



**Solomon Islands Government
&
Delegation of the European Commission in Solomon Islands**

Joint Annual Report 2007

Main Report and Annexes

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Abbreviations and Currency Equivalents

ADB	Asian Development Bank
ARDS	Agriculture & Rural Development Strategy
AusAID	Australian Agency for International Development
CBSI	Central Bank of SI
CNURA	Coalition for National Unity and Rural Advancement
CoSPSI	Commercialisation of Seaweed Production in SI
CSP	Community Sector Programme (AusAID)
CSP	Country Strategy Paper (EU)
DBSI	Development Bank of SI
DBTI	Don Bosco Technical Institute
DFEC	Department of Forestry, Environment and Conservation
EC	European Commission
ECD	European Commission Delegation (Honiara SI)
ECHO	European Community Humanitarian Aid Department
EDF	European Development Fund
EIB	European Investment Bank
EPA	Economic Partnership Agreement
ESIRP	Education Sector Investment and Reform Programme
ESP	Education Sector Plan
ETR	End of Term Review
EU	European Union
FA	Financing Agreement
FMO	Framework of Mutual Obligations
FA	Financing Agreement
FP	Financing Proposal
FPA	Fisheries Partnership Agreement
FVO	Food and Veterinary Officers
GCC	Grand Coalition for Change
GPPOL	Guadalcanal Plains Palm Oil Limited
GSP	Generalised System of Preferences
HDI	Human Development Index
HIES	Household Income and Expenditure Survey (2005/06)
IF	Integrated Framework
IMF	International Monetary Fund
IP	Implementation Protocol
JAR	Joint Annual Report
KFPL	Kolombangara Forest Products Limited
MDG	Millennium Development Goals
MEHRD	Ministry of Education and Human Resources Development
MFPA	Multilateral Fisheries Partnership Agreement
MHMS	Ministry of Health and Medical Services
MIP	Marine Infrastructure Project
MoH	Ministry of Health
MDPAC	Ministry of Development Planning and Aid Coordination
MNURP	Ministry for National Unity, Reconciliation and Peace
MPGCD	Ministry of Provincial Government & Rural Development
MPP	Micro Projects Programme
MSG	Melanesian Spearhead Group

MTR	Mid Term Review
NAO	National Authorising Officer
NAOSU	NAO Support Unit
NEMS	National Environmental Management Strategy
NFD	National Fisheries Department
NGO	Non Government Organisation
NIP	National Indicative Programme
NSA	Non State Actor
NZAID	New Zealand Agency for International Development,
PACER	Pacific Agreement for Closer Economic Relations
PACP	Pacific-ACP Countries
PGSP	Provincial Government Strengthening Programme
PICTA	Pacific Island Countries Trade Agreement
PICs	Pacific Island Countries
PIFS	Pacific Island Forum Secretariat
PMO	Prime Minister's Office
PNG	Papua New Guinea
PPA	Participatory Poverty Assessment
PRIP	Pacific Regional Indicative Programme
PPF	Participatory Police Force
PRHP	Pacific Region HIV Programme
PRSP	Poverty Reduction Strategy Programme
PS	Private Sector
RAMSI	Regional Assistance Mission to the Solomon Islands
RCDF	Rural Constituency Development Fund
RDP	Rural Development Programme
ROC	Republic of China, Taiwan
ROM	Results Orientated Monitoring
RSIP	Royal SI Police
SBD	Solomon Islands Dollar
SI	Solomon Islands
SIG	Solomon Islands Government,
SICHE	Solomon Islands College of Education
SOPAC	Pacific Islands Applied Geoscience Commission
SSPFP	Strengthening of Sanitary Production of Fish Products
STI	Sexually Transmitted Infections
SWAp	Sector Wide Approach
TA	Technical Assistance
TARDP	Transitional Agriculture & Rural Development Programme
TCF	Technical Cooperation Facility
TRC	Truth and Reconciliation Commission
TSAP	Transitional Support to Agriculture Project
TVET	Technical Vocational Education and Training
UNDP	United Nations Development Program
VERIFOR	Verification of legal production and trade in timber & products
WB	World Bank

Currency (as at January 2008)

€ 1.0 = SI \$ 11.0

1. Update of the political, economic, social, and environmental situation

1.1. Update on the political situation

Since the late 1990s SI has suffered from traumatic periods of ethnic fighting. The background is essentially a conflict between Malaita and Guale peoples. In addition, the high population growth resulted in more people with no rights to land for their subsistence needs, which contributed to raising the level of social tensions in all the islands. However it was also the basis of the exodus of large sections of youth from the islands to Honiara that added to poverty and risk of violence in Honiara. Also, poor management of public affairs aggravated the situation, especially poor provincial administrations and a lack of national sentiment, plus corruption in government and MPs. In addition, there was a threat of fragmentation as some islands were seeking independence within a Federation. This all added fragility of governance and political volatility to the entrenched social instability. This eventually led to a confrontation in Honiara and the destruction of key economic installations (Gold Mine and Palm Oil Plantation) when RAMSI was called in July 2003 to quell the armed conflict, disarm the militants, and restore peace in the country.

There have been four years of relative peace and stability since the RAMSI intervention in 2003, which has allowed a post conflict economic recovery process to get underway. However, an election was held in April 2006 and shortly after there were violent riots reflecting an underlying resentment against the Chinese business community. Additional troops were despatched from Australia, NZ and Fiji to quell these riots. It also led to the resignation of the elected PM and selection of Mr Manasseh Sogavare as PM of the Grand Coalition for Change (GCC) Government that remained in power until December 2007 when a vote of no confidence brought in the present PM Dr. Sikua heading the Coalition for National Unity and Rural Advancement (CNURA) Government. This latest political turmoil however was achieved with a peaceful transition thanks to RAMSI's presence in the country.

The GCC Government made some changes in government structure and governance and introduced some new strategies aimed at enhancing rural development. However, there was also a decline in relations with the Australian Government and RAMSI, including expulsion of the Australian High Commissioner, which persisted throughout most of 2007. In addition, Government also attempted to rearm the SIPF. This all led to uncertainties over political stability, security and economic prospects during 2007 and some tense situations in November and December 2007 before the change of government took place in mid-December 2007.

Despite RAMSI's positive achievements, the root causes of the ethnic conflicts have not yet been addressed. Amongst the main issues are land ownership, control of resources and the still deeply embedded resentment towards the Malaitan population who are seen as having a disproportionate share of employment on Guadalcanal where they have settled in large numbers over the past 30 years. However, there is optimism now with the new CNURA Government, which recognises that reconciliation and rehabilitation is the first priority during the next two years before the next general election in 2010. Thus the new Government is committed to breaking the cycle of distrust, resentment and violence between ethnic groups from different provinces that has kept the country in a latent state of crisis. However, with only two years, the new Government has only a relatively short period to implement new policies.

The CNURA Government intends (i) to support Reconciliation Programmes (mediation, conflict resolution and peace building) in all provinces to promote SI diversity in unity; (ii) to set a Truth & Reconciliation Commission (TRC) to address wrongs of the past, particularly what happened during the ethnic tensions from 1988 to July 2003 in order to effect closure for the SI of this unfortunate period. A Steering Committee was set up by the previous government in January 2007, which commenced a consultative phase that lasted until December and a TRC Bill is to be drafted; a Ministry for National Unity, Reconciliation and Peace (MNURP) had been earlier established in 2005); (iii) to address laws that have a direct bearing on the root causes of the tensions (e.g. customary land ownership and forestry laws). Thus, with the conditions offered by the presence of RAMSI to ensure relatively peaceful conduct of the people and maintenance of law and order, the environment is there to foster sustainable solutions to the root causes of the latent social- ethnic crisis and to develop the country with donor assistance.

The new government in December 2007 also began to reverse the centralised planning in the PMO's office set up by the previous government and restored the role of MDPAC in national planning (although the name has not yet been changed to reflect this). The Ministry has also commenced preparation of a new Medium Term Strategy to replace the national plans of the previous Government and the CNURA is directing ROC funds through the normal government planning and budgetary system with disbursements through the MPs.

Relations with Australia. The strained relations that developed in 2006 between SIG and Australia and RAMSI remained throughout most of 2007 until the Sogavare Government was replaced. The potential harmful consequences that this dispute could have brought to SI were of concern including a possible deterioration in law and order should RAMSI be prematurely withdrawn. However, the changes of government in both Australia and SI at the end of 2007 resulted in an immediate restoration of relations.

The Future of RAMSI. The presence of RAMSI has undoubtedly contributed towards creating a stable and peaceful environment for SI to develop and it has also assisted to rebuild governance. The future for RAMSI has been under review throughout 2007 and, at a meeting of the Pacific Islands Ministerial Forum to be held in early 2008, attended by Australian Ministers; discussions will be held on the future direction and role of RAMSI, as well as how some of RAMSI activities can be integrated back into Australia's bilateral development aid programme through AusAID.

Security Situation. The situation was relatively good in 2007, although the volatility of the April 2006 riots in Honiara left an underlying unease. The presence of RAMSI military and police has been the key factor in ensuring no return to violence and was instrumental in ensuring a peaceful hand-over during the tense political lobbying situation during November and December 2007. However, there have also been an increasing number of burglaries and attacks on properties in Honiara. This is consistent with any urban centre with relatively high numbers of unemployed youth and is expected to increase in Honiara due to the increasing concentration of unemployed youth in and around the town.

1.2. Update on the economic situation

The economic figures show a continuation of the economic recovery, but which is heavily dependent on unsustainable logging and major donor inputs. This has focussed SIG attention on the outlook for the economy in the post-logging era that is likely to occur earlier than previously expected due to the current high rates of logging. This will lead to a marked fall in economic performance and government revenues unless other sectors can be significantly increased. An overview of economic trends with revised population estimates is presented in Table 1 in Annex I.

A preliminary estimate of real GDP growth in 2007 was made by the IMF of 5.4% in mid 2007, but due to acceleration in logging in the second half of the year, the latest CBSI estimate is 10%. Whichever figure is confirmed, this is the fourth year running that real GDP growth has exceeded the population growth rate and reflects the benefits of RAMSI's presence, capacity building and development efforts that are now being realised. However, much of the growth increase is either in logging or Honiara based and still not yet reaching the bulk of the population in the rural areas.

The major growth drivers are logging (output grew by 25%), agricultural commodities (21%) construction (34%) and other services (6.7%), whilst fisheries recorded a decline of 15%. Logging showed strong growth over the previous year to record levels of 1.45 million cubic meters as logging has intensified in Malaita and Guadalcanal and now accounts for 67% of total export receipts. The volume of palm oil products increased threefold, whilst the price for palm oil increased from USD 599 in January 2007 to USD 1059 in January 2008. Nevertheless the current production level is only 57% of GPOL capacity of 30,000 tons. Copra production rose by 29% and cocoa by 17% together with a strong increase in export and domestic prices. Existing plantations need rehabilitation to boost future capacity. Fish production weakened by 28% against previous years due to some poor catches in the first half of 2007 due to poor fishing conditions, high fuel prices and as NFD sold its large purse seiner. However growth increased in the second half due to the purchasing of new boats and fish prices also increased significantly.

The balance of payments has been positive due to a large surplus in the capital accounts and due to high log exports, receipts have helped to offset the rising imports. As a result official external reserves at the year end represent approximately 4 months of import cover. However the trade balance has widened as imports rose by 7% and exports by 3%. Private sector activity increased as indicated by an increase of 54% in lending in 2007, a recovery from the situation created by the April 2006 riots which undermined investor confidence as might have been anticipated. However, private sector business remains at a very low level in SI as compared to neighbouring islands.

Inflation is estimated to have risen to 10% in 2007 due mainly to high fuel and food prices. The significant increase in food, especially rice prices, and transport costs throughout the country has increased the pressures for cash on the poorer segments of society. Increased inflationary pressures are also expected in 2008. The exchange rate, which is pegged to the USD, has led to further depreciation of the SI \$ against other major trading currencies (the SI \$ has fallen from 10 to 11 SI \$/€ in 2007).

Debt. SI still has a substantial principle debt, arrears burden and significant debt servicing costs, although SIG has made positive progress to handle the problem. SIG approached the major creditors for debt relief at the Honiara Club meeting in October 2005, at which a two year borrowing moratorium was agreed by some creditors (not EC/EIB) based on a number of conditionalities,

including that SIG would not take on any new loans and that the debt servicing burden would not exceed 15% of its domestically sourced revenue.

Government Revenues. Government revenues have significantly increased due to higher tax collection (increased logging) and donor budget support. Revenues increased from equivalent € 65 million in 2004 to € 118 million in 2007 and are forecast to plateau in 2010 at about € 136 million and are expected to decline thereafter due to the expected decline in logging. These funds are being utilised mainly for consumptive purposes (e.g. to expand government staff) rather than investment (development) which is largely handled by donors. In fact government has a surplus of revenues, which raises more questions on the quality of the governance and on ownership of development strategies. This also raises the issues: (i) that donor budget support (from Australia and NZ) to recurrent expenditure (mainly in health and education) may no longer be required, (ii) Greater pro-poor investment in transport (wharves subsidised shipping routes and maintenance of gravel access roads) could be undertaken and (iii) greater funding could be devoted to infrastructure maintenance.

Donor Funded Budget Support. The amount of donor support (consolidated funds) controlled by SIG are presented in Annex IV b) which shows the recurrent budget support from Australia, NZ and ROC, as well as the ROC contributions to the development budget, is estimated in total at €15.6 million in 2007 and is projected to increase in the near future to €20 million.

Development Budget. Total donor support in 2007 is estimated to be € 201 million for 2007 (i.e. 96% of the development budget) and the SIG contribution to the total development budget was approximately € 7.6 million in 2007 (€1.7 million in 2005 and € 4.4 million in 2006). The donor funding is presented in Annex IV b) with summaries in the table in SBD and in pie chart that follows. The EU is now the second largest donor at about €23 million in 2007, but which is forecast to decline in 2010 as Stabex projects begin to close. Sector coverage is shown in the pie charts in Annex IV and shows a continued dominance of public order and safety (54%), which includes support to the police under RAMSI and TA assistance to prisons and justice. The present allocations also reflect the relatively minor allocations to health (3%) and education (7%) and economic affairs (18%) in which agriculture, forestry and fishing amounts to 5% of the total development estimate. Environmental protection amounts to < 0.1% of the budget (although environmental aspects are also included under forestry). A list of donor projects by sector is also included in this Annex.

