A new approach to support the rural economy

1. Most Solomon Islanders—some 84 percent—live in rural areas. However past public funding and programs for agriculture and rural development haven’t brought the expected improvements to their lives. The gap between Solomon Islanders who can access government services and income opportunities and those who cannot, contributed to the tensions of 1999-2003. And since then, the slow recovery of the economy, particularly in rural areas, continues to create social problems.

2. Of Solomon Islands’ 1500 kilometers of roads, less than 40 kilometers are paved. Only about 25 percent of the country’s bridges are in good condition. Only 16 percent of the population has access to electricity. The price of telecommunications services is extremely high. In rural areas, less than half of the population has access to safe drinking water.

3. The challenges of rural development are many and complex, yet there are limited resources to address them. The Agricultural and Rural Development Strategy (ARDS) recognizes that there is a need to improve the consistency and efficiency of ongoing efforts. It aims to increase the contribution of the rural economy to growth and job creation, and to increase rural incomes.

The Challenge

4. Solomon Islands’ natural resources support about half a million people. But these resources are under pressure, and the impact of the 1999-2003 tensions runs deep.

5. There has been a worsening in rural services and infrastructure. The marketing of agricultural products (such as cocoa and coconut products) has been interrupted and rural people are worse off now than they were before the conflict. Meanwhile the Solomon Islands population is growing fast- it is expected to double within a generation and this is putting pressure on natural resources, jobs and basic services like water and sanitation. Migration to Honiara, land tenure issues and problems in forest sector management have also contributed to social tensions.

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This report was prepared under the leadership of the Solomon Islands Government, Ministry of Development Planning and Aid Coordination with support from:

- European Commission
- Regional Assistance Mission to Solomon Islands (RAMSI)
- The World Bank

March 2007

Cover photo: Pineapples for Honiara market, Malaita province. Traditional staple food crops like cassava, sweet potato, taro and yam, have great potential for increased production and improved marketing, as do off-season pineapples, exotic fruits, bulb onions and temperate vegetables.
6. Then there are the challenges the Solomon Islands shares with its Pacific neighbors; geographic isolation, the difficulty of attracting private sector investment and the vulnerability of the country to external shocks and natural disasters.

A New Approach

7. The Government has made rural development its priority, recognizing that this will be one of the building blocks of lasting peace and stability.

8. However there are many examples of failed initiatives in rural development over the last decade. The approaches of the past, including the focus on larger scale development, decisions made from the top down and public involvement in the private sector haven’t worked.

9. The Government supports more decentralization in rural development and more emphasis on local systems. Better coordination and efficiency is needed. New strategies need to take into account the diversity of local conditions in different islands.

10. The resources provided by donors should also reflect the Solomon Islands’ own priorities and aims. This hasn’t always been the case. Consultations on the Agricultural and Rural Development Strategy heard that donor projects sometimes bypass local institutions, that decisions are made in Honiara and are not transparent, and that application processes are often too complex.

11. Hard choices need to be made about the focus and level of public support for rural development. Not everything can be done at once, so some decisions need to be made about the order of reforms and investments. A long term vision will help ensure short term gains don’t come at the expense of future prospects.

Listening to the Provinces

12. During discussions on the Agricultural and Rural Development Strategy, consultations around the provinces heard that:

- Rural households want affordable and good quality services and infrastructure, more ways of earning an income locally, and more involvement and better returns from the management of their natural resources.
- Work that promotes peace should have priority in the wake of the crisis.
- Programs should help rural people cope with changes due to population pressure, social mobility and migration, and the ambitions of people to enter the cash economy.
- The early focus should be on supporting small growers “doing what they do best” by improving their access to markets for their food, fruit, cocoa, copra and other coconut based production. Support for development of other sectors like tourism, plantation forestry, fisheries and livestock should also be rolled out in the short and medium term.
- Centralized management of natural resources hasn’t worked well. Local people need to be more involved in decisions and execution of resource management. This includes conservation measures.
- Whenever possible, private and community resources should complement any public or government contributions.
- Local institutions and systems should be built up so that eventually the Solomon Islands relies less on outside donors.
Building local foundations for rural development: The Action Plan

13. The Agriculture and Rural Development Strategy has identified areas for progress in two time frames, short-to-medium-term (to 2011) and the longer term (to 2020).

