Sanitation Project - *Objective: increase access to drinkable water, sanitary facilities and information about sanitation for rural men and women Forecast expenditure 1999/00: NZD 160 000.*
- Family Health Project - *Objective: improve family reproductive health at village level Forecast expenditure 1999/00: NZD 250 000.*
- Medical Treatment Scheme - *Objective: provide medical treatment in New Zealand to Solomon Islands patients unable to receive emergency, specialised or life-saving treatment they require in the Solomon Islands Forecast expenditure 1999/00: NZD 60 000.*

Private sector *Total forecast expenditure 1999/00: NZD 620 000, 10% of total allocation.*

- Small Business Programme - *Total forecast expenditure 1999/00: NZD 620 000*
 - Small Business Centre Sub-Project *Objective: co-ordinate and enhance the provision of business advisory services in the Solomon Islands and supply affordable, appropriate and high quality services in the areas of business advise, business training, new business ideas and business information to new and existing businesses in the Solomon Islands (and particularly women).*

- Paper Making Project Sub-Project *Objective*: see handmade paper production, and fine art design applications of it, become a financially viable, sustainable industry in selected villages in Marovo and Malaita.
- Small Projects Fund Sub-Project *Objective*: increase the effectiveness of seed funding for new enterprises receiving unsecured loans.

Environment *Total forecast expenditure 1999/00*: NZD 450 000, 7% of total allocation.

- Customary Land Reforestation Project - *Objective*: increase reforestation on custom owned land and income-generating opportunities for men and women in rural areas *Forecast expenditure 1999/00*: NZD 60 000.
- World Heritage Eco-tourism Project - *Objective*: assist the Solomon Islands with the conservation of natural resources and provide income-generating opportunities for men and women in rural areas *Forecast expenditure 1999/00*: NZD 350 000.
- Resource Management Fund - *Objective*: strengthen the capacity of the Solomon Islands to anticipate, identify, assess and resolve issues of environmental protection, natural resource management and nature conservation *Forecast expenditure 1999/00*: NZD 40 000.

Agriculture *Total forecast expenditure 1999/00*: NZD 470 000, 7% of total allocation.

- Agriculture Programme - *Total forecast expenditure 1999/00*: NZD 470 000
 - Beekeeping Sub-Project *Objective*: support the sustainable development of the Solomon Islands beekeeping industry, in a manner compatible with Solomon Islands society.
 - Quarantine Sub-Project *Objective*: assist the Solomon Islands Agricultural Quarantine Service protect domestic agricultural production from foreign pests and diseases and facilitate the export of animal and plant products.
 - Women's Agricultural Extension Services Sub-Project *Objective*: increase the quantity and quality of food production through agricultural extension services to women.

Good governance *Total forecast expenditure 1999/00*: NZD 1 130 000, 18% of total allocation.

- Community Organisations Project - *Objective*: strengthen the NGO sector so that it can contribute effectively to the sustainable development of the Solomon Islands and its people *Forecast expenditure 1999/00*: NZD 150 000.
- Good Governance Fund - *Objective*: provide assistance which contributes to good governance *Forecast expenditure 1999/00*: NZD 200 000.
- Inland Revenue Project - *Objective*: assist the Solomon Islands Inland Revenue Division collect tax *Forecast expenditure 1999/00*: NZD 350 000.
- Transition Project - *Objective*: assist the Solomon Islands government with its efforts to reform the public sector *Forecast expenditure 1999/00*: NZD 100 000.
- Assistance for Reforms in the Department of Agriculture - *Forecast expenditure 1999/00*: NZD 150 000.
- Provision of Commissioner of Police - *Forecast expenditure 1999/00*: NZD 180 000.

Other and Strategy Study *Total forecast expenditure 1999/00*: NZD 230 000, 4% of total allocation.

- Miscellaneous Technical and Capital Assistance - *Objective*: redress skill and resource shortages *Forecast expenditure 1999/00*: NZD 150 000.