The 2008 Development Estimate is still being drafted, the delay being a reflection of the political changes that have taken place. At this stage it is anticipated that the total amount is likely to be a similar to 2007 with approximately 50% devoted to security and law and order. Some main issues arising are that aid as a % of GDP is already high and above the absorptive capacity in SI and that more priority could be paid to investment in rural development and provision of social services in rural areas.

Economic Outlook Whilst per capita income has increased significantly since 2003 it is still below pre-tension levels and the lowest in the region and unemployment remains high and represents a potentially destabilising force for the country. The major challenge in the medium and long term will be to maintain economic growth and per capita income in the face of an impending rapid decline in logging production from 2010. Economic growth in 2008 is forecast to be substantially lower due to a decline in logging already in 2008 and by 2010 the IMF forecasts that overall growth will fall to just

1.5%. The decline in logging will also have a substantial impact on employment, as the logging sector is the largest employer outside the public sector, cause a widening of the trade deficit and a significant reduction in government revenues, as well as in the country's foreign exchange revenues.

Non logging sector prospects are as follows. Fish output is likely to increase over the low 2007 figures due to expansion of the higher value added canning production, an increase in the size of the fleet from last year. However further investment and development of the fishing industry will be necessary to maintain growth in the medium term. Copra and cocoa production should remain high in 2008 as high international prices are forecast to continue at current levels, but the relatively small contribution to GDP will not make a significant contribution to economic growth. The start of gold production has been substantially delayed due partly to land disputes and complex repairs such that production is not now expected to start until the end of the second quarter 2009. Even then most of the benefits from gold will leave the country to service debt and it only employs some 500 workers. Gold production will not therefore be a significant source of government revenue. GPPOL production of palm oil is forecast to increase considerably in 2008 but is expected to make an increasing contribution to GDP growth in the medium term. However, as palm oil only contributes 3% of total GDP strong growth in this commodity will have only a limited impact on economic growth. Two other Palm Oil projects (Auluta and Vangunu) have yet to start. Tourism has potential, but restoring confidence to establish SI as a prominent tourist destination is likely to be a slow process as visitors stay away when there is instability and poor infrastructure.

Government Development Strategies. The new government is to formulate new development strategies in its Medium Term Strategy document that is expected to be issued in mid 2008. It has already laid out the six priority areas as follows: (i) national reconciliation, (ii) public sector management reform initiative, (iii) ensure sustainable development and social stability (iv) investing in human resources (v) maintenance of law and order and security and (vi) capacity building and institutional strengthening in government machinery.

Pacific Regional Trade Agreements

(i) *The Economic Partnership Agreement (EPA).* Despite extensive negotiations during 2007, the SIG did not sign the Interim EPA at the end of 2007, as SIG felt there was little benefit to be gained from the agreement and due to other Pacific trade agreements such as PACER and MSG. Negotiations with EU as a partner to achieve a result that will contribute to development and the integration of SI in the World economy are likely to continue in 2008. These will include clarification of the advantages of rules of origin to be gained for export products e.g tuna that otherwise may be diverted to PNG or Fiji (both countries signing the EPA) if SI does not benefit from the more advantageous EPA specific rules of origin (global sourcing) for tuna. Without the EPA, however, SI will still come under the EU Generalised System of Preferences (GSP) and, as an LDC, benefit the Everything but Arms (EBA) provisions that offers duty and quota free access to products in EU markets until negotiations and agreement on the EPA are concluded.

(ii) *Integrated Framework (IF).* The SIG has requested the EU to assume the lead donor facilitator role in assisting the SI to develop new trade policies and agreements that will assist SI to expand their participation in the global economy. It will commence with a TA to conduct a Diagnostic Trade Integrated Study under the Integrated Framework for Trade Related Technical Assistance funded via

the IF Trust Fund in a multi donor programme, with UNDP providing TA support services to SI's Ministry of Foreign Affairs in 2008.

III) EU Fishing Agreement. A bilateral Fisheries Agreement between EU and SI came into force with Council agreement in March 2006 for an initial period of three years. It allows fishing, exclusively for tuna, for EU vessels fishing in SI waters and involves a financial contribution of €400,000 annually, out of which at least 30% will be aimed to support the fisheries sector policy.

1.3. Update on the poverty and social situation

Tsunami. In April 2007 the SI was hit by an earthquake measuring 8.1 on the Richter scale that triggered a tsunami that caused significant damage in Western and Choiseul Provinces with 52 dead and 4,000 people displaced. The EU responded rapidly through ECHO to the value of € 550,000 using two main NSAs: the French Red Cross and Save the Children Fund. The British Government also provided €25,000 for immediate relief and ADB led a joint donor funded emergency assistance programme (€ 8 million) to rebuild damaged infrastructure (bridges and roads) with € 3 million contribution from the EU. In addition, an EU funded project (€ 2 million) was also designed to rehabilitate schools affected by the tsunami and should be implemented in 2008 through a contribution agreement with UNICEF.

Population. Population figures are unclear following a Household Income and Expenditure Survey (HIES) in 2005/06 in which the total population in 2005 was estimated at 533,672. This is significantly higher (+65,000) than the previous population estimate for 2005 of 469,000 due to doubts on the accuracy of the census carried out during the period of unrest in 1999. However, as this change has not become official, the population figures in Table I in Annex I remain unadjusted with an estimated population of 508,000 in 2007. A fresh census is scheduled for 2009, which should clarify the situation, as the population forecasts have a major bearing on economic and social service demands. In addition, there is a need for government to develop a population policy.

Youth Explosion. The population figures also reveal that 50% of the population is below the age of 19 years, and that 39% is below the age of 15 years. The implications as this bulge moves forward for schooling, employment, urban drift, the potential spread of HIV/AIDS and the disruptions caused by disenfranchised young people, especially those in and around Honiara, are significant.

Achievements in Poverty Reduction. There is limited data on the prevalence of poverty and inequality at national or provincial level. The impact of the economic growth since 2003 on poverty in rural areas is considered likely to be relatively small as most of the economic growth is due to logging and higher commodity prices and took place in Honiara, although in 2006 and 2007 growth in the agricultural sector was recorded, which may have had a small impact in certain rural areas. However during 2007, inflation in transport and food costs is likely to have increased pressures on the poorer segments of society as demand for cash to pay for these items increases.

A Participatory Poverty Assessment (PPA) was conducted in mid 2007 by ADB to provide complementary analysis and insights into poverty and hardship as a follow up to the government HIES undertaken in 2006. A representative sample of 21 sites was surveyed, 18 of which were rural and 3 of which were urban. The findings in the draft report reveal several important issues including

that absolute poverty such as hunger and destitution does not exist in SI but poverty of opportunities is widespread due to lack of market outlets, skills and transport infrastructure. The main groups of people who suffer more hardships are the elderly, single mothers, large families, those without resources, the uneducated, young married couples and rural women without access to basic services.

The sample results indicated that 50% of the rural and 15% of the urban communities surveyed felt that things were getting worse, but that 35% said things were the same over the last 5 years because there had been no activities or opportunities for them. The main conclusions were that the main causes of poverty and hardship in both rural and urban areas were: (i) poor access to water supply and sanitation facilities, infrastructure, communications and electricity (ii) poor access to basic services of health, education and (iii) limited employment and income generation opportunities, (iii) a range of youth related problems, (iv) low educational attainment of youth including limited training opportunities, and (v) increasingly stressed traditional institutions, gender relations and women's increased role as providers.

Donor funded programmes attempting to address poverty issues are the EU Micro-Projects Programme Phase II and the AusAID funded Community Sector Programme (CSP). In addition RDP will have a major poverty focus and the EU funded TVET will also have a major focus on rural communities. The government has not yet prepared a Poverty Reduction Strategy (PRS).

Achievements in Social Sectors and MDGs. SI is one of the least developed among PICs with social and health indicators amongst the lowest in the Pacific. Measured by the most recent Human Development Index (HDI) SI ranks below all PICs except PNG (145th in 2007/8). It fell from 123rd in 2005 to a ranking of 128th out of 177 countries in 2006 and 129th in 2007/2008 HDI rankings.

An overview of the MDG indicators and where data is lacking is presented in Table 2 in Annex I, along with selected other social indicators. The SI is making some progress on the MDG's, such as in the education and certain aspects of health, but without an agreed poverty line and a means of verification, achievement of the MDG poverty reduction target cannot be verified.

Health. Social services declined seriously during the period of civil unrest. Progress on the preparation of infant and child health indicators is limited, as childhood morbidity and mortality is caused by poverty. Maternal mortality ratio has been high, though it is now falling. Rural communities continue to experience health problems consistent with high poverty levels and fertility rates. Acute Respiratory Infections and diarrhoeal diseases are a major cause of mortality and morbidity in babies and infants. Clinical malaria incidence was high around the 350/1000 and considered one of the highest incidences in the world. However recent preventative programmes indicate that a reduction in cases has already been achieved. A National Health Strategic Plan for 2006-2010 has been prepared and statistical data collection and analysis has improved with the Annual Health Report issued by the MoH Statistics Office. The aims of the Plan are to improve access to primary health care services to 84% of the population living in the rural areas, to reduce malaria, high maternal mortality and high infant mortality and reduce the threat of a HIV/AIDS outbreak.

Education. Intake rates into primary school have increased dramatically to 94% by 2005 (the latest data available) due to the removal of primary school fees. In secondary schools, the intake has also improved, due to removal of the Secondary Schools examination, but is still low at 23% and

considered a major issue in SI, due the lack of trained teachers and school facilities. In addition, primary school participation for girls is nearly the same as for boys (92.5% compared to 94.1%). However, gender disparity in favour of boys is more pronounced as pupils' progress through the system, as reflected in the junior and secondary school ratios. Other targets concerning teacher pupil ratios have improved, but ratios of clean water at primary schools and toilets remain below government target standards. Further investment is still needed in school infrastructure, especially with the high population growth, and delivery of all levels of education, including vocational education, especially those that benefit rural people, and in the improvement in the quality of education at all levels.

The government continues to prioritise education improvements. It devoted 28% of its 2006 recurrent expenditure budget to MEHRD and has produced an Education Strategic Framework (ESF) 2007-2015 in June 2007 for medium/longer term perspective and a National Education Action Plan (NEAP) for 2007-2009 for the short term in April 2007. The strategies and plans focus on provincial level priorities to ensure a bottom up approach from the grass roots, and can be considered a movement away from the present centralised system, capacity building and also as a tool to redress some imbalances in sub-sector funding.

Progress towards MDG Targets. Provision of adequate social infrastructure and services, especially in rural areas remains a difficult task due to financial and management constraints, poor transport and communications, capacity constraints and the high population growth. Nevertheless government, supported by donor assisted sector wide programmes is giving higher priority to improving health, education and transport services targeted at the rural population.

Gender. Women were severely affected by the tensions and domestic violence is reputed to be widespread with women and children at risk of physical and sexual abuse. The figures on total number and relative proportion of adult illiterate women reveal one of the highest levels of illiteracy amongst adult women in the Pacific. Gender disparity develops in secondary schools. Women are also severely under-represented in many political and government institutions and Parliament and women are generally denied a role in community decision making and in land use decisions. Several donor funded programmes aim at promoting gender equity, empowerment and improving women's livelihood and the government is to provide additional resources to the National Council of Women. As women typically play the major productive role within subsistence agricultural systems, the rural development strategy has a major focus on women as both stakeholders and target beneficiaries. The EU will highlight gender in the planned support to NSAs, its support to RDP, its educational programmes in secondary and tertiary education and in micro-projects under MPP2.

HIV/Aids. The real numbers are not known due to lack of testing. Although the official HIV/AIDS infection rates are currently low (10 by the end of 2007), conditions in SI and the similarity to PNG indicate the potential for a serious epidemic. However STIs are increasing, which is an indicator of potential spread. Access to fishing boats and logging teams constitute a serious vector for the spread of the disease. The Ministry of Health (MoH) has updated its HIV/Aids National Strategic Plan, and a SI National Aids Council (SINAC) has been formed. AusAID is funding a number of prevention programmes, both regional (PRHP) and specific to SI, the latter implemented by World Vision under its HIV/AIDS Prevention Project targeted on Malaita and Western Province, as well as in Honiara (review of behavioural changes and testing new specific SI publicity material, plus condom

dispensers) and Save the Children (training councillors, MoH staff and an outreach programme in Honiara)

1.4 Update of the environmental situation

SI has fragile ecological systems including marine systems (coastal and marine, such as mangroves, fish, plants and coral reefs) and the remaining primary and secondary forests, in which unsustainable and ill-managed logging and over-fishing represent real threats. SI is yet to produce a 'Country Environmental Profile' of its own. The major environmental issues faced by the country include: (i) *unsustainable logging practices* (ii) *inappropriate land use practices* (iii) *unsustainable fishing practices* (iv) *increased risk from extreme weather events* and (v) *rising sea levels due to global warming effecting low lying coral islands*. The legislative and regulatory framework is inadequate to ensure sound resource allocation and management, including the application of a sound code of logging practice, which could help reduce the damaging impact and facilitate earlier recovery.

2. Overview of past and ongoing co-operation

2.1 Overview

Summary of Overall EU Funding. The total available funds from *Stabex 98 were € 51.6 million* of which 94% has been allocated, whilst € 29.6 million or 61% has been committed and € 23 million disbursed to date. There is a total of € 3.3 million available for the new projects foreseen such as the Tsunami Rehabilitation Project (€ 2m) and a second phase of SSPFP (€ 1m). The total available funds from *Stabex 99 was € 32.2 million* of which 99% has been allocated, whilst a total of € 30.9 million or 98% has been committed and € 24.8 million disbursed to date leaving only € 0.55 million available for any new projects. Under the *9th EDF € 22 million* was available of which €2.3 million has been disbursed. At present, there are only two main projects under 9th EDF: MPP Phase II and TCF, as implementation arrangements for the NSA project have yet to be finalised and as two new projects: the PGSP and TVET are planned to commence in 2008.