14. Areas for progress include:
- Improving local governance and the delivery of rural services: By building the Solomon Islands’ systems to support the rural economy
- Rural growth that involves more people: By building on the existing strengths of the rural economy
- Managing natural resources for the future: By focusing on local benefits and local decision making and management.

Improving local governance and service delivery

15. Making better use of public resources for rural development. Local plans will be developed and implemented with the participation of the local community, with technical support from government agencies and departments. There will be more information publicly available about the funds and resources available, and how it is used in these projects. This will involve better budget management by donors, in national government and in the provinces.

16. Improved rural service delivery systems. The Solomon Islands’ government will make clear which services are best delivered by provincial governments (working with local business, community organizations and NGOs). It will work with those governments to do the best job possible of involving local people and responding to local demand. This will allow public agencies to refocus on core public functions. To ensure this is sustainable, the gradual introduction of some user pay systems will be supported.

Supporting the local economy to the benefit of more people

17. “Doing what we do best”. Supporting local producers to “do what they do best” will involve helping them to reduce their losses, access better markets such as bio-fuels and higher value coconut products, improved cocoa varieties, improved food crops and better technology. The Government will concentrate on providing essential services and infrastructure, and ensuring rural producers and entrepreneurs are not penalized by government policy and regulations. This will include reviewing the regulation of utilities, shipping services, taxation, the trade tax regime and business regulations.

18. Focusing on critical agricultural services. Agriculture support services like quarantine, plant protection, animal health services, extension and research need to be rebuilt to
support rural producers. This process will be directed by the needs identified in each province. It will involve existing networks in the Solomon Islands and regionally and the private and non-government sectors. At the same time, there will be efforts to upgrade curricula and build up other missing skills.

19. **Improving access to rural infrastructure.** Implementing the National Transport Plan (NTP) is now a priority. This will include clarification of the roles of provincial government and the communities in maintaining transport infrastructure, to ensure as many people as possible benefit. A difficult but critical issue will be improvements to telecommunications services so there is better and more affordable access for rural people. Finally, investments in renewable energy will help diversify the rural economy.

20. **Developing rural finance services.** Another goal is to pave the way for rural financial services. At the moment, the main barriers are beyond the control of the financial sector, and include the high costs of transport and telecommunications, lack of bankable proposals, and the unfamiliarity of rural households with the banking system. The focus to 2011 will be on improving access to and reducing the cost of infrastructure services, the provision of cash management training, and financial and business education programs for rural traders and entrepreneurs. Involvement in infrastructure development can also be a source of cash for rural households. In the longer term to 2020, this will be complemented with updates to the legal framework and reforms to the banking sector.

### Managing natural resources for local benefits and sustainable growth

21. **What could be done differently?** Past initiatives to improve natural resources management have had mixed results. Initiatives which strengthen the involvement of communities in resource management at the local level could produce quick results while, in the longer term, progress is made with legal and institutional reforms.

22. **Better management of land resources.** Land management is a sensitive issue, and more research and discussions on customary land issues are needed before legal and administrative reforms are possible. Resolving the backlog of land disputes will contribute to social stability and encourage investment. In the short- to medium-term, improved land use planning at the local level is a priority. In the medium to long term, the consistency of land policies will be important to improve the investment climate and encourage private investments.

23. **Adapting to changes in the forestry sector.** In the forestry sector, forecasts indicate that continued rates of logging will see commercially exploitable natural forest resources fully depleted by 2012. This means plantations—particularly village plantations—will be increasingly important in future. Due to land issues, the best prospects for future
plantation development seem to lay with village plantations. But for rural people to benefit from this in the longer term, forestry support services need to be improved especially at the local level, so the best technical and economic choices are made by villagers.