ANNEX 2

GOALS OF THE SOLOMON ISLANDS' MEDIUM-TERM DEVELOPMENT STRATEGY

The Solomon Islands' Medium-Term Development Strategy aims to place the economy on a steady path of economic growth and to achieve a more equitable distribution of the benefits of development throughout the country, with a particular emphasis on the vast majority of the population living in rural areas. It sets out the main policy actions needed between 1999 and 2001 to achieve the goals of the Policy and Structural Reform Programme.

In each of the domains listed below, **policy matrices** have been prepared which identify **key result areas and policy actions needed** to implement the strategy successfully. **Verifiable indicators, timing and the allocation of responsibilities** for these key result areas and policy actions are also presented. The matrices are being actively used as a tool of performance management in the public service.

It should be understood that the challenges in the Solomon Islands in each of these domains are enormous.

Macro-economic framework

- *Macro-economic policy goal:* achieve a higher economic growth rate in the economy with more equitable distribution of the benefits of such growth.

Human resources development

- *Population policy goal:* reduce the growth rate of population to a sustainable level as early as possible.
- *Health policy goal:* achieve significant improvements in the health status of society through a cost effective healthcare delivery system based on choice, responsiveness, prevention, quality and personal responsibility.
- *Education policy goal:* achieve a good standard of basic education for all and promote human resources development to aid economic development in the country.
- *Women and youth policy goal:* enhance the level of women's and youth participation in the development process.
- *Community and rural development policy goal:* enhance community participation in the development process and strengthen community solidarity.

Infrastructure

- *Infrastructure policy goal:* provide a level of infrastructure that can adequately meet the development needs of the country including mainly the promotion of the private sector.

Natural resources and environment

- *Agriculture policy goal:* promote sustainable development in both plantation agriculture and rural agriculture with a view to achieving higher economic growth and a more equitable distribution of benefits of development among Solomon Islanders.
- *Forestry policy goal:* attain a sustainable level of harvesting while ensuring a fair distribution of the benefits and the promotion of a domestic processing industry.
- *Fisheries policy goal:* promote sustainable growth in both the industrial and in-shore fisheries so as to achieve both a higher growth rate in the economy and promote equitable distribution of income.
- *Mining and minerals policy goal:* develop the sector to the optimal level possible with a view to diversifying the economy.
- *Environment policy goal:* protect natural resources and ensure their sustainable development.
- *Land and urban development and housing policy goal:* promote availability of housing for all income levels and improve the accessibility to land for commercial and urban development.
- *Plant and genetic resources policy goal:* lay a foundation for the growth of an export industry based on plant and marine bio-diversity resources in the country.

Commerce, industry, trade, marketing and tourism

- *Commerce policy goal:* promote, encourage and co-ordinate the development of small-scale enterprises for economic development, enhancement of self-reliance, creation of employment opportunities and improvement in living standards.
- *Investment policy goal:* establish an environment conducive to the promotion of domestic and foreign investment with a view to broadening the productive base of the economy.
- *Co-operatives policy goal:* strengthen, encourage and promote the co-operative movement.
- *Consumer affairs policy goal:* promote social justice through an effective system of consumer protection in the country.
- *Industrial policy goal:* develop and promote appropriate industrial activities utilising domestic production for the development of small- to medium-scale industries initiated by indigenous Solomon Islanders.
- *Tourism policy goal:* provide a conducive environment for tourism growth while, at the same time, ensuring the protection and enhancement of the nation's cultural and historic assets.
- *Trade policy goal:* promote local production through trade promotion and marketing.

Public service administration

- *Public service policy goal:* achieve efficiency and effectiveness in the public service.
- *Public order and security policy goal:* attain and maintain a high standard of public order and security in order to protect persons and property within the country and to promote economic development.
- *Provincial government goal:* strengthen the provincial government with a view to enhancing the participation of the people in the decision-making process while ensuring an effective national government.