Total disbursements in 2007 were provisionally estimated at €23 million, a level well above recent previous years due to some significant disbursements of both Stabex 98 (€15.3 million), including the establishment of an administration agreement to the multi-donor funded RDP implemented by the WB (€8.07 million) and a contribution agreement with ADB (€ 3 million) for transport support, and € 2.2 million under 9th EDF.

Solomon Islands was accorded fragile state status by the Commission in June 2007 which has allowed a more efficient and effective procurement approach to take place with EDF and Stabex funded projects already in place. Relevant Articles 300 and 301 of Lomé IV bis and also to the corresponding articles 7.9 and 7.10-12 of the General Regulations for works, supplies and services of the 7th-8th EDF (Decision N° 3/90 - Annex N° I). Also, a derogation to eligibility rules (art. 296.2 of Lomé IV bis) will be included so as to allow the participation of third countries.

EU Programme/Project Performance. A draft aid effectiveness questionnaire is attached in Annex IV. 2007 saw some disruption caused by personnel changes within the ECD and NAO as the Chargé d'Affaires a.i. and the NAO/PMU Programme Manager (PM) departed at the same time and several

months before their replacements commenced, although in the NAO-SU there was hand-over to an acting PM (the Finance Manager) to ensure that disbursements continued on schedule, despite some staffing problems (4 Finance staff in the NAO/PMU staff departed in mid 2007 with replacements to be procured by early 2008).

As a result, there was some loss of continuity and knowledge of the whole programme. Nevertheless, financial management was maintained and programming that had been delayed to a certain extent in 2006 was largely completed in 2007 with assistance from short term TA inputs.

On top of the agreements made with the WB for the RDP and ADB for the SIEAP, further contribution agreements to come are with UNDP for the PGSP (€4.6 million), and with UNICEF for the Tsunami Rehabilitation Project (€ 2 million). This trend reflects two main difficulties with EU procedures: the long time to procure TA from the EU and the inability to utilise Australian/NZ expertise due to nationality eligibility rules.

Sector Approach. The SI sector approach (namely SIG/donor coordination with programmes managed by donor TAs, rather than sector funding managed by government, with donor support) is being implemented in the education, health, agriculture and rural development, law and justice and transport sectors. Sector indicators have not been specifically developed, except for in the education sector and in the rural development sector, where indicators were developed in the ARDS. Other EU focal sector interventions have been based on a project/programme approach managed by TA staffed PMUs with their own output indicators as given in the project intervention frameworks. Monitoring however is generally weak at both project and NAO-SU levels. The Phase III NAO-SU includes the appointment of an M & E Manager and the creation of a Monitoring Unit to improve its monitoring efforts.

Results Orientated Monitoring (ROM) visits were made to 6 projects during the final quarter of 2007 including to the NAO-SU, points from which are included under the project reviews presented below.

2.2. Focal Sectors of EDF 9

The MTR of EDF 9 carried out in 2005 did not propose any change in focal sector, but did recognise the need to support capacity building and in this respect the remaining funds have been used to programme a support to TVET (€8.3 million) and the PGSP (€4.6 million). Cross cutting issues remain important, particularly on gender, human rights and governance, environment and HIV/AIDS. The ETR of EDF 9 confirmed the MTR proposals.

The main focal areas of the 9th EDF (€ 22 million) are (i) **sustainable rural development** and (ii) **capacity building**.

2.2.1 Focal Sector 1 Rural Development

Whilst there is currently no formal sector wide approach in the rural development sector, the Agriculture and Rural Development Strategy (ARDS) that was completed in 2007 developed priorities and a series of sector indicators in the sector for implementation under the Rural Development Programme (RDP). The one main 9th EDF project is summarised below.

Micro Projects Programme, Phase II (€ 5.7 m). The project aims at social infrastructure and income generation grants at community level throughout the SI and utilises NGOs and rural communities as the main implementing agencies. The main projects, which are demand driven by communities, are village water supplies, additional classrooms in existing schools, new health clinics, staff housing for Rural Training Centres and income generation projects. In addition, training has received emphasis with the Personnel Viability Training aimed at strengthening rural entrepreneurship. Each project is linked to either an NGO, rural community or a government department and is coordinated with the Ministries of Health and Education where relevant. The main NGOs are ADRA, World Vision and Save the Children (especially its youth outreach programme).

Results and Progress. Management and financial problems characterised the first year of operation in 2006 resulting in delays and temporary closure in September/October 2006 and the replacement of the original TA Programme Manager and local Programme Coordinator. Further serious delays were caused by procedural delays in disbursement for the last 4 months in 2007. Despite these problems, the new management and local staff of the MP Programme Office (MPO) has managed to get implementation back on course with 171 projects under implementation. An MTR was completed in June 2007 and a ROM monitoring visit completed in September/October 2007, which gave the programme relatively high scores for efficiency, effectiveness, impact to date and potential sustainability. The now successful programme is considered a possible model for a third phase that addresses rural development and poverty reduction under the 10th EDF. To avoid any gap, resulting in staffing problems and in the departure of the current TA after the year end, the preparation phase for a third MPP needs to commence as soon as possible.

2.2.2 Focal Sector 2 Capacity Building

There are a number of programmes/projects currently in the pipeline for implementation in 2008.

Non State Actors (€ 1.56 m). FA signed October 2006. This direct support project to NSAs aims to reinforce the network organisations with appropriate skills and the means to deliver requested development services to their members effectively and efficiently and to enable a constructive dialogue with the Government and donors. Tender dossiers for this capacity building project were launched, but there was a poor response by local NSAs in 2006/07. This led to the cancellation of the tender and recruitment of a short term TA in 2007 to revise the TOR and budget. Further efforts in 2007 revealed that there was no appropriately qualified local agency to implement the project and that to use external European TA would absorb too high a proportion of the total funds. As a result it is proposed to utilise more local TAs and reduce the number of external TAs. These revisions along with an extension to the closing date to counter the time lost to date have been presented as a Rider to be approved in 2008.

Technical and Vocational Education Training (TVET) (€ 8.23 million) FA signed in October 2007. The start of the project is expected in about mid 2008. Support to the TVET policy will mean that there is a continuing involvement in the educational sector through enhancing the institutional framework for future capacity building foreseen in rural areas.

Provincial Governance Strengthening Programme (PGSP) (€ 4.6 million). A preparation team in early 2007 addressed issues relating to management, the target group and linkage with the RDP, as well as

issues concerning the different approaches and time frames adopted by the other partners and the new government's constituency based development. The FA for the PGSP was signed in October 2007. EU funds are to be transferred to UNDP, as UNDP will be managing the project. Total funding of PGSP will be €11.7 million with contributions from RAMSI of € 4.8 million, the EU € 4.6 million and € 1.6 million from UNDP. The contribution agreement is still under discussion between the EU and UNDP for an intended start up in 2008.

2.3 Focal Sectors EDF 8.

Three focal sectors were (i) **rural development**, (ii) **human resources development and education**, and (iii) **rural transport and communications**.

The *rural development programme* was the first micro-project programme (MPP 1) which started in 2000 and was completed in February 2005 using both EDF 8 (€3.0m) and Stabex 98 funds (€1.73m). 168 micro-projects were completed comprising about half on social infrastructure projects (clinics, classrooms and water supplies) and half on income generating initiatives (honey bees, pigs, poultry and seed nurseries). A MTR of Phase I (2003) found that most of the income generation projects failed, but that the impact of the social infrastructure was significant. Lessons learnt were incorporated into the MPP2 under EDF 9.

The rural transport and communications focal sector was the Marine Infrastructure Project (MIP 1) for €6.0 million commencing in 2001 and completed in October 2005. The change in wharf design led to only seven wharves being constructed; there were also delays caused by the civil unrest and the navigational aids component was not completed. An MIP 2 under Stabex 98 followed incorporating lessons learnt from MIP1.

The *human resources development and education* focal sector involved a follow-on phase of the earlier rural training centres project: Rural Training Centres, Phase II for € 1.96 million, which focussed on the SI Association of Rural Training Centres (SIARTC) and finished in September 2006.

2.4 Focal Sectors EDF 7

EDF 7. Two focal sectors were identified (i) **rural development**, and (ii) **human resources development**. Rural development comprised The Rural Fishing Enterprises Project Phase 3 (€1.9 million) was a follow up to two previous phases and provided assistance to rural fishermen through the establishment of Rural Fishing Centres (RFCs) and improved access to markets. The HRD covered TA to the Department of Provincial Government and Constituency Development.

2.4 Macro-economic support.

Macro-economic and budget support has not been possible because of the poor management of public funds prior to the arrival of RAMSI and as no PRSP exists. The Delegation is working closely with the NAO to set a roadmap for budgetary support, in cooperation with the other donors active in the area, say RAMSI with its Government Machinery Programme, AusAid and NZAid which provide direct budget support for some recurrent expenditures.

2.5 Other Programmes and Budgets outside focal sectors

Technical Cooperation Facility (€ 1.3m). The FA signed in 2006 is used for recruitment of short term TA, studies and project preparation and for workshops/conferences (including by SI personnel).

2.6 Utilisation of envelope B

The B envelope in EDF 9 was mobilised by order of services dated 13 March 2003 and the subsequent MTR approved the use of envelope B (€ 7.8 million) in the same sectors as envelope A for capacity building. This included residues from EDF 6, 7 and 8 that have been earmarked for support to a TVET programme (€8.0 m), whilst retaining € 0.55 m for humanitarian assistance.

2.7 Other Instruments

2.7.1 Stabex 98

Stabex 98 funds exceed the focal sector allocations under the NIP with over € 50 m, not including the interest at the end of 2006. The main focal area is **sustainable rural development and capacity building**. The planned coverage of the main sub-sectors is as follows: rural transport (54%) Forestry (16%) Marine resources (8%) Agriculture (13%), and Institutional support and capacity building in sector programme management (9%) to support strengthening of the NAO-SU.

a) Rural Transport. Transport Development (€ 9.9 million under Stabex 98) - involving the support for implementation of a major maintenance and new infrastructure programme targeted at inter-island shipping, wharves, roads etc. A tender for TA and wharf construction failed - partly due to the lack of information in the TOR about each site, such as water depth and soil sub-structure on which contractors could base their bids and partly due to under budgeting so the tender was not attractive to European companies with huge mobilisation costs. It has been decided to explore handing over the wharf construction and subsidised shipping components to ADB to implement through a contribution agreement that will be negotiated with ADB in 2008.

b) Forestry.(i) Sustainable Forestry and Conservation Project (€ 4.5 million). Implementation commenced in June 2007 with the arrival of TA and the establishment of a new PIU office for both the forestry projects (as there was no space in the Ministry of Forestry). There are 8 activities: (i) WWF support for the implementation of the SI Forest Conservation Strategy for which a grant contribution was prepared at the end of 2007; (ii) a sustainable protection of lowland forest in Tetepare, (iii) a Forest Conservation Grant Scheme accessible to community organisations and other NSAs for smaller scale activities promoting sustainable forest use and forest conservation, (iv) setting up a landowner advocacy and legal support unit, (v) assisting Eagon (a private forestry plantation) to achieve certification status; (vi) assisting SI participation in VERIFOR (FLEGT); (vii) provision of GIS equipment to the Forestry Division and (viii) re-establishment of the National Forestry School at Poitete. Progress to date has been satisfactory with preparatory work and documentation on schedule.

(ii) Sustainable Plantations Forestry Project (€ 4.4 million). The project commenced in March 2007. It allocates € 3.5 million to ensuring a sustainable forest plantation industry in the SI and € 0.9 million to

support the trial harvesting and marketing of mature small holder woodlots, and the trial of sustainable natural forest management by customary forest owners using a floating mobile saw mill. The former supports Kolombangara Forest Products Limited (KPFL) in the rehabilitation/replanting of some 3,750 ha of eucalyptus (about one third of its total forest area) and is in conjunction with an EIB loan of €3.5 million and New Forest Pty Ltd in a joint venture. Progress by the end of 2007 was that some 500 ha had been replanted. The viability of the planned barge for the mobile saw mill needs to be reassessed in relation to the latest quotation for a steel barge that was found to be some three times that originally budgeted.

c) Marine (i) Commercialisation of Seaweed Production (CoSPSI) (€ 1.38 million). This 3 year project commenced in mid 2005 to support the development of dried seaweed production for export to the EU. 5 sites were established along with some warehousing and communication facilities. A total of 150 tons of seaweed has been produced to date, although there was a major set back in one location due to complete destruction by the April 2007 tsunami, as well as problems with fish and turtle grazing, run-off from logging operations and rough weather conditions in other areas. An MTR was conducted in July 2007 in which a number of specific recommendations were made including to reduce the sites to three and to extend the project by 6 months to the end of 2008, which were agreed. Generally, the project has been satisfactorily implemented on schedule, but the relatively low production levels and sustainability after the project are of concern, especially the economic viability for the fishermen involved.

c) (ii) Strengthening of Sanitary Production of Fish Products (SSPFP) (€0.95 million). The project commenced in 2005 and involved capacity building and the provision of laboratory equipment at the National Analysis Public Health Laboratory, Honiara to enable SI exports of tuna to the EU to meet EU List 1 status health standards, a measure that is essential to sustain the important SI tuna export industry. The project was expected to take 18 months but due to major delays with the laboratory building funded by AusAID, project activities were extended to the end of 2007. Whilst the building was completed by November 2007 and equipment procurement and training was completed by the year end and the project closed, functioning of the laboratory and obtaining an accredited List 1 laboratory status was not achieved. Thus the project was incomplete at the time of the visit of the EC-FVO inspectors in July 2007 and the SI did not pass the inspection satisfactorily. To achieve sustainability and impact (in order to achieve this status), a draft IP is to be prepared in 2008 for some €1 million from Stabex 98 to provide further assistance to ensure accreditation and a functional laboratory. Other components of the project were more successful such as strengthening the Inspection and Certification Unit and the TA assistance was successful in securing commercial bank funds for upgrading and expansion of the Soltai cannery in Noro.