24. For log exports, better monitoring and price determination will help increase benefits to the national economy. Finally, a stronger focus on local conservation measures linked to other economic activities like ecotourism could provide income and other economic options.

25. Fisheries resource management. The contribution of fisheries to the rural economy has not been fully realized. Locally, successful resource management initiatives involving local communities need to be promoted, and local fisheries officers supported to help implement them. Business management training would also help support and encourage private sector investment in the fisheries sector.

26. Nationally and in the long term, management of offshore fisheries needs to be improved, and could start with the prioritization of the recommendations of the Tuna Plan Review. Better governance and institutional reforms are also needed, and more involvement in regional efforts to manage fisheries resources.

Towards implementation: Localizing the ARDS

27. In 2007, the Government and provinces will prepare and start to implement some new programs including the Solomon Islands Rural Development Program. This will focus on the implementation in provinces of the key recommendations of the ARDS. The new work will be closely coordinated with other new initiatives like the Provincial Government Strengthening Program and the Solomon Islands Road Development Program.

28. Public resources worth approximately SI$200 million per year are expected to be available for agriculture and rural development over the coming five years (2007-2011). This is a substantial increase on previous years. The focus will be on more efficient use of these resources for results on the ground. Partnerships will be vital- between Government, provincial governments, the private sector and civil society.