c) (iii) Marine Infrastructure Programme (MIP II) (€ 8.0 million). The project, which started in February 2006 with an expected duration of 2 years, aimed at supporting inter-island shipping involving construction of a further 7 wharves and the provision of aids to navigation. The project is progressing well after initial delays in getting visa exemptions for the works contractor, which caused the schedule to be revised, namely a 169 day extension was agreed for the works contractor. In addition, there were serious PE funding delays. By the end of the year 3 out of 7 wharves had been constructed and a fourth is on-going. Completion is expected to be achieved within the extension period for the works contractor until April 21st 2008. Whilst the navigational aids (beacons and markers) have been rehabilitated, an addendum is being negotiated to extend the project to allow for

the provision of further navigational aids. Early indicators of benefits from completed wharves are an increase of shipping services and in economic activities as a result of convergence of canoes.

d) Agriculture. Agriculture & Rural Development Strategy (ARDS), Rural Development Programme (RDP) and Transitional Agriculture & Rural Development Programme (TARDP) (Total € 9.0 million for the three components). The ARDS Strategy document was produced in March 2007 after a national workshop and stakeholder consultations in February 2007. The RDP (IP signed in 2006) was then prepared by a joint funded EU/WB/AusAID preparation team. The first phase of the RDP will cover 5 years (2008 – 2011) with the understanding that Stabex 98 funds will be disbursed in total by 2010. Under ARDS, a project “Stimulating Investment in Pearl Farming in SI” through a Contribution Agreement with World Fish was contracted for 1 year (€ 0.33 m) to assist in development of the potentially lucrative pearl industry in SI.

e) Institutional Support. NAO Support (Phase 3) (€ 3.3 million). Phase 2 of the NAO/PMU finished in mid 2007 and was followed by a Phase 3 from June 2007 to end May 2010. This represents a significant strengthening of the capacity of the NAO/PMU to handle the increased implementation workload (€80 million up to 2010) and to strengthen monitoring and reflects the findings of the MTR of insufficient resources allocated to this project to programme and implement the large number of projects under the EDF and Stabex 98 and 99. The unit was renamed NAO Support Unit and has been divided into three components: Component 1 Monitoring and Evaluation; Component 2 Procurement, Contracting and Financial Management; Component 3 Programme Advisory and Support Unit and involves three long term TA, a Programme Manager/Team Leader (started January 2008), M & E Manager (started August 2007) and a Finance Manager (started June 2007). Unfortunately the TL and M&E Manager included in the winning bid for the TA were not available. The replacement expert for the TL was terminated and the present TL did not commence until January 2008. The concept of the new NAO-SU is that of an integrated support unit to the NAO. This approach will be implemented gradually as part of the planned phasing out strategy to be developed to ensure sustainability of capacity building and skills transfer outcomes. However, integration into MDPAC is likely to be difficult and will require considerable dialogue between the EC and the Government.

f) Tsunami Rehabilitation of Affected Schools (€2 million) In response to rehabilitation needs of some 179 schools in Western and Choiseul Provinces including classrooms, staff housing and water supplies, this 2 year project contributes towards rehabilitation costs, which in total may be double this level. The project is consistent with overall EC policy objectives of poverty alleviation and the educational sector programme, as well as the governments National Disaster Plan. It is expected to commence in 2008 following a contribution agreement for implementation by UNICEF.

2.7.2 Stabex 99.

Stabex 99 funds also exceed the focal sector allocations under the NIP with a € 31 million allocation. The focal sector is on **education and human resource development**. In addition, € 2 million was earmarked for **rehabilitation of tsunami damaged schools**.

Education. These funds form part of an EU/NZAid/SIG sector wide approach and are mainly directed towards reforms in the secondary and tertiary sectors, whilst NZAid has tended to focus on primary education. The major policy measures taken by the Government was the inclusion of Stabex projects

in the SIG Development budgets (2003-2006) and elaboration of an Education Sector Programme in 2002, updated in 2003 and which provided the basis for the current Education Sector Investment and Reform Programme (ESIRP) which is being implemented by the EU/NZAid/SIG programme. An EC MTR took place in October 2006 and a NZAid MTR in 2005. The MTR by NZAid in mid-2005 recommended that the SWAp partners take a longer term view, reassess what can be achieved in relation to capacity constraints and address the balance of funding between tertiary, secondary and primary education. The MTR of Stabex 99 recommended a greater focus on HRD, the development and implementation of an exit strategy over the next 3 years (in cooperation with MEHRD and NZAid) and ensuring the TA TOR reflect this reorientation arising out of the MTR.

An addendum to the FMO was signed in early 2006 to extend the programme until the end of 2009 to continue a second phase of sector support. The PIU was extended for another three years with closure in 2010. During this phase, the PIU will be progressively mainstreamed into MEHRD, together with the development of an exit strategy to ensure long term sustainability. The programme will actively support elements of the new Education Strategic Framework 2007-2015.

Support to the Education Sector Investment and Reform Programme (ESIRP) (€ 31 million). The sector wide approach covers nine components as follows:

- *Secondary School Grants Programme (SSGP):* This is the largest financial component.
- *National Secondary School Infrastructure Programme (NSSIP):*
- *Curriculum Development:* Staff training is ongoing. The component also includes the procurement of 140,000 textbooks for Forms 1 to 3.
- *Technical Vocational Education and Training (TVET):* The main activities under the TVET component have been support to the development of a TVET policy and the subsequent preparation of an EC FP which was submitted to the EC for approval under the 9th EDF.
- *Institutional Strengthening:* A more concentrated focus on developing the capacity of MEHRD personnel.
- *Distance and Flexible Learning:* The focus has been on building nine Distance Learning Centres (DLCs) in the provinces, using PFNet.
- *Tertiary Education:* This included support for scholarships to nine medical students, the National Skills Survey, and assistance to the Solomon Island Institute of Higher Education (SICHE) - the largest element of this component. Many of the anticipated benefits should be achieved by completion date in October 2008
- *Special Education Initiatives:* The component has been used to give limited financial support to activities related to cross cutting issues of disability, HIV/AIDS and cultural diversity.
- *Programme Implementation Unit (PIU).* The PIU has responsibility for coordinating the Stabex 99 programme with 4 TAs (both funded by Stabex and by NZAid) and 7 administrative support staff (as at end 2007) and is located in the MEHRD. The EU Educational Adviser's contract expired in 2007 and has not yet been replaced. The main activity is mainstreaming into MEHRD, as part of an exit strategy.

Results and Progress. Increased efforts to improve education are showing positive results, especially higher intake rates into primary school showing a dramatic increase as a result of the free primary school policy. Other outcome indicators, which will be used to assess the impact of EC programmes include gross enrolment rates, improved teachers houses and classrooms in remote areas, improved

communications between district and provincial centres with remote schools, regularity of school inspections, new teacher registration and teacher numbers in relation to established posts. However, monitoring capacity in the Ministry and PIU is still relatively weak.

2.7.3 Budget Lines

(i) The Don Bosco Technical Institute (DBTI) co-funded with a European NGO Jugend Dritte Welt (EC contribution € 0.75 million). The project provided technical training for youth without prospects to enable them to enter the workforce after graduation. The 3-year project, which commenced in 2004 was completed in 2007. It was very relevant to the TVET policy and fitted the gap between RTCs and SICHE. Whilst it suffered during the unrest in 2006, the school construction was completed with support from Italian volunteers together with a residential agricultural campus with 56 ha. The project had a good impact as the majority of graduates entered the workforce and is considered an example of excellence for the TVET policy that could be replicated, whilst the Guadalcanal government chose the agricultural centre as a show case for all agricultural centres around the country and a pilot project for rice production. The ROM report stressed the importance of lessons learnt to TVET policy.

(ii) Conservation and Sustainable Use of Marine and Coastal Biodiversity of the Bismark Solomon Seas (EC contribution € 1.8 million of which one third is destined for SI). The project started at the end of 2005 and is likely to close November 2010. It aims to improve sustainability of coastal livelihoods through improved management of coastal resources by supporting policy developments and building capacity in West Papua, PNG and SI and is being implemented by the WWF. The project is very relevant but has been faced with some project management problems in the first two years. However, WWF has planned restructuring and staff hiring that offers a good chance of recovery such that the groundwork laid in the first 2 years should be a good foundation for the next 3 years.

2.7.4 European Investment Bank (EIB).

The EIB has provided a new loan in 2007 (€ 3.5 million) directly to Kolombangara Forest Products Limited (KFPL) for the Sustainable Plantations Forestry Project (along with Stabex 98 funds) in a joint international/public sector venture (refer previous Stabex project comments).

2.7.5 Others.

ECHO contributed € 550,000 towards tsunami emergency relief in 2007 (refer paragraph 1.3 on page 6 for details).

Bi-lateral Partnership Fishing Agreement with Solomon Islands (October 2006 – October 2009) : € 400,000 was paid to the Solomon Islands Government as the first of three tranches. Although a number of fishing licence applications were made during 2007, no licences were issued due to a lack of one or several mandatory documents. A Joint Committee meeting will be held in the region during 2008.

2.7.6 Pacific Regional Programmes

The EU is contributing to or funding a variety of Pacific regional or multi-country programmes that also benefit the SI, the bulk of which are focused on the fisheries sector, as well as those concerned with environment, tourism, education and sustainable agricultural development. These are presented in Table 4 in Annex I. The Pacific Regional Indicative Programme (PRIP) currently has 17 projects being implemented and valued at €68 million under EDF 8 and 9. One of them is a multi-country programme addressing the Disaster Risk Reduction to which the contribution is € 0.55 million.

3. Policy Coherence for Development

There are clear linkages between the focal sectors in SI and EC development policies namely poverty eradication, sustainable rural development and capacity building to support the interventions. In terms of accelerating progress towards achieving the MDGs the main activities relate to education, through Stabex 99, and poverty reduction, through various programmes in Stabex 98 in forestry, transport infrastructure support and agricultural development and in the 9th EDF (Micro-Projects Programme).

4. Joint EU Strategy for the Pacific

In accordance with the ACP-EU Partnership Agreement (or Cotonou Agreement), the main EU strategies emphasised in 2007, and to continue in 2008, are (i) to strengthen political dialogue with SIG including adoption of a neutral political stance; (ii) to strengthen the partnership approach with SIG (rather than as a donor) in the provision and implementation of development assistance to support the new Government to address the fundamental issues still faced in SI (iii) to provide emergency assistance as a partner in times of need such as the rapid emergency aid response provided by the EU after the April 2007 Tsunami disaster, as well as the provision of longer term rehabilitation needs.. The EU further supports the pacific region in global climate change, the All ACP Agricultural Commodities Programme and the Pacific Energy Programme

5. Donor Coordination and Harmonisation

a) Progress in 2007 Coordination and harmonisation between donors takes place around the regular monthly donor meetings. However not all elements of the RAMSI programme are shared at these open meetings. More problematic has been the donor - government coordination at high level, as at operational level there has been satisfactory coordination with MPDAC. Normally there have been high level donor consultations each year in November. However no such high level meetings were held in 2006 and 2007. However under the new government a SI-donor meeting was held in February 2008. A high level Donors meeting is foreseen in June 2008. However, coordination among donors could be further strengthened. For example, AusAID is preparing its new country strategy to be produced at the same time as the Government's Medium Term Strategy in mid-2008.

A harmonisation road map has not been prepared for SI. The Paris Declaration has been discussed with the principle donors, Australia, New Zealand and Japan in the monthly donor coordination meetings. However, because of the specific nature of political environment, and the overwhelming presence of RAMSI with a very specific agenda, agreed country specific objectives in relation to harmonisation and alignment have not yet been formulated.

Donors have however agreed to a sector approach and in a number of instances to pooled funding which will ensure alignment. In particular, this has been adopted in the agricultural sector where there

is joint funding between EU, Aus Aid and the WB, and in the capacity building project in the provinces where pool funding is envisaged between the EU, RAMSI and UN and in a proposed Transport Sector Support with ADB. A SWAp is already being implemented in the education sector between SIG, EU and NZAID. There are no EU member states with cooperation programmes in the Solomon Islands (the UK has a small representation and holds the presidency for the EU).

b) Perspective. A CSP and NIP for the 10th EDF period (2008-2013) was approved by the end of 2007. They are consistent with past policies, but with an even stronger emphasis on rural development and capacity building. Given the size of the envelope (€11.2 million, 85% of envelope A) only one focal sector was agreed: sustainable rural development with capacity building to support the intervention. The remaining 15% of envelope A or € 1.98 million is for programmes under a non-focal sector including TCF to support the NAO and some cross cutting issues such as women, HIV/Aids awareness. Under the 10th EDF, there will also be increasing attention to governance profile and commitments as included in the 10th EDF CSP/NIP signed in October 2007 in Tonga, which were used to determine the 25% Incentive Tranche allocated to SI. Any unallocated funds at the end of 2007 and de-commitments from Stabex 98 and 99 will form the basis for programming in 2008.

6. Dialogue in country with NSAs, local authorities and national parliament

Other donors are active in supporting NSAs with Australia and New Zealand along with Japan, ROC and UNDP. NSAs have received limited assistance from the EU to date and therefore, under the 9th EDF, provision of €1.56 million for NSA capacity building was programmed and is expected to start in 2008 following approval of the Rider (as indicated above). NSAs are in regular dialogue with the EC and in certain projects they are major implementers. Local authorities have very little capacity for implementation and therefore involvement to date has been minimal. However, the new Provincial Government Strengthening Project aims at raising capacity at local levels. There has been no involvement of parliament in EDF programming or consultation regarding the Draft JAR.

7. Conclusions

Key political, economic, social and environmental developments over the past year.

Political Developments. After descending into civil unrest in 2000-2003, SIG, with the support of RAMSI and donors, embarked on a series of reform measures to restore law and order, improve governance and commence economic recovery. In April 2006, however, violent riots erupted focussing on Chinese businessmen and property, which led to the formation of a coalition under PM, Mr Manasseh Sogavare whose government continued until mid-December 2007. It was characterised by the formulation of new core policies to resolve underlying governance and economic issues, although little materialised in this period. However it was marred by a serious decline in relations between SIG and the Australian Government and RAMSI that potentially threatened peace and stability. Following a tense and uncertain two months at the end of 2007, the Sogavare Government was finally ousted to be replaced by another Coalition under PM Derek Sikua. This was a peaceful transition ably protected by RAMSI. This new government has shown promising signs of commitment to achieve national unity and reconciliation, continue the focus on rural development and to address much needed reforms that tackle the underlying problems in SI including land reform and forestry.

Whilst the future direction and role of RAMSI is to be reviewed, it is clear that the continued presence of RAMSI to maintain peace and stability presents the opportunity to significantly develop SI further.

Economy. Preliminary numbers show an economic growth of real GDP of 10% in 2007 as compared to an increase of 4.3 % in 2004, 5% in 2005 and 6.2 % in 2006. This is the fourth year running that real GDP growth has exceeded the population growth rate and reflects the benefits of RAMSI's presence. However, much of the growth increase is in logging or Honiara based and still not yet reaching the bulk of the population in the rural areas. The major growth drivers are logging (output grew by 25%), agricultural commodities (21%) construction (34%) and other services (6.7%), whilst fisheries recorded a decline of 15%. Logging showed strong growth over the previous year to record levels of 1.45 million cubic meters as logging has intensified.

The major challenge in the medium and long term will be to maintain economic growth and per capita income in the face of an impending rapid decline in logging production from 2010. Economic growth in 2008 is forecast to be substantially lower due to a decline in logging already in 2008 and by 2010 the IMF forecasts that overall growth will fall to just 1.5%. The decline in logging will also have a substantial impact on employment, as the logging sector is the largest employer outside the public sector and government revenues.

Government Development Policies. The Sikua Government intends (i) to support Reconciliation Programmes (mediation, conflict resolution and peace building) in all provinces to promote SI diversity in unity; (ii) to set up a Truth & Reconciliation Commission to address wrongs of the past; (iii) to address laws that have a direct bearing on the root causes of the tensions (e.g. customary land ownership and forestry laws). Thus, with the conditions offered by the presence of RAMSI to ensure relatively peaceful conduct of the people and maintenance of law and order, the environment is there to foster sustainable solutions to the root causes of the latent social- ethnic crisis and develop the country with donor assistance. The CNURA government is to formulate new development strategies in its Medium Term Strategy document that is expected to be finalised in mid 2008.

Social. SI is still one of the least developed among PICs with social and health indicators amongst the lowest in the Pacific. Provision of adequate social infrastructure and services, especially in rural areas remains a difficult task due to lack of capacity, financial constraints, poor transport and the high population growth. Nevertheless government, supported by donor assisted sector wide programmes is giving higher priority to improving health, education and transport services targeted at the rural population.

Environment. Weak institutions at both national and provincial levels have led to ineffective environmental monitoring and management of natural resources. However, under the new rural development focus, management of natural resources by rural stakeholders forms a key part.

Results in Focal Sectors and Relevant Programmes. Total disbursements in 2007 were provisionally estimated at €23 million, a level well above recent previous years and is mainly due to some significant disbursements of both Stabex 98 (€15.3 million), including the establishment of an administrative agreement to the multi-donor funded RDP implemented by the WB (€ 8.07 million), and a contribution agreement with ADB for transport support (€ 3.0 million), and about € 2.2 million under 9th EDF.

Performance of the EDF and Stabex 98 and 99 programmes has improved though there were still some delays and problem areas that have required various extensions to allow projects to be completed (notably in SSPFP and MIP 2) and personnel changes in the ECD and NAO-SU disrupted work in the second half of 2007. Under the EDF, some good results have been achieved in the Micro-Projects Programme II). Under the Stabex 98, good progress has been made in programming new projects and commencement of projects in the forestry sector and agriculture/rural development sector whilst marine infrastructure construction is proceeding on schedule and generating anticipated benefits in shipping services. Stabex 99 is also achieving some good results and making progress towards sector targets, including the MDG targets in education. All these programmes support the new government's rural development and capacity building strategies to address underlying problems in SI and should result in long term improvements in rural income generation and poverty alleviation. Against this background the 10th EDF's focal sector is in line with SIG's policy focus on rural development with capacity building to support the interventions and is also a continuation of the 8th and 9th EDF's focal sectors on rural development and capacity building.

EU actions related to EU strategy for the Pacific. The main EU strategies emphasised in 2007, and to continue in 2008, are (i) to strengthen political dialogue with SIG; (ii) to strengthen the partnership approach with SIG (rather than as a donor) in the provision and implementation of development assistance to support the new Government to address the fundamental issues still faced in SI (iii) to provide emergency assistance as a partner in times of need such as the rapid emergency aid response provided by the EU after the April 2007 Tsunami disaster, as well as the provision of longer term rehabilitation needs.

I. General Annex

Table 1 Summary of Macro-Economic Indicators

Indicator	2001	2004	2005	2006	2007*	2008**
Population (000)	431	468	481	495	508	523
Population growth rate %			2.8	2.9	2.6	2.95
Total GDP in current prices (billion)	1.447	1.986	2.245	2.555	2.822	3.127
GDP per capita (USD)	636	566	611	661	704	755
GDP in constant prices (real GDP)	0.612	0.691	0.726	0.77	0.812***	0.846
Growth in Real GDP (%)	-9.0	8	5.0	6.1	10***	4.2
Gross capital Formation (% of GDP)	n/a	n/a	n/a	n/a	n/a	
External Debt as % of GDP	49	62	54	50	40	
External debt service as % of GDP		25	17	n/a	?	
Exports as % of GDP	27	35	37	35	37	
Main Exports Timber (m3 000)	534	1043	1030	1000	1450	
Fish (tons)	17720	27249	23800	29597	21,200	
Copra (tons)	1701	21831	27000	19,909	27,400	
Cocoa (tons)	2038	4181	4600	3977	4,500	
Palm Oil (tons)	-	-	-	5427	17,150	
Trade Balance as % of GDP	-11.8	5.0	-11	-16	-16	
Government income as % of GDP	23.5	48.9	54.5	53.7	31	
Government expend as % of GDP	36.2	40.6	52.2	53.1	31	
Budget Deficit as % of GDP	-13.3	+8.3	2.3	0.6	?	
Inflation (% per annum)	7.6	5.6	8.4	9.2	10	
Exchange Rate (SI \$ to €)	5.0	10.1	9.3	10.0	11.0	

Note: * Estimate for 2007 as some final quarter figures still outstanding. Sources: CBSI, IMF World Economic Outlook Database October 2007, MoF, ** Forecast by IMF *** original IMF forecast of real GDP growth was 5.4% but the latest government provisional forecast is 10% due to a significant rise in logging during the second half of the year.

Table 2 Indicators for the Ten Core MDG Indicators plus Other Social Indicators up to 2006

Indicator	2000	2003	2004	2005	2006	2015 MDG Target
% Population below 1\$/day	n/a	n/a	n/a	n/a	n/a	50% reduction from 1990
% Under 5 yrs underweight	21(1999)			21		
Under 5 yrs mortality rate/1000 live births	38 (1990)			29		66% reduction from 1990
% Enrolment primary education, net	74	79	86	94	91	100
% Primary completion rate		30		70	n/a	100
% Enrolment secondary educatn, net	18.5	27	26	28	29	
% Junior secondary completion rate		66			n/a	
Ratio boys to girls – Primary	0.86(1999)	0.88	0.88	0.89	0.87	1
Secondary	0.70(1999)	0.76	0.78	0.89*	0.89	1
Tertiary	0.41(1999)	0.76	0.76	0.75	0.76	1
% births attended by skilled person	85	87		85		
% 1 yr immunised against measles	55	61		72	84	
HIV cases in total population		2	3	5	8 (10 in 2007)	Halt and begin to reverse
% popln with access improve. water	62 (1999)	62	70			50% reduction from 1990
% popln with access improv. sanitn.	23 (1999)					50% reduction from 1990
% rural popln with improved water	44 (1999)	52				
% rural popln with improved sanitn.	11 (1999)	14				
No. Malarial cases/1,000 (incidence)	337	318	347	346	350	80**
No. Malarial cases/1,000 (deaths)			0.75			
Infant mortality (/1000 live births)	66 (1999)					27
Life expectancy at birth (yr)	61 (1999)			63		
Maternal mortality ratio/100,000 births	195 (2001)	295	184		163.4	75% reduction from 1990
Adult illiteracy rate (% over 15 yrs)				23.4		

Sources: ADB, SIG MDG Dev Goals Report 2004, MEHRD Digest of Education Statistics 2005 and provisional 2006 data, National Health Review 2006 and SI Health Status Assessment 2005, Annual Health Report 2006 (March 2007) MoH Statistics Unit, UNDP Human Development Report 2007/08, UNICEF web site. Note: * in junior secondary schools, in senior secondary the ratio falls to 0.66; ** target year 2010. There is no 2007 data apart from the No. HIV/AIDS cases.

Table 3 Pacific Regional Programmes

- | | |
|--------|--|
| (i) | FISHDEV, which aims to assist Pacific-ACP Countries in the development of tuna fishing so as to raise the benefits to the local fishing industries; it is implemented through the SI based Forum Fisheries Agency (FFA)/Secretariat for Pacific Community (SPC) |
| (ii) | PROCFISH, which combines former coastal marine management and an oceanic fishing programme and is assisting the SI fisheries sector |
| (iii) | FFA is a multi-donor (AusAID/NZ/EU and others) regional programme based in SI to support member countries fishing industries through advice, surveillance, capacity building, administration of multi-lateral fishing agreements and to provide a useful discussion forum; |
| (iv) | SOPAC a South Pacific Oceanic Resources project aimed at sub-marine mineral resources, |
| (v) | The Foundation of People in the South Pacific International (FSPI) – a multi-donor marine resources and coastal communities targeted programme, which was completed in 2005. |
| (vi) | DSAP a regional agricultural programme for developing sustainable agriculture, |
| (vii) | South Pacific Tourism Programme, |
| (viii) | South Pacific Regional Environmental Programme (SPRET), |
| (ix) | Pacific Regional Development of Education (PRIDE) and |
| (x) | Pacific Environment Information Network (PEIN) for 3 years to establish environmental information networks across all ACP Pacific countries. |

ANNEX II. Annexes with a Retrospective Character
COMMITMENTS & PAYMENTS IN 2007

NAO-SU Monthly Financial Summary 31 December 2007

EC FUNDS	Available	Primary commitment	Secondary commitment	Disbursements
Stabex 98	€ 51,545,468	€ 48,309,580	€ 29,638,764	€ 23,040,464
Stabex 99	€ 32,191,052	€ 31,639,533	€ 30,939,465	€ 24,874,050
EDF 7, 4 current projects	€ 5,692,784	€ 5,692,784	€ 5,686,544	€ 5,662,020
EDF 8, 2 current projects	€ 8,750,000	€ 8,750,000	€ 8,419,704	€ 8,043,866
EDF 9	€ 22,041,543	€ 22,041,543	€ 3,619,774	€ 2,283,792
EDF 10	€ 13,200,000	€ 0	€ 0	€ 0
Total	€ 133,420,846	€ 116,433,439	€ 78,304,251	€ 63,904,191
		87%	59%	48%

Balance to Commit	€ 55,116,596
Balance to Disburse	€ 69,516,655

The above table displays the summary of all the EC funds (Stabex and EDF) for the Solomon Islands as of 31 December 2007.

The total available fund inclusive of the EDFs has increased from November 2007 €133.19m to €133.43m. This increase is a result of recording the bank interests received for Stabex 98 and 99.

The total allocated fund of €116.4m has not changed which is 87% of the total available fund. The unallocated fund of €16.9m is to be programmed within the next coming months.

The total secondary commitment of €78.3m has not changed which is currently 59 % of the total available. Thus, the balance of €55.2m is important to take note of, as it is still uncommitted.

The total disbursement has slightly increased from €63.68 to €63.90m. There is also an important aspect to take note that a balance of €69.5m has not been disbursed yet.