29. The implementation of the ARDS will vary from province to province, depending on the development potential and needs of each province, and the availability and strength of local institutions to implement changes. The following table shows some of the needs identified in consultations on the ARDS, and their diversity from province to province. These are first indications and they would need to be confirmed though more inclusive consultations and decision making at the provincial level.
<table>
<thead>
<tr>
<th>PROVINCE/AREA</th>
<th>LOCAL GOVERNANCE/SERVICE DELIVERY</th>
<th>FARM SUPPORT SERVICES</th>
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</thead>
<tbody>
<tr>
<td>Central</td>
<td>- Fill vacant positions (e.g. planning officer) and provide training and housing to staff; - Improve access to information on programs; no bypassing provincial government; - Need resources for rural development</td>
<td>- Re-establish efficient marketing networks (using radio, etc.); - Re-establish extension system (nothing at the moment)</td>
</tr>
<tr>
<td>Choisel</td>
<td>Officers stationed outside Taro are needed for easier access by rural communities</td>
<td>- Strengthen technical and market services using the network of local organizations (many NGOs, RTCs and local associations with agriculture focus): e.g. introduction of pest &amp; disease resistant varieties for subsistence crops; cocoa production improvement; coconut &amp; copra processing - Strengthening quarantine and plant protection services</td>
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<tr>
<td>Guadalcanal</td>
<td>- Housing for posting of extension staff at stations/sub-stations &amp; staff training; - Feasibility of regional centres; - Resources needed for rural development; - Donors to consult with province on location and prioritization of projects</td>
<td>Agricultural advice tailored to the needs of different areas (demand-driven), e.g. cocoa improvement in Babanakira &amp; Tina</td>
</tr>
<tr>
<td>Isabel</td>
<td>Housing and operational budgets for staff</td>
<td>- Improvement of subsistence crops - Local marketing networks</td>
</tr>
<tr>
<td>Makira</td>
<td>- Key staff is there. The need is operational budgets.</td>
<td>- Focus of agriculture extension should be on how to add value and sell - Marketing of key products (e.g. banana; cocoa) and collection systems - Focused advice for women is needed</td>
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<tr>
<td>Malaita</td>
<td>- Clarify roles and functions of provincial government and improve linkages with rural communities and with the centre; - Integration of productive sectors extension services; - Specific mechanism for coordination (incl. with NGOs) needed; - Housing for provincial staff</td>
<td>- Tailored to comparative advantage of different regions (e.g. pigs in Malu’u); - Women-focused extension needed; - Research only if demand-driven; - Agricultural officers need training (not received for 10 years); - Improve marketing and market intelligence - Many facilities in the province underused</td>
</tr>
<tr>
<td>Rennell and Bellona</td>
<td>Fill vacant positions in provincial government (there is no Provincial Secretary, treasurer, legal adviser, senior fisheries officer, works officer and no planning officer)</td>
<td>- Support from DAL to address urgent pest issues affecting root crops (Taro); - Advice on expansion of the growing season for food crops &amp; new crops which could be adapted to local soil conditions; - Advice on improving soil fertility; - Specific business advice for women</td>
</tr>
<tr>
<td>Temotu</td>
<td>- Housing for staff</td>
<td>- Marketing systems</td>
</tr>
<tr>
<td>Western</td>
<td>- Planning at community level and linkages with provincial governments; - Fully implement the Provincial Governments Act and improve revenues of the province for service provision; - Transparency in public expenditures &amp; coordination with provincial government - Housing for provincial workers</td>
<td>- Specific programs focusing on income-generation for the youth; - Improve value-chains and marketing (e.g. coconut products) to raise benefits for farmers and traders; - Market intelligence network</td>
</tr>
<tr>
<td>PROVINCE/AREA</td>
<td>INFRASTRUCTURE AND OTHER ECONOMIC SERVICES</td>
<td>NATURAL RESOURCES MANAGEMENT</td>
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<tr>
<td>Central</td>
<td>- Roads, wharves and transportation to Tulagi; - Access to finance services for farmers</td>
<td>- Improved local management of marine and forest resources; - RIPEL: land resources being wasted</td>
</tr>
<tr>
<td>Choiseul</td>
<td>- Roads to Taro for farmers to get products to the market; - Water supply in Sasamunga needs urgent upgrading; - Repair and expand internet service, an important communication tool for rural people; - Improving shipping services to the province. Wharf facilities on the southern part of Choiseul</td>
<td>Conservation initiatives (forestry and marine resources) linked to ecotourism development.</td>
</tr>
<tr>
<td>Guadalcanal</td>
<td>- Roads (e.g. Marau-Kuma) and transportation to connect the Weather coast to markets; - Improving access to financial services</td>
<td>- Work with communities on land use plans and training/awareness about resources management; - Need to control logging and pass Forestry Bill; - Involve logging companies and landowners in reforestation; - Legal assistance to pass ordinances</td>
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<tr>
<td>Isabel</td>
<td>- Electrification; - Regular shipping services</td>
<td>- Control of logging; - Environmental awareness</td>
</tr>
<tr>
<td>Makira</td>
<td>- Roads, wharves and transportation services development; - Telecommunications (reduce costs) and electrification (expand); - Financial literacy skills (incl. for women)</td>
<td>- Environmental awareness in relation to logging; - Control of logging, big social and environmental problems; - Resource management at the local level, by resource-owners</td>
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<tr>
<td>Malaita</td>
<td>- Financial literacy training; - Access to finance services</td>
<td>- Local mechanisms for land dispute resolution (e.g. Bina harbour); - Village forest plantation development</td>
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<tr>
<td>Rennell/Bellona</td>
<td>- Access to electricity and telephone connection with Honiara (currently none); - Regular shipping services (sometimes several months without service); - The one road on the island of Rennell needs urgent repair and feeder roads to garden areas are also needed</td>
<td>World Heritage listing of East Rennell Island and Lake Teganno has produced nothing– are there missed opportunities?</td>
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<tr>
<td>Temotu</td>
<td>- Regular, reliable shipping services; - Road network on Santa Cruz and wharves; storage facilities</td>
<td>Land issues constrain development</td>
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<tr>
<td>Western</td>
<td>- Reduce the cost of utilities (telecommunications, etc) to facilitate business development; - Review taxation impeding rural investment; - Financial literacy needed before banks can expand services; - Collection points and markets (incl. better market at Gizo)</td>
<td>Community-based resource management and conservation (marine and forest resources)</td>
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