Stabex 1998							
STABEX OVERVIEW - Detailed Allocations, Commitments and Disbursements							
(1/1/1998 To 31/12/2007)							
Account #	Account Name	Allocated	Committed	Disbursed		Allocated	Committed
		EURO	EURO	Total Debit EURO	Total Credit EURO	Un-committed EURO	Unspent EURO
BANK ACCOUNTS							
1-1300	BEL - Brussels			25,605,782			
1-1100	CBSI 98			2,897,399			
				€ 28,503,181			
INCOME							
4-1000	Stabex Transfer				41,820,222		
4-2000	Bank Interest				9,828,039		
4-3000	Transfers from earlier FMOs				96,261		
9-2000	Bank Charges				(2,838)		
9-1000	Exchange Rate Difference				(198,236)		
TOTAL AVAILABLE STABEX 98		€ 51,545,468	€ 51,545,468		€ 51,545,468		
PROJECT EXPENSES							
FMO 1998							
6-802*	NAO SU Phase II	3,980,858	3,980,858	3,205,804		-	774,852
6-807*	Support to Demob of SCs	207,024	207,024	205,088		-	1,926
6-805*	Microprojects - Agr	2,193,772	2,193,772	2,193,772		-	-
<i>UnProgrammed Stabex 98 :</i>							
6-803*	Short Term TA Soltai	22,314	22,314	22,314		-	0
6-804*	Multi-Donor Economic Govern.	65,784	65,784	65,784		-	(0)
6-806*	Support to MTWCA	79,820	79,820	98,183		-	(18,263)
6-808*	Stabex Audit	42,264	42,264	42,264		-	0
6-814*	25 Audits	92,740	92,740	62,648		-	30,092
6-8211	Transport Trust Fund Review	198,806	198,806	195,737		-	2,869
<i>Implementation Protocols :</i>							
6-809*	Seaweed Commercialisation IP	1,376,500	1,361,988	959,435		14,502	402,563
6-812*	Marine Infrastructure Phase II : 7 wharves IP	8,000,000	4,106,463	2,401,842		3,893,537	1,704,521
6-813*	Competent Authority for Fish- IP	950,000	877,354	721,362		72,846	155,972
6-818*	Agriculture & Rural Dev Str. IP	9,000,000	8,790,000	8,480,000		210,000	330,000
6-819*	Forestry Conservation IP	4,500,000	1,489,380	231,780		3,010,620	1,257,620
6-820*	Forestry Plantations (KFPL) IP	4,400,000	1,241,028	711,931		3,158,972	529,087
6-822*	PMU PHASE 3	3,300,000	1,888,461	462,410		1,410,538	1,427,051
6-823*	Sustainable Rural Transport Programme	9,900,000	3,000,000	3,000,000		6,900,000	-
TOTAL ALLOCATED / COMMITTED / DISBURSED STABEX 1998		€ 48,309,580	€ 29,638,764	€ 23,040,464		€ 18,670,816	€ 6,598,300
% as allocated		94%	61%	48%			
6-9	Loans to Stabex 99 Projects						
	disbursements						
	Interest & exchange differences						
	Balance of FO 98 available unallocated	6,489,358					
	Balance of FO 98 available uncommitted		12,181,458				
	Interest & Other	9,725,246	9,725,246				
TOTAL BALANCE AVAILABLE		3,235,888	21,906,704				
TOTAL		€ 51,545,468	€ 51,545,468	€ 51,545,468	€ 51,545,468		

Stabex 1998

Allocation (including bank interest)

The total available Stabex 98 fund has increased since last month to **€51,545,468** due to an increase in bank interest of **€84,053**. However, **€48,309,580** was allocated in overall (94% of the total available) and did not change compare to the last month.

The total available for the next coming projects: IP school rehabilitation (€2m), the new SSPFP IP (€1m) and other needs, represents **€3,235,888**.

Commitment

The total commitment of **€29,638,764** has not increased since last month and represents 61% of the allocated amount.

Disbursements

In the month of December 2007, there is an increase in disbursement from November 2007 **€22,814,846** to **€23,040,464**. The total disbursed amount under Stabex 98 is **€225,618**. The Finance and Contracts section checked and prepared 5 Payment Orders for the following projects:

- MIP II, Nawae interim payment
- MIP II, Initial advance of PE2
- MIP II, Reimbursables, operating cost
- CBL, audit fees
- PWC, audit fees

Total YTD disbursements still represent **48%** of total allocated funds.

Stabex 1999							
STABEX OVERVIEW - Detailed Allocations, Commitments and Disbursements							
10/12002 to 31/12/2007							
Account #	Account Name	Allocated EURO	Committed EURO	DISBURSED		Allocated Un-Committed EURO	Committed Un-Spent EURO
				Total Debit EURO	Total Credit EURO		
BANK ACCOUNTS							
1-1130	BBVA Security			76,216			
1-1120	CBSI 99			1,025,536			
1-1140	BBVA SIO			6,205,091			
				€7,306,843			
INCOME							
4-9100	Stabex Transfers				29,173,956.19		
4-9200	Bank Interest Received				3,607,177		
4-9300	Stabex Grant 1999 FMO						
9-1000	Foreign Exchange Loss				(599,724)		
9-9900	Interest and exchange difference repay to Stabex 99						
	Bank Charges				(357)		
TOTAL AVAILABLE STABEX 1999		€32,191,052	€32,191,052		€32,191,052		
PROJECT EXPENSES							
Education PIU							
6-9032	Stabex PIU Start Up PE	60,572	60,572	60,572			(0)
6-904*	Stabex Education PIU Admin WP 2004	636,315	636,315	636,315			(0)
6-9161	Stabex PIU Admin WP 2005	184,092	184,092	184,092			(0)
6-9191	Stabex PIU Admin WP 2006	261,441	261,441	261,442			(0)
6-9331	Stabex PIU PE4	306,989	306,989	86,949			220,040
		1,449,409	1,449,409	1,229,371			220,039
Technical Assistance							
6-9031	TA R Dalgarno - Education	696,854	696,854	642,638			54,216
6-9231	4 LTITA SICHE & CDC	1,581,846	1,581,846	1,035,791			546,055
6-9141	TA Barry Reeves- ESC	396,034	396,034	241,089			154,945
6-9221	TA David Learning	197,957	197,957	191,000			16,857
6-9251	TA Linpico 2 LTITA	1,329,870	1,329,870	308,916			1,020,954
		4,202,461	4,202,461	2,409,434			1,793,026
Secondary School Grant							
6-9011	Secondary School Grants 2002	1,347,946	1,347,946	1,347,946			0
6-9021	Secondary School Grants 2003	1,327,702	1,327,702	1,327,702			(0)
6-9131	Secondary School Grants 2004	1,217,447	1,217,447	1,217,447			0
6-9171	Secondary School Grants 2005	1,674,428	1,674,428	1,125,671			548,757
		5,567,523	5,567,523	5,018,766			548,757
Support to SICHE							
6-9071	SICHE - Supp & Rest 02/03	613,967	613,967	613,967			0
6-9081	SICHE Restruct Ph 1	1,181,241	1,181,241	1,181,241			0
		1,795,208	1,795,208	1,795,208			0
Tertiary Education							
6-9051	Emerg. Fund- Tertiary current	1,026,840	1,026,840	1,026,840			0
6-9061	Emergency Funding- Tertiary	3,886,481	3,886,481	3,886,481			(0)
6-9091	Tertiary Students 2004	1,462,811	1,462,811	1,367,112			95,699
6-9151	Tertiary Support 2005	379,272	379,272	379,272			0
		6,755,404	6,755,405	6,659,706			95,699
ESIRP (2004 Work Programmes)							
6-9101	ESIRP - Education Materials	4,018	4,018	4,018			(0)
6-9111	ESIRP - Education Infrastruct	318,273	318,273	318,273			(0)
6-9121	ESIRP - Capacity Building	971,688	971,688	971,688			(0)
6-9181	Global Programme Estimate 1 05-06	3,590,856	3,580,856	2,661,705			919,151
6-927*	Boats & OBMs	145,360	145,360	145,360			0
6-928*	IT & Solar (supply)	235,273	235,273	237,564			(2,291)
6-929*	Text Books	1,353,030	1,353,030	1,353,030			-
6-9183	Telemek VSAT (supply+services)	210,486	210,486	125,928			84,558
6-9185	Infrastructure Supervision	98,628	98,628	88,548			9,980
6-9283	E World net working	17,077	17,077	-			17,077
6-9321	Global Programme Estimate 2 06-07	4,007,100	4,007,100	1,649,875			2,357,225
	Vanga building	239,429				239,429	-
	SICHE restructuring	249,839				249,839	-
	New offices Auki & Kiru Kiru	184,776				184,776	-
	Audit	26,025				26,025	-
		11,641,858	10,941,789	7,566,090		700,069	3,385,699
Evaluation / Studies							
6-9241	Mid Term review	149,534	149,534	131,719			17,815
6-9341	TVET Scoping and design study	78,136	78,136	73,757			4,379
TOTAL ALLOCATED/COMMITTED/DISBURSED		€31,639,333	€30,830,465	€24,874,050			0
% as allocated		98%	98%	79%			
Balance of FMO 99 available for Education Programming		2,465,577	1,765,500				
Interest & Other		3,017,066	3,017,066				
TOTAL BALANCE AVAILABLE		€551,510	€1,251,567			700,069	5,065,415
TOTAL		€32,191,052	€32,191,052	€32,180,894	€32,180,894	0	0

Stabex 1999

Allocation

The total available Stabex 99 fund has increased since last month to **€32,191,052** due to an increase in bank interest of **€148,998**. However, **€31,639,533** was allocated in overall (99% of the total available).

The total available is only **€551,519**.

Commitment

The total commitment of **€30,939,465** did not increase since last month, which represents 98% of the total allocated funds.

Disbursements

For the month of December 2007, there is no disbursement, the total disbursements still remains at **€24,865,524** as in November 2007.

Total YTD disbursements still represent **79%** of total allocated funds.

EDF**EDF 7**

There are currently 4 projects that are yet to be closed and de-committed. As of 31 December 2007, there was no new commitment and disbursement for these projects listed below:

- Human Resources development Programme
- Population Census 1997
- Rural fishing Project phase III
- Support to Peace process

EDF 8

There are 2 projects (i) Micro Projects Programme phase I and (ii) Marine Infrastructure Programme (MIP).

As of December 2007, there was no new commitment and disbursement.

EDF 9

Under the EDF 9, there are 4 projects:

- Micro Projects Programme phase II
- Technical Cooperation Facility
- Non State Actors
- Rural Health Project

The MPPII PE 2 was sent to EC Delegation and will be committed next month.

Two new projects will have to be implemented:

- PGSP
- TVET

For the month of December 2007, Finance and Contracts section checked and prepared one Payment Order:

- MPPII, transfer funds from PE start up to PE2

EDF 9



EUROPEAN UNION
CO-OPERATION OFFICE



SOLOMON ISLANDS

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EDF FORECASTS 2008 - 2009: PAYMENTS on ONGOING PROJECT

YEAR of CLCB Commit.	ACCOUNTING NUMBER of CLCB/COMMIT.	N° INDIV COMMIT.	TITLE GLOBAL COMMITMENT	END date of imple- mental	SITUATION END 2007			FORECASTS on PAYMENTS 1st SEM 2008			FORECASTS on PAY		
					GLOBAL COMMIT.	INDIV. COMMIT.	RAC	ESTIMATION of RISK FACTOR			ESTIM		
					AMOUNT ONGOING INDIV. COMMIT.	PAYMENTS ON ONGOING INDIV. COMMIT.	RAP	1 st SEMESTER	Low L	Medium M	High H	2 nd SEMESTER	Low L
TOTAL ON GOING GLOBAL COMMITMENTS					65,122,470	53,167,165	19,955,305						
TOTAL ON GOING INDIVIDUAL COMMITMENTS					41,675,462	37,026,118	4,539,344	2,084,736	2,084,736	21,000	10,000	422,797	182,797
1994	7ACP SOL9	0	HUMAN RESOURCES DEVELOPMENT PROGRAMME (RURAL TRAIN CENTRES) DEVELOPMENT BANK OF	19981231	1,880,321	1,874,146	6,175						
1994	7ACP SOL9	3	SOLOMON ISL- LOAN SCHEME; 1,500,000 SBD		366,752	361,030	5,722						
1997	7ACP SOL36	0	POPULATION CENSUS 1997	2001001	2,148,684	2,148,684	0						
1997	7ACP SOL36	5	AWP III; POP. CENSUS (05/09/00-30/08/01); RID 3; 988,129 SBD RURAL FISHING	200630	222,000	204,846	17,154						
2000	7ACP SOL46	0	ENTERPRISES PROJECT PHASE 3	2000031	1,510,925	1,510,925	0						
2000	7ACP SOL46	5	3RD AWP (01/04/03-30/06/04); + ADD. 1-3; 4,394,180 SBD	2008125	404,091	404,091	0						
2000	7ACP SOL45	0	SUPPORT TO PEACE PROCESS	2002031	152,853	152,788	65						
2000	7ACP SOL45	1	AWP 2000/2001 DSES (02/10/00- 31/01/02); +RID 1&2; 289,540 SBD	2002031	63,745	62,066	1,648						
2000	8ACP SOL8	0	SOLOMON ISLANDS MICRO PROJECTS PROGRAMME 3RD AWP MICRO PROJ. OFF.	2003031	2,750,000	2,712,156	37,844						
2000	8ACP SOL8	5	(01/03/03-31/10/03); 10,764,000 SBD	2003031	1,107,643	801,926	305,717						
2000	8ACP SOL9	0	STABEX 99 COCO	2001231	1,896,922	1,896,922	0						
2000	8ACP SOL9	1	CONV TRANSFER STABEX/29/99/SOL (COCO PRODUCTS)	2001231	1,896,922	1,896,922	0						
2000	8ACP SOL10	0	STABEX 99 PALM	2001231	10,204,883	10,204,883	0						
2000	8ACP SOL10	1	CONV TRANSFER STABEX/29/99/SOL (PALM PRODUCTS)	2001231	10,204,883	10,204,883	0						
2000	8ACP SOL11	0	STABEX 99 WOOD	2001231	13,800,721	13,800,721	0						
2000	8ACP SOL11	1	CONV TRANSFER STABEX/23/99/SOL (WOOD) MARINE INFRASTRUCTURE	2001231	13,800,721	13,800,721	0						
2000	8ACP SOL12	0	PROJECT SERVICE CONTRACT	2005031	6,000,000	5,707,548	292,452						
2000	8ACP SOL12	1	KRAMER GROUP LTD, RIDER 1; 2,317,700 SBD	2004026	508,254	439,124	64,130						

Annex III. Annexes with a prospective character EDF FORECASTS 2007-2008 (EAMR)



SOLOMON ISLANDS

SUMMARY of EDF FORECASTS 2008 - 2009

	FORECASTS 2008							TARGET ANNEE			
	1st SEMESTER	LOW	MEDIUM	HIGH	TARGET 100%+50%M	2nd SEMESTER	LOW		MEDIUM	HIGH	TARGET 100%+50%M
New Global Commitments	0	0	0	0	0	0	8,760,000	760,000	8,000,000	760,000	760,000
New Individual Commitments	5,568,080	5,500,431	45,089	22,560	5,522,981	2,532,500	880,174	1,307,298	345,028	1,533,823	7,056,804
Payments	2,469,252	2,439,252	20,000	10,000	2,449,252	2,128,587	739,797	1,098,800	290,000	1,289,197	3,738,449
Decommitments	463,202					355,458					838,660
Decommitments to recommit	0					400,259					400,259
Reduction of Old RAL	482,984	482,984	0	0	482,984	355,458	355,458	0	0	355,458	838,442

	FORECASTS 2009							TARGET ANNEE			
	1st SEMESTER	LOW	MEDIUM	HIGH	TARGET 100%+50%M	2nd SEMESTER	LOW		MEDIUM	HIGH	TARGET 100%+50%M
New Global Commitments	0	0	0	0	0	0	0	0	0	0	0
New Individual Commitments	1,659,056	695,476	517,332	446,247	954,142	695,000	263,796	352,900	78,303	440,246	1,394,389
Payments	2,883,149	1,208,616	899,033	775,500	1,658,133	1,404,246	533,000	713,034	158,212	889,517	2,547,660

R/AI	SITUATION on 31/01/2008		SITUATION on 31/12/2008	
	ALL PROJECTS	PROJECTS absorbed before YEAR 2008	ALL PROJECTS	PROJECTS absorbed before YEAR 2009
Σ Ongoing GLOBAL COMMITMENTS	69,122,470	47,182,470	69,459,688	45,799,868
RAC	15,955,305	382,781	9,875,978	1
RAP	4,539,344	455,600	7,001,563	0
RAL / Σ GLOBAL COMMIT.	20,494,949	838,441	15,157,510	0
% RAL / Σ GLOBAL COMMIT.	30%	2%	24%	0%
Nbr of years to absorb RAL	5		4	

SITUATION on 31/12/2008	
ALL PROJECTS	PROJECTS absorbed before YEAR 2009
69,459,688	45,799,868
9,875,978	1
7,001,563	0
15,157,510	0
24%	0%
4	

	Amount	Nbr
Calling increase numbers	0	0
Extension Date		2
Reamangement budgetaire		1
Modification DTA		2
Total number of projects		2

TIMETABLE OF ACTIVITIES

Timetable of Activities for Stabex 98 Projects

Project Title	Project Ref	Description	Amount euro	Amount sd	Period From date	Period to date	Exchange	Date Signed
Strengthening the Solomon Islands Competent Authority on the Sanitary Production of Fish Products (SSPPF)		The objective of this project is to improve access of fisheries products of the SI to the world markets by improving the production health conditions and generating a sustainable system of sanitary controls of fisheries production.	950,000	\$ 9,011,415	20/06/05	31/12/08	9.4857 (Feb05)	20-Jun-05
The Commercialization of the Seaweed Production in Solomon Islands.		CoSPSI is designed to build on the results of the pilot initiative of the earlier RFEPIII with the aim to establish a flourishing commercial seaweed export industry in the Solomon Islands. Its aim is to expand annual export volumes of dried seaweed from Solomon Islands and by doing so create employment in remote rural areas, enhance the incomes of the population in those areas and to ease the pressure for urban migration.	1,176,500	\$11,159,926.05	20/06/05	30/06/09	9.4857 (Feb05)	20-Jun-05
		Addendum 1	200,000		20/06/05	30/06/09		
Support to Maritime And Rural Transport and Infrastructure SMARTI (MIP LOT 2)		The funds committed under this IP includes - wharves constructions (7 major and approx. 50 mini), wharfside warehouses, Navaid, TA Contract, Project Work Programme.	8,000,000	\$75,885,600	21/12/06	20/12/08	9.4857 (Feb05)	20-Jun-05
Agriculture Rural Development Sector Strategy		This IP commits funding for the purpose of 3 main components- 1. An agriculture and rural development strategy for the Solomon Islands (ARDS), which will be co-funded with the World Bank (WB) and AusAID and which will form the foundation for a donor co-ordinated approach); 2. An agriculture and rural development programme (ARDP) for the Solomon Islands to be co-funded on the basis of a sector-wide approach with the government and other donor partners, and based upon the strategy (ARDS); 3. A transitional agriculture and rural development programme (TARDP), to commence a number of priority sub-projects that need not await the strategy and will be on an interim basis prior to the completion of the ARDS, but subsequently to be absorbed (if considered appropriate) into the ARDP, based upon the outcome of the strategy.	9,000,000	\$81,900,000.00	07-Aug-06	07-Aug-10	9.1 (March 2006)	07-Aug-06
		Addendum 1 budget reallocation						27-Jul-07
Sustainable Forestry & Conservation Project		This IP allocates EU 4.5 million to activities supporting rural community involvement in natural forest management, and forest conservation. Specific activities include support for the implementation of the Solomon Island Forest Conservation Strategy; sustainable protection of an area of 12,000 ha of unlogged lowland forest; a Forest Conservation Grant Scheme accessible to community organisations and other non state actors (NSAs) for smaller scale activities promoting sustainable forest use and forest conservation; landowner advocacy and legal support; Solomon Island participation in VERIFOR; support for the achievement of Forest Stewardship Council (FSC) certification for a forest plantation company which would create the potential for Solomon Islands to promote itself as "the" source of FSC certified plantation logs; training and equipment for the Division of Forestry (DoF); and the re-establishment of the national forestry college.	4,500,000	\$41,274,225.00	01/03/07	01/03/11	9.172050 (May 2006)	07-Aug-06
Sustainable Plantation Forestry Project		This IP allocates EU 3.5 million to ensuring a sustainable forest plantation industry in the Solomon Islands, plus a further EU 0.9 million to support the trial harvesting and marketing of mature small holder woodlots, and the trial of sustainable natural forest management by customary forest owners.	4,400,000	\$42,254,960.00			9.6034 (Oct 06)	26-Oct-06
National Authorising Office / Programme Management Unit Phase 3		This implementation protocol (IP) commits funding for the PMU in the NAO for the period June 2007 to end May 2010 (known as PMU Phase 3). The programme purpose is reinforced national capacities and capabilities to effectively programme, supervise implementation, manage, monitor and account for Stabex and EDF-funded development projects on time and to standard.	3,300,000				9.34 (Sept 06)	26-Oct-06

Summary Table of Timetable for EDF 9 and 10

Time-table of activities (EDF 9 and 10 projects)

Ref.	PROJECTS	Commitment (Euro)	NIP/SAP	Sectors / Ministries	PROJECT TIME-TABLE	
					Project Status	End (year/qr)
	TOTAL	105,597,500				
EDF 10	FOCAL SECTOR					
	- Sustainable rural development	5,000,000	NIP	Planning	to design	
	- Capacity building for sustainable rural development	3,000,000	NIP	Planning	to design	
	NON FOCAL SECTORS					
	- Technical co-operation facility	600,000	NIP	Planning	to design	
	- Other non-focal sectors	1,997,500	NIP	Planning	to design	
	OTHER	2,600,000				
	Sub total	13,200,000				
EDF 9						
9/5	Non State Actors Programme	1,560,000	NIP	Planning	re-design	2010
9/4	Technical Cooperation Facility	1,300,000	NIP	Planning	ongoing	2009/2
9/	Capacity Building - remaining balance	840,000	NIP	Planning	to design	2009/4
	Capacity Building Provincial Govt	4,600,000	NIP	Provincial Gov.	negotiation agreement	2010
9/	TVET	8,000,000	NIP	Education	to design	2010
9/3	Microprojects	5,700,000	NIP	Planning	ongoing	2008/3
	Sub total	22,000,000				
	TOTAL EDF 9 and 10	35,200,000				

ANNEX IV Annexes on Aid Effectiveness

a) Draft EAMR Aid Effectiveness Questionnaire

1. EU Target No 1		
Channel 50% of government-to-government assistance through country systems, including by increasing the percentage of our assistance provided through budget support or SWAP arrangements		
2. Introduction		
The aim is to collect information that allows us to measure this target. The information that is needed is both the total amount of ODA provided, as well as the extent to which country systems are used in providing this ODA. For these purposes the country systems are defined as covering four main areas: (i) national budget execution procedures; (ii) national financial reporting procedures; (iii) national auditing procedures; and (iv) national procurement systems. By treating each of these four areas as having a 25% weight and dividing by the total amount of ODA provided the information required can be calculated (hence the division by four – see part 4 below). In all cases the necessary information can be collected using the same definitions as those in the OECD/DAC "Definitions and Guidance" (see attached page which includes an extract of definitions relevant to this indicator)		
3. Questions and definitions		
Question	Definition – OECD Ref	Response EUR
How much ODA did you disburse at country level for the government sector in FY 2007 (EUR)?	Qd2	€ <u>23,866,701.75</u> Including STABEX
How much ODA disbursed for the government sector in FY 2007 used national budget execution procedures (EUR)?	Qd5	0
How much ODA disbursed for the government sector in FY 2007 used national financial reporting procedures (EUR)?	Qd6	0
How much ODA disbursed for the government sector in FY 2007 used national auditing procedures (EUR)?	Qd7	0
How much ODA disbursed for the government sector in FY 2007 used national procurement procedures (EUR)?	Qd9	0
4. Definition of Indicator		
		0 %
5. Additional information		
Are there any significant initiatives in your country to promote the use of country systems? If so provide a list and a short description. If not, highlight the constraints to use of country systems (use additional space as needed)		
<i>EC support to education is coordinated through a SWAp approach based on an MoU signed between SIG, EC and NZAID. To promote use of country systems (SIG) NZAID is the only donor using sectoral budget support in Education. This SWAp is supporting the government's strategy policies i.e., the medium term National Education Action Plan and the longer term Education Strategic Framework.</i>		

EC is using EDF procedures for all projects. There is no budget support at present but a budget support road map being finalised with Government.

Key constraint is weak public financial management following the breakdown of SI public administration during the ethnic tensions (1998-2003) a Regional Assistance Mission to the SI (led by Australia) is now implementing a Government Machinery Programme aimed at restoring law & order, governance and strengthening public finance management. The EC is cooperating with RAMSI in the Provincial Governance Strengthening Programme..

1. EU target 2		
Provide all capacity building assistance through coordinated programmes with an increasing use of multi-donor arrangements ¹		
2. Introduction		
EU target 2 aims to measure progress in aligning and coordinating support for capacity development. It's closely linked with indicator 4 of the Paris Declaration. Therefore, the term "capacity building" used in the EU target is interpreted as "technical cooperation". This use of the DAC definitions allows consistency with the DAC monitoring of the Paris Declaration.		
3. Questions and definitions		
1	How much technical cooperation did you disburse in 2007 (Total TC in EUR)? <i>OECD question reference in the Paris survey : Q^{d3}</i>	Euro 2,763,550.12
2	How much technical cooperation did you disburse through co-ordinated programmes in support of capacity development in 2007 (EUR)? <i>OECD question reference in the Paris survey : Q^{d4}</i>	Euro 0
4. Definition of Indicator		
3	<i>Q^{d4} / Q^{d3} (please calculate this and enter in the next column as %)</i>	0%
5 Additional Information		

¹ Despite the different wording the target is interpreted to correspond to Paris Declaration indicator 4. Please pay particular attention to the definition for the question Q^{d4}.

4	<p>Qualitative information² :</p> <p>The EC PIU in the MEHRD is currently being mainstreamed into the different divisions of the Ministry so that it will work more in line with and provide more support to the government officials of the ministry. The unallocated short term TA months under the EC TA service contract for education is available for the ministry to make suggestions on how it would like to have them used. The NZAID also have similar pool of funds of technical assistance that the MEHRD can access when needed.</p> <p>For the EC main constraints on common funds of technical cooperation are the restrictions on eligibility of experts based on nationality as Australians and New Zealanders are excluded from such a pool according to EU rules.</p>
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1. EU target 3		
Avoid establishment of new project implementation units (PIUs).		
2. Introduction		
EU target 3 aims to assess progress towards strengthening local capacity by tracking the number of PIUs put in place to manage projects and programmes. It is linked to indicator 6 of the Paris Declaration. This target is interpreted as "avoiding the establishment of new parallel PIUs"		
3. Questions and Definitions		
1	How many parallel project implementation units funded by EC were in operation in December 2007? <i>OECD question reference in the Paris survey : Q^d10</i>	2
2	Out of these, how many <u>new</u> parallel project implementation units were established during 2007?	1
4. Additional Information		

² These questions are taken from the survey on " Developing an EuropeAid Strategy on TC and PIU" sent to delegations which are members of the Aid Effectiveness Network. **They need to be answered by delegations who are not participating in this survey.**

3	<p>Qualitative information³:</p> <p>Are there any significant initiatives to avoid the establishment of parallel PIUs in your country? <i>Yes. The Delegation takes seriously the Paris Declaration and where possible, encourages donor harmonisation. To this end, we have several Agreements in place (ADB for Road Rehabilitation, WB for Rural Development Programme, forthcoming agreements with UNDP on PGSP and UNICEF for the reconstruction of schools in the tsunami affected areas).</i></p> <p>What in your opinion should be done to increase domestic ownership and quality of project implementation arrangements?</p> <p><i>More flexible procedures should be encouraged especially those adapted to the rural poor who are often illiterate and do not understand cumbersome tender procedures.</i></p> <p>If so, please provide a short description. If not, highlight key constraints.</p> <p><i>Key constraint to abolishment of parallel PIUs is the low level of Government capacity for project implementation and management.</i></p> <p>Please note any other comments you have on these issues</p>
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1. EU Target No 4			
Reduce the number of uncoordinated missions by 50%.			
2. Introduction			
The aim is to collect data on the number of uncoordinated EC Missions to your country. The information needed is (a) the total number of EC Missions to your country and (b) how many of these were coordinated.			
The Paris Declaration objectives underlying the related indicator of progress for coordinated missions are: "In planning their missions to the field ⁴ it is important that donors: Conduct fewer missions , <u>coordinate timing of missions</u> with partner authorities and, where necessary, with other donors, <i>conduct more joint missions, avoid conducting missions during "mission free periods"</i> ⁵ .			
3. Questions and definitions			
OECD	ref: Q ^d 15	How many HQ missions to the field were undertaken in FY 2007? ⁶	7
	Q ^d 16	How many of these were coordinated?	0

³ These questions are taken from the survey on "Developing an EuropeAid Strategy on TC and PIU" sent to delegations which are members of the Aid Effectiveness Network. **They need to be answered by delegations who are not participating in this survey.**

⁴ 'Field' refers to the country in general including missions to the capital only.

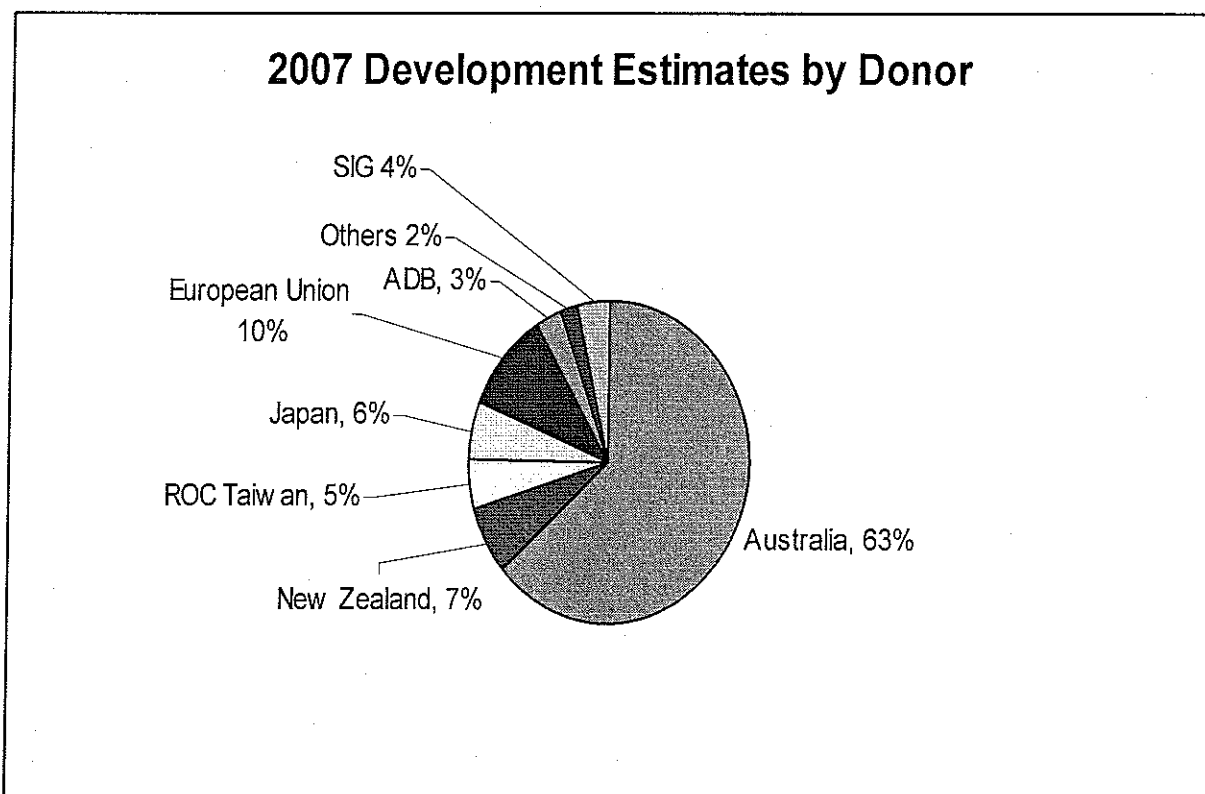
⁵ The target set for 2010 for indicator 10 a) is to have 40% if donor missions to the field as joint.

⁶ This question applies to the missions from the HQ

Total Development Funding by Donors and SIG for 2007 (SI \$ million)

	AUSAID	NZ	ROC	Japan	EU	ADB	Other	SIG	Total	%
Total	1364	150	109	116	211	53	55	88	2148	100
%	63	7	5	6	10	3	2	4	100	

Source: SIG Year Draft 2007 Development Estimates: Others include WB, FAO and other UN agencies. ROC includes the RCDF

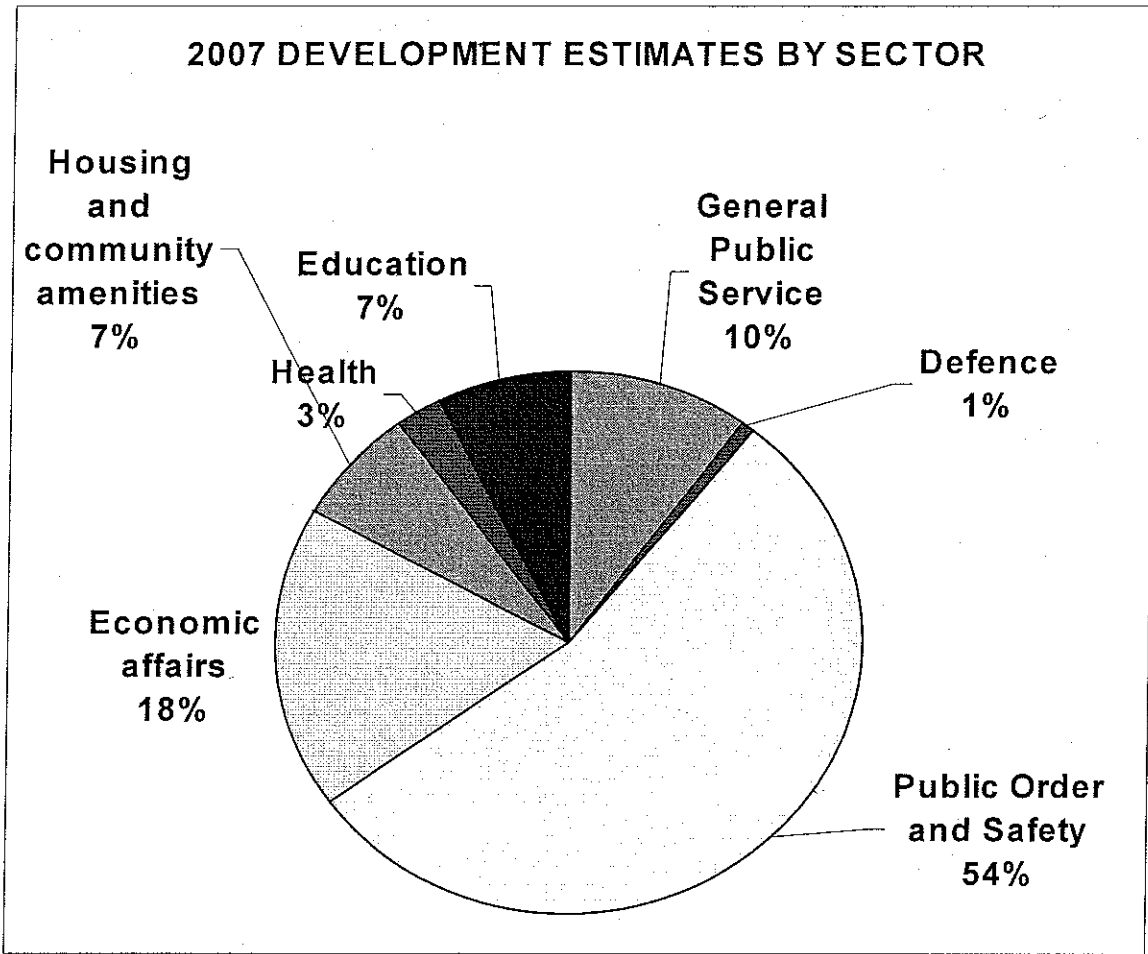


In addition there are consolidated and special funds funded by SIG and ROC and amounting in total to SBS\$ 184 million or € 18.4 million and which focuses mainly on the provinces, although 36% is allocated to national level.

Table 2007 Development Estimates by Sector (SBI \$ million)

Sector	SBI \$	%
Public Order and Safety	1,087	53
Economic Affairs	382	18
Housing and Community Amenities	134	6
Health	81	4
Education	186	9
General Public Service	217	10
Total	2108	100

Source: SIG Year Draft 2007 Development Estimates:



List of donor projects by sector

Sector/Thematic Area	Development Partners
<p>- Law, Economic Management, Public Policy and Capacity Building</p>	<ul style="list-style-type: none"> • EU-PMU in NAO/NDPAC (EC) • Economic Development Report (2005) ADB • State-Owned Enterprise Reforms and Private Sector Participation (2004) ADB • Community Peace and Restoration Fund (AusAID) • Machinery of Governance (RAMSI) • Capacity Building and Institutional Strengthening for Customs and Excise (RAMSI) • Provincial Grants Facility (RAMSI) • Land Administration and Management – Institutional Strengthening Project (AusAID) • National Disaster Management Office (AusAID) • Law and Justice Institutional Strengthening Programme (AusAID) • Capacity Building Project (NZ AID) • National Peace Council (NZ AID) • Provincial Offices Reconstruction (Taiwan, China) • Visit Solomons Campaign (Taiwan, China) • Police Housing (Taiwan, China) • Isabel Provincial Government Office (UNDP)
<p>B. Industry and Trade</p>	<ul style="list-style-type: none"> • Business Environment Reforms (2005) ADB • Private Sector Participation Program (2006) ADB • Small Business Programme (NZ AID) • Ecotourism Development (NZ AID) • Rural Tourism Development (Taiwan, China)
<p>C. Finance</p>	<ul style="list-style-type: none"> • Ministry of Finance Strengthening Programme (RAMSI) • Support to Central Bank of Solomon Islands (WB) • Secured Transactions Reforms (2006) ADB
<p>D. Education</p>	<ul style="list-style-type: none"> • Australian Training and Education Awards (AusAID) • Australian Development Scholarships (AusAID) • Preparatory Studies, Restructuring, and Support for Ministry of Education (EC) • Education Sector Investment and Reform Programme (NZ AID and EU) • Educational Materials (EC) • Assistance to SICHE (EC) • Secondary School Infrastructure Rehabilitation (EC) • Tertiary Scholarships (EC) • Emergency Support for Secondary Education (EC) • Rural Training Centres Phase IV (EC) • Tertiary Training and Education Awards (NZ AID) • SI Training and Education Awards Scheme (NZ AID) • School Rehabilitation and Construction Project (JICA) • Scholarships for Studying in Japan (JICA) • Regional and In-Country Scholarships (Taiwan, China) • Basic School Supplies Project (Taiwan, China) • Post graduate Scholarships (UK)
<p>E. Health, Nutrition, & Social Protection</p>	<ul style="list-style-type: none"> • Micro Projects Scheme Phase I and II (EC) • Assistance to Non state Actors (EC) • Competent Authority Project (EC) • Community Sector Programme (AusAID) • Institutional Strengthening Project (AusAID) • Support for a Peaceful Civil Society Fund (AusAID) • Funds for Save the Children (AusAID) • Support for Kastom Garden (AusAID) • Human Rights Small Grants for Women (AusAID) • Health Sector Support Trust Fund (AusAID) • Red Cross Capacity Building (NZ AID) • Civil Society Leadership Development (NZ AID) • Global Fund Against TB, AIDS, Malaria County Program • Health Sector Development Projects (WB) • WHO Solomon Islands (WHO) • Integrated Management of Childhood Illnesses (UNICEF) • Reproductive Health and Family Planning (UNFPA)

Sector/Thematic Area	Development Partners
	<ul style="list-style-type: none"> • Extended Immunization Program (JICA) • Clinic Renovations (JICA) • Provincial Hospital Upgrades (JICA) • Support for SICHE Nursing School (JICA) • Upgrading of National Referral Hospital (Taiwan, China) • Strengthening of Primary Health Care (Taiwan, China) • HIV/AIDS Programme (SPC) • Community-Based Grass Roots Projects (JICA) • Rural Constituency Development Fund (Taiwan, China) • Small Grants Scheme (UK) • Youth Development Program (UK) • Women, Peace, and Security (UNIFEM)
F. Transport and Communication	<ul style="list-style-type: none"> • Marine Infrastructure Program II (EC) • Solomon Islands Transport Sector (ADB with NZAID and AusAID) • Institutional Strengthening for Ministry of Infrastructure Development (2004) ADB • Diagnostic Study of Interisland Transport (2004) ADB • Implementation of Inter island Transport Reforms (2005) ADB • Ministry of Infrastructure Development Reform Program (2006) ADB • Honiara International Airport Development (JICA) • Wharves Repair Project (JICA) • Rural Communication Improvement Project (JICA) • Completion of Gizo Road (Taiwan, China) • Provincial Airfields Development (Taiwan, China) • Provincial Shipping (Taiwan, China) • Munda – Noro Road (Taiwan, China) • Port Handling Equipment Replacement (Taiwan, China)
G. Energy	<ul style="list-style-type: none"> • Assistance to Solomon Islands Electricity Authority (AusAID) • Generator parts to Lunga power station (JICA) • Rural Electrification (Taiwan, China)
H. Water Supply, Sanitation, and Waste Management	<ul style="list-style-type: none"> • Support for Solomon Islands Water Authority (JICA) • Rural Urban Water Supply Rehabilitation (JICA) • Micro Water Projects (JICA) • Renbel Micro Water Supply (JICA) • Reducing Vulnerability in Solomon Islands (SOPAC)
I. Rural Development, Agriculture and Natural Resources	<ul style="list-style-type: none"> • Micro Projects Scheme Programme II (EC) • Sustainable Forestry and Conservation Programme (EC/EIB/CDC) • Seaweed Commercialisation Project (EC) • Agriculture Sector Strategy and Investment programme (EC/WB/AusAID) • Community Sector Programme (AusAID) • Honeybee Industry Development Support (NZAID) • National Biodiversity Strategy and Action Plan (GEF) • National Bio-Safety Framework (GEF) • International Waters Programme (GEF) • National Capacity Self Assessment Project (GEF) • National Action Plan (NAP) on Land Degradation (GEF) • Forest Management Program II (AusAID) • Rice Production and Marketing (Taipei, China)

Sector Funding by Donor (Pie Charts)

